

David Whitaker, Esq.
Director
Irvin Corley, Jr.
Executive Policy Manager
Marcell R. Todd, Jr.
Director, City Planning
Commission
Janese Chapman
Director, Historic Designation
Advisory Board

John Alexander
Ronald Amarteifio
Megha Bamola
LaKisha Barclift, Esq.
Paige Blessman
M. Rory Bolger, Ph.D., FAICP
Eric Fazzini, AICP
Christopher Gulock, AICP
Derrick Headd

City of Detroit CITY COUNCIL

LEGISLATIVE POLICY DIVISION
208 Coleman A. Young Municipal Center
Detroit, Michigan 48226
Phone: (313) 224-4946 Fax: (313) 224-4336

Marcel Hurt, Esq.
Kimani Jeffrey
Edward King
Kelsey Maas
Jamie Murphy
Kim Newby
Analine Powers, Ph.D.
Laurie Anne Sabatini
Rebecca Savage
Ryan Schumaker
Sabrina Shockley
Renee Short
Floyd Stanley
Thomas Stephens, Esq.
Timarie Szwed
Dr. Sheryl Theriot
Theresa Thomas
Ashley A. Wilson

TO: COUNCIL MEMBERS

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: October 24, 2022

RE: **Detroit & Northern, 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.

The project developer and owner of the property located at **1133 Griswold**, is **Detroit & Northern, LLC**,¹ is now seeking the approval of a PA 210 certificate. Built in 1930, the property consists of a vacant seven-story office building with 15,498 sq. ft. of building space, on 0.059 acres of land. The developer plans to rehabilitate the existing structure and add four additional floors to create 27 apartment units, with commercial space on the first and second floors. The building will require major renovations including, but not limited to, new major mechanical, plumbing and electrical systems, a roof replacement, window and floor replacements, and environmental remediation.²

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

¹ Principal developer: Richard M, Karp [Richard M. Karp - Karp and Associates](#)

² Karp has been redeveloping several buildings in downtown Detroit's Capitol Park neighborhood, including the former United Way building, the Farwell Building and the Capitol Park Building. He also has been purchasing property south along Washington Boulevard, including across from the Westin Book Cadillac Detroit hotel for a new mixed-use development when the planned demolition of the Gateway Center building occurs. [Richard Karp | Crain's Detroit Business \(crainsdetroit.com\)](#)

DEGC Project Evaluation Checklist

1133 Griswold

Developer: Detroit & North, LLC

Principal: Richard Karp, Karp & Associates

Commercial Rehabilitation Act, PA 210 – current taxes frozen at pre-rehab values, improvements taxed at discounted millage for up to 10 years	
Request Type	PA 210 Certificate
DEGC Recommendation	Approval of PA 210 and 10-Year Abatement Term
Location	
Address	1133 Griswold
City Council District	District 6
Neighborhood	Capital Park
Located in HRD Targeted Area	Downtown
Building Use	
Total Commercial Square Footage	1,180 SqFt
Total Retail Square Footage	4,930 SqFt
Total Residential Square Footage	20,214 SqFt
Total Apartment Units	27 Units (6 units affordable at 80% AMI)
Project Description	
<p>This project is a full rehabilitation of a currently vacant, abandoned, and blighted building that sits at 1133 Griswold Street. The scope of work during the rehabilitation is turning this building into a multi-use with both residential and commercial components, including 27 rentable apartments and rentable commercial space on the lower level, 1st floor and mezzanine 2nd floor. Additionally, we will be constructing 4 new floors on top of the existing structure to make the building 11 stories tall. The current state of the subject property is poor and invites further blight, crime and hazards. It is also beginning to affect the safety and appeal of Capitol Park Lofts (commonly owned) and with the rehabilitation of this property, it will boost the value added by creating both rentable commercial space that promotes further business creation/expansion and housing (with 6 units at 80% AMI), public appeal, and neighborhood safety within the downtown Detroit renter market. This is the last blighted building that exists in the Capital Park neighborhood.</p>	
Sources and Uses	
Total Investment	\$12,740,000
Sources	\$4.39M Farmers & Merchants Senior Loan (35%), \$5.0 million RAP grant (39%), \$3.35M Owner's Equity (26%)
Uses	\$850K Acquisition (7%), \$10.1 M Hard Construction (79%), \$1.7M Soft Costs (13%)
Project Benefits	
Estimated Jobs	30 FTE, 70 Construction
Estimated City benefits before tax abatement	\$1,707,699
Total estimated City value of PA 210	\$738,798
Less cost of services & utility deductions	\$302,633
Net Benefit to City with abatements	\$666,268

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

	Amount
Real Property Taxes, before abatement	\$738,798
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$230,601
Municipal Income Taxes - Indirect Workers	\$84,625
Municipal Income Taxes - Corporate Income	\$73,911
Municipal Income Taxes - Construction Period	\$70,040
Municipal Income Taxes - New Res. Inhabitants	\$129,633
Utility Revenue	\$44,040
Utility Users' Excise Taxes	\$15,691
State Revenue Sharing - Sales Tax	\$136,473
Building Permits and Fees	\$20,000
Miscellaneous Taxes & User Fees	\$163,887
Subtotal Benefits	\$1,707,699
Cost of Providing Municipal Services	(\$258,593)
Cost of Providing Utility Services	(\$44,040)
Subtotal Costs	(\$302,633)
Net Benefits	\$1,405,066

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	\$1,707,699	(\$302,633)	(\$738,798)	\$0	\$0	\$666,268
Wayne County	\$209,152	(\$32,893)	(\$176,259)	\$0	\$0	\$0
Detroit Public Schools	\$807,698	(\$150,587)	(\$285,992)	\$0	\$0	\$371,120
State Education	\$131,996	\$0	\$0	\$0	\$0	\$131,996
Downtown Dev. Authority	\$20,426	\$0	(\$20,426)	\$0	\$0	\$0
Wayne RESA	\$119,941	\$0	(\$119,941)	\$0	\$0	\$0
Wayne County Comm. College	\$71,230	\$0	(\$71,230)	\$0	\$0	\$0
Wayne County Zoo	\$2,193	\$0	(\$2,193)	\$0	\$0	\$0
Detroit Institute of Arts	\$4,389	\$0	(\$4,389)	\$0	\$0	\$0
Total	\$3,074,724	(\$486,113)	(\$1,419,228)	\$0	\$0	\$1,169,384

DEGC Chart of Taxes Before, During & After the Incentive⁴

	Existing Taxes	New Taxes AFTER Incentive(s)	New Taxes Without Incentive
City of Detroit	\$3,156	\$3,176	\$62,513
Library	\$505	\$508	\$9,999
Wayne County	\$873	\$879	\$17,299
Detroit Public Schools	\$3,255	\$37,825	\$64,469
State Education	\$654	\$12,955	\$12,955
Downtown Dev. Authority	\$101	\$102	\$2,005
Wayne RESA	\$594	\$598	\$11,772
Wayne County Comm. College	\$353	\$355	\$6,991
Wayne County Zoo	\$11	\$11	\$215
Detroit Institute of Arts	\$22	\$22	\$431
Total	\$9,525	\$56,431	\$188,648

³ Charts courtesy of the DEGC

⁴ Existing Annual Taxes: \$9,525 - New Annual Taxes DURING the Incentive: \$56,431 & Taxes after the Incentive EXPIRES: \$188,648

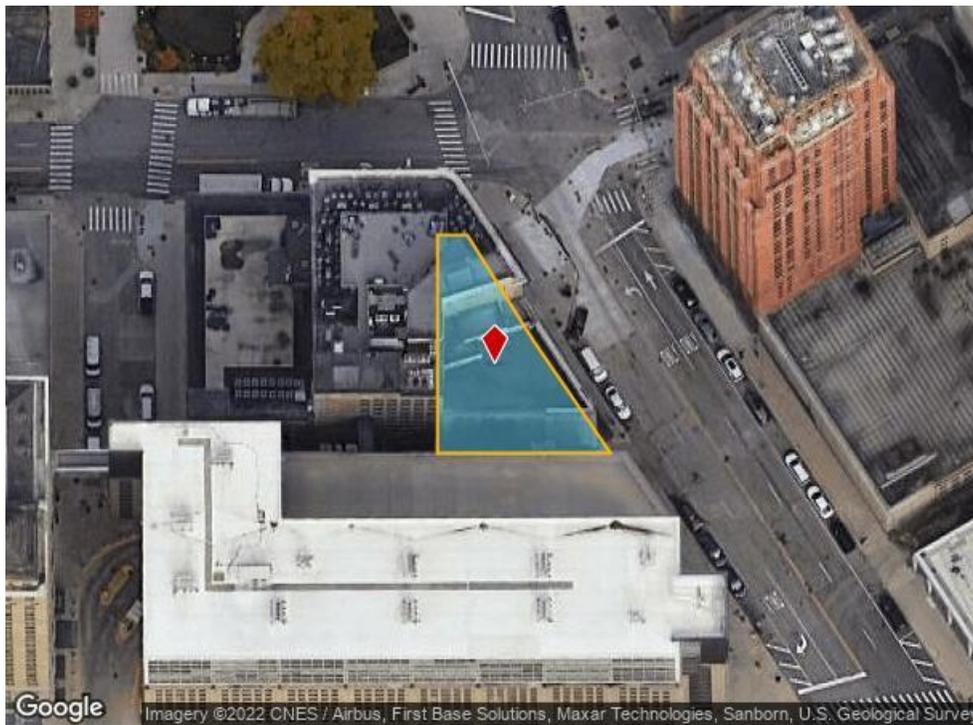
Conclusion

The estimated total capital investment for this project is **\$12,740,000**. It is also estimated that the completed project will create 30 FTEs and 70 temporary construction jobs. The total value of the 10-year Commercial Rehabilitation tax savings is estimated at **\$1,419,228**.

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$666,268**, and all of the impacted taxing units, a net benefit of **\$1,169,384** 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.”*⁵

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



Parcel Map of 1133 Griswold⁶

⁵ COMMERCIAL REHABILITATION ACT (Act 210) MCL. 207.852(1)

⁶ Parcel map source: [1133 Griswold St, Detroit, MI 48226 - Property Record | LoopNet.com](https://www.loopnet.com/property/1133-griswold-st-detroit-mi-48226/)



Streetview of 1133 Griswold ⁷

Attachments: **Assessor's Letter** dated September 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
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

⁷ Source : [1133 Griswold St. Detroit, MI 48226 - Property Record | LoopNet.com](https://www.loopnet.com/property-record/1133-griswold-st-detroit-mi-48226)



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

September 15, 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 & Northern LLC**
 Property Address: **1133 Griswold**
 Parcel Number: 02002011.

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 **1133 Griswold** in the **Central Business District** 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 project as proposed by the **Detroit & Northern LLC** consists of a 7-story vacant office building with 15,498 square feet of building area, built in 1930, on 0.059 acres of land. The proposed project consists of rehabilitating the existing structure and adding four additional floors to create 27 apartment units with commercial space on the first and second floors.. The building will undergo major renovations including window replacement, floor replacement, roof replacement, all major mechanical, plumbing and electrical systems replacement, and environmental remediation.

The 2022 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
02002011.	1133 Griswold	\$ 338,300	\$ 74,992	\$ 153,500	\$ 34,027

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 **1133 Griswold** 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
2 WOODWARD AVE., SUITE 824
DETROIT, MI 48226
PHONE: 313•224•3011
FAX: 313•224•9400

Commercial Rehabilitation Certificate
Detroit & Northern LLC
Page 2

Property Address: 1133 GRISWOLD
Parcel Number: 02002011.
Property Owner: DETROIT & NORTHERN LLC
Legal Description: W GRISWOLD S 42.12 FT ON W LINE BG S 63.49 FT ON E LINE OF 79 PLAT OF SEC 8 GOVERNOR & JUDGES PLAN L34 P543 DEEDS, W C R 2/1 63.49 IRREGP

