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**City of Detroit**  
**CITY COUNCIL**  
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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director   
Legislative Policy Division Staff

DATE: October 31, 2023

RE: **16530 East Warren, 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.

### Background

**16530 East Warren, LLC**, with its principal Edward Carrington,<sup>1</sup> is the project developer and owner of the property located at 16530 East Warren, located in the East English Village area. The original plan for the project consisted of the redevelopment of the existing former commercial bank building into a residential and mixed-use commercial retail development.<sup>2</sup> Based on these plans, in January of this year, the developer requested and received the approval of an Obsolete Property Rehabilitation Act (OPRA) PA 146 of 2000<sup>3</sup> exemption certificate from the Detroit City Council. Unfortunately however, *it was subsequently determined that the existing structure had deteriorated beyond the point of redemption.*<sup>4</sup> *Due to this fact, in accordance with the act, the developer has requested that the City Council revoke the existing abatement, in order to facilitate the issuance of a PA 210 Commercial Rehabilitation Act certificate.*<sup>5</sup> Council is currently processing the resolution to revoke the OPRA certificate, prior to this item.

<sup>1</sup> [About — Flux City | Where Adaptability & Collaboration Coexist](#)

<sup>2</sup> [East-side Detroit corridor prepares for revitalization plan \(detroitnews.com\)](#)

<sup>3</sup> OBSOLETE PROPERTY REHABILITATION ACT (MCL. 125.2781 - 125.2797) a tax incentive to encourage the redevelopment of obsolete buildings.

<sup>4</sup> SJW Engineering letter attached.

<sup>5</sup> Rehabilitation also includes new construction on vacant property from which a previous structure has been demolished and if the new construction is an economic benefit to the local community as determined by the qualified local governmental unit. COMMERCIAL REHABILITATION ACT (MCL. 207.842)

The newly modified request calls for the new construction of a 3-story 21,000 square foot mixed-use building that will include a café/restaurant & market on the ground floor, and two residential floors above.

**Residential & Parking**

The two residential floors each contain approximately 6,925 square feet of space and will have eighteen residential units in total. Ten of the eighteen units will be reserved as affordable units, representing approximately 55% of the total units. One unit will be at 50% AMI, three units will be at 70% AMI, four units will be between 70-80% AMI, and two units will be at 80% AMI. The remaining eight units range from 85-90% AMI.<sup>6</sup>

The plans also include a total of **26 parking spaces** between the main parking lot west of the building and the secondary parking lot on the east side of Kensington Ave.

**Commercial**

The first-floor retail space is estimated to be a total of 7,320 square feet (this total includes first floor common area square footage). According to the developer, the first floor commercial tenant is currently a resident of East English Village. The developer anticipates that it will take up to 18 months to complete the development and that the project will be operational by mid to late 2024.

In addition to the currently requested PA 210 abatement, in February 2022, the developer also requested and received an approval by the City Council of a Brownfield Tiff reimbursement<sup>7</sup> of which we detailed in our February 8, 2022 report.<sup>8</sup>

**DEGC Property Tax Abatement Evaluation**

**The Ribbon – 16530 E. Warren**

Developer: Flux City

Principals: Eddie Carrington

<b>Description of Incentive:</b> PA 210 CRA provides property tax exemption for the rehabilitation of commercial and commercial housing properties. Existing property taxes are frozen at the ad valorem rate and property taxes on building improvements may be exempt for a 1-10 year period.	
<b>Request Type</b>	<b>PA 210 Certificate</b>
<b>DEGC Recommendation</b>	<b>10-Year Approval</b>
<b>Location</b>	
Address	16530 E. Warren
City Council District	District 4
Neighborhood	East English Village
Located in HRD/SNF Targeted Area	East Warren / Cadieux
<b>Building Use</b>	
<b>Total Square Footage (SF)</b>	<b>21,170</b>
Residential SF	13,850
Commercial SF	N/A
Retail SF	7,320
Industrial SF	N/A

<sup>6</sup> Letter from the developer to the Detroit City Council dated, July 10, 2023.

<sup>7</sup> The developer received the approval of a \$1,005,170 TIF reimbursement, with the overall value of the plan estimated at \$1,803,759, which includes local brownfield costs, over a period of 29 years.

<sup>8</sup> Link to the LPD report dated, February 8, 2022: [July 30, 2013 \(detroitmi.gov\)](https://www.detroitmi.gov/july-30-2013)

<b>Total Residential Units</b>	<b>18 Units (100% Affordable Below 100% AMI)</b>
Studios	N/A
1-Bed	16 Units; 615 Avg. SF; \$1,149/mo. Avg. Rent
2-Bed	2 Units; 867 Avg. SF; \$1,600/mo. Rent
3-Bed	N/A
<b>Project Description</b>	
<p>The project will consist of the construction of a 3-story 21,000 square foot mixed-use building that will include a café/restaurant &amp; market on the ground floor, and two residential floors. The residential floors will feature 18 apartment units. 10 of the units will be affordable at 50%-80% AMI. The remaining 8 units will range from 85%-90% AMI. There will be a total of 26 parking places between the main parking lot west of the building and the secondary parking lot on the Eastside of Kensington Ave. The total anticipated development investment for this project is around \$8.2 million dollars.</p>	
<b>Sources and Uses of Capital Summary</b>	
Total Investment	<b>\$ 8,283,699</b>
Sources	Senior Debt: \$2,643,000, Subordinate Debt: \$3,010,000, Equity: \$2,630,699
Uses	Hard Costs: \$6,428,855, Soft Costs: \$1,724,844, Acquisition: \$130,000
<b>Project Economic Benefits Summary</b>	
Estimated Jobs (FTE/Construction)	4 Tenant FTE   36 Construction
Estimated City benefits before tax abatement	<b>\$568,681</b>
Total estimated City value of abatement	<b>\$304,368</b>
Less cost of services & utility deductions	<b>\$72,642</b>
Net Benefit to City with abatement	<b>\$191,671</b>

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

	Amount
Real Property Taxes, before abatement	\$304,368
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$24,597
Municipal Income Taxes - Indirect Workers	\$9,027
Municipal Income Taxes - Corporate Income	\$9,855
Municipal Income Taxes - Construction Period	\$36,043
Municipal Income Taxes - New Res. Inhabitants	\$68,790
Utility Revenue	\$49,449
Utility Users' Excise Taxes	\$4,327
State Revenue Sharing - Sales Tax	\$176
Building Permits and Fees	\$40,000
Miscellaneous Taxes & User Fees	\$22,048
<u>Subtotal Benefits</u>	<u>\$568,681</u>
Cost of Providing Municipal Services	(\$23,193)
Cost of Providing Utility Services	(\$49,449)
<u>Subtotal Costs</u>	<u>(\$72,642)</u>
Net Benefits	\$496,039

**Impacted Taxing Units: Incentive Summary over the First 10 Years <sup>9</sup>**

	Additional Benefits Before Tax Abatements	Additional Costs	Real Property Tax Abatement	Business Personal Property Tax Abatement	Brownfield TIF Capture	Net Benefits After Tax Abatements & Incentives
City of Detroit	\$568,681	(\$72,642)	(\$304,368)	\$0	\$0	\$191,671
Wayne County	\$77,042	(\$4,427)	(\$72,615)	\$0	\$0	\$0
Detroit Public Schools	\$292,159	(\$21,512)	(\$117,822)	\$0	(\$152,824)	\$0
State Education	\$54,379	\$0	\$0	\$0	(\$54,379)	\$0
Wayne RESA	\$49,413	\$0	(\$49,413)	\$0	\$0	\$0
Wayne County Comm. College	\$29,345	\$0	(\$29,345)	\$0	\$0	\$0
Wayne County Zoo	\$904	\$0	(\$904)	\$0	\$0	\$0
Detroit Institute of Arts	\$1,808	\$0	(\$1,808)	\$0	\$0	\$0
<b>Total</b>	<b>\$1,073,730</b>	<b>(\$98,581)</b>	<b>(\$576,275)</b>	<b>\$0</b>	<b>(\$207,203)</b>	<b>\$191,671</b>

10

**DEGC Chart of Taxes Before, During & After the Incentive<sup>11</sup>**

	Existing Taxes	New Taxes AFTER Incentive(s)	New Taxes Without Incentive
City of Detroit	\$3,322	\$3,330	\$27,773
Library	\$531	\$533	\$4,442
Wayne County	\$919	\$922	\$7,686
Detroit Public Schools	\$3,426	\$17,667	\$28,642
State Education	\$688	\$5,756	\$5,756
Wayne RESA	\$626	\$627	\$5,230
Wayne County Comm. College	\$372	\$372	\$3,106
Wayne County Zoo	\$11	\$11	\$96
Detroit Institute of Arts	\$23	\$23	\$191
<b>Total</b>	<b>\$9,918</b>	<b>\$29,241</b>	<b>\$82,922</b>

**Conclusion**

The estimated total capital investment for this project is **\$8.2 million**. It is also estimated that the completed project will create 4 tenant FTE's<sup>12</sup> and 36 temporary construction jobs. The total value of the 10-year Commercial Rehabilitation tax savings is estimated at **\$576,275**.

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$191,671**, and all of the impacted taxing units, a net benefit of **\$191,671** over the 10 years of the Commercial Rehabilitation tax abatement. This project will provide the community with a benefit by returning a dormant site of a closed bank building to productive use with affordable housing units and retail.

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*

<sup>9</sup> Charts courtesy of the DEGC

<sup>10</sup> The net benefits for several taxing jurisdictions at zero are impacted by the TIF capture (However, DPS capture is replaced by the State).

<sup>11</sup> **Existing Annual Taxes: \$9,918- New Annual Taxes DURING the Incentive: \$29,241 & Taxes after the Incentive EXPIRES: \$82,922**

<sup>12</sup> **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](#)

*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>13</sup>*

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

**Attachments:** August 21, 2023 - Letter from Finance Assessors  
August 14, 2023 - CRIO<sup>14</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



**View of 16530 East Warren prior to demolition <sup>15</sup>**

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<sup>13</sup> COMMERCIAL REHABILITATION ACT (Act 210) MCL. 207.852(1)

<sup>14</sup> **CRIO**- Civil Rights, Inclusion & Opportunity Department

<sup>15</sup> Source: DEGC

**11CSP**  
 THE RIBBON  
 FLUX CITY DEVELOPMENT  
 8530 EAST WARREN AVE  
 DETROIT, MI 48224  
 STORMWATER MANAGEMENT PLAN  
 DATE: 10/20/17  
 NOT FOR CONSTRUCTION

1	DATE REVISIONS
2	DATE REVISIONS
3	DATE REVISIONS
4	DATE REVISIONS
5	DATE REVISIONS
6	DATE REVISIONS

**Revision Schedule**

UNLESS OTHERWISE SPECIFIED, ALL DIMENSIONS ARE IN FEET AND INCHES. DIMENSIONS SHALL BE TO FACE UNLESS OTHERWISE SPECIFIED.

APPROVED BY: [Signature]  
 DATE: 10/20/17  
 PROJECT: 11CSP  
 DRAWING: 11CSP-STMP  
 SCALE: 1/8" = 1'-0"

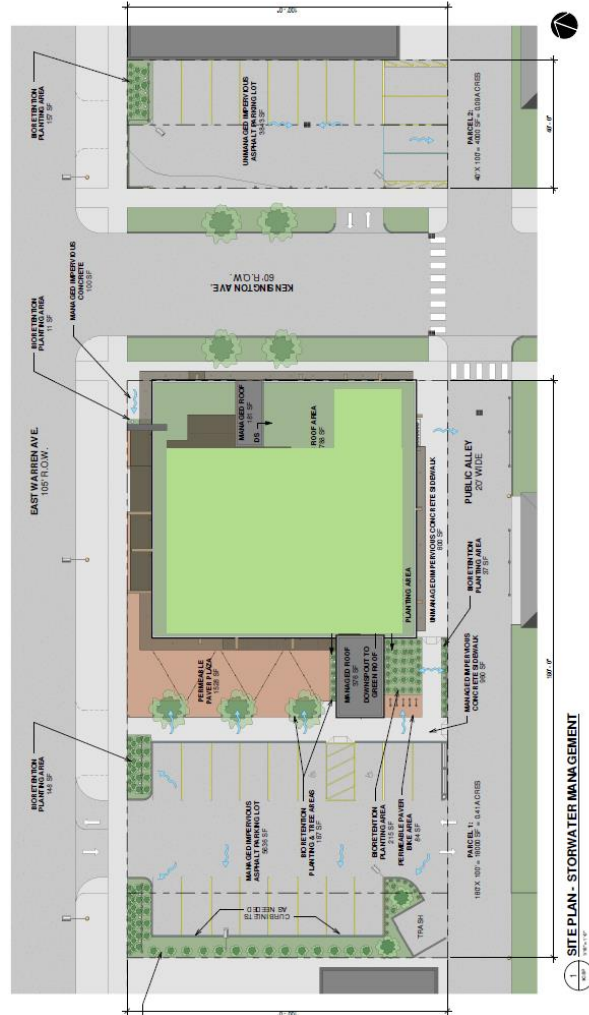
**fuz**  
 CONSULTANTS + INNOVATORS



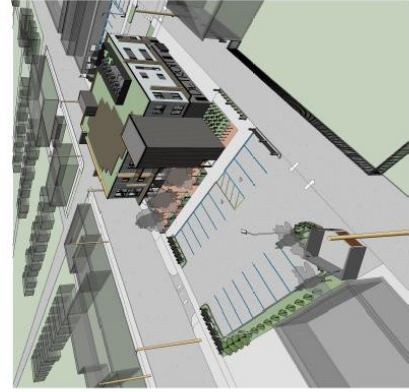
2. BIRDSEYE PERSPECTIVE



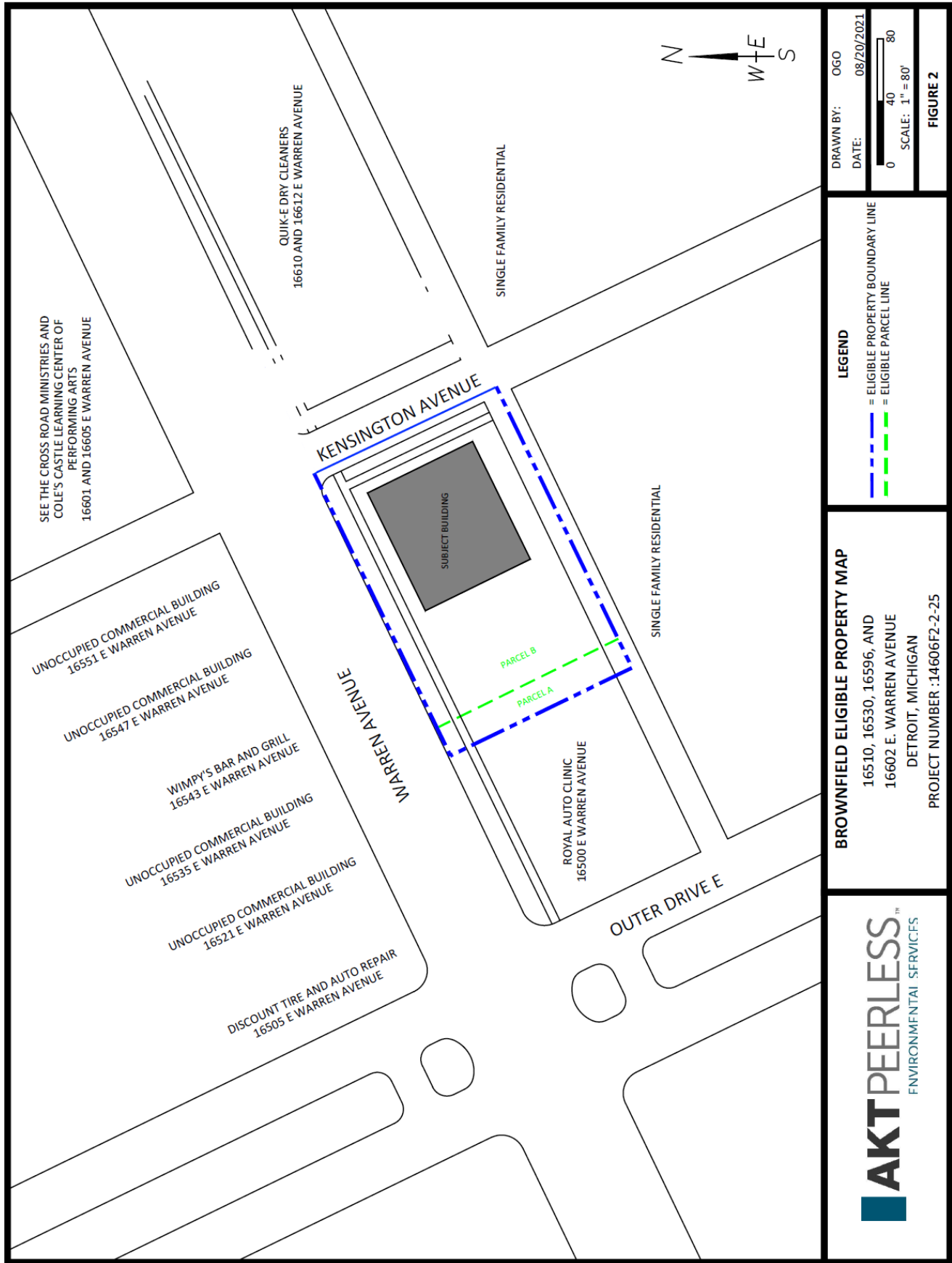
3. 3D View 5



4. SITE PLAN - STORMWATER MANAGEMENT



4. 3D View 6



Location Map<sup>17</sup>

<sup>17</sup> Source: The Ribbon Brownfield Redevelopment Plan



Rendering of The Ribbon<sup>18</sup>



Rendering<sup>19</sup>

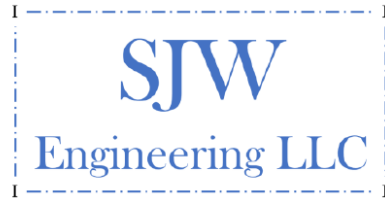
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<sup>18</sup> Source: [The Ribbon Apartments | Detroit, MI Apartments For Rent \(apartmenthomeliving.com\)](https://www.apartmenthomeliving.com/detroit-mi/apartments-for-rent/the-ribbon-apartments/)

<sup>19</sup> Source: DEGC



**Project No:** SJW 2023 0314  
**Date Issued:** 8/9/2023  
**Address:** Ribbon, Detroit MI



Page 1 of 1

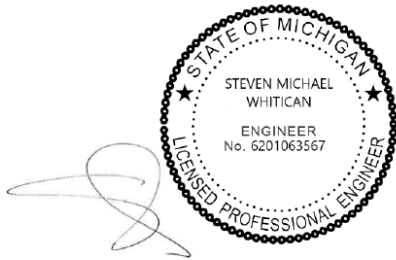
From the desk of:

Steven M. Whitan PhD. P.E.  
7325 Triangle Dr  
Sterling Heights, MI 48314

The engineer went on site to review the condition of the walls prior to demolition. The purpose was to evaluate the walls for use in the final structure.

During the design phase, the engineer had assumed the walls were in good condition. After demolition, it was found that the walls had been subject of multiple patches and repairs. The walls were also weakened where cavities were lain in for brick tie-backs.

The engineer recommends that the walls be removed and rebuilt new. This will ensure the proper load transfer through the wall whereas the patches would interrupt load transfer over the height of the CMU walls.



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Steven M. Whitan  
Licensed Professional Engineer

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Steven M. Whitan PhD P.E.  
7325 Triangle Dr  
Sterling Heights, Mi 48314

+1 (810) 292-9258  
steven@sjwengineering.com  
Lic. # 6201063567



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

August 21, 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 – 16530 East Warren, LLC**  
 Addresses: 16530 East Warren  
 Parcel Number: 21002312-20

Dear Mr. Antoine 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 **16530 E Warren** located in the **East English Village** 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
21002312-20	16530 E. Warren	\$ 122,200	\$ 100,947	\$ 16,700	\$ 13,795

The project as proposed by the **16530 East Warren, LLC** consists of 1-story vacant office building with 5,760 square feet of building area, built in 1956, on 0.414 acres of land and also a vacant lot on 0.092 acres of land. The proposed project consists of rehabilitating the existing structure into a three story 21,000 square foot mixed-used building that will include a café/restaurant and market on the ground floor, and two residential floors. The first-floor retail space is estimated to be a total of 7,320 square foot. The two residential floors are each estimated to be 6,925 square feet with a total of 18 residential units. The proposed project also includes 30 total parking places between the main parking lot, west of the building and a secondary parking lot on the east side of Kensington Ave. The building will undergo major renovations including window replacement, floor replacement, roof replacement, all major mechanical, plumbing and electrical systems replacement, and environmental remediation.

<sup>20</sup> Project was subsequently changed from a rehabilitation to new construction



CITY OF DETROIT  
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OFFICE OF THE ASSESSOR

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2 WOODWARD AVE., SUITE 824  
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Commercial Rehabilitation Certificate  
16530 E Warren 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 **16530 E Warren** 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



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

Commercial Rehabilitation Certificate  
16530 E Warren LLC  
Page 3

Property Address: 16530 East Warren  
Parcel Number: 21002312-20  
Property Owner: 16530 E Warren LLC  
Legal Description: S WARREN E 347 A M CAMPAUS THREE MILE DRIVE ADD L46 P78 PLATS, W C R 21/698 & S WARREN  
E 95 THRU 102 EASTERN HEIGHTS LAND COS SUB L48 P23 PLATS, W C R 21/716 180.14 X 100





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:** January 3, 2023

**Tax Abatement Type:** PA 210

New  Renewal

**Duration of Abatement:** 12 years

**Development:** Redeveloping the one story, 5,760 sq ft site into a 3 story 21,000 sq ft mixed use building that will include a café/restaurant & market on the ground floor, and two residential floors with a total of 18 residential units.

**Parcel/Facility Address:** 16530 E Warren Ave

**Applicant/Recipient:** Edward Carrington

**Applicant Contact:** [edward@flux.city](mailto:edward@flux.city) 248-789-8653

### 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**

Tenika R. Griggs, Esq.

CRIO Deputy Director Name

*Tenika R. Griggs, Esq.*

FF584CDB98E341A...

CRIO Deputy Director Signature

8/23/2023

Date