



Speech by Rip Rapson:

"A Different View of Detroit"

Rapson frames discussion of the closing plenary, "Strengthening Communities Together," at the Independent Sector and Council of Michigan Foundations' annual conference.

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Good afternoon, everyone. It has been an enormous pleasure to have had you in Detroit these last couple of days. We are proud of our city.

I hope many of you have had the opportunity during the course of the conference to get out into the community and gather your own impressions of how we're doing. It is a far better way to form a judgment than by tracking the unrelentingly morose national newspaper and periodical accounts. I'd like to use my remarks this afternoon to shift perspective away from these utterly gloomy descriptions of where Detroit has been and toward a more upbeat assessment of where it is headed.

But it *is* important to acknowledge one thing – that much of what you've heard and read about Detroit is, unfortunately, true:

- The monoculture of auto dependence has imploded, crushing people in its wake. Whether you're in the plastics industry, the rubber industry, the glass industry, the technology industry or anywhere else along the supply chain, the effects have been devastating – to individuals, to families, to communities.
- Home foreclosures and residential abandonment have reduced significant expanses of the city's geography to Dresden-like scenes of devastation, in the process eroding layers of community supports and residential resilience built up over many decades.
- Detroit municipal government has, tragically, defined the term "political dysfunction," corroding public confidence in the ability of elected officials to provide the kind of enlightened, forward-looking solutions that the city needs in order to move ahead.

- Public education has been in free fall, destabilizing neighborhoods and squashing hope as middle-class and low-income families alike pull their kids out of the public school system to seek better options.

It's grim stuff.

But focusing on these dynamics too intensively or too long distorts one's view. It obscures a very different perspective, one that projects forward the assets and opportunities available for Detroit to capitalize on. That perspective emerges into clear view as one realizes that the rules of the road have changed profoundly in Detroit. Let me explain what I mean.

Four New Rules of the Road

The first rule change is that incrementalism is no longer an option. Pursuing a straight-line path of working just as we always have leads us directly and unalterably over the cliff, and sooner rather than later. It is increasingly apparent in talking with people from all walks of life in Detroit that there is emerging a pervasive sense that Detroit must be, and will be, re-imagined in all dimensions – from restructuring municipal government to exploring new economic drivers, from putting our financial house in order to pursuing radically different concepts of the city's physical form. I'll come back to this in just a moment.

The second rule change is that city government will no longer be content with the maddeningly divisive and destructive gesture politics that has so characterized our recent history. Our leadership gives every indication of instead insisting on pursuing those steps necessary to change the Detroit circumstance.

Shortly before the November election, as Mayor Dave Bing was making a whole series of really tough decisions about public services, the schools and any number of other matters, I asked him why he wasn't putting off those decisions until after the election. He looked at me, smiled and said, "First, Rip, we cannot afford to lose even an hour in the city of Detroit. Second, and most importantly, I have an obligation to tell the citizens of Detroit exactly how I will govern. If that's not what they think is needed, I should not be their mayor, and they should choose somebody else."

But they did choose him. As a result, there is a new day in this town. Because Mayor Bing told us where he would lead us, he honors his mandate by taking us there. Because he told us how he would lead, he can be about the business of planning the work and working the plan. He'll do it professionally, he'll do it

competently, he'll do it transparently and he'll do it with a high sense of urgency.

The third rule change is that the federal government will no longer pretend that Detroit can be isolated and ignored. From the secretary of education to the domestic policy adviser to the Auto Communities Working Group – and everywhere in between – the federal government is paying attention. They realize that Detroit is *the* emblematic post-industrial city. I am convinced that this administration will not permit Detroit to become their Katrina. They also realize that our struggles in Detroit are the canary in the coal mine, a harbinger of the challenges of competing in a global economy, redesigning the nation's basic economic architecture and building a competitive workforce.

And the fourth and final rule change is that philanthropy working in Detroit can no longer sit at the margins, hoping that their good intentions and charitable impulses will help the community slide through tough times. Instead, foundations – both national and local – are positioning themselves at the center of a new civic agenda, aggressively helping shape a very different civic trajectory.

This is a page out of Harvard professor Clay Christianson's playbook of "disruptive technologies." New approaches have to take a run at prevailing practices. As the public sector focuses on trying to get its administrative and financial houses in order, as the private sector hunkers down and as the nonprofit sector concentrates every ounce of its energies to meet heightened demands for lifeline services with dramatically fewer dollars, philanthropy simply has to step up, get on the same page, aim high and get something done.

A Philanthropic Convergence

Let me suggest that this is exactly what is happening in the city of Detroit.

We are witnessing a remarkable convergence of philanthropic interest in this city. Luis Ubiñas and his team at the Ford Foundation have really doubled down in Detroit. George McCarthy has been instrumental in shaping the community's response to foreclosures. Pablo Farias and Frank DiGiovanni have recalibrated Ford's traditional grantmaking to focus more intensely on issues of economic dislocation. Rick McGahey has been instrumental in steering the New Economy Initiative toward more productive economic-development strategies. Don Chen has shaped how the community is anticipating changes in land use around the proposed light-rail stops.

Similarly the Kellogg Foundation has identified Michigan as one of its three priority states and has taken very aggressive steps to become much more engaged in the work that it does so well – early childhood, citizen engagement, urban agriculture and the like.

The Knight Foundation yesterday announced a \$5 million commitment to Detroit. That's only one small piece of a growing commitment from Knight over the last number of years that focuses in particular on how to use new media techniques to engage citizens more fully in building stronger, healthier neighborhoods.

Living Cities has been here twice in the last 18 months trying to figure out how the banks, lending institutions and foundations of that consortium can be more effectively engaged. They have, for example, helped underwrite our attempts to connect our anchoring medical and educational institutions more fully with the surrounding communities.

And last, but not least, a half-dozen of our local foundations are all pulling in the same direction.

Re-Imagining Detroit

The degree to which our local foundations are collaborating is evidenced by the emergence of a shared framework that projects a heightened sense of agreement about the work that needs to be done. We've titled the framework Re-Imagining Detroit 2020. It focuses on nine broad bodies of work. Each body of work, or module, is led by one or more foundations. With McKinsey and Co., we are building out a work plan for each of the nine modules. And, over time, we will see very practical, investable propositions emanating from that work plan.

What is extraordinary is that most of those nine modules of work draw on both local and national capacity. Each has capital – real capital – dedicated to the effort. Each has a pathway to change that is becoming increasingly compelling and intentional.

I won't anesthetize you by talking about all nine modules. Let me instead give you a few examples. Bruce Katz of the Brookings Institution loves to talk about four pillars of a healthy, vibrant community. Let me steal three of those from him as they apply to Detroit: innovation, infrastructure and human development.

Innovation

Let me talk about innovation first. You've heard some talk over the last couple of days about the New Economy Initiative of southeastern Michigan. This is the effort to deploy \$100 million from Ford, Kellogg, Kresge, Knight, Mott and five local foundations to help recalibrate the Southeast Michigan economy.

The challenge has been, of course, to determine exactly what actions are commensurate with such an audacious ambition. It's all fine and good to gather philanthropic resources. It's another thing to deploy the funds strategically. It calls the question of whether it is possible for philanthropic dollars to contribute meaningfully to reimagining a regional economy. I'm not sure we've figured that out – we're still struggling with what investments will have the most profound impact. But we've taken some promising steps.

First, we've invested in building a green economy. We are particularly interested in the creative adaptation and retooling of auto-supply firms that could readily transfer their energies, machinery and talent to participating in renewable energy enterprises.

Second, we've begun looking much more seriously at how you can connect low-income residents to the mainstream economy – through promising sectors such as health care or renewable energy and through better designed and coordinated workforce-training programs.

And third, we've invested in the kind of infrastructure required to promote and sustain entrepreneurship. Among other things, we've set aside \$10 million for the Kaufman Foundation to work some of its magic here in Detroit. We hope to promote more intensive small-business formation that can help revitalize local communities.

Infrastructure

The second broad theme of the nine modules of work is infrastructure. It centers largely around the issue of land use in Detroit, the lynchpin for re-imagining the kind of city Detroit will be 20 years from now.

If you draw a map of Detroit and then you stick in Boston, stick in Manhattan, stick in San Francisco and stick in a little part of St. Paul, you still have room left over. This is an enormous city. Its geography far outstrips its governance capacity. There are all sorts of implications, but at the end of the day, Detroit simply has to shrink in order to grow. That's a complex undertaking. You have to repurpose land. You have to re-imagine how you deploy public resources. You have to engage residents in all aspects and at every

stage.

If there was ever an issue in Detroit in which philanthropy could play a critical role, it's here. Land use is the third rail of municipal politics; political folks can't get near this and live to tell about it. As a result, our staff at Kresge and others have begun drawing on the experience of New Orleans and of European cities to try to figure out how, over the next year, we can make tangible progress in developing a framework that is sufficiently bold, yet sufficiently realistic, to give rise to a very different map of Detroit.

The good news is that the skeleton of the work is relatively clear. I think those of you who went on city tours yesterday saw this. There is the enormous potential of a reclaimed riverfront. There is the big, sprawling Eastern Market, the largest public market in the country. There is the stunning island in the middle of the Detroit River – Belle Isle – with its recreational space, historic buildings, interior lakes, boathouse and countless other attractions. There are miles of solid middle-class housing. There is a vibrant cluster of small businesses in Mexicantown. There are the great bones of downtown – its architecture, its boulevards, its pocket parks. And there is the three-and-a-half mile creative corridor running from downtown to Midtown on Woodward Avenue, along which are clustered many of the city's educational, cultural and medical institutions.

On one hand, reconfiguring the city will require that public, private and philanthropic investments concentrate on these and other assets. On the other hand, there will need to be an embrace of the hard truth that investments can't be spread from side to side and top to bottom – hard choices will need to be made.

On the concentration side of the equation, members of the foundation community are increasingly concentrating their investments along the Woodward Corridor. The Hudson-Webber Foundation has made the centerpiece of its philanthropic work trying to attract 15,000 new creatives to the corridor in the next 10 years. The Knight Foundation's \$5 million that was allocated yesterday is concentrated on the corridor. Living Cities has helped us figure out how to maximize the impact of anchoring institutions along the corridor.

On the shrinking side of the equation, Detroit will require a more imaginative treatment of every kind of geography. The Kellogg Foundation, for example, has led a national conversation with direct implications for Detroit about introducing urban agriculture to vacant and abandoned properties and fresh food outlets to "urban deserts." Others have proposed taking fuller advantage of assets like the canals in East Detroit that many Detroiters don't even know exist or expanding the parkland in the west along the Rouge River. Still

others are rethinking how to overcome the tsunami of foreclosures to rebuild neighborhoods of choice and opportunity.

A re-imagined physical footprint is one part of Detroit's next generation of infrastructure. Another is the proposed light-rail line that will run up and down the Woodward Corridor between the river and New Center. Just a word about that.

If there was ever an environment that was toxic to public transport and mass transit, it was the city of Detroit. But about two years ago, Kresge proposed to put \$35 million on the table for the construction of a light-rail line, provided the private sector would match that commitment and work with the public sector to create a suite of legislative provisions that would permit the line to become the first leg in a regional transportation system that would connect to a proposed commuter line from Ann Arbor to the west and Birmingham and Pontiac to the north.

The private and public sectors agreed. They've raised the matching money and figured out how to finance the rolling stock – all largely the result of Roger Penske and Matt Cullen, two of Detroit's greatest treasures. Our regional transit authority, led by John Hertel, went to the Legislature and got eight separate bills passed to authorize the nonprofit governance structure and to provide the operating support that will be required in the early years.

We've also spent a little bit of time arm-wrestling with the city of Detroit about their slightly different plan, which would take the line all the way to the city limits. I'm glad to report that we've figured out how to mesh the two plans, ensuring that we will build a unified system.

At the end of the day, what we will build is a line that won't necessarily take cars off the road – that's not particularly a problem here – but that will spur a very different Woodward Corridor. New connections among the institutions all up and down the spine. New patterns of land use around the stops. New opportunities to link housing and jobs. To make sure we get this right, the Ford Foundation has made a multimillion-dollar commitment to help undertake the transit-oriented development planning around the 13 stations. It's very exciting stuff.

Human capital

Speaking of exciting stuff, let me say a final word about the human-capital aspects of where Detroit is headed – the third suite of investments among the nine modules. There is a great deal to be said about two of the modules of work within this category – strategies to improve the opportunities in Detroit's neighborhoods and to promote a robust arts and culture environment. But I'll leave that to another time. What I do want to touch on is the extraordinary opportunity we have to reform Detroit's public education system.

A year or so ago, the prevailing wisdom was that the only way you could make any dent in education in this town was to create a whole separate system of charter, alternative and parochial schools that might acquire critical mass over time, creating a viable alternative to the public education system. The decision by Gov. Jennifer Granholm to appoint an emergency financial manager – Robert Bobb – changed all that.

Bobb has turned the public education system upside down and shaken out its pockets. The speed and scope of his energy have been stunning, creating an inflection point that we in Detroit could not have imagined a year ago.

Bobb has already closed almost 30 schools. He has opened 85 fraud investigations against people who did everything from stealing computers to submitting expense reports on behalf of people who were deceased. He has reassigned principals. He has laid off 1,000 employees. He has realized millions of dollars of savings. He convinced the voters of Detroit to pass a \$500 million bond issue for the construction of new buildings and the repair of old ones.

Although he has undoubtedly created untold numbers of enemies, he has won over the city with his clear and persistent message that the kids of the Detroit public school system deserve the very best educational opportunities.

Now, that's terrific. Where philanthropy comes in, however, is to realize that no matter what Robert Bobb does with the 80,000 kids who are in the Detroit public school system, he doesn't touch the other 100,000 kids who live in the city of Detroit and who are getting ready to enter school or who attend other schools. Enter the Skillman Foundation, one of our city's great community assets. Skillman has taken the lead in arguing that the community needs a larger educational frame to supplement Bobb's efforts. They have brought together a wide variety of community interests to map out how the public school system can work

hand-in-glove with the alternative system, how the zero-to-K system can feed into the public system more effectively, how community-based supports such as after-school and mentoring programs can be tied to public school sites and how we can create a governance model that gives the mayor a more central role.

Skillman has shown enormous courage in stepping forward and taking on the endless challenges involved in educational reform. They've hired the Parthenon Group of Boston to create the new, comprehensive blueprint. They are meeting weekly with Robert Bobb, the mayor's office, the Teachers Federation and other community representatives. They are going to make this work. At the end of the day, I think we will produce a workable, investable framework that ensures that *every* kid in the city of Detroit has the opportunity to realize his or her full potential.

Conclusion

This Re-Imagining Detroit framework is an ambitious undertaking. I think it is finally the bet that is worth taking in Detroit. It tests the proposition that philanthropy, working hand-in-glove with the other sectors, can take one of this nation's truly wicked problems and materially move the needle.

At least for the folks in this room, I want to suggest that it's also a call – or at least an invitation – to action. We need your help in this – to lean into it and help us figure out how we can be the smartest community we possibly can be. Anything less won't do the trick. We need this country's best thinkers and most committed doers to contribute to solving challenges that are not just Detroit's challenges, but also the challenges of countless other communities across America.

So we look forward to having you back. I think you'll be surprised at what we can accomplish working together.

Thank you.