

DEGC Project Evaluation Checklist

Project: Company X Headquarters

Developer: Company X, LLC

Commercial Rehabilitation Act, PA 210 of 2005 as amended – Current taxes frozen at pre-rehab or new construction values, local taxes abated for up to 10 years	
Request Type	Certificate
DEGC Recommendation	10 Years
Location	
Address	500 Griswold
City Council District	District 6
Neighborhood	Downtown
Located in NRSA	No
Building Use	
Total Rentable Square Footage	389,818
Commercial Square Footage	344,818
Project Description	
<p>Company X will rehabilitate the Guardian Building to use as its North American Headquarters. The first floor will contain a restaurant, coffee shop, and bank branch location, followed by ten stories of space leased out to office tenants, and then the upper twenty floors will consist of Class-A office space to be completely utilized by Company X.</p> <p>The contemplated renderings and scope of design will push the envelope of architecture in Detroit, with anticipated rental revenue at levels only seen in limited premier locations today. Construction is expected to commence in 2Q20 with a completion date of 4Q21. This project will bring many new jobs to Detroit including a great deal of high wage employees. The proforma projects low single-digit returns with the proposed tax abatement, therefore, the DEGC's recommendation is that the project would not be viable but for the abatement.</p>	
Use Breakdown	
Office Space	Upper 30 stories: 20 floors Internal, 10 External
Retail Ground Floor Space	8,270 square feet: Bank Branch, Restaurant/Coffee Shop
Underwriting	
Internal Rate of Return	5.0% with abatement (2.0% without abatement)
Debt Service Coverage Ratio	1.32x with abatement (1.02 without abatement)
Cash on Cash Return	5.0% with abatement (2.0% without abatement)
Project Costs	
Costs Breakout	\$65M Hard Construction (68%) \$30MM Soft Costs (32%)
Project Benefits (10 years)	
Estimated jobs	300 FTE, 100 construction jobs
FTE average salary	\$70,000
Estimated city benefits before tax abatement	\$25,000,000
Total nominal value of PA 210	\$5,000,000
Less cost of services & utility deductions	\$4,000,000
Net benefit to city	\$16,000,000

Location Map:

[PICTURE OF PROJECT LOCATION]

Current Street View:

[PICTURE OF EXISTING STREET VIEW OF BUILDING/LAND]

Design Renderings:

[PICTURE OF PROJECT RENDERINGS]