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# City of Detroit CITY COUNCIL

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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director  
Legislative Policy Division Staff 

DATE: October 2, 2019

RE: Mini Mowgli, LLC PA 210 Certificate Request **CORRECTED COPY**

## 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.

Mini Mowgli, LLC, is the project developer and owner of the property located at 9321 Rosa Parks, the site of the former New St. James AME Church. In 2017, the developer was one of 13 MotorCity Match awardees.<sup>1</sup>

The project involves the rehabilitation and conversion of a vacant church into a community space that would revitalize a historic building and its adjacent vacant lots, which would benefit the entire community. In 2016, the developer successfully completed the process to have the property rezoned to SD1 zoning<sup>2</sup> to accommodate new development and reinvestment within the community. The abandoned church is approximately 2,709 sq. ft. (according to the Assessor's Office) split-level building with a usable basement floor. The first floor will be the home of "The Congregation," a cafe to encourage members of the community to interact and to engage with

<sup>1</sup> The Congregation (\$40,000 MotorCity Match award): . Located at 9321 Rosa Parks Blvd, this cafe and community space will fill a former church in Detroit's Boston Edison neighborhood.  
<https://detroit.eater.com/2017/8/16/16150484/new-detroit-restaurants-bars-motor-city-match-grants-summer-2017>

<sup>2</sup> The SD1 District is designed to encourage a complementary mixture of small-scale uses including residential, local business, and office uses that are compatible in a neighborhood setting.

one another. The current plans for the basement or sub-level is to use it as an event space for community use, and can be used by another business in the future. This investment will promote an increase in population density in the vicinity and more walkable areas for residents. It will also increase community interaction, by building points of connectivity in the neighborhood and encouraging growth in the community.

The work required to complete the project includes the instillation of a new roof, new stained glass windows, new interior finishings to the emptied inside of the building, and an ADA compliant ramp.

**DEGC Project Evaluation Checklist**

**The Congregation**

Developers: Mini Mowgli LLC

Principal: Amy Peterson

Commercial Rehabilitation Act, PA 210 of 2005 as amended – current taxes frozen at pre-rehab values, local taxes abated for up to 10 years	
<b>DEGC Recommendation</b>	<b>10 Years</b>
<b>Request Type</b>	<b>Certificate</b>
<b>Location</b>	
Addresses	9321 Rosa Parks
City Council District	District 5
Neighborhood	Boston Edison
Located in HRD Targeted Area	No
<b>Building Use</b>	
Total Rentable Square Foot	5,400
Retail/Event Space	5,400
<b>Project Description</b>	
This rehabilitation of an abandoned church into a community space serves to bring new life into a historic building and vacant lots that would benefit the entire community. In 2016 the developer successfully rezoned the proposed are to SD1 zoning to accommodate new development and reinvestment within the community. The abandoned church is approximately 5,400 sq. ft. It is a split-level building with a usable basement floor. The first floor will be the home of The Congregation, a cafe for community members to encourage interaction and engagement with one another. The basement or sub-level will be considered an event space for community use but may be used by another business in the future. This change will promote an increase in population density and encourage more walkable areas for residence. It will also increase community interaction as it builds points of connectivity in the neighborhoods and encourages growth in the neighborhood in the Commercial Rehabilitation District.	
<b>Leasing</b>	
Retail Rent	\$12 psf
<b>Sources and Uses</b>	
Total Investment	\$805k
Uses	\$65k Acquisition (8%), \$604k Hard Construction (75%), \$136k Soft Costs (17%)
<b>Project Benefits</b>	

Estimated Jobs	12 FTE, 5 Construction Jobs
Estimated City benefits before tax abatement	<b>\$336,916</b>
Total estimated City value of PA 210 abatement	<b>\$35,550</b>
Less cost of services & utility deductions	<b>\$139,994</b>
Net Benefit to City	<b>\$166,372</b>

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

	Amount
Real Property Taxes, before abatement	\$43,919
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$59,680
Municipal Income Taxes - Indirect Workers	\$12,584
Municipal Income Taxes - Corporate Income	\$24,523
Municipal Income Taxes - Construction Period	\$4,274
Utility Revenue	\$70,790
Utility Users' Excise Taxes	\$16,124
State Revenue Sharing - Sales Tax	\$37,856
Building Permits and Fees	\$14,000
Miscellaneous Taxes & User Fees	\$53,166
<b>Subtotal Benefits</b>	<b>\$336,916</b>
Cost of Providing Municipal Services	(\$64,204)
Cost of Providing Utility Services	(\$70,790)
<b>Subtotal Costs</b>	<b>(\$134,994)</b>
Net Benefits	\$201,922

### 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	\$336,916	(\$134,994)	(\$35,550)	\$0	\$0	\$166,372
Wayne County	\$21,229	(\$11,140)	(\$8,505)	\$0	\$0	\$1,583
Detroit Public Schools	\$91,276	(\$47,511)	(\$13,761)	\$0	\$0	\$30,004
State Education	\$7,941	\$0	\$0	\$0	\$0	\$7,941
Wayne RESA	\$5,382	\$0	(\$4,464)	\$0	\$0	\$918
Wayne County Comm. College	\$4,289	\$0	(\$3,431)	\$0	\$0	\$859
Wayne County Zoo	\$132	\$0	(\$106)	\$0	\$0	\$27
Detroit Institute of Arts	\$265	\$0	(\$212)	\$0	\$0	\$53
<b>Total</b>	<b>\$467,431</b>	<b>(\$193,645)</b>	<b>(\$66,029)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$207,757</b>

Charts courtesy of the DEGC

## Conclusion

The estimated total capital investment from the developer is approximately \$805,119. It is estimated that 9 FTE<sup>3</sup> and 5 temporary construction jobs will be created<sup>4</sup> 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 \$166,372, and all of the impacted taxing units, a net benefit of \$207,757 over 10 years, despite the \$66,029 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 9/4/19

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



**9321 Rosa Parks** – Current street view. Rehabilitation of the currently vacant church building into a coffee shop and community center is what the current development plan entails.<sup>5</sup>

<sup>3</sup> Full time equivalent employees

<sup>4</sup> These job figures are based on the developer's application, which indicates 6 jobs created, 3 jobs retained (9 total), and 5 construction jobs. In its letter to Council dated 7/18/19, however, the developer indicates 6 *new* jobs.



Side view of 9321 Rosa Parks<sup>6</sup>

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<sup>5</sup> Courtesy of the DEGC

<sup>6</sup> Source: The Congregation Facebook page:

<https://www.facebook.com/thecongregationdetroit/photos/a.1173681302668634.1073741827.1103931182976980/1173681306001967/?type=3&theater>

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

September 4, 2019

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

RE: Commercial Rehabilitation Certificate – Mini Mowgli LLC  
 Property Address: 9321 Rosa Parks Blvd.  
 Parcels Number: 08002811.

Dear Ms. Trudeau:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the Commercial Rehabilitation certificate application for the property located at 9321 Rosa Parks Boulevard in the Virginia Park 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 Mini Mowgli LLC is to renovate the existing vacant 2,709 square foot church built in 1920 on .279 acres of land into a coffee shop with community space. Renovations include new interior finishing to the gutted church, new roof, new stained glass windows, ADA ramp and an exterior deck. The project is expected to increase commercial activity, create employment, increase the number of residents in the area and revitalize an urban area.

The 2019 values are as follows:

Parcel #	Address	Building Assessed Value (\$EV)	Building Taxable Value	Land Assessed Value (\$EV)	Land Taxable Value
08002811	9321 Rosa Parks Blvd.	\$ 23,100	\$ 23,100	\$ 2,500	\$ 2,500

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 9321 Rosa Parks Boulevard 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



Commercial Rehabilitation Certificate

Mini Mowgli LLC

Page 2

Property Owner: MINI MOWGLI LLC

Property Address: 9321 ROSA PARKS BLVD

Parcel Number: 08002811

Legal Description: N ATKINSON 681-682 JOY FARM SUB L32 P40 PLATS, WCR B/120 D1.05 INTCG

The legal description on the assessment roll matches the legal description on the petition

