


David Whitaker, Esq.
 Director
 Irvin Corley, Jr.
 Executive Policy Manager
 Marcell R. Todd, Jr.
 Senior City Planner
 Janese Chapman
 Deputy Director

John Alexander
 LaKisha Barclift, Esq.
 M. Rory Bolger, Ph.D., AICP
 Elizabeth Cabot, Esq.
 Tasha Cowen
 Richard Drumb
 George Etheridge
 Deborah Goldstein

City of Detroit
CITY COUNCIL
LEGISLATIVE POLICY DIVISION
 208 Coleman A. Young Municipal Center
 Detroit, Michigan 48226
 Phone: (313) 224-4946 Fax: (313) 224-4336

Christopher Gulock, AICP
 Derrick Headd
 Marcel Hurt, Esq.
 Kimani Jeffrey
 Anne Marie Langan
 Jamie Murphy
 Carolyn Nelson
 Kim Newby
 Analine Powers, Ph.D.
 Jennifer Reinhardt
 Sabrina Shockley
 Thomas Stephens, Esq.
 David Teeter
 Theresa Thomas
 Kathryn Lynch Underwood
 Ashley A. Wilson

TO: COUNCIL MEMBERS

FROM: David Whitaker, Director
 Legislative Policy Division Staff 

DATE: May 20, 2020

RE: Application for an **Obsolete Property Rehabilitation Certificate** by
Grand Lahser, LLC 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.

Grand Lahser, LLC, is the developer and owner of the property located at 22000-22020 Grand River, in the Old Redford neighborhood. The developer is requesting the approval of an OPRA certificate to support “The Obama Building Project,” which involves the rehabilitation of two adjacent and currently vacant buildings, into one mixed-use retail and residential building. 22000 Grand River has been vacant since 2010 and is considered a blighted structure, due to the lack of maintenance to the building during its period of vacancy.

Project at a Glance¹

NEIGHBORHOOD	ADDRESS	PROJECT TYPE	CONSTRUCTION TYPE	
Old Redford	22000 Grand River	Residential & Retail	Rehab	
ORIGINAL DATE CONST	DATE COMPLETE	TOTAL SIZE	RETAIL	RESIDENTIAL
1917	Summer 2020	12,855 SF	8,800 SF	4 Units

¹ “The Obama Building offers 8,800 SF of retail and four residential units with affordable and market-rates.” **The Platform** Source: <https://www.theplatform.city/obama-building/>

The plans include a rehabilitation of the first floor with retail frontage on Grand River Avenue, Lahser Road, and Redford Street, while the second floor will be converted to four loft apartment units with a total square footage of 2,968 sf. The Obama Building development will also include a detached surface parking lot at 17345 Lahser. The project is estimated to create 22 FTE, 30 construction jobs. The DEGC is recommending a full term 12 year OPRA tax abatement. The estimated investment in the project is \$3.6 million.

Housing Summary

Total Units **4 units** (\$1.25 rent psf)
Studio **2 units**, 511-603sf, \$750-\$800/mo rent
1 Bedroom **1 unit**, 646sf, \$850/mo rent
3 Bedroom **1 unit**, 1,208sf, \$1,300/mo rent

DEGC Project Evaluation Checklist

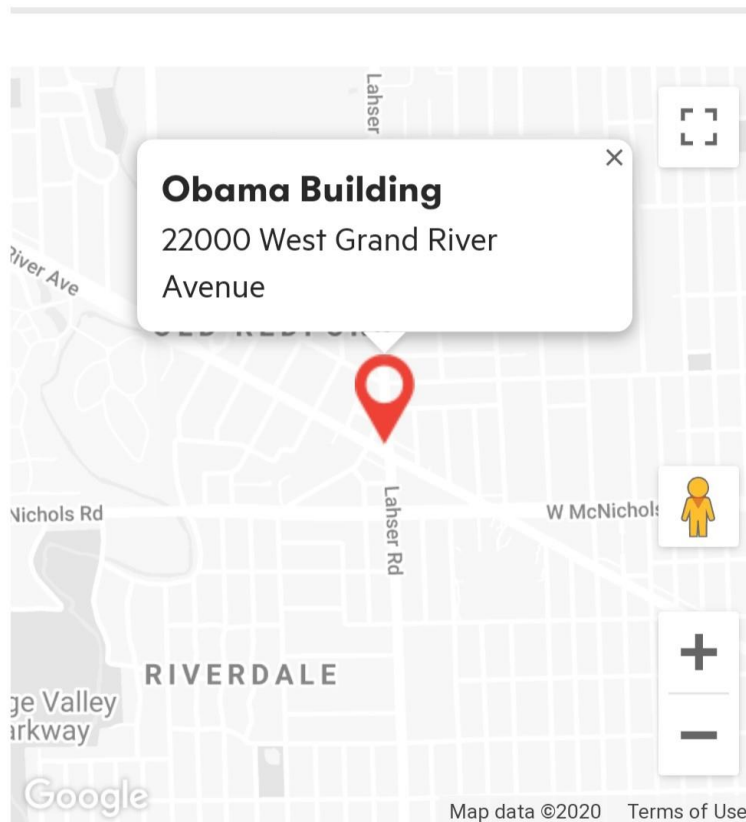
The Obama Building Project

Developer: The Platform

Principal: Peter Cummings

Obsolete Property Rehabilitation Act, PA 146 of 2000 as amended – current taxes frozen at pre-rehab values, local taxes abated for up to 12 years	
DEGC Recommendation	12 years
Location	
Address	22000-22020 Grand River
City Council District	District 1
Neighborhood	Old Redford
Located in HRD Targeted Area	Grand River Study Area
Building Use	
Total Rentable Square Foot	15,021
Retail Square Foot	12,053
Residential Square Foot	3,968
Project Description	
<p>The Obama Building project is a proposed rehabilitation of 22000 Grand River in Detroit, Michigan. The Platform plans to develop these two adjacent and currently vacant buildings into one mixed-used retail and residential building. The building has been vacant since 2010 and is considered a blighted structure due to the lack of maintenance on site during its period of vacancy. Plans include a rehabilitation of the first floor to approximately 12,053 SF of retail with frontage on Grand River Avenue, Lahser Road, and Redford Street, while the second floor will be converted to four loft apartment units with a total square footage of 2,968 sf.</p> <p>The Obama Building development will also include the detached surface parking lot at 17345 Lahser (“Surface Parking”). Given the low property values and sales comps in the area and the overall cost of renovation, the OPRA abatement will help ensure the project can appropriately support the amount of debt service required for renovating the building. The project is also wholly owned by a non-profit entity and to ensure accountability to the community the developer is forming a neighborhood advisory council to solicit feedback for all potential retail uses on site. Incentives for local hiring in the retail will also be incorporated into all commercial leases.</p>	

Housing Breakdown	
Total Units	4 units (\$1.25 rent psf)
Studio	2 units, 511-603sf, \$750-\$800/mo rent
1 Bedroom	1 unit, 646sf, \$850/mo rent
3 Bedroom	1 unit, 1,208sf, \$1,300/mo rent
Sources and Uses	
Total Investment	\$3.6M
Uses	\$32k Acquisition (1%), \$2.8M Hard Construction (79%), \$768k Soft Costs (20%)
Project Benefits	
Estimated Jobs	22 FTE, 30 construction
Estimated City benefits before tax abatement	\$712,704
Total estimated City value of OPRA abatement	\$130,346
Less cost of services & utility deductions	\$235,081
Net Benefit to City	\$347,277



Project location²

² Map source: The Platform: <https://www.theplatform.city/obama-building/>

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

	Amount
Real Property Taxes, before abatement	\$154,970
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$92,266
Municipal Income Taxes - Indirect Workers	\$20,384
Municipal Income Taxes - Corporate Income	\$59,145
Municipal Income Taxes - Construction Period	\$25,428
Municipal Income Taxes - New Res. Inhabitants	\$21,823
Utility Revenue	\$76,379
Utility Users' Excise Taxes	\$12,322
State Revenue Sharing - Sales Tax	\$93,571
Building Permits and Fees	\$25,000
Miscellaneous Taxes & User Fees	\$131,415
<u>Subtotal Benefits</u>	<u>\$712,704</u>
Cost of Providing Municipal Services	(\$158,702)
Cost of Providing Utility Services	(\$76,379)
<u>Subtotal Costs</u>	<u>(\$235,081)</u>
Net Benefits	\$477,623

Impacted Taxing Units: Incentive Summary over the First 12 Years

	Additional Benefits		Real Property Tax Abatement	Business Personal Property Tax Abatement	Utility Users Tax & Corporation Income Tax Exemption	Net Benefits After Tax Abatements & Incentives
	Before Tax Abatements	Additional Costs				
City of Detroit	\$712,704	(\$235,081)	(\$130,346)	\$0	\$0	\$347,277
Wayne County	\$66,166	(\$28,119)	(\$33,156)	\$0	\$0	\$4,891
Detroit Public Schools	\$251,344	(\$93,833)	(\$53,653)	\$0	\$0	\$103,858
State Education	\$29,441	\$0	\$0	\$0	\$0	\$29,441
Wayne RESA	\$19,494	\$0	(\$16,793)	\$0	\$0	\$2,701
Wayne County Comm. College	\$15,902	\$0	(\$13,375)	\$0	\$0	\$2,527
Wayne County Zoo	\$491	\$0	(\$413)	\$0	\$0	\$78
Detroit Institute of Arts	\$981	\$0	(\$825)	\$0	\$0	\$156
Total	\$1,096,522	(\$357,034)	(\$248,561)	\$0	\$0	\$490,928

Conclusion

The estimated total capital investment from the developer for this project is \$3.6 million. It is also estimated that the project will create 22 FTE positions, in addition to 30 temporary construction jobs. The total value of the 12 year OPRA tax abatement is estimated at **\$248,561**.

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$347,277** and a net benefit of **\$490,928** to all of the impacted taxing units, which is inclusive of **\$103,858** to the *Detroit Public Schools (old)*⁴ over the 12 years of the OPRA abatement.

³ Charts courtesy of the DEGC

⁴ The old district — Detroit Public Schools — continues to exist, but only to pay off debt.

<https://chalkbeat.org/posts/detroit/2019/04/11/detroit-school-financial-review-commission-state-control-oversight-nikolai-vitti/>

The legislative body of the qualified local governmental unit may, by resolution, revoke the obsolete property rehabilitation exemption certificate of a facility if it finds that the completion of rehabilitation of the facility has not occurred within the time authorized by the legislative body in the exemption certificate ..., or that the holder of the obsolete property exemption certificate has not proceeded in good faith with the operation of the rehabilitated facility in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder of the exemption certificate.⁵

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

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

⁵ OBSOLETE PROPERTY REHABILITATION ACT 146 of 2000, MCL 125.2792 (1)



22000 Grand River “The Obama Building”⁶



Rendering of the completed project⁷

⁶ Photo courtesy of the DEGC

⁷ Source: <https://www.theplatform.city/obama-building/>

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 AVE., SUITE 824
DETROIT, MI 48226
PHONE: 313•224•3011
FAX: 313•224•9400

April 8, 2020

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

RE: Obsolete Property Rehabilitation Certificate – **Grand Lahser LLC**
Property Address: 22000 Grand River Ave.
Parcel Number: 16008274.

Dear Ms. Trudeau:

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 **22000 W. Grand River** in the **Old Redford** area 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.

Grand Lahser LLC plans to convert the existing vacant retail buildings considered a blighted structure due to lack of maintenance into retail and residential use. The first floor will consist of 12,053 square feet of retail space and the second floor will be converted to 4 loft apartment units with a total of 2,968 square feet. The current buildings are one and two story retail with a total of 15,114 of floor area, built in 1923 and 1949, and situated on .277 acres of land. Rehabilitation will include exterior masonry repairs, install new store front glass system, new HVAC, new plumbing along with installing a common bathroom system, and a kitchenette and corridor to be shared by all retail.

The 2020 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value	Land Taxable Value
22007822-4	22000 W GRAND RIVER	\$ 68,500	\$ 68,500	\$ 14,700	\$ 14,700

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 the **Old Redford** area and is expected to increase commercial activity, create employment, revitalize an urban area and increase the number of residents in the community.



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

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVE., SUITE 824
DETROIT, MI 48226
PHONE: 313•224•3011
FAX: 313•224•9400

Obsolete Property Rehabilitation Certificate
Grand Lahser LLC
Page 2

A field investigation indicated that the property located at **22000 W. Grand River** 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