



HUDSON'S SITE

COMMUNITY BENEFITS AGREEMENT REPORT

CITY OF DETROIT

PLANNING AND DEVELOPMENT DEPARTMENT

MAURICE COX – DIRECTOR OF PLANNING

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A. INTRODUCTION

Bedrock LLC, is pursuing a project for the redevelopment of the site of the former J.L. Hudson's Department Store, a two-acre site in the heart of downtown Detroit bounded by Woodward Avenue, Gratiot Avenue, Grand River Avenue, and Farmer Street. The mixed-use project will include over one million gross square feet of space, including commercial office, retail, residential, public space, and parking. This transformational development is expected to be a destination for residents and visitors alike, creating thousands of jobs and providing a unique experience that can't be found elsewhere in the region.

Construction is anticipated to begin in December of 2017, beginning with the demolition of the existing parking structure, site prep and foundation. The project is anticipated to begin above grade construction in April or June of 2018.

The below summary of the Community Benefits Ordinance (CBO) notes that the minimum threshold development cost for engagement with the CBO process is \$75 million. Bedrock LLC proposes to spend an estimated \$900 Million on the Hudson's site project and is seeking over the Tier 1 minimum threshold of \$1,000,000 of city taxes over the term of the abatement, thus requiring a Tier 1 CBO process. This report outlines the process the City and the Developer has undertaken in support of Bedrock LLC's development at the Hudson's Site.

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B. COMMUNITY BENEFITS ORDINANCE – TIER 1 **SUBMISSION OF CBO REPORT**

Community Benefits Ordinance and Neighborhood Advisory Council Process¹

- 1) A project is identified as a Tier I project, having a minimum development cost of \$75,000,000 with public investment in the following forms:
 - a. Transfer of land to the developer of City-owned land parcels that have a cumulative market value of \$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
 - b. Provision or approval by the City of tax abatements or other tax breaks that abate more than \$1,000,000 of city taxes over the term of the abatement that inure directly to the developer; but not including Neighborhood Enterprise Zone tax abatements.

- 2) The Director of Planning, or their representative, will schedule a meeting within a defined impact area adjacent to the project within 300 feet; or as defined by the Planning Department to achieve critical mass.
 - a. A representative of the Legislative Policy Division is appointed by City Council to monitor a project's CBO process.²
 - b. Public Notice of the of the first meeting is issued through the City Clerk's office at least ten (10) days ahead of the scheduled meeting to residents within the impact area in which the project is designated.
 - c. Notice is also given to the Legislative Policy Division, District Council Member, and the At-Large Council Members for community outreach and notification.
 - d. The Notice includes: general description of the project and its location, time, date, and location of the public meeting.

- 3) The Neighborhood Advisory Council consists of nine (9) members, elected and appointed, chosen to identify impacts of a project on a community and seek ways to address them with the developer.
 - a. Two (2) NAC members are elected at *the first public meeting*.
 - b. One (1) is nominated by the District Council Member
 - c. One (1) each is nominated by the two (2) At-Large Council Members
 - d. Four (4) are nominated by the Planning & Development Department
 - e. All members of the NAC, elected and appointed are subject to verification of address with the designated impact area.

- 4) The Director of Planning facilitates at least one meeting between the NAC and the developer to allow more details about the project to be presented to the NAC and to have the developer more aware of the concerns raised by the NAC.

¹ See APPENDIX 01 - Ordinance 35-16, The Detroit Legal News, Tuesday, November 29, 2017, page 6

² Kimani Jeffrey was appointed the LPD representative for Hudson's Site

- a. If more meetings are required, the city council, by 2/3 vote of members present or the planning director may hold additional meetings with the NAC and the developer.
 - b. The developer shall be required to meet as directed.

- 5) The Director of Planning issues a report to City Council describing the process of the CBO and how the developer will mitigate the concerns of the NAC. The intent is to have a report completed within six (6) weeks of public notice of the initial meeting, unless circumstances warrant otherwise, to expedite the community engagement process. The report will contain the following:
 - a. Information on how notice was provided to the public
 - b. List of NAC members and their selection/ or election
 - c. Method of addressing each of the concerns by the NAC presented to the developer, or which concerns were not addressed.

C. PUBLIC NOTICE AND IMPACT AREA

Introductory public meetings for Hudson’s Site were held on September 18th, 2017, and September 25th, 2017. The notice that is attached to this report was mailed to approximately 3,000 residents within Census Tract 5172 and additional impact area.³ Between the two meetings, thirty (30), assumed residents of Detroit and the impact area were recorded as attending one or both. Twenty-five (25) were recorded as living in the impact area (the area closest to the proposed project within 300 feet or as defined by the planning department).

Public Notice of the meeting (as required by law) was mailed out to neighbors by the City Clerk’s office on September 8th, via a flyer developed in the Planning & Development Department. There was also assistance in community outreach from the office of District 6 Council Member Castañeda-López, Council President Brenda Jones, and At-Large Council Member Janee Ayers.

Sign-in information from the September 18th and September 25th meetings was distributed to the full NAC on September 27th, 2017.

The Planning and Development Department launched a CBO website, including the Hudson Site. Notice was sent to the NAC and representatives of the City Council, LPD, and the DON. The link is as follows:

<http://www.detroitmi.gov/Government/Departments-and-Agencies/Planning-and-Development-Department/Community-Benefits-Ordinance>

³ See Figure 2 – Impact Areas

Impact Areas



FIGURE 2 – IMPACT AREAS

D. NEIGHBORHOOD ADVISORY COUNCIL/ DEVELOPER/ CITY OFFICIALS

Neighborhood Advisory Council

NAME	ELECTED/ APPOINTED	DATE
Taylor Browne	Elected By Impact Area Residents	9/25/2017
Ronald Robinson	Elected By Impact Area Residents	9/25/2017
Ray Smith	Appointed by Dist. 6 CM Castañeda-López	9/29/2017
Eric Henry	Appointed by At-Large CM Janee Ayers	9/29/2017
Rogelio Landon	Appointed by CP Brenda Jones	9/25/2017
Kevin Carroll	Appointed by PDD Dir. Maurice Cox	9/28/2017
Will Butler	Appointed by PDD Dir. Maurice Cox	9/28/2017
Mark Horn	Appointed by PDD Dir. Maurice Cox	9/28/2017
Kristin Lusn	Appointed by PDD Dir. Maurice Cox	9/28/2017

Development Team

Bedrock Representatives: Steven Ogden, Allyson McLean

City of Detroit Officials

Planning: Maurice D. Cox, Dave Walker, Michele Flournoy

Jobs and Economy Team: Jed Howbert, Matthew Walters, Ashley McLeod

Department of Neighborhoods: Vince Keenan

Legislative Policy Division Representative: Kimani Jeffrey

City Council: Raquel Castañeda-López – District 6 Council Member, Janee Ayers – At-Large Council Member, Brenda Jones – Council president

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E. MEETINGS

September 18th, 2017

The first meeting of the CBO process was held at Coleman A. Young Municipal Center, 2 Woodward Avenue 13th Floor Auditorium from 5:30-7:30pm. The purpose of this meeting was: 1) To introduce the Community Benefits Ordinance (CBO) process to residents 2) to allow the developers to present the project to the public; 3) To accept nominations of residents in the impact area to the NAC; 3) to allow for general questions from the residents and attendees. Officially, eighteen (18) people signed the sign-in sheet, although in observance there were more people present, including City staff and City Council staff.

Presentation of CBO Process⁴ Dave Walker from PDD opened the meeting with introductions of the development team and staff and began the presentation of the CBO process.

Vince Keenan asked that we hold back on a full Q&A today so that the NAC doesn't miss anything once they are empaneled at the subsequent meeting.

Presentation from Developer on Hudson's Site Project Steve Ogden from Bedrock presented the Hudson's site development project overview and took questions from the room.

Questions Raised by the Community Present

The community raised a number of issues – some directly related to the impact of the development; and some that were not directly related but based on precedent development. Below are the principle issues raised in the forum:

- Interest in understanding how this development related to downtown city Planning
- Clarification of the CBO process, meeting locations, public record, etc..
- Concern about redundancy of some programming with the existing Cobo Hall
- Interest in understanding if specific tenants were selected for the development, in particular a movie theater. Bedrock confirmed that they are not yet able to confirm any tenants, but they are interested in Grocery,
- Interest in the possibility of pedestrian walkways. Bedrock clarified that none were intended in this project and P&DD suggested that the intent is to encourage more pedestrians on the street.
- How many levels of Residential: 38 Floors
- Rental units vs. condos: Rental is target at the moment.
- Concerns expressed about parking capacity for new residential and commercial uses.
- The green area at the top of the podium is not yet developed into programming.
- Concern about affordability: Bedrock response: The formula from HUD that defines affordability calls for 80% of Area Median Income. For a single person, that is an income of about \$38K. It goes up to \$56/58K for a 4-person family.
- Interest in Sustainability

⁴ See APPENDIX 07 –CBO Process & Developer Presentation MTG #1

- Clarification of Shinola Hotel Development. Bedrock to provide additional information prior to next meeting.⁵
- Concern expressed about traffic and street and sidewalk closures during construction. Bedrock to provide additional information about construction site plan prior to next meeting.^{6,7}

Nomination of NAC Members

Orange and Blue cards were distributed amongst the gathered room. Orange cards were given to all residents in attendance residing in the impact area. Blue cards were given to those outside of the impact area; but, who were in attendance.

Residents living in the impact area were instructed on the option to nominate themselves and/or another resident to serve on the NAC. All orange and blue cards were collected by P&DD to be redistributed at the second CBO meeting. A list of preliminary nominations was sent to Council staff on September 20th for consideration.

September 25th, 2017

The second meeting of the CBO process was held at Coleman A. Young Municipal Center, 2 Woodward Avenue 13th Floor Auditorium from 5:30-7:30pm. The purpose of this meeting was: 1) To introduce the Community Benefits Ordinance (CBO) process to residents 2) for the developer to present the project to the public 3) To hold community selection process for NAC representatives. 3) For the developer to begin to gather comments and questions from the NAC and the community on project impacts. An agenda was prepared and distributed to NAC members, the public, and the respective offices of City Council members, including FAQs.⁸ Officially, twenty-four people signed the sign-in-sheet; although in observance there were more people present, including City staff and City Council staff.

Presentation of CBO Process Dave Walker from PDD opened the meeting with introductions of the development team and staff and began the presentation of the CBO process. Any clarifying questions on the NAC selection process were answered.

NAC Selection Process

Orange and Blue cards were distributed amongst the gathered room. Orange cards were given to all residents in attendance residing in the impact area. Blue cards were given to those outside of the impact area; but, who were in attendance. Orange and Blue cards from attendees of the first meeting were re-distributed.

⁵ See APPENDIX 15 – SHINOLA HOTEL Commercial Rehabilitation District Document

⁶ See APPENDIX 19 – UPM Parking Map

⁷ See APPENDIX 20 – UPM Parking Info

⁸ See APPENDIX 05 – CBO #2 MEETING AGENDA AND FAQ

Residents living in the impact area were instructed on the option to nominate themselves and/or another resident to serve on the NAC.

Each candidate nominated was required to provide proof of residence in the impact area; as well as allowed 2 minutes to present the case for their candidacy to serve on the council. Their names and general description of community activity are as follows:

Curtis Jacobson: A senior resident, Army Veteran, living in the Washington Apartments interested in affordability

Ronald Robinson: Life-long Detroiter since 1946. Former Army, living on Washington Blvd. Previously a mortgage broker, with experience in accounting and architecture. Wants to know how Detroit will get money from development

Mitchell Ford: New to Detroit. Recent Wayne State graduate with a passive interest in city planning and background in economics

Eric Henry: UD Mercy graduate. Architect interested in density and quality design of a gathering spot for all Detroiters

Kevin Carroll: UD Mercy Grad, MBA from University of Michigan. Works for Ford Motor Company in finance. Been excited about the Hudson's development since he was 8 years old. Concerned about logistics of project, impacts of noise, coordination of multiple Bedrock projects

Taylor Browne: Lives in apartments across from Hudson's site. New to Detroit. Interested in incorporating neighbors' opinions and ensuring housing affordability.

Names of people who were previously nominated at Hudson's CBO meeting #1 but not present today were noted including: Amanda Fultz, Willy Johnson, Steven Ball, Alexandra Novak, Gwen Howard.

All residents from within the impact area (including candidates were instructed to use their Orange cards to select two of the nominees for the NAC). Votes were tallied under observation by council staff. **Taylor Brown** and **Ronald Robinson** were elected to serve on the council.

After the election, one other (**Ray Smith**) from the impact area offered their services on the NAC board via self-nomination to be considered for appointment, and gave a statement of the importance of considering the disabled community in developments of this nature. Additionally, the appointment from the Council President Brenda Jones was announced as **Rogelio Landon**.

Presentation from Developer on Hudson's Site Project⁹ Steve Ogden from Bedrock presented the Hudson's site development project overview and took questions from the room.

⁹ See APPENDIX 08 – DEVELOPER PRESENTATION MTG #2

Questions Raised by the Community Present (with Developer Response)

The community raised a number of issues – some directly related to the impact of the development; and some that were not directly related but based on precedent development.

- a. Will observation deck be open to public?
 - i. Yes.
- b. Ronald: Is there a limit on air rights that would apply given that the residential tower will be so high?
 - i. Site is owned with Downtown Development Authority, which is a quasi-public entity. Air rights are controlled by the DDA and we have already negotiated our agreement on them. We just need to meet next milestones which include closing in Nov. and beginning construction in Dec. We will discuss in more detail with the NAC.
 - ii. Ronald: It still seems like the city should be getting more out of this. What is the ROI? They are only getting 2.4% in income taxes which doesn't seem like a lot.
 - iii. Rogelio in response to Ron: That does not include any economic multipliers. There will be jobs created and a lot more positive impacts due to this project.
- c. What other projects are underway in the city? What about more derelict areas?
 - i. Dave: The city is 139 square miles and just got out of bankruptcy. We cannot do it all. We are trying to strengthen neighborhoods we can get people to move into.
 - ii. Audience member: I don't feel comfortable investing in certain neighborhoods, because I don't have my own police force like downtown does.
- d. Well building standards explanation – would still allow you to meet LEED standards, but we aren't going to LEED certification. This is more focused on wellness for occupants of the building.
- e. Do you see the exhibit space changing and how often?
 - i. Steve: It will definitely change, but we aren't sure how often. The goal is to be innovative so however often that would mean.
 - ii. Joe: We are still working with several groups around the country on the program. It will be constantly changing and moving.
- f. When can you start sharing more information with the NAC?
 - i. We can share this presentation with the NAC now. We are still refining our design. As other things are finalized, we will share it with the NAC.
- g. What about information on brownfields and abatements?
 - i. We also have upcoming meetings that have public hearings and will share those with the group.

October 2nd, 2017

The third meeting of the CBO process was held at Coleman A. Young Municipal Center, 2 Woodward Avenue 13th Floor Auditorium from 5:30-7:30pm. The purpose of this meeting was: 1) Presentation of additional information from the Developer 2) Questions from the NAC. Officially, seventeen (17) people signed the sign-in-sheet; although in observance there were more people present, including City staff and City Council staff. The following NAC members were present for all or part of the presentation: Eric Henry, Ray Smith, Taylor Browne, Ronald Robinson, Rogelio Landon, Kevin Carroll, Will Butler, Kristen Lusn, and Mark Horn.

Presentation from Developer on Hudson's Site Project¹⁰ Steve Ogden from Bedrock presented additional information about the Hudson's site development project overview and took questions from the room.

1. NAC Questions
 - a. Shinola Hotel – are we getting incentives?
 - b. Can you provide a meat person at the market?
 - c. Security concerns
 - d. How did we choose SHoP?
 - e. Can we see street-level views of Monroe that were shown at Design 139?
 - f. Site studies / traffic / etc.?
 - g. Ronald asked about rents

2. To share next meeting
 - a. Layout of logistical plans of street closures, etc.
 - b. Overview of project financing, Mlthrive info.
 - c. Affordable housing agreement

3. Detroit Peoples' Platform
 - a. PDD is supposed to highlight the negative impacts
 - b. NAC is supposed to bring any concerns

4. Next steps – share everything by Wednesday
 - a. City will set up share drive for NAC
 - b. Bring in team members who negotiated Affordable housing agreement, including City team

¹⁰ See APPENDIX 09 – DEVELOPER PRESENTATION MTG #3

October 9th, 2017

The fourth meeting of the CBO process was held at Coleman A. Young Municipal Center, 2 Woodward Avenue 13th Floor Auditorium from 5:30-7:30pm. The purpose of this meeting was: 1) Presentation of additional information from the Developer 2) Questions from the NAC. 3) Presentation of Bedrock's affordable housing agreement with the City of Detroit. Officially sixteen (16) people signed the sign-in-sheet; although in observance there were more people present, including City staff and City Council staff. The following NAC members were present for all or part of the presentation: Eric Henry, Ray Smith, Taylor Browne, Ronald Robinson, Kevin Carroll, Will Butler, Kristen Lusn, and Mark Horn.

Presentation from Developer on Hudson's Site Project¹¹ Joe Guziewicz and Steve Ogden from Bedrock presented additional information about the Hudson's site development project overview and took questions from the room.

1. NAC questions / comments:
 - a. Ron: How are you going to start Dec. 1? It doesn't seem like you have enough to get started if you don't know all the numbers yet, and we are about to ask the citizens to help pay for this so how can they agree without knowing.
 - b. Will it be called Hudson's Market?
 - c. Have you talked with Eastern Market about vendors?
 - i. We don't want to duplicate efforts and are cognizant of the importance of Eastern Market in the city.
 - d. How many stalls are there? Have any been set aside for Detroit's resident business owners?
 - e. Are we looking at closing Farmer St.?
 - f. Why is there an unknown end date for phase 3?
 - g. What are the dimensions of the podium base?
 - i. These are in site plans we uploaded.
 - h. Will we still have access to the library?
 - i. Will we have to walk around the block?
 - i. You will have to walk on the other side of the street but won't have to go around the block.
 - ii. Grand River will close down to one lane.
 - j. How long will Grand River lane closing be?
 - i. Probably 1.5 years.
 - k. Make sure you give people notice about alternate routes, etc.
 - l. Demolition process: Are there certain times that demo will take place, and what time will materials be moved?

¹¹ See APPENDIX 12 – DEVELOPER PRESENTATION MTG #4

- i. Moving material will be day shift. Demo will likely go from 7am to 5pm. Right before rush hour to wrap up is the intent. We don't plan late nights or heavy noises.
 - m. Is there a plan for dust mitigation?
 - i. Regular watering techniques will be used. Because of the way we are breaking this down, there won't be issues like there are with wrecking balls.
 - n. Can you pick materials up overnight?
 - i. OSHA concerns with that, plus where the material is going is only open during the day. There is no asbestos as garage was built during 80s.
 - o. What are the brownfield concerns?
 - p. Are you relocating Quicken team member parking? What about residents of lofts who park there?
 - i. Anyone who parks there with us will have parking provided.
 - q. Any major utility work to be aware of outside the project area?
 - i. Nothing major, we will have to tap into utilities on both side of the street. DTE has not raised any red flags.
 - r. Has anyone run fiberoptic cables under the street for this?
 - s. Will this overlap with construction schedule for OCM addition? Will Gratiot be impacted
 - i. Yes, definitely.
2. Affordable Housing specifics
- a. 1 bed at 80% AMI is about \$800 per month; 1 bed at 60% AMI is about \$700 per month
 - b. Questions
 - i. Will that be the same amount in each of your buildings? Is it \$800 in both Hudson's and 28Grand?
 - ii. Will this project have section 8 vouchers?
 - iii. Senior concerns about elevator access and whether they'll be accommodated during renovations (they shouldn't have to be charged to be relocated); requesting that developers and City have this in writing and be penalized if they don't follow through

October 20th, 2017

The fifth meeting of the CBO process was held at Coleman A. Young Municipal Center, 2 Woodward Avenue 13th Floor Auditorium from 5:30-7:30pm. The purpose of this meeting was: 1) To publicly present the NAC's Proposed Community Benefits. Officially, seven (7) people signed the sign-in sheet, although in observance there were more people present, including City staff and City Council staff. The following NAC members were present for all or part of the presentation: Eric Henry, Ronald Robinson, and Mark Horn.

Presentation from NAC Proposed Community Benefits The resulting NAC Proposed Community Benefits presentation will stand as record of the work for this date; in addition to the above accounting of the meeting.¹² Outside of the public meeting, additional statements were submitted to the NAC and P&DD by individual members of the NAC including letters by Ronald Robinson¹³ and by Ray Smith.¹⁴

October 30th, 2017

The sixth meeting of the CBO process was held at Coleman A. Young Municipal Center, 2 Woodward Avenue 13th Floor Auditorium from 5:30-7:30pm. The purpose of this meeting was: 1) To publicly present the developer's response. 2) Provide time for NAC response and Public Comment. The NAC and City Council were charged to inform their respective constituencies. Officially, 16 people signed the sign-in sheet, although in observance there were more people present, including City staff and City Council staff. The following NAC members were present for all or part of the presentation: Ray Smith, Taylor Browne, Ronald Robinson, Rogelio Landon, Kevin Carroll, Will Butler, Mark Horn, and Kristin Lusn.

Presentation of Developer Response to NAC¹⁵ Steve Ogden presented Bedrock's response to the NAC presentation of proposed Community Benefits. Additionally, Laura Granneman of Quicken Loans outlined additional programs to support Detroit residents and enhance employment opportunities.

Brian Vosburg, Brownfield Redevelopment Manager at the Detroit Economic Growth Corporation was introduced to walk through the specifics of the Transformational Brownfield TIF that would be included in the developer benefits for Bedrock.

Issues Raised by the Community Present

The NAC, community, and the Council Member present raised a number of issues – some directly related to the developer's response to the NAC's Proposed Community Benefits List and the timeline and transition of the NAC's work going forward.

- Concern about other issues that face residents that the development is not dealing with including water shutoffs, housing stability, etc. Referencing that the \$500K for foreclosure outreach provided is insufficient and suggested management and customer service training.
- NAC Questions about workforce development pipeline, foreclosure, and DPS. Laura mentioned foreclosureoutreach.org as a resource.
- NAC requests MIthrive legislation and guidance or what made the garage functionally obsolete. Brian Vosburg offered to share letter from city assessor¹⁶, and Kimani Jeffrey

¹² See APPENDIX 13 – NAC RESPONSE PRESENTATION MTG #5

¹³ See APPENDIX 17 – Letters by Ronald Robinson

¹⁴ See APPENDIX 18 – Letter by Ray Smith

¹⁵ See APPENDIX 14 – DEVELOPER RESPONSE PRESENTATION MTG #6

¹⁶ See APPENDIX 16 -- HUDSON BLOCK ASSESSOR OBSOLESCENCE LETTER

to provide the LPD report. Steve will follow up with Brian Vosburg to respond to question from Eric Henry in regards to whether you can count people who move from within region or just out of state.

- Ron: How is 188m the brownfield amount? He has never seen an amount that high for brownfield costs. How will we be ready for groundbreaking in 6 weeks?
- Steve: Obviously we have numbers now. They have already been approved at DBRA and will go to Council. It's not on the docket yet. As discussed by Brian, transformational brownfields are different from traditional brownfields and do not include environmental costs alone.
- Downtown is impacted by noises outside of the ordinance. Downtown seems exempt from enforcement. Commitment of hour parameters downtown requested.
- Construction start: We will be underground in December and start construction vertically in June.
- Additional clarification on how TIF works, and how NAC was selected.
- NAC member (Ron) expressed interest in how philanthropy and giving back to community, above and beyond this CBO process. Entrepreneurship, education, housing, public spaces.
- NAC member (Taylor) asked about EO fines. Developer to put her in touch with that dept.
- Concern expressed about employment on construction of project. Potential example of Harold Wilson as part of Local 687 who didn't get hired – said that there are potential construction workers not getting work.
- Demo Day: Laura said she'd confirm how many winners were already in Detroit. And whether we required that they hire Detroiters.
- Detroit People's Platform rep: No investor would give without seeing a prospectus. Feels like no new benefits came out of this process. Homelessness could be a community benefit.

Next steps:

- Ron Robinson expressed that his concerns have not all been addressed, his position is documented in his previous letters and this final advisory report to Council.
- LPD to ensure all reports are posted to shared drive Monday^{17, 18, 19}

To conclude the CBO's community engagement process, the developer has engaged with PDD to address and mitigate any negative impacts that the project may have on the community and local residents. As a result of that engagement, Bedrock has proposed the following responses and mitigations to the NAC's requests and PDD has accepted those responses and mitigation measures in Section F.

¹⁷ See APPENDIX 21 -- Transformational Brownfield Plan LPD Analysis

¹⁸ See APPENDIX 22 -- Affordable Housing Bedrock LPD Analysis

¹⁹ See APPENDIX 23 -- LPD FISCAL REVIEW TRANS BROWNFIELD PLAN

F. NAC PROPOSED COMMUNITY BENEFITS AND DEVELOPER RESPONSE

Neighborhood Concerns: Naming Rights / Branding

1. How will this development be marketed to potential tenants?

We are just breaking ground on the Hudson's development and don't anticipate marketing to tenants until we get closer to the completion date. However, when Bedrock is ready to begin marketing we will do so in compliance with federal Fair Housing requirements and other applicable laws.

2. Has the developer reached a final name for the development?

We have not yet determined the final name for the development.

3. Has Bedrock put measures in place to avoid future advertisements that are tone deaf or offensive?

Bedrock is committed to creating opportunities for all Detroiters. We've taken a hard look at company processes this year, from recruitment to collateral review, to ensure our company's values are accurately represented in everything we do.

Neighborhood Suggestions

- Can it be something that pays tribute to J.L. Hudson?
- 1206 JL Hudson Downtown

Primary driver of this concern

- Naming of Little Caesar's Arena
- Media and Public commentary indicated that the overall naming was not well received

Neighborhood Concerns: Logistical impacts to the surrounding area

1. What are the methods for communicating street closures and construction activities to residents?

Bedrock, the DDP, and all downtown stakeholders are aware that multiple construction projects will have an impact on the community over the next several years. The DDP has convened a group of developers and City representatives to work together with the goal of mitigating construction impacts and ensuring that information is communicated to anyone impacted. Bedrock is an active participant in these meetings and we are providing up to date information on construction related activity to inform communication.

Some of the communication channels that we understand are being considered by DDP will include:

- Set up a hotline that people can use to call and get information on latest road closures, etc.;
- Set up an email blast for anyone interested to receive construction related information on a periodic basis; and
- Disseminate information from the email blast via hard copy to residential building lobbies downtown and to the City's Department of Neighborhoods to share with citizens.

Ultimately, the goal is to work towards a combination of options to meet the communication preferences of all downtown stakeholders. We also understand the DDP is working to identify technology solutions for communication, which may include a website with interactive maps and creation of a mobile app that can be used via mobile phones.

2. How will Pedestrians be routed around the site?

Please see the attached draft Hudson's traffic logistics plans that have been proposed by Bedrock. These plans are pending approval by the City of Detroit.

3. How will Traffic be routed around the site?

Please see the attached draft Hudson's traffic logistics plans that have been proposed by Bedrock. These plans are pending approval by the City of Detroit.

4. How will pedestrians be alerted to loading dock activities post construction?

For temporary closures of loading docks during construction, processes will be in place to ensure compliance with City requirements and the safety of all pedestrians, including flag persons and signage during construction loading activities. The persons responsible for flagging traffic will be trained in the DOT's Uniform Traffic Control Measures in order to safely direct traffic including pedestrians.

5. Parking for current users of the garage, will all monthly passes be given alternative opportunities?

The FOC and City are making arrangements for their team members who currently park at Premier Garage. Monthly pass holders not employed by either group may contact our 3rd party parking operations vendor, Ultimate Parking Management (UPM) who will be happy to discuss parking options in the city with them. If one of UPM's alternate parking locations does not suit an individual's needs or price point, they should be able to suggest other options. Attached is information regarding current parking assets managed by UPM in Detroit.

Primary driver of these concerns

- Strained parking resources in Downtown & Surrounding Area
- Disturbances during the early morning hours at existing sites
- Street Closures that can snarl traffic due to Detroit's Street Layout

Neighborhood Concerns: Noise & Disturbances immediately surrounding site

1. How will motorcycles and other vehicles with exceptionally loud exhaust systems be regulated in the area?

a. Could have a negative impact on the Food Hall if it is open to the outside?

b. Can Bedrock Cameras be used to enforce noise ordinances?

Response to a and b: As the NAC has previously recognized, Bedrock does not control traffic enforcement in the city. However, we are proud to be part of collaborative public-private discussions that include local and state law enforcement, downtown businesses along with non-profit and community stakeholders in the city who work towards a common goal of enhancing the safety for everyone who lives in, works in and visits Detroit.

2. Specifically, how will Bedrock reduce noise disturbances in the area with this development?

The City of Detroit's noise ordinances and MIOSHA's requirements will be followed as appropriate. Time restraints will be placed on activities known to exceed the acceptable sound pressure level readings and considerations given for alternative methods for certain construction activities will need to be considered (e.g., welding machines with mufflers or containment, enclosures for louder activities, etc.)

3. Have any studies been done regarding light pollution or a shadow study?

Bedrock will complete light pollution and shadow studies as required by the City for permitting and other City approvals.

4. What is the time window for Daily Operations?

Current schedule for construction times is based on the City of Detroit ordinance No 02-16, Chapter 36 which allows working hours from 7am-10pm, with the majority of the work being completed by late afternoon. During certain periods of the schedule, we may need to work outside of typical construction hours for work that can't be completed within typical working hours. In those cases, we will work with the city to establish alternate work schedules and communicate to all impacted residents as outlined in the response to question #1 in the logistical impacts in the area section above.

As it relates to the potential time window for operations post-construction, we will not know until we have tenants confirmed.

Primary driver of these concerns

- Loud vehicles have been a persistent annoyance to local residents
- Noise Disturbances during the early morning hours at existing sites
- The height and size of this development and the impact that will have on existing views

Neighborhood Concerns: Hazards and Safety

1. How will Dust be controlled?

Our plans will comply with applicable city ordinances. Several ways exist to manage fugitive dust and the type of work will determine the methods of control. For example, demolition companies often use large fans with water (dust boss). When earth work is being performed water trucks may be used to knock down the dust. Rubble mats and street sweeping could be used to prevent dirt from leaving the site and, if needed, a truck wheel wash program could be included in the comprehensive plan.

2. Specifically, how will Silica dust be controlled on the site?

Our plans will comply with applicable city ordinances. The MIOSHA regulations define acceptable engineering controls to meet the new standard. These common measures will be used and will likely include; wet methods for cutting concrete/masonry block; vacuums on saws and grinders, HEPA vacuums for fugitive dusts, sweeping compound, wet methods for sanding products with silica, containment, etc.

3. Are there any contaminants beyond Silica Dust on the site? Has all lead and asbestos been removed?

At this time, we are not aware of any additional contaminants at levels in violation of law on the portions of the property we anticipate will be disturbed during construction.

If we encounter contaminants during construction which impact construction they will be handled using protocols established by MIOSHA and other governmental agencies.

4. How will the risk of falling objects be mitigated during and after construction?

On the ground we anticipate the use of isolation methods in order to control access in areas where overhead work may present a hazard. These methods may include the use of hard jersey barricades, fencing, rope, guard rails, etc. In addition, personnel may be assigned in the area to control pedestrian and vehicle traffic in order to avoid hazardous conditions. We may also employ various safety systems on the buildings during construction including the installation of horizontal and/or vertical, cantilevered debris netting for the perimeter of building and enclosure systems for engineered scaffolding. Thoughtful and careful design takes falling object risks into account when designing buildings for cold weather climates and therefore should address these issues post construction. The use of building shapes, slope angles, and materials are also taken into account in order to diminish ice formation.

Primary driver of these concerns

- Reports of falling ice from newer buildings that are designed to efficient standard
- New OSHA Regulations regarding silica dust that are going into effect. (Demolition of parking structure)
- General dust, dirt and debris that is part of construction

Neighborhood Concerns: Community Engagement

1. What are the opportunities to engage Detroit Public Schools?

We are committed to ensuring that all developments are welcoming spaces that create opportunities for Detroit students as they learn and begin to grow their careers. The Family of Companies is uniquely positioned to offer experiential learning programs that build pathways to careers for Detroiters. We intend to continue to open up our spaces to Detroit students through programs like Day of Innovation, which aims to bring every sixth grade student downtown and provide hands on programming and exposure to our dynamic work environment. As students progress through Detroit Public Schools Community District (DPSCD), we offer workforce development opportunities through mentoring relationships with Quicken Loans team members, intensive STEM programs to understand how STEM skills can translate into a career, summer employment opportunities, and direct investments in DPSCD career technical education programs that will help students grow the skills necessary for the 24,000 new jobs these development sites will create.

a. Will exhibition space offer opportunities for STEM and programing targeted to DPS Students?

We believe in the power of inspirational, collaborative space to create educational opportunities and offer exposure to real world career opportunities. We plan to showcase these developments through our educational programming, including experiential learning opportunities, such as our QSTEM partnership with Detroit Area Pre-College Engineering Program (DAPCEP) to provide hands-on experiential STEM learning to 6th-8th graders. We will work closely with DPSCD to provide spaces and partner on programming that supports their curriculum and goals for students and teacher development.

2. Is there a 51% requirement for Detroiters working on construction of the Hudson's site?

Yes, the initial construction on the Hudson's development is subject to Executive Order 2016-1.

a. Will fines for non-compliance be directed to workforce training initiatives?

According to the City, they have made a commitment to ensure all fines paid pursuant to Executive Order 2016-1 go to support workforce training initiatives.

b. What is the strategy to prevent fines?

Bedrock has been and will continue to be committed to working with all of its contractors to ensure as many Detroiters as possible are working on the Hudson's development.

Recognizing the need for ensuring Detroiters have the opportunity to take advantage of careers in the skilled trades, Bedrock is supporting the DPS Randolph School Career Technical programs that aim to provide both high school students and adults with the skills necessary to take advantage of the construction jobs available now, and to build sustainable careers in the skilled trades.

We are equally committed to continuing to create long-term job opportunities for Detroiters, and will continue to look for opportunities to support Detroit based small businesses as well as workforce development programs.

3. Impact on library and help with programs for library? See answer below. Will the library be completely blocked? No, it will not.

Are there any agreements in place with the library? Quicken Loans Community Investment Fund (QLCIF), Bedrock, and the FOC are involved in a partnership with the Detroit Public Library System, Detroit Public Library Foundation, and the College for Creative Studies aimed at reinvigorating citywide libraries as community places through design and community engagement.

QLCIF has engaged College for Creative Studies Students in sponsored studio projects in which they work with librarians and library patrons to understand the needs of each particular library and develop design solutions based on international best practices and design theory.

QLCIF, Bedrock, DPL, DPL Foundation, and CCS are hoping to work with the greater community to implement these designs in libraries across the city. The Rose and Robert Skillman Branch of the Detroit Public Library was one of the first

libraries studied by the CCS Students and Bedrock and QLCIF hope to work with community partners to implement this redesign alongside the development of the Hudson's Site.

4. Can Law Enforcement use Bedrock's Cameras that will be installed in this development?

We are proud to be part of collaborative public-private discussion that includes local and state law enforcement, downtown businesses along with non-profit and community stakeholders in the city who work towards a common goal of enhancing the safety for everyone who lives in, works in and visits Detroit. As always, Rock Ventures, Bedrock and our other Family of Companies collaborate with the Detroit Police Department, Wayne County Sheriff, Michigan State Police and other law enforcement agencies to share useful information and video feeds in the mission of preventing and reducing crime in the downtown Central Business District and any other area of the city where we are engaged.

Primary driver of these concerns

- Failure of LCA to maintain that 51% of all workers be Detroiters
- Desire to see what role the Library on Farmer will play going forward
- Neighborhood outreach to DPS Students to involve them in Detroit's Revival

Neighborhood Concerns: Financials

1. What makes this development Recession Proof?

There is no guarantee that any development is "recession-proof". As an organization, developer, investor, we do our best to study and understand the market and believe that we know the indicators that serve as guideposts for addressing risks. As the developer, we will ultimately be responsible for the viability of the project.

2. Would like a breakdown of any Gap Financing used?

As discussed during our CBO meetings, the new MIthrive legislation builds on the existing local Brownfield Tax Increment financing program by allowing developers to submit Transformational Brownfield Plans (TBP) which allow for them to receive additional state support needed to make the most significant development opportunities, like Hudson's, financially possible. The Transformational Brownfield Plans (TBP) allows for projects to keep a portion of the new state tax revenue they generate to help close the gap between high redevelopment costs and what market rents can support. For Hudson's, we are anticipating the gap to be somewhere in the neighborhood of roughly \$100M.

3. What are the details of the Private Financing used?

Bedrock does not release details regarding private investments in our projects.

4. What are some of the major financial metrics for success on this project?

The most important metric for Bedrock will be the number of visitors that come from Michigan, across the Country and from all over the world to visit the Hudson's project. These visitors will help support the local economy and help generate tax revenue for the City and the State.

5. Can we get a breakdown of project cost?

As a matter of practice, Bedrock does not publicly release information regarding the breakdown of the costs of our development projects. As part of the process for this project to be approved as part of our Transformational MIthrive plan, economic development officials that are part of the City of Detroit and Michigan Strategic Fund will review and underwrite all information related to the project's financials to ensure they are reasonable. The total project cost is approximately \$900M.

6. Additional clarification on why TiF Bonds need to be used, if Detroit is in revival mode are we even eligible for TiF Bonds?

While there has been much progress, there continues to be a gap in Detroit between the cost of large-scale high-rise construction and what market rents can support. The MIthrive legislation is meant to close that gap, so that Detroit and other cities across Michigan can realize the job creating benefits of transformational development. In addition to the market value gap, the dedication of extensive space for public and civic uses, while critical to local economic development and overall community benefit, furthers the financial challenges and in turn, the need for the transformational brownfield redevelopment incentives to make the projects possible. Providing incentives like this for development occurs all over the country, and allows cities to attract new businesses, like Amazon HQ2, in order to create jobs and economic growth. To provide further clarification, the City of Detroit will not be issuing bonds for this project.

7. How is this a brownfield if the Hudson's Building Demolition cleaned up the site? Is the \$188 mil brownfield tax credit necessary to clean up the site?

Under long standing Michigan law, brownfield credits are not only for environmental cleanup but also include former commercial properties that are functionally obsolete, meaning they can no longer be used for their intended purposes. While the Hudson's building was demolished, the underground structure is over 100 years old in parts and is unable to support the new development. As a result, Bedrock has to remove all of the

columns, remove sections of the foundation, and structurally reinforce other sections, in to ensure it can support the development above. The Brownfield tax credits offset those unique redevelopment costs and close the remaining gap between development costs and what the market rates can support.

Primary driver of these concerns

- Large amounts of Public Financing that have been used to spur development
- Desire to see the project succeed
- We are 7 years into a bull market, at least a small recession is overdue

Neighborhood Concerns: Rent Impact

1. How do you plan to reach \$4 per sq ft?

We agree there is little support in the current market for rents of \$4.00 per square foot. The Hudson's project will not be available for 4 years, and will be among the only new construction, high-rise residential in the Central Business District. Our projection of rental rates is based on the best information available, given our knowledge of the existing market, demand, product offerings and understanding of residential markets in similar cities.

The quality of fit and finish of the project's residential units, the convenience of on-site amenities, as well as the growing desire to live/work/play in Detroit's urban core have all been considered in projecting the residential rental rates.

2. How is this project expected to impact existing rent?

Due to the uniqueness of the offering and the absence of a true comparable residential product, the project is not expected to adversely impact existing rents in the area.

3. Methods for communicating to the community on current Affordable Housing Opportunities?

As mentioned earlier, we are just breaking ground on the Hudson's development and don't anticipate marketing to tenants until we get closer to the completion date. However, when Bedrock is ready to begin marketing we will do so in compliance with federal Fair Housing regulations and other applicable laws.

4. Do Bedrock residents get a parking discount?

No. Bedrock residents receive no discount, and are directed to contact UPM for parking accommodations as described above in the "Logistical Impacts" section.

5. Can this project get its own zip code to mitigate the effect of rent increases in 48226?

Bedrock will research whether having a unique zip code for Hudson's is a reasonable and viable plan. However, unique zip codes are used to manage mail delivery and will not impact the rents charged by landlords or the calculation of the Area Median Income (AMI) which determines affordable housing rent levels.

Primary driver of these concerns

- Increasing rents in the Downtown and surrounding areas
- Limited communication on Affordable Housing opportunities

Primary Recommendations

- Communication
 - Smartphone App for notifications regarding:
 - Street Closures
 - Construction Activities
 - Signage posted around the site notifying the community of:
 - Street Closures, major issues
 - Pedestrian Detours
- Disturbances
 - Specific time window of 8am to 8pm for noisy construction activities
 - Developer support for Ordinance against loud vehicles
- Community Engagement
 - New requirement that Bedrock invest several million in workforce training to have the 51% requirement removed
 - 51% of post occupancy jobs should go to Detroiters

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APPENDIX

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- 2 CBO LEGAL MEETING NOTICE
- 3 CENSUS TRACT AND IMPACT ZONE
- 4 SEPTEMBER 18TH, 2017 FLIER
- 5 CBO #2 MEETING AGENDA AND FAQ
- 6 HUDSON MONROE OCM BOOK TBP LOCAL PUBLIC HEARING FLYER
- 7 CBO & DEVELOPER PRESENTATION MTG #1
- 8 DEVELOPER PRESENTATION MTG #2
- 9 DEVELOPER PRESENTATION MTG #3
- 10 DEVELOPER MATERIAL – HUDSON’S MARKET INFO
- 11 DEVELOPER MATERIAL – HUDSON’S TRAFFIC LOGISTICS PLAN
- 12 DEVELOPER PRESENTATION MTG #4
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