


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TO: The Honorable Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: June 28, 2023

RE: Application for an **Obsolete Property Rehabilitation Certificate** by
St. Agnes Lofts, LLC (1950 Bethune) Public Act 146 of 2000 **Petition # 1531-C**

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 1950 W Bethune, 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, on one parcel totaling approximately 0.23 acres and has a 1,500 square foot improved building, located at 1950 W Bethune. The building was constructed in 1917, to function as the powerhouse for the campus. The improved building formerly housed the boilers that provided heat to the church campus. The proposed project consists of rehabilitating the building into one approximately 1,500 square foot commercial cafe/coffee house space. The building will undergo major renovations including a reconfigured layout, all major mechanical, HVAC, plumbing and electrical systems replacements, new windows and doors, structural repairs, and facade improvements. This particular project is one of the elements of a larger development on the St. Agnes/Martyrs of Uganda Church campus site.⁵

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 The full St. Agnes Lofts project will consist of a \$14.8 million renovation of the former St. Agnes Church & School campus.

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	1950 Bethune
City Council District	5
Neighborhood	La Salle Gardens
Located in HRD/SNF Targeted Area	N/A

Building Use

Commercial Square Footage	1,500 SF
Residential Square Footage	N/A
Total Residential Units	N/A
Studio Units	N/A
1-Bed Units	N/A
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	\$275,000
Sources	\$34K Equity (12%); 182K Senior Loan (66%), \$59K PACE Financing (22%)
Uses	\$15K Acquisition (5%); 216K Hard Costs (79%); 44K Soft Costs (16%)

Project Economic Benefits Summary

Estimated Jobs (FTE/Construction)	2 FTE / 3 Construction
Estimated City benefits before tax abatement	\$81,132
Total estimated City value of OPRA abatement	\$16,330
Less cost of services & utility deductions	\$22,696
Net Benefit to City with OPRA abatement	\$42,106

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

	Amount
Real Property Taxes, before abatement	\$16,330
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$16,948
Municipal Income Taxes - Indirect Workers	\$3,683
Municipal Income Taxes - Corporate Income	\$6,035
Municipal Income Taxes - Construction Period	\$2,798
Utility Revenue	\$9,442
Utility Users' Excise Taxes	\$1,039
State Revenue Sharing - Sales Tax	\$10,491
Building Permits and Fees	\$1,767
Miscellaneous Taxes & User Fees	\$12,599
Subtotal Benefits	\$81,132
Cost of Providing Municipal Services	(\$13,254)
Cost of Providing Utility Services	(\$9,442)
Subtotal Costs	(\$22,696)
Net Benefits	\$58,436

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	\$81,132	(\$22,696)	(\$16,330)	\$0	\$0	\$42,106
Wayne County	\$6,213	(\$2,332)	(\$3,880)	\$0	\$0	\$0
Detroit Public Schools	\$27,807	(\$13,175)	(\$6,322)	\$0	\$0	\$8,310
State Education	\$2,918	\$0	\$0	\$0	\$0	\$2,918
Wayne RESA	\$2,639	\$0	(\$2,639)	\$0	\$0	\$0
Wayne County Comm. College	\$1,566	\$0	(\$1,566)	\$0	\$0	\$0
Wayne County Zoo	\$48	\$0	(\$48)	\$0	\$0	\$0
Detroit Institute of Arts	\$97	\$0	(\$97)	\$0	\$0	\$0
Total	\$122,419	(\$38,203)	(\$30,882)	\$0	\$0	\$53,334

DEGC Chart of Taxes Before, During & After the Incentive⁷

	Existing Taxes	New Taxes <i>With</i> Incentive(s)	New Taxes <i>Without</i> Incentive
City of Detroit	\$426	\$428	\$1,499
Library	\$68	\$69	\$240
Wayne County	\$117	\$118	\$413
Detroit Public Schools	\$442	\$1,075	\$1,556
State Education	\$88	\$311	\$311
Wayne RESA	\$80	\$80	\$281
Wayne County Comm. College	\$47	\$48	\$167
Wayne County Zoo	\$1	\$1	\$5
Detroit Institute of Arts	\$3	\$3	\$10
Total	\$1,272	\$2,133	\$4,481

⁶ Charts courtesy of the DEGC

⁷ Existing Annual Taxes: \$1,272 - New Annual Taxes DURING the Incentive: \$2,133 & Taxes after the Incentive EXPIRES: \$4,481

Conclusion

The estimated total capital investment for this project is **\$275,000**. It is also estimated that the completed project will create 2 FTE's⁸ and 3 temporary construction jobs. The total value of the 12-year OPRA tax savings is estimated at **\$30,882**.

Based on the investment and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$42,106**, and all of the impacted taxing units, a net benefit of **\$53,334**, 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.⁹

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

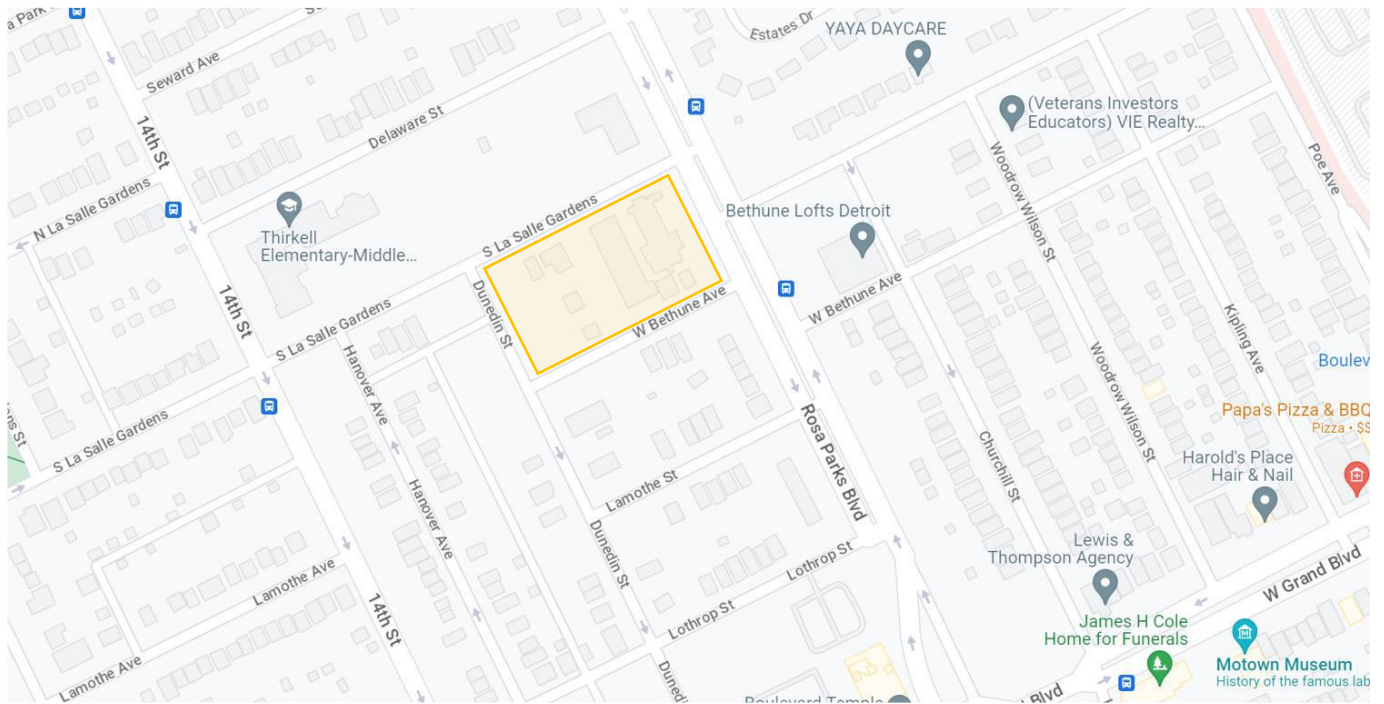
Attachments: Assessor's Letter, dated April 28, 2023
CRIO¹⁰ Employment Clearance, dated May 7, 2023

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

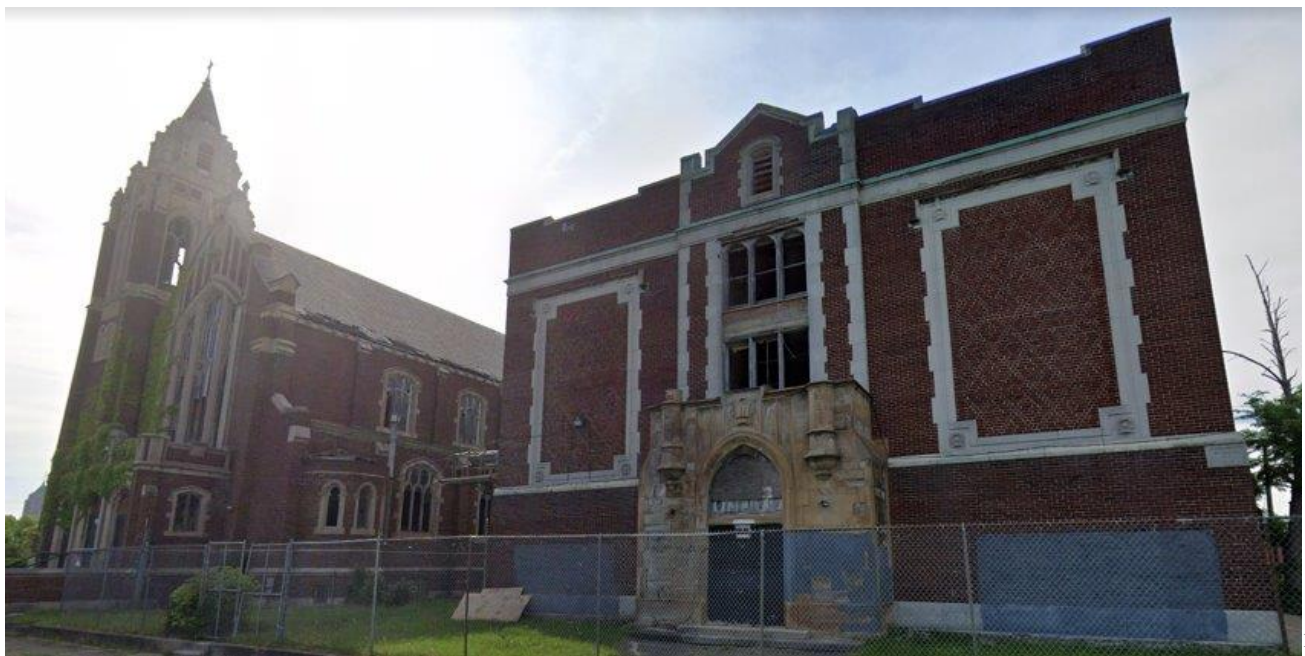
⁸ Full-time equivalent employee (FTE) [What Is Full-Time Equivalent \(FTE\)? Plus How To Calculate It | Indeed.com](https://www.indeed.com/career-advice/finding-a-job/what-is-fte)

⁹ MCL 125.2792 (1) [Michigan Legislature - Section 125.2792](https://legislature.mi.gov/doc.aspx/mcl-125-2792)

¹⁰ Department of Civil Rights, Inclusion & Opportunity (CRIO)



Map of location



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

¹¹ 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 28, 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: 1950 W Bethune
 Parcel Number: 08007991.002

Dear Ms. Trudeau:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the proposed Obsolete Property Rehabilitation District located at **1950 W Bethune** located in the La Salle Gardens area of the City of Detroit.

The rationale for creating Obsolete Property Rehabilitation Districts 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
08007991.002	1950 W Bethune	\$ 10,200	\$ 9,864	\$ 5,000	\$ 4,836

The project as proposed by the St Agnes Lofts, LLC contains one parcel totaling approximately 0.23 acres and has a 1,500 square foot improved building, located at 1950 W Bethune. The property is part of the former St. Agnes/Martyrs of Uganda church campus and was constructed in approximately 1917 to function as the powerhouse for the campus. The improved building formerly housed the boilers that provided heat to the church campus. The proposed project consists of rehabilitating the building into one approximately 1,500 square foot commercial café/coffee house space. The building will undergo major renovations including layout reconfiguration, all major mechanical, HVAC, plumbing and electrical systems replacement, new windows and doors, structural repairs, and façade improvements.

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.



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER
OFFICE OF THE ASSESSOR

COLEMAN A. YOUNG MUNICIPAL CENTER
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Obsolete Property Rehabilitation Certificate
St Agnes Lofts, LLC
Page 2

A statutory review indicated that the proposed Obsolete Property Rehabilitation Certificate for the property located at **1950 W Bethune** 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

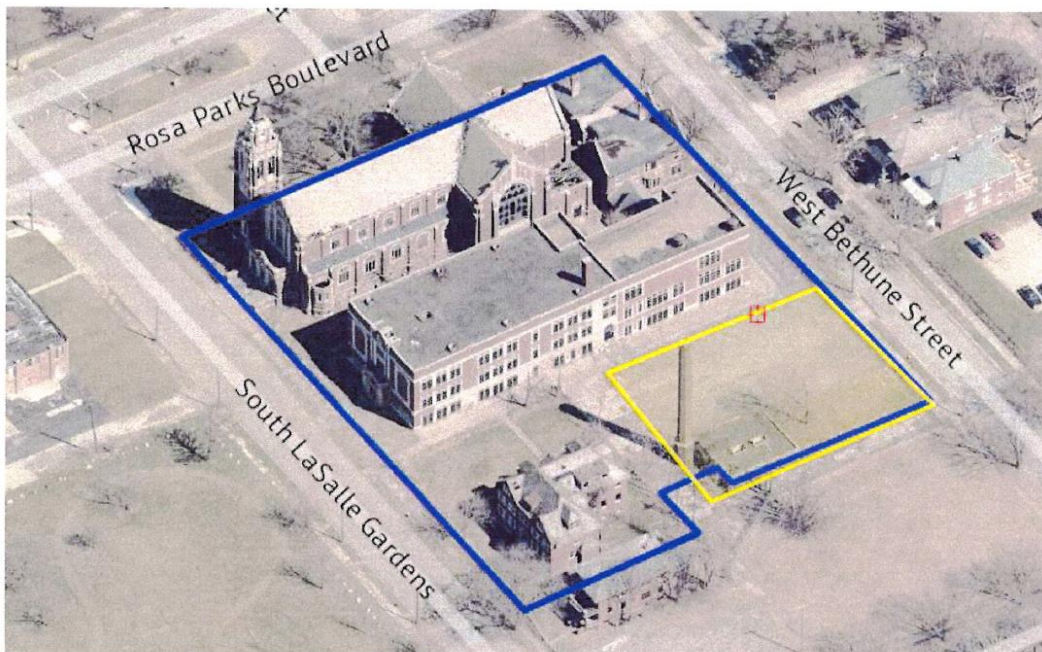


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Obsolete Property Rehabilitation Certificate
St Agnes Lofts, LLC
Page 3

Property Address: 1950 W Bethune
Parcel Number: 08007991.002
Property Owner: St Agnes Lofts, LLC
Legal Description: N BETHUNE LOTS 52 53 AND VAC ALLEY WHITNEYS SUB L27 P78 PLATS, W C R 8/82 71.72 X 140
10,041 SQFT





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 7, 2023

Tax Abatement Type: PA 146

New Renewal

Duration of Abatement: 12 years

Development: The proposed project will entail the rehabilitation of the current building, into an approximately 1,500 sq ft commercial space.

Parcel/Facility Address: 1950 W Bethune

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: 2

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.

Tenika R. Griggs, Esq. _____

DocuSigned by:
Tenika R. Griggs, Esq.
FF584CDB98E341A...

5/9/2023 _____