

City of Detroit

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March 19, 2024

HONORABLE CITY COUNCIL

RE: Neighborhood Enterprise Zone Certificate Applications for the rehabilitation of a vacant building to include 20-units located at 1420 Holden and 6217 Lincoln within the 1400 Holden, LLC Neighborhood Enterprise Zone area (RECOMMEND APPROVAL)

The office of the City Planning Commission (CPC) has received applications requesting Neighborhood Enterprise Zone (NEZ) certificates for the rehabilitation of a vacant building to include 20 rental apartment units.

The property is located south of Henry Ford Hospital at the northwest corner of Lincoln and Holden. Below are maps of the location and an image of the building. The site is presently developed with a vacant 2-story former commercial building.

The applicant for the project is 6465 Sterling, LLC. The principal developers are associated with Holcomb Development. Holcomb is a full-service real estate development and design-build firm located in Metro-Detroit.

The developer proposes to spend on average about \$149,750 per unit for a total investment of over \$5 million dollars. The developer plans to restore the exterior and interior of the property includes extensive reconfiguration and upgrades in carpentry, roofing windows, glass, drywall, flooring, plumbing and HVAC. Below is a summary of the project:

- The developer is proposing a mixed-use redevelopment with residential and commercial space.
- There are expected to be 6 studios, 12 one-bedroom apartments and 2 two-bedroom apartments.
- Four of the apartments will be on the ground level and the remainder on the 2nd floor.
- 20% of the units (two one-bedroom units and two studios) will be offered at rent rates considered affordable to those with income not greater than 80% of the Area Median Income (AMI).
- In addition, all of the apartments are expected to be “naturally affordable” based on current 60% to 80% AMI levels.
- The developer submitted the following summary table:

# Units	SQF	# BR	Reno Cost	Rent
2	330	Studio	\$ 64,020	\$ 950
2	370	Studio	\$ 71,780	\$ 960
1	715	2-bedroom	\$ 138,710	\$ 1,500
2	1,010	2-bedroom	\$ 195,940	\$ 1,675
1	1,040	2-bedroom	\$ 201,760	\$ 1,700
1	595	1-bedroom	\$ 115,430	\$ 1,325
1	585	1-bedroom	\$ 113,490	\$ 1,325
1	580	1-bedroom	\$ 112,520	\$ 1,325
1	570	1-bedroom	\$ 110,580	\$ 1,325
3	610	1-bedroom	\$ 118,340	\$ 1,350
1	675	1-bedroom	\$ 130,950	\$ 1,375
1	530	Affordable Studio	\$ 102,820	\$ 950
1	510	Affordable 1 bedroom	\$ 98,940	\$ 1,150
1	530	Affordable Studio	\$ 102,820	\$ 900
1	510	Affordable 1 bedroom	\$ 98,940	\$ 1,000

Regarding parking, the developer owns a parking lot west of the building, which the developer proposes to repave and restripe with 36 spaces. The developer is proposing to charge \$50/month with a reduced rate offered to occupants of affordable apartments.

Regarding accessibility, the developer indicates there will be one fully accessible unit and at least 3 Type B units. The Type B units will have grab bars, lowered countertops, wheelchair accessible bathroom accessories and sink, and will have proper radiuses throughout for wheelchair maneuverability.

In the report dated November 15, 2023, to City Council from Legislative Policy Staff, regarding the establishment of this NEZ district, the report included the following conclusion regarding the cost of the abatement:

Conclusion

The investment in this project is estimated at **\$5,195,888**. The abatement is projected to be worth a tax savings of **\$331,900** for the developer. The estimated investment and new residents are projected to produce a positive cost benefit to the City of Detroit of **\$248,189** and **\$331,319** to all the impacted taxing units, in addition to 30 temporary construction jobs and 20 new housing units.¹² The result of this finished project revitalizes a building that has been blighted and abandoned in the neighborhood, and provides it a benefit, by returning a distressed property to a productive use, as a residential/commercial investment in the community.

It appears the NEZ certificate applications have been submitted prior to the issuance of applicable building permits – the NEZ Act (Act 147 of 1992) states the application must be filed before a building permit is issued. The petitioner submitted the NEZ certificate applications dated February 29, 2024, to the City Clerk’s office.

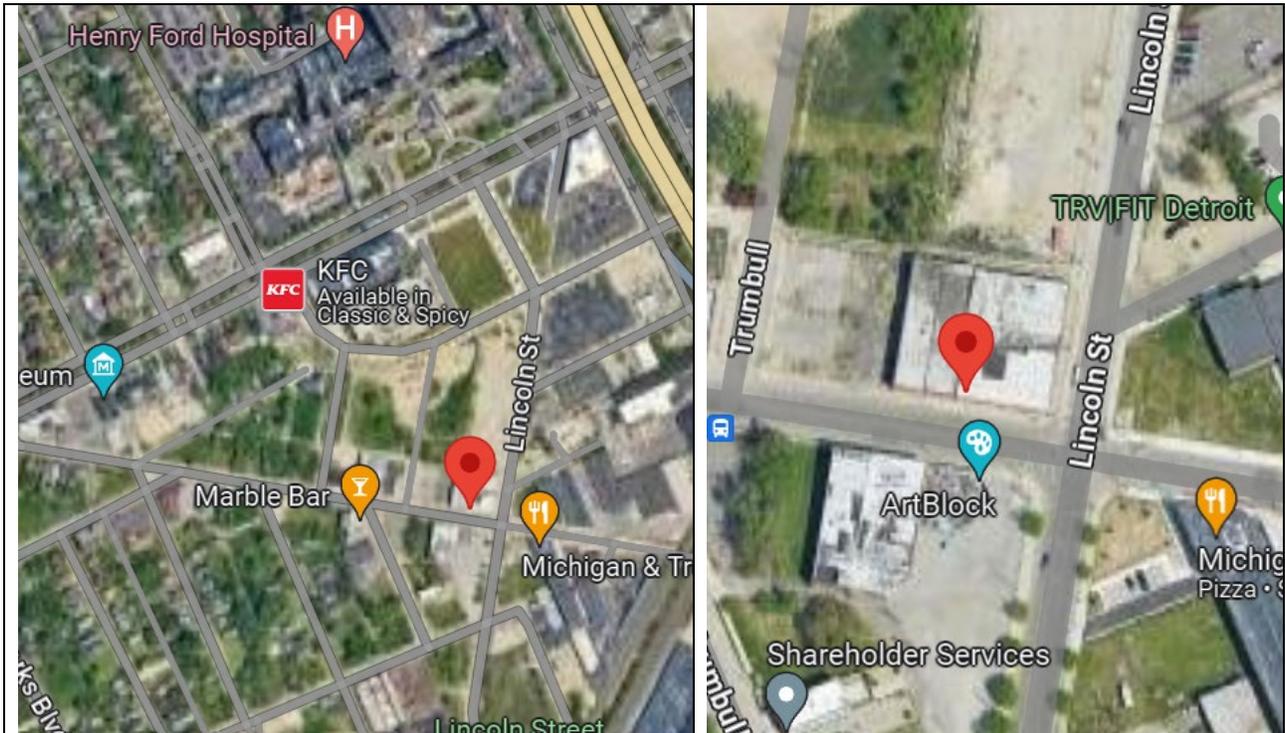
The subject property has been confirmed as being within the boundaries of the 1400 Holden, LLC NEZ which was established by a vote of City Council in January 2024. CPC staff has reviewed the applications and recommends approval. The City Clerk’s office is submitting a resolution for Your consideration. Please contact our office should you have any questions.

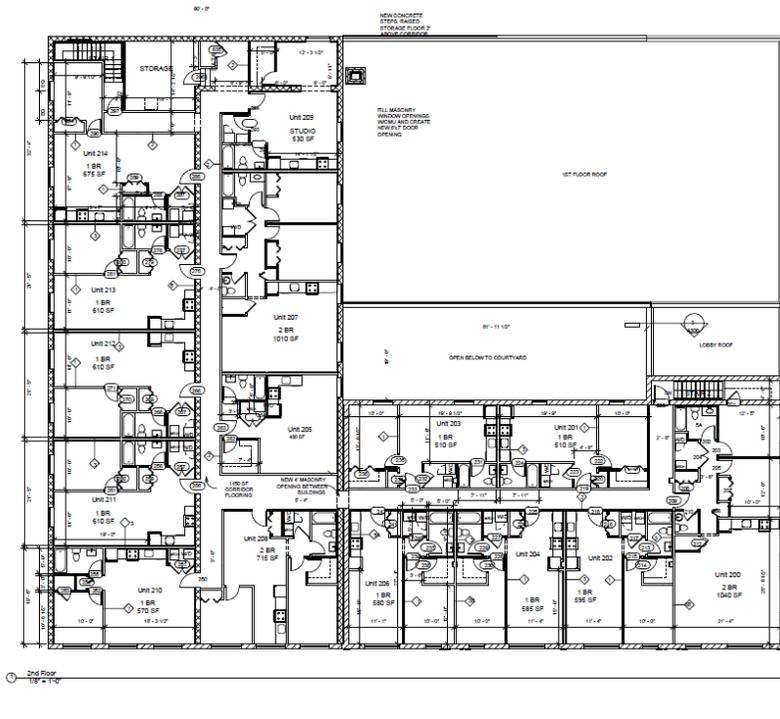
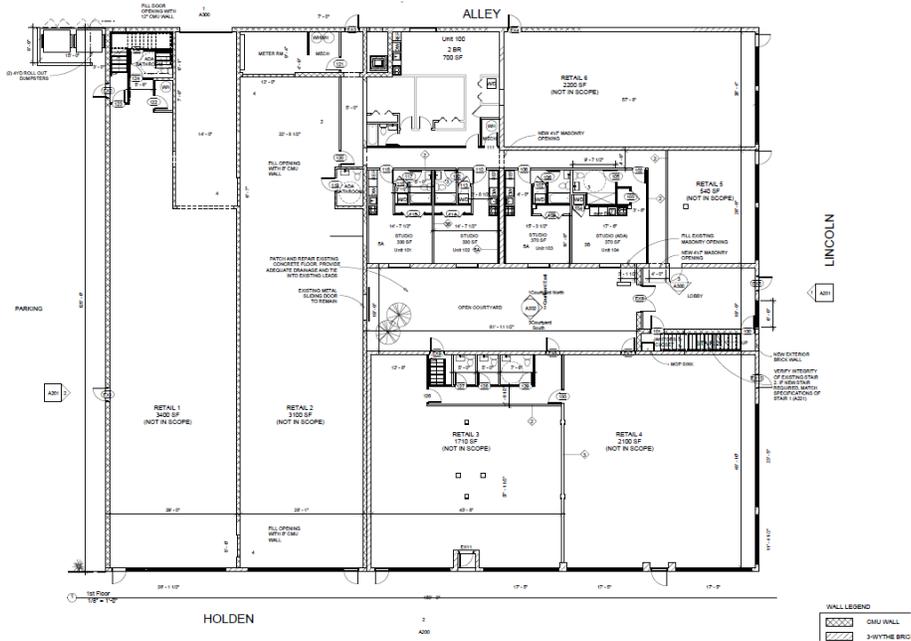
Respectfully submitted,

Marcell R. Todd Jr.

Marcell R. Todd, Jr., Director CPC
Christopher J. Gulock, AICP, City Planner

cc: Janice Winfrey, City Clerk
Angela Jones, City Clerk





Resolution

By Council Member _____

WHEREAS, Michigan Public Act 147 of 1992 allows the local legislative body to establish Neighborhood Enterprise Zones for the purpose of providing exemption from ad valorem property taxes, and the imposition of specific tax in lieu of ad valorem taxes; and

WHEREAS, The Detroit City Council has established a Neighborhood Enterprise Zone for the following area, in the manner required by and pursuant to Public Act 147 of 1992.

NOW, THEREFORE, BE IT RESOLVED, That the Detroit City Council approves the submission of the applications to the State Tax Commission, and, if applicable, the City Council concurs with the issuance of the certificate if the applications were filed not more than 6 months after the date of the issuance of a building permit for the facility.

BE IT FINALLY RESOLVED, That the Detroit City Council approve the following for receipt of a Neighborhood Enterprise Zone Certificates for a fifteen-year period:

<u>Zone</u>	<u>Address</u>	<u>Application No.</u>
1400 Holden, LLC	1420 Holden & 6217 Lincoln (Units 100-104)	07-1029
1400 Holden, LLC	1420 Holden & 6217 Lincoln (Units 200-207)	07-1030
1400 Holden, LLC	1420 Holden & 6217 Lincoln (Units 208-214)	07-1031