

THE GREATER PONTIAC SESQUICENTENNIAL LEGACY PROJECT

Prospectus for Recovery

The City of Pontiac, its Workers and its Residents

January 28, 2012
Revised February 20, 2012



GREATER PONTIAC
SESQUICENTENNIAL 1861 –2011

Honor the past· Recognize the present· Build the future

The following is a summation requesting assistance in policy creation and fund appropriations for the city of Pontiac, as it relates to Executive Order 13578 – Coordinating Policies on Automotive Communities and Workers.

Executive Summary

The purpose of this white paper is to establish Pontiac's economic context, outline the community's relative strengths and their underlying causes, identify the role the City can play in leveraging these strengths for the purposes of economic development, and garner support for the recovery of the city of Pontiac, its workers and residents.

With the specific goal of requesting assistance for the community of Pontiac, focusing on the Strong Cities, Strong Communities Initiative and the Executive Order Coordinating Policies on Automotive Communities and Workers, the following assessment and proposal has been crafted.

The Situation

Pontiac Michigan is a declining community currently under State Emergency Management. Despite its previous leadership in automotive manufacturing, assets like major universities, serving as the County Seat of one of the most successful and financially stable counties in the United States and abundant natural amenities, the City's budget problems and the region's industrial legacy (specifically the community's reliance on it) has left it struggling to develop the human capital, entrepreneurial culture, and a dynamic quality of life needed to compete in the new economy.

Why the current situation is ripe for change

The revitalization of Southeast Michigan will require a comprehensive, regional solution. The federal government has stated through its Strong Cities, Strong Communities Initiative, that in order to strengthen local communities (neighborhoods, towns, cities, and regions) the strength of "local governments to develop and execute their economic vision and strategies" needs to be bolstered "by providing necessary technical assistance and access to federal agency expertise."

It is also recognized, per Executive Order 13578 – Coordinating Policies on Automotive Communities and Workers, that as a result of a decline in employment in the automotive industry (400,000 jobs lost between 2008 and 2009) a coordinated Federal response, of both technical and financial assistance, is needed to assist afflicted automotive-based communities. Pontiac fits the criteria for both opportunities.

The Goal: To develop a Comprehensive Economic Development Agenda that:

- Assesses the area's economic options and viability
- Creates a skilled and educated workforce while re-designing the fundamentals of education
- Invests in an infrastructure for innovation and connects residents with job opportunities
- Fosters an attractive business climate while creating opportunities for local businesses
- Creates a greater quality of life for the community and invests in long-term sustainability
- Exhibits a collaborative effort in partnership with Oakland County and the State of Michigan
- Utilizes all available Local, County, State, Federal and Private resources
- Maintains a unique sense of place
- Empowers local citizens to be involved

Based on Executive Order 13578, Coordinating policies on Automotive Communities and Workers, the community of Pontiac request the following in specific correlation to Section 2 regarding the Assignment of Responsibilities to the Secretary of Labor:

- i. Work to coordinate **the development of policies and programs** among executive departments and agencies with the goal of coordinating a Federal response to factors that have a distinct impact on automotive communities and workers, including through the coordination of **economic adjustment assistance** activities

Requests

A. Economic Development Planning

In order for Pontiac to realize its full potential, it needs **a federal grant in the range of \$100,000 to \$150,000 to fund: (i) a Competitive Assessment** (to analyze the city’s existing industrial sectors, those sectors’ growth patterns, and the city’s economic composition and growth relative to that of nearby municipalities); **(ii) a Target Opportunity Identification** (to determine what kinds of businesses are most likely to view Pontiac as a favorable location for investment and what kinds of investment are most likely to grow the city’s economy and benefit its residents); and **(iii) an Economic Development Action Plan** (to identify specific policies, marketing tactics, and development strategies, including a timeline for their implementation, that will retain and attract beneficial businesses to the city). In lieu of the fact that the City now has no economic development staff, we propose that Oakland County, with its outstanding economic development staff, leadership, programs and resources, serve as the facilitator of the grant on behalf of the City of Pontiac to coordinate all aspects of preparing the 3 components noted above culminating in a high quality Economic Development Action Plan with strategies for implementation. With Oakland County’s technical assistance, work on this could commence immediately.

B. Financial Assistance for the Development of a New Pontiac Library

Pontiac’s public library is currently engaged in identifying a new location that will allow it to expand and offer innovative and diverse media and learning opportunities. This presents an opportunity to develop the library into a hub for early childhood education, adult literacy programs, and a wide range of community activities. In order for this opportunity to be fully utilized, we would like **assistance identifying and applying for federal grant dollars that are applicable to the project.**

On January 28th at the Symposium in Pontiac, the following question was asked by a member of the audience and then answered by Mr. Jay Williams:

Q. “Many of us believe the library could be a key component in rebuilding our community. What functions or services should the Library Board consider offering to gain Federal support for a new or improved library? And, what program and service offering would make the library more likely to receive federal support?”

A. "... Services that appeal to a broad user group; Having formal arrangements with schools that a portion of the space will be used for literacy programs; Share space with social service agencies; Have formal working relationship with agencies that receive federal funds, to demonstrate that funding the library also supports other federal programs..."

A copy of "**The Economic Value of the Pontiac Public Library: Strengthening Pontiac through literacy partnerships**" is provided in the appendix of this prospectus.

C. Rapid Transit Development

We recognize that the rapid transit plan for southeastern Michigan that is being developed by Transportation Secretary Ray LaHood in concert with state and regional leaders has been shifted away from an emphasis on light rail to an emphasis on bus rapid transit (BRT). While we continue to hope that light rail on Woodward Avenue (M-1) has a future in southeastern Michigan, the most important thing is that Pontiac be integral to whichever plan is adopted, regardless of whether it is based on light rail or BRT. This means that Pontiac must be immediately included, along with the rest of the network, in either light rail or BRT development. Most troubling is that recent BRT plans specifically exclude Pontiac by not extending BRT lines north of Birmingham along Woodward Avenue (M-1) and by not extending BRT lines west of Van Dyke (M-53) along M-59. **There must be a method of extending this vital much needed service to Pontiac, even if one or more municipalities between Detroit and Pontiac do not participate, as is the current case. We emphasize that BRT lines along Woodward Avenue should run all the way from downtown Detroit to Pontiac and that BRT lines along M-59 should run all the way from Mt. Clemens to Pontiac.** In addition, the City of Troy's downsizing of its planned transit center has freed up federal transportation funding that would otherwise have been directed there. We believe that that money would be best spent on **the development of a transit center in Pontiac, at the crossroads of Woodward Avenue (M-1) and M-59.**

D. Maximize Downtown Pontiac's Economic Development Potential

Revitalization of Downtown Pontiac is critical to show the most recognizable and visible signs of economic prosperity while maintaining the City's unique sense of place. Much of the City's history and early economic growth took place in the downtown area. Downtown is the front door to the community. Downtown's vitality or decline is directly responsible for the perception of the economic health of the entire community. As the social and cultural hub of a strong community, healthy downtowns across the United States have proven to stabilize and increase the tax base of the entire community. A tremendous amount of investment has taken place over the past twelve years to reduce the negative effects of past planning and urban policy mistakes that include: burying the Clinton River, cutting off Saginaw Street with construction of a parking garage, developing the ring road to divert traffic around the downtown and act as a barrier to residents of the community, Urban Renewal that demolished blocks of buildings which were never replaced, County offices relocating to a campus outside of the downtown, and creating a maze of one-way streets that have collectively destroyed the viability and historic fabric of the downtown and severely hampered the ability for businesses to succeed. Positive improvements and private/public investment has included: rebuilding railroad overpasses, a new railroad station, new sidewalks and lighting along Saginaw Street, building rehabilitations, loft apartment and condominium projects, and a creative

building lease incentive program that attracted more than 60 new businesses. Pontiac joined Main Street Oakland County to build a comprehensive, community involved, transparent management strategy for the downtown. Two new Loft Apartment projects with mixed-use totaling more than 20 million dollars have started construction within the past month. Renovation and Reopening of the Strand Theater, a new City Library, and a possible new Regional Trade School are projects that need immediate financial assistance and when implemented will act as major catalysts for even more investment in the Downtown and throughout the City. Oakland County continues its assistance and offers all of its resources.

E. Service Park and Maintenance Facility for High Speed Rail Cars

We understand that Amtrak will need to develop a service park and maintenance facility for the railway cars that will be used on the expanding network of high speed rail in our country. We believe that **Pontiac is the ideal location in the country for such a facility. We have a large labor pool with the mechanical and industrial expertise to work in such a facility and plenty of vacant land (former General Motors Corporation Property)**, much of which is now controlled by the Revitalizing Auto Communities Environmental Response (RACER) Trust .

F. Housing Development Flexibility

We believe that decisions about housing development are generally best made by local elected officials. To that end, we would like to see the City of Pontiac given **greater flexibility and control over the expenditure of Housing and Urban Development funds** for the demolition and redevelopment of housing, for the reconfiguration of vacant land, and for the remediation of brownfields. In addition, we would like the federal government to approve a **fourth installment of the Neighborhood Stabilization Program, with greater flexibility and control given to local communities** as to how best to spend those funds. Finally, we would like to see modifications made to the Low Income Housing Tax Credit program in order **to better foster the upgrading of existing housing stock and enable sustainable homeownership opportunities.**

G. Innovative Development Policies

If Pontiac is going to succeed, we need to implement innovative policies that will incent residents to locate and live in the city and employers to locate in the city. To that end, we ask the federal government to consider the following policies:

(i) Forgiveness of federal income taxes and/or state property taxes, as well as other incentives, to attract more residents and families (especially middle-income and high-income earners) to live in Pontiac and increase the community's tax base;

(ii) Making all or a portion of Pontiac a federal empowerment zone, or even a Green Zone, in order to encourage additional employment opportunities and the diversification of those employment opportunities;

(iii) Implementation of tougher and enforceable job-creation requirements as a non-negotiable element in any future sales of RACER Trust properties;

(iv) Greater collaboration between the federal government (including the departments of Housing and Urban Development and Transportation and the Environmental Protection Agency) and local elected officials in order to better implement housing, transportation, and environmental initiatives in urban areas; and

(v) Embrace Oakland County's new One-Stop Readiness Program for fast tracking economic development project approvals, make all regulatory ordinances, programs and policies as up-to-date and as transparent as possible, building capacity for local economic development, utilizing best practices and by taking advantage of all County, State, Federal and Private resources

Pontiac's Economic Context

Suburban flight, automobile-oriented sprawl and deindustrialization triggered massive population and job loss in many of America's historically great cities. And while some of this nation's greatest cities have begun to rebound, cities like Detroit and Cleveland have continued to decline. Subsequently, surrounding communities like Pontiac and Youngstown have also been afflicted by generations of population and job loss, plant closings, financial issues and housing foreclosures.

The US Department of Commerce, Bureau of Labor Statics reports that local unemployment from 2007 to 2011 increased by 5.6%, from 15.1% to 20.7% respectively, with a high of 30% in 2009. This is by far the highest rate in the county, higher than even that experienced by Detroit (17.1% in 2011), and well above the national average of 8.2%.

The US Census Bureau reports that the population of Pontiac decreased by 10% from 2000 to 2010, and that within the community some 75% of the population had at most a high school degree (many only have some high school education) while roughly only 11% have a bachelor's degree or higher.

To give an example of this impact, in 2010, based on a population of roughly 60,000 and an unemployment rate of 25%, of the 45,000 individuals working, around 5,000 received a higher education making them eligible for higher paying careers. The remaining 30 to 40 thousand vie for the blue collar jobs (roughly 21% of all available jobs in Pontiac) that once provided a livable income.

With the recent decline in well paying manufacturing jobs, the most common jobs and leading industries for Pontiac's blue collar workforce revolve around the Service sector – educational services, health care and social services; face to face relations not easy to assimilate into an information technology framework. These types of job opportunities tend to be unskilled to semi-skilled, requiring only a moderate level of training, and pay significantly less than the previous leading industry – Automotive Manufacturing.

Subsequently, nearly every statistical category, from home ownership and property taxes to total city revenue and income taxes, shows a downward trend over the last decade.

Though the current economic outlook is drab, Pontiac is positioned for regeneration through preserving viable and historic residential neighborhoods, identifying long-term non-traditional green uses for the abundant vacant lands and buildings, and by building on key physical and institutional assets.

Oakland County, in which Pontiac resides and is the county seat, is one of the wealthiest counties in the state of Michigan. The county is also home to a knowledge-based economic initiative called Automation Alley, and is one of the largest employment centers for engineering and related occupations. The County has also invested a significant amount of technical assistance to the Downtown through its Main Street Program. The County's Emerging Sectors and Medical Main Street Program have also provided many resources to Pontiac businesses. The State's MEDC Programs are also providing assistance to Pontiac. If nothing else, this close association presents an opportunity for collaboration and a partnership for shared strategic economic revitalization.

The National Outlook

The intention of this section is not to over simplify the state of the national economy, nor overlook the vast array of elements (both global and domestic) that have an impact on its state, but merely to provide a framework for discussion as it relates to economic stabilization in the current economy.

The financial crisis experienced over the last several years resulted in a lag in domestic growth. In real terms, the US gross domestic product (GDP) is said to only have grown by 2-4 percent since 2009. This lack in grow is largely due to the persistently high number of unemployed in the US. Many economic forecasts suggest that the national unemployment rate over the next two years will remain relatively high when compared to historical rates. It currently sits above 8%, unheard of in the post war era. The national seasonally adjusted unemployment rate of workers without a high school diploma (most of them unskilled factory workers) is 15.3 percent, more than 3 times the 4.7 percent rate for workers with a bachelor's degree or more, and over the last 11 years the unemployment rate for this group has not fallen below 6.4 percent, this according to a study performed by the US Bureau of Labor Statistics regarding unemployment rate by education attainment. Laid-off workers residing in metro areas face unprecedented problems finding work as they must search among a bloated talent pool during an anemic job creation cycle.

According to a recent article sponsored by the Brookings Institute, *The American Workforce and Growth through Innovation*, part of the issue is that there is a "growing mismatch between the skills the marketplace demands and the skills of the existing workforce." The authors point out that while unemployment in the United States is declining, the advent in rapidly developed low cost information technology has created a void between the high-skilled professional and technical occupations and the low-

skill service occupations. To say that in another way, the mechanisms of information technology have automated routine tasks (clerical work in the office and production in the factory) making them relatively easy to be performed by low-skilled low-cost workers, thus negating the need for mid-range jobs and increasing the quantity of tasks requiring creative problem solving abilities.

It is generally accepted that the emerging new U.S. economy, an economy that focuses less on manufacturing on more on intellectual capitalization, is demanding more and more workers with postsecondary education, thus, past experience and the research show that there are enormous economic gains for regions that focus on promoting education.

Comprehensive Economic Development Initiative

Direction for Economic Development

The reality of being a smaller city requires a reconfiguration of our physical environment, the sustainable reuse of surplus land and buildings, maximizing the potential of the downtown and a re-targeted resource allocation of assets. If the different elements that figure in the revitalization of “Rust Belt” afflicted cities are to achieve that goal, they must be grounded in plans that help cities make choices about allocating resources, managing land inventories, building on assets for economic growth and linking central cities to their metro areas. As such, in order for the federal government to better help Pontiac plan for economic development and address issues like population loss, an economic assessment needs to be performed.

➤ Assessment

- Before identifying target industries, companies or opportunities, a meaningful federally backed assessment of the past, present and anticipated economic conditions of the city and region is highly recommended. Oakland County is best suited to facilitate such an effort
- Such an assessment will examine the economic composition and growth potential, while highlighting the viability of supporting existing and/or emerging industries and technologies
- Included within the assessment will be an examination of the workforce, current and projected future, including skill availability, occupational change, and its potential industry attraction. Oakland County’s Workforce Development Staff can provide technical data/services
- Said assessment will also include a competitive analysis, from a corporate site seeker perspective, as it relates to the variables that drive corporate investment decisions

- Additionally, an overall review of Pontiac containing but not limited to the following will be included: community characteristics, planned major developments, clustering of commerce, transportation, housing, industrial properties, and educational amenities, business climate (support services, access to financing, etc.), and assets and liabilities relating to attracting and developing both business and community

The move from economic assessment to development and implementation will be based on three factors:

1. Business Attraction

- Providing prospective businesses with an attractive environment (skilled workforce, vibrant community, up to date infrastructure, etc.) for corporate investment

2. Business Retention

- Maintaining an attractive business environment for increased corporate investment

3. Capacity Building

- Elevating the quality and appeal of Pontiac's business climate through incentive programs, property development, adaptive reuse and revitalization, grants in support of economic development, collaboration with and utilizing County and State resources, etc.

Based on the aforementioned parameters, the following areas of concern/improvement have been identified as key areas garnering special attention (federal technical and financial assistance) based on declining trends in employment and population.

1. Education

The relationship between growth and education has been one of the central discussions in regional economic analysis for many years. Economists have long believed that investments in education are an important source of economic growth and, more importantly, future economic and business development. There is general agreement among economists that more and better education is an important way to improve a region or state's economic growth. According to an April 2006 report by The Brookings Institution on the effects of investing in early education on economic growth, the contribution of education to labor productivity growth over the last 40 years is estimated to be between 13 and 30 percent of this productivity. Many believe that investments in education will become even more important in the future as we continue to evolve as a knowledge-based economy.

According to a study by the Center for Labor Market Studies at Northeastern University, over their working lives, the average high school dropout will have a negative net fiscal contribution to society of nearly -\$5,200, while the average high school graduate generates a positive lifetime net fiscal contribution of \$287,384. The same figure for a college graduate with only a bachelor's degree is \$793,079. For an individual with a Master's degree or higher it is upwards of \$1,000,000 in fiscal contribution.

The role of higher education in promoting and sustaining economic growth and development cannot be overstated. The economic value of an education to the individual and the community shows up in three important ways:

1. Unemployment is significantly reduced with education
2. Wages are positively impacted by education
3. State growth is directly impacted by education both in terms of quantity and quality

Why does education matter for economic growth and development? To oversimplify: a more educated labor force is more mobile and adaptable, needs less supervision and is more creative in thinking about how to improve the management of work¹. Furthermore, a more educated labor force can learn new tasks and new skills more easily and use a wider range of technologies and sophisticated equipment. All of these attributes not only make a more highly skilled worker more productive, but also enable a workplace that employs more educated workers to organize differently, manage differently, choose technologies and equipment differently, and adjust better to changes.

According to The Brookings Institution's report on the effects of investing in early primary education on future learning and subsequent impacts on economic growth, "skills beget more skills and new ways of doing business, workers learn from one another. The benefits of having a more educated workforce accrue to everyone, not just to the organization where these individuals happen to work"².

This statement also serves as an appropriate transition from the discussion of education as a cornerstone of recovery in theory to its real world practical application.

One area of transformative education that will have mutual benefits for the entire community that is currently undergoing planning and in much need of financial assistance, is the restructuring of Pontiac's library into the center of continued education (for underserved concentrations like science and math), vocational training (in key growth areas like technology and engineering), and community information dissemination for the surrounding community.

According to the Urban Libraries Council investigation on the impact of public libraries on local economic conditions, "Public libraries build a community's capacity for economic activity and resiliency. Many families and caregivers rely on the library to provide important preschool reading and learning. Many people entering the workforce rely on libraries to get them online. Local businesses are increasingly tapping into the library's online databases to keep themselves competitive and to find synergistic new business

¹ Dickens, W. T., Sawhill, I, and Tebbs, J. The Effects of Investing in Early Education on Economic Growth. April 2006. The Brookings Institution.

² Hanushek, E. A. and Wößmann, L. Education and Economic Growth. February 2008. Chapter prepared for the International Encyclopedia of Education. 3rd Edition.

opportunities. Library facilities often anchor downtown and commercial developments, and are attractive neighborhood amenities.”

This study denotes a shift in the role of public libraries – from passive, recreational reading and research institutions to active economic development agents – and demonstrates how a re-visioning of Pontiac’s library, acting as an anchor for downtown development and revitalization, can spur economic development through their ability to attract tremendous foot traffic, provide long-term tenancy, and complement neighboring retail and cultural destinations; support the growth of the small business sector by providing current and comprehensive access to business solutions and resources; enhancing the quality of life, creating stronger communities and fostering competitiveness by increasing literacy levels, retooling workers in information technologies and job readiness.

2. Transportation / Infrastructure

Transportation is a great enabler of economic growth, the lifeblood of commerce. It moves people to jobs and goods to the marketplace. Without strong transportation arteries, economies stagnate.

This is the official stance on transportation from the Department of Transportation (DOT) on the importance of transportation and transportation related infrastructure in the recovery of communities facing challenging economic times. According to the DOT, transportation infrastructure investment is a proven economic booster; it creates jobs, strengthens our economy, and rebuilds the infrastructure that keeps our country moving. For every \$1 billion in Federal money for transportation that is matched by state and local funds creates and saves approximately 34,700 jobs.

In conjunction, data collected by the House Committee on Transportation and Infrastructure shows that increased transportation infrastructure investment creates and sustains family-wage jobs, can help the country recover from the recession, and can lay the groundwork for long-term economic growth.

According to the American Road and Transportation Builders Association (ARTBA), the transportation construction industry in the United States supports the equivalent of more than 3 million full time jobs and generates over \$380 billion in total annual economic activity for the nation, nearly 3% of U.S. Gross Domestic Product (GDP).

Not only does success in the transportation construction industry improve GDP, commerce in the U.S. benefits every day from transportation investments that shorten travel times, increase productivity, improve travel-time reliability, and improve safety. According to the Texas Transportation Institute's 2010 Urban Mobility Report, Americans waste 4.8 billion hours a year sitting in traffic due to congestion. This translates to almost 4 billion gallons of extra fuel consumed and a \$115 billion cost to the nation when the cost of fuel and lost productivity are factored in. This reinforces the notion that infrastructure investments enhance the productivity of businesses and individuals, and failing to invest creates the disruptions that waste money, time, and fuel and undermine competitiveness.

Living in a metropolitan founded on the auto industry can often cause one to take access to transportation, in this case the automobile, for granted, while overlooking the necessity of an affordable public option. With new jobs emerging further and further away from central cities, many low-income workers often have difficulty accessing jobs, training and other services because of inadequate transportation³. In addition, many minimum wage jobs require working non-traditional hours (late evenings and or weekends), but traditional transportation systems often do not serve their routes during these times. Access to affordable transportation for low-income workers, elderly non-driving residents, and children fosters self-sustainability, promotes independence, and permits spending on other household essentials.

According to the National Association for State Community Services Programs, transportation for outlying metropolises can enhance economic growth and improve economic efficiency by, for example, allowing individuals to find and keep a jobs and access publicly funded services, thereby reducing the cost burden of unemployment compensation and the necessity of some temporary assistance services.

Furthermore, transit can reduce social and economic inequalities by enhancing mobility for low-income residents, many of whom lack cars and need assistance in finding jobs outside their primary resident area. Such jobs serve as an important source of income for those that otherwise face limited employment opportunities.

Finally, public transportation lowers household expenses by freeing up income for other uses. In 2000, transportation costs accounted for 36 cents out of every dollar spent in the poorest fifth of American households, 98 percent of which was spent on purchasing, operating, and maintaining their cars – this according to the Surface Transportation Policy Project.

As urban sprawl increases around the country and transportation choices like walking and biking are reduced, private transportation costs rise and demand for public transportation increases. If reliable transit options were made available to more nonurban areas, it would allow more low-income households to distribute more funds to other essential expenses like perusing higher education.

In addition, for low-income residents, long commutes and lack of transportation are barriers to working. Limited transportation options also isolate the poor from government services and programs designed to lift them out of poverty. These transit services maintain the independence of senior citizens, meet the healthcare, childcare, and educational needs of families, and help low-income households achieve self-sufficiency by providing a reliable and affordable means of getting to work. By implementing and sustaining community transportation programs, programs that reap community benefits far exceeding their investment (as demonstrated by the above text), the cycle of poverty can be addressed.

As transportation relates to the City of Pontiac, we request that the federal Government:

- Ensure that the Bus

³ Jones, Michelle Ganow. "Coordinating Transportation Services for Low-Income Workers," The Finance Project, October 2000.

- Making the Woodward Loop two-way as soon as possible in order to improve traffic conditions, to increase pedestrian safety and to improve accessibility to the Downtown for the immediate neighborhoods
- Eliminate one-way streets within the downtown in order to provide better access to all businesses

3. Housing / Infrastructure

The most visible symptom of sustained population loss is the proliferation of boarded houses and apartment buildings, empty office buildings and storefronts, and idle industrial buildings, along with vacant lots where similar buildings once stood. These vacant buildings and lots reflect the loss of demand for housing or business activity in cities that are losing both jobs and population. With more households leaving the city than coming in, the available supply of housing exceeds the demand. The same is true of commercial uses, as retail and service establishments either follow customers to the suburbs or go out of business entirely. More and more homes and other buildings cannot find either buyers or tenants, and are ultimately abandoned.

The long-term vitality of economically afflicted cities hinges on being able to sustain current residential areas while attracting new residents through the creation of new, possibly rehabilitated older developments. One area of great concern is maintaining a balance between providing affordable housing for the cities low income residents with the need to improve the city's economic vitality by retaining and attracting a more balanced income representation, i.e., more middle to high income households.

According to the 2005 – 2007 American Community Survey, one out of every four housing units in Metro Detroit was vacant. Roughly half of these units are neither being marketed for rent or sale nor being held for any other purpose, and can be considered abandoned. No reliable data is available on the number of vacant non-residential properties or vacant lots in these cities, but their vacancy rates are likely to be even greater than housing vacancy rates. All of this was an issue even before the economic recession, a situation that has only exacerbated the condition.

Low demand also means low house prices. While some may view such low house prices as making home ownership affordable to a larger spectrum of potential buyers, they actually create more problems than they solve. When existing houses sell for less than their replacement cost and fail to appreciate over time, developers have no incentive to build new houses on vacant land, and home buyers have no incentive to fix up houses that have fallen into disrepair.

Depopulation has created a new urban landscape. Instead of the fabric of occupied houses that once existed, blocks contain a mix of vacant lots where houses once stood; vacant houses, often fire-damaged and awaiting demolition; absentee-owned occupied houses, usually in poor repair and candidates for

future abandonment; and a surviving handful of owner-occupied houses, often occupied by an elderly individual or couple.

Population loss and land redundancy are long-term realities, not short-term trends. One avenue that this proposal seeks to help mitigate the effects of this new reality is through policy re-creation. Several ideas include:

- Modified HUD regulations allowing for more local control over demolition of abandoned properties, vacant land reconfiguration and brownfield remediation
- An expanded role for the Neighborhood Stabilization Program with a local component
- Restructuring the Low Income Housing Tax Credit program to foster the upgrade of the existing housing stock and sustainable homeownership opportunities

4. Policy

The economic and social transformations of the past two decades have rendered the concept of “the cities” as a single category no longer useful as a basis for policymaking. If federal policy is to help regenerate the distressed older cities, they need to be the focus of distinct strategies addressing their particular circumstances, rather than generic approaches grounded in a generalized notion of urban revitalization.

Distressed “Rust Belt” cities and their regions need to stabilize their economic base, provide jobs for their residents and scope for their businesses to grow. For this to take place there needs to be a focus on transformative change through governmental policy affording local policy makers with the ability to integrate their respective cities into the post-auto manufacturing economy.

It is widely acknowledged that proper policy implementation around proven and concise SMART goals (strategic, measurable, attainable, realistic, and timely) can have the greatest impact on a regions recovery. To that end, dialogue on creating/tweaking policies surrounding the following areas is sought:

- Implement ongoing professional and comprehensive management of the City with a balanced budget and sound future financial planning and management policies and procedures
- Incentives that would encourage a more balanced income representation
- Parts of Pontiac as an Empowerment zone, or even a Green zone, meant to encourage diversification of employment opportunities
- Specific language mandating job creation as a nonnegotiable element in any future sales of Racer Trust properties

- Focus upon the sustainable rebirth of the downtown as the front door to the community as well as the governmental and social center for its residents and a key component in the City's unique sense of place
- More collaboration of federal policies at the local level, e.g., HUD, DOT, and EPA in a partnership around housing, transportation and environmental initiatives in urban areas
- Collaboration with Oakland County and the State of Michigan to maximize the use of all available resources for the economic recovery of the City of Pontiac

Conclusion

The economic downturn and subsequent shrinkage of the automotive industry has heightened attention and focus on economic development in Pontiac. This attention is sharpened by the awareness that, in order to succeed in an increasingly competitive environment, the community must first focus, in view of the current State Emergency Management of the City, on correcting its financial, administrative and municipal management policies and practices for the future. The City must also leverage its core assets, new resources and new connections at the local, county, state and national levels, to develop an economic development strategy which incorporates the tremendous amount of quality planning that is already in place for the community. And, the City needs to collaborate and take immediate action to implement short and long term economic growth and job creation. The City, in partnership with County, State, Federal and Private Philanthropic resources, has a role in this effort, both indirectly through provision of City services and directly in terms of public policy on physical development, incentives, and other forms of assistance to its residents as well as the business community in collaboration with non-profits and other community organizations.

This proposal calls for a federal, state, county and local compact around a series of educational, economic, social and infrastructure initiatives that can help the area reassert itself. It calls for a different method of collaboration using federal resources in a partnership with those previously mentioned in order to foster transformative strategies based on the smaller, stronger city paradigm that Pontiac, and our nation, currently faces. This is an approach which has already been embraced by other cities and by many figures in the Obama administration, and which has begun to be reflected in important administration policy initiatives and legislative proposals. It is hoped that this document will make a contribution to the continued evolution of federal policy, and toward a more sustainable future for cities like Pontiac, where the following outcomes are a reality:

- A professionally managed community
- A prosperous community with a high standard of living

- An educated community
- A balanced community
- A culturally diverse community with a unique sense of place
- A harmonious, unified community
- A sustainable community

SIGNATURE PAGE

Pontiac Prospectus for Recovery

Lou Schimmel **Date**
State Appointed Emergency Manager

Leon Jukowski **Date**
Mayor, City of Pontiac

Lee Jones **Date**
President, City Council