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City of Detroit
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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: May 2, 2023

RE: **5210-5270 West Grand River 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.

5210-5270 West Grand River LLC

The project developer and owner of the property located at **5210 West Grand River** is **5210-5270 West Grand River LLC**, is seeking the approval of a PA 210 certificate. The property consists of a vacant restaurant on 0.831 acres of land. The building has been vacant since 2019. The developer plans to rehabilitate the one-story, 2,100 square foot structure into a restaurant and entertainment venue.

The development is expected to increase commercial activity in the area, prevent loss of employment, revitalize the urban area and increase the number of visitors and residents in the city. The planned improvements include HVAC¹ replacement, roofing, flooring, floor plan reconfiguration, wall replacement, and exterior improvements. The development principals are W. Emery Matthews² and Jamie Shea.³ The DEGC has recommended a full term 10-year Commercial Rehabilitation Certificate for the developer. *There is little to no information available about the planned entertainment element associated with the project, Council may want to inquire about this, to determine what it will entail and who will be involved.*

¹ HVAC stands for heating, ventilation, and air conditioning.

² [W. Emery Matthews - notable real estate executives | Crain's Detroit Business \(crainsdetroit.com\)](#)

³ [Jamie Shea - Partner - Core City Development | LinkedIn](#)

DEGC Property Tax Abatement Evaluation

Property Address: 5210 Grand River Ave.
Developer: 5210 – 5270 Grand River Ave. LLC
Development Team Principal(s): W. Emery Matthews + Jamie Shea
Prepared By: Kaci Jackson

Description of Incentive:	
DEGC Abatement Term Recommendation	10 years
Location	
Address	5210 Grand River Ave.
City Council District	6
Neighborhood	Core City
Located in HRD/SNF Targeted Area	NA
Building Use	
Total Residential Square Footage	NA
Total Retail Square Footage	2,100 SF (Building); 34,400 SF (common area)
Parking Spaces	
Number of Residential Units	NA
Number of Affordable Residential Units	NA
Project Description	
<p>The Legends Grill Redevelopment will be a restaurant and entertainment development offering classic Detroit dining experiences with interwoven public space for community and visitor engagement and connectivity. The project's planned investment exceeds \$2.3 million.</p> <p>The existing site consists of approximately .831 acres of land, most of which is vacant and contains an existing vacant 2,100 sf former restaurant and parking lot. The building has not been occupied since 2019. The site will undergo a rehabilitation with improvements including new fixed building equipment, including HVAC and lighting, improved roof structure, floor replacement, and improved wall placement and exterior and interior appearance of the building.</p> <p>This development aims to help reestablish a vibrant commercial corridor along Grand River Avenue that offers neighborhood accessible offerings. The plan includes a combination of indoor and outdoor dining along with seasonal recreation activities. The project will require significant investment and development risk and would not be possible without incentives, including a PA 210 certificate.</p>	
Sources and Uses of Capital Summary	
Total Investment	\$2,301,292
Sources	\$1.2M Equity (52.23%); \$1.1M Debt (47.7%);
Uses	\$ 1.6M Hard Costs (70.3%); \$338K Soft Costs (15%); \$370K Building (16.08%)
Project Economic Benefits Summary	
Estimated Jobs (FTE/Construction)	8 FTE / 15 Construction Jobs
Estimated City benefits before tax abatement	\$325,080
Estimated City value of PA 210 abatement	\$29,297
Less cost of services & utility deductions	\$151,714
Net Benefit to City with PA 210 abatement	\$144,069

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

	Amount
Real Property Taxes, before abatement	\$29,297
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$38,126
Municipal Income Taxes - Indirect Workers	\$9,791
Municipal Income Taxes - Corporate Income	\$19,709
Municipal Income Taxes - Construction Period	\$17,738
Utility Revenue	\$106,880
Utility Users' Excise Taxes	\$7,427
State Revenue Sharing - Sales Tax	\$35,490
Building Permits and Fees	\$18,000
Miscellaneous Taxes & User Fees	\$42,621
Subtotal Benefits	\$325,080
Cost of Providing Municipal Services	(\$44,834)
Cost of Providing Utility Services	(\$106,880)
Subtotal Costs	(\$151,714)
Net Benefits	\$173,366

Impacted Taxing Units: Incentive Summary over the First 10 Years

	Additional Benefits Before Tax Abatements	Additional Costs	Real Property Tax Abatement	Business Personal Property Tax Abatement	Utility Users Tax & Corporation Income Tax Exemption	Net Benefits After Tax Abatements & Incentives
City of Detroit	\$325,080	(\$151,714)	(\$29,297)	\$0	\$0	\$144,069
Wayne County	\$14,949	(\$7,988)	(\$6,962)	\$0	\$0	\$0
Detroit Public Schools	\$58,533	(\$32,269)	(\$11,341)	\$0	\$0	\$14,923
State Education	\$5,234	\$0	\$0	\$0	\$0	\$5,234
Wayne RESA	\$4,735	\$0	(\$4,735)	\$0	\$0	\$0
Wayne County Comm. College	\$2,809	\$0	(\$2,809)	\$0	\$0	\$0
Wayne County Zoo	\$87	\$0	(\$87)	\$0	\$0	\$0
Detroit Institute of Arts	\$173	\$0	(\$173)	\$0	\$0	\$0
Total	\$411,601	(\$191,971)	(\$55,404)	\$0	\$0	\$164,226

DEGC Chart of Taxes Before, During & After the Incentive⁵

	Existing Taxes	New Taxes With Incentive(s)	New Taxes Without Incentive
City of Detroit	\$1,681	\$1,687	\$4,040
Library	\$269	\$270	\$646
Wayne County	\$463	\$465	\$1,113
Detroit Public Schools	\$1,744	\$3,136	\$4,192
State Education	\$348	\$837	\$837
Wayne RESA	\$315	\$316	\$757
Wayne County Comm. College	\$187	\$188	\$449
Wayne County Zoo	\$6	\$6	\$14
Detroit Institute of Arts	\$12	\$12	\$28
Total	\$5,025	\$6,916	\$12,077

⁴ Charts courtesy of the DEGC

⁵ Existing Annual Taxes: \$5,025 - New Annual Taxes DURING the Incentive: \$6,916 & Taxes after the Incentive EXPIRES: \$12,077

Conclusion

The estimated total capital investment for this project is **\$2,301,292**. It is also estimated that the completed project will create 8 FTEs and 15 temporary construction jobs. The total value of the 10-year Commercial Rehabilitation tax savings is estimated at **\$55,404**.

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$144,069**, and all of the impacted taxing units, a net benefit of **\$164,226** 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.”*⁶

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

Attachments: March 9, 2023 - Letter from Finance Assessors
March 7, 2023 - CRIO⁷ 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

⁶ COMMERCIAL REHABILITATION ACT (Act 210) MCL. 207.852(1)

⁷ CRIO- Civil Rights, Inclusion & Opportunity Department



Conceptual Rendering



Current Photo⁸

⁸ Conceptual Rendering & Current Photo courtesy of DEGC



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

March 9, 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 – **5210-5270 West Grand River LLC**
 Property Address: 5210 W Grand River
 Parcels Number: 10000580-5

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 **5210 W Grand River** in the **Core City** 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 property consists of a vacant restaurant on 0.831 acres of land. The developer plans to rehabilitate the one-story, 2,100 square foot structure into a restaurant and entertainment venue. Rehabilitation will include HVAC replacement, roofing, flooring, floor plan reconfiguration and wall replacement, and exterior improvements. The rehabilitation of the complex is expected to increase commercial activity in the area, prevent loss of employment, revitalize the urban area and increase the number of residents in the city.

The 2023 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
10000580-5	5210 W Grand River	\$ 60,100	\$ 51,593	\$ 30,600	\$ 26,268

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.

A review of the general plans, along with the criteria set forth under the Commercial Rehabilitation Act, indicated that the proposed project located at **5210 W Grand River** 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
5210 West Grand River LLC
Page 2

Property Owner: 5210 5270 WEST GRAND RIVER LLC
Property Address: 5210 W GRAND RIVER
Parcel Number: 10000580-5
Legal Description: N GRAND RIVER LOTS 1 THRU 10 AND VAC ALLEY ADJ WILLIAM G WERNERS SUB L25 P11 PLATS, W C R 10/46 ALSO LOT 2 AND THAT PT OF LOT 1 LYG ELY BETW N & S LINES OF SD LOT 10 EXT BOWEN & WERNERS SUB L11 P75 PLATS, W C R 10/45 363.03 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 7, 2023

Tax Abatement Type: PA 210

New Renewal

Duration of Abatement: 10 years

Development: 5210-5270 Grand River LLC consists of one-story restaurant known as Legends Grill. To cure the obsolescence, the owner proposes to rehabilitate and expand the existing restaurant, create public spaces with seating and an outdoor basketball court, with the new addition to include office space, storage, and public restrooms.

Parcel/Facility Address: 5210 W Grand River

Applicant/Recipient: Emery Matthews

Applicant Contact: ematthews@re-interests.com 313-408-5384

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: 8

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

3/13/2023

Date