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**City of Detroit**  
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TO: COUNCIL MEMBERS   
FROM: David Whitaker, Director  
Legislative Policy Division Staff  
DATE: October 15, 2019  
RE: Application for an **Obsolete Property Rehabilitation Certificate** by  
**K8 Partners, 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.

**2119 Field St.**

The Developer and owner of the property is K8 Partners, LLC. The project located at 2119 Field St., is an 8-unit redevelopment located in the Islandview neighborhood. This 11,890 square foot multi-family property built in 1910, sits on a 0.34 acre lot and will features 3-bedroom units to meet the growing demand for rental housing in the area. Two of the eight units will be affordable and the remaining 6 units will be market rate.

The DEGC has recommended a full term 12-year OPRA certificate.

DEGC Project Evaluation Checklist

2119 Field St.

Developer: K8 Partners, LLC.

Principal: Adam Schloff

<p>Obsolete Property Rehabilitation Act, PA 146 - incentive for redevelopment and rehabilitation for commercial or commercial mixed use buildings that are contaminated, blighted, or functionally obsolete.</p>	
<b>DEGC Recommendation</b>	<b>12 years</b>
<b>Location</b>	
Address	2119 Field Street
City Council District	District 5
Neighborhood	West Village
Located in HRD Targeted Area	Islandview/Greater Villages
<b>Building Use</b>	
Total Rentable Square Foot	11,761
Retail Square Foot	0
Residential Square Foot	0
Public Parking Spaces	8
<b>Project Description</b>	
<p>This project is an 8-unit redevelopment located in The Greater Villages. It will offer 3-bedroom units, resulting in roughly 11,700 residential square feet to meet the growing demand for rental housing in the area. Two of the eight units will be affordable and the remaining 6 units will be market rate.</p> <p>The developer is requesting an OPRA abatement for this project.</p> <p>It is the recommendation of the DEGC that the OPRA abatement be granted for a maximum of 12 years.</p>	
<b>Housing Breakdown</b>	
Total Units	8
Studio	NA
3 Bedroom (Affordable Rate)	2 units, 1,379 and 1,388 sf, \$1,418 mo rent
3 Bedroom (Market Rate)	6 units, 1,434 to 1,594 sf, \$1,799 to \$1,993 mo rent
<b>Sources and Uses</b>	
Total Investment	\$1.982MM
Sources	\$832K (equity); \$1.149MM (debt)
Uses	\$339k Building (17.14%), \$1.31MM Hard Construction (66.15%), \$212k Soft Costs (10.72%)
<b>Project Benefits</b>	
Estimated Jobs	1 FTE
Estimated City benefits before tax abatement	\$345,475
Total estimated City value of OPRA abatement	\$170,393
Less cost of services & utility deductions	\$26,199
Net Benefit to City with OPRA abatement	\$148,883

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

	Amount
Real Property Taxes, before abatement	\$185,401
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$4,708
Municipal Income Taxes - Indirect Workers	\$1,472
Municipal Income Taxes - Corporate Income	\$3,193
Municipal Income Taxes - Construction Period	\$9,366
Municipal Income Taxes - New Res. Inhabitants	\$95,370
Utility Revenue	\$17,852
Utility Users' Excise Taxes	\$1,279
State Revenue Sharing - Sales Tax	\$4,921
Building Permits and Fees	\$15,000
Miscellaneous Taxes & User Fees	\$6,911
<u>Subtotal Benefits</u>	<u>\$345,475</u>
Cost of Providing Municipal Services	(\$8,346)
Cost of Providing Utility Services	(\$17,852)
<u>Subtotal Costs</u>	<u>(\$26,199)</u>
Net Benefits	\$319,276

### 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	\$345,475	(\$26,199)	(\$170,393)	\$0	\$0	\$148,883
Wayne County	\$48,694	(\$1,604)	(\$43,349)	\$0	\$0	\$3,740
Detroit Public Schools	\$194,346	(\$11,693)	(\$70,137)	\$0	\$0	\$112,517
State Education	\$35,222	\$0	\$0	\$0	\$0	\$35,222
Wayne RESA	\$23,598	\$0	(\$21,952)	\$0	\$0	\$1,646
Wayne County Comm. College	\$19,025	\$0	(\$17,485)	\$0	\$0	\$1,540
Wayne County Zoo	\$587	\$0	(\$540)	\$0	\$0	\$48
Detroit Institute of Arts	\$1,174	\$0	(\$1,079)	\$0	\$0	\$95
<b>Total</b>	<b>\$668,121</b>	<b>(\$39,496)</b>	<b>(\$324,934)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$303,691</b>

<sup>1</sup> Charts courtesy of the DEGC

## Conclusion

The estimated total capital investment from the developer for this project is \$1.982 million. It is also estimated that completed project will create 1 FTE. The total value of the 12 year OPRA tax abatement is estimated at \$324,934.

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of \$148,883 and all of the impacted taxing units, a net benefit of \$303,691 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



2119 Field St.<sup>2</sup>

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<sup>2</sup> Courtesy of the DEGC

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  
 DETROIT, MICHIGAN 48226  
 (313) 224-3011 • TTY: 711  
 (313) 224-9400  
 WWW.DETROITMI.GOV

August 23, 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 – KB Partners LLC*  
 Property Address: 2119 Field Street  
 Parcel Numbers: 15007454.003, 15007454.004, 15007454.005, 15007454.006, 15007454.007, 15007454.008,  
 15007454.009, 15007454.010. New Parcel Number 15007454.002L for 2020 Assessment Roll.

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 2119 Field Street in the Islandview neighborhood in 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.

The proposed project by KB Partners is to rehabilitate the two-story, 11,890 square foot, apartment building with a 5,951 square foot basement built in 1910 on .344 acres of land into 8 residential townhome apartments with 3 bedroom. The units were formerly condominiums and the condominium plan was dissolved for the 2020 assessment roll. The building is currently uninhabitable with roof leaks, no windows, no interior partitions and no operating utilities. Rehabilitation will include gutting the building, repairs to building structure, new windows, new interior walls, repairing the roof, new mechanical, plumbing and electrical systems, and energy efficient heating, cooling and ventilation systems along with new apartment fixtures.

The 2019 values are as follows:

Parcel #	Address	Assessed Value (SEV)	Building Taxable Value	Assessed Value (SEV)	Land Taxable Value
15007454.002L	2119 FIELD	\$ 40,000	\$ 40,000	\$ 26,400	\$ 26,400

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 located in the Islandview neighborhood is expected to increase commercial activity in the area, create employment, retain employment, increase in the number of residence in the community and revitalize an urban area.

A field investigation indicated that the property located at 2119 Field Street is eligible as it pertains to the Obsolete Property Rehabilitation Act under P.A. 146 of 2000, as amended.

Sincerely,

Charles Ericson, M MAO  
 Assessor, Board of Assessors



Obsolete Property Rehabilitation Certificate  
 K8 Partners LLC  
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PARCEL NUMBER	PROPERTY ADDRESS	OWNER NAME	LEGAL DESCRIPTION
15007454.002L (2020 Parcel ID)	2119 FIELD	K8 PARTNERS LLC	W FIELD 29&30 LINDEN LAWN SUB L21 P21 PLATS, W C R 15/98 100 X 150 SPLIT ON 10/11/2018 INTO 15007454.003, 15007454.004, 15007454.005, 15007454.006, 15007454.007, 15007454.008, 15007454.009, 15007454.010;
15007454.003 (2019 Parcel ID)	2119 FIELD	K8 PARTNERS LLC	W FIELD UNIT NO 1 WAYNE COUNTY CONDO PLAN NO 1059 "2119 FIELD STREET CONDOMINIUM" RECORDED L53718 P1049 DEEDS WCR 15/98 12.5%; 2,391 SQ FT SPLIT/COMBINED ON 10/11/2018 FROM 15007454.002L;
15007454.004 (2019 Parcel ID)	2119 FIELD	K8 PARTNERS LLC	W FIELD UNIT NO 2 WAYNE COUNTY CONDO PLAN NO 1059 "2119 FIELD STREET CONDOMINIUM" RECORDED L53718 P1049 DEEDS WCR 15/98 12.5%; 2,169 SQ FT SPLIT/COMBINED ON 10/11/2018 FROM 15007454.002L;
15007454.005 (2019 Parcel ID)	2119 FIELD	K8 PARTNERS LLC	W FIELD UNIT NO 3 WAYNE COUNTY CONDO PLAN NO 1059 "2119 FIELD STREET CONDOMINIUM" RECORDED L53718 P1049 DEEDS WCR 15/98 12.5%; 2,161 SPLIT/COMBINED ON 10/11/2018 FROM 15007454.002L;
15007454.006 (2019 Parcel ID)	2119 FIELD	K8 PARTNERS LLC	W FIELD UNIT NO 4 WAYNE COUNTY CONDO PLAN NO 1059 "2119 FIELD STREET CONDOMINIUM" RECORDED L53718 P1049 DEEDS WCR 15/98 12.5%; 2,184 SPLIT/COMBINED ON 10/11/2018 FROM 15007454.002L;
15007454.007 (2019 Parcel ID)	2119 FIELD	K8 PARTNERS LLC	W FIELD UNIT NO 5 WAYNE COUNTY CONDO PLAN NO 1059 "2119 FIELD STREET CONDOMINIUM" RECORDED L53718 P1049 DEEDS WCR 15/98 12.5%; 2,316 SQ FT SPLIT/COMBINED ON 10/11/2018 FROM 15007454.002L;
15007454.008 (2019 Parcel ID)	2119 FIELD	K8 PARTNERS LLC	W FIELD UNIT NO 6 WAYNE COUNTY CONDO PLAN NO 1059 "2119 FIELD STREET CONDOMINIUM" RECORDED L53718 P1049 DEEDS WCR 15/98 12.5%; 2,093 SQ FT SPLIT/COMBINED ON 10/11/2018 FROM 15007454.002L;
15007454.009 (2019 Parcel ID)	2119 FIELD	K8 PARTNERS LLC	W FIELD UNIT NO 7 WAYNE COUNTY CONDO PLAN NO 1059 "2119 FIELD STREET CONDOMINIUM" RECORDED L53718 P1049 DEEDS WCR 15/98 12.5%; 2,079 SQ FT SPLIT/COMBINED ON 10/11/2018 FROM 15007454.002L;
15007454.010 (2019 Parcel ID)	2119 FIELD	K8 PARTNERS LLC	W FIELD UNIT NO 8 WAYNE COUNTY CONDO PLAN NO 1059 "2119 FIELD STREET CONDOMINIUM" RECORDED L53718 P1049 DEEDS WCR 15/98 12.5%; 2,319 SQ FT SPLIT/COMBINED ON 10/11/2018 FROM 15007454.002L;



Obsolete Property Rehabilitation Certificate  
K3 Partners LLC  
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The legal description matches the OPRA certificate request.

