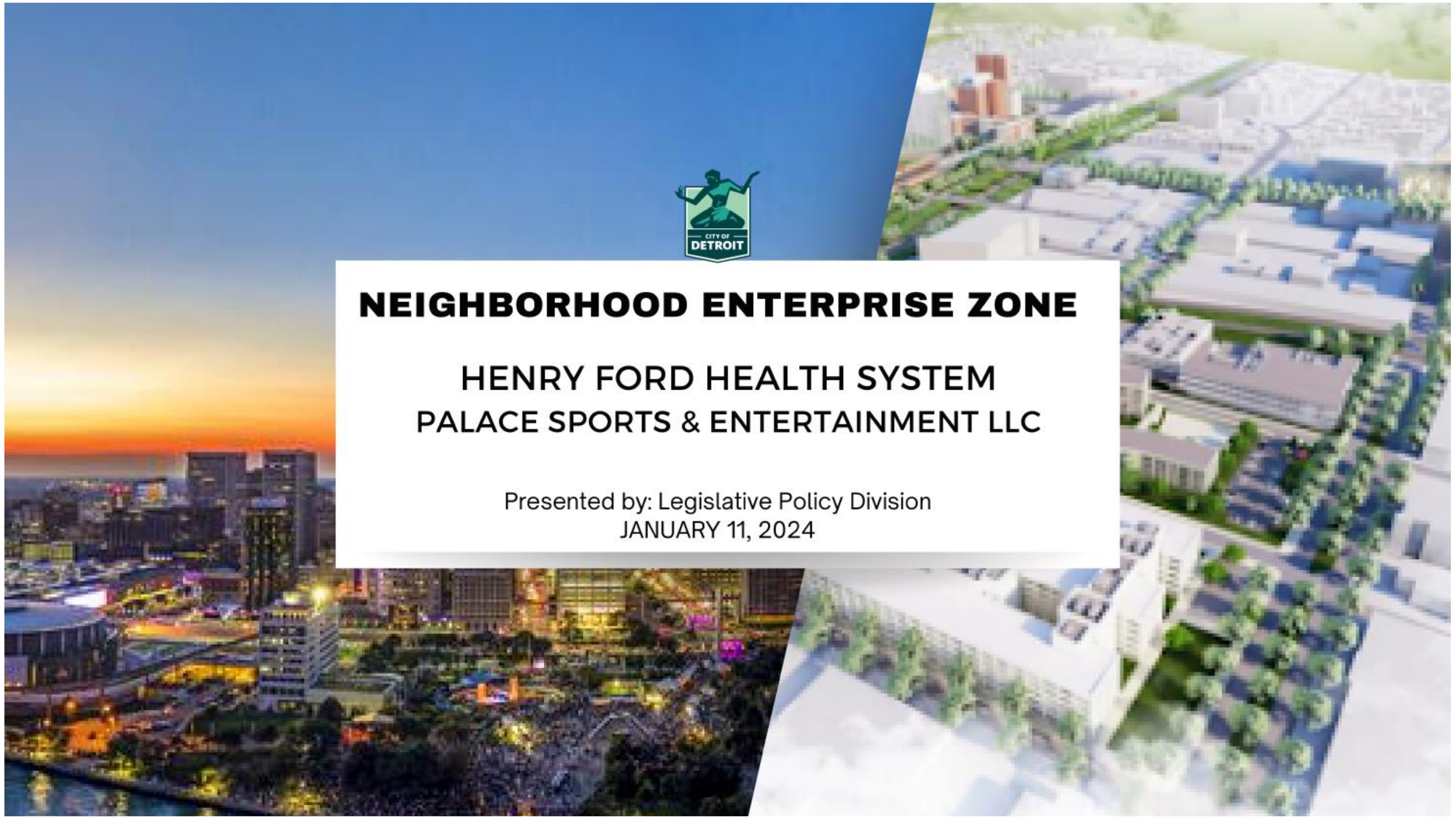




# **NEIGHBORHOOD ENTERPRISE ZONE**

**HENRY FORD HEALTH SYSTEM  
PALACE SPORTS & ENTERTAINMENT LLC**

Presented by: Legislative Policy Division  
JANUARY 11, 2024





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 of the Michigan Department of Treasury. 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.

# **FUTURE OF HEALTH (FOH) TRANSFORMATIONAL BROWNFIELD PLAN (TBP)**



one of five projects included in the \$773 million Future of Health (FOH) Transformational Brownfield Plan (TBP), based on a planned related investment of Henry Ford Health System (HFH), Palace Sports & Entertainment (Pistons) and Michigan State University (MSU).

The Pistons are investing in residential properties for three of the five projects in the TBP.



The remaining two projects are a newly proposed research project resulting from a joint venture of HFH and MSU, and finally a 320,000 sq. ft. six-story parking garage for the residents of the new apartments and the workers at the research center.



# FOH TBP AT A GLANCE

Project	Start Date	Investment	Mixed income Residential Units	Mixed Income Gross Sq Ft.	Office Gross Sq Ft.	Retail Gross Sq Ft.	Parking Gross Sq Ft
Henry Ford + MSU Medical Research Center, 6175 Third Street –(Research Center)	May-24	\$393M			326,362		
<b>6005 Second Avenue – (Current One Ford Place) (Residential 1)</b>	<b>April-27</b>	<b>\$190M</b>	<b>403</b>	<b>609,893</b>		<b>17,060</b>	
725 Ansterdam Street Residential 2)	April-25	\$79M	154	151,189		8,015	
675 Ansterdam Street Residential 3)	April-27	\$54M	105	106,122		6,273	
6205 Third Sreet Parking Garage (804 spaces)	October-25	\$58M					320,000
<b>Totals</b>		<b>\$773M</b>	<b>662</b>	<b>867,204</b>	<b>326,362</b>	<b>31,348</b>	<b>320,000</b>

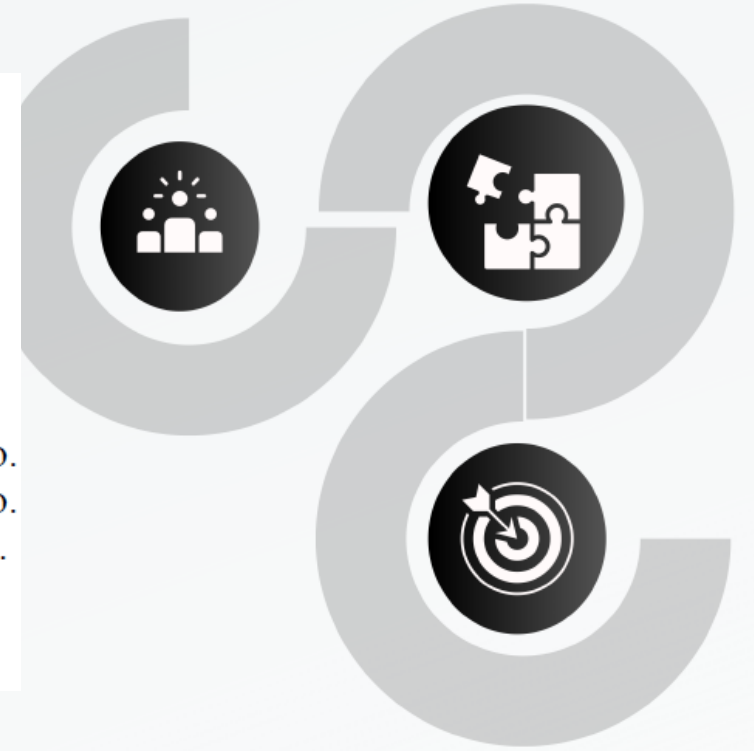
# OVERVIEW

## Building Use<sup>12</sup>

Total Square Footage (SF)	626,953 (294,449 Leasable)
Residential SF	609,893 (277,389 Leasable)
Commercial SF	N/A
Retail SF	17,060
Industrial SF	N/A

## **Total Residential Units**

	403 Units (81 Affordable @ 50% AMI)
Studios	181 Units (37 Affordable); 565 Avg. SF; \$747-\$1,665/mo.
1-Bed	168 Units (35 Affordable); 718 Avg. SF; \$794-\$1,974/mo.
2-Bed	43 Units (9 Affordable); 1,070 Avg. SF; \$941-\$2,461/mo.
Corporate <sup>13</sup>	11 Units; 781 Avg. SF; \$3,040/mo.



## City of Detroit Gross Benefits Summary over the First 15 Years (Prior to Abatement)

	Amount
Real Property Taxes, before abatement	\$49,741,267
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$230,840
Municipal Income Taxes - Indirect Workers	\$65,318
Municipal Income Taxes - Corporate Income	\$89,090
Municipal Income Taxes - Construction Period	\$470,593
Municipal Income Taxes - New Residents	\$10,600,943
Utility Revenue	\$4,290,826
Utility Users' Excise Taxes	\$1,223,327
State Revenue Sharing - Sales Tax	\$35,743
Building Permits and Fees	\$1,742,822
Miscellaneous Taxes & User Fees	\$10,065,732
<u>Subtotal Benefits</u>	<u>\$78,556,501</u>
Cost of Providing Municipal Services	(\$10,782,265)
Cost of Providing Utility Services	(\$4,290,826)
<u>Subtotal Costs</u>	<u>(\$15,073,091)</u>
Net Benefits	\$63,483,410

## Impacted Taxing Units: Incentive Summary over the First 15 Years

	Additional Benefits Before Tax Abatements	Additional Costs	Real Property Tax Abatement	Brownfield TIF Capture	Corporate Income & Utility User's Exemption	Net Benefits After Tax Abatements & Incentives
City of Detroit	\$78,556,501	(\$15,073,092)	(\$16,119,536)	(\$25,199,751)	\$0	\$22,164,123
Wayne County	\$13,818,979	(\$1,361,180)	(\$3,997,974)	(\$8,176,892)	\$0	\$282,933
Detroit Public Schools	\$82,279,170	(\$34,823,971)	(\$14,322,368)	(\$17,852,963)	\$0	\$15,279,867
State Education	\$9,159,695	\$0	(\$2,860,374)	(\$6,285,148)	\$0	\$14,173
Downtown Dev. Authority	\$0	\$0	\$0	\$0	\$0	\$0
Wayne RESA	\$8,285,708	\$0	(\$2,587,446)	(\$5,685,440)	\$0	\$12,821
Wayne County Comm. College	\$4,916,008	\$0	(\$1,535,163)	(\$3,373,239)	\$0	\$7,607
Wayne County Zoo	\$151,440	\$0	(\$47,292)	\$0	\$0	\$104,149
Detroit Institute of Arts	\$303,186	\$0	(\$94,678)	\$0	\$0	\$208,508
<b>Total</b>	<b>\$197,470,687</b>	<b>(\$51,258,243)</b>	<b>(\$41,564,830)</b>	<b>(\$66,573,434)</b>	<b>\$0</b>	<b>\$38,074,180</b>

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<sup>14</sup> Charts courtesy of the DEGC

# CONCLUSION

The investment in this project is estimated at \$189,865,000. The abatement is projected to be worth a tax savings of \$41,564,830 for the developer. The estimated investment and new residents are projected to produce a positive cost benefit to the City of Detroit of \$22,164,123 and \$38,074,180 to all the impacted taxing units, which includes a TIF capture; in addition to 11 FTE (developer jobs); 87 FTE (tenant jobs), and 539 (temporary construction jobs) and 403 new housing units.





### DEGC Chart of Taxes Before, During & After the Incentive<sup>15</sup>

	Existing Taxes	New Taxes <i>With</i> NEZ + Brownfield TIF	New Taxes <i>Without</i> NEZ + Brownfield TIF	Taxes <i>After</i> NEZ Expires
City of Detroit	\$0	\$72,162	\$1,091,184	\$428,724
Library	\$0	\$0	\$180,772	\$0
Wayne County	\$0	\$0	\$311,514	\$0
Detroit Public Schools	\$0	\$117,263	\$1,172,812	\$696,677
State Education	\$0	\$0	\$234,227	\$0
Wayne RESA	\$0	\$0	\$211,878	\$0
Wayne County Comm. College	\$0	\$0	\$125,710	\$0
Wayne County Zoo	\$0	\$895	\$3,873	\$5,316
Detroit Institute of Arts	\$0	\$1,791	\$7,753	\$10,643
<b>Total</b>	<b>\$0</b>	<b>\$192,112</b>	<b>\$3,339,722</b>	<b>\$1,141,360</b>

## NEZ Acreage Status: 18

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.”<sup>19</sup>



**Total acreage available (15% of Detroit acreage): 13,239.00**

### **Henry Ford Health System and Palace**

**Sports & Entertainment, LLC NEZ: 9.7 acres**

**Total Acreage for the Entire city of Detroit: 88,26020**

**Total Acreage Remaining 7,548.07 21**

**Total Acreage Designated 5,690.93 22**



