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Carnegie Management emerges as likely developer for high-profile Lakewood Hospital site

A rendering shows the more modest, mid-rise proposal that Carnegie Management & Development Corp. offered up for the longtime Lakewood Hospital site in downtown Lakewood. A selection committee unanimously recommended Carnegie to redevelop the 5.7-acre site, which the city owns. *(KA Architecture)*

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LAKEWOOD, Ohio - A Westlake developer has emerged as the leading candidate to bring apartments, retail, offices, parking and public spaces to the longtime Lakewood Hospital site.

After an [eight-month process](#) of soliciting and dissecting proposals, a selection committee unanimously recommended [Carnegie Management & Development Corp.](#) as the most qualified company to tackle what could be an \$80 million to \$130 million project. Now the city of Lakewood and the developer will start hammering out deal terms, in hopes of entering a development agreement this year.

If that timeline holds, they'd spend most of next year planning and start construction in 2019. The project, called [One Lakewood Place](#), could debut in 2020.

"It's really important for us that, as with all real estate development projects, this project will be flexible and will respond to the marketplace," said Bryce Sylvester, Lakewood's planning director. "That's one important point that we'll continue to reiterate."

Carnegie bested seven competitors in a process that started in February, when the city solicited proposals for the 5.7-acre downtown site. The property, which is city-owned, sits just

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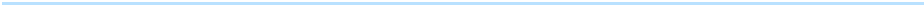
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south of Detroit Avenue between Belle and Marlowe avenues.

After a fierce community battle, the century-old hospital [closed last year](#), though the emergency room will remain open until the Cleveland Clinic [opens its new Lakewood Family Health Center](#) across the street in the spring.

In a [Sept. 27 letter](#) to Lakewood City Council members, Mayor Mike Summers, Council President Sam O'Leary and Sylvester wrote that Carnegie submitted a true, mixed-use proposal, one that stood out for its approach to public financing - the developer hasn't asked for much - and the company's understanding of the market.

"Specifically," the officials wrote, "Carnegie continued to address the importance of job creation, high quality urban design, opportunity for a diverse and sizable product mix ... and a commitment to forming a true partnership with the city on this project to ensure its success."



A rendering shows Carnegie's mid-rise redevelopment proposal for the Lakewood Hospital site, where businesses and apartments could open in 2020.

KA Architecture

Carnegie offered up two iterations of its plan - one with a high-rise apartment tower and one without.

Both designs involve first-floor retail, such as an ice cream shop, a pet store, a coffee shop, cafes and restaurants; possible second-story retail, such as a small grocer, a fitness facility and a day-care center; office space, including a "university anchor;" high-end apartments; and, possibly, 60 for-sale townhouses at the southern end of the site.

The larger, high-rise vision for the project includes 340 apartments, 200 of them in a tower. But the developer and the city seem more focused on the lower-rise version, with 200 apartments, fewer construction complexities and less need for public financing or tax breaks.

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The project also would include garage parking, concealed at the core of the complex; a banquet facility; meeting spaces; and public areas including a 35,000-square-foot entry plaza.

"We're most excited about the public space," project manager Rustom Khouri III said, mentioning opportunities to host festivals, art shows and live music.

Carnegie executives said the mid-rise proposal might cost \$80 million to \$90 million. The high-rise project could run between \$120 million and \$130 million. The developers won't have firm numbers until they finish refining their designs and sorting through details with the city.

"We will work closely with the city to come up with a collaborative, final plan," said Dr. Rustom Khouri, Carnegie's president and chief executive officer. "Everybody on our team, as well as the city, has a long-term view for this project, and we think that's important."

On the public-finance side, Carnegie is asking Lakewood to throw in the site and pay for demolition and abatement of hazardous materials at the old hospital. The city is still analyzing the site clean-up needs, Sylvester said, but it could cost \$7 million to \$10 million to raze the old hospital and prepare the land for development.

"Those discussions will be a big part of the term sheet and development agreement that we work with City Council on," Sylvester said of Carnegie's request.

As part of a multi-party [agreement](#) tied to the hospital's closure, Lakewood Hospital Association will set aside \$7 million in a reserve fund that the city can use to redevelop the site.

Carnegie, which develops many government buildings and owns a portfolio of shopping centers and offices, tends to hang on to its projects. Khouri III said One Lakewood Place will be no exception. "The way we're viewing this project," he said, "is to have it be a flagship property in our portfolio for a long time."



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