



**DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
LBRF COMMITTEE MEETING
WEDNESDAY, AUGUST 23, 2023
4:00 PM**

COMMITTEE MEMBERS PRESENT: Pamela McClain
Maggie DeSantis
Raymond Scott

COMMITTEE MEMBERS ABSENT:

OTHERS PRESENT: Brian Vosburg (DEGC/DBRA)
Cora Capler (DEGC/DBRA)
Monika McKay-Polly (DEGC/DBRA)
Sierra Spencer (DEGC/DBRA)
Lanard Ingram (DEGC)
Ngozi Nwaesei (Lewis & Munday)
David Alade (Century Partners)
Steven

CALL TO ORDER

Committee Chairperson, Ms. McClain, called the meeting to order at 4:03 PM.

Ms. Capler took a roll call of the DBRA LBRF Committee Members present and a quorum was established.

GENERAL

Minutes of the March 22, 2023 LBRF Committee Meeting:

Ms. McClain called for a motion to approve the minutes of the March 22, 2023 LBRF Committee meeting.

Ms. DeSantis made a motion to approve the minutes of the March 22, 2023 LBRF Committee meeting. Mr. Scott seconded the motion. The minutes of the March 22, 2023 LBRF Committee meeting were approved.

Proposed Local Brownfield Revolving Fund Grant and Loan Request for Clairmount Apartments, LLC for 100 Clairmount Project

Mr. Vosburg presented the Proposed Local Brownfield Revolving Fund Grant and Loan Request for Clairmount Apartments, LLC for 100 Clairmount Project to the LBRF Committee.

Clairmount Apartments, LLC, (the "Developer") is development team led by David Alade and Andrew Colom, founders of Century Partners, LLC, a Detroit headquartered real estate development firm. The Developer is seeking to redevelop a vacant 42-unit apartment building on a single parcel of land at 100 Clairmount Avenue into a restored 42-unit apartment building (the "Project") with an estimated Project cost of approximately \$8.9 Million. The Developer is currently seeking brownfield incentives for the Project and the Project's 100 Clairmount Brownfield Plan (the "Brownfield Plan") is scheduled to first be reviewed by the City of Detroit Brownfield Redevelopment Authority ("DBRA") Board of Directors on August 23, 2023

and to be voted on by City Council at a future date. Work Plan approval by the Michigan Strategic Fund (the “MSF”) would occur at a future date.

In furtherance of the Project, the Developer has also received approval for loan funding from LISC in the amount of \$4,972,500, MI Saves in the amount of \$500,000, and is anticipating an MSF Community Revitalization Program (the “CRP”) Grant of \$1,476,580. Ebiarra will be providing an equity investment of \$95,000. The Developer will be providing \$1,242,001 in cash equity and \$167,500 in deferred developer fees. However, due to the significant amount of brownfield eligible activities identified at the Project site, Developer is seeking a grant in the amount of \$75,000 (the “Grant”) and a loan in the amount of \$397,750 (the “Loan”) from the DBRA’s Local Brownfield Revolving Fund (the “LBRF”).

The Grant and Loan proceeds will be used to reimburse the Developer for Brownfield eligible costs. These funds will support a \$8.9 million renovation of a 4 story, 42-unit apartment building with ground floor residential amenity spaces, and studio, 1 bedroom, 2 bedroom and 3 bedroom units with rents set for tenants earning 50%-80% of the Area Median Income (the “AMI”). \$472,750 in Brownfield TIF revenue is projected to captured for eligible activities which include environmental studies, demolition, lead & asbestos abatement, public infrastructure, and brownfield and work plan preparation.

Furthermore, this Project brings back to life a highly visible and architecturally noteworthy vacant apartment building just off Woodward Avenue in the Piety Hill neighborhood. It is projected to create 69 construction jobs and 3 FTEs permanent jobs.

Under the LBRF, funds are available to developers to use for only brownfield plan eligible activities with approved brownfield plans. Grants are available for government, non-profit and Detroit headquartered developers. Loans and grants are available for all eligible activities on eligible property defined under Michigan Public Act 381 of 1996, as amended.

The LBRF Guidelines state that the loan amount allocated for any project shall not exceed fifty percent (50%) of the DBRA’s TIF commitment for the Brownfield Plan. The developer has requested that the DBRA consider a variance from this policy to help fill the last financial gaps for this project. Given the following aspects of the project: the deep affordability of the units being provided, a broad range of unit sizes from studios to 3 bedrooms, the rehabilitation of a severely deteriorated architecturally significant building, and its location well outside of the Downtown and Midtown neighborhoods, DBRA staff support and recommend providing up to eighty-five (85%) of the DBRA’s TIF commitment for the Brownfield Plan with an LBRF Loan.

Please find below the proposed terms of the DBRA Grant and Loan, and a Sources and Uses table.

Grantee/Borrower Name:	Clairmount Apartments, LLC
Grantee/Borrower Location:	100 Clairmount Avenue, Detroit MI 48202
Request:	Grant: \$75,000.00 Loan: \$397,750.00
Fee:	1% of the Grant and Loan amount due at application.
Interest Rate:	1.0% per annum
Loan Term:	10 years
Loan Repayment:	Interest only payments for years 1-10. Balloon payment at end of term.
Loan Security:	First lien position on Brownfield TIF revenue. Brownfield TIF will have an estimated value of \$472,750 with the Brownfield Plan.

Loan Guaranty: Personal Guaranty of David Alade and Andrew Colom.

Eligible Uses: Eligible activities identified in the Brownfield Plan including environmental studies & investigation, demolition, lead & asbestos abatement, infrastructure improvements, and brownfield & work plan preparation & implementation.

Disbursement: Developer will first make an equity contribution of at least \$10% of total project costs before Loan and Grant funds are disbursed. DBRA will disburse Grant and Loan funds no more frequently than on a monthly basis for Developer's requested Brownfield Plan eligible expenses.

Conditions: (i) Satisfactory review and acceptance of standard due diligence items; (ii) Binding commitments for construction loan(s) and grant(s); (iii) Evidence of minimum 10% equity investment for the Project prior to Grant and Loan funding; (iv) Developer shall have received approval of the Brownfield Plan and the Work Plan by the DBRA, the City of Detroit, and the MSF, as applicable; (v) Developer will provide itemized schedule and use of funds; and (vi) Execution of mutually acceptable loan and grant documents.

TOTAL SOURCES		
Senior Debt		
LISC	\$4,972,500	55.71%
MI Saves	\$500,000	5.60%
DBRA LBRF Loan	\$397,750	4.46%
Subordinate Debt/Grants		
MSF CRP Grant	\$1,476,580	16.54%
DBRA LBRF Grant	\$75,000	0.84%
Deferred Fees/Cash Equity		
Deferred Developer Fees	\$167,500	1.88%
Cash Equity Owner	\$1,242,001	13.91%
Ebiarra Equity Investment	\$95,000	1.06%
TOTAL DEVELOPMENT SOURCES	\$8,926,331	100.0%

ELIGIBLE USES OF \$259,000 LBRF GRANT & LOAN FUNDS FROM BROWNFIELD PLAN	
Eligible Costs	
Environmental Studies & Investigations	\$10,000
Demolition	\$325,000
Lead & Asbestos Abatement	\$25,000
Infrastructure Improvements	\$25,000
Brownfield & Work Plan Preparation & Implementation	\$30,000
15% Contingency	\$57,750
TOTAL AVAILABLE ELIGIBLE LBRF USES	\$472,750

The DBRA staff now seeks DBRA LBRF Committee recommendation of the approval of the proposed Grant and Loan to the DBRA Board of Directors consistent with the terms noted above.

Mr. Scott asked DBRA Staff for an update on the current balance of the LBRF. Mr. Vosburg stated that there are approximately \$1.6 million available in loan funds, and \$276,766 available in grant funds in the LBRF.

Mr. Scott asked if Ms. Nwaesei could advise if there is anything in the legislation that prohibits the DBRA to provide funding from the LBRF in an amount that is more than 50% of the eligible activities, or if that limit is only provided for in the DBRA's LBRF Guidelines, and if this limit has been waived in the past for other projects that received funding from the LBRF. Ms. Nwaesei stated that that limit is only stated in the DBRA's LBRF Guidelines and does not violate anything in the brownfield legislation. Mr. Vosburg stated that this will be the first project that the DBRA has waived the limit for.

Ms. DeSantis stated that she wanted to commend the Developer for providing residential units with deeper affordability at rental rates between 50-80% AMI, because of its great importance to the community, along with the inclusion of a three-bedroom residential unit, and that it is great there is support for the project from Central Detroit Christian CDC as well as Tyson Gersh.

Mr. Alade provided more information on the Developer's prior development experience in the community and its dedication to the neighborhood, the architectural significance of the Property, and connections with other development projects in the neighborhood.

Ms. McClain stated that she grew up around the area of the project and that she would like to thank Mr. Alade for his investment in the neighborhood and for a great project.

Citing no further discussion, Ms. McClain called for a motion recommending support for Proposed Local Brownfield Revolving Fund Grant and Loan Request for Clairmount Apartments, LLC for 100 Clairmount Project, as presented. The Committee took the following action:

Mr. Scott made a motion recommending support for the Proposed Local Brownfield Revolving Fund Grant and Loan Request for Clairmount Apartments, LLC for 100 Clairmount Project, as presented. Ms. DeSantis seconded the motion. The committee members unanimously recommended approval of the Proposed Local Brownfield Revolving Fund Grant and Loan Request for Clairmount Apartments, LLC for 100 Clairmount Project, as presented.

OTHER

Mr. Vosburg stated that going forward, the Zoom component of DBRA meetings will be set up differently than in the past in order to allow for greater security and control.

PUBLIC COMMENT

None.

ADJOURNMENT

Citing no further business, Ms. McClain called for a motion to adjourn the meeting. Committee members present unanimously approved adjournment at 4:17 PM.