

# Detroit Remains Mired in Poverty as City Council Approves \$800 Million Tax Giveaway to the Rich

While the overall rate of impoverishment stands at 42%, in many neighborhoods those living in poverty exceeds 70 and 80 percent

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*In an 8-1 vote, the Detroit City Council signed off on awarding two billionaires a tax incentive valued at \$800 million despite broad independent opposition to the scheme.*

Known as "District Detroit", the plan advanced by the owners of Illitch Holdings and Stephen Ross and Related Companies, would ostensibly result in the construction of and repurposing of several buildings near the downtown area.

What was so egregious about this proposal is that in 2014 a similar project was approved by the-then City Council. The District Detroit iteration of nearly a decade ago came during the concluding months of the contrived bankruptcy trial which further ensnared the majority African American municipality in an institutionalized subservience to the white-dominated financial institutions and corporations.

In 2014, the City Council gave away \$400 million in tax incentives to the Illitch family. Just three years later, the cost overruns had doubled the expenses associated with this project which only resulted in the building of Little Caesars Arena (LCA). This venue houses the Detroit Pistons and Red Wings. There are periodic concerts where during the summer of 2022, a homecoming show featuring Anita Baker, tickets sold for as much as \$1100. These prices are way above the affordability of most people living in the city. (See [this](#))

However, as pointed out even by several corporate media outlets which dominate the narrative within the city limits and nationally, the Illitch Holdings firms did not fulfill their previous promises of building apartments, restaurants, bars and other businesses in the same area which was formerly known as the Cass Corridor. This raises the question as to why the City Council would approve yet another financial gift to those same corporations that have done nothing to curtail poverty, underdevelopment and economic injustice in the

city? (See [this](#))

Cass Corridor had become known as one of the most underdeveloped districts in Detroit where people had yearned for some type of economic investment that would improve their living standards. However, what came was the forced removal of thousands due to foreclosures, evictions under the guise of fostering “development”.

In an article published by the Detroit Metro Times in regard to the renewed tax giveaways: “Detroit City Council on Tuesday (March 28) approved more than \$615 million in tax incentives for two white billionaire developers — the Ilitch family and Stephen Ross — to build new residential units, hotel rooms, and office space in areas that should have already been transformed. Following more than two hours of public comment, the council voted 8 to 1 in favor of the transformational brownfield tax incentives for the \$1.5 billion District Detroit proposal. In all, the tax incentive package is worth nearly \$800 million. The total cost of the project is roughly \$1.5 billion.” (See [this](#))

## **Development and Underdevelopment in Detroit**

A concerted propaganda and psychological warfare campaign by the local ruling class interests framed the District Detroit project in the same fashion as it was articulated nearly a decade ago, that the awarding of tax-captured funds from city residents would provide thousands of jobs for the majority Black and growing Brown population groups. Millions are already taken from the tax coffers of the poor and working class in Detroit to provide funding for the Downtown Development Authority (DDA) and Detroit Economic Growth Corporation (DEGC). These funds taken through tax captures drain resources from public libraries, schools, transportation and other services.

Nonetheless, the city of Detroit remains the most underdeveloped and oppressed municipality in the United States. A poverty rate of 42% makes the city the poorest in the U.S.

Although the official rate of impoverishment is 42%, there are census tracts within the city where the rate of poverty exceeds 80%. These figures have not substantially improved since the imposition of the illegally imposed regime of emergency management and bankruptcy during 2013-2014. People have continued to leave the city while the incentives provided to corporations which are owned by whites have done nothing to enhance the overall status of African Americans and people of Latin American descent. (See [this](#))

In 1950, Detroit had a population of 1.2 million people, the fourth largest in the U.S. Over the last 73 years, half of the people have either abandoned or been forced out of the city, leaving 610,00 residents. During the census period of 2000-2010, approximately 25% of the people left Detroit largely due to systematic disinvestment along with the targeting of its majority African American community in regard to predatory bank lending.

Tens of thousands of homes were foreclosed leaving entire neighborhoods desolate and underdeveloped. Jobs fled the state of Michigan in their millions while the state and municipal governments refused to impose moratoriums on plant closings, home foreclosures and evictions. This failure to confront the banks and corporations has rendered the governance structures administratively dysfunctional.

This dysfunctionality continues as the decades-long course of granting tax incentives to the

wealthiest interests operating in the state has not resulted in the restoring of the levels of population, homeownership and household income.

Prior to the Great Recession beginning in 2007-2008, Detroit was a majority homeownership city, a fact which distinguished the majority African American and working class population from other municipalities such as New York City. Over the previous decade-and-a-half, the homeownership levels have been reversed making Detroit a majority renter city. Rents are increasing at an annual rate forcing African Americans, working class people and the impoverished out of the city as many have moved to other states seeking economic opportunities and social amenities.

Over the last decade there have been many development proposals advanced in the Downtown, Midtown and New Center areas of Detroit. Most of these announced projects have not materialized. The Hudson site location on Woodward downtown has been scaled back and remains uncompleted. The Hudson site is being led by billionaire Dan Gilbert who received millions in tax breaks as an incentive to initiate and complete the building.

Scores of longtime and start-up businesses and championed development projects in Detroit have collapsed. Hotels, restaurants, office spaces and other facilities are abandoned recreating blight which the corporate mayoral and city council functionaries have falsely claimed are a phenomenon of past decades.

In late 2022, the City Council, despite widespread opposition, authorized an additional \$60 million in tax breaks for Dan Gilbert for the incomplete Hudson project. In addition to the tax incentives given to Gilbert, assessed municipal and state revenues generated by the employees of this incomplete deal would not go back to the public governing structures. The taxes would go right into the corporate coffers of the Gilbert corporations.

## **A Failed Urban Development Model Made Obsolete by the Burgeoning Financial Crisis**

Moreover, the COVID-19 pandemic and its subsequent economic impact has prompted major changes in the labor market. Hundreds of thousands of small-to-medium-sized businesses throughout the U.S. have been shuttered leaving millions displaced.

Since the declarations by the administration of President Joe Biden and the Supreme Court saying in essence that the pandemic is over, the economic development models in force prior to 2020, have been seriously destabilized. Many corporations are having their employees work from home curtailing the need for office space in municipal settings. This downsizing of physical office buildings will make many of the projects which purportedly served as the ideological basis for Tax Incremental Financing (TIF), such as capturing the revenue of the workers and poor to build skyscrapers and entertainment districts, will become even more unsustainable.

According to a report published in January 2023 related to the increasing loan default by commercial property owners:

“As borrowing expenses surge and downtown offices remain deserted, even major corporations are realizing their miscalculations. The COVID-19 pandemic catalyzed a ‘seismic shift’ in commercial real estate, enabled by technology, as millions of people were compelled to work remotely for the first time. Seven trophy buildings, including a

San Francisco tower leased to Elon Musk's Twitter, were subject to approximately \$1.7 billion worth of mortgage defaults by Columbia Property Trust. However, this company was not the only one to default; Brookfield Corp., one of the world's largest property owners, also defaulted on two Los Angeles skyscrapers, with one of them being named after accounting firm Deloitte. Recent loan defaults are part of a strategy to extend payment periods or negotiate improved loan terms. However, in some instances, building owners are surrendering their properties to lenders, indicating that they have given up on ownership." (See [this](#))

Therefore, these tax giveaways by the corporate-controlled municipal governance structures such as the Detroit City Council will only result in further economic distress where the working and impoverished are coerced into providing financial guarantees for the unprofitable so-called development projects of the ruling class. The dystopian illusions of the politicians are facilitated by the billionaires while the masses fall deeper into impoverishment.

This system of urban underdevelopment and displacement must be overthrown by the people through their organized efforts utilizing general strikes and insurrection. The working class and nationally oppressed can only win their rightful place within the cities by a political transition to socialism.

Under socialism the wealth generated by the workers will be shared equitably by people irrespective of national origin and class status. As the cities continue in their inevitable decline, the potential for revolutionary movements to arise aimed at defeating capitalism will provide the opportunities for genuine liberation and social emancipation of the majority.

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*Featured image: Elena Herrada speaks to local media against \$800 million tax giveaway to the rich controlling Detroit (Source: Abayomi Azikiwe)*

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