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TO: COUNCIL MEMBERS
FROM: David Whitaker, Director 
Legislative Policy Division Staff
DATE: May 29, 2024
RE: **601 Piquette Project Update**

Council member Angela Witfield-Calloway requested that the Legislative Policy Division (LPD), answer several questions related to the property located at 601 Piquette. LPD was asked to respond to the following:

- Provide a brief description of the project, the nature of the tax abatements and the amount of the tax abatements
- Has the City of Detroit awarded the tax abatements to the developer of 610 Piquette and was the property subsequently sold to a new owner?
- When a tax abatement is approved, does the City of Detroit need to approve the transfer of the tax abatement to the new owner?

This report is our response to this inquiry.

Description of the Project

The developer, 601 Piquette Holdings, LLC, received its TIF¹ for Piquette Brownfield Redevelopment Plan at 100 Clairmount. The Property is located at 530 & 601 Piquette, which consists of two (2) parcels and approximately 13.573 acres of land and a 515,000 square foot, 3 to 4 story former factory and warehouse and associated parking on the site. The developer plans to renovate the site into a modern building that will house high-tech manufacturing, logistics, distribution, and warehousing. The project at 601 Piquette received a brownfield TIF and did **not receive any other local tax abatements or incentives.**

¹ Tax Increment Financing (TIF) subsidizes an entity by diverting a portion of their taxes to help finance a development.

It is projected that the project will annually create 20 full-time equivalent (FTE) temporary construction jobs during the rehabilitation of the building, for a total of approximately 60 temporary construction jobs. Upon the completion of the project, the developer will employ 3 FTE jobs, with the average wages for new hires estimated at \$42,000 for salary positions. In the long term, it is estimated that the future tenants will create an additional 50+ permanent FTE jobs.²

In October 2023, the developer was approved by Council for a **\$11,868,246** TIF, reimbursement, with the overall value of the plan estimated at **\$14,870,624**, which includes local brownfield costs.³ The estimated capital investment for this project was approximately **\$22.3 million**.

Once again, there were **no tax abatements** approved for this project; and the new tenant is not requesting any local tax incentives.

Process of transferring tax abatements

Pursuant to State statute, the transfer of active tax abatements to a new proprietor must be approved by the City prior to any issuance to any new owner.

Update on the Project

According to published reports,⁴ Fortescue,⁵ the new tenant and a global provider of zero emission resources based in Australia, announced plans to establish its U.S. Advanced Manufacturing Center on 601 Piquette Ave,⁶ with support from the Michigan Strategic Fund (MSF).⁷ It is anticipated that once completed, Fortescue's Piquette Avenue facility will become a major hub for the production of automotive and heavy industry batteries, hydrogen generators, fast chargers, and electrolyzers. It is also anticipated that the \$35 million investment to refurbish and construct the Piquette Avenue facility will lead to the creation of up to 600 manufacturing and engineering jobs as product lines ramp up to 2030. The company plans to hire its workers from the city of Detroit and surrounding community, and will work with local organizations to train, support, and employ a world-class workforce.

The MSF has approved the following to support the new facility:

- A \$9 million Michigan Business Development Program performance-based grant.
- A 15-year, 100 percent state essential services assessment exemption valued at \$1.3 million.
- State tax capture valued at \$2.37 million for the reimbursement of brownfield activities at the site.

In addition, the project is requesting \$5.2 million in TIF from the Michigan Department of Environment — Great Lakes and Energy to assist with environmental eligible activities.

Please let us know if we can be of any further assistance.

² The developer will create an estimated 3 FTE job related to property management and maintenance. 601 Piquette Holdings, LLC, is experienced in employing Detroit residents on projects, and will utilize the Skilled Trades Task Force consultant Ignition Media Group under Dennis Archer Jr. and Tiffany Jackson, to ensure Detroit-based contractors and workers benefit from the redevelopment.

³ The duration of the TIF plan is 30 years.

⁴ [Detroit Chosen as Site of Advanced EV Battery Manufacturing Facility - DBusiness Magazine](#) By Jim Stickford -January 24, 2024

⁵ [Home | Fortescue](#)

⁶ Fortescue evaluated 99 competing sites in 12 states before ultimately choosing Michigan, citing the state's strong automotive OEM and auto supplier presence and the strength of Michigan's automotive engineering talent.

⁷ The Michigan Strategic Fund (MSF) is a state agency created in 1984 to promote economic development and create jobs. The MSF issues private activity bonds on behalf of the borrower and lends the bond proceeds to the borrower for manufacturing projects, not-for-profit corporation projects, and solid or hazardous waste disposal facilities. [Michigan Strategic Fund | About MEDC | Michigan Business](#)