

Detroit Metromode

From Suburban To Urban

KIM NORTH SHINE | THURSDAY, DECEMBER 01, 2011



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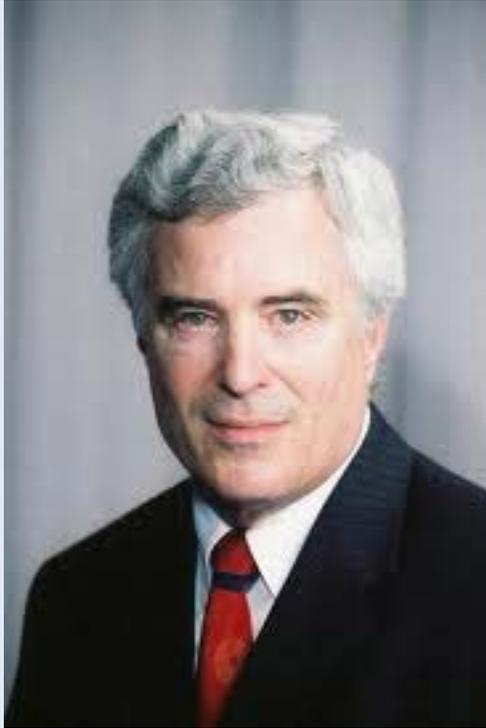
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Go back in time to when suburbs and their cheap open spaces, their subdivisions and strip malls, were transforming both our culture and our physical environment. For better or worse, it was a post-war mindset that embraced the automobile as the ultimate method of transportation, profoundly shaping the character and lifestyles of most Americans.

Now, step back to the here-and-now. With the rising impact of millennials, a generation that eclipses the baby boomers in size, there is a craving for a new way of living. Or should we say, an older, pre-suburban way of living, one that embraces a return to a more urban landscape.

America is in the adolescence of a shift in where and how we want to live, and it's not only being driven by 20- and 30-something millennials, but also retired or near-retired empty-nesters who have tired of gas-guzzling commutes, elaborate home maintenance, non-existent city centers, and wide swaths of concrete. The desire for dense, walkable neighborhoods is the reason property values are actually rising -- or falling by less -- in urban settings versus suburban ones. Urban development is where investment dollars are going as developers answer the call for places where walking, riding bikes and catching a train can be done in a town populated by diverse people and housing.

The urbanist movement may not be big news as it's more than a decade old (though slow to take hold) but for some cities, many in metro Detroit, it has become crystal clear that the way forward is with more downtown living,

working and playing; "downtown" being loosely defined.

One way cities are responding to this urban drum beat is by stepping up the activities of their downtown development authorities, quasi-public nonprofits charged with attracting business and helping existing businesses thrive in their community's core neighborhoods. Depending on the authority, they also organize community events such as art shows, farmers markets and networking events. They can head up infrastructure changes such as facade overhauls and upgrades to streetlights, sidewalks and other amenities in their quest to convey a more vibrant downtown. Some have even been empowered to buy and sell property.

DDAs, as they're commonly known, can be powerful tools for redevelopment. They use taxes captured from a designated district and take out bonds for projects such as car charging stations, decorative lighting and public parking.

DDAs can also be limited -- if not misguided -- depending on who's in control. If politics get in the way or non-experts try to run things, money can be wasted, time lost -- or worse.

Christopher Leinberger, a visiting fellow at the Brookings Institution in Washington, DC, knows of what he speaks when it comes to downtown and suburban development, and redevelopment and strategy. Leinberger says that purely public bodies will only go so far alone -- with a few exceptions. What they need, he explains, is to partner with the private sector as investors and experts, allowing them to take on a larger role than the public sector.

A frequent contributor to *The Atlantic* and *Urban Land Institute Magazine*, Leinberger has authored numerous books and articles and is a director of the University of Michigan's real estate graduate studies program. He's not only a respected thinker in real estate circles, he has also been on the other side as a developer. He has traveled the country, studied the changes that have come to cities and are still to come. He has seen what works and what doesn't.

Soon-to-be published research by Leinberger finds that the economic return on walkable urban places is twice that of drivable suburbs. "That was flipped just 20 years ago," he says.

What's happening now, Leinberger explains, is the decline of the suburb. So much so that some communities are turning into slums as property values decline, taking with them home ownership, pride and maintenance. As the tax base goes, so does the town. It's a reality that has forced many suburban cities to try to re-create themselves around a core that provides a more urban experience.

What metro Detroit communities need to do, Leinberger says, is "take advantage of that pent-up demand for walkable urban areas." Detroit, with its improvements to downtown and its push -- largely through private investors -- is experiencing that in its downtown and Midtown neighborhoods. Ann Arbor and Birmingham are getting there.

"The challenge for Detroit is with five million people in the metro area you should have 30 of these walkable, urban areas. You only have five or six. It's a great opportunity. If it can be done it will provide a foundation for your economy for the next 30 years," says Leinberger. "If you don't get with it you're not going to have that foundation."

Michigan cities that get it, cities that could become beacons for redevelopment and relocation, are starting to focus on more mixed-use, walkable neighborhoods. But mass transit has been a harder sell in Michigan.

"In Southeast Michigan, you were the poster child because of the Big Three," says Leinberger. "It's not as if cars are going away, of course. It's kind of a been there, done that. The pent-up demand is for higher density urban, walkable places. But it takes multiple modes of transportation and it is costly and can be risky."

Metromode caught up with Leinberger to ask about Michigan and why we should care about DDAs and how they operate and to get his opinions on where our cities go from here. We could have picked his brain for longer, but he's a busy guy. (This interview was edited for length and clarity)

What is your view of Michigan's downtown development authorities?

In Michigan, your DDA law was passed back in the mid '70s so it's been around. The main thing it can do is use tax financing, but also float revenue bonds. That will basically bring financial powers to a downtown redevelopment effort. To my way of thinking the best of all possible worlds would be a DDA assembling land and creating cash flow strategies. But the implementation on the ground would be a business improvement district. Together they are the hand-in-glove. Then you're getting the best of two worlds, the public and the private sector. The best way to do that is to have overlapping boards, a DDA with a board, a business improvement district that has a board, and some overlap so you know what each other is doing. It's best when they trust each other. The open kimono approach makes the difference.

Can you explain how the business improvement district fits into this equation?

I'm not sure how many there are in Michigan, but you do have a state law that allows them. (There are six in Michigan, two of them in metro Detroit: Birmingham and Rochester, according to the MEDC). The beauty of it is you have the private sector paying to increase the beauty of a town, paying for police, running festivals, paying for research of where to go next, managing parking decks, maybe getting into development of parking, a street car line -- being a catalytic developer. You can see how these things tamp up. You start with clean and safe -- and the public sector raising capital -- and then the private sector takes over.

So how should metro Detroit communities empower their DDAs?

One of the most insidious things that happens in a downtown turnaround is the public sector comes in and says we're in charge, all decisions go through us. Generally, they do not make great real estate developers, and they shut down what the private sector does best. The ones that complain the loudest that they're in charge are the ones that don't get anything done.

The public DDAs that say we're here to help the private sector are the ones that get the best results. For every \$1 spent there should be \$10-\$15 of private money. If the public sector comes in heavy handed they will shut down the private money. Again it needs to be this partnership. I find it best if it's not a public-private, but a private-public. I intentionally flip those words.

What happens to those suburbs that don't follow the urbanist route, that choose to remain true to the 'old' ways?

Most of those old style suburbs will be fine. It's not as if 100 percent of people are looking for urban living. Rochester, Bloomfield Hills, they're going to do just fine, but I will say there are some drivable suburban places that are evolving into what could only what could be described as slums. The reason is there's more supply than demand. When you have that situation the prices drop. When the price of a house drops below what it costs to build there's no incentive to maintain that home. Where prices fell in this country wasn't urban, walkable areas, it was drivable suburban fringe that collapsed.

Are there cities metro Detroit should be looking to as an an example?

The ones that come to mind are the ones that have gone through similar de-industrialization and shifted to a knowledge-based economy. Philadelphia and Pittsburgh. Philly because of its size, and Pittsburgh because it lost its main industry. Take a look at the Center City District in Philadelphia and their *State of the Center City* report. You'll just be blown away by how much they know, what they're doing, all the different initiatives they have, all the festivals they run. What's needed is 24/7, 365 days a year, someone waking up at 4 a.m. worried about their downtown. That's what a private sector person does. A public sector person leaves work at 5 p.m.

What about smaller cities, like Ann Arbor, Northville, or Birmingham?

Philly is, of course, a big downtown. They are using the hand-in-glove approach with public and private. As far as suburbs go, the best example is Arlington, Virginia. They primarily have a public sector-driven approach. It may sound like I'm contradicting myself, but they've done remarkable things. Thirty years ago their strip retail along Wilson Boulevard was becoming a slum. Today 10 percent of the land mass and 55 percent of the tax base is all walkable, urban areas spread over seven "downtowns". There's a rail transit, a major benefit they fought for and they help maintain it. They put millions of dollars into these urban walkable areas because they know it's the golden egg.

You can read more of Christopher Leinberger's opinions and ideas in this recent New York Times editorial: [The Death Of The Fringe Suburb](#)

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