

Founded in 1852  
by Sidney Davy Miller

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## REPORT

April 28, 2015

Crystal Wilson  
City of Detroit Historic District Commission  
Coleman A. Young Municipal Center  
2 Woodward Avenue, Suite 808  
Detroit, Michigan 48226

**RE: Park Avenue Hotel Building – Request for Notice to Proceed**  
2643 Park Avenue, at the southwest corner of Park and Sprout Street

Dear Ms. Wilson:

Eventide Property Holdings, LLC (EPH) is the owner of the former Park Avenue Hotel building and an Olympia Development of Michigan (ODM) affiliated company. EPH is requesting issuance of a Notice to Proceed with demolition of the former hotel building at 2643 Park Avenue.

After careful study, it has been determined that retaining the building is not feasible due to its proximity to the Detroit Events Center (DEC). The DEC is a 20,000-seat arena and event center being developed by the City of Detroit Downtown Development Authority and Olympia Entertainment Events Center, LLC. As explained below, the building impedes both the success of the DEC and the welfare of the surrounding neighborhood by preventing the construction of an adequately sized underground loading dock facility.

Additionally, the building sits within an enhanced security zone that surrounds the DEC, which precludes its redevelopment for residential or hotel use, the only uses for which the building is functionally suitable. Given the lack of feasible options within the redevelopment framework for this area and the larger Catalyst Development Area, retaining the building is impractical and imposes an unreasonable financial burden.

These issues do not impact the former Eddystone Hotel, the 13-story building located immediately north of the Park Avenue Hotel that was designed in the same style by the same architect. Concept approval of the planned restoration of the exterior of the Eddystone is being sought concurrent with this request. (Submission of a formal request for a certificate of appropriateness will follow.) The concept plan includes redeveloping the building for one and two-bedroom apartments above first floor retail, and reserving 20 percent of the apartments as affordable housing.

### **I. History of the Former Park Avenue Hotel Building**

The former Park Avenue Hotel is a 13-story steel frame, brick, limestone and terra cotta clad structure. The overall footprint of the building is rectangular, measuring 80 feet on Sproat Street and 125 feet on Park Avenue. It opened in 1926 as a 252-room residential hotel.

EPH acquired the building in December 2014 from Eventide Properties, LLC, an affiliate of EPH. Eventide Properties acquired the property from the Salvation Army in 2008. At the time of acquisition, the building had sustained substantial damage due to water infiltration, scrapper activity and vandalism. The scrapper activity occurred sometime in 2007 when the building was under the control of James M. Wickenheiser of Detroit Urban Living Inc., and resulted in the building being stripped of window frames, plumbing fixtures, radiators, copper wiring and other fixtures.

Wickenheiser had sought to redevelop the building and the neighboring Eddystone Hotel as a high-end apartments and residential condominiums. His efforts to finance the projects resulted in both buildings being individually listed on the State and National registries of historic places, and being designated as local historic districts. Despite the availability of federal and state historic preservation tax credits and other financial incentives, Wickenheiser's project proved financially unfeasible, and he lost control of both buildings.

Between 1957 and 2008, the building was owned by the Salvation Army. Upon acquisition, the Salvation Army converted the building to a home for the aged, and renamed it the Eventide Residence. The Salvation Army later converted the building to a center for those with drug dependency and the homeless, and renamed it the Harbor Light Center. The Salvation Army operated the building as a homeless center until 2003, when it closed the center due to rising costs.

The building was designed by Detroit architect Louis Kamper (1861-1953) in Italian Renaissance style, with a three-story base finished in large "blocks" of limestone, a plain central section above the base, and a more highly finished top or attic crowned by a cornice. The Park Avenue Hotel is one of three Park Avenue hotels that Kamper designed for developer Lew W. Tuller (1869-1957). The other two are the Eddystone Hotel and the Royal Palm Hotel, which is now known as the Park Avenue House.

Tuller lost the Park Avenue Hotel to foreclosure by the Security Trust Company in 1928, two years after it opened. The building continued to operate as a residential hotel until it was sold to the Salvation Army.

### **II. DEC Site Selection, Site Design and PD Rezoning**

The proposed location for the DEC is an assemblage of land within a four block area bounded by Woodward Avenue on the east, Cass Avenue on the west, Henry Street on the south and Sproat Street on the north. Prior to assemblage, the land was owned by the City of Detroit (or one of its authorities) or an ODM affiliate. The land assemblage, with the exception of the site of the former Park Avenue hotel, is now owned by the City of Detroit Downtown Development Authority (DDA). If the HDC approves this request for a Notice to Proceed with demolition, the land will be deeded to the DDA.

The following explains how the selected site and the site design meet redevelopment and city planning objectives within the Catalyst Development Area, the 45-block sports and entertainment district that

generally runs from Grand Circus Park to Charlotte Street between Woodward Avenue and Grand River Avenue.

### A. Why this Site?

As the Google Earth aerial photograph shows, vacant land along the west side of Woodward Avenue between I-75 and Temple has created a physical gap between Midtown and the northern boundary of the Central Business District. This gap has limited economic development in this area of our city for decades.

Siting the DEC on Woodward between Henry and Sproat Streets makes it possible for the DEC to catalyze private investment and redevelopment along the Woodward Avenue frontage to the north, between Sproat and Temple, and to the south, between Henry and I-75, and will minimize the visual and physical impact of the remaining undeveloped areas.



This choice also puts the DEC within walking distance of the existing sports and entertainment district anchored by Comerica Park, Ford Field and the Fox Theatre, making shared use of existing parking facilities possible.

Moving the site to south would have required the vacation of a portion of Henry Street, something that may not have been feasible given that the project sponsors did not control the entire frontage along Henry between Woodward and Cass. Additionally, there are numerous public utility lines running within the Henry Street right-of-way that service other properties and neighborhoods. Henry Street also plays critical role in east-west circulation between the Cass Park and Brush Park neighborhoods, which would be lost. Finally, this area was not large enough to accommodate all of the elements of the project, which are integral to job creation and catalyzing new development.

As sited, the DEC project only requires the vacation of Sibley Street, an east-west street running between Cass and Woodward, and a two-block section of Park Avenue between Henry and Sproat Streets. Because neither of these streets provides vehicular connections to other neighborhoods to the east/west or north/south, vacating these streets instead of Henry maintains optimal vehicular circulation.

Moving the site to the north would have increased the distance to parking facilities south of I-75, something at odds with a shared parking strategy that limits the need for new parking to serve the DEC, and would have placed both the former Park Avenue Hotel and Eddystone Hotel within the project footprint, jeopardizing both buildings.

As shown by the DEC Plans attached as Exhibit A, the chosen site is just large enough to fully seed a new, mixed use neighborhood capable of creating growth in the surrounding area by accommodating not only the events center and on-site parking, but also a public open space about the size of Campus Martius, and a mix of retail, office and residential uses. The design and scale of the buildings and public spaces balance the need to accommodate large event crowds with the desire to create a human-scale environment that is comfortable for residents, pedestrians, occupants and visitors during non-event periods.

### **B. Why this Site Design?**

In laying out the DEC site, several planning objectives had to be balanced:

- designing a state-of-the-art sports and entertainment venue that will produce maximum economic impact for the city of Detroit by outperforming regional competitors in attracting visitors, performers, and large scale events;
- minimizing the impact on the surrounding historic neighborhoods of Brush Park and Cass Park, a goal shared by the Neighborhood Advisory Committee (NAC); and
- designing the Woodward Avenue frontage in a form that resembles a traditional Main Street, a goal consistent with the City Planning Commission's plans and ordinances; and
- designing a mixed-use neighborhood that will catalyze a physical and economic connection between Downtown and Midtown, a goal that is also shared by the Downtown Development Authority.

These objectives were met by following an urban model that manages the vertical and horizontal scale of the development by making use of subsurface space. This approach is evident in the design of the arena bowl and extends to other structures planned for the site.

The arena bowl – the event level and surrounding stadium style seating – is sunk 37 feet below grade, which keeps the above grade height of the structure to approximately 80 feet (about eight stories) and allows visitors to enter the main concourse at grade instead climbing stairs as must be done at Joe Louis Arena.

The bowl is surrounded by four-story structures that will have retail and restaurant uses on the first floor and office uses above and be connected to the bowl by a glass-enclosed street (the Via) that will be open to the public during non-event periods. The dimensions of these buildings, the Via and the public open spaces balance the need for space sufficient to accommodate large event crowds with the need to create a human-scale environment that is comfortable for residents, pedestrians and visitors outside of events, and meets the business needs of the occupants. Reducing the dimensions of any of the elements will compromise the functionality of the spaces.

These flanking buildings reduce the visual impact of the eight-story structure that rises above the main concourse and provides a visual transition to the residential condominiums on the eastside of Woodward. These mixed-use buildings satisfy our and the city's shared desire for development that takes the form of a traditional Main Street with a mix of uses and street-level architecture (storefronts and signage) that will be attractive to pedestrians and activate the street day and night. This pedestrian-friendly, mixed-use environment is intended to attract new private investment to the surrounding blocks, furthering the objective of reconnecting Downtown and Midtown and increasing the positive economic impact of the project.

A practice ice facility and loading dock facility are located underground in the area between the parking structure and the arena. The loading dock, which lies north of the practice ice facility, will be accessed from Cass Avenue by a ramp that runs through and under the north side of the parking structure.

### **C. DEC Zoning and Financing in Place**

The DDA and ODM jointly petitioned the City Council to rezone the DEC site to PD, Planned Development. The rezoning was approved on an 8-0 vote at the City Council meeting held on April 21, 2015. There are no additional planning or zoning approvals necessary for the DEC to proceed. All necessary bond financing is in place.

The approved site plan shows the above grade area occupied by the former Park Avenue Hotel being incorporated into the public open space that lies between the DEC and the parking structure, and the subsurface area being used for an underground loading facility. (See Exhibit A.) As noted on the site plan, this work will not occur until a Notice to Proceed with demolition has been issued. And, per the conditions attached to the rezoning, a building permit for demolition of the building will not issue until ODM has (i) entered into a legally binding and enforceable agreement with the City providing for the redevelopment of the former Eddystone Hotel building for commercial and residential use with a 20 percent affordable housing component within one year of the opening of the DEC to the public, (ii) shown approval of an amendment of the Master Development Agreement (MDA) dated December 14, 2014 between itself and the DDA providing for the same; and (iii) petitioned City Council for rezoning of the site of the former Eddystone Hotel site to Planned Development. The first two conditions have been satisfied by a letter agreement executed on April 20, 2015 and DDA approval of the required MDA amendment on April 22, 2015. ODM anticipates filing the required rezoning petition in May.

### **III. Conditions to Issuance of Notice to Proceed**

Section 22-5-22 of the City's Historic Landmarks and Districts Ordinance sets forth the conditions that govern the issuance of a Notice to Proceed. It *requires* the Historic District Commission (HDC) to issue such a notice when any one of the following four conditions is present:

Pursuant to [Michigan Public Act No. 169 of 1970, as amended, MCL 399.201 et seq., MSA 5.3407(1) et seq.], an application for inappropriate work adversely affecting the exterior appearance of a resource, which work cannot be granted a certificate of appropriateness, shall be permitted by the historic district commission through the issuance of a notice to proceed if any of the following conditions prevail and if the commission finds that the work is necessary to substantially improve or correct any of these conditions:

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- (1) The resource constitutes a hazard to the safety of the public or the occupants;
- (2) The resource is a deterrent to a major improvement program that will be of substantial benefit to the community. Substantial benefit shall be found only if the applicant proposing the work has obtained all necessary planning and zoning approvals, financing, and environmental clearances, and the improvement program is otherwise feasible;
- (3) Retention of the resource would cause undue financial hardship to the owner. Undue financial hardship shall be found only when a governmental action, an act of God, or other events beyond the owner's control created the hardship, and all feasible alternatives to elimination of the financial hardship, which may include offering the resource for sale at its fair market value or moving the resource to an appropriate vacant site within the historic district, have been attempted and exhausted by the owner;
- (4) Retention of the resource would not be in the interest of the majority of the community.

(City Code 1964, § 28A-1-6; Ord. No. 15-04, § 1, 4-21-04)

Section 22-5-24 likewise directs the HDC to issue a notice to proceed when proposed work in a historic district "is without substantial detriment to the public welfare and without substantial derogation from the intents and purposes of this article, and where one or more of the conditions of section 25-2-22 have been met." (City Code 1964, § 28A-1-6; Ord. No. 15-04, § 1, 4-21-04)

A Notice to Proceed should be issued in this case because the former hotel building impedes construction of an underground loading dock facility that will minimize truck traffic impacts on adjacent streets and neighborhoods. This facility will also enhance the regional competitiveness of the DEC, a major improvement program that will be of substantial benefit to the community. It will create jobs, catalyze new investment in the area and generate income tax revenue.

Additionally, the building constitutes a hazard to public safety due its location within the enhanced security zone for the DEC. Given the lack of feasible options with the redevelopment framework for this area and the larger Catalyst Development Area, retaining the building is impractical and imposes an unreasonable financial burden.

#### **A. Deterrent to Substantial Benefit to Community**

The former Park Avenue Hotel is an impediment to construction of an adequately sized underground loading dock facility that will minimize truck traffic impacts on adjacent streets and neighborhoods, while also enhancing the regional competitiveness of the DEC.

When the design team laid out an underground loading facility that accommodated the footprint of the former hotel, the result was undersized and inadequate for a state-of-the-art events center. The original layout was not large enough for trucks to turn around. Trucks accessing the docks would have to back down the ramp, creating traffic congestion and risk to pedestrians, bikers and motorists on Case Avenue.

Trucks waiting to access the ramp would have to be staged on nearby side streets, which would also impact vehicular and pedestrian circulation and overall quality of life in nearby neighborhoods. The facility was also not big enough to accommodate the anticipated demand for broadcast truck and tour bus parking.

When the area within the footprint of the former hotel is incorporated into the layout for the underground loading facility, the area at the bottom of the ramp can be expanded. The added area provides sufficient space for trucks to drive down the ramp and make the turns necessary to back into the docks, thereby eliminating the negative impact on Cass Avenue. The added area also makes it possible to relocate the large trash collection facility to the dock area from the at-grade location on Sproat Street, further minimizing truck impacts on adjacent streets. The added area also makes it possible to increase the number of loading docks and accommodate broadcast trucks and tour buses, further minimizing the impact of trucks and buses on nearby side streets and adjacent neighborhoods. The Arena Dock Design Study that is attached as Exhibit B shows the limitations of the smaller dock and the improvements offered by the larger dock.

In addition to making the DEC a better neighbor to other uses in the vicinity, the additional dock space and broadcast truck and tour bus parking will distinguish the DEC from its regional competitors. Being able to offer performers and event sponsors the ability to load and unload without being impacted by weather and an excessive amount of truck maneuvering is a competitive advantage. It will allow users to complete their loading and unloading in less time and with less cost. That is a tangible financial benefit to performers and event sponsors that will help make the DEC the preferred regional venue, bring additional events, jobs and economic impact to the city.

The long-term competitiveness and success of the DEC is important to the Detroit's future. In addition to the estimated 8,300 construction and construction-related jobs that will be created by the construction of the DEC, the operation of the DEC is anticipated to result in 1,100 permanent jobs. These jobs provide a direct and substantial benefit to Detroit residents, businesses and city government in the form of wages, benefits and income taxes. Fully realizing these substantial benefits, however, requires that design of the DEC offer competitive advantages over other regional facilities. The former hotel building is a detriment to this end and therefore a deterrent to the full realization of the community benefits that will flow from construction of the DEC.

Because the former hotel building hinders the design and functionality of the underground loading dock facility, it is a detriment to design and operation of the DEC, a project providing substantial community benefits in the long and short-term. For this reason, the HDC should find that demolition of the building is not a detriment to public welfare, and approve issuance of a Notice to Proceed.

### **B. Hazard to Public Safety**

Public safety is another reason to approve issuance of a Notice to Proceed. Sports and entertainment venues are known high priority targets for terrorist attacks. In recognition of this fact, the State of Michigan has designated the five major professional sports venues in the state as "critical infrastructure." The DEC is also anticipated to be designated as "critical infrastructure."

As with other venues designated as critical infrastructure, the DEC has been the subject of an extensive, collaborative security planning process that involves analyzing threats, assessing risk, and identifying

protective measures. This collaborative effort is outlined in the Security Plan for the Events Center signed by the City of Detroit Police Chief James Craig and Richard Fenton, Vice President of Corporate Security for Ilitch Holdings on behalf of Olympia Development of Michigan, now Olympia Entertainment Events Center, LLC, the Concessionaire under the Concession Management Agreement with the City of Detroit Downtown Development Authority. The DEC Buffer Zone Protection Plan is the result of this planning process. It is a Protected Critical Infrastructure Information (PCII) document that is highly confidential and protected from public disclosure by federal law.

While public disclosure and discussion of the full scope of risks and protective measures considered in the security planning process would be counter-productive and compromise public safety, some protective measures, such as physical barriers and visitor screening, may be discussed. One of the protective measures incorporated into the design of the DEC that can be discussed is the enhanced security zone that extends 100 feet in all directions around the outer perimeter, as advised by the U.S. Department of Homeland Security in its Protective Measures Guide for U.S. Sports Leagues (2008) and endorsed by the National Hockey League. This is a layered security zone reinforced by active surveillance, substantial protective barriers and other best practices that cannot be disclosed.

As the planning and design of the DEC has progressed, it has become clear that residential uses of any kind, including a hotel, are not feasible in the enhanced security zone. The surveillance and physical reinforcement required by security best practices simply cannot be undertaken in a residential setting. This conclusion led to the decision to eliminate the residential uses proposed for the upper floors of Building C, the building that flanks the south side of the DEC. Building C is now proposed for office/museum use on the upper floors and retail and restaurant use on the ground floor, uses that can be secured in accordance with best practices.

Redeveloping the building for office use is not feasible. The building was designed and constructed as turn-of-the-century residential hotel. The architecture is indicative of that use and era. The floor-to-floor heights are minimally acceptable for residential use, and not at all acceptable for office use. The close column spacing and the narrow space created by the donut-shaped floor does not work for modern office uses that require an open floor plate. Because the structural characteristics of the building are not conducive to the layout of modern offices, office development is not a feasible alternative use for the building.

The security issue also cannot be resolved by changes in the DEC site plan. The buildings that flank the arena bowl have been designed with the minimum possible depth in order to maximize the area of the adjacent public spaces and the capacity of those spaces to accommodate large crowds.

Because security concerns preclude the building from being redeveloped for residential or hotel use, the only uses to which the structure is suited, the HDC should find that the building is a hazard to public safety and that its demolition will not be to the detriment of the public welfare, and approve the issuance of a Notice to Proceed on that basis.



**C. Financial Hardship**

Because the building cannot be feasibly redeveloped for residential or hotel use within the proposed redevelopment plan for this area, and is not suitable for redevelopment for office use, it is unmarketable. This makes the cost of maintaining the structure an unreasonable financial burden and another reason why the HDC should approve issuance of a Notice to Proceed.

**III. Conclusion**

The DEC and surrounding mixed-use development is intended to catalyze redevelopment of a 45-block area of vacant and blighted properties that separate Midtown from Downtown. Achieving that goal requires balancing the past and the future. Issuing a Notice to Proceed with demolition is critical to the community maximizing the substantial economic benefits that will flow from construction of the DEC and the redevelopment of the surrounding area. As a first step in this redevelopment plan, it will permit the DEC to be constructed in a manner that will maximize its ability to generate jobs and economic impact for Detroit by making it a highly desirable and competitive venue for performers and event sponsors, while ensuring that the DEC is a good neighbor, especially to future residents of the Eddystone.

We therefore respectfully request that the HDC approve the issuance of a Notice to Proceed with demolition based on the factors described above, all of which satisfy the conditions of Sections 22-5-22 and 22-5-24 of the Historic Landmarks and Districts Ordinance.

Very truly yours,

Miller, Canfield, Paddock and Stone, P.L.C.

By:   
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ECP