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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: October 21, 2020  
 RE: **2463 Riopelle, 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.

**2463 Riopelle, LLC**

2463 Riopelle, LLC, the project developer, plans to develop a vacant one-story light manufacturing structure on 0.042 acres of land, located at **2463 Riopelle**, in the Eastern Market Area. The developer plans to construct an event space and office by adding an additional floor and rooftop deck, thereby bringing the total square footage to approximately 3,800 square feet of space.

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

**DEGC Project Evaluation Checklist**  
**2463 Riopelle**  
**Developer: 2463 Riopelle, LLC**  
**Principle: Jamie Ruddy**

Commercial Rehabilitation Act, <b>PA 210 of 2005 as amended</b> – Current taxes frozen at pre-rehab construction values, local taxes abated for up to 10 years	
<b>DEGC Recommendation</b>	<b>10 Years</b>

Request Type	Certificate
<b>Location</b>	
Address	2463 Riopelle
City Council District	District 5
Neighborhood	Eastern Market
<b>Building Use</b>	
Total Rentable Square Footage	1,200
Commercial Square Footage	1,200
<b>Project Description</b>	
<p>The project at 2463 Riopelle is largely an event space with some shared office space. We are hoping for an end date between August 2020-October 2020. (Due to Covid-19, we will be changing the way we operate due to mayor and governor's orders). The building was one level when purchased. We are rehabilitating the outside of the building to its original brick, and changing the building into three floors with the third floor being a rooftop deck. Our business will strengthen the surrounding Eastern Market business, as we engage them for catering, food service, and event needs. Every event requires the hiring of caterers, valet service, bartenders, florist, security, event planners and linen companies in order to operate an event.</p>	
<b>Underwriting</b>	
<b>Project Costs</b>	
Total Investment	\$1.2M
Uses	\$0.5M Acquisition (42%), \$0.5M Hard Construction (42%), \$0.2M Soft Costs (%)
<b>Project Benefits (10 years)</b>	
Estimated jobs	2 FTE, 40 construction jobs
Estimated city benefits before tax abatement	<b>\$80,121</b>
Total nominal value of PA 210	<b>\$11,471</b>
Less cost of services & utility deductions	<b>\$27,883</b>
Net benefit to city	<b>\$40,767</b>

**City of Detroit: Incentive Summary Over the First 10 Years**

	Amount
Real Property Taxes, before abatement	\$16,105
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$10,761
Municipal Income Taxes - Indirect Workers	\$3,991
Municipal Income Taxes - Corporate Income	\$4,927
Municipal Income Taxes - Construction Period	\$4,257
Utility Revenue	\$15,145
Utility Users' Excise Taxes	\$1,876
State Revenue Sharing - Sales Tax	\$7,510
Building Permits and Fees	\$5,000
Miscellaneous Taxes & User Fees	\$10,548
<b>Subtotal Benefits</b>	<b>\$80,121</b>
Cost of Providing Municipal Services	(\$12,738)
Cost of Providing Utility Services	(\$15,145)
<b>Subtotal Costs</b>	<b>(\$27,883)</b>
<b>Net Benefits</b>	<b>\$52,239</b>

**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	\$80,121	(\$27,883)	(\$11,471)	\$0	\$0	\$40,767
Wayne County	\$6,135	(\$2,330)	(\$2,744)	\$0	\$0	\$1,061
Detroit Public Schools	\$25,217	(\$9,546)	(\$4,441)	\$0	\$0	\$11,230
State Education	\$2,927	\$0	\$0	\$0	\$0	\$2,927
Wayne RESA	\$1,953	\$0	(\$1,440)	\$0	\$0	\$513
Wayne County Comm. College	\$1,581	\$0	(\$1,107)	\$0	\$0	\$474
Wayne County Zoo	\$49	\$0	(\$34)	\$0	\$0	\$15
Detroit Institute of Arts	\$98	\$0	(\$68)	\$0	\$0	\$29
<b>Total</b>	<b>\$118,081</b>	<b>(\$39,759)</b>	<b>(\$21,306)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$57,016</b>

**Conclusion**

The investment in this project is estimated at **\$1.2 million**.<sup>2</sup> The proposed tax abatement is projected to be worth a tax savings of **\$21,306**<sup>3</sup> to the developer. The estimated investment is also projected to produce a positive cost benefit to the City of Detroit of **\$40,767**, and over **\$57,016** to all of the impacted taxing units, in addition to 2 full-time and 40 temporary construction jobs.

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

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

<sup>2</sup> The entire project is estimated at \$20.4 million, however, according to its application, this phase is \$1.334 MM.

<sup>3</sup> Existing Annual Taxes: \$1,439 - New Annual Taxes AFTER Incentive: \$2,216



2463 Riopelle<sup>4</sup>

**Attachment:** Assessor's Letter dated August 24, 2020

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

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<sup>4</sup> Photo: <https://www.loopnet.com/Listing/16392116/2463-RIOPELLE-ST-DETROIT-MI/>



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

August 24, 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 – **2463 Riopelle LLC**  
 Property Address: 2463 Riopelle  
 Parcels Number: 07002269.001

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 **2463 Riopelle** in the **Eastern Market** 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 property consists of a one-story industrial light manufacturing structure on 0.042 acres of land. The developer plans to construct an event space and office by adding an additional floor and rooftop deck, bringing the total square footage to approximately 3,800. The rehabilitation is expected to increase commercial activity in the area, prevent loss of 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
07002269.001	2463 Riopelle	\$ 13,800	\$ 13,800	\$ 1,500	\$ 1,500

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 **2463 Riopelle** 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



CITY OF DETROIT  
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OFFICE OF THE ASSESSOR

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Commercial Rehabilitation Certificate  
2463 Riopelle LLC  
Page 2

Property Owner: 2463 RIOPELLE LLC  
Property Address: 2463 RIOPELLE  
Parcel Number: 07002269.001  
Legal Description: W RIOPELLE E 55 FT J SUB OF PT RIOPELLE FARM L1 P135 PLATS, W C R 7/26 33.6 X 55

