


David Whitaker, Esq.
Director
Irvin Corley, Jr.
Executive Policy Manager
Marcell R. Todd, Jr.
Director, City Planning
Commission
Janese Chapman
Director, Historic Designation
Advisory Board

John Alexander
LaKisha Barclift, Esq.
Paige Blessman
M. Rory Bolger, Ph.D., FAICP
Lisa DiChiera
Eric Fazzini, AICP
Willene Green
Christopher Gulock, AICP
Derrick Headd
Marcel Hurt, Esq.

City of Detroit
CITY COUNCIL
LEGISLATIVE POLICY DIVISION
208 Coleman A. Young Municipal Center
Detroit, Michigan 48226
Phone: (313) 224-4946 Fax: (313) 224-4336

Kimani Jeffrey
Anthony W. L. Johnson
Phillip Keller, Esq.
Edward King
Kelsey Maas
Jamie Murphy
Latawn Oden
Dolores Perales
Analine Powers, Ph.D.
W. Akilah Redmond
Rebecca Savage
Sabrina Shockley
Renee Short
Floyd Stanley
Thomas Stephens, Esq.
Timarie Szwed
Theresa Thomas
Ian Tomashik
Ashley A. Wilson

TO: COUNCIL MEMBERS
FROM: David Whitaker, Director 
Legislative Policy Division Staff
DATE: May 21, 2024
RE: **1400 Holden, LLC PA 255 Certificate Request**

The Commercial Redevelopment Act, PA 255 of 1978

The Commercial Redevelopment Act, PA 255 of 1978, is a tax incentive to provide for the establishment of commercial redevelopment districts in local governmental units. A Commercial Facilities Exemption Certificate entitles the facility an exemption from ad valorem real property taxes for a term of 1-12 years, as determined by the local governmental unit.

The criteria set forth for issuing commercial facility exemption certificates under PA 255 of 1978, as amended, applies to functionally obsolete properties requiring restoration, meaning changes to obsolete commercial property other than replacement may be required to restore the property, together with all appurtenances,¹ to an economically efficient condition.

1400 Holden, LLC,² is the project developer and the owner of the 3 parcels on 0.513 acres of land proposed, which includes a 2-story office building, a one-story retail building and a commercial parking lot. The developer plans to rehabilitate the vacant building spread across the addresses of 1420 & 1432 Holden and 6217 Lincoln, to create a mixed-use development on the site. Located in the Northwest Goldberg³- Elijah McCoy area of Detroit, if approved by Council, the development will involve the conversion of 29,820 sq. ft. of building space into a retail commercial use and four residential rental units on the first floor and 16 residential units on the second floor, for a total of 20 residential units with 100%

¹ Accessories or other items associated with a particular activity or style of living.

² The principals are Andrew Casazza and John Walton, who are working on the Belcrest Apartments project at 5440 Cass.

³ The NW-Goldberg Community boundaries are John C. Lodge and I-94 expressways, West Grand Boulevard and Grand River. The area is home to the Motown Museum, Henry Ford Hospital, Cole Funeral Home, Tabernacle Church and DCP-Northwestern High School.

*naturally affordable*⁴ rents, ranging from 60%-80% AMI (area median income). All of the apartments are expected to be considered ADA “Type B”⁵ units. **Reduced rate parking** will be offered to occupants of affordable apartments. The future plan for the project includes the combination of the three parcels. The apartments will fill a void for the mixed-use needs of the developments in and around Henry Ford Hospital.

The developer’s plan to restore the exterior and interior of the property includes an extensive reconfiguration and upgrades in carpentry, roofing windows, glass, drywall, flooring, plumbing and HVAC.⁶ The current Commercial Redevelopment Act⁷ (PA 255 of 1978) tax abatement is exclusively for the ground floor retail *commercial* elements of the project. In 2023, the developer received Council approval of a NEZ, which involves the *residential* elements of the project.

DEGC Property Tax Abatement Evaluation

Property Address: 1400 Holden

Developer: 1400 Holden LLC

Incentive:	PA 255 CFE
DEGC Abatement Term Recommendation	12 years
Location	
Address	1420 Holden, 1432 Holden, 6217 Lincoln
City Council District	District 5
Neighborhood	Elijah McCoy
Located in HRD/SNF Targeted Area	N/A
Building Use	
Total Square Footage (SF)	24,630
Residential SF	11,190
Commercial SF	N/A
Retail SF	13,440
Industrial SF	N/A
Total Residential Units	20 Units - 100% naturally affordable @ 60%-80% AMI; 20% of units committed as affordable below 80% AMI
Studios	5 Units; 408 Avg. SF; \$955/mo. Avg. Rent
1-Bed	10 Units; 598 Avg. SF; \$1,295/mo. Avg. Rent
2-Bed	5 Units; 895 Avg. SF; \$1,560/mo. Avg. Rent
3-Bed	N/A
Project Description	
<p>The 1400 Holden St. building (which currently is located on the 1420-1432 Holden St & 6217 Lincoln parcels) includes is a long-vacant mixed-use commercial office building in the Elijah McCoy neighborhood of Detroit. During its vacancy, the building has suffered significant structural and other damage as a result of neglect and exposure to many seasons of weather inside the building. The developer intends to gut-renovate the property to create a community hub of first-floor businesses and 20 residential units. The project will bring this neighborhood much-needed safe, secure, and affordable housing. The abatement is needed for a viable project because of the significant capital investment required to restore the building and property.</p>	

⁴ Naturally Occurring Affordable Housing (NOAH) refers to residential rental properties that are affordable but are unsubsidized by any federal program. Their rents are relatively low compared to the regional housing market. [What Is NOAH? \(noahimpactfund.com\)](http://What Is NOAH? (noahimpactfund.com))

⁵ **Type B:** Fully usable and adaptable dwelling units. Type B units comply with and in some ways exceed the FHA requirements. According to the FHA Design Manual, ANSI A117.1 Type B units are a “safe harbor” for FHA compliance. [Understanding Accessibility Code in Living Spaces \(bimsmith.com\)](http://Understanding Accessibility Code in Living Spaces (bimsmith.com))

⁶ The term “HVAC” stands for heating, ventilation, and air conditioning.

⁷ The Commercial Redevelopment Act, (known as the Commercial Facilities Exemption), PA 255 of 1978, as amended, affords a tax incentive for the redevelopment of commercial property for the primary purpose and use of a commercial business enterprise. (MCL 207.651 - 207.668) Michigan Legislature - Act 255 of 1978

Sources and Uses of Capital Summary		
Total Investment	\$5,195,888	
Sources	Debt: \$3.38M (65%); Equity: \$1.82M (35%)	
Uses	Acquisition: \$600K (11.55%); Hard Costs: \$3.8M (73.4%); Soft Costs: \$782K (15.05%)	
Project Economic Benefits Summary	PA 255 – CFE (1 Jobs)	PA 255 – CFE (30 Jobs)
Estimated Jobs (FTE/Construction)	1 Developer / 30 Tenant FTE / 30 Construction	
Estimated City benefits before tax abatement	\$290,633	\$1,319,109
Total estimated City value of PA 255 + NEZ	\$151,339	\$151,339
Less cost of services & utility deductions	\$48,439	\$409,858
Net Benefit to City with PA 255 + NEZ	\$90,855	\$757,912

City of Detroit: Benefits, Costs, and Net Benefits over the Next 12 Years⁸

	Amount
Real Property Taxes, before abatement	\$151,339
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$9,415
Municipal Income Taxes - Indirect Workers	\$1,882
Municipal Income Taxes - Corporate Income	\$10,644
Municipal Income Taxes - Construction Period	\$16,423
Utility Revenue	\$37,071
Utility Users' Excise Taxes	\$29,357
State Revenue Sharing - Sales Tax	\$5,891
Building Permits and Fees	\$19,099
Miscellaneous Taxes & User Fees	\$9,512
Subtotal Benefits	\$290,633
Cost of Providing Municipal Services	(\$11,368)
Cost of Providing Utility Services	(\$37,071)
Subtotal Costs	(\$48,439)
Net Benefits	\$242,194

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	\$290,633	(\$48,439)	(\$151,339)	\$0	\$0	\$90,855
Wayne County	\$37,892	(\$1,603)	(\$35,961)	\$0	\$0	\$329
Detroit Public Schools	\$150,060	(\$14,032)	(\$135,388)	\$0	\$0	\$641
State Education	\$27,039	\$0	(\$27,039)	\$0	\$0	\$0
Wayne RESA	\$24,459	\$0	(\$24,459)	\$0	\$0	\$0
Wayne County Comm. College	\$14,512	\$0	(\$14,512)	\$0	\$0	\$0
Wayne County Zoo	\$447	\$0	(\$447)	\$0	\$0	\$0
Detroit Institute of Arts	\$895	\$0	(\$895)	\$0	\$0	\$0
Total	\$545,937	(\$64,074)	(\$390,039)	\$0	\$0	\$91,825

⁸ Charts courtesy of the DEGC

DEGC Chart of Taxes Before, During & After the Incentive⁹

	Existing Taxes	New Taxes With Incentive(s)	New Taxes Without Incentive
City of Detroit	\$5,405	\$5,408	\$15,331
Library	\$865	\$865	\$2,452
Wayne County	\$1,490	\$1,491	\$4,225
Detroit Public Schools	\$5,609	\$5,612	\$15,908
State Education	\$1,120	\$1,121	\$3,177
Wayne RESA	\$1,013	\$1,014	\$2,874
Wayne County Comm. College	\$601	\$602	\$1,705
Wayne County Zoo	\$19	\$19	\$53
Detroit Institute of Arts	\$37	\$37	\$105
Total	\$16,158	\$16,167	\$45,830

Conclusion

The estimated total capital investment for this project is **\$5,195,888**. It is also estimated that the completed project will create 1 developer job, 30 tenant positions and 30 temporary construction jobs. The 12-year Commercial Redevelopment tax abatement is estimated to provide the developer a *tax savings* on the new investment of **\$390,039**.

Based on the investment and jobs, this project is also estimated to provide the City of Detroit a net benefit of **\$90,855** and all of the impacted taxing units, a net benefit of **\$91,825**, over the 12 years of the Commercial Redevelopment tax abatement.

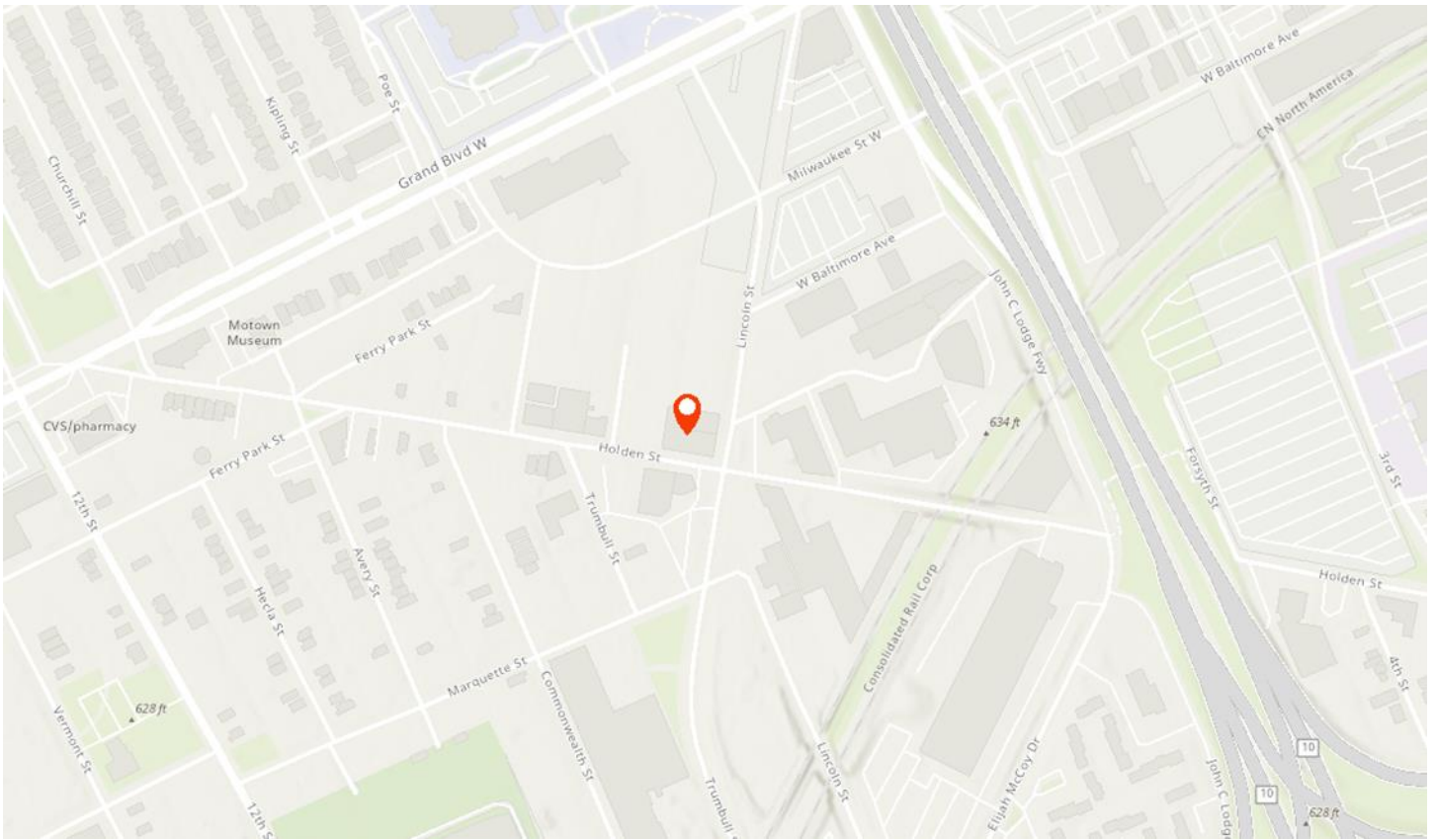
Please contact us if we can be of any further assistance.

Attachments: **Assessor's Letter dated, February 19, 2024**

Attachments

cc: Auditor General's Office
Antoine Bryant, Planning and Development Department
Julie Schneider, HRD
Veronica Farley, Law Department
Justus Cook, HRD
Stephanie Grimes Washington, Mayor's Office
Hassan Beydoun, Jobs & Economy Team
Brittney Hoszkiw, Jobs & Economy Team
Gail Fulton, Mayor's Office
Malik Washington, Mayor's Office
Kevin Johnson, DEGC
Kenyetta Bridges, DEGC
Jennifer Kanalos, DEGC
Brian Vosburg, DEGC
Cora Capler, DEGC
Glen Long, DEGC
David Howell, DEGC
Christopher Hughes, DEGC
Jay Rising, OCFO
John Naglick, OCFO
Tanya Stoudemire, OCFO
Steven Watson, OCFO

⁹ Existing Annual Taxes: **\$16,158** New Annual Taxes AFTER (During) Incentive: **\$16,167** New taxes Without Incentive (after the incentive expires): **\$45,830**



Current building¹⁰

¹⁰ 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

February 19, 2024

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

RE: **Requesting Commercial Facilities Tax Exemption Certificate as amended;**
 Owner: 1400 Holden LLC
 Addresses: 1420 Holden, 1432 Holden, 1440 Holden, 1444 Holden, and 6217 Lincoln
 Parcel Numbers: 06001557-9, 06001556, 06001555, 06001554, and 06005642.002L

Dear Mr. Antoine Bryant:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the application for a Commercial Facilities Tax Exemption Certificate for the properties located at 1420 Holden, 1432 Holden, 1440 Holden, 1444 Holden, and 6217 Lincoln **in the NW Goldberg** area of the City of Detroit.

The rationale for creating Commercial Redevelopment Districts under PA 255 of 1978, as amended, is based on the anticipation of increased market value upon completion of new construction and/or significant restoration of commercial and former industrial property where the primary purpose and use of which is the operation of a commercial business enterprise and shall include office, engineering, research and development, warehousing parts distribution, retail sales, hotel or motel development, and other commercial facilities. Commercial business enterprise also includes a business that owns or operates a transit-oriented development or a transit-oriented facility. Normal repair and maintenance are not assessed and do not necessarily generate additional market value.

The combined 2023 values are as follows:

Addresses	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
1420 Holden, 6217 Lincoln, 1432 Holden, 1440 Holden, & 1444 Holden	\$ 180,203	\$ 108,985	\$ 5,394	\$ 3,262

The project proposed by **1400 Holden LLC** consists of one 2-story office building, a single, one-story store-retail building, and three commercial parking lots. The owner plans to rehabilitate the commercial portion of the first floor of the building located across 1420 Holden, 1432 Holden, 1440 Holden, 1444 Holden, and 6217 Lincoln, Detroit, Michigan. The owner proposes to create approximately 13,440 rentable square feet (14,250 gross sq ft) of commercial space for use by approximately six small Detroit businesses in the Elijah McCoy neighborhood. In addition, the owner will rehabilitate the second floor and the remaining portion of the first floor of the building into approximately twenty (20) apartments which will not be the subject to a P.A. 255 abatement but instead for which the owner will submit a separate application for an NEZ certificate. A parcel combination for the five parcels is anticipated in the near future. The restoration to the properties exterior and interior requires extensive reconfiguration and upgrades, including replacement of substantial portions of carpentry, roofing, windows, glass, drywall, flooring, plumbing, and HVAC. **This CFT certificate request is solely for the commercial portion of the properties. The amendment corrects the applicant's name.**

This area meets the criteria set forth under PA 255 of 1978, as amended. It applies to functionally obsolete properties requiring restoration meaning changes to obsolete commercial property other than replacement as may be required to restore the property, together with all appurtenances, to an economically efficient condition.



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 Facilities Exemption Certificate Request (Amended)

Owner: 1400 Holden LLC

Addresses: 1420 Holden, 1432 Holden, 1440 Holden, 1444 Holden, and 6217 Lincoln

Parcel Numbers: 06001557-9, 06001556, 06001555, 06001554, and 06005642.002L

Page 2

A review of the project details and relevant statutes indicated that the facility located at **1420 Holden, 1432 Holden, 1440 Holden, 1444 Holden, and 6217 Lincoln** is eligible for the proposed Commercial Facilities Certificate pursuant to PA 255 of 1978, as amended.

Sincerely,

Charles Ericson, MMAO
Assessor, Board of Assessors



Commercial Facilities Exemption Certificate Request (Amended)

Owner: 1400 Holden LLC

Addresses: 1420 Holden, 1432 Holden, 1440 Holden, 1444 Holden, and 6217 Lincoln

Parcel Numbers: 06001557-9, 06001556, 06001555, 06001554, and 06005642.002L

Page 3

Parcel Number	Property Address	Property Owner	Legal Description
06001557-9	1420 Holden	1400 Holden LLC	N HOLDEN 13-14 & S 70 FT 15-16-17 AVERY & VAN HUSANS SUB L11 P13 PLATS, W C R 6/98 150 X IRRG (13800 SF)
06005642.002L	6217 Lincoln	1400 Holden LLC	W LINCOLN N 55 FT OF LOTS 17 THRU 15 AVERY & VAN HUSANS SUB L11 P13 PLATS, W C R 6/98 55 X 90
06001556	1432 Holden	1400 Holden LLC	N HOLDEN 12 AVERY & VAN HUSANS SUB L11 P13 PLATS, W C R 6/98 30 X 125
06001555	1440 Holden	1400 Holden LLC	N HOLDEN 11 AVERY & VAN HUSANS SUB L11 P13 PLATS, W C R 6/98 30 X 125
06001554	1444 Holden	1400 Holden LLC	N HOLDEN 9-10 AVERY & VAN HUSANS SUB L11 P13 PLATS, W C R 6/98 60 X 125

Note: a parcel modification is pending, and parcels are expected to be combined.

