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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: May 21, 2024

RE: Application for an **Obsolete Property Rehabilitation Certificate** by  
**16703 Warren BD, LLC** Public Act 146 of 2000

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.

16703 Warren BD, LLC, led by partners Damon Dickerson and Brandon Hodges, is the project developer of the property located at **16703 E. Warren**, in City Council District 4, which is the East English Village Neighborhood. The project consists of the redevelopment of a vacant 3-story mixed use building. Constructed in 1935, according to published reports, the plan includes converting the space into three commercial units on the ground floor, including La Jalisciense Restaurant,<sup>1</sup> and six residential units above, for a total of 8,600 square feet, will be known as *The Deco*.<sup>2</sup> The ground floor will include 4,000 square feet of commercial space.<sup>3</sup> The developer plans to renovate the abandoned and vacant building, by installing a new roof, updating the building's mechanical, electrical and plumbing systems, high quality unit finishes and structural enhancement to ensure the building's longevity.

With its art deco design, the developer views, "16703 is a diamond in the rough"<sup>4</sup>

<sup>1</sup> [La Jalisciense \(lajalisciensedetroit.com\)](http://lajalisciensedetroit.com)

<sup>2</sup> The redevelopment of the former Beauty School at 16703 E. Warren Avenue. The development team has affectionately named the project "The Deco," as an homage to its Art Deco inspired features and unique brick façade. ["The Deco" Project — East English Village](#)

<sup>3</sup> [\\$35M in new investments revive Detroit's East Warren/Cadieus neighborhood \(detroitnews.com\)](#) by Sarah Rahal  
*The Detroit News*, September 24, 2023

<sup>4</sup> ["The Deco" Development is Helping Revitalize Detroit's East Side | The Michigan Chronicle](#) by Ebony JJ Curry, Senior Reporter, Michigan Chronicle, February 6, 2024

**Total Residential Units**

Studios 2 units; 550 avg SF; \$975/month rent  
 1-Bed 4 units; 600 avg SF; \$1,250/month rent

**DEGC Property Tax Abatement Evaluation**

**Project: 16703 E Warren**

**Developer: BD Development Advisors LLC**

<b>Description of Incentive: Obsolete Property Rehabilitation Act (PA 146 OPRA)</b>	
<b>DEGC Abatement Term Recommendation</b>	<b>12 years</b>
<b>Location</b>	
Address	16703 E Warren
City Council District	4
Neighborhood	East English Village
Located in HRD/SNF Targeted Area	Yes
<b>Building Use</b>	
<b>Total Square Footage (SF)</b>	
Residential SF	3,500
Commercial SF	N/A
Retail SF	3,700
Industrial SF	N/A
<b>Total Residential Units</b>	
Studios	2 units; 550 avg SF; \$975/month rent
1-Bed	4 units; 600 avg SF; \$1,250/month rent
2-Bed	N/A
3-Bed	N/A
<b>Project Description</b>	
<p>The redevelopment at 16703 E. Warren is a \$4.4M rehabilitation of a vacant two-story building on the E. Warren/Cadieux commercial corridor. The development team will activate the space into six renovated apartment units as well as approximately 3,700 sf of ground floor commercial space. The building will benefit from a new roof structure, updated mechanical, electrical, and plumbing systems, high quality unit finishes, as well as structural enhancements to ensure the longevity of the building. The development team will also activate an adjacent abandoned parking lot into a public plaza featuring modular pop-up opportunities for local small businesses as well as landscaping and seating to enhance the pedestrian experience. The project is anticipated to create 8 new tenant-based retail jobs as well as additional workforce opportunities across building maintenance and property management.</p>	
<b>Sources and Uses of Capital Summary</b>	
Total Investment	\$4,408,000
Sources	Senior Debt: \$850K (19%); SNF Grant: \$2.0M (45%); RAP Grant: \$1.2M (27%); City 2 <sup>nd</sup> Story Program: \$80K (2%); Owner Equity: \$286K (6%)
Uses	Acquisition: \$75K (2%); Hard Costs: \$3.8M (85%); Soft Costs: \$565K (13%)
<b>Project Economic Benefits Summary</b>	
Estimated Jobs (FTE/Construction)	8 Tenant FTE / 30 Construction
Estimated City benefits before tax abatement	<b>\$576,034</b>
Total estimated City value of abatement	<b>(\$161,232)</b>
Less cost of services & utility deductions	<b>(\$221,209)</b>
Net Benefit to City with abatement	<b>\$193,592</b>

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

	Amount
Real Property Taxes, before abatement	\$161,232
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$48,959
Municipal Income Taxes - Indirect Workers	\$15,059
Municipal Income Taxes - Corporate Income	\$16,095
Municipal Income Taxes - Construction Period	\$30,040
Municipal Income Taxes - New Res. Inhabitants	\$29,509
Utility Revenue	\$100,526
Utility Users' Excise Taxes	\$13,034
State Revenue Sharing - Sales Tax	\$600
Building Permits and Fees	\$60,000
Miscellaneous Taxes & User Fees	\$100,979
<u>Subtotal Benefits</u>	<u>\$576,034</u>
Cost of Providing Municipal Services	(\$120,683)
Cost of Providing Utility Services	(\$100,526)
<u>Subtotal Costs</u>	<u>(\$221,209)</u>
Net Benefits	\$354,825

**Impacted Taxing Units: Incentive Summary over the First 12 Years**

	Additional Benefits		Real Property Tax	Business Personal Property Tax	Utility Users Tax & Corporation Income Tax Exemption	Net Benefits After Tax Abatements & Incentives
	Before Tax Abatements	Additional Costs	Abatement	Abatement		
City of Detroit	\$576,034	(\$221,209)	(\$161,232)	\$0	\$0	\$193,592
Wayne County	\$56,539	(\$15,136)	(\$38,311)	\$0	\$0	\$3,091
Detroit Public Schools	\$349,658	(\$196,444)	(\$62,414)	\$0	\$0	\$90,800
State Education	\$28,806	\$0	\$0	\$0	\$0	\$28,806
Wayne RESA	\$26,058	\$0	(\$26,058)	\$0	\$0	\$0
Wayne County Comm. College	\$15,460	\$0	(\$15,460)	\$0	\$0	\$0
Wayne County Zoo	\$476	\$0	(\$476)	\$0	\$0	\$0
Detroit Institute of Arts	\$953	\$0	(\$953)	\$0	\$0	\$0
Total	\$1,053,985	(\$432,788)	(\$304,906)	\$0	\$0	\$316,291

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**DEGC Chart of Taxes Before, During & After the Incentive<sup>6</sup>**

	Existing Taxes	New Taxes <i>With</i> Incentive(s)	New Taxes <i>Without</i> Incentive(s)
City of Detroit	\$2,461	\$2,462	\$13,033
Library	\$394	\$394	\$2,085
Wayne County	\$678	\$679	\$3,592
Detroit Public Schools	\$2,554	\$8,778	\$13,525
State Education	\$510	\$2,701	\$2,701
Wayne RESA	\$461	\$462	\$2,443
Wayne County Comm. College	\$274	\$274	\$1,450
Wayne County Zoo	\$8	\$8	\$45
Detroit Institute of Arts	\$17	\$17	\$89
Total	\$7,357	\$15,775	\$38,963

<sup>5</sup> Charts courtesy of the DEGC

<sup>6</sup> Existing Annual Taxes: \$7,357 - New Annual Taxes DURING the Incentive: \$15,775 & Taxes after the Incentive EXPIRES: \$38,963

## Conclusion

The estimated total capital investment for this project is **\$4.4 million**. It is also estimated that the completed project will create 8 tenant and 30 temporary construction jobs. The total value of the 12-year OPRA tax savings is estimated at **\$304,906**.

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$193,592**, and all of the impacted taxing units, a net benefit of **\$316,291**, 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>7</sup>

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

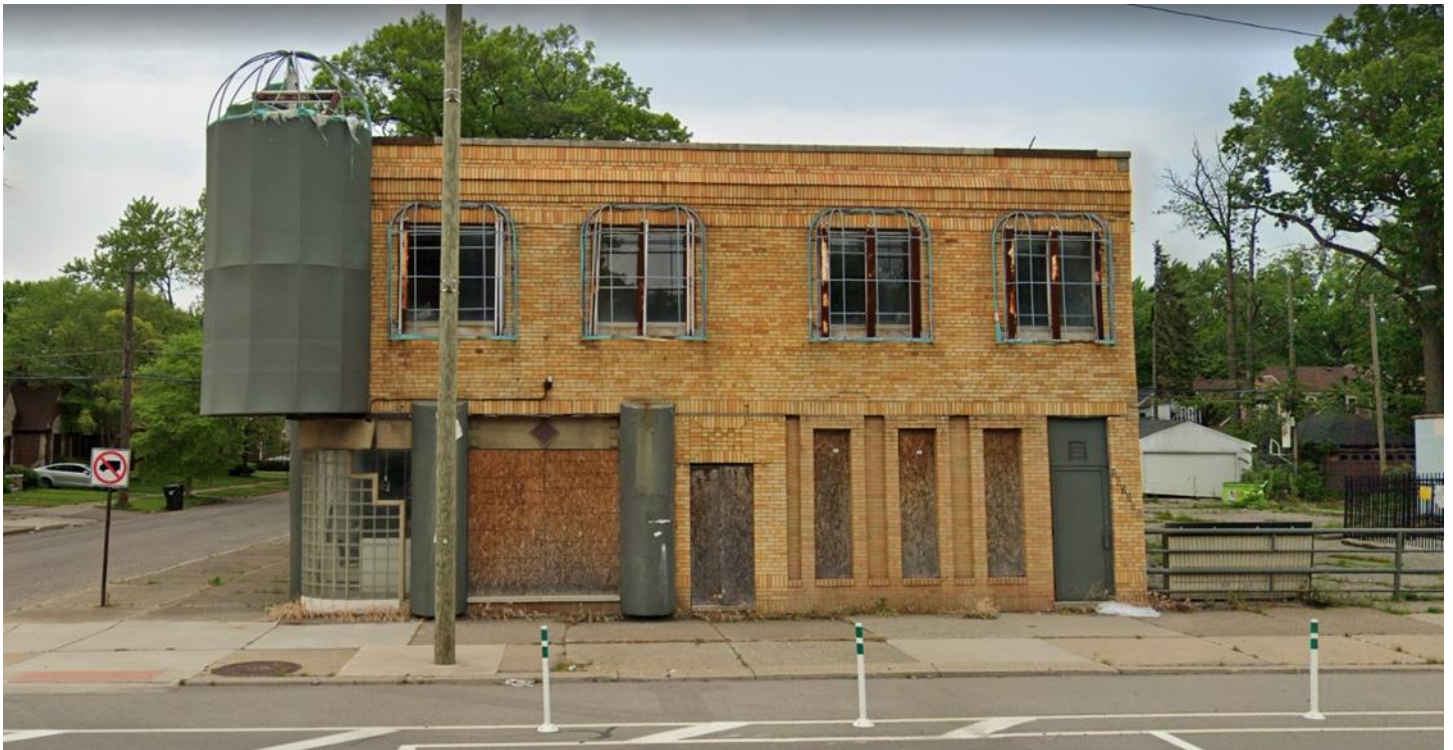
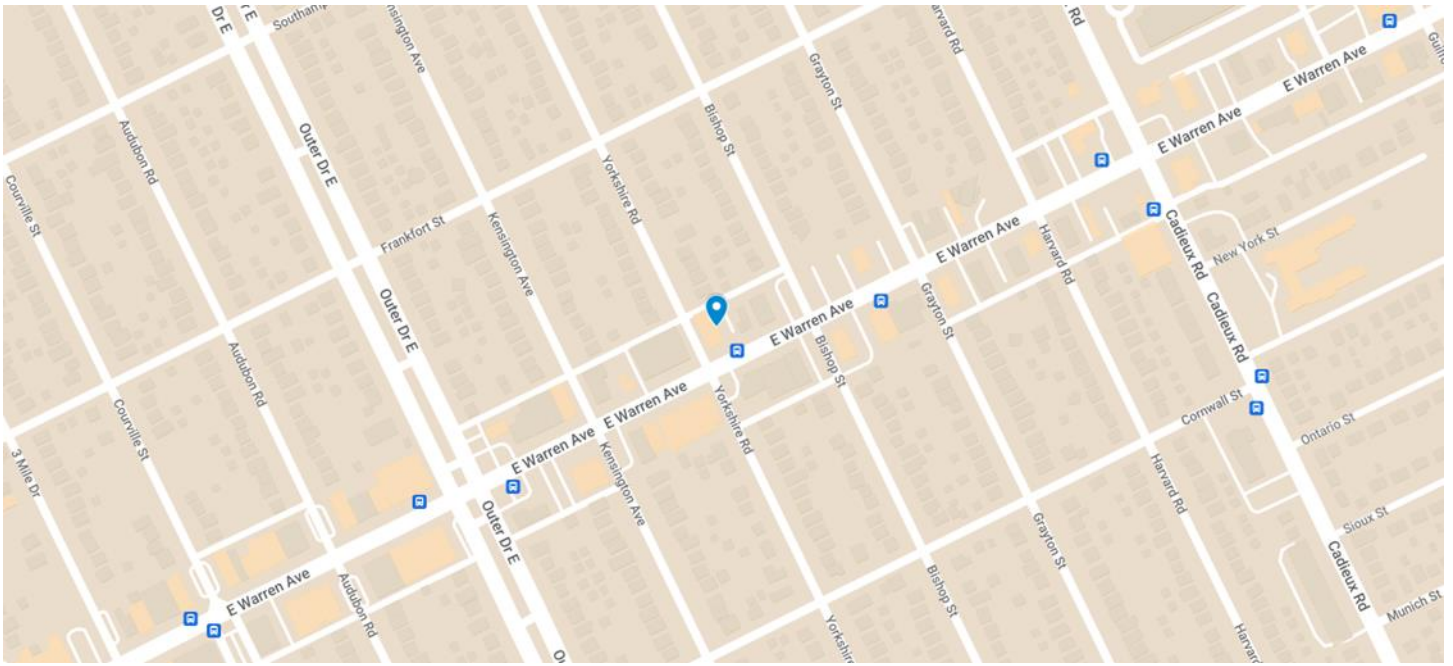
Attachments: **Assessor's Letter dated, May 20, 2024**

## 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

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<sup>7</sup> MCL 125.2792 (1) [Michigan Legislature - Section 125.2792](#)



16703 E Warren<sup>8</sup>

<sup>8</sup> Source of map and photo: DEGC



**Rendering of 16703 E Warren<sup>9</sup>**

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<sup>9</sup> Source of rendering: DEGC



May 20, 2024

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

Re: **Obsolete Property Rehabilitation Certificate (Amended) – 16703 Warren BD LLC**  
 Address: 16703 E. Warren  
 Parcel Number: 21002907.

Dear Mr. Bryant:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the proposed Obsolete Property Rehabilitation certificate application for the property located at **16703 E. Warren** located in the **East English Village** 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 2023 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
21002907.	16703 E. Warren	\$ 85,000	\$ 85,000	\$ 7,900	\$ 7,900

The project as proposed by the **16703 Warren BD LLC** consists of a vacant two-story mixed-use building built in 1935 with 8,421 square feet on 0.101 acres of land. The proposed project consists of rehabilitating and configuring the property into six renovated apartment units on the second floor as well as approximately 4,000 sf of ground floor commercial/retail space. The building will benefit from a new roof structure, updated mechanical, electrical, and plumbing systems, high quality unit finishes, as well as structural enhancements to ensure the longevity of the building. The building will undergo major renovations including roof replacement, all major mechanical, plumbing, and electrical systems replacement.

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.



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

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**Obsolete Property Rehabilitation Certificate (Amended)**

16703 Warren BD LLC

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A review of the project plan and related statutes indicated that the proposed Obsolete Property Rehabilitation Certificate located at **16703 E. Warren** 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 (Amended)**

16703 Warren BD LLC

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Property Address: 16703 E. WARREN

Parcel Number: 21002907.

Property Owner: 16703 Warren BD LLC

Legal Description: N WARREN E 1&2 GROSSE POINTE VIEW SUB L48 P35 PLATS, W C R 21/717 43.95 IRREG

