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City of Detroit
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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: May 23, 2023

RE: **2200 Woodward Avenue Ground Lessee 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 of the property located at **2200 Woodward** is **2200 Woodward Avenue Ground Lessee LLC**, an affiliate of Olympia Development of Michigan (ODM) and the Related Companies, is seeking the approval of a PA 210 certificate. Currently, this portion of the parcel is used as parking on approximately 1.85 acres, which will be converted into a **mixed-use high-rise building**. The 702,000 total square foot project involves the new construction of a 17-floor mixed use property with 28,000 sq. ft. of first floor retail, 492,900 sq. ft. of 16 floors of office space, and a 181,700 sq. ft. two-story underground 298 space parking structure and a public plaza on Columbia Street. The planned development is one of ten elements associated with ten (10) mixed-use development projects¹ within Detroit's DDA Development Area,² which proposed together, encompasses Olympia Development's Transformational Brownfield Plan (TBP),³ commonly referred to as District Detroit, with a total estimated investment cost of \$1.532 billion. The TBP was approved by Council and subsequently by the Michigan Strategic Fund.⁴

¹ The 10 listed sites include 4 mixed-income residential buildings, 4 commercial office buildings and 2 hotels, along with additional open public and green space. [District Detroit | City of Detroit \(detroitmi.gov\)](https://www.detroitmi.gov/district-detroit)

² The "DDA Act," Public Act 197 of 1975, enacted on August 13, 1975, authorized the use of Tax Increment Finance (TIF) to correct and prevent the deterioration of downtown areas in the State of Michigan.

³ A Transformational Brownfield Plan must be for mixed-use development and must meet a minimum investment threshold, which is set at \$500 million for a city, village or township with a population of at least 600,000 (i.e., Detroit).

⁴ The Michigan Strategic Fund (MSF) was created by P.A. 270 of 1984 and has broad authority to promote economic development and create jobs. [Michigan Strategic Fund | About MEDC | Michigan Business](https://www.michigan.gov/msf)

The property is currently owned by Detroit/Wayne Stadium Authority. The State Tax Commission (STC) has determined that applicants may proceed with obtaining local approval of the issuance of the certificate prior to acquiring title to the property, but that the certificate would be held in abeyance by the STC pending submission of proof of ownership.⁵ The DEGC has recommended a full term 10-year Commercial Rehabilitation Certificate for the developer. In addition to the currently requested PA 210 tax abatement, the developer received the approval of a \$170.5 million TBP TIF⁶ reimbursement.

DEGC Property Tax Abatement Evaluation

Project: Olympia Development Project
Developer: Related Olympia Predevelopment Company, LLC

Description of Incentive: PA 210 – CRA Certificate	
DEGC Abatement Term Recommendation	10 Years
Location	
Address	2200 Woodward
City Council District	District 6
Neighborhood	Downtown
Building Use	
Residential Square Footage	N/A
Total Retail Square Footage	28,000 SF
Total Office Square Footage	492,900 SF
Total Hotel Square Footage	N/A
Parking Spaces	181,700 SF (298 Spaces)
Number of Residential Units	N/A
Number of Affordable Residential Units	N/A
Residential Unit Breakdown	
Studio	N/A
1-Bedroom	N/A
2-Bedroom	N/A
3-Bedroom	N/A
Project Description	
2200 Woodward will be the site of a new high-rise office tower with above ground floor retail on the south half of the vacant property which is projected to be approximately 702,600 GSF with 28,000 GSF of retail space, 492,900 GSF of office space, and 181,700 GSF of parking.	
Sources and Uses of Capital Summary	
Total Investment	\$340,113,000
Uses	Hard Costs: \$198.7M / Soft Costs: \$141.4M
Sources	Equity: \$175.8M; Debt: \$155.8M; TBP Exemption: \$8.5M
Project Economic Benefits Summary	
Estimated Jobs (FTE/Construction)	2114 FTE Tenant Jobs / 2470 Construction

⁵ Assessor’s Letter of April 17, 2023 (Attached)

⁶ Tax Increment Financing (TIF) subsidizes an entity by refunding or diverting a portion of their taxes to help finance development in an area or on a project site.

Estimated City benefits before tax abatement	\$71,140,178
Total estimated City value of abatement	\$2,152,323
Less cost of services & utility deductions	\$10,452,161
Net Benefit to City with abatement	\$58,535,694

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

	Amount
Real Property Taxes, before abatement	\$2,152,323
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$36,693,001
Municipal Income Taxes - Indirect Workers	\$11,389,389
Municipal Income Taxes - Corporate Income	\$3,856,580
Municipal Income Taxes - Construction Period	\$2,294,173
Municipal Income Taxes - New Residents	\$0
Utility Revenue	\$2,423,042
Utility Users' Excise Taxes	\$2,100,411
State Revenue Sharing - Sales Tax	\$54,237
Building Permits and Fees	\$0
Miscellaneous Taxes & User Fees	\$10,177,023
<u>Subtotal Benefits</u>	<u>\$71,140,178</u>
Cost of Providing Municipal Services	(\$8,029,119)
Cost of Providing Utility Services	(\$2,423,042)
<u>Subtotal Costs</u>	<u>(\$10,452,161)</u>
Net Benefits	\$60,688,017

Impacted Taxing Units: Incentive Summary over the First 10 Years

	Additional		Real		Net Benefits After Tax Abatements & Incentives
	Benefits Before Tax Abatements	Additional Costs	Property Tax Abatement	Brownfield Capture	
City of Detroit*	\$71,140,178	(\$10,452,161)	(\$2,152,323)	\$0	\$58,535,694
Wayne County*	\$4,036,006	(\$2,867,566)	(\$1,168,439)	\$0	\$0
Detroit Public Schools*	\$20,937,959	(\$11,734,371)	\$0	(\$8,506,743)	\$696,846
State Education	\$3,233,092	\$0	\$0	(\$2,994,805)	\$238,287
Downtown Dev. Authority	\$28,329,156	\$0	(\$28,329,156)	\$0	\$0
Wayne RESA	\$2,933,168	\$0	(\$2,933,168)	\$0	\$0
Wayne County Comm. College*	\$0	\$0	\$0	\$0	\$0
Wayne County Zoo	\$53,885	\$0	(\$53,885)	\$0	\$0
Detroit Institute of Arts	\$107,770	\$0	(\$107,770)	\$0	\$0
Total	\$130,771,214	(\$25,054,098)	(\$34,744,741)	(\$11,501,548)	\$59,470,826

⁷ Charts courtesy of the DEGC

Conclusion

The estimated total capital investment for this project is **\$340,113,000**.⁸ It is also estimated that the completed project will create 2,114 FTE tenant jobs and 2,470 temporary construction jobs. The total value of the 10-year Commercial Rehabilitation tax savings is estimated at **\$34,744,741**.⁹

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$58,535,694**, and all of the impacted taxing units, a net benefit of **\$59,470,826** over the 10 years of the Commercial Rehabilitation tax abatement.

However, if the developer does not proceed in good faith to complete the project, pursuant to Act, the City Council may 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.”*¹⁰

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

Attachments: May 4, 2023 - Letter from Finance Assessors
March 23, 2023 - CRIO¹¹ Employment Clearance

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
Malik Washington, Mayor’s Office
Kenyetta Bridges, DEGC
Jennifer Kanalos, DEGC
Brian Vosburg, DEGC

⁸ A CBO process was completed, and that Council approved the CBO agreement associated with the project, given the project size. The Community Benefits Ordinance (CBO) requires developers to engage with the community to identify community benefits.

⁹ Primarily, the real property tax abatement savings impacts the DDA, while the impact to the City of Detroit is minimum.

¹⁰ COMMERCIAL REHABILITATION ACT (Act 210) MCL. 207.852(1)

¹¹ **CRIO**- Civil Rights, Inclusion & Opportunity Department

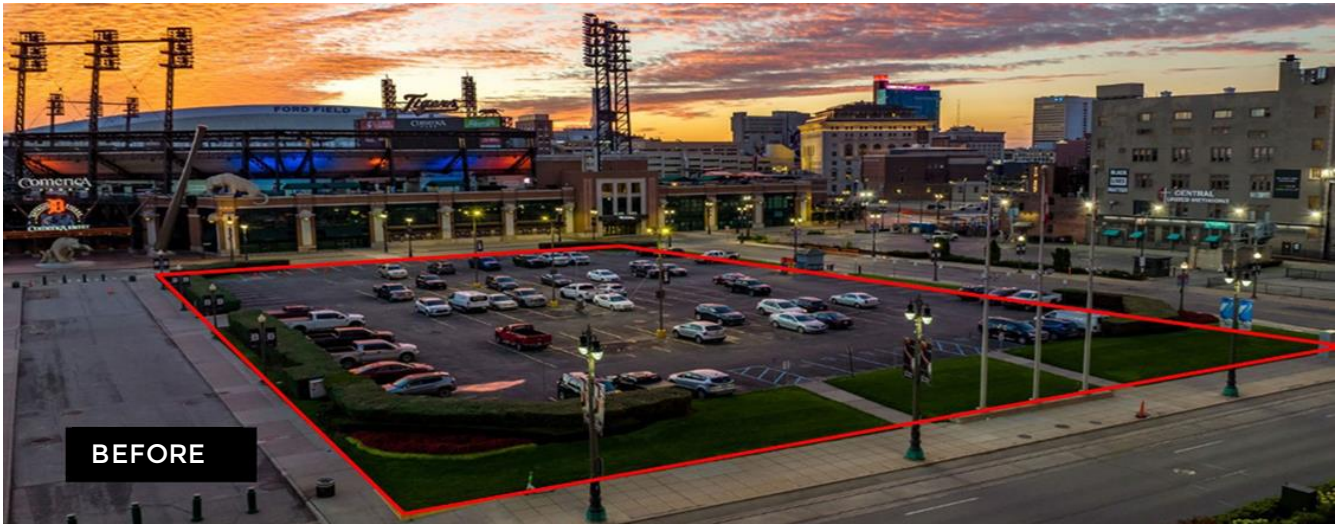
SURFACE PARKING LOT CONVERTED TO VERTICAL DEVELOPMENT
 2200 WOODWARD

BY THE NUMBERS

2K	CONSTRUCTION JOBS
2K	PERMANENT JOBS
493K SF	OFFICE SPACE
28K SF	SHOPS AND DINING

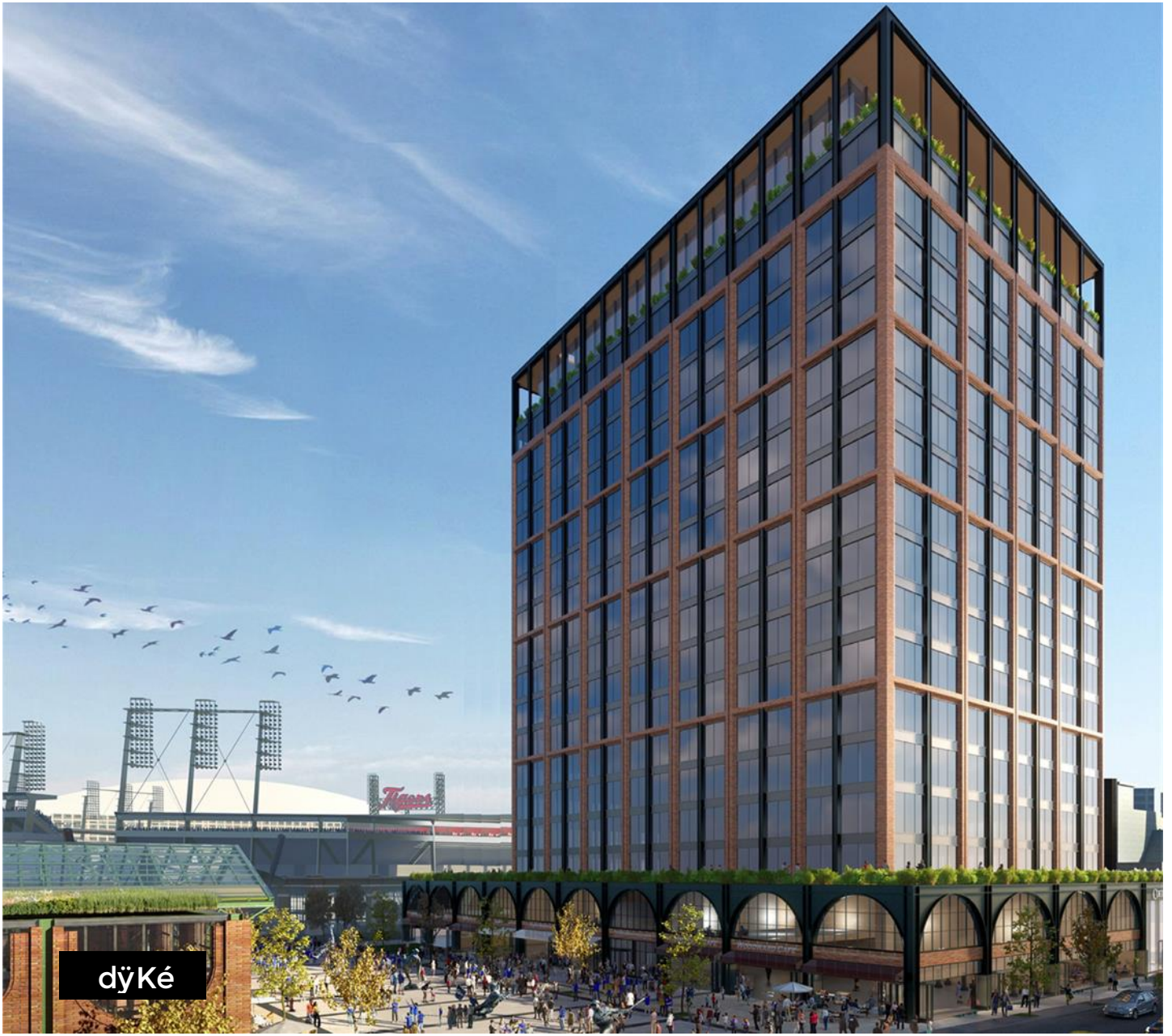


2200 Woodward



BEFORE¹²

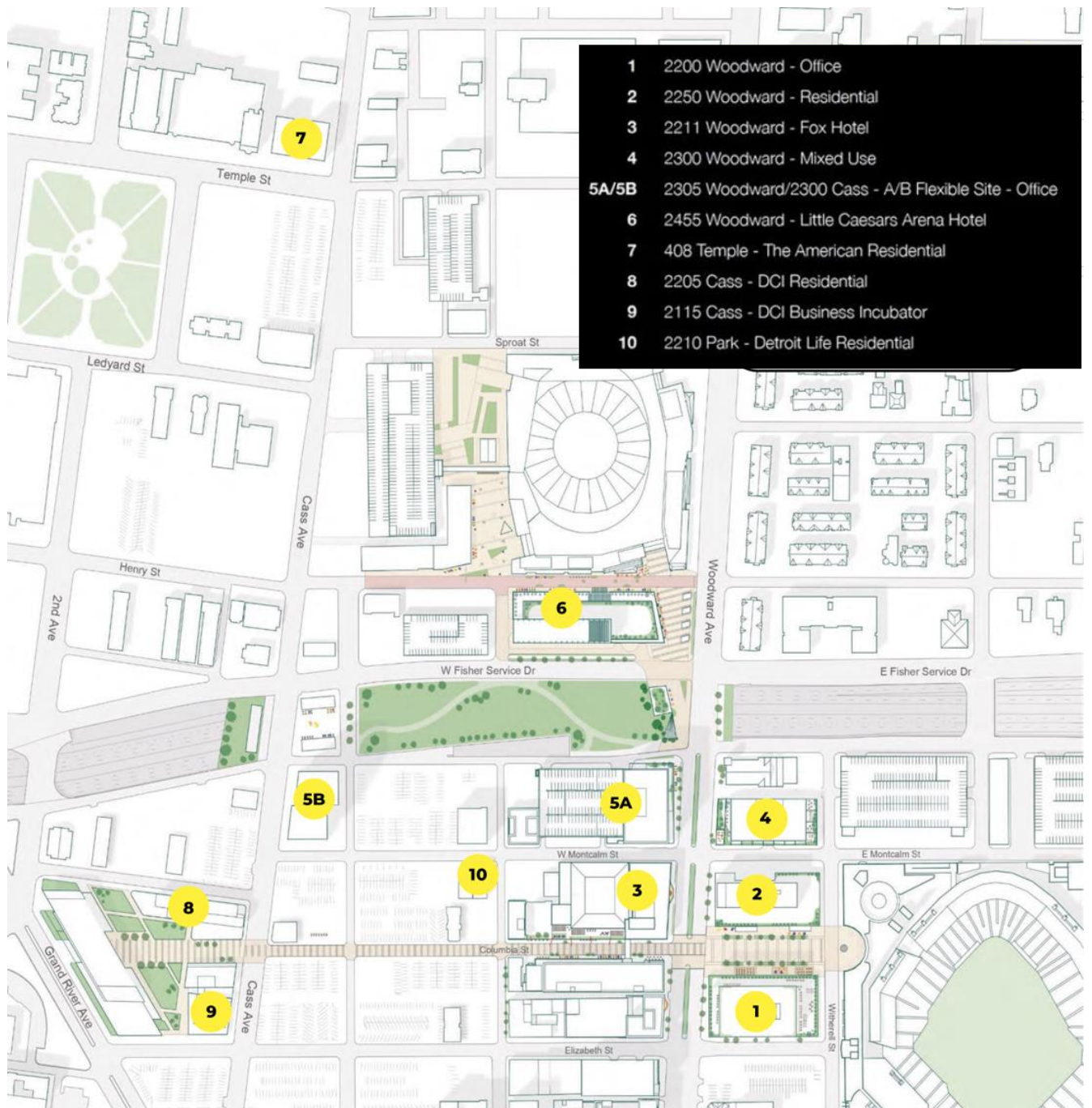
¹² Large BEFORE image courtesy of DEGC



RENDERING OF COMPLETED PROJECT¹³

¹³ RENDERING OF COMPLETED PROJECT courtesy of DEGC

Map of District Detroit TBP





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

May 4, 2023

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 – **2200 Woodward Avenue Ground Lessee LLC**
 Property Address: 2200 Woodward
 Parcel Number: portion of 01004142-54

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 **2200 Woodward** 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 developer intends to construct a 17-floor mixed use property with first floor retail containing 28,000 sq.ft., 16 floors of office space containing 492,900 sq.ft., and 181,700 sq.ft. of underground parking with 298 spaces. Currently, this portion of the parcel is used as parking on approximately 1.85 acres.

The 2023 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
01004142-54 (part)	2200 Woodward	\$ -	\$ -	\$ 3,030,000	\$ 3,030,000

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.

The property is currently owned by the Detroit/Wayne Stadium Authority. The State Tax Commission (STC) has determined that applicants may proceed with obtaining local approval of the issuance of the certificate prior to acquiring title to the property, but that the certificate would be held in abeyance by the STC pending submission of proof of ownership.

A review of the general plans, along with the criteria set forth under the Commercial Rehabilitation Act, indicated that the proposed project located at **2200 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, Board of Assessors



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

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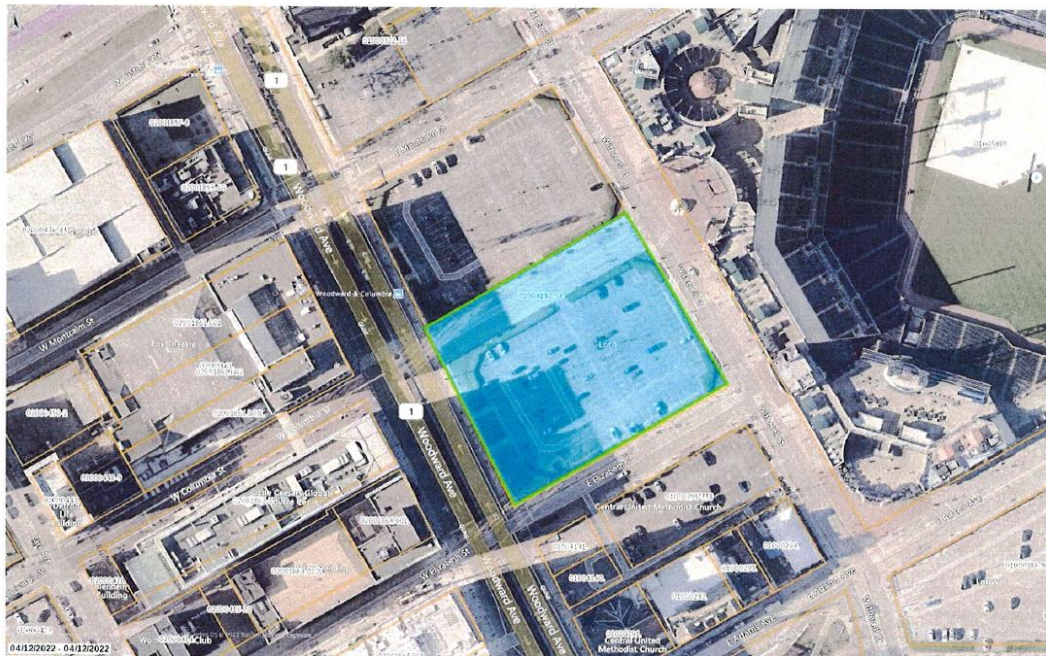
Commercial Rehabilitation Certificate
2200 Woodward Avenue Ground Lessee LLC
Page 2

Parcel: 01004142-54 (portion: 1.85 acres)

Owner: DETROIT/WAYNE STADIUM AUTHORITY

Property Address: 2200 WOODWARD

Legal Description: E WOODWARD 72 THRU 97 141 THRU 166 ALSO VAC COLUMBIA ST 50 FT WD AND VAC ALLEYS ADJ SD LOTS EXC WOODWARD AVE AS WD PLAT OF WILLIAMS PARK LOTS 1,2,3 & 4 L1 P39 PLATS W C R DESC AS BEG AT NE COR WOODWARD AVE 120 FT WD & ELIZABETH ST 60 FT WD TH N 26D 48M 10S W 460.23FT ALG SD E LINE TO S LINE MONTCALM ST 50 FT WD TH N 59D 46M54S E 289.83 FT ALG SD S LINE TO W LINE WITHERELL ST 60 FT WD TH S30D 26M 08S E 459.92 FT ALG SD W LINE TO N LINE ELIZABETH ST 60 FTWD TH S 59D 52M 23S W 318.99 FT ALG SD N LINE TO P O B 1/26 139,929 SQ FT





COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 1240
DETROIT, MICHIGAN 48226
PHONE: 313.224.4950
FAX: 313.224.3434

Decision Regarding Employment Clearance for Tax Abatement Employment Commitment 5-50 Full-time Employees

Date: March 23, 2023

Tax Abatement Type: PA 210

New Renewal

Duration of Abatement: 10 years

Development: A high-rise office tower above ground floor retail on the south half of the vacant property which is projected to be approximately 702,600 GSF with 28,000 GSF of retail space, 492,900 GSF of office space and 181,

Parcel/Facility Address: 2200 Woodward Ave Detroit, MI 48201

Applicant/Recipient: Jacob Austermann

Applicant Contact: 248-225-7085 jake.austermann@plantemoran.com

Post-Construction Employment Commitments

If Developer Occupied is selected, the Developer will be responsible for both Developer and Tenant requirements listed below.

Developer Occupied Tenant Occupied

Total Employment: 13

Developer commits to

- 1) Report to CRIO annually;
 - a. Developer's efforts regarding tenants
 - b. Tenant's compliance with commitments stated below (3)
 - c. Total number of employees at the facility
 - d. Number of employees at the facility who are Detroit residents
- 2) Provide Detroit at Work (DAW) information to any/all tenant(s) for life of abatement
- 3) Work with Commercial Tenant(s) with 5-50 full-time employees to do the following;
 - a. **Use DAW as the company's priority staffing partner** for all openings in Detroit for the life of the local incentive;
 - b. **Develop and implement a DAW Staffing Plan** in partnership with the company's DAW Staffing Consultant to include a regular meeting schedule of at least every 30 days and agreed-upon data-sharing related to program criteria and candidate submissions;
 - c. **Post all Detroit job openings through the DAW website;**
 - d. **Ban the Box:** To the extent possible according to law and job requirements, commits to removing the felony and/or misdemeanor question from the employment application, and agrees to using a background-friendly approach to hiring new employees in Detroit; and,
 - e. **Modify pre-employment screening and testing** so that an applicant who tests positive for a legalized substance in the State of Michigan are not disqualified from the hiring process, to the extent permissible under applicable laws, regulations, and other legal requirements.



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PHONE: 313.224.4950
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Decision Regarding Employment Clearance for Tax Abatement Employment Commitment 5-50 Full-time Employees

- f. **Commit to one consultation with DAW staffing consultant** on strategies for upskilling of new employees, including offerings in adult basic education, State-provided training funds and incentives, apprenticeship programs development, and post-secondary educational attainment.
 - g. **Commit to attending a New Employer Introduction meeting for Grow Detroit's Young Talent (GDYT)**, Detroit's summer youth employment program, in the first 90 days following approval;
 - h. **Report to Developer annually;**
 - i. Tenant's compliance with requirements
 - ii. The number of individuals employed by Tenant
 - iii. The number of employees who are Detroit residents
- 4) Work with Commercial Tenant(s) who have **less than 5 full-time employees** to do 3-c and 3-h

The Applicant/Recipient has provided CRIO required information in accordance with specific current and future employment data and commitments as part of a tax abatement agreement with the City of Detroit.

Therefore my signature below grants **Approval** of the above tax abatement application/renewal based upon annual reports to and appraisals by this agency of the recipient's employment measures projected and achieved for the duration of the abatement.

Tenika R. Griggs, Esq. _____

CRIO Deputy Director Name

DocuSigned by:
Tenika R. Griggs, Esq.
FF584CDB98E341A...
CRIO Deputy Director Signature

Date