CRAIN'S DETROIT BUSINESS

Bike paths, riverfront access and new ballroom could be coming to Huntington Place

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Courtesy Huntington Place

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A key executive says part of the overall vision includes extending Second Avenue south to the Detroit River, adding more parking and remodeling of the facility's east side. There's also the potential for a 30,000- to 60,000-square-foot new ballroom.

The overall effort could make the area — a complex cobweb of infrastructure that is uninviting to pedestrians — more conducive to a big hotel development that would attract more convention business to the city.

Claude Molinari, president and CEO of Visit Detroit, said conversations are ongoing with Detroit-based The Sterling Group, which is developing the former Joe Louis Arena site, on incorporating new hotel space connected to Huntington Place into the mix.



The area is already an active development site, with a new high-rise residential building coming out of the ground on the land that previously housed the Detroit Red Wings and an overhaul of a site to the west to create the Ralph C. Wilson Jr. Centennial Park.

There have been talks about perhaps two 750room hotels on the property, Molinari has
previously said, although nothing is finalized as
of yet. One would be on the JLA site and
developed by Detroit-based Sterling Group, and

another on land owned by the Detroit Regional Convention Facility Authority, which oversees Huntington Place.

"That's prime land and an outstanding opportunity for private development in that area, so we're excited about what that could mean," said Molinari, who chairs the authority.

He said a study the authority conducted showed that the region lost 500,000 hotel room nights over the last five years when conventions did not come to Detroit, primarily due to the lack of hotel rooms — including 50,000 hotel room nights because there was not a hotel attached to Huntington Place.

How it's being paid for

The Huntington Place expansion and renovation could cost an estimated \$300 million to \$500 million and would be enabled by the bills awaiting Gov. Gretchen Whitmer's signature.

The legislation would let the authority enter into public-private arrangements, lift a \$279 million spending cap, authorize \$299 million in new bonding and expand the facility's definition to include bike paths, plazas, green space and roads necessary or convenient for use in connection with the facility.

The authority plans to use some of the money to extend Second Avenue to the river, ideally with partial support from matching state transportation funding. The road now ends at Congress Street, a few blocks north of the river.



"There's no connectivity," Molinari said, explaining that guests at hotels north of Huntington Place have to walk almost all the way to Hart Plaza to access the riverwalk. "It's not conducive to a positive setup."

"East of the convention center, the riverwalk is fantastic and it's got all kinds of connectivity. West of the convention center, that's still in the process of moving forward. If we can connect Second (Avenue), which dead-ends at the loading dock of the convention center, all the way to the

riverfront, I think that will be an outstanding addition and something that will benefit not just the convention goers but also the citizens of Detroit and Southeast Michigan."

The road project is key to enticing Sterling to build the hotel, Molinari said.

"The most important thing that we can do is encourage development of a hotel attached to the building. So the road is critical," Molinari said. "The other stuff is want-to-haves, but connecting Second (Avenue), enhancing the loading dock, improving the access to our facility is going to be extremely important. So that'll be first."

If Sterling turned over some land for the road, the authority could pay for half of a skybridge connecting the hotel and convention center, he said. It would not help cover hotel construction costs. An additional ballroom is critical, he said, because the convention center has to turn away business when the current ballroom is booked.

The importance of adding a hotel

There are some 4,500 or 5,000 rooms downtown and more than 40,000 or 45,000 in the surrounding suburbs. But planners and developers have long said the central business district has a shortage, which hurts Detroit's ability to attract large events.



It has had some success in recent months, however, luring the NFL's 2024 Draft and the NCAA's men's basketball Final Four in 2027.

Convention-style hotels are expensive undertakings, with some estimates pegging them at about \$550,000 per room to build. That puts a 750-room hotel at a cost of \$412.5 million; an 800-room hotel at \$440 million; an 850-room hotel at \$467.5 million; and a 900-room hotel at \$495 million.

"The passage of this legislation provides the DRCFA with access to resources to undertake a project that will enable the convention center to remain a leader in the convention, meeting and tradeshow industry," Molinari said. "There's no new taxes. ... No funds are diverted from other important uses throughout the state."

The state's Convention Facility Development Fund, which is funded by hotel and liquor taxes and takes in roughly \$100 million yearly, is primarily distributed to counties and the authority.

The bills will reset distribution of the funds based on 2022 actual tax collections, which will result in an increase of about \$25 million, or 48 percent, he said.

"That's why there was so much bipartisan support, because this is a great project that's going to help Southeast Michigan get a great number of events and it's also going to help with the additional funding for every county in the state of Michigan," Molinari said.