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 **Angela Gallegos** Willene Green **Christopher Gulock, AICP** 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 **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

David Whitaker, Director FROM:

Legislative Policy Division Staff

DATE: November 6, 2024

RE: Stanton Yards (9602-9636 E. Jefferson) Commercial Facilities Tax

**Exemption Certificate** 

#### The Commercial Redevelopment Act, PA 255 of 1978

The Commercial Redevelopment Act, PA 255 of 1978, is a state statute that allows for the granting of a tax incentive that provides for the establishment of commercial redevelopment districts in local governmental units. A Commercial Facilities Exemption Certificate entitles an eligible facility to an exemption from ad valorem real property taxes for a term of 1-12 years, as determined by the local governmental unit. City Council approved the district for this project on October 29, 2024.

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.

The developer, Little Village Marina, LLC, seeks to redevelop the former Gregory Marina. The new development is aptly renamed the Stanton Yards in homage to the adjoining waterway's

<sup>&</sup>lt;sup>1</sup> Accessories or other items associated with a particular activity or style of living.

original name Stanton Canal and in celebration of the site's industrial history.<sup>2</sup> The development is located within the Waterworks Park Neighborhood and is situated on two parcels, 9602 E. Jefferson and 9636 E. Jefferson. The 9602 E. Jefferson parcel was a 26,442 square feet single-story marina storage facility located on a 0.937 acre lot. The second parcel, located at 9636 E. Jefferson holds four single-story marina storage buildings that comprise 49,236 square feet on a 10.62 acre lot.

The redevelopment of Stanton Yard will transform the property from a service and storage-based facility into a cultural and artistic community hub, with a mix of commercial, retail, creative and educations spaces and the activation of an outdoor plaza. The transformation and adaptive reuse of five existing commercial buildings will require significant interior and exterior work, including but not limited to strategic building and site demolition, roof and window replacements, updating building facades, and upgrades to the plumbing, electrical and HVAC systems.

Impacted Taxing Units: Incentive Summary Over the First 12 Years

				Business		
	Additional			Personal		After Tax
	Benefits Before	Additional	Real Property Tax	Property Tax	Brownfield	Abatements &
Jurisdiction	Tax Abatements	Costs	Abatment	Abatement	Tax Capture	Incentives
City of Detroit	\$1,452,989	(\$237,005)	(\$913,412)	\$0	\$0	\$302,572
Wayne County	\$237,349	(\$3,235)	(\$231,512)	\$0	\$0	\$2,602
Detroit Public Schools	\$872,492	(\$10,406)	(\$860,864)	\$0	\$0	\$1,222
State Education	\$174,481	\$0	(\$174,481)	\$0	\$0	\$0
Wayne RESA	\$157,646	\$0	(\$157,646)	\$0	\$0	\$0
Wayne County Comm. College	\$93,644	\$0	(\$93,644)	\$0	\$0	\$0
Wayne County Zoo	\$2,885	\$0	(\$2,885)	\$0	\$0	\$0
Detroit Institute of Arts	\$5,775	\$0	(\$5,775)	\$0	\$0	\$0
Total	\$2,997,261	(\$250,646)	(\$2,440,218)	\$0	\$0	\$306,396

-

<sup>&</sup>lt;sup>2</sup> https://lscgallery.com/Stanton-yards

### Stanton Yards (9602-9636 E. Jefferson) - PA 255 CFE Impact Analysis Summary

City of Detroit: Incentive Summary Over the First 12 Years

	Additional			Business		Net Benefits	Present Value
	Benefits		Real	Personal		After Tax	of NB After Tax
	Before Tax	Additional	Property Tax	Property Tax	Enter Incentive	Abatements	Abatement
Year	Abatements	Costs	Abatement	Abatement	Description*	& Incentives	& Incentives
1	\$340,075	(\$17,671)	(\$68,104)	\$0	\$0	\$254,301	\$254,301
2	\$91,455	(\$18,024)	(\$69,466)	\$0	\$0	\$3,965	\$3,776
3	\$93,284	(\$18,385)	(\$70,855)	\$0	\$0	\$4,045	\$3,669
4	\$95,150	(\$18,753)	(\$72,272)	\$0	\$0	\$4,125	\$3,564
5	\$97,053	(\$19,128)	(\$73,718)	\$0	\$0	\$4,208	\$3,462
6	\$98,994	(\$19,510)	(\$75,192)	\$0	\$0	\$4,292	\$3,363
7	\$100,974	(\$19,900)	(\$76,696)	\$0	\$0	\$4,378	\$3,267
8	\$102,994	(\$20,298)	(\$78,230)	\$0	\$0	\$4,466	\$3,174
9	\$105,053	(\$20,704)	(\$79,794)	\$0	\$0	\$4,555	\$3,083
10	\$107,155	(\$21,118)	(\$81,390)	\$0	\$0	\$4,646	\$2,995
11	\$109,298	(\$21,541)	(\$83,018)	\$0	\$0	\$4,739	\$2,909
12	\$111,503	(\$21,972)	(\$84,678)	\$0	\$0	\$4,853	\$2,837
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$1,452,989	(\$237,005)	(\$913,412)	\$0	\$0	\$302,572	\$290,399

Total Incentive	\$913,412
Rate of Return	11.1%
Payback period (years)	8.5

<u>Project Summary</u>				
Total Capital Invest	tment	\$12,240,000		
Job Creation	Direct	2.0		
	Indirect& Induced	0.5		
	Total Jobs	2.5		
Average Salaries	Direct	\$45,000		
	Indirect& Induced	\$65,322		
	<b>Total Salaries</b>	\$49,064		

Source of Additional Benefits Before Tax A	Abatements Over	the Next 12 Years
Real Property Taxes, before abatement	\$913,412	62.9%
Personal Property Taxes, before abatement	\$0	0.0%
New Residential Property Taxes	\$0	0.0%
Municipal Income Taxes - Direct Workers	\$19,555	1.3%
Municipal Income Taxes - Indirect Workers	\$5,204	0.4%
Municipal Income Taxes - Corporate Income	\$4,024	0.3%
Municipal Income Taxes - Construction Period	\$150,413	10.4%
Municipal Income Taxes - New Res. Inhabitants	\$0	0.0%
Utility Revenue	\$219,395	15.1%
Utility Users' Excise Taxes	\$20,655	1.4%
State Revenue Sharing - Sales Tax	\$117	0.0%
Building Permits and Fees	\$100,000	6.9%
Miscellaneous Taxes & User Fees	\$20,215	1.4%
Subtotal Benefits	\$1,452,989	100.0%

# Source of Additional Costs Over the Next 12 Years Cost of Providing Municipal Services (\$17,610) 7.4% Cost of Providing Utility Services (\$219,395) 92.6% Subtotal Costs (\$237,005) 100.0%

#### Source of Net Benefits after Tax Abatements and Incentives Over the Next 12 Years

\$0	Real Property Taxes
\$0	Personal Property Taxes
\$0	New Residential Property Taxes
\$179,196	Municipal Income Taxes
\$0	Net Utility Revenue
\$20,655	Utility Users' Excise Taxes
\$117	State Revenue Sharing - Sales Tax
\$100,000	<b>Building Permits and Fees</b>
\$20,215	Miscellaneous Taxes & User Fees
(\$17,610)	Cost of Providing Municipal Services
\$302,572	Total Net Benefits

#### **DEGC Property Tax Abatement Evaluation**

#### **Stanton Yards**

Developer: Little Village Marina LLC

Description of Incentive: PA 255 CFE provides p	roperty tax exemption for the rehabilitation of commercial facilities.		
Existing property taxes are frozen at pre-renova	ted ad valorem rate.		
Request Type	PA 255 Certificate		
DEGC Recommendation	12-Year Approval of PA 255 Certificate		
Location			
Address	9602 & 9636 E. Jefferson		
City Council District	District 5		
Neighborhood	Waterworks Park		
Located in HRD/SNF Targeted Area N/A			
Building Use			
Total Square Footage (SF)	65,430 SF		
Residential SF	N/A		
Commercial SF	33,717 SF		
Retail SF	31,713 SF		
Industrial SF	N/A		
Total Residential Units	N/A		
Studios	N/A		
1-Bed	N/A		
2-Bed	N/A		
3-Bed	N/A		

The redevelopment of the Stanton Yards, formerly known as the Gregory Marina, will transform the property from a service and storage-based facility into a mixed-use cultural amenity and arts hub for the City of Detroit. The name "Stanton Yards" references and celebrates the industrial history of the site's existing structures while paying homage to the waterway's original designation as the Stanton Canal. The site's transformation into a pedestrian-friendly extension of the Little Village cultural corridor in the East Village will provide the only opportunity for pedestrian waterfront access in the immediate neighborhood.

Conversations are ongoing with several potential tenants to bring arts-focused nonprofits and arts-based cultural or educational institutions to the neighborhood, while also adding a mix of retail. A supplemental attachment is included related to prospective building use and potential unaffiliated tenant job generation.

Sources and Uses of Capital Summary				
Total Investment	\$15,616,670			
Sources	Equity: \$15.6M (100%)			
Uses	Acquisition: \$2.1M (13%); Hard Costs: \$12.2M (78%); Soft Costs: \$1.3M (8%)			
Project Economic Benefits Summary				
Estimated Jobs (FTE/Construction)	2 FTE   150 Construction			
Estimated City benefits before tax abatement	\$1,452,989			
Total estimated City value of abatement	\$913,412			
Less cost of services & utility deductions	\$237,005			
Net Benefit to City with abatement	\$302,572			

#### Conclusion

The estimated total capital investment for this project is \$15,616,670. It is also estimated that the completed project will create 2 developer jobs, and 150 temporary construction jobs. The 12-year Commercial Redevelopment tax abatement is estimated to provide the developer a *tax savings* on the new investment of \$2,440,218.

Based on the investment, this project is also estimated to provide the City of Detroit a net benefit of \$302,572 and all of the impacted taxing units combined, a net benefit of \$306,396, 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, September 27, 2024

#### **Attachments**

cc: Auditor General's Office

Antoine Bryant, Planning and Development Department

Julie Schneider, HRD

Veronica Farley, Law Department

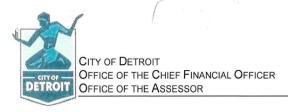
Justus Cook, HRD

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
Derrick Headd, 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



COLEMAN A. YOUNG MUNICIPAL CENTER 2 WOODWARD AVE., SUITE 824 DETROIT, MI 48226

PHONE: 313•224•3011 Fax: 313•224•9400

September 27, 2024

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

RE:

Commercial Facilities Exemption Certificate Request

Little Village Marina LLC

9602 and 9636 E. Jefferson Ave

Parcel Numbers: 19006137-8 and 19000013-5

Dear Mr. 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 **9602** and **9636** E. Jefferson Ave in the Marina District area of the City of Detroit.

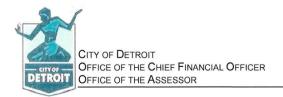
The rationale for creating Commercial Redevelopment Districts under PA 255 of 1978, as amended, is based on the anticipation of increased market value upon completion of new construction and/or significant restoration of commercial and former industrial property where the primary purpose and use of which 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 enterprises also include 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 2024 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)		Land Assessed Value (SEV)	Land Taxable Value
19006137-8	9602 E. Jefferson Ave	\$229,800	\$229,800	\$34,700	\$34,700
19000013-5	9636 E. Jefferson Ave	\$547,400	\$547,400	\$945,700	\$945,700

The project proposed by **Little Village Marina LLC** consists of two tax parcels. Parcel 19006137-8 features a single-story marina storage facility located at 9602 E. Jefferson. This building, constructed in 1988, spans a total area of 26,442 square feet and sits on a 0.937-acre lot. The second parcel, identified as 19000013-5, features four single-story marina storage buildings situated at 9636 E. Jefferson. These facilities cover a total area of 49,236 square feet and were constructed in 1961, all resting on a 10.622-acre plot of land. The owner plans to redevelop the property on Jefferson Avenue in the Waterworks Park neighborhood from a service and storage-based facility into a waterfront cultural amenity and mixed-use campus for the City of Detroit. The project, named Stanton Yards, will consist of a cultural and artistic community hub, with a mix of commercial, retail, creative, and educational spaces and the activation of an outdoor plaza. Across both parcels, the owner proposes redeveloping the buildings including approximately 65,000 square feet of building space for the mixed-use campus. A parcel combination of the two parcels is anticipated in the near future. The transformation and adaptive reuse of five existing commercial buildings will require significant interior and exterior work, including but not limited to strategic building and electrical work, new HVAC systems and boilers, interior build out of multiple retail and studio areas, and the conversion of an old gas dock into a restaurant space.

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.



COLEMAN A. YOUNG MUNICIPAL CENTER 2 WOODWARD AVE., SUITE 824 DETROIT, MI 48226

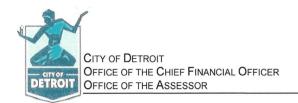
PHONE: 313•224•3011 FAX: 313•224•9400

Commercial Facilities Exemption Certificate Request Little Village Marina LLC 9602 and 9636 E. Jefferson Ave 19006137-8 and 19000013-5 Page 2

A review of the project details and relevant statutes indicated that the facility located at **9602 and 9636 E.**Jefferson Ave is eligible for the proposed Commercial Facilities Certificate pursuant to PA 255 of 1978, as amended.

Sincerely,

Charles Ericson, MMAO Assessor, Board of Assessors



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 Little Village Marina LLC Page 3

Parcel Numbers: 19006137-8 and 19000013-5

Parcel Number	Property Address	Property Owner	Legal Description
19006137-8	9602 E. Jefferson	Little Village Marina LLC	E PARKVIEW ALL THAT PT OF P C 152 DESC AS
			BEG AT SE COR JEFFERSON AVE 120 FT WD &
			PARKVIEW DR 80 FT WD TH SLY ALG SD
			PARKVIEW DR 250 FT TH ELY AT R A 148.84 FT
			TH NLY AT R A 299.48 FT TO SLY LINE SD
			JEFFERSON AVE TH SWLY ALG SD SLY LINE
			156.85 FT TO P O B 19/ 40,892 SQ FT
19000013-5	9636 E. Jefferson	Little Village Marina LLC	S E JEFFERSON PT OF P C 152 BG E 188.84 FT
			MEASURED AT R A TO E LINE OF SD P C 152
			LYG SLY OF & ADJ JEFFERSON AVE 19/ 199
			IRREG

Note: parcels are expected to be combined.

