

David Whitaker, Esq.
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Executive Policy Manager
Marcell R. Todd, Jr.
Director, City Planning Commission
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Director, Historic Designation
Advisory Board

John Alexander
Roland Amarteifio
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LaKisha Barclift, Esq.
Nur Barre
Paige Blessman
M. Rory Bolger, Ph.D., FAICPF
Eric Fazzini
Christopher Gulock, AICP

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

Derrick Headd
Marcel Hurt, Esq.
Kimani Jeffrey
Edward King
Jamie Murphy
Kim Newby
Analine Powers, Ph.D.
Laurie Anne Sabatini
Rebecca Savage
Ryan Schumaker
Sabrina Shockley
Renee Short
Thomas Stephens, Esq.
Timarie Szwed
Dr. Sheryl Theriot
Theresa Thomas
Ashley A. Wilson

July 6, 2022

HONORABLE CITY COUNCIL

RE: **COMMUNITY BENEFITS ORDINANCE PROCESS ANALYSIS FOR THE FISHER BODY PLANT 21 BUILDING**



BACKGROUND AND PROPOSAL

In November of 2016, the Proposal B ballot initiative passed with 53% of the vote, effectuating the enactment of the City of Detroit's Community Benefits Ordinance (CBO) Ordinance No. 35-16. The expressed purpose of this ordinance is to garner *"outreach and engagement that promotes transparency and accountability and ensures development projects in the City of Detroit benefit and promote economic growth and prosperity for all residents."* Subsequently, the ordinance was recently amended via Ordinance 2021-4.

Section 12-8-3, subsection (a)(5) of the ordinance states that, *"the City Council shall appoint a liaison from the Legislative Policy Division to monitor the community engagement process and provide updates to the City Council."* The ordinance further states in Sec. 12-8-3 (6)(g)(1)(v) that *An Enforcement Committee shall be established to monitor Tier 1 Projects* and shall consist of four individuals, one of which is a representative from the City Council Legislative Policy Division. This report has been prepared by the Legislative Policy Division (LPD) to provide an update as

contemplated by the ordinance prior to Council's consideration of any financial incentives associated with these developments.

The developer is seeking the OPRA (PA 146) for a maximum of 12 years and the Neighborhood Enterprise Zone (PA 147) for a maximum of 15 years. These requests qualify the development as a Tier 1 project and triggers the CBO process. Sec. 12-8-2 of the Community Benefits Ordinance defines a Tier 1 development project as follows:

"Tier 1 Development Project means a development project in the City that is expected to incur the investment of Seventy-five Million Dollars (\$75,000,000) or more during the construction of facilities or to begin or expand operations or renovate structures where the developer of the project is negotiating public support for investment in one or both of the following forms.

- (1) Any transfer to the developer of City-owned land parcels that have a cumulative market value of One Million Dollars (\$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*
- (2) Provision or approval by the City of tax abatements or other tax breaks that abate more than One Million Dollars (\$1,000,000) of City taxes over the term of the abatement that inure directly to the Development, but not including Neighborhood Enterprise Zone tax abatements.*

This report serves the following purposes:

1. Provides an update relative to the standing of the CBO process and to inform the City Council as to what has transpired as a result of several meetings that have been held throughout this process.
2. Provides the additional perspective of the legislative staff which may be considered alongside the mandated PDD Director's report submitted to Your Honorable Body for review to complete the initial engagement phase of the CBO requirements.

PROJECT BACKGROUND AND DETAILS

Fisher 21 Lofts, LLC, is the name of the development team, which is composed of Hosey Development, Jackson Asset Management and Lewand Development. This team proposes to rehabilitate the Fisher Body Plant 21. The former auto plant is a 600,000 square feet (sf) six story concrete and steel frame building which sits on land which is owned by the City of Detroit.

The structure was built in 1919 for the Fisher brothers as one of their numerous production plants. General Motors was also a user of the building. The facility is best known for producing auto bodies for Cadillacs and Buicks. The building's ownership transferred multiple times before being abandoned in 1993 after the bankruptcy of its last owner. Since then, the building has sat vacant.

The proposal calls for the redevelopment of the current building into a commercial and residential space with associated parking. The site total site consists of 4.7 acres of land. As it relates to building design, approximately 435 residential rental units would be created on the second through

sixth floors of the project, totaling 275, 300 sf. Of the total number of units, 20% are planned to be affordable in accordance with the Area Median Income (AMI). The remainder of space will host amenities and commercial space for tenants. There are 139 interior spaces and 646 adjacent surface parking spaces planned to support the site. Construction is planned to start April 1, 2023, with a projected completion of March 2025. Site improvements for the project include stormwater management systems and other landscaping and greenspace required by city code.

Current Zoning: *M4 Intensive Industrial District*-A broad range of uses are permitted in this district. New residences are prohibited with the exception of loft conversions of existing buildings and of residential uses combined in structures with permitted commercial uses. The primary use for this district is for high intensity industrial uses.

Master Plan (MP): The Middle Woodward area of Neighborhood Cluster 4. The Future Land Use designation for the area indicates Mixed Residential-Industrial. According to the MP, these areas are envisioned to offer live-work opportunities for artists and trades-people, to create a lively mixture of new residential, commercial, light industrial and/or entertainment opportunities. This designation is especially appropriate for historically industrial areas that may be suited to loft conversions.

Proposed Development and Location: 6051 Hastings, 666 and 991 Harper Avenue; Generally, bounded by Piquette Ave, St. Antoine Street, Harper Ave, and Hastings Street.

Development Team: Gregory Jackson (Jackson Asset Management), Richard Hosey (Hosey Development), Kevin Lewand (Lewand Development), Anika Jackson Odegbo (Jackson Asset Management)

Estimated Cost: ¹\$134 million (as outlined in the Brownfield Plan report dated May 25, 2022)

Requested Incentives: Brownfield Tax Increment Financing (TIF), PA 146 and PA 147

Census Tract: 5112; and additional segments of the surrounding area

Impact Area Boundaries:

The impact area, which is determined by the Planning and Development Department, has been defined as Ferry Street on the south; I-75 on the east; Holbrook Street, E. Grand Blvd., and W. Grand Blvd. on the north; Beaubien Street and Cass on the West. The neighborhoods that fall within these boundaries include Medbury Park, Milwaukee Junction and segments of the North End and Art Center neighborhoods.

CBO Facilitators:

Aaron Goodman, Planning and Development Department (PDD)
Edwina King (PDD)

Legislative Policy Division Liaisons:

Kimani Jeffrey (LPD)

¹ According to the Detroit Brownfield Development Authority Brownfield Plan report dated May 25, 2022, the original cost was estimated to be \$137M. Since then, the number has decreased to \$134M to reflect the actual bid costs.

Eric Fazzini (LPD)

Neighborhood Advisory Council (NAC):

Ron Chapman II - Elected by Impact Area Residents

Sheila Hamilton - Elected by Impact Area Residents

Dirra "D.R." Castelow – Appointed by Council President Mary Sheffield

Detonya Clark – Appointed by Council Member Mary Waters

Chenita Gary – Appointed by Council Member Coleman A. Young II

Malik Wali – Appointed by Planning & Development

Patricia Linklater – Appointed by Planning & Development

Lynnette Roberson – Appointed by Planning & Development

John Patrick – Appointed by Planning & Development

Halima Cassells – Alternate

MEETINGS

PDD held nine hybrid public CBO meetings (in-person and virtual) for this project, which exceeds the required five public meetings outlined in the ordinance. All but one of the meetings took place at the Ford Piquette Plant Museum. One of those meetings was only held virtually due to COVID-19 concerns. All meetings were streamed through Zoom and are available online. The attendance at the meetings ranged from approximately 15- 55 attendees. The first two meetings were the most attended, while attendance decreased once the basics of the project and process were presented. During the course of these meetings, the NAC also held its own meetings and additional outreach to the community to garner more feedback. The links to the recorded meetings can be found in the PDD CBO report.

Throughout the process many questions and concerns were raised by the NAC and community while the development team and city staff were present to answer. Many questions were raised regarding the health and environmental impacts of the project as well as the affordability of the units, impact of rising property values due to the project, questions regarding the subsidies coming from the city, amongst other things.

The City arranged for the Detroit Economic Growth Corporation to give a full presentation on the tax incentives for the project and reason for the requested subsidies. Many other environmental questions were answered by the development team or city staff. Several departments including the Housing and Revitalization Department, Department of Public Works, Buildings Safety Engineering and Environmental Department, Detroit Water and Sewage Department and the Civil Rights Inclusion and Opportunity Department responded in writing to many of the NAC's questions as appropriate (those questions and responses are found in the PDD report).

After a few iterations of NAC requests, much deliberation and multiple responses by the developer, the NAC and Developer came to a final agreement. At the 9th meeting on June 14th, the NAC voted unanimously to approve the final agreement that is attached to this report. There were still some concerns raised by the designated alternate NAC member by the end of this meeting. However, all voting NAC members were collectively supportive of the final document that their body worked with the developer to refine.

ANALYSIS

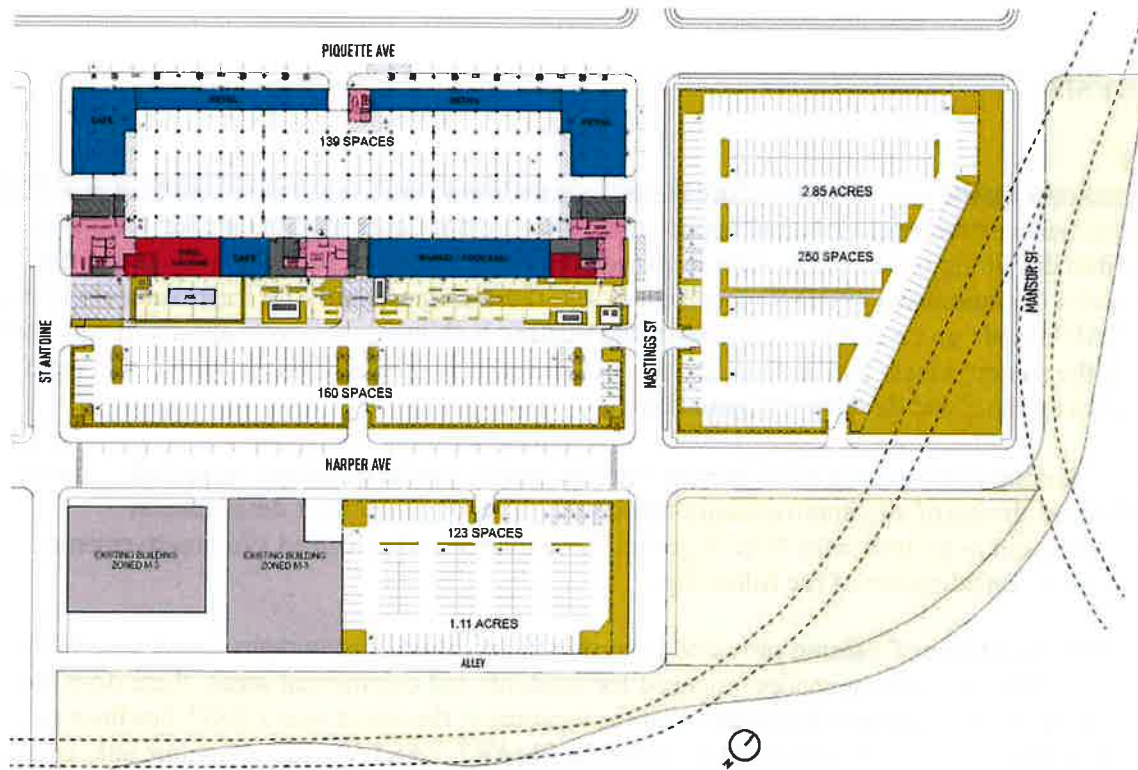
Design

In alignment with the project Community Benefits Agreement regarding Design and Sustainability, LPD staff believes there are potential opportunities that the developer might consider as they go further into designing of the site to meet or exceed the NAC's goals as formally reflected in the Developer's Commitments (PDD Report Exhibit A). There is opportunity for improvements related to the NAC's goals given that the footprint of the existing building only covers approximately two-thirds of the subject block, and as there are two off-site surface parking areas proposed that were not a focus of NAC and developer negotiations.

These substantial non-building areas present the opportunity for the developer to provide a unique and enhanced design of site improvements that could go beyond minimum development requirements and help further the NAC's goals. These unique and enhanced site improvements could include consideration of the following:

- The abundance of parking provided for residents or patrons discourages transit use. With 672 off-street parking spaces proposed for residents and commercial areas, there does not appear to be an acknowledgement that the location of the site is near DDOT bus lines on Beaubien Street and Woodward Avenue, the SMART-FAST Woodard Avenue line, and the Q Line Amsterdam Street stop, which is less than one-half mile away from the building on Piquette Avenue. There is opportunity for the developer to further encourage alternative modes of transportation use by residents.
- Generally, a reduction in the amount of parking proposed could create the opportunity to: reduce the building's carbon footprint if less single-occupancy vehicles are accommodated on the site, provide areas for enhanced stormwater management, small public spaces at key corners of the site and other opportunities.

We encourage the developer's design professionals to continue working the with Planning and Development Department to identify areas where there might be opportunity for site improvements to meet the general goals of the NAC through a reduction in parking.



Environmental

During the CBO process for the Fisher 21 Lofts, there were many health impact concerns that arose regarding the construction period for the project and recourse for any hazards that may arise. Given some of the challenges for another recent CBO project as it relates to emissions and odors, it seems to be pertinent for the city to be proactive in establishing communication channels so that Michigan Department of Environment, Great Lakes and Energy (EGLE) may swiftly communicate with city officials, the CBO Enforcement Committee and the community. As the CBO Enforcement Committee and NAC have become the sounding board for these type of concerns for the community, it will be good to have the necessary channels in place to facilitate a reasonable response for these type of concerns, should they arise during construction period for the Fisher 21 Lofts. This will help to establish a transparent means to mitigate these issues between the state and city in a timely manner if necessary.

CONCLUSION

This CBO process seems to have achieved what the community benefits ordinance is designed to do. It allowed for the NAC and community to engage with the developer for discussion and dialogue. There was rigorous deliberation on the outcomes of the final agreement, and both parties went back to the drawing board multiple times to revise requests and agreements after hearing from one another.

The final agreement includes things such as a \$500,000 contribution from the developer to be paid to the Fisher Body CBO Community Fund for the NAC to direct towards community programming, at least three units in the development to be reserved as 50% AMI units in addition to the other 80% AMI units, a commitment to allow for meeting space on the site 2 times a year, a

commitment that the developer will pay a minimum of \$17 per hour for all direct employees of the project, as well as other commitments.

While there may be varying views on what the CBO ordinance should entail, based on the provisions of the existing ordinance, LPD staff is of the opinion that PDD facilitated a robust process. From staff's observations, the new requirements of the amended ordinance were adhered to and in some cases exceeded. Information was provided in a timely manner and time was taken to educate the NAC thoroughly on the various aspects of the requested incentives, the project details, and the CBO process in general. Ultimately, after much deliberation between the NAC and Developer, the NAC voted unanimously to support the Fisher 21 Lofts project. The final agreement may be found attached below.



David Whitaker, Esq., Director, Legislative Policy Division

Kimani Jeffrey, City Planner
Eric Fazzini, City Planner

Attachments
CBO Agreement

Cc: Antoine Bryant, Director, PDD
Karen Gage, PDD
Greg Moots, PDD
David Bell, Director, BSEED
James Foster, BSEED
Conrad Mallett, Corporation Counsel
Hon. Mike Duggan, Mayor's Office

ATTACHMENT

EXHIBIT A

DEVELOPER'S COMMITMENTS

(Fisher Body Plant 21)

DEVELOPER hereby agrees to the following with respect to the Project:

1. MITIGATION OF PROJECT CONSTRUCTION

A. Impact - Hours of Construction

- i. DEVELOPER confirms that most construction activities will occur between 7a and 6p Monday through Friday. To ensure timely completion, construction activities may be required beyond 6p Monday through Friday, and on Saturdays and Sundays during different phases of the Project. DEVELOPER agrees to provide impacted residents 48-hour notice via the communication sources identified in Section (1) (c) (i) of this Agreement for any construction work on Sundays, provided that such notice is not required for action to address unforeseen emergency work (e.g., a burst pipe).

B. Impact - Environmental Impact

- i. DEVELOPER will maintain all insurance consistent with standard construction practices.
- ii. DEVELOPER will comply with all federal, state and local laws including requiring that all contractors, subcontractors, suppliers and professionals carry all appropriate general and/or professional liability insurance for any activities related to the Project.
- iii. DEVELOPER will share all environmental reports and the results of associated monitoring with the Neighborhood Advisory Council ("NAC") and posted via applicable communication sources as identified in section (1) (c) (i) of this Agreement.
- iv. DEVELOPER will ensure that testing of on-site workers exposed to hazardous materials will be conducted during construction in accordance with the State of Michigan Department of Environment, Great Lakes and Energy ("EGLE").
- v. DEVELOPER will cease all work related to or environmentally impacted by the demolition or rehabilitation of the Project upon the self-discovery and/or notification by regulatory agencies of any violations of environmental issues during work on the Project structure and property. All work related to or impacted by environmental issues on the project will cease until such time as the noted issue of concern is identified and corrected consistent with the appropriate agency.
- vi. DEVELOPER will create and implement a fugitive dust plan – including but not

limited to: dust suppression and particulate matter monitoring - during removal and abatement of hazardous material. DEVELOPER will create the plan in accordance with existing laws and regulations and share the fugitive dust plan with the NAC and community.

- vii. DEVELOPER will identify all hazardous materials at the site and ensure that the removal, transportation and disposal of all hazardous materials from the site will be done by qualified environmental professionals in accordance with all applicable laws. Vehicles transporting hazardous materials off-site will be secured and covered to prevent the release of dust or debris into surrounding neighborhoods.
- viii. DEVELOPER and all contractors, subcontractors, suppliers and professionals will utilize CITY approved designated routes and will avoid the transportation of hazardous materials on residential streets.
- ix. Upon request, DEVELOPER will publicize its rodent control plan and will employ adequate rodent control measures during construction and post construction. This includes but is not limited to the monitoring and remediation of any infestations.

C. Impact – Communication

- i. DEVELOPER will establish communication sources to inform residents about construction progress, roadway closures, environmental issues, leasing and business opportunities related to Fisher 21 Lofts. Communication sources will include but are not limited to:
 - a. An email listserv
 - b. Developer’s project website
 - c. Neighborhood information station
 - d. Placards posted at the project site
- ii. DEVELOPER will provide regular updates to the community about construction progress, project updates, leasing and business opportunities for Fisher 21 Lofts via the communication sources. DEVELOPER will communicate the aforementioned opportunities directly with management agents for
 - a. Genesis Villas
 - b. Piquette Square
 - c. Palmer Court
 - d. Other Impact Area apartment communities
- iii. DEVELOPER will provide 48-hour advance notice to community of any impacts or changes in local road accessibility or bus schedules and routes as a result of construction or post-construction activities.
 - a. Such notice will be given to via the communication sources identified in section (1) (c) (i) and to the apartment management agents identified in section (1) (c) **(ii) of this Agreement.**

D. Impact – Transportation

- i. DEVELOPER will request an increase in DDOT bus services (additional routes and/or frequency of service) to accommodate the increased number of residents in the neighborhood upon completion of Fisher 21 Lofts.
- ii. DEVELOPER will not seek closure of Harper Avenue or Beaubien Avenue during the construction and post construction phase of the Project. However, DEVELOPER may need to seek closure of streets adjacent to the project to facilitate work and will be consistent with permissions granted by CITY.

2. WORKFORCE AND LOCAL HIRING

A. Impact – Living Wage

- i. DEVELOPER will pay a minimum of \$17 per hour for all direct employees on the Project. Developer will encourage the same for contractors, subcontractors and tenants.

B. Impact – Training for Security and Contractors

- i. DEVELOPER will ensure any security employees or contractors employed by DEVELOPER during the pre-construction, construction or post-construction phases receive racial, disability and neurodivergence sensitivity training.

C. Impact – Training for Local Developers

- i. In the event the DEVELOPER participates in or offers workshops and trainings for small developers, DEVELOPER will inform the NAC of those opportunities in a timely manner so as to receive recommendations for participants in said workshops and trainings.

D. Impact – Internship and Apprenticeship Opportunities

- i. DEVELOPER will work with Detroit at Work and the Detroit Public Schools Community District (DPSCD) to identify mentorship and apprenticeship opportunities on the project site for DPSCD vocational tech students. DEVELOPER will help distribute information about these opportunities to organizations in the Impact Area.

3. DESIGN AND SUSTAINABILITY

A. Impact – Sustainability and Environmental Features

- i. DEVELOPER will continue to investigate the viability of all methods needed to reduce the building's carbon footprint.

- ii. DEVELOPER will use high efficiency lighting, Energy Star-certified appliances and low water utilization plumbing in all residential units.
- iii. DEVELOPER will evaluate the feasibility of installing electric vehicles (“EV”) charging stations in its public parking lots.
- iv. DEVELOPER will incorporate the use of live trees and vegetation in installations adjacent to streets.

B. Impact – Preservation of Existing Graffiti

- i. DEVELOPER has scanned all surfaces including existing graffiti and will develop a plan to use appropriate graffiti as art displays within the building where it is aesthetically feasible.

C. Impact – Accessibility

- i. DEVELOPER will ensure that ADA accessible units are available on all floors of the Fisher 21 Lofts. Additionally, DEVELOPER will design ingress, egress and public spaces to be ADA accessible.
- ii. DEVELOPER will ensure that all spaces open to the public, such as commercial spaces will provide public restrooms and facilities as required by the Michigan Building Code.

D. Impact – Public Space and Amenities

- i. DEVELOPER affirms its intention to make community use of commercial and public outdoor space a top priority in programming decisions. When publicly accessible commercial or outdoor space is activated, DEVELOPER will notify the NAC in writing.
- ii. DEVELOPER confirms that the use of the pool will be reserved exclusively for residents of the property and their guests. DEVELOPER will study the feasibility of offering programming at the pool, e.g. water aerobics to residents of Fisher 21 Lofts.
- iii. Up to two times annually, DEVELOPER will make space for no more than 75 people within Fisher 21 Lofts for community meetings. The space will be available upon request and DEVELOPER will provide contact information and parameters for community use of space via communication sources defined in section (1)(c)(i) of this Agreement.

- iv. DEVELOPER commits to keep the interior common areas of the building smoke free in accordance with Public Act 368 of 1978.

4. HOUSING

A. Impact - Affordable Housing

1. DEVELOPER will make at least 415 residential units (“Residential Units”); however, DEVELOPER may decrease such minimum residential unit by up to 20% with approval of the Director of the Planning and Development Department.
2. A minimum of three (3) two-bedroom Residential Units are subject to affordability restrictions such that these units must be leased to persons who earn no more than 50% of the Area Median Income (“AMI”), with additional Residential Units leased to persons who earn no more than 80% of the AMI, such that the total percentage subject to affordability restrictions is not less than 14% of the total Residential Units (“Affordable Housing Requirement”). Such Area Median Income shall be as calculated by the U.S. Department of Housing and Urban Development. The term of the Affordable Housing Requirement shall begin on the date of recording of the Certificate of Completion and shall run for a period of time co-terminus with the term of the longest period granted for a tax abatement approved for the Property.
3. DEVELOPER will seek a waiver from City Council to gain approval for this affordable housing commitment per the City of Detroit Inclusionary Housing Ordinance.
4. Prior to the end of the affordability period as indicated in the Project’s affordability agreement, DEVELOPER or property owner shall consult with the City of Detroit’s Housing and Revitalization Department (“HRD”) to explore options and feasibility to preserve those affordable units beyond the initial affordability period.
5. DEVELOPER will create and implement a plan to market affordable units to residents in the Impact Area and will share the plan with the NAC in writing.

5. COMMUNITY SUPPORT AND INVESTMENTS

A. *Impact – Investment in Community Improvement Initiatives*

- i. DEVELOPER will contribute a total of \$500,000 to be paid upon approval of the Provision by Detroit City Council to a Fisher Body CBO Community Fund (the “Fund”). The Fund will be paid in the following installments:
 - a. Initial payment of \$200,000 upon closing.
 - b. Annual amounts of \$20,000 as adjusted for inflation not to exceed five percent (5%) as determined by the consumer price index for the fifteen (15) year anticipated life of the tax abatement.
- ii. Within six (6) months from closing, the CITY and DEVELOPER in consultation with the NAC will start the process to operationalize the Fund – with a goal for the Fund to be active within twelve (12) months of closing.
- iii. The NAC will determine how to direct program dollars in the Fund by a majority vote.
- iv. Eligible uses of the Fund may include but are not limited to the in-kind donation or discounting by the developer of commercial space at Fisher Lofts 21 for local entrepreneurs.

B. *Impact – Food Security*

- i. DEVELOPER will evaluate the need and feasibility for creating a community farmers market located in the public outdoor space on the property.
- ii. In the event the DEVELOPER contracts with an organization to manage a farmers market on the property, DEVELOPER will request said organization to recruit local fruit and vegetable growers from the Impact Area and North End to participate in the market.

6. ADDITIONAL LIMITATIONS & CONDITIONS

A. *Governmental Approvals & Enforcement*

Notwithstanding anything to the contrary contained herein, any terms, conditions or obligations of this Provision that pertain to matters that require separate governmental approvals and/or enforcement by a separate governmental entity, board, authority, commission and/or CITY department other than P&DD are expressly subject to, conditioned upon and limited by any such separate governmental approvals and/or enforcement.

B. *Compliance with the Law*

Notwithstanding anything to the contrary contained herein, if any terms, conditions or obligations of this Provision are found by the CITY to be contrary to or inconsistent with any federal, state or local laws, codes and/or regulations, any such terms, conditions or obligations shall be considered void and unenforceable for purposes of this Provision. If any terms, conditions or obligations of this Provision are found by the CITY to be void and unenforceable, the remainder of this Provision shall not be affected and shall remain valid and enforceable to the fullest extent permitted by law.