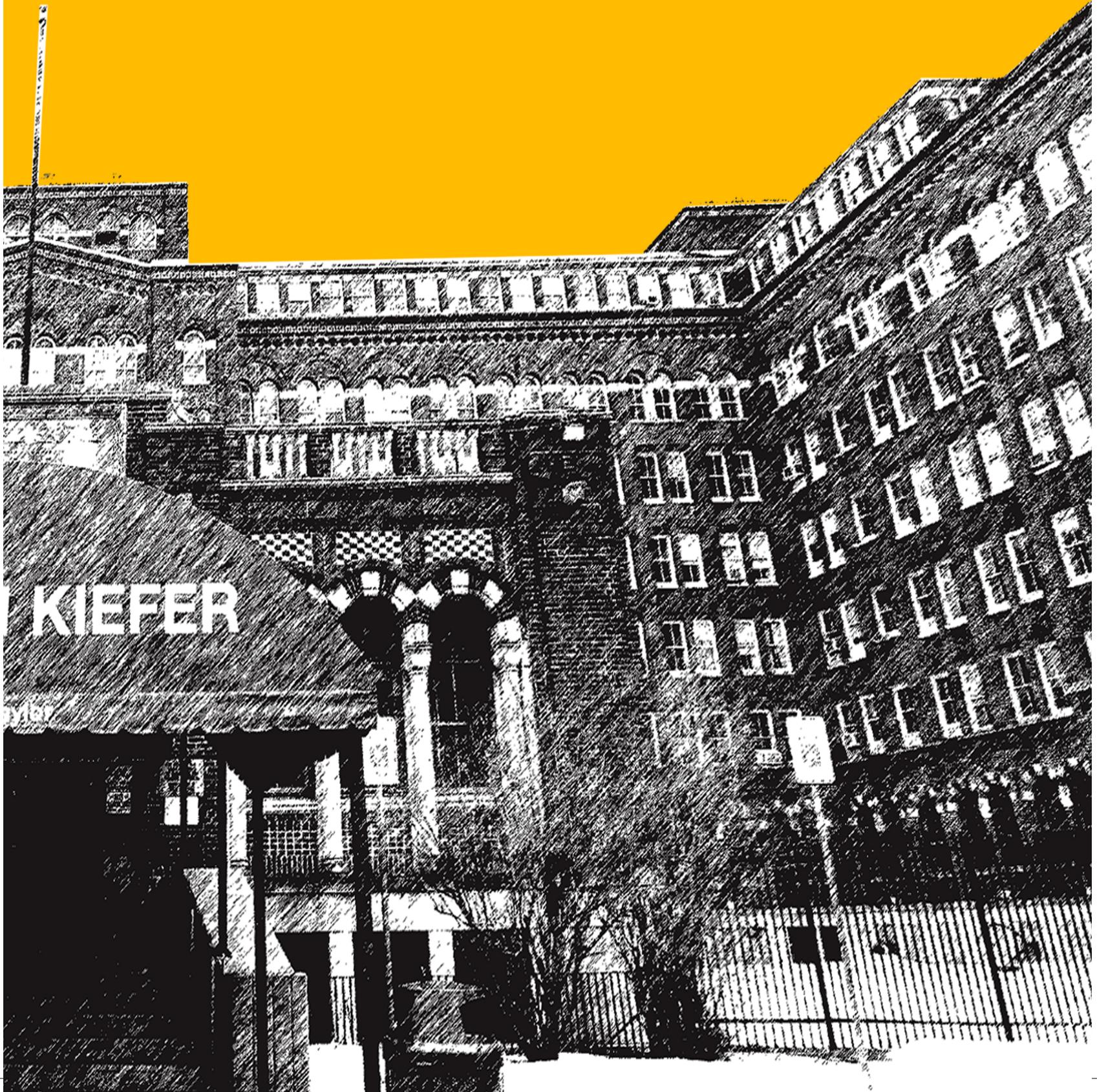


PLANNING FOR THE REUSE OF THE
HERMAN KIEFER HOSPITAL COMPLEX





RESEARCH THROUGH PLANNING

Research Through Planning is a faculty research grant program at the University of Michigan Taubman College of Architecture and Urban Planning. Built on the success of other college programs including Research Through Making and Research on the City. This grant program provides seed funding to advance scholarship toward significant urban research projects.

We want to thank Alan and Cynthia Berkshire for their generous sponsorship of the 2016-2017 Research Through Planning grant program as well as their support of previous Research on the City grants.



Herman Kiefer Hospital, circa 1928

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01

**INTRODUCTION AND
ACKNOWLEDGEMENTS**

PLANNING FOR THE REUSE OF THE HERMAN KIEFER HOSPITAL COMPLEX

Dear Reader,

This project came about because of a conversation between City of Detroit Planning and Development Department Director, Maurice Cox and a group of faculty from the Taubman College of Architecture and Urban Planning at the University of Michigan in the summer of 2015. At that meeting, Director Cox, a former professor of architecture at Tulane University and the University of Virginia enlisted that group to do its best to better connect their teaching and research in support of his office and the City of Detroit writ large. This report is one attempt to provide that support.

One project of particular interest and some urgency was the potential sale and redevelopment of the Herman Kiefer complex near Central Detroit. In September 2015, Detroit City Council approved the sale of the complex along with the sites of the former Hutchins Intermediate (Middle) School and Crosman Elementary which are adjacent to the Herman Kiefer Complex. Through Cox's direction and encouragement, students were given parameters for the study area and a preliminary framework for what would be of most use to the city's Planning and Development department.

The University of Michigan students were enrolled in my graduate seminar entitled, *Neighborhood Planning*. The course is cross-listed between the Urban and Regional Planning program in Taubman College and the School of Social Work. Dr. Etienne and his students worked on this project through the Fall 2015 semester and presented their work to the staff and leadership of Detroit Planning and Development Department at the end of their term. The course attracted graduate and undergraduate students from a variety of fields including urban planning, social work, public policy, political science and public health.

The scope of their work was comprised of three interrelated projects. The first project involved creating a baseline understanding of the site and area conditions which included creating brief history of the site itself, and developing a summary of the area's demographics, housing, land use, economic data, and property ownership information. The second project involved compiling information from area residents, leaders and stakeholders about what they would like to Herman Kiefer to become through a redevelopment process. Using survey research conducted by Southwest Housing Solutions in the Summer of 2015, we conducted in-depth interviews with people identified through the Southwest Housing Solutions effort. Lastly, the third project was designed to help consider futures for the site by writing case studies about comparable projects in other cities. The students created case studies on adaptive reuse, workforce development, and co-operative development/equity sharing from Atlanta, Cincinnati, Cleveland, Los Angeles, and Portland.

Despite all of the hard and high-quality work of the Michigan students, this report should not be read as a plan or guide for the redevelopment of the Herman Kiefer site. It was an academic exercise intended to train future planning, social work, and public policy professionals how to undertake a similar project in the future. The additional benefit is that it may provide the City of Detroit's Planning and Development department staff with data, analysis and insight that it needs but may lack the time and resources to obtain otherwise. Most importantly, we prepared this document using the assumption and hope that freely accessible information—like this work—should be used to promote the well-being and prosperity of the City of Detroit, its neighborhoods and residents.

The students enrolled in the course were: **Jacqueline Austin** (urban and regional planning), **Joanna Barlow** (social work), **Michelle Bennett** (urban and regional planning), **Catherine Derbes** (public policy), **Jessica Detrio** (social work), **Nicole Dimichele** (social work), **Megan Foster Freeman** (public policy), **Scott Fox** (urban and regional planning), **Peter Havilund-Eduah** (public policy), **Mitchell Herz** (public policy & urban and regional planning), **Matthew Lapeer** (political science), **Amit Weitzer** (social work), and **Sabiha Zanolbhai** (public policy). Additional research, writing and graphic design work was completed by students **Lauren Grove** (Urban and Regional Planning) and **Prashanth Raju** (Urban and Regional Planning and Urban Design) and **Tyler Hardy** (Urban and Regional Planning).

The production of this report was made possible by a generous *Research Through Planning* grant provided by the Taubman College of Architecture and Urban Planning. We would like to also acknowledge and thank Taubman College's interim dean, **Robert Fishman**, and former dean **Monica Ponce de Leon** for their support of this project. We also want to thank **Dan Loacano** and **Carrie Kulikowski** of Southwest Housing Solutions for their generosity in sharing data and information with us, as well as Taubman College colleague, **Eric Dueweke** for his support, insights and feedback at several points in the research and production process.

Lastly and most importantly, we would like to collectively thank the community leaders, residents, stakeholders and others who graciously gave of their time and welcomed us into their homes and offices to talk about their experiences, hopes, and desires for their community and the Herman Kiefer site.

Dr. Harley Etienne and the Students of *Neighborhood Planning* (Fall 2015)
Taubman College of Architecture and Urban Planning
University of Michigan
Ann Arbor



Herman Kiefer Hospital, 2017

02

EXECUTIVE SUMMARY

SITE HISTORY

The Herman Kiefer complex sits on an assembled lot of 17.83 acres and includes several pavilion buildings, power station, and two former Detroit Public School building facilities. The main building is a 526,000-square foot, Albert Kahn designed building with a 1953 addition. The City of Detroit vacated the building in 2013. The site is bordered by the Boston-Edison neighborhood to the north; New Center (North) and North Piety Hill/New Center North to the east; Grand Boulevard with its associated retail and anchors such as the Henry Ford Hospital, the College of Creative Studies to the south, and LaSalle Gardens and Rosa Park Boulevard (12th Street) to the west.

CENSUS BACKGROUND INFORMATION

Based primarily on American Community Survey, 5-year estimates, our study area was home to approximately 15,607 residents between 2011 and 2015. Like the city, it was more than 80 percent African American and has lost more than 50 percent of its population since 1990. The area was substantially younger in its age profile than the rest of the city yet was lacking children under 18 years of age. This was in part attributable to the larger share of college-enrolled residents (39.6 percent of all residents enrolled in school over 3 years of age). Overall, the area's proportion of college graduates was well below the city's average, yet boasted an impressive number of graduate and master's degree holders (3.6 and 6.7 percent respectively). The area's housing stock was older than the city at large and is largely renter-occupied (77 percent) and rents are lower than in the city at large but this is commensurate with lower household wages (\$17,841).

NEIGHBORHOOD PERSPECTIVES

We interviewed a number of area leaders and stakeholders to conduct a preliminary analysis of the area's strengths, assets, needs, and perspectives on the Herman Kiefer Hospital Complex. Many of those interviewed expressed pride in the friendliness of the neighborhoods in the study area and spoke of the assets found in its long-term residents, institutions such as Central Detroit Christian

and Wayne State University. There are long term issues related to the redevelopment of the Herman Kiefer site, associated with its long-term history as a contagious disease hospital. There is a need for retail beyond current options along Rosa Parks Boulevard and Woodward Avenue. Workforce development, preserving affordable housing, and creating an innovative, mixed-use development were among the suggestions recommended for the programming of the redeveloped Herman Kiefer site.

ADAPTIVE REUSE CASE STUDIES

Portland, Oregon – McMenamin’s

The Kennedy Elementary School opened in the Concordia section of Portland in 1915. The school closed in 1975 and reopened as McMenamins in 1997. The building holds 183,000 square feet of space on 4.22 acres. It currently accommodates a 57-room hotel, one restaurant, and five school-themed bars (e.g. “The Honors Bar”). There is also a movie theater, saltwater soaking pool, and 8,500 square feet of meeting spaces. A creative community benefits agreement (CBA) was created to allow neighborhood residents free access to amenities such as the movie theater and the soaking pool. Residents also have access to a dedicated room for community meetings. Any and all services provided to area residents that McMenamins could charge for could be used to forgive financial assistance the developers received from the city as acquisition.

Cleveland, Ohio – St. Luke’s Manor

This former hospital site in the Buckeye-Shaker neighborhood of Cleveland was built in 1927 and operated until 1999. It sat dormant until it was acquired by the Cleveland Neighborhood Progress organization in 2004. It contains 390,000 square feet of space that was renovated between 2011 and 2014 to create 137 affordable housing units for seniors. The site also accommodates a K-8 elementary school and 70,000 square feet of commercial space. The project earned LEED-Neighborhood and LEED-Building and Construction Gold Ratings and has inspired the construction of townhomes on land adjacent to the site which broke ground in the fall of 2016.

Los Angeles, California – Linda Vista

The former Loma Linda Hospital in Los Angeles, California was opened as a hospital for railroad workers in the city's eastside Boyle Heights neighborhood in 1927. The hospital was closed in 1991 and purchased by the East Los Angeles Community Corporation (ELACC) and developed through the cooperation of several private and public stakeholders. Renovations of the site's 200,000 square feet started in 2012 and was completed in three phases. Phases I and II created affordable housing for seniors. Phase III developed market-rate housing now named Hollenbeck Terrace.

Atlanta, Georgia – Ponce City Market

The Ponce City Market is the result of a conversion of a 2.2 million square foot, former Sears Roebuck Co. retail store and distribution center. The site's most interesting feature is its location adjacent to the Atlanta Beltline, a developing 22-mile greenway loop around the city's central neighborhoods. The building was developed in phases starting with retail tenants, commercial tenants and finally residential apartments. The site's most interesting features are its 300,000-square foot artisanal food hall (food court), numerous retail amenities, an independent school, commercial space for creative industry businesses and valet for visitors who arrive by bicycle.

WORKFORCE DEVELOPMENT CASE STUDIES

New York, New York and Various – Per Scholas

Per Scholas has operated an information technology (IT) focused and professional training for more than 20 years in the Bronx, New York, Cincinnati and Columbus, Ohio, Dallas, Texas, and the Washington, D.C. metropolitan areas. The core 15-week program culminates in CompTIA A+ certification which is embedded in a two-year professional growth model that provides ongoing support to participants. Evaluations of Per Scholas shows that program graduates experience an average annual wage increase of 314 percent.

Chicago, Illinois – The Cara Program

The Cara Program is a Chicago-based program that uses social enterprises to support its training programs. Some of their more notable programs include *CleanSlate*, a neighborhood beautification program, and 180° that provides skills training in home maintenance and construction for vacant properties. The program also maintains an 11-week program that focuses on job training, readiness and personal development. The Cara Program also provides wrap-around services for participants until a permanent position is secured. Cara is also keenly focused on returning a social return on investment (currently \$5.74 per dollar invested).

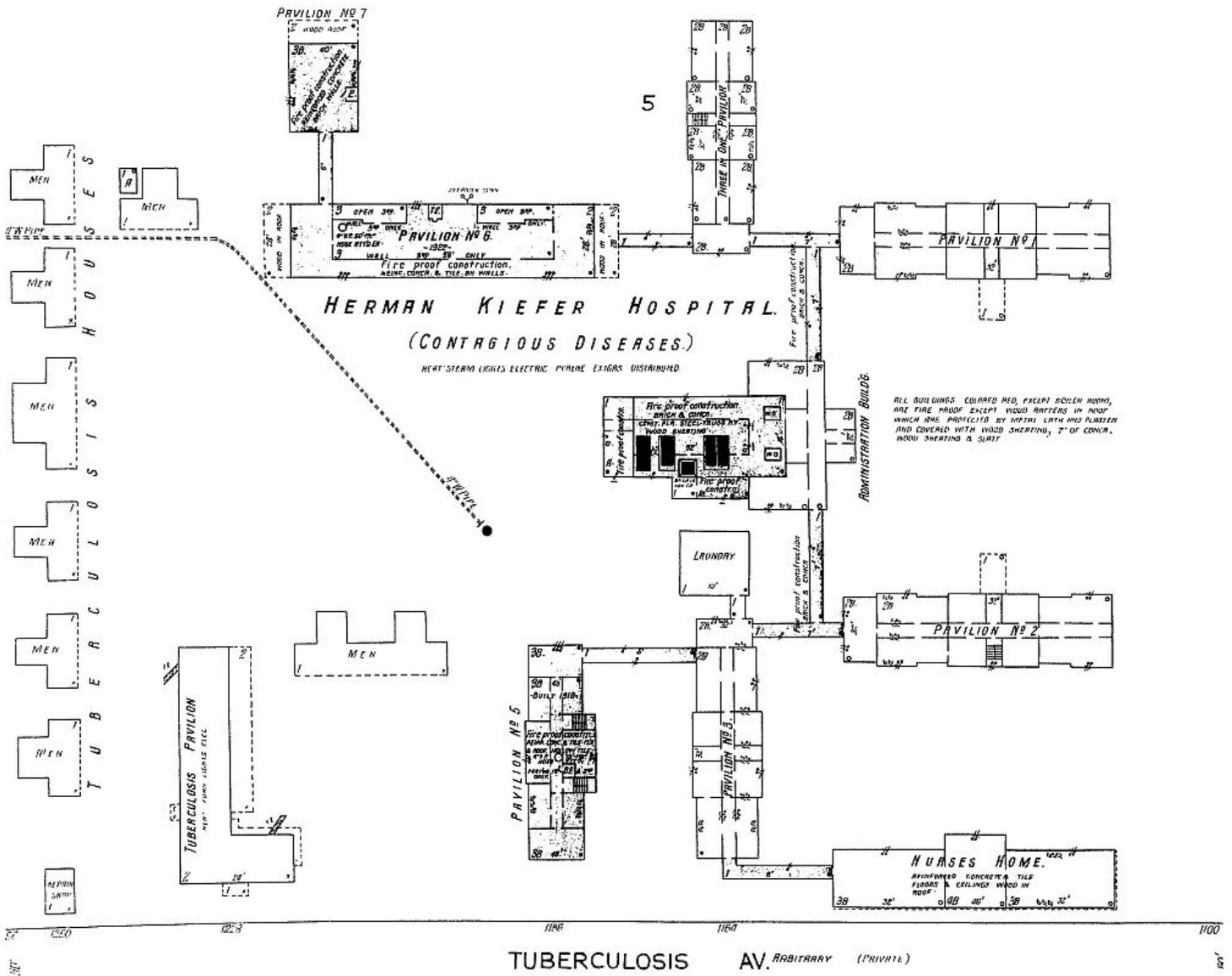
WORKER COOPERATIVE / SHARED EQUITY MODEL CASE STUDIES

Cincinnati, Ohio – Cincinnati Union Cooperative Initiative (CUCI)

The CUCI is a non-profit co-op incubator that strives to provide livable wages and benefits to families and residents of the city. Founded in 2010, CUCI is connected to the Mondragon Corporation of the Basque region of Spain that is noteworthy for its support of worker-owned cooperatives around the globe. CUCI currently manages three cooperatives: *Our Harvest*, an urban agriculture and food distribution network; *Sustainergy*, a renewable energy construction company; and, the *Apple Street Market*, a network of community-owned grocery stores.

Cincinnati, Ohio – Cornerstone Corporation for Shared Equity

This program focuses on helping low-income residents of its properties build equity through a loan fund over 10 years. In exchange for on-time rent payments, residents build up credits against which they can borrow funds from Cornerstone's Loan Fund for significant purchases and investments. Cornerstone owns and manages several housing sites throughout the city of Cincinnati where residents can contribute to the management of the housing and earn additional credits.



Herman Kiefer Hospital Sanborn Map, 1950

03

SITE HISTORY

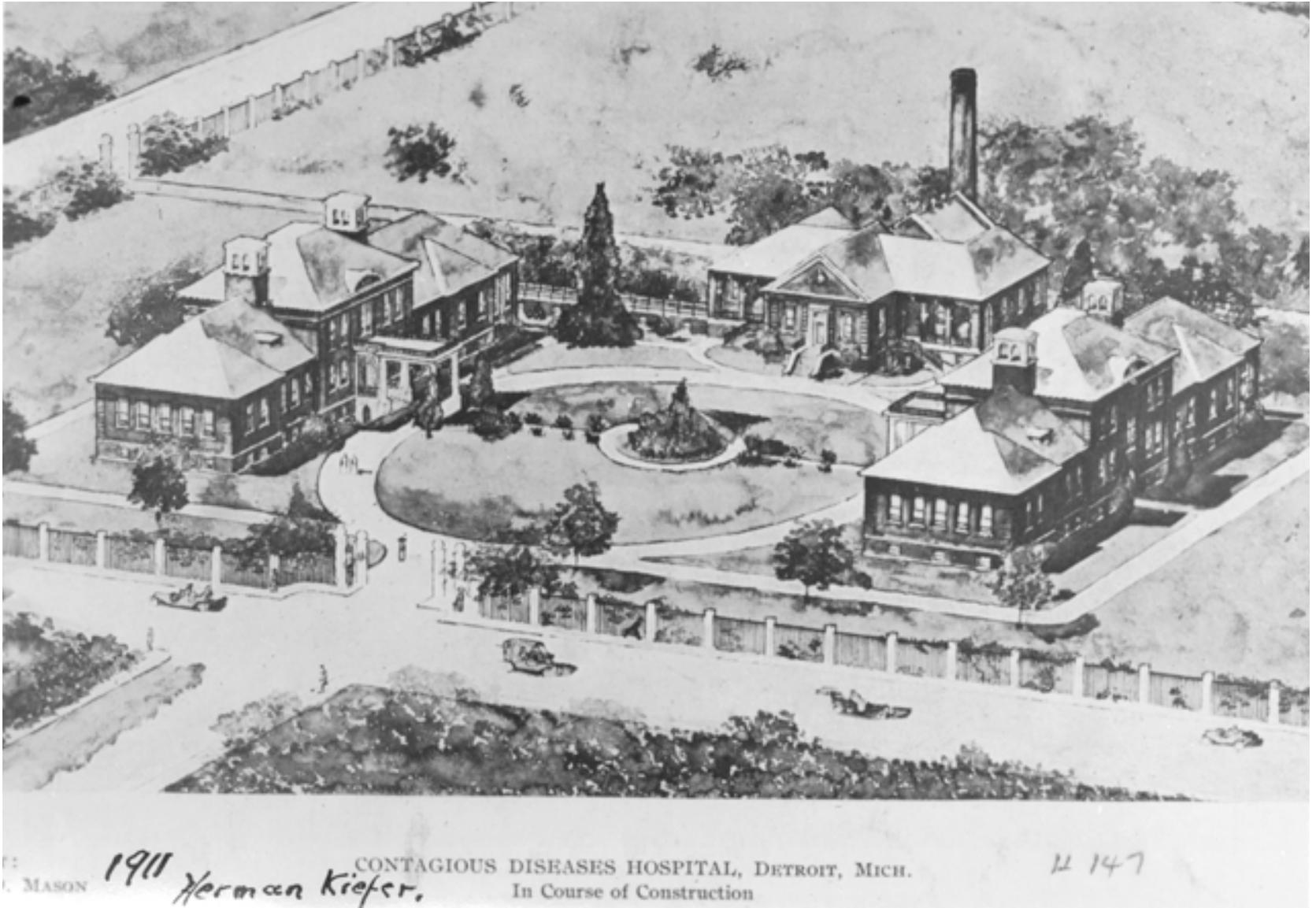
The origins of the Herman Kiefer Hospital Complex date back to 1885 when the city's health department declared its intentions to build a contagious disease hospital outside of the city on leased land.¹At the time of its establishment, the hospital was just outside of the city's limit which was consistent with treatment standards of the time. Patients with communicable diseases, often transmitted through poor sanitary standards in cities, went into isolation at retreats far from city centers. In the case of tuberculosis, it was thought that the lungs could be healed by being exposed to clean, country air.

The first structure was a wooden structure built to accommodate smallpox and leprosy victims in 1893. This area was annexed and became a part of the city in 1891. The first permanent buildings however, were built after outbreaks of smallpox and scarlet fever placed significant strain on local hospitals in the early 20th century. The original design called for three connected structures with each the first two being dedicated to the treatment of scarlet fever and diphtheria. It was not until 1911 that the hospital gained the name of Herman Kiefer, a local doctor, philanthropist, and civic leader, known for his treatment of the city's poor. The name was suggested by his son Dr. Guy Kiefer, a member of the city's health department who was an early advocate of the development of the hospital complex but resisted invitations to have the hospital named for him instead.

Only a few short years later in 1919, the hospital was home to five pavilions yet was beyond capacity. Smallpox, tuberculosis and the flu epidemic required the construction of a larger facility to replace the aging pavilions and tuberculosis units. The large neo-Romanesque building fronting Taylor Street, now synonymous with its namesake was designed by Albert Kahn and opened in 1928 at a cost of \$2.75 million dollars. The h-shaped main building contained many innovations that made the facility notable among public hospitals of its kind including balconies attached to patient rooms to allow their access to fresh air, surgery rooms with observation areas, an onsite school for sick children, and an onsite nursing school.

The building has been remodeled several times since its opening with the addition of and demolition of several pavilions throughout the years. The t-shaped addition to the main building's west, was added in 1953 to increase the number of patient beds for tuberculosis patients. It is perhaps also very important to note that Rosa Parks

SITE HISTORY



Herman Kiefer Site Proposal, 1911

PLANNING FOR THE REUSE OF THE HERMAN KIEFER HOSPITAL COMPLEX



Hutchins Intermediate School, circa 2011



12th Street, August 1967



Crosman Elementary School, 2017

Boulevard (formerly and still commonly referred to as 12th Street, was the epicenter and starting place of the 1967 uprisings which killed 43 Detroit citizens and damaged hundreds of properties in the surrounding area. The Herman Kiefer Hospital complex played a role in caring for the injured along with Detroit General Hospital (now the Detroit Medical Center) and Henry Ford Hospital. Due to its proximity and central location to much of the disturbances, Herman Kiefer also served as a command post for the National Guard and Detroit Police Department. The hospital, along with Hutchins Middle School served as a base of operations for the Detroit Police and the National Guard who were called in to quell the violence.

By the 1980s, the complex had become a general hospital, drug treatment center and youth detention facility. For some time, the main hospital building was also where Detroit residents could come to retrieve vital city records. The site also provided the city with additional storage for city records and vehicles. In 2011, the Detroit Department of Health and Human Services was moved to the site from their crumbling office on the city's east side. Two years later, the building was closed and put on the market for sale.

The site as it is currently configured is located between Taylor Street and Pingree Court, the John Lodge Freeway and Woodrow Wilson Avenues. The now nearly 18-acre site includes the former hospital and three former Detroit Public Schools facilities. The Hutchins Intermediate School and Crosman Alternative High School closed in 2011 and 2007, respectively. Sanders Elementary School was also once located on the southern end of the site but replaced two demolished pavilions in 1964 and was itself demolished in 2007.

Immediately south of our study area, is the northern end of Midtown Detroit which serves as home to Wayne State University, and Tech Town Detroit. To the immediate west of our study area—west of Rosa Parks Boulevard (12th Street), is the LaSalle Gardens neighborhood, which is also known for its architecture and notable former residents.



Aerial Photo of Herman Kiefer site and Central Detroit

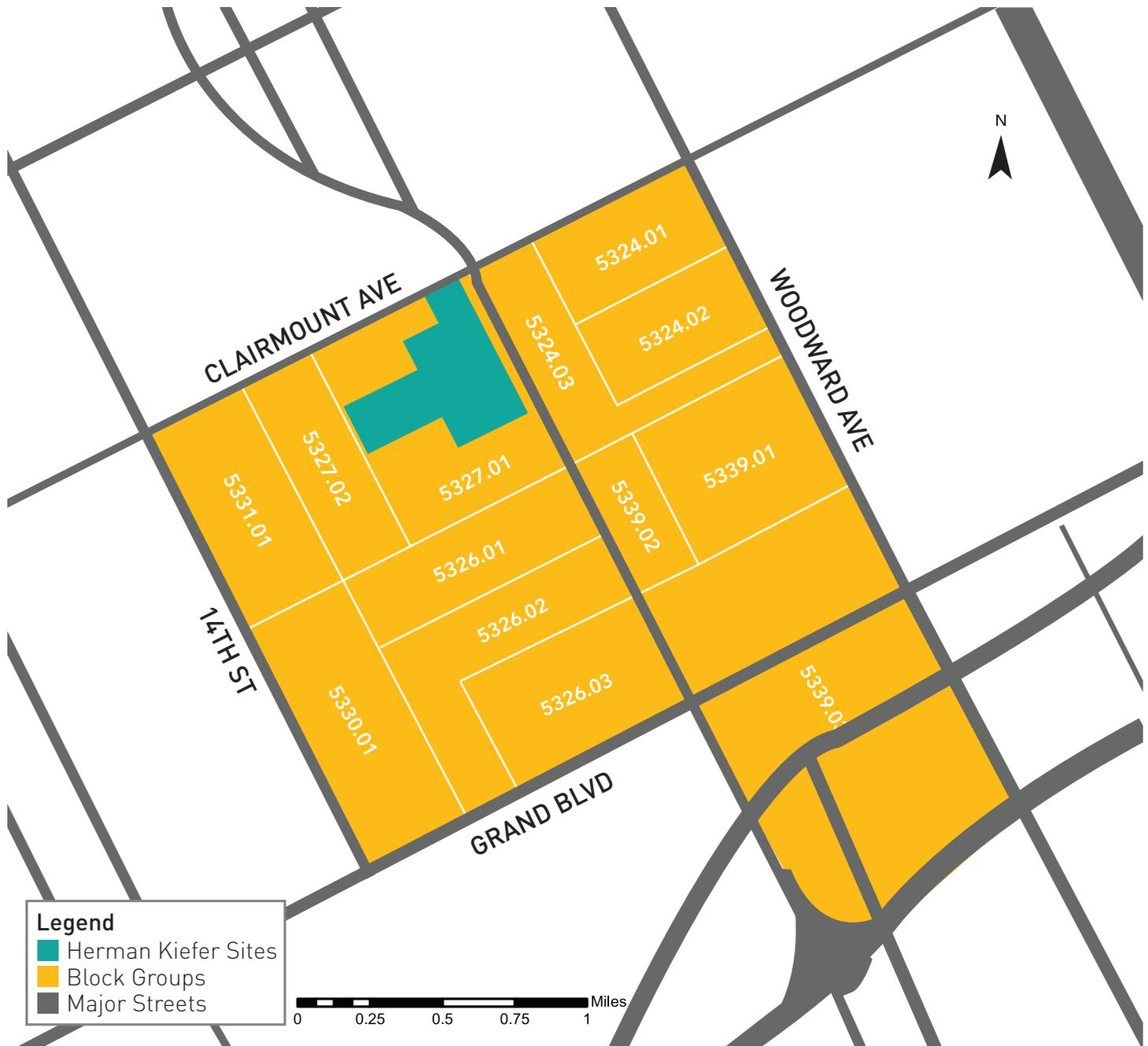


04

AREA BACKGROUND INFORMATION

Our study area encompasses just over one square mile west of Woodward Avenue until 14th Street and south of Clairmount Avenue until Grand Boulevard. Much like the city of Detroit, our study area has seen its population decrease within the last few decades. The areas surrounding the nearly 18-acre site is home to several Detroit neighborhoods. Some of them have a distinct boundaries and identities, while others are less well defined. To the immediate north of Clairmount Street, is the historic Boston-Edison neighborhood which has been known for its distinctive mansions and home to many Detroit business and civic leaders over the years. To the south is the New Center area home to several key institutions and Detroit landmarks including the Henry Ford Hospital and Health System Headquarters, the College of Creative Studies, the Fisher Building and Theater. The area to the east of the M-10 Lodge Freeway is known by several names including, "North Piety Hill" due to its cluster of churches and religious institutions. Others refer to the area as "New Center North" due to its close proximity to the cluster of businesses associated with the New Center area.

PLANNING FOR THE REUSE OF THE HERMAN KIEFER HOSPITAL COMPLEX



Herman Kiefer Site and 2010 U.S. Census Block Group Boundaries

POPULATION, RACE, AGE, HOUSEHOLD STRUCTURE & EDUCATION

This section provides a basic profile of the area’s population, housing, and economic characteristics. What follows is a summary of the area in comparison to the city at large, primarily based on five-year estimates from the 2011-2015 American Community Survey (unless otherwise indicated). As such, they are averages of annual estimates and are not precise. That said, our study area is one with a great many assets and a significant history that is worth preserving and enhancing (*see Neighborhood Perspectives* section).

First, what is perhaps most noteworthy in the statistics that we have compiled is the fact that in the past 27 years, this area’s population has declined much more than the city’s population overall (-51.23 percent compared to the city’s decline of 32.87 percent). The area’s gender balance and racial mix are similar to the city’s overall.

Table 4.1 | Population, Sex and Race Profile for City of Detroit and Rosa Parks/Clairmount (Study Area), 1990, 2000, 2010, and 2011-2015 (ACS)²

	DETROIT	STUDY AREA
Total Population		
1990	1,027,974	15,607
2000	951,270	12,880
2010	713,777	8,734
2015*	690,074	7,612
Sex (2015)		
Male	47.3%	49.1%
Female	52.7%	50.9%
Race (2015)		
Black/African American	80.1%	80.9%
White	13.4%	12.5%
Asian Alone	1.3%	2.9%
Two or More Races	2.1%	3.1%
Some Other Race	2.8%	0.1%

Figure 4.1 | Age Composition, City of Detroit, 2011-2015 (ACS)³

DETROIT AGE COMPOSITION

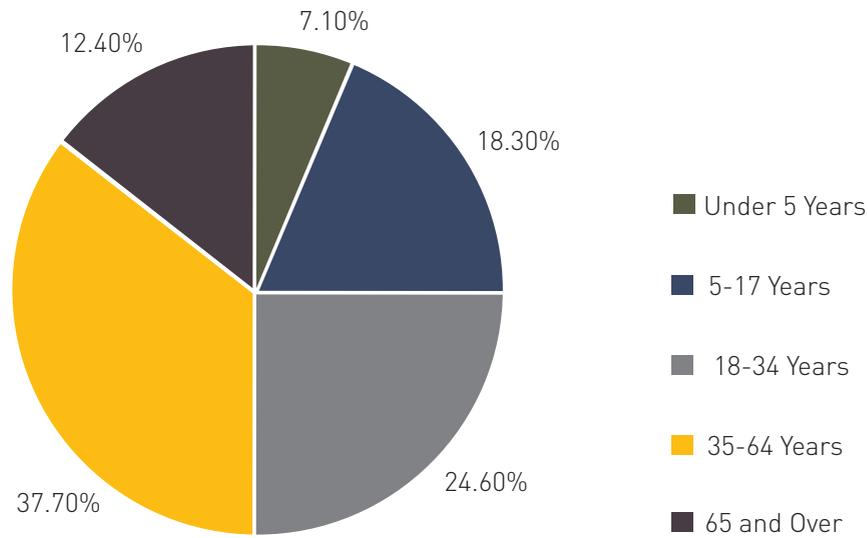


Figure 4.2 | Age Composition, Rosa Parks/Clairmount (Study Area), 2011-2015 (ACS)⁴

STUDY AREA AGE COMPOSITION

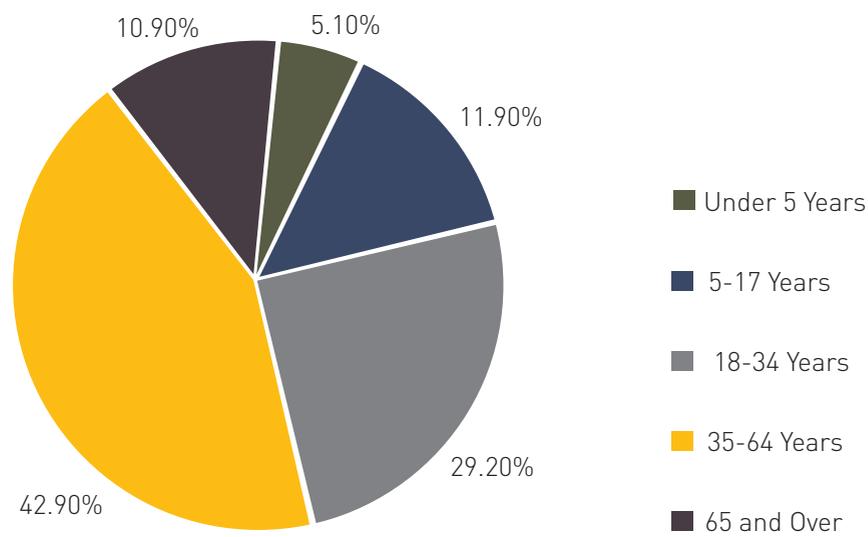


Table 4.2 | Family and Household Structure, City of Detroit and Rosa Parks/Clairmount (Study Area), 2011-2015 (ACS)⁵

	DETROIT STUDY AREA	
Households	255,740	4,239
Family Households	56.4%	36.0%
Married-Couple Family	20.8%	11.2%
Other Family	35.7%	24.8%
Male Householder, No Wife Present	6.9%	3.6%
Female Householder, No Husband Present	28.7%	21.2%
Nonfamily Households	43.6%	<u>64.0%</u>
Male Householder	21.4%	34.0%
Female Householder	22.2%	30.0%
Households with One or More People Under 18 Years	31.3%	<u>18.8%</u>
Households with No People Under 18 Years	68.7%	<u>81.2%</u>

The common understanding is that the area is home to many seniors (residents over the age of 65). Although the median age for our area was higher than the city’s median (40.8 compared to 35.2 in the larger city), some of this could be attributed to the relatively small number of residents under the age of 17, particularly school aged children between 5 and 17 years of age. The percentage of seniors over the age of 65 was also smaller than the city’s rate. The age distribution for our study area contradicts what we learned from our interviews (See Chapter 5). With 72.1 percent of the area’s population having been of working age, 18-64 years of age, this area had an asset that many other Detroit neighborhoods do not, if those residents were participating in the labor market and were job-ready in competitive industries.

A key finding of Table 4.2, is that this area had a much smaller proportion of family households as compared to the rest of the city. This was particularly true across the block groups included in our analysis, although it was far more pronounced in the block groups of Tract 5339 (those including the eastern edge of the New Center area

Table 4.3 | School Enrollment and Educational Attainment for City of Detroit and Rosa Parks/Clairmount (Study Area)⁶

	DETROIT STUDY AREA	
Population 25 Years and Over	434,388	5,898
Less than High School	39.1%	18.4%
High School Graduate (Includes Equivalency)	25.2%	30.4%
Some College	16.8%	28.9%
Bachelor's Degree	15.3%	11.2%
Master's Degree	3.7%	6.7%
Professional School Degree	0.0%	3.6%
Doctorate Degree	0.0%	0.8%
Population 3 Years and Over Enrolled in School	192,361	2,229
Public School	89.9%	85.9%
Pre-School	4.4%	3.3%
K-8	41.6%	29.7%
9-12	21.6%	13.4%
College	22.3%	39.6%
Private School	10.1%	14.1%
Pre-School	0.6%	0.0%
K-8	2.8%	3.1%
9-12	1.7%	4.0%
College	5.1%	7.1%
Civilian Population 16 to 19 Years	42,133	310
Not High School Graduate, Not Enrolled (Dropped Out)	9.0%	12.6%
High School Graduate, or Enrolled (in School)	91.0%	87.4%

and Wayne State University's campus. This means that stabilizing the area should include a focus on attracting and retaining more families to the area.

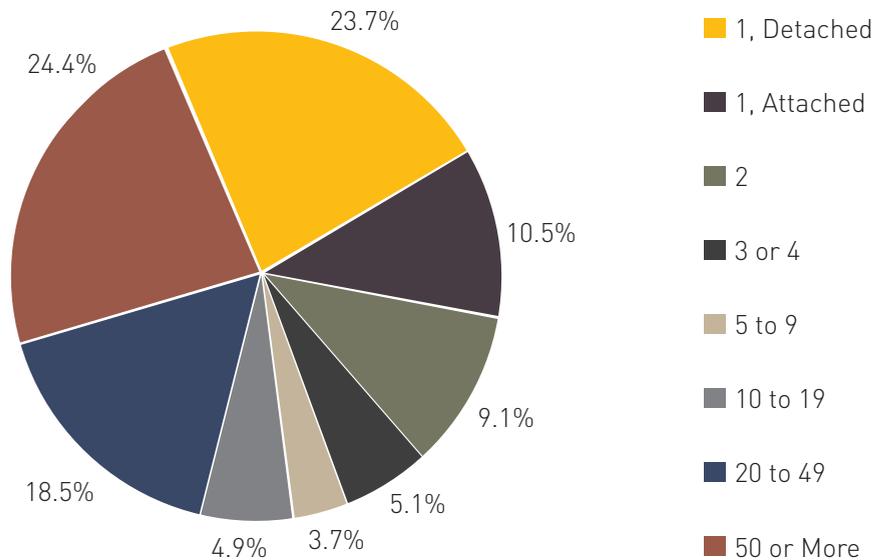
HOUSING CHARACTERISTICS

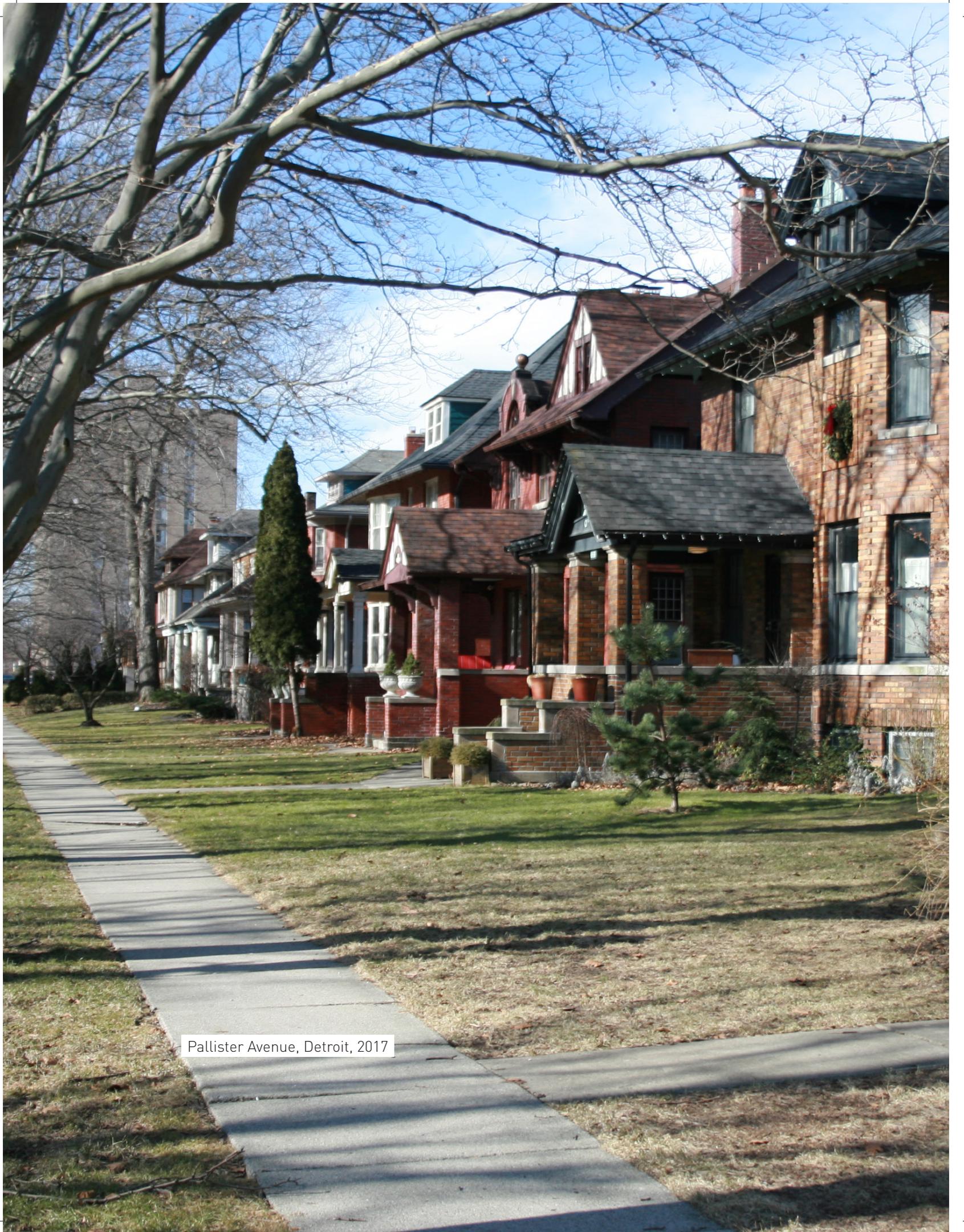
The housing characteristics of our study area are surprising and diverse across the larger area. It is important to note is that the area was largely composed of renters who spend too much of their income for older housing. Although the rents in the area were much lower than the median gross rent in the larger city, the area’s incomes are much lower as well. As discussed above, the presence of college students and non-family households probably contributed to some skewing in the reporting of both rents and incomes in the area’s profile.

Of the owner-occupied housing units, home values were above the city at large but were not much larger than \$200,000 as they were elsewhere in the city. A greater percentage of the homeowners in the area carried mortgages. Based on the available American Community Survey estimates, housing affordability was not as significant of a problem in our study area as it was in the larger city. That said, it was a problem for a little more than half of the area’s renters who were paying more than 30 percent of their income on rent (52.2 percent as compared to 57.9 percent).

Figure 4.3 | Housing Units in Structure, Rosa Parks/Clairmount (Study Area), 2011-2015 (ACS)⁷

HOUSING UNITS IN STRUCTURE





Pallister Avenue, Detroit, 2017

Table 4.4 | Housing Data for City of Detroit and Rosa Parks/Clairmount (Study Area), 2011-2015 (ACS)⁸

	DETROIT	STUDY AREA
Housing Units	365,740	6,618
Median Year Structure Built	1947	1940
Owner-Occupied Units	126,350	950
Owners Renters	49.4% 50.6%	22.4% 77.6%
Renter Occupied Units (Number)	129,390	3,289
Vacant Housing Units	30%	36%
Owner-Occupied House Value (Percent)		
Less than \$20,000	21.7	12.4
\$20,000 to 49,999	35.9	29.0
\$50,000 to 99,999	29.4	39.6
\$100,000 to 149,999	6.3	8.3
More than \$150,000	1.7	2.1
Median House Value for Owner-Occupied Units	\$42,300	\$60,750
Housing Units with a Mortgage	43.0%	56.1%
Median Gross Rent	\$747	\$580
Gross Rent as a Percentage of Household Income in 2015 (Percent)	41.9	34.7
Renter Occupied Units (Number)	129,390	3,289
Less than 10 Percent (Percent)	2.6	3.6
10 to 29 Percent	27.0	33.9
30 to 49 Percent	20.6	21.5
50 Percent of More	37.3	30.7
Not Computed	12.4	10.3

Based on the most recent American Community Survey data, 36 percent of the of the housing units in our study area were vacant. This is not much different from the city's rate; however, it is notable that the mix of vacant lots to structures and the nature and condition of those structures. First, only about a third of the study area's housing units were single-family homes (detached and attached). Meaning that the majority of residents were living in multi-unit structures.

Table 4.5 | Parcel Occupancy and Vacancy for City of Detroit and Rosa Parks/Clairmount (Study Area), 2017^a

	DETROIT		STUDY AREA	
	Number	Percent	Number	Percent
Total Properties Surveyed	376,247		2,945	
Structures vs. Lots	Number	Percent	Number	Percent
Structures	258,768	68.78	1,721	58.4
Lots	117,417	31.21	1,223	41.5
Structure Condition				
Good	198,192	76.59	940	54.6
Fair	40,352	15.59	608	35.3
Poor	12,721	4.92	153	5.20
Suggested Demolition	7,449	2.88	18	1.05
Structure Occupancy				
Occupied	195,008	75.36	1,130	65.66
Possibly Occupied	13,203	5.10	123	7.15
Partially Occupied	414	0.16	32	1.86
Unoccupied	50,099	19.36	432	25.10

Looking at the most updated information available through the City of Detroit and Wayne County Tax Commissioner as analyzed by Loveland Technology’s data, our study area contains 3,166 properties cover 740 acres. There are 1,692 distinct owners with the most significant landowners being public authorities and non-profit organizations. The five largest landowners are all affiliated with the City of Detroit or Wayne County government, collectively controlling more than one-quarter of all land in the area. Most of the 511 parcels owned by the Detroit Land Bank are located in the northwest corner of the study area (near the intersection of 14th Street and Clairmount), which is closest to the Herman Kiefer site.

When considering building conditions, a much smaller percentage structures in the study area were coded as “Good” by Motor City Mapping (58.4 percent compared to the city’s 76.6 percent). Vacant lot condition is also noteworthy. As of this writing, there were 67 lots with evidence of dumping, 48 structures with fire damage and 138 in need of boarding (see Table 4.5 above).

EMPLOYMENT, INCOME & POVERTY

Evaluating an economic profile for the area is important for first confirming what we learned in the interviews with neighborhood leaders but also to connect the most up-to-date data on the area’s economic profile to the workforce development case studies. The most important finding from Table 4.6, was the dramatically lower median household income (\$17,841).

It is worth noting that despite the poverty rates, low household incomes and unemployment rates. the percent of households receiving public assistance was very low in this area, which speaks to a need for more economic development, labor force participation and connections to workforce development opportunities. It also demonstrates the need for policy that addresses the needs of households with chronically unemployed and underemployed adults.

Table 4.6 | Household Income and Poverty in City of Detroit and Rosa Parks/Clairmount (Study Area), 2011-2015 (ACS)¹⁰

	DETROIT	STUDY AREA
Median Household Income	\$25,764	\$17,841
Black/African American Householder	25,119	15,654
White Alone Householder	29,181	33,889
Ratio of Income to Poverty Level		
Below 50%	20.4	25.4%
Between 50 and 99%	19.9	8.8%
Between 100 and 199%	24.7	25.1%
Over 200%	35.1	29.5%
Labor Force Participation	53.0	51.7
Unemployment Rate	24.9	24.7
Black/African American	26.8	28.7
White Alone	15.9	21.2

PLANNING FOR THE REUSE OF THE HERMAN KIEFER HOSPITAL COMPLEX



Philadelphia Street and Woodrow Wilson, 2017

AREA BACKGROUND INFORMATION



Bethune Avenue, Midtown Detroit, 2017

PLANNING FOR THE REUSE OF THE HERMAN KIEFER HOSPITAL COMPLEX



Henry Ford Hospital Main Building, 2017

AREA BACKGROUND INFORMATION

Table 4.7 | Industry by Occupation and Occupation for Employed Civilian Population 16 Years and Over, City of Detroit and Rosa Parks/Clairmount (Study Area), 2011-2015 (ACS)¹¹

	DETROIT	STUDY AREA
Industry by Occupation for Employed Civilian Population 16 Years and Over	213,591	1,198 ¹²
Educational Services, and Health Care and Social Assistance	24.8%	36.3%
Arts, Entertainment, and Recreation, and Accommodation and Food Services	12.0%	11.8%
Professional, Scientific, and Management, and Administrative and Waste Management Services	11.4%	11.4%
Manufacturing	13.6%	10.4%
Retail Trade	10.3%	8.3%
Other Services, Except Public Administration	5.3%	6.8%
Public Administration	4.5%	5.0%
Transportation and Warehousing, and Utilities	5.8%	4.4%
Finance and Insurance, and Real Estate and Rental and Leasing	4.8%	3.3%
Construction	3.6%	1.0%
Wholesale Trade	1.7%	0.8%
Agriculture, Forestry, Fishing and Hunting, and Mining	0.4%	0.5%
Information	1.8%	0.0%
Occupation for Employed Civilian Population 16 Years and Over	213,591	3,057
Professional and Related Occupations	15.1%	26.4%
Food Preparation and Serving Related Occupations	6.9%	9.9%
Sales and Related Occupations	0.3%	9.8%
Office and Administrative Support Occupations	14.0%	9.4%
Personal Care and Service Occupations	5.5%	8.7%
Building and Grounds Cleaning and Maintenance Occupations	6.8%	8.3%
Production Occupations	11.2%	7.6%
Management, Business, and Financial Operations Occupations	7.4%	6.9%
Transportation and Material Moving Occupations	8.3%	4.7%
Protective Service Occupations	2.9%	4.3%
Healthcare Support Occupations	5.4%	2.8%
Construction, Extraction, and Maintenance Occupations	5.8%	1.2%
Farming, Fishing, and Forestry Occupations	0.5%	0.2%

As Table 4.7 shows (preceding page), area residents who were in the labor force and working were well represented in educational services, health care and social assistance jobs. Based on the commuting destinations to the Boulevard, Midtown around the Detroit Medical Center and Wayne State University, this is not terribly surprising. Area residents are also well represented in the arts, entertainment, recreation, and accommodation and food services industries. The area's percentage of workers in professional, scientific, management, administrative, and waste management services was on par with the city's rates. What is concerning was the underrepresentation of area workers in industries that traditionally have low barriers to entry, such as construction, and wholesale trade.

Of primary concern is not only which industries area workers were in but where they commute to work. By 2014, figures from the Longitudinal Employment and Housing Dynamics Survey (the last year for which this data is available), the top 10 destinations for workers in this area were mostly in Wayne County in the downtown and midtown Detroit areas (522 workers overall).¹³ There were small numbers of workers also commuting to job centers in neighboring Dearborn and Southfield. More surprisingly, 50 workers were commuting for their primary jobs to Ingham County, Michigan (Lansing).

These statistics should not be interpreted to mean that there are no jobs present in the immediate area. Quite the opposite is true. According to the U.S. Census Bureau's Longitudinal Employment and Housing Dynamics Survey there were 25,052 workers employed in the study area in 2014. Of those a staggering 24,845 or 99.2 percent of them lived outside of the area. Only 207, workers employed in the area also lived there. Conversely, 89.3 percent of those who lived in the area, and were employed were employed outside of it. For the city's purposes, it is of course if the 25,052 jobs located in the area still lived within the city's boundaries. In this case however, the majority of area workers are coming from beyond the city's borders (74.5%). The primary home destinations of these workers included Detroit suburbs, Southfield, Warren, Farmington Hills, Dearborn, Sterling Heights, Royal Oak, Livonia, St. Clair Shores and Oak Park. To mitigate this gap, increasing the job readiness and access of local residents to these local jobs is of paramount importance.

AREA BACKGROUND INFORMATION



Aerial View of Herman Kiefer Complex and Grounds



05

NEIGHBORHOOD PERSPECTIVES

To support our findings, and at the request of our client, we conducted ten interviews with area stakeholders, residents, block club captains, organizers, engaged service providers and others to paint a picture of community needs. It must be stated that this is not a representative sample of residents, stakeholders, or even community leaders. This should be read and appreciated as contributing to much larger civic engagement processes that the city will undertake in the months and years as the Herman Kiefer site is redeveloped. Through those interviews, we learned a bit about what area stakeholders feel is most needed to support the area's vitality. On the whole, residents have strong attachments to the area despite its challenges and are largely hopeful for the future.

KEY ASSETS

NEIGHBORHOOD ORGANIZING UNITS/BLOCK CLUBS

For many of the residents in our study area, the relationships they have with the immediate neighbors are their most important ones. Block clubs serve a vital role in helping to organize activity and get neighbors engaging in local problem solving. Many block clubs meet in residents' homes and host dinners for each other. This appears to have created deep bonds among the engaged residents who largely know and speak well of each other. AmeriCorps volunteers helped many block clubs scale up their activities and do more than they would have been able to do otherwise.

SENIORS

Almost all of our interviewees were in agreement that the area's seniors were essential assets for the area's communities. For many, seniors, particularly those who act as leaders serve as the social "glue" of many blocks and larger neighborhood units. They provide continuity in the life of the neighborhoods and provide assistance to other residents when needed. These residents also have long histories with the area and act as stewards of the area's history and culture.

CENTRAL DETROIT CHRISTIAN

This organization is one of the few in the area and is widely regarded across the city as an effective program administrator and community partner. Not only does this organization help provide services in the way of their parenting classes, an afterschool program at the Henry Ford Academy, summer camps and preschool preparation programs, they also do a considerable amount of counseling for first-time homebuyers. They also manage 10 businesses that employ (as of fall 2015), 24 people. The manager of each business is a full owner. The intent is to help grow an independent business that will serve the area.

THIRKELL ELEMENTARY

Although there are other schools in the area and this school is Thirkell is located just at the edge of our study area boundaries in the LaSalle Gardens area. Many that we interviewed regarded its quality teachers and ranking as tremendous assets to the area. For much of the area, it is the only mainstream elementary school. Most notably, Thirkell was ranked the number one public school in the State of Michigan In the Mackinac Center for Public Policy's 2013, Michigan Context and Performance Report Card, 2013 report on Public Elementary & Middle Schools.¹⁴

WAYNE STATE UNIVERSITY

The university has continually demonstrated a strong commitment to supporting surrounding areas by extending their police patrols to areas well beyond their formal campus. According to our interviewees, Wayne State has done a good bit of advertising to inform residents that they are welcome to call their police in case of emergency and many of those we interviewed mentioned that the Wayne State Police have been very responsive and reliable in responding to area emergencies and needs.

ISSUES OF CONCERN

NEGATIVE MEMORIES OF HERMAN KIEFER

"It smells of death....drop it!"

One of the largest and most concerning issue for many residents in the adaptive reuse of the Herman Kiefer Complex are the very negative associations of it in the minds of many. For older residents, it is remembered as a tuberculosis and polio hospital where the terminally ill were cared for and ultimately expired. For others, it is remembered as an inefficient health center operated by the City of Detroit for many years. In its post-medical years, Herman Kiefer was where Detroit residents could receive treatment for sexually

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Virginia Park Area, 2017



Herman Kiefer Main Building (rearview), 2017



Virginia Park Cooperative Shopping Center, 2017

transmitted-diseases, file for or retrieve copies of marriage licenses, birth and death certificates.

While many of those interviewed were hopeful about the possibilities for the redevelopment of the Herman Kiefer Complex, and offered some suggestions about what they wish to see, others were less optimistic. “Blow it up. Just blow it up and forget about it,” one of our more colorful interviewees offered. While many of those interviewed offered positive suggestions for supermarkets, studio spaces for artists, a children’s museum, a mixed-use development of retail and affordable housing, most agreed that the negative perceptions of the space would have to be overcome for any redevelopment to be effective.

As mentioned earlier in this report, it is important to note that the Herman Kiefer Complex is actually the combination of the former hospital which consists of the large main building and several pavilion buildings behind it and three former Detroit Public School facilities. Hutchins Intermediate (Middle) School served as an effective school for the area for many years. Some of our interviewees attended the school or had family who did and clearly remember learning important things such as how to swim, vocational and other valuable skills that made them employable well before graduating from high school. The Crosman Elementary School was also an effective school before it moved from its original site into the Hutchins Middle School building in 2007, and then too was closed permanently by the district in 2011. The Herman Kiefer site was also home to the Sanders Elementary School building, which was demolished in 2010.

LONG-STANDING SOCIAL PROBLEMS

According to those interviewed, the area has been in decline for several decades. However, it was the loss of Crosman and Hutchins that took the area’s “sense of self” and made some residents less optimistic about the neighborhood’s future prospects. Even if Herman Kiefer is redeveloped, it may not do much to resolve some of the area’s toughest problems. The largest problem to most was the lack of **workforce development and job training** for younger residents. For a few of our interviewees, residents can be understood

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Grace Episcopal Church, Rosa Parks Boulevard, 2017



Joseph Walker Williams Community Center, 2017

as belonging to one of three groups: retired, long-term resident seniors (renters and homeowners), younger, unemployed, unskilled and disaffected renters, and, young, middle-class, new residents. As mentioned above, the seniors are often considered to be key assets in preserving neighborhood cohesion. Younger residents are often renting and are very much in need of social services, particularly job training and opportunities. In the words of one interviewee, they are “disconnected from what’s going on in the world.”

Additionally, the closure of the schools left the area’s young without **safe spaces for recreation** and community gatherings more generally. With many parents working late and odd hours, many children are left without supervision or places to go. Although there is the Joseph Walker Williams Recreation Center on Roda Parks Boulevard, adjacent to the Virginia Park Cooperative Shopping Center, vacancy, abandonment and crime in the area make this a difficult destination for many youth in the area to reach.

Perhaps more controversially, some of those interviewed were critical of some current residents who expect too much of city government, local non-profits and leaders. The critiques center around **involvement and expectations**. Several of those we interviewed relayed their frustrations of having residents demand a lot from the city, area leaders, and local institutions without committing to being involved or working for neighborhood improvement themselves. Stated differently, this amounts to unreasonable expectations of what city government, local non-profits and local leaders are capable of delivering in terms of revitalization, given current economic and fiscal realities, without any effort from those demanding positive change.

RETAIL

The need for new **retail amenities** was cited as another critical need for this area. Shopping along Woodward Avenue was considered too homogenous and too far from the west side of the neighborhood to be useful. Even so, the retail that does exist amounted to a few gas stations and car related retail (car wash) that were considered crime hot spots that have to be routinely monitored by police.

PLANNING FOR THE REUSE OF THE HERMAN KIEFER HOSPITAL COMPLEX



Mount Zion New Covenant Baptist Church, 2nd Avenue, 2017



Peaches & Greens Cooperative Market, 2017

The Virginia Park Cooperative Shopping Center was considered by some to be poorly managed, crime-ridden and expensive to serve the needs of the larger community. One of our interviewees expressed the opinion that it was “underutilized and overbuilt.” **Access to more and better food options** appears to be one of the most critical needs. Central Detroit Christian operates a food cooperative store, *Peaches & Greens*, on Third Street which has been successful at both selling fresh produce door-to-door by way of a roving truck. The storefront business itself has become a local institution that many visit and mentioned as an important asset.

The lack of retail stands in stark contrast to this area’s pre-1967 history. According to the estimates of some of our longer-term residents, 12th Street, was formerly home to as many as 80 businesses that served the area before the uprisings leveled the retail corridor and spurred a significant out-migration of residents.

ANCHOR INSTITUTIONS

“I wish the businesses and churches stood out more.”

*“What does community look like here
without a neighborhood school?”*

As mentioned above, the area now lacks local schools and is home to just a few churches on its east and far west sides. Central Detroit Christian stands as one key locally serving institution as well as the Virginia Park Community Development Corporation. Despite the effectiveness and high regard that many hold for these organizations, we heard from several of our interviewees that they wished there were more anchors in the area. The churches were criticized for not doing more for their surrounding community and for being mostly neglectful of very serious needs right outside their doors.

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NEWCOMERS AND INVESTORS

“We just want to know who you are and for you to take responsibility to upkeep your properties.”

The issue of neglectful investor property owners and arrogant newcomers came up in many of the interviews. Many of our interviewees were particularly concerned about new, younger property owners who have purchased properties in the hopes of renovating their homes and “saving the city” or at least the blocks where they have purchased property. In some cases, our interviewees spoke of code violations that were not being committed by absentee landlords or long-term residents lacking the resources to properly maintain their homes. Instead, they were being committed by renovators who felt it appropriate to park trailers on lots that they didn’t own or leave construction materials on front lawns, etc. In another case, one interviewee spoke about a developer who started a renovation project in a major building nearby and disposed of hazardous materials by simply throwing it out of the windows of the building. After being confronted by residents and claiming ignorance about the hazardous materials, all work on the building has stopped and was indefinitely continued.

AGING SENIORS AND SERVICES

Although the seniors in the area are considered an asset, there is also considerable concern that many seniors struggle to keep up with their property taxes. As they age and their fixed incomes make it difficult for them to deal with deferred maintenance. While they may “*keep their yards neat and tidy, they can’t to replace the roof.*”

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Lighthouse Cathedral, formerly Temple Beth-El



New Center North Neighbors' Community Park

“WHAT WOULD YOU LIKE TO SEE?”

“The only way things are going to change is if we just grab our corner. We have to start where we are and use what we have.”

Despite the challenges and abandonment of housing and land in the area, many of those we interviewed were very positive about the area and hopeful for the future of their neighborhoods and the larger city. It is important to note that at the time of the interviews, many (but not all) cited a general improvement in city services and that made them even more optimistic about what was to come.

PARKS AND COMMUNITY SPACES

We heard a variety of suggestions to this point. Perhaps the most common as it pertained to the Herman Kiefer (main building) was some sort of mixed-use development that incorporated affordable housing for seniors along with child care, and workforce development resources that are available at night. We also heard suggestions about the larger context. One creative suggestion was to landscape the area and create “...a Central Park in the middle of the city.”

Lisa Johanon, director of Central Detroit Christian, mentioned the need to allow children to gather to play. She mentioned a sense that any gathering of youth is often seen as a negative. Pocket parks, basketball courts and other community spaces could be used to help change the mentality of some neighbors and show them that “we don’t have anything to be afraid of.” Pocket parks, such as one along Philadelphia Street in New Center North can encourage residents to engage neighborhood spaces.

RETAIL

Given the site’s highly visible location from the M-10 Lodge Freeway, some wondered if the site could include other retail that would serve the community and downtown/Midtown commuters. Some suggestions included a mixed-use development with a supermarket

on the first floor that would draw traffic from commuters needing to pick up groceries on their way home. Retail that makes the community a destination for many, including those beyond the area's boundaries is key.

WORKFORCE DEVELOPMENT

Given the clear need for jobs training and opportunities, some of our interviewees mentioned the inclusion of workforce development options at the redeveloped Herman Kiefer site. A particular suggestion that we noted was that workforce development training had to be offered at night or on weekends, as opposed to many current programs which offer training only during the day when many have jobs or other obligations.

INTERVIEWEES

George Adams, Euclid/Philadelphia Block Club Captain, Detroit 360
Mike Charnesky, Philadelphia/Pingree Block Club President
Tom Habitz, Henry Ford Hospital System
Norma Heath, East Euclid Block Club President
Stephanie Hubbard, West Seward Block Club Captain
Lisa Johanon, Central Detroit Christian, Executive Director
Evan Markarian, Neighborhood Volunteer
*"Retired Social Worker" and Former Block Club President*¹⁵
Julian Witherspoon, Virginia Park CDC

We would like to extend a special thanks to all of those interviewed who gave of their time to meet and speak with us about their communities.



Herman Kiefer Hospital, 2017



06

CASE STUDIES

For this report, we wanted to present possibilities for the redevelopment of Herman Kiefer that represented what we heard from the stakeholders we interviewed but also from the staff at the City of Detroit's Planning and Development office. In the following section, we present case studies that provide overviews of best cases of adaptive reuse of large for former hospital structures, workforce development programs, and worker cooperative / shared-equity oriented development. These case studies should not be understood as final recommendations but as contributions to longer conversations about possibilities that still lie ahead for the future of Herman Kiefer.

PLANNING FOR THE REUSE OF THE HERMAN KIEFER HOSPITAL COMPLEX

ADAPTIVE REUSE

Adaptive reuse is a fairly common practice in contemporary urban planning and architecture that simultaneously conserves and alters a building or site for new purposes. In researching cases for this study, we focused on former public hospitals, schools, or other public facilities that were as similar to Herman Kiefer as possible. As is the case with Herman Kiefer, the building still has architectural value and can be salvaged but must be altered to meet new uses. The cases that we provide here come from Portland, Oregon (McMenamins), Cleveland, Ohio (St. Luke's Manor), Los Angeles, California (Linda Vista), and Atlanta, Georgia (Ponce City Market). All of our cases provide information on the background of each site, the processes of transition from school, hospitals and former industrial site to their current uses, costs, and current programming.

PORTLAND, OREGON | MCMENAMIN'S

SITE HISTORY & BACKGROUND

Kennedy Elementary School, located in Portland's Concordia neighborhood, has been an important community asset since its establishment in 1915. Citing declining enrollment and an aging structure, the Portland School District decided to close Kennedy Elementary School in 1975. Built by prominent architect Floyd A. Naramore in an Italian villa style, the school contains historic architecture that attracted neighborhood support for the building's preservation. In 1983, the Concordia Neighborhood Association began collaborating with the Portland Development Commission on an effort to redevelop the building.

The redevelopment process included input from a wide coalition of stakeholders, including neighborhood residents, the former Kennedy School students and past PTA presidents. From 1985 to



Saltwater Soaking Pool, McMenamins Kennedy School

1988, the Portland School District solicited redevelopment proposals but were unable to attract interest from developers and ultimately slated the building for demolition.¹⁶ Neighborhood residents, acting through the Concordia Neighborhood Association, successfully delayed demolition and brought in representatives from the Mayor's Office to negotiate with the school district.

In 1993, following negotiations between the City of Portland, the Portland School District, the Portland Housing Authority, and Multnomah County, the Portland Bureau of Housing and Community Development received control of the school and created a task force to solicit and evaluate redevelopment plans for the site. The task force identified three goals for the redevelopment of the Kennedy School: to protect the building from demolition, to designate part of the building for community use, and to guarantee the redevelopment serves as an asset to the surrounding neighborhood in both its design and its programming.¹⁷ Throughout this process, the task force encouraged input and feedback from local residents and held four workshops for the public to evaluate redevelopment options for the school.¹⁸

In 1994, the task force solicited and received 11 redevelopment proposals for the site.¹⁹ Of these proposals, six called for some form of housing development, three were for commercial or retail use, and two were for educational use.²⁰ The task force favored a proposal submitted by Mike and Brian McMenamins, owners of the Portland-based McMenamins microbrewery chain. Under this proposal, McMenamins would restore the existing structure and convert it to a commercial venture that would provide overnight lodging, a movie theater, a restaurant and pub, meeting rooms, conference facilities, and additional amenities.²¹ Mike McMenamins presented his company's plan to the general public at a workshop in late 1994. He expressed his willingness to work with neighborhood residents to resolve issues related to community space, public safety, architectural preservation, and neighborhood relations.²² The task force and the Concordia Neighborhood Association both endorsed the McMenamins proposal and recommended it for city council approval. After negotiating rights to begin work on the property, McMenamins restored the building and re-opened the school as a 57-room hotel in 1997.



Front, McMenemy Kennedy School

OWNERSHIP STRUCTURE & SITE DEVELOPMENT

The McMenamins company operates 65 breweries, brewpubs, restaurants, hotels, and movie theaters across the Pacific Northwest. Founded in 1974, the family-owned corporation is known for its practice of redeveloping historic structures for its establishments. Several of their locations were adapted from structures that are included in the National Historic Register.

McMenamins has become known for its adaptive reuse of aging structures. Most of the ten hotels it currently owns are former schools.²³ McMenamins frequently interprets a property's history and character through murals and other art pieces in its hotels.²⁴ Co-owner Mike McMenamin has discussed the company's use of historic preservation as a business model, stating, "We take buildings forward and make them viable rather than a museum piece."²⁵

SITE PROFILE & NEIGHBORHOOD CHARACTERISTICS

McMenamins Kennedy School is located at 5736 NE 33rd Avenue and situated in the Concordia neighborhood of Portland. The Concordia Neighborhood Association defines the neighborhood boundaries as NE Columbia Blvd to the north, NE Prescott to the south, NE 42nd Avenue to the east and NE 22nd Avenue to the west, excluding a small area bounded by NE Alberta Ct, NE Prescott, NE 42nd Avenue and NE 33rd Avenue.²⁶

According to the five-year estimates of the 2011-2015 American Community Survey there are 5,839 residents in the block groups that make up the Concordia neighborhood. These residents are 75.4% White (Alone), 13.6% Black/African American, 6.8% Hispanic/Latino, 3.7% Asian (Alone) and 6.9% identify as Multiracial or some other another race or ethnicity. For this same time period, median household income for the Concordia neighborhood is \$71,122, higher than the citywide median household income of \$55,003.²⁷

SITE AMENITIES & COMMUNITY BENEFITS

Occupying 183,000 square feet, the Kennedy School Hotel provides a variety of amenities and services to hotel guests, visitors, and neighborhood residents.²⁸ The hotel consists of 57 guestrooms

adapted from the school's former classrooms. McMenamins operates one restaurant, five bars, a movie theater, and a saltwater soaking pool on the premises. McMenamins also operates the Concordia Brewery on-site in what was once the girls' restroom of the school. In 2014, Concordia Brewery produced 289 batches of several varieties of beer.²⁹

The hotel's design consistently refers back to the property's former use. In addition to historical artwork throughout the building, the hotel also contains several bars that play off the school's history. For example, two of the hotel's bars are clever callbacks to the building's previous use: The Detention Bar boasts cigars and bourbon,³⁰ while the Honors Bar offers craft cocktails against a backdrop of classical music.³¹

Consistent with the goals of the redevelopment process, the Kennedy School remains an important anchor for the surrounding neighborhood. The school contains 8,500 square feet of public meeting space. This includes the 3,400-square foot former auditorium and the 600-square foot former library.³² In addition, one room in the school has been remodeled and set aside for the exclusive use of neighborhood community groups. The Concordia Neighborhood Association manages the use of this room.³³ McMenamins' offers use of the movie theater and soaking pool free of charge to local residents.³⁴ McMenamins also maintains a community garden on the eastern side of the Kennedy School property, the design of which is similar to a Victory Garden once planted by the school during World War I.³⁵

These community benefits were an important aspect of the redevelopment process. The purchasing agreement for the property requires McMenamins to provide benefits to the community equaling the total value of the property for twenty years. The only specific required benefits outlined in the agreement are the community room and garden. However, any additional amenity provided to local residents free of charge counts toward the company's repayment on the building at the same rate the company charges for non-residents to use that amenity.³⁶

This community benefits agreement was a key component of the funding structure for the redevelopment of the Kennedy School. The

Kennedy School project was funded through a PILOT (Payment In Lieu of Taxes) agreement negotiated between McMenamins, the Portland School District, the Housing Authority of Portland, the City of Portland, and Multnomah County. Following negotiations led by the Mayor's Office, the Portland School District agreed to transfer the Kennedy School as part of a three-way agreement between the City, the School District, and Multnomah County.³⁷ The school district received increased allocations from Multnomah County's PILOT funds, the City of Portland conveyed a parcel of land to Multnomah County, and the City of Portland gained ownership of the property.³⁸

The Portland Development Commission (PDC) then directed the negotiation process between the city, community, and McMenamins. The PDC set a purchase price of \$617,000 for the property, which McMenamins agreed to repay over twenty years through the provision of community benefits to the surrounding neighborhood. Through this agreement, McMenamins secured the rights to begin work on the Kennedy School without advance payment. The company also agreed to follow National Trust for Historic Preservation guidelines during the school's restoration.³⁹



Front, McMenamins Kennedy School

METRICS OF SUCCESS

From a financial perspective, the Kennedy School redevelopment has proven successful. McMenamins was able to provide enough community benefits to pay for the purchase of the property well within the twenty-year repayment window. The value of the benefits that McMenamins provided to the Concordia neighborhood surpassed the negotiated price of the property within six years.⁴⁰ McMenamins continues to provide these benefits free of charge to Concordia Residents. McMenamins continues its partnership with the Concordia Neighborhood Association to operate the community space at the school, with proceeds helping to sponsor educational and social activities in the neighborhood.⁴¹

The Kennedy School has also become an important asset for economic development in the Concordia neighborhood. By combining several attractions and industries - hospitality, food service, craft brewing - into one site, McMenamins created a cluster of development that has allowed the Kennedy School to draw visitors and economic activity into the neighborhood.⁴² Retail has grown along the NE 33rd Avenue corridor following the reopening of the Kennedy School, while the desirability of the Concordia neighborhood as a whole has increased at the same time.⁴³ The hotel has provided needed overnight lodging accommodations and increased pedestrian traffic in the neighborhood.⁴⁴



Detention Bar, McMenamins Kennedy School

LESSONS FOR DETROIT

McMenamins' redevelopment of the Kennedy School presents opportunities for anchor-driven adaptive reuse that is enmeshed in the surrounding neighborhood. Having one anchor business operate a variety of commercial enterprises helps contribute to the school's financial success. During the redevelopment process, the Portland Development Commission rejected alternative proposals that would have transformed the school into office or incubator space for small businesses. McMenamins was experienced in historic preservation and building tourist attractions, while remaining responsive to community voices. They have successfully redeveloped large and multi-building sites that were deemed difficult to preserve due to their size, location, or other atypical features.⁴⁵

McMenamins Kennedy School also provides vital productive space and community space for the Concordia neighborhood. The McMenamins model proactively responds to community wishes and needs and preserves buildings that are significant to the character of the surrounding neighborhood. This approach helps promote the health of their neighborhoods and encourages greater input into operations and programming on their sites.⁴⁶



Front, St. Luke's Manor, circa 2012

CLEVELAND, OHIO | ST. LUKE'S MANOR

SITE HISTORY & BACKGROUND

Located in the Buckeye-Shaker neighborhood of Cleveland, Ohio, St. Luke's Manor is a 390,000-square foot former hospital. Designed by Cleveland firm Hubbell and Benes and originally built in 1927, the hospital focused on training doctors and nurses until it closed in 1999.⁴⁷ It sat vacant for 12 years, meanwhile being placed on the National Register of Historic Places in 2005. As part of a neighborhood-wide revitalization plan, redevelopment of the hospital began in 2011 and completed in 2014.

In 2005, a local community development funding intermediary, Neighborhood Progress Inc. (now Cleveland Neighborhood Progress), partnered with community organizations and foundations to spearhead a community planning process in the Buckeye-Shaker neighborhood.⁴⁸ The organization works with community development corporations (CDCs) to provide financial support, training, and capacity building efforts. Located about five miles east of downtown, the Buckeye-Shaker neighborhood had experienced population decline, blight, and job loss since the 1980s. During the community planning process residents emphasized concerns about "housing maintenance, blight elimination and public safety."

A focal point of the community planning process was the unoccupied site of the former St. Luke's hospital. Redevelopment of the site was seen as central to revitalization as a whole. Although the redevelopment of the hospital was part of the initial community planning process, it took several years to find a private developer to partner with Neighborhood Progress. In 2011, the property was purchased by Pennrose Properties, a mixed-finance developer headquartered in Philadelphia, Pennsylvania.⁴⁹ With the intention of providing mixed uses, the site now contains 137 affordable apartments for seniors, two market-rate apartments, and the Learning Center. The Learning Center provides space for organizations, including the Intergenerational School and Debra Ann November Early Childhood Learning Center.

OWNERSHIP STRUCTURE & SITE DEVELOPMENT

In 2006, Neighborhood Progress bought the St. Luke's hospital site with the intention of converting it to residential housing units. Comprehensive community planning was funded through a \$5 million grant from the St. Luke's Foundation and Neighborhood Progress spearheaded the process.⁵⁰ However, Neighborhood Progress required a private partner in order to complete the renovation. The site sat vacant for an additional five years until it reached an agreement with Pennrose Properties, a mixed-finance developer that specializes in large scale public-private redevelopment projects. Pennrose Properties served as the developer, managed construction on the site, and managed the low-income rental properties upon completion of the project.

Cleveland Neighborhood Progress impacts the Cleveland community by providing financial support and training efforts to CDCs, supporting placemaking activities to improve spaces and properties, and delivering economic opportunity programming to ensure city residents can thrive where they live.⁵¹ Some of their initiatives include LiveCLEVELAND, an informative guide to living and working in Cleveland, and Relmaging Cleveland, a vacant land reuse initiative that creates sustainable solutions to vacancy.

SITE PROFILE AND NEIGHBORHOOD CHARACTERISTICS

Built in 1927, the former St. Luke's hospital site is located at 11311 Shaker Boulevard on the east side of Cleveland in the Buckeye-Shaker neighborhood. The main building is u-shaped consisting of a central building with east and west wings. Immediate neighbors include Harvey Rice Elementary School, finished in 2009, and the Rice branch of the Cleveland Public Library, completed in 2010. To the north are several blocks of new, single-family homes in the St. Luke's Pointe.

The Buckeye-Shaker is bounded by Martin Luther King Jr. Drive and E 116th Street to the west, Imperial Avenue and Abell Avenue to the south, E 140th Street to the east, and Larchmere Boulevard and Shaker Lakes Park to the north. According to the 2011-2015 American Community Survey, the Buckeye-Shaker area is home to 11,821 residents. The racial composition is 83.4 percent Black or

African-American, 12.1 percent White, and 1.2 percent Asian. 76.7 percent of the area's 8,351 housing units are occupied. Like our study area, it is dominated by non-family households (58.2 percent) and renters (69.0 percent). The median household income in the area is \$24,958.⁵²

SITE AMENITIES AND COMMUNITY BENEFITS

After being acquired for \$22 million, the redevelopment of the St. Luke's hospital site occurred in three phases between 2011 and 2014. Keeping in mind the Historic Places designation obtained in 2005, any redevelopment necessitated preservation of the building's historic elements and retrofitting the building to support new uses. Work on the central and west wings in Phases I and II. The 137 new one- and two-bedroom apartments replaced former patient rooms, administrative offices, and hospital storage areas. The construction teams worked to maintain original fixtures and other elements throughout the rehabilitation process.⁵³ During Phase III of the project, the east wing, including 70,000 square feet of commercial space, was renovated. The east wing is now home to the Learning Center, a community space home to several non-profit organizations and a K-8 charter school serving 224 students.

Federal low-income housing tax credits and state and federal historic preservation tax credits provided funding for initial phases of renovation. Additional funding was provided by the City of Cleveland and Enterprise Community Partners.

AFFORDABLE SENIOR HOUSING

Marketed as an independent residential community, St. Luke's Manor residents must be 55 years or older. Monthly rental rates vary based on resident income. One bedroom apartments are 600 to 700 square feet and range from \$467 to \$595 a month. Two bedroom apartments are 900 to 1000 square feet and range from \$800 to \$900 a month. Currently 167 seniors reside in the building.

In addition to the residential units, St. Luke's Manor features communal space (including lounges and a computer lab), a fitness center and a community library. Seniors may also choose to participate in activities at the Intergenerational School, the K-8

charter school located in the complex. The communal space as well as on-site activities ensure that St. Luke's Manor is not only a residence, but also a community resource.

THE INTERGENERATIONAL SCHOOL

The Intergenerational Charter School (TIS) is a K-8 public charter school serving 224 students, the majority of whom reside in the surrounding community.⁵⁴ The inclusion of older adults, many of whom reside at St. Luke's Manor, is an intentional design element in the school's model. On a daily basis through intergenerational programming, seniors and other community members share their time and experience to support TIS students through structured learning programs. TIS has repeatedly been recognized as a top-performing school in Cleveland earning top marks from the Ohio Department of Education including eight "excellent" or "excellent with distinction" ratings - more than any other school in Cleveland.⁵⁵ In addition to the benefits provided to TIS students, the intergenerational model has been demonstrated to accrue substantial health benefits to its senior volunteers. A randomized control trial demonstrated statistically significant reduction in stress in the TIS treatment group, as well as comparatively better cognitive functioning score. Articles documenting the experiment have been published in the Lancet, and the Journal of the American Geriatric Society.⁵⁶

BOYS AND GIRLS CLUB OF CLEVELAND

The Boys and Girls Club of Cleveland operates an after-school program that is affiliated with the Intergenerational School. The Boys and Girls Club at St. Luke's Manor is open Monday through Friday from 3:00 to 7:00 pm and Saturday from noon to 4:00 pm. The Boys and Girls Club at St. Luke's Manor currently serves approximately 100 youth.

DEBRA ANN NOVEMBER EARLY CHILDHOOD LEARNING CENTER

The Debra Ann November Early Childhood Learning Center is a licensed child care center, also located in the St. Luke's Manor complex, that aims to prepare three- and four-year-old children for kindergarten. The Early Childhood Learning Center is part of



Front, St. Luke's Manor, circa 2012

Cleveland's Plan for Transforming Schools (The Cleveland Plan) that connects families with high-quality, affordable preschool education opportunities.⁵⁷

METRICS OF SUCCESS

The project's success has inspired a larger redevelopment process in the surrounding area. The redevelopment of the St. Luke's site was part of a larger neighborhood redevelopment effort that included additional sites and the intention to obtain Leadership in Energy and Environmental Design (LEED) for Neighborhood Design certification. Pursuant to this goal of neighborhood LEED certification, the redevelopment plan for the St. Luke's hospital site included numerous sustainability improvements including: additional insulation, energy-efficient mechanical systems, energy-efficient replacement windows, as well as energy-efficient appliances in all residential units. On completion of the project, St. Luke's Manor obtained silver LEED certification and the neighborhood redevelopment as a whole earned a gold certification.

It was also recognized through an award by the National Trust and U.S. Department of Housing and Urban Development Secretary's

PLANNING FOR THE REUSE OF THE HERMAN KIEFER HOSPITAL COMPLEX



Front, St. Luke's Manor, circa 2009

Award for Excellence in Historic Preservation.⁵⁸ This past fall, Cleveland Neighborhood Progress and Zaremba Homes broke ground on 79 units that will be half market-rate and half affordable units for sale.⁵⁹ Buyers will be eligible for a 15-year, 100 percent property real estate tax abatement from the city. Employees of nearby University Circle institutions who purchase homes in the area (e.g. Case Western Reserve University, Cleveland Clinic) will be eligible for \$30,000 in forgivable loans.⁶⁰

LESSONS FOR DETROIT

The redevelopment of the former St. Luke's hospital site was part of larger community planning process and neighborhood revitalization strategy. The community planning process allowed neighborhood residents to have a voice in determining the future use of the site and ensure that the site's redevelopment would positively affect challenges the community was facing including blight, population decline, and job loss. A major goal of the development process was to reverse population decline. After several years of population decline, one of the census tracts in the neighborhood has experienced population growth. Although it is difficult to estimate the exact population shifts in the area, given available data, it appears that the neighborhood revitalization efforts are succeeding in reversing a decades long trend of decline and abandonment.

LOS ANGELES, CALIFORNIA | LINDA VISTA

HISTORY OF PROJECT SITE

The Linda Vista Community Hospital, a 200,000-square foot edifice, originally the Santa Fe Railroad Hospital and Santa Fe Coast Lines Hospital, was built in 1924 by architect, H.L. Gilman, for railroad employees of the Atchison, Topeka, and Santa Fe Railway in Boyle Heights.⁶¹ After its closure in 1991, the hospital became a popular filming location for horror-themed productions, including films, television shows, and music videos. The site was also noted for its legendary ghost hauntings and sightings.⁶² In 2006, the hospital was listed as a Los Angeles Historic-Cultural Monument and was placed on the National Register of Historic Places.⁶³

It is located in the Boyle Heights section of Los Angeles, California, a predominantly Hispanic (93.4%), working-class neighborhood in Los Angeles, California with a population of 91,329 and a median household income of \$31,415.⁶⁴ In recent years, Boyle Heights' East Los Angeles Community Corporation (ELACC) has received attention for its involvement in the development of family and single unit low-income housing.⁶⁵ One such project, the Hollenbeck Terrace Apartments, instigated the redevelopment of this early 20th century hospital.

OWNERSHIP & SITE DEVELOPMENT

By 2011, AMCAL Multi-Housing Inc., an affordable housing-focused development company from Agoura Hills, CA., had purchased the 4.2-acre Linda Vista Hospital complex for \$43 million to develop 120 units of low-income senior housing in two phases.⁶⁶ Renovations began in 2012 on the former nurse's dormitory and main hospital.⁶⁷ Phase I, completed in summer of 2013, included 23 units for adults age 62 and above. Phase I units are currently fully occupied and include three studio units and 19 one-bedroom units for senior households ages 62 and older with household incomes at or below 50 percent of the Los Angeles Area median income, with one one-bedroom unit reserved for an on-site property manager. On-site amenities include a community room with kitchenette, library, centrally located laundry

room, secure on-grade parking and outdoor patio with BBQ, trellis and covered seating.⁶⁸

Phase II included another 97 units for adults over 55, designed for seniors earning between 30% and 60% of the Los Angeles County median income of \$50,000. For an older adult making \$29,000/year it would cost \$725/month to live at Hollenbeck Terrace.⁶⁹ Phase II provides four studio units, 82 one-bedroom and 10 two-bedroom apartments. On-site amenities include three large community rooms, two lounges, a dining room, two commercial kitchens, computer room, library, game room, supportive services offices, laundry, and four outdoor spaces with planters, BBQ, trellis, resident garden and covered seating. Phase II was completed in September 2015 and there are currently there are 97 apartments which were leased and occupied in December 2015.⁷⁰

SITE AMENITIES AND COMMUNITY BENEFITS

Tenants are also able to utilize services provided by the LifeSTEPS Foundation, which includes center-based caregiving and skill training programs, all monitored by AMCAL Multi-Housing Inc. LifeSTEPS provides Adult Education (i.e. computer classes, financial literacy, senior vocational skills, health & nutrition education, etc.) for 84 hours per year, and Individualized Health and Wellness Services (i.e. crisis intervention, practical counseling & emotional support, cleanliness and hygiene assessments, eviction prevention, government and insurance entitlements and physical and mental health assessments) for 65 hours per year.

In addition, AMCAL and ELACC have partnered with the Department of Health Services' Housing Health Program to provide 24 units to formerly homeless households that had high rates of health care system utilization. LifeSTEPS plans to collaborate with the Department of Health Services to also provide one full-time staff to implement wrap-around supportive services for the 24 formerly homeless households.⁷¹

The neighborhood surrounding the site also provides many amenities, including but not limited to a transit stop within ¼ mile of the project site; a full-scale 11,000 square foot grocery store within ½ mile of the project site, a public park, complete with barbeque pits, basketball



Linda Vista
Community Hospital

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Front, Linda Vista Community Hospital

courts, children's play area, community room, indoor gym and picnic tables, within ¼ mile of the project site; a public library within ½ mile of the project site; and the full service Memorial Medical Center, including walk-in medical assistance and a full range of inpatient, outpatient, emergency and diagnostic services, within 1 mile of the project site.⁷²

AMCAL states, "The investment in rehabilitating Linda Vista Community Hospital extends further than just providing much needed high quality affordable housing to seniors in Boyle Heights, it will also substantially improve the surrounding neighborhood. In essence, it is the "gift that keeps on giving".⁷³ AMCAL indicates signs of neighborhood revitalization including restoration of the building increasing safety by eliminating a blighted, vacant structure; revitalizing Hollenbeck Park; creating two large community gathering spaces for public events; street improvements include widening Inez Street by relocating overhead utility poles, installing new drainage and re-asphalting the road; widening the sidewalk of St. Louis Street including brand new curb, gutter and sidewalk; extending the sidewalk of 6th street, including curb and gutter repairs; repairing the sidewalk, curb and gutter of Chicago Street. AMCAL also purchased 6 other vacant lots surrounding the site to develop low-income single family housing.⁷⁴

PARTNERSHIPS & FUNDING

AMCAL partnered with ELACC in 2012 to help solicit community feedback on how to best plan and renovate the community spaces, but the original project stakeholders included the City of Los Angeles and U.S. Bank.⁷⁵

The Los Angeles Housing Dept. funded \$4,800,000 and NSP2 provided \$8,850,000 for the foreclosed property. A 9% LIHTC (Low-Income Housing Tax Credit) allocation of \$11,539,000 was awarded in 2013, along with Historic Tax Credits. More specifically, funding for construction consisted of tax-exempt bond proceeds of \$5.28 million, Developer Equity of \$52,655, LIH Tax Credit Equity of \$241,032, also including Direct & Indirect Public Funds of \$4 million. Public funds refer to funding or resources provided by State or federal government.⁷⁶

Funding not used for construction later consisted of Tax-Exempt Bond Proceeds of \$566,839, Developer Equity of \$52,655, LIHTC Equity of \$2.4 million, direct & indirect public funds of \$5.8 million, and a historic tax credit of \$808,487.⁷⁷

METRICS OF SUCCESS

In the beginning, certain project parameters were set that directed the goals of development. Those parameters included: Federally Assisted At-Risk Project or HOPEVI Designation; Exceeding Minimum Income Restrictions; Exceeding Minimum Rent Restrictions; Gross Rents; Large Family Units; Leveraging Activities; Includes a Community Revitalization Area; Site Amenities; Service Amenities; New Construction; and Sustainable Building Methods. Also, used to measure success were sources of funding, or the use Historic Tax Credits, and Neighborhood Stabilization Funds from Restore Neighborhoods.

One immediate success viewed by ELACC is the development of Linda Vista Community Hospital. ELACC states, “it was very run down before AMCAL’s work. I would also note how many jobs the development created. There was a local hire requirement, as with all HCID (Housing and Community Investment Department, Los Angeles) jobs, use of Section 3 (local hire), MBE (Minority Business Enterprises/WBE (Women Business Enterprises), and Prevailing Wage”. Phase I created an estimated 420 jobs, while Phase II created an estimated 530 jobs.⁷⁸

LESSONS FOR DETROIT

Similar to the target area of Detroit, Boyle Heights is a homogenous community of low-income minority residents, reported to have low levels of educational attainment. Boyle Heights, also like many areas of Detroit, has a low median income, scarcity of jobs, and a growing aging population.⁷⁹ AMCAL’s partnership with ELACC provided the development initiative with credibility in Boyle Heights, allowing them to work alongside the community. By listening to and considering their feedback, AMCAL was able to meet the needs of a neighborhood suffering from blight, lack of affordable housing, and the desire for supportive services.



Front, Hollenbeck Terrace Apartments

Deciding to save, demolish, or readapt a building is an important question when thinking of how to improve blighted, historic areas of cities similar to Detroit. Adaptive reuse, like we see in the redevelopment of Hollenbeck Terrace Apartments, not only repurposes an older, historic building, but creates spaces and resources in neighborhoods that can add to a resident's sense of community and quality of life. Most importantly, this hospital was associated with legends of ghost hauntings and other folklore that made it a very attractive site to redevelop. Lessons from how the Linda Vista Community Hospital distanced itself from that history might be instructive to the developers of the Herman Kiefer site.

ATLANTA, GEORGIA | PONCE CITY MARKET

SITE HISTORY & BACKGROUND

Adjacent to the Atlanta's new Beltline project is one of the city's newest amenities. Ponce City Market is a converted, former Sears Roebuck retail store and distribution center converted into residential apartments, commercial office space, a school, several suites of retail amenities, and parking. The building is a former 2.2 million square foot facility that is one of the largest red-brick buildings in the southeastern United States.

Built on the site of a former amusement park and the baseball stadium for the Negro Leagues Atlanta Crackers, the site was well situated with road and rail connectivity fronting the arterial Ponce de Leon Avenue and the railway that connected the city's major rail hubs on its east and west sides. Sears owned and maintained the site as a store and distribution center until 1991. At which point the building was sold to the City of Atlanta which used it for a variety of purposes, including storage and for some police functions. It became known for a long while as City Hall-East until the city vacated it in 2008 and liquidated the remaining city-owned property inside. The building sat vacant afterwards until the city sold it to the Jamestown Group for redevelopment.

OWNERSHIP & SITE DEVELOPMENT

The ownership of the Ponce City Market is a for profit limited partnership subsidiary of the Jamestown development company, the Jamestown Ponce City Market, L.P. The project was made possible by a combination of developer equity, historic tax credits, and funds from the Beltline Atlanta Housing Trust Fund. The Beltline Atlanta Housing Trust Fund is managed by Invest Atlanta, formerly known as the Atlanta Development Authority. Established by Atlanta City Council in 2008, the fund was designed to build and preserve affordable housing along the Beltline. Rents in affordable units are fixed for a five-year period starting on the initial rental price. At the end of that period, rents will be subject to a land-use restrictive agreement (LURA).

Jamestown Ponce City Market acquired the property from the City of Atlanta for \$3.9 million dollars. Construction costs represented the lion share of the development costs, totaling \$27.7 million. Soft costs (marketing, licenses, permits, legal, etc.), developer fees and other costs came to more than \$5 million.

SITE PROFILE AND NEIGHBORHOOD CHARACTERISTICS

As mentioned above, Ponce City Market is adjacent to the Atlanta Beltline, a developing 22-mile green trail loop around the city's central neighborhoods. The total population for all census tracts within one-mile of the site is 40,368 persons.⁸⁰ The population is fairly diverse with 64.2 percent of the population reporting to be White (alone), 27 percent African American, and 5.2 percent Asian.⁸¹ The area is also home to a good bit of economic diversity as well. Median household incomes vary widely with a high of \$102,829 in Census Tract 202 (DeKalb County) which leads to some of Atlanta's wealthiest eastside communities and \$36,815 in Census Tract 18 (Fulton County) which connects the site to Midtown Atlanta. These tracts also have the highest and lowest extremes of poverty in the area with Tract 202 reporting only 7.1 percent of its population living below poverty and 35.2 percent of Tract 18's population living in poverty. However, much like our study area, it is dominated by nonfamily households (73.1%).⁸²

Directly across from the site to its south, across North Avenue, is one of the first new parks in several decades, the Old Fourth Ward Park, which is also connected to the Beltline project. Across Ponce de Leon Avenue is a shopping center with a suite of retail options including the city's most centrally located Whole Foods Market. Immediately to the site's north is a newly renovated Kroger supermarket and another suite of retail options.

SITE AMENITIES AND COMMUNITY BENEFITS

RESIDENTIAL

The site's amenities are largely internal. Most notably, the building hosts 207 market rate apartments and 52 affordable units. The affordable units were set based on 20% to 80% of area median



Architectural Rendering, Ponce City Market

Aerial View, Architectural Rendering, Ponce City Market



income in 2013 (\$53,000) with rents ranging from (\$998 for a studio apartment to \$2000 for a three bedroom/two-bathroom apartment).

RETAIL AND FOOD COURT

The site's 300,000 Food Hall is the most public and notable feature of the Ponce City Market project. The food options are artisanal—produced by local merchants using non-industrialized methods. The *King of Pops*, was well known local vendor of unique flavored popsicles ahead of the Ponce City Market opening. The food court opening represents their first permanent location. It's proximity to the Beltline's heavy pedestrian/bicycle traffic makes this a natural anchor to that project.

COMMERCIAL TENANTS

Ponce City Market has attracted a number of high-profile commercial tenants that can all be classified as information technology or creative industry related including: MailChimp, an email marketing company; Athena Health, a healthcare data management company; and many others. This careful and intentional choice of companies and its unique location makes Ponce City Market different from traditional commercial office buildings.

EDUCATION TENANTS

Started in 1976, the Suzuki School focuses on pre-kindergarten learning that incorporates the Suzuki music learning method.⁸³ This approach focuses on enhancing a students' learning potential. The Ponce City Market campus opened in 2014 and is the third of the Suzuki Schools' Atlanta locations. Ponce City Market is also home to the Atlanta location of General Assembly, a training company that offers tech-related training for a variety of job seekers. Started in 2011 as a co-working space, it has evolved into a "global learning experience" providing training in coding, web and graphic design, brand and business development, and data analytics. Courses and workshops are offered online and in person at 10 U.S. city locations, London, Asia and Australia.



North Avenue view, Ponce City Market, circa 2015

Food Hall, Ponce City Market



METRICS OF SUCCESS

The metrics of success that we can point to with this project are numerous awards this project has received for its approach to architectural design, historic preservation, and revitalization. These awards include the 2016 Global Award for Excellence from Urban Land Institute; 2016 Project of the Year from Urban Land Institute; LEED (Leadership in Energy and Environmental Design) Gold Certification from the US Green Building Council; and “Golden Shoe” Award from PEDS, a pedestrian advocacy group.⁸⁴

LESSONS FOR DETROIT

The Ponce City Market offers the Herman Kiefer project an example of a large, underutilized site that was sold to a private development company after being owned and used by the city for various purposes. Like Herman Kiefer, the city acquired the site and struggled to find suitable uses. The mixed-use approach with affordable housing set asides, workforce development training program and school embedded within the site, combined with the Beltline and area park amenities all work together to make an attractive and popular destination that is not a traditional mall and is located well beyond the downtown and Midtown Atlanta areas.

Unlike the other cases included in this report, the lessons from Atlanta are a bit more cautionary. Given land and housing speculation that pre-dated the Ponce City Market, the prices for the affordable housing set asides are high relative to the median income of the city writ-large. Analysis by Immergluck, Carpenter and Lueders assets that Atlanta lost more than 5,000 affordable housing units as it is adding units overall.⁸⁵ Although the Ponce City Market does have some affordable housing units set aside, it’s arguable whether they are affordable in a broader sense. Those units also do not compensate for losses of affordable units nearby and across the city. Additionally, the Ponce City Market diverged from Atlanta’s retail standard of providing free parking. This was a deliberate decision to encourage more visitors to arrive and depart by way of the Beltline.⁸⁶

In the Atlanta case, the sale and development were assisted considerably by the larger neighborhood context. The revitalization of the Old Fourth Ward neighborhood, the construction of the Old Fourth Ward Park, and the opening of this popular segment of the Beltline made the Ponce City Market a capstone to the momentum that was already present in the area, vs. it serving as the catalyst as Herman Kiefer may be for its surrounding area.

WORKFORCE DEVELOPMENT

Workforce development in the United States is a human-focused approach to economic development. Connecting a region's unemployed and underemployed to training programs which make them job-ready, thus increasing the supply of the labor market, enhancing the region's competitiveness, and increasing family and household incomes which lead to increased spending in local retail markets, housing, education and tax revenue. Given the figures outlined in the Census Background section, and what we learned from our interviews with local leaders, workforce development should be considered for all significant development projects in the city moving forward.

At the request of the City of Detroit's Planning and Development staff, we investigated best cases from other cities where development was intentionally programmed to provide wealth and value to existing residents and community-based investors. Our workforce development cases focus on two areas which we have determined have promise for growth in Detroit: health care and information technology.



NEW YORK, NEW YORK | PER SCHOLAS IT WORKFORCE TRAINING PROGRAM

ORGANIZATIONAL BACKGROUND

Per Scholas (Latin for *'for schools'*), is a nonprofit social venture that seeks to break the cycle of poverty through information technology (IT) education, training, and access for underserved communities.⁸⁷ In its over 20-year history, Per Scholas' success has been validated by a Public-Private Ventures (PPV) study, further supported by numerous partnerships and endorsements by social impact leaders such as the Robin Hood Foundation and the Social Impact Exchange,⁸⁸ recognized by the White House as a promising strategy to combat long-term unemployment.⁸⁹ Today, Per Scholas continues to work toward bridging the digital divide and push for diversity in the IT sector through its programming and partnerships.

FOUNDING & GROWTH

Per Scholas, a non-profit IT workforce training program, was initially founded in the South Bronx, New York in 1995 as a computer recycling and refurbishment plant with the aim of breaking the cycle of poverty. At the time, their primary focus was to provide families and schools with the refurbished computers in order to close the digital divide. As the company sought to hire local workers, they developed an IT training program in 1998 to equip local unemployed and underserved adults with the skills necessary to work in the plant. As they continued to collaborate with the Creating IT Futures Foundation and local employers to identify IT workforce needs, Per Scholas shifted its IT training focus to ensuring graduates would earn the CompTIA A+ certification.⁹⁰

Today, Per Scholas has expanded its flagship training program, IT-Ready, to sites across the United States. Columbus, Ohio, was founded as the first permanent location outside of the New York flagship site and opened in 2012. From there, they piloted in Cincinnati in 2012 and opened it permanently in 2013, and then in 2014 opened in the National Capitol Region (with offices in Maryland). The most recent addition, Dallas, opened its doors in 2015 with the support of a \$500,000 grant from longtime supporter JP Morgan Chase. Per Scholas founded one site they have since closed in Miami due to an inability to sustain funding and job placements.⁹¹

In 2014, Per Scholas broke ground on the 15,000 square foot Urban Development Center (UDC), a partnership with longtime funding and employer partner, software consulting firm Doran Jones, which has received additional support from the New York Regional Economic Development Council.⁹² The site, which is adjacent to Per Scholas training facilities in the Bronx, will house Doran Jones's software testing operations, which will be staffed in part by Per Scholas graduates as part of a hiring agreement between the two organizations. The agreement also includes stipulations including Doran Jones paying Per Scholas rent for the space, and some revenue-sharing to support the Per Scholas software testing training program.

Also in 2014, Per Scholas became a founding implementing partner of the IT-Ready Network, an initiative by the Creating IT Futures Foundation, CompTIA's (Computing Technology Industry Association) philanthropic arm. This initiative seeks to expand the impact of the IT-Ready curriculum, and in particular expand opportunities for women, people of color, and youth ages 18-24.

GOVERNANCE

While each of the five Per Scholas sites can adapt the IT-Ready curriculum and programming to meet local needs, the overall model is governed by the 20-member Board of Directors leadership at the headquarters location in the Bronx. CEO Plinio Ayala takes active leadership in organizational decisions across sites, and engages not only with the Board of Directors in New York but also Advisory Boards (which range in size from 8-12 members) across the various satellite locations. The Dallas site, only beginning to implement its

training program in 2015, is still developing its Advisory Board. At present, Per Scholas has 58 full-time employees, which range from programmatic staff, which does not include their teaching staff.

PROGRAM STRUCTURE

The Core Model developed primarily by the Creating IT Futures Foundation which centers around IT-Ready, a full-time, 15-week technical training program for low income and low skill adults geared towards improved employment outcomes. The program involves rigorous, hands-on training in eight core technical competencies culminating in a CompTIA A+ certification. These core competencies are: network, hardware, security, software, server, virtualization, management, and mobile devices. Participants take weekly quizzes on core competencies and also have midterms and complete roughly 60 labs over the course of the program. Currently, half of the curriculum is certification-driven, and the other half employer needs-driven. While the training is unpaid, it is free to the trainees, and Per Scholas covers the fees for taking the CompTIA certification exams.

Application to IT-Ready requires a high school diploma or GED and demonstrated 10th grade literacy, and also involves a criminal background check and interviews. The criminal background check does not necessarily preclude admission to the program, but depending on state laws around criminal background disclosure and hiring can affect whether Per Scholas can place a graduate in a job post-program. Interviews center on two types of questions: What have you taught yourself lately? What have you fixed lately? Per Scholas is looking for naturally curious individuals who are self-motivated “tinkerers.” “Lessons” and “fixes” can be as simple as watching a YouTube video on how to fix a toy. Per Scholas often use alumni as admissions staff, to better relate to the applicants and help them understand the nature of the model.

For all of their training, Per Scholas implements a cohort model, in which the same group of 20-22 participants move through the program together. This enables students to build relationships with one another and their instructors, as well as to provide continuity of staff for participants. Given the hands-on nature of the training, these relationships serve to scaffold the learning taking place in the classroom.

To supplement the technical training and to respond to employer feedback, Per Scholas has honed the soft skills training components of their program as well. Per Scholas acknowledges that the first job post-program is not the only measure of success, and as such implements a two-year professional growth model, and providing extended supports beyond the timeframe of the participant's initial training. During the program, one day of training per week is dedicated to professional development and skill-building. This includes resume writing, financial literacy and credit repair, and exposure to employer programming. Once a participant completes the program, they are still required to return for additional upskilling and advanced CompTIA certifications, as well as continued credit repair support. This approach ensures that participants are able to maximize the opportunities provided by their initial Per Scholas training, and continue to develop their career pathway without being side-tracked by outside challenges. While they have not implemented a fully-fledged case management system, participants are supported by site staff, and Per Scholas is in the process of developing what case management should look like for their participants.

Critical to the model are supports for both trainees and employers,⁹³ which include designated staff and training for employers around expectations and effective management practices as well. As a full-time program, participants are held to strict professional and accountability standards. They are expected to dress in business casual (and are connected to supports like Dress for Success for obtaining such attire if need be), and there are strict timeliness standards in order to mimic the real work environment. These practices are supported by workforce development research.⁹⁴

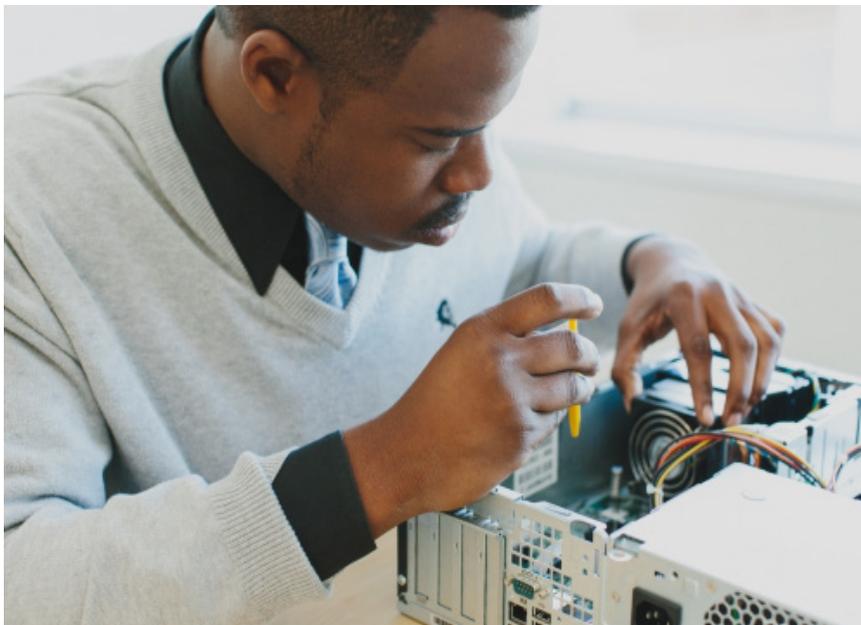
At the end of the program, Per Scholas works with local employer partners and graduates to place graduates into jobs. As necessary, they connect graduates in need of additional training into internships.

ADDITIONAL PROGRAMS/MODELS

In addition to the IT Ready Program, Per Scholas has developed several other supplementary programs to meet organizational goals and needs:

- YouthBridge — a literacy training program for youth ages 18-25 to bridge to IT Ready training;
- WIT Program — an initiative to move towards gender parity of trainees, structured around all-female IT Ready cohorts;
- STEP — an 8-week software testing program; and,
- Project Scale — a pilot 18-week program in partnership with the Borough of Manhattan Community College for mid-career roles.

At the New York site, Per Scholas found that roughly 50 percent of IT-Ready applicants would fail this test at the outset. Seeking to serve more of this group, Per Scholas teamed up with Federation Employment & Guidance Services (FEGS) to create the YouthBridge program, which provides youth ages 18-25 with academic tutoring. In this program, youth receive 40 hours of IT-based literacy instruction at FEGS and a 15-hour introduction to information technology at Per Scholas. This serves as a bridge to IT-Ready, and increases the number of participants Per Scholas can serve in a given cycle. The New York site also has an additional 5-week training dedicated to earning the CompTIA Network+ certification.



Per Scholas Program Participant

As part of an organizational goal to achieve gender parity in their training programs, Per Scholas developed their Women in Technology (WIT) Program. WIT provides four women-only IT-Ready cohorts annually, with about 80 students total per year.

They have also developed a Software Testing Education Program (STEP) in partnership with investment firm Barclays and software testing company Satisfice, which is an intense 8-week, lab-based and instructor-led course. STEP graduates in New York will be considered a primary hiring pool for the UDC partnership with Doran Jones, part of a larger movement towards “urban onshoring” of bringing software jobs back to the U.S.⁹⁵ These jobs will start at \$35,000 with benefits and will have opportunities for advancement.

Finally, Per Scholas has also developed Project Scale, a free 18-week technical training program for midcareer roles such as Network Administration with the Cisco-Certified Network Associates training (CCNA), administered in collaboration with the Borough of Manhattan Community College and the NYC Department of Small Business Services. These classes are comprised of 20-25 adults and are enrolled on a rolling basis year-round, and is midway through a two-year pilot.

TARGET GROUP AND DEMOGRAPHICS

For all programs, Per Scholas targets low-income and low-skill adults from underserved communities. The program predominantly serves racial and ethnic minorities (roughly 90 percent according to a 2015 interview), and also includes roughly 33 percent custodial parents, and roughly 16 percent with a prior criminal record.⁹⁶ Per Scholas engages both “career starters” and “career changers” in the program. Although currently roughly only one-third of participants are women, Per Scholas hopes that through the Women in Technology program they can reach gender parity. Roughly 40 percent of participants are between ages 18-25.

FUNDING STREAMS

Per Scholas has operated with philanthropic budget since it began. Programs are supported both by ongoing donations by foundations and corporate partners, such as the Creating IT Futures Foundation

and JP Morgan Chase. According to their 2014 audited financials, foundational funding comprised \$6,655,856 and government funding (including funding as a Social Innovation Fund subgrantee, Workforce Development Corporation, and the City of Columbus, Ohio) totaled \$523,984.⁹⁷ Total program operations FY2014 were \$5,386,454, of which the bulk went to training (\$3,715,420). Their overall operating expenses, including support, came to \$6,840,666.

In order to support the organization's long-term viability, and further develop their ability to provide some training wages to participants, Per Scholas is currently considering different types of fees for service that they could levy on employers hiring their graduates.⁹⁸

This dependence on foundational and corporate support factors into how Per Scholas decides which new markets to enter into. Prior to entering a new market, they conduct an assessment of needs in the area, including jobs and funding sources. Furthermore, they assess the competitive landscape (often community colleges, although this is not true "competition") and the non-profit landscape outside of workforce development, as they recognize their participants need access to a network of social service providers. Beyond this assessment, Per Scholas secures funding commitments prior to launching a new site. As stated in an interview in 2015, "don't plant a flag without sustainability."

COLLABORATIONS

Since its inception, Per Scholas has relied heavily on partnerships to ensure the efficacy and sustainability of its efforts. Corporate and foundation partnerships take a number of forms, from board leadership to funding to program development. Some notable partners include: JP Morgan Chase, Nationwide, Time Warner Cable, Barclays, TEKsystems, New York Department of Education, the Citi Foundation, United Way (Central Ohio, Metropolitan Dallas), and Google.

The cornerstone partnership of the IT-Ready program, as well as other Per Scholas initiatives, is the Creating IT Futures Foundation. Creating IT Futures, the philanthropic arm of CompTIA, which is the largest industry association in IT.⁹⁹

Potential funders and employers are approached with value proposition that is not about altruism, but about consistently high-quality talent who also bring diversity to the IT sector. Employer partners also contribute in other ways such as conducting lunch-and-learns with participants, providing internship opportunities, and providing some of their human resources personnel to assist with resume-writing.

In addition to the IT-Ready program support, Per Scholas engages partners to assist with their newer programming. The YouthBridge program is supported by FECS in the Bronx, which provides the supplementary programming those particular participants need. The WIT program is supported by volunteer engagements available only to women by Google, global investment firm PIMCO, and SAP software corporation; the New York Women's Foundation and Fifth and Pacific Foundation are anchor supporters. The STEP program is largely supported by Barclays, which has established a 2-year priority hiring commitment, and Doran Jones, which has committed to hiring STEP graduates at the UDC.

As the primary implementation partner for the IT-Ready Network, Per Scholas will be leading the charge in expanding access to IT-Ready programs nationally. Per a release from the IT-Ready Network, they will help implement training programs in several markets by 2018, including: NYC, Washington DC, Columbus, Cincinnati, Minneapolis/St. Paul, Dallas, and Atlanta. Furthermore, where there is no permanent partner, they will provide "pop-up" programs in Philadelphia, Omaha, and Charlotte, NC, with the possibility of adding on more sites. As the Network develops, they hope to add more sites.

METRICS OF SUCCESS

For Per Scholas, the primary indicators of success are job placement and increased earnings post-program. According to both their own reporting as well as a Public-Private Ventures (P/PV) Study, the IT-Ready program accomplishes these goals.¹⁰⁰

As validated by the P/PV study, the earning gains Per Scholas graduates make are statistically significant, particularly for immigrants, the formerly incarcerated, young adult, Latino, and

Table 6.1 | Per Scholas, Metrics of Success, 2014¹⁰¹

Average Annual Income Pre-Program	\$10,000 ¹⁰²
Average Annual Income Post-Program	\$29,000
Average Percentage Wage Increase	314%
Graduate Certification Rate (CompTIA A+ or higher) ⁹	90%
Graduation Rate	85%
Graduate Placement Rate	75%

male populations. The P/PV study also highlighted that the major gains compared to control groups were actually made in the second year after graduation, which is possibly attributable to the extended support model Per Scholas implements. Starting in month 16, their treatment group earned 32 percent more than controls, continuing on to the end of the study period. Per Scholas graduates are also more likely to be employed for a full 12 months in the second year after graduation, and for 21 more hours per month. This is a stark contrast to the average of roughly 7 months of employment prior to entering the program.

According to Per Scholas reports, outcomes are quickly observable. The National Capital Region (Washington, DC) site graduated 83 percent of its inaugural class,¹⁰³ and more than 98 percent of STEP participants graduated, with nearly 80 percent securing jobs within four months after the program. Project Scale, midway through a two-year pilot, has already demonstrated success with 98 percent of graduates have earning their CompTIA A+ certification and over 50 percent earning CCNA credential. Post-program, 87 percent of graduates are employed with an average wage of more than \$20/hour.

With a program cost of roughly \$7,000 per student,¹⁰⁴ this model appears highly cost-effective in order to make large impacts on underserved communities. In one report, graduates collectively contribute \$29 million in tax contributions and \$117 million in earned income to their communities.¹⁰⁵

Per Scholas is currently being evaluated as part of the Manpower Development Research Corporation's (MDRC) WorkAdvance Program, which acknowledges that the Per Scholas model largely already reflects the best practices MDRC has proposed for other implementers.¹⁰⁶

Per Scholas success is attributable to a few factors: linkages to employer partners, ongoing support models, a labor market-based and sectoral focus, and the hands-on training models that result in real skills. As assessed in the P/PV study, some degree of the positive outcomes are likely explained by the fact that participants earn the CompTIA A+ certification. As such, we would likely be able to observe positive employment and wage impacts within even the first cohort upon completion of the program. Ultimately, the Per Scholas model is supported by both its own metrics and independent assessment, and further by research around how workforce programs can be effective.¹⁰⁷

LESSONS FOR DETROIT

Several elements of the Per Scholas model stand out as relevant to the case of Detroit: geographic and demographic similarities, critical employment and earning outcomes, relevant industries, and resident interests as demonstrated by interviews conducted for this project.

First, Per Scholas often works in post-industrial zones where the population is largely racial and ethnic minorities. The Herman Kiefer site could provide a similar environment to the inaugural Bronx site, as it has a great deal of space that could be used for training classrooms, and possibly software testing if a similar partnership to the UDC were forged. The program is relatively quick and free of cost, and has a validated record of success that could result in improved employment and earning outcomes for residents. With the increase in both the tech and health sectors, there is an increased demand for IT workers with demonstrable soft and technical skills, both of which Per Scholas effectively provides. Furthermore, if the right partnerships could be secured, Herman Kiefer could serve as a "pop-up" site for the IT-Ready Network initiative. Residents have expressed a need for employment and makerspaces in the area. The Per Scholas model is one that could serve both of these needs.



CHICAGO, ILLINOIS | THE CARA PROGRAM

The Cara Program, a workforce development program based in Chicago, Illinois has garnered significant attention for its success as a workforce program and its innovative approach of incorporating social enterprises that provide job placements as well as revenue for the program. Through its job readiness training, wrap around support services and on-the-job training, the Cara Program has been recognized by the City of Chicago, Goldman Sachs, Bank of America, the Chicago Housing Authority and various other public and private entities for its commitment to community development and placing people into quality jobs.¹⁰⁸

ORGANIZATIONAL BACKGROUND

Founded in 1991 by a retired technology executive looking to impact his Chicago community, Tom Owens established the Cara Program (TCP) as a response to a perceived lack of programs targeting those in poverty who wished to enter the formal workforce.¹⁰⁹ The goal of the program was to provide a training program that offered soft skills and job readiness training and one that placed participants in quality, permanent careers. After a few years operating within Catholic Charities Chicago, the organization became a 501(c)(3).¹¹⁰

GROWTH AND DEVELOPMENT OF SOCIAL ENTERPRISES

Since establishing itself as an independent organization focused on workforce development, TCP has evolved into an umbrella training program with multiple social enterprises that support TCP. The social enterprises serve dual purposes: diversifying the organization's revenue streams while also providing job opportunities for students enrolled in the training program. TCP's social enterprises include:

- CleanSlate - A contract based neighborhood beautification business that provides on the job training to participants in the Cara Program;
- 180° Properties - A property maintenance and rehabilitation business focused on vacant properties, also providing job placement opportunities for CleanSlate participants;
- TCP Staffing - A job placement firm; and,
- Chapter Two - A book recycling and resale company that operates as a division of CleanSlate.

TCP launched CleanSlate, its first social enterprise, in 2005, and to this day it remains an essential component of TCP for both programmatic and operational reasons. CleanSlate provides neighborhood beautification services to Chicago communities on a contract basis. Currently, Chicago's Special Service Areas (SSAs) are CleanSlate's largest customer.¹¹¹ Revenue from CleanSlate funnels back to the Cara Program to support program expenses. In 2013, revenue from CleanSlate totaled 23 percent of the Cara Program's total revenue, emphasizing its importance to the Cara Program.¹¹² However the program is also costly. Of TCP's 2013 program expenses, about 45 percent went towards its social enterprises.¹¹³

In 2009, the Cara Program launched its second social enterprise, 180° Properties. This business provided maintenance and rehabilitation services to vacant and foreclosed upon properties, thus contributing to neighborhood stabilization efforts while also providing job training in maintenance and rehabilitation for TCP students. Due to events related to the foreclosure crisis, the loss of a large customer, and the changing focus from maintenance to rehabilitation, 180° Properties filed for bankruptcy in 2014. However, during the years in business, 180° Properties maintained 5,000 houses a year and employed about 50 permanent employees from the Cara Program.¹¹⁴

TCP staffing, and a new branch of CleanSlate, called *Chapter Two*, are the most recent additions to TCP's group of social enterprises. TCP Staffing launched in 2013, and it sources students from the Cara Program into positions throughout Chicago in temporary to permanent positions. *Chapter Two*, a subsidiary of CleanSlate, operates a book recycling and resale business. To date, minimal information exists about the *Chapter Two* program as it is so new.

GOVERNANCE

The Cara Program transitioned to a new CEO, Maria Kim, in 2014, and continues to be governed by a 20-member board of directors and a 14-member associate board of directors. Board members include business and community leaders from the Chicago area including leaders from foundations, financial institutions and health institutions. Combined, this leadership provides strategic planning and guidance for the overall direction of the organization.

PROGRAM STRUCTURE

The Cara Program relies on a strong foundation of community partners from which it receives referrals into its workforce training program. Currently, the program has over 100 referral partners, and is also a member of the 741 Collaborative, a group of Chicago nonprofits working to achieve better workforce development and job placement. Applicants to the Cara Program go through a phone screening, an in-person interview, a drug test, and must demonstrate a strong personal motivation to enter the program.¹¹⁵

Those accepted into TCP enter an 11-week job readiness and life-skills training program in which students attend classes four days a week and receive personalized coaching on interview preparation and resume writing. Topics include professionalism, customer satisfaction, computer skills, interviewing, resume preparation, team building and conflict resolution.¹¹⁶ Additionally, students develop financial literacy and budget planning skills in the program.¹¹⁷ On the job training and internships represent a crucial component of the program, and these placements often take place within CleanSlate and through TCP Staffing as well as with corporate partners throughout Chicago including ABM, the Chicago Transit Authority, Eataly and Rivers Casino.¹¹⁸

The main goal of the Cara Program is placing its students in quality, permanent jobs. TCP defines quality based on guaranteed hours, wages, benefits, permanency and the ability to advance.¹¹⁹ TCP reports that half of the permanent positions their students accepted offered full benefits, and most offered career advancement, benefits and at least 38 hours a week.¹²⁰ TCP support extends beyond initial job placement and continues into the first year of employment wherein participants have regular phone calls with TCP staff and mentors, can obtain rental and utility assistance and a seed funds to start a savings account.¹²¹ While the job-readiness program lasts an average of 11 weeks, students remain eligible for support until placed in a permanent position.

TARGET POPULATION AND DEMOGRAPHICS

The Cara Program accepts referrals from its network of community partners. The program's target population are those affected by poverty and or homelessness, who are motivated to enter the formal workforce. Key demographics of the Cara Program participants include:

- Average age of 39;
- 54% Female;
- 91% African American/Black;
- 77% have a high school degree or GED; and,
- 51% have a prior conviction.¹²²

The Cara Program currently has two training sites in Chicago (in the West Loop and the South Side) although it offers services to residents from all areas of the city. The social enterprise CleanSlate operates in 19 communities.¹²³

FUNDING STREAMS

The Cara Program maintains a fairly diverse set of funding sources. Less than 15 percent of the Cara Program's revenue comes from government sources, while the social enterprises represent a critical source of funding. In 2013, CleanSlate alone brought in \$1.8 million in revenue, or about 23 percent of total revenue.¹²⁴ Additionally, the Cara Program remains heavily dependent on private donations, from foundations and individuals which totaled about 61 percent of 2013

revenues. While TCP funding remains fairly diversified, CleanSlate is heavily dependent on one client, Chicago's Special Service Areas, representing a potential vulnerability.¹²⁵ The loss of a key customer contributed to the failure of 180° Properties, and thus an effort to diversify funding remains a challenge and a necessity for the organization.

METRICS OF SUCCESS

The Cara Program points to its Social Return on Investment (SROI) as a key indicator of its impact. According to its SROI calculations, TCP estimates a one-year social impact of \$7,263,642 from contributions to society (income taxes, social security and sales tax) plus savings to society (TANF, food stamps, unemployment, healthcare, recidivism, housing). With a one year program cost of \$5,071,851, the SROI of 574.2 percent implies that a \$1 investment in the Cara Program results in \$5.74 of societal benefits.¹²⁶

As of 2014, the Cara Program had placed over 3,000 individuals into permanent employment.¹²⁷ TCP enrolls about 560 students a year, and about 70 percent finish the program.¹²⁸ Described as "high touch and relatively high-investment," program costs come to about \$6500 per student.¹²⁹ Those placed into permanent jobs have a one year retention rate of over 70 percent, which is significantly higher than the industry average of 50 percent.¹³⁰ The following is an excerpt from the Cara Program's Performance Report from Fiscal Year 2015 and it highlights a range of metrics the organization.

LESSONS FOR DETROIT

A few key elements of the Cara Program stand out as relevant for Detroit. The Cara Program's innovative use of social enterprise as a way to provide job placements, diversify revenue streams and contribute to neighborhood revitalization is a unique aspect of this project model. In a political and economic climate in which state and local governments are having to cut budgets, developing a program that does not rely heavily on government funding would be an important element of any workforce development model.

Table 6.2 | Cara Program, Metrics of Success, FY 2015¹³¹

Average Wage	\$10.94
One Year Retention Rate	72%
Number of Permanent Placements ¹³²	315
Number of Transitional Placements ¹³³	412
Number of Advancement Placements ¹³⁴	34
Aggregate Annual Earnings of Former Cara Students (2014)	\$6,225,356
Annual Tax Contributions of Cara Students	\$1,187,419
Social Return on Investment	\$5.74/per dollar
Annual Savings of an Employed Cara Student	\$620
Percent with permanent housing at admission into the Cara Program	30%
Percent with permanent housing after 12 months on the job	72%

Additionally, the focus of CleanSlate and 180° Properties is another area of relevancy to Detroit and our target area. In a city faced with challenges of blight and vacancy, a program similar to 180° Properties would meet a critical need in the city while offering skill development through on-the-job training. As the profile of the target area showed, about 34 percent of the residential structures are vacant, implying a need for construction, housing maintenance and rehabilitation skills. Although the 180° Properties program failed in Chicago, the failure stemmed from a loss of a major client. Therefore, creating a similar program in this area would require developing partnerships with other organizations and creating a broad customer base. However, a new partnership between the AFL-CIO and the Detroit Land Bank Authority (DLBA) lends confidence to applying this type of model in Detroit. Under this new partnership, the DLBA will transfer homes to the AFL-CIO trust, where they will be rehabilitated by workers developing construction skills through apprenticeships.¹³⁵ This program, if watched closely, should provide important insights into ways in which a program like 180° Properties might operate in the city of Detroit.

PLANNING FOR THE REUSE OF THE HERMAN KIEFER HOSPITAL COMPLEX

WORKER COOPERATIVES & SHARED EQUITY

Decision making about which programs and policies are implemented in a neighborhood must prioritize the creation or preservation of inclusive and equitable communities. Stated differently, shared equity models prioritize making sure long-term residents benefit from new development and build wealth as non-resident investors. This can happen through increasing wages and ensuring that local workers maintain some control of the organizations and firms where they work. Other strategies focus on ensuring that revitalization preserves the supply of affordable housing as a share of the neighborhood's housing stock. In the section that follows, we review a union co-op model and a renter-equity model, both of which have the potential to build a stronger housing market and economic vitality to our study area, while ensuring that the residents of the community benefit from the neighborhood's revitalizations.



OHIO | CINCINNATI UNION CO-OP INITIATIVE

BACKGROUND

The Cincinnati Union Co-Op Initiative (CUCI) is a non-profit co-op incubator that seeks to provide an integrated network of family-sustaining jobs with livable wages and full-time benefits for residents of Cincinnati, Ohio. Founded in 2010, CUCI combines the principles of the most successful worker cooperative in the world, the Mondragon Corporation, based in the Basque region of Spain, with the strengths of union bargaining structures. To date, CUCI has incubated two successful worker cooperatives that serve the needs of Cincinnati residents, and have more in the pipeline.

CUCI's establishment can be traced back to Phil Amadon, a retired railroad mechanic, who became interested in bringing unionized worker co-ops to Cincinnati after the United Steelworkers (USW) and Mondragon Corporation signed an agreement in 2009 to bring union co-ops to the United States. Amadon convened three Cincinnati locals with ties to organizing, unions and the food industry to study successful union co-op models, reach out to potential partners, and commission feasibility studies. With the support of loans from USW,

CUCI launched as an official non-profit in 2011 and incubated its first worker co-op in April 2012.

OWNERSHIP & LEADERSHIP

CUCI is operated by a fifteen-person board of directors, and is currently staffed by less than five employees. The founding members include: Kristen Barker, of the Intercommunity Justice and Peace Center (and currently president of CUCI); Ellen Vera, of United Food and Commercial Workers (UFCW) Local 57 (currently Vice President of CUCI), and Flequer Vera, Amos (currently Secretary of CUCI). CUCI currently employs some part time employees to help with organizing efforts around new co-ops and firm up the curriculum for education and training programs.

According to the USW-Mondragon union co-op template, 100% of the ownership of the business would be distributed equally among all worker-owners.¹³⁶ Given the amount of capital required for start-ups, however, this is not always possible.

THE UNION CO-OP MODEL

A traditional corporate business model divides profits between workers, executives and shareholders. The Union Co-op model combines the strengths of worker ownership and organized labor to restore a sense of social and economic justice and worker dignity to the way businesses are operated.¹³⁷

CUCI is founded on the ten basic principles of Mondragon, which employs over 74,000 worker-owners across 260 co-op businesses, and has seen continuous growth for over 50 years.¹³⁸ Adherence to these principles, alongside a collective bargaining model, can yield a more participatory workplace, while also protecting the interests of workers and establishing guidelines that ensure that all workers are treated fairly.¹³⁹

Mondragon Cooperative Principles¹⁴⁰:

01. *Open Admission*: Co-ops will not discriminate in hiring;
02. *Democratic Organization*: One worker, one vote;
03. *Sovereignty in Labor*: workers run the cooperative;

04. *Participation in Management*: development of adequate systems for participation, transparency, consultation and negotiation;
05. *Instrumental & Subordinate Nature of Capital*: providing and creating jobs is prioritized over increasing the marginal return on investments;
06. *Wage Solidarity*: highest paid workers earn no more than 5-7 times more than lowest paid workers;
07. *Inter-Cooperation*: working cooperatively with other co-ops is valued and essential;
08. *Universality*: solidarity with all those who work for economic democracy;
09. *Social Transformation*: support and invest in social change; and,
10. *Education*: to promote the establishment of these principles.

Similar to worker co-ops, each worker-owner has one vote as part of a General Assembly. The General Assembly elects representation from the co-ops three primary governing institutions: a Board of Directors, a Union Committee, and a Management team. Though the Board of Directors is primarily responsible for strategic objectives, they also appoint Management to run the co-ops businesses. The Union Committee is responsible for representing the workers to the larger union, who in turn provide workers with cost effective health and retirement plans.¹⁴¹ Finally, the Union Committee and Management negotiate collective bargaining agreements that include specifics on wages, hours and working conditions.

After a trial period, workers in a union co-op can buy into the worker-owner equity stake through different payment options. Typically, part-time workers are not owners, but CUCI is exploring ways for all worker-owners to have equity through the development of an equitable ownership plan.¹⁴² Once a certain amount of profitability is achieved, a central co-op should be developed, where 10 percent of profits for start-up capital should be sent. The central co-op, according to the Mondragon business model, provides: operational and strategic support for the other co-ops: feasibility studies for network's expansion; educational and training opportunities to worker-owners; and eventually in house banking and insurance services.¹⁴³ To date, a central co-op has yet to be established, though CUCI currently serves that function. As CUCI grows in the number of co-ops and the number of employees, a different entity will take its place.

CUCI INITIATIVES

CUCI supports its businesses by generating business ideas; funding feasibility studies; supporting business development; identifying community partners and providing training and education.¹⁴⁴ Due to the connections and past experience of Board members, CUCI has focused on food and construction in its first few years of existence.¹⁴⁵ CUCI's current co-ops are:

- **Our Harvest:** Our Harvest is an urban farming and food distribution network that works to make sustainably-grown food available to the greater Cincinnati community. The impetus to engage in a food-related business came from the number of union workers working in this sector (roughly 30,000 along the Interstate 75 corridor in Ohio) and the need to distribute healthy food to places they were not reaching: grocery stores, schools, hospitals, etc. The founders of Our Harvest were responding to a lack of infrastructure necessary to aggregate and distribute local food to make healthy food accessible to a larger population. Founded in April 2012, Our Harvest runs a community-supported agriculture (CSA) program for over 400 families and distributes its produce to retail and wholesale food outlets in the greater Cincinnati area.¹⁴⁶

- **Sustainergy** is a renewable energy construction company that improves the energy efficiency of commercial, industrial and institutional properties. Established in 2013, Sustainergy leverages federally-available financing to conduct energy audits and upgrade installations. To date, Sustainergy employs three people, but there are plans to start a franchise of this model in other parts of the country. The relative simplicity of energy efficient installations (i.e. LED lighting and motion-sensor lights) allows the co-op to bring lower-skilled worker-owners into the co-op.

- **Apple Street Market**, is in the funding stage of development, will be a network of community-owned grocery stores. The first store, is slated to open in Northside, a neighborhood in Cincinnati characterized by its lack of food access. This initial location is unique in that it will be a hybrid worker-owned and community-owner model, where community members, like workers, can buy a stake in ownership and profit when the grocery store profits. Currently, 1,080



Photo: Our Harvest, n.d.

community members have pledged to be member-owners, raising \$148,000; \$200,000 is needed to open the store.

FUNDING

The existence of CUCI relies on the historic partnership between Mondragon, the world's most successful worker co-operative, and the USW, North America's largest industrial union. This initial partnership, as well as ongoing partnerships, have been integral to CUCI's success. CUCI has deep ties to labor, stemming in part from the professional backgrounds of the initial group brought together by Phil Amadon to investigate union co-ops and their applicability to Cincinnati. From there, the four founders reached out to their broader networks in labor and in community organizing.

Input from Mondragon USA representatives, the Ohio Cooperative Development Center (OCDC) at Ohio State University and the Ohio Employee Ownership Conference on potential union co-op business ideas before CUCI's formal launch was pivotal. Further, the USW provided CUCI with a \$22,000 zero interest loan for initial feasibility studies and market analysis. After the launch of Our Harvest, UFCW provided a \$25,000 worth of grants to further fund feasibility studies. Perhaps the most central partnerships for CUCI are with local union chapters. Our Harvest is affiliated with the United Farm Workers Local 57, and Sustainergy is affiliated with the International Brotherhood of Electrical Workers Local 212 and Pipefitters Local 392. For every co-op, CUCI creates a working group and an organizing committee. The working group meets with important partners in the community (including someone from local unions, different community partners, a co-op developer, etc).

For every single co-op, create working group and organizing committee: working group has important partners that are met with periodically – someone from union representing workers, different community partners, always included co-op developer in the beginning, depends on what each business needs; organizing committee does day to day work.

Since its inception, CUCI has garnered a mix of public and private funding. CUCI is funded through a variety of grants from local community foundations, community supporters, union partners

and sponsors. For example, relationships with local communities resulted in landlord rent reductions for an Apple Street Market location. Further, grants from the UFCW and the Greater Cincinnati Foundation and loans from the USW and the Cincinnati Central Credit Union were integral to CUCI's establishment. Public funding from the Ohio Energy Loan Fund, Property Assessed Clean Energy Funding (PACE), the Cincinnati Development Fund and the local Community Development Financial Institution allowed for the existence of Sustainergy. Apple Street Market utilizes an innovative funding mechanism, in which equity is offered to community members (more appropriately termed community-owners).

Each co-op has its own funding streams. Our Harvest partners with a local credit union and has secured small loans from local food organizations. Sustainergy has partnered with the North Country Development Co-op Development Fund, a federally-certified national loan fund that provides financing to co-op businesses serving economically disadvantaged communities. And Apple Street Market is raising \$100,000 from community-owners.

METRICS OF SUCCESS

With only 21 worker-owners and two fully-launched co-op businesses, CUCI is still in its infancy. However, there have been many early successes that point to sustained growth and the further development of union co-ops in Cincinnati. With the help of its partners, CUCI has had success in obtaining funding for feasibility studies and other early stages of development. Our Harvest has also seen the number of partnerships with Cincinnati retail and wholesale institutions grow since its launch. The list of companies that Our Harvest distributes food has grown to include local companies such as Pipkin's Market, Pic's Produce, and Madison's at Findlay Market. In 2013, Our Harvest partnered with Cincinnati State to provide fresh produce on campus through a CSA program and through sales at a campus restaurant and a campus cafeteria. Further, the farm, located in College Hill, Cincinnati, will serve as a training ground for Cincinnati State's Sustainable Agriculture Management certificate.

In 2015, the farm launched a non-profit, Our Harvest Research and Education Institute (OHREI), to support large scale supply, distribution and access of healthy food to the local community. The

nonprofit also supports the training of aspiring farmers through a two-year Specialty Crop Grower Apprentice Program, technical education for existing farmers, and courses on transitioning conventional farmland to farmland fit for specialty crop production. In the next four or five years, there are goals of scaling up to a 1,000-acre farm to serve more Cincinnati institutions and employ more worker-owners.¹⁴⁷

While Our Harvest benefits the Cincinnati community at large by making healthy food more accessible, the 18 worker-owners are able to work full-time, earning a minimum of \$10 per hour with a \$450 per month health care stipend.¹⁴⁸ Annual compensation at Our Harvest is between \$26,200 and \$57,400, while the national average annual income for agricultural workers is \$9.09 an hour and \$18,910 a year, according to the Bureau of Labor Statistics 2012 statistics.¹⁴⁹

Though Sustainergy is in its infancy, with only three employees, the co-op has partnered with Empower Cincinnati, a local energy initiative, to perform energy audits and installations. Further, Sustainergy and CUCI were leaders in bringing the federally-available benefits of Property Assessment Clean Energy (PACE) to Cincinnati.¹⁵⁰

LESSONS FOR DETROIT

According to CUCI's Executive Director, Kristen Barker, Cincinnati's "inequality, widespread poverty, underemployment and unemployment [have brought] the CUCI into being." Despite the similar circumstances of these Rust Belt cities (see section at end), there are several other features of both the union co-op model and the existing CUCI initiatives that are salient to Detroit.

First, Detroit has a long history with organized labor. Despite declining union presence and membership in Michigan, unions in Detroit are an integral economic, political and social force.¹⁵¹ This already established link to unions will be helpful in the creation of partnerships between worker co-ops and unions.

Second, there is a growing urban agriculture movement underway in Detroit. Communities are turning to urban gardens and vertical farming as a way to overcome the lack of quality food while providing economic sustainability for their community. As the Detroit Food



Photo: Our Harvest, n.d.

System 2011-2012 Report put it, “urban agriculture is both a return to the city’s pre-industrial past and an innovative approach to its post-industrial future.¹⁵² The residents of Virginia Park can leverage the know-how of organizations like the Michigan Urban Farming Initiative and Keep Growing Detroit to launch a locally sourced food movement that builds on the existing urban agriculture infrastructure in Detroit.

This kind of worker co-op serves dual purposes. It has the potential to provide economic sustainability for residents of Virginia Park, while at the same time providing them with greater food accessibility. There is also potential to scale such initiatives given the presence of the Henry Ford Health System (HFHS), an anchor institution for the Virginia Park neighborhood and Detroit in general. As the fifth largest employer in Detroit, employing over 23,000 people, HFHS procures 10 percent locally or regionally.¹⁵³

Lastly, collective economic activity has a long history in African American communities. Beginning with mutual aid societies, in which funds were pooled for communities to draw on in times of emergency, co-ops have reinvented themselves throughout history as a political and economic necessity for marginalized black communities.¹⁵⁴



St. Anthony's Village



CINCINNATI, OHIO | CORNERSTONE RENTER EQUITY PROGRAM

BACKGROUND

The *Cornerstone Corporation for Shared Equity*, a community development corporation, was founded in 1986 as a community loan fund, managing over \$1 million in investments to provide affordable loans to non-profit community benefit organizations focused on affordable housing in Cincinnati, Ohio and Northern Kentucky.¹⁵⁵ Since its founding, the Cornerstone Renter Equity program has become the community development corporation's flagship program.

The Cornerstone Renter Equity program focuses investment in urban housing initiatives that create opportunities for low-income renters to be involved in the governance and ownership of urban housing, while also developing equity to finance future investments.

The programs seek to make the wealth-building associated with homeownership accessible to stable renters of affordable housing. The program began with a single property in the Over-the-Rhine neighborhood in Cincinnati, Ohio, and has since grown to three developments, all of which provide opportunities for low-income renters to earn equity through participation in property management activities and regular rent payment.¹⁵⁶

GOVERNANCE

The Cornerstone Corporation for Shared Equity is a 501c(3) nonprofit community development corporation that manages the Renter Equity program and a community loan fund. The Loan Fund manages the investments of socially conscious investors and makes loans at no or low interest rates to support the Renter Equity program developments and other local housing initiatives. Cornerstone Corporation for Shared Equity has a volunteer board and a seven-full-time staff, including an executive director, renter equity manager, administrator, accountant, maintenance, construction manager and volunteer coordinator.¹⁵⁷

CURRENT STATUS

The renter equity-based property management model seeks a middle ground between renting and the benefits of homeownership for low-income populations. The model employs a contract between the property management and renters, in which renters commit to timely rent payment, participation in monthly resident association meetings and regular property management tasks. Care is taken to ensure that assigned property management tasks are aligned with physical and mental ability of individual tenants. In exchange for reliable rent payment and participation in the maintenance and management of the housing development, residents earn monthly credits in a financial reserve account managed by the loan fund. In their first five years of residency, tenants can earn up to 4,137 in credits, available as cash. After five years, residents are vested in the Cornerstone Renter Equity fund and can draw on their equity – with a maximum of \$10,000 being paid over 10 years. Additionally, vested residents qualify to borrow from the greater Cornerstone Loan Fund at no or very low interest rates, which creates additional opportunity for economic mobility.¹⁵⁸

Through investment in tenants and the requirement that tenants invest their time in the maintenance, governance and beautification of the housing development, Cornerstone has realized a financially sustainable model that empowers individuals, while also stabilizing the community:

“The system’s underlying logic is that by providing financial and other incentives to attract committed residents and encourage them to remain stably housed at the property and up to date on their rent and other tenant obligations, property owners realize savings that can, in turn, be used to pay for the incentives that help the property’s renters build wealth.”¹⁵⁹

Cornerstone’s participatory governance structure and regular financial investments in tenants have been found to create savings through higher occupancy rates, lessened administrative and maintenance costs and lower tenant turnover.

A report by the Corporation for Enterprise Development (CFED), the Economics Center at the University of Cincinnati and the Center for Housing Policy suggests that the success of the Cornerstone model is based upon four main factors: robust program orientation designed to ensure that potential tenants understand the framework of the Cornerstone equity model and resident responsibilities; the detailed articulation of rights and responsibilities in the program’s administrative documents; sophisticated accounting infrastructure and tenant loan program, the prioritization of social work and facilitation skills in the hiring of property managers; and the use of housing developments with adequate public space for community building.¹⁶⁰

PROGRAM ORIENTATIONS

Leadership and staff of the Cornerstone Renter Equity program suggest that their program orientation is a critical component of their program’s success because it provides an opportunity for potential tenants to develop an understanding of the unique community components of development. “The Cornerstone orientation process gives prospective residents the opportunity to make an informed decision about whether they want to live at a property with this type of management structure.”¹⁶¹ Potential residents are required

to attend three monthly orientation meetings before qualifying for a lease. This process assures that potential renters are well informed about the program's requirements and benefits, and likely contributes to the program's success and low turnover rates.

ADMINISTRATIVE DOCUMENTS

The Renter Equity Agreement details the rights and responsibilities of the property owner and the residents. The agreement articulates the mutual benefits of the equity program, provides examples of potential property maintenance tasks and details about equity earnings schedules and financial forecasting. The Renter Association Agreement articulates the governance and management structure of the housing community and includes details about a renter's administrative and governance responsibilities for the development. The House Rules, which are collectively created by the tenants of the housing development, include information behavior expectations, guest management, security and community goals.

ACCOUNTING INFRASTRUCTURE & LOAN PROGRAM

Cornerstone relies on a sophisticated and specialized accounting and banking process to manage the complex financial components of the renter equity program. As such, Cornerstone's Financial Manager manages the funds of all of the corporation's properties, including the management of tenant payments and renter-equity. In addition to sound accounting infrastructure and management, the program's success relies on the renter loan program, which gives loans to renters for limited purposes that each contribute to lower tenant turnover. Loans, which must be approved by the executive director, are only available to tenants who have demonstrated responsible rent payment for at least six months, can be made for move-in expenses, to purchase appliances for the rental property or to cover unanticipated emergency expenses that could otherwise compromise a tenant's ability to pay rent on time.

PROPERTY MANAGEMENT SKILLS

The skills required for successful management of Cornerstone properties go above and beyond those required of a typical property manager. The collaborative governance and maintenance

of Cornerstone properties requires that managers have strong facilitation, mediation and social work skills.

ADEQUATE AND SECURE COMMUNITY SPACE

The financial sustainability of renter-equity models requires low tenant turnover rates, which are maintained by the presence of secure indoor and outdoor spaces available for community building amongst residents. Cornerstone properties prioritize the existence of safe and secure common space for residents.

The Cornerstone Renter Equity model has recently been implemented by the Northeast Shores Development Corporation in Cleveland's North Shore Collinwood neighborhood.¹⁶²

SITE OVERVIEW

The Cornerstone Corporation for Shared Equity manages four properties in Cincinnati's Over-the-Rhine neighborhood: St. Anthony's Village, Community Views, Friar's Court and Abington Flats.¹⁶³

- St. Anthony's Village - Cornerstone's first property, built in 2002. Includes 22 units of affordable housing and shared outdoor picnic area.
- Community Views - Cornerstone's second property, completed in 2006. Community Views is a scattered-housing site in five buildings with 12 apartment units.
- Friar's Court - Cornerstone's third property, completed in 2011. Next to St. Anthony's Village, Cornerstone rehabbed seven buildings, including four vacant buildings, to create 25 new apartments.
- Abington Flats: Cornerstone's fourth property, Abington Flats, is currently under construction and will ultimately include 18 rehabbed units catering to disabled and elderly tenants.

Established by German immigrants in 1800s, the Over-the-Rhine neighborhood has since become a predominantly low-income

and African American neighborhood.¹⁶⁴ The neighborhood is highly racially segregated and has endured the disinvestment and unemployment typical of post-industrial rust-belt cities. In 2001, the neighborhood became the epicenter of the demonstrations after the shooting of an unarmed African American man by a police officer.¹⁶⁵

The composition of Cornerstone's resident community is 96 percent African American. Most are employed in housekeeping, food service, security, healthcare and clerical work. In 2002, the average household annual income for renters was \$17,000.¹⁶⁶

FUNDING

Cornerstone is a certified community development financial institution (CDFI) and its operations are informed by the best practices of the Opportunity Finance Network, a collection of CDFIs committed to creating opportunity to benefit low-income people in marginalized communities throughout the country.

Socially-conscious investors can invest in the loan fund to support the development of cornerstone properties. Cornerstone loans range from one to ten years. In addition to the loan program, Cornerstone receives financial support from a variety of partners for specific initiatives. Past funders include, but are not limited to: City of Cincinnati, the Federal Home Loan Bank's Affordable Housing Program through Huntington Bank, the Huntington Community Development Corporation, the Franciscan Friars of St. John the



St. Anthony's Village

Baptist and Cornerstone Loan Fund.¹⁶⁷ Cornerstone also creates revenue from interest on loans, individual donations, and foundation grants. The following is a breakdown of income from 2013, compiled by the Better Business Bureau:

Table 6.3 | Cornerstone Corporation Income, 2013¹⁶⁸

Grants and Contributions	455,350
Other Income	7,575
Fee Income	67,146
Interest Income	16,752
Rental Income	10,500
Total Income	557,323

METRICS OF SUCCESS

The CFED report investigated a variety of metrics to explore the impacts of Cornerstone’s Renter Equity program. Through stakeholder interviews, surveys, and a review of the organization’s financial records, CFED the extent to which the equity program impacted residents and the surrounding community.

The CFED study found that the Cornerstone model has had significant personal and community impacts: “We not only discovered that the Renter Equity program contributes substantially to the financial well-being of residents, but also that the Cornerstone model contributes to a strong sense of community that emanates into the surrounding environment.”¹⁶⁹

ACCUMULATION OF FINANCIAL ASSETS

A majority of Cornerstone tenants attained vesting by remaining in the community for at least 5 years and earned over \$2,000 in equity. CFED found the greatest obstacle to residents earning equity was that work schedules often conflict with required community meetings. Survey responses indicate that 78 percent of tenants considered Cornerstone’s renter-equity model to be ‘somewhat’ or ‘very’ important to their financial security, overwhelmingly citing the equity program, but also indicating that Cornerstone units

were more affordable than alternate housing options. While only 53 percent of renters took out loans ranging from \$300 to \$1000, data from surveys demonstrate that 78 percent of residents found that the loan program was important to their personal 'financial well-being'. Responses suggest that the mere presence of the program benefitted the greater community and mitigated the negative influence of predatory lenders in the neighborhood.

SENSE OF SECURITY, COMMUNITY AND SATISFACTION

Despite their location in a "high-crime neighborhood," 94 percent of Cornerstone residents reported that the physical security of the properties and neighborhood trust made them feel 'very safe' or 'safe' in their homes.¹⁷⁰ In surveys, residents referred to the Cornerstone developments as 'an oasis.'¹⁷¹ The CFED survey responses indicate a strong sense of community among residents. 53 percent of tenant respondents reported a stronger sense of community within Cornerstone, compared to their previous residence, and 75 percent of respondents indicated they would trust a neighbor to fill a personal prescription. Using loan renewals as a proxy for satisfaction, Cornerstone reports that 90 percent of loans expiring in 2010 were renewed.¹⁷²

LESSONS FOR DETROIT

Both the Cornerstone Renter Equity Program, situated in the racially segregated and rapidly gentrifying Over-the-Rhine Cincinnati neighborhood, and CUCI have a number of salient similarities with the context of the Herman Kiefer development in Detroit. The neighborhood, which was home to 500 vacant buildings and 700 vacant lots just 10 years ago, is increasingly the neighborhood de jour for young professionals moving into the city and increasingly the focus of conversation about housing displacement resulting from rising rents.¹⁷³ As parts of the neighborhood have experienced rapid change from increasingly investment in the last 20 years, there is an enduring divide between old and new residents: "One end of this block of Vine Street faces bars offering \$12 cocktails and rehabbed apartments selling for a quarter of a million dollars. At the other end of the block, signs plastered on vacant buildings in the weeks since the violence in Ferguson say "Stop Killing Us or Else." In addition to looming gentrification, Residents in the northern district of Over-



Residents in Courtyard, St. Anthony's Village

the-Rhine have indicated that policing has become more aggressive as the neighborhood has changed.

Though the neighborhood scales are different our study area and the Over-the-Rhine neighborhood, different in scale, nearly all of Cornerstone's properties were abandoned and vacant at the time of purchase. Many of the Cornerstone properties were formerly commercial spaces, which could be converted into communal spaces for participatory governance and community building required of the Cornerstone model. As noted above, the greater Over-the-Rhine neighborhood was formerly home to hundreds of vacant homes and lots.

Given some of the similarities between Detroit and Cincinnati, the Cornerstone model could be extremely relevant to this unique moment in Detroit in which specific neighborhoods are experiencing rapid change, while others are struggling with enduring racial segregation, disinvestment and marginalization. The Cornerstone model offers an example of how the principles of wealth-building generally associated with home-ownership can be made available to low-income renters willing to participate in a collaborative governance and property maintenance housing community. As investment moves north along the Woodward corridor in Detroit, it will be important to implement shared-equity models and other inclusive housing models to ensure that today's urban planning does not perpetuate the same injustices of previous periods of Detroit's housing history.



07

NOTES & SOURCES

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Herman Kiefer Hospital, circa 1928

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Herman Kiefer Hospital, 2017

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Herman Kiefer Hospital Sanborn Map, 1950

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Herman Kiefer Site Plan

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Hutchins Intermediate School

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Crosman Elementary School, 2017

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Aerial Photo of Herman Kiefer site and Central Detroit

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Herman Kiefer Site and 2010 U.S. Census Block Group Boundaries

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Henry Ford Hospital Main Building, 2017
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Aerial View of Herman Kiefer Complex and Grounds
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Virginia Park Area, 2017
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Herman Kiefer Main Building (rearview), 2017
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Virginia Park Cooperative Shopping Center, 2017
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Peaches & Greens Cooperative Market, 2017
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Lighthouse Cathedral, formerly Temple Beth-El

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New Center North Neighbors' Community Park

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Herman Kiefer Hospital, 2017

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Saltwater Soaking Pool, McMenamins Kennedy School

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Front, McMenamins Kennedy School

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Detention Bar, McMenamins Kennedy School

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Front, St. Luke's Manor, circa 2012

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Front, St. Luke's Manor, circa 2012

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Front, St. Luke's Manor, circa 2009

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Front, Hollenbeck Terrace Apartments

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Architectural Rendering, Ponce City Market

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Aerial View, Architectural Rendering, Ponce City Market

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North Avenue view, Ponce City Market, circa 2015

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Food Hall, Ponce City Market

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St. Anthony's Village

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St. Anthony's Village Courtyard

Source: Cornerstone Renter Equity

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