

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
Megha Bamola
LaKisha Barclift, Esq.
Nur Barre
M. Rory Bolger, Ph.D., AICP
Elizabeth Cabot, 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

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

TO: COUNCIL MEMBERS 

FROM: David Whitaker, Director
Legislative Policy Division Staff

DATE: October 27, 2021

RE: Establishment of a **Neighborhood Enterprise Zone**, as requested by **4741 Second Avenue LLC** in the Midtown area

Neighborhood Enterprise Zone Act (Public Act 147 of 1992)

The Neighborhood Enterprise Zone Act, PA 147 of 1992, as amended, provides for the development and rehabilitation of residential housing located within eligible distressed communities. New and rehabilitated facilities applications are filed, reviewed, and approved by the local unit of government, but are also subject to review at the State level by the Property Services Division. The State Tax Commission (STC) is responsible for final approval and issuance of new and rehabilitated facility certificates. Exemptions for new and rehabilitated facilities are not effective until approved by the STC.

By statute, every NEZ must contain not less than 10 platted parcels of land that are compact and contiguous. The statute allows for an exception if a NEZ is in a *downtown revitalization district*. In a downtown revitalization district,¹ a NEZ may contain less than 10 platted parcels if the platted parcels together contain 10 or more facilities.

In 2008, the NEZ Act was modified by Public Acts 204 & PA 228 to allow a neighborhood enterprise zone located in a "qualified downtown revitalization district" to contain fewer than 10 platted parcels if the platted *parcels* together contain 10 or more *facilities*. The Act as modified, defines "qualified downtown revitalization district" as an area located within the boundaries of one or more of the following:

¹ As defined in Section 2 (k) MCL 207.772

- A downtown district, as defined in the Downtown Development Authority Act.²
- A principal shopping district or a business improvement district as defined in the principal shopping district Act (BID Act).³
- An area of the local unit zoned and primarily used for business, as determined by the local governmental unit.⁴

4741 Second Avenue LLC

4741 Second Avenue LLC is the project developer of the area, which consists of a total of 0.406 acres of land that is proposed for a NEZ. The developer plans to rehabilitate a seven-unit apartment building at 4741 Second Ave with 10,624 sq. ft. and a 14-unit condominium building at 615 W. Hancock with a total of 13,149 square feet.

The seven-unit apartment building at 4741 Second Ave is currently occupied by students, and one of the three-bedroom units will be reserved at 80% AMI. The repairs to the building will include and may not be limited to a new roof, windows, parking repaving and restriping, in addition to apartment upgrades to the kitchens, bathrooms, and bedrooms.

DEGC Project Evaluation Checklist

4741 Second Apartments Rehabilitation

Developer: Century Partners

Principles: David Alade

Neighborhood Enterprise Zone, **PA 147 of 1997 as amended** – Current taxes frozen at pre-rehab construction values, local taxes abated for up to 15 years, years 13-15 have a phase out

DEGC Recommendation		Approval of the NEZ District	
Request Type		NEZ District	
Location			
Address	4741 Second		
City Council District	District 6		
Neighborhood	Midtown		
Building Use			
Residential SqFt	8,450 SqFt		
Building SqFt	10,624 SqFt		
Parking Spaces	7 spaces		
Project Description			
<p>The proposed project will result in the rehabilitation of the multifamily building located at 4741 Second Ave in the Midtown area. The rehabilitation will include a new roof, windows, parking repaving and restriping, and apartment upgrades to the kitchens, bathrooms, and bedrooms. The developer has significant experience with rehabs in Detroit and currently owns and operates over 200 total units. The building is currently occupied by students. One of the three bedroom units will be reserved at 80% AMI. The construction is projected to commence by the end of 2021.</p>			
Rental Breakdown			

² PA 197 of 1975, MCL 125.1651 - 125.1681

³ Principal shopping Districts and Business Improvements Districts Act 120 of 1961, MCL 125.981 - 125.990n

⁴ Under the DDA Act, "downtown district" means that part of an area in a business district.

Total Units	7 Units (1 Unit Affordable at 80% AMI)
2 Bedroom	1 units, 950sf; \$1,500/mo rent
3 Bedroom	6 units, 1,180sf; \$1,620/mo rent (1 unit @ 80% AMI)
Project Costs	
Total Investment	\$1.2M
Uses	\$0.95M Acquisition (%), \$0.2M Hard Construction (38%), \$0.1M Soft Costs (15%)
Sources	\$1.2M Equity (100%)
Project Benefits (15 years)	
Estimated jobs	0 FTE's
Estimated city benefits before tax abatement	\$296,040
Total nominal value of NEZ	\$126,513
Less cost of services & utility deductions	\$0
Net benefit to city	\$169,528

City of Detroit Gross Benefits Summary over the First 15 Years (Prior to Abatement)

	Amount
Real Property Taxes, before abatement	\$234,133
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$0
Municipal Income Taxes - Indirect Workers	\$0
Municipal Income Taxes - Corporate Income	\$0
Municipal Income Taxes - Construction Period	\$2,026
Municipal Income Taxes - New Res. Inhabitants	\$55,881
Utility Revenue	\$0
Utility Users' Excise Taxes	\$0
State Revenue Sharing - Sales Tax	\$0
Building Permits and Fees	\$4,000
Miscellaneous Taxes & User Fees	\$0
Subtotal Benefits	\$296,040
Cost of Providing Municipal Services	\$0
Cost of Providing Utility Services	\$0
Subtotal Costs	\$0
Net Benefits	\$296,040

Incentive Summary over the First 15 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	\$296,040	\$0	(\$126,513)	\$0	\$0	\$169,528
Wayne County	\$56,001	\$0	(\$30,744)	\$0	\$0	\$25,256
Detroit Public Schools	\$216,127	\$0	(\$112,001)	\$0	\$0	\$104,126
State Education	\$41,831	\$0	(\$21,678)	\$0	\$0	\$20,153
Wayne RESA	\$35,076	\$0	(\$19,742)	\$0	\$0	\$15,334
Wayne County Comm. College	\$22,594	\$0	(\$11,709)	\$0	\$0	\$10,886
Wayne County Zoo	\$697	\$0	(\$361)	\$0	\$0	\$336
Detroit Institute of Arts	\$1,394	\$0	(\$723)	\$0	\$0	\$672
Total	\$669,761	\$0	(\$323,471)	\$0	\$0	\$346,291

Charts courtesy of DEGC

Expanded Incentive Summary over the First 15 Years (Including the Library)

Jurisdiction	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	\$263,756	\$0	(\$109,068)	\$0	\$0	\$154,689
Library	\$32,284	\$0	(\$17,445)	\$0	\$0	\$14,839
Wayne County	\$56,001	\$0	(\$30,744)	\$0	\$0	\$25,256
Detroit Public Schools	\$216,127	\$0	(\$112,001)	\$0	\$0	\$104,126
State Education	\$41,831	\$0	(\$21,678)	\$0	\$0	\$20,153
Wayne RESA	\$35,076	\$0	(\$19,742)	\$0	\$0	\$15,334
Wayne County Comm. College	\$22,594	\$0	(\$11,709)	\$0	\$0	\$10,886
Wayne County Zoo	\$697	\$0	(\$361)	\$0	\$0	\$336
Detroit Institute of Arts	\$1,394	\$0	(\$723)	\$0	\$0	\$672
Total	\$669,761	\$0	(\$323,471)	\$0	\$0	\$346,291

Conclusion

The investment in this project is estimated at \$1.2 million. The proposed tax abatement is projected to be worth a tax savings of **\$323,471** to the developer. The estimated investment and new residents are projected to produce a positive cost benefit to the City of Detroit of **\$169,528** and over **\$346,291** to all the impacted taxing units, in addition to 0 FTEs and 20 temporary construction jobs & new and rehabbed housing units.

DEGC Chart of Taxes Before, During & After the Incentive⁵

Existing Taxes	New Taxes AFTER Incentive(s)	New Taxes Without Incentive	
City of Detroit	\$4,259	\$4,286	\$12,241
Library	\$681	\$686	\$1,958
Wayne County	\$1,182	\$1,189	\$3,396
Detroit Public Schools	\$4,561	\$4,590	\$13,107
State Education	\$883	\$888	\$2,537
Wayne RESA	\$804	\$809	\$2,310
Wayne County Comm. College	\$477	\$480	\$1,370
Wayne County Zoo	\$15	\$15	\$42
Detroit Institute of Arts	\$29	\$30	\$85
Total	\$12,891	\$12,972	\$37,047

NEZ Acreage Status:⁶

NEZ allocations are limited by state statute: *“The total acreage of the neighborhood enterprise zones containing only new facilities or rehabilitated facilities, or any combination of new facilities or rehabilitated facilities designated under this act shall not exceed 15% of the total acreage contained within the boundaries of the local governmental unit.”⁷*

Total acreage available (15% of Detroit acreage): 13,239.00

Sherbrooke Midtown NEZ: 0.406 acres
Total Acreage for the Entire City of Detroit: 88,260⁸

Total Acreage Remaining 7,587.40
Total Acreage Designated 5,651.60

⁵ Existing Annual Taxes: \$12,891 - New Annual Taxes DURING the Incentive: \$12,972 & Taxes after the Incentive EXPIRES: \$37,047

⁶ This is a ballpark estimate by LPD, based on current available data.

⁷ MCL 207.773 (2)

⁸ 88,260 Acres = 137.90625 Square Miles

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

Attachment: September 10, 2021- Letter from Finance Assessors

cc: Auditor General's Office
Donald Rencher, Chief of Services and Infrastructure
Katy Trudeau, Planning and Development Department
Julie Schneider, HRD
Veronica Farley, HRD
Stephanie Grimes Washington, Mayor's Office
Avery Peebles, Mayor's Office
Malinda Jensen, DEGC
Kenyetta Bridges, DEGC
Jennifer Kanalos, DEGC
Brian Vosburg, DEGC



4741 Second Ave⁹

⁹ Photo courtesy of DEGC



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

September 10, 2021

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

RE: Neighborhood Enterprise Zone – Sherbrooke Midtown
Property Address: See attached list
Parcel ID: See attached list
Owner: See attached list

Dear Ms. Trudeau:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the proposed **Sherbrooke Midtown Neighborhood Enterprise Zone**, located at 4741 Second and 615 W Hancock, submitted by 4741 Second Avenue LLC for the parcels located in the **Midtown** area of Detroit.

The rationale for creating NEZ projects under PA 147 of 1992, as amended, must be based on the anticipation of market value added to the neighborhood upon completion of new construction and/or significant rehabilitation of existing housing stock.

The proposed area includes a seven-unit apartment building (4741 Second) with 10,624 sq.ft. and a 14-unit condominium building (615 W Hancock) with a total of 13,149 square feet. The total land is 0.406 acres. The developer intends to renovate 4741 Second, including replacing and updating windows, HVAC upgrades, updating kitchens, bathrooms, and flooring. The current True Cash Value of the proposed area is \$4,805,280. The True Cash Value of this area would be expected to increase due to the rehabilitation of this project.

Per MCL 207.772 Sec 2 (m) "rehabilitated facility" means the following:

(m) "Rehabilitated facility" means, except as otherwise provided in section 2a, an existing structure or a portion of an existing structure with a current true cash value of \$120,000.00 or less per unit that has or will have as its primary purpose residential housing, consisting of 1 to 8 units, the owner of which proposes improvements that if done by a licensed contractor would cost in excess of \$10,000.00 per owner-occupied unit or 50% of the true cash value, whichever is less, or \$15,000.00 per nonowner-occupied unit or 50% of the true cash value, whichever is less, or the owner proposes improvements that would be done by the owner and not a licensed contractor and the cost of the materials would be in excess of \$3,000.00 per owner-occupied unit or \$4,500.00 per nonowner-occupied unit and will bring the structure into conformance with minimum local building code standards for occupancy or improve the livability of the units while meeting minimum local building code standards. Rehabilitated facility also includes an individual condominium unit, in a structure with 1 or more condominium units that has as its primary purpose residential housing, the owner of which proposes the above described improvements. Rehabilitated facility also includes existing or proposed condominium units in a qualified historic building with 1 or more existing or proposed condominium units. Rehabilitated facility does not include a facility rehabilitated with the proceeds of an insurance policy for property or casualty loss. A qualified historic building may contain multiple rehabilitated facilities.



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

Neighborhood Enterprise Zone
Sherbrooke Midtown
Page 2

Per MCL 207.773 Sec. 3. (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.

Upon review, it has been determined that this proposed district located in the **Midtown area** is eligible for designation as a Neighborhood Enterprise Zone per PA 147 of 1992, as amended.

Sincerely,

Charles Ericson, MMAO
Assessor, Board of Assessors



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

Neighborhood Enterprise Zone
Sherbrooke Midtown
Page 3

Parcel: 04003265.
Address: 4741 SECOND
Owner: SHAMROCK ACQUISITIONS LLC
Legal Description: W SECOND 46 N 25 FT 47 WM A BUTLERS SUB L11 P89 PLATS, W C R 4/46 65 X 130

Parcel: 04003263.001
Address: 615 VW HANCOCK UNIT 1
Owner: CULLER, JACLYN
Legal Description: S HANCOCK UNIT 1 WAYNE COUNTY CONDOMINIUM SUB PLAN NO 1109 "SHERBROOKE MANOR" RECORDED L54716 P733, W C R 1,232 SQFT 7.25%

Parcel: 04003263.002
Address: 615 VW HANCOCK UNIT 2
Owner: ZEBIB, NADINE
Legal Description: S HANCOCK UNIT 2 WAYNE COUNTY CONDOMINIUM SUB PLAN NO 1109 "SHERBROOKE MANOR" RECORDED L54716 P733, W C R 1,170 SQFT 7.0%

Parcel: 04003263.003
Address: 615 VW HANCOCK UNIT 3
Owner: STANESA, DAVIND & ANNETTE
Legal Description: S HANCOCK UNIT 3 WAYNE COUNTY CONDOMINIUM SUB PLAN NO 1109 "SHERBROOKE MANOR" RECORDED L54716 P733, W C R 696 SQFT 6.0%

Parcel: 04003263.004
Address: 615 VW HANCOCK UNIT 4
Owner: ROUSSEAU, JENNA
Legal Description: S HANCOCK UNIT 4 WAYNE COUNTY CONDOMINIUM SUB PLAN NO 1109 "SHERBROOKE MANOR" RECORDED L54716 P733, W C R 1,109 SQFT 8.25%

Parcel: 04003263.005
Address: 615 VW HANCOCK UNIT 5
Owner: BUNTING, ELIZABETH ANN
Legal Description: S HANCOCK UNIT 5 WAYNE COUNTY CONDOMINIUM SUB PLAN NO 1109 "SHERBROOKE MANOR" RECORDED L54716 P733, W C R 1,104 SQFT 8.25%

Parcel: 04003263.006
Address: 615 VW HANCOCK UNIT 6
Owner: FOOTITT, JENYA & KOSKI, VICTORIA
Legal Description: S HANCOCK UNIT 6 WAYNE COUNTY CONDOMINIUM SUB PLAN NO 1109 "SHERBROOKE MANOR" RECORDED L54716 P733, W C R 688 SQFT 6.0%



Neighborhood Enterprise Zone
Sherbrooke Midtown
Page 4

Parcel: 04003263.007
Address: 615 VW HANCOCK UNIT 7
Owner: PATEL, SANGITA & DILLON
Legal Description: S HANCOCK UNIT 7 WAYNE COUNTY CONDOMINIUM SUB PLAN NO 1109 "SHERBROOKE MANOR" RECORDED L54716 P733, W C R 695 SQFT 6.0%

Parcel: 04003263.008
Address: 615 VW HANCOCK UNIT 8
Owner: SHERBROOKE LAND COMPANY LLC
Legal Description: S HANCOCK UNIT 8 WAYNE COUNTY CONDOMINIUM SUB PLAN NO 1109 "SHERBROOKE MANOR" RECORDED L54716 P733, W C R 1,159 SQFT 8.25%

Parcel: 04003263.009
Address: 615 VW HANCOCK UNIT 9
Owner: WALKER, THOMAS
Legal Description: S HANCOCK UNIT 9 WAYNE COUNTY CONDOMINIUM SUB PLAN NO 1109 "SHERBROOKE MANOR" RECORDED L54716 P733, W C R 1,159 SQFT 8.25%

Parcel: 04003263.010
Address: 615 VW HANCOCK UNIT 10
Owner: MARTINEZ, MARIA
Legal Description: S HANCOCK UNIT 10 WAYNE COUNTY CONDOMINIUM SUB PLAN NO 1109 "SHERBROOKE MANOR" RECORDED L54716 P733, W C R 690 SQFT 6.0%

Parcel: 04003263.011
Address: 615 VW HANCOCK UNIT 11
Owner: SHERBROOKE MANOR PROPERTIES LLC
Legal Description: S HANCOCK UNIT 11 WAYNE COUNTY CONDOMINIUM SUB PLAN NO 1109 "SHERBROOKE MANOR" RECORDED L54716 P733, W C R 695 SQFT 6.0%

Parcel: 04003263.012
Address: 615 VW HANCOCK UNIT 12
Owner: SHERBROOKE MANOR PROPERTIES LLC
Legal Description: S HANCOCK UNIT 12 WAYNE COUNTY CONDOMINIUM SUB PLAN NO 1109 "SHERBROOKE MANOR" RECORDED L54716 P733, W C R 1,150 SQFT 8.25%

Parcel: 04003263.013
Address: 615 VW HANCOCK UNIT 13
Owner: WARD, BRANDON
Legal Description: S HANCOCK UNIT 13 WAYNE COUNTY CONDOMINIUM SUB PLAN NO 1109 "SHERBROOKE MANOR" RECORDED L54716 P733, W C R 1,151 SQFT 8.50%



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

Neighborhood Enterprise Zone
Sherbrooke Midtown
Page 5

Parcel: 04003263.014
Address: 615 VW HANCOCK UNIT 14
Owner: WARD, BRANDON
Legal Description: S HANCOCK UNIT 14 WAYNE COUNTY CONDOMINIUM SUB PLAN NO 1109 "SHERBROOKE MANOR" RECORDED L54716 P733, W C R 690 SQFT 6.0%

