



City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS

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Legislative File No: 2018-0130

TO: Mayor and City Council Members

FROM: Sara Roediger, Director of Planning & Economic Development, ext. 2573

DATE: April 13, 2018

SUBJECT: Request for Approval of a Brownfield Plan for Legacy Rochester Hills, City File No. 17-043, 28 acres located at the northeast corner of Hamlin and Adams Roads

REQUEST:

Approval of the proposed Brownfield Plan dated April 9, 2018 for Legacy Rochester Hills, landfill property located on 28 acres at the northeast corner of Hamlin and Adams, zoned by consent judgment. A 368-unit multiple-family development is proposed for the site.

BACKGROUND:

The Plan includes two parcels located on the northeast corner of Hamlin and Adams Roads, identified as the West Parcel at 18.9 acres and the East parcel at approximately 9.3 acres. The East parcel has been known as the former Christianson-Adams Landfill. The residential component of the project will redevelop all of the West Parcel and approximately half of the East Parcel (Parcel A). The remaining eastern half of the East Parcel is referred to as Parcel B. Parcel B will be maintained as natural open space with a small portion near Hamlin Rd next to Innovation Hills Park being developed with an outdoor exercise equipment area for use by the general public.

The total estimated investment is \$48 million. The initial taxable value is \$37,440 and the future taxable value based on discussions with the City's Assessor and Finance Department is \$19,750,000. The Plan will start capture in 2020 and require an estimated 18 years for reimbursement to the developer totaling \$13,419,587, which includes eligible activity costs, contingency, and a 5% interest cost. Please refer to the letter from Tom Wackerman of ASTI Environmental dated April 12, 2018 for details of the eligible activities and remediation. Mr. Wackerman has determined that the plan is administratively complete and ready for review by City Council.

In accordance with Act 381 of 1996, the Brownfield Redevelopment Financing Act the City's Brownfield Redevelopment Authority (BRA) is authorized to review and make a recommendation regarding the Brownfield Plan. At its March 6, 2018 meeting the Brownfield Redevelopment Authority approved the Brownfield Plan for Legacy Rochester Hills. Subsequent to that meeting, it was determined that there were some deficiencies identified and additional information was needed for review as specified in the City's Brownfield Incentives Policy which included an updated five year Internal Rate of Return (IRR) for the project and an explanation by the applicant for the need for the interest to cover a financing gap for the project. The applicant has provided the supplemental information, and the Brownfield Redevelopment Authority once again approved the Brownfield Plan for Legacy Rochester Hills at their April 10, 2018 meeting. Note that in accordance with the Brownfield Incentives Policy, the BRA found that the applicant has demonstrated that the proposed project requires a 5% interest capture to succeed. Furthermore, that the extreme circumstances associated with this site's history and the desire to use this site for residential purposes have

increased the cost of environmental cleanup. Therefore, the BRA found that the requested interest cost is considered an eligible and appropriate activity in this case.

In addition to the supplemental information, the applicant has submitted a draft Act 381 Work Plan, which has also been reviewed by ASTI Environmental. Please refer to the ASTI review letter dated April 12, 2018 for details. There were six items identified in the review that require additional information, and upon their submission and satisfactory review the plan can be deemed administratively complete, and if the City finds that it is consistent with an approved Brownfield Plan and consent judgment, it will be ready for submittal to the to the MDEQ for review and approval. There is not an action requested by City Council for this item, however the information has been provided to the Council to help illustrate the details of the environmental cleanup activities and the Act 381 Work Plan will ultimately be approved by the MDEQ.

The Brownfield Act also requires that a public hearing be held prior to considering the request for approval of a Brownfield Plan. Council set the public hearing at its March 12, 2018 meeting for March 26, 2018, and all appropriate notifications were provided.

Representatives from the Goldberg Company, City staff, consultants and attorney will be available at the meeting to discuss the proposed brownfield plan and to answer any questions.

RECOMMENDATION:

Staff, the Brownfield Redevelopment Authority and the City's environmental consultant, ASTI Environmental, recommend approval of the Brownfield Plan dated April 9, 2018 for the Legacy Rochester Hills project.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
Deputy City Clerk		