Detroit, MI

March 31 – April 5, 2019
About the Urban Land Institute

- The mission of the Urban Land Institute (ULI) is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

- ULI is a membership organization with more than 42,000 members, worldwide representing the spectrum of real estate development, land use planning and financial disciplines, working in private enterprise and public service.

- What the Urban Land Institute does:
  - Conducts Research
  - Provides a forum for sharing of best practices
  - Writes, edits and publishes books and magazines
  - Organizes and conducts meetings
  - Directs outreach programs
  - Conducts Advisory Services Panels
The Advisory Services Program

- Since 1947
- 15 - 20 panels a year on a variety of land use subjects
- Provides independent, objective candid advice on important land use and real estate issues
- Process
  - Review background materials
  - Receive a sponsor presentation and tour
  - Conduct stakeholder interviews
  - Consider data, frame issues and write recommendations
  - Make presentation
  - Produce a final report
The 10-Minute Walk Campaign

- National partnership with ULI’s Building Healthy Places Initiative, The Trust for Public Land & the National Recreation and Park Association

- Promoting the bold idea that all people in urban America should live within a 10-minute walk to a high quality park.

- Endorsed by nearly 240 mayors in cities across the United States
Thank You to Our Sponsors!
Panelists

April Anderson Lamoureux—Anderson Strategic Advisors, Boston, MA
Neelay Bhatt—PROS Consulting Inc., Indianapolis, IN
Michael Brown—Montgomery County Planning Department, MD
Savlan Hauser—Jack London Improvement District, Oakland, CA
Stephany Lin—U3 Advisors, New York, NY
Ilana Lipsett—PublicDesign | PublicSpace, Oakland, CA
Steve Qualkinbush—Q2 Real Estate, Northbrook, IL
Donald Schotenboer—Private Equity Group, Fort Myers, FL

Strategic Advisor

Alex Feldman—U3 Advisors, Philadelphia, PA

ULI Staff

Paul Angelone—Director, Advisory Services
Grace Hill—Manager, Meetings and Events
Violeta Duncan—Senior Associate, Content
How does Detroit develop a sustainable financial model to support a well maintained, high quality public park system?

Key Questions:

- Reduce the cost of delivery of services
- Coordinate private, philanthropic and city government expenditures
- Find new ways to capture a portion of the economic value that comes from locating development adjacent to high-quality public spaces
- Examine the potential for new sources of public sector financing
- Continue to expand the available pool of philanthropy, including endowment
- Achieve sustainability and equity
- Factors funders should consider in prioritizing investments
- What characteristics create wonderful public space
Study Area
Presentation Overview

I. The Challenge
II. Call to Action
III. Framework and Guiding Principles
IV. Funding Strategies
V. Next Steps
VI. Conclusion
The Challenge

Tipping Point

- **Unique opportunity and moment in time.** Leaders in Detroit have made significant investment in visioning, planning, developing assets and capacity.

- The challenge presented us in writing from stakeholders, articulated through conversations with nearly a hundred Detroit public space stakeholders, and seen live through site visits and tours. **Money is crucial, but the challenge is also physical, and human.**
The Challenge

FINANCIAL

- Insufficient and unstable resources
- True costs of delivery unknown for the level of capital improvements, maintenance, operations, and programming, for parks and open space that Detroiters deserve.
- Comparatively low city spending and reliance on philanthropy that may not continue into the future
- Detroit parks and open space is not capturing its own created value.
The Challenge

Physical

• Unparalleled burden of publicly owned vacant space from demolition and disinvestment within Detroit’s urban boundaries and need to usher this from liability to an asset.

• There is not an equitable distribution of resources today.
The Challenge

Human

• Detroiters have a unique experience in the American narrative and neighborhoods show the profound scars of successive hardships.

• Displacement could manifest itself in Detroit distinct from other urban contexts-- triggered by disinvestment and neglect.

• Significant and sustained volunteership beyond the reach of city resources- with no formalized support
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Background and Call to Action

THE ASK IS RELEVANT BECAUSE

- Maintained, accessible and welcoming parks and open space is a right for all Detroiter

- Lack of ongoing operational and maintenance funding turns assets to liabilities

- Parks provide substantial health, environmental and economic benefits

- Parks and open spaces are key infrastructure elements contributing to successful neighborhoods

- Current momentum and alignment of critical stakeholders
Background and Call to Action

CALL TO ACTION

Create a strategic roadmap led by executive-level, park personnel

Diversify and identify dedicated funding for ongoing maintenance and operation

Prioritize equitable solution that lead to shared benefits throughout the city for all residents

Encourage and enfranchise neighborhoods groups as partners
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Framework and Guiding Principles

BUILDING FRAMEWORK

- People are Detroit’s most valuable asset
- Strong park system has a direct impact on economic development
- Not enough dedicated city funding to ensure high-quality, ongoing maintenance
- Parks are an essential element of a healthy city
- Over-reliance on philanthropy and private funding
- Need for long-term funding strategy
- Thoughtful, high-quality plans and reports
- Backlog of deferred maintenance
- Operational inefficiencies in government among various actors
- Clearly defined roles for citizen volunteers and support groups

- Strong park system has a direct impact on economic development
- People are Detroit’s most valuable asset
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1. Contribute to the health, welfare and stability of Detroit communities

- **Workforce development**
  Through public/private initiatives that target workforce development and business attraction, parks and open spaces can generate thousands of new jobs to previously disinvested areas.¹⁵

- **Health equity**
  Parks can save people and communities money by helping prevent chronic illnesses and promoting health.¹⁶
  The positive effects of exposure to urban green spaces are often amplified in lower-income communities.¹⁷
  People who live within a half-mile of a park tend to exercise more than people who lack park access.¹⁸

- **Environmental equity**
  When planned with intention, green spaces in urban areas can help counter higher temperatures²⁰ and improve air quality in vulnerable communities that suffer from high rates of air pollution.

- **Social cohesion**
  By shaping community identity and serving as the backdrop to social interactions among different groups,²¹ parks and playgrounds can help strengthen cohesion in historically segregated neighborhoods.
Framework and Guiding Principles

GUIDING PRINCIPLES FORMULATING RECOMMENDATIONS

2. Promote access to public spaces for all residents of all neighborhoods
Framework and Guiding Principles

GUIDING PRINCIPLES FORMULATING RECOMMENDATIONS

3. Protect existing assets and investments
4. Adopt and support best practices
Framework and Guiding Principles

GUIDING PRINCIPLES FORMULATING RECOMMENDATIONS

5. Support and leverage economic success of our neighborhoods

[Image: THE DEMAND FOR MORE INVESTMENT IN OPEN SPACE]

- **Investor support**: 75% of surveyed investors believe that open space can act as a "crucial catalyst for economic development." 27
- Of surveyed real estate developers, investors, consultants, and public sector workers, 84 percent believe that "both the public and private sectors should be responsible for the development of open spaces." 28
- **Market demand**: 55% of U.S. residents say access to green space is a top or high priority when deciding where to live. 29
- **Funding need**: Many large U.S. cities have a substantial backlog in deferred maintenance for parks. 30 Estimates from 2018 suggest that New York City will need to invest $5.8 billion over the next decade to bring its parks to a state of good repair. 31
- **Economic development**: High-quality parks are one of the top factors that businesses cite in relocation decisions. 32
- **Public support**: 83% of Americans believe they personally benefit from local parks. 33
Framework and Guiding Principles

GUIDING PRINCIPLES FORMULATING RECOMMENDATIONS

6. Facilitate inclusive engagement strategies
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Funding
National and Regional Reality

- Majority wants to increase parks and recreation funding nationally
- Over 60% Wayne County Households in a statistically-valid 2017 survey supported keeping existing or higher millage to support parks

2018 AMERICANS’ ENGAGEMENT WITH PARKS REPORT KEY STATISTICS

78% Americans indicate they want to increase park and recreation funding

Q21. Maximum Amount Households Would Be Willing To Pay To Support Wayne County Parks by percentage of respondents

Source: ETC Institute (2017)
For jurisdictions 500,000+ population, spending is $69.98 / person for the top 25% of all agencies with a median (mid-point) at $35.11 / person.

Detroit’s spending is $36.82 / person based on annual operating budget of $23,864,069 for an estimated population of 648,000

Ranks just higher than 50%
Funding

Local Reality – Detroit Benchmark Spending Based on Acres Maintained

- For jurisdictions maintaining 3500+ acres, spending is $93.91 / person for the top 25% of all agencies with a median (mid-point) at $65.68 / person.
- Detroit’s spending is $36.82 / person based on annual operating budget of $23,864,069 for an estimated population of 648,000

Ranks in the Bottom 30%
Funding

Sources of Operating Expenditures

- Nationally agencies generate 25% from Earned / Generated Revenue
- Agencies with Populations over 500,000 generated almost 22% from Earned / Generated Revenue
- Overall, the General Fund Tax Support typically makes up approximately 60% of the overall operating expenditures
Funding

Sources of Operating Expenditures

- Detroit generates 5% from Earned / Generated Revenue with the General Fund supporting the rest
- Opportunities exist to grow reduce dependence on General Fund support

Parks and Recreation Department Revenue and Expenditures, FY 2018

Source: Parks and Conservation Finance Feasibility Report for the City of Detroit and Wayne County, Michigan, 2018

- Revenue from use of assets: 3%
- Grants, shared taxes, revenues: 2%
- Miscellaneous: 0%
- City general funds: 95%
Funding
Key Priorities

Understanding True Cost of Service
Need for Dedicated Funding
Building a Culture of Business Plan
## Funding

### Variables

The following variables could help provide a framework to help evaluate all funding strategies:

<table>
<thead>
<tr>
<th>Implementation Timeframe</th>
<th>How quickly can this strategy be put into action?</th>
<th>Short Term (12-18 months)</th>
<th>Mid Term (2-5 years)</th>
<th>Long Term (5 years+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation Ease</td>
<td>How easy / difficult will it be to implement this strategy based on political hurdles, state law changes, other hurdles?</td>
<td>Easy</td>
<td>Medium</td>
<td>Difficult</td>
</tr>
<tr>
<td>Revenue Potential</td>
<td>What is the extent of revenue generation potential from this source?</td>
<td>$</td>
<td>$$</td>
<td>$$$</td>
</tr>
<tr>
<td>Dedicated Funding</td>
<td>Long term sustainability and predictability of the funds obtained from this strategy</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Market Conditions</td>
<td>If the tool effectiveness is impacted by the local market's conditions, under what market conditions would the tool be most effective?</td>
<td>Weak</td>
<td>Average</td>
<td>Strong</td>
</tr>
<tr>
<td>Partnership Potential</td>
<td>To what extent does this strategy drive public, private or non-profit partnerships?</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
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</tbody>
</table>
# Funding Matrix of Choices – Short Term

<table>
<thead>
<tr>
<th></th>
<th>Implementation Timeframe</th>
<th>Implementation Ease</th>
<th>Revenue Potential</th>
<th>Dedicated Funding</th>
<th>Partnership Potential</th>
<th>Market Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Short (1-2 months)</td>
<td>Easy ($), Med ($$), Difficult ($$$)</td>
<td>YES, NO</td>
<td>LOW, MED, HIGH</td>
<td>Weak, Average, Strong</td>
<td></td>
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<tr>
<td>Concessions</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<tr>
<td>Grants</td>
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<td>x</td>
<td>x</td>
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<tr>
<td>Car Rental Tax</td>
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<td>x</td>
<td>x</td>
<td>x</td>
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<td>x</td>
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<tr>
<td>Casino Access Fee</td>
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<td>x</td>
<td>x</td>
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<tr>
<td>Endowment</td>
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<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>N/A</td>
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<tr>
<td>Value Increment Recapture Zone (VIRZ)</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<tr>
<td>User Fees</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<td>x</td>
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<tr>
<td>Crowdfunding</td>
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<td>x</td>
<td>x</td>
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<td>x</td>
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<tr>
<td>Corporate Sponsorships/ Naming Rights</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Funding Matrix of Choices – Mid to Long Term</td>
<td>Implementation Timeframe</td>
<td>Implementation Ease</td>
<td>Revenue Potential</td>
<td>Dedicated Funding</td>
<td>Partnership Potential</td>
<td>Market Conditions</td>
</tr>
<tr>
<td>--------------------------------------------</td>
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<tr>
<td></td>
<td>Short</td>
<td>Mid</td>
<td>Long</td>
<td>Easy</td>
<td>Med</td>
<td>Difficult</td>
</tr>
<tr>
<td>Capital Improvement Fee</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
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<td>Sin Tax: Marijuana</td>
<td>X</td>
<td>X</td>
<td></td>
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<tr>
<td>Stormwater Retention Credits (SRCs)</td>
<td>X</td>
<td>X</td>
<td></td>
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<td>Social Impact Bonds</td>
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<tr>
<td>Special Assessment Districts (SAD)</td>
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<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Park Impact Fees</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Riverfront dedicated as a National/Historic Designation</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Sales Tax</td>
<td>X</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Funding Strategies

Value Increment Recapture Zone (VIRZ)

A public financing method that is used as a subsidy for redevelopment, infrastructure, and other community-improvement projects. Government redirects a % of property tax revenue increases on any rezoned properties and value differential at time of transaction.

Advantages
- Growth pays for growth
- Coordinates/enhances identified SNF Neighborhoods
- Not overly complex to implement
- Does not create additional tax burden

Disadvantages
- Value of property do not increase sufficiently or fast enough to achieve desired goal.
Funding

Strategies

Endowments

Opportunity to designate a minimum of 10% of all philanthropic and corporate capital gifts to an endowment for the ongoing maintenance of parks, greenways and open space. The Riverfront Park Conservancy is already pursuing an ambitious fundraising strategy to ensure a healthy and sustainable endowment is in place in conjunction with the park’s design and development timeline.

Advantages
- Low cost of implementation
- Creates strong appetite for collaboration and engaging a diverse range of investors

Disadvantages
- Philanthropic buy-in may be harder to come for ongoing or deferred maintenance issues
Funding

Strategies

Corporate Sponsorships / Naming Rights

Opportunity underwrite a portion or all of the cost of an event, program, or activity based on their visible association with the service be it as a title sponsors, presenting sponsors, associate sponsors, product sponsors, or in-kind sponsors.

Advantages
- Earned revenue
- Greater partnership and connection with the private sector

Disadvantages
- Potential for Sponsor / Partner misalignment with values
- Perception of ownership or control of public amenity by a private entity
Funding

Strategies

Stormwater Retention Credits (SRCs)

Opportunity to generate and sell to earn revenue for projects that reduce harmful stormwater runoff by installing green infrastructure within Passive Parks and/or Vacant Lots.

- Developers invest in stormwater parks in lieu of Drainage Fee
- Portion of Drainage Fee collected directed to stormwater parks

Advantages
- Promotes Green Infrastructure
- Means of providing Park/Open Space while helping meet Stormwater Capture requirements

Disadvantages
- Reduction in Drainage Fee
Funding

Strategies

Park Impact Fees

A one-time fee that is imposed by a local government on a new development project to pay for all or a portion of the costs of providing public services. These fees are usually implemented to help reduce the economic burden on local jurisdictions that are trying to deal with population growth within the area.

Advantages
- Growth pays for growth
- Dedicated funding source
- Promotes Green Infrastructure

Disadvantages
- Potential increase in cost of housing
- Requires legislative change at state level
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Next Steps

Local Government: Structure & Streamline

- Parks & Recreation Department (Immediate Action)
  - Elevate Parks & Rec Department outside of GSD
  - Name a Director
  - Consolidate planning, operations and maintenance, capital projects, and programming
  - Dedicate staff from Office of Development and Grants to researching state, regional, and federal grants for parks and rec
  - Recommend: create Parks & Rec Department within year 1

- Special Assessment District (Long-term Plan)
  - New Detroit Parks and Rec Department becomes Detroit Park District
  - Contiguous with City boundary and could explore expanded boundaries
  - Dedicated funding stream, insulation from market, economic, political fluctuations
  - Recommend: form committee to study feasibility during year 1, to set up for implementation strategy year 2-3
Next Steps

Resource Sharing

- Look for overlap or redundancies that present opportunity for resource and staff sharing:
  - Among government agencies
    - Infrastructure, stormwater management, transit
  - Among local and regional entities
    - Explore expanding partnership with Metro Parks
  - Between parks and nonprofit groups, “Friends of,” conservancies, and other neighborhood organizations
    - Programming (i.e. shared calendar between city and Parks Stewards)

Image credit: Bree Grant | courtesy of Reimagining the Civic Commons
Next Steps

Citywide Parks Alliance

- New entity, governed by stakeholders from government, philanthropic, corporate, and community representatives, tasked with championing the citywide system of parks, in close partnership with the City
- Funding:
  - Responsible for fundraising from private and philanthropic sources
  - Creating a lasting endowment
  - Works hand in hand with the city and follows city’s lead for prioritizing funds distribution
  - Improves coordination among funding institutions
- Advocacy & Equity:
  - Ensures equitable distribution of resources among all parks
  - Increase capacity of neighborhood groups
  - Provide technical assistance, fiscal sponsorship, resource database, operating agreements, tracking
- Network Effect:
  - Resource-sharing, best practices, build on success of DDP, existing Conservancies
Next Steps

Citywide Parks Alliance

Detroit, Michigan
March 31 – April 5, 2019
Advisory Services Program
Philanthropy
Corporate
Business Improvement Zones

Conservancies & Friends-of
Community Development Organizations
+ Neighborhood Block Clubs

DETROIT PARKS ALLIANCE
Next Steps
Citywide Parks Alliance: Governance

Executive Committee:
- Mayor’s Office
- Philanthropy
- Corporate Sponsor
- Nonprofit Organization

City Government (3)
Philanthropy (2)
Regional Representative (1-2)
Private Sector/BIZ (1-2)
Nonprofit Community Development (2)
Healthcare (1)
Nonprofit Parks Organization (2)
Next Steps

If THEY build it, they will stay

- Enable and empower community activations
  - Waive fees, streamline permits, provide insurance
  - City-supported Creative Placemaking strategy and initiatives

- Community Engagement Strategies
  - Create process for use of facilities and rec centers for free in exchange for in-kind support such as maintenance and outreach
  - Create sense of ownership, volunteerism
  - Detroit Parks Alliance to participate in community engagement to amplify network effect

- Participatory Budgeting
  - Within Parks and Rec Department as well as Detroit Parks Alliance
Next Steps

Detroit International Riverfront
Next Steps

America’s Gateway to Freedom National Monument
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Key Recommendations

- City needs a dedicated source of funding for parks
- Structural reorganization of the city is required to improve park efficiencies
- Establish a Detroit Parks Alliance
- Designate the riverfront as a national monument
Conclusion

- High-quality parks and open spaces are a part of the value system of Detroit
- Parks can bring all Detroiter together toward common values
- Detroit is a wonderful place to live, work and play
- Panel has incredible optimism for the future of Detroit and all of its people
Thank you!