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 Irvin Corley, Jr.  
 Executive Policy Manager  
 Marcell R. Todd, Jr.  
 Director, City Planning Commission  
 Janese Chapman  
 Director, Historic Designation  
 Advisory Board


**City of Detroit**  
**CITY COUNCIL**

**LEGISLATIVE POLICY DIVISION**  
 208 Coleman A. Young Municipal Center  
 Detroit, Michigan 48226  
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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director   
 Legislative Policy Division Staff

DATE: November 16, 2021

RE: Application for an **Obsolete Property Rehabilitation Certificate** by  
**Jefferson Holcomb Development, LLC** Public Act 146 of 2000

The Obsolete Property Rehabilitation Act (OPRA), Public Act 146 of 2000, provides for a tax incentive to encourage the redevelopment of obsolete buildings. This tax incentive is designed to assist in the redevelopment of older buildings, which are contaminated, blighted or functionally obsolete, and to return them to the tax rolls.

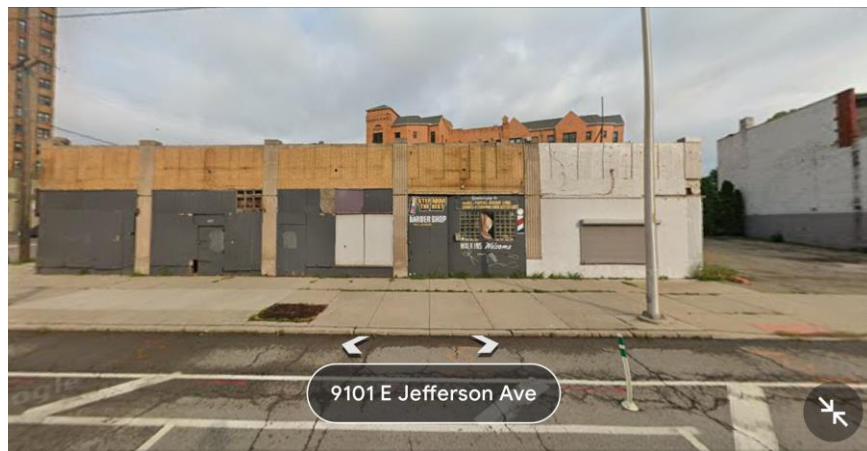
The project developer and owner of the property located at **9101/9123 E Jefferson** in the English Village area of Detroit, is Jefferson Holcomb Development, LLC. Constructed in 1931, the property consists of a vacant 1-story retail structure with 7,494 square feet of building area. The completed project will convert the current structure into restaurant, retail, and community use. Major rehabilitation and renovations including permissible demolition and construction, window replacements, floor replacement, roof replacement, all major mechanical, plumbing and electrical systems replacements, and structural repairs. In addition to the current OPRA request, the developer is also seeking the approval of a Brownfield TIF for the project.<sup>1</sup>

**DEGC Project Evaluation Checklist**  
**9101 E Jefferson & 9123 E Jefferson**  
**Developer: Jefferson Holcomb LLC**  
**Principles: Anthony Curris**

Obsolete Property Rehabilitation Act – PA 146 of 2000 - Current taxes frozen at pre-rehab construction values, local taxes abated for up to 12 years	
<b>DEGC Recommendation</b>	<b>Approval of the PA 146 District</b>
<b>Request Type</b>	<b>OPRA Certificate – 12 years</b>

<sup>1</sup> A Tax Increment Financing (TIF) reimbursement for contaminated site remediation (remedy) in the amount of \$591,504.

<b>Location</b>	
Address	9101 E Jefferson & 9123 E Jefferson
City Council District	District 5
Neighborhood	Islandview – Greater Villages
<b>Building Use</b>	
Commercial Square Footage	8,712
Other Square Footage	0
Parking Spaces	0
<b>Project Description</b>	
The project consists of the rehabilitation including expansion of an obsolete commercial building at the northeast corner of Jefferson and Holcomb. Creative new retail and shared spaces will be available for innovative programming. A minority owned national tenant will be locating in one of the new retail spaces.	
<b>Rental Breakdown</b>	
Commercial - Retail	\$18-\$25/SF
<b>Project Costs</b>	
Total Investment	\$1.6M
Uses	\$425K Acquisition (26%), \$1.09M Hard Construction (68%), \$93K Soft Costs (15%)
Sources	\$1.6M Equity (100%)
<b>Project Benefits (12 years)</b>	
Estimated jobs	5 Tenant Created Jobs, 15 construction jobs
Estimated city benefits before tax abatement	<b>\$2711,269</b>
Total nominal value of OPRA	<b>\$98,081</b>
Less cost of services & utility deductions	<b>\$64,466</b>
Brownfield TIF	<b>\$2,577</b>
Net benefit to city	<b>\$106,145</b>



9101 E Jefferson & 9123 E Jefferson<sup>2</sup>

<sup>2</sup> Photo: Google Maps 2021

**City of Detroit: Benefits, Costs, and Net Benefits over the Next 12 Years**

	Amount
Real Property Taxes, before abatement	\$109,595
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$28,246
Municipal Income Taxes - Indirect Workers	\$10,476
Municipal Income Taxes - Corporate Income	\$15,089
Municipal Income Taxes - Construction Period	\$10,286
Utility Revenue	\$23,824
Utility Users' Excise Taxes	\$6,138
State Revenue Sharing - Sales Tax	\$23,962
Building Permits and Fees	\$10,000
Miscellaneous Taxes & User Fees	\$33,654
<b>Subtotal Benefits</b>	<b>\$271,269</b>
Cost of Providing Municipal Services	(\$40,641)
Cost of Providing Utility Services	(\$23,824)
<b>Subtotal Costs</b>	<b>(\$64,466)</b>
<b>Net Benefits</b>	<b>\$206,804</b>

**Impacted Taxing Units: Incentive Summary over the First 12 Years**

	Additional Benefits Before Tax Abatements	Additional Costs	Real Property Tax Abatement	Business Personal Property Tax Abatement	Brownfield TIF Capture	Net Benefits After Tax Abatements & Incentives
City of Detroit	\$271,269	(\$64,466)	(\$98,081)	\$0	(\$2,577)	\$106,145
Wayne County	\$35,303	(\$7,312)	(\$23,459)	\$0	(\$842)	\$3,690
Detroit Public Schools	\$126,366	(\$23,386)	(\$37,968)	\$0	(\$32,412)	\$32,600
State Education	\$19,671	\$0	\$0	\$0	(\$18,153)	\$1,518
Wayne RESA	\$17,409	\$0	(\$15,959)	\$0	(\$573)	\$877
Wayne County Comm. College	\$10,625	\$0	(\$9,465)	\$0	(\$340)	\$820
Wayne County Zoo	\$328	\$0	(\$292)	\$0	\$0	\$36
Detroit Institute of Arts	\$656	\$0	(\$584)	\$0	\$0	\$72
<b>Total</b>	<b>\$481,627</b>	<b>(\$95,164)</b>	<b>(\$185,809)</b>	<b>\$0</b>	<b>(\$54,897)</b>	<b>\$145,758</b>

**Impacted Taxing Units: Incentive Summary over the First 12 Years (With the *Library* breakout from the City)**

Jurisdiction	Additional Benefits Before Tax Abatements	Additional Costs	Real Property Tax Abatement	Business Personal Property Tax Abatement	Brownfield TIF Capture	Net Benefits After Tax Abatements & Incentives
City of Detroit	\$257,167	(\$64,466)	(\$84,557)	\$0	(\$2,092)	\$106,052
Library	\$14,102	\$0	(\$13,524)	\$0	(\$485)	\$93
Wayne County	\$35,303	(\$7,312)	(\$23,459)	\$0	(\$842)	\$3,690
Detroit Public Schools	\$126,366	(\$23,386)	(\$37,968)	\$0	(\$32,412)	\$32,600
State Education	\$19,671	\$0	\$0	\$0	(\$18,153)	\$1,518
Wayne RESA	\$17,409	\$0	(\$15,959)	\$0	(\$573)	\$877
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<b>Total</b>	<b>\$481,627</b>	<b>(\$95,164)</b>	<b>(\$185,809)</b>	<b>\$0</b>	<b>(\$54,897)</b>	<b>\$145,758</b>

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<sup>3</sup> Charts courtesy of the DEGC

**DEGC Chart of Taxes Before, During & After the Incentive**<sup>4</sup>

Existing Taxes	New Taxes AFTER Incentive(s)	New Taxes Without Incentive	
City of Detroit	\$837	\$907	\$7,367
Library	\$134	\$134	\$1,178
Wayne County	\$232	\$232	\$2,044
Detroit Public Schools	\$896	\$2,641	\$7,889
State Education	\$173	\$173	\$1,526
Wayne RESA	\$158	\$158	\$1,391
Wayne County Comm. College	\$94	\$94	\$825
Wayne County Zoo	\$3	\$4	\$26
Detroit Institute of Arts	\$6	\$7	\$51
<b>Total</b>	<b>\$2,533</b>	<b>\$4,350</b>	<b>\$22,298</b>

**Conclusion**

The estimated total capital investment for this project is **\$1.6 million**.<sup>5</sup> It is also estimated that the completed project will create 5 tenant jobs and 15 temporary construction jobs.<sup>6</sup> The total value of the 12-year OPRA tax abatement is estimated at **\$185,809**.

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$106,145**, and all of the impacted taxing units, a net benefit of **\$145,758**, which both also account for the TIF capture estimate over the 12 years of the OPRA tax abatement.

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

**Attachment: Assessor’s Letter, dated October 29, 2021**

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  
 Gail Fulton, Mayor’s Office  
 Malinda Jensen, DEGC  
 Kenyetta Bridges, DEGC  
 Jennifer Kanalos, DEGC  
 Brian Vosburg, DEGC

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<sup>4</sup> Existing Annual Taxes: \$2,533 - New Annual Taxes DURING the Incentive: \$4,350 & Taxes after the Incentive EXPIRES: \$22,298

<sup>5</sup> The total investment in the project is estimated at \$1.76 million in the Jefferson Holcomb Brownfield Plan.

<sup>6</sup> The estimate of employment is listed as eighteen (18) tenant jobs and sixty (60) construction jobs in the Jefferson Holcomb Brownfield Plan.



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

October 29, 2021

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

Re: **Obsolete Property Rehabilitation Certificate – Jefferson Holcomb Development LLC**  
 Addresses: 9101/9123 E Jefferson  
 Parcel Number: 19000031/19000032-3

Dear Ms. Trudeau:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the proposed Obsolete Property Rehabilitation Certificate for the property located at **19000031-19000032-3** located in the **English Village** area of the City of Detroit.

The rationale for Obsolete Property Rehabilitation Certificates under PA 146 of 2000, 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 2021 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
19000031	9101 E Jefferson	\$ 58,900	\$ 58,900	\$ 10,700	\$ 10,700
19000032-3	9123 E Jefferson	\$ -	\$ -	\$ 8,700	\$ 8,700

**A parcel combination is pending for the proposed expansion of the project onto the 9123 E Jefferson parcel. The certificate will be held in abeyance until evidence of the request has been submitted.**

The project as proposed by the **9101/9123 E Jefferson** consists of a vacant 1-story retail structure with 7,494 square feet of building area, built in 1931. The project will convert the current structure into restaurant, retail, and community use. Major rehabilitation and renovations including allowable demolition and construction, window replacement, floor replacement, roof replacement, all major mechanical, plumbing and electrical systems replacement, and structural repairs.



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Obsolete Property Rehabilitation Certificate  
Jefferson Holcomb Development LLC  
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This property meets the criteria set forth under PA 146 of 2000, as amended. It applies to blighted, functionally obsolete and contaminated properties. "Rehabilitation," meaning that changes to qualified facilities that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. Rehabilitation also includes major renovation and modification including, but not necessarily limited to, the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, adding additional stories to a facility or adding additional space on the same floor level not to exceed 100% of the existing floor space on that floor level, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the obsolete property to an economically efficient condition.

A review of the project plan and related statutes indicated that the proposed Obsolete Property Rehabilitation Certificate for the property located at **9101/9123 E Jefferson** is eligible as it pertains to the Obsolete Property Rehabilitation Act under P.A. 146 of 2000, as amended.

Sincerely,

Charles Ericson, MMAO  
Assessor/Board of Assessors





Obsolete Property Rehabilitation Certificate  
Jefferson Holcomb Development LLC  
Page 3

Property Address: 9101 E JEFFERSON  
Parcel Number: 19000031.  
Property Owner: JEFFERSON HOLCOMB DEVELOPMENT LLC  
Legal Description: N JEFFERSON 110&111 HOLCOMB & SEARS SUB L7 P74 PLATS, W C R 19/24 100.06 X 83.82A

Property Address: 9123 E JEFFERSON  
Parcel Number: 19000032-3  
Property Owner: JEFFERSON HOLCOMB DEVELOPMENT LLC  
Legal Description: N JEFFERSON 112 HOLCOMB & SEARS SUB L7 P74 PLATS, W C R 19/24 50 X 84.08A

