

David Whitaker, Esq.
Director
Irvin Corley, Jr.
Executive Policy Manager
Marcell R. Todd, Jr.
Director, City Planning Commission
Janese Chapman
Director, Historic Designation Advisory Board

John Alexander
Roland Amarteifio
Megha Bamola
LaKisha Barclift, Esq.
Paige Blessman
M. Rory Bolger, Ph.D., FAICP
Eric Fazzini, AICP
Willene Green

City of Detroit
CITY COUNCIL
LEGISLATIVE POLICY DIVISION
208 Coleman A. Young Municipal Center
Detroit, Michigan 48226
Phone: (313) 224-4946 Fax: (313) 224-4336

Christopher Gulock, AICP
Derrick Headd
Marcel Hurt, Esq.
Kimani Jeffrey
Phillip Keller, Esq.
Edward King
Kelsey Maas
Jamie Murphy
Analine Powers, Ph.D.
Laurie Anne Sabatini
Rebecca Savage
Sabrina Shockley
Renee Short
Floyd Stanley
Thomas Stephens, Esq.
Timarie Szwed
Dr. Sheryl Theriot
Theresa Thomas
Ashley A. Wilson

TO: The Honorable Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: February 10, 2023

RE: **DPS and Library Exemption for the District Detroit TBP**

Council President Mary Sheffield requested that the Legislative Policy Division (LPD), report on the estimated Detroit Public School (DPS) and Detroit Public Library (DPL) tax revenue that will be captured for the recently proposed District Detroit Transformational Brownfield Plan (TBP) project. Additionally, President Sheffield also requested that LPD determine hypothetically what the total value of the District Detroit TBP would be if the DPS and DPL tax captures were exempted.

This report is our response to this inquiry. The Council will be soon asked to review and approve the Olympia Development of Michigan, LLC's proposed Transformational Brownfield Plan proposal. The project entails the recently announced 10 mixed-use development projects within Detroit's DDA Development Area,¹ which proposed together, encompasses Olympia Development's Transformational Brownfield Plan proposal, commonly referred to as **District Detroit**, with a total estimated investment cost of **\$1.532 billion**. The incentive package for this project as proposed, is inclusive of \$616 million in Transformational Brownfield capture to the Developer over a period of 35 years.

A portion of the projected increase in property revenue generated over 35 years from the completed District Detroit TBP, which amounts to \$616 million in future tax capture dollars are set to be generated from the incremental increases from DPS in the amount of \$138,053,298, and DPL in the amount of \$4,747,908.

¹ The "DDA Act," Public Act 197 of 1975, enacted on August 13, 1975, authorized the use of Tax Increment Finance (TIF) to correct and prevent the deterioration of downtown areas in the State of Michigan.

District Detroit TBP Item	Amount of TBP Capture	Percentage of TBP Capture
DPS Operating	\$138,053,298 ²	22%
Library (DPL)	\$4,747,908	1%
DPS & Library Totals	\$142,801,206	23%
Total District Detroit TBP	\$616,307,416	100%
Subtract DPS & Library	(\$142,801,206)	
Total District Detroit TBP minus DPS & Library	\$473,506,210	77%

As the chart above illustrates, the DPS Operating capture dollars of \$138,053,298, represent 22% of the total TBP capture, while the DPL capture share of \$4,747,908, or 1% of the total capture, represents a much smaller share of the overall TBP capture dollars.

However, as we have pointed out in several of our prior reports to Council, the State of Michigan fully reimburses DPS for tax abatement and tax captures. Therefore, the DPS capture recorded in the TBP has no impact on DPS. Conversely, there is no such provision for DPL, so there is no such reimbursement for them. Nevertheless, due to an agreement worked out between the DDA and the DPL during the DDA district modification for the Arena project, DPL will in fact realize an increase of approximately \$460,000 in newly recognized revenue as a result of the TBP investment over 35 years.

In regard to what the total value of the District Detroit TBP would be if the DPS and DPL tax captures were exempted. As our chart above indicates, if that were to happen, the TBP capture would be reduced by almost one-fourth, by \$142,801,206 (23%) from \$616,307,416, to \$473,506,210. At this time, this type of reduction is not permissible under State law. This sort of action would require the action of the State Legislature to either provide for the exemption of either DPS (which receives a full reimbursement), or DPL (which receives no reimbursement).

Please contact us if we can be of any further assistance.

² Pursuant to State law, the Michigan Strategic Fund Board reports the amount of school capture to the State of Michigan in order for the State to reimburse DPS. Therefore, these captured funds are to be reimbursed to DPS.