Learning from Detroit: How Research on a Declining City Enriches Urban Studies

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Detroit’s experiences have long mirrored those of many cities: rising industrialization and population growth in the early twentieth century, suburbanization of industry and of white population following World War II, industrial restructuring that dismantled the region’s economic base from the 1970s on, and racial tensions throughout that hindered regional progress. This shared experience made research on Detroit relevant to a broad audience of urban scholars. Texts such as The Origins of the Urban Crisis (Sugrue 1996) or Detroit: Race and Uneven Development (Darden, Hill, Thomas, and Thomas 1987) not only told Detroit’s story; they also offered insights into what happened in cities elsewhere.

Today, however, Detroit stands alone among large American cities in both the depth and breadth of its distress. Thousands of homes and many acres of land are vacant and abandoned. Residents are disproportionately poor and racially segregated. The tax base is decimated. The government is bankrupt. These extreme conditions place at issue Detroit’s continued relevance to urban studies. What can scholars and practitioners learn about urban processes and phenomena from research on such an outlier city? Is that research relevant only to distressed cities such as Cleveland, St. Louis, and Newark, or can it aid in understanding places like New York, Los Angeles, Sao Paulo, or Beijing?
This chapter argues that research on Detroit continues to advance urban studies in significant ways. Moreover, the city’s importance comes not in spite of Detroit’s decline but rather because of its decline. That decline offers research opportunities that are hard to find elsewhere. Researchers, for example, are able to observe phenomena in Detroit that likely exist elsewhere but go unnoticed. The magnifying effects of the city’s decline make the invisible visible. Detroit also allows researchers to untangle certain phenomena, such as gentrification, from the context of growth where they are usually observed, casting those phenomena in a new light. The large swaths of vacant urban land in Detroit are also an asset to researchers. They allow researchers to test hypotheses that would be difficult to assess in more intact, densely populated areas. Such research can have broad application to heavily developed urban areas elsewhere. Furthermore, Detroit research can expose the shortcomings of policies that presume strong real estate markets but do not work as expected in disinvested neighborhoods where property demand is very weak. In all these ways, Detroit’s extreme conditions present ready opportunities for researchers to advance urban studies.

Detroit’s extreme conditions also pose a challenge for some of the disciplines that contribute to urban studies. These disciplines have tended to focus on conditions of growth – seeking to understand how and why cities and regions grow, who benefits when they do, and how to renew growth when it ebbs. Not enough attention has been paid to understanding decline. Scholars have figuratively modeled urban phenomena only across the range that variables exhibit during growth, leaving out the range during decline. The challenge that Detroit poses for urban studies is to flesh out that model – to understand the spatial, social, political and economic dynamics of change and how decline may differ from growth (Galster 2012).
The balance of this chapter develops these themes more fully. It proceeds in three parts. Part 1 summarizes the extreme conditions that prevail in Detroit. Part 2 provides examples of the ways that these conditions open up research opportunities. Part 3 takes up the challenge that Detroit poses to urban studies to deepen the understanding of processes of decline. It does this by offering an example of a possible direction for theorizing and empirical investigation: a “sociology of urban property relations” (Logan and Molotch 1987, p. 13) or a socio-political economy of real property under conditions of decline.

Most of the examples of research in this chapter are completed or ongoing case studies of Detroit. Although the studies focus on Detroit, they contribute ideas and challenges to urban studies more generally by positioning the research in relation to bodies of knowledge. As Robert Yin has stated more generally, case studies of phenomena in Detroit “generalize to theoretical propositions” (Yin 2009, p. 15), giving them broader relevance.

The majority of these examples come from urban planning, reflecting the disciplinary bias of the authors. Urban planning is an excellent example of how a discipline can learn from Detroit. It is a field where most scholarly attention has focused on growth and on property development despite persistent decline in many cities (Dewar and Weber 2012). Even in places characterized by decline, scholarship has tended to investigate how redevelopment and rebuilding happen or can happen (Bright 2003, Gittell 1992, Keating and Krumholz 1996). Detroit offers a case of decline so extreme that it can jerk urban planning scholars out of their habitual focus on growth and redevelopment, prompting them to address how cities function politically, economically, socially, and administratively over a broader spectrum of conditions that includes decline as well as growth.
1. Detroit’s conditions

Detroit has changed greatly since World War II. In 1950 the Census registered the city’s largest population, 1.85 million. Since then the population has declined by over 60 percent, to 714,000 in 2010. Among American big cities, only St. Louis has lost a larger share of its peak population. Detroit’s population loss contrasts starkly with the population change that occurred in the same period in the three-county metropolitan area that includes Detroit. The region’s population grew during this period to 2.7 times its 1950 level. As population decline began within the city, the number of households in Detroit continued to increase slightly as households became smaller, so the loss of population did not initially decrease demand for housing. By 2010, however, the city had lost 48 percent of households since 1960, more than the loss in any other large city (U.S. Bureau of the Census 1952, 1962, 1963, U.S. Census Bureau 2010).

The loss of employment has been even more marked than population loss, although changes in the way the federal government defines industries make these comparisons imprecise. Between the immediate post World War II years and 2007, the city lost nearly 95 percent of its manufacturing jobs and nearly 90 percent of its retail jobs (U. S. Bureau of the Census 1949, 1951; U. S. Census Bureau 2007a, b). The city’s share of metro area manufacturing jobs fell from three-fifths to one-tenth, and its share of metro retail employment fell from 70 percent to 7 percent. The city’s share of these jobs is now well below its share of the region’s population.

Detroit is an extraordinarily poor city. The poverty rate rose from slightly less than 15 percent in 1969 to about 42 percent in 2012. In 1969 median household income in Detroit stood at $7,944; by 2012, this had grown to about $23,600 (U. S. Bureau of the Census 1973, U. S. Census Bureau 2012). If income had kept up with inflation, median household income in 2012 would have reached $50,000 (U. S. Bureau of Labor Statistics 2014). In numerous years, Detroit
has ranked as the poorest big city in the country, vying for this position with Cleveland (for example, Smith and Starzyk 2010, Smith 2009, Smith and Perkins 2008, Galbincea and Smith 2007).

The changes in population, employment, and income caused a major drop in demand for housing and for commercial and industrial property. Disinvestment led to a 37 percent drop in the number of housing units from 1960 through 2010. This decline lagged the loss of households, however, so the housing vacancy rate stood at 23 percent, signaling that huge numbers of additional units would need demolition (U. S. Bureau of the Census 1962, U. S. Census Bureau 2010). In 2009 about 12,000 of the city’s housing structures with one to four units were in poor condition or immediate need of demolition (Data Driven Detroit 2010). About 20 square miles of the city’s 139 square miles were already vacant land (not counting parks and highway buffers) as of 2012 (Detroit Works Project 2012, 98). By 2014, public entities owned about 84,000 properties in the city (Detroit Blight Removal Task Force 2014, p. 195); the average sales price of residential properties sold through realtors in Detroit was just $24,843 in March 2014 (Michigan Realtors 2014).

These changes led to city government fiscal problems. The loss of demand for property led to a huge loss in property values from the 1960s through the 1980s and eroded property tax revenues. The city adopted an income tax in 1962, a utility tax in 1971, and a casino revenues tax in 1999. The income tax became the largest source of tax revenue in the mid-1970s, but these revenues fell by more than half from 2000 through 2010. Property values fell precipitously as a result of huge numbers of mortgage foreclosures and the recession that began in 2008. Federal and state intergovernmental transfers fell considerably as well; state leaders, for instance, cut shared revenue by 48 percent from 1998 to 2012. The city faced chronic deficits after the
mid-1980s, ongoing cuts in spending, and ultimately the state’s imposition of an emergency financial manager. Detroit became the largest city to declare bankruptcy in U. S. history in 2013. (Bomey and Gallagher 2013).

The city’s transformation includes dramatic racial shifts. In 1950, African Americans made up 16 percent of Detroit’s population but only 5 percent of the three-county metro area’s population outside Detroit (U.S. Bureau of the Census 1952, 1966). By 2010 African Americans constituted 83 percent of the city’s population, compared to 12 percent of the three-county area outside the city (U. S. Census Bureau 2010). The metropolitan region has a legacy of intense racial animosity and distrust (Thomas 1997; Farley, Danziger, and Holzer 2000). Among the 50 metropolitan areas with the largest black populations in 2010, blacks and whites were most segregated in the Detroit region in every census year from 1990 through 2010, although the intensity of segregation decreased slightly between 2000 and 2010 (Logan and Stults 2011, p. 6).

Detroit’s conditions are extreme even among other distressed cities such as Cleveland, St. Louis, and Buffalo. The city’s current conditions are far removed from those of places like Los Angeles or Houston. This is precisely what makes it a valuable place to conduct urban research.

2. Ways of learning from Detroit

In this section, we review four ways researchers learn from Detroit. They observe the phenomena that the magnifying effects of the city’s decline make visible. They use the city’s extreme conditions to isolate phenomena from the context of growth where they are usually observed. They take advantage of the spatial dimensions of decline to test hypotheses that would be difficult to test elsewhere. And they document the mismatch between policies that presume a demand for real estate and the issues the policies aim to address in neighborhoods where little
demand for property exists. This research contributes significantly to the literature on urban studies in ways that might not be possible in other cities with less extreme conditions.

A. Magnifying effects in the context of decline

Research on Detroit can advance urban studies by observing and explaining the phenomena that Detroit’s decline reveals. Many cities have distressed neighborhoods and small areas of widespread abandonment. However, the small scale of these areas and their context amid otherwise growing areas can make discerning some aspects of their social, spatial, political, and economic dynamics difficult. Equally challenging is figuring out whether observed phenomena are part of a larger pattern or are quirks of the particular areas studied. In Detroit, the processes of decline are writ large. Phenomena that researchers might overlook elsewhere are pushed to the surface, making them and their significance more evident. In this regard, Detroit serves as an “extreme” case – an unusual circumstance whose study allows researchers to develop a richer, deeper understanding of hard-to-observe phenomena (Yin 2009). What researchers learn in Detroit they can then test in other places.

Several recent or ongoing studies of property-related issues in Detroit gain insights from the magnifying effects of Detroit’s decline. Kimberley Kinder (2014) documents the ways that people secure, care for and sometimes dismantle vacant or abandoned houses in Detroit neighborhoods. The residents’ aim is often to make the houses appear occupied. To that end, they may mow the lawn, plant flowers, and place furniture and children’s toys in conspicuous locations. In other cases, residents board up vacant houses to secure them against vandals, squatters and “scrapers” – individuals who remove wiring, plumbing and other valuable materials from houses to sell to scrap yards. Still others dismantle houses, so that they cannot be
used for drug or other illicit activity and will not be targeted by arsonists. Kinder identifies all of these tactics as self-provisioning strategies that residents employ to compensate for the retrenchment of governmental and social control brought on by Detroit’s decline.

Andrew Herscher (2012) documents the ways that the devaluing of real estate in Detroit allows residents to repurpose it, creating “alternative urbanisms” (p. 9) – transitory artistic and public spaces, community and guerilla gardens, intentional communities, and more. Herscher wandered the city to find sites where people had reused property that had little value and sought out places others told him about. Because these uses often occupied property that some other private or public entities owned and would not meet city code or use restrictions, he does not reveal where the sites are or who is responsible for the reuse. His assemblage of photographs and brief descriptions show how much activity and creativity exist where outsiders see only vacancy, ruins, and abandonment. These new uses, Herscher argues, offer lessons for what cities and urban spaces can and should become.

Matthew Weber (2014) analyzes the incidence of informal property ownership in Detroit. “Informal property ownership” refers to ways of holding property in which residents have possession of property but their legal claim to ownership is in doubt. Informal owners include squatters who take over vacant houses, residents who hold-over in their homes following tax or mortgage foreclosure, people who fence, build on, or otherwise lay claim to vacant lots without purchasing them or securing the owners’ permission, and property purchasers who fail to get clear title to property because the recorded interests of prior owners or lien holders have not been released. Researchers have long dismissed efforts to study informal property ownership in the United States. They reason that it occurs too infrequently here and that sites elsewhere better teach what we need to know about informal property ownership (Abrams 1964, Jindrich 2010,
Manaster 1968, Peterson 1991). However, Weber finds that informal property ownership is widespread in parts of Detroit that have seen significant depopulation and disinvestment. Some of the emptiest census tracts in the city -- those that retain 30 percent or less of their peak number of households since 1970 -- show some of the highest rates of informal ownership. More than 9 percent of properties in those tracts are either vacant lots that an adjacent property owner has taken over or are homes whose residents have taken over an adjacent vacant lot. More than 11 percent of residential properties in those same tracts were purchased with clouds on the title. These spatial patterns suggest that the flow of people, wealth and value out of an area erodes the mechanisms that ordinarily reinforce formal property ownership, a possibility that has not been part of theorizing about property.

Eric Seymour (2014) assesses the ways that the property management and disposition practices of banks and government-sponsored enterprises (such as Fannie Mae) may have undermined the stability of Detroit’s remaining intact, middle class and working-class neighborhoods, especially those that experienced high rates of mortgage foreclosures in the 2000s. The volume of these properties makes possible the study of varied practices of institutions while holding neighborhood conditions constant. Many of these entities sold numerous properties at very low prices, often to out-of-state investors. These sales relieve these entities of carrying costs that outweigh the properties’ value. Nonetheless, such sales have the potential to inflict serious harm on neighborhoods by pushing down property values, extending vacancy periods, and transferring ownership to those who have little interest in reinvesting in the properties. These conditions undermine the confidence of homeowners in the future of their neighborhoods and encourage them to defer maintenance or move away (Galster 1987, 2001). Seymour’s research may challenge lenders and government entities to devise property
disposition practices that do less unnecessary damage to neighborhoods in cities where demand is weak.

In each of these examples, Detroit’s decline makes the phenomena of interest more apparent and accessible than they would be elsewhere. This is a matter of scale. Vacancy and abandonment are widespread in Detroit. Squatting and title issues have long plagued the city. Mortgage foreclosures hit the city hard. Due to these conditions, it becomes possible to find many people engaged in self-provisioning tactics to defend their neighborhoods against decline, or repurposing space to create alternative urbanisms, or holding property without maintaining good title to it. The consequences of banks’ property management and disposition practices become more apparent when the foreclosed properties are geographically concentrated.

This research advances urban studies in at least two significant ways. First, it frames inquiries for future investigation. The researchers cited above have identified phenomena observed in Detroit. These phenomena appear to be rooted in circumstances that commonly occur elsewhere, albeit with less intensity and in smaller geographical areas. These circumstances include poverty concentration, population loss, vacancy and abandonment, and weak real estate markets. The Detroit research raises the question of whether similar phenomena occur in other cities under similar circumstances. Notably, but for the magnifying effects of Detroit’s decline, researchers might not think to look for these phenomena elsewhere.

Second, this research helps to round-out theory on processes of urban change. To date, that theory has focused heavily on the context of growth, leaving understanding of processes of decline underdeveloped. For example, Harold Demsetz (1967) long ago theorized that private property rights develop as the social value of establishing such rights outweighs their social costs. Much of the unraveling of formal ownership that Weber documents in Detroit results from
the inversion of this principle: as the cost of maintaining property rights outweighs the gains, property rights diminish. Nonetheless, the possibility that decline might unravel property rights arrangements has not been part of the scholarship on property. Indeed, the evolutionary theory of property rights contemplates change flowing only toward stronger and more refined property rights (Merrill 2002, Platteau 1996). Evidence from Detroit forces theorists to consider how property rights may evolve differently in the context of decline.

B. Untangling phenomena that occur together elsewhere

Detroit’s conditions can allow researchers to distinguish among phenomena that seem inseparable in settings of growth. Gentrification provides a ready example. Gentrification is the process whereby incoming middle-class residents create demand for redeveloped housing and commercial property in the urban core with the ultimate effect of displacing working class residents. It is now a central feature of public discussion and media attention surrounding redevelopment across the United States and Europe (Brown-Saracino and Rumpf 2011). Gentrification often occurs in cities and regions experiencing strong growth in population and economic prosperity in some areas. The co-occurrence of these phenomena interferes with discerning gentrification’s essential features. In Detroit, focused nodes of growth occur in the context of widespread, profound disinvestment. This allows a fresh assessment of what gentrification is and how it operates.

A neighborhood where numerous residents and others believe gentrification is occurring in Detroit is the North End. However, rents and housing values have remained so low that as of 2014 no one would be displaced because of rising costs. The area had lost 89 percent of its 1950 population by 2010, a loss much higher than the city’s. Only 5,585 people lived there in 2010. Of those, 94 percent were African American and 2.4 percent were white. The North End’s
vacancy rate was 37 percent of the housing units as of 2010. The North End also had extensive amounts of vacant land; as of early 2014, 38 percent of residential properties were vacant lots. Housing disinvestment continued in 2014 as 9 percent of residential properties faced auction for owners’ failure to pay property taxes (U.S. Census Bureau 1952, 2010; Data Driven Detroit 2009; Motor City Mapping 2014; Loveland Technologies 2014).

The North End helps researchers better understand gentrification in a context where residents perceive gentrification to be occurring but where, as of 2014, no physical displacement has occurred that can be attributed to rising rents. As disinvested as the North End is, residents are concerned about gentrification. Long-term residents discuss the ways that changes in their neighborhood have threatened their sense of place, connection with other residents, and use of public space. As one example, numerous North End residents suggested to one of the authors in 2012 that, in a process they termed gentrification, young whites had taken over a large vacant lot for a garden with no consultation with anyone in the North End although residents had envisioned other uses of the space. Over time, some nearby residents started accepting food from the garden and volunteering there while others remained skeptical that any good would come to the North End from such activities (Eligon 2014). Although no data existed to document the phenomenon, the authors observed numerous professionals in their twenties and thirties purchasing houses in the North End, and several former industrial structures were rehabilitated into lofts. In this way, while no physical displacement has occurred, some long-term residents suffer from “cultural displacement,” in which they remain physically in place but culturally isolated from other residents of the neighborhoods where they have long resided (Elliott 2012).

The North End is a neighborhood without a “rent gap,” referring to the difference between the value of property as currently used and the value it would have if put to its highest
and best use (Smith 1979). When a rent gap becomes large enough, it serves as a significant driver of redevelopment in low-income and working-class neighborhoods. Poor maintenance and outdated housing stock in these neighborhoods can push down current rents and property values, while their proximity to downtown, other major employment centers, or higher value neighborhoods promises high returns from rehabilitation or redevelopment. Large rent gaps can lead to rapid neighborhood transformation, as real estate developers and landlords leverage the opportunities to profit and middle-class households move in. Amid these changes, the neighborhood’s long-time, lower income residents may be unable to pay the much higher rents or may need to sell their homes to draw on the equity that rising values create.

Whatever rent gap exists in Detroit, however, is not enough to drive this kind of transformation. As of 2014, no significant development occurred in any neighborhood in Detroit without subsidy (staff of Midtown, Inc., and the City of Detroit Planning and Development Department, personal communication with M. Elliott). The low value of property in a higher and better use has the effect of keeping the pace of redevelopment slow, due to developers’ dependency on transfers of very low priced city-owned property and on subsidies from foundations and the federal government. This can be an opportunity for researchers, allowing for a rich qualitative assessment of the processes and dimensions of change.

That gentrification may be occurring in the North End without physical displacement speaks directly to academic debates regarding gentrification. Kathe Newman and Elvin Wyly (2005, p. 25) state that displacement was at one point a litmus test for what distinguished redevelopment from gentrification. This measure was then dismissed for several years, until discussions returned to the issue in research in the past decade. Much of present research contests the mechanisms for measuring displacement, rather than seeking a more robust understanding of
gentrification’s other contours as a social process. Displacement is not the only aspect of concern in gentrification. Indeed, definitions of gentrification need not include the process of displacement as part of what constitutes the phenomenon. For example, Willem Van Vliet (1998, p. 198) calls gentrification “the process by which central urban neighborhoods that have undergone disinvestments and economic decline experience a reversal, reinvestment, and the in-migration of a relatively well-off middle- and upper middle-class population.” Van Vliet therefore emphasizes conditions prior to the in-moving population rather than what happens after. These types of definitions are more useful for a context like Detroit’s, where displacement exists as a widely held fear (Elliott 2012) but is not a physical reality for more than a very small number of residents.

Detroit offers an opportunity for more fine-grained research into the social and cultural dynamics of gentrification. As Jackelyn Hwang and Robert Sampson (2014, p. 1) argue, the coexistence of neighborhood upgrading with the persistence of neighborhood inequality by race and class is not well understood. Nonetheless, it is a condition that Detroit’s widespread vacancy all but guarantees will prevail as neighborhoods in some parts of Detroit gain population.

Detroit’s extreme conditions of decline and loss of government capacity enable the sorting out of other relationships as well. For instance, Cleveland has a much stronger community development industry than Detroit as evidenced by much greater success in reusing vacant and abandoned land. Research that compared Detroit and Cleveland to explain this difference in the context of similar, weak demand for property showed that collaboration between city officials and nonprofit developers and among city and county officials was key to enabling nonprofit developers to carry out projects (Dewar 2006, 2013). In another example, Detroit served as a case for Janice Bockmeyer’s (2000) examination of hypotheses about a
“culture of distrust” that grew out of Mayor “Young’s failed pursuit of long-term business investment and coalition formation in the face of neglected neighbourhood development” (p. 2424). The protracted lack of trust between city hall and neighborhood leaders helped reveal defensive group formation through development of norms and networking among community development leaders. This civic culture and a history of racial division determined interactions in planning for the Empowerment Zone. In both of these examples, Detroit’s experience enabled scholars to understand better the key dimensions of phenomena.

C. Learning from experiments in the context of weak demand for property

Detroit’s extensive vacant land makes policy experiments or quasi-experiments possible. Researchers can take advantage of Detroit’s conditions to test environmental interventions and their effects on health, neighborhood stability, and environmental quality. Community-based participatory research projects in fields such as public health, environmental design, and ecology are demonstrating this potential.

For example, public health advocates argue that establishing buffer zones that limit residential development around major roadways would limit the incidence and severity of pollution-related ailments such as asthma, impaired lung function and development, and cardiovascular disease (Los Angeles County Department of Public Health 2013). Testing the effectiveness of such a practice in real-world conditions, however, would be socially destructive, politically infeasible, and financially costly in nearly all other cities, where areas around major roadways are developed and heavily populated. Detroit, by contrast, offers many sites where depopulation has established de facto buffer zones – places where few, if any, residents remain within several hundred feet of major roadways. Over the next few years a community-based participatory research project in Detroit will measure the effects on air quality of planting various
types of trees and plants in such areas (Bowyer 2014). Although Detroit offers the site for such a project, the findings will be applicable to other cities with similar environmental and ecological conditions.

Likewise, researchers are testing the social, economic, health, and ecological impacts of green infrastructure in Detroit. “Green infrastructure” refers to the vegetation, soils and natural processes used to manage storm water and create healthier urban environments (U.S. Environmental Protection Agency 2014). It might be a cost-effective way to limit combined sewer overflows that pollute waterways, while enhancing neighborhood attractiveness, increasing property values, and adapting to climate change. Widespread public land ownership and many new demolitions in Detroit enable researchers to select sites strategically to test the impacts of varied green infrastructure designs. Moreover, the low cost of privately held land means that strategic sites that are not publicly owned can often be acquired within the constraint of a research budget. An ongoing research project at the University of Michigan, in partnership with Detroit city departments and in consultation with neighbors, is measuring the volume and quality of water that flows through vacant lots with conventional post-demolition fill and with two types of ecological designs that aim to retain water. The research will solicit nearby residents’ reactions to the different treatments. Because so many demolitions are occurring in the city, the researchers have a range of choices of properties as treatment and control sites (Nassauer 2014). The results of this research can apply in other cities where vacancy is less abundant and such tests would therefore face more research challenges but where green infrastructure could absorb storm water and improve neighborhoods.

A third example of this type of research looked at how different ways of maintaining vacant land might affect health (Katz, Barrie, and Carey 2014). Detroit’s many vacant lots
receive varied levels of maintenance. Mowing of publicly owned lots occurred once a year or every two years in the period of the study; these account for 51 percent of all vacant lots. Some lots experience no mowing and are becoming reforested. Some owners or neighbors mow frequently. As the authors stated, “The large number of vacant lots and the wide array of mowing regimes make Detroit an ideal place to answer our study questions” (p. 6). In vacant lots that were mowed annually or biennially, ragweed, a prolific producer of allergenic pollen, appeared more frequently than in the other mowing regimes, suggesting that this treatment of vacant lots could cause significant health problems, a finding with implications for the maintenance of vacant lots in many cities.

The availability and use of extensive vacant land could offer many more opportunities for experiments. The growth of urban agriculture in the city offers one example. Researchers have investigated residents’ views about urban agriculture (Colasanti, Hamm, and Litjens 2012; Draus, Roddy, and McDuffie 2014). As urban gardening and agriculture become widespread in the city, researchers may be able to investigate ecological conditions, air and water quality, and health effects in quasi-experimental settings. In all these studies, Detroit offers a context, but the city is not necessarily the subject of study or the unit of analysis. The tests of hypotheses could not take place without Detroit’s substantial vacancy, but the findings are often generalizable to situations in growing and dense residential settings as well because of the phenomena the research investigates. Researchers can learn from the Detroit context about effects of land uses that exist only at a small scale in other cities.

D. Demonstrating the limits of policy in the context of disinvestment
Studying Detroit can expose the shortcomings of policies not evident in growing places and reveal gaps in ways of thinking about decline. Policy research can also use Detroit as a setting to test policies that are least likely to succeed there; if they succeed in Detroit, they may have even greater potential elsewhere.

Michigan’s reform of the state’s property tax foreclosure process provides one example where the Detroit case exposes incorrect assumptions about demand for property. Michigan’s 1999 law aimed to “strengthen and revitalize the economy of this state and its municipalities by encouraging the efficient and expeditious return to productive use of property returned for delinquent taxes” (Michigan Public Act 123 1999). The legislation reduced the period of tax foreclosure from at least six years to two or three years. It also ended sale of tax liens and implemented a two-tier auction system. The primary auction each year offers tax-foreclosed properties for bids of no less than the amount of delinquent taxes, interest and fees owed on the properties. A second auction offers properties that do not sell in the first auction for opening bids of $500, regardless of the amount of taxes, interest and fees owed. Michigan’s law has served as a “best practice” for other state governments to consider adopting because it shortens the period of property abandonment and can provide clear title, thus reducing the time for damage to structures and potentially bolstering property tax returns (Brophy and Vey 2002, 11; Mallach 2006, 79; National Vacant Properties Campaign 2005, 8).

Wayne County’s experience in implementing the legislation was positive in the first year after the law took effect. It sold most of the foreclosed Detroit properties offered at auction. However, as the economy weakened through the first decade of the 2000s, the demand-based assumptions underlying the legislation became apparent. As of 2012 the number of properties foreclosed (slightly over 20,000) had increased to more than 70 times the number offered at
auction in 2002 (282). By 2007, the number of properties sold at the second auction each year dwarfed the number sold at the first auction. Most of the properties did not sell at all. For the first time, in 2009, the proceeds from the auction did not cover the unpaid taxes for which the properties had been foreclosed. By 2013, the county was not foreclosing on all properties with taxes unpaid for two years because the foreclosure and auction processes could not handle so many properties (Dewar, Seymour, and Druță forthcoming).

Even for properties sold when the economy was stronger, in 2002 and 2003, productive reuse did not necessarily result. New owners most likely to use property in ways that would add to future tax base—owner occupants, side lot purchasers, and those undertaking new development—purchased only 11 percent of a random sample of properties sold at the auctions. Nearly 50 percent of sampled sold properties were not redeveloped and not acquired by an adjacent owner. Of these properties, 80 percent were vacant lots with no sign of use following sale. Twenty percent of properties sold at auction in 2002 and 2003 were foreclosed again by 2007 (Dewar forthcoming).

These failures reveal that the widely praised Michigan legislation was based on incorrect assumptions about the demand for property. Legislators and proponents of the change in the law assumed that foreclosed properties would sell at auction. They assumed that auction revenues would cover the unpaid taxes and costs of foreclosure. They assumed property sold at auction would “return to productive use.” None of these assumptions proved true in Detroit. The Detroit case suggests that such provisions would work to encourage reuse only in places with stronger demand. Even in jurisdictions with strong economies, the case suggests, the neighborhoods where tax foreclosures occur most often could also have quite weak demand for property, and therefore, the outcomes could resemble those in Detroit.
Detroit-based research on federal policies and practices for handling mortgage foreclosures also reveals flawed assumptions about how policies work in the context of decline. As noted above, Detroit had one of the highest mortgage foreclosure rates in the nation preceding and during the recent recession. Many of these properties reverted to the ownership of federal entities that handle individual properties in their large national inventories of foreclosures in an identical manner, regardless of local housing market context. Using a national network of third-party contractors, federal entities have their foreclosed properties appraised and placed on the market, with price reductions occurring at set intervals. These practices assume demand for mortgage-foreclosed properties regardless of value, condition, or location. In the context of weak demand for housing, properties languish on the market and therefore experience extensive deterioration. Investors often purchase properties with low sales prices and in poor condition and then attempt to flip their acquisitions (Dixon 2011, Evans 2013). Such investors mislead buyers about needed improvements and unpaid taxes, leading to financial difficulties and possible foreclosure for new owner occupants. Investors allow properties they cannot flip to go into tax foreclosure, shifting responsibility for the properties to local governments. In these situations, federally owned and sold foreclosures impose negative externalities through their degraded conditions and unstable occupancy. In neighborhoods where demand for housing had remained strong prior to the recession, these policies and practices undermine the confidence of nearby owner occupants in the future of their neighborhood and encourage them to disinvest. Although neighborhood stabilization is an explicit objective of federal disposition of mortgage-foreclosed properties, the implicit assumption of adequate demand for the large number of foreclosures in Detroit frustrates the realization of this goal. Research on federal entities’ handling of mortgage-foreclosed properties in Detroit reveals the particular, place-based consequences of federal
policies that assume that demand for property exists and points to the need for nuanced understanding of local conditions and flexible approaches to sale of housing (Seymour 2014).

Other research offers examples of investigation of policies that work differently than expected in a context of decline. Lan Deng has looked at how the Low Income Housing Tax Credit (LIHTC) has been implemented in Detroit. Unlike growing cities, Detroit has a substantial supply of low-cost housing. In Detroit neighborhoods, the justification for the use of LIHTC to subsidize housing is to redevelop neighborhoods. Deng’s analysis has shown, however, that LIHTC is only associated with the strengthening of neighborhoods when a large number of subsidized units are concentrated in an area and when other redevelopment programs also focus there (Deng 2013). In another example of such research, Gary Sands and Mark Skidmore have explained how the property tax system, similar to that usually functioning adequately in most of the country, has contributed to Detroit’s financial crisis and limits the possibility of financial recovery (Sands and Skidmore 2013). Part of the explanation for the problems lies in state law that imposes a tax value cap, but most of the difficulties are due to Detroit-specific conditions such as very low property values, a range of tax abatements, and public ownership of tens of thousands of properties.

Stronger analysis of how urban policies may work needs to depend on theories that encompass situations with both strong and weak demand for property. The policy problems discussed above can be thought of as resulting from misspecified relationships with incorrect parameters because the analysis on which the policies depended did not consider the full range of conditions where the policy would be implemented.

3. Advancing synthesis of varied research on Detroit
The previous sections have shown several ways that studying Detroit can enrich and expand urban studies. Much of the cited work relates to property dynamics in the context of decline. This is an area in need of further theorizing and empirical research, in order to account for the range of political, social and economic conditions that both affect and are affected by property relations. To date, theory has focused more heavily on property relations in the context of growth than decline (see, for example, Logan and Molotch 1987). Decline is not merely the reverse of growth. Because buildings are durable, disinvestment takes place over a long period after demand for housing and industrial and commercial property declines, in contrast to the speed with which real estate development can respond to an increase in demand. The time between loss of demand and demolition allows many actors to extract remaining value. It also leaves a physical legacy with significant social, economic, environmental and political implications. In this section, we call for new theorizing to develop a socio-political economy of real property that encompasses both growth and decline, in order to give a more complete and robust account of property dynamics across a range of contexts.

Numerous studies that might contribute to such a project exist, but how these pieces fit together as a whole is not yet clear. The literature is perhaps most developed with regard to the economic and financial systems that operate as property becomes degraded and eventually abandoned. Some work has also considered the intersection of social relations and property dynamics in the context of decline. The beginnings of a literature on the interplay of property with political and governance issues in the context of decline also exist. Nonetheless, significant work remains both to fill holes not yet addressed by scholars and to develop the theoretical moorings that link these bodies of research with each other and with the larger literature on the political economy of property relations.
The literature on the economic and financial systems that operate as property becomes degraded encompasses topics such as landlord behavior in the context of decline, private lending and mortgage foreclosure practices and their consequences, and municipal property tax foreclosure practices. Much of this research comes from other cities experiencing decline and from earlier eras of property disinvestment. George Sternlieb and his coauthors (Sternlieb, Burchell, Hughes and James 1974; Sternlieb and Burchell 1973) and Michael Stegman (1972), for example, analyzed the situation of landlords in Baltimore and Newark as demand for housing fell with a decrease in immigration and with suburbanization. They found that neighborhood conditions (including vacancy rates and maintenance levels) and landlord-tenant relations have a bigger influence on the decision to abandon property than does the condition of the property that landlords abandon.

More recent research on the effects of huge numbers of mortgage foreclosures has helped reveal the behaviors of numerous actors and governmental entities in extracting housing equity from declining cities’ strongest neighborhoods. In the 1990s and first half of the 2000s, mortgage companies and brokers pushed predatory mortgages in middle- and working-class neighborhoods, often with a majority of minority-race homeowners. In a first boom of high-risk lending from 1992 through 1999, such loans were concentrated among minority borrowers and in minority neighborhoods in cities (Immergluck 2009, ch. 3; Whitehouse 2007). Therefore, mortgage foreclosures hit these neighborhoods and this type of borrower hardest. As Dan Immergluck (2011, p. 143) wrote, “Federal policymakers chose to permit the flourishing of subprime and high-risk mortgage markets and to actively preempt state governments’ efforts to protect their consumers in the absence of meaningful regulation.” In metropolitan areas with weak housing markets such as Detroit’s, foreclosures concentrated in central cities (Bratt 2012,
The influence on decline continues to become evident. In Cleveland, a large percent of real-estate owned (REO) houses—those that banks owned following mortgage foreclosure—sold at extremely low prices, under $10,000. Such low prices contribute to blight by eroding property values and the confidence of investors and homeowners in the future of their neighborhoods. Many of the buyers were not from the Cleveland region and had not seen the properties. By early 2010, 9 percent of REO houses that had sold at very low prices between 2004 and 2009 had been demolished; nearly half of such homes in the Cleveland area were vacant, and 56 percent were tax delinquent—indicating they could be on their way to abandonment and demolition (Coulton, Schramm, and Hirsh 2010).

Building on research in the 1970s (Sternlieb and Lake 1976, Olson and Lachman 1976), a growing literature on tax foreclosures also contributes to understanding the roles of government entities, investors, and speculators in the disinvestment process. The handling of tax foreclosures in Detroit seeded more blight by reducing owner occupancy and introducing irresponsible property owners into strong neighborhoods (Dewar, Seymour, and Drătă forthcoming). Joshua Akers (2013) argued that tax foreclosure practices in Detroit and Michigan were part of a system of “production of decline” (p. 1073). Jason Hackworth and Kelsey Nowakowski (2014) investigated what types of purchasers were “investing in disinvestment” through purchases at tax auctions in Toledo and found they very rarely had interest in redevelopment. Collectively, this research helps advance understanding of the interplay between decline, tax foreclosure, and individuals’ efforts to extract value as property becomes degraded.

This body of work leaves many holes to fill. Many real estate practices that characterize decline are not well understood. Corruption appears to be widespread. Most noteworthy in the last 15 years is the now well-known marketing of high-cost, high-risk mortgages, the
mischaracterization of the risk in mortgage tranches, and the foreclosures on households that could have made the monthly payments on restructured loans. Newspapers’ investigative reports and discussions in neighborhood organizations’ meetings provide evidence of many other types of crimes as well. As one example, in the late 1990s, the largest securities fraud case in Michigan’s history involved the bankruptcy of RIMCO, a company that owned thousands of homes in Detroit. Most of these homes became blighted (King 2001). For another example, with the rise of mortgage foreclosures and the increase in housing vacancies in strong neighborhoods after 2007, the state chair of the Michigan Welfare Rights Organization promoted squatting in houses. She told a reporter that she said to people unable to pay their rent, “Here’s a list of houses that we have intercepted that have been repossessed by banks; pick one and move in” (Thomas 2012).

Research at the intersection of social relations and property dynamics in the context of decline also helps to round out a socio-political economy of real property. Studies, cited above, by Kinder (2014), Herscher (2012) and Weber (2014) contribute to this literature. Each documents changes in property and social relations in places where decline has emptied neighborhoods, pushed down property values, and diminished governmental capacity, or where it threatens to do so. Kinder links these conditions to self-provisioning tactics residents employ to defend property values and neighborhood stability. Weber connects them to an unraveling of formal property relations. Herscher shows their relationship to property repurposing activities that create alternative urbanisms. Another piece of the same puzzle comes from research into the relationship between neighborhood disinvestment, abandonment, and crime. Erica Raleigh and George Galster (2014) find that a block in Detroit with many vacant homes has a higher crime rate than an otherwise identical block with few vacant homes. Whether those homes are
abandoned – rather than merely vacant – appears to make little difference in the crime rate. However, if a block has vacant lots instead of vacant homes, the crime rate is lower. All of this research – by Kinder, Weber, Herscher, and Raleigh and Galster – helps point the way for future work that links changes in property conditions to changes in social relations, and vice versa, in the context of decline.

Kinder’s and Herscher’s research also contributes to thinking about the relationship between property and political/governance issues in the context of decline. It provides examples of adaptations and consequences when the public sector’s capacity to govern severely diminishes, whether in providing city services or in enforcing city statutes and regulations. Literature on “urban austerity” policies (Peck 2012, 2014) provides a grounding for understanding how such government incapacity is produced. Such incapacity grows out of neoliberal ideology and the fiscal federalism policies that neoliberalism promotes.

Scholars could do more to articulate other forces largely outside the city’s control—for instance, the ways that the Detroit region’s changing role in the global economic system has implicated governance and property relations. Industrial decline was a major force in the city’s transformation (Farley, Danziger and Holzer 2000; Darden, Hill, Thomas, and Thomas 1987; Thomas 1990). The decline, restructuring, and relocation of auto manufacturing has reshaped relationships between elected officials and industrial leaders and changed the character of growth coalitions in ways not fully explicated.

Further work remains as well to link state and federal government actions to the social, economic and political dimensions of real property in the context of decline. Although Detroit’s decline stems from structural forces beyond its control, the State of Michigan nonetheless requires the Detroit city government to balance its books on the basis of an eviscerated tax base,
in accordance with fiscal federalism’s demand that each level of government be self-financing (Frug 1999). Only market-oriented interventions like outsourcing and public-private partnerships can achieve this in an environment that restricts intergovernmental transfers and tax increases.

Another useful line of research is suggested in Douglas Rae’s *City* (2003). Rae demonstrates that the challenge of governing changes as cities decline. In cities where decline has not undermined social capital, informal networks of households, churches, small businesses, voluntary associations, and the like supplement the work of government, as neighbors watch out for one another and care for their properties [a point also famously made by Jane Jacobs (1961)]. Those networks and the capacity to govern change considerably in cities like Detroit as a consequence of capital and job flight and the departure of residents. Block clubs and neighborhood organizations that remain in neglected areas no longer supplement government services; instead, they often provide the services themselves. They do so even as loss of population undermines capacity to meet private needs informally. Residents in some neighborhoods adopt parks, organize security patrols, pick up trash, board up vacant homes, and take other defensive measures in place of the public authorities that are ostensibly responsible for these tasks (Kinder 2014). Other neighborhoods lack similar coordination and receive only the minimal services the fiscally strained government provides. The level of neighbors’ interventions shapes the quality of neighborhood life unevenly across Detroit. Thus in many areas neighbors seek to socialize tenants to local norms when they move into housing that was owner occupied before the owners lost their home to mortgage foreclosure. Neighbors become code enforcers as they pester demolition contractors to do their work with the proper health and safety precautions and press city inspectors to assure contractors comply. Residents develop and share tactics for
getting squatters out of houses that can be preserved and sold, ignoring official statements about their own illegal trespassing.

This evidence suggests that decline prompts substantial shifts in both social relations and the allocations of power and responsibility in urban settings. Further documenting and understanding these dynamics is a promising line of inquiry for proposed broader understanding of the political economy of real property.

**Learning from Detroit**

These suggestions of ways to learn from Detroit and the implications for urban studies address a small number of the topics, research designs, and styles of research on Detroit. Learning from a specific city has a contentious history with reference to city-based schools of urban studies. However, we do not suggest that Detroit is representative of urban processes generally or that it is “radically unique” (Beauregard 2011). We do not mean to say that Detroit is what Neil Brenner calls “prototypical” (a case with characteristics soon to become more generalized) or “stereotypical” (typical of more general development) (2003). Rather, the examples demonstrate ways that Detroit’s extreme decline helps to expose phenomena not noticed elsewhere, parse phenomena that occur together elsewhere, undertake experiments that depend on the existence of much vacant land, and evaluate contrary policy results under very weak market conditions. In these examples Detroit sometimes serves as Brenner’s “archetypical” city, “an extreme case of a more general development” (p. 209). The extreme conditions in Detroit also serve as an invitation to comparison, not as a privileging of Detroit-based research. Research conducted on any site makes implicit reference to other sites of research by addressing theory derived from investigation of those places. Following Colin
McFarlane (2013), we propose the comparative aspect of research on Detroit as explicit and strategic, that is, “as a critique…that seeks to unsettle and destabilize knowledge and theory as it is produced, and that seeks to reconstruct and develop new lines of inquiry” (p. 738). As Jennifer Robinson (2011) has suggested, in advocating comparative urban research, investigation “could draw both inspiration and method from the cities that form its objects of study” (p. 19) and generate a style of theorizing that escapes the convention of developing hypotheses “based on more or less parochially generated theory” (p. 17). This chapter suggests the value of such comparative research by placing phenomena observed in Detroit against theories developed to account for processes in growing cities as well as theories that describe urbanization processes in the Global South.

Scholars in other disciplines can find other examples of ways to learn from Detroit and additional topics and theories they can enrich through Detroit-based research. Considerable potential exists to build further on what scholars can learn from Detroit. For instance, George Galster (2014) has argued that decline is distinctly different from growth in several ways. Research on Detroit has the potential to identify thresholds beyond which certain phenomena, for example, housing abandonment and residential change, slow or accelerate. Research inspired by disaster, especially in places such as New Orleans that were declining prior to disaster (for example, Lowe and Bates 2013; Ehrenfeucht and Nelson 2013), can offer additional insights in comparison with Detroit. Scholars in other fields will also be able to identify areas where research on Detroit shows the need for greater synthesis or an extension of received theory. The promise of such research on Detroit is considerable.

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Notes

Because we puzzled over how we could learn from Detroit, we convened the two-year long Detroit School Series hosted at the University of Michigan to address the following questions: Is it time to establish a Detroit School of Urban Studies? If so, what defines it? How does thinking about Detroit-like cities change the questions we ask and the answers we pursue in the many disciplines that contribute to urban studies? What do we gain by rallying a community of scholars under the Detroit School banner? What do we lose? The ideas in this chapter grew out of the lectures, seminars, and discussions in that series. See http://www.umich.edu/~detsch/.