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**City of Detroit**  
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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director   
Legislative Policy Division Staff

DATE: July 18, 2023

RE: **10:15 Public Hearing Avanath North End Parcel Owner I, LLC PA 210 Certificate Request (331 E. Bethune) Petition # 2023-100-E**

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.

**Avanath North End Parcel Owner I, LLC**, is the project developer of the properties that covers four (4) parcels in the North End area, inclusive of **331 E. Bethune**,<sup>1</sup> which are included in the current PA 210 certificate request. The developer intends to redevelop the site, currently consisting of a 0.396 acre vacant lot, into a multi-family building with 10 apartment units. The building will have 20% of the units available at affordable rental rates at 80% AMI. This is a single element of the larger **North End Landings**<sup>2</sup> project. The developers have also requested approvals of both a Brownfield TIF and Neighborhood Enterprise Zone tax abatement.<sup>3</sup>

<sup>1</sup> Property Addresses: 309, 313, 319 & 331 E. Bethune

<sup>2</sup> **North End Landings**: Avanath North End Parcel Owner I, LLC, joined by Civic Tekton North End LLC, each propose to construct residential units on the property. Civic Tekton North End LLC proposes to construct a total of eight (8) affordable for-sale attached townhomes on the property (incentivized via the NEZ). The new development proposed to be constructed on the property is expected to create a total of eight (8) affordable for-sale townhomes and one hundred seventy seven (177) apartments of which ninety five (95) are proposed to be intended for occupancy by senior citizens. Overall, the North End project is expected to create 185 new households. The overall project is expected to create 200 temporary construction job and 4 FTE's. The property consists of twenty-five (25) tax parcels.

<sup>3</sup> The NEZ is related to the eight (8) affordable for-sale townhomes.

**Building Use (Multi-Family)**

Total Residential Square Footage	7,980 SF
Total Residential Units	10 units (20% affordable @ 80% AMI)
Studio	N/A
1 Bedroom	8 units; 608 avg. SF; \$1,252-\$1,670/mo. rent
2 Bedroom	2 units; 898 avg. SF; \$1,501-\$2,200/mo. rent

**DEGC Project Evaluation Checklist****North End Landings**

Developer: Avanath North End Parcel Owner I, LLC & Civic Tekton North End LLC

Principals: Daryl Carter, CEO of Avanath; Everett Stone, Vanguard Community Development; Jason Jones, Tekton

Commercial Rehabilitation Act, **PA 210 of 2005 as amended** – Current taxes frozen at pre-rehab construction values, local taxes abated for up to 10 years

Request Type	PA 210 Certificate
DEGC Recommendation	10-Year Approval of PA 210 Certificate
<b>Location</b>	
Address	309-331 E. Bethune
City Council District	District 5
Neighborhood	North End
<b>Building Use</b>	
Total Residential Square Footage	6,980 SF
Total Residential Units	10 units (20% affordable @ 80% AMI)
Studio	N/A
1 Bedroom	8 units; 608 avg. SF; \$1,252-\$1,670/mo rent
2 Bedroom	2 units; 898 avg. SF; \$1,501-\$2,200/mo rent
<b>Project Description</b>	
<p>North End Landings (the “Project”) is a proposed mixed income (market rate and affordable) multifamily development in the historic North End, which is located just north of Downtown Detroit and near Wayne State University. The full project is new construction that will consist of 177 multifamily units across a scattered site in an area generally bound by John R, E. Bethune, Chandler, and St. Antoine streets, to be delivered starting in September of 2024 with construction expected to be complete in early 2025.</p> <p>For the purpose of economic impact reporting, the investment and tax incentive have been broken out per site. The overall project investment is \$42.2M; total acquisition \$1.7M, total hard costs \$33.5M, total soft costs \$7M. The total value of the PA 210 abatement from the city is estimated at \$1,881,671. The total net benefit to the city is estimated at \$1,491,737 over the life of the abatement.</p>	
<b>Sources and Uses</b>	
Total Investment	\$2.7M
Sources	\$2.7M Equity (100%)
Uses	\$112K Acquisition (4%); \$2.2M Hard Costs (79%); \$451K Soft Costs (17%)

<b>Project Benefits</b>	
Estimated Jobs	4 FTE (Overall Project) / 13 Construction
Estimated City benefits before tax abatement	<b>\$266,413</b>
Total estimated City value of PA 210 abatement	<b>\$121,198</b>
Less cost of services & utility deductions	<b>\$50,408</b>
Net Benefit to City	<b>\$94,807</b>

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

	Amount
Real Property Taxes, before abatement	\$135,017
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$2,306
Municipal Income Taxes - Indirect Workers	\$608
Municipal Income Taxes - Corporate Income	\$1,068
Municipal Income Taxes - Construction Period	\$13,036
Municipal Income Taxes - New Res. Inhabitants	\$49,619
Utility Revenue	\$49,756
Utility Users' Excise Taxes	\$4,463
State Revenue Sharing - Sales Tax	\$258
Building Permits and Fees	\$9,661
Miscellaneous Taxes & User Fees	\$621
<b>Subtotal Benefits</b>	<b>\$266,413</b>
Cost of Providing Municipal Services	(\$653)
Cost of Providing Utility Services	(\$49,756)
<b>Subtotal Costs</b>	<b>(\$50,408)</b>
Net Benefits	\$216,004

**Impacted Taxing Units: Incentive Summary over the First 10 Years <sup>4</sup>**

	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	\$266,413	(\$50,408)	(\$121,198)	\$0	\$0	\$94,807
Wayne County	\$32,282	(\$199)	(\$28,799)	\$0	\$0	\$3,284
Detroit Public Schools	\$120,786	\$0	(\$46,916)	\$0	\$0	\$73,870
State Education	\$24,123	\$0	\$0	\$0	\$0	\$24,123
Wayne RESA	\$21,821	\$0	(\$19,587)	\$0	\$0	\$2,233
Wayne County Comm. College	\$12,947	\$0	(\$11,621)	\$0	\$0	\$1,325
Wayne County Zoo	\$399	\$0	(\$358)	\$0	\$0	\$41
Detroit Institute of Arts	\$798	\$0	(\$717)	\$0	\$0	\$82
<b>Total</b>	<b>\$479,568</b>	<b>(\$50,608)</b>	<b>(\$229,196)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$199,764</b>

**DEGC Chart of Taxes Before, During & After the Incentive <sup>5</sup>**

	Existing Taxes	New Taxes <i>With</i> Incentive(s)	New Taxes <i>Without</i> Incentive
City of Detroit	\$1,314	\$3,534	\$13,128
Library	\$210	\$565	\$2,100
Wayne County	\$362	\$974	\$3,618
Detroit Public Schools	\$1,364	\$9,315	\$13,623
State Education	\$272	\$2,721	\$2,721
Wayne RESA	\$246	\$662	\$2,461
Wayne County Comm. College	\$146	\$393	\$1,460
Wayne County Zoo	\$5	\$12	\$45
Detroit Institute of Arts	\$9	\$24	\$90
<b>Total</b>	<b>\$3,929</b>	<b>\$18,200</b>	<b>\$39,245</b>

<sup>4</sup> Charts courtesy of the DEGC

<sup>5</sup> Existing Annual Taxes: \$3,929 - New Annual Taxes DURING the Incentive: \$18,200 & Taxes after the Incentive EXPIRES: \$39,245

## Conclusion

The estimated total capital investment for this project is **\$2.7 million**. It is also estimated that the completed project will create 13 temporary construction jobs.<sup>6</sup> The total value of the 10-year Commercial Rehabilitation tax savings is estimated at **\$229,196**.

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$94,807**, and all of the impacted taxing units, a net benefit of **\$199,764** 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>7</sup>

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

**Attachments:** May 24, 2023 - Letter from Finance Assessors  
March 23, 2023 - CRIO<sup>8</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>6</sup> 4 FTE’s (Overall Project)

<sup>7</sup> COMMERCIAL REHABILITATION ACT (Act 210) MCL. 207.852(1)

<sup>8</sup> CRIO- Civil Rights, Inclusion & Opportunity Department



**Rendering of North End Landings**



**Location Map<sup>9</sup>**

<sup>9</sup> Rendering of North End Landings & Location Map courtesy of DEGC





May 24, 2023

Antoine Bryant, Director  
 Planning & Development Department  
 Coleman A. Young Municipal Center  
 2 Woodward Ave, Suite 808  
 Detroit, MI 48226

RE: Commercial Rehabilitation Certificate – **Avanath North End Parcel Owner I, LLC**  
 Property Address: 309, 313, 319 & 331 E. Bethune  
 Parcel Number: 01002145, 01002146, 01002147, 01002148

Dear Mr. Bryant:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the Commercial Rehabilitation certificate application for the properties located at **309, 313, 319 & 331 E. Bethune** in the **North End** 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 redevelop the site, currently a 0.396 acre vacant lot, into a multi-family building, made up of 10 apartment units, including 20% of the units available at affordable rental rates.

The 2023 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
01002145	309 E. Bethune	\$0	\$0	\$24,600	\$24,600
01002146	313 E. Bethune	\$0	\$0	\$24,600	\$24,600
01002147	319 E. Bethune	\$0	\$0	\$24,600	\$24,600
01002148	331 E. Bethune	\$0	\$0	\$45,400	\$45,400

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 Avanath North End Parcel Owner I, 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.



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

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Commercial Rehabilitation Certificate  
Avanath North End Parcel Owner I, LLC  
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A review of the general plans, along with the criteria set forth under the Commercial Rehabilitation Act, indicated that the proposed project located at **309, 313, 319 & 331 E. Bethune** is eligible as it pertains to the Commercial Rehabilitation certificate criteria under P.A. 210 of 2005, as amended. Please note that while the project is eligible, the State tax Commission will hold this certificate in abeyance until the Detroit Land Bank Authority issues the 5/50 waiver for these properties.

Sincerely,

Charles Ericson, MMAO  
Assessor, Board of Assessors



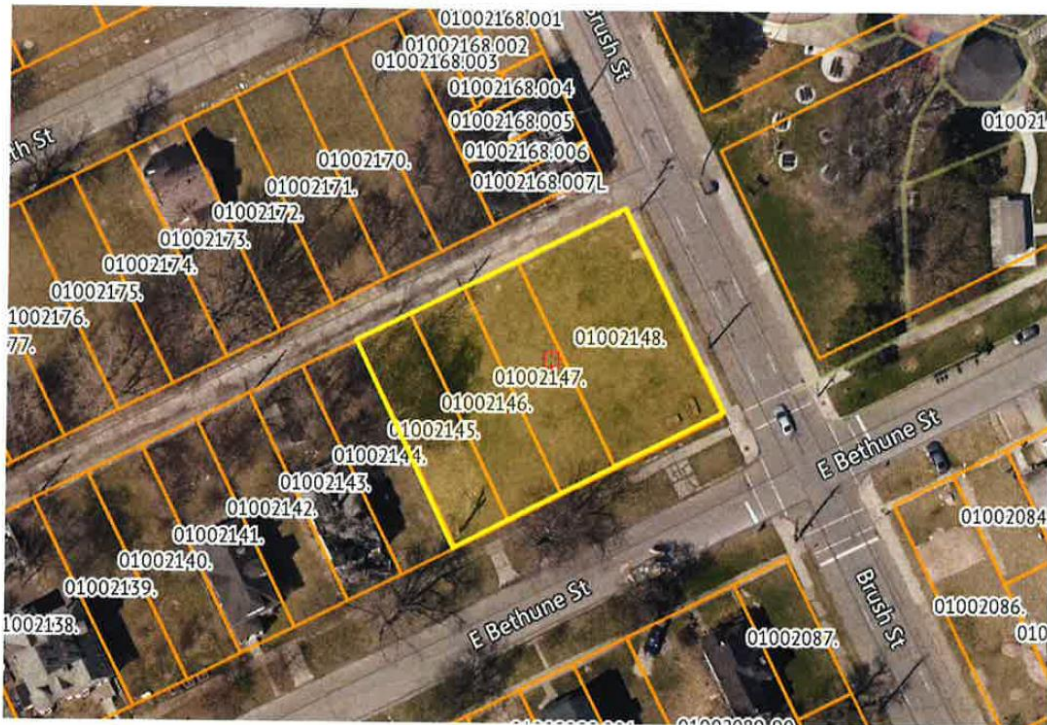
Commercial Rehabilitation Certificate  
Avanath North End Parcel Owner I, LLC  
Page 3

Parcel: 01002145  
Owner: Avanath North End Landing Parcel Owner I, LLC  
Property Address: 309 E. Bethune  
Legal Description: N BETHUNE 186 WM Y HAMLIN & S J BROWNS L8, P72, PLATS, W C R 1/103 30 X 115

Parcel: 01002146  
Owner: Avanath North End Landing Parcel Owner I, LLC  
Property Address: 313 E. Bethune  
Legal Description: N BETHUNE 187 WM Y HAMLIN & S J BROWNS L8, P72, PLATS, W C R 1/103 30 X 115

Parcel: 01002147  
Owner: Avanath North End Landing Parcel Owner I, LLC  
Property Address: 319 E. Bethune  
Legal Description: N BETHUNE 188 WM Y HAMLIN & S J BROWNS L8, P72, PLATS, W C R 1/103 30 X 115

Parcel: 01002148  
Owner: Avanath North End Landing Parcel Owner I, LLC  
Property Address: 331 E. Bethune  
Legal Description: N BETHUNE 189&190 WM Y HAMLIN & S J BROWNS L,8 P72, PLATS, W C R 1/103 60 X 115







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 Full-time Employees**

**Date:** May 23, 2023

**Tax Abatement Type:** PA 210

New  Renewal

**Duration of Abatement:** 10 years

**Development Name:** North End Landing

**Development:** A total of 177 new apartments in multiple buildings on adjacent or nearby vacant parcels on several blocks in the North End Neighborhood

**Parcel/Facility Address:** 36 parcels in area of 202 – 325 Smith, 309-331 and 501-561 E. Bethune

**Applicant/Recipient:** Richard Barr

**Applicant Contact:** [rbarr@honigman.com](mailto:rbarr@honigman.com) 248-465-7308

**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:** 4

**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) to do the following;
  - a. **Post all Detroit job openings through the DAW website;**
  - b. **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

The Applicant/Recipient has provided the Civil Rights, Inclusion and Opportunity Department (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.



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 Full-time Employees**

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Tenika R. Griggs, Esq. \_\_\_\_\_

CRIO Deputy Director Name

DocuSigned by:

*Tenika R. Griggs, Esq.*

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CRIO Deputy Director Signature

5/24/2023

Date