



Legislation Text

File #: 16-0992, **Version:** 1

Resolution to Approve the 615, 633, and 637 South Main Brownfield Plan

Attached is a resolution to approve the 615, 633, and 637 South Main Brownfield Plan. Approval of this resolution will allow the brownfield plan to advance to the Washtenaw County Brownfield Redevelopment Authority (WCBRA), which may authorize Tax Increment Financing (TIF) to reimburse the developer for the eligible activities identified within the Plan.

The redevelopment plan for the project is an urban apartment community with approximately 230 units catering to all the residential demographics found in adjacent neighborhoods. There will be a wide range of residential unit types from micro-apartments for those on a tight budget, to studio units for those wishing to not share living expenses, to townhomes for professionals who want to live near downtown Ann Arbor and possibly work from their home, to multi-bedroom units for those who wish to keep costs down by sharing rental expenses.

The design incorporates many community amenities for the residents, including a landscaped interior courtyard away from the hustle and bustle of urban living, swimming pool, gym/exercise space, community gathering room, business center/office, support for shared bicycles or cars, and more. The ground floor program consists of a community center, leasing office and approximately 4,500 square feet of neighborhood-focused commercial retail space. Parking will be accommodated principally below grade in a secured garage accommodating both gas and electric vehicles (with charging stations) and ample, secured, enclosed bicycle parking.

The Property is eligible for inclusion in this Brownfield Plan in accordance with MCL 125.2652(n) because the three parcels of land that comprise the Property individually meet the definition of a "facility" pursuant to Part 201 of Michigan's Natural Resources and Environmental Protection Act (1994 P.A. 451, as amended), hereinafter "Part 201". All three parcels have been demonstrated to be contaminated with hazardous substances at levels above generic residential use criteria established pursuant to Part 201.

This Plan has been created for the purpose of facilitating the redevelopment of the Property and to allow for the application of tax increment financing from local and state property tax increment.

The estimated total cost of environmental activities eligible for reimbursement from tax increment revenues is \$3,509,510. The eligible activities are summarized in Table 1 (Appendix A). Baseline Environmental Assessment activities include Phase I and Phase II environmental site assessments (ESAs) conducted prior to enactment of the Brownfield Plan, Phase I ESA update, and BEA report. Due Care activities include due care planning and assessments conducted prior to enactment of the Brownfield Plan; preparation of due care, safety, and environmental response plans; and performance of due care response activities needed to prevent exacerbation of soil and groundwater contamination existing on the site. The individual costs of environmental activities eligible for reimbursement are estimated and may increase or decrease, depending on the nature and extent of unknown conditions encountered during redevelopment.

The Brownfield Plan has been submitted and processed in accordance with the City of Ann Arbor Brownfield Program and Washtenaw County Brownfield Redevelopment Authority (WCBRA) procedures.

The City of Ann Arbor Brownfield Review Committee (BRC) comprised of Council members Eaton,

Smith, Warpehoski, and Westphal has reviewed the attached Brownfield Plan. At the May 2, 2016 BRC meeting, the Committee recommended City Council participation in the Brownfield Plan with the following parameters based on staff recommendations and discussion: 1) Developer reimbursement limited to \$3.2 million with a contingency of 10%, 2) WCBRA Administrative capture limited to 5% of total TIF capture, and 3) LSRRF capture limited to \$730,000

Both the Brownfield Plan and the Project Site Plan will be considered by City Council after holding public hearings. The Washtenaw County Brownfield Redevelopment Authority (WCBRA) will consider the plan and the Washtenaw County Board of Commissioners will review the plan subsequent to Council action. If WCBRA makes any changes to the plan after it is reviewed by City Council, the plan will be sent back to the BRA for consideration of the changes.

Prepared by: Matthew Naud, Environmental Coordinator
Sponsored by: Councilmembers Eaton, Smith, Warpehoski and Westphal (Council Brownfield Review Committee)

Whereas, The developer CDG has requested approval of the 615, 633, and 637 South Main Brownfield Plan in order to pursue tax increment financing through the Washtenaw County Brownfield Redevelopment Authority:

Whereas, The Washtenaw County Board of Commissioners established the Washtenaw County Brownfield Redevelopment Authority (the "WCBRA") and adopted the Brownfield Redevelopment Plan for Washtenaw County (the "Plan"), which facilitates the implementation of plans relating to the identification and treatment of environmentally-distressed areas within the County of Washtenaw, pursuant to and in accordance with the provisions of the Brownfield Redevelopment Authority Act, being Act 381 of the Public Acts of the State of Michigan of 1996, as amended (the "Act");

Whereas, The Act requires the explicit consent of each local governmental unit to be included in the Authority Zone, and that the County resolution included a provision that the Proposed Brownfield Redevelopment Zone will include all local governmental units within the County that pass a resolution approving the inclusion of the Brownfield Redevelopment Zone;

Whereas, The Ann Arbor City Council passed Resolution R-24-1-02 to include the City of Ann Arbor in the Washtenaw County Brownfield Redevelopment Authority and developed the Brownfield Implementation Plan to describe the Brownfield process in the City;

Whereas, The Brownfield Implementation Plan allows for public participation and comment;

Whereas, The 615, 635, 637 South Main properties were identified as potentially eligible for Brownfield financial Incentives after a finding that the property contained contaminants in the soil exceeding the generic residential cleanup criteria of Part 201;

Whereas, The Developer conducted a public presentation of the Plan which described site conditions and their intent to pursue tax increment financing for this project;

Whereas, The Developer has paid the application fee for City review of the application;

Whereas, On May 2, 2016, the Brownfield Review Committee ("Committee") met to review the proposed Brownfield Plan and its associated agreements, and being fully apprised of the physical condition of the property, intended cleanup, and redevelopment and tax capture, recommended

approval of the petition to City Council and WCBRA;

Whereas, The Plan would enable the Developer to seek tax increment capture on a portion of the project;

Whereas, The reimbursement by the WCBRA is for actual eligible expenses only;

Whereas, The burden is on the developer to build the project and pay taxes in order for tax capture and reimbursement to occur;

Whereas, The City is not liable for any costs associated with this project if the project is not built or if it fails to achieve the estimated taxable value;

Whereas, It is understood that neither the initiation of the review process by the WCBRA for development of the Brownfield Plan nor the recommendation of the Brownfield Plan to WCBRA by the City is a guarantee that it will be approved by the Washtenaw County Board of Commissioners, the MDEQ or that financial incentives will be obtained; and

Whereas, The Brownfield Review Committee recommends the Brownfield Plan for action by City Council;

RESOLVED, That City Council approve the 615, 633, and 635 South Main Brownfield Plan submitted by CDG dated May 5, 2016;

RESOLVED, That the City Clerk be directed to submit a copy of this Resolution to the Washtenaw County Board of Commissioners as documentation of the City's consideration and approval of the Brownfield Plan; and

RESOLVED, That any changes to the Brownfield Plan after the date of this Resolution will require review by the Brownfield Review Committee and approval by City Council.