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City of Detroit
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TO: COUNCIL MEMBERS
FROM: David Whitaker, Director 
Legislative Policy Division Staff
DATE: October 4, 2023
RE: **601 Piquette Brownfield Redevelopment Plan PA 381**

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

601 Piquette Holdings, LLC, is the project developer of the 601 Piquette Brownfield Redevelopment Plan at 100 Clairmount. The Property is located at 530 & 601 Piquette, which consists of two (2) parcels and approximately 13.573 acres of land and a 515,000 square foot, 3 to 4 story former factory and warehouse and associated parking on the site, bounded by the property boundary to the north, Hastings Street to the east, the property boundary to the south, and Beaubien Street to the west in the Milwaukee-Junction neighborhood of Detroit.

The developer plans to renovate the building into a modern building that will house high-tech manufacturing, logistics, distribution, and warehousing. The project will also result in the redevelopment of the adjacent paved truck distribution yard and a surface parking lot across the street for tenants of the building. According to the Planning and Development Department, the project will reposition a highly visible, underutilized, and contaminated property for current high tech users in the Milwaukee Junction neighborhood of Detroit. It is projected that the project will annually create 20 full-time equivalent (FTE) temporary construction jobs during rehabilitation of the building, for a total of approximately 60 temporary construction jobs. Upon the completion of the project, the developer will employ 3 FTE jobs, with the average wages for new hires estimated at \$42,000 for salary positions. In the long term, it is estimated that the future tenants will create an additional 50+ FTE jobs.¹

¹ The developer will create an estimated 3 FTE job related to property management and maintenance. 601 Piquette Holdings, LLC, is experienced in employing Detroit residents on projects, and will utilize the Skilled Trades Task Force consultant Ignition Media Group under Dennis Archer Jr. and Tiffany Jackson, to ensure Detroit-based contractors and workers benefit.

The developer is requesting a **\$11,868,246** TIF,² reimbursement, with the overall value of the plan estimated at **\$14,870,624**, which includes local brownfield costs.³ The estimated capital investment for this project is approximately **\$22.3 million**.

Basis of Eligibility

The “eligible activities” that are intended to be carried out 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, due care activities, demolition, lead, asbestos and mold survey and abatement, infrastructure improvements, interest and the development, preparation and implementation of a brownfield plan and/or Act 381 work plan(s).

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:

<u>School Capture</u>	Millage Rate	Developer Reimbursement	BRA Admin	State Revolving Fund	LBRF	Totals by Tax Juris.
State Education Tax (SET)	6.0000	\$763,805		\$465,725	\$159,097	\$1,388,627
School Operating Tax	17.0430	\$3,492,481			\$451,915	\$3,944,396
<u>Local Capture</u>						
City Operating	19.9520	\$3,685,345	\$869,633		\$62,670	\$4,617,648
Library	4.6307	\$855,339	\$201,835		\$14,545	\$1,071,719
Wayne County	6.5928	\$1,217,760	\$287,355		\$20,708	\$1,525,824
Wayne Jails	0.9358	\$172,852	\$40,788		\$2,939	\$216,580
Wayne Parks	0.2442	\$45,106	\$10,644		\$767	\$56,517
Wayne HCMA	0.2070	\$38,235	\$9,022		\$650	\$47,908
Wayne Resa	0.0956	\$17,658	\$4,167		\$300	\$22,125
Wayne Resa Sp Ed	3.3443	\$617,728	\$145,765		\$10,505	\$773,998
Wayne Comm College	3.2202	\$594,805	\$140,356		\$10,115	\$745,276
WB Resa ENH	1.9876	\$367,131	\$86,632		\$6,243	\$460,006
TOTALS		\$11,868,246	\$1,796,198	\$465,725	\$740,455	\$14,870,624

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

City Debt	\$2,334,980
School Debt	\$3,372,749
Wayne DIA	\$51,525
Wayne Zoo	\$25,737
Total	\$5,784,992

Description of the Eligible Property & Legal Description

Address	Tax ID	Owner	Basis of Brownfield Eligibility
601 Piquette Avenue, Detroit, MI 48202	03001738-41	601 Piquette Holdings, L.L.C.	Facility
530 Piquette Avenue, Detroit, MI 48202	03001734	601 Piquette Holdings, L.L.C.	Facility

from the redevelopment.

² Tax Increment Financing (TIF) subsidizes an entity by diverting a portion of their taxes to help finance a development.

³ The duration of the TIF plan is 30 years.

Eligible Activities

The eligible activities that the Developer intends to conduct at the property pursuant to this plan include Department Specific Activities, Due Care Activities, Demolition, Lead, Asbestos and Mold Survey and Abatement, Infrastructure Improvements, 15% Contingency on aforementioned activity costs, interest, and the Development, Preparation and Implementation of a Brownfield Plan and/or Act 381 Work Plan(s).

Rationale for a Brownfield Plan

530 Piquette Avenue:

A Phase II ESA was completed by McDowell for the eligible property located at 530 Piquette Avenue in October 2017. Concentrations of PNAs and metals were detected above the EGLE Residential Cleanup Criteria (“RCC”) for DWP. VOCs and PCBs were not detected above EGLE RCC. Based on laboratory analytical results, the eligible property located at 530 Piquette Avenue meets the definition of a “facility,” as defined in Part 201 of the NREPA.⁴

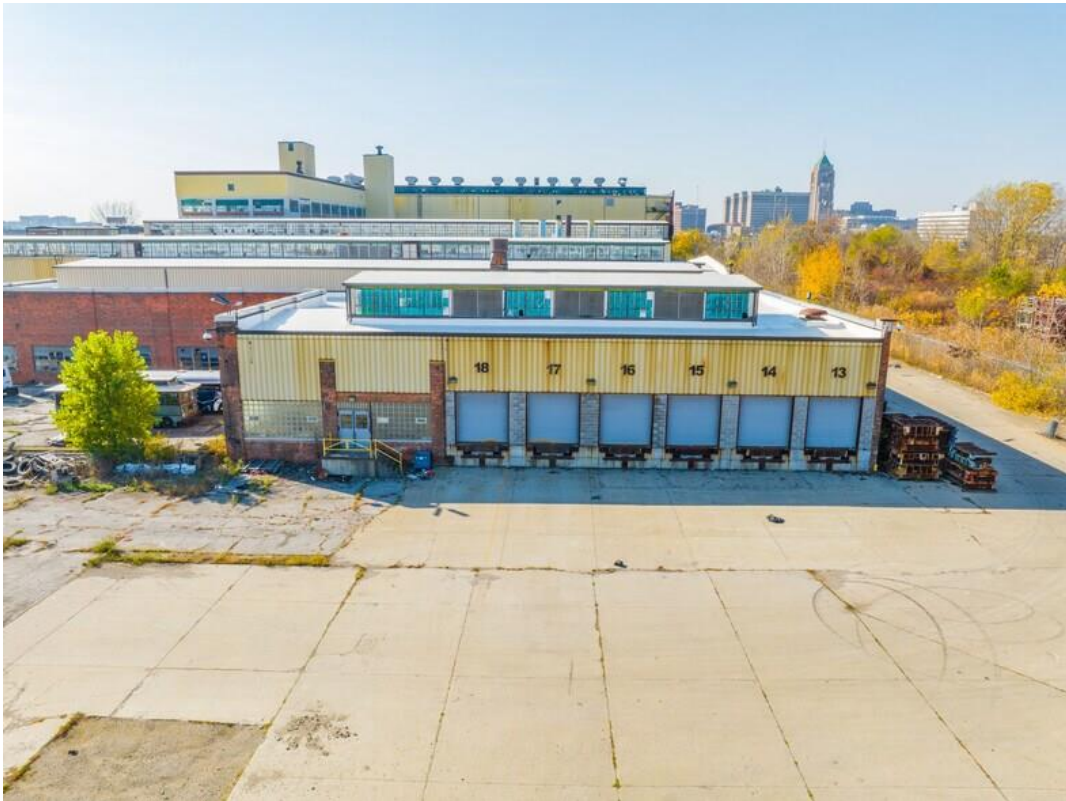
601 Piquette Avenue:

EMCON and McDowell & Associates (“McDowell”) completed Phase II Environmental Site Assessments (“ESA”) for the eligible property located at 601 Piquette Avenue in June 2000 and October 2017, respectively. Based on laboratory analytical results of these previous subsurface investigations, volatile organic compounds (“VOCs”) were detected in the soil at concentrations above the Michigan Department of Environment, Great Lakes and Energy (“EGLE”) Groundwater Surface Water Interface Protection (“GSIP”). Polynuclear aromatic hydrocarbons (“PNAs”) and metals were detected in soil above the EGLE Residential Direct Contact (DC), Drinking Water Protection (“DWP”), and/or GSIP Cleanup Criteria. polychlorinated biphenyls (“PCBs”) were not detected above laboratory method detection limits (MDLs). Concentrations of VOCs were detected in the soil gas samples above the EGLE Recommended Interim Action Screening Levels. Based on laboratory analytical results, the property located at 601 Piquette Avenue meets the definition of a “facility,” as defined in Part 201 of the NREPA.

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

cc: Auditor General’s Office
Donald Rencher, Chief of Services and Infrastructure
Antoine Bryant, Planning and Development Department
Julie Schneider, HRD
Veronica Farley, HRD
Stephanie Grimes Washington, Mayor’s Office
Gail Fulton, Mayor’s Office
Malik Washington, Mayor’s Office
Kenyetta Bridges, DEGC
Jennifer Kanalos, DEGC
Brian Vosburg, DEGC
Cora Capler, DEGC

⁴ NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT -Act 451 of 1994 [Michigan Legislature - Act 451 of 1994](#)



Current views of 530 & 601 Piquette ⁵

⁵ Source: [601 Piquette St, Detroit, MI 48202 - Industrial for Lease | LoopNet](#)

Table 1. Eligible Activities

601 Piquette
 601 & 530 Piquette
 Detroit, MI
 AKT Peerless Project No.3423f2
As of July 21, 2023

ELIGIBLE ACTIVITIES COST SUMMARY				
				Estimated Cost of Eligible Activity
Pre-Approved Activities				\$ 199,000
Due Care Compliance Activities				\$ 3,029,000
TOTAL ENVIRONMENTAL ELIGIBLE ACTIVITIES				\$ 3,228,000
Demolition Activities				\$ 1,154,821
Lead, Asbestos, and/or Mold Activities				\$ 2,810,000
Eligible Infrastructure Improvement Activities				\$ 89,701
TOTAL NON-ENVIRONMENTAL ELIGIBLE ACTIVITIES				\$ 4,054,522
Total Environmental and Non-Environmental Eligible Activities				\$ 7,282,522
15% Contingency on Eligible Activities				\$ 1,062,528
Brownfield Plan & Act 381 WP Preparation				\$ 30,000
Brownfield Plan & Act 381 WP Implementation				\$ 30,000
Total Eligible Activities Cost with 15% Contingency				\$ 8,405,050
Interest (calculated at 5%, simple)				\$ 3,463,196
Total Eligible Activities Cost, with Contingency & Interest				\$ 11,868,246
BRA Administration Fee				\$ 1,796,198
State Revolving Fund				\$ 465,725
Local Brownfield Revolving Fund (LBRF)				\$ 740,455
Total Eligible Costs for Reimbursement				\$ 14,870,624



ATTACHMENT H

INCENTIVE INFORMATION CHART:

Project Type	Incentive Type	Investment Amount	District
Rehabilitation	TIF and PA 198	\$22.3 Million	5 – Milwaukee Junction (601 Piquette) 5 – Medbury Park (530 Piquette)

Jobs Available							
Construction				Post Construction			
Professional	Non-Professional	Skilled Labor	Non-Skilled Labor	Professional	Non-Professional	Skilled Labor	Non-Skilled Labor
7	0	45	8	1	2	0	0

1. What is the plan for hiring Detroiters?

601 Piquette Holdings, L.L.C., is the project developer (“Developer”) and the anticipated future owner of the Property. The project will use Executive Order requirements as the basis for all trade contacts in terms of local participation. The Developer will work with local workforce development programs and will participate in the Skilled Trades Taskforce to optimize the use of Detroit-based subcontractors.

This project is subject to Executive Order 2021-2. The developer will comply with this executive order, and work directly with CRIO, Detroit Employment Solutions, and others to achieve compliance.

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

In the short-term it is estimated that annually, 20 full-time equivalent (FTE) temporary construction jobs will be created during site preparation and rehabilitation activities for a total of approximately 60 temporary construction jobs.

The developer will create an estimated 3 FTE job related to property management and maintenance. . Average wages for new hires post construction may range from \$10/hour to \$18/hour or for salary positions, from \$30,000 to \$42,000.. 601 Piquette Holdings, LLC, is experienced in employing Detroit residents on projects, and will utilize the Skilled Trades Task





Force consultant Ignition Media Group under Dennis Archer Jr. and Tiffany Jackson, to ensure Detroit-based contractors and workers benefit from the redevelopment.

In the long-term, it is estimated that the future tenants will create an additional 50+ FTE jobs, in a building capable of employing hundreds of people. Over time, the successful redevelopment will have a catalyst effect within this neighborhood and supply long-term jobs.

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

The project does not include a residential component. However, the proposed redevelopment will allow for the expansion of existing businesses in Detroit, and will create a viable industrial property which meets the demands of modern industrial operations. Additionally, the rehabilitation of this vacant, industrial complex, will increase industry and job opportunities for the local neighborhood, and will provide a desperately needed, modern industrial space in Detroit.

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

The Development Team is in the process of reaching out to community groups and neighboring property owners. The developer intends to maximize the use of local contractors and make a best faith effort to hire local workers – both for temporary and full-time positions created by this project.

5. When is construction slated to begin?

The project is anticipating a summer 2023 start date, pending approvals of the various economic incentives by the administering agencies.

6. What is the expected completion date of construction?

The project aims to be completed by December 2024.

Attachment B

TO: THE DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

FROM: DETROIT, BUILDINGS, SAFETY ENGINEERING, AND ENVIRONMENTAL DEPARTMENT

PROJECT: 530 and 601 Piquette

DATE: 7/12/2023

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 AKT Peerless on behalf of 601 Piquette, LLC, as developer, as part of its Brownfield Plan submittal to the Detroit Brownfield Redevelopment Authority (DBRA), for the 601 Piquette Redevelopment project.

- 2 Phase I Environmental Site Assessment, pursuant to USEPA's. All Appropriate Inquiry using American Society of Testing Materials (ASTM) Standard E 1527-13
- 2 Phase II Environmental Site Assessment, pursuant to ASTM Standard 1903 (if appropriate)
- 1 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 there does appear to have been a measurable release to the subsurface and therefore, the site is considered a Part 201 "facility." The documents received for this project satisfy the DBRA Guidelines.

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

By: Anita Harrington
Its: Environmental Specialist III



**PLANNING AND
DEVELOPMENT DEPARTMENT**

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

Phone 313-224-1339
www.detroitmi.gov

July 7, 2023

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

RE: 601 Piquette Brownfield Redevelopment Plan

Dear Ms. Kanalos,

The Detroit Brownfield Redevelopment Authority (DBRA) 601 Piquette Brownfield Redevelopment Plan (the "Plan").

601 Piquette Holdings, LLC is the project developer ("Developer"). The property in the Plan consists of two (2) parcels fronting Piquette Avenue bounded by the property boundary to the north, Hastings Street to the east, the property boundary to the south, and Beaubien Street to the west in the Milwaukee-Junction neighborhood of Detroit.

The project consists of the redevelopment of the existing approximately 515,000 square foot 3 to 4 story former factory and warehouse into a modern building that will house high-tech manufacturing, logistics, distribution, and warehousing. The project will also result in the redevelopment of the adjacent paved truck distribution yard and a surface parking lot across the street for tenants of the building.

The project will reposition a highly visible, underutilized, and contaminated property for current high-tech users in the Milwaukee Junction neighborhood of Detroit. Total investment is estimated at \$22.3 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
Planning and Development Department

c: B. Vosburg
C. Capler



Southwest Housing Solutions
1920 25th Street, Suite A
Detroit, MI 48216
313.841.3727 main
www.swsol.org

July 17, 2023

Brian Vosburg, AICP
Brownfield Redevelopment Manager
Detroit Economic Growth Corporation
500 Griswold, Suite 2200
Detroit, MI 48226

Re: 601 Piquette Avenue Redevelopment

Dear Mr. Vosburg:

On behalf of Southwest Solutions, we support the 601 Piquette Avenue Project located at 601 Piquette, Detroit, Michigan 48202. The Brownfield Redevelopment Tax Increment Financing incentive will assist with the redevelopment of the site and building, which in turn will revitalize the Milwaukee Junction neighborhood and Piquette Avenue.

After redevelopment, the project will return a currently vacant and obsolete property into a productively used property, while being a direct catalyst for future job creation. The property is located in an area characterized by industrial use, and will attract tenants offering both high-tech and skilled jobs to the City of Detroit, supporting Detroit's workforce, entrepreneurial manufacturers, creative makers, and logistical experts.

Having long owned and operated the Piquette Square property at 285 Piquette, we are proud residents of the Milwaukee-Junction neighborhood; and, Southwest Solutions is in full support of this project and looks forward to being part of the neighborhood rebirth.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy S Thorland".

Timothy S Thorland
Executive Director

[https://swsol-my.sharepoint.com/personal/tthorland_swsol_org/Documents/Desktop/letterhead_support 001.doc](https://swsol-my.sharepoint.com/personal/tthorland_swsol_org/Documents/Desktop/letterhead_support%2001.doc)



August 7, 2023

601 Piquette Holdings, LLC
601 Piquette Ave
Detroit, MI 48202

Re: 601 Piquette Brownfield TIF Letter of Support

Dear Matt Walters,

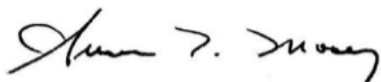
Midtown Detroit, Inc. would like to express its support for the 601 Piquette Redevelopment Project. As a non-profit organization dedicated to fostering community and economic development in the Midtown and New Center area, we recognize the immense value and potential that this project brings to our neighborhood.

We are deeply excited for the 601 Piquette Redevelopment Project to bring high-tech manufacturing to our district. The Milwaukee Junction neighborhood has a long history with manufacturing, and we are delighted to see this use return to the neighborhood via a modern manufacturing facility. The opportunity to bring high-tech manufacturing into the city is an excellent opportunity for Milwaukee Junction and Detroit as a whole.

The Milwaukee Junction neighborhood has seen an unprecedented level of investment in recent years. Several residential and office developments are currently underway nearby. The 601 Piquette Redevelopment Project will join these other developments to help revitalize Milwaukee Junction as a vibrant mixed-use neighborhood while honoring its manufacturing past. We have no doubts that a high-tech modern industrial site such as 601 Piquette will coexist amongst these other uses without issue. The plant rehabilitation will also bring high quality jobs into the area, further aiding in the neighborhood's revitalization. Milwaukee Junction sits adjacent to both New Center and Midtown, and we have no doubts that the benefits from this project will spill over to these adjacent areas.

For these reasons, MDI gives its full support to the 601 Piquette Redevelopment Project and your request for a brownfield TIF. We look forward to what this project will bring to our neighborhood and what it will do for Detroit.

Sincerely,



Sue Mosey
Executive Director
Midtown Detroit, Inc.



Birthplace of the Model T

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461 Piquette Avenue

P.O. Box 2127

Detroit MI 48202

313-872-8759

www.fordpiquetteplant.org

July 19, 2023

Brian Vosburg, AICP
Brownfield Redevelopment Manager
Detroit Economic Growth Corporation
500 Griswold, Suite 2200
Detroit, MI 48226

Re: 601 Piquette Avenue

Dear Mr. Vosburg:

On behalf of the Ford Piquette Plant Museum, a 501c3 nonprofit organization (not affiliated with Ford Motor Company), we support the 601 Piquette Avenue Project located at 601 Piquette, Detroit, Michigan, 48202.

The Brownfield Redevelopment Tax Increment Financing incentive will assist with the redevelopment of the site and building, which in turn will revitalize the Milwaukee Junction neighborhood.

After redevelopment, the project will return a currently vacant and obsolete property into a productively used property, while being a direct catalyst for future job creation. The property is located in an area characterized by longtime industrial use, and this project will attract tenants offering both high-tech and skilled jobs to the City of Detroit, supporting Detroit's workforce, entrepreneurial manufacturers, creative makers, and logistical experts.

The Ford Piquette Plant Museum is in full support of this project and looks forward to supporting neighborhood rebirth.

Sincerely,

Jill Woodward
President & Chief Operating Officer
jwoodward@fordpiquetteplant.org