



TO: City Council Member Pro Tem Tate

FROM: Jennifer Kanalos, Authorized Agent, DBRA

DATE: April 27, 2023

RE: Audit of Credit-Only Brownfield Plans and Expiration

Council Member Pro Tem Tate,

Per your memorandum dated March 28, 2023, as well as a staff email dated April 5, 2023, you requested the following information:

1. Perform an audit to investigate other sites in the City of Detroit with Brownfield Plan credits that have expired and will expire by 2033.
2. In your audit, please address if all Brownfield plan terminations by the local governing body are also needed for buildings with expired credits.
3. For those that are expiring, please add when they will be expired and if termination is needed after their expiration.
4. Are there other tax abatements that operate the same way, in terms of the need for termination?

Background:

From 2000 to 2012 the State of Michigan offered a tax incentive program based on the Single Business Tax (SBT), and its successor, the Michigan Business Tax (MBT), to eligible development projects through the approval of SBT or MBT credit-only Brownfield Plans (collectively, the "Credit Plans"). These Credit Plans were funded entirely by the State of Michigan and provided an up-front tax credit to qualified real estate projects. Credit Plans were approved in Detroit, and across the State, from 2000 to 2012 until the program was eliminated by lawmakers.

Both the SBT and MBT programs provided approved Credit Plans with a 5-year completion deadline, and the potential for a 5-year extension, subject to approval by the State. Therefore, this program allotted for a total of 10 years to complete the development project and utilize the credit. Some Credit Plans were also used in conjunction with Brownfield TIF Plans, which are permitted to exist for up to 30 years or until TIF reimbursement is completed, whichever occurs first.

When originally enacted, Act 381 of 1996, being, the Brownfield Redevelopment Financing Act (the "Act") included a provision allowing Local and State governments to be able to abolish successfully completed Plans, but not the ability to end Plans where the underlying project failed

to occur. The ability to end Plans where the underlying project failed to occur was needed for government administrative purposes, to clear the way for new projects, as well as to create an open process for the public and developers to be able to comment on the ending of Plans. Effective in 2013, the Act was amended to add clauses to allow for the termination of Plans where the underlying project failed to occur and clarified the process and purpose for the abolishment of successfully completed Plans. Additional requirements and clarifications for termination and abolishment were added to the Act in a 2017 amendment.

Per Section 14(8) of the current version of the Act, the governing body may Abolish a Plan “*when it finds that the purposes for which the plan was established are accomplished*”, and may Terminate a plan when “*the project for which eligible activities were identified in the brownfield plan or plan amendment fails to occur*”.

Implementation of Abolishments and Terminations:

The DBRA regularly reviews its portfolio of Plans for abolishment and termination as it becomes clear to DBRA staff that projects have been accomplished or have failed to occur and presents those Plans before the DBRA Board and City Council for consideration for abolishment or termination. The DBRA began terminating and abolishing Plans in 2016. To date, the DBRA and City have abolished 23 Credit Plans and terminated 7 Credit Plans.

Before beginning the large administrative task of abolishing and terminating the remaining Credit Plans, and to maximize the chances of developers being able to redevelop their property, the DBRA waited for all Credit Plans to reach expiration which occurred in late 2021. The COVID pandemic and related restrictions made researching project files very difficult as most of the files were older and only existed in hard copy format in the DBRA offices. DBRA staff resumed researching and gathering the information for a large-scale abolishment and termination of Credit Plans in late 2022.

At this time, all Credit Plans have either been completed or have expired. Credit Plans which have not yet been abolished or terminated will need to be abolished or terminated for the reasons stated above. Per the attached list from the DBRA's audit of the Credit Plans, there are 107 Credit Plans which will need to be abolished or terminated. Additional Brownfield Plans which include a credit in addition to TIF will also need to be abolished in the future once TIF reimbursement is completed.

There are no other tax incentives other than Brownfield Plans that operate with the requirement of additional action upon completion or failure to commence the project receiving the tax incentive.

Detroit Brownfield Redevelopment Authority
Credit-Only Brownfield Plans Requiring Abolishment or Termination
4/26/2023

	Project Title	Project Address	Zip Code	Project Type	Proposed Investment	City Council Approval
1	Kales	76 W. Adams	48226	Residential	\$ 12,000,000.00	07/01/01
2	ArvinMeritor	6401 W. Fort	48209	Industrial	\$ 10,000,000.00	11/14/01
3	6331 E. Jefferson	6331 E. Jefferson	48207	Retail	\$ 4,377,600.00	11/30/01
4	Riverbend III	13940 E. Jefferson	48215	Retail	\$ 10,000,000.00	11/30/01
5	Lombardo Heritage Amended 2	Freud	48215	Residential	\$ 20,000,000.00	11/30/01
6	440 W. Congress	440 W. Congress	48226	Office/Commercial	\$ 6,000,000.00	07/17/02
7	Odd Fellows Hall	8701 W. Vernor, et al	48209	Mixed Use	\$ 2,840,000.00	11/20/02
8	449 W. Willis	449 W. Willis	48201	Residential	\$ 750,000.00	11/20/02
9	Fort Shelby Hotel	525-529 W. Lafayette, et al	48226	Hotel	\$ 52,000,000.00	11/20/02
10	5981 W. Warren	5981 W. Warren, 5900 McGraw	48210	Industrial	\$ 14,760,000.00	02/21/03
11	English Village-Phase I	1798 Townsend, et al	48214	Residential	\$ 2,845,000.00	02/26/03
12	Research Lofts	5766 Trumbull, et al	48208	Residential	\$ 4,500,000.00	02/26/03
13	20201-51 Sherwood	20201-51 Sherwood	48234	Industrial	\$ 2,000,000.00	03/12/03
14	1250 Hubbard	1250 Hubbard	48209	Residential	\$ 4,150,000.00	06/25/03
15	Brenton & Dean	477 Alexan, 127-137 W. Willis	48201	Residential	\$ 792,000.00	06/25/03
16	Grinnell Properties	9390-9440 Grinnell	48213	Industrial	\$ 5,000,000.00	07/30/03
17	VITEC	2627 Clark Street	48210	Industrial	\$ 18,000,000.00	09/10/03
18	Bellemere Apartments	14824 Greenfield, et al	48227	Residential	\$ 9,550,000.00	11/14/03
19	St. Charles Place Lofts	1454 Townsend	48214	Residential	\$ 2,100,000.00	11/14/03
20	Brush Park North Condominiums	240-262 Mack Avenue	48201	Residential	\$ 2,453,000.00	11/26/03
21	Gratiot McDougall Homes	3163 E. Vernor, et al	48207	Residential	\$ 8,100,000.00	11/26/03
22	Art Center Town and Carriage Homes	262-322 Palmer, et al	48202	Residential	\$ 3,500,000.00	11/26/03
23	West Town Homes I	16301 Tireman, et al	48228	Residential	\$ 8,100,000.00	11/26/03
24	Nailah Condominiums East	504-520 E. Ferry	48202	Residential	\$ 2,161,000.00	11/26/03
25	Warren Conner	East Warren/4907 Conner	48207	Retail	\$ 7,386,000.00	06/09/04
26	Brainard Street Apartments	Brainard, 2nd, 3rd & Myrtle Streets	48201	Residential	\$ 10,000,000.00	07/02/04
27	E&B Brewery	2000 Mack Avenue	48207	Mixed Use	\$ 4,675,000.00	07/28/04

28	River Park Village	405 & 415 Burns Drive	48214	Mixed Use	\$ 29,000,000.00	09/15/04
29	Belle Harbour Estates	14630 Riverside Boulevard	48215	Residential	\$ 60,400,000.00	09/15/04
30	Whittier Regatta	425 & 445 Burns Drive	48214	Mixed Use	\$ 65,465,000.00	09/15/04
31	River Pointe Terrace	8344 East Jefferson	48214	Residential	\$ 28,000,000.00	09/15/04
32	Russell Street	2801 Russell Street	48207	Retail	\$ 2,405,000.00	11/22/04
33	Vinton Building	600 Woodward	48226	Residential	\$ 5,000,000.00	01/12/05
34	Lithuanian Hall	3564 W. Vernor	48216	Office/Commercial	\$ 1,900,000.00	05/13/05
35	55 Canfield	55 Canfield	48201	Mixed Use	\$ 4,500,000.00	09/12/05
36	Vernor Scotten	4200-4222 W. Vernor	48209	Mixed Use	\$ 2,000,000.00	09/12/05
37	571 Monroe	571 Monroe Street	48226	Retail	\$ 2,449,500.00	11/16/05
38	Sherwood Foods	12499 Evergreen	48228	Retail	\$ 8,500,000.00	11/16/05
39	Willys Overland Residential	441 W. Canfield	48201	Residential	\$ 10,000,000.00	11/16/05
40	Cass Block	2457 Cass	48201	Residential	\$ 4,000,000.00	11/16/05
41	Charlotte House	74 Charlotte Street	48201	Residential	\$ 1,752,000.00	04/26/06
42	1403 Woodward	1403 Woodward	48226	Mixed Use	\$ 9,000,000.00	07/12/06
43	Woodward Willis	4209 Woodward	48201	Mixed Use	\$ 4,075,320.00	07/12/06
44	Regina Lofts	239 and 253 Erksine	48201	Residential	\$ 3,000,000.00	10/18/06
45	Atwater/Orleans Plans	1470 E. Atwater	48207	Mixed Use	\$ 51,000,000.00	10/18/06
46	Fowler Building	1225 Woodward Avenue	48226	Residential	\$ 9,755,222.00	11/17/06
47	Griswold	120, 122, and 150 Michigan Ave	48226	Residential	\$ 43,000,000.00	11/17/06
48	Newberry Lofts	100 East Willis	48201	Residential	\$ 5,843,000.00	06/13/07
49	Nailah Commons	6431 Hastings, et al	48211	Residential	\$ 5,856,580.00	06/13/07
50	Peterboro	39 and 61 Peterboro	48201	Residential	\$ 2,290,808.00	07/27/07
51	Manhattan Apartments	2942 and 2952 Second Avenue	48201	Residential	\$ 4,595,000.00	09/18/07
52	Charlotte Apartments	644 Charlotte, et al	48201	Residential	\$ 9,149,975.00	09/18/07
53	Cass Plaza	550 Cass Avenue and 149 Davenport	48201	Residential	\$ 5,582,000.00	09/18/07
54	Elevator Building	1938 Franklin	48207	Residential	\$ 5,300,000.00	10/09/07
55	Gardenview	16370 Tireman	48228	Residential	\$ 36,000,000.00	10/09/07
56	Marathon	1025 Oakwood	48217	Industrial	\$ 1,900,000,000.00	10/09/07
57	Beethoven Building	4474 Third Avenue	48201	Residential	\$ 1,800,000.00	11/13/07
58	35th Street Apartments	5700 Michigan Avenue	48216	Mixed Use	\$ 8,439,673.00	11/13/07

59	Globe Building	1801 Atwater Street	48207	Mixed Use	\$ 17,150,000.00	11/13/07
60	70 West Alexandrine	70 West Alexandrine	48201	Mixed Use	\$ 20,705,731.00	11/13/07
61	Former Federal Reserve	160 Fort Street	48226	Mixed Use	\$ 13,830,583.00	11/13/07
62	Piquette Square	285 Piquette Street	48202	Mixed Use	\$ 20,000,000.00	11/13/07
63	Northeast Guidance Center	2970 Conner, et al.	48215	Office/Commercial	\$ 6,300,000.00	07/15/08
64	Amended Woodbridge	Canfield, Gibson, John R and MLK,Lodge	48201	Mixed Use	\$ 82,750,000.00	10/14/08
65	Amended Trumbull Townhomes	3331, 3305, and 3401 Trumbull Street	48208	Residential	\$ 2,934,900.00	10/14/08
66	DCI Conner Creek	4777 E. Outer Drive	48234	Mixed Use	\$ 33,500,000.00	10/14/08
67	St. Joseph Senior Village	17469 Wanda, et al.	48203	Residential	\$ 9,956,000.00	10/14/08
68	Brush Estates	809 E. Nevada, et al.	48203	Residential	\$ 17,713,000.00	10/14/08
69	Exceptional Green Living on Rosa Parks	1777 W. Warren, et al.	48208	Residential	\$ 3,300,000.00	10/28/08
70	Gray Street Affordable Housing	2152 Gray Street, et al.	48215	Mixed Use	\$ 6,500,000.00	12/09/08
71	1444 Michigan Avenue	1444 Michigan Avenue	48216	Mixed Use	\$ 858,988.00	12/09/08
72	CHASS	5635 W. Fort Street	48209	Office/Commercial	\$ 15,049,000.00	12/09/08
73	Conner Office Park	4729 Conner, et al.	48215	Office/Commercial	\$ 3,477,775.00	03/17/09
74	Alter Commons	311 Manistique, et al.	48215	Residential	\$ 5,480,000.00	03/17/09
75	PV Estates	2664 Arndt, et al.	48207	Residential	\$ 3,480,000.00	03/24/09
76	Mosaic Youth Arts Center	7441 Second Avenue	48202	Mixed Use	\$ 9,007,582.00	07/14/09
77	Scott Castle	81 Peterboro	48201	Residential	\$ 4,200,000.00	07/14/09
78	St. Aubin Square	4200 St. Aubin	48207	Residential	\$ 8,100,000.00	07/14/09
79	Book House Building	8443 and 8445 East Jefferson	48214	Mixed Use	\$ 2,900,000.00	10/06/09
80	Samaritan Wellness Center	5555 Conner Avenue	48213	Office/Commercial	\$ 6,000,000.00	10/06/09
81	Creative Arts Center	2802 W. Vernor Highway	48216	Office/Commercial	\$ 1,980,548.00	10/06/09
82	Scotten Park	1309 16th Street, et al.	48216	Residential	\$ 8,100,000.00	10/06/09
83	Woodward Garden Block	3919 Woodward Avenue, et al.	48201	Mixed Use	\$ 41,969,071.00	11/20/09
84	1260 Library	1260 Library	48226	Office/Commercial	\$ 1,963,390.00	11/20/09
85	La Vogue Square	225 Merton	48203	Residential	\$ 6,200,000.00	11/20/09
86	Dickerson Manor	722 Emerson	48215	Residential	\$ 8,785,000.00	05/25/10
87	3169 Woodward Avenue	3169 Woodward Avenue	48201	Office/Commercial	\$ 1,038,000.00	06/01/10
88	Amended TechOne 1	440 Burroughs	48202	High Tech	\$ 14,263,750.00	06/15/10
89	Kirby Center Lofts	609 E. Kirby	48202	Residential	\$ 6,699,806.00	07/29/10

90	Boldenaire Housing	2211 Pingree Street	48206	Residential	\$ 8,857,000.00	07/29/10
91	Amended Auburn	4240 and 4216 Cass Avenue	48201	Mixed Use	\$ 10,500,000.00	10/05/10
92	Historic Book House	8469 E. Jefferson	48214	Mixed Use	\$ 2,900,000.00	10/05/10
93	8900 Gratiot	8900 Gratiot	48213	Mixed Use	\$ 4,325,000.00	11/09/10
94	Emerald Springs	5825 Emerald Springs Circle	48212	Residential	\$ 34,241,086.00	11/09/10
95	457 Brainard	457 Brainard Street	40201	Residential	\$ 1,253,939.00	11/23/10
96	Palmer Park	225 Covington, 275 & 325 Merton, 17400 Third, 750 & 925 Whitmore & 17673 Manderson	48203	Residential	\$ 34,000,000.00	11/23/10
97	Evergreen Estates	19311 Votrobeck	48219	Residential	\$ 28,300,000.00	11/23/10
98	411 W. Lafayette	411 W. Lafayette	48226	Office/Commercial	\$ 17,000,000.00	11/23/10
99	Lofts on Griswold	735 Griswold	48226	Mixed Use	\$ 3,000,000.00	11/23/10
100	Brentwood Apartments	487 Prentis	48201	Residential	\$ 1,200,000.00	11/23/10
101	Village Park Apartments	7930 Agnes Street, 1070 & 1090 Shipherd Street, 1085 & 1099 Van Dyke Street	48214	Residential	\$ 9,200,000.00	11/23/10
102	Metro International Trade Facility	8650 Mt. Elliott	48211	Office/Commercial	\$ 5,474,161.00	03/01/11
103	Detroit Riverview Wellness Campus	7733 and 7815 East Jefferson	48214	Mixed Use	\$ 24,384,067.00	05/03/11
104	Madison Theater	20 Witherell and 1545 Broadway	48226	Office/Commercial	\$ 9,000,000.00	05/03/11
105	Coronado Apartments	3751-3733 Second Avenue	48201	Residential	\$ 4,265,254.00	05/03/11
106	Edibles Rex	1820 Mack Avenue	48207	Office/Commercial	\$ 3,700,000.00	05/03/11
107	Detroit Thermal Plant	535-541 Madison	48226	Industrial	\$ 2,600,000.00	05/10/11