



BUILDING A PLACE CALLED HOME

By Mary E. Kremposky, Associate Editor

Photography by Christopher Lark, Inc.

For the 20,000 homeless in Detroit, the daily struggle for food, clothing and shelter rivals that of contestants on the popular reality television show, "Survivor." While the winner of Survivor gains a million dollars, the "prize" for surviving the streets is just another day of the same. For the homeless, living with a sense of being forgotten by mainstream society is the equivalent of being voted off the show. The stigma of homelessness, and for some, the

scars of mental illness and substance abuse are even heavier burdens to carry than their rag-tag possessions crammed into an assortment of plastic bags.

An amazing new development has created a place for those without shelter to lay down their burdens, rebuild their lives and move into mainstream life. Neighborhood Service Organization (NSO), a 57-year-old private, nonprofit human service agency



servicing Detroit, Highland Park and Hamtramck, as well as Wayne and Oakland Counties, has miraculously transformed the historic Michigan Bell Yellow Pages Building in Detroit into 155 apartment units of permanent supportive housing for the homeless.

"Homelessness doesn't equal hopelessness," declares NSO Vice President for Real Estate Development Joseph Heaphy. NSO never lost hope throughout the daunting process of turning this 84-year-old Art Deco building into a haven for the homeless. The gauntlet of obstacles included the financial collapse of 2008 and the assembly of at least 12 different financing sources.

As committed partners, Fusco, Shaffer & Pappas, Inc. (FSP), Farmington Hills, and O'Brien Edwards Construction Company (OECC), Detroit, helped the project survive against all odds. "The scope of this project presented many unique challenges that pushed the boundaries of innovation and ingenuity," said FSP Principal and President James T. Pappas, AIA.

Extensive value engineering trimmed the cost burden of unexpected building and environmental conditions. The cost analysis was so intense that OECC Vice President, Director of Business Development Terry Bailey still remembers the price of every brick even eight months after project completion in September 2012. "Every brick that was replaced cost \$45," recalled Bailey. "Our price for tuck-pointing was \$4 a foot under a masonry allowance contract."

HOUSING FIRST

Today, each apartment unit offers what was once only a mirage: a hot shower, a soft bed, and protection against the violence and chaos of the streets for 155 residents. "The residents' reactions have been very powerful," said Heaphy. "They feel a sense of dignity; they feel that they matter. But what struck me the most was when residents would say, 'I feel safe.' They had always been looking over their shoulder, and now they can go home, shut the door and not worry about anything happening."

Residents can live in a secure, comfortable and supportive dwelling not only for a single night but permanently. The NSO Bell Building provides one-bedroom apartments and a host of support services, including mental health assistance and addiction treatment. Job guidance is offered via an alliance with the building's close neighbor and former owner, Focus: HOPE. For those whose lives become stabilized and who are able to earn an income exceeding the residency requirement, "we work with individuals closely to help them move on to the next level," said Heaphy.

NSO follows the cost-effective and humane Housing First model. Conventional thinking: The homeless should get their lives in order and then obtain housing. The Housing First Model: House the homeless first and support them in transitioning to mainstream life. "They found that the Housing First Model is actually less expensive for taxpayers," said Heaphy.

A past article in *The New Yorker* called "Million Dollar Murray" calculated the annual draw on police, medical and emergency services by a single homeless individual. It is far more cost effective to follow the Housing

First model than to leave individuals stranded in the wasteland to continually draw on Band-Aid services.

Permanent supportive housing developments have been in place in New York, Denver and other large cities for over 10 years. Both FSP and OECC went to New York City to view well-done examples of these developments. Lessons learned on the tour aided in the creation of the NSO Bell Building – the first, large-scale permanent supportive housing facility in Detroit for the general homeless population. (A few modest Detroit developments provide 20 to 25 units, while Southwest Solution's Piquette Square Apartments offer 150 units for homeless veterans.)

MAKING HISTORY

The project's mission is all about transformation, not only of individuals but of a landmark building, a neighborhood and a city. The dedicated project team resuscitated this landmark building, originally constructed in 1929 and 1930 by the Michigan Bell Telephone Company and Western Electric as office, warehouse and garage space. With six stories of residential units in the main building and a narrow six-story central tower, the 12-story building is a beacon of hope to the homeless and to the entire community in this struggling neighborhood north of downtown Detroit and near the Highland Park-Detroit border.

"We took a historic building that was vacant, and that would have sat vacant for another fifty years, and we turned it into something new and beautiful," said Heaphy.

Something new and beautiful does indeed grace the tired streets of Oakman Boulevard and Woodrow Wilson. Coupled with the restored masonry, the power of the paintbrush on the interior has turned the corridors and concrete columns of this old warehouse into bright washes of bold color, thanks to the interior design of Davis & Davis, Southfield.

The end result of years of work and \$36 million in construction costs is a project that has already garnered many awards: A 2013 Governor's Award for Historic Preservation, the 2013 Michigan Historic Preservation Network Award, a prestigious national award from the National Trust for Historic Preservation and a 2013 Engineering Society of Detroit Design & Construction Award. "We are very satisfied with the end result," said Heaphy. "I wasn't surprised by it, because we work in a very small world of folks who do this type of work, and who do it well."



The project team restored the historic Art Deco main entrance of this 84-year-old building stretching along Oakman Boulevard in Detroit.

HOUSE HUNTING

The story began in 2005 when the Michigan State Housing Development Authority (MSHDA) and the Great Lakes Capital Fund, a nonprofit community development finance organization, approached NSO President & CEO Sheilah Clay about developing permanent supportive housing for the area's homeless. As one of the largest social service organizations in the City of Detroit and in the State of Michigan, NSO took on the challenge. With Heaphy on board in 2007, NSO officially began the task of creating a development of size and significance in this category.

The search for the ideal building led NSO to the Michigan Bell Building on Oakman Boulevard. The building fit NSO's mission: the 273,000-square-foot facility has more than enough "rooms at the inn" to house a significant number of people; Focus: HOPE's employment, education and training programs are located within walking

distance; and the building is located within the borders of the HOPE Village Initiative. The Initiative is part of Focus: Hope's vision for the redevelopment of a 100-block target area that includes 200 units of new housing and the redevelopment of the Davison Avenue Corridor with neighborhood-scale retail. Ultimately, NSO entered into a purchase agreement with Focus: HOPE for the acquisition of the former Yellow Pages Building in 2008.

EXTRA CREDIT

NSO then cobbled together a long list of tax credits, including MSHDA low-income housing tax credits. This persistent service organization applied for almost three years before securing these coveted credits.

NSO also assembled federal and state historic tax credits for a building listed on the National Register of Historic Places in 2009. Add now-defunct Michigan Brownfield tax credits and City of Detroit

and Wayne County HOME Funds to the list. "HOME Funds are essentially federal dollars reserved for affordable housing development passed through states and municipalities," explained Heaphy.

NSO also secured New Market Tax Credits, which required NSO to split the building's use between the 155 residential units and commercial offices for 200 NSO staff in the lower level. The Kresge Corporation and McGregor Fund also made significant contributions to the roughly 12 different financing sources.

A 110 PERCENT COMMITMENT

The next step on this long road: securing investors. "Tax credits must be purchased by investors, who obtain a tax break as a result of the purchase," explained Heaphy. The search for investors began at the worst possible time: during the 2008 financial and real estate market collapse. "At that time, all the institutional investors typically were



Marked by a contemporary canopy, the new main entry was moved to the east side of the building, both for ADA compliance and to create a single, secure point of access for residents.

banks, and they didn't have any profits with which to get the tax breaks," said Heaphy. "Others steered away from the project because it was in the real estate arena, which had led to the crash in the first place. To add to the pain, nobody wanted to invest in Detroit."

The dark fiscal clouds cleared when Morgan Stanley in New York purchased NSO's low-income housing and federal historic tax credits through a tax-credit syndicator called the National Trust Community Investment Corporation. "This is the largest investment of this type that Morgan Stanley has ever made in the country," said Heaphy. "They have been a great partner."

What factors persuaded Morgan Stanley to take this leap of faith? Heaphy credits the well-built financial package and the strength of the FSP and OECC team. "We assembled the A Team of folks who do these types of projects," said Heaphy. "Morgan Stanley was very impressed with that."

Chosen through a RFP process, FSP and OECC brought a depth of experience and a high level of commitment to the project. Approximately 60 percent of FSP's clientele are organizations with a similar social mission, such as senior affordable housing

and nonprofit healthcare projects. "I personally think it is an important goal," said Pappas, "and I find the work very rewarding."

Heaphy and FSP had worked together on affordable housing projects in Pontiac for another organization. As part of the Hope Village Initiative, FSP also designed two Oakman Boulevard developments directly across the street from NSO Bell: The Village of Oakman Manor, a Presbyterian Villages of Michigan 55-unit, affordable senior housing development, and Oakman Place, a Lutheran Child & Family Service of Michigan facility offering 24 units of affordable housing, including a portion reserved for youth aging out of foster care.

OECC's quality of work and its depth of relationships in the City of Detroit steered NSO to their doorstep. In business for over 50 years, O'Brien Construction formed a partnership with Edwards Construction five years ago. "They brought their own set of relationships from years of working in their own industry, which benefitted the project immensely," said Heaphy. "Also, both FSP and OECC were committed to putting 110 percent into the project. Morgan Stanley said, 'The financing is sound, the team is strong and NSO has its act together.'"

FSP and OECC actually worked on the

project in the planning and development stages for about four years. "They didn't charge us a dime for three years," said Heaphy. "We did have a contract with FSP, but the bulk of the benefit from that contract came in once we closed. FSP was putting in a lot of risk time. We all stood a chance of losing a lot, plus it cost money for FSP and OECC to bring in other companies along the way."

Bailey describes OECC's planning and pre-construction services. "We provided cost information, brought in subcontractors and tried to identify potential problems," said Bailey. "We had probably five major subcontractors that we carried along the way over a three-year period. They stood by our side, and helped us in the value engineering process to get the best possible system for the budget." These five dedicated companies include S & M Heating and Cooling, Inc., Southfield; Daniels Electric, Inc., Detroit; Jermor Plumbing & Heating, Inc., Detroit; Conti Fire Protection, Sterling Heights; and MacDermott Roofing, Livonia.

Construction financing was the last piece of the puzzle to fit into place. Heaphy still remembers the fateful meeting with Morgan Stanley, MSHDA, Bank of America, City of Detroit, Wayne County and every other

major player gathered around the table. "Bank of America had not yet committed to the project, but the bank's representative said to me, 'I've never seen anything like it – a project in which you have all these stakeholders at a table wanting a project,'" recalled Heaphy. Introductions began around the table, and when it was the turn of the Bank of America representative to speak, the representative said in a surprise announcement, "We are from Bank of America, and we are providing the construction financing for this project."

SUPPORT SERVICES

The first sign of the building's transformation was the removal of the iconic but structurally unsound Yellow Pages sign at the top of the tower. The three-story-tall phone book and its companion weather phone – a sign that actually flashed the weather forecast using a changing color code – had been a well-known landmark after the Yellow Pages took over the building in 1959.

Fortunately, the main building's robust reinforced concrete structure was rock solid. The two high-bay wings of structural steel that once housed Michigan Bell's vehicle fleet didn't fare as well. OECC had to repair or replace significant sections of the garages' vertical steel frame. "The majority of the deterioration was not in steel that was visible, such as the roof, but was located in the vertical columns within the walls," said Pappas. "There was a significant amount of repair work to remove the brick, replace or repair the steel and then re-install the brick."

The structural steel was susceptible to moisture damage, because of the nature of the garages' original masonry construction. "The existing structure was not designed as a cavity wall with weep holes," said Pappas. "It was built as a solid and continuous masonry structure with structural steel encapsulated within it."

In the main building, unexpected corrosion in the steel window headers, and in the steel relief angles supporting the brick masonry, increased the masonry budget from \$1 million to \$3.9 million. However, the project team was able to shave \$1.8 million off the cost, resulting in a \$2.1 million masonry budget. As a way to streamline both budget and schedule, the structural engineer from Desai/Nasr Consulting Engineers, Inc., West Bloomfield, remained on-site throughout the steel and the support steel renovation. "The contractor would open up an area, the engineer would ride the lift and investigate the condition of the steel, making a determination then and

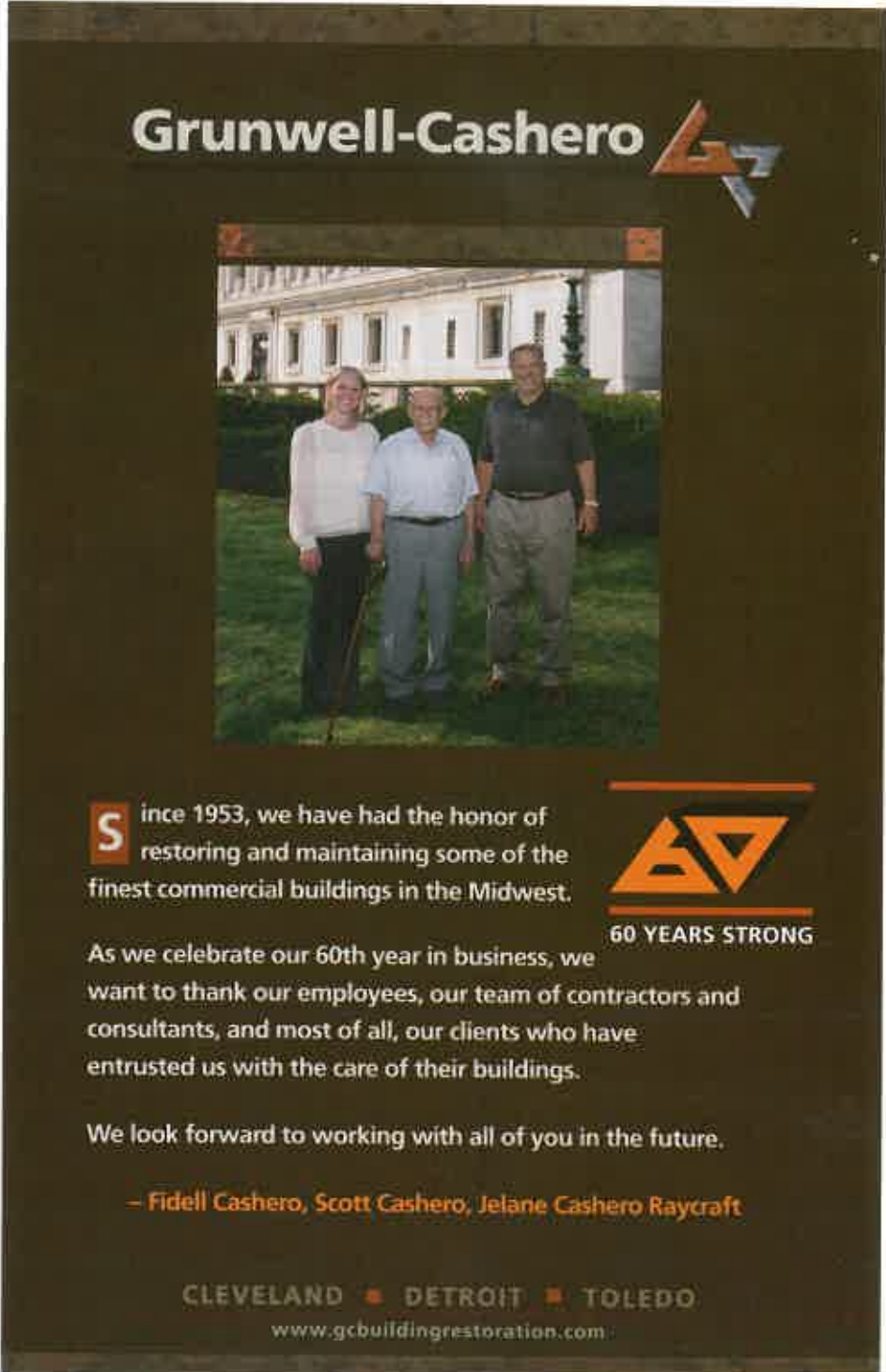
there as to the course of action," said Bailey.

For even swifter progress, the project team assigned a number to the different levels of work, the levels being no action required, minor cleaning, repair or replacement. "The engineer would just have to say, 'This is a three,' and the crew would know exactly what work needed to be done," said Bailey.

OECC also repaired or replaced the glazed

terra cotta, an attractive accent material that graces the narrow tower and the building's terra cotta sills. The engineer again worked on-site with the contractors in determining the proper level of repair, re-glazing or replacement.

OECC worked under an allowance contract for the entire masonry package. An allowance contract identifies the specific cost for each work item, whereas a typical



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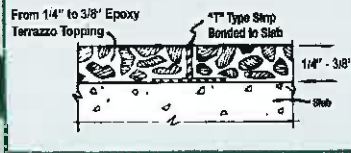
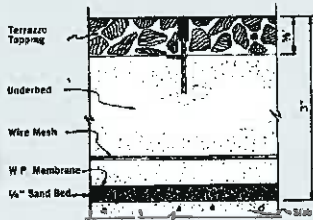


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spec simply directs the contractor to repair and replace the masonry as needed. This approach led to heightened monitoring as a means of trimming costs. "We knew exactly how many feet of mortar had to be repointed and how many bricks had to be replaced," said Bailey.

JUST VENTING

The second unexpected condition was the need for a \$3 million soil vapor mitigation system. Three different approaches were needed for the building's three different foundation types: slab on grade, crawlspace and a basement. "The different foundation types are located in scattered areas," said Pappas. "Crawlspaces connect the two basement areas in the main building. The majority of the slab on grade is in the garage on the far side, while the other garage is split evenly between all three types of foundation systems."

OEECC worked closely with NTH Consultants, Detroit - one of 17 different consultants on this complex project - to install the proper venting system for each application, as well as test monitoring locations. In the basement areas, OEECC installed a half-inch-thick geo-grid of heavy-duty plastic over the existing concrete floor, followed by the placement of a sealed membrane over the grid. "The grid creates a slight cavity between the existing concrete floor and the grid surface," said Pappas. "A series of pipes or vents extends from the cavity all the way to the roof, removing any soil vapor that might rise through the basement floor."

A vent system and the use of negative pressure in the crawlspace draw out the soil vapor in this foundation type. "Fans create a negative pull on the crawlspace, so any gas is drawn up into that vent system and exhausted out the roof," said Pappas. For the slab on grade, "we cut trenches, installed the pipe for venting into the trenches and then poured the concrete over the top," said Bailey.

Another surprise down under was the discovery during site utility excavation of five-foot-thick concrete foundations from old buildings beneath the parking lot. Removing the concrete added half a million and installing soil vapor barriers added another \$300,000, said Bailey.

POSITIVE REFRAMING

The project team undertook a rigorous value analysis of every building system to compensate for these costs. "We put together what I would classify as five



Exposed brick walls lend texture to the building's colorful and welcoming lobby.

different budgets across a period of time," said Bailey.

The project team conducted an extensive series of meetings for value engineering. "Our office, our engineers, OECC and their contractors all worked together diligently in meeting after meeting," said Pappas. "There must have been 30 to 40 meetings."

The MEP systems were extensively value engineered. "We redesigned mechanical and electrical systems in alternate ways to provide the same individual control in every unit," said Pappas. "There were also numerous reviews of the light fixtures."

The project team also achieved significant cost savings on the restoration of the building's approximately 665 steel windows. "We created a design in aluminum that matched the profiles and appearance of the badly corroded, original steel windows," said Pappas.

Although slightly different than the original profile, the new design retained the historical character of the windows but at a more modest cost. FSP worked closely with window manufacturers and with Kristine Kidorf, a historical preservation consultant, to meet the standards of the State Historic Preservation Office (SHPO) and the National Park Service (NPS). This intensive review and consultation process alone consumed three or four months.

OECC tracked down a window manufacturer that offered the best price as well as met the design guidelines. "We could

not get our initial window manufacturer to move off his pricing, so we began to look for alternatives," said Bailey. This calculated switch in materials and manufacturers resulted in a \$400,000 savings.

Today, these aluminum window assemblies mirror the profile of the original steel frames, but also feature energy-efficient insulated glass to meet the needs of the 21st Century. Single-hung windows cover most of the front façade; fixed windows, with awning sections, mark the rear of the building and the sides of the garages, added Pappas.

Using modern construction techniques, OECC completely rebuilt the high parapet crowning the narrow tower. "The combination brick and terra cotta parapet is 12 feet in some cases," said Bailey. "The structural engineer came up with a better design than the original. We used concrete block covered with brick veneer, whereas the original parapet was built out of four brick wythes." OECC worked on this demanding masonry package for eight months, beginning in the summer of 2011, taking a winter hiatus and reaching completion in June 2012.

UP ON THE ROOF

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Bright colors and natural light mark the interior of this inviting cafeteria for residents and visitors.

"This roof is so durable, it could handle three or four inches of water," said Bailey.

For tax credits, the project team had to preserve the building's historic roofline, including saving the original brick smokestack and installing a screen system to hide the large air handlers and chillers from view. For code, the project team had to construct a second point of egress due to the large expanse of the roof and a proposed rooftop garden. The egress is a new stairway extension and enclosure "that was actually one of the most difficult things on this site," said Bailey. "We had to cut a hole in the roof and go all the way down to the fourth floor to rebuild and support the new stairway."

HOME SWEET HOME

The need for creative problem-solving continued within the interior. A grid of stout concrete columns, 20 feet on center, marks the interior of this former warehouse and office building. The flared cap columns threatened to limit the number of residential units. "When we utilized the typical column spacing, we were only able to achieve about 100 units," said Pappas. "We

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revisited the concept design, and came up with a way to split the bays up such that out of every two bays we actually got three units."

The solution: the walls within and between every apartment are set on an angle to fit 155, one-bedroom units into the six floors of space. "We also shifted the bedrooms back away from the windows, making it more like a loft apartment," said Pappas. "We then put in openings so that natural light would filter into the bedroom areas."

OECC first renovated the sixth floor, followed by the first, and then the fifth, fourth, third and second floors. As each floor neared completion, NSO staff would visit underpasses, shelters and other homeless haunts to contact potential residents who had been added to the waiting lists a month before. Prior to occupancy, volunteers would donate cash or actually shop for the supplies and furnishings of a typical apartment. Amazed residents would then move in to a fully outfitted dwelling while OECC worked on subsequent residential floors.

Walking into the interior erases all stereotypes of assisted housing. Natural light pours into the main entry from clerestory windows. Look up toward the light and see the building's original brick and steel. Moving into the main lobby, the interior walls and flared cap columns become a bright canvas of color. The original board-formed concrete is visible through openings in a series of floating soffits. Each opening offers a glimpse of the building's original construction and hosts a contemporary pendant light fixtures.

The main lobby sets the tone for the bright colors and broad curves of the residential corridors. "This building could be in downtown Royal Oak, Boston or New York and be considered market rate or even high-end housing," said Pappas.

The residential units line the perimeter to bring natural light into every dwelling. Most of the floors have centrally located community spaces and services, including a fitness room, library, a non-denominational chapel, computer room, art room and recreation room. Residents pay up to 30 percent of their income toward rent with the balance being paid via a federal Section 8 subsidy provided through the State of Michigan.

FROM GARAGE TO CONFERENCE CENTER

A then-and-now tour of other interior spaces showcases the building's dramatic metamorphosis. One of the original truck

garages now houses the resident entry with security; a gymnasium is on the other side of a newly constructed concrete block wall. The gymnasium's combination of clerestory windows and the building's original brick creates a great place to get healthy.

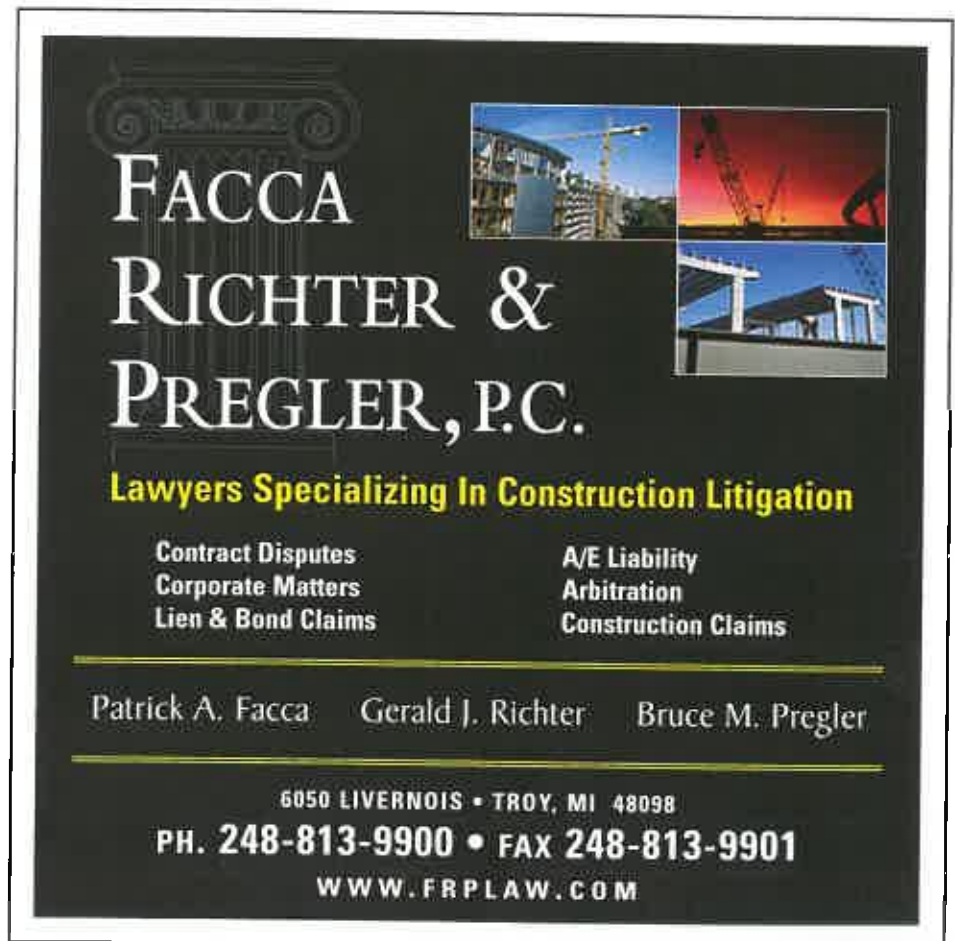
The second and adjacent truck garage will be converted into a multi-purpose, easily partitioned space for conferences, NSO staff training or community use. The lower commercial level of the Bell Building was completed in late summer 2013. NSO moved its administrative staff, its Older Adults Service Program for mentally ill people over 55 and its state gambling, suicide and emergency services hot-line into the Bell Building in August.

The building's four entry points will include separate entrances for staff and for users of the future multi-purpose space. The project team restored the historic Art Deco main entrance on Oakman Boulevard. Because the steps hampered barrier-free access, the main entry was moved to the east side of the building, both for ADA compliance and to create a single, secure point of access for residents.

NSO has future projects brewing,

including creating a federally qualified healthcare clinic for both the Bell Building residents and lower income people in the surrounding community. NSO also hopes to build other permanent supportive housing projects, as well as a new home for its Tumaini Center. Tumaini – meaning "hope" in Swahili – is a homeless shelter for those who cannot be placed elsewhere, due to an active psychotic, drug or alcohol-induced episode. "We provide bottom-rung homeless services, meaning we take the folks no one else will take," said Heaphy. "It's a sad but important place, because if we didn't exist, many of our folks may end up dead on the street, especially when the weather is bad."

NSO also runs Life Choices for families and adults with developmental disabilities, as well as community-based initiatives for utility and food assistance at its Harper Gratiot Multi-Service Center. Thanks to this compassionate, effective organization and a committed project team, the Housing First model is taking hold in Detroit, and now 155 formerly homeless individuals have a place to call home. More than renovating a building, the NSO Bell development is rebuilding lives. ☞



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