



# Assessing the Investment: The Economic Impact of the Great Lakes Restoration Initiative

## A Case Study of Detroit, Michigan

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In Detroit, MI, Great Lakes Restoration Initiative improvements including habitat restoration and new habitat construction have been an influencing factor in numerous economic benefits including:

- **Recreational Use:** Detroit's riverfront has become a global destination, drawing 3 million people who spend nearly \$22 million annually.
- **Economic Development:** Developers have invested nearly \$400 million in new waterfront developments and improvements to existing ones.
- **Millennial Attraction:** Detroit's millennial population has increased by two percent and the percentage of those aged 25-34 with a bachelor's degree nearly doubled between 2010-2017.

For decades, Detroit River Conservancy (DRC) president and CEO Mark Wallace says Detroiters primarily knew the Detroit River as "a very heavy industrial site." Thirty steel mills, oil refineries, chemical manufacturers, and other plants discharged into the river, which connects Lake Erie to Lake St. Clair. Adding even further to the river's environmental troubles, nearly 80 combined sewer overflows discharged into the river on both the American and Canadian sides of the river.

As a result, Detroit River water became contaminated with PCBs, mercury, metals, and bacteria. Government bodies on both sides of the water issued "no consumption" advisories for fish. And diking, dredging, and construction of bulkheads significantly degraded fish and wildlife habitats along the river.

Suffice it to say that the general public hardly saw the river as worth visiting, or living nearby. But that's changed in a major way since the implementation of \$89 million worth of Great Lakes Restoration Initiative (GLRI) waterway cleanup projects, which followed decades of investment in water infrastructure. Remediation efforts have included restoration of Blue Heron Lagoon on Belle Isle in the Detroit River, restoration of riparian habitat near the U.S. Steel plant, and construction of fish spawning reefs.

Wallace says the restoration work has "fundamentally changed the way the entire southeast Michigan community thinks about our waterways." The river is now an internationally recognized tourist destination, a recreational center, a hot site for development, and a draw for the city's growing millennial population.

"I think there's no question that the image of Detroit has changed amongst its stakeholders," says Michele Hodges, president of the Belle Isle Conservancy. "We're slowly shedding that poor image that we've had for our waterways as these initiatives have taken hold and really transformed that perception."

### A global destination

Detroit stakeholders attribute a resurgence of recreational activity along Detroit's waterfront to the combined effects of GLRI waterway restoration and the construction of the Detroit RiverWalk. The RiverWalk, a 3.5-mile paved waterfront path connecting downtown Detroit and multiple public green spaces, opened in 2008 and continued construction through 2012.

“There are a lot of folks in southeast Michigan who had never had much reason to interact with the Detroit River,” Wallace says. “Bringing back so much of the natural habitat and the restoration that took place along the waterfront has really allowed people to come directly to the water’s edge, interact with it, and try to be reminded that we do sit on a major piece of fresh water.”

That’s led to a variety of new recreational uses of the waterfront, such as paddleboarding and kayaking. In 2015 the state of Michigan contracted with Riverside Kayak Connection to begin renting kayaks and paddleboards at Belle Isle, an island state park situated just offshore from Detroit. Detroit River Sports and Detroit Outpost also now provide kayak and paddleboard rentals and tours. The number of customers Detroit Outpost serves has increased fivefold since the business started in 2013; more recently, the business saw a 53 percent increase in sales from June 2017 to June 2018. Detroit River Sports, which opened its doors in 2012, has also seen its business double from 2015 to 2018.

“I spend a lot of time on the Detroit River and Lake St. Clair and I can tell you that paddleboarding and kayaking have never been more popular in the Detroit area,” says Kyle Bureson, executive director of the Detroit/Wayne County Port Authority and an avid sailor and fisherman. “It certainly can be tied to cleaning up the waterway.”

Jeanette Pierce, executive director of the Detroit Experience Factory, notes increased fishing activity on the river since restoration work was completed. The

Kids Fishing Fest, offering free bait and pole rentals for young participants, began in 2011 at Milliken State Park and Harbor. It now draws 500 people per year.

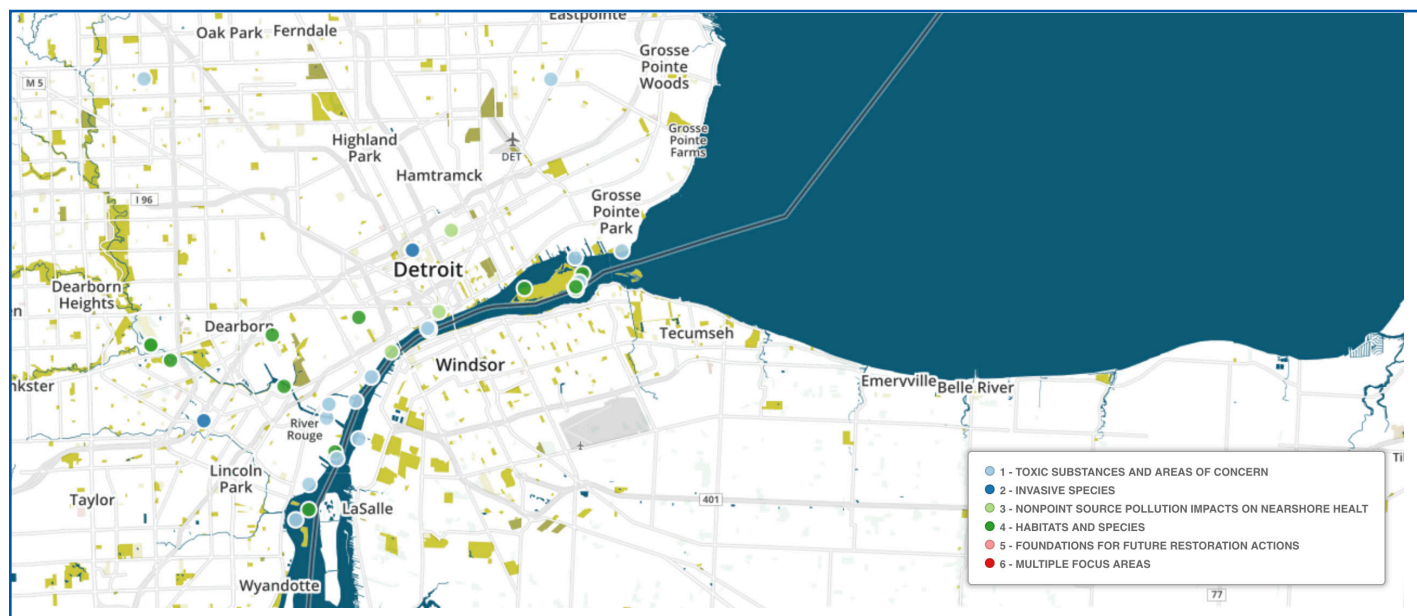
And that’s just one of numerous reasons people come from all over the country and the world to visit the Detroit riverfront. A 2013 economic impact study commissioned by DRC found that approximately 3 million people visit the riverfront each year for annual festivals, weekly events, and casual trips. More importantly, they spent nearly \$22 million on those visits, \$16.7 million of it directly attributable to the riverfront. What’s more, those visitors are not just locals. In a series of 700 interviews, the same study found that 11 percent of riverfront visitors were in from out of town.

“You see people from all walks of life, speaking many languages, all sharing their love for the waterfront,” Pierce says.

### A “profound transformation” in development

Just as waterway restoration efforts have drawn people back to recreate along the Detroit River, they’ve also drawn developers back to build on the water. The DRC’s 2013 study found an estimated \$1.55 billion in development and contributed land value along the riverfront since 2003, \$639 million of it directly attributable to riverfront improvements before and after the GLRI program.

“The city’s focus around development has turned towards the water in recent years,” Pierce says. “The



Great Lakes Restoration Initiative projects around Detroit, MI.

water is the catalyst for many, many, many developments on both the east and west riverfront.”

Waterfront developments include Orleans Landing, a \$65 million, a 270-unit development, in 2015; Water’s Edge at Harbortown, a 134-unit development, in 2015; and the Thome Rivertown Neighborhood, a \$45 million senior affordable housing development, in 2013.

Investment dollars have also flowed into real estate improvement projects along the waterfront. Cobo Center, Detroit’s waterfront convention center, underwent a \$279 million improvement project in 2013. And Alden Towers, a 450-unit building, carried out a \$10 million restoration project in 2013. Most development activity thus far has been fo-

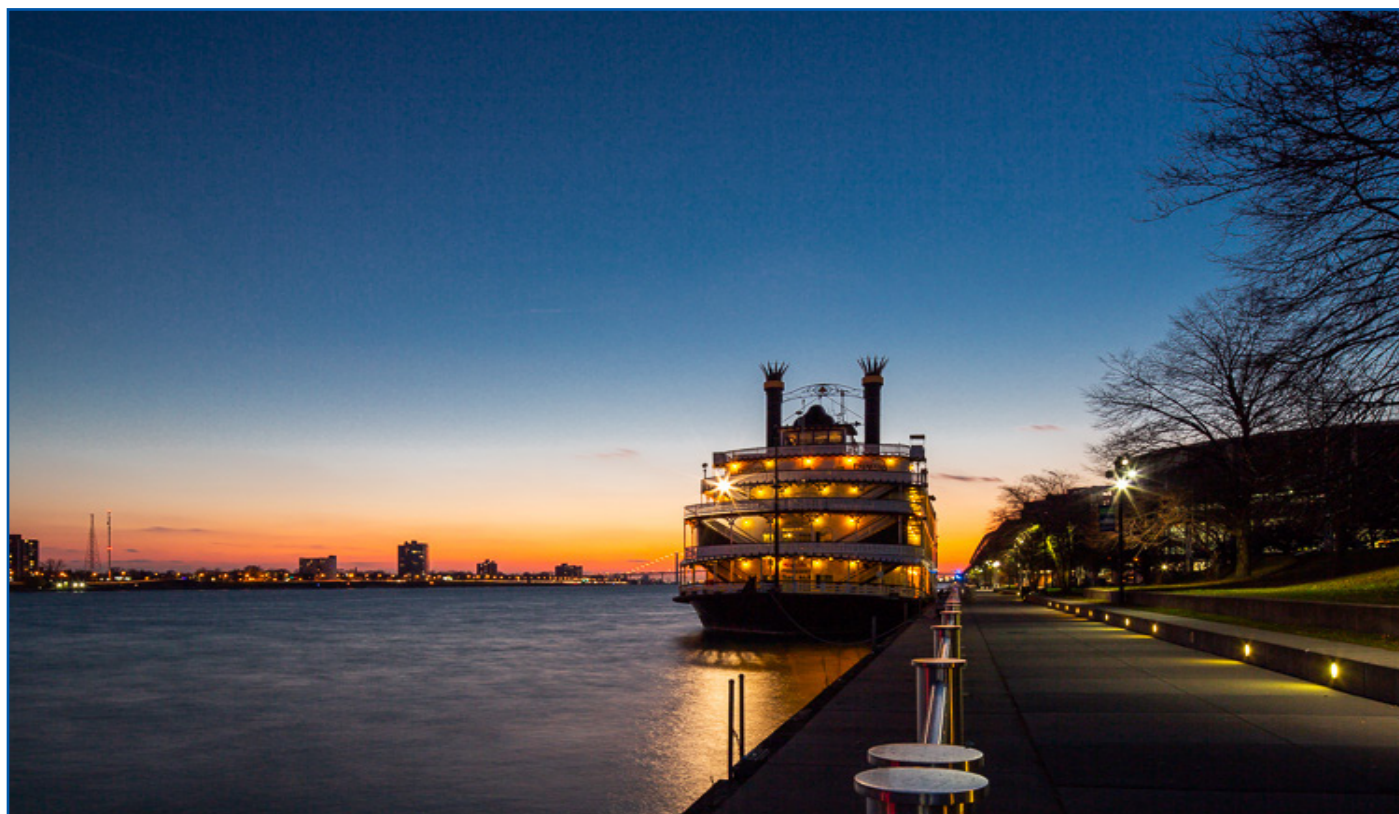
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cused on the east riverfront, east of Detroit’s downtown center at the Renaissance Center and Hart Plaza, where the Riverwalk and most existing riverfront amenities lie. But DRC has announced plans for a \$50 million redesign of West Riverfront Park, adding a beach, playgrounds, and pavilion in a bid to create a major new waterfront destination to the west.

“We’ve seen a really profound transformation in the investment to the east riverfront,” Wallace says. “And as we talk more about the west riverfront we’re starting to see people identify those parcels as valuable parcels as well.”

### **Younger residents give back**

Waterfront amenities and living space have proven attractive to millennials, who have flocked to Detroit in recent years. Although the city’s population has decreased overall since GLRI implementation, the city’s millennial population has actually posted an increase. There were 148,071 Detroiters between the ages of 20 and 34 in 2010, and that number increased 2 percent to 150,357 in 2016. The population aged 25 to 34 with at least a bachelors degree almost doubled between 2010 and 2017 (91.1 percent growth compared to 25.8 percent in the United States.)



*Detroit’s RiverWalk is a destination for locals and tourists.*

Millennials now constitute 22 percent of Detroit's population, although they constitute only 19.5 percent of Michigan's population overall. Pierce says improved waterways have been a definite "selling point" for the generation.

"It is a big draw for millennials to stay here in the region, as well as move here," she says.

Wallace says the riverfront's many existing and planned amenities are a major draw for younger residents who prioritize experience over possessions. "People walk to concerts along the riverfront," he

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That generation also values GLRI, and continuing waterway restoration work on the Detroit River. Burluson says one key indicator of the high public

perception of both the river and GLRI is the strong public support that arises when GLRI funding cuts are threatened.

"It certainly stirs a lot of emotion, gets a lot of people fired up," he says. "I think people believe that the water quality is better now than it was when the GLRI started."

Hodges says the millennial generation has "a real appreciation for our natural assets that exceeds past generations."

"I would expect that we're going to continue to see a commitment to our natural assets, that it's going to grow, and that the brick and mortar that's necessary to really support the restoration of those assets is going to continue to develop," she says. "And I think the millennials will likely drive a lot of that as they become leaders in the community."

*Information included in this case study was provided by the interviewees or obtained from Detroit Riverfront Conservancy, "Economic Impact Study: Detroit Riverfront" (2013); the American Community Survey (2010, 2016); and a variety of other data sources.*

This case study is part of a project entitled "Assessing the Investment: The Economic Impact of the Great Lakes Restoration Initiative" (September 2018). A summary report and other documents for the project are available at <https://www.glc.org/work/blue-economy/GLRI-economic-impact>.

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