



**TO:** Hon. Scott Benson, Councilmember, District 3

**CC:** Hon ProTem, James Tate, Chair Planning and Economic Development Comm.  
Hon. Detroit City Council

**VIA:** Hon. Mary Sheffield, City Council President

**FROM:** Kevin Johnson, President & CEO, Detroit Economic Growth Corporation

**DATE:** March 9, 2023

**RE:** District Detroit Information

---

Councilmember Benson –

As a follow up to your memorandum dated March 8, 2023, attached please find information in response to the following:

1. Sources and uses for the entire project
2. Sources and uses for each individual project
3. Itemized list of each development incentive. Including the value/amount of each, and the net present value of incentives that accrue over multiple years.

Should you have any questions, please do not hesitate to contact us directly.

**Detroit Economic  
Growth Corporation**

---

500 Grisworld St.  
Ste. 2200  
Detroit, MI 48226  
313.963.2940

[degc.org](http://degc.org)



# DISTRICT DETROIT

## DEVELOPER SOURCES & USES

(in Millions)	\$ Total	% of Total
<b>USES</b>		
Hard Cost	\$950.9	62%
Infrastructure Costs	\$29.4	2%
Leasing, Marketing, Tenant Improvements	\$163.9	11%
Financing Costs	\$61.4	4%
Soft Cost	\$326.7	21%
<b>Total Uses</b>	<b>\$1,532.5</b>	<b>100%</b>
<b>SOURCES</b>		
Developer Equity	\$654.7	43%
Debt Financing	\$727.0	47%
DDA Affordable Housing Loan	\$23.8	2%
DDA Infrastructure Reimbursement	\$25.0	2%
TBP Sales/Use Exemption	\$38.1	2%
Low-Income Housing Tax Credit Equity	\$37.2	2%
Federal Historic Tax Credit Equity	\$26.7	2%
<b>Total Sources</b>	<b>\$1,532.5</b>	<b>100%</b>

\*\*\*Capital source requirements will vary dependent upon final project costs and capital market conditions at the time of construction.



# DISTRICT DETROIT

## DEVELOPER SOURCES & USES

(in Millions)	TOTAL	2200 WOODWARD	2250 WOODWARD	2211 WOODWARD	2300 WOODWARD	2305 WOODWARD	2455 WOODWARD	408 TEMPLE	2205 CASS	2115 CASS	2210 PARK
USES											
Hard Cost	\$950.9	\$198.7	\$149.9	\$73.6	\$46.2	\$158.8	\$121.1	\$49.3	\$105.9	\$30.4	\$17.0
Infrastructure Costs	\$29.4	\$5.4	\$5.0	\$0.9	\$2.6	\$1.4	\$2.3	\$0.8	\$4.6	\$6.1	\$0.3
Leasing, Marketing, Tenant Improvements	\$163.9	\$54.9	\$6.4	\$8.2	\$15.8	\$49.6	\$15.3	\$1.3	\$2.1	\$9.8	\$0.7
Financing Costs	\$61.4	\$13.6	\$9.7	\$4.6	\$3.1	\$10.4	\$7.4	\$3.4	\$6.6	\$1.9	\$0.8
Soft Cost	\$326.7	\$67.6	\$45.1	\$33.7	\$16.0	\$58.5	\$44.6	\$14.0	\$31.0	\$11.5	\$4.8
Total Uses	\$1,532.5	\$340.1	\$216.0	\$121.0	\$83.7	\$278.7	\$190.8	\$68.7	\$150.1	\$59.7	\$23.6
SOURCES											
Developer Equity	\$654.7	\$175.8	\$53.6	\$61.4	\$42.1	\$134.8	\$103.9	\$11.2	\$28.4	\$33.6	\$9.9
Debt Financing	\$727.0	\$155.8	\$118.7	\$42.5	\$39.4	\$136.8	\$82.4	\$34.3	\$82.4	\$24.8	\$10.0
DDA Affordable Housing Loan	\$23.8	-	\$10.9	-	-	-	-	\$4.1	\$8.8	-	-
DDA Infrastructure Reimbursement	\$25.0	-	\$10.0	-	-	-	-	\$1.8	\$13.1	-	-
TBP Sales/Use Exemption	\$38.1	\$8.5	\$5.6	\$2.7	\$2.1	\$7.0	\$4.5	\$1.8	\$3.9	\$1.4	\$0.6
Low-Income Housing Tax Credit Equity	\$37.2	-	\$17.3	-	-	-	-	\$6.4	\$13.5	-	-
Federal Historic Tax Credit Equity	\$26.7	-	-	\$14.4	-	-	-	\$9.1	-	-	\$3.1
Total Sources	\$1,532.5	\$340.1	\$216.0	\$121.0	\$83.7	\$278.7	\$190.8	\$68.7	\$150.1	\$59.7	\$23.6

\*\*\*Capital source requirements will vary dependent upon final project costs and capital market conditions at the time of construction.



# DISTRICT DETROIT

## TAX ABATEMENT BY PROPERTY

(in Millions)

#	PROJECT NAME	PA 210	NEZ	TOTAL ABATEMENTS (OVER 10-15 YRS)	PRESENT VALUE OF ABATEMENTS (2023 DOLLARS) <sup>[1]</sup>
1	2200 Woodward – Office	\$35	-	\$35	\$24
2	2250 Woodward – Residential	\$5	\$14	\$19	\$12
3	2211 Woodward – Fox Hotel	\$4	-	\$4	\$2
4	2300 Woodward – Mixed Use	\$8	-	\$8	\$5
5A/5B	2305 Woodward.2300 Cass – Flexible Site – Office	\$25	-	\$25	\$15
6	2455 Woodward – Little Caesars Arena Hotel	\$14	-	\$14	\$9
7	408 Temple – The American Residential	<\$1	\$9	\$9	\$5
8	2205 Cass – DCI Residential	<\$1	\$11	\$11	\$7
9	2115 Cass – DCI Business Incubator	\$4	-	\$4	\$3
10	2210 Park – Detroit Life Residential	<\$1	\$3	\$3	\$2
TOTAL		\$96	\$37	\$133	\$83

[1] “Present Value Of TBP Incentive” Reflects Today’s Value of the 10-to-15-Year Total of the Abatement



# DISTRICT DETROIT

## TBP INCENTIVES BY PROPERTY

(in Millions)

#	PROJECT NAME	TOTAL COST	STATE TAXES [1]	NON-CITY PROPERTY TAXES	CITY CONTRIBUTION	TOTAL TBP (OVER 35 YEARS)	PRESENT VALUE OF TBP (2023 DOLLARS) [2]
1	2200 Woodward – Office	\$340.1	\$115.1	\$56.6	-	\$171.7	\$77.1
2	2250 Woodward – Residential	\$216.0	\$43.7	\$25.9	-	\$69.6	\$29.4
3	2211 Woodward – Fox Hotel	\$121.0	\$7.6	\$15.4	-	\$23.0	\$8.8
4	2300 Woodward – Mixed Use	\$83.7	\$30.3	\$12.6	-	\$43.0	\$18.3
5A/5B	2305 Woodward.2300 Cass – Flexible Site – Office	\$278.7	\$122.8	\$42.9	-	\$165.7	\$62.9
6	2455 Woodward – Little Caesars Arena Hotel	\$190.8	\$13.3	\$24.5	-	\$37.8	\$16.3
7	408 Temple – The American Residential	\$68.7	\$13.8	\$8.0	-	\$21.8	\$8.0
8	2205 Cass – DCI Residential	\$150.1	\$33.0	\$15.1	-	\$48.1	\$20.6
9	2115 Cass – DCI Business Incubator	\$59.7	\$19.3	\$9.2	-	\$28.5	\$12.0
10	2210 Park – Detroit Life Residential	\$23.6	\$3.0	\$2.8	-	\$5.8	\$2.5
TOTAL		\$1,532	\$401.9	\$213.1	-	\$615.0	\$255.8

[1] “State Taxes” Includes Reimbursement Of Sales/Use Tax During the Project Construction Period & Income Tax Capture During Construction & After (Limited to 20 Years)

[2] “Present Value of TBP Incentive” Reflects Today’s Value of the 35-Year Total of the TBP Incentive



# DISTRICT DETROIT

## HOW DOES TBP WORK?

**UNIQUE PARTNERSHIP THAT PROVIDES MAJOR STATE INCOME TAX INCENTIVES  
ON TOP OF TYPICAL LOCAL PROPERTY TAX INCENTIVES**

### TOTAL TAX INCENTIVES CONTRIBUTED TO THE PROJECT

<b>City of Detroit General Fund</b>	\$0*
<b>Detroit Public Schools</b>	\$0*

**\* No Impact Because DDA Would Otherwise Capture Taxes**

<b>Downtown Development Authority (DDA) Investment</b>	\$48 Million
<b>Property Tax Abatement Benefit (PA 210, NEZ)</b>	\$133 Million
<b>Brownfield Tax Increment Financing</b>	\$213 Million
<b>State of Michigan Transformation Brownfield Program</b>	\$401.9 Million
<b>Total Incentives Over 35 Years</b>	\$796 Million

**THIS ASSUMES PROJECT IS FULLY  
BUILT OUT**

**THE DEVELOPER RECEIVES NOTHING  
IF THEY DO NOT BUILD**

**THE DEVELOPERS CAN EARN THESE  
INCENTIVES OVER 35 YEARS BY  
BUILDING THE PROJECTS & FILLING  
THE BUILDINGS WITH CITY OF  
DETROIT RESIDENTS & EMPLOYEES**

**TOTAL TBP BENEFIT = \$615M**



# DISTRICT DETROIT

## NET BENEFIT

**THE CITY IS PROJECTED TO SEE A NET BENEFIT OF \$751M  
OVER THE NEXT 35 YEARS**

CURRENT ANNUAL  
CITY REVENUES

PROPERTY TAXES  
**\$23K**

CITY INCOME TAXES  
**\$178K**

CORPORATE INCOME TAX  
**\$48K**

UTILITY USER TAX + OTHER MSC.  
TAXES/FEEES  
**NOMINAL**

**\$249K/YEAR**

TOTAL CITY REVENUES  
OVER 35 YEARS

PROPERTY TAXES  
**\$805K**

CITY INCOME TAXES  
**\$635M**

CORPORATE INCOME TAX  
**\$52M**

UTILITY USER TAX + OTHER MSC.  
TAXES/FEEES  
**\$63M**

**\$21M/YEAR**