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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: May 14, 2024

RE: **7326 W McNichols, LLC PA 210 Certificate Request**

The Commercial Rehabilitation Act, PA 210 of 2005, is a tax incentive for the rehabilitation of commercial property for the primary purpose and use of a commercial business or a multi-family residential facility. The property must be located within an established Commercial Rehabilitation District. Exemptions are approved for a term of 1-10 years, as determined by the local unit of government. The property taxes are based upon the prior year's taxable value.

7326 W McNichols LLC, led by Brandon Hodges, Principal of TRIBE Development,¹ Chase Cantrell,² Executive Director of Building Community Value,³ and Damon Dickerson, Business Development at Progressive AE,⁴ who are all experienced development and design professionals in the city of Detroit, comprise the development partnership entity, is the project developer and owner of the property located at 7326 W McNichols Road. The proposed development at 7326 W. McNichols involves the demolition an existing vacant single-story building in the Liv/6commercial corridor, a Strategic Neighborhood in the *City's SNF framework plan*,⁵ and the new construction of a two-story *Artisan Market*⁶ and event space, focused on giving emerging entrepreneurs a turnkey opportunity to sell their products and services. The development will activate the space by leveling the existing functionally obsolete building and constructing the aforementioned market and event space. In addition to the currently requested abatement, the developer is also seeking Council approval of a Brownfield TIF.

¹ [HOME | Tribe Development](#)

² [Chase Cantrell - 40 Under 40 | Crain's Detroit Business \(crainsdetroit.com\)](#)

³ [HOME | Building Comm. Value \(bcvdetroit.org\)](#)

⁴ [People - Damon Dickerson \(weareprogressive.com\)](#)

⁵ The Strategic Neighborhood Fund (SNF) is a model of neighborhood investment and a suite of tools that includes commercial corridor revitalization, catalytic park investment, streetscape improvements, and housing stabilization. [Adapting the Strategic Neighborhood Fund to Meet Community Needs - Invest Detroit Invest Detroit](#)

⁶ An artisan market is a gathering of talented artisans who create unique and handcrafted products, such as jewelry, pottery, and clothing.

The developer purchased the existing building from the City of Detroit P&DD in June 2023 and has secured predevelopment financing for the initial design and assessment work for the project from Invest Detroit⁷

DEGC Property Tax Abatement Evaluation

7326 W McNichols

Developer: 7326 West McNichols LLC

Principals: Brandon Hodges

Description of Incentive: PA 210 CRA provides property tax exemption for the rehabilitation of commercial and commercial housing properties. Existing property taxes are frozen at the ad valorem rate and property taxes on building improvements may be exempt for a 1-10 year period.	
Request Type	PA 210 Certificate
DEGC Recommendation	10-Year Approval of PA 210
Location	
Address	7326 W. McNichols
City Council District	District 2
Neighborhood	Bagley
Located in HRD/SNF Targeted Area	Livernois-McNichols
Building Use	
Total Square Footage (SF)	
Residential SF	N/A
Commercial SF	14,500
Retail SF	N/A
Industrial SF	N/A
Total Residential Units	
Studios	N/A
1-Bed	N/A
2-Bed	N/A
3-Bed	N/A
Project Description	
The subject property will be redeveloped into a two-story commercial building featuring an Artisans market for emerging small businesses and creative entrepreneurs, dedicated office and co-working space, and a community event space. Additionally, the development team will work with a local operator to provide fulfillment services for the small business tenants so they can provide more expanded services to grow their brands. The development team currently has an LOI with two small businesses to operate the spaces.	
Sources and Uses of Capital Summary	
Total Investment	\$6,650,050
Sources	Senior Lender - \$1.45M (21.8%); SEED Funding – 1.05M (15.7%); SNF Funding \$2.5 (37.6%), Motor City Match - \$55K (.8%) NMTC – \$1.2M (18%); Cash Equity - \$400K (6%)
Uses	Acquisition - \$18K (.27%); Hard Costs - \$5.2M (78.3%); Soft Costs - \$1.4M (21.4%)
Project Economic Benefits Summary	
Estimated Jobs (FTE/Construction)	8 FTE 30 Construction
Estimated City benefits before tax abatement	\$480,865
Total estimated City value of abatement	\$100,522
Less cost of services & utility deductions	\$120,587
Net Benefit to City with abatement	\$259,755

⁷ Invest Detroit was created to bring partnerships and philanthropic resources together to support real estate and business projects that struggle to find traditional financing. [What We Do - Invest Detroit Invest Detroit](#)

City of Detroit: Benefits, Costs, and Net Benefits over the Next 10 Years

	Amount
Real Property Taxes, before abatement	\$100,522
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$36,896
Municipal Income Taxes - Indirect Workers	\$9,697
Municipal Income Taxes - Corporate Income	\$65,698
Municipal Income Taxes - Construction Period	\$30,081
Utility Revenue	\$46,339
Utility Users' Excise Taxes	\$9,136
State Revenue Sharing - Sales Tax	\$369
Building Permits and Fees	\$120,000
Miscellaneous Taxes & User Fees	\$62,124
Subtotal Benefits	\$480,865
Cost of Providing Municipal Services	(\$74,248)
Cost of Providing Utility Services	(\$46,339)
Subtotal Costs	(\$120,587)
Net Benefits	\$360,277

Impacted Taxing Units: Incentive Summary⁸ over the First 10 Years⁹

	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	\$480,865	(\$120,587)	(\$100,522)	\$0	\$0	\$259,755
Wayne County	\$35,186	(\$9,373)	(\$23,886)	\$0	\$0	\$1,927
Detroit Public Schools	\$137,843	(\$45,822)	(\$38,913)	\$0	\$0	\$53,108
State Education	\$17,960	\$0	\$0	\$0	\$0	\$17,960
Wayne RESA	\$16,246	\$0	(\$16,246)	\$0	\$0	\$0
Wayne County Comm. College	\$9,639	\$0	(\$9,639)	\$0	\$0	\$0
Wayne County Zoo	\$297	\$0	(\$297)	\$0	\$0	\$0
Detroit Institute of Arts	\$594	\$0	(\$594)	\$0	\$0	\$0
Total	\$698,630	(\$175,782)	(\$190,097)	\$0	\$0	\$332,750

DEGC Chart of Taxes Before, During & After the Incentive¹⁰

	Existing Taxes	New Taxes WITH Incentive(s)	New Taxes WITHOUT Incentive
City of Detroit	\$0	\$1,554	\$9,627
Library	\$0	\$249	\$1,540
Wayne County	\$0	\$428	\$2,653
Detroit Public Schools	\$0	\$6,365	\$9,989
State Education	\$0	\$1,995	\$1,995
Wayne RESA	\$0	\$291	\$1,805
Wayne County Comm. College	\$0	\$173	\$1,071
Wayne County Zoo	\$0	\$5	\$33
Detroit Institute of Arts	\$0	\$11	\$66
Total	\$0	\$11,070	\$28,778

⁸ TIF capture for the PA 210 period is reflected on the Brownfield TIF Capture chart on the following page.

⁹ Charts courtesy of the DEGC

¹⁰ Existing Annual Taxes: \$0 - New Taxes With Abatement: \$11,070 New Taxes After Abatement EXPIRES: \$28,778 (Includes TIF capture dollars)

Conclusion

The estimated total capital investment for this project is **\$6,650,050**. It is also estimated that the completed project will create 8 FTE's and 30 temporary construction jobs. The total value of the 10-year Commercial Rehabilitation tax savings is estimated at **\$190,097**.

Based on the investment and jobs, inclusive of the TIF capture,¹¹ this project is estimated to provide the City of Detroit a gross benefit of **\$259,755**, *minus (\$10,794) in TIF capture lead to a **net benefit** to the City of Detroit of **\$248,961*** and all of the impacted taxing units, a gross benefit of **\$332,750**, *minus (\$22,113) in TIF capture, lead to a **net benefit** of **\$310,637** to all of the impacted taxing units* over the 10 years of the Commercial Rehabilitation tax abatement.

However, if the developer does not proceed in good faith to complete the project, pursuant to the Act, the City Council may revoke the certificate: *"The legislative body of the qualified local governmental unit may, by resolution, revoke the commercial rehabilitation exemption certificate of a facility if it finds that the completion of rehabilitation of the qualified 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 commercial rehabilitation exemption certificate has not proceeded in good faith with the operation of the qualified 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."*¹²

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

Attachment: March 26, 2024 - Letter from Finance Assessors

cc: Auditor General's Office
Antoine Bryant, Planning and Development Department
Julie Schneider, HRD
Justus Cook, HRD
Veronica Farley, Law Department
Stephanie Grimes Washington, Mayor's Office
Gail Fulton, Mayor's Office
Malik Washington, Mayor's Office
Kenyetta Bridges, DEGC
Jennifer Kanalos, DEGC
Brian Vosburg, DEGC
Cora Capler, DEGC

¹¹ Tax increment financing (TIF) is a public financing method that is used as a subsidy for redevelopment, infrastructure, and other community-improvement projects

¹² COMMERCIAL REHABILITATION ACT (Act 210) MCL. 207.852(1)

Local Brownfield TIF Capture During the PA 210 Period

Local Capture												
City Operating	\$ 1,067	\$ 1,070	\$ 1,073	\$ 1,075	\$ 1,078	\$ 1,081	\$ 1,083	\$ 1,086	\$ 1,089	\$ 1,092	\$ 1,095	\$ 1,098
Library	\$ 248	\$ 248	\$ 249	\$ 250	\$ 250	\$ 251	\$ 251	\$ 252	\$ 253	\$ 253	\$ 253	\$ 253
Wayne County Operating (summer)	\$ 300	\$ 301	\$ 302	\$ 302	\$ 303	\$ 304	\$ 305	\$ 305	\$ 306	\$ 307	\$ 307	\$ 307
Wayne County Operating (winter)	\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54
Wayne County Jails	\$ 50	\$ 50	\$ 50	\$ 50	\$ 51	\$ 51	\$ 51	\$ 51	\$ 51	\$ 51	\$ 51	\$ 51
Wayne County Parks	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13
HCMA	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11
Wayne County RESA Enhancement	\$ 106	\$ 107	\$ 107	\$ 107	\$ 107	\$ 108	\$ 108	\$ 108	\$ 108	\$ 109	\$ 109	\$ 109
Wayne County RESA (ISD)	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
Wayne County RESA Special Ed	\$ 179	\$ 179	\$ 180	\$ 180	\$ 181	\$ 181	\$ 182	\$ 182	\$ 183	\$ 183	\$ 183	\$ 183
Wayne County Community College	\$ 172	\$ 173	\$ 173	\$ 174	\$ 174	\$ 174	\$ 175	\$ 175	\$ 176	\$ 176	\$ 176	\$ 176
Local Brownfield Capturable Total	\$ 2,205	\$ 2,210	\$ 2,215	\$ 2,221	\$ 2,226	\$ 2,232	\$ 2,237	\$ 2,243	\$ 2,249	\$ 2,255	\$ 2,261	\$ 2,267
Non-Capturable Millages												
City Debt	\$ 482	\$ 483	\$ 484	\$ 485	\$ 486	\$ 487	\$ 489	\$ 490	\$ 491	\$ 492	\$ 492	\$ 492
School Debt	\$ 696	\$ 697	\$ 699	\$ 701	\$ 702	\$ 704	\$ 706	\$ 708	\$ 709	\$ 711	\$ 711	\$ 711
Wayne County DIA	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11	\$ 11
Wayne County Zoo	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
Total Non-Capturable Taxes	\$ 1,193	\$ 1,196	\$ 1,199	\$ 1,202	\$ 1,205	\$ 1,208	\$ 1,211	\$ 1,214	\$ 1,217	\$ 1,220	\$ 1,222	\$ 1,224



Rendering of completed project at 7326 W McNichols¹³

¹³ Source: Shop at 6 Brownfield Plan



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

March 26, 2024

Mr. Antoine Bryant, Director
 Planning & Development Department
 Coleman A. Young Municipal Center
 2 Woodward Ave, Suite 808
 Detroit, MI 48226

Re: Commercial Rehabilitation Certificate – **7326 West McNichols, LLC**
 Property Address: 7326 W McNichols
 Parcel Number: 16008268-73

Dear Mr. Antoine Bryant:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the proposed Commercial Rehabilitation certificate application for the property located at **7326 W McNichols** located in the **W McNichols business area** of the City of Detroit.

The rationale for creating Commercial Rehabilitation Districts under PA 210 of 2005, as amended, is based on the anticipation of increased market value upon completion of new construction and/or significant rehabilitation of commercial and former industrial property where the primary purpose and use is the operation of a commercial business enterprise or multifamily residential use. Commercial property also includes facilities related to a commercial business enterprise under the same ownership at that location, including, but not limited to, office, engineering, research and development, warehousing, parts distribution, retail sales, and other commercial activities. Commercial property also includes a building or group of contiguous buildings previously used for industrial purposes that will be converted to the operation of a commercial business enterprise.

The 2024 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
16008268-73	7326 W McNichols	\$121,200	\$121,200	\$11,100	\$11,100

The project proposed by **7326 West McNichols, LLC** consists of rehabilitating and expanding a vacant one-story, 10,366 sq.ft. building, built in 1946, into a two-story structure on 0.248 acres of land. The proposed project consists of having an artesian market on the ground floor area, and event space on the top floor that focuses on giving emerging entrepreneurs a turnkey opportunity to sell their products and services. The building will undergo major renovations including window replacement, floor replacement, roof replacement, all major mechanical, plumbing, and electrical systems replacement, and environmental remediation.

This property meets the criteria set forth under PA 210 of 2005, as amended. It applies to a building or a group of contiguous buildings, a portion of a building or group of contiguous buildings previously used for commercial or industrial purposes, obsolete industrial property, and vacant property which, within the immediately preceding 15 years, was operating as a commercial business enterprise.



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Commercial Rehabilitation Certificate
7326 W McNichols
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A review of the project plan and related statutes indicated that the proposed Commercial Rehabilitation Act for the property located at **7326 W McNichols** is eligible as it pertains to the Commercial Rehabilitation certificate criteria under P.A. 210 of 2005, as amended.

Sincerely,

Charles Ericson, MMAO
Assessor/Board of Assessors



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OFFICE OF THE ASSESSOR

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Commercial Rehabilitation Certificate
7326 W McNichols
Page 3

Property Address: 7326 W McNichols
Parcel Number: 16008268-73
Property Owner: 7326 West McNichols, LLC

Legal Description: N--W MC NICHOLS RD 24 THRU 29 STAFFORDS INTER-COLLEGE SUB L46 P82 PLATS, W C R 16/333 120 X 90

