THE LIFE AND TIMES OF AN EMERGENCY MANAGER: DETROIT REVISITED-LESSONS LEARNED
WASHINGTON CONVENTION CENTER
SEPTEMBER 18, 2019

2019 ULI Fall Meeting
THE BACKGROUND OF DETROIT’S DECLINE
1970s, 2000s HAD HIGHEST RATE OF POPULATION DECLINE

By 2010, Detroit’s population was down 61% from its peak of 1.8 million residents in the 1950 census. Detroit has two decades with more than 20% decline, and one hopeful decade of the 1990s during which the decline slowed to 7.5%

1950 Population: 1,849,568
Detroit is the nation’s 5th largest city.

20% loss from 1970 to 1980

25% loss 2000 to 2010
Population: 713,777
Detroit is the nation’s 18th largest city.

SOURCE: U.S. Census Bureau
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DETROIT’S DEBT EXPLODES IN 2000s
The city’s revenue exceeded its debt for a decade starting in 1977 under Mayor Coleman Young. But when the city’s bond rating improved in 1985, a surge of new borrowing began. Bonds were sold for many projects, including Chrysler’s Jefferson North Assembly Plant, improvements to Cobo Center, water and sewer infrastructure and downtown redevelopment. Chart does not include future accrued liabilities such as pension, retiree health care or interest on bonds, which emergency manager Kevyn Orr says total $18 billion.

IN 2013 DOLLARS:

Debt includes $1.4 billion for pensions and more than $6 billion for water and sewer infrastructure

Detroit’s debt dropped to $1.4 billion while revenue reached $2.1 billion
Borrowing begins with Chrysler plant.

Wall Street’s outlook for Detroit is the strongest in 20 years.


Revenue in 2009 was $1.3 billion, about the same as in 1952 when adjusted for inflation.

NOTE: All dollar amounts have been adjusted for inflation and are in 2013 dollars. 1970 debt records were unavailable. Debt includes total general obligation bonds; certificates of indebtedness and notes payable (general, not including water and sewers) through 1973; net direct debt after 1973, not including overlapping debt from 2006 to 2012; pension debt from 2005 to 2012.

SOURCE: Detroit’s annual financial reports

KOFI MYLER/DETROIT FREE PRESS

#ULIFall Washington, D.C. | September 18–21, 2019
Detroit Now Has Twice As Many Pensioners As Employees

Fifty years ago, active city employees outnumbered municipal retirees by more than 2-1. But with workforce downsizing, the city now has more retirees than active workers. Unlike many other municipal systems, Detroit's active workers are not required to contribute to the General Retirement System.

In 1991, the numbers were nearly equal: 18,548 employees and 18,615 pensioners.

In 2012, Detroit had 21,113 pensioners...


SOURCE: Detroit's annual financial reports
Short-term cash flow forecast

- End of month balances, net of accumulated property tax distributions owed to other taxing authorities.

- Cash balance
- Cash balance net of deferrals

[Graph showing cash flow forecast from Jan-13 to Dec-13]
Legacy costs as a % of General Fund revenue

- Without Restructuring
- With Restructuring

<table>
<thead>
<tr>
<th>Year</th>
<th>Without Restructuring</th>
<th>With Restructuring</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13</td>
<td>40%</td>
<td>12%</td>
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<tr>
<td>FY14</td>
<td>23%</td>
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<td>FY15</td>
<td>21%</td>
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<td>FY16</td>
<td>15%</td>
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<tr>
<td>FY17</td>
<td>15%</td>
<td>13%</td>
</tr>
<tr>
<td>FY18</td>
<td>15%</td>
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<td>FY19</td>
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<td>FY20</td>
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<tr>
<td>FY21</td>
<td>12%</td>
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</tr>
<tr>
<td>FY22</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>FY23</td>
<td>73%</td>
<td>73%</td>
</tr>
</tbody>
</table>
THE RESTRUCTURING PROCESS
DETROIT IS BANKRUPT, JUDGE RULES

A CHANCE TO START OVER — BUT AT WHAT COST?

PENSIONS, DIA TREASURES ALL FAIR GAME AS CITY DEALS WITH DEBT
Detroit Free Press

New Detroit emergency financial manager Kevyn Orr takes on challenge of a lifetime

By Brian Eriksson, Matt Holms and Todd Spangler
Detroit Free Press Staff Writers

OAKLAND PARK, Fla. — Right from the start, Dorothy Orr was determined that her record-bred son would stand out from the crowd.

She began with a single vowel.

"You see, my mother was a teacher, and his mother wanted her Kevyn to look different, so she put a Y in it," the 80-year-old Orr recalled during an interview in the sanctuary of her Presbyterian church here last week, a few days after her son was tapped to become Detroit's first emergency financial manager.

"The Y sounds the same as an I," she says. "But when you put it, it's distinctive."

Kevyn Orr, 54, will hardly need asking for attention Monday, when he formally assumes unprecedented legal authority over Michigan's largest city.

He already has become a target for residents and civil rights activists who object to the state's intervention in Detroit — an irony that would no doubt sadden Orr's late father, an A.M.E. minister who marched to support the rights of southern Florida's African-American minority in the 1960s and 70s.

Those who have known him throughout his life predict that Orr's professional acumen and people skills eventually will win even those who disagree with whatever decisions he makes at Detroit's emergency financial manager.

"He has the gravitas to earn the respect of everybody involved in that process, and he has the personal skill to bring people together to solve monstrous problems," said Eugene Stearns, a Miami lawyer who hired Orr out of the University of Michigan Law School in 1983.

"Whether those problems are ultimately susceptible to solution," Stearns adds, "is a different question.

Nearly half a century after she first encountered him in her first-grade class at St. Lauderdale's Sandal Elementary School, Dr. Margaret Larkins still brightens at the mention of her "happiest, most engaging boy."

"Kevyn loved to talk, and I did not restrict that," Larkins said, recalling that 7-year-old Orr first confided in her his plan to be a lawyer.

"He would muse on certain things that were going on in the media, and then he would tell me what he would have done if he had been the attorney at that time," she said.

A successful life is guaranteed to no child, much less to an African-American boy coming of age in a Southern state that had yet to emerge from the shadow of Jim Crow.

But if the social and legal obstacles that confronted Kevyn Orr in the Broward County of the 1960s were real and persistent, so were the advantage and encouragement he enjoyed as the member of one of his community's most remarkable families.

Scores of critics denounce emergency financial manager for Detroit

By Eric D. Lawrence | Detroit Free Press Staff Writer

Amid threats of "No justice, no peace," the call to action was clear Saturday as speakers at Historic King Solomon Baptist Church denounced the appointment of an emergency financial manager for Detroit — and prepared for a battle.

The Rev. Charles Williams II, the church's pastor and president of the Michigan chapter of the National Action Network, told more than 100 people at the church that federal intervention was needed immediately to stop emergency financial manager Kevyn Orr from taking office. Orr, a Washington, D.C. bankruptcy attorney, was appointed by Gov. Rick Snyder earlier this month.

Williams and other speakers alluded to the civil rights movement throughout their speeches, generating thunderous applause.

"We fought too hard. We marched too long. Too much blood had been shed for us to turn around," the minister said.

"Kevyn was appointed to be the emergency manager, we need to do more or we're going to feel the same thing as before," Orr told the crowd.

Bullcock called the crowd that an emergency financial manager is not there to protect the city's assets but actually to take away control from Detroiters. Orr has indicated that "everything is on the table," as he looks to stabilize the city's finances.

"Don't tell your birthing story," Bullcock told the crowd.

Mayor Mayoral and former top Detroit city attorney Krispy Chitton donned the justification needed to appoint the emergency financial manager was faulty.
The Plan assumes ~50% reduction in total liabilities and ~75% reduction in unsecured liabilities.

[1] Prepetition liabilities are based on CAFR and June 14th Creditor Proposal, actual claim amounts may differ. Treatment of DWSD and other secured debt to be determined.

[2] Represents net present value of cash flows to unsecured creditors discounted at 5%. Actual liabilities at emergence are estimated to be slightly lower.

[3] Hypothetical treatment of unsecured creditors is subject to ongoing discussions and could change materially.
Legacy costs as a percentage of revenues will be significantly reduced through the Chapter 9 process.

Legacy costs as a % of General Fund revenue:
Restructured retiree healthcare expenditures (OPEB) will be significantly reduced.
Retiree Healthcare Expenditures:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
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<tbody>
<tr>
<td>2009</td>
<td>$164.0</td>
</tr>
<tr>
<td>2010</td>
<td>$152.0</td>
</tr>
<tr>
<td>2011</td>
<td>$168.9</td>
</tr>
<tr>
<td>2012</td>
<td>$180.1</td>
</tr>
<tr>
<td>2013</td>
<td>$182.1</td>
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<tr>
<td>2014</td>
<td>$147.8</td>
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<tr>
<td>2015</td>
<td>$41.4</td>
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<tr>
<td>2016</td>
<td>$22.4</td>
</tr>
<tr>
<td>2017</td>
<td>$22.5</td>
</tr>
<tr>
<td>2018</td>
<td>$22.6</td>
</tr>
</tbody>
</table>

Restructured retiree healthcare expenditures are projected to be ~$22 million per year.

Note: Reductions in retiree healthcare expenditures will reduce average cost per employee from over $18,000 in FY 2013 to approximately $2,000 in FY 2016.
<table>
<thead>
<tr>
<th>Class(es)</th>
<th>Type of Debt</th>
<th>Recovery</th>
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<tbody>
<tr>
<td>1, 2, 3, 4 and 6</td>
<td>DWSD Bonds, Secured GO Bonds, Other Secured Debt, HUD Notes, Parking Bonds</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>(Secured)</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Settled COP Swap (Secured)</td>
<td>30%</td>
</tr>
<tr>
<td>7</td>
<td>Settled LTGO</td>
<td>34%</td>
</tr>
<tr>
<td>8</td>
<td>Settled UTGO</td>
<td>74%</td>
</tr>
<tr>
<td>9</td>
<td>Settled COPs</td>
<td>13%</td>
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<tr>
<td>10</td>
<td>PFRS Pension</td>
<td>39-59%</td>
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<tr>
<td>11</td>
<td>GRS Pension</td>
<td>48-60%</td>
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<tr>
<td>12</td>
<td>Settled OPEB</td>
<td>10%</td>
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<tr>
<td>13</td>
<td>DDA Notes</td>
<td>10-13%</td>
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<tr>
<td>14</td>
<td>Other Unsecured</td>
<td>10-13%</td>
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<tr>
<td>15</td>
<td>Convenience Claims</td>
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<td>16</td>
<td>Subordinated Claims</td>
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<tr>
<td>17</td>
<td>36th District Court Claims</td>
<td>33%</td>
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</table>
Public Lighting Authority of Detroit completes initial sale of bonds

DETROIT – The Public Lighting Authority of Detroit (PLA) completed the sale Friday of $60 million in bonds to fund the initial phases of its plan to restore reliable street lights to the city of Detroit.

The sale is the first step of a two step process which will eventually see the sale of approximately $150 million in bonds to fund the redesign and re-establishment of the city’s street lighting system.

“The sale of these bonds means we will be able to continue uninterrupted our work to restore reliable street lights to the City over the next three years,” said PLA Executive Director Odis Jones. “Last week’s ruling by U.S. Bankruptcy Judge Steven Rhodes paved the way for this sale.”

The bonds were issued to the Michigan Finance Authority (MFA), which in turn sold them to Citibank. By statute, the PLA can only issue bonds through the MFA.

Jones said the PLA will begin work immediately to begin the second phase of bonding, which will see the sale of approximately $150 million in bonds. Those bonds will be used to pay off the initial bonds sold Friday as well as providing additional funds to finish the street lighting project.

“The final amount of the second bond issue will depend on the bond rating they receive, but our expectation is that it will be around $150 million,” Jones said.

The bonds will be paid off with proceeds from a portion of the City utility tax. The law passed by the Michigan Legislature in December 2012 creating the Public Lighting Authority also directed $12.5 million in city utility tax annually for the purpose of paying of bonds that are issued. A ruling issued the previous Friday by U.S. Bankruptcy Judge Stephen Rhodes assures that those funds will not be affected by the city of Detroit’s bankruptcy filing.

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Three Bond Issuances in Bankruptcy

Barclays Agrees to Lend Detroit $275 Million to Exit Bankruptcy

By MARY WILLIAMS WALSH | AUGUST 28, 2014
Barclays Capital has agreed to provide $275 million to finance Detroit’s operations as it comes out of bankruptcy, according to documents filed in bankruptcy court.

The agreement calls for the Michigan Finance Authority to issue financial recovery bonds in that amount and for Barclays to buy them at an underwriter’s discount that adds up to about $1.4 billion. As the sole underwriter, Barclays will then have 150 days to resell the bonds in a syndication and public offering.

Part of the proceeds will be used to retire a $120 million loan, also from Barclays, that Detroit used to pay for its operations while in Chapter 9 bankruptcy. In addition, the city will use about $100 million of the proceeds to pay its obligations to two classes of bankruptcy creditors. The remaining amount is to be invested in public improvements agreed to help reverse Detroit’s long decline.

Because Detroit is still in bankruptcy and seeking to improve its debt, it has agreed to take steps to protect the investors who will buy the recovery bonds. People who work in Detroit pay an income tax, and the city is pledging that tax revenue to make good on the bonds, according to a term sheet filed in the bankruptcy court. To make sure city officials cannot spend the income-tax revenue first, the money will be sent to an indenture trustee, Comerica Bank, which will put it in a special account covered by a first priority statutory lien. While in this account, the money can be used only for the benefit of the bondholders. The only portion of Detroit’s income-tax revenue that will escape this treatment is the part already dedicated to hiring and retaining city police officers.

Comerica will hold the tax revenue until there is enough to make coming bond payments, according to the term sheet. After that, the city will be able to transfer remaining revenue to accounts under its own control.

Detroit has also agreed to keep its income-tax rates high enough to keep at least two times the maximum annual cost of servicing the debt in the Comerica account. The term sheet says it “shall increase income-tax rates in accordance with applicable law to the extent necessary” to make this happen.

The city received 10 responses to request for proposals for the exit financing, which its emergency manager, Kevyn Orr, said showed “the city’s viability as an attractive investment.”
MOVING FORWARD
Heroic efforts led Detroit out of bankruptcy

Individuals in many different roles stepped up to protect the city from the worst consequences of its Chapter 9 filing.

Detroit's quick and remarkably smooth emergence from bankruptcy should not be considered a typical experience. Other communities that filed for Chapter 9 protection, including Stockton and San Bernardino County, California, were locked in litigation for years, at great expense and disruption for taxpayers and residents.

In 2013, the largest municipal bankruptcy in U.S. history was brought to a close, leaving a legacy of financial responsibility and new hope for the future. The city's success was celebrated not just for its economic resilience, but also as a model for how communities can come together to overcome adversity.

In the mid-2000s, Detroit was a city on the brink of collapse, with a massive budget deficit and a lack of financial management. The city was forced to file for bankruptcy in 2013, becoming the largest such filing in U.S. history.

The bankruptcy process was led by judge Steven Rhodes, who oversaw the case with a focus on fairness and transparency. Despite the challenges, the city was able to emerge from bankruptcy in just over a year, thanks to the efforts of a dedicated team of professionals.

Today, Detroit is a different city, with a renewed focus on economic development and community growth. The city's success has served as an inspiration to other communities facing similar challenges, and has demonstrated the power of collective action and determination.

Rhodes approves bankruptcy plan, calls it 'ideal model' to rebuild city

In a bankruptcy case about numbers - $18 billion in debt, 300,000 pensioners, 36,000 broken streetlights - a judge needed 98 seconds Friday to approve a plan to undo decades of financial disaster.

U.S. Bankruptcy Judge Steven Rhodes said at the end of a usually brief oral speech sprinkled with sympathy for residents of the insolvent city and praise for a plan to slice $18 billion in debt, shield the city's art collection and minimize cuts to retirees pensions.

Rhodes read from a 50-page report that laid out the legal reasons why Detroit's bankruptcy plan was feasible. He said in the best interests of creditors and spoke directly to residents angry about losing money and elected representation.

Rhodes said he was not for 'forget your anger.' Rhodes said, "You're enduring and collective memory of what happened here, and I'm sure history of your anger.

#ULIFall Washington, D.C. | September 18–21, 2019
Fresh Start for Detroit

Heroic efforts led Detroit out of bankruptcy

Individuals in many different roles stepped up to protect the city from the worst consequences of its Chapter 9 filing.

Detroit’s quick and remarkably smooth emergence from bankruptcy should not be considered a typical experience. Other communities that filed for Chapter 9 protection, including Stockton and San Bernardino County, California, were locked in litigation for years, at great expense and disruption for taxpayers and residents.

Detroit navigated the largest municipal bankruptcy in U.S. history and came out on the other side stronger and more stable than it’s been in decades thanks to the extraordinary skills and commitment of a great number of people, including someone who merely had their name mentioned: Governor Rick Snyder.

They are the heroes of this bankruptcy.

We see this with Gov. Rick Snyder. Almost as soon as he took office four years ago, the previous mayor and governor, Kwame Kilpatrick, was sent to federal prison. The state’s second-largest city was struggling financially and Detroit bankruptcy was nearly certain. The state legislature made the difficult decision to provide $350 million to help Detroit avoid bankruptcy.

In his first major speech in office, Snyder and the city council are to be credited with the plan to address the financial crisis and the transition to a new era.

Rhodes approves bankruptcy plan, calls it 'ideal model' to rebuild city

By Robert Snell, Diad Mariwood, Christine Persicetti and Steve Parad
The Detroit News

In a bankruptcy case about numbers — $18 billion in debt, 30,000 pensioners, 35,000 broken streetlights — a judge needed 88 seconds Friday to approve a plan to undo decades of financial mismanagement.

U.S. Bankruptcy Judge Steven Rhodes went on to deliver a usually brief, often speech sprinkled with sympathy for residents of the insolvent city and praise for a plan to Authorized 37,000 pensioners, shield the city’s art collection and minimize rewards to insurers.

Rhodes read from a 50-page report that laid out the legal reasons why Detroit’s bankruptcy plan was feasible. He said in the best interest of creditors and spoke directly to residents angry about losing money and elected representatives.

Any plan, he said, may spur voting and more democratic role soon would be returned to Detroit.

If you now not to forget your anger,” Rhodes said. “Your enduring zeal and collective memory of what happened here, and your effort to make our city better, more vibrant and more diverse are the key to our success.

City rises from horrific debt to incredible hope

No time to rest after bankruptcy

#ULIFall  Washington, D.C. | September 18-21, 2019
Detroit Wins Confirmation Of $7B Debt-Cutting Plan

By Andrew Scannia

The judge presiding over Detroit’s bankruptcy case effectively ended the largest municipal insolvency in U.S. history on Friday, confirming a sweeping restructuring plan that eliminates more than $7 billion in debt while rehabilitating crippled city services.

The city’s decision to file for bankruptcy in July 2013 was made after the state-appointed emergency manager, Kevyn Orr, revealed that Detroit was $18.5 billion in debt and had accumulated a $327 million debt pile in one year.

Detroit city government was just eight weeks away from running out of cash when Orr, at the direction of Gov. Rick Snyder, took the city into bankruptcy in July 2013.

Employees were taking furlough days to stretch the dwindling dollars. The city was buried under a crushing debt of $18.5 billion, with the bulk of it tied to the legacy costs of pensions and retiree health care.

There was virtually no revenue stream — half of property owners had stopped paying their taxes and water bills, and collection of the income tax was intermittent. The city had no practical ability to raise taxes, and because of its dismal credit rating, no ability to borrow.

It had no marketable assets except for the art collection, which was appraised at $1 billion. The city’s business tax revenue was negligible.

"It was not foreseeable, not reasonable," he said of the outcome, which required as much imagination as legal knowledge. In his 90 minute oral opinion delivered from the bench Friday, Rhodes meticulously explained why each settlement was fair and reasonable under the law.

The city’s Chapter 9 had begun in shame. But somehow the legal process provided enough incentives and framework for everyone involved to get things done. If Rhodes saw it as "all about shared sacrifice," it was also about high stakes, huge dollars, and the whole world watching — all combined to enable a group of people to focus on
"S&P rated the bonds at ‘A/stable,’ considered an upper-medium grade and a significant improvement for a city. . .\"
Detroit Free Press

Detroit neighborhood real estate finally going up

By JC Reindl and By Kristi Tanner, Detroit Free Press Staff Writers,
July 27, 2015

A Detroit Free Press analysis finds that home prices are finally starting to rise in Detroit's neighborhoods.

Home values in Detroit neighborhoods are finally experiencing some upward momentum after years of rock-bottom prices.

Still among the cheapest places in the nation to buy a house, Detroit neighborhoods are seeing prices inch up on most residential blocks with substantial gains in the strongest areas.

A Free Press analysis of land records shows the median sale price of any home in the city was $30,000 last month, more than four times the $7,000 median in 2009, an especially dark year for the economy and real estate.

To be sure, there are still plenty of houses in Detroit selling for $1,000 or less because of itself of the liability of ownership.

"Are prices going up? Yes. Let's say three years ago it was $3,000, now it's $12,000," said Albert Hakim, owner of City Management Group, which sells dozens of Detroit houses a month. "It's still not back to where it should be, but it's better than it was."

In Detroit's suburbs, prices have been steadily rebounding from recessionary lows with help from super-low mortgage rates, trimmer inventories of existing homes and improvements in the economy and people's personal finances. But within the city, modest incomes combined with scarce mortgage financing and an abundance of vacant and ramshackle houses have kept prices in the majority of neighborhoods very low.

But local real estate brokers and experts say the

Detroit Free Press

Detroit Home Sale Prices Inching Back From Rock Bottom

The median home sale price has increased more than 300% in Detroit since 2009 when it was $7,000. By June 2015, it was $30,000.

SOURCE: Free Press Analysis of Advertising That Works data by KRISTI TANNER

Detroit Free Press

Detroit Median Home Sale Prices

2009

[Map showing Detroit home sale prices]

Detroit Median Home Sale Prices

2015 (Dec. 31st)

[Map showing Detroit home sale prices]
Detroit Free Press

Detroit automakers pledge $26M to protect city pensions, DIA artwork

By Matt Holms and Mark Snyder
Detroit Free Press Staff Writers
June 10, 2014

With $26 million in donations from the Detroit Three automakers, the Detroit Institute of Arts has announced it will begin raising money again.

The new money is expected to go toward the museum’s endowment and will help in its efforts to build a “grand bargain” with the city, which would include funding pensions for retired city workers.

The museum’s endowment is currently at $500 million, but the new donations bring it closer to its goal of $1 billion.

The museum’s leadership has said it was relying on the city to come up with the rest of the money needed to reach its goal.

Detroit Institute of Arts President and CEO Jonathan Wood said the museum’s leaders are “encouraged” by the latest news.

“I think we’re making progress,” he said. “This helps us in our efforts to build the city’s pension fund.”

The museum has been working on a plan to help the city pay for a new pension fund for retired city workers.

Detroit Free Press

Can - and should - charitable foundations help rescue Detroit pensions, DIA artwork?

By John Gallagher and Mark Snyder
Detroit Free Press Staff Writers
November 19, 2013

National and local foundations have been asked to help bail out Detroit. But getting them to open their checkbooks will be a complicated dance of priorities, politics and practicalities.

The federal mediator in the Detroit bankruptcy is asking a group of at least nine local and national foundations to consider collectively contributing hundreds of millions of dollars to help save the city.

Sometimes conflicting priorities — can find common ground in a grand bargain to help Detroit escape its way out of bankruptcy.

Expect some soul-searching within board rooms of foundations across the country and across the street. “Very few foundations do blank check-writing these days,” said Alberto Ibarra, president of the Miami-based John S. and James L. Knight Foundation. “So we’re all going to look and say, ‘Is this something we believe in? Does this fit generally with what we do? Is it necessary for Detroit?’” And then, “How much?”

The grand bargain total did not grow with the automakers’ gifts, which instead represent roughly a quarter of the $100 million the DIA has committed to raising for the federally mediated deal in which ownership of the museum will be transferred to an independent charitable trust. All of the cash will flow into a fund to help reduce pension reductions for thousands of city workers.

DIA board chairman Gene Gargaro Jr. said that the auto companies’ contributions pushed the museum to 70% of its $100-million commitment. The DIA didn’t release details of who else has contributed to their portion.

A steeper mountain

There was poetry in the morning announcement being made in the DIA’s famous Rivera Court, home of Mexican muralist Diego Rivera’s “Detroit Industry” murals, a masterpiece whose depiction of noble Depression-era workers in Ford’s River Rouge factory underscored the historic links between the auto industry, the city’s cultural heritage and the working men and women who will benefit directly from the grand bargain.

It was Edsel Ford who financed the creation of...
Gilbert, Quicken Loans entwined in Detroit blight

Detroit-based lender finds in failed city loans; founder heads efforts to raze eyesores
“Nothing will ever be attempted if all possible objections must first be overcome.”
–Samuel Johnson

“We can easily forgive a child who is afraid of the dark; the real tragedy of life is when men are afraid of the light.”
–Socrates

“Everything should be made as simple as possible, but not simpler.”
–Albert Einstein

Every Neighborhood
Has A Future...
And It Doesn’t
Include Blight

Detroit Blight Removal Task Force Plan
May 2014

A MESSAGE FROM THE CHAIRS

There are many large scale difficult challenges in Detroit. Education, crime and jobs highlight the top of the list. However, it is our strong belief that unless and until we eradicate the malignant disease of blight from our city, it will be near impossible to make significant progress in these areas or any other systemic issues that face our home town.

Blight is a disease that is contagious to our entire city. It is the way of life for any child of blight; the near or far away city itself. We must stop the spread of this disease and bring all of the citizens of Detroit as quickly as possible.

The plan you read in these pages will inform you as it informed us. It will shock you in one form but it will motivate you in another. Almost above all else, we have attempted to bring clarity to the massive challenge of blight. This clarity allowed us to recommend a set ofobiterated, comprehensive, well articulated action oriented strategies to address and remove all of the blight in Detroit as quickly as possible.

This monumental challenge needed the incredible work of many more than our small Task Force. Noble efforts from numerous people representing foundations, non-profits, private businesses, the city itself, the state, the feds, the field surveyors, and more worked tirelessly over these past nine months to help create and build this plan. Most of them will remain unnamed but their work will never be forgotten and there is no ‘thank you’ that will do it justice.

We have just one ask of each of you that are reading these words: Please read the entire report. It is long, but as you turn the pages, we hope you will find the information is curated and packaged in a way that will maintain your interest. The more people who read this plan, the better chance we have of implementing the recommendations in it which are designed to make blight in Detroit something you can only see or read about in history books.

We believe that despite the enormity of Detroit’s challenges, our city’s best days are ahead of it.

The first major step on the path to this vision is the removal of the cancer of blight from our city. This plan gives us a detailed blueprint for how to take this first major step. This moment in time is calling on all of us to make the simple choice to work together unified in our determination to eliminate blight from the entire city of Detroit. It’s a choice we must make. Failure is not an option.

May 27, 2014
Detroit, Michigan

Glenda D. Price, Ph.D.
Detroit Public Schools
Transformation

Linda Smith
U.S. SNAP-BAC

Dan Gilbert
Quicken Loans
Rock Ventures
Detroit’s real GDP five-year growth is near the national average for a second year in a row, while one-year growth outperformed the national growth rate. In 2017, the Detroit MSA reported real GDP of $228.1 billion, ranking 14th among the top 50 metros.

- Gained nearly 300,000 private sector jobs, surpassing Boston, Minneapolis and Chicago.
- Per capita income growth greater than 4.2% in three of the past five years. In 2017, Detroit’s per capital income outpaced the national growth rate of 6.2%.
- Foreign-held companies have committed to 374 projects, investing nearly $12 billion and creating more than 59,500 jobs.

Sources: Detroit Regional Chamber of Commerce, *State of the Region* 2018-2019
The Detroit region continues to rank fourth among peers in private sector job growth, nearly matching the national growth rate. Since the recession, the region has gained nearly 300,000 private sector jobs, similar to Boston and Seattle.

### PRIVATE SECTOR JOB GROWTH 2013-2017

<table>
<thead>
<tr>
<th>City</th>
<th>Job Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dallas</td>
<td>14.2%</td>
</tr>
<tr>
<td>Atlanta</td>
<td>14.2%</td>
</tr>
<tr>
<td>Seattle</td>
<td>13.1%</td>
</tr>
<tr>
<td>National</td>
<td>8.5%</td>
</tr>
<tr>
<td>Detroit</td>
<td>8.3%</td>
</tr>
<tr>
<td>Boston</td>
<td>8.1%</td>
</tr>
<tr>
<td>Minneapolis</td>
<td>7.8%</td>
</tr>
<tr>
<td>St. Louis</td>
<td>7.0%</td>
</tr>
<tr>
<td>Chicago</td>
<td>6.5%</td>
</tr>
<tr>
<td>Cleveland</td>
<td>2.8%</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

*Source: U.S. Bureau of Labor Statistics*
Community Benefits Agreement

Gentrification
A 4-letter word

Value Capture
Legacy Business Grants for small business that have contributed to the _____ of the neighborhoods
Neighborhood Blight Struggles:

Detroit - $250 Million Blight Grant

San Francisco –
Non-Violent police declinations
AHU

Alternative Housing Units

California Rent Control
OPPORTUNITY ZONES

“COZO”