

Detroit City Council approves land transfer for billionaire's sports stadium

Thomas Gaist
6 February 2014

In what the *Detroit Free Press* called “one of the largest land transfers in the city’s history,” the Detroit City Council voted Tuesday to hand over 39 parcels of land to billionaire Mike Ilitch’s company, Olympia Development of Michigan, for \$1. The land, which will become the site for a new arena for Ilitch’s Detroit Red Wings hockey team, has an assessed value of around \$3 million.

The vote authorized the sale of the land to the Detroit Downtown Development Authority, which will immediately lease it for up to 95 years to the Ilitch-owned Olympia Development of Michigan. The City Council—which is essentially powerless in any case under the rule of Emergency Manager Kevyn Orr—rubberstamped the deal by a vote of 6-3.

Nearly 60 percent of the \$450 million cost of the new hockey stadium—some \$260 million—is being funded with public money provided by the state government. This is at a time when Orr, Governor Snyder and the bankruptcy court are demanding the gutting of city worker pensions and the selloff of public assets because the city supposedly has no money.

The \$260 million handout to Ilitch is more than enough to cover the city’s current cash flow shortage of \$198 million. Why is this money not used to remove the city from bankruptcy instead?

In addition to funding from the state, property taxes raised from downtown Detroit will contribute between \$12.8 million and \$15 million per year to the project. Olympia will keep all proceeds from the stadium’s operations, and will not pay property taxes to the city.

The *Free Press* celebrated the development deal, writing, “The transfer is expected to revitalize a commercial dead zone between downtown and Midtown with a \$450 million hockey arena anchoring what’s expected to be spin-off development of

residential, entertainment, retail and office buildings worth \$200 million.”

The deal is predictably being sold to the public as a supposed “job creator.” On January 28, the *Free Press* published an article, “New Red Wings arena project should mean jobs for Detroiters,” claiming that the development “is projected to create thousands of jobs and boost the local economy with an influx of new businesses surrounding the 18,000-seat hockey arena that could open in 2017.”

In fact, the majority of the jobs will vanish once construction is complete. The 1,100 permanent jobs associated with the new stadium, moreover, will largely consist of poverty-wage employment, such as selling concessions and parking cars in lots, chiefly owned by Ilitch.

The extraction of vast sums from American cities through such development and mega-construction projects has become standard operating procedure, practiced by predatory investment groups and super-rich individuals. Even as the living standards of millions have plunged, new sports stadiums, casinos, and urban “turn-around” schemes have been mounted, always largely at the expense of state and city governments.

Detroit has seen all of this before with the building of the Comerica Park baseball and Ford football stadiums and several casinos, which coincided with promises of jobs and further development. The investors involved in these projects benefited from massive tax cuts and tax abatements every step of the way, and far from sparking the promised urban revivals, they succeeded only in enriching the owners of the sports clubs and their co-investors.

Ilitch’s fellow billionaire, Quicken Loans CEO Dan Gilbert, is currently engaged in efforts to gentrify

downtown Detroit, known as the “Woodward Corridor Place-making and Retail Strategy.” This project will remake key portions of the city in accordance with the needs of Gilbert’s business empire. Gilbert already controls more than three million square feet of commercial space downtown, and has quadrupled his fortune since the economic crisis began in 2008, amassing an additional \$2 billion in 2013 alone.

While public funds are poured into the new entertainment district, retirees, many of them longtime residents in their 80s and 90s, are being evicted from the nearby Griswold building and apartment houses. The apartments of the retirees are to be transformed into upscale loft-style housing and office space. (See: “Detroit residents determined to fight eviction”).

Under these “revitalizing” plans, the remaining areas of the city—chiefly the impoverished and neglected working class neighborhoods deemed too poor or underpopulated for investment—face destruction. Orr and the Gilbert-led Blight Removal Task Force (BRTF) are seeking to demolish at least 80,000 structures and declare entire neighborhoods “unviable,” shutting down basic services in these areas. The cost of the demolition is projected to climb to \$1.5 billion. The task force has already spent \$1.5 million on the Motor City Mapping survey, which has set out to evaluate more than 380,000 parcels across the city.

At a December meeting of the BRTF, Gilbert gushed about the possibilities for profit-making opened up by the devastation of the city. “We’re either going to get this done or we’re going to die trying. For probably the first time in Western civilization in a major metro area, you’re going to have large parcels of vacant pristine land that have paved streets, utilities of all sorts, cable, phone, water, sewer — everything at affordable land prices,” Gilbert said.

On February 15, the Socialist Equality Party is holding a Workers Inquiry into the Bankruptcy of Detroit and the Attack on the DIA & Pensions. For more information and to register, visit detroitinquiry.org.



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