


David Whitaker, Esq.  
Director  
Irvin Corley, Jr.  
Executive Policy Manager  
Marcell R. Todd, Jr.  
Senior City Planner  
Janese Chapman  
Deputy Director

John Alexander  
LaKisha Barclift, Esq.  
M. Rory Bolger, Ph.D., AICP  
Elizabeth Cabot, Esq.  
Tasha Cowen  
Richard Drumb  
George Etheridge  
Deborah Goldstein

**City of Detroit**  
**CITY COUNCIL**  
**LEGISLATIVE POLICY DIVISION**  
208 Coleman A. Young Municipal Center  
Detroit, Michigan 48226  
Phone: (313) 224-4946 Fax: (313) 224-4336

Christopher Gulock, AICP  
Derrick Headd  
Marcel Hurt, Esq.  
Kimani Jeffrey  
Anne Marie Langan  
Jamie Murphy  
Carolyn Nelson  
Kim Newby  
Analine Powers, Ph.D.  
Jennifer Reinhardt  
Sabrina Shockley  
Thomas Stephens, Esq.  
David Teeter  
Theresa Thomas  
Kathryn Lynch Underwood  
Ashley A. Wilson

TO: COUNCIL MEMBERS

FROM: David Whitaker, Director   
Legislative Policy Division Staff

DATE: June 19, 2019

RE: 3750 Woodward Avenue Second Amended and Restated Redevelopment  
Brownfield Redevelopment Plan PA 381 of 1996 **PUBLIC HEARING**

**The Brownfield Redevelopment Financing Act 381 of 1996**

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.

**3750 Woodward Avenue Second Amended and Restated Brownfield Redevelopment Plan**

3750 Woodward is owned by the developer, 3750 Woodward LLC and 3800 Woodward is owned by The Plaza Midtown LLC. The project is located on two parcels, 3750 and 3800 Woodward Avenue. The 12-story tower at 3800 Woodward, currently includes retail on the first floor and residential above. The parcel at 3750 Woodward Avenue is currently undeveloped. The project consists of the new construction of mixed use buildings including residential units, a hotel, retail space, and a parking structure. This is the Second Amended and Restated Brownfield Redevelopment Plan for this area.<sup>1</sup> Attached, is a summary of the two plans.

The total estimated investment for this project is \$260 million. In addition to the Brownfield, the developer will seek assistance with a NEZ and a property tax abatement under the Commercial Rehabilitation Act, PA 210 of 2005<sup>2</sup> abatement. **The capture period for this Brownfield request is for 25 years.**

<sup>1</sup> The plan was originally approved on November 30, 2010 and amended in 2014.

<sup>2</sup>COMMERCIAL REHABILITATION ACT (MCL 207.841 - 207.856) AN ACT to provide for the establishment of commercial rehabilitation districts in certain local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain qualified facilities; to provide for the disposition

It is anticipated that the project, if approved by Council will create approximately 1,300 temporary construction jobs and 400 permanent FTE<sup>3</sup> jobs.

**Eligible Activities:** Department specific activities, preparation and implementation of Brownfield/Work Plans, demolition, infrastructure improvements, and site preparation.

**Eligible Activity Costs:** \$58,485,054

**Years for Reimbursement:** 25 years from 2020

**Plan Duration** 30 years, starting five year after approval of the Original Plan

**Other Incentives** The project is also seeking a commercial tax abatement and a NEZ tax abatement.

### Project Summary

**3800 Woodward Avenue** includes the completed rehabilitation of an existing 12-story structure for residential and commercial use. No additional redevelopment is anticipated for this parcel.

The project to be completed on **3750 Woodward** will include removal of existing foundations and infrastructure, and the construction of a hotel, housing units targeted toward students, and multi-family housing, 100,000 square feet of commercial space, public space and a parking structure (the "Project"). The hotel will include approximately 225 rooms. The residential component will include approximately 180 multi-family units (of which 36 will be affordable), 198 housing units targeted toward students, and 60 condominiums. It is currently anticipated that construction will begin in the summer of 2019 and eligible activities will be completed within two (2) years. 3750 Woodward Avenue, LLC is the project developer ("Developer") for the Project and owner of the Property at 3750 Woodward Avenue.

### 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; (c) the parcel at 3750 Woodward Avenue was determined to be a facility<sup>4</sup> in accordance to Part 201 of Act 451, and the parcel at 3800 Woodward Avenue is adjacent and continuous and the development of the adjacent or contiguous parcel is estimated to increase the captured taxable value of the remainder of the eligible property.

---

of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of certain local governmental officials; and to provide penalties.

<sup>3</sup> Full time equivalent jobs.

<sup>4</sup> "Facility" means any area, place, or property where a hazardous substance in excess of the concentrations that satisfy the cleanup criteria for unrestricted residential use has been released, deposited, disposed of, or otherwise comes to be located. 1994 PA 451, MCL 324.20101

**Eligible Activities and Projected Costs**

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 environmental assessments, site demolition, public infrastructure, site preparation, preparation of a Brownfield Plan and 381 Work Plan, and associated professional and project management costs as described herein. Some of these activities were completed before approval of the Plan as part of the Modified Plan or as necessary to conduct environmental due diligence for this Plan.

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:

Tax Capture for This Plan (30 Year Maximum)

<u>School Capture</u>	<u>Millage Rate</u>	<u>Total</u>				
		<u>Capture</u>	<u>Reimburse</u>	<u>DBRA</u>	<u>State BRF</u>	<u>LBRE</u>
State Education Tax (SI)	6.0000	\$ 7,026,957	\$ 7,007,423	\$ -	\$ -	\$ 19,535
School Operating Tax	18.0000	\$ 21,080,872	\$ 21,022,268	\$ -	\$ -	\$ 58,604
<b>School Total</b>	<b>24.0000</b>	<b>\$ 28,107,830</b>	<b>\$ 28,029,691</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 78,139</b>

<u>Local Capture</u>	<u>Millage Rate</u>					
WAYNE COUNTY	0.9897	\$ 826,959	\$ 729,422	\$ 59,200	\$ -	\$ 38,337
W C JAILS	0.9381	\$ 783,844	\$ 691,392	\$ 56,114	\$ -	\$ 36,338
W C PARKS	0.2459	\$ 205,465	\$ 181,231	\$ 14,709	\$ -	\$ 9,525
W C HCMA	0.2129	\$ 177,892	\$ 156,910	\$ 12,735	\$ -	\$ 8,247
W C RESA	0.0965	\$ 80,632	\$ 71,122	\$ 5,772	\$ -	\$ 3,738
W C RESA SP ED	3.3678	\$ 2,814,017	\$ 2,482,112	\$ 201,449	\$ -	\$ 130,455
W C COMM COLLEGE	3.2408	\$ 2,707,900	\$ 2,388,511	\$ 193,852	\$ -	\$ 125,536
GENERAL CITY	19.9520	\$ 16,671,198	\$ 14,704,882	\$ 1,193,454	\$ -	\$ 772,863
LIBRARY	4.6307	\$ 3,869,252	\$ 3,412,886	\$ 276,991	\$ -	\$ 179,375
W COUNTY TAX	5.6483	\$ 4,719,523	\$ 4,162,870	\$ 337,860	\$ -	\$ 218,793
DDA	0.0000	\$ -	\$ -	\$ -	\$ -	\$ -
WC RESA ENH	2.0000	\$ 1,671,130	\$ 1,474,026	\$ 119,632	\$ -	\$ 77,472
<b>Local Total</b>	<b>41.3227</b>	<b>\$ 34,527,812</b>	<b>\$ 30,455,363</b>	<b>\$ 2,471,769</b>	<b>\$ -</b>	<b>\$ 1,600,680</b>

<u>Non-Capturable Millage</u>	<u>Millage Rate</u>					
DEBT SERVICE	7.0000	\$ -	\$ -	\$ -	\$ -	\$ -
SCHOOL DEBT	13.0000	\$ -	\$ -	\$ -	\$ -	\$ -
W C ZOO	0.1000	\$ -	\$ -	\$ -	\$ -	\$ -
W C DIA	0.2000	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>20.3000</b>					

<b>Total Above</b>	<b>85.6227</b>	<b>\$ 62,635,642</b>	<b>\$ 58,485,054</b>	<b>\$ 2,471,769</b>	<b>\$ -</b>	<b>\$ 1,678,819</b>
--------------------	----------------	----------------------	----------------------	---------------------	-------------	---------------------

As illustrated below, the following taxes are projected to be generated but shall not be captured by the DBRA during the life of the Plan:

<b>Millages Not Captured</b>	<b>Millage Rate</b>	<b>Total Taxes</b>
DEBT SERVICE	7.0000	\$ 9,411,848
SCHOOL DEBT	13.0000	\$ 17,479,147
W C ZOO	0.1000	\$ 134,455
W C DIA	0.2000	\$ 268,910
<b>Total Above</b>	<b>20.3000</b>	<b>\$ 27,294,360</b>

<b>Description of Eligible Activities</b>	<b>Eligible Expenses</b>	<b>Estimated Capture</b>
1. Demolition	\$ 416,220	\$ 416,220
2. Lead and/or Asbestos Abatement	\$ 250,000	\$ 250,000
3. Infrastructure Improvements	\$ 32,784,738	\$ 32,784,738
4. Site Preparation	\$ 17,391,718	\$ 17,391,718
5. Baseline Environmental Assessment	\$ 112,350	\$ 112,350
6. Due Care Activities	\$ 2,000	\$ 2,000
7. Additional Response Activities	\$ -	\$ -
8. Contingency (15%)	\$ 7,468,028	\$ 7,468,028
<i>Subtotal Site Eligible Activities</i>	<i>\$ 58,425,054</i>	<i>\$ 58,425,054</i>
9. Brownfield/Work Plan Preparation	\$ 60,000	\$ 60,000
<b>Total Eligible Activities</b>	<b>\$ 58,485,054</b>	<b>\$ 58,485,054</b>
10. Interest to Developer		\$ -
11. DBRA Administrative Costs		\$ 2,471,769
12. Local Brownfield Revolving Fund		\$ 1,678,819
13. State Brownfield Fund		\$ -
<b>Total Estimated Cost to be Funded Through TIF</b>		<b>\$ 62,635,642</b>

### Legal Description of the Eligible Property

Address	3800 Woodward Avenue
Parcel ID	01004199-201
Owner	The Plaza Midtown LLC
Legal Description	E WOODWARD PT OF 1 THRU 3 & S VAC MARTIN PL (50 FT WD) ADJ BG DESC AS: BEG AT NW COR OF SD LOT 1 TH ALG NLY LN OF SD LOT N 60D 9M 30S E 159.50 FT TH N 26D 27M 0S W 37.90 FT TH N 60D 9M 30S E 100.00 FT TH N 63D 33M 0S E 8.01 FT TH S 26D 24M 40S E 158.48

Address	3750 Woodward Avenue
Parcel ID	01004190-8
Owner	3750 Woodward Avenue LLC
Legal Description	E WOODWARD PT OF 2&3 & S VAC MARTIN PL (50 FT WD) ADJ BG DESC AS: BEG AT THE NW COR OF LOT 1 MEDICAL CENTER URBAN RENEWAL PLAT #1 TH ALG NLY LN OF SD LOT N 60D 9M 30S E 159.50 FT TH N 26D 27M 0S W 37.90 FT TH N 60D 9M 30S E 100.00 FT TH N 63D 33M 0S E

### Feasibility of the Brownfield Approval

Soil investigations were conducted in at least 1997 and 2010. The parcel at 3750 Woodward Avenue is a facility in accordance to Part 201 of PA 451 and the subject of four Baseline Environmental Assessments<sup>5</sup> (BEAs). The first BEA for Professional Plaza, LLC was affirmed on April 18, 1997.

The second BEA for Woodward Offices, LLC was affirmed on March 13, 2003. The third BEA for Midtown Project, LLC was submitted on June 5, 2013. The most recent BEA will be submitted for disclosure for 3750 Woodward Avenue, LLC.

The most recent Phase I environmental site assessment (ESA) was completed for 3750 Woodward Ave, LLC on August 28, 2018. The Phase I revealed the following recognized environmental conditions (RECs) on the Property:

- “The Subject Property has been determined to be a facility under Part 201, based on environmental investigations completed during 1996, 2003, and 2010. Facility status is likely the result of historical occupants (ex. Auto services, hospital, undertaker/funeral home) that utilized hazardous substances and petroleum products.”

The most recent BEA was completed for 3750 Woodward Ave, LLC on September 24, 2018. The BEA determined the following:

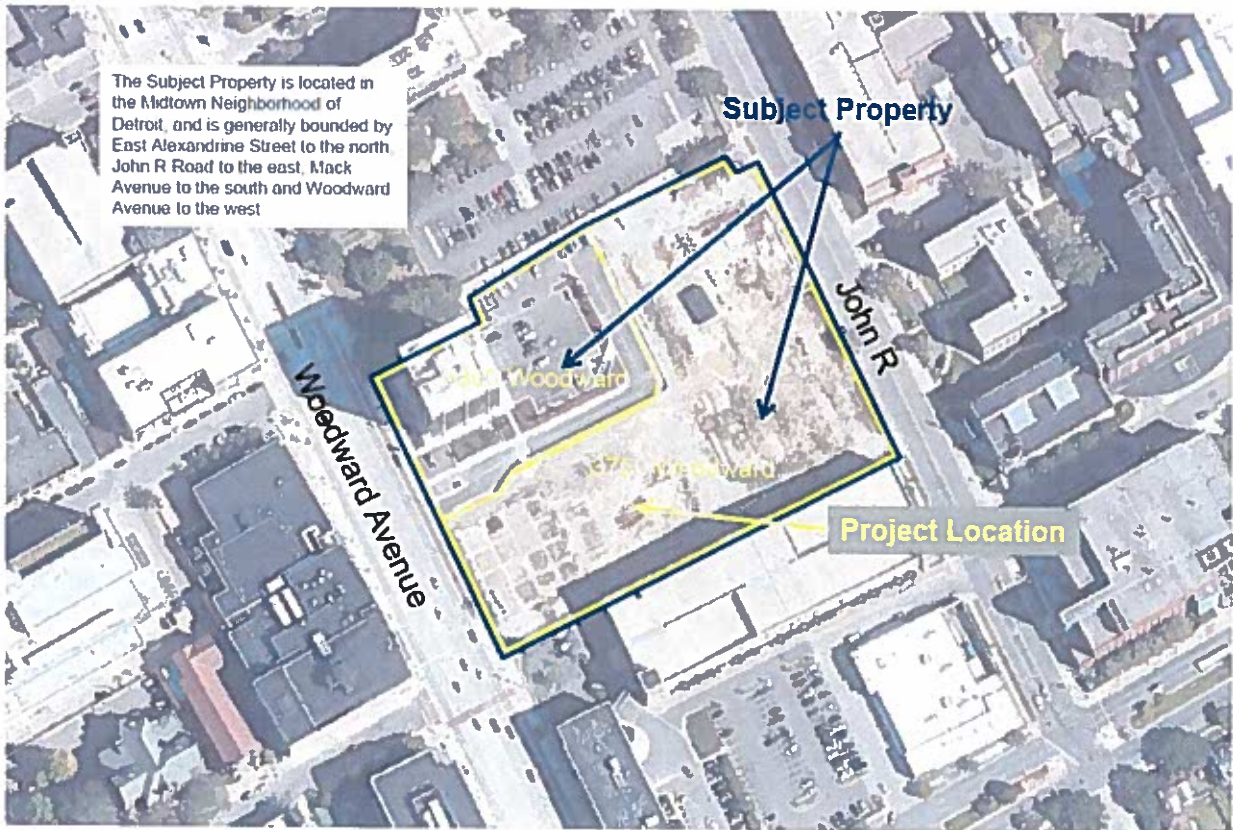
- “The Subject Property is a ‘facility’ as defined in Section 20126 of Part 201 based on the presence of benzo(a)pyrene in soil at concentrations exceeding the Department of Environment, Great Lakes and Energy (EGLE) GRCC for DC.”

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

---

<sup>5</sup> A Baseline Environmental Assessment (BEA) is an evaluation of environmental conditions for a piece of property or facility prior to being purchased. A BEA focuses on the contamination of hazardous substances on the piece of property.

cc: Auditor General's Office  
Arthur Jemison, Chief of Services and Infrastructure  
Maurice Cox, Planning and Development Department  
Donald Rencher, HRD  
Veronica Farley, HRD  
Stephanie Grimes Washington, Mayor's Office  
Malinda Jensen, DEGC  
Kenyetta Bridges, DEGC  
Jennifer Kanalos, DEGC  
Brian Vosburg, DEGC



3750 & 3800 Woodward Ave

Detroit, MI



Created for: 3750 Woodward Avenue, I.I.C  
Created by: MAW, March 8, 2019



Figure 2: Subject Property



3750 & 3800 Woodward Ave

Detroit, MI



Created for: 3750 Woodward Avenue, LLC  
Created by: MAW, March 8, 2019



Figure 3: Renderings



3750 & 3800 Woodward Ave

Detroit, MI



Created for: 3750 Woodward Avenue, LLC  
Created by: MAW, March 8, 2019



Figure 3: Renderings

**City of Detroit**  
CITY COUNCIL  
COUNCIL PRESIDENT BRENDA JONES

**INCENTIVE INFORMATION CHART:**

Project Type	Incentive Type	Investment Amount	District
New Construction	MBT, Brownfield TIF, NEZ, & CRE	\$260 Million	6

Jobs Available							
Construction				Post Construction			
Professional	Non-Professional	Skilled Labor	Non-Skilled Labor	Professional	Non-Professional	Skilled Labor	Non-Skilled Labor
65	390	195	650	20	120	60	200

\*\*The numbers provided above are estimates only and may vary between skill levels.

1. What is the plan for hiring Detroiters?  
The project will be meeting with the community during pre-development to inform the community of the numerous job opportunities available to Detroiters.
2. Please give a detailed description of the jobs available as listed in the above chart, i.e: job type, job qualifications, etc.  
The completed project will include retail space, a hotel, and residential housing. Job opportunities will be available at all skill levels for a wide variety of positions. Positions will need to be filled for hotel management, housekeeping, maintenance, and janitorial. Numerous jobs will also be available in the retail stores that open in the commercial spaces. The residential housing will also employ several people for office management and maintenance.
3. Will this development cause any relocation that will create new Detroit residents?  
The property is currently vacant and will not require any Detroit residents to relocate.
4. Has the developer reached out to any community groups to discuss the project and/or any potential jobs?  
The Developer will be participating in the CBO process and will be meeting with the community to introduce the project and discuss opportunities.
5. When is construction slated to begin?  
Construction is expected to begin in summer 2019.
6. What is the expected completion date of construction?  
The project is anticipated to be completed by summer 2021.

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





City of Detroit  
**BROWNFIELD REDEVELOPMENT AUTHORITY**  
**BROWNFIELD PLAN SUMMARY**  
**3800 Woodward Avenue Redevelopment Project**  
**March 4, 2014**

**Project Summary**

	<u>Approved Plans</u>	<u>Proposed Changes (As of 1/17/14)</u>
<b>Project Name:</b>	3800 Woodward Avenue Redevelopment Project	3800 Woodward Medical Building
<b>Developer:</b>	Marwood Holdings, LLC	Midtown Project LLC
<b>Project Location:</b>	3800 Woodward Avenue Detroit, MI	3800 and 3750 Woodward Avenue Detroit, MI
<b>Eligible Property Definition:</b>	Real Property plus Personal Property	Real Property
<b>Project Overview:</b>	This project will feature a 200,000 square foot mixed-use LEED ® certified building and 1,000 car parking deck. Street front retail will be located in both the building and parking deck. This state-of-the-art building will include restaurants, retail, office and medical facilities.	This project will feature a total of 195,000 square feet, with a five story mixed-use building, a two story mixed-use building, and 648 car parking deck. Street front retail will be located along Woodward Avenue. This state-of-the-art building will include restaurants, retail, office and medical facilities.
<b>Plan Approval</b>	November 30, 2010	2014
<b>Plan Expiration:</b>	2013	2019
<b>Estimated Total Investment:</b>	\$83,600,000	\$73,000,000
<b>Base Taxable Value:</b>	\$3,289,468	\$3,289,468
<b>Annual Tax Revenues Before Project:</b>	\$270,000	\$161,000
<b>Annual Tax Revenues After Project Completed:</b>	\$1,687,000	\$1,560,000
<b>Basis for Eligibility:</b>	This building is functionally obsolete because the inflexible floor plan does not meet the market demand for modern medical and office space. In addition, the mechanical and electrical systems do not meet the technical needs for modern use.	This building is functionally obsolete because the inflexible floor plan does not meet the market demand for modern medical and office space. In addition, the mechanical and electrical systems do not meet the technical needs for modern use. Eligibility is based on facility status.
<b>Eligible Activities:</b>	Site Preparation, Demolition, Environmental Assessments, Brownfield Plan, 381 Work Plan, and Interest (5%)	Public Infrastructure (including the Parking Deck Construction), Site Preparation, Demolition, Environmental Assessments, Brownfield Plan, 381 Work Plan, and Interest (3%)
<b>Eligible Activity Costs:</b>	\$3,740,105	\$6,826,218
<b>Total Capture for Developer:</b>	\$4,523,379	\$8,175,302
<b>Years for Reimbursement:</b>	6 years	13 years
<b>Plan Duration:</b>	9 years	22 years from originally approved date
<b>MBT Eligible Investment:</b>	\$50,000,000	\$50,755,702
<b>MBT Credit:</b>	\$10,000,000	\$10,000,000