



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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Date: July 21, 2009
To: Michigan Economic Growth Authority
From: Amy Deprez, Manager
Packaging Team
Subject: Briefing Memo - Quicken Loans Inc.
Retention/Standard MEGA Credit

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COMPANY NAME

Quicken Loans Inc.
20555 Victor Parkway
Livonia, Michigan 48152

HISTORY OF COMPANY

Quicken Loans was founded in 1985 as a residential mortgage lender. The company has since grown to become one of the largest residential lenders in Michigan and is the nation's largest online lender. The Quicken Loans family of companies includes a 50 state residential real estate firm and a reverse mortgage company.

Quicken Loans and its parent company, Rock Holdings Inc., are currently headquartered in Livonia, Michigan. The group of companies currently has 2,272 employees in Michigan.

PROJECT DESCRIPTION

Quicken Loans is considering relocation of its headquarters operations to Detroit. Additionally, to improve workflow and functionality, the company plans to consolidate its executive, management, loan production, title production and administrative functions to the new headquarters site as well.

The headquarters/consolidation project will be divided into two phases. The first includes leasing space in downtown Detroit through 2015, followed by construction of a headquarters facility in the same immediate area. Construction is anticipated to begin mid 2013. The total capital investment anticipated for this project over a seven-year period is approximately \$240 million, which includes an investment of approximately \$192 million for construction of a new headquarters building, in addition to approximately \$48 million in other personal property, leasehold improvements and annual leasing costs. Additionally, the consolidated operations will result in the retention of 2,200 employees, paying an average weekly wage of \$916 and the creation of an additional 1,800 jobs, paying an average weekly wage of \$853, over the next seven years. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

BENEFIT TO STATE

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 4,019 jobs and retain a total of 4,967 in the state by the year 2021. Total state government revenues through the year 2021, net of MEGA costs, would be increased by \$392 million (current dollars) due to the presence of this facility.

BUSINESS CASE

Alternatively, Quicken Loans is considering Ohio for the headquarters/consolidation project. The company has identified several key competitive disadvantages in comparing the two potential sites. First, the tax structure for service companies in Michigan versus Ohio is prohibitive. Second, the availability of strong, dedicated talent to quickly fill needed positions at competitive wages and the ability to attract key talent to this industry in this area of Michigan. Finally, the tremendous growth of the company essentially urges a more substantial presence in other states.

OTHER STATE AND LOCAL ASSISTANCE

The City of Detroit is supportive of this project and will consider significant parking concessions and tax abatements for this project. At this time, the company has an agreement in principal for a \$1.25 million parking subsidy, subject to approval by the City Council, and has been granted purchase options on several prime downtown sites, also subject to approval.

The abatements are anticipated within the next 90 days. The value of the abatement is not known at this time.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 50 percent retention employment tax credit for 12 years for the 2,200 retained employees and a 50 percent new jobs employment tax credit for 12 years for up to 1,800 net new employees in excess of the company's established statewide employment threshold of 2,272, subject to the following:

- The company must relocate a minimum of 1,000 employees to the new Detroit site to activate the incentives.
- To receive credit on qualified new jobs for years 7-12, the jobs must be located at the headquarter site in the City of Detroit. Jobs located at facilities outside of the Detroit consolidated headquarters will not count after year 6.