



Speech by Rip Rapson:

The Arc of Community Progress in Post-Bankruptcy Detroit

Plenary address at the Center for Community Progress Reclaiming Vacant Properties Conference.

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On behalf of The Kresge Foundation, let me add my welcome to the many you've already received. I know there have been a number of those, but they reflect our city's deep gratitude for the extraordinarily important work you do in cities throughout the country, including Detroit. I understand that this is the largest Reclaiming Vacant Properties Conference yet, with over 1,000 registrants. Extraordinary. Thank you for making the time to come to Detroit to share your thoughts and energies.

Let me extend a particular thanks to Congressman Dan Kildee, who is a legend here in Michigan. Yes, because he is one of the most principled and thoughtful members of Congress, but also because of the pathbreaking work he did for so many years in his hometown and because of the boldness of his vision in launching this incredible organization. Our nation is immeasurably enriched by the willingness of the board and staff of the center to work at the leading edge of innovation to identify policies and tools that will transform our communities.

You're with us in Detroit at a pivotal moment. There is perhaps no other city in America that is more emblematic of the herculean struggle to address rampant blight and vacancy. But I hope that yesterday's tours of the city, together with Mayor Duggan's remarks and the abandonment panel discussion this morning, provide a measure of balance to the avalanche of images of impoverishment and abandonment so relentlessly highlighted by the national media.

I think, in fact, that this kind of balanced perspective is appropriate.

On one hand, the undeniable malignancy and scale of vacant and blighted property has to factor into any serious observer's perspective of Detroit. On the other hand, however, green shoots of renewal are increasingly sprouting throughout the city, leading other media outlets to celebrate what they term Detroit's unique form of "Rust Belt chic."

Maybe chic is less apropos than "grit" – for what so characterizes current Detroit is an unbending determination to create a robust and multifaceted machinery that will help us more coherently, intentionally and sustainably transform vacant spaces into vibrant places, ushering a new era of health and stability rooted in equitable, inclusive development.

I'd like to describe some of the elements of that machinery this afternoon. I'll do that in three pieces. First, I'll set some context by talking a bit about the Detroit bankruptcy, the largest municipal bankruptcy in American history.

Second, I'll suggest that the most critical take-away from the bankruptcy is equipping the city to put in place the building blocks of future stability and health.

And third, I'll describe how that relates to the reclamation and re-imagination of Detroit's land.

I. The Context

So first, the context.

Detroit has always possessed an unusually deep mother lode of resilience.

Maybe it grew from the great fire of 1805, when Detroiters came together to rebuild their homes and their businesses and birthed their motto: "We hope for better things; it shall rise from the ashes."

It was an act of civic defiance against the destructive power of nature and humanity. Detroiters laid down a marker that day: "We're not going anywhere." And, they didn't.

That resilience was the formative matter that made the Detroit of the early- and mid-20th century the destination for a burgeoning middle class looking to attain their own share of the American Dream in a city that offered respite from the suffocating racism and poverty of the plantations and coal mines.

And it was the spirit that led this nation in wartime, as Detroit became the assembly line for the Arsenal of Democracy.

Indeed, in 1960 – just 55 years ago – Detroit was the richest city in America. Not New York. Not Chicago. Detroit.

But 55 years can be an eternity. And in Detroit, it has been, as the city endured ever-deeper and more corrosive cycles of disinvestment and financial mismanagement, racial polarization and economic segregation, political dysfunction and educational atrophy.

Detroit's entry into bankruptcy in 2013 was in so many ways the tragic consummation of those forces. It goes without saying that the paths leading a city to the doorstep of financial calamity – and there have been a dozen or so since 2008 – vary dramatically and that each city has to travel a unique road to reverse their circumstance¹ And yet, bankruptcy in this iconic American city stood out not only for being the largest – in terms of both the Detroit's size and the scale of its challenges – but also for appearing to be the most intractable.

“Intractable” probably doesn't adequately convey the sense of pessimism and fatalism that attended the Detroit filing – we heard words like impossible, hopeless, irreversible. The numbers alone were jaw-dropping. The city's debt was estimated at \$18 billion, and it was projected that within 10 years, some two-thirds of the city's budget would be consumed just by the payment of retiree benefits. We were cannibalizing funds for essential city services just to pay interest on bonds and loans.

It was hard not to see Detroit through the lens of one of the great philosophers of the 20th century – Woody Allen – who remarked: “More than any other time in history, mankind faces a crossroads. One path leads to despair and utter hopelessness. The other, to total extinction. Let us pray we have the wisdom to choose correctly.”

Some felt that this was all too precisely Detroit's dilemma in charting a return to solvency. Reducing pension benefits appeared to violate directly Michigan Constitution protections, and the only significant assets potentially available to creditors were held in the art collection of the Detroit Institute of Arts. The city was between Scylla and Charybdis – impairing pension obligations by 50 or 60 percent would have caused unspeakable hardships for thousands of retirees living on \$20,000 or \$30,000 a year;

conducting a fire sale of the DIA’s art would have dismantled and disgraced one of the crown jewels of Detroit’s cultural patrimony.

Pursuing either option would, moreover, have embroiled the city in lawsuits that most certainly would have gone as far as the Supreme Court – litigating for a decade either the inviolability of pension guarantees or the sanctity of art held in public trust. Such a result would have left the bankruptcy – and the city’s future – in a purgatory that would have chilled investment, eroded civic hope and impaired efforts to move forward with the re-imagination and rebuilding of the city.

Bringing the bankruptcy to a timely and consensual resolution became, therefore, the animating purpose of what would become known as the “grand bargain” – the creation of an \$830 million fund to prevent significant impairment of the pensions and to safeguard the DIA’s collection beyond creditors now and in the future. The foundation community committed the first \$370 million, spearheaded by \$125 million from Ford and \$100 million from Kresge. The philanthropic commitments convinced the state in turn to come up with \$350 million and the DIA to make its own \$100 million commitment.

It all worked. The *Detroit Free Press* rightly called it “a miraculous outcome.”^[2]

But in many respects, Detroit's trip through municipal bankruptcy had an air of watching one's own autopsy, as every granular detail of this community’s challenges and shortcomings were laid bare for all to see.

And it was easy to interpret the sum total of the bankruptcy in completely financial terms – recalibrating pension obligations, restructuring health care benefits, resolving creditor claims and rebalancing of the budget. These are extraordinary, unprecedented accomplishments, without question.

But two less-noticed dimensions of the bankruptcy have equal, if not even greater, import to the city’s future. So let me turn next to those as a way of bringing the conversation back to the focus of this conference.

II. The Essential Message of the Bankruptcy’s Resolution

The other two legs of the bankruptcy stool are the reinvention of municipal-service delivery systems and the investment in the building blocks of the city’s long-term stability and health. Let me say a word about each. So first, Mayor Duggan’s tenaciously focused work to restructure city services that you heard about this

morning.

You can't even begin to imagine a city returning to health if it takes an hour or more for the police or an ambulance to show up, if 40 percent of its streetlights don't work, if your job is jeopardized because the bus you take to work is two hours late or doesn't arrive at all, if tax records are still maintained on handwritten entries, if garbage isn't picked up for weeks at a time, if there is no realistic plan to convert your 80,000 vacant and abandoned properties to productive uses.

Detroiters had suffered poor or nonexistent services for so long that patience to stay on course had long since vanished. Former Detroit Emergency Manager Kevyn Orr knew that for Detroit's plan to emerge from bankruptcy to work, it would require time, patience and an adjustment of expectations. Some problems would need to be attacked immediately, but others would have to be handed off to the next generation of leaders to deal with.

In one of our first meetings together, Kevyn said, "Everyone wants Cadillac-level services. I'd be happy with a Buick or Chevy. Right now we have a Yugo."

If you look at the plan of adjustment for Detroit that Orr developed, it is measured, focused and, to use his words, "a very nice Chevy."

Orr deserves a good deal of credit for that. But even more of the credit has to go to Mayor Mike Duggan. I hope you've heard accounts of the truly remarkable progress Mayor Duggan has made on many of these fronts. Improvements in lighting, police response times, garbage pickup, technology upgrades and many others. Suffice it to say that this is an administration that is extremely tactically focused on bringing Detroit's basic city services into the 21st century. This is hand-to-hand combat, working through each and every function and department of the city – methodically, intelligently, relentlessly – in a creative reconsideration of how best to ensure that residents get the services they need and deserve. We may yet get that Cadillac that seemed out of reach even a year ago.

Profoundly serious issues remain. The water shutoffs present a particularly intractable set of challenges. It is a truly horrific situation. It is my hope and expectation that the mayor will continue to lean into this issue with the same tenacity he has brought to others, ultimately fashioning a solution that is humane and fair. The second dimension of the bankruptcy is putting in place the social, physical, cultural, economic and environmental building blocks of Detroit's return to health and vitality.

When I was asked to testify in the bankruptcy trial, the judge wanted to be convinced that the plan of recovery was constructed on viable strategies for the city's revitalization. Remember that in the lead-up to the bankruptcy, the country was on the heels of an economic recession that was felt particularly acutely in this region because of the automobile industry's turmoil, that the foreclosure crisis had devastated an already-fragile housing ecology and that a political meltdown had landed our former mayor in the federal penitentiary. I suggested to the bankruptcy judge that in the period of 2008 to 2014, philanthropy had accordingly had no choice but to step up and lead.

The problem was, in the immortal words of Adlai Stevenson: "It's hard to lead a cavalry charge if you think you look funny on a horse." And philanthropy did indeed think it looked funny on a horse. We had to get over it.

I told the court that private philanthropy in Detroit had pumped more than \$1 billion into this city over the past six years, and that was a conservative estimate. National foundations like Ford, Kellogg, Mott, Knight and Kresge, as well as a host of local private and corporate foundations, had already made huge investments in the city.

But the judge wanted to understand how those investments could be translated into future progress. I suggested that philanthropy's role had been to create a scaffolding that could create a bridge to the time the public and private sectors could resume their rightful roles.

- Philanthropy has spurred the reorientation of the city's gateway through the redevelopment of the riverfront, which now attracts millions of visitors year, and it has invested in other public spaces conducive to community health, economic vitality and positive social interaction.
- Philanthropy has vastly accelerated the pace and scale of development in the downtown and Midtown districts – the economic and cultural backbone of the city. There no doubt you've seen Dan Gilbert's single-handed revitalization of the central business district, at a level of ambition that may be unprecedented in modern urban America. And Sue Mosey's skill and tenacity, honed over a quarter-century of selfless effort, has made Midtown a beehive of residential, commercial and cultural activity.
- Philanthropy has dramatically ramped up investments intended to migrate some of the lessons we've learned from downtown and Midtown to neighborhood corridors – from Livernois-McNichols to the East Jefferson corridor, from the North End to Southwest Detroit.
- Philanthropy has created a \$130 million fund – the New Economy Initiative – to promote the diversification of the city's economy by supporting small businesses, increasingly in our

neighborhoods. This effort has contributed to a new vibrancy that is breathtaking – whether you see it building day by day or return after a long absence. Restaurants, tech firms, service businesses and arts activity are reweaving the fabric of the city.

- Philanthropy has reinforced and amplified the burgeoning energies of the arts and culture ecology, positioning creativity at the heart of the community redevelopment process.
- And philanthropy, spurred by a \$50 million investment from Kresge, has helped the region break through 40 years of futility and frustration to establish the initial stage of an integrated regional mass transit system, anchored by the M-1 Rail light-rail project, which will be ready to ride next year.

But all of these investments beg the question of the extraordinary challenge of land use – and the attendant social, economic and environmental opportunities – in Detroit’s neighborhoods. So let me turn to that now.

III. The Imperative for a Land-Use Framework

You’ve had a glimpse of some of the strands of Detroit’s exponentially growing, endlessly fascinating, wildly creative fabric. You’ve seen and heard how the city is putting its vast tracks of abandoned, blighted or underutilized land back onto the positive side of the social and economic ledger, including Mayor Duggan swiftly introducing a slew of innovative programs to accelerate demolitions, auction properties, enable side-lot purchases and strengthen the land bank.

The really exciting thing is that there is a palpable hunger and capacity among community-based nonprofits and individual residents to take on neighborhood-level transformation as well. With philanthropy’s help, these groups are:

- Converting vacant homes and empty lots into public art installations, live/work spaces and community resources.
- Cultivating the growth of urban gardening, including a network of more than 1,000 community gardens and a growing number of agricultural and food-system businesses.
- Using green infrastructure on vacant land near freeways to create carbon buffers.
- Calling on Denby High School students to rehabilitate land adjacent to their school.
- Taking advantage of natural systems to manage and retain stormwater runoff.
- Constructing a solar power plant from a former brownfield site to enable portions of a neighborhood to go off the grid.
- Working with demolition contractors to pursue deconstruction of vacant, damaged or dangerous structures and connect the salvaged materials to markets.

You can likely add many more examples from your tours of the city. I want to suggest, however, three elements that will have to be attended to if these initiatives are to be sustained, migrated to other settings and made a permanent part of the city's rebirth.

First, philanthropy, the private sector and all levels of government have to invest in building the capacity of a new breed of community-based organizations capable of delivering results at the intersection of disciplines and across sectors.

The front-line community workers in Detroit have had to be innovative and flexible, cross-braiding skills, experiences and tools extracted from multiple disciplines: environmental advocacy, community organizing, social justice, health care, food systems, arts and culture, transit, architecture and planning and much more. Think of the marvelously multifaceted methods of organizations like Greening of Detroit, Detroiters Working for Environmental Justice, Metropolitan Organizing Strategy Enabling Strength, the Harriet Tubman Center, the Detroit Food Justice Task Force and so many others.

Philanthropy needs to stop insisting that organizations like these fit into neat and tidy funding buckets. We need instead to give them general operating support to let them work the way they need to. We have to expect that they may shake us away from our safe and secure assumptions about how nonprofits should behave. We need to have their back when they try something unusual, and even when that is disruptive and provocative.

Second, philanthropy has to identify and invest in the acupuncture points that trigger the power of places to reflect community identity and create the map for vibrant, equitable civic life.

Investing in public spaces is more than just enhancing a location. It's about creating an essence – identifying, elevating or assembling a collection of visual, cultural, social and environmental qualities that imbue a location with meaning and significance. When we're able to connect to a city or a neighborhood through an individual or shared experience of its public spaces, there's a magnetic pull. You want to stay committed. You want to invest. You want to build a future. These are the preconditions for civic transformation.

That is why the dizzying array of activities afoot in Detroit neighborhoods is so powerful:

- Artists infusing community revitalization with the kind of creativity, energy and identity perspective that helps us see seemingly intractable problems in a new light.

- Community gardeners and fresh-food advocates elevating access to food as central to placemaking.
- Environmental organizers injecting a sensitivity to the disproportionate impacts of climate change on low-income communities and developing place-specific strategies that both mitigate those effects and position the community to more effectively adapt to them.
- Community health practitioners seeking to attack in place the upstream environmental determinants of poor health outcomes.

All of these share a recognition that strengthening place-based strategies not only improves physical conditions, but also strengthens social cohesion and ensures voice for residents in shaping the future of their community.

Third, we have to work within a broader decision-making framework.

You've heard much, I suspect, about the Detroit Future City plan. It's a misnomer, actually. It is in equal parts a vision document, a decision-making framework and an investment blueprint. It is the result of four years of technical analysis by architects, economists, planners and engineers and a community engagement process that involved hundreds of meetings, 30,000 conversations, 70,000 survey responses and connecting with people more than 150,000 times. The *Detroit Free Press* got it right when it wrote: "The long-awaited strategic framework is more than a plan for stanching the city's infrastructural bleeding – it's a blueprint for how a decaying city can reinvent itself. It's not a patch; it's a revolution."

It has helped us set an overarching course for the city. It forces us to address all aspects of our challenge. Doubling down on areas of strength. Eliminating blight, but having in hand strategies for how to use those parcels to redevelop green, healthy, active neighborhoods.

Keeping a comprehensive, integrative framework in clear view helps us set the table for the kind of discussions we need to have about how to prioritize, sequence and align the wide spectrum of activities underway in community.

For example, you heard Deb Dansby this morning describe the efforts of the Blight Task Force, spearheaded by Quicken Loans and supported by the Skillman and Kresge foundations. By sending out 150 resident volunteers equipped with iPhones to inventory the conditions of every single parcel in the city – all 380,000 of them – the task force assembled data that had long exceeded the capacity of the city to gather. And when it coupled those data with utility company, tax, emergency response, child welfare and more than a dozen

other data sources, it created a database of unprecedented power to help drive informed decisions about the patterns and trends in neighborhoods.

On one hand, it helps us determine which properties need to be demolished, which can be rehabilitated and which can be deconstructed and recycled. On the other hand, when placed in the context of the Detroit Future City plan, it gave us a point of departure for determining what should be our first priority, our eighth, our 15th. Working hand-in-glove, the database and the plan give the city a platform that can contribute to the formulation of the city's next generation of residential, commercial and transit redevelopment strategies.

The existence of Detroit Future City's framework also animated the Kresge Innovative Projects: Detroit, or KIP: D, program, a three-year, \$5 million commitment by Kresge to invest in neighborhood efforts that can quickly light up the map of Detroit with the reality of positive change. For example:

- The revitalization of an iconic neighborhood park.
- The transformation of a transit corridor into a greenway with solar lighting.
- The expansion of a boxing gym to expand its youth mentoring program.

And many more – all rooted in the powerful granularity of resident creativity.

What is unique about Detroit Future City is its focus on practicality: it differentiates what can be achieved now, what can we do with a little patience and what is essential but requires great discipline and a more distant horizon line. It needs to be supported by a thoughtful, professional project-management office, carefully tuned to community values and priorities. It needs a governance structure that preserves its independence and reflects a broad spectrum of the community. It needs adequate resources to continually renew the framework through tangible projects and ongoing citizen engagement.

We're in the middle of ensuring that each of those things happens. We can't afford to let it fall short of its enormous promise of helping weave into a single fabric the richly varied strands of community activity underway in our city.

Conclusion

Reclaiming vacant property is about much more than just the name implies. If our efforts are to be successful, we must embrace a holistic solution-set that interweaves human development with physical development.

Ten years ago, when he was working on Philadelphia’s neighborhood transformation initiative, the inimitable Jeremy Nowak chose to challenge city leaders by arguing that blight elimination and neighborhood investment are two sides of the same coin.³ Jeremy maintained that the city’s efforts would fail if they insisted on separating blight elimination from investments in housing, sustainability, education, transportation, health care, arts and culture and economic development.

As has been true so often over the years, Jeremy’s wisdom was prescient. For what was true then is even truer today. Our communities have to invest across the full spectrum of community systems. And that is possible only when those investments tap the power of a distributive leadership model, in which city governments work in tandem with the private, philanthropic and nonprofit sectors to bridge across disciplines and blend the realities of private markets and the possibilities of enlightened, community-based approaches to inclusive and equitable development.

Let me put a pin in the very last part of that thought. Part of Detroit’s promise – part of its potential relevance – will lie in whether it can avoid the pitfall to which comebacks in other cities have succumbed: acquiescing, indeed even promoting, selective prosperity at the cost of truly inclusive recovery.

We believe that Detroit can model some of the critical variables in making equitable community renewal a reality. And we hope that by doing so, we can inspire others around the country to follow a similar path. Not by copying Detroit, but by resetting their view of what is possible, by migrating good ideas, by working in the aspirational draft of a community that many thought had been left for dead and by moving beyond blight.

Detroit has much to teach us if we are only willing to see and hear.

I hope we are.

Thank you all very much.

¹ <http://www.governing.com/blogs/by-the-numbers/municipal-bankruptcy-rate-and-state-law-limitations.html>

² <http://www.freep.com/story/news/local/detroit-bankruptcy/2014/11/07/rhodes-bankruptcy-decision/18648093/>

³Nowak, J. & Smith, P., “A Simplistic Approach: Hughes Blight Plan Doesn’t Address Complex Problem.” *Philadelphia Inquirer*. August 1, 2001.