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# City of Detroit

## CITY COUNCIL

LEGISLATIVE POLICY DIVISION  
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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director   
Legislative Policy Division Staff

DATE: July 19, 2022

RE: Establishment of a **Neighborhood Enterprise Zone (PA 147 of 1992)**, as requested by **Fisher 21 Lofts LLC** in the Milwaukee Junction area

### **Neighborhood Enterprise Zone Act (Public Act 147 of 1992)**

The Neighborhood Enterprise Zone Act (NEZ), 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,<sup>1</sup> 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:

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<sup>1</sup> As defined in Section 2 (k) MCL 207.772

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

### **Fisher 21 Lofts LLC**

Fisher 21 Lofts LLC is the project developer of the requested NEZ district that consists of a 6-story vacant warehouse located at 6051 Hastings, with approximately 630,500 square feet of building space, on 4.735 acres of land that is proposed for a NEZ. The developer plans to rehabilitate the structure into a mixed use property, including 433 market rate and affordable housing units, 28,000 sq. ft. of commercial and retail space, 16,000 sq. ft. of co-working space, and ground floor parking.<sup>5</sup>

The NEZ request only applies to the future residential housing portion of the structure. If approved by Council, the residential portion of the building will undergo major renovations including, window replacements, floor replacements, roof replacement, all major mechanical, plumbing and electrical systems replacements, new elevators, and life safety equipment.

The building was originally constructed in 1919 for auto body-maker giant Fisher Body (later a longtime division of General Motors Corporation), the old Fisher Body Plant 21 has been abandoned for nearly thirty years, and in that time, it has become emblematic of Detroit's decline, due in large part to its impossible-to-miss visibility from the nearby interchange of Interstates 94 and I-75. Operating as Fisher Body (and later GM's Fisher Body Division) between 1919 and 1984,<sup>6</sup> the facility's operations included automotive stamping of special discs and tools, dye sets, jigs and fixtures. GMC generated halogenated and non-halogenated spent solvents, spent plating wastes, ignitable and corrosive wastes from its operations at this location.

Between 1985 and 1990, the facility was owned and operated by Cameo Color Coat, Inc., after which time the property ownership was transferred to Carter Color Coat. Carter Color Coat operated as a conditionally exempt small quantity generator of hazardous wastes at this facility. Carter Color Coat declared bankruptcy and abandoned the facility in 1993. GMC conducted a removal action at the property in the early 1990s, removing paints and other hazardous materials from the building. The U.S. Environmental Protection Agency (U.S. EPA) conducted a site assessment on December 11, 2008. Since PCBs<sup>7</sup> were detected during the U.S. EPA site

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<sup>2</sup> PA 197 of 1975, MCL 125.1651 - 125.1681

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

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

<sup>5</sup> Future residents would park on adjacent lots at 991 and 666 Harper.

<sup>6</sup> The building was designed by the Detroit architectural firm Smith, Hinchman & Grylls and opened in 1919 as the Fisher brothers' 21st production plant. The site initially made auto bodies for Cadillacs and Buicks, and later was used by General Motors until 1984. [Detroit's abandoned Fisher Body Plant No. 21 to become housing \(freep.com\)](http://freep.com)

<sup>7</sup> PCBs, or **polychlorinated biphenyls**, are industrial products or chemicals. PCB chemicals were banned in the U.S. in 1979 because these chemicals harm human and environmental health. From the 1920s until their ban, an estimated 1.5 billion pounds of PCBs were made for things such as microscope oils, electrical insulators, capacitors, and electric appliances such as television sets or refrigerators. PCBs were also sprayed on dirt roads to keep the dust down prior to knowing some of the unintended consequences from widespread use.

assessment, and other hazardous materials were reported to be present from a MDEQ<sup>8</sup> site assessment, a removal action was warranted at this site.<sup>9</sup>

Developers Gregory Jackson<sup>10</sup> of Jackson Asset Management, Richard Hosey<sup>11</sup> of Hosey Development and Kevin Lewand,<sup>12</sup> are partnering to invest **\$134 million** in the project, which according to news accounts, ... *“is believed to be the largest African-American-led development deal in Detroit’s history.”*<sup>13</sup>

In addition to the NEZ currently requested for the residential portion of the project, the developer will also seek the approval of an Obsolete Property Rehabilitation Act (OPRA) certificate (PA 146 of 2000) and a Brownfield Plan (PA 381 of 1996).<sup>14</sup> The DEGC is recommending the approval of a 15-year NEZ, despite the fact that the developer is eligible for a 17-year NEZ, per the NEZ statute, "(4) Unless revoked earlier as provided in section 11, a neighborhood enterprise zone certificate in effect for a rehabilitated facility constituting all or a portion of a qualified historic building shall remain in effect for 11 to 17 years from the effective date of the certificate as determined by the governing body of the local governmental unit."<sup>15</sup>

Of the 433 rental units, 63 (14.5%) will be set aside as affordable units. However, this sub 20% number is offset by having three (3) of the units set aside at a rarely seen deep affordable figure of 50% AMI. Thereby *estimating* the rents for the sixty affordable units at 80% AMI,<sup>16</sup> which is \$50,150, with rents of approximately \$1,253.75 per month, and the three deep affordable units at 50% AMI, which is approximately \$31,344, with rents at approximately \$783.59 per month.

Providing the deeper subsidy justifies the developer offering less than 20% of the units at an affordable rate. There is a precedent of this, such as the developer of the Brewster Wheeler development providing a deeper subsidy of 10% of the units at 40% AMI.

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<sup>8</sup> The Michigan Department of Environmental Quality

<sup>9</sup> [Site Profile - Carter Color Coat Site - EPA OSC Response](#)

<sup>10</sup> Gregory Jackson is Chairman, President and Chief Executive Officer of Jackson Asset Management (JAM) parent company to several entities including the Detroit-based Prestige Automotive Group. Founded in 1993, the multimillion-dollar auto group has owned eighteen automotive dealerships and currently operates Mercedes-Benz of Saint Clair Shores, Michigan, Prestige Cadillac of Warren, Michigan and Prestige Auto Body. His commitment to service includes memberships with the National Automobile Dealers Association, Kappa Alpha Psi Fraternity Incorporated and NAACP. [Gregory Jackson \(plugzen.us\)](#)

<sup>11</sup> Richard Hosey, a native Detroit, current Detroit resident and a product of Detroit Public Schools, is currently developing a 26 unit market rate multifamily loft development in Midtown Detroit and co-developing three downtown Detroit buildings into 202 units of market rate loft apartments and 90,000 sq. ft. of office and commercial space. [Hosey Development, LLC - Black Health and Wealth \(blackhealthwealth.com\)](#)

<sup>12</sup> Lewand Custom Homes, Lewand Construction and Lewand Development Company. "Homes" specializes in providing service, value and quality on residential projects. "Construction" does the same for commercial retail, office, medical, industrial and multi-family projects. "Development" offers consulting services for those investigating project viability. Midtown Detroit, Inc. Board member [Kevin Lewand - President - the Lewand Building Companies | LinkedIn](#)

<sup>13</sup> [\\$134M redevelopment plan announced for Detroit’s historic Fisher Body Plant \(clickondetroit.com\)](#)

<sup>14</sup> BROWNFIELD REDEVELOPMENT FINANCING ACT (Act 381 of 1996) MCL 125.2651 - 125.2672

<sup>15</sup> NEIGHBORHOOD ENTERPRISE ZONE ACT (Act 147 of 1992) MCL 207.782 (4)

<sup>16</sup> In the Detroit-Warren-Livonia metropolitan area (HUD standard), the AMI for a 2-person household is \$62,800.

**DEGC Property Tax Abatement Evaluation**

**Property Address: 6051 Hastings, 666 Harper, 991 Harper**

**Developer: Fisher 21 Lofts, LLC**

**Development Team Principal(s): Greg Jackson, Richard Hosey, Kevin Lewand**

**Prepared By: David Howell**

<b>Description of Incentive: OPRA District + NEZ District</b>	
<b>DEGC Abatement Term Recommendation</b>	<b>12 years (OPRA) 15 years (NEZ)</b>
<b>Location</b>	
Address	6051 Hastings
City Council District	5
Neighborhood	Medbury Park/Milwaukee Junction
Located in HRD/SNF Targeted Area	N/A
<b>Building Use</b>	
Total Residential Square Footage	286,613
Total Retail Square Footage	28,341
Total Commercial Square Footage	16,054
Parking Spaces	704
Number of Residential Units	433
Number of Affordable Residential Units	63 Units (14.5%): 60 Units @ 80% AMI & 3 Units @ 50% AMI
<b>Project Description</b>	
<p>The proposed development will entail the removal of a twenty-five-year icon of blight in the Detroit skyline at Michigan's most traveled intersection (I-94 and I-75). Instead of long suggested demolition, the development team will rehabilitate the 600,000 square feet building to its historic grandeur, adhering to the National Park Service and State Historic Preservation guidelines, providing additional evidence of Detroit's viability at this most visible site.</p> <p>The project includes the primary building at 6051 Hastings St, 48211 in Detroit's Medbury Park Neighborhood and two adjacent lots at 991 and 666 Harper to provide the required parking for the project. The building will be rehabilitated into 433 market rate and affordable apartments, 28,341 square feet of commercial and retail space and 16,054 sq feet of coworking space. The ground floor will provide over 130 enclosed parking spaces, enveloped by the external commercial space, lounge and pool, with total parking including the adjacent lots of over 700 spaces to accommodate residents, guests and any retail or office need. Ample bicycle parking will be available strategically around the building. The building's two-acre roof will provide stunning views, a quarter mile walking track, indoor lounge, fitness center, doggy areas, and relaxing space sufficient for all of the residents to enjoy at any time.</p>	
<b>Sources and Uses of Capital Summary</b>	
Total Investment	\$142,134,810
Sources	Debt: \$93,000,000; Equity/Deferred Fees: \$41,634,810; Grant Funding \$7,500,000
Uses	Acquisition: \$1,000,000, Hard Costs: \$107,742,335 Soft Costs: \$33,392,475
<b>Project Economic Benefits Summary</b>	
Estimated Jobs (FTE/Construction)	80 FTE / 425 Construction
Estimated City benefits before tax abatement	<b>\$18,564,651 (OPRA \$4,318,055; NEZ \$14,246,596)</b>
Total estimated City value of abatement	<b>\$6,812,169 (OPRA \$799,511; NEZ \$5,213,147)</b>
Less cost of services & utility deductions	<b>\$3,179,391 (OPRA \$1,023,192; NEZ \$2,156,199)</b>
Brownfield TIF	<b>\$1,227,549 (OPRA \$199,124; NEZ \$1,028,425)</b>
Net Benefit to City with abatements	<b>\$8,145,054 (OPRA \$2,296,228; NEZ \$5,848,826)</b>

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

	Amount
Real Property Taxes, before abatement	\$6,696,246
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$63,501
Municipal Income Taxes - Indirect Workers	\$21,060
Municipal Income Taxes - Corporate Income	\$45,395
Municipal Income Taxes - Construction Period	\$434,543
Municipal Income Taxes - New Res. Inhabitants	\$4,125,870
Utility Revenue	\$2,111,637
Utility Users' Excise Taxes	\$120,305
State Revenue Sharing - Sales Tax	\$35,275
Building Permits and Fees	\$550,400
Miscellaneous Taxes & User Fees	\$42,362
<u>Subtotal Benefits</u>	<u>\$14,246,596</u>
Cost of Providing Municipal Services	(\$44,562)
Cost of Providing Utility Services	(\$2,111,637)
<u>Subtotal Costs</u>	<u>(\$2,156,199)</u>
Net Benefits	\$12,090,397

## Incentive Summary over the First 15 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	\$14,246,596	(\$2,156,199)	(\$5,213,147)	\$0	(\$1,028,425)	\$5,848,826
Wayne County	\$1,606,151	(\$8,593)	(\$1,263,650)	\$0	(\$333,908)	\$0
Detroit Public Schools	\$5,987,571	(\$33,976)	(\$4,445,131)	\$0	(\$851,652)	\$656,812
State Education	\$1,196,374	\$0	(\$893,257)	\$0	(\$303,117)	\$0
Wayne RESA	\$1,087,105	\$0	(\$811,673)	\$0	(\$275,432)	\$0
Wayne County Comm. College	\$645,603	\$0	(\$482,031)	\$0	(\$163,572)	\$0
Wayne County Zoo	\$19,880	\$0	(\$14,843)	\$0	\$0	\$5,037
Detroit Institute of Arts	\$39,779	\$0	(\$29,701)	\$0	\$0	\$10,079
<b>Total</b>	<b>\$24,829,060</b>	<b>(\$2,198,767)</b>	<b>(\$13,153,433)</b>	<b>\$0</b>	<b>(\$2,956,106)</b>	<b>\$6,520,753</b>

Charts courtesy of DEGC

## Conclusion

The investment in this project is estimated at **\$134 million**. The proposed tax abatement is projected to be worth a tax savings of **\$13,153,433** to the developer. The estimated investment and new residents are projected to produce a positive cost benefit to the City of Detroit of **\$5,848,826** and over **\$6,520,753** to all the impacted taxing units, in addition to 80 FTEs and 425 temporary construction jobs & new housing units.

**DEGC Chart of Taxes Before, During & After the Incentive**<sup>17</sup>

	Existing Taxes	New Taxes AFTER Incentive(s)	New Taxes Without Incentive
City of Detroit	\$0	\$14,766	\$394,984
Library	\$0	\$2,362	\$63,175
Wayne County	\$0	\$4,086	\$109,305
Detroit Public Schools	\$0	\$45,750	\$407,343
State Education	\$0	\$13,923	\$81,856
Wayne RESA	\$0	\$2,781	\$74,380
Wayne County Comm. College	\$0	\$1,651	\$44,172
Wayne County Zoo	\$0	\$51	\$1,360
Detroit Institute of Arts	\$0	\$102	\$2,722
<b>Total</b>	<b>\$0</b>	<b>\$85,471</b>	<b>\$1,179,298</b>

Chart courtesy of DEGC

**NEZ Acreage Status:**<sup>18</sup>

**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.”*<sup>19</sup>

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

**Fisher Body Hastings NEZ: 4.735 acres**  
**Total Acreage for the Entire city of Detroit: 88,260**<sup>20</sup>

**Total Acreage Remaining 7,582.66**<sup>21</sup>  
**Total Acreage Designated 5,656.34**<sup>22</sup>

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

**Attachment:** June 16, 2022- Letter from Finance Assessors

<sup>17</sup> **Existing Annual Taxes: \$0 - New Annual Taxes DURING the Incentive: \$85,471 & Taxes after the Incentive EXPIRES: \$1,179,298**

<sup>18</sup> This is a ballpark estimate by LPD, based on current available data.

<sup>19</sup> MCL 207.773 (2)

<sup>20</sup> 88,260 Acres = 137.90625 Square Miles

<sup>21</sup> 57% of total NEZ acreage remaining (9% of the total acreage of the entire city of Detroit)

<sup>22</sup> 43% of total NEZ acreage designated (6% of the total acreage of the entire city of Detroit)



**6501 Hastings**

**(The vacant Fisher Body Plant No. 21 in Detroit at the corner of Hastings and Piquette is seen on Wednesday November 26, 2014)<sup>23</sup>**



**Current conditions<sup>24</sup>**



**Rendering of the completed project<sup>25</sup>**

<sup>23</sup> Photo: Ryan Garza, Detroit Free Press [Detroit's abandoned Fisher Body Plant No. 21 to become housing \(freep.com\)](http://freep.com)

<sup>24</sup> Photo: DEGC

<sup>25</sup> Source [Detroit's blighted Fisher Body Plant 21 will be transformed into sprawling residential complex \(archpaper.com\)](http://archpaper.com)



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

June 16, 2022

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

RE: **Neighborhood Enterprise Zone – Fisher Body Hastings**  
**Property Address: 6051 Hastings**  
**Parcel ID: 03001732-3**  
**Fisher 21 Lofts LLC**

Dear Ms. Trudeau:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the proposed **Fisher Body Hastings Neighborhood Enterprise Zone**, located at 6501 Hastings, submitted by **Fisher 21 Lofts LLC** for the neighborhood located in the **Milwaukee Junction** 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 district as proposed by **Fisher 21 Lofts LLC** consists of a 6-story vacant warehouse with approximately 630,500 square feet of building, built between 1926 and 1955, on 4.735 acres of land. The proposed project consists of rehabilitating the structure into a mixed use property, including 433 market rate and affordable housing units, 28,000 sq.ft of commercial and retail space, 16,000 of coworking space, and ground floor parking. The building will undergo major renovations including window replacement, floor replacement, roof replacement, all major mechanical, plumbing and electrical systems replacement, elevators, and life safety equipment. **The NEZ request applies only to the future residential housing portion of the structure.**

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

"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





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Neighborhood Enterprise Zone  
Fisher Body Hastings  
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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.

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.

The property is currently owned by the City of Detroit. The State Tax Commission (STC) has determined that the proposed developer may proceed with obtaining local approval of the issuance of the certificate prior to acquiring title to the property, but that the certificate would be held in abeyance by the STC pending submission of proof of ownership.

Upon review of project details and relevant statutes, it has been determined that this proposed district located in the **Milwaukee Junction 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  
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OFFICE OF THE ASSESSOR

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Property Address: 6501 HASTINGS  
Parcel Number: 03001732-3  
Property Owner: CITY OF DETROIT  
Legal Description: N HARPER 7 THRU 34 AND VAC ALLEY ADJ SUB OF LOTS 1 TO 30&37&38 HOBAN & SANDS L22 P92  
PLATS, W C R 3/77 31 THRU 33 HOBAN & SANDS L15 P2 PLATS, W C R 3/78 206 475 SQ FT

