

# **A Clear Vision for Detroit: The Journey from Blight to Beauty**

# The 2014 Policy Conference: Detroit's Bankruptcy, Unemployment, and Blight





# 40,000 vacant houses made the blight problem seem hopeless

The New York Times

## ***Detroit Urged to Tear Down 40,000 Buildings***

 Give this article    204



An abandoned home on the west side of Detroit. Joshua Lott for The New York Times

By Monica Davey

May 27, 2014

5 MIN READ

DETROIT — A task force convened by the Obama administration issued the most detailed study yet of blight in Detroit on Tuesday and recommended that the city spend at least \$850 million to quickly tear down about 40,000 dilapidated buildings, demolish or restore tens of thousands more, and clear thousands of trash-



# Detroit's 18% Unemployment Rate was the highest in the U.S.



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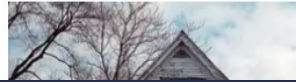
HOME > MARKETS

## 11 Depressing Stats About Detroit

Sam Ro Jul 18, 2013, 8:15 PM EDT

Earlier today, [Detroit](#) filed for Chapter 9 bankruptcy, the

largest  
in histo



## Anatomy of Detroit's Decline

In a matter of decades, Detroit went from one of America's most prosperous cities to one of its most distressed. Here is a look at how the collapse of this metropolis – battered by financial missteps, racial tensions and leadership lapses – culminated in insurmountable debt that led the city to file for bankruptcy.

### Michigan Chronicle

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### News Briefs

## Bad News for Detroit's Unemployed



# And the “experts” said we were wasting our time trying to rebuild our manufacturing base

## OPINION

### Opinion: New large manufacturing plants not in Detroit's future

John E. Mogk

Published 10:38 p.m. ET July 29, 2018



(Photo: Anthony Lanzilote, Special to The Detroit News)



President Donald Trump's proposed tariffs on the auto industry highlight the enormous benefit large manufacturing plants are to American cities today. Recently, The New York Times focused upon the anticipated impacts of tariffs on Spartanburg, South Carolina's BMW plant. The \$.2.2 billion plant, built two decades ago using 1.5 square miles, employs

23,000 BMW and contract workers and drew more than 200 companies from two dozen countries to the Spartanburg area. One-in-ten people earn a living making vehicles or their parts in Spartanburg. Many more are employed in small businesses serving the workers and their families.

Detroit could reap all those benefits if the BMW plant or another like it was located



# Stellantis built a new 5,000-employee Jeep plant



**And more than 4,000 Detroiters were  
hired through our outreach partnership**





**1,000 workers at GM's Factory Zero now  
building EV Hummer SUVs and pickups**

**FACTORY  
ZERO**

An aerial photograph of the GM Factory Zero facility. The image shows a large industrial complex with several large buildings and extensive parking lots. A blue line is drawn around the perimeter of the facility, highlighting its location within a suburban area. The text 'FACTORY ZERO' is overlaid in the center of the image, with 'FACTORY' in a dark blue font and 'ZERO' in a larger, bold, dark blue font with a light blue horizontal bar through the middle of the 'Z'.

# Ford is bringing 5,000 jobs to train station

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# Dakkota built a new dashboard plant for Jeeps



# Lear opened a new seating plant





# Banks moved back downtown





# Henry Ford expanded their hospital



# Amazon is hiring 1,200 at their new fulfillment center at State Fairgrounds



Detroit Evening Report News

## Detroit Evening Report: Amazon to start filling 1200 jobs at new Detroit fulfillment center

🕒 February 13, 2023 📍 Tia Graham

*Listen to the latest episode of the Detroit Evening Report podcast.*



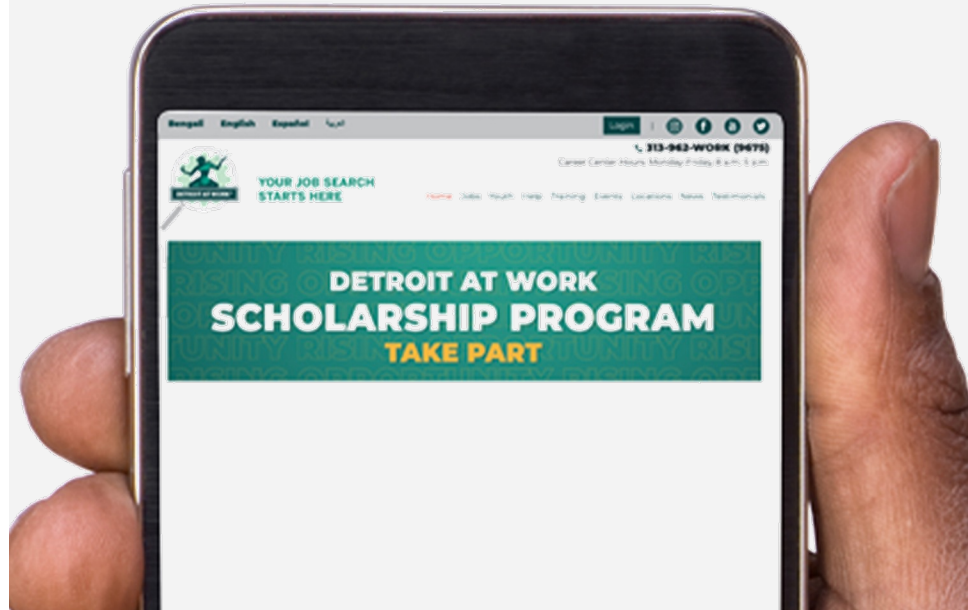
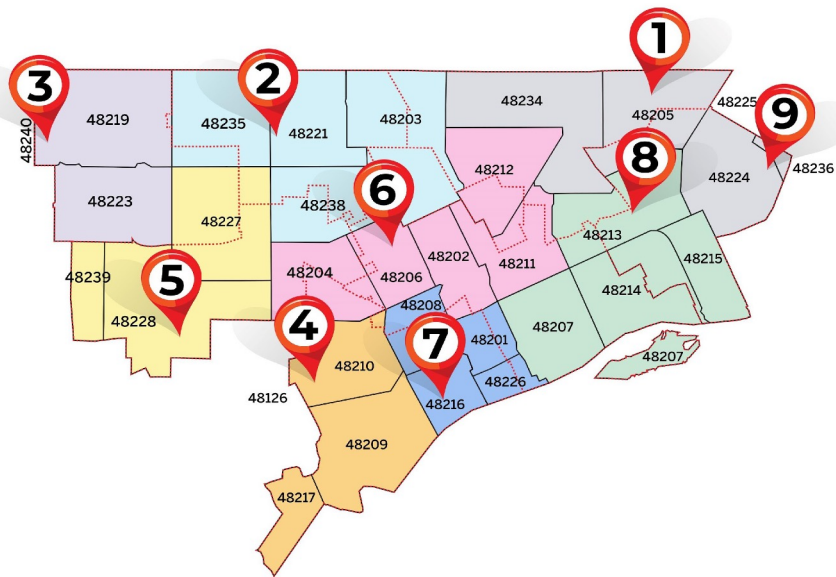
*Photo credit: Jake Neher, WDET*



**149 Motor City Match businesses are now open  
58 more are under construction today  
81% are minority owned**



# Most importantly – our 9 Detroit at Work Centers made sure Detroiters were trained for these jobs



Go to one of the 9 Career Centers

Visit [DetroitAtWork.com](https://DetroitAtWork.com) or  
call (313) 962-WORK



**Supported by \$100 Million in adult  
scholarships for education and training  
from American Rescue Plan**





# Unemployment dropped dramatically

## Most Detroiters in a decade worked in September

Ian Thibodeau and Breana Noble, Associated Press

Published 2:44 p.m. ET Nov. 8, 2018 | Updated 11:17 p.m. ET Nov. 8, 2018



(Photo11: Robin Buckson, The Detroit News)



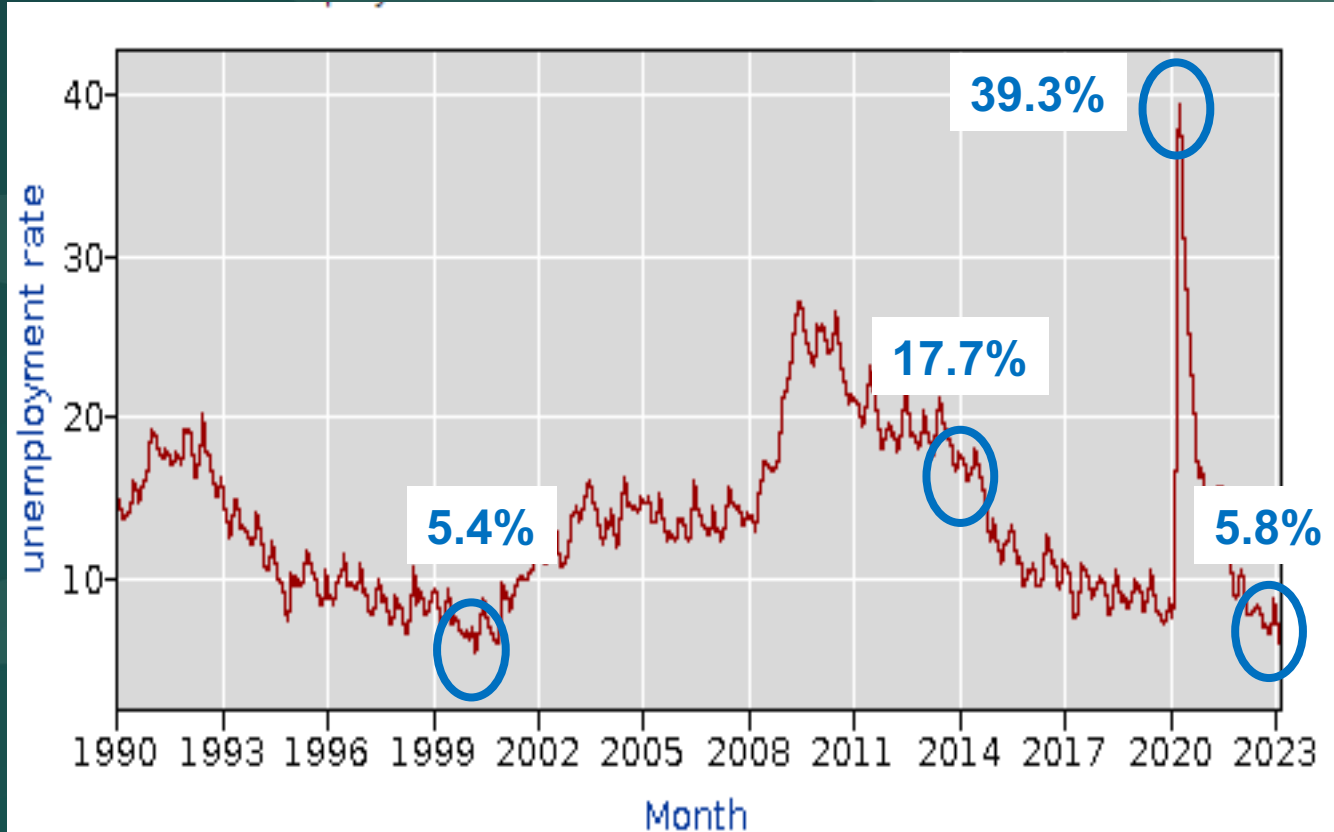
*Detroit* – More Detroit residents went to work in September than any point this decade, according to data from the U.S. Bureau of Labor Statistics. And nearly 2,500 more Detroiters were employed in September than in August.

The statistics are the latest in a string of economic improvements for the city, though unemployment in Detroit still hadn't recovered from pre-Great Recession numbers. The lower unemployment rate is due largely to a strong U.S. economy, according to Gus Faucher, chief economist at PNC Financial Services.

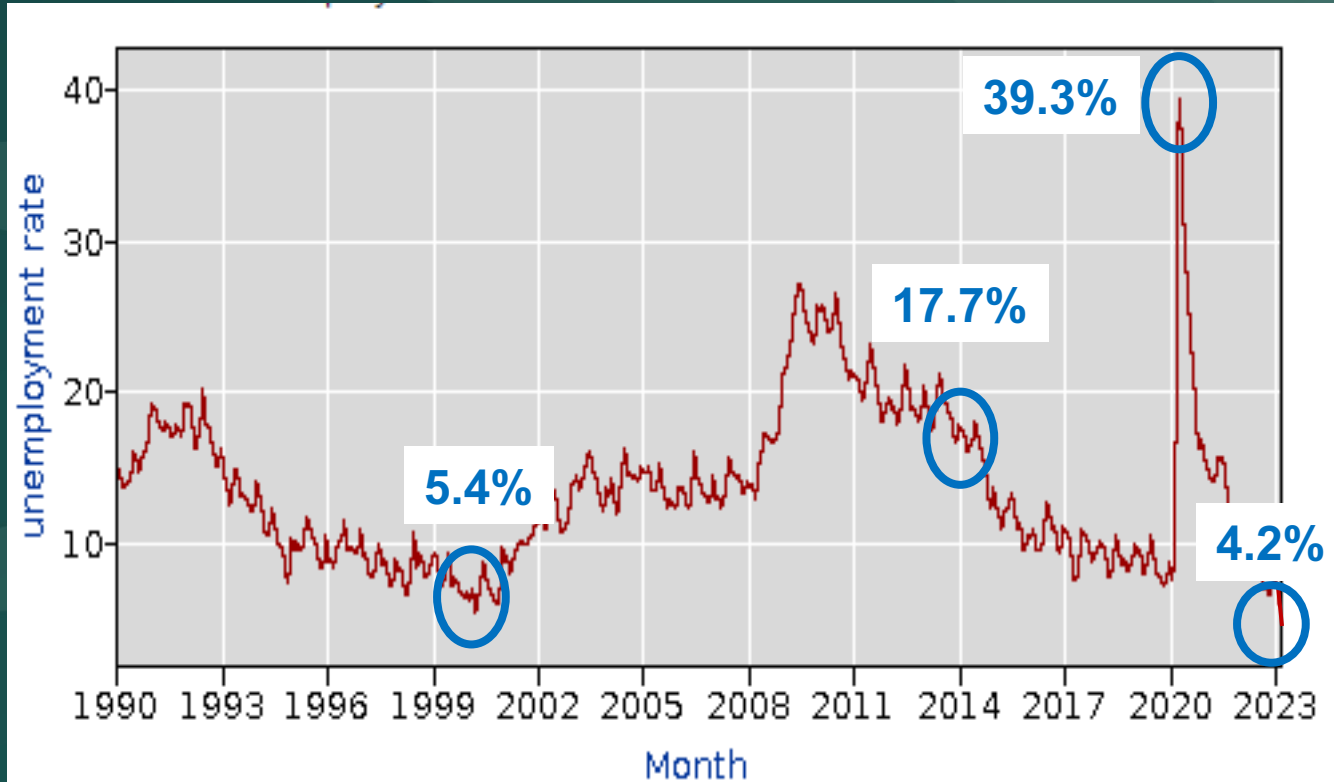
Preliminary figures from the U.S. Bureau of Labor Statistics showed unemployment in Detroit at 7.9 percent and that more than 228,700 people were working. That's an increase of nearly 2,457 over August when the jobless rate was 9.2 percent. Detroit's unemployment rate was 28.9 percent in June 2009.

Michigan's unemployment rate was 4 percent in September. The U.S. unemployment rate is about 3.7 percent.

# In April, Detroit unemployment dropped to 5.8% - the lowest since April 2000



**At 10 AM today, the US DOL released May report**  
**At 4.2% Detroit's rate is now lowest in DOL history!**





And the neighborhood blight problem?  
The end is in sight.



# The Progress

## Land Bank-Owned Vacant Houses

2014-15	47,000
2023	6,600

## How did we do it?

Demolished	24,000
Sold and Rehabbed	16,000



**In 2022, we reached a historic tipping point: more vacant houses were rehabbed than demolished**

**Demolished: 1,974**

**Rehabbed: 2,183**

Real Estate

## **Detroit rehabbed more homes than it demolished in 2022**

By: Arielle Kass

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Credit: Alamy

Of the 4,227 homes the land bank has slated for demolition, Mayor Mike Duggan said he expects 500 to

**We started by taking houses like this  
And making them look like this**

**16770 Tuller**

**Before**



**Today**





# 16828 Prairie

Before



Today





**10,000 renovated houses  
are creating blocks like this**





**The Riverfront Conservancy has built  
one of the great riverwalks in America**





# In Southwest Detroit, the City took abandoned industrial land





# And built a world class Riverside Park





# We're taking the long-neglected Roosevelt Park in front of the Train Station





# And building one of Detroit's new jewels





# The State Fairgrounds that had been left abandoned for more than a decade









**We are taking 27 miles of some of  
the worst dumping sites in Detroit...**



# And turning it into the new Joe Louis Greenway





**So, Detroit's recovery is complete, right?**



# There is still a ticking bomb threatening to undo an entire decade of progress:

## Detroit's Property Tax System





**For more than 50 years, Detroit homeowners and investors have known our tax system's two defining characteristics:**

**1) Blight is Rewarded**

**2) Building is Punished**

# How far out of line is Detroit's millage compared to the rest of Southeast Michigan?

Detroit	86 mills
Warren	73 mills
Ferndale	71 mills
Ann Arbor	68 mills
Farmington	63 mills
Livonia	59 mills
Troy	55 mills

**Under Michigan law, we tax building and subsidize blight**



# Why did the Hudson Motors Plant sit largely abandoned in private hands since 1986?



**Or Michigan Central left vacant for 30 years,  
when the last train left in 1988?**





# Why did private owners leave the Continental Motors Plant abandoned since 1998?





**The Packard Plant closed in 1958 –  
yet it stayed privately owned for 60 years.**





# What makes up the 86 mills Detroiters pay?

<b>Detroit Operating</b>	<b>20</b>
<b>Detroit Debt</b>	<b>8</b>
<b>Schools Operating</b>	<b>17</b>
<b>Schools Debt</b>	<b>13</b>
<b>State School Levy</b>	<b>6</b>
<b>County</b>	<b>17</b>
<b>Library Commission</b>	<b><u>5</u></b>
<b>Total</b>	<b>86</b>

# Why doesn't Detroit just cut our property taxes?

Detroit Operating	20	(= pay for 1,600 police officers)
Detroit Debt	8	(Cut from 9 to 8 in 2023, 7 in 2024)
Schools Operating	17	} (58 mills outside city control)
Schools Debt	13	
State School Levy	6	
County	17	
Library Commission	<u>5</u>	
Total	86	



## Michigan's property tax applies to all cities.

- Why is only Detroit so badly affected?
- Michigan's entire property tax system relies on the assumption that a city gets its property tax revenues from two sources:
  - 1) Tax on the value of the land
  - 2) Tax on the value of the buildings
- What happens to a city if the value of its land collapses... and it can only collect taxes on the buildings?

# The answer lies in Detroit's rapid growth: 400,000 Houses built from 1900-1950





# **Detroit's population grew by 1.5 million: Neighborhoods built out from auto plants**



**But by the 1950's, Detroit was out of space...  
Car companies started building massive  
new plants on farmland outside Detroit**





**Unlimited farmland space allowed  
construction all on one level**



# The outdated Detroit plants began closing





**1955 to 1965: Detroit lost 200,000 people and \$4 billion in property valuation – mainly on vacant land**



**Packard Plant Closed in 1958**



An aerial photograph of a residential neighborhood in Chicago. The image shows a grid of streets including Gray St, Kirby St, McDonald St, and Frederick St. The area is characterized by a mix of green spaces, trees, and buildings. A large open field is visible in the center, and several houses and commercial buildings are scattered throughout the neighborhood. The streets are labeled with their names, and the overall layout suggests a typical urban grid pattern.



**As tax revenues from land disappeared, the overall tax rate was raised to make up for the losses.**

**1965 Total Mills                      45**

**1977 Total Mills                      75**

**2000 Total Mills                      86**

**Most of increase was for Detroit Public Schools**

# While home prices are soaring in Detroit now...

**CBS DETROIT** NEWS ▾ WEATHER ▾ SPORTS ▾ VIDEO MORE ▾ 71° 🔍 **Live TV**

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## Detroit property values boom for sixth straight year

**CW50** BY CRYSS WALKER  
JANUARY 20, 2023 / 3:22 PM / CW50 DETROIT

f t





# **Detroit's land value is still nearly zero today**

**Price of Vacant Residential**

**Lot in Northern Suburbs: \$10-20 per sq. ft.**

**Price of Vacant Residential**

**Lot in City of Detroit: 75¢ per sq. ft.**

**Source: Detroit 2023 assessment**

# Typical vacant lot listing in Farmington Hills – \$12 per square foot



**\$185,000**

0000 Runnymede St  
Farmington Hills, MI 48334 | Springland  
Estimated payment \$1,229/month



**In Detroit, there are tens of thousands of vacant lots available – typically under \$500 a lot.**

**Average vacant lot tax bill today: \$30 a year**





So how many vacant lots are privately owned  
and completely neglected by owners?

**30,000**





**The Mayor and Council today cut those 30,000 lots  
5 times a year – at cost of \$100 per year.**





**Worse than that – their neglected lots are often filled with garbage.**





**DPW spends \$5 million a year on 14 crews continually removing illegal dumping – almost entirely from vacant lots**

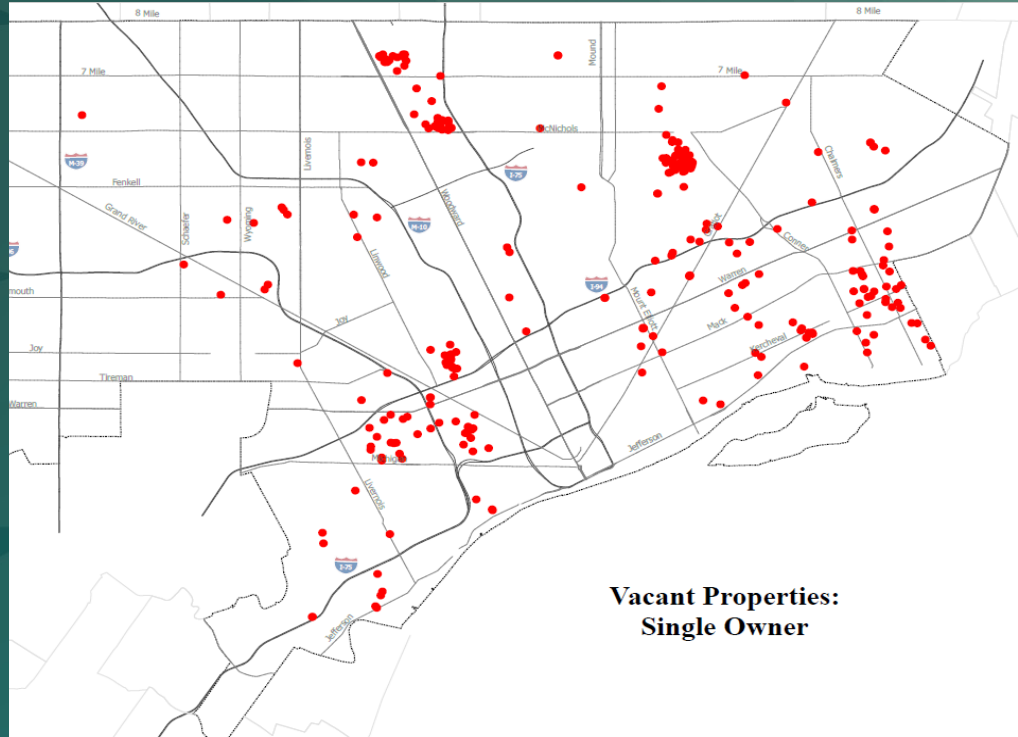


# Why pay \$30 a year for lots they never visit?

## They're 30,000 cheap lottery tickets.

### Here is just one owner's story.

- Owns 261 vacant parcels
- 22 acres all across city
- Pays \$6,542 in taxes
- Gets a large pay day whenever a new project comes to his area.





# 2021 Wayne State University Research: Increase taxes on land, cut taxes on buildings

## Detroit's Tax System is Broken, but There are Solutions

Split Rate Taxes Would Lower Taxes For Almost Everyone in Detroit, But Will They be Considered?

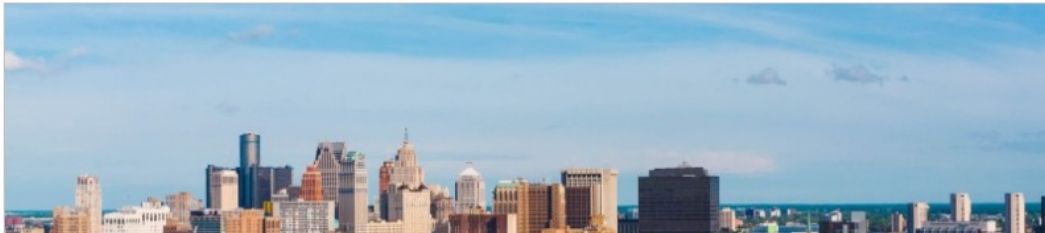


DETROIT PHOTO JENIFER HAMRA : UNSPLASH

# 2022 Lincoln Institute of Land Policy: Increase taxes on land, cut taxes on buildings

## New Report: Taxing Land More Than Buildings Would Help Detroit Homeowners and Spur Development

By [Will Jason](#), April 4, 2022





## **First commitment:**

**Any creation of a Land Value Tax has to be phased in to give owners time to adjust.**

**Whether you are in the group getting a tax cut or a tax increase, the change will be phased in over 3 years:**

**1/3 in 2025**

**1/3 in 2026**

**1/3 in 2027**

# **Detroit's Land Value Tax Proposal:**

- 1) Cut taxes on buildings 30%**
- 2) Triple taxes on land**



# We will cut tax on buildings and improvements from 86 mills to 60 mills

**26 mill property tax cut – 30%**

<del>Detroit Operating</del>	<del>20</del>	
Detroit Debt	8	
Schools Operating	17	
Schools Debt	13	
<del>State School Levy</del>	<del>6</del>	
County	17	
Library Commission	<u>5</u>	
Total	<del>86</del>	<b>60</b>

**To offset the lost revenue from buildings and improvements, we triple the tax on land**

<b>Buildings</b>	<b>86</b>	<b>60</b>	<b>- 26 Mills</b>
<b>Land</b>	<b>86</b>	<b>246</b>	<b>+160 Mills</b>

**The tax on an average vacant residential lot will increase from \$30 to \$85**



# What's the average tax on homes when you blend 60 mills on buildings and 246 mills on land?

## Detroit home taxes are finally competitive

<del>Detroit</del>	<del>86 mills</del>
Warren	73 mills
Ferndale	71 mills
Ann Arbor	68 mills
<b>Detroit</b>	<b>67 mills</b>
Farmington	63 mills
Livonia	59 mills
Troy	55 mills

# Potential savings for home owners under new Detroit Land Value Tax

**\$50,000 Home**

**\$100,000 Home**

**\$200,000 Home**

Current Bill: \$1,713

Current Bill: \$3,245

Current Bill: \$6,850

LVT Bill: \$1,250

LVT Bill: \$2,500

LVT Bill: \$5,000

**Savings: \$463**

**Savings: \$925**

**Savings: \$1,850**

NEZ homeowners' savings will be about half, but permanent

For a side lot, bill for land average increase: \$30 to \$85



**When we triple the tax on land, which groups will see the largest increases?**

- 1) Owners of vacant lots**
- 2) Owners of vacant commercial buildings**
- 3) Owners of scrapyards/auto salvage yards**
- 4) Owners of parking lots**

# **Owners of neglected commercial and industrial buildings are doing enormous damage to the City of Detroit**

- Nearly 1,000 abandoned commercial and industrial buildings are privately owned.**
- They have been abandoned for an average of nearly 20 years.**



**So why do 1,000 vacant building owners pay taxes for 20 years?**

- If you let your building deteriorate, the assessor must reduce its value to zero.**
- Then you only pay the tax on the land – which is also nearly zero.**
- They are 1,000 cheap lottery tickets. Abandon your vacant building, and your taxes go nearly to zero.**

# Coleman Young, campaigning for his first term as Mayor in 1973

"Right now, Detroit's tax structure rewards people who let their properties run down and penalizes those who build it up.

Crazy, isn't it?"





**Because it hasn't changed in 50 years,  
we've gotten 50 years of blight.**

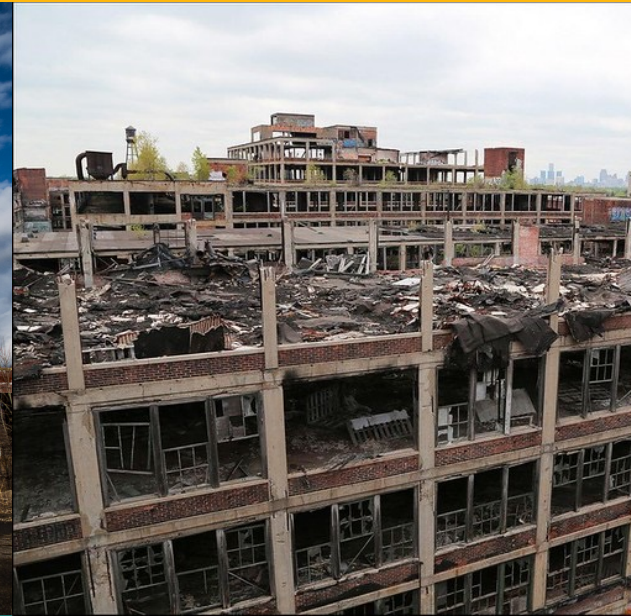
**Hudson Motors  
Vacant 30 Years**



**Continental Motors  
Vacant 25 Years**



**Packard Plant  
Vacant 65 Years**





**Before this apartment building went vacant more than a decade ago, its taxes were \$30,000 a year**





**Latanya Patterson's family has lived in that house more than 30 years, proudly keeping their home up.**





**In 2013, the property deteriorated –  
taxes were cut from \$30,000 to \$9,000**





**2018 Property continued to fall apart  
Taxes were cut again – to \$251 a year**





**The Pattersons are paying triple that for their home.**

**“This is the kind of thing that makes you want to move out of Detroit.” – Latanya Patterson**





**Marguriete Winn has lived in her dream home for 35 years.**





For the last two decades,  
the dream has become a nightmare.





In 2011



2011



**In 2018, the building had deteriorated -  
Tax bill cut from \$2,500 to \$410**





**Ms. Winn is paying twice that for her house.**

**“How long will our neighborhood  
have to keep living with this blight?”**



**50-year resident Vickie Foster living in the shadow of a 5-story abandoned apartment.  
It pays \$330 a year. She pays triple that.**





**We weren't going to sit by and do nothing:  
Just launched \$10 million, 2-year enforcement on  
exteriors of blighted commercial buildings**



**When building owners ignore corrections orders, Katrina Crawley and 100-person blight team act.**





# Cleaning Out Garbage – and billing the owners





# Removing Rusted Out Fences





# Removing Broken Business Signs



**100 crew members will clean up the exteriors of  
1,000 dilapidated commercial buildings**





**But it's just the exteriors – It doesn't change owners' tax incentive to let buildings deteriorate.**





**And it doesn't change the reality that neighbors will for decades live next to abandoned buildings. Tripling the land tax makes that more expensive – and gives the neighbors hope.**





# Scrapyards and auto yards – are they subsidized by our property tax system?

## Detroit Businesses

Grocery Stores	53
Hardware Stores	16
Movie Theaters	2
Auto/Scrapyards	452

# With scrapyards and auto yards spreading rapidly across Detroit in 2019, I issued a moratorium

## Duggan issues moratorium on scrap yards in Detroit



**Candice Williams**

The Detroit News

Published 3:21 p.m. ET Jan. 2, 2019 | Updated 5:10 p.m. ET Jan. 2, 2019

[View Comments](#)



Black smoke rises above a pile of junked vehicles as Detroit firefighters battle a blaze at a scrapyard on Detroit's east side  
Alex Haggart



# We've stepped up enforcement and shut down more than 100 yards operating illegally



**Bottom line for scrapyard auto yard owners: expect a 50-100% increase.**

**The issue isn't compliance – those still open are doing well at coming into compliance.**

**Our estimate: all scrapyard/auto yard operators together pay only about \$700,000.**



# Our cheap land tax and high building tax have given us one of the highest rates of surface parking in the U.S.

## Study: Nearly a third of downtown Detroit is parking



Annalise Frank



## How Too Much Parking Strangled the Motor City

When supporting local businesses means driving everywhere.



**Why I believe the Land Value Tax  
will benefit everyone – even parking lot  
owners and blight speculators:**

**It will drive new development and investment.**

**A 30% cut in taxes on building and a tripling of the  
land tax will make Detroit financially competitive  
with the suburbs for the first time in 50 years.**

**And it will make your land worth more.**



# The new Land Value Tax drastically cuts the tax burden for new home building

<del>Detroit</del>	<del>86 mills</del>
Warren	73 mills
Ferndale	71 mills
Ann Arbor	68 mills
<b>Detroit</b>	<b>67 mills</b>
Farmington	63 mills
Livonia	59 mills
Troy	55 mills

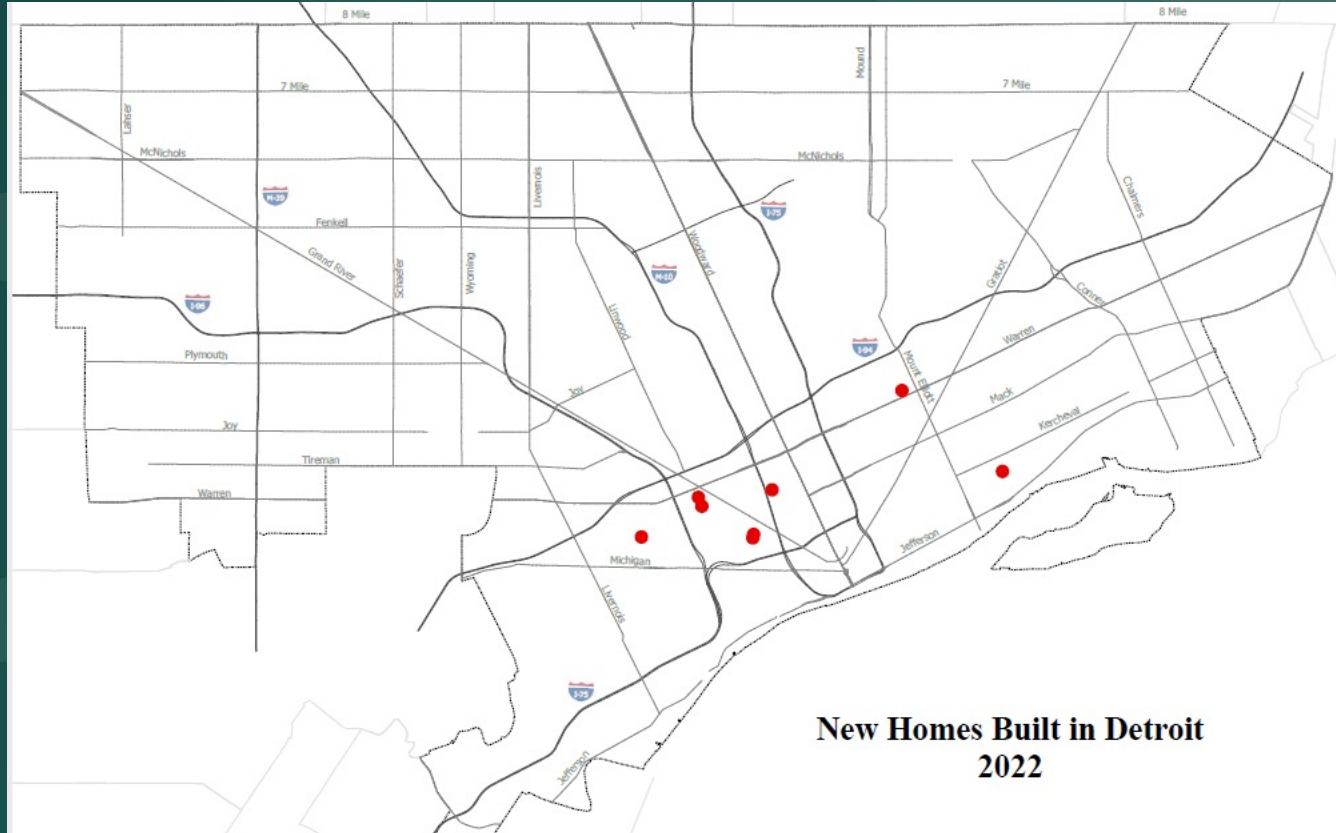
**It's why people want to move to Detroit,  
but none will build new houses.**

**New Detroit Housing Units Added in 2022**

<b>Vacant Houses Renovated</b>	<b>2,000</b>
<b>New Apartments Built and Opened</b>	<b>500</b>
<b>New Single Family Homes Built</b>	<b>8</b>



# In 2022, Detroit had only 8 new single-family homes built



# Monthly mortgage for new \$200,000 home

## Farmington vs. Detroit

### **\$200 per Month Difference**

#### Farmington Monthly Payment

Mortgage	\$1,000
----------	---------

Property Insurance	\$ 100
--------------------	--------

Taxes (63 Mills)	<u>\$ 380</u>
------------------	---------------

<b>Monthly Payment</b>	<b>\$1,480</b>
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#### Detroit Monthly Payment

Mortgage	\$1,000
----------	---------

Property Insurance	\$ 100
--------------------	--------

Taxes (86 Mills)	<u>\$ 580</u>
------------------	---------------

<b>Monthly Payment</b>	<b>\$1,680</b>
------------------------	----------------

(With Homestead Credit and 20% Down  
- \$160,000 30 Yr. Fixed Mortgage at 7%)



# Monthly mortgage for new \$200,000 home: Farmington vs. Detroit under LVT

**Difference is \$30 per month**

## Farmington Monthly Payment

Mortgage	\$1,000
Property Insurance	\$ 100
Taxes (63 mills)	<u>\$ 380</u>
<b>Monthly Payment</b>	<b>\$1,480</b>

## Detroit Monthly Payment

Mortgage	\$1,000
Property Insurance	\$ 100
Taxes (67 Mills)	<u>\$ 410</u>
<b>Monthly Payment</b>	<b>\$1,510</b>

**For the first time in 50 years, Detroit is competitive in new home mortgage costs.**

<del>Detroit</del>	<del>87 mills</del>
Warren	73 mills
Ferndale	71 mills
Ann Arbor	68 mills
<b>Detroit</b>	<b>67 mills</b>
Farmington	63 mills
Livonia	59 mills
Troy	55 mills



**Detroit is also missing huge development opportunities because we have the highest commercial tax rate in America.**

**Few national developers will even look at Detroit.**

**We are extremely lucky to have dedicated local developers, because every single project is a monumental lift.**

# The Jeep Plant was easy, right?



**All we needed to do was:**

- 1) Buy 200 acres of land in 60 days**
- 2) Give the land to Fiat Chrysler at no cost**
- 3) Set up \$27 million brownfield TIF zone**
- 4) Get \$50 million in state contribution**
- 5) Approve PA 198 tax abatement**
- 6) Resolve huge onsite water retention issue**



**All these housing projects are easy too?  
Sonya Mays built 68 mixed-income units  
in Midtown called Freelon at Sugar Hill**



**For a \$38 Million deal, you would like your  
financing to be your equity and a lender.  
This capital stack took 12 different sources.**



Source of Capital	Amount
City of Detroit (HOME)	\$2 million
City of Detroit (CDBG)	\$2.4 million
City of Detroit (Section 108 loan)	\$6.7 million
Michigan Economic Development Corporation/Michigan Strategic Fund (CRP)	\$4 million
Michigan Economic Development Corporation/Michigan Strategic Fund (Michigan Brownfield Tax Credits)	\$2.4 million
New Market Tax Credit (NMTC)	\$9.8 million
PNC Bank (first mortgage)	\$4 million
Prudential Financial and POAH	\$5 million
POAH and Develop Detroit (sponsor equity)	\$1 million
McGregor Fund	\$500,000
Home Depot Foundation	\$250,000
Rocket Community Fund Social Impact Financing	\$300,000



# Dreamtroit is opening 76 mixed income units in the old Lincoln Motors factory

Friday, I toured with Matt  
Naimi and Oren Goldenberg



**Matt showed me the  
15-level capital stack  
it took to do a  
\$30 million project.**

**He celebrated the  
completion of that long,  
arduous process by  
getting it tattooed  
on his arm.**





# This is the capital stack it took to build the Dreamtroit apartments



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Welcome to  
**DREAMTROI**

**LIFE IS A DREAMTROI**

# So, what do we do now?

- CFO Jay Rising and state officials will lead work groups from business and community sectors to finalize fairest possible formula.
- Needs Lansing passage this fall.
- Needs Detroit voter approval in February 2024.
- If passed, would start being phased in with summer taxes in 2025.





# **What can current commercial and industrial businesses expect in this process?**

**When building taxes cut 30% and land taxes tripled:**

- 1) Big buildings will likely get cuts.**
- 2) Neighborhood businesses will likely get cuts because land values are lower.**
- 3) Businesses with excess land will see increases.**
- 4) Downtown businesses will get some increases because their land values start higher.**

# **Will this apply to other cities in Michigan?**

- 1) Legislature could make the bill Detroit-only, or could allow opt-in by other communities. Those cities would need to hold local elections.**
- 2) This will likely work for very few cities. Only makes sense if a city's land value is near zero.**



**For 50 years, no one has been willing to take on  
our destructive property tax system.**





**We can give these homeowners  
a \$500-2,000 a year savings – and triple the taxes  
on those causing blight in their neighborhoods.**





**We can build a system where good investors can succeed without a lifelong reminder of the struggles.**



**If done right, the Land Value Tax could help incentivize everyone in Detroit to work to build a city of beauty.**

