



**DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
MINUTES OF THE
REGULAR COMMUNITY ADVISORY COMMITTEE MEETING
WEDNESDAY, JULY 24, 2019 -- 5:00 PM
AT DEGC OFFICES
500 GRISWOLD, SUITE 2200
DETROIT, MI**

**COMMITTEE MEMBERS
PRESENT:**

Rick Blocker
Kamal Cheeks
Simone Sagovac
Allen Rawls
Rico Razo

**COMMITTEE MEMBERS
ABSENT:**

Michelle Lee
Brad Lutz
Sandra Stahl
Dr. Regina Randall

OTHERS PRESENT:

Brian Vosburg (DEGC/DBRA)
Cora Capler (DEGC/DBRA)
Julio Bateau (Nailah/Petit Bateau)



Call to Order

Mr. Rawls, Chairperson, called the meeting to order at 5:14 p.m.

General

Approval of Minutes

Mr. Rawls called for approval of the minutes of the July 10, 2019 (resolution) DBRA-CAC meeting. The Committee took the following action:

On a motion by Mr. Cheeks, seconded by Ms. Sagovac, DBRA-CAC Resolution Code 19-07-02-142, approving the July 10, 2019 CAC minutes, as presented, was unanimously approved.

Projects

Brownfield Plan for Petit Bateau

Mr. Vosburg introduced the Brownfield Plan for Petit Bateau to the CAC members present.

Project Introduction

Petit Bateau LLC is the project developer (the "Developer") for the Plan which entails the construction of a five-story mixed-use building, a four-story mixed-use building, and approximately twenty residential townhomes, with 3,200 square feet of commercial space along with associated site improvements. The project will develop one of the last development sites in Midtown and the Historic Art Center neighborhood. The Property (defined below) was historically occupied by residential, multi-family apartments, a church and an auto repair shop. The Property is currently vacant.

The total investment is estimated to be \$23 million. The Developer is requesting \$2,279,193.00 in TIF reimbursement.

There will be 100 temporary construction jobs and 2 FTE job. The 2 FTE jobs will be related to property management.

Property Subject to the Plan

The eligible property (the "Property") will consist of seven (7) parcels bounded by Beaubien Street, Frederick Street, St. Antoine Street and the alleyway, in Detroit's Historic Art Center neighborhood near Midtown.

Basis of Eligibility

The Property is considered "eligible property" as defined by Act 381, Section 2 because (a) the Property was is currently utilized for a commercial, industrial, public, or residential purpose; (b) it is located within the City of Detroit, a qualified local governmental unit under Act 381; and (c) the Property was determined to be a "facility" as defined by Act 381. 511 Frederick is adjacent and contiguous to parcels that are considered "eligible property".

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 baseline environmental assessment activities, demolition, lead and asbestos abatement, department specific activities, site preparation, infrastructure improvements, and preparation and implementation of a brownfield plan and 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 within 18 months of approval of the Plan and be completed within 3 years.

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. Baseline Environmental Assessment Activities	\$10,000.00
2. Due Care Activities	\$200,000.00
3. Demolition	\$2,620.00
4. Lead and Asbestos Abatement	\$2,500.00
5. Infrastructure Improvements	\$1,680,700.00
6. Site Preparation	\$60,000.00
7. Brownfield Plan & Work Plan Preparation	\$30,000.00
8. Contingency (15%)	\$293,373.00
Total Reimbursement to Developer	\$2,279,193.00
9. Authority Administrative Costs	\$474,063.00
10. State Brownfield Redevelopment Fund	\$163,677.00
11. Local Brownfield Revolving Fund	\$773,795.00
TOTAL Estimated Costs	\$3,690,728.00

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 a Neighborhood Enterprise Zone PA 147 Tax Abatement.

Attached for the Committee’s review and approval were 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. Bateau provided information on his background as a developer in the City of Detroit including that he has been doing development for 35 years and when he started work in the Art Center neighborhood the area was largely vacant and that he asked Joel Hudson for a recommendation for Comerica Bank to secure financing in order to purchase land in the area. Mr. Bateau stated that the building to the west will have a more historic design to fit with the surrounding buildings, and the buildings will become more modern to the east side of the Property and the townhomes and building on the east side of the Property are on a smaller scale so as not to overwhelm the nearby residential properties. Mr. Bateau also stated that the Planning and Development Department has reviewed the designs for all but the building on the west side of the Property. Mr. Bateau stated that there will be 40 one-bedroom units, 20 two-bedroom units, and 20 condominium units and 17 of the rental units will be designated as affordable.

Mr. Razo asked how many retail spaces there will be. Mr. Bateau stated that there will be a total of 4,000 square feet of retail.

Mr. Blocker asked at what rate of affordability will the affordable units be offered. Mr. Bateau stated that the 17 affordable units will be offered at 80% of the Area Median Income (AMI) and if the Developer is able to find more funding then the affordable units can be offered as low as 65% AMI.

Mr. Cheeks expressed support for Mr. Bateau's existing development in the Art Center neighborhood and asked why there are only 2 projected permanent jobs for the development. Mr. Bateau stated that he did not want to over-commit to creating a higher number of permanent jobs and only wanted to make commitments for the property management jobs that he will directly control. He expects additional jobs to be created by commercial tenants in the development, as well as service contractors such as landscaping, maintenance, cleaning, etc.

Mr. Cheeks asked if the Developer will be using a property management company for the project. Mr. Bateau stated that he currently uses JS Dean Associates for property management for his other projects and will most likely select a property management company with a higher capacity.

Mr. Rawls asked who the general contractor is for the project. Mr. Bateau stated that a general contractor has not yet been selected.

Mr. Rawls asked if an architect has been selected for the project. Mr. Bateau confirmed that an architect has been selected and is George Hartmann.

Mr. Razo stated that it is refreshing to see a developer working in the same neighborhood where he lives.

Ms. Sagovac asked how the surrounding community feels about the project and if there has been any community engagement. Mr. Bateau stated that he believes the surrounding community is in support of the project and that his existing projects have had support from the community, and that he works hard to design his developments to reflect the history and aesthetic of the neighborhood.

Mr. Rawls asked if there will be any environmental design features for the project. Mr. Bateau stated that there will be solar energy used, cisterns for storm water management, and a VRF heating system. Mr. Vosburg added that the Developer will also be pursuing PACE financing for the project.

Mr. Rawls asked what PACE financing is. Mr. Bateau stated that it is a loan available for projects with significant environmental features.

Mr. Rawls asked what the prices will be for the condominium units and the rental units. Mr. Bateau stated that the prices for the condominium units are estimated to be \$3.50-4.00 per foot and the rental units will be approximately \$2.00-2.50 per square foot and that it is higher than the rates for his existing developments in the area, but below the upper end of the market in Midtown.

Mr. Rawls called for a motion recommending approval of the Brownfield Plan for Petit Bateau.

Mr. Blocker motioned to recommend approval of the Brownfield Plan for 40 Hague without a CAC public hearing and without appointing special members. Mr. Cheeks seconded the motion. DBRA-CAC Resolution Code 19-07-272-01, recommending approval of the Brownfield Plan for Petit Bateau was unanimously approved.

Administrative

Mr. Vosburg stated that the election of officers for FY 2019-2020 will take place after the appointments/reappointments for CAC members are completed.

Mr. Razo asked if the DBRA-CAC takes a recess during the summer along with City Council. Mr. Vosburg stated that the DBRA-CAC does not take a recess, but there are currently no projects queued up for the August 14th DBRA-CAC meeting.

Other

None.

Public Comment

None.

Adjournment

Citing no further business, Mr. Rawls adjourned meeting at 5:42 PM.



CODE DBRA CAC 19-07-02-142

APPROVAL OF MINUTES OF JULY 10, 2019

RESOLVED, that the minutes of the regular meeting of July 10, 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.

July 24, 2019



CODE DBRA-CAC 19-07-272-01

PETIT BATEAU 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 Petit Bateau Project** (the "Plan") to the Community Advisory Committee for consideration and comment; and

WHEREAS, the Community Advisory Committee, at its July 24, 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 **Petit Bateau 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.

July 24, 2019