



City of Detroit  
Detroit City Council  
Council Member Angela Whitfield Calloway  
District 2

## MEMORANDUM

---

TO: Legislative Policy Division

FROM: Council Member Angela Whitfield-Calloway *AWC*

DATE: February 9, 2024

RE: Request for draft enforcement language for the Future of Health Transformational Brownfield Project.

---

**Introduction:** During public comment, many residents raised doubts about the ability of City Council to enforce the promises made by developers. Council Member Calloway suggests that this concern can be addressed. City Council can hold developers and businesses accountable for meeting the agreed upon terms and conditions of the abatement agreements. City Council has the authority to determine the duration of the certificates. City Council can authorize the certificates for a two-year period and, if the developer is in substantial compliance with the terms and conditions of the development agreement, authorize certificates for the balance of the time allowed. The proposed two year review process will allow City Council to determine whether the developer is in substantial compliance.

**The problem with enforcement:** Currently, City Council approves tax incentives and tax abatements for the full period allowed by law. The current practice places all enforcement mechanisms in the hands of the Detroit Economic Growth Corporation (DEGC) and the Mayor's Office. Unfortunately, enforcement is lacking under the current practice.

Developers promised to rehabilitate the vacant Eddystone Hotel as part of the Little Caesar's Arena Project. The developer failed to comply with the terms and conditions of the development agreement until the City of Detroit, through the Law Department, threatened a civil action to enforce the terms of the agreement. Finally, the developer agreed to a \$33 Million performance bond that could be used by the city if the developer failed to meet the agreed redevelopment. Subsequent to this agreement, renovations began on the building. The project was finally completed, four years late.

In the Brush Park neighborhood, a developer agreed to save a portion of a historic carriage house as part of brownfield development. Shortly after City Council approval, the developer demolished the entire carriage house. City Council had no authority to enforce the promises to



City of Detroit  
Detroit City Council  
Council Member Angela Whitfield Calloway  
District 2

preserve a portion of the carriage house. Neither the DEGC nor the Mayor's Office took action to enforce the agreement.

In April 2023, District Detroit developers promised that construction would begin in June 2023. This shovels in the ground promise has not been kept as of February 2024, eight months later.

Simply stated, developers repeatedly promise the terms and conditions that are either delivered late or completely ignored and City Council does not have the proper enforcement power to compel compliance.

**Proposal:** Council Member Calloway proposes that City Council approve the Future of Health development agreement with certificates that expire in two years. At the two year mark, City Council will review the status of the project and the performance of the developers and, if appropriate, approve certificates for the remainder of the allowed period. The standard of review will be substantial compliance with the terms of the development agreement and the community benefits agreement.

**Legal basis:** Please review the City of Detroit Law Department communication regarding supplement request regarding the legal limitations on reforming tax abatement structure dated January 9, 2024. Please note that in February 2024, the Law Department and City Council waived the attorney client privilege concerning this communication,

**Request:**

The office of Council Member Angela Whitfield Calloway requests that the Legislative Policy Division prepare a memorandum providing an amendment to the proposed Future of Health development agreement that will allow for a two year certificate, with the possibility of a certificate for the remainder of the permitted time period upon review of developers' performance by City Council at the two year mark.

Please contact our office if you have any questions or concerns – Peter Rhoades,  
[peter.rhoades@detroitmi.gov](mailto:peter.rhoades@detroitmi.gov)