



**DETROIT CITY COUNCIL – DISTRICT 5
OFFICE OF THE PRESIDENT
MARY SHEFFIELD**



Statement on the Approval of the Hudson Commercial Rehabilitation Certificate



After weighing all the public input, fiscal analyses, plans and development specifics about the Hudson's Project I have decided to support the request for a Commercial Rehabilitation tax abatement for the Hudson's Site Project. Like all decisions I make on behalf of those represent, I arrived at this point after careful research, looking at the merits of the deal, and considering the sentiment of all stakeholders and the best interests of Detroit and its residents.

The residents of this city deserve to have a wonderful, lively downtown area to enjoy, however, when considering tax abatements, it is our duty to ensure all Detroiters can benefit from the proposed development. In that vein, understanding that there is still some consternation on behalf of a segment of Detroit's population, I went to work to secure additional community benefits connected to the passage of this abatement. The developer, in response to my request, agreed to the following items, in writing, prior to further consideration of approving the Commercial Rehabilitation certificate:

1. Improving Bedrock's Affordable Housing commitments by moving from 20% to 30% of their entire housing portfolio being dedicated to affordable housing at 60% Area Median Income versus the current 80%, which increases access to affordable housing at lower rents
2. The dedication of 20% of the street level retail space to be utilized by Detroit small businesses and community programming
3. A commitment to the establishment of a \$1 million fund for the development and growth of Detroit small businesses
4. Investing \$5 million to support the Neighborhood Improvement Fund (NIF) as a benefit to communities outside of Midtown and Downtown
5. A comprehensive annual transparency report completed by CRIO to assess if commitments to jobs and investments are being honored and fulfilled

In addition to being able to secure additional community benefits, in making my decision I relied heavily upon the advice of trusted staff members and the professional fiscal analysts in Council's Legislative Policy Division who prepared an unbiased and comprehensive report on the benefits of the project to the City of Detroit. According to the research and analysis the \$60 million Commercial Rehabilitation abatement would result in a net benefit to the City of Detroit of \$71 million and an additional \$17 million to other taxing authorities such as DPSCD, the Detroit Zoo, WCCCD and the DIA. So, taking the emotion of who is asking for the abatement out of the equation and comparing it to other abatements approved by Council, this is the type of development any major City would welcome and that makes sense for Detroit.

In a perfect world we would not need to offer abatements to developers to attract projects to the City of Detroit. Unfortunately, however, Detroit has one of highest tax rates in the nation amongst other major cities putting us at a competitive disadvantage. Tax abatements are a symptom of a much larger problem which is why I requested LPD provide a report on the ill-effects of Detroit's millage rate nearly two years ago and I am currently trying to pursue tax reform through the Michigan Legislature.

Finally, as with all major decisions I provide the information to the residents of District 5 and give them the opportunity to share their opinions prior to taking a vote. In that vein, I dedicated a weekly District 5 Virtual Office Hours Zoom meeting to the matter. During that meeting, I conducted a poll on Zoom and 56% of the residents voted to support the abatement and 44% voted against it, which was prior to my office securing additional community benefits. Additionally, as a descendant of a pioneer in the union movement I also seek and appreciate the opinion of our brother and sisters in Labor. Along those lines, I have personally heard from the Michigan Building and Construction Trade Council, International Brotherhood of Electrical Workers Local 58, the Laborer's International Union Local 1191, the Michigan Regional Council of Carpenters and Millwrights and the Operating Engineers Local 324 all of which, except one, are headquartered in Detroit and are in full support of the project and represent tens of thousands of workers.

The Hudson's Project is not a perfect deal, but it is not every day that the City of Detroit is presented with a \$1 billion investment in our future. Given Bedrock's and the Gilbert Family Foundation's recent philanthropic commitments in the City, I believe they are committed to be true partners in the revitalization and sustainability of Detroit and Detroiters. With that said, I, along with my colleagues, will ensure the Hudson's Project complies with the CBO and Affordable Housing agreements we have negotiated.

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Council President Mary Sheffield represents the 5th District, which covers the lower eastside, downtown, the riverfront and central portions of Detroit. She was first elected to office in 2013 and is the youngest person ever elected to City Council in the history of Detroit. She was elected as the City's youngest Council President in January of 2022.