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**City of Detroit**  
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TO: COUNCIL MEMBERS   
FROM: David Whitaker, Director   
Legislative Policy Division Staff  
DATE: October 4, 2019  
RE: Application for an **Obsolete Property Rehabilitation Certificate** by  
**Crawford Real Estate & Development Holdings, LLC** Public Act 146 of 2000  
**PUBLIC HEARING**

**Obsolete Property Rehabilitation Act Public Act 146 of 2000**

The Obsolete Property Rehabilitation Act (OPRA), Public Act 146 of 2000, provides for a tax incentive to encourage the redevelopment of obsolete buildings. This tax incentive is designed to assist in the redevelopment of older buildings, which are contaminated, blighted or functionally obsolete. The primary purpose of this incentive is to rehabilitate and convert vacant, functionally obsolete older buildings into vibrant commercial uses and commercial housing projects and to return them to the tax rolls.

**6340 East Jefferson**

The Developer and owner of the property is Crawford Real Estate & Development Holdings, LLC. This project is located at 6340 East Jefferson, a vacant 2-story 5,678 sq. ft. retail and apartment building constructed in 1923, in the city's Rivertown Warehouse area. The proposed development consists of renovating the building to include a retail storefront, co-working spaces, and event space. The project will also include an administrative office on the 2nd floor that will include an outdoor terrace overlooking the Detroit River, with views of both Belle Isle and Mt. Elliot Parks.

The rehabilitation activities include repairing the building's plumbing, a new roof, new HVAC system, updating the electrical system and replacing damaged ceiling trusses.<sup>1</sup> The developer is

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<sup>1</sup> Trusses are prefabricated structural assemblies which hold up the roof and the top floor ceilings.

also a Motor City Match building awardee (\$71,000). The developer has received technical assistance from the Motor City Match program in preparing to develop their building and will be working with Motor City Match to find tenants for a share of the building space that they are developing. Additionally, the developer will also occupy some of the space they are developing as well.

**DEGC Project Evaluation Checklist**  
**6340 East Jefferson**  
 Developer: Crawford Real Estate & Development Holdings LLC  
 Principal: Joe & Sylvia Crawford

<b>Obsolete Property Rehabilitation Act, PA 146 of 2000 as amended- Current taxes frozen at pre-rehab values / Improvements taxed at 24mills (school), local taxes abated for up to 12 years</b>	
<b>Request Type</b>	<b>District</b>
<b>DEGC Recommendation</b>	<b>12 Years</b>
<b>Location</b>	
Address	6340 East Jefferson Ave
City Council District	District 5
Neighborhood	Rivertown
Located in HRD Targeted Area	Yes, Greater Downtown
<b>Building Use</b>	
Total Square Foot	3,645
Retail Square Foot	1,145
Event Space Square Foot	2,500
<b>Project Description</b>	
<p>This project involves the rehabilitation of a vacant 2-story building in the Rivertown neighborhood. The proposed development consists of renovating the building to include a retail storefront, co-working spaces, and events space. The 2<sup>nd</sup> floor will be built out as an administrative office and outdoor terrace.</p> <p>The rehabilitation activities include, but are not limited to, repairing plumbing, new roof, new HVAC system, updated electrical and replacing damaged ceiling trusses.</p> <p>The developer is also a Motor City Match building awardee. The developer has received technical assistance from the Motor City Match program in preparing to develop their building and will be working with Motor City Match to find tenants for the some of the building space that they are developing. Additionally, the developer will also be occupying some of the space they are developing to run their business as a co-working space.</p>	
<b>Sources and Uses</b>	
Total Investment	\$515,221

Uses	\$353k Acquisition (68%), \$34k Hard Construction (27%), \$27k Soft Costs (5%)
<b>Project Benefits</b>	
Estimated Jobs	6 FTE
Estimated benefits before tax abatement	<b>\$353,930</b>
Total estimated value of OPRA abatement	<b>\$52,179</b>
Less cost of services & utility deductions	<b>\$214,651</b>
<b>Net Benefit to City</b>	<b>\$87,099</b>

**City of Detroit: Benefits, Costs, and Net Benefits over the Next 12 Years**

	Amount
Real Property Taxes, before abatement	\$62,500
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$31,482
Municipal Income Taxes - Indirect Workers	\$7,064
Municipal Income Taxes - Corporate Income	\$14,603
Municipal Income Taxes - Construction Period	\$3,238
Utility Revenue	\$166,085
Utility Users' Excise Taxes	\$10,845
State Revenue Sharing - Sales Tax	\$23,684
Building Permits and Fees	\$2,500
Miscellaneous Taxes & User Fees	\$31,928
<b>Subtotal Benefits</b>	<b>\$353,930</b>
Cost of Providing Municipal Services	(\$48,566)
Cost of Providing Utility Services	(\$166,085)
<b>Subtotal Costs</b>	<b>(\$214,651)</b>
<b>Net Benefits</b>	<b>\$139,279</b>

**Impacted Taxing Units: Incentive Summary over the First 12 Years**

	Additional Benefits Before Tax Abatements	Additional Costs	Real Property Tax Abatement	Business Personal Property Tax Abatement	Utility Users Tax & Corporation Income Tax Exemption	Net Benefits After Tax Abatements & Incentives
City of Detroit	\$353,930	(\$214,651)	(\$52,179)	\$0	\$0	\$87,099
Wayne County	\$21,470	(\$7,300)	(\$12,775)	\$0	\$0	\$1,395
Detroit Public Schools	\$120,836	(\$67,154)	(\$20,664)	\$0	\$0	\$33,018
State Education	\$11,424	\$0	\$0	\$0	\$0	\$11,424
Wayne RESA	\$8,073	\$0	(\$6,983)	\$0	\$0	\$1,089
Wayne County Comm. College	\$6,170	\$0	(\$5,151)	\$0	\$0	\$1,019
Wayne County Zoo	\$190	\$0	(\$159)	\$0	\$0	\$31
Detroit Institute of Arts	\$381	\$0	(\$318)	\$0	\$0	\$63
<b>Total</b>	<b>\$522,473</b>	<b>(\$289,105)</b>	<b>(\$98,230)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$135,138</b>

<sup>2</sup> Charts courtesy of the DEGC

## Conclusion

The estimated total capital investment from the developer for this project is \$515,221. It is also estimated that completed project will create 6 full-time jobs. The total value of the 12 year OPRA tax abatement is estimated at \$98,230.

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of \$87,099 and all of the impacted taxing units, a net benefit of \$135,138 over the 12 years of the OPRA abatement.

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

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



**6340 East Jefferson**

Assessor's letter stating the eligibility of the OPRA certificate:



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

COLEMAN A. YOUNG MUNICIPAL CENTER  
2 WOODWARD AVENUE, SUITE 824  
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(313) 224-3011 • TTY 711  
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August 27, 2019

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

RE: Obsolete Property Rehabilitation Certificate – Crawford Real Estate and Development Holdings LLC  
Property Address: 6340 East Jefferson  
Parcel Number: 15000021.

Dear Mr. Cox:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the proposed Obsolete Property Rehabilitation certificate application for the property located at 6340 East Jefferson in the Rivertown Warehouse area of the City of Detroit.

The rationale for granting Obsolete Property Rehabilitation certificates under PA 146 of 2000, 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.

Crawford Real Estate & Development Holdings LLC plans to rehabilitate a 2-story vacant retail and apartment building with 5,678 square feet built in 1923 on .110 acres of land. The proposed project consists of renovating the building to include a retail storefront, co-working lounge and events space. The project will also involve the buildout of an administrative office and an outdoor terrace overlooking the Detroit River with views of Belle Isle and Mt. Elliott parks. Rehabilitation activities included repairing plumbing, new roof, new HVAC, updating electrical, installing new flooring, reconfiguring space and basement clean up/waterproofing.

The 2019 values are as follows:

Parcel #	Address	Assessed Value (SEV)	Building Taxable Value	Assessed Value (SEV)	Land Taxable Value
15000021	6340 E Jefferson	\$ 66,400	\$ 15,020	\$ 6,600	\$ 1,592

This property meets the criteria set forth under PA 146 of 2000, as amended. It applies to blighted, functionally obsolete and contaminated properties. "Rehabilitation," meaning that changes to qualified facilities that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition.

The property is located in Rivertown Warehouse area and is expected to increase commercial activity, create employment, retain employment and revitalize an urban area.

A field investigation indicated that the property located at 6340 East Jefferson is eligible as it pertains to the Obsolete Property Rehabilitation Act under P.A. 146 of 2000, as amended.

Sincerely,

Charles Ericson, MMAO  
Assessor, Board of Assessors

mmp



Obsolete Property Rehabilitation Certificate  
Crawford Real Estate and Development Holdings LLC  
Page 2

Property Address: 6340 E. Jefferson  
Parcel Number: 15000021.  
Property Owner: CRAWFORD REAL ESTATE & DEVELOPMENT HOLDINGS LLC  
Legal Description: S JEFFERSON 3 BLK 2 SUB OF PT MELDRUM FARM L1 P109 PLATS, W C R 15/2 37 IRREG

The legal description on the petition for the PA 146 application matches the assessment roll.

