

Our Opinions

The Downtown Plan

Detroit now has the beginnings of a master plan for the downtown area. That's nice, but city Planning Director Corinne Gilb was certainly correct when she observed that there is probably little correlation between having a master plan and a city's economic development. Too often master plans ignore the tides of history and economic forces, rather than recognizing the realities and coming to grips with them.

The Gilb plan appears no worse than most and in some respects a little better. The question raised by the report is the right one: How does Detroit make itself attractive to residents and business? And the report properly observes that the logical place to start is in fixing up the center city. For years, Detroit's development has been hamstrung by a 1960s legacy of political decentralization that resulted in three of every four development dollars being spent in communities and neighborhoods outside the central business district.

By focusing available resources on high-potential areas such as downtown, economic bases can be established that eventually will expand to the city as a whole. Spreading the resources more or less equally throughout the city may be politically easy, but it virtually guarantees that there will be no lasting benefits. Development resources currently are being used as a form of vote-buying and welfare for the businesses with enough muscle and connections to get in on the action.

And making downtown attractive for residential living would spur development of retail shopping, dining establishments, and more intensive use of cultural facilities, all of which would have further growth-creating effects. The Gilb plan sensibly calls for relaxation of zoning regulations to allow for a greater diversity of uses of existing buildings.

But for the most part the plan calls on the city to do what it ought to be doing anyway: keep the streets clean, "continue to maintain the lighting system," and "encourage a high level of maintenance for central business district landscaping."

The report also betrays the planner's

over-ambitious concept of what government is for: "encourage downtown merchants to learn new marketing methods" and "help hotels develop ways to attract patrons during off-peak convention periods." Businessmen don't need the help of city bureaucrats in running their operations, unless of course city policies are structured to further social and political causes rather than economic development. Reading further in the report, that seems to be exactly what Ms. Gilb has in mind. She proposes an array of "targeted" tax incentives that could easily become politicized and handed out to cronies of the mayor and other politicians. The report says they would be used "to reward affirmative action by businesses for women, minorities, and the handicapped."

We're all for cutting the tax burden. But it would be far better to permanently cut the taxes individuals pay than offer "targeted" tax breaks to business. The report doesn't follow the logic of its own conclusion that what's needed downtown are people. Who wants to work or live downtown if it means another big bite out of their paycheck? Why would businesses want to locate downtown if good workers are still fleeing to the suburbs to escape the individual taxes? Entrepreneurs won't bet long-term money on that kind of political risk.

Downtown Detroit never had that much of a downtown. For historical reasons, including the failure of the auto companies to locate their headquarters downtown, Detroit is more like Los Angeles than, say, Chicago or Philadelphia.

But until investors see some basic changes in spending and taxing patterns, which in turn reflect some basic changes in the way Detroit's political structure views the city's problems, we doubt downtown will measure up to even its minimum potential. Just how far Detroit has to go is indicated by what businesses are willing to pay for space downtown: an average of \$12 a square foot. According to a recent survey, office space goes for \$46 a square foot in New York, \$27 in Houston, and \$24 in Cleveland. Surely this is a sign that something more than beautification and a few tax gimmicks are needed if Detroit is serious about improving its prospects.