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TO: Kevin Johnson, President & CEO
Detroit Economic Growth Corporation (DEGC)

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: March 18, 2025

RE: 2025-2026 Budget Analysis

Attached is our budget analysis regarding your agency's budget for the upcoming 2025-2026 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Thursday, March 20, 2025, at 10:00 a.m.** We would then appreciate a written response to the issues/questions at your earliest convenience before or after your budget hearing. Please forward a copy of your responses to the Council Members, the City Clerk's Office, and the Legislative Policy Division.

Please contact us if you have any questions regarding our budget analysis. Thank you for your cooperation in this matter.

Attachments

cc: Councilmembers
Auditor General's Office
Hassan Beydoun, Group Executive-Economic Development
Glen Long, Jr., DEGC CFO and Executive Vice President of Administration
Derrick Headd, DEGC Senior Vice President Public Policy and Operations
Jennifer Kanalos, DEGC Vice President of Board Administration & Government Affairs
Jay Rising, CFO
Tanya Stoudemire, Chief Deputy CFO-Policy & Administrative Director/Interim Budget Director
Donnie Johnson, Deputy Budget Director
Eunice Williams, Agency CFO
Doug Ortiz, Budget Analyst
Malik Washington, Mayor's Office

**Detroit Economic Growth Corporation/
Economic Development Corporation/**

Downtown Development Authority

FY 2025-2026 Budget Analysis by the Legislative Policy Division

Detroit Economic Growth Corporation (DEGC)

The DEGC was established in 1978. The mission is to design and implement innovative solutions that drive investment, create jobs, and advance the economy of Detroit through public private collaborations. The DEGC is a private nonprofit development organization of public, business, labor and community leaders established to assist businesses in expanding or locating in Detroit and bringing new investments to the City. The DEGC provides staff and other administrative services to the Downtown Development Authority (DDA), Local Development Financing Authority (LDFA), the Economic Development Corporation (EDC), Detroit Brownfield Redevelopment Authority (DBRA), the Detroit Next Michigan Development Corporation (DNMDC) and the Eight Mile Woodward Corridor Improvement Authority (EWCIA). These development entities do not contain any staff.

The DEGC also works directly for the City of Detroit under contract and manages economic development efforts funded by private and foundation contributions, grants, and contracts. The DEGC receives funding primarily from the City of Detroit through its Housing & Revitalization Department (HRD), the DDA, the EDC, the LDFA, the DBRA and corporate contributions. The DDA, EDC, LDFA, DBRA, and EWCIA contributions to the DEGC's budget serve as reimbursement to the DEGC for staff services, office space, and operating expenses.

In Mayor Duggan's proposed budget for 2025-26, the City through the HRD is contributing \$2,791,489, which includes the base contribution of \$1,045,185 to the DEGC, a \$796,304 contribution for the District Business Liaison program that would be administered by the DEGC in FY 2025, and a \$100,000 contribution for additional land assemblage work that is anticipated (see Attachment I). The chart below shows the City's contributions to the DEGC from 2019-20:

City of Detroit's Contribution to the Detroit Economic Growth Corporation from its Housing and Revitalization Department										
	FY	FY	FY	FY	FY	FY	FY			Recommended
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26			
Contri- bution										
Amount	\$1,936,304	(1) \$1,636,304	(2) \$1,839,489	(3) \$1,839,489	\$2,541,489	(4) \$2,791,489	(5) \$2,091,489			

It should be noted that through one (1) budget amendment in FY 2016-17 brought the City's base contribution for the DEGC from \$1,112,833 (FY 2015-16) to \$1,117,000 (FY 2016-17). In FY 2018-19, it should be noted that the addition of \$694,304 for the District Business Liaison program and \$50,000 for a retail corridor study in zip code 48217 to the City's base contribution brought the City's funding level for the DEGC to \$1,861,304 in FY 2018-19.

(1) In FY 2019-20, it should be noted that the addition of \$694,304 for the District Business Liaison program and \$125,000 for a contribution for additional land assemblage work that is anticipated to the City's base contribution brought the City's funding level for the DEGC to \$1,936,304.

(2) Initially the Mayor recommended \$1,936,304 for the City's contribution to the DEGC for FY 2021, however, this contribution was reduced by \$300,000 as one of the budget solutions to address a projected \$194 M revenue shortfall in FY 2021's general fund due to the impact of the COVID-19 pandemic.

(3) The City's contribution went from \$1,636,304 (FY 2020-21: pandemic impact) to \$1,839,489 (FY 2021-22), an increase of \$203,185 to restore two-thirds of the funding loss of \$300,000 (FY 2020-21) as the City recovers from the pandemic.

(4) Initially the Mayor recommended \$1,941,489 for the City's contribution to the DEGC for FY 2024. The \$102,000 increase in the City's contribution for FY 2024 is for the District Business Liaison program to offer a more competitive benefit package for this program and reduce turnover. During the FY 2024 budget process, City Council added \$600,000 to the City's contribution to the DEGC for the following: 1) \$525,000 for the Green Grocer Program, and 2) \$75,000 for the African-Town Retail Study.

(5) Initially the Mayor recommended \$1,941,489 for the City's contribution to the DEGC for FY 2025. During the FY 2025 budget process, City Council added \$850,000 to the City's contribution to the DEGC for the following: 1) \$100,000 for to perform a Land Value Taxation Impact Study; 2) \$500,000 for a Detroit Legacy Business Fund; 3) \$150,000 for the Young Entrepreneurs Program, with 1 FTE; and \$100,000 for a Corridor Retail Study for Joy Road.

The DEGC feels the City's contribution helps the organization provide citywide proactive business attraction and retention efforts, work on vital economic development projects, and continue to work with the HRD, the Jobs & Economy Group housed in HRD, and the Administration during pre-development stages on City projects.

It is important to note that DEGC bylaws require its operating budget to be recommended by the Finance Committee and adopted by the Executive Committee of the DEGC Board of Directors. As of the date of this report, the DEGC has not completed the development of its operating budget for 2025-26.

Attachment II represents DEGC's operating budget for 2024-25, which totals \$10.3 million. The major sources of the operating budget are \$2.19 million from the City's contribution; \$3.96 million from contributions from the various public development authorities-EDC, DDA, LDFA, DBRA, Eight Mile Woodward Corridor Improvement Authority and the DNMD; and \$2.4 million from Other Contracts¹.

Attachment III represents the DEGC's current organizational chart.

Attachment IV represents the DEGC's responses to LPD's FY 2025-26 preliminary DEGC budget questions and requests. Responses to the LPD's preliminary DEGC budget questions include:

1. The DEGC currently has 72 budget positions. As of March 14, 2025, 68 positions were filled with four vacancies. The DEGC expects to fill the vacant positions quickly.
2. Program updates in FY 2025 on the Motor City Match, District Business Liaisons, Green Grocer Program, Buy Detroit, Detroit Legacy Business Project, Next UP313, Detroit Means Business, and Gratiot/7 Mile façade programs are provided.
3. Business development update, including helping to attract Luxwall, Piston Group, Laepple Automotive, Fortescue Energy, and Eco/G companies in FY 2024 and FY 2025. Currently, the business attraction project pipeline is projected to create approximately 731 jobs and \$142 million in capital investment. The lead pipeline currently contemplates approximately 6,997 jobs and \$1.4 billion in capital investment.
4. Development services team assisted economic development on the East Riverfront, Eastern Market, Harding Canal-Flood Mitigation, Jefferson Village Park, Music Hall Expansion Project, and City Airport Redevelopment Project. Development services team assisted the DEGC in receiving a \$14.5 million grant through the Michigan Economic Development Corporation's Revitalization and Placemaking 2.0 funding program for real estate rehabilitation and development and place-based infrastructure projects. DEGC was also selected as a contractor to administer the City's (SEED) Supporting Equitable Economic Development Program. DEGC, through its Development Services Team, will provide up to \$4.75 million in necessary funding to projects across the city that enable population and tax revenue growth by rehabilitating vacant and blighted buildings and historic structures. The DEGC facilitated the Future of Health, Broadway Lofts, and the redevelopment of the Fisher Auto Body Plant projects.
5. Through DEGC's Board Administration and Finance Units, the DDA Bonds were restructured in 2024 to achieve the following: 1) retired all outstanding non-LCA (Little Caesars Arena) bonds (approximately \$24 million); 2) early retirement of \$76 million of LCA Bonds; 3) refinanced and restructured the remaining \$198 million in order to: a) realize \$58 million in interest savings with the potential for an additional \$22.5 million in interest savings over the next 10 years; b) facilitate the early repayment of more of the remaining bonds; and c) target full repayment of bonds up to 10 years earlier than the 2048 maturity date.

Economic Development Corporation (EDC)

In Mayor Duggan's proposed budget for 2025-26, the City through the HRD is contributing \$506,000 to the EDC (see Attachment I). Council should note that \$280,000 is for EDC operations and \$20,000 is for operations of the Detroit Next Michigan Development Corporation (DNMD), which is under the aegis of the EDC. The chart below shows the City's contributions to EDC from 2019-20:

¹ "Other Contracts" represent contracts for administration of projects where the amounts are generally variable from year to year or non-recurring. Items showing up in this for 2024-25 would include Motor City Match and Motor City ReStore, DDR, as well as Green Grocer, NE Ideas, and D2D, among others.

City of Detroit's Contribution to the Economic Development Corporation from Its Housing and Revitalization Department							
	FY		FY	FY	FY	FY	Recommended
	2019-20		2020-21	2021-22	2022-23	2023-24	2024-25
Contribution							
Amount	\$275,000	(1)	\$275,000	\$275,000	\$275,000	\$275,000	\$300,000
							\$506,000

(1) In FY 2017-18, \$20,000 was added to the City's contribution to the EDC in order to help the DNMDP pay for insurance, audit, and administrative costs.

It is important to note that the EDC Board of Directors approves its operating budget. As of the date of this report, the DEGC has not completed the development of the EDC operating budget for 2025-26.

Attachment V represents EDC's total operating budget for 2024-25. The EDC receives transfers from other funds or projects in the form of project fees. The EDC receives project fees for the Motor City Match/Restore Program, the Casino Development Fund, the Waterfront East Reclamation project, etc., as well as other service fees and loan repayments consistent with the current fiscal year. The project fees are temporary sources of revenue. The EDC board approves this budget. Council approves the City contribution and project fees stemming from contracts your Honorable Body approved between the EDC and the City of Detroit for a particular project/fund, such as the Casino Development Fund. Attachment VI represents the most recent EDC-Casino Development Fund report.

Downtown Development Authority (DDA)

The DDA, a public corporation for the City of Detroit, was established for the purpose of promoting and developing economic growth in the City of Detroit's downtown business district. The DDA has been authorized to fund its General Fund (operating) budget by an ad valorem tax of one mill on real and tangible personal property not exempt by law in the downtown development district, and by a levy on the increased assessed value of a tax increment district, and the issuance of negotiable revenue and tax increment bonds to finance the development activities of the DDA.

Note: the DDA could receive two mills on real and personal property for operating purposes based on the 2010 Census count results.

Unlike the DEGC and EDC, the DDA does not receive a General Fund contribution. Therefore technically, the DDA is not a part of the DEGC and EDC budget hearing, but of course, the DEGC will address any questions City Council may have regarding the DDA. However, the City Council does approve the DDA's operating budget per State Public Act 197 of 1975. The DDA's operating budget is usually presented to City Council in June. Attachment VII represents the DDA's 2024-25 operating budget Council approved in May 2024.

Also, in accordance with PA 197 of 1975, the Council approves the Tax Increment Finance Plan, which delineates the anticipated development projects in the downtown area. Whenever the TIF Plan is amended, the DDA board must first approve the amendments, and then the amendments come before the Council for approval. This process additionally gives Council an opportunity to review the DDA's policies, plans, and procedures as they relate to development activity in the downtown area.

Attachment VIII represents DBRA's operating budget for 2024-25. The DBRA Board of Directors approves its operating budget.

Attachment IX represents DBRA's list of Detroit brownfield plans from the year 2000 to present.

Attachment X represents LDFA's operating budget for 2024-25. By State Statute, the LDFA's operating budget is approved by City Council per State Statute, and it is usually presented to City Council in June.

Attachment XI represents Eight Mile Woodward Corridor Improvement Authority's operating budget for 2024-25. The Eight Mile Woodward Corridor Improvement Authority's operating budget is approved by City Council per State Statute, and it is usually presented to City Council in June.

Issues and Questions

DEGC

1. Is the District Business Liaison program fully staffed? If not, how many vacancies are in the program and how soon will the vacant positions be filled?
2. In the DEGC's response to question number 5 to LPD's preliminary budget questions for FY 2025 (Attachment IV), the DEGC currently has 72 budget positions, which is 3 less than the 75 budgeted positions in FY 2024. As of March 14, 2025, 68 positions were filled with four vacancies. The DEGC expects to fill the vacant positions quickly. The number of positions is slightly down from the prior year due to the reorganization that took place when Kenyetta Bridges left the organization. As always, the personnel makeup of the DEGC fluctuates over the course of the year as new program opportunities arise. Please explain the difficulty in filling the vacant positions.
3. During the FY 2025 budget process, City Council added \$850,000 to the City's contribution to the DEGC for the following: 1) \$100,000 for to perform a Land Value Taxation (LVT) Impact Study, 2) \$500,000 for the Detroit Legacy Business Fund, 3) \$150,000 for the Young Entrepreneurs Program, with the addition of one FTE, and 4) \$100,000 for a Corridor Retail Study for Joy Road. Please provide a status of these programs and the current level of expenditures from the dollars City Council allocated for these programs. Regarding the \$100,000 for the Land Value Taxation Impact Study, given that State legislation for LVT has not passed, does the DEGC feel it's more fruitful to redeploy these dollars for another use with the Council's input?
4. Attachment II represents the DEGC's operating budget for FY 2025 and Attachment II.A is the operating budget for FY 2024. Questions/requests:
 - a. On the revenue side, please explain the \$175,000 increase in the City Contract revenue in FY 2025.
 - b. On the revenue side, please explain the \$120,000 increase in the DBRA Contract revenue in FY 2025.
5. The Mayor proposed the City's FY 2026 general fund contribution to the DEGC at \$2,091,489, \$700,000 lower than the current year's allocation. Please explain the impact of the lower allocation on DEGC's operations in FY 2026.
6. In September 2024, the CRC released a report entitled "Allowing the Detroit DDA's (Downtown Development Authority)'s Captured Tax Revenues to Again Fund Government Services". In October 2024, the CRC released a report entitled "Detroit's Use of Tax Abatements and Alternative Strategies to Improve Competitiveness".
 - a. Does the DEGC agree with the conclusions raised by the CRC in these reports?
 - b. Are there any major issues that were not addressed in the CRC reports?

EDC

7. For FY 2025, the City through the HRD contributed \$300,000 to the EDC, with \$280,000 allocated for EDC operations and \$20,000 for the Detroit Next Michigan Development Corporation (DNMDC) operations. Mayor Duggan proposes to increase the contribution to the EDC by \$206,000 in FY 2026. Please explain the need for the \$206,000 increase.
8. Attachment VI shows that there is approximately \$773,430 in unspent Casino Development Fund dollars for Loan Funds as of December 31, 2024, a decrease of \$525,000 from the previous year's balance of \$1.3 million. These Casino loan funds were formerly allocated amongst the National Retail, Non-Affiliated/Resident Retail and Resident Real Estate programs, but now are consolidated into one category called "Loan Funds". These dollars were reprogrammed to the "Loan Funds" category so that the use of these dollars is no longer restricted to specific geographical areas of the City, particularly downtown Detroit, but now to general areas of the City so that these dollars can be expended throughout the City of Detroit. According to the DEGC, the Casino loan program is a citywide program that provides funding for the construction buildout of a project, and or fixtures, furniture, and equipment. Loans are generally limited to a maximum of \$200,000 or 40% of project costs, whichever is less. Please describe how the expenditure of \$525,000 in the last calendar year has helped Detroit businesses, in the downtown Detroit area and outside of downtown.

DBRA

9. In the DEGC's response to question number 7 to LPD's preliminary budget questions for FY 2025 (Attachment IV), it was indicated that in 2023, the State of Michigan approved amendments to Act 381 of 1996, allowing Brownfield Redevelopment Authorities to specifically assist in the financing of housing developments. Shortly after the Michigan State Housing Development Authority released its program guidance in the spring of 2024, DBRA approved its Housing Tax Increment Finance program guidelines. The new program allows Brownfield TIF to assist the development of for-sale and rental housing for housing available at 120% AMI and below, with a requirement in Detroit that at least 20% of the rental units be available at 80% AMI or below. Please provide a copy of DBRA's approved Housing Tax Increment Finance program guidelines.
10. Attachment VIII represents the DBRA's operating budget for FY 2025 and Attachment II.A is the operating budget for FY 2024. Questions/requests:
 - a. On the revenue side, please explain the \$450,000 increase in the Brownfield Application/Admin. Fees revenue in FY 2025.
 - b. On the revenue side, please explain the \$300,000 decrease in the Special Projects revenue in FY 2025.
 - c. On the expenditures side, please explain the \$430,000 increase in the Special Projects expenses in FY 2025.
11. Has the number of brownfield redevelopment projects this fiscal year increased or decreased as compared to last year?

Attachments

**CITY OF DETROIT
BUDGET DEVELOPMENT
FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER - EXPENDITURES
DEPARTMENT 36 - HOUSING & REVITALIZATION DEPARTMENT**

Department # - Department Name Fund # - Fund Name Appropriation # - Appropriation Name Cost Center # - Cost Center Name	FY2025 Adopted	FY2026 Mayor Proposed	FY2027 Forecast	FY2028 Forecast	FY2029 Forecast
36 - Housing & Revitalization Department	80,383,863	77,226,258	67,316,416	67,612,784	67,913,746
1000 - General Fund	35,896,218	34,284,821	24,372,880	24,667,104	24,965,879
26360 - Community Development	6,157,963	1,635,240	1,650,268	1,665,574	1,681,163
360050 - Mental Health Co-Response	-	215,270	215,270	215,270	215,270
360146 - HRD EITC Support	213,716	213,716	215,853	218,012	220,192
360150 - Community Development Initiatives	5,421,000	521,000	521,000	521,000	521,000
365704 - Program Development & Implementation	523,247	685,254	698,145	711,292	724,701
26361 - Detroit Housing Network GF	7,355,029	11,658,012	5,313,994	5,372,452	5,431,725
360103 - Neighborhood & Housing Svcs GF	404,365	2,319,394	337,625	343,993	350,488
360106 - Occupied Buyback Outreach	419,776	419,367	426,961	434,702	442,594
360136 - Homeless Services	6,000,000	8,400,000	4,020,819	4,055,650	4,090,830
365080 - Immigration Affairs	530,888	519,251	528,589	538,107	547,813
26362 - Affordable Housing Underwriting and Development	4,593,442	4,859,097	4,934,067	5,010,370	5,088,025
360125 - Housing Underwriting GF Staffing	191,887	571,601	581,434	591,454	601,660
360130 - Community Development	1,550,000	1,520,000	1,535,200	1,550,552	1,566,057
360131 - Real Estate_City	819,412	1,001,131	1,019,960	1,039,164	1,058,750
365703 - OPPP Direct - Tax Incentives, Policy, & Development	2,032,143	1,766,365	1,797,473	1,829,200	1,861,558
26364 - Affordable Housing Development and Preservation Fund	3,150,000	1,850,000	750,000	750,000	750,000
360072 - Housing Affordability	3,150,000	1,850,000	750,000	750,000	750,000
26365 - Neighborhood Improvement Fund	1,000,000	999,945	1,008,516	1,017,196	1,025,986
360130 - Community Development	1,000,000	999,945	1,008,516	1,017,196	1,025,986
27360 - Economic Development Programs	7,134,971	7,011,664	4,368,292	4,425,813	4,484,244
360133 - Jobs and Economy Team	1,543,482	1,914,175	1,946,828	1,980,134	2,014,108
360134 - Economic Development Corporation	300,000	506,000	309,060	312,151	315,273
360135 - Economic Growth Corporation	2,791,489	2,091,489	2,112,404	2,133,528	2,154,863
365008 - HRD Economic Dev & Small Business Dev	2,500,000	2,500,000	-	-	-

Attachment II

DETROIT ECONOMIC GROWTH CORP OPERATING AND PROGRAM REVENUE SOURCES 2024-25

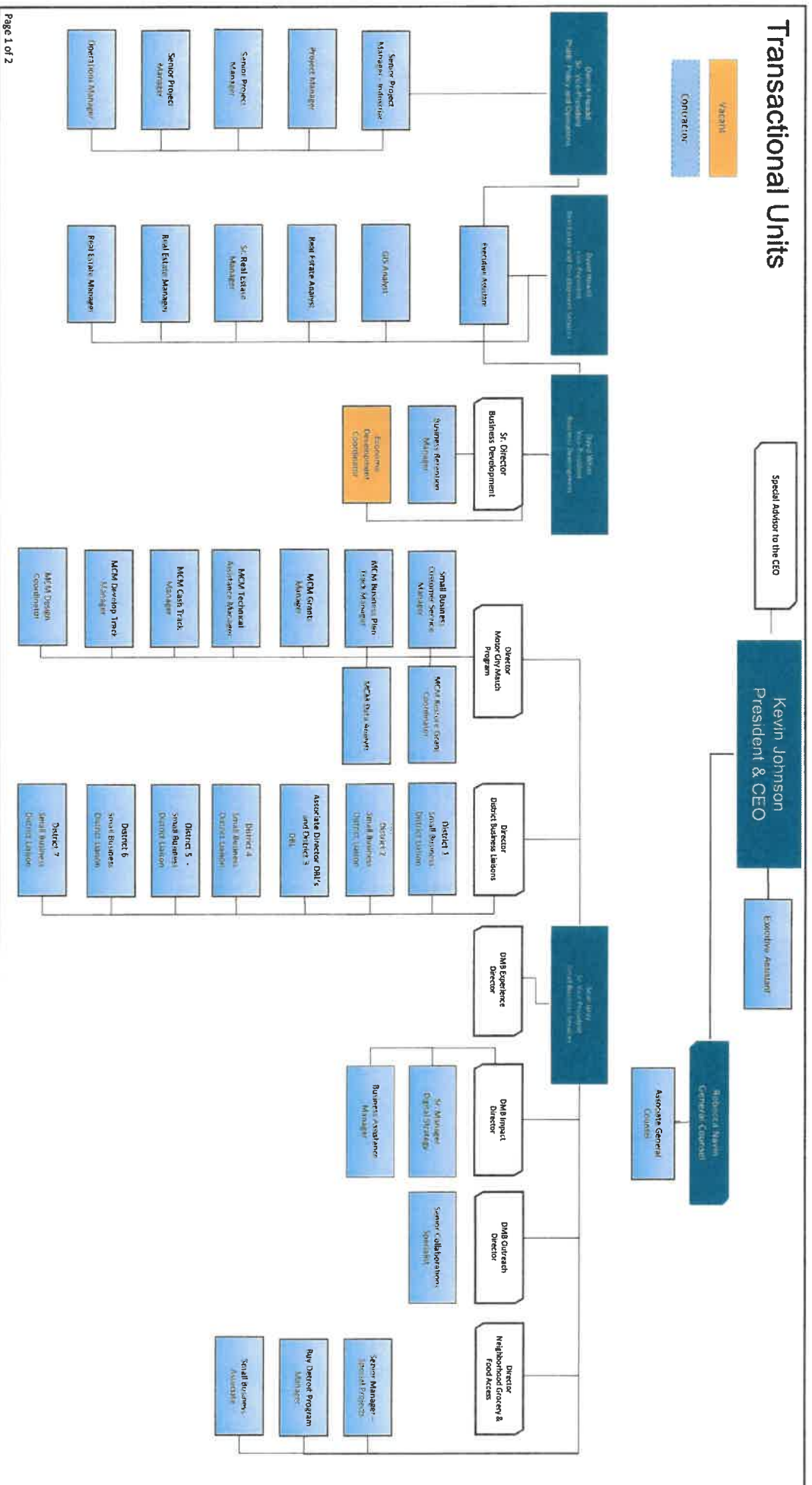
<u>SOURCES</u>	<u>2024-25 PROPOSED BUDGET</u>
CITY CONTRACT	2,191,489
EDC CONTRACT	800,000
DDA CONTRACT	2,000,000
LDFA CONTRACT	125,000
DBRA CONTRACT	960,000
CIA/NMDC CONTRACTS	70,000
LEGAL REIMBURSEMENT	600,000
PRIVATE SECTOR	400,000
EDC PROJECTS	600,000
OTHER CONTRACTS	2,400,000
SERVICE FEES/OTHER INCOME	153,511
BUDGET DEFICIT	0
TOTAL REVENUE	10,300,000
<u>USES</u>	
PERSONNEL	8,700,000
CONTRACT SERVICES	120,000
TRAVEL/MEETINGS& MARKETING	390,500
RENT/UTILITIES/INSURANCE	687,000
EQUIPMENT	183,000
OTHER	219,500
TOTAL EXPENSES	10,300,000
DIFFERENCE	0

Attachment II. A

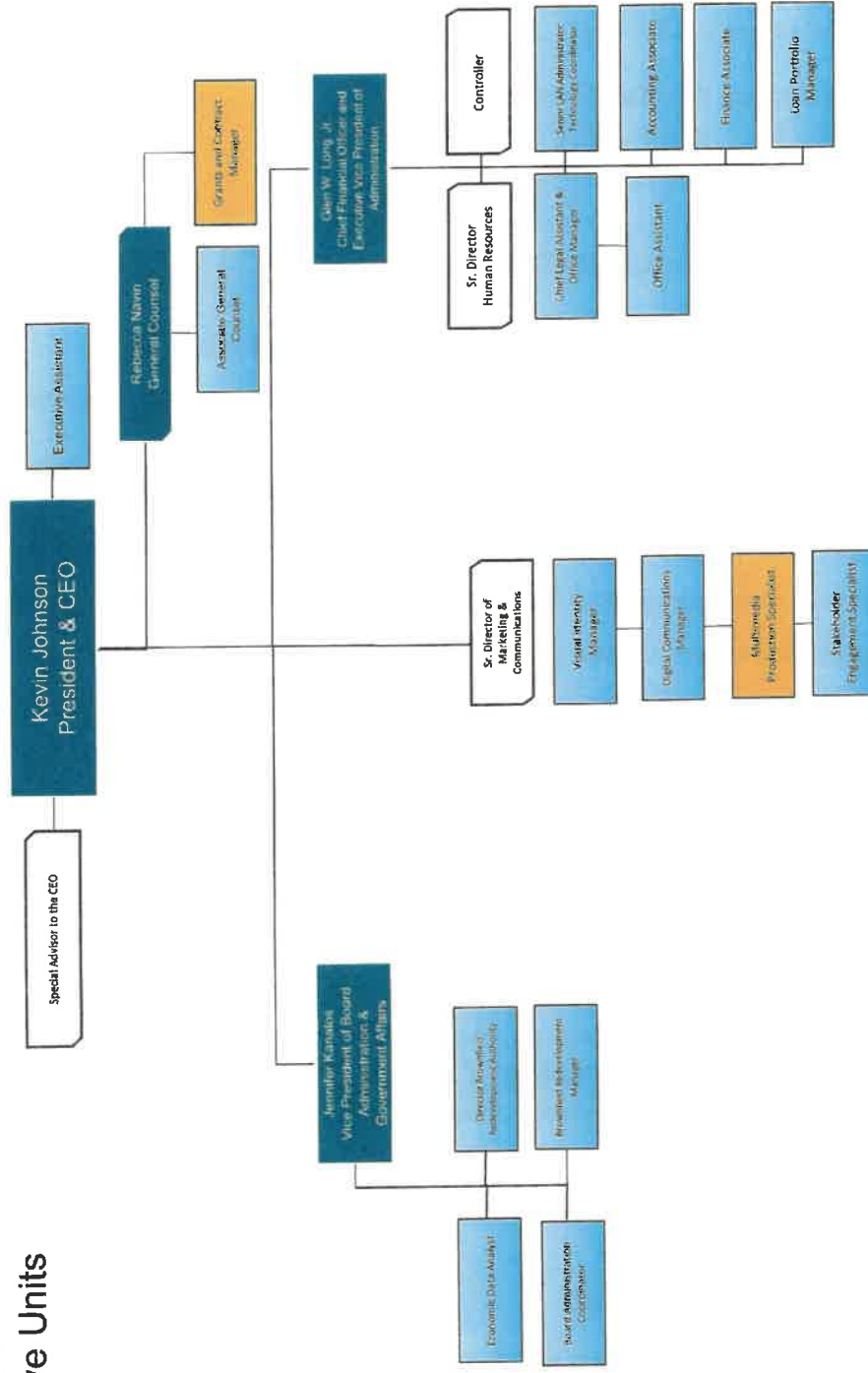
DETROIT ECONOMIC GROWTH CORP OPERATING AND PROGRAM REVENUE SOURCES 2023-24

<u>SOURCES</u>	<u>2023-24 BUDGET</u>
CITY CONTRACT	2,016,489
EDC CONTRACT	800,000
DDA CONTRACT	2,000,000
LDFA CONTRACT	125,000
DBRA CONTRACT	840,000
CIA/NMDC CONTRACTS	70,000
LEGAL REIMBURSEMENT	600,000
PRIVATE SECTOR	500,000
EDC PROJECTS	600,000
OTHER CONTRACTS	2,400,000
SERVICE FEES/OTHER INCOME	123,511
BUDGET DEFICIT	0
TOTAL REVENUE	10,075,000
<u>USES</u>	
PERSONNEL	8,532,000
CONTRACT SERVICES	126,600
TRAVEL/MEETINGS& MARKETING	388,500
RENT/UTILITIES/INSURANCE	660,000
EQUIPMENT	172,000
OTHER	195,900
TOTAL EXPENSES	10,075,000
DIFFERENCE	0

Attachment III



Administrative Units



Attachment IV



TO: Irvin Corley, Jr., Executive Policy Manager
Legislative Policy Division

FROM: Kevin Johnson, President & CEO
Detroit Economic Growth Corporation (DEGC)

DATE: March 14, 2025

RE: FY 2025-26 Preliminary DEGC Budget Questions

This memo is in response to questions included in your e-mail dated March 12, 2025.

1. The FY 2024-25 operating budgets for the DEGC, DDA, EDC, DBRA, LDFA, and EMWCIA.

These operating budgets were provided by Glen Long via email on March 13.

2. The June 30, 2024, audited financial statements for the DEGC and DEGA.

These financial statements were provided by Glen Long via email on March 12.

3. The latest Casino Development Fund report.

The Casino Development Fund report was provided by Glen Long via email on March 14.

4. The latest DEGC org chart.

Please see Attachment A.

5. The number of budgeted positions, and number of vacancies and the difficulty filling them.

The DEGC has 72 budgeted positions. At the time of this report, 68 of them are filled with four vacancies (highlighted in Orange on the attached Org Chart). We anticipate that they will be filled quickly. The number of positions is slightly down from the prior year due to the reorganization that took place when Kenyetta Bridges left the organization. As always, the personnel makeup of the DEGC fluctuates over the course of the year as new program opportunities arise.

6. The latest project updates and a list of additional economic projects the DEGC and et al is working on.

DEGC's Small Business Services Unit

- **Motor City Match:** Motor City Match continues to exceed program expectations. Specifically, the program has:



- Opened 179 businesses in commercial spaces. 169 remain open in Detroit.
 - After 27 rounds, the program has served 2,095 businesses (67% are owned by Detroiters, 85% are minority owned, and 70% are women owned).
 - Grants were awarded to 1,628 businesses totaling \$19.1M, which leveraged \$102.7M in investments.
- **District Business Liaisons (DBLs):** In partnership with the city, the DEGC created a District Business Liaison program in 2018 whereby we have dedicated one individual to each of the seven Council Districts. District Business Liaisons have served almost 12,000 unique businesses since the initiation of the program. In 2024, DBL's supported 5,933 requests from business owners and hosted 21 events to bring city departments and small businesses resources into every district. These individuals work with business owners within their assigned District as a resource to assist with city processes and to offer traditional business retention services. DBLs serve in multiple capacities such as organizing commercial corridor clean-up efforts, supporting local business associations, sharing new compliance initiatives, and promoting city wide marketing initiatives like Small Business Saturday.
- **Green Grocer Program:** The Green Grocer Program is an initiative that supports small-format, full-service grocery stores opening in Detroit through grants and technical assistance. In the last two years, the Green Grocer Program has awarded grants to 8 stores and intends to use existing funding to award three additional stores in March 2025. The Green Grocer Program has also provided a Bodega Bootcamp training where early-stage grocers have benefitted from shared merchandising technical assistance and access to food distribution resources.
- **BuyDetroit:** With the City and partners including New Economy Initiative (NEI), DTE Energy and Henry Ford Health, the MEDC, and others, DEGC is operating an initiative to connect Detroit businesses with buyers from local and regional firms. Most notably, DEGC operates the BuyDetroit portal – an online matchmaking system that provides suppliers with access to new requests for bids/proposals from buyers and offers buyers a direct link to local suppliers and has approved over 881 participating suppliers to the portal thus far. In 2024, BuyDetroit participants were projected to receive \$19M in contracts with the City of Detroit. BuyDetroit also hosted the third annual Passport to Procurement conference, which brings Detroit-based businesses into the same room with buyers, lenders, and technical assistance providers.
- **Detroit Legacy Business Project:** The Detroit Legacy Business Project seeks to sustain Detroit's small businesses that have been in operation for at least 30 years and who have



helped to shape the cultural identity and collective character of Detroit. The Detroit Legacy Business Project was launched in November 2024 and 133 businesses applied for grants which were allocated as two \$15,000 grants per district and two \$50,000 grants available city-wide. We awarded \$310,000 to 16 businesses for investments in preserving and strengthening the offerings and outlook of legacy businesses. The project has also established a directory and map of 100 legacy businesses across Detroit and hopes to deploy this resource to connect legacy businesses to future large-scale events. We are excited to deliver additional support to legacy businesses in the spring and will host trainings that cover key topics such as business valuation, employee ownership models, and growth strategy for mature businesses.

- **Next Up 313:** Provides online education and connections to existing business resources for 140 Detroit Residents between the ages of 18-30. Next Up 313 is also aligned with existing entrepreneurship education resources at Wayne County Community College District. The program will host a series of Gen Z focus groups on small business opportunity in Detroit in spring and summer of 2025.
- **Detroit Means Business:** The DEGC assumed a leadership role in Detroit Means Business (DMB), a coalition of private, public, and philanthropic partners dedicated to making Detroit the place to open and operate a small business. DMB connects small businesses to the resources they need to thrive and succeed. Through a contract with the city of Detroit, DMB awarded \$3.4 million in assistance to Detroit businesses through February 2024 in a process that began in July 2023. A broad range of assistance categories were funded, including accounting/finance, food-based business assistance, high tech/high growth services, and construction planning. The need for the program exceeded the available funding. Over two dollars was requested for every dollar awarded. DMB also partnered with Jefferson East to provide digital assistance for 130 businesses. DMB connects businesses with resources on an ongoing basis through its webinars, events, and annual DMB Summit during Small Business Week in May.
- **Gratiot/7 Mile Façade Program:** Together with the City and partners, including Invest Detroit, Fifth Third Bank, the DEGC has implemented a façade improvement grant program in the Strategic Neighborhood Fund Gratiot / 7 Mile area. This grant program has awarded \$35,000 each to 17 businesses to update and restore their storefronts, windows, doors, awnings, signage, and security features. At this point, all 17 businesses had approved designs and are assigned contractors. General contractors started implementing those designs in summer of 2024 and paving and construction projects will continue through 2025. Further, two spark grant awardees also received awards from Motor City Match's ReStore track.



Business Development Unit

○ Business Attraction

Since the beginning of 2024, the DEGC has maintained and grown a robust pipeline of business attraction leads and projects at various stages of the attraction cycle. Currently the business attraction project pipeline is projected to create approximately 731 jobs and \$142 million in capital investment. The lead pipeline currently contemplates approximately 6,997 jobs and \$1.4 billion in capital investment. Those leads, which represent ongoing conversations about potential investment in Detroit, continue to be vetted and qualified. Only a portion of this project and lead pipeline will ultimately result in project announcements.

Our business attraction efforts are focused on driving the diversification of industries to create a more resilient Detroit economy and provide a broader range of good-paying jobs for Detroit residents. To that end, we are focused in our efforts on the following Prosperity Sectors that drive prosperity and economic resiliency:

- Auto/Mobility and Advanced Manufacturing
- Research, Engineering and Design
- Clean Energy and Sustainability

These Prosperity Sectors receive differential focus because they provide the right combination the City and region's existing auto and manufacturing industry strengths, quality entry level jobs and high paying innovative jobs for Detroit residents, and opportunities to expand the City's corporate business ecosystem.

Our efforts resulted in several significant business attraction projects that have announced Detroit locations since January 1, 2024. These projects have resulted in the creation of over 1,500 announced direct jobs and over \$500 million in announced capital investment. Selected projects include but are not limited to:

- Luxwall – 277 jobs – high tech insulated glass manufacturing (Delray)
- Piston Group – 144 jobs – hydrogen fuel cell manufacturing (State Fair)
- Laepple Automotive – 173 jobs – auto body panel manufacturing (Farwell)
- Fortescue Energy – 560 jobs – clean energy technology manufacturing (Milwaukee Junction)
- Eco/G – 45 jobs – electric vehicle software technology (NewLab, Corktown) Our team travels to trade shows, domestic and foreign missions, and industry convenings to meet directly with companies operating in our Prosperity Sectors and pitch the



customized value of a Detroit location. By doing so, we elevate Detroit in the eyes of corporate end users and those of our economic development partners at the federal, state, and local levels.

Since the beginning of 2024, the DEGC's business attraction team has participated in over ten trade shows, missions, and other events with the goal of directly engaging companies and site selectors seeking expansion opportunities. Those engagements include, but are not limited to the following events and associated industry sectors:

- SelectUSA Investment Summit – Foreign Direct Investment (FDI)
- Los Angeles, CA Trade Mission – Auto Mobility / RED
- Toronto, Canada Trade Missions (Two) Auto Mobility / Clean Energy / RED
- Site Selectors Guild Fall Forum, Detroit – Site Selectors / Multiple Sectors
- NAATBatt – Auto Mobility / Clean Energy
- Battery Show, Detroit– Auto Mobility / Clean Energy / RED
- MOVE Conference, Detroit – Auto Mobility
- Rocket Mortgage Classic, Detroit – Site Selectors / Multiple Sectors
- Advanced Automotive Battery Conference – Auto Mobility / Clean Energy

We also build long term trusted relationships with “multipliers” including brokers, developers, site selection consultants, and other service providers who engage with their client companies that may be seeking new locations.

To continue to attract national and global investments, the DEGC's Business Attraction team will be travelling to major trade shows and events in the Detroit Region and across North America throughout the 2025 calendar year to drive lead generation in our targeted industry sectors.

These events and other outreach and partnership efforts have resulted in a combined pipeline of approximately **100 leads and 5 confirmed projects** that are considering Detroit for future investment.

○ **Business Retention**



In parallel to our business attraction efforts, we are ramping up our focus on existing Detroit businesses, which entails supporting Detroit businesses in their continued growth and expansion through our Business Retention program.

We conduct outreach to our existing larger scale commercial and industrial businesses and attend annual “business retention visits” at those company locations. The visits are most often conducted with selected economic development partners to maximize the impact and value to the business. **Since re-launching the program in September 2024, we have made targeted outreach to 68 companies and conducted 31 retention visits.**

In these meetings, we identify problems or concerns that can be remedied by the DEGC, the City, or our economic development partners. We catalog these problems and track their status / resolution. We also store and track data related to these issues to spot larger trends and to develop solutions in the future.

Businesses are prioritized for outreach via a methodology that includes strategic indicators such as the business’ alignment with DEGC’s Prosperity Sectors, tenure in the City of Detroit, employment of Detroit residents, etc.

We identify opportunities to assist existing companies with expansion or rehabilitation of their facilities and utilize tax incentive tools and resources from our economic development partners to support those projects where appropriate. Where the company’s growth in Detroit is in competition with areas outside of Detroit, we compete to win that investment in the same way that we would compete to win corporate attraction projects. **Since September 2024, we have identified four competitive expansion projects that we are actively pursuing.**

Through our continuous employer engagement, we serve as critical connective tissue between the business community and the resources / programs that support City resident job seekers.

We routinely connect employers to Detroit at Work, the City’s workforce development organization. We maintain continuous communication with Detroit at Work to increase their pipeline of Detroit businesses seeking to hire Detroit residents. In this way, we facilitate career opportunities for Detroit residents. We also share data and company trends with Detroit at Work, which helps to round out their view of the City of Detroit’s employment ecosystem.

Our extensive list of referral partners includes the MEDC, DTE Energy, Invest Detroit, Michigan Manufacturing Technology Center, and many more. **Since re-launching the**



program in September 2024, we have resolved 212 company issues or referrals, which we track in our Salesforce database.

Development Services Team

DEGC's Development Services Team is critical in facilitating the development and redevelopment of commercial, hotel, residential and mixed-use projects. Development Services play an integral role in the economic development ecosystem from underwriting tax abatement requests to structuring debt investments on behalf of the city's public authorities to developing and implementing land disposition strategies.

DEGC's Development Services Team led the development and coordination of a Subgrant Application to the **Michigan Economic Development Corporation's RAP (Revitalization and Placemaking) 2.0 funding Program**. As a result, DEGC was awarded \$14,500,000 in funding to support developers with access to real estate and place-based infrastructure development gap financing in the form of grants of up to \$5 million per project for real estate rehabilitation and development. DEGC is finalizing the negotiation and execution of the last of two agreements with grant awardees and is processing grant reimbursement request for two awardees. DEGC led the effort to secure three State grants for the project and is administering all three grants.

DEGC was also selected as a contractor to administer the City's **(SEED) Supporting Equitable Economic Development Program**. DEGC, through its Development Services Team, will provide up to \$4.75 million in necessary funding to projects across the city that enable population and tax revenue growth by rehabilitating vacant and blighted buildings and historic structures. Many of the supported projects are in City's Strategic Neighborhood Fund (SNF) neighborhoods and are expected to drive over \$276 million in investment. DEGC has negotiated and executed four grant agreements and is reviewing reimbursement requests from two awardees.

In partnership with the MEDC, DEGC also sets the investment priorities for the City of Detroit of the Community Revitalization Program (CRP).

Since 2022, the Real Estate Services Team has been hosting community presentations with respect to incentives. The presentations are designed to dispel the myths and misunderstandings surrounding the necessity for utilizing incentives to effectuate real estate and business development projects. The presentations are held in conjunction with members of the City Council and organizations with memberships that can benefit from



information on incentives. Since January 1, 2024, DEGC has conducted six presentations. Since 2022, over 1,000 participants have attended the presentations.

In addition to supporting commercial and mixed-use projects in the neighborhoods, DEGC led the effort of underwriting the transformational projects below:

Future of Health - Henry Ford Health System, Detroit Pistons, and Michigan State University are partnering to invest \$3 billion to create a world-class health hub in the City of Detroit. The development project includes a 1.2 million square foot patient tower, new procedure rooms, an expanded emergency department, and a research facility and parking deck. The Future of Health Development will also drive significant community impact by creating broader residential, business, research, entrepreneurial, and retail uses in the new center neighborhood. The project will create a mixed-income, walkable environment all within walking distance of the HFH main campus. The developer was awarded Low Income Housing Tax Credits to ensure that the development has a mix of affordable housing appealing to different income levels.

Broadway Lofts – Bosco, led by Roger Basmajian is developing the Broadway Lofts. The \$38M development project includes 80 apartment units. 20% of the units will be set aside for individuals and families that earn up to 60% AMI. For a single individual that equals an hourly salary of less than \$20 per hour, making downtown living affordable. The development project will also feature 7,000 square feet of ground floor retail. Due to the high cost of construction and interest rate increases, approximately 50% or \$19.2M of the sources of capital is provided by the DEGC, DDA, and MEDC in the form of grants and low interest subordinate debt. As an integral part of the Paradise Valley Entertainment District, the project will add to the continued effort of creating a mixed-income, walkable environment in downtown.

DEGC continues its role as a key driver in the capital formation strategy of the former **Fisher Auto Body Plant** by devising creative ways the City of Detroit and State of Michigan can financially support the project. The building will be rehabilitated into 435 market rate and affordable apartments, 26,000 square feet of commercial + retail space, 11,000 square feet of coworking space, and 130 enclosed parking spaces. Overall, the development is expected to generate \$154 million in private investment. Construction has begun and the developer has started to close on its debt and equity sources. A complete closing on all the sources is expected in Q3, 2025.

Additionally, DEGC continues to work closely with developers and businesses to leverage local incentives such as tax abatements and brownfield tax increment financing to alleviate