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**City of Detroit**  
**CITY COUNCIL**  
LEGISLATIVE POLICY DIVISION  
208 Coleman A. Young Municipal Center  
Detroit, Michigan 48226  
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Timarie Szwed  
Theresa Thomas  
Ashley A. Wilson

TO: COUNCIL MEMBERS

FROM: David Whitaker, Director   
Legislative Policy Division Staff

DATE: November 2, 2023

RE: **City Modern D3, 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.

**City Modern D3 – 2853 Brush**

**City Modern D3, LLC**, a subsidiary of Bedrock Detroit, is the developer and owner of the property located at 2853 Brush (formerly known as 286 Edmund), in Detroit's Brush Park Historic District.<sup>1</sup> The project, City Modern D3 – 2853 Brush, entails the new construction of a multi-family building with 25 rental units.<sup>2</sup> This project, which involves the current abatement request, is an element of the larger overall City Modern development. The overall City Modern project includes a total of 344 rental and 105 for-sale units.

Total Residential Units	25 Units
Studios	8 Units; 503 Avg. SF; \$1,307/mo. Avg. Rent
1-Bed	11 Units; 624 Avg. SF; \$1,623/mo. Avg. Rent
2-Bed	6 Units; 1,402, Avg. SF; \$3,644/mo. Avg. Rent
3-Bed	N/A

<sup>1</sup> Pursuant to Section 5(1) of the Michigan Local Historic District Act, MCL 399.205 (1) and Sections 21-2-73/21-2-78 of the 2019 Detroit City Code; the Detroit Historic District Commission (DHDC) issued a Certificate of Appropriateness ("COA"), for this project effective on August 16, 2022, as the project meets the Secretary of Interior's Standards for Rehabilitation and the district's Elements of Design. [220804\\_HDC\\_Presentation\\_FINAL \(detroitmi.gov\)](https://www.detroitmi.gov/220804_HDC_Presentation_FINAL)

<sup>2</sup> The Council may want to inquire about the availability of parking for this phase of this large scale development.

## Affordable Housing

In July 2017, the Council approved the “**Affordable Housing Agreement with Bedrock and the City of Detroit.**” We provided the Council a comprehensive review of the agreement in the LPD Report, “**A Review of the Affordable Housing Agreement with Bedrock,**” dated July 19, 2017. In the agreement, Bedrock committed to provide one unit of affordable housing (*in its overall portfolio of housing*) for each unit of housing it develops (20%). Bedrock further committed that at least 20% of the units will be “affordable,” at or below 80% of the Area Median Income (AMI) for 30 years.

### In the agreement, Bedrock committed to meet its 20% affordable threshold two ways:

1. **New Affordable Units** – Developing new affordable units at the same time new market rate units are being developed.
2. **Preservation Projects** – Preserving existing affordable housing at the end of its affordability period, so that it stays affordable, and they do not convert to market rate units and reduce the affordable housing stock. 30-40% AMI households.

All of the affordable units will be provided within the “Affordable Housing Priority Area”, defined as the Downtown, Midtown, New Center, and Corktown areas, where affordable housing needs to be developed and preserved.

### DEGC Property Tax Abatement Evaluation

**Project: City Modern D3 – 2853 Brush**  
**Developer: City Modern D3, LLC**

<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	2853 Brush
City Council District	District 5
Neighborhood	Brush Park
Located in HRD/SNF Targeted Area	N/A
<b>Building Use</b>	
<b>Total Square Footage (SF)</b>	<b>19,298</b>
Residential SF	19,298
Commercial SF	N/A
Retail SF	N/A
Industrial SF	N/A
<b>Total Residential Units</b>	<b>25 Units</b>
Studios	8 Units; 503 Avg. SF; \$1,307/mo. Avg. Rent
1-Bed	11 Units; 624 Avg. SF; \$1,623/mo. Avg. Rent
2-Bed	6 Units; 1,402, Avg. SF; \$3,644/mo. Avg. Rent
3-Bed	N/A

<b>Project Description</b>	
The proposed development is located in the Brush Park Historic District. The building will be a part of the greater Brush Park City Modern development project. The rehabilitation intends to create twenty-five (25) additional for-rent residential units. As a reminder, this rehabilitation is a part of the overall City Modern development project that will bring at total of 344 rental and 105 for-sale units, making it the most significant modern housing development in Detroit to grow the City's population and tax base. Without the PA 210 tax abatement, this project will not have financial feasibility.	
<b>Sources and Uses of Capital Summary</b>	
Total Investment	<b>\$10,997,044</b>
Sources	Debt: \$3.2M (29.10%); Equity: \$7.8M (70.90%)
Uses	Acquisition: \$349.8K (3.18%); Hard Costs: \$9.1M (82.87%); Soft Costs: \$1.5M (13.94%)
<b>Project Economic Benefits Summary</b>	
Estimated Jobs (FTE/Construction)	2 FTE   70 Construction
Estimated City benefits before tax abatement	<b>\$1,204,775</b>
Total estimated City value of abatement	<b>\$532,221</b>
Less cost of services & utility deductions	<b>\$288,605</b>
Net Benefit to City with abatement	<b>\$383,949</b>

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

	Amount
Real Property Taxes, before abatement	\$532,221
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$20,665
Municipal Income Taxes - Indirect Workers	\$5,509
Municipal Income Taxes - Corporate Income	\$16,425
Municipal Income Taxes - Construction Period	\$70,163
Municipal Income Taxes - New Res. Inhabitants	\$263,713
Utility Revenue	\$124,138
Utility Users' Excise Taxes	\$28,503
State Revenue Sharing - Sales Tax	\$818
Building Permits and Fees	\$5,000
Miscellaneous Taxes & User Fees	\$137,620
<u>Subtotal Benefits</u>	<u>\$1,204,775</u>
Cost of Providing Municipal Services	(\$164,467)
Cost of Providing Utility Services	(\$124,138)
<u>Subtotal Costs</u>	<u>(\$288,605)</u>
Net Benefits	\$916,170 <sup>3</sup>

<sup>3</sup> Chart courtesy of the DEGC

**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	\$1,204,775	(\$288,605)	(\$532,221)	\$0	\$0	\$383,949
Wayne County	\$149,820	(\$19,452)	(\$126,465)	\$0	\$0	\$3,904
Detroit Public Schools	\$1,242,780	(\$733,156)	(\$206,025)	\$0	\$0	\$303,599
State Education	\$95,088	\$0	\$0	\$0	\$0	\$95,088
Wayne RESA	\$86,015	\$0	(\$86,015)	\$0	\$0	\$0
Wayne County Comm. College	\$51,034	\$0	(\$51,034)	\$0	\$0	\$0
Wayne County Zoo	\$1,572	\$0	(\$1,572)	\$0	\$0	\$0
Detroit Institute of Arts	\$3,147	\$0	(\$3,147)	\$0	\$0	\$0
<b>Total</b>	<b>\$2,834,233</b>	<b>(\$1,041,213)</b>	<b>(\$1,006,480)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$786,539</b>

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

	Existing Taxes	New Taxes AFTER Incentive(s)	New Taxes Without Incentive
City of Detroit	\$0	\$8,316	\$51,058
Library	\$0	\$1,330	\$8,166
Wayne County	\$0	\$2,292	\$14,073
Detroit Public Schools	\$0	\$33,790	\$52,982
State Education	\$0	\$10,581	\$10,581
Wayne RESA	\$0	\$1,559	\$9,572
Wayne County Comm. College	\$0	\$925	\$5,679
Wayne County Zoo	\$0	\$28	\$175
Detroit Institute of Arts	\$0	\$57	\$350
<b>Total</b>	<b>\$0</b>	<b>\$58,879</b>	<b>\$152,635</b>

**Conclusion**

The estimated total capital investment for this project is **\$10,997,044**. It is also estimated that the completed project will create 2 FTE's<sup>6</sup> and 70 temporary construction jobs. The total value of the 10-year Commercial Rehabilitation tax savings is estimated at **\$1,006,480**.

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$383,949**, and all of the impacted taxing units, a net benefit of **\$786,539** over the 10 years of the Commercial Rehabilitation tax abatement. This project will provide the community with a benefit by providing newly realized tax revenue to a formerly abandoned, dormant and vacant site, in addition to the creation of 25 new housing units.

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.”*<sup>7</sup>

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

<sup>5</sup> Existing Annual Taxes: \$0- New Annual Taxes DURING the Incentive: \$58,879 & Taxes after the Incentive EXPIRES: \$152,635

<sup>6</sup> FTE, or full-time equivalent, is a unit of measurement that represents the number of full-time hours an organization's employees work.

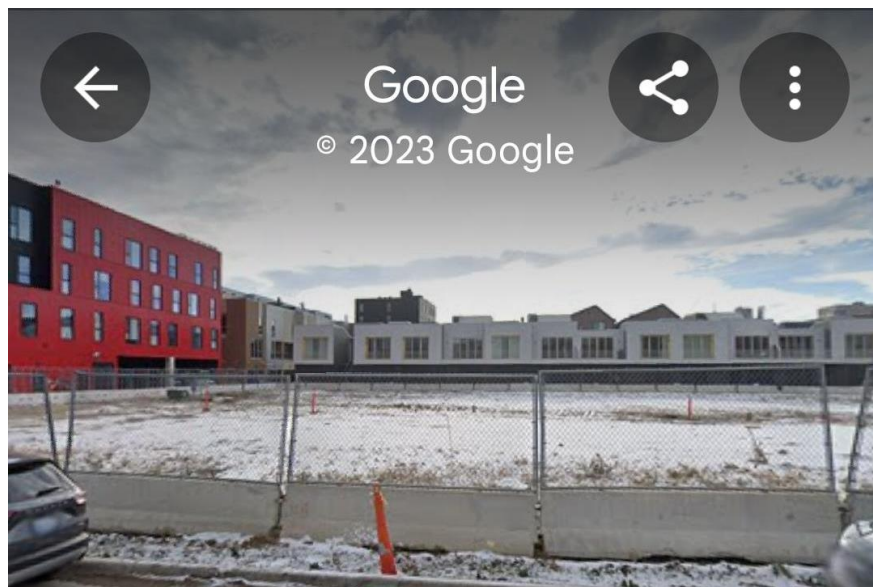
[What Is Full-Time Equivalent \(FTE\)? Plus How To Calculate It | Indeed.com](#)

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

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

**Attachments:** October 3, 2023 - Letter from Finance Assessors  
October 3, 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



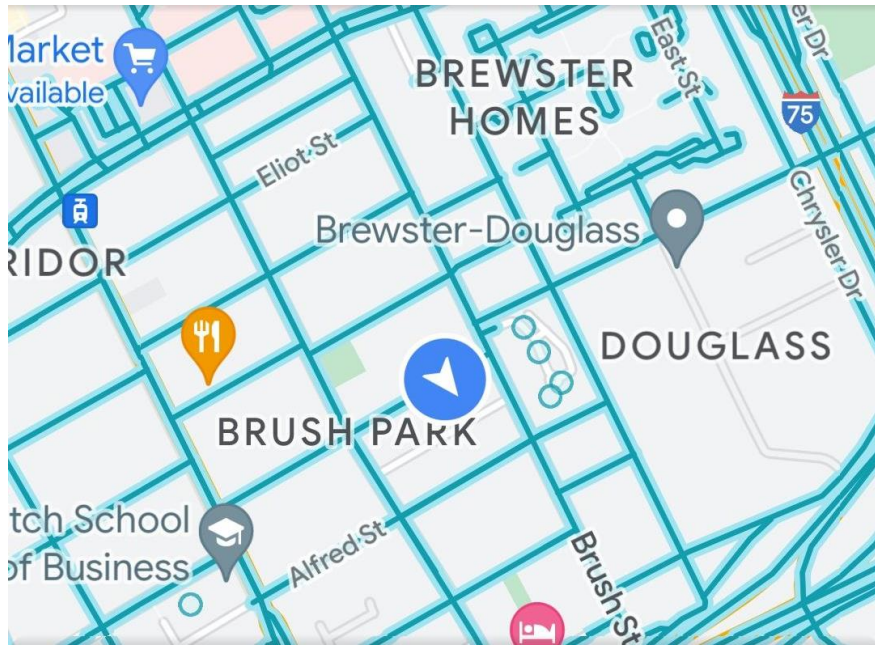
**View of 2853 Brush (formerly 286 Edmund)<sup>9</sup>**

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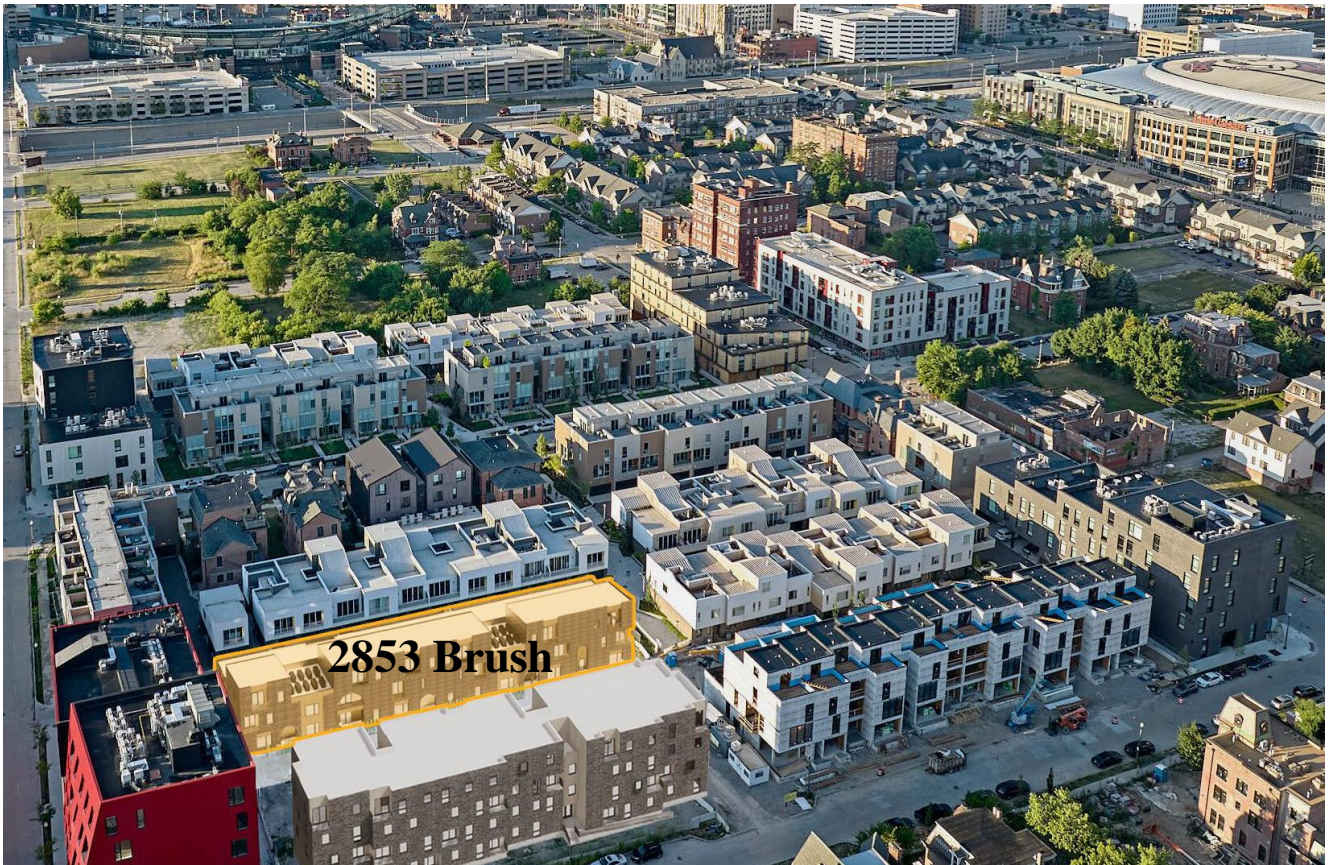
<sup>8</sup> CRIO- Civil Rights, Inclusion & Opportunity Department

<sup>9</sup> Source: [286 Edmund Pl, Detroit, MI 48201 | Trulia](https://www.trulia.com/property/286-Edmund-Pl-Detroit-MI-48201)





Location Map<sup>10</sup>



Site Plan with 2853 Brush (City Modern D 3)<sup>11</sup>

<sup>10</sup> Source: [286 Edmund Pl, Detroit, MI 48201 | Trulia](#)

<sup>11</sup> Source: 286 Edmund Place Historic District Commission Presentation by Bedrock, (Merge Architects) September 2022 [220804\\_HDC Presentation FINAL \(detroitmi.gov\)](#)





**Rendering of 2853 Brush D 3<sup>12</sup>**

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<sup>12</sup> Source: Source: 286 Edmund Place Historic District Commission Presentation by Bedrock, (Merge Architects) September 2022  
[220804 HDC Presentation FINAL \(detroitmi.gov\)](https://detroitmi.gov/220804-HDC-Presentation-FINAL)



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

October 3, 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 – City Modern D3 LLC**  
 Addresses: 2853 Brush  
 Parcel Number: 01000674.000

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 **2853 Brush** located in the **Brush Park 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
01000674.000	2853 Brush	\$0	\$0	\$281,600	\$281,600

The project proposed by the **City Modern D3 LLC** will be a newly constructed multi-family structure with 25 residential units, totaling 23,396 square feet across three (3) stories, on 0.290 acres of vacant land. The new construction activities and fixed building equipment include frame construction, exterior enclosure and roofing, complete interior buildout, all mechanical, electrical, and plumbing systems, life safety systems and windows, HVAC, and hardscape construction around the property.

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.





CITY OF DETROIT  
OFFICE OF THE CHIEF FINANCIAL OFFICER  
OFFICE OF THE ASSESSOR

COLEMAN A. YOUNG MUNICIPAL CENTER  
2 WOODWARD AVE., SUITE 824  
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Commercial Rehabilitation Certificate  
City Modern D3 LLC  
Page 2

A review of the project plan and related statutes indicated that the proposed Commercial Rehabilitation Act for the property located at **2853 Brush** 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  
City Modern D3 LLC  
Page 3

Property Address: 2853 Brush  
Parcel Number: 01000674.000  
Property Owner: City Modern D3 LLC

Legal Description: S EDMUND PL PT OF 18-22 BLK 6 BRUSH SUB L1 P286, WCR, DESC AS: COMM AT SW COR LOT 11 OF SD BRUSH SUB, TH N 33D 26M 41S W 187.22 FT TH N 59D 16M 9S E 323.55 FT TO POB; TH N 30D 43M 51S W 56.09 FT TH N 59D 9M 19S E 100.16 FT TH N 30D 50M 41S W 16.33 FT TH ALG CUR TO R 3.14 FT RAD 2 FT CEN ANG 90D CHD BRG N 14D 9M 19S E 2.83 FT TH N 59D 9M 19S E 49.01 FT TH ALG CUR TO R 3.14 FT RAD 2 FT CEN ANG 90D CHD BRG S 75D 50M 41S E 2.83 FT TH S 30D 50M 41S E 16.42 FT TH N 59D 8M 56S E 28.16 FT TH N 30D 50M 41S W 16.42 FT TH ALG CUR TO R 3.14 FT RAD 2 FT CEN ANG 90D CHD BRG N 14D 9M 19S E 2.83 FT TH N 59D 9M 19S E 15.24 FT TH ALG CUR TO R 12.56 FT RAD 8 FT CEN ANG 89D 58M 47S CHD BRG S 75D 51M 17S E 11.31 FT TH S 30D 51M 54S E 1.41 FT TH ALG CUR TO R 3.93 FT RAD 2.5 FT CEN ANG 89D 55M 7S CHD BRG S 14D 10M 20S W 3.54 FT TH S 59D 9M 19S W 17.5 FT TH S 30D 51M 49S E 18.8 FT TH N 59D 16M 9S E 19.6 FT TH S 30D 43M 51S E 44.09 FT TH S 59D 16M 9S W 206.21 FT TO POB 12,650 SQFT





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:** City Modern D3, LLC

**Development:** The project will be a newly constructed multi-family structure with 25 residential units, totalling 23,396 sq ft across 3 stories, on 0.290 acres of vacant land.

**Parcel/Facility Address:** 2853 Brush St

**Applicant/Recipient:** Brian Watkins

**Applicant Contact:** 313-682-6793 [brianwatkins@rock.com](mailto: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:** 2

**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  
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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

10/4/2023

Date