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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: **2300 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 **2300 Woodward** is **2300 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 redevelopment of a surface parking lot for the new construction of a **mixed-use five-story building**, with 18,400 square feet of ground-floor retail space and 131,100 square feet of office space. The planned development is one of ten elements associated with ten (10) mixed-use development projects<sup>1</sup> within Detroit's DDA Development Area,<sup>2</sup> which proposed together, encompasses Olympia Development's Transformational Brownfield Plan (TBP),<sup>3</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>4</sup>

<sup>1</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 \(detroitmi.gov\)](https://www.detroitmi.gov/district-detroit)

<sup>2</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>3</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>4</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](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.<sup>5</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 \$42.5 million TBP TIF<sup>6</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	2300 Woodward
City Council District	District 6
Neighborhood	Downtown
<b>Building Use</b>	
Residential Square Footage	N/A
Total Retail Square Footage	18,400
Total Office Square Footage	131,100
Total Hotel Square Footage	N/A
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>	
2300 Woodward will be the site of a new mid-rise office tower with ground floor retail. This building is projected to contain approximately 149,500 GSF comprised of 18,400 GSF of retail space and 131,100 GSF of office space.	
<b>Sources and Uses of Capital Summary</b>	
Total Investment	\$83,672,000
Uses	Hard Costs: \$46.2M / Soft Costs: \$37.4M
Sources	Equity: \$42.1M; Debt: \$39.5M; TBP Exemption: \$2.1M
<b>Project Economic Benefits Summary</b>	
Estimated Jobs (FTE/Construction)	618 FTE Tenant Jobs / 630 Construction
Estimated City benefits before tax abatement	<b>\$18,376,753</b>

<sup>5</sup> Assessor’s Letter of April 17, 2023 (Attached)

<sup>6</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.

Total estimated City value of abatement	\$465,288
Less cost of services & utility deductions	\$2,995,795
Net Benefit to City with abatement	\$14,915,671

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

	Amount
Real Property Taxes, before abatement	\$465,288
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$9,141,357
Municipal Income Taxes - Indirect Workers	\$2,967,521
Municipal Income Taxes - Corporate Income	\$1,029,075
Municipal Income Taxes - Construction Period	\$585,153
Municipal Income Taxes - New Residents	\$0
Utility Revenue	\$708,344
Utility Users' Excise Taxes	\$565,188
State Revenue Sharing - Sales Tax	\$15,452
Building Permits and Fees	\$0
Miscellaneous Taxes & User Fees	\$2,899,376
<b>Subtotal Benefits</b>	<b>\$18,376,753</b>
Cost of Providing Municipal Services	(\$2,287,451)
Cost of Providing Utility Services	(\$708,344)
<b>Subtotal Costs</b>	<b>(\$2,995,795)</b>
Net Benefits	\$15,380,958

**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*	\$18,376,753	(\$2,995,795)	(\$465,288)	\$0	\$14,915,671
Wayne County*	\$603,412	(\$349,968)	(\$252,592)	(\$807)	\$44
Detroit Public Schools*	\$3,426,540	(\$1,432,104)	(\$636)	(\$1,991,013)	\$2,788
State Education	\$701,284	\$0	(\$224)	(\$700,937)	\$122
Downtown Dev. Authority	\$6,124,176	\$0	(\$6,124,176)	\$0	\$0
Wayne RESA	\$636,228	\$0	(\$634,090)	(\$2,027)	\$111
Wayne County Comm. College*	\$0	\$0	\$0	\$0	\$0
Wayne County Zoo	\$11,688	\$0	(\$11,649)	\$0	\$39
Detroit Institute of Arts	\$23,376	\$0	(\$23,298)	\$0	\$79
<b>Total</b>	<b>\$29,903,457</b>	<b>(\$4,777,867)</b>	<b>(\$7,511,952)</b>	<b>(\$2,694,784)</b>	<b>\$14,918,854</b>

<sup>7</sup> Charts courtesy of the DEGC

## Conclusion

The estimated total capital investment for this project is **\$83,672,000**.<sup>8</sup> It is also estimated that the completed project will create 618 FTE tenant jobs and 630 temporary construction jobs. The total value of the 10-year Commercial Rehabilitation tax savings is estimated at **\$7,511,952**.<sup>9</sup>

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$14,915,671**, and all of the impacted taxing units, a net benefit of **\$14,918,854** 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>10</sup>

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

**Attachments:** May 4, 2023 - Letter from Finance Assessors  
March 23, 2023 - CRIO<sup>11</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>8</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>9</sup> Primarily, the real property tax abatement savings impacts the DDA, while the impact to the City of Detroit is minimum.

<sup>10</sup> COMMERCIAL REHABILITATION ACT (Act 210) MCL. 207.852(1)

<sup>11</sup> **CRIO**- Civil Rights, Inclusion & Opportunity Department

**FROM VACANCY TO VIBRANCY**  
2300 WOODWARD

**BY THE NUMBERS**

<b>630</b>	CONSTRUCTION JOBS
<b>610</b>	PERMANENT JOBS
<b>131K SF</b>	OFFICE SPACE
<b>18K SF</b>	SHOPS AND DINING



**2300 Woodward**



**BEFORE<sup>12</sup>**

<sup>12</sup> Large BEFORE image courtesy of DEGC

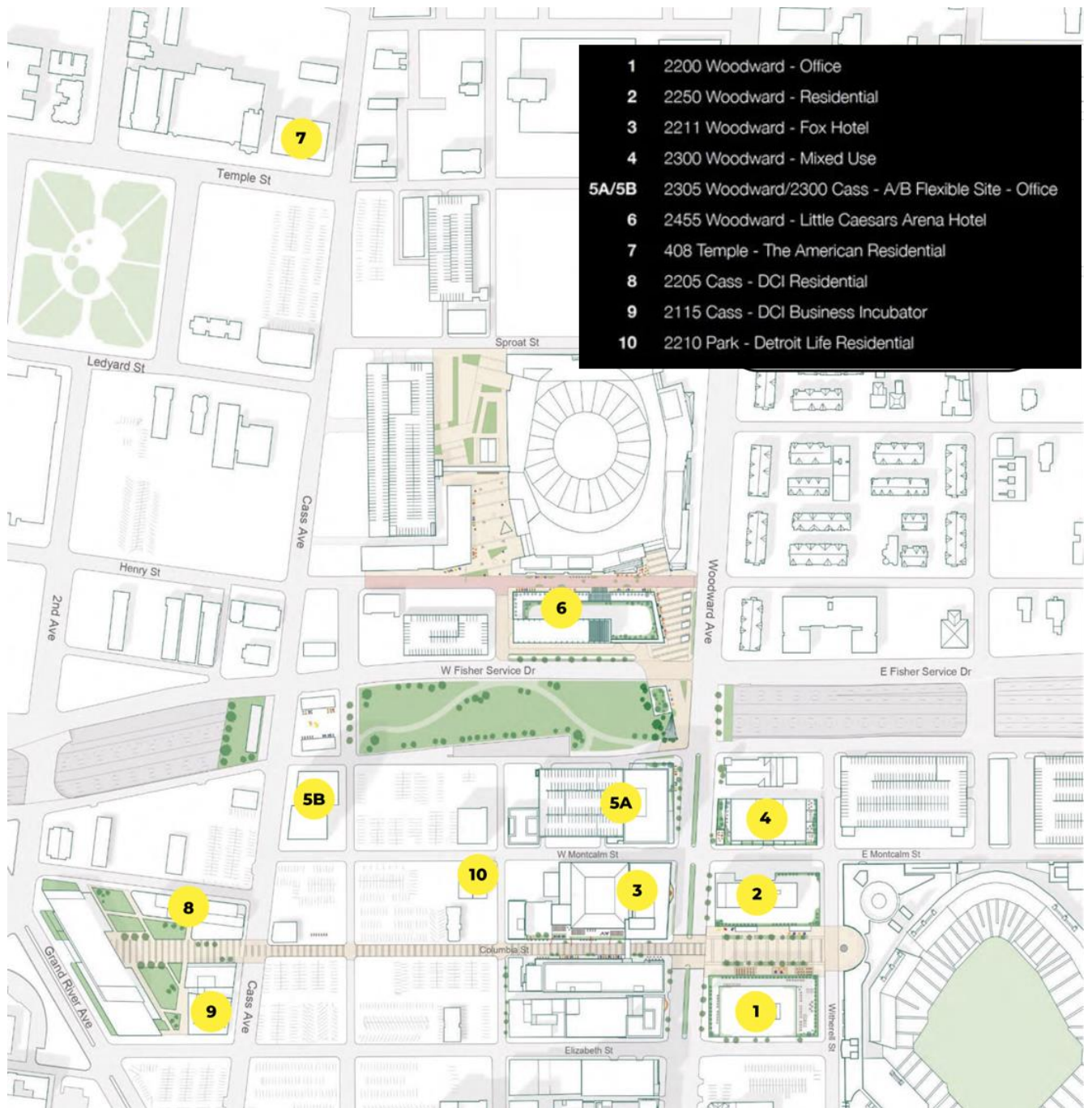


**RENDERING OF COMPLETED PROJECT<sup>13</sup>**

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<sup>13</sup> 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 – **2300 Woodward Avenue Ground Lessee LLC**  
 Property Address: 50 E Fisher/131 E Montcalm  
 Parcel Number: portions of 01000522-56 and 01000339-477

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 **50 E Fisher/131 E Montcalm** 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 5-story mixed use property with first floor retail containing 18,400 sq.ft., and 4 floors of office space containing 131,100 sq.ft. 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
01000522-56	50 E Fisher	\$ -	\$ -	\$ 627,100	\$ 627,100
01000339-447	131 E Montcalm	\$ -	\$ -	\$ 795,700	\$ 795,700

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 St Johns Episcopal Church and 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 **50 E Fisher/131 E Montcalm** 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  
2300 Woodward Avenue Ground Lessee LLC  
Page 2

Parcel: 01000522-56 (PORTION: 0.430 acre)

Owner: ST JOHNS EPISCOPAL CHURCH

Property Address: 50 E FISHER

Legal Description: S FISHER FWY E N 102.37 FT OF E 50 FT OF LOT 2 W 55 FT OF E 105 FT OF LOT 2 W 105 FT OF N 127 FT OF LOT 2 ALL TH ABOVE EXC VERNOR AVE & FISHER FWY SERVICE DR AS OP & WD 1EXC PT TAKEN FOR H P BALDWIN'S SUB(L15 P51/2 PLATS,WCR) ALSO EXC WOODWARD AVE & VERNOR AVE & FISHER FWY SERVICE DR AS OP & WD BRUSH SUB L45 P121 DEEDS, WCR 1/29 1 THRU 6H P BALDWIN'S SUB L15 P51/2 PLATS, WCR 1/139 E 15.30 FT OF 221 ALL OF LOTS 220 & 219 WILLIAMS PARK LOTS 1,2,3,& 4 L1 P39 PLATS, WCR 1/26 322.02 IRREG

Parcel: 01000339-477 (PORTION: 0.359 acre)

Owner: DETROIT/WAYNE STADIUM AUTHORITY

Property Address: 131 E MONTCALM

Legal Description: N E MONTCALM 218 THRU 197 PLAT OF WILLIAMS PARK LOTS 1,2,3 & 4 L1 P39 PLATS W C R 1/26 PT OF 2 3&4 BRUSH SUB OF PARK LOT 5 L45 P121 DEEDS W C R 1/29 ALL DESC AS BEG AT SW COR SD LOT 218 TH N 30D 23M 43S W 114.10 FT TH N 59D 46M 54S E 105 FT TH S 30D 23M 43S E 50 FT TH N 59D 46M 54S E 55 FT TH N 30D 23M 43S W 62.34 FT TH N 59D 46M 54S E 50 FT TH N 30D 23M 43S W 106 FT TO S LINE FISHER FWY TH N 60D 05M 47S E 360 FT ALG SD S LINE TO W LINE JOHN R ST 60 FT WD TH S 30D 23M 43S E 230.46 FT ALG SD W LINE TO N LINE MONTCALM ST 50 FT WD TH S 59D 46M 54S W 569.98 FT ALG SD N LINE TO P O B 1/--- 105,145 SQ FT

