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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director
Legislative Policy Division Staff

DATE: September 17, 2025

RE: Establishment of a Neighborhood Enterprise Zone (PA 147 of 1992), as requested for 12 & Forest Development Project

Neighborhood Enterprise Zone Act (Public Act 147 of 1992)

The Neighborhood Enterprise Zone Act (NEZ), PA 147 of 1992, as amended, provides for the development and rehabilitation of residential housing located within eligible distressed communities. New and rehabilitated facilities applications are filed, reviewed, and approved by the local unit of government, but are also subject to review at the State level by the Property Services Division. The State Tax Commission (STC) is responsible for final approval and issuance of new and rehabilitated facility certificates. Exemptions for new and rehabilitated facilities are not effective until approved by the STC.

By statute, every NEZ must contain not less than 10 platted parcels of land that are compact and contiguous. The statute allows for an exception if a NEZ is in a *downtown revitalization district*. In a downtown revitalization district,¹ a NEZ may contain less than 10 platted parcels if the platted parcels together contain 10 or more facilities.

In 2008, the NEZ Act was modified by Public Acts 204 & PA 228 to allow a neighborhood enterprise zone located in a "qualified downtown revitalization district" to contain fewer than 10 platted parcels if the platted *parcels* together contain 10 or more *facilities*. The Act as modified, defines "qualified downtown revitalization district" as an area located within the boundaries of one or more of the following:

¹ As defined in Section 2 (k) MCL 207.772

- A downtown district, as defined in the Downtown Development Authority Act.²
- A principal shopping district or a business improvement district as defined in the principal shopping district Act (BID Act).³
- An area of the local unit zoned and primarily used for business, as determined by the local governmental unit.⁴

12 & FOREST DEVELOPMENT PROJECT

XYZ 20-20 RPF, LLC, the developer, is seeking a P.A. 147 Neighborhood Enterprise Zone District for properties located on Lysander Street, Lombard Terrace and Rosa Parks Boulevard. The proposed district is comprised of 11 vacant parcels to be acquired from the Detroit Land Bank Authority. The developer is currently under contract with the DLBA to acquire the parcels. The goal of this project is to increase the opportunities for attainable residential purchases and wealth generation in the Woodbridge neighborhood.

The 11 contiguous parcels that make up the proposed district approximately 1.32 acres of land. The developer is presenting the Phase I of a three-phase development which is made up as follows:

- Phase I – 4-unit for sale condo building; 1,825 SF, market rate
- Phase II—16 2-bed apartments 1,550 SF, 20% of units @ 80% AMI
- Phase III—30 studio-3-bed apartments, varying sizes @ 20% of units @ 60-80% AMI

Impacted Taxing Units: Incentive Summary Over the First 15 Years

Jurisdiction	Additional Benefits Before Tax Abatements	Additional Costs	Real Property Tax Abatement	Business Personal Property Tax Abatement	Utility Users Tax & Corporation Income Tax	Net Benefits After Tax Abatements & Incentives
City of Detroit	\$2,177,320	(\$447,030)	(\$597,551)	\$0	\$0	\$1,132,739
Wayne County	\$382,548	(\$40,631)	(\$176,875)	\$0	\$0	\$165,042
Detroit Public Schools	\$2,274,351	(\$952,668)	(\$637,065)	\$0	\$0	\$684,619
State Education	\$234,159	\$0	(\$123,249)	\$0	\$0	\$110,910
Wayne RESA	\$210,696	\$0	(\$111,348)	\$0	\$0	\$99,348
Wayne County Comm. College	\$125,052	\$0	(\$66,325)	\$0	\$0	\$58,728
Wayne County Zoo	\$3,856	\$0	(\$2,052)	\$0	\$0	\$1,804
Detroit Institute of Arts	\$7,751	\$0	(\$4,083)	\$0	\$0	\$3,668
Total	\$5,415,733	(\$1,440,328)	(\$1,718,548)	\$0	\$0	\$2,256,857

² PA 197 of 1975, MCL 125.1651 - 125.1681

³ Principal shopping Districts and Business Improvements Districts Act 120 of 1961, MCL 125.981 - 125.990n

⁴ Under the DDA Act, "downtown district" means that part of an area in a business district.

Map of Parcels



NEZ Map Reference	Tax Parcel ID	Address	Platted parcel lot number(s)
1	08001264	1792 Lysander	Lot 173; part of lots 174 and 175
2	08001265	1772 Lysander	Part of lots 175 and 176
3	08001268	1758 Lysander	Part of lots 178 and 179
4	08001269	1750 Lysander	Lot 179
5	08001270	1744 Lysander	Part of lots 179 and 180
6	08001272.001	1734 Lysander	Lot 181
7	08001276	1731 Lombard Ter	Part of lots 174 through 181
8	08007559	4544 Rosa Parks Blvd	Lot 172
9	08001277.001	1770 Lombard Ter	Lot 172
10	08001277.002L	1760 Lombard Ter	Lot 172
11	08001278	1730 Lombard Ter	Part of lots 169, 170, 171

DEGC Property Tax Abatement Evaluation

Property Address: 12th + Forest
Developer: XYZ 20-02 RPF, LLC

Incentive:	PA 147 NEZ
DEGC Abatement Term Recommendation	District Approval
Location	
Address	1734-1792 Lysander; 1730-1770 Lombard; 4454 Rosa Parks
City Council District	District 6
Neighborhood	Woodbridge
Located in HRD/SNF Targeted Area	N/A
Building Use	
Total Square Footage (SF)	57,166
Residential SF	51,691
Commercial SF	N/A
Retail SF	5,475
Industrial SF	N/A
Total Residential Units	46 Rental Units/4 For-Sale Units
Phase 1	4 for-sale units; 1,825 SF; Market Rate
Phase 2	16 2-bed units; 1,550 avg. SF; 20% of units @ 80% AMI
Phase 3	30 units; studio-3 bed units; 20% of units @ 60%-80% AMI
Project Description	
<p>The developer has entered into an agreement with the Detroit Land Bank Authority to acquire 11 parcels for a proposed multi-phased development. Phase 1 includes a 4-unit for-sale residential building. Future phases of the project call for additional residential and mixed-use development. The proposed new developments will help fill a housing void in the Woodbridge neighborhood, in an area currently characterized by vacant land.</p>	
Sources and Uses of Capital Summary	
Total Investment	\$16.6 Million
Sources	Debt: \$10.4 (62.83%); Grant Funding: \$3.8M (22.82%); Owner Equity: \$1.7M (9.95%); Deferred Fees: 730K (4.40%)
Uses	Acquisition: \$499K (3.01%); Hard Costs: \$11.1M (67.18%); Soft Costs: \$4.9M (29.82%)
Project Economic Benefits Summary	
PA 147 NEZ	
Estimated Jobs (FTE/Construction)	3 Developer FTE / 70 Construction
Estimated City benefits before tax abatement	\$2,177,320
Total estimated City value of PA 147 NEZ	\$597,551
Less cost of services & utility deductions	\$447,030
Net Benefit to City with PA 147 NEZ	\$1,132,739

12th + Forest - PA 147 NEZ Impact Analysis Summary

City of Detroit: Incentive Summary Over the First 15 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	\$307,327	(\$25,850)	(\$41,340)	\$0	\$0	\$240,138	\$240,138
2	\$117,064	(\$26,367)	(\$42,167)	\$0	\$0	\$48,531	\$46,220
3	\$119,406	(\$26,894)	(\$43,010)	\$0	\$0	\$49,502	\$44,899
4	\$121,794	(\$27,432)	(\$43,870)	\$0	\$0	\$50,492	\$43,617
5	\$124,229	(\$27,981)	(\$44,748)	\$0	\$0	\$51,501	\$42,370
6	\$126,714	(\$28,540)	(\$45,642)	\$0	\$0	\$52,531	\$41,160
7	\$129,248	(\$29,111)	(\$46,555)	\$0	\$0	\$53,582	\$39,984
8	\$131,833	(\$29,693)	(\$47,486)	\$0	\$0	\$54,654	\$38,841
9	\$134,470	(\$30,287)	(\$48,436)	\$0	\$0	\$55,747	\$37,732
10	\$137,159	(\$30,893)	(\$49,405)	\$0	\$0	\$56,862	\$36,654
11	\$139,903	(\$31,511)	(\$50,393)	\$0	\$0	\$57,999	\$35,606
12	\$142,705	(\$32,141)	(\$51,401)	\$0	\$0	\$59,163	\$34,591
13	\$145,559	(\$32,784)	(\$21,264)	\$0	\$0	\$91,511	\$50,957
14	\$148,470	(\$33,439)	(\$14,460)	\$0	\$0	\$100,571	\$53,335
15	\$151,439	(\$34,108)	(\$7,375)	\$0	\$0	\$109,956	\$55,535
	\$2,177,320	(\$447,030)	(\$597,551)	\$0	\$0	\$1,132,739	\$841,639

Total Incentive	\$597,551
Rate of Return	19.3%
Payback period (years)	4.4

<u>Project Summary</u>		
Total Capital Investment		\$11,141,000
Job Creation	Direct	3.0
	Indirect& Induced	0.8
	Total Jobs	3.8
Average Salaries	Direct	\$35,000
	Indirect& Induced	\$47,631
	Total Salaries	\$37,659

Source of Additional Benefits Before Tax Abatements Over the Next 15 Years

Real Property Taxes, before abatement	\$1,108,749	50.9%
Personal Property Taxes, before abatement	\$0	0.0%
New Residential Property Taxes	\$0	0.0%
Municipal Income Taxes - Direct Workers	\$29,416	1.4%
Municipal Income Taxes - Indirect Workers	\$7,828	0.4%
Municipal Income Taxes - Corporate Income	\$7,782	0.4%
Municipal Income Taxes - Construction Period	\$70,159	3.2%
Municipal Income Taxes - New Res. Inhabitants	\$297,490	13.7%
Utility Revenue	\$216,085	9.9%
Utility Users' Excise Taxes	\$51,019	2.3%
State Revenue Sharing - Sales Tax	\$1,532	0.1%
Building Permits and Fees	\$122,400	5.6%
Miscellaneous Taxes & User Fees	\$264,859	12.2%
Subtotal Benefits	\$2,177,320	100.0%

Source of Additional Costs Over the Next 15 Years

Cost of Providing Municipal Services	(\$230,945)	51.7%
Cost of Providing Utility Services	(\$216,085)	48.3%
Subtotal Costs	(\$447,030)	100.0%

Source of Net Benefits after Tax Abatements and Incentives Over the Next 15 Years

Real Property Taxes	\$511,198
Personal Property Taxes	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes	\$412,676
Net Utility Revenue	\$0
Utility Users' Excise Taxes	\$51,019
State Revenue Sharing - Sales Tax	\$1,532
Building Permits and Fees	\$122,400
Miscellaneous Taxes & User Fees	\$264,859
Cost of Providing Municipal Services	(\$230,945)
Total Net Benefits	\$1,132,739

Conclusion

The investment in this project is estimated at **\$6.2 million**. The abatement is projected to be worth a tax savings of **\$1,718,548** for the developer. The estimated investment and new residents are projected to produce a positive cost benefit to the City of Detroit of **\$1,132,739** and **\$2,256,857** to all the impacted taxing units, in addition 70 temporary construction jobs, 3 developer jobs and 50 new housing units. 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.

NEZ Acreage Status:⁵

NEZ allocations are limited by state statute: *“The total acreage of the neighborhood enterprise zones containing only new facilities or rehabilitated facilities, or any combination of new facilities or rehabilitated facilities designated under this act shall not exceed 15% of the total acreage contained within the boundaries of the local governmental unit.”*⁶

Total acreage available (15% of Detroit acreage):	13,239.00
12th & Forest Ave :	1.32 acres
<u>Total Acreage for the Entire city of Detroit:</u>	<u>88,260</u> ⁷
Total Acreage Remaining	7,542.01 ⁸
Total Acreage Designated	5,696.99 ⁹

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

Attachment: July 1, 2025 - *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
Raymond Solomon III, 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

⁵ This is a ballpark estimate by LPD, based on current available data.

⁶ MCL 207.773 (2)

⁷ 88,260 Acres = 137.90625 Square Miles

⁸ 57% of total NEZ acreage remaining (9% of the total acreage of the entire city of Detroit)

⁹ 43% of total NEZ acreage designated (6% of the total acreage of the entire city of Detroit)



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

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PHONE: 313•224•3011
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July 1, 2025

Alexa Bush, Deputy Director
Planning & Development Department
Coleman A. Young Municipal Center
2 Woodward Ave, Suite 808
Detroit, MI 48226

RE: **Neighborhood Enterprise Zone - XYZ 20-02 RPF, LLC**

Property Addresses: 1792 Lysander, 1772 Lysander, 1758 Lysander, 1750 Lysander, 1744 Lysander, 1734 Lysander, 1731 Lombard Ter, 4544 Rosa Parks Blvd, 1770 Lombard Ter, 1760 Lombard Ter, 1730 Lombard Ter

Parcel Numbers: 08001264, 08001265, 08001268, 08001269, 08001270, 08001272.001, 08001276, 08007559, 08001277.001, 08001277.002L, 08001278

Dear Ms. Bush:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the proposed Neighborhood Enterprise Zone for the properties located at 1792 Lysander, 1772 Lysander, 1758 Lysander, 1750 Lysander, 1744 Lysander, 1734 Lysander, 1731 Lombard Ter, 4544 Rosa Parks Blvd, 1770 Lombard Ter, 1760 Lombard Ter, 1730 Lombard Ter **in the Woodbridge** area of the City of Detroit.

The rationale for creating NEZ projects under PA 147 of 1992, as amended, must be based on the anticipation of market value added to the neighborhood upon completion of new construction and/or significant rehabilitation of existing housing stock.

The district as proposed by **XYZ 20-02 RPF, LLC** consists of 11 parcels with a total of 1.32 acres of vacant land. The proposed project includes a multi-phased development within the proposed zone, called the 12th & Forest, or 12F, development project. The 12F project includes a planned four-unit for-sale residential building on a portion of the property as the initial project phase. Future phases of the 12F project include additional residential and/or mixed-use buildings on other portions of the property. **The combined current True Cash Value of the proposed areas is \$157,869. The True Cash Value of the areas would be expected to increase due to the new construction of this project. This NEZ request is solely for the residential portion of the properties.**

Per MCL 207.772 Sec 2 (g) "New facility" means 1 or both of the following: (i) A new structure or a portion of a new structure that has as its primary purpose residential housing consisting of 1 or 2 units, 1 of which is or will be occupied by an owner as his or her principal residence. New facilities include a model home or a model condominium unit. New facilities include a new individual condominium unit, in a structure with 1 or more condominium units, that has as its primary purpose residential housing and that is or will be occupied by an owner as his or her principal residence. Except as provided in subparagraph (ii), new facility does not include apartments. (ii) A new structure or a portion of a new structure that meets all the following:

- (A) Is rented or leased or is available for rent or lease.
- (B) Is a mixed-use building or located in a mixed-use building that contains retail business space on the street level floor.
- (C) Is located in a qualified downtown revitalization district.

Per MCL 207.773 Sec. 3. (1) The governing body of a local governmental unit by resolution may designate 1 or more neighborhood enterprise zones within that local governmental unit. Except as otherwise provided in this subsection, a neighborhood enterprise zone shall contain not less than 10 platted parcels of land. A neighborhood enterprise zone located in a qualified downtown revitalization district may contain less than 10 platted parcels if the platted parcels together contain 10 or more facilities. All the land within a neighborhood enterprise zone shall also be compact and contiguous. Contiguity is not broken by a road, right-of-way, or property purchased or taken under condemnation if the purchased or condemned property was a single parcel prior to the sale or condemnation.



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Neighborhood Enterprise Zone
XYZ 20-02 RPF, LLC
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Upon review, it has been determined that this proposed district located in the NW Goldberg is eligible for designation as a Neighborhood Enterprise Zone per PA 147 of 1992, as amended.

Sincerely,

Charles Ericson, MMAO
Assessor, Board of Assessors



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Neighborhood Enterprise Zone
XYZ 20-02 RPF, LLC
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Owner: Detroit Landbank Authority
Parcels & Legal Descriptions: (See Below)

Parcel ID: 08001264.

N LYSANDER LOT 173-174 EX E 4 FT OF N 56.9 FTW 19 FT OF S 112 FT 175 WMB WESSONS SUB LIO P56 PLATS, W C R 8/64 82 IRREG

Parcel ID: 08001265.

N LYSANDER E 14 FT OF S 112 FT LOT 175 W 16 FT OF S 112 FT 176 WMB WESSONS SUB LIO P56 PLATS, W C R 8/64 30 X 1 12

Parcel ID: 08001268.

N LYSANDER E 23 FT OF S 112 FT LOT 178 W 7.22 FT OF S 112 FT LOT 179 WMD WESSONS SUB LIO P56 PLATS, W C R 8/64 X 1 1 2.

Parcel ID: 08001269.

N LYSANDER W 30 FT OF E 40 FT S 112 FT LOT 179 WMB WESSONS SUB LIO P56 PLATS, W C R 8/64 30 X 112

Parcel ID: 08001270.

N LYSANDER E 10 FT OF S 112 FT LOT 179 W 20 FT OF S 112 FT LOT 180 WMB WESSONS SUB LIO P56 PLATS, W C R 8/64 30 X 112

Parcel ID: 08001272.001

N LYSANDER E 30 FT OF S 112 FT LOT 181 WMB WESSONS SUB xo P56 PLATS, W C R 8/64 30 x 112

Parcel ID: 08001276.

S LOMBARD TERRACE N 56.9 FT OF E 4 FT LOT 174 N 56.9 FT LOTS 175 THRU 181 B WESSONS SUB LIO P56 PLATS, W C R 8/64 263.22 X 56.9

Parcel ID: 08007559.

E TWELFTH W 80 FT LOT 172 WM B WESSONS SUB LIO P56 PLATS, W C R 8/64 33.45 x 80

Parcel ID: 08001277.001

N LOMBARD W 64 FT OF E 1 15 FT LOT 172 WW1 B WESSONS SUB LIO P56 PLATS, W C R 8/64 64 X 33.45

Parcel ID: 08001277.002L

N LOMBARD E 51 FT LOT 172 WMB WESSONS SUB LIO P56 PLATS, W C R 8/64 51 X 33.45

Parcel ID: 08001278.

N LOMBARD TER S 52.9 FT LOTS 169 THRU 171 WMB WESSONS SUB LIO P56 PLATS, W C R 8/64 125.26 X 52.9



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Neighborhood Enterprise Zone
XYZ 20-02 RPF, LLC
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