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**City of Detroit**  
**CITY COUNCIL**  
**LEGISLATIVE POLICY DIVISION**  
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TO: COUNCIL MEMBERS  
FROM: David Whitaker, Director  
Legislative Policy Division Staff  
DATE: September 16, 2019  
RE: 3750 Woodward Avenue, LLC PA 210 Certificate Request

**Commercial Rehabilitation Act, PA 210 of 2005**

The Commercial Rehabilitation Act, PA 210 of 2005, is a tax incentive for the rehabilitation of commercial property for the primary purpose and use of a commercial business or a multi-family residential facility. The property must be located within an established Commercial Rehabilitation District. Exemptions are approved for a term of 1-10 years, as determined by the local unit of government. The property taxes are based upon the prior year's taxable value.

3750 Woodward Avenue, LLC, is the project developer and owner of the property. The project to be completed on 3750 Woodward will involve the construction of a hotel, and 100,000 square feet of commercial space. The hotel will include approximately 225 rooms. The project referred to as "The Mid" will be located in Detroit's Midtown area. The 3.8-acre mixed-use development located at 3750 Woodward Avenue, in addition to the hotel, it will have retail, housing, and dining venues with public spaces included for community, resident, and visitor engagement.

Prior to this request, the developer has sought and received approval of a NEZ<sup>1</sup> and a Brownfield<sup>2</sup> designation from the City Council for this project. The current PA 210 request is for 10 years and the investment by the developer for this project is estimated at \$376.9 million.<sup>3</sup>

<sup>1</sup> The NEZ is based on the residential component of the project that will include approximately 180 multi-family units, of which 36 will be affordable (20%), 198 housing units targeted towards students, and 60 condominiums.

<sup>2</sup> The developer was approved for a \$58,485,054 TIF reimbursement. **Plan Duration:** 30 years.

<sup>3</sup> Current plans for The Mid call for the construction of a 225-room hotel, 60 for-sale condos, 180 apartment units, a 12-story "co-living" tower, and 100,000 square-feet of retail space across 3.8 acres and several buildings on Woodward Avenue. It's now expected to cost \$377 million. Some of those numbers, including the cost, have been modified since the project was first announced in March. **Curbed Detroit**; By Aaron Mondry, Jul 26, 2019 <https://detroit.curbed.com/2019/7/26/8932156/the-mid-development-midtown-detroit-construction-begin>

**DEGC Project Evaluation Checklist**

**The Mid (3750 Woodward)**  
 Developer: 3750 Woodward Avenue, LLC  
 Principal: Mohammad Qazi

Commercial Rehabilitation Act, PA 210 of 2005 as amended – Current taxes frozen at pre-rehab values, improvements taxed at only 24 mills, local taxes abated for up to 12 years	
Neighborhood Enterprise Zone, PA 147 of 1992 as amended – Improvements taxed at a discounted rate; determined by state average tax rates for PRE and non-PRE, for up to 12 years plus a 3 year phase out period	
<b>DEGC Recommendation</b>	<b>10 Years for PA 210, Approval of NEZ District</b>
<b>Location</b>	
Address	3750 Woodward Ave
City Council District	District 6
Neighborhood	Midtown
Located in HRD Targeted Area	Yes, Greater Downtown
<b>Building Use</b>	
Total Rentable Square Foot	834,365
Retail Square Foot	79,905
Hotel Square Foot	226,398
Apartment Space Square Foot	428,286
Condominium Space Square Foot	99,776
<b>Project Description</b>	
<p>Inspired by Midtown’s music, art, history, and culture, “The Mid” will be a new hotbed for Midtown Detroit activity. The 3.8-acre mixed-use development located at 3750 Woodward Avenue has been carefully planned to offer diverse programs; including retail, hotel, housing, and dining experiences with interwoven public spaces for community, resident, and visitor engagement and connectivity. The development will feature a 228-key luxury boutique hotel by an award-winning hospitality brand; including dining venues with menus curated by award-winning chefs. The Mid will contain up to 100,000 sf of retail space, incorporating various selections from boutique neighborhood retailers to a grocer, catering both to the Midtown community as well as the residents and patrons within the development. This development aims to unite the surrounding community and residents across a range of backgrounds and lifestyles. The Mid plans to incorporate hundreds of multi-family residences, affordable housing, co-living housing units, and 60 high-end luxury condos to accommodate Detroit’s rapidly growing demand for diverse housing and living types in a meaningful way. These two melded residential towers will offer alternatives for family and communal living supported by state-of-the-art eateries and amenities.</p>	
<b>Parking Breakdown</b>	
Total Spaces	728
Public Spaces	166
Dedicated Spaces	562
<b>Hotel Breakdown</b>	
Total Rooms	228
<b>Sources and Uses</b>	
Total Investment	\$376.9MM

<b>Project Benefits (30 year estimates)</b>	
Estimated Jobs	400 FTE, 1,300 Construction
Estimated City benefits before tax abatement	<b>\$104,466,687</b>
Total estimated City value of PA 210 abatement	<b>\$12,031,376</b>
Total estimated City value of NEZ abatement	<b>\$1,557,549</b>
Total estimated approximate City value of TIF	<b>\$19,781,815</b>
Less cost of services & utility deductions	<b>\$19,361,745</b>
<b>Net Benefit to City</b>	<b>\$51,734,201</b>

**City of Detroit: Benefits, Costs, and Net Benefits over the Next 30 Years**

	Amount
Real Property Taxes	\$48,369,711
Personal Property Taxes	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$13,096,422
Municipal Income Taxes - Indirect Workers	\$2,945,803
Municipal Income Taxes - Corporate Income	\$0
Municipal Income Taxes - Construction Period	\$1,736,041
Municipal Income Taxes - New Res. Inhabitants	\$9,252,608
Utility Revenue	\$3,194,849
Utility Users' Excise Taxes	\$2,451,998
State Revenue Sharing - Sales Tax	\$9,532,006
Building Permits and Fees	\$500,000
Miscellaneous Taxes & User Fees	\$13,387,250
<u>Subtotal Benefits</u>	<u>\$104,466,687</u>
Cost of Providing Municipal Services	(\$16,166,896)
Cost of Providing Utility Services	(\$3,194,849)
Total PA 210	(\$12,031,376)
Total NEZ	(\$1,557,549)
Total Approx. Brownfield TIF	(\$19,781,815)
<u>Subtotal Costs</u>	<u>(\$52,732,485)</u>
Net Benefits	\$51,734,201

### Impacted Taxing Units: Incentive Summary over the First 30 Years

	Additional Benefits Before Tax Abatements	Additional Costs	Real Property Tax Abatement	Approximate Brownfield TIF Capture	Personal Property Tax Abatement	Net Benefits After Tax Abatements & Incentives
City of Detroit	\$104,466,687	(\$19,361,745)	(\$13,588,925)	(\$19,781,815)	\$0	\$51,734,201
Wayne County	\$15,041,165	(\$2,875,988)	(\$3,458,898)	(\$6,472,151)	\$0	\$2,234,128
Detroit Public Schools	\$56,939,477	(\$8,947,241)	(\$5,943,160)	(\$21,851,579)	\$0	\$20,197,497
State Education	\$9,189,153	\$0	(\$274,422)	(\$7,141,512)	\$0	\$1,773,219
Downtown Dev. Authority	\$0	\$0	\$0	\$0	\$0	\$0
Wayne RESA	\$8,368,715	\$0	(\$2,331,518)	(\$4,422,297)	\$0	\$1,614,900
Wayne County Comm. College	\$4,963,368	\$0	(\$1,382,818)	(\$2,622,775)	\$0	\$957,775
Wayne County Zoo	\$153,153	\$0	(\$42,652)	\$0	\$0	\$110,500
Detroit Institute of Arts	\$306,305	\$0	(\$85,336)	\$0	\$0	\$220,969
<b>Total</b>	<b>\$199,428,022</b>	<b>(\$31,184,975)</b>	<b>(\$27,107,729)</b>	<b>(\$62,292,129)</b>	<b>\$0</b>	<b>\$78,843,189</b>

*Charts courtesy of the DEGC*

### Conclusion

The estimated total capital investment from the developer is approximately \$377 million. It is estimated that 400 FTE<sup>4</sup> and 1,300 temporary construction jobs will be created as a result of the project.

Based on the investment and jobs, the project is estimated to provide the City of Detroit a net benefit of **51.7 million**, and all of the impacted taxing units, a net benefit of **\$78.84 million** over 30 years, despite the \$27.1 million tax abatement to the developer.<sup>5</sup>

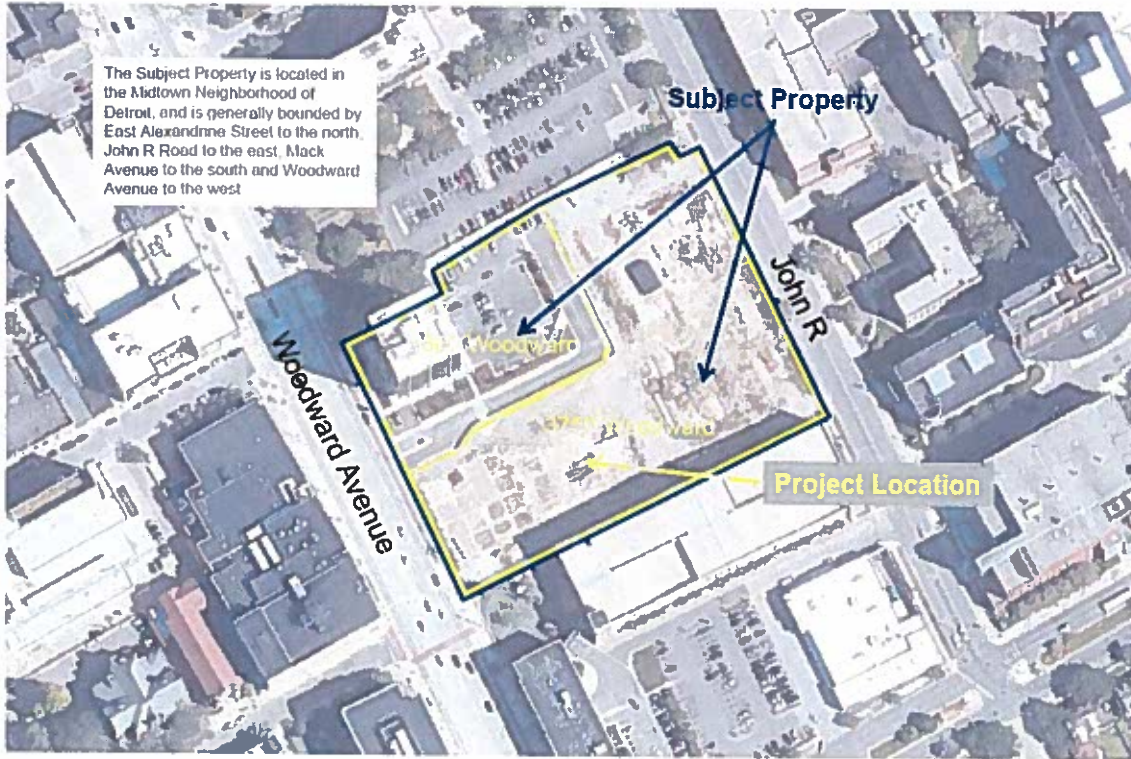
Please contact us if we can be of any further assistance.

**Attachment:** Finance Assessor's PA 210 Eligibility Letter, dated 9/3/19

cc: Auditor General's Office  
 Arthur Jemison, Chief of Services and Infrastructure  
 Maurice Cox, Planning and Development Department  
 Donald Rencher, HRD  
 Veronica M. Farley, HRD  
 Stephanie Grimes Washington, Mayor's Office  
 Malinda Jensen, DEGC  
 Kenyetta Bridges, DEGC  
 Jennifer Kanalos, DEGC  
 Brian Vosburg, DEGC

<sup>4</sup> Full time equivalent employees

<sup>5</sup> Which includes accounting for the TIF reimbursement to the developer.



3750 & 3800 Woodward Ave

Detroit, MI



Created for: 3750 Woodward Avenue, LLC  
Created by: MAW, March 8, 2019



Figure 2: Subject Property

<sup>6</sup> Subject property includes the two parcels covered in the brownfield plan.



3750 & 3800 Woodward Ave

Detroit, MI



Created for: 3750 Woodward Avenue, LLC  
Created by: MAW, March 8, 2019



Figure 3: Renderings



3750 & 3800 Woodward Ave

Detroit, MI



Created for: 3750 Woodward Avenue, LLC  
Created by: MAW, March 8, 2019



Figure 3: Renderings



CITY OF DETROIT  
 OFFICE OF THE CHIEF FINANCIAL OFFICER  
 OFFICE OF THE ASSESSOR

COLEMAN A. YOUNG MUNICIPAL CENTER  
 2 WOODWARD AVENUE, SUITE 824  
 DETROIT, MICHIGAN 48226  
 (313) 224-3011 • TTY 711  
 (313) 224-9400  
 WWW.DETROITMIGOV

September 3, 2019

Katy Trudeau, Deputy Director  
 Planning & Development Department  
 Coleman A. Young Municipal Center  
 2 Woodward Ave, Suite 808  
 Detroit, MI 48226

RE: Commercial Rehabilitation Certificate – Real Estate Interests LLC on behalf of 3750 Woodward Avenue LLC  
 Property Address: 3750 Woodward Avenue  
 Parcel Number: 01004190-B

Dear Ms. Trudeau:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the Commercial Rehabilitation certificate application for the properties located at 3750 Woodward Avenue in the Midtown area in the City of Detroit.

The rationale for issuing Commercial Rehabilitation certificates under PA 210 of 2005, as amended, is based on the anticipation of increased market value upon completion of new construction and /or significant rehabilitation of existing commercial property and commercial housing property. Normal repair and maintenance are not assessed and do not necessarily generate additional market value.

The proposed project by 3750 Woodward Avenue LLC is to construct a mixed use development including 225 room hotel, 80,000 square feet of retail space, hundreds of multi-family residence, affordable housing, co-living housing units, and 60 residential condominiums on 3.780 acres of vacant land that previous contained a commercial building and contains paved parking. The project is expected to increase commercial activity, create employment, and revitalize an urban area.

The 2019 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SLV)	Land Taxable Value
01004190-B	3750 Woodward Ave	\$ -	\$ -	\$ 3,812,800	\$ 3,812,800

This property meets the criteria set forth under PA 210 of 2005, as amended. It applies to a building or a group of contiguous buildings, a portion of a building or group of contiguous buildings previously used for commercial or industrial purposes, obsolete industrial property, and vacant property which, within the immediately preceding 15 years, was operating as a commercial business enterprise.

A review of the general plans, along with the criteria set forth under the Commercial Rehabilitation Act, indicated that the proposed project located at 3750 Woodward Avenue is eligible as it pertains to the Commercial Rehabilitation certificate criteria under P.A. 210 of 2005, as amended.

Sincerely,

Charles Ericson, MMAO  
 Assessor, Board of Assessors

mmp



Commercial Rehabilitation Certificate  
Real Estate Interests LLC on behalf of 3750 Woodward Avenue LLC  
Page 2

Property Owner: 3750 WOODWARD AVE LLC  
Property Address 3750 WOODWARD AVENUE  
Parcel Number. 01004190-8

Legal Description. E WOODWARD PT OF 2 & 3 & 5 1/2 VAC MARTIN PL (50 FT WD) ADJ BG DESC AS BEG AT THE NW COR OF LOT 1 MEDICAL CENTER URBAN RENEWAL PLAT #1 TH ALG NLY LN OF SD LOT N 60D 9M 30S E 159.50 FT TH N 26D 27M 0S W 37.90 FT TH N 60D 9M 30S E 100.00 FT TH N 63D 33M 0S E 8.01 FT TO POB TH N 63D 33M 0S E 225.17 FT TH S 26D 27M 0S E 20.00 FT TH N 63D 33M 0S E 32.85 FT TO WLY LN OF JOHN R ST (84 FT WD) TH ALG SD LN S 26D 21M 30S E 387.64 FT TH S 63D 35M 30S W 524.70 FT TO THE ELY LN OF WOODWARD AVE (120 FT WD) TH ALG SD LN N 26D 24M 30S W 219.97 FT TH N 63D 35M 20S E 110.02 FT TH N 26D 24M 40S W 8.99 FT TH N 63D 35M 20S E 137 FT TH N 18D 35M 20S E 28.28 FT TH N 26D 24M 40S W 158.48 FT TO POB MEDICAL CENTER URBAN RENEWAL PLAT #1 L88 P74-6 PLATS, W C R 1/219 IRREG 164,657 SQ FT

The legal description on the assessment roll matches the legal description on the petition.

