David Whitaker, Esq.
Director
Irvin Corley, Jr.
Executive Policy Manager
Marcell R. Todd, Jr.
Senior City Planner
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John Alexander
LaKisha Barclift, Esq.
M. Rory Bolger, Ph.D., FAICP
Elizabeth Cabot, Esq.
Tasha Cowan
Richard Drumb
George Etheridge
Deborah Goldstein

City of Detroit CITY COUNCIL

LEGISLATIVE POLICY DIVISION

208 Coleman A. Young Municipal Center Detroit, Michigan 48226 Phone: (313) 224-4946 Fax: (313) 224-4336

Christopher Gulock, AICP **Derrick Headd** Marcel Hurt, Esq. Kimani Jeffrey **Anne Marie Langan Jamie Murphy** Kim Newby Analine Powers, Ph.D. Jennifer Reinhardt Rebecca Savage Sabrina Shockley Thomas Stephens, Esq. **David Teeter** Theresa Thomas Kathryn L. Underwood, MUP Ashlev A. Wilson

TO: COUNCIL MEMBERS

FROM: David Whitaker, Director

Legislative Policy Division Staff

DATE: June 3, 2020

RE: Corktown Housing 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.

Corktown Housing, LLC, a subsidiary of Oakland Housing, 1 is the project developer and owns fifteen (15) of the thirty-one (31) parcels encompassing the project property. The Detroit Land Bank Authority owns the remaining sixteen (16) parcels, of which, the developer intends to purchase. The project's 31 parcels are in the North Corktown neighborhood on the southwest side of Detroit. The property is bounded by Spruce Street to the north, property lines to the east, the West Fisher Freeway to the south and Wabash Street to the west.

This project involves the development of owner-occupied affordable housing on the blighted Property in three phases. Phase I,² which is currently under construction, consists of fourteen (14) townhome units spread over three (3) buildings. Phase II, consists of eighteen (18) townhome units spread over four (4) buildings. Phase III, consists of approximately fifty-four (54) units of small multi-family townhomes and duplexes.

¹Oakland Housing is a 501(c)(4) non-profit organization.

² Construction on Phase I was originally delayed due to the 2008 market crash. During the downturn, Corktown Housing created and contributed to a number of public amenities, including the Pine Street Tree Nursery, pocket parks created by the North Corktown Neighborhood Association, and a partnership with ACRE Farm.

According to the plan, it is anticipated that Phase I will be completed in early 2020. ³ Phase II is anticipated to begin in May 2021, and eligible activities will be completed within eighteen (18) months of commencement of Phase II. Phase III is anticipated to begin in May 2025, and eligible activities will be completed within eighteen (18) months of commencement of Phase III.

The developer is requesting a \$2,723,185 TIF⁴ reimbursement, with the overall value of the plan estimated at \$4,311,331, which includes local brownfield costs. The duration of the TIF plan is 30 years. In addition to the Brownfield TIF, the developer will be seeking the approval of a Neighborhood Enterprise Zone tax exemption, a benefit that will accrue to each future homeowner.

Description of the Eligible Property & Legal Description

The property comprising the eligible property consists of 31 parcels. The 31 parcels are either blighted or adjacent & contiguous to at least one blighted parcel.

Property Subject to the Plan

Parcel ID	Address	Qualification/City Blight Criterion				
8008747	2634 Wabash	No. 6 (owned by Land Bank)				
8008746	2630 Wabash	No. 6 (owned by Land Bank)				
8008745	2622 Wabash	No. 6 (owned by Land Bank)				
8008743	2606 Wabash	Adjacent & Contiguous				
8008693	2622 Huron	No. 6 (owned by Land Bank)				
08000667.003L	2031 Spruce	Adjacent & Contiguous				
8000667.002	2025 Spruce	No. 6 (owned by Land Bank)				
8008692	2654 Huron	No. 6 (owned by Land Bank)				
8008691	2648 Huron	No. 6 (owned by Land Bank)				
08008690.002L	2642 Huron	No. 6 (owned by Land Bank)				
8008690.001	2628 Huron	No. 6 (owned by Land Bank)				
8008689	2622 Huron	No. 7 (subsurface debris)				
8008688	2614 Huron	Adjacent & Contiguous				
8008687	2606 Huron	Adjacent & Contiguous				
8008621	2661 Vermont	Adjacent & Contiguous				
8008687	2606 Huron	No. 7 (subsurface debris)				
8008622.001	2657 Vermont	No. 6 (owned by Land Bank)/Facility				
08008622.002L	2653 Vermont	No. 6 (owned by Land Bank)				
8008623	2647 Vermont	No. 6 (owned by Land Bank)				
8008624	2639 Vermont	No. 6 (owned by Land Bank)				
8008625	2631 Vermont	Adjacent & Contiguous				
8008626	2625 Vermont	Adjacent & Contiguous				
8008627	2621 Vermont	Adjacent & Contiguous				
8008628	2617 Vermont	No. 7 (subsurface debris)				
8008629	2611 Vermont	No. 7 (subsurface debris)				
8008630-7	2605 Vermont	No. 7 (subsurface debris)				
8008356	2658 Vermont	No. 6 (owned by Land Bank)				
8008355	2652 Vermont	No. 6 (owned by Land Bank)				
8008354	2642 Vermont	No. 6 (owned by Land Bank)				
8008352	2628 Vermont	Adjacent & Contiguous				
8008335-51	2602 Vermont	No. 7 (subsurface debris)				
08008735-42	1941 Pine	Facility				

³ Phase I, 14 units are spread over 3 buildings includes, units range in size from 1300-1500 square feet, with 2 bedrooms, 1.5-2.5 bathrooms, internal parking and a flexible room that can be converted into a third bedroom. ⁴ Tax Increment Financing (TIF) subsidizes an entity by refunding or diverting a portion of their taxes to help

finance development in an area or on a project site.

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North Corktown Redevelopment Property List, Brownfield Conditions, and Legal Descriptions

Basis of Eligibility

The Property is considered "eligible property" as defined by Act 381, Section 2 because they include Department Specific Activities, including Baseline Environmental Assessment activities, environmental response activities, demolition, site preparation, infrastructure improvements, and development, preparation, and implementation of a brownfield plan and Act 381 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:

	Reimbursement Costs	Adm. Costs	State Brownfield Fund	Local Revolving Fund	Totals
School Operating		\$0	\$0	\$0	\$0
SET	\$345,270	\$0	\$196,654	\$0	\$541,924
County	\$450,117	\$122,414	\$0	\$140,982	\$713,513
HCMA	\$12,251	\$3,332	\$0	\$3,837	\$19,420
City of Detroit	\$1,148,138	\$312,249	\$0	\$359,611	\$1,819,998
RESA	\$314,443	\$85,516	\$0	\$98,487	\$498,447
WCCC	\$186,492	\$50,719	\$0	\$58,411	\$295,622
Library	\$266,474	\$72,471	<u>\$0</u>	\$83,463	\$422,407
TOTALS	\$2,723,185	\$646,701	\$196,654	\$744,791	\$4,311,331

In addition, the following taxes are projected to be generated but shall not be captured during the life of this Plan:

City Debt		\$751,980
School Debt & Jud	dgment	\$820,964
Wayne County Zo	0	\$9,121
Wayne County DI	Α	\$18,244
	Total	\$1,600,309

Feasibility of the Brownfield Approval

The parcels listed in the plan meet criteria for blight listed in Section 2(e) of the Brownfield Redevelopment Financing Act (Act 381 of 1996). As noted in the table, they meet either Criterion 6 (property owned or under control of a land bank fast track authority), or Criterion 7 (the presence of subsurface demolition debris buried onsite). Properties meeting the definition for Criterion 6 are listed on the Detroit Land Bank Authority's inventory of real property. Properties meeting Criterion 7 are evidenced in two ways: by boring logs showing the presence of buried demolition debris and photographs from excavations on the parcels.

The first phase of a green alley is being constructed between Vermont and Huron Streets, with a pocket park planned for the corner of Pine and Wabash Streets. The park will be publicly accessible, just as the Pine Street Tree Nursery is.

A summary of the eligible activities and the estimated cost of each eligible activity intended to be reimbursed with Tax Increment Revenues from the Property are shown in the table below:

Estimated Cost of Eligible Activities Table

TASK/ACTIVITY	COST ITEM			Phase 2		Phase 3		ELIGIBLE COST (brownfield cost - greenfield cost)
ENVIRONMENTAL (EGLE) ACTIVITIES		(12	/31/19)	06//	01/21	#	45,778	
All Appropriate inquiry and Due Care Planning Autivities								
Phase I ESA, Phase II ESA, and Baseline Environmental Assessment (BEA	Dhara IIIDE A activities	5	3.000		3,500	5	3,500	\$10,000
- preapproved	Phase Index aconnes.	*	3,000	٠	3,500	٠	3,500	
		ш						\$10,000
Environmental Response Activities During Construction								
Due Care Assessment	Assessment of soil excavation areas for management and diposal	\$		Ş	10,000	Ş	10,000	\$20,000
Brownfield and Act 381 Work Plans & Implementation		_						\$20,000
Preparation of Brownfield Plan and Act 381 Work Plan	Preparation of Brownfield Plan and Act 381 Work Plan.	┰						\$0
Preparation of Brownfield Plan and Act 361 Work Plan Brownfield/Work Plan Implementation (DEQ)	Project reporting and cost tracking related to DEQ-eligible activities.	+		\vdash		\vdash		\$0 \$0
Drowning Holes I an imperioritation (DEQ)	request reporting and cost tracking related to only "Digital Sciences."	\vdash						20
	Contingency (15%)							\$3,000
	TOTAL ELIGIBLE ENVIRONMENTAL (EGLE) COSTS:							\$33,000
NON-ENVIRONMENTAL (MSF) ACTIVITIES	TOTAL ELIGIBLE ENTINOTIMENTAL (ESEL) SOUTS.							400,000
Infrastructure Improvements		-	_		_			
Public Right of Way Improvements	Sidewalks	-	56.414	•	72 522	•	217,597	\$346,543
	Outrains	*	20,414	*	/2,552	*	217,337	4540,545
Urban stormwater management improvements	Green stormwater improvements: bioswale, green alley, stormwater enhancements to pocket park	\$	52,567	Ş	132,476	\$	131,660	\$316,702
								\$883,248
8ite Preparation Autivities								
	Excavation and transport of filled basements, below grade structures, buried construction/demolition	ı		l				
Excavation and transport of unstable material (urban/historic fill)	debris, remnant foundations, and/or abandoned pavements and utilities, as needed to support	\$	80,000	\$	102,857	\$	308,571	\$491,429
	construction. Removal of the shallow topsoli/organic layer is incidental to this line item.	ı						
	Water	5	15,600	5	20.057	5	60,171	\$95,829
Utility Relocation	Sanitary	š	27,700		35,614		106,843	\$170,157
Site grading/land balancing	Site grading/land balancing.	5	74,170	5	95,361	5	286,084	\$455,616
Geotechnical Engineering	Engineering services	5	4,077	5	5,242	5	15,726	\$25,044
Staking/Surveying	Staking/surveying to establish final grades of fill prior to placement of imported engineered fill.	\$	6,200	\$	7,971	Ş	23,914	\$38,086
	Temporary site control (security, fencing, lighting).	\$	32,912	Ş	15,000	\$	15,000	\$62,912
Temporary construction items	Temporary erosion control.	\$	5,700		7,329	10	21,986	\$35,014
	Temporary Utilities	\$	4,500	Ş	4,500	\$	4,500	\$13,500
								\$1,387,688
Demolition								
Site Demolition	Removal of Abandoned Utilities	\$	37,191	\$	47,817	ş	143,451	\$228,459
								\$228,469
Brownfield and Act 381 Work Plans								
Preparation of Brownfield Plan and Act 381 Work Plan	Preparation of Brownfield Plan and Act 381 Work Plan.	\$	20,000			\$	10,000	\$30,000
Brownfield/Work Plan Implementation (MSF activities)	Project reporting and cost tracking related to MSF-eligible activities.	\$	10,000		10,000		10,000	\$30,000
			427,031		668,767			\$2,339,291
	Contingency (16%)	┸	84,066		83,514		203,326	\$350,894
	TOTAL ELIGIBLE NON-ENVIRONMENTAL (MSF) COSTS:							\$2,690,185
	TOTAL ELIGIBLE ACTIVITIES COSTS	_		_		_		\$2,723,185

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

cc: Auditor General's Office

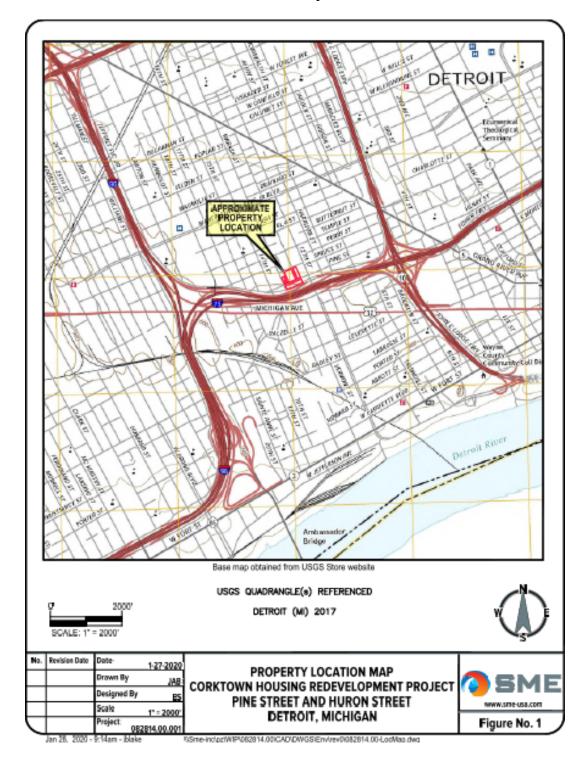
Arthur Jemison, Chief of Services and Infrastructure Katy Trudeau, Planning and Development Department

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





INCENTIVE INFORMATION CHART:

Project Type	Incentive Type	Investment Amount	District
New Construction	Brownfield TIF/NEZ	\$18.6	6

Jobs Available									
Construction				Post Construction					
Professional	Non- Professional	Skilled Labor	Non-Skilled Labor	Professional	Non- Professional	Skilled Labor	Non-Skilled Labor		
4	4	10	50	0	0	0	0		

- What is the plan for hiring Detroiters? Contown Housing will incentivize local hiring practices for utilizing local subcontractors to construct the townhomes, and intends to follow exec. order 2016-1.
- Please give a detailed description of the jobs available as listed in the above chart, i.e. job type, job qualifications, etc. Since the developments will be owner-occupied, jobs consist of construction jobs, which skilled positions in as well as unskilled laborers.
- Will this development cause any relocation that will create new Detroit residents? This development may attract people to Detroit, since it creates quality affordable for-sale housing.
 Has the developer reached out to any community groups to discuss the project and/or any potential
- 4. Has the developer reached out to any community groups to discuss the project and/or any potential jobs? Yes, several including North Coridown Neighborhood Association and the Coridown Business Association. Homes were advertised to neighborhood groups first resulting in buyers who work in Coridown and have family connections in North Coridown. Also areparticipants in the Coridown Framework PlanyFord CBA process.
- When is construction slated to begin? Construction began in April 2019. Phase II is slated to begin in May 2021.
 Phase III is slated to begin in May 2025
- What is the expected completion date of construction? Phase I: mid-2020. Phase II: January 2023. Phase III: January 2027.

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

Letters of support

April 2, 2020

Detroit Brownfield Redevelopment Authority Detroit City Council c/o Detroit Genomic Growth Corporation 500 Genwold, #2200 Detroit, MI 48226

To Whom it May Concern:

Lam writing in support of the Brownfield TIF application submitted by Conktown Housing, LLC, a subsidiary of Oakland Housing, Inc. Conktown Housing to developing much needed middle income, for sale housing is my Norch Conktown neighborhood, using their own funds to provide loans that keep the home: affordable for families making, 80-120% of the area median income for Wayne County.

The review of Controver Housing has been a part of our neighborhood for ever a decade. They examined and beautiful their properties through the financial crists, pering fronts Controver residents as their property managers and contributing to enutuple projects of the North Controver Respiratorhood. Association over the part decade. They are intended to the Controver Business Association, and are building the type of housing that people who work in Controver Business. Association, and are already committed to buying those new homes, showing that there was a gap in our market that Controver Business is Fifting.

Throw that any funds received by Coricown Housing will be put back into building more middle income affordable homes in North Carlstown. Lencourage the Detroit Brownfield Redevisionment Authority and Detroit City Council to support their application.

Ro-ald W Cooley Founder - Pres President of the Co-Krown Business Association

Sincerely,



Corktown Business Association, Inc. PQ Box 32310 1401 W. Fort St Detroit, MI 48232

April 2, 2020

Detroit Brownfield Redevelopment Authority Detroit City Council c/o Detroit Economic Growth Corporation 500 Griswold, #2200 Detroit, MI 48226

To Whom It May Concern:

I am writing in support of the Brownfield TIF application submitted by Corktown Housing, LLC, a subsidiary of Oakland Housing, Inc. Corktown Housing is developing a much-needed, middle income, for sale housing option in the North Corktown neighborhood. Oakland Housing is using their own funds to provide loans that keep the homes affordable for families making 80–120% of the area median income for Wayne County.

The team at Corktown Housing has been a part of the overall Corktown neighborhood for over a decade. They maintained and beautified their properties throughout the financial crisis by paying North Corktown residents as their property managers. The also contributed to multiple projects of the North Corktown Neighborhood Association, Corktown Business Association and Congress of Communities. They are members of the Corktown Business Association and are building the type of housing that people who work in Corktown need. Several local workers have already committed to buying these new homes, showing that there was a gap in our market that Corktown Housing is filling. Corktown Housing is also committed to returning any profits and/or funds back into building more middle-income affordable homes in North Corktown.

By a unanimous vote of our Executive Committee, we would like to encourage the Detroit Brownfield Redevelopment Authority and Detroit City Council to approve Corktown Housing's application for Brownfield TIF.

Respectfully Submitted,

Bob Roberts President

> www.corktowndetroit .biz



April 2, 2020

Detroit Brownfield Redevelopment Authority Detroit City Council c/o Detroit Economic Growth Corporation 500 Griswold, #2200 Detroit, MI 48226

To Whom It May Concern:

I am writing in support of the Brownfield TIF application submitted by Corktown Housing, LLC, a subsidiary of Oakland Housing, Inc. Corktown Housing is developing much-needed middle-income, for sale housing in my North Corktown neighborhood, using their own funds to provide loans that keep the homes affordable for families making 80-120% of the area median income for Wayne County.

The team at Corktown Housing has been a part of our neighborhood for over a decade. They maintained and beautified their properties through the financial crisis, paying North Corktown residents as their property managers and contributing to multiple projects of the North Corktown Neighborhood Association over the past decade. They are committed to the values and priorities of our neighborhood, which are reflected in this project. From public green spaces and art, to improved walkability, to storm water management onsite in their bioswale, Corktown Housing's project is the type of new development that our neighborhood has asked for.

I know that any funds received by Corktown Housing will be put back into building more middle-income affordable homes in North Corktown. I encourage the Detroit Brownfield Redevelopment Authority and Detroit City Council to support their application.

Sincerely,

Detricia Talley
President
North Corktown Neighborhood Association
triciatalley@yahoo.com
northcorktown.com