Millard Fillmore Gates Circle Hospital Reuse
Buffalo, New York
March 27–April 1, 2011
Millard Fillmore Gates Circle Hospital Reuse
Buffalo, New York

Rebuilding the Olmsted Vision at Gates Circle

March 27–April 1, 2011

A ULI Advisory Services Panel Report
THE MISSION OF THE URBAN LAND INSTITUTE is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. ULI is committed to

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- Exploring issues of urbanization, conservation, regeneration, land use, capital formation, and sustainable development;
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- Sharing knowledge through education, applied research, publishing, and electronic media; and
- Sustaining a diverse global network of local practice and advisory efforts that address current and future challenges.

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THE GOAL OF ULI’S Advisory Services Program is to bring the finest expertise in the real estate field to bear on complex land use planning and development projects, programs, and policies. Since 1947, this program has assembled well over 400 ULI-member teams to help sponsors find creative, practical solutions for issues such as downtown redevelopment, land management strategies, evaluation of development potential, growth management, community revitalization, brownfields redevelopment, military base reuse, provision of low-cost and affordable housing, and asset management strategies, among other matters. A wide variety of public, private, and nonprofit organizations have contracted for ULI’s Advisory Services.

Each panel team is composed of highly qualified professionals who volunteer their time to ULI. They are chosen for their knowledge of the panel topic and screened to ensure their objectivity. ULI’s interdisciplinary panel teams provide a holistic look at development problems. A respected ULI member who has previous panel experience chairs each panel.

The agenda for a panel assignment is intensive. It includes an in-depth briefing composed of a tour of the site and meetings with sponsor representatives; hour-long interviews of key community representatives; and a day of formulating recommendations. Long nights of discussion precede the panel’s conclusions. On the final day on site, the panel makes an oral presentation of its findings and conclusions to the sponsor. A written report is prepared and published.

Because the sponsoring entities are responsible for significant preparation before the panel’s visit, including sending extensive briefing materials to each member and arranging for the panel to meet with key local community members and stakeholders in the project under consideration, participants in ULI’s panel assignments are able to make accurate assessments of a sponsor’s issues and to provide recommendations in a compressed amount of time.

A major strength of the program is ULI’s unique ability to draw on the knowledge and expertise of its members, including land developers and owners, public officials, academicians, representatives of financial institutions, and others. In fulfillment of the mission of the Urban Land Institute, this Advisory Services panel report is intended to provide objective advice that will promote the responsible use of land to enhance the environment.

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About ULI Advisory Services
THE PANEL THANKS THE FOLLOWING individuals and agencies for their participation and support of the Advisory Services panel process: James Kaskie, president and CEO of Kaleida; Ted Walsh, former chairman of the board; Joe Kessler, executive vice president and CFO; Michael Hughes, vice president of marketing, public relations and government affairs; Al Kruger, director of corporate real estate; and Tammy Owen and Joe Sherman from Millard Fillmore Gates Circle Hospital.

The panel would also like to give special thanks to the city of Buffalo, especially the Honorable Byron Brown, mayor of the city, and Brendan Mehaffy, director of the Office of Strategic Planning; Dave Stebbins of the Buffalo Urban Development Corporation; Howard Zemsky, vice chairman of the H.H. Richardson Center Corporation; Holly Augspurger Donaldson of Forest Lawn Cemetery; and the Buffalo Olmsted Parks Conservancy.

Finally, the panel would like to acknowledge Robert Shib-ley, dean of the University at Buffalo School of Architecture and Planning; Bradshaw Hovey, associate director of the Urban Design Project; and the student volunteers of the University at Buffalo who provided support and assistance on the tour and briefing materials.

Interviews conducted with numerous stakeholders, including residents, business owners, and public officials, provided valuable information and diverse perspectives, aiding the panel in its analysis. The panelists thank all those who consented to be interviewed.

Acknowledgments
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IN 2007 THE COMMISSION on Health Care Facilities in the 21st Century, also known as the “Berger Commission,” a nonpartisan panel established to review New York state’s acute and long-term care systems, directed the orderly closure of the Millard Fillmore Gates Circle Hospital. Clinical services now provided at the hospital complex will move to new facilities under construction at the Buffalo-Niagara Medical Campus, located in downtown Buffalo. Millard Fillmore Gates Circle Hospital will remain open and fully functional through 2011; however, the scheduled move in 2012 will leave this facility without a health care–related user.

Kaleida Health requested the services of a ULI Advisory Services panel to help identify strategies consistent with market realities for the expeditious redevelopment of the Millard Fillmore Gates Circle Hospital complex in a way that fulfills Kaleida’s obligations to the community it serves. Kaleida Health has indicated that it does not wish to engage in redevelopment of the property’s more than 882,000 square feet itself because such work is outside Kaleida’s mission of delivering high-quality health care.

Deciding the future reuse of the Millard Fillmore Gates Circle Hospital is both an extraordinary responsibility and an opportunity for the board of Kaleida Health. Developing
these areas will require vision, a communitywide will to see it happen, the commitment and persistence to follow through, and the imaginative use of public and private partnerships to finance and facilitate development.

Site History
Buffalo’s historic, award-winning Olmsted park and parkway system is world renowned. The subject site is located on one of Buffalo’s preeminent treasures—the Gates Circle, which is the terminus of the Olmsted parkway system at Chapin Parkway and Delaware Avenue. In 1870, Frederick Law Olmsted, who is considered the father of modern landscape architecture, and Calvert Vaux designed a comprehensive, world-class system of parks and parkways for the city of Buffalo. The idea was to have extremely wide medians and boulevards that were heavily planted with dense shade trees connecting the six major parks so that users could travel through the system without leaving the parklike settings. The city’s eight major circles are considered an integral piece of the Buffalo park system.

The panel believes that the launching of Kaleida Health’s Gates Circle site for redevelopment in 2012 provides an unprecedented opportunity to rebuild a key portion of Olmsted’s vision in Buffalo. This vision has been seriously eroded over the years to the detriment of the city as a whole and especially to the neighborhoods that surround Gates Circle and Delaware Avenue. The panel further believes that this erosion has undermined Buffalo’s image and marketability as a wonderful place to live, work, and invest because its spectacular historic architecture and neighborhoods are among its most important competitive advantages.

The Panel’s Assignment
The panel was asked to address a series of questions:

- What steps can and should Kaleida Health take to promote a positive sale of Millard Fillmore Gates Circle Hospital and its subsequent redevelopment to complement surrounding neighborhoods and the city at large?
- How might Kaleida Health, as well as the city of Buffalo and others, further define their goals and objectives for the redevelopment of the Gates Circle property?
- What use or mix of uses can be economically successful on this site, given a range of redevelopment scenarios including adaptive use and partial or total demolition with new development?
- What are the appropriate dimensions of redevelopment on the site, both from a market perspective and in terms of urban design and planning considerations?
- What are the comparative economics of adaptive use versus demolition and new construction as modes of redevelopment?
- Is the issuance of a developer request for proposals (RFP) an appropriate and viable approach to advancing the redevelopment of the property?
- If so, what elements should the RFP include, and how should it be promoted?
Restore Olmsted’s vision at Gates Circle, and recognize that it represents both a physical and a collaborative coming together of market forces, along with the community vision.

Create a large-scale, mixed-use redevelopment program that incorporates a variety of land use alternatives centered around residential.

Identify public realm improvements organized around Gates Circle, which acts as the site’s central organizing feature; create high-quality open and community space interspersed throughout the development.

Create a steering/advisory committee of high-level stakeholders to help guide the community engagement process.

Be patient while being persistent.

What is the profile of a development entity that can deliver the desired results?

What role, if any, should the city of Buffalo or other public sector entities play in the sale and redevelopment of the Gates Circle property?

What financing or associated project management structures should be considered to meet the multiple objectives of Kaleida Health?

What are key limitations for redevelopment on the site that should be incorporated into any RFP?

This report analyzes the market conditions that will determine what can realistically and successfully be achieved; proposes strategies for actions to revitalize the areas; illustrates a vision of the results of these actions; and suggests specific tasks, tools, and executors that can accomplish the vision.

Summary of Recommendations

Following an intense week of interviews, site tours, and discussion, the panel recognized significant opportunity for Kaleida Health to steer redevelopment of the site. The recommendations set forth here were formulated to create a large-scale, mixed-use redevelopment program appropriate within the context of the city, the neighborhoods surrounding the region, and the existing business climate.

These recommendations do not leave the city with a site that is rigidly locked into a single vision and plan, incapable of responding to the typically dynamic forces of population and job growth when viewed over a ten-year horizon. Summarized below, these recommendations are described in more detail later in this report:

Hire a not-for-profit developer to manage redevelopment of the site. Transfer ownership to this developer and prepare operating agreements, performance timelines, and other predevelopment agreements to ensure that this approach is successful.

Clean and partially clear the site so it is “shovel-ready.”

The recommendations support a vibrant, mixed-use redevelopment program.
Market Potential

**THE MARKET POTENTIAL ANALYSIS** focuses on identifying and capitalizing on both near-term and long-term opportunities. Understanding socioeconomic trends affecting the study area also helps establish the opportunities and constraints for future land uses at the subject site. From interviews and an analysis of current market data, the panelists believe that the site is well suited to sustain a mix of uses that capture current market interests as well as to build on potential markets, thereby mitigating the risk of any one use failing.

**Employment, Population, and Household Income Trends**

Buffalo lies in the northwestern area of an eight-county region of western New York state that has a population of approximately 1.5 million. The Buffalo-Niagara Metropolitan Statistical Area (MSA; which includes the city of Buffalo, the remainder of Erie County, and Niagara County to the north) includes approximately 1.1 million people, or almost three-quarters of the total population. This area lost population over the last decade, decreasing from 1,170,100 to 1,135,500. However, although Erie County as a whole lost 31,000, the city of Buffalo lost 33,000, indicating a continuing flight from the city into the suburbs.

In the last four years, some indications point to a region experiencing a small renaissance. While the rest of the country was barely positive in adding jobs, Buffalo began to outpace job growth nationally in the first quarter of 2011. National unemployment in January 2011 stood at 8.9 percent, compared with 8.1 percent in Buffalo. Although the increase was reflected across the board in all sectors, including retail, professional, and business services, the majority of the increase was concentrated in the medical and education sectors. Furthermore, the median single-family home price in the metro area increased from the $90,600 to $126,500 from the third quarter of 2004 to the first quarter of 2011, whereas the national median home price decreased from $181,400 to $171,600 in the same period. Gross domestic product growth in the metropolitan area is projected at 3.0 percent in 2011, according to M&T Bank. However, Buffalo continues to suffer from weak median household income. In 2009, the city of Buffalo, with a median household income of $29,300, significantly trails both the Buffalo-Niagara MSA at $45,700 and New York state at $54,700.

Market area designation depends on the various product types analyzed. For example, residential demand can extend to the eight-county area and even into Canada, whereas local-serving convenience retail demand comes from the immediate neighborhood. Shown in the accompanying table are the relative 2010 population, household, and income indicators for the designated market areas analyzed for this panel.

### City of Buffalo Profile

<table>
<thead>
<tr>
<th></th>
<th>Population</th>
<th>Number of Households</th>
<th>Education (% College Educated)</th>
<th>Median Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York State</td>
<td>18,817,976</td>
<td>7,128,021</td>
<td>31.8</td>
<td>$54,700</td>
</tr>
<tr>
<td>MSA (Erie and Niagara counties)</td>
<td>1,135,509</td>
<td>467,700</td>
<td>27.4</td>
<td>$45,700</td>
</tr>
<tr>
<td>City of Buffalo</td>
<td>261,310</td>
<td>117,707</td>
<td>21.2</td>
<td>$29,300</td>
</tr>
</tbody>
</table>

Source: 2010 Census.
Regional Product Market Assessment

Typically a market analysis consists of a supply and demand analysis, which forms the backdrop for an estimated market penetration for the site. For the panel process, both sides of the equation were abbreviated. The panel relied on background regional demographic analyses, secondary-source market research covering product types in the market, and most important, the extensive experience of the panel in testing feasibility and defining, developing, and building national and international mixed-use projects.

The panel was tasked with exploring and identifying the market potential for multiple uses at the site, including housing, retail, office, cultural, hospitality, and various others identified during the study process. Through the initial research and the panel process, five uses emerged as most viable: residential, retail, office, hospitality, and research and development (R&D) flex space for life-sciences uses. (The panel understands the site is not zoned for R&D space, but demand may exist in the marketplace, especially for the life sciences.) The panel also recommends that initial discussions begin with city- and suburban-based institutions requiring a need for expansion space in the city. The following subsections summarize the regional market assessment for each of these product types.

Residential

Although the population of Buffalo has been declining since the 1960s, the region has consistently produced approximately 1,500 new dwelling unit permits annually. As one of the premier sites in the city at Frederick Law Olmsted’s gateway to Delaware Park, if the type of environment the panel envisions for the site is provided, the panel believes the site is ideal for residential development.

Condominium projects in the city are scarce, but activity is growing at the very low and high ends of the market. Two such projects are the mixed-use, high-end Avant, the conversion of the Dulski federal office building to hotel, office, and residential condominiums, and Lakefront Boulevard Condominium, both upper-income projects. The former Hotel Lafayette in downtown Buffalo is being redeveloped and will offer 115 one- and two-bedroom market-rate apartments and a 34-room boutique hotel; retail will include a wedding services theme. Immediately across Delaware Avenue from the site, a plan for a 23-story, 68-unit glass condominium tower has been put forth.

According to the panel’s understanding of the market and its knowledge and experience, a highly amenitized project may be able to capture up to 100 residential units per year at the site. Amenities could include specialty and convenience retail, office, enhanced landscape, and pedestrian-friendly streets. The units should include rental and for-sale products at a range of price points. The target market for these housing units includes the following segments:

- Older boomers downsizing from larger homes;
- People moving in from the suburbs;
- Young generation X and Y urban singles and couples;
- Professional workers from local educational and medical institutions;
- Others who enjoy the urban lifestyle; and
- Canadian snowbirds capitalizing on the current favorable exchange rate.
The panel believes the market will support 300 housing units to be absorbed within three to five years. At buildout, the market may support additional residential construction.

Retail, Office, and Hospitality

According to CB Richard Ellis, the metropolitan area offers approximately 26 million square feet. The vacancy rate was approximately 13.5 percent in 2010, whereas in the city, approximately 2.4 million square feet of retail space carries a 25.4 percent vacancy rate. This represents a vacancy increase of 0.5 percent from 2009. Much of this vacant inventory in the city is obsolete retail space.

Within the city, Elmwood Village provides several blocks of rehabilitated and renovated retail space approximately two blocks west of the site. The majority of these offerings is independent, specialty retail and would likely not compete with the retail proposed for the project. The analysis indicates that because the market is oversupplied, any retail attempted within the city must be in a prime location. The panel believes that a small amount of retail, up to 50,000 square feet of local-serving specialty retail space, can be developed at the site, based on the program described below. This type of urban mixed-use retail space is not currently offered in the Buffalo market.

Although the selected developer will perform detailed market analyses, the panel believes that a small boutique hotel is compatible with the offering of an urban mixed-use project. The Mansion on Delaware Avenue is an excellent example of a boutique hotel operating in the local market. This beautiful 28-room, owner-operated venue is often fully occupied, and a similar operator could be approached to operate a small 20- to 30-room hotel at the site.

The retail in the proposed development might include a grocer such as Dash’s Market, at about 15,000 square feet, a dry cleaner, a gourmet coffee shop, a local restaurant, healthy fast food, a women’s specialty store, office services, a small health club, and other local retailers. However, demand for these uses would necessarily need to be generated both internally and from off-site consumers, many of whom will come from the 44,000 residents living within one mile of the site. At a very healthy average of approximately $350 per square foot sales, this space could produce annual sales of $17.5 million.

A small amount of office space for professionals is included in the program, based on comparable mixed-use project models adopted for the analysis. A small health club or exercise facility to serve local residents and hotel
visitors is also included. Furthermore, medical office space and an associated clinic to serve the surrounding neighborhood and keep medical services available would be a significant amenity for the project and is included in the program.

Research conducted for this study indicated that several major cultural institutions in the region are seeking space for expansion. These uses are also compatible with the type of development recommended for the site.

**Recommended Program Based on Market Assessment**

To realize the average annual market demands projected in the preceding sections, the panel recommends a land use program that should result in the most profitable absorption of the subject nine-acre site. Land uses recommended for the site are shown in the accompanying table.

---

### Summary of Proposed Land Uses at the Site

<table>
<thead>
<tr>
<th>Use</th>
<th>Number of Units</th>
<th>Square Feet</th>
<th>Total Square Feet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Condominiums</td>
<td>150</td>
<td>1,500</td>
<td>225,000</td>
</tr>
<tr>
<td>Apartments</td>
<td>150</td>
<td>1,100</td>
<td>165,000</td>
</tr>
<tr>
<td>Extended Care</td>
<td>60</td>
<td>900</td>
<td>54,000</td>
</tr>
<tr>
<td>Retail</td>
<td></td>
<td></td>
<td>35,000</td>
</tr>
<tr>
<td>Hotel</td>
<td>20–30</td>
<td></td>
<td>25,000</td>
</tr>
<tr>
<td>Medical Office</td>
<td></td>
<td></td>
<td>35,000</td>
</tr>
<tr>
<td>Professional Office</td>
<td></td>
<td></td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Net Building Area</strong></td>
<td></td>
<td></td>
<td><strong>550,000</strong></td>
</tr>
<tr>
<td><strong>Gross Building Area</strong></td>
<td></td>
<td></td>
<td><strong>660,000</strong></td>
</tr>
<tr>
<td>Parking (Existing)</td>
<td>600</td>
<td>300</td>
<td>180,000</td>
</tr>
<tr>
<td>Parking (New)</td>
<td>150</td>
<td>500</td>
<td>75,000</td>
</tr>
<tr>
<td><strong>Gross Parking Area</strong></td>
<td></td>
<td></td>
<td><strong>255,000</strong></td>
</tr>
<tr>
<td><strong>Phase I Program</strong></td>
<td></td>
<td></td>
<td><strong>915,000</strong></td>
</tr>
</tbody>
</table>
Development Strategies

THE DEVELOPMENT PROGRAM recommended anticipates keeping approximately 420,000 square feet of the approximately 882,000 square feet of historic and contributing buildings. On the basis of the building’s sizes, the panel concludes they are ideally suited to the phased development program proposed because they match the anticipated market absorption by product.

Comprehensive Development Strategy

The panel recommends that Kaleida Health adopt a comprehensive development strategy to govern the redevelopment of all its Gates Circle properties. The panel believes that a comprehensive approach is essential to facilitate the effective redevelopment of the hospital site and will add significant value to the remainder of Kaleida Health’s Gates Circle properties. By creating a comprehensive or “district” approach from a rational master plan, both Kaleida Health and the community as a whole will reap significant benefits. According to the panel’s interviews and assessments, the vision should be to create a defined framework that would

- Enable Kaleida Health to quickly exit Gates Circle and define its financial liabilities;
- Be implemented quickly with a defined time line;
- Be managed by a trusted, capable neutral party;
- Be attractive to a master developer;
- Energize redevelopment to the east;
- Balance the community’s desire for certainty; and
- Retain Gates Circle’s historic character.

The panel wishes to emphasize that only through the creation of a vision, process, and plan anchored to a timeline will Kaleida Health and the community achieve their mutual goals. The community will need to exercise patience in the selection of ultimate uses. The market, of course, will determine when and how much space can be developed, but judging the suitability of individual market opportunities for the site as they come along will be important.

Three Options

The panel considered three primary options for Kaleida Health to exit the Gates Circle hospital site. All options assume that the hospital site has “negative” land value. The panel believes that for Kaleida Health to monetize the hospital site, it would have to write a check to any “buyer” that would pay for the costs of environmental remediation, complete demolition, and all other items associated with returning the site to a ready-to-develop state. The estimates of costs shown in this analysis were based upon conversations with and information provided by Kaleida Health, and they represent a range of costs that may likely be anticipated.

The options explored by the panel are as follows:

- Close up and board up: Do nothing until a buyer is ultimately found.
- Blow up: Demolish and remediate the site at closing and hold the site until it can be sold.
- Good guy: Transfer ownership to a not-for-profit development entity at closing with a defined contribution to fund the costs to make the site developable.

Option 1: Close Up and Board Up

This option looked at simply “mothballing” the existing buildings and providing minimal maintenance, security, insurance, and so on. The panel’s understanding of the Buffalo market led it to determine that selling the site “as is” would take an undefined number of years. For compari-
Option 1: Close Up and Board Up

Five-year holding costs @ $1.4 million per year $ 7,000,000
Phase 1 and 2 environmental surveys $ 100,000
Hazmat surveys and remediation analysis $ 100,000
Permitting, approvals, and contracting $ 100,000
Preparation of bidding specifications $ 100,000
Remediation of the entire site $ 3,500,000
Permit for demolition $ 50,000
Demolition of the entire site, including foundations $ 5,000,000
Marketing expenses @ $100,000 per year for five years $ 500,000
Brokerage commissions @ 5% of sale value $ 250,000

Estimated five-year costs $16,700,000
Estimated sale of land @ $660,000 per acre × 7.5 acres −$ 5,000,000
Total estimated costs Year 6 $11,700,000

With other options, the panel used five years as a time frame. The panel feels that option 1 is the most problematic of the three options for the following reasons:

- It creates extreme uncertainty for all stakeholders and potential purchasers.
- The community will resist this option, which will create increased resentment the longer the site is vacant.
- Developers will have no certainty of outcomes, cost definition, or ability to create a clear exit strategy.
- This option creates the longest redevelopment cycle: five years plus demolition plus the development term.
- It depresses the surrounding market and property values.

Option 1 assumes Kaleida Health funds five years of costs and ultimately pays the “buyer” at sale to complete remediation and demolition. The panel estimated these costs in the range shown in the accompanying chart.

The panel believes this option to be the least viable and does not recommend option 1.

Option 2: Blow Up

This option looked at “blowing up” the existing buildings, followed by remediation and holding the property for five years until it can be sold as a vacant site. The panel feels that option 2 is not viable for the following reasons:

- Five years of annual holding costs following cost of remediation and demolition create great uncertainty.
- If the site remains vacant for five years, mistrust and community resistance will be created.
- Development industry appetite for a 7.5-acre site is not clear, leaving uncertainty of outcomes and exit strategy for the large vacant brownfield site.
Long-term vacancy and uncertain outcome and time frame will depress the surrounding market and property values.

Option 2 assumes Kaleida Health departs and funds the five-year vacancy period until sale. Costs are estimated to be in the range shown in the accompanying chart.

The panel does not recommend option 2.

Option 3: Good Guy

This option looked at the “good guy” approach of doing what the panel thinks is in the best interest of all stakeholders and the ultimate best health of the community. This option recommends that a not-for-profit development management entity assume the project, accept title, and receive funds from Kaleida Health for an agreed-upon and defined set of costs over a specific time. This process allows Kaleida Health to quickly exit the site with fixed costs and the reputation of being a “good guy” by leaving the community with a solid redevelopment plan and an in-place process already in progress. Retaining a firm with the time, capacity, and expertise required to oversee the many critical activities that must be accomplished will help ensure that the project moves forward in a timely manner.

The panel envisions the development management entity will obtain all approvals and entitlements, clean and clear the site, and turn the project over to a master developer known for successfully completing similar projects. Kaleida Health will be the residual beneficiary of a share of the profits recovered after the project is developed. That time frame is expected to be not less than five years and will depend upon the ultimate structure of the agreement with

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### Option 2: Blow Up

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Five-year holding costs @ $500,000 per year</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>Project management for two years @ $250,000 per year</td>
<td>$500,000</td>
</tr>
<tr>
<td>Phase 1 and 2 environmental surveys</td>
<td>$100,000</td>
</tr>
<tr>
<td>Hazmat surveys and remediation analysis</td>
<td>$100,000</td>
</tr>
<tr>
<td>Permitting, approvals, and contracting</td>
<td>$100,000</td>
</tr>
<tr>
<td>Preparation of bidding specifications</td>
<td>$100,000</td>
</tr>
<tr>
<td>Remediation of the entire site</td>
<td>$3,500,000</td>
</tr>
<tr>
<td>Permit for demolition</td>
<td>$50,000</td>
</tr>
<tr>
<td>Demolition of the entire site including foundations</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Marketing expenses @ $100,000 per year for five years</td>
<td>$500,000</td>
</tr>
<tr>
<td>Brokerage commissions @ 5% of sale value</td>
<td>$250,000</td>
</tr>
</tbody>
</table>

**Estimated five-year costs** $12,700,000

**Estimated sale of land @ $660,000 per acre × 7.5 acres** −$5,000,000

**Total estimated costs Year 6** $7,700,000
Option 3: Good Guy

Transfer and create a legal entity to own the hospital site  $250,000
Perform development management  $2,500,000
Develop multipart, detailed master plan  $1,000,000
Community participation, entitlements, and approvals  $250,000
Phase 1 and 2 environmental surveys  $100,000
Hazmat surveys and remediation analysis  $100,000
Permitting, approvals, and contracting  $100,000
Prepare bidding specifications  $100,000
Remediation of the entire site  $3,500,000
Permit demolition  $50,000
Selective demolition of parts of the site  $3,500,000
Stabilize and secure remaining buildings  $500,000
Develop RFP for and select master developer  $100,000
Holding costs for defined period (insurance, security, etc.)  $500,000
Community implementation costs  $650,000

Total estimated five-year costs  $13,200,000
Potential residual to land stabilized + Year 5  $10,000,000

Total estimated costs Year 6  $3,200,000

The panel believes that option 3 has the most potential to yield the greatest long-term benefits to all Buffalo stakeholders for the following reasons:

- It creates certain outcomes: Kaleida exits liability and risk for a defined sum immediately upon vacation of the site.
- It creates immediate community acceptance. The site is never vacant; the community knows where, when, and what kind of development will occur.
- It creates a defined time frame for activities as well as certainty of outcomes and a known exit strategy for Kaleida Health.
- It installs professional management with a track record of accomplishment.
- It enhances the surrounding market and property values.

Costs for option 3 are estimated to be in the range in the accompanying chart.

The panel unequivocally supports and recommends option 3 as the best option to meet Kaleida Health's goals and obligations.
What Will Happen?

The strategy proposed in option 3 is to create a viable mixed-use neighborhood focused on residential products in keeping with the intent of Olmsted’s vision for Gates Circle. This strategy is intended to accelerate the regeneration of areas east of Linwood Avenue and north of Lafayette. It retains the best aspects of Millard Fillmore Hospital—the historic buildings, the central heating and generation plant, the parking ramp, and the deep basements of the Medical Services Building. From an urban design perspective, option 3 proposes to reduce the height of the buildings facing Gates Circle from ten floors to five floors, which is a scale more compatible with the surrounding neighborhood. Its remaining and infill buildings will serve the younger generation, families, and elderly with high-quality housing. Its activities for retail, office, and hotel are opportunities to enliven Gates Circle with restaurants and food outlets that should be Buffalonian in character and focus.

The panel proposes that the Gates Circle properties become market-rate residential as the predominant primary use and that all off-hospital sites be exclusively residential in use. The proposed strategy envisions that the historic buildings be adaptively used for independent and assisted living for seniors. One historic building is proposed for use as medical offices to support the surrounding area and on-site elderly residents. The balance of recycled buildings and infill building should be market-rate rentals and for-sale products.

Retaining and reusing the historic buildings provide the community with the certainty of knowing what the development will look like and how it will fit into the Gates Circle neighborhood; the buildings are already in place, will be returned to their historical appearance, and can be reasonably quickly adapted to the uses proposed. A mix of old and new structures enhances the marketability of the site and increases its competitive advantage.

By removing defined buildings and additions to other buildings, the overall height will be reduced to a compatible scale with the existing Gates Circle neighborhood, and new development sites will be created that will bring new
residents, activities, opportunities, and venues for service or retail, restaurants, and food outlets.

The strategy is to create a viable residential and neighborhood activity hub on the hospital site that is in keeping with, strengthens, and supports the Elmwood retail district and provides the catalytic energy that stimulates and accelerates the regeneration of the areas east of Linwood Avenue. It is primarily residential development supported by neighborhood-serving retail.

As a large superblock, the site should be divided to create smaller infill development pads. The panel recommends that Lancaster Avenue be extended across Delaware Avenue to connect with Linwood Avenue. This bifurcation of the site creates a significant opportunity to tightly organize the traffic pattern and entrances to multiple residential buildings. In addition, it creates pads for infill buildings with urban retail and active storefronts on the first floors and residential uses on the upper floors. At the site’s new southeast corner of Lancaster and Delaware, a boutique hotel of 20 to 30 rooms is proposed to serve the neighborhood in a signature infill building.

The deep basement of the former surgical center is well suited for use as below-grade parking to support the residential uses. The existing heating plant should be developed as a districtwide cogeneration plant to provide low-cost heating, cooling, and power for the entire site. Finally, the site has ample parking if the existing parking ramp is redeveloped to face Linwood with townhouse apartments whose entries are oriented to the ramp.

The panel has proposed one example of an exciting vision that will attract experienced and financially strong development partners, accelerate the redevelopment of neighborhoods east of Linwood Avenue and north of Gates Circle, and provide a positive model that can be used to guide the closure of other hospitals. The ultimate vision will be left up to the community to decide.

**Development Steps Required of Kaleida Health**

To start this journey requires Kaleida Health to take additional steps beyond this visioning and strategy development. The panel was concerned that the ability to focus and perform would be hampered by the multiple tasks Kaleida is currently engaged in around the city. Therefore, it must put into place the means and methods that ensure that the project moves forward, including:

- Transfer ownership, title, authority, and responsibility to a not-for-profit development management entity that is a neutral third party, known and trusted in Buffalo for successful development execution. This delegation and entitlement enables Kaleida Health to exit Gates Circle and focus on relocating to the Medical Campus. Transferring ownership and redevelopment responsibility relieves Kaleida Health of managing the ongoing process to ready the site for redevelopment and puts into place an entity whose expertise is to create certainty of execution.

- Fund the process, management entity, and costs over time in accordance with a defined budget and funding schedule that ensures successful project launch. The costs are not fully known at this time, but the panel anticipates Kaleida Health would contribute approximately $13.2 million in funds over the next five years (as illustrated in the previous “good guy” option).

**Development Steps Required of the Development Entity**

The other partner throughout this early stage of the process is the development entity. The panel recommends the following steps to ensure timely disposition of the site from Kaleida Health to the proposed development entity:

- Organize a single-purpose entity as the successor or owner and development manager with Kaleida as residual beneficiary. The development management entity would be a not-for-profit, neutral third party, known and trusted in the Buffalo community
for successful development execution. Its charge and responsibility would be to maximize the benefits to the community and ensure a marketable product. Thus, Kaleida can focus its energies on relocating its operations the Medical Campus. The development manager’s overarching goal is to relieve Kaleida of the burden of managing the ongoing development process required to achieve the redevelopment of the hospital and adjacent sites and to define and limit Kaleida’s financial exposure for remediation and demolition to facilitate the site’s regeneration. Delegating development implementation enables Kaleida to sever its responsibilities with the site but to leave the community with a viable asset and certainty that the site will not remain a vacant hulk or barren ground, which is the community’s fear.

- Create an overall management plan that details the steps, processes, means, and methods to manage the development process. By turning the development organization and implementation over to development professionals with a track record of successful implementation, land with negative value can be turned into a positive asset. The panel recommends that Kaleida commit to select a development management entity; fund the predevelopment process within a defined period and budget; fund a master plan and selection process for a master developer; and subsequently fund the documented costs to remediate and clean the site of hazardous materials and to selectively demolish buildings and redundant infrastructure. For the hospital site to be redeveloped in today’s market, Kaleida must contribute the land to a development at zero basis and pay the defined costs of making the site suitable for redevelopment.

- Implement the concept of “development envelope guidelines” that guide both the hospital site and off-site parcels. These guidelines are intended to create value through coordinated land uses and architectural standards that knit new development with the existing historic fabric. By extension, neighboring properties will benefit from adherence to the guidelines, thus adding further value to the Gates Circle area as a place for investment and continued positive redevelopment. The guidelines should be developed independently of Kaleida by the development management entity.

- Keep the best and remove the rest of the current buildings and infrastructure. The panel believes that through overall environmental remediation, selective demolition, and retention of historic buildings, parking structure, and defined infrastructure including the central heating plant, substantial reduction in costs can be achieved and the velocity of redevelopment significantly increased. Likewise, substantial benefits can be obtained in the form of historic tax credits and the New Markets Tax Credit program. By retaining the central heating plant, the project can reduce its equipment costs for heating and cooling and operating costs for utilities, giving it real competitive advantages. Development should focus on residential as the primary use for the hospital site and the exclusive use for the other Kaleida sites at the circle. The panel feels this strategy is essential to strengthen the neighborhood and make the redevelopment successful.

- Obtain all required entitlements for all aspects and all of Kaleida’s Gates Circle properties.
- Complete the Phase 1 and 2 environmental surveys, hazmat analysis, and remediation plans; contract, implement, and complete the work.

- Prepare bid specifications and detailed plans for demolition and stabilization of buildings to be preserved. Contract, implement, and complete the work.

- Develop the process, specifications, and criteria for master developer selection; implement the process; and hand over the site, leaving Kaleida Health as the residual beneficiary.

- Create a community involvement program that provides transparency and a voice for the neighborhood.

- Create a viable financing plan that leverages the progressively improved site as a key financial component of the redevelopment, including the following elements:
  - Conventional debt;
  - Historic tax credits;
  - New Markets Tax Credits;
  - Tax abatements;
  - Energy conservation grants;
  - Cofunding with the electric and gas companies for “district” cogeneration, heating, and cooling;
  - Remediation grants;
  - Tax increment financing;
  - Business improvement district financing; and
  - Other sources that may be available.
Planning and Design

Historical Context

Buffalo possesses a magnificent legacy of public recreational park space designed by Frederick Law Olmsted. Gates Circle is part of the Olmsted Park and Parkway System, which is listed on the National Register of Historic Properties and is a designated Local Historic District. As such, the circle is one of the great examples of Olmsted’s principles of design called the “Seven S’s,” which are summarized below:

- Scenery, or the creation of designs that give an enhanced sense of space;
- Suitability, or the creation of designs that are in keeping with the natural scenery and topography of the site;
- Style that is pastoral and picturesque;
- Subordination of all elements to the overall design;
- Separation of areas designed in different styles; separation of conflicting or incompatible uses;

EARLIER IN THE REPORT, THE MARKET assessment indicated the need to reconsider the land uses on the site and suggested a sustainable mix of uses, centered on a market-rate mix of residential products. In this section, the panel presents a comprehensive planning and design strategy based on an understanding and analysis of the wider context, including historical, cultural, neighborhood, and existing physical conditions. The panel believes that this is one of the possible plans that will enhance the neighborhood while building on the Olmsted vision; however, the community and its stakeholders will ultimately determine the final vision and mix of real estate products at the site.
Sanitation, or planning and designs to promote physical and mental health of residents; and

Service, or planning of designs that serve social and psychological needs.

In considering the reuse of the hospital complex at Gates Circle, the panel was greatly influenced by the Olmsted legacy as well as the importance of restoring historic buildings of significance, and market and development realities of the site and the city of Buffalo.

Building Chronology and Pattern of Growth

The Millard Fillmore Gates Circle Hospital currently consists of 11 distinguishable buildings on the site—some historically significant and others that are noncontributing. Some of the original, historic buildings and spaces have been engulfed and embedded by more recent construction. The Millard Fillmore Gates Circle Hospital had its origins in the Buffalo Homeopathic Hospital, located at Washington and North Division streets. In 1911, the hospital opened a new 121,000-square-foot facility at its current location at Lafayette and Linwood avenues with its northwest corner on Gates Circle. In 1923, its name changed to honor President Millard Fillmore, who was once mayor of Buffalo and founding chancellor of the University of Buffalo. The hospital has grown since 1923, making the following major additions totaling 882,000 square feet to reach its current configuration:

- 1927: 50,000-square-foot expansion and 40,000-square-foot nurses’ home;
- 1941: 161,000-square-foot, ten-story Center Building;
- Mid-1950s: 139,000-square-foot, ten-story addition, new nurses’ home to match the first, and a new auditorium;
- 1964: 40,000 square feet for a kitchen and an admissions building;
- 1973: 50,000-square-foot power plant;
- 1974: 231,000 square feet for a medical services building housing intensive-care units and emergency department; and
- 1976: 760-car parking ramp built and owned by the city of Buffalo and operated under contract by Allpro Parking, LLC.

<table>
<thead>
<tr>
<th>Key</th>
<th>Building</th>
<th>Year Built</th>
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<tbody>
<tr>
<td>1</td>
<td>Research Building</td>
<td>1911</td>
</tr>
<tr>
<td>2</td>
<td>East Wing</td>
<td>1911</td>
</tr>
<tr>
<td>3</td>
<td>South Building</td>
<td>1911</td>
</tr>
<tr>
<td>4</td>
<td>East Building</td>
<td>1927</td>
</tr>
<tr>
<td>5</td>
<td>South Nurses’ Home</td>
<td>1927</td>
</tr>
<tr>
<td>6</td>
<td>Center Building</td>
<td>1941</td>
</tr>
<tr>
<td>7</td>
<td>West Building</td>
<td>1955</td>
</tr>
<tr>
<td>8</td>
<td>North Nurses’ Home</td>
<td>1958</td>
</tr>
<tr>
<td>9</td>
<td>Auditorium</td>
<td>1958</td>
</tr>
<tr>
<td>10</td>
<td>Kitchen</td>
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</tr>
<tr>
<td>11</td>
<td>Admissions Building</td>
<td>1964</td>
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<td>Power Plant</td>
<td>1973</td>
</tr>
<tr>
<td>13</td>
<td>Medical Services Building</td>
<td>1974</td>
</tr>
</tbody>
</table>

Building chronology.
Neighborhood Context

In analyzing the neighborhood context, the panel felt that significant opportunities exist to repair the site and restore Olmsted’s legacy by using some combination of his design principles. First, the neighborhood surrounding the Millard Fillmore Gates Circle Hospital has significantly evolved since the hospital opened in 1911. Located just north of the Delaware Avenue Historic District, once known as Millionaire’s Mile, the area has suffered from some unfortunate modern high-rise intrusions that dot the otherwise stately boulevard.

In addition, the current development and resulting massing at the Millard Fillmore Gates Circle Hospital site has grown beyond the intended scale for the circle. In particular, the main ten-story monolithic tower facing the circle completely overwhelms the low scale of the circle and creates a strong physical wall between the neighborhoods to the west and east. Surface parking lots that abut the northeast and southwest quadrants of the circle further detract from the grandeur of the circle. The superblock effect of the hospital complex’s nine-acre site also contradicts the scale, height, and density of the residential rowhouses that immediately surround it, as well as the fine-grained quality of the surrounding streets and neighborhood. However, the panel also recognizes that some assets do exist in some of the current utilitarian structures on the site, including the parking ramp, the enormous surgical center, and the chiller/generator plant, which are discussed later.

Furthermore, the panel notes that the Millard Fillmore Gates Circle Hospital occupies a strategically important site, sitting at the physical and social crossroads of many diverse neighborhoods. It straddles a desirable, stable, and established neighborhood to its west and a neighborhood in transition and staging a comeback just to its east, where change, reinvestment, and revitalization have already begun to occur. Toward and past Main Street to the east, many challenged neighborhoods could benefit from the conversion and the reuse of this site, as stability spreads from west to east.
The area directly adjacent to the complex is composed of lower-scale buildings such as these three-story residences.

Proposed Conversion and Reuse

A major objective of the design and planning program for the site is to create a scaled-down, pedestrian-friendly environment that stitches certain elements from the hospital complex back into the neighborhood. The panel recommends the following changes and improvements for the complex.

Deconstruction and Decoupling

First, the panel proposes to reduce the height of the monolithic, ten-story building to six stories to reduce the wall effect that it has on the circle. Other major proposed modifications include the deconstruction of the North Dorm, a five-story tower along Linwood Avenue, in its entirety as well as the Medical Services Building, a five-story tower behind the monolithic building, which currently houses the auditorium and serves as the emergency entrance to the hospital at the back.

Creation of Internal Street

The panel then proposes the creation of an internal street within the site that extends the existing Lancaster Street from Delaware Avenue where it ends now through to Linwood Street. Not only will this new street change reduce the superblock feel of the nine-acre site, but also it will introduce opportunities for creating ground-floor, neighborhood-serving retail in a pedestrian-friendly environment.

Proposed Land Use Arrangement

The panel proposes a mixed-use development.

Residential. Residential should focus on a variety of high-quality, market-rate apartments and condominiums targeted to the following demographic groups:

- Empty nesters seeking city living accommodations;
- Renters and first-time buyers of condominiums;
- Families; and
- Assisted and independent living for seniors or others.
The panel recommends that approximately 90 percent of the main monolithic building be taken down to its original height of six stories, using articulated massing to make it more compatible with the surroundings. Instead of being a dividing wall as it is now, it will act as a “catcher’s mitt” to Chapin Parkway, softening the edges of the circle. The views looking up Chapin Parkway from this building would be extraordinary and command a premium.

Retail. The panel believes an opportunity exists to create neighborhood-serving, local retail along the ground floor of the new street that bisects the site. Uses that the panel heard were desirable to the community include
- Coffee shops and cafés;
- Dry cleaner;
- Anchor specialty food store;
- Health club; and
- Healthy restaurants.

Boutique Hotel. In the panel’s opinion, an additional opportunity to include a boutique hotel along Delaware Avenue, similar to the Mansion, would be a healthy complement to the uses already described above.

Medical and Professional Offices. From interviews with the community, the panel heard a desire for some clinical and medical space to remain at the site. The panel also recommends a small amount of professional office space to make the mix of uses as 24-hour, live/work/play as possible. Two recommended locations for medical or professional
office space are (a) the East Building, which fronts Lafayette Avenue (between the proposed residential and buildings for seniors), and (b) the parking lot on the northeast side of the circle. The East Building would be serviced through a circular drive-up in a triangular park located in the back. A detailed market analysis will be required by the development entity to determine the right mix.

Parking. The panel proposes that the existing parking ramp be kept and upgraded. An additional opportunity exists to create a row of 30-foot by 30-foot townhouses along Linwood Avenue, meaning one bay of the parking ramp’s frontage along Linwood Avenue would need to be deconstructed or reduced to make space for the townhouses. The panel also recommends using the vast basement that will remain after destruction of the Medical Services Building in the back for additional parking. In addition, some on-street parking will be available on the proposed new street that bisects the site.

Open Space. The panel recommends creating a purpose-driven, open-space system that respects and builds on Olmsted’s legacy principles. To that end, the panel recommends the following program of open space to be included within the site:

- Create a triangular entry park in the back to service all spaces.
- Preserve the historic, internal courtyard on Linwood Avenue in accordance with the Olmsted principles.
- Create a beautifully landscaped traffic circle on new Lancaster Street.
- Create a beautifully landscaped pedestrian streetscape for new Lancaster Street.
- Preserve the iconic smokestack structure.
Regulations and Design Guidelines

The panel believes that extraordinary experiences can and should occur on this site and encourages the development entity and the city to establish design guidelines that are unique to the site. The city of Buffalo is in the midst of a monumental effort to modernize its regulatory framework for development by introducing a more form-based zoning code, and the panel applauds this effort. The panel firmly believes that special, enforceable development rules and design guidelines should be part of this modernization effort in areas of special importance to the city, such as those along Olmsted’s park and parkway system, including Gates Circle. The new rules should create a flexible development envelope and framework for the entire circle that encourage architectural creativity and compatibility with existing high-quality development in the neighborhood and along Delaware Avenue. These guidelines should include a system of massing setbacks and reducing building heights, as well as a commitment to a high standard of sustainability, building materials, paving materials, historic lighting fixtures, signage, and landscaping.

Such development rules and guidelines will ensure that any new development or redevelopment reflects the unique character and high standards of Olmsted’s vision. As important, these rules will protect and enhance the investments of existing residents, businesses, and investors and make the area more desirable and attractive for developers and new residents. The Olmsted Conservancy currently has an advisory role in reviewing development plans on Gates Circle, and it should assist the city in codifying appropriate, new, enforceable rules.
KALEIDA HEALTH IS A LEADERSHIP organization in the Buffalo community. With 10,000 employees, it is western New York’s largest nongovernmental employer and largest provider of health services, with more than 1 million recorded patient visits. In its sponsored and collaboratively carried out research, it is a major contributor to the growth of the knowledge community of western New York state; consequently, it is the source of much of the anticipated future economic growth of the region. In its approach to investigating the reuse of the Millard Fillmore Gates Circle Hospital, where it has taken the respectable step of a consultative process with the Buffalo civic community, it is again demonstrating its capacities as a leadership organization.

The cornerstone of the panel’s recommendations leverages this key feature of Kaleida Health, and they suggest ways in which this leadership can continue and even be enhanced. The recommendations of the panel could be labeled the “Gates Circle Legacy Projects,” and the panel has thought of them in that way, as commitments by Kaleida Health to continue its service to Buffalo and this neighborhood by new means. The hospital site offers an opportunity for Kaleida Health to lead a variety of Buffalo stakeholders in initiating a reinvestment strategy in the surrounding communities, even as it relocates its campus downtown.

An important part of the unified vision is public involvement in the design and implementation of the redevelopment. Giving the public a means for participation will help facilitate the development because an informed public is more likely to be supportive. High-quality public space available for everyone will create unified support. In prior sections of this report, the panel has recommended a plan that would change the vision of the place. It has also recommended the use of a redevelopment process that is intended to implement such a vision, and this recommended approach will assure the Buffalo community that this extremely important site is developed in accordance with the highest standards. The panel believes that only with a master land development approach can the city be assured that what happens on this site creates lasting value for the community. The panel believes that achieving the highest and best use of the site requires that Kaleida Health, the proposed development entity, and the city work in partnership throughout the redevelopment process.

Steering/Advisory Committee

The panel recommends that Kaleida Health provide the operating resources for three initiatives that are designed to enhance the marketability of the site and to expedite the development of the site. First, the panel recommends the formation of a Gates Circle–site steering/advisory committee that will permit a transparent structure for the community and Kaleida Health to engage in a process of communication and project support. This structure would not be a formal organization; instead, it would exist until development of the site was concluded. Committee membership would be limited to residents and other stakeholders within a one-mile radius of the site who have an interest in redevelopment; it would include representation from the mayor’s office, other appropriate elected officials, and other stakeholders whose participation would enhance the work of the committee. Among these institutions are Kaleida Health, Canisius College, Buffalo Olmsted Parks Conservancy, Albright-Knox Art Gallery, Forest Lawn Cemetery, and the Community Foundation for Greater Buffalo.

The committee would be staffed by someone from the development entity, and it would be a place for the sharing of ideas, concerns, and issues. Members of the committee would support decisions of the committee in appropriate public forums, such as city council meetings and community organizations. Kaleida Health would provide support for this work for no more than five years at an estimated annual cost of $50,000.
The panel recommends that this committee engage in the following activities that are intended to enhance the marketability of the site through a series of coordinated activities:

- Design and implement a marketing campaign intended to raise the profile of the assets of the surrounding community.
- In cooperation with the mayor’s office and various city departments, advocate for a series of public investments intended to enhance the quality of the surrounding communities. Among such initiatives would be traffic calming at the circle and making the area more pedestrian-friendly, working with the appropriate agencies to establish eligibility of the site for New Markets Tax Credits, and cooperating with the police department for the establishment of a crime-watch program.

**Housing Coordinator**

Retaining a development entity with the time, capacity, and expertise required to oversee the many critical activities that must be accomplished within the next two to three years will help ensure the project moves forward in a timely manner. The panel recommends creation of a second program that should receive funding from the new Kaleida Gates Circle Legacy Project initiative: a paid staff position, the purpose of which would be to assist homeowners in the surrounding communities to take more advantage of several home improvement financing programs. Several such programs currently exist, and the eligibility and program requirements are confusing to many homeowners. The coordinator position would operate out of the mayor’s office, and the small grants program outlined above would be among the programs the coordinator could offer to homeowners. The program would be funded at an amount of $40,000 for a period of three years.

**Employee Shuttle Bus**

As a third initiative, the panel recommends that Kaleida Health make a shuttle-bus service available to current employees who live in the neighborhoods adjacent to the Gates Circle campus. This service could help alleviate fears among some employees about their ability to manage transportation costs to the new Kaleida Health campus, and it might alleviate some congestion in that location.

These recommendations of the panel are intended both to support the short-term goal of achieving a high-quality development and to position the site and the surrounding communities for long-term enhancement of the quality of life for both current and future residents and businesses.

**Establish a Timetable with Realistic Milestones**

Much work needs to be done to advance the vision. Although the panel recognizes that the market may not be ready to absorb this site at the writing of this report, by the same token, the site is not yet ready for the market. Much work must be done over the next one to three years to ensure that the site is positioned to achieve the highest and best use over the long term. To maximize the potential of the framework and to build on the enthusiasm generated by this presentation, the owners should not wait to take action. The panel recommends the following timeline as one possible approach to launch the redevelopment activities. Key benchmark dates are as follows:

- Kaleida relinquishes title on January 1, 2013.
- Site preparation begins as soon as Kaleida is gone.
- Development begins on January 1, 2014.
- Community process begins the third quarter of 2014.

Although the timing of the market opportunity capture may be a number of years down the road, the time for planning and preparation at Gates Circle is today. Therefore the panel also calls for patience and perseverance. Only with such patience and perseverance will the site achieve the intended vision.
Conclusion

**This Development Can Be** the glue that joins the region, providing economic opportunities and public amenities. However, success requires long-term commitment and, perhaps more important, long-term cooperation from all the players. The opportunity is within reach to make the hospital complex a true gateway project, combining first-class public amenities with high-quality economic development and residential opportunity—a true legacy project for all involved.

Kaleida Health, the proposed development entity, and the city should work together to harness these resources in a manner that will enhance the value of the site for redevelopment. This involves investing in relationship building and partnerships that will enable the owners to bring these resources to a potential user. Overcoming these challenges will require great collaboration, some patience, and no small amount of imagination. However, the one thing Buffalo must not do is fall victim to pessimism. Instead, it must embrace its can-do heritage. It should aim high, in the spirit of its pioneering heroes, and proceed with confidence to finish the job it has so ably begun. The owners must understand these resources, quantify them, and use them in marketing the site. The process is not going to be easy, but if it is done properly, the outcome is going to be great.
About the Panel

Michael Beyard
Panel Chair
Washington, D.C.

Beyard is an urban planner and economist with more than 30 years’ experience in the related fields of real estate development, land use planning, and economic development. His experience is focused in both the United States and Europe on commercial and retail development, shopping centers, e-commerce, location-based entertainment, and downtown revitalization.

Until January 2009, Beyard was Senior Resident Fellow and Martin Bucksbaum Chair for Retail and Entertainment Development at ULI, and he is now Senior Fellow Emeritus at ULI. He is the author or project director of numerous books, including Developing Urban Entertainment Centers, Shopping Center Development Handbook, the Dollars & Cents of Shopping Centers series, Value by Design, Developing Power Centers, Downtown Development Handbook, The Retailing Revolution, Ten Principles for Reinventing Suburban Strips, Ten Principles for Rebuilding Neighborhood Shopping Streets, Ten Principles for Rethinking the Shopping Center, Ten Principles for Creating Sustainable Town Centers, and the Business and Industrial Park Development Handbook. He created and for 15 years directed ULI’s International Conference on Reinventing Retail Development as well ULI’s technology, internet, and retail real estate forums. He also created ULI on the Future, ULI’s annual publication devoted to emerging land use and development trends and issues, and the Entertainment Zone monthly newsletter.

In his role as senior fellow, Beyard continues to be a featured speaker and adviser in the United States, Europe, and Latin America on retail, entertainment, and downtown development issues, and he is a widely quoted expert in national and international media, including the New York Times, the Wall Street Journal, CNN, CBS News, the Los Angeles Times, the Washington Post, and the Chicago Tribune as well as American and European planning and real estate journals.

Before his current position, Beyard was vice president of strategic development at ULI and responsible for the Institute’s research, data collection, books, and conferences in the commercial development field as well as its new strategic initiatives. He created ULI’s program in the retail entertainment field including international conferences, books, Urban Land magazine supplements, and strategic partnerships with other organizations. In addition, he is the past director of ULI’s advisory work in Central Europe under the auspices of the U.S. Agency for International Development and the coordinator of program activities for ULI Europe.

Before coming to ULI, Beyard was a senior consultant in the fields of urban planning and real estate development. He spent ten years at Booz Allen & Hamilton, Planning Research Corporation, and Gladstone Associates, advising both public and private clients on market analysis, feasibility, and development planning. Beyard has been honored with membership in Lambda Alpha, the International Land Economics Honorary Society, and was an appointed member of the Mayor’s Interactive Downtown Task Force in Washington, D.C. He holds a BA in international economics with honors from Rutgers College and a master’s in urban planning and development from Cornell University, where he was elected to Phi Kappa Phi.
Jill Bensley
Ojai, California

Bensley is president of JB Research Company, an economic consulting firm specializing in concept development and market and financial feasibility testing for cultural, retail, entertainment, and sports real estate projects. Although trained as an economist, she has long believed that the big hits and all of the “misses” in these industries are a function of understanding and catering to the collective hearts and minds of various demographic cohorts. Because of this belief, she is an avid trend watcher and an expert on characteristics and behavior of various market segments.

Beginning with her work with Economics Research Associates in Los Angeles, Bensley has more than 25 years of experience in the economic planning and research industry. At Federated Department Stores, she served as research analyst and was director of research for South Mark/University Group, a multimillion-dollar real estate firm. She was vice president of Harrison Price Company in Los Angeles before establishing JB Research Company in Ojai, California.

Active in her surrounding community, Bensley is cofounder of Kids’ Arts, an arts education program for children in foster care in Ventura County. Currently she serves as an appointed member of the Economic Vitality Commission in Ventura County and has taught real estate market analysis at the University of California, Los Angeles, and the University of California, Santa Barbara. She is a full member of the Urban Land Institute and assistant chair of the Entertainment Development Council, the International Association of Amusement Parks and Attractions, and the Themed Entertainment Association.

Bensley’s clients include Artpark in Lewiston, New York, the Sega Corporation, the Academy of Motion Pictures Arts and Sciences, AEG (Anschutz Entertainment Group), the Kellogg Company, Sony Development, American Girl Place, Children’s Place, Nintendo Corporation of America, Excel Legacy Corporation, the Honda Center, 20th Century Fox, Nickelodeon, CNN, Gaylord Entertainment, and the Portland Trail Blazers.

Thomas E. Cox
Pittsburgh, Pennsylvania

From 1979 to 1989, Cox was the executive director of the North Side Civic Development Council, which under his leadership, became the community development corporation for 15 neighborhoods (population 60,000) in the North Side of Pittsburgh. During his tenure, the organization developed for-sale housing, an incubator, industrial and commercial buildings, and managed a seed/venture capital fund. The organization was identified by the Local Initiatives Support Corporation as one of the ten best community development corporations in the United States during the decade of the 1980s.

In 1989, Cox became the first executive director of the Neighborhood Progress Corporation, an intermediary organization created by the major civic organizations and philanthropies in Cleveland, Ohio. He oversaw the management of an annual $3 million grant program to provide operating support to Cleveland’s community development corporations. During this time, Cox created a $15 million development loan fund, a housing development corporation, and the first wholly owned subsidiary of the South Shore Bank of Chicago. The organization initiated the creation of a small business incubator and two Nehemiah housing developments (including a smart growth project with DPZ as the project architect).

In 1994, Cox became deputy mayor and chief of staff to Mayor Tom Murphy, with major responsibilities for neighborhood and economic development and budget management. He was, in effect, the chief operating officer of the city. During the 12 years of the Murphy Administration, the city payroll was reduced by 800 (of an initial complement of 5,000). Some city services were privatized (payroll the most significant).

As manager of the capital budget process, Cox instituted the routinization of various city investment programs such as paving and vehicle purchase. New computer systems were purchased for budget management and to help the Police Bureau institute state-of-the-art personnel evaluation systems and crime-mapping systems to implement...
better police resource deployment practices. Every playground in the city (some 150) was repaired or replaced, which included the installation of child safety surfaces.

As a consequence of his responsibility for neighborhood and economic development, Cox served as chairman of the Urban Redevelopment Authority (the city’s urban renewal operating agency) for 12 years. He oversaw the design and implementation of numerous projects, including the creation of a $60 million revolving development fund, two sports facilities, the convention center, a new headquarters for Alcoa, new office buildings for Mellon and PNC Banks, downtown housing, numerous neighborhood housing and commercial projects, and two new-town/in-town developments.

Cox was a visiting scholar at Zhongnan University of Economics and Law, Wuhan, People’s Republic of China, for the academic year 2009–2010. He is a graduate of Yale University (BA 1961) and the Union Theological Seminary (MDiv 1964). He is an ordained Episcopal priest.

David Haresign
Washington, D.C.

Haresign is an architect and planner who implements complex, diverse projects with challenging entitlements, large integrated teams, and tight fiscal constraints. He applies a holistic methodology to build collaborative relationships with corporate and development clients, to engage the public through outreach and pro bono activism, to develop alliances and recruiting through leadership at the American Institute of Architects (AIA) and the academy, and to expose the results to a broad audience through awards, publications, and presentations. His collaborative and integrated project delivery engages all stakeholders to achieve iconic design, technical innovation, restoration and repurposing of old fabric, and affordable housing that reinvigorates neighborhoods.

Since joining partner Bill Bonstra and forming Bonstra | Haresign Architects in 2005, Haresign has led master plan teams and designed commercial office projects and renovations, and large-scale residential and adaptive use projects.

Before forming Bonstra | Haresign Architects, he was a principal and director of architecture with Ai+Architecture, where he designed and executed headquarters campuses and buildings for America Online, MITRE, Freddie Mac, and the University of Virginia. Recent work includes award-winning projects Parker Flats at Gage School, the Shelton, Pershing Square, and Capital One’s smart growth transit-oriented development master plan.

Haresign’s projects are widely recognized with more than 65 national, regional, and local awards and in international and national publications, including the magazines Urban Land, Residential Architect, Interior Design, Inform, and Architecture DC and the Washington Post. His influence on the built environment extends beyond practice as a leading regional advocate and spokesperson for design excellence, sustainable land use planning, and historic preservation and adaptive use. Haresign promotes affordable housing as a basic right and cornerstone of smart growth, retaining less affluent residents in old neighborhoods and housing them in new ones. He adapts and renews old buildings—historic and otherwise—for half of his career commissions. For the award-winning Parker Flats at Gage School, his vision enabled restoration and adaptation of a crumbling national historic landmark. In the national traveling exhibit “Subsequent Action: Creative Work on Neglected Ground,” Garth Rockcastle lauded Haresign’s commitment to adaptive use on Parker Flats at Gage School, noting that it “discovers and reawakens a neglected, marginalized and derelict structure.”

Haresign attended Rensselaer Polytechnic Institute, graduated from the University of Virginia’s School of Architecture with a BS Arch in 1976, and studied graduate planning at Virginia. He is a sought-after design critic and a frequent lecturer and panelist on current architecture and practice at noted regional universities and public conferences. Haresign serves AIA as a Washington, D.C., chapter officer, chairing key committees, and is a driver and a campaign leader for the new publicly accessible AIA|DC District Architecture Center.
Michael Maxwell  

Miami, Florida

Nationally recognized for achievements as a developer and workout specialist, Maxwell has spent over 30 years acquiring and developing nearly $1 billion in real estate assets, primarily in Florida and the Caribbean as the managing partner of Maxwell+Partners, LLC, and other firms. In 2010 he was appointed the director (interim) of real estate for Nova Southeastern University’s Master of Real Estate Program.

Maxwell+Partners specializes in regenerative urban infill development and offers national and international advisory services for workouts, restructurings, and revisioning. The firm has won numerous awards for innovative project solutions including a logistics business park, adaptation of historic properties, and medical centers. Known for successfully visioning and creating products tailored to emerging market opportunities, the firm’s credits include development of more than 2 million square feet of mixed-use, office, retail, warehouse/distribution, resort hotel, residential, and specialty medical products. As an adviser, Maxwell has led and participated in redevelopment plans, restructurings, construction completion, and court resolutions exceeding $300 million throughout Florida, the Caribbean, and Central America. He is an expert witness on asset evaluations, workouts, and dispute resolution.

As the director of Nova Southeastern University’s Master’s of Real Estate Program, Maxwell leads a nationally renowned master’s degree program with a faculty comprising successful industry professionals and leaders who combine a cutting-edge curriculum with practical tools and applications. The program is advised by a national board of real estate industry leaders. Maxwell has led the program’s focus to concentrate on development industry needs of critical thinking, communication, financial, and organizational skills required to thrive in a challenging marketplace. In 2010 his student team won the first Annual South Florida NAIOP College Challenge for its innovative, actionable solutions to solve a 100-year-old redevelopment issue.

Robert Mills  

Richmond, Virginia

Mills is one of the founding principals of Commonwealth Architects. With more than 30 years of experience, he is involved in all aspects of the firm’s practice in architecture, historic architecture, interior architecture, planning, and management. Throughout his career, Mills has provided a full range of design services for a wide variety of corporate, government, and commercial clients.

His vision for the revitalization and repopulation of urban centers led to the creation of Commonwealth Architects over a decade ago. Since that time, Mills has led the firm in its focus on rehabilitating existing buildings that serve as catalysts for community rebirth and weaving in contextual infill designs that respect a sense of place. He engages community input in a collaborative process to design new buildings that appropriately fill in the gaps of the urban fabric. His well-recognized commitment to the rehabilitation of existing structures across the region is a hallmark of Commonwealth Architects’ comprehensive services.

Mills’s experience in securing historic investment tax credit incentives for clients and his ability to successfully
coordinate the goals of both the building owner and the appropriate state or federal review agencies has resulted in a level of service that often proves critical to a project’s feasibility and economic viability.

Commonwealth Architects’ projects have received more than 40 national, regional, and local awards. As the firm’s principal in charge, Mills has overseen the design and execution of corporate headquarters, university, and government facilities and the transformation of existing structures into vibrant mixed-use developments that contribute to the revitalization of communities.

Mills earned his BS in horticulture/landscape design and his master’s of architecture degree from Virginia Tech. A sought-after resource on rehabilitation practices, he is a widely quoted expert in the local and regional media and has lectured extensively on architectural and urban planning issues, including historic investment tax credit use and urban revitalization.

His contributions to excellence in the built environment extend beyond his leadership in the architectural profession. Mills has helped shape urban renewal and has made a positive impact on the planning and development of the city of Richmond by volunteering his time to several review boards. He served on the city of Richmond’s Planning Commission for six years, three as its chairman, and spent ten years on the city of Richmond’s Commission of Architectural Review, which he chaired for three years. He currently participates in Virginia Commonwealth University (VCU)’s Architectural Review Committee and Virginia Commonwealth University School of Business Real Estate Circle of Excellence, key positions at VCU that address the architectural and development issues of the rapidly growing urban university located in downtown Richmond.

Mills has contributed to the AIA as vice president of the Virginia society and as a member of the board of directors of the James River chapter. In 2008, Mills was honored with the Virginia Society AIA Award for Distinguished Service.

Steven Spillman

Mission Viejo, California

Spillman is a principal of Pacifica Companies, a national investment, development, and advisory firm. He specializes in mixed-use development and has had responsibility for medical, office, retail, multifamily, industrial, corporate, and public projects as well as master-planned communities. His experience includes financing, partnership relations, entitlements, marketing, leasing, acquisitions and sales, design and construction, and property and asset management in challenging political and competitive settings. Spillman also serves as vice chair of the Planning and Transportation Commission for Mission Viejo, California.

As the executive vice president and operating officer of EDC, an affiliate of the $10 billion investment bank W.P. Carey, Spillman turned around a troubled, high-profile public/private project. While a principal at Mitsui’s Birtcher, he developed and managed office, retail, and mixed-use projects in California and Arizona. At Aetna’s Urban Investment and Development Co., Jaymont Properties, and Burnham Properties, he led the development of high-rise office, multifamily, and retail projects. Spillman began his career as an architect designing similar projects, including hospitals and medical facilities.

Spillman is currently a ULI Program Committee vice chair and has chaired Advisory Panels, Urban Development/Mixed-Use Councils, and regional Trends Conferences. He is also ULI’s Council counselor for its Urban Development/Mixed-Used Councils, Transit Oriented Development Council, and Responsible Property Investment Council. He also created and taught ULI financing workshops and a University of California graduate real estate finance course. After attending Purdue University (Everham Scholarship), he earned a bachelor’s of architecture (cum laude) from Kansas State University and graduated with an MBA (investment and finance) from the University of Missouri.