



**DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY  
MINUTES OF THE  
REGULAR COMMUNITY ADVISORY COMMITTEE MEETING  
WEDNESDAY, JUNE 24, 2020 - 5:00 PM  
HELD VIA ZOOM**

**COMMITTEE MEMBERS**

**PRESENT:**

Simone Sagovac  
Kamal Cheeks  
Rick Blocker  
Brad Lutz  
Peter Rhoades  
Allen Rawls  
Rico Razo

**COMMITTEE MEMBERS**

**ABSENT:**

Dr. Regina Randall  
Michelle Lee

**OTHERS PRESENT:**

Jennifer Kanalos (DEGC/DBRA)  
Brian Vosburg (DEGC/DBRA)  
Cora Capler (DEGC/DBRA)  
Malinda Jensen (DEGC)  
Ginny Dougherty (PM Environmental)  
Mike Abdulnoor (Downtown Hospitality Detroit)  
Mario Kiezi (Downtown Hospitality Detroit)  
John Hambrick (JGH Consulting)  
Ngozi Nwaesei (Lewis & Munday)



### **Call to Order**

Mr. Cheeks, Chairperson, called the meeting to order at 5:02 p.m.

Ms. Kanalos took a roll call of the CAC Members present.

### **General**

#### **Approval of Minutes**

Mr. Cheeks called for approval of the minutes of the June 23, 2020 (resolution) DBRA-CAC meeting, as presented. The Committee took the following action:

Mr. Rawls made a motion approving the minutes of the June 23, 2020 Board meeting, as presented.

Mr. Lutz seconded the motion. A roll call vote was conducted with the following result:

Ayes: Mr. Blocker, Mr. Cheeks, Mr. Lutz, Mr. Rawls, Mr. Razo, Ms. Sagovac, Mr. Rhoades

Nays: None.

DBRA-CAC Resolution Code 20-06-02-152 was approved.

### **Projects**

#### **Brownfield Plan for the Royal Palm Detroit**

Mr. Vosburg presented the Brownfield Plan for the Royal Palm Detroit.

#### **Project Introduction**

Downtown Hospitality Detroit, LLC is the project developer (the "Developer") for the Plan. The project is a planned rehabilitation of the existing 13-story historic Park Avenue House located at 2305 Park Avenue which was designed by Louis Kamper and constructed in 1924. At approximately 103,367 square feet, the building will be converted from its former residential use into a 172-room hotel with a ground floor café and bar/restaurant. The hotel will be branded as part of the Tapestry Collection by Hilton and will reopen as the Royal Palm Detroit.

The total investment is estimated to be \$50 million. The Developer is requesting \$2,569,492.00 in TIF reimbursement.

There will be approximately 65 temporary construction jobs and 65 FTE jobs.

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

The eligible property (the "Property") consists of one (1) parcel located at 2305 Park Avenue roughly bounded by the property line to the north, Park Avenue to the east, West Montcalm Street to the south, and the property line to the west in Detroit's Arena District.

#### **Basis of Eligibility**

The Property is considered "eligible property" as defined by Act 381, Section 2 because (a) the Property was previously utilized for commercial and residential purposes; (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 Preapproved Activities, demolition, asbestos and lead abatement, infrastructure improvements, site preparation, and preparation and implementation of a

brownfield plan and 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 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. Preapproved Activities	\$48,150.00
2. Demolition	\$1,309,000.00
3. Lead and Asbestos Activities	\$170,000.00
4. Site Preparation	\$596,000.00
5. Infrastructure Improvements	\$91,240.00
6. Brownfield Plan & Work Plan Preparation/Implementation	\$30,000.00
7. Contingency (15%)	\$324,936.00
<b>Total Reimbursement to Developer</b>	<b>\$2,569,326.00</b>
8. Authority Administrative Costs	\$466,610.00
9. State Brownfield Redevelopment Fund	\$378,621.00
10. Local Brownfield Revolving Fund	\$153,935.00
<b>TOTAL Estimated Costs</b>	<b>\$3,568,492.00</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 an Obsolete Property Rehabilitation Abatement (PA 146).

Attached for the CAC'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. Hambrick stated that the project consists of the full rehabilitation of the building including upgrading all mechanical systems, electrical, elevators, water and sewer upgrades. Kraemer Design Group is the architect for the project and Jonna Construction is the general contractor for the project. The Developer has contributed about \$8 million in equity to the project, there is an anticipated 18 month construction timeline so the project is anticipated to be completed and open in the first quarter of 2022. Mr. Hambrick added that the Developer has been working with Central Detroit Christian on the hiring of Detroit residents for the construction of the project and for permanent jobs once the project is completed, there is also a support letter from Olympia Entertainment, the Developer has also been in contact with the Downtown Development Partnership and expects to receive a support letter from them for the Plan, and that the Developer reached out to Brush Park CDC about the project but the Property is outside of the area that the Brush Park CDC typically covers, and the Developer reached out to Cass Corridor and has not yet heard back from them.

Mr. Kiezi stated that the future hotel will be operated as a Tapestry Collection by Hilton brand which is a limited service hotel with enhanced amenities with a restaurant/bar on the first floor and a pastry café.

Mr. Rhoades stated that it states in the Plan that no residents or businesses occupy the Property so no residents or business will be displaced by the project but in October of 2018, February 2019, and March of 2019 there were news articles about this Property stating that the residents were being evicted and were having trouble finding new residences because of the low cost of rent that they were paying to live at the Property which was lower than other rental rates in other residential buildings nearby and that the City of Detroit used \$400,000 to assist the residents in relocating and Mr. Rhoades asked if this project could be considered to be a case of gentrification. Mr. Vosburg stated that the DBRA Staff along with its legal counsel reviewed the Plan and the applicability of the Uniform Relocation Act (URA) and found that URA did not apply to this Plan and that the former owner of the Property chose not to renew the leases of the former residents which made residents need to relocate. Mr. Vosburg added that the Developer worked with the City of Detroit's Housing and Revitalization Department (HRD) to assist the former residents in finding new residences in the area once the Developer learned of the relocation situation and that the Mayor's Office and HRD were pleased with the Developer's efforts in assisting with the relocation.

Ms. Nwaesei stated that under the URA there are very specific terms relating to the qualifications for a project to be required to follow the URA and this project does not meet those qualifications and the Developer was not required by law to assist the former residents in relocating due to the actions of the former owner and did so voluntarily.

Mr. Kiezi stated that the Property was marketed as a hotel and not a residential building and the Developer did not know how many residents were living in the building or how long they had been living there and at the time the Developer had walked through the building and learned of the residents, the Developer worked with the Mayor's Office and HRD to assist the residents with their relocation. Mr. Kiezi stated that at the time the Developer acquired the building in January of 2019, there were approximately 120 residents remaining in the building and the Developer worked with HRD to help each resident move and contributed monetarily along with the City to help with the relocation, and the last resident moved out of the building in June of 2019.

Mr. Rhoades stated that he knows the URA does not technically apply to this project but he is concerned with the broader issue of a building that was not blighted with at least 120 residents who were forced to move out of the building and now the DBRA is being asked to approve a Plan for \$2,569,492.00 in TIF reimbursement for the Developer to rehab the building. Mr. Kiezi stated that the building was zoned as a hotel and the Developer's intent was not to displace residents or gentrify the area and when the Developer learned of the residents they immediately worked with the City to help the residents including waiving any missed rent payments and assisting with getting residents with items they needed during the transition period and that the building was not in good condition and had several violations making it an unsafe environment for residents. Mr. Abdulnoor added that when the 30-day notices were distributed in October of 2018 the Developer met with the Mayor and moved their closing date for the Property to January of 2019 from November of 2018 so that a six-month plan could be put in place for after closing to assist the residents in their transitions.

Mr. Rhoades stated that the residents were priced out of the neighborhood. Mr. Kiezi stated that there were many residents who found new residences in the Downtown and Midtown areas including at the Bel Air. Mr. Hambrick added that the conditions of the building were bad and there is a lot of lead and asbestos abatement needed for the building to be hospitable and safe due to the disrepair of the building from the former owner and that the Detroit Housing Coalition worked diligently to find new safe, clean, and affordable housing for the former residents and the residents were able to move into better living conditions than what they had been living in at the Property. Mr. Kiezi stated that not a single room at the Property had an actual kitchen and that people were using hot plates and microwaves for cooking and that the former residents were moved to much better living conditions.

Mr. Rawls asked if the former owner of the Property was Sean Harrington. Mr. Kiezi confirmed that the former owner of the Property was Sean Harrington.

Mr. Rawls asked that the DBRA Staff present information to the CAC about special circumstances with projects for the CAC's review.

Mr. Razo asked if the Developer is subject to the City's Executive Orders regarding the hiring of Detroit residents for construction. Mr. Hambrick stated that the general contractor, Jonna Construction, has a good track record for complying with the City's Executive Orders regarding the hiring of Detroit residents for construction and that the Developer has been working with Detroit At Work for the hiring of Detroit residents for permanent positions at the hotel once the project is completed. Mr. Abdulnoor stated that the Developer's hotel management company has always hired from within the surrounding community. Mr. Vosburg added that the Plan is not subject to the City's Executive Orders regarding the hiring of Detroit residents for construction because it does not meet the requirements but that the Developer has been working to hire as many Detroit residents to work on the project as possible.

Mr. Lutz asked if there will be any public access to the Property once the project is completed. Mr. Kiezi stated that the public will have access to the restaurant/bar and the pastry café on the first floor.

Mr. Lutz asked if there is any parking for the project. Mr. Kiezi stated that there is an adjacent surface parking lot that will be utilized for the project. Ms. Dougherty added that there aren't any eligible activities to be completed on the adjacent parking lot so it is not included in the Plan. Mr. Kiezi added that the Developer has an arrangement made with EZ Park for valet parking for the hotel should valet parking be needed or allowed once the hotel is open.

Ms. Sagovac asked if there are any energy efficient upgrades planned for the Property. Mr. Hambrick stated that the elevator systems will be updated to a system that generates its own energy, all LED lighting will be installed throughout the building, a new HVAC building to replace the current boiler, and a four pipe system to be installed which will be able to distribute heated and cooled air throughout the building.

Mr. Cheeks asked if the Developer purchased the building without walking through the building or inspecting it. Mr. Kiezi stated that the building was marketed as a hotel and when the Developer saw the building they were told that no residents had been there for more than 1-2 months and learned later on that the residents had been there much longer and that there wasn't a consistent lease agreement used for all of the residents. Mr. Kiezi added that there wasn't any direct communication between the former owner and the Developer throughout the sale of the Property and that the Developer was blindsided by learning that the Property was not being used as a hotel and that the residents had been there much longer than what they were told.

Mr. Cheeks called for a motion recommending approval of the Brownfield Plan for the Royal Palm Detroit.

Mr. Rhoades made a motion to authorize a public hearing for the Brownfield Plan for the Royal Palm Detroit in the project area and to appoint up to two special CAC members. The motion was not seconded.

Ms. Kanalos stated that should the CAC authorize a public hearing for the Brownfield Plan for the Royal Palm Detroit in the project area and to appoint up to two special CAC members, the DBRA Staff would need the CAC's recommendations for the special CAC members as soon as possible in order to provide the special CAC members with information on the project and to schedule the special CAC meeting to follow the public hearing.

Ms. Jensen asked how many special CAC members would be required. Ms. Kanalos stated that there can be up to two special CAC members and that a special CAC meeting would need to be scheduled for after the public hearing with the two additional special CAC members.

Ms. Jensen stated that if up to two CAC members are required, then the CAC members should provide the names of at least four people to ensure that at least two of those four people would be available and willing to serve as special CAC members for the review of this project.

Mr. Rawls asked when the special CAC meeting would occur. Ms. Kanalos stated that ideally the special CAC meeting would occur immediately following the public hearing for the project and that would likely be scheduled for July 6<sup>th</sup> or July 7<sup>th</sup>.

Mr. Razo stated that he does not support the motion made by Mr. Rhoades and would like to make a motion to recommend approval of the Plan without waiting for the public hearing or appoint special CAC members because of his knowledge of the former owner and that the Developer was caught in a bad situation and stepped up to help the residents and will be bringing job opportunities to the City with this project.

Mr. Vosburg stated that there needs to be a second to Mr. Rhoades' motion and if there is no second then that motion would fail, and another motion could be made.

Mr. Cheeks called for a second on Mr. Rhoades' motion. A second was not provided so Mr. Cheeks called for another motion regarding the Plan.

Mr. Razo made a motion to recommend approval of the Brownfield Plan for the Royal Palm Detroit without a CAC public hearing and without appointing special members. Mr. Rawls seconded the motion.

Mr. Rawls stated that Mr. Rhoades' concerns about gentrification are valid and shouldn't be ignored, but there are certain aspects of this project that cannot be undone; the residents cannot be brought back and the circumstances of their relocation cannot be changed so the Property needs to be moved forward and bring some economic development back to the Property.

Mr. Rhoades stated that he knows that the former residents cannot be brought back to the Property but he does not think that the project should receive the requested TIF reimbursement because of the displacement of the former residents.

Mr. Razo stated that the TIF request is significant, but he credits the Developer for helping the former residents in finding new residences and for covering the costs for utilities for the building during the transition period.

Mr. Rawls stated that gentrification is not a desired outcome but in Downtown Detroit a lot of property owners have taken advantage of the opportunity to use some buildings for residential use which were not suited for residential use in order to make a profit and that the City has a comprehensive approach being used now to preserve and create additional affordable housing throughout the City.

Ms. Sagovac stated that she understands the issues raised by Mr. Rhoades and that the CAC's review of projects comes fairly late in the development process so many decisions have already been made about the project and wonders if the DEGC or representatives from HRD would be able to provide information in the future about the efforts being made to provide affordable residential units in the City.

Mr. Razo stated that the current administration for the City has had a focus on preserving and adding more affordable housing in the future on a long-term basis.

Mr. Blocker stated that he was happy that that Mr. Rhoades brought up the issues for this project and that discussions about gentrification are important and that if building are allowed to fall into disrepair it isn't good for the community.

A roll call vote was conducted with the following result:

Ayes: Mr. Lutz, Mr. Rawls, Mr. Razo, Mr. Blocker and Ms. Sagovac.

Nays: Mr. Rhoades

Abstentions: Mr. Cheeks

DBRA-CAC Resolution Code 20-06-289-01 was approved.

**Administrative**

None.

**Other**

Ms. Kanalos stated that Executive Order 2020-129 extended the allowance for remote meetings for public authorities through July 31, 2020 so any CAC meetings held in July 2020 will be held via Zoom.

**Public Comment**

None.

**Adjournment**

Citing no further business, Mr. Cheeks called for a motion to adjourn the meeting.

Mr. Blocker made a motion to adjourn the meeting. Mr. Rhoades seconded the motion.  
The meeting was adjourned at 6:06 pm.



**CODE DBRA CAC 20-06-02-152**

**APPROVAL OF MINUTES OF JUNE 23, 2020**

RESOLVED, that the minutes of the special meeting of June 23, 2020 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.

June 24, 2020



**CODE DBRA-CAC 20-06-289-01**

**ROYAL PALM DETROIT 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 Royal Palm Hotel Project** (the “Plan”) to the Community Advisory Committee for consideration and comment; and

WHEREAS, the Community Advisory Committee, at its June 24, 2020 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 **Royal Palm Detroit 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.

June 24, 2020