Detroit – From collapse to rebirth

Lessons on regeneration
December 2016

Strictly private and confidential
Agenda

Introduction to Detroit and USA
Lessons from decline
Current forms of regeneration
Role of trust
Role of regions
Role of businesses
Secondary effects from development
USA context

Expropriation is legal but out of fashion (used often in the 1960s and 1970s)

Strong sense of individual rights and faith in markets

Classic land readjustment is not practiced in the US

How do we create the cities that we want?
Aspects of delivering regeneration
Economic landscape is always shifting—market justification must consider this

Global megatrends constantly reshape economy and geography

- Shift in global economic power
- Demographic shifts
- Accelerating urbanization
- Climate change and resource scarcity
- Technological breakthroughs
How megatrends impact specific neighborhoods

Global megatrends

National labor & economic implications

Spatial implications

Specific local issues

Local solutions

What will climate change mean for your development in 25 year? What will the city look like?
Case study: Detroit, Michigan, USA

What to do you know about Detroit?
Lessons of decline – Detroit was once among the greatest cities in the world
Population of more than 2 million
Economy powered by a cluster of dominant automotive manufacturers
Lessons of decline – Single industry cities are prone to boom and bust

Even today, Detroit relies on automotive firms as its large employers, making it vulnerable to shifts in the industry.

Percent of regional revenue from Fortune 500 companies for single industry

- Detroit: 86%
- Indianapolis: 74%
- St. Louis: 52%
- Pittsburgh: 42%
- Charlotte: 41%
- Atlanta: 39%
- Minneapolis: 29%
- Chicago: 28%
- Denver: 24%
- Cleveland: 24%

Cyclical
Moderately cyclical
Non-cyclical
Economic geography shifted for US auto manufacturers

- Climate change and resource scarcity
- Fuel efficiency
- Global competition
- Decline of auto industry
- Decline of the city and region
- Lack of innovation
- Declining car ownership
- Shift in global economic power
- Rapid urbanization
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Lessons of decline – Detroit saw a tremendous decline in population

Detroit has experienced a unique population decline

City’s (county) population change by decade
...leaving a lot of abandoned land and buildings
Which led to crime, business flight, and a perception of failure
Some renewal efforts were tried
But they did not stop the decline
Lesson

The economic and social forces are always changing, and plans must consider the changes.

Planning for the future can protect and empower your project.

Discussion question: What are the strengths of your regional economy today? What will it look like in 20 years? What are the risks?
Rebirth
The Detroit region has begun to rebound thanks to auto sales

Rebound in the auto industry
US Automobile Sales (millions)

How can we avoid the same issues and what does that mean for land planning?

Source: IBIS World, Fortune 500 website, michigan.org/art-galleries, recode.net
But how can they execute rebirth successfully

Most want to start here

But the foundation is crucial

- Public safety, blight, sanitation (Community and quality of life)
- Roads, bridges, transit, rail (Infrastructure)
- K-12, low skill & high skill (Talent)
- Business attraction and readjustment
Detroit’s first impulse is to execute big projects

- Tax funded sports stadiums

- These don’t solve the core problem

- Who will live there?
- Who will work nearby?

Sports stadium

Abandoned residential land

Readjustment and other schemes work better when prices are rising. How to get there if prices are not?
Detroit has struggled to attract and retain educated young people

Source: City Observatory, University of Michigan, University of North Carolina, Chapel Hill, University of California Berkeley
**Future industries need to leverage existing strengths**

- Target industries need compelling reasons to locate there
- Identify regional strengths and core industries
- Good targets include adjacent industries requiring similar talent and geographies

Target industries are based on economic analysis
Lessons

Regions need talent, transportation, and good perception to attract businesses

Discussion question: What kind of talent do you have in your area? Does it match your target industries
How to manage the land
Detroit has a lot of open land
Many, many houses are gone, but a few remain
Trust
Trust example: Dakota Pipeline
Community engagement is crucial

Discussion question: How do you manage trust? What is hardest?
Many questions for addressing the land

What should we do with the land?
- Solar farm?
- Agriculture?
- Sell to neighbors?
- New factory?
- Computer data center?

Who gets to decide?
- City?
- Courts?
- Auctions?
- Landowners?

What about those who still live there?
- Can they be moved?
- Should they be moved?

City is using a land-bank to acquire abandoned property, but unsure what to do with it
Downtown is being revitalized by private development

- Private company has assembled 85 buildings downtown
- Revitalizing the most visible parts of the city
- Delivering many government services—parks, police, safety

This private model is delivering change, but is it sustainable?
Key business types also rely on the region and can be helpful – Energy generation

Utility role in economic development

- Businesses
- Residents and communities
- Institutions and places

Attraction
Expansion
Retention

Economic growth

Load

Utility

Support
Engagement
Placemaking

Opportunity
Consistency
Talentskills

Economic growth

Affordability

Economic growth

Vitality
Businesses got together to beautiful the parks

But some in the community say they were not consulted, and new development is only for rich
Case study – Improved improvements even outside the regeneration zone

Improvements will even improve other nearby areas.
Example: Areas next to the regeneration zone added
• Crosswalks,
• Planters, and
• Murals
These improvements in safety and visual appeal facilitate community engagement and walking, which lead to well-being

June 2011  October 2015

Source: Google street view
Land regeneration creates secondary benefits

A “virtuous cycle”

- Increased jobs
- Increased economic activity
- Increased neighborhood health and safety
- Increased real estate value
- Decreased police and fire costs
- Increased community cohesion

All of these benefits can be measured
Thank you

Questions:

Do you have the conditions for success?

How can you create them?