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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director
Legislative Policy Division Staff 

DATE: May 11, 2020

RE: Amended and Restated 1475 E. Jefferson Brownfield Redevelopment Plan
PA 381 of 1996 **PUBLIC HEARING**

The Brownfield Redevelopment Financing Act 381 of 1996

The Brownfield Redevelopment Financing Act 381 of 1996 provides tax incentives (i.e. tax increment financing) to develop brownfields properties in an area at or on which there has been a release (or threat of release) or disposal of a hazardous substance.

Amended and Restated 475 East Jefferson Redevelopment Plan

Jefferson Larned Development Company LLC, is the developer of the project, which includes three (3) parcels located at 1401-1475 E. Jefferson Avenue in Detroit's Lafayette Park neighborhood. The Amended and Restated 1475 East Jefferson Redevelopment Plan, is an amendment of the original 1475 East Jefferson Brownfield Plan, approved by Council on February 27, 2018.¹ In 2018, the original plan included a residential component, a grocery store and underground parking with 320 spaces.

The current amended plan, which is reduced and no longer includes a residential element, is now intended for the development of the site for the construction of a 42,000 sf. Michigan-based grocery store and approximately 100 surface parking spaces. The developer is seeking a **\$2.71 million² TIF reimbursement**, based on a **\$15.6 million** investment.

¹ The original 2018 Plan called for the construction of a multistory mixed use building containing approximately 138,000 square feet of residential space, including 213 apartments of one & two bedroom units and studio units; approximately 42,000 sf of retail space, a grocery store and an underground parking ramp leading to approximately 320 parking spaces. The original investment was estimated at \$60 million. The developer requested a TIF reimbursement in the amount of \$17,446,750 (\$11,732,093 actual & \$5,714,657 would remain unreimbursed).

² The total value of the plan is \$4,323,877.

The completed development is projected to produce approximately 100 temporary construction jobs and 72 new full and part-time positions for the grocery store. In addition to the brownfield, the developer is requesting a \$250,000 EGLE³ Grant, to offset soil transportation and disposal costs.⁴

The duration of the Brownfield capture period for Council’s consideration is 24 years. The first year of capture will be 2022.

Parcel Information:

Address	Parcel ID	Owner
1401 E. Jefferson	07000083	Jeffriv LLC
1475 E. Jefferson	05000083-99	Jeffriv LLC
1425 E. Jefferson	07000084-8	City of Detroit – P&DD

Legal Description of Eligible Property to which the Plan Applies

Address: 1401 E. Jefferson Avenue
Detroit, Michigan 48207

Parcel ID: 07000083

Legal Description: N JEFFERSON 40&41 W 51.25 FT ON S LINE BG W 37.25 FT ON N LINE 42 E 20 FT VAC RUSSELL ADJ PLAT OF GUOIN FARM L11 P596 DEEDS, W C R 7/3 176.86 IRREG

Address: 1425 E. Jefferson Avenue
Detroit, Michigan 48207

Parcel ID: 07000084-8

Legal Description: N JEFFERSON 10 SOUTH LAFAYETTE PARK SUB L88 P61-4 PLATS, W C R 7/103 103.45 X 201.26

Address: 1475 E. Jefferson Avenue
Detroit, Michigan 48207

Parcel ID: 05000083-99

Legal Description: N-E JEFFERSON E 1.74 FT B C&D AND W 30 FT VAC RUSSELL ADJ RE-SUB OF MULLETT FARM L7 P43 PLATS, W C R 5/10 198.01 IRREG

³ The Michigan Department of Environment, Great Lakes, and Energy (EGLE)

⁴ Brownfield redevelopment grants provide funding to local units of government and other public bodies to investigate and remediate known sites of environmental contamination, which will be used for identified economic redevelopment projects.

Basis of Eligibility

The eligible property (the “Property”), located at 1401-1475 E. Jefferson Avenue, Detroit, consists of three (3) parcels of land containing approximately 2.21 acres of vacant land, bordered by Rivard, Larned, St. Aubin and E. Jefferson Avenue. The Property is considered a “facility” due to the presence of arsenic, cadmium, chromium, lead, mercury, selenium, phenanthrene and fluoranthene in the soil at levels exceeding acceptable screening levels. Additionally, the Property has been vacant since the University Club⁵ was demolished between the dates of November 5-9, 2013.

Baseline environmental assessment activities and geotechnical investigation activities that were included in the Original Plan have been completed as of the date of this Plan.

Additional activities that Developer intends to conduct at the Property pursuant to this Plan are considered “eligible activities” as defined by Section 2 of Act 381, because they include department specific activities, demolition, site preparation, infrastructure improvements, and the development and preparation of a brownfield plan and work plan.

Tax increments are projected to be captured and applied to (i) reimbursement of eligible activity costs and payment of DBRA administrative and operating expenses, (ii) make deposits into the State Brownfield Redevelopment Fund, and (iii) make deposits into the DBRA’s Local Brownfield Revolving Fund, as follows:

Taxing Jurisdictions	<u>Reimbursement</u> <u>Costs</u>	<u>DBRA Admin</u> <u>Costs</u>	<u>SBRF Capture</u>	<u>LBRF Capture</u>
School Operating Tax	\$928,696	\$0	\$0	\$221,440
State Education Tax	\$154,783	\$0	\$198,574	\$36,907
City General Op	\$785,318	\$313,149	\$0	\$245,454
Wayne County Op	\$222,319	\$88,651	\$0	\$69,487
HCMA	\$8,423	\$3,359	\$0	\$2,633
Wayne County Safety	\$36,924	\$14,724	\$0	\$11,541
Library	\$182,266	\$72,679	\$0	\$56,968
Wayne County Parks	\$9,679	\$3,859	\$0	\$3,025
WCCC	\$127,559	\$50,865	\$0	\$39,869
Wayne County	\$38,955	\$15,533	\$0	\$12,176
Wayne County ISD	\$215,078	\$85,763	\$0	\$67,221
TOTAL	\$2,710,000	\$648,582	\$198,574	\$766,721

The following taxes are projected to be generated but shall not to be captured during the life of the Plan:

City Debt	\$463,340
School Debt	\$860,489
DIA	\$13,238
Zoo	\$6,619
TOTAL	\$1,343,687

Base Taxable Value/New Taxable Value Estimate: Base \$418,532 / New \$3,850,000

⁵ The University Club (historic structure) was a fraternal organization where the city’s educated men could network. It was designed by William Kapp of the architectural firm Smith, Hinchman & Grylls in the Collegiate Gothic style. On June 15, 2013, a massive fire ripped through the club. <http://historicdetroit.org/building/university-club/>

Eligible Activities and Projected Costs

Construction of the Project anticipated will begin in summer 2020 and that eligible activities will be completed within the following 12 – 18 months. Unless otherwise agreed to in writing by the DBRA, all eligible activities will be completed within three (3) years after execution of the Reimbursement Agreement (as that term is defined below), however, any long-term monitoring or operation and maintenance activities or obligations that may be required will be performed in compliance with the terms of this Plan and any documents prepared pursuant to this Plan.

Additional activities that Developer intends to conduct at the Property pursuant to this Plan are considered “eligible activities” as defined by Section 2 of Act 381, because they include department specific activities, demolition, site preparation, infrastructure improvements, and the development and preparation of a brownfield plan and work plan. A summary of the eligible activities and the estimated cost of each eligible activity intended to be paid for with tax increment revenues from the Property.

The Developer is seeking reimbursement for the costs of eligible activities via the brownfield development plan. 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.

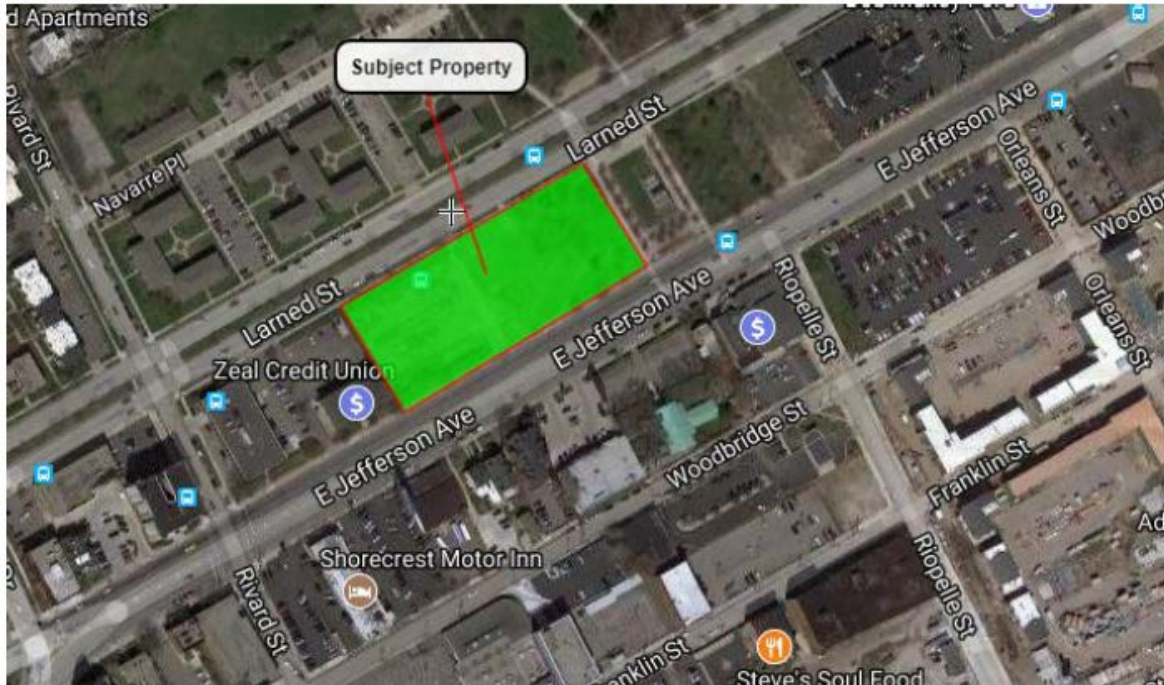
ESTIMATED COST OF ELIGIBLE ACTIVITIES

Description of Eligible Activities	Estimated Cost
1. Baseline Environmental Assessment Activities	\$20,000
2. Department Specific Activities – soil excavation, transportation and disposal, and oversight	\$1,115,000
3. Site Demolition of Existing site improvements (i.e. paving, sidewalks, curb/gutter, concrete & asphalt paving)	\$75,000
4. Site Preparation – dewatering, temporary fencing, temporary security, mass grading and land balancing, erosion control and sheet piling, and geotechnical testing	\$960,000
5. Infrastructure Improvements – Storm water management system and sidewalks, curb/gutter, landscaping and paving in the public ROW	\$510,000
Subtotal Site Eligible Activities	\$2,680,000
6. Brownfield Plan and Work Plan development and preparation	\$30,000
Total Estimated Cost to Developer to be Funded Through TIF	\$2,710,000
7. State Brownfield Revolving Fund	\$198,574
8. DBRA Administrative Fees	\$648,582
9. Local Brownfield Revolving Fund	\$766,721
Total Potential Capture	\$4,323,877

Feasibility of the Brownfield Approval

If approved by Council and implemented as planned, this project proposal includes the creation of 100 temporary construction jobs and 72 new full and part-time positions for the grocery store, as a direct result of the developer's \$15.6 million investment.

Please contact us if we can be of any further assistance.



Site Map ⁶

Please contact us if we can be of any further assistance.

cc: Auditor General's Office
Arthur Jemison, Chief of Services and Infrastructure
Katy Trudeau, Planning and Development Department
Donald Rencher, HRD
Veronica Farley, HRD
Stephanie Grimes Washington, Mayor's Office
Avery Peeples, Mayor's Office
Malinda Jensen, DEGC
Kenyetta Bridges, DEGC
Jennifer Kanalos, DEGC
Brian Vosburg, DEGC

⁶ Source: Detroit Brownfield Redevelopment Authority

City of Detroit
CITY COUNCIL

COUNCIL PRESIDENT BRENDA JONES

INCENTIVE INFORMATION CHART

Project Type	Incentive Type	Investment Amount	District
Commercial Retail	Brownfield TIF	\$15,600,000	5

Jobs Available							
Construction				Post Construction			
Professional	Non-Professional	Skilled Labor	Non-Skilled Labor	Professional	Non-Professional	Skilled Labor	Non-Skilled Labor
6	4	80	10	12	10	12	38

1. What is the plan for hiring Detroiters?
 - The Developer's contractor will work with local trades. The proposed tenant has demonstrated a commitment to hire and staff locally and worked with the community in the past to staff their other locations within the City of Detroit.

2. Please give a detailed description of the jobs available as listed in the above chart, i.e.: job type, job qualifications, etc.
 - Grocery retail positions will include store manager, assistant store manager, cashier, stocking, maintenance, sales and service. Employees who will first be recruited from the immediate area will be eligible for incentive bonuses based on store performance and have access to health and well-being benefits such as medical, dental and optical. The grocer will offer paid time off, disability insurance, and a competitive 401k with match. The grocer is a family owned company that is continuing to grow and provide opportunities for its entire team while supporting the communities it serves.

 Construction trade contractors include carpenters, laborers, operators, roofers, plumbers, electricians, and landscapers. There will be approximately 100 construction positions during the duration of construction with additional indirect support positions.

3. Will this development cause any relocation that will create new Detroit residents?
 - Given the scope of the Project, it is unknown whether or not it will result in the creation of new Detroit residents. However, the Project will provide a new grocery store for area residents that could also act as a draw for employees currently working downtown but living outside of the City.

4. Has the developer reached out to any community groups to discuss the project and/or any potential jobs?
 - Yes, the Developer has presented the Project to numerous local community groups that have indicated their support. Additionally, the community has been aware of the Project and the grocer has demonstrated a commitment to hire and staff locally and worked with the community in the past to staff their other locations within the City of Detroit.
5. When is the construction slated to begin?
 - Construction is anticipated to begin in the summer of 2020.
6. What is the expected completion date of construction?
 - Construction of the overall Project is expected to be completed by the middle of 2021.

*Please contact Linda Wesley at (313) 628-2993 or wesleyl@detroitmi.gov to schedule a date to attend the Skilled Trades Task Force.

Attachment B

TO: THE DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
FROM: DETROIT, BUILDINGS, SAFETY ENGINEERING AND ENVIRONMENTAL DEPARTMENT
PROJECT: EAST JEFFERSON DEVELOPMENT CO LLC; 1401- 1475 E. Jefferson
DATE: October 19, 2017

The undersigned, from the City of Detroit, Buildings, Safety Engineering, and Environmental Department acknowledges the receipt of the environmental documents listed below, which have been submitted by East Jefferson Development Company, LLC, as developer, as part of its Brownfield Plan submittal to the Detroit Brownfield Redevelopment Authority (DBRA), for the 1401- 1475 E. Jefferson Project.

- Phase I Environmental Site Assessment, pursuant to USEPA's. All Appropriate Inquiry using American Society of Testing Materials (ASTM) Standard E 1527-13
- Phase II Environmental Site Assessment, pursuant to ASTM Standard 1903 (if appropriate)
- Baseline Environmental Assessment, pursuant to Part 201 of Michigan's Natural Resources and Environmental Protection Act, MCL 324.20101 *et seq.* (if appropriate).
- Due Care Plan, pursuant to Part 201 of Michigan's Natural Resources and Environmental Protection Act, MCL 324.20101 *et seq.* (if appropriate).

Based upon its review of the above environmental documents and the representations of the developer, the City of Detroit, Buildings, Safety Engineering, and Environmental Department has determined that the documents received for this project satisfy the DBRA Guidelines. Due to the presence of polynuclear aromatic hydrocarbons and heavy metals above residential and non-residential cleanup criteria, the site is a facility.

City of Detroit, Buildings, Safety
Engineering, and Environmental
Department
By: Paul J. Max
Its: General Manager



March 20th, 2020

Mr. Christopher Brochert
Lormax Stern Development Company
38500 Woodward Ave. Suite 200
Bloomfield Hills, MI 48304

Re: Meijer Rivertown Market Project—Letter of Support

Dear Mr. Brochert,

Jefferson East, Inc. (JEI), wishes to voice its strong support for the proposed development of the Meijer Rivertown Market on east Jefferson in Detroit. This new development will bring quality groceries and goods at affordable prices to a neighborhood that lacks these amenities. In addition, we are thrilled about the new jobs that this development will bring and look forward to finding ways to help link residents to these opportunities.

Since 1994, JEI has been working to improve the east Jefferson corridor and its neighborhoods. Developments like the Meijer Rivertown Market make our neighborhoods great places to live, work and invest. Thank you for your commitment to the east Jefferson corridor and let me know if we can be of any further assistance. I can be reached at 313-549-5780 or jelling@jeffersoneast.org.

Kindest Regards,

A handwritten signature in black ink that reads "Joshua R. Eling".

Joshua R. Eling
CEO
Jefferson East, Inc.



March 18, 2020

Mr. Christopher Brochert
Lornax Stern Development Company
38500 Woodward Ave. Suite 200
Bloomfield Hills, MI 48304

Re: Meijer Rivertown Market Project—Letter of Support—To Whom It May Concern

Dear Chris:

On behalf of all of the residence and business members of the Rivertown Detroit Association (www.rivertowndetroit.org), I am writing you this letter in full support of the Meijer Rivertown Market project. This will be an exciting addition to the Rivertown Detroit area as we redevelop the riverfront.

The Meijer Rivertown Market will bring reasonable prices to the area along with a broad selection of products and produce for our members who live and work in Rivertown. In addition, it will show other retailers that the Rivertown Detroit area is a great place to do business.

If you would need any additional support for your project, please just let me know. We look forward to construction beginning soon and shopping at the Meijer Rivertown Market in the near future. It will be great to have Meijer as one of our neighbors.

Sincerely,

A handwritten signature in black ink, appearing to read "Chip Rohde, Jr.", written in a cursive style.

Arthur J. "Chip" Rohde, Jr.
President
Rivertown Detroit Association, a 501(c)(3) Corporation
2711 E. Jefferson Ave.
Detroit, MI 48207
1-313-259-1010
chip@rivertowndetroit.org