



Eastern Market Real Estate Development Protocols

May 2019

Eastern Market Corporation (EMC) and Eastern Market Development Corporation (EMDC) together comprise the Eastern Market Partnership (EMP), sanctioned by the City of Detroit to manage and promote the City's public market – Eastern Market - and guide development of the adjacent Eastern Market District.

EMP welcomes developers to join us in the journey to cultivate an enlarged public market district capable of serving Detroit for the next 128 years, as the market district has for the last 128 years. As new development occurs and the Eastern Market District expands, EMP is committed to preserving and indeed enhancing these core values as a place:

- Focused on food production, processing, and distribution;
- Where people, especially those of limited means, go to grow their independent business;
- Where everyone is warmly welcomed, reflecting the principles of racial equity and inclusion.

The following Eastern Market Real Estate Development Protocols formalize criteria that EMP has informally applied since the creation of the Eastern Market 2025 Strategy Plan, which foresaw a dramatic increase in commercial real estate investment in the Eastern Market District. These protocols provide a clear path for developers to follow if they seek EMP's support in securing regulatory approvals or incentives from the City of Detroit, State of Michigan, or other public agencies.

EMP seeks to attract developers to Eastern Market that are committed to preserving the core values of the market district while acknowledging that real estate development is a challenging business and that it may not be possible for every development to meet all of the following criteria. EMP stands ready to partner with developers in creative ways to help developers achieve these important criteria. For instance, EMP's nonprofit mission and status opens access to sources of project funding that may not be available to for-profit developers.

EMP plans to utilize two different protocols, one for mixed-use commercial projects and the other for food production, processing, and distribution projects.

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The publication of the Eastern Market Development Protocols is the first of four steps EMP will take to help create a solid framework to support the continued development of Eastern Market in ways that support our core values:

1. **Eastern Market Development Protocols** (May 2019)
2. **Eastern Market Development Protocols Project Scorecard** (Summer 2019)
Since it is unlikely that any one project will meet all the criteria established by the Eastern Market Development Protocols, a scoring system will be established to provide some flexibility to developers in how they plan projects so that they can garner enough points to secure support from EMP.
3. **Eastern Market Equitable Development Annual Data Collection** (Fall 2019)
More thorough data collection and assessment is needed to better understand if we are making progress at preserving and enhancing core values and increasing racial equity. For example, if we seek to maintain 25% of commercial real estate space at “affordable” rents we must know the current make up of total available commercial space and the rents paid by tenants. EMP is committed to establishing a dashboard of key data, overseeing baseline and annual collection, and analysis of the data.
4. **Annual Reporting of Data and Recognition of Best Practices** (Winter 2019)
Each winter, EMP will conduct an annual development conference focused on the Eastern Market District to release data collected and analyzed along with a narrative to describe progress or setbacks in achieving goals. As part of this conference, EMP will recognize those developers who have done exemplary work in the previous year.

Eastern Market Real Estate Development Protocols**A. Mixed Use Commercial Development**

1. **Developer understands, supports, and has identified ways to preserve and enhance the authenticity of Eastern Market and its core values as a place:**
 - Focused on food production, processing, and distribution;
 - Where people, especially those of limited means, go to grow their independent business;
 - Where everyone is warmly welcomed, reflecting the principles of racial equity and inclusion.

2. **Developer's engages early in the development process with EMP to reduce the displacement of existing tenants and businesses.**
 EMP is committed to working to keep those who are responsible for Eastern Market's hard-earned reputation as a much beloved place. EMP is dedicated to helping tenants that want to stay in the District find a new space if proposed redevelopment of their space requires them to move out.

 Similarly, EMP is eager to help long-time businesses who are selling their buildings to retire develop a succession plan to transition successful businesses to other spaces prior to sale of property.

3. **Transparency**
 Developer agrees to participate in the annual Eastern Market Real Estate Market survey which is being implemented to fully understand real estate market trends including the collection and analysis of construction costs, rental rates, ownership changes, assessment of building conditions, and occupancy rates.

4. **Integrates food space.**
 Project is a food processing and/or distribution project or with regard to general commercial mixed-use projects greater than 35,000 square feet, a portion of suitable space is reserved for food production, processing and/or distribution use.

5. **Below Market-Rate Commercial Rental Pricing**
 Allocation of 10% of new commercial space to be made available at least 25% less than the prevailing market rate for commercial space to help develop a tenant mix in the Eastern Market District that helps provide space for businesses that sell goods and services to low and moderate income households from adjacent neighborhoods, increases the number of storefront businesses owned by people of color, encourages artists and arts-related entities to occupy space in the Eastern Market District, and/or enables the retention of long time Eastern Market businesses.

- 6. Key Structure Retention**
Preserves and renovates structures that are key to character of the Eastern Market District which may include both historic and non-historic buildings.
- 7. Contextually Sensitive Infill**
New construction will be contextually sensitive to the Eastern Market with regard to scale, massing on the site, choice of materials, opacity, and programming.
- 8. % for the Arts**
Supports an informal % for the arts program by contributing to Eastern Market District arts projects and/or formally designated organizations.
- 9. Affordable Housing**
If the development includes more than 40 units of housing the developer will exceed the minimum requirements for affordable housing established by the City of Detroit either by allocating more than 20% for moderate income residents (households with incomes less than 80% area median income) or by providing units for low income residents (households with incomes below 60% area median income as part of the 20% affordable housing requirement).
- 10. Formula Business Limit**
Limits the number of chain or franchise businesses to no more than 15% of the total square footage.
- 11. Common Good**
Developer agrees to participate in funding Eastern Market District-wide initiatives such as security, landscape maintenance, waste management, and/or co-op advertising programs.
- 12. Common Good by Tenants**
Through lease covenants, developer agrees to require tenant participation in funding Eastern Market District-wide initiatives such as security, landscape maintenance, waste management, and/or co-op advertising programs.
- 13. Written relocation plan for residential and/or commercial tenants.**
Developers are required to have a written relocation plan when purchasing a building with existing tenants. Plans will be evaluated to determine whether the developer has demonstrated the commitment to limit unnecessary displacement of tenants.
- 14. Portfolio Limit**
Helps defend the economic democracy of the Eastern Market District by limiting their total income-producing Eastern Market District property holdings to less than a percentage of total district building square footage. Owner-occupied buildings are

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excluded from consideration. Final % will be determined as part of the data collection process.

15. Attendance at the Annual Eastern Market Development Conference

Each winter, the developer or its official representative will attend the Eastern Market Development Conference at which time two things will happen: 1) Presentation of the annual State of the Market report supported by survey data to determine key real estate trends impacting Eastern Market District, and 2) Eastern Market Development Awards – an annual award program that honors developments that best promote the core values of the Eastern Market District.

16. Previous Development Experience

Previous experience of the developer in the market district will be considered. EMP will evaluate whether the developer kept promises, did not keep promises, or went beyond promises made with regard to previous projects

Eastern Market Real Estate Development Protocols**B. Food Business Development****1. Developer understands, supports, and has identified ways to retain and enhance the authenticity of Eastern Market and its core values as a place:**

- Focused on food production, processing, and distribution
- Where people, especially those of limited means, go to grow their independent business
- Where everyone is warmly welcomed, reflecting the principles of racial equity and inclusion

2. Developer's engages early in the development process with EMP to adhere to project design requirements of the Food Innovation Zone or overlay requirements of the historic core area.

Eastern Market strives to maintain a thriving mixed-use district with food as the central use. Food businesses are expected to be good neighbors and enthusiastically embrace the design requirements to guide developing new or major renovations of existing buildings in ways that will enable the district to welcome a variety of uses.

3. Transparency

Developer agrees to participate in annual Eastern Market Real Estate Market survey which is being implemented to fully understand real estate market trends including the collection and analysis of construction costs, rental rates, ownership changes, assessment of building conditions, and occupancy rates.

4. Operations Experience

The food business and/or food business real estate developer has demonstrated in current operations or previous projects the ability to conduct operations in ways that are environmentally sustainable without creating nuisances that affect neighbors.

5. Key Structure Retention

Preserves and renovates structures that are key to character of the Eastern Market District which may include both historic and non-historic buildings.

6. Contextually Sensitive Infill

New construction will be contextually sensitive to the Eastern Market with regard to scale, building massing, construction materials, and opacity.

7. Workforce Program Participation

Food businesses agree to participate in workforce development programs intended to connect Detroit residents with careers in the food sector. EMP seeks to achieve a goal that Detroit residents hold 66% of Eastern Market area food sector jobs.

8. Common Good

Developer agrees to participate in funding Eastern Market District-wide initiatives such as security, landscape maintenance, solid waste management, and/or co-op advertising programs.

9. Common Good by Tenant

Through lease covenants, developer agrees to require tenant participation in funding Eastern Market District-wide initiatives such as security, landscape maintenance, waste management, and/or co-op advertising programs.

10. Portfolio Limit

Helps defend the economic democracy of the Eastern Market District by limiting their total income-producing Eastern Market District property holdings to less than a percentage of total district building square footage. Owner-occupied buildings are excluded from consideration. Final % will be determined as part of the data collection process.

11. Attendance at the Annual Eastern Market Development Conference

Each November, the developer or its official representative will attend the Eastern Market Development Conference at which time two things will happen: 1) Presentation of the annual State of the Market report supported by survey data to determine key real estate trends impacting Eastern Market District and 2) Eastern Market Real Estate Awards – an annual award program that honors developments that best promote the core values of the Eastern Market District.

12. Previous Development Experience

Previous experience of the developer in the market district will be considered. EMP will evaluate whether the developer kept promises, did not keep promises, or went beyond promises made with regard to previous projects.

13. Workforce Housing

Developing workforce housing for the employees of a food business is not a requirement but will allow the developer an opportunity to score bonus points.