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# City of Detroit

## CITY COUNCIL

LEGISLATIVE POLICY DIVISION  
208 Coleman A. Young Municipal Center  
Detroit, Michigan 48226  
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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director   
Legislative Policy Division Staff

DATE: September 13, 2022

RE: Application for an **Obsolete Property Rehabilitation Certificate** by  
**411 Piquette, 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, and to return them to the tax rolls.

The project developer and owner of the property located at 411 Piquette, in the Milwaukee Junction area of Detroit, is 411 Piquette, LLC. The project as proposed, consists of a 4-story former storage facility with 123,422 square feet of building area, built in 1920, on 2.789 acres of land. Designed by Albert Kahn,<sup>1</sup> and attached to Ford's Piquette Avenue Plant, this 110,000-square-foot, 4-story brick building is being re-imagined to 161 *workforce housing*<sup>2</sup> units, which are comprised of 72 studio, 87 one-bedroom, and 3 two-bedroom units.<sup>3</sup>

The DEGC is recommending a 12-year tax abatement. In addition to the currently requested PA 146 OPRA tax break, the developer is also seeking the approval of a brownfield plan.<sup>4</sup>

### Building Use

<sup>1</sup> Albert Kahn (March 21, 1869 – December 8, 1942) Kahn has been called the "architect of Detroit" and designed almost 900 buildings. [In Energized Detroit, Savoring an Architectural Legacy - The New York Times \(nytimes.com\)](#)

<sup>2</sup> Workforce housing is housing built to serve families that are sitting between true affordable housing and luxury housing. Typically, they come into play at an income level where you are serving families that earn between 80 and 120 percent of median income. [What Is Workforce Housing? \(And How To Profit in 2022\) | GowerCrowd](#)

<sup>3</sup> [2020\\_0423\\_411Piquette\\_Leasing\\_lowres.pdf \(theplatform.city\)](#).

<sup>4</sup> The developer is also requesting a \$2,071,298 TIF, reimbursement, with the overall value of the plan estimated at \$4,242,882, which includes local brownfield costs. LPD has provided a review of this under a separate cover.

Total Rentable Square Foot	83,623	
Total Parking Spaces	175 dedicated spaces	
Total Apartment Units	161 Units	
Studio	71 Units (16 units affordable)	
1 Bedroom	87 Units (19 units affordable)	2 Bedroom
		3 Units

Of the 161 housing units listed above, 35 (21.7%) are planned to be offered as affordable units.

DEGC Project Evaluation Checklist

**411 Piquette**

Developer: 411 Piquette, LLC

Principal: Peter Cummings, The Platform

Obsolete Property Rehabilitation Act, <b>PA 146 of 2000 as amended</b> – current taxes frozen at pre-rehab values, local taxes abated for up to 12 years	
<b>Request Type</b>	<b>OPRA District</b>
<b>DEGC Recommendation</b>	<b>Approval of OPRA District and 12 Year Abatement Term</b>
<b>Location</b>	
Address	411 Piquette
City Council District	District 5
Neighborhood	Milwaukee Junction
Located in HRD Targeted Area	Yes, Greater Downtown
<b>Building Use</b>	
Total Rentable Square Foot	83,623
Total Parking Spaces	192 dedicated spaces
Total Apartment Units	161 Units
Studio	71 Units (16 units affordable)
1 Bedroom	87 Units (19 units affordable)
2 Bedroom	3 Units
<b>Project Description</b>	
The project at 411 Piquette will rehabilitate the existing 108,000 square foot historic building into approximately 161 workforce housing units. Built in 1920, the four-story industrial building was designed originally by Albert Kahn Architects. The building was last used as a medical records storage for Henry Ford Health System in 2018 and has since sat vacant. The residential units will consist of 83,000 square feet, leaving 25,000 square feet of common space, amenities, utility shafts, and other building infrastructure. The proposed 161 workforce housing units are comprised of 71 studios, 87 one-bedrooms and 3 two-bedrooms. The project will also reconfigure 192 surface parking spaces on the adjoined paved area. As part of the rehabilitation, the building will receive new utilities including electrical and plumbing, new energy efficient heating, cooling and ventilation systems, new energy efficient windows and doors, kitchen and bathroom cabinetry, appliances, and fixtures, new access stairs and elevators for the upper and lower units, and repairs to the building structure as needed. The structure will also be brought up to code per ADA and Fire requirements.	
<b>Sources and Uses</b>	
Total Investment	\$37.3M

Sources	\$17.3M Bernard Financial Arranged Senior Loan (47%), \$4.2 million PACE loan (12%), \$3.5M HTC Bridge Loan (10%), \$5.0M CRP Loan (13%), \$6.1M Owner's Equity (15%), \$1.2M HTC Equity Proceeds (3%)
Uses	\$5.9M Acquisition (16%), \$25.5M Hard Construction (68%), \$5.9MM Soft Costs (15%)
<b>Project Benefits</b>	
Estimated Jobs	2 FTE's; 75 temporary construction jobs
Estimated City benefits before tax abatement	<b>\$3,533,710</b>
Total estimated City value of OPRA abatement	<b>\$1,531,734</b>
Less cost of services & utility deductions	<b>\$759,177</b>
Net Benefit to City	<b>\$1,241,526</b>

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

	Amount
Real Property Taxes, before abatement	\$1,531,734
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$24,129
Municipal Income Taxes - Indirect Workers	\$6,278
Municipal Income Taxes - Corporate Income	\$9,894
Municipal Income Taxes - Construction Period	\$75,107
Municipal Income Taxes - New Res. Inhabitants	\$742,662
Utility Revenue	\$740,657
Utility Users' Excise Taxes	\$87,213
State Revenue Sharing - Sales Tax	\$8,583
Building Permits and Fees	\$297,250
Miscellaneous Taxes & User Fees	\$10,203
<b>Subtotal Benefits</b>	<b>\$3,533,710</b>
Cost of Providing Municipal Services	(\$18,520)
Cost of Providing Utility Services	(\$740,657)
<b>Subtotal Costs</b>	<b>(\$759,177)</b>
Net Benefits	\$2,774,533

### 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	Brownfield TIF Capture	Net Benefits After Tax Abatements & Incentives
City of Detroit	\$3,533,710	(\$759,177)	(\$1,531,734)	\$0	(\$1,273)	\$1,241,526
Wayne County	\$368,162	(\$2,289)	(\$365,434)	\$0	(\$415)	\$25
Detroit Public Schools	\$1,373,932	(\$12,064)	(\$592,940)	\$0	(\$692,857)	\$76,070
State Education	\$273,665	\$0	\$0	\$0	(\$246,598)	\$27,067
Wayne RESA	\$248,950	\$0	(\$248,670)	\$0	(\$280)	\$0
Wayne County Comm. College	\$147,847	\$0	(\$147,679)	\$0	(\$168)	\$0
Wayne County Zoo	\$4,547	\$0	(\$4,547)	\$0	\$0	\$0
Detroit Institute of Arts	\$9,099	\$0	(\$9,099)	\$0	\$0	\$0
<b>Total</b>	<b>\$5,959,913</b>	<b>(\$773,530)</b>	<b>(\$2,900,103)</b>	<b>\$0</b>	<b>(\$941,591)</b>	<b>\$1,344,688</b>

<sup>5</sup> Charts courtesy of the DEGC

**DEGC Chart of Taxes Before, During & After the Incentive<sup>6</sup>**

	Existing Taxes	New Taxes AFTER Incentive(s)	New Taxes Without Incentive
City of Detroit	\$11,253	\$11,341	\$120,338
Library	\$1,800	\$1,814	\$19,247
Wayne County	\$3,114	\$3,138	\$33,301
Detroit Public Schools	\$11,605	\$75,161	\$124,103
State Education	\$2,332	\$24,939	\$24,939
Wayne RESA	\$2,119	\$2,136	\$22,661
Wayne County Comm. College	\$1,258	\$1,268	\$13,458
Wayne County Zoo	\$39	\$39	\$414
Detroit Institute of Arts	\$78	\$78	\$829
<b>Total</b>	<b>\$33,597</b>	<b>\$119,914</b>	<b>\$359,290</b>

7

**Conclusion**

The estimated total capital investment for this project is **\$37.3 million**. It is also estimated that the completed project will create 2 FTE's and 75 temporary construction jobs, in addition to 161 new housing units. The total value of the 12-year OPRA tax savings is estimated at **\$2,900,103**.

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$1,241,526**, and all of the impacted taxing units, a net benefit of **\$1,344,688**, which both also account for the TIF capture estimate over the 12 years of the OPRA tax abatement.

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

**Attachment: Assessor's Letter, dated July 15, 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  
 Stephanie Grimes Washington, Mayor's Office  
 Gail Fulton, Mayor's Office  
 Malinda Jensen, DEGC  
 Kenyetta Bridges, DEGC  
 Jennifer Kanalos, DEGC  
 Brian Vosburg, DEGC

<sup>6</sup> Existing Annual Taxes: \$33,597 - New Annual Taxes DURING the Incentive: \$119,914 & Taxes after the Incentive EXPIRES: \$359,290

<sup>7</sup> Chart courtesy of the DEGC



Site at the corner of Piquette Ave. and Beaubien St. in Milwaukee Junction.<sup>8</sup>



Rendering of the completed project<sup>9</sup>

<sup>8</sup> Photo: [Piquette Flats – The Platform](#)

<sup>9</sup> Source: [\\$37.3 million project to turn old Studebaker site into apartments \(detroitnews.com\)](#)



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

July 15, 2022

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

Re: **Obsolete Property Rehabilitation Certificate – 411 Piquette LLC**  
 Addresses: 411 Piquette  
 Parcel Number: 01001800.003

Dear Ms. Trudeau:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the proposed Obsolete Property Rehabilitation Certificate for the property located at **01001800.003** located in the **Milwaukee Junction** area of the City of Detroit.

The rationale for 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.

The 2022 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
01001800.003	411 Piquette	\$ 469,300	\$ 235,963	\$ 303,700	\$ 152,699

The project as proposed by the **411 Piquette LLC** consists of a 4-story former storage facility with 123,422 square feet of building area, built in 1920, on 2.789 acres of land. The proposed project consists of rehabilitating the property into a mixed use development consisting of 162 workforce residential units and adjacent parking. The building will undergo major renovations including window replacement, life safety equipment replacement, all major mechanical, plumbing and electrical systems replacement, and interior buildouts.



CITY OF DETROIT  
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OFFICE OF THE ASSESSOR

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Obsolete Property Rehabilitation Certificate  
411 Piquette LLC  
Page 2

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. Rehabilitation also includes major renovation and modification including, but not necessarily limited to, the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, adding additional stories to a facility or adding additional space on the same floor level not to exceed 100% of the existing floor space on that floor level, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the obsolete property to an economically efficient condition.

A review of the project plan and related statutes indicated that the proposed Obsolete Property Rehabilitation Certificate for the property located at **411 Piquette** 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



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

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Obsolete Property Rehabilitation Certificate  
411 Piquette LLC  
Page 3

Property Address: 411 PIQUETTE  
Parcel Number: 01001800.003  
Property Owner: 411 PIQUETTE LLC  
Legal Description: N PIQUETTE LOT 4 & S 40 FT OF VAC TROMBLY AVE ADJ EXC S 402.35 FT OF E 56 FT THEREOF  
EMILY CAMPAUS SUB L3 P64 PLATS W C R 1/96 252 IRREG

