

## **Warren Hotel Proposal Rejected**

### **Statement On Why Warren Mayor Jim Fouts Recommended That The Downtown Development Authority Board Reject The Hotel Proposal By The Boji Group**

“The reasons I recommended that the city Downtown Development Authority (DDA) reject the Boji Group’s hotel proposal are outlined below. I was pleased the DDA Board voted 6-0 to reject the proposal at its May 4, 2016 meeting.

“When the Boji Group first presented its hotel project in the DDA District across from the GM Tech Center over a year ago, I was very excited that finally a first class multi-story hotel would be constructed at this site.

“The proposal included a parking structure with small specialty shops at the base of the parking structure and the hotel.

“At no time during his initial presentation was it proposed by the Boji Group that the city would be expected to borrow \$7 million to help cover the so-called “\$11 million financial gap” for the hotel. The total cost of the project was estimated at \$38.6 million.

“The Boji Group also wanted a \$500,000 waiver of building inspection fees and an infrastructure development appropriation by the DDA of \$2.5 million.

“Since that initial presentation, however, much has changed. The parking structure was eliminated unless the city built it. The first-class hotel was downgraded and the city was asked to borrow \$7 million from the sale of city bonds to help in the financing of the project. The number of hotel rooms and the size of the rooms were also lowered to reduce costs.

“The DDA did agree to support a commercial facilities tax incentive that would have saved the Boji Group \$5-6 million in taxes over 12 years. At the March 9, 2016 meeting of the DDA Board, the Boji Group requested that the city of Warren’s city-owned land where the hotel is proposed to be built be leased for 100 years to the Boji Group for \$10,000 a year. The land is valued at \$1.8 million. This was never requested at any previous meeting and was never approved by the DDA Board.

“Also, the Boji Group suggested that the city impose a hotel tax on all rooms to help with the funding of the hotel construction, but this special assessment charge (9.5%) on hotel rooms is controlled by the Detroit Metro Convention and Visitors Bureau.

“Simply put, I could not in good conscience as mayor recommend any action except rejection of the plan because of the financial demands of the Boji Group on the

city. I cannot put our city millions of dollars in debt for a hotel project that would, in effect, put the city in the hotel business.

“I do appreciate the cooperation of General Motors that would have helped the Boji Group financially.

“The DDA also voted to consider other proposals for a first-class hotel on the 6.5 acre property fronting on Van Dyke across from the GM Tech Center.”

