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City of Detroit

CITY COUNCIL

LEGISLATIVE POLICY DIVISION
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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: July 13, 2021

RE: Bagley & 16th Brownfield Redevelopment Plan PA 381 of 1996
PUBLIC HEARING

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.

Bagley & 16th Brownfield Redevelopment Plan

Woodborn Partners, LLC, is the project developer of the property in the Bagley & 16th Brownfield Redevelopment Plan. The eligible property in the plan consists of three parcels, which total approximately 0.7 acres and are currently owned by the City of Detroit. The Property was first developed in 1884 and initially housed several residential structures and a warehouse/office building. Various businesses conducted operations within buildings at the Property over the years, including a carpet cleaning business and various metal manufacturing companies. The last remaining structures on the Property were demolished in 1996 and the parcels have been unused since. Presently, the parcels remain vacant and are each a *facility*.¹

The Developer proposes to redevelop the project site as a pedestrian oriented, residential-over-retail concept. The primary feature associated with the redevelopment will be a four-story, mixed-use development with 2,600 plus square feet of retail and 78 residential units, with at least *10% of the apartments designated as affordable*² at 60%³ to 80%⁴ AMI.

¹ **Facility:** any area, place, or property where a hazardous substance in excess of the established state cleanup standard for residential property has been released, deposited, disposed of, or otherwise comes to be located.

² Typically, a housing project of this size *with a tax abatement* sets aside 20% of the units as affordable.

³ 60% AMI is equivalent to about \$33,000 annually.

⁴ 80% AMI is equivalent to about \$44,000 annually.

It is currently anticipated construction will begin in the third quarter of 2021, and eligible activities will be completed within 24 months from commencement of construction. The completed project is also expected to create an estimated 85 temporary construction jobs and 3 new full-time equivalent (FTE) jobs.⁵

The developer is requesting a **\$2,742,672** TIF⁶ reimbursement, with the overall value of the plan estimated at **\$3,811,476**, which includes local brownfield costs.⁷ The developer is also seeking the approval of a Commercial Rehabilitation Act (PA 210) Tax Abatement. The estimated capital investment for this project is approximately **\$19.1 million**.

Basis of Eligibility

The Property is considered “eligible property” as defined by Act 381, Section 2 because (a) the Property was previously utilized for industrial 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.

Description of the Eligible Property & Legal Description

The property comprising the eligible property consists of three (3) parcels.

Address	2420 Bagley
Parcel ID	10006500
Owner	City of Detroit P&DD, Care of DBA
Legal Description	W 16TH 23-22 BLK 20 FRONT SUB OF LAFONTAINE FARM L59 P154-5 DEEDS, W C R 10/9 64.58 x 106.85

Address	1729 16 th Street
Parcel ID	10006499
Owner	City of Detroit P&DD, Care of DBA
Legal Description	W 16TH 24 BLK 20 FRONT SUB OF LAFONTAINE FARM L59 P154-5 DEEDS, W C R 10/9 40 x 106.85

Address	1725 16 th Street
Parcel ID	10006498
Owner	City of Detroit P&DD, Care of DBA
Legal Description	W 16TH 28 THRU 25 BLK 20 FRONT SUB OF LAFONTAINE FARM L59 P154-5 DEEDS, W C R 10/9 18,245 SQ FT

⁵ According to the jobs chart submitted to Council President Brenda Jones.

⁶ 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.

⁷ The duration of the TIF plan is 30 years.



Rendering of the completed project

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:

COSTS TO BE REIMBURSED WITH TIF⁸

Description of Eligible Activities	Estimated Cost
BEA Activities	\$ 19,000
Due Care Activities	\$ 28,000
Additional Response Activities	\$ 543,214
Demolition & Abatement	\$ 40,531
Infrastructure Improvements	\$ 295,943
Site Preparation	\$ 743,325
15% Brownfield Contingency	\$ 247,652
Brownfield Plan/Work Plan Preparation	\$ 30,000
Brownfield Plan/Work Plan Implementation	\$ 30,000
Interest	\$ 765,007
Subtotal Eligible Activities	\$ 2,742,672
DBRA Administrative Costs	\$ 485,074
State Revolving Fund	\$ 186,051
Local Brownfield Revolving Fund	\$ 397,679
Total Estimated Cost to be Funded Through TIF	\$ 3,811,476

⁸ A maximum fifteen percent (15%) contingency for unforeseen circumstances and cost overruns may be added to the estimated cost of the proposed activities. The contingency should not be calculated on the costs for Brownfield Plan, Work Plan preparation or implementation, or for activities conducted prior to Work Plan submittal. Act 381 Work Plan Guidance

	Reimbursement Costs	Adm. Costs	State Brownfield Fund	Local Revolving Fund	Total
School Operating	\$863,708	\$0	\$0	\$252,560	\$1,116,268
SET County	\$143,951	\$0	\$186,051	\$42,093	\$372,096
HCMA	\$328,413	\$91,818	\$0	\$19,501	\$439,732
City of Detroit	\$8,985	\$2,512	\$0	\$534	\$12,030
RESA	\$837,701	\$234,204	\$0	\$49,743	\$1,121,647
WCCC	\$229,423	\$64,142	\$0	\$13,623	\$307,188
Library	\$136,068	\$38,042	\$0	\$8,080	\$182,189
TOTALS	<u>\$194,424</u>	<u>\$54,357</u>	<u>\$0</u>	<u>\$11,545</u>	<u>\$260,325</u>
	\$2,742,672	\$485,074	\$186,051	\$397,679	\$3,811,476

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

City Debt	\$540,620
School Debt	\$590,217
Wayne County Zoo	\$6,559
Wayne County DIA	<u>\$13,115</u>
Total	\$1,150,511

Feasibility of the Brownfield Approval

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 Department Specific Activities, including Baseline Environmental Assessment activities, due care activities, additional due care response activities, demolition site preparation, infrastructure improvements, and development, preparation, and implementation of brownfield plan and Act 381 work plan.

A Phase II Environmental Site Assessment (ESA) was conducted at the Property on September 27, 2019, to further evaluate recognized environmental conditions (RECs) identified in a Phase I ESA. Soil samples were collected from ten borings advanced on the Property, and samples were analyzed for volatile organic compounds (VOCs), polycyclic aromatic hydrocarbons (PAHs), semi-volatile organic compounds (SVOCs,) and Michigan 10 metals (arsenic, barium, cadmium, chromium, copper, lead, mercury, selenium, silver, and zinc). Five VOCs (naphthalene, tetrachloroethene, trichloroethene, 1,2,4- trimethylbenzene, and xylenes), three PAHs (benzo(a)pyrene, fluoranthene, and phenanthrene), and seven metals (arsenic, total chromium, copper, lead, mercury, selenium, silver, and zinc) were detected in one or more soil samples from each parcel at concentrations greater than Part 201 Criteria. Based on these results, each parcel constituting the Property meets the definition of a “facility” as defined in Part 201.

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

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

INCENTIVE INFORMATION CHART:

Project Type	Incentive Type	Investment Amount	District
Redevelopment	Brownfield TIF	\$19.1 million	6

Jobs Available							
Construction				Post Construction			
Professional	Non-Professional	Skilled Labor	Non-Skilled Labor	Professional	Non-Professional	Skilled Labor	Non-Skilled Labor
3	5	45	32	1	1	1	0

1. What is the plan for hiring Detroiters? The developer has been meeting with community groups and will incentivize local hiring practices for both prospective tenants and the general contractors building out the new spaces. Hiring in southwest Detroit has been prioritized.
2. Please give a detailed description of the jobs available as listed in the above chart, i.e: job type, job qualifications, etc. Initially jobs will be construction skilled and unskilled laborers, but eventually jobs will include retail positions and retail management in the small commercial space. Positions will depend on lessees.
3. Will this development cause any relocation that will create new Detroit residents? By increasing new housing opportunities in Hubbard-Richard, the development is likely to cause relocation that will create new Detroit residents.
4. Has the developer reached out to any community groups to discuss the project and/or any potential jobs? The developer is holding regular meetings with community groups in Hubbard-Richard and Southwest Detroit. Also, the developer is working with Invest Detroit on expanding community outreach and input.
5. When is construction slated to begin? September 2021
6. What is the expected completion date of construction? September 2023

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

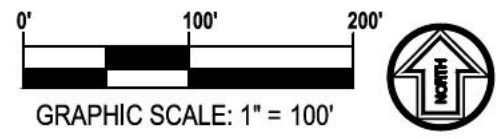




LEGEND

- - - - - APPROXIMATE PROPERTY BOUNDARY
- - - - - APPROXIMATE PARCEL BOUNDARY

NOTE:
 BASE DRAWING INFORMATION TAKEN FROM BING MAPS
 AND ON-SITE MEASUREMENTS.



No.	Revision Date	Date	6-17-19
	Drawn By	JAB	
	Designed By	CV	
	Scale	AS SHOWN	
	Project	081900.00.001.0A1	

SITE MAP
BAGLEY AND 16TH STREET REDEVELOPMENT
DETROIT, MICHIGAN



ATTACHMENT A

Jul 01, 2019 - 4:55pm - ltblake \\Sme-Inst02\WIP\081900_00\CAD\CWGS\Env\081900_00_001_0A1\view\081900_00_001_0A1-PF.dwg



**PLANNING AND
DEVELOPMENT DEPARTMENT**

Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 808
Detroit, Michigan 48226

Phone 313•224•1339
www.detroitmi.gov

May 13, 2021

Ms. Jennifer Kanalos
Authorized Agent
Detroit Brownfield Redevelopment Authority
500 Griswold, Suite 2200
Detroit, Michigan 48226

RE: Bagley & 16th Brownfield Redevelopment Plan

Dear Ms. Kanalos,

The Detroit Brownfield Redevelopment Authority (DBRA) has asked that the Planning and Development Department to review and comment on the Bagley & 16th Brownfield Redevelopment Plan (the "Plan").

Woodborn Partners' single-purpose entity, Bagley + 16th LLC, is the project developer ("Developer"). The property in the Plan consists of three (3) parcels bounded by Newark Street to the north, 16th Street to the east, Bagley Street to the south and the property line to the west on the southwest side of Detroit.

The development consists of the development of the vacant property into a mixed-use development. Attributes of the proposed development include a four-story building with 78 residential units and grade level commercial/retail space wrapping the corner of Bagley and 16th Streets. The project includes the following Brownfield eligible activities: demolition, site preparation, infrastructure improvements, environmental studies, and environmental remediation.

The project will redevelop vacant and contaminated property on the southwest side of Detroit. Total investment is estimated at \$19.1 million.

The review for this brownfield plan is complete and all comments have been forwarded to the developer. No adverse comments were received. The Planning and Development Department recommends approval of the brownfield plan as submitted.

Sincerely,

Russell Baltimore
Assistant Director Design Review
Planning and Development Department

c: B. Vosburg
C. Capler



SOUTHWEST DETROIT
BUSINESS ASSOCIATION

June 4, 2021

Detroit Brownfield Redevelopment Authority
500 Griswold St., Ste. 2200
Detroit, MI 48226

Dear Detroit Brownfield Redevelopment Authority:

On behalf of the Southwest Detroit Business Association (SDBA), we respectfully submit this letter of support for Woodborn Partners brownfield plan for their proposed Brooke @ Bagley development. This new, mixed-use development of currently vacant land at 16th St. and Bagley will greatly enhance the surrounding Southwest Detroit neighborhood by offering new housing options in an area that sorely needs it.

This area is facing tremendous housing pressures due to increase demand in this desirable area and low supply of available options. Woodborn Partners and their development team have reached out and engaged the community early on and demonstrated a willingness to listen and work with community members, businesses, non-profits, and other stakeholders within the area. In addition to the housing options within this development, this project is also proposing to develop the commercial spaces on the ground floor with the community in mind. SDBA is very excited for this project to break ground and wholeheartedly support it moving forward.

Thank you for your consideration.

Sincerely,

Michael Odom
Board Chair
Southwest Detroit Business Association

7752 WEST VERNOR HIGHWAY DETROIT, MI 48209-1516
T 313 842 0986 F 313 842 6350 WWW.SOUTHWESTDETROIT.COM

BUSINESS BUILDING COMMUNITY. COMMUNITY BUILDING BUSINESS.



Attachment B

TO: THE DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
FROM: DETROIT, BUILDINGS, SAFETY ENGINEERING, AND ENVIRONMENTAL DEPARTMENT
PROJECT: Bagley and 16th Redevelopment
DATE: 06/14/2021

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 Bagley + 16th LLC, as developer, as part of its Brownfield Plan submittal to the Detroit Brownfield Redevelopment Authority (DBRA), for the Bagley and 16th Redevelopment 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 agrees with the environmental consultant that the site is a facility and has determined that the documents received for this project satisfy the DBRA Guidelines.

City of Detroit, Buildings, Safety
Engineering, and Environmental Department

By: Aneta Harrington
Its: Environmental Specialist III

Michael E. Duggan, MAYOR