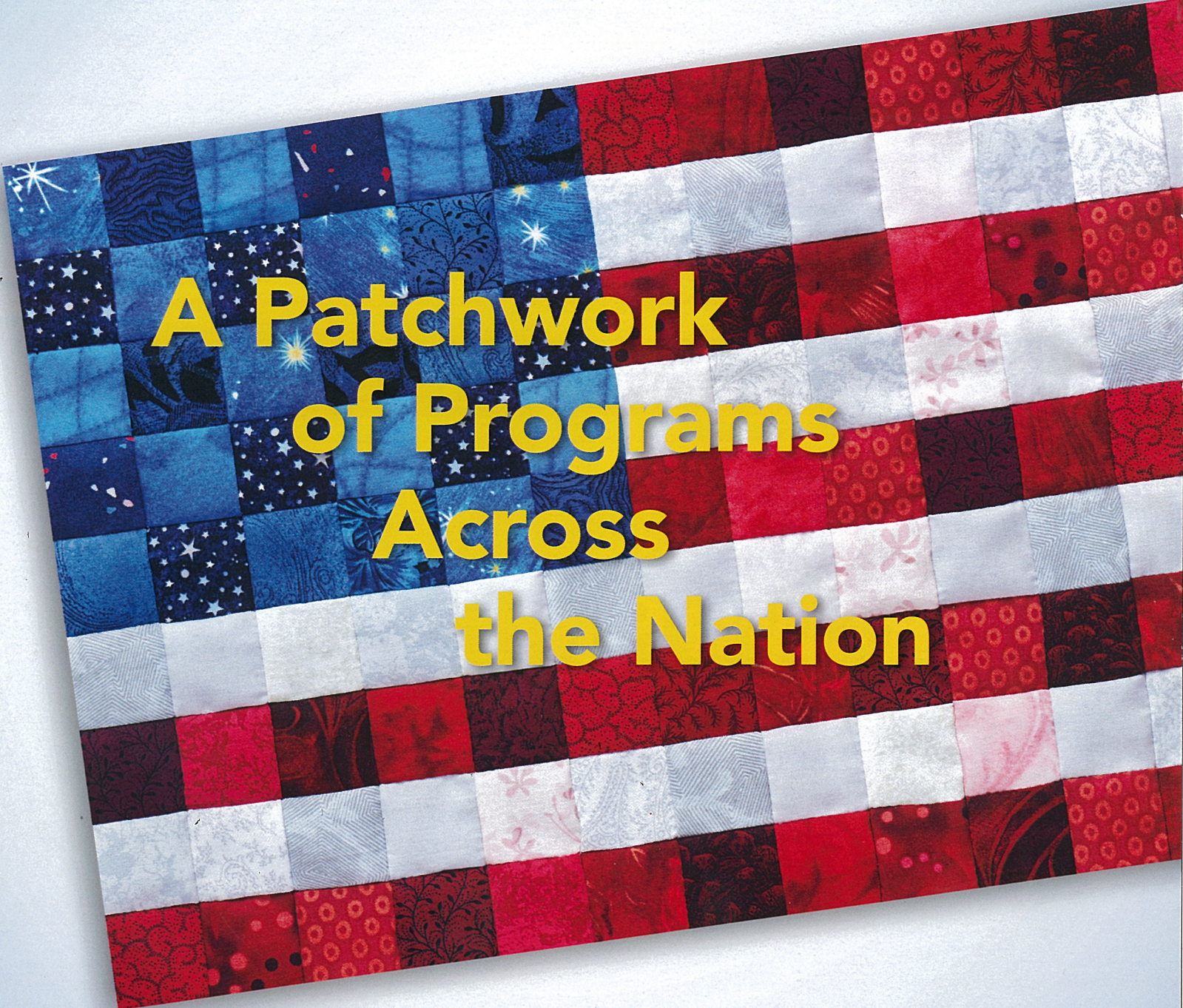


# TaxCredit *Advisor*

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## A Patchwork of Programs Across the Nation

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## CASE STUDY:

# Fisher Body Auto Factory Transforms into Fisher 21 Lofts

## **Detroit Eyesore to Become 433 Units of Housing in Adaptive Reuse**

By Mark Fogarty

If the decrepit Fisher Body 21 auto factory in Detroit was given an automotive metaphor for its current shape, a convertible might come to mind.

That's because a recent photo of the crumbling Detroit facility shows the century-old building is missing all its windows and letting the breeze blow through, much as you might experience riding in a ragtop with the roof let down.

Yet by 2025, an ambitious \$145 million adaptive reuse development is set to convert this long-abandoned eyesore, used by General Motors for decades, into 433 market-rate and affordable apartments and thousands of square feet of commercial and retail space.

And with the recent awarding of some \$25 million in Historic Tax Credits, the refurbished Fisher 21 Lofts will still look like the plant that thrived during a golden age of Detroit automaking in a Medbury Park/Milwaukee Junction district that included Ford Motor Co.'s first assembly line and plants that made Studebakers and Cadillacs.

Successful completion of the project would put Gregory Jackson of Jackson Asset Management and his partner, Hosey Development, into the same league as Bill Ford of the famous Ford family, who is leading a redevelopment of Detroit's old train station, and Dan Gilbert of Quicken Loans, who is almost finished rescuing the city's historic Book Tower.

And it will be historic for another reason: Fisher 21 Lofts will be the largest such project done in Detroit by a team of Black developers.

According to Jackson, federal environmental remediation was done some years ago and a shell built like "a brick house" helped facilitate a rehab instead of a demolition.



Above: The Fisher Body 21 auto plant in Detroit will be transformed into affordable and market-rate multifamily housing.

Right: A café will be featured in one of three elaborate atria to be constructed at the Fisher 21 Lofts.



### Taking a Chance

"I'm a native Detroiter and I've passed that building many times," Jackson says. "I remember when it was up and running as a factory. As a developer, I kept looking at it, and everyone was saying it had to be torn down. My partner, Richard Hosey, asked me if I was ready to put some money together and prove to the city that it was still good. That's an up-and-coming part of the city. So, we decided to take the chance, and we found

the building was in substantially better shape than most people believed.”

It took more than a year to convince the mayor the building, built in 1919, was in good enough shape to be rehabbed rather than demolished, but eventually, the developers got the buy-in.

“We’re taking a big chance in doing it, but we think it’s the right thing and the right time,” Jackson says. “We



An aerial view shows how the Fisher Body 21 plant looked in 1936 when it was thriving by doing body and chassis work for General Motors.

believe this building will be the anchor of that area.” Fisher 21 Lofts has a complicated financial stack and one that is still fluid. In addition to the tax credit equity, the developers themselves are investing a considerable amount of equity (\$15 to \$20 million). A bank loan (or perhaps a loan from a syndication of banks) is close to closing, says Jackson. There’s money from a state facility community reinvestment program and Brownfield Tax Increment investment of \$6 to \$15 million.

A sizeable tax abatement from the city’s Neighborhood Enterprise Zone (NEZ) and Obsolete Property Rehabilitation Act programs is in the works. The developers are also looking at New Markets Tax Credits for the retail part of the development, 28,000 square feet with another 1,500 square feet for co-working space.

“The city has been partnering with us in finding different creative ways to assist with financing,” says Jackson. The housing will be mostly market-rate with some affordable housing extending down to 50 percent of area median income. Originally 20 percent was set aside for 80 percent or lower AMI but that has been adjusted with the developer’s willingness to do 50 percent AMI units. Unit sizes will be studio up to two bedrooms.

## *Adaptive Reuse is Big in Detroit*

*The city of Detroit has so many huge abandoned industrial plants that tourists come on “ruins tours” to see them, its mayor says. But he is determined to change that.*

*Mayor Mike Duggan, in his 2022 State of the City message, noted that 12 decrepit towers in the city, including the Fisher 21 plant, have been abandoned for an aggregate of 475 years. These included the train station, the Book Tower, the Eddystone Hotel, the Metropolitan Office Building and the Fisher 21 auto body plant, which the mayor called “maybe the toughest one I’ve seen.”*

*But, he said, “We in Detroit are in the middle of transitioning from blight to beauty.”*

*In addition to the reuse of Fisher 21, the train station is being made into an anchor for technology and innovation, thanks to Bill Ford of Ford Motor, he said. And billionaire businessman Dan Gilbert (Quicken Loans) is doing a \$300 million restoration of the Book Tower.*

*“This is a great city. And I wanted it to be seen as a great city,” the mayor concluded.*

According to the office of Detroit Mayor Mike Duggan, “The successful adaptive rehabilitation of this building will remove the primary barrier to the development of the area to match the level of activity that has been experienced all around the area for the last ten years, while also creating quality affordable and market-rate housing and major retail and shopping hubs for residents in the heart of the city.”

A July 19, 2022 memo from the Detroit City Council on the establishment of the NEZ for Fisher 21 Lofts gives the following sources and uses breakdown for the project:

- \$93 million in debt;
- Equity and deferred fees \$41.6 million; and
- Grants \$7.5 million.

### **\$1 Million to Acquire**

Its uses are described as \$1 million for acquisition, \$107.4 million in hard costs and \$33.7 million in soft costs.

The Council estimated the economic benefits as 80

Fisher Lofts, continued on page 26

Fisher Lofts, continued from page 25

full-time employees and 425 construction jobs, with a benefit to the city after tax abatements of \$8.1 million.

"The building's two-acre roof will provide stunning views of the city, a quarter-mile walking track, indoor lounge, fitness center, dog areas and relaxing space available to all residents," according to the city.

"The ground floor will provide more than 130 enclosed parking spaces, with a total of more than 700 spaces to accommodate residents, guests and shoppers. Ample bicycle parking also will be available around the building."

Designers and Architects John Skok and Michael Poris, principals of McIntosh Poris Associates, spoke of the challenges of working with an old historic building like this one. Their firm specializes in adaptive reuse projects and has a deep knowledge of the history of the city and its neighborhoods.

Skok described the creation of three massive atria at the six-story, 600,000 square foot project, which will bring in sunlight and allow some of the apartments to face

those indoor spaces (the others will face the outdoors). Admitting the sunlight "is key to having this building be livable," he says.

The atria will require cutting through the slabs of the building and removing them to create large spaces measuring 40 feet across by 120 feet long. "They're nearly as wide as a city street," says Skok.

McIntosh Poris responded to a request for proposals from the developers and benefited from the fact they had recently completed a vacant warehouse conversion to lofts and worked on a low-income housing development in the same neighborhood decades prior, Skok says. The developer and the designer seemed attuned to each other from the start, he says.

### Collapsing Ventilation Stacks

Structural weaknesses came to view after all the decades the plant was in operation, Skok says, caused by lack of upkeep or reconfiguring the building after it changed hands (it was a paint factory for a time). Some ventilation stacks and hoist ways have collapsed, which will be part of a partial demolition starting soon.

Poris, a founder of the firm greatly interested in preservation, detailed how the project fits into the history of the city and the automotive history of the neighborhood. The Historic Tax Credits "are definitely a double-edged sword," he says, adding costs to the project. But the 20 percent of costs it provides "is pretty significant."

Poris says his firm has been involved in the neighborhood since 1996 when it did a 90-unit townhouse project with a community development group called Genesis. But it was clear to him a big redevelopment, like Fisher, wasn't yet feasible, because there were so few houses in the neighborhood. That would have to be worked on first.

"Eventually, when the neighborhood stabilized, maybe these big industrial buildings could be renovated," says Poris.

Detroit is a relatively affordable housing market, and many millennials may be attracted to a transit-oriented development (although this being Detroit, there will be plenty of parking as well). The old industrial plant does seem to be on the edge of a new chapter in its long history. If all goes well, come 2025, Fisher Body 21 will be host to a new set of bodies, human this time. **TCA**

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