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HONORABLE CITY COUNCIL

RE: Community Benefits Ordinance process analysis for the Michigan and Church Street Project (DEPARTMENTAL REPORT)

In compliance with the City of Detroit's Community Benefits Ordinance (CBO), Ordinance No. 35-16, this report summarizes the City's CBO process regarding the Michigan and Church Street Project located in the City's Corktown neighborhood. This report serves the following purposes:

1. Provides an update relative to the standing of the CBO process and to inform the City Council as to what has transpired as a result of several meetings that have been held thus far; and
2. Provides the additional perspective of the legislative staff which may be considered alongside the mandated Planning and Development Department (P&DD) Director's report submitted to Your Honorable Body for review to complete the initial engagement phase of the CBO requirements.

Furthermore, Ordinance No. 35-16, Section 14-12-3, subsection (a)(5) of the CBO Ordinance states that, "*the City Council shall appoint a liaison from the Legislative Policy Division to monitor the community engagement process and provide updates to the City Council.*" This report has been prepared by the Legislative Policy Division (LPD) to provide an update as contemplated by the Ordinance prior to Council's consideration of any financial incentives associated with these developments.

Background

CBO Ordinance No. 35-16

In November of 2016, the Proposal B ballot initiative passed with 53% of the vote, effectuating the enactment of the City of Detroit’s CBO Ordinance No. 35-16. The expressed purpose of this Ordinance is to garner *“outreach and engagement that promotes transparency and accountability and ensures development projects in the City of Detroit benefit and promote economic growth and prosperity for all residents.”*

Section 14-12-2 of the CBO Ordinance defines a Tier 1 project as follows:

“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) or more (as determined by the City Assessor or independent appraisal) without open bidding and priced below market rates (where allowed by law) or*
- (2) Provision or approval by the City of tax abatements or other tax breaks that abate more than One Million Dollars (\$1,000,000) of City taxes over the term of the abatement that inure directly to the Development, but not including Neighborhood Enterprise Zone tax abatements.”*

It is estimated the total cost for the Michigan and Church Street project is approximately \$71 million; however, the developer is voluntarily following the CBO process.

Project Details

Location & Impact Area

The proposed project is located in the Corktown neighborhood of City Council District 6, and the entire project is located within census tract 5214. P&DD reviewed the project scope and defined the impact area as I-75 on the north, M-10 and Sixth Street on the east, rail-line, Bagley, Labrosse, and Porter on the south, and the Fisher Freeway on the west. A map, created by P&DD, of the location and impact area is shown below:



Developer

The developer for the project is Oxford Perennial Corktown Propco LLC, which consists of Oxford Capital Group (Chicago based), Hunter Pasteur Homes (Farmington Hills based), and The Forbes Company (Southfield based).

Proposed Development

As initially proposed, the project includes the following three different projects on three different sites.

1. Apartments. The first project is at 1611 Michigan Avenue, located on the south side of Michigan Avenue between 10th and 11th Streets. The project includes a newly built 7-story apartment complex with 188 units, 9,385 sq. ft. of ground floor retail, and 29 surface level parking spaces. For the 188 units, 20% of the units will be affordable to those earning no more than 80% of Area Median Income (\$50,240 or less for a two-person household). Units will range in size from 490 sq. ft. to 1,188 sq. ft. and will include a mix of studio, 1 bedroom, and 2 bedrooms.
2. Parking Deck. The second project is at 1501 Church Street located on the south side of Church Street between Trumbull Avenue on the east and 10th Street on the west. The project includes a newly built 3-story parking garage with 401 parking spaces, and 3,066 sq. ft. of retail. The initial plan included demolishing the existing building at the southeast corner of Church and 11th Street, known as the Downtown Self-Storage building. Part of this building was first built in 1894 and operated as a saw mill; the building was expanded in 1916 as the Red Arrow Soda factory.
3. Townhomes. The third site is located on the northwest corner of Church and 10th Streets. The project includes a newly built 3-story townhouse building with 7 units, 4th floor roof deck, and 7 indoor and 10 outdoor parking spaces. The Townhomes will range from 2,236 to 2,731 sq. ft. and include 2 and 3 bedrooms.

It is expected the project will create 62 full-time jobs and 300 construction jobs. Hunter Pasteur and Oxford Capital Group are also the main developers behind a nearby 7-story boutique hotel, the 227-room Godfrey Hotel, planned two blocks east on Michigan Avenue and Brooklyn. The hotel is not part of the subject CBO review, but was part of a previous Tier 2 CBO review. LPD staff understands the developer as part of that review, promised to build 170 parking spaces for the hotel; the proposed parking deck part, of this review, will help provide spaces for the hotel as well.

Current Zoning

The apartment and parking deck sites are presently zoned B4 (General Business), which provides for business and commercial uses of a thoroughfare-oriented nature. The townhouse site is presently zoned R2 (Two-Family Residential). The R2 Two-Family Residential District is designed to protect and enhance those areas developed or likely to develop with single- or two-family dwellings. However, R2 allows up to eight residential units a conditional use. As a result, no rezoning or variances are anticipated for the proposed development, but the proposed townhouse project would require conditional land use approval from the Buildings, Safety Engineering, and Environment Department (BSEED).

Tax Abatement Request

The developer is seeking a Commercial Rehabilitation Act Abatement (PA 210 of 2005) and a Brownfield Redevelopment Financing Act (PA 381 of 1996) which would be applied to various aspects of the development, including the proposed apartments, townhomes, and parking garage. A Neighborhood Enterprise Zone (NEZ) will also be requested as a financial tool for the residential component; however, NEZ tax abatements are exempted as being a qualifying factor for the CBO process.

CBO Participants

CBO Facilitators

P&DD staff members, Aaron Goodman and Jermaine Ruffin, were the main facilitators for the review. P&DD created a CBO website with public meeting times, meeting summaries, and project updates.

LPD Liaison

LPD staff member, Christopher Gulock, monitored the community engagement process and is providing updates to the City Council.

Developer Representatives

The primary representatives for the developers include: Seth Herkowitz of Hunter Pasteur and John Rutledge of Oxford Capital Group.

Neighborhood Advisory Council (NAC)

The NAC consists of 2 members selected by the community, 3 members selected by City Council (2 from the at-large members and 1 from the Council District representative), and 4 members selected by P&DD. After the CBO meeting on 3-18-21, the 9-member NAC of residents from the project impact was finalized as the following:

1. Debra Walker - Elected by Impact Area Residents
2. Hilliard Hampton III - Elected by Impact Area Residents
3. Taurean Thomas – Appointed by Council President Brenda Jones
4. Brandon Lockhart – Appointed by Council Member Janeé Ayers
5. Dorothy Bennick – Appointed by Council Member Raquel Castañeda-López
6. David Esparza – Appointed by P&DD
7. Brian Moore – Appointed by P&DD
8. Maggie Shannon – Appointed by P&DD
9. Bob Roberts – Appointed by P&DD
10. Kevin Pines – Alternate

Summary of NAC and CBO Process

In general the NAC/CBO process is as follows:

- The NAC is selected consisting of nine residents from the impact area
- The NAC meets with P&DD, the developer, and the community to identify project impacts
- The NAC develops suggestions to identified impacts
- The developer generates an agreement in response to the NAC's input

Once the NAC/CBO meetings are completed the following is done:

- The NAC signs a letter of support for the negotiated Community Benefits Package
- The Development package is submitted to City Council along with Community Benefits Report and Provisions signed by the developer
- City Council approves incentive's request with the Community Benefits Provisions

Summary of CBO/NAC Meetings

Summary of Meeting Dates and Activity

Below is a summary of meetings held, all of which were conducted virtually via zoom. The first meeting held on 3-11-2021, which is the only legally required public meeting by Ordinance No. 35-16, was mailed out to all residents of the impact area.

- **3-11-2021 CBO Meeting** – *Introduction of project and CBO process, as well as meeting schedule*
- **3-18-2021 CBO Meeting** – *Introduction of project and CBO process, as well as election of 2 community selected members of the NAC; approximately 66 persons were in attendance*
- **4-1-2021 CBO Meeting** – *First convening of the NAC and presentation of project details and financial incentives*
- **4-14-2021 NAC Member Meeting** – *NAC discussed project, impacts and creation of a neighborhood survey; survey when completed included 320 suggestions from the community; approximately 27 persons in attendance*
- **4-15-2021 CBO Meeting** – *Continued developer and NAC discussion; approximately 87 persons attended*
- **4-20-2021 NAC Member Meeting** – *Discussed project and impacts; approximately 39 persons in attendance*
- **4-28-2021 NAC Member Meeting** – *Discussed project and impacts; approximately 23 persons in attendance*
- **4-29-21 CBO Meeting** – *NAC presentation of project impacts and proposed community benefits/mitigations; approximately 54 persons attended*
- **5-5-2021 NAC Member Meeting** – *NAC reviewed developers response to project impacts and proposed community benefits/mitigations; approximately 18 persons attended*
- **5-7-21 NAC, Developer, City Discussion** – *NAC members, the developer and City continued to discuss the impacts and benefits*
- **5-13-2021 CBO Meeting** – *Developer presentation of the response to the project impacts and proposed community benefits/mitigations; approximately 64 persons attended*

Summary of Impacts and Proposed Community Benefits/Mitigations

List of Project Impacts/Concerns

At its first several meetings (particularly starting at the April 1st meeting), the NAC and community members discussed and drafted a list of impacts. Initial major points of concerns/impacts regarding the project included the following:

1. Parking and Historic Preservation
 - The size of the proposed parking garage is out of scale for the area
 - The proposed demolition of all or part of the historic Downtown Self-Storage Building would add to loss of historic buildings in neighborhood
 - Downtown Self-Storage Building serves as a visual buffer for the residential neighborhood to the west
 - The parking garage should be designed to be adaptively reused in the future
 - Proposed development will add to parking problems by bringing more cars to the streets and eliminating several surface parking lots
2. Vehicular traffic and safety
 - The overall development especially parking garage could increase traffic cutting through the neighborhood
 - The entrance to the parking garage would add traffic and congestion to Trumbull
3. Affordable housing
 - The number of affordable units and the definition of what is considered affordable was discussed
 - There was a concern that the 20% of 80% AMI does not adequately serve the community
4. Light, noise and air pollution
 - The impacts of construction on the adjacent community was discussed
 - Once completed, the impact of light and noise from the apartments was discussed
5. Environmental
 - There was a concern about dust from construction
 - It was asked if the building was designed to meet high sustainability standards
6. Design
 - It was stated the developer must comply with historic standards and that the building façade be built as proposed
 - The impact of the 7-story apartment building and adjacent single and two-family houses was discussed
 - The type of improvements to the alley behind the proposed apartment building was reviewed
7. Retail
 - The community would like to have new retail space available for local business, which could include smaller spaces and lower rents
 - The community wanted to keep displaced Bucharest restaurant in the neighborhood, but there were concerns about the potential high traffic generated along Church Street

Overall, the NAC submitted an initial list of 37 impacts/concerns as well as some mitigations.

Developer Commitments in Response to Project Impacts/Concerns

In response, at the April 15, 2021 CBO meeting, the developer submitted initial responses to the list for further discussion. The NAC then submitted a more detailed summary list of NAC Requests/Impacts to which the City and developer responded for the May 5, 2021 NAC meeting.

At the final CBO meeting on May 13, 2021, the developer submitted a “response to community impacts” summarized in the following 8 categories. LPD staff summarizes the primary benefits below.

1. Construction Mitigation

- Construction limited to 7 AM – 7 PM Mondays through Fridays and 8 AM – 7 PM on Saturdays; no work on Sundays
- Create an online portal for project information and email and phone number for resident complaints
- Patronize local businesses and vendors during construction (Collaborate with Corktown Business Association to provide a directory of local businesses in Corktown to all Project contractors and workers on a quarterly basis)

2. Workforce and Local Hiring

- Submitted local hiring plan for permanent jobs to the City of Detroit, which included the following commitments:
 - Engage with Detroit at Work as primary staffing partner
 - Ban the Box on employment applications
 - Modify pre-employment screening
 - Commit to agreed-upon priority hiring window for new positions
 - Engage with Grow Detroit’s Young Talent

3. Historic Preservation

- Preserve entire Downtown Storage Building which provides buffer between parking garage and residential neighborhood

4. Parking, Traffic, Walkability & Safety

- Provide the amount of parking spaces as required by Detroit Zoning Code and in the Tier 2 agreement for the Godfrey Hotel
- All overnight vehicles will be parked in garage, no on-street parking will be used by hotel valet
- Apply to establish 15 minute parking spaces on Church along parking garage
- 6 months after project opening, consider availability of underutilized parking spaces and evaluate participating in Shared Corktown Parking Program
- Primary garage entrance/exit on Trumbull and secondary entrance/exit on Church Street (only for 40 spaces)
- Install new, wider sidewalks on 10th Street and install street trees along Church St., 10th St., and Michigan Avenue

5. Design and Sustainability

- Building facades, heights, and setbacks will be consistent with those shown to community

- Apartment amenity deck is raised to 3rd floor level of neighboring properties and landscaped/screened, thereby limiting noise; the alley behind apartments will connect from 10th Street to 11th Street
- Two alleyways alongside apartments will be completely reconstructed and maintained by developer, including storm water capture, detention system, landscaping and green space
- Limit light pollution from new developments to 0.1 foot candles per IES Model Lighting Ordinance
- Provide Energy Star appliances, water-saving plumbing fixtures, and energy efficient lighting in Project
- Provide recycling services to residents in apartments
- Provide electric vehicle charging stations in parking garage
- Practice sustainable design to LEED and WELL standards – not seeking certification

6. Affordable Housing

- Based on NAC input, developer agreed to provide 10% of rental units will be affordable to those with incomes of not more than 60% of the Area Median Income
- Provide affordable units within the full range of unit types available at apartment building – studio, 1 bedroom, and 2 bedroom

7. Retail

- Design white box retail spaces with ability to incorporate possible restaurant tenants
- Partner with Motor City Match to identify potential local tenants and entrepreneurs and assist with tenant's upfront costs
- Welcome community input on preferred retail uses

8. Community Support

- Meet annually with Corktown residents to provide project updates and progress for 5 years, beginning in 2022
- Work with Detroit Walls program for mural design and artist selection for the Godfrey hotel murals
- Support outreach initiatives of nearby St. Peter's Episcopal Church

9. Community Investment

- Contribute \$100,000 upon approval of Project's Tier 1 CBO Provision by Detroit City Council
- Contribute an additional \$50,000 within twelve months of Project receiving Certificate of Occupancy from City of Detroit
- Contributions will be used to create a permanent endowment fund for neighborhood improvement projects benefiting the Impact Area (Historic Corktown)
- Interest income from the endowment fund will be deployed annually per the procedures and practice of the granting organization with input from neighborhood residents

10. Additional Commitments

- City will engage in corridor planning efforts regarding 10th Street and Trumbull Ave. to begin within six months of the Project Tier 1 approval by Detroit City Council
- P&DD commits to convene a committee of Corktown stakeholders to continue a broader parking conversation and support implementing the parking recommendations of the Corktown Framework Plan
- Extend Annual meeting period for developer to meet with community to 7 years

Conclusion

At its meeting on May 15, 2021, the Michigan and Church NAC voted 9-0 in support of the Community Benefit Commitments. The Developer has submitted their commitments in regards to the Michigan and Church Street CBO process, which are being incorporated into a development agreement between the Developer and the Administration. This report has been submitted in an effort to aid Your Honorable Body in your deliberations ahead of your ongoing deliberations.

Should you have any additional questions in this regard, please contact the offices of the Legislative Policy Division directly.

Respectfully submitted,

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cc: Katy Trudeau P&DD
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