

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  
SPECIAL COMMUNITY ADVISORY COMMITTEE MEETING  
WEDNESDAY, FEBRUARY 13, 2019 -- 3:00 PM  
AT DEGC OFFICES  
500 GRISWOLD, SUITE 2200  
DETROIT, MI

### COMMITTEE MEMBERS

#### PRESENT:

Brad Lutz  
Kamal Cheeks  
Simone Sagovac  
Allen Rawls  
Sandra Stahl  
Rick Blocker

### COMMITTEE MEMBERS

#### ABSENT:

Marlowe Stoudamire  
Dr. Regina Randall  
Michelle Lee

### OTHERS PRESENT:

Jennifer Kanalos (DEGC/DBRA)  
Brian Vosburg (DEGC/DBRA)  
Cora Capler (DEGC/DBRA)  
Richard Barr (Honigman)  
Matthew Sosin (Albert Kahn)

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#### **Call to Order**

Mr. Rawls, Chairperson, called the meeting to order at 3:03 p.m.

#### **General**

##### **Approval of Minutes**

Mr. Rawls called for approval of the minutes of the January 9, 2019 (resolution) DBRA-CAC meeting. The Committee took the following action:

On a motion by Mr. Lutz, seconded by Mr. Cheeks, DBRA-CAC Resolution Code 19-02-02-135, approving the January 9, 2019 CAC minutes, as presented, was unanimously approved.

#### **Projects**

##### **Brownfield Plan for Albert Kahn Building**

Ms. Kanalos introduced the Brownfield Plan for Albert Kahn Building to the CAC members present.

##### **Project Introduction**

AK Owner LLC is the project developer (the "Developer") for the Plan which entails the redevelopment of the Albert Kahn Building to create at least approximately 190 apartments (approximately 156 one-bedroom units, 21 two-bedroom units and 13 three-bedroom units) and rehabilitate or create up to 64,000 to 108,000 square feet of retail and other commercial space on the main floor and lower level concourse of the building. At least 20% of the building's residential apartments will be affordable units offering rents considered affordable to residents with incomes of not more than 80% of the area median income. The overall building restoration will include improvements to the exterior and interior, including full redesigns of public areas. One of the parcels will be used for surface parking for residential tenants and may be available for customers of retail and other commercial tenants.

The total investment is estimated to be \$48 million. The Developer is requesting \$2,976,700.00 in TIF reimbursement.

There will be 300 temporary construction jobs and 6 FTE jobs. The 300 temporary construction jobs are expected to be created over a 2-year period once construction begins. The 6 FTE jobs may be related to property management.

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

The eligible property (the "Property") consists of two (2) parcels located at 7340 Second Avenue and 101 W. Bethune in Detroit's New Center area, east of Second Avenue, on the south sides of Bethune Street.

##### **Basis of Eligibility**

The Property is considered "eligible property" as defined by Act 381, Section 2 because (a) it was previously utilized for a commercial purpose and/or public purpose; (b) it is located within the City of Detroit, a qualified local governmental unit under Act 381; (c) it is functionally obsolete as defined by Act 381 and an historic resource, or, as to certain parcels, are adjacent and contiguous to the functionally obsolete property and historic resource and the development of the adjacent or contiguous parcels is estimated to increase the captured taxable value of the remainder of the 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 demolition, asbestos and lead based paint assessment and abatement, infrastructure improvements, development and preparation of a brownfield plan and work plan, and brownfield plan implementation. 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. Environmental Assessments	\$4,300.00
2. Demolition	\$1,857,400.00
3. Lead and Asbestos Activities	\$855,000.00
4. Infrastructure Improvements	\$200,000.00
5. Brownfield Plan & Act 381 Work Plan	\$30,000.00
6. Cost Tracking Compliance	\$30,000.00
<b>*Total Reimbursement to Developer</b>	<b>\$2,976,700.00</b>
7. Authority Administrative Costs	\$860,539.00
8. State Brownfield Redevelopment Fund	\$175,013.00
9. Local Brownfield Revolving Fund	\$2,774,731.00
<b>TOTAL Estimated Costs</b>	<b>\$6,786,983.00</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 Commercial Rehabilitation Act (CRA) and Neighborhood Enterprise Zone (NEZ) Tax Abatements.

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. Sosin provided additional information regarding the project including that the original art deco design found in the lobby of the building will be used as inspiration for the residential units, there will be 1 and 2-bedroom units, commercial space on the first floor and potentially on the second floor, the façade of the building will be repaired but remain largely the same, new electrical and mechanical systems will be installed, energy efficient appliances will be installed, and the building will have a new roof installed. The architect for the project is Kraemer Design Group, Cunningham Limp is the general contractor, and Giffels Webster is the civil engineer for the project.

Ms. Sagovac asked for additional information regarding the heating system to be installed in the building. Mr. Sosin stated that each unit will have a heating unit which will be controlled from inside the unit.

Ms. Sagovac asked if there will be any residential units that will be specifically accessible for disabled residents. Mr. Sosin stated that there will be ADA compliant residential units included in the project, the building will be using the historic building code, and the public spaces in the building will be ADA compliant.

Ms. Sagovac asked if the City of Detroit is beginning to satisfy its need for additional residential units and commercial space. Mr. Sosin stated that there is still a gap that needs to be filled to satisfy the City of Detroit's need for residential units and commercial space and that the developer expects to have a significant portion of the residential units leased before the completion of the project.

Mr. Blocker asked about the parking that will be available for the project. Mr. Sosin stated that the developer has an agreement with The Platform, the owner of the Fisher Building, to secure 211 parking spaces in the Fisher Building parking garage for future residents of the Albert Kahn building, the developer also owns a parking lot across Bethune from the project, and parking spaces will potentially be available in the New Center One parking garage for future residents of the Albert Kahn building.

Mr. Rawls asked if the developer owns the skybridge between the Albert Kahn building and the New Center One building. Mr. Sosin stated that the skybridge is under the ownership and responsibility of the New Center One building and the developer is responsible for the maintenance of the bridge from the Albert Kahn building to the New Center One parking garage.

Mr. Rawls asked if the developer owns the tunnels connecting the Albert Kahn building to the Fisher Building and if there are any plans to rehabilitate them. Mr. Sosin stated that The Platform owns the tunnels to the Fisher Building and the developer plans to restore the historic elements of the lower concourse and perform cleanup.

Mr. Rawls asked if there will be a security desk in the lobby of the Albert Kahn building. Mr. Sosin stated that right now there aren't any plans to have a security desk in the lobby of the building, but there will be security and maintenance staff 24/7 in the building.

Mr. Cheeks asked what will be provided in the community spaces of the building. Mr. Sosin stated that there will be various seating areas available for use by the residents as well as work spaces that will be available for use.

Mr. Cheeks asked if there will be any smart products or appliances installed in the building. Mr. Sosin stated that there will be programmable thermostats installed in each of the residential units, but it has not yet been determined if there will be other smart products or appliances installed in the building.

Mr. Rawls asked if the architect for the project has suggested any green building materials. Mr. Sosin stated that the project will utilize low-VOC paint, energy star appliances, LED lights and a new roof which will include the installation of insulation that is not currently present.

Mr. Rawls called for a motion recommending approval of the Brownfield Plan for Albert Kahn Building.

Mr. Cheeks motioned to recommend approval of the Brownfield Plan for Albert Kahn Building without a CAC public hearing and without appointing special members. Mr. Blocker seconded the motion. DBRA-CAC Resolution Code 19-01-264-01, recommending approval of the Brownfield Plan for Albert Kahn Building was unanimously approved.

**Administrative**

None.

**Other**

None.

**Public Comment**

None.

**Adjournment**

Citing no further business, Mr. Rawls adjourned meeting at 3:27 PM.

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**CODE DBRA CAC 19-02-02-135**

#### **APPROVAL OF MINUTES OF JANUARY 9, 2019**

RESOLVED, that the minutes of the regular meeting of January 9, 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 13, 2019

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**CODE DBRA-CAC 19-02-264-01**

### **ALBERT KAHN BUILDING 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 Albert Kahn Building Project (the “Plan”) to the Community Advisory Committee for consideration and comment; and

WHEREAS, the Community Advisory Committee, at its February 13, 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 **Albert Kahn Building 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 13, 2019