

**REVITALIZING MICHIGAN'S CENTRAL CITIES:  
A VISION AND FRAMEWORK FOR ACTION**

A report from Michigan Future, Inc.  
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Funding by the Hudson-Webber Foundation and the Frey Foundation

March 2003

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We are Michigan Future, Inc. We are Michigianians with diverse backgrounds and political beliefs. What brought us together was a common concern about Michigan's future and a belief that as citizens we can help shape that future.

Our goal is to be a source of new ideas on how Michigan might meet some of the important challenges of the future. Our commitment is to finding common ground: using our diverse experiences, beliefs and insights as assets in developing practical and effective recommendations.

In this report we bring this approach to the issue of revitalizing Michigan's central cities. We know that many Michigianians believe that central cities are a relic of the past. We strongly disagree. To us vibrant central cities are important to the future success of our state and its regions. As we look across the country, we see that many leading-edge communities--places with growing economies that are attracting new residents--are anchored by attractive central cities. What concerns us is it that Michigan's central cities are not now on that path.

We asked a group of experienced and insightful urban practitioners and policy analysts to join us in making the case that central cities are important to Michigan's future and laying out a framework for action.

The report contains five sections:

- Our Vision: Michigan 2015
- Why Central Cities Matter
- Michigan's Challenges
- A Framework for Action
- Getting Started

The first two sections demonstrate that central cities are vital to Michigan's future. We understand that there is not today a large constituency for establishing revitalizing Michigan's central cities as a priority. As the last election demonstrated once again, there is a fair amount of antipathy to doing anything for Michigan's cities--particularly Detroit. But we believe that a bigger obstacle to action is apathy: a sense that central cities do not matter anymore. Many Michigianians seem to believe that we will do just fine in the future without vibrant central cities.

Overcoming this indifference to the fate of our central cities is an essential first step in building a strong coalition for action on an urban agenda. Our case for the importance of central cities to Michigan's future is detailed in our opening vision and the description of the unique roles that central cities play in successful regions.

In the last three sections we focus on public policy. We recommend a framework for action that is sufficiently powerful to make our central cities more attractive places to live--for newcomers and current city residents alike. Our recommendations require fundamental change by the state, its suburbs and cities. Enacting and implementing our

agenda will challenge us. But if we are serious about turning around the fifty year decline of our central cities, we must build a coalition that supports bold action and a long-term commitment.

We begin with a look at what our cities could look like a dozen years from now.

## **Our Vision: Michigan, 2015**

Something unimaginable in 2003 is happening in Michigan: across the state, central cities are growing again. Most Michiganians still live in suburbs. But after decades of decline, an increasing number of households are choosing urban living. Central cities are doing a far better job both of retaining longtime residents as well as attracting newcomers.

Their progress is remarkable. Once considered a relic of the past, central cities are now viewed as important hubs of their region. Maybe most surprising, the conflict between cities and suburbs is fading. As more and more suburbanites have family and friends living in the central city, there is lot less "us vs. them" and far more "we". There is a growing consensus that we are all in this together: an understanding that when folks cooperate on a regional basis we all win. It is clear now to most that the old fights held back economic and social progress in both cities and suburbs.

The most visible sign of this urban renaissance is in the growing number of high activity neighborhoods in Michigan central cities. In these neighborhoods folks can be seen on the streets at all hours of the day and night. They are frequenting neighborhood restaurants, bars, art galleries, music clubs, coffee shops, book stores and other retail shops.

These neighborhoods look nothing like the typical suburban neighborhood. They are quite dense and very diverse. One finds:

- entertainment venues, stores, businesses and housing mixed together
- renovated buildings--particularly historic and architecturally unique structures--mixed with new construction
- mixed income housing of all types: apartments, town homes, even some single family detached homes--some owner occupied, others rented

The mix of an active street life, unique architecture, high densities and a diverse population encompassing all races, religions and ethnic groups are the chief attractions that have made these neighborhoods such a desirable place to live--primarily for knowledge workers and other professionals, younger retirees, artists, bohemians and college students.

As the population of these neighborhoods has grown, they have attracted local entrepreneurs and national chains to meet residents' daily needs. Grocery and drug stores, financial institutions, hardware and home improvement stores and barbers and beauticians are among the many businesses moving into and thriving in these dynamic neighborhoods.

Many of these high activity neighborhoods are located downtown. Although the major office centers are in the suburbs, downtowns have a concentration of corporate, professional and government offices. Downtowns also are the home of most of the

major cultural institutions, sports and entertainment venues and convention facilities. But, it is clear, that the driving force in the revitalization of urban downtowns is that they are successful neighborhoods--an attractive place to live.

These high activity neighborhoods attract the most attention, but most of the population growth in central cities is occurring in more traditional residential neighborhoods. Some are upscale neighborhoods, many with unique and historic homes, that have long been stable and highly desirable. Some are new upscale neighborhoods, largely along waterfronts and near unique amenities.

Others are working and middle class neighborhoods of high quality and affordable homes which have reversed decades of slow decline. The transformation of many of these neighborhoods is quite impressive. Slowly but surely, homes have been renovated, vacant land has been sold to adjacent homeowners who have turned them into attractive side lots, owners have replaced renters and, as demand to live in these neighborhoods has increased, home values have risen.

But the biggest growth in population is coming from neighborhoods of the upwardly mobile--mainly immigrants. These launching pad neighborhoods provide lower cost housing and access to entry-level jobs. These are neighborhoods playing the traditional "up and out" role of central cities: places where the poor and newcomers integrate into the broader community and economy.

Once immigrants settle in a neighborhood they attract the next wave of immigrants who want to live in close proximity to their countrymen. This process transforms once deteriorated neighborhoods. Housing stock is upgraded as homes are renovated and new housing is built where abandoned buildings and vacant lots used to be. Immigrant entrepreneurs open neighborhood restaurants, stores and entertainment venues to serve neighborhood residents. The most successful of these neighborhoods attract customers from across the region--some even becoming tourist destinations.

Central city revitalization is a work in progress. Poverty and disinvestment are still concentrated in many neighborhoods, whose residents are shortchanged in opportunities to get connected to the broader community and economy. It may be years before these neighborhoods are transformed. Even in 2015, there is too little demand to upgrade all of Michigan's urban neighborhoods.

Many former residents of these neighborhoods have moved out. Some have found better housing and increased access to entry-level jobs in launching pad and middle class neighborhoods in both cities and suburbs.

No matter the neighborhood in which they live, all central city residents--long-time residents and newcomers alike--are benefiting from the revitalization:

- improved police and code enforcement have made neighborhoods safer
- a growing tax base, combined with delivery innovations, has improved basic public services

- increased demand for housing and a vibrant real estate industry has driven up property values and expanded housing options
- the growth of neighborhood businesses has created many new jobs

The dramatic turnaround in Michigan's central cities is due, in large part, to an urban agenda implemented by state and local leaders in the early 2000s. Understanding that vibrant central cities are an important component of successful regions, they made revitalizing Michigan's central cities a public policy priority. Understanding that the foundation of successful communities is a strong residential--particularly middle class--base, their agenda focused on making Michigan central cities more attractive places to live both for current city residents and newcomers.

The agenda was built around four commitments.

1. **A commitment to be welcoming to all.** Understanding that central cities are a tapestry of people from all backgrounds--immigrants, people from all religions, races and ethnic groups as well as individuals with a variety of lifestyles--state and local leaders established as a priority celebrating diversity and nurturing tolerance in word and deed.

2. **A commitment to provide quality public services.** Understanding that people want to live in neighborhoods with good basic services, state, regional and city leaders negotiated a historic deal that fundamentally changed the way public services are provided and funded. The state established developed communities (both central cities and older suburbs) as a funding priority for both revenue sharing and infrastructure funding. In turn, local leaders agreed to realign the way public services are delivered. Central cities committed to providing services with the same quality and the same cost as their surrounding suburbs. The responsibility for delivering and funding many services has been transferred from central cities to county and regional government. In addition, central cities experimented with neighborhood improvement districts--where neighborhood based non-profits deliver some services.

3. **A commitment to be development friendly.** Understanding that the marketplace is best suited to identify central city residential demand, design and deliver products to capitalize on those opportunities and adjust as demand changes, state and local leaders formed a partnership with the real estate industry--particularly developers. The partnership is focused on getting land into productive use as quickly as possible and insuring that it is as easy and cost effective to develop in the city as it is in the suburbs.

4. **A commitment to deconcentrate poverty.** Understanding that concentrated poverty is a substantial barrier to connecting the urban poor to the regional economy, state and local leaders increased opportunities for low-income households to live in launching pad and middle class neighborhoods both in central cities and suburbs.

## **Why Central Cities Matter**

Our vision is based, in part, on today's trends in some of the nation's leading cities. The 2000 Census revealed a surprising trend: growing population in many of America's big cities. This was particularly striking in such Northeast/Midwest central cities as New York, Chicago and Boston.

The dominant trend in where Americans live continues to be suburbanization. The proportion of Americans living in suburbs reached an all-time high in 2000. As they grow, the suburbs are becoming far more diverse. Non-Hispanic white, middle class families with children are a declining proportion of suburban residents as growing numbers of households without children and, largely middle class, African-American, Hispanic and Asian families now call the suburbs home.

What was different about the Nineties is that this suburban growth was accompanied by population growth in many central cities. No longer does suburban growth necessarily mean central city decline. The evidence is that the most successful regions across the country are those where both the suburbs and central cities are growing. The combination of attractive suburbs and an attractive central city is an important component of regions with a growing population and an expanding economy.

We understand that Michigan cities are not now and will not in the future be like New York, Chicago and Boston. Our central cities do not have a history of high activity neighborhoods nor do we have enough demand today for that type of living to allow Michigan cities to reach the scale of these leading-edge central cities. But what these cities do provide us with is a sense of the roles successful cities will play in the future.

Growing American cities are losing middle class families of all races to the suburbs. Traditional central city residential neighborhoods are losing the competition to the suburbs for middle class families. These neighborhoods will continue to be a part of central cities. Supporting the urban middle class should be a part of any urban agenda. But middle class families are unlikely to be a source of central cities' future growth.

The growth in leading-edge central cities is coming primarily from upwardly mobile families striving to join the middle class as well as households--predominantly without children--who are drawn to high activity neighborhoods.

In addition to offering us a view of what successful central cities are likely to look like in the future, these growing cities also demonstrate why central cities are important contributors to both the economy and quality of life of a region.

We believe that there are four unique attributes of central cities that make them important to Michigan's future:



## 1. Connecting people to opportunity

Central cities traditionally play an "up and out" role. It is the place where the poor and newcomers find affordable housing, access to jobs and close proximity to social networks. Urban neighborhoods act as launching pads to connect many residents to the broader community and economy. As residents advance economically they often move out of these neighborhoods--many to the suburbs. In successful cities newcomers follow them into these launching pad neighborhoods and the cycle continues.

In the Nineties growing central cities began to play this role again for increasing numbers of the upwardly mobile--primarily immigrants. Immigrants are the main reason why big cities had growing populations in the Nineties. Most growing central cities continued to lose middle class families (both white and African-American), but more than offset those loses with large increases in foreign born population.

In Michigan, the importance of immigrants to revitalizing central cities can best be seen in Grand Rapids. In the Nineties, Grand Rapids and Ann Arbor were the only Michigan central cities that gained population. Grand Rapids nearly tripled its foreign born population, which more than offset the population decline in other groups.

Immigrants not only revitalize cities, but also spur regional economies. America is entering an era of an aging workforce as the Baby Boomers near retirement age. This is particularly true in Michigan, where our population is growing slower and our average age is increasing faster than the nation. Looking ahead, the labor shortages we experienced in the late Nineties will become more the rule than the exception. Immigrants will be the major source of new entrants into the labor market for the next several decades.

In addition to their importance to the workforce of the future, immigrants bring new energy, vitality and creativity to their communities. They create new neighborhood businesses and contribute greatly to the culture, infusing new creativity and variety to art, music, dance and cuisine.

To successfully connect immigrants and other low-income households to opportunity, central cities must provide the launching pad neighborhoods of our vision--rather than dead-end ghettos of persistent poverty.

## 2. Attracting the Creative Class

Growing big cities are increasingly attractive to people who Carnegie Mellon Professor Richard Florida calls the creative class. They include knowledge workers and other professionals, college students, gays, artists and bohemians.

As do immigrants, the creative class brings new energy, vitality and creativity to their communities. They are a major source of new stores, restaurants, clubs and galleries in

the urban neighborhoods in which they settle. They also contribute greatly to the culture both as creators and patrons.

The creative class makes great contributions not just to their neighborhoods, but to the entire region. Regions that are able to attract the creative class will have a competitive advantage. Knowledge workers are quickly becoming the driving force of our economy.

As Michigan continues its transition from a factory-centered economy to one centered around high skill office work, there is a rapidly growing demand for professionals and technicians in engineering, science, law, finance, medicine, marketing, design and education. Prof. Florida argues that regions with large concentrations of the creative class will be where leading-edge companies locate as well as where the companies of the future will be created.

Attracting the creative class--particularly young knowledge workers and other professionals--appears to be a substantial challenge for Michigan. Focus groups conducted by the Michigan Business Roundtable revealed that 25-34 year olds cite the absence of an exciting urban life in Michigan as a leading cause of why they choose to live elsewhere.

Michigan cannot afford to lose this group. It will mean not only that fewer Michigan parents will have the joy of living close to their adult children and grandchildren, but also that Michigan employers will be denied the skilled workers who will drive their future success. Ultimately, employers will locate and invest in those communities where the creative class concentrate.

### 3. Our Historic and Cultural Centers

The high activity neighborhoods of our vision are the key to attracting the creative class. They are fun and exciting places to visit. Perhaps most importantly, these neighborhoods are the historic and cultural centers of their region.

Central cities are where our regions started. They are home to important historic sites and to historic and architecturally unique buildings. They also are the cultural centers of our regions: the places where artists congregate, new art forms are created as well as the home to the greatest concentration of cultural institutions. To any region, these are vital assets which can be replicated only at enormous cost, if at all.

Michigan cannot afford to lose these irreplaceable cultural and historical assets. They uniquely enrich our lives and provide us with a connection to our common past.

### 4. The Place to Confront and Reduce Poverty

Central cities are where many of a region's poor live--particularly the persistently poor. This has been true for decades and will continue to be so for the foreseeable future. So central cities are where society confronts poverty. This is where welfare to work efforts

will either succeed or fail. It also is largely where the nation's new pledge to leave no child behind will be fulfilled or not.

Central cities work best when they help connect the poor to the broader economy and community. Unfortunately, too many of the poor now live in neighborhoods of concentrated poverty that are more snare than springboard. If we are serious about confronting poverty--and we should be--we need to make sure that more of the persistently poor live in launching pad and middle class neighborhoods in central cities and suburbs.

## Michigan's Challenge

There are no Michigan central cities that can be considered at the leading edge of the revitalization of urban America. For this report we gathered detailed demographic and housing data for Michigan's four most populous central cities: Detroit, Grand Rapids, Lansing and Flint. We wanted to discover how they fared in the Nineties.

(The data we collected are presented in full in the Appendix. You will also find in the Appendix data on Cleveland. Cleveland is included because many view it as a model for replication. The data do not indicate that Cleveland fared better in the Nineties than our four Michigan cities.)

There is some hopeful news:

- As mentioned earlier, Grand Rapids enjoyed a large increase in foreign born population. To a lesser degree, so did Lansing.
- There are early signs of increased demand for housing in and around downtown Detroit and Grand Rapids.
- Detroit saw an impressive gain in housing values, particularly in houses valued at more than \$100,000, reflecting an increased demand in some middle-income neighborhoods.
- The strong economy of the Nineties helped reduce poverty rates in Detroit, Lansing and Flint. Grand Rapids's poverty rate went up--probably because of the large influx of immigrants.

But, by and large, our central cities are struggling. They are not the asset to their regions that they can and should be. Although there are significant differences among the four cities, they share similar challenges:

1. High poverty rates, particularly among children. Census 2000 poverty rates range from 15% in Grand Rapid to 26% in Flint. Child poverty rates range from 19% in Grand Rapids to 36% in Flint. In each city, poverty rates are substantially higher than in their suburbs.
2. Continuing population decline, except in Grand Rapids.
3. Continuing non-Hispanic white flight ranging from a 8% decline in Grand Rapids to a 48% decline in Detroit.
4. Some neighborhoods characterized by concentrated poverty and disinvestment.
5. Struggling downtowns and the general absence of high activity neighborhoods.

6. Difficulty in attracting the creative class. Prof. Florida rates Grand Rapids and Detroit (the only two Michigan regions he ranks) near the bottom in nearly all his measures of attractiveness.

Although we didn't collect data on them, we believe these challenges are also characteristic of most of Michigan's traditional industrial centers: Saginaw, Bay City, Jackson, Battle Creek, Kalamazoo and Muskegon.

## **A Framework for Action**

Central cities matter. They are an important component of successful regions. Revitalizing Michigan's central cities should be a public policy priority--with a primary goal of making central cities more attractive places to live, both for newcomers and existing city residents. We focus on cities as good places to live because we believe this is the central attribute of all successful communities. Strong communities are places, first and foremost, where people want to live.

Now is the time to act. Throughout the country comes evidence of increased demand for urban living. Translating this increased interest in urban living into a growing central city population requires action.

Central cities compete for residents largely with other communities in their region. Among the creative class, the competition is from the suburbs and other regions around the country. Michigan's central cities, by and large, have been losing this competition for several decades.

The competition is influenced by public policy, but is predominantly driven by the preferences of households shopping for housing and developers and sellers of housing. Ultimately, central cities can only grow if they are attractive to households looking for housing and developers who supply housing.

In our vision we identified four commitments as the foundation of an effective urban agenda. We choose the word commitment as a way of describing both the long-term nature of the effort and the need for state and local leaders to be accountable to each other and the people of Michigan for results.

What we propose will be difficult to accomplish. It requires fundamental changes. It is inconceivable that the necessary changes can happen without state and local leaders' strong commitment to the mission of central city revitalization.

In this section we explore in some detail the four commitments:

### *1. Welcoming to All*

Central cities need to embrace everyone. Leading-edge cities are a tapestry of people from all backgrounds. Central cities need to be welcoming to immigrants, people from all religions, races and ethnic groups and varied lifestyles.

Tolerant attitudes and racial, ethnic and class diversity characterize successful central cities. Unfortunately, the racial and class polarization and segregation in Michigan--particularly southeast Michigan-- is bad. Our suburbs are amongst the whitest in the country. Detroit is the blackest.

The result is that our central cities are not attractive to:

- the creative class--who, according to Prof. Florida, highly value diverse neighborhoods. So they are locating elsewhere. The Michigan Business Roundtable recently released a study showing 25-34 year olds leaving Michigan--both central cities and suburbs--in droves.
- the gay community, a sure leader of postindustrial community redevelopment, which has largely fled Detroit and is fleeing much of Michigan.
- and immigrants who, in metropolitan Detroit, are locating in large numbers in the suburbs, not Detroit.

The importance of being an attractive place to live to a diverse group of residents can be glimpsed when we compare Lansing's population to Detroit's. Lansing has the highest proportion of our four cities of both its region's non-Hispanic white population and foreign born population. If Detroit's proportion of its region's non-Hispanic white population was equal to Lansing's, it would have 455,000 additional residents. The same proportion of foreign born residents as Lansing would increase Detroit's population by 65,000.

Recent examinations in the media of our segregation suggests an unsatisfying bottom line: *We are segregated by race and class. We don't like it, it makes us uncomfortable. But there isn't much we can do about it.* We need do something about it, or our kids won't have--nor want--a future here.

A successful urban agenda must start with a commitment on the part of state and local leaders to celebrate diversity and nurture tolerance. This commitment to making our central cities great places to live for people from all backgrounds needs to be communicated daily in the words and actions of our state and local leaders. This is the foundation on which a successful urban agenda is built.

## 2. Quality Basic Services

Public services are one of the factors that influence where people choose to live. The most obvious evidence of this is the unwillingness of many non-poor families with school age children to live in central cities and send their children to urban public schools. In addition to schools, the other basic services that seem to matter most to making neighborhoods attractive are:

- police and code enforcement to increase the physical safety of neighborhoods, safe and well maintained parks and recreation facilities
- nurturing unique cultural and historical assets
- tax collection--both to raise needed revenue but also to discourage land speculation and to get land back into productive use as quickly as possible

Chicago offers us a model. Recognizing the importance of basic services, Mayor Daley has designated police, schools and parks as his priorities.

The commitment to deliver quality basic services needs to be made to all central city residents and all neighborhoods. *Improved basic services is not just a tool to attract newcomers--but a critical component of an overall strategy to make central cities better places to live for both current residents and newcomers.*

Central cities need to ensure that all residents receive basic public services at the same level of quality and at no higher expense than is provided to residents of the surrounding suburbs. Unfortunately, today the opposite is true in too many of our central cities: much lower quality services at much higher costs. This is a recipe for continued central city decline.

Implementing the commitment to quality basic services will require action in three areas. Each is an imperative, so success depends on all three being aggressively pursued in combination.

A. Better management of public services delivered by central cities. This will require much stronger accountability systems and a willingness to experiment with how services are delivered. One innovation that seems worthy of exploration is the creation of neighborhood improvement districts which would provide some services to neighborhood residents.

B. The delivery of more services at the county or regional level. Many services currently delivered by central cities can be delivered with higher quality and at lower expense to central city residents at the county or regional level. These include water and sewer, major roads, public transportation, public health, zoos and museums, major parks and tax collection. We recognize the political difficulty in transferring functions away from local governments. But it is inconceivable to us that state and local leaders can deliver on a commitment to quality basic services without taking this step.

The reason for regional delivery of some services is not to take political power away from central city residents, but rather to reduce the cost and improve the quality of services to city (and suburban) residents. Central city residents should insist on improved quality over the long haul as part of any deal to transfer service delivery to the county or region.

C. Tax base sharing--both from the state and region. This is necessary to provide adequate funding for quality basic services to central city residents. As we noted earlier, central cities are where--for historical reasons and because of exclusionary zoning in the suburbs--most of a region's poor live. These, of course, are the households in need of the most services and the least able to pay for services. Without tax base sharing, high poverty concentrations necessitate a high tax burden on middle class households who remain in central cities. Taxes become a major reason, for those who can afford to do so, to leave cities for the suburbs.



This becomes a vicious cycle, where more and more of the middle class moves out. This, in turn, requires either even higher tax rates or reductions in basic services or both, which make central cities even less attractive places to live.

Also, as Michigianians become more concerned about the negative effects of sprawl, tax base sharing is a key to preserving and reinvigorating our developed communities (both central cities and older suburbs). Current state policies provide support for sprawl by providing tax revenues for new infrastructure projects and by promising newly developing communities additional state revenue sharing funding as they attract new residents. This, of course, acts as a double subsidy for sprawl--giving funds to new communities and taking them away from already developed communities. As state funding declines, central cities and older suburbs then have to cut services, raise taxes or both, making them less attractive places to live than newly developing communities.

We need to work towards a system of funding local public services which includes:

- sharing the costs of providing services to the poor
- giving priority to developed communities over undeveloped areas in state revenue sharing and infrastructure funding formulas
- increasing regional financing of specific services such as already exists in some of Michigan's regions for community colleges, intermediate schools districts, public transportation and major parks
- implementing regional tax base sharing for taxes paid by new commercial and industrial developments.

We close this section on quality public services with some thoughts about schools. All of us believe that improving urban education matters greatly. Central cities will continue to lose non-poor families with school age children unless a quality education is available. More importantly, without quality schools central city students--particularly those from low-income households--will not have an equal opportunity to realize the American Dream. Most of us are deeply involved in efforts to improve the quality of education available to central city students. We strongly support efforts that hold urban schools to high standards--without excuses--and to lots of innovation in the design and delivery of schooling to our urban youth.

That said, there are lots of central cities across the country that are revitalizing, despite failing public school systems. Clearly, there are households that are attracted to central cities as places to live despite low quality schools. Since the proportion of households without school age children is growing, this trend is likely to continue for years to come. Michigan needs to put in place policies that will attract these households to our central cities.

### 3 Development Friendly

We have identified potential new demand that holds promise for central cities going forward. It is the marketplace that is best suited to translate this potential into reality:

identifying market opportunities; designing and delivering products to capitalize on those opportunities; and adjusting as new opportunities become available. If central cities are to grow, they need to put in place policies and practices that create a robust real estate marketplace.

Being development friendly does not mean anything goes. Good planning, zoning and other regulations are essential to developing quality communities. Policies and regulations should be designed to steer development in the desired direction--rather than tightly limit what is allowed.

Being development friendly also does not mean large cutbacks in the public sector. Effective government plays a vital role in creating residential demand. In addition to quality basic services, many public amenities are important to retaining and attracting residents. Some of the most important are: housing for students attending urban universities, parks and recreation facilities, waterways development and cultural institutions.

Development friendly does mean embracing the marketplace. We are concerned that, in some of our central cities, leadership seems to be ambivalent, even suspicious, about markets and developers. A vibrant real estate industry--particularly developers--are essential to central city renewal.

Development friendly also means being friendly to a wide variety of developers, not just a select few big project developers. Although big projects grab the headlines and the attention of policymakers, most central city development will be of small scale. A robust real estate market would include lots of developers of a wide variety of housing types: new construction as well as rehabilitation, renovation and conversion, both owner occupied and rented.

Although we see for-profit developers as key to revitalizing central cities, we believe that Community Development Corporations and faith based organizations also have an important role to play. Central cities benefit greatly from the work of productive non-profit housing developers.

Characteristics of a development friendly central city include:

- Getting land into the marketplace as quickly as possible. In too many of Michigan central cities large quantities of land--owned by the state and city--lie unused and unavailable for years. Additional land is held by speculators who pay little in property taxes and many times are allowed to leave their property in deplorable shape. The goal should be to get land into productive use quickly. This means a system of land disposal that allows central cities to control land for likely big projects, but turns ownership of the rest over to for-profit developers, non-profit developers or adjacent home owners.

- Taxes on development should be no greater than in the suburbs. The long-term goal should be to rely less on project specific tax incentives and more on lowering overall tax rates. Special tax breaks make it harder to meet the quality public services commitment, target new resources at new residents at the expense of current city residents and make the development process more politically driven than market driven.
- Ease of obtaining approval to develop. Development permits in central cities should be as easy to obtain as in the suburbs, if not more so. Unfortunately, the opposite seems to be true today.
- Flexible zoning and other regulations to allow for a wide variety of neighborhoods. The best opportunity for central cities to attract residents seems to be in offering something different than the suburbs. This means :
  - allowing mixed use, mixed-income, mixed housing type and pedestrian friendly neighborhoods.
  - saving and reusing historic and architecturally unique buildings.
  - having a variety of distinct neighborhoods and downtown districts
  - encouraging some neighborhoods with around the clock street life.

#### 4. Deconcentrate Poverty

Can Michigan central cities grow again without deconcentrating poverty? Yes. The evidence from growing central cities across the country is that neighborhoods that are attractive to the middle class, the creative class and immigrants can flourish in central cities with lots of neighborhoods of concentrated poverty.

However, our strong belief is that Michigan should pursue an urban strategy that is designed to make central cities more attractive places to live for *all* central city residents. For the far too many urban low-income households, the best way to meet this goal is to deconcentrate poverty. At their best, central cities are uniquely able to integrate immigrants and the poor into the broader community and economy. The most promising strategy for achieving this integration is where the poor live in close proximity to and their children go to school with the middle class.

We in Michigan have a special need to address this issue. Recent national reports highlight the need for action. The Brookings Institution found that the Detroit metropolitan area has the greatest mismatch between where jobs are located and where African-Americans live as well as the greatest black/white residential segregation in the country. The Harvard Civil Rights Project cites Michigan as the state with the greatest black/white school segregation in the country.

We all understand that it is tough growing up in a low-income, predominantly minority-occupied, inner city neighborhood in Michigan. What we probably don't appreciate is how profoundly these neighborhoods limit the opportunities residents have to get connected to the mainstream economy.

Neighborhoods of concentrated poverty limit opportunities. They are characterized by weak informal networks and a lack of relationships with working adults that provide most of us with advice and connections to employment and advancement; weak public schools and inferior public services such as health care and police protection; inaccessibility to jobs and information about jobs; dysfunctional role models; counter-cultural norms and social networks; and active and often dangerous underground economies that provide attractive alternatives to mainstream work. In such places of limited opportunity, children and adults are too often tempted by their environment to undertake behaviors (like dropping out of school, abusing drugs and alcohol, and committing criminal acts) that render them less productive and more threatening to society.

We think it is essential that an urban agenda include ways for low-income households to find housing in working and middle class neighborhoods in both central cities and the suburbs.

### *Other Voices*

We write this report at a time when regional development and land use patterns have become the focus of many. In developing our framework for action we have drawn on the excellent work of:

- the Michigan Land Use Funders Collaborative which has brought together representatives of urban, suburban and rural communities to build a common vision of smart growth in Michigan
- the Charles Stewart Mott Foundation and other funders who have sponsored the upcoming Michigan Metropatterns study that will detail the costs of sprawl to our communities and advance ideas on how we can reverse these trends
- the Michigan Business Roundtable which has demonstrated the importance of central cities to attracting young professionals to live and work in Michigan
- the Michigan Suburbs Alliance which has developed an agenda to make developed communities a state priority
- the West Michigan Strategic Alliance which is setting the pace in defining why a regional approach is the key to future success of urban, suburban and rural residents

Many of our recommendations are consistent with a broader land use agenda put forward by these efforts. Our hope is, that by focusing on revitalizing central cities, we have furthered the development of a comprehensive regional development agenda for Michigan.

## Getting Started

We have laid out an ambitious and difficult agenda. We have done so because of our belief that revitalizing Michigan's central cities is important to the future success of our state. It is our hope that the Granholm Administration will make central cities a policy priority. And that it will be joined on a bipartisan basis by legislative leaders, big city mayors and suburban leaders. All are needed to realize our vision of vibrant central cities that are an important component of successful regions.

We also understand that the state is faced with a serious budget deficit. Funds are not available for new initiatives over the next several years. Even so, we believe that now is the time to put in place a new urban agenda. Revitalizing our central cities will be a long journey. It will need to proceed in both good and bad economic times. The fundamental question is whether Michigan believes that central cities are important to its future. If the answer is yes, the time to start is now.

We believe there are four steps that state and local leaders should take now:

### 1. Articulate an exciting vision of Michigan central cities

We understand that our beliefs about central cities are not shared by many Michiganders. Clearly, there are lots of folks who see central cities as an important part of the past, but not a vital component of our future. And there are many who see helping central cities as helping "them" (largely racial minorities and the poor) at the expense of "us" (largely non-Hispanic whites and the middle class).

We need a new vision of why central cities matter to all of us. Vision is essential to building a constituency for public action and to inspire private action. To be successful a new vision of central cities has to be compelling both to current city residents and to the rest of Michigan.

### 2. A quality public services deal

Now is the time to put in place a new framework for the provision of quality basic services to urban residents. Just as the state is facing a serious structural budget shortfall, so are our central cities.

The combination of decades of declining tax base and the effects of the current slowdown are severely straining central city budgets. We analyzed the financial statements of our four cities for 1996-2001. Our conclusion is that Grand Rapids and Lansing have manageable budgets going forward: they will have to trim back on current services, but should be able to continue to provide basic services. Flint obviously has large structural budget problems and does not have the capacity to continue to provide its current level of public services. Detroit financial situation is closer to Flint than Grand Rapids or Lansing. And we believe that there are other Michigan cities that also have serious long-term imbalances between revenues and expenditure commitments.

These budget difficulties--at both the state and local levels--should be viewed as an opportunity to rethink how we fund and deliver public services to urban residents. It appears that the current system is not sustainable. We urge state, regional and city leaders to negotiate a new deal that fundamentally changes the way public services are provided and funded.

The cornerstones of the deal should be:

- The state establishing developed communities (both central cities and older suburbs) as a funding priority for both revenue sharing and infrastructure funding. (Revenue sharing is particularly important. Central cities--particularly those with the highest poverty rates--are quite dependent on revenue sharing to provide basic services. Any reductions in their revenue sharing will make it even more difficult for them to provide quality services.)
- A commitment by central cities to providing services with the same quality and the same cost as their surrounding suburbs and the development of a measurement system to hold them accountable.
- Transferring the responsibility for delivering and funding many services from central cities to county and regional government combined with a commitment to improve the quality of services provided to current residents of central cities.

Each of the three components of our proposed deal is essential. Making central cities a state funding priority, without fundamental change in the way services are delivered, will be of little benefit to current central city residents and will not add to the attractiveness of central cities to potential newcomers.

### 3. Create a partnership with developers

The Granholm Administration should establish an ongoing partnership of state and local leaders and the real estate development community--both for-profit and non-profit. Its goal should be to create a vibrant real estate industry in our central cities. The first task for the partnership should be to develop and implement a public policy agenda that leads to new development in central city neighborhoods for which there is evidence of housing demand.

Two essential initiatives for which there are successful models should be given early priority by the partnership: the Atlanta land bank and the Maryland/Baltimore smart building codes. Another that is worth serious consideration is creating time limited Neighborhood Tax Increment Financing Districts which would allow property tax increases in developing areas to be used for the development of new public amenities in those neighborhoods.

#### 4. Mixed-Income Housing as MSHDA's Priority

The Michigan State Housing Development Authority (MSHDA) is a valuable resource in implementing an urban agenda. MSHDA should establish as its top priority the development of housing that allows low-income families the opportunity to live in launching pad and middle class neighborhoods--starting in central cities. They should be charged with developing and implementing a plan--in partnership with developers and local government--to substantially increase funding for mixed-income housing developments.

Taken together, these first steps would be a terrific beginning to a long-term commitment to revitalizing Michigan's central cities.

## **Appendix**

Dr. George Galster, Professor, College of Urban, Labor and Metropolitan Affairs, Wayne State University looked at demographic and housing data for Detroit, Flint, Grand Rapids, Lansing and Cleveland for 1990 and 2000.

The data he collected are presented in the following four tables.

You will see in the data we created categories of well-off households and owner occupied housing units with well-off values. We defined well-off households as having an income in 1989 of \$25,000 or more and in 1999 \$35,000 or more. For housing units we defined well-off as a value of \$75,000 or more in 1990 and \$100,000 or more in 2000.

Following the tables are highlights from the data for each of the five cities.



TABLE 1

## Demographic Changes in Major Michigan Cities and Cleveland, 1990-2000

	Population				Foreign Born Population				Percent Foreign Born			Non-Hispanic White Population				Percent Population White		
	1990	2000	Change	% Change	1990	2000	Change	% Change	1990	2000	Change	1990	2000	Change	% Change	1990	2000	Change
<b>DETROIT</b>																		
Metro*	3,912,679	4,043,467	130,788	3.34%	227,602	325,994	98,392	43.23%	5.82%	8.06%	2.25%	2,876,367	2,784,071	92,296	3.21%	61.47%	68.85%	7.39%
City	1,027,974	951,270	-76,704	-7.46%	34,490	45,541	11,051	32.04%	3.36%	4.79%	1.43%	222,316	116,599	-105,717	-47.55%	21.63%	12.26%	-9.37%
Suburbs	2,884,705	3,092,197	207,492	7.19%	193,112	280,453	87,341	45.23%	6.69%	9.07%	2.38%	2,654,051	2,667,472	13,421	0.51%	92.00%	86.26%	-5.74%
City/Suburbs	0.36	0.31	-0.05		0.18	0.16	-0.02		50.12%	52.78%	2.67%	0.08	0.04	-0.04		23.51%	14.21%	-9.30%
<b>FLINT</b>																		
Metro*	430,459	436,141	5,682	1.32%	8,663	9,353	690	7.96%	2.01%	2.14%	0.13%	336,651	328,350	-8,301	-2.47%	78.21%	75.29%	-2.92%
City	140,761	124,943	-15,818	-11.24%	2,286	1,832	-454	-19.86%	1.62%	1.47%	-0.16%	69,788	51,710	-18,078	-25.90%	49.58%	41.39%	-8.19%
Suburbs	289,698	311,198	21,500	7.42%	6,377	7,521	1,144	17.94%	2.20%	2.42%	0.22%	266,863	276,640	9,777	3.66%	92.12%	88.90%	-3.22%
City/Suburbs	0.49	0.40	-0.09		0.36	0.24	-0.12		73.78%	60.67%	-13.11%	0.26	0.19	-0.07		53.82%	46.56%	-7.26%
<b>GRAND RAPIDS</b>																		
Metro*	688,399	812,649	238,314	34.62%	22,419	49,821	27,402	122.23%	3.26%	6.13%	2.87%	623,787	695,526	71,739	11.50%	90.61%	85.59%	-5.03%
City	189,126	197,800	8,674	4.59%	7,456	20,814	13,358	179.16%	3.94%	10.52%	6.58%	144,464	133,116	-11,348	-7.86%	76.39%	67.30%	-9.09%
Suburbs	499,273	614,849	115,576	23.15%	14,963	29,007	14,044	93.86%	3.00%	4.72%	1.72%	479,323	562,410	83,087	17.33%	96.00%	91.47%	-4.53%
City/Suburbs	0.38	0.32	-0.06		0.50	0.42	-0.08		131.54%	223.05%	91.50%	0.30	0.24	-0.06		83.51%	73.58%	-9.94%
<b>LANSING</b>																		
Metro*	432,674	447,728	15,054	3.48%	14,289	20,512	6,223	43.55%	3.30%	4.58%	1.28%	381,971	377,904	-3,467	-0.91%	88.14%	84.40%	-3.74%
City	127,321	119,128	-8,193	-6.43%	3,999	7,071	3,072	76.82%	3.14%	5.94%	2.79%	94,135	77,766	-16,369	-17.39%	73.94%	65.28%	-8.66%
Suburbs	305,353	328,600	23,247	7.61%	10,290	13,441	3,151	30.62%	3.37%	4.09%	0.72%	287,236	300,138	12,902	4.49%	94.07%	91.34%	-2.73%
City/Suburbs	0.42	0.36	-0.06		0.39	0.53	0.14		93.20%	145.11%	51.91%	0.33	0.26	-0.07		78.60%	71.47%	-7.13%
<b>CLEVELAND</b>																		
Metro*	1,831,122	1,863,479	32,357	1.77%	91,989	105,610	13,621	14.81%	5.02%	5.67%	0.64%	1,435,768	1,391,413	-44,355	-3.09%	78.41%	74.67%	-3.74%
City	505,616	478,403	-27,213	-5.38%	20,975	21,372	397	1.89%	4.15%	4.47%	0.32%	250,234	198,510	-51,724	-20.67%	49.49%	41.49%	-8.00%
Suburbs	1,325,506	1,385,076	59,570	4.49%	71,014	84,238	13,224	18.62%	5.36%	6.08%	0.72%	1,185,534	1,192,903	7,369	0.62%	89.44%	86.13%	-3.31%
City/Suburbs	0.38	0.35	-0.03		0.30	0.25	-0.05		77.43%	73.45%	-3.98%	0.21	0.17	-0.04		55.33%	48.17%	-7.16%

\* Metropolitan area components: DETROIT- Macomb Co., Oakland Co., Wayne Co.; FLINT- Genesee Co.; GRAND RAPIDS- Kent Co., Ottawa Co.; LANSING-Clinton Co., Eaton Co., Ingham Co.; CLEVELAND- Cuyahoga Co., Geauga Co., Lake Co., Medina Co.

Source: DP-1. General Population and Housing Characteristics: 1990; DP-1. Profile of General Demographic Characteristics: 2000; DP-2. Social Characteristics: 1990; DP-2. Profile of Selected Social Characteristics: 2000; P007. Detailed Race: 1990; QT-P3. Race and Hispanic or Latino: 2000.

All tables can be found at: <http://factfinder.census.gov>

TABLE 2

Economic Changes in Major Michigan Cities and Cleveland, 1990-2000

	Persons in Poverty				Percent Population in Poverty				Children in Poverty				Percent Children in Poverty				Households Considered "Well-Off"***				Percent Households "Well-Off"***		
	1989	1999	Change	% Change	1989	1999	Change	% Change	1989	1999	Change	% Change	1989	1999	Change	% Change	1989	1999	Change	% Change	1989	1999	Change
<b>DETROIT</b>																							
Metro*	519,867	442,086	-77,781	-14.96%	13.29%	10.93%	-2.36%		196,822	161,863	-34,959	-17.76%	19.48%	15.15%	-4.33%		920,617	995,465	74,848	8.13%	63.21%	64.24%	1.03%
City	328,467	243,153	-85,314	-25.97%	31.95%	25.56%	-6.39%		136,560	98,805	-37,755	-27.65%	45.17%	33.41%	-11.76%		149,700	145,068	-4,632	-3.09%	40.04%	43.11%	3.07%
Suburbs	191,400	198,933	7,533	3.94%	6.63%	6.43%	-0.20%		60,262	63,058	2,796	4.64%	8.51%	8.16%	-0.35%		770,917	850,397	79,480	10.31%	71.21%	70.10%	-1.11%
City/Suburbs	1.72	1.22	-0.49		481.90%	397.51%	-84.39%		2.27	1.57	-0.70		530.79%	409.44%	-121.35%		0.19	0.17	-0.02		56.23%	61.50%	5.27%
<b>FLINT</b>																							
Metro*	70,023	56,480	-13,543	-19.34%	16.27%	12.95%	-3.32%		29,560	22,275	-7,285	-24.64%	24.50%	18.62%	-5.88%		93,593	98,610	5,017	5.36%	57.95%	58.00%	0.05%
City	42,218	32,440	-9,778	-23.16%	29.99%	25.96%	-4.03%		18,600	13,893	-4,707	-25.31%	43.51%	36.33%	-7.18%		23,384	20,140	-3,244	-13.87%	43.40%	41.26%	-2.14%
Suburbs	27,805	24,040	-3,765	-13.54%	9.60%	7.72%	-1.88%		10,960	8,382	-2,578	-23.52%	14.07%	10.30%	-3.77%		70,209	78,470	8,261	11.77%	65.24%	64.74%	-0.50%
City/Suburbs	1.52	1.35	-0.17		312.40%	336.27%	23.87%		1.70	1.66	-0.04		309.24%	352.72%	43.48%		0.33	0.26	-0.07		66.52%	63.73%	-2.79%
<b>GRAND RAPIDS</b>																							
Metro*	55,681	62,487	6,806	12.22%	8.09%	7.69%	-0.40%		19,994	19,303	-691	-3.46%	10.17%	8.37%	-1.80%		160,291	194,041	33,750	21.06%	65.36%	65.78%	0.42%
City	29,103	29,681	578	1.99%	15.39%	15.01%	-0.38%		11,484	10,014	-1,470	-12.80%	22.07%	18.72%	-3.35%		37,150	39,105	1,955	5.26%	53.49%	53.32%	-0.17%
Suburbs	26,578	32,806	6,228	23.43%	5.32%	5.34%	0.02%		8,510	9,289	779	9.15%	5.88%	5.24%	-0.64%		123,141	154,936	31,795	25.82%	70.05%	69.90%	-0.15%
City/Suburbs	1.10	0.90	-0.19		289.29%	281.09%	-8.20%		1.35	1.08	-0.27		375.34%	357.25%	-18.09%		0.30	0.25	-0.05		76.36%	76.28%	-0.08%
<b>LANSING</b>																							
Metro*	53,153	47,332	-5,821	-10.95%	12.28%	10.57%	-1.71%		15,767	12,052	-3,715	-23.56%	14.25%	10.89%	-3.36%		97,277	105,674	8,397	8.63%	61.96%	61.25%	-0.71%
City	24,513	19,866	-4,647	-18.96%	19.25%	16.68%	-2.57%		9,641	7,152	-2,489	-25.82%	27.61%	22.42%	-5.19%		26,824	24,627	-2,197	-8.19%	52.77%	49.79%	-2.98%
Suburbs	28,640	27,466	-1,174	-4.10%	9.38%	8.36%	-1.02%		6,126	4,900	-1,226	-20.01%	8.09%	6.22%	-1.87%		70,453	81,047	10,594	21.05%	66.37%	65.86%	-0.51%
City/Suburbs	0.86	0.72	-0.13		205.22%	199.52%	-5.70%		1.57	1.46	-0.11		341.29%	360.45%	19.16%		0.38	0.30	-0.08		79.51%	75.60%	-3.91%
<b>CLEVELAND</b>																							
Metro*	320,572	201,689	-118,883	-37.08%	17.51%	10.82%	-6.69%		118,723	73,566	-45,157	-38.04%	26.38%	15.64%	-10.74%		420,468	438,391	17,923	4.26%	59.00%	58.65%	-0.35%
City	142,217	122,479	-19,738	-13.88%	28.13%	25.60%	-2.53%		57,075	49,874	-7,201	-12.62%	41.93%	36.56%	-5.37%		73,436	70,208	-3,228	-4.40%	36.79%	36.81%	0.02%
Suburbs	178,355	79,210	-99,145	-55.59%	13.46%	5.72%	-7.74%		61,648	23,692	-37,956	-61.57%	19.64%	7.09%	-12.55%		347,032	368,183	21,151	6.09%	67.64%	66.13%	-1.51%
City/Suburbs	0.80	1.55	0.75		208.99%	447.55%	238.56%		0.93	2.11	1.18		213.49%	515.66%	302.16%		0.21	0.19	-0.02		54.39%	55.66%	1.27%

\*Metropolitan area components: DETROIT-Macomb Co., Oakland Co., Wayne Co.; FLINT-Genesee Co.; GRAND RAPIDS-Kent Co., Ottawa Co.; LANSING-Clinton Co., Eaton Co., Ingham Co.; CLEVELAND-Cuyahoga Co., Geauga Co., Lake Co., Medina Co.

\*\* "Well-Off" status determinations: 1989-Household income greater than or equal to \$25,000; 1999-Household income greater than or equal to \$35,000. These incomes are roughly comparable when adjusted for inflation, and approximate twice the poverty line for a family of four.

Source: DP-4. Income and Poverty Status in 1989: 1990; DP-1. General Population and Housing Characteristics: 1990; QT-P32. Income Distribution in 1999 of Households and Families: 2000; QT-P1. Age Groups and Sex: 2000; DP-1. Profile of General Demographic Characteristics: 2000.

TABLE 3

## Housing Changes in Major Michigan Cities and Cleveland, 1990-2000

	Number of Occupied Housing Units				Number of Vacant Housing Units				Percent Owner-Occupied Units			Owner-Occupied Units with "Well-Off"*** Values			
	1990	2000	Change	% Change	1990	2000	Change	% Change	1990	2000	Change	1990	2000	Change	% Change
<b>DETROIT</b>															
Metro*	1,456,014	1,548,758	92,744	6.37%	84,223	89,669	5,446	6.47%	68.80%	71.54%	2.74%	375,035	670,576	295,541	78.80%
City	374,057	336,428	-37,629	-10.06%	35,970	38,668	2,698	7.50%	52.91%	54.88%	1.97%	4,043	25,015	20,972	518.72%
Suburbs	1,081,957	1,212,330	130,373	12.05%	48,253	51,001	2,748	5.69%	74.29%	76.16%	1.87%	370,992	645,561	274,569	74.01%
City/Suburbs	0.35	0.28	-0.07		0.75	0.76	0.01		71.22%	72.06%	0.84%	0.01	0.04	0.03	
<b>FLINT</b>															
Metro*	161,296	169,825	8,529	5.29%	9,512	13,805	4,293	45.13%	70.42%	73.22%	2.80%	18,819	47,804	28,985	154.02%
City	53,894	48,744	-5,150	-9.56%	4,830	6,720	1,890	39.13%	58.09%	58.84%	0.75%	1,252	2,074	822	65.65%
Suburbs	107,402	121,081	13,679	12.74%	4,682	7,085	2,403	51.32%	76.61%	79.01%	2.40%	17,567	45,730	28,163	160.32%
City/Suburbs	0.50	0.40	-0.10		1.03	0.95	-0.08		75.83%	74.47%	-1.35%	0.07	0.05	-0.03	
<b>GRAND RAPIDS</b>															
Metro*	244,404	294,552	50,148	20.52%	14,918	16,304	1,386	9.29%	72.50%	73.19%	0.69%	59,692	117,927	58,235	97.56%
City	69,029	73,217	4,188	6.07%	4,687	4,743	56	1.19%	59.90%	59.71%	-0.19%	9,465	15,859	6,394	67.55%
Suburbs	175,375	221,335	45,960	26.21%	10,231	11,561	1,330	13.00%	77.46%	77.66%	0.20%	50,227	102,068	51,841	103.21%
City/Suburbs	0.39	0.33	-0.06		0.46	0.41	-0.05		77.33%	76.89%	-0.44%	0.19	0.16	-0.03	
<b>LANSING</b>															
Metro*	156,887	172,413	15,526	9.90%	8,131	9,391	1,260	15.50%	64.72%	67.25%	2.53%	28,699	50,624	21,925	76.40%
City	50,635	49,505	-1,130	-2.23%	3,284	3,654	370	11.27%	54.78%	57.55%	2.77%	3,020	4,507	1,487	49.24%
Suburbs	106,252	122,908	16,656	15.68%	4,847	5,737	890	18.36%	69.46%	71.16%	1.70%	25,679	46,117	20,438	79.59%
City/Suburbs	0.48	0.40	-0.08		0.68	0.64	-0.04		78.87%	80.87%	2.01%	0.12	0.10	-0.02	
<b>CLEVELAND</b>															
Metro*	712,362	747,329	34,967	4.91%	46,622	52,659	6,037	12.95%	65.44%	67.22%	1.78%	193,047	291,534	98,487	51.02%
City	199,787	190,638	-9,149	-4.58%	24,524	25,218	694	2.83%	47.93%	48.54%	0.61%	3,493	11,599	8,106	232.06%
Suburbs	512,575	556,691	44,116	8.61%	22,098	27,441	5,343	24.18%	72.27%	73.62%	1.35%	189,554	279,935	90,381	47.68%
City/Suburbs	0.39	0.34	-0.05		1.11	0.92	-0.19		66.32%	65.93%	-0.39%	0.02	0.04	0.02	

\*Metropolitan area components: DETROIT-Macomb Co., Oakland Co., Wayne Co.; FLINT-Genesee Co.; GRAND RAPIDS-Kent Co., Ottawa Co., LANSING-Clinton Co., Eaton Co., Ingham Co.; CLEVELAND- Cuyahoga Co., Geauga Co., Lake Co., Medina Co.

\*\*\*"Well-Off" value determinations: 1990-homes with values greater than or equal to \$75,000; 2000-homes with values greater than or equal to \$100,000. These values are roughly comparable when adjusted for inflation, and are based on the idea that homebuyers spend roughly three times their annual income when purchasing a home.

Source: DP-1. General Population and Housing Characteristics: 1990; H061. VALUE-Universe: Specified owner-occupied housing units: 1990; QT-H1. General Housing Characteristics: 2000; QT-H14. Value, Mortgage Status, and Selected Conditions: 2000.

TABLE 4			
Property Value Changes in Major Michigan Cities (State Equalized Valuations)			
	All Property	Residential	Non-Residential
	1990-2000 change	1990-2000 change	1990-2000 change
<b>DETROIT</b>			
Wayne Co.	6.80%	7.90%	4.90%
City	6.90%	8.70%	4.30%
<b>FLINT</b>			
Genesee Co.	6.30%	8.00%	3.60%
City	0.80%	3.60%	-1.30%
<b>GRAND RAPIDS</b>			
Kent Co.	7.30%	7.60%	6.90%
City	5.40%	5.10%	5.80%
<b>LANSING</b>			
Ingham Co.	6.10%	6.30%	5.40%
City	4.30%	4.10%	4.60%

Source: Michigan Department of Treasury, State Tax Commission; calculations by Public Sector Consultants.

## **Detroit 1990-2000**

(suburbs: Oakland, Macomb and remainder of Wayne)

### **Demographics**

- population declined 7.5% compared to an increase of 7.2% in the suburbs
- non-Hispanic white population declined 47.6%. Non-Hispanic whites are 12.3% of Detroit's population
- foreign born population grew 32.0% compared to 45.2% in the suburbs. Detroit has 14% of the region's foreign born population
- persons in poverty declined 26.0%. Detroit's poverty rate is 25.6% compared to 6.4% in the suburbs
- proportion of households considered well-off declined 3.1% compared to an increase of 10.3% in the suburbs. 43.1% of Detroit households are well-off.

### **Housing**

- % of owner occupied units grew 2.0 percentage points to 54.9% compared to 76.2% in the suburbs
- number of owner occupied units with well-off values grew to 25,000, soaring 518.7%
- residential SEV grew 8.7%
- number of vacant housing units grew to 38,700, an increase of 7.5%

### **Highlights/Comparisons**

1. What most distinguishes Detroit is the small number of non-Hispanic white residents. Non-Hispanic whites are 12% of the city's population. None of our other comparison cities has fewer than 40%.
2. Despite starting with a small base, Detroit lost nearly half of its non-Hispanic whites during the Nineties. The next largest loss was 26% by Flint.
3. Detroit's 14% share of foreign born population is the smallest of the five cities. (Flint and Cleveland are at about 20%.)
4. The good news is economic: the largest decline of the five cities in the number of residents in poverty. Also Detroit is in the middle of our five cities in terms of well-off households.
5. Housing values also did well. Home ownership rates up, SEV up the most of the five cities, and an extraordinary increase in the number of well-off owner occupied homes.

## **Flint 1990-2000**

(suburbs: remainder of Genesee)

### **Demographics**

- population declined 11.2% compared to an increase of 7.4% in the suburbs
- non-Hispanic white population declined 25.9%. Non-Hispanic whites are 41.4% of Flint's population
- foreign born population fell 19.9% compared to an increase of 17.9% in the suburbs. Flint has nearly 20% of the region's foreign born population
- persons in poverty declined 23.2%. Flint's poverty rate is 26.0% compared to 7.7% in the suburbs
- proportion of households considered well-off declined 13.9% compared to an increase of 11.8% in the suburbs. 41.3% of Flint households are well-off.

### **Housing**

- % of owner occupied units grew 0.8 percentage points to 58.8% compared to 76.2% in the suburbs
- number of owner occupied units with well-off values grew to 2,100 an increase of 65.6%
- residential SEV grew 3.6%
- number of vacant housing units grew to 6,700, an increase of 39.1%

### **Highlights/Comparisons**

By just about any measure Flint suffered the most of our five cities in the Nineties:

the largest population decline  
the only city to lose foreign born population  
the greatest decline of well-off households  
the smallest increase of SEV  
the largest rise in vacant housing units

## **Grand Rapids 1990-2000**

(suburbs: Ottawa and remainder of Kent)

### **Demographics**

- population increased 4.6% compared to an increase of 23.2% in the suburbs
- non-hispanic white population declined 7.9%. Non-Hispanic whites are 67.3% of Grand Rapids population

- foreign born population grew 179.2% compared to 93.9% in the suburbs. Grand Rapids has 42% of the region's foreign born population
- persons in poverty increased 2.0%. Grand Rapids' poverty rate is 15.0% compared to 5.3% in the suburbs
- proportion of households considered well-off increased 5.3% compared to an increase of 25.8% in the suburbs. 53.3% of Grand Rapids households are well-off.

## **Housing**

- % of owner occupied units declined 0.2 percentage points to 59.7% compared to 77.7% in the suburbs
- number of owner occupied units with well-off values grew to 15,900, an increase of 67.6%
- residential SEV grew 5.1%
- number of vacant housing units grew to 4,700 an increase of 1.2%

## **Highlights/Comparisons**

1. By most measures Grand Rapids did better in the Nineties than the other cities we analyzed:

- the only city to gain population
- the smallest decline of non-Hispanic white population
- by far the largest gain of foreign born population
- the only city to gain in well-off households

2. Grand Rapids by most measures has the most diverse demographic profile of our cities:

- the highest proportion of non-Hispanic whites
- the highest regional share of foreign born population
- the highest proportion of well-off households
- the lowest poverty rate

3. The two exceptions are that Grand Rapids was the only city to have its poverty rate go up and its home ownership rate go down. Both probably due to the large influx of low-income immigrants.

## **Lansing 1990-2000**

(suburbs: Clinton, Eaton and remainder of Ingham)

### **Demographics**

- population declined 6.4% compared to an increase of 7.6% in the suburbs
- non-Hispanic white population declined 17.4%. Non-Hispanic whites are 65.3% of Lansing's population
- foreign born population grew 76.8% compared to 30.6% in the suburbs. Lansing has 34% of the region's foreign born population
- persons in poverty declined 18.9%. Lansing's poverty rate is 16.7% compared to 8.4% in the suburbs
- proportion of households considered well-off declined 8.2% compared to an increase of 21.1% in the suburbs. 49.8% of Lansing households are well-off.

### **Housing**

- % of owner occupied units grew 2.8 percentage points to 57.6% compared to 71.2% in the suburbs
- number of owner occupied units with well-off values grew to 4,500 an increase of 49.2%
- residential SEV grew 4.1%
- number of vacant housing units grew to 3,700 an increase of 11.3%

### **Highlights/Comparisons**

1. Lansing in 2000 has the second most diverse demographic profile of our five cities: relatively large proportion of non-Hispanic whites, growth of foreign born population, regional share of foreign born population, proportion of well-off households and the second lowest poverty rate.

2. But the news is not all good: population loss, an even higher loss of non-Hispanic white population and, next to Flint, the second highest decline in well-off households and increase in vacant housing units.

## **Cleveland 1990-2000**

(suburbs: Geauga, Lake, Medina and remainder of Cuyahoga)

### **Demographics**

- population declined 5.3% compared to an increase of 4.5% in the suburbs
- non-Hispanic white population declined 20.7%. Non-Hispanic whites are 41.5% of Cleveland's population



- foreign born population grew 1.9% compared to 18.6% in the suburbs. Cleveland has 20% of the region's foreign born population
- persons in poverty declined 13.9%. Cleveland's poverty rate is 25.6% compared to 7.7% in the suburbs
- proportion of households considered well-off declined 4.4% compared to an increase of 6.1% in the suburbs. 36.8% of Cleveland households are well-off.

## **Housing**

- % of owner occupied units grew 0.6 percentage points to 48.5% compared to 73.6% in the suburbs
- number of owner occupied units with well-off values grew to 11,600, an increase of 232.1%
- number of vacant housing units grew to 25,200 an increase of 2.8%

## **Highlights/Comparisons**

Cleveland is included in the analysis because so many Michigan opinion leaders seem to regard its revitalization efforts as a model--particularly for Detroit. The above data suggest that its strategy may not be particularly effective in making Cleveland a more attractive place to live.

The comparisons with Detroit are mixed:

1. It had a smaller total population and non-Hispanic white population decline.
2. Like the other comparison cities, it has a far higher proportion of non-Hispanic whites
3. Its poverty rate declined less than Detroit's to a level just slightly above Detroit's.
4. Its proportion of well-off households declined more than Detroit's and is 6.3 percentage points lower than Detroit.
5. Its growth of foreign born population was far slower than Detroit's, although it has a higher regional share of foreign born population
6. It had slower growth in home ownership and a lower home ownership rate, but it had slower growth of vacant housing units