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**City of Detroit**  
**CITY COUNCIL**  
LEGISLATIVE POLICY DIVISION  
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TO: The Honorable Detroit City Council

FROM: David Whitaker, Director   
Legislative Policy Division Staff

DATE: July 3, 2023

RE: **10:25 Public Hearing** Application for an **Obsolete Property Rehabilitation Certificate**  
**by St. Agnes Lofts, LLC (1925 La Salle Gardens) Public Act 146 of 2000**  
**Petition # 1531-A**

The Obsolete Property Rehabilitation Act (OPRA), Public Act 146 of 2000, provides for a tax incentive to encourage the redevelopment of obsolete buildings. This tax incentive is designed to assist in the redevelopment of older buildings, which are contaminated, blighted or functionally obsolete, and to return them to the tax rolls.

St. Agnes Lofts, LLC, is the project developer of the property at 1925 La Salle Gardens, which is located in the La Salle Gardens area of Detroit. The project consists of the redevelopment of the former St. Agnes/Martyrs of Uganda Church & School campus,<sup>1</sup> which has been vacant since 2006. The former Roman Catholic church, which was notable for hosting Mother Teresa<sup>2</sup> in 1979,<sup>3</sup> when she established a Missionaries of Charity convent at the church.<sup>4</sup>

The developer plans to renovate the abandoned and vacant building, located at 1925 La Salle Gardens. The proposed project consists of rehabilitating one three-story religious building known as The St. Agnes Catholic School, consisting of 23,890 square feet and built in 1900, into 51 affordable studio residential units, ranging from 50%-80% AMI.<sup>5</sup> The building will undergo major renovations including new roofing system installation, plumbing and electrical systems replacement, new windows, new kitchens and

<sup>1</sup> [Detroiturbex.com - St. Agnes / Martyrs of Uganda Catholic Church](http://Detroiturbex.com - St. Agnes / Martyrs of Uganda Catholic Church)

<sup>2</sup> [Mother Teresa - Biographical \(nobelprize.org\)](http://Mother Teresa - Biographical (nobelprize.org))

<sup>3</sup> [St. Agnes Roman Catholic Church - Abandoned \(abandonedonline.net\)](http://St. Agnes Roman Catholic Church - Abandoned (abandonedonline.net))

<sup>4</sup> [Mother Teresa's Impact on Southeast Michigan | Unleash the Gospel](http://Mother Teresa's Impact on Southeast Michigan | Unleash the Gospel)

<sup>5</sup> Rents of 50%-80% AMI (Average Median Income) ranging from \$714-\$1,306(?) per month.

bathrooms with new appliances, structural repairs, and facade improvements. This particular project is one of the elements of a larger development on the St. Agnes/Martyrs of Uganda Church campus site.<sup>6</sup>

### DEGC Property Tax Abatement Evaluation

**Developer:** St. Agnes Lofts, LLC.

**Development Team Principal(s):** Michael Rivait

**Prepared By:** Kaci Jackson

<b>Description of Incentive:</b> Obsolete Property Rehabilitation Act, PA 146 - incentive for redevelopment and rehabilitation for commercial or commercial mixed-use buildings that are contaminated, blighted, or functionally obsolete.	
<b>DEGC Abatement Term Recommendation</b>	<b>12 years</b>
<b>Location</b>	
Address	1925 La Salle Gardens
City Council District	5
Neighborhood	La Salle Gardens
Located in HRD/SNF Targeted Area	N/A
<b>Building Use</b>	
Commercial Square Footage	N/A
Residential Square Footage	25,601 leasable SF
Total Residential Units	51 units (51 affordable @ 50%-80% AMI)
Studio Units	51 units, 502 avg. SF, \$714-1,306/mo. rent
1-Bed Units	N/A
3-Bed Units	N/A
<b>Project Description</b>	
<p>The St. Agnes Lofts project will consist of a \$14.8 million renovation of the former St. Agnes Church &amp; School campus. The project site is located in the LaSalle Gardens Neighborhood and is walking distance to Henry Ford Hospital, the Motown Museum, and LaSalle Park. Upon completion, the St. Agnes Lofts property will be reactivated into a mixed-use project with over 25,000 square feet of commercial space and 91 residential rental units – 85% of which will be designated affordable at 60% - 80% AMI.</p> <p>The current state of the project site contains deteriorating buildings that will require repair and selective demolition. Substantial investment is necessary to rehabilitate the area into a viable, long-term development. The costs associated with the full rehabilitation are prohibitive, and the development would not be possible without the Obsolete Property Rehabilitation Certificate.</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 \$14.8M; total acquisition \$783K, total hard costs \$11.67M, total soft costs \$2.36M. The total value of the OPRA abatement to the city is estimated at \$880,747. The total net benefit to the city is estimated at \$925,037 over the life of the abatement.</p>	
<b>Sources and Uses of Capital Summary</b>	
Total Investment	\$6,595,000
Sources	\$816K Equity (12%); 4.361M Senior Loan (66%), \$1.417M PACE Financing (22%)
Uses	\$348K Acquisition (5%); 5.195M Hard Costs (79%); \$1.052 Soft Costs (16%)

<sup>6</sup> The full St. Agnes Lofts project will consist of a \$14.8 million renovation of the former St. Agnes Church & School campus. The completed project will provide 91 residential units in a mix of studio, one bedroom two-bedroom and 3-bedroom units and 27,000 square feet of commercial space.

<b>Project Economic Benefits Summary</b>	
Estimated Jobs (FTE/Construction)	1 FTE / 67 Construction
Estimated City benefits before tax abatement	<b>\$956,528</b>
Total estimated City value of OPRA abatement	<b>\$391,927</b>
Less cost of services & utility deductions	<b>\$209,289</b>
Net Benefit to City with OPRA abatement	<b>\$355,312</b>

**City of Detroit: Benefits, Costs, and Net Benefits over the Next 12 Years**

	Amount
Real Property Taxes, before abatement	\$391,927
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$8,474
Municipal Income Taxes - Indirect Workers	\$2,578
Municipal Income Taxes - Corporate Income	\$3,018
Municipal Income Taxes - Construction Period	\$67,147
Municipal Income Taxes - New Res. Inhabitants	\$218,125
Utility Revenue	\$202,187
Utility Users' Excise Taxes	\$8,292
State Revenue Sharing - Sales Tax	\$5,622
Building Permits and Fees	\$42,407
Miscellaneous Taxes & User Fees	\$6,752
<u>Subtotal Benefits</u>	<u>\$956,528</u>
Cost of Providing Municipal Services	(\$7,102)
Cost of Providing Utility Services	(\$202,187)
<u>Subtotal Costs</u>	<u>(\$209,289)</u>
Net Benefits	\$747,239

**Impacted Taxing Units: Incentive Summary over the First 12 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	\$956,528	(\$209,289)	(\$391,927)	\$0	\$0	\$355,312
Wayne County	\$94,370	(\$1,242)	(\$93,128)	\$0	\$0	\$0
Detroit Public Schools	\$363,815	(\$13,175)	(\$151,717)	\$0	\$0	\$198,923
State Education	\$70,023	\$0	\$0	\$0	\$0	\$70,023
Wayne RESA	\$63,342	\$0	(\$63,342)	\$0	\$0	\$0
Wayne County Comm. College	\$37,581	\$0	(\$37,581)	\$0	\$0	\$0
Wayne County Zoo	\$1,158	\$0	(\$1,158)	\$0	\$0	\$0
Detroit Institute of Arts	\$2,318	\$0	(\$2,318)	\$0	\$0	\$0
Total	\$1,589,135	(\$223,706)	(\$741,171)	\$0	\$0	\$624,258

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

## **DEGC Chart of Taxes Before, During & After the Incentive<sup>8</sup>**

	Existing Taxes	New Taxes <i>With</i> Incentive(s)	New Taxes <i>Without</i> Incentive
City of Detroit	\$2,484	\$2,491	\$28,187
Library	\$397	\$398	\$4,508
Wayne County	\$685	\$687	\$7,769
Detroit Public Schools	\$2,577	\$17,711	\$29,249
State Education	\$515	\$5,842	\$5,842
Wayne RESA	\$466	\$467	\$5,284
Wayne County Comm. College	\$276	\$277	\$3,135
Wayne County Zoo	\$9	\$9	\$97
Detroit Institute of Arts	\$17	\$17	\$193
<b>Total</b>	<b>\$7,425</b>	<b>\$27,898</b>	<b>\$84,265</b>

### **Conclusion**

The estimated total capital investment for this project is **\$6,595,000**. It is also estimated that the completed project will create 1 FTE's<sup>9</sup> and 67 temporary construction jobs. The total value of the 12-year OPRA tax savings is estimated at **\$741,171**.

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$355,312**, and all of the impacted taxing units, a net benefit of **\$624,258**, over the 12 years of the OPRA tax abatement.

The legislative body of the qualified local governmental unit may, by resolution, revoke the obsolete property rehabilitation exemption certificate of a facility if it finds that the completion of rehabilitation of the 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 obsolete property exemption certificate has not proceeded in good faith with the operation of the rehabilitated 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: Assessor's Letter, dated April 28, 2023**  
**CRIO<sup>11</sup> Employment Clearance, dated May 7, 2023**

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

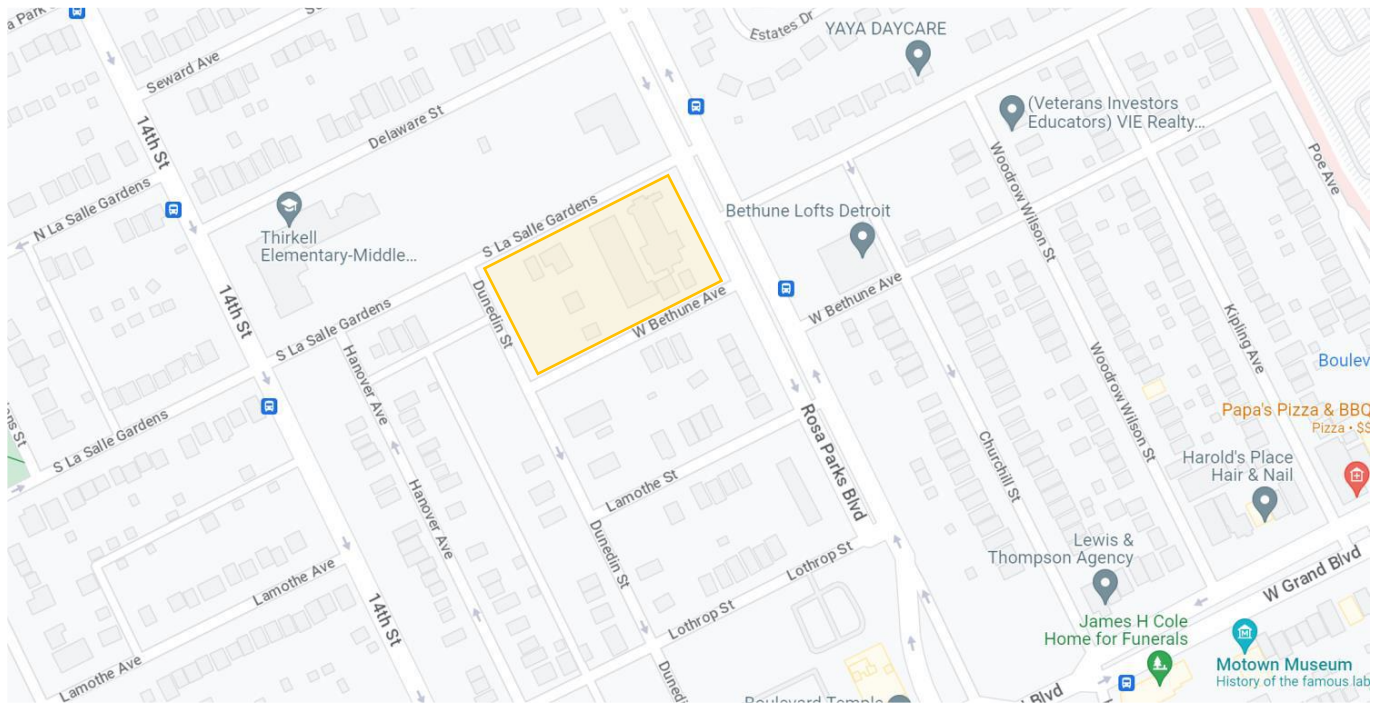
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<sup>8</sup> **Existing Annual Taxes: \$7,425 - New Annual Taxes DURING the Incentive: \$27,898 & Taxes after the Incentive EXPIRES: \$84,265**

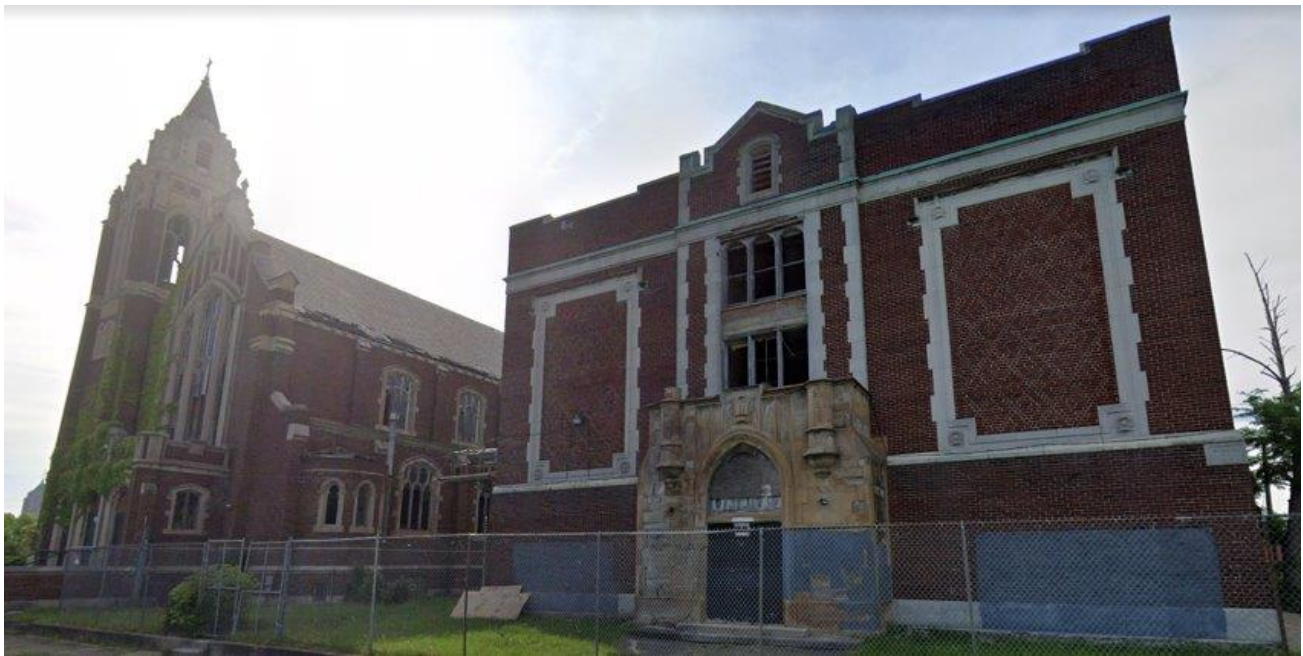
<sup>9</sup> Full-time equivalent employee (FTE) [What Is Full-Time Equivalent \(FTE\)? Plus How To Calculate It | Indeed.com](#)

<sup>10</sup> MCL 125.2792 (1) [Michigan Legislature - Section 125.2792](#)

<sup>11</sup> Department of Civil Rights, Inclusion & Opportunity (CRIO)



**Map of location**



**Current view of the St. Agnes/Martyrs of Uganda Church campus site**

<sup>12</sup> Source of map and photo: 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

April 28, 2023

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

Re: **Obsolete Property Rehabilitation Certificate – St. Agnes Lofts LLC**  
 Addresses: 1925 S La Salle Gardens  
 Parcel Number: 08007991.003

Dear Ms. Trudeau:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the proposed Obsolete Property Rehabilitation Certificate for the property located at **1925 S La Salle Gardens** located in the **La Salle Gardens** area of the City of Detroit.

The rationale for Obsolete Property Rehabilitation Certificates under PA 146 of 2000, 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 2022 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
08007991.003	1925 S La Salle	\$ 74,300	\$ 73,262	\$ 12,700	\$ 12,523

The project as proposed by the **St. Agnes Lofts LLC** consists of one three-story religious building known as The St. Agnes Catholic School, consisting of 23,890 square feet and built in 1900. The building will undergo major renovations including new roofing system installation, plumbing and electrical systems replacement, new windows, new kitchens and bathrooms with new appliances, structural repairs, and façade improvements.



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  
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Obsolete Property Rehabilitation Certificate  
St. Agnes Lofts LLC  
Page 2

This property meets the criteria set forth under PA 146 of 2000, as amended. It applies to blighted, functionally obsolete and contaminated properties. "Rehabilitation," meaning that changes to qualified facilities that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. Rehabilitation also includes major renovation and modification including, but not necessarily limited to, the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, adding additional stories to a facility or adding additional space on the same floor level not to exceed 100% of the existing floor space on that floor level, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the obsolete property to an economically efficient condition.

A review of the project plan and related statutes indicated that the proposed Obsolete Property Rehabilitation Certificate for the property located at **1925 S La Salle Gardens** is eligible as it pertains to the Obsolete Property Rehabilitation Act under P.A. 146 of 2000, as amended.

Sincerely,

Charles Ericson, MMAO  
Assessor/Board of Assessors



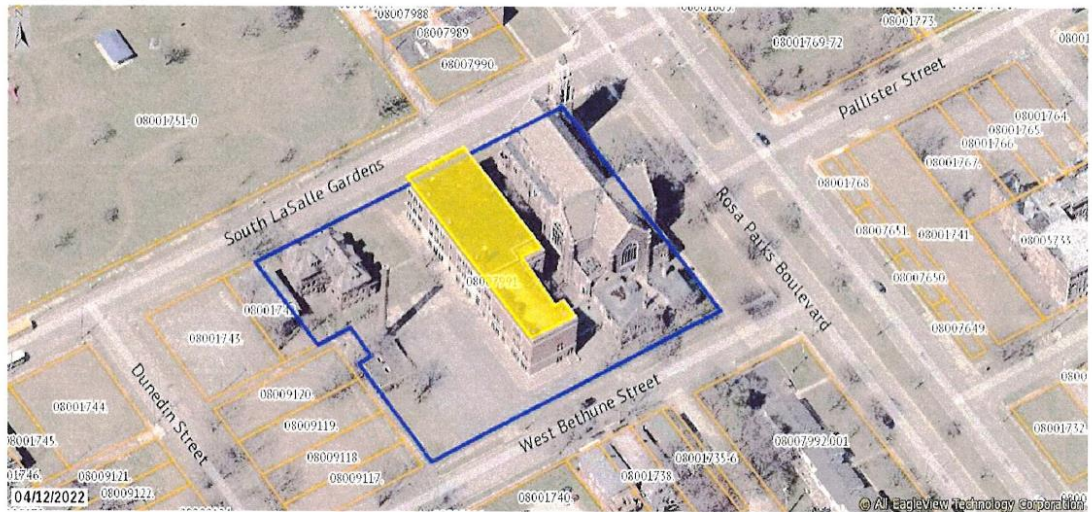
Obsolete Property Rehabilitation Certificate  
St. Agnes Lofts LLC  
Page 3

Property Address: 1925 S La Salle Gardens

Parcel Number: 08007991.003.

Property Owner: St. Agnes Lofts LLC

Legal Description: N BETHUNE LOTS 7 THRU 9 MCGREGORS SUB L30 P39 PLATS, W C R 8/116 PT OF LOTS 54 THRU 57 WHITNEYS SUB L27 P78 PLATS, W C R 8/82 ALL DESC AS BEG AT NELY COR LOT 7 TH S 26D 16M E 192 FT TH S 63D 16M W 20 FT TH S 26D 16M E 68 FT TH S 63D 16M W 104.5 FT TH N 26D 16M W 140 FT TH N 63D 16M E 14.8 FT TH N 26D 16M W 120 FT TH N 63D 16M E 109.7 FT TO POB 104.5 IRREG 29,233 SQFT SPLIT/COMBINED ON 03/15/2023 FROM 08007991.







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 7, 2023

**Tax Abatement Type:** PA 146

New  Renewal

**Duration of Abatement:** 12 years

**Development:** The proposed project will entail the rehabilitation of the current building into a café/coffee house space.

**Parcel/Facility Address:** 1925 S La Salle Gardens

**Applicant/Recipient:** Michael Rivait

**Applicant Contact:** [michael@newdetroit.com](mailto:michael@newdetroit.com) 248-670-2011

### 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:** 1

### 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.

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

DocuSigned by:  
*Tenika R. Griggs, Esq.*  
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5/8/2023