



# **Planning for the Strategic Redevelopment of Downtown Detroit, Michigan**

A University of Michigan  
Interdisciplinary  
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*Front cover photo: An active downtown Detroit at night  
(Douglas R. Glancy)*



# Executive Summary

Since its founding in 1701, Downtown Detroit has evolved from a major shipping port and industrial mega-power, to a place of racial unrest and economic troubles, to its present incarnation as a gritty city looking for a comeback. At this point, the main question for the downtown area concerns how to revitalize this once glorious city into a major hub of entertainment, retail, office and residential for residents and visitors alike. Our goal for the city was to create an oasis of walkable urbanity that would be a destination place for visitors and a safe, clean and attractive city for residents.

This study begins with a summary of Detroit's history. In our historical review, we concentrated on information that pertained to the downtown's layout and character and could help inform future redevelopment. Additionally, an inventory of the historic buildings, public spaces, and known sites of environmental concern was conducted to get an accurate snapshot of some of the key features of the study area.

Working closely with the Brookings Institution Metropolitan Policy Program Urban Markets Initiative and the Social Compact, we conducted an in-depth market analysis. The market analysis included a review and revision of the widely available demographic information. Using alternative data sources to the census, we found that the current downtown population is higher than previously thought and the earning potential, aggregate income, and disposable income are all higher than previously anticipated. The key findings of the various market analyses are presented below:

## Four Quadrant Analysis

- Detroit should focus efforts on further development of the arts, entertainment and recreation cluster, including accommodation and food services, along with retail trade, information sector, and financial activities existing in the downtown core.
- The construction industry is projected to emerge from 2006-2012.
- Mature industries of the future are projected to include manufacturing, wholesale trade, professional & business services, education & health services, auto repair & maintenance.

- Detroit currently shows high concentrations of transportation, warehousing & utilities, financial activities, printing & publishing, miscellaneous retail, services, hotels, engineering, research and management services downtown. Gaps exist in retail trade.

## Entertainment

- Over the past five years, downtown Detroit has become a major entertainment destination, with 58% of visitors in the past year indicating they visited adult-related entertainment.
- Downtown Detroit has become a major gaming destination with the development of three casinos, two of which recently began construction on permanent locations in the downtown area.
- The sports venues and theater venues continue to have strong attendance rates through 2006. The presence of two major sporting events (2005 All Star Game and Super Bowl XL Game), the construction of two new sports venues, and the success of the Detroit Tigers have assured that the entertainment venues will continue to have strong attendance rates.

## Office

- The study area contains a significant stock of office space, with approximately 15,000,000 square feet of office space, the majority of which is Class A and Class B space.
- Vacancy rates have been steadily rising over the past five years to 15.7% in the second quarter of 2006, and are forecasted to continue rising for the next two to three years as the economic woes of the Big Three automotive manufactures continue to impact the region.
- Rental rates in the downtown area are steady and competitive with surrounding areas, but are expected to decrease as vacancy rates increase. One major price barrier to competition for downtown office space versus suburban office space is the cost of parking downtown.
- Currently, there is not a strong demand for new office space downtown.

## Residential

- The residential population in the study area is 5% larger and has a 29% higher aggregate income than previous census data and other market research sources have identified.
- 353 new residential units have been constructed in the study area in the past five years. There

is still a demand for 1,700 units to be constructed over the next 5 years.

- 70% of the current residents of the study area that responded to a recent survey indicated that ethnic diversity was important. 77% documented that access to arts and culture is important, and 85% documented that access to entertainment venues and restaurants is important.
- Many potential residents view the midtown and surrounding residential developments outside of the downtown as interchangeable in terms of services and location with downtown living.
- Developers view the negative perceptions of crime, safety and sanitation in Detroit as the biggest barrier to successful marketing of residential units in the downtown area.

### **Retail**

- Downtown retail gap opportunities include clothing and accessories stores, electronics and appliance stores, building material and garden stores, furniture and home furnishings stores, sporting goods stores, and cosmetics, beauty supplies, perfume stores and grocery stores. Downtown strengths include food and beverage stores, and food service and drinking places.
- The downtown retailer focus group survey indicates the need for small business support programs, downtown business alliances, coordinated marketing and promotion programs, and awareness campaigns.
- Current slow retail growth trends in the downtown area are dictated by the lack of residential units available in the area. As populations in the downtown area continue to grow, the demand for retail services will expand.
- There is a demand for approximately 389,000 square feet of retail spaces in the downtown area for clothing and clothing accessory, furniture and home furnishing, electronics and appliance, and building and garden stores.
- In-depth market research shows there is a demand for approximately 125,000 square feet grocery space in the downtown area. Coupled with the expanding population, a strong case could be made for a major grocery store chain location in the downtown area.

In conjuncture with the market research, 49 interviews were conducted with people that were identified as key “Detroiters” by

peers. Some of the major results of these “visioning” interviews are summarized below:

- Three of the most frequently identified treasures associated with downtown Detroit are the Detroit River, Campus Martius, and Woodward Avenue.
  - Detroit’s special vibe relates to its ties to the automotive industry and Motown history.
  - A strong transportation plan that includes public transportation is critical to development.
  - Historical and current race and equity issues cannot be ignored during redevelopment
  - Opening up the riverfront, including decreasing the presence of Cobo Hall, is a key feature for redevelopment.
- Based on the findings of the market research and visioning interviews, four “catalytic” areas for development in the downtown study area were identified, along with appropriate development schemes for these areas that incorporate their historical context, current and surrounding area context, and potential future uses.

### **Catalytic Project 1: Capitol Park**

- Historically adjacent to the capital building and surrounded by a stock of important but neglected historical buildings, this area is beginning to show signs of improvement.
- Currently contains the bus transfer station, with little to no connection to the surrounding environs.
- Has the potential to become an inviting public green space that connects surrounding public spaces such as Campus Martius, Washington Boulevard, and Grand Circus Park, as well as incorporate the proposed redevelopment of the Woodward Corridor and the Book Cadillac Hotel.

### **Catalytic Project 2: Grand Circus Park**

- Located in the heart of Detroit’s historic “necklace district”, Grand Circus Park underwent a recent \$2 million renovation to become more pedestrian friendly.
- The park is ringed by numerous historical buildings that developers believe are key redevelopment locations.
- The area is connected to the entertainment district and the Woodward Corridor, both of which have seen recent revitalization and construction efforts.
- There is strong potential for retail



developments coupled with residential units to bring people into the area.

### **Catalytic Project 3: Harmonie Park**

- The area has currently succumbed to economic market pressures that have resulted in rising rents, failed investments, and the closure of a number of businesses and foreclosure of several buildings. Some of these failures were due to street closures and pre-Superbowl construction.
- We envision this area as a mixed use district focused on the urban music scene, and connected with the stronger surrounding entertainment districts, artist galleries and live-work spaces.
- Focus needs to be placed on enlivening the park with additional foliage and benches that create a pleasant respite and encourage pedestrian activity with the adjacent retail spaces.

### **Catalytic Project 4: Former J.L. Hudson's Site**

- Consists of 2.2 acres of land located on the Woodward Corridor that has been prepared for redevelopment with structural supports and an underground parking structure.
- Prime location for service- oriented retail, including a grocery store, with residential or professional offices above.
- Size of property could be a barrier to redevelopment as economic conditions prevent investments by developers on a large scale. Potential splitting of the parcel could increase its marketability.



*Harmonie Park*

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This study began with the intent to formulate a strategic redevelopment plan for downtown Detroit. With that mission in mind, team members began gathering current and historical maps of the study area, historical sources, documentations of current issues, demographic data and the insights from key actors in Detroit. The entire process involved 52 interviews, the assistance of a number of Detroit non-profits, the collaboration of academic and social organizations based in Ann Arbor, Detroit and Washington D.C., countless hours manipulating Geographic Information System (GIS) data and an intensive mining of demographic and market research data. The following book presents the culmination of that work. It is not a strategic plan, but it does provide important market research and insights, a comprehensive GIS dataset for downtown, a series of catalytic project possibilities to promote connectivity and economic vibrancy for downtown, and an invaluable collection of opinions of important stakeholders and future talent in Detroit.

This report is divided into sections, each including a distinctive methodology used by the research team working in the study area.

The background provides information on the genesis of the study and defines the study area of the Central Business District.

The report then moves on to the history of the city with a focus on downtown.

Current conditions are addressed in the following section with an eye to past planning efforts, transportation, parking, building density and open space. This section also includes a contaminated site summary.

Market research is then analyzed in four areas: residential, retail, entertainment and offices.

A summary of the visioning interviews follows. This section describes the interviews that the research team conducted and evaluated.

Finally, the research team submits recommendations to the clients including four catalytic project sites.



*Downtown Detroit skyline (photo: Downtown Detroit Partnership)*

# Research Study Area

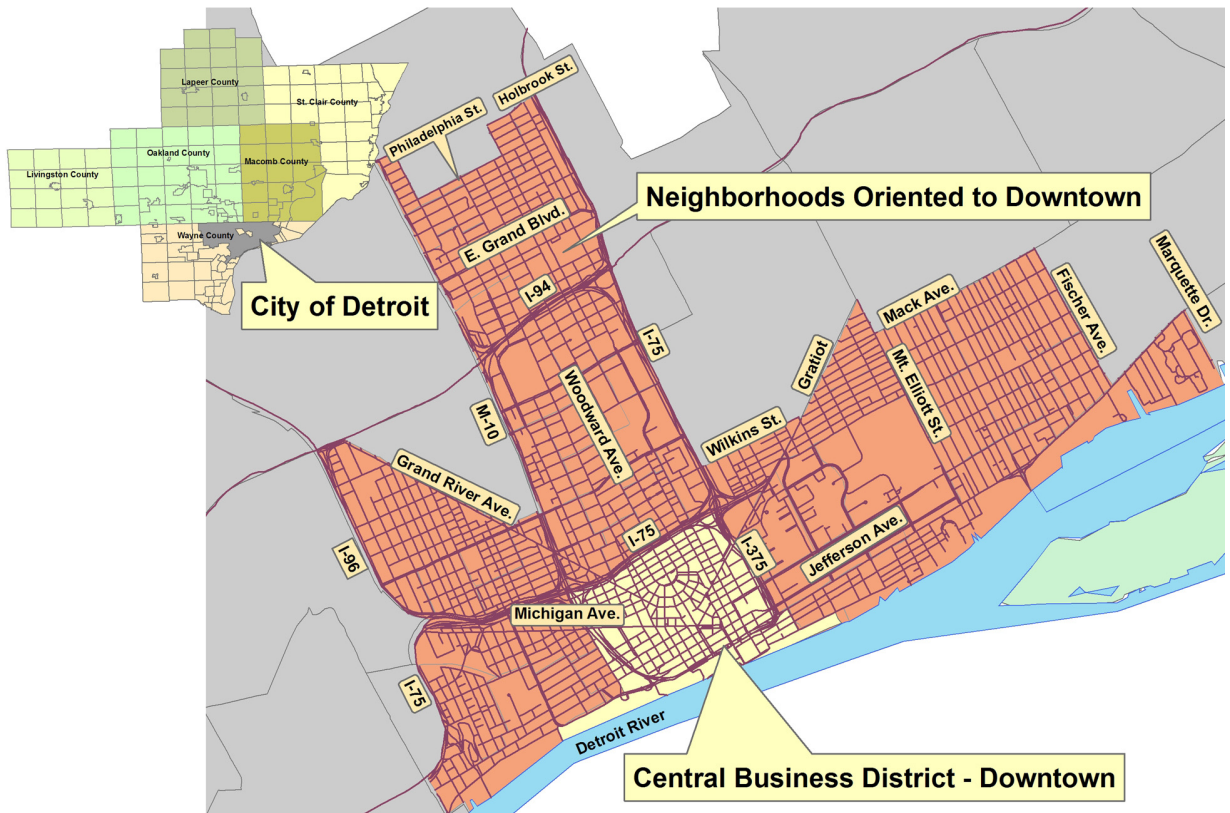


Figure 1: Southeast Michigan, City of Detroit, Central Business District (CBD) and neighborhoods surrounding the CBD

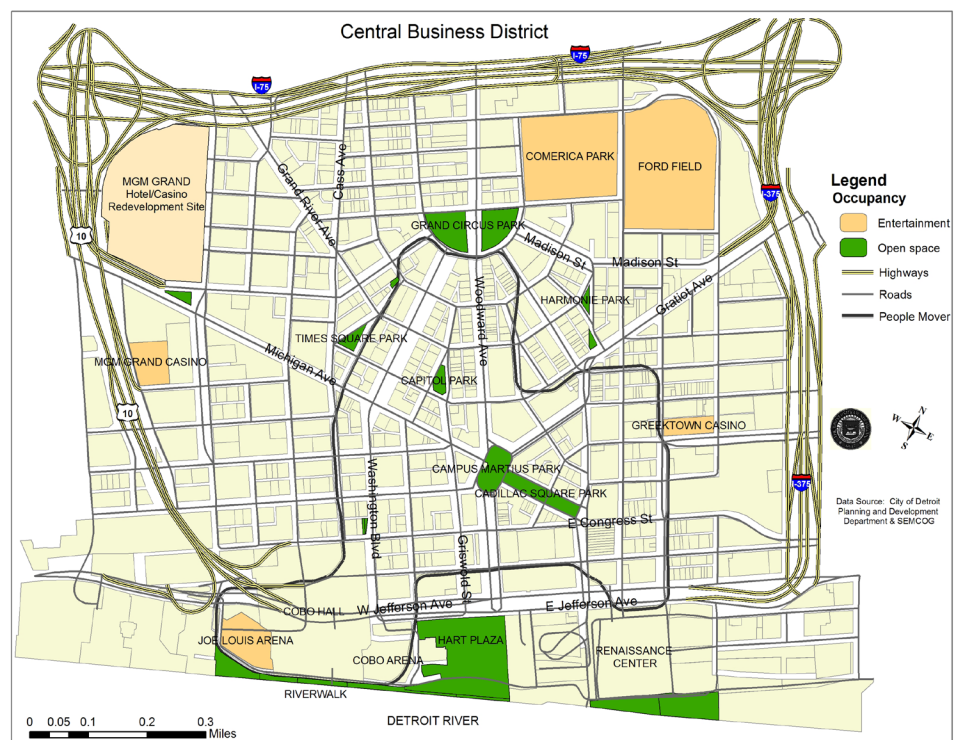


Figure 2: Downtown Detroit - Central Business District and main study area for this research



## Detroit's Central Business District

The City of Detroit is vast, spanning approximately 140 square miles. The area of our study, however, is the Central Business District (CBD), just over 1 square mile. The CBD differs greatly from the rest of the city in its physical layout. Unlike the single-family homes found in the rest of the city, the CBD is a true downtown, with dense, historic architecture and the potential for vibrant, walkable spaces.

Described by the City as "Detroit's 10th neighborhood," the CBD is growing in population as former office spaces are converted to residential space and new entertainment and arts venues move in. Inside this small area are three casinos, two sport stadiums, a theatre district, the Detroit River frontage, lofts, commercial buildings and renowned architecture. These amenities create distinct districts within the CBD.

Using Woodward Avenue as the central divide, the chart below details the areas of activity within the CBD:

NAME	LOCATION	CHARACTER
Campus Martius Park	Described as the "Heart of the City"	Compuware, outdoor skating rink and entertainment, Hard Rock café, other retail, restaurants
Capital Park	Middle west between Washington Boulevard, Michigan Avenue and Woodward Avenue	Once host of the Capitol of Michigan, this site now has potential for a smaller urban green space
Coleman A. Young Municipal Center	Mid-lower east	Government offices: court buildings to county administration
Detroit Edison	Northwest corner	Grand river, DTE, MGM Grand Casino
East Riverfront	From the Renaissance Center east to the Ambassador Bridge	Cobo Hall, Joe Louis Arena
Financial District	Southeast	Office buildings
Foxtown	Central north, east and west of Woodward	Comerica Park, Fox Theatre, Grand Circus Park, Statler-Hilton site
Greektown	Southeast at Monroe and St. Antoine	Casino, restaurant, retail
Harmonie Park	Central middle east, between Randolph and Gratiot	Detroit Athletic Club, Historic Gem and Century Theatres, eclectic shops and laid-back atmosphere
Riverfront	South along the riverfront, west of the Renaissance Center	Outdoor park, General Motors
Woodward Corridor	The central dividing line from Jefferson past I-75	Grand Circus Park, JL Hudson's site, Hart Plaza

# Background

Many cynics might ask why anyone should focus their efforts on revitalizing downtown Detroit. Years of extreme disinvestment (Leinberger 2006) have led to demand for walkable, vibrant places in which to live and work today. Evidence of this demand is reflected by other successful downtown revitalizations, the popularity of new urbanist communities, and the advent of suburban “lifestyle retail” projects modeled after traditional downtowns.<sup>1</sup>

According to Leinberger, there are significant fiscal and financial motivations for undertaking a downtown revitalization process. A downtown recovery means more residents and jobs in the downtown and eventually with the surrounding region. The most expensive real estate is increasingly found in revitalized downtowns, benefiting the public sector through increased tax revenue. Additionally, cities with vibrant downtowns have a better chance of recruiting the “creative class” described by Florida (2002) as a key to future growth.<sup>2</sup> The young, well educated people that constitute the creative class are flocking to the “means metros” not only because they are beautiful, energizing and fun to live in, but also because they need to live in a means metro in order to realize their full economic value.<sup>3</sup> On the flip side, a failed downtown core can hinder investment potential for the surrounding region by creating negative impressions that deter potential investors and residents.

Urban downtowns were the original form of walkable urbanity. However, starting in the 1950s, the suburban shift led to disinvestment in downtowns resulting in fiscal crisis and blight. Detroit is a dramatic example of urban flight and abandonment due to the decline of the automotive industry and racial tension.

Leinberger notes that most people will walk approximately 1500 feet [slightly more than 1/4 of a mile, approximately the distance encompassing a super regional mall and its parking lot], before looking for alternative transportation.<sup>4</sup> However, this willingness to walk is also influenced by qualitative factors

such as interesting visual experiences, a feeling of safety and comfort with weather. A critical mass of interesting, pedestrian-scale uses and pedestrian-friendly form is crucial to the sustainability of initial revitalization efforts built around walkability.

Leinberger says, “more is worse” in a suburban environment, while “more is better” in a viable downtown. More people on the street downtown means more businesses to meet their needs (or vice versa), leading to an upward spiral of activity and value that translates into increased rents, property values and tax base.<sup>5</sup> In the suburban environment, more translates into increased car usage and the accompanying congestion, air pollution, and inconvenience that decreases the quality of life. Therefore, suburban sprawl creates disposable developments built for the short-term in the belief that new areas will continue to develop further out on the fringe, making today’s investments obsolete by distance.

The benefit of dense, walkable, core development is that increased activity creates a contagious energy and excitement that draws more activity without the accompanying inconveniences. Investors can make long-term commitments to the area knowing that sprawl will not push demand toward the ever-expanding fringe. New projects within walking distance of each other will contribute to increased property values of existing owners, creating a synergistic value effect.

Today, downtowns across America are experiencing a renaissance as both retiring baby boomers and the young creative generation seek to live in close proximity to lively cultural, entertainment and retail venues, thereby decreasing their dependence on cars. In spite of zoning ordinances and non-supportive real estate and financial industries, more than 60% of downtowns have experienced growth and development.<sup>6</sup> Today there are many examples of dramatic urban turnarounds that provide guidance for change.



Leinberger illustrates twelve steps urban leaders should follow to successfully revitalize downtowns.<sup>7</sup> The first six steps focus on how to build the necessary infrastructure and define the public and non-profit sector roles required to start the process. The next six steps involve ways to introduce a viable private real estate sector to the rebuilding process. The research team utilized these steps as a framework for our investigation into a redevelopment plan for downtown Detroit. They include:

- 1) Capturing the Vision
- 2) Developing a Strategic Plan
- 3) Forging a healthy private/public partnership
- 4) Making the Right Thing Easy  
(Form based coding-zoning)
- 5) Establishing Business Improvement  
Districts and other Non-Profits
- 6) Creating a Catalytic Development Company
- 7) Creating an Urban Entertainment District
- 8) Developing a Rental Housing Market
- 9) Pioneering an Affordability Strategy
- 10) Focusing on For-Sale Housing
- 11) Developing a Local-Serving Retail Strategy
- 12) Re-creating a Strong Office Market



*American Coney Island restaurant on Lafayette (photo by Patrick J. Duggan)*

# History of Detroit



*City of Detroit Aerials from the 1930s to 1950s (photos: Walther P. Reuther Library, Wayne State University)*

## The First Century (1701-1799)

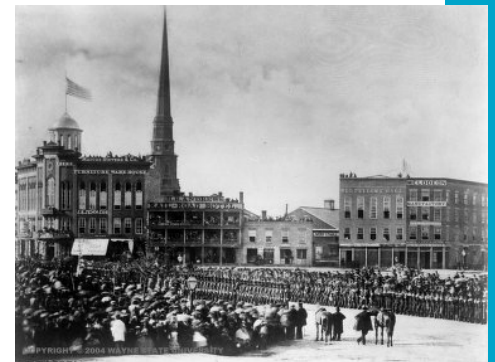
The area which is now downtown Detroit was originally founded on July 24, 1701 by the French explorer Antoine de la Mothe Cadillac.<sup>1</sup> Although numerous Native American tribes had settled and occupied the area prior to Cadillac “founding” it, this point in history has been traditionally identified as the city’s genesis. Cadillac and his party quickly set about building a fort named Fort Pontchartrain, and farming the surrounding lands. During this time frame the street layout was based around the long, narrow “ribbon farms” that were oftentimes used by French settlers. The streets radiated from the fort and were usually oriented towards the river. Roads leading along the farms were named after the owners, and many of the present-day streets have retained those names, such as Beaubien, Chene, Livernois, Riopelle, and St. Aubin.<sup>2</sup>

In 1751, the garrison expanded to accommodate additional French settlers and their families in the area. The name was then changed to Fort du Detroit.<sup>3</sup> In 1770, the British received the fort and surrounding settlement as a concession in the French and Indian War, but the area remained predominately settled by French peoples. The fort and surrounding areas remained under British control through the Revolutionary War and were not ceded to the United States government until 1793. During this time period, the settlement of Detroit by Europeans was mostly limited to a small area surrounding the main fort along the Detroit River.

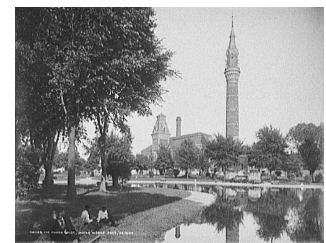
## The Rise during the Second Century (1800-1899)

The City of Detroit was officially incorporated in 1802 with the northern limit of the city approximately near the location of present day Warren Avenue. In January 1805, the State of Michigan received its charter, and named Detroit the seat of government. Detroit would remain the capital until 1847 when Lansing became the capital.<sup>4</sup> In June 1805, a fire that burned the entire city except for one building became the first disaster in the city’s history. The fire was started by a merchant who unwittingly knocked coals from his pipe onto a pile of straw. The fire quickly spread throughout the city because most of the buildings were wood and the city layout was composed of dense, closely packed buildings. After the fire, Judge Augustus Woodward was appointed to lead the redevelopment; he planned the new city to resemble L’Enfant’s layout of Washington D.C. Major features were the construction of large boulevards running north-south and east-west, which would intersect with circuses or public plazas. Out from these circuses would radiate secondary avenues. Judge Woodward decided that one block in every formation would be set aside for public buildings such as municipal offices, churches, or schools. The layout of the city created large lots, one of which was granted to every adult resident after the fire. These large lots may have been the initial reason that Detroit evolved as a city dominated by single family homes instead of the row houses common in U.S. cities developed during the same timeframe.

Woodward named most of the boulevards and major roads after presidents or important figures (Jefferson Avenue, Madison Avenue, Monroe Avenue, etc.). Judge Woodward claimed that he named the main thoroughfare, Woodward Avenue, because it traveled “towards the trees” of the underdeveloped areas of what are now Oakland County.<sup>5</sup> Historians are certain that it was merely a coincidence that it was also his last name. Unfortunately, Judge Woodward was a known drunk and was unpopular



*Soldiers leaving for War, 1860's  
(photo: Walter P. Reuther Library,  
Wayne State University)*



*Detroit's Pumping Station in  
the late 1800s  
(photo: Library of Congress)*





*Electric Streetcar in Detroit  
(photo: Cohen, I. 2000)*

with the majority of the residents of Detroit, and by 1818 the Woodward Plan had been abandoned and Judge Woodward had been run out of town. The majority of downtown Detroit had already been laid out in this format and retains these shapes even in the present.

From 1820 to 1840 Detroit underwent a transformation from a relatively wild outpost to a model of a New England town. Three national events contributed to this transformation: (1) the development of the steamboat in 1818 that facilitated a quicker connection between surrounding developed areas and Detroit; (2) the sale of public land surrounding Detroit, which began in 1820 and created new opportunities for settlers looking for farmable land; and (3) the opening of the Erie Canal in 1825, which connected New York and the eastern seaboard to the Great Lakes.<sup>6</sup> A trip from Detroit to New York which would have historically taken months to complete could now be completed in a matter of days. Not only did this pathway open up the possibility for people and goods to come to Detroit, but it also allowed for farmers and traders in the area to ship products to the east. These factors, plus a continuing push for western expansion, helped to increase settlement in Detroit and Michigan. The importance of the river also shaped Detroit; many roads lead to docks on the river and warehouses and industry moved in near the waterfront. As this expansion of business continued, residential neighborhoods moved further and further north, expanding the scope of Detroit.

Industrial development continued in downtown Detroit in the 1840s when large deposits of iron ore and copper were found in the Upper Peninsula and were shipped out on railroads running to downtown Detroit. Many of the first successful industries in the downtown centered around construction of railroad-related items such as wheels, rail cars, etc. Additionally, Northern Michigan's abundance of trees created a booming lumber industry that ran through downtown Detroit. Other major industries, such as stove manufacturing, pharmaceutical development, paints and varnishes, soaps, shoes, seeds, tobacco, and shipbuilding, continued to grow in Detroit throughout the mid to later 1800s. This time period also saw the establishment of a number of famous companies' still recognized today, such as Vernor's, Hudson's store, and Kresge general store, which later became Kmart. The banking industry followed this industrial development into downtown Detroit. One of the major banks of the present, Comerica Bank, starting in 1849 as Detroit Savings Fund Institute.<sup>7</sup>

The growth of Detroit was dependent upon the availability of public utilities and transportation. Both came about in the mid to late 1800s. The city started providing water to the area in 1836 and the water commission was later formed by state legislature in 1853. As demand grew, new pumping stations were built throughout the city. Water pipes in downtown Detroit were initially constructed of wood, but the city replaced these with iron piping in the 1850s during expansion of the system. Municipal sewer services also started during this time frame in an attempt to control disease and decrease the number of cesspools in the city limits. The explosion of demand and expansion of the city continually put pressure on the system until it was moved in 1871 to the location of the present day pumping station. Although the City of Detroit waterworks system was one of the most advanced in the country and depended upon the waters of the Detroit River, the sewer system was merely a channel to pump raw sewage into the river until 1925. That year the first wastewater treatment plant was established.<sup>8</sup>

The second major utility to come to downtown Detroit was gas lighting in the 1850s. Gas lighting was used for streetlights, dwellings, and



*Prohibition Raids in 1920s Detroit  
(photo: Walter P. Reuther Library, Wayne State University)*

private businesses. Electricity generation followed 30 years later with the installation of electric street lights in 1882. Electricity would not be provided to homes until 1893. The year 1893 also saw the changeover in the downtown streetcar line from horse-drawn to electrically powered cars.<sup>9</sup>

The industrial success and growth of Detroit increased the high demand for laborers, both skilled and unskilled. Large numbers of immigrants came from Ireland, Germany, and Poland to Detroit looking for work in the mid to late 1800s. This resulted in a significant rise in the area's population. Additionally, after the Civil War, African-Americans moved to Detroit attracted by the city's job opportunities.<sup>10</sup>

As the 19th century drew to a close, Detroit experienced one of the most influential historical moments that would define the city for the next decade: the advent of the automobile. The first automobile was tested at night in downtown Detroit in 1896. This would result in the rise of the Motor City.

## The Good Years (1900-1929)

Established industries in downtown Detroit continued to thrive in the early years of the 20th century. Additionally, the first automotive plant, which producing Oldsmobiles, opened in Detroit in 1900. Although the plant burned in 1901 and the owner moved back to Lansing, ties with the machine shops and foundries in downtown and the surrounding environs continued. Ford Motor Company opened its doors outside of the downtown area in 1903. Soon to follow were the other big automotive companies of the times – the Packard Company in 1903, General Motors Company in 1908, Chevrolet Motor Car Company in 1911, and Chrysler in 1925. The automotive industry supplied vehicles and necessary parts for the World War I efforts in 1917 and 1918. When soldiers returned home, the demand for automobiles soared as soldiers had grown used to them in the war and realized the convenience.<sup>11</sup> As a result, Detroit and its surrounding environs continued to exhibit strong economic growth.

Another industry that experienced significant growth in the 1920s was bootlegging. First in Michigan and then throughout the country, prohibition created an industry for illegal liquor running and "speakeasies" in commercial properties downtown. With Detroit's proximity to Canada, geographical advantages (the Detroit River is at its narrowest near downtown), and links to the rest of the country through rail lines and boat traffic, Detroit became a significant port of entry for illegal spirits.

The 1920s also saw significant changes in the cityscape of downtown Detroit, the results of which can be seen today. Towering skyscrapers popped up throughout downtown Detroit, and many buildings were demolished to make way for new development. Buildings like the Penobscot, Buhl, Cadillac Tower, Guardian, and Book-Cadillac Hotel were constructed during this time frame, which helped to create the façade that downtown Detroit was a wealthy and influential city (see the listing of historic Detroit Buildings on page 21).

## The Great Depression & World War II (1929-1950)

Detroit's remarkable economic growth of the first three decades of the 20th century came to a halt during the onset of the Great Depression at the end of 1929. Automobile demand fell sharply as the economic depression



*Dodge Army Truck  
Manufacturing Plant  
(photo: Library of Congress)*



*1943 Detroit Rioters running  
from tear gas on Woodward Ave.  
near Stimpson (photo: Walter  
P. Reuther Library, Wayne State  
University)*



*1949 construction on the John C.  
Lodge Expressway (photo: Walter  
P. Reuther Library, Wayne State  
University)*

settled in throughout the country. All industries in Detroit, similar to those throughout the country, felt the effects of the slowdown. This time period also saw the development and growth of the automotive labor unions, which organized the first strikes against the automotive industry in the late 1930s.

In September 1939, World War II started with the invasion of Poland by Germany. Although the United States would not enter the war until the end of 1941, Detroit began to feel the impacts of the war in 1940 in the increased demand for its products. It was not until 1942, however when the United States Government demanded vehicles and machined parts for the war that Detroit saw a second explosion in the production process. Detroit was referred to as the "Arsenal of Democracy" during this time frame. The government officials that oversaw these efforts came from and worked in downtown Detroit. As a result, they built new plants and new infrastructure to facilitate production. The most significant piece of infrastructure for Detroit may have been the advent of the expressway system that was constructed to help assist transportation between production facilities. Additionally, the labor force changed as "Rosie the Riveter" started filling in male positions in the workplace.



*A man standing in the doorway of a building burned in a race riot July 1967 (photo: Walter P. Reuther Library, Wayne State University)*

Unfortunately, this time period also saw the rise of racial tensions in Detroit as the housing problems began to escalate. African Americans were segregated and lived in unspeakable conditions in Detroit's "Black Bottom" neighborhood. With no relief in sight, Detroit experienced its first riot as a fight broke out on Belle Isle and carried itself into downtown. Tensions continued after the riot as African Americans continued to feel that segregation and poor housing opportunities lowered their standard of living in Detroit. However, they were faced with few options to relocate. The availability of employment in the automotive industry provided a strong reason to remain in the Detroit area. The return of soldiers from World War II served to increase tensions as employment opportunities changed and population levels soared.

### **A Decade of Big Changes for Detroit (1950-1960)**

The decade between 1950 and 1960 saw significant changes for Detroit. A number of the companies in the automotive industry merged and created what would ultimately become the Big Three. Most of Detroit's major expressway systems, including those in the downtown area, were constructed. At the forefront of this construction was the demolition and displacement of a number of communities, most of which were communities of color. Along with this displacement was a period of changing racial composition of the population of Detroit. More and more white residents moved to the suburbs, due in part to the continuing racial tensions.

Downtown Detroit saw significant structural changes beyond the construction of the freeway system encircling the downtown. Plans for a new Civic Center to revitalize downtown led to the demolition of the majority of the remaining warehouses and all the outdated docks and the move of the First Mariner's Church. The Veterans' Memorial and Ford Auditorium were also built along the riverfront during this time frame. Cobo Hall and Arena also arose. Developers constructed new buildings and renovated and modernized a large amount of the existing building stock. This construction and development was especially significant for Detroit because it was the first construction and significant renovation work in downtown since the Great Depression.



These urban redevelopment processes were not limited to the downtown area, and some plans resulted in sweeping demolition of buildings for redevelopment activities that never occurred. Many of these vacant fields remain throughout Detroit's city limits today and to some this defines the failures of Detroit's renaissance attempts.

## **The Decline (1960-1989)**

Detroit continued to focus on urban revival during the next two decades. The construction activities that began downtown in the mid-1950s continued through the late 1960s and 1970s with the construction of new buildings and renovation of older buildings.<sup>13</sup> However, even as these renewal activities occurred, the underlying currents of racism and inequality continued to threaten the stability of the city. As in other cities in the U.S., the 1960s saw a period of civil unrest, marches, and racial tensions exhibited in Detroit as the African American equality movement progressed. On Sunday, July 23, 1967, a riot sparked by a police raid on a bar broke out in downtown Detroit. The rioters first attacked police and then spread throughout Detroit's inner city. The riots continued until Friday, July 28, 1967, and resulted in hundreds of arrests, forty-four murders, and numerous arsons.<sup>14</sup>

Following the riots, city leaders, community leaders, and industry leaders met downtown to discuss the riots and the status of race relations in Detroit. The results of the meeting was the formation of the "New Detroit Committee," the first urban coalition in America, which oversaw the distribution of public funds for programs such as education, housing, drug awareness and rehabilitation programs, and economic development. The committee also looked for ways to promote new development in Detroit.

From the sixties to the late eighties the African American population in Detroit continued to grow. By the mid-1970s Detroit was the largest city in America with a majority black population. African Americans held positions of power as the mayor, police chief, and members of city council. Additionally, affirmative action plans in the city assured city positions and contracts for minorities in Detroit. Part of the shift in population composition was brought about by the continued "white flight" from the city through 1980. Fear of crime and unrest in the city continued to contribute to a sense of unease and disenchantment with the city by its white population. The population fell as more citizens moved into the suburbs, and by 1980 the population had fallen to 1,203,339 from a peak of 1,849,568 in 1950.<sup>15</sup>

After the riots in 1967, Detroiters looked for ways to revitalize investment and interest in the once "city of lights". In 1971, Henry Ford II proposed a riverfront development project that was meant to symbolize the future potential of Detroit. Construction of the Renaissance Center started in 1973, but was stalled by the discovery of a historical site, which was determined to be one of the oldest parts of Detroit. Artifacts were slowly unearthed and catalogued by archaeologists until May 1974, when the dig was complete. Construction of the first four towers of the Renaissance Center began soon after and was finished in 1977. Following this construction additional development was conducted along the riverfront, including Hart Plaza, Joe Louis Arena, and the luxury Riverfront West apartment complex.



*Detroit Renaissance Center now home to General Motors Corporation  
(photo: Patrick J. Duggan)*

Unfortunately, these projects did not stem the economic downturn in Detroit. White flight took with it much of the economic base of the city, both in terms of investment and services. Additionally, the 1970s and 1980s were a period of economic slowdown for much of the nation.



*Comerica Park, home of the Detroit Tigers Major League Baseball team (photo: Patrick J. Duggan)*



*Ford Field, home of the NFL Detroit Lions (photo: Patrick J. Duggan)*

Industrial dependent cities particularly felt this slowdown. Detroit was one of the hardest hit as the automotive industry faced increased competition from foreign imports, stricter safety and emission standards from the United States Government, and the shockwaves of the 1973 oil embargo. The combination of these factors lead to a significant decrease in the number of vehicles purchased and produced, and the Big Four automakers were forced to lay off many workers. Detroit would not see any relief for its economic troubles by 1979 as a second recession hit the United States. By 1981 Michigan had the highest unemployment rate in the United States. However, the weakening of the automotive industry and associated manufacturing divisions was not the only economic trouble for Detroit and its downtown area. The change in population composition, fear of crime, and changes in the ways that Americans traveled and shopped resulted in the closing of the three major department stores downtown – Kern’s, Crowley’s and J.L. Hudson’s.

As with many of the previous recessions, Detroit would be rescued from its economic slump by the automotive industry. In 1983, Chrysler introduced the mini-van, and production turned around for the Big Four. The 1980s saw many other changes in the Detroit automotive industry, including: the construction of the Cadillac Detroit/Hamtramck Assembly Center in historic Poletown, the beginning of the Saturn brand by General Motors, the expansion of Chrysler’s Jefferson Avenue Assembly Plant, and the acquisition of American Motors Corporation by Chrysler, thus consolidated the automakers into the Big Three.

## 1990-the present

By 1990, the city’s population had dropped to 1,027,974. One-third of residents lived below the poverty line, and the unemployment rate had risen to 20 percent.<sup>16</sup> A revitalization of the glory of Detroit did not appear to be on the horizon.

In 1993, the city saw a change in leadership that held the promise of a new beginning. Dennis Archer was elected as a replacement for Coleman A. Young, the controversial mayor for twenty years. Mayor Young was seen by some, especially in the surrounding suburbs, as anti-business, anti-cooperation, and fixated on costly and large downtown development projects. Mayor Young had held office during the roughest economic times that Detroit had faced in the 20th century. The people elected Mayor Archer on the hope of rejuvenating the antiquated city systems and economic model for the city.

In addition to this change in leadership, the economic recession that had gripped Detroit and most of the rest of the United States lessened and the 1990s were seen as a period



of unprecedented growth and prosperity in Detroit. This turn-around was reflected in the revitalization of downtown Detroit's theaters, which started in 1987 with the renovation of the Fox Theater, continued with the restoration of the Gem Theater in 1991, and continued throughout the 1990s with the construction of Second City comedy hall and restoration of the Music Hall, The Detroit Opera House, and Orchestra Place.

New developments and restorations in the downtown area were not limited to the theater and arts during the 1990s. The Athenaeum Suite Hotel and Conference Center opened in 1992 in the Greektown area, in a historical warehouse. Developers focused on the Necklace District around Grand Circus Park and along the Woodward Corridors as prime loft and retail redevelopment areas to draw people back into the downtown area. Additionally, downtown Detroit reclaimed two major sporting arenas – the new Tigers stadium, Comerica Park, opened in 2000, and the new home of the Lions football team, Ford Field, opened in 2002. Three temporary casinos opened downtown in 1999 and 2000. Campus Martius was reclaimed as a public space and has become a year-round destination for visitors, residents, and workers in the area. Compuware constructed a new multi-story office building and moved hundreds of workers downtown.

Along with these new developments came the demolition of some of Detroit's historical buildings. The Statler Hotel near Grand Circus Park and the former Hudson's building were demolished after significant remediation was completed in an attempt to clear the lots for new development. Unfortunately, both of these sites sit vacant today. Proposals for renovation of many of Detroit other iconic buildings, including the Book Cadillac Building and the Book Towers have come and gone, and it has not been until recently that developments have been secured for these areas.

Detroit's history has been one of economic cycles, tightly tied to the economic ebbs and flows of the United States because of a heavy reliance on industry. The past decade has seen many of these cycles, as development in Detroit has increased based on the improved economy of the United States, and then ebbed again as the Big Three continue to struggle through the changing economy.

In 2006, Detroit is at a crossroads. Strong political support is present inside the city government and non-profit groups for the strategic revitalization of downtown Detroit. The positive press and goodwill that resulted from Detroit hosting Super Bowl has created a momentum for positive redevelopment and new development activities in the Central Business District (CBD).

The casinos downtown have made Detroit a major gaming destination for adults, and two of the casinos have found permanent homes in the downtown and surrounding area. The MGM Grand is currently constructing a new casino and hotel in the northwestern portion of the CBD district, an area that had seen little new construction and growth in the past three decades. Motor City Casino is staying in its current location just outside of the CBD and is undergoing significant renovations and new construction of a hotel and parking garage. The fate of Greektown Casino is unknown at this time as a permanent location has not been agreed upon.

New residential developments, fueled by the shifting public views of urban sprawl and a desire to



*A riverboat on the Detroit Riverfront at Hart Plaza*



*Dodge Fountain at Hart Plaza on the Detroit Riverfront, looking north towards the city of Detroit*



move back to a strong city center, have emerged in rehabilitated historical buildings such as the Kales Building and in new developments like the Woodward Lofts. Additionally, many new loft and apartment buildings have been constructed just outside of the Central Business District and in the New Center area along Woodward Avenue north of the CBD.

The City of Detroit has also begun an aggressive campaign to reclaim the riverfront, in partnership with a non-profit group, The Detroit Riverfront Conservancy. Hart Plaza, once a symbol of poor planning for open spaces, is planned to become a prime destination for downtown access to the riverfront. The promenade in front of the Renaissance Center has been redeveloped with more open spaces and a walkway connecting Hart Plaza to the remainder of the riverfront. Plans for six additional parks along the riverfront, each with pathways and pedestrian friendly walkways connecting the developments to downtown, are slated for the next few years.

Despite all of these positive developments, Detroit in general is still perceived in a negative light by many, both outside of the state and in the general surrounding suburbs. In October 2006, Detroit was named the second most dangerous city in the United States, behind St. Louis, by the Morgan Quinto Press annual City Crime Rankings book. Additionally, race relations in Detroit continue to be strained between whites and African Americans.

The results of the shifting public perceptions of downtown living, renewal of the entertainment districts in downtown and the growth of the residential developments remain to be seen.

## Key Downtown Detroit Historical Building Stock

Downtown Detroit contains a substantial stock of historical buildings, most of which were designed and constructed in the roaring 1920s. Some of these buildings never lost their functionality and beauty as the decades have marched on. Some were abandoned during the years of fading glory, only to be rescued and rehabilitated in the past decade. Some were abandoned and remain boarded up, awaiting the demolition crew or construction teams. The information below summarizes the key historical buildings in the Central Business District.



**Book Cadillac Hotel**  
1923, under renovation  
220 Michigan Avenue

One of the most luxurious hotels in the city when it opened, this hotel was the first step in creating a "fifth avenue of the west" on Washington Boulevard. Unfortunately, the depression hit hard, and the hotel was in receivership in 1931. Successive owners tried several strategies, including redecorating and converting some rooms into apartments. None were successful until Sheraton's purchase and modernization of the hotel in 1951. The building was sold again in 1974 to a local businessman, who lost the hotel in foreclosure. Radisson then bought the hotel and successfully completed some restoration. In 1983, the property was transferred to the DEGC, who created a partnership that led to the Book-Cadillac Plaza. *(photo: Walter P. Reuther Library, Wayne State University)*



**Book Tower**  
1916, occupied  
1265 Washington Boulevard

Established in 1916, the Book Tower served a brief stint as the tallest building in Detroit until the Penobscot was finished in 1928. The tower is similar in many architectural respects to the Book-Cadillac Hotel, and has ground floor retail. The Book brothers intended to construct a matching tower on the other side of the book building, but the great depression prevented the realization of this plan. The building was sold on June 25, 2006 to the Pagan Organization, and is slated for renovation. *(photo: Walter P. Reuther Library, Wayne State University)*

Broderick Tower  
1927, under renovation  
10 Witherell Street

Louis Kamper, architect of Book Cadillac and Book Tower, also designed this building in 1927. It originally held a mix of tenants and was named the Eaton Tower. David Broderick bought and renamed the building in the 1940s. Although the building closed in 1985, a bar operated out of the first floor until 2005. Motown Construction, formed for the purpose of renovating the tower, is working to transform the building into residential apartments with retail and office on the first four floors. *(photo: www.detroit1701.org)*



Detroit Life Building  
1923, vacant  
2210 Park Avenue

Completed in 1923 as headquarters for Detroit Life Insurance. It has been boarded since 1988. *(photo: Walter P. Reuther Library, Wayne State University)*



Dime Building  
1912, occupied  
719 Griswold

Designed by Daniel Burnham of Columbian Exposition fame, the Dime Building was originally named the Dime Savings Bank Building. It has recently undergone renovations, and is currently home to both office and retail tenants. *(photo: www.detroit1701.org)*



Farwell Building  
1915, vacant  
1249 Griswold

This Chicago School-style building was originally constructed as an office building. Although it underwent renovations in the 1950s and 1970s, the building is currently vacant. This is another building with a prime location on Capitol Park. It has wonderful interior detailing and a light shaft on the upper five floors to allow daylight throughout the building. *(photo: www.forgottendetroit.com)*



Guardian Building  
1928, occupied  
500 Griswold

Originally called "the Cathedral of Finance," this art deco building was commissioned by the Guardian Union Group to house its headquarters and become a center of finance in Detroit. Its orange color originally caused much comment, but it has become one of the most beloved buildings in Detroit. Although it has changed owners several times, this building has remained occupied and intact. *(photo: www.detroit1701.org)*





### Metropolitan Building

1925, vacant  
33 John R Street

Built in the 1920s, this gothic revival building on a triangular lot was home to many jewelers and watchmakers. Harrie W. Bonnah, who also designed the Cadillac Tower, designed the building. With increasing abandonment downtown, the last of these moved out in the 1970s and the building has stood vacant since 1979. In 1997 and 2003, the city removed hazardous waste left by the watchmakers, paving the way for possible redevelopment.

(photo: Camilo Jose Vergara)



### One Woodward Building

1962, occupied  
One Woodward Avenue

Designed by Minoru Yamasaki, who also designed the World Trade Center, One Woodward was constructed in 1962 for the Michigan Consolidated Gas Company. A tunnel connects this building to the Guardian Building. The building also currently contains a variety of tenants, including the Detroit Chamber of Commerce. (photo: [www.agilitynut.com](http://www.agilitynut.com))



### Penobscot Building

1928, occupied  
645 Griswold Avenue

The Penobscot was the tallest building in Detroit until the renaissance Center in 1977. When finished, it was the eighth tallest building in the world. The design of the building also inspired the Empire State Building in New York City. Wirt C. Rowland, also architect of the Guardian Building, designed the Penobscot. (photo: [Walter P. Reuther Library, Wayne State University](http://Walter P. Reuther Library, Wayne State University))



### Detroit Commerce Building (formerly People's Outfitting Company Building)

vacant  
130 Michigan Avenue

One of Detroit's original department stores, this now-vacant building was rehabbed as office space in the 1960s. Although vacant since the 1990s, its open format and location on capitol park show promise for reuse. (photo: [www.forgottendetroit.com](http://www.forgottendetroit.com))



### United Artist Theater

1923, vacant  
150 Bagley

This building was a first-run theater for United Artist in its heyday, and also served as a recording studio for the Detroit Symphony Orchestra because of its remarkable acoustics. The building is adjacent to the site of the former Statler Hotel, and the Ilitch family is marketing the two as a parcel. (photo: <http://static.flickr.com>)



### Vinton Building

1917, under renovation  
600 Woodward Avenue

Built by Albert Kahn, this building was once home to Vinton Construction, the American Federal Savings and Loan, the Detroit Bar Association, and the three-floor library of the Bar Association. Currently undergoing redevelopment, it will eventually contain two floors of restaurant and commercial space, ten floors of single-floor residential units, and twelve floors of additional units. (photo: [www.detroit1701.org](http://www.detroit1701.org))



# Central Business District Historic Buildings

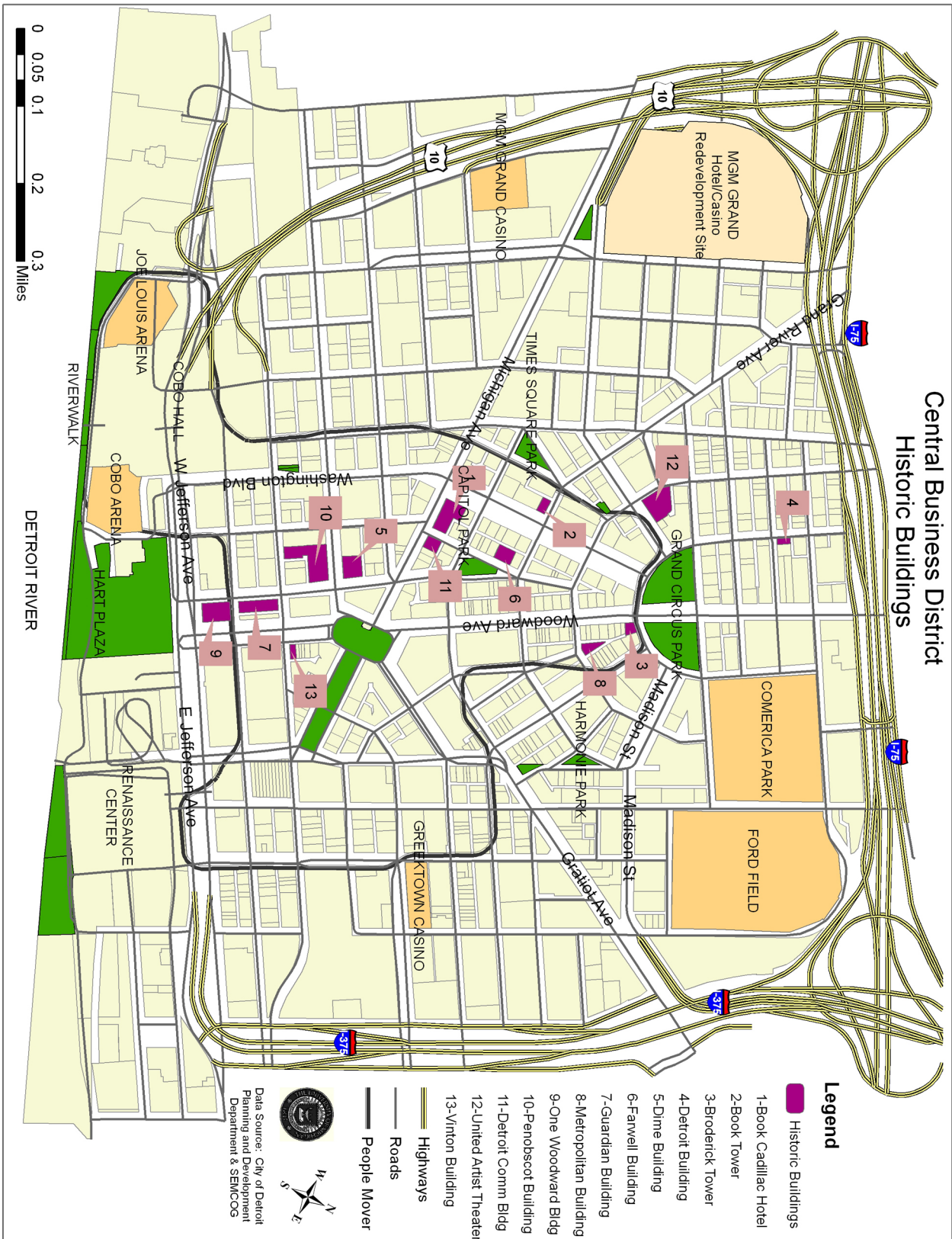


Figure 3: Key Historic Buildings in the downtown

# Existing Conditions



*Campus Martius Park skating rink (photo: Downtown Detroit Partnership)*



## Past and Present Planning Initiatives

Detroit's Master Plans have each had important effects on the downtown. Although the downtown did not gain its own section within the plan until 1993, the 1951 and 1973 plans both proposed changes for the Civic Center and street widenings that have had a lasting impact on the shape of the downtown. Describing these past plans provides an essential understanding of how both the shape of downtown and the structure of the current master plan evolved.

### 1951 Master Plan

According to the 1951 Master Plan, the city's first comprehensive plan, "The administration of public affairs is influenced to a considerable degree by the efficiency and convenience of the public buildings in which public affairs are conducted. The first purpose of the Civic Center plan is to designate a convenient central location where the administrative offices of the government – whether city, county, state, or federal – can be brought together. A second function of the Civic Center is to provide a place for larger civic affairs in which many people can be brought together. For this purpose, the plan has been designed with meeting halls of various sizes grouped around a central plaza dedicated to public use as a fitting memorial to the veterans of the two World Wars."<sup>1</sup>

In the plan, the entire Civic Center area contained 54 acres and was bounded by Cass on the West, Congress to the North, and Randolph to the East. Jefferson was preserved at street level, although the plan mentions that it may change as use patterns emerge. The plan also recommends that Wayne (now Washington) be widened from 50 to 80 feet, and that Randolph be converted to a boulevard between the tunnel and Larned.

This same plan also elaborates improvements for the Cultural Center area and the Riverfront from East Grand to the city limits. These are seen as central to improvement of the city and downtown.

The remainder of the plan has a strong focus on encouraging and strengthening industrial uses throughout the city. The authors place an emphasis on the need to separate industrial and residential uses to benefit both groups, and to preserve and create tracts of appropriate vacant land for industrial uses within the city. This separation of uses is echoed in the individual plans for commercial and residential areas.

The trafficways section mentions extensions of the Lodge to its current configuration, as well as the Edsel Ford Freeway.

All of the street widenings and freeway extensions were eventually completed, with the exception of raising Jefferson above grade. This plan saw the downtown as a center of government and public gathering spaces, and also as a center of commerce. The construction of the Civic Center was part of an initiative to turn around the beginnings of residents' flight to the suburbs.

### 1973 Master Plan

The 1973 plan was the city's second comprehensive master plan. Overall, it sought to stem the tide of residents leaving the city and find methods to address the growing issues of vacancy, abandonment, and outdated structures. Like the 1951 plan, no specific section of the 1973 plan focuses on downtown Detroit. Instead, the fourth goal of this plan is "Development of a Civic Center, a Cultural Center, Medical



*Orchestra Hall, 1970s  
(photo: Library of Congress)*



Center, and Detroit's Natural Heritage in the Riverfront."<sup>2</sup>

The general land use aims of this plan are similar – separating uses and preserving industrial uses. This plan holds the first mention of preserving and/or utilizing vacant space for viable uses. There is also mention of adding greenspaces.

Neighborhood Conservation and adapting old building patterns are addressed in a section titled "Urban Change." This follows an overall pattern of adapting or removing older building stock to pave the way for new uses. Redevelopment in the Central Business District was placed in the first rank of priority, and references plans already in place.

In this plan, the downtown is included in the "Detroit Central Area," bounded by the Ford Freeway, the Penn-Central Railroad, and Hamtramck on the North, Mt. Elliot to the East, the Detroit River on the South, and the Fisher-Jeffries Freeway to the West. This area also includes the Civic Center, Cultural Center, Eastern Market, New Center, Detroit Model Neighborhood, Detroit Research Park, and the Medical Center. Again, specific mention of downtown is found only in reference to the Civic Center.

The Civic Center now contained 200 acres, compared to 54 acres in 1951, and was bounded by Brush, Congress, and Twelfth Street. The plan provides five goals for the Civic Center area. These include encouraging efficient provision of government services in a centralized location and providing a central venue for civic affairs with diverse attendance. The third goal proposes to encourage commercial, residential, and recreational development to capitalize on the riverfront location of the Civic Center. The final two goals are to provide pedestrian access to the riverfront and to create a symbolic center representing the political and social democracy of the city.

The plan again places emphasis on Jefferson Avenue as the grade level extension of the freeway system. The plan recommends "park treatment" to Cobo Center. Another recommendation that also appears in the 1951 plan is closing streets in Hart Plaza. Overall, the emphasis of this plan, despite the stated aims, appears to be on traffic flow and street widening. Once again, the

plan stated that its goals were to provide a central and efficient place for government affairs and civic gatherings, encourage recreational and residential development, provide public access to the riverfront, and construct a place that symbolized the democratic spirit of the city.

### **Current Master Plan**

The current Master Plan, approved in 1993, is a major departure from earlier plans, both in its treatment of downtown as a distinct entity and in its recommendations for the area. This is the first plan to specifically address the Central Business District in its own section of the plan. The boundaries are considered to be the Fisher Freeway, The Chrysler Freeway, The Lodge, and the Detroit River. This plan characterizes downtown as the gateway to Detroit and recognizes its importance as a financial, governmental, and cultural center for the city.<sup>3</sup>

The stated goal provides a good summary of the proposed changes and initiatives:

"The goal is to enhance the role and functions of Detroit's Central Business District in all areas so that it continues to be competitive with and closely linked to other urban centers throughout the world. This goal will be accomplished by obtaining significant increases and improvements in administrative functions such as media, communications and corporate headquarters; the residential base; conventions and tourism; retailing; national and international business and banking; circulation within and to and from the CBD; and the environmental and esthetic appeal of the downtown area as a major urban place with a high level of excitement, interest, and vitality."

The plan lays out 12 policies for achieving the goal and divides downtown into 11 distinct planning areas. One major policy is 301-2, which lays out steps for increasing tourism. This lays out a number of steps, including visual improvements, strengthening entertainment districts, business assistance, and regional marketing. Policy 301-3 promotes a variety of strategies to improve the urban design features of downtown and provide more public amenities and open spaces. Policy 301-6 details a variety of initiatives to support retail, from design details to parking validation to street vendors. Policy 301-7 aims to increase the

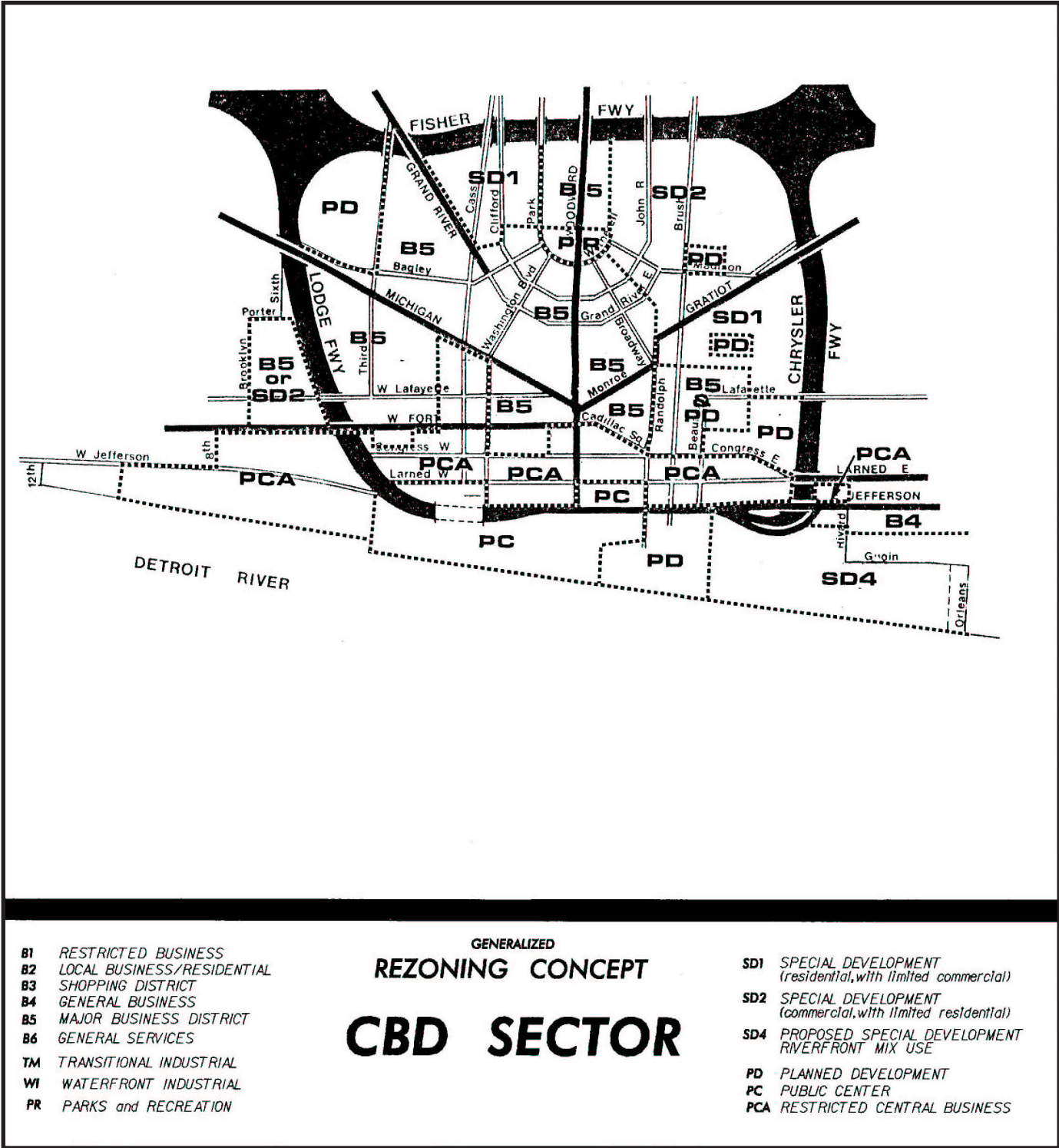


Figure 4: City of Detroit 1994 Master Plan Rezoning Map

residential base downtown. Policies 8 and 9 address the need for a light rail system and for a coordinated parking system downtown. Policies 11 and 12 create new zoning ideas and districts for downtown that encourage a mix of uses and structured parking. Other policies address communication technology, public safety, office development, and encourage the economic base.

Overall, this plan is a major step forward for downtown. It recognizes the problems and acknowledges that a variety of solutions are both plausible and necessary for downtown. The steps laid out are clear and specific, and provide strong direction for political leaders, citizens, and business owners. The policies recognize the changing needs of businesses and residents, and work to address them through changing parking regulations, designation of new residential areas, emphasis on a mix of uses, and encouraging new public gathering spaces.

#### **Proposed Master Plan of Policies, 2004**

Like the current plan, the 2004 Plan also gives the CBD its own section, and includes it as part of planning cluster 4. The boundaries of the CBD are the major freeways and the Detroit River – I-75, I-375, and M-10. The plan consists of 15 goals and related policies under 9 issue areas.<sup>4</sup>

The issues are as follows: The neighborhoods and housing issue area has two goals, to increase residential density and convert obsolete buildings to residential. The next issue area, retail and local services, is supported by goals to support retail nodes, develop Woodward as a major shopping district, and encourage façade and exterior improvements. The office issue area is furthered by goals to improve Detroit's position as a center for corporate headquarters and maintain Detroit's status as a governmental center. The Parks, Recreation, and Open Space issue area contains one goal – to increase open space and recreational opportunities. Two goals, to improve pedestrian and vehicular safety and provide transportation options, support the transportation and mobility issue area.

The Historic Preservation issue area is the first major emphasis on historic preservation in a master plan. The single goal contains

steps to encourage adaptive reuse and preservation of historic buildings and sites. The Arts and Culture issue area is supported by the goal to maintain status as a regional focus for cultural and civic events. Public Protection, also a focus of the current master plan, contains only one goal: raise awareness of emergency preparations. The final issue area, City Design, holds two goals: maintain river and corridor views and identify and distinguish activity nodes.

This plan has a number of positive characteristics. First, it is more accessible because of its brevity and clearly stated goals/issue areas. Although it is less specific than the current master plan, this allows for more flexibility and innovation on the part of planners, citizens, and developers. This will also result in far fewer applications for variances and exceptions, streamlining the permitting process. Making historic preservation a focus is another standout from previous plans. This plan, however, also contains some troubling departures from the current plan. The transportation issue area no longer calls for rail transit and does not address parking in downtown at all. In another example, the Public Safety issue area, while commendable in seeking to improve emergency preparedness, fails to mention maintaining or improving safety downtown or any methods or goals for doing so. It also refers to nodes in a number of places, but does not define these nodes or set down guidelines for their application to the planning process. Overall, this plan has strong possibilities and commendable intentions, especially in seeking to simplify the development process. However, it may need more specificity to create change for downtown.



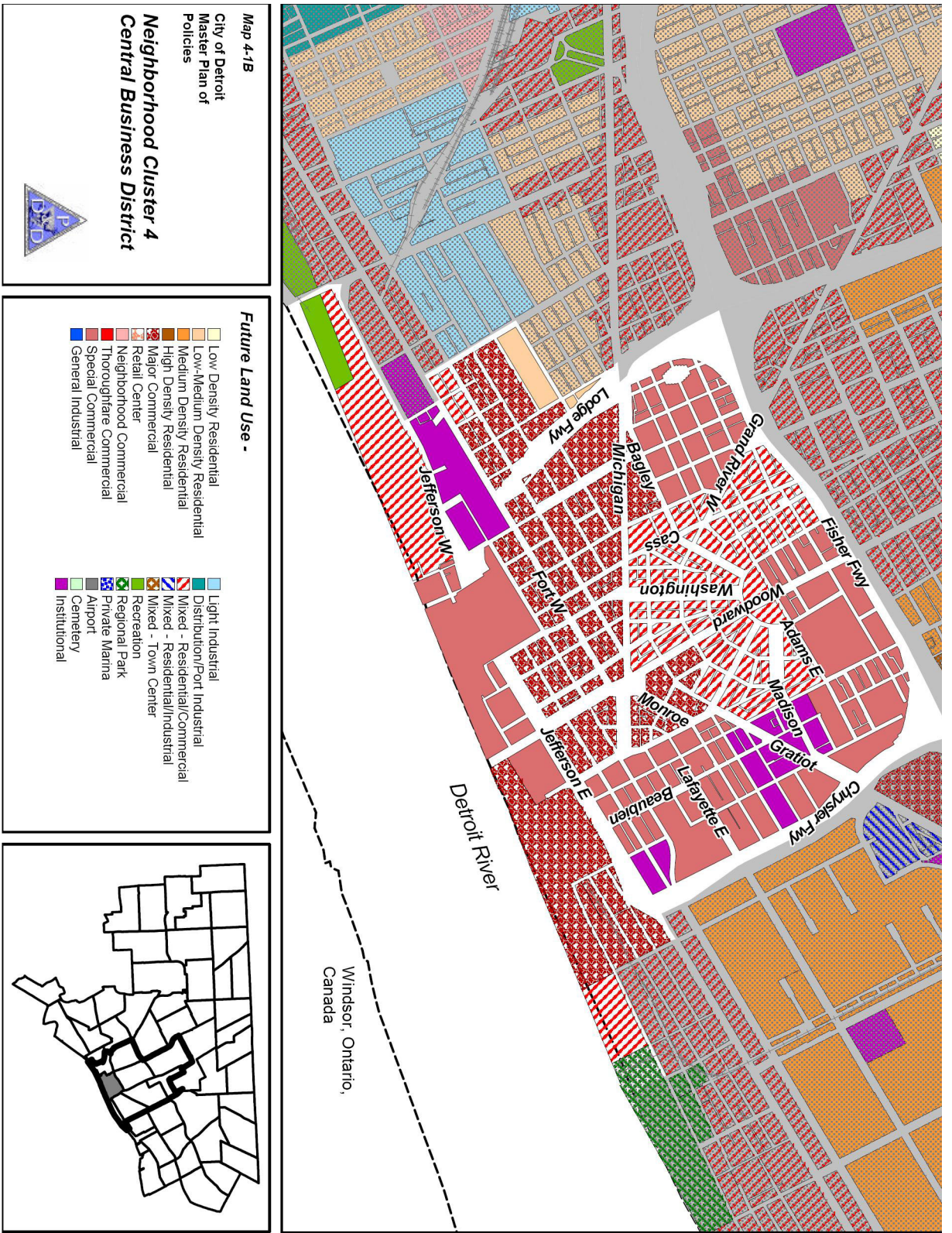


Figure 5: Proposed Downtown Detroit Master Plan of Policies Zoning

## Figure/Ground Detroit: Visualizing the Urban Fabric of Detroit Over Time



1916



1950



1960



1994



2005

The figure/ground technique is a useful method for illustrating the plan view of the city's building forms. Looking at the figure/ground, we see voids that create the outdoor spaces of the city. In the figure/ground view of Detroit in 1916, buildings fill all the spaces not occupied by the street pattern. Over time, the number and size of the voids increased as the downtown declined. Using the newly released 2005 aerial photographs, we created a new figure/ground view that illustrates that new construction has yet to restore the spatial pattern.<sup>5</sup>



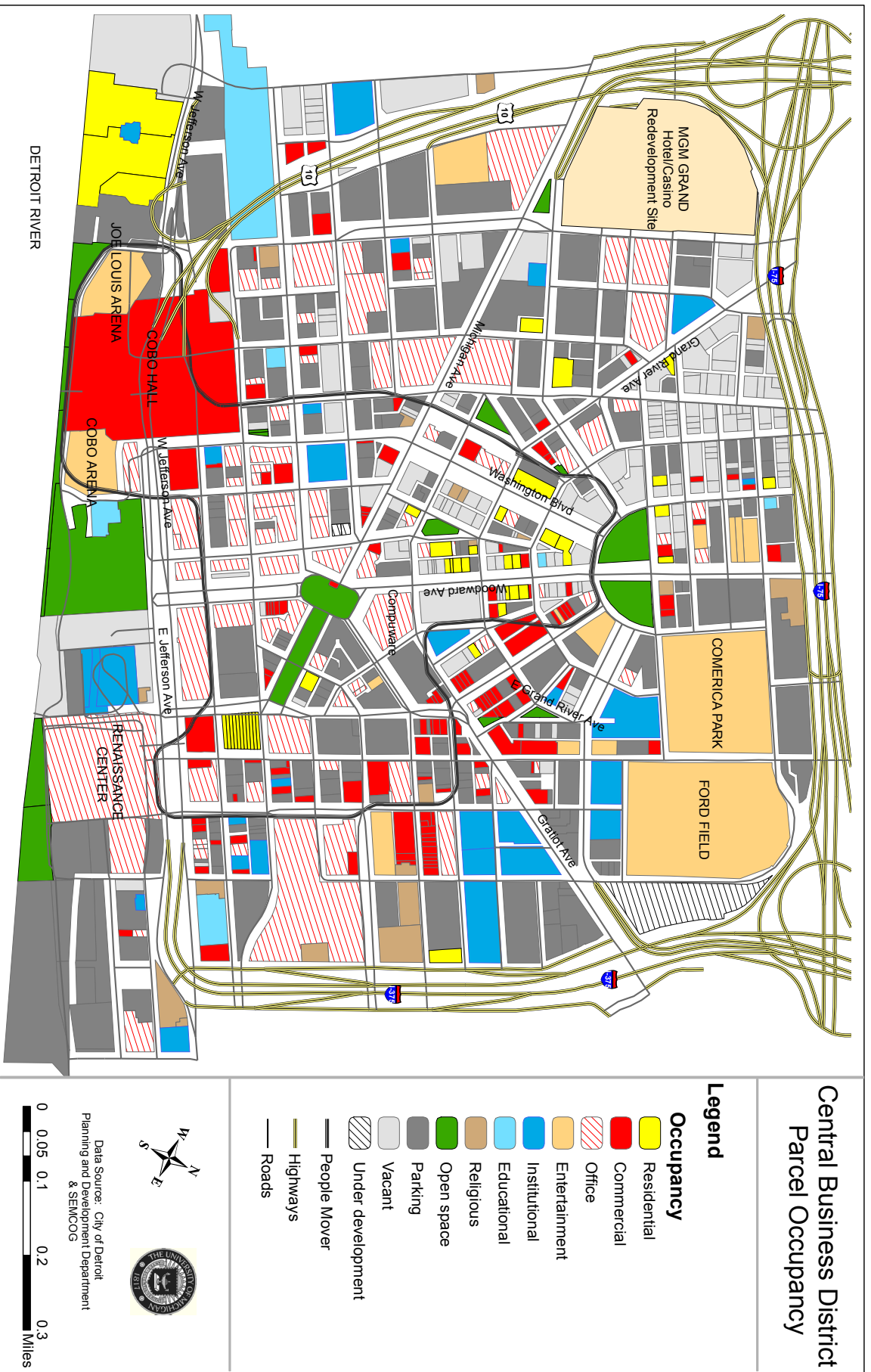


Figure 6: This General Occupancy map shows the current uses of the parcels in downtown Detroit as November 2006.



## Transportation Assessment

With the most convenient and cost-effective way to travel in the city of Detroit being the automobile, the Motor City continues to live up to its name. Many people cite the large automotive conglomerates as the major contributor to Detroit's devotion to the automobile; however, there are other issues within the city that make instituting alternative methods of transportation difficult. The current transportation system in Detroit lacks cohesiveness and does not serve the needs of the downtown users. Although bus transportation does exist recent funding cuts have significantly reduced the number of bus routes and the frequency of service.

### Lack of Walkability

With pedestrian activity used as a measure of a downtown's liveliness, walkability is a high priority for every downtown center. Unfortunately, due to the lack of adequate street lighting, deficiency of inviting and well kept sidewalks, overabundance of parking and oversized roads and highways, the City of Detroit layout encourages driving automotive traffic. Recent efforts to encourage pedestrian activity within the downtown core include the clean up program, the streetscape improvements on Washington, Woodward and Broadway and the international riverfront development.

### Pedestrian & Motorist Confusion

Downtown Detroit, similar to many other cities, is not very easy to get around. Due to its historical layout, Detroit is very similar to European cities with one-way and two-way streets running in all directions. This grid

system becomes confusing for motorists as well as the pedestrians. According to the Michigan State Police Report, between the years 1991 and 2000 a total of 1,920 pedestrians were killed by motor vehicles in Michigan. This is demonstrated at the intersection of Larned and Congress where many vehicles cut in front of pedestrians who have the right-of-way on a green light. Improperly aligned crosswalk signals also cause confusion, particularly at cross streets such as Woodward Avenue and Fort Street<sup>6</sup>.

### Lack of Lighting & Safety Concerns

Safety is a big issue when discussing transportation plans in the City of Detroit. Police officers and crossing guards rarely exist unless there is a large sporting event or conference. The City's high crime rate also contributes to the lack of walkability in downtown. As Eric Larson, President of Larson Realty Group explains, "...the ability to create that safe zone, that place that people feel comfortable out on the street, there are other bodies on the street where there is population and that's really what creates the perception of safety, because it is a perception."

### Parking Abundance

There are parking lots on almost every block in downtown. Parking is not expensive, which makes driving a personal vehicle a matter of convenience. According to the 2005 City of Detroit Downtown Transportation plan study, there are approximately 5,000 on-street metered parking spaces citywide. The Municipal Parking Department operates 11 public parking structures and five surface lots within downtown. An accurate count

of private parking lots and structures was not available. Interestingly, many people said parking is a problem. Some suggested that evening parking be free and ticketing of street parking be reduced. Nevertheless, this perceived problem is not substantiated by the numbers when mapped. (See figure 7).

*The People Mover in downtown Detroit  
(photo: Downtown Detroit Partnership)*



# Central Business District Parking

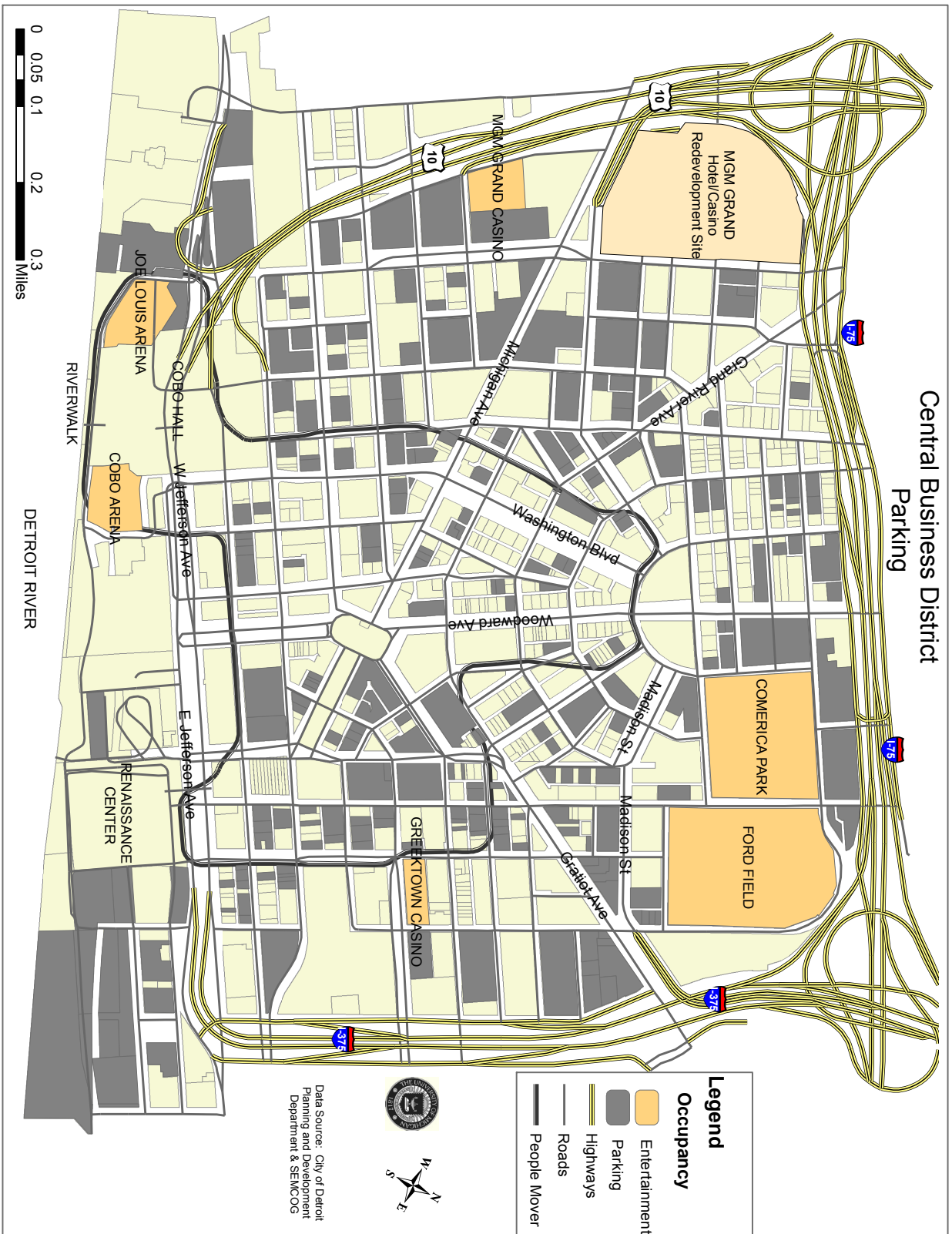


Figure 7: Existing parking in downtown Detroit as of 2005

### People Mover

The People Mover opened in 1987 and transports an average of 8,000 passengers each day on its 2.9 mile radius around downtown. There are 13 stops on the Detroit People Mover. Each stop represents the character of the places close to the rail stop. The restaurants and stores that exist in close proximity to the People Mover stops are at a great advantage and create the feeling of the station. The stops and districts are described below:

**Times Square:** The Times Square People Mover Station acts as home base to the rail system. The stop includes the Motor City Casino and offers a variety of restaurants and retail stores including Nick's Gaslight, Brookies Tavern, Chef Zachary's Café, Luci & Ethel's, Colonial Merchandise Mart, Diamond Collateral, Red Rose Florist and Massamba's Creations.

**Michigan Avenue:** The Michigan Avenue Station centers around MGM Grand Casino and MacNamara Federal Building with famous restaurants such as Lafayette Coney Island, American Coney Island, Quiznos Subs and Tubby's subs. Holiday Inn Express is steps away from the station. The proposed Rosa Parks Transit Center will also be located minutes from the station.

**Fort/Cass:** The Fort/Cass Station houses the Detroit Free Press, the Detroit News and WDIV Channel 4. Restaurants, stores and attractions include Café 333, Anchor Bar, Cadillac Luggage, Detroit Camera, Pretty Bouquet and the Fort St. Presbyterian Church founded in 1894.

**Cobo Center:** The Cobo Center Station is only moments away from Cobo Arena, Cobo Conference Center, Michigan Sports Hall of Fame, Detroit River Walk and Hart Plaza. Restaurants include Baskin Robbins Ice Cream, Pizza Queen, Cobo Jones and Club Envy.

**Joe Louis Arena:** The Joe Louis Arena stop is home to the Detroit Red Wings Joe Louis Arena with restaurants such as the Olympia Club and the Signature Bar & Grille.

**Financial District:** Many of the city's financial institutions and municipal centers are found at this station such as the Detroit Regional Chamber, the Guardian Building,

Third Judicial Circuit Court and Wayne County Probate Court. Restaurants and bars include the Boardroom Sports Bar, Caucus Club, The Board Room, Epicurean Café, Congress Club and Restaurant and Envy with famous stores such as H&H Apparel, Studio 23 and Becca Belle Gifts.

**Millender Center:** The Millender Center Station is inside the Millender Center Building which only took 20 minutes to build in 1985 due to pre-casted components assembled in Ohio. Accommodations include the Courtyard Marriott, Anton's Deli, Sweetwater Tavern, Sweet Lorraine's Café and Starbuck's Coffee.

**Renaissance Center:** The Renaissance Center Station services the General Motors Corporate Headquarter and Riverfront shops. The station is also minutes from the Old Mariner's Church which is the oldest Gothic stone church in Michigan. The stop includes restaurants and stores such as Great Steak & Potato, Andiamo Riverfront, OT POP! Popcorn, Maui Wowi, Wintergarden Gourmet Deli, Brooks Brothers and Pangborn Design Collection.

**Bricktown:** The Bricktown Station is steps away from the Metro Times office, Blue Cross and Blue Shield Corporate Office and the Wayne County Building. Restaurants and shopping include the Detroit Bar, Niki's Pizza, Opus One, Tom's Oyster Bare, Loco Bar & Grille, St. Andrew's Hall, Beaubien Street Salon, Heart's Desire Clothing and Muccioli Studio Gallery

**Greektown:** The Greektown Station is located inside level 3 of the Greektown Casino, features many famous restaurants and stores such as Fishbone' Rhythm Kitchen, The Alley Grill Cyprus Tavern, Athens Gift Shop and Sports Mania.

**Cadillac Center:** The Cadillac Center is home to Compuware's Corporate Headquarter, Campus Martius Park, Henry the Hatter that fitted famous heads before the 1900s and restaurants and shops including Hard Rock Café, Detroit Pizza Factory, Au Bon Pain, Orchard Thai, DeLaura's Hallmark and Borders Books and Music

**Broadway:** The Broadway Station includes the newly built state-of-the-art YMCA with restaurants such as Century Grille,



# Central Business District People Mover Stops

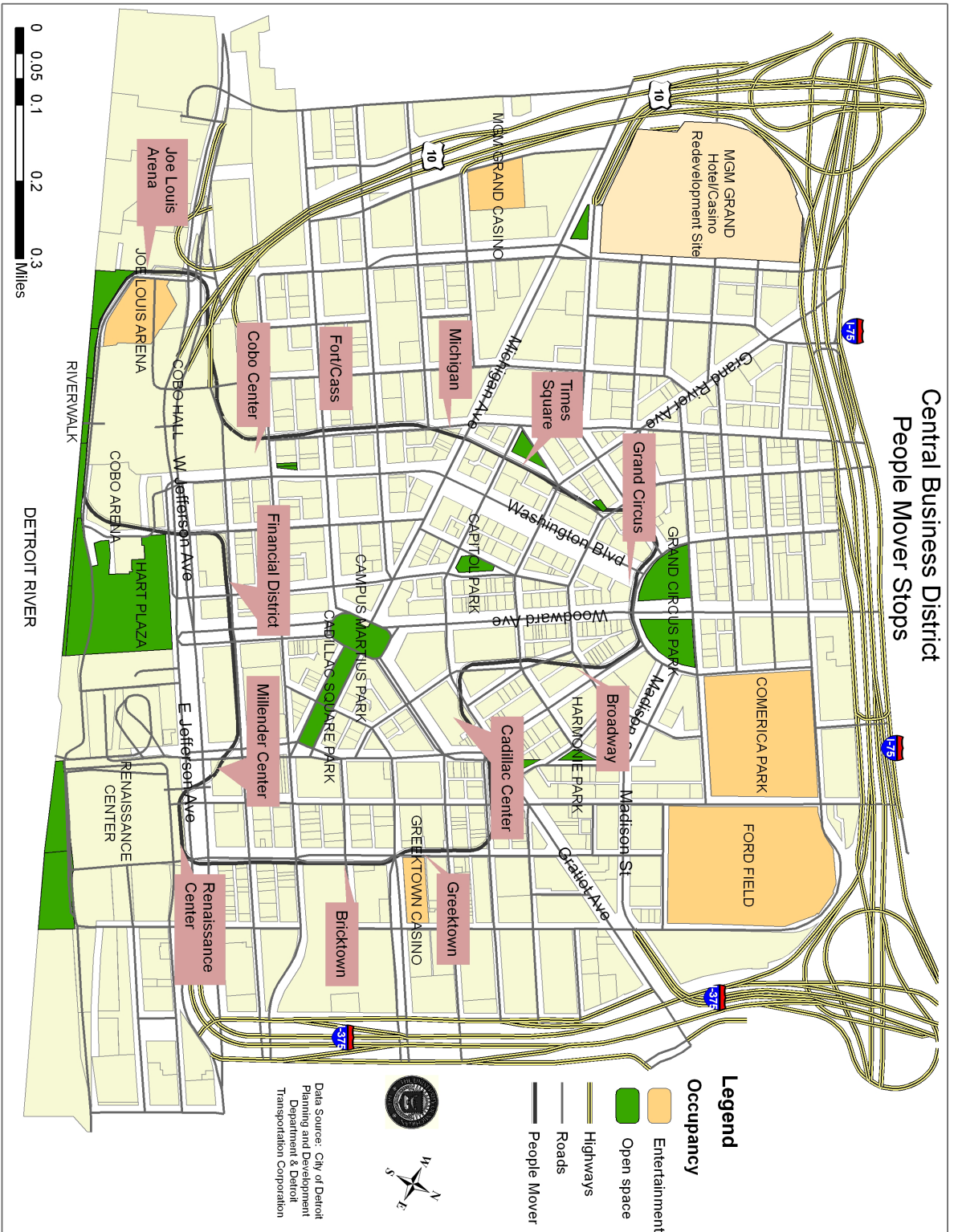


Figure 8: Current People Mover stops in downtown Detroit

Courthouse Brasserie, Olso Sushi Bar, Small Plates, Detroit Brewery and The Rhino & Harmonie Park.

Grand Circus: The Grand Circus Station services the Detroit Tiger's Comerica Park, Detroit Lion's Ford Field, the Fox Theatre and the State Theatre with restaurants including Cheli's Chille Bar, Leo's Coney and Hockeytown Café.

The city has put in a lot of money and effort into maintaining the People Mover. All the stations are steps away from fantastic shopping, restaurants and Detroit's historical as well as newly developed attractions. The question now becomes, can we extend the coverage of the People Mover area to beyond its three mile radius? There have been discussions of a rail transportation system from Detroit to Metro Airport to Ann Arbor. The current road system leading outward makes leaving the downtown very easy. The expressways encircling the downtown area create to connecting mass transit. The city could demolish this barrier by implement a mass transit rail system not solely located in the City of Detroit.

## Recommendations

The City of Detroit Department of Public Works, Traffic Engineering Division in 2002 performed a 9-month study to create a Downtown Transportation Master Plan for the next 20 years. This study summarized a great deal of information and provided a number of recommendations. The vision of the plan was to provide a framework for a cohesive transportation system serving the goals of the city and the needs of its users.<sup>7</sup> The goals and strategies of the study include the following:

- 1) Enhance circulation by redesigning street functions, creating standard signage and implementing a committee to provide a "sense of arrival" theme for major downtown destinations
- 2) Increase transit ridership and connectivity in downtown by providing reliable and efficient service by renaming People Mover stations, increasing street level visibility and enhancing signage and ease for pedestrian usage
- 3) Encourage non-motorized transportation by improving street signal and pavement markings, implementing a "pedestrian friendly" corridor and more bicycle lanes and storage
- 4) Ensure adequate and convenient parking to meet the needs of existing and future developments by enhancing shared parking, managing curbside space and traffic flow and establishing and enforcing no parking zones
- 5) Improve international and local traffic flow in key corridors by encouraging the use of other streets besides Jefferson, providing improved information to travelers at kiosks and evaluating other international border crossing opportunities.
- 6) Increase the role of technology in providing an efficient transportation system by creating a transportation management center for a central information control center, using technology to redesign streetscape and improve safety and utilizing electronic signage as a different method to attract attention
- 7) Promote economic development through transportation investments by improving streetscape, enhancing transportation options via investment, offering alternative parking means and reviewing opportunities for unused streets

With the confusing roadwork in the city and higher than average crime rate, having police officers patrolling the sidewalks every day is a critical step in promoting walkability and other modes of transportation besides the car in downtown. Bridges and sidewalks can be constructed to improve the pedestrian experience. Chicago also has a multi-lane Michigan Avenue, however, pedestrians feel safe to walk across. Perhaps the City of Detroit could use some of the Chicago methods to encourage other means of transportation. The low parking cost in downtown is discouraging other means of transportation. Cities like London almost tripled the amount of money required to park downtown, which greatly increases walking and the utilization of the subway system.

As mentioned at the beginning, the current transportation plan for the city is not sustainable. The city must continue to develop a plan which is not only sensitive to the current districts infrastructure, but also provides multiple options to maneuver around the city and outside the boundaries of the downtown and encourage utilization of mass transit options. The necessity of reliable mass transit was mentioned numerous times during the visioning interviews with key city stakeholders. Ray Parker, President of RFP Associates downtown Detroit real estate company, states it clearly, "We need more destinations...and mass transit". Detroit needs a transit system that is dependable, safe, far-reaching and also unfortunately expensive.

The construction of a rail transportation system from Detroit to Ann Arbor would increase the volume of visitors in Detroit, creating a greater need for transit services in downtown. The Ann Arbor-Downtown Detroit AA/DEIS Transit Study completed by Southeast Michigan Council of Governments (SEMCOG) in November 2006 evaluated several alternative routes. A variety of conditions were analyzed at each route, which included population, land use, connections to bus routes, environmental impacts, capital costs, operating costs, travel time and ridership. The study concluded that low density residential land use, high

capital costs and uncertainties in the transit market make the alternative routes uncompetitive for federal funding. Instead, SEMCOG recommends enhancing premium bus service, initiating a starter service and infrastructure improvements. While this study does not recommend a rapid transportation line from Detroit to Ann Arbor, modifying different guidelines for the alternative routes could provide different results. There are still a series of public meetings scheduled to discuss the results of the findings. Developing a mass transit route would benefit the City of Detroit.

## Open Space

Public open space in downtown Detroit is primarily located along boulevards and in a number of small to mid-sized parks; each park has its own tie to the city's storied history.

### Campus Martius Park

Location: 800 Woodward Avenue at Michigan Avenue  
Re-opened in November 2004, Campus Martius Park is at the center of downtown Detroit's redevelopment efforts and was championed by the Detroit 300 Conservancy, various civic partners and former Detroit Mayor Dennis W. Archer.

In 1788, Campus Martius served as a drill ground for militia training. The space was originally named after a 180-foot stockade in Marietta, Ohio. Located at the heart of downtown Detroit on Woodward Avenue, Campus Martius is situated at the point of origin land surveyors used to lay out the city's streets after the fire of 1805<sup>8</sup>.

Today, the park features moveable seating, gardens, a café, the Woodward Fountain, the 1871 Soldiers & Sailors monument to Civil War veterans, and lawn areas that



*Campus Martius Park events on the lawn & Cafe  
(photos: Patrick J. Duggan)*





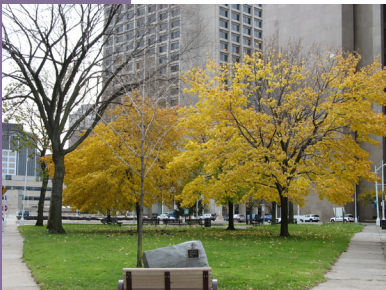
*A view from the Detroit River  
(photo: www.boatnerd.com)*



*Grand Circus Park*



*Dodge Fountain at Hart Plaza with  
looking towards the Detroit River &  
Canada*



*Time Square Park*



*Harmonie Park  
(photo: City of Detroit)*

convert to an ice skating rink in the winter months. It is surrounded by active retail and restaurant development as well as the one million square foot headquarters for Compuware Corporation and its 4,000-plus employees. This vibrant park is bustling with concerts and public events year-round and is the most important public space in the downtown core.

### **Detroit Riverfront**

This 3,000-foot-long promenade between Hart Plaza and Joe Louis Arena is downtown Detroit's main connection to the Detroit River. This central area has been part of a \$500 million redevelopment plan for three miles of riverfront from Ambassador Bridge on the west to Tri-centennial State Park & Harbor on the east.

### **Grand Circus Park**

Location: 1601 Woodward Avenue

Considered a gateway between Detroit's business and theatre districts, Grand Circus Park is a green half-moon that is bisected by Woodward Avenue at Adams Avenue. Its proximity to Comerica Park and the Detroit Opera House lends itself to frequent use by many visitors. Founded in 1850, the park is in excellent condition and features several sculptures, namely the Millenium Bell sculpture (designed by Chris Turner and Matthew Blake) and a beautiful memorial fountain and statue of cast bronze and Milford granite (created by Daniel French and architect Henry Bacon, best known for creating the Lincoln Memorial in Washington D.C.). The park sits atop an underground parking garage and is highlighted by central plazas, planted walkways, many trees and open lawn areas.

### **Philip A. Hart Plaza**

This is the urban plaza on the Detroit River at the terminus of Woodward Avenue. Although it is primarily hard surface, it does provide pedestrian access to the river. A 59-foot stainless steel circular sculpture entitled "Transcending" by David Barr and Sergio DeGuisti stands along the northern-most edge of the park. The park also features the interactive stainless steel Dodge Fountain created by Isamu Noguchi; visitors can walk into and under the fountain as water periodically pours down from the circular top. Various seasonal festivals and events are held in this public space such as Movement Detroit's Electronic Music Festival, Freedom Festival Fireworks and the Detroit International Jazz Festival.

### **Times Square Park**

Located at 1 Times Square on the west side of downtown at the corner of Times Square and Cass Avenue, this triangle-shaped park features a Ginkgo tree, one of the world's most ancient tree species, dedicated by Yoko Ono in April 2000 as a symbol of faith in Detroit<sup>9</sup>. Sizeable swathes of lawn are shaded by several black maples while stately elm trees edge the park. Benches are arranged in a central plaza area and allow for visitors to rest and enjoy this spot of green amid the city.

### **Harmonie Park**

Situated adjacent to the theatre district on the east side of downtown Detroit at 1400 Randolph Street, Harmonie Park is tucked away in the most neighborhood-like area in the central business district. The Harmonie Park neighborhood was once home to one of the first settlements of German immigrants in Detroit<sup>10</sup>. This small park is shaded by trees and features a seating wall and waterfall in its recessed center.

## Greening the City

There are many reasons to increase the amount of green space in Detroit. Studies have shown a negative relationship between vegetation and crime in inner-cities. Urban neighborhoods with more vegetation and green space report fewer crimes<sup>11</sup>. Security is often used as an excuse to refrain from greening cities. However, there are many ways to increase vegetation in urban environments without compromising security. Simply using high canopy trees and low vegetation such as grasses and flowers that do not impede views could be enough to deter crime and still provide a sense of safety to pedestrians.

Vegetation also has an impact on consumer behavior. Wolf (1998) conducted a national survey to determine customer perceptions of trees in retail streetscapes using photos to display a range of vegetation (see photos below). Consumers reported a willingness to pay more for goods in a landscaped business district than an unlandscaped district (an average of 11% more and as high as 50% more for convenience goods).<sup>12</sup>

There are also environmental benefits for the city and its inhabitants gained from increasing green infrastructure in downtown Detroit. Trees provide shade in the summer, remove pollutants from the air, slow stormwater flow via evapo-transpiration and infiltration, and reduce heat loss from buildings in the winter by providing shelter and blocking wind. Many cities build infrastructure to manage what trees do for free. The benefits of vegetation and trees can be measured and are considered a city asset.<sup>13</sup> According to a study of Detroit's land planning by American Forests, a nonprofit citizens' conservation organization, Detroit's tree canopy of 31% provides 191 million cubic feet of stormwater management, valued at \$382 million; 2 million pounds of air pollution removal, valued at \$5.1 million annually and stores 1.2 million tons of carbon<sup>13</sup>. This study looked at tree canopy for all of southeast Michigan and the city of Detroit as a whole. The section of the study which included the downtown area had the smallest amount of tree cover (17% or 1,692 of 9,766 acres) thus offering the least economic benefit<sup>13</sup>. Increasing the amount of tree cover in Detroit will provide more long-term financial savings for the city, reduce crime, and increase financial benefits to business district and environmental health.

Currently, many downtown Detroit streets are without vegetation. The improvement that trees and streetscape design can make is apparent on Washington Boulevard where care has been taken with tree selection, sidewalk plantings and materials. Low ornamental black iron fences mark the edges of crosswalks and street tree planting beds of grasses and native plants. Statues, sculptures ("Standing Together" by Marcia Wood, 1980), and new lighting accent the median and its plantings. Similarly, Jefferson Avenue stands out with its small trees, low shrubs and perennials along the median. Jefferson is punctuated by the Joe Louis Fist, a major icon of Detroit, at the intersection with Woodward Avenue. However, the speed of traffic along Jefferson Avenue hinders pedestrian flow from downtown to Hart Plaza. Madison Avenue is also a median-divided street located between Detroit Opera House and Detroit Athletic Club and Comerica Park. The street is edged with sidewalks and streetscaped with trees, annuals and perennials. Finally, Woodward Avenue is the central roadway through Detroit, Campus Martius, with its terminus at Hart Plaza and the Detroit River. It is designated as a Michigan Heritage Route and National Scenic Byway and also features plantings of perennials through its median.



*District 1 - no trees or accessory vegetation*



*District 2 - with trees, no accessory vegetation*



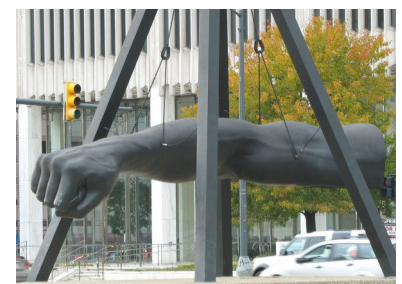
*District 3 - with trees and accessory vegetation  
(photos: Wolf [1998])*



*Washington Boulevard street plantings*



*"Standing Together" sculpture on Washington Boulevard*



*Joe Louis Fist at intersection of Woodward Avenue and Jefferson Avenue*



## Contaminated Sites Overview

Despite the current concentration of office, retail, and new residential uses downtown, past users have left a legacy of contaminated sites. Given Detroit's historically strong ties with industry, and industry's strong presence within the downtown, the number of contaminated locations is not surprising. Like many major cities on waterways in the United States, development in downtown Detroit thrived during the industrial revolution, leading to the construction of hundreds of factories, foundries, and associated support industries near the waterfront. Industrial users were not the only contributors to the contamination in downtown Detroit. Seemingly benign uses, such as jewelers, who performed watch repairs and left behind mercury and other toxic heavy metals, also contaminated many properties. Beyond subsurface contamination, historical buildings in Detroit may face the prospect of demolition because renovation activities must address toxic materials within the buildings themselves. The presence of asbestos-containing materials and lead based paint can significantly raise renovation costs.



*Dilapidated Detroit Train Station  
(photo: Patrick J. Duggan)*

However, a variety of government programs offer financial incentives that allow development on these problematic sites. As our consciousness of environmental concerns has risen over the past two decades and regulations have become more stringent, the state and federal government have compensated for these new costs by providing monetary incentives and legal protection from left over contamination. Michigan's unique Baseline Environmental Assessment regulations and the commitment of the City of Detroit and State of Michigan toward promotion of Brownfield Redevelopment through monetary incentives combine to create an environment in which developers need not fear that contamination will halt development. Additionally, the variety of funds available may factor into a viable redevelopment strategy.

### Baseline Environmental Assessments

Under Part 201 of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA), a purchaser of a contaminated property can petition the State of Michigan for liability protection through a Baseline Environmental Assessment (BEA).<sup>14</sup> The BEA process is relatively simple, and merely requires a purchaser to conduct appropriate due diligence activities prior to purchase of a property. These due diligence activities, which were codified into federal regulation in November 2005 and take effect in November 2006, are required in all 50 states. However, only Michigan provides the purchaser with the ability to use these required due diligence activities to illustrate that the purchaser did not cause the contamination and, therefore, should not be held liable for cleanup. The BEA regulations were enacted to promote development of contaminated facilities by giving developers and lending institutions a level of comfort about their future risk potential with regard to environmental contamination.

As of mid-2006, approximately 65 properties had BEAs completed in the Central Business District of Downtown Detroit (with over 200 in the larger study area and over 800 sites within the City of Detroit limits).<sup>15</sup> Review of a limited sampling of BEAs completed for properties in downtown indicates that the contamination is from historical operations. There are only a small number of businesses in the downtown area that may result in future contamination, which bodes well for the future of Detroit in the environmental realm. A small number of the BEAs for downtown



properties have been completed multiple times for different property owners as the property changes hands. The active resale of properties illustrates that contamination existing on-site does not necessarily result in lower property values or reduced interest in the property.

Since the BEA regulations allow for a property to be classified as a "facility" even if the contaminant concentrations do not exceed an applicable exposure pathway, many of the "facilities" downtown are not limited in use by the presence of contamination. For example, a property may be contaminated with heavy metals at concentrations that represent a risk if people come in contact with the soil, but because the pavement/ground cover will stay in place there is no route for exposure. The BEA regulations also limit the cost of "due care" obligations to prevent undue exposure. This limits the cost of responsive activities that would necessarily be required in other states.

The geology of downtown Detroit provides some control over contamination. The majority of downtown has a medium to stiff clay geology with limited groundwater to act as a transportation mechanism for soil and groundwater contamination. Therefore, owning a property adjacent to a "facility" downtown does not necessarily result in owning a contaminated property through migration of contamination. This also prevents contamination from spreading and causing larger problems downtown.<sup>16</sup>

## Brownfields

In 1995, the United States Environmental Protection Agency (USEPA) started a pilot program to provide federal funding for redevelopment of contaminated sites. The theory behind the program was that there were a growing number of contaminated sites throughout the United States that would not be redeveloped because the costs of remediation were too high. The Brownfield Initiative was meant to fund the costs of remediation and then make economically viable development possible for these abandoned properties. The Brownfield Program links state and federal funds, tax abatement initiatives, and tax increment funding for future development activities on contaminated properties.

The City of Detroit is committed to using Brownfield funding tools to promote redevelopment in the city. The Brownfield Redevelopment Authority in the city is housed within the Detroit Economic Growth Corporation (DEGC), a quasi-governmental entity focused on promoting economic development in Detroit. The DEGC staff that work on Brownfield plans are committed to using the process to promote development in Detroit. Additionally, the State government organizations that work on and approve Brownfield plans in Detroit have dedicated personnel that only work on Detroit projects.

Additionally, the DEGC has its own unique process for Brownfield plans that is intended to streamline the process. The DEGC has formulated a template report for Brownfield plans, which assures that the reviewers know exactly where to look for information. Additionally, all community meetings are coordinated through the DEGC to assure adequate community involvement. There are set scheduled meeting times for the BRA and City Council to approve Brownfield plans. All of these steps have leveled the playing field for Brownfield Redevelopment in the City of Detroit. However, even with these measures in place, the Brownfield process still takes an average of three to four months. In some instances,



*Demolition of former Statler Hotel in 2003 by Michigan Dept. Environmental Quality (photo: Michigan DEQ)*



*Workers sampling for potential contamination (photo: Matt Williams)*

the process can coincide with site plan approval, building permits, etc. so that timeline does not necessarily hamper the development process, but it can add concerns for the developer.

As noted above, the DEGC schedules community meetings for brownfield developments. Community involvement and approval of the proposed Brownfield development is important to the DEGC. The Detroit BRA rarely supports Brownfield funding and plans for sites that are not supported by the surrounding communities. Additionally, the BRA places emphasis on assuring that the action will result in development that meets community needs (i.e. housing, employment opportunities, community spaces, etc.). Further, the public participation process excites the community about new development in the area.

In addition, because the City of Detroit is a core community, Brownfield funding is available for properties that are not contaminated. If a property is blighted (dilapidated and abandoned, generally used for dumping) or functionally obsolete (unable to support the uses it was initially intended for), it merits consideration under the Brownfield process. A property can often fall into all three categories, but only one is needed to become an approved Brownfield site. This also allows developers to obtain funding for tasks such as demolition, asbestos abatement, lead based paint abatement, site preparation, utility installation and upgrade, and other subsurface and building preparation activities. These incentives can significantly help with filling the financial gap to make a site viable for development.

The Brownfield program is important for downtown Detroit as the trend turns toward protecting and renovating building stock rather than demolishing it. Renovation and redevelopment can eliminate the risk of unnecessary exposure to environmental contaminants that may be left in the abandoned building stock in Detroit. Additionally, new development and/or renovation enliven the surrounding area and add to the possibility for a future turn around. Redevelopment initiatives in downtown Detroit should employ funding and other resources under the Brownfield program to ensure future revitalization efforts and bridge the financial gap between economically unviable development and successful projects.



*Downtown Detroit skyline at night (photo: Douglas R. Glancy)*



# Market Research



*Greektown at night  
(photo: Patrick J. Duggan)*

## Market Research

The Market Research study analyzed existing data, current available market reports, conducted surveys where appropriate, and utilized innovative market analysis methods to determine the current statuses of four major economic sectors: entertainment, office, residential, and retail.

## Four Quadrant Market Analysis

The four quadrant market analysis consists of a location quotient analysis and shift-sharing analysis to determine clusters of potential market strength and development opportunities. The cluster analysis identifies a set of interrelated industries and firms that have competitive advantages because they are located in the same geographic area.

Clusters:

- 1) Are geographically concentrated in a particular region
- 2) Gain a competitive advantage because of their proximity to each other
- 3) Share specialized supplier and buyer (marketing) advantages because of location
- 4) Are supported by advantageous infrastructure or resources in the region

## Location Quotient Analysis

The first step in this analysis is to calculate location quotients and shift-share (covered in next section) for all industries in the study area\*. Location quotients identify the concentration of an industrial sector in a local economy relative to a larger reference economy and are a measure of employment concentration. In our project, two comparison location quotients were assessed:

- 1) The downtown "hat" area compared to the 6 County Metropolitan Statistical Area (MSA). (Detroit-Warren-Livonia, MI)\*\*<sup>1</sup>
- 2) Detroit-Livonia-Dearborn Metropolitan Division (Wayne County) and & Warren-Farmington Hills-Troy, Michigan Metropolitan Division (Lapeer, Livingston, Macomb, Oakland, Saint Clair Counties) compared to the U.S.<sup>2</sup>

\*See appendix for data and calculations for both location quotient and shift-share. The numbers listed with the categories are according to NAICS (North American Industrial Classification System) codes and can be researched on the NAICS website: <http://www.census.gov/epcd/www/naics.html>

\*\* An MSA is a census dataset that groups the counties around a central urban area into one set of numbers for statistical analysis and comparison purposes. In addition to their central city, the counties usually share regional job markets, commuting patterns, etc that define the area

We assume that the location quotient measured for the MSA relative to the US is the normal benchmark for our downtown analysis. This means that Detroit's relationship to its MSA should be similar to national urban area/MSA relationships.

Location Quotient was assessed using the following formula:

$$\text{Location Quotient} = \frac{\text{Local Employment in Industry I in Year T}}{\text{Total Local Employment in Year T}} \text{ Divided By } \frac{\text{Region Employment in Industry I in Year T}}{\text{Total Region Employment in Year T}}$$

High location quotients (LQs), having a ratio of the local to the reference economy greater than one, mean that the industry has a higher concentration in the tested locale than the reference economy. Assuming this higher employment correlates with higher output, the local economy produces more than it can use and therefore potentially exports to other areas not producing as much. This can equate to an efficiency or strength in local industry, or indicate the current dominant industries. In contrast, low LQs less than one indicate industries in which the local economy may need to purchase from other areas.

Downtown Detroit showed high location quotients for the following industries relative to the larger MSA:

Printing, Publishing and Allied Industries Manufacturing  
 Transportation Equipment Manufacturing  
 Miscellaneous Retail  
 Local, Suburban and Interurban Transportation  
 Communication  
 Electric, Gas and Sanitary Services  
 Depository Institutions  
 Security and Commodity Brokers and Service  
 Insurance Agents, Brokers and Service  
 Holding and Other Investment Offices  
 Hotels and Other Lodging Places  
 Business Services  
 Amusement and Recreational Service (Except Movies)  
 Legal Services  
 Engineering, Accounting, Research and Management  
 Related Services  
 Miscellaneous Services\*  
 Executive, Legal and General Government (Except Finance)  
 Justice, Public Order and Safety  
 Public Finance, Taxation and Monetary Policy  
 Administration of Human Resource Programs  
 Administration of Environmental Quality and Housing Programs  
 Administration of Economic Programs  
 Agricultural Production – Livestock

\*Miscellaneous services include authors, artists, and related technical services, record production, scientific and related consulting services, music publishing, actuarial consulting, all other information providers and environmental consultants.

Of these categories, the broad areas of Transportation, Warehousing, & Utilities (LQ of 1.8), Financial Activities (LQ of 2.2), Services (LQ of 1), Government (LQ of 4.7) are concentrated industries within downtown. Broad categories of Construction, Manufacturing, Wholesale Trade and Retail Trade have location quotients less than 1, so are less concentrated downtown relative to the MSA.

Non-basic industries which are concentrated downtown include the service industry (business, legal, amusement, recreational and miscellaneous services) and financial activities including banks and insurance agencies.

Basic industries which are concentrated downtown include transportation, warehousing and utilities, printing and publishing, miscellaneous retail, hotels, engineering, accounting, research and management services.

The 6 county MSA showed high location quotients relative to the US in the following industries:



Harmonie Park



Plastics and Rubber Products Manufacturing  
 Primary Metal Manufacturing  
 Fabricated Metal Product Manufacturing  
 Machinery Manufacturing  
 Transportation Equipment Manufacturing  
 Merchant Wholesalers, Durable Goods  
 Wholesale Electronic Markets and Agents and Brokers  
 Electronics and Appliance Stores  
 Health and Personal Care Stores  
 Clothing and Clothing Accessories Stores  
 Sporting Goods, Hobby, Book, and Music Stores  
 General Merchandise Stores  
 Miscellaneous Store Retailers  
 Professional, Scientific, and Technical Services  
 Management of Companies and Enterprises  
 Administrative, Support, Waste Management,  
 & Remediation Services  
 Health Care and Social Assistance  
 Arts, Entertainment, and Recreation  
 Repair and Maintenance Services  
 Personal and Laundry Services  
 Religious, Grant-making, Civic, & Professional  
 Organizations Services

Of these categories, the broad areas of Manufacturing (LQ 1.33), Wholesale Trade (LQ 1.09), Professional & Business Services (LQ 1.48), Education & Health Services (LQ 1.04), Other Services (except Public Administration) (LQ 1.13) are concentrated industries within the MSA relative to the US. The broad categories of Natural Resources and Mining, Construction, Retail Trade, Transportation Warehousing and Utilities, Information, Financial Activities, Leisure and Hospitality, and Government have location quotients less than 1.

### **Comparing the Location Quotients of Downtown and the MSA (relative to their respective larger area)**

While downtown shows a high location quotient for Transportation, Warehousing & Utilities relative to the MSA, the MSA shows a low location quotient relative to the US. The same is true for financial activities and government. Both the downtown and MSA show high location quotients relative to their larger analysis area for services, and both show low location quotients for construction and retail trade.

Of further interest is whether these high location quotient industries are vulnerable to changing markets or technology that would threaten their position, or whether these industries are so dominant that a diversification strategy should be employed for future sustainability. This does not appear to be a problem within the downtown area, however the region is experiencing economic distress related to its concentration in manufacturing, particularly related to plant closings and layoffs within the automotive industry. However, this same industry is responsible for a large part of the concentration of professional, scientific and technical services along with management of companies and enterprises. Although this industry is currently in financial trouble due to competition, it is possible that this industry will restructure itself over time and again become an industry leader providing high quality jobs. Transformation will likely depend on a move away from the traditional manufacturing sector of the industry to the research and technology sector of the

industry, involving a shift in workforce skills. The area abounds with fine research and technical institutions such as the University of Michigan in Ann Arbor, Dearborn and Flint, Wayne State University, Lawrence Technical University, and Eastern Michigan University which could assist in training the workforce necessary for these jobs. However, the next factor would be to provide incentives for this workforce to remain in Michigan for their careers. Many studies have shown that these young “knowledge” workers are attracted to vital urban centers, hence downtown Detroit redevelopment efforts may assist in economic growth in the long run.

The findings of this analysis indicate the region would benefit from research to identify the likely growth industries and sectors which relate to current Michigan businesses and could be supported through expansion. Additionally, economic development efforts should emphasize supporting new entrepreneurial ventures. Some industries with low location quotients should be further studied for possible development into local market strengths. For downtown, these include the urban oriented categories of retail and wholesale trade. For the larger MSA, focus should be on the industries which are more likely to be export serving, including Retail Trade, Transportation Warehousing and Utilities, Information, Financial Activities, Leisure and Hospitality.

### Shift-Share Analysis

Shift-share analysis analyzes changes in the structure of the local economy in reference to the state or nation over time. This technique disaggregates the growth of an industry into three contributing parts related to employment trends. These parts are economic growth in the local community as it related to the larger reference economy, relative change of an industry to the total of all industries (proportional or industry shift), and differential shift (competitive advantage), or difference in rate of growth or decline in a local industry relative to the rate of growth or decline in that same industry nationally.

Shift-share was assessed using the following formula:

Shift Term =	Local Growth Rate for Industry I for Period X	Minus	Regional Growth Rate for Industry I for Period X
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In the case of our Detroit analysis, shift-share was figured thus:

Historic SHIFT SHARE 96-06= [LOCAL (EMP 2006-EMP1996)/EMP1996] -  
[REGION (EMP 2006-EMP1996)/EMP1996 ]

Projected SHIFT SHARE 06-12= [LOCAL (EMP 2012-EMP2006)/EMP2006] -  
[REGION (EMP 2012-EMP2006)/EMP2006]

The differential shift is dynamic in that it looks not at how fast the industry is growing or declining, but whether it is growing or declining relative to the industry overall. This is sometimes termed competitive advantage. The differential shift is positive only if the local area is growing faster than the industry as a whole. Local areas can be advantaged if they are declining less rapidly in declining industries, but they must be growing faster than expected in growing industries to have a positive differential shift.<sup>3</sup>

Industries which have shown a positive differential shift (above zero) from 1996 to 2006 in the 6 county Detroit MSA area relative to the nation are (bold indicates highest numbers):

- Logging
- **Textile Mills**

- Apparel Manufacturing
- Leather and Allied Product Manufacturing
- Plastics and Rubber Products Manufacturing
- Publishing Industries (except Internet)
- **Other Information Services**
- Management of Companies and Enterprises
- **Educational Services**
- **Arts, Entertainment, and Recreation**
- Total Federal Government - Civilian
- Farms

Of these, publishing industries, information services, management of companies and enterprises, educational services, and arts, entertainment and recreation show the most promise for future competitive advantage for Detroit. However, none of these industries were projected per Economy.Com forecasts to materialize as positive differentials for Detroit from 2006 to 2012 as shown below.

Industries which are projected to have a positive differential shift from 2006 to 2012 in the 6 county Detroit MSA area relative to the nation are (bold indicates highest numbers):

- Mining
- Logging
- **Construction of Buildings**
- Heavy and Civil Engineering Construction
- Specialty Trade Contractors
- Textile Mills
- Leather and Allied Product Manufacturing
- Plastics and Rubber Products Manufacturing
- Motion Picture and Sound Recording Industries
- **Farms**
- Forestry, Fishing, Hunting, and Trapping

Of interest here is the Motion Picture and Sound Recording industry, which might join music as an industry which could benefit from Detroit's rich arts and cultural resources.

Some of these higher differential shifts may be occur for industries that are declining both nationally and locally, but where the local decline is less than the national, and this may indicate relative strength in the industry. Therefore, these industries may have competitive advantages within their industry, but may not be productive for the future.

#### **Four Quadrant Analysis**

Putting together the concentration (location quotient) and competitive (shift-share) findings within a four-quadrant table allows the researcher to evaluate clusters.

The concentration from low to high is along the vertical axis, and the competitive advantage is along the horizontal axis. Industries found in the upper-right quadrant are concentrated and competitive industries. From these, focus on export industries in order to determine those which are not responding only to local population or economic growth.

For this analysis, we were able only to compare the MSA to the US for regional strengths as the data was not compatible between downtown and the US. However, within this framework, we can still determine



*Detroit Riverfront*



downtown's strengths relative to the MSA.

Source MSA relative to the US analysis: Economy.com, Brookings Institution Analysis, University of Michigan analysis

Red Indicates those industries not projected to grow from 2006-2012. Other colored text will stay the same or grow.

### Strengthening Industries

1996-2006

These upper right quadrant urban-oriented industries, or growing base industries,

# Industry Quadrant Analysis, Urban Oriented



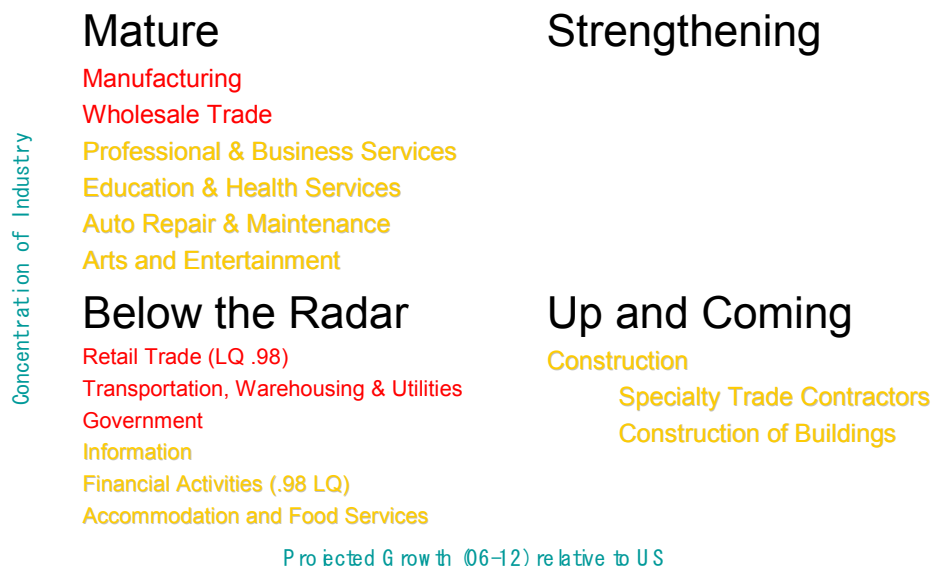
Growth (1996-2006) Detroit MSA relative to US

for Detroit with high concentration from 1996 to 2006 (indicating building blocks of a cluster) are:

- **Management of Companies and Enterprises**
- **Arts, Entertainment, and Recreation**

## 2006-2012 Projected Industry Analysis

# Industry Quadrant Analysis, Urban Oriented



Source MSA relative to the US analysis: Economy.com, Brookings Institution Analysis, University of Michigan analysis

There are no upper right quadrant, urban-oriented, strengthening industries projected for Detroit from 2006 to 2012, therefore business retention and expansion efforts should focus on the development of management professions along with arts, entertainment, and recreation industries, with further analysis breaking down these industries into more detailed sectors. Detailed analysis would define the particular industry sectors adding managerial talent to their pools due to growth or expansion especially as it relates to existing firms. Identifying local infrastructure which supports these industry clusters, such as educational institutions or technology, is also important. Detroit should focus efforts on development of the arts, entertainment and recreation cluster, particularly within the downtown core in the form of unique specialty stores, art galleries, restaurants, sports facilities, theaters, clubs, etc. This will strengthen the entire region by drawing economic growth from surrounding regions. Of particular importance to the strengthening of this industry cluster is a marketing strategy concentrated on generating identification and branding of Detroit as a place where exciting, trend-setting, fun things happen. One suggestion is a visitor center downtown to direct customers and visitors to the dispersed sites supporting this cluster, which currently exist within separate and sometimes hidden nooks of the city. In addition, this cluster would benefit from the addition of destination retail clusters as a missing link downtown. This will be explored in more detail in the retail analysis. See Appendix A for the expanded four quadrant analysis and supporting documentation.

## Entertainment Market Analysis

Over the past five years, downtown Detroit has become a major entertainment destination for the more mature adult crowd. The construction of two stadiums and three casinos, the renovation of two major theaters, and the introduction of at least 5 major bars into the downtown area has created an environment that is attractive of the adult crowd. An average of 58% of visitors to Detroit in 2005 indicated they were coming for adult related entertainment (i.e. gambling and nightclubs). Public perception of Detroit as a gritty, intensive city may be reflected in the entertainment choices for downtown. A public survey conducted in 2006 for the Detroit Metro Convention and Visitors Bureau

indicated that the public perception of Detroit is of a luxury, trendy adult location, setting it apart from all other major Midwest cities studied.<sup>4</sup>

Three of Detroit's four major sports teams in the downtown area. Joe Louis Arena, located along the riverfront and adjacent to Cobo Hall, has been the home of the Red Wings hockey team since 1979. The construction of the new Tigers baseball stadium, Comerica Park, in a more centralized downtown location brought the thrill of America's favorite pastime back to the downtown area and located it within a growing entertainment district. The construction of the new Lions football field, Ford Field, brought the Lions back downtown and also assured Detroit a bid to host the Super Bowl, with Super Bowl XL in 2006 being one of the greatest events of the past 20 years; it united the region in an revitalization effort and presented downtown Detroit in a positive light. These three sporting venues have an average attendance rate of 66.3 percent for the past year.



*Greektown nightlife (photo: Patrick J. Duggan)*

Additionally, Detroit is a major gaming destination. Downtown Detroit contains three casinos that were authorized in 1996 by Proposal E. The temporary homes

of the three casinos, MGM Grand, Motor City Casino, Greektown Casino opened their doors in July 1999, December 1999, and November 2000, respectively. Review of information obtained by the Brookings Institute indicates the Detroit is the 3<sup>rd</sup> most walkable casino market, after Las Vegas and Atlantic City. The final home of MGM Grand is under construction in the northwest portion of the Central Business District (CBD), and should be completed in 2007. Motor City Casino will remain in its current location, just outside of the CBD. Greektown Casino has not decided on a final location for its permanent casino and hotel.

The permanent locations of the casinos bring with them 1,200 new hotel rooms. One of the current criticisms of downtown Detroit by destination travelers is the lack of quality hotel rooms in the immediate area. The hotel capacity of the casinos and the renovation of the Book Cadillac building into a hotel and condominium high-rise should alleviate this demand.

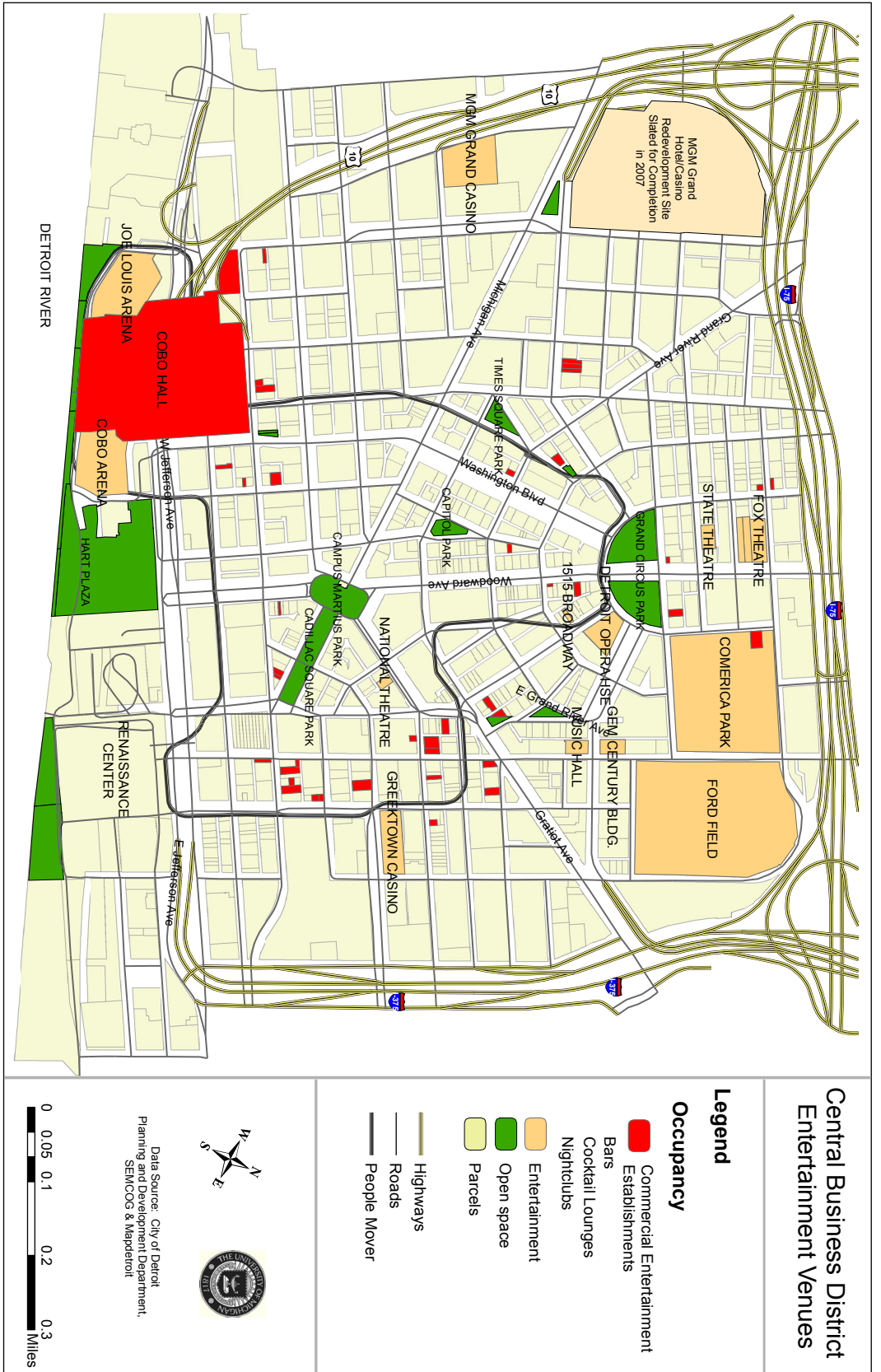
Downtown Detroit also contains a major convention center located on the riverfront, Cobo Hall. Cobo Hall is the home of the Detroit International Auto Show, which attracts approximately 800,000 visitors every year. However, Cobo Hall falls short of the attendance rates of the other major venues with an average annual attendance rate of 14.81%. Potential reasons for the low attendance rates for Cobo Hall are the lack of adequate attractive hotel space in the vicinity, outdated layout of the venue, and lack of a comprehensive marketing strategy to attract more conferences.<sup>5</sup>

Downtown Detroit has also seen the revival of the theater district downtown. The Fox Theatre, constructed in 1928, was restored and reopened in 1988, and is the second largest theater in the nation.<sup>6</sup> Some have argued that the restoration of the Fox Theatre paved the way to enlivening the entertainment district in Detroit and promoting the revitalization of the downtown area.<sup>7</sup> Adjacent to the Fox Theatre are the State Theatre, which was renovated after the Fox Theatre was completed and opened as a nightclub and live music venue, and the Second City Comedy Club, which opened in 1993. In 1990, the Gem Theatre renovation and restoration followed the Fox Theatre revival lead. The Gem Theatre was moved from the old theatre district in 1997 in what is now Comerica Park and down to the new entertainment district surrounding Harmonie Park. The theatre was combined with the Century Theatre, and the buildings underwent further renovation and restoration, plus many historical pieces from the old YMCA Building were incorporated into the structures.<sup>8</sup> The Detroit Opera House, formerly the Capital Theatre, was constructed in 1922 in its current location,



but feel into disrepair in the 1960s and 1970s, and a fire plus water damage from frozen pipes in 1985 almost shuttered the building forever. However, in 1988 the Michigan Opera Theater purchased the property and nearby lots, and started the renovation that was completed in 1996, restoring the opera legacy of Detroit.<sup>9</sup> The Music Hall renovation started in 1989 and the venue reopened in 1995 as a theatre and eclectic music scene.<sup>10</sup> All of these locations have helped to promote downtown Detroit as a destination location for entertainment and live performances.

Figure 9: Map of entertainment venues in the Central Business District



Overall, downtown Detroit has a significant mass of urban entertainment and public meeting places. The locations of these entertainment venues throughout the CBD provide a unique opportunity for infill of retail and restaurant to create a walkable connection between the different venues and provide additional locations for increased spending by consumers.

Information about the perceptions of the entertainment industry in Detroit was obtained from a 2006 survey completed for the Detroit Metro Convention and Visitors Bureau. Information about the current venues and attendance rates was obtained through interviews with members of the Detroit Metro Convention and Visitors Bureau and representatives of each venue. Information about historical venues revitalized in Detroit was obtained through various research sources. The information obtained during completion of these sections was analyzed and synthesized by team members.

## Office Market Analysis

The City of Detroit CBD district has a significant stock of office buildings and tenant spaces. As illustrated in Figure 1, there are approximately 15,000,000 square feet of office space in the CBD district. Class A office space, which is defined as investment grade buildings that demand the highest rental rates and offer first-rate design, building systems, technology, amenities, and management, makes up a little over one-third of the available office space downtown. Class B, which is identified as having good location, management, and construction, but generally older than Class A buildings, compose over 60% of the available office space downtown. Finally, Class C office space, which consists of older buildings that have not been modernized, appears to compose only a small percentage of the office space downtown. However, oftentimes Class C office space is not tracked and many of the vacant tenant spaces above former storefronts throughout the downtown area would be classified as Class C if listed.<sup>11</sup> The potential exists for there to be a higher percentage of Class C office space downtown, which could be renovated into Class B office space, live/work areas and/or residential spaces.

Class	Buildings	Total Inventory Sq. Ft.	Space Available for Rent	Current % Vacant
A	13	5,511,157	524,726	10.0%
B	35	9,252,684	1,625,266	17.6%
C	2	233,900	210,700	90.0%
All	60	14,997,741	2,360,692	15.7%

Figure 1 (10): Office space and vacancy rates by Class in the CBD<sup>12</sup>

Colliers estimates a vacancy rate of approximately 15.7% in the second quarter of 2006 for the CBD district, which is consistent with the vacancy rates for surrounding areas. In the CBD, as throughout the Metropolitan area, vacancy rates have been on a steady climb since 2001, and are not forecasted to decrease in the near future.<sup>13</sup> Net absorption, the difference between a project's completion and its eventual sale or lease, illustrates that vacancy rates may continue to rise.<sup>14</sup> Net absorption for the CBD and adjacent New Center Area from 2006 show mostly negative numbers, suggesting that new buildings are being constructed and completed without tenants.

Class	Number of Buildings	Total Inventory Sq. Ft.	Direct Vacancy		Sublease Vacancy		Total Vacant Sq. Ft.	Current % Vacant	Net Absorption Sq. Ft.	
			Sq. Ft.	%	Sq. Ft.	%			2nd 1/4 2006	YTD
A	23	10,186,647	1,225,463	12.0%	116,947	1.1%	1,342,410	13.2%	-64,881	105,944
B	83	14,949,002	2,785,946	18.6%	5,250	0.03%	2,791,196	18.7%	-47,137	-163,417
C	33	1,733,910	582,001	33.6%	0	0	582,001	33.6%	-5,200	-4,400
All	139	26,869,559	4,593,410	17.1%	122,197	0.5%	4,715,607	17.5%	-117,218	-61,873

Figure 2 (11): CBD and New Center Area Vacancy and Net Absorption Rates 2006<sup>15</sup>

Greater Detroit and the surrounding regions do not have negative net absorption rates. Instead, rental rates have generally been stable over the past five years. However, as vacancy rates rise throughout Metropolitan Detroit due to an increase in unemployment rates and company downsizing or going out of business, the rental rates in 2007 are expected to decline. Comparison of average rental rates for Class A, B, and C in Detroit to surrounding office markets indicates the rates are generally in line with the region.<sup>16</sup>

<b>Office Rental Rates (Gross plus electric)</b>			
<b>City</b>	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>
Ann Arbor	\$22.00 to \$30.00	\$19.00 to \$22.00	\$15.00 to \$19.00
Birmingham/Bloomfield	\$25.00 to \$30.00	\$21.00 to \$25.00	\$18.00 to \$22.00
Dearborn	\$24.00 to \$26.00	\$17.00 to \$20.00	\$12.00 to \$15.00
Detroit	\$23.50 to \$30.00	\$19.50 to \$22.50	\$10.00 to \$14.00
Farmington/West Bloomfield	\$22.00 to \$25.00	\$18.00 to \$21.00	\$14.00 to \$17.00
I-275 Corridor	\$21.50 to \$23.50	\$19.50 to \$21.50	\$17.00 to \$19.50
Rochester Hills/Auburn Hills	\$22.50 to \$25.50	\$20.00 to \$22.00	\$15.00 to \$19.00
Southfield/Bingham Farms	\$20.50 to \$27.50	\$17.50 to \$21.00	\$12.00 to \$17.00
Troy	\$22.00 to \$28.00	\$17.50 to \$22.00	\$14.00 to \$17.00

Figure 3 (12): Average Rental Rates<sup>17</sup>

One disadvantage of moving a business downtown can be the cost of parking. If rates are the same in Farmington Hills and downtown Detroit, but the rates include a free surface parking lot in Farmington Hills, employers may look to the extra cost savings as a reason to stay in the suburbs. Without a cheap and reliable form of mass transportation, the downtown parking problem will not be solved any time soon, and unless a business receives benefits from working downtown, such as proximity to clients or financial incentives, there may continue to be an increase in the vacancy rates in downtown Detroit.

Team members gathered information about the number of office buildings, square footage of different types of office space classes, vacancy rates, and rental rates from a number of prominent brokerage firms in the Metropolitan Detroit area. Quarterly and year-end reports from the past five years were reviewed to obtain a sense of the office market during that time frame. Additionally, information for surrounding areas was gathered with the information specific to the city and study area to permit comparison with surrounding areas. Additionally, Claritas, a market research and demographics company that supplies reports for urban markets, provided the employment data by type for downtown Detroit, the larger study area boundaries, the City of Detroit, and the six country surrounding area to illustrate the industries that utilize the office market in downtown Detroit. Finally, team members conducted limited research through interviews with people involved in the office market to obtain a sense of whether there was a need and demand for additional office space in downtown Detroit.

It should be noted that team members were unable to find a comprehensive study of the office market conducted for the City of Detroit. However, our client, DDP, also indicated that although the office market is oftentimes discussed as it related to the CBD district, a comprehensive study of the available stock and office market was not necessary. Rather, efforts should be focused on other areas such as residential and retail, which may have more near-term redevelopment potential than the office market. Additionally, according to Chris Leinberger's market analysis of promoting revitalization and walkable urbanity in a major city, the residential and retail centers in downtown Detroit need grow a significant amount prior to expecting growth in the office market.



# Residential Market Analysis



*New developments, including Campus Martius and Ford Field (depicted above) have added a vibrancy that is attracting residents to downtown (photos: Downtown Detroit Partnership)*

## Current Market Context

Downtown Detroit and its surrounds have recently experienced a resurgence of residential construction. Developers constructed a total of 48 for-sale and rental projects from 2000 to 2006, for a total of 2,446 units, 353 of which are in downtown. A 2006 survey of current downtown residents indicates that 69% consider diversity to be extremely important to location choice, and a strong 77% and 85% value proximity to art and cultural institutions or entertainment and dining, respectively.<sup>19</sup>

This report discusses the new retail and entertainment venues of downtown in great detail. The survey quoted above indicates that residents appreciate those venues and are showing that appreciation in choosing their housing. The new residents of downtown are more affluent, and are also generally young and single or married without children. This demographic, along with its corresponding bookend, the baby boomers, is one that many downtowns and urban venues are trying to attract. In his book, *Creating a Vibrant City Center*, Cy Paumier agrees with this assertion, explaining that people are again interested in all that urban lifestyles have to offer, including a diversity of people, arts and cultural opportunities, and entertainment venues. These consumer preferences create a renewed opportunity for cities.<sup>20</sup>

However, new residential construction in downtown will not be easy. Paumier describes a number of obstacles to urban and downtown development, including land assembly and cost, cumbersome regulations, high risk, and inadequate infrastructure. The city of Detroit and its planning and economic development departments have worked to address these difficulties. In his visioning interview, George Jackson, the city's Chief Development Officer and President and CEO of the Detroit Economic Growth Corporation, described the steps that the city has taken to simplify development processes and approvals. Application processes are now streamlined, providing clear direction for contacts and process.

The city is also addressing physical appearance and safety issues. The combination of Superbowl preparations and improvement programs like the Lower Woodward Fund has greatly improved the streets, facades, and infrastructure of downtown. Up to date infrastructure is key to attracting and retaining residents and businesses.<sup>21</sup> Roger Penske's current initiative to clean downtown may eventually be implemented by a newly formed Business Improvement District (BID) (see appendix A for a discussion of BIDs). Regardless of who manages the program, the clean and safe initiative is vital to improving the image of downtown. With regard to safety, downtown Detroit is far less dangerous than some people believe. A 2005 report from Wayne State University found that crime rates in downtown Detroit were lower than rates for the nation, the state, and the largest metropolitan areas in Michigan.<sup>22</sup> Aesthetic and safety improvements and a preference for city life are drawing new residents downtown. The next section will further evaluate new downtown residents and downtown residential products.

## Analysis

Understanding the residential market in downtown Detroit and its

surrounding neighborhoods is difficult due to a number of factors. The available census data is from 2000, before completion of recent development projects including new residential construction, Campus Martius, the Compuware Building, and the Renaissance Center renovation. These major projects reflect a different market condition than one based on available census data.

The census data itself presents another problem for analysis. Census methods, while designed to be exhaustive, undercount inner city residents for various reasons. Many residents are afraid to fill out the forms, while many others underreport or otherwise misrepresent their income because their jobs involve large amounts of “under the table” cash revenue. Census data does not measure the informal cash economy so prevalent in cities. By extension, Claritas analysis, which relies on census data, is similarly lacking.

This section includes numbers from two recent studies on the downtown Detroit residential market. The first, *Downtown Detroit: Residential Market Study*, completed by Kate Beebe Associates for the Lower Woodward Housing Fund, updates an earlier study completed by Zimmerman-Volk Associates and includes a valuable inventory of current projects as well as a survey of residents. The second study, *Downtown Detroit in Focus: A Profile of Market Opportunity*, was undertaken by the Brookings Institution in partnership with Social Compact and with assistance from this study team. The Brookings study “mined” alternative data sources to form a more complete picture of the residential market in downtown. Although each study used very different methods (one is a traditional market study while the other is an effort to use progressive methods of data collection and analysis), each lends valuable insight into the market conditions and residential possibilities for downtown Detroit.

Both studies used similar definitions of the downtown core (see figure 13 for the Beebe study area definition and figure 1 on page 8 for the Brookings definition), but each used different boundaries for the greater downtown area. The boundaries used by the Beebe report were the same as the earlier Zimmerman-Volk study so as to facilitate comparison over time. The Brookings report sought to evaluate downtown Detroit within the context of the surrounding neighborhoods that utilize downtown. The boundaries of our study are a result of this Brookings analysis. Figure 14 shows the Beebe greater downtown.

### The “Lift Factor”

The University of Michigan partnered with the Brookings Institution and Social Compact to implement a method called Progressive Analytics for Downtown Development (PADD) to analyze the population of downtown Detroit. This process utilized Social Compact’s DrillDown technique, which has been used successfully to analyze markets in Washington D.C., Harlem, and Oakland.

The DrillDown technique uses a variety of sources including building permit records and credit agency reporting data to build a dataset for a given area. The resulting numbers are compared to Census and Claritas numbers and a “lift”

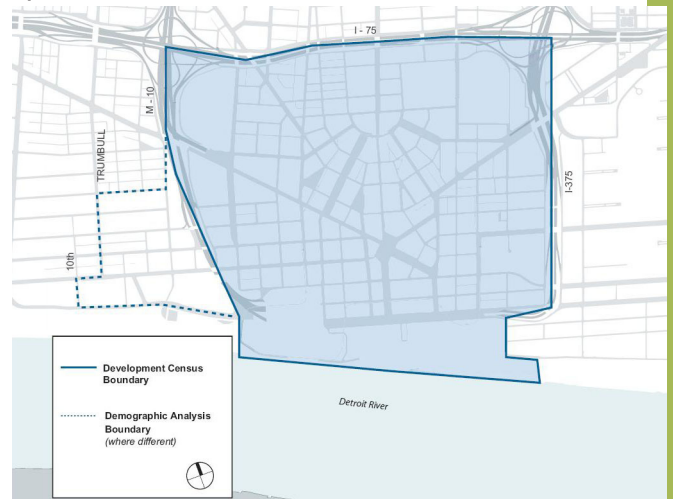


Figure 13: Downtown Detroit: Residential Market Study

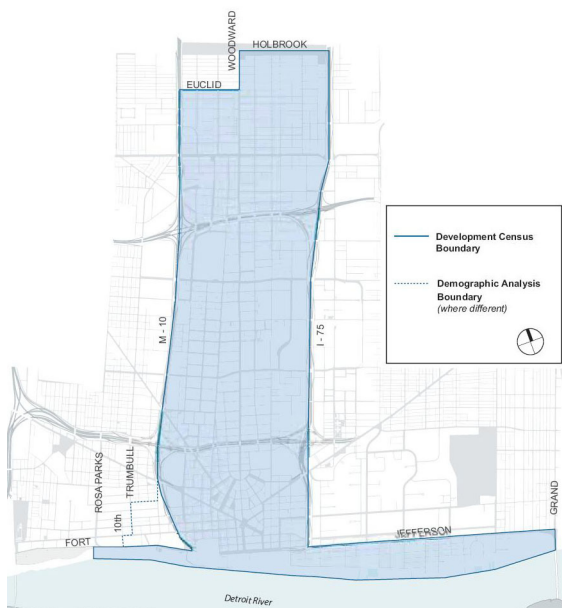


Figure 14: Downtown Detroit in Focus, Greater Downtown Boundaries

is calculated to show the differences. For example, the study found that the population of downtown Detroit is 6,462 people, a 5% lift from traditional data. Significant lifts will be noted throughout this report.

Because of the breadth and variety of data collection methods used in the PADD process, this report uses those numbers for demographic data.

### **Demographics**

One of the most striking features of the downtown population is age. The dataset indicates that 57% of the residents are between the ages of 25 and 34, and median income for the area is \$59,300. This indicates a concentration of young professionals living in downtown.

This data is important for predicting the type of residential product demanded in downtown. The Beebe study shows that downtown has the smallest household size of the metro area, with only 1.43 persons per household. Compare this number to 1.83 per household for greater downtown, 2.78 for the City of Detroit, and 2.55 for the metropolitan area. According to that study, 69.5% of the households in downtown are single person households. Once again, these numbers point to a population of young singles downtown. This demographic group may provide a ready market for the condominium, apartment, and loft projects in the pipeline. The graphs below compare downtown income and population figures to those of the greater downtown, City of Detroit, and MSA and illustrate the age distribution for downtown. Note the "lift factor" provided by the Social Compact DrillDown process. When the increase in population and median income are multiplied, the aggregate income for downtown increases by 29%, a larger increase than any of the comparison areas.

Another interesting facet of the downtown population is a comparison between where residents live and work. The Beebe residential survey indicates that 53% of downtown residents work within the Greater Downtown area. Another 7% work in the City of Detroit and an additional 4% work at home. The remaining 36% choose to live downtown even though they work outside the city. This is significant for those considering development opportunities for Detroit, showing that the downtown does have a regional draw.

Downtown residents are also highly educated. According to the Beebe resident survey, 45% hold a bachelor's degree, 34% hold a Masters, and 4% hold a Doctoral Degree. Only 15% do not have a college degree and 2% have a high school education or less. According to a November 2005 Brookings Institution Study, downtowns boast a higher percentage of both young adults and college-educated residents than the nation's cities and suburbs. In 2000, 44 % of downtown residents had a bachelor's degree or higher, well above the national rate of 24%.<sup>23</sup>

### **Home Value and Owner Occupancy**

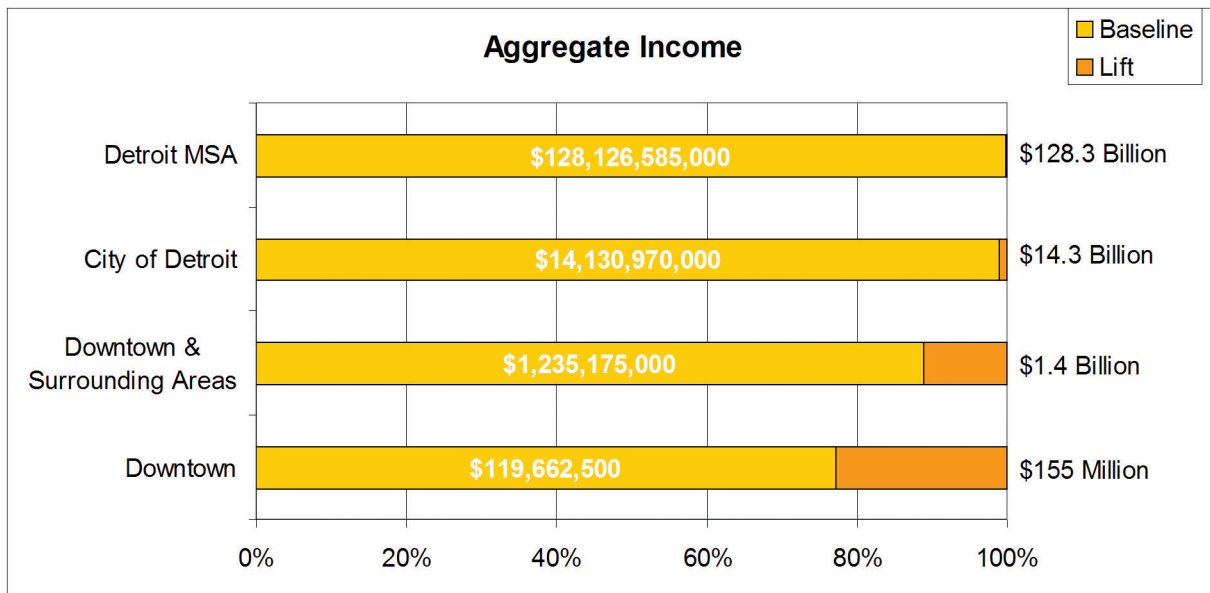
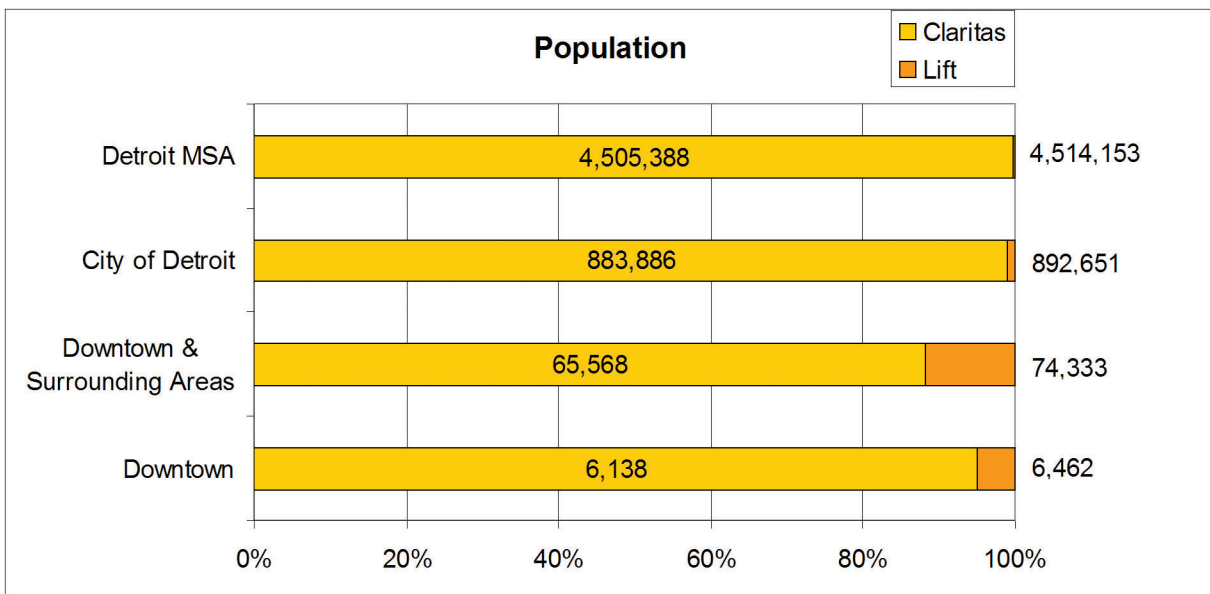
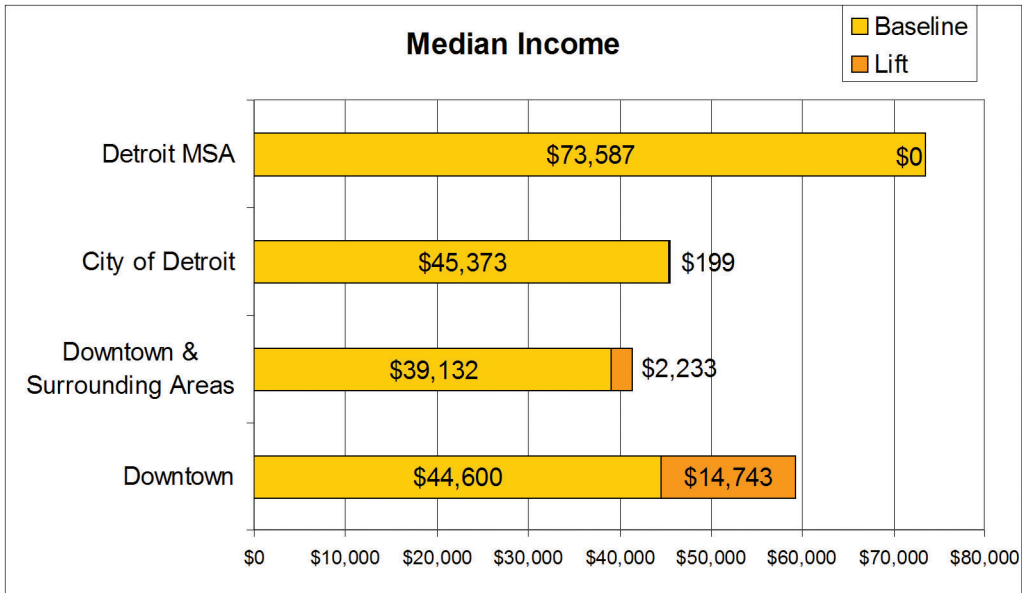
The PADD data indicates that the current owner occupancy rate by unit is 15% and by building is 24%. These numbers will rise in the near future as residential projects completed with Historic Tax Credits reach the end of their five year ownership requirements and owners can sell units to what is now a rental population. Woodward Lofts will be the first building to cross this threshold, beginning in January of 2007. Units that begin as for-sale appear to be enjoying some success. For example the Book Cadillac developers recently sold 47 out of 60 of its units in one weekend.

Sales price per square foot is also on the rise for residential units in



*Campus Martius Park during Superbowl XL weekend in 2006 (photo: Douglas R. Glancy)*





	Completed Projects	Projects Under Construction	Total Projects	Completed Units	Units Under Construction	Total Units
New Center	5	2	7	199	83	282
Midtown	20	10	30	733	337	1070
Downtown Core	5	1	6	343	10	353
East Riverfront	5	0	5	459	0	459
West Riverfront	1	0	1	282	0	282
<b>Total</b>	<b>36</b>	<b>13</b>	<b>49</b>	<b>2016</b>	<b>430</b>	<b>2446</b>

downtown Detroit. In 2000, the price per square foot was approximately \$120, and it now ranges around \$200 per square foot. Rental rates are rising as well, with some buildings earning as much as \$1.33 per square foot. The chart below illustrates the absorption rates for downtown, using data from the Beebe report. The report also indicates that new residential properties downtown are currently occupied at a rate of 93%.<sup>24, 25</sup>

	Total Units	Units Absorbed	Units Remaining	% of Units Remaining	Units Remaining Average Time on Market (Months)	Average Project Absorption (%/Months)	Average Project Absorption (units/month)
Completed Projects	1074	841	235	22%	25	10%	2.13
Projects Under Construction	177	112	62	35%	14	26%	15.3
<b>Total For Sale Projects</b>	<b>1251</b>	<b>953</b>	<b>297</b>	<b>24%</b>	<b>21</b>	<b>13%</b>	<b>4.52</b>

### Recent Development Trends and Predicted Demand

Even without knowledge of the numbers above, developers have been building new residential units downtown for the past several years. An encouraging 343 units have been completed in the downtown core since 2000. However, the 2000 Zimmerman-Volk study reported a demand of 400 units per year in downtown, meaning that a large gap exists between the demand and the supply for downtown. The chart below indicates that 733 units were completed in midtown and an additional 741 units came on line on the east and west riverfront. These areas may have satisfied some of the displaced demand from the downtown area.

Building on the data above and the availability of buildings for renovation, the Beebe report identifies a potential for 1,700 new residential units by 2011. A key question remains: Why are developers not building more units downtown? A number of factors have been cited, from difficulty assembling properties and finding financing, to lack of faith in the market. Developers that have built downtown have enjoyed some success. The city has worked to smooth permitting and development processes in recent years, and the reorganized DEGC strives to move projects through quickly. The Beebe report echoes the finding of the earlier Zimmerman-Volk study in predicting that, despite the low number of units actually constructed since 2000, there will be a demand for 340 units per year, or 1,700 units in total, between now and 2011. The Beebe team further divides this demand into 1,200 rental units and 500 for-sale units.<sup>26</sup>

Kate Beebe Associates surveyed downtown developers about their experiences in marketing and selling property downtown. The following responses are given in order from most to least frequent.<sup>27</sup>

- Factors that hindered the marketability of the projects:
  1. Perception of crime/ weak police presence
  2. Poor condition of surrounding areas/public infrastructure
  3. Developer price point set too high
  4. Lack of marketing plan/need for better public relations
  5. Lack of retail/ urban amenities
  
- Developers indicated they would have taken the steps below to improve marketability:
  1. Nothing, units sold fairly well
  2. Continue to improve perceptions of Detroit
  3. Lower price points/ improve public relations and marketing efforts
  4. Complete projects in more timely fashion
  5. Improve police presence/security patrols

While some of the issues raised by developers can be addressed, such as more coordinated marketing efforts, others prove much more difficult obstacles. The public's perception of crime in downtown is much higher than the actual crime rate. Roger Penske's new Clean Detroit initiative may also help allay some of these concerns, particularly because the program has been widely publicized. As the responses from the retail store survey indicate, downtown Detroit is in desperate need of a concerted, coordinated marketing effort for the downtown as a whole to improve the downtown's image, increase awareness of the number and type of businesses available, and bring more people downtown.

The Beebe report also evaluated existing building stock for its potential as residential space, estimating the number of units each building might hold. Although individual projects shown may not come to fruition, the map does indicate potential residential clusters and points of interest for developers. The Beebe report did not provide specific data for methodology, either in site selection or evaluation of existing sites for the possible number of units. Therefore, the map must be evaluated in concert with other information sources.

In addition to a survey of developers, the Beebe report also included a survey of residents. Interpretation of its results is limited because the survey was only available online, meaning that only residents with computer knowledge and access to computers could fill out the survey. However, the results do provide a number of important insights. The survey had 180 respondents, of which 161 were residents of downtown apartments, lofts, and condos.

60% of the respondents were between the ages of 25 and 44, echoing the Brookings/Social Compact demographics. Interestingly, only 1% of the respondents had children in the home. Over half of respondents had lived in their current residence for less than a year, while a third had lived there for one to three years.

Looking at the turnover and "churn" of residents helps illustrate future trends for downtown living. Importantly, 56% of respondents indicated that they plan to move within the next three years, and 60% of those planned to purchase their next place of residence. Almost half wanted to remain in the greater downtown, and only 20% wanted to move to a single-family, detached home. 25% of the respondents had moved to their current residence from somewhere else in downtown, while almost half came from somewhere outside the city but within the region.



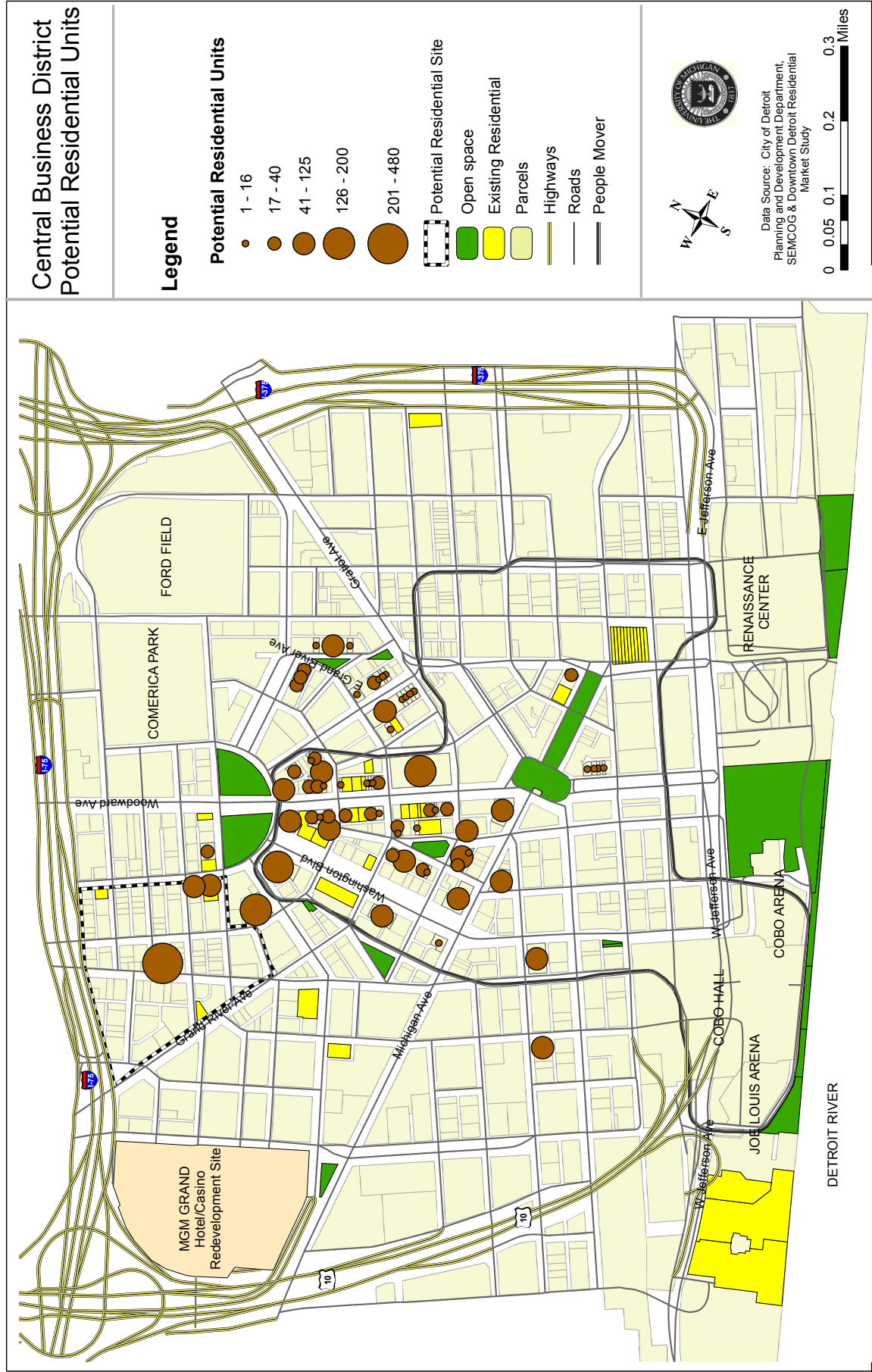


Figure 15: Map of Potential Residential units in the Central Business District

These responses and behaviors indicate a young, single or just married population that is moving into the city for the attractions offered by downtown. However, as indicated by the low percentage of children and the high rates of turnover, residents are moving elsewhere when they have children.

Lastly, residents were asked to select from a variety of options and indicate how important these factors were in their decision to live downtown. A large majority indicated that the Neighborhood Enterprise Zone tax abatement was the biggest factor. Almost 70% indicated that they wanted a diverse neighborhood, something that can be capitalized upon in downtown. Like many retailers, some residents indicated an excitement about the recent developments in downtown and thought that buying a downtown residence was a wise investment. Many respondents indicated that proximity to employment, price, availability of cultural amenities, and plentiful dining and entertainment options were also important factors.

### **Residential Product and Amenities**

Most of the new residential units in downtown are lofts, although some are marketed as luxury apartments. One example of a recent development in Midtown Detroit is the Park Shelton, which opened in 2003. Park Shelton offers 220 units consisting of studios, one bedroom, two bedroom and three bedroom condos. The building is a high-rise apartment style condominium converted from rental which offers luxuries such as stainless steel appliances, a 24 hour security guard, parking, central air and granite upgrades.<sup>28</sup>

Most units in the greater downtown, like the Park Shelton, have at least some high-end finishes and many options to upgrade. Hardwood, tile, and concrete floors are common, although some use carpeting. Most kitchen countertops have laminate as a starting finish, but some offer granite initially. Bathrooms start with porcelain tile finishes, and upgrade to granite or slate. All but two buildings offer refrigerators and microwaves as standard. Only one for-sale project failed to offer laundry facilities or hook-ups in the unit, while two of the rental projects offered common laundry facilities, but not in-unit facilities. Parking is also standard. Overall, these amenities indicate a high-end product, loft, condo, or otherwise.

A tour of the downtown and greater downtown units reveals one key difference between the features of the units. While for-sale and rental units both bear the title "loft" unit, the finishes can be starkly different. The unit amenity inventory in appendix 4 of the Beebe report also illustrates this point. Loft units in the greater downtown area can offer exposed brick, concrete floors, plaster walls, and exposed ductwork, all typical of lofts. The loft units in the downtown study area, however, while having the open layout common to lofts, do not have the exposed brick and other features listed above. The concrete floors are poured after the fact. When compared with the authentic spaces available nearby within the same price point, these lofts may not measure up for many buyers. The Beebe report found that most residents of downtown consider downtown and the greater area somewhat interchangeable when making housing decisions, meaning that the downtown apartments may not bear up well under comparison. The lack of "loft" features in the downtown apartments has a simple explanation; while there are many former warehouse and industrial spaces in the greater downtown, the available spaces in downtown are former offices. The developers

may have better success with creating an “urban apartment” format rather than trying to mimic details that can be easily found in other former industrial spaces nearby.

## Retail Analysis

Retail is an important component within any vibrant downtown. This retail market research is an effort to understand the existing conditions within downtown Detroit and anticipate future opportunities and limitations.

### Current Market Context

McLinden, in *Shopping Centers Today* in 2004, reported that downtown Detroit, despite twenty-five years of corporate move-outs and a population exodus, was springing to life again.<sup>29</sup> Twenty years after its last department store, J.L. Hudson’s, closed, the Central Business District is coming back to life with new local businesses as the city supports a mixed-use plan for downtown.

Detroit has focused retail development activities in several nodes downtown, including the Renaissance Center, the Woodward Avenue Corridor, Greektown, Grand Circus Park area, and Harmonie Park area. These destinations are connected via the People Mover transit system. However, from a pedestrian perspective, several impediments exist. There are still many vacant storefronts along the Woodward Avenue Corridor, although vast improvements have been made. It is important to visually and physically link this corridor with the Grand Circus Park area, and eventually to Midtown with appropriate transit links, creating a walkable shopping district. This shopping district should include a mixture of clustered specialty stores.

### Recent Happenings

In late 2003, Hard Rock Café and a scaled-down Borders Books & Music added vitality to the downtown area when they opened at street level in Compuware Corporation’s new headquarters on Woodward Avenue. A new CVS/pharmacy store opened on Woodward Avenue in 2005. Merchant’s Row was completed in 2006, and consists of a \$30 million retail-loft project spanning five circa-1900 buildings, including 40,000 square feet of retail, 157 lofts and a 264-space parking garage.

General Motors Corporation transformed the mixed-use Renaissance Center in a costly makeover designed to incorporate world class retail tenants, restaurants and services. Coach Insignia and Seldom Blues restaurants have generated acclaim there along with the famous Pangborn Design Collection. The Breakfast House at Merchant’s Row, The Woodward in the Compuware building and many others have also added variety to the restaurant scene. Upscale fashion boutiques such as Fashion Council in the Renaissance Center and Mark England De Mode on Woodward strive to capture regional interest with unique designs and services. New boutiques, galleries and clubs inhabit separate and sometimes hidden enclaves throughout the downtown.

The city has begun a riverfront development project to transform an industrial section that runs along the river between the Belle Isle and Ambassador bridges into a promenade and park complex including shops to serve new residents.

As indicated in the history section, there have been setbacks along the way toward revitalization. In 2003, the City Council voted down an effort to establish a downtown business improvement district (BID). The BID would have funded and managed service and infrastructure



improvements in the downtown. With this decision, a valuable opportunity for collaboration was delayed. (See Appendix A for a case study on BIDs). Another challenge is that the downtown's resurgence has led some owners of vacant buildings to overvalue their properties, further delaying change.

The City of Detroit now has a long-term program to promote a clean and safe downtown environment, evidenced in the façade and street improvements driven by effort for Superbowl XL in 2006.

### **How Retail fits in the Big Picture of Downtown Redevelopment**

Leinberger identifies several types of retail concentrations including urban entertainment (movies, restaurants, night clubs), specialty retail (clothing, furniture, and jewelry boutique stores), regional retail (department stores, lifestyle retail), and local-serving retail (grocery, drug, book, video stores).<sup>30</sup> These options have maximum effect when they are concentrated into walkable districts. The systematic goal is to create a unique regional experience.

Revitalization of downtowns consists of an overlapped layering of complex developments, leading to a critical mass of people and places. Leinberger writes that urban entertainment is often the first important element in this process because it gives people a reason to live downtown.<sup>31</sup>

Unique specialty retail as well as service providers such as day spas and design studios dot the landscape. As more people move downtown, retail offerings grow and stores can contribute to the after-hours ambiance of downtown activity. Urban pioneers enter the rental housing market and then the for-sale housing market. This is when local serving retail begins to develop. Finally, the growth supports a stronger office population.<sup>32</sup>

Although these are typical steps toward revitalization, catalytic development projects may enter the market on a large scale, precipitating a change in the order of this layering process. As previously discussed, downtown Detroit has successfully established the entertainment sector over the past five years.

### **Building Retail on Residential Development**

Downtown Detroit has never included a large residential component, so the move toward mixed-use residential, office, and retail structures involves a new philosophy and understanding of development. Transforming existing and historic building stock is costly. However, the low vacancy rate for new downtown residential developments (8%)<sup>33</sup>, indicates that there is a demand for trendy, mixed-use, walkable development.

### **Market Research Analysis**

The following chart developed by The Social Compact provides an introductory look into the current market context for Detroit.<sup>34</sup> The chart uses a non-traditional method for measuring ownership as related to stability. Standard methodology measures home ownership per unit. However, ownership by building is a better indicator for stability in dense urban markets. This identifies a downtown population of 6,462 residents, which will rise as more residential units come on the market. The downtown retail market is also supported by a population of 74,000 people in the surrounding seventy block area, indicating that the downtown Detroit area has substantial buying power and higher average incomes than previously thought.

2006	Detroit Market Size			Detroit Buying Power			Stability
Location	Acres	Households	Pop	Adjusted Aggregate Incom	Retail Expenditures	Average Income	% Owner Occupied Buildings
<b>Downtown Total</b>	905.6	2,609	6,462	\$154,825,291	\$50,711,669	\$59,344	24.0%
<b>Study Area Total</b>	7,706.20	33,600	74,333	\$1,389,861,137	\$552,474,851	\$41,365	39.90%

Source: Claritas 2006, University of Michigan and Social Compact Analysis

\*Note: The above chart uses a non-traditional method for measuring ownership as related to stability. Standard methodology measures home ownership per unit, while ownership by building is a better indicator for stability in dense urban markets.

### The Inner City Opportunity: Attracting Investment Downtown

One of the primary barriers to attracting retail downtown is a general lack of understanding of the unique characteristics of downtown markets. Inner cities are often seen as risky markets for investment, yet they represent great untapped market potential. Lower incomes are offset by high population densities, yielding greater aggregate buying power per area than suburban neighborhoods. Additionally, studies suggest that retail expenditures are proportionally higher for inner-city residents than suburban residents.<sup>35</sup> According to the Brookings Institution Urban Markets Initiative, urban neighborhoods have treasures that are too often unseen, including concentrations of retail spending power that may double or even triple those of nearby, affluent suburbs. Because the right information tools do not exist to demonstrate this potential, investors who use traditional information sources, tools and analytic approaches avoid urban neighborhoods. Analysis based on the U.S. Census and Consumer Expenditure Survey data tends to undercount low-income households and their spending. Additionally, because there are so few retail opportunities in inner-city neighborhoods, much of the retail spending potential leaks into surrounding areas; a phenomenon not addressed by traditional models. Lastly, niche markets among ethnic groups are not widely studied.<sup>36</sup>

The Social Compact market analysis addresses some of the key barriers to private investment in and around inner-city neighborhoods by uncovering the informal economy, undercounted populations, and rapid changes in the market that cannot be unearthed between decennial censuses.

The Social Compact DrillDown analysis for downtown Detroit found that there is a higher than expected population base, higher household incomes (median, average, per capita and aggregate) and greater retail expenditures in downtown Detroit than indicated by conventional census-based data sources. The study area has a substantially larger concentration of population, households, aggregate income, aggregate expenditures and aggregate retail expenditures per mile and per acre than the Detroit MSA, demonstrating the power of concentrated urban markets. There is a need for central markets to tap the resources of the surrounding MSA through regional marketing efforts and promotions

Calculated DrillDown Category	Downtown	Study Area	City of Detroit	Detroit MSA
<b>Population and Households</b>				
Total Population	6,462	74,333	892,651	4,514,153
Total Population per sq. mile	4,566.63	6,173.33	6,292.04	1,137.63
Total Population per acre	7.14	9.65	9.83	1.78
Households	2,609	33,600	313,475	1,743,252
Avg. HH Size	1.60	2.01	2.79	2.55
Households per sq. mile	1,843.79	2,790.45	2,258.90	445.38
Households per acre	2.88	4.36	3.53	0.70
<b>Income</b>				
Median HH Income	\$35,962	\$25,239		
Average HH Income	\$59,344	\$41,365	\$45,572	\$73,587
Per Capita Income	\$23,960	\$18,698	\$16,004	\$28,418
Aggregate HH Income	\$154,825,291	\$1,389,861,137	\$14,285,656,137	\$128,281,271,137
Aggregate HH Income per sq. mile	\$109,417,167	\$115,427,385	\$102,942,620	\$32,774,327
Aggregate HH Income per acre	\$170,964	\$180,355	\$160,848	\$51,210
<b>Expenditures</b>				
Aggregate Expenditures per sq. mile	\$78,053,190	\$94,124,373	\$86,308,757	\$23,075,539
Aggregate Expenditures per acre	\$121,958	\$147,069	\$134,857	\$36,056
Aggregate Retail Expenditures	\$50,711,669	\$552,474,851	\$5,517,497,268	\$39,646,991,664
Aggregate Retail Expenditures per sq. mile	\$35,838,635	\$45,882,805	\$39,759,155	\$10,129,331
Aggregate Retail Expenditures per acre	\$55,998	\$71,692	\$62,124	\$15,827

and use of a unique product/retail mix not found in suburban locations.

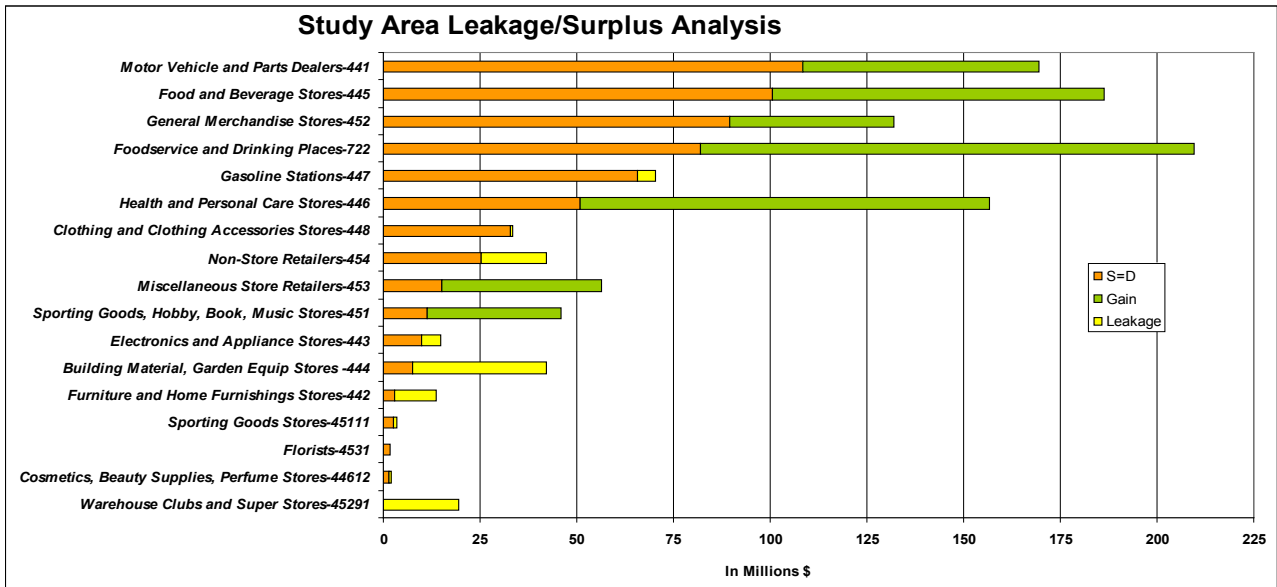
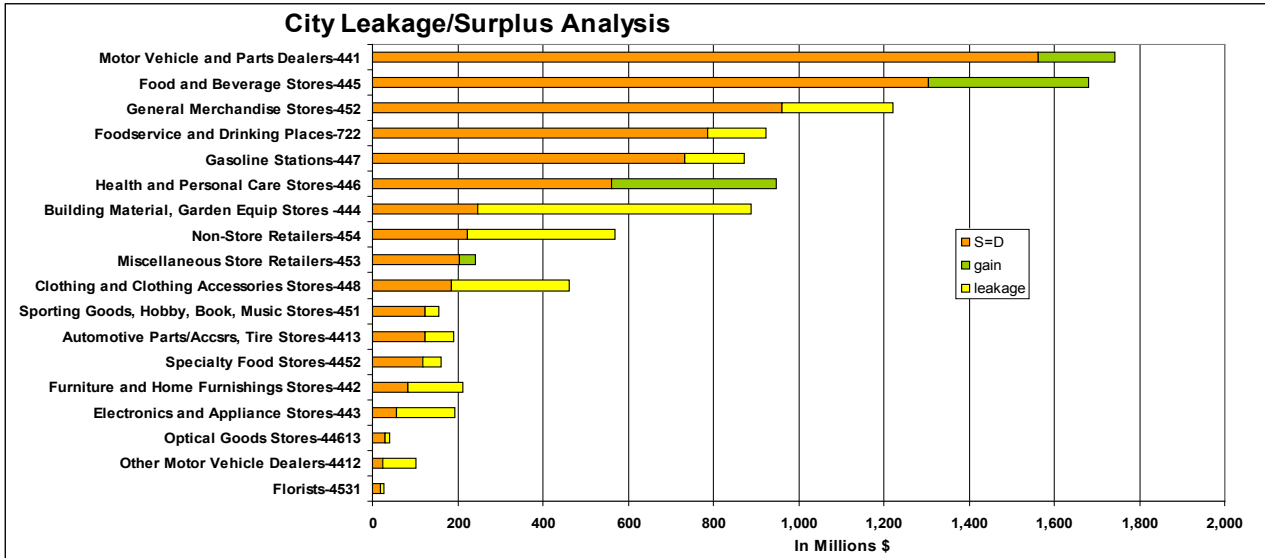
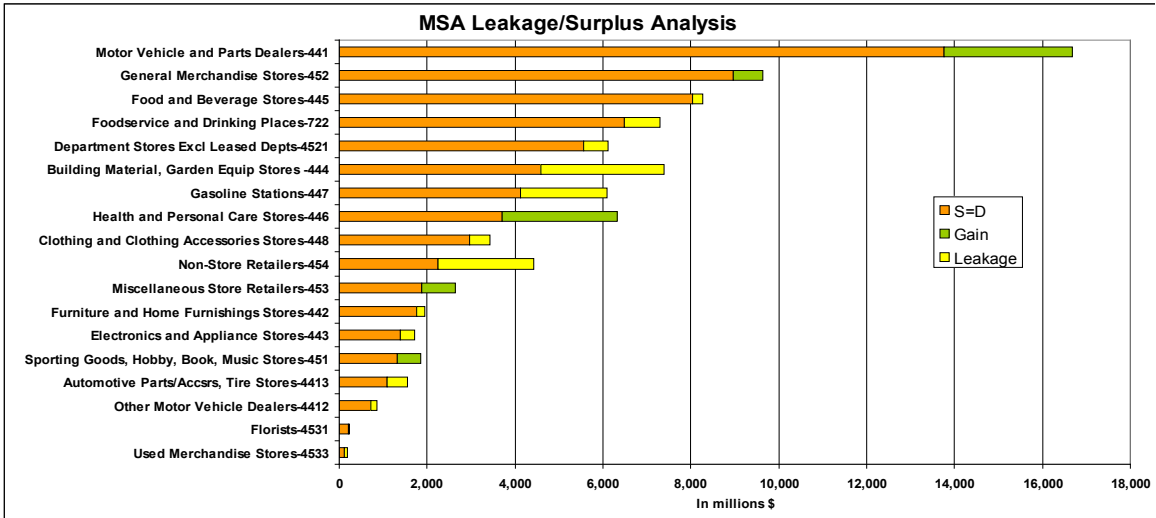
Source: Claritas 2006, Social Compact and University of Michigan analysis.

## Retail Leakage Analysis

Another important tool for investigating retail potential is Retail Leakage. Retail leakage for an area is determined by subtracting retail demand from retail sales, using actual, estimated or projected numbers. A comparison of these figures shows whether excess purchasing power is available that either is not being spent or is being spent outside the local market in surrounding trade areas (leakage). A negative number indicates that expenditures are escaping the area and leaking into other areas. A positive number may indicate area strengths in the form of surplus expenditures attracted from outside trade areas. Leakage may result from a shortage of retail supply or outdated retail stock which does not meet the demands of the market, resulting in uncaptured trade potential. It may also result from unmet demand. One limitation of this approach is our ability to measure actual or potential demand quantities without a survey of area consumers and businesses (provided you can identify these consumers) or collection of actual business sales data by a leadership organization within the urban market. See Appendix A for an in-depth analysis and charting leakage in the downtown, city, and MSA.

The charts below reveal the RMP Leakage and Surplus results for the larger downtown study area, City of Detroit and Detroit-Warren-Livonia MSA. The orange bar represents the quantity of activity in which sales equals demand in the area. The green bar represents the surplus or gain in activity in the local area where sales exceeds local demand. These are the categories in which the local area attracts activity from the larger area. The yellow bar represents leakage, or the amount in which the local area demand exceeds local area sales, representing a loss of activity to other areas. In the NAICS categories, 3 digit codes represent larger scale categories and the 4 or 5 digit codes represent subcategories under those broad categories. The only subcategories included in the chart are those in which the





broad category shows a surplus of activity but the subcategory shows a leakage opportunity.

**Conclusions from Leakage/Surplus Analysis:**

Surplus activity in all three areas (study area, City of Detroit, and Detroit MSA) indicates tapped out potential for growth in categories well covered in the area. Surplus activity exists in the broad product categories of Motor Vehicle and Parts Dealers, Health and Personal Care Stores, and Miscellaneous Store Retailers. However, subcategories of opportunity in these areas may be covered below as opportunities.

Important opportunities for downtown retail development may exist in categories in which all three areas currently show leakage of almost \$8 billion in regional provisional needs. These categories include:

- Gasoline Stations
- Clothing and Clothing Accessories Stores-448
- Non-Store Retailers-454
- Electronics and Appliance Stores-443
- Building Material, Garden Equipment Stores-444
- Furniture and Home Furnishings Stores-442
- Florists-4531

All of these opportunities may be adapted to fit within a downtown urban environment.

Another opportunity exists in Sporting Goods Stores, where there is leakage in both the study area and the City of Detroit, but not the MSA. This may indicate the need for new businesses downtown to reduce travel time into the greater MSA for these categories. A similar opportunity exists where there is leakage within only the study area for everyday retail needs such as Cosmetics, Beauty supplies, Perfume stores. Warehouse Clubs and Super Stores offer another area of leakage in the study area, but this type of business may not be well suited for a downtown location.

The most important existing strengths of the downtown area are the categories in which the downtown currently experiences a surplus of activity, but the City of Detroit or the MSA show leakage, meaning an opportunity for downtown to satisfy this demand. This includes Food and Beverage Stores for which the MSA shows a leakage opportunity of \$229,060,000 that the CBD might capture with better marketing and promotions designed to draw business within the MSA to downtown instead of outside the MSA. It may also indicate expansion opportunity for downtown to add to the current surplus of these stores by concentrating critical mass in the downtown area. Similarly, the downtown may be able to capitalize on the Detroit MSA leakage of \$826,605,000 within Food service and Drinking Places by expanding their concentrated activity within this category. Within the MSA there is also leakage of \$462,675,000 for Automotive Parts/Accessories, Tire Stores, which may indicate further opportunity for existing downtown dealers who currently operate at a surplus in this area if this additional business could be drawn downtown. Within the miscellaneous store retailer category, Used Merchandise Stores, such as vintage clothing stores, shows a leakage of \$72,856,000 to other areas from the MSA. This type of retail might fit into downtown as a new, edgy business satisfying all income levels.

The Social Compact DrillDown analysis also indicates opportunity for

grocery stores within downtown. Overall, two avenues appear consistently successful for attracting grocery stores to inner cities: a comprehensive plan coupled with incentives and a thorough market analysis, or non-profit-private partnerships with a grocer already specializing in inner city markets. In either case, the city or a local non-profit must prove that the demand is present and assist the grocery store in overcoming obstacles to development. The grocery store in question also needs to cater to the market in a city, offering competitively priced staples and unique goods that appeal to the local population. While running a grocery store inside a city cannot be accomplished using the exact methods of a suburban store, it can be accomplished just as profitably (see grocery store case study, Appendix A).

### **Small Business Development**

There is a particular need for an attractive retail anchor in downtown Detroit. However, a successful 24-hour community requires a critical mass of varied and unique retailers, art venues, downtown workers, and CBD residents. Successful independent businesses can lend credibility to downtown Detroit as an attractive business climate, serving as an attractor for other retailers. Residents and businesses might also partner to attract interest and investment from the local government or retailers.

Two case studies illustrate the importance of local retail. Case Study #1, *The Case for Local vs. Chain Retailers*, by Civic Economics, determined that locally owned and operated merchants generated three times greater impacts on local economies than national chains because of a greater utilization rate of local labor, purchasing of local goods and services, and retention of profits in the local economy (Appendix A).

Case Study #2, *Reviving Locally Owned Retail*, by Stacy Mitchell, gives compelling evidence that independent stores are on the rebound due to cooperative techniques which allow them to experience the same sort of volume purchasing and economies of scale that the chains enjoy while sending a ripple of benefits throughout the local economy. The study presents evidence that local retailers rebuild within their communities following disasters, while many chain stores do not (Appendix A).

Mayor Kwame Kilpatrick has stated his awareness of the need to support local businesses to spur further commercial activity and vitality. His administration supports entrepreneurship through two financing programs. The Small Business Detroit MicroLoan Program was created through a partnership between the City of Detroit's Mayor's Office of Neighborhood and Commercial Revitalization and the Center for Empowerment & Economic Development (CEED). According to the CEED website, these microloans may be used for equipment, inventory, supplies and some working capital. The Mayor's Office of Targeted Business Development facilitates the startup and growth of Detroit-headquartered businesses, and specifically targets women-owned businesses, minority-owned, and small businesses.

### **Downtown Detroit Retailer Focus Survey**

To better understand the issues facing retailers in downtown Detroit, our project embarked on an informal survey of several downtown retailers. This informal study serves as a valuable focus group instrument in determining the current retailers mind sets and perceived barriers to growth.

Eighty-five businesses were contacted and thirteen business representatives (response rate of 16.5%) were interviewed in an informal, in-person or telephone survey consisting of 16 open ended questions.



<b>Change Needed for Increased Success</b>	<b># Comments</b>
Resolve various issues related to parking	31
Increase awareness of downtown changes and businesses	13
Build collaborative, cohesive retail business community	12
Support from political leadership/city officials	11
Need coordinated marketing effort for downtown retailers	10
Small business funding/financial support	8
Need public transit options to improve accessibility	7
Get more foot traffic/population	6
City should notify retailers of upcoming conventions/events in downtown	5
Detroit visitors kiosk near Campus Martius/wayfinding	5
Bring back feeling of walkability	5
Open new stores	5

Team members then coded responses into categories (Appendix A). Type of stores owned by respondents included specialty food/restaurant, men's apparel/accessories, women's apparel/accessories, other specialty retail and services, an art gallery and a bookstore. Businesses chosen for the survey included new businesses, Renaissance Center retailers, and long-term retailers. Major findings are discussed below:

**Hours and Days of Operation:** All businesses were open Tuesday through Friday, but only 10 were open on Monday and Saturday, and only 7 had Sunday hours. Most businesses opened before noon and were open through 4 pm, but only 11 were open between the hours of 4-6 pm, and only 7 were open after 6 pm on some days of the week. Many business owners said that they were willing to be open more hours and on more days, but could not justify the hours by the amount of customer traffic in the area during those times.

**Customer Base:** According to the retailers surveyed, out of town visitors and downtown residents are not the primary consumers in the CBD. Metro area residents were perceived by one business to be over 75 percent of their business, with 5 businesses indicated metro area residents account for 26-50 percent of sales, and 3 indicating metro area residents constituted only 25% of their business. The largest customer base appears to be the downtown workers, which 4 businesses estimate account for over 75% of their business, 2 indicate account for 51-75%, and the rest indicate account for less than 50% of their business.

As more loft condo conversions are completed and occupied, the impact the local downtown area residents have on retail sales will increase.

**Reasons for Locating Downtown:** By far the most common reason identified for locating a business downtown is positive expectations regarding the business climate. A personal history or important connections in Detroit supplemented these positive expectations. Other reasons for locating downtown include the presence of niche opportunity, a preference for downtown locations, and a desire to be a part of the rebirth of the city or to make a difference in Detroit.

"I saw an underserved market, a lot of potential." – Deron Washington, Fashion Council

More retailers commented that sales were below expectations than improving, and some retailers noted that construction may have inhibited some sales.

**Improving Success:** Interviewees were asked what changes were needed to improve their success. The top responses were:

These comments largely represent programming changes. The largest obstacle to success was identified as the parking. Parking presents an obstacle because it is too expensive, not well run and not consistent in pricing. There are problems with ticket validations for customers, zealous ticketing of customers, and confusion regarding which lots are public. Panhandlers or homeless people pose another problem because they can discourage customers. Business owners also report having problems with loss prevention and uncooperative building owners. For example, one of the retailers, who asked not to be named, said:

“There is great building ownership turnover. No one who has a vested interest in Detroit lives here—they take their money and run. 10 years ago there were owners who cared about the buildings and filling them. There used to be a merchant’s association in the building. We met and planned events in the building to promote everyone. Through the years this fell by the wayside.”

The next largest perceived obstacle was a lack of awareness of downtown businesses and changes. Many retailers expressed the need for a collaborative marketing effort in the region to attract new customers. Isolationist thinking, lack of activity on weekends, competition among districts instead of cohesion, poor economy and high rent present problems for the retail climate in downtown. One retailer said, “The isolationist way of thinking has to change. Districts need to be connected. You think of Chicago as a whole, all you hear about here is Campus Martius, you might as well call it Campus Detroit. You have to incorporate the whole area.”

**Perceptions of Public Officials:** Feelings about contact with the government were mixed. Chain retailers or long-standing local businesses were, in general, more satisfied with their interactions. New, small businesses expressed concerns about the lack of connection with City officials, ineffective assistance, and slow response times. Mentoring for new businesses would be a viable solution to these problems.

Small businesses are definitely frustrated. One interviewee said, “We got testimonial resolutions from Detroit City Council. As much as they say it’s important for small businesses to come back to Detroit for the revitalization, I’m not sure that they’re willing to do what it takes to actually support a viable business. They need to keep contact with businesses that are in the database telling them what conventions and opportunities are coming into town. The city could work with businesses to highlight those that would be a good fit for those things coming into town. We call people who say it’s not their department and pass us on to someone else. We get the runaround and it’s frustrating. We want to stay in the city, but it has been tempting to go across the city lines to the suburbs, where it seems like it might be better.”

Another said, “It’s very insulting. We get lost in the shuffle.”

Other retailers described positive experiences, except for a nearly unanimous dissatisfaction with downtown parking. One long-time retailer said, "Everyone is easy to work with in the city and very productive, with the exception of the parking authorities. During Superbowl, the parking next door was rude or nightmarish. Police are very supportive and easy to work with. I've had periodic contact with city council members, they are supportive and interactive. We have had street fairs, it's all wonderful interactions. People went out of their way to be helpful."

These businesses could be strengthened with a downtown business association or BID to coordinate communication efforts and provide mentorship. These and other ideas are explored in the following section and in Appendix A.

**Ideas for Downtown:** Finally, various question formats yielded a wealth of ideas for the future of downtown. These include:

### **Development/Business Ideas**

- Develop/preserve/utilize historical architectural heritage
- Place to live, work, play
- Vendors on the street and sidewalk cafes
- Whole Foods store, Bakery, Furniture stores
- Medium price spa/fitness facility
- Fully developed riverfront
- Transit-oriented development

### **Quantitative/Qualitative Ideas**

- More retail
- More residential
- More people
- More walkable
- Continue Woodward/Stadium/Casino momentum

### **Behavioral/Programming Ideas**

- Businesses open on weekends
- Late night patronage
- Activities to celebrate diversity
- High tech infrastructure, marketing, programming increase
- Celebrate the automotive and musical heritage
- Discover the historic relevance of Detroit
- Detroit as a tourist mecca
- Increase diversity of jobs
- Rehabilitation programs and veteran support
- Coordinated events with Campus Martius, Grand Circus, Harmonie Parks
- Events to encourage walking like the Gallery Crawl and Downtown Detroit Days
- High school students as ambassadors for the city
- Art/Education orientation

### **Recommendations for Retail Development**

The key to success for downtown retail lies in revitalizing existing infrastructure and public spaces to create critical mass and contiguous activity. The strategy must include supporting existing businesses and promoting collaborative marketing and programming to enhance the business climate for all. Many redevelopment plans fail because all of the essential ingredients ("the mix") do not exist at the same time,



in sufficient amounts (“the critical mass”), or are not sufficiently near each other (“the mesh”) to enable the promised catalytic or synergistic interaction to occur. The correct mix, mass and mesh<sup>38</sup> is needed to create a vibrant 24-hour central city. A successful retail district is dependent upon critical levels of employment and residents as well as a competitive advantage in attracting business within the regional context. Important considerations in this larger context are security, access to mass transit, and availability of nearby affordable housing. Piecemeal efforts at revitalization will not guarantee the desired effect.

A viable downtown offers pedestrian access to a variety of facilities within a five- or ten-minute walking radius, creating more value than a single-purpose destination. Additionally, the pedestrian perspective requires physical and psychological linkages between venues for greatest economic benefit. Barriers to these linkages include excessive distances between stores caused by vacancy and empty storefronts, long, blank, windowless walls, six-lane highways, etc. Other pedestrian impediments include dangerous intersections, poorly marked locations, uninteresting storefronts, panhandlers, dark settings, and poor streetscapes.

Marketing efforts should reach out to a wide variety of consumers within the region. This would be best achieved through the encouragement of regional-serving retail and entertainment venues, not by duplicating suburban retail offerings. It is important to build on Detroit’s creative economy. Downtown Detroit retailers would benefit from a collaborative effort to distribute brochures informing patrons of the other downtown retail offerings and encouraging shoppers to view downtown as a diverse destination shopping experience. Scheduled, guided downtown retail tours offering an experience of all these disconnected districts utilizing the People Mover system would be fun and informative for would-be downtown shoppers while increasing awareness and visibility for all districts. This might also be accomplished with an organized “treasure hunt” activity, or by providing special “downtown personal shoppers” on request.

Interest in the retail areas could be created with street vendors and performers, attractive public open spaces, comfortable street furniture, and informal gathering places along these corridors, linking one area to another. Additionally, attractive and easily changeable exterior signage should be implemented to notify the pedestrian of the variety of retail destinations offered within buildings. It is important to link retail with the concentrated centers of employment, popular visitor attractions, and residents downtown.

In addressing the needs of local retailers, the Downtown Detroit Partnership (DDP) can provide leadership by establishing a Downtown Independent Business Alliance with downtown retailers. Plans could include purchasing cooperatives, marketing collaborations, and employee discounts to participating stores. DDP should also establish a Retail Liaison Team, headed by a retail consultant project manager, to improve communications between the city and retailers. Activities may include “family circle” meetings, customer service awards, and a mentorship program for new retailers. The most important function is to coordinate a collective downtown marketing campaign to increase awareness and reach out to new customer bases. This sub-organization could organize efforts between City Council, appropriate municipal staff, Mayor’s office, property owners, retail consultants, residents, independent business alliances, etc. to attract new retail and other amenities to fill downtown vacancies. This organization could also run informative workshops to address retailer concerns and needs.

Case Study #3, the Boulder Independent Business Alliance (BIBA) case study, illustrates the role of public policy in supporting national chains through subsidies not offered to independent businesses. As a result, independent business alliances are forming in support of local businesses (Appendix A).

These partnerships encourage independent business owners to stop thinking of themselves as competitors and enter collective partnerships that enhance group competitiveness. Efforts by businesses and community groups in other cities have led to the formation of public policies to ban large retail stores, require community impact reviews for new development, and shift economic development resources away from chain store sprawl and back into Main Street businesses.<sup>39</sup>

While local businesses are essential, it is important to note that national chain stores often serve as well-known anchors drawing customers with extensive marketing campaigns. Every effort should be made to support local retail while providing a balance with national chains.

Public/private partnerships could also play an important role in this revitalization of downtown Detroit. The city plays three important roles in these partnerships:

**The City as investors:** The City can provide long-term equity, perhaps through accepting a lower return on investment or retaining a minor ownership role.

**The City as trainers:** The City can develop a retail management training program through a local community college, small business management, or business incubator program.

**The City as facilitators:** By establishing a mentorship program to match people starting new businesses with established business owners. Establish retail business incubators to nurture independent businesses through the crucial start-up phase by utilizing shared services, equipment and business expertise.<sup>40</sup>

Two case studies illustrate creative efforts to stimulate entrepreneurship through collaborations between the public and private sectors:

Case Study #4, Genesis LA, presents a uniquely structured government-initiated program designed to bring jobs and new life to blighted areas of Los Angeles through the use of a three part financing scheme in which all partners expect to make money, including the public sector. Genesis LA added six new sites representing 13,000 jobs and \$680 million in private capital. One of their most successful projects involved a closed General Motors assembly plant in Van Nuys (Appendix A).

Case Study #5, Alliance Program of the International Council of Shopping Centers (ICSC), illustrates a successful partnership initiated by a trade association, encompassing membership among the private and public sectors. ICSC developed the Alliance Program to foster relationships and strategic alliances between the public and private sector as aggressive competition, changing consumer behavior, economic fluctuation, growth concerns and internet commerce trends challenge retailers and eroding tax revenues (Appendix A).

# Visioning

"Michiganians, weather doesn't stop us from doing anything."

- Marvin Beatty, Managing Partner,  
Greektown Casino



A mural in Detroit  
(photo: Patrick J. Duggan)

## Methods

Months of interviewing Detroit's civic, governmental and corporate leaders shaped the visioning portion of this project. In the end, the "visioning" team conducted a total of forty-nine interviews, comprised of twenty-eight on-camera interviews over the course of four days and twenty-one off camera over three months.

Using methods based on successful visioning processes in other cities, the project team hired the former Mayor of Charlottesville, Virginia, Maurice Cox. Cox is an associate professor at the University of Virginia's School of Architecture. Over the period of several months, the students and clients met to create a list of questions and interview topics appropriate for this work, under Mr. Cox's guidance.

Our client's interest in reaching major players in the region as well as up-and-coming Detroiters shaped our list of interview subjects. The team narrowed the list from over four hundred leaders across sectors to the final fifty subjects. The list of interviewees is attached in Appendix B.

Prior to setting up and conducting the interviews, the visioning team members conducted walking assessments of the Central Business District. In this assessment we looked at the moderately priced and high-rise luxury residential developments, entertainment venues, riverfront, pedestrian-friendly walking zones and office building sites. These walking tours helped to familiarize the team with the area's current conditions and informed them about issues that would arise during the interviews. A map of the Central Business District was also shown to each interviewee to help visualize the areas that were discussed in their responses.

Each interview included a constant set of questions (Appendix B.) We reviewed the interview transcripts for common themes. The major themes of the content analysis were:

- Definition of the Physical Boundaries of downtown Detroit
- Identification of Detroit's 'special vibe'
- Big Dream for the future of the downtown
- Entertainment high points
- Identification of housing and neighborhoods
- The Role of Race in downtown redevelopment
- Marketing input from the visioning interviews
- Impediments to development
- Necessities for Success

### **Definition of the Physical Boundaries of Downtown Detroit**

As revealed in the interviews, 'Detroit' means different things to different people. To some it is a gritty, blue-collar city; to others it is Hockeytown or Motown, or home.

Given the scope of the research, the most appropriate way to define the physical downtown is the area between the freeways (Fisher, I-375 and the Lodge) and from the Detroit River to the I-75 expressway. Another geographic way to describe downtown is the area from Belle Isle to the Ambassador Bridge. Some have called downtown a reverse "T", that consists of the riverfront and Woodward Avenue, but not much else. From an aerial view, some consider Detroit only to be a place that was composed of structures two to three stories or higher.

Others consider Detroit's historic buildings as the definition of the



downtown area. Ann Lang, President of the Downtown Detroit Partnership, expressed that “the bones of the downtown are wonderful. They would rival the bones of any downtown in the world. If we can bring that back to life, we’ve got such extraordinary fundamentals to work with. That to me is the great gift that we have to start with that I don’t know that we always appreciate.”

### **Special Vibe**

Every major city has a special vibe. This question was intended to reveal Detroit’s special vibe that might form the inspiration for future development and programming. The majority of respondents identified the Motown music history and the automotive industry as contributing to Detroit’s special vibe. These sentiments are conveyed in the following quotations.

“We have the opportunity to be the coolest city in the Midwest.” - David DiRita

Motown is and was a great place for music. Many interviewees spoke about a need to celebrate the importance of the musical heritage of Detroit. It is a city rich in diversity and culture.

As Matt Cullen put it, the attention in other newspapers shows that elsewhere, people think “[Detroit] was just so cool because its kind of one of the last cities in the country if not in the developing world that has this kind of vocal unique flavor where its not being overtaken by corporate America.”

Festivals are held in Detroit year round that draw crowds across sectors. Tom Lewand, Jr., CEO of the Detroit Lions, says that Ford Field’s largest draw is for country music.

Cultural institutions, such as Detroit Institute of Arts, play an important role in furthering the cultural awareness in the City.

### **Downtown Attractions**

Many respondents felt that future development within the downtown should strengthen the physical connections between these attractions or venues. The majority of respondents identified the Detroit River, the renovated Campus Martius, and the Woodward Avenue corridor as treasures within the downtown. Some of the downtown’s assets including “places to go” are listed here:

- The Detroit River
- Campus Martius
- Ballparks
- Borders Books
- Joe Lewis Arena
- Café Roland (Guardian Building)
- The David Whitney Building
- Detroit Athletic Club
- Bars and restaurants
- Detroit Medical Center
- Wayne State
- Hart Plaza
- Churches

## **Dream for Downtown**

The interviewers asked participants to identify their dreams for downtown Detroit that could be realized in the next 5-10 years. Their ideas focused on the city's automotive heritage, Motown, the riverfront, improving walkability, revitalizing Woodward Avenue, promoting schools, shopping, funding and security. The following items were identified as possible supplements to the work currently underway.

## **Automotive Heritage**

Suggestions arose that Detroit should find a way to celebrate the automotive heritage that shaped the City and nation from the early 1900s to present day.

"I grew up here thinking that what was so important to us was music and cars. And now I think that those are still important, but we've got to develop this legacy around technology in a way, but people don't really know that and I think there are the life sciences corridor, and the fact that there's technology coming out of that, and that there's tech town, and the kinds of innovative things that are happening . . .they don't connect that to Detroit, I mean that isn't what Detroit is known for, yet if people came here with very strong technology backgrounds, they'd have no problem finding a job. There's a huge market here. But it doesn't get connected to our whole manufacturing industry" Carol Goss, CEO of The Skillman Foundation.



*A mural highlighting Detroit's history  
(photo: Patrick J. Duggan)*

## **Motown**

Ideas ranging from encouraging street musicians to building a museum were proposed as simple ways to honor the musical heritage of Detroit, much of it coming from African American roots. Detroit is known for its unparalleled musical heritage. As it continues to reinvent itself with Techno, hip-hop, Electronic, etc., it should become more apparent that Detroit is home to music.

Herb Strather, chief principal of Strather and Associates, says, "let's do this logical thing. What is Detroit's biggest export...music?"

### **The Riverfront**

Dennis Archer, former Mayor of Detroit, suggested that his vision for the city would include “a vibrant waterfront. Because how the city started, first with the trappers.” There is speculation that an aquarium in Detroit could help bring more attention to the riverfront as well as replace older infrastructure along the river. Locating an aquarium along the western riverfront (where Joe Louis Arena is now) would help renew activity in this historically industrial area. This would extend the major residential, retail, and boardwalk construction along Detroit’s Riverfront.

### **Walkability**

John Stroh III, Chairman and CEO of The Stroh Companies, suggests a simple, visual solution, saying, “Gee wiz -- a pretty street that would get me to walk. To make Detroit more walkable, the streets need to be clean. No one wants to walk by abandoned buildings or parking lots.”

As David DiRita, senior vice president and general counsel of Tower Automotive recalled, “when the Red Wings won, you had a sense of what downtown would be like once those things [street life] were in place.” “We have a real city eighty nights a year. That number needs to increase if Detroit will become a world-class city.”

Many in Detroit’s leadership made a strong call for more activity that is not necessarily entertainment. For instance, finding a good place to buy coffee, buy broccoli, or a curry shop are small examples. Sean Harrington, owner of Centaur and the Town Pump, suggested, “we don’t have a good curry restaurant in the city of Detroit. It’s insane. Not downtown, at least. We’ve got a good sushi restaurant, we’ve got a good Thai restaurant, but where do you get your curry?”

“When you live in a city, it is important to help relieve its challenges, whether in public or private setting,” said former Mayor of Detroit Dennis Archer.

### **First Class Convention Space**

As a whole, interviewees noted that Cobo Hall is out of date and needs to be demolished or rehabilitated. Many also said that it is a barrier between the city and the riverfront. If new plans for the facility come to fruition, there should find a way to seamlessly integrate Cobo, the city and the riverfront. This would give a unique asset to the facility and help create a world-class convention space.

Detroit would benefit from new industry and new places to showcase the legacy of innovation. “We need more than our fair share of corporate headquarters, leaders and visionaries,” said John Stroh III.

### **Woodward Avenue**

“Woodward is the heart of the city.”

- Douglas Diggs, Director of Detroit’s City Planning and Development

Many of the interviewees echo a common dream: a walkable Woodward Avenue. Photographs from turn of the century illustrate how this street was once a vibrant urban corridor. As Laura Trudeau, Senior Program Officer at the Kresge Foundation put it, Woodward could again be “a lot of storefronts and ... nicely landscaped streets, and kind of that sense of enclosure. Shaded boulevards, buildings on both sides that are not

right up against the street, but, you know, have a little room for a little café outside or a few plantings.”

Carmen Harlan, WDIV news anchor remarked, “Woodward Avenue is the Michigan Avenue of Detroit... We had private stores and specialty stores...[people] remember being able to shop, looking forward to it, getting dressed up and going downtown to shop... I do see the need for specialty stores downtown, and not just for people who live outside of the city or work in the city, but also for those who live in the city.”

### **Schools**

Many respondents stated that encouraging residents with school-aged children to live in Detroit requires improvements in the public school system.

“I think one of the biggest barriers is education and the schools, and our work is centered around children and the needs of children, and I think that if we’re going to attract families with children to downtown, to the neighborhoods that surround it, then we need to have a high quality education system that supports their learning, because that’s what young families want. And our work is also targeted in neighborhoods where children live, so we don’t make grants downtown, but we do make grants to individual schools that are making a difference, and I think that we have to begin to address those kinds of issues. We have to make the surrounding neighborhoods to downtown as vibrant and safe and wonderful for families as downtown can become, and we need to have an educational system that supports it.” Carol Goss, President and CEO of the Skillman Foundation.

Dennis Archer stated that Detroit must have a “very good educational system with good public school support. If America is to remain competitive, we must educate our young people.”

### **Funding**

Leaders in Detroit refer to the city as ‘a diamond in the rough’. Many suggested merging the various groups that work to address issues in Detroit to consolidate their efforts. In a sense, these groups could be working smarter and not harder.

George Jackson suggests that the focus in the Central Business District should be on business attraction. “We’re going to start that in this fiscal year...going after the national retailers, we need to be funded to be more proactive, and that is telling the Detroit story, because we have an image issue that we have to overcome. It’s a very unfair image, I might add, because downtown Detroit is very beautiful, and it’s also safe.” As this study indicates, the population base and the demographics of the city are undergoing a positive change, despite the national and state economy.

### **Security**

There is a belief, even among some in the development community that families will not move into the urban environment because of perception issues, such as concerns regarding safety and the quality of the schools. This is a perception shared throughout the country regarding the compatibility of children and urban living, but is more acute in Detroit.



Andy Farbman, CEO of Farbman development, contends that because over 4.1 million people in the Metro region do not live in Detroit, there are three things to bring the population in: public transit, safety and entertainment.

"Walkable amenities include security," says Marvin Beatty. "If you go to New York when it was filthy, and you go today it is a different city, it is a cleaner city. All of them have their problems but there is something about it when you can walk down the street and not see paper blowing everywhere and beer bottles and broken glass there's something about it, a safety factor that people just automatically, its an adrenaline that they feel as a consequence."

### **Shopping**

Many recollections of Detroit before 1967 include the tales of taking public transportation down to J.L. Hudson's department store for a day of shopping. Many interviews wanted updated versions of these expeditions for today's downtown. "You know when a business district is healthy when you see a Pottery Barn, a Crate and Barrel, a Restoration Hardware downtown," said Carmen Harlan.

"We need to find a way to have a base of residents, support and buying power to the department stores to downtown. They will attract the Nikes, Gaps and all the other kinds of things," said Dennis Archer.

One of the more humorous, yet pointed remarks about shopping in the Central Business District came from Sean Harrington, owner of Centaur and the Town Pump restaurants. Harrington offered, "as crazy as this might sound, those little grocery stores that exist in other cities, these little tiny places where you can buy broccoli. I want to buy broccoli, and I want to walk and buy broccoli. I can now walk to a theater. I can walk to a nightclub, I can walk to a bar, and I can walk to a dinner. I can fly a kite, I can do all these things, but I can't buy broccoli, not on my feet, and I can't buy broccoli on my feet."

### **Housing and Neighborhoods**

Greater Detroit was built around automotive industry jobs. Strong residential subdivisions once provided the type of neighborhoods one would want to grow up in: within walking distance to schools, groceries, and drug stores. Corktown, Palmer Woods and Indian Village have illustrated that these neighborhoods can again be realized in Detroit. However, obstacles exist. Urban flight has decreased the services provided by the city and led to high taxes and troubled schools.

On housing, Bernie Gliberman, President of Crosswinds Communities, says,

"In Detroit, they try to provide needed housing. They don't really need more affordable housing-they need to bring in more people with dollars to spend. They need to build 2 types of housing: Empty Nester - buying their last home or maybe this is their second home and they have another somewhere else. First Time Buyers - starting with their first home in urban areas, young, no kids, want the urban experience."

George Jackson, President and CEO of the Detroit Economic Growth Corporation said,

“Currently what we’re seeing are a lot of young professionals, a lot of Baby Boomers who are selling the home either in another part of the city or from the suburbs and moving into downtown or midtown, and soon the riverfront or Corktown. I think that’s going to change. I think that we’re going to have to aggressively work with the school district, for one, and I think that looking at the school district and education and alternatives are going to be necessary so that we can also do more to bring families in.”

### **Marketing input from the visioning interviews**

Respondents were asked to identify portions of the downtown that have great redevelopment possibility. Further exploration of these areas can be found under “catalytic projects”.

- Broadway
- Capital Park
- East Riverfront
- Eastern Market
- Foxtown (also known as the entertainment district)
- Grand Circus Park
- Harmonie Park to Greektown
- Lower Woodward
- Old Financial District

Much of the current development includes lofts and condos, which pick up historical tax credit and therefore lease for the first five years, as required by the tax credit contract.

These areas already contribute to the growing vitality of downtown. On the riverfront people have the ability to walk or bike three miles from bridge to bridge, or to sit in and enjoy Campus Martius Park. Harmonie Park boasts an eclectic mix of small retailers and artists. There are many places, uncovered in this report, in Detroit that are gems. According to Ann Lang, President of the Downtown Detroit Partnership, “Campus Martius Park is absolutely working. Its motto is that it’s Detroit’s gathering place, and it is.”

*“The people who have the capacity to change the city are those who are well capitalized, with the correct infrastructure, with a proven track record and a desire to see a successful city. This may not necessarily be the altruist.”* – Dale Watchowski, President and CEO of Redico

### **Role of Race**

The riots in 1967 were the catalyst for much of Detroit’s subsequent decline. The Sunday the “Detroit Riots” began is etched in the memory of many native Detroiters, representing a week of racial tension, looting, mayhem, and violence. The role of race in Detroit cannot be ignored. This region is extremely segregated by race. The map on the adjacent page clearly depicts the physical segregation of black and white communities in the region. This is a legacy of the racial tension and riots of Detroit’s past.

The current implications of segregation have grave results on many social and market realities of the City. It directly impacts new housing options

in downtown Detroit. For Matt Cullen, “it’s race, it’s displacement, it’s the G word, gentrification, what it comes down to at the heart are income disparities and the city really needs to work.” Future redevelopment needs to thoughtfully consider how lower-income housing can be encouraged.

According to Laura Trudeau, “there is still just a lot of distrust because of our past...we are so segregated”. Mixed housing provides an opportunity to overcome this distrust. Frank Taylor suggests what the future downtown needs: “it’s middle income, it’s rich, it’s black, it’s white, it’s just a combination of people”.

*"This is the tale of two cities. It's not just the haves and the have knots, you've got a racial divide here that just, for whatever reason. It just will not go away. When Detroit resolves that, it will set a precedent for the rest of the country." - Carmen Harlan*

### **Impediments to change**

The interview respondents identified many impediments to change, ranging from government structure to disinvestments. Overall, Detroit needs improvement from stronger surrounding neighborhoods, new transportation options, more residents in the downtown, and the provision of additional services in the downtown. Ann Lang said, “there needs to be a sense of public order and that somebody is in charge, somebody is taking care of the place, somebody is taking care of the flowers and the grass and the litter and everything that needs to be done.”

Transportation impediments stood out from the other impediments. The visioning team decided that interviews provided a good opportunity to evaluate what distance leaders in Detroit travel to work. A quick survey showed the range of travel times for commuting in the region, by car. The distances to downtown range from five minutes to forty-five minutes, depending on traffic. These respondents indicated that transportation improvements are necessary for Detroit’s successful revival. They most often mentioned lack of mass transit and a constantly changing parking fee structure. Also, Alan Levy, the City’s Director of the Office of Neighborhood Commercial Revitalization, said, “As long as we have a mass transit that’s just busses, we won’t get the density and focus on downtown that we need to have”.

### **Necessary for success**

*"Urban America refuses to die. Why should Detroit be the exception to that?" - David DiRita*



*Fox Theatre (photo: Patrick J. Duggan)*

The visioning interviews provided a variety of necessities for continuing the improvements to Detroit. This final section briefly describes a number of the most common ones.

A sense of urgency from leadership was one of the most prominent and recurring requirements. The pressure for revitalization was one that has maintained for the duration of this project because of Superbowl XL, the All-star game, the Tigers' winning streak, and the aftermath of all of these must continue. The city enjoyed a buzz of attention leading up to the Superbowl as well as regional cooperation in preparation for that event. Interviewees stressed the need for a plan to maintain that sense of urgency.

Many of the corporate leaders agree that government leadership is imperative to pave the way for more improvements to downtown Detroit. They called for changing the way government operates and responds to citizens and concentrate work on the budget deficit problems. The City must provide basic services, like police, public lighting and mass transit in an efficient, effective, and visible way. Some interviewees thought that targeting one individual leader for specific private/public partnerships would be most useful. A focus on creating and encouraging strong leadership is vital to the sustainability of Detroit. The rise of Roger Penske in Detroit and his Clean Detroit campaign may position him as an ideal leader for the private sector's partnership with the city.

Others wanted to permanently institute some of the services used for Super Bowl XL. An oft-cited example was hiring street ambassadors to provide a friendly face and make people feel safe.

Echoing the effort in 2003, interviewees also expressed the need to create and support a Business Improvement District ("BID," more discussion of the BID takes place in appendix A)

Most interviewees wanted a focus on retail and restaurant development, beginning with encouraging small and medium businesses to move into the City. According to Maria Rodriguez, President of the Mexicantown Community Development Corporation, the city needs to look at the "bottom line, the taxes. What is being done to entice (businesses) to come down here? Don't make it excruciatingly painful to set up shop here."

Respondents noted that adaptive reuse of buildings is desirable and that derelict buildings are unacceptable. Interviewees stated that the city should not continue to allow speculators and absentee landlords to remain if they will not repair and maintain their properties. The interviews provided a number of creative solutions to begin using the large amount of vacant space. By tapping into the creative culture, for instance, warehouses could be converted for use by the music industry or as artist's lofts.

Later interviews with retailers confirmed the visioning interviewees belief in the need to publicize and promote; Detroit suffers from a bad reputation both inside and outside the Metro area. "We've been our own worst enemy" was a quote heard by the visioning team more than once. Detroit needs "to erase the mind set that you're not safe downtown. If you can do that, then I think you're three quarters of the way there." (Carmen Harlan)

Encouraging young people to move to Detroit is a critical step. Interviewees thought that the State of Michigan and Detroit in particular



suffer from a brain drain. Attracting and retaining young people will involve a number of changes in downtown. "It requires some place to go shopping, have a reasonable lifestyle. I think [young people] would move downtown in a heartbeat because it is a place where it potentially will have the energy. If you could get a good buy on some living space, not a giveaway, not going to happen, but something that is affordable and will certainly increase its value over time" (Marvin Beatty).

Lastly, the need for transportation was echoed in almost every interview. Carmen Harlan said that if you "caught a glimpse ...during the Superbowl, there was a need for mass transit into the city. A lot of people want to come. They don't necessarily want to drive because they're afraid of where they're going to park, if they have to walk for a distance where they're not sure of the landscape...How do you transport people into the city if they don't live close enough and they're not familiar with it?"

"In 10 years will look completely different  
We'll have a completely redeveloped waterfront  
Housing exploded  
Infrastructure to support  
More theatres, more restaurants  
Old buildings come down or redeveloped  
It will be a modern city where people want to live"

- *Edsel Ford II, June 21, 2006*

"If you were to come here from another place, you'd think, 'wow, one of the biggest companies in the world is right here on your waterfront...two of the other biggest companies: the automobile business for it's technology and it's artistry and all the market companies that come here support that. You have 4 and 1/2 million people in the metropolitan area, some of the wealthiest neighborhoods going.' If you had a little checklist of what makes a central business district of a downtown successful, we have all of those things."

- *Susan Sherer, Executive Director, Super Bowl XL Host Committee*



# Recommendations: Catalytic Projects

The market research and visioning interviews influenced the choice of these four “catalytic” areas for development in the Central Business District: Capital Park, Grand Circus Park, Harmonie Park, and the former J.L. Hudson’s site. This section provides appropriate development schemes for the areas that incorporate their historical context, current and surrounding area context, and possible future uses.

# Central Business District Catalytic Project Sites

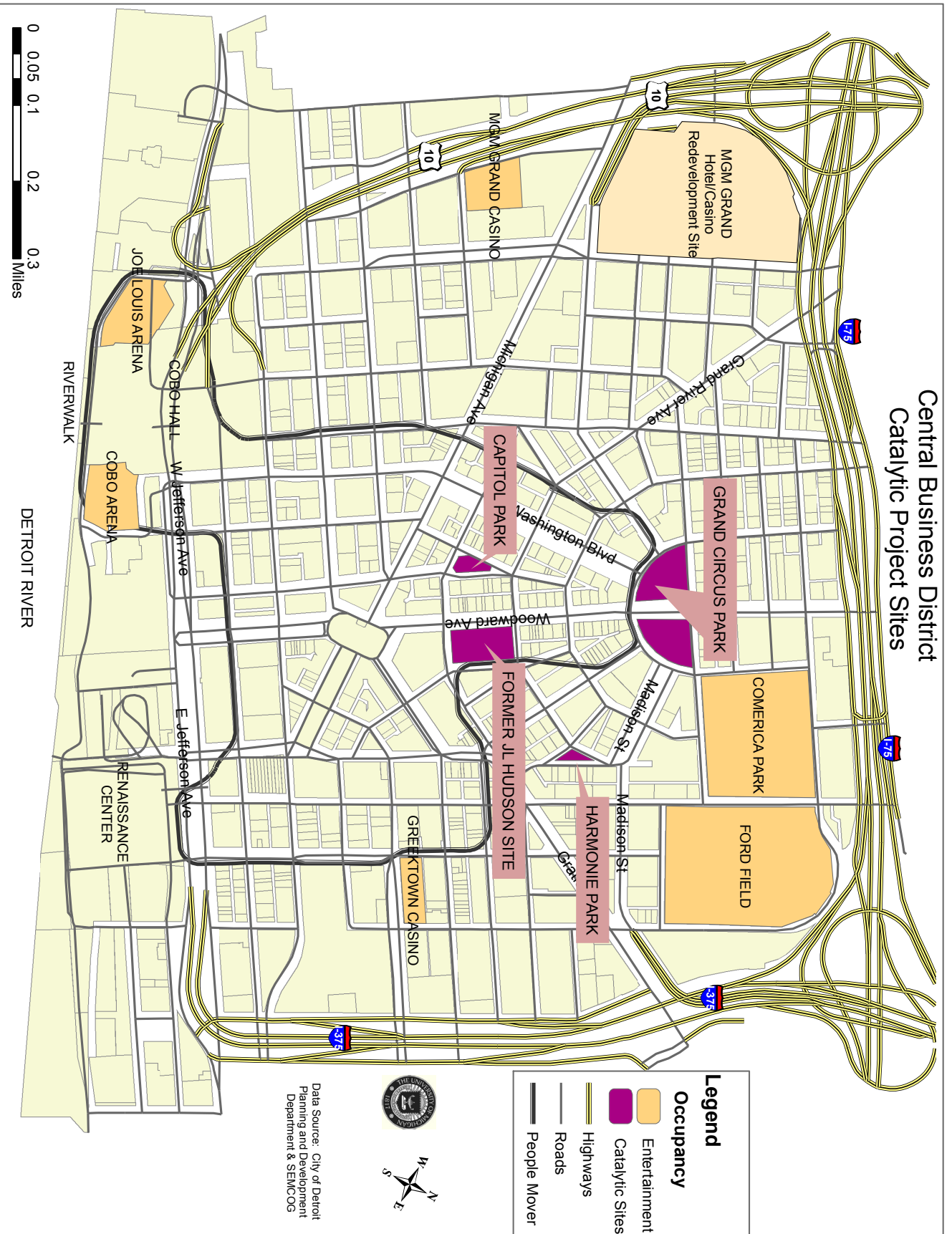


Figure 16: Map of Proposed Catalytic Project Sites in downtown Detroit



## Catalytic Project 1: Capitol Park



Capitol Park (photo: [www.flickr.com](http://www.flickr.com))

### Area Context

Capitol Park is located between Shelby and Griswold Street, just 1 block west of Woodward Avenue. Woodward Avenue runs parallel to the park and has new residential lofts development that are near or at capacity. Several additional new lofts and mixed used projects are planned along Woodward Avenue (north or south?). Woodward has the greatest potential to become a vibrant corridor. Currently, it has some boutique retail, commercial office, restaurants, residential, boutiques, and office services. However, there are still several buildings and storefronts from Campus Martius to Grand Circus Park that are not occupied. Washington Boulevard is one block west and runs parallel to the park. Washington Boulevard has recently been redesigned with significant improvements and returned to its true boulevard design. Both sides of the Boulevard have automobile access (which is in contrast to the previous street layout that permitted automobile traffic only on one side of the boulevard). A center median reintroduces green space and public monuments to the center of the street. Automobile access on both sides of the street will assist with future commercial retention. The east side of Washington Boulevard is primarily vacant with the exception of the residential apartment in the Himmelhoch Building and senior residential in the Industrial Building at the corner of East Washington Boulevard and Grand River Avenue. The Holiday Inn Express, at the corner of Washington and Michigan, was recently renovated and will help generate activity. Once financing is secured for the Book Cadillac Hotel, this redevelopment project will serve as an anchor for the area's revitalization. The redevelopment of the Book Cadillac Hotel is intended to include a mixture of uses with upper-floor residential, a hotel and ground-floor retail. This building is only one block Southwest of Capitol Park. The west side of Washington Boulevard includes retail, residential and office.

Capitol Park is only a few blocks North West of Campus Martius Park. Re-opened in November 2004, Campus Martius Park is at the center of the downtown Detroit's redevelopment efforts. The park features sitting gardens, a café, the Woodward Fountain, the 1871 Soldiers & Sailors monument to Civil War veterans, and lawn areas that convert to an ice skating rink in the winter months. Since its completion, Campus Martius has become "Detroit's Gathering Place."<sup>1</sup> It has truly revitalized the center of the downtown and become a community treasure.

### Site Context

Detroit became the seat of government when State of Michigan was created in 1805. The location of the capital was originally intended for Grand Circus Park but at the time this location was too remote. Therefore, Judge Augustus Woodward chose a location closer to the town.<sup>2</sup> Capitol Park is also the resting place of Stevens T. Mason, who became a territorial official at age 19. "Michigan's boy governor" served two, two-year terms during the period when Detroit was the State capital.<sup>3</sup> In 1847, Lansing became the capital of Michigan.

Currently Capitol Park is a bus transfer location. A recent Detroit Free Press article indicated that the bus depot may be relocated to Times

Square Park.<sup>4</sup> Capitol Park should still include bus stops but should not continue to be a transfer point. Times Square Park is better suited to handle this passenger capacity due to its proximity to a People Mover stop.

Residential lofts and senior apartments, office buildings, restaurants and some retail are located on the east side of the park. Vacant office buildings and commercial buildings are located on the west side of the park. The historic Farewell Building is near the Northwest corner of this area. Built in 1915, this office building was renovated in the 1950s and 1970s. The Book Cadillac Hotel is located near the Southwest corner of the park. A small number of residential lofts and the Capitol Park Building are located directly south of the Park. The Capitol Park Building has several businesses operating on the first floor, but its upper floors are vacant. The David Stott Building, located the southeast corner of the Park, has been proposed for residential and commercial development.

### Recommendations

If the bus transfer location was moved to Times Square, there is great potential for Capitol Park to become a thriving area of community activity. The park should be redesigned to achieve two main objectives. The park should serve as a community gathering place for the current and future residents surrounding the park. In addition, the park should serve as a connecting point between two activity centers-Washington Boulevard and Woodward Avenue. Creating a small green space in the center of the park would promote social interaction. The Farewell, David Stott and Capitol Park Buildings should serve as focal points for redevelopment. Upper floor residential lofts and apartments should be promoted for these buildings. A redesigned Capitol Park would be an attractive amenity for residents.

Capitol Park should also provide outdoor seating for a variety of restaurants. The buildings on the west side of the Park should contain several ground floor restaurants. During the summer months this area could serve as a destination point, similar to Campus Martius, and also provide the surrounding residents with many dining options. Commercial retailers should be located across the street in the David Stott and Capitol Park Buildings.



*Similar in design to Bryant Park but smaller in scale. This design would promote activity on the green space while allowing ample seating for pedestrians (photo: <http://shmizla.livejournal.com/>)*



*Several restaurants and retail establishments would encourage pedestrian traffic (photo: [www.answers.com](http://www.answers.com))*



## Catalytic Project 2: Grand Circus Park



Grand Circus Park

### Area Context

Grand Circus Park was founded in 1805 as a major nucleus of Judge Woodward's Detroit Street Plan. Today it serves as an anchor point of the Woodward Avenue thoroughfare in Detroit's re-emerging downtown. Located in the heart of Detroit's historic "necklace district," the open space consists of two crescent-shaped parks split by Woodward Avenue and bordered on the north by Adams Street and on the south by Park Avenue. Grand Circus Park underwent a \$2.4 million renovation in the past decade to restore its former glory and promote a more pedestrian friendly atmosphere. Park monuments were restored and relocated to the Woodward Avenue frontage to create a formal gateway to the Central Business District. Workers also restored and renovated historic fountains with decorative facets and functioning water and light shows. New lights illuminate the park, inviting pedestrians from the nearby theater, sports and entertainment district.<sup>5</sup> The surrounding area is emerging as an entertainment and cultural district with a number of popular theaters, bars and restaurants. The park also conceals connected, multi-level, underground parking garages. Grand Circus Park Historic District surrounds the park and contains a collection of 19th and early 20th century commercial buildings by noted architects including Albert Kahn, Daniel Burnham, George W. Post, C. Howard Crane, Smith, Hinchman & Grylls, and Gordon W. Lloyd. The

buildings have historically accommodated commercial office spaces, luxury hotel and ornate theaters, but many have been abandoned for years. The buildings range in size from two to eighteen stories in height and are a variety of styles, including Gothic Revival, Beaux-Arts, Neo-classical, Tudor Revival and early 20th century commercial. The majority of the buildings were constructed between 1915 and 1928, with the oldest dating to 1867.<sup>6</sup>

### Site Context

Although neglect and abandonment led to the impression of a graveyard for abandoned buildings, developers have recently begun to consider Grand Circus Park as a prime location for loft and retail redevelopment. Historic buildings including the Kales building, the David Whitney building, United Artists building, Fyfe building, Fine Arts building and the Women's City Club building have been redeveloped or are slated for redevelopment in the next 3 years. Recently converted into residential lofts, the Kales building is an example of a successful adaptive reuse in the area.

The Ilitch family, a prominent and well-known family in Detroit, owns several key historic buildings in the Grand Circus Park area. On January 13, 2006 the Ilitch family announced redevelopment plans for several sites that, if successful, would significantly affect the vitality of downtown. The proposals include redevelopment of the 1923 Detroit Life building in the historic area behind the Fox Theatre and an ambitious plan to find a developer and major tenant for a five-acre site at Grand Circus Park. The site includes the 1928 United Artists Theatre building and the former Statler Hotel parcel, which is owned by the City of Detroit. The

Ilitch family also announced an aggressive campaign to find developers and tenants for the site of the former Madison-Lenox hotel and the 101-year-old Fine Arts building. However, at the time of this study, no announcements have been made regarding progress in these areas.

### **Uses and Design Considerations**

With its large public green space, historic buildings, proximity to entertainment, and People Mover access, the Grand Circus Park district is a favorable location for downtown residential development and supporting retail businesses. This area could also become a cluster for neighborhood-appropriate urban culture, entertainment and dining as well as urban grocers or specialty food businesses. A collection of galleries and arts-oriented retail, perhaps with artist and technology oriented live/work space accommodation, would encourage 24 hour vitality. Residential development targeting mixed income and demographic groups and offering a wide range of housing options could also stimulate this vitality. All developments, residential and commercial, should be wired for access to current technology needs. The area would also benefit from provision of a wireless internet infrastructure accessible in area coffee shops and public gathering spots.

Developers should make an effort to incorporate green building principles when possible, and to provide operable windows and maximum light. It is important to consult with probable retail tenants before initiating new construction, as they may require wider sidewalks for outdoor seating or extra utility infrastructure for specialized use. Vanishing walls that stay open during the day and closed at night, especially in businesses facing the park, can integrate the indoors and outdoors and provide a more welcoming front.

The Grand Circus Park area includes an excessive amount of surface and decked parking lots that could be put to more productive and vital use. Urban space can be utilized more efficiently by integrating parking within the urban fabric rather than on surface lots. Therefore, new development should incorporate below-grade parking, first floor parking ringed by small retail, or parking on upper levels between retail and residential uses. In addition to retail and parking, contemporary office space (with open floor plans suited to technology and creative businesses) and/or residential units could be incorporated, with an emphasis on residential.

Enhancement to the park could include the addition of moveable outdoor seating and tables once a critical mass of residents is added. This area provides an ideal location for outdoor markets, fairs, festivals, and concerts adapted to the season.

Any new development should be required to compliment and blend with existing historic architecture in order to create a seamless character, using higher quality, durable exterior finish materials. First floor construction should be made as flexible as possible to allow for retail conversion to residential or vice versa, depending on future changes in the market. High quality streetscaping, lighting and landscaping should encourage active street life. Every attempt should be made to create a repetitive rhythm of entrances and building mass so as to suggest harmony and yet maintain interest. Long blank walls should be discouraged as much as possible.



### Site Considerations

Grand Circus Park contains at least three prime sites for new development. These sites include the former Statler hotel site, alone or in combination with the United Artists Theater Building, the commercial parking lot overlooking the park at the juncture of Witherell, Adams and Madison Streets (141 Madison), and the commercial parking lots across from Comerica Park at East Adams, Witherall and East Elizabeth (5 East Elizabeth).

Appropriate re-uses for the United Artists Theatre could be division into smaller black-box theaters, recording studios, art galleries or museum space. The building could also house residential and office uses above, which would compliment commercial retail located on the Statler site. The Downtown Detroit Residential Market Study documented 200 potential units each for the United Artists Theater Building and the former Statler site. Parking should be surrounded by retail shops to prevent the creation of a dead pedestrian space. Exterior materials should be complimentary to existing structures. Design should maximize views of the park for as many units as possible, and building heights could range from 5 to 18 stories to match scale with the United Artists Theater and surrounding buildings.

The 141 Madison redevelopment would ideally be 4 story, brick, first floor convenience retail, specialty food, café and coffee shop with 2 story upscale townhomes and 1 story flats above. The development at 5 East Elizabeth would need to utilize varying heights to complement existing buildings, but the street level uses might include studio/work spaces, a car-sharing and bike-sharing business, print shop, café, galleries, recording studio, with small offices above.

Abundant opportunities are available for renovation of existing structures such as the David Whitney building (potential 80 residential units), Fine Arts building (24 potential residential units), Fyfe and Film Exchange buildings. Emphasis should be placed on those buildings lining Grand Circus Park along Adams and around the necklace. Development can then move Southeast down Woodward to create a positive pedestrian connection with the Central Business District. The Downtown Detroit Residential Market Study suggested a total of 468 potential residential units for the first two blocks of Woodward Avenue (lining Woodward) South of Grand Circus Park.<sup>8</sup>

## Catalytic Project 3: Harmonie Park

### Area Context

Harmonie Park can be described as one of the City's best-kept secrets. Unfortunately, the area has had its share of troubles in recent history because a "mix of rising rents, failed investments, competition from other newly renovated areas and concerns about safety closed some Harmonie Park restaurants and galleries and forced several buildings into foreclosure." Retailers in the area cited difficult access during pre-Superbowl XL construction as another factor in the failure of some businesses."<sup>9</sup>

Alan Levy, the City's Director of the Office of Neighborhood Commercial Revitalization, "everything is there. It just needs a kick-start to bring it back."

The City of Detroit calls Harmonie Park “a quaint old-world style enclave of restaurants, art galleries, coffee shops, lofts, and office space -- has undergone major renovations in the past few years and now ranks among Detroit top entertainment areas. Located adjacent to the Theatre District, Harmonie Park features a blend of the best of old Detroit architecture with some strikingly modern themes.”<sup>10</sup>

### **Specific Context**

According to Marvin Beatty, Managing Partner of Greektown Casino, “the Harmonie Park area has a tremendous amount of value but is really underserved at the present time. It has the visual capability as well as the aesthetic opportunity to allow for small activities to take place in and around that area which would also include the theater district. The theatre should create street opportunity as well as opportunity inside the building.”

Harmonie Park is comprised of a smaller entertainment district than the more familiar Foxtown and Comerica Park area. This small district is tucked away between the Detroit Athletic Club, the Gem and Century Club theatres, and the Milner hotel and park. Currently, the Downtown Development Authority owns some of the district’s landmarks.



*Harmonie Park*

### **Design Considerations**

The city has upgraded most of the infrastructure in this area over the last fifteen years. The City envisions the area as an entertainment and a mixed-use district that includes a mix of residential, office, retail, residential-office, entertainment and dining available within its confines. As such, Harmonie Park would appeal to an artist to live and work. It is an edgy music area, with many restaurants, although many are currently not in operation.

## **Catalytic Project 4: Former J.L. Hudson’s Site**

### **Area Context**

As previously noted, the J.L. Hudson’s site is located in on the Woodward Corridor, which has seen much redevelopment in the past five years. Across Woodward from the site is a mixture of new residential loft developments, high-end retail spaces, and vacant office buildings. These new developments have excited the street and attracted additional interest in development in the district. This momentum could be built upon by replacing a critical vacant space with a new retail development.

North of the site are a mixture of retail spaces, new loft developments, and vacant office buildings. Northeast of the site is the new YMCA development, which has created a distinctly urban feel for residential occupants in the downtown area.

Directly east of the site is the historical Detroit downtown library. Beyond the library building are office buildings, vacant lots, and new loft developments.

South of the site is the new Compuware headquarters, a building that exudes an air of modern architecture and technology. Parking structures are present to the east and west of the Compuware building.

Campus Martius sits beyond Compuware along Woodward Avenue, a new favorite destination for residents, employees, and visitors to the downtown area.

The remaining surrounds contain some of the most populated office buildings, including Comerica Tower, the Coleman A. Young municipal building, the City and County building, and the Guardian Building. The presence of this employee population creates an opportunity for additional retail spaces that would attract workers during lunch breaks and after hours.

### Site Context

The former J.L. Hudson's Department Store site is located in the heart of the Central Business District. The property occupies an entire city block, and is bordered to the north by Grand River Avenue, to the east by Farmer Street, to the south by Gratiot Avenue, and to the west



Former J. L. Hudson site prepared for redevelopment

by Woodward Avenue. The site contains approximately 2.2 acres of land awaiting redevelopment and an underground parking structure constructed by the City of Detroit in 1999 after demolition of the former building. The surface of the property is paved concrete and the site has been prepared for redevelopment with structural supports in place.

The historical context of this property is well known: the site was occupied by the J.L. Hudson's Department store from the 1920s until 1987 when the doors were closed due to high building maintenance costs and decreased demand for a department store of this magnitude in the downtown area. The building was sold to investors after being closed in 1987, and scavengers quickly began to strip building materials, copper piping, and

artifacts from the building. In October 1998, the 25-story building was demolished. Since the demolition, the City of Detroit has attempted to find developers interested in redeveloping the site.

### Adjacent Context

As previously noted, the J.L. Hudson's site is located on the Woodward Corridor, which has seen much redevelopment in the past five years. Across Woodward from the site is a mixture of new residential loft developments, high-end retail space, and vacant office buildings. These new developments have excited the street and attracted additional interest in development in the district. This momentum could be built upon by replacing a critical vacant space with a new retail development.

North of the site are a mixture of retail spaces, new loft developments, and vacant office buildings. The new YMCA development, which has created a distinctly urban feel for residential occupants in the downtown area, is located Northeast of the site.



Directly east of the site is the historical Detroit downtown library vacant lot, and new loft developments lie beyond the library building Office buildings.

South of the site is the new Compuware headquarters, a building that exudes an air of modern architecture and technology. Parking structures are present to the east and west of the Compuware building. Campus Martius sits beyond Compuware along Woodward Avenue, a new favorite destination for residents, employees, and visitors to the downtown area.

The remaining surrounds contain some of the most populated office buildings, including Comerica Tower, the Coleman A. Young Municipal Building, the City and County Building, and the Guardian Building. The presence of this employee population creates an opportunity for additional retail spaces that would attract workers during lunch breaks and after hours.

### **Recommendations**

The former J.L. Hudson site has great potential for redevelopment into a new retail space in the same vein as its historical use. Market research performed during the completion of this study indicates a strong demand for a grocery store in the downtown area. Located in the heart of downtown and within walking distance of the majority of the new and existing residential developments downtown, this site would be a prime location for a mid-range grocery store to service the growing downtown population. Additionally, the close proximity of parking garages and the on-site subsurface parking structure assures that shoppers can continue to utilize a vehicle if required for shopping. Review of the site guidelines provided by Whole Food Markets for potential development sites indicates the subject site would be an ideal location for such a market.<sup>11</sup> Adjacent to the grocery store could be additional smaller retail spaces with available frontage on three major thoroughfares. (See grocery store case study in Appendix A for more information on urban grocery stores.)

Potential developments above the ground floor retail spaces include professional office spaces and residential apartments. Based on the height of the surrounding buildings, this site could contain a building of ten stories; this height would also provide sufficient building mass without overshadowing the surrounding historical buildings.

Additionally, the potential exists for the site to be split into two or more parcels to promote development without burdening developers with the obligation of a large-scale development. For example, the City of Detroit could consider allowing partial development of the property, with additional development in the future by one developer, or could allow for the split and sale of the parcel to multiple developers.



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Photographs Not Credited Courtesy of U of M Research Team

# Appendix A

## **Supplemental Information for Four Quadrant Analysis**

The following information about industries in Detroit and the surrounding area was obtained during completion of the Four Quadrant Analysis.

### ***Up and Coming Industries 1996-2006***

Those industries which are emerging (growing competitive advantage but with a low local concentration) from 1996-2006 include:

- Apparel Manufacturing
- Publishing Industries (except Internet)
- Other Information Services
- Educational Services

With focus, these industries may move to clusters of local strength, and all would fit within the fabric of downtown.

### ***Up and Coming Industries 2006-2012***

Those industries which are projected to emerge from 2006-2012 include:

- Construction
- Specialty Trade Contractors
- Construction of Buildings

These are industries which are responding only to local growth or long overdue replacement of obsolete structures.

### ***Mature Industries 1996-2006***

Non Competitive (mature) industries which are currently of high local concentration from 1996-2006 include:

- Plastic, metal, machinery transportation Manufacture
- Wholesale Trade
- Professional and Business Services
- Other Services
- Health and Social Assistance Services

### ***Mature Industries 2006-2012***

Non Competitive (mature) industries which are projected to be of high local concentration from 2006-2012 include:

- Manufacturing
- Wholesale Trade
- Professional & Business Services
- Education & Health Services
- Auto Repair & Maintenance
- Arts and Entertainment

Manufacturing is the most significant industry which is highly concentrated in the region with no job growth projected. Other industries which show slower growth than the US but are good economic generators should be further developed, such as services and arts and entertainment.

### ***Below the Radar Industries 1996-2006***

These industries did not grow from 1996 to 2006 and are in low local concentration:

- Construction
- Retail Trade
- All other Manufacturing



Transportation, Warehousing & Utilities  
Information and Financial Industries  
Accommodation and Food Services

***Below the Radar Industries 2006-2012***

These industries are not growing or projected to grow from 2006 to 2012 and are in low local concentration:

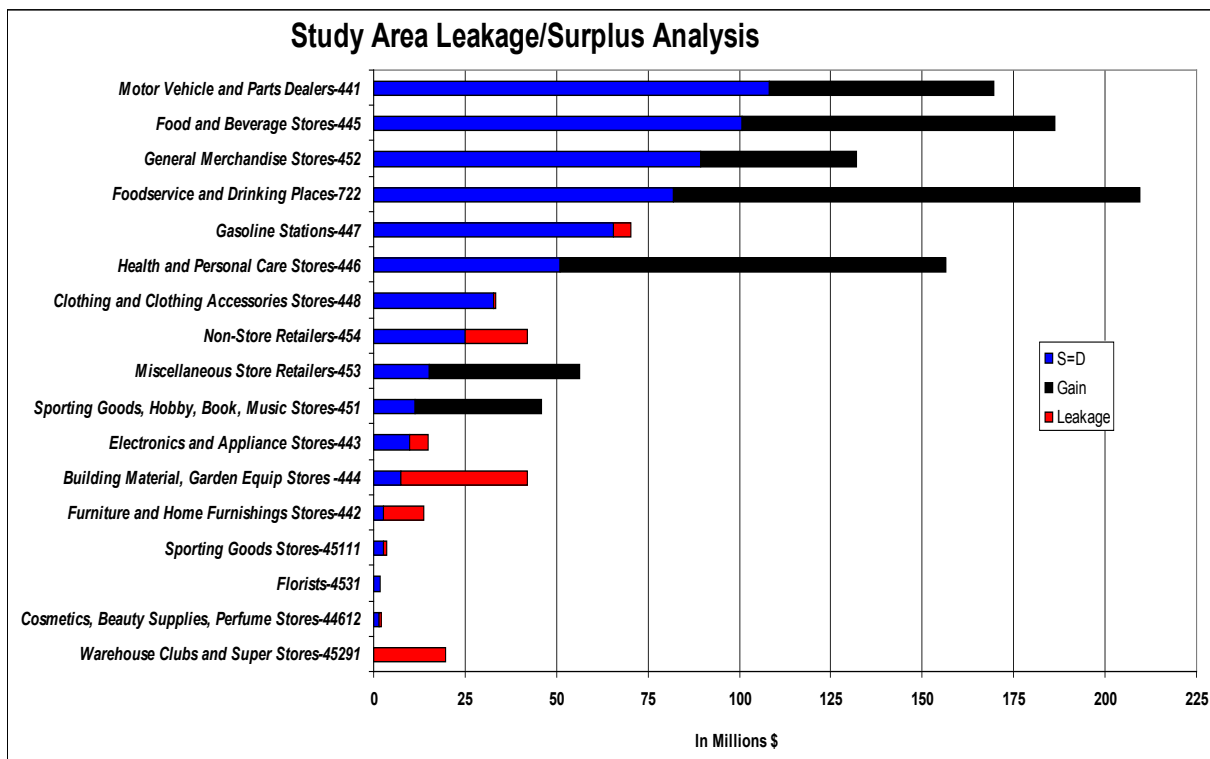
Retail Trade  
Transportation, Warehousing & Utilities  
Information  
Financial Activities  
Accommodation and Food Services

Attention should be given to strengthening accommodation and food services related to the arts and entertainment cluster. Additionally, the retail sector, information, and financial industries may emerge as strengthening industries if Detroit is successful in attracting new development downtown within the creative sector of the economy.

## Supplemental Information for Leakage Analysis and Retail Market Power Reports

Our retail leakage analysis is based on Claritas Retail Market Power (RMP) reports for the larger downtown study area, City of Detroit and Detroit MSA geographies. We noted that these figures may actually underestimate the actual leakage dollars as compared to the higher Social Compact population, income and expenditure DrillDown figures. Although the quantitative opportunity may be underestimated, this analysis is valuable in assessing comparable retail gap opportunities per category among regions, and may be useful in determining areas of comparative advantage for downtown Detroit. According to Claritas, RMP uses business sales estimates, business locations and employee counts instead of household demographics to calculate sales. This approach is more accurate when the residential base is not firmly established. RMP is based on the Census of Retail Trade (CRT), monthly and annual surveys of retail trade data from the Bureau of the Census and Claritas' current-year demographic estimates. Sales at the national level by NAICS code are validated against the 2002 Economic Census (NAICS Majors only) and County Business Patterns data provided by the Census Bureau. The annual update of the supply side county level data is derived from ES202 data, Retail Sales Tax data, and Business-Facts.

The chart below reveals the RMP Leakage/Surplus results for the larger downtown study area. The blue bar represents the quantity of activity in which sales equals demand in the area. The black bar represents the surplus or gain in activity in the local area where sales exceeds local demand. These are the categories in which the local area attracts activity from the larger area. The red bar represents leakage, or the amount in which the local area demand exceeds local area sales, representing a loss of activity to other areas. In the NAICS categories, the 3 digit codes represent larger scale categories, and the 4 or 5 digit codes represent subcategories under those broad categories. The only subcategories which are included in the chart are those in which the broad category shows a surplus of activity, but the included subcategory shows a leakage opportunity.



Source: Claritas RMP 2005 data and University of Michigan Analysis

\*Note: numbers beside the categories indicate NAICS codes (North American Industrial Classification System) which are explained on their website.

For the study area, the categories which show leakage to other areas, in order of magnitude of leakage are:

Building Material, garden and equipment stores-444	Leakage \$34,674,000
Warehouse clubs and Super Stores-45291*	Leakage \$19,601,000
Non-Store Retailers-454*	Leakage \$16,900,000
Furniture and Home Furnishings Stores-442	Leakage \$10,997,000
Electronics and Appliance Stores-443	Leakage \$5,160,000
Gasoline Stations-447	Leakage \$4,543,000
Sporting Goods Stores-45111	Leakage \$988,000
Clothing and Clothing Accessories Stores-448	Leakage \$666,000
Cosmetics, Beauty Supplies, Perfume Stores-44612	Leakage \$610,000
Florists	Leakage \$34,000
<b>Approximate Total Leakage Study Area</b>	<b>\$94,173,000</b>

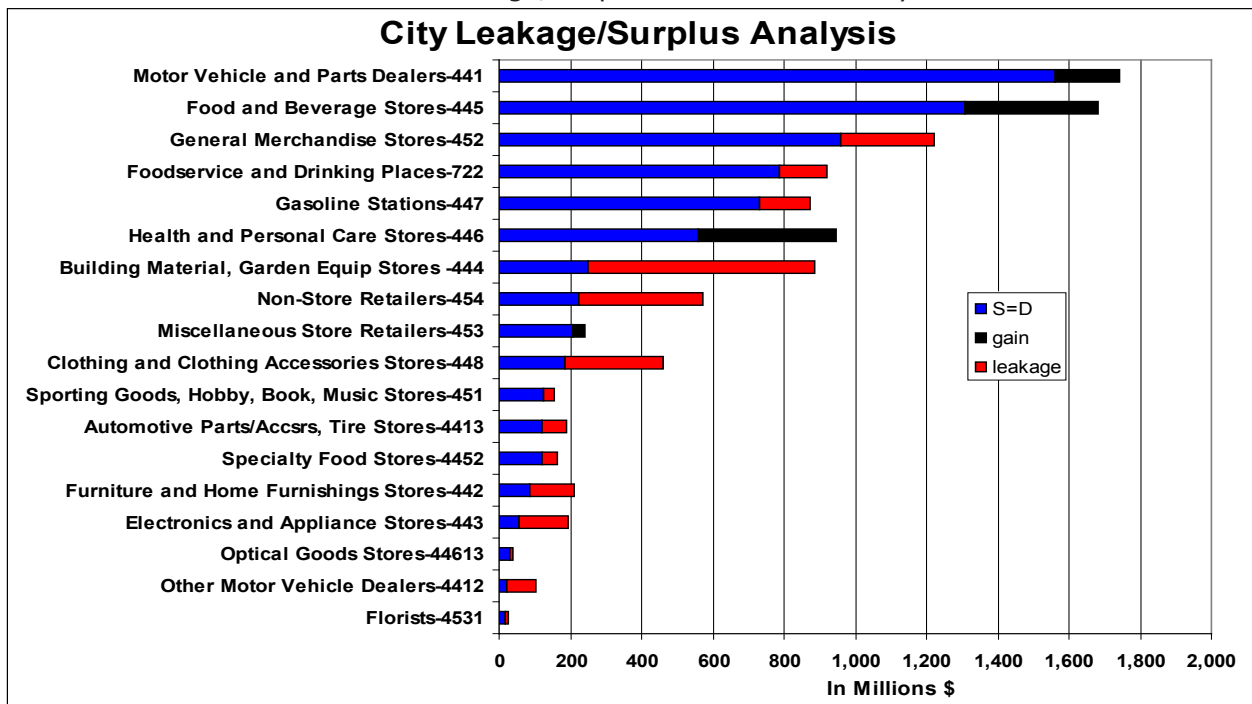
\*Non-store retailers include electronic shopping and mail-order houses and auctions, vending machine operators, and direct selling establishments such as fuel dealers and others.

Study area retail strengths, based on surplus activity in order of dollar magnitude include:

- Foodservice and Drinking Places-722
- Health and Personal Care Stores-446 (except cosmetics, etc)
- Food and Beverage Stores-445
- Motor Vehicle and Parts Dealers-441 (no big surprise in the motor city)
- General Merchandise Stores-452 (except warehouse clubs and super stores)
- Miscellaneous Store Retailers-453\* (except florists)
- Sporting Goods, Hobby, Book and Music-451 (except sporting goods stores)

\*Miscellaneous store retailers include florists, office supplies, stationery and gift stores, and used merchandise stores. Other miscellaneous store retailers include pet and pet supplies stores, art dealers, manufactured (mobile) home dealers, tobacco stores and all other miscellaneous store retailers.

The chart below reveals the RMP Leakage/Surplus results for the City of Detroit.



Source: Claritas RMP 2005 data and University of Michigan Analysis

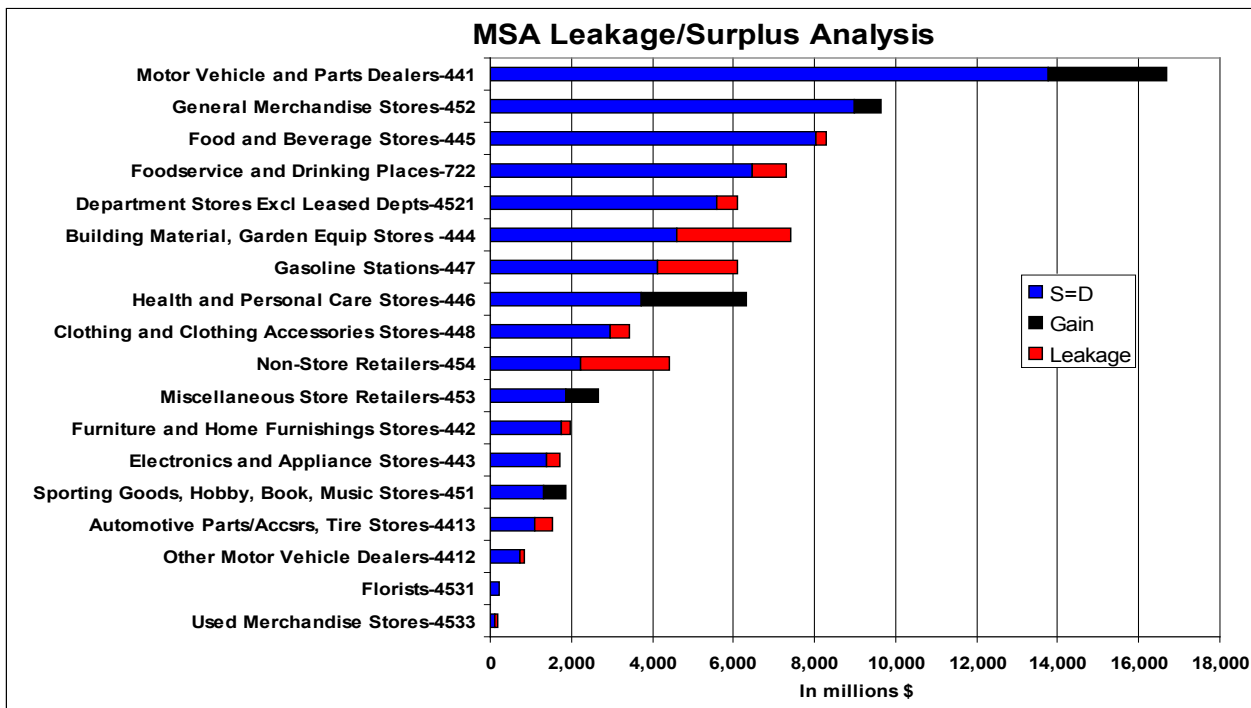
\*Note: numbers beside the categories indicate NAICS codes (North American Industrial Classification System) which are explained on their website.

For the city, the categories which show leakage to other areas, in order of magnitude of leakage, are:	
Building Material, garden and equipment stores-444	Leakage \$640,296,000
Non-Store Retailers-454	Leakage \$347,062,000
Clothing and Clothing Accessories Stores-448	Leakage \$275,116,000
General Merchandise Stores-452	Leakage \$262,023,000
Gasoline Stations-447	Leakage \$139,433,000
Electronics and Appliance Stores-443	Leakage \$137,874,000
Foodservice and Drinking Places-722	Leakage \$136,923,000
Furniture and Home Furnishings Stores-442	Leakage \$127,001,000
Other Motor Vehicle Dealers-4412	Leakage \$78,427,000
Automotive Parts/Accessories, Tire Stores-4413	Leakage \$67,696,000
Specialty Food Stores-4452	Leakage \$42,762,000
Sporting Goods, Hobby, Book, Music Stores-451	Leakage \$30,099,000
Optical Goods Stores-44613	Leakage \$11,305,000
Florists-4531	Leakage \$9,683,000
<b>Approximate Total Leakage City</b>	<b>\$ 2,305,700,000</b>

City retail strengths, based on surplus activity in order of dollar magnitude include:

- Health and Personal Care Stores-446 (except Optical Goods Stores)
- Food and Beverage Stores-445 (except specialty food stores)
- Motor Vehicle and Parts Dealers-441 (except other motor vehicle dealers and automotive Parts/Accessories, Tire Stores)
- Miscellaneous Store Retailers-453 (except florists)

The chart below reveals the RMP Leakage/Surplus results for the Detroit-Warren-Livonia MSA.



Source: Claritas RMP 2005 data and University of Michigan Analysis

\*Note: numbers beside the categories indicate NAICS codes (North American Industrial Classification System) which are explained on their website.

For the MSA, the categories which show leakage to other areas, in order of magnitude of leakage are:	
Building Material, garden and equipment stores-444	Leakage \$2,806,593,000
Non-Store Retailers-454	Leakage \$2,183,367,000
Gasoline Stations-447	Leakage \$1,953,010,000
Foodservice and Drinking Places-722	Leakage \$826,605,000
Department Stores Excl Leased Depts-4521	Leakage \$543,126,000



Automotive Parts/Accessories, Tire Stores-4413	Leakage \$462,675,000
Clothing and Clothing Accessories Stores-448	Leakage \$456,834,000
Electronics and Appliance Stores-443	Leakage \$311,956,000
Food and Beverage Stores-445	Leakage \$229,060,000
Furniture and Home Furnishings Stores-442	Leakage \$194,903,000
Other Motor Vehicle Dealers-4412	Leakage \$144,633,000
Used Merchandise Stores-4533	Leakage \$72,856,000
Florists-4531	Leakage \$32,965,000
<b>Total Leakage MSA</b>	<b>\$10,218,583,890</b>

MSA retail strengths, based on surplus activity in order of dollar magnitude include:

- Motor Vehicle and Parts Dealers-441 (except other motor vehicle dealers and automotive parts/ accessories, tire stores)
- Health and Personal Care Stores-446
- Miscellaneous Store Retailers-453 (except florists and used merchandise stores)
- General Merchandise Stores-452 (except department stores excluding leased departments)
- Sporting Goods, Hobby, Book, Music Stores-451.



**Claritas Retail Market Power (RMP)  
Opportunity Gap - Retail Stores, 2005**

**DETROIT City Total (see geographies below)**

**Red Indicates Leakage Opportunities**

	<b>Demand (Consumer Expenditures)</b>	<b>Supply (Retail Sales)</b>	<b>Opportunity Gap/Surplus</b>
<b>Total Retail Sales Incl Eating and Drinking Places</b>	<b>9,130,964,187</b>	<b>8,012,937,115</b>	<b>1,118,027,072</b>
<b>Motor Vehicle and Parts Dealers-441</b>	<b>1,563,190,464</b>	<b>1,741,385,578</b>	<b>-178,195,114</b>
Automotive Dealers-4411	1,271,508,278	1,595,825,728	-324,317,450
Other Motor Vehicle Dealers-4412	101,825,685	23,398,906	78,426,779
Automotive Parts/Accsrs, Tire Stores-4413	189,856,501	122,160,944	67,695,557
<b>Furniture and Home Furnishings Stores-442</b>	<b>211,227,252</b>	<b>84,226,213</b>	<b>127,001,039</b>
Furniture Stores-4421	116,600,883	49,543,491	67,057,392
Home Furnishing Stores-4422	94,626,369	34,682,722	59,943,647
<b>Electronics and Appliance Stores-443</b>	<b>194,367,755</b>	<b>56,493,935</b>	<b>137,873,820</b>
Appliances, TVs, Electronics Stores-44311	127,232,031	42,388,553	84,843,478
Household Appliances Stores-443111	24,021,653	9,598,321	14,423,332
Radio, Television, Electronics Stores-443112	103,210,378	32,790,232	70,420,146
Computer and Software Stores-44312	59,808,460	14,105,382	45,703,078
Camera and Photographic Equipment Stores-44313	7,327,264	0	7,327,264
<b>Building Material, Garden Equip Stores -444</b>	<b>887,702,536</b>	<b>247,406,877</b>	<b>640,295,659</b>
Building Material and Supply Dealers-4441	801,434,889	238,353,221	563,081,668
Home Centers-44411	320,821,290	73,192,247	247,629,043
Paint and Wallpaper Stores-44412	12,766,749	3,762,846	9,003,903
Hardware Stores-44413	59,458,868	21,528,380	37,930,488
Other Building Materials Dealers-44419	408,387,982	139,869,748	268,518,234
Building Materials, Lumberyards-444191	132,043,029	47,697,127	84,345,902
Lawn, Garden Equipment, Supplies Stores-4442	86,267,647	9,053,656	77,213,991
Outdoor Power Equipment Stores-44421	12,989,781	3,301,910	9,687,871
Nursery and Garden Centers-44422	73,277,866	5,751,746	67,526,120
<b>Food and Beverage Stores-445</b>	<b>1,305,634,114</b>	<b>1,681,531,476</b>	<b>-375,897,362</b>
Grocery Stores-4451	1,089,747,017	1,341,039,979	-251,292,962
Supermarkets, Grocery (Ex Conv) Stores-44511	1,044,314,439	1,190,573,486	-146,259,047
Convenience Stores-44512	45,432,578	150,466,493	-105,033,915
Specialty Food Stores-4452	161,531,279	118,769,103	42,762,176
Beer, Wine and Liquor Stores-4453	54,355,818	221,722,394	-167,366,576
<b>Health and Personal Care Stores-446</b>	<b>560,630,127</b>	<b>948,024,834</b>	<b>-387,394,707</b>
Pharmancies and Drug Stores-44611	454,934,159	824,682,456	-369,748,297
Cosmetics, Beauty Supplies, Perfume Stores-44612	23,151,849	51,499,303	-28,347,454
Optical Goods Stores-44613	40,169,430	28,864,282	11,305,148
Other Health and Personal Care Stores-44619	42,374,689	42,978,793	-604,104
<b>Gasoline Stations-447</b>	<b>872,646,860</b>	<b>733,213,543</b>	<b>139,433,317</b>
Gasoline Stations With Conv Stores-44711	556,030,724	508,276,975	47,753,749
Other Gasoline Stations-44719	316,616,136	224,936,568	91,679,568

**Claritas Retail Market Power (RMP)  
Opportunity Gap - Retail Stores, 2005,  
continued**

**DETROIT City Total (see geographies below)**

**Red Indicates Leakage Opportunities**

	<b>Demand (Consumer Expenditures)</b>	<b>Supply (Retail Sales)</b>	<b>Opportunity Gap/Surplus</b>
<b>Clothing and Clothing Accessories Stores- 448</b>	<b>461,660,499</b>	<b>186,544,291</b>	<b>275,116,208</b>
Clothing Stores-4481	337,761,530	119,275,231	218,486,299
Men's Clothing Stores-44811	35,558,430	25,311,698	10,246,732
Women's Clothing Stores-44812	99,422,044	41,761,342	57,660,702
Childrens, Infants Clothing Stores-44813	19,754,916	4,432,522	15,322,394
Family Clothing Stores-44814	150,732,049	23,904,566	126,827,483
Clothing Accessories Stores-44815	7,212,186	6,135,033	1,077,153
Other Clothing Stores-44819	25,081,905	17,730,070	7,351,835
Shoe Stores-4482	71,215,833	51,350,804	19,865,029
Jewelry, Luggage, Leather Goods Stores-4483	52,683,136	15,918,256	36,764,880
Jewelry Stores-44831	49,158,507	15,116,904	34,041,603
Luggage and Leather Goods Stores-44832	3,524,629	801,352	2,723,277
<b>Sporting Goods, Hobby, Book, Music Stores- 451</b>	<b>154,572,223</b>	<b>124,473,713</b>	<b>30,098,510</b>
Sportng Goods, Hobby, Musical Inst Stores- 4511	106,393,018	39,953,376	66,439,642
Sporting Goods Stores-45111	51,655,746	12,766,340	38,889,406
Hobby, Toys and Games Stores-45112	37,213,023	16,453,789	20,759,234
Sew/Needlework/Piece Goods Stores-45113	9,124,289	3,911,455	5,212,834
Musical Instrument and Supplies Stores-45114	8,399,960	6,821,792	1,578,168
Book, Periodical and Music Stores-4512	48,179,205	84,520,337	-36,341,132
Book Stores and News Dealers-45121	27,058,639	51,583,419	-24,524,780
Book Stores-451211	24,464,145	45,852,641	-21,388,496
News Dealers and Newsstands-451212	2,594,494	5,730,778	-3,136,284
Prerecorded Tapes, CDs, Record Stores-45122	21,120,566	32,936,918	-11,816,352
<b>General Merchandise Stores-452</b>	<b>1,221,937,439</b>	<b>959,914,643</b>	<b>262,022,796</b>
Department Stores Excl Leased Depts-4521	826,137,175	725,187,441	100,949,734
Other General Merchandise Stores-4529	395,800,264	234,727,202	161,073,062
Warehouse Clubs and Super Stores-45291	261,999,134	64,421,489	197,577,645
All Other General Merchandise Stores-45299	133,801,130	170,305,713	-36,504,583
<b>Miscellaneous Store Retailers-453</b>	<b>204,782,655</b>	<b>241,095,445</b>	<b>-36,312,790</b>
Florists-4531	27,547,935	17,864,507	9,683,428
Office Supplies, Stationery, Gift Stores-4532	79,536,528	122,932,524	-43,395,996
Office Supplies and Stationery Stores-45321	33,244,282	74,046,761	-40,802,479
Gift, Novelty and Souvenir Stores-45322	46,292,246	48,885,763	-2,593,517
Used Merchandise Stores-4533	22,013,704	29,993,337	-7,979,633
Other Miscellaneous Store Retailers-4539	75,684,488	70,305,077	5,379,411
<b>Non-Store Retailers-454</b>	<b>570,345,651</b>	<b>223,283,255</b>	<b>347,062,396</b>
Electronic Shopping, Mail-Order Houses-4541	298,162,289	154,680,359	143,481,930
Vending Machine Operators-4542	51,615,925	17,517,564	34,098,361



Direct Selling Establishments-4543	220,567,437	51,085,332	169,482,105
<b>Foodservice and Drinking Places-722</b>	<b>922,266,612</b>	<b>785,343,312</b>	<b>136,923,300</b>
Full-Service Restaurants-7221	378,952,556	223,024,088	155,928,468
Limited-Service Eating Places-7222	404,033,924	407,822,872	-3,788,948
Special Foodservices-7223	71,562,107	79,337,200	-7,775,093
Drinking Places -Alcoholic Beverages-7224	67,718,025	75,159,152	-7,441,127
<b>GAFO * (sales at stores that sell merchandise normally sold at Department stores)</b>	<b>2,323,301,696</b>	<b>1,534,585,319</b>	<b>788,716,377</b>
General Merchandise Stores-452	1,221,937,439	959,914,643	262,022,796
Clothing and Clothing Accessories Stores-448	461,660,499	186,544,291	275,116,208
Furniture and Home Furnishings Stores-442	211,227,252	84,226,213	127,001,039
Electronics and Appliance Stores-443	194,367,755	56,493,935	137,873,820
Sporting Goods, Hobby, Book, Music Stores-451	154,572,223	124,473,713	30,098,510
Office Supplies, Stationery, Gift Stores-4532	79,536,528	122,932,524	-43,395,996

Geography  
Name:  
Detroit City

Geography Code:2622000

Prepared On:

Thurs Jul 27, 2006

Claritas Tech  
Support: 1 800  
866 6511

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**Claritas Retail Market Power (RMP) Opportunity Gap  
- Retail Stores, 2005**

**DETROIT-WARREN-LIVONIA Core Based Statistical  
Area Total, Block Group (see geographies below)**

**Red Indicates Leakage Opportunities**

	<b>Demand (Consumer Expenditures)</b>	<b>Supply (Retail Sales)</b>	<b>Opportunity Gap/Surplus</b>
<b>Total Retail Sales Incl Eating and Drinking Places</b>	<b>70,195,874,754</b>	<b>68,737,764,246</b>	<b>1,458,110,508</b>
<b>Motor Vehicle and Parts Dealers-441</b>	<b>13,750,943,835</b>	<b>16,676,982,172</b>	<b>-2,926,038,337</b>
Automotive Dealers-4411	11,345,764,638	14,879,111,115	-3,533,346,477
Other Motor Vehicle Dealers-4412	857,458,951	712,826,008	144,632,943
Automotive Parts/Accsrs, Tire Stores-4413	1,547,720,246	1,085,045,049	462,675,197
<b>Furniture and Home Furnishings Stores-442</b>	<b>1,957,006,136</b>	<b>1,762,102,766</b>	<b>194,903,370</b>
Furniture Stores-4421	1,100,816,973	1,065,170,929	35,646,044
Home Furnishing Stores-4422	856,189,163	696,931,837	159,257,326
<b>Electronics and Appliance Stores-443</b>	<b>1,706,283,102</b>	<b>1,394,326,718</b>	<b>311,956,384</b>
Appliances, TVs, Electronics Stores-44311	1,088,219,786	1,024,904,914	63,314,872
Household Appliances Stores-443111	191,177,494	260,170,984	-68,993,490
Radio, Television, Electronics Stores-443112	897,042,292	764,733,930	132,308,362
Computer and Software Stores-44312	556,749,337	347,712,799	209,036,538
Camera and Photographic Equipment Stores-44313	61,313,979	21,709,005	39,604,974
<b>Building Material, Garden Equip Stores -444</b>	<b>7,395,317,942</b>	<b>4,588,724,523</b>	<b>2,806,593,419</b>
Building Material and Supply Dealers-4441	6,639,175,322	4,298,109,561	2,341,065,761
Home Centers-44411	2,691,830,898	1,614,281,803	1,077,549,095
Paint and Wallpaper Stores-44412	111,863,000	76,472,949	35,390,051
Hardware Stores-44413	475,965,404	292,035,980	183,929,424
Other Building Materials Dealers-44419	3,359,516,020	2,315,318,829	1,044,197,191
Building Materials, Lumberyards-444191	1,163,549,438	789,549,495	373,999,943
Lawn, Garden Equipment, Supplies Stores-4442	756,142,620	290,614,962	465,527,658
Outdoor Power Equipment Stores-44421	111,199,414	83,467,004	27,732,410
Nursery and Garden Centers-44422	644,943,206	207,147,958	437,795,248
<b>Food and Beverage Stores-445</b>	<b>8,270,707,624</b>	<b>8,041,647,207</b>	<b>229,060,417</b>
Grocery Stores-4451	6,903,135,496	7,017,473,317	-114,337,821
Supermarkets, Grocery (Ex Conv) Stores-44511	6,590,994,841	6,267,254,217	323,740,624
Convenience Stores-44512	312,140,655	750,219,100	-438,078,445
Specialty Food Stores-4452	968,764,794	441,787,810	526,976,984
Beer, Wine and Liquor Stores-4453	398,807,334	582,386,080	-183,578,746
<b>Health and Personal Care Stores-446</b>	<b>3,708,094,861</b>	<b>6,313,402,957</b>	<b>-2,605,308,096</b>
Pharmacies and Drug Stores-44611	2,996,915,711	5,355,793,016	-2,358,877,305
Cosmetics, Beauty Supplies, Perfume Stores-44612	149,967,009	183,262,076	-33,295,067
Optical Goods Stores-44613	291,731,152	365,341,996	-73,610,844
Other Health and Personal Care Stores-44619	269,480,989	409,005,869	-139,524,880
<b>Gasoline Stations-447</b>	<b>6,087,901,259</b>	<b>4,134,892,182</b>	<b>1,953,009,077</b>
Gasoline Stations With Conv Stores-44711	3,869,465,372	2,863,400,020	1,006,065,352
Other Gasoline Stations-44719	2,218,435,887	1,271,492,162	946,943,725
<b>Clothing and Clothing Accessories Stores-448</b>	<b>3,421,274,837</b>	<b>2,964,441,033</b>	<b>456,833,804</b>
Clothing Stores-4481	2,425,485,155	2,025,109,099	400,376,056

**Claritas Retail Market Power (RMP) Opportunity Gap  
- Retail Stores, 2005, continued**

**DETROIT-WARREN-LIVONIA Core Based Statistical  
Area Total, Block Group (see geographies below)**

**Red Indicates Leakage Opportunities**

	<b>Demand (Consumer Expenditures)</b>	<b>Supply (Retail Sales)</b>	<b>Opportunity Gap/Surplus</b>
Men's Clothing Stores-44811	260,124,250	254,827,021	<b>5,297,229</b>
Women's Clothing Stores-44812	723,573,434	608,765,062	<b>114,808,372</b>
Childrens, Infants Clothing Stores-44813	113,143,605	126,375,013	-13,231,408
Family Clothing Stores-44814	1,085,889,123	831,778,903	<b>254,110,220</b>
Clothing Accessories Stores-44815	60,592,673	25,438,055	<b>35,154,618</b>
Other Clothing Stores-44819	182,162,070	177,925,045	<b>4,237,025</b>
Shoe Stores-4482	468,649,821	452,864,968	<b>15,784,853</b>
Jewelry, Luggage, Leather Goods Stores-4483	527,139,861	486,466,966	<b>40,672,895</b>
Jewelry Stores-44831	487,925,641	465,275,969	<b>22,649,672</b>
Luggage and Leather Goods Stores-44832	39,214,220	21,190,997	<b>18,023,223</b>
<b>Sporting Goods, Hobby, Book, Music Stores-451</b>	<b>1,329,848,754</b>	<b>1,852,806,075</b>	<b>-522,957,321</b>
Sportng Goods, Hobby, Musical Inst Stores-4511	901,858,112	1,303,756,079	-401,897,967
Sporting Goods Stores-45111	427,909,953	660,676,181	-232,766,228
Hobby, Toys and Games Stores-45112	311,027,009	435,423,911	-124,396,902
Sew/Needlework/Piece Goods Stores-45113	84,533,874	93,716,989	-9,183,115
Musical Instrument and Supplies Stores-45114	78,387,276	113,938,998	-35,551,722
Book, Periodical and Music Stores-4512	427,990,642	549,049,996	-121,059,354
Book Stores and News Dealers-45121	270,233,765	311,887,023	-41,653,258
Book Stores-451211	249,038,971	298,591,039	-49,552,068
News Dealers and Newsstands-451212	21,194,794	13,295,984	7,898,810
Prerecorded Tapes, CDs, Record Stores-45122	157,756,877	237,162,973	-79,406,096
<b>General Merchandise Stores-452</b>	<b>8,970,105,967</b>	<b>9,644,436,995</b>	<b>-674,331,028</b>
Department Stores Excl Leased Depts-4521	6,114,316,396	5,571,189,973	<b>543,126,423</b>
Other General Merchandise Stores-4529	2,855,789,571	4,073,247,022	-1,217,457,451
Warehouse Clubs and Super Stores-45291	1,800,394,177	2,925,393,975	-1,124,999,798
All Other General Merchandise Stores-45299	1,055,395,394	1,147,853,047	-92,457,653
<b>Miscellaneous Store Retailers-453</b>	<b>1,874,678,819</b>	<b>2,650,261,674</b>	<b>-775,582,855</b>
Florists-4531	236,700,186	203,734,961	<b>32,965,225</b>
Office Supplies, Stationery, Gift Stores-4532	805,280,383	1,358,741,330	-553,460,947
Office Supplies and Stationery Stores-45321	348,505,924	880,212,978	-531,707,054
Gift, Novelty and Souvenir Stores-45322	456,774,459	478,528,352	-21,753,893
Used Merchandise Stores-4533	193,990,136	121,134,179	<b>72,855,957</b>
Other Miscellaneous Store Retailers-4539	638,708,114	966,651,204	-327,943,090
<b>Non-Store Retailers-454</b>	<b>4,422,058,803</b>	<b>2,238,691,919</b>	<b>2,183,366,884</b>
Electronic Shopping, Mail-Order Houses-4541	2,478,653,783	1,072,067,996	<b>1,406,585,787</b>
Vending Machine Operators-4542	336,934,656	414,294,955	-77,360,299
Direct Selling Establishments-4543	1,606,470,364	752,328,968	<b>854,141,396</b>
<b>Foodservice and Drinking Places-722</b>	<b>7,301,652,815</b>	<b>6,475,048,025</b>	<b>826,604,790</b>
Full-Service Restaurants-7221	3,010,403,561	2,674,464,985	<b>335,938,576</b>

Limited-Service Eating Places-7222	3,122,830,191	2,860,322,006	262,508,185
Special Foodservices-7223	555,005,167	583,248,970	-28,243,803
Drinking Places -Alcoholic Beverages-7224	613,413,896	357,012,064	256,401,832
<b>GAFO * (sales at stores that sell merchandise normally sold at Department stores)</b>	<b>18,189,799,179</b>	<b>18,976,854,917</b>	<b>-787,055,738</b>
General Merchandise Stores-452	8,970,105,967	9,644,436,995	-674,331,028
Clothing and Clothing Accessories Stores-448	3,421,274,837	2,964,441,033	456,833,804
Furniture and Home Furnishings Stores-442	1,957,006,136	1,762,102,766	194,903,370
Electronics and Appliance Stores-443	1,706,283,102	1,394,326,718	311,956,384
Sporting Goods, Hobby, Book, Music Stores-451	1,329,848,754	1,852,806,075	-522,957,321
Office Supplies, Stationery, Gift Stores-4532	805,280,383	1,358,741,330	-553,460,947

Geography Code: 19820

Geography Code:  
Core Based  
Statistical Areas

Prepared On: Thurs Jul 27, 2006

Geography Name:  
Detroit-Warren-  
Livonia, MI

Claritas Tech  
Support: 1 800  
866 6511

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**Claritas Retail Market Power (RMP)  
Opportunity Gap - Retail Stores, 2005**

DETROIT PROJECT AREA Total, Block Group (see geographies below)

**Red Indicates Leakage Opportunities**

	Demand (Consumer Expenditures)	Supply (Retail Sales)	Opportunity Gap/Surplus
Total Retail Sales Incl Eating and Drinking Places	674,209,130	1,099,770,043	-425,560,913
<b>Motor Vehicle and Parts Dealers-441</b>	<b>108,315,866</b>	<b>169,466,002</b>	<b>-61,150,136</b>
Automotive Dealers-4411	87,784,667	144,436,282	-56,651,615
Other Motor Vehicle Dealers-4412	7,419,025	11,955,642	-4,536,617
Automotive Parts/Accsrs, Tire Stores-4413	13,112,174	13,074,078	38,096
Furniture and Home Furnishings Stores-442	13,781,806	2,784,781	10,997,025
Furniture Stores-4421	8,033,186	1,591,759	6,441,427
Home Furnishing Stores-4422	5,748,620	1,193,022	4,555,598
<b>Electronics and Appliance Stores-443</b>	<b>14,945,682</b>	<b>9,786,282</b>	<b>5,159,400</b>
Appliances, TVs, Electronics Stores-44311	9,817,626	5,987,231	3,830,395
Household Appliances Stores-443111	1,694,404	278,211	1,416,193
Radio, Television, Electronics Stores-443112	8,123,222	5,709,020	2,414,202
Computer and Software Stores-44312	4,574,323	3,799,051	775,272
Camera and Photographic Equipment Stores-44313	553,733	0	553,733
Building Material, Garden Equip Stores -444	42,104,542	7,430,872	34,673,670
Building Material and Supply Dealers-4441	37,041,895	7,020,032	30,021,863
Home Centers-44411	15,941,967	0	15,941,967
Paint and Wallpaper Stores-44412	617,744	885,373	-267,629
Hardware Stores-44413	3,516,336	4,393,547	-877,211
Other Building Materials Dealers-44419	16,965,848	1,741,112	15,224,736
Building Materials, Lumberyards-444191	5,552,350	593,736	4,958,614
Lawn, Garden Equipment, Supplies Stores-4442	5,062,647	410,840	4,651,807
Outdoor Power Equipment Stores-44421	645,560	0	645,560
Nursery and Garden Centers-44422	4,417,087	410,840	4,006,247
<b>Food and Beverage Stores-445</b>	<b>100,675,262</b>	<b>186,390,063</b>	<b>-85,714,801</b>
Grocery Stores-4451	83,538,265	134,145,497	-50,607,232
Supermarkets, Grocery (Ex Conv) Stores-44511	79,967,307	120,386,025	-40,418,718
Convenience Stores-44512	3,570,958	13,759,472	-10,188,514
Specialty Food Stores-4452	12,184,877	35,835,518	-23,650,641
Beer, Wine and Liquor Stores-4453	4,952,120	16,409,048	-11,456,928
<b>Health and Personal Care Stores-446</b>	<b>50,863,896</b>	<b>156,545,836</b>	<b>-105,681,940</b>
Pharmancies and Drug Stores-44611	41,479,083	130,239,794	-88,760,711
Cosmetics, Beauty Supplies, Perfume Stores-44612	2,163,214	1,552,750	610,464
Optical Goods Stores-44613	3,324,937	4,123,468	-798,531
Other Health and Personal Care Stores-44619	3,896,662	20,629,824	-16,733,162
<b>Gasoline Stations-447</b>	<b>70,226,658</b>	<b>65,683,685</b>	<b>4,542,973</b>
Gasoline Stations With Conv Stores-44711	44,764,970	44,197,997	566,973
Other Gasoline Stations-44719	25,461,688	21,485,688	3,976,000
<b>Clothing and Clothing Accessories Stores-448</b>	<b>33,425,516</b>	<b>32,759,727</b>	<b>665,789</b>

**DETROIT PROJECT AREA Total, Block Group (see geographies below), Continued**

**Red Indicates Leakage Opportunities**

	<b>Expenditures</b>	<b>Sales</b>	<b>Gap/Surplus</b>
Clothing Stores-4481	23,879,894	21,378,433	2,501,461
Men's Clothing Stores-44811	2,755,528	9,056,483	-6,300,955
Women's Clothing Stores-44812	6,911,828	6,732,557	179,271
Childrens, Infants Clothing Stores-44813	1,109,497	0	1,109,497
Family Clothing Stores-44814	10,751,316	2,731,950	8,019,366
Clothing Accessories Stores-44815	583,760	1,371,089	-787,329
Other Clothing Stores-44819	1,767,965	1,486,354	281,611
Shoe Stores-4482	4,517,642	3,902,036	615,606
Jewelry, Luggage, Leather Goods Stores-4483	5,027,980	7,479,258	-2,451,278
Jewelry Stores-44831	4,770,020	6,906,864	-2,136,844
Luggage and Leather Goods Stores-44832	257,960	572,394	-314,434
<b>Sporting Goods, Hobby, Book, Music Stores-451</b>	<b>11,340,436</b>	<b>45,830,501</b>	<b>-34,490,065</b>
Sportng Goods, Hobby, Musical Inst Stores-4511	6,925,138	13,464,317	-6,539,179
Sporting Goods Stores-45111	3,575,843	2,587,767	988,076
Hobby, Toys and Games Stores-45112	2,132,274	7,455,624	-5,323,350
Sew/Needlework/Piece Goods Stores-45113	562,302	1,303,818	-741,516
Musical Instrument and Supplies Stores-45114	654,719	2,117,108	-1,462,389
Book, Periodical and Music Stores-4512	4,415,298	32,366,184	-27,950,886
Book Stores and News Dealers-45121	2,640,835	26,275,108	-23,634,273
Book Stores-451211	2,407,918	22,454,588	-20,046,670
News Dealers and Newsstands-451212	232,917	3,820,520	-3,587,603
Prerecorded Tapes, CDs, Record Stores-45122	1,774,463	6,091,076	-4,316,613
<b>General Merchandise Stores-452</b>	<b>89,507,619</b>	<b>131,996,354</b>	<b>-42,488,735</b>
Department Stores Excl Leased Depts-4521	60,113,918	120,489,211	-60,375,293
Other General Merchandise Stores-4529	29,393,701	11,507,143	17,886,558
Warehouse Clubs and Super Stores-45291	19,601,415	0	19,601,415
All Other General Merchandise Stores-45299	9,792,286	11,507,143	-1,714,857
<b>Miscellaneous Store Retailers-453</b>	<b>15,110,149</b>	<b>56,378,619</b>	<b>-41,268,470</b>
Florists-4531	1,849,547	1,815,499	34,048
Office Supplies, Stationery, Gift Stores-4532	5,945,682	22,376,169	-16,430,487
Office Supplies and Stationery Stores-45321	2,478,605	12,855,340	-10,376,735
Gift, Novelty and Souvenir Stores-45322	3,467,077	9,520,829	-6,053,752
Used Merchandise Stores-4533	1,607,925	10,283,415	-8,675,490
Other Miscellaneous Store Retailers-4539	5,706,995	21,903,536	-16,196,541
<b>Non-Store Retailers-454</b>	<b>42,072,529</b>	<b>25,172,487</b>	<b>16,900,042</b>
Electronic Shopping, Mail-Order Houses-4541	23,292,689	0	23,292,689
Vending Machine Operators-4542	3,978,199	0	3,978,199
Direct Selling Establishments-4543	14,801,641	25,172,487	-10,370,846
<b>Foodservice and Drinking Places-722</b>	<b>81,839,169</b>	<b>209,544,834</b>	<b>-127,705,665</b>
Full-Service Restaurants-7221	33,738,382	55,189,974	-21,451,592
Limited-Service Eating Places-7222	35,196,961	109,292,478	-74,095,517
Special Foodservices-7223	6,215,943	30,695,941	-24,479,998
Drinking Places -Alcoholic Beverages-7224	6,687,883	14,366,441	-7,678,558
GAFO * (sales at stores that sell merchandise normally sold at Department stores)	168,946,741	245,533,814	-76,587,073

<b>General Merchandise Stores-452</b>	<b>89,507,619</b>	<b>131,996,354</b>	<b>-42,488,735</b>
<b>Clothing and Clothing Accessories Stores-448</b>	<b>33,425,516</b>	<b>32,759,727</b>	<b>665,789</b>
Furniture and Home Furnishings Stores-442	13,781,806	2,784,781	10,997,025
Electronics and Appliance Stores-443	14,945,682	9,786,282	5,159,400
Sporting Goods, Hobby, Book, Music Stores-451	11,340,436	45,830,501	-34,490,065
Office Supplies, Stationery, Gift Stores-4532	5,945,682	22,376,169	-16,430,487

<b>DETROIT PROJECT AREA</b>		List - Block Group			
26163-5112001	26163-5154002	26163-5170001	26163-5180002	26163-5206002	26163-5214001
26163-5112002	26163-5157002	26163-5171001	26163-5201001	26163-5206003	26163-5215001
26163-5112003	26163-5163001	26163-5172001	26163-5201002	26163-5207001	26163-5215002
26163-5115002	26163-5164001	26163-5172002	26163-5202001	26163-5207002	26163-5215003
26163-5115003	26163-5164002	26163-5172003	26163-5202002	26163-5208001	26163-5215004
26163-5152001	26163-5165001	26163-5174001	26163-5203001	26163-5208002	26163-5220001
26163-5152002	26163-5166001	26163-5174002	26163-5203002	26163-5208003	26163-5324003
26163-5152003	26163-5166002	26163-5175001	26163-5204001	26163-5209001	26163-5325001
26163-5153001	26163-5166003	26163-5175002	26163-5205001	26163-5209002	26163-5325002
26163-5153002	26163-5167001	26163-5175003		26163-5211002	26163-5325003
26163-5153003	26163-5168001	26163-5176001	Prepared On:		Mon Jul 31, 2006
26163-5153004	26163-5168002	26163-5177002	© 2006 CLARITAS INC. All rights reserved.		
26163-5154001	26163-5169001	26163-5180001	Claritas Tech Support: 1 800 866 6511		

Detroit MSA - 6 County area	Thousands of Jobs				NA-ICS	6 Co MSA 1996	US 1996	6 Co. 2006	US 2006	6 Co. 2012	US 2012
Total Payroll Employment					--	2,103.95	125,710.79	2,034.00	141,227.61	2,096.54	151,633.42
	Total Nonfarm				--	2,083.01	119,698.58	2,015.64	135,387.16	2,078.70	146,179.00
		Natural Resources & Mining			RM	3.34	637.08	3.37	650.01	3.32	624.43
					21	2.76	556.42	2.89	587.56	2.84	562.73
					1133	0.58	80.62	0.48	62.41	0.48	61.70
		Construction			23	75.56	5,538.42	79.74	7,458.21	93.43	7,981.96
					236	14.16	1,381.34	16.47	1,735.21	18.51	1,787.37
					237	8.87	800.27	5.32	983.08	5.88	998.02
					238	52.53	3,356.80	57.97	4,739.93	69.04	5,196.56
		Manufacturing			MF	369.37	17,236.42	272.11	14,199.56	257.01	13,895.02
					311	12.00	1,561.98	6.60	1,463.60	6.57	1,495.03
					312	2.80	204.43	1.65	194.33	1.58	195.18
					313	0.13	443.17	0.15	201.16	0.14	188.23
					314	0.95	216.32	0.42	168.40	0.37	151.94
					315	1.37	743.03	0.59	243.30	0.51	211.31
					316	0.71	94.32	0.30	38.18	0.28	35.31
					321	2.33	582.81	1.06	557.88	1.05	549.68
					322	3.50	631.22	2.50	475.46	2.36	458.54
					323	8.49	815.90	4.87	644.94	4.87	653.13
					324	1.18	137.32	0.80	111.79	0.71	105.45
					325	9.83	984.63	7.04	884.46	6.78	863.56
					326	17.40	919.92	15.44	795.51	15.29	784.74
					327	6.89	517.02	4.96	505.94	4.92	513.23
					331	12.37	639.15	7.78	471.95	7.04	445.38
					332	47.01	1,647.62	38.17	1,530.71	36.50	1,474.55
					333	53.75	1,466.47	33.61	1,173.31	33.52	1,179.90
					334	12.25	1,746.67	7.21	1,321.69	6.84	1,287.29
					335	4.79	590.94	2.25	437.81	2.19	430.32
					336	155.91	1,973.73	128.03	1,767.67	117.24	1,691.67
					337	5.17	603.91	2.57	558.25	2.51	551.42
					339	10.56	715.63	5.98	653.13	5.75	629.17
		Wholesale Trade			42	93.90	5,522.57	91.64	5,846.59	92.07	6,184.12
					423	55.50	2,977.87	55.31	3,047.91	54.78	3,167.13
					424	23.54	1,978.00	23.77	2,038.97	23.15	2,113.80
					425	14.87	566.71	12.55	759.71	14.14	903.19
		Retail Trade			RT	239.06	14,140.86	217.54	15,362.82	214.77	15,806.03
					441	29.08	1,685.71	25.94	1,922.90	26.16	2,031.05
					442	9.18	474.19	8.15	596.19	8.65	661.43
					443	8.71	470.33	7.94	538.69	8.06	571.25



Thousands of Jobs			NA-ICS	6 Co MSA 1996	US 1996	6 Co. 2006	US 2006	6 Co. 2012	US 2012
	Retail Trade		444	16.19	1,007.21	18.05	1,321.53	19.50	1,495.25
			445	39.87	2,926.98	36.25	2,806.23	33.24	2,695.81
			446	18.04	826.35	17.44	964.80	17.66	1,025.13
			447	9.90	946.63	7.38	866.93	6.64	816.82
			448	22.34	1,220.53	25.22	1,438.80	25.48	1,522.47
			451	11.18	613.70	9.41	639.41	9.01	640.56
			452	55.44	2,656.47	46.47	2,930.91	45.69	3,014.17
			453	14.66	874.21	13.28	904.08	12.77	910.52
			454	4.46	438.55	2.05	432.33	1.92	421.58
	Transportation, Warehousing, & Utilities		TU	69.41	4,576.29	64.53	4,953.08	61.18	5,094.98
			RW	61.09	3,936.73	57.62	4,394.05	55.23	4,545.43
			22	8.32	639.56	6.91	559.02	5.95	549.56
			51	38.73	2,940.17	35.65	3,068.32	37.09	3,242.32
			511	12.02	927.33	12.38	899.60	12.32	905.79
			512	4.52	334.64	3.28	391.75	3.72	441.60
			515	3.33	308.95	3.23	324.56	3.39	342.12
Detroit MSA - 6 County area									
Thousands of Jobs			NA-ICS	6 Co MSA 1996	US 1996	6 Co. 2006	US 2006	6 Co. 2012	US 2012
			516	0.18	21.01	0.16	30.65	0.21	40.15
			517	14.64	997.15	12.60	990.57	12.89	1,015.59
			518	3.93	311.67	3.72	381.10	4.26	439.21
			519	0.12	39.43	0.27	50.09	0.31	57.86
	Financial Activities		FI	119.57	6,969.42	117.34	8,292.51	118.72	8,864.61
			52	84.67	5,154.58	86.44	6,120.44	87.66	6,563.74
			53	34.89	1,814.84	30.90	2,172.06	31.06	2,300.87
	Professional & Business Services		PS	356.88	13,461.25	369.22	17,344.85	402.06	19,866.21
			54	171.48	5,337.05	166.28	7,230.77	182.25	8,294.17
			55	39.22	1,702.77	44.34	1,778.96	43.58	1,864.32
			56	146.18	6,421.32	158.55	8,335.03	176.23	9,707.72
	Education & Health Services		EH	229.15	13,682.75	265.35	17,758.14	282.57	20,604.96
			61	21.14	2,077.67	34.41	2,857.43	35.33	3,197.48
			62	208.01	11,605.16	230.94	14,900.71	247.24	17,407.48
	Leisure & Hospitality		LH	163.63	10,773.83	180.94	13,087.16	199.51	15,025.79
			71	21.91	1,520.83	31.76	1,927.09	34.11	2,164.88
			72	141.72	9,252.98	149.19	11,160.05	165.40	12,860.91
	Other Services (except Public Admin)		81	97.07	4,690.58	88.53	5,430.27	92.86	5,971.83



## Retailers Focus Survey Questions and Coding Responses

**Goal 1:** Understand the needs and condition of retail/restaurant businesses in downtown Detroit.

**Goal 2:** Provide business input on several of the key visioning questions and give business owners an opportunity to contribute to this process.

### Questions:

1) What does your business do?

Code as follows

- Specialty Gift
- Specialty Retail
- Specialty Food/Restaurant
- Specialty Service
- Retail Florist
- Art Gallery
- Bookstore
- Men's Clothing/Apparel/Accessories
- Women's Clothing/Apparel/Accessories

Also coded as:

- Specialty
- Chain

2) When are you open? Are you open evenings, weekends, Sundays?

Code by Days of the Week:

- Monday through Sunday and flexible

Code by Hours of coverage

- Before Noon
- 12 pm – 4 pm
- 4 pm – 6 pm
- After 6 pm

Code by Weekend opening

- No
- Yes

3) How long has your business been downtown? Did you move from another location? Where? Why?  
- If you own more than one location – How does success downtown compare to your other locations? What are the key differences?

Code for length business has been open

- 2 years or less
- 3-5 years
- 5-10 years
- 10-15 years
- 15+ years

Other questions received minimal response, not coded.

4) How do you physically define downtown?

Information not coded for purpose of these reported survey results. Not generally understood by interviewees. Required explanation, resulted in uncertainty.

5) Who is your target market? Who are your customers?

Code percentages in four categories:

Office

- Up to and Including 25% of customer base
- 26-50% of customer base
- 51-75% of customer base
- Over 75% of customer base

#### Out-of-Town Visitors

- Up to and Including 25% of customer base
- 26-50% of customer base
- 51-75% of customer base
- Over 75% of customer base

#### Local Residents

- Up to and Including 25% of customer base
- 26-50% of customer base
- 51-75% of customer base
- Over 75% of customer base

#### Metro Area

- Up to and Including 25% of customer base
- 26-50% of customer base
- 51-75% of customer base
- Over 75% of customer base

6) What factors influenced your decision to move to downtown Detroit? What other locations did you consider?

Coded into the following categories based on responses

- Positive Expectations
- Personal History/Connections
- Likes Downtown
- Niche Opportunity
- Join safety of larger building
- Diversity of customers
- Make a difference/be a part of the rebirth

7) (*If new business*) How did you finance your project? Did you have difficulty finding funding?  
Not coded as a basis of this analysis based on limited response.

8) (*If new business*) Did you move into space that was ready to go or did it require tenant improvements?  
Did the landlord to pay part or all of the cost?  
Not coded as a basis of this analysis based on limited response.

9) How long is your lease? Renewals? Options?

Code as follows

- Year by Year
- 1.5 year trial
- 10 year lease, 5 year renewal
- Own Building

10) What one change in downtown could aid your business' success? What parties need to be involved to effect that change?

Coded as follows based on responses

- Physical Change Needed
  - Building Modifications
- Quantitative Change Needed
  - Get more foot traffic/population
  - Open new stores
  - More basic retail for residents
- Perception Change Needed
  - Bring back feeling of walkability
  - Broaden perception of downtown beyond Woodward
  - Expand target market
  - Expanded definition of downtown
- Program Change Needed
  - Build collaborative, cohesive retail business community
  - Need coordinated marketing effort for downtown retailers



- Small Business funding/financial support
- Need Public Transit options to improve accessibility
- City should notify retailers of upcoming conventions/events in downtown
- Detroit visitors Kiosk near Campus Martius/Wayfinding
- Need more police presence
- BID
- Qualitative Changes Needed
  - Support from Political Leadership/City Officials
  - Increase variety of stores

11) What are the two or three obstacles for businesses in downtown Detroit? What steps would you take to remove one of those obstacles?

Code as follows based on responses

- Perception Obstacles
  - Lack of Awareness-Don't know what businesses are there
  - Lack of awareness-people not aware of downtown changes
  - Isolationist thinking
  - No activity on weekends
  - Competition among downtown districts instead of cohesion
- Parking Obstacles
  - Parking major problem
  - Parking not convenient or well run
  - Parking too expensive
  - Problems with ticket validations for customers
  - Outrageous ticketing of customers
  - Parking need consistent pricing
  - Customers don't know about all day valet/municipal vs public
- People/Behavior Obstacles
  - Panhandlers/homeless scare customers
  - Problems with building owners
  - Angry/aggressive police officers
  - Loss Prevention
- Programming Obstacles
  - Inadequate 911 response
- Physical Obstacles
  - Construction interference
  - Too much traffic
  - Need outside trash containers
- Financial Obstacles
  - Affected by Economy
  - Getting priced out

12) Have you had any contact with city officials in the past 24 months? If so, how did the city work to understand your issue and/or resolve it?

Code yes/no

Code as follows based on responses

- Talk but no active, ongoing support or acknowledgement
- Have been promised things with no follow through
- Will help but takes patience and persistence/Difficult
- Focus attention on large Companies and not small business
- Parking authorities hard to work with
- Police supportive
- Need more accountability
- Improving
- Periodic positive city council contact
- Support depends on race

13) Sometimes the "next big thing" starts out quite small and its often staring us right in the face. What opportunity for downtown Detroit already exists that we simply have not exploited to its fullest?

Code along with question #14 as ideas.

14) What is your vision for Downtown Detroit in ten years?

Code as follows based on responses

- Development Ideas
  - Develop/preserve/utilize Historical Architectural Heritage
  - Vendors on Street
  - Whole Foods
  - Bakery
  - Furniture Store
  - Medium price spa/fitness
  - Sidewalk Cafes
  - Fully developed riverfront
  - Transit Oriented Development
- Quantitative/Qualitative Ideas
  - More Retail
  - More Residential
  - More Activities
  - More People
  - More Walkable
  - Continue Woodward/Stadium/Casino momentum
  - High Tech Infrastructure, Marketing, Programming
  - Automobile Heritage
  - Historical Relevance of Detroit
- Behavioral/Programming Ideas
  - Businesses open on weekends
  - Late night patronage
  - Place to live, work, play
  - Activities to celebrate diversity
  - Detroit as a tourist mecca
  - Diversity of Jobs
  - Rehab Programs
  - Veteran Support
  - Coordinated events with Campus Martius, Grand Circus, Harmonie Parks
  - Events to encourage walking like Gallery Crawl and Downtown Detroit Days
  - Use High School Students as Ambassadors for the City
  - Need emphasis on music downtown
  - Art/Education Orientation

15) What is the square footage of your space? Rent?

Not coded as a basis of this analysis based on limited response.

16) What are your sales on an annualized basis? How does this compare with your targets/expectations?

Not coded as a basis of this analysis based on limited response.

## **Case Study #1: The Case for Local vs. Chain Retailers-Civic Economics Studies**

A 2002 study by Civic Economics, an economic analysis and strategic planning consulting firm with offices in Austin and Chicago, performed a comparative economic impact analysis within Austin, Texas. This study, entitled The Liveable City Study, presented a baseline assessment of the economic impacts of three different freestanding stores, including locally owned Book People and Waterloo Records and a typical Borders store.

Under the baseline condition, it was determined that locally owned and operated merchants generated three times greater impacts on local economies (adjusted for revenue) than outlets of national chains due to three primary classes of expenditure.

First, spending on local labor typically comprises a greater share of operating costs for a locally owned establishment than an outlet of a national chain. Many business functions, such as administrative and advertising functions, are consolidated at the national headquarters of the chain store, while the independently owned store carries out those functions in the community.

Secondly, large national chains purchase fewer goods and services in the markets they serve because they are usually procured at the national level. By contrast, local stores purchase a substantial portion of these goods and services from other local firms, keeping the money in the community. Additionally, local stores are often the sole outlet for the retail sale of books and recordings by local authors and artists.

Finally, a larger portion of profits earned by owners of local stores remains in the local economy as opposed to being distributed to stockholders worldwide. For example, in a study in the Andersonville neighborhood in Chicago, Illinois, it was found that for every \$100 in consumer spending with a local firm, \$68 remained in the Chicago economy. In contrast, for every \$100 in consumer spending with a chain firm, \$43 remained in the Chicago economy. Similarly, for every square foot occupied by a local firm, local economic impact is shown to be \$179, while for every square foot occupied by a chain firm, local economic impact was \$105.<sup>1</sup>

The Liveable City Study has been replicated with similar findings in Maine's Mid-Coast region and in Toledo, Ohio.<sup>2</sup>

## Case Study #2: Reviving Locally Owned Retail

Stacy Mitchell is a senior researcher with the New Rules Project, a program of the Minneapolis based Institute for Local Self-Reliance. This case study is based on a talk given by Mitchell on May 16, 2006 at the CLIC Trade Show organized by Austin Independent Business Alliance, entitled "Connecting and Linking Independents with Commercial Developments."

Mitchell gives compelling evidence that independent stores are on the rebound and provide economic value with examples such as the one following.

In a major national study, Consumer Reports found that on a variety of measures from the quality of the health information provided to the speed of service, independents beat chain drugstores and superstores like Target and Cosco by "an eye-popping margin." Additionally, the number of independent pharmacies is increasing, and nonprofit wholesale buying cooperatives are allowing these businesses to experience the same sort of volume purchasing and economies of scale that the chains enjoy.

Techniques for competitive advantage include independent business alliances, purchasing cooperatives, and other coalitions. Independent businesses are also banding together to share technology in marketing their stores.

Most local retailers buy many goods and services locally: they bank at local banks, advertise in local newspapers, carry goods produced by local firms, and hire a range of professionals, sending a ripple of benefits throughout the local economy. They also tend to be far more involved in community groups and local charities. An additional benefit of local businesses, especially in the urban environment, is that they create and sustain the unique character of the places they inhabit. Uniqueness becomes a valuable asset in an increasingly homogenous world.

Locally owned businesses often have deep personal as well as financial roots in the communities in which they operate. For example, sixteen years ago when an earthquake leveled downtown Santa Cruz, California, not one of the city's chain stores stayed, while dozens of locally owned businesses decided to stay and operate in difficult conditions for a full three years. Without their lease commitments, the city would have been unable to obtain loans to rebuild the downtown. The same phenomenon happened in New Orleans, where researchers at Tulane University reported that most independent businesses had reopened shortly after the 2005 hurricane flooding, but most chain stores remained closed more than five months after the disaster, adding further hardship to the city.<sup>3</sup>



### **Case Study #3: Boulder Independent Business Alliance**

The rise of global chains is not simply the result of market forces, according to Stacy Mitchell of the Institute for Local Self-Reliance. Public policy has played a significant role through tax breaks and multimillion dollar subsidies which are offered to chain stores, but not to independent businesses.

One local business owner, David Bolduc of Boulder Book Store, and Jeff Milchen, activist and founder of ReclaimDemocracy.org, helped to form an independent business alliance in Boulder Colorado in 1998.

Within two years, the Boulder Independent Business Alliance (BIBA) had grown to include more than 160 dues paying members of a diverse range of business types, ranging from the small sole proprietorships to a hospital employing 2,000 people.

BIBA operations include:

- Ongoing public information campaigns to raise awareness of the benefits of patronizing locally owned businesses and their value to the community.
- Publishing the BIBA guide, a directory of local businesses.
- Producing a Community Benefit Card, available for \$15, providing discounts at more than 60 independent businesses.
- Promoting sustainable energy programs among members.

Because of the success of the program and requests from around the country for similar business alliances, the American Independent Business Alliance was formed. AMIBA's role is to help launch independent business alliances in interested communities, network their organizers, and continue to build a national movement to reverse the decline of independent local businesses.

Similarly, in Tucson, a group of independent restaurant owners stopped thinking of themselves as competitors and launched a collective effort to counter the expansion of chain restaurants. They pooled their resources for joint purchasing, advertising and other initiatives, reducing food costs by 20 percent. This alliance was so successful that it spawned similar restaurant alliances in a dozen other cities including Birmingham, Kansas City, Milwaukee, Minneapolis and Washington DC.

These types of efforts by businesses and community groups have led to the formation of public policies to ban large retail stores, or to require a community impact review before approving new retail development. Other towns are shifting economic development resources away from chain store sprawl and back into Main Street businesses.<sup>4</sup>

## Case Study #4: Genesis LA

Genesis LA is a uniquely structured government-initiated program designed to bring jobs and new life to blighted areas of Los Angeles.

Genesis LA includes a unique three part financing scheme including City Hall, a specially targeted private fund, and contributions from a non-profit organization dedicated to urban renewal. If successful, this structure could provide a model for similar efforts around the United States.

While 11 of the 21 Genesis LA sites contain retail components, maximizing employment through office and industrial development is the organization's top priority. Unlike most public/private initiatives, Genesis LA's partners all expect to make money, which is a critical ingredient to attracting investment.

Once the developers and city have made their contributions, Genesis LA approaches the Genesis LA Real Estate Investment Fund. Developed and then spun off by the Mayor's Office of Economic Development and the Genesis LA nonprofit organization, the fund is a private-sector, for-profit investment vehicle financing projects in low- and moderate-income areas as defined by the Department of Housing and Urban Development. Basically, the fund provides mezzanine financing for projects. Mezzanine financing is a blend of traditional debt financing and equity financing. Like equity financing, mezzanine financing is an unsecured debt, requiring no collateral to be put up unlike traditional bank loans. Like debt financing, mezzanine financing does not necessarily involve giving up an interest in the company.

To qualify for consideration, a developer must have the property tied up with either executed leases or letters of intent from other lenders and/or tenants, and also have some of its own capital invested. The fund cannot invest more than 20% of its monies in any one particular project or with any single developer. Should a gap still remain, Genesis LA turns to the nonprofit Genesis LA Economic Growth Corporation as a last resort for urban redevelopment projects.

The fund largely comes from \$10 million sponsors in the form of tax deductible donations. Monies given by sponsors to projects, either as debt or equity, are expected to be repaid in five to six years, working as a revolving fund.

Genesis LA began with 15 sites around the city with a goal of creating 5,000 new jobs and generating \$250 million in private-sector investments, but the team added six new sites representing 13,000 jobs and \$680 million in private capital after the first many successful ventures.

One of their most successful projects involved a closed General Motors assembly plant in Van Nuys (one of the most crime-ridden locations in the city). General Motors donated a portion of the property to the city, who built public streets to improve access to the site. A private sector investment of \$75 million helped create a mixed-use complex, including 340,000 square feet of retail anchored by Home Depot, as well as office and industrial uses. The retail development subsidized the industrial development. GM received a tax benefit and passed on a clean piece of land.

One of the best outcomes for residents has been crime reductions of 60%, making it now one of the safest areas in the city.<sup>5</sup>

## **Case Study #5: Alliance Program of the International Council of Shopping Centers**

Founded in 1957, the International Council of Shopping Centers (ICSC) is the global trade association of the shopping center industry, including membership among shopping center owners, developers, managers, marketing specialists, investors, lenders, retailers, academics and public officials.

ICSC developed the Alliance Program to foster relationships and strategic alliances between the public and private sector and to ensure sustainable growth in communities. These relationships are increasingly important as aggressive competition, changing consumer behavior, economic fluctuation, growth concerns and internet commerce trends challenge retailers today. Communities face similar concerns with shifting consumer demographics and eroding tax revenues.

Through public forums, public and private sector members meet each other, become educated and create beneficial partnerships.<sup>6</sup>

## Case Study #6: Grocery Stores in Downtown Areas

Grocery stores are an essential amenity for residents. In visioning interviews conducted with prominent Detroiters, activists, business owners, and politicians from all arenas noted the need for a grocery store in or near to downtown Detroit. Sean Harrington summed up the issue quite well in his visioning interview when he said, "I can't buy broccoli, not on my feet."

Recent studies have identified a number of strategies for attracting grocery stores back to city neighborhoods. A 2005 study by Kameshwari Pothukuchi, published in the *Economic Development Quarterly* advises the following actions:

- Conduct systematic assessments of citywide and neighborhood-level demand for food.
- Identify chains and independents within the region and from outside that could be competitively recruited.
- Assemble, or help in the assembly of, a citywide supermarket program that, among other things, identifies multiple potential sites, describes available site and development assistance, and simplifies the review process for grocery retail.
- View grocery stores as important contributors to neighborhood quality of life through improved food access, rather than as suboptimal economic development tools.<sup>7</sup>

These recommendations pertain to grocery stores throughout the city, not just downtown. However, Pothukuchi notes that citywide strategies are necessary, especially in establishing demand figures and a market analysis that will attract grocers. The residential numbers in downtown Detroit are growing, but will not be enough to support a store on their own. Kate Beebe's residential study<sup>8</sup> indicates a critical mass of people in the combined downtown and midtown areas. These numbers could be a first step in attracting a grocery store for the greater downtown area.

A study completed for Madison, Wisconsin, also notes the need for citywide initiatives. Echoing Pothukuchi, the study recounted how Dallas, Texas and Rochester, New York, were successful in attracting multiple grocery stores by offering incentive packages that required the opening of three to five stores. It described initiatives in a number of cities and notes that successful cities have completed a market analysis, have incentive packages, and have a plan in place for attracting stores to specific areas.<sup>9</sup>

In another case, a particular retailer has realized the potential for inner city markets and consistently opened stores in those markets. Pathmark is one such retailer who has successful stores in Harlem, New York, Bedford-Stuyvesant, New York, and Newark, New Jersey. The Newark store illustrates that a store in a less affluent downtown may be economically viable. In 1989, Pathmark partnered with the New Community Corporation (NCC), a faith-based CDC, to open a grocery store in Newark's Central Ward. The neighborhood had only 11,520 households, 41% of which made less than \$15,000 a year. The store is now one of the most profitable Pathmark chains.<sup>10</sup>

The Initiative for a Competitive Inner City's case study on the store notes a number of roadblocks that NCC overcame before a grocery store was possible. The area had been the site of riots in 1967, which left the commercial district in ruins. By 1980, when the NCC came up with its idea of a shopping center and grocery store, the site was divided into 61 different parcels, many abandoned. The NCC lobbied the state for seven years to use its condemnation rights to assemble the parcels, finally winning the battle in 1987. The CDC then chose to pursue Pathmark because of its other successful inner-city stores.<sup>11</sup> Alan Ehrenhalt illustrates the problems of these obstacles to development in a 2006 article in *Governing Magazine*, saying, "what's become increasingly clear in the past few years is that the problems of running an urban supermarket aren't a result of things going wrong after the store opens. The issue is the myriad obstacles that stand in the way of getting the store built."<sup>12</sup>

Pathmark's Newark store opened in 1990, 10 years after the NCC began its quest. Pathmark and the NCC jointly own the store. This arrangement was a critical part of the success of the project. The local funding provided by NCC was necessary for the store to achieve financial success. The NCC also owns the shopping center and leases the other stores to a number of national and local tenants. Pathmark also used the Central Ward store to revise and refine its inner city marketing model. The store includes staple



goods at low prices as well as products that cater to local ethnic populations. This kind of marketing is absolutely necessary for inner city stores.<sup>13</sup>

Overall, two avenues appear consistently successful for attracting grocery stores to inner cities: a comprehensive plan coupled with incentives and a thorough market analysis, or non-profit-private partnerships with a grocer already specializing in inner city markets. In either case, the city or a local non-profit must prove that the demand is present and assist the grocery store in overcoming obstacles to development. The grocery store in question also needs to cater to the market in a city, offering competitively priced staples and unique goods that appeal to the local population. While running a grocery store inside a city cannot be accomplished using the exact methods of a suburban store, it can be accomplished just as profitably.

## **Business Improvement Districts: Detroit and Beyond**

In 2003, a coalition of downtown business owners tried to create a business improvement district (BID) for downtown Detroit. Proponents argued that the BID would make downtown more competitive and attractive, as well as increase private accountability for the condition of downtown.<sup>14</sup> Opponents argued that the additional \$22 million tax burden over the course of seven years would decrease downtown's competitiveness and that the city should take on more of the financial burden for the necessary downtown cleanup.<sup>15</sup> After a six-month process involving petitions from property owners, formation of a business plan for the BID, an approval and subsequent revocation of that approval by City Council, the BID proposal failed. Small businesses opposed the tax increase, and proponents of the proposal could not sufficiently prove the benefits of a BID to City Council, especially given the amount of the proposed tax increase and the suspicious exclusion of key properties, including all Ilitch family holdings and Compuware Headquarters.<sup>16</sup>

However, the establishment of a BID for downtown may still be on the horizon. Roger Penske began a Clean Detroit initiative in June that was funded by \$3 million of private funds. City officials openly admitted that they hoped the changes wrought by this initiative would convince downtown business owners of the value of a BID. The program also continued in the steps of many BIDs nationwide, using homeless and other hard-to-employ workers in the cleanup campaign.<sup>17</sup>

"City Council must embrace and support the new BID. We need a clean city. We need the BID to continue to impose a tax on ourselves. If you compare to Chicago, the way they have boulevard streets" maintained is by a BID. – Dennis Archer

This renewed interest in a downtown Detroit BID shows that this is an institution that may have a place in the future of downtown and bears further evaluation. Detroit's proposed BID had a structure similar to many nationwide. Business owners within the district paid an extra percentage on their property tax to fund BID services. Some BIDs exclude residential properties from the tax base, while others do not. BIDs may be quasi-governmental, non-profit, or a public-non-profit partnership. Most BIDs require approval of a specified majority of the property owners by referendum. All BIDs, including the Detroit BID, require state authorizing legislation to exist. Lastly, BIDs exist to aid businesses, meaning that the local government, although it may partner with the BID on a variety of projects, plays little role in the management of the BID and choice and formation of its programs.<sup>18</sup>

BIDs may engage in a variety of activities. The core of most BIDs is a "clean and safe" program. This involves a clean-up crew that sweeps streets, removes illegally dumped trash and cleans graffiti. Safety officers, although unable to arrest or detain anyone, serve as eyes and ears on the street and often coordinate closely with local police departments. Some programs offer street ambassadors in addition to (or in place of) safety officers. These ambassadors help visitors find their way, watch for trouble, and provide a visible presence on the street to reassure tourists and visitors. Marketing is another key service, especially because many small, organic businesses in a revitalizing downtown cannot afford to pay for advertisements on their own. A regional campaign to brand and promote the downtown can successfully help these businesses thrive. Some BIDs also branch out into economic development, although without the ability to offer tax incentives they must often serve as a conduit to and coordinator of other local and state incentive programs.<sup>19</sup> Some BIDs may offer social service programs and, as mentioned above, many employ formerly homeless residents to provide them a first step up the ladder to self-sufficiency.

A number of studies have sought to evaluate the effectiveness of BIDs. In a recent article, Lorlene Holt of MIT's Department of Planning and Institutional Studies evaluated the effectiveness of Philadelphia BIDs in reducing crime and investigated whether these BIDs simply pushed crimes into surrounding neighborhoods.<sup>20</sup> Holt's study found that BIDs significantly reduce property crime, theft, and vehicle theft, but have less effect on forcible entry and burglaries that occur within a retail or office building. Holt surmised that this may be because BIDs truly do provide "eyes on the street," but have less success in deterring criminals indoors and in other private spaces that are not visible from the street. The study also found that the lowering of crime within a BID did not correspond with an increase in crime in surrounding districts. Holt reasoned that, since BIDs in Philadelphia are generally surrounded by residential districts rather than more commercial areas, crime may not easily transfer from a commercial area to a residential area. However, Holt also stated that this issue needed more research before definitive conclusions can be made. Overall, Holt found that Philadelphia BIDs are successful in their mission to reduce crime and increase safety.

Philadelphia is also home to the Center City District (CCD), a BID whose success has been lauded as an example of what BIDs can achieve. Paul Levy, executive director of the CCD, has guided the organization in a number of innovative strategies that have become models for other BIDs. Importantly, the CCD has excelled at data collection and tracking to understand trends and find areas for improvement. An expensive front-end investment in GIS technology and programming led to the ability to easily track crimes, derelict buildings, new development, and a variety of basic conditions like broken fire hydrants or blocked sewer intakes.<sup>21</sup> Staff follows up on these entries with the appropriate city department to ensure efficient service provision. This ability to quickly fix problems is critical for a downtown area. The CCD has also published reports analyzing residential development trends downtown, comparing office occupancy costs of downtown and the region, and others.<sup>22</sup> These reports are easily accessible on the CCD website for businesses considering locating downtown.

Additionally, the CCD has excelled in its creation of partnerships. The CCD office houses a police substation, and the BID's 42 Community Service Representatives and city police officers perform their roll calls together. This strengthens the ability of the safety staff to respond to and prevent crimes. The CCD also contracts out services that it knows other organizations can better provide. For example, Philadelphia Green plants, waters, and maintains planters and medians downtown because it has the necessary knowledge and resources.<sup>23</sup> The CCD also partnered with the City of Philadelphia and other organizations to form a community court that seeks alternative sentences to stop repeat offenders and provide them with support services.<sup>24</sup> Local social service agencies recommend people for the teams that sweep the sidewalks and pick up trash. Because the CCD provides cleaning services for outlying neighborhoods, these new staff members first begin their jobs on outer neighborhoods, and move up the ladder as their skills improve and attendance is proven. These partnerships and others have added to the ability of the CCD to strengthen downtown both physically and economically.

Overall, BIDs provide a proven mechanism for improving safety and the physical appearance of downtowns. Truly successful programs branch out to form effective partnerships and use a variety of innovative methods to attract businesses and track progress. Accurate and accessible data also appear to be a vital component. BIDs have the potential to make a positive impact in Detroit, and following the examples of other successful BIDs will only improve that chance for success.

## Appendix A

### Endnotes

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Detroit MSA - 6 County area

<i>Thousands of Jobs</i>	NAICS	6 Co MSA 1996	US 1996	6 Co. 2006	US 2006	6 Co. 2012	US 2012
<b>Total Payroll Employment</b>	--	<b>2,103.95</b>	<b>125,710.79</b>	<b>2,034.00</b>	<b>141,227.61</b>	<b>2,096.54</b>	<b>151,633.42</b>
<b>Total Nonfarm</b>	--	<b>2,083.01</b>	<b>119,698.58</b>	<b>2,015.64</b>	<b>135,387.16</b>	<b>2,078.70</b>	<b>146,179.00</b>
<b>Natural Resources &amp; Mining</b>	<b>RM</b>	<b>3.34</b>	<b>637.08</b>	<b>3.37</b>	<b>650.01</b>	<b>3.32</b>	<b>624.43</b>
Mining	21	2.76	556.42	2.89	587.56	2.84	562.73
Logging	1133	0.58	80.62	0.48	62.41	0.48	61.70
<b>Construction</b>	<b>23</b>	<b>75.56</b>	<b>5,538.42</b>	<b>79.74</b>	<b>7,458.21</b>	<b>93.43</b>	<b>7,981.96</b>
Construction of Buildings	236	14.16	1,381.34	16.47	1,735.21	18.51	1,787.37
Heavy and Civil Engineering Constr	237	8.87	800.27	5.32	983.08	5.88	998.02
Specialty Trade Contractors	238	52.53	3,356.80	57.97	4,739.93	69.04	5,196.56
<b>Manufacturing</b>	<b>MF</b>	<b>369.37</b>	<b>17,236.42</b>	<b>272.11</b>	<b>14,199.56</b>	<b>257.01</b>	<b>13,895.02</b>
Food Manufacturing	311	12.00	1,561.98	6.60	1,463.60	6.57	1,495.03
Beverage and Tobacco Product Mfg	312	2.80	204.43	1.65	194.33	1.58	195.18
Textile Mills	313	0.13	443.17	0.15	201.16	0.14	188.23
Textile Product Mills	314	0.95	216.32	0.42	168.40	0.37	151.94
Apparel Manufacturing	315	1.37	743.03	0.59	243.30	0.51	211.31
Leather and Allied Product Mfg	316	0.71	94.32	0.30	38.18	0.28	35.31
Wood Product Manufacturing	321	2.33	582.81	1.06	557.88	1.05	549.68
Paper Manufacturing	322	3.50	631.22	2.50	475.46	2.36	458.54
Printing and Related Support Activities	323	8.49	815.90	4.87	644.94	4.87	653.13
Petroleum and Coal Products Mfg	324	1.18	137.32	0.80	111.79	0.71	105.45
Chemical Manufacturing	325	9.83	984.63	7.04	884.46	6.78	863.56
Plastics and Rubber Products Mfg	326	17.40	919.92	15.44	795.51	15.29	784.74
Nonmetallic Mineral Product Mfg	327	6.89	517.02	4.96	505.94	4.92	513.23
Primary Metal Manufacturing	331	12.37	639.15	7.78	471.95	7.04	445.38
Fabricated Metal Product Mfg	332	47.01	1,647.62	38.17	1,530.71	36.50	1,474.55
Machinery Manufacturing	333	53.75	1,466.47	33.61	1,173.31	33.52	1,179.90
Computer and Electronic Products	334	12.25	1,746.67	7.21	1,321.69	6.84	1,287.29
Electrical Equip, Appl, Comp. Mfg	335	4.79	590.94	2.25	437.81	2.19	430.32
Transportation Equip Mfg	336	155.91	1,973.73	128.03	1,767.67	117.24	1,691.67
Furniture and Related Prod Mfg	337	5.17	603.91	2.57	558.25	2.51	551.42
Miscellaneous Manufacturing	339	10.56	715.63	5.98	653.13	5.75	629.17
<b>Wholesale Trade</b>	<b>42</b>	<b>93.90</b>	<b>5,522.57</b>	<b>91.64</b>	<b>5,846.59</b>	<b>92.07</b>	<b>6,184.12</b>
Merchant Wholesalers, Durable Goods	423	55.50	2,977.87	55.31	3,047.91	54.78	3,167.13
Merchant Wholesalers, Nondurable Goods	424	23.54	1,978.00	23.77	2,038.97	23.15	2,113.80
Wholesale Electronic Mkts, Agents, Brokers	425	14.87	566.71	12.55	759.71	14.14	903.19
<b>Retail Trade</b>	<b>RT</b>	<b>239.06</b>	<b>14,140.86</b>	<b>217.54</b>	<b>15,362.82</b>	<b>214.77</b>	<b>15,806.03</b>
Motor Vehicle and Parts Dealers	441	29.08	1,685.71	25.94	1,922.90	26.16	2,031.05
Furniture and Home Furnishings Stores	442	9.18	474.19	8.15	596.19	8.65	661.43
Electronics and Appliance Stores	443	8.71	470.33	7.94	538.69	8.06	571.25
Bldg Material, Garden Equip, Supplies Dealers	444	16.19	1,007.21	18.05	1,321.53	19.50	1,495.25



Food and Beverage Stores	445	39.87	2,926.98	36.25	2,806.23	33.24	2,695.81
Health and Personal Care Stores	446	18.04	826.35	17.44	964.80	17.66	1,025.13
Gasoline Stations	447	9.90	946.63	7.38	866.93	6.64	816.82
Clothing and Clothing Accessories Stores	448	22.34	1,220.53	25.22	1,438.80	25.48	1,522.47
Sporting Goods, Hobby, Book, Music Stores	451	11.18	613.70	9.41	639.41	9.01	640.56
General Merchandise Stores	452	55.44	2,656.47	46.47	2,930.91	45.69	3,014.17
Miscellaneous Store Retailers	453	14.66	874.21	13.28	904.08	12.77	910.52
Nonstore Retailers	454	4.46	438.55	2.05	432.33	1.92	421.58
<b>Transportation, Warehousing, &amp; Utilities</b>	<b>TU</b>	<b>69.41</b>	<b>4,576.29</b>	<b>64.53</b>	<b>4,953.08</b>	<b>61.18</b>	<b>5,094.98</b>
Transportation & Warehousing	RW	61.09	3,936.73	57.62	4,394.05	55.23	4,545.43
Utilities	22	8.32	639.56	6.91	559.02	5.95	549.56
<b>Information</b>	<b>51</b>	<b>38.73</b>	<b>2,940.17</b>	<b>35.65</b>	<b>3,068.32</b>	<b>37.09</b>	<b>3,242.32</b>
Publishing Industries (except Internet)	511	12.02	927.33	12.38	899.60	12.32	905.79
Motion Picture, Sound Recording Industries	512	4.52	334.64	3.28	391.75	3.72	441.60
Broadcasting (except Internet)	515	3.33	308.95	3.23	324.56	3.39	342.12

#### Detroit MSA - 6 County area

<i>Thousands of Jobs</i>	<b>NAICS</b>	<b>6 Co MSA 1996</b>	<b>US 1996</b>	<b>6 Co. 2006</b>	<b>US 2006</b>	<b>6 Co. 2012</b>	<b>US 2012</b>
Internet Publishing and Broadcasting	516	0.18	21.01	0.16	30.65	0.21	40.15
Telecommunications	517	14.64	997.15	12.60	990.57	12.89	1,015.59
Internet Serv, Web Search, Data Process	518	3.93	311.67	3.72	381.10	4.26	439.21
Other Information Services	519	0.12	39.43	0.27	50.09	0.31	57.86
<b>Financial Activities</b>	<b>FI</b>	<b>119.57</b>	<b>6,969.42</b>	<b>117.34</b>	<b>8,292.51</b>	<b>118.72</b>	<b>8,864.61</b>
Finance and Insurance	52	84.67	5,154.58	86.44	6,120.44	87.66	6,563.74
Real Estate and Rental and Leasing	53	34.89	1,814.84	30.90	2,172.06	31.06	2,300.87
<b>Professional &amp; Business Services</b>	<b>PS</b>	<b>356.88</b>	<b>13,461.25</b>	<b>369.22</b>	<b>17,344.85</b>	<b>402.06</b>	<b>19,866.21</b>
Professional, Scientific, Technical Services	54	171.48	5,337.05	166.28	7,230.77	182.25	8,294.17
Management of Companies and Enterprises	55	39.22	1,702.77	44.34	1,778.96	43.58	1,864.32
Admin, Support, Waste Mgmt, Remediation Serv	56	146.18	6,421.32	158.55	8,335.03	176.23	9,707.72
<b>Education &amp; Health Services</b>	<b>EH</b>	<b>229.15</b>	<b>13,682.75</b>	<b>265.35</b>	<b>17,758.14</b>	<b>282.57</b>	<b>20,604.96</b>
Educational Services	61	21.14	2,077.67	34.41	2,857.43	35.33	3,197.48
Health Care and Social Assistance	62	208.01	11,605.16	230.94	14,900.71	247.24	17,407.48
<b>Leisure &amp; Hospitality</b>	<b>LH</b>	<b>163.63</b>	<b>10,773.83</b>	<b>180.94</b>	<b>13,087.16</b>	<b>199.51</b>	<b>15,025.79</b>
Arts, Entertainment, and Recreation	71	21.91	1,520.83	31.76	1,927.09	34.11	2,164.88
Accommodation and Food Services	72	141.72	9,252.98	149.19	11,160.05	165.40	12,860.91
<b>Other Services (except Public Admin)</b>	<b>81</b>	<b>97.07</b>	<b>4,690.58</b>	<b>88.53</b>	<b>5,430.27</b>	<b>92.86</b>	<b>5,971.83</b>
Repair and Maintenance	811	23.95	1,135.73	21.32	1,249.06	21.89	1,347.46
Personal and Laundry Services	812	24.29	1,165.67	23.05	1,280.07	23.39	1,366.98
Religious, Grantmaking, Civic, Professional Org	813	48.83	2,389.19	44.16	2,901.13	47.58	3,257.38
<b>Government</b>	<b>GV</b>	<b>227.34</b>	<b>19,528.92</b>	<b>229.69</b>	<b>21,935.53</b>	<b>224.12</b>	<b>23,016.71</b>
Total Federal Government - Civilian	--	30.15	2,876.25	29.08	2,706.90	27.90	2,714.37
Total State Government	--	27.40	4,605.33	26.03	5,034.31	25.20	5,257.70
Total Local Government	--	169.79	12,047.33	174.59	14,194.33	171.02	15,044.64
<b>Non-BLS Sectors</b>	<b>--</b>	<b>20.94</b>	<b>6,012.21</b>	<b>18.36</b>	<b>5,840.45</b>	<b>17.84</b>	<b>5,454.43</b>
Military Personnel	--	11.12	2,218.08	9.23	2,049.18	8.79	1,977.06
Farms	--	6.38	3,073.04	6.25	2,928.27	6.11	2,569.20
Forestry, Fishing, Hunting, and Trapping	--	1.36	358.92	1.10	340.29	1.10	336.42
Private Household Workers	--	2.09	362.17	1.78	522.57	1.84	571.69

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**Sources: Employment Figures for for Shift-Share & LQ  
LQ Comparing MSA & US**

Prepared by B. Nagendra  
Source: Economy.Com Detailed Employment  
Forecasts 1984-2014  
Economy.Com Detailed Employment Forecasts  
1984-2014  
Time Range: 1996, 2006, 2012  
Geography: Detroit-Livonia-Dearborn  
Metropolitan Division (Wayne County)  
& Warren-Farmington Hills-Troy, MI  
Metropolitan Division (Lapeer, Livingston,  
Macomb, Oakland, Saint Clair Counties)

**LQ comparing Dntn to MSA**

Prepared by Kelly Drake  
Source: Claritas Business Facts 2005 (info from  
InfoUSA)  
Date Accessed: 8/1/2006  
Time Range: 2005  
Geography: Downtown/"the hat"; 6 County  
MSA (Detroit-Warren-Livonia, MI)

**Employment counts, by NAICS codes for the whole US**

Prepared by B. Nagendra  
Source: Economy.Com Detailed Employment  
Forecasts 1984-2014  
Date Accessed: 7/17/2006  
Time Range: 1996, 2006, 2012  
Geography: US

## Appendix B

## VISIONING INTERVIEWEES

In alphabetical order, the following leaders were interviewed for the visioning portion of this project.

**Larry Alexander**, Detroit Metro Convention and Visitors Bureau  
**Faye Alexander Nelson**, Detroit Riverfront Conservancy  
**Dennis Archer**, Dickinson Wright  
**Marvin Beatty**, Greektown Casino  
**Kathryn Beebe**, Ph.D., Gensler Associates  
**James Bieri**, Bieri Company  
**Robert Buckler**, DTE Energy Distribution, President and COO  
**Matthew Clayson**, Detroit Synergy, Development Project Group  
**Matt Cullen**, General Motors Corp., General Manager, EDES,  
**Harold Curry**, Detroit Commerce Bank, President  
**Douglas Diggs**, Detroit City Planning & Development  
**David DiRita**, Tower Automotive, Senior VP and General Counsel  
**David Egner**, Hudson-Webber Foundation, President  
**David Farbman**, The Farbman Group  
**Andy Farbman**, The Farbman Group  
**Edsel B. Ford, II**, Ford Motor Company, Board Director  
**W. Frank Fountain**, DaimlerChrysler Corporation, Senior VP, Government Affairs  
**Ted Gillary**, Detroit Athletic Club, Executive Manager  
**Roderick Gillum**, General Motors Corporation, VP Corporate Relations and Diversity  
**Bernie Gleiberman**, Crosswinds Communities Inc.  
**Carol Goss**, Skillman Foundation  
**Francis Grunow**, Detroit Synergy Group & Preservation Wayne  
**Rainy Hamilton, Jr.**, Hamilton Anderson Association  
**Carmen Harlan**, Channel 4, WDIV  
**Sean Harrington**, Town Pump & Centaur Restaurants  
**George W. Jackson, Jr.**, Detroit Economic Growth Corporation, President  
**Michael Kalil**, The Farbman Group  
**Mary Kramer**, Crain's Detroit, Business, Vice President, Associate Publisher  
**Ann Lang**, Downtown Detroit Partnership, President & CEO  
**Eric B. Larson**, Larson Realty Group  
**Alan Levy**, Detroit City Planning & Development  
**Thomas Lewand, Jr.**, Detroit Lions, Executive VP and COO  
**Carolyn Meza-Williams**, United Way, Chief Administrative Officer  
**Juliette Okotie-Eboh**, MGM Grand Detroit Casino, Vice President, Community Affairs  
**Ray Parker**, RFP Associates  
**Cynthia Pasky**, Strategic Staffing Solutions Inc., President and CEO  
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**Rev. Kevin Turman**, Second Baptist Church, Senior Pastor, President  
**Sherry Washington**, Sherry Washington Gallery  
**Dale Watchowski**, REDICO



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