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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: June 5, 2023

RE: **Former United Artists Theatre Building Brownfield Plan (150 Bagley) PA 381**

The Brownfield Redevelopment Financing Act 381 of 1996, provides tax incentives (i.e., tax increment financing) to develop brownfield properties in an area at or on which there has been a release (or threat of release) or disposal of a hazardous substance.

Bagley Development Group, LLC,¹ is the project developer of the Former United Artists Theatre Building Brownfield Redevelopment Plan. The Property, located at 150 Bagley on 0.177 acres of land, is a historic and vacant 18-story building, commonly known as the United Artists Building. The property is located at the corner of Clifford Street and Bagley Street with W. Adams Avenue to the west, Park Avenue to the north, Bagley Street to the east and Clifford Street to the south.

The developer plans to renovate the nearly 100-year-old building at 150 Bagley St., into 148 housing units and retail space. Legendary theater architect C. Howard Crane,² designed the 18-story, 200,000-square-foot United Artist office tower and its adjoining United Artist theater, in the Spanish Gothic³ and Art Deco styles in 1927. The office building opened Jan. 28, 1928, and the theater followed a few days later. The theater closed its doors in 1971, and in 1979, the Detroit Symphony Orchestra used the acoustically perfect United Artists as a recording studio until 1983, when they said they couldn't take the lack of heat, rain falling through the ceiling or lack of electricity in the building, leaving the office tower and theater vacant for nearly 40 years.⁴

¹ Bagley Development Group is comprised of Emmett Moten, Scott Allen, Larry Brinker Sr., Tom Goss, Richard Hosey, Roy Roberts, and Jim Thrower. [Bagley Development Transforms Artists Building Into Residences @ 150 Bagley | The Michigan Chronicle](#)

² Charles Howard Crane (August 13, 1885 – August 14, 1952) was an American architect who was primarily active in Detroit. He is best known for his more than 250 movie theater architectural designs. Crane's signature design is his Fox Theatre design. There are many Fox Theatres in Michigan, as well as the famous Brooklyn Fox Theatre that he designed. While he was best known for his movie palaces, he also designed Detroit's Olympia Stadium, the former home of the Detroit Red Wings (1927-1987) that sat more than 12,000, as well as the Lafayette Building (1925-2010). [Historic Detroit](#)

³ Spanish Gothic architecture is the style of architecture prevalent in Spain in the Late Medieval period.

⁴ [United Artists Theatre — Historic Detroit](#)

In February 1983, the United Artists joined the National Register of Historic Places as part of the Grand Circus Park Historic District. However, the vacant building had deteriorated to the point that on Nov. 2, 1987, a shower of hundreds of bricks fell from the 13th floor of the UA's tower onto Clifford between Bagley and Middle Street, crushing a 1984 Oldsmobile Cutlass Ciera.⁵

The developer plans to convert the former United Artists Building into the Residences @ 150 Bagley. The project is led by the Detroit-based, African American-led development team of Bagley Development Group.⁶ Once completed, the project will include 30 of the 148 units set aside as affordable housing for those making 80 percent of the area median income (AMI)⁷ or below and will include approximately 10,000 square feet of retail and dining space along Bagley. Unfortunately, the adjoining historic theater was demolished by the current developer, who is reported to have indicated that it had to demolish the movie theater in order to create parking for the tower's residents.⁸

In 2019, the Detroit City Council approved a Neighborhood Enterprise Zone for the development's residential elements and parcel (the upper floors), our report dated September 19, 2019 on this incentive can be found by the following link: [NEZ 150 Bagley.pdf \(detroitmi.gov\)](#).⁹ On April 18, 2023, the developer also received Council approval of its OPRA tax abatement for the commercial elements and related first floor parcel.¹⁰

The development is projected to create 150 temporary construction jobs and 60 new restaurant jobs created by the tenant, varying in positions from service to management with market wages.

The developer is currently requesting a **\$6,355,000** TIF,¹¹ reimbursement,¹² with the overall value of the plan estimated at **\$7,620,888**, which includes local brownfield costs.¹³ The estimated capital investment for this project is approximately **\$73.4 million**.¹⁴

Basis of Eligibility

The Property is considered to be “eligible property” as defined by Act 381, Section 2, because it: (a) was previously utilized for an industrial, commercial or residential purpose; (b) is located within the City of Detroit, a qualified local governmental unit under Act 381; and (c) is determined to be a “historic resource” as defined by Act 381. The Property is a "historic resource"¹⁵ because it is a privately owned historic building, structure, site, object, feature, or open space either manmade or natural, individually listed or located within and contributing to a historic district designated by the national register of historic places.

Tax increments Description of the Eligible Property & Legal Description

Address	Parcel ID	Owner
150 Bagley Street	02000327 (Historic Resource)	Bagley Development Group, LLC

⁵ [United Artists Theatre — Historic Detroit](#)

⁶ [Bagley Development Group begins \\$75M transformation of historic United Artists Building into the Residences @ 150 Bagley | City of Detroit \(detroitmi.gov\)](#)

⁷ 80% AMI is equivalent to approximately \$50,240 in the Detroit-Warren-Livonia metropolitan area (\$1,250 per month rent)

⁸ The demolition of the United Artists Theatre began Sept. 28, 2022, as wreckers from Homrich Inc. tore into its northern facade. The UA's ornate Gothic auditorium was seen for the first time since its closure in 1972. The last of the theater came down on Nov. 30, 2022. [United Artists Theatre — Historic Detroit](#)

⁹ 55%-60% Area Median Income (AMI) = approximately \$33,550-\$36,600.

¹⁰ The Obsolete Property Rehabilitation (OPRA) Program, as defined in Michigan Public Act 146 of 2000

¹¹ Tax Increment Financing (TIF) subsidizes an entity by diverting a portion of their taxes to help finance a development.

¹² Current projections indicate a total of \$6,056,198 will be reimbursed to developer.

¹³ The duration of the TIF plan is 30 years.

¹⁴ The cost for the renovation increased from \$56 million in 2019, to \$75 million by the time of the groundbreaking on March 31, 2022.

¹⁵ "Historic resource" means a district, site, building, structure, or object of historical, architectural, archeological, or cultural significance.

MCL 324.63502 (8) NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT – PA 451 of 1994 [Michigan Legislature - Section 324.63502](#)

Description of Eligible Activities	Estimated Cost
MSF Eligible Activities	
1. Demolition	\$3,500,000
2. Lead and Asbestos Abatement	\$2,000,000
Subtotal MSF Eligible Activities	\$5,500,000
3. Contingency (15%)	\$825,000
4. Brownfield/Work Plan Preparation and Development	\$30,000
Total MSF Eligible Activities	\$6,355,000
*Total Estimated Cost to Developer to be Funded Through TIF	\$6,355,000
5. State Brownfield Revolving Fund	\$398,706
6. DBRA Administrative Fees	\$867,182
7. Local Brownfield Revolving Fund	\$0
Total Potential Capture	\$7,620,888

*Current projections indicate a total of \$6,056,198 will be reimbursed to Developer.

Tax increments are projected to be captured and applied to (i) reimbursement of eligible activity costs and payment of DBRA administrative and operating expenses, (ii) make deposits into the State Brownfield Redevelopment Fund, and (iii) make deposits into the *DBRA's Local Brownfield Revolving Fund*,¹⁶ as follows:

Taxing Jurisdictions	<u>Reimbursement Costs</u>	<u>DBRA Admin Costs</u>	<u>SBRF Capture</u>	<u>LBRF Capture</u>
School Operating Tax	\$4,524,677	\$0	\$0	\$0
State Education Tax	\$796,458	\$0	\$510,649	\$0
City General Op	\$0	\$0	\$0	\$0
Wayne County Op	\$0	\$0	\$0	\$0
HCMA	\$0	\$0	\$0	\$0
Wayne County Safety	\$90,369	\$142,253	\$0	\$0
Library	\$0	\$0	\$0	\$0
Wayne County Parks	\$23,688	\$37,289	\$0	\$0
WCCC	\$0	\$0	\$0	\$0
Wayne County	\$95,342	\$150,082	\$0	\$0
Wayne County ISD	\$525,664	\$827,465	\$0	\$0
TOTAL	\$6,056,198	\$1,157,089	\$510,649	\$0

The following taxes are projected to be generated but shall not to be captured during the life of the Plan:

City Debt	\$2,235,021
School Debt	\$3,228,364
DIA	\$49,667
Zoo	\$24,834
TOTAL	\$5,537,886

This plan includes total developer eligible activities of \$6,355,000. Current projections indicate a total of \$6,056,198 will be reimbursed to the developer. The developer intends to submit reimbursement requests for the maximum amount of eligible costs approved for eligible activities under this plan.

¹⁶ This plan has no deposits into the DBRA's Local Brownfield Revolving Fund (LBRF*). This due to the fact that the developer needs the full 30 years to capture the full amount of their Brownfield TIF eligible activities.

Eligible Activities

The “eligible activities” that are intended to be carried out at the Property pursuant to this Plan are considered “eligible activities” as defined by Section 2 of Act 381, because they include a Phase I Environmental Site Assessment (“ESA”), hazardous building materials survey, civil and structural engineering studies, interior demolition and lead and asbestos abatement, site preparation, public infrastructure improvements, and the development, preparation and implementation of a brownfield plan and/or work plan.

Rationale for a Brownfield Plan

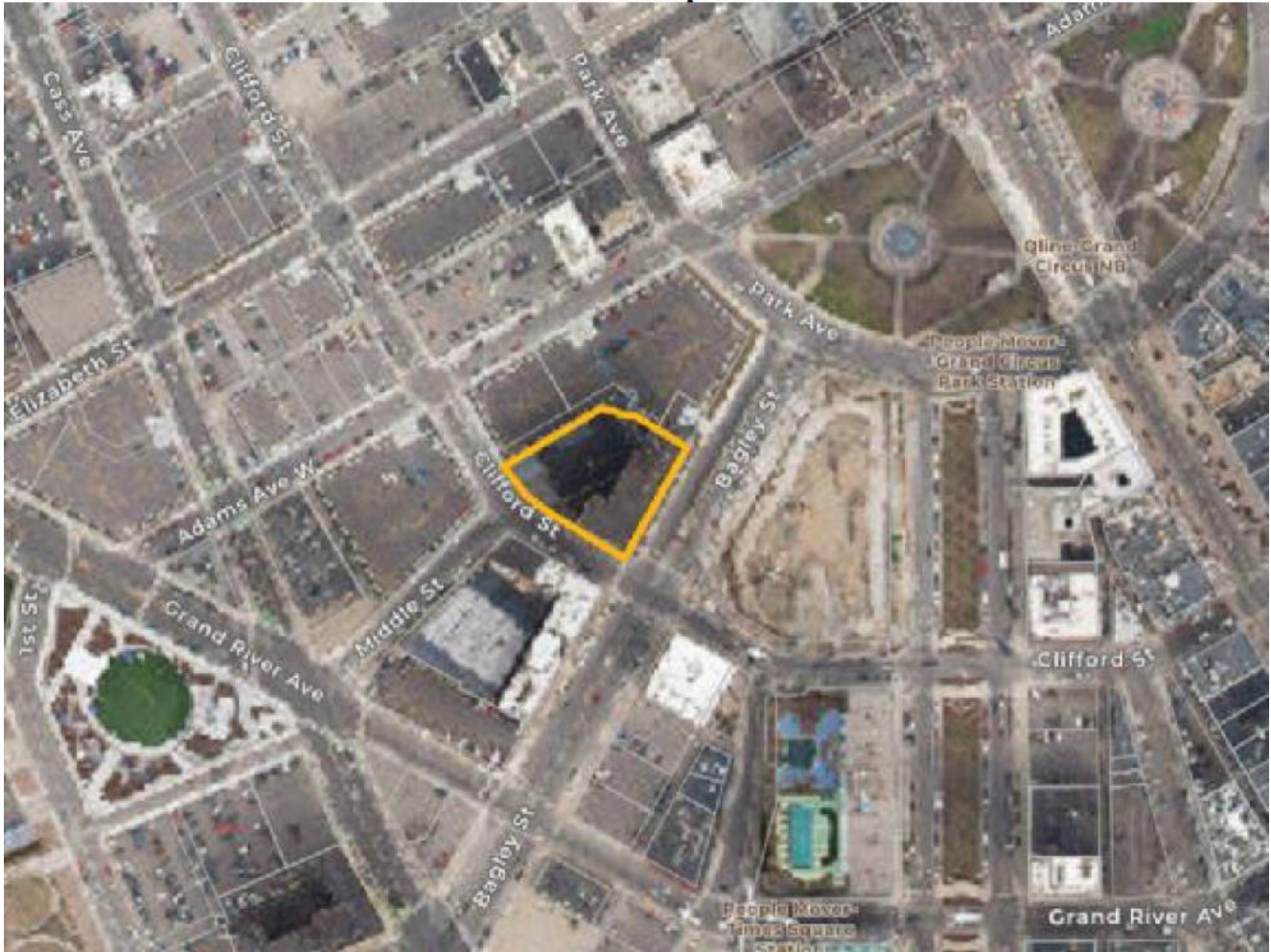
The building is in extreme disrepair and will require an entire overhaul in order to ready the site for prospective tenants. The project will commence with selective interior demolition and asbestos abatement. Once the demolition is complete, the residential floors will be framed to house approximately one hundred forty eight (148) residential units (one and two bedroom units) on floors two through eighteen. The basement and ground floor will house approximately 10,500 sf of commercial office/retail/restaurant space. The existing surface parking lot will provide optional paid parking to serve the tenants of the building.

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

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

ATTACHMENT A

Site Map



INCENTIVE INFORMATION CHART

Project Type	Incentive Type	Investment Amount	District
Mixed-Use – Residential/Commercial Retail	Brownfield TIF, OPRA and NEZ	\$73.4 million	6

Jobs Available							
Construction				Post Construction			
Professional	Non-Professional	Skilled Labor	Non-Skilled Labor	Professional	Non-Professional	Skilled Labor	Non-Skilled Labor
15	30	95	10	10	40	0	10

1. What is the plan for hiring Detroiters?
 - The Developer’s contractor will work with local trades and the landlord will work with tenants and the City of Detroit to help facilitate and ensure that local hiring practices are implemented.
2. Please give a detailed description of the jobs available as listed in the above chart, i.e.: job type, job qualifications, etc.
 - Available jobs will include professional and non-professional retail positions.

Construction trade contractors include carpenters, laborers, operators, roofers, plumbers, electricians, and landscapers. There will be approximately 150 construction positions during the duration of construction with additional indirect support positions.

3. Will this development cause any relocation that will create new Detroit residents?
 - Given the scope of the Project, it is anticipated that it will result in the creation of new Detroit residents.
4. Has the developer reached out to any community groups to discuss the project and/or any potential jobs?
 - The Project was discussed through the local community advisory group when reviewed during the historic tax credit and approval process. The developer will assist their tenants in advertising available positions when the Project is nearing completion and the tenants are seeking available applicants.
5. When is the construction slated to begin?
 - Construction began in April 2022 and is estimated to be completed 24 months thereafter.
6. What is the expected completion date of construction?
 - Construction of the overall Project is expected to be completed within approximately 24 months following construction commencement.

Attachment B

TO: THE DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

FROM: DETROIT, BUILDINGS, SAFETY ENGINEERING, AND ENVIRONMENTAL DEPARTMENT

PROJECT: 150 Bagley

DATE: 10/31/2022

The undersigned, from the City of Detroit, Buildings, Safety Engineering, and Environmental Department acknowledges the receipt of the environmental documents listed below, which have been submitted by 150 Bagley LLC, as developer, as part of its Brownfield Plan submittal to the Detroit Brownfield Redevelopment Authority (DBRA), for the 150 Bagley Development project.

- 1 Phase I Environmental Site Assessment, pursuant to USEPA's. All Appropriate Inquiry using American Society of Testing Materials (ASTM) Standard E 1527-13

- 1 Phase II Environmental Site Assessment, pursuant to ASTM Standard 1903 (if appropriate)

- Baseline Environmental Assessment, pursuant to Part 201 of Michigan's Natural Resources and Environmental Protection Act, MCL 324.20101 *et seq.* (if appropriate).

- Due Care Plan, pursuant to Part 201 of Michigan's Natural Resources and Environmental Protection Act, MCL 324.20101 *et seq.* (if appropriate).

Based upon its review of the above environmental documents and the representations of the developer, the City of Detroit, Buildings, Safety Engineering, and Environmental Department agrees with the environmental consultant that the site is not considered a Part 201 "facility" because no contamination is indicated in the ESA above EGLE GRCC. The documents received for this project satisfy the DBRA Guidelines.

City of Detroit, Buildings, Safety
Engineering, and Environmental Department

By: Anita Harrington
Its: Environmental Specialist III



**PLANNING AND
DEVELOPMENT DEPARTMENT**

Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 808
Detroit, Michigan 48226

Phone 313•224•1339
www.detroitmi.gov

November 29, 2022

Ms. Jennifer Kanalos
Authorized Agent
Detroit Brownfield Redevelopment Authority
500 Griswold, Suite 2200
Detroit, Michigan 48226

**RE: Former United Artists Building Redevelopment Project at 150 Bagley Street
Brownfield Redevelopment Plan**

Dear Ms. Kanalos,

The Detroit Brownfield Redevelopment Authority (DBRA) Former United Artists Building Redevelopment Project at 150 Bagley Street Brownfield Redevelopment Plan (the "Plan").

Bagley Development Group, LLC is the project developer ("Developer"). The property in the Plan consists of one (1) parcel located at Clifford Street and Bagley Street in Downtown Detroit.

The project consists of the redevelopment of the existing 18-story historic structure into approximately 217,300 square feet of mixed-use residential and commercial retail space. The ground floor and lower levels will house the commercial spaces and floors 2-18 will house a mix of one and two-bedroom residential units with 20% of the units at 80% of the Area Median Income.

The project will redevelop an underutilized and historic property to provide new residential units in the downtown neighborhood of Detroit. Total investment is estimated at \$73.4 million.

The review for this brownfield plan is complete and all comments have been forwarded to the developer. No adverse comments were received. The Planning and Development Department recommends approval of the brownfield plan as submitted.

Sincerely,

Russell Baltimore
Assistant Director Design
Planning and Development Department

c: B. Vosburg
C. Capler

RECEIVED
NOV 03 2017



UNITED STATES DEPARTMENT OF THE INTERIOR
NATIONAL PARK SERVICE
HISTORIC PRESERVATION CERTIFICATION APPLICATION
PART 1 - EVALUATION OF SIGNIFICANCE

OMB Approved
No. 1024-0028
Form 10-108
Rev. 2014

Tx17-10246

NPS Project Number 37210

Instructions: This page must bear the applicant's original signature and must be dated. The National Park Service certification decision is based on the descriptions in this application form. In the event of any discrepancy between the application form and other, supplementary material submitted with it (such as architectural plans, drawings and specifications), the application form takes precedence. A copy of this form will be provided to the Internal Revenue Service.

1. Property Name United Artists Building
Street 150 Bagley
City Detroit County Wayne State MI Zip 48226
Name of Historic District Grand Circus Park Historic District
 National Register district certified state or local district potential district

2. Nature of request (check only one box)
 certification that the building contributes to the significance of the above-named historic district or National Register property for rehabilitation purposes.
 certification that the building contributes to the significance of the above-named historic district for a charitable contribution for conservation purposes.
 certification that the building does not contribute to the significance of the above-named district.
 preliminary determination for individual listing in the National Register.
 preliminary determination that a building located within a potential historic district contributes to the significance of the district.
 preliminary determination that a building outside the period or area of significance contributes to the significance of the district.

3. Project Contact (if different from applicant)
Name Brian Bagnick Company Hobbs+Black Associates Inc.
Street 100 North State Street City Ann Arbor State MI
Zip 48104 Telephone (734) 663-4189 Email Address bbagnick@hobbs-black.com

4. Applicant
I hereby attest that the information I have provided is, to the best of my knowledge, correct. I further attest that (check one or both boxes, as applicable) (1) I am the owner of the above-described property within the meaning of "owner" set forth in 36 CFR § 67.2 (2011), and/or (2) if I am not the fee simple owner of the above-described property, the fee simple owner is aware of the action I am taking relative to this application and has no objection, as noted in a written statement from the owner, a copy of which (1) either is attached to this application form and incorporated herein, or has been previously submitted, and (2) meets the requirements of 36 CFR § 67.300(1) (2011). For purposes of this attestation, the singular shall include the plural wherever appropriate. I understand that knowing and willful falsification of factual representations in this application may subject me to fines and imprisonment under 18 U.S.C. § 1001, which, under certain circumstances, provides for imprisonment of up to 5 years.
Name Ernest Nuten Signature [Signature] Date 8/18/2017
Applicant Entity Bagley Development Group, LLC SSN or TIN 821489514
Street 525 W. Lafayette Blvd. #529 City Detroit State MI
Zip 48226 Telephone (313) 610-7038 Email Address esnuten@bcglobal.net

NPS Official Use Only

The National Park Service has reviewed the Historic Preservation Certification Application - Part 1 for the above-named property and has determined that the property

contributes to the significance of the above-named district or National Register property and is a "certified historic structure" for rehabilitation purposes.
 contributes to the significance of the above-named district and is a "certified historic structure" for a charitable contribution for conservation purposes
 does not contribute to the significance of the above-named district.

Preliminary Determinations:

appears to meet the National Register Criteria for Evaluation and will likely be listed in the National Register of Historic Places if nominated by the State Historic Preservation Officer according to the procedures set forth in 36 CFR Part 60.
 does not appear to meet the National Register Criteria for Evaluation and will likely not be listed in the National Register.
 appears to contribute to the significance of a potential historic district, which will likely be listed in the National Register of Historic Places if nominated by the State Historic Preservation Officer.
 appears to contribute to the significance of a registered historic district if the period or area of significance as documented in the National Register nomination or district documentation on file with the NPS is expanded by the State Historic Preservation Officer.
 does not appear to qualify as a certified historic structure.

Date 10/26/17 National Park Service Authorized Signature [Signature: Antonis Seguias]

NPS comments attached



March 29, 2023

Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Ave, Suite 1340
Detroit, Michigan 48226

Re: **150 Bagley Redevelopment**

Dear Honorable City Council:

I am pleased to write this letter of support for the 150 Bagley Redevelopment Project on Bagley Street in Downtown Detroit. The Project will bring much needed housing to the downtown and rehabilitate a long-standing vacant building in downtown.

We support the Project and ask that City Council support the requested Brownfield Plan to support the Project.

Thank you for your consideration,

Eric B. Larson
Chief Executive Officer
Downtown Detroit Partnership



8220 Second Avenue – Detroit, Michigan 48202 – (313) 871-2087 phone – (313) 871-7745 fax

Rev. Dr. Wendell Anthony,
President
Kamilia K. Landrum,
Executive Director

March 31, 2023

Detroit Brownfield Redevelopment Authority
c/o Brian Vosburg, Director
500 Griswold Street, Suite 2200
Detroit, Michigan 48226
bvosburg@degc.org

Re: Support for Former United Artists Theatre Building
Redevelopment Project at 150 Bagley

Dear Members of the Board:

I am writing this letter in strong support of awarding Brownfield incentives to the team that is redeveloping the United Artists Building. The NAACP stands firmly for equality of opportunity in all facets of American life: education, voting, the law, and yes, housing and economic development. This team, which is comprised of majority African American ownership, and individuals who are the gold standard in achievement in this community. This is a new day when our large economic development projects do not just have African Americans working on them, but in this case, being the owners. That is exactly the kind of progress we at the NAACP stand for.

This “Residences @150 Bagley” project will be truly transformational. It represents a \$75 million investment in our community, with 148 residences, 20% of which are affordable housing. And it will create 150 new jobs for gainful employment for our citizens.

I urge you to support this project and this stellar team.

Sincerely,

A handwritten signature in black ink that reads "Wendell Anthony".

Rev. Dr. Wendell Anthony



112 Clifford Street
Detroit, MI 48226

March 24, 2023

Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Ave, Suite 1340
Detroit, Michigan 48226

Re: **150 Bagley Redevelopment**

Dear Honorable City Council:

I am pleased to write this letter of support for the 150 Bagley Redevelopment Project on Bagley Street in Downtown Detroit. The Project will bring much needed housing to the downtown and rehabilitate a long-standing vacant building in downtown. My business happens to be located within a few blocks from 150 Bagley and I look forward to serving the new residences and commercial establishments that will be there.

We support the Project and ask that City Council support the requested Brownfield Plan to support the Project.

Thank you for your consideration!

Sincerely,

Mike Frank, Owner
Clifford Street Cleaners
Your Valet



Detroit Office
1640 Porter Street • Detroit, MI 48216
Telephone (313) 965-5080 • Fax (313) 965-3232
Patrick J. Devlin Steve Claywell
Financial Secretary Treasurer President

April 4, 2023

Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Ave., Suite 1340
Detroit, MI 48226

RE: 150 Bagley Redevelopment

Dear Honorable City Council members,

I am pleased to write this letter in support of the 150 Bagley Redevelopment project on Bagley Street in downtown Detroit. The completed project, of course, will bring much-needed housing and people presence to the downtown area, and will result in the rehabilitation of a long-standing derelict building.

But during the construction process, our building trades men and women will be the beneficiaries of the jobs that will be created. Electricians, masons, plumbers, sheet metal workers and other trades will be on the job, and enjoy a fair wage that will be put back into our community.

The project will offer employment opportunities not only to our long-standing and highly skilled journeymen and women, but to apprentices learning the trades. No doubt many Detroit residents will be among those hired to perform the rehabilitation of the building.

Please consider this letter as a strong voice of support for the 150 Bagley project, not only for the employment opportunities it will provide our workforce, but also as another building brought back to life in a resurging downtown.

Very truly yours,

A handwritten signature in black ink, appearing to read "Patrick Devlin".

Patrick Devlin
Secretary-Treasurer

