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TO: COUNCIL MEMBERS
FROM: David Whitaker, Director
Legislative Policy Division Staff 
DATE: May 27, 2020
RE: Life is a Dreamtroit 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, in order to promote the revitalization of economically distressed and blighted areas within the City of Detroit.

Life is a Dreamtroit Brownfield Redevelopment Plan

The project developer and property owner is Life is a Dreamtroit, LLC. The property consists of 7 parcels totaling 3.8 acres, which includes 1331 Holden Street, 5924, 5960, 6120, 6126, and 6132 Lincoln Street. The properties are located on the outskirts of the New Center and Northwest Goldberg neighborhoods. The property is bounded by Holden St. to the north, a railroad track to the east, Lincoln St. to the south and west, forming a triangular shape. The plan entails the demolition of a significant portion of the two-story warehouse and renovate it into a modern mixed-use building featuring 73 housing units¹, as well as, office and retail space².

¹ First and second floors of the main building will be converted into communal studios, 1-bedroom, and 2-bedroom apartments with varying tiers of affordable rates. 52 (67%) of the units will be affordable. All units will be under 120% AMI. 50% of the units will be under 80% AMI and 20% will be below 20% AMI Second floor will also have several market rate apartments.

² Recycle Here! (municipal recycling program) Green living Science (environmental education program), Bubble Bar, a coffee shop, an Art Industry facility, artisan shops, and a co-working market will also be located on the property. The most recent warehouse addition will be demolished for 86 surface parking spaces.

Construction is set to begin Spring 2020 and is set to be completed by the end of 2022.

The Property is considered an “eligible property” as defined by Act 381, Section 2 because: (a) the Property was previously utilized for a commercial, industrial, public, or residential purpose; (b) it is located within the City of Detroit, a qualified local governmental unit under Act 381; and/or (c) the Property is determined to be a “facility” or adjacent and contiguous to a “facility” as defined by Part 201 of PA 451, as amended. The partially vacant warehouse was constructed in 1917, other portions in 1932, and 5960 Lincoln St. was constructed in 1945. The remaining parcels are vacant industrial and commercial buildings. Originally, the warehouse was the Lincoln Motor Company headquarters and was constructed by Albert Kahn. Recycle Here! and Art Industry, which are a recycling facility and a collaborative art space, currently occupy the property. Both businesses will remain in operation during and after construction of the project. Therefore, no businesses will be displaced or relocated as a result of this project. Henry Ford Health System, the district manager of District 5, Grasso Holdings, the Northwest Goldberg Creative Coalition, and Marble Bar, have all written letters in support of the new development. The developer was approved for a Neighborhood Enterprise Zone (NEZ) Tax Abatement³ for 1331 Holden St. in early March 2020 and will also seek a 10-year Commercial Rehabilitation Act (PA 210) tax abatement⁴, and a Michigan Community Revitalization Program (CRP) loan⁵. The developer’s current Brownfield request, is set to begin capture in 2021. **The capture period for this Brownfield request is 30 years.**⁶

The estimated total capital investment from the developer is approximately **\$18.2 million**. It is estimated that 46 temporary construction jobs will be needed to complete the project. One full time equivalent (FTE) property management position will be needed post-construction. The businesses that are currently on the property employ 15 Detroit residents, all of which will be retained. The new businesses will also create an unknown number of additional jobs. The development team plans on soliciting bids from Detroit based businesses and garner opportunities to employ Detroit residents, by presenting at a skilled trades task force meeting.

The Developer is requesting a **\$3,615,542 TIF**⁷ reimbursement and the total costs under the plan is **\$4,940,981** for “eligible activities” as illustrated below:

COSTS TO REIMBURSED WITH TIF

1.	Pre-Approved Activities	\$66,800
2.	Department Specific Activities	\$587,000
3.	Demolition	\$586,700
4.	Abestos and Lead Activies	\$256,000

³ **Neighborhood Enterprise Zone (NEZ)**, PA 146 of 2000, a tax incentive for commercial and commercial housing properties that are in need of rehabilitation. The taxable value is frozen for 1-12 years. If approved, it will reduce property tax obligations and lower the amount of incremental tax revenues during the approved time period of the tax abatement.

⁴ **Commercial Rehabilitation Act**, PA 210 of 2005, as amended affords a tax incentive for the rehabilitation of commercial property for the primary purpose and use of a commercial business or multi-family residential facility.

⁵ **Michigan Community Revitalization (CRP) Loan**, promotes community revitalization through the provision of grants, loans or other economic assistance for eligible projects located on properties that are either contaminated (facility), blighted, functionally obsolete or historic resources.

⁶ The DBRA public hearing for the Plan was held on Monday, February 24, 2020 at 5:30 pm at The Marble Bar 1501 Holden St., Detroit, Michigan 48208. Five people verbally stated their support and four others wrote their support of the project on the sign-in sheet. There were no comments in opposition of the project.

⁷ 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.

5.	Infrastructure	\$297,400
6.	Site Preparation	\$765,500
7.	Brownfield Plan and Work Plan Preparation	\$60,000
8.	Contingency (15%)	\$373,890
9.	Interest	\$622,252
Total Reimbursement to Developer		\$3,615,542
10.	Authority Administrative Costs	\$781,963
11.	State Brownfield Redevelopment Fund	\$204,032
12.	Local Brownfield Revolving Fund	\$339,452
TOTAL Estimated Costs		\$4,490,981

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:

	Reimbursement Costs	Admin. Costs	State Brownfield Fund	Local Brownfield Revolving Fund
School Operating Tax	\$1,460,637	\$0	\$0	\$0
State Education Tax	\$243,439	\$0	\$204,032	\$0
City Operating	\$969,834	\$396,750	\$0	\$172,214
Library	\$225,091	\$92,083	\$0	\$39,969
Wayne County	\$380,215	\$155,542	\$0	\$67,515
HCMA	\$10,402	\$4,255	\$0	\$1,852
RESA/Special Ed	\$168,394	\$68,888	\$0	\$29,902
Wayne County Community Colleg	\$157,530	\$64,444	\$0	\$27,973
TOTAL	\$3,615,542	\$781,963	\$204,032	\$339,425
<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	\$632,028			
School Debt and Judgment	\$996,684			
DIA	\$15,334			
Zoo	\$7,667			
Total	\$1,651,713			

Legal Description of the Eligible Properties

Legal Description 1331 Holden Street, Detroit, Wayne County, Michigan:

Parcel: 06001546.002L

S HOLDEN THAT PT OF O L 50 LYG N OF & ADJ R R & S OF HOLDEN 10 THRU 1 54-49 & VAC ALLEY LYG N OF & ADJ ALL THAT PT OF VAC BROOKLYN AVE LYG S OF HOLDEN AVE & N OF R R SUB OF PT BAKER FARM L365 P498 DEEDS, W C R 6/95 129,858 SQ FT

Legal Description 5924 Lincoln Street, Detroit, Wayne County, Michigan:

Parcel: 0600557-83

3 expiring 12/30/2017. Property exempt from Ad Valorem taxes and assessed pursuant to PA 261 of 2003 expiring 12/30/2014. E LINCOLN 47 THRU 39 SCRIPPS SUB L12 P10 PLATS, W C R 6/97 23,072 SQ FT

Legal Description 5960 Lincoln Street, Detroit, Wayne County, Michigan:

Parcel: 06005584-5

3 expiring 12/30/2017. Property exempt from Ad Valorem taxes and assessed pursuant to PA 261 of 2003 expiring 12/30/2014. E LINCOLN 38&37 SCRIPPS SUB L12 P10 PLATS, W C R 6/97 60 X 88.53A

Legal Description 6120 Lincoln Street, Detroit, Wayne County, Michigan:

Parcel: 06005594

Property exempt from Ad Valorem taxes and assessed on the Special Act Roll pursuant to PA 261 of 2003 expiring 12/30/2017. E LINCOLN 32 SCRIPPS SUB L12 P10 PLATS, W C R 6/97 30 X 86.26A

Legal Description 6126 Lincoln Street, Detroit, Wayne County, Michigan:

Parcel: 06005595

Property exempt from Ad Valorem taxes and assessed on the Special Act Roll pursuant to PA 261 of 2003 expiring 12/30/2017. E LINCOLN 31 SCRIPPS SUB L12 P10 PLATS, W C R 6/97 30 X 86.02A

Legal Description 6132 Lincoln Street, Detroit, Wayne County, Michigan:

Parcel: 06005596

E LINCOLN 30 EXC TRIANG PT BG N 19.90 FT ON W LINE & W 12.54 FT ON N LINE SCRIPPS SUB OF PT OF WOODBRIDGE FARM L12 P10 PLATS, W C R 6/97 2,447 SQ FT

Legal Description 6138 Lincoln Street, Detroit, Wayne County, Michigan:

Parcel: 06005597

PROPERTY EXEMPT FROM AD VALOREM TAXES AND ASSESSED ON THE SPECIAL ACT ROLL PURSUANT TO PA 261 OF 2003 EXPIRING 12/30/2017. E LINCOLN ALL THAT PT OF 29DESC AS BEG AT A PTE IN S LINE OFSD LOT DIST 12.54 FT ALG SD S LINE FROM SW COR OF SD LOT TH N 09D 40M 42S E 28.91 FT TH N 55DE 12.08 FT TH SELY ALG NLY LINE OF SD LOT 50.61 FT TO ELY COR OF SD LOT TH WLY ALG S LINE 69.89 FTTO POB SCRIPPS SUB L12 P10 PLATS, WCR 6/97 1,072 SQ FT

Feasibility of the Brownfield Approval

- ✚ The City of Detroit Building, Safety Engineering, and Environmental Department has received the **Phase I Environmental Site Assessment**⁸ and **Phase II Environmental Site Assessment**⁹ pursuant to USEPA's guidelines.
- ✚ Concentrations of ethylbenzene, tetrachlorethylene (PCE), and xylenes were detected in 2 soil samples.
- ✚ Concentrations of various Volatile Organic Compounds (VOCs) were detected in 5 soil samples.
- ✚ Concentrations of benzo(a)anthracene, benzo(a)fluoranthene, benzo(a)pyrene, dibenzo(a,h)anthracene were found in 6 soil samples.
- ✚ A concentration of lead and zinc in the soil was also found.
- ✚ Consideration of stormwater management features such as bioswales, downspout disconnection, planter boxes, rainwater storage and harvesting.
- ✚ Repair or replacement of deteriorated/damaged plaster, masonry, brick and stone.
- ✚ Preserve the historic nature of the property.
- ✚ The Property is determined to be a "facility" or adjacent and contiguous to a "facility" as defined by Part 201 of PA 451.

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

Attachments: **ATTACHMENT E:** Estimated Cost of Eligible Activities Table
ATTACHMENT G: Environmental Assessment
ATTACHMENT H: Incentive Information Chart and Q & A

cc: Auditor General's Office
Arthur Jemison, Chief of Services and Infrastructure
Katy Trudeau, 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

⁸ **The Phase I ESA** (Environmental Site Assessment) is generally considered the first step in the process of environmental due diligence.

⁹ **The Phase II ESA** (Environmental Site Assessment) is purely based off the findings of the **Phase I**, and is more varied

ATTACHMENT E Estimated Cost of Eligible Activities Table

The estimated cost of eligible activities is \$3,615,542. The total amount of increment tax revenues are \$4,940,981. For informational purposes, the eligible activities intended to be paid for with tax increment revenues are presented below:

Table 1: Eligible Activities Cost Estimates			
Item/Activity	Total Request	MSF Act 381 Eligible Activities	EGLE Act 381 Eligible Activities
Pre-Approved Activities			
Phase I ESA	\$ 3,800		\$ 3,800
Phase II ESA/BEA/DDCC	\$ 33,000		\$ 33,000
Hazardous Materials Survey	\$ 30,000		\$ 30,000
Baseline Environmental Assessments Sub-Total	\$ 66,800	\$ -	\$ 66,800
Department Specific Activities			
Removal and Disposal of Underground Storage Tanks (USTs), if Encountered	\$ 100,000		\$ 100,000
Additional Delineation Prior to Excavation	\$ 22,000		\$ 22,000
Contaminated Soil Transport and Disposal	\$ 435,000		\$ 435,000
Oversight, Sampling and Reporting by Environmental Professional	\$ 30,000		\$ 30,000
Department Specific Activities Sub-Total	\$ 587,000	\$ -	\$ 587,000
Demolition			
Building Demolition Activities	\$ 408,700	\$ 408,700	
Select Demolition for Reuse	\$ 23,000	\$ 23,000	
Onsite Reuse of Demolition Debris	\$ 41,000	\$ 41,000	
Removal of Abandoned Utilities	\$ 20,000	\$ 20,000	
Removal of Parking Lots	\$ 12,000	\$ 12,000	
Removal of Curbs and Gutters	\$ 9,500	\$ 9,500	
Removal of Sidewalks	\$ 6,500	\$ 6,500	
Fill, Compaction & Rough Grading to Balance Building/Site Where Improvements Were Located	\$ 66,000	\$ 66,000	
Demolition Sub-Total	\$ 586,700	\$ 586,700	\$ -
Asbestos, Mold, and Lead Activities			
Asbestos and Lead Abatement	\$ 256,000	\$ 256,000	
Asbestos and Lead Activities Sub-Total	\$ 256,000	\$ 256,000	\$ -
Infrastructure Improvements			
Urban Storm Water Management Systems (Traditional versus Low Impact Design)	\$ 170,000	\$ 170,000	
Green Roof Estimate			
Curbs and Gutters	\$ 62,400	\$ 62,400	
Side Walk Improvements	\$ 40,000	\$ 40,000	
Public Lighting	\$ 25,000	\$ 25,000	
Infrastructure Sub-Total	\$ 297,400	\$ 297,400	
Site Preparation			
Temporary Construction Access/Roads	\$ 8,500	\$ 8,500	
Temporary Erosion Control	\$ 3,500	\$ 3,500	
Temporary Traffic Control	\$ 35,000	\$ 35,000	
Temporary Site Control (fencing, gates, signage and/or lighting)	\$ 85,000	\$ 85,000	
Temporary Facility	\$ 125,000	\$ 125,000	
Land Balancing	\$ 75,000	\$ 75,000	
Grading (including reasonable mass grading of entire project site)	\$ 100,000	\$ 100,000	
Relocation of Active Utilities (Electric, Gas, Water, Sewer)	\$ 260,000	\$ 260,000	
Staking	\$ 6,500	\$ 6,500	
Temporary Sheeting and Shoring	\$ 32,000	\$ 32,000	
Clearing & Grubbing (including grass, shrubs, trees, other vegetation and their roots) and Related Disposal	\$ 35,000	\$ 35,000	
Site Preparation Sub-Total	\$ 765,500	\$ 765,500	\$ -
Preparation of Brownfield Plan and Act 381 Workplan			
Brownfield Plan/381 Work Plan Preparation	\$ 30,000	\$ 15,000	\$ 15,000
Brownfield Plan/381 Work Plan Implementation	\$ 30,000	\$ 15,000	\$ 15,000
Brownfield Plan and Act 381 Workplan Sub-Total	\$ 60,000	\$ 30,000	\$ 30,000
Eligible Activities Sub-Total	\$ 2,619,400	\$ 1,935,600	\$ 683,800
15% Contingency*	\$ 373,890	\$ 285,840	\$ 88,050
Interest	\$ 622,252	\$ 461,806	\$ 160,446
Developer Eligible Reimbursement Total	\$ 3,615,542	\$ 2,683,246	\$ 932,296
TIF Capture for Local Brownfield Revolving Fund	\$ 339,425	\$ -	\$ -
Administrative Fee	\$ 781,963		
State Brownfield Fund	\$ 204,032		
Total	\$ 4,940,961	\$ 2,683,246	\$ 932,296

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

ATTACHMENT G
Environmental Assessment



CITY OF DETROIT
BUILDINGS, SAFETY ENGINEERING AND ENVIRONMENTAL DEPARTMENT
ADMINISTRATION

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, FOURTH FLOOR
DETROIT, MICHIGAN 48226
WWW.DETROITMI.GOV

February 15, 2020

Jennifer Kanalos
Detroit Brownfield Redevelopment Authority (DBRA)
500 Griswold, Suite 2200
Detroit, Michigan 48226

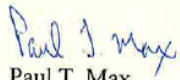
RE: DBRA Document Review and Invoice Notice

Attached please find Exhibit B, approving the environmental documents submitted to the Buildings, Safety Engineering, and Environmental Department for review of the 1331 Holden Project located at 1331 Holden for Life is a Dreamtroit, LLC.

The review of a Phase I Environmental Site Assessment (ESA) and Phase II ESA was completed on February 15, 2020 and Invoice #5722063 in the amount of \$1,000.00 for these services was submitted to your office for payment. Please remit a check payable to the Treasurer, City of Detroit by the due date to complete this activity.

If you have any questions, please contact my office at (313) 471-5115.

Sincerely,


Paul T. Max
General Manager

PTM

Enclosure

cc: Brian Vosburg

TO: THE DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
FROM: DETROIT, BUILDINGS, SAFETY ENGINEERING, AND ENVIRONMENTAL DEPARTMENT
PROJECT: 1331 HOLDEN, LIFE IS A DREAMTROIIT LLC
DATE: February 15, 2020

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 PM Environmental on behalf of Life is a Dreamtroit, LLC, as developer, as part of its Brownfield Plan submittal to the Detroit Brownfield Redevelopment Authority (DBRA), for the 1331 Holden Project.

- 1 Phase I Environmental Site Assessment, pursuant to USEPA's. All Appropriate Inquiry using American Society of Testing Materials (ASTM) Standard E 1527-13
- 1 Phase II Environmental Site Assessment, pursuant to ASTM Standard 1903 (if appropriate)
- 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).
- Other

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 the site is a facility and has determined that the documents received for this project satisfy the DBRA Guidelines.

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

By: Paul J. May

Its: General Manager

ATTACHMENT H Incentive Information Chart

Project Type	Incentive Type	Investment Amount	District
Commercial/Residential	PA 210, NEZ, Brownfield TIF	\$11 Million (hard cost) \$15.4 Million (total investment)	New Center Neighborhood

Jobs Available							
Construction				Post Construction			
Professional	Non-Professional	Skilled Labor	Non-Skilled Labor	Professional	Non-Professional	Skilled Labor	Non-Skilled Labor
3	1	34	8	1	0	0	0

1. What is the plan for hiring Detroiters?

During the construction phase, the general contractor (GC) has been advised by the development team that a management priority must be to hire residents of the city of Detroit. The GC, MIG Construction, has a deep history with completing projects in Detroit as well as with managing residency requirements for Detroit-based projects. The development team has strong relationships with local stakeholders, such as neighborhood-level organizations and block clubs, and will work closely with such groups to advertise open positions.

Following construction, the anticipated tenants of the site desire to hire locally, especially within the 48202 zip code, in which the site is situated. The master tenant of the venue Life Is A Dreamtroit, LLC, anticipates having events at nearby locations prior to the completion of construction not only to continue to receive community feedback but also to inform neighbors about employment opportunities at the various businesses that will occupy the site. Additionally, as during the construction phase of the project, the tenants will work closely with community stakeholders to ensure that information about employment opportunities are disseminated as widely as possible in neighborhoods close to the site. This project also results in the continued operation and retention of the Recycle Here Community Recycling Program, the Green Living Science Environmental Education Program and Detroitus, an art facility. These remaining core tenants currently employ 15 Detroit residents.

It is anticipated the future commercial/retail tenants will create indirect jobs and the developer will be responsible for the creation of 1 full-time equivalent job associated with property maintenance. The developer is committed to ensuring this job is given to a Detroit resident.

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

During the construction phase, MIG Construction, will be looking to hire subcontractors, having employees of Detroit residency, for the following trades:

- DIV 1 - Testing
- DIV 2 - Building Demolition
- DIV 2 - Abatement
- DIV 3 - Concrete Coring/Sawcut/Infill
- DIV 4 - Masonry
- DIV 6 - Rough Carpentry
- DIV 6 - Finish Carpentry
- DIV 7 - Roofing
- DIV 7 - Metal Panel/Thermal Insulation/Waterproofing
- DIV 8 - Glass and Glazing
- DIV 8 - Doors/Frames/Hardware
- DIV 9 - Gyp Board Assemblies
- DIV 9 - Resilient Flooring
- DIV 9 - Tile
- DIV 9 - Painting and Coatings
- DIV 10 - Specialties - Toilet and Bath Acc. / Partitions
- DIV 11 - Equipment
- DIV 12 - Millwork and Casework
- DIV 13 - Fire Protection
- DIV 15 - Plumbing
- DIV 15 - HVAC
- DIV 16 - Electrical

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

There are no current residents at the subject property that will need to be relocated as a result of this development. The current commercial operations will remain at the property following redevelopment.

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

The developer, Life is a Dreamtroit, LLC has received and garnered strong support from local organizations, including Henry Ford Hospital, Grasso Development, The Marble Bar, Rebel Nell, York Project, The Holden Street Business Association, and the Northwest Goldberg Creative Corridor. Life is a Dreamtroit, LLC has also worked with District 5 Manager, Melia Howard, to hold both a stakeholder and community member information meeting. These meeting took place at Divinity of God Missionary Baptist Church International located at 2261 Marquette Street, Detroit, MI, 48208. The Stakeholders meeting took place on May 8th at 6:30pm and the Community meeting took place on May 18th 6:30pm.

5. When is construction slated to begin?

Construction is slated to commence in Spring 2020

6. What is the expected completion date of construction?

Construction completion is anticipated to be completed by the end of 2021

Satellite View of the property



Pictures of the property





Picture of Proposed Development

