



## SOME REASONS WHY RIVERTOWN HAS YET TO REDEVELOP

The potential siting of the casinos in Detroit's Rivertown was caused by a variety of reasons. For the last 25 years, much of Detroit's development community has looked on the Rivertown area as one of the best development opportunities in the metro Detroit region, if not in the country. This idea has been a great advantage and a detriment to the area in general.

Rivertown has many great strengths: 1) an important mixture of Detroit's historic warehouse and early manufacturing structures, 2) narrow character-defining streets, 3) close proximity to downtown, 4) an adjacency to the Detroit River, and 5) natural neighborhood boundaries (Jefferson Ave. on North, East Grand Blvd on East, Detroit River on the South and the Renaissance Center on the West). These boundaries are important in creating the sense of a safe new neighborhood for residents, office workers and visitors alike.

Why didn't the area gentrify and grow to its potential as a great area? Lacking the understanding of this answer allowed the property owners and the government leaders to decide that the placement of the casinos in Rivertown was the only way to save the area. They did not understand the reasons why it hadn't redeveloped previously and they lost faith in the notion that Rivertown could be Detroit's Greenwich Village. The decision-makers had little understanding that their locational decisions would have a tremendous detriment to the healthy redevelopment of Detroit's waterfront.

The following reasons are an account as to why Rivertown has had a difficult time in redeveloping itself over the last 25 or more years:

- 1) **Detroit Poor Development Climate** – the development climate in the City of Detroit has been extremely depressed since the early 1970s till the late 1990s. It is in the 1970s and the growth of America's preservation movement that the notion of renovating the existing fabric in Rivertown is developed, and the outright demolition proposals, as envisioned in the 1960s Urban Renewal Plans, begin to loose their grip. However, Detroit's development climate hit absolute bottom in the mid-1980s. It did not begin to recover until the late 1990s. This development drought began with the oil crisis, stagflation of the Carter years, rampant urban disinvestment, an antagonistic administration and the collapse of Detroit's auto

manufacturing sector all simultaneously occurring. Almost no new development occurred in Detroit without huge subsidies during the period from 1975-1997.

- 2) **Michigan Environmental Laws** – until mid-1995, Michigan’s environmental laws greatly hindered any efforts to redevelop contaminated property. Because it is perceived to be contaminated, all of Rivertown is technically a brownfield under the new legislation. Prior to the law change, environmental liability was traced through the chain of title regardless of fault, and this discouraged investment in urban brownfield sites. Lenders were even held accountable for cleaning up of properties for which they had no responsibility in its contamination. These laws were significantly altered in 1995, which reduced the liability that a new owner or lender would face if strict testing and clean-up standards were followed. It took nearly two years for the now Michigan Dept. of Environmental Quality and the private sector to begin to understand and use these new laws and procedures. Since the law change, there has been a significant increase in development on brownfield sites in Michigan
- 3) **Closing of the Rift Between City and Suburbs** – prior to the third year of the Archer administration, a great emotional divide still separated the City of Detroit from most suburban residents. This division was fueled by the last three terms of the Young Administration, and this rift not only encouraged many businesses to leave the City but also prevented new investment from occurring. The disinvestment and flight continued to occur into the Archer administration. Finally around mid-1996, this rift between the City and the suburbs began to close thus allowing new investment to begin to flow into Detroit.
- 4) **Countrywide Back to the City Movement Hits Detroit** – this movement finally hits Detroit in earnest around 1997. This phenomenon has been growing steadily across the country for the last ten years as young adults and empty nesters have been forsaking the sterile suburban environment for urban experiences. Prior to this in-migration phenomenon, a few U.S. cities -- like New York, Chicago, Boston and San Francisco -- provided these types of life-style choices for the rest of the country. People from around the country often migrated to these cities to gain this urban living experience. More people yearned for urban living (close proximity to cultural institutions, diversity, night life, wide variety of unique restaurants and a dense urban setting which cannot be duplicated in the suburbs) but did not want to leave their regions. They began to look for these options closer to home. Often lead by artists and same gender couples, these urban choices began to form in their own cities and towns. Growth of this urban life style choice started to really occur in Detroit in 1997.
- 5) **Growth of Brownfield Redevelopment** – limited redevelopment of brownfield sites was taking place across the United States through the late 1990s. Michigan’s environmental law amendments coincided with new efforts by local, state and federal governments in the mid and late 1990s to encourage brownfield redevelopment. New state and federal programs were developed to offer significant assistance including federal and state tax credits and grants to clean up sites to further redevelopment activities. These programs did not assist in any pre-casino redevelopments in Rivertown. The initiatives did not begin to truly bear fruit until after the announcement to place casinos on the waterfront in February 1998.
- 6) **Limited Availability of Lending in Detroit** – until the success of Detroit’s Empowerment Zone (EZ) application, there was limited access to capital for projects in Detroit. It was widely perceived that Detroit’s commercial and residential markets were weak and seen as

extremely risky and speculative. The EZ application included significant commitments from local lending institutions, and a couple years later, this money began to flow for City projects. Recent successes have shown the strength of these urban markets and increased financing is now available for a wider variety of projects in Detroit.

- 7) **Rampant Property Speculation** – has plagued portions of Detroit for the better part of the last decade and Rivertown is one of the worst areas for this activity. As explained above, Rivertown's rebirth has been heralded for 15-20 years, and many of the property owners have been holding onto their properties with unreasonable expectations. This has significantly reduced the options for redevelopment. The casino debacle may only increase the area's rampant speculation. A recent example of poor planning affecting development through speculation is the property for the proposed west of Woodward Tiger Stadium. No new development has taken place there since the east of Woodward site was chosen.

Rivertown in the early to late 1980s was Detroit's cool urban bar scene location, and many of the property owners expected to and did make fortunes on their establishments. By the late 1980s, Royal Oak began to emerge ahead of Rivertown as metro Detroit's trendy hot spot, and there was little effort in Rivertown to recapture this bar scene. Many bar owners spent little money on normal repairs and did not institute a strong marketing campaign to try to combat Royal Oak's growth. Since the mid 1990s, this trendy scene has become even more competitive with Pontiac, Ferndale and Mt. Clemens becoming new nighttime centers.

- 8) **Decrepit Infrastructure** – the public and private infrastructure is in terrible shape. Roads, water and sewer mains, and public lighting all need to be completely replaced by the City of Detroit. These conditions have hindered any redevelopment plans for the area and they will continue to do so with or without one casino. So as to not further hinder development, this issue should be addressed by the City through the 2000 Brownfield or Obsolete Building laws passed by the Michigan Legislature as quickly as possible.

All of these conditions conspired to constrain the redevelopment of Rivertown from the 1970s to February 1998, when the announcement of the Rivertown casinos was made. The conventional wisdom espoused by the Mayor and the property owners, which stated that Rivertown casinos were necessary due to the fact that nothing happened in Rivertown during this period, is easily refuted by this article. These problems not only limited development in Rivertown, but they also constrained development all across the City. It is and was always clear that Rivertown casinos are not necessary to finally spark the redevelopment of Detroit's waterfront. The detailed constraints have been generally addressed and they are no longer hindering the redevelopment of Rivertown.

When the casino locations were announced in early 1998, several of the above specific constraints affecting Rivertown's redevelopment were beginning to shift relative to Detroit's development climate. This is supported by the fact that there were several Rivertown projects in late 1997 that were in the various predevelopment stages and a couple projects were readying to enter construction (Stone Soap Building) when the casino announcement was made. When the nation's economy was extremely healthy, this casino announcement squandered one of the greatest opportunities to redevelop Detroit's waterfront.

Every effort by Detroit's civic, political and intellectual community must be made now and coordinated so that Rivertown can finally have its development opportunity harvested. The area could become the greatest asset to downtown Detroit. To compete with other cities, Rivertown could develop into Detroit's place where young adults and empty nesters choose to live, work and play while also creating a great district for visitors to enjoy parks, restaurants and the urban nightlife.

The City cannot afford to squander this opportunity again.

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