REVIEW OF REVITALIZATION EFFORTS IN FLINT, MICHIGAN

A RESEARCH PAPER SUBMITTED TO THE GRADUATE SCHOOL IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE MASTERS OF URBAN AND REGIONAL PLANNING

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Introduction

Once a major economic driver in Michigan, the City of Flint faces major financial strain. Flint is located about seventy miles northwest of Detroit, the city more commonly known for being hit hard by downturns in the American auto industry. Like Detroit, the automobile industry has played a tremendous role in Flint’s economy. What makes the city’s economic situation even worse than Detroit’s is that Flint has not only been dependent on the auto industry, it has been almost completely dependent on a single company, General Motors. Because of this dependency and the dramatic decline of General Motors jobs in Flint over the last thirty years, Flint’s economic outlook has become increasingly bleak. Even so, local experts such as Dan Kildee say there are reasons for hope. Kildee is the former Genesee County Treasurer and has been instrumental in the success of a number of recent revitalization efforts in the area. (Charles Stewart Mott Foundation, 2007)

While Flint is no longer the economic powerhouse that it was in its heyday, the city continues to be a major force in Genesee County. Flint is still the home to the largest employer in the county, General Motors. (Genesee Regional Chamber of Commerce, 2009) These and other Flint jobs make up a large portion of the employment in Genesee County. Residents in much of the county are in a better financial position than those within Flint, with an unemployment rate of 14.9% in April 2010, compared with Flint’s unemployment rate of 24.9% in the same month. (Burden, 2010) Based on these
statistics, it seems that much of the labor pool that works in Flint lives outside the city limits.

When cities face financial hardships, they may try any number of programs to bring businesses and revenue back into their economies. These programs can include tax incentives, shopping centers, and even attempts to attract sports teams. (Robertson, 1995) The effectiveness of these programs varies, but the highest performing examples seem to have certain aspects in common. This examination of revitalization efforts in Flint is intended to serve as a guide for future projects in other cities dealing with similar challenges.

The first portion of this paper will review the available literature on the topics covered in the paper. This background should help give the reader an understanding of the problems that Flint and other cities face, and the programs being used to combat them. After this review, I have included an explanation of the methodology behind the evaluation of the different programs used in Flint.

Following the literature review and methodology is a brief overview of Flint’s history. This section will attempt to illustrate the origins of the city’s economic hardships and will give examples of the challenges city officials must address. Flint’s population decline is forcing the city to adapt to its considerably smaller size while trying to remain a center for education, industry, and technology.

Making up the majority of the paper is an analysis of four major revitalization efforts that have been or are being used in Flint. Not all of the efforts have proven successful or could be applied in other cities. I use a set of four criteria to assess and
demonstrate each program’s effectiveness. In each project section, I explain the outcome of the project, why it happened, and how it affected the city.

The closing section of the document contains the overall conclusions that can be drawn from Flint’s experiences with the four efforts described in the paper. This section tries to illustrate which projects were successful in Flint and how they could be used elsewhere. The purpose of this paper is to present the lessons learned in Flint and offer some guidance to other financially challenged cities.
Literature Review

To adequately describe the situation in Flint and the programs used to revitalize the city, I have employed a range of secondary sources. These include books, articles, online articles, and websites belonging to the organizations involved in the programs. The amount of information available on each of the different topics covered in this paper varies considerably, and the detail and depth of each source is similarly divergent.

Review of Literature about Flint’s History and Economy

Literature about Flint’s history and economy is easily found online and in print, with numerous articles and books available on the subject. The Flint Journal’s “Journal of the 20th Century” project examines Flint’s history from 1900-2000. The series consisted of monthly special sections in the Sunday newspaper, and included articles ranging from “Flint car industry’s road was broken in by horse carriages” (Miller, Horseless carriages - The Flint Journal presents: Journal of the 20th Century, 1999) and “Women’s lives changed with wartime mobilization” (Gromak, 1999) to “Litany of troubles left Flint’s foundations cracked” (Miller, 1980s rough for Flint - The Flint Journal Presents: Journal of the 20th Century, 1999) and “Onetime 'Vehicle City' becoming spoke of a larger wheel.” (Johnston, 1999) These articles show the city’s dependence on the auto industry and its effect on the economy of the city and its surroundings.

Flint’s economic dependence on General Motors is described in detail in Steven Rushen’s “Fluctuations and Downturns in a ‘Company Town.’” The article states that
“With a large portion of its job base concentrated in a single manufacturing industry, Flint lacked the economic diversity of other major cities. This lack of diversity made Flint especially vulnerable… Flint had no other industries to fall back on.” (Rushen, 1995) This lack of diversity combined with a sharp downturn in production by American automakers. “The decline of Detroit,” an article about the decline of American automakers, stated that “While it was inevitable they would eventually lose their monopoly position, their failure to adapt their production methods and meet changing consumer tastes has accelerated their decline.” (Schifferes, 2007)

While many articles report bad economic news in Flint, some recent events show signs of hope in the city. The renovation and conversion of the Durant Hotel into apartments has proponents of the downtown excited. The hotel was built in 1920 and has been vacant since 1973. In “Stylish apartments revealed in peek into renovated Durant building,” the writer states that the renovations to the eight story building will include 93 apartments, a parking garage, and six storefronts. The renovations have been funded through federal and state tax breaks, Brownfield redevelopment incentives, a grant from the Charles Stewart Mott Foundation, and private investment from developers. (AlHajal, 2010) Articles in the Chicago Sun-Times and the New York Times describe the strong drive of Flint residents to rebuild their city, both mentioning Carriage Town as a neighborhood that is improving through the hard work of both long-term and new residents. In “Faded Glory: Polishing Flint’s Jewels,” Gordon Young writes, “In a city that is synonymous with faded American industrial and automotive power, Carriage Town’s success is both unexpected and inspiring.” (Young, 2009) In an article titled “Flint: Solid as a rock,” the writer states that the new mayor is “trying to attract new
businesses by getting rid of outdated ordinances and streamlining the permit process.”
(Hoekstra, 2009)

**Review of Literature about AutoWorld**

While many revitalization projects have been extensively analyzed and evaluated in print, information about Six Flags: AutoWorld is difficult to find. Other than a few online articles and the personal accounts of Flint residents who remember it, very little information seems to be available. Matt Collins writes that the AutoWorld concept started as a plan to build an Automotive Hall of Fame, and turned into an indoor theme park. According to Collins, “the AutoWorld complex was to be the cornerstone of a downtown revitalization project that included the Hyatt Regency Hotel, Water Street Pavilion, Windmill Place, University of Michigan-Flint, Riverbank Park, and several other developments. (Collins, 2005)

In “They needed more thrill,” John Foren describes some of the different issues that conspired to kill the AutoWorld project. Interviews with people involved in the creation of the project reveal that there were concerns, even before the park opened. The president of the Charles Stewart Mott Foundation, which funded a large portion of the project cost, said “even before construction started, long before the grand opening, he ‘had a bad feeling’ about what the theme park was growing into and he wasn't alone.” Another member of the team said that a major part of the problem was the park’s affiliation with Six Flags, a company associated with thrilling rides, even though there were no such rides at AutoWorld. (Foren, 2009) While articles are scarce, there is enough information available to gain an understanding of the scope of the project, as well as the magnitude of its failure.
Review of Literature about Shrinking Cities and the Genesee County Land Bank

Numerous articles about Flint and other cities trying to cope with economic downturns by shifting their emphasis from growth and expansion toward growing inward and even shrinking city borders have been published online and in print. In “The incredible shrinking city,” Les Christie describes the efforts being made in Youngstown, Ohio to cut back on infrastructure costs by tearing up blighted streets and converting entire blocks to open space. (Christie, 2008) The Genesee County Land Bank Authority is working to help Flint work toward a similar goal. A publication put forth by the Charles Mott Foundation describes the concept behind the Land Bank. The article, called “Genesee County Land Bank: putting property back into productive use,” explains that “a land bank is a public authority created to hold, manage, and develop tax-foreclosed properties.” Land banks have been made possible by changes in state tax laws and are intended to overcome the barriers that often stand in the way of reuse of these foreclosed properties. (Charles Stewart Mott Foundation, 2006)

The Genesee County Land Bank has had tremendous success renovating and bringing properties back to the tax rolls, and according to the article “Mich. Model shows land bank system works,” the $3.5 million spent on the demolition of 400 properties as a part of the Land Bank program has increased the value of the surrounding properties by $112 million. (Chambers, Mich. model shows land bank system works - The Herald Dispatch, 2007) This success has led other cities to try to follow Flint’s example by setting up their own land banks. The article “Land bank top priority in 2009” shows that Huntington, West Virginia has modeled their program after the Genesee County Land
Bank, but has modified it to more closely suit their needs. (Chambers, Land bank top priority in 2009 - The Herald Dispatch, 2008)

**Review of Literature about Economic Impacts of Educational Institutions**

The benefits of universities and higher educational facilities to municipalities have been widely proclaimed. Karin Fisher’s article “The University as Economic Savior” discusses the impact that educational institutions can have on their surrounding cities. She writes that while universities cannot be expected to be the sole economic driver in a successful city, outreach programs where colleges and cities work closely can help with revitalization efforts. Fischer continues, “For the partnerships to work, all the parties – the university, elected officials, and business – need to have similar goals.” (Fischer, 2006)

Flint’s universities contribute to the local economy in different ways. Kettering University’s Science and Technology Incubator will provide startup space and “support scientific and technologically-based 'start-up' companies that need dedicated laboratory space during their first three or four years.” (Mroczek, Breaking ground for innovation - News Article - Kettering University, 2007) The University of Michigan-Flint is growing and spending money in the community. In 2008, the university opened its first residence hall, providing housing for 310 students on campus. (Bach, University of Michigan-Flint student housing is success, now leaders look toward phase two | MLive.com, 2009) UM-Flint’s 2008 enrollment surpassed all previous records, reaching a total of 7,260. This represented a 5.5% overall increase from 2007, with a 45.2% increase in the size of the freshman class. (Morrison, 2008)
are playing an increasingly important role in the economic future of Flint, especially as other economic sectors experience downturns.

**Review of Literature about Tax Abatements**

Tax abatements and their effects on local economies have been the topic of many articles. Often, these articles excitedly report that tax breaks are either spurring new business or encouraging companies to reinvest in a city or region. An article titled, “Tax Breaks Approved for 10 Michigan Projects” reports that a range of companies will receive tax breaks for planned investments throughout the state, with projects ranging from reinvestment in manufacturing facilities to expansions of information technology companies. The tax breaks are expected to generate thousands of jobs and millions of dollars in private investment. (The Associated Press, 2010)

Balancing these positive articles are studies claiming that tax abatements are not the positive economic force that local leaders are looking for. In a policy brief on Michigan Public Act 198 Industrial Facilities Tax Abatement program by the Land Policy Institute at Michigan State University, Gary Sands and Laura Reese report that “overall, there appears to be little relationship between abatements granted and improvements in local economic health.” The report shows that under the current system, few guidelines are in place regarding the performance of the companies who receive tax abatements and municipalities seldom reject requests for abatements. The authors state that tightening the requirements placed on companies that receive tax abatements, closely monitoring the performance of these companies, and limiting abatements to companies who are bringing new jobs to the area could improve effectiveness of tax abatements. (Reese, 2007)
Demonstrating that tax abatements do not always work as intended, an article stating that a number of companies with investment plans that qualified for Michigan tax credits have not created enough jobs to collect on the credits. This *Flint Journal* article, “Some companies granted MEGA tax credits haven't created enough jobs to cash in on incentives” laments the lack of job creation in Flint that was promised by politicians and company representatives. (Longley, 2010)

Conclusions

The articles and information available about the City of Flint paint a clear picture of a city whose economic strength has risen and fallen dramatically with the fortunes of the auto industry, specifically General Motors. The city is struggling to reinvent itself as a contender in an ever-changing global economy that is less and less based on the manufacturing sector. Recent articles show that while Flint has plenty of room for improvement, there are signs of hope.

While there are numerous sources describing each of the types of revitalization efforts used in Flint, there does not appear to be any studies comparing the different types of investment strategies. This paper will attempt to fill that void with a side-by-side review of the success or failure of each effort to revitalize the city.
Methodology

In order to evaluate the success of revitalization efforts in Flint, I used a two-pronged approach. First, I employed secondary sources to gain an understanding of the city’s history and discover the details of four examples of investment in Flint. The second part of the analysis is a discussion of four criteria-based scores I have given each of the investment strategies.

The first investment strategy I have examined is city-driven major capital projects intended as economic catalysts. AutoWorld, located at the edge of downtown Flint, was a theme park that was intended to be the cornerstone of a downtown revitalization project that included retail space, hotel accommodations, and a riverfront park. (Collins, 2005) This project is significant because cities often try to use government-subsidized development projects to combat blight or to jumpstart economic revitalization. (Robertson, 1995) The success of this tactic varies, but lessons can be learned from the outcome of the AutoWorld project.

The second approach to revitalizing Flint’s economy covered in the paper is educational investment. This section describes the effect that University of Michigan-Flint and Kettering University have had on the city. The universities play a tremendous role in downtown Flint and its surroundings. (University of Michigan-Flint, 2010) Universities are typically major sources of employment and often have the financial capacity to work with municipalities and local organizations to bring new hope to economically depressed neighborhoods.
The third example discussed is the movement toward focusing a municipality’s efforts on improving internally, rather than on expansion. The Genesee County Land Bank Authority, which has had a substantial impact on Flint and Genesee County, is an example of this type of program. The land bank takes tax-foreclosed properties in Flint and works to return them to productive use through a variety of reinvestment programs. (Harvard University Kennedy School of Government, 2010) Having a system in place to deal with abandoned housing and infrastructure is growing increasingly important, especially in cities that have traditionally been based on manufacturing industries but have been faced with plant closings. Flint and other Rust Belt cities seem to have been hit hardest by the loss of manufacturing jobs, but acknowledging that the cities will change may be the first step to recovery.

Tax abatements and incentives available to cities like Flint are the fourth and final effort discussed in the paper. Governments often use these in the hope of attracting businesses that might otherwise find locate elsewhere. (Middleton, 2001) This section attempts to assess their effectiveness in Flint and determine whether they could be useful in other cities. Tax abatements are significant because cities all over the country use them in an effort to attract businesses and manufacturers, creating significant competition and often causing cities to make concessions that may be greater than the additional income generated by new business. (Schneider, 2007)

Each project or program is analyzed at the end of its section using the same four criteria. The analysis presented is based on each specific project as it was executed in Flint, and does not reflect the ideal situation or how a similar project might be executed in another city. This analysis is translated into a score between 1 and 5, with 5 being the
most desirable effect. This numerical scale is not directly translatable to dollar amounts, but attempts to give the reader a relative concept of the project’s success or failure. The scale is explained in charts later in this section. In addition to the four scored criteria, I examined the amount of community involvement in each program. While community involvement is important to a project, it is not easily quantified. Because of this, I have not given it a numerical ranking.

The first criterion examined includes a look at the partnerships involved in the formation or execution of the project. In an article for the Brookings Institution, Christopher Leinberger writes, “a healthy, sustained partnership is crucial to getting the revitalization process off the ground.” (Leinberger, 2005) Projects created without partners often end up lacking funding or expertise when the project proponents realize they are unable to support the project alone. While they do not guarantee success, partnerships and integration with local agencies often help a project stay afloat in the face of adversity. I ranked the partnerships for each project by examining the strength of the bonds between partners, the relevant project experience of each partner, and whether or not the partnerships were able to survive through the project’s timeline. Projects with strong partnerships with experts ranked highest, while projects created without partnerships ranked lowest.

<table>
<thead>
<tr>
<th>Partnerships</th>
<th>Explanation</th>
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<tbody>
<tr>
<td>Ranking</td>
<td>Explanation</td>
</tr>
<tr>
<td>5</td>
<td>Project involved strong partnerships between parties with significant experience with similar projects.</td>
</tr>
<tr>
<td>4</td>
<td>Project involved partnerships between parties with some experience.</td>
</tr>
<tr>
<td>3</td>
<td>Project involved partnerships between parties with little or no experience.</td>
</tr>
<tr>
<td>2</td>
<td>Project involved weak partnerships with little or no experience.</td>
</tr>
<tr>
<td>1</td>
<td>Project carried out without partnerships.</td>
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</table>
The second measure is an analysis of the amount of private investment produced as a result of the endeavor, especially in comparison to the returns that the project members expected. More specifically, this portion of the matrix attempts to evaluate how much money the program brought or continues to bring to the community. This is an important factor to consider because one of the major goals of all of the projects is to spur investment. Projects that resulted in strong investment are ranked highest, while projects that did not generate private investment are ranked lowest.

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Explanation</th>
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<tbody>
<tr>
<td>5</td>
<td>Project generated/generates strong private investment that was/is considerably more than expected.</td>
</tr>
<tr>
<td>4</td>
<td>Project generated/generates more private investment than was/is more than expected.</td>
</tr>
<tr>
<td>3</td>
<td>Project generated/generates expected amount of investment.</td>
</tr>
<tr>
<td>2</td>
<td>Project generated/generates less investment than anticipated.</td>
</tr>
<tr>
<td>1</td>
<td>Project generated considerably less investment than anticipated.</td>
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</tbody>
</table>

The economic impact of the program is the third standard, measuring the project’s overall effect on the city’s economy. This measure might seem somewhat subjective, but the ultimate goal of each of these projects is to improve the city’s economic situation, and some efforts are more effective than others. Some projects may bring strong initial capital investment, but the overall long-term impact on the city may not be positive. This evaluation focuses on these long-term effects. Projects that have had a strong positive economic impact on the city are highly ranked; projects that have had a negative impact are ranked lowest, while those that had little or no effect fall in between.
The fourth and final factor in the analysis looks at the sustainability of the project. It examines whether or not the city has been able or will be able to successfully maintain the program, and if it will be economically viable in the future. In many cases, government programs rely on temporary funding streams that dry up, effectively killing the program. Ideally, a program will be able to sustain itself and somehow generate its own funding to remain viable. If a program is not productive for the long term, it may not have the positive effect on the city it was intended to have. Projects that are still generating money for the city rank highly, while those that were short-lived rank the lowest.

<table>
<thead>
<tr>
<th>Economic Impact</th>
<th>Explanation</th>
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<tbody>
<tr>
<td>5</td>
<td>Project had a strong positive economic impact on the community.</td>
</tr>
<tr>
<td>4</td>
<td>Project had a slight positive impact on the community.</td>
</tr>
<tr>
<td>3</td>
<td>Project seemed to have no measurable economic impact.</td>
</tr>
<tr>
<td>2</td>
<td>Project had a slight negative impact on the community.</td>
</tr>
<tr>
<td>1</td>
<td>Project had a strong negative impact on the community.</td>
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<table>
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<tr>
<th>Project Sustainability</th>
<th>Explanation</th>
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<tbody>
<tr>
<td>5</td>
<td>Project is still generating money and is likely to continue into the future.</td>
</tr>
<tr>
<td>4</td>
<td>Project had a lasting positive impact.</td>
</tr>
<tr>
<td>3</td>
<td>Project had a short positive impact, but did not last long.</td>
</tr>
<tr>
<td>2</td>
<td>Project was short lived, and had little to no positive impact.</td>
</tr>
<tr>
<td>1</td>
<td>Project ended too soon to have any positive impact.</td>
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History of Flint

Early History

Fur trader Jacob Smith founded Flint, Michigan in 1819. The village grew and prospered as a convenient stopping point between Detroit and Saginaw. In 1855, the city was officially incorporated with a population of 2,000. Thirty years later, the city had grown to 8,000 people, and carriage businesses were thriving in Flint. (Jaeger, 2008) Automobiles started to replace horse-drawn carriages toward the end of the 1800s, and Flint became a major part of the growing auto industry. The city continued to grow and reached a population of 13,000 by 1900, 45 years after its incorporation. (Miller, Beginning of the 20th Century - The Flint Journal presents: Journal of the 20th Century, 1999)

During the early 1900s, the auto industry took root and began to flourish in Flint. In 1908, William Durant founded General Motors, which later became the primary employer in the city. Numerous automotive companies sprang up during this time period, not only building vehicles, but also making other auto-related products. The influx of industry helped the city grow and prosper. Flint’s downtown became home to theaters, social groups, and upscale hotels. Since the advent of the auto industry, Flint’s economy has been dominated by it. (Beckley, 2005)

Major Growth

Flint played a major role in the war effort for both World Wars. In 1942, General Motors converted all of its auto factories and used them to build tanks and other military
vehicles and apparatus. (Miller, Area key to victory - The Flint Journal presents: Journal of the 20th Century, 1999) These factories employed a great many people, including a large number of women who were left at home when their husbands went off to war. After World War II ended, soldiers came home and moved from the city to the suburbs, aided by federal grants designed to give each soldier a home and a piece of land. This required new transportation to get them to their homes. As a result, auto sales skyrocketed. As this trend continued, a growing number of people moved farther away from city centers. (Gromak, War ends - The Flint Journal presents: Journal of the 20th Century, 1999)

General Motors became the number one auto manufacturer, with many of its factories located in Flint. As General Motors’ job numbers grew, so did Flint’s population. In fact, a master plan created in 1965 for the city projected that Flint would reach 250,000 people. At the time, the city contained around 190,000 and General Motors employed around 80,000. (Gilotti, 2007) The city’s population peaked at around 200,000, never achieving these expectations.

The End of an Era

A number of factors worked together to cause major trouble for American automakers. Their near-monopoly of the automobile market led to complacency in design and technology. In addition, the automakers relied on a cost structure that focused on profits from larger, more costly vehicles rather than smaller, more efficient vehicles. This focus on profit over quality allowed lower cost, lower profit imported vehicles to start making inroads into the market. In the meantime, American vehicles grew larger,
heavier, and more expensive with little emphasis on technological progress. (Schifferes, 2007)

The oil crisis of 1973 made Americans painfully aware of their dependence on the automobile. The cost of gasoline reached record highs and influenced the spending decisions of American families, and many made the move away from the larger gas-guzzling vehicles produced by General Motors in favor of smaller Japanese cars. In time, Japanese auto companies began assembling cars in the U.S. to avoid steep tariffs placed on imported vehicles. The Japanese plants employed American workers, but were located in cities where the UAW did not have a presence, rather than in Flint or other cities where the UAW was strong. General Motors remained the largest employer in Flint, but fears of plant closings began to build. (Miller, Oil embargo - The Flint Journal presents: Journal of the 20th Century, 1999)

Flint officials tried desperately to stave off disaster as General Motors looked to cut expenses. To keep General Motors from leaving, they offered tax incentives on construction of new facilities. (Kerson, 1988) City officials worked with private firms and with former GM executives to plan and build Six Flags: AutoWorld to revitalize downtown Flint. The project also included retail and hotel space in an effort to promote tourism and try to attract conventions. AutoWorld opened in 1984, but only lasted about six continuous months. The other portions of the project were unable to sustain themselves and closed in the following years. (Collins, 2005)

General Motors closed plants, putting increasing numbers of Flint residents out of work. Unemployed workers often voluntarily abandoned their homes in search of work in other areas or were forced to leave due to foreclosure. One abandoned home in a
neighborhood would turn into many, and soon Flint was plagued with vacant housing. When the Buick City plant closed in 1999, the number of Flint workers employed by General Motors dropped significantly. At the same time, GM moved the Buick division headquarters to its corporate headquarters in Detroit. GM is still a major employer in Flint and Genesee County, but its numbers dwindled from the high near 80,000 to around 20,000 by the year 2000. (Bradsher, 1997) A large portion of this drop occurred from 1990 to 2000. In 1990, General Motors employed nearly 49,000 people. (Miller, Cars gone, but still trucking - The Flint Journal presents: Journal of the 20th Century, 1999)

**Current Situation**

With fewer automotive jobs than any time since the Great Depression, during which GM employment dropped below 17,000 jobs, (Crawford, 1999) the City of Flint is struggling to reinvent itself. The city has been dependent on the auto industry for decades, but is having some success attracting new businesses to the area. The University of Michigan-Flint and Kettering University both are working to increase their enrollment and bring students and faculty to Flint. (University of Michigan-Flint, 2010) The Genesee County Land Bank Authority has been given the responsibility of returning vacant properties to active use and removing the blight caused by housing abandonment in Flint. (The Genesee County Land Bank, 2004) The land bank is also working to demolish houses that are not suitable for rehabilitation, often returning entire blocks to nature. The federal government has created a number of tax incentive programs to help cities and states entice companies to create jobs. The State of Michigan has created “Renaissance Zones” in Flint and other depressed cities in an effort to make locating businesses in these cities more attractive, and a rewriting of the Michigan Brownfield Act
has allowed Tax Increment Financing to be used as a tool in cleaning up properties with possible environmental problems. (Citizens Research Council of Michigan, 2006)

These and other efforts have had an impressive effect on Flint, and have begun to revitalize the city. Businesses are taking advantage of the large student population downtown that has been expanding from investment by UM-Flint and Kettering University. Historic buildings are being renovated and reused for housing, retail, and office space. (Fonger, 2008) The Genesee County Land Bank Authority is located in a renovated building downtown, and businesses are renovating other buildings downtown for their headquarters. The future of the city is improving with each new business that makes Flint its home.
AutoWorld

Background

Discussions began in the late 1970s between community leaders and private investors to find ways to revitalize downtown Flint. These talks focused on the automobile. The leaders wanted to celebrate the city’s history as “Vehicle City” while bringing tourists and investment back to town, as well as spark new interest in American automobiles. The new venture was to be the anchor of a major downtown revitalization project, which included the Hyatt Regency Hotel, Water Street Pavilion, Windmill Place, University of Michigan – Flint, Riverbank Park, along with other developments. (Collins, 2005)

The image to the right is one of the construction drawings of the interior of the AutoWorld complex.
After years of planning and fundraising, Six Flags: AutoWorld opened July 4th, 1984 to tremendous fanfare and excitement. On opening day, 7,200 people visited AutoWorld to see the exhibits and enjoy the rides. The park’s construction was mostly funded by private investors, but the public paid a considerable part of the bill. The price tag reached over $70 million (some estimates are as high as $100 million), with state and local government funding at least 25% (some say 50%) of the cost. City officials believed that the investment would pay for itself in short order. (Collins, 2005)

Proponents of AutoWorld projected that over 900,000 people each year would visit the park. This goal translates to just under 2,500 people per day, which seems
modest when compared with the 8,400 average visitors per day at Cedar Point, a thrill ride theme park in Sandusky, Ohio. (Niles, 2007) Unlike Cedar Point, AutoWorld was entirely indoors and had a historical theme that celebrated the automobile as well as the history of the City of Flint. The park was home to the world’s largest indoor Ferris wheel, an IMAX theater, and a restored historic carousel from the early 1900s. (ThemeParkTravel.net, 2005)

**What Happened**

While AutoWorld tried to be both a museum and a theme park, it succeeded at neither. Six Flags is traditionally an amusement park company, so visitors to the park expected thrilling rides, but found none. These unfulfilled expectations, and the fact that the historical information presented in the rides was not likely to change meant that there were few reasons to return to the park. (Foren, 2009) Another problem with the park was its location. Instead of being easily accessible from a main highway, the entrances to park were on I-475, difficult to reach. I-475 is a business loop that most travelers do not use as they pass through Flint. (Collins, 2005)

AutoWorld’s attendance was never as high as the projections used by investors to predict the return on their investment. After six months, the park ceased continuous operation. After a year, Six Flags withdrew from the operation completely. The park was open for short spurts in 1985 and 1986, and was available for private functions until it was razed to the ground in 1997. (Kleeman, 1999) The park’s former location is now owned by University of Michigan-Flint and is home to a parking lot and an academic building. (Economicexpert.com, 2010)
Similar Programs

Other cities have used similar investment strategies in an effort to revitalize their downtowns. Lansing, Michigan is home to Cooley Law School Stadium, the home of the Lansing Lugnuts, a minor-league baseball team affiliated with the Toronto Blue Jays. Originally named Oldsmobile Park, construction of the stadium began in 1995 and completed in 1996. (Lansing Entertainment & Public Facilities Authority, 2009) The park is located downtown, and has been the focus of a rejuvenation effort to turn the area into an entertainment district. A mixed development named The Stadium District that includes housing, office, and retail space broke ground September 8, 2006 and opened May 1, 2008. (Gillespie Group, 2008) The area has attracted new businesses and residents, with night-life touted as a major factor in the district’s resurgence. (Steele, 2008)

Evaluation of AutoWorld

Partnerships – 4

AutoWorld was created through partnerships with the Mott Foundation, city and county officials, and with private investors. The partners coordinated with Six Flags in an effort to bring park experience into the mix, but AutoWorld’s association with Six Flags may have contributed to its downfall. The project’s partners could not agree on a format for the park, and ended up building something that ultimately did not meet any of the partners’ expectations.

Private Investment – 2

AutoWorld was created as part of a larger downtown reinvestment project that included a shopping center, hotels, parks, and growth of University of Michigan-Flint.
There was tremendous capital investment at the beginning to create the projects, but of these, only UM-Flint is still having a major positive impact in the community. The project did not spur the growth that its proponents predicted.

**Economic Impact – 1**

Instead of having a tremendous positive impact in downtown Flint, the park failed, leaving the city with a massive building that it had to pay to demolish before it could even get rid of the property. The city and the taxpayers of Flint paid millions of dollars for little or no return.

**Sustainability – 1**

Because it was unable to attract many visitors, the park did not last a continuous year and the park never made a profit. This lack of profit drove the park into the ground, and made operations completely unsustainable.

**Community Involvement and Support**

AutoWorld had strong initial political and financial support of community leaders and the Mott Foundation (based in Flint), who contributed their time and money to getting the park open. There was also initial excitement on the part of Flint residents, who hoped for a positive change for their community. However, once it became clear that the park would not even come close to achieving the goals its creators had set, public support waned quickly. It is difficult to even find information on AutoWorld, and it seems like those that were involved in the project do not want to be associated with it.
Educational Investment in Flint

Background

The City of Flint has been home to higher educational institutions for nearly 90 years. In 1919, The School of Automotive Trades opened to train engineering and management personnel for the growing automotive industry, which had taken root in Flint. In 1923, the school became the Flint Institute of Technology, and started a four-year cooperative education program, which attracted over 600 students. In 1926, General Motors took over the Institute to use the facility to develop its own engineers and managers and renamed it General Motors Institute. In 1982, General Motors relinquished control, and the school changed its name to GMI Engineering and Management Institute. In 1998, GMI became Kettering University. (Kettering University, 2010) Kettering is a highly ranked in engineering, and was ranked #1 in Industrial and Manufacturing Engineering and #2 in Mechanical Engineering in the Undergraduate Engineering school category in the 2010 edition of "America's Best Colleges Guide." (Mroczek, 'America's Best Colleges' - News Article - Kettering University, 2009)

The University of Michigan-Flint started as a two-year senior college in 1956. It was known as Flint College and was operated by the University of Michigan. In time, the Flint Board of Education asked the University of Michigan to expand the curriculum at Flint College to four years. In 1965, Flint College became the first four-year University of Michigan program outside of Ann Arbor. In 1971, the Flint College became University of Michigan-Flint. The school has continued to grow, and now offers over 100 undergraduate and 27 graduate programs. (University of Michigan-Flint, 2010)
**Kettering University Contributions**

Kettering University is a tremendous asset to the City of Flint. Their highly ranked engineering programs bring ambitious engineering students to the area. These students participate in work co-op programs in the area and around the world. Kettering students are required to have professional experience in their field of study, so they often contribute to the workforce in Genesee County. (Kettering University, 2010)

In addition to its co-op programs, Kettering has a large research component. Kettering’s research capacity feeds industry and invites investment from many sources, private and public. (Kettering University, 2010) In October 2007 the university broke ground on the Kettering University Science and Technology Incubator Building. The 12,000 square foot facility “will support scientific and technologically-based 'start-up' companies that need dedicated laboratory space during their first three or four years," according to Kettering President Stan Liberty. The $2.7 million was funded by the U.S. Department of Commerce, the State of Michigan, and the C.S. Mott Foundation. Tenants of the building are likely to remain located in the Flint area, and should help return some of the lost jobs to the city. (Mroczek, Breaking ground for innovation - News Article - Kettering University, 2007)

In July 2004, Kettering opened the C.S. Mott Engineering and Science Center. The building costs were funded by federal and state grants, as well as major contributions from private investors. In this facility, fuel cell research and power train integration research laboratories help advance the university’s reputation as a technology leader. The ability to explore new technologies brings hope to the Flint area in the face of a
dwindling automotive economy. (Kettering University, 2010)

**University of Michigan-Flint Contributions**

The University of Michigan-Flint’s contributions focus more on building a community where students feel comfortable downtown. Over the past few decades, UM-Flint has purchased land and buildings to expand its campus. The school has renovated existing buildings and built new buildings as it has grown, bringing new life to a tired and deserted downtown. The influx of students and faculty to the area has helped local businesses grow. The university’s student union and many other buildings help brighten the banks of the Flint River. (See map next page)
The University of Michigan-Flint continues to expand its facilities. In April 2007, the Board of Regents approved UM-Flint’s first residence hall. The facility was completed in time for the Fall 2008 semester. The building is around 100,000 square feet and will house 310 students. Students are able to choose from one, two, and four-bedroom living spaces. The $21.3 million building is part of a move to expand the university’s enrollment from 6,500 to 8,000 by 2010 and bring more students downtown. The funding was provided by university resources, private gifts, and grants. (University of Michigan-Flint, 2009) (Bach, University of Michigan-Flint resident students from out of state assess college night life in downtown Flint; Businesses expand hours | MLive.com, 2008)

**Benefits to Flint**

Having well-respected universities in a city has many advantages. The influx of money from the institutions themselves can help keep a city alive, especially if the city works with the universities to create outreach programs to get the schools involved with the city’s economy. (Fischer, 2006) In Flint’s case, UM-Flint and Kettering University
have shown a strong interest in helping the city rebuild after its loss of automotive jobs. Students who attend a university spend money in its city, and may stay there to continue their adult lives if they feel the opportunity is available. Kettering’s co-op program gets students involved in the local economy and can provide opportunities for students to stay in town. UM-Flint’s effort to build and renovate buildings downtown has helped revitalize the area and has brought additional investment from companies wishing to do business with university students and faculty.

Another benefit of having universities in town is the number of people they employ. Universities provide entry-level jobs as well as higher-paying faculty positions. This range of employees helps natives find employment and also attracts higher-income residents, especially if they are able to find suitable housing near the school. As the universities grow, so does their positive impact on local businesses and restaurants. Finally, universities often provide cultural opportunities for all area residents at a discounted cost. If these opportunities are located downtown, they can attract people who would not normally venture into the city. (Gopal, 2008)

**Similar Programs**

St. Mary’s University in San Antonio, Texas began a multi-phase project in 2007 to revitalize its surrounding neighborhoods. The project is intended to help the university become more actively involved in community outreach and work with its neighbors to beautify the area. (St. Mary's University, 2010) By working with the University Park Neighborhood Association, St. Mary’s University leaders hope to improve not only the housing situation, but also the commercial environment. They hope to create vitality within the neighborhood by attracting businesses to serve residents and hope that an
increase in homeownership will follow as the area becomes a more appealing place to live. (Welch, 2008) As a part of this program, St. Mary’s University received a grant for nearly $600,000 to establish what it’s calling a “One Stop Neighborhood Revitalization Center.” The center is intended to “deliver services to area residents and businesses that promote affordable homeownership, business technical assistance and loans, fair housing counseling, and emergency mortgage and utility assistance.” (Office of University Partnerships, 2009)

**Evaluation of Educational Investment in Flint**

**Partnerships – 5**

UM-Flint and Kettering University have formed partnerships with many different foundations, with the city, with developers, with local businesses, and with government agencies to grow and prosper in Flint. These partnerships bring money and talent to projects in the city as well as foster cooperation toward the common goal of a better Flint.

**Private Investment – 5**

University of Michigan-Flint and Kettering University have both spurred tremendous investment. The Mott Foundation has spent millions of dollars supporting university efforts to bring students downtown and bring technology and business back to Flint. In addition, alumni and other private investors spend money to support the schools. Finally, the positive changes to downtown from the renovation and construction of buildings has inspired business owners to locate downtown near UM-Flint.
Economic Impact – 5

The universities bring money into the city in the form of grants, endowments, and donations. They also provide high-paying jobs and attract new residents to the area. Because of their location near the city center, students from the universities are likely to spend money and live downtown and take an interest in what goes on there.

Sustainability – 5

Both universities are expanding their curriculum and intend to grow in enrollment. By planning for growth in advance and evaluating the best ways to effect change in the community and attract new students, they will be able to remain key stakeholders in the City of Flint’s future.

Community Involvement and Support

UM-Flint and Kettering University play active roles in the community and work to bring people together to improve the city. They sponsor outreach programs to involve local citizens and hold events to bring university students and faculty together with members of the community.
Genesee County Land Bank Authority

Background

The City of Flint has a tremendous number of abandoned houses and vacant lots. In 1970, the population had reached 193,000 and General Motors provided around 80,000 jobs. As the auto industry declined and the people of Flint lost their jobs, many homes were lost to tax foreclosure and sold to the highest bidder. The homes frequently turned into rental properties, were not maintained, and eventually were abandoned completely. The abandonment spread to neighboring houses as property values dropped and jobs became harder to find. By 2000, Flint’s population had dropped to 120,000 and there were only around 20,000 GM jobs available. At that point, over 12% of Flint’s housing stock was empty. (Kildee, 2004)

A major reason that abandoned properties were so devastating to the city was the tax foreclosure system itself. In a foreclosure, properties were sold to speculators at tax-lien sales or turned over to the state. This process was lengthy and often took more than five years, during which the property deteriorated until it was no longer suitable for anything but low-end use, such as inexpensive housing owned by absentee landlords. These uses spread to the neighboring properties, leading to wide-spread blight throughout the city. (Gillotti, 2007) In addition, since the lots were usually sold to many different speculators, significant redevelopment was rare because the new owners were not likely to work together. Making matters worse, the system did not allow local officials to intervene on behalf of families facing tax foreclosure. (Kildee, 2004)
Policy Changes

In 1999, Public Act 123 revamped the tax foreclosure process in the state of Michigan. The changes allowed greater control over foreclosed properties at the state level as well as at the county and local levels. In addition, the whole process was accelerated, providing for state or county foreclosure after two years and in some cases after only one year. Under this new system, all properties lost to tax foreclosure are titled to the county or to the state, if the county chooses to pass the responsibility to the state. The new law also provides funding to counties to help them manage foreclosed properties by creating a “Land Reutilization Fund.” Finally, PA 123 allows a county treasurer to postpone foreclosure in cases where the property owner is facing “substantial financial hardship.” These changes to the law made the foreclosure system much more efficient and returned properties to the tax rolls much faster and in better condition than the old system. New owners are more likely to use the properties for higher-end purposes because they are not as deteriorated as they would be if they had sat vacant for a number of years. (The Genesee County Land Bank, 2004) A chart showing the basic changes brought about in PA 123 can be found below.

Breakdown of Changes

<table>
<thead>
<tr>
<th>Former Foreclosure Law</th>
<th>New Tax Law (PA 123 of 1999)</th>
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<tr>
<td>• 4-7 year process</td>
<td>• 1-2 year process</td>
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<tr>
<td>• No clear title</td>
<td>• Clear title judgment</td>
</tr>
<tr>
<td>• Hundreds of owners</td>
<td>• Property titled to county</td>
</tr>
<tr>
<td>• Low-end speculation</td>
<td>• Tax liens eliminated</td>
</tr>
<tr>
<td>• Indiscriminate foreclosure</td>
<td>• Hardship postponements</td>
</tr>
<tr>
<td>• Contagious blight</td>
<td>• Intervention</td>
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</table>
Genesee County’s Reaction

While these changes made the tax foreclosure situation better, Flint was in need of more drastic action. To this end, the Genesee County Land Reutilization Council was established in 2002 to take full advantage of these new land foreclosure laws. This was Michigan’s first land bank and was created with a grant from the C.S. Mott Foundation and was the result of a collaboration of the research of numerous partners, such as the Brookings Institute, the Urban Land Institute, and Local Initiatives Support Corporation, among others. The idea was to find a way to use tax foreclosure as a community development tool. (Gillotti, 2007)

Dan Kildee, the former treasurer for Genesee County, secured a $270,000 grant from the Mott Foundation to pay for the research to design a program to take advantage of the new tax laws. Kildee became the chair of the land bank upon its formation. For the 2002 fiscal year, the Genesee County Board of Commissioners allotted $331,559 from the fee revenue from delinquent taxes to support the program. In addition to this funding, the Mott Foundation agreed to contribute nearly $900,000 in start-up funding over the first three years of the land bank’s operation. The program is now funded with proceeds from the foreclosure process. (Charles Stewart Mott Foundation, 2006)

In 2003, the Michigan legislature created a new land bank law, using Genesee County’s work as a model. PA 258 of 2003, also known as the Land Bank Fast Track Legislation, officially enabled the establishment of land bank authorities. (Gillotti, 2007) Four other acts passed in conjunction with PA 258 provided land banks with ways to generate revenue to be self-sufficient. Land banks were given the authority to use tax-increment financing (available through the Brownfield Redevelopment Act), issue bonds,
and grant tax exemptions on properties sold or held by the land bank for up to five years. In addition to granting exemptions, land banks can impose taxes on properties sold by the land bank, half of which fund the land bank’s costs and half of which is earmarked for the municipality in which the property is located. After the passage of these acts in 2003, the Genesee County Land Reutilization Council became the Genesee County Land Bank Authority (GCLBA). (Kildee, 2004)

The Genesee County Land Bank Authority allows the county to acquire land through tax foreclosure and be more selective about who the land goes to, unlike before, where the land would go to the highest bidder. This process lets the GCLBA guide redevelopment and ensures that the purchaser is someone who will use the land with the community’s interests in mind. The GCLBA provides their services through ten programs: Planning and Outreach, Brownfield Redevelopment, Development, Adopt-a-Lot, Clean and Green, Demolition, Housing Renovation, Sales, Side Lot Transfer and Foreclosure Prevention. The GCLBA uses these programs to plan for the future and make decisions on how to redevelop properties, who to sell them to, and provide ways for the community to get involved in the process. (The Genesee County Land Bank, 2004)

Results

As of October 4, 2007, the GCLBA had demolished 745 homes and rehabilitated 85 others. They had turned nearly 850 vacant properties into green space, gardens, or parks. In addition, 350 properties had been sold to adjacent property owners for use as a side yard through their Side Lot Transfer program. The charge to these new property owners to transfer the land under this program is usually less than $100. The land bank
has also joined forces with developers to build 130 new homes. (Chambers, Mich. model shows land bank system works - The Herald Dispatch, 2007)

A study completed in April 2007 by Michigan State University researchers on the effectiveness of the Genesee County Land Bank Authority showed promising results. They estimate that the $3.5 million dollars spent by the GCLBA to demolish 435 abandoned homes from 2002-2005 created a positive economic impact on property values of more than $112 million. This does not include the impacts of the other programs that the GCLBA has in place. During the time period of the study, the GCLBA sold 275 properties as side lots, and the foreclosure prevention program helped 1,350 homeowners avoid foreclosure. In 2005, the GCLBA’s property sales total was over $1 million and its rental revenue was over $100,000. These impacts are substantial, and will continue to help the City of Flint in the future. (Griswold, 2007)

Similar Programs

Youngstown, Ohio is also coping with a diminished population, mainly from the loss of jobs in the steel industry. To help Youngstown deal with its excess infrastructure and abandoned properties, the city has collaborated with Youngstown State University and local residents to create a citywide plan, called Youngstown 2010. (City of Youngstown, 2010) Rather than trying to create economic growth through development projects, this plan embraces the lack of growth in the city and calls for demolition of abandoned buildings, housing, and streets, returning them to open space. The plan addresses the potential for low-income neighborhoods to be targeted for demolition, and has a stated goal to work to ensure that all city residents have “equal opportunity and access.” Finally, Youngstown leaders want to establish a joint economic development
district with neighboring municipalities in an effort to bring jobs to the entire region. (Mock, 2008)

**Evaluation of Genesee County Land Bank Authority**

**Partnerships – 5**

The GCLBA forms partnerships with many local organizations through its Clean and Green program, works with developers to build new housing, and works with management companies to maintain rental properties. The creation of the land bank was a result of cooperation between local government representatives, the C.S. Mott Foundation, and national institutes.

**Investment – 5**

The Genesee County Land Bank Authority has helped spur investment from private developers as well as individual homeowners who have taken advantage of the opportunities the program offers. When individual properties are enhanced, neighborhoods are improved. This inspires the confidence of investors and increases the likelihood that they will devote time and money to the area.

**Economic Impact – 5**

The GCLBA has made a tremendous positive economic impact on property values in the City of Flint and has increased tax revenues for the city by returning abandoned properties to productive uses much faster than was possible before.

**Sustainability – 5**

One of the major tenets of the GCLBA is that it pays for itself. The program is funded by the sale of rehabilitated properties, which it uses to pay for its costs and to
renovate more properties. The program has grown every year since its inception and is likely to continue to benefit the City of Flint for the foreseeable future.

Community Involvement and Support

The Genesee County Land Bank Authority can only perform well with the support of the community. The GCLBA’s Adopt-a-Lot and Clean and Green programs rely on the involvement of residents and organizations to maintain properties owned by the land bank. These programs have strong support and have helped improve lots throughout the city.
Tax Incentives

Background

Since the decline of the auto industry, the City of Flint has faced many economic challenges. One of the major problems Flint must deal with is a lack of jobs because businesses and corporations are unwilling to locate in the city. This means that local officials must do everything they can to find ways to attract companies to the area.

To help Flint and other economically depressed cities, the federal government and the State of Michigan have developed a number of tax incentives designed to help these cities bring in businesses. The federal and state incentives, combined with incentives and abatements created at the municipality level are used by cities in an effort to retain existing jobs and attract new ones.

Incentives Used in Flint and How They Work

Federal Incentives

The most economically powerful tax incentives that Flint can offer to businesses are those funded at the federal level. Unlike local abatements, which require the municipality to make up the difference between the normal taxes a business would pay and the reduced amount, federal incentives do not place the financial burden on the city. In December 2000, the City of Flint became one of forty Renewal Communities as a part of the 2000 Community Renewal Tax Relief Act, passed by Congress. The act set up a number of business incentives that give tax breaks to companies that wish to expand or locate in qualified communities. As one of the Renewal Communities, Flint is able to
offer these incentives to local businesses as well as companies looking to locate within the city. These incentives include wage credits, increased tax deductions, capital gains reductions, the New Markets Tax Credit, and the Low Income Housing Tax Credit. (U.S. Department of Housing and Urban Development, 2002)

The wage credits offered as a part of Flint’s designation as a Renewal Community include federal tax credits of up to $1,500 per year for existing employees and new hires living in the Renewal Community. Another wage credit is the Work Opportunity Tax Credit, which offers a federal tax credit of up to $2,400 to businesses who hire new employees from groups that traditionally have high unemployment rates or special employment needs. The final wage credit offered as a part of the program is the Welfare to Work Credit, which gives businesses a credit of up to $3,500 for the first year that a newly hired long-term welfare recipient works for them and up to $5,000 for the second year. These wage credits can be a strong attraction for businesses looking for a location, and have the potential to provide jobs for residents of the city because of the restrictions placed on the credits that require that the employees live in the area for the business to be eligible. (U.S. Department of Housing and Urban Development, 2007)

There are three major tax deductions offered as a part of the Renewal Community program. The first is the Commercial Revitalization Deduction, which allows a state to deduct up to $10 million in federal taxes per project for commercial or industrial buildings developed within the community. These deductions are limited to $12 million per year for each state. The next deduction is called the Section 179 Deduction, which allows a qualified business located in a Renewal Community to expense up to $35,000 of additional qualified property acquired each year of the Renewal Community designation.
Finally, Environmental Cleanup Cost Deductions allow to businesses to deduct qualified Brownfield cleanup costs. These deductions can help new businesses overcome initial startup costs, as well as aid existing businesses in covering the cost of expansion. (U.S. Department of Housing and Urban Development, 2002)

The Zero Percent Capital Gains Rate allows the owner of a qualified business operating within a Renewal Community to avoid paying on income from any capital gain from the sale or exchange of the asset. This only applies if the owner acquires the property during the Renewal Community designation time period and holds the property for more than five years. The program attempts to keep businesses in the hands of one owner for longer than five years, which helps maintain a more steady economy. (Department of the Treasury Internal Revenue Service, 2004)

The New Markets Tax Credit allows investors to take advantage of a federal tax credit on 5 to 6 percent of their investment in a distressed area. This attempts to encourage spending in the areas that would not otherwise see much investment. The Low-Income Housing Tax Credit is a similar program, but applies to owners of newly constructed or renovated rental housing in distressed areas. (Department of the Treasury Internal Revenue Service, 2004)

**State and Local Incentives**

Tax incentives and abatements at the state and local level can also be powerful tools in a city’s arsenal. The State of Michigan has a number of programs that allow municipalities to provide tax abatements to keep existing businesses from leaving and to attract new businesses. The Industrial Property Tax Abatement (P.A. 198 of 1974) is available to eligible businesses to help them renovate or expand aging manufacturing
plants or to build new plants. If a business replaces or restores an obsolete plant, a municipality can offer a 100% reduction of property taxes on the improved value of the facility. This reduction can last up to twelve years. A business building a new facility is eligible for up to 50% in tax reductions. (Michigan Economic Development Corporation, 2009)

Michigan Public Act 328 of 1998 allows distressed communities to abate all new personal property taxes in certain geographic areas to spur economic development. These distressed areas include industrial development districts (under P.A. 198), renaissance zones, downtown development districts, and other specified districts. The abatements are available to manufacturing, mining, research and development, wholesale trade, and office operations, but not to retail businesses or casinos. (Michigan Economic Development Corporation, 2010) The Commercial Rehabilitation Act (P.A. 210 of 2005) and the Obsolete Property Rehabilitation Act (P.A. 146 of 2000) are similar in that they both attempt to promote the rehabilitation of commercial buildings in distressed areas. (Michigan Economic Development Corporation, 2010) Cities must establish rehabilitation districts before they can grant tax abatements on property taxes for owners who perform qualified renovations on existing buildings.

A final major program that affects Flint is its involvement in the Renaissance Zone program (P.A. 376 of 1996), which was passed in 1996 and enacted in 1997. Businesses and individuals located within the zone may be eligible for exemptions on their Michigan Single Business Taxes and Education Taxes, as well as local property taxes. Flint has five districts, comprising around 835 acres. The city’s designation as a

**Effectiveness of Tax Incentives**

The effectiveness of tax incentives is not entirely clear. While officials often proclaim that tax incentives attract businesses that would not otherwise locate in a municipality, these incentives can often cost cities more in lost tax revenue than they ultimately gain from the positive impact of a new business. Despite this, cities continue to offer abatements to remain competitive, in the hopes that businesses will locate within their borders and remain there.

Part of the problem is the indiscriminate distribution of tax incentives. Cities and economic development authorities often give tax incentives to companies that do not need them or that would have located in the community without the incentives. The Michigan Economic Growth Authority gives abatements to large Michigan-based corporations that are unlikely to be influenced by the availability of tax incentives. The cities and state budgets are hurt by these abatements, and cities often receive little in return. In addition, cities with larger budgets are able to offer larger tax abatements than more poorly funded cities. This disparity makes the competition for business more difficult for cities with small budgets. In situations like this, tax abatements have the opposite effect that lawmakers intended, and businesses have a tendency to move away from the places that need the most help. (Schneider, 2007)

Another major issue that researchers have found with tax abatement use is the lack of accountability. Communities who grant them rarely check to see if they have been effective or if companies have held up their end of the agreement. Often, tax
abatements are given with the understanding that a company will stay located in the city for a certain number of years and will maintain a certain number of jobs, but the company does not fulfill this promise. There are rarely repercussions when this happens. The city is forced to continue services with a smaller budget and the company enjoys the benefits until the tax abatement period ends. This lack of tax revenue to the city can affect the quality of services it can offer. As a company’s tax breaks come to an end, the company often seeks a new city that can offer abatements or better services. The original city is then left with a smaller budget and little or no positive impact from the company it paid so much to attract. (Reese, 2007)

**Effectiveness in Flint**

Tax incentives have long been given to General Motors in an effort to keep jobs in Flint, but their effectiveness has been disputed. Based on the tax incentives in place between 1980 and 1990, there should have been 70,000 General Motors jobs in Flint in 1990, rather than the 40,000 that were available. (Miller, 1980s rough for Flint - The Flint Journal Presents: Journal of the 20th Century, 1999) Since then, GM jobs have dwindled further, down to just over 9,000 as of March 2008. (Genesee Regional Chamber of Commerce, 2009)

General Motors is certainly not the sole benefactor of the abatements available in Flint. Tax incentives have been offered to other businesses in other industries, such as ParkingCarma, an online company, Azentek, a company that makes in-car computers, and Diplomat Specialty Pharmacy. ParkingCarma and Azentek have not created enough jobs to collect on the incentives. (Longley, 2010)
Evaluation of Tax Incentives

Partnerships – 2

Tax abatements come from a partnership between municipalities, states, and the federal government, but the most important partnership is between the municipality and the business that is locating there. These partnerships can be short-lived, especially when the local government does not have measures in place to ensure that businesses fulfill their end of the tax abatement agreement.

Private Investment – 2

Tax abatements are designed to spur private investment, and they work better in some areas than others. In Flint they seem to have attracted some new businesses to the downtown area and retained some others. Unfortunately, its major employer, General Motors, has cut jobs in Flint dramatically despite significant abatements. Companies often take advantage of the tax breaks, but then leave when the abatement period ends.

Economic Impact – 2

The economic impact of tax abatements is a debated issue. Some argue that they bring jobs to areas that have few of them, but others say that they hurt the city more than they help. The city pays for businesses to provide jobs, but the businesses do not always deliver. In Flint, the overall economic impact seems to be at least slightly negative.

Sustainability – 3

A major argument against tax abatements is their lack of positive long-term effects for cities. Cities like Flint often are forced to offer new abatements to companies when they threaten to leave at the end of abatement periods. General Motors used the tax
abatement program to build new plants and then closed much of their operations when it became more profitable to operate elsewhere.

**Community Involvement and Support**

Tax abatements require the involvement of community officials, and are often supported by citizens who assume that they will bring new jobs to town. There are some who criticize their use because of the negative effects they can have on the funding of government services, such as police protection, roadways, and schools.
Overall Numerical Scoring

This chart shows the scores generated by the four revitalization efforts made in Flint. Educational investment and the Genesee County Land Bank scored highly in all categories. Working closely with local higher education institutions can be greatly beneficial to a city. The land bank model has proven to be an effective means of returning tax-foreclosed properties in Flint to their tax rolls. Tax incentives, which seem to have little or no overall effect on the economic viability of cities, garnered scores that align with that assessment. AutoWorld ranks poorly in three of the four categories, and the high ranking in the Partnerships category is a mixed blessing. The highly experienced partners ended up being inflexible and were ultimately unable to work together toward a common goal.

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<th>AutoWorld</th>
<th>Educational Investment</th>
<th>Land Bank</th>
<th>Tax Incentives</th>
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<tr>
<td>Partnerships</td>
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<td>Private Investment</td>
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<td>Sustainability</td>
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Conclusions

The City of Flint is facing serious economic hardships, but is making progress toward addressing them. The lessons learned in Flint may be a guide for future revitalization efforts for the city and for other cities confronted by similar challenges. The four major programs discussed in this paper are examples of what other cities might consider. What follows is a brief summary of each program and assessment of its applicability to other cities.

Flint’s experience with the AutoWorld revitalization project shows that a considerable amount of market research should be performed before moving forward with a plan. AutoWorld was not the economic stimulus that city officials had hoped for. Placing a theme park on the edge of a depressed downtown area does not seem to be an idea that would be successful anywhere, although the specific content found at AutoWorld may have played a major role in its demise. If cities are to undertake major capital improvement ventures, great care must be taken to ensure that all involved partners have a clear understanding of the project’s goals and the overall project vision. In addition, city leaders should consider why the private sector has not already funded a similar project.

University of Michigan-Flint and Kettering University have been and continue to be major players in the economic status of the city. Their role in the vitality of Flint has shown the power that a university can have in helping a city grow. Flint’s universities are growing and have invested considerable amounts of money into the downtown. Their
presence attracts students and professors who spend money at local businesses. Partnering between municipal officials and university administrators is essential to a healthy relationship that will foster growth for both the city and the university.

The Genesee County Land Bank Authority has proven itself to be a powerful rejuvenating force in Flint and Genesee County. The land bank system takes vacant and foreclosed properties and returns them to productive use much faster than the regular foreclosure system. Before the land bank was established in Genesee County, foreclosed properties often sat vacant for longer than five years, driving down their value and the value of neighboring properties. The success of the GCLBA indicates that other cities facing similar abandonment might be able to bring up property values by following Flint’s example.

Tax incentives and abatements can be beneficial, but are not always the positive economic force that many city officials expect them to be. Because of the competitive nature of tax abatements, the very program intended to attract business often ensures its departure as municipalities work to outdo one another. If the city is responsible for payment of the abated taxes, it often may lose more money than it gains from businesses it may attract. Flint’s use of tax incentives has not provided the city with the level of employment that was anticipated, especially in relation to manufacturing jobs with General Motors. Tax abatements should be used with care, and programs that place the burden on the municipality should be avoided. Another key to success with tax incentives is transparency and working to ensure that businesses provide the expected benefits to the city.
Potential areas for further study include continued observation of the viability of the Genesee County Land Bank and study of programs that follow the land bank model, such as the proposed land bank in Huntington, West Virginia. Also outside the scope of this study is an in-depth look at university-sponsored revitalization projects and community outreach programs. Finally, a study with recommendations on how government agencies can better implement tax incentives may prove to be useful.

This paper has examined revitalization approaches that were used in Flint, Michigan to in an attempt to rejuvenate the city. As has been demonstrated, not all of the programs were successful and not all aspects of the more successful programs can be applied elsewhere. However, lessons learned from their successes and failures provide valuable information for planners of future programs in Flint and in other similar cities.
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