

# **CRAIN'S**

DETROIT BUSINESS

## **Michigan OKs \$16 million incentive for Detroit Pistons headquarters**

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By Lindsay Vanhulle

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The state has approved nearly \$16 million in brownfield tax incentives for the Detroit Pistons to build a practice facility and headquarters in Detroit.

The Michigan Strategic Fund board on Tuesday granted a request by Detroit's brownfield redevelopment authority to allow for the capture of local taxes to help fund the project, which has ballooned in projected cost from \$65 million to \$107 million.

It was not immediately clear why the team's project, in conjunction with Detroit-based Henry Ford Health System, became more expensive. The project's scope and scale have not changed, said Richard Haddad, vice president and general counsel for the team, but he added that the preconstruction process is "fluid."

Haddad said that with the brownfield incentives approved Tuesday, no other financing is believed to be needed to complete the project.

The project is part of a larger decision to move the Pistons this season from The Palace of Auburn Hills to the newly constructed Little Caesars Arena, part of the Ilitch-owned District Detroit project downtown.

The Pistons plan to build a four-story, 167,000-square-foot building for team use that includes practice and office space, as well as 11,250 square feet for ground-floor storefronts, according to the Michigan Economic Development Corp. Henry Ford Health System will build a 36,000-square-foot sports medicine facility and medical offices. The project will include a six-story, 363-space private parking deck, according to the MEDC.

Employee payroll for the Pistons alone will exceed \$130 million per year at the new facility, Haddad said.

Some of the cost increase is connected to working with potential retailers on their space needs, said Awenate Cobbina, director of business affairs and associate counsel for the Pistons.

The approximately 40 positions full-time equivalent jobs that pay an average of \$15 per hour expected to be created will be associated with retail spaces that will open as part of the project, Haddad said. The types of retailers that will locate there have not been decided.

A retail component at a practice facility "is not something that other professional sports teams have done, but we want to do that because it allows us to open this up to the surrounding neighborhood," Haddad said.

The strategic fund board approved capturing more than \$15.9 million in local and school taxes to reimburse developers for work on the brownfield, or contaminated, site.

Public subsidies of sports teams have been criticized for their merit. But the team and economic development officials say that without the incentives, it would be too expensive to remove environmentally contaminated soil on the site.

**The property has been a parking lot for more than 30 years, said Richard Barr, a partner with Honigman Miller Schwartz and Cohn LLP in Detroit who is working as a consultant to the practice facility project.**

Prior to being used for parking, the site was industrial and had underground hydraulic lifts and chemical storage tanks that can leak over time, said Brittney Hoszkiw, with the MEDC's community assistance team.

The MEDC said that the project will require removal of contaminated soil, as well as installation of public infrastructure, including sidewalks, curbs, gutters and stormwater systems.

The Pistons and Henry Ford officials held a ceremonial groundbreaking event Monday for the Henry Ford-Detroit Pistons Performance Center, at the corner of Second Avenue and Amsterdam Street in Detroit's New Center area. The Pistons hope to open the building in 2019.