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City of Detroit
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TO: The Honorable Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: July 3, 2023

RE: **10:05 Public Hearing** Application for an **Obsolete Property Rehabilitation Certificate**
by **St. Agnes Lofts, LLC (7601 Rosa Parks)** Public Act 146 of 2000 **Petition # 1531-E**

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.

St. Agnes Lofts, LLC, is the project developer of the property at 7601 Rosa Parks Blvd, which is located in the La Salle Gardens area of Detroit. The project consists of the redevelopment of the former St. Agnes/Martyrs of Uganda Church & School campus,¹ which has been vacant since 2006. The former Roman Catholic church, which was notable for hosting Mother Teresa² in 1979,³ when she established a Missionaries of Charity convent at the church.⁴

The developer plans to renovate the abandoned and vacant building, located at 7601 Rosa Parks. The proposed project consists of rehabilitating the building into 15 one bedroom apartments, with 11 of the 15 units available as affordable (73.3%) at 50%-80% AMI.⁵ The exterior of the building will include improved landscaping and visibility along Rosa Parks Boulevard, as well as the demolition of the rear garage to create additional greenspace. The building will undergo major renovations including structural repairs and replacement of roofing materials, doors, and windows to secure the property against additional scapping and the weather elements. The finished building will also receive new utilities including electrical and plumbing distribution systems and new energy efficient heating, cooling and ventilation

¹ Detroiturbex.com - St. Agnes / Martyrs of Uganda Catholic Church

² [Mother Teresa - Biographical \(nobelprize.org\)](http://Mother Teresa - Biographical (nobelprize.org))

³ [St. Agnes Roman Catholic Church - Abandoned \(abandonedonline.net\)](http://St. Agnes Roman Catholic Church - Abandoned (abandonedonline.net))

⁴ Mother Teresa's Impact on Southeast Michigan | Unleash the Gospel

⁵ AMI (Average Median Income) rental rates of \$800-\$1,103 per month for the affordable units.

systems. The newly renovated apartment units will include new energy efficient windows and doors, new kitchen and bathroom cabinetry, stainless steel appliances, in-unit laundry, and fixtures. This particular project is one of the elements of a larger development on the St. Agnes/Martyrs of Uganda Church campus site.⁶

DEGC Property Tax Abatement Evaluation

Developer: St. Agnes Lofts, LLC.
Development Team Principal(s): Michael Rivait
Prepared By: Kaci Jackson

Description of Incentive: Obsolete Property Rehabilitation Act, **PA 146** - incentive for redevelopment and rehabilitation for commercial or commercial mixed-use buildings that are contaminated, blighted, or functionally obsolete.

DEGC Abatement Term Recommendation	12 years
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Location

Address	7601 Rosa Parks
City Council District	5
Neighborhood	La Salle Gardens
Located in HRD/SNF Targeted Area	N/A

Building Use

Commercial Square Footage	N/A
Residential Square Footage	7,262 SF
Total Residential Units	15 units (11 affordable @ 50%-80% AMI)
Studio Units	N/A
1-Bed Units	15 units, 484 avg. SF, \$800-\$1,103/mo. rent
3-Bed Units	N/A

Project Description

The St. Agnes Lofts project will consist of a \$14.8 million renovation of the former St. Agnes Church & School campus. The project site is located in the LaSalle Gardens Neighborhood and is walking distance to Henry Ford Hospital, the Motown Museum, and LaSalle Park. Upon completion, the St. Agnes Lofts property will be reactivated into a mixed-use project with over 25,000 square feet of commercial space and 91 residential rental units – 85% of which will be designated affordable at 60% - 80% AMI.

The current state of the project site contains deteriorating buildings that will require repair and selective demolition. Substantial investment is necessary to rehabilitate the area into a viable, long-term development. The costs associated with the full rehabilitation are prohibitive, and the development would not be possible without the Obsolete Property Rehabilitation Certificate.

For the purpose of economic impact reporting, the investment and tax incentive have been broken out per site. The overall project investment is \$14.8M; total acquisition \$783K, total hard costs \$11.67M, total soft costs \$2.36M. The total value of the OPRA abatement to the city is estimated at \$880,747. The total net benefit to the city is estimated at \$925,037 over the life of the abatement.

Sources and Uses of Capital Summary

Total Investment	\$1,282,000
Sources	\$159K Equity (12%); 848K Senior Loan (66%), \$276K PACE Financing (22%)

⁶ The full St. Agnes Lofts project will consist of a \$14.8 million renovation of the former St. Agnes Church & School campus. The completed project will provide 91 residential units in a mix of studio, one bedroom two-bedroom and 3-bedroom units and 27,000 total square feet of commercial space.

Uses	\$68K Acquisition (5%); 1.010M Hard Costs (79%); \$204K Soft Costs (16%)
Project Economic Benefits Summary	
Estimated Jobs (FTE/Construction)	0 FTE / 13 Construction
Estimated City benefits before tax abatement	\$202,292
Total estimated City value of OPRA abatement	\$76,208
Less cost of services & utility deductions	\$39,110
Net Benefit to City with OPRA abatement	\$86,974

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

	Amount
Real Property Taxes, before abatement	\$76,208
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	\$13,056
Municipal Income Taxes - New Res. Inhabitants	\$64,154
Utility Revenue	\$39,110
Utility Users' Excise Taxes	\$1,518
State Revenue Sharing - Sales Tax	\$0
Building Permits and Fees	\$8,246
Miscellaneous Taxes & User Fees	\$0
<u>Subtotal Benefits</u>	<u>\$202,292</u>
Cost of Providing Municipal Services	\$0
Cost of Providing Utility Services	(\$39,110)
<u>Subtotal Costs</u>	<u>(\$39,110)</u>
Net Benefits	\$163,182

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	Utility Users Tax & Corporation Income Tax Exemption	Net Benefits After Tax Abatements & Incentives
City of Detroit	\$202,292	(\$39,110)	(\$76,208)	\$0	\$0	\$86,974
Wayne County	\$18,108	\$0	(\$18,108)	\$0	\$0	\$0
Detroit Public Schools	\$68,176	\$0	(\$29,500)	\$0	\$0	\$38,675
State Education	\$13,616	\$0	\$0	\$0	\$0	\$13,616
Wayne RESA	\$12,316	\$0	(\$12,316)	\$0	\$0	\$0
Wayne County Comm. College	\$7,307	\$0	(\$7,307)	\$0	\$0	\$0
Wayne County Zoo	\$225	\$0	(\$225)	\$0	\$0	\$0
Detroit Institute of Arts	\$451	\$0	(\$451)	\$0	\$0	\$0
Total	\$322,491	(\$39,110)	(\$144,116)	\$0	\$0	\$139,265

⁷ Charts courtesy of the DEGC

DEGC Chart of Taxes Before, During & After the Incentive⁸

	Existing Taxes	New Taxes <i>With</i> Incentive(s)	New Taxes <i>Without</i> Incentive
City of Detroit	\$854	\$857	\$5,853
Library	\$137	\$137	\$936
Wayne County	\$235	\$236	\$1,613
Detroit Public Schools	\$886	\$3,830	\$6,074
State Education	\$177	\$1,213	\$1,213
Wayne RESA	\$160	\$161	\$1,097
Wayne County Comm. College	\$95	\$95	\$651
Wayne County Zoo	\$3	\$3	\$20
Detroit Institute of Arts	\$6	\$6	\$40
Total	\$2,554	\$6,538	\$17,499

Conclusion

The estimated total capital investment for this project is **\$1,282,000**. It is also estimated that the completed project will create 0 FTE's⁹ and 13 temporary construction jobs. The total value of the 12-year OPRA tax savings is estimated at **\$144,116**.

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$86,974**, and all of the impacted taxing units, a net benefit of **\$139,265**, over the 12 years of the OPRA tax abatement.

The legislative body of the qualified local governmental unit may, by resolution, revoke the obsolete property rehabilitation exemption certificate of a facility if it finds that the completion of rehabilitation of the facility has not occurred within the time authorized by the legislative body in the exemption certificate or a duly authorized extension of that time, or that the holder of the obsolete property exemption certificate has not proceeded in good faith with the operation of the rehabilitated facility in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder of the exemption certificate.¹⁰

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

Attachments: Assessor's Letter, dated April 27, 2023
CRIO¹¹ Employment Clearance, dated May 5, 2023

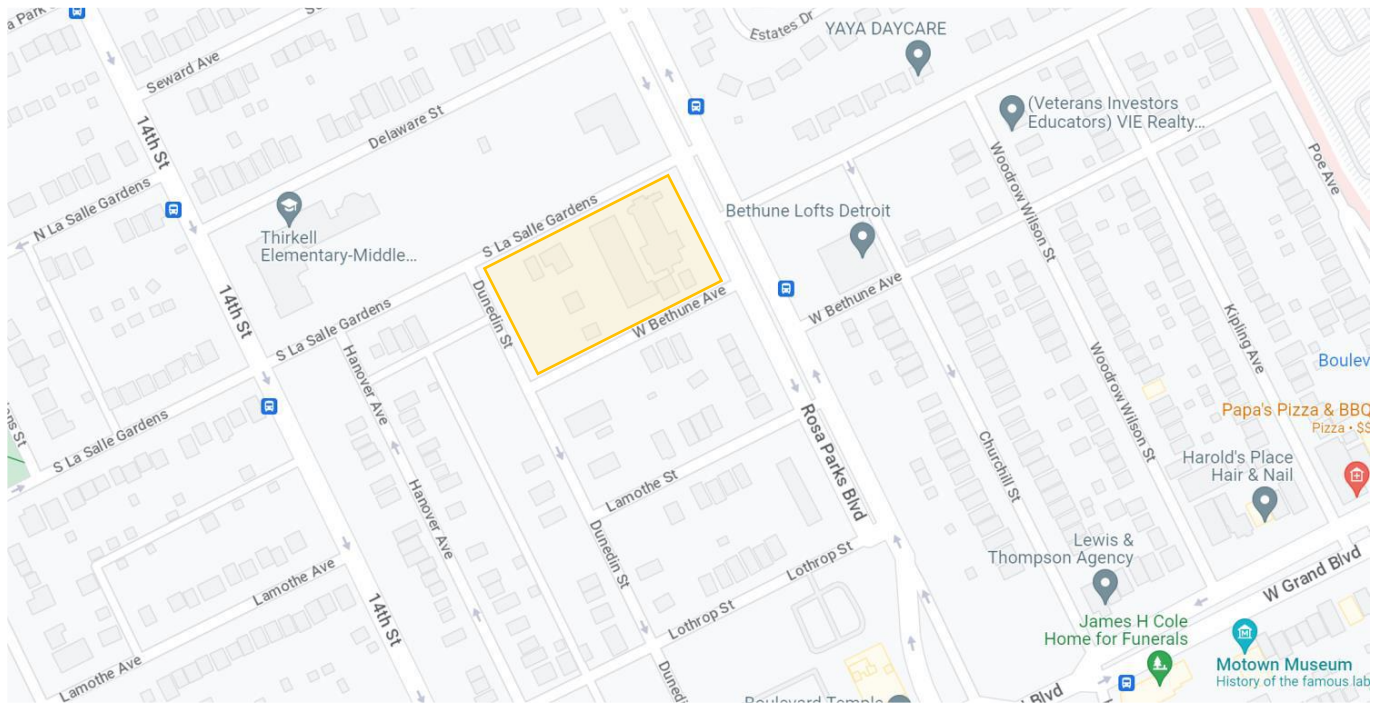
cc: Auditor General's Office
Donald Rencher, Chief of Services and Infrastructure
Antoine Bryant, Planning and Development Department
Julie Schneider, HRD
Justus Cook, HRD
Stephanie Grimes Washington, Mayor's Office
Malik Washington, Mayor's Office
Kenyetta Bridges, DEGC
Jennifer Kanalos, DEGC
Brian Vosburg, DEGC

⁸ Existing Annual Taxes: \$2,554 - New Annual Taxes DURING the Incentive: \$6,538 & Taxes after the Incentive EXPIRES: \$17,499

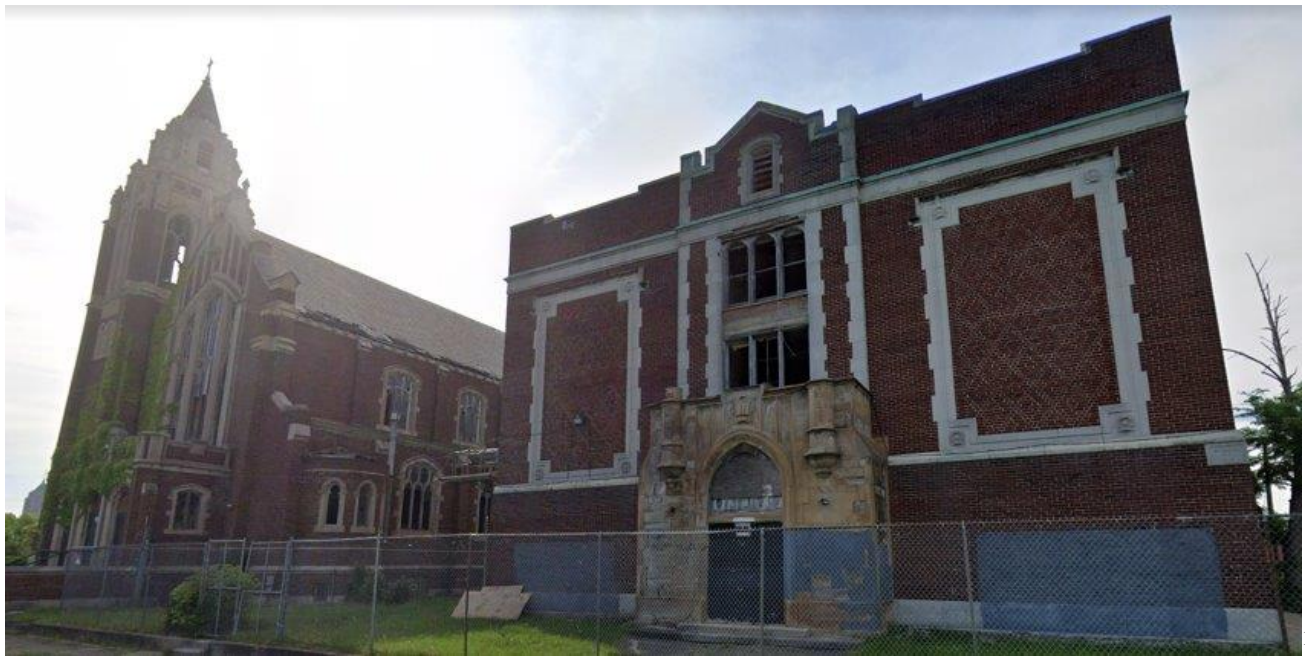
⁹ Full-time equivalent employee (FTE) [What Is Full-Time Equivalent \(FTE\)? Plus How To Calculate It | Indeed.com](#)

¹⁰ MCL 125.2792 (1) [Michigan Legislature - Section 125.2792](#)

¹¹ Department of Civil Rights, Inclusion & Opportunity (CRIO)



Map of location



Current view of the St. Agnes/Martyrs of Uganda Church campus site

¹² Source of map and photo: 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

April 27, 2023

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 – St Agnes Lofts LLC**

Addresses: 7601 Rosa Parks BLVD
Parcel Number: 08007991.005.

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 **7601 Rosa Parks BLVD** located in the **La Salle Gardens** 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 2023 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
08007991.005	7601 Rosa Parks BLVD	\$ 25,100	\$ 24,852	\$ 4,700	\$ 4,653

The project as proposed by the **St Agnes Lofts LLC** will entail the rehabilitation of the current building into 15 one-bedroom apartments. This proposed project is part of a larger redevelopment effort of the former St. Agnes/Martyrs of Uganda church campus that will provide an additional 67 residential units in a mix of studio, one-bedroom and two-bedroom units and 27,000 total square feet of commercial space. The exterior of the building will include improved landscaping and visibility along Rosa Parks Boulevard, as well as demolition of the rear garage to create additional greenspace.



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER
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Obsolete Property Rehabilitation Certificate
St Agnes Lofts LLC – 7601 Rosa Parks Blvd
Page 2

The building will undergo major renovations including structural repairs and replacement of roofing materials, doors, and windows to secure the property against additional scrapping and the weather elements. As additional part of the rehabilitation, the building will receive new utilities including electrical and plumbing distribution and new energy efficient heating, cooling and ventilation systems. Apartment units will include new energy efficient windows and doors, new kitchen and bathroom cabinetry, stainless steel appliances, in-unit laundry, and fixtures.

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 **7601 Rosa Parks Blvd** 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
St Agnes Lofts LLC – 7601 Rosa Parks Blvd
Page 3

Property Address: 7601 Rosa Parks Blvd

Parcel Number: 08007991.005

Property Owner: St Agnes Lofts LLC

Legal Description N BETHUNE PT OF LOTS 57 THRU 60 WHITNEYS SUB L27 P78 PLATS, W C R 8/82 DESC AS BEG AT SELY COR LOT 60 TH S 63D 16M W 138 FT TH N 26D 16M W 68 FT TH N 63D 16M W 138 FT TH S 26D 16M E 68 FT TO POB 138 X 68 9,384 SQFT. SPLIT ON 03/15/2023 FROM 08007991.





COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 1240
DETROIT, MICHIGAN 48226
PHONE: 313.224.4950
FAX: 313.224.3434

Decision Regarding Employment Clearance for Tax Abatement Employment Commitment <5 Full-time Employees

Date: May 5, 2023

Tax Abatement Type: PA 146

New Renewal

Duration of Abatement: 12 years

Development: The proposed project consists of rehabilitating the former rectory building into 15 one-bedroom apartments.

Parcel/Facility Address: 7601 Rosa Parks

Applicant/Recipient: Michael Rivait

Applicant Contact: michael@newdetroit.com 248-670-2011

Post-Construction Employment Commitments

If Developer Occupied is selected, the Developer will be responsible for both Developer and Tenant requirements listed below.

Developer Occupied Tenant Occupied

Total Employment: 0 (No jobs are attributed to this certificate request. On a long-term basis the proposed redevelopment of the entire campus will create approximately 2 FTE jobs by the developer related to the management and maintenance of the entire campus property, and approximately 12 FTE jobs will be created by commercial tenants.

Developer commits to

- 1) Report to CRIO annually;
 - a. Developer's efforts regarding tenants
 - b. Tenant's compliance with commitments stated below (3)
 - c. Total number of employees at the facility
 - d. Number of employees at the facility who are Detroit residents
- 2) Provide Detroit at Work (DAW) information to any/all tenant(s) for life of abatement
- 3) Work with Commercial Tenant(s) to do the following;
 - a. **Post all Detroit job openings through the DAW website;**
 - b. **Report to Developer annually;**
 - i. Tenant's compliance with requirements
 - ii. The number of individuals employed by Tenant
 - iii. The number of employees who are Detroit residents

The Applicant/Recipient has provided the Civil Rights, Inclusion and Opportunity Department (CRIO) required information in accordance with specific current and future employment data and commitments as part of a tax abatement agreement with the City of Detroit.

Therefore my signature below grants **Approval** of the above tax abatement application/renewal based upon annual reports to and appraisals by this agency of the recipient's employment measures projected and achieved for the duration of the abatement.



COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 1240
DETROIT, MICHIGAN 48226
PHONE: 313.224.4950
FAX: 313.224.3434

**Decision Regarding Employment Clearance for Tax Abatement
Employment Commitment <5 Full-time Employees**

Tenika R. Griggs, Esq. _____

CRIO Deputy Director Name

DocuSigned by:

Tenika R. Griggs, Esq.

FF584CDB98E341A...

_____ CRIO Deputy Director Signature

5/16/2023

_____ Date