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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 19, 2022

RE: **Butchers Real Estate, LLC 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.

### **Butchers Real Estate, LLC**

The project developer and owner of the property located at **1489 Winder**, is **Butchers Real Estate, LLC**,<sup>1</sup> is now seeking the approval of a PA 210 certificate. Built in 1929, the property consists of a vacant two-story former retail structure with 2,600 sq. ft. of building space. The developer plans to convert the property into a cigar bar and lounge, requiring the rehabilitation and replacement of its HVAC, plumbing and electrical systems, window and door replacements, and structural repairs.

The DEGC has recommended a full term 10-year Commercial Rehabilitation Certificate for the developer.

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<sup>1</sup> Principal developer: Charles Nolen, President at Michigan Black Bar Owners Association [Charles Nolen - Owner - Cutter's Bar & Grill | LinkedIn](#)

## DEGC Property Tax Abatement Evaluation

**Property Address:** 1489 Winder  
**Developer:** Butchers Real Estate, LLC | Chuck Nolan  
**Prepared By:** Catherine Frazier

<b>Description of Incentive: PA 210</b>	
<b>DEGC Abatement Term Recommendation</b>	<b>10 years</b>
<b>Location</b>	
Address	1489 Winder
City Council District	5
Neighborhood	Eastern Market
<b>Building Use</b>	
Total Retail Square Footage	2,400
<b>Project Description</b>	
<p>The rehabilitation of 1489 Winder, commonly known as The Butchers Inn in Eastern Market, will transform the current vacant, dilapidated two-story commercial building into a cigar bar and lounge featuring luxurious and timeless finishes. Building renovations include all new utilities including electrical and plumbing, new energy efficient heating, cooling and ventilation systems, energy efficient windows and doors, and repairs to the building structure. The structure will also be brought up to code per ADA and Fire requirements. The Developer has engaged with the following local neighbors: Thomas McGee's, Bert's on Broadway, Henry the Hatter, Detroit Distillery and met with support</p>	
<b>Sources and Uses of Capital Summary</b>	
Total Investment	\$1.76M
Sources	Senior Debt: \$750K, Equity: \$213,920, Building: \$800K
Uses	Hard Costs \$800K, Soft Costs: \$160K, Building: \$800K
<b>Project Economic Benefits Summary</b>	
Estimated Jobs (FTE/Construction)	4 FTE / 16 Construction
Estimated City benefits before tax abatement	<b>\$181,366</b>
Total estimated City value of abatement	<b>\$44,122</b>
Less cost of services & utility deductions	<b>\$53,670</b>
Net Benefit to City with abatement	<b>\$83,574</b>

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

	Amount
Real Property Taxes, before abatement	\$44,122
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$17,710
Municipal Income Taxes - Indirect Workers	\$5,633
Municipal Income Taxes - Corporate Income	\$16,425
Municipal Income Taxes - Construction Period	\$8,013
Utility Revenue	\$18,880
Utility Users' Excise Taxes	\$4,174
State Revenue Sharing - Sales Tax	\$18,360
Building Permits and Fees	\$26,000
Miscellaneous Taxes & User Fees	\$22,048
<b>Subtotal Benefits</b>	<b>\$181,366</b>
Cost of Providing Municipal Services	(\$34,789)
Cost of Providing Utility Services	(\$18,880)
<b>Subtotal Costs</b>	<b>(\$53,670)</b>
<b>Net Benefits</b>	<b>\$127,696</b>

**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	Utility Users Tax & Corporation Income Tax Exemption	Net Benefits After Tax Abatements & Incentives
City of Detroit	\$181,366	(\$53,670)	(\$44,122)	\$0	\$0	\$83,574
Wayne County	\$14,953	(\$4,427)	(\$10,526)	\$0	\$0	\$0
Detroit Public Schools	\$60,777	(\$21,512)	(\$17,080)	\$0	\$0	\$22,185
State Education	\$7,883	\$0	\$0	\$0	\$0	\$7,883
Wayne RESA	\$7,163	\$0	(\$7,163)	\$0	\$0	\$0
Wayne County Comm. College	\$4,254	\$0	(\$4,254)	\$0	\$0	\$0
Wayne County Zoo	\$131	\$0	(\$131)	\$0	\$0	\$0
Detroit Institute of Arts	\$262	\$0	(\$262)	\$0	\$0	\$0
<b>Total</b>	<b>\$276,789</b>	<b>(\$79,609)</b>	<b>(\$83,538)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$113,642</b>

**DEGC Chart of Taxes Before, During & After the Incentive<sup>3</sup>**

	Existing Taxes	New Taxes AFTER Incentive(s)	New Taxes Without Incentive
City of Detroit	\$1,621	\$1,630	\$5,173
Library	\$259	\$261	\$827
Wayne County	\$449	\$451	\$1,432
Detroit Public Schools	\$1,672	\$3,744	\$5,335
State Education	\$336	\$1,072	\$1,072
Wayne RESA	\$305	\$307	\$974
Wayne County Comm. College	\$181	\$182	\$579
Wayne County Zoo	\$6	\$6	\$18
Detroit Institute of Arts	\$11	\$11	\$36
<b>Total</b>	<b>\$4,840</b>	<b>\$7,665</b>	<b>\$15,446</b>

<sup>2</sup> Charts courtesy of the DEGC

<sup>3</sup> Existing Annual Taxes: \$4,840 - New Annual Taxes DURING the Incentive: \$7,665 & Taxes after the Incentive EXPIRES: \$15,446

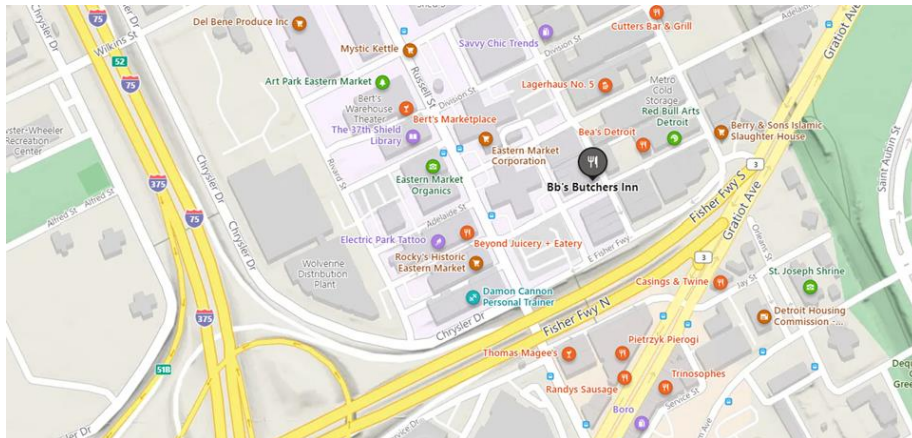
## Conclusion

The estimated total capital investment for this project is **\$1.76 million**. It is also estimated that the completed project will create 4 FTEs and 16 temporary construction jobs. The total value of the 10-year Commercial Rehabilitation tax savings is estimated at **\$83,538**.

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$83,574**, and all of the impacted taxing units, a net benefit of **\$113,642** 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.”*<sup>4</sup>

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



Area Map<sup>5</sup>

<sup>4</sup> COMMERCIAL REHABILITATION ACT (Act 210) MCL. 207.852(1)

<sup>5</sup> Area map courtesy of DEGC



Streetview of 1489 Winder <sup>6</sup>

Attachments: **Assessor's Letter** dated August 23, 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

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<sup>6</sup> Source : [1489 Winder St, Detroit, MI 48207 - Property Record | LoopNet.com](https://www.loopnet.com/property-record/1489-winder-st-detroit-mi-48207/)



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 23, 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 – **Butchers Real Estate LLC**  
 Property Address: **1489 Winder**  
 Parcel Number: 07000823.002

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 **1489 Winder** 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 vacant 2-story former retail structure, built in 1929 with 2,600 sq.ft . The developer plans to convert the property into a cigar bar and lounge, requiring the rehabilitation and replacement of HVAC, plumbing, and electrical systems, window and door replacement, and structural repairs. 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
07000823.002	1489 Winder	\$ 58,200	\$ 49,297	\$ 7,900	\$ 6,691

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 **1489 Winder** is eligible as it pertains to the Commercial Rehabilitation certificate criteria under P.A. 210 of 2005, as amended.

Sincerely,

Charles Ericson, MMAO  
 Assessor



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

COLEMAN A. YOUNG MUNICIPAL CENTER  
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Commercial Rehabilitation Certificate  
Butchers Real Estate  
Page 2

Property Owner: BUTCHERS REAL ESTATE LLC  
Property Address: 1489 WINDER  
Parcel Number: 07000823.002  
Legal Description: N WINDER THAT PT OF 18 PLAT OF PT RIOPELLE FARM L45 P101 DEEDS, W.C.R. DESC AS BEG AT A PT ON S E COR OF SD LOT 18, TH W'LY ALG N'LY LINE OF WINDER AVE, 50 FT WD, 25.13 FT; THE N'LY 52.48 FT; TH E'LY 25.08 FT; TH S'LY 52.55 FT TO P O B 7/74 25.13 IRREG

