


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
Roland Amarteifio
Megha Bamola
LaKisha Barclift, Esq.
Paige Blessman
M. Rory Bolger, Ph.D., FAICP
Eric Fazzini, AICP
Willene Green
Christopher Gulock, AICP

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

Derrick Headd
Marcel Hurt, Esq.
Kimani Jeffrey
Phillip Keller, Esq.
Edward King
Kelsey Maas
Jamie Murphy
Analine Powers, Ph.D.
W. Akilah Redmond
Laurie Anne Sabatini
Rebecca Savage
Sabrina Shockley
Renee Short
Floyd Stanley
Thomas Stephens, Esq.
Timarie Szwed
Theresa Thomas
Ashley A. Wilson

TO: COUNCIL MEMBERS

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: May 17, 2023

RE: **2205 Cass 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 and owner of the property located at **2205 Cass¹** is **2205 Cass Avenue Ground Lessee LLC**, an affiliate of Olympia Development of Michigan (ODM), is seeking the approval of a PA 210 certificate. The project involves the new construction of an 18 story multi-family housing tower with 8,750 sq. ft. of first floor retail, located across from the planned University of Michigan Detroit Center for Innovation, expected to include 261 residential units, of which 20% (54 units) would be affordable at 50% AMI² or below. Currently, this portion of the parcel is used as parking on approximately 1.210 acres. Construction is expected to commence in the spring of 2024. **The current PA 210 request is for the commercial first floor retail only.** The planned development is one of ten elements associated with ten (10) mixed-use development projects³ within Detroit's DDA Development Area,⁴ which proposed together, encompasses Olympia Development's Transformational Brownfield Plan (TBP),⁵ commonly referred to

¹ The address of the parcel is referenced as 2121 Cass in the Assessor's Letter of 27, 2023 (attached).

² Area median income — often referred to as simply AMI — is a key metric in affordable housing. 50% AMI is equivalent to approximately \$30,500.

³ 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://detroitmi.gov/district-detroit)

⁴ 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.

⁵ 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).

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.⁶

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 \$47.9 million TBP TIF⁷ reimbursement and the approval of a NEZ⁸ tax abatement for the *residential element* of the project for an \$11 million tax savings.

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	2205 Cass
City Council District	District 6
Neighborhood	Downtown
Building Use	
Residential Square Footage	247,300
Total Retail Square Footage	8,750
Total Office Square Footage	N/A
Total Hotel Square Footage	N/A
Parking Spaces	N/A
Number of Residential Units	261
Number of Affordable Residential Units	54 @ 50% AMI
Residential Unit Breakdown	
Studio	64 Units – 545 Sq Ft
1-Bedroom	131 Units – 670 Sq Ft
2-Bedroom	66 Units – 975 Sq Ft
3-Bedroom	N/A
Project Description	
The proposed project is planned new construction of a mixed-use development, with first floor retail and 18 floors of multifamily residential units above. The building is projected to contain approximately 256,050 GSF which would utilize 247,300 GSF for 261 apartments, 54 of which will be affordable at 50% AMI, as well as 8,750 GSF for retail.	
Sources and Uses of Capital Summary	
Total Investment	\$150,140,000
Uses	Hard Costs: \$105,906,000 / Soft Costs: \$44,234,000
Sources	Equity: \$28.6M; MSHDA Bonds: \$74.6M; DDA AHFL: \$8.7M; DDA Infrastructure Funding: \$13.1M; TBP

⁶ 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](#)

⁷ 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.

⁸ Neighborhood Enterprise Zone (NEZ) Act. P.A. 147 of 1992, as amended.

	Exemption: \$3.9M; HOME/AHP/CDBG: \$7.8M; LIHTC Equity: \$13.5M
Project Economic Benefits Summary	
Estimated Jobs (FTE/Construction)	44 FTE Tenant Jobs / 48 Construction
Estimated City benefits before tax abatement	\$360,185
Total estimated City value of abatement	\$24,210
Less cost of services & utility deductions	\$6,347
Net Benefit to City with abatement	\$329,627

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

	Amount
Real Property Taxes, before abatement	\$24,210
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$165,456
Municipal Income Taxes - Indirect Workers	\$52,598
Municipal Income Taxes - Corporate Income	\$64,132
Municipal Income Taxes - Construction Period	\$44,754
Municipal Income Taxes - New Residents	\$0
Utility Revenue	\$1,509
Utility Users' Excise Taxes	\$1,361
State Revenue Sharing - Sales Tax	\$33
Building Permits and Fees	\$0
Miscellaneous Taxes & User Fees	\$6,132
<u>Subtotal Benefits</u>	<u>\$360,185</u>
Cost of Providing Municipal Services	(\$4,838)
Cost of Providing Utility Services	(\$1,509)
<u>Subtotal Costs</u>	<u>(\$6,347)</u>
Net Benefits	\$353,838

Impacted Taxing Units: Incentive Summary over the First 10 Years

	Additional Benefits Before Tax Abatements	Additional Costs	Real Property Tax Abatement	Brownfield Capture	Net Benefits After Tax Abatements & Incentives
City of Detroit*	\$360,185	(\$6,347)	(\$24,210)	\$0	\$329,627
Wayne County*	\$17,535	(\$4,380)	(\$13,143)	\$0	\$12
Detroit Public Schools*	\$121,347	(\$17,925)	(\$488)	(\$92,705)	\$10,229
State Education	\$36,399	\$0	(\$172)	(\$32,637)	\$3,590
Downtown Dev. Authority	\$318,937	\$0	(\$318,658)	\$0	\$279
Wayne RESA	\$33,022	\$0	(\$32,993)	\$0	\$29
Wayne County Comm. College*	\$0	\$0	\$0	\$0	\$0
Wayne County Zoo	\$607	\$0	(\$607)	\$0	\$0
Detroit Institute of Arts	\$1,213	\$0	(\$1,213)	\$0	\$0
Total	\$889,245	(\$28,653)	(\$391,484)	(\$125,341)	\$343,767

⁹ Charts courtesy of the DEGC

Conclusion

The estimated total capital investment for this project is **\$150,140,000**.¹⁰ It is also estimated that the completed project will create 44 FTE tenant jobs and 48 temporary construction jobs. The total value of the 10-year Commercial Rehabilitation tax savings is estimated at **\$391,484**.¹¹

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$329,627**, and all of the impacted taxing units, a net benefit of **\$343,767** 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.”*¹²

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

Attachments: April 27, 2023 - Letter from Finance Assessors
March 23, 2023 - CRIO¹³ 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

¹⁰ Primarily, the real property tax abatement savings impacts the DDA, while the impact to the City of Detroit is minimum.

¹¹ Primarily, the real property tax abatement savings impacts the DDA, while the impact to the City of Detroit is minimum.

¹² COMMERCIAL REHABILITATION ACT (Act 210) MCL. 207.852(1)

¹³ **CRIO**- Civil Rights, Inclusion & Opportunity Department

MIXED-INCOME, NEW CONSTRUCTION ADJACENT TO THE DCI

DCI RESIDENTIAL

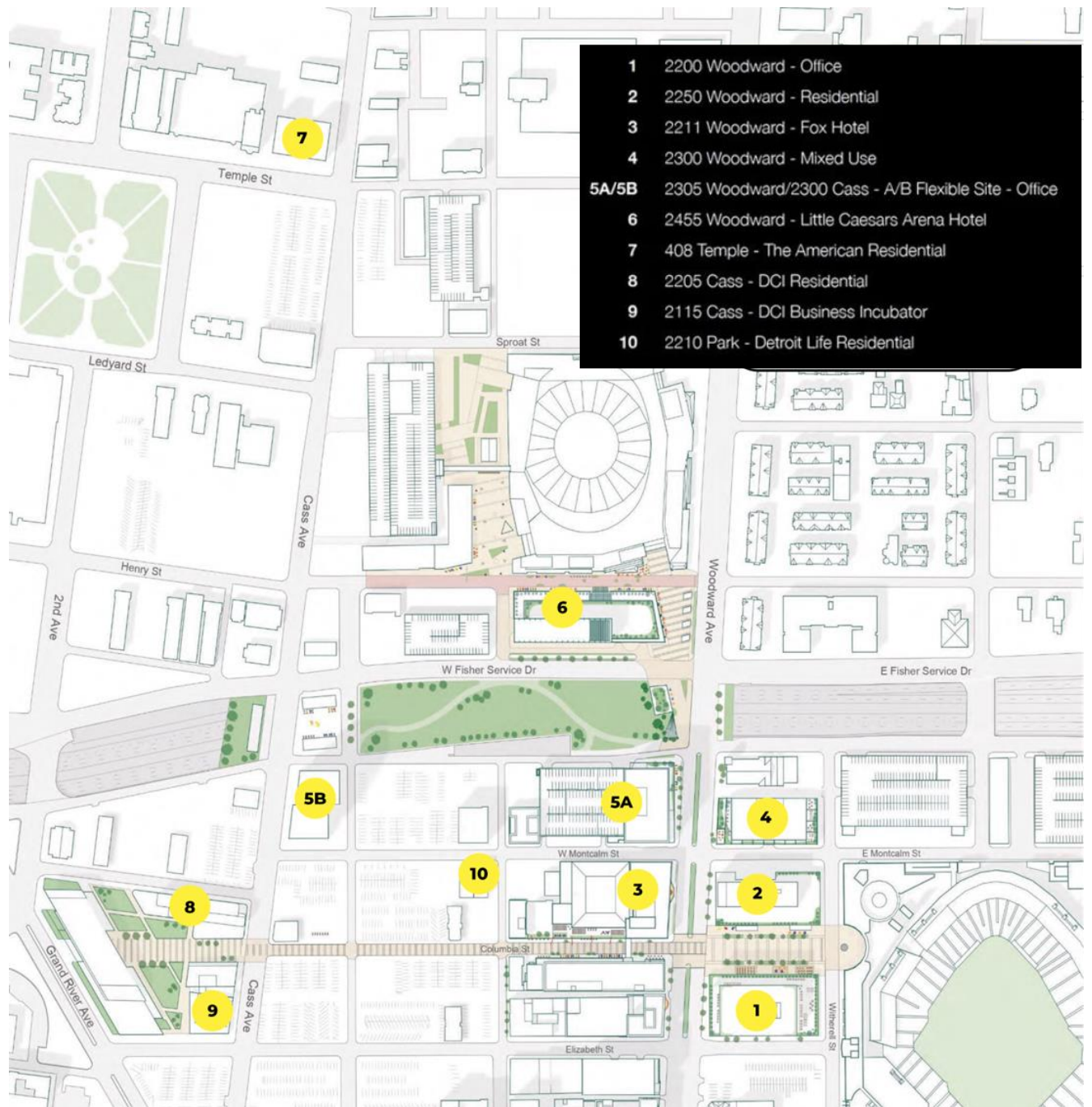
BY THE NUMBERS

- 1K** CONSTRUCTION JOBS
- 80** PERMANENT JOBS
- 261** RESIDENTIAL UNITS
- 54** DEEPLY AFFORDABLE UNITS RANGING FROM 40-50% OF AREA MEDIAN INCOME
- 9K SF** SHOPS AND DINING



2205 Cass

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

April 27, 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 – **2205 Cass Avenue Ground Lessee LLC**
 Property Address: 2121 Cass
 Parcel Number: portion of 02000353-6

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 **2121 Cass** 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 19-floor mixed use property with first floor retail containing 8,750 sq.ft. and 18 floors of residential apartments containing 247,300 sq.ft. and 261 units. Currently, this portion of the parcel is used as parking on approximately 1.210 acres. **The PA 210 request is for the commercial first floor retail only.**

The 2023 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
02000353-6 (part)	2121 Cass	\$ -	\$ -	\$ 1,961,100	\$ 296,201

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 Olympia Development of MI LLC. 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 **2121 Cass** 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



Commercial Rehabilitation Certificate
2205 Cass Avenue Ground Lessee LLC
Page 2

Parcel: 02000353-6 (portion: 1.210 acres)
Owner: OLYMPIA DEVELOPMENT OF MI LLC
Property Address: 2121 CASS
Legal Description: W CASS 3 THRU 25 INCLUDING ALL OF VAC ALLEY ADJ TO SAID LOTS BLK 74--SUB PT CASS FARM L1 P74 PLATS,
W C R 396.58 IRREG





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: The proposed project is planned new construction of a mixed-use development, with first floor retail and 18 floors of multifamily residential units above. The building is projected to contain approximately 256,050 GSF which would utilize 247,300 GSF for 261 apartments, 54 of which will be affordable at 50% AMI, as well as 8,750 GSF for retail.

Parcel/Facility Address: 2121 Cass Ave Detroit, MI 48201

Applicant/Recipient: Jacob Austermann

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

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: 6

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.



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**

- 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