



# Eastern Market Community Coalition

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# Table of Contents

Overview	3
History	4
Area Demographics	5
Community Benefits Agreement	6-7
Site Plan + Program	8
Uses	9
Timeline	10
Pro Forma   Revenue	11
Pro Forma   Expenses	12
Pro Forma   Uses	13
Pro Forma   Sources	14
Additional Programs + Incentives	15
Partnerships	16-17
Precedents	18-19
Benefits to the Area	20-21
Community Benefits Contributions	22

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# Overview

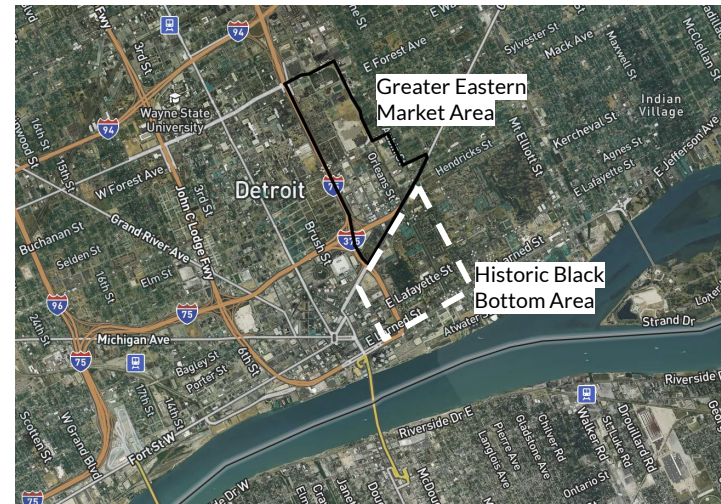
This proposal for 1923 Division builds upon Eastern Market's **legacy as a food hub** for the city of Detroit. It introduces **new mixed-income housing to the area, commercial and office space, and equitable food-focused local businesses**. A concealed parking deck and public green space provide infrastructure and reinforce the Dequindre Cut as a vital community asset. This project utilizes funding opportunities such as LIHTC, the Affordable Housing Leverage Fund, and Healthy Food Financing Initiative to increase feasibility.

The development provides **sustainable food access and workforce development** through retail and a full-service restaurant as well as **increased affordable housing** options within a predominantly commercial neighborhood. These initiatives can collaborate with existing community partners such as local urban farmers, Eastern Market Corp., ROC United, and local food entrepreneurs to meaningfully activate the site.



# History

- Eastern Market has served as a **food hub for the city, the region, and the state** since the end of WWII. It is the largest historic public market in the United States and holds over 150 unique vendors.
- The greater Eastern Market area directly abuts the former Black Bottom area, a **thriving African American community** that was razed by the City in the urban renewal area. It was a **hub of Black culture and commerce** for the city and the region.
- New development in this area should **build on these unique contexts**.

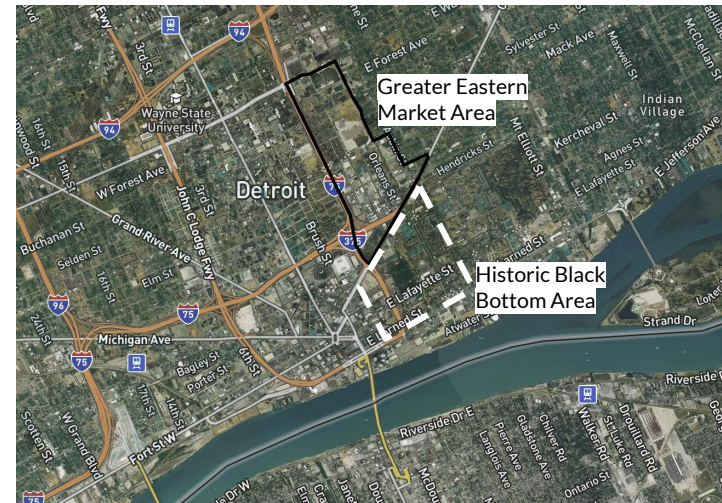


# Area Demographics

## Eastern Market Area (Census Tract 5189)

- **1,869** residents with a median age of **36** years, **96%** identifying as **Black or African American**
- **56.9%** of residents living at or below the **federal poverty guideline**, with Detroit-wide **median income of \$34K/hh\***
- Average of **2.2 people** per household
- **50.9%** of all units with householder **living alone**
- **53.6%** of all households with one or more people **age 60+**
- **17.67%** of households with **children < 18 years old**

New development in this area should ensure it serves both the existing area and city residents.



\*Median HH income based on 2019 ACS 1-year estimates for City of Detroit, all other based on 2018 ACS 5-year estimates for Census Tract 5189



# Community Benefits Agreement

While the City of Detroit's Planning Department defines this project's impact area, we recognize the need to **balance the scope of this project between the immediate impact area and broader city-wide assets and challenges.**

This CBA reflects both the Eastern Market neighborhood - in its focus on food and agriculture, the lack of residential units, and the site's history as a hub of Black culture and commerce - and the city of Detroit - through its general need for affordable housing, its unique policy and programming opportunities, and its demographic makeup as a majority Black city.

**This CBA aims to address and promote the unique context of both Eastern Market and Detroit as a whole within this development.**



# Community Benefits Agreement

- Community liaison hire (selected by community group) for development team during construction period and 4 years after construction to ensure community benefits are implemented and facilitate ongoing community engagement
- 60% of residential units affordable to average 50% AMI
- Food-related businesses must comprise at least 50% of commercial space; at least 75% of vendors must be Detroit-based; percentage of vendor businesses owned by people of color must reflect overall city population demographics within 10% range
- Creation of public access to Dequindre Cut through the site
- Compliance monitoring and support with non-compliance from Office of Civil Rights, Inclusion, & Opportunity and enforceable penalties for non-compliance
- Minimum 50% Detroit-based construction contracts
- 5% of commercial profit to be paid to Detroit Black Farmer Land Fund over 5-year period, to promote Black-owned agriculture in the city
- 5% of residential profit to be paid to Detroit Affordable Housing Fund over 5-year period
- Hire local Black artists to collaborate on exterior and interior design and mural artwork

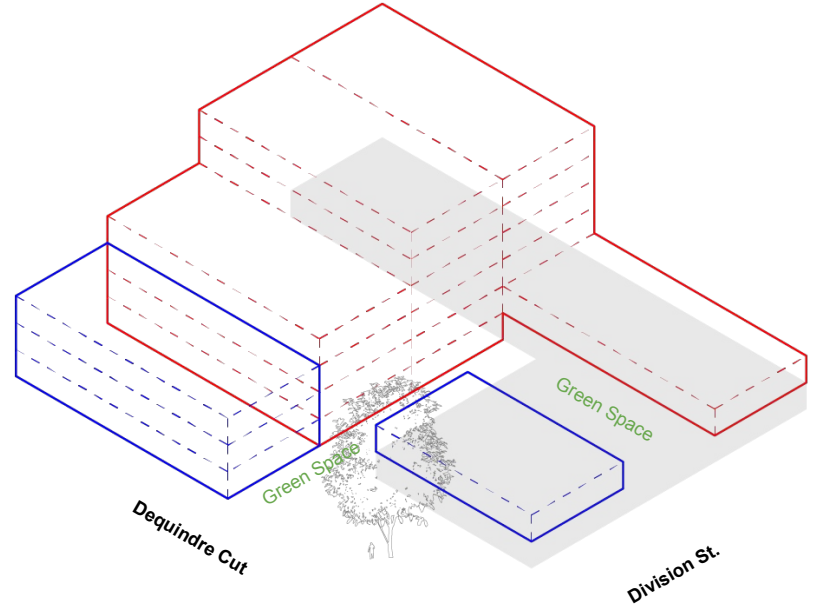
# Site Plan + Program

## Site

Parcel	41,950 SF
Zoning	MKT
Stories	6
FAR	~350%

## Program

108	Residential	78,600 SF
	Commercial + Office	22,500 SF
	Green Space + Public Access	10,480 SF
104	Parking	31,200 SF
	<b>Total GSF</b>	<b>141,480 SF</b>





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# Uses

## Mixed-Income Multifamily Residential

- 64 affordable units
- 36 studio, 54 one-bed, 18 two-bed units

## Commercial and Office

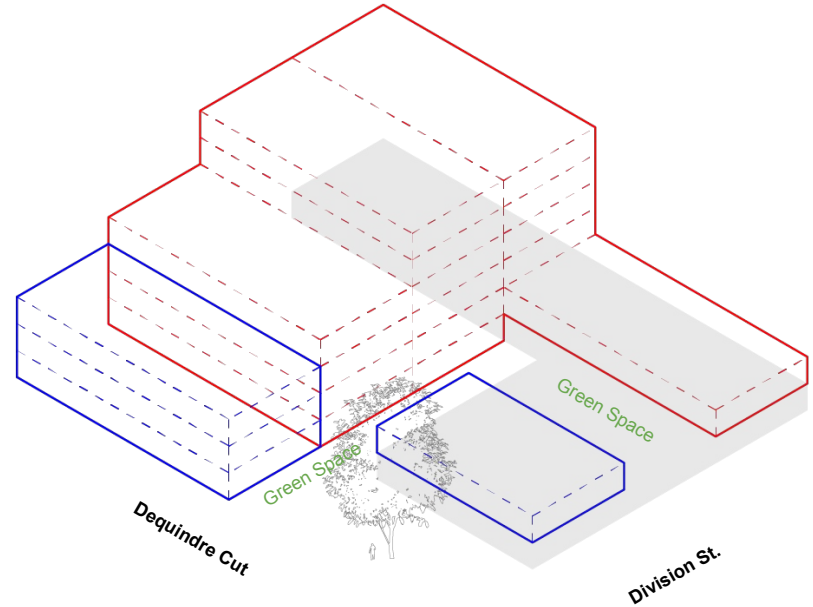
- Office/incubator space
- Full service restaurant
- Grocery store

## Green Space + Public Access

- Outdoor seating/community space
- Connection from Division to Dequindre Cut
- Green stormwater infrastructure

## Parking

- Underground Parking Deck



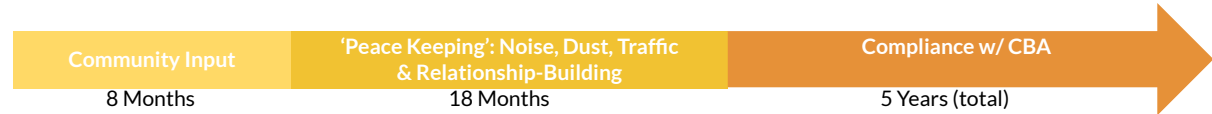


# Timeline

## Development



## Community Liaison & Engagement



-Gathering design input from community, including exterior mural  
-Sourcing community input and suggestions for commercial and retail uses

-Building connections with local agricultural and food businesses  
-Conducting community outreach for potential residential tenants, partnering with other housing assistance programs  
-Working with local artists on murals/design work

-Ensuring compliance with CBA  
-Conducting ongoing engagement with local food and agriculture community members  
-Managing grants and programs that garnered philanthropic funding

# Pro Forma | Revenue

## Unit Mix

### Market-Rate (41%)

	<u>Type</u>	<u>Size</u>	<u>Monthly Rent</u>
16	Studio	500 SF	\$1,000
20	1-BR	750 SF	\$1,500
8	2-BR	1,000 SF	\$2,000
44	TOTAL		

### Affordable (59%)

	<u>Type</u>	<u>Size</u>	<u>Monthly Rent</u>	<u>AMIs</u>
20	Studio	500 SF	\$401, \$668	30, 50%
34	1-BR	750 SF	\$429, \$716, \$1,146	30, 50, 80%
10	2-BR	1,000 SF	\$515, \$858, \$1,374	30, 50, 80%
64	TOTAL		Average AMI	50%

### Commercial

<u>#</u>	<u>Size</u>	<u>Rent/SF/Yr</u>
	22,500 SF	\$19

### Parking

	<u>Size/Unit</u>	<u>Monthly</u>
104	300 SF	\$25

## Annual Effective Gross Income

@ 7.5% Vacancy **\$ 1,633,529**

# Pro Forma | Expenses

## Unit Mix

<u>Item</u>	<u>Calculation</u>	<u>Annual Expense</u>
Management Fee	5% Revenue	\$82,000
Marketing	\$250 /Month	\$3,000
Utilities	\$3,000 /Month	\$36,000
Maintenance & Grounds	\$2,000 /Month	\$24,000
Residential Operations	\$500 /Unit	\$54,000
General Operations	\$2.5% Revenue	\$41,000
Property Insurance	-	\$80,000
Real Estate Taxes	69.9 Mils	\$720,000
Replacement Reserve	\$1,000 /Unit	\$118,000
<b>TOTAL</b>		<b>\$1,157,000</b>

## Revenue + Expense Overview

Effective Gross Income	\$ 1,633,529
Operating Expenses	\$1,157,000
Net Operating Income	\$ 476,000

# Pro Forma | Uses

## Hard Costs

<u>Item</u>	<u>Calculation</u>	<u>Subtotal</u>
Site Work	\$15 /SF	\$629,000
Landscaping + Grounds	\$25 /SF	\$262,000
Building		
Residential	\$160 /SF	\$12,240,000
Commercial	\$100 /SF	\$2,250,000
Parking	\$50 /SF	\$1,560,000
General Requirements	\$15,500 /Month	\$217,000
Builder's Overhead + Profit	10.5% Project Cost	\$1,779,000
Contingency	7.5% Project Cost	\$1,271,000
<b>TOTAL CONSTRUCTION CONTRACT</b>		<b>\$20,210,000</b>

## Soft Costs

<u>Item</u>	<u>Calculation</u>	<u>Subtotal</u>
Architectural + Engineering	10% Project Cost	\$950,000
Legal + Accounting	-	\$250,000
Community Outreach Coordinator	-	\$66,000
Construction Loan Costs	-	\$844,000
<b>TOTAL SOFT COSTS</b>		<b>\$3,236,000</b>

## Uses Overview

Hard Costs	\$20,210,000
Soft Costs	\$3,236,000
<b>Total Project Cost</b>	<b>\$23,444,000</b>

# Pro Forma | Sources

## Hard Costs

<u>Item</u>	<u>Calculation</u>	<u>Subtotal</u>
Bank Loan	80% LTV	\$4,928,000
LIHTC Equity	9% Program	\$7,181,000
Brownfield TIF	-	\$2,750,000
Additional Programs + Incentives*		\$9,146,000
<b>TOTAL</b>		<b>\$23,444,000</b>

## Uses Overview

<b>Project Uses</b>	<b>(\$23,444,000)</b>
<b>Project Sources</b>	<b>\$23,444,000</b>

## Cash Flow Overview

NOI	\$ 476,000
Debt Service	(\$ 218,300)
Annual Cash Flow	\$258,000

## Annual CBA Distributions

68% | Residential @5% \$8,775\*\*  
32% | Commercial @5% \$4,130\*\*\*

\*\*Annual funds generated for  
Affordable Housing Leverage Fund, per CBA

\*\*\*Annual funds generated for  
Detroit Black Farmer Land Fund, per CBA

\*= For detail calculations on Additional Programs + Incentives, see next page.



# Additional Programs + Incentives

## Commercial Costs

- New Market Tax Credits \$1.4M
- Michigan Good Food Fund \$1.0M
- Healthy Food Financing Initiative \$200K

## Residential Costs

- Affordable Housing Leverage Fund (AHLF) \$2.0M
- Detroit Housing for the Future Fund \$1.0M
- MEDC Community Revitalization Program \$2.0M
- MSHDA Gap Financing \$1.0M
- Federal Home Loan Bank of Indianapolis \$500K
- Social Impact Financing from Quicken Loans Community Fund \$300K



# Partnerships

## Public

- City of Detroit
- Michigan State Housing Development Authority (MSHDA)
- Michigan Economic Development Corp. (MEDC)

## Non-Profit

- Eastern Market Corporation
- Detroit Black Community Food Security Network
- Restaurant Opportunity Centers United
- Detroit Economic Growth Corp. (DEGC)





# Partnerships

## Financial

- Huntington Bank (formerly Chemical, TCF), One Detroit Credit Union
- Local Initiatives Support Corporation (LISC) Detroit
- Enterprise Community Loan Fund
- Federal Home Loan Bank of Indianapolis
- Quicken Loans Community Fund

## Philanthropic

- Affordable Housing Leverage Fund
- Kresge, Ford, Kellogg Foundations
- United Way of Greater Southeastern Michigan

## Commercial

- Meijer Corporation

# Precedents



**Bridge Street Market, Grand Rapids, MI**  
Neighborhood Grocery Store, in Partnership  
with Meijer



**Sugar Hill Arts District Development,  
Midtown, Detroit**  
Mixed-Income, Mixed-Use New  
Construction



**COLORS Detroit**  
Food-Based Businesses with Black Ownership  
& Jobs Training



# Precedents



**EarthWorks Urban Farm**  
Detroit-Based & Black-Owned Agriculture



**Detroit Kitchen Connect**  
Commercial Kitchen Rental & Food  
Business Incubator

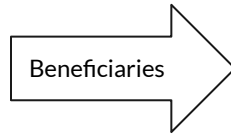


**Melbourne Square, Canberra**  
Transitional Green Space

# Benefits to the Area



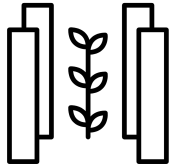
Increased affordable housing



	Income Limit	Affordable Rent
30% AMI	\$16,040	\$401 - \$515 /mo
50% AMI	\$28,640	\$429 - \$1,146 /mo
80% AMI	\$54,960	\$515 - \$1,374 /mo



# Benefits to the Area



Green  
infrastructure  
connection



Workforce training  
& job creation



Local food &  
agriculture-focused  
tenants, especially  
farmers and  
business owners of  
color



Increased  
walkability in  
Eastern Market area



# Community Benefits Contributions

**Expertise**



Local knowledge of farmers, food businesses, etc.

**Community Connection**



Increased community buy-in, potential tenants and clients

**Funding**




Programming and staff member to bring in additional funding over longer term

**Programming**



Long-term programming that promotes sustainability, job creation



We look forward to partnering with the City of Detroit and the development team to co-create a meaningful and sustainable project in Eastern Market.

**Thank you!**  
**Questions/Comments?**