



MEMORANDUM

DATE: July 17, 2001
TO: Michigan Economic Growth Authority
FROM: Kathleen J. Blake, Senior Vice President *KB*
Business Development
SUBJECT: High Tech Briefing Memo – Housey Pharmaceutical, Inc.

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COMPANY NAME AND ADDRESS:

Housey Pharmaceutical, Inc.
3150 Livernois, Suite 115
Troy, Michigan 48099

HISTORY OF COMPANY:

Housey Pharmaceutical, Inc. was founded in March 2000 as a Delaware Corporation and is a privately held company. The principal business of the company is pharmaceutical technology creation. Housey owns a series of patents, which pertain to methods of creating, discovering, or otherwise pharmacologically characterizing new drugs for treatment of human diseases. Currently, Housey Pharmaceutical has 3 employees in Michigan.

PROJECT DESCRIPTION:

Housey Pharmaceutical is considering a first phase expansion of office and research laboratory space for pharmaceutical research. The new laboratory will focus business activities on the creation, discovery, development and eventually marketing of ethical pharmaceuticals for the treatment of human diseases.

Housey is considering leasing space in an existing facility in Southfield, Michigan or in North Carolina in the Research Triangle. If the project locates in Southfield, the company will invest over \$4.1 million in the project, including \$1.3 million in capitalized lease and building improvement costs and \$2.8 million in new laboratory machinery and equipment. The company would sign a twelve (12) year lease on the building, making a significant commitment to the Southfield location.

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The project will add 6 new jobs in the first year and 70 new positions over a five-year period at an average weekly wage of \$824. Housey expects to have each laboratory operation sufficiently installed, tested, inspected and approved for research operations by July 2002.

BENEFIT TO STATE:

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, we estimate this facility will generate a total of 88 jobs in the state by the year 2014. Total state government revenues through the year 2014, net of MEGA costs and adjusted for inflation, would be increased by \$3.9 million (2001 dollars) due to the presence of this facility.

BUSINESS CASE:

Housey Pharmaceutical's main interest is to locate in a state where large, top pharmaceutical companies are located, mainly to be close to current or potential customers. Secondly, Housey would prefer to be in a location near major research universities. The company narrowed its potential choices to North Carolina's Research Triangle and Southfield. North Carolina is an attractive site because the Research Triangle is home to nine research universities, two of Housey's major customers, the proximity of over 200 related biotechnology operations and potential customers and a greater availability of an experienced workforce. Additionally, the state of North Carolina has financially supported the biotechnology industry since the early eighties and continues to provide growing assistance to the industry. Specifically, Housey has been offered available laboratory space at rates that are significantly lower than Michigan and guaranteed for three years.

OTHER STATE AND LOCAL ASSISTANCE:

The State of Michigan will offer an abatement of 100 percent of the 6-mill State Education Tax for a length of time to match the local property tax abatement. The value of this abatement is estimated at \$25,200.

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The City of Southfield has proposed a 50 percent abatement of the company's personal property taxes for five years. The estimated value of this local abatement is \$101,700.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a high-technology employment credit of 100 percent for twelve (12) years for up to 70 net new jobs.