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March 14, 2024

HONORABLE CITY COUNCIL

RE: Neighborhood Enterprise Zone Certificate Application for the rehabilitation of a vacant apartment building with 20-units located at 6465 Sterling in the 6465 Sterling 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 apartment building with 20 rental units located at 6465 Sterling.

The property is located at the end of Ferry Park Avenue, south of the Henry Ford Hospital campus. Below are maps of the location, an image of the building, and floor plan. The site is presently developed with a vacant 3-story (plus basement) apartment building.

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

The developer proposes to spend about \$128,749 per unit for a total investment of about \$2,188,791 million. The developer indicates the following regarding the building:

- The building is a long vacant apartment in the Elijah McCoy neighborhood and has suffered significant structural damage over the years.
- The building will have 5 studios and 15 one-bedrooms.
- The project will offer 20% of the units (4 units) to those earning 80% area median income (AMI); the developer indicates rents for the market rate units are expected to all be naturally affordable with initial rates between 60% and 80% AMI.

A summary of the units from the developer is listed below:

# of Units	Square Footage	# Bedrooms	Renovation Costs	Rent
1	540	Studio	\$130,140	\$950
3	330	Studio floor 1-3	\$79,530	\$975
1 Affordable	330	Studio	\$79,530	\$950
3	540	1 bedroom	\$130,140	\$1,100
6	540	1 bedroom floor 1-3	\$130,140	\$1,250
3	510	1 bedroom floor 1-3	\$122,730	\$1,250
3 Affordable	530	1 bedroom	\$127,730	\$1,000

Regarding parking, the developer indicates the project will have no parking spaces provided on the site – the developer does not control any adjacent land.

Regarding accessibility, the developer indicates the building is older and does not have accessible or other ADA qualified units due to its existing structure and entryways. The developer will provide handicap features such as grab bars in bathrooms and eliminate thresholds at the request of any future tenant. Type B units will be available at the nearby 1420 Holden building being developed by a commonly controlled LLC.

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 **\$2,188,791**. The abatement is projected to be worth a tax savings of **\$308,786** for the developer. The estimated investment and new residents are projected to produce a positive cost benefit to the City of Detroit of **\$240,477** and **\$316,030** to all the impacted taxing units, in addition to 20 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 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 9, 2024, to the City Clerk’s office.

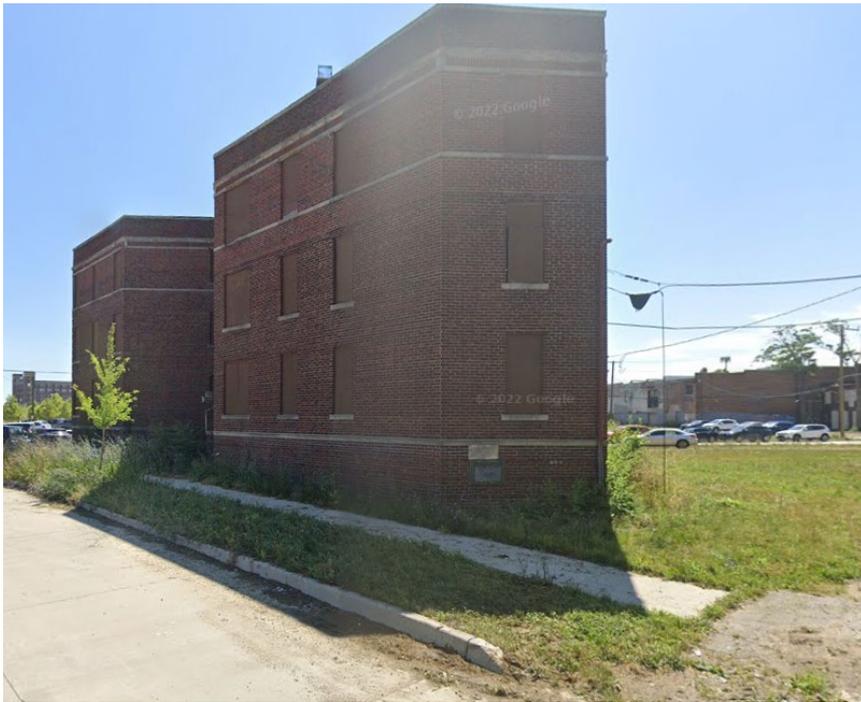
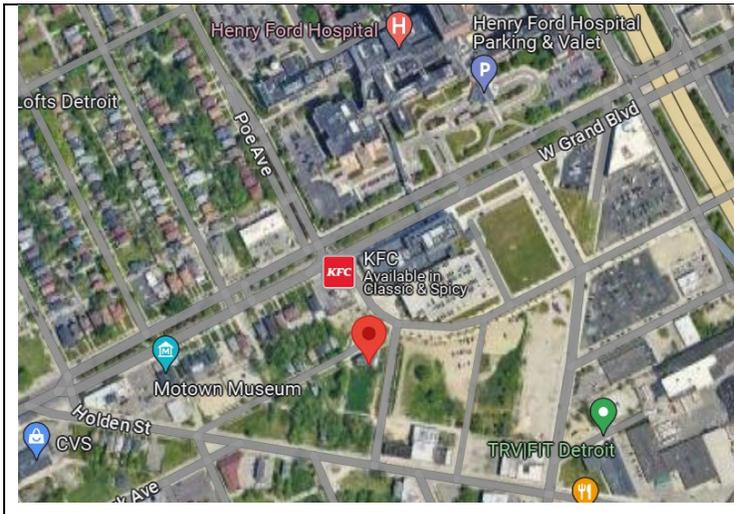
The subject property has been confirmed as being within the boundaries of the 6465 Sterling NEZ which was established by a vote of City Council in January 2024. CPC staff has reviewed the applications and recommends approval. The City Clerk’s office is submitting a resolution for Your consideration. Please contact our office should you have any questions.

Respectfully submitted,



Marcell R. Todd, Jr., 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>
6465 Sterling	6465 Sterling (Units 1-5)	07-1021
6465 Sterling	6465 Sterling (Units 6-10)	07-1022
6465 Sterling	6465 Sterling (Units 11-15)	07-1023
6465 Sterling	6465 Sterling (Units 16-20)	07-1024