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Needing and Fearing Billionaires in Cities Abandoned by Wealth

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Introduction

"Heck, we invented the middle class," wrote journalist Mitch Albom of Detroit in its heyday.¹ Today, the city is inventing something else entirely. A small group of billionaires is leading what surely must be the largest privately financed urban transformation in American history. Detroit's new model for growth is premised on radical inequality, and it may well perpetuate it too. Is it good news anyway?

In a city where the median household income is about \$26,000 per year,² three billionaires now own most of the downtown and its riverfront. Another extravagantly wealthy landowner owns nearly 2,000 parcels. All four assembled their land portfolios while the city's real estate market was flatlining—that is, when Detroit has been littered with so much abandoned property that land ownership brings more costs than value. Since 2005, more than one-third of all properties there have gone into mortgage or tax foreclosure.³

Today, most expectations for the city's financial recovery depend on these new owners bringing in businesses and people. Two of them have relocated thousands of jobs into Detroit, thereby reversing suburban flight for the first time in decades. Just about everyone who cares about Detroit, including me,

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- 1. Mitch Albom, *The Courage of Detroit*, SPORTS ILLUSTRATED (Jan. 12, 2009), http://www.mitchalbom.com/the-courage-of-detroit [http://perma.cc/P4Sz-DS9H].
- 2. American FactFinder, U.S. CENSUS BUREAU, http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml [http://perma.cc/BQ28-THCA] (for location, enter "Detroit City, Michigan," then click the "Income" tab).
- 3. Joel Kurth & Christine MacDonald, *Volume of Abandoned Homes "Absolutely Ter-rifying*," DETROIT NEWS (May 14, 2015), http://www.detroitnews.com/story/news/special-reports/2015/05/14/detroit-abandoned-homes-volume-terrifying/27237787 [http://perma.cc/J2NJ-WCLQ].

wants them to succeed. After such a long economic drought, Detroit's residents need these big boys to make it rain.

Yet it is also true that Detroit knows all too well the unforgiving self-interest of mobile, monopolistic capital—the way that a city's dependence on a small number of enormous businesses makes a city vulnerable. When the auto industry largely abandoned Detroit for greener pastures (first to the suburbs across Eight Mile Road and later to the far sides of U.S. borders), the city's employment and tax base collapsed. Springsteen captured that era best: "Now the yard's just scrap and rubble... Them big boys did what Hitler couldn't do." When the Big Three Automakers are replaced by the Big Four Landlords, it is worth a critical pause.

Should the residents and elected leaders of Detroit greet their situation with optimism, cynicism, or reluctant dependence? That question matters not just to the city but to the nation, because although Detroit's circumstances are extreme, they are not anomalous. Across the country are hundreds of broke governments inhabited by millions of broke people. The wisdom or danger of relying on concentrated private wealth to rebuild places leveled by chronic povpoverty—and our diminishing alternatives if we do not—is the billion-dollar question of modern urban life.

I. THE DETROIT CASE

In a city that was once the national capital of homeownership for working class households, tens of thousands of parcels have been assembled into giant public and private real estate portfolios. How did we get from there to here?

A. The "Sellers," Voluntary and Otherwise

Detroit's story of property transformation begins with the landowners who lost or left their land. Losing and leaving sound different from one another—the first sounds involuntary, the second seems like a choice. Indeed, an eviction or foreclosure lock-out is quite different from packing up and turning one's back on a vacant property. But losing and leaving are sometimes hard to tell apart. Property "abandonment" carries losses within it. Leaving parcels of land behind means you could not sell it and do not wish to use it; it is preceded by sorrowful departures and fractured communities, layoff notices, and shuttered businesses. As much as anything, the word stands for extinguished wealth.

This is especially true in Detroit. Despite the abandonment that is the city's signature aesthetic, much of the land "left" by owners was lost by them first. Two waves of woe have crashed across the city's properties: mortgage foreclosures and tax foreclosures. Both are rooted in the long-term loss of population and the related collapse of land values in the city, and both have turned the soil of a staggering amount of landownership. This is especially true during recent years: nearly 140,000 properties—more than one in three properties in the city—have been foreclosed by a lender or a taxing entity in just over ten years.⁵

^{4.} BRUCE SPRINGSTEEN, YOUNGSTOWN (Columbia Records 1995).

^{5.} Kurth & MacDonald, *supra* note 3.

Tremendous household wealth and shelter have gone up in smoke, only to see more property in the city unoccupied and blighted.

Subprime lending and poverty caused much of this devastation. More than two-thirds of all mortgages in the city in 2005 were subprime—one of the highest rates in the nation, and twice the state and national rates. The city has seen at least 65,000 mortgage foreclosures since 2005, and fifty-six percent of that foreclosed property is now blighted or abandoned. Mortgage companies and commercial banks still own thousands of properties in the city, but much of their property was sold to speculators and subsequently abandoned.

Detroit's bankruptcy has accelerated a second mechanism of mass loss and transfer: foreclosure by the county government for failure to pay property taxes. The struggle with tax foreclosures is a longstanding one, but it is reaching new intensity as Detroit's fiscal struggles show up on Wayne County's balance sheet. Tax foreclosure is triggered by poverty (the inability to pay the taxes due) or property abandonment (when land has so little market value that the owner is no longer willing to pay taxes on it). In the aftermath of the housing crisis, Wayne County tax collectors were "so overwhelmed by foreclosures" that they began "look[ing] the other way" on tens of thousands of tax delinquent properties. More recently, the county's own fiscal shortfalls have lead its officials to double down on property tax collection—abruptly calling an end to years of disorganized, lax property tax enforcement without addressing its infamous reputation for wild over-valuation of assessed property values. In the Wayne County Tax Foreclosure Auction of October 2015, nearly 25,000 properties in Detroit went up for auction. The most devastating part was this: at least 8,000

- 6. Christine MacDonald & Joel Kurth, Foreclosures Fuel Detroit Blight, Cost City \$500 Million, DETROIT NEWS (June 3, 2015), http://www.detroitnews.com/longform/news/special-reports/2015/06/03/detroit-foreclosures-risky-mortgages-cost-taxpayers/27236605 [http://perma.cc/U66H-E5K7] (comparing Detroit's 68% subprime rate to 27% in Michigan and 24% nationwide).
- 7. Id
- 8. Detroit: Top Property Owners, MOTOR CITY MAPPING, http://motorcity.mapping.org/sc/#16/42.3283/-83.0779 [http://perma.cc/8G3T-BMR9] (data and calculations on file with author).
- 9. Christine MacDonald & Mike Wilkinson, Half of Detroit Property Owners Don't Pay Taxes: News Analysis Finds \$246.5M in Taxes Went Unpaid Last Year, DETROIT NEWS (Feb. 21, 2013), http://www.detroitnews.com/article/20130221/METRO01/302210375 [http://perma.cc/S4CM-78CB].
- Joel Kurth & Christine MacDonald, Detroit Braces for a Flood of Tax Foreclosures: Wayne County To Auction 30,000 Homes in Fall; A Third of Them Are Still Occupied, DETROIT NEWS (July 1, 2015), http://www.detroitnews.com/story/news/special-reports/2015/07/01/detroit-braces-flood-tax-foreclosures/29589915 [http://perma.cc/DY9W-ZLM8].
- 11. Detroit: Results of the 2015 Wayne County Tax Foreclosure Auction, LOVELAND TECH. (Oct. 25, 2015), http://makeloveland.com/2015/mi/wayne/detroit#b= neighborhoods [http://perma.cc/GM3H-SZA2] (analyzing the locations and occupancy rates of auctioned properties).

of them were still occupied.¹² Another 17,000 property owners entered into payment plans, but those plans still include a six percent interest rate on delinquent taxes.¹³ The idea of tax foreclosures of occupied homes in Detroit is startling. After all, the city is infamous for its "affordability"—its miles of unused, low-value land. The city's chronic problem with housing insecurity and displacement and the city's attendant problem with homelessness signal how deep local poverty really is.

As tax revenues have bled out and property rolls have grown, public agencies have been utterly overwhelmed. Land everywhere, with not a dollar of revenue to spend on it. Today, in a city with fewer than 700,000 residents, the Detroit and Michigan Land Banks, the Wayne County Treasurer's office, and the Detroit Planning & Development Department are the five biggest landowners in the city (measured by number of parcels) and together own more than 100,000 parcels of land. One investigative report found that the city still faces \$195 million in demolition costs resulting from bank foreclosures, plus \$300 million in lost tax revenues from foreclosed homes seized for nonpayment of taxes. Detroit's land-rich, cash-poor governments too often act like absentee owners, unable to keep up with the blight abatement, demolition, maintenance, and record-keeping needs of their properties. This has fueled a compelling argument to unload these properties as quickly as possible, either by keeping the sales prices of foreclosure auctions extremely low or by increasing the concessions made to credible, large-scale buyers.

B. The Buyers

Investors have responded to the "for sale" sign spray-painted across Detroit. Some of this investment has been small-scale, such as homeowners buying the lots next door and turning them into sideyards. ¹⁶ But lately, things have been heating up to a new degree of consolidated investment. As of 2009, "real estate sales of foreclosed homes [were] booming," with investors across the world "buying in bulk" to take advantage of lot sales for as little as \$1. ¹⁷ By 2014, Detroit was reported to be the fourth largest American destination for Chinese

- 12. *Id*.
- 13. Eric D. Lawrence, 31,000 Properties in Wayne County Face Tax Foreclosure, DETROIT FREE PRESS (May 7, 2015), http://www.freep.com/story/news/local/michigan/detroit/2015/05/07/wayne-county-properties-face-foreclosure/70988752 [http://perma.cc/STF4-F3QM].
- 14. Detroit: Top Property Owners, supra note 8.
- 15. MacDonald & Kurth, *supra* note 6.
- 16. See, e.g., Margaret Dewar, Selling Tax-Reverted Land: Lessons from Cleveland and Detroit, 72 J. Am. Plan. Ass'n 167, 172 tbl.6 (2006).
- 17. Investors Flock to Detroit's Housing Market, NBC NEWS (Mar. 9, 2009, 11:35 AM), http://www.nbcnews.com/id/29585340/ns/business-real_estate/t/investors-flock-detroits-housing-market [http://perma.cc/2UM5-BGFD].

housing investors.¹⁸ Financial lions like Warren Buffet and Jamie Dimon became boosters for the prospects of investment in Detroit, with mortgage financier Dennis Bernard noting a shift in the "herd mentality" toward the city, after decades of flight.¹⁹

By 2016, four private investors have risen to the top of this churn in property ownership. While public agencies remain the reluctant majority landowners of Detroit land, these four private individuals and their companies have accumulated real estate portfolios that could be transformative for them as well as for the city. Here is an introduction to Detroit's new dominant shareholders.

In the controlling role for commercial and downtown residential real estate is Dan Gilbert, the son of a Detroit bar owner,²⁰ the founder and CEO of Quicken Loans and other mortgage ventures, and the owner of the Cleveland Cavaliers.²¹ Gilbert and his mortgage empire grew up in the Detroit suburbs, but in 2011, Detroit's "skyscraper sale" (his words) drew Gilbert's investments to the city.²² He and his companies have acquired more than eighty-five major properties clustered in the south-central part of downtown, including several notable buildings such as the Dime Building, Chase Tower, First National Building, One Woodward, and the Greektown Casino.²³ Supported by a \$50 million tax break from the state, Gilbert jumpstarted the repopulation of his newly acquired highrises by moving his companies into the city.²⁴ The location

- 18. Eric Baculinao, *Chinese Investors Snap up Property in Bankrupt Detroit*, NBC NEWS (Nov. 22, 2014, 2:01 PM), http://www.nbcnews.com/news/china/chinese-investors-snap-property-bankrupt-detroit-n253186 [http://perma.cc/WG5N-2UMY].
- 19. Anthea Mitchell, *Why These 5 Investors Are Interested in Detroit*, CHEAT SHEET (June 1, 2015), http://www.cheatsheet.com/business/why-these-5-investors-are-interested-in-detroit.html [http://perma.cc/UA4X-B7QS].
- 20. Dave Davis, Dan Gilbert's Rock Gaming Partners Bound by Friendship, Desire To Build Upscale 'Urban' Casinos, CLEVELAND.COM (Oct. 15, 2011, 9:05 PM), http://blog.cleveland.com/metro/2011/10/dan_gilberts_rock_gaming_partn.html [http://perma.cc/566K-GMNC].
- 21. Matt Burns, *An Interview with Dan Gilbert, Self-Made Hometown Billionaire and the Leader of the Detroit Renaissance*, TECHCRUNCH (Dec. 3, 2012), http://techcrunch.com/2012/12/03/an-interview-with-dan-gilbert-self-made-hometown-billionaire-and-the-leader-of-a-detroit-renaissance [http://perma.cc/6L8N-HUCN].
- 22. David Segal, *A Missionary's Quest To Remake Motor City*, N.Y. TIMES (Apr. 13, 2013), http://www.nytimes.com/2013/04/14/business/dan-gilberts-quest-to-remake -downtown-detroit.html [http://perma.cc/P2S8-ZK2R].
- See John Gallagher, One Downtown, Two Empires: Mike Ilitch and Dan Gilbert Reshape Detroit, DETROIT FREE PRESS (July 27, 2014), http://archive.freep.com/article/20140727/NEWS01/307270087/Gilbert-Ilitch-Red-Wings-Tigers-Quicken-Detroit [http://perma.cc/7FKW-RKSP]; The Momentum Is Building, BEDROCK REAL EST. SERVS., http://bedrockmgt.com/ [http://perma.cc/UV53-49NQ].
- 24. Shikha Dalmia, *Bankrupt Detroit Doles Out Corporate Subsidies*, BLOOMBERG VIEW (Jan. 22, 2014, 9:00 AM), http://www.bloombergview.com/articles/2014-01-22/detroit-hopes-corporate-subsidies-work-this-time [http://perma.cc/B7N5-MFQ5].

of many of his holdings and businesses along Woodward Avenue gives them particular local significance, because Woodward has featured prominently in the history of the private car, the auto industry, and Detroit's culture.²⁵ The heart of downtown is known as "Gilbertville," and his plan for a technology corridor (dubbed "Opportunity Detroit" and "Detroit 2.0") is the major economic development agenda for the city center.²⁷ He may well be the most important booster for private investment in the city.²⁸

Adjacent to Gilbertville is Ilitchville. Mike Ilitch is the son of a Chrysler worker and former minor league baseball player. ²⁹ He and his wife Marian founded Little Caesars Pizza in 1959 in Garden City, a suburb of Detroit. ³⁰ They moved Little Caesars' headquarters to Detroit in the 1980s ³¹ and spent some of their fortune from the successful franchise to purchase the Detroit Red Wings in 1982 and the Detroit Tigers in 1992. ³² The Ilitches helped to fund the Tigers' new baseball field (Comerica Park) in 2000 and are currently redeveloping an area north of downtown into a sprawling entertainment district, with a new hockey arena as its centerpiece. ³³ Both of these stadiums received substantial public subsidies, including \$284.5 million in public investment in the new Red Wings arena and millions in demolition costs on the old site, both of which were paid out by the city and state prior to or during the city's bankruptcy. ³⁴ In

- 25. See, e.g., Woodward Avenue: A Road to the Heart and Soul of America, MDOT TODAY (2003), http://www.michigan.gov/documents/MDOT_Woodward_Heart _and_Soul_170072_7.pdf [http://perma.cc/LS6W-G88M].
- 26. Louis Aguilar & Lauren Abel-Razzaq, *What We've Learned About Dan Gilbert in Five Years*, Detroit News (Aug. 17, 2015), http://www.detroitnews.com/story/business/2015/08/17/dan-gilbert-detroit-five-years/31851517 [http://perma.cc/7QMF-WKM2].
- 27. Id.
- 28. *Id.*; see also Kirk Pinho & Dustin Walsh, Change Quickens: Gilbert's Downtown Plan, CRAIN'S DETROIT BUS. (Apr. 2, 2013), http://www.crainsdetroit.com/print/article/20130331/NEWS/303319980/change-quickens-gilberts-downtown-plan [http://perma.cc/TT8X-673N].
- 29. Christopher Botta, *Detroit's Delivery Man*, SPORTS BUS. J. (Feb. 24, 2014), http://www.sportsbusinessdaily.com/Journal/Issues/2014/02/24/Champions/Michael-Ilitch.aspx [http://perma.cc/JJ8R-ZT2G].
- 30. *Our Story*, LITTLE CAESARS, http://littlecaesars.com/en-us/Rooted-in-Detroit/Our-Founders-History [http://perma.cc/7EDP-2R7G].
- 31. *Id*.
- 32. Botta, *supra* note 29.
- 33. *Id.*; Ian Thibodeau, *More Plans for New Red Wings Arena District Area Revealed*, MLIVE (Sept. 15, 2015, 10:53 AM), http://www.mlive.com/news/detroit/index.ssf/2015/09/more_plans_for_new_red_wings_a.html [http://perma.cc/PG2H-KHHX].
- 34. Dalmia, *supra* note 24; Ian Thibodeau, *Mike Ilitch's Olympia Development Responds to 'Last Week Tonight' Stadium Piece*, MLIVE (July 13, 2015), http://www.mlive.com/news/detroit/index.ssf/2015/07/mike_ilitchs_olympia_developme.html

addition to these massive central sports complexes and many parcels surrounding them, the family also owns the Fox Theatre, Hockeytown Café, and Motor-City Casino.³⁵ Ilitch's son Christopher is now the CEO of Ilitch Holdings, a cluster of businesses that owns at least 250 parcels in Detroit.³⁶

Manuel "Matty" Moroun, also on the Forbes list of the world's billionaires, ³⁷ is the third private individual with a commanding hold on Detroit's land. He owns the iconic Ambassador Bridge, the international connector across the Detroit River to Canada—reportedly the only privatized border crossing in the country. ³⁸ In addition to running the bridge and a core business of trucking and warehouse facilities, Moroun (and now his son Matthew) owns a real estate company called Crown Enterprises. In 2015, by their own description, Crown and other family companies own 924 properties in Detroit, around 900 of which are vacant—a list that most notably includes the grand ruins of Michigan Central Station. ³⁹ The family is reclusive, distrusted, and unpopular. ⁴⁰

[http://perma.cc/QY9U-SK8V]. The Tigers' stadium was previously built with more than \$80 million in public bond financing. Ryan Felton, *New Red Wings Arena—A Timeline*, DETROIT METRO TIMES (May 6, 2014), http://www.metro times.com/detroit/new-red-wings-arena-a-timeline/Content?oid=2201888 [http://perma.cc/F9O4-ZWJU].

- 35. See Louis Aguilar, Ilitches Bet Big on Land near MotorCity Casino Hotel, DETROIT NEWS (Aug. 26, 2015), http://www.detroitnews.com/story/business/2015/08/25/ilitches-motorcity-casin-land/32375355 [http://perma.cc/JUK5-5R2X]; Gallagher, supra note 23.
- 36. See Detroit: Top Property Owners, supra note 8 (summing the entries bearing the Ilitch name or their family of businesses, including Little Caesars, Olympia, Detroit Tigers, Detroit Red Wings, Detroit Entertainment, or Champion Foods); see ILITCH HOLDINGS, LLC, http://www.ilitchholdings.com/ [http://perma.cc/W7SV-FSRJ]; see also City of Detroit Property and Land Records Search, MICH. FREE PUB. RECS. DIRECTORY, http://publicrecords.onlinesearches.com/view/slid/139007 [http://perma.cc/7Y7Y-FQ7E] (enter above entity names in "Search by Owner Name" field: tabulations on file with author).
- 37. Gilbert, Ilitch, and Moroun all made the 2016 Forbes list. *The World's Billionaires:* 2016, FORBES, http://www.forbes.com/billionaires/list/ [http://perma.cc/3YE5-NHG6].
- 38. Khalil AlHajal, *Detroit Mayor Agrees to Land Swap in Deal with Morouns for Bridge, Train Station Renovation*, MLIVE (Apr. 29, 2015, 12:46 PM), http://www.mlive.com/news/detroit/index.ssf/2015/04/detroit_mayor_agrees_to_land_s.html [http://perma.cc/34Z2-62RQ]; Editorial, *Moroun Brings Dim Prospects to East Side Land Deal*, DETROIT FREE PRESS (Mar. 11, 2015), http://www.freep.com/wlna/opinion/editorials/2015/03/11/moroun-detroit-land/70174892/ [http://perma.cc/3BF2-PGPA].
- 39. Nancy Kaffer, *The Morouns in Detroit—The Way the Morouns See It*, DETROIT FREE PRESS (Mar. 30, 2015, 6:36 PM), http://www.freep.com/story/opinion/columnists/nancy-kaffer/2015/03/28/moroun-train-station-bridge/70577234 [http://perma.cc/4NVF-SSBT].

If the Morouns have a plan for these properties—other than accumulating cheap land and waiting until economic change and/or public subsidies materialize—they have not shared it with the public.⁴¹

John Hantz, the fourth and final big landowner for the city, is the CEO of an investment group in the suburbs of Detroit and one of the wealthiest people to have remained living in Detroit across its most troubled hours. ⁴² He may yet have a section of the city nicknamed in his honor, because his company, Hantz Farms Detroit, has assembled more than 1,900 parcels clustered on the impoverished east side of the city. ⁴³ Hantz Farms, which promotes itself as "Detroit's Saving Grace" for "turning blight into beauty" is vocal about merging the public and private interest. ⁴⁴ The company is built on a for-profit business model, though any hope for net profits surely lies far into the future. For the near term, Hantz Farms is operating an urban woodland of commercial maple, birch, and oak trees that can be harvested and sold. ⁴⁵ Of course, the land too could be sold in the future, and there is widespread local expectation that this may be the long game, i.e., that "[a]ny significant profits would likely come from sales of acquired property well in the future." ⁴⁶ Few would dispute, however, that Hantz is a responsible landowner with a human presence in the city, and his business has

- 40. Louis Aguilar, Morouns Tidy Up Before Detroit Land Vote, DETROIT NEWS (July 14, 2015), http://www.detroitnews.com/story/business/2015/07/13/moroun-ambassador-bridge-detroit-riverside/30115883 [http://perma.cc/46KB-9EWX]; Moroun Brings Dim Prospects to East Side Land Deal, supra note 38.
- 41. See Kaffer, supra note 39; Moroun Brings Dim Prospects to East Side Land Deal, supra note 38.
- 42. Monte Reel, Saving Detroit, One Tree at a Time, Bloomberg Businessweek (Sept. 2, 2014, 5:43 AM), http://www.bloomberg.com/bw/articles/2014-09-02/detroits-john-hantz-plants-tree-farm-to-fight-urban-decay [http://perma.cc/2S2N-WVKX].
- 43. See Detroit: Top Property Owners, supra note 8 (summing the entries for Hantz Woodlands, Hantz Farms, Hantz Group, and Hantz personal property); see also City of Detroit Property and Land Records Search, supra note 36 (enter above entity names in "Search by Owner Name" field; tabulations on file with author).
- 44. Introduction, HANTZ WOODLANDS: AN ENTERPRISE OF HANTZ FARMS DETROIT, http://www.hantzfarmsdetroit.com/introduction.html [http://perma.cc/9RTF-PA8B] (embedding Eco Jaunt, Hantz Farms: Detroit's Saving Grace, YOUTUBE (Jan. 8, 2012), http://www.youtube.com/watch?v=5B36rrj1zco [http://perma.cc/Q25S-LZFW]).
- 45. Gus Burns, *Detroit Mayor Mike Duggan's Mind Changed on Hantz Woodlands Inner-city Urban Farm Project*, MLIVE (Dec. 10, 2014, 4:18 PM), http://www.mlive.com/news/detroit/index.ssf/2014/12/hantz_woodlands_changes_mayor.html [http://perma.cc/E3KY-XB62]; Kirk Pinho, *After Years of Red Tape Delays, Hantz Farms Nears Sprouting*, CRAIN'S DETROIT BUS. (Feb. 16, 2014), http://www.crainsdetroit.com/article/20140216/NEWS/302169981/after-year-of-red-tape-delays-hantz-farms-nears-sprouting [http://perma.cc/9YLH-SS5D].
- 46. Burns, supra note 45.

been appreciated in City Hall for its diligence in clearing abandoned lots, turning them to scenic and productive uses, and maintaining its properties.⁴⁷

II. CAUTIOUS APPLAUSE AND WEARY CONCERN

How should Detroit react to this concentration of land wealth? Celebration and outcry seem equally naïve here, so I will instead offer some cautious optimism followed by some worthy concerns. At least three of Detroit's consolidated landlords are investing in a broken commercial sector, drawing in new businesses, clearing away blight, attracting young people to live in the city, and giving suburbanites and tourists a reason to visit, stay, and spend money. Unlike the faceless real estate holding companies that have agglomerated massive portfolios across weak urban markets, Detroit's biggest landowners are physically present and identifiable in the Detroit region if not the city itself. I could name them and see what they were buying and doing. Journalists can too. That's all to the good. Nevertheless, it seems inherently troubling that against a backdrop of weak government, beleaguered people, and some of the nation's most intractable poverty, four men and their families will play an outsized role in a major city's future.

Here, in an homage to Eight Mile Road—the scar of division, difference, and inequality that physically and psychically runs between Detroit and its whiter, wealthier northern suburbs—are Eight Ways to understand the perils and promise of a privatized recovery plan.

A. Suburban insourcing comes at last.

Oakland County, which covers one flank of Detroit's suburbs, grew as Detroit died. The county's infamous Chief Executive, L. Brooks Patterson, made a brand out of celebrating that fact, persistently bashing Detroit and summoning its residents to expatriate to Oakland's happier homes. Unapologetically, he made comments like this one: "I made a prediction a long time ago, and it's come to pass. I said, 'What we're gonna do is turn Detroit into an Indian reservation, where we herd all the Indians into the city, build a fence around it, and then throw in the blankets and corn." 48

Against that backdrop of ugliness and interlocal competition, the people of Detroit could not help but crack a smile when Dan Gilbert gave them a win. Over a very short time period, he has relocated 15,000 of his corporate employees from Oakland County back into the city of Detroit. ⁴⁹ He described the move as a necessary adaption to the young generations' return to the city:

^{47.} Id.

^{48.} See Paige Williams, Drop Dead, Detroit! The Suburban Kingpin Who Is Thriving off the City's Decline, NEW YORKER (Jan. 27, 2014), http://www.newyorker.com/magazine/2014/01/27/drop-dead-detroit [http://perma.cc/27SC-YL8B].

^{49.} *Leaders: Dan Gilbert*, ROCK VENTURES LLC, http://www.rockventures.com/leaders [http://perma.cc/S53C-2TY2].

People in their 20s and 30s, the best and brightest coming out of our universities, the vast majority of them want to be in a cool urban core in a hip city. Period. So, if we're going to retain and maintain talent in our companies and have innovative creative people, we've got to make sure that we're in the right locations that are going to generate the interest of those people. . . . [T]hinking we're going to do that in a suburban setting where people have to walk a couple hundred yards across asphalt in the middle of winter, it's probably not going cut it for the kind of folks that we're trying to attract. ⁵⁰

This "insourcing" of suburban jobs back to a central city core arguably advances racial integration, tax redistribution, and the control of sprawl—it is exactly what academics and urban policymakers have long called for in the name of regional equity. To accomplish that goal may well have required private sector initiative, because it is hard to conceive of a public agency, even in the strongest city, that could accomplish a daytime population shift of that scale without a backbreaking amount of corporate subsidization. Seeking the same end through private sector leadership brings with it a personal profit motive, but so too it will keep Gilbert and his businesses hustling to catalyze other investments in the city that help to shore up their own. To hear some Detroiters tell it, they are glad to see their fate linked to that of a major businessman with a public relations machine that is working to rebrand Detroit as a vibrant place to "Live, Work, and Play." In a society where money talks, many in Detroit are glad to have an ally with some cash.

B. Detroit may well have needed a "big bang" of downtown redevelopment, but a recovery in the downtown will do little to help the city's embattled residential neighborhoods.

Gilbert's insourcing move was part of his so-called "big bang theory" of economic development—a rush to occupy his hundreds of residential and commercial units with as many people and businesses as possible, quickly chasing away the gloom of the city's empty downtown streets.⁵² In properties that until recently housed only memories and graffiti, you can now find start-up tech, chain and local retail, renovated housing, and art spaces. In a downtown where the sidewalks and streets did not even have a rush hour,⁵³ there is now a rising hum of urban activity from morning at the coffee bars to evening at gastropubs.

^{50.} Nate Berg, Downtown Detroit's Big Booster: Native Businessman Dan Gilbert Is Bringing Business and Development Downtown, CITYLAB (Jan. 12, 2012), http://www.citylab.com/work/2012/01/downtown-detroits-big-booster/932/ [http://perma.cc/XC2T-HQZL].

^{51.} See OPPORTUNITY DETROIT, http://opportunitydetroit.com/ [http://perma.cc/PWT2-JHMB].

^{52.} Segal, *supra* note 22.

^{53.} Id.

The wave of new investments downtown represents the city's most plausible hope for substantial economic growth, including new residents, jobs, and tax revenues. Many of the new business amenities cater to high-end consumers—today you can find a café with "a citrus-soaked modernist aesthetic straight out of the pages of Dwell," a bar with "absolutely no Budweiser," and food businesses ranging from an "occasional sweet potato waffle pop-up" to fine dining from a former Iron Chef.⁵⁴ Artsy branding of functional businesses signals the city's bid to join the ranks of American metros enjoying a return to the city. See, for instance, the visitor center known as D:Hive and the Detroit Experience Factory, with interactive wall art, or the Z-Garage parking, festooned with interior murals.⁵⁵ After the first Whole Foods in Detroit opened in 2013 with reassurances to investors not to "get maudlin" with concern that the company would "sell out its hard-won upscale brand just to" boost the community,⁵⁶ the store is now "believed to be one of Whole Foods' highest performing stores,"57 and the chain is considering a second location in the city. While no one would claim that these businesses serve a majority of Detroit residents, they do bring lights and action into vacant buildings, and it is surely true that this tier of businesses was necessary to attract and retain residents to the city to repopulate its formerly hollow core.

In an era of pay-for-what-you-get local finance, Detroit has needed to resurrect its tax base as a lifeline for the city's beleaguered schools and services. At first glance, downtown redevelopment efforts by Gilbert and Ilitch would provide this infusion of funding for public services. Pay-for-what-you-get local finance, however, also means that Detroit has relied on tax increment financing to invest in infrastructure and subsidies for downtown redevelopment projects like Ilitch's Arena District around the new Red Wings stadium. That mechanism means that for the near term, any increases in property tax revenues that

- 54. See Nicole Rupersburg, Bar & Café Guide, RECRUIT DETROIT: LIFESTYLE GUIDES (Apr. 29, 2013), http://recruitdetroit.com/lifestyleguides/barandcafeguide.aspx [http://perma.cc/9Q79-SXWN] (referring to, respectively, Urban Bean Company, Foran's Grand Trunk Pub, and The Bottom Line Coffee House); Iron Chef Michael Symon Finds Detroit, Hits the Spot for Eateries, CRAIN'S DETROIT BUS. (June 16, 2013), http://www.crainsdetroit.com/article/20130616/NEWS/306169963/iron-chef-chef-michael-symon-finds-detroit-hits-the-spot-for-eateries [http://perma.cc/PL8A-9TKH].
- 55. See D:HIVE, http://dhivedetroit.org [http://perma.cc/UP6V-SEMJ]; Ian Thibodeau, Dan Gilbert's "The Z Garage" in Downtown Detroit Sees More Color, Art Around Building, MLIVE (Nov. 11, 2014, 11:10 AM), http://www.mlive.com/news/detroit/index.ssf/2014/11/dan_gilberts_the_z_garage_in_d.html [http://perma.cc/R5KF-GA8P].
- Dale Buss, Whole Foods Opens in Detroit, but Don't Get Maudlin Over It, FORBES (June 5, 2013), http://www.forbes.com/sites/dalebuss/2013/06/05/whole-foods-opens-in-detroit-but-dont-get-maudlin-over-it/#3cd2a16828bo [http://perma.cc/GD8W-RDL2].
- 57. Brenna Houck, *Developers Are Pitching a Second, Bigger Whole Foods for Detroit*, DETROIT EATER (Aug. 3, 2015), http://detroit.eater.com/2015/8/3/9088975/second-whole-foods-detroit-developers [http://perma.cc/GC9C-Z7JS].

result from new development in the downtown area will be channeled back into retiring redevelopment debt and funding other downtown initiatives through the Detroit Downtown Development Authority.⁵⁸ While there will be some revenue gains for the city through sales and income tax revenues, downtown redevelopment is more about quality-of-life in the near term than it is about funding basic services like schools.

What this means is that a focus on recovery in the downtown or midtown areas alone will make little difference in what Detroiters call "the neighborhoods"—the dozens of square miles of modest single-family homes that fan out of the midtown/downtown area. The sad truth is that Ilitchville and Gilbertville can succeed without much of a recovery in these residential areas of the city, as long as crime (and the city's reputation for it) can be reduced and contained. As one social justice attorney in the city put it to me: "There is no question that from here [midtown] to downtown, it looks nice. It's fun. But in the neighborhoods, that makes no difference. If you're not someone buying hand-knitted socks made by virgins, these changes are not meant for you."⁵⁹

C. Blight is overrated, but blight abatement is too.

In the 1990s, the streets of downtown Detroit were so empty at night that hearty, fun-loving residents would periodically rollerblade en masse through the streets yelling, singing, and highfiving. ⁶⁰ I must admit that I envy that group's edgy, creative exuberance in the face of hardscrabble times. From afar, I can also admire the downtrodden authenticity of the city's flagging bars and music venues over the hardest years, like John's Bar and No Grill, the 2-Way Inn, and the Northern Lights Lounge. I can even appreciate why photographers find a historic property overtaken by vines and crumbling bricks to be so human and haunted as to be beautiful.

Detroit has a defiant vibrancy that is easy to admire. But that should not obscure that blight is overrated—a poignant expression of human loss best admired at a safe distance. Whether its fortifying hardships are glamorized by rap artists or "ruin porn" photographers, such homages should not obscure that when you live in a hollowing place wrecked by poverty, walking in the city does not feel safe, and those who drive and park will too often have to vacuum "Detroit diamonds" out of their cars. The fact that blight can inspire sentimental thoughts should never draw our attention away from those who have lost more in repeated home burglaries than their home is worth. For most residents, empty nighttime streets would look better with pedestrians, and they would

^{58.} *City of Detroit Downtown Development Authority*, DETROIT ECON. GROWTH CORP., http://www.degc.org/about-degc/city-of-detroit-downtown-development-authority [http://perma.cc/P4WG-BKNS].

^{59.} Interview with John Philo, Exec. Dir. & Legal Dir., Sugar Law Center (Mar. 9, 2016) (on file with author).

^{60.} Interview with Howard Davis, longtime Detroit resident (Mar. 8, 2016) (on file with author).

^{61.} Kurth & MacDonald, supra note 3.

prefer buildings glowing with lamplight in the evening, as people live lives inside.

Having said that blight is a ball and chain for a struggling city, Detroit's current political moment is also a sobering reminder that in times of acute scarcity, "blight abatement" by tearing down empty buildings can also be overrated. With mortgage markets and tax assessments that are turning the city into a foreclosure mill, helping people keep their homes would be both more humane and more cost-effective for the city. Indeed, this is a major grievance of progressive Detroit, which sees the focus on blight elimination as a priority of the downtown interests that drains scarce public resources away from the more urgent matters faced by residents, like foreclosure, water shutoffs for unpayable bills, and tragic schools. ⁶²

In short, we need a deeper public commitment to helping people afford and keep their homes, even in struggling cities. The fact that a city like Detroit has too much empty housing should never eclipse that it has too much insecure housing. Instead of just abating blight, we should be preventing land loss.

D. Even if "Detroit the land area" does better now, much work remains to be done to build security and possibility among "Detroit the people."

At the outset of this Essay, I said that most people who care about Detroit want these major investments in the city's recovery to succeed. But that wish is actually quite imprecise—what do we mean by success? Any evaluation of their recipe for Detroit's recovery depends on what we mean by the word "Detroit." Do we mean the city government and its land area? 63 Or do we mean the people that made up that city before the billionaires came buying? The two are symbiotic (and both must be stable for the whole to prosper), but holding them both in a shared recovery is the stuff of dreams more than history. The city's government and tax revenues must recover for services to improve, and its services must improve to provide a decent, safe quality of life and education in the city. Consider this also: the long-term residents of the city need living wage jobs as much as they need improved services. Downtown gentrification—with its retail, entertainment, and restaurant establishments—will eventually help with the first, but may do very little for the second. A low-skill service sector may trickle down and the employment rate may tick up, but wealth and mobility are unlikely to change without serious investment in residents' human capital, including their education and vocational skill levels.

Community economic development should not only be about restoring slumbering markets to productivity—as if for the sake of the markets themselves. It should not be about moving poor people somewhere else and replacing them with more economically active ones. Instead, community economic development should be an endeavor to build stability and opportunity for local

^{62.} Interview with Tom Stephens, Commc'ns Coordinator, Detroiters Resisting Emergency Mgmt., and longtime Detroit resident and local attorney (Mar. 8, 2016) (on file with author).

^{63.} The terrific work of Mariana Valverde draws our attention to this point. See Mariana Valverde, Everyday Law on the Street (2012).

people. That is, community economic development must be about building local people's skills and capacity, raising household income, and improving the access and affordability of key expenses like healthy food and banking. ⁶⁴ When the big investors for community economic development are private and the government is broke, we can only ask—and hope—that they will achieve these goals by incubating local ownership and employing local training and hiring practices. Therein lies the problem: a supplicant's hope is a far cry from empowerment.

At bottom, we return to a lesson learned again and again, in city after city. Redevelopment is not anti-poverty work. Detroit above all needs an anti-poverty program: stable, safe, nurturing, and challenging public schools; workforce training and development; trauma counseling for adults and children who have been victims and witnesses to violent crime; and mental health and drug rehabilitation services. There can be no celebratory "recovery" of Detroit the Land Area without progress toward the safety and flourishing for Detroit the People.

E. A recovery led by the private sector may not, in the long run, do much to help the city's embattled public sector.

Between 2002 and 2009, Detroit cut its public workforce by thirty-six percent, and then laid off at least another 2,700 employees before 2013. ⁶⁵ The judge hearing the city's petition described the catastrophic state of the government, including aged and overused vehicles and safety gear for police and fire, obsolete data and IT systems, and broken down street lamps and bus fleets. ⁶⁶ The city's restructuring plan coming out of bankruptcy allowed a minor restoration of services, but the gains have been slow and modest. ⁶⁷

Meanwhile, Detroit's downtown landowners are not going to wait around for adequate services. When Gilbert moved thousands of workers into his buildings by relocating his companies there, he began to build a protective bubble of private services around them. His company operates a security force that patrols the downtown 24/7, as well as a fleet of 300 surveillance cameras

- 64. Still today, the most comprehensive critique of market-based community economic development and the formative vision for a path toward equitable community economic development is Scott L. Cummings, *Community Economic Development as Progressive Politics: Toward a Grassroots Movement for Economic Justice*, 54 STAN. L. REV. 399 (2001).
- 65. Michelle Wilde Anderson, *The New Minimal Cities*, 123 YALE L.J. 1118, 1164, 1221 (2014).
- 66. *In re* City of Detroit, 504 B.R. 97, 119–21 (Bankr. E.D. Mich. 2013).
- 67. See Matt Helms, Joe Guillen, John Gallagher & JC Reindl, 9 Ways Detroit Is Changing After Bankruptcy, DETROIT FREE PRESS (Nov. 9, 2014), http://www.freep.com/story/news/local/detroit-bankruptcy/2014/11/09/detroit-city-services-bankruptcy/18716557 [http://perma.cc/4ZLB-UF4Q].

manned at a control center. ⁶⁸ Wayne State University and other anchor institutions in Midtown have long taken a similar approach to substitute for the Detroit Police Department; indeed, it is widely known that in an emergency in that area, you should call the university's dispatch line instead of 911. ⁶⁹ Midtown and Downtown Detroit are now going beyond security and into other privately funded services, like transit. Gilbert and other funders are building the M-1 Rail streetcar system, which will transport people from Midtown amenities and parking lots to Gilbert's downtown properties. ⁷⁰

When Detroit's new major landlords substitute for a dismantled government in key ways like these, they patch in some important service improvements, which also present risks for the future public sector. The first risk is preference mismatch—that as public services are rebuilt in the city, they will be built according to the tastes and priorities of the newly influential landowners rather than the majority of residents in the city. For instance, Gilbert's whitecollar workforce is exceedingly unlikely to have children in Detroit's public schools, because they are too young to be parents or because they will choose private or suburban schools. A knowledge-economy workforce in a catastrophically poor school district may thus prefer public spending on other things public safety, public parks and open spaces, tax incentives for economic development, and so forth. So, too, with transit: The Big Four and their employees will have little use for city buses or public transit to connect downtown to the neighborhoods—indeed, for that reason the pricey investments in the M-1 line were widely rebuked as serving New Detroit at a price that Old Detroit could only imagine going into their urgent transit needs.

The second major question is one of crowding: will private provision of services come to crowd out public services in general? With privatized services downtown, landowners there are less likely to support tax measures that would distribute a recovery for public services across the city as a whole. Indeed, a larger shift may occur across the electorate, in which the privatization of services now may mean weaker citywide services later, as voters come to think that a public good should and can be privately provided. This model, however, means that poor households will be unable to afford basic services now priced as if they were amenities.

It is tempting to take any services in Detroit as an improvement and ask whether, in a city that is too poor to fund a decent, basic public sector, some big capital investors are the next best substitute. In times of polarized inequality, the answer may be yes, but only as a tragic capitulation to a system in which the

^{68.} Ben Austen, *The Post-Post-Apocalyptic Detroit*, N.Y. TIMES MAG. (July 11, 2014), http://www.nytimes.com/2014/07/13/magazine/the-post-post-apocalyptic-detroit .html [http://perma.cc/4NLE-TBCV].

^{69.} See Stacy Cowley, How Wayne State Police Helped Breathe Life into a Blighted Detroit Strip, N.Y. TIMES (Feb. 25, 2015), http://www.nytimes.com/2015/02/26/business/smallbusiness/how-wayne-state-police-helped-breathe-life-into-a-blighted-detroit-strip.html [http://perma.cc/UJ24-5QNJ].

^{70.} Bill Shea, *Quicken Loans Buys M-1 Rail Naming Rights*, CRAIN'S DETROIT BUS. (May 24, 2015), http://www.crainsdetroit.com/article/20150524/NEWS/305249983/quicken-loans-buys-m-1-rail-naming-rights [http://perma.cc/GNP7-XS7B].

basic services required for safety and social mobility flow only to those with the money to pay for them. That system will perpetuate the same inequality from which it was born.

F. Of good guys, speculators, and robber barons: the perils of dependence on big landlords that city residents cannot screen or choose.

In 1980, hoping to build a future for Detroit by holding onto the industrial titans of its past, the city government embarked on one of the most infamous exercises of eminent domain in urban history. Mayor Coleman Young gave General Motors \$200 million in tax incentives to build a new assembly plant in Detroit, then condemned and demolished the Poletown neighborhood's 1,300 homes and 140 businesses (not to mention churches and a hospital) to make way for the plant.⁷¹ After the resistance vigils yielded to bulldozers and there was no going back, the new, highly automated assembly plant created only half of the promised jobs, and General Motors proceeded to shutter two of its older plants in the city.⁷² The deal left city residents, leaders, and expatriates bitter and disillusioned.

Poletown, like many other painful hours in the withdrawal of the auto industry, is a reminder of the dangers of dependence. From that history, Detroit knows unusually well how risky it is to need single industries and companies so much, because the whole population's employment ecosystem and governmental revenue model revolves around a few businesses. With vulnerability and dependence may come giveaways and sweetheart deals, along with the channeling of public resources and concessions towards interests too influential to cross or to lose.

Given this backdrop, it perhaps should not be a surprise to John Hantz that his woodland investments in an impoverished part of the city have been met with a good deal of skepticism and resistance. His first 1,500 lots were purchased for \$300 per parcel—a "bake sale price" even by Detroit standards. That price has led to local criticism that such a large and affordable property bundle should have been sold to an entity offering job creation and community development—something more than just "beautification." But need is need, and the truth is that the city's hunger for buyers and taxpayers for its estimated 60,000 parcels of vacant or blighted property made the land sale a practical

^{71.} Jenny Nolan, *Auto Plant vs. Neighborhood: The Poletown Battle*, DETROIT NEWS (Jan. 26, 2000), http://blogs.detroitnews.com/history/2000/01/26/auto-plant-vs-neighborhood-the-poletown-battle [http://perma.cc/ZT6W-2HZB].

^{72.} HEATHER ANN THOMPSON, WHOSE DETROIT?: POLITICS, LABOR, AND RACE IN A MODERN AMERICAN CITY 208 (2001).

^{73.} Sarah Hulett, *An Urban Tree Farm Grows in Detroit*, NPR (Dec. 21, 2012), http://www.npr.org/2012/12/21/167807136/an-urban-tree-farm-grows-in-detroit [http://perma.cc/B8ML-KJQ9] (quoting a statement by Matthew Greenia at a public hearing).

^{74.} See, e.g., James Trimarco, Detroiters Question "Word's Largest Urban Farm," YES! MAG. (Dec. 11, 2012), http://www.yesmagazine.org/peace-justice/detroit-community-gardeners-question-hantz-urban-farm [http://perma.cc/S7BG-4BGS].

choice for a mayor struggling with the impossible task of managing the city's needs on the city's budget.⁷⁵ There is reason to hope that the Hantz Woodlands plan might be a good and useful response to Detroit's problem with blight. But it nonetheless teaches that if city land is being sold at nominal prices, small buyers like local entrepreneurs and neighbors should have access to a land market that is equally transparent, accessible, and affordable. That means investing in a decent administrative infrastructure for the city, in which small buyers and neighbors alike can see and bid on the available stock for sale.

Dependence on big landlords might be less of a concern if city residents could choose among them. But when so much of a desperate city's land base comes up for auction—a buyers' market *in extremis*—no one will realistically select among buyers. Land will go to the highest bidders, and high bidders will accumulate as much of it as they wish to. A city's new landlords might have pure self-interest at heart or a blend of private and public interests. They might be communitarians or monopolists, merciful or mean, rent seeking or wealth creating, participatory or silent. A city did not choose them, and there is little the government (especially a weak, broke one) can do to shape them even as their policy preferences and values shape the city.

Detroit's new landlords display this problem in stark relief. Matty Moroun and his family are known best for "Machiavellian maneuvering" to maintain their bridge monopoly and their failure to maintain heritage properties like Michigan Central Station.⁷⁶ The Morouns should be infamous for their unethical gall to fence in part of a public riverside park for ten years as if they owned it, because the location had strategic importance for their plans to build a second private bridge to Canada (thereby elbowing out the federal government's negotiations with Canada to do the same).77 The fact that those fences were built was an act of such bald defiance of a government that it would make Cliven Bundy and his sons proud, and the fact that those fences remained standing for so long was a true sign of the lawless frontier that had become the Detroit property market. The outcome of the affair was as bold a testament to private power as the fence itself: in the end, the Morouns got legal authorization to keep the land they had seized after brokering a property trade with the city.⁷⁸ The Moroun family, in short, is neither participatory nor transparent, and indeed seems uninterested in using their investments to support a broader recov-

Certainly a city that could afford to make choices among billionaire buyers would vastly prefer Gilbert or Hantz, or even Ilitch with his subsidy-hungry developments. Gilbert in particular, whose motto for his Detroit investments is

^{75.} John Gallagher et al., Council OKs Sale of 1,500 Lots for Urban Farming Project, DETROIT FREE PRESS (Dec. 11, 2012), http://www.cityfarmer.info/2012/12/13/detroit-council-oks-sale-of-1500-lots-for-urban-farming-project/ [http://perma.cc/K4CP-NM7R].

^{76.} Moroun Brings Dim Prospects to East Side Land Deal, supra note 38.

^{77.} AlHajal, *supra* note 38.

^{78.} *Id*.

"doing good by doing well," has been generally appreciated by public officials, journalists, local businesses, and residents for his investments in the city, which are expected to generate economic gains for many people besides himself. While his "Opportunity Detroit" agenda is not formally participatory or democratically accountable, it is relatively transparent and civically connected.

Major land consolidation not only exposes a city to individuals' good graces or bad behavior, it also makes their large and small policy preferences much more significant. With that power, they will decide important urban governance questions. What public services do they value (or undervalue)? Do they believe in advanced manufacturing and insourcing, or the service industry, or the knowledge economy? What is their preferred profile of government taxes and fees? The Ilitch family envisions Detroit as a splashy, modern entertainment hub, while Gilbert seems to be a disciple of Richard Florida's formulas for urban vitality through young "creative classes" and the knowledge economy. Unlike Gilbert, the Ilitches tend to favor demolition and new construction, rather than preservation and renovation. All of these private preferences, whether or not they enjoy majority support, will matter.

At scale, a landowner becomes a leader—a major influence over city policy. A city's people can hope their mighty landlords will be wise, able shepherds, but they cannot make it so. Indeed, the pleas and protestations of messy local politics may look more like obstruction of the wheels of progress than input for a more sustainable, shared recovery.

G. Inequality makes for perpetual winners and chronic losers.

The modern era in Detroit began with the collapse of its land markets and a feverish rise in household poverty. Since approximately the 1960s, most people who have lived or built businesses in Detroit have either abandoned those properties as worthless or lost them to bank or tax foreclosure. In other words, nearly everyone who has owned property in Detroit in the past fifty years has lost wealth by doing so.

If the city's new investors seed the recovery that they intend, they may finally break that trend. By coming in when the city is bottoming out, and by having sufficient capital to invest in a spatially concentrated recovery strategy that will protect their investments, they stand to buy low and sell high. In Detroit, that just seems unfair. It is true that their investments are by no means guaranteed to succeed, and I do not doubt that at times, these men have thought their investments in Detroit were frighteningly risky, expensive to protect, and very much a leap of faith for the greater good. Nonetheless, it is also true that billionaires can take outsized risks with their outsized wealth. Given their net worth, it is just not as risky.

That reality is especially vivid in juxtaposition with the people who have tried to heal and serve Detroit across its hardest years—the social workers, teachers, neighbors, parents, firefighters, pastors, and others who have lived

^{79.} Berg, supra note 50.

^{80.} See RICHARD FLORIDA, CITIES AND THE CREATIVE CLASS (2005).

^{81.} Gallagher, *supra* note 23.

through decades of population loss, the crack and heroin epidemics, the fore-closure crisis, and the run-up to bankruptcy. They took serious risks too, and they lost on many fronts. For those who owned land in the city, their risks actually barred them from accessing the credit needed to protect their investments. Landowners have been saddled with decades of costs triggered by depreciating land, including not only the maintenance and security costs that come from unraveling neighborhoods, but also the lost creditworthiness from failed investments they could not have protected.

Here, the fact that Gilbert—one of the good landlords in the cohort—built his wealth through mortgages gets delicate. Though Gilbert has aggressively denied that his company Quicken Loans engaged in subprime lending, and few specific lawsuits or investigative findings have indicated anything to the contrary, it is a cruel irony that the capital of a mortgage empire has become a major urban landowner in a city plagued by a lack of access to good loans and toxic exposure to bad ones. Mortgage markets are a thorn in the side of the neighborhoods, where the nearly-worthless property means that buyers or owners have virtually no access to responsible mortgages or credit, and foreclosures have torn through the community. Today, Detroit's land market is mostly either an all-cash affair, or a world of predatory lease-to-own and contract-fordeed arrangements.⁸²

Eventually, the Last Survivors of Old Detroit, the ones who have managed to hang on to residential property come what may, may see a slow uptick in their land values if the downtown's recovery begins to leak out into the residential areas. If we answer, "well, that's better than nothing," let that at least remind us how close to nothing Detroit's land prices fell. That fall created tremendous losses and allowed consolidated buy-ins when the land was selling for a song. One cannot help but ask: do big rewards just follow big capital around in a snowball of growing returns? A barbell economy makes for perpetual winners and chronic losers.

H. Better things may rise from the ashes in Detroit, as the city's official slogan says, but it would be better if it had not all burned down first.

Burn it did. Detroit has suffered and survived mass layoffs, crime, trauma, blight, arson, incarceration, lawlessness, water shut-offs, illiteracy, and beleaguered schools. Subprime lending then came along, masked as a glimmer of hope—mortgages and refinanced loans to give households a baseline of economic security—that smashed many families' last morsels of wealth so conclusively that it seemed like they had never had it in the first place. This is a place where the outside world chatters ceaselessly about how cheap land is, but the neighborhoods are melting down with thousands of people who cannot afford to keep their homes.

Racial discrimination was like an arsonist who lit many of these fires. In the neighborhoods of the city, there is despair, rage, and fear over everything it has

^{82.} See Matthew Goldstein & Alexandra Stevenson, Market for Fixer-Uppers Traps Low-Income Buyers, N.Y. TIMES (Feb. 20, 2016), http://www.nytimes.com/2016/02/21/business/dealbook/market-for-fixer-uppers-traps-low-income-buyers.html [http://perma.cc/2T72-UN9N].

cost local people. Residents know and feel acutely the history of excluding African-Americans from access to wealth-creating jobs and homes, the resistance to school integration, the acceleration of white flight after the city elected its first black mayor, the redlining of black neighborhoods for good mortgages and the targeting of those same areas for subprime loans, and the history of violent policing against African-American youth. It is hard to forget the shelter lost, credit destroyed, the land wealth vanquished; it is hard to forgive the lenders, the lawmakers, and the land speculators.

Against that backdrop, it should come as no surprise that many long-time African-American residents and even the City Council have been slow to trust the city's new investors—four white men and their families who have not walked in Black Detroit's shoes. If gratitude and admiration for these men belong in Detroit's pantheon of emotions, they will have to be earned through investment in the city's wounded people, not just its cheap land. These investors may not have lit the fires personally, but they are standing on—and standing to profit from—land transformed by ashes and loss.

All that is to say, for the sake of their local reputations if not for their own sense of restorative justice, Detroit's keepers would be wise to save some homes for vulnerable people instead of just buying land. They should remember that Detroit's symbolic power to the nation has never been about making cars. It has been about this simple fact: in its heyday, "Detroit was, above all, a city of homes." Detroit was—and should be again—a place that embodied the American dream, because ordinary Americans had jobs that allowed them to afford and keep a home.

III. BEYOND DETROIT: BIG WEALTH, BROKE GOVERNMENTS

When Detroit went bankrupt, Michael Moore ominously tweeted: "Don't cry for us America. You're next." With respect to billionaires in local politics, Detroit may indeed provide a preview of our national economic moment. Not far from my university in California, strategic land assembly and land losses caused by the foreclosure crisis allowed the consolidation of a huge portfolio of rental housing in the small, high poverty city of East Palo Alto. Billionaire Sam Zell bought that portfolio, thus owning seventy percent of the citywide stock of rental housing, which he recently sold to a foreign investment group in a \$412.5 million land sale. Detroit is not the only city serving up a real estate market of

^{83.} THOMAS J. SUGRUE, THE ORIGINS OF THE URBAN CRISIS: RACE AND INEQUALITY IN POSTWAR DETROIT 23 (2005).

^{84.} Richard Florida, *Don't Let Bankruptcy Fool You: Detroit's Not Dead*, CITYLAB (July 22, 2013), http://www.citylab.com/work/2013/07/dont-let-bankruptcy-fool-you-detroits-not-dead/6261/ [http://perma.cc/D69G-7GHV].

^{85.} See Nathan Donato-Weinstein, Megadeal for Affordable Housing in East Palo Alto Closes, SILICON VALLEY BUS. J. (Feb. 22, 2016), http://www.bizjournals.com/sanjose/news/2016/02/22/megadeal-for-affordable-housing-in-east-palo-alto.html [http://perma.cc/6HFG-LL43]; John Gittelsohn & Heather Perlberg, As Silicon Valley Churns Out Millionaires, Evictions Loom for Low-income Renters, FIN. POST (Apr. 7, 2014), http://business.financialpost.com/personal-finance/mortgages-real-

low prices, widespread housing insecurity, and vulnerability to predatory lending and speculation.

Detroit and East Palo Alto represent the "big landlord" picture of poor cities in the current moment, but there are other angles on the matter of big money in local politics. Busy as many scholars and journalists have been with tracking the influence of Citizens United86 and Super PACs in federal and state politics, we have barely scratched the surface of big wealth wielding power in our smallest governments. 87 It is obviously out there, however, showing up in at least four models beyond land consolidation. The first is the billionaire mayor, famously demonstrated by Michael Bloomberg. The second is "the billionaires' mayor," as San Francisco's current mayor was labeled after his campaign took in multiple six-figure contributions bundled by a Silicon Valley billionaire. 88 Philadelphia almost had a billionaire's mayor too, after three wealthy, non-resident suburbanites put \$7 million into a Super PAC to turn the 2015 Philadelphia mayoral race their way (though their candidate lost the election). 89 Whether on issues of local tax policy or local government reform efforts, some of America's wealthiest families have taken a third road to become local issue crusaders, putting their fortunes behind issues instead of (or in addition to) candidates. In St. Louis, for instance, Rex Singuefield has become known not just for his advocacy of tax reform, but for funding a local government reorganization campaign

- estate/as-silicon-valley-churns-out-millionaires-evictions-loom-for-low-incomerenters [http://perma.cc/696P-XF4H].
- 86. Citizens United v. Fed. Election Comm'n, 558 U.S. 310 (2010).
- 87. Noteworthy exceptions include Paul A. Diller, The Brief History of "Voter-Owned Elections" in Portland, Oregon: If Public Financing Can't Make It There, Can It Make It Anywhere?, 49 WILLAMETTE L. REV. 637 (2013); Anthony Johnstone, Outside Influence, 13 ELECTION L.J. 117 (2014); George Joseph, 9 Billionaires Are About To Remake New York's Public Schools—Here's Their Story, NATION (Mar. 19, 2015), http://www.thenation.com/article/9-billionaires-are-about-remake-new-yorks-public-schools-heres-their-story [http://perma.cc/KJ67-A8BG]; and Amy Loprest & Bethany Perskie, Empowering Small Donors: New York City's Multiple Match Public Financing as a Model for a Post-Citizens United World, 40 FORDHAM URB. L.J. 639 (2013).
- 88. The current mayor of San Francisco was dubbed "the billionaires' mayor" by a local reporter because of a series of \$100,000 gifts. For instance, Ron Conway, a tech investor and Republican, named "The Godfather of Silicon Valley," launched an independent expenditure committee called "San Franciscans for Jobs and Good Government" to support centrist, moderate mayoral candidate Ed Lee's campaign. Conway put at least \$150,000 towards that fund, and then led other billionaires to do the same. For instance, Sean Parker, the billionaire co-founder of Napster and former president of Facebook, spent \$100,000 on that same independent expenditure committee.
- 89. Theodore Schleifer, *Super PACs Coming to a City near You*, CNN: POLITICS (May 19, 2015, 8:24 AM), http://www.cnn.com/2015/05/19/politics/super-pac-local-elections-2015/ [http://perma.cc/P8LK-4NPC].

to consolidate many of the small governments surrounding St. Louis. 90 Such figures may be right, they may be wrong. The question should be: do they get to decide?

Access, influence, and political capture are probably the best words to define the debate when it comes to the effect of politically engaged super-wealth in electoral politics. Big money in local politics, however, also highlights questions of substitution—as in, the substitution of private parties and private philanthropy for taxpayers to fund public services. That is one key dimension of the Detroit landlord story, which illuminates the effects of large landowners who begin to provide basic services to their properties. There is another model to watch here as well: Mark Zuckerberg and his wife could be classified as government donors—with voluntary donations going directly to fund a government service, such as the major rehabilitation of the indigent public hospital in San Francisco and an overhaul of the Newark Public Schools. These gifts are in line with those of billionaires in cities ranging from New York City (like Barry Diller) to Tulsa (George Kaiser) who have funded the creation of major public parks and open spaces. 91 After decades of tax reform that have cut into local public sector revenues, immense budget cuts to local government services will leave cities dependent on finding "a new class of Medicis" to make up the difference. 92 This kind of substitution story will be increasingly important, and scholars, journalists, and policymakers would be wise to give it our attention.

When that attention is duly paid, Detroit should help to set up many of the difficult questions at hand. To co-opt language from a different context, the question is whether the people of Detroit and similar cities should armor, adapt, or retreat. If there were legal or political barriers that a city or state could erect to stand in the way of consolidated private investment in a broke city, would that be a good idea? Given the situation as it stands, I think that it is in the public interest for private investment to succeed in Detroit. There really is no Plan B, and Time Zero (before they came) was a state of humanitarian crisis. But before we get too grateful for the baby steps forward, we should recall the intensification of poverty and wealth that brought us here. While we should rebuild Detroit, we should not forget the poverty and radical inequality that destroyed the city in the first place and continue to define its economy. We should always insist that "a recovery for Detroit" must be measured by economic progress for the city's people, not the city's land. That will require us to invent new ways to make it a legal duty, not a hopeful admonition, to say: with great power comes great responsibility.

^{90.} See Alan Greenblatt, Rex Sinquefield: The Tyrannosaurus Rex of State Politics, GOVERNING (June 2015), http://www.governing.com/topics/politics/gov-rex-sinquefield-missouri.html [http://perma.cc/8REP-D8PU]; Pledges and Contributions \$100,000 and Up, BETTER TOGETHER, http://www.bettertogetherstl.com/donate [http://perma.cc/4VVP-G3HP].

^{91.} David Callahan, Op-Ed, *The Billionaires' Park*, N.Y. TIMES (Nov. 30, 2014), http://www.nytimes.com/2014/12/01/opinion/the-billionaires-park.html [http://perma.cc/BT8S-QKTG].

^{92.} *Id. See generally* Anderson, *supra* note 65.