
REMAPPING DEBATE

Asking "Why" and "Why Not"

Detroit consigned to an unnecessarily bleak future?

Original Reporting | By Mike Alberti | Alternative models, Quality of life, Urban Policy

ARE WE REALLY GOING TO ABANDON THIS CITY?

Maybe not formally, but when the positive potential outcomes are being described in terms of Detroit (hopefully) managing to eke out a minimalist survival instead of going bankrupt, we think that comes awfully close to abandonment in practical terms.

What if it were a different city — or a different country, for that matter — and people casually talked about how there would need to be a period of 10 or 20 years during which the jurisdiction in question would need to limp along?

Our interest was peaked by the fact that there is no indication that either the Detroit metropolitan region, the state of Michigan, or the federal government is prepared to step forward and make structural changes to re-integrate Detroit in the larger region.

In this week's article, we look at how proposals to deal with the current crisis ignore or exacerbate long-term problems.

In part two of the series, we will explore why and how Detroit became so isolated within the region, and probe the starkly different narratives told by city officials and advocates as compared with their suburban counterparts.

Finally, in part three of the series, we will examine the nature and plausibility of the solutions — at the local, regional, state, and federal levels— that would need to be put in place if anyone were serious about trying to help Detroit thrive at any time soon.

— *Editor*

Dec. 21, 2011 — In a Nov. 16 [speech](#), Detroit Mayor Dave Bing told municipal officials, union leaders, and members of the press that, unless changes are made in the budget, the city will run out of cash by April of next year. "Simply put, our city is in a financial crisis and city government is broken," Bing said. "The reality we're facing is simple. If we continue down the same path, we will lose the ability to control our own destiny."

Bing was referring to the now-imminent possibility that Detroit could be taken over by a state-appointed emergency manager. Early this month, the state initiated a preliminary review of the city's finances, the first step in the process of appointing such a manager.

As bad as the short-term problems appear to be, it is the larger and deeper-rooted *structural* problems that threaten to leave Detroit's remaining residents without hope for decades.

"Detroit has been in a downward spiral for years," said John Mogk, a professor of law at Wayne State University and the chair of the Michigan Council on Labor and Economic Growth. "The scope of the city's long-term problems is just staggering."

Many advocates and experts said that the continual focus on short-term funding issues has come at the expense of long-term planning for the city's future. Indeed, proposals for a short-term fix not only would do little to address Detroit's structural problems, they may exacerbate them beyond the point of repair.

The short-term crisis

In his speech, Bing said that Detroit faces a \$45 million cash shortfall by the end of the fiscal year, meaning that it could run out of cash and be unable to make payroll as early as the end of this month. To fill that gap, the Mayor has proposed cutting the pay of police and fire department employees by 10 percent, asking city workers to contribute more to their health plans and pensions, privatizing some city services such as lighting and transportation, and laying off up to 1,000 municipal workers.

The City Council, which has long pushed for deeper cuts in the City budget, has offered a more drastic proposal, including deeper union concessions and up to 2,300 layoffs, more than 17 percent of the municipal workforce. According to a spokesperson for City Council President Pro Tem Gary Brown, "The Councilman believes that the situation is much worse than the Mayor has described."

Negotiations with the City's 48 unions are currently ongoing. The City has asked the unions for concessions several times in the last few years; most recently, the entire City workforce except for the police and fire departments accepted a 10 percent wage reduction, and most unions have changed pension plans for new hires.

The possibility of an emergency manager

Michigan has long had a law that allowed the state to appoint a manager to take over the responsibilities of local government officials if municipal finances deteriorated to a certain point, or if municipal officials are deemed corrupt or incompetent. In 2010, under newly elected Republican Governor Rick Snyder, the state passed Public Act 4, which gives those managers broad new powers, including the ability to change collective bargaining agreements and even dissolve a municipality entirely.

Eyes off the prize

But according to John Mogk, a professor of law at Wayne State University and the chair of the Michigan Council on Labor and Economic Growth, the current efforts to deal with the City's shortfall will not address any of Detroit's long-term problems. "Let's say the state wrote a check and covered the deficit and the budget was balanced today," he said. "That wouldn't change the underlying picture. Detroit is in free fall. It has nothing to do with this year's budget."

Those who could leave “packed up and went to the suburbs years ago”

While the debate over the current budget shortfall is contentious (see box below), Mogk and other experts said that those discussions mask larger issues facing the city. “Balancing the budget is the least of Detroit’s problems,” he said. “These proposals are Band Aids.”

Detroit’s population has declined steadily since its peak at 1.85 million in 1950, when the automotive sector was thriving there. According to the U.S. Census Bureau, between 2000 and 2010, Detroit’s population fell by 25 percent, from 951,270 to 713,777, the largest decline in any large American city except for New Orleans in the years after Hurricane Katrina. The population in Detroit is currently the lowest it has been since 1910.

That population loss has left many Detroit neighborhoods abandoned. Other neighborhoods are spotted with vacant houses and open plots, and images of Detroit’s ruins are what comes to mind for many people when they think of the city. 2010 Census Bureau data showed that 25.8 percent of housing units in Detroit were vacant.

“Most of the people who could afford to leave have already left,” said Joe Darden, assistant professor of geography at Michigan State University. “Everybody who could, packed up and went to the suburbs years ago.” That regional migration has had a distinctly racial cast (see box on next page).

The poverty rate in Detroit is nearly 30 percent, a quarter of the city’s residents are unemployed, 31.5 percent receive welfare benefits or food stamps, only 11.8 percent of residents 25 years old or older have a bachelors degree or higher, and the per capita income is \$15,062. [According to the Brookings Institution](#), between the years 2000 and 2009, Detroit saw one of the largest increases in “concentrated poverty,” which is a measurement of the spatial proximity of people living in poverty. People living in concentrated poverty [have been shown](#) to be far more likely to become pregnant as teenagers, drop out of high school, and remain jobless than people who are in poverty but live in socio-economically mixed neighborhoods.

“If you didn’t finish high school and you have a criminal record, you become almost unemployable,” said Myron Orfield, director of the Institute on Race and Poverty at the University of Minnesota. “That becomes a barrier to growth in a city when businesses don’t have access to a skilled workforce.”

An eroding tax base

As the population has fallen, the city’s tax base has eroded. According to Bettie Buss, a senior research associate at the Citizen’s Research Council of Michigan who was previously the supervising budget analyst for the city, Detroit has had to raise property tax rates continuously as the number of taxable properties has decreased and as the taxable value of those properties has declined.

Detroit is one of only a few municipalities in Michigan with an income tax, but those revenues have also been declining, as an increasing number of residents have become poor or unemployed. In 2000, Detroit collected \$378 million in income taxes; by 2010, it was collecting only \$245 million. The city has also instituted a gambling tax in its casinos, which has come to represent more than 10 percent of the city's budget.



The old Packard automobile manufacturing plant, shuttered in 1958. The photo was taken in Dec. 2011.

“Detroit is already very heavily taxed,” Buss said. “Property and income tax rates are at the maximum level allowed by the state. There are very few options for the city in terms of raising more revenue.”

Compounding the problems on the revenue side has been a dramatic reduction in funding from the state: that “revenue sharing,” measured in 2010 inflation-adjusted dollars, has declined from \$420 million in 2000 to \$275 million in 2010. Buss said that she expects another sharp decline this year, as the Governor’s budget cut revenue sharing by a third.

Even as the population of the city has shrunk, its area has not. Detroit is currently 138 square miles, larger than San Francisco, Boston, and Manhattan combined. “The city still has to provide services — police, fire, trash pick up, maintenance, lighting — to that entire area,” said Mogk. “As the population has become more impoverished, demand for services has gone up.”

For those reasons, Detroit has accumulated a chronic “structural deficit” — that is, a gap between what the city spends and what it can raise in revenues — even in good economic times. The primary way that Detroit has grappled with that deficit over the last eight years is by issuing bonds. [According to the Michigan Department of Treasury](#), Detroit’s debt load reached more than \$10 billion at the end of the last fiscal year. And, because many of Detroit’s bonds are rated below investment grade, Detroit’s borrowing and debt-service costs are particularly high.

The result is not only fewer resources to take care of current needs, but fewer resources to tackle the longer-term issues of turning vacant land to productive use, restoring the tax base, arresting and reversing the city’s loss of population, and putting Detroit on track to provide provide robust services to its residents and businesses.

Any change will be expensive

Most current discussions about structural changes examine Detroit in isolation, as opposed to considering the city in its regional context. Within that Detroit-only frame, some have suggested that the city needs to be “right-sized” — that is, the service area needs to be shrunk. Bing agrees, and, at the beginning of his Administration, he created the Detroit Works Project, a planning organization funded primarily by foundations that has been working on a plan to concentrate residents and businesses in a smaller area of the city. Detroit Works has been plagued by delays, however, leading some to fear that what many have described as Bing’s “signature initiative” [has ground to a halt](#).

Proposals to shrink the service area of Detroit have been contentious, and there is much disagreement over what the reconfigured city would look like. Some have proposed giving or selling cleared land to corporate or non-profit farms; others have suggested that those areas of the city should just be cleared and left as green-space. But one thing that all advocates of right-sizing agree on is that it will be very expensive.

“You would have to provide new places for people to live, and probably give them money to incentivize them to move,” said Buss. Additionally, not all of the vacant land is owned by the city, she said. “One of the challenges for redevelopment in Detroit is that while the city and state and county own tens of thousands of parcels of vacant land together, you also have to deal with banks who own foreclosed properties and private owners who have bought land for a song and are just sitting on it.”

And the city has had trouble funding the demolition of decrepit structures on land it already owns, Buss said. “Consolidating significant acreage of land for use as green space or farms or for development could easily cost billions of dollars,” she said, adding that right-sizing would not be a quick fix, and that without other, structural reforms, it would hardly be a cure-all for Detroit’s problems (see sidebar).

Remapping Debate asked a spokesperson for City Council President Pro Tem Gary Brown whether, after the city made the cuts that the Council is proposing, there would be anything left over for a redevelopment strategy. He acknowledged that there would not be.

THE PITFALLS OF “RIGHT-SIZING”

While right-sizing holds some promise as a way to deal with Detroit’s structural issues, advocates stress that it is not, in itself, a panacea. The first question, according to Bettie Buss of the Citizens Research Council of Michigan, is to figure out where the financing for a right-sizing initiative will come from.

But several experts said that one of the primary issues that Detroit faces is that it is, in many ways, separated from the rest of the regional economy in Southeast Michigan. Some advocates worry that right-sizing efforts, if not combined with other reforms to integrate the City into the regional economy, could end up isolating Detroit even further.

Lastly, no one has suggested that right-sizing would be a quick process. “It would not be possible to overcome all of the political and economic barriers in a year or two,” Buss said.

“What we are concerned with is trying to figure out what the essential services are,” he said. “We have no choice but to make government smaller and hope that private investment comes in.”

“People are just going to continue to leave”

According to Robert Kleine, who was the state treasurer under Michigan’s previous governor, Jennifer Granholm, it is unlikely that an influx of private investment is going to rescue the city anytime soon.

“City services are already cut down to bare bones,” he said. “You wait for the bus for 45 minutes, if it comes at all. You wait for the police to respond to a call for an hour, if they come at all. Every dollar you take out of those departments now is going to further decrease quality of life in the city. That is not the way you attract people to move there or businesses to invest there.”

As National Public Radio has [reported](#), there are extraordinarily long wait times for city buses; the Detroit News [found](#) earlier this year that the response time of paramedics was disturbingly slow. Bing himself has acknowledged that large parts of the city are currently without public lighting, and that while overall crime has gone down over the last few years, [homicides have gone up](#).

Segregation in the Detroit region

The vast majority of those who could afford to leave Detroit and who were able to find housing in the suburbs, especially between 1950 and 1990, were white. At the city’s population peak in 1950, 16.1 percent of the population was black. Today, the city’s black, non-Hispanic population is 82.4 percent.

While Detroit’s population has declined by over 60 percent since 1950, the Detroit-Warren-Livonia Metropolitan Statistical Area - which includes the City of Detroit as well as several dozen suburban communities in six counties - has increased by more than 40 percent, and currently has a population of 4.35 million people. The Detroit Metro area is only 22.2 percent black, non-Hispanic.

Using Census data from 2010, the researchers John R. Logan of Brown University and Brian Stults of Florida State University ranked American metropolitan areas by a factor known as a “dissimilarity index,” which measures how evenly demographic groups are distributed in a geographic area. They found that the Detroit Metro area is tied with Milwaukee as the most segregated major metropolitan area in the country for African-Americans (the New York City area came in a close third).

And Daniel McNamara, president of the city's firefighters union, which is currently in negotiations with the city, warned that the cuts that have been proposed could force the closure of fire stations, which would increase response time. "The most important thing about fighting a fire is getting there fast," he said. "Who is going to want to move here if there are three houses on a block that have burned down?"

"At this level of cutting, it's going to be very harmful for quality of life," said Margaret Dewar, a professor of urban and regional planning at the University of Michigan. "Everybody talks about trying to make Detroit a better place to live, but when you have poorer services, less park maintenance, more blight, worse bus service, it becomes a worse place to live."

When Remapping Debate asked Dan Lijana, a spokesperson for Mayor Bing, whether the Mayor believed the cuts would have a negative impact on quality of life in the city, he said, "We're doing our best to minimize that. We're trying not to cut from police and fire. But the reality is, sometimes when you have less, you have to do less."

"You can't talk about a dramatic downsizing of city government without it impacting city services to some level," said City Councilmember Kenneth Cockrel, Jr. "But to me, given the cash flow problem, it really comes down to a classic 'damned if you do, damned if you don't' situation."



Kleine spelled out the likely effect of a reduction in services: "People are just going to continue to leave," he said. "That is only going to exacerbate the problem in the future."

Abandoning the future

David Egner, the executive director of the New Economy Initiative, a non-profit group that works to accelerate the redevelopment of the region, said that a lack of strategy has worsened the city's problems. "We are nowhere near coming up with a long-term strategy," he said. "When you're trying to keep the lights on, it's difficult to add another layer of strategy."

The difficulties of the [Detroit Works Project](#), the most ambitious effort so far to provide a long-term plan for the city, exemplifies this trend. Begun as a long-term planning project, it has since shifted some of its resources, at Bing's request, to short-term planning. Meanwhile, it has pushed back its long-term plan until 2012.

To some community advocates, the possibility that long-term issues are not being addressed reflects the fact that the goal for the city's future has become very narrow. "We have been in survival mode for so long that some officials have lost the vision of what the city could look like," said Ponsella Hardaway executive director of the MOSES Project, a community advocacy organization.

Mogk agreed. "With the current proposals, the best Detroit can hope for is to limp along for another few years. It's common to hear people say that it will take a long time for the city to come back, but that means accepting that thousands of people will probably be unemployed and living in poverty indefinitely," he said. "The scope of solutions that have been proposed so far have no relationship to the scope of the crisis," he said.

Looking to the region

Several experts and some city officials said that it is unlikely that Detroit can solve its economic problems by itself. Yet according to Buss and others, most of the solutions that have come forward have been focused solely on efforts the city can make on its own. The exception is a request by Mayor Bing to the Governor to pay \$220 million in lost revenue sharing that the state has reneged on over the last decade. The state has made it clear that it will not be providing that money.

Buss said that by focusing on Detroit-only solutions, both city and state officials were neglecting the reality that what happens to Detroit will affect not only Detroit residents but also the suburbs and even the entire state. "The line of thinking is 'every city for itself,'" she said. "There is not a recognition of how interconnected all of these places are."

"Everybody talks about trying to make Detroit a better place to live, but when you have poorer services, less park maintenance, more blight, worse bus service, it becomes a worse place to live." — Margaret Dewar

According to Jeff Horner, a lecturer at Wayne State University, there was a time when people in Detroit and in the state capitol were coming up with broader, more far-sighted ideas. "There was sort of a golden age in the '60s where people were coming up with some creative solutions," he said. At the time, Detroit was only starting to grapple with population decline, as more and more people moved into the suburbs. "People were saying, 'maybe when we're thinking about Detroit, we should also be thinking about the suburbs.'" That, of course, was many decades ago.

Urban planners, geographers, economists, and some government officials and advocates in the Detroit area have long thought that it is misguided to think of the City of Detroit in isolation from its suburbs and the rest of the region. And they don't ignore the fact that the segregation and political fragmentation that exists in the Detroit region has been — and continues to be — a major impediment to Detroit's revital-

ization and to the area's growth in general. "The reality is that as long as that place is so fragmented and so segregated, it's never going to grow," Orfield said.

Recognizing the challenges that segregation and fragmentation raise for economic growth and development, many other cities — including Indianapolis, Portland, Louisville, Nashville and the Twin Cities — have put some form of regional government or regional tax-sharing in place. But in Detroit, the strong resistance by both city and suburban officials, combined with decades of apathy on the state level, has resulted in little meaningful progress.

"Those other cities are eating Detroit's lunch," Orfield said.

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