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**Detroit, the former symbol of U.S. industrial might, is shrinking at an unprecedented pace, and in the process creating a profusion of new challenges for urban development practitioners, most of whom have never before experienced anything quite like it.**

# DETROIT

## The NEW Paradigm

JIM MIARA

FORMER VICE PRESIDENT SPIRO Agnew once said, "If you've seen one city slum, you've seen them all." He clearly intended the comment to be provocative, and it achieved his purpose. Agnew was roundly derided in the press and among community development practitioners for his insensitivity to the nuances of poverty and ignorance about the array of urban challenges.

But as everyone knew, Agnew's statement contained many elements of truth. The commonality of the worst inner-city problems was undeniable. Crime, violence, substandard housing, overcrowding, poor schools, bad health care, unemployment, and despair were signature elements of inner-city life, whether in Boston, Buffalo, Miami, or Chicago. Urban antipoverty programs in effect confirmed the similarities of inner-city challenges by replicating remedial programs from city to city. Even the unique challenges of one-industry cities like Detroit became more recognizable as economic drivers disappeared and the process of reinvention became more widespread.

And yet what is happening in Detroit, if not completely unprecedented, is of a magnitude seldom seen in urban history. No major American city equaled Detroit's near-total reliance on one economic engine—the automobile industry—and in no city has the loss of that economic support been as eviscerating. The national economic recession has exacerbated the city's problems,

and the combination has sent Detroit into a death spiral that has made survival, in any form, the policy imperative. Although the familiar urban problems still exist in Detroit, the focus now is on finding ways to keep the city from drying up and blowing away.

The 2010 census provided numbers that startled even the worst pessimists. At its peak in 1950, Detroit boasted 1.85 million residents. Sixty years later, the 2010 census found the city was down to 713,777 residents, and the number appears to be falling



The auto industry extended huge tentacles in Detroit, so when the industry collapsed, the impact was felt all the way into such non-industrial functions as advertising agencies, financial companies, and luncheonettes. The loss of jobs was followed by the steady—and steadily increasing—outflow of urban resi-

More than 100,000 parcels of city land, both publicly and privately owned, are vacant. One of Mayor Dave Bing's first initiatives was to order the demolition of 3,000 vacant buildings and designate 10,000 more for removal over the next few years. He identified neighborhoods that could not be saved and reduced services there, meanwhile targeting more viable neighborhoods for concentrated investment of both funds and services.



fast. The city lost 238,270 residents—one quarter of its population—between 2000 and 2010, and close to 23 percent of the city's housing stock sits empty. There have been 57,800 home foreclosures over the past five years, and statistics show Michigan has lost close to 400,000 manufacturing jobs, most related to the automobile industry and many of them within Detroit's expansive boundaries.

Explanations for the decline abound. Many analysts blame poor public policy and corrupt public officials who failed to act when it was clear the automotive companies' management was driving the industry over a cliff. Other analysts say the one-company-town model, of which Detroit is an exemplar, made the city's demise inevitable. Harvard professor Edward Glaeser contends that Detroit was so thoroughly intertwined with the auto industry that even discussing a Plan B in case of the industry's failure was considered a breach of faith.

"Cities thrive when they have many small firms and skilled citizens," Glaeser wrote in his recent book, *Triumph of the City: How Our Greatest Invention Makes Us Smarter, Greener, Healthier, and Happier*. "Detroit was once a buzzing beehive of small-scale interconnected inventors—Henry Ford was just one among many gifted entrepreneurs. But the extravagant success of Ford's big idea destroyed that older, more innovative city. While industrial diversity, entrepreneurship, and education lead to innovation, the Detroit model led to decline."

Few dispute this analysis, but those involved with administering the city and its future realize there is no time to lament the past. When Mayor Dave Bing took office in 2009, he acknowledged that Detroit was "hurting and sick." It was hardly a revelation. More than 100,000 parcels of city land, both publicly and privately owned, are vacant. One of Bing's first initiatives was to order the demolition of 3,000 vacant buildings and designate 10,000 more for removal over the next few years. He identified neighborhoods that could not be saved and reduced services there, meanwhile targeting more viable neighborhoods for concentrated investment of both funds and services.

Bing's first goal was to try to stop the bleeding, but simultaneously, with the help of foundations and nonprofit organizations,

he launched initiatives to explore strategies to develop a more diverse, sustainable economy built on a solid core of residential, industrial, and commercial districts.

Detroit's population loss is discouraging enough when viewed as numbers on a spreadsheet, but the city's physical appearance after years of decline is not infrequently compared with post-Katrina New Orleans. Stronger neighborhoods are scattered around the city's 139-square-mile (360-sq-km) perimeter, while centrally located former neighborhoods have devolved into nonfunctioning parcels with few residents, many abandoned houses, and vacant lots. City officials acknowledge that the absence of density is perhaps more problematic for Detroit's future than overcrowding has been in the past.

Pockets of blight are everywhere, and in many cases the population in these pockets is so small that Bing and his administration are encouraging residents there to relocate to more promising neighborhoods. This encouragement consists of removal of federal housing subsidies as well as reduced city services such as the frequency of trash pickup. The city government does not have legal authority to order people out of blighted neighborhoods, but Bing is using every form of persuasion available. The mayor has said he hopes to funnel residents into no more than nine economically stable neighborhoods and begin the regenerative process in these districts. In their scale and aggressiveness, the city's consolidation initiatives are unprecedented, said Margaret Dewar, professor of urban and regional planning at the University of Michigan, in an April interview with the *Christian Science Monitor*. Dewar praises the Bing administration for its straightforward assessment of the city's crisis. "At long last in Detroit, attention is turning to the realization we're not going to fill the place up again with development," Dewar said.

Using federal funds, the city will buy and renovate homes in the nine targeted districts and use them to entice new residents. Bing also launched the Detroit Works project, a 12- to 18-month assessment and planning process that includes the active participation of government, nonprofit groups, national urban development consulting firms, and city residents. "This is about creating a clear path from 'now'—the Detroit of today—to 'how,'

which is defining and executing the best means towards that vision," Bing explains on the city's website. Late this year Bing hopes enough research will have been done to support a comprehensive plan for the future.

## Nongovernment Help

Detroit is down now, but when it was flying high, putting the nation on wheels and serving as the arsenal of democracy, it made a lot of friends. Longtime Detroit residents, of which there are still many, insist there is no better place to live. Equally important are the local foundations that are investing money and expertise in the fight to save the city.

"Virtually every dimension of the city's social, economic, environmental, and physical landscape has to be reimagined and retooled," Rip Rapson, president of the Kresge Foundation, said at a May 2010 community development forum in Washington, D.C. "That can happen only if those outside city government step forward and become meaningful, powerful partners."

An army of foundations has formed to attack Detroit's problems. In addition to Kresge, they include national foundations such as Ewing Marion Kauffman, Ford, Mott, and Kellogg, as well as local organizations such as Skillman and Hudson-Webber. The foundations have commissioned a wide array of initiatives, including exploring ways to revive an entrepreneurial culture that has gone dormant in the shadow of the auto manufacturers. They launched a community process to "create a \$200 million framework to guide the education reform and investments necessary to make educational excellence available in Detroit," according to Rapson.

They have united in a first-of-its-kind philanthropic/private/nonprofit and public effort to build a light-rail line along Woodward Avenue, he says. The Ford Foundation committed millions of dollars to undertake land use planning and public-interest property acquisition around the transit stops. Rapson describes the foundations' involvement as a form of social venture capital.

## Industrial Land as Asset

A component of the Detroit Works initiative is formulating an industrial strategy. The Kresge Foundation has hired the Boston-based



Initiative for a Competitive Inner City (ICIC), a nonprofit organization involved in inner-city economic development for nearly two decades. With a strategy of discovering and then highlighting the competitive advantages of inner-city locations, ICIC is studying the extent to which Detroit's vacant industrial land can be a competitive advantage for the city. The usual pattern for growing companies is to move from cramped inner-city locations to more capacious facilities outside urban borders. But in Detroit, there is not only an abundance of vacant industrial-zoned land and a skilled workforce, but also the city is in a prime location for the transportation of manufactured products. The combination could prove enticing to companies looking for expansion opportunities.

"Finding new industrial uses for existing industrial land can solve the problem of excess land, declining middle-income job opportunities in cities, and falling wages for workers without college degrees," says Teresa Lynch, ICIC's director of research. Lynch says there is a growing interest in the United States in reviving earlier manufacturing prowess, a trend that could benefit cities like Detroit.

"The sense that urban industrial land could be repositioned for new industrial uses has been strengthened by the clear signals from Washington that a reinvigorated manufacturing sector and a national emphasis on increasing exports must be cornerstones of a strengthened national economy," she says.

ICIC has contracted with Philadelphia-based Interface Studio, an architecture and urban planning firm, to literally walk the acres of Detroit's vacant industrial land and use collected data to formulate industrial development strategies. "We have surveyed 11,170 acres [4,520 ha], about 93 percent, of Detroit's industrially zoned land," says Scott Page, principal at Interface Studio. "When we do this type of study, we get data on land—every parcel, every structure. We find out what's going on there, and we give this data back to the city. It is a valuable tool. The city can have the land assembled and ready to go when businesses are ready to move." In a best-case scenario, specific buildings and sites can be matched with market opportunities.

"We would like to be able to make information about land assets easily accessible

and free in cities like Detroit that have suffered extreme job losses," says Lynch.

### Midtown Building Block

While long-range planning and citywide assessments are ongoing, initiatives are also underway at the block and neighborhood levels that will set the foundation for future growth. With the auto industry on the ropes, city officials are seeking alternative economic engines to fill short-term employment gaps and create the basis for long-term growth. The city's midtown section, home to Wayne State University, the Detroit Medical Center, and Henry Ford Health Systems, is viewed as a high-potential, high-growth area whose success could ripple throughout the city.

"[Midtown] is run by eds and meds [education and health care], not auto manufacturers," notes Sue Mosey, president of Midtown Detroit Inc., a nonprofit development agency created through the merger of the University Cultural Center Association and the New Center Council. "We have 30,000 people working at the health care facilities and at Wayne State, and our objective is to get them to live here, not just work here and leave at the end of the day."

Supported by the large local employers as well as by grants from the Kresge and Skillman foundations, Midtown Detroit's mission is to make the midtown area a new urban core. Doing that means attracting residents, which means creating jobs, building affordable housing, and providing the array of amenities—grocery stores, dry cleaners, restaurants, and entertainment venues—that vibrant, sustainable communities must have. The issue of crime and violence must also be addressed. Mosey says Wayne State's campus police force has helped make the area safer for students and those who live in nearby blocks.

Last year, Midtown Detroit launched an incentive-laden program targeting doctors and other health care professionals, professors, and other academicians, attempting to lure them to midtown residences. Thousands of dollars are available for those who buy a house in the area, as are an array of financial subsidies for renters. Current renters who renew leases are entitled to a one-time

payment of \$1,000, and those who relocate to the district get \$2,500 toward their rent. The rental market in midtown has a 94 percent occupancy rate, reports Mosey, and 100 more rental units will soon come on line. "They are priced to attract young professionals," she says.

The population of the northern half of midtown has actually grown, now totaling about 20,000, according to Mosey. The southern half, where housing developments have been demolished recently, has lost population and still has a difficult road ahead.

"Our institutions [in midtown] have figured out new ways to get up after this recession," says Mosey. Despite its location, Wayne State has fully enrollment. "More recently there has been entrepreneurial activity locally and investments in new infrastructure. Now we want to layer in the workforce," she says.

Finally, some perspective is required. As bad as Detroit may look up close, no matter how unprecedented its decline, it is not the first city that has had to rise from the ashes. "I think Detroit's problems are magnified," observes James Kostaras, architect and urban planner with the Cambridge, Massachusetts-based Institute for International Urban Development. "I don't think it's so different than what is happening to cities all over the world. The bones of the city supported a different economy and a larger population, but all that can be used to reinvent a smaller city."

The good news for Detroit is that many inside and outside its borders understand the city's importance and are working hard for its return to health. The city's problems present unprecedented challenges, but the goal for urban development practitioners remains the same: to help a staggering national treasure get back on its feet. **UL**

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works with the city of Detroit on financial and development assistance. In addition to helping developers leverage private investment, DEGC assists in facilitating all the state-based programs and tax credit incentives.

The Woodward Garden block development also stands to benefit from the Detroit Department of Transportation's Woodward Light Rail plan, which—on top of an existing \$125 million in locally generated private and public funds—in January 2010 received a \$25 million federal grant under the American Recovery and Reinvestment Act's TIGER (Transportation Investment Generating Economic Recovery) program to help move it along; it was one of only two Michigan projects to win such funding. The Woodward Light Rail project represents Detroit's first rail-based public transit venture in more than three decades. The first phase of the plan calls for track along Woodward Avenue, beginning downtown and heading north to 8 Mile Road, and including stops near the Woodward Garden Theater.

Poris says it has been his experience that with each successive project, team members and stakeholders hone skills and efficiency in making complex projects work. He has also noticed an uptick in philanthropic grants from foundations to help jump-start development projects—and fill gaps left by missing banks—and is op-

The historic Woodward Garden Theater is being renovated and expanded.

timistic that the success of these hybrid financing packages will continue to present new possibilities and opportunities to turn Detroit around.

In particular, Poris has high hopes that layered financing will be instrumental in saving more historic structures because of the inherent value of historic tax credits, which go a long way toward getting development funded. Combined, national and state historic tax credits are a valuable asset that can finance as much as 40 percent of a qualifying project.

"The city of Detroit holds a number of properties in the downtown area," says Malik Goodwin, DEGC vice president, project management. "We work with [the city] and with the Detroit Downtown Development Authority [DDA] on encouraging economic development. On many occasions we take a look at a property and see what it would take to mothball it—save it for later in the event that a developer is interested. A mothball program might include putting a new roof on a building or generally stabilizing it from experiencing additional damage or causing public safety issues."

Poris and his firm are currently working with the DDA and the DEGC on a project to install solar-powered lighting and to complete facade improvements on six historic

downtown commercial buildings. All are in locally designated historic districts, and one, the Harmonie Club, is on the National Register of Historic Places. The project will help the structures better contribute to the streetscape and be more appealing to neighborhood pedestrians—as well as to potential developers.

Goodwin says the six-building lighting and facade improvement program underway is being implemented by the DDA and overseen by the DEGC, with funding from the DDA and the Michigan Economic Development Corporation. Future redevelopment projects involving the properties might qualify for historic tax credits if the buildings are eligible, and DEGC financial incentive programs could also be considered.

"Detroit offers low-cost land, buildings, and housing. There are fine universities that produce young people with great ideas, and mechanisms to fund projects to restore urban communities and channel Detroit's strengths into a new urban paradigm," says Poris.

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