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**TO:** COUNCIL MEMBERS

**FROM:** David Whitaker, Director  
Legislative Policy Division Staff

**DATE:** February 12, 2025

**RE:** Commercial Facilities Tax Exemption Certificate – Stafford House

**The Commercial Redevelopment Act, PA 255 of 1978**

The Commercial Redevelopment Act, PA 255 of 1978, is a state statute that allows for the granting of a tax incentive that provides for the establishment of commercial redevelopment districts in local governmental units. A Commercial Facilities Exemption Certificate entitles an eligible facility to an exemption from ad valorem real property taxes for a term of 1-12 years, as determined by the local governmental unit. City Council approved the district for this project on November 26, 2024.

The criteria set forth for issuing commercial facility exemption certificates under PA 255 of 1978, as amended, applies to functionally obsolete properties requiring restoration, meaning changes to obsolete commercial property other than replacement may be required to restore the property, together with all appurtenances,<sup>1</sup> to an economically efficient condition.

**STAFFORD HOUSE**

Stafford House, the project developer, is seeking a Commercial Facilities Tax Exemption Certificate for the redevelopment of property located at 9301 Oakland Avenue. Stafford House<sup>2</sup> is a 501(c)(3) organization operating in the North End neighborhood since 2007. During these 17 years, this

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<sup>1</sup> Accessories or other items associated with a particular activity or style of living.

<sup>2</sup> <https://www.staffordhouseinc.org/>

organization has championed initiatives to empower individuals to uplift the community and enhance their quality of life.

The 9301 Oakland property is a 2-story commercial structure built in 1925 on a 0.204 acre lot and 9,975 sq ft. structure. The building will be reconfigured into a mixed-use development. The first floor will contain four 1,000 SF commercial spaces that will be leased as a coffee shop, a training center, a retail space and an office space for an engineering firm. The second floor will house 10 residential units. The requested certificate applies to the commercial portion of the development.

The building has been vacant and obsolete for over a decade and as such the rehabilitation will require site remediation and a full rehabilitation of the interior. This will include new HVAC systems, new electrical and plumbing systems, additional structural support, façade restoration and rear demolition to support the additional 750 sq. ft. of residential space. The Stafford House is receiving an ADA Accessibility Grant that will cover the commercial spaces of the building.

**Impacted Taxing Units: Incentive Summary Over the First 12 Years**

Jurisdiction	Additional Benefits Before Tax Abatements	Additional Costs	Real Property Tax Abatement	Business Personal Property Tax Abatement	Utility User's Tax & Corporation Tax Exemption	Net Benefits After Tax Abatements & Incentives
City of Detroit	\$246,265	(\$75,484)	(\$87,150)	\$0	\$0	\$83,631
Wayne County	\$33,763	(\$6,470)	(\$22,089)	\$0	\$0	\$5,204
Detroit Public Schools	\$105,393	(\$20,813)	(\$82,136)	\$0	\$0	\$2,444
State Education	\$16,647	\$0	(\$16,647)	\$0	\$0	\$0
Wayne RESA	\$15,041	\$0	(\$15,041)	\$0	\$0	\$0
Wayne County Comm. College	\$8,935	\$0	(\$8,935)	\$0	\$0	\$0
Wayne County Zoo	\$275	\$0	(\$275)	\$0	\$0	\$0
Detroit Institute of Arts	\$551	\$0	(\$551)	\$0	\$0	\$0
Total	\$426,870	(\$102,767)	(\$232,824)	\$0	\$0	\$91,279

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**9301 Oakland - PA 147 NEZ**

	Existing Taxes	New Taxes <u>With</u> Incentive(s)	New Taxes <u>Without</u> Incentive(s)
City of Detroit	\$59	\$60	\$5,391
Library	\$10	\$10	\$925
Wayne County	\$17	\$18	\$1,601
Detroit Public Schools	\$65	\$66	\$5,952
State Education	\$13	\$13	\$1,206
Wayne RESA	\$12	\$12	\$1,090
Wayne County Comm. College	\$7	\$7	\$647
Wayne County Zoo	\$0	\$0	\$20
Detroit Institute of Arts	\$0	\$0	\$40
Total	\$183	\$186	\$16,872

<sup>3</sup> All tables in this report provided by the Detroit Economic Growth Corporation

## Stafford House PA 255 CFE Impact Analysis Summary

### City of Detroit: Incentive Summary Over the First 12 Years

Year	Additional Benefits Before Tax Abatements	Additional Costs	Real Property Tax Abatement	Business Personal Property Tax Abatement	Enter Incentive Description*	Net Benefits After Tax Abatements & Incentives	Present Value of NB After Tax Abatement & Incentives
1	\$38,089	(\$5,628)	(\$6,498)	\$0	\$0	\$25,963	\$25,963
2	\$17,107	(\$5,741)	(\$6,628)	\$0	\$0	\$4,739	\$4,513
3	\$17,449	(\$5,855)	(\$6,760)	\$0	\$0	\$4,833	\$4,384
4	\$17,798	(\$5,973)	(\$6,896)	\$0	\$0	\$4,930	\$4,259
5	\$18,154	(\$6,092)	(\$7,034)	\$0	\$0	\$5,029	\$4,137
6	\$18,517	(\$6,214)	(\$7,174)	\$0	\$0	\$5,129	\$4,019
7	\$18,888	(\$6,338)	(\$7,318)	\$0	\$0	\$5,232	\$3,904
8	\$19,265	(\$6,465)	(\$7,464)	\$0	\$0	\$5,337	\$3,793
9	\$19,651	(\$6,594)	(\$7,613)	\$0	\$0	\$5,443	\$3,684
10	\$20,044	(\$6,726)	(\$7,766)	\$0	\$0	\$5,552	\$3,579
11	\$20,445	(\$6,861)	(\$7,921)	\$0	\$0	\$5,663	\$3,477
12	\$20,858	(\$6,998)	(\$8,079)	\$0	\$0	\$5,781	\$3,380
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$246,265	(\$75,484)	(\$87,150)	\$0	\$0	\$83,631	\$69,091

Total Incentive	\$87,150
Rate of Return	16.3%
Payback period (years)	5.6

Project Summary		
Total Capital Investment		\$1,368,457
<u>Job Creation</u>	Direct	4.0
	Indirect& Induced	0.6
	Total Jobs	4.6
<u>Average Salaries</u>	Direct	\$45,000
	Indirect& Induced	\$69,210
	Total Salaries	\$48,158

#### Source of Additional Benefits Before Tax Abatements Over the Next 12 Years

Real Property Taxes, before abatement	\$87,150	35.4%
Personal Property Taxes, before abatement	\$0	0.0%
New Residential Property Taxes	\$0	0.0%
Municipal Income Taxes - Direct Workers	\$39,110	15.9%
Municipal Income Taxes - Indirect Workers	\$6,617	2.7%
Municipal Income Taxes - Corporate Income	\$8,047	3.3%
Municipal Income Taxes - Construction Period	\$11,020	4.5%
Municipal Income Taxes - New Res. Inhabitants	\$0	0.0%
Utility Revenue	\$41,370	16.8%
Utility Users' Excise Taxes	\$3,267	1.3%
State Revenue Sharing - Sales Tax	\$226	0.1%
Building Permits and Fees	\$10,297	4.2%
Miscellaneous Taxes & User Fees	\$39,161	15.9%
<u>Subtotal Benefits</u>	<u>\$246,265</u>	<u>100.0%</u>

#### Source of Additional Costs Over the Next 12 Years

Cost of Providing Municipal Services	(\$34,114)	45.2%
Cost of Providing Utility Services	(\$41,370)	54.8%
<u>Subtotal Costs</u>	<u>(\$75,484)</u>	<u>100.0%</u>

#### Source of Net Benefits after Tax Abatements and Incentives Over the Next 12 Years

Real Property Taxes	\$0
Personal Property Taxes	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes	\$64,793
Net Utility Revenue	\$0
Utility Users' Excise Taxes	\$3,267
State Revenue Sharing - Sales Tax	\$226
Building Permits and Fees	\$10,297
Miscellaneous Taxes & User Fees	\$39,161
Cost of Providing Municipal Services	(\$34,114)
<u>Total Net Benefits</u>	<u>\$83,631</u>



## DEGC Property Tax Abatement Evaluation

**Property Address: 9301 Oakland**

**Developer: Stafford House**

Incentive:	PA 255 CFE	PA 147 NEZ	
DEGC Abatement Term Recommendation	District Approval	District Approval	
Location			
Address	9301 Oakland		
City Council District	District 5		
Neighborhood	North End		
Located in HRD/SNF Targeted Area	N/A		
Building Use			
Total Square Footage (SF)	10,300		
Residential SF	5,300		
Commercial SF	N/A		
Retail SF	5,200		
Industrial SF	N/A		
Total Residential Units	10 Units (100% Affordable)		
Studios	2 Units; 450 Avg. SF; \$1,100 Rent		
1-Bed	8 Units; 525 Avg. SF; \$1,250-\$1,300 Rent		
2-Bed	N/A		
3-Bed	N/A		
Project Description			
The rehabilitation of 9301 Oakland is being led by Stafford House, a 501(c)(3) non-profit community organization dedicated to serving the North End neighborhood members. The existing building has fallen into disrepair and will be fully rehabilitated to create 5,200 square feet of ground level commercial retail space and 10 rental units on the second floor. Rental units will be a mix of studios and 1-bedrooms. 100% of the units will be available at rents below 80% AMI.			
Sources and Uses of Capital Summary			
Total Investment	\$3.2 Million		
Sources	Debt: \$1.35M (42%) Grants: \$1.48M (46%) Owner Equity: \$350K (11%)		
Uses	Acquisition: \$13.3K (0.38%); Hard Costs: \$2.66M (83%); Soft Costs: \$530K (16.62%)		
Project Economic Benefits Summary	PA 255 CFE	PA 147 NEZ	Total
Estimated Jobs (FTE/Construction)	4 FTE / 22 Construction		
Estimated City benefits before tax abatement	\$246,265	\$318,678	\$564,943
Total estimated City value of PA 255 + NEZ	\$87,150	\$85,845	\$172,995
Less cost of services & utility deductions	\$75,484	\$110,634	\$186,118
Net Benefit to City with PA 255 + NEZ	\$83,631	\$122,199	\$205,830

## Conclusion

The estimated total capital investment for this project is **\$3.2 million**. It is also estimated that the completed project will create 4 FTE jobs, and 22 temporary construction jobs. The 12-year Commercial Redevelopment tax abatement is estimated to provide the developer a *tax savings* on the new investment of **\$232,824**.

Based on the investment, this project is also estimated to provide the City of Detroit a net benefit of **\$83,631** and all of the impacted taxing units combined, a net benefit of **\$91,279**, over the 12 years of the Commercial Redevelopment tax abatement.

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

**Attachment:** September 23, 2024 - \*Letter from Finance Assessors

cc: Auditor General's Office  
Alexa Bush, 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  
Derrick Headd, DEGC  
Jennifer Kanalos, DEGC  
Brian Vosburg, DEGC  
Cora Capler, 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

January 8, 2025

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

Re: **Commercial Facilities Tax Exemption Certificate – Stafford House**  
Property Address: 9301 Oakland  
Parcel Number: 03002993.

Dear Mr. Bryant:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the application for a Commercial Facilities Tax Exemption Certificate for the properties located at **9301 Oakland** in the **North End** area of the City of Detroit.

The rationale for Commercial Redevelopment Certificates under PA 255 of 1978, as amended, is based on the anticipation of increased market value upon completion of new construction and/or significant restoration of commercial and former industrial property where the primary purpose and use of which is the operation of a commercial business enterprise and shall include office, engineering, research and development, warehousing parts distribution, retail sales, hotel or motel development, and other commercial facilities. Commercial business enterprise also includes a business that owns or operates a transit-oriented development or a transit-oriented facility. Normal repair and maintenance are not assessed and do not necessarily generate additional market value.

The 2024 values are as follows (commercial portion only):

Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
9301 Oakland	\$ 8,466	\$ 892	\$ 2,895	\$ 305

The building as proposed by Stafford House consists of a mixed use two story commercial property built in 1925 with approximately 10,994 square feet on 0.204 acres of land. The owner proposes to convert the property into a mix use development, with 10 units of affordable rental housing on the second level of the building. Each unit would be approximately 500 square feet. The first level will include four commercial spaces that would be available for leasing. The restoration requires extensive reconfiguration and upgrades, including replacement of substantial portions of carpentry, roofing, windows, glass, drywall, flooring, plumbing, and HVAC. **This CFT request is solely for the commercial portion of the property.**



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Commercial Facilities Exemption Certificate Request  
Stafford House  
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This property meets the criteria set forth under PA 255 of 1978, as amended. It applies to functionally obsolete properties requiring restoration meaning changes to obsolete commercial property other than replacement as may be required to restore the property, together with all appurtenances, to an economically efficient condition.

A review of the project details and applicable statutes indicates that the property located at **9301 Oakland** is eligible for the proposed Commercial Facilities Certificate pursuant to PA 255 of 1978, as amended.

Sincerely,

Charles Ericson, MMAO  
Assessor, Board of Assessors



on



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

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Neighborhood Enterprise Zone  
Stafford House  
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Address: 9301 Oakland  
Parcel: 03002993

Legal Description: W OAKLAND 40-41 BLK 3-- THOMAS & WAGNERS L11 P80 PLATS, W C R 3/113 117X 75.84A

