


David Whitaker, Esq.
Director
Irvin Corley, Jr.
Executive Policy Manager
Marcell R. Todd, Jr.
Senior City Planner
Janese Chapman
Deputy Director

John Alexander
LaKisha Barclift, Esq.
M. Rory Bolger, Ph.D., AICP
Elizabeth Cabot, Esq.
Tasha Cowen
Richard Drumb
George Etheridge
Deborah Goldstein

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

Christopher Gulock, AICP
Derrick Headd
Marcel Hurt, Esq.
Kimani Jeffrey
Anne Marie Langan
Jamie Murphy
Carolyn Nelson
Kim Newby
Analine Powers, Ph.D.
Jennifer Reinhardt
Sabrina Shockley
Thomas Stephens, Esq.
David Teeter
Theresa Thomas
Kathryn Lynch Underwood
Ashley A. Wilson

TO: COUNCIL MEMBERS
FROM: David Whitaker, Director 
Legislative Policy Division Staff
DATE: October 1, 2019
RE: Epiphany Detroit, LLC PA 210 Certificate Request

Commercial Rehabilitation Act, PA 210 of 2005

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.

10103 Kercheval

Epiphany Detroit, LLC, is the project developer and owner of the property. Epiphany's principle DeAnn Benetti, is a Detroit resident who plans to rehabilitate 10103 Kercheval and develop a community center.

The finished building will result in a mixed-use building, which will include retail, residential, and event space. The required rehabilitation work includes roof, ceiling and floor repairs, brick and limestone replacement, new electric, plumbing, and HVAC systems, and a new fire suppression system. Upon completion, the community center will include a picnic area, a bocce¹ ball court, and an area for soccer or other outdoor activities. There will also be indoor and outdoor dining areas. Additionally, the owner intends to teach classes on machine and manufacturing to community members. The DEGC has recommended a full term 10-year PA 210 abatement for this project and the estimated investment by the developer is \$892,287.

¹ *Bocce*, also known as Italian lawn bowling, is one of the most widely played games in the world and is one of the oldest lawn or yard games. Bocce's origins date back to 5000 BC, where evidence of Egyptian cave paintings depict Nile Delta boys playing something that resembles bocce. <https://www.thespruce.com/what-is-bocce-ball-2736598>

DEGC Project Evaluation Checklist

Epiphany Detroit

Developer: DeAnn Benetti

Principal: DeAnn Benetti

Commercial Rehabilitation Act, PA 210 of 2005 as amended- Current taxes frozen at pre-rehab values / Improvements taxed at 24mills (school), local taxes abated for up to 10 years	
Location	
Address	10103 Kercheval
City Council District	District 5
Neighborhood	East Village
Located in HRD Targeted Area	No
Building Use	
Total Square Foot	20,684
Event Space Square Foot	11,754
Retail Square Foot	7,386
Residential Square Foot	1,544
Project Description	
<p>The developer is a City of Detroit resident who plans to rehabilitate 10103 Kercheval and create a community center. The building will be mixed-use, which will include retail, residential, and event space. The rehabilitation work requires roof repairs, ceiling and floor repairs, brick and limestone replacement, new electric, plumbing, and HVAC systems, and a new fire system among other things. Upon completion the community center will include a picnic area, a bocce ball court, and an area for soccer or other outdoor activities. There will also be indoor and outdoor dining areas. Additionally, the owner intends to teach classes on machining and manufacturing to community members.</p>	
Housing Breakdown	
Total Units ²	5
(Studio)	4 units, 240sf, \$480/mo rent
(1 Bedroom)	1 unit, 584sf, \$700/mo rent
Total Investment	\$892,287
Uses	\$49k Acquisition (6%), \$775k Hard Construction (86%), \$69k Soft Costs (8%)
Project Benefits	
Estimated Jobs	20 FTE, 7 construction (estimate)
Estimated benefits before tax abatement	\$504,857
Total estimated value of PA 210 abatement	\$126,100
Less cost of services & utility deductions	\$140,114
Net Benefit to City	\$238,643

² Based on the rents described in this checklist, it appears that all of the rents in this project are affordable.

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

	Amount
Real Property Taxes, before abatement	\$126,100
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$112,801
Municipal Income Taxes - Indirect Workers	\$35,104
Municipal Income Taxes - Corporate Income	\$44,998
Municipal Income Taxes - Construction Period	\$8,358
Municipal Income Taxes - New Res. Inhabitants	\$12,381
Utility Revenue	\$17,034
Utility Users' Excise Taxes	\$3,341
State Revenue Sharing - Sales Tax	\$70,752
Building Permits and Fees	\$1,405
Miscellaneous Taxes & User Fees	\$72,583
Subtotal Benefits	\$504,857
Cost of Providing Municipal Services	(\$123,080)
Cost of Providing Utility Services	(\$17,034)
Subtotal Costs	(\$140,114)
Net Benefits	\$364,743

Impacted Taxing Units: Incentive Summary over 10 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	\$504,857	(\$140,114)	(\$126,100)	\$0	\$0	\$238,643
Wayne County	\$55,373	(\$20,153)	(\$30,869)	\$0	\$0	\$4,351
Detroit Public Schools	\$178,354	(\$82,118)	(\$49,938)	\$0	\$0	\$46,297
State Education	\$23,048	\$0	\$0	\$0	\$0	\$23,048
Wayne RESA	\$17,643	\$0	(\$17,643)	\$0	\$0	\$0
Wayne County Comm. College	\$12,449	\$0	(\$12,449)	\$0	\$0	\$0
Wayne County Zoo	\$384	\$0	(\$384)	\$0	\$0	\$0
Detroit Institute of Arts	\$768	\$0	(\$768)	\$0	\$0	\$0
Total	\$792,876	(\$242,385)	(\$238,152)	\$0	\$0	\$312,339

Charts courtesy of the DEGC

Conclusion

The estimated total capital investment from the developer is approximately \$892,287. It is estimated that 20 FTE and 7 temporary construction jobs will be created as a result of the project.

Based on the investment and jobs, the project is estimated to provide the City of Detroit a net benefit of \$238,643, and all of the impacted taxing units, a net benefit of \$312,339 over 10 years, despite the \$238,152 tax abatement to the developer.

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

Attachment: Finance Assessor's PA 210 Eligibility Letter, dated 4/17/19

cc: Auditor General's Office
Arthur Jemison, Chief of Services and Infrastructure
Maurice Cox, Planning and Development Department
Donald Rencher, HRD
Veronica M. Farley, HRD
Stephanie Grimes Washington, Mayor's Office
Malinda Jensen, DEGC
Kenyetta Bridges, DEGC
Jennifer Kanalos, DEGC
Brian Vosburg, DEGC



10103 Kercheval.³

³ Courtesy of the DEGC

Assessor's letter stating the eligibility of the PA 210 certificate:



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

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 824
DETROIT, MICHIGAN 48226
(313) 224-3011 • TTY 711
(313) 224-9400
WWW.DETROITMI.GOV

April 17, 2019

Maurice Cox, Director
City of Detroit -Planning & Development
2 Woodward Ave, Suite 808
Detroit, MI 48226

RE: Commercial Rehabilitation Certificate – Epiphany Detroit LLC
Property Address: 10103 Kercheval
Parcels Number: 19000285.001

Dear Mr. Cox:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the Commercial Rehabilitation certificate application for the property located at 10103 Kercheval in the East Village area in the City of Detroit.

The rationale for issuing Commercial Rehabilitation certificates 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 existing commercial property and commercial housing property. Normal repair and maintenance are not assessed and do not necessarily generate additional market value.

The proposed project by Epiphany Detroit LLC consists of the rehabilitation of a 3-story vacant community center with 27,084 square feet built in 1925 on .201 acres of land into a mixed use structure with retail and commercial tenants. Rehabilitation activities included roof repairs, ceiling and floor substructure repairs, brick and limestone repairs and replacement, new electric, plumbing, HVAC, elevator and fire system and a new water main.

The 2019 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
19000285.001	10103 Kercheval	\$ 383,200	\$ 4,891	\$ 1,900	\$ 24

This property meets the criteria set forth under PA 210 of 2005, as amended. It applies to a building or a group of contiguous buildings, a portion of a building or group of contiguous buildings previously used for commercial or industrial purposes, obsolete industrial property, and vacant property which, within the immediately preceding 15 years, was operating as a commercial business enterprise.

A review of the general plans, along with the criteria set forth under the Commercial Rehabilitation Act, indicated that the proposed project located at 10103 Kercheval 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

mmp

