

## RIVERS EDGE A MIXED-USE BROWNFIELD DEVELOPMENT

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RIVER'S EDGE is a mixed-use urban infill project on the Boardman River in Traverse City, Michigan. Traverse City is a popular Northern Michigan community known for its numerous lakes, golf courses, ski resorts, cherry orchards, rolling hills and the crystal clear waters and sandy beaches of Lake Michigan's Grand Traverse Bay. Traverse City has seen exponential growth in recent years, due to the desirability of living in an area so rich with natural resources and recreational opportunities. Those same resources that attract people to the area are now being threatened by incessant sprawl.

DOWNTOWN TRAVERSE CITY is alive and healthy, in spite of a plethora of malls, outlets and big box retailers that have emerged on the suburban periphery. Traverse City has become the recognized commerce, cultural and recreational hub of Northern Michigan and the City carries an enormous burden in providing services for all of the vacationers, shoppers and suburban residents who use the City's streets, parks, beaches, libraries, schools and other infrastructure. With a lake, a 500 acre former state psychiatric hospital, a community college, numerous parks and beaches and an airport all within the City limits, approximately fifty percent of the property is off the tax rolls.

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The River's Edge property connects "Downtown" and "Old Town" and has been vacant for nearly 17 years following the closing of a hundred-year old foundry, Traverse City Iron Works. In 1985, a group headed by a local contractor/developer acquired the property with ambitious development plans, but the death of the principal partner and emerging environmental awareness and legislation brought the proposed project to a standstill. The buildings were demolished in 1989 leaving a rubble field in the middle of town. The DDA procured an option on the property at one point in an effort to initiate redevelopment and the City had revised its master plan to encourage higher densities and mixed use development of the site. However, prohibitively restrictive pre-1995 environmental regulations rendered redevelopment economically infeasible and risky.

CONTAMINATION OF THE SITE consists primarily of core-mold sand and slag residue from the foundry operations with elevated metals content. This material is not volatile or explosive and does not produce fumes or leach into ground water, and City sewer and water serve the site, so the "due care" issues relative to protection of public health simply requires that the material be capped. This is essentially accomplished by placement of structures, paving and landscaping on the soils. Recent changes in environmental laws now provide liability protection and reasonable cleanup criteria that enable the redevelopment of the site and which provided encouragement to the developer to investigate the property, resulting in an offer to purchase in February, 1997.

Burco Construction Inc.'s Timothy Burden and Robert Forsman were searching for commercial property within the City that they could control and develop for their commercial construction clients, which led to the consideration of the Iron Works property. The Traverse Group of Ann Arbor, Michigan was instrumental in coordinating an application by the City on behalf of the property for a "brownfield" reclamation grant from the State, resulting in 1.6 million dollars in funding for the environmental issues to return the property to productive use. Further enticement to develop the property came from a 30 year Tax Increment Financing plan that was put in place in 1985 to fund public facilities related to the project: a river walk, utility relocation, demolition, streetscapes, road work and parking.

A DEVELOPMENT TEAM was assembled in April, 1997 consisting of project manager Michael Wills, architects Ken Richmond, Robert Holdeman and Bob Sommerville of AAI, Inc., and engineers Gourdie/Fraser and Associates, Inc. The development concept evolved quickly and by early May an aggressive schedule was laid out that called for full PUD approvals for River's Edge West by August 18. This was accomplished through intense teamwork involving weekly meetings with the DDA and the City planners. It was decided to focus on the West Site only at this time; planning and approvals River's Edge East would follow substantial completion of River's Edge West.

A development agreement between the DDA and the developer, providing the assurances that the public amenities in support of the project would be funded and constructed in a time-frame that fit with the developer's plans, was signed in October 1997, clearing the last hurdle to closing on the property and allowing construction to begin on October 24, 1997 under a construction management contract with Comstock Construction of Traverse City.

THE OBJECTIVE of this development is to achieve a compatible mix of uses resulting in a desirable urban environment that takes full advantage of benefits of living and working in the City's center. Occupants can walk, bike or ride public transportation to work, shopping, dining, entertainment and even the beaches. Moreover, the positive effect of round-the-clock human occupancy produces a level of vitality and more "eyes on the street", resulting in a safer pedestrian environment, particularly after dark.

Fortunately, River's Edge West property is large enough and physically adaptive to basement parking, which allows emulation of the character of downtown without huge land-intensive surface parking lots or unsightly parking decks. Approximately 120 parking spaces will be distributed in structures below grade under sites one-two-three, site five and sites six-seven-eight.

RIVER'S EDGE WEST has only two categories of land-use, Commercial and Residential, as established by the PUD. Each has a parking requirement, based on current data and research on mixed-use projects as recommended by parking experts (Shared use Parking Analysis, Carl Walker, Inc., June 1997), and incorporated in the PUD. Thus, the commercial parking standard is based on the premise that a reasonable mix of retail, office and restaurant uses will naturally occur and will be allowed to change over time without recalculation of a parking standard based on each specific use. This not only minimizes the investor's risk, but also simplifies the land use/parking ratio administration and enforcement issue.

Residential units may be assigned no more than one dedicated parking space; additional parking for each unit is non-exclusive shared parking on a first-come, first-served basis. Such assignment is at the discretion of the developer. Commercial parking shall not be assigned or dedicated; it is non-exclusive shared parking on a first-come, first-served basis.

A SITE CONDOMINIUM containing eight defined building sites, each site has a limit to the maximum floor area that may be used for commercial purposes. Each site also has a minimum required number of residential units. The required number of residential units on a site may be reduced, at the developer's discretion, only if, on another site or sites, the residential units exceed the required minimum. Each building site will have specific attributes and/or requirements such as maximum building footprint (ground floor area), building height and an allocation of parking. A building constructed on any site may be subdivided at the discretion of the purchaser so that each unit thus created will have full and exclusive ownership of that unit and an undivided interest in the common elements of the project.

Included in the purchase price of a building site are:

1. Site permits and approvals and preparation.
2. Secure, covered parking under buildings 1,2,3,5,6,7,8.
3. Building foundations, to the extent that the underground parking becomes the same, excluding any structural foundation pilings, which are a direct cost of the building to be supported.
4. Surface parking.
5. Utilities provided to the building envelope: electrical, cable tv, gas, sanitary sewer, storm sewer, water, telephone.
6. Landscaping, streetscapes, site lighting and surface treatments.
7. Pedestrian walkways and sidewalks outside of any unit.
8. Security systems and equipment serving the common elements.
9. Site signage.

A site buyer is obligated to use the developer as the builder given the complexities of the PUD and the TIF developer agreement, environmental issues and regulations, the structural integration between the building and the underground parking. Thus, as a condition of purchase, River's Edge Development (RED) will provide a package of development services on a cost-plus basis that includes architectural services, project coordination, construction management, condominium documents, marketing & sales. This development team consists of qualified and experienced professional architects, engineers, attorneys, realtors and other professionals.

THE APPROACH simplifies the process for the site owner by utilizing the experience of the team that has been working out the solutions for the site and previous buildings to control costs and streamline the process. Once the building design is set, based on the owner's requirements and our standard specifications, a budget is established with a cost-not-to-exceed limit. Each major component is then bid out to at least three contractors to assure competitive pricing and any savings achieved compared to the budget will accrue to the owner. The owner is charged a fee as a percentage of the actual bid cost of the building to cover the development services, including the marketing and subsequent sales and/or leasing of units within the building.

For those who have an interest in occupying space (whether commercial or residential), on either a lease or purchase basis, but are unable to consider an entire building, RED will act as a facilitator by matching them up with building owners until the project is completely sold-out. By acting as a central contact point we can help owners reduce their risk by pre-selling or pre-leasing space. At this time, RED plans to design, build and sell units in the first mixed-use building and reservations will be taken for both commercial and residential space. As the project evolves RED may elect to build other structures in the same manner based on reservation demand.

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