

Titan Pointe Condominiums: A Mixed-Income Development in North Central Detroit – Can it Work?

by Rochelle E. Lento, Dykema Gossett PLLC

Once the site of a supermarket known as Lucky Foods, now defunct and abandoned, the 1.13 acre site located in a north central Detroit community will soon be a home for 40 families in a mixed-income condominium development. The development will be known as Titan Pointe Condominiums and will be owned by Titan Pointe LLC. The name “Titan” symbolizes the moniker for the University of Detroit-Mercy, which lies directly north of the project. The project will be owned by Titan Pointe LLC with North Star Community Development Corporation, a non-profit developer and Community Housing Development Corporation (CHDO) as its sole and managing member.

Located in the Puritan Park neighborhood, the project is housed in a census tract with an area median income of approximately \$29,000 in 2003. Between 1970 and 1990, no new owner-occupied units were built in this community. Over 75% of the households constitute family households needing 2-4 bedroom

units. According to a market study done for the project, there has also been a slight loss of owner-occupied units in this census tract in the past 20 years. The target for these units will be moderate to upper income singles, couples and small families. The market analysis considered amenities of the area including proximity to major shopping and commercial districts, professional services, schools and recreational facilities. At the same time, the analysis commented that “units such as the subject proposal are very rare, and that condominium-style homeownership opportunities are also extremely limited, not only locally but across the city.” The area surrounding this development has been approved as a Neighborhood Enterprise Zone. This NEZ designation will offer a 75% tax break for a 12-year period to new homeowners. According to the market study, taxes are estimated at approximately \$4,700 per unit in 2005. Clearly, this will be a major marketing tool and incentive for homebuyers in this area.

Titan Pointe will consist of four three-story buildings each with 10

units, which will be constructed of wood and brick, with private entrances, decks or patios and one-car attached garages. Designed by City Architecture, a Cleveland-based architectural design group, the development will have rear entrances off a parking lot and central courtyard to create a secure attractive development. The design is modeled on similar projects in Cleveland that have been successful. There will be fifteen affordable units and twenty-five market rate units interspersed throughout the condo development. The two bedroom units with 1.5 baths will average from 1600 to 1800 square feet and will be sold at prices ranging from \$100,000.00 for the affordable units, to \$149,000.00 for the market rate units. A zoning variance was granted to allow front and side setbacks closer to the street, and waive the normal off-street parking requirements and allow for one space per unit. The City Fire Marshall also worked closely with the general contractor, O’Brien Construction Company to develop a fire safety plan given that the higher density of the new units at 35 units per acre

will require additional fire safety access.

Sponsored and developed by a community-based organization, NorthStarCommunityDevelopment Corporation, the project will create homeownership opportunities for low and middle-income people. This \$6.6 million dollar development will be marketed as affordable housing to both buyers who range from 60-80 percent of area median income and to those who will purchase similar, albeit slightly larger units with more amenities at market rate. The financing for Titan Pointe Condominiums combines a construction loan of \$4.2 million from Standard Federal Bank, a \$2.4 million HOME Loan from the City of Detroit HOME Investment Partnership program and a short term acquisition loan from a private investor. The HOME subsidy will allow the developer to sell 15 units at affordable prices averaging \$100,000 to \$132,000 buyers earning less than 80% of the area median income for metropolitan Detroit. The other 25 units will sell for approximately \$132,000 to \$150,000. Prior to approving its construction loan, Standard Federal Bank conducted an appraisal of the condominium development, which supported base unit values ranging from \$160,000 to \$181,000. The appraiser commented that “the subject’s proximity to the University of Detroit and the fact that the subject will be one of the few new construction condominiums in the area are the property’s biggest competitive advantage.”

Titan Pointe sits in the shadow of the University of Detroit-Mercy

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and in close proximity to Marygrove College. Both schools are largely dependent on commuter students who live in nearby Detroit neighborhoods. The developer plans to market to college students, faculty, staff and administrators at these educational institutions. In addition, North Star has developed three affordable housing tax credit developments totaling over 100 units within a half mile of the Titan Pointe site. These nearby developments are known as College Park Development, a senior housing project, Pilgrim Meadows, a multi-story family development and San Juan Square Townhomes, a 12-unit attached family development. Also under construction immediately south of Titan Pointe is a 50 unit single family scattered site tax credit development known as University Grove Homes. These combined projects are beginning to create a new residential community. North Star has also converted a former media building (owned and operated previously by the University of Detroit Mercy) into its corporate offices, which sit across from the Titan Pointe development. Being a neighbor to the Titan Pointe devel-

opment will allow North Star to monitor and assure its success.

Titan Pointe is one of the first forays into a mixed-use condominium development built in the City of Detroit. Just as Titan is the god of endurance and daring, this development will be a landmark development for the City and should pave the way for similar projects in the near future. “Titan Pointe is the continuation of a dream to redevelop this community while providing quality homes for families”, stated Pamela Martin-Turner, North Star’s President.

For more information on the Titan Pointe Development, call 313/341-9088.

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