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TO: COUNCIL MEMBERS
FROM: David Whitaker, Director 
Legislative Policy Division Staff
DATE: July 1, 2020
RE: **3820 West End, 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.

3820 West End, LLC

3820 West End, LLC, is the project developer and owner of the property located at 3820 West Grand River Avenue, formerly 3834 W. Grand River Ave. The development team is comprised by the development firms URGE Development Group LLC and N’Namdi Holdings, led by Roderick Hardamon and George N’Namdi respectively, are collaborating to develop a 5- story mixed-use apartment complex in the West End Gallery District. The team commenced to create Detroit’s first destination for art galleries, located North Corktown and Woodbridge. The West End will showcase a moderate density mixed-use area where galleries, retail, restaurants, bars, and creative businesses coexist with nearby residential neighborhoods. The Osi @ West End (“The Osi”) development will help the Grand River corridor attract activity and customers by improving the aesthetic and focusing on the underserved retail needs of the area.

The Osi 7 will provide new housing options to both existing and new residents to the area. The Osi will consist of 30 units including studios, one bedroom, and two-bedroom apartments, built with an emphasis on efficiency and design. The developer’s target resident demographic

includes those seeking viable options that are outside, but within a short commute, of the city center and surrounding communities.

The first floor of The Osi will include a 5,000 square foot retail plaza to accommodate the Grand River Avenue block between Avery and Commonwealth streets. The Osi will also be the home to an art gallery and a mix of food options, coffee shops and other amenities that will be attractive to its residents and the surrounding communities. The development will hold 20% of the units (6 units) for households making 80% or less of Area Median Income.

In addition to the current PA 210 tax abatement request, the developer has requested and in November 2019, received approval from the Detroit City Council, for a \$360,172 Brownfield TIF¹ reimbursement for the developer. The project is estimated to create 2 FTEs and 52 temporary construction jobs. The total estimated investment in the project is \$6.6 million.

The DEGC has recommended a full-term 10 year PA 210 tax abatement.

**DEGC Project Evaluation Checklist
The Osi Art Apartments @ West End**

Developer: 3820 West End, LLC

Principal: Roderick Hardamon

Commercial Rehabilitation Act, PA 210 of 2005 as amended – current taxes frozen at pre-rehab values, local taxes abated for up to 10 years	
DEGC Recommendation	
Request Type	District
Location	
Address	3820 W Grand River
City Council District	District 6
Neighborhood	Woodbridge
Located in HRD Targeted Area	Yes, Greater Downtown
Building Use	
Total Rentable Square Foot	21,751
Residential Square Feet	16,722
Retail Square Feet	5,029
Parking Spaces	24
Project Description	
The Development Team is comprised of the development firms URGE Development Group LLC and N’Namdi Holdings led by Roderick Hardamon and George N’Namdi, respectively. The Development Team envisions this area as a local and regional destination that celebrates arts and culture and is home to creative entrepreneurs. The team commenced to create Detroit’s first destination for art galleries, located North Corktown and Woodbridge. The West End will showcase a moderate density mixed-use area where galleries, retail, restaurants, bars, and creative businesses coexist with nearby residential neighborhoods through the utilization of creativity as a driver for sustainable and equitable development. The Osi @ West End (“The Osi”) development will help the Grand River	

¹ Tax Increment Financing (TIF) subsidizes an entity by refunding or diverting a portion of their taxes to help finance development in an area or on a project site.

corridor attract a critical mass of activity and customers by improving the aesthetic and focusing on the underserved retail needs of the area.

The Osi 7 will provide new housing options to both existing and new residents to the area. The Osi will consist of 30 units including studios, one bedroom, and two-bedroom apartments. Built with an emphasis on efficiency and design, The Osi offers new units creating an attractive, high demand housing product. Our target resident demographic includes those seeking viable options that are outside, but within a short commute, of the city center and surrounding communities.

The first floor of The Osi will house 5,000 square feet of retail space plaza that activates the Grand River Avenue block between Avery and Commonwealth streets. The Osi will be home to an art gallery and a mix of food options, coffee shops and other amenities that will be attractive to its residents and the surrounding communities. The development team will hold 20% of the units (6 units) for households making 80% or less of Area Median Income.

Housing Breakdown	
Total Units	30 units; \$2.10psf
Studio	3 units, 496sf, \$994/mo rent
1 Bedroom	25 units, 490-765sf, \$1,136-\$1,454/mo rent
2 Bedroom	2 units, 793-842sf, \$1,507-\$1,600/mo rent
Sources and Uses	
Total Investment	\$6.6 M (\$220k/unit)
Uses	\$250k Acquisition (4%), \$5.0M Hard Construction (76%), \$1.3M Soft Costs (20%)
Project Benefits	
Estimated Jobs	2 FTE, 52 Construction Employees
Estimated City benefits before tax abatement	\$697,569
Total estimated City value of OPRA abatement	\$132,212
Less cost of services & utility deductions	\$286,380
Net Benefit to City	\$278,976

City of Detroit: Incentive Summary Over the First 10 Years

	Amount
Real Property Taxes, before abatement	\$290,328
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$8,382
Municipal Income Taxes - Indirect Workers	\$2,517
Municipal Income Taxes - Corporate Income	\$4,477
Municipal Income Taxes - Construction Period	\$48,244
Municipal Income Taxes - New Res. Inhabitants	\$150,590
Utility Revenue	\$119,829
Utility Users' Excise Taxes	\$6,954
State Revenue Sharing - Sales Tax	\$7,301
Building Permits and Fees	\$48,692
Miscellaneous Taxes & User Fees	\$10,254
Subtotal Benefits	\$697,569
Cost of Providing Municipal Services	(\$12,383)
Cost of Providing Utility Services	(\$119,829)
Subtotal Costs	(\$132,212)
Net Benefits	\$565,356

All Taxing Units: Incentive Summary Over the First 10 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	\$697,569	(\$132,212)	(\$286,380)	\$0	\$0	\$278,976
Wayne County	\$71,662	(\$2,249)	(\$68,519)	\$0	\$0	\$895
Detroit Public Schools	\$277,405	(\$8,674)	(\$110,859)	\$0	\$0	\$157,871
State Education	\$51,916	\$0	\$0	\$0	\$0	\$51,916
Wayne RESA	\$36,395	\$0	(\$35,962)	\$0	\$0	\$433
Wayne County Comm. College	\$28,041	\$0	(\$27,636)	\$0	\$0	\$405
Wayne County Zoo	\$865	\$0	(\$853)	\$0	\$0	\$13
Detroit Institute of Arts	\$1,731	\$0	(\$1,706)	\$0	\$0	\$25
Total	\$1,165,583	(\$143,136)	(\$531,914)	\$0	\$0	\$490,534

Conclusion

The estimated total capital investment from the developer is approximately **\$6.6 million**. It is estimated that 2 FTE and 52 construction jobs 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 **\$278,976**, and all of the impacted taxing units, a net benefit of **\$490,534** over 10 years, despite the **\$531,914 tax abatement** to the developer.

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



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



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

COLEMAN A. YOUNG MUNICIPAL CENTER
 2 WOODWARD AVE., SUITE 824
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April 16, 2020

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

RE: Commercial Rehabilitation Certificate – **3820 West End LLC**
 Property Address: 3820 W. Grand River
 Parcels Number: 08001182-4

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 **3820 W. Grand River** in the **Woodbridge** 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 site consists of vacant land on which a building was recently demolished on .385 acres of land. The developer, **3820 West End LLC**, plans to construct a mixed-use five story development including 5,000 square feet of retail space on the first floor and 30 residential units including studios, one bedroom and two bedroom apartments on the remaining floors. The new construction of the proposed Osi Art Apartments@West End building is expected to increase commercial activity in the area, create employment, revitalize the urban area and increase the number of residents in the city.

The 2020 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
08001182-4	3820 W. Grand River	\$ -	\$ -	\$ 12,500	\$ 12,500

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 **3820 W. Grand River** 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



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

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Commercial Rehabilitation Certificate
3820 West End LLC
Page 2

Property Owner: 3820 WEST END LLC
Property Address: 3820 W GRAND RIVER
Parcel Number: 08001182-4
Legal Description: N GRAND RIVER 9 THRU 7 BLK 3 AVERY & MURPHYS SUB L9 P42 PLATS, W C R 8/52 120 X 130

