

THE KRESGE FOUNDATION

Although Kresge is a national foundation that focuses on expanding opportunities in cities across the United States, our core identity has been deeply tied to Detroit since our founding in 1924. Nowhere is our philanthropic imprint more indelible than in our hometown. This is in part why Detroit's renaissance is particularly meaningful to us.

To better understand both the contours of Detroit's rebound following its municipal bankruptcy, and its outlook going forward, Kresge began gathering data to capture perceptions about Detroit. Last year we sought to measure national business leaders' attitudes towards the city.

With the 2017 Detroit Reinvestment Index, we seek to build on this data once again by surveying national business leaders, but we also wanted to capture Detroit metro area entrepreneurs thinking and perceptions about living, working and starting a business in the Motor City.

We wanted to test the proposition that Detroit's continued rebirth is closely tied to the vitality and perceptions of its business community, particularly those entrepreneurial ventures and small businesses located in and serving Detroit's neighborhoods.

We wanted to determine how those businesses interpret what is working and what is not. We also think this research can offer insights to other cities, both here and the United States and around the world that are experiencing similar challenges and opportunities.

And the news is overwhelmingly positive: For the second year in a row, national business leaders are bullish on Detroit. Eighty-Four percent of business leaders believe Detroit can recover and become a great American city once again. A strong majority, 72 percent rate Detroit as an excellent or good investment opportunity.

These results reflect a number of drivers:

- First, a growing number of large corporate anchors are moving downtown, reviving the downtown's commercial real estate market. Quicken Loans alone has relocated more than 15,000 employees into the Urban Corps.
- Second, there has been a dramatic set of public-private investments in public spaces, things like the Detroit Riverfront, the Dequindre Cut bikeway and walkway, Belle Isle, Eastern Market, the nation's largest public market, and countless neighborhood parks.
- Third, we've seen an explosion in small business ventures and entrepreneurial incubators.
- Fourth, we'll soon be celebrating the opening of a spectacular new sports housing commercial complex, it will house both for Detroit Pistons, and the Red Wings, making Detroit the only United States city to have all four of its major sports franchises located within its downtown corps.
- And fifth, we recently opened the QLine, a streetcar that runs from the heart of downtown along the city's major arterial, Woodward Avenue, to Midtown, some three-and-a-half miles up the road. In a city in which more than 30 percent of residents don't own a car, it's hard to imagine a policy that has more profoundly negative impacts on economic opportunity than the absence of a coherent, comprehensive public regional transit system capable of connecting city residents to job and service centers.

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Ten years ago, Kresge and a handful of private sector leaders attempted to dismantle these obstacles by planning, financing, constructing, and then turning over to a public transit authority, a streetcar that would be the first leg of an integrated regional transit system.

Despite only being in operation for a short time, \$7 billion in new investment has occurred along the QLine's route, about two-thirds of these investment dollars are complete with another 2.5 billion on the way.

Our research also shows that it's not just these big business executives who are buoyant about Detroit's future. Detroit entrepreneurs, those with first-hand experience and knowledge about the city, are even more enthusiastic about the city's comeback. Ninety-two percent believe Detroit can recover and become a great city again; 83 percent rate Detroit as an excellent or good opportunity for their business and 88 percent are likely to recommend opening and operating a small business in Detroit.

Additionally, young entrepreneurs, and entrepreneurs of color are among some of the most positive of our surveyed population. Eight in 10 of young entrepreneurs have favorable impressions of Detroit, 94 percent are likely to recommend Detroit as a city to open and operate a small business. Seventy-four percent of entrepreneurs of color have favorable impressions of Detroit, 92 percent are likely to recommend Detroit as a city to open and operate a small business.

Small businesses owned and operated by people of color are inextricably interwoven into Detroit's history and fabric. In the 1960s the city had more African-American-owned small businesses than any other city in America. The decline of those businesses has been one of the painful elements of Detroit's struggles over the last decades. So, it's profoundly gratifying to see signs of this very important part of the city's heritage and culture may be on the uptick once again.

Both young entrepreneurs and entrepreneurs of color give Detroit high marks for what they say they need most in the business environment: A place looking to attract new investments, where it's possible to make a difference, and a city with potential;. So, taken all together, that's a remarkably positive picture.

What accounts for this optimism? There are a lot of reasons, and I've noted a couple of them. But let me throw in one more, philanthropy's decision 10 years ago, to create a \$100-million fund to develop an entrepreneurial infrastructure in Southeast Michigan.

Ten foundations signed on to this effort, with Kresge, Ford and Kellogg, each making lead gifts of \$25 million, called the New Economy Initiative. This effort sought to create the supports that small businesses in the city needed in order to get started and to grow; technical assistance, mentoring and networking opportunities, early-stage capital, affordable space and many others.

The effort set in motion a flywheel of small business growth that is increasingly radiating to all corners of the city. The explosion of small businesses in Detroit has not only dramatically diversified the city's economy, but has also enabled families to build assets, attracted new jobs into neighborhoods, stabilized commercial quarters vital to the neighborhood's identity and safety. It's the sort of promising start that we've long worked toward.

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The results of NEI have been breathtaking, considering what it has generated: Direct assistance to more than 4,400 companies, the launch of more than 1,600 companies, the creation of almost 18,000 jobs, and nearly \$3 billion in economic output.

It's rewarding to see the business community join us in recognizing the role that small businesses have played in Detroit's upward trajectory. Ninety-three percent of national business leaders and Detroit entrepreneurs agree that small businesses have been at the core of the revitalization of the city, and of the region. There are, to be sure, still gaps, gaps between what small business owners and entrepreneurs say they need to succeed in what Detroit provides.

For example, Detroit entrepreneurs said that Detroit would need to do a number of things to continue small business growth. First, ensure enough skilled workers to fill open positions; second, improve the quality of the city's neighborhoods; and third, attend to the need to build a more robust base of customers with spending power.

These concerns translate into recognition by both national business leaders and Detroit entrepreneurs that neighborhood revitalization efforts are every bit as important, perhaps even more important, than traditional economic development tools.

Entrepreneurs who work and live primarily in Detroit are, for example, more likely to call for high quality public spaces, parks, libraries, trails, access to the Detroit Riverfront for employees, and many others. They see these public assets, together with other essential building blocks of neighborhood stability and health, essential to their business succeeding.

To work on the tough intractable problems Detroit presents, it requires one to have a healthy dose of optimism, even idealism, words that may sound quaint in the coarseness of the current political environment. But under the circumstances, to be anything other than an optimist, anything other than an idealist, strikes me as a profoundly unproductive use of time. And it's deeply gratifying, therefore, to see that others share our hopeful view about Detroit's comeback and its continued progress.

- Rip Rapson, President & CEO, The Kresge Foundation