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CITY COUNCIL

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TO: COUNCIL MEMBERS 

FROM: David Whitaker, Director
Legislative Policy Division Staff

DATE: November 14, 2018

RE: **Community Benefits Process Analysis for the Wigle Midtown West Project**

Background and Proposal

The Community Benefits Ordinance is a law that requires developers to proactively engage with the community to identify community benefits and address potential negative impacts of certain development projects. The ordinance was approved by Detroit voters in 2016, of which Proposal B won by a margin of 53%.

When projects trigger the CBO process, a Neighborhood Advisory Council is established, with nine representatives from the project's impact area to work directly with the developer and establish community benefits, which are included in the final development agreement approved by the Detroit City Council:

Sec. 14-12-3. Tier 1 Projects. Subsection (a) (5) *City Council shall appoint a liaison from the Legislative Policy Division to monitor the community engagement process and provide updates to the City Council.*

Sec. 14-12-1. Tier 1 Development Project means a development project in the City that is expected to incur the investment of Seventy-five Million Dollars (\$75,000,000) or more during the construction of facilities, or to begin or expand operations or renovate structures, where the developer of the project is negotiating public support for investment in one or both of the following forms: (1) Any transfer to the developer of City-owned land parcels that have a cumulative market value of One Million Dollars (\$1,000,000).

Wigle Midtown West Community Benefits Ordinance Process

The Wigle Midtown West project involves the transformation of 901 Selden, the former site of the Wigle Recreation Center. PDH Development Group, a partnership between Detroit-based developer Roderick Hardamon and New York-based developer Mario Procida, will transform the site into a new mixed-use development and public space amenity. PDH will spend \$77 million to bring more than 300 new residential units, 8000 square feet of retail space and a one acre of public open space. The development, known as Midtown West, will include 335 new residential units, comprised of 175 rental units and 160 for sale units. Thirty-five of the rental units will be affordable housing for residents making a maximum of 80 percent of the area median income. Phase I will include construction of 8000 square feet of new rental space and 167 of the 335 proposed new residential units. Phase I also includes the construction of the one acre open space plan, the reopening of 4th Street from Selden to Brainard and the rebuilding of Tuscola from 3rd Street to the Lodge access road. Phase II will see the completion of the residential units and some commercial space.

Estimated Cost: \$77 million, which qualifies the project as a Tier One project.

Current Zoning

901 Selden: SD2 - Special Development District: Commercial/Residential. Designed to encourage a mixture of uses including residential, business, and office uses that are compatible in a neighborhood center. Serving residential areas with consumer goods and services. It is the purpose of these regulations to encourage mixed-use developments that are compatible with the surrounding area and promote pedestrian activity.

Census Tract: 5204

Project Site:

The Wigle Site is a 7 acre site located south of Selden Street, just east of the Lodge Freeway. The park was developed in 1960, around the time of the construction of the Lodge Freeway. A recreation center was once housed on the site and that building was demolished in 2011. The Recreation Department transferred jurisdiction of the land to Planning & Development to offer the site for development through an RFP bid process. In 2011, the site was marketed for sale and development via an RFP however, a development team was not selected from the five proposals submitted at that time. The site was again marketed for sale via an RFP process in 2017, with PDH Development Group as the selected developer. The existing site holds a basketball court, a skateboard park, a baseball field, and two raised garden beds.

CBO Facilitator:

Karen Gage, Planning and Development Department (there were several others in the process)

Legislative Policy Division Liaison:

Marcell Todd

Wigle: Midtown West Neighborhood Advisory Council

- Jenny Lee - Elected by Impact Area Residents
- Derrick Dykas - Elected by Impact Area Residents
- Shayla Griffin - Appointed by Council Member Raquel Castañeda-López
- Dave Dobbie - Appointed by At-Large Council Member Janeé Ayres
- Leslie Malcolmson - Appointed by Council President Brenda Jones
- Jesalyn Blount - Appointed by Planning & Development
- Lee Payne - Appointed by Planning & Development
- Samuel Merritt - Appointed by Planning & Development
- Francine Dorn - Appointed by Planning & Development

CBO Meetings:

- Community Benefit Public Meeting #1: **Tuesday, May 23 2017** at 5:30pm - 7:30pm at Detroit Delta Preparatory Academy, 3550 John C Lodge Freeway
- Community Benefit Public Meeting #2: **Tuesday, June 6, 2017** at 5:30PM at Jumbo's, 3736 3rd Avenue
- Community Benefit Public Meeting #3: **Tuesday, July 11, 2017** at 6:00PM at CCNDC, 3535 Cass Ave
- Community Benefit Public Meeting #4: **Tuesday, December 12, 2017** at 6:00PM at CCNDC, 3535 Cass Ave.
- Community Benefit Public Meeting #5: **Tuesday, January 16, 2018** at 6:00PM at CCNDC, 3535 Cass Ave.
- Community Benefit Public Meeting #6: **Monday, February 19, 2018** at 6:00PM at Allied Media Projects, 4126 3rd Ave
- Community Benefit Public Meeting #7: **Monday, April 09, 2018** at 6:00 PM at CCNDC, 3535 Cass Ave



Wigle Midtown West impact map

Community Benefits Requests

- **Creativity Around Affordability**
 - Advertising of affordable units, identifying of who might rent them
 - Deeper discounts even if fewer units
 - Ordinance flexibility? Variance requested process?
 - Developer will explore financing
 - Length of time for all affordable units

- **Green Space**
 - City commitment to add more parks in the impact area
 - Developer commitment to collaborative design process (GSD Process?)
 - Full scope of recreational opportunities
 - Exciting Energetic Park!
 - Playscape, basketball, contiguous benches/tables

- **Community Impact Fund**
 - Donation to CCNCD for development of community center
 - Suggested: \$200,000
 - May be a process with City Council how fund is used

- **Wireless Network**
 - One rocket fiber account - \$75/month + routers + related tech
 - Contribute bandwidth to publicly accessible network
 - Frame as a free public service
 - Who owns router + account?

- **Retail Survey**
 - How? Who? Pay? Meaningful?
 - Community Needs Assessment has recently been done (JFM)
 - Downtown Development Authority (Jane Morgan-Focus Group) has done retail study
 - Need: retail options for lower and middle income residents
 - Type of Retail:
 1. Quality of product
 2. Affordability
 3. Treatment of workers
 4. Locally/Detroit owned
 - Rent: current rate: \$26 per sq. ft. / \$15 per sq. ft.-----\$18 now
 - How do we determine affordability?
 - Developer Factors: leasing that space in a location that is not a retail strip (**send them ideas**)
 - They will work with existing programs to identify businesses/retail (such as Motor City match)
 - 7,500 sq. ft. / 10 units
 - Creative approaches to affordability
 - Action: Surveys... what has been done?

- **Air Quality? / Sound near highway**
 - Next to freeway/tree buffer

- **Rental Units**
 - We want 3 bedroom rentals- family rentals

Developer's Response

**Wigle Community Benefits
Overview**

**PROJECT
IMPACTS +
MITIGATIONS**

DRAFT

NEIGHBORHOOD ADVISORY COUNCIL PROJECT IMPACTS

<p>NAC REQUEST + PROJECT IMPACTS</p>	<p>RESPONSE</p>	<p>COMMUNITY BENEFIT SUMMARY</p>
<p>greenspace.</p> <ul style="list-style-type: none"> a. Increase the size of the proposed common greenspace by at least 1 acre b. Make it contiguous, rather than divided by a street c. Ensure that it is visible and easily accessible to non-residents d. Ensure that it is wheelchair accessible, includes a playscape, picnic tables, and other amenities to be determined through a community engagement process 	<p>a. GSD is committed to providing at least 1.5 acres of public park space within a 12 minute walk of the Wigle: Midtown West development.</p> <p>In addition, the developer will provide and maintain additional open space, that is privately-owned but publicly accessible, to enhance pedestrian activity and to add to the attractiveness of the development and the neighborhood. These pedestrian connections will be landscaped and will connect to public streets and to the public park. All City sidewalks will be planted with street trees at 25' intervals.</p> <p>b. The development team will provide a contiguous one-acre park.</p> <p>c. The Midtown West park will be located along 4th Street between Tuscola and Brainard to make it easily accessible to all neighborhood residents. Safe crossings will be provided to ensure public Midtown West park is accessible.</p> <p>d. A landscape architect will work with the City via a public engagement process to design the public park. The park will meet all ADA requirements for accessibility.</p>	<p>ADDITIONAL 1.5 ACRES OF PARK SPACE</p> <p>PUBLIC ACCESS TO PEDESTRIAN WALKWAYS AND OPEN SPACE</p> <p>CONTIGUOUS ONE ACRE PUBLIC PARK</p> <p>PUBLIC DESIGN PROCESS FOR ONE ACRE PARK</p> <p>PARK DESIGN FOR USE BY PEOPLE OF ALL AGES AND ABILITIES INCLUDING KIDS AND FAMILIES</p>

NEIGHBORHOOD ADVISORY COUNCIL PROJECT IMPACTS

NAC REQUEST + PROJECT IMPACTS	RESPONSE	COMMUNITY BENEFIT SUMMARY
<p>affordability.</p> <p>a. Use average household income for Detroit to determine affordability, not Wayne County (\$401/mo. single person; \$453/mo. 2 ppl; \$551/mo 3 ppl; \$656/mo 4 ppl)*</p> <p><i>*Chicago Federal Reserve Bank. "Essays on Issues." 2017 Number 376. Page 4</i></p> <p>b. Ensure that affordable units are marketed to existing residents and those in need of housing</p>	<p>a. In response to this concern, the development team is willing to convert the affordable rental commitment from 20% of total rental units at 80% AMI to 10% of total rental units at 60% AMI upon City Council's request</p> <p>b. The development team has drafted a marketing plan that has been handed out and attached here as Attachment 1.</p>	<p>COMMITMENT TO WORK WITH COUNCIL TO OFFER 10% OF TOTAL RENTAL UNITS AT 60% AMI</p> <p>LOCAL MARKETING PLAN FOR AFFORDABLE UNITS</p>
<p>community impact fund.</p> <p>a. Commit \$200,000 for a community impact fund that will mitigate the negative impact of this development on community access to gathering space</p>	<p>a. PDH commits to a donation of \$112,500 over 15 years to fund maintenance or improvements to the Midtown West park. GSD will manage the collection of the donation and the direction of funds to support a maintenance / improvements the 1 acre park.</p>	<p>COMMITMENT TO FUND PARK MAINTENANCE OR IMPROVEMENTS FOR 15 YEARS</p>

NEIGHBORHOOD ADVISORY COUNCIL PROJECT IMPACTS

NAC REQUEST + PROJECT IMPACTS	RESPONSE	COMMUNITY BENEFIT SUMMARY
<p>inclusive, accessible design.</p> <ul style="list-style-type: none">a. Design the site to be open and integrated with the surrounding neighborhood;b. Invest in maintenance and landscaping of the pedestrian bridges over the Lodge;c. Offer diverse unit types that can accommodate senior citizens, families with children, and people with disabilities.	<ul style="list-style-type: none">a. The developer is committed to high quality design and neighborhood context is important in design. The developer has spent considerable time working on the site plan to ensure the reintegration of the road network will work well within the neighborhood and will produce a highly livable and connected neighborhood experience.b. The bridge over the Lodge is owned by MDOT and maintenance of the bridge is MDOT's responsibility.c. The developer will comply with federal accessibility requirements. The project will have a unit mix of Studio, 1 BR, 2 BR and 3 BR apartments in addition to townhomes. The unit mix (other than townhomes) will be proportionately distributed amongst the affordable and market rate units. The affordable units will be mixed throughout the rental buildings.	<p>RESTORATION OF STREET GRID TO THE EXTENT POSSIBLE</p> <p>DESIGN BY RENOWNED PROFESSIONALS</p> <p>PEDESTRIAN FOCUSED DESIGN</p> <p>UNIT MIX FOR ALL AGES, FAMILY SIZES, AND ABILITIES</p>

NEIGHBORHOOD ADVISORY COUNCIL PROJECT IMPACTS

NAC REQUEST + PROJECT IMPACTS	RESPONSE	COMMUNITY BENEFIT SUMMARY
<p>historic and cultural preservation.</p> <p>a. Commission Detroit artists to produce murals or other art depicting the history and cultural legacy of the Cass Corridor that is publicly visible in and around the development.</p>	<p>a. Through the City led public park community engagement, the developer commits to supporting public art in the public park.</p>	<p>COMMITMENT TO SUPPORT PUBLIC ART WITHIN PUBLIC PARK</p>
<p>digital inclusion.</p> <p>a. Dedicate at least one business class Internet connection to be shared with the Cass Co Neighborhood Wireless Network.</p>	<p>a. The developer agrees to work with the Detroit Community Technology Project to participate in the pre-existing mesh network.</p>	<p>PARTICIPATION IN PRE-EXISTING MESH NETWORK WIRELESS CONNECTION</p>

NEIGHBORHOOD ADVISORY COUNCIL PROJECT IMPACTS

<p>NAC REQUEST + PROJECT IMPACTS</p>	<p>RESPONSE</p>	<p>COMMUNITY BENEFIT SUMMARY</p>
<p>retail selection.</p> <ul style="list-style-type: none"> a. Conduct a survey of residents to assess current gaps in local retail options b. Analyze area income data to determine appropriate price points for selected businesses c. Use an ethical business matrix when selecting retail tenants that considers factors. Such as quality of product, affordability, treatment of workers, environmental sustainability d. Provide a portion of the retail space at an affordable rent (\$15-\$18 psf) to support local entrepreneur activity in this retail space 	<ul style="list-style-type: none"> a. At appropriate time in the schedule, the developer will work with local retail brokers and Midtown Detroit to drive retail interest to the Selden Street retail. The developer will rely on local community outreach and its brokers to generate interest in the retail/service sectors for our location. b. + c. The developer will rely upon the retail tenants to set their price points, but will consider what the neighborhood needs and attempt to lease the retail space to a tenant who is set up to be successful over the long term providing valuable services to not only the residents of Midtown West but the broader community as well. d. The development team will work with Motor City Match (MCM) to attract local entrepreneurs to this space. The development team encourages NAC members to submit businesses into MCM. Accordingly, the development team will work to establish rental rates that reflect the market at the time of lease up. <p style="text-align: right;">DRAFT</p>	<p>LOCAL BROKER AND COMMUNITY OUTREACH TO DETERMINE RETAIL TENANTS</p> <p>WORK WITH DEGC TO FIND LOCAL ENTREPRENEURS FOR RETAIL SPACE</p> <p>RENTAL RATES TO REFLECT MARKET AT TIME OF LEASE UP</p>

NEIGHBORHOOD ADVISORY COUNCIL PROJECT IMPACTS

NAC REQUEST + PROJECT IMPACTS	RESPONSE	COMMUNITY BENEFIT SUMMARY
<p>labor and hiring.</p> <ul style="list-style-type: none">a. Prioritize local hiring and commit to using responsible contractors who respect collective bargaining rights for janitorial, maintenance, landscaping, and security contracts;b. Prioritize Detroit-based and minority-owned contractors.	<p>a. + b. The developer commits to hiring a minimum of 51% local contractors, to the extent possible, for the construction of the development. At this time the developer is unable to commit to hiring union labor for janitorial, maintenance, landscaping, and security contracts.</p>	<p>COMMITMENT TO HIRING 51% LOCAL CONTRACTORS</p>

NEIGHBORHOOD ADVISORY COUNCIL PROJECT IMPACTS

NAC REQUEST + PROJECT IMPACTS	RESPONSE	COMMUNITY BENEFIT SUMMARY
<p>environmental health.</p> <ul style="list-style-type: none"> a. Create as much permeable surface as possible b. Use energy efficient appliances and renewable energy sources where possible c. Offer recycling and composting services d. Buffer the development from the noise and pollution of the freeway 	<ul style="list-style-type: none"> a. The developer will study sustainable methods for the development such as storm water retention. b. The developer commits to build to certain Enterprise Green Communities Standards, including energy star appliances, water conserving plumbing fixtures and energy efficient lighting. c. The developer will offer recycling services for all buildings. The developer will need to study local providers for composting services to determine if this is a feasible service to offer. d. The development will include street trees along the service drive to serve as a buffer. The units will be designed with double pane windows and industry standard ventilation for air quality. 	<p>DESIGN SENSITIVE TO STORMWATER RETENTION</p> <p>ENTERPRISE GREEN COMMUNITIES STANDARDS</p> <p>RECYCLING SERVICES</p> <p>INDUSTRY STANDARD HVAC DOUBLE-PANED WINDOWS</p>

COMMUNITY BENEFIT SUMMARY

1. Commitment to an additional 1.5 acres of public space (minimum) in Midtown
2. Public access to pedestrian walkways and open space
3. Contiguous one-acre public park
4. Public design process for public park
5. Park design will accommodate people of all ages and abilities, including kids and families
6. Commitment to fund park maintenance or improvements for 15 years
7. Commitment to work with Council to offer 10% of rental units at 60% AMI rent
8. Defined local marketing plan for affordable units
9. Restoration of street grid to reconnect to neighborhood to the extent possible
10. Design by renowned professionals
11. Pedestrian focused urban design
12. Housing unit mix for all ages, family sizes, and abilities
13. Commitment to support art within the public park
14. Participation in pre-existing mesh network connection
15. Assess retail options through community outreach performed by local broker
16. Retail rental rates to reflect market at the time of lease up
17. Work with MCM to identify local entrepreneurs for retail space
18. 51% local contractors, to the extent possible
19. Design sensitive to storm water mitigation
20. Enterprise green communities standards
21. Recycling services
22. Industry standard HVAC
23. Double pane windows that increase energy efficiency and reduce noise

ATTACHMENT 1: LOCAL MARKETING PLAN FOR AFFORDABLE UNITS

1. PDH will notify PDD of which units are being designated as affordable units
2. PDH and Marketing Agent will establish a PO box, email address or call service box for questions/applications
3. When PDH is ready to begin marketing the units, PDH will erect a marketing sign @ the Project Site. PDH will post advertisements in newspapers and other media outlets
4. PDH will send a copy of the advertisement to any persons that have been placed on the project interested party list.
5. Applicant's compliance information will be reviewed by PDH. Applicant to be notified of status/comments.
6. Lease to be signed prior to Applicant move in
7. PDH to maintain final log w/initial rent roll for all affordable units

Fiscal/ Budgetary Impact

The project involves a land sale to the developer (901 Selden, the former Wigle Recreation Center site) for \$1.8 million, which involves City Budget implications. \$750,000 of the land sale's proceeds will be budgeted for the creation of a City park in the immediate vicinity of the project. The mechanism for facilitating this implementation of the park are included in the resolution, which will be presented by the Planning and Development Department for Council's approval, as illustrated in the excerpt below:

RESOLVED, that the 2018-2019 Budget is amended for the Housing & Revitalization Department ("HRD"), who is hereby authorized to accept, appropriate and establish Appropriation No. 20611 into which an amount of Seven Hundred Fifty Thousand and 00/100 Dollars (\$750,000.00) from the City's sales revenue of the Properties shall be received; and be it further

RESOLVED, that Appropriation No. 20611 shall be titled "Midtown West Park Improvements" and shall carry forward each fiscal year until such time as all monies received in the Appropriation have been expended; and be it further

RESOLVED, that HRD is hereby authorized to make expenditures for construction of the New Park from Appropriation No. 20611; and be it further

Affordable Housing

The negotiated affordable housing component approved by the NAC:

RESOLVED, that the development agreement shall obligate PDH to: 1) cause mixed-use residential developments to be constructed on the Properties and 2) cause at least 10% of the units constructed on the 931 Selden portion of the Properties to be leased for a period of no less than thirty (30) years such that:

1. 2.5% of rental units are available at 80% or less of the Area Median Income determined as of lease execution;
2. 5% of rental units are available at 60% or less of the Area Median Income determined as of lease execution;
3. 2.5% of rental units are available at 40% or less of the Area Median Income determined as of lease execution;

Conclusion

The developer has submitted their commitments in regard to the Wigle Midtown West CBO process, which are being incorporated into a development agreement between the developer and the Administration. It is our observation that this process, which was elongated due to breaks in the process had a positive impact on the overall CBO process. In addition, it appears the developer will seek further assistance from the City via PA 210 and NEZ abatements.