



Hotel Water Square

FACT SHEET

Project Description:

Hotel Water Square will be Detroit's first convention center hotel sharing a connection to Huntington Place. A \$396.5-million investment will bring 600 hotel rooms, 50,000 square feet of meeting space, and three new restaurant/lounges. The presence of a convention center hotel will make Detroit more competitive against other major U.S. cities for major events, which will in turn boost visitor and tourism activity within the local Detroit economy.



PROJECT BENEFITS:

- 356 Direct Full-Time Equivalent Jobs
- 70 Estimated Indirect Full-Time Equivalent Jobs
- 624 Construction Jobs
- Estimated \$25.4M Net Fiscal Benefit to the City of Detroit *(Source: DEGC Impact Analysis)*
- Estimated \$2.6B in New Visitor Spending over 30 Years *(Source: HVS Convention Center Hotel Market Study)*

The Hotel at Water Square requests two tax abatements:

Michigan Strategic Fund Designated Renaissance Zone (Public Act 376):

A Michigan Strategic Fund (MSF) designated Renaissance Zone provides a property tax abatement on most real and personal property located within the zone. The zone can be in place for up to 30 years with a 25%, 50%, 75% phase out of the abatement in the final three years. All mills except for City Debt, DPS capital Debt, and the Wayne RESA Intermediate School District (ISD) Enhancement millage are abated. Per State statute, the State shall reimburse all local school district, intermediate school districts, and libraries for tax revenues lost as a result of the Renaissance Zone.

Commercial Rehabilitation Act (Public Act 210)

The Commercial Rehabilitation Act (PA 210) provides an abatement on the future value of improvements for a period of up to 10 years after construction. All existing property taxes will continue to be paid.



How do these tax incentives impact City funds?

This project is located within the Downtown Development Authority (DDA) and is subject to DDA tax capture. City Operating and City Debt Mills are captured by the DDA and considered DDA benefit, therefore, the tax abatement by the Renaissance Zone and PA 210 does not affect future City property taxes.

How do these tax incentives Impact Library funds?

Any loss in Library property tax revenues as a result of the Renaissance Zone shall be reimbursed by the State.

EFFECTS OF THE Renaissance Zone on DPS and DPSCD

DPS and DPSCD will not experience any loss in revenue

Detroit Public Schools (DPS)

- Since 2016 only exists to retire operating and capital debt
- Levies 30.043 mills of property taxes to pay for DPS capital and operating debt
- Operating debt projected to be paid off by 2027 and capital debt projected to be paid off by 2052
- Once operating debt is paid off, DPSCD will have the opportunity to levy operating mills

Detroit Public Schools Community District (DPSCD)

- Established in 2016 to continue all rights, functions, and responsibilities of education of children
- Not responsible for retiring any old debt
- Does not levy any property taxes
- Entirely funded by the State of Michigan School Aid Fund

Renaissance Zone Notes

- A Renaissance Zone abates a property's DPS School Operating Debt mills. By state statute, the State of Michigan reimburses DPS for this abatement through the State Aid Fund. DPS will not experience any diminished School Operating property tax revenue.
- For 2022-23 school year, the State paid DPS \$4,196,866.78 for Renaissance Zone allowance