

**City of East Lansing**

**Brownfield Redevelopment Plan  
Amendment No. 5**

**For**

**Stonehouse Village I  
601-605 E. Grand River & 106-116 Bailey Street  
East Lansing, Michigan**

**Prepared in Behalf of:**

**Corey Partnership, LLC**

**With the Assistance of:**

**AKT Peerless Environmental Services  
115 West Allegan Street  
Lansing, Michigan 48933  
AKT Peerless Project No. 4576L  
April 20, 2005**

## TABLE OF CONTENTS

<b>1.0 INTRODUCTION.....</b>	<b>1</b>
<b>2.0 DEFINITIONS AS USED IN THIS PLAN .....</b>	<b>2</b>
<b>3.0 BROWNFIELD PROJECT – Stonehouse Village I .....</b>	<b>3</b>
3.1 Description of the Project and Costs to be Paid through the Brownfield Plan (MCL 125.2663(1)(a)) .....	3
3.2 Estimate of Captured Taxable Value and Tax Increment Revenues (MCL 125.2663(1)(b)).....	6
3.3 Method of Financing and Description of Advances by the Municipality MCL 125.2663(1)(c) .....	7
3.4 Maximum Amount of Note or Bonded Indebtedness (MCL 125.2663(1)(d)) .....	7
3.5 Duration of Brownfield Plan (MCL 125.2663(1)(e)) .....	8
3.6 Estimated Impact of Tax Increment Financing on Revenues of Taxing Jurisdictions (MCL 125.2663(1)(f)).....	8
3.7 Legal Description, Property Map and Personal Property (MCL 125.2663(1)(g)).....	8
3.8 Estimates of Residents and Displacement of Families (MCL 125.2663(1)(h)).....	9
3.9 Plan for Relocation of Displaced Persons (MCL 125.2663(1)(I)).....	9
3.10 Provisions for Relocation Costs (MCL 125.2663(1)(j)) .....	9
3.11 Strategy for compliance with michigans relocation assistance law mcl 125.2663(1)(K). 9	9
3.12 Description of Proposed Use of Local Site Remediation Revolving Fund MCL 125.2663(1)(l) .....	9
3.13 Other Material that the authority or governing body considers pertinent.....	9

### **ATTACHMENTS**

ELIGIBLE PROPERTY MAP & LEGAL DESCRIPTION

LOCATION MAP

ASSESSOR’S DETERMINATION

TAX INCREMENT FINANCING TABLES

## PROJECT SUMMARY

<b>Project Name:</b>	Stonehouse Village I
<b>Project Developer:</b>	Corey Partnership, L.L.C.
<b>Project Location:</b>	The eligible property is located at 601-605 E. Grand River Avenue & 106-116 Bailey Street. (Parcel ID Numbers 33-20-02-18-172-008 and 33-20-02-18-172-007)
<b>Type of Eligible Property:</b>	Functionally Obsolete
<b>Eligible Activities:</b>	Site Preparation, Infrastructure, Demolition, Lead and Asbestos Abatement
<b>Reimbursable Costs:</b>	\$583,000
<b>Years to Complete Payback:</b>	14 years
<b>Estimated Eligible Investment:</b>	\$3,600,000
<b>Annual Tax Revenue Before Project:</b>	\$22,846 (based on 12/31/04 taxable value of \$308,800)
<b>Annual Tax Revenue After Project:</b>	\$133,321 (based on estimated value of real and personal property)
<b>Project Overview:</b>	Corey Partnership, LLC, will demolish the existing building on this property and construct a four story mixed used rental/retail development. The development will include 4,575 sq. ft. of commercial/retail space and 27 market rate, one and two bedroom apartments to attract and serve multiple markets downtown. This Brownfield Plan has been created for the purpose of facilitating the clearing and redevelopment of the Property and to allow for the utilization of Tax Increment Financing and application for a State of Michigan Brownfield Redevelopment Single Business Tax Credit.

# **BROWNFIELD PLAN**

**Stonehouse Village I  
601-605 E. Grand River & 106-116 Bailey Street**

**East Lansing  
BROWNFIELD REDEVELOPMENT AUTHORITY**

## **1.0 INTRODUCTION**

The City of East Lansing established the East Lansing Brownfield Redevelopment Authority (the Authority) by adoption of a resolution pursuant to the Brownfield Redevelopment Financing Act, Michigan Public Act 381 of 1996, as amended (Act 381). The Michigan Department of State, Office of the Great Seal, acknowledged receipt and filing of the resolution. The City Commission established the Authority Board and appointed its members. Act 381 authorizes the Authority to undertake all activities allowed by law. The primary purpose of Act 381 is to encourage the redevelopment of contaminated, functionally obsolete, or blighted property by providing economic incentives through tax increment financing for certain eligible activities and Brownfield Redevelopment Single Business Tax Credits.

The Brownfield Plan (Plan) describes qualifying factors that determine “eligible property” status, such as the conditions that qualify a property as a “facility” and “functionally obsolete” that make it a brownfield site. The Plan also describes the new project or development that will occur. Finally, the Plan describes the method or methods used to revitalize the site, including the cost of demolition and installing the infrastructure, and the amount of tax dollars generated by the new development, if any, that will be used to pay for the revitalization. The Plan, once approved by the local unit of government and the Authority, acts as a guide for implementation of the project.

## **2.0 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.

Sections 38d and 38g of the Single Business Tax Act, 1975 Mich. Pub. Acts 228, M.C.L. §§ 208.1 – 208.145, as amended.

Part 201 of the Natural Resources and Environmental Protection Act, 1994 Mich. Pub. Acts 451, M.C.L. § 324.20101 et seq., as amended.

### **3.0 BROWNFIELD PROJECT – STONEHOUSE VILLAGE I**

#### **3.1 DESCRIPTION OF THE PROJECT AND COSTS TO BE PAID THROUGH THE BROWNFIELD PLAN (MCL 125.2663(1)(A))**

##### *A. Stonehouse Village I Project Description*

Public Act 381 of 1996, as amended, defines “Eligible Property” as “property for which eligible activities are defined under a brownfield plan that was used or is currently used for commercial, industrial or residential purposes that is either in a qualified local unit of government and is a facility, functionally obsolete, or blighted, or is not in a qualified local unit of government and is a facility, and includes parcels that are adjacent or contiguous to that property if the development of the adjacent and contiguous parcels is estimated to increase the captured taxable value of that property. Eligible property includes, to the extent included in the brownfield plan, personal property located on the property. Eligible property does not include qualified agricultural property exempt under Section 7ee of the general property tax act, 1983 PA 206, MCL 211.7ee, from the tax levied by a local school district for school operating purposes to the extent provided under Section 1211 of the revised school code, 1976 PA 451, MCL 324.20101.”

The eligible property consists of approximately 0.3 acres located at 601-605 E. Grand River Avenue and 106-116 Bailey Street, City of East Lansing. A legal description of the Property is included in the attachments. A Location Map and a map illustrating the designated eligible property are also provided as in the attachments. The Property contains an empty commercial/retail building that includes two apartments.

Corey Partnership, LLC, intends to construct 27 one and two bedroom apartments in 29,996 square feet of space and 4,575 square feet of commercial/retail space on the property in a four story building after the existing building is demolished. The commercial/retail space will use a portion of the first floor. The overall estimated investment for the development by Corey Partnership is approximately \$3.6 million. Construction is anticipated to begin in fall 2005 and will continue until estimated completion in 2006. This Plan has been created for the purpose of facilitating the redevelopment of the Property, to allow the Authority to utilize Tax Increment Financing (TIF) to reimburse itself, the city, and the Developer for the cost of certain eligible

activities that each entity completes as part of the project, and to allow an appropriate qualified taxpayer to apply for a State of Michigan Brownfield Redevelopment Single Business Tax Credit.

The City of East Lansing has proposed and the developer has made substantial revisions to the original project proposal in the interest of creating a “cool” downtown and to market the development to multiple housing markets including families, couples, young professionals, and others who wish to rent in the downtown and near campus. This will add to the diversity of downtown East Lansing and add economic power to the area. This has lowered the intended density of the project and created a substantial gap between the cost of the project and its projected earnings. This plan is intended to help fill that gap. The City has also proposed providing some assistance through the Downtown Development Authority as described in section 3.2 of this plan.

#### B. Basis of Eligibility (Sec. 13(1)(g) and Sec. 2(1))

The Property is an "eligible property" as defined by Act 381 because it has been previously utilized for a commercial purpose and meets the definition of “functionally obsolete” as defined by Act 381. Under Act 381, “Functionally Obsolete” means that the property is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or superadequacies in design, or other similar factors that affect the property itself or the property’s relationship with other surrounding property.

The property has been inspected by the City of East Lansing Assessor, Bob Johnson, and verified as functionally obsolete. His determinations are attached.

#### C. *Description of Costs to be Paid for With Tax Increment Revenues and Summary of Eligible Activities*

Eligible activities that will likely be conducted by the developer as part of this project include site preparation activities such as engineered fill, sheet pilings, and special foundations to address unstable soil conditions, infrastructure such as water and sewer connections, road repairs and streetscape improvements, and demolition including asbestos and lead paint abatement as necessary. Tax increment revenue generated by the apartment/retail development will be

captured by the Authority and used to reimburse the Authority, the city, and the Developer for the cost of their respective eligible activities completed on the Property. The Plan constitutes a public purpose by providing new housing, commercial/retail activity, tax revenues, and stimulation of the downtown East Lansing economy. The cost of the Eligible Activities is reasonable in light of the resulting benefit and necessity to facilitate redevelopment. The estimated cost of the eligible activities is shown in the table below:

**ESTIMATED COST OF ELIGIBLE ACTIVITIES**

<b>Eligible Activities</b>	<b>Estimated Cost Eligible for School Tax Capture</b>	<b>Estimated Cost Non-School Tax Capture Only</b>
Demolition including asbestos and lead paint abatement as necessary	\$80,000	
Site Preparation including excavation to address poor soil conditions, engineered fill, sheet pilings, and special foundations.	\$300,000	
Infrastructure improvements including water, sanitary sewer, and storm sewer improvements and connections as necessary. Also including road repairs and sidewalk improvements as well as streetscape improvements such as plantings, flag poles, etc.	\$75,000	
Act 381 Work Plan	\$6,000	
General Conditions, Supervision, & Legal		\$55,000
Contingency (10%)		\$53,000
BRA Administration		\$14,000
Sub-Total	461,000	122,000
<b>Total Estimated Cost of Eligible Activities to be Reimbursed using Brownfield TIF</b>		<b>\$583,000</b>

The costs listed in the table above are estimated costs and may increase or decrease depending on the nature and extent of unknown conditions encountered on the Property. If necessary, this Plan may be amended to add or delete eligible activities and the estimated cost of each.



**3.2 ESTIMATE OF CAPTURED TAXABLE VALUE AND TAX INCREMENT REVENUES (MCL 125.2663(1)(B))**

The total estimated cost of the eligible activities to be reimbursed through the capture of tax increment revenue is \$583,000. The Developer will invest approximately \$3.6 million in personal and real property improvements on the Property. Redevelopment of the Property is expected to be completed in 2006 with an estimated incremental taxable value of approximately \$566,250 beginning in 2005 with an additional \$566,250 in 2006 for a total of \$1,132,500. It is estimated that the Authority will capture the tax increment revenues generated by the increase in taxable value that results from redevelopment of the Property for the new residential/commercial development for 14 years.

The total estimated tax increment revenue captured by Authority is detailed in the attached Tax Tables.

**ESTIMATED TAX INCREMENT REVENUE CAPTURED BY THE AUTHORITY**

Over the 14 year life of the Brownfield Redevelopment Plan the tax increment captured will be as follows.

Downtown Development Authority:	\$132,000
<u>Brownfield Redevelopment Authority:</u>	<u>\$583,000</u>
Total:	\$715,000

The captured incremental taxable value and associated tax increment revenue will be based on the actual increased taxable value from all taxable improvements on the Property and the actual millage rates levied by the various taxing jurisdictions during each year of the plan.

**3.3 METHOD OF FINANCING AND DESCRIPTION OF ADVANCES BY THE MUNICIPALITY MCL 125.2663(1)(C)**

The development will be financed through private financing arranged by the developer.

STONEHOUSE VILLAGE I PROJECT

Cost to Build	\$3,600,000
Estimated Cash Value	<u>\$2,265,000</u>
Gap	\$1,335,000
<u>Brownfield Expenses</u>	
Demolition	\$80,000
Site Preparation	\$300,000
Infrastructure	\$75,000
Act 381 Work Plan	\$6,000
General Conditions, Supervision & Legal	\$55,000
BRA Administration	\$14,000
Contingency	<u>\$53,000</u>
Sub-Total	\$583,000
<u>DDA Expenses</u>	
Elevator	\$110,000
DDA Administration	\$10,000
Contingency	<u>\$12,000</u>
Sub-Total	\$132,000
<b>TOTAL TIF Eligible Expenses</b>	<b>\$715,000</b>

**3.4 MAXIMUM AMOUNT OF NOTE OR BONDED INDEBTEDNESS (MCL 125.2663(1)(D))**

**3.5 THE DEVELOPER WILL FINANCE THE COST OF THE DEVELOPMENT THROUGH PRIVATE SOURCES.**

**3.5 DURATION OF BROWNFIELD PLAN (MCL 125.2663(1)(E))**

The Plan will remain in effect for as many years as is required to fully complete the reimbursement of eligible expenses for the project, or 30 years, whichever is less.

**3.6 ESTIMATED IMPACT OF TAX INCREMENT FINANCING ON REVENUES OF TAXING JURISDICTIONS (MCL 125.2663(1)(F))**

The following table presents a summary of the tax increment revenues, generated by the taxing jurisdictions, whose millage is subject to capture by the Authority under this Plan.

**TAXES CAPTURED BY TAXING JURISDICTION  
INCLUDING THE DDA**

<b>Taxing Jurisdiction</b>	<b>DDA</b>	<b>BRA</b>	<b>Total</b>
City of East Lansing	71,494	118,818	190,312
Ingham County	44,589	74,105	118,694
Lansing Community College	15,917	26,453	42,370
Intermediate School District		73,007	73,007
School Operating		217,963	217,963
State Education Tax		72,654	72,654
<b>TOTAL</b>	<b>132,000</b>	<b>583,000</b>	<b>715,000</b>

**3.7 LEGAL DESCRIPTION, PROPERTY MAP AND PERSONAL PROPERTY (MCL 125.2663(1)(G))**

A legal description of the Property, location map, and a boundary drawing of the Property are provided as attachments. The value of Personal Property associated with the new development is included in this Plan for the purpose of calculating incremental taxable value and tax increment revenue. Furthermore, Personal Property is included as part of the Eligible Property, and the value of the Personal Property is considered an eligible investment for the purpose of calculating the amount of the Brownfield Redevelopment Single Business Tax Credit for this project.

**3.8 ESTIMATES OF RESIDENTS AND DISPLACEMENT OF FAMILIES (MCL 125.2663(1)(H))**

No persons reside on the Property to which this Plan applies, and no families will be displaced.

**3.9 PLAN FOR RELOCATION OF DISPLACED PERSONS (MCL 125.2663(1)(I))**

No persons reside on the Property to which this Plan applies, and no families will be displaced.

**3.10 PROVISIONS FOR RELOCATION COSTS (MCL 125.2663(1)(J))**

No persons reside on the Property to which this Plan applies, and no families will be displaced.

**3.11 STRATEGY FOR COMPLIANCE WITH MICHIGANS RELOCATION ASSISTANCE LAW MCL 125.2663(1) (K)**

No persons reside on the Property to which this Plan applies, and, therefore, compliance with Act No. 227 of the Public Acts of 1972, being Sections 213.321 to 213.332 of the Michigan Compiled Laws is not necessary.

**3.12 DESCRIPTION OF PROPOSED USE OF LOCAL SITE REMEDIATION REVOLVING FUND MCL 125.2663(1)(L)**

No tax increment revenue will be deposited in the Authority's Local Site Remediation Revolving Fund as part of this Plan. Any excess funds collected by the Authority during the last year of the plan when costs incurred for eligible activities are fully reimbursed will be returned to the taxing jurisdictions.

**3.13 OTHER MATERIAL THAT THE AUTHORITY OR GOVERNING BODY CONSIDERS PERTINENT**

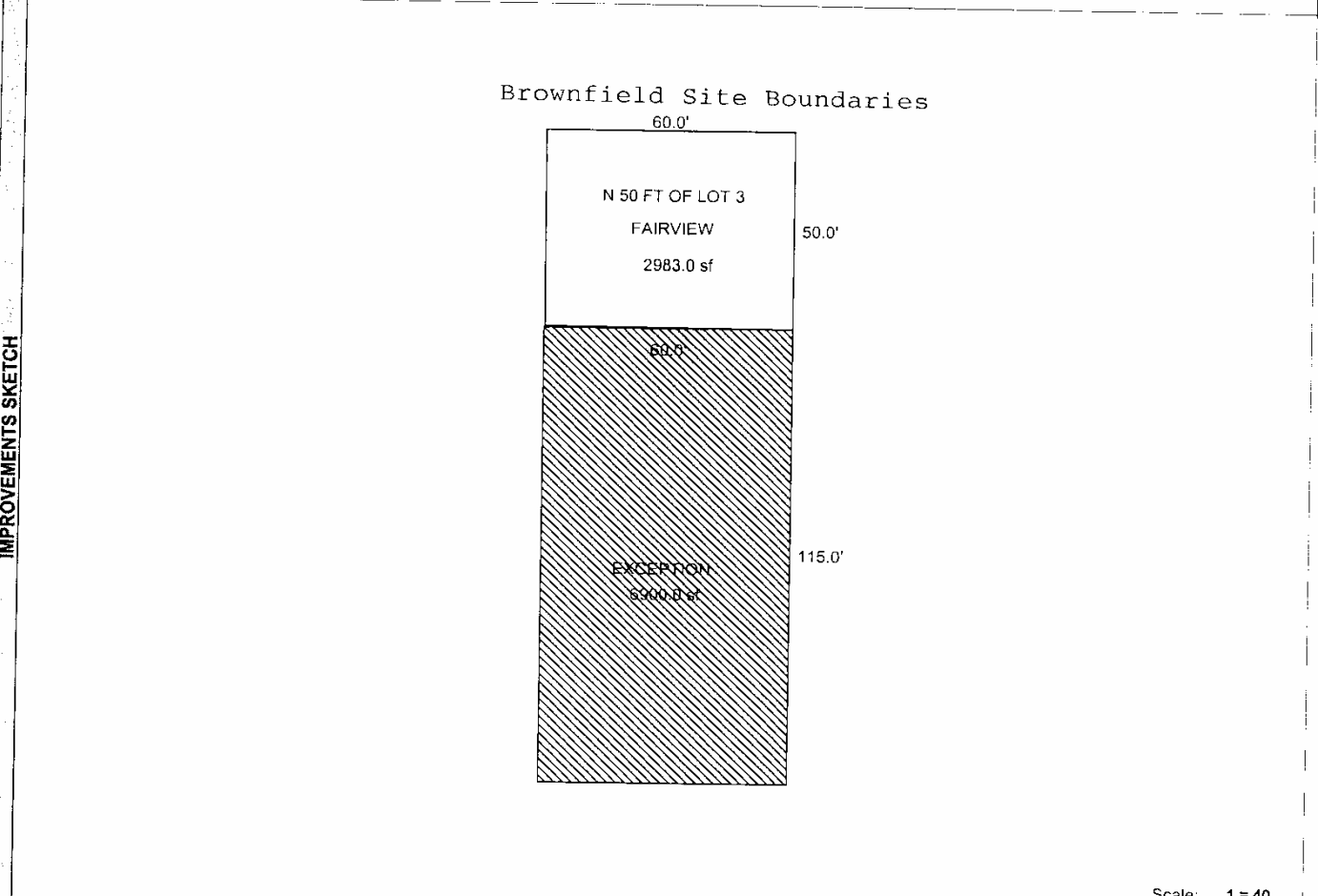
None

## ATTACHMENTS

# SKETCH/AREA TABLE ADDENDUM

File No 33-20-02-18-172-007

SUBJECT	Property Address <b>116 BAILEY ST</b>
	City <b>E LANSING</b> County <b>INGHAM</b> State <b>MI</b> Zip <b>48823</b>
	Owner <b>COREY PARTNERSHIP</b>
	Client
	Appraiser Name



Scale: 1 = 40

SURVEY DESCRIPTION

**Land**  
Beginning at a point of the Tract described by Metes and Bounds as follows:  
 THENCE Due North, a distance of 115.0 Feet;  
 THENCE Due West, a distance of 60.0 Feet;  
 THENCE Due South, a distance of 115.0 Feet;  
 THENCE Due East, a distance of 60.0 Feet to point of beginning;  
 Said tract containing 0.2 acres (6900.0 sqft.) of land, more or less.  
 Perimeter = 350.0 Feet  
 No significant error of closure.

**Land**  
Beginning at a point of the Tract described by Metes and Bounds as follows:  
 THENCE Due North, a distance of 50.0 Feet;  
 THENCE Due West, a distance of 60.0 Feet;  
 THENCE South 0° 15' 48" East, a distance of 49.6 Feet;  
 THENCE South 89° 37' 24" East, a distance of 59.8 Feet to point of beginning;  
 Said tract containing 0.1 acres (2982.5 sqft.) of land, more or less.  
 Perimeter = 219.4 Feet  
 No significant error of closure.

SUBJECT

Property Address 601 E GRAND RIVER AVE -605

City & 106-110 BAILEY ST

County INGHAM

State MI

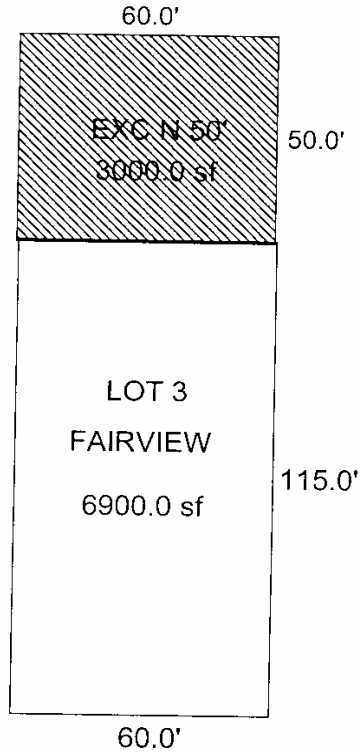
Zip 48823

Owner COREY PARTNERSHIP

Client

Appraiser Name

IMPROVEMENTS SKETCH



Comments:

Land

Beginning at a point of the Tract described by Metes and Bounds as follows:

Scale: 1=40

- THENCE Due North, a distance of 115.0 Feet;
- THENCE Due West, a distance of 60.0 Feet;
- THENCE Due South, a distance of 115.0 Feet;
- THENCE Due East, a distance of 60.0 Feet to point of beginning;

Said tract containing 0.2 acres (6900.0 sqft.) of land, more or less.  
Perimeter = 350.0 Feet

No significant error of closure.

Land

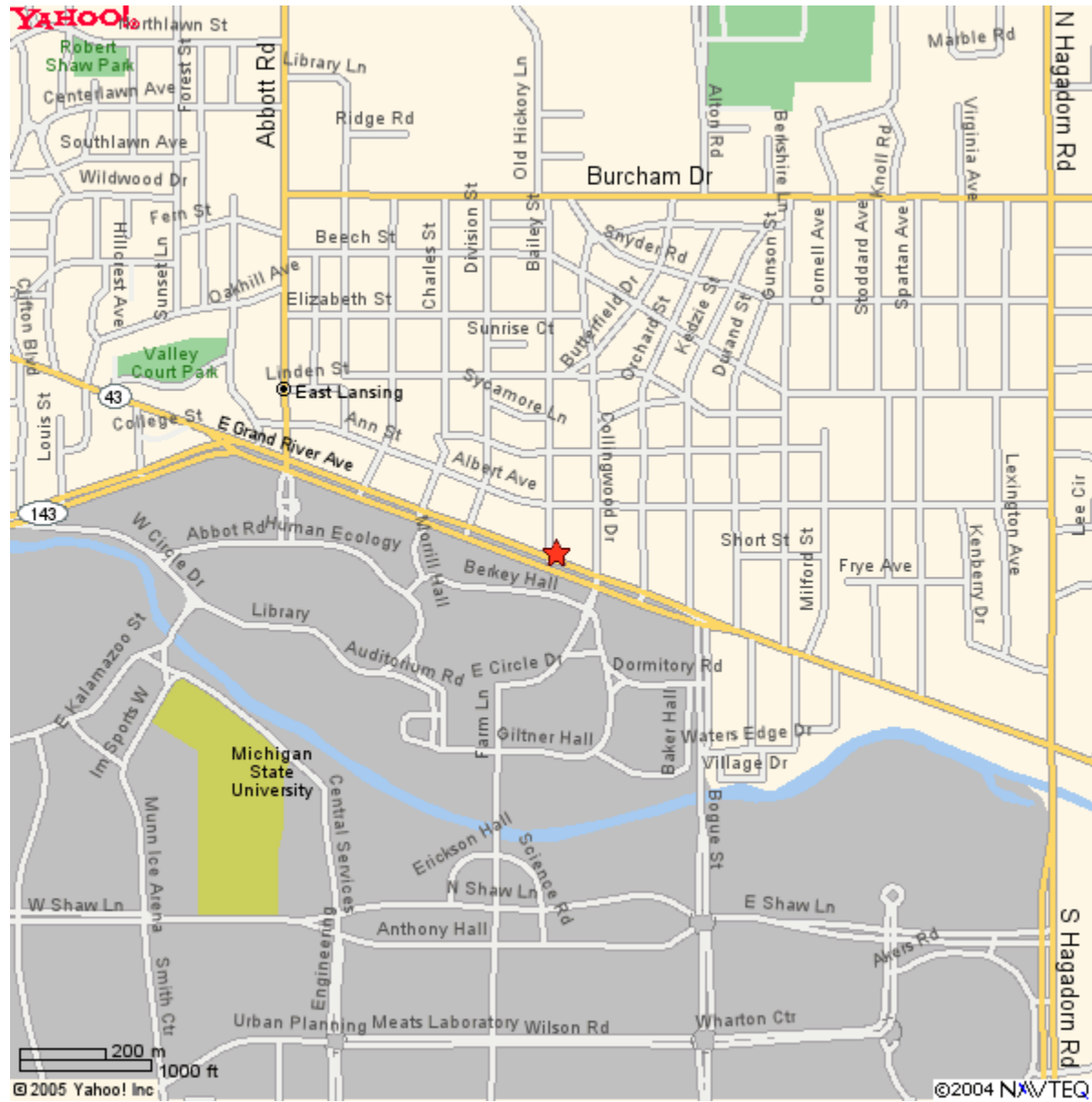
Beginning at a point of the Tract described by Metes and Bounds as follows:

- THENCE Due North, a distance of 50.0 Feet;
- THENCE Due West, a distance of 60.0 Feet;
- THENCE Due South, a distance of 50.0 Feet;
- THENCE Due East, a distance of 60.0 Feet to point of beginning;

Said tract containing 0.1 acres (3000.0 sqft.) of land, more or less.  
Perimeter = 220.0 Feet

OPTION

# Stonehouse Village I



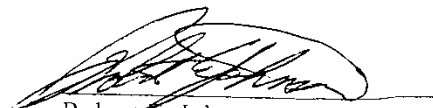


AFFIDAVIT OF ROBERT E. JOHNSON, CMAE IV

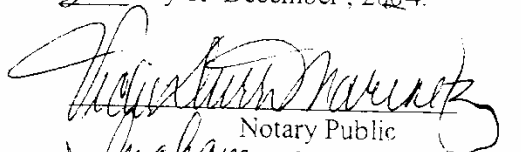
State of Michigan )  
 )  
 ss)  
County of Ingham )

Robert E. Johnson, being duly sworn, deposes and says:

1. I am a level four assessor for the City of East Lansing.
2. In my capacity as the City Assessor, I have reviewed the property located at 601 thru 605 East Grand River Avenue.
3. My research demonstrates that the original portion of the building was constructed in 1937 is of concrete block construction and is two stories high. The building footprint size is 2,464 square feet. The building was constructed by the original owner as an apartment building containing five two bedroom rental units. Three units on the first floor with the remaining two units on the second floor. The building contains load bearing walls separating each apartment unit on the first floor. It should also be noted that the building entry for the apartment units was not at street level but rather as a "walk up" design. The current owner added a single story addition in 1986 containing 974 square feet which would function as retail space. At that time the interior of the first floor of the original building was also converted to retail space. Given the interior load bearing walls the space for each retail area was limited to the original apartment configuration. There are presently no barrier free access bathrooms in any of the retail areas.
4. The design of the original building as an apartment with traditional residential ceiling heights along with the load bearing wall configuration does not lend itself to being easily marketed as either restaurant or retail space. The building at this time is totally vacant.
5. Based upon my knowledge of the property and the type of work needed to make the building viable in the current market it is my opinion as a level four assessor that the entire structure is functionally obsolete and should be razed from the site for future development.
6. I have personal knowledge of the facts set forth above and can competently testify if called as a witness.

  
Robert E. Johnson

Subscribed and sworn to before me this 3rd day of December, 2004.

  
Notary Public  
Ingham County, Michigan  
My commission expires:

VICKI DUFF-MARINEZ  
Notary Public, Ingham County, MI  
My Commission Expires 02/22/2005



<b>TAX INCREMENT REVENUE BY JURISDICTION</b>			
	Mills	% Capture	
SET	6.0000	7.8%	\$50,115
School Operating	18.0000	23.3%	\$150,345
<b>State Sub-Total</b>		<b>31.0%</b>	<b>\$200,460</b>
Ingham Co.	10.7504	19.6%	\$126,532
Lansing CC	3.8375	7.0%	\$45,167
ISD	6.0291	11.0%	\$70,962
East Lansing	17.2370	31.4%	\$202,879
<b>TOTAL CAPTURE</b>			<b>\$646,000</b>