

## EXECUTIVE SUMMARY

Automotive and parts manufacturing are potent economic forces in regions where assembly, engine, transmission, stamping, parts and component plants are located. The input demands of automotive manufacturing — from raw materials, parts and components to engineering, technical, logistics, sales, marketing and other services — support jobs at direct suppliers as well as businesses in the communities where workers live and spend their income. After more than 100 years in the United States, the automotive manufacturing landscape has changed dramatically. Many plants opened across the country, but many also closed during lean economic times.

When an automotive facility closes, the impact on the local community is both broad and deep. Decreased economic output, concentrated job losses and scars to the physical landscape of the community can lead to serious long-term repercussions. Given the significant number of workers needed to staff an assembly plant, the new use of the site rarely employs as many workers as the original. Redeveloping automotive industrial sites and replacing even a portion of jobs once supported can be a very long and complicated process.

The best outcome for a community is usually to keep automotive facilities operating in the first place. As a result, local and state officials should make every effort to keep these facilities open. When that is no longer an option, these closed facilities represent challenges and opportunities for communities to reinvent themselves by finding new, productive uses.

Automotive property redevelopments involve a unique set of challenges for multiple stakeholders. This report provides policymakers with an assessment of trends in closed and repurposed facilities, and also provides communities with facts, guidance, and lessons to model as they move forward with redeveloping shuttered auto manufacturing plants in their regions.

After an exhaustive review of both proprietary and public sources, CAR researchers compiled a database of all automaker and automaker-captive parts division<sup>1</sup> manufacturing facilities that have closed in the United States since 1979. To learn more about the characteristics of the property transitions, researchers created a web-based survey for economic developers in communities with repurposed sites and conducted seven case studies that explore the key elements involved with transitioning these properties to productive use.

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<sup>1</sup> Captive parts plants are plants owned by an automaker but operated as a separate division.

## KEY FINDINGS

Since 1979, 447 automaker and automaker-captive plants have been in operation across the country. Nearly 60 percent – 267 total – have closed and only 180 remain in operation at present. Of the plants closed since 1979, 42 percent of the closures were concentrated between 2004 and 2010. Survey responses indicate that 72 percent of closed plants were one of the top three employers in the community when they closed. Nearly a third of the former plants employed more than 2,000 people at the announced time of closure, and over half employed between 400-999 people. Many of these modern facilities were supported by significant public sector investments in transportation and utility infrastructure.

The greatest concentration of automotive plant closings is in the traditional automotive production center, the Midwest. Nearly 65 percent of all closed facilities are located in Michigan, Ohio and Indiana. Not surprisingly, the Midwest also has the highest concentration of active plants compared to other regions. The vast majority of the facilities were owned by General Motors (GM), Ford, Chrysler or one of their captive suppliers.

A significant number of the plants remain closed. Of these 139 plants, 36 percent closed in the 1980s or 1990s, indicating they have been closed for eleven or more years without being repurposed. These long-term closures, combined with the concentration of plant closures since 2000, suggest a need for focused attention to assist in repurposing these sites. Whether the resources for this type of intervention are available is a key question.

Of the 267 facilities that closed since 1979, 128 have been repurposed. Former production facilities, and the properties on which they are situated, are valuable for a variety of new uses. The most common site reuse is for industrial purposes, including some that are auto-related, as well as logistics and warehousing. In other situations, especially when a community's economy has shifted away from manufacturing, the facility may be demolished to make way for an entirely new use of the site, such as retail, education or housing.

Rezoning, building demolition, slab removal, environmental remediation and purchase price negotiation are all significant barriers that must be overcome before a property can be reused. Federal funding programs from various departments assisted with some of the repurposed sites, and often allowed communities to leverage local programs such as tax abatements, Brownfields Cleanup Grants and enterprise zones achieve redevelopment. Local conditions, including low area unemployment, strong

population growth and a low density of closed plants, enhanced a region's probability of successfully repurposing a site.

The number of transitioned sites is now trending upward. While very few sites transitioned to a new owner and a new use before 2000, more than 40 percent of the sites surveyed were purchased for a new use between 2008 and 2010 alone.

However, even when a site is successfully repurposed, outcomes can be mixed. Many survey respondents reported that while property value was successfully restored, present employment levels do not match those the former facilities provided.

## CASE STUDIES

The research team visited seven communities to hear firsthand from community members about efforts to develop a new vision for each site, bring key players to the table and follow a project to fruition. In the case of Doraville and Sleepy Hollow, much also was gained from understanding the barriers and roadblocks that have stood in the way of redevelopment. Each location faced the same daunting task of repurposing a former automotive manufacturing facility, yet each had different ways of achieving – or attempting to achieve – that goal. Some communities took ownership of the property and then sold to developers (South Gate and Kenosha), others had little to no role in the actual sale of the property (Coopersville and Baltimore). Some communities had a desire to move away from industrial and manufacturing uses at the site (Doraville, Sleepy Hollow, and Kenosha), while others felt it was economically advantageous to maintain industrial zoning (Baltimore, Batavia, Coopersville and South Gate). Other actions, such as building demolition prior to developer purchase or transferring property ownership to the community, may encourage development in some cases but not in others.

TABLE 1: SELECTED SITES AND CURRENT STATUS

FACILITY	LOCATION	FORMER OWNER	FORMER USE	YEAR CLOSED	CURRENT USES AT SITE
Broening Highway Assembly Plant	Baltimore, Maryland	GM	Assembly Plant	2005	Industrial Park
Batavia Transmission Plant	Batavia, Ohio	Ford	Transmission Plant	2008	Education, Industrial
Delphi Coopersville Plant	Coopersville, Michigan	Delphi	Parts Supplier Plant	2006	Industrial
Doraville Assembly Plant	Doraville, Georgia	GM	Assembly Plant	2008	Vacant
Kenosha Lakefront Assembly Plant	Kenosha, Wisconsin	Chrysler	Assembly Plant	1988	Residential, Commercial, Museum, and Park Space
Sleepy Hollow Assembly Plant	Sleepy Hollow, New York	GM	Assembly Plant	1996	Demolished
South Gate Assembly Plant	South Gate, California	GM	Assembly Plant	1982	Education, Industrial

## LESSONS LEARNED

Each community's needs are different, and though one action may work in one community, it may not necessarily work in another. Blanket statements about which actions are necessary for a successful redevelopment need to be weighed against local conditions and the will of the community to resolve the issue of a vacant site. However, some themes emerged from the case study research that community leaders (and others) can bear in mind when attempting to repurpose a facility site.

### *GENERATE SUPPORT FOR A GROUP EFFORT*

Eliciting support from neighboring communities, economic development associations, and state and local governments can be influential in raising awareness of redevelopment sites and lining up public funding mechanisms. When a community acts alone, it risks generating insufficient interest and alienating neighboring communities – who can often become the most vocal opponents to a project when a developer does show interest. A focused, regional team with one or two voices helps to avoid confusion, attract redevelopment partners and secure funding.



*South East High School in South Gate, CA*

### *ENGAGE THE COMMUNITY*

Involving community members in planning allows residents to express their own ideas for the site and voice concerns. It also allows community leaders and interested developers to take these comments into account as plans are developed. While engaging the community may lengthen the initial process, communities that did so were able to avoid future public complaints and diminish issues with redevelopment plans.



*The Chesapeake Commerce Center in Baltimore, MD*

### *CUSTOMIZE POLICIES*

Communities frequently run into policy roadblocks during the redevelopment process. When Kenosha and Batavia representatives ran into policy impediments to financing and land use, they worked with state officials to amend policies and allow the redevelopment to move forward. Changing long-standing policies simply to encourage development is unwise, but communities should recognize policy changes as viable options when they make broad sense.



*HarborPark Development in Kenosha, WI*

### *UNDERSTAND LOCAL POLITICS*

Despite the involvement of state and federal agencies, final development approval decisions are most often made at a local level, so making sure that developers know with whom to work at the local level is extremely helpful. In some cases, developers did not have adequate contact with decision-makers at the local level, resulting in rejected development plans. Developers should understand the approval process within a community, ensure that all parties involved are apprised of the redevelopment plans and know where they can go for assistance.



*UC Clermont East in Batavia, OH*

### *STREAMLINE BUREAUCRACY AND PAPERWORK*

Straightforward and easy-to-follow development approval processes at the local, state, and federal levels can significantly smooth the path to redevelopment. State and federal organizations can ensure that their incentive and environmental requirements are as simple as possible, since several communities cited difficulties navigating these processes. One way to



*Continental Dairy Facility in Coopersville, MI*

navigate the bureaucracy within these broader governmental entities is to offer a point person who has a thorough understanding of the steps involved in the redevelopment process. Additionally, streamlining state and federal environmental or other procedures is also helpful when it can be done without jeopardizing the regulatory authorities' obligations. This makes a redevelopment opportunity more enticing to a potential developer by helping to ensure that the development won't be delayed due to paperwork.

### *LEVERAGE EXPERTISE*

Each community is unique, and using outside experts who have experience in successfully navigating other redevelopments can bring creativity to the process that may help a community repurpose a site. People with expertise in disciplines such as environmental remediation, brownfields, urban planning, tax policy, economic development policy, private sector developers and real estate professionals, along with others, can be extremely beneficial in providing targeted knowledge to a community. In addition, they bring an impartial perspective to the process unencumbered by local issues and biases.