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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director
Legislative Policy Division Staff 

DATE: October 24, 2018

RE: TATA Technologies, Application for a New Personal Property Exemption Certificate in the area of 6001 Cass Avenue, Detroit, MI, in accordance with Public Act 328 of 1998 **PUBLIC HEARING**

The following is the Legislative Policy Division's (LPD) review of the Public Act 328 abatement request of TATA Technologies.

Personal Property Tax Relief in Distressed Communities (Public Act 328 of 1998)

Public Act 328 of 1998 allows distressed communities to abate all new personal property taxes in certain geographic areas in order to spur economic development carried out by an industrial firm or by an entity conducting mining, research & development, wholesale trade, or office operations. Abatements include all millage, state and local. All new personal property installed by an eligible business after local approval is 100% exempt from personal property taxes for a specified period determined by the local unit of government.

TATA Technologies

TATA Technologies, a global engineering and consulting firm, that is moving its North American headquarters and approximately 120 jobs from Novi to a formerly empty Albert Kahn designed building, located at 6001 Cass in Detroit's Tech Town.¹ Tata Technologies specializes in engineering consulting services with core specialization in the automotive, aerospace and industrial heavy machinery verticals. The company delivers customized solutions for engineering and design, product lifecycle management and enterprise IT system integration for the manufacturing sector.

¹ **Tech company leaving Novi, bringing headquarters to Detroit**; Cindy Burton, Detroit Free Press <https://www.freep.com/story/money/business/michigan/2018/05/25/tata-technologies-novi-detroit-headquarters/644158002/>

The total initial new investment will be **\$2 million**.

The DEGC is **recommending a 10 year PA 328 abatement**.²

DEGC Project Evaluation Checklist

Tata Technologies

A company in the TATA Group

New Personal Property Exemption, PA 328 of 1998 as amended – Newly purchased personal property is 100% exempt from personal property taxes for the lifetime of the abatement; abatement period to be set by the local government		
Location		
Address	6001 Cass	
City Council District	District	
Neighborhood	New Center	
Located in HRD Targeted Area	Yes, Greater Downtown	
Building Use		
Total Square Foot Occupying	21,663	
Commercial Square Foot	21,663	
Project Description		
<p>Tata Technologies is a global engineering consulting organization with core specialization in the automotive, aerospace and industrial heavy machinery verticals. The company delivers customized solutions for engineering and design, product lifecycle management and enterprise IT system integration for the manufacturing sector. Tata Technologies is a company of engineers, led by engineers, with more than 8,500 associates representing 27 nationalities globally.</p> <p>In 2019 Tata Technologies will be moving its North American Headquarters to Detroit. The company is choosing to relocate to Detroit over staying in its current location in Novi. With the move to Detroit Tata will experience additional costs in the forms of rent premium, parking, and taxes.</p> <p>The company will be transferring 120 employees from Novi to Detroit and expects to hire additional employees over the next 10 years.</p>		
Leasing Information		
Floor Occupying	6 th Floor	
Underwriting		
	Detroit	Novi
Cost of Investment	\$2MM	\$0
Millage Rate	74.8675	42.9062
Estimated Employee Municipal Payroll	\$1,209,769	\$0

² One item that we have not seen is a letter from the Finance Department Board of Assessors, which speaks to the eligibility of this request.

Taxes	
Sources and Uses	
Total Investment	\$2MM
Sources	\$866k Tenant Improvement Allowance (41%), \$1.2MM Owner Equity Contribution (59%)
Uses	\$866k Tenant Improvements (41%), \$575k Personal Property (28%), \$638k Additional Capex (31%)
Project Benefits	
Estimated Jobs	120 FTE initially
Estimated benefits before tax abatement	\$3,138,551
Total estimated value of PA 328 abatement	\$51,214
Less cost of services & utility deductions	\$1,142,790
Net Benefit to City	\$1,944,548

This project is estimated to deliver 120 net new jobs to Detroit’s workforce \$2million investment and its projected positive cost benefit to the City of Detroit of \$1,944,548.

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



6001 Cass³

³ The former Cadillac sales and service building at 6001 Cass Ave. at York Street. Crain’s Detroit Business. Photo by CoStar Group Inc, via Crain’s <https://www.crainsdetroit.com/article/20150926/BLOG016/150929885/albert-kahn-designed-building-at-cass-and-york-to-be-redeveloped>

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