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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: **2211 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 **2211 Woodward** is **2211 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. The project involves the development of the **Fox Hotel**. This project entails the redevelopment of the 207,350 sq. ft. office building section of the Fox Theatre Building, into a hotel with 177 hotel rooms with 194,028 sq. ft. of hotel space and 13,322 sq. ft. of ground floor retail. *The Fox Theatre*,<sup>1</sup> located in a separate section of the building, will not be altered. The planned development is one of ten elements associated with ten (10) mixed-use development projects<sup>2</sup> within Detroit's DDA Development Area,<sup>3</sup> which proposed together, encompasses Olympia Development's Transformational Brownfield Plan (TBP),<sup>4</sup> 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.<sup>5</sup>

<sup>1</sup> Designed and built for Fox Films by C. Howard Crane in the Oriental style in 1928, the Detroit Fox Theatre movie palace contained 5,041 seats and a unique mix of Egyptian, Far Eastern and Indian styles to create a movie palace like no other. [Fox Theatre — Historic Detroit](#)

<sup>2</sup> 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 \(detroitmi.gov\)](#)

<sup>3</sup> 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.

<sup>4</sup> 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).

<sup>5</sup> 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](#)

The property is currently owned by Olympia Office Building, LLC and Olympia Entertainment, 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.<sup>6</sup> 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 \$23.9 million TBP TIF<sup>7</sup> reimbursement.

### DEGC Property Tax Abatement Evaluation

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

<b>Description of Incentive: PA 210 – CRA Certificate</b>	
<b>DEGC Abatement Term Recommendation</b>	<b>10 Years</b>
<b>Location</b>	
Address	2211 Woodward
City Council District	District 6
Neighborhood	Downtown
<b>Building Use</b>	
Residential Square Footage	N/A
Total Retail Square Footage	13,322
Total Office Square Footage	N/A
Total Hotel Square Footage	194,028 (177 Rooms)
Parking Spaces	N/A
Number of Residential Units	N/A
Number of Affordable Residential Units	N/A
<b>Residential Unit Breakdown</b>	
Studio	N/A
1-Bedroom	N/A
2-Bedroom	N/A
3-Bedroom	N/A
<b>Project Description</b>	
2211 Woodward will be the conversion and adaptive reuse of the office tower surrounding the historic Fox Theatre to a hotel use. The Fox Hotel Project is projected to contain 13,322 GSF of retail and 194,028 GSF of hotel, with approximately 177 hotel rooms.	
<b>Sources and Uses of Capital Summary</b>	
Total Investment	\$120,996,000
Uses	Hard Costs: \$73.5M / Soft Costs: \$47.4
Sources	Equity: \$61.3M; Debt: \$42.6M; TBP Exemption: \$2.7M TBP Exemption; FHTC Equity: \$14.4M
<b>Project Economic Benefits Summary</b>	
Estimated Jobs (FTE/Construction)	258 FTE Tenant Jobs / 940 Construction

<sup>6</sup> Assessor’s Letter of April 17, 2023 (Attached)

<sup>7</sup> 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	<b>\$3,889,091</b>
Total estimated City value of abatement	<b>\$259,865</b>
Less cost of services & utility deductions	<b>\$1,150,769</b>
Net Benefit to City with abatement	<b>\$2,478,457</b>

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

	Amount
Real Property Taxes, before abatement	\$259,865
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$865,283
Municipal Income Taxes - Indirect Workers	\$290,126
Municipal Income Taxes - Corporate Income	\$29,205
Municipal Income Taxes - Construction Period	\$873,086
Municipal Income Taxes - New Residents	\$0
Utility Revenue	\$295,717
Utility Users' Excise Taxes	\$186,243
State Revenue Sharing - Sales Tax	\$5,776
Building Permits and Fees	\$0
Miscellaneous Taxes & User Fees	\$1,083,791
<b>Subtotal Benefits</b>	<b>\$3,889,091</b>
Cost of Providing Municipal Services	(\$855,052)
Cost of Providing Utility Services	(\$295,717)
<b>Subtotal Costs</b>	<b>(\$1,150,769)</b>
Net Benefits	\$2,738,322

**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*	\$3,889,091	(\$1,150,769)	(\$259,865)	\$0	\$2,478,457
Wayne County*	\$535,952	(\$185,836)	(\$141,074)	(\$153,920)	\$55,122
Detroit Public Schools*	\$3,513,564	(\$760,458)	(\$156,040)	(\$2,085,509)	\$511,556
State Education	\$968,777	\$0	(\$54,934)	(\$734,205)	\$179,638
Downtown Dev. Authority	\$3,420,375	\$0	(\$3,420,375)	\$0	\$0
Wayne RESA	\$878,906	\$0	(\$354,142)	(\$386,389)	\$138,375
Wayne County Comm. College*	\$0	\$0	\$0	\$0	\$0
Wayne County Zoo	\$16,146	\$0	(\$6,506)	\$0	\$9,640
Detroit Institute of Arts	\$32,293	\$0	(\$13,012)	\$0	\$19,281
<b>Total</b>	<b>\$13,255,103</b>	<b>(\$2,097,062)</b>	<b>(\$4,405,948)</b>	<b>(\$3,360,024)</b>	<b>\$3,392,070</b>

<sup>8</sup> Charts courtesy of the DEGC

## Conclusion

The estimated total capital investment for this project is **\$120,996,000**.<sup>9</sup> It is also estimated that the completed project will create 258 FTE tenant jobs and 940 temporary construction jobs. The total value of the 10-year Commercial Rehabilitation tax savings is estimated at **\$4,405,948**.<sup>10</sup>

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$2,478,457**, and all of the impacted taxing units, a net benefit of **\$3,392,070** 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.”*<sup>11</sup>

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

**Attachments:** April 17, 2023 - Letter from Finance Assessors  
March 23, 2023 - CRIO<sup>12</sup> 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

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<sup>9</sup> 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.

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

<sup>11</sup> COMMERCIAL REHABILITATION ACT (Act 210) MCL. 207.852(1)

<sup>12</sup> **CRIO**- Civil Rights, Inclusion & Opportunity Department

# PRESERVING A CITY ICON

2211 WOODWARD • THE FOX HOTEL

BY THE  
NUMBERS

ADAPTIVE REUSE HISTORIC BUILDING

940 CONSTRUCTION JOBS

220 PERMANENT JOBS

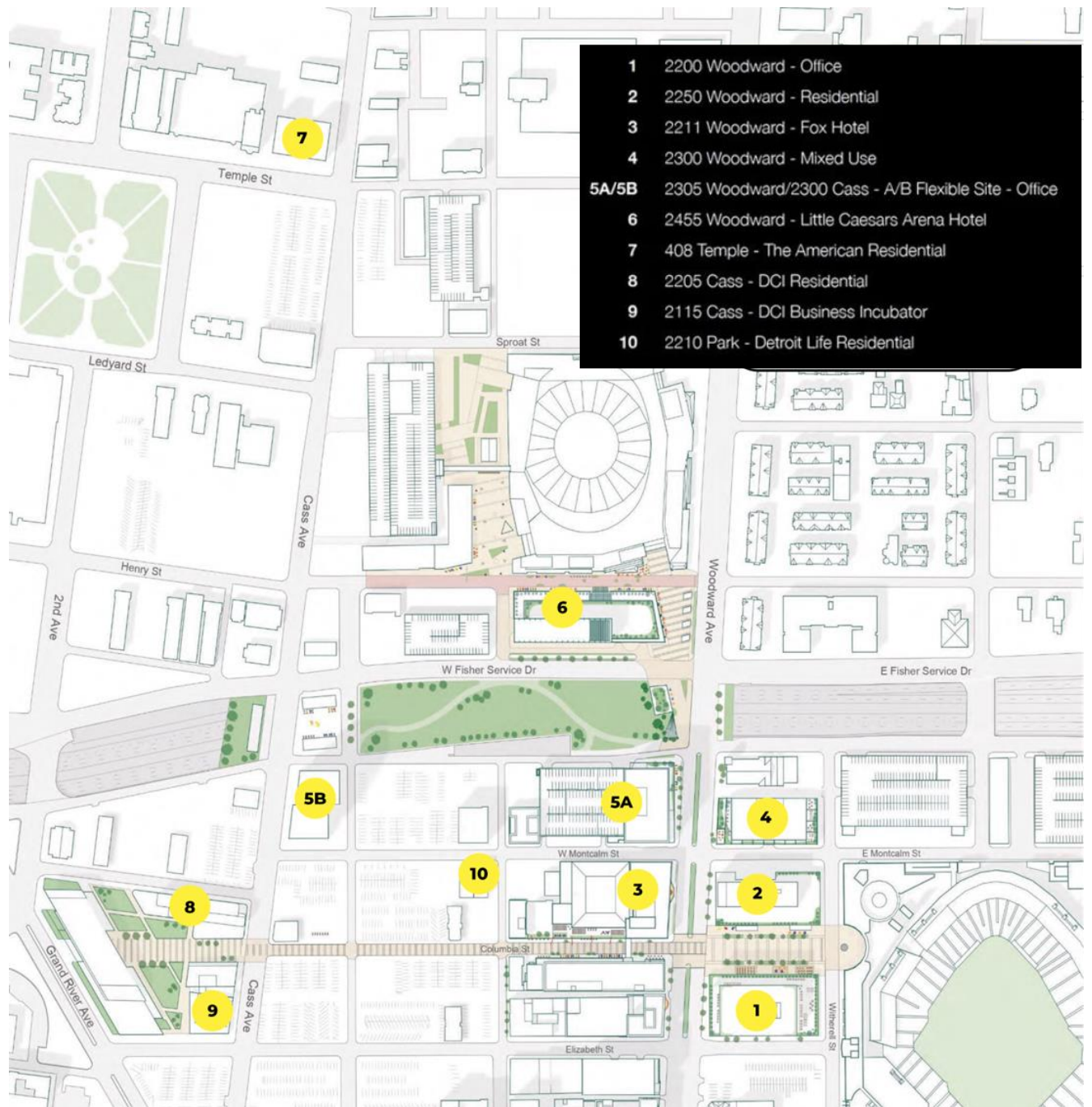
177 KEYS OF HOTEL ROOMS

8K SF SHOPS AND DINING



2211 Woodward

# 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 17, 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 – **2211 Woodward Avenue Ground Lessee LLC**  
 Property Address: 2211 Woodward Ave, Units 2 & 3  
 Parcel Number: 02001861.002/02001861.003L

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 **2211 Woodward Ave** 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 rehabilitate the Fox Theater Office Building, a 207,350 sq.ft. former office structure and retail space, into the Fox Hotel, with 177 hotel rooms consisting of 13,322 sq.ft. of retail and 194,028 of hotel space.

The 2023 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
02001861.002	2211 Woodward 2	\$ 8,661,500	\$ 1,537,471	\$ 684,100	\$ 121,432
02001861.003L	2211 Woodward 3	\$ 2,173,100	\$ 275,369	\$ 445,100	\$ 56,402

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 Office Building LLC & Olympia Entertainment 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 **2211 Woodward Ave** is eligible as it pertains to the Commercial Rehabilitation certificate criteria under P.A. 210 of 2005, as amended.

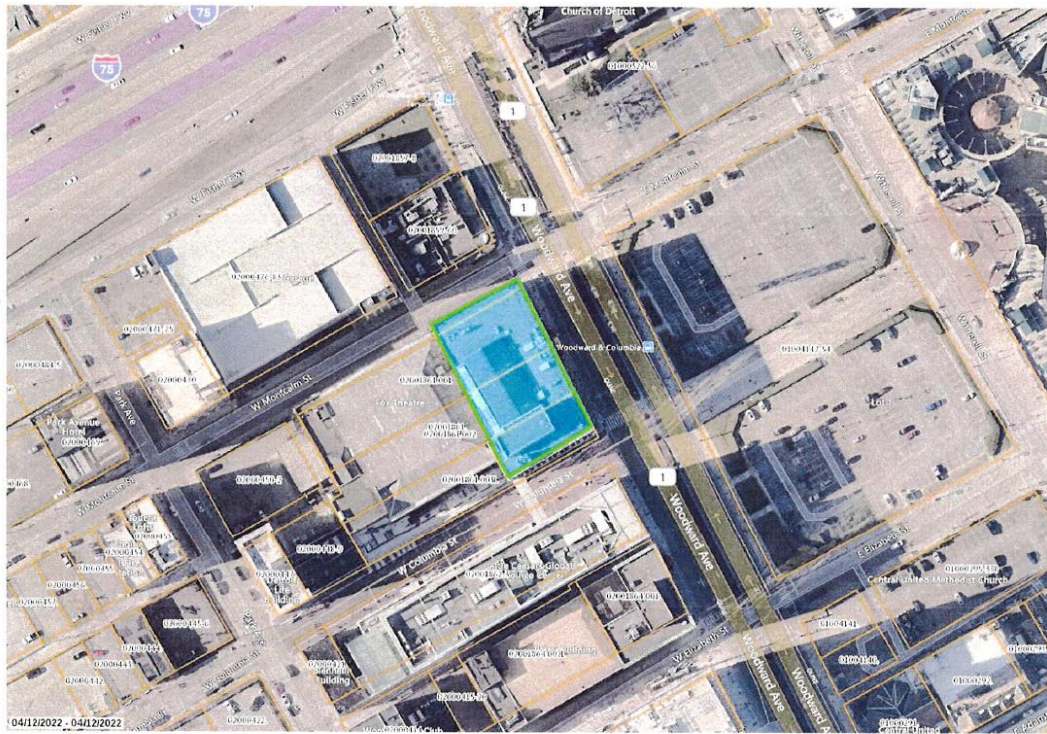
Sincerely,

Charles Ericson, MMAO  
 Assessor, Board of Assessors



Commercial Rehabilitation Certificate  
2211 Woodward Ave Avenue Ground Lessee LLC  
Page 2

02001861.002	2211 WOODWARD AVENUE 2	OLYMPIA OFFICE BUILDING, LLC	W WOODWARD UNIT 2 FOX CENTER WAYNE COUNTY CONDOMINIUM SUB PLAN NO 563 L32434 P164-231 DEEDS, W C R 2/188 25.00%
02001861.003L	2211 WOODWARD AVENUE 3	OLYMPIA ENTERTAINMENT INC	W WOODWARD UNIT 3 FOX CENTER WAYNE COUNTY CONDOMINIUM SUB PLAN NO 563 L32434 P164-231 DEEDS, W C R 2/188 5.00%







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 conversion and adaptive reuse of the office tower surrounding the historic Fox Theatre to hotel use. The Fox Hotel Project is projected to contain 13/322 GSF of retail and 194,028 GSF of hotel, with approximately 177 hotel rooms.

**Parcel/Facility Address:** 2211 Woodward Ave #2, 2211 Woodward Ave #3, Detroit, MI 48201

**Applicant/Recipient:** Jacob Austermann

**Applicant Contact:** [jake.austermann@plantemoran.com](mailto: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:** 5

### **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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### 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