



**TO:** Council Member Mary Waters, At-Large

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

**DATE:** March 21, 2023

**RE:** FY 2023-24 Budget Analysis

This memo is in response to questions received March 15, 2023.

- 1. The Detroit Economic Growth Corporation manages DDA, EDC, LDFA, DBRA, EMWICA and provides staffing services. Do you charge the City of Detroit for each private authority? If so, how much?**

The DEGC has administrative contracts with each Authority and each Authority pays the DEGC from its own operating funds. The DEGC does not charge the City for these services.

- 2. The DEGC manages the Motor City Match program. Your report states that 167 businesses were created, but 145 businesses remain open. What happened to the 22 businesses that closed?**

Currently there are 146 open businesses. Of the 22 businesses that closed:

- 1 business is under construction to re-open in a new location.
- 2 businesses remain open under different ownership or different names.
- 2 businesses experienced reduced in-person demand as a reaction to the pandemic.
- 2 businesses closed for undisclosed reasons.
- 3 businesses switched to an online model to reduce costs as a reaction to the pandemic.
- 4 businesses relocated outside of Detroit after being open at least 3 years.
- 8 businesses experienced significant personal changes – illness, marriage status changes, family relocation, lifestyle changes.

- 3. How many businesses were assisted by the services of the district business liaison program, and how many will be assisted in the future?**



Due to staffing turnover in the DBL program in 2022, we estimate that the number of unique cases DBL's handled was down at just over 3,000. In a typical year at full capacity, we expect each DBL team member to field at least 15 unique requests each week and the team just reached full capacity at the beginning of March, 2023. At full capacity with a team of 7 DBLs and a director, it would be expected that the team would reach around 6,200 unique requests.

**4. How much money is given to Detroit from the DDA taxes captured annually?**

All of the DDA tax capture is spent within the Downtown area as defined by the DDA Tax Increment Plan and therefore, 100% of the tax capture is spent in the City of Detroit.

**5. How much has Detroit financially benefitted from the current developments downtown? How much has been returned to Detroit's general fund?**

Since 2020, the overall investment in the greater downtown district is estimated at \$2.07 Billion. The number of FTE jobs since 2020 is estimated at 3,973. Economic development over time increases tax revenues and increases jobs which supports Detroit's general fund.

**6. How much grant funding does the DEGC receive?**

It varies greatly from year-to-year dependent upon the nature of the projects we are involved in. In the last full year on record (2021-22 fiscal year), the total was approximately \$1.7 million.

**7. Does the DEGC have or work with an economist to prepare economic forecasts, and the effects on Detroit's economy?**

DEGC works with commercial and residential brokers, construction contractors, site selectors, developers, consultants, CDFIs, commercial lenders and businesses to monitor and stay abreast of trends and economic shifts occurring across the city and among various industries and sectors. Moreover, DEGC maintains an extensive data base of real estate development financial models, investment return metrics and development costs, all of which assist in informing our economic and project level analysis. Additionally, DEGC utilizes the premiere real estate data platform, Co-Star to inform our macro and micro market analysis. However, we continue to evaluate economic forecasts of the city, as a fundamental aspect to driving economic growth to the city.



Sincerely,

A handwritten signature in blue ink, appearing to read "K. Johnson", is written over a light blue rectangular background.

Kevin Johnson,  
President and CEO