

**WASHTENAW COUNTY
BROWNFIELD REDEVELOPMENT AUTHORITY**

**(DRAFT) BROWNFIELD PLAN
FOR**

**MACK & MACK BUILDING, LLC
REDEVELOPMENT PROJECT**

**211-215 W. MICHIGAN AVENUE
YPSILANTI, MICHIGAN**

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INTRODUCTION

In order to promote the redevelopment of environmentally distressed properties within Washtenaw County, Michigan, the County has established the Washtenaw County Brownfield Redevelopment Authority (the "Authority") pursuant to Michigan Public Act 381 of 1996, as amended by Michigan Public Act 145 of 2000 ("Act 381").

The primary purpose to this Brownfield Plan ("Plan") is to promote the redevelopment of and private investment in certain "brownfield" properties within the county. Inclusion of property within this Plan will facilitate financing of environmental response and other eligible activities at eligible properties, and will also provide tax incentives to eligible taxpayers willing to invest in redevelopment of eligible sites, commonly referred to as "brownfields". By facilitating redevelopment of brownfield properties, the Plan is intended to promote economic growth for the benefit of the residents of Washtenaw County and all taxing units located within and benefited by the Authority.

The identification or designation of a developer or proposed use for the eligible property that is the subject of this Plan shall not be integral to the effectiveness or validity of this Plan. This Plan is intended to apply to the eligible property identified in this Plan and, if tax increment revenues are proposed to be captured from the eligible property, to identify and authorize the eligible activities to be funded by such tax increment revenues. Any change in the proposed developer or proposed use of the eligible property shall not necessitate an amendment to the Plan, affect the application of this Plan to the eligible property, or impair the rights available to the Authority under this Plan.

This plan is intended to be a living document, which may be modified or amended as necessary to achieve the purposes of Act 381. The applicable sections of Act 381 are noted throughout the Plan for reference purposes.

This Brownfield Plan contains information required by Section 13(1) of Act 381.

GENERAL DEFINITIONS AS USED IN THIS PLAN

Additional response activities means response activities proposed as part of a Brownfield Plan, which are in addition to baseline environmental assessment activities and due care activities for an eligible property. MCLA 125.2652(a)

Authority means the Washtenaw County Brownfield Authority, a Brownfield Redevelopment Authority created under Act 381. MCLA 125.2652(b)

Baseline Environmental Assessment means that term as defined in Section 20101 of Part 201 of the Natural Resources and Environmental Protection Act (NREPA), Act 451 of the Public Acts of 1994, as amended. MCL 324.201 or. MCLA 125.2652(c)

Baseline Environmental Assessment activities means those response activities identified as part of a Brownfield Plan that are necessary to complete a Baseline Environmental Assessment for an eligible property in the Brownfield Plan. MCLA 125.2652(d)

Blighted means property that meets any of the following criteria:

- (i) Declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code ordinance.
- (ii) An attractive nuisance to children because of physical condition, use, or occupancy.
- (iii) Is a fire hazard or is otherwise dangerous to the safety of persons or property.
- (iv) Has had the utilities, plumbing, heating, or sewerage permanently disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use.
- (v) Is tax reverted property owned by a qualified local governmental unit, by a county or by the state. The sale, lease, or transfer of tax reverted property by a qualified local governmental unit, county or the state after the property's inclusion in a Brownfield Plan shall not result in the loss to the property of the status as blighted property for purposes of this act. MCLA 125.2652(e)

Board means the governing body of an authority. MCL 125.2652(f)

Brownfield Plan means this Brownfield Plan, as amended in accordance with Act 381. MCLA 125.2652(g)

Captured taxable value means the amount in one year by which the current taxable value of an eligible property subject to this Brownfield Plan, including the taxable value or assessed value of the property for which specific taxes are paid in lieu of property taxes, exceeds the initial taxable value of that eligible property. The state tax commission shall prescribe the method for calculated captured taxable value. MCLA 125.2652(h)

Chief Executive Officer means the chair of the Washtenaw County Board of Commissioners MCLA 125.2652(i)

Department means the Department of Environmental Quality. MCLA 125.2652(j)

Due-care activities means those response activities identified as part of this Brownfield Plan that are necessary to allow the owner or operator of an eligible property in the Plan to comply with the requirements of Section 20107a of Part 201 of Act 451 of the Public Acts of 1994, as amended. MCLA 125.2652(k)

Eligible activities mean one or more of the following:

- (i) Baseline environmental assessment activities.
- (ii) Due-care activities
- (iii) Additional response activities.
- (iv) Infrastructure improvements that directly benefit eligible property.
- (v) Demolition of structures that is not a response activity under section 201 of NREPA.
- (vi) Lead or asbestos abatement.
- (vii) Site preparation that is not a response activity under section 201 of NREPA.
- (viii) Relocation of public buildings or operations for economic development purposes with prior approval of the Michigan Economic Growth Authority (MEGA). MCLA 125.2652(l)

Eligible investment means demolition, construction, restoration, alteration, renovation or improvement of buildings or site improvements on eligible property and the addition of machinery, equipment, and fixtures to eligible property after the date that eligible activity on that eligible property has started pursuant to this Brownfield Plan under the Brownfield Redevelopment Financing Act, 1996 PA 381, MCL 125.2651 to 125.2672, and after the date that the pre-approval letter is issued. The addition of leased machinery, equipment, or fixtures to eligible property by a lessee of the machinery, equipment, or fixtures is eligible investment if the lease of the machinery, equipment, or fixtures has a minimum term of 10 years or is for the expected useful life of the machinery, equipment, or fixtures, and if the owner of the machinery, equipment, or fixtures is not the qualified taxpayer with regard to that machinery, equipment, or fixtures. MCLA 208.38g(30)(e)

Eligible property means property for which eligible activities are identified under this Brownfield Plan and was used or is currently used for commercial, industrial, or residential purposes that is in a qualified local governmental unit and is a facility, functionally obsolete, or blighted, and includes parcels that are adjacent or contiguous to that property if the development of the adjacent and contiguous parcels is estimated to increase the captured taxable value of that property. Eligible property shall include, to the extent included in the Brownfield Plan, personal property located on the property. Eligible property does not include qualified agricultural property exempt under section 7ee of the general property tax act, 1893 PA 206, MCL 211.7ee, from the tax levied by a local school district for school operating purposes to the extent provided under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211.

Facility means that term as defined in section 20101 of NREPA (1994 PA 451). MCL324.20101

Fiscal year means that fiscal year of the authority. MCLA 125.2652(o)

Functionally obsolete means the property 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, change in technology, deficiencies or super inadequacies in design, or other similar factors that affect the property itself or the property's relationship with other surrounding property. MCLA 125.2652(p)

Governing Body means the Washtenaw County Board of Commissioners. MCLA 125.2652(q)

Infrastructure improvements means a street, road, sidewalk, parking facility, pedestrian mall, alley, bridge, sewer, sewage treatment plant, property designed to reduce, eliminate, or prevent the spread of identified soil or groundwater contamination, drainage system, waterway, waterline, water storage facility, rail line, utility line or pipeline, or other similar or related structure or improvement, together with necessary easements for the structure of improvement, owned or used by a public agency or functionally connected to similar or supporting property

owned or used by a public agency, or designed and dedicated to use by, for the benefit of , or fo4r the protection of the health, welfare, or safety of the public generally, whether or not used by a single business entity, provided that any road, street, or bridge shall be continuously open to public access and that other property shall be located in public easements or rights-of-way and sized to accommodate reasonably foreseeable development of eligible property in adjoining areas. MCLA 125.2652(r)

Initial taxable value means the taxable value of an eligible property identified in and subject to this Brownfield Plan at the time the resolution adding that eligible property in the Brownfield Plan is adopted, as shown by the most recent assessment roll for which equalization has been completed at the time the resolution is adopted. Property exempt from taxation at the time the initial taxable value is determined shall be included with the initial taxable value of zero. Property for which a specific tax is paid in lieu of property tax shall not be considered exempt from taxation. The state tax commission shall prescribe the method for calculating the initial taxable value of property for which a specific tax was paid in lieu of property tax. MCLA 125.2652(s)

Local taxes means all taxes levied other than taxes levied for school operating purposes. MCLA 125.2652(t)

Municipality means the City of Chelsea. MCL 125.2652(u)

Project means the total of all eligible investment on an eligible property. MCLA 208.38g(30)(j)

Qualified local governmental unit means that term as defined in the obsolete property rehabilitation act.

Qualified taxpayer means a taxpayer that meets both of the following criteria:

- (i) Owns or leases an eligible property.
- (ii) Certifies that the department of environmental quality has not sued or issued a unilateral order to the taxpayer pursuant to part 201 of NREPA, 1994 Public Act 451, as amended, to compel response activity on or to eligible property, or expended any state funds for response activity on or to eligible property demanded reimbursement for those expenditures from the qualified taxpayer.
- (iii) If (ii) actions had taken place against the taxpayer, the taxpayer would be a qualified taxpayer if they had completed all response activity required by Part 201, were in compliance with any deed restriction or administrative or judicial order related to the required response activity, and had reimbursed the State for all costs incurred related to the required response activity. MCL 125.2652(v)

Remedial action plan means a plan that meets both of the following requirements:

- (i) Is a remedial action plan as that term is defined in Section 20101 of the natural resources and environmental protection act, 1994 PA 451. MCL 324.20101.
- (ii) Describes each individual activity to be conducted to complete eligible activities and the associated costs of each individual activity. MCLA 125.2652(x)

Response activity means that term as defined in Section 20101 of NREPA (1994 PA 451), as amended. MCL 324.20101

Specific taxes means a tax levied under 1974 PA198, as amended, MCL207.551 to 207.572; the Commercial Redevelopment Act, 1978 PA 255, as amended, MCL 207.651 to 207.668; the

Enterprise Zone Act, 1985 PA 224, as amended, MCL 125.2101 to 125.2123; 1953 PA 189, as amended, MCL 211.181 to 211.182; the Technology Park Development Act, 1984 PA 385, as amended, MCL 207.701 to 207.718; or the Obsolete Property Rehabilitation Act. MCLA 125.2652(z)

Tax increment revenues means the amount of ad valorem property taxes and specific taxes attributable to the application of the levy of all taxing jurisdictions upon the captured taxable value of each parcel of eligible property subject to a Brownfield Plan and personal property located on that property. Tax increment revenues exclude ad valorem property taxes specifically levied for the payment of principal of and interest on either obligations approved by the electors or obligations pledging the unlimited taxing power of the local governmental unit, and specific taxes attributable to those ad valorem property taxes. Tax increment revenues attributable to eligible property also exclude the amount of ad valorem property taxes or specific taxes captured by a downtown development authority, tax increment finance authority, or local development finance authority, if those taxes were captured by these other authorities on the date that eligible property became subject to this Brownfield Plan. MCLA 125.2652(aa)

Taxable value means the value determined under Section 27a of the general property tax act, 1983 PA 206, as amended. MCLA 125.2652(bb)

Taxes levied for school operating purposes means all of the following:

- (i) The taxes levied by a local school district for operating purposes.
- (ii) Taxes levied under the state education tax act, 1993 PA 331, as amended. MCL 211.901 to 211.906.
- (iii) That portion of specific taxes attributable to taxes described under subparagraphs (i) and (ii). MCLA 125.2652(cc)

Work plan means a plan that describes each individual activity to be conducted to complete eligible activities and the associated costs of each individual. MCLA 125.2652(dd)

Zone means, for an authority established before the effective date of the amendatory act that added subdivision(r), a brownfield redevelopment zone designated under this act. MCLA 125.2652(ee).

BROWNFIELD PLAN PROVISIONS

A. Description of Eligible Property (Section 13 (l)(h))

The Eligible Property (subject site) is located west of the intersection of W. Michigan Avenue and S. Washington Street and is comprised of 0.23 acres of developed land platted in the northwest quarter of Section 9, T3S, R7E, City of Ypsilanti, Washtenaw County, Michigan. The addresses for the subject site include 211 through 215 W. Michigan Avenue. The site is surrounded by commercial properties and is located in the south-central portion of the City of Ypsilanti.

The subject site is currently developed with a vacant two story (with third story loft), brick and wood frame structure that includes commercial office/store front rental space on the first floor and apartment/loft space on the second and third floors. According to Ypsilanti Assessing Department records the current property owner is listed as Maurer Management & Properties, Inc., parent company of Mack & Mack Building, LLC (site Developer). Historical records

indicate the building was constructed in 1850 and consists of a total floor area of 21,336 square feet (8,890 sq. ft. office/store front-first floor; 8,890 sq. ft. apartment space-second floor; and 3,556 sq. ft. of loft space-third floor). The land area of the subject site is rectangular in shape (61 ft. x 165 ft.) and covers 0.23 acres. Primary access to the subject site is gained through entry ways along W. Michigan Avenue. Parking is provided along W. Michigan Avenue as well as a small asphalt parking area located on the south side of the building. Vehicle traffic can enter the small parking/delivery area from S. Washington Street. The site is bordered to the north by W. Michigan Avenue and commercial businesses (north side of W. Michigan Avenue); to the east by TC's Speakeasy Bar & Grill; to the south by parking and residential properties; and to the west by a commercial business and the city library beyond. **Attachment A (Figures)** includes a *Site Location Map and Site Plan View* of the eligible property.

Existing infrastructures at the subject site include subsurface utilities consisting of municipal sanitary/storm sewer, water, natural gas, electric, and communications. The mains for these lines run along W. Michigan Avenue and S. Washington Street, entering the property from the north and east, respectively. The City of Ypsilanti supplies potable water and public sewer service for the property. This property is presently zoned B-3 as part of the Central Business District. The property tax identification number associated with the legal description of the subject site is **11-11-39-102-018**. A legal description for the subject site is provided in **Attachment B**.

The Developer, Mack & Mack Building, LLC intends to redevelop the site over the next two years. Mack & Mack Building, LLC is a construction and property management company, established in March of 2008 upon acquisition of the property at 211-215 W. Michigan Avenue. The project will include a mixed commercial/residential use development consisting of the renovation of general office/retail businesses on the first floor and apartment/loft rentals on the second and third floors. The existing structure (211-215 W. Michigan Avenue) will undergo a complete internal demolition prior to redevelopment. Following completion of renovation activities, Mack & Mack Building, LLC will lease out its commercial office/retail and residential space and manage the property.

Mack & Mack Building, LLC is owned by parent company Maurer Management & Properties, Inc. Maurer Management & Properties, Inc. is a building rehabilitation and property management company, established in 1990. Maurer Management & Properties, Inc., purchases, rehabilitates and leases building space for commercial, retail and residential use. Aside from already managing 20 properties, containing a total of 30 commercial and 70 residential units, Maurer Management & Properties, Inc., and Mack & Mack Building, LLC are committed to urban renewal, with a special interest in purchasing and restoring historic properties in Ypsilanti.

To date, Maurer Management & Properties, Inc., have already purchased and renovated three buildings along Michigan Avenue in downtown Ypsilanti. They feel that the additional purchase and rehabilitation of this fourth building will further the transformation of the city's main street corridor, help to preserve a piece of the city's unique architectural heritage and spur additional downtown redevelopment efforts.

B. Basis of Eligibility (Section 13 (l)(h) and 2(m))

The subject site is considered "eligible property" as defined by Act 381, Section 2 due to the following; (a) the subject site is located within the City of Ypsilanti, a qualified local governmental unit under Act 381; and (b) the subject site is determined to be functionally obsolete and/or blighted as defined by Act 381.

The 211-215 W. Michigan Avenue building currently stands vacant and neglected, and is in need of complete renovation to become habitable. Mack & Mack Building, LLC intends to restore the historic façade and renovate the structure's interior, creating an attractive, mixed-use development offering affordable commercial retail space and residential lofts in the very heart of Ypsilanti's historic downtown and central business district.

An affidavit (letter) signed by a City of Ypsilanti Senior Level Assessor stating that the subject site is functionally obsolete and/or blighted is provided in **Attachment C**.

C. Summary of Eligible Activities and Description of Costs (Section 13 (l)(a) and 13 (l)(b))

A summary of the eligible activities/costs intended for Michigan Business Tax credit include the assessment and abatement of asbestos containing materials, the complete internal demolition of all existing construction materials/surfaces within the subject building and the complete renovation and redevelopment of the site structure for occupancy as a commercial/retail and residential mixed use development. The anticipated costs of the above mentioned activities total \$2,000,000.

It is currently anticipated construction will begin in August of 2008 and eligible activities will be completed within two (2) years. Unless otherwise agreed to in writing by the Authority, all eligible activities will be completed after execution of the *approved Brownfield Plan*, however, any long-term monitoring or operation or maintenance activities or obligations that may be required will be performed in compliance with the terms of this Plan and any documents prepared pursuant to this Plan.

The costs referenced above (\$2,000,000) should be considered as estimated costs and may increase or decrease depending on construction material costs and/or other unknown conditions encountered on the subject site. The actual cost of these eligible activities encompassed by this Plan that will qualify for Michigan Business Tax credits shall be governed by the terms of the *approved Brownfield Plan*. No costs of eligible activities will be qualified for reimbursement except to the extent permitted in accordance with the terms and conditions of the *approved Brownfield Plan*.

Attachment D provides a Cost/Funding Breakdown (**Project Proforma**) of the project to be completed at the subject site.

D. Estimate of Captured Taxable Value and Tax Increment Revenues (Section 13(1)); Impact of Tax Increment Financing on Taxing Jurisdictions (Section 13(1)(g))

This Plan does not anticipate the capture of tax increment revenues to reimburse the Developer for the costs of eligible activities. Mack & Mack Building, LLC is not applying for a Brownfield TIF, but is seeking a Michigan Business Tax credit only. It intends to sell the unused balance of its credit on the open market.

E. Plan of Financing (Section 13(1)(d); Maximum Amount of Indebtedness(Section 13(1)(e))

Project costs are to be financed solely by Mack & Mack Building, LLC. No advance has been made or shall be made by the Authority or the Governing Body for the costs of eligible activities

under this Plan. The Authority/Governing Body shall not incur any note or bonded indebtedness to finance the purposes of this Plan.

F. Michigan Business Tax Credit

The subject site is included in this Plan to enable “qualified taxpayers” as defined by Michigan Public Act 382 of 1996, Michigan Public Act 143 of 2000, or Michigan Public Act 726 of 2002, as amended (former “SBT Credit Acts”, current Michigan Business Tax Credit) to avail themselves of eligibility for a credit against their Michigan Business Tax liability for “eligible investments,” as defined by Section 38g of 1975 PA 228, as amended, incurred on the subject site after the adoption of this Plan.

Total eligible investment for this project is estimated at **\$2.0 million**. As a result of this investment, the Developer, Mack & Mack Building, LLC will be seeking a Michigan Business Tax Credit. Any remaining balance of its authorized credit will be sold on the open market. A copy of the Brownfield Redevelopment - Michigan Business Tax Credit Application (Part I) is included as **Attachment E**.

G. Duration of the Plan (Section 13(1)(f))

Unless otherwise agreed to in writing by the Authority, in no event shall the duration of this Plan extend beyond:

- a). Two years after the date the Developer and the Authority have finalized and executed the *approved Brownfield Plan* or the maximum term allowed by Section 13(1)(f) of Act 381 for the duration of this Plan.

H. Effective Date of Inclusion in Brownfield Plan

The subject site will become a part of this Plan on the date this Plan is approved by the Governing Body (Washtenaw County Commissioners).

I. Displacement/Relocation of Individuals on Eligible Property (Section 13(1)(i-l))

The subject site has been purchased by Mack & Mack Building, LLC. There are no persons or businesses residing on the subject site and, therefore, no need for compliance with 1972 PA 227, Michigan Relocation Assistance Act.

J. Description of Proposed Use of Local Site Remediation Revolving Fund

The Authority has established a Local Site Remediation Revolving Fund (LSRRF). The LSRRF will consist of all tax increment revenues authorized to be captured and deposited in the LSRRF, as specified in Section 13(5) of Act 381, under this Plan and any other plan of the Authority. It may also include funds appropriated or otherwise made available from public or private sources. Since tax increment revenue will not be authorized for capture as part of this redevelopment project, the LSRRF is not applicable.

K. Owners Obligations, Representations and Warrants

The Owner and its affiliates shall comply with all applicable laws, ordinances, executive orders, or other regulations imposed by the City of Ypsilanti or any other properly constituted governmental authority with respect to the Eligible Property and in accordance with this Plan.

L. Other Material the Authority or Governing Body considers pertinent

During March of 2008, Canopus Environmental Group performed a Phase I Environmental Site Assessment for the subject site. During the course of the Phase I ESA, CEG did not identify the presence of existing Recognized Environmental Condition's (RECs) at the subject site or at adjacent properties. However, two AST's are currently present in the basement of the site structure and do not appear to contain product. Mack & Mack Building, LLC is prepared to hire a responsible party to remove the AST's and are also prepared to pay for such removal.

Mack & Mack Building, LLC represents and warrants that a Phase I Environmental Site Assessment ("ESA") has been completed for the Property by Canopus Environmental Group, Inc., on March 14, 2008. A Copy of the Phase I ESA is provided in **Attachment F**.

Brownfield plan prepared by:



Canopus Environmental Group, Inc.
Project No. C5134

This report submitted by: _____

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