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City of Detroit

CITY COUNCIL

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Thomas Stephens, Esq.
Theresa Thomas
Ashley A. Wilson

TO: COUNCIL MEMBERS

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: February 1, 2022

RE: **CODA Brush Park 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.

CODA Brush Park Brownfield Redevelopment Plan

Brush Park Properties, LLC, is the project developer of the CODA Brush Park Brownfield Redevelopment Plan. The eligible property consists of one (1) combined parcel¹ bounded to the north by an alleyway, to the east by John R Street, to the south by Alfred Street, and to the west by the property line in the Brush Park neighborhood. The project entails the construction of an expansive addition to incorporate the existing carriage house building facade, built in 1890, into a 5- story modern, mixed-use development.

The building will include approximately 84,000 square feet of commercial and residential space. Approximately ten (10) luxury condominium units will be offered for purchase, totaling an estimated 22,000 square feet of living space. Eight of the residential units will be located on floors 3-5 of the main carriage house building, and the two remaining townhome units will be built along the Alfred Street façade of the development. It is anticipated that the remaining portion of the building will be occupied by a restaurant, bar and office space, totaling approximately 15,000 square feet.

¹ The approved combined parcel includes approximately 1.07 acres. The property address and parcel identification number will be determined at a later date but prior to its incorporation on the 2022 tax roll. The former property addresses are 2827 John R Street, 105 Alfred Street, and 79 Alfred Street and are located in the City of Detroit.

In addition, the building will feature an integrated parking deck with approximately 105 total parking spaces. The parking structure will also serve as residential, commercial, and public parking, complete with multiple electric vehicle charging ports. The development will also feature alleyway improvements that will serve as a community gathering space. It is currently anticipated that construction will begin in the Fall of 2021 and eligible activities will be completed in 2023.

In its current condition, the building’s deterioration has left it dangerous and unable to be used to adequately perform the function for which it was intended, due to a substantial loss in value detailed below:

- The current configurations do not meet market demand for the original commercial purpose of the building, nor does it meet market demand for its future residential use.
- Mechanical and electrical systems must be replaced.
- Interior finishes have been stripped.
- Life safety systems (smoke detectors, fire alarm systems, exit signs and fire sprinklers) must be installed.
- The windows must be rehabilitated or replaced.
- The entire roof must be replaced.

The eligible activities are estimated to commence within 18 months of approval of the plan and be completed within 3 years. The completed project is also expected to create an estimated 218 temporary construction jobs and 37 new full-time equivalent (FTE) jobs.²

The developer is requesting a **\$4,807,400** TIF³ reimbursement, with the overall value of the plan estimated at **\$7,685,510**, which includes local brownfield costs.⁴ The developer is also seeking the approval of a Neighborhood Enterprise Zone Act, P.A. 147 of 1992, as amended (NEZ) tax abatement. The estimated capital investment for this project is approximately **\$25.8 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 a commercial purpose; (b) it is located within the City of Detroit, a qualified local governmental unit under Act 381; and (c) the Property parcel has been determined to be “functionally obsolete” as defined by Act 381.

Description of the Eligible Property & Legal Description

Former Addresses	Former Tax ID	Owner	Eligibility
2827 John R Street	01000669	Brush Park Properties, LLC	Functionally Obsolete
105 Alfred Street	01000668		
(A portion of) 79 Alfred Street	01000666-7		

² According to the jobs chart submitted to former Council President Brenda Jones.

³ 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.

⁴ The duration of the TIF plan is 19 years.

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 TIF⁵

COSTS TO BE REIMBURSED WITH TIF	
1. Pre-Approved Activities	\$2,500
2. Demolition	\$138,400
3. Site Preparation	\$268,000
4. Infrastructure Improvements	\$3,674,600
5. Urban Storm Water Management System	\$45,000
6. Brownfield Plan & Work Plan	\$60,000
7. Contingency (15%)	\$618,900
Total Reimbursement to Developer	\$4,807,400
8. Authority Administrative Costs	\$1,215,776
9. State Brownfield Redevelopment Fund	\$380,492
10. Local Brownfield Revolving Fund	\$1,281,842
Total Estimated Costs	\$7,685,510

	Reimbursement Costs	Admin. Costs	State Brownfield Fund	Local Brownfield Revolving Fund	Totals
School Operating Tax	\$1,036,117	\$0	\$0	\$0	\$1,036,117
State Education Tax	\$184,385	\$0	\$380,492	\$0	\$564,877
City Operating	\$1,732,710	\$587,301	\$0	\$619,215	\$2,939,226
Library	\$402,148	\$136,308	\$0	\$143,715	\$682,171
Wayne County Charter (summer)	\$489,340	\$165,861	\$0	\$174,874	\$830,075
Wayne County Charter (winter)	\$85,949	\$29,132	\$0	\$30,716	\$145,798
Wayne County Jails	\$81,468	\$27,614	\$0	\$29,114	\$138,196
Wayne County Parks	\$21,355	\$7,238	\$0	\$7,632	\$36,225
HCMA	\$18,272	\$6,193	\$0	\$6,530	\$30,995
RESA Enhancement	\$173,358	\$58,760	\$0	\$61,953	\$294,070
Wayne County RESA	\$8,380	\$2,841	\$0	\$2,995	\$14,216
Wayne County Community Colleg	\$281,444	\$95,395	\$0	\$100,579	\$477,418
Wayne County Special Ed	\$292,473	\$99,133	\$0	\$104,520	\$496,127
TOTAL	\$4,807,400	\$1,215,776	\$380,492	\$1,281,842	\$7,685,510
<i>In Addition the following taxes are projected to be generated but shall not be captured during the life of this Plan:</i>					
City Debt	\$1,325,834				
School Debt and Judgment	\$1,915,093				
DIA	\$29,463				
Zoo	\$14,731				
Total	\$3,285,121				

⁵ 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

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 pre-approved activities, department specific activities, site demolition activities, infrastructure improvements, site preparation, and the development, preparation and implementation of a brownfield plan and/or Act 381 work plan.

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
Gail Fulton, Mayor’s Office
Malinda Jensen, DEGC
Kenyetta Bridges, DEGC
Jennifer Kanalos, DEGC
Brian Vosburg, DEGC
Cora Capler, DEGC



Renderings of the completed project⁶

⁶ Source: <https://codadetroit.com/>

Estimated Costs of Activities

Table 1: Eligible Activities Cost Estimates			
Item/Activity	Total Request	MSF Act 381 Eligible Activities	EGLA Act 381 Eligible Activities
Pre-Approved Activities			
Phase I ESA	\$ 2,500		\$ 2,500
Pre-Approved Activities Sub-Total	\$ 2,500	\$ -	\$ 2,500
Demolition			
Building Demolition Activities	\$ 28,400	\$ 28,400	
Site Demolition Activities	\$ 110,000	\$ 110,000	
Demolition Sub-Total	\$ 138,400	\$ 138,400	\$ -
Infrastructure Improvements			
Urban Storm Water Management Systems (Green Roof)	\$ 45,000	\$ 45,000	
Underground and Multi-Level Parking Structures (public/private)*	\$ 3,669,600	\$ 3,669,600	
Side Walk Improvements	\$ 5,000	\$ 5,000	
Infrastructure Sub-Total	\$ 3,719,600	\$ 3,719,600	
Site Preparation			
Temporary Site Control (fencing, gates, signage and/or lighting)	\$ 100,000	\$ 100,000	
Relocation of Active Utilities (Electric, Gas, Water, Sewer)	\$ 100,000	\$ 100,000	
Excavation of Unstable Material	\$ 50,000	\$ 50,000	
Temporary Bracing/Sheeting/Shoring for Safety During Demo or to Address Special Soil Concerns during Construction of Open Cut Trenches	\$ 18,000	\$ 18,000	
Site Preparation Sub-Total	\$ 268,000	\$ 268,000	\$ -
Preparation of Brownfield Plan and Act 381 Workplan			
Brownfield Plan/381 Work Plan Preparation and Implementation	\$ 60,000	\$ 60,000	\$ -
Brownfield Plan and Act 381 Workplan Sub-Total	\$ 60,000	\$ 60,000	\$ -
Eligible Activities Sub-Total	\$ 4,188,500	\$ 4,186,000	\$ 2,500
15% Contingency**	\$ 618,900	\$ 618,900	
Developer Eligible Reimbursement Total	\$ 4,807,400	\$ 4,804,900	\$ 2,500
TIF Capture for Local Brownfield Revolving Fund	\$ 1,280,803		
Administrative Fee	\$ 1,215,776		
State Brownfield Fund	\$ 380,492		
Total	\$ 7,684,471	\$ 4,804,900	\$ 2,500

*Request is pro-rated to account for the portion of the parking structure related to residential and commercial operations, excluding valet

**15% Contingency excludes preparation of Brownfield Plan/381 Work Plan and Pre-Approved Activities

City of Detroit
CITY COUNCIL
COUNCIL PRESIDENT BRENDA JONES

Incentive Information Chart: 2827 John R Street 105 Alfred Street, and 79 Alfred Street, Detroit

Project Type	Incentive Type	Investment Amount	District
Commercial/Residential – Mixed Use	Brownfield TIF, NEZ	Approx. \$26 Million Investment	Brush Park District 6

Jobs Available							
Construction				Post Construction			
Professional	Non-Professional	Skilled Labor	Non-Skilled Labor	Professional	Non-Professional	Skilled Labor	Non-Skilled Labor
0	0	218	0	5	0	32	0

1. What is the plan for hiring Detroiters?

The development team will present at local trades sessions to solicit bidders and garner opportunities to employ Detroit residents. If the D2D program is available within the necessary timeframes, the developer will utilize this as an additional procurement source as needed.

Brush Park Properties, LLC has a policy of non-discrimination in its hiring practices, as is required by prevailing non-discrimination laws. As long as Brush Park Properties, LLC remains in compliance with these policies and laws, Detroit-based worker hiring will be encouraged, both permanent and temporary.

2. Please give a detailed description of the jobs available as listed in the above chart, i.e: job type, job qualifications, etc.

Available construction jobs include demolition, site utilities, concrete, masonry, carpentry, steel work, architectural woodwork, roofing, window glass and glazing, framing, painting, flooring, tiling, plumbing and HVAC, and electrical. It is anticipated 218 construction jobs will be created.

The Developer anticipates the creation of approximately 37 full time equivalent permanent indirect jobs at the new project. These are anticipated to be created by tenants and third-parties, which include parking services, property maintenance, and positions related to the restaurant which include management, food preparation, and waitstaff.

3. Will this development cause any relocation that will create new Detroit residents?

The development is anticipated to create an estimated 10 new residential units in the City of Detroit. No relocation will occur as the property is currently vacant.

4. Has the developer reached out to any community groups to discuss the project and/or any potential jobs?

The Developer has had numerous meetings with the Brush Park Citizens District Corporation (CDC) and several neighborhood groups. The following letters of support are submitted:

Susan Mosey, the Executive Director of Midtown Detroit;
Michael Essian, American Community Developers and Brush Park resident;
Carlo Liburdi, Brush Park Developer; and
Thomas Michaud, VMT Law Firm adjacent property owner.

5. When is construction slated to begin?

Construction is slated to commence in Fall 2021.

6. What is the expected completion date of construction?

Construction is expected to be completed in Spring 2023.



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER
OFFICE OF THE ASSESSOR

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DETROIT, MICHIGAN 48226
(313) 224-3011 • TTY:711
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WWW.DETROITMI.GOV

September 8, 2021

Ms. Jennifer Kanalos
Authorized Agent
City of Detroit Brownfield Redevelopment Authority
500 Griswold Street, 22nd Floor
Detroit, Michigan 48226

RE: **2827 John R**
Parcel 01000667-9

Dear Ms. Kanalos:

The Office of The Chief Financial Officer, Office of the Assessor, has reviewed the proposed project for the property located at 2827 John R, Detroit, Michigan (the "Property") in anticipation of the Property being included in a future brownfield plan.

The Brownfield Redevelopment Financing Act, Public Act 381 of 1996 ("Act 381"), as amended, requires that a Level III or IV Assessor make a finding that the Property is "functionally obsolete", as defined by Act 381, and provide the underlying basis for that opinion.

Section 2(s) of Act 381, as amended, defines "functionally obsolete" as property that is "unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or superadequacies in design, or other similar factors that affect the property itself or the property's relationship with other surrounding property." MCL 125.2652(s). Further, the Assessors Manual defines functional obsolescence as "a loss in value occurring in a structure caused by changes in design, overcapacity, or inadequacy." Michigan Assessors Manual, Vol. I Glossary, p. 239.

2827 John R is a vacant one-story building, built sometime between 1890 and 1907. The building requires complete rehabilitation – the roof has collapsed, all mechanicals need to be replaced, flooring and foundation appear compromised, and overall, the structure appears to be unsound. Due to significant deterioration, substantial repairs and replacements are required to restore the building to commercial use, as well as reconfiguration of flooring layouts.

The Office of the Assessor finds the Property to be functionally obsolete within the definition of the Assessors Manual and the Brownfield Redevelopment Financing Act.

Sincerely,

Charles Ericson, MMAO (IV)
Assessor
Board of Assessors



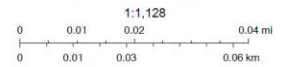
e Existing Carriage House Building (2827 John R. Street)

Th

Wayne County Parcel Viewer



May 24, 2019



Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri, Japan, METI, Esri, China (Hong Kong), (c) OpenStreetMap contributors, and the GIS User Community



**PLANNING AND
DEVELOPMENT DEPARTMENT**

Coleman A. Young Municipal Center
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Phone 313•224•1339
www.detroitmi.gov

September 8, 2021

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

RE: John R & Alfred St. 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 John R & Alfred St. Brownfield Redevelopment Plan (the "Plan").

Brush Park Properties, LLC's, is the project developer ("Developer"). The property in the Plan consists of a future single parcel bounded by an alleyway to the north, John R to the east, Alfred Street to the south, and the property line to the west in the Brush Park neighborhood of Detroit.

The project consists of the redevelopment of a functionally obsolete structure, as well as significant new construction, to create a 5 story, mixed-use development. The development will consist of a single building containing 8 residential condominiums totaling approximately 22,000 s.f. of living space, approximately 15,000 s.f. of commercial space leased to a restaurant/bar and office users, and an approximately 70 space parking structure that also has space for an additional approximately 35 valet spaces. The project includes the following Brownfield eligible activities: demolition, site preparation, infrastructure improvements (including the parking structure), and environmental studies.

The project will redevelop a vacant and functionally obsolete property and greatly increase density and provide new, for-sale housing stock, commercial space, and off-street parking in the Brush Park neighborhood of Detroit. Total investment is estimated at \$24.8 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

Brush Park Properties - 2827 John R

Inbox



Mike Essian <Mike@acdmail.com>

Wed, Mar 17,
8:53 AM

to mjev@vmtlaw.com

Michael,

Happy to hear your project is moving forward at 2827 John R. This is an important project for our neighborhood. As you know, I am a neighborhood stakeholder in many aspects:

- Brush Park Resident (and property owner)
- Developer and business owner in Brush Park (Crystal Lofts, Brush Watson)
- Member of the Brush Park CDC Board
- Member of the Midtown Detroit Inc. Board

Your carriage house project is unique and well planned. The design incorporates the historic nature of the neighborhood while leaning into the contemporary design elements.

I strongly support your efforts and look forward to seeing it completed soon.

Please feel free to use me as a reference (share my cell number if needed).

Thanks!

Mike

Mike Essian | Vice President

American Community Developers, Inc.

20250 Harper Avenue | Detroit, MI 48225

Direct: 313-458-5611 | Cell: 313-539-5071 | Email: mike@acdmail.com

312 Watson, LLC
79 Alfred Street
Detroit, Michigan 48201

March 19, 2021

Michael VanOverbeke
Brush Park Properties
79 Alfred Street
Detroit, Michigan 48201

RE: Proposed Development at 2827 John R

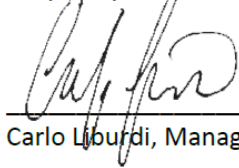
Dear Mr. VanOverbeke,

This letter is in support of your new development to be located at 2827 John R in Historic Brush Park in the City of Detroit. I have had the opportunity to review plans for your mixed-use development consisting of 8 condominiums, 2 townhomes, commercial office space, parking garage and commercial restaurant/lounge space. Your development plans will convert a dilapidated building and several vacant lots into an exciting, vibrant corner in the heart of this developing neighborhood.

I understand that this project requires the use of Brownfield Tax Increment Financing (TIF) in order to be financially feasible. By using this program, I appreciate that you will be able to successfully revitalize this important corner of our neighborhood and provide housing at an attainable price point. I look forward to meeting the new neighbors that this new development will bring to our community.

I am the owner/developer of the historic Mt. Sinai Grand Lodge building at 312 Watson in Brush Park as well as the developer of several other projects in Brush Park (i.e., the Lucien Moore home at 105 Edmund Pl, and new construction on the vacant lot at 112 Edmund Pl). I have been in Brush Park for over a decade and applaud all your previous developments in this neighborhood. I am certain this new development will be a great success in building our neighborhood.

Very Truly Yours,



Carlo Liourdi, Managing Member



March 5, 2021

Michael VanOverbeke
Brush Park Properties
79 Alfred Street
Detroit, Michigan 48207

RE: Proposed Project at 2827 John R in Brush Park

Dear Mr. VanOverbeke,

On behalf of Midtown Detroit, Inc. (MDI), I am writing this letter to express support of your proposed project at 2827 John R. As the local non-profit community and economic development organization in this neighborhood, we look forward to seeing another property in Brush Park be redeveloped.

The proposed mixed-use development celebrates the brick and mortar of the past with the contemporary spacious residences of Brush Park. This project is centrally located in the Brush Park neighborhood and will complement your past projects, as well as existing and future developments planned for this area.

We are very excited to hear that your project will bring to the neighborhood eight condominiums ranging between 1,120SF-3,700SF; two townhomes at 3,00SF each; 4,300SF of commercial office space; and 12,000SF commercial restaurant/lounge space. Additionally, we were pleased to hear the project proposes an 80-space parking deck to support this development as well as spaces for visitors.

The presence and commitment you have for Brush Park since the early 1990's is remarkable, and we have witnessed and applaud your previous rehabilitation and historic renovations projects. We look forward to seeing this larger project break ground and continue the positive development momentum in the Brush Park neighborhood.

Sincerely,

A handwritten signature in black ink that reads "Susan T. Mosey". The signature is fluid and cursive, with the first name being the most prominent.

Susan T. Mosey
Executive Director

VANOVERBEKE
MICHAUD &
TIMMONY, P.C.
ATTORNEYS AND COUNSELORS

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WWW.VMTLAW.COM

July 29, 2021

Michael VanOverbeke
Brush Park Properties, LLC
79 Alfred Street
Detroit, Michigan 48201

RE: Brownfield TIF - Proposed Development at 2827 John R

Dear Mr. VanOverbeke,

This firm is pleased to write this letter of support for the development of the site located at 2827 John R and 105 Alfred Street in Detroit's Brush Park neighborhood. These lots are adjacent to our law firm. Redeveloping the vacant lot at 105 Alfred and renovating portions of the building at 2827 John R will have a significant impact on this neighborhood. The design of this development will be a great addition to the architecture of the surrounding neighborhood.

As with many urban redevelopment projects that are developed on contaminated sites considered 'facilities' requiring extensive and costly environmental remediation, we understand that this project requires the use of Brownfield Tax Increment Financing (TIF) in order to be financially feasible. By using this program, you will be able to successfully revitalize this important corner of our neighborhood and provide housing at an attainable price point, bringing new resident to our community.

We acknowledge your relationship with this firm as a senior partner and accept that the support of this firm might be considered disingenuous by others. However, as the adjacent property owner at 79 Alfred Street, this firm will be directly impacted by this development. We sincerely believe this development will be beneficial to our property interests and the interests of the surrounding neighbors. We also appreciate your endeavors to engage the neighborhood residents to solicit input on the project's design.

Sincerely,



Thomas Michaud
Managing Partner