

Detroit City Council approves \$60 million tax break for billionaire Dan Gilbert

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Brushing aside public opposition, the Democratic Party controlled Detroit City Council voted last week to approve a \$60 million tax break for Detroit billionaire and pandemic profiteer Dan Gilbert. The 5-4 vote, conducted in semi-clandestine fashion, came after the council had delayed action several times in the face of public outrage over yet another handout to one of the world's richest men.

The tax break vote came the same week as reports indicating Ford's plans to cut 8,000 salaried jobs, including thousands of jobs in Michigan, would not disqualify the company from receiving \$100 million in tax credits. Ford had pledged to invest \$1 billion in Michigan to expand manufacturing operations.

The Detroit council vote paves the way for Gilbert's real estate firm Bedrock to receive a 10-year tax abatement for the construction of a skyscraper on the site of the old Hudson's department store in downtown Detroit. Gilbert claimed that the abatement was crucial to securing bank loans to finance completion of the project. The project's cost has risen to \$1.4 billion, from a projected \$909 million when it began in 2017.

Gilbert saw his fortune multiply during the pandemic, a time when COVID ravaged the city, one of the poorest big cities in the US. The founder and CEO of predatory mortgage lending company Quicken Loans saw his net wealth soar to over \$50 billion at one point during the pandemic, making him for a time the 10th richest man in the world.

Council members justified Gilbert's tax break based on Bedrock's dubious promise to build more affordable housing units in Detroit. Under the plan, Bedrock agreed to make 30 percent of new housing available at rent considered affordable to those earning 60-80 percent of the city's median income, or no more than \$37,620 a year, an amount more than the starting wage

at most Detroit factories, including auto plants.

The new structure will contain a 12-story mid-rise building with office and event space and a 49-story high-rise with a 225-room hotel, as well as luxury condos and apartment space. It is set to be completed in 2024.

In a statement to the *Detroit News*, Detroit Mayor Mike Duggan said, "City Council members have done a great job to make sure the Hudson's project includes the kind of community benefits that are important to all Detroiters, especially the affordable housing. I appreciate their hard work on this and am in full support of the agreement they have reached with the developer."

Among those lobbying in favor of the tax handout was the Michigan Regional Council of Carpenters, which claimed the project would create jobs, or more precisely, more dues income for the union bureaucrats.

This is hardly the first time that Gilbert has extorted public funds for his projects. The Hudson's site and other Gilbert properties received \$618 million in brownfield tax credits prior to the start of construction in 2017. Most of that money was part of legislation termed the "Gilbert bills," which contained an overall \$1 billion in tax breaks. The legislation carried the unique provision that taxpayers would send their payments essentially to Gilbert and other wealthy individuals, bypassing the state treasury. The passage of the bill was preceded by a massive lobbying effort by Gilbert's Quicken Loans, including campaign contributions to Michigan legislators.

After decades of plundering of the city by financial sharks, culminating in the 2014 Detroit bankruptcy that slashed pensions and city services, Detroit workers are boiling angry over yet more handouts to the super-wealthy. City Council President Mary Sheffield, who

voted for the tax cuts, conceded that a poll conducted by her own office found only 56 percent in favor of the deal.

One angry resident posted, “Dan Gilbert bought two lavish multi-million dollar mansions in Palm Beach Florida in 2020 and needed no help to do so. Now he turns to the political light-weights who run Detroit and tells them that he can’t finish his private building without more help from them and they cash in all of our tax money.”

Ford extorted \$250 million from Detroit in 2018 for redevelopment of the old Michigan Central Train station for a new tech campus, more than one-third of the cost of the project. However, the 5,000 jobs Ford claimed would result from the project have yet to materialize, and with the recent layoff announcements, likely never will.

Earlier this month, General Motors revealed for the first time that it received \$3.8 billion in tax credits in the wake of the 2009 bankruptcy for the period 2010-2029. A unanimous decision by the Michigan Supreme Court mandated that the company reveal the full amount of the tax credit, which had been kept secret. The action came as the result of a lawsuit.

The tax handout to Gilbert takes place as the city prepares to resume its brutal water shutoff policy suspended during the pandemic. The expensive investment projects downtown have done nothing to help workers in Detroit’s blighted neighborhoods, suffering from high levels of poverty and lack of access to basic services like public transport and decent street lighting.

More than 60,000 Detroit residents have overdue water bills out of 220,000 residential customers, with an average debt of \$700.

The passage of the tax break for billionaire Gilbert comes amid reports that the COVID Emergency Rental Assistance (CERA) program has stopped taking new applications in Michigan. The program helped thousands of Detroit resident avert eviction during the pandemic. Eviction filings in Detroit have been steadily rising since 2021. Housing agencies report they are preparing for an influx of people seeking emergency shelter.

Meanwhile, hundreds of Detroit homeowners continue to face eviction for past-due property taxes. No restitution has been awarded to Detroit homeowners

who were overtaxed \$600 million between 2010-2016. According to the Michigan Constitution no property can be assessed at more than 50 percent of its market value, but the city assessed 55 percent to 85 percent of value. Activist groups claim the tax gouging caused 100,000 people to lose their homes. A bill to provide partial restitution to homeowners was killed in 2020 because Mayor Duggan claimed the city did not have the money to pay.



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