

CRAIN'S DETROIT BUSINESS

Belle Isle: Motown's Monaco

Developer envisions independent commonwealth

By **Tom Henderson**

*Photo Illustration by Jeff Johnston/
Crain's Detroit Business*

Real estate developer Rodney Lockwood Jr. agrees with Detroit politicians that Belle Isle is a jewel. A tarnished jewel he likes so much that he wants to put together an investor group to buy it for \$1 billion, which is more than \$1 million an acre for the 982-acre park in the middle of the Detroit River.

And then he wants to polish it up with \$20 billion in construction projects on the island, which would lead to another \$20 billion in construction projects off the island and tens of thousands of temporary construction jobs and tens of thousands of permanent jobs.

Lockwood's idea calls for a residential and entertainment community on a grand scale. But it calls for far more than just upscale homes and condos in a pretty island setting. It also calls for the federal government to approve establishing Belle Isle as an independent commonwealth that would serve as a tax haven for more than 35,000 of the world's wealthy, and for corporations from around the world eager to buy a piece of what Lockwood envisions as the Monaco or Singapore of the Western Hemisphere.

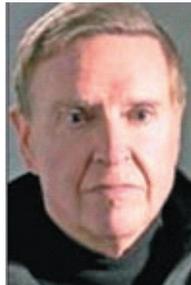
If that seems like too many people to fit on an island 5.5 miles in circumference, you should know that Monaco has 33,000 residents in an area about half the size. Lockwood expects population to eventually peak at 50,000.

Taxes collected on island residents and businesses would be limited to 10 percent of the island's gross domestic product each year, compared to an average tax base in the U.S. of 40 percent of GDP. And real estate taxes would be based only on the value of the land, not what has been built on it.

A pipe dream? Maybe. A long-shot? Certainly. But, says Lockwood -- who is chairman and CEO of the Lockwood Cos., a Bingham Farms-based construction and property management firm that has built residential communities around the state -- if the city of Detroit ends up in bankruptcy, or if the city gets an emergency manager who needs to decide what the city can sell to restore economic stability ... well, then,



Real estate developer Rodney Lockwood Jr.'s vision would turn Belle Isle into a Commonwealth.



Lockwood

who knows?

Lockwood has written a book, *Belle Isle: Detroit's Game Changer*, which will be published today. The book, set 29 years in the future, tells of life on a car-free island commonwealth that you reach by monorail. It is filled with restaurants, high-rise housing, parks, a Grand Prix racing circuit, ball fields and ice rinks.

The book can be purchased for \$14.95 at www.commonwealthofbelleisle.com, and, beginning tomorrow, at online sites such as amazon.com.

Commonwealths, according to a U.S. State Department manual, exist under U.S. law as self-governing territories with their own constitutions whose right of self-government cannot be unilaterally withdrawn by Congress. There are two commonwealths in the U.S.: the Northern Mariana Islands in the Pacific Ocean and Puerto Rico.

The book is told through the eyes of the character Darin Fraser, an architect who is showing a friend from Damascus, Syria, how Belle Isle has become the "Midwest Tiger," rivaling Singapore as an economic miracle.

If an architect at the center of a book is reminiscent of Howard Roark of Ayn Rand's *The Fountainhead*, it's not accidental. The currency island residents use is called the Rand -- and not in imitation of the South African currency of the same name.

On Jan. 21, Lockwood, who is a member of the board of the Mackinac Center and immediate past chairman of the Michigan Chamber of Commerce, has organized an invitation-only lunch and presentation for area business and civic leaders and politicians at the Detroit Athletic Club to pitch his idea.

Speaking on behalf of Lockwood's plan are David Littmann, the former chief economist at Comerica Bank and an adjunct scholar at the Midland-based Mackinac Center for Public Policy, a free-market think tank; Hal Sperlich, the former president of Chrysler Corp.; Larry Mongo, a longtime Detroit developer and owner of the Cafe d'Mongo Speakeasy in downtown Detroit; and Clark Durant, founding chairman of

Cornerstone Schools.

“I support this 100 percent,” Mongo told Crain’s. He knows the project’s backers will be hit with an oft-repeated criticism.

“For that segment that is saying, ‘You’re stealing our jewels,’ I’d say: ‘It’s not recognizable as a jewel. We’re in the 21st century now. We must develop models for the 21st century.’”

“It might sound crazy, but I guarantee you it’s going to happen. We’re going to spend the rest of our lives working on this.”

While the island would be an independent commonwealth under Lockwood’s plan -- the fee for citizenship would be \$300,000, which doesn’t include the cost of buying a house or condo -- Detroiters would be free to come and go as they please and be able to access the island’s amenities.

“Rod and I have been friends a long time,” said Sperlich, who was one of the architects of the Mustang while at Ford Motor Co. and later one of architects of the minivan at Chrysler when naysayers thought such a vehicle would never sell.

“This could be a tipping point,” he said. “I’m excited about it, but it’s going to take a long road to make it happen. But you can go way back and ask what were the chances of this country happening in 1776? Sometimes, big ideas work out.

“Yes, you’ll hear the ‘they’re stealing our jewels.’ But hopefully, people will see the intent here is to provide a massive impetus to the city. This will lead to massive development in downtown Detroit and massive development to the area adjacent to the bridge.

“The big challenge is political. Politicians tend not to gather around big ideas,” said Sperlich. “Is there going to be a bankruptcy? Will there be an emergency manager? In the next year or so, there may be an interest in selling non-strategic assets.”

“The island is a potential jewel,” said Durant. “This is a city that needs to be energized, and to do that takes human ingenuity. Instead of the island being a drain on the city and a cost item, it becomes part of the revival. How much did they originally pay for the island of Manhattan? There was another island no one thought had any value.”

Lockwood said he has developed an affinity for the island in

part because of the many runs, including Free Press marathons, that he has participated in there over the years.

He said he envisions that, should the project come to pass, half of the residents will be U.S. residents and the rest recruited through advertising campaigns targeting countries in northern climates whose residents are not deterred by cold winters.

“Getting the money to do this and recruiting people is the easy part. ... As someone who’s run numbers, I have no doubt the financials will work,” Lockwood said.

“But people aren’t going to spend a lot of time thinking about it unless we’re getting political traction. How do we move the needle so the governor and the president and Congress say, ‘We need to do this’? “

Detroit program management director William “Kris” Andrews said he doesn’t think the City Council will be any more receptive to a sale to private investors than it was to a proposal the state floated last year to lease the island and turn it into a state park.

Reaction by some council members was vociferous, although a poll of city residents by The Detroit News showed a substantial majority actually approved a state takeover.

A second proposed lease deal, for the Department of Natural Resources to operate the island, is expected to go to the City Council for further review soon, said Council President Pro Tem Gary Brown.

Brown said a sale to private owners would likely meet more council resistance than a state takeover.

“One advantage to leasing to the state and DNR is that it creates a new pool of money. We’ll receive a share of the fee for every state park pass sold in Michigan. The DNR also creates a pool of money through drilling and mineral rights that we’d also be a part of, and these are two pots of money you can borrow against,” he said.

“But a sale of the island, as a city asset? I don’t care how you structure that deal. It’s hard enough selling the council on (the state) proposal, and there are some restrictions on selling assets in the charter,” he said.

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