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TO: COUNCIL MEMBERS 
FROM: David Whitaker, Director
Legislative Policy Division Staff
DATE: October 28, 2020
RE: Application for an **Obsolete Property Rehabilitation Certificate by
Infinity-Park Ave, 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, commercial housing projects and to return them to the tax rolls.

Infinity-Park Ave, LLC

The project developer and owner of the property is Infinity-Park Ave, LLC. The project is located at **2001 Park Avenue**, a 12-story office building constructed in 1923, with 92,293 square feet of building area, on 0.184 acres of land, in Council District 6. Known as the Park Avenue Building, it is a beaux-arts¹ high-rise located in the Grand Circus Park Historic District in downtown Detroit. The developer plans to redevelop the building into **77 apartments**² with approximately 5,500 square feet of retail on the first floor. The renovations and repairs to the building are to include new fixed building equipment, including heating, ventilation, plumbing,

¹ Beaux-Arts architecture was the architectural style taught at the École des Beaux-Arts in Paris, particularly from the 1830s to the end of the 19th century. It drew upon the principles of French neoclassicism, but also incorporated Gothic and Renaissance elements, and used modern materials, such as iron and glass. It was an important style in France until the end of the 19th century. It also had a strong influence on architecture in the United States.

² 20% of the units will be affordable for households at with 80% AMI.

lighting, and fire suppression systems; new roof structure, cover, and insulation, in addition to lead and asbestos removal, façade improvements and general foundation improvements.

Building Use

Total Rentable Square Feet	81,545
Residential Square Feet	76,045
Retail Square Feet	5,500

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

DEGC Project Evaluation Checklist

2001 Park Avenue

Developer: Infinity-Park Ave, LLC

Principal: Rino Soave

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	
Request Type	OPRA Certificate
DEGC Recommendation	12 Years
Location	
Address	2001 Park Avenue
City Council District	District 6
Neighborhood	Downtown
Located in HRD Targeted Area	Yes, Greater Downtown
Building Use	
Total Rentable Square Feet	81,545
Residential Square Feet	76,045
Retail Square Feet	5,500
Project Description	
<p>2001 Park is an obsolete, desolate, and vacant piece of real property that will undergo a complete rehabilitation of all 12-floors of the building. The project to be completed will include interior demolition, and the construction of approximately 78 new one-, two- and three bedroom residential units (approximately 61,550 square feet), tenant amenities including a lobby, fitness center and community room (approximately 15,000 square feet), and new commercial space to be used as a restaurant and/or retail (approximately 5,500 square feet) (the “Project”). The existing building on the Property is currently vacant.</p> <p>Planned Rehabilitation:</p> <p>Infinity–Park Ave, LLC owns the Property and is the project developer. The proposed work will include changes made to obsolete property, satisfying the definitions in the Obsolete Property Rehabilitation Act, Michigan PA 146 of 2000, such as the following:</p> <ul style="list-style-type: none"> • Improvement of buildings to conform to the Michigan Building Code required minimum floor loads and other standards. • New fixed building equipment, including heating, ventilation, plumbing, lighting, and fire 	

suppression systems.

- Improved structural support for new roof mounted equipment, building penetrations and building signage.
- New roof structure, cover, and insulation.
- New interior wall placement and acoustics.

Sources and Uses

Total Investment	\$22.5M
Uses	\$5.0M Acquisition (22%); \$12.9M Hard Construction (58%); \$4.5M Soft Costs (20%)

Project Benefits

Estimated Jobs	34 FTE, 110 construction
Estimated City benefits before tax abatement	\$4,528,735
Total estimated City value of OPRA abatement	\$1,225,926
Less cost of services & utility deductions	\$1,013,725
Net Benefit to City	\$2,289,085

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

	Amount
Real Property Taxes, before abatement	\$2,002,062
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$33,982
Municipal Income Taxes - Indirect Workers	\$7,165
Municipal Income Taxes - Corporate Income	\$16,756
Municipal Income Taxes - Construction Period	\$93,852
Municipal Income Taxes - New Res. Inhabitants	\$629,011
Utility Revenue	\$741,587
Utility Users' Excise Taxes	\$101,701
State Revenue Sharing - Sales Tax	\$26,135
Building Permits and Fees	\$250,000
Miscellaneous Taxes & User Fees	\$36,705
Subtotal Benefits	\$3,938,957
Cost of Providing Municipal Services	(\$44,326)
Cost of Providing Utility Services	(\$741,587)
Subtotal Costs	(\$785,913)
Net Benefits	\$3,153,044

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	\$3,938,957	(\$785,913)	(\$1,225,926)	\$0	\$0	\$1,927,118
Wayne County	\$495,855	(\$7,924)	(\$293,268)	\$0	\$0	\$194,663
Detroit Public Schools	\$1,907,093	(\$21,642)	(\$474,561)	\$0	\$0	\$1,410,889
State Education	\$364,685	\$0	\$0	\$0	\$0	\$364,685
Downtown Dev. Authority	\$60,094	\$0	(\$36,092)	\$0	\$0	\$24,002
Wayne RESA	\$235,481	\$0	(\$148,531)	\$0	\$0	\$86,950
Wayne County Comm. College	\$196,978	\$0	(\$118,304)	\$0	\$0	\$78,674
Wayne County Zoo	\$6,078	\$0	(\$3,650)	\$0	\$0	\$2,428
Detroit Institute of Arts	\$12,156	\$0	(\$7,301)	\$0	\$0	\$4,855
Total	\$7,217,377	(\$815,479)	(\$2,307,634)	\$0	\$0	\$4,094,264

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Conclusion

The estimated total capital investment for this project is **\$22.5 million**. It is also estimated that completed project will create 34 FTEs (*the developer has committed to 6 jobs, the remainder are tenant positions*) and 110 temporary construction jobs. The total value of the 12 year OPRA tax abatement is estimated at **\$2,307,634**.⁴

Based on the investment and jobs, this project is also estimated to provide the City of Detroit a net benefit of **\$1,927,118**⁵ and all of the impacted taxing units, a net benefit of **\$4,094,264**⁶ over the 12 years of the OPRA tax abatement.

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

³ Charts courtesy of the DEGC

⁴ Existing Annual Taxes: \$97,929 - New Annual Taxes AFTER Incentive: \$163,754

⁵ Full potential City Benefit inclusive of tenant positions \$2,289,085

⁶ Full potential All Taxing Units Benefit inclusive of tenant positions \$4,460,674



The Park Avenue Building⁷

Attachment: Assessor's Letter, dated January 22, 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

⁷ Photo: CoStar Group Inc.



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

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2 WOODWARD AVENUE, SUITE 824
DETROIT, MICHIGAN 48226
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WWW.DETROITMI.GOV

January 22, 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 – Infinity Park Ave LLC**
Property Address: 2001 Park
Parcel Number: 02000382.

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 **2001 Park** in the **Foxtown 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.

Infinity Park Ave LLC plans to completely renovate the vacant 12-story historic office building consisting of 92,293 square feet of building area, built in 1923, on .184 acres of land into a mixed-use facility with 77 new residential apartments with 20% of the units with affordable rent, 5,500 square feet of retail and a general common area for residents. Rehabilitation is proposed to include lead and asbestos removal, restoration of exterior façade, foundation improvements, HVAC repair/replacement, elevator repairs, and electrical and gas system modifications.

The 2019 values are as follows (2020 values not available at this time):

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
02000382.	2001 Park	\$ 656,200	\$ 656,200	\$ 343,800	\$ 343,800

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 finished project will result bringing increased commercial activity, creating employment, will revitalize an urban area and increase the number of residents in the community in the **Foxtown area**.

A field investigation indicated that the property located **2001 Park** 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
Infinity Park Ave LLC
Page 2

Property Address: 2001 PARK

Parcel Number: 02000382.

Property Owner: INFINITY PARK AVE LLC

Legal Description: W WOODWARD W 30 FT OF LOTS 58 THRU 62 PLAT OF SEC 2 GOVERNOR & JUDGES PLAN L34 P549
DEEDS, W C R 2/38 270 X 30

