

Janice M. Winfrey
City Clerk

City of Detroit
OFFICE OF THE CITY CLERK

Andre P. Gilbert II
Deputy City Clerk

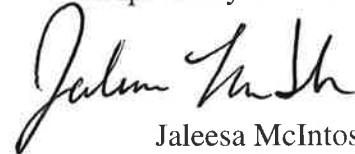
March 27, 2023

To: Katharine G. Trudeau, Deputy Director
Planning and Development Department
Coleman A. Young Municipal Center
2 Woodward Ave. Suite 808
Detroit, MI. 48226

Re: **Petition 2023-106**: Request for the Establishment of an Obsolete
Rehabilitation District at 3200 Tyler Avenue

Please find attached Petition Request for the Establishment of an Obsolete
Rehabilitation District at 3200 Tyler Avenue

Respectfully submitted,



Jaleesa McIntosh,
Jr. Assistant City Council Committee Clerk
Office of the City Clerk

Marigold Houses, LLC

1420 Washington Blvd, Suite 301
Detroit, MI 48221
212-555-0199

March 17, 2023

Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Ave Suite 1340
Detroit, MI 48226

**RE: Request for the Establishment of an Obsolete Property Rehabilitation District at
3200 Tyler Avenue**

Honorable City Council:

Please accept this letter as a request to establish an Obsolete Property Rehabilitation Development District (OPRD) for the property located at 3200 Tyler Avenue, Detroit, Michigan, which is referred to herein as the “Property” and described in Attachment A. The Property will be rehabilitated by the petitioner and current owner, Marigold Houses, LLC.

Company and Project Synopsis

Marigold Houses, LLC (the “Developer”) was founded by Kurt Hines in 2019. The development team has worked on various real estate projects, and not including this building, currently owns 12 rental properties (ranging from single family buildings to 5-unit apartments), with a total of 27 units. These have included remodels of a similar per unit scope to this project. 12+ years of experience in IT project management with direct experience managing multi-million-dollar budgets alongside their real estate experience makes this team very well suited to a project of this type. This is the first request for any support for tax abatements and other incentives. Mr. Hines has his undergraduate degree in Business from MSU, and spent his 20's as a small business owner, working with businesses and residents in Detroit and the suburbs on their IT infrastructure.

After that business was sold, Mr. Hines moved into Project Management, and finished his time in Corporate America, as a Partner & Project Director directly responsible for multi-

Marigold Houses, LLC

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million-dollar projects and the staff associated with them (working on projects for companies such as Dell, P&G, Shell, Uber and many more). Simultaneously, about 5 years ago Mr. Hines decided to advance his Real Estate work and started building the below portfolio.

Past Projects

Below is a list of other Detroit Projects that the Developer has completed. 3200 Tyler will be his third project on this street. Mr. Hines' goal is always to renovate a building to a high standard that will last a long time, as he plans to own and maintain these properties for the long haul.

Address

4203 Tyler, Detroit 48238
3550 Tyler, Detroit 48238
2972 Field, Detroit 48214
6624 Lafayette, Detroit 48209
6326 Vinewood, Detroit 48208
2475 Gladstone, Detroit 48206
5342 Oregon, Detroit 48204
1048 Junction, Detroit
5074 Berkshire, Detroit
5051 Berkshire, Detroit
5106 Buckingham, Detroit 48224

Project Notes

Remodel of 5-unit Apartment Building
Remodel of 3-unit Apartment Building
Just purchased Duplex, planned remodel.
Remodel of 4-unit Apartment Building
Remodel of 4-unit Apartment Building
Remodel of Duplex
Remodel of Duplex
Remodel of Single-Family Home
Remodel of Single-Family Home
Remodel of Single-Family Home
Remodel of Single-Family Home

The proposed OPRD consists of one parcel. 3200 Tyler Avenue is functionally obsolete. The Property is located one block east of the Russell Woods/Narden Park Neighborhood. The Property is 0.177 acres of land that includes one (1) 9,488-square-foot, 15-unit, multi-family, apartment building. The Property is zoned R2 – a two-family residential district and is located in an area of Detroit that is characterized by residential properties to the north, south, and east.

The property can be accessed from Tyler Avenue to the south, and a public alley to the north. The building, commonly known as the Webster Arms Apartment, was constructed in 1928 and consists of a two-story multi-family residential building with a daylight basement. It appears to have been occupied between 1928-2000. The building is currently uninhabitable, with partial roof collapses, fallen plaster and masonry, boarded up and missing windows, and no operating utilities.

The building's deterioration has left it dangerous and unable to be used to adequately perform the function for which it was intended due to a substantial loss in value. A letter from the City of Detroit Assessor (i.e. level 3 or level 4 assessor) certifying that the Property is functionally obsolete is attached. Further description of its eligibility is outlined below:

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Functionally Obsolete

- The current configurations do not meet market demand for its future *residential* use.
- HVAC, Mechanical and electrical systems must be replaced.
- Interior finishes have been stripped.
- Life safety systems (smoke detectors, fire alarm systems, exit signs and fire sprinklers) must be installed.
- A new security system must be installed.
- The windows must be rehabilitated or replaced.
- The entire roof must be replaced.

The project contemplated at the Property consists of the renovation of the abandoned and vacant 15-unit multifamily apartment building into an approximately 15-unit modern apartment building with retained elements of the original historic charm. The building will be used as a residential apartment building. Two above grade floors at 4,744 sq ft per floor, in addition to a garden level basement at 4,744 sq ft. There will be 15 total units, plus a common area. Further, improvements to the Alley will provide for a safe, lighted, walkable connection to the residential development.

Additionally, the building will be converted into a 100% electric green building. Green Heat Pump Heating and Cooling (i.e., 4 times more efficient than older electric heating and cooling systems, designed to meet our climate reduction goals) will be installed in every unit. In addition, inefficient gas boilers will be replaced with electric hot water heaters; allowing the building to be 100% electric and taking advantage of the increase in renewable energy on the electric grid.

It is currently anticipated that construction will begin in the summer of 2023 and eligible activities will be completed within 18 months thereafter.

The Developer's model for this project and other future developments is to provide a safe, energy efficient, and economically viable product to the residents in the City of Detroit. This will include, but not be limited to, utilizing other green assets (such as sustainable stormwater management practices), reducing the current impact of stormwater to public utilities, and providing affordable housing options so that Detroiters can afford to live *and* work in the City. The Property will include green focused amenities (ex. disconnecting the current roof drains from the public storm/sewer infrastructure and creating bioswales and other green storm water mitigation practices), which will add sustainable design and environmental elements not seen in a typical neighborhood rehab, **and the project anticipates marketing and renting the units to prospective tenants whose annual incomes do not exceed 55-60% of the Detroit Metropolitan Statistical Area median income.**

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Obsolete Property Rehabilitation Act (OPRA) District - PA 146 Request

A 12-year tax abatement will be requested.

The Necessity for Tax Relief

Substantial investment is necessary to rehabilitate this building into a viable, long-term development. Additionally, the property currently contains a deteriorating multifamily building in the City of Detroit, and it is necessary to seek tax relief in order to proceed with the project in Detroit. The project anticipates marketing and renting the units to prospective tenants whose annual incomes do not exceed 55-60% of the Detroit Metropolitan Statistical Area median income. The overall internal rate of return for the proposed development will be extremely low without the receipt of the Obsolete Property Rehabilitation District (and Certificate), and therefore, the development would not be possible without it.

The costs associated with the rehabilitation require multiple capital sources including equity contributed by Marigold Houses, LLC members, as well as an interim construction loan, and upon completion, a long-term loan product. In order to secure financing and future tenants, the operating costs of the proposed renovations and redevelopment of the project need to be kept as low as possible (including property taxes).

The proposed Development included within the request will result in approximately 10-12 construction jobs and two full-time equivalent (FTE) job associated with the ongoing management and maintenance for the proposed residential development.

Total Capital Investment is approximately \$1.6 Million.

Infrastructure	\$45,000	2.74%
Site Improvement	\$30,000	1.82%
Demolition	\$80,000	4.87%
Building - New Construction	\$0	0.00%
Building - Renovation	\$1,001,813	60.94%
Machinery & Equipment - Purchased	\$0	0.00%
Furniture & Fixtures - Purchased	\$11,775	0.72%
Other Soft Costs	\$129,646	7.89%
Capital	\$345,806	21.03%
Total Private Investment	\$1,644,040	100.00%

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Economic Advantages of the Rehabilitation

Upon completion, the Development will return an obsolete property to productive use and will increase residential density in an area characterized by vacant land and disinvestment. Activation of this property will spur further growth and act as a catalyst for future redevelopment and renovation of numerous vacancies and properties within this neighborhood improving mobility/walkability. The Developer's model for this project and other future developments is to provide a safe, energy efficient, and economically viable product to the residents in the City of Detroit. This will include, but not be limited to, utilizing other green assets (such as sustainable stormwater management practices), reducing the current impact of stormwater to public utilities, and providing affordable housing options so that Detroiters can afford to live *and* work in the City. The Property will include green focused amenities (ex. disconnecting the current roof drains from the public storm/sewer infrastructure and creating bioswales and other green storm water mitigation practices), which will add sustainable design and environmental elements not seen in a typical neighborhood rehab, *and the project anticipates marketing and renting the units to prospective tenants whose annual incomes do not exceed 55-60% of the Detroit Metropolitan Statistical Area median income.*

The granting of the OPRA tax abatement will not result in any fewer taxes to the City of Detroit in the short-term or long-term. As needed, the Developer will reach out to the Skilled Trades Taskforce to ensure Detroit-based contractors benefit from the development.

Upon successful redevelopment, the proposed project will create approximately two full-time equivalent (FTE) jobs related to the management and maintenance of the property. This new job, along with the new residents living at the development, will generate increased income taxes for the City of Detroit. Following expiration of the 12-year abatement the building will deliver a significant increase in tax revenue. Over time, successful redevelopment and cultural growth will have a city-wide impact.

The project is also seeking support from the Detroit Brownfield Redevelopment Authority (DBRA) for Tax Increment Financing revenue reimbursement for eligible activities and a Local Brownfield Revolving Fund Loan (LBRF) up to \$159,000 and a LBRF Grant up to \$100,000.

Closing

Marigold Houses, LLC is a compassionate group of professionals with a proven track record and experience in single and small-scale multi-family investments within Detroit. Members of

Marigold Houses, LLC

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the Development team have reached out to members of the community and neighboring property owners regarding the new ownership and anticipated improvements and garnered significantly positive feedback.

The team is looking forward to pursuing this redevelopment and creating a viable rehabilitation of a building that would otherwise be left to further deteriorate and will create 24 hour street presence and activation of a neighborhood corner.

Respectfully submitted,



Kurt Hines
989.255.3493
Kurt@MarigoldHouses.com

Attachment A: Site Map that includes the parcel(s) of property / Legal Description
Attachment B: Paid Receipt of Current Taxes

cc: K. Bridges, DEGC
N. Marsh, DEGC
V. Farley, HRD

Marigold Houses, LLC

**1420 Washington Blvd, Suite 301
Detroit, MI 48221
989-255-3493**

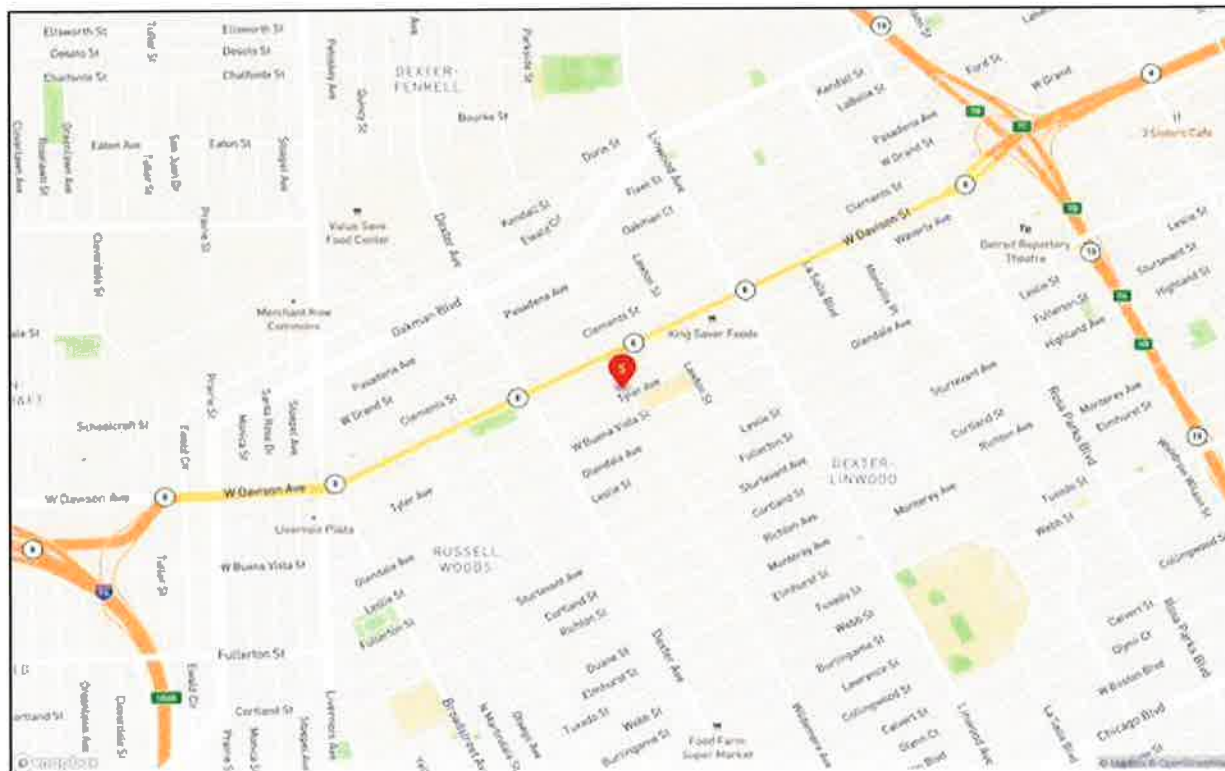
ATTACHMENT A

Marigold Houses, LLC

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Detroit, MI 48221
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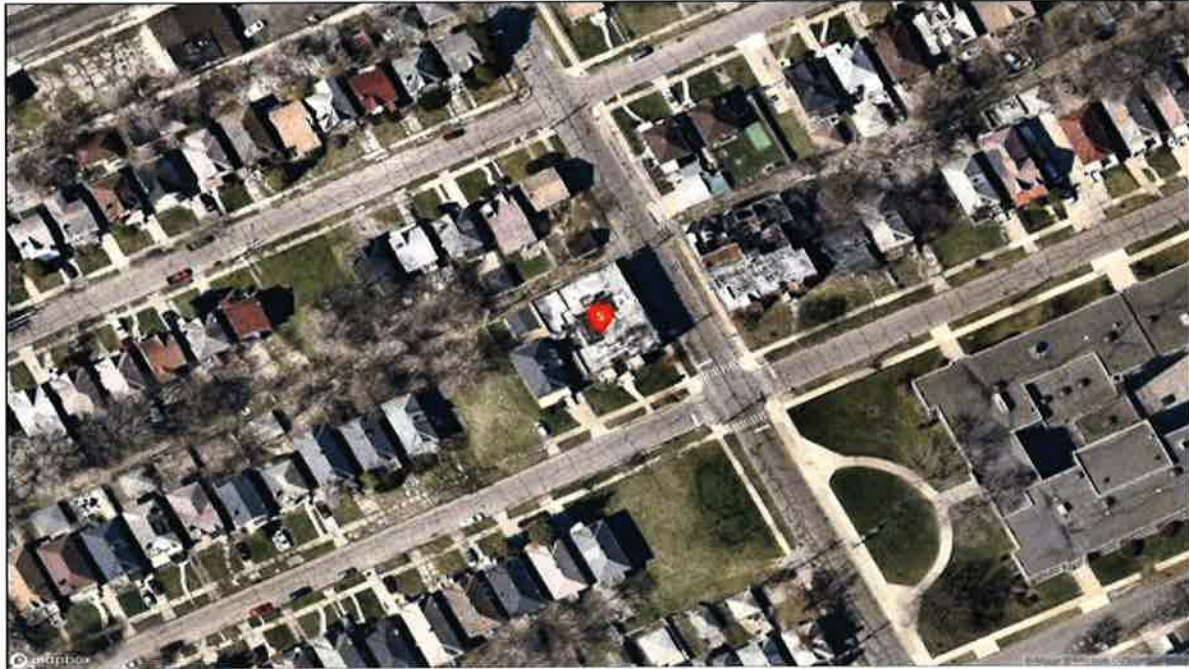
The property comprising the eligible property consists of one parcel. 3200 Tyler Avenue is functionally obsolete. The parcel and all tangible personal property located thereon will comprise the eligible property and is collectively referred to herein as the “Property.”

Attachment A includes a site map of the Property. The Property is located one block east of the Russell Woods/Narden Park Neighborhood. The Property is 0.177 acres of land that includes one (1) 9,488-square-foot, 15-unit, multi-family, apartment building. The Property is zoned R2 – a two-family residential district and is located in an area of Detroit that is characterized by residential properties to the north, south, and east.



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The property can be accessed from Tyler Avenue to the south, and a public alley to the north. The building, commonly known as the Webster Arms Apartment, was constructed in 1928 and consists of a two-story multi-family residential building with a daylight basement. It appears to have been occupied between 1928-2000.

Parcel information is outlined below.

Address	3200 Tyler Avenue / Street
Parcel ID	12004342
Owner	Marigold Houses, LLC
Legal Description	N TYLER 84-85 WARK-GILBERT COS SECURITY SUB L38 P60 PLATS, W C R 12/273 70 X 110

Marigold Houses, LLC is the project developer (“Developer”). The project contemplated at the Property consists of the renovation of the abandoned and vacant 15-unit multifamily apartment building into an approximately 15-unit modern apartment building with retained elements of the original historic charm.

Marigold Houses, LLC

1420 Washington Blvd, Suite 301
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The building will be converted into a 100% electric green building. Green Heat Pump Heating and Cooling (i.e. 4 times more efficient than older electric heating and cooling systems, designed to meet our climate reduction goals) will be installed in every unit. In addition, inefficient gas boilers will be replaced with electric hot water heaters; allowing the building to be 100% electric and taking advantage of the increase in renewable energy on the electric grid.

The Developer's model for this project and other future developments is to provide a safe, energy efficient, and economically viable product to the residents in the City of Detroit. This will include, but not be limited to, utilizing other green assets (such as sustainable stormwater management practices), reducing the current impact of stormwater to public utilities, and providing affordable housing options so that Detroiters can afford to live *and* work in the City. The Property will include green focused amenities (ex. disconnecting the current roof drains from the public storm/sewer infrastructure and creating bioswales and other green storm water mitigation practices), which will add sustainable design and environmental elements not seen in a typical neighborhood rehab, and the project anticipates marketing and renting the units to prospective tenants whose annual incomes do not exceed 55-60% of the Detroit Metropolitan Statistical Area median income.

INCOME RESIDENTIAL TENANTS										
Unit Type	# Units	Baths	Sq. Ft.	Mo. Rent	Gross Ann. Income	Vacancy Loss	Net Ann. Income	Rentable Sq. Ft.	Rent/Sq. Ft.	
1-bdr	2	1.0	532	\$850	\$20,400	(\$1,020)	\$19,380	1,064	\$1.60	
1-bdr	2	1.0	587	\$850	\$20,400	(\$1,020)	\$19,380	1,174	\$1.45	
Studio	2	1.0	525	\$700	\$16,800	(\$840)	\$15,960	1,050	\$1.33	
1-bdr	2	1.0	756	\$850	\$20,400	(\$1,020)	\$19,380	1,512	\$1.12	
1-bdr	2	1.0	614	\$850	\$20,400	(\$1,020)	\$19,380	1,228	\$1.38	
1-bdr	2	1.0	576	\$700	\$16,800	(\$840)	\$15,960	1,152	\$1.22	
					\$0	\$0	\$0	0	\$0.00	
					\$0	\$0	\$0	0	\$0.00	
Studio	1	1.0	347	\$700	\$8,400	(\$420)	\$7,980	347	\$2.02	
1-bdr	1	1.0	532	\$850	\$10,200	(\$510)	\$9,690	532	\$1.60	
1-bdr	1	1.0	587	\$850	\$10,200	(\$510)	\$9,690	587	\$1.45	

Marigold Houses, LLC

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ATTACHMENT B

Paid Receipt of Current Taxes

3200 TYLER 48238 (Property Address)

Parcel Number: 12004342,



Item 1 of 3

[2 Images / 1 Sketch](#)**Property Owner: MARIGOLD HOUSES LLC****Summary Information**

- > Commercial/Industrial Building Summary
 - Yr Built: 1928
 - # of Buildings: 1
 - Total Sq.Ft.: 9,488

> Assessed Value: \$150,400 | Taxable Value: \$35,520

- > Property Tax information found

Owner and Taxpayer Information**Owner**

MARIGOLD HOUSES LLC
29688 TELEGRAPH RD STE
200
SOUTHFIELD, MI 48034

Taxpayer

SEE OWNER INFORMATION

Legal Description

N TYLER 84-85 WARK-GILBERT COS SECURITY SUB L38 P60 PLATS, W C R 12/273 70 X 110

Other Information**Recalculate amounts using a different Payment Date**

You can change your anticipated payment date in order to recalculate amounts due as of the specified date for this property.

Enter a Payment Date

Tax History

Year	Season	Total Amount	Total Paid	Last Paid	Total Due
2022	Winter	\$344.53	\$344.53	01/18/2023	\$0.00
2022	Summer	\$3,019.61	\$3,019.61	01/18/2023	\$0.00
2021	Winter	\$325.37	\$325.37	01/10/2022	\$0.00
2021	Summer	\$2,814.57	\$2,814.57	10/28/2021	\$0.00

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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 30, 2023

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

Re: **Obsolete Property Rehabilitation District – Marigold Houses LLC**

Addresses: 3200 Tyler

Parcel Number: 12004342.

Dear Ms. Trudeau:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the proposed Obsolete Property Rehabilitation District located at **3200 Tyler** located in the **Dexter Linwood** area of the City of Detroit.

The rationale for creating Obsolete Property Rehabilitation Districts under PA 146 of 2000, as amended, is based on the anticipation of increased market value upon completion of new construction and /or significant rehabilitation of existing commercial property and commercial housing property. Normal repair and maintenance are not assessed and do not necessarily generate additional market value.

The district as proposed by the **Marigold Houses LLC** consists of a 2-story vacant apartment building with 9,488 square feet of building area, built in 1928, on 0.177 acres of land. The proposed project consists of rehabilitating and transforming the current structure into a modernized structure with 15 apartment units. The building will undergo major renovations including roof replacement, electrical systems, HVAC, safety and security systems, windows, and interior and exterior repairs.

This property meets the criteria set forth under PA 146 of 2000, as amended. It applies to blighted, functionally obsolete and contaminated properties. "Rehabilitation," meaning that changes to qualified facilities that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. Rehabilitation also includes major renovation and modification including, but not necessarily limited to, the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, adding additional stories to a facility or adding additional space on the same floor level not to exceed 100% of the existing floor space on that floor level, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the obsolete property to an economically efficient condition.



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Obsolete Property Rehabilitation District
3200 Tyler
Page 2

A review of the project details and relevant statutes indicated that the proposed Obsolete Property Rehabilitation District located at **3200 Tyler** is eligible as it pertains to the Obsolete Property Rehabilitation Act under P.A. 146 of 2000, as amended.

Sincerely,

Charles Ericson, MMAO
Assessor



CITY OF DETROIT
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Obsolete Property Rehabilitation District
3200 Tyler
Page 3

Property Address: 3200 TYLER
Parcel Number: 12004342.
Property Owner: MARIGOLD HOUSES LLC
Legal Description: N TYLER 84-85 WARK-GILBERT COS SECURITY SUB L38 P60 PLATS, W C R 12/273 70 X 110





TO: Justus Cook, Housing and Revitalization
FROM: Shelby Holmes, Planning and Development
RE: Master Plan Interpretation for **Obsolete Property District** (PA 146) at 3200 Tyler Avenue
(Associated to Petition # 2023-106)
DATE: March 30, 2023

In order to ensure that the creation of an Obsolete Property District is in conformance with the City's Master Plan of Policies and will have the reasonable likelihood to increase commercial activity; create, retain or prevent a loss of employment; revitalize an urban area; or increase the number of residents in a community, pursuant to State of Michigan, Public Act 146 of 2000 (section 125.2788), the Planning and Development Department submits the following interpretation. The Petitioner is Marigold Houses, LLC.

Location and Project Proposal: 3200 Tyler Avenue Detroit, MI 48238. The proposed project is rehabilitation of a 9,488-square-foot, multi-family apartment building. The building will be used as a residential apartment building. Two above grade floors at 4,744 sq ft per floor, in addition to a garden level basement at 4,744 sq ft. There will be 15 total units, plus a common area. Further, improvements to the Alley will provide for a safe, lighted, walkable connection to the residential development.

Current Master Plan (MP) & Zoning: MP Classification – Low/Medium Density Residential (RLM)
Zoning – Two-Family Residential District(R2)

Master Plan Interpretation

The subject site area is designated Low/Medium Density Residential (RLM). Low/Medium Density Residential areas should have an overall density of 8 to 16 dwelling units per net residential acre. The areas are often characterized by two or four family homes with small yards, on-street parking, or garages with alley access. The residential classifications allow for neighborhood-scale commercial development. For instance, in a Low/Medium Density Residential area, small scale commerce (e.g. convenience stores) should exist to serve residents' day-to-day needs.

The following policies of the Durfee neighborhood describe the following recommendations:

- GOAL 1: Reinforce sound neighborhoods
- Policy 1.1: Maintain the stability of the area along Oakman Boulevard through home repair programs and scattered-site infill development of similar scale and character to the existing housing stock.

The proposed development conforms to the Future General Land Use characteristics of the area.