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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: May 9, 2023

RE: **3200 Tyler Avenue Brownfield Redevelopment Plan PA 381 PUBLIC HEARING –
10:35 AM CORRECTED COPY¹**

The Brownfield Redevelopment Financing Act 381 of 1996, provides tax incentives (i.e., tax increment financing) to develop brownfield properties in an area at or on which there has been a release (or threat of release) or disposal of a hazardous substance.

Marigold Houses, LLC, is the project developer of the 3200 Tyler Avenue Brownfield Redevelopment Plan. The Property is located one block east of the Russell Woods/Nardin Park Neighborhood. The Property is on 0.177 acres of land that includes one 9,488-square-foot, 15-unit, two-story multi-family residential building with a daylight basement. The Property is zoned R2 – a two-family residential district and is located in an area of Detroit that is characterized by residential properties to the north, south, and east. The property can be accessed from Tyler Avenue to the south, and a public alley to the north. The building, commonly known as the Webster Arms Apartments, was constructed in 1928 and it appears to have been occupied between 1928-2000.

The developer plans to renovate the abandoned and vacant building into a 15-unit modern apartment building. The building will be converted into a 100% electric green building. Green Heat Pump Heating and Cooling (i.e. 4 times more efficient than older electric heating and cooling systems, designed to meet climate reduction goals) will be installed in every unit. In addition, inefficient gas boilers will be replaced with electric hot water heaters; allowing the building to be 100% electric and taking advantage of the increase in renewable energy on the electric grid. The green building strategy will include, but will not be limited to, utilizing other green assets (such as sustainable stormwater management practices), reducing the current impact of stormwater to public utilities, and providing affordable housing options so that Detroiters can afford to live and work in the City. The property will include green focused amenities (ex. disconnecting

¹ In our original report, we stated: “Twenty percent of the residential units will be reserved as affordable units not to exceed 55%-60% AMI” For this project **ALL of the units will be reserved as affordable not to exceed 55%-60% AMI.**

the current roof drains from the public storm/sewer infrastructure and creating bioswales and other green storm water mitigation practices. All of the units will be reserved as affordable units not to exceed 55%-60% of the Area Median Income (AMI).² In addition to the currently requested Brownfield plan, the developer will also seek the approval of an OPRA tax abatement.³

The developer is requesting a **\$476,698** TIF,⁴ reimbursement, with the overall value of the plan estimated at **\$593,970**, which includes local brownfield costs.⁵ The estimated capital investment for this project is approximately **\$1,645,000**.⁶

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 multi-family residential purpose; (b) it is located within the City of Detroit, a qualified local governmental unit under Act 381; and (c) the Property is determined to be functionally obsolete and blighted, as defined by Act 381.

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*,⁷ as follows:

	<u>Total</u> <u>Reimburseme</u> <u>nts Costs</u>	<u>Admin.</u> <u>Costs</u>	<u>LBRF*</u>	<u>SBRF</u>	<u>Total</u>
School Operating Tax	\$132,636			\$0.00	\$132,636
State Education Tax	\$23,347			\$24,037	\$46,022
County (combined)	\$60,491	\$17,585		\$0.00	\$78,076
HCMA	\$1,611	\$468		\$0.00	\$2,079
City of Detroit	\$155,275	\$45,140		\$0.00	\$200,415
RESA	\$ 42,239	\$12,279		\$0.00	\$54,518
WCCC	\$ 25,060	\$7,285		\$0.00	\$32,345
Library	\$ 36,038	\$10,477		\$0.00	\$45,515
TOTALS	<u>\$476,698.00</u>	<u>\$93,235</u>	<u>\$0</u>	<u>\$24,037</u>	<u>\$593,970</u>

In addition, the following taxes are projected to be generated but shall not be captured during the life of this Plan:

City Debt	\$ 59,519
School Debt	\$ 85,971
DIA	\$1,313
Zoo	\$656
Total	<u>\$147,460</u>

² 55%-60% Area Median Income (AMI) = approximately \$33,550-\$36,600.

³ The Obsolete Property Rehabilitation (OPRA) Program, as defined in Michigan Public Act 146 of 2000

⁴ Tax Increment Financing (TIF) subsidizes an entity by diverting a portion of their taxes to help finance a development.

⁵ The duration of the TIF plan is 30 years.

⁶ The plan lists the level of investment at **\$1,645,000**, however the letter from the Planning Department lists “Total investment is estimated at **\$1.9 million.**” **LPD: Is this enough for a 15-unit building that has been vacant for 22 years?**

⁷ This plan has no deposits into the DBRA’s Local Brownfield Revolving Fund (LBRF*). This due to the fact that the developer needs the full 30 years to capture the full amount of their Brownfield TIF eligible activities.

Description of the Eligible Property & Legal Description

Address	3200 Tyler Avenue / Street
Parcel ID	12004342
Owner	Marigold Houses, LLC
Legal Description	N TYLER 84-85 WARK-GILBERT COS SECURITY SUB L38 P60 PLATS, W C R 12/273 70 X 110

Eligible Activities

The “eligible activities” that are intended to be carried out at the Property pursuant to this Plan are considered “eligible activities” as defined by Section 2 of Act 381, because they include a Phase I Environmental Site Assessment (“ESA”), hazardous building materials survey, civil and structural engineering studies, interior demolition and lead and asbestos abatement, site preparation, public infrastructure improvements, and the development, preparation and implementation of a brownfield plan and/or work plan.

Rationale for a Brownfield Plan

The building’s deterioration has left it dangerous and unable to be used to adequately perform the function for which it was intended due to a substantial loss in value. A letter from the City of Detroit Assessor (attached) certifies that the property is functionally obsolete.

Further description of its eligibility is outlined below:

- The current configurations do not meet market demand for its future residential use.
- HVAC, Mechanical and electrical systems must be replaced.
- Interior finishes have been stripped.
- Life safety systems (smoke detectors, fire alarm systems, exit signs and fire sprinklers) must be installed.
- A new security system must be installed.
- The windows must be rehabilitated or replaced.
- The entire roof must be replaced.

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

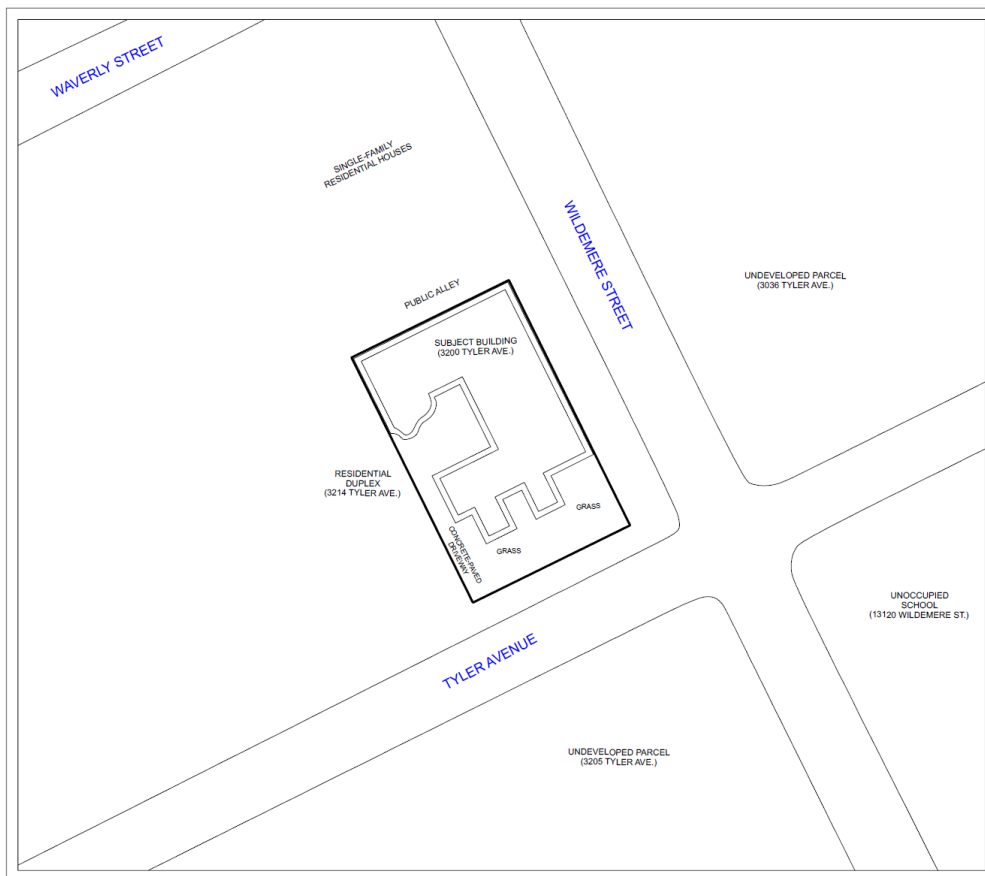
cc: Auditor General’s Office
Donald Rencher, Chief of Services and Infrastructure
Antoine Bryant, Planning and Development Department
Julie Schneider, HRD
Veronica Farley, HRD
Stephanie Grimes Washington, Mayor’s Office
Gail Fulton, Mayor’s Office
Malik Washington, Mayor’s Office
Kenyetta Bridges, DEGC
Jennifer Kanalos, DEGC
Brian Vosburg, DEGC



Current view of 3200 Tyler⁸

⁸ Source: [3200 Tyler St, Detroit, MI 48238 - 3200 Tyler St Detroit, MI | Apartments.com](https://www.apartments.com/3200-tyler-st-detroit-mi/48238)

Table 1 - Brownfield Eligible Activities -3200 Tyler		
EGLE Department Specific Eligible Activity	Estimated Total Cost of Eligible Activities approved under Brownfield Plan	Completion/Season/Year
Pre- Approved Exempt Activities		Summer 2022
Phase I Environmental Site Assessment (ESA)	\$ 2,500.00	
Total - BEA Activities *no contingency already completed	\$ 2,500.00	
MSF - Non- Environmental Eligible Activities		
Demolition and Hazardous Building Material Abatement		
Building Demolition (interior, partial building)		Summer 2023
Deconstruction or select demolition of building elements for rehab, interal removal of all building walls, HVAC, plumbing, electrical, roof	\$ 55,000.00	
Proper Disposal of building content solid waste	\$ 2,200.00	
Site Demolition		
Abandoned utilities, alley, abandoned foundations, curbs and gutters, sidewalks	\$ 15,000.00	
Demolition - Project Management and Oversight	\$ 2,500.00	
Lead & Asbestos Surveys and Abatement		
Hazardous Building Material Survey - Exempt Activity	\$ 8,755.00	
Abatement of ACM, LBP, Mold and Universal Waste Disposal (AST)	\$ 65,000.00	
Dewatering during basement mold abatement and foundation improvements	\$ 1,600.00	
Project Management	\$ 10,000.00	
Total - Demolition and Abatement Activities as allowable under Act 381	\$ 160,055.00	
Site Preparation		
Clearing and Grubbing	\$ 1,500.00	
Solid waste disposal - used tires, old appliances and furniture, used car batteries	\$ 3,860.00	
Relocation of Electrical Utility - private in certain cases	\$ 25,000.00	
Temporary Utilities	\$ 3,000.00	
Total - Site Preparation	\$ 33,360.00	
Infrastructure Improvements		
Landscape in ROW	\$ 10,000.00	
Public Ally- utilities - DTE Utility Work, if applicable	\$ 10,000.00	
Sidewalk/Alley & Pavers in ROW	\$ 5,000.00	
Streetscape / Landcapting / Lighting in ROW	\$ 5,000.00	
Urban Stormwater Management System	\$ 111,757.00	
Infrastructure Improvements - Project Management -	\$ 25,000.00	
Total Infrastructure	\$ 166,757.00	
Contingency 15% on all MSF Non-Environmental Activities	\$ 54,026	
Brownfield Plan & Act 381 Work Plan Preparation		
Brownfield Plan/Act 381 Work Plan Preparation / Project Management	\$ 30,000.00	
Act 381 Work Plan Implemenation / Reimbursement Agreement and associated Project Management and Legal review	\$ 30,000.00	
Sub-Total Brownfield Plan & Act 381 Work Plan Preparation	\$ 60,000.00	
State Revolving Loan Fund	\$ 24,037.00	
DBRA Administrative Costs	\$ 93,235.00	
DBRA LBRF	\$ -	
Developer Reimbursement of Total EGLE Exempt Environmental Activities	\$ 2,500.00	
Developer Reimbursement of Total MSF Non-Environmental Activities	\$ 474,198	
Developer Total Estimated Brownfield Activities	\$ 476,698	
Total Estimated Brownfield Activities	\$ 593,970	



NORTH
Not to Scale

Legend

— Approximate Subject Property Border

FIGURE 2
SITE DIAGRAM
8/22/2022

UNOCCUPIED MULTI-FAMILY
APARTMENT BUILDING
3200 TYLER AVENUE
DETROIT, MICHIGAN



Applied Environmental
1210 North Maple Road
Ann Arbor, Michigan 48103
(734) 975-1970

22-4803PI - SITE DIAGRAM



Exterior



Wildemere St. facing north



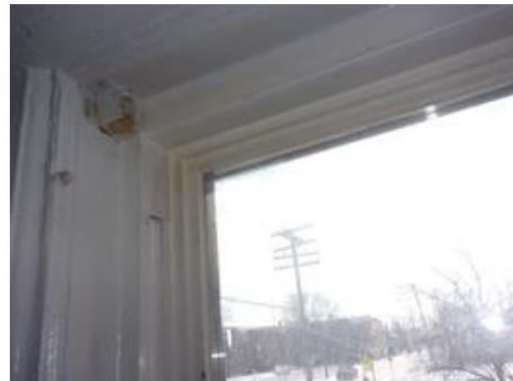
Tyler Street facing west



Exterior



Exterior



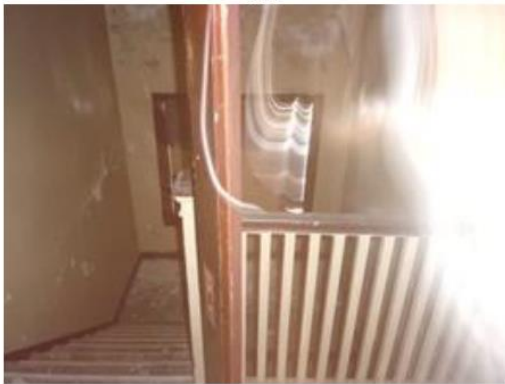
Window



Unit



Hallway



Stairs



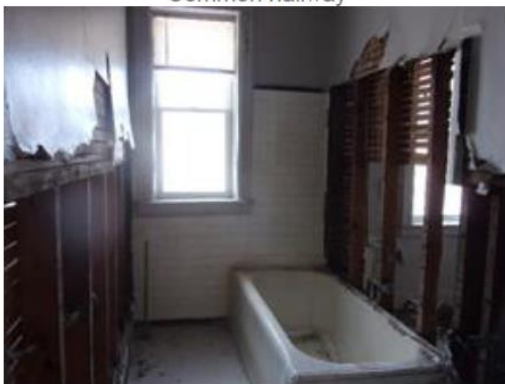
Basement



Common hallway



Unit interior



Unit interior



Window



**PLANNING AND
DEVELOPMENT DEPARTMENT**

Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 808
Detroit, Michigan 48226

Phone 313•224•1339
www.detroitmi.gov

March 1, 2023

Ms. Jennifer Kanalos
Authorized Agent
Detroit Brownfield Redevelopment Authority
500 Griswold, Suite 2200
Detroit, Michigan 48226

RE: 3200 Tyler Brownfield Redevelopment Plan

Dear Ms. Kanalos,

The Detroit Brownfield Redevelopment Authority (DBRA) has asked that the Planning and Development Department to review and comment on the 3200 Tyler Brownfield Redevelopment Plan (the "Plan").

Marigold Houses, LLC is the project developer ("Developer"). The property in the Plan is located on a single parcel in the Dexter-Linwood neighborhood bounded by Wildemere Street on the east, Tyler Street on the south, the home at 3214 Tyler on the west, and the alleyway between Waverly Street and Wildemere Street on the north.

The Plan consists of the renovation of the existing 2-story apartment building at 3200 Tyler which was constructed in approximately 1928. The exterior will be repaired and rehabilitated in a way that respects the design details of the all-brick façade as well as the noteworthy porches of the building. The interior of the building will also be renovated in a way that respects the craftsmanship of the existing building, while also modernizing the interior layouts, mechanical systems, and finishes into 15 studio and one-bedroom rental apartments. Extensive green features, including a green stormwater system as well as insulation and weather sealing that greatly exceed current building codes, will be incorporated into the renovation of the building.

The development will reactivate and fully renovate a notable vacant apartment in the Dexter-Linwood neighborhood. Total investment is estimated at \$1.9 million.

The review for this Brownfield Plan is complete and all comments have been forwarded to the developer. No adverse comments were received. The Planning and Development Department recommends approval of the brownfield plan as submitted.

Sincerely,

Russell Baltimore
Assistant Design Director
Planning and Development Department

c: B. Vosburg
C. Capler



OFFICE OF THE CHIEF FINANCIAL OFFICER
Office of the Assessor

Coleman A. Young Municipal Center Phone 313•224•3011
2 Woodward Avenue, Suite 824 Fax 313•224•9400
Detroit, Michigan 48226 www.detroitmi.gov

February 1, 2023

Ms. Jennifer Kanalos
Authorized Agent
City of Detroit Brownfield Redevelopment Authority
500 Griswold Street, 22nd Floor
Detroit, Michigan 48226

RE: **3200 Tyler – Webster Arms Apartments**
Parcel 12004342.

Dear Ms. Kanalos:

The Office of The Chief Financial Officer, Office of the Assessor, has reviewed the proposed project for the property located at 3200 Tyler, Detroit, Michigan (the "Property") in anticipation of the Property being included in a future brownfield plan.

The Brownfield Redevelopment Financing Act ("Act 381") requires that a Level III or IV Assessor make a finding that the Property is "functionally obsolete", as defined by Act 381, and provide the underlying basis for that opinion.

Section 2(s) of Act 381 defines "functionally obsolete" as property that is "unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or superadequacies in design, or other similar factors that affect the property itself or the property's relationship with other surrounding property." MCL 125.2652(s).

The Assessors Manual defines functional obsolescence as "a loss in value occurring in a structure caused by changes in design, overcapacity, or inadequacy." Michigan Assessors Manual, Vol. I Glossary, p. 239. The Office of the Assessor has reviewed the Property and has found that it fits within the definition of functional obsolescence as the building's deterioration has left it dangerous and unable to be used to adequately perform the function for which it was intended due to a substantial loss in value. The current configurations do not meet market demand for the original commercial purpose of the building. Mechanical and electrical systems must be replaced, life safety systems (smoke detectors, fire alarm systems, exit signs and fire sprinklers) must be installed, interior finishes have been stripped, a new security system must be installed and the windows, flooring, and roof must be substantially repaired or replaced.

The Office of the Assessor finds the Property to be functionally obsolete within the definition of the Assessors Manual and the Brownfield Redevelopment Financing Act.

Sincerely,

Charles Ericson, MMAO (IV)
Assessor



**BUILDINGS, SAFETY ENGINEERING
AND ENVIRONMENTAL DEPARTMENT**

Coleman A. Young Municipal Center
2 Woodward Avenue, Fourth Floor
Detroit, Michigan 48226

Phone 313•224•2733 TTY:711
Fax 313•224•1467
www.detroitmi.gov/BSEED

December 16, 2022

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

RE: DBRA Document Review and Invoice Notice

Dear Ms. Kanalos:

Attached please find Exhibit B, approving the environmental document submitted to the Buildings, Safety Engineering, and Environmental Department for review of the 3200 Tyler development.

The review of the Phase I Environmental Site Assessment (ESA) dated 8/30/2022 was completed on December 16, 2022 and Invoice #5965086 in the amount of \$500.00 for these services is submitted to your office for payment. The Record Number is POS2022-00062. 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) 628-2459.

Sincerely,

Anita Harrington

Anita Harrington

Enclosure

cc: Brian Vosburg
Crystal Rogers

Attachment B

TO: THE DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

FROM: DETROIT, BUILDINGS, SAFETY ENGINEERING, AND
ENVIRONMENTAL DEPARTMENT

PROJECT: 3200 Tyler

DATE: 12/16/2022

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 Jamieson Development Consulting on behalf of Marigold Houses, LLC, as developer, as part of its Brownfield Plan submittal to the Detroit Brownfield Redevelopment Authority (DBRA), for the 3200 Tyler Development 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
- 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).

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 not considered a Part 201 "facility" because no recognized environmental concerns were identified. The documents received for this project satisfy the DBRA Guidelines.

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

By: _____
Its: Environmental Specialist III

INCENTIVE INFORMATION CHART: Union at Midtown, Phase II

Project Type	Incentive Type	Investment Amount	District
Residential	OPRA & Brownfield Plan	\$1.645M	Council District 2

Construction				Post Construction			
Professional	Non-Professional	Skilled Labor	Non-Skilled Labor	Professional	Non-Professional	Skilled Labor	Non-Skilled Labor
6	4	36	31		2		

1. What is the plan for hiring Detroiters?

Primary objective is to qualify and hire Detroit based sub-contractors. Trades will be selected by location, and ability to complete the work, schedule and cost. Detroit workers/ trades will be given preferred status over other similar sub trades.

Marigold Houses, LLC is committed to hiring as many Detroit based subcontractors as possible, and will work with our construction manager/general contractors to prioritize this. Where possible, Detroit workers/trades will be given preferred status over other similar sub trades that are based outside the City. Post-construction, we will prioritize hiring Detroit based vendors to service the property.

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

3200 Tyler Work Force

Construction Trades

Demo and Abatement 8
Foundations 2
Flat concrete work 5
Technical Infrastructure 2
Rough Carpentry / Lumber 9
Masonry 4
Roofing 2
Insulation 2
Drywall 6
HVAC 6
Electrical 7
Painting 4
Finish carpentry 4
Cleanup 3
Low voltage 2
Construction manager 1
Total Construction: 67

Architecture 3
Structural Engineers 1
Mechanical Electrical, Plumbing Engineers 2
Civil Engineers/ Surveyors 4
Professionals: 10

Operations

Manager 1
Sales & Support 2
Maintenance staff 4
Total Operations: 7

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

Yes, the project will include 18 residential units. We anticipate the product type will draw residents from surrounding cities and suburbs as well as provide housing for existing Detroit Residents.

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

Thus, far the developer has reached out to regulatory groups such as the DEGC, MEDC, the Department of Neighborhoods and the local councilmembers office. Additionally, the developer has reached out to various trades to discuss the project and looks forward to attending the Skilled Trades Task Force. It is anticipated that through the approval process on the incentives that the developer will reach out to all available community groups.

5. When is construction slated to begin?

3rd quarter 2023.

6. What is the expected completion date of construction?

The project is expected to be complete the 4th quarter of 2024.

Anthony Littleton
True Rock Church
3039 W Davison St
Detroit, MI 48238

Detroit Brownfield Redevelopment Authority
500 Griswold St., Ste. 200
Detroit, MI 48226

Dear Detroit Brownfield Redevelopment Authority,

On behalf of True Rock Church, I, Anthony Littleton would like to express our full support for Marigold Houses plan to bring 3200 Tyler St back to life. This apartment building is only a few hundred feet from our church, and has been vacant for far too long. The boarded-up windows are a blight on the neighborhood, and the alley behind the building has been gathering trash. We are happy to see someone with a plan to make this building an anchor of the neighborhood instead of an eyesore.

We need responsible and sustainable development, and I trust the Hines brothers and Marigold Houses can bring that to Dexter-Linwood by restoring a building that has existed here for a hundred years.

It's great to see investment happening in the our neighborhood, and long overdue. I and my congregation look forward to the completion of the project, and welcoming our new neighbors.

Sincerely,

A handwritten signature in black ink, reading "Anthony Littleton". The signature is written in a cursive, flowing style with a large, prominent "A" and "L".

Anthony Littleton

Mohamed ali
Tires Express
3201 W Davison St.
Detroit, MI 48238

Detroit Brownfield Redevelopment Authority
500 Griswold St., Ste. 200
Detroit, MI 48226

Dear Detroit Brownfield Redevelopment Authority,


On behalf of Tires Express I, Mohamed Ali would like to express our full support for Marigold Houses redevelopment plan for 3200 Tyler St. We believe this redevelopment will add significant value to the neighborhood by returning a blighted building to a functional anchor of the neighborhood. It will provide quality housing and additional foot traffic and patronage for local businesses.

Furthermore, we believe the Hines brothers and Marigold Houses, LLC are the right team to invest in the neighborhood. They have a proven track record in our neighborhood, and I trust them to do right by our trust in them.

We need responsible and sustainable development, and I trust the Hines brothers and Marigold Houses can bring that to Dexter-Linwood by restoring a building that has existed here for a hundred years.

As a local business, I look forward to this project contributing to the character and vibrancy of our neighborhood.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mohamed Ali', with a stylized flourish at the end.

Mohamed Ali

John Craft
Davison Appliances
3275 W Davison St
Detroit, MI 48238

Detroit Brownfield Redevelopment Authority
500 Griswold St., Ste. 200
Detroit, MI 48226

Dear Detroit Brownfield Redevelopment Authority,

On behalf of Davison Appliances, I, John Craft, would like to express our full support for Marigold Houses proposed redevelopment of 3200 Tyler St. I've been seeing that building from across my parking lot as long as I have been in business, and it's been a shame to see such a fine building boarded up and fading away.

Our area doesn't get enough investment, and I think bringing that building back to life could be of great benefit for the neighborhood and the local businesses.

I've worked with the Hines brothers for years with their other properties, and know them to be trustworthy people. They've always treated me fairly, and from everything I've seen, treated their tenants fairly as well. I think they are a great choice to bring more housing to the neighborhood.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'John Craft', with a long horizontal flourish extending to the right.

John Craft