



# Detroit Water and Sewerage Department

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## Legislation Text

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**File #:** 18-0177, **Version:** 1

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The Board of Water Commissioners for the City of Detroit Water and Sewerage Department (DWSD), authorizes the Director to **execute on behalf of the DWSD the Development Agreement between City of Detroit Housing & Revitalization Department (HRD), DWSD, and Douglass Acquisition Company LLC (DAC), regarding an Affordable Housing Agreement between HRD and Bedrock Management Services LLC, of which DAC is an affiliate, to provide for the construction of affordable housing units at the former Frederick Douglass public housing site (Douglass Site), on the following conditions outlined in the motion**, and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

### Agenda of August 15, 2018

**Item No.:** 18-0177

**Amount:** N/A

**TO:** The Honorable  
Board of Water Commissioners  
City of Detroit, Michigan

**FROM:** Gary A Brown, Director  
Detroit Water and Sewerage Department

**RE:** **Approval of Development Agreement between City of Detroit Housing & Revitalization Department, Detroit Water & Sewerage Department and Douglass Acquisition Company LLC**

### MOTION

Upon recommendation of Gary A Brown, Director of the Detroit Water and Sewerage Department (DWSD), the City of Detroit Board of Water Commissioners:

A. Authorizes the Director to execute on behalf of the DWSD the Development Agreement between City of Detroit Housing & Revitalization Department (HRD), DWSD, and Douglass Acquisition Company LLC (DAC), regarding an Affordable Housing Agreement between HRD and Bedrock Management Services LLC, of which DAC is an affiliate, to provide for the construction of affordable housing units at the former Frederick

Douglass public housing site (Douglass Site), on the following conditions:

1.) DWSD will support infrastructure improvements at the site in the public right of way and that remove stormwater from the City's combined sewer overflow system to produce the following benefits: (a) reduce the volume of flow requiring expensive treatment before discharge into the Detroit River, (b) help lower drainage charge rates for all customers; and (c) keep DWSD in compliance with NPDES Permit obligations;

2.) DWSD's contribution to the project does not exceed One Million, Two Hundred Thousand Dollars (\$1,200,000.00); and

3.) DWSD approves all engineering designs for stormwater management at the Douglass Site.

B. Authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

## **BACKGROUND**

The Detroit Housing Commission ("DHC") recently entered into a purchase agreement for sale of the former Frederick Douglass public housing site ("Douglass Site") to the Douglass Acquisition Company LLC ("DAC") for \$23M. The Douglass Site, comprised of roughly 22 acres of vacant land near the southern end of Brush Park in the City of Detroit, has not had residents living at the site since 2008. DAC intends to develop the entire Douglass Site into several mixed-income residential projects providing over 800 units, along with construction of various other commercial, retail and public space components. Total development costs are expected to exceed \$300M.

In 2017, the Housing and Revitalization Department ("HRD") entered into an Affordable Housing Agreement ("AH Agreement") with Bedrock Management Services LLC ("Bedrock"), of which DAC is an affiliate, to provide for the construction of affordable housing units in the event the City supports Bedrock residential development with a financial incentive. HRD recognizes that the Douglass Site will require significant public road and utility infrastructure, pre-development, housing construction, site prep work and park construction ("Improvements") to become a viable project in the City. Additionally, HRD believes that the proposed development at the Douglass Site poses an opportunity to create new affordable residential units in the City of Detroit. DWSD believes the proposed development offers an opportunity to construct infrastructure that will reduce the amount of stormwater that flows into the city's combined sewer overflow system.

In support of the Improvements and creation of new affordable units at the Douglass Site, HRD has partnered with the Water & Sewerage Department ("DWSD") to make \$10.2M in funding available to DAC through the attached Development Agreement. Pursuant to the proposed Development Agreement, HRD would make Federal HOME (\$6M) and CDBG (\$3M) funds available to DAC, along with \$1.2M from DWSD, to support DAC's construction of the Improvements and a commitment that 156 units or 25% of the total rental units at the Douglass Site be affordable units for a period of 30 years under the terms of the AH Agreement.

## **JUSTIFICATION**

The Great Lakes Water Authority (GLWA) is responsible for managing facilities and programs to prevent untreated combined sewer overflows, or CSOs into the Detroit River. To help prevent overflows and avoid expensive investments to construct additional Combined Sewerage Overflow facilities, DWSD is working to reduce the amount of stormwater that enters the combined sewer system through investments in Green Stormwater Infrastructure (GSI) practices. Further, DWSD and GLWA are co-permit holders on a National Pollutant Discharge Elimination System (NPDES) MS4 permit, which requires DWSD to develop and implement a stormwater management program (SWMP) for Detroit. Investment in the Douglass Site will help DWSD achieve these objectives.

For the reasons stated above, we respectfully request approval of this motion.

## **BUDGET IMPACT**

Capital Improvement Program funds will be utilized for this project, which does not adversely impact DWSD's ability to perform its current and proposed financial or CIP plans.

## **COMMITTEE REVIEW**

This item is being presented to the Capital Improvement Plan Committee for recommendation to the entire Board of Water Commissioners.