



Research Paper



Detroit: What Lessons for Victoria from a 'Post-Industrial' City?

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List of Abbreviations

ACU	Australian Catholic University
Austin Polytech	Austin Polytechnical Academy (Illinois)
CDAD	Community Development Advocates of Detroit
CMRC	Chicago Manufacturing Renaissance Council
CRA	Commercial Rehabilitation Act (Michigan)
D3	Data Driven Detroit
D4	Doing Development Differently in Detroit
DDP	Downtown Detroit Partnership
DEGC	Detroit Economic Growth Corporation
DFC	Detroit Future City
DIA	Detroit Institute of Arts
DLBA	Detroit Land Bank Authority
DMRC	Detroit Manufacturing Renaissance Council
DPS	Detroit Public Schools
DRF	Detroit Revitalization Fellows
CAR	Center for Automotive Research (Ann Arbor, Michigan)
CFSM	Community Foundation for Southeast Michigan
FCA	Fiat-Chrysler Automobiles
FDI	Foreign Direct Investment
GM	General Motors
GMH	General Motors Holden
HCCS	Holy Cross Children's Services
IRPS	Institute for Religion, Politics and Society (Australian Catholic University)
MDI	Midtown Detroit Inc.
MSA	Metropolitan Statistical Area
NEI	New Economy Initiative
NEZA	Neighbourhood Enterprise Zone Act (Michigan)
NIMS	National Institute for Metalworking Skills
OPRA	Obsolete Property Rehabilitation Act (Michigan)
SAIC Motor	Shanghai Automotive Industry Corporation – Motor Corporation Limited
SHAR	Self-Help, Addiction, Rehabilitation
U Snap Bac	United Streets Networking and Planning: Building a Community
UAW	United Auto Workers
WSU	Wayne State University

Executive Summary

Victoria's manufacturing sector has been in decline for several years. A range of workplace closures – not least the announcement by Australia's last remaining carmakers that local motor vehicle manufacturing would be wound-down by 2016-17 – have had a significant impact on communities. There is much to learn from international experiences and responses to deindustrialisation and manufacturing job losses. Detroit is perhaps *the* global exemplar of industrial decline. Once the fourth great city of the United States, Detroit has undergone decades of deindustrialisation and depopulation. More recently, the social fabric of the city was severely undermined by successive economic recessions, the collapse and bailout of General Motors and Chrysler in 2009-10 and the bankruptcy of its municipal government in 2013-14.

Despite these enormous challenges, Detroiters are reinventing their city *right now* with innovative and dynamic collaborations between government, businesses, philanthropists, non-profit and community organisations. Based on recent research in Detroit, including multiple interviews with its civic, business and political leaders, this is one of the first reports to document these collaborative efforts in the 12 months since the city emerged from bankruptcy.

The report finds that:

- There are numerous philanthropy-driven programs in Detroit that fund community development and a range of private (including *for-profit*) initiatives, including seed funding for start-ups, entrepreneurs and the 'new economy', funding for urban planning and public data provision, and programs to retain and attract mid-career 'talent' in organisations;
- Philanthropy is commonly playing a central role in real estate, economic and community development initiatives in circumstances where government cannot or will not play this role;
- The 'post-industrial' economy is a myth. Although the largest share of employment is in 'education, healthcare and social assistance', one in eight jobs in Detroit remains in manufacturing, which makes up the second largest share of total employment in the city. There has also been a marked shift towards *advanced* manufacturing;
- The automotive industry is still very important to the Southeast Michigan region. The profitability of the 'Detroit Three' – General Motors, Ford and Fiat-Chrysler – has substantially recovered since 2010. Despite this recovery, there are likely to be ongoing job losses due to cost pressures from Mexico;
- Foreign direct investment has played an important role in automotive recovery since 2010, including a role for Chinese direct investment in niche areas of local industry;
- There has been no systematic effort to track the fate of automotive workers retrenched in recent years or to calculate the impact of retrenchments on local labour markets, families or communities;
- Successful repurposing of former automotive sites requires significant support from government at a regional level, especially if the site requires re-zoning as 'non-industrial'. From 1979 to 2011, 21 sites were repurposed in the Metro Detroit region. US-wide research suggests that most sites are used for new industries and light manufacturing, warehousing, educational facilities (such as university campuses and schools) and for residential construction;
- Large educational and healthcare institutions – such as universities and hospitals – can provide a bedrock for the redevelopment of disadvantaged city neighbourhoods, as demonstrated by the experience in Midtown Detroit;
- A potential drawback to Detroit's recovery is the state of its public schools, both in terms of their capacity to attract new or returning long-term residents with young children and its capacity to train students with relevant entry-level skills and qualifications in manufacturing;
- Urban agriculture presents a novel solution to problems of vacant land in the city;

- Private non-profit organisations like Midtown Detroit Inc. have played a pivotal role as information brokers by assembling packages of available government subsidies to encourage real estate and business development;
- The provision of public data – especially for vacant land and real estate development – has been an important factor in Detroit’s redevelopment. *All* stakeholders – businesses, governments, developers, community organisations and residents – benefit from publicly-accessible data.
- Detroit’s model of redevelopment is contested by some stakeholders and residents. Like any process of urban development, genuine community engagement and participation is crucial to the success of recovery efforts.

Map of Metro Detroit by ‘race’

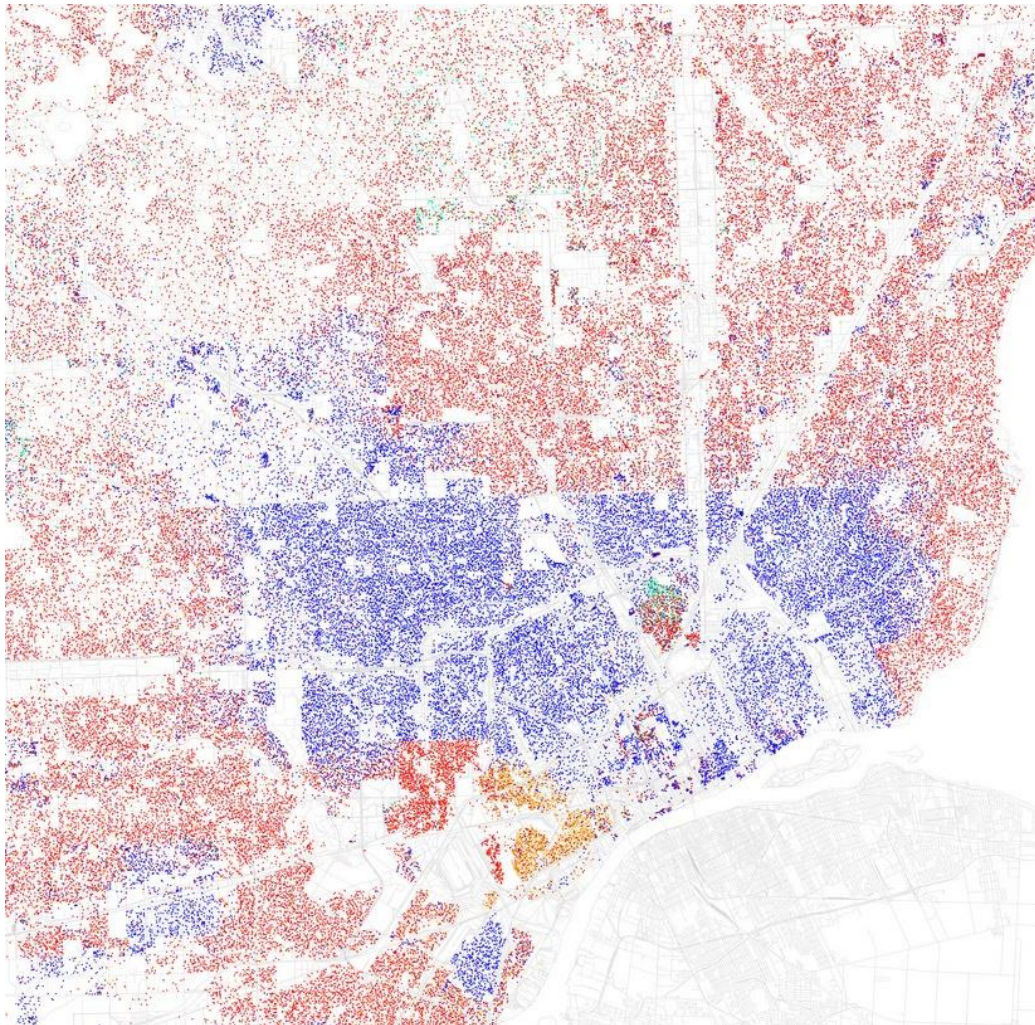


Image c/o Eric Fischer, Creative Commons, digital mapping based on 2010 US Census data

Blue = African American, Red = White, Orange = Hispanic

1. INTRODUCTION

What, if anything, can Victorian cities and urban regions learn from Detroit? In many ways, Detroit is radically different to other *American* cities, let alone to Australian cities. The city of Detroit is poorer and less-developed than any major Australian city and there is probably nothing in Australian urban history that can match the scale and the depth of Detroit's decline in recent decades. But international comparisons always depend upon the questions we ask. Detroit is internationally-famous for the gradual deindustrialisation of its urban core and has become emblematic of the so-called 'post-industrial city'. Although there is nothing that matches the scale of Detroit's urban decay in Victoria, the state is undergoing its own version of industrial decline as manufacturing continues to falter. The decision by Australia's last remaining carmakers to end domestic automotive assembly operations in Victoria and South Australia by 2016-17 is both a symptom and a driver of this change.

Detroit is also famous as the historical centre of the global automotive industry and remains the headquarters for the 'Big Three' — or 'Detroit Three' — of General Motors (GM), Ford and Fiat Chrysler Automobiles (FCA). Detroit is still known as the 'Motor City'. Moreover, from the depths of industrial decline, depopulation and, most recently, the bankruptcy of its municipal government, Detroiters are implementing a wide range of innovative programs to rebuild and revitalise their city. There is a widely-held (though contested) sentiment among Detroit's civic leaders that the city has 'bottomed out' and that the city is in the early stages of recovery: 'No one ever hit as much of a rock bottom as Detroit has but we're not going anywhere. We still have 700,000 residents here and a region full of folks who love it. It's a gem. It's got grit and guts and hope.'¹

In Victoria, the effects of economic restructuring and deindustrialisation are being most acutely felt in regions that rely the most on blue-collar manufacturing jobs. Official estimates for cumulative job losses from the closure of Ford, GM Holden (GMH) and Toyota's assembly facilities acknowledge that this impact will be felt the most in particular cities, regions and suburbs.² In Victoria, we know that communities and businesses most reliant on automotive assembly and supply chain work are located in Melbourne's northern and south-eastern suburbs as well as in the Geelong region. In some cases, this restructuring will impact in areas that already have problems of above-average unemployment and socio-economic disadvantage.

The underlying premise of this report is that the people of these regions, including business, political and civic leaders, have an interest in knowing how 'post-industrial' cities internationally have attempted to revive and recover after periods of economic decline or after experiencing major economic shocks and disruptions. The most significant of Detroit's recent shocks include the impact of the 2008–09 'Great Recession', the bankruptcies of GM and Chrysler, followed by the government bailout of GM and organised takeover of Chrysler by Italian carmaker, Fiat, in 2009–10, and the filing and declaration of bankruptcy by the City of Detroit in 2013–14. These shocks catalysed recent interventions by political, civic and philanthropic leaders in the region, with some drawing direct lessons from other disaster-struck cities. For example, one important program called Detroit Revitalization Fellows (see Part Two of this report) was modelled on civic responses in the aftermath of Hurricane Katrina in New Orleans.³

¹ Interview, Erica Raleigh, Data Driven Detroit (D3), 31 October 2015

² Productivity Commission (2014) *Australia's Automotive Manufacturing Industry*, Inquiry Report No. 70, Canberra, 31 March.

³ Interview, Graig Donnelly, director, Detroit Revitalization Fellows, 29 October 2015.

Detroit's shocks may be distinctive but, like disruptions elsewhere, they occur within a longer-term context — in this case, the context, like Australia, is the decline of automotive and manufacturing activity and employment. Key investigative questions in this report include:

- What has happened to automotive manufacturing jobs in Detroit in the six years since the 2009 government bailout and restructuring of the American automotive industry?
- What does a 'post-industrial' labour market look like? What role is there for new, advanced and light manufacturing, for public sector and education work and even for completely new sectors (like urban agriculture)? Is there such a thing as a 'new economy' and what does, or should, it look like?
- What initiatives have community leaders implemented in post-industrial areas of the city? Which of these has had a positive impact? Has gentrification followed industrial decline, and should this be welcomed or discouraged?
- To what extent has business played a proactive, pro-community role in the transformation of affected neighbourhoods? Is there a role for small business and entrepreneurship and has this been encouraged by government?
- What role does, and should, corporate philanthropy play? Is Victoria missing out on a hidden, philanthropic alternative? What are social enterprises and do they have a role to play?
- What is the dominant model for economic and community redevelopment and to what extent has this been designed with community engagement and interests in mind?
- Are there any case studies at a neighbourhood, suburban or regional level that are particularly instructive for Victorian cities and regions?
- What is meant by terms like 'revitalisation' and 'recovery' and do these concepts have relevance for Victorian cities and regions?

A further premise of this report is that, if Detroit — a city far poorer, less-developed and arguably less-resourced than Victorian cities like Melbourne or Geelong — can begin to redevelop successfully, then there is a strong case for optimism in the manufacturing-reliant regions of Victoria, provided that the right lessons are heeded from the international experience and appropriate local strategies and resources implemented. This report has been written with local policy challenges in suburban Melbourne and Geelong in mind. Its purpose is to outline some of the key approaches to economic, social and civic recovery in Detroit. It does not attempt to draw *direct* comparisons with similar policy areas or responses in Victoria. As such, it leaves questions about relevant policy lessons for the Victorian and Australian context for the reader to interpret. However, since the report has been written with a Victorian audience in mind, space to discuss many of Detroit's distinctive social, demographic and cultural features has been minimised in order to focus on areas of possible comparative policy relevance.

This comparative work is the subject of a longer-term collaboration between Australian Catholic University's Institute for Religion, Politics and Society and Wayne State University in Detroit, of which this report is an early attempt to identify key issues of relevance for an Australian audience. It is based largely upon a six-week research visit to Detroit from September to November 2015 where the author interviewed a range of business, political and civic leaders, particularly those involved in community redevelopment and philanthropy as well as trade unions and academics. The full list of interviews is included at the end of the report. The author also made use of secondary source material from the extensive historical and urban studies of Detroit published in recent years.

2. DETROIT: A POST-INDUSTRIAL CITY?

The decline of the Motor City has been analysed in several historical studies.⁴ Arguably, the most comprehensive contribution comes from Professor Thomas J. Sugrue of New York University, a native Detroitier.⁵ Sugrue's vivid description of Detroit's post-war transition is worth repeating:

In the 1940s, Detroit was America's 'arsenal of democracy', one of the nation's fastest growing boomtowns and home to the highest-paid blue-collar workers in the United States. Today, the city is plagued by joblessness, concentrated poverty, physical decay, and racial isolation. Since 1950, Detroit has lost nearly a million people and hundreds of thousands of jobs. Vast areas of the city, once teeming with life, now stand abandoned. Prairie grass and flocks of pheasants have reclaimed what was, only fifty years ago, the most densely populated section of the city. Factories that once provided tens of thousands of jobs now stand as hollow shells, windows broken, mute testimony to a lost industrial past. Whole rows of small shops and stores and boarded up or burned out... [O]ver sixty thousand lots lie empty, marring almost every city neighbourhood. Whole sections of the city are eerily apocalyptic.⁶

Detroit is part of a larger urban region known as Southeast Michigan, comprised of seven counties including the core counties of Wayne, Oakland and Macomb. Within Southeast Michigan lies the Detroit Metropolitan Area, sometimes known as Metro Detroit, which covers nearly 3,500 square km with a 2010 population of over 3.7 million. The wider Metropolitan Statistical Area (MSA) of Southeast Michigan covers over 10,000 square km with a 2010 population of nearly 4.3 million. It is strategically positioned on the US-Canadian border and a regional link between the Great Lakes, which form one of the world's largest freshwater supplies. For sake of comparison, the MSA covers a similar area to Greater Melbourne (which covers about 9,900 square km) and has a similar sized population to Melbourne's 4.4 million people.

The actual City of Detroit covers an area of 370 square kilometres and is part of Wayne County. Its population forms less than 19 per cent of the Metro Detroit Region and 16 per cent of the wider region (the MSA). Within Detroit's borders are two separate cities that also form part of Wayne County: Hamtramck and Highland Park (see Figure 1). Detroit's population peaked at nearly 1.9 million in 1950 and, thereafter, declined to less than 1.7 million in 1960, 1.5 million in 1970, 1.2 million in 1980, just over 1 million in 1990, 950,000 by 2000, and just over 700,000 by 2010. The current population is around 680,000–690,000, representing a 63 per cent decline from its population peak 65 years ago.

The number of people in the city living in high concentrations of poverty rose from 14 per cent in 2000 to a remarkable 50 per cent in 2013, compared to a national average of 14.4 per cent. For African-Americans, the figure rose from 18 to 58 per cent.⁷ The municipal government, the City of Detroit, ran budget deficits every year from 2003 (except 2007) until bankruptcy was finally declared in 2013. The link between the gradual decline of the city's urban and economic infrastructure and the parlous state of city finances has been well-summarised by Marc Kruman at Wayne State University:

⁴ G. Galster (2012) *Driving Detroit: The quest for respect in the Motor City*, University of Pennsylvania Press; J. Thomas (2013) *Redevelopment and Race: Planning a finer city in postwar Detroit*, John Hopkins University Press. For an up-to-date analysis of recent development efforts in the city, see M.P. Smith & L.O. Kilpatrick (eds) (2015) *Reinventing Detroit*, New Brunswick, N.J. and London, Transaction Publishers.

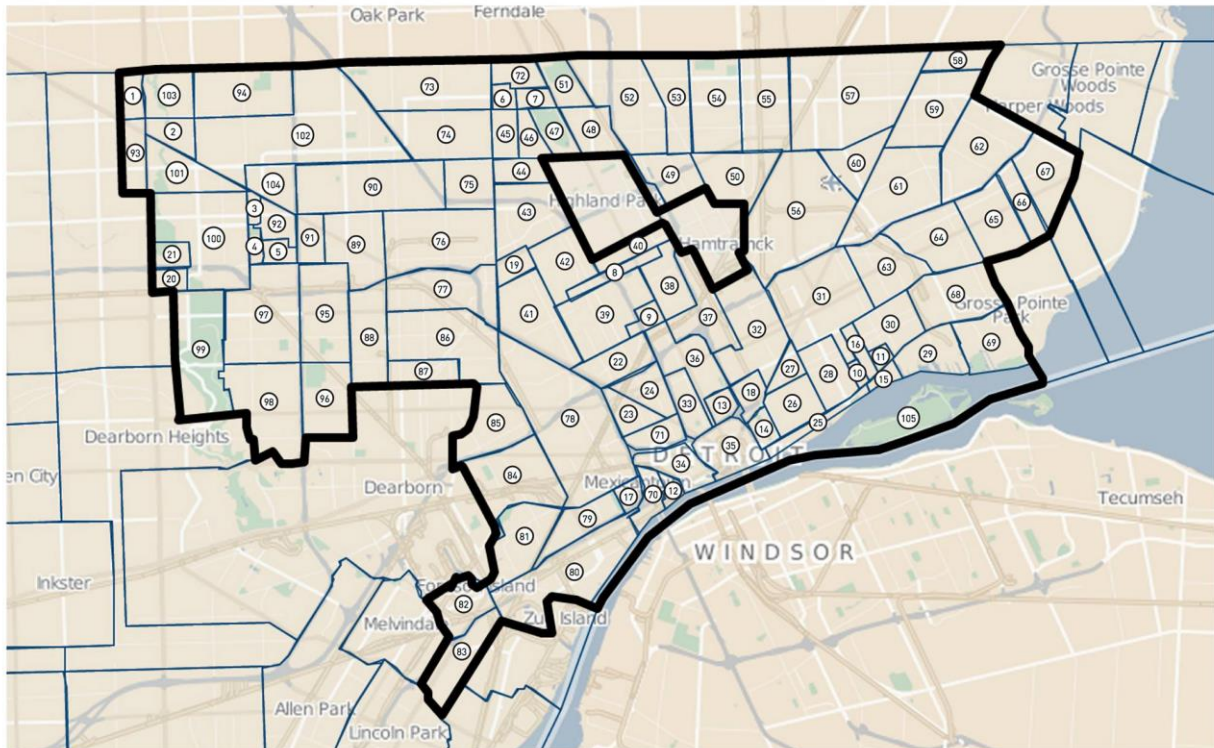
⁵ T.J. Sugrue (2014) *The Origins of the Urban Crisis, Race and Inequality in Post-War Detroit*, Princeton University Press.

⁶ *ibid.*, p. 3

⁷ N. Warikoo (2015) '[Concentrated poverty spikes in metro Detroit](#)', *Detroit Free Press*, 23 August.

Fifty years of economic and demographic decline—combined with the withdrawal of state financial support and opaque, outdated and sometimes corrupt City operations—found the City financially insolvent and unable to deliver basic city services. Streetlights went dark; an inadequate police force patrolled inadequately; and buildings burned as a short-staffed fire department and dispirited citizenry watched.⁸

Figure 1: Detroit Neighbourhood Map



Detroit Neighborhood Map

1. Five Points	19. Russell Woods	37. Milwaukee Junction	55. Nortown	73. Pembroke	91. Grandmont Rosedale
2. Old Redford	20. Castle Rouge	38. North End	56. City Airport	74. Bagley	92. Rosedale Park
3. Minock Park	21. Eliza Howell	39. LaSalle Gardens	57. Osborn	75. Fitzgerald	93. The Eye
4. Westwood Park	22. NW Goldberg	40. Arden Park	58. Regent Park	76. Littlefield	94. Seven Mile Evergreen
5. Grandmont	23. Core City	41. Petosky-Otsego	59. Burbank	77. Grand Meyer	95. Grandale
6. Sherwood Forest	24. Woodbridge	42. Dexter-Linwood	60. LaSalle College Park	78. Southwest	96. Herman Gardens
7. Palmer Woods	25. Rivertown	43. Hope Village	61. Ravendale	79. Mexicantown	97. Franklin Park
8. Boston Edison	26. Elmwood Park	44. Martin Park	62. Denby	80. Delray	98. Warrendale
9. New Center	27. McDougall Hunt	45. University District	63. St. Jean	81. Springwells Village	99. River Rouge
10. West Village	28. Islandview	46. Detroit Golf	64. Chandler Park	82. Oakwood Heights	100. Brightmoor
11. English Village	29. Marina District	47. Palmer Park	65. Morningside	83. Boynton	101. Riverdale
12. Corktown Shores	30. Foch	48. Grixdale Farms	66. East English Village	84. Condon	102. Greenfield
13. Brush Park	31. Kettering	49. NorHam	67. Balduck Hill	85. Chadsey	103. Berg-Lahser
14. Lafayette Park	32. Poletown East	50. Davison	68. Jefferson-Mack	86. Barton McFarland	104. North Rosedale Park
15. Gold Coast	33. Cass Corridor	51. State Fair	69. Jefferson Chalmers	87. Aviation Subdivision	105. Belle Isle
16. Indian Village	34. Corktown	52. Grixdale	70. West Side Industrial	88. Fiskorn	
17. Hubbard Farms	35. Downtown	53. Conant Gardens	71. North Corktown	89. Greenfield-Grand River	
18. Eastern Market	36. Midtown	54. Krainz Woods	72. Green Acres	90. Belmont	

Source: Loveland Technologies

Why did Detroit decline?

This report is focused on *efforts to redevelop the city* rather than the *reasons* for decline. Nevertheless, Sugrue provides three broad reasons for Detroit’s decline that are worth considering. First, the flight of jobs — especially higher-paid, blue-collar jobs in the auto industry to the suburban fringe of Southeast Michigan and to the southern American states since the 1950s and, since the 1980s, to Mexico — had a severe impact on the city. Second, workplace discrimination played a key

⁸ M. Kruman (2015) ‘Citizenship in Detroit in an Age of Bankruptcy’, paper presented to conference on ‘The Changing Meaning of Citizenship’, University of Potsdam, Germany, 4-6 June.

role in the decline of Detroit's urban core. The thousands of African-American workers who migrated, often from the south, during the post-World War Two period were usually well down the 'seniority list' in auto plants and often occupied the more physically-demanding, less-rewarding jobs. When GM, Ford and Chrysler began shutting down facilities or downsizing employment in the city, it was a case of 'last in, first out': black workers were often the first to be laid-off. Meanwhile, thousands of white families began to leave the city to buy larger residential plots in the suburbs of Macomb county, Oakland county, Grosse Point and elsewhere. As Detroit's population declined from 1950 onwards, the proportion of the African-Americans in the total population steadily rose, from 16.2 per cent in 1950, to 28.9 per cent in 1960, 44.5 per cent in 1970, 63.0 per cent by 1980, 76.0 per cent by 1990 and 81.6 per cent by 2000. Today, the figure stands at 82.7 per cent.⁹

The third reason for Detroit's decline, according to Sugrue, is what he calls 'intractable racial segregation in housing'. In the 1940s and 50s, areas with a large black population were usually locked out of the home loan market. Racist covenants in land deed titles were still very common at this time. These explicitly stated that the land under title could only be purchased by white people. For many years, black families with the income and aspiration to move to the suburbs were institutionally prevented from doing so by these covenants, which were defended by real estate agents, banks and mortgage lenders, developers and white neighbourhood associations. Those pioneering black families who did move to the suburbs were often confronted with terrible racism led by residents' associations who orchestrated the vandalism of their homes.¹⁰ Thus, race relations and racism are a very important part of the history of this city and contemporary efforts to redevelop Detroit cannot be understood outside of this context:

[You] can't talk about Detroit, without talking about race. You can't. You need to redevelop Detroit in a way that includes the folks who've been here for many years. So you need to find out what they need to re-enter this new economy.¹¹

The land and housing market

One of the manifestations of the city's decline today is the state of housing and land markets in the city. By 2014, there were about 60,000 vacant parcels of land and 78,000 vacant structures, of which nearly half were considered dangerous or unliveable.¹² This helps to make housing 'an awfully odd market' with large areas of the city where development costs exceed land values, insufficient capital and a constant need for market subsidies to make development viable.¹³ Roughly one in three houses in the city has foreclosed since the last recession.¹⁴ Since 2010, this problem has increasingly taken the form of tax foreclosures in which homeowners default on their property tax.

By early 2014, there were about 64,000 properties in Wayne County that were 'tax delinquent'. Of these, about 34,000 were put to auction in 2014 and, of these, up to 20,000 were already occupied:

Sometimes the resident is not even aware they are about to be evicted. They are paying rent to someone who hasn't paid their taxes in four years and had nothing to do with it, but [they're] in there.

⁹ There are also significant Latino and Arab-American communities in the Southwest Detroit and Dearborn areas respectively. See the map at the beginning of this report.

¹⁰ These incidents are outlined in great detail by Sugrue, *op. cit.*, as well as the race riots that struck the city in 1943 and, most famously, in 1967.

¹¹ Interview, Mary King, Executive Director, Doing Development Differently in Detroit (D4), 17 October 2015.

¹² J. F. McDonald (2014) 'What happened to and in Detroit?' *Urban Studies*, 51(16) p. 3320.

¹³ Interview, Timothy S. Thorland, Executive Director, Southwest Housing Solutions (Detroit), 17 October 2015.

¹⁴ Interview, Dianne Feeley, Detroit Eviction Defense and retired UAW unionist at Chrysler, 20 October 2015.

In other circumstances, you had folks who chose not to pay or could not pay because they had fixed incomes... [This] continues to fuel instability in the neighbourhoods.¹⁵

Figure 2: Resisting evictions in Detroit's neighbourhoods



Source: Dianne Feeley, Detroit Eviction Defence

In response to problems of housing, vacant properties and 'blight' (i.e., dilapidated or vandalised buildings) (see Figure 3), Mayor Mike Duggan has greatly expanded the functions of an institution called the Detroit Land Bank Authority (DLBA) which is gradually acquiring all City-owned properties, including thousands of foreclosed homes, to auction parcels of land on a mass scale.

The City bankruptcy

In July 2013, after years of falling tax revenues due to declining population and unsustainably high levels of debt, the City of Detroit filed for bankruptcy with estimated debts and liabilities of over \$18 billion¹⁶. In November 2014, a 'Plan of Adjustment' was announced for the City's post-bankruptcy transition. This process was hugely controversial in Detroit and there is not the space here to outline the arguments for and against each stage. For example, trade unions representing City employees argued strongly against the changes to wages, health benefits and pension benefits

¹⁵ Thorland, op. cit.

¹⁶ All dollar amounts in this report refer to US dollars.

for retired City employees.¹⁷ Part of the settlement involved an \$800 million ‘Grand Bargain’ between the Bankruptcy Court, the City and the philanthropic community to prevent priceless artwork from the Detroit Institute of Arts (DIA) being sold-off as part of the mediated settlement.¹⁸

Figure 3: Urban ‘blight’ in Detroit



Source: author

The role of philanthropy

A further distinctive feature of Detroit is the central role of philanthropy in the redevelopment of the city. Philanthropy in the US is far larger in scale and scope than Australia. Not-for-profit organisations, commonly known as a 501c3¹⁹, have tax-exempt status and also create generous tax incentives for donors. A 501c3 can either be a public charity or a ‘private foundation’ which engages in grant-making to other organisations rather than as a direct charity provider. Some grantees also have 501c3 status while others rely upon a fiduciary — a third party to hold or manage their money and assets — to operate. As explained below, there is also a role for ‘social enterprises’ that divide their sources of income between foundation grants, government and private business.

Key local foundations include the Kresge, Hudson Webber and Skillman Foundations as well as the Community Foundation for Southeast Michigan (CFSM). The CFSM funds environmental initiatives like ‘greenways’ and bicycle paths, as well as various public charities. In 2006–07, it established the \$100 million New Economy Initiative (NEI) to diversify the regional economy by supporting entrepreneurship. Because US tax law has a special category for charitable grant-making in

¹⁷ For a comprehensive overview of the Bankruptcy process, trial and hearings, see <http://www.nextchapterdetroit.com/>, compiled by WDET Detroit Public Radio. Accounts of the bankruptcy by the presiding judge and chief mediator are here: <http://fordschool.umich.edu/video/2015/detroit-grand-bargain-panel>. For critical accounts of the bankruptcy, see Smith and Kilpatrick, *op. cit.* and Kruman, *op. cit.*

¹⁸ Interview, Mariam Noland, President, Community Foundation for Southeast Michigan, 8 October 2015.

¹⁹ Named after Section 501c3 of the US Internal Revenue Code.

'disadvantaged communities' like Detroit, the NEI can grant some money to private businesses, including established small and medium-sized businesses as well as start-ups.²⁰

Not-for-profit activity takes several other forms in Detroit. For example, a private non-profit organisation called the Detroit Economic Growth Corporation (DEGC) 'leads all economic development work on behalf of the City of Detroit'.²¹ Its business development unit retains and attracts business across the city, manages tax incentives and abatements for companies looking to relocate or expand and has a recently-established small business unit. One of the DEGC's most important small business initiatives is the Motor City Match, which uses federal funds to partner businesses with building owners in the city.

Collaboration between government and philanthropy has also generated a strategic framework for the redevelopment of the *entire* city, created by a public-private partnership called Detroit Future City (DFC):

In late 2009, there was a recognition among many leaders in Detroit at the time, including the Mayor at the time [Dave Bing] and the leaders of major philanthropic institutions that Detroit was headed on a terminal course ... Those groups talked and there was a recognition that something truly transformative had to happen. They couldn't just adjust past strategies ... [We] wanted to create a framework that allowed others to make decisions, whether you're the local government, the state government, a resident, a faith-based organisation [or] a multinational corporation. The idea was that you could find information to inform your decision-making; that what you did was strategic and coordinated and could have a clear positive impact on the city.²²

Other philanthropy-backed organisations and initiatives include:

- **Data Driven Detroit (D3)**, which was established to act as a public data depository for business and civic organisations in the city. D3 was initially a '501c3' but, as a consequence of increased competition for public and philanthropic funding, has emerged as a 'social enterprise' to act as a 'low-profit, limited liability company where you're allowed to make a profit but your primary driver is your mission'.²³ In other cases, social enterprises are run by people with a private business background: 'As an entrepreneur ... we have to prove the social viability [as well as the economic viability] of the project too; the community benefit.'²⁴
- **Detroit Revitalization Fellows**, established in 2011 by a partnership between Wayne State University and several national and local philanthropic foundations 'in response to the realisation that Detroit was losing so much talent: those mid-career people with leadership potential'.²⁵
- **Community Development Advocates of Detroit (CDAD)**, a membership-based organisation which acts to assist community development corporations, neighbourhood associations, neighbourhood improvement organisations and block clubs.²⁶

²⁰ Noland, op. cit.

²¹ Interview, Malinda Jensen, Vice-President of Business Development, Detroit Economic Growth Corporation (DEGC), 31 October 2015.

²² Interview, Dan Kinkead, Acting Executive Director, Detroit Future City (DFC), 29 October 2015. The DFC was an 'outgrowth' of the DEGC whose non-profit arm acted as DFC's fiduciary agent. At the time of publication, DFC had submitted for non-profit (501c3) status, partly in order to operate more independently from the City. This coincided with the recent expansion of the City's own planning arm led by renowned urban designer, Maurice Cox.

²³ Raleigh, op. cit.

²⁴ Interview, Gary Wozniak and Charles Wilson, Detroit RecoveryPark, 16 October 2015.

²⁵ Donnelly, op. cit.

²⁶ Interview, LaToya Morgan, Public Policy Manager, Community Development Advocates of Detroit (CDAD), 17 October, 2015

- **Green Skills Alliance**, a public-private partnership established with a combination of foundation money and state government funding to promote companies in the ‘green economy’ and to inform consumers about the location of green and sustainable companies in Detroit.²⁷

A further striking feature of co-investment or seed funding recovery efforts in Detroit is the central role played by private philanthropists, partly due to the dysfunctional character of municipal government in recent years. Some are open about private institutions taking on former government roles in the city. For example, the Downtown Detroit Partnership (DDP) is a private body that cooperates with municipal, state and federal government to promote economic and community development in the Downtown area and ‘represents the senior leadership within our corporate, philanthropic and public sector’.²⁸ The DDP has taken on several important public infrastructure projects, including the redevelopment of Campus Martius Park in the city centre and the creation of a ‘business improvement zone’, which is ‘a tax zone within a specific geographic area that is imposed on the property owners that comes back to us that allows us to supplement city services’:

So we now are cleaning streets, patrolling streets, putting out welcome ambassadors to give people directions and to feel comfortable in the Downtown area. We’ve got a budget of over \$4 million, which is growing as the tax base grows, which is going to what would used to have been normal city services. [The] City, and most municipalities these days, don’t have this capacity. So these activities go on the tax bill, come back to us, we then apply it as a public entity that we manage which provides these services for the community. It provides basic city services.²⁹

²⁷ Interview, Debra Rowe, convener, Detroit Green Skills Alliance, 16 October, 2015

²⁸ Eric Larsen, Acting CEO, Downtown Detroit Partnership, 30 October, 2015

²⁹ *ibid.*

3. TYPES OF ECONOMIC ACTIVITY AND EMPLOYMENT IN DETROIT

Table 1 and 2 below give an indication of the main types of economic activity and employment in the city of Detroit. They also demonstrate the scale of job losses that have occurred as the city has depopulated since the turn of the century.

Table 1: Employment by economic sector³⁰

Sector	2000 ('000 jobs)	2007–2011 ('000 jobs)	2007–2011 (% share)
Construction	12.2	7.8	3.5
Manufacturing	62.2	27.9	12.4
Wholesale trade	7.7	3.8	1.7
Retail trade	31.6	22.8	10.1
Transport, warehousing & utilities	22.2	13.7	6.1
Information technology	9.5	4.8	2.1
Finance, insurance and real estate	19.1	11.6	5.2
Professional, scientific, management, admin & waste management services	29.7	21.9	9.8
Education, healthcare and social assistance	69.3	58.7	26.1
Arts, entertainment, recreation, accommodation & food services	28.8	26.9	12.0
Other services (excluding public admin)	18.3	11.1	4.9
Public administration	20.2	13.4	6.1
Total	331.4	224.8	100

Table 2: Ten largest employers in the City of Detroit, 2003–2013³¹

Employer	2013			2003		
	No. of employees	Rank	% of total employment in Detroit	No. of employees	Rank	% of total employment in Detroit
City of Detroit	11,396	1	4.1	20,799	2	6.3
Detroit Public Schools	10,951	2	3.9	26,000	1	7.9
Detroit Medical Center	10,823	3	3.9	11,836	3	3.6
Henry Ford Health System	8,774	4	3.1	7,337	6	2.2
Federal government	6,665	5	2.4	11,363	4	3.5
Wayne State University	6,272	6	2.2	5,154	11	1.6
State of Michigan	4,212	7	1.5	5,637	10	1.7
Fiat Chrysler	4,150	8	1.5	9,707	5	3.0
St John Providence Health System	4,006	9	1.4	5,767	9	1.8
DTE Energy Co	3,640	10	1.3	4,045	14	1.2

³⁰ Adapted from statistics in J.F. McDonald (2014) 'What happened to and in Detroit?' *Urban Studies*, 51(16), p. 3324.

³¹ City of Detroit (2013) *Comprehensive Annual Financial Report*, Detroit, Michigan, p. 216.

Table 1 shows that total employment fell from about 331,400 in 2000 to an average of 224,800 for the period from 2007 to 2011, a 32 per cent decline. For purposes of comparison, the population data in Part 2 of this report indicate that Detroit's population declined by about 26 per cent from 2000 to 2013. Manufacturing employment declined by 55 per cent and 'transport, warehousing and utilities' fell by 38 per cent. Thirty-two per cent of all jobs lost in the city in this period were manufacturing jobs. However, by 2007–2011, manufacturing still remained the second largest employing sector of the city's economy with 12.4 per cent of the total, slightly ahead of 'arts, entertainment, etc' (12 per cent). By far the largest sector was 'education, healthcare and social assistance' with 26.1 per cent of the total.

Table 2 looks at the change to the top ten largest employing organisations in the city from 2003 to 2013 according to City of Detroit financial reports. The largest single employer, the City of Detroit, shed 45 per cent of its employee base from 2003 to 2013. The second largest employer, Detroit Public Schools shed a remarkable 58 per cent of its employees, including thousands of teachers. According to Table 2, Chrysler (now FCA), the eighth largest employer, shed 57 per cent of its city workers. In some cases, there was an increase in employment during this period. The fourth largest employer, the Henry Ford Health System, increased employment by nearly 20 per cent. Employment at Wayne State University grew by 22 per cent to become the sixth largest employer in the city. It is also important to note that these figures do not fully capture the impact of billionaire mortgage loans entrepreneur Dan Gilbert's decision to transfer most of his Quicken Loans operations from the Metro Detroit suburbs to the Downtown area since 2010 (see Part 4).

While this report does not provide a detailed or exhaustive picture of business and labour markets in the city, this section provides some insights into key areas of the urban and regional economy that have undergone transformation. The remainder of this section looks at four sectors: the automotive industry, new manufacturing, urban agriculture and the 'new economy'.³²

The automotive industry

Despite its well-documented problems and decline, the auto industry remains crucial to Southeast Michigan. The auto job losses that occurred as a consequence of the 2008–09 recession, followed by the bankruptcy and federal bailouts of GM and Chrysler, need to be situated in the context of a much longer term decline in employment since the 1970s:

[By] far most of the [historical] job losses in [the] automotive [industry] happened between 1979 and 1983 ... If you go back to 1978, GM had 450,000 hourly jobs in the US. About 200,000 were in Michigan. Of those 200,000, about 170,000 were in the Detroit Metro area. Ford had 175,000 in the US, of which 105,000 were in Michigan and 95,000 in the Detroit [Metro] area. Chrysler is similar. Those numbers declined even before the [last] recession. They had declined to about 70,000 at GM, about 50,000 at Ford and about 40,000 at Chrysler [in the US as a whole]. So the only company that has experienced significant employment shrinkage since 2007 is really GM, which dropped another 20,000.³³

Figure 4 confirms this overall picture, showing a huge decline in auto jobs among the Detroit Three in the 1980s, a small rise during the American boom of the mid-1990s, and then continuing decline until 2010, after which employment again started to rise modestly. Since 2010, each of the Detroit Three

³² It does not look in detail at other high-employing sectors like hospitals and healthcare, the City of Detroit, hospitality, retail trade and higher education.

³³ Interview, Dan Luria, formerly of the Michigan Manufacturing Technology Center and current UAW advisor, 20 October 2015.

has returned to profitability due to higher consumer demand and cost cuts. Figure 5 shows a rise in light vehicle sales, including passenger cars, in the US from 2007 until 2014. This data shows a 58 per cent rise in sales from a low of 10.4 million nationally in 2009, during the peak of the recession, to 16.4 million in 2014 and forecasts of continued growth until 2018.

Figure 4: Detroit Three: Hourly Employment, United States, 1984–2014³⁴

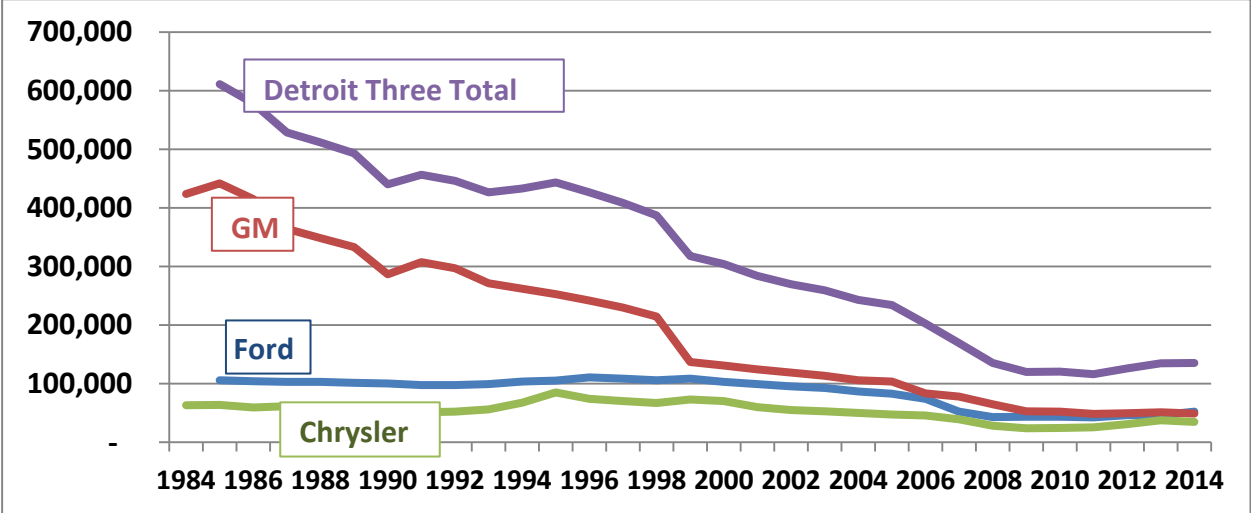
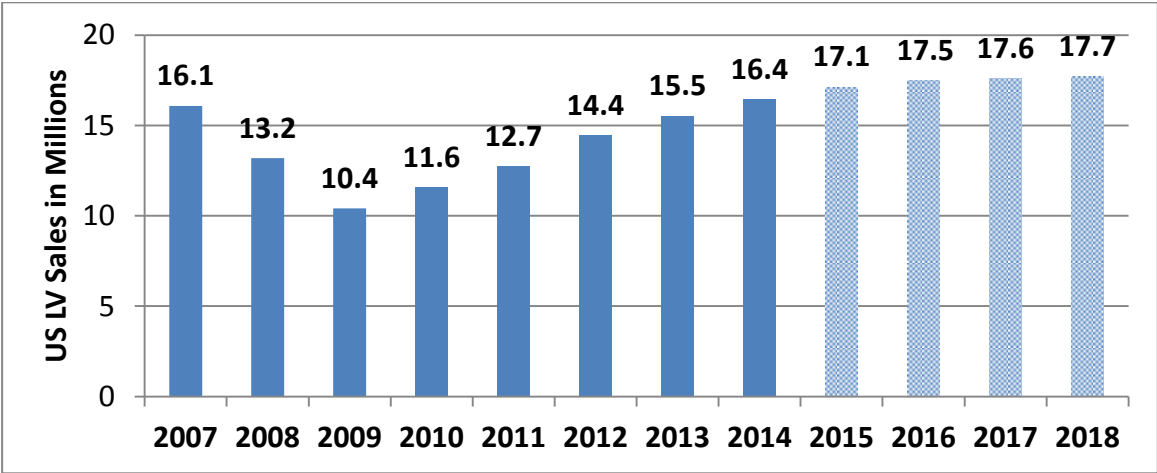


Figure 5: US light vehicles sales – record and forecasts³⁵



This recovery is complex and has come with some significant costs from the perspective of American auto workers despite the new employment opportunities that have emerged in the last five years:

There has been substantial recovery among those firms from the low in 2010. Chrysler and Ford both added about 15,000 jobs and GM added about 10,000. GM over the last 15 years completely got out of making axles and turned that over to American Axle and that went from being Detroit based to almost all in Mexico. Chrysler, which used to make axles in Detroit, went into a joint venture with ZF and made axles in Marysville at much reduced wages. Even in cases where jobs were added, there were also major declines in compensation.³⁶

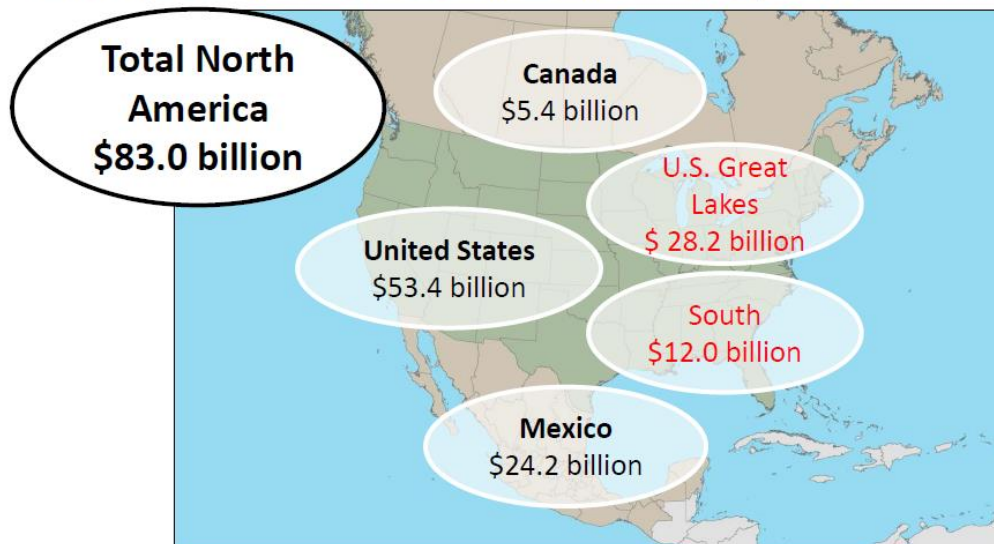
³⁴ Company data cited in S. McAlinden (2015) ‘Some mild commentary and observations regarding D3-UAW bargaining for a new labor agreement,’ CAR Industry Briefing, 23 June.

³⁵ Center for Automotive Research forecasts cited in McAlinden, op. cit.

³⁶ Luria, op. cit.

Figure 6 provides some sense of the scale of investment in Mexico and the south of the US by US auto makers. Mexico represents 29 per cent of all North American auto investment in the past five years. This proportion will likely be much larger in the next five years.

Figure 6: Carmaker investment announcements, January 2010–May 2015³⁷



While employment has increased in many of the Detroit Three’s assembly facilities, only some of this increase occurred in Southeast Michigan and hardly any in the city of Detroit itself. Many more jobs were lost in the automotive supply chain as a consequence of the recession, bankruptcy and industry restructuring. For example, thousands of Chrysler workers were retrenched due to the crisis:

They announced eight plants would be closed [across the country]. Of those eight, one tiny plant — the one that builds the Viper sports car — stayed open because they wanted to sell the Viper and couldn’t find a buyer ... Of the other seven plants, the Detroit Axle plant was closed but they built a new one in Marysville [in a joint venture with ZF]. Of the remaining six plants ... we were fortunate to be the only one that survived ...

[The retrenched workers] did not fare well. Chrysler offered packages to sell your seniority and leave the company if you wanted retirement. These were of the order of \$70,000 plus a new car voucher. A lot of people jumped at these. We told people at our local ... if you’ve had a career path and getting \$70,000 allows you to move to a new career, go for it. Or if you have a business and you think this cheque will allow you to make a go of it, then go for it. But if you just think \$70,000 is a lot of money, you’re wrong and you should stay where you are ...

This is purely subjective but we got a lot of phone calls from people in tears, begging for any possibility of coming back. They’d burned through their money and there was nothing left. This [was] not just unskilled workers but skilled tradesmen as well who, at that time, could not find jobs.³⁸

Apart from plant closures and relocations to Mexico, another key factor behind the recovery of the Detroit Three since 2010 was the expansion of a ‘two-tier’ wage system. In 2007, the United Auto Workers (UAW) accepted a lower-tier category of employment for new recruits, who would be paid an average of \$17 an hour rather than the \$28 average for regular workers; a difference of around \$25,000 in annual salary. The 2007 agreement imposed caps on the number of ‘Tier 2’ workers but the economic crisis and the company bankruptcies led to a new round of negotiations and a new

³⁷ Cited in S. McAlinden (2015) ‘Levelling off... CAR’s automotive forecast’, Center for Automotive Research (CAR) Affiliate Briefing, 14 May.

³⁸ Interview, Bill Parker, former president of UAW Local 1700, FCA Sterling Heights, 18 October 2015.

2009 collective agreement which, at the federal government's insistence, suspended these caps.³⁹ Today, about 43 per cent of all FCA workers are on Tier 2 wages, with about half of that figure each for GM and Ford.⁴⁰

Another element in the recovery of automotive production has been the role of Foreign Direct Investment (FDI). The auto supply chain in Southeast Michigan continues to draw in many foreign suppliers. The city of Novi in Oakland County, northwest of Detroit, is one example of an expansive urban area with several Japanese auto suppliers as well as Indian auto maker, Tata Motors, which employs 120 people in auto supply.

Chinese FDI is also on the rise. The cumulative value of Chinese investment in Michigan's auto industry from 2000 to 2015 was \$1.4 billion, representing 63 per cent of all Chinese FDI in the US auto industry. While total Chinese automotive FDI in the US was only four per cent of all Chinese FDI in the country over this period, it is fast-growing and aimed at key niches that take advantage of the size and scope of Southeast Michigan's auto industry.⁴¹

In Michigan, there are two Chinese carmakers which have investments that are both less than three years old. SAIC Motor, a state-owned enterprise, employs about 50 workers in Birmingham, Southeast Michigan, in business support and importing and exporting parts. Chang'an, a state-owned enterprise from the central Chinese city of Chongqing, employs a similar number in an R&D facility. There are also several auto components makers such as:

- the Illinois-based Wanxiang, a private company which has bought out and rebranded electrical vehicles to compete with California-based Tesla and has also spent over \$400 million acquiring A123 Systems, a local solar battery manufacturer;
- Yanfeng, which purchased Johnson Controls, a producer of interior parts;
- Fuyao, an auto glass maker based in Michigan and Ohio;
- a range of Chinese research and development companies, especially focused on California, like Leshi and Alibaba which have invested in electric vehicles and auto parts in the US and Mexico.

New manufacturing

Manufacturing occupies a special place in Detroit and in Michigan's history. One of the emphases in Detroit today is on new types of manufacturing, including advanced to precision light manufacturing. From the perspective of Detroit Future City, 'manufacturing remains vital in Detroit':

Detroit is still an industrial town. The post-industrial economy is just folklore. The industrial economy doesn't go away, it changes... We're trying to find a better value position in it, so we can be more diversified [and] more technologically based, so we're not competing at an 'Adam Smith' level of how many times we can turn a key. We will always lose those jobs. This is about advanced manufacturing.⁴²

One of the major success stories of new manufacturing is the emergence of Shinola which set-up in Detroit in 2012 as a precision watchmaker (using Swiss technology), leather-maker and manufacturer of bicycles, paper products and journals (see Figure 7). Shinola employs about 350 workers; most are at a facility shared with the College for Creative Studies in Midtown Detroit. Describing their

³⁹ Luria, op. cit.

⁴⁰ Interview, Mark Stolle, UAW, 23 October 2015. In October 2015, negotiations for new four-year collective agreements between the Detroit Three and the UAW created a pathway *out* of the lower tier—for example, Tier 2 workers at FCA will now be eligible to increase their wages to Tier 1 levels over eight years.

⁴¹ Qiang Hong (2015) 'Chinese Direct Investment in the United States,' Center for Automotive Research (CAR) Management Briefing Seminar, 5 August.

⁴² Kinkead, op. cit.

operation as a ‘post-industrial factory’, Vice-President of Shinola’s leather division, Jen Guarino explained that the ‘[Shinola] founder really wanted to create jobs in the US and he really wanted to manufacture watches in the US again at scale’:

He was told he was crazy. Someone told him he didn’t know ‘shit from Shinola’ which is where the name came from. He thought what better place than Detroit to start ... Detroit is a city that understood and welcomed manufacturing and was eager to invite new types of manufacturing here. He started to look for locations. The College for Creative Studies ended up as an opportunity and the idea of doing that was also a unique idea ... to start a manufacturing facility in a shared building with an educational institute was unique, with a college with a design ethos. We partner to sponsor classes and class projects [and] we have interns.⁴³

Shinola received hands-on assistance from various public-private agencies to ‘on board’ their operation and locate suitable retail space, including from Midtown Detroit Inc. (see Part 4 below), the Detroit Economic Growth Corporation (DEGC) and the Mayor’s office.

Figure 7: Shinola, a ‘post-industrial factory’



Source: author

About 80 per cent of Shinola’s workers live within the city neighbourhoods and about 70 per cent of its factory workers are ex-auto employees. The company works with job placement agencies to find recruits, including over 50 employees via Amigos de SER, a program which equips people from a disadvantaged background for re-entry into the workforce.⁴⁴ One of the biggest challenges faced by Shinola is the stigma that persists in Detroit, and elsewhere, against manufacturing jobs:

This is a nationwide problem... We hear a lot in this country about the skills gap. I contend that it is not a skills gap but a values gap. No one is going to pursue something that is not valued in our society. We have to do something about putting this in youth’s lives much earlier.⁴⁵

The challenge of rebuilding community support for manufacturing jobs via strong vocational education is being addressed by the Detroit chapter of the National Manufacturing Renaissance

⁴³ Interview, Jen Guarino, vice-president of Shinola leather division, 30 October 2015.

⁴⁴ *ibid.*

⁴⁵ *ibid.*

Council. The Detroit Manufacturing Renaissance Council (DMRC) is in the process of establishing a residential school for students from a disadvantaged background near Ann Arbor, about 50 miles west of Detroit. The school will be run by a Catholic non-profit organisation called Holy Cross Children's Services (HCCS). The DMRC is a coalition chaired by Barbara Whittaker, former Executive Director in Purchasing and Supply Chain for GM, and includes representatives from the community college system, non-profit civil rights organisation Focus Hope, the DEGC, the Society of Manufacturing Engineers, several manufacturing businesses and the UAW. The premise of the school is to give students industry-recognised competencies within the National Institute for Metalworking Skills (NIMS) framework as well as a high school diploma:

The Manufacturing Renaissance is based on the notion that you need a strong manufacturing core in the US to maintain a strong country and that manufacturing has received a bad reputation as work that is 'dull, dumb and dirty'. Many kids are looking [at] technology-driven jobs, into IT or into something financial but they don't look at making something, creating things, as being something they should do. The Manufacturing Renaissance wants to change that image ... We don't want everything moving offshore.⁴⁶

I want to throw culture into this ... Our culture has been seeing the auto industry as almost like sweatshops ... There was a stigma. Today's factories are about robots, they are clean and air conditioned. But the perception remains [that it is] hard labour even though you get paid very well.⁴⁷

The DMRC follows the model of the Chicago Manufacturing Renaissance Council (CMRC) which promotes the necessity of a strong manufacturing sector for a prosperous society. The CMRC emerged out of a government-funded study in the early 2000s that found the public school system in the Cook County area, which includes the City of Chicago, was failing to serve the local manufacturing industry because young people graduating from high schools and community colleges lacked the skills and experience needed to fill entry-level jobs.

The key initiative to emerge from the CMRC has been the establishment of Austin Polytechnical Academy in Chicago's west in 2007. Austin Polytech, which currently teaches over 120 students aged between 14 and 18 in its Manufacturing Connect program in partnership with 83 companies, provides school students with NIMS-based manufacturing qualifications in engineering and manufacturing, field trips, work experience and summer internships with local manufacturing firms.⁴⁸ One of the more ambitious aims of the school is to encourage students to become manufacturing entrepreneurs and, eventually, company owners:⁴⁹

Fundamentally, we believe in the role of advanced manufacturing as a foundation for society but it has to be tied to social inclusion and community development. We chose to set up our prototype in the most difficult community [in Chicago] ... The first few years with the school were quite difficult ... We thought it would be much easier ... [But] the Chicago Public School system is similar to Detroit ... The system is notorious, enormously bureaucratic [and] very political. We also found the community wasn't necessarily sure it wanted to be involved in manufacturing ... We had teachers in the school who opposed the mission; who felt we were trapping kids. But we persisted. Despite the problems and the difficulties, we made incremental but important progress [because], from the beginning, we had won over the manufacturing community.⁵⁰

⁴⁶ Interview, Barbara Whittaker, chair, Detroit Manufacturing Renaissance Council (DMRC), 22 October 2015.

⁴⁷ Interview, Brother Francis Boylan, Holy Cross Children's Services and DMRC, 22 October 2015.

⁴⁸ Interview, Dan Swinney, executive director, Chicago Manufacturing Renaissance Council, 27 October 2015.

⁴⁹ Interview, Erica Swinney, Dan Swinney, Dee Dee Jones, Austin Polytechnical Academy, Chicago, 27 October 2015.

⁵⁰ Swinney, CMRC, op. cit.

This model proved to be convincing to the coalition of manufacturers, educators and unionists who formed the DMRC in Michigan. A five month feasibility study was conducted in Detroit in early 2014 which came to similar conclusions to the Chicago study run over a decade earlier.⁵¹ A JPMorgan Chase study in April 2015 forecast that, on average, 3,100 manufacturing jobs will become available in Metro Detroit each year until 2018 as older workers gradually retire.⁵² The CMRC feasibility study pushed the Detroit coalition to take the initiative. The DMRC tried to establish a relationship with Detroit Public Schools (DPS) but, due to the dysfunctional nature of its public school system — DPS is still under emergency management a year after the City emerged from bankruptcy — they decided to begin with a residential school in regional Michigan in partnership with Holy Cross Children's Services.⁵³

Urban agriculture

One of the more interesting consequences of the depopulation of a 370 square kilometre city is the emergence of an urban agriculture movement. Some of this has emerged at a grassroots community level, encouraged by initiatives like the Side Lot Program in which the Detroit Land Bank Authority auctions abandoned lots for \$100 to residents or owners who live adjacent to a Land Bank-held property. Out of 40,000 such lots in Detroit, 10,000 alone were handed to the Land Bank for auction by the City of Detroit in September. Some of this land is being used to grow food. Community gardens abound in different parts of the city. However, the availability of relatively large tracts of vacant, relatively inexpensive land in the city has also encouraged some private investors with philanthropic support.

One important example of large-scale urban agriculture is Hantz Woodlands, a commercial tree-planting operation over 140 acres of land, covering about 1,500 vacant lots, on Detroit's lower east-side. This operation is owned by the Hantz Group, a financial and business services conglomerate based in Southfield, Michigan. Another example recently supported by Mayor Mike Duggan is RecoveryPark, based on 105 acres of land. RecoveryPark started as an offshoot of a non-profit, philanthropy-driven organisation called SHAR (Self-Help, Addiction, Rehabilitation) which aims to assist people with drug addiction:

RecoveryPark started as an idea to create jobs for people in Detroit with literacy issues, [ex-prisoners and] people with mental health issues. We decided that, [for] all the land that was municipally-owned or even privately-owned but nothing on it, agriculture was a good option. We explored opportunities around growing food ... Two years ago, we began our first pilot farm to experiment [growing] food that shops and restaurants would want to buy; high end produce that you wouldn't find [at] a local grocery store ... There are plans to take it into 440 restaurants. These are agricultural jobs, geared toward Detroiters; not the hottest jobs on the market but they start at \$10–12 an hour with [health] insurance benefits. Great for teaching people skillsets who've come straight out of prison.⁵⁴

This site is one of the oldest neighbourhoods in the city. The local population peaked at 2,500 in 1950 and declined afterwards as many of its long-term residents moved to the suburbs. Today, RecoveryPark Farms claim just 17 people live there.⁵⁵ The project is based on an ambitious five-year plan:

Our goal by 2020 is to have the entire footprint up and running with about 30 acres of hydroponics under glass and [produce] growing under high tunnel. It will bring about \$15 million of infrastructure

⁵¹ Whittaker, op. cit.

⁵² Swinney, op. cit.

⁵³ Whittaker, op. cit.

⁵⁴ Wozniak, op. cit.

⁵⁵ *ibid.*

improvements to the local neighbourhood. It will generate revenue of \$14 million and will have created a minimum of 120 new jobs. We believe that that kind of economic opportunity in the neighbourhoods will eventually bring mixed residential housing [and] lifestyle options. Our goal is to have a thriving commercial-scale agriculture project in the city.⁵⁶

Some Detroit activists react with pessimism about the role of agriculture in urban redevelopment.⁵⁷ RecoveryPark Farms argues that it has engaged extensively with the local community and, moreover, that the impact will be overwhelmingly positive for disadvantaged households:

We are hiring for the success of the business. We will pick the best people out of those who apply for the jobs ... But we know that, statistically, 70 per cent of the people that we hire will have a barrier [to employment] ... People who need mental health care [or who have problems with] alcohol and drug abuse ... we just know that they will apply.⁵⁸

The 'New Economy'

The idea of the new economy as one of the drivers of Detroit's recovery is an influential idea among Detroit's civic leaders. For Detroit Future City, the new economy is about 'clustering technology into design [as well as] some direct research and smaller scale start-ups'.⁵⁹ This understanding of the new economy emphasises the role of start-up entrepreneurship and investment in information and communications technology, which has continued as a popular view since the late 1990s 'dot.com' boom in technology stocks in the US share market. The City of Detroit's Group Executive for Jobs and Economy has a special section which focuses on supporting entrepreneurship and small business with the assistance of the DEGC.⁶⁰

The concept of the new economy also has broader social and economic implications. As introduced in Part 2 above, the New Economy Initiative (NEI) is a large philanthropy-funded project which gives grants to non-profit organisations or businesses in disadvantaged communities. The aim is to encourage economic diversification via entrepreneurship. So far, the NEI has given \$97 million in grants to leverage a further \$628 million of private investment into this entrepreneurial 'ecosystem' and claims to have created 1,500 companies and 14,000 jobs in Southeast Michigan in the last six years.⁶¹ For the NEI, the new economy is synonymous with entrepreneurship rather than referring to any *specific sector* of the economy:

I think the new economy is about returning to our entrepreneurial roots. We've got all this entrepreneurial DNA. Over the last 70 years, we've had a very paternalistic relationship with our employees ... We forgot how to be entrepreneurial and innovative and [to] create the products and jobs for tomorrow. The new economy is about empowering people, about creating equity for under-served communities to create their own economic destiny ... When we started, the state of Michigan ... was very sector based [in its approach to supporting business]. We are very, very intentionally industry agnostic. We don't care [what sort of industry we support]. If you've got a great idea, we'll look at it. We don't know the future. Nobody could have predicted Google. If you have a good idea,

⁵⁶ *ibid.*

⁵⁷ Interview, Amy Bromsen and Bill Parker, UAW unionists, FCA, 18 October 2015; Feeley, *op. cit.*; Morgan, *op. cit.*

⁵⁸ Wozniak, *op. cit.*

⁵⁹ Kinkead, *op. cit.*

⁶⁰ Interview, Jill Ford, Special Advisor to Mayor Mike Duggan, Group Executive for Jobs and Economy, City of Detroit, 20 October 2015.

⁶¹ Interview, Jim Boyle, Senior Program Officer, New Economy Initiative, 31 October 2015.

the market will take care of it [and] will determine the value of it. We just want to make sure that you've got whatever you need to expand it.⁶²

This view is echoed by the CFSM, which gave rise to the NEI:

[We] didn't care what industry flourished... The advice we got was to let a thousand flowers bloom. Don't pick winners. Anything is good. Some will work. If you get one or two big ones, that would be great ... For us, it's [about giving] everybody a shot ... So what's the new economy? I think it's yet to be seen.⁶³

⁶² *ibid.*

⁶³ Noland, *op. cit.*

4. PROGRAMS TO ENCOURAGE INVESTMENT, JOB CREATION AND DEVELOPMENT

Despite the enormous challenges facing Detroit, there are numerous efforts to redevelop and revive the city. This section outlines some keynote examples, including:

- the repurposing of vacated industrial sites in Southeast Michigan;
- efforts in Downtown Detroit led by Dan Gilbert and the Downtown Detroit Partnership;
- Midtown Detroit Inc.'s redevelopment of commercial and residential space;
- civic policies designed to address so-called gentrification in the Downtown and Midtown areas;
- the provision of a public data platform for redevelopment;
- the Detroit Revitalization Fellows program; and,
- government and community foundation support for community development corporations, neighbourhood associations and block clubs.

Most of the program detail described here comes from civic organisations which are usually supported by a mix of philanthropy and government support. This section does not provide a list of municipal, state and federal government policies that impact on the redevelopment of the city and its neighbourhoods, although some are mentioned — compiling and evaluating the impact of redevelopment policies is the subject of ongoing, collaborative work by the author and colleagues at Wayne State University and Australian Catholic University. However, this section *does* demonstrate that a dominant model of redevelopment has emerged in the city. This model has been contested by many civic leaders as Detroit has struggled to optimise the balance between the new and the old: between the development that is needed to revive the city and the existence of communities, often in disadvantaged neighbourhoods, who have survived through Detroit's gradual decline and whose members are often distrustful of institutions.

Repurposing former automotive sites

Southeast Michigan and Detroit have many vacant and abandoned industrial and automotive sites. Repurposing these sites is a major planning, socio-economic and environmental challenge. A 2011 study conducted by the Center for Automotive Research in Ann Arbor, Michigan, explored the repurposing of ex-automotive manufacturing sites across the US and the role of communities and governments in this process.⁶⁴ This report looked at all records of automotive plant closures by global carmakers, especially the Detroit Three, and their 'captive suppliers' from 1979 to 2011. Out of 449 facilities operating across the US during this period, 267, or nearly 60 per cent, were closed at some point over this 32-year period. As of 2011, 180 remained operational. Interestingly, 42 per cent of all closures occurred in the second half of the 2000s; 72 per cent represented cases in which the assembly or supply facility was among the top three largest employers in the locality. In total, 128 plants — 48 per cent of the total — were repurposed in some way.⁶⁵

The state of Michigan represented the largest share of automotive closures in this period with 39 per cent (105) of the total. Within Metro Detroit, 37 closures took place in Wayne County — the largest number for any county in the US — 12 in Oakland County and six in Macomb County. For the US as a whole, Table 3 provides an indication of the reuses for the 128 repurposed sites. This shows

⁶⁴ V. Sathe-Brugeman, K. Hill & J. Cregger(2011) *Repurposing Former Automotive Manufacturing Sites: A report on closed auto manufacturing facilities in the United States and what communities have done to repurpose the sites*, Ann Arbor, Michigan, Center for Automotive Research, November.

⁶⁵ *ibid.*

that the vast majority of sites were repurposed as industrial facilities, although a significant number became facilities for transport and warehousing and commercial premises.

Table 3: Types of repurposed automotive sites in the United States⁶⁶

Type of reuse	Number of sites
Industrial	76
(of which auto manufacturing)	22
Logistics and warehousing	33
Commercial	31
Education	8
Research and development	8
Automotive (non-manufacturing)	6
Vacant	6
Recreational	5
Government	4
Residential	4

Figure 8 shows which sites were closed in Detroit over this period. It indicates that 11 auto plants were repurposed in Detroit while 12 were closed without any repurposing. Figure 9 shows similar data for plants in Metro Detroit but outside the city limits. If we add data for Figure 8 and 9 together, we find that 21 auto plants were repurposed in Metro Detroit from 1979 until 2011 and 26 were closed without any repurposing. In addition, there were several other plant closures, including some repurposed sites, in other urban centres of Michigan, including its political capital, Lansing, as well as the cities of Flint and Saginaw.

Unfortunately, comprehensive data on the details of this repurposing is not yet available for most of these sites. However, the researchers did offer case studies of seven communities across the US, including cases of sites being transformed into industrial parks through subsidized private retail estate development, mixed use sites with a combination of industrial (including trailers and caravan manufacturers and apparel makers), warehousing and educational facilities (including new university campuses and public schools), as well as sites used for commercial space, museums and parks.

Figure 8: Automotive plant closures and repurposed sites in the City of Detroit, 1979-2011⁶⁷ (totals in brackets)

Company	Repurposed	Not repurposed
Chrysler	Detroit Trim; Old Mack Stamping Plant; Warren Tool and Die; Huber Foundry (4)	Conner Ave Assembly Plant; Detroit Axle; Jefferson Ave Plant; Lynch Road Assembly Plant; McGraw Glass; Mound Road Engine Plant; Vernor Tool and Die; Vernor Trim Plant; Winfield Foundry (9)
Ford	(0)	Wayne Assembly (1)
GM	Conner St Stamping Plant; Detroit-Ford St Plant; Fisher Body Division Plant 40; Fisher Body Division Plant 37; Fleetwood Assembly Plant 18; GM MLC/Racer Clark St Assembly Plant; GM MLC/Racer Clark St Stamping Plant (7)	Chevrolet Motor Division; Fisher Body Plant 21 (2)

⁶⁶ *ibid.*, p. 19. Note that total is greater than 128 due to the ‘mixed use’ character of several repurposed sites; for example, some sites were repurposed as both industrial and other facilities, such as warehousing or education.

⁶⁷ Author’s compilation based on *ibid.*

Figure 9: Other automotive plant closures and repurposed sites in Metro Detroit, 1979-2011⁶⁸ (not including cases in Figure 8) (totals in brackets)

Company	Repurposed	Not repurposed
Chrysler	Conant Trim Plant, Hamtramck; Chrysler Dodge Main, Hamtramck; Detroit Universal Join, Dearborn (3)	(0)
Ford	Northville Engine Components; Vulcan Forge, Dearborn (2)	Dearborn Assembly Plant; Dearborn Glass Plant; Wixom Assembly Plant (3)
GM	Livonia Trim; Romulus Transmission; Delphi Interior and Lighting Systems, Auburn Hills; MLC/Racer Pontiac Central Assembly; MLC/Racer Pontiac North Operation (5)	American Axle Hamtramck (two facilities); MLC/Racer Chassis Livonia; MLC/Racer Grey Iron Castings Pontiac; MLC/Racer Livonia Engine; MLC/Racer Pontiac Assembly (Fiero Plant 17); MLC/Racer Pontiac East Assembly; MLC/Racer Pontiac Engine Plant; MLC/Racer Pontiac Pre-Production Operations; MLC/Racer Pontiac Stamping Plant; MLC/Racer Pontiac West Assembly (11)

For Michigan, the study looked at the city of Coopersville, a small town in the east of the state, which repurposed a closed Dephi auto components factory into a powdered milk processing factory. The site itself cost \$4.4 million to purchase and, significantly, the development was aided by state subsidies, including \$6.4 million from the federal government, \$5.4 million in combined tax credits and grants from the state of Michigan, and an \$8.8 million tax break from the municipal government.

The study also emphasised that that repurposing generally did not replace the quantity of jobs lost and, also, that transitions often confronted barriers of rezoning — if developers wished to build non-manufacturing opportunities on the site — costs of demolition, slab removal, environmental clean-up, and uncertainty over land price outcomes. Its authors concluded that successful repurposing required significant government assistance at a regional level to mitigate the risks of investing in an abandoned industrial site.

There is a long history of redeveloping ex-automotive sites in Detroit. In some cases, like GM’s takeover of the famous Dodge Main plant in Hamtramck, this involved a transition from one carmaker to another. But, as the city has been gradually emptied of most of its auto manufacturing jobs, many former auto sites in older industrial areas like Milwaukee Junction or Midtown have been gradually redeveloped as residential buildings. One example is Willys Overland Lofts, a residential development built on the site of the old Willys Overland plant in Midtown. There are also residences now thriving on former industrial sites at Canfield, Woodward and Cass in the Midtown area.⁶⁹

Redeveloping Downtown Detroit

For the Downtown area (i.e., the city centre), the Downtown Detroit Partnership (DDP) has been central to redevelopment efforts. The DDP represents collaborative corporate, philanthropic and government efforts towards public infrastructure and commercial real estate development in Downtown Detroit. Supported by foundations like Kresge, Hudson Webber and Kellogg, the DDP has invested in the development of the lower Woodward corridor which runs northward from

⁶⁸ *ibid.*

⁶⁹ Interview, Valerie Sathe-Brugeman, Center for Automotive Research, Ann Arbor, Michigan, 28 October 2015.

Downtown, initiated the Invest Detroit program which subsidises private real estate development and redeveloped Campus Martius Park and the Detroit Riverfront. Under its stewardship, Downtown Detroit's employee base has increased from a low of 65,000 in 2010, having fallen from about 165,000 a decade ago, to about 85,000 today.⁷⁰

The most visible and well-publicised redevelopment efforts in Detroit in the last five years have largely been associated with one man: Dan Gilbert, the billionaire chairman of Quicken Loans, one of the largest private mortgage lenders in the US. Gilbert was brought up in Southfield, Oakland County, just north of the city, and became a mortgage lender in the 1980s. His main business moved into online mortgage lending in the late 1990s. Gilbert is chairman of Rock Ventures, a holding company for various financial, gambling and sporting ventures. This includes Quicken Loans as well as Greektown Casino, one of three large casinos in Detroit, as well as the Cleveland Cavaliers professional basketball team, real estate development funding and numerous technology start-ups.

Since 2010, Gilbert has made a huge contribution to the redevelopment of Detroit by moving his Quicken Loans operation to the Downtown area. Quicken Loans now has about 8,000 employees in Downtown Detroit and, in total, Gilbert's companies employ about 12,000 people in the area. Via Rock Ventures, Gilbert has purchased over 80 buildings, many vacant, in the Downtown area to become the second largest property owner in the city after GM.

Midtown Detroit Inc.

To the north of Downtown is the district of Midtown, bordered by the New Center to its north, the neighbourhood of Woodbridge to the west, and the historic industrial districts of Milwaukee Junction and Poletown to the east. Covering roughly nine square km, Midtown is adjacent to the Cass Corridor, which runs south to north parallel with Woodward Avenue. The district is home to two large Detroit employers in Wayne State University and the Henry Ford Health System. Midtown has achieved remarkable success in transforming from an abandoned and crime-affected neighbourhood into a thriving cultural and commercial centre in the last decade.

This transformation has been spearheaded by Midtown Detroit Inc. (MDI), a private non-profit organisation. MDI focuses on real estate development for residential, commercial, retail and office space; facilitating building development by providing outside developers with technical assistance and contacts with local contractors, architects, builders and lenders; facilitating economic development by retaining and attracting businesses; and technical assistance for small businesses as well as some event-planning and organisation to promote local tourism.⁷¹

There are several organisations in different districts and neighbourhoods who undertake similar roles to MDI. For example, Southwest Housing Solutions specialises in real estate development, as well as counselling, economic and workforce development over 36 square km in Southwest Detroit and other neighbourhoods. Like MDI, Southwest Housing is driven by an underlying social and community vision which focuses on 'wellness of people and wellness of place'. MDI and Southwest Housing are probably the two largest organisations playing this role in the city, although the housing and mortgage market is now significantly more developed in the Midtown area than elsewhere. In Detroit's East Side, which has some of the worst problems of abandonment and blight in the city, there are two notable non-profit organisations in this space: U Snap Bac, which focuses on home

⁷⁰ Larsen, op. cit.

⁷¹ Interview, Lawrence Williamson, Real Estate Manager, Midtown Detroit Inc., 23 October 2015.

buyer counselling and community assistance, and Eastside Community Network, which focuses on commercial and community development.⁷²

Midtown stands out as the most successful of these areas. MDI was formed as a partnership between the New Center — a commercial and residential district that was global headquarters for GM until 1996 — and the University Cultural Center linked to Wayne State University. Today, both Wayne State University and the Henry Ford Medical Center are key partners for MDI. As well as public infrastructure such as traffic control and median strips, MDI focuses much of its work on subsidising markets for housing and commercial real estate development. Rather than providing subsidies directly, MDI usually acts as an information broker and networker by compiling the range of available government incentives and subsidies.

Many of these are provided under state laws, including the *Commercial Rehabilitation Act* (CRA), which provides tax incentives for the rehabilitation and upgrading of commercial and residential properties for business purposes; the *Obsolete Property Rehabilitation Act* (OPRA), a similar state law which provides tax incentives for the redevelopment of abandoned or obsolete buildings; or the *Neighborhood Enterprise Zone Act* (NEZ) which gives property tax relief for residential real estate development in distressed areas. In some cases, property taxes are frozen at pre-construction or pre-rehabilitation levels for up to 12 years. There are also federal incentives like low income tax credits to encourage affordable housing construction and, in Michigan, the Community Rehabilitation Program which provides up to a million dollars in grant funding for developments beyond the Woodward Corridor. In addition, philanthropic money is used by MDI as a grant incentive to attract and assist developers: ‘Between historical tax credits, federal, state and local efforts, there is a host of incentive tools that you can hobble together to make your deal make economic sense.’⁷³

One of the main reasons why MDI’s approach to incentive-packaging has been so effective in the last three years is a complete turnaround in interest from local and outside investors and developers. There are now very few vacant or dilapidated buildings in the district: Midtown’s commercial vacancy rate stands at about 20 per cent, with residential multi-family vacancy at two per cent and retail space vacancy about 10 per cent. Much of this is attributed to the impact of the City’s bankruptcy on perceptions about Detroit’s future investment climate:

[The bankruptcy] gave Detroit a fresh start and a new beginning ... During the bankruptcy and the month that followed, every other day, we would get a call from a private equity firm looking for investment opportunities in Detroit ... Investors, developers, businesses, they all saw an opportunity ... People realised we were at the bottom. The floor couldn’t go any lower. [That] helped investors realise now is the time.⁷⁴

This turnaround, also assisted by the presence of large local employers in health and education, has made MDI’s economic development plans more effective. In the last year, MDI has assisted major international and local brands like work apparel manufacturer, Carhartt, and leather-maker, Will Leather Goods, to find new retail space in the district.

How much of our work is put into business attraction? Not much because the phones are ringing. There are more in-bound calls than outbound calls related to business attraction. That is relatively recent; [it’s] just in the past three years. I’ve been here since 2012. It started heating up in about 2013. Places that before we couldn’t find a tenant for now have a waiting list for tenants ... We get 10 calls a

⁷² Thorland, op. cit.

⁷³ *ibid.*

⁷⁴ *ibid.*

day from people saying they are looking for a building, they are looking for space. They are looking for some technical assistance. But mostly [the calls are] about space.⁷⁵

The return to 'market-based rents' and the pressures from shrinking vacancy are pushing MDI in more of a direct real estate development and brokerage role. For example, MDI recently acquired nearly 6,500 square metres of retail space on West Grande Boulevard at Woodward and plans to sell and lease some parcels.⁷⁶

Despite recent success, one drawback is the state of Detroit's public schools which, even a full year after the formal end of the municipal bankruptcy, remain under emergency management with a highly dysfunctional bureaucracy.⁷⁷ One indication of this is the decision of the new DMRC to locate its first pilot manufacturing school in regional Michigan as a residential institution rather than attempt to form a partnership in the city with Detroit Public Schools (see Part 3 above). New entrants and returning Detroiters include many professionals and tertiary-educated workers with young families. Thus, the impact of schooling options on local development will be crucial in the next few years.

A rather different issue with this influx of economic activity and community reflects concerns that the city will begin to gentrify as the economy revives, forcing many longer-term, mainly African-American residents, out as house prices rise. One organisation working in this space is Doing Development Differently in Detroit (D4) which tries to bring community organisations, trade unions in the building trades, government and developers together with the aim of establishing 'community benefit agreements' so locals can benefit from new, large-scale developments in their neighbourhoods. These include gaming, sporting and other business projects. D4 is now aiming to establish 'inclusionary housing policy' in the city to prevent gentrification from excluding existing residents:

I think ... we will end up with this before it's too late. In some cities, it's not come to this until the city was already gentrified and they say, 'oh, we should probably do inclusionary housing!'. To Detroit's credit, they're thinking about this now ... [The] development of inclusionary housing policy it will especially be targeting the Downtown and Midtown area. But we said, when we first went into this whole thing, we're trying to develop policy that will have an impact 10 years from now. Because as development spreads from those areas, you will see gentrification and housing prices starting to go up. So let's get these policies in place now.⁷⁸

While gentrification is one potential issue of policy concern in Downtown and Midtown Detroit, this is not the case in most of the city's neighbourhoods where under-development and under-employment remain chronic problems. One of the civic policy challenges in these areas is to revive the role of grassroots community organisations as an interface between neighbourhoods and governments. For example, Community Development Advocates of Detroit (CDAD) has broadened its focus from community housing development to include neighbourhood associations and block clubs as members. Many of these groups lack the basic skills needed to self-organise and function as ongoing organisations:

[CDAD provides] capacity building. This is a new membership category. Last winter we did 10 workshops around things like community engagement, community planning, advocacy, the role of the fiduciary, grant-writing, collaboration, youth engagement and other things ... Some [organisations] needed help with by-laws, some needed help with decision-making, how to create an agenda and run a meeting. I would consider these very basic ideas but some of them didn't have that ... As

⁷⁵ *ibid.*

⁷⁶ *ibid.*

⁷⁷ P.J. Hammer(2011) 'The fate of Detroit's public schools: Governance, finance and competition', *The Journal of Law in Society*, 13(1) pp. 111–153.

⁷⁸ King, *op. cit.*

development is starting to happen more in the city, our focus is on how to how to build the power of the community and how to help the community advocate more effectively for itself.⁷⁹

Building a public data repository

Data Driven Detroit's (D3) work to build a public data repository has also been part of the redevelopment process, creating information that all Detroiters can use to promote development, whether they are businesses, policymakers, philanthropists, civic leaders, activists or community organisers:

We were established by two local foundations, Skillman and Kresge, back in October 2008 ... One of the problems in Detroit is that for a long time, all the data has been locked up in hundreds of separate sources, at the state, county, local or even federal level. We bring all this data together and make meaning out of it ... Over the course of seven years, we have evolved from just a data repository to being a team of analysts and data visualisation people who produce online tools, an open data portal to make those data transparent and accessible to those who want it ... [Anyone] who wants good information to make good decisions can contract with us and we can perform whatever they need. The two foundations [Skillman and Kresge] are major clients [as well as] the Kellogg Foundation. Down the hall at [local business accelerator] TechTown are the CDAD, a number of non-profits working in Detroit as well as a lot of their member organisations ... We have consulted for the City of Detroit without being on contract to them; [also] the Michigan State Housing Development Authority [and the] City of Detroit Land Bank Authority ... We also work with the local universities, Wayne State, University of Michigan [and] Michigan State University.⁸⁰

As a social enterprise, D3 is able to establish for-profit contracts with private clients while maintaining its underlying mission of providing a publicly-accessible data platform for the city. There are very few other initiatives like this in the US.⁸¹ One of D3's key initiatives has been the Motor City Mapping project.⁸² Supported by philanthropists, including Dan Gilbert's Rock Ventures, Motor City Mapping took advantage of expertise from a Detroit-based start-up called Loveland Technologies to digitise all property parcels (lots) in the city as well as Hamtramck and Highland Park. D3 organised a team of 150 volunteers to photograph and 'blext'⁸³ basic information about all parcels in Detroit, including their building, tax and ownership status; for example, whether the property is owned by a private citizen, the City of Detroit, the Land Bank Authority, Detroit Public Schools, and so on, or whether it is vacant or abandoned, and in what conditions it has been left. The Motor City Mapping platform cost about \$1.5 million to collect, collate and digitise 375,472 properties to date, and is being used by businesses and developers interested in investing in different parts of the city as well as the Detroit Land Bank Authority to encourage buyers with prospective property searches.⁸⁴

Loveland Technologies has sets its sight even higher: it aims to map *all* land parcels in US cities, with parcel surveying ongoing in New York, New Orleans, Chicago and elsewhere.⁸⁵ As for D3, its ongoing work as a social enterprise in Detroit includes an extension of the Motor City Mapping project that packages information on 'cross themes' like public safety, public transport access, grocery store access and quality of schools alongside the parcel survey data already collated.⁸⁶

⁷⁹ Morgan, op. cit.

⁸⁰ Raleigh, op. cit.

⁸¹ Neo cando is one example from Cleveland although their platform is dated in comparison to D3.

⁸² See <https://www.motorcitymapping.org/>

⁸³ 'Blexting' is shorthand for 'blight texting' in which volunteers are able to access and update visual information about land parcels by using their smartphone or mobile device.

⁸⁴ Raleigh, op. cit.

⁸⁵ See <https://makeloveland.com/>

⁸⁶ *ibid.*

A contested model of redevelopment

From these various civic, grassroots, philanthropic and collaborative public-private efforts to revitalise the city, we may discern a particular and dominant *model* of spatial and socio-economic development in the city. This model is based on the idea of prioritising public resource allocation in the higher-density commercial and residential districts along the south-north corridor running from Downtown, up through Midtown and the New Center and along the Woodward Avenue that connects Detroit with the suburbs north of Eight Mile Road. This idea reflects the hope that a critical mass of real estate development, economic activity and employment in these districts will ‘spill-over’ into adjacent neighbourhoods where vacant land, blight and absent government services continue to mitigate new investment. Part of this model centres on Detroit Future City’s Strategic Framework, which has six broad principles:⁸⁷

1. Facilitating economic growth by encouraging investment and employment in digital and creative jobs, industry and entrepreneurship in order to attract new residents and businesses;
2. Land use: classifying areas of the city as ‘neighbourhood’, ‘industrial’ and ‘landscape’ based on vacancy rates to assess resource allocation;
3. City systems: addressing reforms to service delivery, including water, waste, energy, lighting and transportation;
4. Strengthening neighbourhoods in order to appeal to a diverse range of people;
5. Land and building assets: a call for public institutions to unite behind a common vision based upon considerations of land use, environmental planning, economic growth strategies and neighbourhood revitalisation efforts. This is based on the need to optimise re-use of Detroit’s 60-plus square km of vacant land in the city (with potential to grow to 78 square km); and
6. The foundation of this entire strategic framework in civic capacity, community engagement and participatory implementation of the above five principles.

This framework is premised on optimal use of scarce public resources in the city. This manifests in different ways, including an approach to revitalisation based on investment attraction — ‘How do you stabilise neighbourhoods and quality of life so there’s a value proposition there [for investors, employers and new residents]?’ — and a targeted density-building approach to spatial resource allocation.⁸⁸ Underpinning this framework is an implicit critique of public resource allocation in the city historically:

We need a different strategy than simply redeveloping on [the growing portfolio of vacant land]. In the past, well intentioned folk would do this. For example, historical church congregations are still in areas where the population has completely emptied out. They have gone to the City to redevelop two or three townhouses next to their parking lot. That was happening on almost a weekly basis. And usually it failed; for example the loan could not be secured [for the redevelopment] ... In some of the highest vacancy areas, you have 65-95 per cent land vacancy. Many people are struggling in those areas. People can be older; usually people of colour; often women. [Often they are] not part of the active labour force. [They don’t have] great quality of life. These are people who spend the most time trying to get around, using public transport ... We need to give these people options and think innovatively about how you can build these neighbourhoods over time. There’s no point putting a bus down the street five times a day if nobody takes it. It creates these cost pressures. But you can have paramedical facilities [that are] mobile and on call.

In places where you have 35 per cent land vacancy — this is moderate for Detroit [but] huge for any other city — here you are seeing [the] highest density for [the] elderly and [the] highest density for

⁸⁷ Kinkead, op. cit.

⁸⁸ *ibid.*

kids. We need to improve quality of life in these neighbourhoods. There isn't a market for investment in these areas. So the [Detroit Land Bank Authority's] Side Lot Program [see Part 3 above] makes perfect sense in these areas. But in the high vacancy areas, no [these policies won't work]. You hold that vacant land so you can convert that into a bigger system; into say a larger farming enterprise or a larger forest ... You can't do everything, everywhere all the time. Historically, that's the strategy in Detroit. It was a shotgun, guns blazing and it didn't work.⁸⁹

This view is widely shared by other civic leaders in the city.⁹⁰ In contrast, some civic and academic leaders in the city are deeply critical of this approach. One of the most vocal critics of DFC is Peter Hammer, Director of the Damon J. Keith Center for Civil Rights at Wayne State University, who argues that its framework omits 'the three Rs': race, regionalism and reconciliation. Reconciliation, he argues, is about healing historic wounds that have divided Detroit's citizens. Much of this is connected to the city's troubled race relations history. According to Hammer, race is mentioned just eight times in DFC's 354 strategy book and is not discussed 'meaningfully'. On regionalism, he argues that DFC isolates the city from the seven counties of Southeast Michigan where most economic resources are concentrated: 'The logic of the report is internal redistribution' within the city of Detroit.⁹¹ While commending much of DFC's work, a somewhat similar view is expressed by CDAD's LaToya Morgan:

Since I came to CDAD, DFC has struggled with what its role is in this eco-sphere ... The context is a racial one. You are telling whole swatches of neighbourhoods that they will no longer exist, that they are mostly manufacturing areas, which sends a signal to the governmental system: 'no need for investment here'. An example is Delray in Southwest Detroit ... That neighbourhood still has people living there but it has been zoned as 'industrial' by DFC. There has been a lack of investment over there. They have people creating their own sidewalks because the sidewalks have disintegrated! So you have this outside body in a large African-American city which is designating whole areas for forests or industrial [use] when people still live there ... [It] does not address racial inequity.⁹²

While most civic and public leaders interviewed for this report broadly defended the targeted allocation of public resources in the city represented by DFC's Strategic Framework, some agreed that the historical problem of urban decay and neglect in the neighbourhoods had continued in recent years:

A lot of revitalisation efforts in the past few years almost had a point of view that you had to invest [in] Downtown, [in] Midtown and through the central corridor first and that investment would trickle down to the neighbourhoods after that. That was a bad decision. Now we're seeing lots of conversations with decision makers about how we can't forget the neighbourhoods. There were always people in the neighbourhoods saying 'what about us?', the whole time that many of these decisions were being made. Now the decision-makers are saying we never forgot about you. But we still don't understand the costs of those decisions. We should have focused on the whole city right from the start.⁹³

⁸⁹ *ibid.*

⁹⁰ Raleigh, *op. cit.*; Williamson, *op. cit.*; Jensen, *op. cit.*

⁹¹ Interview, Prof Peter Hammer, Director, Damon J. Keith Center for Civil Rights, Wayne State University, 28 October 2015.

⁹² Morgan, *op. cit.*

⁹³ Donnelly, *op. cit.*

5. LESSONS FOR VICTORIA

This report began by asking what Victorian cities and regions might learn from Detroit's experience, including recovery efforts in the last five years. The answer is that the Detroit experience *is* instructive if we are sensitive to local contexts and conditions. Even though its decline occurred gradually over several decades, Detroit provides a useful case study of how to respond positively and collaboratively to socio-economic shocks and disruptions. This report has suggested the following key lessons that *may* be applicable in a Victorian context, particularly in areas of Melbourne and Geelong confronting problems of manufacturing (including automotive) divestment and job losses:

1. **Document the present and future of retrenched workers in closure-affected areas:** By and large, this has not been done in Michigan and there is inadequate evidence about the direct impact of retrenchments in the last decade on the health and well-being of individual workers, their families or their communities. This would be invaluable for identifying available skills in cities and regions, for identifying what skills are lost or need replacing in the coming years and what knowledge base can be tapped in the transition to new jobs in ex-industrial areas. Victoria has a narrow window of opportunity to lead in this area as the main auto assembly facilities approach closure in 2016-17.
2. **Attract, retain and return mid-career 'talent':** Detroit has had considerable success in bringing/returning talent to Detroit in both private and public sector organisations. Detroit Revitalization Fellows is an excellent example of a philanthropy-backed program that combines the nurturing of local talent and leadership with a community benefits agenda. In Victoria, there is considerable managerial, technical and engineering talent in manufacturing as well as other sectors.
3. **Successful repurposing of former automotive sites in the US required a proactive role for government at a regional level:** While not every site in the US has been repurposed, a successful transition usually required government and community coordination at a regional level and hands-on support (including subsidies and tax incentives) for potential investors. Key targets for repurposing include new manufacturers, logistics and warehousing companies, universities and schools, and real estate developers.
4. **Advanced manufacturing requires proactive support by government:** There is no such thing as a 'post-industrial' economy. Manufacturing's role evolves rather than disappears. In Detroit, this has included:
 - a. *A study of the workforce development (including entry-level) needs of key manufacturers.* For example, the new Detroit Manufacturing Renaissance Council has followed Chicago's lead in conducting a recent study into workforce attrition and job demand in Southeast Michigan manufacturing;
 - b. *Critical analysis of the school education system's inability to produce suitably-trained and qualified young people:* this is important so school-leavers are prepared and capable of taking on entry-level jobs in manufacturing as the sector's older workforce continues to retire;
 - c. *Encouraging foreign investors to play a role in the regional supply chain, including Chinese manufacturers.* There is scope in looking at niche roles that willing Chinese investors are prepared to play in local manufacturing.
5. **Urban redevelopment needs an agenda for public data provision:** The collation and provision of public data platforms by the social enterprise, Data Driven Detroit, in partnership with community foundations and the start-up, Loveland Technologies, has proved to be highly useful for policymakers, attractive for businesses and investors and empowering for communities, civic leaders and local residents.
6. **Urban agriculture is part of Detroit's redevelopment picture:** This takes different forms, from redeveloped side lots to community gardens to large-scale philanthropy-funded

farming projects. This experience may become relevant to sustainable food production cultures in Victoria.

7. **Philanthropy has been a driver of development in Detroit:** Partly because of the American tradition and culture of philanthropic giving, philanthropy is an indispensable driver in so many areas of Detroit's recovery. While some critics may frame philanthropy in terms of a dysfunctional or minimalist state's withdrawal from development planning and service provision, there are a range of positive roles that philanthropic organisations are playing in Detroit that we may be able to learn from. These include support for organisations that:
 - a. *Provide seed funding for start-ups* (including in the 'new economy') and support networks for existing entrepreneurs in the neighbourhoods;
 - b. *Help to subsidise a depressed real estate market*, e.g. Southwest Housing Solutions, Midtown Detroit Inc.
 - c. *Act as information brokers for prospective businesses, investors, developers and residents*: collating information about available commercial/residential spaces and packaging the range of available subsidies and tax incentives that are available for these groups
 - d. *Initiate Detroit's cutting-edge public data platforms, especially in vacant land and real estate development*, e.g. Motor City Mapping, Loveland Technologies
 - e. *Support grassroots community advocacy*, e.g. Community Development Advocates of Detroit's (CDAD) support for community development corporations, neighbourhood associations and block clubs
 - f. *Support the development of mid-career talent in organisations*, e.g. the Detroit Revitalization Fellows program
 - g. *Subsidise the development of a strategic framework for urban planning*, i.e. Detroit Future City
8. **Every process of urban transition and redevelopment is contested by individuals and organisations representing different interests in the community:** This report has outlined the emergence of a dominant model for Detroit's redevelopment and detailed some claims of critics. Whichever position we take over specific debates, one critical lesson in the redevelopment process is the need for genuine community engagement, consultation and participation. In terms of managing this contested terrain, Victoria is relatively fortunate. Cities like Melbourne or Geelong do not have intractable problems like poor race relations or urban decay on the scale of those faced by Detroit. We can, in other words, look at the *positive and effective steps* being taken right now in Detroit and apply relevant lessons in our far more positive context.

This report is part of an ongoing research relationship between the Australian Catholic University and Wayne State University in Midtown Detroit. Further reports based on this research will appear in 2016, including a comparative framework for comparing Victoria's response to industrial transformation with 'post-industrial' cities and regions around the world. This report is the beginning of a conversation about international responses to industrial decline — a conversation which all readers are invited to participate in going forward.

Appendix A: INTERVIEWS

All interviews were conducted in Detroit in 2015 unless otherwise stated

Jim Boyle, Senior Program Officer, New Economy Initiative, 31 October 2015.

Amy Bromsen and Bill Parker, unionists with Chrysler and the United Auto Workers (UAW), 18 October 2015.

Graig Donnelly, Detroit Revitalisation Fellows, 29 October 2015.

Dianne Feeley, retired Chrysler auto workers and activist with Detroit Eviction Defense, 20 October 2015.

Jill Ford, Special Advisor to Mayor Mike Duggan, Group Executive for Jobs and Economy, City of Detroit, 20 October 2015.

Jen Guarino, Vice-President, Leather Division, Shinola, 30 October 2015.

Prof Peter Hammer, Damon Keith Center for Civil Rights, Wayne State University, 28 October 2015.

Malinda Jensen, Vice-President of Business Development, Detroit Economic Growth Corporation, 31 October 2015.

Mary King, Doing Development Differently in Detroit (D4), 17 October 2015.

Dan Kinkead, Detroit Future City, 29 October 2015.

Steve Kreisberg, Director of Research and Collective Bargaining, AFSCME, phone interview from Washington DC, 21 October 2015.

Eric Larsen, Downtown Detroit Partnership, 30 October 2015.

Dan Luria, retired Michigan Manufacturing Technology Center and adviser to UAW Ford Department, 20 October 2015.

LaToya Morgan, Community Development Advocates of Detroit, 17 October 2015.

Mariam Noland, Community Foundation for Southeast Michigan, 8 October 2015.

Jeffrey M. Pegg, International Association of Fire Fighters (IAFF) Local 344, 23 October 2015.

Erica Raleigh, Data Driven Detroit, 31 October 2015.

Debra Rowe, Green Skills Alliance, 16 October 2015.

Valerie Sathe-Brugeman, Center for Automotive Research, Ann Arbor, Michigan, 28 October 2015.

Mark Strolle, United Auto Workers (UAW), 23 October 2015.

Dan Swinney, Chicago Manufacturing Renaissance Council, Chicago, 27 October 2015.

Erica Swinney, Dan Swinney, Deedee Jones, Austin Polytechnical Academy, Chicago, 27 October 2015.

Timothy S. Thorland, Executive Director, Southwest Housing Solutions, 17 October 2015.

Fred Westbrook, President, Local 26, Amalgamated Transit Union (ATU), 15 October 2015.

Barbara Whittaker and Br Francis Boylan, Detroit Manufacturing Renaissance Council, 22 October 2015.

Lawrence Williamson, Real Estate Manager, Midtown Detroit Inc., 23 October 2015.

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About this publication

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