

City of Detroit

# Brownfield Redevelopment Authority

## Community Advisory Committee

500 Griswold Street • Suite 2200

Detroit, Michigan 48226

Phone: 313 963-2940

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DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY  
MINUTES OF THE  
REGULAR COMMUNITY ADVISORY COMMITTEE MEETING  
WEDNESDAY, FEBRUARY 27, 2019 -- 5:00 PM  
AT DEGC OFFICES  
500 GRISWOLD, SUITE 2200  
DETROIT, MI

### COMMITTEE MEMBERS

#### PRESENT:

Brad Lutz  
Kamal Cheeks  
Michelle Lee  
Allen Rawls  
Sandra Stahl  
Dr. Regina Randall

### COMMITTEE MEMBERS

#### ABSENT:

Marlowe Stoudamire  
Rick Blocker  
Simone Sagovac

### OTHERS PRESENT:

Jennifer Kanalos (DEGC/DBRA)  
Brian Vosburg (DEGC/DBRA)  
Cora Capler (DEGC/DBRA)  
Joe Hooker (Basco)  
Graten Little (Basco)

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### Call to Order

Mr. Rawls, Chairperson, called the meeting to order at 5:12 p.m.

### General

#### **Approval of Minutes**

Mr. Rawls called for approval of the minutes of the February 13, 2019 (resolution) DBRA-CAC meeting. The Committee took the following action:

On a motion by Mr. Cheeks, seconded by Ms. Stahl, DBRA-CAC Resolution Code 19-02-02-136, approving the February 13, 2019 CAC minutes, as presented, was unanimously approved.

### Projects

#### **Brownfield Plan for Broadway Lofts**

Mr. Vosburg introduced the Brownfield Plan for Broadway Lofts to the CAC members present.

#### Project Introduction

Broadway Detroit Properties, LLC, a subsidiary of Basco of Michigan, Inc. is the project developer (the "Developer") for the Plan which entails the conversion of three parcels into a single multistory building, featuring two retail spaces on the ground level and residential apartments above. Apartment accommodations will include studio, 1-bedroom and 2-bedroom layouts. In addition, the Plan will feature alleyway improvements to serve as a community gathering space.

The total investment is estimated to be \$11.9 million. The Developer is requesting \$1,127,450.00 in TIF reimbursement.

There will be 34 temporary construction jobs and 1 FTE job. The 34 temporary construction jobs are expected to be created over a 2-year period once construction begins. The 1 FTE jobs will be created directly by the Developer. It is estimated that future tenants will create an additional 97.5 FTE jobs.

#### Property Subject to the Plan

The eligible property (the "Property") consists of three (3) parcels located at 1320, 1322 and 1332 Broadway on the eastern side of Detroit's Central Business District in the Paradise Valley neighborhood, on the east side of Detroit, bounded by an alley to the north, the property line of 1314 Broadway to the East, Broadway Street to the south, and the property line of 1344 Broadway Street to the west.

#### Basis of Eligibility

The Property is considered "eligible property" as defined by Act 381, Section 2 because (a) the Property was previously utilized for a commercial and residential purpose; (b) it is located within the City of Detroit, a qualified local governmental unit under Act 381; and (c) the Property is determined to be a historic resource as defined by Act 381.

#### Eligible Activities and Projected Costs

The "eligible activities" that are intended to be carried out at the Property are considered "eligible activities" as defined by Sec 2 of Act 381, because they include pre-approved activities, demolition, asbestos activities, infrastructure improvements, site preparation and preparation and implementation of Brownfield

Plan and/or 381 Work Plan. The eligible activities and budgeted costs are intended as part of the development of the Property and will be financed solely by the Developer. The Authority is not responsible for any costs of eligible activities and will incur no debt. The eligible activities are estimated to commence in the summer of 2019 and will be completed within 10 months.

Tax Increment Financing (TIF) Capture

The Developer desires to be reimbursed for the costs of eligible activities. Tax increment revenue generated by the Property will be captured by the DBRA and used to reimburse the cost of the eligible activities completed on the Property after approval of this Plan pursuant to the terms of a Reimbursement Agreement with the DBRA.

**COSTS TO BE REIMBURSED WITH TIF**

1. Environmental Assessments	\$6,500.00
2. Demolition	\$300,000.00
3. Lead and Asbestos Activities	\$10,000.00
4. Infrastructure Improvements	\$365,000.00
5. Site Preparation	\$278,000.00
6. Brownfield Plan & Act 381 Work Plan	\$25,000.00
7. Contingency (15%)	\$142,950.00
<b>Total Reimbursement to Developer</b>	<b>\$1,127,450.00</b>
8. Authority Administrative Costs	\$145,765.00
9. State Brownfield Redevelopment Fund	\$165,572.00
10. Local Brownfield Revolving Fund	\$82,701.00
<b>TOTAL Estimated Costs</b>	<b>\$1,521,488.00</b>

The actual cost of those eligible activities encompassed by this Plan that will qualify for reimbursement from tax increment revenues of the DBRA from the Property shall be governed by the terms of the Reimbursement Agreement.

Other Incentives

The Developer is seeking additional incentives, which will include local and/or state approval of Obsolete Property Rehabilitation Act (OPRA) Tax Abatement.

Attached for your review and approval are three (3) resolutions: 1.) a resolution supporting the Plan in the event the Committee does not deem it necessary to conduct a CAC public hearing and 2.) a resolution authorizing a public hearing in the project area and 3.) a resolution authorizing a public hearing in the project area and to appoint up to two special CAC members. The public hearing may be held jointly with any public hearing conducted by the Detroit Brownfield Redevelopment Authority.

Mr. Little provided more information about the developer including that it is a family company which began its work in Royal Oak and Ferndale before acquiring properties in the City of Detroit and moving its headquarters to the City of Detroit. Mr. Little provided information about the developer's other properties in the City of Detroit including the buildings located at 751 Griswold, 220 W. Congress, and 607 Shelby.

Mr. Hooker stated that the developer believes this is a special opportunity to revitalize the exterior of the historic buildings, however the developer will not be pursuing historic tax credits due to the plans for an addition above the buildings, which will potentially be three stories. 20% of the residential units will be for rent at 80% of the Area Median Income. One restaurant has executed a Letter of Interest to be a future tenant. The developer plans to begin construction in September 2019.

Ms. Lee asked if there are any green infrastructure features planned for the alley behind the buildings. Mr. Hooker stated that the alley will be cleaned and redeveloped with entryways to the buildings, but the final design and materials have not been solidified.

Ms. Stahl asked who will be responsible for the maintenance of the alley. Mr. Little stated that the developer will enter into a maintenance agreement with the Department of Public Works also in cooperation with other building owners with an interest in activating and utilizing the alley.

Mr. Lutz asked if the developer anticipates finding similar levels of asbestos in the buildings as in a prior project completed by the developer. Mr. Little stated that the developer has completed extensive environmental testing and they do not anticipate the same level of asbestos in the buildings for this project.

Ms. Stahl asked if there will be any sustainable elements included in the design and construction of the buildings. Mr. Hooker stated that all of the mechanical systems in the buildings will be upgraded to modern systems that meet current energy codes and there will be new energy efficient windows installed. The building would likely qualify for several energy certification programs, but there are no plans to apply for a program.

Mr. Lutz asked what the rental rates are anticipated to be for the residential units. Mr. Hooker stated that the affordable units will be approximately \$900-\$995 per month and the market rate units will be approximately \$1,500-\$2,000 per month.

Mr. Cheeks asked if there will be a rooftop space included in the development. Mr. Hooker stated that there will be a rooftop space, a very popular amenity for tenants, included in the development.

Mr. Rawls asked about the setback for the addition on top of the buildings. Mr. Hooker stated that the setback was a request from the historic commission.

Mr. Rawls asked if the structural walls between the three buildings will be removed to create one building. Mr. Hooker confirmed that the three buildings will be redeveloped and operate as a single building.

Mr. Rawls asked who the architect and construction manager are for the project. Mr. Hooker stated that Hamilton Anderson is the architect for the project and MIG Construction is the construction manager for the project.

Mr. Rawls asked what parking is available for the project. Mr. Little stated that the developer has been exploring options within the area for parking for the project including potential parking structures at nearby locations and some nearby surface parking.

Ms. Stahl asked if the developer is making any efforts to use Detroit-based companies for the project. Mr. Little provided a list of Detroit-based contractors and companies that the developer has worked with on prior projects that have commitments to employ Detroit residents.

Mr. Rawls called for a motion recommending approval of the Brownfield Plan for Broadway Lofts.

Ms. Stahl motioned to recommend approval of the Brownfield Plan for Broadway Lofts without a CAC public hearing and without appointing special members. Mr. Lutz seconded the motion. DBRA-CAC Resolution Code 19-02-266-01, recommending approval of the Brownfield Plan for Broadway Lofts was unanimously approved.

### **Brownfield Plan for Harmonie Social Club**

Mr. Vosburg introduced the Brownfield Plan for Harmonie Social Club to the CAC members present.

#### Project Introduction

311 Grand River, LLC, an affiliate of Basco of Michigan, Inc., is the project developer (the "Developer") for the Plan which entails the renovation of the existing historic structure to include updated tenant spaces, including a speakeasy bar and dining room at the basement level and a bright restaurant and lounge on the main level. The existing restaurant tenant, Colors, will remain and will be assisted by the developer to improve their tenant space during construction activities. The second level will include office and co-working space, with private rooms for conferences and meetings. The third level will restore the main assembly

space and stage, with a side lounge and bar, while the mezzanine will be restored, the property will also include two bridal suites and additional event storage space.

The total investment is estimated to be \$12.6 million. The Developer is requesting \$579,210.00 in TIF reimbursement.

There will be 34 temporary construction jobs and 1 FTE job. The 34 temporary construction jobs are expected to be created over a 2-year period once construction begins. The 1 FTE jobs will be created directly by the Developer. It is estimated that future tenants will create an additional 122.5 FTE jobs.

Property Subject to the Plan

The eligible property (the “Property”) consists of one (1) parcel located at 311 East Grand River on the eastern side of Detroit’s Central Business District in the Paradise Valley neighborhood, just two blocks east of Grand Circus Park, bounded by Centre Street to the south, the property line to the west, the alley between John R Street and Grand River Avenue to the north, and Grand River Avenue to the east.

Basis of Eligibility

The Property is considered “eligible property” as defined by Act 381, Section 2 because (a) the Property was previously utilized or is currently utilized for a commercial purpose; (b) it is located within the City of Detroit, a qualified local governmental unit under Act 381; and (c) the Property is determined to be a historic resource as defined by Act 381, as amended.

The property was listed as a Michigan Historic Site in 1975 and was individually listed in the National Register of Historic Places in 1980. In addition, the property is listed in Detroit’s local Madison-Harmonie Historic District.

Eligible Activities and Projected Costs

The “eligible activities” that are intended to be carried out at the Property are considered “eligible activities” as defined by Sec 2 of Act 381, because they include pre-approved activities, demolition and asbestos abatement, infrastructure improvements, site preparation, development/preparation and implementation of brownfield plan and/or 381 work plan, and a 15% contingency. The eligible activities and budgeted costs are intended as part of the development of the Property and will be financed solely by the Developer. The Authority is not responsible for any costs of eligible activities and will incur no debt. The eligible activities are estimated to commence in summer of 2019 and be completed within 9 months.

Tax Increment Financing (TIF) Capture

The Developer desires to be reimbursed for the costs of eligible activities. Tax increment revenue generated by the Property will be captured by the DBRA and used to reimburse the cost of the eligible activities completed on the Property after approval of this Plan pursuant to the terms of a Reimbursement Agreement with the DBRA.

**COSTS TO BE REIMBURSED WITH TIF**

1. Environmental Assessments	\$7,600.00
2. Demolition	\$149,000.00
3. Asbestos Activities	\$50,000.00
4. Infrastructure Improvements	\$75,000.00
5. Site Preparation	\$201,313.00
6. Brownfield Plan & Act 381 Work Plan	\$25,000.00
7. Contingency (15%)	\$71,297.00
<b>*Total Reimbursement to Developer</b>	<b>\$579,210.00</b>
8. Authority Administrative Costs	\$24,267.00
9. State Brownfield Redevelopment Fund	\$82,856.00
10. Local Brownfield Revolving Fund	\$55,643.00
<b>TOTAL Estimated Costs</b>	<b>\$741,975.00</b>

The actual cost of those eligible activities encompassed by this Plan that will qualify for reimbursement from tax increment revenues of the DBRA from the Property shall be governed by the terms of the Reimbursement Agreement.

#### Other Incentives

The Developer is seeking additional incentives, which will include local and/or state approval of Obsolete Property Rehabilitation Act (OPRA) Tax Abatement and Historic Tax Credits.

Attached for your review and approval are three (3) resolutions: 1.) a resolution supporting the Plan in the event the Committee does not deem it necessary to conduct a CAC public hearing and 2.) a resolution authorizing a public hearing in the project area and 3.) a resolution authorizing a public hearing in the project area and to appoint up to two special CAC members. The public hearing may be held jointly with any public hearing conducted by the Detroit Brownfield Redevelopment Authority.

Mr. Little stated that there is a hospitality company that has expressed interest in the future event space in the building.

Dr. Randall asked how the anticipated jobs will be created. Mr. Little stated that the developer expects a second restaurant to locate in the building in addition to Colors and an event and hospitality company to operate the event space on the third floor of the building.

Mr. Cheeks asked if the developer anticipates the building operating similar to the Detroit Athletic Club with a membership structure. Mr. Little stated that it is a possibility that the building may operate similar to the Detroit Athletic Club with a membership structure.

Mr. Cheeks asked if the building becomes membership-based if the membership will apply to the coworking space proposed for the second floor. Mr. Hooker stated that it depends if there is one operator for the whole building or if the developer manages the future tenants of the building.

Dr. Randall asked about the parking arrangements for the project. Mr. Hooker stated that the parking arrangements for this project are the same as for the Broadway Lofts project and the developer is exploring options within the area for parking for the project including potential parking structures at nearby locations and some nearby surface parking.

Ms. Lee asked if the architect and construction manager is the same for this project as for the Broadway Lofts project. Mr. Hooker confirmed that Hamilton Anderson is the architect for the project and MIG Construction is the construction manager for the project.

Ms. Lee asked if there are plans to preserve the history and authenticity of the area through the redevelopment of the building. Mr. Graten stated that the developer does plan on preserving the history of the building and that other developers in the area have the same interest in creating a walkable destination that reflects the history of the area. Mr. Hooker stated that since they will be using Federal Historic Tax credits, the exterior of the building as well as several significant interior portions of the building will be restored to federal historic standards.

Mr. Rawls asked if the building will maintain the Harmonie Social Club name after the project is completed. Mr. Hooker stated that it depends on the future tenants and operator(s) of the building but that it would be the developer's preference to retain the Harmonie Social Club name.

Mr. Rawls called for a motion recommending approval of the Brownfield Plan for Harmonie Social Club.

Ms. Stahl motioned to recommend approval of the Brownfield Plan for Harmonie Social Club without a CAC public hearing and without appointing special members. Mr. Cheeks seconded the motion. DBRA-CAC Resolution Code 19-02-267-01, recommending approval of the Brownfield Plan for Harmonie Social Club was unanimously approved.

**Administrative**

Ms. Kanalos shared with the Committee that there are plans for the Committee to go paperless and begin using tablets and a cloud-based platform for meeting materials. There will be training at a future meeting on the new system.

**Other**

None.

**Public Comment**

None.

**Adjournment**

Citing no further business, Mr. Rawls adjourned meeting at 5:56 PM.

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**CODE DBRA CAC 19-02-02-136**

#### **APPROVAL OF MINUTES OF FEBRUARY 13, 2019**

RESOLVED, that the minutes of the special meeting of February 13, 2019 are hereby approved and all actions taken by the members present at such meeting, as set forth in such minutes, are hereby in all respects ratified and approved as actions of the Community Advisory Committee of the Detroit Brownfield Redevelopment Authority.

February 27, 2019

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**CODE DBRA-CAC 19-02-266-01**

### **BROADWAY LOFTS BROWNFIELD REDEVELOPMENT PLAN**

WHEREAS, pursuant to 381 PA 1996, as amended (“Act 381”), the City of Detroit Brownfield Redevelopment Authority (the “DBRA”) has been established by resolution of the City Council of the City of Detroit (the “City”) for the purpose of promoting the revitalization of environmentally distressed areas in the City; and

WHEREAS, under Act 381, the DBRA is authorized to develop and propose for adoption by City Council a brownfield plan for one or more parcels of eligible property; and

WHEREAS, pursuant to the resolution establishing the DBRA and the bylaws of the DBRA, the DBRA has submitted the proposed Brownfield Plan for the Broadway Lofts Project (the “Plan”) to the Community Advisory Committee for consideration and comment; and

WHEREAS, the Community Advisory Committee, at its February 27, 2019 meeting, received, evaluated and considered the proposed Plan; and

WHEREAS, in accordance with the provisions of the resolution establishing the DBRA and the bylaws of the DBRA, the Community Advisory Committee desires to make recommendations to the DBRA and the Detroit City Council on the proposed Plan.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. After consideration of the proposed Plan, the Community Advisory Committee makes the following comment and recommendations on the proposed Plan:
  - a. The Community Advisory Committee has determined that it is appropriate for the achievement of the purposes of Act 381 of the DBRA to adopt a Brownfield Plan for **Broadway Lofts Brownfield Redevelopment Project**.
  - b. The Community Advisory Committee recommends support of the proposed Plan presented to it.
2. The Chairperson of the Community Advisory Committee is authorized and directed to transmit a copy of this Resolution and the minutes of the public hearing on the proposed Plan and of the meeting at which this Resolution was adopted to the DBRA and the Detroit City Council as the report of the findings and recommendations of the Community Advisory Committee on the proposed Plan.
3. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded.

February 27, 2019

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**CODE DBRA-CAC 19-02-267-01**

### **HARMONIE SOCIAL CLUB BROWNFIELD REDEVELOPMENT PLAN**

WHEREAS, pursuant to 381 PA 1996, as amended (“Act 381”), the City of Detroit Brownfield Redevelopment Authority (the “DBRA”) has been established by resolution of the City Council of the City of Detroit (the “City”) for the purpose of promoting the revitalization of environmentally distressed areas in the City; and

WHEREAS, under Act 381, the DBRA is authorized to develop and propose for adoption by City Council a brownfield plan for one or more parcels of eligible property; and

WHEREAS, pursuant to the resolution establishing the DBRA and the bylaws of the DBRA, the DBRA has submitted the proposed Brownfield Plan for the Harmonie Social Club Project (the “Plan”) to the Community Advisory Committee for consideration and comment; and

WHEREAS, the Community Advisory Committee, at its February 27, 2019 meeting, received, evaluated and considered the proposed Plan; and

WHEREAS, in accordance with the provisions of the resolution establishing the DBRA and the bylaws of the DBRA, the Community Advisory Committee desires to make recommendations to the DBRA and the Detroit City Council on the proposed Plan.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. After consideration of the proposed Plan, the Community Advisory Committee makes the following comment and recommendations on the proposed Plan:
  - a. The Community Advisory Committee has determined that it is appropriate for the achievement of the purposes of Act 381 of the DBRA to adopt a Brownfield Plan for the **Harmonie Social Club Brownfield Redevelopment Project**.
  - b. The Community Advisory Committee recommends support of the proposed Plan presented to it.
2. The Chairperson of the Community Advisory Committee is authorized and directed to transmit a copy of this Resolution and the minutes of the public hearing on the proposed Plan and of the meeting at which this Resolution was adopted to the DBRA and the Detroit City Council as the report of the findings and recommendations of the Community Advisory Committee on the proposed Plan.
3. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded.

February 27, 2019