

New Business
4.16.2019

**BUDGET,
FINANCE, AND
AUDIT STANDING
COMMITTEE**



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April 10, 2019

Honorable City Council:

RE: Request for the Office of the Assessor to Recommend to Council to Council Modifications To Neighborhood Enterprise Zone Homestead Areas

The Office of the Assessor was asked by this honorable body to review the existing fifty-two Neighborhood Enterprise Zone – Homestead (NEZ-H) areas for the purpose of determining if the existing NEZ-H areas are serving the purposes defined in Public Act 147 of 1992 (NEZ Act) as amended and if it would be possible to add additional NEZ-H areas in the City of Detroit.

NEZ-H's are established by a local government unit (LGU) who meets the qualifications of an "Eligible Distressed Community" and desires to provide for the development and rehabilitation of residential housing. The NEZ-H covers only pre-existing residential property, located within a subdivision platted pursuant to state law before January 1, 1968. The LGU determines the areas to be established as an NEZ-H. Each area must contain not less than 10 platted parcels of land which are compact and contiguous. An NEZ-H shall not exceed 10 percent of the total acreage contained within the boundary of the LGU. If approved by the County Board of Commissioners or the County Executive, the NEZ-H areas can contain up to 15 percent of the total acreage of the LGU.

While only owner-occupied residential properties are eligible for NEZ-H status, a review of the existing legal descriptions for each of the fifty-two areas does reveal that ineligible properties were included and that ineligible property was counted in the total area of the abated property. By removing these ineligible properties from the legal descriptions, the total city acreage abated by NEZ-H falls to 11.98 percent of the total acreage of the City of Detroit.

The Office of the Assessor has also reviewed each of the fifty-two existing NEZ-H areas to determine if they are serving the purpose of Public 147 of 1992 (NEZ Act) and if not, would it be possible to modify the acreage of existing NEZ-H areas and create new NEZ-H areas in other parts of the City of Detroit. While I would strongly urge members of Detroit City Council to have the appropriate legal agency review this question, the Office of the Assessor believes that Detroit City Council has the authority to modify existing NEZ-H areas and create new NEZ-H areas. It appears to the Office of the Assessor that as long as the City of Detroit meets the qualifications of an "Eligible Distressed Community" then the governing body of the local government unit has the authority specifically mentioned in P.A. 147 of 1992, Section 207.772 Section 3 (1) which reads in part:

- (1) *The governing body of a local governmental unit by resolution may designate 1 or more neighborhood enterprise zones within that local governmental unit. Except as otherwise provided in this subsection, a neighborhood enterprise zone shall contain not less than 10 platted parcels of land. A neighborhood enterprise zone located in a qualified downtown revitalization district may contain less than 10 platted parcels if the platted parcels together contain 10 or more facilities. All the land within a neighborhood enterprise zone shall also be compact and contiguous. Contiguity is not broken by a road, right-of-way, or property purchased or taken under condemnation if the purchased or condemned property was a single parcel prior to the sale or condemnation.*



Additionally, I believe the Section 207.772 Section 3 (5) addresses the ability of the governing body of the local government unit to modify existing NEZ-H areas. This section reads in part:

(5) A resolution designating a neighborhood enterprise zone, other than a zone designated under subsection (2), may be repealed or amended not sooner than 3 years after the date of adoption or of the most recent amendment of the resolution by the governing body of the local governmental unit. The repeal or amendment of the resolution shall take effect 6 months after adoption. However, an action taken under this subsection does not invalidate a certificate that is issued or in effect and a facility for which a certificate is issued or in effect shall continue to be included in the total acreage limitations under this section until the certificate is expired or revoked.

The Office of the Assessor believes it would be appropriate for this Honorable Body to consider modifying three of the existing NEZ-H areas with an eye toward reducing the acreage of these areas and creating new NEZ-H areas throughout the city. Specifically we would suggest a review of the following NEZ-H areas:

- Joy Road/Southfield
- Eight Mile/Evergreen
- Cadieux/Mack

The rationale behind this recommendation are that each of these areas has:

- Seen a decline in the value of the residential housing stock
- Seen an increase in the number of ineligible properties
- Has seen a decline in the number of eligible properties

I would like to emphasize that the creation or modification of NEZ-H areas is a matter of policy to be decided by elected officials. The criteria used in this recommendation has been provided to this office by the staff of President Pro Tem Sheffield as she prepares her own resolution to address the NEZ-H issue.

By rewriting the legal descriptions for the existing fifty-two NEZ-H areas and by modifying the areas of the three mentioned in this report, we have created sufficient acreage to extend NEZ-H status to the expiring NEZ New and Rehab areas, which Pro Tem Sheffield has indicated is a priority. This also allows for the creation of three new NEZ-H areas in District 6. Currently there are no NEZ's in this District.

Even with these additions, the percentage of acreage used for NEZ H abatements stands at 12.97 percent of the City of Detroit's total acreage. This would allow this honorable body the opportunity to consider expanding, modifying, or creating new NEZ-H areas.

Respectfully submitted,

Alvin Horhn
Deputy CFO/Assessor



New NEZ-H Zones

#1

Beginning at the intersection of the south line of Michigan Ave (100 ft wide) and the west line of the alley between the east line of PC 40 and west line of PC 61 (west of Western Ave (60 ft wide)), thence southeasterly along said east line of PC 40 to the north line of John Kronk Ave (66 ft wide), thence easterly along said north line of John Kronk Ave to the west line of Livernois Ave (120 ft wide), thence northwesterly along said west line of Livernois Ave to south line of Michigan Ave (100-120 ft wide), thence westerly along said south line of Michigan Ave to the point of beginning.

#2

Beginning at the intersection of the south line of Vernor Hwy (66 ft wide) and the east line of Riverside Dr (50 ft wide), thence southerly along said east line of Riverside Dr to the north line of Industrial Ave (90 ft wide), thence southeasterly along said north line of Industrial Ave to north line of Dearborn Ave (66 ft wide), thence easterly along said north line of Dearborn Ave to the west line of I-75 (variable width), thence northerly along said west line of I-75 to the north line of Fort St (100 ft wide), thence northeasterly along said north line of Fort St to west line of Springwells Ave (66 ft wide), thence northerly along said west line of Springwells Ave to south line of said Vernor Hwy, thence westerly along said south line of Vernor Hwy to the point of beginning.

#3

Beginning at the intersection of the south line of Vernor Hwy (66 ft wide) and the east line of Livernois Ave (66 ft wide), thence southeasterly along said east line of Livernois Ave to the north line of I-75 (variable width), thence northeasterly along said north line of I-75 to the west line of W Grand Blvd (150 ft wide), thence northerly along said west line of W Grand Blvd to north line Lafayette Ave (100 ft wide), thence easterly along said north line Lafayette Ave to the center line of an alley easterly of said W Grand Blvd and westerly of 25th St (60 ft wide), thence northerly along said center line of alley to the south line of lot 5 block 3 B Hubbard's Sub, L5 P49 Plats, thence easterly along said south line of lot 5 block 3 to the line between lots 5 and 6 block 3 B Hubbard's Sub, L5 P49 Plats, thence northerly along said line between lots 5 and 6, continuing northerly along the line between lots 15 and 16 and the centerline of lot 8 block 2 B Hubbard's Sub, L5 P49 Plats, to the south line of said Vernor Hwy, thence westerly along the said south line of Vernor Hwy to the point of beginning.



Modifications to Existing NEZ-H Zones

#1 – Eight Mile - Evergreen

Beginning at the intersections of the south line of 8 Mile Rd (204 ft wide) and the east line of the Telegraph Rd Service Drive, thence southwesterly along said east line of Telegraph Rd Service Drive to the east line of Telegraph Rd (204 ft wide), thence southerly along said east line of Telegraph Rd to the north line of Thomas Hitchman's Sub, L30 P50 Plats, thence easterly along said north line of Thomas Hitchman's sub, continuing easterly along the north line of Pembroke Ave (variable width) to the east line of Shaftsbury (60 ft wide), thence southerly along said east line of Shaftsbury to the north line of St Martins Ave (60 ft wide), thence easterly along said north line of St Martins Ave to the west line of Sunderland Ave (86 ft wide), thence northerly along said west line of Sunderland Ave to the north line of Pembroke Ave (86 ft wide), thence easterly along said north line Pembroke Ave to the west line of Stahelin Ave (60 ft wide), thence northerly along said west line of Stahelin Ave to the north line of Hessel Ave (60 ft wide), thence westerly along said north line of Hessel Ave to the west line of Dachille Sub, L77 P81 Plats, thence northerly along said west line of Dachille Sub to the south line of 8 Mile Rd (204 ft wide), thence westerly along said south line of 8 Mile Rd to the point of beginning.

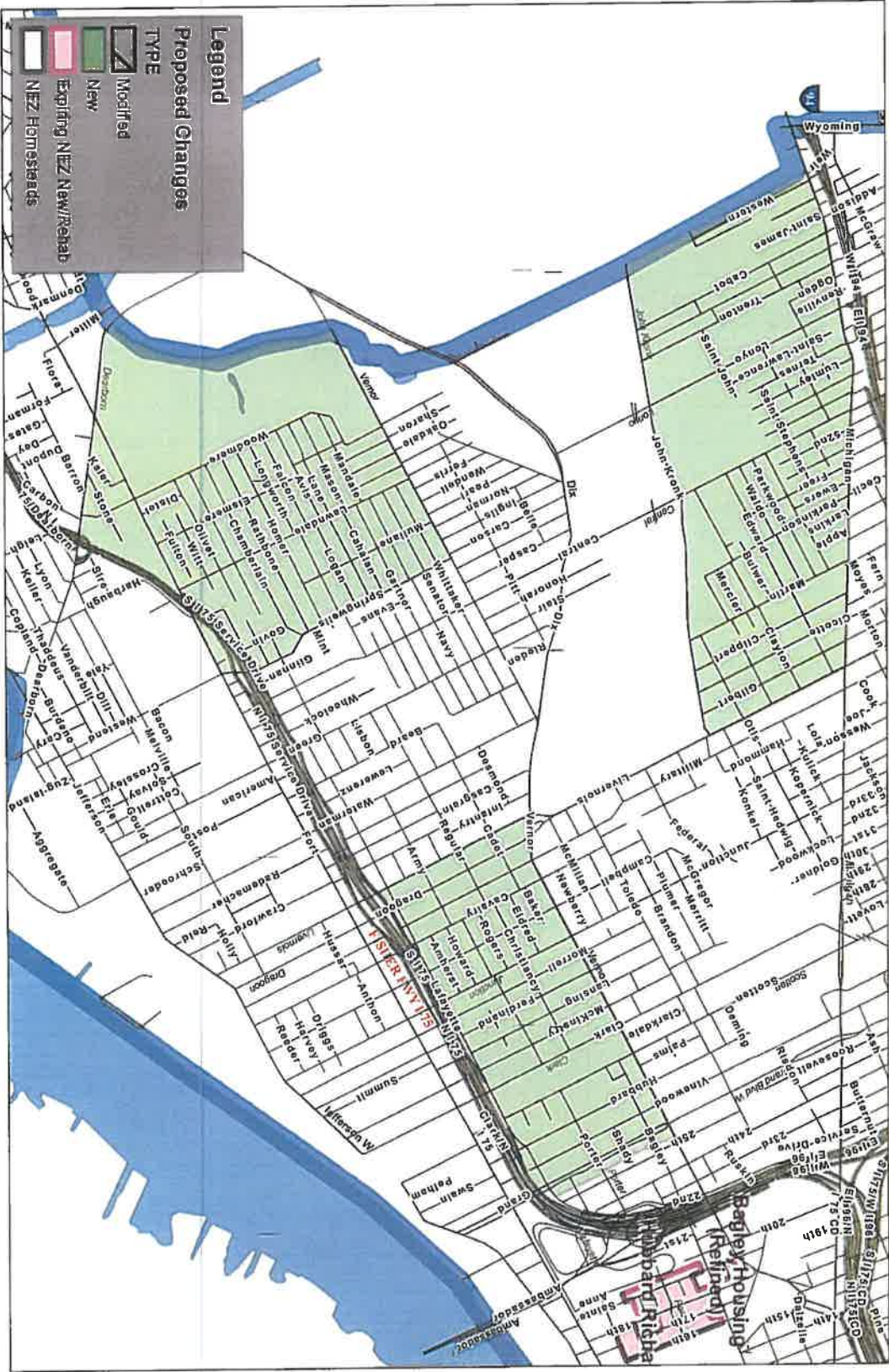
#2 – Joy – Southfield

Beginning at the intersection of the south line of Warren Ave (100 ft wide) and the east line of Heyden Ave (60 ft wide), thence southerly along said east line of Heyden Ave to the north line of Ann Arbor Trail (60 ft wide), thence easterly along said north line of Ann Arbor Trail to the east line of Evergreen Rd (120 ft wide), thence southerly along said east line of Evergreen Rd to the City of Detroit boundary line at the intersection of the said east line of Evergreen Rd and the north line of the Ford Rd service drive, thence northeasterly along said City of Detroit Boundary, continuing northeasterly along the south line of Florence Park Sub, L48 P82, to the intersection of the center line of Piedmont Ave (60 ft wide) and the center line of Kirkwood Ave (55 ft wide), point also being the northwest corner of Florian Taubitz Sub, L67 P69, thence southeasterly along west line of said Florian Taubitz Sub to the north line of Altar Rd (150 ft wide), thence easterly along said north line of Altar Rd to the east line of Artesian Ave (86 ft wide), thence southerly along said east line of Artesian Ave to the north line of Ford Rd (variable width), thence easterly along said north line of Ford Rd to the west line of the S M-39/W M-153 ramp, thence northeasterly along said S M-39/W M-153 ramp to the west line of M-39/Southfield Fwy, thence northerly along said west line of M-39/Southfield Fwy to the south line of Warren Ave (110 ft wide), thence westerly along said south line of Warren Ave to the point of beginning.



#3 – Cadieux – Mack

Beginning at the intersection of the of the southeast line of I-94 (variable width) and the north line of Farmbrook Ave (60 ft wide), thence northeasterly along said southeast line of I-94 to the south line of Kingsville Ave (30 ft wide), thence southeasterly along said south line of Kingsville Ave to the west line of Mack Ave (150 ft wide), thence southerly along said west line of Mack Ave to the north line of Gateshead Ave (60 ft wide), thence along a straight line connecting the previous point at the intersection of the said west line of Mack Ave and said north line of Gateshead Ave with the point of beginning.

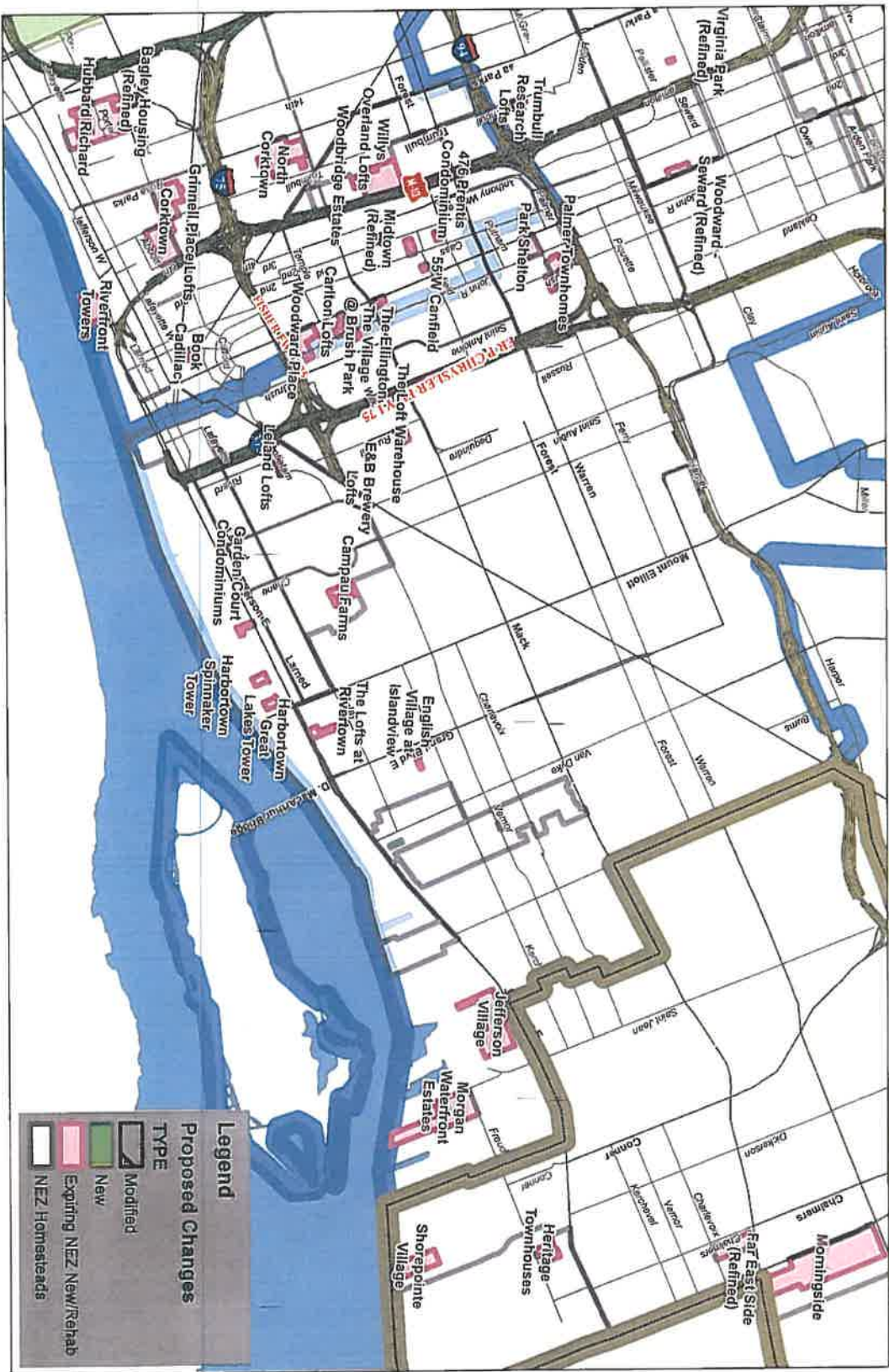




Cadieux - Mack

Legend

- Expiring NEZ New/Rehab
 - NEZ Homesteads
- Proposed Changes**
- TYPE**
- Modified
 - New



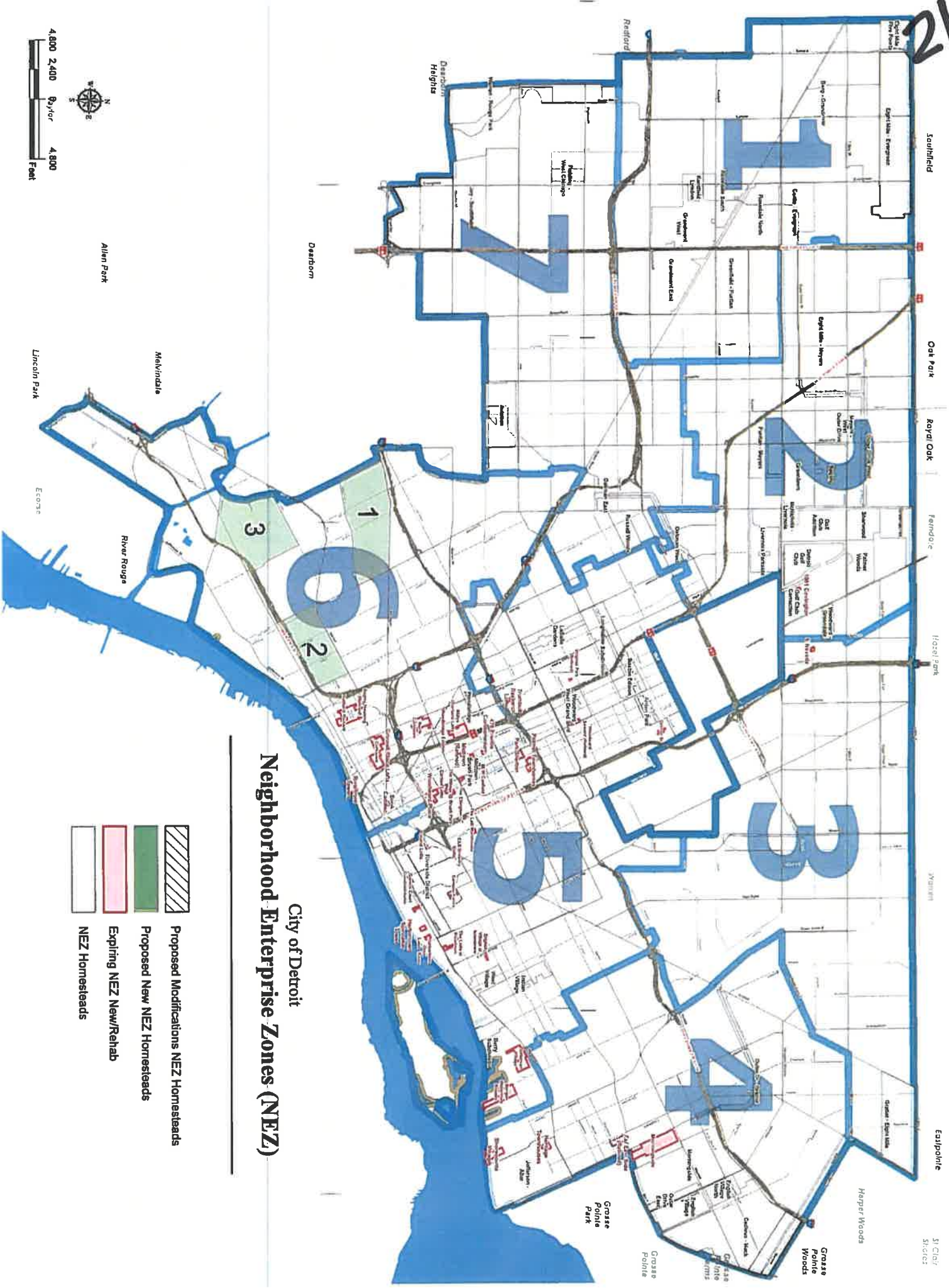
Legend

Proposed Changes

TYPE

- Modified
- New
- Expiring NEZ, New/Rehab
- NEZ Homesteads

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City of Detroit
Neighborhood Enterprise Zones (NEZ)

-  Proposed Modifications NEZ Homesteads
-  Proposed New NEZ Homesteads
-  Expiring NEZ New/Rehab
-  NEZ Homesteads