



Durant on shaky ground

County funds for hotel revival makes some officials uneasy

GENESEE COUNTY

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GENESEE COUNTY - County taxpayers might

end up on the hook for money borrowed to help renovate the Durant Hotel, a \$23-million project that some county commissioners worry might be too much of a gamble.

The Board of Commissioners tentatively scheduled a hearing on the issue for May 8, part of the process to decide whether to put the full faith and credit of the county behind \$7.3 million in new borrowing for the county Brownfield Redevelopment Authority. Bonds would pay for the Durant work and other county Land Bank Authority work.

Land Bank officials have not decided to go forward with the Durant project, but they have been inching in that direction since buying the building in 2005.

County Treasurer Daniel T. Kildee said the Land Bank won't move ahead with the \$23-million renovation, including more than \$4 million in public money, unless the property ends up in the hands of a private, tax-paying developer and officials agree the plan is feasible.

"How much public money is going to go into that building?" asked Commissioner Rose Bogardus, D-Davison. "It's sat there half my life -longer than that. I can't remember the Durant Hotel even having been open.

"I'm concerned about putting that many tax dollars (behind that) building."

Bogardus later said she won't automatically oppose the borrowing proposal, but has questions.

Built in the 1920s, the Durant has been closed for more than three decades despite the efforts of several developers who tried to find a way to reopen and make it profitable.

Kildee has said the eight-story building might be saved by using tax credits, the Land Bank's ability to recapture taxes to pay for up-front renovations and by using brownfield borrowing to pay for some work, including interior demolition, lead paint and asbestos removal and construction of a secure parking area for future tenants.

QUICK TAKE

Durant Hotel project

- Plans call for converting the eight-story, 250-room former hotel into a mixed-use building, including 190 apartments.
- The building would be privately owned but the county would contribute toward the cost of renovation, getting back its investment by recapturing property taxes when the development is returned to the tax rolls.
- The project costs are expected to exceed \$23 million, including more than \$4 million in borrowed public money.
- The county has talked to developers about the project but there hasn't been a final decision about whether to move ahead with it.

Kildee said it's hard to imagine a scenario in which the county's general fund would be at real risk, but its pledge to stand behind the borrowing gives the Brownfield Authority a much lower interest rate on its bonds.

The Land Bank would bear primary responsibility for paying off the borrowing, using funds from fees and the proceeds of the sale of properties it gains through foreclosure. It also recaptures taxes from properties it resells.

Kildee said if the county doesn't do everything it can to redevelop or demolish properties - from single-family houses to the Durant - they will remain as eyesores.

"If it does happen, what we have is an asset ... with significant value," Kildee said. "If the financing doesn't come together ... the public investment will never be made."

Although several commissioners said in a committee meeting last week that they support the Durant effort, Commissioner John Northrup, D-Flint, joined Bogardus in asking questions about the effect of the borrowing on the county.

Controller George Martini told commissioners the new borrowing deserves careful review.

"I have some concerns we're pushing into areas where the county has not gone in the past," Martini said.

Kildee said by not moving into new areas, the county assures itself a steady spiral downward as properties continue to be abandoned, driving down the values of the surrounding neighborhood.

"Our current course is going to result in more and more deterioration," he said.

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