

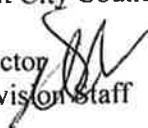
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TO: The Honorable Detroit City Council

FROM: David Whitaker, Director  
Legislative Policy Division Staff 

DATE: February 14, 2024

RE: Review of the Future of Health Community Benefits PDD Report Funded Items

The Planning and Development Department provided the Detroit City Council a letter dated February 2, 2024, regarding the Community Benefits Provisions of the Future of Health Development, which is directly related to the **Future of Health Transformational Brownfield Plan**.<sup>1</sup> The 222 page letter includes a table from pages 39-57 entitled, "Future of Health Neighborhood Advisory Council – Impacts and Benefit Requests Henry Ford health / Detroit Pistons / Michigan State University." The table, which incorporates detailed descriptions of all 151 Neighborhood Advisory Council requests, has a listing of 15 monetary allocations related to NAC requested item numbers 13, 16, 20, 29, 61, 62, 68, 71, 76, 80, 97, 124, 126, 141, 149, 150, and 152. The Planning and Development Department totaled the items to a dollar value of **\$604 million**.<sup>2</sup>

For the convenience of Council, we have extracted the 15 financial items from the Planning and Development's listing in an unedited fashion in the attached spreadsheet. We raised questions about the financial items on the list that we felt merited additional scrutiny. The following includes our initial questions we posed regarding the aforementioned items and the answers we received from the developer:

**LPD: Please provide a justification for quantifying the following items in the CBA at the listed costs below:**

New Research Center. As a part of the Future of Health Development, Developer shall build a state-of-the-art New Research Center: **\$90,000,000**

- This is the anticipated operational costs/losses over 10 years associated with running a state-of-the-art biomedical research center. Operational costs/losses at \$9,000,000/year for 10 years equals \$90,000,000.

<sup>1</sup> **The Future of Health (FOH) Transformational Brownfield Plan (TBP)**, is based on a planned related investment of Henry Ford Health System (HFH), Palace Sports & Entertainment, LLC/ DP Amsterdam, LLC and Michigan State University (MSU), thereby resulting in five projects in the FOH TBP, with a total estimated investment cost of \$773 million. In addition to the five TBP projects, Henry Ford Health System is planning to develop a new hospital adjacent to the five projects, which will result in the development of six projects in the vicinity. Henry Ford Health System currently owns all of the land for the six project sites and will continue to own all the land once the projects are completed.

<sup>2</sup> To the best of our knowledge, we have no quarrel with the Planning Development Department's totals.

**Uncompensated Care.** Developer currently realizes significant uncompensated care losses and shall absorb additional uncompensated care losses that will occur as a direct result of the Expanded Hospital: **\$310,000,000**

- In 2023, about 70,000 patient contacts occurred at the Main Campus E.R. This resulted in about \$295,000,000 in uncompensated care being provided to the community by Henry Ford Health.
- The 2+ times larger new E.R. in the expansion hospital will create an additional 18,000-20,000 patient contacts on an annual basis, resulting in an additional \$62,000,000 in uncompensated care per year. The \$310,000,000 is representative of 5 years of the additional uncompensated care expected to be created by the expansion Hospital.

**Infrastructure Improvements.** During the Construction Period and as a part of the Future of Health Development, Developer shall spend up to fifty-five million dollars (\$55,000,000) on the construction costs for on-site and adjacent infrastructure, rights-of-way and utility improvements, including roadway improvements, improved crosswalks, road resurfacing, streetscape improvements, and landscaping: **\$55,000,000**

- The \$55,000,000 is reflective of local infrastructure requirements that are being funded upfront by the Developers. These types of site-readiness costs are typically funded by various City and State departments. These costs are also reflective of the construction costs as well as design and professional fees associated with the local infrastructure improvements.

**Greenspace.** As to be reflected in the final design and site plans for construction of the Expanded Hospital, Developer shall create up to approximately five (5) acres of greenspace near the Expanded Hospital, which, except for special/private events, shall be free and open to the public: **\$30,000,000**

- The estimated \$30,000,000 is intended to create up to approximately five (5) acres of greenspace near the Expanded Hospital, which, except for special/private events, shall be free and open to the public.
- The \$5,000,000 that is a part of the \$55,000,000 infrastructure budget relates to proposed campus connectivity.

Please contact us if we can be of any further assistance.

cc: Auditor General's Office  
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Attachment: LPD Condensed View of CBA Commitment funds

Condensed View of CBA Commitment funds

CHALLENGE / CONCERN / IMPACT	Item #	COMMUNITY BENEFIT REQUESTS	NAC ADDITIONAL REQUEST	COMMUNITY BENEFITS PROVISION SECTION	PROPOSED COMMITMENT RESPONSES	\$ VALUE OF COMMITMENT
<p>Support for current homeowners and renters in adjacent areas. Ensure that there is not displacement of Detroiters caused by higher rents or property values in the areas adjacent to the project</p>	<p>13</p>	<p>Make a restricted annual contribution of \$10,000,00.00 for the duration of the tax abatement to one or more 501(c)(3) nonprofit community development corporations in the impact area to administer home repair grants to the City of Detroit residents who reside in their property as their primary residence. At least 50% of the fund must be reserved for residents earning less than 50% AMI.</p>	<p>The developer will provide a minimum of 160 households within a one mile radius of the impact area, with preference to 50% AMI and below and other residents within the impact area, per year for 5 years. With a maximum of \$15,000 per household. (8/9)</p>	<p>1.4</p>	<p>Home Repair Fund. Developer will make a donation of two million dollars (\$2,000,000) to a home repair fund selected by Developer in consultation with the NAC to be used for home repair expenses of qualifying owner occupied homes within the Impact Area. Such donation shall be made in five (5) annual donations of four hundred thousand dollars (\$400,000), commencing within ninety (90) days of the start of construction of the first residential housing project, with a maximum spend of fifteen thousand dollars (\$15,000) per qualifying household. This two million dollar (\$2,000,000) donation shall be offset by Developer from, and credited towards, contributions that Developer would pay to the City as part of Developer's voluntary compliance with Executive Order 2021-2.</p>	<p>\$2,000,000</p>

Condensed View of CBA Commitment funds

	<p>Fund a 10-year rental assistance program providing \$13 million in rental subsidies for long-term Detroiters to remain in the impact area. The program can be modeled after the "Live Midtown" and "Stay Midtown" initiative. The program eligibility will be limited to Detroit residents with 7+ years of residency in the City of Detroit to rent in the impact area or within 1 mile of the impact area. Income eligibility should be between 30% AMI and 80% AMI - with no more than 20% of these funds designated for 60 to 80% AMI. The program can be managed by one or more 501(c)(3) nonprofit organizations in the impact area.</p>	<p>The developers will provide a rental assistance program to assist 400 household, in the impact area, per year for 5 years. (9/9)</p>	<p>1.5</p>	<p>Rental Assistance Fund. Developer will make a donation of five hundred thousand dollars (\$500,000) to a rental assistance fund selected by Developer in consultation with the NAC to be used for rental assistance for qualifying renters within the Impact Area. Such donation shall be made in five (5) annual donations of one hundred thousand dollars (\$100,000) commencing within ninety (90) days of the start of construction of the first residential housing project. This five hundred thousand dollar (\$500,000) donation may be offset by Developer from, and credited towards, contributions that Developer would pay to the City as part of Developer's voluntary compliance with Executive Order 2021-2.</p>	<p>\$500,000</p>
<p>Create and implement strategies to address health care access and outcome disparities for all Detroiters at all ages and incomes. Particularly focus on racial disparities and eliminating implicit bias and seeking accountability from medical professionals for disparate treatment and outcomes based on race, medical condition, mental health status, gender, economic status, insurance coverage</p>	<p>Create and implement, or augment existing, Community-Based Participatory Research Partnerships with the community to identify and seek solutions to health disparities</p>		<p>11.7</p>	<p>New Research Center. As a part of the Future of Health Development, Developer shall build a state-of-the-art New Research Center.</p>	<p>\$90,000,000</p>

Condensed View of CBA Commitment funds

<p>Address health care needs for the high percentage of residents without health insurance - Increase outreach and engagement for residents to learn about charity care options</p>	<p>29</p>	<p>Create and a fund a Community Health Plan for those living within a 3 mile radius of hospital to provide affordable health, prescription, and dental care for Detroit's uninsured and underinsured. The fund should be valued at no less than \$200 million annually</p>		<p>II.10</p>	<p>Uncompensated Care. Developer currently realizes significant uncompensated care losses and shall absorb additional uncompensated care losses that will occur as a direct result of the Expanded Hospital.</p>	<p>\$310,000,000</p>
<p>Improve college access for Detroit students (including non-traditional students) and providing necessary support to complete their degrees.</p>	<p>61, 62</p>			<p>III.18</p>	<p>Tuition-Free Scholarships. Developer shall make available a total of fifty (50), full-time, four-year, tuition-free scholarships to Michigan State University to qualifying seniors at University Prep and Northwestern High School over a period of ten (10) years commencing within one (1) year of the final approval of the TBP by the MSF.</p>	<p>\$3,750,000</p>
<p>Reduce neighborhood blight and rehabilitate properties owned by Henry Ford Health, Detroit Pistons, Michigan State University</p>	<p>68</p>			<p>IV.47</p>	<p>Fairbanks School Development Plan. Within twelve (12) months of the final approval of the TBP, Developer shall make reasonable efforts and shall use feedback and input from the Henry Ford Health Community Advisory Council and the community through a public community meeting of which prior notice will be provided to community members living near Fairbanks School, to pursue a viable redevelopment plan for Fairbanks School that is consistent with the 5 pillars of this CBO process.</p>	<p>\$1,300,000</p>
	<p>71</p>			<p>IV.33</p>	<p>NW Goldberg Hoopfest. Developer shall sponsor the NW Goldberg Hoopfest through annual contributions of \$5,000 for three (3) years, with the first of such contribution to be made within one (1) year of the final approval of the TBP by the MSF.</p>	<p>\$15,000</p>

Condensed View of CBA Commitment funds

Green Space, Recreation, and Public Amenities	76		IV.48	\$30,000,000
	80	Provide support and funding for existing community organizations serving the Impact Area and adjacent neighborhoods - example organizations: Midnight Golf, Black United Fund, Detroit Parent Network and Pistons Wheelchair Team	IV.35	\$75,000
	97	Developer will create community partnerships with the four proposed as well as Detroit parent network, Black United Fund, Black Leaders Detroit, Midnight Golf, and Sobriety House (9/9)	IV.44	\$10,000,000
Traffic and Mobility	124	Contractor parking - provide off-street parking for all construction contractors / sub-contractors and require the use of off-street parking by all permanent employees while at their work location	IV.36	\$1,250,000

Condensed View of CBA Commitment funds

	126	Improve streetscapes and enhancing connections along Grand Blvd and across the Lodge at Holden St. and Milwaukee Ave.	IV.31	Infrastructure Improvements. During the Construction Period and as a part of the Future of Health Development, Developer shall spend up to fifty-five million dollars (\$55,000,000) on the construction costs for on-site and adjacent infrastructure, rights-of-way and utility improvements, including roadway improvements, improved crosswalks, road resurfacing, streetscape improvements, and landscaping.	\$55,000,000
	141	Commit to 30% of project spending (during pre-construction, construction, and permanent operations) with Detroit-based and/or minority and women-owned business (e.g. architects, general contractor, engineering, landscaping, catering, etc.)	IV.51	Business Spend. Developer shall make reasonable efforts to procure, or cause to be procured, thirty percent (30%) of the total development costs of the Project from Detroit-Based Businesses, Detroit-Based Small Businesses, Detroit-Headquartered Businesses and Detroit-Resident Businesses, each of the foregoing capitalized terms having the same definition as in Chapter 23 of the 2019 Detroit City Code and being certified by CRIO. Developer shall, to the extent permitted by Applicable Law, have a target to procure, or cause to be procured, at least one hundred million dollars (\$100,000,000) of goods and services from disadvantaged businesses and women-owned businesses.	\$100,000,000

**Condensed View of CBA Commitment funds**

<p>Economic Sustainability: Provide support and funding for impacted residents to have immediate funding for local or district-wide concerns / issues that affect them at their discretion and schedule.</p>	<p align="center">149, 150</p>	<p>The Development partners will make an annual contribution to the Community Investment Fund of between \$1,000,000.00 and \$2,000,000.00 for three (3) to five (5) years</p>		<p align="center">IV.38</p>	<p>Community Micro-Grants. Developer shall provide three hundred thousand dollars (\$300,000) total (\$100,000 per census tract) in microgrants spread over fifteen (15) years for impact area organizations. A panel of community members representing each census tract will have the ability to nominate organizations for consideration and the funds shall be granted by Developer in consultation with Central Detroit Christian or another mutually agreed third party.</p>	<p align="right">\$300,000</p>
	<p align="center">152</p>	<p>Programs can include initiatives that improve the quality of life for Detroit residents such as, but not limited to, funding free sports and recreation programs accessible to the entire community, and community-led financial literacy programs, and food security. Grant eligibility guidelines will be developed in partnership with Detroit residents and Detroit community-based organizations based in and near the impact area.</p>		<p align="center">IV.34</p>	<p>Brilliant Detroit. Developer shall partner with Brilliant Detroit by providing a one-time financial contribution of two hundred thousand dollars (\$200,000) in order to support the rehabilitation and transformation of a home in the Impact Area into a community space with programming for children, with such contribution to be made within one (1) year of the final approval of the TBP by the MSF.</p>	<p align="right">\$200,000</p>

**\$604,390,000**

**TOTALS**