

Palmer Lodge



Seville Kitchen



Wide-Reaching Redevelopment

Detroit development company is restoring 14 buildings in Palmer Park Square

Shelborne Development takes a large-scale view to redevelopment and historic preservation. Driven by a mission to resurrect blighted Detroit neighborhoods, the development firm is renovating and preserving a significant portion of the Palmer Park neighborhood.

“It is tremendously rewarding, and this is what we have strived for,” says Kathy Makino-Leipsitz, CEO and President. “For years, we have built and believed in Detroit, but for the last 5 years we have concentrated on entire blocks or multiple buildings in one area and if we can stabilize a neighborhood, there is nothing better than that. Often, when you identify a development, you are simply buying that building. But by having acquired 14 buildings, as we have in the Palmer Park area, we can change the entire neighborhood for the better.”

RETAINING ARCHITECTURE FROM THE PAST

Shelborne Development specializes in urban housing, with a particular concentration on historic rehabilitation. Over the past two years, the company has completed more than \$70 million in development efforts. Listed on the National Register of Historic Places, The Palmer Park Apartment District contains a total of 65 architecturally significant buildings, with most of them originally built between the 1920s and the 1960s.

The company’s most recent work has focused on renovating six of the buildings, which combined have a total of 202 units. The \$35 million initiative is a mixed-income effort, and Shelborne Development strives to retain the buildings’ exterior architecture and historic integrity.

“A key [component] has been the ability to keep the architecture on the exterior,” says Makino-Leipsitz. “These buildings are truly remarkable structures. It is one of few areas in the United States that

Shelborne
Development

CEO & PRESIDENT
Kathy Makino-Leipsitz

LOCATION
Detroit, Michigan

has six distinct decades of architecture. Some of the most prominent architects have designed there. We have been able to preserve the historic integrity from the ceramic tile roofs, the European architecture, the windows down to the wood doors and floors.”

Although the buildings retain the architecture of past decades, Makino-Leipsitz says Shelborne Development has created interiors in line with the needs and desires of modern residents.

“We have been able to keep as much as we could, but still make a modern, truly marketable and appealing apartment that somebody in today’s market is looking for,” she says. “These are apartments that will be spacious with open kitchens, granite countertops, stainless steel appliances and central air conditioning, and they’ll be highly energy efficient. We have been able to create something that is sustainable, while keeping the historic character of the buildings.”

Restoring an entire historical neighborhood like this presents a vast array of challenges, not the least of which is funding. Shelborne Development acquired funding for the project from seven sources, including federal low-income housing tax credits (LIHTCs), HUD’s neighborhood stabilization program, MSHDA HOME funds, the City of Detroit, federal historic tax credit funds, brownfield credit funds and state historic credits.

“The challenges have been immense,” Makino-Leipsitz says. “This project utilized a large tax credit award. At the time the award was given, the equity market had diminished, so putting all the pieces of the financing together was a challenge. We’ve been fortunate to combine neighborhood stabilization dollars and HOME dollars along with Brownfield, Federal Historic, State Historic, and low-income housing tax credits. We were lucky enough to have all of those pieces fall into place at the right time. We were able to put together about \$35 million worth of financing.”

MAINTAINING CONSISTENCY

With the potential for so many unknowns, having consistency on a large-scale renovation effort like this makes the process a little easier. Shelborne Development has established strong relationships with a team of reliable subcontractors.

“One of our key components as a general contractor has always been our ability to use the same subs for years and years,” Makino-Leipsitz

says. “Some of our subs have worked on 10 or 12 projects with us over the years. They have a lot of confidence in us and we have a lot of confidence in them. We have the ability to really pull together a terrific team of subs that have worked with us in the past.”

Shelborne Development is nearing completion of its first buildings and the initial 202 units. With nearly half of its Palmer Park Square buildings left for renovation and redevelopment, Makino-Leipsitz hopes the company will be able to create a truly vibrant mixed-use and mixed-income neighborhood.

“My hopes are to turn the remaining buildings into market-rate [units] and hopefully add some condos for homeownership so that you can really stabilize the neighborhood across the board,” she says. “There will be affordable housing, with some market-rate and some homeownership. Another key component is to bring the commercial and mixed-use component so that you can have restaurants, cafes, coffee shops and bakeries like they have in New York, Washington and Boston and other areas that have historic buildings. They tend to have first floor, mixed-use retail.”

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Congratulations to Kathy Makino-Leipsitz and Shelborne Properties for their continued success in the multi-family housing market. KMG Prestige Inc. is honored to be Shelborne properties management company of choice. Managing over 22,000 dwelling units, with an asset value of One Billion Dollars, KMG Prestige Inc. understands the importance of maximizing NOI, with a focus on maintaining happy residents. Looking to improve the operations of your portfolio? Contact us today.



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