



**DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY  
LBRF COMMITTEE MEETING  
WEDNESDAY, OCTOBER 11, 2023  
4:00 PM**

**COMMITTEE MEMBERS PRESENT:** Pamela McClain  
Maggie DeSantis  
Raymond Scott

**COMMITTEE MEMBERS ABSENT:**

**OTHERS PRESENT:** Eric Dueweke (DBRA Board)  
Jose Lemus (DBRA Board)  
Jennifer Kanalos (DEGC/DBRA)  
Brian Vosburg (DEGC/DBRA)  
Cora Capler (DEGC/DBRA)  
Sierra Spencer (DEGC/DBRA)  
Glen Long (DEGC)  
Rebecca Navin (DEGC)  
Nasri Sobh (DEGC)  
Ronita Coleman (Green Living Solutions)

**CALL TO ORDER**

Committee Chairperson, Ms. McClain, called the meeting to order at 4:01 PM.

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

**GENERAL**

**Minutes of the August 23, 2023 LBRF Committee Meeting:**

Ms. McClain called for a motion to approve the minutes of the August 23, 2023 LBRF Committee meeting.

Ms. DeSantis made a motion to approve the minutes of the August 23, 2023 LBRF Committee meeting. Mr. Scott seconded the motion. The minutes of the August 23, 2023 LBRF Committee meeting were approved.

**Proposed Local Brownfield Revolving Fund Loan Request for Green Living Solutions for 11601 Linwood Project**

Mr. Vosburg presented the Proposed Local Brownfield Revolving Fund Loan Request for Green Living Solutions for 11601 Linwood Project to the LBRF Committee.

Green Living Solutions, a Michigan non-profit corporation, (the "Developer") is a Detroit headquartered real estate development firm led by Ronita Coleman. The Developer is seeking to redevelop a vacant 3 story, 11,000 square foot mixed-use apartment building on a single parcel of land in the City of Detroit located at 11601 Linwood Street into a 13-unit apartment building with ground floor commercial space (the "Project") with an estimated Project cost of approximately \$2.27 Million. The residential portion of the Project will

include a mix of 1 bedroom and 2-bedroom units with rents set for tenants with a gross income equaling 60% or less of the Area Median Income.

In furtherance of the Project, the Developer has received grant funds from the Michigan State Housing Development Authority (“MSHDA”) Missing Middle program in the amount of \$975,000 (“MSHDA Funds”) and has applied for a Michigan Economic Development Corporation (“MEDC”) Build MI Community Grant in the amount of up to \$250,000 (the “MEDC Grant”). The Developer has also received approval for loan funding from the Local Initiatives Support Corporation (“LISC”) as follows: a construction loan in the amount of \$750,000, a bridge loan of \$975,000 for the MSDHA Funds, and, if the MEDC Grant is awarded, a bridge loan of up to \$250,000 for the MEDC Grant. Additionally, the Developer has contributed approximately \$176,000 in equity towards the acquisition and securitization of the property and is also seeking approval of an Obsolete Property Rehabilitation Act (the “OPRA”) tax abatement for the Project. Notwithstanding the aforementioned confirmed funding sources for the Project, there is still a gap of \$350,000 in the funding for the Project.

The Developer is seeking a loan in the amount of up to \$350,000 (the “Loan”) from the DBRA’s Local Brownfield Revolving Fund (the “LBRF”) to complete the Project financing. If the Developer is successful in obtaining the MEDC Grant, the DBRA will reduce its Loan by the actual amount of the MEDC Grant.

The Loan proceeds will be used by the Developer to fund “eligible activities” as permitted by Act 381 of 1996, as amended (“Act 381”). Act 381 permits the DBRA to utilize LBRF funds for eligible activities on property that qualifies as “eligible property” under Act 381, regardless of whether the property is included in a brownfield plan; however, the DBRA LBRF Guidelines state that an applicant must have an approved Reimbursement Agreement in connection with an approved brownfield plan in order to receive LBRF funds. DBRA staff has reviewed the projected brownfield tax increment financing (“TIF”) available for the Project during the OPRA abatement and concluded that the small annual amount of projected TIF capture does not provide a meaningful benefit to the Project or a meaningful source of collateral to the DBRA. As a result, the Developer has requested that the DBRA consider a variance from the aforementioned policy requiring a Reimbursement Agreement given the low value of a brownfield plan compared to the costs to obtain an approved brownfield plan. Given the deep affordability of the rental units being provided, sufficient cashflow to repay the Loan, the offering of 2-bedroom units for families within the neighborhood, the rehabilitation of a severely deteriorated building, and the Project’s location well outside of the Downtown and Midtown neighborhoods, DBRA staff supports and recommends waiving the DBRA’s Reimbursement Agreement requirement for this Loan. Furthermore, this Project brings back to life a highly visible and architecturally noteworthy vacant apartment building at the corner of Linwood and Burlingame in the Dexter-Linwood neighborhood and is projected to create 15 construction jobs and 1 full-time permanent job.

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

<b>Grantee/Borrower Name:</b>	Green Living Solutions
<b>Grantee/Borrower Location:</b>	11601 Linwood Street, Detroit MI 48206
<b>Request:</b>	Loan: Up to \$350,000. To be reduced by the actual amount of the MEDC Grant, if awarded.
<b>Fee:</b>	1% of the Loan amount due at application.
<b>Interest Rate:</b>	4% per annum
<b>Loan Term:</b>	5 years
<b>Loan Repayment:</b>	No payment in year 1. Interest-only payments for years 2 and 3. Full principal and interest payments for years 4 and 5. Balloon payment at end of term.
<b>Loan Security:</b>	Subordinate mortgage lien position to senior lender, LISC.
<b>Loan Guaranty:</b>	Personal Guaranty of Ronita Coleman.
<b>Eligible Uses:</b>	Eligible activities identified in the LBRF Application including environmental studies & investigation, demolition, lead & asbestos abatement, and infrastructure improvements.

**Disbursement:**

Developer will first make an equity contribution of at least 7% of total Project costs before Loan funds are disbursed. DBRA will disburse Loan funds no more frequently than on a monthly basis for the Developer's requested LBRF eligible expenses.

**Conditions:**

(i) Satisfactory review and acceptance of standard due diligence items; (ii) Binding commitments for construction loan(s), bridge loan(s) and grant(s) necessary for the completion of the Project; (iii) Evidence of minimum 7% equity investment for the Project prior to Loan funding; (iv) Developer shall have received approval of the OPRA tax abatement by Detroit City Council; (v) Developer will provide itemized schedule and use of funds; and (vi) Execution of mutually acceptable loan documents.

<b>TOTAL SOURCES</b>		
<b>Senior Debt</b>		
LISC Construction Loan	\$750,980	33.00%
LISC Missing Middle Bridge Loan	\$975,000	42.84%
DBRA LBRF Loan	\$350,000	10.98%
<b>Subordinate Debt/Grants</b>		
MEDC Build MI Community Grant ( <i>if awarded</i> )	\$250,000	
LISC Build MI Community Bridge Loan ( <i>if grant is awarded</i> )	\$250,000	
MSHDA Missing Middle Grant ( <i>granted at completion of successful lease up</i> )	\$975,000	
<b>Deferred Fees/Cash Equity</b>		
Land/Building Contribution Owner	\$176,500	7.75%
Cash Equity Owner	\$23,500	1.03%
<b>TOTAL DEVELOPMENT SOURCES</b>	<b>\$2,275,980</b>	<b>100.0%</b>

<b>ELIGIBLE USES OF \$350,000 LBRF LOAN FUNDS</b>	
<b>Eligible Costs</b>	
Environmental Studies & Investigations	\$38,350
Environmental Remediation	\$50,000
Lead, Asbestos & Lead Abatement	\$64,640
Demolition	\$110,590
Infrastructure Improvements	\$21,180
15% Contingency	\$52,500
<b>TOTAL AVAILABLE ELIGIBLE LBRF USES</b>	<b>\$402,500</b>

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

Ms. Coleman provided more information about Green Living Solutions, its goal of sustainable and attainable housing in the City, and the redevelopment plans for the Property.

Ms. DeSantis commended Ms. Coleman for taking on a project that has a complicated financing structure to get the project accomplished and asked if there will not be a brownfield plan pursued for the project, how the property qualifies for funds from the LBRF. Mr. Vosburg stated that DBRA Staff will be reviewing the

monthly construction draws to make sure the activities that are being funded through the LBRF loan are Eligible Activities under Act 381.

Ms. DeSantis asked for clarification on how much is being requested for the LBRF loan. Mr. Vosburg stated that the DBRA Board is being asked to approve a loan amount not to exceed \$350,000 and that amount may be reduced if the project received grant funding from the Michigan Economic Development Corporation.

Mr. Scott asked how the loan would be repaid if there will not be any TIF generated by the project through a brownfield plan. Mr. Vosburg stated that the loan repayment terms will be dependent on the cash flow for the project.

Mr. Scott asked at what point the amount for the LBRF loan will be determined. Mr. Vosburg stated that once all sources of financing are solidified and ready to close, the LBRF loan would be part of the closing for all other funding sources for the project.

Ms. DeSantis asked for clarification on what the collateral would be for the LBRF loan. Mr. Vosburg stated that the DBRA would have a secondary lien position on the title of the Property and the details of that would be worked out with LISC once the amount of the LBRF loan is determined.

Citing no further discussion, Ms. McClain called for a motion recommending support for the Proposed Local Brownfield Revolving Fund Loan Request for Green Living Solutions for 11601 Linwood Project, as presented. The Committee took the following action:

Ms. DeSantis made a motion recommending support for the Proposed Local Brownfield Revolving Fund Loan Request for Green Living Solutions for 11601 Linwood Project, as presented. Mr. Scott seconded the motion. The committee members unanimously recommended approval of the Proposed Local Brownfield Revolving Fund Loan Request for Green Living Solutions for 11601 Linwood Project, as presented.

#### **OTHER**

None.

#### **PUBLIC COMMENT**

None.

#### **ADJOURNMENT**

Citing no further business, Ms. McClain called for a motion to adjourn the meeting. Ms. DeSantis made a motion to adjourn the meeting. Mr. Scott seconded the motion. Committee members present unanimously approved adjournment at 4:23 PM.