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City of Detroit
CITY COUNCIL
LEGISLATIVE POLICY DIVISION
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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: May 17, 2023

RE: **2455 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 **2455 Woodward** is **2455 Woodward 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 redevelopment of undeveloped land adjacent to Little Caesars Arena into a new 15-story building for a hotel.¹ Currently, the development area consists of 16 vacant parcels, totaling 1.832 acres, which were collectively used for parking and construction staging to support the construction of Little Caesars arena between 2014 and 2017. The developer proposes to construct the hotel with 21,900 sq. ft. of retail and 274,800 sq. ft. of hotel space with approximately 290 hotel rooms. The planned development is one of ten elements associated with ten (10) mixed-use development projects² within Detroit's DDA Development Area,³ which proposed together, encompasses Olympia Development's Transformational Brownfield Plan (TBP),⁴ commonly referred to as District Detroit, with

¹ 14 stories for the hotel, according to the Assessor's Letter (attached).

² 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)

³ 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.

⁴ 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).

a total estimated investment cost of \$1.532 billion. The TBP was approved by Council and subsequently by the Michigan Strategic Fund.⁵

The property is currently owned by ODM Parking LLC & Nexus Properties. 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.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 \$42.1 million TBP TIF⁷ 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 | 2455 Woodward |
| City Council District | District 6 |
| Neighborhood | Downtown |
| Building Use | |
| Residential Square Footage | N/A |
| Total Retail Square Footage | 21,900 |
| Total Office Square Footage | N/A |
| Total Hotel Square Footage | 252,900 (290 Rooms) |
| Parking Spaces | N/A |
| 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 | |
| <p>The proposed project is a planned new construction of a mixed-use development with first floor retail, second and third floor hotel amenities and 11 floors of hotel rooms. This building is intended to be a Class A hotel with 274,800 GSF, with 21,900 GSF of retail space and hotel amenities and 252,900 GSF of hotel space with approximately 290 hotel rooms.</p> | |
| Sources and Uses of Capital Summary | |
| Total Investment | \$190,804,000 |
| Uses | Hard Costs: \$121,140,000 / Soft Costs: \$69,664,000 |
| Sources | Equity: \$103.8M; Debt: \$82.5M; TBP Exemption: \$4.5M |

⁵ 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](#)

⁶ Assessor's Letter of April 17, 2023 (Attached)

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.

| Project Economic Benefits Summary | |
|--|--|
| Estimated Jobs (FTE/Construction) | 472 FTE Tenant Jobs / 1,480 Construction |
| Estimated City benefits before tax abatement | \$9,036,437 |
| Total estimated City value of abatement | \$1,016,833 |
| Less cost of services & utility deductions | \$2,288,051 |
| Net Benefit to City with abatement | \$5,731,553 |

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

| | Amount |
|--|----------------------|
| Real Property Taxes, before abatement | \$1,016,833 |
| Personal Property Taxes, before abatement | \$0 |
| New Residential Property Taxes | \$0 |
| Municipal Income Taxes - Direct Workers | \$1,982,240 |
| Municipal Income Taxes - Indirect Workers | \$684,262 |
| Municipal Income Taxes - Corporate Income | \$785,960 |
| Municipal Income Taxes - Construction Period | \$1,374,646 |
| Municipal Income Taxes - New Residents | \$0 |
| Utility Revenue | \$541,001 |
| Utility Users' Excise Taxes | \$425,283 |
| State Revenue Sharing - Sales Tax | \$11,801 |
| Building Permits and Fees | \$0 |
| Miscellaneous Taxes & User Fees | \$2,214,411 |
| <u>Subtotal Benefits</u> | <u>\$9,036,437</u> |
| Cost of Providing Municipal Services | (\$1,747,050) |
| Cost of Providing Utility Services | (\$541,001) |
| <u>Subtotal Costs</u> | <u>(\$2,288,051)</u> |
| Net Benefits | \$6,748,386 |

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* | \$9,036,437 | (\$2,288,051) | (\$1,016,833) | \$0 | \$5,731,553 |
| Wayne County* | \$915,905 | (\$439,043) | (\$476,148) | (\$422) | \$291 |
| Detroit Public Schools* | \$5,547,648 | (\$1,796,592) | (\$532) | (\$3,453,862) | \$296,661 |
| State Education | \$1,319,484 | \$0 | (\$187) | (\$1,215,935) | \$103,362 |
| Downtown Dev. Authority | \$11,404,615 | \$0 | (\$11,404,615) | \$0 | \$0 |
| Wayne RESA | \$1,197,080 | \$0 | (\$1,195,290) | (\$1,059) | \$731 |
| Wayne County Comm. College* | \$0 | \$0 | \$0 | \$0 | \$0 |
| Wayne County Zoo | \$21,991 | \$0 | (\$21,959) | \$0 | \$33 |
| Detroit Institute of Arts | \$43,983 | \$0 | (\$43,917) | \$0 | \$66 |
| Total | \$29,487,144 | (\$4,523,686) | (\$14,159,482) | (\$4,671,278) | \$6,132,698 |

⁸ Charts courtesy of the DEGC

Conclusion

The estimated total capital investment for this project is **\$190,804,000**.⁹ It is also estimated that the completed project will create 472 FTE tenant jobs and 1,480 temporary construction jobs. The total value of the 10-year Commercial Rehabilitation tax savings is estimated at **\$14,159,482**.¹⁰

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$5,731,553**, and all of the impacted taxing units, a net benefit of **\$6,132,698** 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.”*¹¹

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

Attachments: April 17, 2023 - Letter from Finance Assessors
March 23, 2023 - CRIO¹² Employment Clearance

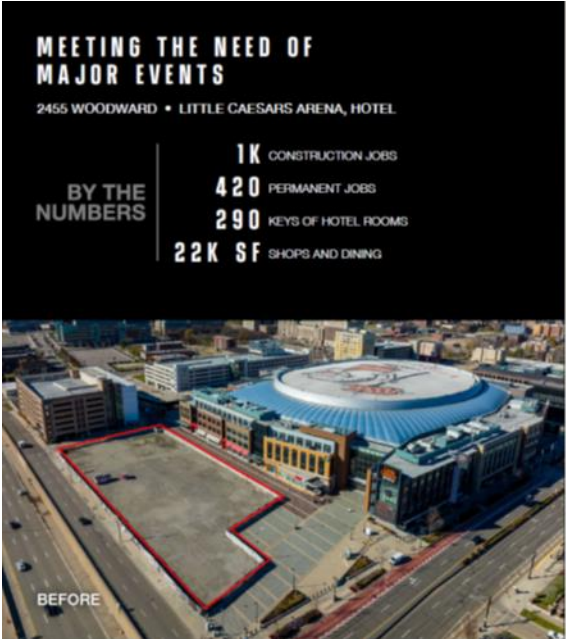
cc: Auditor General’s Office
Donald Rencher, Chief of Services and Infrastructure
Antoine Bryant, Planning and Development Department
Julie Schneider, HRD
Veronica Farley, HRD
Stephanie Grimes Washington, Mayor’s Office
Gail Fulton, Mayor’s Office
Malik Washington, Mayor’s Office
Kenyetta Bridges, DEGC
Jennifer Kanalos, DEGC
Brian Vosburg, DEGC

⁹ 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.

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

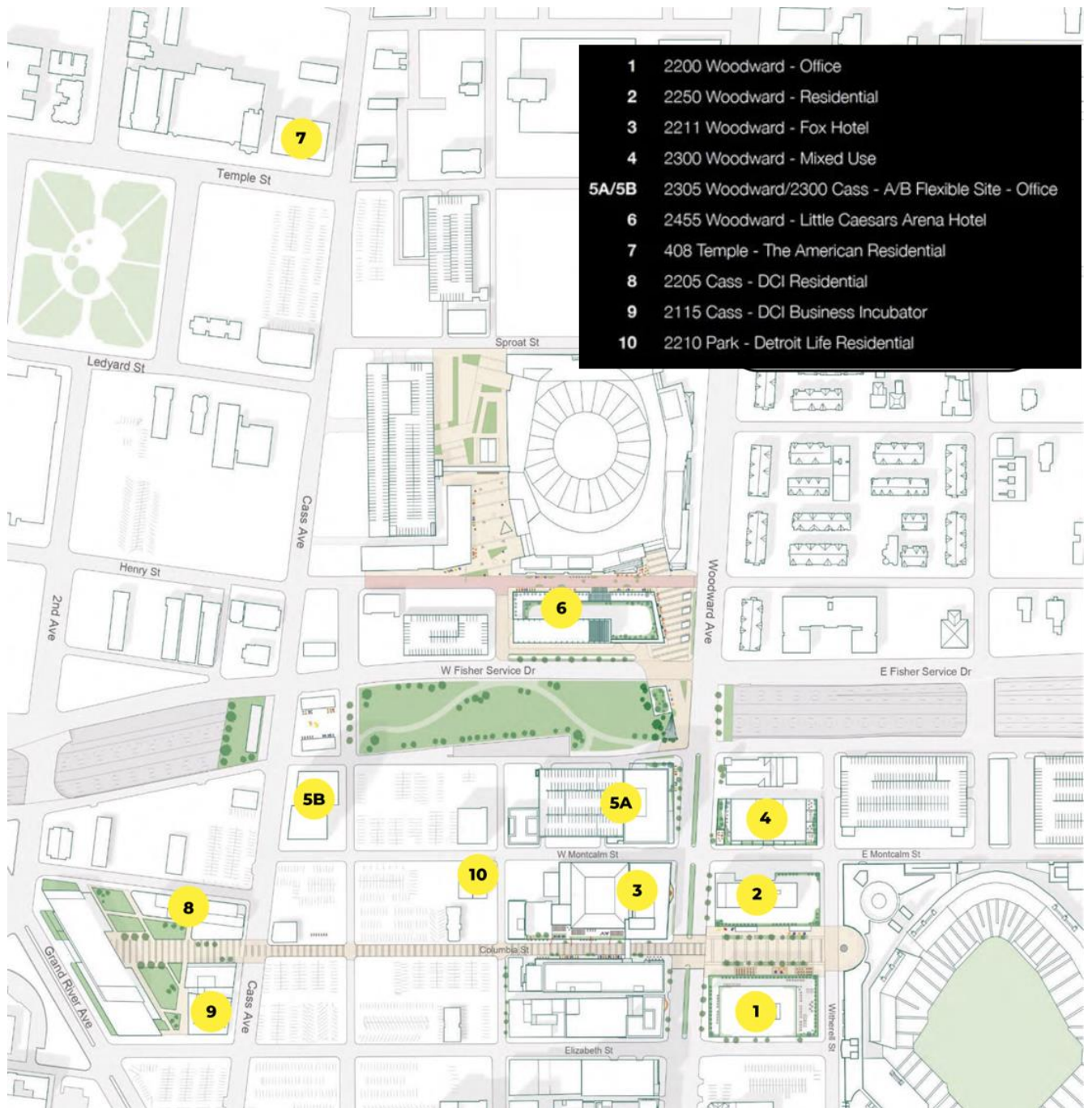
¹¹ COMMERCIAL REHABILITATION ACT (Act 210) MCL. 207.852(1)

¹² **CRIO**- Civil Rights, Inclusion & Opportunity Department



2455 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 – **2455 Woodward Avenue Ground Lessee LLC**
 Property Address: See attached list
 Parcel Number: See attached list

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 **Woodward & I-75** in the **Midtown** 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 **2455 Woodward Ave Ground Lessee LLC** consists of 16 vacant parcels, totaling 1.832 acres, which were collectively used for parking and construction staging to support the construction of Little Caesars arena between 2014 and 2017. The developer proposes to construct 14-story hotel with 21,900 sq.ft of retail and 274,800 sq.ft. of hotel space with approximately 290 hotel rooms.

The 2023 values are as follows:

| Parcel # | Address | Building Assessed Value (SEV) | Building Taxable Value | Land Assessed Value (SEV) | Land Taxable Value |
|----------|-------------------|-------------------------------|------------------------|---------------------------|--------------------|
| | SEE ATTACHED LIST | | | | |
| | | | | | |

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 properties are currently owned by ODM Parking LLC & Nexus Properties. 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 **Woodward Ave and I-75** 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
2455 Woodward Avenue Ground Lessee LLC
Page 2

| Parcel ID | Property Address | Owner | Legal Description |
|---------------|----------------------|------------------------|--|
| 02000539. | 84 W FISHER | ODM PARKING LLC | N W FISHER 60&59 DUFFIELDS SUB L1 P249 PLATS, W C R 2/177 80 X 80.42 |
| 02000540. | 76 W FISHER | ODM PARKING LLC | N W FISHER 58 DUFFIELDS SUB L1 P249 PLATS, W C R 2/177 40 X 80.42 |
| 02000541. | 68 W FISHER | ODM PARKING LLC | N W FISHER 57 DUFFIELDS SUB L1 P249 PLATS, W C R 2/177 40 X 80.42 |
| 02000542. | 60 W FISHER | ODM PARKING LLC | N W FISHER 56 DUFFIELDS SUB L1 P249 PLATS, W C R 2/177 40 X 80.42 |
| 02000543. | 54 W FISHER | ODM PARKING LLC | N W FISHER 55 DUFFIELDS SUB L1 P249 PLATS, W C R 2/177 40 X 80.42 |
| 02000544. | 48 W FISHER | ODM PARKING LLC | N W FISHER W 24.34 FT 54 DUFFIELDS SUB L1 P249 PLATS, W C R 2/177 24.34 X 80.42 |
| 02000545. | 42 W FISHER | ODM PARKING LLC | N W FISHER E 26 FT 54 DUFFIELDS SUB L1 P249 PLATS, W C R 2/177 26 X 80.42 |
| 02000546. | 41 HENRY | ODM PARKING LLC | S HENRY 53 E 14 FT 52 DUFFIELDS SUB L1 P249 PLATS, W C R 2/177 49.34 X 75 |
| 02000547. | 47 HENRY | ODM PARKING LLC | S HENRY W 26 FT 52 DUFFIELDS SUB L1 P249 PLATS, W C R 2/177 26 X 75 |
| 02000548.001 | 59 HENRY | ODM PARKING LLC | S HENRY 51 DUFFIELDS SUB L1 P249 PLATS, W C R 2/177 40 X 75 |
| 02000548.002L | 67 HENRY | ODM PARKING LLC | S HENRY E 20 FT OF 50DUFFIELDS SUB L1 P249 PLATS, W C R 2/177 20 X 75 |
| 02000549. | 71 HENRY | ODM PARKING LLC | S HENRY W 20 FT 50 E 5 FT 49 DUFFIELDS SUB L1 P249 PLATS, W C R 2/177 25 X 75 |
| 02000550-1 | 83 HENRY | ODM PARKING LLC | S HENRY W 35 FT OF 49 48&47DUFFIELDS SUB L1 P249 PLATS W C R 2/177 115 X 75 |
| 02001851. | 2473 WOODWARD AVENUE | NEXUS PROPERTIES, LLC. | W WOODWARD N 70.91 FT OF E 204.96 FT OF 80 LYG S & ADJ HENRY ST & W & ADJ WOODWARD AVE PLAT OF PARK LOTS L34 P542 DEEDS W C R 2/78 70.91 IRREG |



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

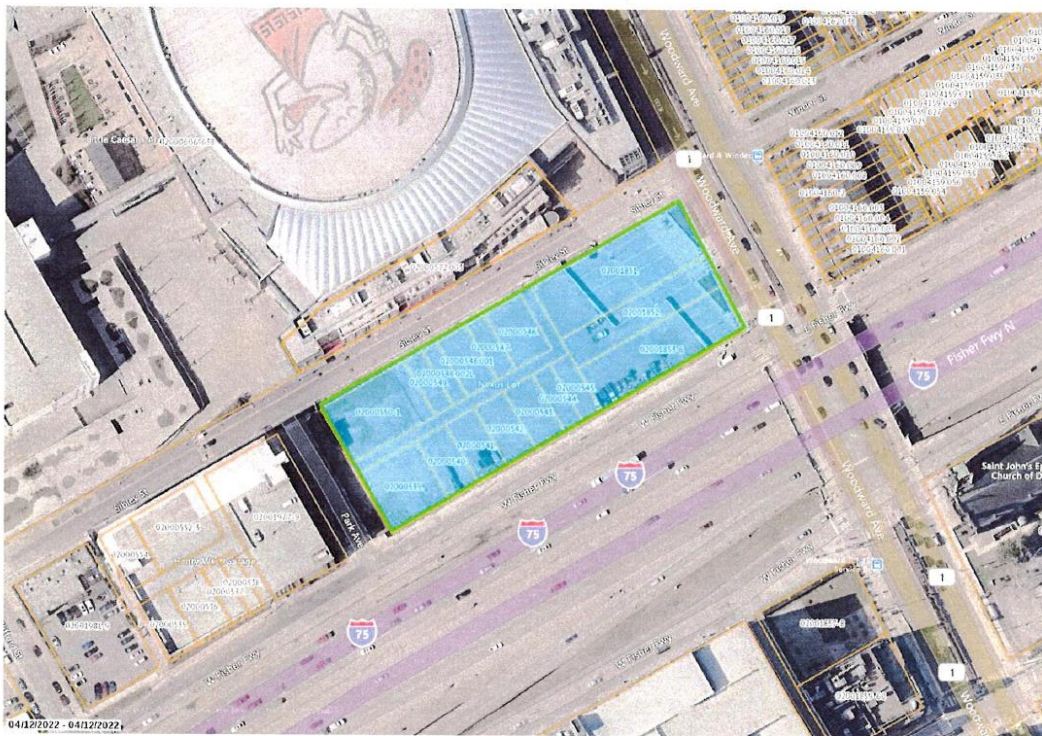
COLEMAN A. YOUNG MUNICIPAL CENTER
 2 WOODWARD AVE., SUITE 824
 DETROIT, MI 48226
 PHONE: 313•224•3011
 FAX: 313•224•9400

| | | | |
|------------|----------------------|----------------------|---|
| 02001852. | 2465 WOODWARD AVENUE | NEXUS PROPERTIES LLC | W WOODWARD N 40 FT OF S 100 FT OF E 200.30 FT OF PARK LOT 80 LYG N OF & ADJ DUFFIELD ST & W OF W LINE OF WOODWARD AVE PLAT OF PARK LOTS L34 P542 DEEDS W C R 2/78 40 X 198.98A |
| 02001853-6 | 2457 WOODWARD AVENUE | NEXUS PROPERTIES LLC | W WOODWARD S 60 FT OF E 193.73 FT OF PARK LOT 80 LYG N OF & ADJ DUFFIELD ST & W OF W LINE OF WOODWARD AVE PLAT OF PARK LOTS L34 P542 DEEDS W C R 2/78 60 IRREG |

| Parcel | 2023 Bldg AV | 2023 Bldg TV | 2023 Land AV | 2023 Land TV |
|---------------|--------------|--------------|--------------|--------------|
| 02000539. | \$ - | \$ - | \$ 213,000 | \$ 30,854 |
| 02000540. | \$ - | \$ - | \$ 116,000 | \$ 15,366 |
| 02000541. | \$ - | \$ - | \$ 116,000 | \$ 15,366 |
| 02000542. | \$ - | \$ - | \$ 116,000 | \$ 15,366 |
| 02000543. | \$ - | \$ - | \$ 116,000 | \$ 18,745 |
| 02000544. | \$ - | \$ - | \$ 73,400 | \$ 9,337 |
| 02000545. | \$ - | \$ - | \$ 78,400 | \$ 10,046 |
| 02000546. | \$ - | \$ - | \$ 131,000 | \$ 3,588 |
| 02000547. | \$ - | \$ - | \$ 73,100 | \$ 9,337 |
| 02000548.001 | \$ - | \$ - | \$ 109,300 | \$ 14,419 |
| 02000548.002L | \$ - | \$ - | \$ 56,300 | \$ 7,208 |
| 02000549. | \$ - | \$ - | \$ 70,300 | \$ 1,869 |
| 02000550-1 | \$ - | \$ - | \$ 275,000 | \$ 51,904 |
| 02001851. | \$ - | \$ - | \$ 483,300 | \$ 210,088 |
| 02001852. | \$ - | \$ - | \$ 273,800 | \$ 48,943 |
| 02001853-6 | \$ - | \$ - | \$ 440,600 | \$ 71,642 |
| Total | \$ - | \$ - | \$ 2,741,500 | \$ 534,078 |



Commercial Rehabilitation Certificate
2455 Woodward Avenue Ground Lessee LLC
Page 4





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

Development: The proposed project is a planned new construction of a mixed-use development with first floor retail, second and third floor hotel amenities and 11 floors of hotel rooms. This building is intended to be a Class A hotel with 274,800 GSF, with 21,900 GSF of retail space and hotel amenities and 252,900 GSF of hotel space with approximately 290 hotel rooms.

Parcel/Facility Address: 2473 Woodward Ave, 2465 Woodward Ave, 2457 Woodward Ave, 42 W Fisher Dr, 48 W Fisher Dr, 54 W Fisher Dr, 60 W Fisher Dr, 68 W Fisher Dr, 76 W Fisher Dr, 84 W Fisher Dr, 83 E Henry St, 71 E Henry St, 67 E Henry St, 59 E Henry St, 47 E Henry St, 41 E Henry St Detroit, MI 48201

Applicant/Recipient: Jacob Austermann

Applicant Contact: jake.austermann@plantemorán.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: 7

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,



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

- 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.
- 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