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**TO:** Felicia Brabec, Chair  
Ways and Means Committee

**THROUGH:** Gregory Dill  
County Administrator

**FROM:** Andrea Plevak, Director  
Office of Community and Economic Development

**DATE:** December 6, 2017

**RE:** Adoption of the Brownfield Redevelopment Plan for 1140 Broadway Street  
Redevelopment, Ann Arbor, MI.

**BOARD ACTION REQUESTED:**

It is requested that the Washtenaw County Board of Commissioners adopt the 1140 Broadway Lower Town Brownfield Plan, Ann Arbor, MI.

**BACKGROUND:**

In May of 1999, the Washtenaw County Board of Commissioners established the Washtenaw County Brownfield Redevelopment Authority (WCBRA) through Resolution 99-0110. On June 22, 2002, the City of Ann Arbor joined the WCBRA as a municipal member.

Pursuant to the Brownfield Redevelopment Financing Act (PA 381 of 1996, as amended), the WCBRA, in partnership with the City of Ann Arbor, has prepared a Brownfield Redevelopment Plan for 1140 Broadway Street Redevelopment, formerly known as "Broadway Village at Lower Town."

The Brownfield Plan will be presented to the County Brownfield Authority for approval on November 2<sup>nd</sup>, contingent on Ann Arbor City Council approval, scheduled for November 9<sup>th</sup>. Prior to final adoption, the law stipulates that a Public Hearing be held, which is scheduled for November 15. Ways and Means review and approval is requested on November 15<sup>th</sup>, and final Board adoption on December 6<sup>th</sup>.

**DISCUSSION:**

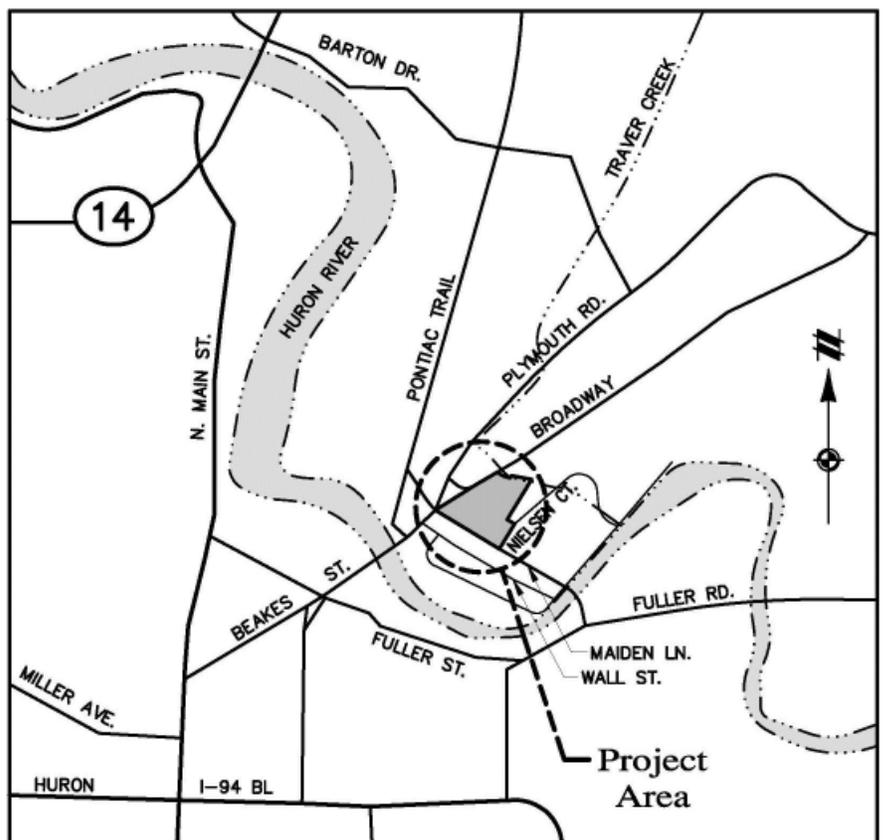
The Washtenaw County Board of Commissioners has demonstrated its support for the sustainable redevelopment of contaminated, vacant and obsolete sites in Washtenaw County. By establishing and supporting the Brownfield Redevelopment Authority and its Board, the Commissioners have supported and partnered with local units of government

to transform underutilized and contaminated, urban brownfield sites into productive, tax-generating properties.

The properties that comprise the 1140 Broadway Street Redevelopment were previously included in a Brownfield Plan approved in 2003, known as “Broadway Village at Lower Town.” The previous Plan included approximately \$40 million in eligible brownfield activities, but only site demolition was ultimately completed, and the project was abandoned and reverted to the State of Michigan. The Board of Commissioners terminated the previous Brownfield Plan on March 1, 2017, as required by Act 381.

The new proposed Brownfield Plan includes \$10.9 million in developer-reimbursable expenses and an additional \$2.26 million in County capture for the Local Brownfield Revolving Fund (LBRF). Annual administrative fees’ capture are proposed to be removed in favor of annual LBRF capture, as projected Administrative income is sufficient to cover future brownfield program expenses. The estimated 2017 taxable value of the Property is \$1,800,000, which is the initial taxable value for this Plan. The anticipated taxable value at project completion is \$49,425,590; however, the actual taxable value will be determined by the City Assessor.

The Property consists of eight tax parcels occupying 6.41 acres of vacant land at the northwest corner of Maiden Lane and Nielsen Court in the City of Ann Arbor (see Figure below, right). The eligible Property also includes contiguous portions of the public rights of way for Maiden Lane, Nielsen Court, and Broadway Street. The western portion of the Property had been developed with residential dwellings, stables, and a junkyard by 1880. By 1937, two commercial storefronts had been constructed on the southwestern portion of the Property, and the central and eastern portions of the Property were developed as farmland. Beginning circa 1962, the residential and farmland portions of the Property were replaced with commercial businesses, including a grocery store, self-service car wash, gasoline filling station, and laundromats. By 2009, all structures and most of the associated parking lots had been demolished, leaving the Property vacant, except for residual pavements and underground utilities.



The redevelopment plan for the property is a mixed-use urban community with approximately 549 rental units, approximately 71 for-sale condominium units, and 4,635 square feet of retail space in an area underserved for residential use that will increase the City's housing supply, amidst a period of population and employment growth. Studio, 1-bedroom, 2-bedroom, and live-work residential units will be incorporated into the development to accommodate a diversity of incomes and lifestyles. The commercial portion of the development along Maiden Lane may contain a café, coffee shop, market, or convenience business.

The project includes fifteen (15) dwelling units for live/work housing (not rent controlled) and an additional fifteen (15) rental units for renters earning 60% of the area median income (AMI). The 60% AMI units will be rent-controlled for a period of 99 years. The 60% units are consistent with the income targets from the 2015 Housing Affordability and Economic Equity Analysis, and the City's commitment to increase its supply of affordable units.

The development incorporates many community amenities for the residents, including retail space, a pool, a landscaped courtyard with a green roof, a gym/exercise space, bicycle parking, and more. Automobile parking will be primarily accommodated by two above grade parking structures located within Building A (six-stories) and on the ground floor of Building C (one-story). Supplemental on-street parking will also be available. Two publically accessible roads will be developed on the site. One will run east-west and serve as a thoroughfare connecting Broadway Street to Nielsen Court. The other will run north-south and connect Maiden Lane to the aforementioned thoroughfare.

The site is not located within the Ann Arbor Downtown Development Authority District.

The Plan includes up to \$5,673,683 in eligible environmental activities to be reimbursed to the developer, and \$5,204,760 in non-environmental expenses. In addition, \$2,260,626 of Local Brownfield Revolving Fund will be captured, with approximately \$50,000 to \$75,000 captured annually of the projected first 8 years of TIF payback, with the remainder as a lump sum in the last (9<sup>th</sup>) year of the Plan. It is expected to take nine (9) years to fully reimburse for all TIF costs, and the City of Ann Arbor staff recommendation is to limit capture to thirteen (13) years total, regardless of whether all developer reimbursable expenses are made.

An additional environmental control is proposed as part of this development and included as an environmental cost of \$1,239,000. A Permeable Reactive Barrier is proposed in the northeast property boundary, which is a wall with iron metal shavings to be installed 30 ft. below the ground to intercept the contaminated groundwater flowing from source dry-cleaning solvents on the site, and substantially remove the substance prior to the groundwater flow entering the neighboring apartment property and soon thereafter the Huron River. The MDEQ and developer are coordinating the design and installation of this environmental control, and ultimately may be monitored by the MDEQ, City of Ann Arbor, with assistance from the Brownfield Authority.

#### WCBRA Action

Pursuant to the Act, the WCBRA has prepared the Brownfield Plan and is anticipated to recommend approval on November 2<sup>nd</sup>, contingent on Ann Arbor City Council approval

on November 9<sup>th</sup>. The Plan must be submitted to the Washtenaw County Board of Commissioners for public hearing and adoption.

#### City of Ann Arbor Action

The proposed Brownfield Plan is anticipated to be approved by the City of Ann Arbor City Council on November 9<sup>th</sup>, 2017.

#### State of Michigan Brownfield Redevelopment Financing Act Requirements

Pursuant to the State of Michigan Brownfield Redevelopment Financing Act (P.A. 381 of 1996, as amended) herein referred to as the "Act", (Item 125.2664 Brownfield plan as public purpose; determination; amendments to plan; validity of procedure, notice, and findings; and presumptions.) Sections 14 (1) (a) through (d) requires Washtenaw County Board of Commission to consider the following:

- (a) Whether the plan meets the requirements of Section 13 (Brownfield Plan provisions).

*The proposed Brownfield Plan meets the requirements of Section 13, (The provisions are as follows; description of eligible costs to be paid through TIF, estimate of captured taxable value and tax increment revenues, method by which eligible costs will be financed, maximum amount of note or bond indebtedness incurred, duration of brownfield plan, estimate of impact of TIF on revenues of all taxing jurisdictions, legal description of parcel, estimate of persons residing on property that will be displaced, plan and expense to relocate those persons if applicable, compliance with PA 227, proposed use of local site remediation revolving loan fund, other materials that the WCBRA or governing body considers pertinent, amount of school taxes captured does not exceed amount of all other taxes captured for all local taxes, TIF shall only be used for eligible expenses on eligible parcels, authorization to continue TIF once expense are repaid to capitalize a local site remediation revolving loan fund, but not to exceed the total amount of TIF captured for eligible expenses, investigation of ability to capture expenses from a responsible party, Public Hearing notification parameters, Michigan Department of Environmental Quality and/or Michigan Strategic Fund approval needed once local approvals met, reimbursement of administrative and operating fees).*

- (b) Whether the proposed method of financing the costs of eligible activities is feasible and the WCBRA has the ability to arrange the financing.

*All the eligible activities will be financed by the developer. Review of the proposed development and anticipated private investment and resulting incremental tax revenue were found to be sufficient to cover the estimated cost of eligible activities requested by this Plan.*

- (c) Whether the costs of eligible activities proposed are reasonable and necessary to carry out the purposes of this act.

*The proposed Eligible Activities have been extensively reviewed by the City of Ann Arbor and County Brownfield Authority Board members. It has been found that the proposed activities are necessary to address environmental contamination and other brownfield site conditions that prevent effective redevelopment of this site. The non-environmental expenses support an array of transportation, stormwater,*

*and infrastructure improvements to better support a denser, mixed-use redevelopment of the site in a way that advances community goals, including affordable housing. The private parking deck non-environmental TIF support is only being included in an amount that supports the inclusion of affordable housing units. Proposed activities include BEA activities, Due Care, Additional Response activities and Brownfield and Work Plan preparation, 15% contingency, and deposits into the County Local Brownfield Revolving Fund.*

- (d) Whether the amount of captured taxable value estimated to result from adoption of the plan is reasonable.

*The amount of private investment and resulting captured taxable value is sufficient to fully reimburse for all the proposed eligible activities, in a relatively short time. The anticipated captured taxable value has been reviewed and is reasonable.*

**IMPACT ON PERSONNEL:**

No impacts are indicated for this Resolution.

**IMPACT ON BUDGET:**

Based on the initial increase in Taxable Value, from \$1,800,000 to an estimated \$49,425,590 in Taxable Value upon project completion, with an estimated 1% increase annually thereafter, the County will be foregoing an estimated \$1,381,957 in County Operating taxes over nine (9) years. After the nine years and payoff of all brownfield expenses, County operating funds generated will be approximately \$217,000 per year.

**IMPACT ON INDIRECT COSTS:**

No impacts are indicated for this Resolution.

**IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES:**

Guiding Principle No. 7 -- This project will allow the City of Ann Arbor and the County to partner together in pursuing sound environmental, community development, and sustainable land use practices.

**CONFORMITY TO COUNTY POLICIES**

The resolution conforms to County policies, and has been reviewed by Corporation Counsel, Finance and County Administration

**ATTACHMENTS/APPENDICES**

- Adoption Resolution
- 1140 Broadway Street Brownfield Plan

Preparer:

Nathan Voght, Office of Community and Economic Development

A RESOLUTION TO ADOPT THE BROWNFIELD PLAN FOR 1140 BROADWAY STREET, IN THE CITY OF ANN ARBOR, MI

WASHTENAW COUNTY BOARD OF COMMISSIONERS

DECEMBER 6, 2017

WHEREAS, the Washtenaw County Board of Commissioners, supports the sustainable redevelopment of contaminated, blighted, and vacant properties designated as brownfields; and

WHEREAS, through Resolution 99-0110, the Washtenaw County Board of Commissioners, pursuant to and in accordance with the provisions of the Brownfield Redevelopment Financing Act, being Act 381 of the Public Acts of the State of Michigan of 1996, as amended (the "Act"), established the Washtenaw County Brownfield Redevelopment Authority (the "WCBRA") to facilitate the implementation of plans relating to the identification and treatment of obsolete, and environmentally distressed areas and to promote site revitalization in Washtenaw County; and

WHEREAS, the property located at 1140 Broadway Street (the "Property") in the City of Ann Arbor has been identified as a Facility and Adjacent and Contiguous, and is therefore eligible under state statute; and

WHEREAS, a Brownfield Plan (the "Plan") has been prepared to support the remediation, economic revitalization and redevelopment of the property; and

WHEREAS, the City of Ann Arbor has reviewed the Plan, and has been provided a reasonable opportunity to express their views and recommendations regarding it in accordance with Sections 3(4) and 13(13) of the Act; and

WHEREAS, pursuant to and in accordance with Section 13 of the Act, the WCBRA, on November 2, 2017, voted to recommend that the Washtenaw County Board of Commissioners approve the Plan to be carried out within the City of Ann Arbor, relating to the Property; and

WHEREAS, on November 20th, 2017, the City of Ann Arbor City Council passed a Resolution approving the Brownfield Plan, including implementation by the WCBRA; and

WHEREAS, the Washtenaw County Board of Commissioners held a Public Hearing on November 15, 2017 to receive comment on the proposed Plan pursuant to the Act; and

WHEREAS this matter has been reviewed by the County Administrator's Office and the Corporation Counsel; and

NOW THEREFORE BE IT RESOLVED the Washtenaw County Board of Commissioners has determined the Plan constitutes a public purpose and concurs with the recommendation of the City of Ann Arbor and the WCBRA, and approves the adoption of the Brownfield Plan for 1140 Broadway Street.

BE IT FURTHER RESOLVED THAT should any section, clause or phrase of this Resolution be declared by the courts to be invalid, the same shall not affect the validity of this Resolution as a whole nor any part thereof other than the part so declared to be invalid.

BE IT FURTHER RESOLVED THAT all resolutions or parts of resolutions in conflict with any of the provisions of this Resolution are hereby repealed.

**1140 Broadway Street Brownfield Redevelopment, Ann Arbor**  
**Business Unit: 2680xxxx**  
**Fiscal years: 1/1/2019-12/31/2027**  
**Budget**

<u>Object</u>	<u>Description</u>	<b>Project Life FYs 2019-2027</b> <u>Budget</u>
<b>Revenues</b>		
40	Taxes	\$14,075,994
	Total Revenue	\$14,075,994
<b>Expenditures</b>		
80	Other Services & Charges	\$13,159,069
99	Transfers Out	\$ 916,925
	Total Expenditures	\$14,075,994