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Developers Revive Closed Auto Plants

By NICK BUNKLEY

DETROIT — Shuttered auto plants have been a surprising beneficiary of the gloomy economy, with developers buying as many closed plants over the last three years as during the previous 26, according to the first comprehensive study of plants closed by American automakers since 1979.



Helped by lower property values and a rash of closings that suddenly put many more sites on the market, developers have bought 32 properties since 2008. Many have welcomed smaller manufacturers as tenants, while some have been turned into housing developments, offices and research centers. Eight are now schools or colleges, the study found.

Over all, nearly half of the 263 plants that automakers have closed in the United States have been revived in some form, according to the study, which was commissioned by the Labor Department's Office of Recovery for Auto Communities and Workers.

The new developments have helped communities regain considerable tax revenue lost when the plants closed, but only a fraction of the jobs that were lost. Almost three-quarters of the closed plants had been one of their county's top three employers, and nearly one-third had more than 2,000 workers. In contrast, 55 percent of the repurposed sites have or will have fewer than 100 employees, and only 17 percent have or will have more than 800 employees.

“These communities are often defined by these facilities in terms of employment and of their identity, and there's an emotional and psychological benefit” to the new developments, said Jay Williams, executive director of the office.

Mr. Williams said the study could help communities with vacant plants understand which approaches had been successful as well as provide hope that more prosperous times might still be ahead. But he cautioned that with so many closures, bringing in new users was not always feasible and the best use for some sites might ultimately be green space. The study found that 135 former plants remain unused, including 24 that closed more than two decades ago.

“They’re not all going to be repurposed,” he said. “Not every community is going to find a pot of gold at the end of this pathway.”

The study, conducted for the Labor Department by the Center for Automotive Research in Ann Arbor, Mich., found a plant’s location and the local economy significantly influenced its fate after being closed. Sites near the coasts and in the South are cited as having been most successful. All 14 former plants in California and Texas have been repurposed, but in Michigan, the state most affected by closures, only 43 of 105 have been.

The study identified regional cooperation, government financing or incentives, and close proximity to mass transit and other transportation infrastructure as common factors in plants that were redeveloped.

Part of a transmission plant in Batavia, Ohio, that closed in 2008 as part of the Ford Motor Company’s restructuring became a new satellite campus for the University of Cincinnati last year. The college and two manufacturing tenants employ nearly 150 people and occupy about one-quarter of the plant, which had 1,700 workers under Ford. But local officials are happy that the site is creating some jobs rather than staying empty, and they say having multiple, smaller tenants there helps diversify the economy.

“It’s so far succeeded better than we could have hoped for,” said Andy Kuchta, the economic development director for Clermont County, where the plant is located. “It would have been a true blight on the community if it would have sat there abandoned.”

The Ohio plant’s new owner, the Industrial Realty Group, is a firm based in California that specializes in redeveloping closed factories. It has purchased numerous former auto plants, as so many were cast aside in

recent years, and found new, generally smaller tenants, including a beer distributor, a fireworks company and green manufacturers.

“These things are so big that finding a user for the entire building is like finding a needle in a haystack,” said Stuart Lichter, the company’s president.

In many cases, redevelopment has not occurred quickly or easily even with local efforts to move it along. Fifteen years after General Motors closed its minivan plant on the Hudson River in North Tarrytown, N.Y., the 99-acre site about 20 miles from Manhattan remains empty. The village, which even changed its name to Sleepy Hollow to help fill the void left by G.M. with tourists, is hopeful that work on a \$1 billion housing and commercial development could begin next year, after previous plans fell through.

“We’re starting to get back on our feet and not be dependent on General Motors anymore, but our downtown still has a lot of vacant properties,” the village administrator, Anthony Giaccio, said. “It’s been many years that the village has suffered from that.”

The study recommends that the government focus its efforts on regions with numerous closed plants because those regions have more difficulty finding new users. Counties with only one or two closed plants were successful in reviving them nearly twice as often as counties with at least 10 such sites.

In Flint, Mich., the study lists only three of 24 sites abandoned by G.M. since 1979 as having a new use. A specialty pharmacy last year brought hundreds of jobs to the site of the former Fisher Body 1 plant, where workers staged a famous sit-down strike in the 1930s. But across town, the 452-acre former home of G.M.’s sprawling Buick City complex remains deserted.

The Buick City site is among more than 7,000 acres of property owned by the Revitalizing Auto Communities Environmental Response Trust, which a bankruptcy court judge created in March to sell off former G.M. assets. The trust owns 66 buildings totaling 44 million square feet of space in 14 states. Its Web site, racertrust.org, lists 14 properties as fully

or partly sold and three others as under contract with a buyer, though none are in Flint.

“The need in Flint is to have new jobs and employment opportunities, so that industrial corridor is critical for our community’s future,” said the city’s mayor, Dayne Walling, “but we can only do so much to drive investment.”