



# Michigan State University Extension Public Policy Brief

## Why Detroit Matters

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## Part I: A History of the City and Best Practices for Successful Cities

August 27, 2010

Detroit’s future is on the minds of not only citizens of the city and the broader metropolitan area, but of any serious leader that is thinking about the future of Michigan. Detroit—Michigan’s flagship city—is not only the best example of struggling American cities, it has the potential to provide a framework for resurgence that can be used nationally, and that can address the problem of “shrinking cities.” However, any attempts to position Detroit must be based on sound principles of sustainability in the New Economy; and must be cognizant of the history of how Michigan’s first city evolved into what it is today.

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*“I know of no safe depository of the ultimate powers of the society but the people themselves . . . and if . . . not enlightened enough to exercise their control . . . the remedy is . . . to inform their discretion.”*

Thomas Jefferson

This is a fact sheet developed by experts on the topic(s) covered within MSU Extension. Its intent and use is to assist Michigan communities making public policy decisions on these issues. This work refers to university-based peer reviewed research, when available and conclusive, and based on the parameters of the law as it relates to the topic(s) in Michigan. This document is written for use in Michigan and is based only on Michigan law and statute. One should not assume the concepts and rules for zoning or other regulation by Michigan municipalities and counties apply in other states. In most cases they do not. This is not original research or a study proposing new findings or conclusions.

### Detroit's Past Success

For almost a century, Detroit was one of the major economic power houses of the United States. It emerged from a small trading post in the early 1800s, leveraging its advanced technologies in flour milling to become one of the leading flour export ports around the globe. Soon, it became the nation's premier location for ship yards and the building of steam ships. By the 1860s, it had become the leading steam engine production and export point. Again, by leveraging its local expertise in copper alloy production and exports, Detroit's machine industry was birthed in the 1890s. By the early 1900s, Detroit had become the premier place for the manufacturing of internal combustion engines for boats and the export of those engines. It, therefore, was no surprise when, in the early 1900s, Detroit also leveraged its historical presence in internal combustion technology with assembly-line technologies to become the nation's automotive manufacturing capital. In essence, by innovating around internal combustion engines to power cars and trucks, and by removing the horse and wagon as a power source in the movement of goods and people, Detroit created a level of prosperity that was uncommon in most American cities.

Detroit's success, which was based on a culture of innovation, was the envy of the nation. By 1950, its population had swelled to almost 2 million people. This growth happened, because Detroit featured an economic environment that attracted capital and skilled labor in exploiting assembly-line technology, with skilled and unskilled laborers migrating from around the country to take advantage of the city's bounty.

Detroit was not only the birth place of the automotive industry, it was also the birth place of the labor movement. It became a major industrial, cultural, economic, social and artistic hub and one of the nation's most diverse cities. The essence of Detroit was again innovation, and the ability to combine capital and skilled labor to produce mechanical goods in a nation whose middle class and purchasing power were growing rapidly. With one of the highest per capita incomes in the U.S., Detroit became a bastion of American prosperity.

### Current State of the City Today,

Detroit's population is approximately 800,000, with a per capita income below \$15,000, compared to almost \$30,000 for the nation. The level of economic activity in Detroit is now a quarter of what it was at the city's peak. Detroit is the epitome of the nation's financial and economic problems and the poster child of a "shrinking city." Whatever economic statistic you look at, the city is at or near the bottom of the nation. This includes such things as unemployment rate, foreclosure rate, abandoned properties, tax reverted properties, mortgage loans delinquency, poverty, food insecurity and brownfield sites.

These problems are not Detroit's alone. According to the 2009 Milken Institute Index of Best Performing Cities, the Detroit metropolitan area—in spite of its flourishing suburbs in Oakland, Wayne and Macomb

counties—ranked dead last in economic performance nationally. Coincidentally, in 2009, Michigan also ranked dead last in economic performance. Since 2000, more than 200,000 people have left the City of Detroit. It is no surprise that in recent years, Michigan was one of two states that lost state population despite national growth in population. Does the agglomeration of economic losses in Michigan explain the decline of Detroit? Or, do the economic challenges of Detroit explain the economic challenges of Michigan? This is a “chicken or the egg” problem. Is Michigan holding back Detroit or is Detroit holding back Michigan? Both of these may be true. To adequately answer these questions, however, it is perhaps important to understand how states or regions grow.

### What are Successful Places Doing?

In our analysis of very successful states that have a high per capita income, a high employment rate, and a rapidly thriving and prosperous population, one common feature they include is a strategically relevant, creative, entrepreneurial, innovative and dynamic major city, whose economy is so globally relevant that its success drives the success of nearby metros and the overall success of the state. A good example of this is the rapid resurgence of the Washington, D.C., metro area (northern Virginia, southern Maryland and eastern West Virginia) when it started to hop. Denver, CO; Salt Lake City, UT; Pittsburg, PA; Seattle, WA; and Portland, OR, are other examples. When things start to happen in cities, the surrounding regions benefit. In fact, given the concentration of economic activities in cities, for many states, the urban economy dominates the economy of the state.

Furthermore, in our analysis of successful cities and metro areas, we observed that the success of a city is driven largely by the environment within which the city economy operates. If state policies do not encourage urban revitalization, urban placemaking, metropolitan transit, urban innovation infrastructure, strong urban universities, urban public sector accountability, versatile nonprofit and civic organizations and a whole list of things that have been shown to explain the existence of strong cities, it is almost impossible for an urban economy to thrive. I recognize that certain mindset and cultural issues—particularly related to racism, social distancing, segregation and poverty alleviation—can shape the future of cities with consequent impacts on metro areas and the states that harbor them. So, for the state of Michigan to be successful, Detroit must be successful: and for Detroit to be successful, the state of Michigan must have a mindset of success with respect to Detroit.

### Detroit Can Be Successful

The question remains, can Detroit be successful? Alternatively asked, can the state of Michigan become more successful through a Detroit strategy? If we are stuck in the “Old Economy” way of thinking, the answer is “no.” However, if we are open to the notion that new forms of economic activities can be adopted based on the emerging new paradigm of the “New Economy,” then the answer is “yes.” If it is possible in Boston, MA; San Francisco, CA; and Washington, D.C., it is certainly possible in Detroit. Central to the ability of a city to rebirth itself is the notion that talent and knowledge matter in economic rebirth. The ability to concentrate knowledge workers and creative, innovative individuals in cities through placemaking, and to become a more attractive place to live, work, play, find entertainment and relaxation, can drive the resurgence of a city.

Leveraging opportunities globally also matters. Our cities are connected to the local economy. They need to be better connected to the global economy. Obviously, amenities matter. Knowledge and creative workers flock to places that offer integrative quality-of-life amenities. These amenities include what more people are beginning to call “green infrastructure.” Knowledge institutions, with their ability to generate the next generation of scientific and other innovation, affect the performance of places. Public and private

partnerships matter, where cities need dedicated but creative leaders working across the aisle to make things happen. A positive mindset by city and suburban residents is crucial. Cities have to think success to be successful, and the racial challenges that drove much of the exodus of non-African American people from cities will not help in the repositioning of a city like Detroit.

Many of the places that we have looked at for models of success have far fewer assets than Detroit. So, the current status of the city cannot be attributed to its lack of assets, be they natural, cultural, civic or otherwise. The challenge for Detroit is how to understand those assets and leverage them in the context of the New Economy. There is the added challenge of understanding what the New Economy means and how future success must be built on such knowledge. Finally, Detroit must have a vision and an implementable plan to turn knowledge into action and a more prosperous future for the city.

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## Part II: Principles of the New Economy and Detroit's Unique Critical Assets

September 3, 2010

### Principles of the New Economy

If we conclude that Detroit is not doomed, as we must given the fact that similar cities have been able to transform themselves, then we must begin to explore the platforms that the city's new economy will have to be built upon. For that reason, I present the requirements for success in the Old Economy and contrast these with the requirements for the New Economy. The New Economy paradigm, according to its proponents, suggests that cities must operate differently than they operated in the past.

As shown in the table on Comparing the Old and New Economy, economic development happens differently today, compared to in the past. These principles of success differ as follows:

- In the past, one key focus of government was to ensure that it kept costs low enough and infrastructure adequate enough for the community to be a desirable place to do business. That may no longer be sufficient. Today, being rich in talent and ideas is vital to the success of a city. A strategy for attracting talented people with good ideas is a necessity for Detroit as it pursues its future success.
- In the Old Economy, economic development strategies centered on various incentives to attract any large company. The share of the national economy attributable to large companies has fallen so low that some large companies are a liability today. The vast majority of the growth in employment is attributable to companies that generate huge value by producing knowledge products—not manufactured goods—and that leverage creativity and innovation into high-value services, targeted toward a global market. Today, in the New Economy, attracting talented and educated people is key to a city's success.
- Successful places used to focus on maintaining a vibrant industrial “manufacturing” sector, while in the New Economy, sector diversity is desired and the clustering of related sectors is preferred. Economies move to complete places; places that offer significant quality of life and a vast array of amenities. Those amenities include a diversity of job opportunities, many of which emanate from emerging companies.
- In the past, American cities enjoyed cheap energy for decades, and our manufacturing infrastructure was fossil-fuel dependent. As a result, our energy-hoarding transportation system may become obsolete to consumers if energy prices continue to rise. Today, Information Technology (IT) and Communications Infrastructure have replaced cheap fuel and road networks as key infrastructure

needs for a successful economy. Successful communities are IT and Communications Infrastructure dependent but energy smart.

- In the Old Economy, a high-quality physical environment was a luxury, which stood in the way of attracting cost-conscious businesses. In contrast, today, physical and cultural amenities are key in attracting knowledge workers. Such things as bike paths, trails, beautiful downtown designs and nightlife are attractive to the knowledge class, and targeting improvements in these areas can change the economic outcome of a city.
- In the past, successful cities had a fixed competitive advantage in a specific resource or skill. Their labor force was skills dependent. Now, successful cities feature organizations and individuals with the ability to learn and adapt. Innovation and creativity are critical in the New Economy.
- In the past, people followed jobs. Today, that structure has changed drastically with talented, well-educated people choosing the location they want to live first. Then they look for jobs. In essence, economic development has been turned on its head. Relying on the physical presence of large companies to attract economic activity is no longer sufficient.
- Successful cities of the past had government-leading economic development, with a large government providing good services. Today, bold partnerships between business, government and nonprofit sectors are leading successful cities toward better economic development.
- In the Old Economy, having a connection to global opportunities was not essential or necessarily desired. All that has changed with the focus on the New Economy, where global connections are essential and critical to success.

The sharp contrast between the principles of success in the Old Economy and the New Economy suggest major rethinking of how we move the city forward. In other words, if we acknowledge the paradigm shift in economic development, we must also accept the fact that new tools are needed. Obviously, the assets that are relevant to achieve prosperity today are different from the assets of the past. Having the right amenity and asset mix can shift the pattern of growth, while attracting the very segments of the population that are being competed for across American cities today. That is the essence of placemaking—the notion that a city can position itself to attract the people-resources to turn itself around. In the New Economy, it's all about people, those high-impact, economic agents that have the potential to create jobs or attract industry because their talent pool is so strong that industry follows them. If Detroit's economy is built on the fundamental principles of placemaking in the New Economy, Michigan can derive greater benefits from a thriving and vibrant major city.

### Critical Assets of Detroit to Build On

It is obvious from the above that vibrant New Economy places must leverage a uniquely different set of assets than what cities leveraged in the past. This brings us to the issue of what the City of Detroit has that it can leverage. Returning to the features of successful places, it becomes apparent that Detroit has several relevant assets.

The assets the city features, which are critical to its ability to position itself, include such things as being an international border city and transportation hub. A city can leverage its international border status for economic development through the frequent pass-through by international traffic. Implementing programs and infrastructure to capture these opportunities would prove useful to Detroit.

Another critical asset of the city lies in its uniqueness as a major cargo gateway to the Northeast. Goods in the billions already flow through Detroit; therefore, the ability to capitalize on this flow is essential.

Detroit is also a Midwest megapolis that is attractive to immigrants, with first class medical facilities, a leading university and several colleges, a vibrant downtown and cultural amenities, an historic and

cutting-edge music industry, an emerging film industry and major sport franchises. The city needs to examine how its policies, with respect to these assets and immigration attraction, translate into economic advancement.

The city is readily accessible to a major coastline and a waterfront, which opens up great opportunities in domestic and international trade, recreation and others.

An abundant supply of freshwater, open space and great parks and a strong urban agriculture movement already exist in Detroit. It also has underutilized affordable urban land, existing infrastructure to build from, affordable housing, a readily available labor force, diverse neighborhoods and communities and an emerging national interest in urban revitalization. The city has these assets, which other cities might wish that they had. The trick is knowing how these assets can be leveraged and built upon.

The best and finest of Detroit are working on harnessing these assets in partnership with an innovative and committed NGO community that includes such key foundations and groups as the Sustainable Design Assessment Team (SDAT),<sup>1</sup> One Detroit (1D), *Model D*<sup>2</sup> and *Metromode* (Detroit-focused news from Issue Media Group),<sup>3</sup> Detroit Renaissance “Road to Renaissance,” Detroit Renaissance Creative Corridor, New Economy Initiative for Southeast Michigan,<sup>4</sup> NextEnergy,<sup>5</sup> Community Foundation for Southeast Michigan Greenways Initiative,<sup>6</sup> Regional Sustainability Partnership, Woodward Light-Rail Transit Line,<sup>7</sup> Detroit Metro Convention & Visitors Bureau,<sup>8</sup> Green Entrepreneurs Group, Detroit Eastern Market<sup>9</sup> and other farmers markets, Focus Hope,<sup>10</sup> InsideDetroit.org,<sup>11</sup> Detroit Black Community Food Security Network<sup>12</sup> and many more. Synergy between city government and these organizations will create some great opportunities for the economic rebirth of the city. A key feature of the New Economy is people and organizational assets. Detroit has these organizations and people who are ready to work on behalf of the city to achieve a better future.

In conclusion, Detroit is lucky. It has critical assets that translate into huge potential. But successful places build on the assets that are relevant. This is why the Detroit leadership has initiated a number of projects that relate to their assets.

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<sup>1</sup> <http://www.zacharyandassociates.com/sustainability/>

<sup>2</sup> <http://www.modeldmedia.com/>

<sup>3</sup> <http://www.metromode.com/>

<sup>4</sup> <http://neweconomyinitiative.cfsem.org/>

<sup>5</sup> <http://nextenergy.org/>

<sup>6</sup> <http://cfsem.org/>

<sup>7</sup> <http://www.woodwardlightrail.com/HomeNew.html>

<sup>8</sup> <http://www.visitdetroit.com/>

<sup>9</sup> <http://www.detroiteasternmarket.com/>

<sup>10</sup> <http://www.focushope.edu/>

<sup>11</sup> <http://www.insidedetroit.org/>

<sup>12</sup> <http://detroitblackfoodsecurity.org/>

## Part III: The Stars are Lining Up

September 17, 2010

Detroit has many fine things going on, and many fine actors that are working hard for the future of the city. What is even more remarkable is that some of their efforts center on ideas and principles that are “out of the box.” Their efforts are also consistent with many of the directions that experts nationwide seem to agree are the pathways to the New Economy. There also seems to be emerging consensus in the foundation community about these pathways, and opportunities are reasingly crystallizing to support these efforts. For example, the New Economy Initiative for Southeast Michigan<sup>13</sup>--funded by a consortium of foundations to allow the Community Foundation for Southeast Michigan<sup>14</sup> to lead and invest in catalytic projects to better ground Detroit and the region in the New Economy--is probably one of the most significant testaments to the new emerging view on the future and prospects of the Greater Detroit Region.

Last year<sup>15</sup> witnessed the election of Mayor Dave Bing,<sup>16</sup> who came into office with the mandate to stage, perhaps, the biggest turn-around in the plight of a major city ever. His administration has taken some very bold steps in articulating ways forward. For example, with the help of the foundation community, his administration has commissioned a group to help drive Detroit’s future land use plans. The city has also engaged McKinsey & Company<sup>17</sup> to help with the vision piece. All of the above is good news, considering that, until recently, the level of optimism about Detroit was rather low. Getting on the same sheet of music has always been a challenge. When great minds from the public and private sector, and the foundation community, start to believe that it can happen in Detroit, there is a very good chance that it will.

All of these recent developments in the Detroit area are consistent with the direction of State policy, which is increasingly comfortable with the notion of publicly supporting the resurgence of cities. The State of Michigan is rapidly warming up to the idea that the success of Detroit is critical to the success of the Detroit Metro Region, and that the success of the region is a prerequisite for Michigan’s return to prosperity. Governor Jennifer M. Granholm’s Cool Cities<sup>18</sup> initiative and the Cities of Promise<sup>19</sup> program are examples of early creative thought about the importance of cities. While important, in light of Michigan’s legacy, those ideas were slow at resonating statewide. Today, there seems to be more universal acceptance of the idea that cities are important, and that positioning Detroit well for the future is also important. But, these opportunities to position Detroit come at a time when the city and the state are both economically challenged. So, while it appears that the policy community is finally getting it, we have limited State and local resources to make things happen.

In moving Detroit forward, we must look to the feds for any assistance we can get. For one, emerging initiatives in the city seem heavily consistent with the direction of federal policy and the funding opportunities arising, due to the American Recovery and Reinvestment Act (ARRA).<sup>20</sup> Huge federal

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<sup>13</sup> <http://neweconomyinitiative.cfsem.org/>

<sup>14</sup> <http://cfsem.org/>

<sup>15</sup> 2009.

<sup>16</sup> <http://www.detroitmi.gov/Default.aspx?tabid=123>

<sup>17</sup> <http://www.mckinsey.com/>

<sup>18</sup> <http://www.coolcities.com/main.html>

<sup>19</sup> <http://www.citiesofpromise.org/index.aspx>

<sup>20</sup> <http://www.recovery.gov/Pages/home.aspx>

funds are now available for initiatives with such titles as “Neighborhood Stabilization Program,” “Choice Communities,” “Sustainable Communities,” “Advanced Transportation,” “Renewable Energy” and “Workforce Development.” Outside of the ARRA budget, a large amount of federal funding is available for such things as education, transportation, roads, parks, trails and energy. So, if Detroit is simply visionary and is competitive in attracting federal dollars, it can lay a strong foundation for the future, while leveraging federal resources. The stars are lining up and this is the time to act.

Paying attention to where the city, its administration, the people of Detroit, the foundation community, the State and Washington, D.C. are going, would lead one to conclude that there are promising possibilities. But, it makes sense for Detroit to be true to itself and build a future based on its inherent critical assets. These assets will be the subject of the next article in the series.

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## **Part IV: Pathways to the New Detroit Economy**

October 1, 2010

What is remarkable about the New Economy is that it is not only so different from the Old Economy, but it has changed the paradigm for economic development. Our communities can no longer rely on perpetual growth as an automatic occurrence, but must deal with the reality of a slow national economy in the midst of burgeoning prosperity in many other parts of the world. For many places, the notion that the nation is simply facing a temporary recession and the economy will come back soon seems to be the common mindset. But advocates for the New Economy suggest that we are approaching the tail end of the old industrial economy and the early stages of the remarkably different global New Economy. The scope of the paradigm shift in what drives economic development is so profound that specialists nationwide are at a loss for ideas about how to move forward. Economic development today is about competing for key knowledge infrastructure and building places that attract the types of economic agents whose activities will drive prosperity.

In the past, the ability to manufacture and grow infrastructure for moving people and goods from place to place was key in defining successful places. New Economy advocates, however, suggest the importance of amenities, energy solutions, arts and culture, entrepreneurship, knowledge institutions, population attraction and information and communications technology. In this article, I will examine each of these elements and their implications for Detroit’s future, which represent my picks for platforms for the city’s resurgence.

### **Green Infrastructure**

Green infrastructure is the stock of natural, recreational, ecological and sustainability-related assets that a city has, ranging from natural amenities, parks, greenways, waterways, the Great Lakes, urban forests and LEED-certified buildings. These assets are rooted in the principles of sustainability, such as repositioning traffic in a city; enhancing walkability, bikeability and recreational opportunities; promoting urban gardens and farming; and pursuing tear-down strategies for dilapidated homes that could replace blight with clear, clean and open spaces. For Detroit, this would also include such things as the accelerated deployment of renewable energy to the city’s vacant landscape; where applicable, wind and solar energy deployment could help redefine the city. In other words, as no one city has yet to earn the title “America’s Green New Economy City,” Detroit has the opportunity to distinguish itself as this city by embracing a “green” city image. The Land Policy Institute’s soon-to-be-released study on the economics of green infrastructure isolates the way specific elements of green infrastructure interact to drive the green economy. This study will prove insightful to proponents and opponents of green cities.

To pursue this strategy, Detroit and its partners should not only understand their amenities mix in this space, but pursue a strategy of reintegrating natural features and amenities into critical destination points in the city; define and pursue a program in urban agriculture that is economically sound, environmentally benign and socially compatible; and beef up the capacity of city planning-related departments to implement this vision. With so much vacant-space potential, Detroit can be the national epitome of urban, green, recreation and tourism. Underutilized neighborhoods can be reconstructed to feature the types of green amenities that we know from the literature that high-economic-impact people are seeking in the destination points they choose.

Evidence is mounting about the strong positive impact of green infrastructure on employment growth and income growth on population attraction. While this relationship may have been obscure in the past, many from the research community--including LPI--have conducted studies that show the impact of green infrastructure development. Our *Chasing the Past*<sup>21</sup> study is one of many, which explain that active economic agents are attracted to green features and infrastructure, while other studies show where talented people move to is the best marker for where knowledge companies will move to. So, to stem the tide in population loss, a strategy to enhance Detroit's green infrastructure could pay big dividends. But this has to be done strategically and must involve multiple partners and funding sources.

### Energy Efficiency

If there is one opportunity that Detroit may want to leverage, it is the emerging opportunity for cities to define themselves as green by pursuing citywide strategies of energy efficiency in public and private offices, commercial real estate and residential buildings. For example, given the current depleted quality of low-income housing, new affordable housing units could feature new energy platforms that would make the overall cost of housing cheaper. Given the huge foreign outlay by the United States, in paying for fuel, natural gas and other forms of energy raw materials; the growing instability of energy raw material prices; the fact that China, India and several other emerging nations are competing with our nation for energy; and the fact that the feds seem committed to a national growth strategy involving energy efficiency and energy industry development, Detroit is well positioned to attract federal and foundation funds to build up its smart energy persona. With the huge federal resources available to retrain workers for the energy space and to pursue green jobs, energy reform could be at the forefront of the city's strategy.

A renewable portfolio standard (RPS) for Detroit that is stringent can be adopted. My preference is for this standard to be the most aggressive of all places in North America. Due to the advocacy of the Apollo Alliance<sup>22</sup> initiative, the huge federal support for green jobs, worker training to replace existing home's power sources with renewable sources, and the great opportunity to build a new and efficient transportation infrastructure, Detroit seems well positioned. The city needs a 21st century energy plan to drive its march toward being the nation's leading energy efficient city. A city so defined is likely to be attractive as a low-cost destination point for industrial and social activity in the green space.

### Arts and Culture

Detroit's unique historical personality as the recording capital of the world in music (jazz, blues, pop, rock, etc.) is inherently advantageous. This reputation has dwindled in recent years, but can be rebuilt. Studies have shown that knowledge workers flock to places of art, culture and fun. The arts and culture

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<sup>21</sup> <http://www.landpolicy.msu.edu/ChasingthePastReport>

<sup>22</sup> <http://apolloalliance.org/>

scene can be revamped; thus, enabling Detroit to leverage its history in defining its future. We have to bring nightlife back. Young people are looking for nightlife entertainment, music and proximity to these things and where they choose to move can make a huge difference.

### Entrepreneurship

For many generations, people in Detroit have benefited from the largess of those early pioneers who helped create the industrial economy. Today, there is a need to step up and increase entrepreneurial efforts for the city's future success, especially as entrepreneurs are attracted to places that welcome them, places with entrepreneurial development infrastructure. Obviously, this means that the city must embrace "economic gardening,"<sup>23</sup> by featuring communities that are more tolerant of new ideas and that support entrepreneurial activity. Grooming entrepreneurs is key, but creating an atmosphere that makes it easier for them to thrive is essential for the transformation of a place. A major effort is needed that reaches deep into neighborhoods and communities to explore creative things that have the potential to blossom into unique economic activity that can help define the next economy.

### Higher Education

A high percentage of Wayne State's students never graduate, which is unacceptable for a university that can play a much more meaningful role in Detroit's future. Not only does the city deserve a top-notch university, but the university must be optimally engaged, driving social and technological innovation in the city and the region. Other universities in the Detroit area can also actively engage in the city, as it is the most important challenge facing Michigan and the best opportunity for the state to reposition itself. The state has invested extensively in science and technology development to address Michigan's challenges. An area of intervention that promises a high degree of impact is innovation that is focused on businesses, communities, people and places.

### Population Attraction

There has been a lot of talk in recent years about "right-sizing" cities. What is important to note is that it can be done in ways that attract certain segments of the population. Since knowledge workers tend to move to environments that are favorable first, and companies and economic opportunities tend to follow them, how we create places and environments that are favorable is extremely important. Detroit must create an environment that attracts people--all people--but most especially the highly educated knowledge class who drive a significant portion of today's emerging economy.

Mounting evidence suggests that immigrants also matter. The average first-generation American today is better educated, more risk-preferred, and more entrepreneurial-oriented than the average existing citizen. So, what infrastructure do we need to attract population and immigrants? As a growing body of research is showing, green infrastructure; arts, culture and fun; sustainability; and a dynamic social network are key.

### Information and Communications Technology

While places that were successful in the past positioned themselves early for excellence in manufacturing, today the target is value creation, more so outside of the manufacturing space. So much

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<sup>23</sup> [http://www.landpolicy.msu.edu/modules.php?name=Pages&sp\\_id=479](http://www.landpolicy.msu.edu/modules.php?name=Pages&sp_id=479)

value is created by knowledge workers through their creative thinking abilities. What a city like Detroit should do is figure out how to attract economically active segments of the population. Though ambitious, a citywide comprehensive Wi-Fi infrastructure would be a great investment. Cyber connectivity is a premium in today's society.

## Detroit's Global Image

Detroit's fame as the Auto Capital of the world is still palpable, but given the consistent decline in the status of the auto manufacturing industry and related supply chain infrastructure, the reputation of the city is not consistent with the optimal image of what a modern city is. The fact of the matter is that global relevance—not local relevance—is what is important today, given the proliferation of wealth in frontier and emerging nations, marketing Detroit in ways that appeal to the global community is crucial to success. A number of efforts are underway to shape the acceptability of Detroit to foreigners and foreign investments.

## Placemaking

If one believes that a city is simply stuck and that it cannot shape its own future, then one might as well throw in the towel and relish in the past glory of the city. However, the opportunities offered by the New Economy have made it possible for places to have more control in shaping their future. Economic activity seems more endogenous today, which means that there are certain things a city can do to achieve its objectives in the New Economy. Talent is more moveable than manufacturing plants. Innovators seek interesting places to live and work. Creative individuals prefer an environment that nurtures their abilities. Recent college graduates tend to flock to places where they can both work and play hard. The range of dining and entertainment opportunities in a city can make a difference in attracting economic activity. More and more people see “green” and sustainability as things they can achieve and experience, not only in suburbs and rural areas, but in urban areas. So, is it possible for a city to redefine itself, through its policies and investments as a relevant place? My personal and professional opinion is “yes.” This is what I have defined as “placemaking for prosperity in the New Economy.” The question is: Can Detroit be place-made for prosperity?

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## Part V: A Vision and Mission for Detroit

October 15, 2010

It is obvious that Detroit—one of the nation's most functional cities through the 1950s—has experienced a massive erosion of its infrastructure, talent pool, innovation capacity and vitality. There is also sufficient evidence that while Detroit continues to decline, some other cities have shown that comprehensive resurgence is possible. What we gleaned from some of these cities is that resurgence is possible only when a city, its residents and those whose policies can affect the future of the city are collectively strategic and committed to a turn around. In other words, all hands must be on deck in order for Detroit to regain its stature among American cities.

The stars are lining up for Detroit at this point: a new administration, a large number of organizations advocating change, strong Foundation commitment, city residents motivated about the plight of the Detroit, renewed national interest in urban areas, an emerging aggressive urban policy platform coming out of Washington, D.C., and the high degree of likelihood that more resources will be available for targeted programs aimed at urban resurgence. However, what we have learned from such cities as

Pittsburg, PA; Philadelphia, PA; Boston, MA; and Minneapolis, MN, is that each of these have fully explored their assets, by leveraging such assets to achieve bold and audacious visions--visions previously thought to be unattainable. In other words, this is the time for Detroit to become bold and visionary.

With respect to boldness, Detroit's future vision must include an identity of uniqueness and distinction, not only domestically, but also internationally. At the local level, for the City of Detroit to be successful, its new course must be bold enough to restore the faith of city residents in the future. They must be convinced that progressive actions can lead to huge success, so that whatever sacrifices they are required to make can be made more readily. This relates to the issues of mindset for prosperity. The tendency in Detroit and many other cities to think of progress as a zero-sum game must be overcome. City residents owe themselves a vibrant future and such can only happen when they buy in to this concept.

Given the current fiscal condition of the State of Michigan, Detroit must be able to convince Michigan's residents that the state cannot be successful unless Detroit is, and that an investment in the city's future is an investment in Michigan's future success. This statewide commitment is necessary in order to restore Detroit's stature as Michigan's prime city. State residents must feel the excitement of the people in Detroit and be convinced that Detroit is on the move. In other words, Detroit leadership and people must help to shape the future perception of the state's residents.

Detroit's plan must also convey the notion that it can regain its national relevance. The nation needs highly functional places with high productivity, whose growth will help carry it through this very difficult economic time. In doing so, city leadership and residents have to admit that certain aspects of Detroit--which were relevant in the past--are no longer relevant in building a new first-class city. New infrastructure is needed that is outside the toolboxes of many local officials involved in urban revitalization. Detroit has to make the feds feel that investing in the city is in the best interest of the nation. There may be an opportunity to receive federal funds to support critical projects in the city. For example, the \$2.85 million grant that Southeast Michigan has just been awarded by the USHUD Sustainable Communities Planning Grant Program.<sup>24</sup> Some of the projects have already been identified in a previous article in the series.

The City of Detroit and its surrounding counties already represent more than half of the state's population. By leveraging the assets of Detroit, the state and nation can help build a model for the comprehensive turn-around of cities. The fundamental basis for Detroit's historical emergence will not be the basis for its resurgence. Detroit's resurgence will require out-of-the-box thinking and strategies. In other words, Detroit has to develop its own home-grown idea and vision of where it wants to be by 2020, 2030, 2050, and beyond. This would require all relevant organizations and governments working together to craft a direction for the city that can be used to bring local residents along.

Uniqueness is important. Simply competing with other U.S. cities will not be the best way to move forward. The best way to move forward is to help create a city whose vision is so unique that it drives a whole new paradigm for how cities look at themselves nationally. With the deindustrialization of America has come a massive deindustrialization and exodus of Detroit residents. So, the key platforms upon which to base Detroit's future economy cannot be tied to the industrial model for progress. Detroit has to redefine itself by redefining its targets.

One of the key things that Detroit has to do is to intensify its efforts to market the city as part of an international strategy to make it a global destination point for talented people, as well as immigrants. The global financial and capital community must see Detroit as one of the best opportunities for investment globally--a place where the marginal productivity of capital and skilled workers far exceeds other places.

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<sup>24</sup> [http://portal.hud.gov/portal/page/portal/HUD/program\\_offices/sustainable\\_housing\\_communities/grant\\_program](http://portal.hud.gov/portal/page/portal/HUD/program_offices/sustainable_housing_communities/grant_program)

## Vision

In light of the above, a plausible vision for Detroit is for the city to become “America’s Green New economy City.” It must be clean, spacious, green and “cool,” and feature the precursors to the recruitment and retention of the very ingredients of a 21st century urban success story. To achieve this vision, the city must be built on the principles of enhancing place assets and quality of life, placemaking to attract talent, the attraction of New Economy businesses, and the leveraging of every green opportunity possible. With an abundance of open space, and the potential for significantly more given the city’s tear-down or demolition opportunities, Detroit is better positioned than any other city to achieve this vision.

Detroit’s leaders and people need to decide for whom they are building the new city. Current residents of the city represent less than 50% of Detroit’s optimal population, given current infrastructure. Future residents--while often an unobservable variable--have the potential to bring new ideas, culture and innovation. Without new talent and new innovators, the opportunities for city residents will probably remain limited. Without the current city residents, there is little potential for a cultural and market anchor for future residents. Balance is important in deciding whether to build a city for the future or a city for the past.

Obviously, the plan for the future of the city must attract new people, new money, new enterprises, new technologies, new development, all facilitated by a serious attempt at regional placemaking. Detroit has the obligation to put together the nation’s best strategic growth plan. Efforts by the mayor’s office and the foundation community to redefine the city through the efforts of Tony Griffin and McKinsey & Company<sup>25</sup> may well be the first step in redefining the city.

The need for Detroit to be bold and visionary suggests the need for a strategic plan to drive the future of the city. The plan also has to be bold and unique, but at the same time it must resonate with all partners. In an attempt to begin identifying some key elements that could contribute to the city’s success, I developed the concept of a Marshall Plan for Detroit, named after the original Marshall Plan from the years following World War II when America was called to the table to help with Europe’s resurgence. In the rest of this article, I will summarize some of the elements that I believe are necessary to turn Detroit around.

## The Marshall Plan for Detroit

The Marshall Plan for Detroit was developed in concert with key representatives of the city and partners in higher education. The plan was to integrate the activities of all the positive people and groups working on behalf of Detroit. The rationale behind the Marshall Plan is that if Michigan can become visionary, it can capture international, federal, state and philanthropic resources available for blighted places. From this perspective, in 2007, I unveiled the seven-year Marshall Plan for Detroit, which includes four essential elements that I will examine more in depth:

1. Jobs Today – Jobs Tomorrow Initiative;
2. Green Detroit Initiative;
3. Detroit Community/Neighborhood Development Initiative; and
4. Detroit-on-the-Move Initiative.

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<sup>25</sup> <http://www.mckinsey.com/>

### Jobs Today – Jobs Tomorrow Initiative

The Jobs Today – Jobs Tomorrow Initiative relates to how communities must focus on the creation of relevant jobs. The goals of the Initiative are to grow, retain and attract jobs related to the New Economy, the green economy, neighborhood investment and small enterprise. As part of this Initiative, there is a need to develop high-quality K–12 education and promote secondary education for all Detroit youth. It could also help position higher education to be a better long-term partner in economic development and support programs for job-changers and the unemployed. Elements of the Initiative could include some of the following:

- Implementation of talent-attraction strategies, population attraction strategies, placemaking investments and “economic gardening” to bring in New Economy jobs;
- The expansion of the TIF (Tax Increment Financing) framework to the financing of placemaking projects and other creative and innovative real estate projects;
- Implementation of business attraction strategies showcasing an international image campaign as a green new-American city and leveraging affordability, space and low-cost properties, as well as utilizing the Emerging County analogy and maximizing the foreign investment stimulus program;
- Creating a university jobs program that repositions Wayne State University (WSU) as a first-class research institution, increases WSU graduation rates from 20% to 90%, funds a university-community Youth Corp program, includes tuition remission for Detroit residency, WSU Campus Expansion Fund and tuition differentials and TIFs;
- Creating an Office of New Americans that offers high net-worth and educated immigrants EB-5 visas and training (ESL), leveraging foreign students in targeting immigrants, creating an Immigrant Network program and connecting immigrants to venture funds and an Entrepreneurial Development program; and
- Transitioning those unemployed with a jobs program tied to community service.

### Green Detroit Initiative

Greening Detroit is essentially the framework for leveraging the city’s infrastructure to create the persona of one of the world’s leading places in the green economy. The goals of the Green Detroit Initiative would be to grow, retain and attract jobs related to the green economy, make green infrastructure investments and focus on renewable energy resources and opportunities. As part of this Initiative, there is a need to create a new economic sector around food and agriculture; preserve, improve and connect green spaces; and enhance water resources, including water quality, water-based technologies and coastlines. Elements of the Initiative could include some of the following:

- Developing an aggressive citywide RPS and renewables initiative, securing grants for renewable energy and energy efficiency projects for homes, and increasing the development of renewable energy systems on brownfield sites;
- Investing in sustainable agriculture and food systems that incorporates a Sustainable Eastern Market, creating a Fund for Urban Agriculture and an Urban Agriculture Entrepreneurial program, making loans and grants available for urban food stores and promoting local food systems;
- Making and promoting Detroit as a “Green City” by utilizing the green and energy Czars already in house, creating citywide bike lanes and expanding greenways, designating a special fuel tax district to help fund green infrastructure efforts, revamping the parks system, securing grants for green developers and entrepreneurs and investing in a neighborhood beautification fund; and
- Maintaining the city’s waterways through investment in boating and waterfront access and creating a Redevelopment Fund for riverfront districts.

## Detroit Community/Neighborhood Development Initiative

The resurgence of Detroit cannot center wholly on the city's downtown. There are many functional neighborhoods in the City of Detroit and they too can be a part of a refurbishing effort to enhance the future of the city. The goals of the Detroit Community/Neighborhood Development Initiative would be to integrate land use and economic development initiatives, preserve and strengthen the city's urban vitality and implement sustainable development projects, Smart Growth tenets and placemaking initiatives. As part of this Initiative, there is a need to explore asset-based neighborhood redevelopment and improve citywide quality of life (i.e., schools, city services, representative government, cultural amenities, etc.). Elements of the Initiative could include some of the following:

- Improving the image of Detroit as a green, diverse, entrepreneurial and tolerant city by addressing blight region-wide, rebuilding/revamping strategic points across the city (Stadium District, University Cultural Center, the downtown and waterfront areas) and uniform messaging/marketing at community, city and region-wide levels;
- Addressing the planning capacity related to the New Economy by revamping the property record system and retooling planning units;
- Land consolidating/banking for green persona by implementing a regional vacant land aggregation plan (City of Detroit, Metro areas and Wayne County), cleaning up and packaging of vacant properties and investing resources for vacant land transformation;
- Creating a Community Revitalization Fund to help fund NGOs to implement job creation for greening and rebuilding projects;
- Creating new opportunities for affordable housing by targeting abandoned property for revamping, eliminating tax abatements for new properties and packaging vacant homes and providing grants for recent college graduates;
- Increasing population attraction efforts to encompass placemaking strategies where young people live, marketing Detroit's affordability and creating both a domestic and international recruitment team;
- Increasing community support for entrepreneurs by encouraging urban supermarkets, e-infrastructure development and creating a social lending network;
- Improving schools (K-12); and
- Making communities safe and healthy environments to live, work and play.

## Detroit-on-the-Move Initiative

The automobile heritage of Detroit may have prevented the city from taking an aggressive position on public transportation. Today, it is difficult to imagine a successful city without a solid public transportation and/or transit system. Goals and elements of the Detroit-on-the-Move

Initiative could include the following:

- Designing and implementing a comprehensive, reliable and integrated regional transportation system;
- Securing federal monies to support a regional transit system and to implement private sector transit if public partners are elusive;
- Implementing a Non-Motorized Urban Transportation Master Plan;
- Achieving transit-oriented development;
- Preserving and improving existing road, bike, boating and other transportation infrastructure;
- Improving the pedestrian experience; and
- Revisiting the idea of utilizing revenues from Toll Roads.

Listed above are just a few examples of ideas and plans that would match the vision of the city. There are many more ideas that could be considered by decision makers in Detroit. The bottom line: “Is Detroit ready?” I believe that vision drives budgets, and programs drive structure. The big opportunity we face today is that the planning effort underway in the city is bold enough to excite relevant stakeholders and that its targeted initiatives are aligned well with the principles of the New Economy.

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