Following Detroit bankruptcy, billionaires snap up prime real estate

By Kathleen Martin
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Dan Gilbert, billionaire CEO of home mortgage company Quicken Loans and Bedrock Real Estate Services, announced in late August of this year yet another purchase of prime real estate, this time the Book Tower in downtown Detroit.

The Book Tower was designed by Detroit architect Louis Kamper. Construction began in 1923 and was completed in 1926. The 36-story building has seen several different owners since the 1980s, all of whom defaulted on the mortgage, leaving the building unoccupied since its last tenant, Bookie's Tavern, changed its location in 2009.

Gilbert, whose net worth is estimated to be $4.5 billion, now owns over 80 properties in the downtown district, with this latest purchase allowing him to expand his kingdom a bit further west, giving him control over entire city blocks.

While the building itself sold for $30 million, it will reportedly take approximately $140 million total to complete renovations for what Gilbert described to the *Detroit Free Press* as "a game-changing, mixed-use development." Such costs are mere pennies to the billionaire business owner who holds a majority stake in the Cleveland Cavaliers professional basketball team and, through his real estate and investment holding company, Rock Ventures, controls Detroit's Greektown Casino.

Gilbert is currently under federal investigation for mortgage fraud, and is also a member of the Detroit Blight Removal Task Force, which is overseeing the demolition of thousands of abandoned homes in the city.

The bankruptcy of Detroit, which was completed last year under the supervision of an unelected emergency manager, has cleared the way for the restructuring of the city in favor of a parasitic financial elite. The rich have access to buy properties at relatively low cost, only to either turn around and sell for huge profits, or to demolish and make way for the construction of new buildings.

In particular, downtown as well as the Brush Park and the Cass Corridor neighborhoods are all undergoing renovations to "improve" the city. Meanwhile, workers across the city are facing water shutoffs, foreclosure, joblessness and homelessness, which are the direct result of the bankruptcy.

Between Gilbert and billionaire Mike Ilitch, founder of Olympia Entertainment, owner of the Detroit Red Wings and the Detroit Tigers, and founder of Little Caesars Pizza, the vast majority of Detroit's downtown real estate has been snapped up for a song. Gilbert is now focusing on the "rebuilding" of Brush Park while another section of downtown has been parceled off to Ilitch, net worth $4.2 billion.

As reported by the *Detroit News* in July, the Ilitch family purchased the *Michigan Chronicle* building in the city's central Cass Corridor. The *Chronicle* and its parent company will be relocated to a new site.

As per the pizza mogul's usual way of buying property, the building was purchased by an entity linked to an executive at Ilitch Holdings, Inc., which is owned and controlled by the family dynasty. This practice is also employed with shadow companies owned by Gilbert, particularly with the purchase of the Griswold buildings downtown.

While there is reputedly no room in the city budget for the pensions of city workers, or to cover the water bills of impoverished working class residents, thousands of whom have had their water and other utilities shut off, Ilitch received $286 million in public subsidies last year to finance the construction of a new hockey stadium, from which he will receive all revenues. Most of the land grabs that have taken place over the last years are to make way for this stadium. So, while Gilbert will own Brush Park, Ilitch will own a gentrified section of the city that is now being marketed as "Cass Park Village."

Gilbert and Ilitch are not the only wealthy investors looking to help themselves to a piece of the pie.

KC Crain, Executive Vice President of Crain Communications—publisher of *Autoweek* magazine, among others—announced in April this year a $15 million investment in the Brewster-Wheeler recreation center in the Brush Park neighborhood. Others involved in the $37 million project include Schostak Brothers & Co. and Curt Catallo of AdWorks, an advertising company that works with auto giants like Fiat Chrysler.

Brewster-Wheeler, the recreation center where world famous boxer Joe Louis once practiced, had originally been part of the Brewster-Douglass housing projects for impoverished workers, constructed in 1938. They have since been abandoned and demolished. A historic marker on the former site of the Brewster homes gives a sense of life in the area before it was decimated by the process of deindustrialization which has devastated much of the city:

"Between 1910 and 1940 Detroit, Michigan's African-American population increased dramatically. In 1935, First Lady Eleanor Roosevelt broke ground for the Brewster Homes, the nation's first federally funded public housing development for African Americans. The homes opened in 1938 with 701 units. When completed in 1941 there were 941 units bounded by Beaubien, Hastings, Mack and Wilkins Streets. Residents were required to be employed and there were limits on what they could earn. Former residents described Brewster as 'community filled with families that displayed love, respect and concern for everyone in a beautiful, clean and secure neighborhood.' The original Brewster Homes were demolished in 1991 and replaced by 250 townhouses."

Instead of reviving the recreation center for its originally intended purpose, it is being turned into a restaurant and bar, with some space reserved as commercial real estate, a mere 20 percent reserved for low-income housing. The deal also includes an agreement to hire 40 percent of its staff from people living in the city at what is likely to be minimum-wage food service or custodial positions. Detroit residents are told to welcome such pitiful "opportunities."

While the "revival" of Detroit is often touted by the corporate media as being the generous and heroic effort of a caring group of multi-millionaires and billionaires invested in the "comeback" of the city, it is in fact nothing of the sort. The city's landscape, which covers 143 square miles, and is chock full of vacant buildings and cheap property, is coveted by these wealthy vultures as a potential gold mine.

The supposed upswing of the city is based on making it attractive to wealthy layers of the upper-middle class. Constructing bars, restaurants and shopping areas to entice other members of the wealthy elite to invest their money in these opportunistic land grabs is a large part of the plan. Those who are buying up land on the cheap are set to make a killing off of these properties, as well as capitalizing on low labor costs—which they are able to do in large part because of the closing of auto plants which once powered the city and provided decent paying jobs to most of its working class residents.