



INVESTING IN NEIGHBORHOODS

NEIGHBORHOOD SOLAR INITIATIVE FACT SHEET



PROJECT OVERVIEW:

The Neighborhood Solar Initiative aims to transform approximately 200 acres of vacant land (103 acres in phase 1) in disinvested neighborhoods into solar arrays. This initiative will generate renewable energy and revitalize blighted areas by turning them into productive and sustainable community assets.

The generation of clean energy is a critical step to mitigate climate change and reduce greenhouse gas emissions. The City needs to develop 33 MWs of renewable energy to offset the current energy consumption of 127 municipal buildings located across the city. **Phase 1, which includes the neighborhoods of State Fair, Gratiot/Findlay and Van Dyke/Lynch**, is expected to generate 21 MWs which is over 60% of the City's core municipal facilities energy usage.

ENGAGEMENT PROCESS:

Fall of 2023, ten neighborhoods applied to host solar arrays in their communities. Through vigorous community engagement and information sessions eight finalist areas were selected. Each neighborhood group designed the solar site location they felt was best for their community. They proposed replacing the most vacant areas that are prone to illegal dumping with solar arrays and they proposed the community benefit boundaries.

ECONOMIC BENEFITS FOR RESIDENTS:

- Owner occupied homeowners in the solar area will receive a minimum of \$90,000, including relocation assistance.
- Renters in the solar area will benefit from 18 months of free rent and relocation assistance.
- Eligible homeowners surrounding the solar neighborhoods will receive a minimum of \$15,000 in energy efficiency upgrades.

For City Council approval:

1. Two Solar Developer Contracts
2. Resolution of Necessity
3. Resolution to Create and Fund the Solar Equity Fund

SOLAR DEVELOPER CONTRACT DETAILS:

Neighborhood	Solar Area	Solar Energy	Developer
Van Dyke/Lynch	40.9 acres	9.90 MWs	DTE Electric Company
State Fair	39.8 acres	7.27 MWs	Lightstar Renewables
Gratiot/Findlay	23.2 acres	3.89 MWs	Lightstar Renewables
	103.9 acres	21.06 MWs	

- The City of Detroit will maintain ownership of all of the land and will lease it to the developers.
- Developers will be responsible for negotiating a neighborhood agreement with each area including design, greenspace and maintenance of the solar fields.
- Developers will provide 159 eligible homeowners surrounding the solar developments a minimum of \$15,000 in energy efficiency upgrades such as new windows, upgraded furnaces, and better insulation, reducing energy bills by 10-20%.
- The contract expires thirty-five years from when the solar project sites begin commercial generation of solar energy. At the end of the contract, the developers are required to remove and properly dispose of the solar panels and return the land to open green space.

FUNDING SOURCES:

There is a cost to developing clean renewable energy and to do it in a way that benefits residents and ensures a just energy transition for our city.

Annual operating cost for the project including the development of 21MWs of solar energy and community benefits is estimated at \$5.5M. Estimated revenue from energy sales is \$2M.

An estimated annual cost savings of \$2.4M will result from not having to continue services, which include trash pick, illegal dumping, road repairs, code enforcement, board-ups and maintenance of Land Bank homes.

Annual operating cost		\$5.5M
Renewable energy savings offset	(\$2M)	
City department cost reductions	(\$2.4M)	
Total Savings		(\$4.4M)
Total Net Costs		\$1.1M

The bottom line cost to the City will be \$1.1M a year.

The project will leverage federal tax incentives provided by the Inflation Reduction Act, which covers 30% or more of renewable energy costs.

The total upfront costs for Phase 1 will be paid using the **Utility Conversion Funds** and are currently estimated at \$14M which includes, land acquisitions, demolition, legal and title work, moving allowance and relocation assistance.

The Utility Conversion Fund
Funds set aside for decommissioning the coal-fired plant, Mistersky, and should be used for clean, renewable energy

RESOLUTION OF NECESSITY:

A resolution for the acquisition of private property in each of the three neighborhoods to assemble the land needed for the proposed solar arrays.

In the 104 acres in Phase 1, extensive neighborhood and legal outreach has identified only 21 owner-occupied homes. All 21 homeowners have indicated their desire to move from the neighborhood and all have signed option contracts for an agreed-upon price. Renters in the Phase 1 area will receive the cost of relocating and 18 months free rent in their new home.

Condemnation will be used to acquire the property of landlords and vacant landowners, who will be paid fair market value for their property pursuant to Michigan condemnation law.

EQUITY FUND FOR FINALISTS IN PHASE 2:

While three neighborhoods have been selected in Phase 1, approximately 100 additional acres of solar will be needed in Phase 2. To address the uncertainty the 31 homeowner occupants living in five remaining solar array finalist areas may be experiencing, the City will create an equity fund of \$4.4M that would allow the voluntarily purchase of these homes during Phase 1.

ZONING:

Under Michigan law, residential use zoning restrictions do not apply to city decisions to site city projects like police stations, fire stations, parks, recreation centers, and utilities. The city is creating city-owned solar fields to generate renewable energy to offset the electricity demands of city buildings. No zoning changes are required.



Phase 1 Pricing (BASE PPA PRICE)

	Acres	Community Benefits	Production (MWh)*	MW	PPA Price**	Annual PPA	Projected Revenue	Projected Annual Net
State Fair	39.80	950,000	10,728.29	7.27	\$ 148.90	\$ 1,597,442	\$ (643,697)	\$ 953,745
Gratiot/ Findlay	23.20	585,000	6,269.00	3.89	\$ 153.00	\$ 959,158	\$ (376,140)	\$ 583,017
Airport/Van Dyke Lynch	40.90	1,275,000	16,651.74	9.90	\$ 175.00	\$ 2,914,055	\$ (999,104)	\$ 1,914,950
Phase 1 Total		2,810,000	33,649.03	21.05	\$ 162.58	\$ 5,470,654	\$(2,018,942)	\$ 3,451,712

Estimate Annual Savings for service and cost reductions for departments across the City

\$ 2,388,939

Net Annual Cost to the City

\$ 1,062,773

Upfront Cost for Phase 1

\$14,042,879

Equity Fund

\$ 4,395,000



Solar Analysis



OCFO – Treasury