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## Developer scours city to rehab Art Deco-era apartment buildings

By Maureen Mcdonald

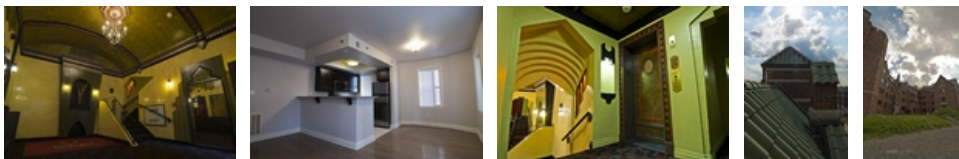
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TONY BARCOCK

Mark Leipsitz and his wife, Kathy Makino-Leipsitz, share a dream of revitalizing Detroit apartment buildings and, in turn, improving the surrounding neighborhoods. They recently restored the La Vogue building in Palmer Park.

### Rehabbing properties in Detroit



If Mike Ilitch collects stadiums, Dan Gilbert buys downtown office buildings and the Cooley family captures Corktown real estate, Kathy Makino-Leipsitz is a collector of distressed Art Deco-era apartment buildings found deep in Detroit's neighborhoods.

As the owner of **Shelborne Development LLC**, she owns 26 apartment buildings and four parking lots in three Detroit neighborhoods: five in Jefferson Chalmers, 14 in Palmer Park and seven in New Center.

[www.craigslist.com/article/20130804/NEWS/308049984/developer-scours-city-to-rehab-art-deco-era-apartment-buildings](http://www.craigslist.com/article/20130804/NEWS/308049984/developer-scours-city-to-rehab-art-deco-era-apartment-buildings)

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Thirteen of the properties are fully rehabbed or are barreling toward completion, including her most recent accomplishment: a \$10.1 million restoration of three buildings in the Jefferson-Chalmers neighborhood.

"We find diamonds in the rough and put them back on the tax rolls," said Makino-Leipsitz.

Makino-Leipsitz, 52, bought her first Detroit property in 1983 on West Alexandrine Street and continued to make investments as she found good deals. But when she married her second husband, Mark Leipsitz, they decided to start targeting their development in specific neighborhoods.

They had spent long hours driving around the city while dating, looking at Art Deco apartment buildings that had become tangles of crumbling brick, boarded up windows and litter-strewn yards.

"We found we shared the same dream -- to revitalize Detroit apartment buildings," Makino-Leipsitz said.

Their big Detroit buying spree began in 2003, when they spent \$450,000 for their first building, a property along Seward Street on the northern edge of the New Center neighborhood. Over the next three years, they would spend \$2.5 million to own seven properties on the street.

"The street looked like something out of New York City, it was so cosmopolitan," Makino-Leipsitz said.

After New Center, they moved into the Jefferson-Chalmers neighborhood in 2005 and then delved into Palmer Park on the northern edge of the city. There they spent \$6 million in 2007 to buy eight distressed apartment buildings, including the La Vogue at 225 Merton Road. In 2008 and 2009 they bought six buildings for \$700,000.

"Palmer Park was awful," said Clinton Griffin, a freelance accountant who moved into a condominium on Covington Drive in 2007. "You saw prostitution, noise, garbage, just insanity. One day I awoke to tractors driving down Merrill Plaisance. I knew something was happening in a good way."

None of that deterred Makino-Leipsitz, though the Indian Village-based developer learned to always keep her buildings secured and job sites locked behind a chain link fence.

"You kind of fall in love with the area; it has so much potential," Makino-Leipsitz said. "We paid too much at first. We got smarter as we went along. ... I knew in my gut Detroit would come back and these properties would rebound."

Since then, Shelborne Development has completed three of the 14 buildings in Palmer Park: the La Vogue, Sarasota and Seville. To get there, Makino-Leipsitz has to replace roofs, install new windows and even alter studio configurations into one-, two- and three-bedroom options. Often the team rips walls down to studs and replaces infrastructure, including wire and insulation. They also add new appliances, granite counter tops and oak kitchen cabinets.

"We're building brand new units in the envelope of historic buildings and stabilizing neighborhoods," said Makino-Leipsitz.



TONY BARCOCK

The lobby of the La Vogue, restored to its Art Deco grandeur.

In doing that, she runs into challenges she didn't expect -- ones beyond faulty wiring or collapsed roofs. The oddest one, she said, involved a squatter who lived in the long-abandoned Ciro's Motel on Woodward Avenue without heat or running water. He hung his wash over the balcony for everyone to see.

It took months to finally move him out of the building.

To finance the purchase and renovations of the buildings, Makino-Leipsitz layers a mix of federal stimulus funds, **Michigan State Housing Development Authority** loans, funds from the city of Detroit, federal and state historic tax credits, brownfield tax credits and private equity. She also taps firms such as **Great Lakes Capital Fund**, which purchases tax credits to help developers subsidize construction.

She currently has 22 projects being funded, representing \$58 million in development costs.

For example, in her application to MSHDA for funding on six Palmer Park buildings, she told the organization that she had received \$10.8 million from tax-credit syndicators such as Great Lakes Capital Fund. She also

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received \$1.1 million from national stabilization program funds, \$3 million from federal HOME funds distributed by the city of Detroit, \$3.85 from federal tax credits, and \$2.3 million from brownfield tax credits.

"Kathy has an artistic knack to look at something and turn a piece of coal into a diamond," said Edwin Harlin, director of the Southeast Michigan division at MSHDA, which oversees the projects.

Having such levels of public money involved in the projects means that about 80 percent of units are set aside for low-income tenants, with rents starting at \$421 per month; the remaining units are market rate with rents of up to \$799 for a three-bedroom.

Michael Curis, president of **Curis Enterprises LLC**, which builds and manages shopping centers and apartment complexes in Detroit and Highland Park, said Makino-Leipsitz is a victor in the hard-won battle over blight.

Curis, who used local, state and federal dollars to open **Woodward Place LLC** in Highland Park, said the job is far tougher than building on a virgin tract in the suburbs.

"You take vacant, neglected properties and try to estimate the extent of work it will take to bring it up to code and pray you've budgeted enough. You add on layers of government approvals and financing, which is difficult to do. Then you find ways to secure all your construction materials and equipment. She should be commended," Curis said.

Makino-Leipsitz doesn't have time to take a bow. She has to ramp up the construction crews to finish work on projects in process. She is applying for more tax credits for properties in her collection that are still lying dormant.

The dream, Makino-Leipsitz said, is bigger than making a profit off buildings.

"I hope to see thriving neighborhoods, to create the kind of places where people will say, 'Living here represents the best time in my life.' "

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Share  **habawhat** • 12 hours ago

The construction culture in this city is corrupt with cronyism! I do not speak out of myths or of emotion just facts, only as a highly skilled carpenter and qualified. I know many residents who spend more time than normal on out of work lists who are highly skilled craftsmen and women. The fact is, the contractors go to great lengths to keep those well paying jobs out of our hands. We get on jobs at the very end of the project, work next to coke heads, pill poppers, drunkards who are obviously so but we face higher scrutiny. The inner city programs that you speak of are not union sponsored and really don't go to the lengths necessary for a young aspiring tradesman anyway. Don't get mad because someone is speaking the truth and yes I am speaking about all of these contractors they all operate the same way. I have been a part of many groups that explored ways we could bring the numbers up and the bottom line is that if no one is asking these contractors "where are the Detroit residents?" Too many are not looking, let alone looking to groom young ones with potential. Of course there are those who are unmotivated everywhere but when it comes to Detroiters companies/contracors seem to have their minds made up. Everyone wants to lump us all up in one bundle. But then they want to put you on the books for a couple of months so they can qualify. I'm happy to see someone building in my city, but if I am a resident who cannot work, taxes wont be paid and then we are back at square one. Take off the rose colored glasses.

^ | ▾ Reply Share ›

**Crissiegird** • 5 days ago

Wow!!! This is sooo exciting. I'm 63 and have fond memories of taking horse and buggy rides at age 5 in Palmer Park with my grandmother. My husband and I moved into a Deco bldg in 1974, but moved out after one month because I was pregnant and someone had tried to break into our apartment when I was home alone. I've watched over decades Palmer Park deteriorate as we visited as members of the DGC. This rehab investment makes me very happy! It was a gorgeous neighborhood and I hope it will be once again!

2 ^ | ▾ Reply Share ›

**docwatson** • 5 days ago

Do they have a website?

^ | ▾ Reply Share ›

**habawhat** • 6 days ago

I'd love to see these developers make sure that skilled Detroit residents can work in their own backyards. I don't think they really care though. No one is looking out for Detroit residents, this developer is just like the many in the city. TOO busy to make these contractors play fair and want to be the SAVIOR of the city. You should see all the guys driving in from the outer areas to work in Detroit, who will tell you that they hate Detroit. There are just as many Detroit residents on the out of work lists in all of the union halls though. Carpetbaggers.

3 ^ | 2 ▾ Reply Share ›

**Devin** → **habawhat** • 3 days ago

Developers such as Makino Leipsitz (as mentioned above) adhere to strict MSHDA / HUD regulations in regards to City / Residential employment. A standard MINIMUM of 30% of all contracted work must be performed by City of Detroit residents and/or City of Detroit certified contractors (who are composed of city of Detroit Residents). Please do your homework about these developers who are making YOUR city a better place before you start making ill-advised statements - I would also recommend that you look into the numerous incentive programs such as the Section 3 Program that offer help to City of Detroit tradesmen and business owners. The fact of the matter is that out of the given example (\$10.1 Million for above said project) at least, and again I stress AT

LEAST \$3 million of the possible \$10 million development dollars are going to "skilled Detroit Residents" who work on these projects. The harsh reality of this business is that there are a HIGH PERCENTAGE of people out of work, not just in the City of Detroit, but NATIONWIDE - NO ONE IS BUILDING IN THIS ECONOMY! I praise people like Kathy and Mark who give City of Detroit residents an employment opportunity; because if it wasn't for motivated people like them, your City of Detroit union hall unemployment numbers would be exponentially higher. It is rubbish that you would belittle such effort to clean up the City and make it a better place. I would encourage you to put your best foot forward to do some of the things that these Developers are doing today; because whether you want to believe it our not - they are making things happen on a larger scale than you would even have the means to produce.

3 ^ | v Reply Share ›



**Freedom Trinity** → habawhat • 5 days ago

Go to The Laborers, or Carpenters Union Halls, my dear bomb-throwing fellow citizen, and ask how the inner city training program did and has worked out. The potential members do not know basic math, many are incredibly unmotivated and the drop-out rates are something to behold. Why are you not 'standing up' for Detroiters to stay in school, learn some basics, and get ahead like those hateful meanies from the "outer areas" ? If 47 % of Detroiters really are functionally illiterate, playing the odds to find some employees is not too favorable, now is it?

2 ^ | v Reply Share ›



**247817** → habawhat • 6 days ago

Really. Someone is doing something right in the city and you are an ungrateful citizen. What is happening here is a capitalist entrepreneurial act - America baby! Rebuild with those who are motivated, skilled, motivated workers. If you could fine someone in the city with those credentials - the city would have never got in this shape. Instead of saving the city of Detroit's jewels - just let it all burn to hell.....Carpetbaggers my butt!

13 ^ | v Reply Share ›

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