

Detroit CBO in Action: Examples of Tier 1 Projects in Detroit

Herman Kiefer Development, LLC: An adaptive reuse and renovation project of the former Herman Kiefer hospital complex. The project includes the former Hutchins and Crosman School buildings, as well as over 500 residential properties. This Tier 1 project is projected to cost \$143 million for renovations, and is slated to receive \$47.8 million in tax increment financing. In addition, under the Obsolete Property Rehabilitation Act (OPRA), the redevelopment area will be eligible for a property tax freeze for 1-12 years.



Midtown West: this project will convert the former Wigle Recreation Center into a mixed use development with public space attached. The structures will include 335 residential units, 160 of which will be



for sale. 35 of the 175 rental units will be affordable at 80% AMI. The project also will have 8,000 sq.ft. of retail and 1 acre of public open space. The Tier 1 project is projected to cost over \$77 million and receive public subsidies.

PROJECTS CAN “OPT IN” TO THE CBO

Recent projects such as the **Detroit Pistons Performance Facility & Headquarters** and the **Detroit Free Press Rehabilitation Development** do not count as Tier 1 projects. However, the developers have opted to take part in the NAC process.

The **Pistons project** will cost \$32-55 million, and the performance facility, headquarters, and Arena improvements will receive a subsidy of \$34.5 million.

The **Detroit Free Press project** will cost an estimated \$69 million and receive a subsidy of \$7 million in brownfield tax credits.

CBO DEFINITIONS:

City Council Liaison: a City Council appointee who monitors the NAC community engagement process and provides updates to the City Council

Development Agreement: an agreement between the city and developer that sets the terms of public support for a project

Enforcement Committee: a group of four or more city officials who decide whether the developer is in violation of any CBO processes or agreements

Impact Area: the census tracts or block groups that overlap with the area of development, as well as areas identified by the Planning Director

Neighborhood Advisory Council (NAC): a group of nine community members who communicate residents' concerns about a development project to the developer and city officials

How can individual community members get involved?

- Attend public meetings with the NAC and/or city officials to express concerns
- Report potential violations to the NAC and Enforcement Committee

How can organized community groups get involved?

- Become a member of the NAC as a member of an established community organization can help guide the process
- Work with the developer to enter into a voluntary Community Benefits agreement or contract with the community to provide legally binding community benefits. The CBO allows this as long as it does not conflict with the City's interests

LEARN MORE ABOUT
the City of Detroit's Community Benefits Ordinance and Projects:
tinyurl.com/DetroitCBO



www.MetroDetroitD4.org

info@MetroDetroitD4.org



DETROIT'S COMMUNITY BENEFITS ORDINANCE

what it is & how it works



Furthering Equitable Development

In November 2016, Detroiters voted the Community Benefits Ordinance (CBO) into law.

The CBO applies to large development projects that receive public subsidies from the City. Under certain circumstances, developers must negotiate a community engagement process through the City's Planning Department and make recommendations to address the negative effects of a project. Detroit is the first major American city to mandate a community benefits process for publicly subsidized developments.

Which projects fall under the CBO?

The CBO regulates publicly supported developments at two levels.

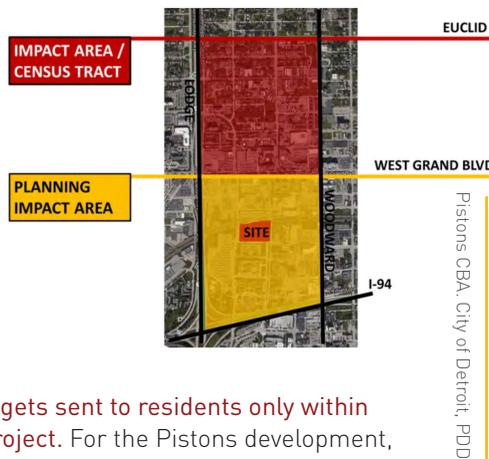
TIER 1 PROJECTS cost \$75 million or more AND receive at least \$1 million in City land or tax abatements. The developer and city officials must complete a community engagement process to hear and address community concerns.

TIER 2 PROJECTS cost between \$3 to \$75 million AND receive \$300,000 or more of City land or tax abatements. Developers of these smaller projects are only required to hire and train Detroit residents and to mitigate the negative effects of the project on the surrounding neighborhood.

IMPACT AREA

Impact Area is the portion of Census Tract(s) or block groups that include the project, as well as any additional areas as determined by the Planning Director.

However, public notice gets sent to residents only within 300 radial feet of the project. For the Pistons development, there were 3,136 people living in the Census Tract, but only 900 people were actually notified of the public meeting.

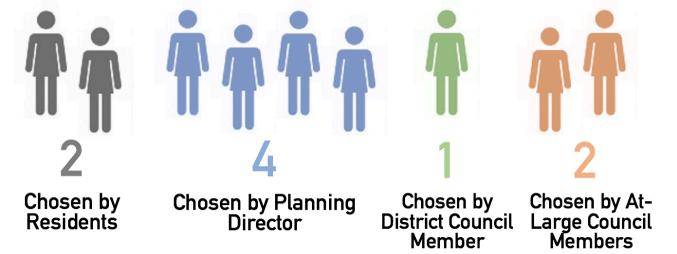


The CBO Process: Neighborhood Advisory Councils

Tier 1 development projects center around the Neighborhood Advisory Council (NAC). NAC members must be over 18 years of age and live within the Impact Area (includes the census tracts or block groups that are a part of the development project and any additional areas determined by the Planning Director.)

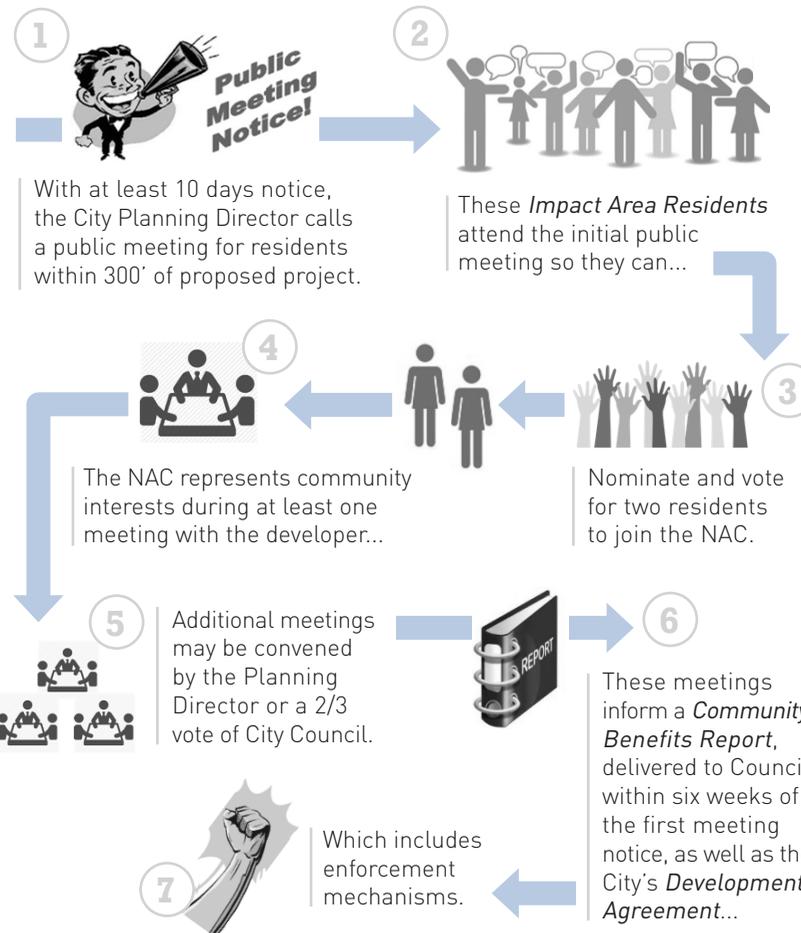
The NAC represents the community by reviewing development plans, sharing concerns, and reporting violations. Any actions taken by the NAC requires a majority vote by all members. The nine members must be residents of the Impact Area and are nominated by its residents.

Neighborhood Advisory Council (NAC) Breakdown:



NOTE: If the Planning Director receives fewer than nine nominations, residents of the Council Districts that overlap with the Impact Area may be nominated.

How Detroit's Community Benefits Ordinance (CBO) Works



The CBO Process: Enforcement Committee

Apart from the NAC process, the Planning Director and developer enter into a **development agreement** regarding land transfers or tax abatements and community concerns.

Under the CBO, it must include a **community benefits provision** that spells out enforcement mechanisms, procedures for community members to report violations to the NAC, and a timeline for the developer to submit Annual Compliance Reports. The Planning Director facilitates at least one meeting a year between the NAC and the developer to discuss the project.

The City selects an **Enforcement Committee** of four officials, responsible for providing bi-annual compliance reports to the City Council and NAC, and for assessing potential violations by the developer.

If the NAC believes the developer violated the Community Benefits Provision, it can submit a written report to the Enforcement Committee. The Enforcement Committee has 21 days to investigate and determine how to respond. If the NAC disagrees with the committee's response, it can send notice to the committee. The Enforcement Committee must respond within 14 days.

If still dissatisfied, the NAC can petition City Council to schedule a hearing. If the City Council chooses to hold a hearing and rules in favor of the community, the Enforcement Committee must submit monthly reports to Council and the NAC regarding compliance and mitigation actions. The City Council will pass a resolution when the developer comes into compliance with the community benefits provision.