

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, DECEMBER 20, 2017 -- 5:00 PM  
AT DEGC OFFICES  
500 GRISWOLD, SUITE 2200  
DETROIT, MI

#### COMMITTEE MEMBERS

PRESENT: Kamal Cheeks  
Brad Lutz  
Allen Rawls  
Simone Sagovac  
Marlowe Stoudamire

#### COMMITTEE MEMBERS

ABSENT: Misha Stallworth  
Rick Blocker  
Sandra Stahl

OTHERS PRESENT: Ayesha Maxwell (DEGC/DBRA)  
Jennifer Kanalos (DEGC/DBRA)  
Brian Vosburg (DEGC/DBRA)  
Nick Maloof (Associated Environmental Service)  
Jared Belka (WNJ)  
Dennis Archer Jr (Developer)

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#### **Call to Order**

Mr. Rawls, Chair, called the meeting to order at 5:09 p.m.

#### **General**

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

Mr. Rawls called for approval of the minutes of the October 2, 2017 (resolution) DBRA-CAC meeting. The Committee took the following action:

On a motion by Mr. Cheeks, seconded by Mr. Stoudamire, DBRA-CAC Resolution Code 17-12-02-126, approving the October 2, 2017 CAC minutes, was unanimously approved.

#### **PROJECTS**

##### **1475 East Jefferson Brownfield Redevelopment Plan**

Mr. Vosburg presented the 1475 East Jefferson Brownfield Plan. PowerPoint slides provided maps and renderings of the project. The development team provided additional information regarding the project's intended use and the history of the project site.

Mr. Cheeks asked about the use of the Meijer name. Mr. Archer advised that it will not be called Meijers however, it is a Meijers branded store.

Mr. Stoudamire asked how will Meijers stay connected without the use of the name, Mr. Archer advised that although the name will be reflective of its location, it is still a Meijer store operated by Meijers.

Mr. Rawls asked about the rent structure and the Mr. Belka gave an explanation and breakdown of the rent per foot.

##### **Project Introduction**

East Jefferson Development Company, LLC is the project developer (the "Developer") for the Plan which entails the construction of an approximately 215,000 total square foot mixed-use building containing 213 apartments units of a mix of studio, one and two-bedroom units, an approximately 42,000 square foot first floor grocery market operated by Meijer, and 320 underground and ground floor surface parking spaces to serve the development. 20% of the rental units will be within 80% of AMI range. It is currently estimated that 80 permanent full-time and part-time positions will be created with the grocery market and 4 full-time permanent positions will be created with the residential apartments.

The total investment is estimated to exceed \$60M. The Developer is requesting \$17,446,750.00 in TIF reimbursement.

### Property Subject to the Plan

The eligible property (the "Property") is located at 1401-1475 E. Jefferson Avenue, Detroit, Wayne County and consists of three (3) parcels of vacant land totalling approximately 2.21 acres on the block between Rivard Street, Larned Street, St. Aubin Street and E. Jefferson Avenue on Detroit's east side.

### 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 determined to be a facility 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 baseline environmental assessment activities, due care activities, demolition, site preparation, infrastructure improvements, and development and preparation of brownfield plan and 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 begin in the summer of 2018 and be completed within eighteen (18) 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. BEA Activities	\$20,000.00
2. Due Care Activities	\$2,800,000.00
3. Site Demolition	\$100,000.00
4. Site Preparation	\$1,725,000.00
5. Infrastructure (including parking structure)	\$10,500,000.00
6. Brownfield Plan & Act 381 Work Plan	\$30,000.00
7. Contingency – (15%)	\$2,271,750.00
<b>*Total Reimbursement to Developer</b>	<b>\$17,446,750.00</b>
8. Authority Administrative Costs	\$2,188,304.00
9. State Brownfield Redevelopment Fund	\$679,910.00
10. Local Site Remediation Revolving Fund	\$0.00
<b>TOTAL Estimated Costs</b>	<b>\$20,314,964.00</b>

\*Current TIF projections reflect that the maximum the Developer expects to capture over the 30-year life of the Plan for reimbursement of eligible activities is \$11,732,093.00.

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 through the Michigan Strategic Fund's Community Revitalization Program (CRP) and through a Commercial Rehabilitation Act Abatement (PA 210), and New Markets Tax Credits.

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. Rawls called for a motion recommending the 1475 East Jefferson Brownfield Plan.

Mr. Stoudamire motioned to recommend approval of the 1475 East Jefferson Brownfield Redevelopment without a CAC public hearing and without appointing special members. Mr. Cheeks seconded the motion. DBRA-CAC Resolution Code 17-12-252-01, recommending approval of the 1475 East Jefferson Brownfield Redevelopment Plan, was approved unanimously.

#### **Eastwood Senior Leasing Brownfield Redevelopment Plan**

Mr. Vosburg presented the Eastwood Senior Leasing Brownfield Plan. PowerPoint slides provided maps and renderings of the project. The development team provided additional information regarding the project's intended use and the history of the project site.

Ms. Sagovac asked if there would be a pool included in the rehabilitation area of the facility.

Mr. Maloof responded and advised that he was not sure but agreed to look into it.

#### **Project Introduction**

Eastwood Senior Leasing, LLC, an affiliate of Ciena Health Care Management, Inc., is the project developer (the "Developer") for the Plan which entails the development of a 160-bed, two-story urban designed skilled nursing home building totaling approximately 93,654 square feet in size with associated asphalt paved parking lots, storm water retention/detention and greenbelt landscaped areas. The building will be under a long-term net lease arrangement by Ciena Health Care Management, Inc. It is currently estimated that 139 full-time positions will be as a result of the project.

The total investment is estimated to be \$21.7M. The Developer is requesting \$5,055,300.00 in TIF reimbursement.

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

The eligible property (the "Property") consists of four (4) parcels with the addresses of 2600, 2618 and 2632 Chene Street and 2281 and 2689 Hendricks Street, generally located east of Eastern Market and comprised of multiple former commercial and industrial properties being assembled for development located in an area bound by Chene Street to the east, Hunt Street to the north, Dubois Street to the west and East Vernor Highway to the south. A portion of the property was formerly part of the Silver Cup Brownfield Plan which was recommended for termination by the DBRA Board on May 16, 2016 and terminated by City Council on November 22, 2016.

#### **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, industrial, or 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 facility 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 Environmental Assessment and Baseline Environmental Assessment activities, due care activities, additional response activities, demolition, lead and asbestos abatement, development and preparation of Brownfield Plan and Act 381 Work Plan, site preparation activities, infrastructure activities including the construction of storm water retention/detention and interest. 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. Eligible activities began in May 2017 and are estimated to be complete within three (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 Assessment and BEA Activities	\$123,544.00
2. Due Care Activities	\$2,005,010.00
3. Additional Response Activities	\$39,500.00
4. Site Preparation and Infrastructure Improvements	\$960,689.00
5. Demolition	\$507,650.00
6. Lead and Asbestos Abatement	\$13,500.00
7. Contingency – (15%)	\$390,425.00
8. Brownfield Plan & Act 381 Work Plan	\$30,000.00
9. Interest	\$985,419.00
<b>*Total Reimbursement to Developer</b>	<b>\$5,055,737.00</b>
10. Authority Administrative Costs	\$1,386,794.00
11. State Brownfield Redevelopment Fund	\$424,587.00
12. Local Site Remediation Revolving Fund	\$2378,177.00
<b>TOTAL Estimated Costs</b>	<b>\$9,245,295.00</b>

\*If the Developer does not receive Michigan Strategic Fund and/or Michigan Department of Environmental Quality approval for the capture of school taxes, the Developer will only be reimbursed for the local share of eligible activity costs.

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.

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. Rawls called for a motion recommending Eastwood Senior Leasing Brownfield Plan.

Mr. Cheeks motioned to recommend approval of the Eastwood Senior Leasing Brownfield Redevelopment without a CAC public hearing and without appointing special members. Mr. Lutz seconded the motion. DBRA-CAC Resolution Code 17-12-253-01, recommending approval of the 1475 East Jefferson Brownfield Redevelopment Plan, was approved unanimously.

**Public Comment**

None

**Adjournment**

Citing no further business, Mr. Rawls adjourned meeting at 5:56 PM.