



**DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY  
MINUTES OF THE  
REGULAR COMMUNITY ADVISORY COMMITTEE MEETING  
WEDNESDAY, NOVEMBER 20, 2019 -- 5:00 PM  
AT DEGC OFFICES  
500 GRISWOLD, SUITE 2200  
DETROIT, MI**

**COMMITTEE MEMBERS  
PRESENT:**

Rick Blocker  
Kamal Cheeks  
Dr. Regina Randall  
Allen Rawls  
Rico Razo  
Peter Rhoades

**COMMITTEE MEMBERS  
ABSENT:**

Simone Sagovac  
Brad Lutz  
Michelle Lee

**OTHERS PRESENT:**

Jennifer Kanalos (DEGC/DBRA)  
Brian Vosburg (DEGC/DBRA)  
Cora Capler (DEGC/DBRA)  
Rob Platt (City Club)  
Jon Borenstein (Honigman)  
Bill Stewart (City Club)  
Richard Barr (Honigman)



### **Call to Order**

Mr. Rawls, Chairperson, called the meeting to order at 5:15 p.m.

### **General**

Mr. Rhoades introduced himself to the CAC members providing information on his professional experience working for the City of Detroit in the Law Department and his current involvement in community organizations. The CAC members present introduced themselves to Mr. Rhoades.

### **Approval of Minutes**

Mr. Rawls called for approval of the minutes of the October 30, 2019 (resolution) DBRA-CAC meeting. The Committee took the following action:

On a motion by Mr. Blocker, seconded by Mr. Cheeks, DBRA-CAC Resolution Code 19-11-02-147, approving the October 30, 2019 CAC minutes, as presented, was unanimously approved.

### **Projects**

#### **Brownfield Plan for City Club Apartments**

Mr. Vosburg introduced the Brownfield Plan for City Club Apartments to the CAC members present.

#### **Project Introduction**

CCA CBD Detroit, LLC is the project developer (the "Developer") for the Plan which involves the construction of a mixed-use building that will contain approximately 288 apartments, 11,291 square feet of retail and other commercial space and an underground parking garage with capacity for approximately 410 vehicles. Twenty percent of the 288 residential units will be available at 80% of the Area Median Income (AMI).

*The adoption of this Plan is being requested after the commencement of construction due to the discovery of significant unknown underground obstructions during construction. Although eligible activities in connection with the Plan are expected to exceed \$10,000,000, the Developer is requesting approval of \$7,933,739, which corresponds to the additional costs that have been incurred by the Developer due to the discovery of the unknown underground obstructions. Further, in the event the Michigan Strategic Fund ("MSF") does not approve the use of school taxes to reimburse eligible activity costs, the Developer seeks approval for only \$4,359,103 of the eligible activity costs and interest thereon.*

The total investment is estimated to be \$92 million.

There will be approximately 450 temporary construction jobs and 58 FTE jobs created under this Plan. Approximately 50 part time and full-time retail jobs are expected for the commercial and retail establishments and 8 full time jobs related to property management.

#### **Property Subject to the Plan**

The eligible property (the "Property") consists of one (1) parcel located at 313 Park Avenue in Downtown Detroit, bounded by Park Avenue to the north, Washington Boulevard to the east, Clifford Street to the south, and Bagley 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 purpose; (b) it is located within the City of Detroit, a qualified local governmental unit under Act 381; and (c) the Property is a “facility” pursuant to Part 201.

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 environmental assessment activities, infrastructure improvements, interest, and development and implementation of brownfield plan and/or Act 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 began in November 2017 and are expected to be complete by the end of 2019.

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 – WITH MSF APPROVAL**

1. Environmental Assessment Activities	\$28,000.00
2. Infrastructure Improvements	\$6,452,156.00
3. Brownfield Plan & Work Plan Preparation	\$30,000.00
4. Interest	\$1,423,583.00
<b>Total Reimbursement to Developer</b>	<b>\$7,933,739.00</b>
5. Authority Administrative Costs	\$1,420,712.00
6. State Brownfield Redevelopment Fund	\$949,148.00
7. Local Brownfield Revolving Fund	\$1,068,728.00
<b>TOTAL Estimated Costs</b>	<b>\$11,372,327.00</b>

**COSTS TO BE REIMBURSED WITH TIF – WITHOUT MSF APPROVAL**

8. Environmental Assessment Activities	\$28,000.00
9. Infrastructure Improvements	\$4,060,324.00
10. Brownfield Plan & Work Plan Preparation	\$30,000.00
11. Interest	\$242,779.00
<b>Total Reimbursement to Developer</b>	<b>\$4,359,103.00</b>
12. Authority Administrative Costs	\$769,606.00
13. State Brownfield Redevelopment Fund	\$0.00
14. Local Brownfield Revolving Fund	\$0.00
<b>TOTAL Estimated Costs</b>	<b>\$5,128,709.00</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 Property has been approved for a Commercial Rehabilitation Act (PA 210) Abatement and a Neighborhood Enterprise Zone Act (PA 147) Abatement.

Attached for CAC 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. Blocker asked how much due diligence is performed by the purchaser to discover potential environmental issues before a property is purchased. Mr. Barr provided more background on the Property including the demolition and environmental cleanup efforts funded by the Michigan Department of Environment, Great Lakes, and Energy (EGLE), formerly the Department of Natural Resources and the Michigan Department of Environmental Quality, and performed by Homrich in 2006. Such efforts were not brought to completion due to funding constraints and the Property was capped to prevent exposure to contaminants present on the Property, and the hole in the Property was filled in to be dealt with at a later time when an opportunity and funding was available. The Downtown Development Authority (DDA) gained title to and negotiated the sale of the Property to the Developer in 2016, at which point there were attempts made to gain access and review the environmental reports for the Property produced by DLZ. Additional investigation was performed by SME to gain more information on the contamination and conditions of the Property both before and after the acquisition of the Property by the Developer from the DDA. The Developer and all parties involved thought they had an understanding of the conditions of the Property and the financial burden associated with the condition of the Property at the time of acquisition through the start of construction. Upon construction start, concrete, steel, and additional contamination was discovered on the Property at a depth beyond what was able to be investigated prior to the start of the project. Once the true condition of the Property was discovered, it would have been too costly to halt construction to seek tax increment financing or other funding sources to offset the additional costs for the project, the extent of those costs were still greatly unknown, and the Developer did not want to seek additional incentives if they were not truly needed for the project. Construction continued once all buried materials were removed and abated, and the Developer is now requesting tax increment financing for reimbursement on the infrastructure improvements in lieu of the non-reimbursable costs for the environmental cleanup of the Property.

Mr. Rawls asked how the City of Detroit acquired the Property. Mr. Barr stated that the Property was likely acquired by the City of Detroit through tax foreclosure and that the former structure on the Property was vacant for a couple decades before it was demolished in 2006.

Mr. Rawls asked when the additional materials were discovered on the Property. Mr. Barr stated that the additional materials were discovered almost three years ago, and the true extent of the financial implications were unknown, and the Developer chose to wait until those costs were fully understood before requesting the approval of a brownfield plan. Mr. Barr stated that because the tax increment financing is limited due to the location of the Property in the DDA, the time it will take to fully reimburse the Developer will take longer than it would if the Property was located outside of the DDA.

Mr. Vosburg stated that he was not sure if the DDA ever took title of the Property or if the DDA just facilitated the sale of the Property to the Developer on behalf of the City of Detroit.

Mr. Razo asked how the infrastructure costs are eligible to be in the Plan since the work has already been performed. Mr. Vosburg stated that Michigan Public Act 381 allows for non-environmental eligible activities to begin prior to brownfield plan approval and that the DBRA has a policy regarding allowing a lookback on non-environmental costs under a brownfield plan.

Mr. Cheeks asked how the Developer will show proof of costs to the DBRA in order to be reimbursed through tax increment financing. Mr. Vosburg stated that the Developer will be required to submit documentation for all eligible costs and proof of payment for those eligible costs which are then reviewed by the DBRA for eligibility, reasonable, and compliance with all state, local, and federal ordinances and requirements for environmental cleanup, and certification from the City of Detroit Civil Rights, Inclusion and Opportunity Department that the project is in compliance with all applicable Executive Orders.

Mr. Rawls asked if there has been any indication of the Michigan Strategic Funds' (MSF) support for the Plan. Mr. Barr stated that support from the MSF is unknown and likely not going to be obtained due to the MSF's policy regarding a lookback on non-environmental eligible costs but that he is optimistic that once the Plan gains local support and approvals from the DBRA and Detroit City Council the MSF may be more inclined to support the Plan as well and due to the lack of assurance from the MSF regarding its approval, the Developer is proposing an alternative amount for eligible costs under the Plan should the MSF choose to not support the Plan. Mr. Bornstein added that the MSF had previously indicated its willingness to provide

support for the project. Mr. Barr stated that the Developer went through an extensive amount of information gathering as requested by the MSF and after a period of review by the MSF a meeting was conducted between the Developer and the MSF and the MSF indicated that they were not going to support the Plan, but in light of a change in leadership at the MEDC and MSF he is hopeful that support for the Plan will be reconsidered.

Mr. Razo asked if all additional costs for the project were due to the additional materials discovered on the Property. Mr. Platt stated that the additional costs were not all attributable to the additional materials discovered on the Property and that some were in part due to upgrades made to the project, the default of the framing subcontractor, and the delays on the project and subsequent loss of subcontractors and extension of the timeline for construction.

Mr. Rawls asked what the overall benefits of the project are to the Downtown Detroit area. Mr. Barr stated that the project will bring the addition of 288 residential units with 20% of the residential units at 80% of the Area Median Income (AMI) and approximately 11,000 square feet of commercial space which will be prominent in that area of Downtown, and an underground parking structure with 396 parking spaces, some of which will be available to the public. Mr. Barr added that the project will fill in a gap in the Grand Circus Park area and will bring a significant number of new residents and added density to the area and reactivate a key parcel which was underutilized. Mr. Platt stated that the additional parking which will be made available to the public is in a key location, the restaurant which will be part of the project will have indoor and outdoor seating options and the pet supply store will bring more dining and retail options and will make it a more dynamic area in the City.

Mr. Rawls asked what the rental rates will be for the project. Mr. Platt stated that the studio units will have a rental rate of approximately \$1,000 per month with the one, two, and three-bedroom units with increasing rental rates up to \$3,500 per month.

Mr. Rawls asked if the Developer thinks there is a high demand for studio residential units in Detroit. Mr. Platt stated that the building will have several common area spaces available to all residents and that a similar pilot building was built by the Developer in Minneapolis and was successful and the idea is that residents will sleep in their own residential unit but will really live in the whole building.

Dr. Randall stated that she thinks the Developer should try to target all demographics, not just younger generations, and that studio units will not attract residents over the age of 40 and that young people who live in Downtown Detroit tend to move to the suburbs when they start families.

Mr. Rhoades asked about the unfinished work performed in 2006 when the former structure was demolished and what was known then about the work that was left to do. Mr. Barr stated that there is some indication that it was known that there would be further work to do because of the capping of the site with respect to the contamination and that a lot of those involved in the work performed in 2006 are no longer involved in the project and that there was a lot of funding provided to clear the Property. Mr. Vosburg added that EGLE followed all appropriate protocols and procedures when performing work on the site previously.

Mr. Cheeks asked what the unit mix will be for the project. Mr. Platt stated that approximately 35-40% of the units will be studios with the balance being slightly skewed toward one-bedroom units and an even mix of two and three-bedroom units.

Mr. Rawls called for a motion recommending approval of the Brownfield Plan for City Club Apartments.

Mr. Razo motioned to recommend approval of the Brownfield Plan for City Club Apartments without a CAC public hearing and without appointing special members. Dr. Randall seconded the motion. DBRA-CAC Resolution Code 19-11-282-01, recommending approval of the Brownfield Plan for City Club Apartments was unanimously approved.

#### **Administrative**

None.

**Other**

None.

**Public Comment**

None.

**Adjournment**

Citing no further business, Mr. Rawls adjourned the meeting at 6:01 pm.



**CODE DBRA CAC 19-11-02-147**

**APPROVAL OF MINUTES OF OCTOBER 30, 2019**

RESOLVED, that the minutes of the special meeting of October 30, 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.

November 20, 2019



**CODE DBRA-CAC 19-11-282-01**

**CITY CLUB APARTMENTS 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 City Club Apartments Project** (the "Plan") to the Community Advisory Committee for consideration and comment; and

WHEREAS, the Community Advisory Committee, at its October 23, 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 **City Club Apartments 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.

November 20, 2019