

# Salliotte Development Project - Ecorse



## Statement of the Problem

Salliotte Road in Ecorse is a rundown commercial strip in the middle of a residential neighborhood. It is obsolete and no longer has a market for any significant retail. The street needs to be converted to new uses.

## The Process

Working in partnership with the International Gospel Center we structured a \$12 million redevelopment project for the redevelopment of Salliotte Road in the City of Ecorse. We worked with the church's community development corporation, "Charles O. Miles Senior Housing Corporation to structure a comprehensive program for the neighborhood. The plan includes the construction of a HUD 202 Senior Housing Development, 44 units of town houses, a day care center, reuse and rehabilitation of a drug den for senior housing, a small neighborhood shopping center.

First, the county provided the HOME funds subsidy necessary to allow the construction of the 60-unit HUD 202 Senior Housing building. Then working with hired consultants prepared a Brownfield Plan under the state's obsolete property rules in order to create the tax increment-financing plan. The phasing of doing the senior housing first was a critical part of establishing the tax increment. It is not known by many but HUD 202 projects pay full property taxes. It is done in a round about manner. Under state law, the Michigan State Housing Development Authority is required to budget and the legislature is required to appropriate the funds needed to reimburse the community for the loss of property taxes. The community must apply for the reimbursement each year. The project is assessed at full value.

As part of the plan, Wayne County Brownfield Redevelopment Authority committed itself to provide \$950,000 to finance the infrastructure development including sidewalks, lighting, curbs, and alleys. The financing will be repaid by the tax increment financing. The Single Business Tax Credit would be used to finance the infrastructure on the streets not having any development such as around the church.

In addition, the Michigan Housing Trust Fund and Michigan Capital Fund lent the nonprofit its startup capital. Wayne County is providing HOME funds to make about half of the town house condominiums more affordable by HOME income eligible households.

The city also agreed to form a Neighborhood Enterprise Zone in order to reduce property taxes on the new development and to make it more affordable by a broader group of households. The Neighborhood Enterprise Zone reduces property taxes to approximately  $\frac{1}{4}$  of the standard taxes for a period of 12 years.

## Status

Construction of the condos is about to start.