

# Welcome to Your New Government

Can Non-Profits Run Cities?





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Sue Mosey spends a lot of time telling stories. When I first met her, she breezed through two hours of narration about the behind-the-scenes practicalities of cultivating a vibrant center in the city of Detroit, a story she is clearly well-practiced at delivering to the many national journalists who come to her with questions. A few days after our meeting, I saw her again at Fourteen East, a Midtown café that opened one year ago after Mosey inspired the owner to host her new venture on Woodward Avenue, Detroit's central corridor. Mosey was at the café to pose for photographs before meeting a potential funder for lunch, where her strategic storytelling was again called upon — this time, to inspire concrete commitments for the non-profit that Mosey leads, and which, in turn, is headlining the city's revival.

Home to key anchor institutions — including the Detroit Institute of Arts, Wayne State University and the Detroit Medical Center — the Midtown neighborhood sits just north of the city's downtown and riverfront. Throughout the last five years, the neighborhood has seen a remarkable revival, with independent businesses veering from national trends to open their doors and restore life in previously dark storefronts. New residents are moving into rehabilitated housing, and community gardens are thriving in what had been vacant lots. Indeed, almost no Midtown businesses were lost during the economic recession — incredible, given that Detroit entered the recession at what might politely be called a disadvantage.

Midtown's vigor belies the narrative of Detroit as an utterly disinvested city. And coordinating the show is Midtown Detroit, Inc., a peculiarly influential community development corporation that has transformed nearly every aspect of the neighborhood. Founded in 1976 by community activists rooted in the affordable housing movement of the 1960s, Midtown, Inc. evolved along with the city. In the last two decades, the scrappy non-profit's tactical collaborations with major anchor institutions in Detroit — including City Hall — have elevated it from the antiestablishment fringe and into the establishment itself.

While, historically, power in Detroit was synonymous with the auto industry and labor unions, both the decentralization and economic fluctuations of the car business has left space for Midtown, Inc. to make its mark on the city. These days, it provides landscaping on boulevard medians. It partners with Wayne State's police department, which patrols the neighborhood beyond campus borders. It puts strings of lights in the trees along Woodward during the holidays. It is installing LED street lighting. And with its popular Live Midtown initiative, which offers financial incentives to employees of anchor institutions to buy or rent homes in the neighborhood, Midtown, Inc. is coming full circle, returning to the business of creating housing options. Even in a shrinking city with a high vacancy rate, Midtown's apartments are 95 percent occupied.

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Midtown Detroit, Inc. President Sue Mosey is often called Motor City's unofficial mayor. Increasingly, the city's real mayor, David Bing, depends on her and her organization to help manage the city's neighborhoods.

The organization's work moved Reuters to describe the neighborhood as "the centerpiece for Detroit's revival" in an article about the construction of a 21,000-square-foot Whole Foods store on a vacant corner in Midtown. This is the first time the chain has set up shop in a distressed urban center. At the groundbreaking in May, company CEO Walter Robb told the *Detroit Free Press* that, "the richness that we discovered here was very encouraging. That's special for me."

The advent of Whole Foods — a retailer that serves as a stabilizer and signifier of a particular sort of bourgeoisie arrival — is a bright feather in the cap of Midtown, Inc. President Sue Mosey. Robb credited her for convincing the company to commit to Detroit, as she helped put together the complex financial deal that is backing the new store. While there are many independent grocers and farmer's markets in the city, Mosey acknowledges that Whole Foods is a game-changer, and not just because more Detroiters will have food choices that parallel those of their neighbors in tweedy Ann Arbor, which got its second Whole Foods in 2007. The store's opening "not only meets the need for fresh produce, but it signals that something is going on here in Detroit," said Mosey.

With a remarkable ability to get things done in a city that has been on the brink of state emergency management, Midtown, Inc. has a reputation for being better at performing the role of government than government itself. But what are the stakes of ceding public sector work to non-profits? Some argue that if private organizations like this one aren't making sure trash is picked up and the neighborhood is promoted as a positive place to invest, the jobs won't get done — and neighborhood will languish. On the other hand, communities cede a certain amount of accountability when private hands, whether a community development corporation like Midtown, Inc. or a forprofit company, take charge of public services.

Is there a risk when common-good public services are — at least some of the time — defined by neighborhood borders rather than city ones? De facto or otherwise, will cities be less likely to make high-quality services and innovation available to all its neighborhoods, or will some be left (perhaps all too literally) in the dark?

#### **STRUGGLE**

Burnt-out buildings, abandoned lots, teeming garbage and a heavy-handed police presence. That was what Sen. Robert F. Kennedy saw on his tour of the Bedford-Stuyvesant neighborhood in Brooklyn in February 1966. The impoverished community was the site of one of the decade's first riots in 1964, as well as a major gerrymandering lawsuit in 1965. Community activists called for "substance, not studies," as put by Elsie Richardson, Kennedy's tour guide. Richardson and her team worked with Kennedy's staff to hone plans for Bed-Stuy's revival and 10 months later, after another rough summer punctuated by violence (including the "thing" that kept secretary Dawn from riding the bus home last season on *Mad Men*), Kennedy announced the nation's first community development corporation.

Known as the Bedford-Stuyvesant Development and Service Corporation, it pioneered a new model for public-private community development that prioritized both local leadership and professional management. Kennedy, along with Republican Sen. Jacob Javits, laid the groundwork for community development corporations with a special amendment to the Economic Opportunity Act of 1964. The new CDC was not only for Brooklyn's sake; in his speech, Kennedy spotlighted a seven-point program that he said would serve as a standard-bearer for community development nationwide.

"The program for the development of Bedford-Stuyvesant will combine the best of community action with the best of the private enterprise system," Kennedy told a group of neighborhood residents assembled at local public school to hear about Before the advent of CDCs, "unless you were super-rich, you had zero control over space."

the initiative that he debuted alongside Javits and Mayor John Lindsay. "Neither by itself is enough, but in their combination lies our hope for the future."

Built out of the organizing structure of churches, unions and block associations, CDCs were envisioned as a way for citizens to have direct control over their neighborhoods while leveraging the tools of government and business. Since 1967, the first CDC, now called

the Bedford-Stuyvesant Restoration Corporation, has constructed or renovated 2,200 housing units and helped bring more than \$475 million in investments to central Brooklyn. Meanwhile, the East Los Angeles Community Union formed in 1968 and was also funded through the Kennedy-Javits legislation. It is now the largest CDC in the country: It builds homes, operates a family of businesses and supports college education for Latino students. Another original CDC, the Mississippi Action for Community Education, was led by a founding team of civil rights activists, including Fannie Lou Hamer, to develop affordable housing for Delta citizens.

Once the U.S. Department of Housing and Urban Development started providing incentives, CDCs took off nationwide, though there is no single legally binding definition of a "community development corporation," which partly explains the range of their structures, purposes and effectiveness. However, state and federal incentive programs in the 1970s led CDCs to focus more tightly on affordable housing, according to Sam Butler, a board member of Community Development Advocates of Detroit.

"I see it as a social justice issue," said Butler about the origin of CDCs. Before the advent of CDCs, "unless you were super-rich, you had zero control over space." In this way, CDCs literally changed the landscape of cities.

#### **ADAPTATIONS**

Sue Mosey came to what was then called the University Cultural Center Association in 1988. Coleman Young was in his 15th year as Detroit's mayor (he'd remain in office through 1993). As Mosey describes it, there was not much going on in the city: Few were investing, and fresh ideas were rare. While the city's prosperous past was visible in its strong institutions — including a world-recognized symphony orchestra, the Henry Ford Hospital and the College for Creative Studies — the neighborhoods that housed them waned. In fact, the mixed-use area now known as Midtown did not

exist. The CDC that now bears its name had not yet coined the term to unify the disparate community.

"How do you build institutions when the neighborhood is a real liability?" That was the question Mosey said she faced when she was brought in as Midtown, Inc.'s community development director. (Three years later, she became executive director.) Her strategy was to focus on pivotal projects that she felt held the potential to improve the neighborhood while benefitting institutions and bringing lasting good to the city. First step: Getting the neighborhood placed on the National Register of Historic Places so redevelopment projects could qualify for federal tax credits. The move jump-started investment in a place that had been without it for years.



With deep relationships to Detroit's major institutions and a \$7.5 million budget in 2011, Midtown, Inc. is larger than most community development corporations.

"By the time I came, whole blocks had been removed with urban renewal, which made everything unstable," Mosey said.

One way to describe Midtown, Inc. is to say that it curates development. The non-profit supports carefully chosen projects expected to contribute to a coherent and creative community. It offers stable assistance and a wealth of resources throughout

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a sometimes-chaotic development process. Through partnerships with local funders and foundations, as well as key city departments, it has seeded at least 40 projects in Midtown — some of them new construction, but the majority historic rehabilitations. By instigating smaller, local development, Mosey said the community demonstrates that "there is a market here."

Though it remains a neighborhood-based organization — albeit a large and well-funded one comprised of more than 100 stakeholders — the influence of Midtown, Inc. is amplified in the context of a cash-strapped city. In 2009 — the same year General Motors and Chrysler received government loans, and when a parcel survey revealed that about one-fourth of the city's residential lots were undeveloped or vacant — the organization reported revenue of about \$3.4 million, almost entirely in contributions and grants. By last year, that number had more than doubled to over \$7.5 million.

And Midtown, Inc. amplifies those funds: In January 2009, it received \$2.5 million in grant money over two years to leverage \$34 million in governmental and private funds that would collectively revitalize the Sugar Hill Arts District, a two-block neighborhood with a rich history in jazz music that had been blotted out by urban renewal programs of the 1960s.

Today, the district is home to the N'Namdi Center for Contemporary Art, as well as a contemporary art museum and a rehabilitated building designed for artist residences and studios, featuring solar power, geothermal heating and water reclamation. These projects hold disproportionate resonance in a city where officials scrambling to keep the lights on don't have the time or money for bold plans.

Midtown, Inc.'s success has made Mosey something of a rock star among those in the economic development circuit. "Fantastically powerful" is how Jennifer Bradley, a Brookings Institution fellow focusing on Great Lakes metropolitan areas, describes the organization, and Mosey herself. [Disclosure: Bradley is a former Forefront contributor. - Ed.]

"They are a great model for an engaged, creative and adaptive institution, and it's great to see [Mosey] get recognition for that," Bradley said.

"People have heard about what's happening [in Midtown], and the work they've done is a large reason why there's so much investment in that neighborhood," Bradley added. "They had a good vision for what was possible."

Mosey is not the only contemporary inheritor to the CDC legacy, adapting urban revival to the considerably more market-based reform happening today. But the rising influence of CDCs parallels broader trends in local government that have resonance

## THE PARTNERED GOVERNMENT

University Circle sits on the east side of Cleveland and, like Detroit's Midtown, is home to key civic institutions, including Case Western Reserve University, the Cleveland Orchestra and the University Hospitals system. It is served by University Circle, Inc., a CDC that has come characterize itself as a "community service corporation" in order to better represent the scope of its programming.

The roots of the non-profit corporation extend back more than half a century. It began as a development foundation in 1957 tasked by the Cleveland City Council with being a "service organization to all institutions." Initially, the foundation functioned as a land bank to assist institutions in expansions. It soon came to develop collaborative services, providing parking, transportation, public safety programs and neighborhood landscaping in order to buoy the area's cultural and medical centers. In 1970, the foundation re-formed as University Circle, Inc., partly to better bridge the relationship between their community and its bordering neighborhoods, many of them low-income.

Today, UCI (and the Cleveland Foundation, one of the CDC's biggest supporters) is persistent in characterizing the community it serves not as University Circle, but as "Greater University Circle" in order to suggest a porous border. Along the region's Euclid Avenue corridor, UCI is responsible for \$3 billion in projects, said organization president Chris Ronayne. It has hosted a private police force for decades that employs 25 officers, including plainclothes detectives that patrol the neighborhood and respond to both institutions and residences. UCI operates a bus line and has worked for years to make area streets more welcoming with new pedestrian signage and redesigned intersections that feature pervious concrete, reclaimed timber benches, native plants and a custom-built LED light fixture that doubles as an art piece.

The growing influence of today's CDCs, particularly those in cities that are strapped for cash, speaks to larger trends of governments outsourcing what had once been their own jobs. There is some precedent for this: For years, non-profit conservancies have "adopted" city parks in Detroit in order to provide consistent maintenance and programming that City Hall could not, unintentionally resulting in a diffused system of authority for parks and recreation in the city. Michigan's Department of Natural Resources is about to take over management of Belle Isle, a large and popular city-owned park in the Detroit River.

"[I] don't want to make it seem like the city is not supportive of our work to the degree that they can be," Mosey added. "[It's] just very limited capacity versus many

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years ago when, for instance, the City Planning Department had specific project managers assigned to work with local community organizations."

The CDC shift from a focus on brick-and-mortar to more comprehensive services is a national trend, according to Tom Kingsley, senior fellow at the Urban Institute. Kingsley, however, suggests that most CDCs aren't taking on public services because "most of them don't have the resources to take on those responsibilities, even if they wanted to. And they'd be in a strange liability situation if they try to take on the delivery of big urban services. By law, a city is still responsible for this."

Is there a risk when common-good public services are — at least some of the time — defined by neighborhood borders rather than city ones?

Kingsley is right about the law. But the fact remains that Midtown, Inc. and UCI have more resources for public services than their respective cities do. And so, after making an agreement with the city, they are doing it. But where does it leave the other neighborhoods in Detroit and Cleveland that still depend on City Hall for services and programming? Will service delivery for all citizens become uneven, and civic accountability even more obscured? And is it any concern of Midtown, Inc. and UCI — or should it be?

UCI's Chris Ronayne acknowledges worries. But in his mind, they stem simply from fear of the unknown. "Times have changed," he said. "Desperate times call for — innovative measures. Last I looked, the city budgets could use some help."

True. But also true is that the dominating influence of a handful of non-profits can create a sort of civic hierarchy that exaggerates differences — you could call it inequalities — between neighborhoods. This unintended consequence can be seen in the Corktown neighborhood of Detroit, where a recent scuffle over a housing program administered by Midtown, Inc. has raised questions about keeping private organizations and unelected leaders like Mosey accountable to the communities most affected by their work.

Bike through Corktown and you'll find the hollow park where Tiger Stadium once stood and the Michigan Central train station that has been empty since 1989,

fascinating urban explorers and photographers ever since. Like its busier neighbor Midtown, Corktown is home to a number of energetic small businesses, but it also has more expansive vacant space and famously pothole-riddled roads. In July 2011, the Downtown Detroit Partnership, a public-private coalition of corporate and civic leaders, announced a significant expansion to the housing incentives made popular in Midtown, which subsidize rent and mortgage payments. With \$5 million available over five years, the expanded program — which, though created and marketed by DDP, is run by Midtown, Inc. — targets not just downtown and Midtown, but also the bordering neighborhoods of Eastern Market, Lafayette Park and Corktown.

The incentives came as sudden news to those already living in Corktown, said Jeff DeBruyn, former president of the neighborhood's resident council and president of Imagination Station of Roosevelt Park, a non-profit arts group in Corktown that has transformed two of the neighborhood's abandoned homes into art spaces. DeBruyn fears the program will have a significant impact on the neighborhood's makeup and how much rent current residents pay. "Nobody in North Corktown knew about it. Nobody had heard anything," DeBruyn said. "They just announced it without talking to any of us. They don't ask, or listen."

Mosey said that only two people in the expanded incentives program have moved to Corktown so far, out of about 160 participants. (To date, more than 450 people overall have taken advantage of Detroit residency incentives.) Corktown has fairly little housing and rentals available, she said, and "when it comes on the market, it moves quickly."

"So whether our folks move in or not, the housing is strong there and will fill and rents will go up," Mosey said. "I am sure the homeowners in Corktown who represent most of the folks in this neighborhood would welcome higher housing values which come with more market demand." She added that while rents and property values might not be as low as some would like when the neighborhood strengthens, avoiding opportunities to raise market value is "not a very good long-term strategy, I would say."

The key way that CDCs establish themselves as representatives of their community is by allotting a certain number of seats on their board to residents, said Jamie Schriner-Hooper, executive director of the Community Economic Development Association of Michigan. But of course the appointed residents are vetted for a shared organizational philosophy, and in practice, not all board members have equal influence over the organization's direction. Midtown, Inc. lists 24 members of its board on its website. While some may be residents of affected neighborhoods such as Corktown, none are identified as such; instead, each are identified by their professional affiliation with a

local anchor institution or business. No Corktown businesses are listed as affiliations of the Midtown, Inc. board (or the DDP board, for that matter). So, if the primary way that CDCs stay accountable to their neighborhood is by representation on its board of directors, Corktown is out of luck.

As far as community accountability goes, Chris Ronayne in Cleveland said that careful contracts and MOUs ensure good-faith community partnerships. He said that UCI has a "pretty interactive dialogue with the constituency," in part through online comments, and many residents know UCI staff much better than they know their city workers or representatives. "I get calls a city would," Ronayne said. "Calls about graffiti and trash removal."



Mosey detailed six city departments and committees that Midtown, Inc. works with. The city's Planning Commission staff is "helping us with a critical rezoning of our neighborhood to special districts zoning which will encourage more mixed-use development," she said. The City Planning Department "provided loan dollars [utilizing federal funds] to numerous Midtown developments. They are also working to update zoning standards for Woodward Avenue with input from us and other organizations impacted."

Both Ronayne and Mosey emphasized that their interest in building vibrant neighborhoods is directly linked to their interest in cultivating vibrant cities. In Cleveland, University Circle bills itself as "the neighborhood without borders," as it works to provide security, transportation and marketing.

"All of this together is aimed at enhancing the Circle and branding it in terms of a diverse, broad neighborhood that lures people in, rather than shuts people out," said Ronayne. Perhaps what most illustrates how the reach of these CDCs extends beyond their core corridors is Midtown, Inc. urging anchor institutions to tip more of their purchases to Detroit vendors. Mosey said that, over the last year, they have tipped about \$6.8 million in new procurement investments in the city, a number expected to grow in the coming years. What's more, Midtown, Inc. has recently expanded the very definition of the neighborhood it serves — in a merger last year with New Center Council, another CDC, it came to take responsibility for a further 60 blocks of the city (including the block where I live and work).

#### **ALMOST LOST**

Cities in dire straits make it possible for large CDCs to gain huge influence. On April 4, less than 24 hours before a deadline that would give unprecedented control of the city to an emergency manager, the Detroit City Council voted for a consent agreement with the state of Michigan. Under the new deal, a financial advisory board with members appointed by the governor, mayor and council will review all budget matters and grant approval of union contracts. It's designed to support a city struggling under crushing debt: Detroit owes more than \$12 billion in long-term pension and benefit obligations, and as a shrinking city, it is gasping under a loss of property tax revenue even as it must provide services over to 139 square miles.

The consent agreement is nonetheless controversial: It squeaked by on a 5-4 vote and just last month, a lawsuit challenging the agreement filed by the city attorney — against the wishes of the mayor — was dismissed in court. Despite concerns about the city ceding control to the state — which, for many residents, echoes morally bankrupt urban renewal polices of the 20th century that decimated neighborhoods of primarily African-American and immigrant communities — the agreement sidesteps receivership, which would put all power to sell assets, eliminate departments and gut contracts into the hands of an appointee of the governor. (This would be under Michigan's new emergency management law, which continues to make national headlines.) Relying on private groups like Midtown, Inc. makes it possible for the city of Detroit to avoid some of the most immediate and painful consequences of its financial problems.

In Cleveland, the city's credit rating on \$248 million of debt was downgraded one notch last year by Fitch Ratings: The concerns came down to the city's lack of savings, combined with its shrinking population and lethargic economy. According to the *Plain-Dealer*, the city "has been borrowing about \$30 million a year with general obligation bonds to pay for city projects and improvements."

Representatives of both UCI and Midtown, Inc. told me that they are not interested in replacing City Hall, even as they take the lead on many of its services. Rather, they mean to work mutually. Mosey calls Detroit's Department of Public Works a particularly important partner and ally to, for example, facilitate street repaving and administer streetscape and greenway funds. Ronayne is careful to call UCI's work "adjunct, or additive to city services in a city that is stretched."

"The city should look to us as a provider," he added. "We could be agents for cities."

As Ronayne sees it, the old world way of thinking is: Local-state-federal. That has slipped away. Now, he says, the thinking is neighborhood-regional-global.

"We can provide the very hands-on work, the eyes on the street, the corner view," Ronayne said. "And cities need to outsource that to organizations like us, because they have bigger fires to fight."

But if CDCs and other non-profits are going to take on more and more public services, then they have a proportional amount of responsibility to be democratically structured. That means that both transparency and meaningful community accountability are crucial.

"I believe strongly in ground-up community development," said DeBruyn of Detroit's Corktown. But in neighborhoods where large organizations are less intimately engaged with residents, DeBruyn has struggled to carve out avenues for effective grass-roots programs that operate outside their influence. He has tried a resident's council, and a Better Building for Michigan initiative: "Really organic, ground-up programs." But, he said, it "seems that institutions of influence, the foundations and powers that be, not only don't support them, but do everything possible to actively thwart them." If neither the CDC nor the city is making it a priority to partner with residents in the leveraging of public services and neighborhood visioning, where are the people who want to contribute to the making of their community to turn?

As an alternative, DeBruyn pointed to the Grandmont Rosedale Development Corporation, a thriving organization in a northwest neighborhood that is somewhat overlooked as one of Detroit's "success stories." It is home to more than 14,000 people, 92 percent of them African-American, most of them homeowners. At GRDC, local residents make up a well-run, well-organized management team. GRDC develops vacant homes, provides home repair for low-income residents, maintains vacant property, organizes a community safety patrol and hosts a neighborhood garden and farmer's market. Volunteers are the fuel that makes these programs possible. And it does all this through constant engagement with its citizens: Besides employing residents in its management, it hosts well-attended open houses and community



At a time when neighborhoods nationwide are struggling to rebound from years of recession, Midtown is experiencing steady growth, with new residents and businesses setting down roots.

visioning sessions and shares the results online. Its board of directors is comprised entirely of neighborhood residents.

As with Midtown, Inc, UCI and CDCs across the nation, GRDC has expanded beyond the brick-and-mortar work so that it can be more responsive to a complex community. Even with a City Hall that is struggling to remain viable, GRDC has proven effective. It has facilitated more than \$20 million in new investments since 1989 in an area that is barely two square miles, even though it is well outside Detroit's main business corridor and lacks the anchor institutions that enhance Midtown and University Circle. It does this work without detaching from concrete community engagement and democratic process, with residents actively participating in the stabilization and revitalization of their neighborhood. Its example is a stark reminder that the "ends justify the means" is not a viable excuse for shifting services for the public good to systems where the public does not participate.

Thanks to Mosey's work and that of peers like GRDC, thousands of new residents are making a home in Detroit. But as the city's numbers continue to grow, and Detroiters make a habit of stoop-sitting and block parties, the question will be how Mosey intends to create space for these newly engaged residents — not only in Midtown's historic homes, but also in its decision-making apparatus. >





### ABOUT THE AUTHOR

Anna Clark is an independent journalist living in Detroit. Her writing has appeared in *The Guardian*, *The American Prospect*, *Salon*, *The Nation*, *The Daily Beast*, *Grantland*, *The Detroit Free Press*, *The Christian Science Monitor*, The *Boston Review* and other publications. She is currently a political media correspondent for the *Columbia Journalism* 

*Review*. In 2011, she was a Fulbright Fellow in Nairobi, Kenya, where she focused on creative writing. She also has been a fellow with the Peter Jennings Center for Journalists and the Constitution. She writes the literary blog Isak (www.annaclark. net) and is a member of the National Book Critics Circle.



# ABOUT THE PHOTOGRAPHER

Marvin Shaouni is a Detroit-based photographer who works with both editorial and advertising clients. He aims to seize culture through the photography of people, food and the everyday. He particularly enjoys the challenge of finding new ways to show his hometown of Detroit, with the hope that his photographs will help readers to rethink

how we can all live and interact within the city, neighborhoods and individuals.