

David Whitaker, Esq.
 Director
 Irvin Corley, Jr.
 Executive Policy Manager
 Marcell R. Todd, Jr.
 Senior City Planner

LaKisha Barclift, Esq.
 M. Rory Bolger, PhD, AICP
 Timothy Boscarino, AICP
 Elizabeth Cabot, Esq.
 Janese Chapman
 Tasha Cowen
 Richard Drumb
 George Etheridge


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

Deborah Goldstein
 Christopher Gulock
 Derrick Headd
 Marcel Hurt, Esq.
 Kimani Jeffrey
 Anne Marie Langan
 Jamie Murphy
 Analine Powers, PhD
 Sabrina Shockley
 Thomas Stephens, Esq.
 David Teeter
 Theresa Thomas
 Kathryn Lynch Underwood

TO: COUNCIL MEMBERS

FROM: David Whitaker, Director
 Legislative Policy Division Staff 

DATE: May 21, 2018

RE: Quicken Loans/Bedrock Subsidiary Public Subsidies

In a memo to the Legislative Policy Division (LPD), Council member Castañeda-López requested that LPD provide a report to Council which compiles all tax credits, tax abatements and other public subsidies sought and received by the Quicken Family of Companies from the City of Detroit. In addition, LPD was also requested provide information on each subsidiary and building/project, as well as the aggregate totals for each subsidy type and the total value of public support. This report is our response to this inquiry.

Overall, our research has revealed that under the umbrella of the Quicken Family of Companies,¹ There are fifteen² (15) projects that have received or Quicken is requesting tax abatements or incentives from the City of Detroit. The overall number of tax abatements or incentives Quicken has received or requested from the City of Detroit is 27, as detailed below:

TOTAL OPRA	TOTAL PA 210	TOTAL PA 328	TOTAL BRWNFLDS	TOTAL PA 147 NEZ	TOTAL PILOT	GRAND TOTAL OF ABTE & INCENTV
<u>1</u>	<u>6</u>	<u>4</u>	<u>6</u>	<u>8</u>	<u>2</u>	<u>27</u>

¹ <https://quickenloanscareers.com/family-of-companies/#>

² The number of projects would be eighteen (18), if the four sites of Detroit’s transformational brownfield were considered four individual projects, instead of one (1) Transformational Brownfield Plan (TBP). Pursuant to Public Act 46 of 2017, a “Transformational Brownfield Plan” is a brownfield plan designated by the local governing body and the Michigan strategic fund, based on the extent of brownfield redevelopment and growth in population, commercial activity, and employment resulting from the plan, will have a transformational impact on local economic development and community revitalization. The Act also provides that a transformational brownfield plan must be for mixed-use development and must meet a minimum investment threshold, which is set at \$500 million for a city... with a population of at least 600,000 (i.e., Detroit) but is scaled based on population. The four sites are Hudson’s, Compuware, Book Building, Tower and the Monroe Blocks. In addition, for purposes of this report, Brush Park #1-4 is recorded as a solo project as well.

Quicken OPRA (PA 146 of 2000) Exemption

Of the 27 abatements/incentives approved or requested by Quicken, the lists includes *one (1) Obsolete Property Rehabilitation Act (OPRA), PA 146 of 2000 tax abatement.*

To qualify for an *OPRA*, a property must meet the following three requirements: (1) The subject property must be located within a qualified local governmental unit.³ (2) The property must be located within an obsolete property rehabilitation district.⁴ (3) The property has been determined by the assessor to be obsolete property.⁵

Quicken Commercial Rehabilitation Act (PA 210 of 2005) Exemptions

Quicken has received or requested *six (6) Commercial Rehabilitation Act, PA 210 of 2005 tax abatements*, which provides a tax exemption for property of which the primary purpose and use is the operation of a commercial business enterprise, multifamily residential⁶ or qualified retail food establishments. The types of commercial business enterprises that qualify under a PA 210, may include but are not limited to, office, engineering, research and development, warehousing, parts distribution, retail sales, and other commercial activities.⁷

Quicken New Personal Property Exemptions (PA 328 of 1998)

Quicken has received *four (4) New Personal Property Exemptions, PA 328 of 1998 tax exemptions*. In order to qualify for the exemption, the qualified personal property must be placed in an “eligible district” after the local governmental unit adopts the resolution which provides for the exemption.⁸

Quicken Brownfield Redevelopment Financing Act (PA 381 of 1998) Incentives

Quicken has received or requested a total of *six (6) Brownfield Redevelopment Financing Act, PA 381 of 1998, incentives*. Of the six, *two are traditional brownfield requests*, of which, the developer is reimbursed for the cost of brownfield remediation through the annual local property tax which is paid on the property, captured by the local brownfield authority and remitted to the developer over a period of up to 30 years, once the remediation efforts and costs are verified. One of the six brownfield projects is a *single (1) Transformational Brownfield Plan*.⁹ In addition to property tax increments, TBP projects would allow for the capture of three kinds of income tax revenues associated with the project, for use in financing “*eligible activities*.”¹⁰

³ As defined by MCL 125.2782(k)

⁴ As defined by MCL 125.2782(i)

⁵ As defined by MCL 125.2782(h)

⁶ Multifamily residential is housing that consists of 5 or more units.

⁷ https://www.michigan.gov/documents/taxes/COMM_REHAB_FAQs_Final2_490119_7.pdf

⁸ Pursuant to MCL 211.9f

⁹ By definition, under Public Act 46 of 2017, a “Transformational Brownfield Plan” is a brownfield plan designated by the local governing body and the Michigan strategic fund, based on the extent of brownfield redevelopment and growth in population, commercial activity, and employment resulting from the plan, will have a transformational impact on local economic development and community revitalization. The Act also provides that a transformational brownfield plan must be for mixed-use development and must meet a minimum investment threshold, which is set at \$500 million for a city, village or township with a population of at least 600,000 (i.e., Detroit) based on population.

¹⁰ MCL 125.2652 (C) (iv) For eligible activities on eligible property that is included in a transformational brownfield plan, any demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property.

The three types of revenues from income tax capture¹¹ are as follows:

1. **Construction Period Tax Capture Revenues:** on wages paid to individuals physically present and working within the eligible property for the construction, renovation, or other improvement of eligible property
2. **Income Tax Capture Revenues:** income tax from individuals domiciled within the eligible property (50% tax of the State income tax revenues)
3. **Withholding Tax Capture Revenues:** income tax withheld from individuals employed within the eligible property (50% of the State withholding tax revenues)

Lastly, there are *three (3) tax credit brownfield deals* that were originally approved for three other entities prior to Quicken, for one Single Business Tax (SBT)¹² credit and two Michigan Business Tax (MBT)¹³ tax credit deals; these were subsequently obtained by Quicken, after the initial deals fell through.

Quicken NEZ (PA 147 of 1992) Exemptions

Quicken has received or requested a total of *eight (8) Neighborhood Enterprise Zone Act (NEZ) exemptions*. The Neighborhood Enterprise Zone Act, PA 147 of 1992, as amended, provides tax exemptions for the development and rehabilitation of residential housing located within eligible distressed communities; these tax exemptions inure to the benefit of the purchasers of the housing units that Quicken develops. Quicken's benefits here is the presence of a NEZ helps the marketing and the selling of these units.

Quicken PILOT Exemptions

Quicken has received or requested *two (2) "PILOT" project exemptions*. A PILOT, or Payment in Lieu of Taxes, is an investment incentive negotiated between a taxing authority (typically a municipality) and a developer. The PILOT replaces a traditional property tax assessment with a limited and/or deferred payment, in place, or in "lieu", of the summer and winter property taxes. There is also indirect benefit to the community, due to the fact that PILOT allows for a developer to invest and or build housing geared towards providing housing for seniors and the disabled.

Quicken Projects and Total Value of Public Support

Overall, the 27 tax abatements/incentives, cover 15 individual projects.

Project #1- The largest Quicken incentivized project to-date, and for that matter, the largest project ever in the state of Michigan, is its **Transformational Brownfield Plan**. The project is inclusive of four sites, which are located in the general vicinity of each other, consists of:

¹¹ Provide for income tax exemptions under the Michigan Renaissance Zone Act to cease if a transformational brownfield development plan overlapped with a renaissance zone. This is the only circumstance where City income taxes are available for capture.

¹² Per Public Act (PA) 325 of 2006, the Single Business Tax (SBT) is repealed on business activity after December 31, 2007.

¹³ The Michigan Business Tax (MBT) replaced the Single Business Tax, effective January 1, 2008.

Project #1(a) the Book Tower/Book Building, located at 1249, 1265, & 1201 Washington Blvd., inclusive of a TBP, an OPRA and a NEZ:

- PPROJECTED # OF JOBS: 663
- AMOUNT INVESTED: \$311,000,000
- AMOUNT ABATED: \$10,228,557
- AMOUNT CAPTURED¹⁴ \$62,960,391
- PROJECTED NET BENEFIT: \$47,370,818

Book Tower/Book Building

PROJECT DISCRIPTION

RETAIL RESIDENTIAL

Total Retail Area: 30,320sf Total Residential Area:

RETAIL Total Units: 95

Total Events Area: 49,780sf 143,083sf

OFFICE PARKING

Total Office Area: 106,400sf Total Parking Area: 400

BOOK HOTEL (BOH) Total Spaces:

Total Mechanical Area: 44,150sf 180,710sf

HOTEL TOTAL PROJECT AREA: 435,983sf

Total Hotel Area: 106,400sf *Excludes Public Space, BOH, and Parking

Total Guest Rooms: 200

Project #1(b) the Hudson Block, located at 1208 Woodward Ave., inclusive of a TBP, a PA 210 and a NEZ:

- PPROJECTED # OF JOBS: 1,633
- AMOUNT INVESTED: \$937,000,000
- AMOUNT ABATED: \$29,628,794
- AMOUNT CAPTURED¹⁵ \$191,148,756
- PROJECTED NET BENEFIT: \$167,576,838

Hudson Block

PROJECT DISCRIPTION

RETAIL PARKING

Total Retail Area: 100,000 gsf. Total Parking: 700+ spaces

OFFICE TOTAL AREA*: 1,000,000+ gsf.

Total Office: 240,000 gsf. RESIDENTIAL

EVENTS Total Area: 425,000 gsf.

Total Events Area: 120,000 gsf. Total Residential: 330 UNITS

EXHIBITION + SKYDECK *Excludes Parking

Total Exhibition: 90,000 gsf.

¹⁴ Only \$1,600,000 (0.26%) of the \$615,998,723 in TBP Capture (at the Hudson's site for City of Detroit income taxes) is local.

¹⁵ Only \$1,600,000 (0.26%) of the \$615,998,723 in TBP Capture (at the Hudson's site for City of Detroit income taxes) is local.

Project #1(c) the Monroe Block, located at 32, 100, 118, 126 Monroe Ave. & 725 and 815 Bates St. & 1000 Farmer St., inclusive of a TBP, a PA 210 and a NEZ:

- PPROJECTED # OF JOBS: 3,741
- AMOUNT INVESTED: \$831,000,000
- AMOUNT ABATED: \$35,097,874
- AMOUNT CAPTURED¹⁶ \$295,537,657
- PROJECTED NET BENEFIT: \$295,242,426

Monroe Block

PROJECT DISCRIPTION

OFFICE RETAIL

Building A1: 814,000 SF Building A1: 63,700 SF

Total Office: 814,000 GSF Building A2: 53,500 SF

RESIDENTIAL Building B1: 38,000 SF

Building A2: 136 UNITS Building B2: 13,800 SF

Building B1: 153 UNITS Total Retail: 169,000 GSF

Building B2: 62 UNITS PARKING

Building B3: 131 UNITS Total Parking Spaces: 1,200+ SPACES

Total Residential: 482 UNITS

Project #1(d) 1 Campus Martius, located at 1050 Woodward Ave., inclusive of a TBP:

- PPROJECTED # OF JOBS: 1,155
- AMOUNT INVESTED: \$96,000,000
- AMOUNT ABATED: \$0
- AMOUNT CAPTURED¹⁷ \$66,351,919
- PROJECTED NET BENEFIT: \$74,129,808

Campus Martius

PROJECT DISCRIPTION

By adding a 310,000 square foot addition to the building, the OCM Expansion is anticipated to directly create or support the creation of approximately 1,155 new permanent, full-time equivalent office jobs in the City as well as 69 new permanent, fulltime equivalent jobs in the auditorium and event uses for a total of 1,224 new, permanent full-time equivalent jobs.

¹⁶ Only \$1,600,000 (0.26%) of the \$615,998,723 in TBP Capture (at the Hudson's site for City of Detroit income taxes) is local.

¹⁷ Only \$1,600,000 (0.26%) of the \$615,998,723 in TBP Capture (at the Hudson's site for City of Detroit income taxes) is local.

Project #1 (a-d)¹⁸ Grand Totals: Transformational Brownfield Plan¹⁹

- **PROJECTED # OF JOBS:** 7,192
- **AMOUNT INVESTED:** \$2,175,000,000
- **AMOUNT ABATED:** \$74,955,225
- **AMOUNT CAPTURED²⁰** \$615,998,723
- **PROJECTED NET BENEFIT:** \$584,319,890

Quicken projects numbers (#) 2-5 are all PA 328, personal property abatement projects. The information for **Project # 2 Quicken Loans**, located on floors 5-12 of the Chase Tower (located at 611 Woodward); **Project #3 Title Source**, located on floors 8-13 of 660 Woodward Avenue; **Project # 4 Quicken Loans** located in the Dime Building at 719 Griswold; and **Project #5** located at 1001 Woodward are all detailed in the chart below:

PROJECT	TYPE OF ABATEMENT	INCENTIVE STATUS APPROVED/PENDING	ADDRESS	JOBS	AMOUNT INVESTED	AMOUNT ABATED	PROJECTED NET BENEFIT
Quicken Loans	PA 328	PA 328 Approved	floors 5-12 of the Chase Tower (located at 611 Woodward)	1,600	\$46,370,000	\$9,001,000	\$31,595,595
Title Source	PA 328	PA 328 Approved	floors 8-13 of 660 Woodward Avenue	1,785	\$24,400,000	\$3,123,000	\$16,244,656
Quicken Loans	PA 328	PA 328 Approved	Dime Building 719 Griswold	1,206	\$13,800,000	\$1,800,000	\$5,800,000
Quicken Loans	PA 328	PA 328 Approved	1001 Woodward	514	\$5,500,000	\$1,340,000	\$1,860,000

Each of the projects involves the investment in new personal property. Pursuant to MCL 211.34c (3) (b): Commercial Personal property includes: (i) All equipment, furniture, and fixtures on commercial parcels and inventories not exempt by law.

Project # 6 & Project #7, # 6 - 1215 Griswold a NEZ. # 7 - Shinola Hotel a PA 210, are illustrated in the chart below:

PROJECT	TYPE OF ABATEMENT	INCENTIVE STATUS APPROVED/PENDING	ADDRESS	LENGTH OF ABTE / INCENTIVE	JOBS	AMOUNT INVESTED	AMOUNT ABATED	PROJECTED NET BENEFIT
1215 Griswold	NEZ	NEZ Approved - 11/22/16	1215 Griswold	17		\$10,300,000		
Shinola Hotel	PA 210	PA 210 Approved - 2/20/18	1412, 1420, and 1424 Woodward	10	225	\$67,000,000	\$12,746,288	\$8,214,484

¹⁸ Includes the totals for the Book Tower/Book Building, the Hudson Block, the Monroe Block and I Campus Martius.

¹⁹ LPD has a complete review of the Transformational Brownfield Plan in its report, "Transformational Brownfield Plan for the Hudson's Block, Monroe Blocks, One Campus Martius Expansion, and Book Building and Book Tower Redevelopment Projects (Bedrock) Public Acts 46-50 of 2017, dated October 31, 2017

²⁰ Only \$1,600,000 (0.26%) of the \$615,998,723 in TBP Capture (at the Hudson's site for City of Detroit income taxes) is local.

Project #6 - 1215 Griswold:

- Built in 1910
- Residential and retail
- 24,199 square feet
- 25 luxury lofts

Project # 7 - Shinola Hotel:

The Shinola Hotel project, is planned as a 130 room boutique hotel. The project involves the reconfiguration and rehabilitation of 1400 Woodward (the primary structure) and the Singer Building at 1416 Woodward. The planned hotel will lead to 225 full time employees.

Project #8 the Brush Park Project, for the purposes of this report, is recorded as a singular project. This project includes four tax incentives, of which, as the following chart indicates, includes a NEZ, with a for-sale product; a PA 210; a Brownfield (PA 381) and a PILOT (Payment –In Lieu-of Taxes),²¹ which is also statutorily considered a public service.²²

²¹ STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966 - Act 346 of 1966: “An Act to... to provide tax exemption; to authorize payments instead of taxes by... limited dividend housing corporations ...” MCL 125.1415a (2) The owner of a housing project exempt from taxation under this section shall pay to the municipality in which the project is located an annual service charge for public services in lieu of all taxes. Subject to subsection (6), the amount to be paid as a service charge in lieu of taxes shall be for new construction projects the greater of, and for rehabilitation projects the lesser of, the tax on the property on which the project is located for the tax year before the date when construction or rehabilitation of the project was commenced or 10% of the annual shelter rents obtained from the project. A municipality, by ordinance, may establish or change, by any amount it chooses, the service charge to be paid in lieu of taxes by all or any class of housing projects exempt from taxation under this act. However, the service charge shall not exceed the taxes that would be paid but for this act.

²² MCL 125.1401(1) The legislature hereby determines that there exists in the state a seriously inadequate supply of, and a pressing need for, safe and sanitary dwelling accommodations within the financial means of low income or moderate income families or persons... (2) It is further determined that the supply of low and moderate cost housing available for occupancy by certain persons with disabilities and certain elderly persons is being eroded through greatly increasing rental rates... (3) It is further determined that to assure an adequate supply of safe and sanitary housing for families of low and moderate income within the financial means of those families, it is necessary to facilitate the purchase of safe and sanitary existing housing by those families... (4) It is further determined that there exists in this state a high incidence of residential rental property which is not safe, sanitary, adequate, or energy efficient, and that there is a pressing need for the rehabilitation of residential rental property in order to preserve and improve the state's existing housing stock... (5) It is further determined that there is a statewide pressing need for programs... (6) It is further determined that the construction and rehabilitation of safe and sanitary dwellings are necessary to the creation and retention of jobs in the state. (7) It is further determined that the retention, promotion, and development of the housing industry require additional means of financing... (8) It is further determined that economic conditions ... and practices, including forms of predatory ... financing, have resulted in an increase in the incidence of mortgage loan default and mortgage foreclosure in the state, and that there is a pressing need for the creation of programs to assist low and moderate income individuals and families... (9) The legislature finds that the conditions described in subsections (1) to (8) cannot be remedied by the ordinary operation of private enterprise without supplementary public participation and that the authority and powers conferred by this act constitute a necessary program and serve a valid public purpose.

PROJECT	TYPE OF ABATEMENT	INCENTIVE (NON-ABTE)	INCENTIVE STATUS APPROVED/PENDING	ADDRESS	LENGTH OF ABTE / INCENTIVE	JOBS	AMOUNT INVESTED	AMOUNT ABATED	AMOUNT CAPTURED (*A)	PROJECTED NET BENEFIT
Brush Park (#1)	NEZ		NEZ Approved - 7/19/16	NEZ in the area generally bounded by Edmund, John R., Division, Adelaide, and Woodward Ave (39 tax parcels)	15	N/A	\$100,000,000	N/A	N/A	N/A
Brush Park (#2)	PA 210		PA 210 Approved	Brush Park area, bordered by Woodward, Edmund Place, Beaubien and Division	10	20	\$38,000,000	\$8,871,383	N/A	\$10,853,221
Brush Park (#3)		Brownfield (PA 381)	PA 381 Approved - 5/31/16	Brush Park area, east of Woodward Avenue, south of Edmund Place, west of Beaubien Street and north of Division Street and Adelaide Street	25	152	00,000,000]**	N/A	\$16,784,431	\$17,064,615
Brush Park (#4)		PILOT	Pending	124 Alfred		N/A	N/A	N/A	N/A	N/A
GRAND TOTALS						172	\$138,000,000	\$8,871,383	\$16,784,431	\$27,917,836

[\$100,000,000]** This figure is not included in the total in order to prevent double counting for the Brush Park project (#1, #2, #3 & #4).

Project #9, the 28 Grand, which includes a NEZ and a PILOT, was not quantified, due to the fact that the NEZ was approved prior to LPD’s recommendation for the Administration to provide a financial analysis for single project NEZs²³ and that the PILOT housing projects are considered a public purpose endeavor.²⁴ The details for **Project #8** are illustrated as follows:

PROJECT	TYPE OF ABATEMENT	INCENTIVE (NON-ABTE)	INCENTIVE STATUS APPROVED/PENDING	ADDRESS	LENGTH OF ABTE / INCENTIVE	JOBS
28 Grand	NEZ	PILOT	NEZ Approved - 1/21/2016; PILOT Approved - 1/23/18	1416 Griswold	15 (NEZ)	

Project #9 - 28 Grand:

New construction of a 13-story building of micro-apartments in Capitol Park. 218 micro-apartments total, with 133 market-rate units and 85 apartments for those who qualify for low-income housing tax credits.

²³ In the LPD report, “A Review of the Neighborhood Enterprise Zone Act (NEZ),” dated January 28, 2016, we recommended a stronger role in the approval of NEZ certificates: “LPD can assist in developing a system where the Council can apply a greater level of scrutiny at the NEZ Zone approval stage. The recent upswing in the use of NEZs for the development of apartment buildings, condos downtown and in “Downtown Revitalization Districts” instead of just neighborhood single family residents, has created a need for this review.” Based on this LPD recommendation, the City currently operate under the suggested process of review of NEZs.

²⁴ MCL 125.1415a (2)

Project #10-12, #10 David Stott Building, a PA210 & a NEZ; #11 Free Press Building a PA210, a NEZ & a Brownfield (PA 381); and #12 the Vinton Building, a NEZ certificate, with this one the NEZ (the zone) was established for another project in 2005,²⁵ which was prior to the quantification of the values of NEZ projects. The data related to the three projects is illustrated in the chart below:

PROJECT	TYPE OF ABATEMENT	INCENTIVE (NON ABTE)	INCENTIVE STATUS APPROVED/PENDING	ADDRESS	LENGTH OF ABTE / INCENTIVE	JOBS	AMOUNT INVESTED	AMOUNT ABATED	AMOUNT CAPTURED (*A)	PROJECTED NET BENEFIT
David Stott Building	PA 210 & NEZ		NEZ Approved - 11/14/17 PA 210 - Pending	1150 Griswold (PA 210 floors 1-6) (NEZ 28 floors of residential space)	15 (NEZ); 10 (PA 210)	10	\$72,700,000	\$7,764,805		\$6,200,828
Free Press Building	PA 210 & NEZ	Brownfield (PA 381)	PA 210 Approved - 2/20/18 NEZ Approved - 11/21/17 PA 381 - In Process	321 West Lafayette	15 (NEZ); 10 (PA 210)	10	\$69,660,000	\$7,345,016	\$7,029,190	\$6,852,187
Vinton Building (NEZ Appv 2005 Prior to Bedrock)	(NEZ Cert)		NEZ Cert Approved (for Bedrock)- 4/2017	600 WOODWARD FLOORS 2-12	17 (NEZ)		N/A	N/A	N/A	N/A

Project #10 - David Stott Building:

The new development of 135,953sf in overall space. 41,243sf of retail and commercial space. In terms of number of apartments, there will be 109 total units.

Project #11 - Free Press Building:

The project involves the rehabilitation of the 276,183 square foot former Detroit Free Press building into a mixed-use building with retail on the first floor, office space on the second and third floors, and residential on floors 4-17 and an undetermined use for the basement and sub-basement.

Project #12 - Vinton Building:

This involves the 2-17 floor and 21 units that will be covered under the NEZ certificate.²⁶

Project #13-15, # 13 - Former Federal Reserve; #14- Madison Theater and #15- First National Building. Brownfield (PA 381). These projects include tax credits that were originally approved for the failed projects of other entities in prior years, were subsequently acquired by affiliated Quicken companies:²⁷

²⁵ Vinton Building LLC (R. Scott Martin of Detroit)

²⁶ NEZ (the zone) was established for another developer, years prior (2005) to any involvement by a Quicken company, which was prior to the quantification of the values of NEZ projects. The NEZ certificate, however, was subsequently applied for and approved by a Quicken entity, after the initial project by the prior investor failed.

²⁷ According to Quicken, it and or its affiliated companies for rehabilitation only (excluding acquisition costs), have invested the following: First National Building: \$132.6M; Madison: \$13.6M; Federal Reserve: \$34.5M.

Brownfield Plans originally approved for another entity	INCENTIVE (NON-ABTE)	Date Approved By Council	ADDRESS	JOBS	SBT/MBT	Original SBT/MBT Amount	SBT/MBT Value Realized by Quicken (Estimated)
Former Federal Reserve	Brownfield (PA 381)	Approved for a prior entity - 11/13/2007	160 Fort Street	11	SBT***	\$1,383,058	\$1,037,294
Madison Theater	Brownfield (PA 381)	Approved for a prior entity - 5/3/2011	20 Witherell and 1545 Broadway	75	MBT****	\$950,000	\$712,500
First National Building	Brownfield (PA 381)	Approved for a prior entity - 11/1/2011	660 Woodward Avenue	1,050	MBT*****	\$1,250,000	\$937,500

Former Federal Reserve*** Per Public Act (PA) 325 of 2006, the Single Business Tax (SBT) is repealed on business activity after December 31, 2007

Madison Theater**** The Michigan Business Tax (MBT) replaced the Single Business Tax, effective January 1, 2008

First National Building*****The Michigan Business Tax (MBT) replaced the Single Business Tax, effective January 1, 2008

Parking Subsidy

The last incentive in this report is actually one of the first extended on behalf of the City to Quicken is a parking subsidy. On September 1, 2010, the Detroit Downtown Development Authority (DDA) on behalf of the City of Detroit, entered into a development agreement with Rosco Development, LLC (a Quicken affiliate), in order to facilitate the relocation of Quicken Loans Headquarters into the city of Detroit.

Article VII of the agreement detailed the terms of the "Parking Supplement," provision. The DDA at Section 7.01, agreed to provide a parking subsidy to Quicken of up to 20 years with an ending date of August 31, 2030, of up to \$2 million per year.

Section 7.02, spelled out the benchmarks Quicken was required to meet in employment, in order to obtain the proceeds from this arrangement:

1. If there are less than 1,500 employees during a calendar year, there is a zero (\$0) parking subsidy.
2. If there is an average of between 1,500 and 2,000 employees in a calendar year the parking subsidy is \$750,000.
3. If there is an average of between 2,100 and 2,500 employees in a calendar year the parking subsidy is \$1,000,000.
4. If there is an average of more than 2,500 employees in a calendar year the parking subsidy is \$1,250,000. In addition, the parking subsidy shall be increased by \$500 per employee over 2,501 up to a maximum of a \$2,000,000 parking subsidy.

When calculated at the maximum for the levels 2-4 in the listing above, at the #2 subsidy level maximum of 2,000 employees subsidized at \$750,000, equates to approximately \$375 per employee at \$1.56 a day per employee;²⁸ at the #3 subsidy level maximum of 2,500 employees subsidized at \$1,000,000, equates to approximately \$400 per employee at \$1.67 a day per

²⁸ Equals to \$375 divided by approximately 240 working days per year.

employee;²⁹ and finally the #4 subsidy level maximum of 4,501³⁰ plus employees plus subsidized at a maximum of \$2,000,000, equates to approximately \$444 per employee at \$1.85 a day per employee.³¹

When asked for a count of the current number of employees the Quicken family of companies currently employ in the city of Detroit, Quicken indicated that it currently employs 17,000 that work within the confines of the city limits. When applied to the current annual parking subsidy of \$2,000,000 per year, supplementing the parking for 17,000 employees at this level equates to approximately \$118 per employee per year at approximately 49¢ (49 cents) per day per employee.

Grand Totals of Tax Abatements, Tax Incentives and Projected Benefits

The grand totals of the tax abatements/tax incentives and projected benefits:

PROJECT	JOBS	AMOUNT INVESTED	AMOUNT ABATED	AMOUNT CAPTURED (*A)	PROJECTED NET BENEFIT
GRAND TOTALS	13,850	\$2,622,730,000	\$126,946,717	\$639,812,344	\$689,005,476

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

cc: Auditor General's Office
 Maurice Cox, Planning and Development Department
 Arthur Jemison, HRD
 Donald Rencher, HRD
 Dinah Bolton, Planning and Development Department
 Veronica Farley, HRD
 John Saad, Planning and Development Department
 Stephanie Grimes Washington, Mayor's Office
 Malinda Jensen, DEGC
 Kenyetta Bridges, DEGC

²⁹ Equals to \$400 divided by approximately 240 working days per year.

³⁰ The number 4,501 was derived by accounting for 2,501 employees for a million supplement and adding an additional 2,000 employees at \$500 each, which equals an additional \$1,000,000 supplement that ultimately amounts to the maximum \$2,000,000 subsidy.

³¹ Equals to \$444 divided by approximately 240 working days per year

*A - Only \$1,600,000 (0.26%) of the \$615,998,723 in TBP Capture (at the Hudson's site for City of Detroit income taxes) is local. Therefore, the local capture overall for the City of Detroit is \$25,413,621.