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City of Detroit

CITY COUNCIL

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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: May 25, 2022

RE: **Detroit Black Community Food Security Network (DBCFSN) PA 210
Certificate Request**

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.

The project developer and owner of the property located at **8324 Woodward**, is the **Detroit Black Community Food Security Network (DBCFSN)**, that is now seeking the approval of a PA 210 certificate. In addition to the requested PA 210 tax abatement. Prior to the current request, in 2021 the Detroit City Council approved a *brownfield TIF*¹ for the developer. We provided a report on the **Detroit Food Commons Brownfield Redevelopment Plan**, dated July 7, 2021.² Located at the corner of Euclid and Woodward, the property consists of a vacant commercial lot on 0.507 acres of land. The developer plans to construct a two-story mixed-use space with commercial and retail components inclusive of office space, community space, an *incubator kitchen*,³ and a retail *grocery store*,⁴ for a total of 31,140 sq ft.

¹ Tax increment financing (TIF) is a public financing method that is used as a subsidy for redevelopment, infrastructure, and community-improvement projects via the Brownfield Redevelopment Financing Act (**PA 381**)

² <https://detroitmi.gov/document/2021-07-07-detroit-food-commons-brownfield>

³ Kitchen Incubator is a time-shared access to a commercial kitchen, benefiting the community.

⁴ DFC will be the only Black-led, community-owned grocery store in the Midwest, confronting extractive practices of the industry while connecting economic opportunities to local growers and farmers in the supply chain.

According to its website, the DBCFSN was formed in February 2006 to address *food insecurity*⁵ in Detroit’s Black community and to organize members of that community to play a more active leadership role in the local food security movement.⁶ This project involves a community investment to develop a home for entrepreneurs, and community leaders focused on increasing access to healthy, sustainable freshly grown food, while building community ownership and empowerment.

DEGC Project Evaluation Checklist

Detroit Food Commons Fact Sheet

Developer: Develop Detroit & Detroit Black Community Food Security Network

Principles: Sonya Mays & Malik Yakini

Commercial Rehabilitation Act, PA 210 – current taxes frozen at pre-rehab values, improvements taxed at discounted millage for up to 10 years	
DEGC Recommendation	Approval of 10-yr term
Request Type	PA 210 Certificate
Location	
Address	8324 Woodward Avenue
City Council District	District 5
Neighborhood	North End
Building Use	
Retail (Grocery) Square Footage	14,549 SqFt
Office Square Footage	3,160 SqFt
Community Space	3,897 SqFt
Incubator Kitchen	3,783 SqFt
Project Description	
<p>Located at the corner of Woodward and Euclid, this project sits on an incredibly important corridor that connects the core business district with surrounding neighborhoods. This community investment will be home to a cohort of entrepreneurs, doers, and community leaders focused on increasing access to healthy, sustainably grown food while building community ownership and empowerment. DFC will bring much-needed access to fresh and nutrient-rich foods to help counter the negative effects of food insecurity, including obesity, high blood pressure, and a host of other health challenges that are negatively impacting Detroiters. DFC will be the only Black-led, community-owned grocery store in the Midwest, confronting extractive practices of the industry while connecting economic opportunities to local growers and farmers in the supply chain. Leveraging the impact of the cooperative structure to democratize power and provide resources, ownership, and empowerment to community members. This project imagines a hyper-local economy where the community is an asset. This project will also provide a platform and space to local food entrepreneurs who are interested in starting or growing their businesses, ultimately adding to the entrepreneurial ecosystem led by Eastern Market.</p>	
Project Costs	
Total Investment	\$18.4M
Uses	\$368k Acquisition (2%), \$10.3M Hard Construction (56%), \$7.9M Soft Costs (42%)
Sources	\$3.85M Foundation Loans (21%), \$1.5M MEDC Grant (8%), \$2.0M CDBG Grant (11%), \$6.65M Fundraising (36%), \$420k Deferred Developer Fee (2%), \$1.0M Cash Equity Owner (6%), \$5.0M NMTC Equity (27%)
Project Benefits (30 years)	
Estimated jobs	45 FTE, 83 Construction
Estimated city benefits before tax abatement	\$2,133,053
Total nominal value of PA 210	\$964,905
Brownfield TIF Capture	\$2,439
Less cost of services & utility deductions	\$363,288
Net benefit to city	\$802,418

⁵ Food insecurity: the condition of not having access to sufficient food, or food of an adequate quality, to meet one's basic needs

⁶ [About Us | DBCFSN](#)

City of Detroit: Benefits, Costs, and Net Benefits over the Next 10 Years

	Amount
Real Property Taxes, before abatement	\$1,004,718
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$262,885
Municipal Income Taxes - Indirect Workers	\$52,185
Municipal Income Taxes - Corporate Income	\$110,866
Municipal Income Taxes - Construction Period	\$71,081
Utility Revenue	\$67,340
Utility Users' Excise Taxes	\$44,422
State Revenue Sharing - Sales Tax	\$174,491
Building Permits and Fees	\$100,000
Miscellaneous Taxes & User Fees	\$245,065
Subtotal Benefits	\$2,133,053
Cost of Providing Municipal Services	(\$295,948)
Cost of Providing Utility Services	(\$67,340)
Subtotal Costs	(\$363,288)
Net Benefits	\$1,769,765

Impacted 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	Brownfield TIF Capture	Net Benefits After Tax Abatements & Incentives
City of Detroit	\$2,133,053	(\$363,288)	(\$964,908)	\$0	(\$2,439)	\$802,418
Wayne County	\$290,183	(\$52,283)	(\$230,399)	\$0	(\$795)	\$6,706
Detroit Public Schools	\$1,066,960	(\$162,286)	(\$373,520)	\$0	(\$275,147)	\$256,007
State Education	\$179,919	\$0	\$0	\$0	(\$172,989)	\$6,930
Wayne RESA	\$163,741	\$0	(\$156,893)	\$0	(\$542)	\$6,307
Wayne County Comm. College	\$97,180	\$0	(\$93,116)	\$0	(\$321)	\$3,743
Wayne County Zoo	\$2,999	\$0	(\$2,873)	\$0	\$0	\$125
Detroit Institute of Arts	\$5,997	\$0	(\$5,746)	\$0	\$0	\$251
Total	\$3,940,032	(\$577,856)	(\$1,827,455)	\$0	(\$452,234)	\$1,082,487

Impacted Taxing Units: Incentive Summary over the First 10 Years (With the *Library* breakout from the City)

Jurisdiction	Additional Benefits Before Tax Abatements	Additional Costs	Real Property Tax Abatement	Business Personal Property Tax Abatement	Brownfield TIF Capture	Net Benefits After Tax Abatements & Incentives
City of Detroit	\$ 1,999,442.00	\$ (363,288.00)	\$ (831,857.00)	\$ -	\$ (1,981.00)	\$ 802,316.00
Library	\$ 133,611.00	\$ -	\$ (133,051.00)	\$ -	\$ (458.00)	\$ 102.00
Wayne County	\$ 290,183.00	\$ (52,283.00)	\$ (230,399.00)	\$ -	\$ (795.00)	\$ 6,706.00
Detroit Public Schools	\$ 1,066,960.00	\$ (162,286.00)	\$ (373,520.00)	\$ -	\$ (275,147.00)	\$ 256,007.00
State Education	\$ 179,919.00	\$ -	\$ -	\$ -	\$ (172,989.00)	\$ 6,930.00
Wayne RESA	\$ 163,741.00	\$ -	\$ (156,893.00)	\$ -	\$ (542.00)	\$ 6,306.00
Wayne County Comm. College	\$ 97,180.00	\$ -	\$ (93,116.00)	\$ -	\$ (321.00)	\$ 3,743.00
Wayne County Zoo	\$ 2,999.00	\$ -	\$ (2,873.00)	\$ -	\$ -	\$ 126.00
Detroit Institute of Arts	\$ 5,997.00	\$ -	\$ (5,746.00)	\$ -	\$ -	\$ 251.00
Total	\$ 3,940,032.00	\$ (577,856.00)	\$ (1,827,455.00)	\$ -	\$ (452,234.00)	\$ 1,082,487.00

DEGC Chart of Taxes Before, During & After the Incentive⁸

	Existing Taxes	New Taxes AFTER Incentive(s)	New Taxes Without Incentive
City of Detroit	\$3,618	\$3,621	\$83,927
Library	\$579	\$579	\$13,424
Wayne County	\$1,002	\$1,003	\$23,245
Detroit Public Schools	\$3,732	\$50,494	\$86,553
State Education	\$750	\$17,393	\$17,393
Wayne RESA	\$682	\$683	\$15,829
Wayne County Comm. College	\$405	\$405	\$9,395
Wayne County Zoo	\$12	\$13	\$290
Detroit Institute of Arts	\$25	\$25	\$580
Total	\$10,806	\$74,216	\$250,635

⁷ Charts courtesy of the DEGC

⁸ Existing Annual Taxes: \$10,806 - New Annual Taxes DURING the Incentive: \$74,216 & Taxes after the Incentive EXPIRES: \$250,635

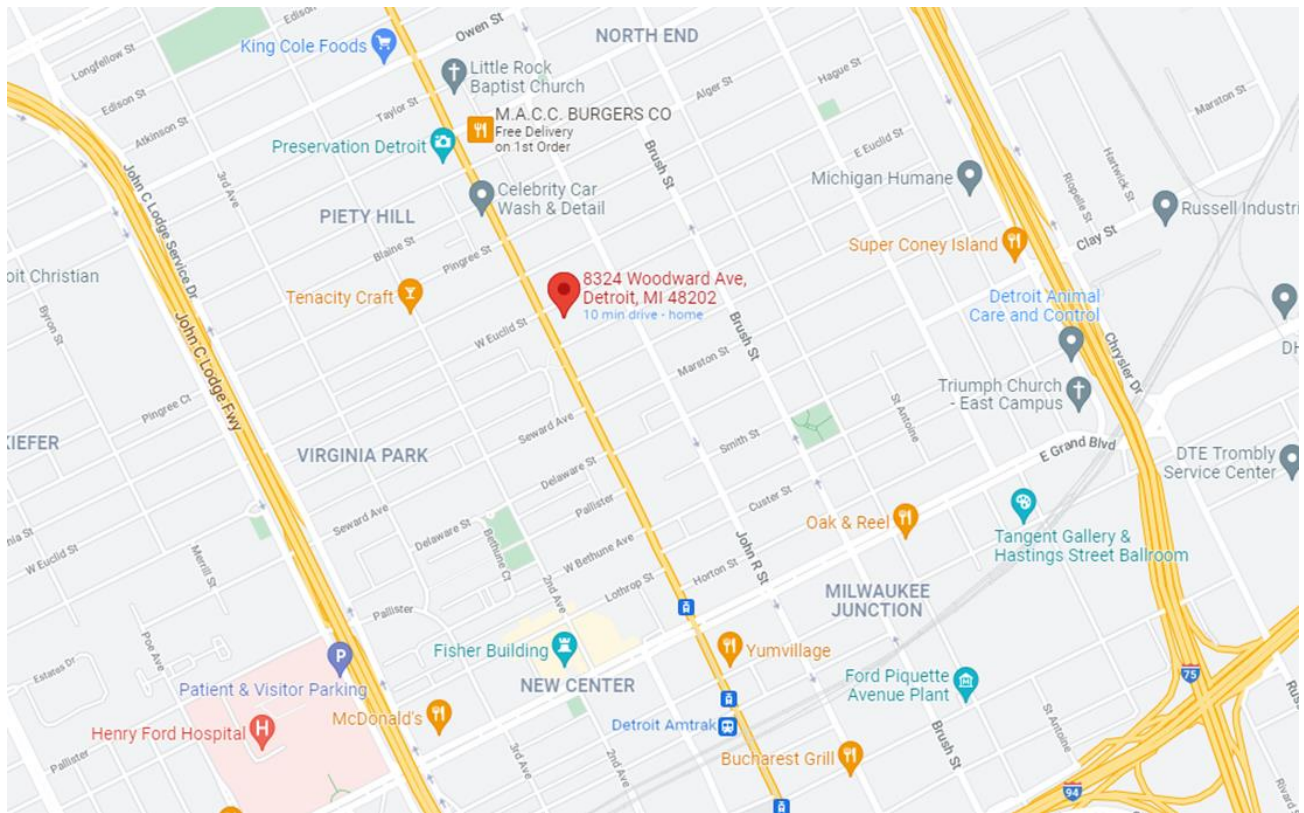
Conclusion

The estimated total capital investment for this project is **\$18.4 million**. It is also estimated that the completed project will create 45 FTEs and 83 temporary construction jobs. The total value of the 10-year Commercial Rehabilitation tax abatement is estimated at **\$1,827,455**.

Based on the investment and jobs, and also accounting for a TIF capture, this project is estimated to provide the City of Detroit a net benefit of **\$802,418**, and all of the impacted taxing units, a net benefit of **\$1,082,487** over the 10 years of the Commercial Rehabilitation tax abatement.

However, if the developer does not proceed in good faith to complete the project, the Act allows the City Council to revoke the certificate: *“The legislative body of the qualified local governmental unit may, by resolution, revoke the commercial rehabilitation exemption certificate of a facility if it finds that the completion of rehabilitation of the qualified facility has not occurred within the time authorized by the legislative body in the exemption certificate, or a duly authorized extension of that time, or that the holder of the commercial rehabilitation exemption certificate has not proceeded in good faith with the operation of the qualified 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.”*⁹

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



Area Map¹⁰

⁹ COMMERCIAL REHABILITATION ACT (Act 210) MCL. 207.852(1)

¹⁰ Area map courtesy of DEGC



Streetview of 8324 Woodward ¹¹

Attachments: **Assessor's Letter** dated March 18, 2022

cc: Auditor General's Office
Donald Rencher, Chief of Services and Infrastructure
Antoine Bryant, Planning and Development Department
Julie Schneider, HRD
Veronica Farley, HRD
Charles Ericson, Office of the CFO/Office of the Assessors
Stephanie Grimes Washington, Mayor's Office
Gail Fulton, Mayor's Office
Malinda Jensen, DEGC
Kenyetta Bridges, DEGC
Jennifer Kanalos, DEGC
Brian Vosburg, DEGC

¹¹ Source :Google Maps



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

March 18, 2022

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 – **Detroit Black Community Food Security Network (DBCFSN)**
 Property Address: **8324 Woodward**
 Parcel Number: 01004322.

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 **8324 Woodward** in the **North End** 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 vacant commercial lot with 0.507 acres of land. The developer plans to construct a two-story mixed-use space with commercial and retail components, with a total of 31,140 square feet. The development 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 2022 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
01004322.	8324 Woodward	\$ -	\$ -	\$ 161,000	\$ 161,000

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 **8324 Woodward** is eligible as it pertains to the Commercial Rehabilitation certificate criteria under P.A. 210 of 2005, as amended.

Sincerely,

Charles Ericson, MMAO
 Assessor



Commercial Rehabilitation Certificate
DBCFSN
Page 2

Property Owner: DETROIT BLACK COMMUNITY FOOD SECURITY NETWORK
Property Address: 8324 WOODWARD
Parcel Number: 01004322.
Legal Description: E WOODWARD 6 THRU 4LOWES SUB L8 P26 PLATS, W C R 1/110 130 X 170

