

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, AUGUST 22, 2018 -- 5:00 PM  
AT DEGC OFFICES  
500 GRISWOLD, SUITE 2200  
DETROIT, MI

### COMMITTEE MEMBERS

#### PRESENT:

Rick Blocker  
Brad Lutz  
Kamal Cheeks  
Marlowe Stoudamire  
Allen Rawls

### COMMITTEE MEMBERS

#### ABSENT:

Dr. Regina Randall  
Michelle Lee  
Sandra Stahl  
Simone Sagovac

### OTHERS PRESENT:

Brian Vosburg (DEGC/DBRA)  
Cora Capler (DEGC/DBRA)  
Galaan Dafa (Develop Detroit)  
Ben Phillips (Develop Detroit)  
Sonya Mays (Develop Detroit)  
Elizabeth Masserang (PM Environmental)

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#### **Call to Order**

Mr. Rawls, Chairperson, called the meeting to order at 5:22 p.m.

#### **General**

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

Mr. Rawls called for approval of the minutes of the August 8, 2018 (resolution) DBRA-CAC meeting. The Committee took the following action:

On a motion by Mr. Cheeks, seconded by Mr. Lutz, DBRA-CAC Resolution Code 18-08-02-132, approving the August 8, 2018 CAC minutes, as presented, was unanimously approved.

#### **Projects**

##### **Brownfield Plan for Eastern Market Gateway Redevelopment**

Mr. Vosburg introduced the project to the CAC members present.

##### **Project Introduction**

Dev Detroit 1346 Gratiot LLC, an affiliate of Develop Detroit and Town Partners, is the project developer (the "Developer") for the Plan which entails the construction of approximately 200 residential units, with a minimum of 20% of those units priced to meet affordable unit requirements for 80% of the Area Median Income. Retail and commercial spaces will include a minimum of 20,000 square feet, inclusive of live/work spaces as well as anticipated restaurant/bar uses and additional tenants, which will be a mix of new construction and the rehabilitation of existing structures. A parking structure will be constructed in the central portion of the property with a minimum of 200 parking stalls, both structured and surface to accommodate the development. The Developer will create greenspace as well as a piazza on the western portion of the Property, creating a gathering space within the district.

The total investment is estimated to be \$70 million. The Developer is requesting \$16,531,896.00 in TIF reimbursement.

There will be 70 temporary construction jobs and 40 FTE jobs. The 70 temporary jobs are expected to be created over a 2-year period once construction begins. The FTE jobs will be associated with the commercial and retail aspects of the development.

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

The eligible property (the "Property") consists of twenty-one (21) parcels, which will be combined into one parcel prior to City Council approval of the Plan: bounded loosely by Gratiot Avenue to the north, Russell Street to the east, Maple Street to the south, and Rivard Street to the west and includes the rights-of-way in Detroit's Eastern Market neighborhood.

##### **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 and industrial use; (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 "facility."

### 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 Section 2 of Act 381, because they include Pre-Approved Activities, Department Specific Activities (such as environmental remediation and abatement), Demolition Activities, Asbestos and Lead Abatement, Infrastructure Improvements, Site Preparation Activities, and Preparation and Implementation of a Brownfield Plan/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. Construction is anticipated to begin in the spring of 2019 and eligible activities are slated to be completed within 24 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 Investigation and BEA	\$80,000.00
2. Demolition	\$300,000.00
3. Lead and Asbestos Activities	\$110,000.00
4. Site Preparation	\$2,183,913.00
5. Infrastructure Improvements	\$11,020,160.00
6. Brownfield Plan & Act 381 Work Plan	\$60,000.00
7. Department Specific Activities	\$639,750.00
8. Contingency – (15%)	\$2,138,073.00
<b>*Total Reimbursement to Developer</b>	<b>\$16,531,896.00</b>
9. Authority Administrative Costs	\$2,760,691.00
10. State Brownfield Redevelopment Fund	\$1,107,017.00
11. Local Brownfield Revolving Fund	\$110,487.00
<b>TOTAL Estimated Costs</b>	<b>\$20,510,091.00</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 Public Act 210 Tax Abatement, Michigan Community Revitalization Program funds, Project Based Vouchers (PBV), Low Income Housing Tax Credits (LIHTC), and HOME funds.

Ms. Mays disclosed that she is the President and CEO of Develop Detroit and also a member of the DBRA Board.

Mr. Dafa provided a more detailed description of the proposed Project, including the two multi-family structures, parking structure in the center of the Property, existing warehouse rehabilitation, and activation of the interior alley. Mr. Dafa stated that the Developer has been working with the surrounding community to establish the programming for the proposed Project, including three meetings at Eastern Market and a meeting at 1300 Lafayette, and that there was interest from the community in the types of retail that may be included, expanded parking options, improvements to Russel Street, and concerns regarding the affordability of the residential units. Mr. Dafa stated that 57% of the residential units will be at market rate, 20% of the residential units will be at 60% Area Median Income (AMI) using Low Income Housing Tax Credits and Project Based Vouchers, and the remaining 23% of the residential units will be at 80% AMI. The project is expected to create 40 Full Time Equivalent jobs once completed relating to property management and the future commercial tenants. Mr. Dafa stated that the Developer plans to hire Detroit residents in accordance with the City of Detroit Executive Orders.

Mr. Lutz stated that the affordable housing information in the letter of support from Dan Carmody is not consistent with the affordable housing information in the Plan.

Mr. Lutz asked if the Developer knows who the future commercial tenants may be. Mr. Dafa stated that the Developer is working with a broker, Colliers International, and that they are early in the process of securing commercial tenants. Mr. Phillips added that there is interest from national retailers in the future commercial spaces on Gratiot, and that there will be some new office space available along with a variety of other size spaces and rates. It is anticipated that local businesses would be attracted to the renovated warehouse commercial spaces.

Mr. Rawls asked where the live/work units will be located on the Property. Mr. Phillips stated that the live/work units will be located on Gratiot, but they will also have access to the alley behind the development.

Mr. Lutz asked what the rental rates will be for the residential units. Mr. Dafa stated that the market rate residential units are anticipated to be \$1,100-1,200 per month and the affordable units are anticipated to be \$700 per month.

Mr. Rawls asked what the mix of residential units will be. Mr. Dafa stated that there will be about 50 studio units, 40 1-bedroom units, a few 2 and 3-bedroom units, and some live/work units, which are estimated to be about 2,000 square feet.

Mr. Stoudamire asked that the Developer's relationship is with Town Partners. Mr. Phillips stated that Town Partners had acquired the former Busy Bee Warehouse, and that both entities, Town Partners and Develop Detroit are part of Dev Detroit 1346 Gratiot LLC, but Develop Detroit is the controlling partner. Ms. Mays added that Develop Detroit has the larger economic interest in the proposed Project.

Mr. Rawls asked for more information about Town Partners. Ms. Masserang stated that Town Partners performed the redevelopment of The Ashley and that Jordan Wolfe is a principal of Town Partners.

Mr. Cheeks asked how the Eastern Market Gateway project will stand out from the other developments planned in the area. Mr. Phillips stated that the Property is in a unique location close to Eastern Market, Downtown Detroit, and Lafayette Park and the potential redevelopment of I-375 can affect the long-term trajectory of the area. Mr. Phillips added that the types of buildings that will be preserved and utilized in the new development are unique and have history, the brick service street running through the center of the Property makes it interesting, and that the proposed Project fits in with the Eastern Market 2025 Strategy as a mixed-use development.

Mr. Cheeks asked if there will be a retail anchor in the new development. Mr. Phillips stated that there will be commercial spaces suitable for a retail anchor on Gratiot and in the warehouse on the Property but no contracts have been signed at this time.

Mr. Cheeks asked if the Developer has an intent to acquire the building currently owned by the Detroit Public Lighting Authority if it becomes available. Mr. Phillips stated that if the building becomes available, the Developer would like to purchase the building and that the parking structure on the Property is designed so that it will be able to expand in the future, and the current proposed Plan also includes a small surface parking lot that could be developed in the future.

Mr. Rawls asked if the proposed Plan includes any sustainable environmental features. Mr. Dafa stated that the main environmental feature will be a green roof on the warehouse building along with EnergyStar and US Green Building Council certifications.

Mr. Rawls asked if there are any plans for storm water mitigation on the Property. Ms. Masserang stated that there will be pavers used to create permeable surfaces and cisterns to collect storm water.

Mr. Rawls asked what the environmental issues are present on the Property. Ms. Masserang stated that there is remediation that is required in the warehouse building, underground storage tanks from the former gas station that was on the Property, and solvents and metals found throughout the Property.

Mr. Rawls asked if there are any underground utilities that will need to be moved. Mr. Phillips stated that there will be underground utilities that will need to be moved.

Mr. Rawls asked if the Developer has chosen a construction manager. Mr. Phillips stated that an RFQ was issued in 2017 and that the Developer is looking for an organization with experience managing projects with financing similar to the financing for the proposed Project.

Mr. Rawls asked if the proposed Project is subject to the Community Benefits Ordinance. Mr. Phillips stated that the proposed Project is not subject to the Community Benefits Ordinance.

Mr. Rawls asked when the anticipated groundbreaking will be. Mr. Irving stated that the groundbreaking is anticipated for May 2019.

Mr. Rawls asked what the anticipated construction period will be. Mr. Phillips stated that he anticipated construction period is 24 months.

Mr. Rawls stated that he would like to see more letters of support from the community for future projects. Ms. Mays stated that the Developer has worked with the community including residents of Lafayette Park on the plans for the project throughout the process.

Mr. Stoudamire asked why the land acquisition cost was not included in the Plan. Mr. Vosburg stated that public disclosure of the acquisition cost is at the discretion of the Developer.

Mr. Rawls called for a motion recommending approval of the Brownfield Plan for Eastern Market Gateway.

Mr. Lutz motioned to recommend approval of the Brownfield Plan for Eastern Market Gateway Redevelopment without a CAC public hearing and without appointing special members. Mr. Cheeks seconded the motion. DBRA-CAC Resolution Code 18-08-260-01, recommending approval of the Brownfield Plan for Eastern Market Gateway Redevelopment was unanimously approved.

**Administrative**

None.

**Other**

None.

**Public Comment**

None.

**Adjournment**

Citing no further business, Mr. Rawls adjourned meeting at 5:55 PM.

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**CODE DBRA CAC 18-08-02-132**

#### **APPROVAL OF MINUTES OF AUGUST 8, 2018**

RESOLVED, that the minutes of the special meeting of August 8, 2018 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.

August 22, 2018

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**CODE DBRA-CAC 18-08-260-01**

### **EASTERN MARKET GATEWAY 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 Eastern Market Gateway Project (the “Plan”) to the Community Advisory Committee for consideration and comment; and

WHEREAS, the Community Advisory Committee, at its August 22, 2018 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 **Eastern Market Gateway 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.

August 22, 2018