

**WASHTENAW COUNTY
BROWNFIELD REDEVELOPMENT
AUTHORITY**

BROWNFIELD PLAN FOR:

**626-724 NORTH MAIN STREET,
ANN ARBOR, MICHIGAN**

NEAR NORTH APARTMENTS LIMITED
DIVIDEND HOUSING ASSOCIATION LIMITED
PARTNERSHIP (LDHA LP)
626 N. MAIN STREET
ANN ARBOR, MICHIGAN
PHONE (734) 663-5838

PREPARED WITH THE ASSISTANCE OF:

Soil and Materials Engineers, Inc.
43980 Plymouth Oaks Boulevard
Plymouth, Michigan 48170

Approved by the Washtenaw County Brownfield
Redevelopment Authority on _____

Approved by the City of Ann Arbor Board of
Commissioners on _____

Approved by the Washtenaw County Board of
Commissioners on _____

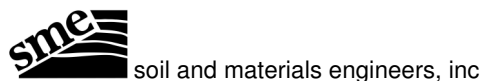


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I. PROJECT SUMMARY

- Project Name:** Near North Apartments LDHALP
- Project Location:** The eligible property is located at 626-724 North Main Street and includes 09-09-20-412-002, 09-09-20-412-003, 09-09-20-412-004, 09-09-20-412-005, 09-09-20-412-006, 09-09-20-412-007, 09-09-20-412-008, 09-09-20-412-009, and 09-09-20-412-010.
- Type of Eligible Property:** Facility
- Eligible Activities:** BEA, Due Care, Additional Response Activities, Site Preparation, and Public Infrastructure.
- Eligible Costs:** \$720,000
- Years to Complete Payback:** The eligible activities will not be reimbursed through tax increment financing (TIF).
- Estimated Eligible Investment:** \$12.2 million (for the portion of the project included in this Plan)
- Project Overview:** The Property will be redeveloped and used as a mixed-use building that includes residential apartments, retail and office space and parking for residential uses. Eligible Activities, as defined in MCL 12.52652 (k) will be conducted as part of the project. The overall estimated investment for the portion of the project related to this Plan is approximately \$12.2 million. The Plan includes \$720,000 in eligible activities. The eligible activities will not be reimbursed through tax increment financing (TIF). The City of Ann Arbor has approved a Payment in Lieu of Taxes (PILOT) and a Downtown Development Authority (DDA) construction grant up to \$500,000. Construction is anticipated to begin in the spring of 2010 and will continue until estimated completion in the winter of 2011. This Brownfield Plan has been created for the purpose of facilitating the cleanup, rehabilitation and redevelopment of the Property and to allow for the application of a State of Michigan Brownfield Redevelopment Michigan Business Tax (MBT) Credit.



II. INTRODUCTION AND PURPOSE

The Washtenaw County Brownfield Redevelopment Authority (Authority; WCBRA) is authorized to exercise its powers within the municipal limits of Washtenaw County. This Brownfield Plan applies to the property located at 626-724 N. Main Street (the Property), which is within the boundaries of the City of Ann Arbor, Michigan. Near North Apartments Limited Dividend Housing Association Limited Partnership (hereinafter referred to as Near North) intends to redevelop the Property into a three to four-story, 52,500 square-foot, mixed-use development. The project would result in approximately \$12.2 million of private investment and the project is anticipated to create four to six full-time positions and 45 to 65 temporary construction jobs.

The purpose of this Plan, to be implemented by the WCBRA, is to satisfy the requirements for a Brownfield Plan as specified in Act No. 381, of the Public Acts of 1996, MCLA 125.2651 et. seq., as amended, which is known as the “Brownfield Redevelopment Financing Act.” The Brownfield Plan will be used to encourage Near North to invest in Washtenaw County, Michigan. The plan will allow Near North to seek a Michigan Business Tax (MBT) Brownfield Redevelopment Credits for this redevelopment project. This plan does not include tax increment capture.

III. GENERAL DEFINITIONS AS USED IN THIS PLAN

All terms used in this Brownfield Plan are defined as provided in the following statutes, as appropriate:

- The Brownfield Redevelopment Financing Act, 1996 Mich. Pub. Acts 381, M.C.L. § 125.2651 et seq., as amended.
- Section 437 of Michigan Public Act 36 of 2007, M.C.L. §208.1437, as amended (the “Michigan Business Tax Act”)
- Part 201 of the Natural Resources and Environmental Protection Act, 1994 Mich. Pub. Acts 451, M.C.L. § 324.20101 et seq., as amended.

IV. ELIGIBLE PROPERTY WITHIN THE BROWNFIELD ZONE

Eligible Property and History

The eligible property is located in the City of Ann Arbor at 626-724 N. Main St. The Property consists of nine tax parcels with a total area of approximately 1.19 acres. Historically, the Property was used for residential purposes from at least 1900 to the present.



Basis of Eligibility

The Property is considered an "eligible property" as defined by Act 381, Section 2 because the Property meets the definition of a "facility", as defined by Act 381. The property was identified as a "facility" based on the results of soil and groundwater sampling conducted by NTH, Inc. on April 3, 2009, and Soil and Materials Engineers, Inc. (SME) on February 11, 2010, for the constituents listed below:

- Benzo(a)pyrene, arsenic and lead were measured in soil samples at concentrations above the Part 201 Generic Residential Cleanup Criteria and Screening Levels (residential cleanup criteria) for Drinking Water Protection and/or Direct Contact.
- Arsenic, barium, chromium, copper, lead, mercury, selenium, silver and zinc were measured in groundwater samples at a concentration above the residential cleanup criteria for Drinking Water and/or GSI.

See Appendix D for additional information.

Project Description

Near North is intends to construct a three to four-story, 52,500 square-foot, mixed-use development. The Near North development will provide 25 units (48,000 square-foot) of affordable apartments to households with low incomes and 14 supportive housing apartments. The development will also include approximately 1,500 square-foot of office and 3,000 square-foot of retail space. The retail component will be located on the first floor and completed in Phase Two of the development. The redevelopment will also include below-grade parking that will provide approximately 45 parking spaces.

This redevelopment will renew the North Main Downtown Corridor of the City of Ann Arbor. The project will redevelop 1.19 acres of land, which includes nine parcels of property located at 626-724 North Main Street. The property presently consists of eight single-family residents. The property is located between East Summit Street and Felch Street.

Near North is seeking an MBT Brownfield Redevelopment Credits at this time to correlate with the Michigan Economic Growth Authority's review and approval schedule for 2010 MBT credits. Near North is not seeking brownfield redevelopment tax increment financing for the project. Substantial community involvement has been demonstrated by the approval of a Payment in Lieu of Taxes (PILOT) and a Downtown Development Authority (DDA) contribution.

A. Description of Costs to Be Paid for With Tax Increment Revenues and Summary of Eligible Activities

There are no anticipated eligible activities to be reimbursed through tax increment revenues through this Plan. The estimated costs of the eligible activities are \$720,000.

The anticipated eligible activities for this Plan include the following:

Baseline Environmental Assessment. The Category N Baseline Environmental Assessment (BEA) of the Property has been completed prior to that approval of the Plan. The BEA was completed by conducting a Phase I & II Environmental Site Assessment (ESA). Under provisions of PA 381 of 1996, as amended in 2007, costs incurred for environmental assessments conducted before the completion of the formal brownfield plan adoption process may be reimbursed with local and state tax increment financing. The estimated cost for this eligible activity is \$15,000.

Due Care Plan. These activities include, but are not limited to testing of the soils and groundwater on site to determine the extent of contamination, due care investigations, removal of contaminated soil and groundwater, engineering controls to protect future users of the site and site security to prevent the unintentional exposure of third parties to contaminants of concern. The estimated cost is \$5,000.

Additional Response Activities. These activities include, but are not limited to remediating areas of concerns and the removal and disposal of contaminated soils. The estimated cost is \$130,000.

Demolition. To accommodate the redevelopment, the existing structures will be demolished to prepare the property for redevelopment. Grading and balancing will be required to address the demolition of the below grade structures. This includes the lead and asbestos abatement necessary to demolish the existing buildings. The estimated cost is \$155,000.

Site Preparation. Various site preparation activities will be required including excavate and haul urban fill material, sheet piling for excavation, special foundations and underpinning. The estimated cost is \$315,000.

Public Infrastructure Improvements. Public Infrastructure improvements will include replacement of sidewalks, driveway curb cuts, and streetscape improvements. The estimated cost is \$100,000.

B. Estimate of Captured Taxable Value and Tax Increment Revenues

Incremental taxes on real and personal property included in the project will not be captured under this Brownfield Plan.

C. Method of Financing and Description of Advances by the Municipality

No financing or municipal advances for plan costs are required at this time

D. Maximum Amount of Note or Bonded Indebtedness

No note or bonded indebtedness will be incurred by any local unit of government for this project.

E. Duration of Brownfield Plan

The duration of this Brownfield Plan shall be ten years.

F. Estimated Impact of Tax Increment Financing on Revenues of Taxing Jurisdictions

There will be no impact on local taxing jurisdictions.

G. Legal Description, Property Map and Personal Property

The Property is comprised of nine parcels identified as 626-724 N. Main Street. The tax identification numbers for each parcel is listed in the table below. The legal description of the parcel is included in Appendix B. A location map and map depicting the current Property features are included in Appendix C.

Parcel Address	Tax Identification Numbers
626 N. Main St.	09-09-20-412-010
630 N. Main St.	09-09-20-412-009
700 N. Main St.	09-09-20-412-008
704 N. Main St.	09-09-20-412-007
708 N. Main St.	09-09-20-412-006
712 N. Main St.	09-09-20-412-005
718 N. Main St.	09-09-20-412-004
722 N. Main St.	09-09-20-412-003
724 N. Main St.	09-09-20-412-002

H. Estimates of Residents and Displacement of Families

There are three persons residing on the property. The occupied residents are not designated for acquisition and/or clearance by the authority. Therefore, a demographic survey and information regarding housing in the community is not required applicable or needed for this Plan.

I. Plan for Relocation of Displaced Persons, Provisions for Relocation Costs, and Strategy for Compliance with Michigan's Relocation Assistance Law

Displaced residents will be provided assistance such as alternative housing availability, moving expenses, and potentially rent assistance pursuant to the Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, Public Law 91-646. This assistance will be in accordance with all applicable laws.

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

No funds from the WCBRA Local Site Remediation Revolving Fund (LSRRF) will be used on this Property and no incremental taxes will be captured for deposit in the LSRRF. Subsequent amendments to this Brownfield Plan will detail incremental tax capture for deposit in the LSRRF, if applicable. Relocations

K. Other Material that the Authority or Governing Body Considers Pertinent

On October 19, 2009, the City of Ann Arbor approved a Payment-in-lieu-of Taxes (PILOT) for this development. The approval resolution is appended as Appendix E. On January 6, 2010, the Downtown Development Authority (DDA) agreed to contribute \$400,000 towards the construction of this development upon completion. An additional \$100,000 will be provided upon achieving LEED Gold certification. The approved DDA Meeting Minutes and resolution is appended as Appendix F. This contribution represents a significant local contribution for this development.

Appendix A – Not applicable for this Brownfield Plan

Summary of Tax Increment Financing and Reimbursement of Eligible Activities



Appendix B

Legal Description Described in Section III(G) of this Plan



Appendix B—Legal Description

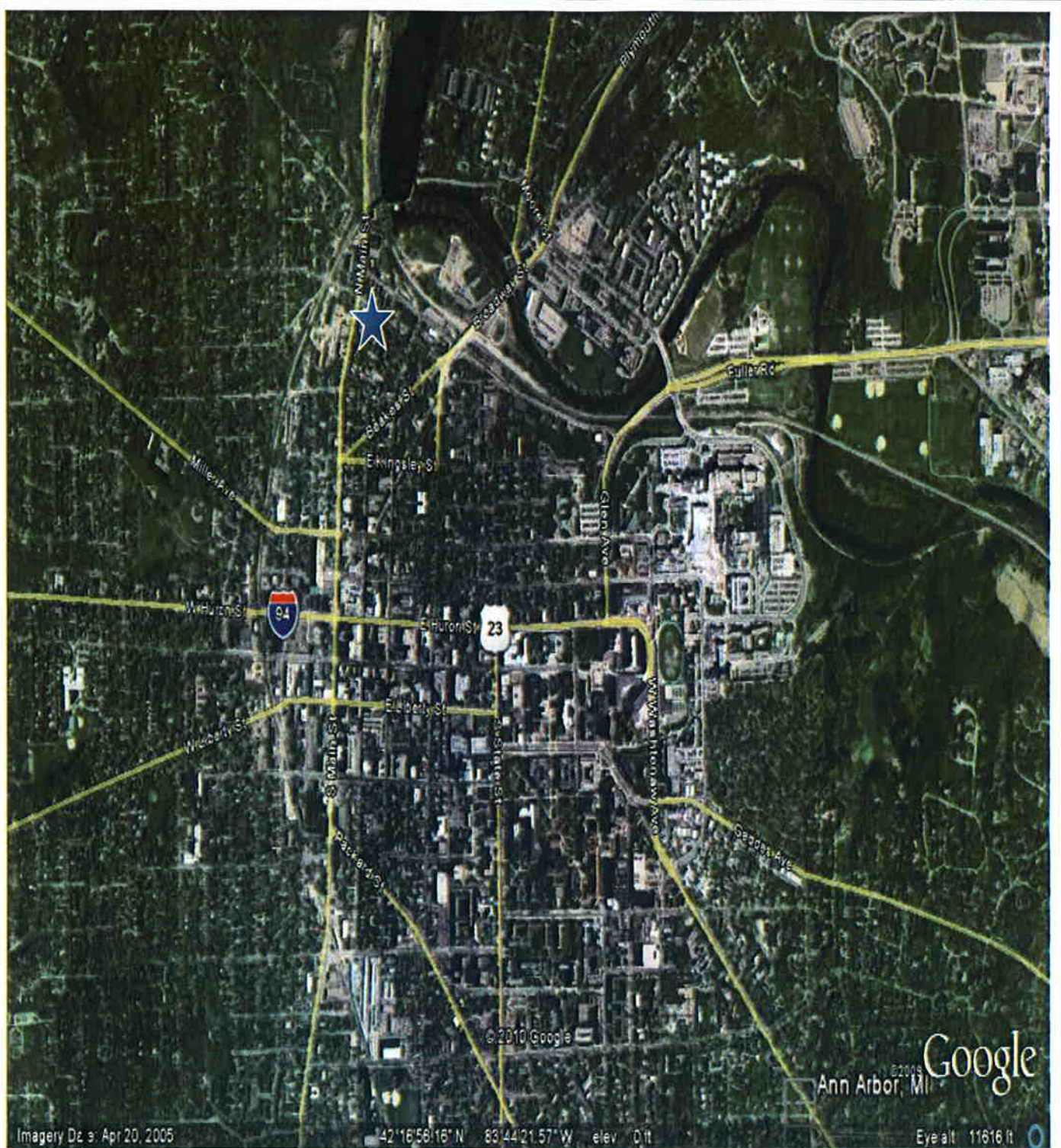
Legal Description of 1.19 Acre parcel of land part of Lots 1, 2 & 14 and all of Lots 5, 7, 9, 11 & 13 of Block #1, Ormsby and Page's Addition.

Commencing at the monumented intersection of Main Street and Summit Street; thence S $62^{\circ}00'42''$ E 37.46 feet to a point along the centerline of Summit Street, said point being N $62^{\circ}00'42''$ W 366.67 feet from the monumented intersection of Summit Street and N. Forth Street; thence S $19^{\circ}00'00''$ W 114.21 feet parallel to the monumented centerline of Main Street and along the westerly line of Lot 1 of Block 1, Ormsby and Page Addition, as Recorded in Liber M of Deeds, pages 191 & 192, Washtenaw County Records, Michigan for a POINT OF BEGINNING; thence S $71^{\circ}02'44''$ E 80.66; thence S $18^{\circ}20'18''$ W 29.33 feet; thence S $0^{\circ}52'52''$ E 10.05 feet; thence S $28^{\circ}13'07''$ W 1.73 feet; thence S $71^{\circ}07'58''$ E 67.47 feet along the North line of Lot 5 of said Addition; thence S $22^{\circ}03'45''$ W 208.08 feet along the East line of Lots 5, 7, 9 and 11 of said Addition to a found Iron pipe; thence S $22^{\circ}36'53''$ W 123.99 feet along the East line of Lots 11 & 13 of said Addition; thence N $70^{\circ}53'11''$ W 139.30 feet along the South line of Lot 13 of said Addition to a point which lies N $19^{\circ}00'00''$ E 215.31 feet parallel to the monumented centerline of Main Street, along the Easterly right-of-way line of Block 1 of said Addition from the Southwesterly corner of Lot 19 of said Addition; thence N $19^{\circ}00'00''$ E 362.08 feet parallel to the monumented centerline of Main Street, along the Easterly right-of way line of Block 1 of said Addition to the Point of Beginning. Being a part of Lots 1, 2 & 14 and all of Lots 5, 7, 9, 11 & 13 of Block #1, Ormsby and Page's Addition, in the SE 1/4 of Section 20, T2S, R6E, in the City of Ann Arbor, Washtenaw County, Michigan. Containing 1.19 acres of land, more or less. Being subject to easements And restrictions of record, if any. Containing 1.19 acres of land, more or less. Being subject to easements and restrictions of record, if any;


Appendix C

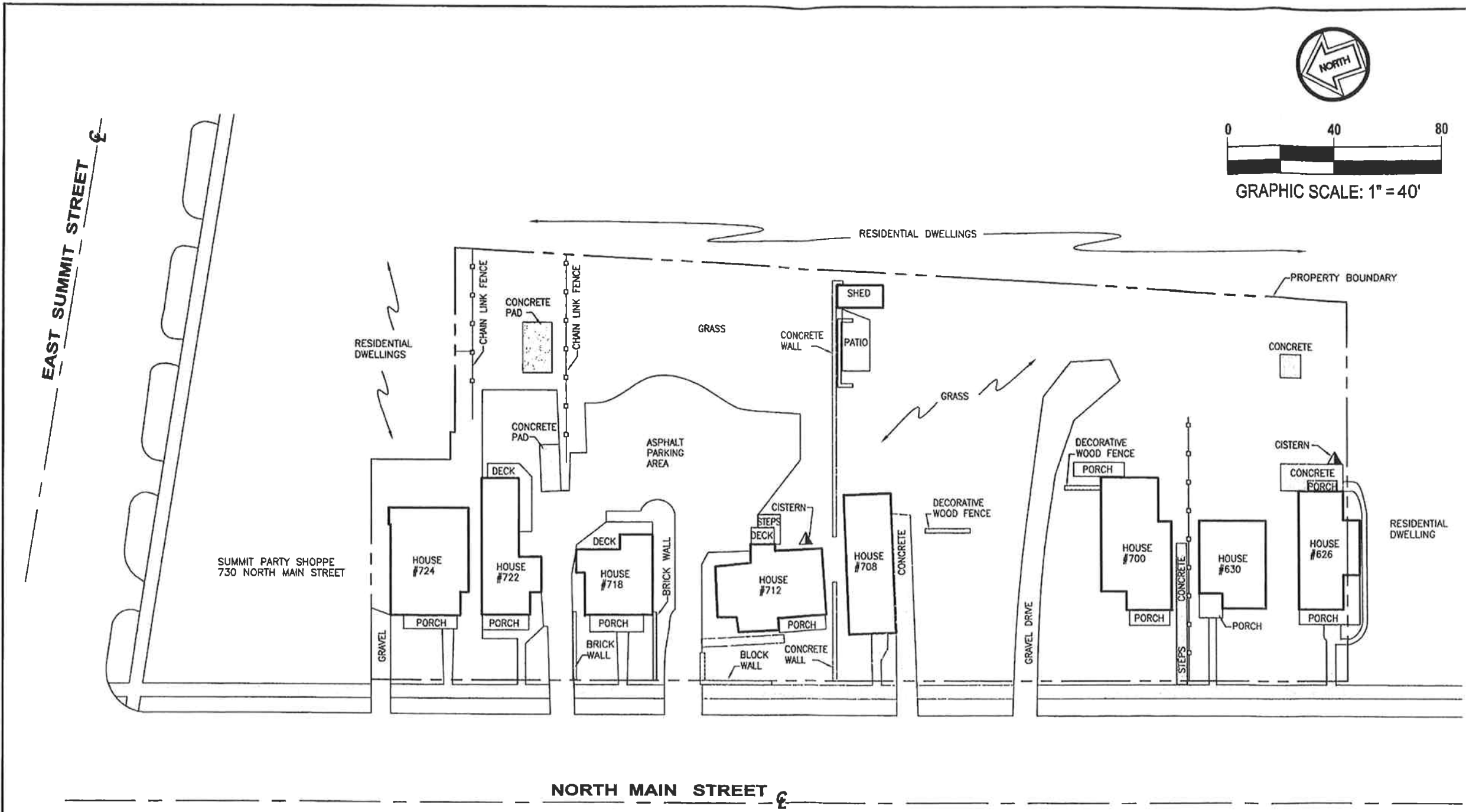
Map of the Property Described in Section III(G) of this Plan





N

Project No.: LE-61060	Project Name: Near North Apartments 626-724 N. Main Street, Ann Arbor, MI	Title: Property Location Map	Date: 3-31-2010
Scale: unknown	 Soil and Materials Engineers, Inc. (SME) <i>consultants in the geosciences, materials and the environment</i>		Appendix: C
Drawn By: SLW Checked By:			



No.	Revision Date

**PROPERTY FEATURES DIAGRAM
NEAR NORTH
ANN ARBOR, WASHTENAW COUNTY, MICHIGAN**

Date	12-21-09
Drawn By	JAB
Designed By	JPB
Scale	1" = 40'
Project	PE60262A-01

- plymouth
- bay city
- grand rapids
- indianapolis
- kalamazoo
- lansing
- shelby twp.
- toledo
- traverse city

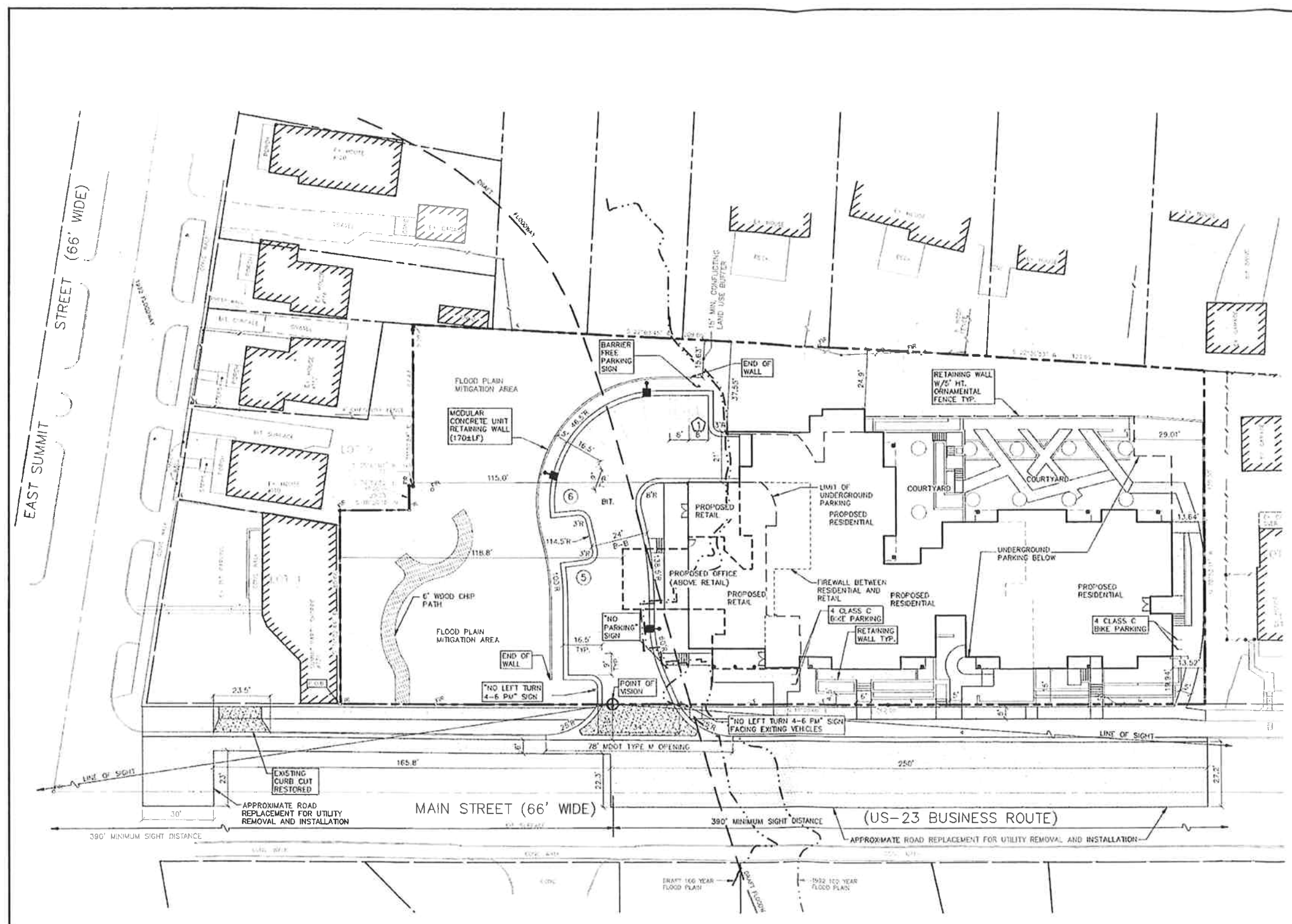
RESIDENTIAL DWELLING 735 NORTH MAIN STREET FORMER CITY GARAGE 721 NORTH MAIN STREET ANN ARBOR COMMUNITY CENTER 625 NORTH MAIN STREET

NOTE:
DRAWING INFORMATION TAKEN FROM A PLANNED UNIT DEVELOPMENT REZONING AND SITE PLAN
DRAWING (LATEST REVISED DATE 9-9-09) PREPARED BY MIDWESTERN CONSULTING.

Dec 21, 2009 - 3:07pm - jblake
R:\Plymouth_dwg\PE60262A-01\60262A-01_02.dwg



Figure No. 2



SCALE: 1" = 20'
 0 20 40 60



LEGEND

- PROPOSED SIGN
- PROPOSED LIGHT POLES
- SINGLE TREE
- LANDMARK TREE
- PROPOSED FENCE
- PROPOSED CONC WALK (4")
- PROPOSED MDOT BIT DRIVEWAY MIX
- PROPOSED BIT MDOT MAIN ST SECTION
- PROPOSED 9'x18' PARKING SPACE
- PROPOSED 8'x18' BARRIER FREE PARKING SPACE

NOTES

1. REFUSE TO BE STORED INSIDE THE BUILDING & BE WHEELED OUT TO THE CURB FOR PUBLIC PICKUP
2. ALL DIMENSIONS ARE BACK-OF-CURB TO BACK-OF-CURB UNLESS OTHERWISE NOTED.
3. REAR SETBACK IS 24' PER PLAN.
4. SIGHT DISTANCE:
 N. MAIN ST. SPEED LIMIT = 30 MPH
 SIGHT DISTANCE REQUIRED/PROVIDED = 350' MIN.
5. CONSTRUCTION EASEMENT TO BE PROVIDED FOR WORK ON 622 N. MAIN STREET S'1/4.
6. "NO LEFT TURN 4-6 PM" SIGNS TO BE MDOT R3-7.

MIDWESTERN CONSULTING
 Civil, Environmental and Transportation Engineers
 Planners, Surveyors
 Landscape Architects
 3915 Plaza Drive
 Ann Arbor, Michigan 48108
 Phone: 734.995.0200
 Fax: 734.995.0299

CLIENT
 NEAR NORTH LIMITED DIVISION PART
 P.O. BOX 2307
 ANN ARBOR, MI 48107-8307
 (734) 214-1600

**NEAR NORTH
 PLANNED UNIT DEVELOPMENT
 REZONING AND SITE PLAN
 DIMENSIONAL SITE PLAN**

SP3

DATE: 11-28-08	SHEET: 2 OF 14
BY: JAC	CHECKED: JAC
DATE: 11-28-08	DATE: 11-28-08
BY: JAC	CHECKED: JAC
DATE: 11-28-08	DATE: 11-28-08
BY: JAC	CHECKED: JAC
DATE: 11-28-08	DATE: 11-28-08
BY: JAC	CHECKED: JAC
DATE: 11-28-08	DATE: 11-28-08
BY: JAC	CHECKED: JAC

TRAFFIC IMPACT:

THE CURRENT DEVELOPMENT PROGRAM WILL GENERATE ENOUGH TRIPS DURING THE PEAK HOUR PERIODS TO MEET THE STATE AND CITY THRESHOLDS FOR REQUIRING A TRAFFIC STUDY.

NORTH MAIN STREET IS A STATE BUSINESS ROUTE AND IS UNDER MDOT JURISDICTION. MDOT HAS REVIEWED THE PLANS AND WAIVED THE REQUIREMENT FOR A TRAFFIC STUDY "DUE TO GEOMETRIC CONSTRAINTS".

THE CITY OF ANN ARBOR, HOWEVER, HAS REQUESTED A TRAFFIC STUDY. MITIGATION MEASURES SUCH AS SIGNAL TIMING CHANGES MAY BE REQUIRED. THE TRAFFIC STUDY WILL FOLLOW UNDER SEPARATE COVER.

REPRODUCTION OF THIS DOCUMENT IS PROHIBITED WITHOUT THE WRITTEN PERMISSION OF MIDWESTERN CONSULTING.

Appendix D

Demonstration of Facility Status (CD-ROM ATTACHED)



Brownfield Plan for
Near North Apartments LDHA LP
626-724 North Main Street, Ann Arbor, Michigan

April 30, 2010

Appendix E

Payment in Lieu of Taxes (PILOT)



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City of Ann Arbor

100 N. Fifth Avenue
Ann Arbor, MI 48104
<http://a2gov.legistar.com/Calendar.aspx>

Legislation Details (With Text)

File #: 09-0953 **Version:** 1 **Name:** 10/19/09 Near North Payment in Lieu of Taxes
Type: Resolution **Status:** Passed
File created: 10/19/2009 **In control:** City Council
On agenda: 10/19/2009 **Final action:** 10/19/2009
Enactment date: 10/19/2009 **Enactment #:** R-09-426
Title: Resolution to Approve a Payment in Lieu of Taxes (PILOT) for Near North Limited Dividend Housing Association Limited Partnership at 626 N. Main
Sponsors:
Indexes:
Code sections:
Attachments: Near North PILOT-Chptr 19.pdf

Date	Ver.	Action By	Action	Result
10/19/2009	1	City Council		

Title

Resolution to Approve a Payment in Lieu of Taxes (PILOT) for Near North Limited Dividend Housing Association Limited Partnership at 626 N. Main

Memorandum

On September 21, 2009, the property at 626 N. Main received a rezoning to Planned Unit Development.

Avalon Housing, together with its development partner, Three Oaks Group, will be applying for Low Income Housing Tax Credits (LIHTC) from the Michigan State Housing Development Authority (MSHDA) through Near North Apartments LDHA LP, a partnership that will own the Apartments, as required under the IRS code for LIHTC.

The LIHTC selection process includes a point system. Avalon can secure 15 points if the City of Ann Arbor adopts a PILOT (payment in lieu of taxes) specifically for this project. The City currently has a PILOT ordinance (Chapter 19 attached) that applies to all affordable housing projects that meet the requirements of the ordinance. Our ordinance technically would include the Near North project. However, MSDHA only awards 15 points if a separate PILOT resolution is adopted that specifically mentions the project.

The Office of Community Development recommends that City Council approve a PILOT for Near North Apartments LDHA LP at 626 N. Main Street.

Staff

Prepared by: Jennifer Hall, Housing Manager

Reviewed by: Mary Jo Callan, Community Development Director and Jayne Miller, Community Services Area Administrator

Body

Whereas, Three Oaks Group, together with Avalon Housing, has applied for a rezoning of the parcels at 626 N. Main for new construction of 39 units of affordable housing;

Whereas, Avalon Housing Inc. and Three Oaks will create Near North Apartments Limited Dividend Housing Association Limited Partnership as the ownership entity for the property located at 626 N. Main to be called Near North Apartments;

Whereas, City Council approved a rezoning to PUD including the provision of 39 units of affordable housing; and

Whereas, The Ann Arbor City Council hereby determines that the Near North Apartments will be qualified for, and should be granted Payment in Lieu of Taxes (PILOT), the exemption from all property taxes, as provided in the State Housing Development Authority Act and pursuant to Chapter 19, Section 1:651 of the Code of the City of Ann Arbor;

RESOLVED, That pursuant to Section 15(a) of the State Housing Development Authority Act and Chapter 19, Section 1:651 of the Code of the City of Ann Arbor, the City Council hereby approves an exemption from all property taxes for the Near North Limited Dividend Housing Association Limited Partnership, for the term of the Michigan State Housing Development Authority mortgage loan, not to exceed fifty years, subject to the Michigan State Housing Development Authority's approval of the loan for the project and receipt of the "Notification to Local Assessor of Exemption" from the Michigan State Housing Development Authority for said parcel;

RESOLVED, That notwithstanding the provisions of Section 15(a)(5) of the State Housing Development Authority Act to the contrary, a contract to provide tax exemption and accept payment in lieu of taxes, as previously described, between the City of Ann Arbor and the Near North Limited Dividend Housing Association Limited Partnership, with the Michigan State Housing Development Authority as third party beneficiary under this contract, is effectuated by adoption of this resolution, and its successors and assigns, of the following parcels of property:

Legal Description of 1.19 Acre parcel of land part of Lots 1, 2 & 14 and all of Lots 5,7,9, 11 & 13 of Block #1, Ormsby and Page's Addition.

Commencing at the monumented intersection of Main Street and Summit Street; thence S 62° 00'42" E 37.46 feet to a point along the centerline of Summit Street, said point being N 62° 00'42" W 366.67 feet from the monumented intersection of Summit Street and N. Forth Street; thence S 19°00'00" W 114.21 feet parallel to the monumented centerline of Main Street and along the westerly line of Lot 1 of Block 1, Ormsby and Page Addition, as Recorded in Liber M of Deeds, pages 191 & 192, Washtenaw County Records, Michigan for a POINT OF BEGINNING; thence S 71°02'44" E 80.66; thence S 18°20'18" W 29.33 feet; thence S 0° 52'52" E 10.05 feet; thence S 28°13'07" W 1.73 feet; thence S 71°07'58" E 67.47 feet along the North line of Lot 5 of said Addition; thence S 22°03'45" W 208.08 feet along the East line of Lots 5,7,9 and 11 of said Addition to a found Iron pipe; thence S 22°36'53" W 123.99 feet along the East line of Lots 11 & 13 of said Addition; thence N 70°53'11" W 139.30 feet along the South line of Lot 13 of said Addition to a point which lies N 19°00'00" E 215.31 feet parallel to the monumented centerline of Main Street, along the Easterly right-of-way line of Block 1 of said Addition from the Southwesterly corner of Lot 19 of said Addition; thence N 19°00'00" E 362.08 feet parallel to the monumented centerline of Main Street, along the Easterly right-of-way line of Block 1 of said Addition to the Point of Beginning. Being a part of Lots 1,2 & 14 and all of Lots 5,7,9,11 & 13 of Block #1, Ormsby and Page's Addition, in the SE ¼ of Section 20, T2S, R6E, in the City of Ann Arbor, Washtenaw County, Michigan. Containing 1.19 acres of land, more or less. Being subject to easements And restrictions of record, if any. Containing 1.19 acres of land, more or less. Being subject to easements and restrictions of record, if any;

RESOLVED , That pursuant to Chapter 19, Section 1:651 of the Code of the City of Ann Arbor, the project shall pay a service charge equal to One Dollar (\$1.00) for the assisted units as provided for by the Michigan State Housing Development Authority Act; and

RESOLVED, That the City Administrator be authorized to take necessary administrative actions to implement this resolution.

Brownfield Plan for
Near North Apartments LDHA LP
626-724 North Main Street, Ann Arbor, Michigan

April 30, 2010

Appendix F

Ann Arbor Downtown Development Authority Meeting Minutes-January 6, 2010



soil and materials engineers, inc



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ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY MEETING MINUTES
January 6, 2010

Place: DDA Office, 150 S. Fifth Avenue, Suite 301, Ann Arbor, 48104
Time: DDA Chair John Splitt called the meeting to order at 12:05 PM

1. ROLL CALL

Present: Gary Boren, Russ Collins, Leah Gunn, John Hieftje, Joan Lowenstein, John Mouat, Keith Orr, Sandi Smith, John Splitt

Absent: Newcombe Clark, Jennifer Hall, Roger Hewitt,

Staff Present: Susan Pollay, Executive Director
Joe Morehouse, Deputy Director
Joan Lyke, Management Assistant
Amber Miller, Planning & Research Specialist

Audience: Peter Allen, Peter Allen & Associates
Dave Askins, A2 Chronicle
Ray Detter, Downtown Area Citizens Advisory Council
Alan Haber, Ann Arbor Committee for the Commons/A2C2
Adrian Iraola, Park Avenue Consultants, Inc.
Mark Lyons, Republic Parking System
Kyle Mazurek, Ann Arbor Area Chamber of Commerce
Brad Mikus, Citizen
Oscar Notz, Turner Construction
Dave Pezda, Luckenbach/Ziegelman Architects
Nancy Shore, getDowntown
Teresa Welsh, Near North

2. AUDIENCE PARTICIPATION

Mr. Allen said that the City would soon issue an RFP to hire a consultant to provide advice for the Library Lot project. He recommended that this consultant be made aware of what makes a great city, as whatever will be constructed will be a 100 year decision. For instance, it must have great architecture, and must address the AADL and former Y site as part of an area master plan. Many people should be consulted to give input into this vision.

Mr. Haber said he agreed with Mr. Allen that many people must be consulted. He added that he would like the library lot to become a community center. He stated he would like to see a public process to develop a public green space. He indicated that just about everyone if asked about the site would say, "Give us the green." He encouraged the DDA to support the Commons and added that the, "Green will bring Green." He mentioned that the November summary of his comments should read as follows: *... "the group is calling for the whole lot to become a large community center." ...*

3. REPORTS FROM CITY BOARDS AND COMMISSIONS
--

Downtown Area Citizens Advisory Council: Mr. Detter reported that the CAC supports efforts to develop a coherent and comprehensive parking and transportation demand management

program run by the DDA in cooperation with the City. CAC are supportive of a more extensive "Area Planning" if no desirable selection can be made from the 6 Library Lot proposals. CAC continues to be concerned with conditions at Courthouse Square and asks the city to appoint a taskforce to find a way to provide better management and supportive services for residents.

4. STATUS OF TASKFORCE EFFORTS WITH DDA MEMBERSHIP

A2D2 Steering Committee: No report.

Mutually Beneficial Committee: Ms. Smith said that questions have been provided to staff and DDA/City committee members will meet when this information is compiled. She also stated that City Council passed a resolution asking the DDA for a comprehensive public parking management plan by April 19, 2010. The Mutually Beneficial committee will meet as information becomes available.

Library Lot Advisory Committee: Mr. Splitt said that the City's Library Lot RFP requirement set forward that: "The proposal must provide a positive financial return to the City" and the committee determined that two of the proposals did not meet this minimum threshold to be considered. Interviews have been scheduled with project teams at the Library on Jan. 20th.

5. MINUTES

Mr. Orr moved and Ms. Gunn seconded approval of the December 2, 2009 DDA meeting minutes.

A vote on the motion to approve the minutes showed:

AYES: Boren, Collins, Gunn, Hieftje, Lowenstein, Mouat, Orr, Smith, Splitt

NAYS: None

Absent: Clark, Hall, Hewitt

The motion carried.

6. PARTNERSHIPS COMMITTEE

Energy Saving Grant Program: Ms. Smith said that 43 grants were approved in FY 2008/9, and 36 energy audits were completed and 8 have already completed Phase II. Thus far DDA costs for FY 2008/09 \$103,000 for energy audits and \$32,800 for Phase II improvements. Ms. Smith said that 50 applications were approved in FY 2009/10 and nearly all have selected their energy auditor and are underway with their audits.

Near North: Ms. Smith moved and Ms. Gunn seconded the following resolution:

RESOLUTION PROVIDING AVALON NONPROFIT HOUSING CORPORATION'S NEAR NORTH PROJECT WITH A GRANT FOR THE CONSTRUCTION OF NEW AFFORDABLE HOUSING

Whereas, The Ann Arbor DDA 2003 Renewal Plan makes a strong commitment to participating in projects which stimulate new, converted, or renovated housing, with the goal of a diverse and vibrant downtown residential base;

Whereas, Avalon Nonprofit Housing Corporation is developing Near North with its for-profit partner Three Oaks as a mixed-used 100% affordable housing development providing 25

apartments affordable to households with incomes $\leq 50\%$ of AMI and 14 supportive housing apartments with project-based Section 8 rent subsidies. Phase I will develop the residential units and 1,800 sq. ft. of offices, and Phase II, contingent on greenway and related funding, will involve the acquisition and demolition of Summit Market and 3 houses in the floodway on E. Summit, and relocation of the retail into new space built at Near North.

Whereas, These 39 new housing units are within the $\frac{1}{4}$ mile radius of the DDA District approved by the DDA as the area within which they might provide DDA Housing Fund support, and it has been determined that many tenants that will reside in these apartments will work, shop, or use the downtown for recreational and other purposes;

Whereas, The cost of this project including property acquisition is \$11 Million and the DDA has been asked by Avalon for a \$500,000 grant, with other funds to come from tax credits, MSHDA, and other sources;

Whereas, The DDA Partnerships Committee reviewed this request and has set forward the following recommendations regarding a grant from the DDA's Housing Fund:

- The DDA would provide \$400,000 from its Housing Fund for this project
- The DDA would provide an additional \$50,000 if the project receives a Silver LEED certification or an additional \$100,000 if the project receives a Gold LEED certification
- The DDA would provide its grant at the time the project receives its Certificate of Occupancy from the City, after all lien wavers have been satisfied, and after a minimal LEED certification is met and affordability established as promised
- As with all DDA grants, this grant would expire at the end of the second fiscal year after approval by the DDA
- The grant would be given provided that the Office of Community Development has agreed to manage ongoing income verification for all residential units

RESOLVED, The DDA will provide Avalon Housing, Inc. with a \$400,000 grant as recommended by its Partnerships Committee as stated above, which may also include \$50,000 or \$100,000 incentive funds upon Silver or Gold LEED certification, with DDA grant payment upon receipt of a certificate of occupancy, waiver of all liens, and an agreement in place with the Office of Community Development to manage ongoing income verification for all residential units.

Ms. Smith asked Ms. Walsh and Mr. Appel to provide a project overview, which they did, outlining that the DDA funds would be used exclusively to support construction of the housing portion of the project. Mr. Appel said that if approved, the DDA funds would be the first grant dollars committed, but the last grant dollars received because they require a certificate of occupancy. Mr. Hieftje said that DDA support would help the project get tax credits and other funds. The connection between this project and downtown was noted, as many of the future residents will work downtown, and all of these residents would use the downtown. Mr. Mouat expressed concern that the DDA would be fully obligating its Housing Fund with this grant, and that it would cost much less to spend funds on existing units rather than on new construction. Ms. Smith said that this project enabled the DDA to encourage new development. Ms. Walsh said that the DDA funds are local dollars which are needed for state funds. Mr. Hieftje agreed, encouraging that the grant be approved so DDA dollars could leverage state funds.

A vote on the motion to approve the resolution showed:

AYES: Boren, Collins, Gunn, Hieftje, Lowenstein, Mouat, Orr, Smith, Splitt

NAYS: None

Absent: Clark, Hall, Hewitt

The motion carried.

DDA annual retreat: Mr. Collins said that Board members should provide information to staff on their availability so this session could be scheduled.

Municipal Center tour: Approximately a half dozen DDA representatives took a hard-hat tour of the new building.

Library Lot RFP: Committee discussed the proposals received by the City. There was strong committee consensus that an expert real estate consultant be hired by the City to advise it through the process of selection and negotiating. Critical issues to be assessed include determining if the projects are financially feasible, assessing if the developers have the capacity to complete their projects as proposed, and selecting the project which will provide the most benefit to the downtown as well as highest financial return to the city. Mr. Splitt and Council member Teall brought this question to the RFP Advisory Committee and there was strong support to pursue hiring a consultant.

7. TRANSPORTATION COMMITTEE

Pedestrian counts/satisfaction: Mr. Mouat said the Committee continued work on its list of possible projects and surveyed itself to determine areas of greatest interest. They are: minimizing sidewalk obstructions, trees/urban greenery, and minimizing trip hazards. The committee will develop specific tactics to meet these strategies at the next meeting.

Transportation/Parking Demand Management: The Transportation and Operations Committee met together to formulate goals: encourage even greater use of sustainable transportation choices and even greater efficiencies in our parking system by spreading demand. It was agreed that the Transportation Committee will work to support the creation and use of more sustainable transportation options, the Operations Committee will develop strategies to use parking prices to provide more parking choices, and both committees will share the task of developing ways for patrons to get more information about their parking use.

8. OPERATIONS COMMITTEE

Parking Study. Ms. Gunn said that City Council asked the DDA to provide it with a comprehensive public parking plan by late April, and work has begun on this project.

350 S. Fifth Avenue lot. Ms. Gunn moved and Ms. Smith seconded the following resolution:

RESOLUTION TO APPROVE NET REVENUE USES AT 350 S. FIFTH AVENUE (OLD Y PARKING LOT)

Whereas, On November 13, 2007 City Council voted to request that the DDA demolish the former YMCA building at 350 S. Fifth Avenue, and upon demolition, authorized the DDA to establish a temporary public parking lot;

Whereas, On February 6, 2008 The DDA voted to approve the demolition of the former YMCA building as requested by City Council, and by late summer 2008 a new parking lot had been established for use by the public;

Whereas, The City and DDA have not spelled out a financial arrangement for this parking lot, nor is this lot included as part of the 2005 City/DDA Parking Agreement;

Whereas, On December 21, 2009 City Council voted to approve "Resolution Regarding New Parking Meters", which set forward that the net revenues less parking lot installation costs (excludes demolition costs) for the 350 S. Fifth Avenue (old YMCA) parking lot, and less parking lot operational costs for this lot be directed to the City's General Fund;

Whereas, The DDA Operations Committee reviewed the December 21, 2009 City Council action and researched to determine that the cost to install the parking lot was approximately \$400,000 which included the cost to install the permeable pavement and other elements that enable 100% of storm water to be captured on site;

Whereas, It will be many years before the lot installation is paid for from parking lot revenues, so the DDA Operations Committee recommends that the DDA provide the City with either a minimum \$100,000/year from parking lot revenues generated at this site, or the net revenues from this site after installation costs and operations costs, whichever is greater, on a quarterly basis beginning with FY 2009/10 fourth quarter;

RESOLVED, The DDA approves a financial arrangement for the 350 S. Fifth Avenue (old YMCA) parking lot with either a minimum \$100,000/year from parking lot revenues generated at this site or the net revenues from this site after installation costs and operations costs, whichever is greater, on a quarterly basis beginning with F Y 2009/10 fourth quarter, with funds to be directed to the City's General Fund.

Ms. Smith said that she appreciated the financial arrangement in this resolution, as it honored the goals set forward by City Council in its resolution. Mr. Splitt said that the DDA would eventually get repaid for its installation costs, though it would take a little longer.

A vote on the motion to approve the resolution showed:

AYES: Boren, Collins, Gunn, Hieftje, Lowenstein, Mouat, Orr, Smith, Splitt

NAYS: None

Absent: Clark, Hall, Hewitt

The motion carried.

Parking Pay Stations. Ms. Gunn moved and Ms. Smith seconded the following resolution:

RESOLUTION TO PURCHASE AND INSTALL 150 ADDITIONAL PARKING PAY STATIONS

Whereas, In their 2007 study Nelson/Nygaard recommended that the on-street parking meters be replaced with new multi-space pay stations to improve patron convenience as this equipment allows payment with credit cards, cash and cell phones, and they will support demand management efforts by providing flexible time and location parking rate pricing strategies;

Whereas, The DDA Operations Committee shaped a multi-year plan that would eventually replace core area on-street and parking lot parking meters with 175 interconnected multi-space parking machines;

Whereas, In spring 2008 the DDA distributed an RFP for this equipment, and Digital Payment Technologies was selected as the equipment that would best meet the needs of the Ann Arbor community;

Whereas, The DDA voted to purchase 25 machines in November 2008, and this equipment was installed in summer 2009;

Whereas, In December 2009 the DDA Operations Committee reviewed the operations of the initial installation, including patron survey feedback, and set forward the following recommended installation plan for the remaining 150 parking pay stations and space number markers:

<u>Fiscal year</u>	<u>Percent</u>	<u>Pay Stations</u>	<u>Cost</u>
FY 2010	25%	37	\$ 562,400
FY 2011	50%	75	\$1,140,000
FY 2012	<u>25%</u>	<u>38</u>	<u>\$ 577,600</u>
Total Cost	100%	150	\$2,280,000

RESOLVED, The DDA approves the multi-year purchase and installation of 150 parking pay stations and space number markers with a project budget of \$2,280,000, with these funds to be taken from the DDA 065 Parking Maintenance Fund.

Ms. Smith said that she knows that the pay stations are finding good use, but she heard a complaint from a disabled citizen, and she asked what accommodations exist to assist disabled individuals; Mr. Morehouse said that payment can be made by cell phone, which may make payment easier for some individuals. Mr. Mouat asked if the area around these pay stations could be cleared of snow; Mr. Splitt said that Republic Parking is doing this. Ms. Gunn said that the pay stations are well received; Mr. Splitt said that there are tradeoffs with this equipment, but generally they are very well received.

A vote on the motion to approve the resolution showed:

AYES: Boren, Collins, Gunn, Hieftje, Lowenstein, Orr, Smith, Splitt

NAYS: None

Absent: Clark, Hall, Hewitt

The motion carried.

Pre Pay Parking Rate: Ms. Gunn said that the DDA would be instituting a new \$5 pre-pay entry rate at various parking structures and lots. The primary purpose behind this is to give Republic Parking a tool to use when it anticipates a large concert or other big event is likely to create a problem when hundreds of patrons want to exit at the same time. Even with every cashier booth staffed, after a big event it can take many minutes to move all vehicles through the line, which can be frustrating for parking patrons impatiently sitting in a long line to pay. This pre-pay process is already in place during Art Fair and will be expanded for use more broadly during the year. A secondary benefit to this new pre-paid rate would be to provide a solution at parking

facilities with automated equipment where patrons are recurrently breaking exit gates rather than paying to park.

9. CAPITAL IMPROVEMENTS COMMITTEE

S. Fifth Avenue Project: Mr. Splitt said that steel fabrication for the earth retention system will resume next week. Drilling equipment has been brought to the site. Overhead utility lines are scheduled to be relocated by the end of the month.

Water Mains: Ms. Gunn moved and Mr. Collins seconded the following resolution:

RESOLUTION TO AUTHORIZE AN ADDITIONAL \$600,000 FOR NEW WATER MAINS UNDER DIVISION STREET, S. FIFTH AVENUE, AND LIBRARY LANE

Whereas, In August 2009 the DDA approved \$226,000 for three new water mains under Division Street, S. Fifth Avenue, and behind the Library from William Street as part of its S. Fifth Avenue Underground Parking Structure project, but upon bidding, actual costs for the Division Street and S. Fifth Avenue water mains exceeded initial estimates, and a new plan was developed to place the third water main under Library Lane rather than off William Street;

Whereas, The funds approved by the DDA in August 2009 were used to install the water main under Division Street, and additional funds are now needed to complete repairs to Division Street and install the two other water mains under S. Fifth Avenue and Library Lane;

Whereas, These water mains will greatly enhance water flows in the center city area, both improving existing conditions for current residents and commercial enterprises, and providing needed capacity for future downtown development;

Whereas, Plans for this work have been submitted for approval to City staff and a permit will be submitted to the Michigan Department of Water Quality for the water main along Library Lane, with the expectation that work will be constructed in coming months, under the inspection of the City of Ann Arbor's Project Management Unit;

Whereas, It is anticipated that the total cost for the remaining water main work will not exceed \$600,000;

Whereas, These water mains are included in the DDA project budget for the S. Fifth Avenue underground parking structure project, but are not included in the GMP provided by Christman;

Whereas, The DDA Capital Improvements Committee reviewed the costs and installation plans for these water mains and recommends approval;

RESOLVED, The DDA authorizes its Capital Improvements Committee to spend up to \$600,000 to complete road repairs on S. Division, install a new water main under S. Fifth Avenue, and a new water main under Library Lane.

RESOLVED, The DDA Chair, Capital Improvements Committee Chair and Executive Director are authorized to sign the necessary construction contracts, and to take the necessary administrative actions to implement this resolution.

A vote on the motion to approve the resolution showed:

AYES: Boren, Collins, Gunn, Hieftje, Lowenstein, Mouat, Orr, Smith, Splitt

NAYS: None

Absent: Clark, Hall, Hewitt

The motion carried.

10. EXECUTIVE COMMITTEE

Updating DDA Bylaws. Mr. Splitt said that as has been reported over the past couple months that the Executive Committee has been reviewing DDA's bylaws. Changes were approved in 2007 but not acted on by City Council and these and other ideas were considered. No action is needed at this time, but the Committee wanted to bring the revised document to the board for discussion, with the plan that the bylaws will come to the DDA for action in February. There was a general discussion of the proposed changes.

Grant to the City For a Library Lot Consultant: Mr. Splitt said that the South 5th Ave project includes a large investment in infrastructure to support/encourage redevelopment on this site, including structural support, new water mains, electric infrastructure, and mid-block street. Ms. Smith moved and Ms. Lowenstein seconded the following resolution:

**RESOLUTION PROVIDING A GRANT TO THE CITY OF ANN ARBOR TO HIRE A
CONSULTANT TO PROVIDE REAL ESTATE ADVICE TO ASSIST WITH THE SELECTION
OF A DEVELOPER FOR THE S. FIFTH AVENUE (LIBRARY LOT) PROPERTY**

Whereas, A large portion of the DDA's S. Fifth Avenue Underground Parking Structure project are elements that will encourage redevelopment on this site, including structural support, new water mains, electric infrastructure, and midblock street;

Whereas, The City of Ann Arbor distributed an RFP in August 2009 seeking proposals from developers interested in constructing projects on top of the underground parking structure and six proposals were subsequently received;

Whereas, The DDA Partnerships Committee recommended that the Advisory Committee helping City Council with its selection of a preferred developer be asked if there would be benefit to the City hiring a consultant to provide expert real estate advice to assist in the proposal selection process, and DDA heard back that there was support to pursue this assistance;

Whereas, The DDA Executive Committee has reviewed this concept and recommends that the DDA provide the City with a \$50,000 grant for this consultant, because encouraging quality downtown private redevelopment is the mission of the DDA;

RESOLVED, The DDA approves a grant to the City of Ann Arbor for \$50,000 to enable the City to hire a consultant with real estate development expertise to advise it throughout the project selection process for the S. Fifth Avenue (Library Lot) property.

Mr. Splitt said that both the DDA Partnerships Committee and the City RFP Advisory Committee members agreed that it would be advantageous for the City, the downtown, and the community if an expert real estate consultant could be found to assist through the selection and negotiating process for the Library Lot. Ms. Lowenstein said that other similar efforts have gone awry and hopefully this consultant will help the city know which project(s) are financially feasible and will most benefit the community. Mr. Collins said the DDA is not making the selection about what is being built on top of the library lot, and this grant would enable the City to hire a consultant to help it review the proposals it has received. Mr. Mouat said he was not enamored with the process the City follows to sell/redevelop city property, and that the roles of the DDA and City need to be clarified. Mr. Hieftje said that the City process for its 415 W. Washington property was a success, as the City determined that it didn't want to pursue any of the projects proposed for the site; if it is determined that none of the proposals for the Library Lot are acceptable the City should wait for a more viable and attractive project at some point in the future.

A vote on the motion to approve the resolution showed:

AYES: Boren, Collins, Gunn, Hieftje, Lowenstein, Orr, Smith, Splitt

NAYS: Mouat

Absent: Clark, Hall, Hewitt

The motion carried.

11. OTHER DDA BUSINESS MATTERS

Offpeak/Overnight Monthly Parking Permit: Mr. Hieftje asked about the possibility of improving the publicity for the DDA's \$30 overnight permit. Ms. Shore explained the getDowntown was promoting the permit and explained that without evening enforcement patrons were not inclined to move from free parking meters to a structure, even if the cost of the permit was so low. It was noted that publicizing the \$30 limited overnight permit will continue and will be included in a larger strategy regarding evening parking needs as part of the Public Parking Plan being developed for City Council.

Mr. Splitt congratulated Mr. Morehouse on his excellent article, "Demand Management Contributes to Vibrancy in Downtown Ann Arbor," published in the December issue of *The Parking Professional*.

12. OTHER AUDIENCE PARTICIPATION

Mr. Mikus mentioned the on-line DDA board packet was different than the one distributed at the meeting. He also noted the draft of the by-laws did not address the question about the Mayor sending representatives to participate at DDA meetings when he was absent. Mr. Splitt said this latter issue is being reviewed by the Executive committee. Ms. Pollay said that the packet distributed at the board meeting was identical to the online board packet with the exception of the parking revenue report which was inadvertently omitted, and the Old Y lot resolution as the Operations Committee had met just the day before.

13. ADJOURNMENT

Mr. Hewitt moved and Ms. Gunn seconded adjournment of the meeting at 1:40 PM.

Respectfully submitted,
Susan Pollay, Executive Director