

CLOSUP Student Working Paper Series
Number 52

November 2018

Equitable Placemaking in Detroit

Ashley Tjhung, University of Michigan

This paper is available online at <http://closup.umich.edu>

Papers in the CLOSUP Student Working Paper Series are written by students at the University of Michigan.
This paper was submitted as part of the Fall 2018 course *PubPol 475-750 Michigan Politics and Policy*,
that is part of the CLOSUP in the Classroom Initiative.

Any opinions, findings, conclusions, or recommendations expressed in this material are those of the author(s) and do not necessarily reflect
the view of the Center for Local, State, and Urban Policy or any sponsoring agency

Center for Local, State, and Urban Policy
Gerald R. Ford School of Public Policy
University of Michigan

Equitable Placemaking in Detroit

EXECUTIVE SUMMARY

During, and in the wake of, Michigan's Lost Decade and the Great Recession, Michigan's urban centers struggled to retain and attract young people. This dilemma became known as the "brain drain" and led to a number of issues, including an unwelcome business climate. In response, many local governments, including Detroit, turned to placemaking. Local officials report that placemaking policies have had positive results on communities and led to increased economic development. However, critics of placemaking contend that the process leads to gentrification and unequal benefits, particularly in Detroit where efforts have been concentrated in the glitzy downtown. While efforts to retain and attract young workers are necessary in Detroit, they should not harm current residents, in particular Black and low-income communities. Detroit should utilize aspects of placemaking, especially increasing transportation options and increasing housing options, to improve all neighborhoods in the city, and complement those efforts with more education and workforce opportunities.

WHAT IS PLACEMAKING?

At its core, "placemaking" is attracting skilled workers by making a community more enjoyable place for inhabitants to live, work, and play. The policy developed from creative class theory — an urban planning theory that hypothesized that young, educated workers would be attracted to areas with a combination of "amenities, diversity, and tolerance" and that this high concentration of talent would lead to high economic growth¹. Creative class theory emphasizes three Ts — technology, talent, and tolerance — with the idea that talented workers, especially

¹ Kelly, J., Ruther, M., Ehresman, S., & Nickerson, B. (2017). Placemaking as an Economic Development Strategy for Small and Midsized Cities. *Urban Affairs Review*,

immigrants, people of color, and LGBTQ people, want to work in a place that is tolerant of many different perspectives and ideas. In practice, placemaking has taken on a wide variety of initiatives including increased green spaces, entertainment venues, encouraging innovation and entrepreneurship, and accessible transportation options. Placemaking initiatives tend to focus on increasing connectivity and community to create a “unique sense of place” that inhabitants can call home.

In Michigan, placemaking has focused on creating amenities. The Michigan Municipal League defines placemaking as “The process of creating places that people care about and where they want to spend time. These high-quality places are active, unique locations that are interesting and visually attractive, people-friendly, safe, walkable and bikeable, provide mixed uses of businesses and housing, and offer creative amenities and experiences”². There is also an emphasis on encouraging entrepreneurship and innovation, and private-public collaborations. The policy idea has taken hold in a variety of areas, rural, suburban, and urban, and Michigan is considered a leader in the practice.

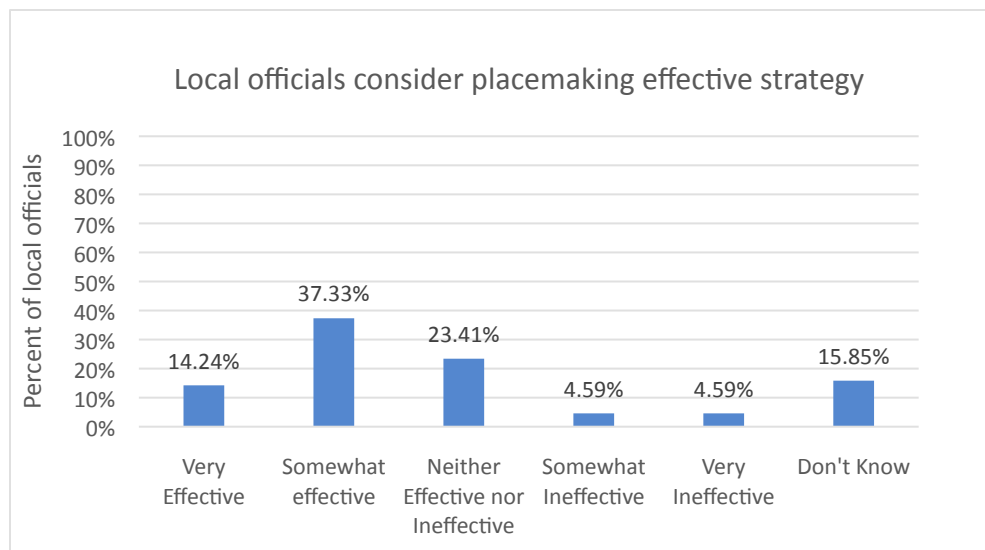
RESEARCH

Overall, research is still unclear on if there is a direct link between placemaking and economic growth. In a study of major cities, researchers found increased technology was positively related with wage growth, but not of overall economic development.³ In addition, various placemaking amenities are correlated with negative economic development. Stadiums are popular forms of placemaking, but research concurs that the economic benefits do not justify

² Michigan Municipal League. *A Decade of Placemaking in Michigan*. The Michigan Municipal League.

³ Hoyman, M., & Faricy, C. (2009). *It Takes a Village: A Test of the Creative Class, Social Capital, and Human Capital Theories*. *Urban Affairs Review*, 44(3), 311–333. <https://doi.org/10.1177/1078087408321496>

the high costs and subsidies given for their development.⁴ While there is no verified link between placemaking and economic development, there is a link between amenities and attracting young, educated people to a city. Entertainment especially was found to positively increase young talent in the region⁵. A link between attracting immigrants and placemaking has also been found.⁶ Therefore, placemaking has been shown to bring new workers into a community; however, if those newcomers bring economic development remains to be seen.



⁴ Zimbalist, Andrew and Noll, Roger. (1997) Sports, Jobs, and Taxes: Are New Stadiums Worth the Cost? *Brookings*.

⁵ Ruther et.al. "Placemaking as an Economic Development Strategy"

⁶Hoyman and Faricy. "It Takes a Village"

Even with the unclear conclusions, policymakers across the country have begun incorporating placemaking into their urban planning. Michigan, in particular, has embraced placemaking. Shown in Figure 1, in 2013, the Michigan Public Policy Survey found 76 percent of local officials from municipalities in Michigan larger than 30,000 people believed their placemaking efforts to be either “very effective” or “somewhat effective”.⁷ Throughout the country, placemaking has also entered urban planning policies in Asheville North Carolina, Indianapolis, Indiana, and Pittsburgh, Pennsylvania.⁸ Though the research is not present, policymakers are perceiving the efforts as effective.

HISTORICAL CONTEXT

While the timeframe for this current iteration of placemaking began in the 2000s, the context for many of the racial dynamics of placemaking and Detroit’s economic woes began in the 20th century. In the early to mid-20th century, many of Michigan’s cities, including Detroit and Flint, were centers of the auto industry. However, beginning in the mid-20th century, shifts in the global economy, job automation, and increased global competition in the auto industry led to a decline of jobs within Detroit. Michigan as a state was slow to adjust to the new changes, but Detroit was hit especially hard as factories began to close.

Beyond economic difficulties, racial tensions between white and Black communities sparked racial protests and led to the “1967 Detroit Riot” — the bloodiest race riot since 1863. The event — and the election of Coleman Young in 1974 — led to a mass “white flight” of Detroit’s white citizens to the suburbs.⁹ In 1970, whites consisted of 55 percent of Detroit’s

⁷ Center for Local, State, and Urban Policy. (2013) *The Michigan Public Policy Survey Spring 2013 Data Tables*.

⁸ Ruther et.al. “Placemaking as an Economic Development Strategy”

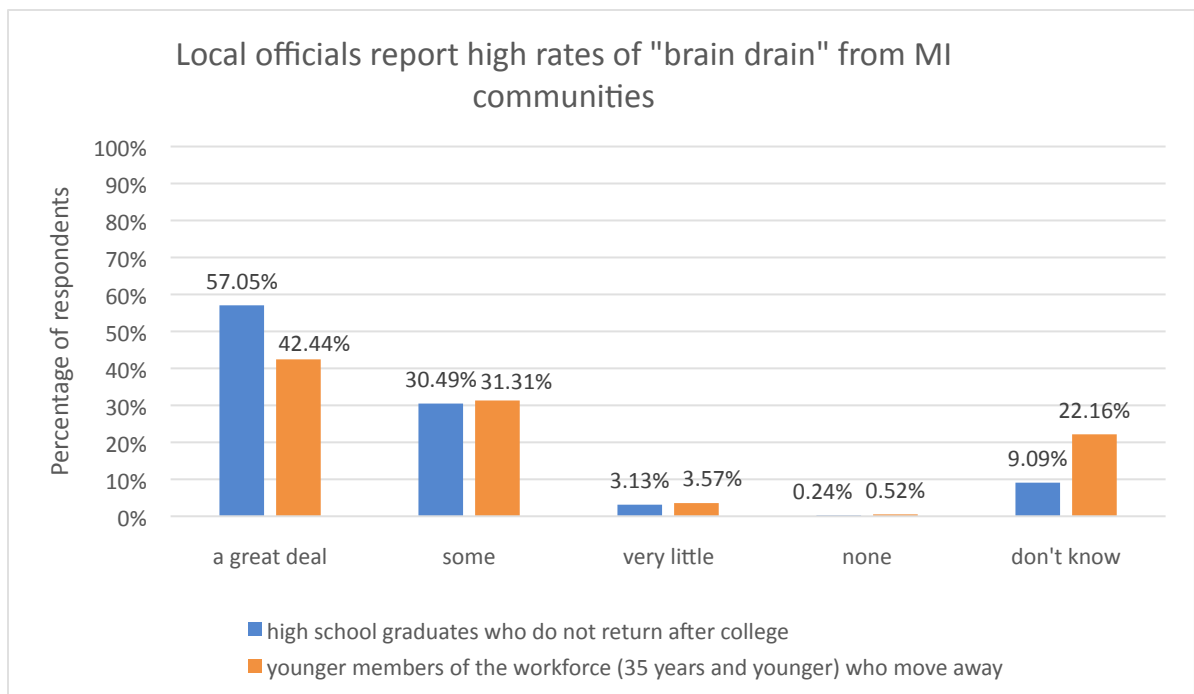
⁹ Feloni, Richard. (2018) *Billionaire Dan Gilbert has already bet \$5.6 billion on Detroit's future, but money can't solve his biggest challenge*. Business Insider.

population, but by 1980, that number fell to 34 percent¹⁰. Though the loss of industry was detrimental to the city, it was the amplification of the loss of population — and its income and tax revenues — which led to many of the modern day fiscal issues in Detroit. The racial tensions also remain between majority-Black Detroit and its majority-white suburbs.

Placemaking in Michigan:

¹⁰ CLOSUP. “Spring 2013 Data Tables”

With the downturn following Michigan’s Lost Decade and the Great Recession, Michigan struggled to retain its population. Across the country, the economy had shifted to a “knowledge-based” economy as opposed to a manufacturing and agricultural one. The loss of manufacturing jobs compounded with the lack of knowledge-based jobs saw college graduates leaving the state in huge numbers known as the “brain drain.”¹¹ Shown in Figure 2, in 2009, about 57 percent of local officials in Michigan reported that “a great deal” of brain drain was happening in their communities regarding high school graduates and 46 percent reported that “a great deal” of brain drain was happening regarding young members of the workforce 35 and



younger.¹² The population loss was detrimental to both tax bases and attracting new businesses to the struggling economies.

In addition to the economic shifts that led to a loss of manufacturing jobs in the 1990s, the state of Michigan changed how local governments were funded. The changes decreased the

¹¹ Michigan Department of Labor and Economic Growth. (2003). *Michigan's Cool Cities Initiative: A Reinvestment Strategy*.

¹² CLOSUP. (2009). *The Michigan Public Policy Survey: Fall 2009 Data Tables*. University of Michigan.

amount of funding available for local governments and led to a decrease in services provided. With the lack of high quality jobs and underfunded services, local governments were desperate for new ways to retain population and spur economic development. Placemaking was seen as that solution. In 2003, then-Governor Jennifer Granholm released the Michigan's Cool Cities Initiative as a response to college graduates leaving the state.¹³ The program was based on the placemaking principles that young "knowledge workers" would want to move to vibrant cities that provided the right amenities. In 2011, Governor Rick Snyder referenced placemaking as an important policy goal as a means to attract talented workers and businesses in an increasingly global economy.¹⁴ Driven by the same principles as Granholm, he hoped to reverse the effects of brain drain on Michigan's economy and increase Michigan's standing as a business-friendly state.

Today, economic development interest and research groups throughout Michigan, including the Michigan Municipal League, the Land Policy Institute, and the Small Business Association of Michigan, are working to popularize placemaking policies around the state. While 60 percent of local officials report not pursuing placemaking initiatives for economic development, many are still increasing green spaces, transit options and walkability, and fostering entrepreneurship and innovation within their communities.¹⁵ Placemaking has especially been used by Michigan's largest municipalities. In 2013, the MPPS found that 68 percent of municipalities larger than 30,000 people were engaging in placemaking efforts.¹⁶

PLACEMAKING IN DETROIT

¹³ Michigan Dept. of Labor and Econ. Growth. "Cool Cities"

¹⁴ CLOSUP. "Spring 2013 Data Tables".

¹⁵ Icaavko, Thomas and Debra Horner (2014). *Michigan local governments increasingly pursue placemaking for economic development*. The Center for Local, State, and Urban Policy.

¹⁶ CLOSUP. "Spring 2013 Data Tables".

Detroit has embraced placemaking as a way to attract new residents and businesses and spur long-term economic development. Like many other Michigan communities, Detroit suffers from high population loss and lack of a highly-educated populace. While Detroit's unemployment rate has fallen to around 5 percent, only 53 percent of Detroiters are participating in the workforce — the lowest of major cities in the nation.¹⁷ Much of this is due to poor educational achievement. In Detroit, about 22 percent of adults have not finished high school.¹⁸ Similarly, current job training options are inadequate to provide for the needs of the workforce. Many Detroit companies are hiring but claim the current population does not have the skills necessary for the positions open. For example, one of the stipulations of the Little Caesar's Arena subsidies was that 51 percent of workers were required to go towards Detroit residents. However, contractors found that there were not enough skilled construction workers from the Detroit area to fit the need.¹⁹ When attempting to woo Amazon to build its new headquarters to Detroit in 2018, critics charged that the area lacked enough skilled workers necessary for the company's needs.²⁰

In addition to the lack of an educated populace, Detroit is still struggling to retain residents. Between 2016 and 2017, the city lost 2,376 residents.²¹ While this is on an upward trend, the lack of economic opportunity and quality schools is pushing people from staying within the city. In combination, the lack of an educated populace, inability to retain current residents, and need to attract new businesses made Detroit an “ideal candidate” for placemaking.

Detroit has utilized a form of placemaking called “Strategic Placemaking” which concentrates efforts in a few specific areas, usually the downtown, with the hopes that benefits

¹⁷ Gallagher, John. (2018). *These Detroiters aren't looking for jobs. Why might surprise you.* The Detroit Free Press.

¹⁸ Gallagher. “Detroiters aren't looking for jobs”

¹⁹ Reindi, JC. (2016). *Arena contractors fined \$500K for not hiring Detroiters.* The Detroit Free Press.

²⁰ Gallagher, John. (2018). *Amazon to Detroit: You didn't have enough talent to get HQ2.* The Detroit Free Press.

²¹ Tanner, Kristi. (2018). *Detroit still losing population — but it could be a whole lot worse.* The Detroit Free Press.

will proliferate into other neighborhoods.²² This form of placemaking is considered attractive in Michigan given the low population density. In addition, much of Detroit’s placemaking has been focused on its “branding”. Due to the deterioration of neighborhoods and high crime levels, Detroit has a reputation as a dangerous and ruined city. The city has focused on rebranding as a “comeback” city and emphasized the city’s gritty past.

In Detroit, huge investments have been made in the downtown area — specifically driven by Dan Gilbert’s Rock Ventures LLC — on the principles of placemaking. Launched in 2013, Gilbert’s “Place-making Vision for Downtown Detroit” envisioned a complete revamp of Detroit’s six downtown districts through the addition of retail shopping, parks, entertainment venues, and mixed-development housing²³. To accomplish these goals, BedRock — the real estate arm of Rock Ventures — began buying vacant properties throughout the downtown area and investing in new businesses. Companies who now have storefronts in Detroit because of this venture include high-end grocers and retailers like Whole Foods and Nike. Since 2013, BedRock has purchased around 100 properties with a total investment of \$5.6 billion²⁴. The company reports that its properties have an occupancy rate of 98 percent.²⁵ Since 2010, the population of the greater downtown area has increased 28 percent, driven largely by affluent, educated new residents. Results of the economic development on tax collection are mixed. While income tax collection is up 11 percent from 2014-2017, property tax revenue has stayed largely the same.²⁶

Transportation and walkability has been a large feature of Detroit’s placemaking efforts given the city’s history of car culture and the transit system’s reputation for inadequacies.

²² Wyckoff, Mark (2015). *Placemaking as an Economic Development Tool: A Placemaking Guidebook*. Land Policy Institute.

²³ Pinho, Kirk (2013). *Dan Gilbert rolls out a vision for Detroit that includes districts, connections, new retail — and Papa Joe’s*. Crain’s Detroit Business.

²⁴ Feloni, Richard and Samantha Lee. (2018). *Billionaire Dan Gilbert has invested \$5.6 billion in nearly 100 properties in Detroit*. Business Insider.

²⁵ Feloni and Lee. “Gilbert invested \$5.6 billion”

²⁶ Kurth, Joel and Mike Wilkinson (2018). *Is Detroit finally turning the corner?* Bridge.

Numerous investments have been made to improve Detroit's transit system, but most are concentrated in the midtown region. Most notably, \$140 million was invested in the QLine — a 3.3 mile streetcar route that serves a few thousand riders each day. While the streetcar was mainly funded by private donors — including Dan Gilbert and the Illitch Family — \$37 million was funded by US DOT and \$10 was funded by the state of Michigan.²⁷ The streetcar addition was seen as a huge improvement in the city's walkability, linking Midtown, Downtown, New Center, and other neighborhoods. In addition, the city has invested in improving bike lanes throughout the city. Since 2007, the city has expanded the length of bike lanes from 13 miles to 240 miles.²⁸ The city was prompted by young citizen's concerns about increased mobility and making Detroit less car-dependent. Outside of the downtown area, efforts have been made to improve the city's bus system. In 2017, the city invested \$9.7 million in 29 new buses. In 2018, more rides and 24/7 service was added to the top 10 most popular routes (mainly through the reshuffling of other routes — not additional buses) for \$1.6 million.²⁹

While Strategic Placemaking is popular amongst Michigan's policymakers, many Detroiters contend that recent downtown placemaking efforts have done little to provide low-income residents with additional opportunities and that the newcomers are causing gentrification and additional problems. Researchers and activists have panned many of the placemaking efforts as siphoning public money for private interests. To help fund these placemaking efforts, the city of Detroit has subsidized the construction and renovation of many of Gilbert's projects. In one such deal, BedRock Detroit was given a \$618 million subsidy, the largest in the history of the city, for a \$2.2 million project which included building the tallest building in the city and adding

²⁷ Schmitt, Angie (2018). *How Detroit's Streetcar Overlooked Real Transit Needs to Satisfy a Well-Connected Few*. StreetsBlog USA.

²⁸ Sands, David (2018). *Detroit's new bike lanes have sparked controversy. What's next?* Model D.

²⁹ Frank, Annalise (2018). *DDOT adds to bus service as it rebrands*. Crain's Detroit Business.

an 11-story annex to Campus Martius³⁰. Critics charge that these placemaking efforts have not yielded the results to justify the large subsidies. Many say the tax money should instead be invested in essential services like education or road repairs.

Many Detroiters also feel like white elites are ignoring the needs of the majority Black population, and recent placemaking efforts have attempted to appropriate Black culture without helping the Black community. Between 2011 and 2016, Midtown and Downtown's Black population both decreased while their white populations increased.³¹ Cost of living has also increased as new development increased the price of rents and services. Given the city's history, many fear Black, low-income Detroiters are being ignored in the new development.

Outside of the downtown area, placemaking efforts have been driven through the Strategic Neighborhood Fund. Originally created in 2016, the \$42-million program focused on three neighborhoods, but has since expanded to 10 neighborhoods and is now expected to raise an additional \$130 million through city funds, philanthropic organizations, and corporate partners.³² Goals of this program are to create "vibrant, inclusive" neighborhoods through creating walkable streets, increasing mixed-use developments and park areas, and providing additional affordable housing. In addition, the program aims to partner with local organizations to foster community-led projects. The program hopes to spur economic growth by investing in small businesses and making neighborhoods attractive areas for businesses to be situated.

POLICY RECOMMENDATION

In Detroit, placemaking has focused much more on amenities than spreading economic development. This has led to a more aesthetically pleasing downtown but has done little to

³⁰ Aguilar, Louis. (2018). *Gilbert seals \$618M tax incentive package for 4 Detroit projects*. The Detroit News.

³¹ Kurth and Wilkinson. "Detroit turning corner"

³² Crain's Detroit Business (2018). *Detroit to expand Strategic Neighborhood Fund, raise \$130 million for 7 more neighborhoods*. Crain's Detroit Business.

substantially reverse demographic trends and empower the city's lifelong residents. Placemaking has worked somewhat as intended to bring in educated young talent to Detroit. However, it has led to evictions, rising rents, and diverted resources for the city's low-income residents and not led to the promised economic development. To create long-term sustainable development, the city of Detroit would be better suited investing in neighborhood development, accessible transportation options, and education and workforce training options. Efforts should focus on neighborhoods outside of the downtown with input from community leaders.

City officials should continue to invest in neighborhood development efforts in partnership with local community organizations and expand the Strategic Neighborhood Initiative. While the current program is incredibly promising, the current funding is still minimal in comparison to the money invested in the Downtown and Midtown areas. Detroit's economic woes are a result of loss of population everywhere — not just the downtown. The city should continue to add more resources to these programs and ensure strong partnerships with community organizations. In addition, the city must prioritize creating more affordable housing units. In 2023, around 10,000 affordable housing units are expected to be lost after low-income tax credits expire.³³ This is about half of all affordable housing options in the city.

Transportation issues continue to hinder Detroit's economic development. Detroiters lack the means to reach work opportunities and businesses feel unsure about relocating due to insufficient transit systems. The bus system should continue to be expanded to connect Detroit's sprawling neighborhoods. In addition to better transportation within Detroit, local officials must continue to push for an effective regional transit system between Detroit and its suburbs. In 2016, Wayne, Washtenaw, and Oakland county voted on a proposal to create a regional transit

³³ <https://www.detroitnews.com/story/news/local/detroit-city/2018/12/10/detroit-braces-affordable-housing-decline/2019528002/>

system between the three counties. Dubbed the Regional Transit Authority, it was envisioned to connect Detroit and its suburbs and more people to jobs. It did not pass due to resistance from suburban communities, but the proposal is still alive. A regional transit system would allow Detroiters to find jobs in the metropolitan area, greater mobility between the regions, and make living in Detroit more attractive to young people with jobs in the suburban areas.

Instead of relying on downtown placemaking to improve the current employment pool, the city should continue to invest in education and workforce training opportunities for local residents. Through educating the current residents, the city will more directly address workforce issues than attempting to add new residents. Detroit At Work is an initiative by Mayor Duggan to train Detroiters for jobs in fields like healthcare, information technology, and construction. It is a promising program. However, it is only expected to help 40,000 residents over the next five years.³⁴ Additional funding to these kinds of programs could increase capacity and lead to increased economic growth.

CONCLUSION

In Detroit, Strategic Placemaking has been used to revitalize the Downtown and Midtown areas, encourage new residents, and spur the city's economy. While there has been an influx of new residents and commercial opportunities, the economic benefits have remained concentrated in the downtown and failed to proliferate throughout the neighborhoods as promised. Furthermore, while the new residents are largely educated young people, placemaking has not made a dent in Detroit's larger issue of an unprepared workforce. Though placemaking itself is not inherently problematic, its application in Detroit is directing resources away from communities in need and is currently working to complement gentrification.

³⁴ Williams, Candice (2018). *Detroit officials brace for affordable housing losses*. The Detroit News.

Given the unclear benefits of placemaking, the city should shy away from funding pricy downtown developments and concentrate on providing accessible transit options, neighborhood development, and workforce training opportunities. Placemaking was seen as an attractive option as Detroit is struggling to retain its population, attract new residents, and bring in more economic opportunity. However, there are better tools to target those needs than Strategic Placemaking. Before the city worries about amenities, it needs to address basic needs of transportation and blight removal. Given Detroit's current employment needs, training the local workforce in the desired skills will lead to a more thorough economic recovery that can sustain itself past the first investment.