REMAKING

Detroit

DETROIT HAS EXPERIENCED MORE THAN ITS SHARE OF DARK TIMES. NOW, AN INFLUX OF YOUNG ENTREPRENEURS AND INNOVATORS IS WORKING TO SHED A NEW LIGHT ON THE CITY.
By Sheryl James

I T’S A CRUSTY SCENE, all right. Ben Newman stands inside the gutted, long-neglected, and perfectly nondescript building at 1236 Michigan Avenue in Detroit, decked out in serious working garb: goggles, heavy boots, old jeans. Atop a tall ladder, he wields with great determination his power-washing wand, blasting 100-year-old brick walls. It’s dark, it’s loud, it’s wet.

But for Newman, ’06, MUP’10, this is heaven. More specifically, it’s the future site of the Detroit Institute of Bagels, the city’s first maker of real bagels—not those store-bought facsimiles—since, well, who knows when.

In late 2011, Newman and his brother, Dan Newman, ’10, purchased this building, located in the Detroit neighborhood known as Corktown. The area, where Tiger Stadium once stood, is seeing some promising activity—restaurants, coffee shops, and more—and Newman sees great potential here. Like many of the others in the new shops, he’s rehabbing an old hag of a building. Empty for some 40 years, the building’s ugly façade (covering charming old brick) screams 1970s urban renewal.

“The building used to be three stories high,” says Newman, who grew up in the Detroit suburb of Bloomfield Township. “And during the fun times of ‘urban renewal,’ they decided to knock down the buildings on either side of it and leave this as a one-story building. I don’t know why.”

Estimated time of his grand opening? Newman smiles. “Sometime this year?” He disappears back into the gloomy building. His power washer awaits.

NEWMAN IS JUST ONE of an astonishing number of U-M alumni living and working in the city of Detroit. In fact, it’s not unreasonable to say that without all of these graduates, the revival would be less vigorous, at the very least. The enthusiasm of these young alumni and others like them is more than palpable.

Since about 2000, Detroit has experienced a 59 percent increase in the number of college-educated residents under the age of 35, according to a July 2011 article in the New York Times. This follows a decade, from 2000 to 2010, in which Detroit lost a whopping 25 percent of its population, down to about 700,000 residents. Now, companies are moving employees downtown and encouraging them to live in the city.

One renovation project, the historic Madison Theatre building, offers inexpensive rental space for startups. On the third floor, in a spiffy, distinctly 21st century office atmosphere, you’ll find neither cubicles nor three-piece suits. Instead, young people in jeans sit at long, clean, white counters. From the windows, you can see Comerica Park, the Detroit Opera House, and, every so often, the light-rail People Mover swishing by.

Among the U-M alumni staffing these startups are several with Are You a Human and Detroit Venture Partners. DVP Vice President Jacob Cohen, ’04, JD’12, MBA’12, was the first U-M undergrad to
receive the Dare to Dream Grant from the Zell Lurie Institute for Entrepreneurial Studies at the Ross School of Business. He started with DVP, which helps fund startups, in November 2010.

“I started thinking about moving downtown,” he says, “and I realized I had friends who had moved here already. I was just excited about the potential of the city. No other city has the potential to grow as big and as fast as Detroit. It’s a pretty unique experience happening right now.” A report from dice.com, a tech job website, states that, in 2011, Detroit posted the nation’s largest growth in demand for technology professionals.

Cohen’s colleague Jared Stasik, ’05, a DVP associate, grew up in Frankenmuth, Michigan, and since graduating from U-M has lived in Chicago, San Francisco, and Switzerland. “I realized if I’m going to be really happy, I wanted to do something that will have an impact, and not just for me, but for a lot of other people,” he says. He quotes Michigan Gov. Rick Snyder, ’77, MBA’79, JD’82, as saying, “You can be another yuppie in Chicago or come back here to Detroit and really make a difference.” Stasik recently made the ultimate commitment: he bought a home in Indian Village, one of Detroit’s handsome older neighborhoods.

Just a few feet away is the staff of Are You A Human, a company that creates game-based verification systems to authenticate that people are really people when they make online transactions. Several U-M alumni are on the staff, including co-founders Tyler Paxton, MBA’11, and Reid Tatoris, ’04, MBA’11.

“We’re interviewing a bunch of U-M people, and they’re all really interested in what’s going on in Detroit,” says Paxton. “I think three or four years ago, no one would have had any interest. So you’re seeing a kindling, a start of something great.”

Adds Tatoris: “The really fun thing is that the people who are down here are all really passionate about Detroit. And because there is so much to do, there is just immense opportunity and people are open to any crazy, kooky idea you want. ... It’s a blank canvas.”

LESS OF A BLANK CANVAS is an ingrained, negative image of Detroit. Key to any comeback is a correlating change in this image. In his role as vice president of the project management group for the nonprofit Detroit Economic Growth Corporation, Malik Goodwin, ’97, MUP’02, MARCH’02, is seeing this fundamental change.

“The most important factor in this comeback is there seems to be an emerging shift in culture from metro Detroiters about how they feel and communicate to others about their hometown of Detroit. Also, the business, political, and faith-based leaders in metro Detroit have really stepped up to reinforce the importance of civic pride through direct investment in their people, locating their facilities in the city of Detroit, being part of other efforts that help improve quality of life for Detroiter, and Detroit’s global image.”

Ben Newman, the Detroit Institute of Bagels owner, has shed his own negative impression of Detroit as he has transitioned from a typical suburban kid who rarely set foot there to city dweller and entrepreneur. A tour of the city made a great first impression on him. That tour came when he was a student in U-M’s urban planning program; it was merely a bus ride around town for a few
hours, “but it’s one of the best tours I’ve ever been on.” He was amazed at the redevelopment he saw, including in the Corktown neighborhood where he’s located his business. “I started wanting to bring back some of the vacant spaces and put them to use that I value, personally.”

An internship in Detroit followed, and before he knew it, Newman was committed to living in the city. He rents a historic home, but hopes to buy as soon as his business takes off. After all, near-palatial homes are a bargain in many areas. Still, Newman often faces the negative stereotype from those uninhibited to the city.

“Yes, there is crime that takes place in the city,” Newman says. “But it’s not chaos or random.”

A few miles away, in a pair of picturesque little gift shops named City Bird and Nest, siblings Emily and Andy Linn know well the fight-the-stereotype mantra. Their shops and their lives are dedicated to it, you might say. Located in Detroit’s Midtown, City Bird sells housewares, accessories, paper goods, apparel, and jewelry by 200 artists from Detroit and other Rust Belt cities, featuring a line of Detroit-themed items. Nest, right next door, sells housewares, gifts, and provisions. The stores grew out of the artistic talents of Emily and Andy. Several years ago, they developed a line of Detroit-themed products and began selling them on a website called City Bird. There was a market for Detroit-pride products, Emily says.

Emily, ’00, Andy, ’06, and their brother, Rob, ’09, MUP’11, know Detroit inside and out because they grew up there. In fact, their mother’s side of the family goes back seven generations. Today, all three Linns embrace their roles as hometown kids. Rob works as a data analyst for Data Driven Detroit, a nonprofit data analysis and data mapping outfit set up to help people who want to locate in the city.

Both Emily and Andy own homes in the city, and Rob and Andy purchased a third home during a land auction, which they plan to renovate and rent out. In fact, they tentatively are planning to establish a real estate company for the purpose of buying and renovating more such homes.

The Linns have met other retailers in the area who shared their affection for Detroit. One woman started a group for new and aspiring business owners, “which was really inspiring for us. A lot of connections were made. Each month’s meeting has a theme, but it was more about meeting people and getting resources.”

This kind of mutual support, the reasonable rent, and the dearth of large chain stores has rendered opening City Bird and Nest more exciting than risky. As all three Linns have labored and learned, they’ve noticed some changes around them. For instance, when Emily graduated in 2000, only one friend she knew moved to Detroit with her. By the time Rob graduated nine years later, 20 or 30 of his fellow grads moved to Detroit.

“Anecdotally,” Emily adds, “I see more and more small businesses and restaurants. And when we opened our business three years ago, we got traffic in the store, but few were tourists or new residents of the city. Now, not a day goes by when people here aren’t, say, visiting from Portland, and they want to check things out. They’re staying at the Hostel Detroit and are biking around. Or someone else might have moved here from Baltimore because they saw Detroit is cool and a great, affordable place for artists.”

Despite the upbeat attitude of these young Detroiter, the city still faces myriad, seemingly insurmountable problems. Decreasing population. High unemployment. Fiscal challenges. But these U-M graduates see the potential for a transformed city, one that might not reclaim its past glory, but one that offers new possibilities.

BACK AT 1236 MICHIGAN AVENUE, Newman emerges from his power washing, ready to head home for the day. He glances at the skyline, gesturing to the Book Tower building, which always seems to be visible, no matter the weather. “If we ever make hundreds of millions of dollars selling bagels, the dream would be to make the top five floors a residence,” he jokes.

Seriously, though, he knows that it is the network of others doing what he’s doing—many of them right down the street in other new businesses—that will build the future of Detroit, not to mention the Detroit Institute of Bagels. There’s a sense that everyone is in this together; there is less competition, more camaraderie.

“There’s Model D media, they do an online blog, that says, ‘The next big thing is a million little things,’” Newman says. “The idea is that there isn’t one magic wand you wave over a city and it’s all done. It’s a bunch of people working together and working at their own thing, making that one thing as good as it can be.”

As Newman prepares to lock up, a woman walks by, notices the activity inside the building, and asks him with great interest, “Are you opening a business here of some kind?” Newman relates his plan, and the woman nods firmly, and smiles.

“Good,” she says. “We need something like that around here. I’ll let the neighbors know.”

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