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City of Detroit
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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: November 2, 2023

RE: **1550 Webward, 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.

1550 Webward, LLC, a subsidiary of Bedrock Detroit, is the developer and owner of the property located at 1550 Woodward, in downtown Detroit. Constructed in 1965¹ as a Tall-Eez shoe store,² the building at 1550 Woodward consists of a vacant one-story retail building with 4,055 square feet of total floor area, on 0.086 acres of land. Although the building is located in the Lower Woodward Historic District, HDAB (Historic Designation Advisory Board) considered the building to be a noncontributing element when the district was designated and HDC (Historic District Commission) staff concurs with HDAB's findings.³ The building fell into a state of disrepair due to an outdated architectural design, technology, as well as deterioration due to its vacancy of eighteen years.

The developer plans to rehab 1550 Woodward to create a 14,000-square-foot bar and restaurant called Gilly's, with seating for more than 350 across its first floor and a Woodward Avenue patio, plus a mezzanine and outdoor rooftop terrace.⁴

¹ According to the Assessor's Letter of March 21, 2023 (attached), the building was constructed in 1963.

² Historic District Commission Staff Report, dated 4/12/2023 [1550 WOODWARD FINAL STAFF REPORT.pdf \(detroitmi.gov\)](#)

³ [1550 WOODWARD FINAL STAFF REPORT.pdf \(detroitmi.gov\)](#)

⁴ The sports bar the late Nick Gilbert was working on before his death at age 26 in May (2023) is slated to open at 1550 Woodward Ave. in downtown Detroit next year. Gilly's gets its name from Nick Gilbert's nickname, Gilly. **Dan Gilbert takes on his late son's passion project: a Detroit sports bar**, by Kirk Pino, July 17, 2023, Crain's Detroit Business [Dan Gilbert to open Gilly's bar envisioned by late son Nick | Crain's Detroit Business \(crainsdetroit.com\)](#)

The proposed project consists of rehabilitating and transforming the current structure into a modernized structure. Major repairs will be made to the building's interior and exterior, including full interior restoration and buildout, replacement of all electrical and plumbing systems, the elevator system, life safety systems and windows, HVAC,⁵ and façade restoration.

DEGC Property Tax Abatement Evaluation

Property Address: 1550 Woodward

Developer: 1550 Webward LLC | Rocket Companies

Description of Incentive: PA 210	
DEGC Abatement Term Recommendation	10 years
Location	
Address	1550 Woodward
City Council District	District 6
Neighborhood	Downtown
Located in HRD/SNF Targeted Area	N/A
Building Use	
Total Retail Square Footage	10,500
Project Description	
<p>The structure at 1550 Woodward was originally completed in 1965 and has been vacant since 2005. Prior to acquisition by 1550 Webward LLC, the property fell into a state of disrepair. The current rehabilitation plan consists of completely restoring the historic structure to facilitate a sports bar and grill concept including:</p> <ul style="list-style-type: none"> • Replacement of all mechanical, electrical, plumbing, elevator, and life safety systems • Replacement of all windows • Lead and asbestos abatement and hazardous removal, as necessary • Façade restoration – including new storefront and doors • Upgrading sidewalk to create sidewalk dining space • New signage and lighting • Restoration of the rooftop for patio dining space • Complete interior restoration – including a full food and beverage concept build out 	
Sources and Uses of Capital Summary	
Total Investment	\$8,033,760
Sources	\$5.334M Equity, \$2.70M Debt
Uses	\$6.214M Hard Costs, \$1.545M Soft Costs, \$275K Acquisition
Project Economic Benefits Summary	
Estimated Jobs (FTE/Construction)	1 Developer 40 Tenant 50 Construction
Estimated City benefits before tax abatement	\$505,551
Total estimated City value of abatement	\$360,550
Less cost of services & utility deductions	\$20,373
Net Benefit to City with abatement	\$124,628

⁵ Heating, ventilation, and air conditioning

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

	Amount
Real Property Taxes, before abatement	\$360,550
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$6,149
Municipal Income Taxes - Indirect Workers	\$1,579
Municipal Income Taxes - Corporate Income	\$2,464
Municipal Income Taxes - Construction Period	\$59,088
Utility Revenue	\$14,575
Utility Users' Excise Taxes	\$1,044
State Revenue Sharing - Sales Tax	\$4,590
Building Permits and Fees	\$50,000
Miscellaneous Taxes & User Fees	\$5,512
Subtotal Benefits	\$505,551
Cost of Providing Municipal Services	(\$5,798)
Cost of Providing Utility Services	(\$14,575)
Subtotal Costs	(\$20,373)
Net Benefits	\$485,178

Impacted Taxing Units: Incentive Summary over the First 10 Years ⁶

	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	\$505,551	(\$20,373)	(\$360,550)	\$0	\$0	\$124,628
Wayne County	\$86,687	(\$1,014)	(\$85,673)	\$0	\$0	\$0
Detroit Public Schools	\$333,322	(\$10,756)	(\$139,570)	\$0	\$0	\$182,995
State Education	\$64,417	\$0	\$0	\$0	\$0	\$64,417
Downtown Dev. Authority	\$9,969	\$0	(\$9,969)	\$0	\$0	\$0
Wayne RESA	\$58,271	\$0	(\$58,271)	\$0	\$0	\$0
Wayne County Comm. College	\$34,573	\$0	(\$34,573)	\$0	\$0	\$0
Wayne County Zoo	\$1,065	\$0	(\$1,065)	\$0	\$0	\$0
Detroit Institute of Arts	\$2,132	\$0	(\$2,132)	\$0	\$0	\$0
Total	\$1,095,986	(\$32,143)	(\$691,803)	\$0	\$0	\$372,040

Conclusion

The estimated total capital investment for this project is **\$8,033,760**. It is also estimated that the completed project will create 1 developer & 40 tenant FTE's,⁷ in addition to 50 temporary construction jobs.⁸ The total value of the 10-year Commercial Rehabilitation tax savings is estimated at **\$691,803**.

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$124,628**, and all of the impacted taxing units, a net benefit of **\$372,040** over the 10 years of the Commercial Rehabilitation tax abatement. This project will provide the community with a benefit by returning a blighted and vacant storefront to productive use after eighteen years.

⁶ Charts courtesy of the DEGC

⁷ FTE, or full-time equivalent, is a unit of measurement that represents the number of full-time hours an organization's employees work. [What Is Full-Time Equivalent \(FTE\)? Plus How To Calculate It | Indeed.com](#)

⁸ According to the CRIO Clearance (attached), the developer has committed to one tenant position.

However, if the developer does not proceed in good faith to complete the project, pursuant to the 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.”*⁹

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

Attachments: September 19, 2023 - Letter from Finance Assessors
October 3, 2023 - CRIO¹⁰ 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 COMMERCIAL REHABILITATION ACT (Act 210) MCL. 207.852(1)

¹⁰ CRIO- Civil Rights, Inclusion & Opportunity Department

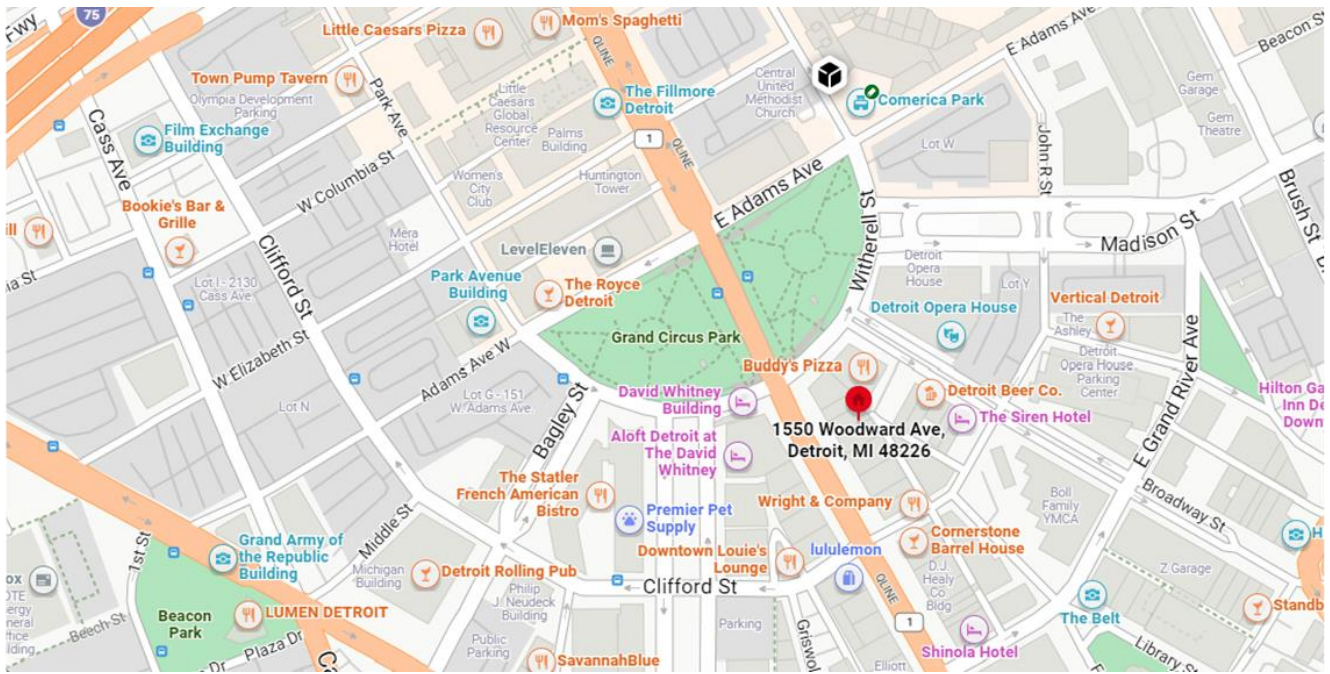
1550 Woodward (HDC staff photo taken 4/4/2023)¹¹



Credit: McIntosh Poris Associates

A rendering of the interior of the under-construction Gilly's sports bar and restaurant being built at 1550 Woodward Ave. downtown.¹²

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Location Map¹⁴

¹¹ Source: [1550 WOODWARD FINAL STAFF REPORT.pdf \(detroitmi.gov\)](#)

¹² Source: [Dan Gilbert takes on his late son's passion project: a Detroit sports bar](#), by Kirk Pino, July 17, 2023, Crain's Detroit Business [Dan Gilbert to open Gilly's bar envisioned by late son Nick | Crain's Detroit Business \(crainsdetroit.com\)](#)

¹³ Source: Ribbon Brownfield Redevelopment Plan

¹⁴ Source: 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

September 19, 2023

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

Re: **Commercial Rehabilitation Certificate – 1550 Webward Ave LLC**
 Addresses: 1550 Woodward Ave
 Parcel Number: 01004135-6.

Dear Mr. Bryant:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the proposed Commercial Rehabilitation certificate application for the property located at **1550 Woodward Ave** located in the **Lower Woodward Avenue Historic District** area of the City of Detroit.

The rationale for creating Commercial Rehabilitation Districts 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 commercial and former industrial property where the primary purpose and use is the operation of a commercial business enterprise or multifamily residential use. Commercial property also includes facilities related to a commercial business enterprise under the same ownership at that location, including, but not limited to, office, engineering, research and development, warehousing, parts distribution, retail sales, and other commercial activities. Commercial property also includes a building or group of contiguous buildings previously used for industrial purposes that will be converted to the operation of a commercial business enterprise.

The 2023 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
01004135-6.	1550 Woodward Ave	\$ 212,000	\$ 62,812	\$ 230,000	\$ 68,145

The project proposed by the **1550 Webward Ave LLC** consists of a vacant one-story retail building with 4,055 square feet of total floor area, built in 1963, on 0.086 acres of land. The building fell into a state of disrepair due to outdated architectural design, and technology, as well as deterioration due to vacancy in recent years. The proposed project consists of rehabilitating and transforming the current structure into a modernized structure as a restaurant. Intended to create a food and beverage concept consisting of ground floor, mezzanine, and rooftop space. Major repairs will be made to the building's interior and exterior, including full interior restoration and build-out, replacement of all electrical and plumbing systems, the elevator system, life safety systems and windows, HVAC, and façade restoration.



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER
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Commercial Rehabilitation Certificate
1550 Webward Ave LLC
Page 2

This property meets the criteria set forth under PA 210 of 2005, as amended. It applies to blighted, functionally obsolete, and contaminated properties. "Commercial rehabilitation district" or "district" means an area not less than 3 acres in size of a qualified local governmental unit established as provided in section 3. However, if the commercial rehabilitation district is located in a downtown or business area or contains a qualified retail food establishment as determined by the legislative body of the qualified local governmental unit, the district may be less than 3 acres in size. The local government unit may establish by resolution a district that contains 1 or more parcels or tracts of land if at the time the resolution is adopted the parcel or tract of land or portion of a parcel or tract of land within the district is a qualified facility.

A review of the project plan and related statutes indicated that the proposed Commercial Rehabilitation Act for the property located at **1550 Woodward Ave** 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
1550 Webward Ave LLC
Page 3

Property Address: 1550 Woodward Ave
Parcel Number: 01004135-6.
Property Owner: 1550 Webward Ave LLC
Legal Description: E WOODWARD N 15 FT 24 S 30 FT 23 PLAT OF SEC 7 GOVERNOR & JUDGES PLAN L34 P544 DEEDS,
W C R 1/9 45 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 Full-time Employees

Date: October 3, 2023

Tax Abatement Type: PA 210

New Renewal

Duration of Abatement: 10 years

Development Name: 1550 Webward Avenue LLC

Development: The proposed project consists of rehabilitating and transforming the current structure into a modernized structure as a restaurant. Intended to create a food and beverage concept consisting of ground floor, mezzanine, and rooftop space.

Parcel/Facility Address: 1550 Woodward Avenue

Applicant/Recipient: Brian Watkins

Applicant Contact: 313-682-6793 brianwatkins@rock.com

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.



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2 WOODWARD AVENUE, SUITE 1240
DETROIT, MICHIGAN 48226
PHONE: 313.224.4950
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**Decision Regarding Employment Clearance for Tax Abatement
Employment Commitment <5 Full-time Employees**

Tenika R. Griggs, Esq.

CRIO Deputy Director Name

DocuSigned by:

Tenika R. Griggs, Esq.

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CRIO Deputy Director Signature

10/4/2023

Date