# Restoring Prosperity

## The State Role in Revitalizing America's Older Industrial Cities

The Brookings Institution Metropolitan Policy Program

# Restoring Prosperity

## The State Role in Revitalizing America's Older Industrial Cities

The Brookings Institution Metropolitan Policy Program © 2007

# Acknowledgements

The Brookings Institution Metropolitan Policy Program is grateful to the many people who have supported this project with their expertise, insight, and resources.

First and foremost, we would like to thank the Surdna Foundation for their generous support of this effort. We particularly want to acknowledge the tireless contributions of Kim Burnett, whose knowledge and enthusiasm have helped this project grow from a single report to a major organizing and research effort. We also want to express our gratitude to the F.B. Heron Foundation and the William Penn Foundation for providing additional funding for this report, as well as the Fannie Mae Foundation, the Ford Foundation, the George Gund Foundation, the Heinz Endowments, the John D. and Catherine T. MacArthur Foundation, the Charles Stewart Mott Foundation, and the Rockefeller Foundation for their general support of our work.

The Metro Program also wishes to show its appreciation to Hal Wolman, Kimberly Furdell, Nancy Augustine, and Pamela Blumenthal of The George Washington Institute of Public Policy (GWIPP), and Ned Hill of Cleveland State University, for developing the methodology used to identify the 65 older industrial cities discussed in the report, as well as for collecting and analyzing much of the data cited throughout. Their work is a vital part of this project. We thank, too, David Eichenthal (Community Research Council); Julie Wagner (Brookings Institution Nonresident Senior Fellow); Jillian Barrick Jones, Rachel Barkley, and Scott Quehl (PFM); and Travis James and Jon Hockenyos (TXP) for their valuable contributions.

Numerous other people offered important guidance and advice that helped improve the report as it progressed. First, we are grateful to the many people who attended multi-day meetings in Washington, D.C. and Philadelphia to discuss the draft report, including the nonprofit, foundation, government, and business leaders and practitioners from older industrial cities who shared their wisdom and experience from working in these communities. Their input was critical to the development of the final product, particularly the policy recommendations. We also want to single out those who provided written comments on the draft, including Paul Brophy (Brophy and Reilly, LLC); Cris Doby (C.S. Mott Foundation); William Ginsberg (Community Foundation of Greater New Haven); John Hanger (PennFuture); Eric Hoddersen (Neighborhood Progress, Inc.); Paul Levy (Center City District of Philadelphia); Alan Mallach (National Housing Institute); Janet Milkman (10,000 Friends of Pennsylvania); Joseph Schilling (Virginia Tech); Gerry Wang, Shawn McCaney, and Andrew Johnson (William Penn Foundation); John Weiler (F.B. Heron Foundation); and Hal Wolman (GWIPP). Jeremy Nowak (The Reinvestment Fund), Diane Bell-McKoy (Associated Black Charities), and Sharmain Matlock-Turner (Greater Philadelphia Urban Affairs Coalition) also provided very helpful advice early on in the development of the project and report.

We also want to thank Professor Anne Power and her team at the London School of Economics (LSE) for stimulating our thinking about the revival of industrial cities. This project has benefited tremendously from the trans-Atlantic exchange of innovations and ideas our partnership has fostered. We also thank the HM Treasury and the Office of the Deputy Prime Minister for supporting our participation in the European City Reformers Group meeting at the LSE in September 2006.

Finally, we want to note that the Metro Program is lucky to be part of a fabulous team of people and organizations that are working to build an initiative focused on the revitalization of America's older industrial cities. This includes, at the national level, Don Chen and Smart Growth America; Radhika Fox and PolicyLink; Matt Kane and the Northeast-Midwest Institute; Alan Mallach and the National Housing Institute; Ben Starrett, Ann Fowler Wallace, and the Funders' Network for Smart Growth and Livable Communities; and Paul Brophy (Brophy and Reilly, LLC), as well as, at the state level, Lavea Brachman, Gene Krebs, and Greater Ohio; George Hawkins and New Jersey Future; Diane Sterner and the Housing and Community Development Network of New Jersey; and Janet Milkman, Todd Vonderheid, Julie Lalo, and Renew PA. These groups, and a growing number of other organizations, have been essential in building support within target states for the agenda presented here, and will be key to the project's success in the years to come.

## About the Author

Jennifer S. Vey, a senior research associate with the Brookings Institution Metropolitan Policy Program, is the principal author of this report. Alec Friedhoff, David Warren, and intern Albena Assenova provided invaluable research assistance to the project. Alan Berube, David Jackson, and Mark Muro each offered important suggestions and contributions throughout the final stages of the report, and Matthew Fellowes, Chris Leinberger, Robert Puentes, and Howard Wial provided helpful advice along the way. Bruce Katz, in particular, was a critical partner in the development of this project and the ideas discussed in the report. ■

# Contents


Executive Summary 4

I. Introduction 8

II. Older Industrial Cities in the U.S. 10

III. The Origins and Challenges of Older Industrial Cities 20

IV. Seizing the Moment 34

V. A State Agenda for Revitalizing America's Older Industrial Cities 44

VI. Organizing for Success 64

VII. Conclusion 68

Appendix 69

Endnotes 77

# Executive Summary

The evidence is clear. On the whole, America's central cities are coming back. Employment is up, populations are growing, and many urban real estate markets are hotter than ever, with increasing numbers of young people, empty-nesters, and others choosing city life over the suburbs.

Unfortunately, not all cities are fully participating in this renaissance. An examination of the performance of 302 U.S. cities on eight indicators of economic health and residential well-being reveals that 65 are lagging behind their peers. Most of these cities—and their larger regions—are older industrial communities that are still struggling to make a successful transition from an economy based on routine manufacturing to one based on more knowledge-oriented activities. Some others are simply dominated by the low-wage employment sectors that today characterize much of the American economy. But the outcomes are largely the same: While many of these cities have strong pockets of real estate appreciation and revitalization, on the whole they remain beset by slow (or no) employment and business growth, low incomes, high unemployment, diminishing tax bases, and concentrated poverty—remnants of five decades of globalization and technological change, and the dramatic shift of the country's population away from the urban core.

These cities weren't always in such a tenuous position. To the contrary, they were once the economic, political, and cultural hubs of their respective regions, and the engines of the nation's economic growth. They were vibrant communities where new ideas and industries were conceived and cultivated, where world-class universities educated generations of leaders, where great architecture and parks became public goods, and where glistening downtowns grew up within blocks of walkable, tree-lined neighborhoods where the middle-class swelled and thrived. They were, in short, physical testaments to the innovation and spirit that shaped the nation and its citizens.

And so they can be again. This report provides a framework for understanding how to restore prosperity in America's struggling cities, particularly those in the Northeast and Midwest. Targeted at state and local government, business, and civic leaders ***Restoring Prosperity: The State Role in Revitalizing America's Older Industrial Cities*** describes the challenges facing these communities, the unprecedented opportunity that exists to leverage their many assets, and a policy agenda to advance their renewal.

The report underscores three central messages:

**1 Given their assets, the moment is ripe for the revival of older industrial urban economies.** Older industrial cities possess a unique set of characteristics and resources that, if fully leveraged, could be converted into vital competitive assets. These include distinctive physical features—including waterfronts, walkable urban grids, public transit, and historic architecture; important economic attributes—such as

dense employment centers, universities and medical facilities (often referred to as "eds and meds"), and, for some cities, proximity to more economically robust metropolitan areas; and rich social and cultural amenities—like public art, theater, sports, and museums. Moreover, older industrial cities are still important centers of regional identity, inspiring a sense of pride and place, which, while often abstract, can be the first seed from which to nurture the momentum for change.

After decades of painful economic restructuring, the time is now for these cities to seize upon new trends and attitudes that have begun to revalue their special qualities. Major demographic shifts—robust immigration, an aging population, and changing family structures—are altering the size, makeup, and locational choices of the nation's households, to the benefit of the cities that offer the opportunities and amenities these groups seek. Economic trends—globalization, the demand for educated workers, the increasing role of universities—are providing cities with an unprecedented chance to capitalize upon their economic advantages and regain their competitive edge. And forward-thinking political leaders and constituencies—businesses, local and state elected officials, major foundations, and key environmental and community organizations—are speaking more eloquently and more often about market-based urban development, reflecting these groups' growing awareness of the nexus between city revitalization and competitive, sustainable metropolitan growth.

The impact of these forces is already apparent. The 1990s brought a sea change in how urban areas are viewed—as places in which to invest, conduct business, live, and visit. This has resulted in the turnaround of many cities—from Chicago to Chattanooga—such that they are once again innovative, competitive, high-quality communities where their residents have the choices and opportunities needed to thrive. It has helped spark a resurgence in many downtowns and inner-city neighborhoods, even in cities that continue to struggle with broad economic malaise. And it demonstrates the potential for all cities to reverse the vicious cycle of decline of the past several decades and realize a brighter economic future.

**❷ States have an essential role to play in the revitalization of older industrial cities, but they need a new urban agenda for change.** The revitalization of older industrial cities necessarily starts with local leaders, who must develop and articulate their own vision for success, and the means by which to realize it. But they can't go it alone. In order for cities to reach their true economic potential, their states must engage—on multiple fronts. States establish the rules under which local governments must operate, deciding the form of taxes and fees that municipalities can impose on residents and businesses, as well as the structure of local governance. States help design the physical skeleton of metropolitan areas, by helping determine how and where major capital and infrastructure projects get built. States help shape the quality of regional economic growth, through their substantial investments in K–12 education, higher education, and economic development. Finally, states create the opportunity structure for low- and middle-income residents, by administering myriad federal- and state-funded social programs that impact families' ability to improve their incomes and build wealth.

All told, cities are in large part creatures of states, therefore state actions—and inactions—have an enormous effect on their overall well-being. Unfortunately, over the past half century state policies and practices have generally not been favorable to urban areas. At best, these communities have been treated with benign neglect, with state programs and investments focused predominately on managing urban decline, as opposed to stimulating economic recovery. At worst, state policies and investments have actually worked against cities, facilitating the migration of people and jobs (and the tax base they provide) to the metropolitan fringe, while reinforcing the deterioration of the core.

Ultimately, states have the potential to help restore prosperity in the nation's older industrial cities—if they make revitalizing urban economies the central element of urban policy. This requires that states focus their investments, overhaul outdated and counterproductive policies, and experiment with innovative strategies that leverage these communities' assets. And it requires, above all, that state policies, practices, and investment strategies reflect a holistic "urban agenda" that cuts across what are typically separate and siloed policy areas. Such an agenda should have five primary objectives:

- **Fix the Basics.** First and foremost, states need to ensure that older industrial cities are safe, fiscally healthy communities where children are provided the same opportunities as their suburban counterparts. This means implementing policies and programs that help lower prison recidivism rates and reduce crime; improve neighborhood schools and the instruction that takes place within them; and create a competitive cost climate for families and businesses.
- **Build on Economic Strengths.** Second, states need to do their part to help older industrial cities understand and cultivate their unique economic attributes so as to foster a "high road" economy. To this end, states should help cities reinvigorate their downtowns; invest in industries—eds and meds, culture and entertainment, advanced manufacturing, small businesses, and others—that play to cities' and metropolitan areas' strengths; and support expanded transit links and cross-regional cooperation to enhance the economic connectivity between metropolitan areas.
- **Transform the Physical Landscape.** Third, states need to recognize and leverage the physical assets of cities that are uniquely aligned with the preferences of the changing economy, and then target their investments and amend outmoded policies so as to help spur urban redevelopment. States should focus their resources on upgrading crumbling infrastructure in cities and older areas; provide support for major projects—such as waterfront redevelopment or improving large public parks—that have the potential to catalyze reinvestment in the core; and implement laws and policies that encourage, rather than inhibit, the management and marketability of vacant and underutilized urban properties.
- **Grow the Middle Class.** Fourth, states need to improve the economic condition of low-income older industrial city residents. This requires that states invest in state-of-the-art vocational training systems that give residents the skills they need to compete; give low-wage workers ready access to the work benefits they deserve to make work pay; and help low-income families to build wealth and assets through programs and legislation that reduce the costs of being poor.
- **Create Neighborhoods of Choice.** Finally, states need to ensure that cities have strong, healthy neighborhoods that are attractive to families with a range of incomes. This requires that state housing subsidies be flexible enough to be used to build a mix of unit types at varying prices throughout metropolitan areas; that they appropriate resources to help localities leverage the market potential of under-served urban neighborhoods;

and that they enact historic preservation, building code reform, and other programs that help maintain and stabilize homes and communities.

**3 The overall benefits of city revitalization—for families, for suburbs, for the environment, and ultimately for states—are potentially enormous.** Not only do states have the power to positively affect urban economies, but they also have a strong rationale to do so. With over 16 million people and nearly 8.6 million jobs, older industrial cities remain a vital—if undervalued—part of our economy. These cities contain billions of dollars of sunk and ongoing state investments in urban infrastructure such as roads, transit, sewer and water systems, and public facilities. State funding for urban school systems, community colleges and public universities constitute a large and growing portion of state budgets. And states invest substantially—year in, year out—in the low- and moderate-income families who live in cities, through a myriad of social programs. Yet most state governments have paid little attention as to how much, and to what end, they are spending on cities and their residents, and how they could be getting more bang for their buck.

The above agenda offers a new approach to state urban policy that, in the end, will substantially increase the return on state investments, in manifold ways. Restoring prosperity in older industrial cities will lead to a reduction in unemployment and poverty, a rise in incomes and wealth, and an improved quality of life for urban families. Restoring prosperity in older industrial cities will increase the jobs, amenities, and housing choices available to suburban residents, enhance the regional market for business location, raise both urban and suburban property values, and improve the overall competitiveness of metropolitan areas. And restoring prosperity in older industrial cities will increase their attractiveness as places in which to live and work, leading to a more efficient use of land, a decrease in energy consumption, a reduction in harmful emissions, and more sustainable regional growth. Ultimately, this all adds up to stronger, healthier, more productive cities and regions that are a boon to, rather than a drain on, state budgets—evidence, to be sure, of money well spent.

Moving a real reform agenda for older industrial cities will naturally be an organic process that will demand the patience, flexibility, and commitment of many and diverse actors working within and across political boundaries. Most importantly, it demands that cities, regions, and states organize themselves for success:

- At the local level, city leaders, with support from their states, must make the competent, clean, transparent, and technologically savvy administration of government operations and services their highest priority, with the goal of creating a healthy and receptive climate for business growth and retention. At the same time, they must also work to build strong coalitions of innovative thinkers, actors, and stakeholders to develop and implement a competitive, long-term strategy for revitalization.
- At the metropolitan level, cities and suburbs need to work together to bolster opportunities in, and the marketability of, their regions as a whole. States should promote such collaboration by providing resources to first-suburb coalitions, regional workforce alliances, and metropolitan planning organizations working across local boundary lines, and by enabling the consolidation of governmental functions that are clearly regional in scope.
- At the state level, urban leaders must band together across cities and regions to advance a state reform agenda like the one presented here. State leaders, for their part, need not only to engage in specific policy reforms, but also to look for ways to reorganize their programmatic initiatives and agencies so they can be more effective for the families and communities they are designed to serve.

For the first time in many decades, there is reason to be truly optimistic about the future of America's older industrial cities. Advancing beyond hope, however, requires a vision of the possible—and the will to achieve it. ■

# I. Introduction

Walk around Baltimore, Maryland and you are likely to see the black and yellow "I love city life" bumper sticker pasted on cars and inside store windows. In a Rust Belt city in a largely suburban nation, this message—for all its simplicity—makes a bold statement.

In four words, it sums up why many city dwellers have chosen a lifestyle that, for over a half century, Americans have broadly disavowed. While the slogan surely means different things to different people, embedded in it is a clear sense of pride in not only a particular community, but in having chosen a road less traveled. It pays tribute to the distinctive attributes and diverse amenities that define urban living. And in some small way, it might even portend a shift in how we as a nation view places we had essentially left for dead.

This report is about Baltimore. It's also about Buffalo and Bridgeport, Scranton and Saginaw, Providence and Pittsburgh, and 58 other "older industrial cities" that share a similar set of economic challenges. Typically labeled as "distressed," "declining," or "weak," for the past several decades the pervasive image of these cities has been one of empty downtowns, deteriorating neighborhoods, and struggling families. Still grappling to overcome the painful legacy of severe industrial decline and population loss—forces that have had a particularly severe impact on much of the Northeast and Midwest—these cities simply haven't seen the widespread economic revitalization now being enjoyed by so many other urban areas around the nation.

But as the bumper sticker suggests, these cities are about much more than their economic woes.

With over 16 million people and nearly 8.6 million jobs, older industrial cities remain a vital—if undervalued—part of the economy, particularly in states where they are heavily concentrated, such as Ohio and Pennsylvania. They also have a range of other physical, economic, and cultural attributes that, if fully leveraged, can serve as a platform for their renewal. In fact, major demographic and economic trends are presenting these cities with their best chance for a comeback in decades, with changing household structures, globalization, and technological advances causing a revaluation of the density and diversity that sets urban areas apart from newer suburban communities.

Older industrial cities are already experiencing some of the benefits of these changes: Many of their downtowns are seeing a new influx of private investment, as are some of their neighborhoods, with new residents, new buildings, and new firms providing new life to city streets, and new revenues for city bank accounts. But in the face of widespread economic malaise, these pockets of recovery

aren't enough. Good things are happening—but they need to happen more, and more extensively, in order to truly turn these cities around.

Public policy is crucial to this process—but it can't take the same old tack. If older industrial cities are to fully capitalize on the positive trends now at hand, government leaders—working in partnership with a range of for-profit and nonprofit stakeholders—need to design and implement a new urban agenda, one aimed not at managing these cities' economic decline, but at stimulating their economic revival. Cities, to be sure, must necessarily take the lead in developing their own vision for long-term revitalization, and a strategy by which to achieve it. But states can and should be a powerful ally in helping cities carry that strategy out. Though often overlooked, states have a huge influence on cities and their residents—through an array of policies and an enormous amount of investment they determine the geography of governance, the fiscal playing field for municipalities and school districts, and the location and quality, in part, of regional economic growth, and help shape the opportunities available for low- and middle-income families. Yet, for all this, states haven't generally acted in ways that serve cities' best interests—at a tremendous opportunity cost to the millions of people that call these communities home, the wider economic regions of which they are part, and ultimately, to all those who live, work, do business, and pay taxes in states that are themselves striving and struggling to remain competitive in the new economy.

That has to change.

The purpose of this report is to mobilize governors and legislative leaders, as well as local constituencies, behind an asset-oriented agenda for reinvigorating the market in the nation's older industrial cities. The report begins by identifying and describing these cities and discussing some of the economic, demographic, and policy "drivers" behind their current condition. It then makes a case for why the moment is ripe for revitalizing urban economies, offers a five-part agenda for how states can help cities get there, and describes why anyone should care that they do. Finally, it lays out how local, regional, and state government, business, and civic leaders should organize themselves to move such an agenda forward—and ultimately ensure that America's older industrial cities are again innovative, vibrant, high-quality communities where a love for "city life" no longer seems quite so brazen. ■

# II. Older Industrial Cities in the U.S.

So what do we mean by the term "older industrial cities"? How do we employ the definition? And to which cities does this moniker apply?

The term "older industrial cities" in this report describes a particular set of communities that over the past several decades have experienced the steady loss of businesses and jobs, and whose role in the economy, and the economic stability of their residents, has diminished as a result. But while even casual observers of the urban landscape might be able to rattle off a list of places that meet this description, developing a comprehensive inventory of these cities requires more than a bit of educated guesswork. Rather, it demands a rigorous empirical analysis of how a large cross-section of cities fares on indicators of economic health and vitality.

To this end, we began with a dataset of 302 Census-defined principal U.S. cities that met at least one of the following criteria in either 1990 or 2000:[1]

- Had at least 50,000 people and were the largest city in a metropolitan area;
- Were at least 50 percent of the population of the largest city in a metropolitan area; or
- Had a population of at least 150,000, regardless of whether or not they were the largest city in a metropolitan area.

These cities were then assessed according to their performance on eight economic indicators, divided into two distinct groups. One group of indicators measures cities' economic growth during the 1990s based on growth in employment, growth in annual payroll, and growth in establishments.[2] The second group measures the economic well-being of city residents in 2000 based on per capita income, median household income, poverty rate, unemployment rate, and labor force participation rate. The two sets of indicators were used to create two indices of economic health: City Economic Condition, and Residential Economic Well-Being. We then ranked the 302 cities based on their scores on each index (See the Appendix).[3]

Based on those rankings, the cities were divided into thirds, with the top third of cities considered "strong" on that index, the middle third "moderate,"

**Indentification of the 65 older industrial cities is based on eight indicators of economic health and residential well-being**

| | Definition | Source |
|---|---|---|
| **City Economic Condition Indicators** | | |
| Change in Employment | Change in the number of jobs by place of work, 1990–2000 | U.S. Department of Housing and Urban Development, State of the Cities Data Systems, Census Data 1990 and 2000 |
| Change in Annual Payroll | Change in annual wages of the county containing the majority of city residents, 1990–2000* | U.S. Census Bureau, County Business Patterns 1990 and 2000 |
| Change in Establishments | Change in the number of establishments in the central county (see above), 1990–2000 | |
| **Residential Economic Well-Being Indicators** | | |
| Median Household Income | Median income of city households, 2000 | U.S. Department of Housing and Urban Development, State of the Cities Data Systems, Census 2000 |
| Unemployment Rate | Employed residents as a percent of residents in the labor force, 2000 | |
| Poverty Rate | Percent of residents with household incomes below the poverty line, 2000 | |
| Labor Force Participation Rate | Percent of working-age residents in the labor force, 2000 | |
| Per Capita Income | Total income per city resident, 2000 | U.S. Census of Population and Housing 2000 |

**If city population was more or less evenly split between two counties, both were included. The five counties that are contiguous with the New York City boroughs were combined.*

and the bottom third "weak." This allowed us to create a series of typologies by grouping the cities according to the nine possible combinations of strong, moderate, and weak economic health as measured by the two indices. Those 65 cities considered weak on both the City Economic Condition index and the Residential Economic Well-Being index were designated as "weak." At the other end of the spectrum were 57 "strong" cities that scored in the highest third on each index. The remaining 180 cities fell into one of seven other strong-moderate-weak combinations.

The focus here is on that bottom fifth of the dataset—the 65 "older industrial cities" (see box on p. 14) that are still struggling to boost their economies and increase opportunity for the over 16 million people that call these places home.[4] These cities come in all shapes and sizes: Almost half (32) had less than 100,000 residents in 2000, over a quarter (18) had populations between 100,000 and 250,000, and 10 had populations between a quarter of a million and a half million. Only five of these cities had more than 500,000 residents, with Philadelphia (1,517,550) and Los Angeles (3,694,820) the only members of the group with over 1 million.[5]

**Over three-quarters of older industrial cities have less than 250,000 residents**

| Under 100,000 | | 100,000 to 249,000 | | 250,000 to 499,000 | | Over 500,00 | |
|---|---|---|---|---|---|---|---|
| **City** | **Population** | **City** | **Population** | **City** | **Population** | **City** | **Population** |
| Warren, OH | 46,832 | Erie, PA | 103,717 | Newark, NJ | 273,546 | Milwaukee, WI | 596,974 |
| Binghamton, NY | 47,380 | Allentown, PA | 106,632 | Buffalo, NY | 292,648 | Baltimore, MD | 651,154 |
| Danville, VA | 48,411 | Beaumont, TX | 113,866 | Cincinnati, OH | 331,285 | Detroit, MI | 951,270 |
| Harrisburg, PA | 48,950 | Hartford, CT | 121,578 | Pittsburgh, PA | 334,563 | Philadelphia, PA | 1,517,550 |
| Mansfield, OH | 49,346 | New Haven, CT | 123,626 | St. Louis, MO | 348,189 | Los Angeles, CA | 3,694,820 |
| Altoona, PA | 49,523 | Flint, MI | 124,943 | Miami, FL | 362,470 | | |
| Huntington, WV | 51,475 | Bridgeport, CT | 139,529 | Fresno, CA | 427,652 | | |
| Pine Bluff, AR | 55,085 | Syracuse, NY | 147,306 | Long Beach, CA | 461,522 | | |
| Rocky Mount, NC | 55,893 | Springfield, MA | 152,082 | Cleveland, OH | 478,403 | | |
| Lancaster, PA | 56,348 | Dayton, OH | 166,179 | New Orleans, LA | 484,674 | | |
| Port Arthur, TX | 57,755 | Providence, RI | 173,618 | | | | |
| Terre Haute, IN | 59,614 | Jackson, MS | 184,256 | | | | |
| Utica, NY | 60,651 | San Bernardino, CA | 185,401 | | | | |
| Saginaw, MI | 61,799 | Richmond, VA | 197,790 | | | | |
| Schenectady, NY | 61,821 | Shreveport, LA | 200,145 | | | | |
| Merced, CA | 63,893 | Rochester, NY | 219,773 | | | | |
| Springfield, OH | 65,358 | Birmingham, AL | 242,820 | | | | |
| Muncie, IN | 67,430 | Stockton, CA | 243,771 | | | | |
| Scranton, PA | 76,415 | | | | | | |
| Albany, GA | 76,939 | | | | | | |
| Kalamazoo, MI | 77,145 | | | | | | |
| Santa Maria, CA | 77,423 | | | | | | |
| Canton, OH | 80,806 | | | | | | |
| Reading, PA | 81,207 | | | | | | |
| Decatur, IL | 81,860 | | | | | | |
| Youngstown, OH | 82,026 | | | | | | |
| Trenton, NJ | 85,403 | | | | | | |
| Odessa, TX | 90,943 | | | | | | |
| Fall River, MA | 91,938 | | | | | | |
| New Bedford, MA | 93,768 | | | | | | |
| Albany, NY | 95,658 | | | | | | |
| Macon, GA | 97,255 | | | | | | |

*Source: Analysis by Hal Wolman, Kimberly Furdell, and Pamela Blumenthal, The George Washington University*

## Older industrial cities are heavily concentrated in the Northeast and Midwest

**Why "older industrial cities?"**

While as a group these 65 cities are lagging behind other U.S. cities on a range of economic measures, a closer examination reveals that they are not a monolithic bunch: Some are relatively "weaker" on employment and establishment growth, for example, while others rank at the bottom based on their residents' income and poverty levels. Still others fall somewhere in the middle of the 65 on both sets of indicators.

More important than their differences, however, are the features that unify them.

The most obvious of these commonalities is geographic. While scattered throughout the Southeast, Texas, and California, these "weak" cities are disproportionately concentrated in the Northeast and Midwest: Over two-thirds (44) are located in just 14 "Rust Belt" states, despite the fact that cities in these states make up only 29 percent of the 302 cities in the dataset.[6] Pennsylvania has the highest proportion of its cities designated as "weak" (nine of the 10 in the dataset), followed by New York (seven of eight) and Ohio (eight of 11).[7]

The geographic clustering of these cities isn't just about dots on a map, however. Located in America's "Rust Belt," they share an economic history dominated by heavy manufacturing: In 1970, the share of city residents employed in manufacturing was at least 20 percent in all but three of these 44 cities: Albany, NY; Harrisburg, PA; and Pittsburgh, PA (Albany and Harrisburg are state capitals; Pittsburgh was just under at 19.5 percent). This industrial heritage is shared, moreover, by several additional "weak" cities located in the South and West.[8]

As described in some detail in the following section of this report, these cities' economic past has had a profound impact on their economic present. It is for this reason that "older industrial cities" is a fitting (if not perfectly inclusive) name for this group of 65—and will therefore be the moniker used in this report.[9]

Data for some indicators are not available beyond 2000. As such, the data utilized to create the two indexes are from 1990 and 2000 (condition indicators are based on year 2000 data while change indicators reflect change from 1990 through 2000). However, a look at several of the individual measures used to identify the 65 older industrial cities indicates that trends have remained consistent. According to available American Community Survey (ACS) data, for example, the average poverty rate for 49 of the 65 older industrial cities was nearly 26 percent in 2005, an increase of almost 3 percentage points since 2000. The growth of wages and in the number of establishments in these cities' core counties, meanwhile, has continued to lag that of their peers. County Business Patterns data reveal that from 2000 to 2004 real annual payroll in the 65 older industrial core counties declined by approximately 1 percent, while it grew nearly 4 percent in the other dataset counties. The number of establishments in older industrial counties, meanwhile, increased by less than 1 percent during this period, compared to nearly 5 percent in the other counties.

## *What are the economic characteristics of older industrial cities?*

While index scores allow cities to be ranked on a collective grouping of indicators, they don't tell us anything about how they perform on individual measures of economic health. As indicated by the very method used to determine which of the 302 cities were the "weakest" economically, the 65 older industrial cities do worse than their peers on all indicators in the two indexes.

Taken together, the set of 65 cities was characterized by slow—or negative—economic growth from 1990 to 2000. On average, these cities lost 8 percent of their jobs, while employment actually grew by 18 percent in the remaining cities in the dataset. Older industrial cities saw their real average payroll increase by only 14 percent and the number of establishments grow by just over 1 percent, compared to 45 percent and 18 percent, respectively, among the other cities.

Older industrial cities' performance on measures of residential economic well-being looks much the same. In 2000, the average per capita income in these 65 cities was 78 percent of the average for the

**Older industrial cities are lagging other U.S. cities on several indicators of economic health and well-being**

| City Economic Condition Index (1990 to 2000) | Older Industrial Cities | Other 237 Cities |
|---|---|---|
| Change in Employment | -8.3% | 18.0% |
| Change in Annual Payroll | 14.0% | 45.1%* |
| Change in Establishments | 1.4% | 18.0%* |
| **Residential Economic Well-Being Index (2000)** | | |
| Median Household Income | $29,138 | $38,510 |
| Per Capita Income | $16,019 | $20,424 |
| Unemployment Rate | 10.0% | 6.5% |
| Poverty Rate | 23.0% | 15.2% |
| Labor Force Participation Rate | 58.8% | 65.5% |

**Doesn't include Carson City, NV (data not available)*

*Source: Analysis by Hal Wolman, Kimberly Furdell, and Pamela Blumenthal, The George Washington University*



other 237 cities ($16,019 compared to $20,424) in 2000, and their average median household income was 76 percent of the average for the other cities ($29,138 compared to $38,510). Older industrial cities had an average unemployment rate of 10 percent and a labor force participation rate of 59 percent, compared to an average 6.5 percent unemployment and 65.5 percent labor force participation in the other cities. And the average poverty rate in older industrial cities was 23 percent, compared to an average of just 15 percent in the others.

### *How have older industrial cities performed over time?*

The performance of older industrial cities over the past few decades has not been static, with some cities showing sharp improvements relative to other U.S. cities, many showing disappointing declines, and still others falling somewhere in the middle.

To assess how the 302 cities compared with one another in terms of their economic performance from one decade to the next, we again looked at two sets of indicators. The City Economic Performance Index measures the change in the growth rate of employment, of annual payroll, and of the number of establishments over the period from 1980 to 1990, to that from 1990 to 2000. The Residential Economic Well-Being Performance index reflects change in per capita income, median household income, poverty rate, unemployment rate, and labor force participation rate from 1990 to 2000. As above, cities were ranked on each index and divided into strong, moderate, and weak groupings.

Of the 65 older industrial cities, nine actually saw strong improvement on both sets of indicators, meaning they were in the top third of all the sample cities based on their gains across decades. This robust performance may help explain why Canton and Mansfield, Ohio and Terre Haute, Indiana are, overall, among the least economically distressed of the older industrial cities. It also demonstrates that while the well-being of residents of Cleveland, Detroit, Saginaw, and Youngstown is still among the worst of all cities, these residents are, on average, relatively better off than they were a decade ago. New Orleans and Shreveport, in Louisiana, also fit into this group of "strong performers."

Unfortunately, a far larger number of older indus-

The performance of older industrial cities over the past few decades has not been static, with some cities showing sharp improvements relative to other U.S. cities, many showing disappointing declines, and still others falling somewhere in the middle.

**Twenty-six cities were among the 65 economically weakest cities in 2000, but did not meet the criteria in 1990**

- Albany, NY*
- Allentown, PA
- Birmingham, AL
- Bridgeport, CT*
- Decatur, IL
- Fall River, MA
- Fresno, CA*
- Hartford, CT*
- Lancaster, PA*
- Long Beach, CA*
- Los Angeles, CA*
- Macon, GA*
- Merced, CA*
- Miami, FL*
- New Bedford, MA
- New Haven, CT*
- Odessa, TX
- Richmond, VA*
- Rochester, NY*
- Rocky Mount, NC*
- San Bernardino, CA*
- Santa Maria, CA*
- Schenectady, NY
- Stockton, CA*
- Syracuse, NY*
- Trenton, NJ*

**Indicates those cities that were weak on both the City Economic Performance index and the Residential Economic Well-Being Performance index.*

*Source: Analysis by Hal Wolman, Kimberly Furdell, and Pamela Blumenthal, The George Washington University*

trial cities fared worse than their peers over the period in question: Almost one-third (21) of the 65 cities are considered weak on both performance indices, their economies deteriorating from one decade to the next.[10] Syracuse, NY, for example, experienced a 36 percent *increase* in establishments during the 1980s, but an almost 7 percent *loss* in the 1990s. The city's real payroll growth also weakened substantially, increasing by 29 percent from 1980 to 1990 while not growing at all from 1990 to 2000. Its poverty rate rose from 23 percent in 1990 to 27 percent in 2000, and real median household income declined by nearly 11 percent. Likewise, Hartford, CT saw its number of establishments grow by 33 percent from 1980 to 1990, and then decrease by almost 4 percent during the 1990s. Its real median household income, moreover, dropped by 15 percent during the 1990s, while its poverty rate jumped from 27.5 percent to nearly 31 percent.

The story was much the same in the other "weak performance" cities. In fact, 19 of these 21 cities—including Syracuse and Hartford—were not even among the weakest cities in 1990, but were on the list of 65 in 2000 as a result of a performance on measures of economic condition and residential well-being that slipped behind that of their peers (The other two—Binghamton, NY and Springfield, MA—were "weak" in both 1990 and 2000).

## *What is the relationship of older industrial cities to their regions?*

The "city," of course, is a political—not an economic—construct. While cities are vital entities in and of themselves—as places where policies are created and implemented, taxes are levied, and services are provided—markets don't adhere to the arbitrary boundaries that separate them from their surrounding jurisdictions. Cities are simply sub-units of the larger economic region. The U.S. Bureau of Labor Statistics labor market areas, for example, are closely aligned with metropolitan areas—themselves determined in large part by commuter sheds—with no distinction between city and suburb. And housing markets—at least for those who have the ability to choose where they live—follow the geography of employment.

While cities are vital entities in and of themselves—as places where policies are created and implemented, taxes are levied, and services are provided—markets don't adhere to the arbitrary boundaries that separate them and their surrounding jurisdictions.

A look at the economic condition of the 302 sample cities' metropolitan areas demonstrates the relationship between cities and their surrounding regions. By dividing the sample cities' metros into "weak," "moderate," and "strong" groups based on

## The vast majority of older industrial cities are located in economically struggling metropolitan areas

| Weak City, Weak MSA | | Weak City, Moderate MSA | |
|---|---|---|---|
| **City** | **MSA/PMSA** | **City** | **MSA/PMSA** |
| Albany, GA | Albany, GA | Allentown, PA | Allentown-Bethlehem-Easton, PA-NJ |
| Albany, NY | Albany-Schenectady-Troy, NY | Cincinnati, OH | Cincinnati-Middletown, OH-KY-IN |
| Altoona, PA | Altoona, PA | Detroit, MI | Detroit-Warren-Livonia, MI |
| Baltimore, MD | Baltimore-Towson, MD | Fresno, CA | Fresno, CA |
| Beaumont, TX | Beaumont-Port Arthur, TX | Hartford, CT | Hartford-West Hartford-East Hartford, CT |
| Binghamton, NY | Binghamton, NY | Jackson, MS | Jackson, MS |
| Birmingham, AL | Birmingham-Hoover, AL | Kalamazoo, MI | Kalamazoo-Portage, MI |
| Buffalo, NY | Buffalo-Niagara Falls, NY | Lancaster, PA | Lancaster, PA |
| Canton, OH | Canton-Massillon, OH | Macon, GA | Macon, GA |
| Cleveland, OH | Cleveland-Elyria-Mentor, OH | Miami, FL | Miami-Fort Lauderdale-Miami Beach, FL |
| Dayton, OH | Dayton, OH | New Haven, CT | New Haven-Milford, CT |
| Decatur, IL | Decatur, IL | Newark, NJ | New York-Northern NJ-Long Island, NY-NJ-PA |
| Erie, PA | Erie, PA | Philadelphia, PA | Philadelphia-Camden-Wilmington, PA-NJ-DE-MD |
| Fall River, MA | Providence-New Bedford-Fall River, RI-MA | Santa Maria, CA | Santa Barbara-Santa Maria-Goleta, CA |
| Flint, MI | Flint, MI | Stockton, CA | Stockton, CA |
| Harrisburg, PA | Harrisburg-Carlisle, PA | | |
| Huntington, WV | Huntington-Ashland, WV-KY-OH | | |
| Long Beach, CA | Los Angeles-Long Beach-Santa Ana, CA | | |
| Los Angeles, CA | Los Angeles-Long Beach-Santa Ana, CA | | |
| Mansfield, OH | Mansfield, OH | | |
| Merced, CA | Merced, CA | | |
| Milwaukee, WI | Milwaukee-Waukesha-West Allis, WI | | |
| Muncie, IN | Muncie, IN | | |
| New Bedford, MA | Providence-New Bedford-Fall River, RI-MA | | |
| New Orleans, LA | New Orleans-Metairie-Kenner, LA | | |
| Odessa, TX | Odessa, TX | | |
| Pine Bluff, AR | Pine Bluff, AR | | |
| Pittsburgh, PA | Pittsburgh, PA | | |
| Port Arthur, TX | Beaumont-Port Arthur, TX | | |
| Providence, RI | Providence-New Bedford-Fall River, RI-MA | | |
| Reading, PA | Reading, PA | | |
| Rochester, NY | Rochester, NY | | |
| Rocky Mount, NC | Rocky Mount, NC | | |
| Saginaw, MI | Saginaw-Saginaw Township North, MI | | |
| Schenectady, NY | Albany-Schenectady-Troy, NY | | |
| Scranton, PA | Scranton-Wilkes-Barre, PA | | |
| Shreveport, LA | Shreveport-Bossier City, LA | | |
| Springfield, MA | Springfield, MA | | |
| Springfield, OH | Springfield, OH | | |
| St. Louis, MO | St. Louis, MO-IL | | |
| Syracuse, NY | Syracuse, NY | | |
| Terre Haute, IN | Terre Haute, IN | | |
| Trenton, NJ | Trenton-Ewing, NJ | | |
| Utica, NY | Utica-Rome, NY | | |
| Warren, OH | Youngstown-Warren-Boardman, OH-PA | | |
| Youngstown, OH | Youngstown-Warren-Boardman, OH-PA | | |

*Source: Analysis by Hal Wolman, Kimberly Furdell, and Pamela Blumenthal, The George Washington University*

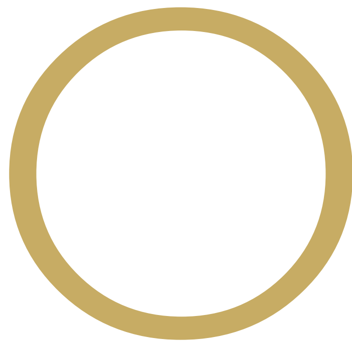
**Weak City, Strong MSA**

| City | MSA/PMSA |
|---|---|
| Bridgeport, CT | Bridgeport-Stamford-Norwalk, CT |
| Richmond, VA | Richmond, VA |
| San Bernardino, CA | Riverside-San Bernardino-Ontario, CA |

their rank on a MSA Economic Condition index—which in this case included the change in MSA-level employment, wages, and gross metropolitan product from 1990 to 2000, and the gross metropolitan product per job in 2000—the strong link between the economic health of cities and that of their metropolitan areas becomes evident. Only three older industrial cities were in MSAs that had strong scores on the MSA Economic Condition index: Bridgeport, CT; Richmond, VA; and San Bernardino, CA. Fifteen were in MSAs with moderate index scores, while the vast majority—46 cities—were in MSAs with weak MSA Economic Condition index scores.[11] Conversely, of the 57 "strong" cities, 42 were located in strong metropolitan areas. Thirteen of these cities were located in moderate regions, and only two—Huntsville, AL and Bismarck, ND—were located in weak regions.

As these numbers show, economic decline and decay in nearly three-quarters of the country's weakest cities is not confined within their borders. To put this in sharper perspective, this means that, as of 2000, almost 2.3 million residents of Massachusetts, over 4.2 million residents of New York, and nearly 4.3 million residents of Pennsylvania and Ohio (comprising 36 percent, 22 percent, 35 percent, and 38 percent of their state populations, respectively) were living in economically anemic regions—a fact that should surely alarm state leaders concerned about their long-term competitiveness. At the same time, though, this city-MSA analysis also suggests a potential bright spot for the smaller number of cities in comparatively healthy regions, as they may be able to capitalize on positive economic growth trends. In any case, the relationship between metros and the cities within them is very real—if perhaps not fully understood—and thus demands the attention of all who have a stake in their mutual prosperity. ■

# III. The Origins and Challenges of Older Industrial Cities



Older industrial cities weren't always in such troubled economic circumstances. These communities were once thriving centers of business and commerce. They were the economic, political, and cultural hubs of their respective regions, and the font of the nation's growth and prosperity. While certainly not without their troubles—corruption, racial strife, extreme poverty, and unhealthful environmental conditions among them—their relevance and function in the economy were understood and unquestioned.

But over the past five decades, globalization and rapid technological change have created a new economic paradigm in which the role of many central cities has become uncertain at best and at worst, downright precarious. The seeming inability of the most distressed of the nation's cities to adapt to new economic realities can largely be explained by a series of interrelated economic, demographic, and political forces—and choices—that together have trapped them in a self-reinforcing cycle of decline, including:

- the shift from a manufacturing economy to a knowledge-based one that has left many older industrial cities still grappling to find their economic niche;
- extreme economic and residential decentralization that has left the poor and minorities isolated in the urban core, spatially "cut off" from education and employment opportunities;
- 60-plus years of federal, state, and local policies that have largely stacked the deck against cities, undermining their ability to attract and retain businesses and residents.

To be sure, these trends have affected different cities to varying degrees and in myriad ways. But as a

group they help explain how America's economically struggling cities got to this point, and provide insight into what steps can ensure that the next half century is kinder to these communities than the last.

## Deindustrialization has left older industrial cities struggling to find their economic niche

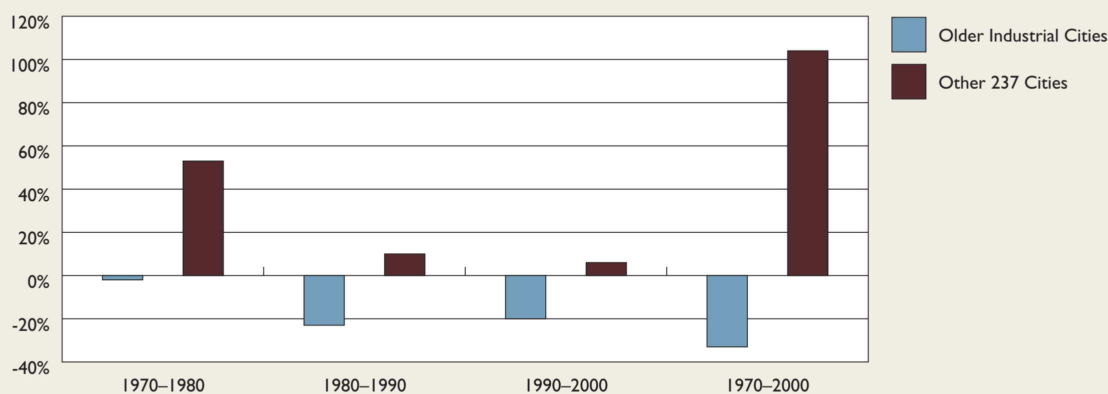
From the mid-19th century until the mid-20th, the industrial revolution transformed America from an agricultural to a manufacturing economy. During this period, access to raw materials, dense transportation networks, and proximity to markets became clear competitive advantages for producing goods for local and national needs, allowing cities—particularly those in the Northeast and Midwest—to grow and flourish as the new centers of the country's economic activity.

By the middle part of the 20th century, however, changes in the global economy, coupled with technological advances and geopolitical shifts, began to diminish the importance of the spatial attributes upon which America's great industrial towns were built. These trends were manifested in two major ways. First, other—cheaper—places to set up and maintain shop emerged, enabling the inexorable movement of manufacturing firms from cities to suburbs, from the North to the South, and from the U.S. to countries abroad. This physical redistribution of manufacturing was later coupled with advances in automation that sparked increases in productivity and a reduction in companies' overall employment needs. Together, this "double whammy" rocked the economies of what were once the nation's industrial powerhouses, leaving them still struggling to adapt to a very new competitive landscape.

The first signs of industrial decline in America's older industrial cities began in the years following WWII. The pace of change was slow, however, and even by 1970 most of these communities were still heavily reliant on the sector: On average, nearly 27 percent of older industrial city residents were employed in manufacturing then, compared to just 17 percent in the other 237 cities in the analysis. All 20 of the older industrial cities with the highest shares of residents employed in the sector were located in what is today's Rust Belt—with cities like Warren, OH (46.7 percent), Flint, MI (43.8 percent), and New Bedford, MA (43.2 percent) topping the list.[12]

But over the next three decades, the pattern of industrial growth and decline would cause the respective shares of manufacturing jobs in older industrial cities and the other dataset cities to converge.

The 1970s dealt a swift economic blow to many cities in the nation's industrial heartland. From 1970 to 1980, the number of older industrial city residents with jobs in manufacturing fell by an average of 2 percent, while the number of residents of the other dataset cities who were employed in the sector




*Source: U.S. Department of Housing and Urban Development, State of the Cities Data Systems*

jumped by nearly 53 percent. These trends mask precipitous declines in many communities, however: Dayton, OH, for example, lost almost 46 percent of its manufacturing jobs over the decade, and Detroit lost almost 40 percent. Only 17 of the 65 older industrial cities—all but three of which are located in the South and West—saw increases in manufacturing during the decade; conversely, only 47 of the 237 other cities saw decreases.[13]

Still, for many cities, the worst was yet to come. From 1980 to 1990, the average number of older industrial city residents employed in manufacturing decreased by over 23 percent, before dropping another 20 percent during the 1990s. Meanwhile, the average number of residents of the other dataset cities who were working in the sector continued to grow, rising by over 10 percent in the 1980s, and another 6 percent the following decade.[14]

All told, from 1970 to 2000 the number of older industrial city residents employed in manufacturing fell by an average of nearly 33 percent, while the number of residents in the other cities who held jobs in the sector swelled nearly 104 percent.[15] And as the number of older industrial city residents working in manufacturing each day declined, so too did the overall share of residents employed in the sector. By 2000, the proportion of older industrial city residents employed in manufacturing had dropped sharply to just over 15 percent, while the share of residents in the other 237 cities who were working in such jobs had dipped just a few percentage points to 12 percent.[16]

Clearly, the swift deterioration of manufacturing has seriously damaged the cities where it was once concentrated—evidenced by their overall employment losses and slow income growth. The decline of manufacturing isn't in and of itself the reason for older industrial cities' poor economic condition, however. Rather, it is the long-term legacy costs of deindustrialization that continue to hamper their recovery.

The first of these costs is the failure to replace the large numbers of well-paying industrial jobs lost with high-paying jobs in other, rapid growth sectors. These communities simply haven't seen the new business formation that, as Douglas E. Booth notes, "is a necessary precursor to a recovery in the rate of economic growth in older regions of the country saddled with slow growing or declining older industries." Booth's research on industrial life-cycles in the Northeast and Midwest demonstrates that a dominance of older established industries can actually thwart entrepreneurialism and new business creation, and that employment destruction in old industries can overpower employment creation in new industries for a very long period of time.[17]

Today's more successful cities are by and large

those that were either not so heavily dominated by manufacturing in the first place, or those that were better able to navigate the transition from a manufacturing-based economy to one that is more diverse. Indeed, analysis of the 302 sample cities revealed that a city's economic diversity in 1990 was in fact positively related to city employment over the course of the next decade. While manufacturing is still important to the economies of many healthy cities, they are also home to a substantial and growing number of advanced services industries, becoming specialized locations for corporate headquarters; finance, insurance, and real estate (FIRE) firms; and producer services such as law and advertising.[18]

> The decline of manufacturing isn't in and of itself the reason for older industrial cities' poor economic condition. Rather, it is the long-term legacy costs of deindustrialization that continue to hamper their recovery.

Lower educational levels are a second legacy cost of older industrial cities' historical reliance on heavy manufacturing: While the number of college graduates in these cities is rising, in 2000, less than 17 percent of older industrial city residents had a bachelor's degree, compared to nearly 27 percent in the other 237 cities. These numbers represent a lingering vestige from a time when a high school education was all that was needed to attain the vast majority of good jobs. Today that is no longer the case, as jobs in most high paying occupations demand a higher degree. In 2005, over 95 percent of medical and biological scientists had a college education, for example, as did at least three-quarters of those in the legal field, and 65 percent of computer and mathematics specialists.[19] Not surprisingly, then, the lack of education among older industrial city residents is hampering these communities' ability to grow new jobs: Analysis of the 302 cities revealed that even a one percentage point increase in the percentage of the city population with at least some college in 1990 was associated with a 0.41 percentage point increase in employment growth over the next 10 years. Lagging educational levels are surely also contributing to older industrial cities' lower income levels: According to a recent report by the Institute for Higher Education Policy, in 2004 the average total personal income of workers nationwide with only a high school diploma was $25,053, over $23,000 less than those with a bachelor's degree.[20]

Finally, deindustrialization has left a tremendous environmental legacy, manifested in the large numbers of contaminated parcels that scar older industrial cities' waterfronts and urban cores. No one knows for sure how many brownfields there are, what percentage are rural or urban, or what their total economic impact may be. The U.S. Government Accounting Office (GAO), however, estimates that there are as many as 425,000 brownfields throughout the country, and some estimates show that there are 5 million acres of abandoned industrial sites in cities alone—roughly the same amount of land occupied by 60 of the country's largest cities.[21] In any case, a ride through any older industrial city reveals the trap of deterioration these sites are caught in, as they continue to be stigmatized by significant regulatory and financial constraints to redevelopment. This, in turn, has a ripple effect on proximate sites, suppressing values, discouraging investment, and devaluing cities' shorelines and historic neighborhoods—the very assets on which their future growth depends.

## The impact of economic change has been exacerbated by unbalanced demographic and development patterns, creating a vicious cycle of decline

In the heyday of the Rust Belt's manufacturing hegemony, its cities were at once busy and vibrant, crowded and unhealthy.

As regional centers of both employment and popu-

lation, they had dense, glistening downtowns, and stable neighborhoods where people raised their children, and minded their grandchildren, on the same streets where they grew up.

But for many, living conditions were grim. Overcrowded, noisy, and polluted by factories, this less-than-idyllic quality of life spurred the first major exodus from the core and the concomitant creation of the nation's first modern suburbs. This move outward—predominantly by the wealthy—began as early as the late 19th century, enabled first by rail, then by streetcar, and within a few decades, accelerated substantially by the increasingly ubiquitous automobile.[22] While in the early part of the 20th century city population growth still outpaced that of the suburbs, by the 1920s, the median difference between the two fell to nearly zero; by the 1930s, suburban growth rates exceeded city rates by approximately 7 percent.[23]

Over the next several decades, new highways and cheap mortgages lured millions more upper- and middle-class Americans to the ever-expanding urban fringe. Even as the decline in central-city manufacturing was making some cities quieter, cleaner, and generally more pleasant places to live, the diaspora continued, fueled now by a heightened need for housing, and growing discrimination against the "Great Migration" of black workers moving into these cities from the rural south. In the years following WWII, the "pull" of plentiful new suburban homes was coupled with a racially motivated "push" of white-middle class families from the increasingly black urban core such that by the 1950s, the median suburban population growth rate exceeded the city rate by 30 percentage points.[24] Such growth patterns—both a cause and effect of large numbers of black in-migrants moving into formerly all-white city neighborhoods—led to rising levels of what was already entrenched urban black-white segregation, particularly in the large industrial areas of the Northeast and Midwest.[25] The race riots of the late 1960s occurred just as segregation in American metros was approaching its zenith, providing stark evidence of just how wide the racial divide had become.[26]

In the years following WWII, the "pull" of plentiful new suburban homes was coupled with a racially motivated "push" of white-middle class families from the increasingly black urban core such that by the 1950s, the median suburban population growth rate exceeded the city rate by 30 percentage points.

Decades of middle-class flight and a declining industrial base had, by 1970, left many American cities not only hyper-segregated, but increasingly poor, and fiscally strapped. Meanwhile, the comparatively high-income suburbs were providing better services at a lower cost to their residents. The implications of these city-suburb disparities were underscored by William Frey in a 1979 American Sociological Review article. In examining city-suburban migration patterns from 1965 to 1970, Frey found that, while racial factors still played a role in the increasing movement of whites out of cities, this trend was now primarily a result of various dimensions of central city decline, including city-suburb fiscal disparities, particularly relative tax levels, and the suburbanization of employment. He noted:

> "City residents…are being asked to pay higher taxes…than are their contemporaries in the suburbs. In return, they are not likely to receive proportionally better services and, in fact, can be virtually assured of lower quality schools and higher rates of crime…It is likely, therefore, that the increased out-of-pocket costs and deteriorating environmental conditions associated with residence in financially plagued cities will provide additional impetus for suburbanward movement."[27]

And so began the vicious cycle of city population loss and urban decline, a downward spiral that was perpetuated over the course of the 1970s and 1980s.

To the extent that popular culture reflects, and in turn influences reality, these were truly dark days for

**Older industrial cities are behind their peers on a number of measures of city vitality and social well-being**

| | Older Industrial Cities | Other 237 Cities |
|---|---|---|
| **City Vitality Indicators** | | |
| Change in population* | 2.6% | 18.1% |
| Residential vacancy rate | 9.9% | 6.0% |
| Median home value | $80,617 | $122,390 |
| Homeownership rate | 49.3% | 55.7% |
| **Social Well-Being Indicators** | | |
| Percent of residents without a high school degree | 26.9% | 17.3% |
| Percent of residents with college degree | 16.7% | 26.6% |
| Percent single parent families | 45.1% | 31.3% |
| Murder rate per 10,000 population | 1.49 | 0.64 |

**1990 to 2000; all other numbers are for 2000*

*Source: Analysis by Hal Wolman, Kimberly Furdell, and Pamela Blumenthal, The George Washington University*

the nation's cities. In movies, newspapers, and on TV, images of long unemployment lines and crowded soup kitchens in the 1970s were followed in the 1980s by depictions of the ravages of AIDS, crime, and crack, making cities seem desolate, run down, and scary, and generally not places in which people with options would choose to spend time.

City populations—particularly in the nation's most struggling communities—plummeted during this period, while poverty climbed. From 1970 to 1990, the 65 older industrial communities lost an average of 2 percent of their residents, with cities like St. Louis (-36.2 percent), Cleveland (-32.7 percent), and Detroit (-32.0 percent) each bleeding, on net, approximately a third of their total population. Cities in the Northeast and Midwest were hit the hardest; in fact, only one of the 16 older industrial cities whose populations grew during this period—Muncie, IN—was located outside of the West and South. Even older northern cities like Chicago (-17.2 percent), Boston (-10.4 percent), and New York (-7.3 percent)—which weren't among the 65 weakest cities by 2000—saw substantial declines, despite the fact that, on the whole, the other 237 cities in the dataset grew a booming 53 percent. Meanwhile, poverty rates in older industrial cities skyrocketed, reaching 18 percent in 1980 and 22 percent by 1990, compared to 14 percent and 16 percent, respectively, in the other dataset cities, and 12 percent and 13 percent nationally.[28]

By the early 1990s, the worst appeared to be over for many U.S. cities, and the tide began to turn. The crack epidemic had started to recede, overall crime rates were falling, populations increased, and cities became the media's new darling, with hip, young urbanites the new faces of the American sitcom. Urban real estate markets, moreover, started to soar, with increasing numbers of young people, empty-nesters, and others choosing city life over the suburbs. From 1990 to 2000, the population of cities like Austin (up 41 percent) and Phoenix (up 34.3 percent), for example, continued to boom; even New York (up 9.4 percent) and Chicago (up 4 percent)—poster children for urban decay in years previous—saw a reversal of demographic fortunes over the decade.[29]

Unfortunately, older industrial cities did not participate in the resurgence.

While both domestic and foreign migration during the 1990s contributed to the rise of American city populations writ large, older industrial cities continued to struggle to attract and retain residents. These

cities lost, on average, nearly 3 percent of their residents from 1990 to 2000, while the other cities in the dataset grew by a robust 18 percent. At the same time, their share of metropolitan population—already substantially lower than that of the other cities—declined more rapidly, demonstrating the substantial decentralization occurring in their regions: The proportion of metropolitan residents living in older industrial cities fell from 28 percent in 1990 to just 26 percent in 2000 while the proportion of metro residents living in the other 237 cities fell from 37 percent to 36 percent.[30]

As the population of the 65 older industrial cities decreased, their neediest residents remained concentrated in the core. By 2000, nearly a quarter of these cities' poor were living in neighborhoods where the poverty rate exceeded 40 percent, compared to just 12 percent of the poor living in the other 237 communities. Older industrial cities were also more segregated: In 2000, nearly 54 percent of blacks living in these cities would have needed to move in order to be evenly distributed within the city, compared to just 42 percent of blacks living in the other dataset cities.[31]

The economic impact of these patterns is twofold.

In the first place, they have a terrible effect on the families left behind in deteriorating neighborhoods with limited access to employment opportunities and good schools. Research by Raphael and Stoll has demonstrated, for example, that blacks residing in metropolitan areas in the Northeast and Midwest are, in fact, more physically isolated from employment opportunities than those in other regions.[32] Further, poor and minority residents aren't getting the education they need to compete for quality jobs. While certainly not unique to the nation's most distressed cities, some of the worst performing schools are, in fact, located in these communities. In 2004, seven of the 10 large urban school districts with the widest percentage point gap between their 7th and 8th grade reading and math test scores and that of their respective states were older industrial cities—including Rochester, NY (-34.8 percent); Milwaukee (-33 percent); Detroit (-31.1 percent); Newark (-28.9 percent); Philadelphia (-27.4 percent); Providence (-25 percent); and New Orleans (-24.5 percent)—while none of those with the smallest gaps were in older industrial communities.[33] Further, six of the 10 large urban districts with the lowest graduation rates were in older industrial cities: Detroit (21.7 percent); Baltimore (38.5 percent); Milwaukee (43.1 percent); Cleveland (43.8 percent); Los Angeles (44.2 percent); and Miami-Dade (45.3 percent).[34] All told, in 2000, 27 percent of older industrial city residents didn't complete high school, compared to just 17 percent in the other 237 cities.[35]

Second, these disparities undermine older industrial cities' economic prosperity and perpetuate the cycle of economic isolation. Most obviously, high concentrations of poverty mean a lower tax base, higher crime rates, and a concomitant demand for greater social services, undercutting cities' overall fiscal health and amplifying the city-suburban gaps Frey wrote about in the late 1970s.[36] Perhaps more importantly, however, such conditions undermine cities' ability to cultivate a skilled workforce, and frustrate their efforts to grow and attract the firms so essential to building and sustaining a strong economy.

## Federal, state, and local policies and practices have generally been unfavorable to cities, compounding their troubles

While both broad economic trends and the locational preferences of individuals and families have been the primary forces behind urban decline, public policy and practice—at all levels—have over time in many ways exacerbated the problem. Through their huge investments in infrastructure, economic development, social programs, and education, as well as through outmoded and/or cumbersome laws and regulations, federal, state, and local governments have—often unwittingly, sometimes not—facilitated the migration of people and jobs (and the tax base they provide) toward an expanding metropolitan fringe, while reinforcing the concentration of poverty and the deterioration of older established areas.

## *The Role of State Policy*

States, particularly, have a significant role in shaping the form and function of localities, a role that has expanded in recent years as the federal government continues to devolve more powers to state governments. This role is played out in a number of ways:

- In the first place, ***states set the geography of governance.*** They decide the structure of local governance and then decide whether the boundaries of local governments are fixed or subject to change through annexation—whether they are, in the words of David Rusk, "little box" or "big box."[37]
- ***States establish the fiscal playing field for municipalities and school districts.*** They decide the form of taxes that municipalities can impose on residents and businesses and through general or specific tax sharing efforts determine the extent to which the playing field between rich and poor jurisdictions is level.
- ***States help determine where, and in what manner, regional development takes place.*** They invest significant resources in economic development, physical infrastructure, public parks, and other capital improvements, influencing where projects get built throughout a metropolitan area. They also determine the codes and standards of building construction, establish how and when cities can foreclose on tax delinquent properties, and dictate the ground rules for when they can employ eminent domain.
- ***States help shape the quality of regional economic growth.*** Through their investments in higher education, workforce programs, and economic development, they can decide to nurture the development of higher-wage industries such as health care, corporate research, and advanced producer services, or instead default to an "any job is a good job" method of business and employment attraction.
- ***States create the opportunity structure for low- and middle-income residents.*** They administer federal and state workforce development, healthcare, housing, and myriad other social welfare grants and programs that impact families' ability to improve their incomes and build wealth.

For all this, over the past several decades state policies and practices toward cities and older areas have not been oriented toward market creation and revitalization. At best, these communities have been treated with benign neglect, with state programs and investments focused more on managing their decline than on restoring and sustaining their economic and fiscal health. At worst, state policies and investments have actually worked against them, encouraging growth in newer communities at the expense of cities and their residents. Below are just a few examples of how this occurs.

### *State Governance and Fiscal Policies*

Cities and other municipalities are creations of state laws that establish the governance and fiscal structures under which they must operate. Often on the books since a state's early days, these structures are largely out of synch with the realities and practicalities of how economies today are organized, goods and services are provided, and land use decisions ought to be made.

First, state governments determine the organization of local jurisdictions that lie within their borders, as well as the number and boundaries of school districts and special purpose governments. In states throughout the Northeast and Midwest, these systems are often highly fragmented, resulting in a complicated, inefficient, and overlapping labyrinth of governmental control. Throughout older industrial states such as Pennsylvania (2,633 general governments), Ohio (2,338 general governments), Michigan (1,858 general governments), and New York (1,602 general governments) an enormous number of artificial municipal boundaries require what are otherwise interrelated communities to provide their own set of largely duplicative services to their residents, and at the same time force them to compete for revenue-generating development.[38] And it is the central cities that usually lose out: Businesses and residents can locate within a few miles of the core, pay fewer taxes, receive better services, and enjoy all the amenities and benefits the city has to offer, giving them little incentive to actually locate there.

These problems are made worse by state policies that establish the fiscal structures under which municipalities and school districts must operate. States decide the form of taxes that municipalities can impose on residents and businesses, including property taxes, sales taxes, income taxes, and fees, and determine the state-local formula for how schools are financed. They also, significantly, determine if and how general or specific tax-sharing efforts can take place between jurisdictions—a particularly salient issue in highly fragmented states. State-imposed tax systems are often not universally appropriate for all localities, however, many of which might benefit from more flexibility in their revenue-raising options, and/or from a greater ability to share revenues with wealthier communities who may use city services and facilities without paying the costs.[39]

Together, these governance and fiscal structures place a particularly severe strain on older industrial cities, which have high levels of poverty, high crime rates, aging infrastructure, large employee compensation liabilities, and a whole host of other cost burdens that far exceed newer suburban jurisdictions at the same time that low incomes, high unemployment rates, depressed home values, large numbers of tax-exempt properties, and shrinking employment leave them with a smaller relative tax base. States, meanwhile, aren't picking up the slack to compensate: While all state governments distribute some of their resources to local governments to help pay for local public services—particularly public education—such "spreading of the wealth" is far less frequent when it comes to financing basic services.[40] The upshot is that fiscally distressed cities become mired in a constant struggle to provide good schools, adequate infrastructure, and quality services without overburdening their tax-paying residents and businesses—a stressful conundrum that's nearly impossible for them to overcome.

While all state governments distribute some of their resources to local governments to help pay for local public services—particularly public education—such "spreading of the wealth" is far less frequent when it comes to financing basic services.

### *State Infrastructure and Development Policy*

Older industrial cities have also often been on the losing end of state transportation, housing, and redevelopment policies and investments.

To begin with, state transportation policies have a significant impact on regional development. The set of transportation challenges is daunting, with crum-

bling infrastructure, deteriorating air quality, long commute times, and increased congestion threatening metropolitan competitiveness. Yet while local governments own, and have responsibility for, most of the nation's transportation network—including 3 million of its 4 million road miles, over half of its bridges, and about 90 percent of its transit systems—state Departments of Transportation still retain authority over the vast majority of the federal and state transportation funds needed to upgrade and maintain it. And when it comes to the distribution of these dollars, older urban communities often get shortchanged.[41]

Take as just one example the distribution of state gas taxes. Thirty states maintain either constitutional or statutory laws that dedicate all gas tax receipts to roadway development, administration, and maintenance—therefore excluding the use of these funds for mass transit. To make matters worse, these highway funds are then administered such that cities and inner suburbs are often forced to contribute more in tax receipts than they receive in state allocations, despite the fact that they generally have greater investment needs. This occurs for two reasons. First, in most states cities and older suburban areas must pay for improvements with municipal taxes, while unincorporated outer areas are built and maintained from state and county resources. Second, the formula for distributing gas tax revenues is often skewed, with some states distributing a portion of their funds evenly among their counties regardless of their size or demonstrated need.[42] Research on transportation spending in Ohio—home of eight older industrial cities—demonstrates this anti-urban bias. A study of expenditures in Ohio found that, from 1980 to 1998, the state's rural counties received significantly more funding to expand, maintain, and rehabilitate highways than urban (and suburban) counties, even though their highway needs and automobile use were less.[43]

A similarly tilted pattern can be seen in state housing policies that cluster affordable housing in the urban core, concentrating poverty and widening the distance between low-income residents and suburban job growth centers. Recent research by Columbia University's Lance Freeman, for example, shows that, during the 1990s, state housing agencies distributed the majority of their federally-allocated low income housing tax credits (LIHTC) to inner-city projects. This practice was more acute in the Rust Belt: Nearly 68 percent of LIHTC units built in the Northeast, and 61 percent of those built in the Midwest, were located in central cities, compared to just 54 percent of those built in both the South and West. The urban neighborhoods where LIHTC units were constructed, meanwhile, had higher poverty, lower median incomes, and lower home values than those built in suburban communities. While these gaps decreased over the course of the decade, they still reflect the extent to which low-income housing continues to be concentrated in already disadvantaged metropolitan neighborhoods.[44]

Various other state laws and economic development programs have a substantial effect on metropolitan development patterns, and have often served to perpetuate decline and disinvestment in older communities.

First, a host of laws and regulations act to discourage—or at the very least haven't encouraged—the return of the private real estate market in cities, undermining their ability to promptly put contaminated and/or underutilized properties back into play. While nearly all states have voluntary brownfields clean up programs, for example, not one has a system by which to continually track their total number of brownfields or other vacant properties, and, given the magnitude of the problem in many regions and the complexity involved in remediation, few provide adequate resources for their redevelopment.

At the same time, state tax foreclosure laws are often so complex and cumbersome that chronically tax delinquent—in many cases abandoned—properties can remain dilapidated blights on their surrounding neighborhoods for years, becoming both a cause and effect of these cities' depressed real estate markets. (The median 2000 home value of the average older industrial city, for example, was only $80,617, two-thirds that of the average of the other 237 cities in the dataset ($122,390)). Even otherwise market-ready older structures often remain undeveloped, their rehabilitation and reuse stifled by

outmoded building codes designed for new, rather than existing, structures.[45] While uniformly applied within states, these regulatory barriers create a particularly vexing challenge for older industrial cities, where—unlike the nation's more thriving urban and suburban markets—hostile regulatory environments for infill and rehabilitation are unmitigated by the promise of hefty returns.

The impact of these laws and regulations is made worse by state investment practices that subsidize suburban greenfield projects at the same or even greater levels as projects in more established communities. For example, a recent analysis of almost 4,000 company-specific economic development incentives granted by the state of Michigan between 2001 and 2004 reveals that they have largely been used to foster job creation and retention in more affluent areas, while shortchanging core communities. With 18 percent of the state's working-age population and one-fourth of its dislocated workers, the central cities in the study received just 6 percent of business tax credits, 8 percent of road improvement dollars, and 15 percent of job training matching funds. By contrast, the states' fast-growing, middle class places with above-average tax bases were granted sometimes two or three times more of every kind of subsidy.[46] All told, these figures help demonstrate how unfocused investments can further enhance the allure of locations that already have a competitive edge.

> Perhaps many Rust Belt states would have been able to retain more manufacturing firms if their workforce was better prepared to adapt to, and help create, more highly skilled industrial jobs.

***Workforce and Other Policies Affecting Low-Income Families***

States' contribution to older industrial cities' continued decline has, of course, also had considerable bearing on the opportunities available to the low- and moderate-income residents left behind in these communities. Meanwhile, a host of other state programs and policies have either not done enough to help—or have actually thwarted—the ability of struggling families to get ahead.

State-administered workforce development systems typify the problem. Traditionally highly fragmented and parochial, these systems—while improving in many states—have come under heavy criticism for being ineffectual in meeting the basic needs of both workers and employers. Most employment training systems, for example, have done a poor job of engaging businesses and educational institutions in ongoing program design and improvement. As a result, they have tended to focus on basic job placement and generalized job training, rather than on job retention and long-term advancement in careers where there is demonstrated or expected regional job growth.[47] This has not only limited the ability of low-income and unemployed workers to gain and retain good jobs, but, over the long term, has also likely influenced economic growth. Perhaps many Rust Belt states would have been able to retain more manufacturing firms if their workforce was better prepared to adapt to, and help create, more highly skilled industrial jobs.

The inability of low- and moderate-income workers to access quality jobs is further frustrated by state economic development efforts that aren't producing these jobs in the first place. Recent analysis by Good Jobs First (GJF), for example, reveals that states and municipalities provide approximately $50 billion a year in subsidies—in the form of tax credits, low interest loans and guarantees, infrastructure aid, grants, etc.—to private corporations. Yet much of this money is going to businesses that either fail to create promised jobs, create predominantly low-wage jobs,

and/or (as noted above) create most of their jobs in outlying suburban communities—money that could be used to support high road economic development and higher-wage employment opportunities for workers of varying skill levels.[48]

Most states, finally, are not doing enough to make work pay for low-income earners. Research by the Institute on Taxation and Economic Policy, for example, finds that state and local tax systems on the whole actually take a much greater share of income from middle- and low-income families than from wealthier residents. Among the top 10 states with the most regressive tax systems are Pennsylvania and Michigan, which in 2002 asked their poorest residents—those in the bottom 20 percent of the income scale—to pay almost two-and-one-half times and nearly double, respectively, as great a share of their earnings in taxes as they asked the wealthy—those in the top 1 percent—to pay.[49] Meanwhile, 31 states, including Connecticut, Ohio, Pennsylvania, and California, still don't have state Earned Income Tax Credit (EITC) programs, a relatively simple way to ameliorate regressive tax systems, and ensure that those who are getting paid low wages at least get to keep more of what they earn.[50]

The list could go on, but the point is made. While states can't bear all the responsibility, certainly, for the plight of low-income urban residents, they could be utilizing their resources and policies in ways that far better served their interests.

## *Federal Policy*

While state policy has a considerable impact on the well-being of cities and their residents, federal policy, too, affects urban areas, in numerous ways. This relationship is complex. Major federal policies on tax, trade, transportation, and immigration have a huge influence on the vitality of city economies and the shape of metropolitan growth. Federal policies on education, job training, wages, financial services, health care, and housing, meanwhile, have a profound effect on the life opportunities of low- and moderate-income city residents. Below are just a few examples of how these policies have worked against urban areas.

Transportation and housing policies demonstrate the clear federal policy bias towards suburban development. For example, beginning with the construction of the interstate highway system, federal transportation spending has facilitated outward growth, and has continued to leave many older communities without the resources needed to build and maintain their aging roads and transit systems.[51] According to research by Beimborn and Puentes, transit funding is lower and less secure than for highways, is subject to intense competition, and requires a complex and convoluted process for project approval. Such an uneven playing field clearly inhibits cities' ability to grow and sustain adequate public transportation systems, while facilitating growth on the fringe.[52]

Federal housing and homeownership policies also tend not to be spatially neutral.

The deductibility under state and federal income taxes for mortgage interest and property taxes is a prime example. While agnostic on their face—homeowners, after all, live in all types of jurisdictions—in practice these tax breaks disproportionately benefit suburbanites. The very structure of the incentive significantly benefits wealthier filers, most of whom are obviously not living in the nation's distressed cities—in fact, in 2003 over 83 percent of the benefits of the deduction went to homeowners with incomes above $40,000 a year.[53] Homeownership rates, moreover, are generally low in cities—less than 50 percent of older industrial city residents are homeowners, for example, compared to nearly 70 percent nationwide—and renters receive no benefit. For these reasons, a 1997 study by Gyourko and Voith estimated that as much as three-fourths of the benefits of the mortgage interest and property tax deductions accrue to suburban property owners.[54]

While homeownership policies funnel wealth to the suburbs, affordable housing policies concentrate poverty in the cities.

From the 1970s until the mid-1990s, federal public housing policies almost exclusively catered to the nation's poorest residents, giving them first priority over those with higher incomes; they also segregated residents by race.[55] As a result, publicly owned and/or subsidized housing projects became—and in many areas continue to be—repositories for poor and minority residents. At the same time, subsidized housing itself has been largely concentrated in poor urban communities. While the HOPE VI program has since made great strides in creating mixed-income housing communities, a 1998 study showed that in the late 1990s more than half of public housing residents lived in high-poverty neighborhoods, and only 7.5 percent lived in low-poverty neighborhoods (where fewer than 10 percent of residents are poor).[56]

Urban "redevelopment" programs, meanwhile, have been a very mixed blessing. Looking back, few direct governmental programs had as dramatic of an impact on cities as urban renewal. Created to remove slums and blight and "modernize" older areas through mass demolition, eminent domain, and new construction, renewal projects did help rejuvenate some city neighborhoods. But they also dealt a major blow to many urban—often predominantly black—communities, removing or destroying thousands of vibrant, if run down, homes and businesses and replacing them with high-rises and highways. And while more recent programs—e.g. Urban Empowerment Zones—have not necessarily had an adverse impact on urban neighborhoods, it's not apparent that they've helped spur widespread market rejuvenation, either. In the meantime, federal laws governing brownfields, for instance, have actually helped thwart redevelopment in many cities, making the procedural and legal steps of testing, acquiring, cleaning, and redeveloping contaminated sites so complicated, time consuming, and expensive that they scare potential investors away.

In short, the federal government has been com-

plicit in helping to create and sustain the economic condition of older industrial cities—and thus needs to consider its own agenda for helping to spur their recovery.

### *Local Barriers*

While part of the blame for older industrial cities' continued economic malaise lies with states and the federal government, local governments have undoubtedly contributed to their own fate through bloated government structures and a host of everyday inefficiencies and long-term ineptitudes that repel new business and residents from locating in the city and diminish the opportunities available to existing families.

At the most basic level, cities are often criticized for their performance in providing basic services, like picking up trash, plowing snow, and keeping public parks, streets, and sidewalks clean—not to even mention making the streets safe and educating the cities' children. But while citizens are all too aware of deficiencies, many cities don't maintain accurate, publicly available data and documentation on how well they are actually performing these services, and how much it is costing them to do so.[57] Simultaneously, the internal processes for administering local government services are often opaque such that local residents and businesses have little understanding about how and why the decisions that impact them on a daily basis are made. Such a lack of accountability and transparency can mask mismanagement, incompetence, and corruption, in the process undermining both the public trust and local governments' ability to make needed improvements to broken systems.

The inability of many cities to get the basics of city administration right extends to the legal and administrative procedures that make the process of land reclamation and real estate development in many urban areas time consuming and expensive. Poor and unpredictable administration of often out-dated zoning ordinances, building and fire codes, permitting processes, and design requirements reduce developers' confidence that they can get projects completed on time and meet their revenue targets. And that's assuming land is available for development in the first place. Quite often, the responsibility for inventorying, acquiring, and disposing of vacant and abandoned parcels is spread among multiple government agencies, resulting in complicated, fragmented, and inefficient systems that keep such properties off the market and unavailable for productive reuse.[58]

The inability of many cities to get the basics of city administration right extends to the legal and administrative procedures that make the process of land reclamation and real estate development in many urban areas time consuming and expensive.

Those projects that do get built, finally, aren't always necessarily the best or right ones. Too often, cities' economic development policies are more about chasing after the latest fads than strategically developing and implementing plans that capitalize on their unique assets, link to their larger metropolitan economy, and have the potential to widely benefit local residents. The proliferation of stadium and convention center building over the past 15 years illustrates this trend. Even with hard evidence that such projects rarely pay the expected dividends, city leaders continue to pursue them.[59] Fiscally-strapped cities can also fall into an "any development is better than nothing" trap that leads them to approve fast-food, gas station, and other projects that may be inappropriate to the strategic development of vibrant, walkable commercial corridors. Whether due to a genuine hope that they will beat the odds, a desire for short-term (e.g. political-cycle) returns, or simply a lack of imagination, these types of practices allow local governments to avoid the real challenges associated with fueling economic growth that is robust, sustainable, and inclusive—challenges that they must overcome together with their state leaders and the federal government. ■

# IV. Seizing the Moment

For all the seemingly intractable challenges older industrial cities face, there are many reasons to be optimistic about their future recovery. Like most dense urban centers, the 65 older industrial cities have numerous physical, economic, and cultural attributes that set them apart from their newer, generally more homogenous, suburban counterparts. Together, these attributes reflect the older industrial cities' rich histories, providing not only a profound sense of how and why each developed as it did, but also a distinctive, tangible set of features to renew as a means to future growth.

To begin with, each older industrial city's origin and evolution is evident in its unique **physical fabric**. For example:

- 86 percent (56) of the 65 older industrial cities grew up along water—a river, lake, bay, or canal that was once the primary means by which to transport goods in and out of the region. Some of these cities—Baltimore, Providence, Cleveland, and Richmond to name a few—have worked in recent years to exploit their waterfronts as major regional, even national, attractions. For many others, the waterfront—still scarred with abandoned warehouses, brownfields, and underutilized wharfs—remains a reminder of what was, as well as a rudiment of what could, with money and vision, possibly be.

- All of these cities have local bus service, 14 have a subway or light rail system, and 43 have Amtrak service to another city.[60] These systems were enabled by—and helped shape—what is still a dense urban grid. While the quality and capacity of these cities' bus and rail networks may have diminished over time, the "bones" are there to be upgraded and expanded upon to support new growth.
- These 65 cities together have 4,209 properties on the National Register of Historic Places.[61] This number doesn't include, of course, the thousands of additional homes and small businesses that together help shape the many great streets and walkable communities located in these cities. While some of these neighborhoods may have lost some of their former luster, they represent a

major opportunity to capture new growth.

In addition to their physical characteristics, the 65 older industrial cities also have strong **economic attributes** that will necessarily be key to their recovery. For example:

- Despite their sluggish economies, older industrial cities remain significant regional employment centers. Home to just 26 percent of their metropolitan populations, they still contain, on average, a third of their metropolitan jobs. Fourteen older industrial cities have at least half of their metro area jobs, with three cities (Decatur, IL, Muncie, IN, and Odessa, TX) boasting over three-quarters.[62]
- Employment tends to be clustered in older industrial cities' still-dense downtown cores, and many have been experiencing a surge in job and/or population growth. Center City Philadelphia, for example, comprises just 3 percent of the city's land area, but accounts for 47 percent of all private-sector wages paid citywide.[63] And Baltimore is one of numerous older industrial city downtowns whose population has jumped over the past decade; its downtown also gained 6,200 jobs (a 7 percent increase) during the past two years alone.[64]
- Older industrial cities have a large concentration of education and medical facilities in their urban core. The 65 cities boast a total of 242 four-year colleges and universities and 164 two-year colleges, for example, with all but two of the cities (New Bedford, MA and Saginaw, MI) having at least one four-year or two-year college within their borders.[65] These cities also have a total of 470 hospitals and medical centers, including 288 general medicine and surgical hospitals and another 182 specialty facilities that together employ approximately 680,800 people.[66]

Finally, America's older industrial cities are rich with social and cultural amenities such as museums, theater, music, and sports, and possess the dynamic mix of people that characterizes city life. For example:

- Older industrial cities boast a significant number of cultural institutions and organizations that serve as both local amenities as well as regional and even national attractions. All told, these cities have nearly 300 museums—from art museums to zoos—approximately 60 resident philharmonic and symphony orchestras, and over 30 resident opera companies.[67] These numbers don't include, of course, the dozens of galleries, theaters, public art displays, and music venues that are often concentrated in and around downtown areas.
- Older industrial cities have over three dozen professional sports teams, including 10 members of the National Football League, nine members of the National Basketball Association, six members of the National Hockey League, 10 Major League Baseball teams, and two professional women's basketball teams.[68] This is in addition to the many minor league teams located in small- and medium-sized older industrial cities.
- Finally, older industrial cities' culture is embedded in their vibrant public street life—that unique interaction of people that Jane Jacobs refers to as the "sidewalk ballet."[69] The diversity of people living, working, and playing in close proximity to one another contributes to the very "city-ness" that makes urban areas so special—and invokes a sense of place, unpredictability, and excitement often missing in newer communities.

The time is ripe for state and local leaders to seize upon demographic, economic, social, and political trends and attitudes that have begun to revalue cities' special characteristics. The 1990s brought a sea change in how urban areas are viewed—as places in which to invest, conduct business, live, and visit. The

The time is ripe for state and local leaders to seize upon demographic, economic, social, and political trends and attitudes that have begun to revalue cities' special characteristics.

## Older industrial cities boast a range of physical, economic, and cultural assets

| City | State | Historic Properties | Four-Year Colleges and Universities | Two-Year Colleges | Hospitals and Medical Facilities | Museums | Major League Sports Teams |
|---|---|---|---|---|---|---|---|
| Albany | GA | 21 | 1 | 2 | 2 | 2 | 0 |
| Albany | NY | 57 | 6 | 4 | 5 | 7 | 0 |
| Allentown | PA | 17 | 2 | 2 | 4 | 2 | 0 |
| Altoona | PA | 14 | 1 | 0 | 4 | 3 | 0 |
| Baltimore | MD | 9 | 13 | 3 | 22 | 18 | 2 |
| Beaumont | TX | 13 | 1 | 1 | 6 | 3 | 0 |
| Binghamton | NY | 20 | 1 | 1 | 3 | 2 | 0 |
| Birmingham | AL | 137 | 5 | 2 | 16 | 4 | 0 |
| Bridgeport | CT | 54 | 1 | 2 | 3 | 1 | 0 |
| Buffalo | NY | 66 | 6 | 3 | 11 | 7 | 2 |
| Canton | OH | 38 | 1 | 2 | 3 | 3 | 0 |
| Cincinnati | OH | 242 | 7 | 10 | 16 | 6 | 3 |
| Cleveland | OH | 216 | 8 | 4 | 14 | 9 | 3 |
| Danville | VA | 2 | 1 | 1 | 2 | 3 | 0 |
| Dayton | OH | 98 | 2 | 6 | 8 | 5 | 0 |
| Decatur | IL | 8 | 1 | 1 | 2 | 0 | 0 |
| Detroit | MI | 227 | 4 | 2 | 14 | 4 | 5 |
| Erie | PA | 28 | 3 | 4 | 7 | 1 | 0 |
| Fall River | MA | 104 | 0 | 1 | 3 | 1 | 0 |
| Flint | MI | 19 | 5 | 1 | 3 | 2 | 0 |
| Fresno | CA | 29 | 4 | 4 | 9 | 3 | 0 |
| Harrisburg | PA | 35 | 2 | 3 | 3 | 2 | 0 |
| Hartford | CT | 131 | 2 | 1 | 4 | 3 | 0 |
| Huntington | WV | 27 | 1 | 3 | 7 | 1 | 0 |
| Jackson | MS | 51 | 4 | 2 | 11 | 6 | 0 |
| Kalamazoo | MI | 40 | 2 | 1 | 4 | 2 | 0 |
| Lancaster | PA | 78 | 2 | 3 | 3 | 8 | 0 |
| Long Beach | CA | 16 | 1 | 3 | 7 | 3 | 0 |
| Los Angeles | CA | 155 | 24 | 6 | 31 | 21 | 6 |
| Macon | GA | 69 | 3 | 1 | 6 | 3 | 0 |
| Mansfield | OH | 48 | 2 | 1 | 2 | 0 | 0 |
| Merced | CA | 10 | 1 | 1 | 1 | 1 | 0 |
| Miami | FL | 67 | 8 | 6 | 19 | 8 | 3 |
| Milwaukee | WI | 162 | 11 | 1 | 17 | 5 | 2 |
| Muncie | IN | 37 | 1 | 3 | 1 | 3 | 0 |
| New Bedford | MA | 32 | 0 | 0 | 1 | 2 | 0 |
| New Haven | CT | 60 | 3 | 1 | 3 | 3 | 0 |
| New Orleans | LA | 142 | 8 | 2 | 14 | 13 | 2 |

**Older industrial cities boast a range of physical, economic, and cultural assets** *(continued)*

| City | State | Historic Properties | Four-Year Colleges and Universities | Two-Year Colleges | Hospitals and Medical Facilities | Museums | Major League Sports Teams |
|---|---|---|---|---|---|---|---|
| Newark | NJ | 73 | 3 | 1 | 6 | 4 | 0 |
| Odessa | TX | 1 | 1 | 1 | 5 | 1 | 0 |
| Philadelphia | PA | 517 | 18 | 8 | 29 | 28 | 4 |
| Pine Bluff | AR | 52 | 1 | 1 | 2 | 2 | 0 |
| Pittsburgh | PA | 149 | 9 | 14 | 19 | 9 | 3 |
| Port Arthur | TX | 6 | 0 | 1 | 3 | 1 | 0 |
| Providence | RI | 155 | 5 | 0 | 6 | 4 | 0 |
| Reading | PA | 30 | 3 | 2 | 2 | 2 | 0 |
| Richmond | VA | 20 | 7 | 3 | 10 | 12 | 0 |
| Rochester | NY | 111 | 6 | 4 | 5 | 8 | 0 |
| Rocky Mount | NC | 15 | 1 | 1 | 2 | 1 | 0 |
| Saginaw | MI | 29 | 0 | 0 | 5 | 2 | 0 |
| San Bernardino | CA | 4 | 2 | 2 | 3 | 1 | 0 |
| Santa Maria | CA | 1 | 0 | 2 | 1 | 2 | 0 |
| Schenectady | NY | 19 | 2 | 2 | 4 | 2 | 0 |
| Scranton | PA | 26 | 2 | 2 | 4 | 3 | 0 |
| Shreveport | LA | 58 | 3 | 4 | 14 | 4 | 0 |
| Springfield | MA | 81 | 3 | 1 | 4 | 2 | 0 |
| Springfield | OH | 29 | 1 | 1 | 2 | 3 | 0 |
| St. Louis | MO | 7 | 15 | 5 | 23 | 15 | 3 |
| Stockton | CA | 17 | 2 | 2 | 3 | 1 | 0 |
| Syracuse | NY | 70 | 4 | 5 | 7 | 6 | 0 |
| Terre Haute | IN | 41 | 2 | 2 | 4 | 1 | 0 |
| Trenton | NJ | 40 | 1 | 0 | 5 | 5 | 0 |
| Utica | NY | 22 | 2 | 3 | 3 | 1 | 0 |
| Warren | OH | 9 | 0 | 2 | 3 | 0 | 0 |
| Youngstown | OH | 48 | 1 | 1 | 5 | 3 | 0 |
| **Total:** | | **4209** | **242** | **164** | **470** | **293** | **38** |

*Sources: U.S. Department of Education, National Center for Education Statistics, 2007; AHA Annual Survey Database: FY 2005; National Register of Historic Places, 2007; American Association of Museums, 2007; NFL, NBA, NHL, MLB, WNBA, MLS*

result has been a return of the market in many cities—or at least substantial parts of cities—that the private sector had once abandoned, and then ignored.

Unfortunately, most older industrial cities, as yet, have received only a small taste of the benefits of recovery. While the potential is clearly there, many of the attributes described above are still largely under-leveraged by state and local leaders, and undervalued by the marketplace. To be sure, many of these places have experienced strong pockets of success—a surge in downtown living and real estate, the gentrification of certain historic neighborhoods—but as their city-wide statistics demonstrate, these achievements have been largely marginal in scale. The moment is now, however, to turn the tide.

## The Demographic Moment

Major demographic shifts are changing the size, makeup, and locational choices of the nation's households:

- Unlike Europe and Japan, the United States is on a sustained path of population growth, increasing by 33 million people during the course of the 1990s. In fact, every state in the union experienced some growth during the decade, as did 93 percent of the nation's metropolitan areas.[70] According to Census estimates, the country's population is expected to rise by at least another 67 million people by 2025.[71]
- Immigration is fueling much of this national growth—approximately 9.1 million immigrants came to the U.S. legally during the 1990s, 1.8 million more than arrived during the 1980s. Twelve percent of the country's current population was born outside the U.S.—the highest share since 1930, and one that, based on existing trends, is likely to grow.[72]
- Meanwhile, our domestic population is aging. In 2000, residents over 65 accounted for almost 13 percent of the total population, a share that will continue to rise as the baby boomers move into "senior" status.[73] These trends point to an increasing demand for young workers in the decades to come: By 2012, the workforce will be losing more than two workers for every one it gains.[74]
- The nation's family structure is changing. Men and woman are delaying marriage and having fewer children, which, together with the aging population, are causing households to become smaller and more numerous.[75] The average household size fell from 3.1 persons in 1970 to 2.6 in 2000, while the overall number of households increased by 66 percent.[76] Of the 32 million households projected to be added between 2000 and 2025, only 4 million will have children.[77]

These trends will have a profound influence on how and where people choose to live, and could significantly benefit older industrial cities and other established communities.

In the first place, most older industrial cities have the opportunity to capture a portion of their metropolitan growth. While population growth in these cities' metropolitan areas during the 1990s was much slower overall than that in the metros of the other cities in the dataset (5 percent versus 18 percent), only 13 older industrial city metros actually lost residents. Some of these cities are also actively capitalizing upon positive economic and demographic trends in proximate metros. Baltimore's "Live Baltimore" campaign, for example, has been promoting its comparatively affordable housing and convenient transit access to Washingtonians who want proximity to the nation's capital without the high costs. The potential is much the same in cities like Providence, Springfield, New Bedford, and Fall River (near Boston) and Scranton, Allentown, Trenton, and New Haven (near New York), which are also experiencing similar "overflow" effects.[78]

Continued growth in the immigrant population, if managed well, could also be a boon to slow—or no—growth cities. Urban areas have always been, and continue to be, major gateways for foreign newcomers, and many cities that grew in the 1990s would not have grown at all—or would have shrunk even more—but for these groups. Allentown's population increased by 1 percent during the decade, for instance, but were it not for a 120 percent increase in its Hispanic population, the city would actually

have lost 12 percent of its residents.[79] Several of the 65 older industrial cities' metropolitan areas, moreover—including Los Angeles, Philadelphia, and St. Louis, as well as Utica and Hartford, to name just a few—have over the past few decades gained significant numbers of foreign refugees.[80] While the integration of foreign immigrants is certainly not without challenges, over the long term these newcomers can bring about substantial benefits. Recent research has shown, for example, that over the past decade, immigrants nationwide have started a greater share of new businesses than native-born residents, and have had an enormous effect on job growth and neighborhood revitalization in urban areas.[81]

Changing household structures, meanwhile, already appear to be fueling a demand for more urban environments—a trend that will likely accelerate in the upcoming decades.

Older industrial cities have an excellent opportunity to sell themselves to the nation's burgeoning number of seniors, for example, many of whom may be looking to give up their suburban homes in favor of environments that provide walkable access to shopping, services, and medical facilities. There are already signs that growing numbers of middle-aged "empty nesters" are exploring city lifestyles: The number of married couples without children living in a sample of the nation's downtowns—a group that includes those whose children have grown, as well as childless couples—grew 17 percent during the 1990s, after having dropped the previous two decades.[82] Though growing numbers of seniors and Boomer "pre-seniors" will continue, on balance, to live in suburban areas, those migrating into cities in recent years exhibit higher incomes than those leaving cities for the suburbs, and clearly have some preference for denser, urban living.[83]

These cities are also well-positioned to attract what Joseph Cortright calls "the young and restless"—those coveted younger members of the workforce who will be needed to fill the jobs seniors vacate. Attitudinal changes toward urban areas among this demographic are showing up in their locational choices: In 2000, 25- to 34-year olds were about 33 percent more likely than other Americans to live in a close-in metropolitan neighborhood, up from 12 percent in 1990.[84] Downtowns, particularly, have experienced a tremendous surge in young residents: From 1970 to 2000, the number of 25- to 34-year olds living in a sample of the country's downtowns grew 90 percent, and their share of the overall downtown population nearly doubled, jumping from 13 percent to almost 25 percent. Several older industrial cities are already magnets for this cohort: As of 2000, young adults comprised over 30 percent of Philadelphia's downtown, for example, and nearly 27 percent of Milwaukee's. If these trends persist, cities will have a strong upper hand in the increasingly competitive race to replace retiring workers.[85]

Whether young, old, or somewhere in between,

America's new urbanites are presumably choosing cities because of the unique range of choices they offer—in neighborhoods, housing, shopping, and transportation—as well as the many historic, cultural, and recreational amenities described above. Such options and attributes are not generally as rich or plentiful in newer, less dense suburban areas, and, given the nation's shifting demographic patterns, the number of neighborhoods that offer them may actually be falling in short supply. In fact, a recent preference survey by Levine and Frank revealed a shortage of compact, mixed-use, walkable communities in many regions, signifying a tremendous opportunity for older industrial cities that haven't yet experienced the robust population increases enjoyed by the nation's more successful urban areas.[86] To the extent that they can both leverage their assets and provide the good services, safe streets, and quality neighborhoods those with choices demand, these cities, too, can attract the critical mass of residents needed to create a virtuous cycle of population and housing growth.

## The Economic Moment

A dynamic economic moment is also now underway, a result of a fundamental restructuring of the global economy:

- Globalization has accelerated the shift of our economy from the production of commodities, to the design, marketing, and delivery of goods, services, and ideas. Services employment grew by 214 percent from 1970 to 2000 as manufacturing declined, and now represents 32 percent of all jobs in the country.[87]
- The shift to a knowledge and innovation economy demands greater numbers of highly educated, highly skilled workers—now the single biggest driver of economic growth across metropolitan areas.[88]
- The role and function of universities, colleges, medical research institutions, and other institutions of higher learning in economic development and community revitalization is growing and changing.[89]
- The growth of the knowledge economy is altering the value and function of density and proximity, which is widely held to help accelerate the transfer of knowledge and ideas between people and firms.

While globalization and technological change have undoubtedly contributed to the decline of those cities reliant on "old economy" industries, moving forward, they also have the potential to give them back their competitive edge.

For example, while heavy manufacturing often requires vast amounts of land in locations convenient for transporting raw materials and finished goods—one reason why so many firms left the urban core—service firms and new economy industries (including some types of advanced manufacturing) are generally more flexible in their demand for space. Further, competitive pressures and technological change are increasingly causing firms to disaggregate their physical locations by function, locating their "command-and-control" functions (e.g., headquarters, marketing), research and development facilities, consumer servicing operations, and distribution centers in separate locations from one another.[90] Cities undoubtedly have the ability to compete for the first three of these functions with their suburban counterparts, provided they can attract and grow the skilled workers such jobs demand.

And so they are. Although the average share of residents with a bachelor's degree is lower, on average, in older industrial cities than in their metropolitan areas, the reverse is actually true for the 237 other cities—demonstrating the attractiveness of urban environments for many educated workers.

Meanwhile, the number of downtown residents with a college degree has skyrocketed: By 2000, almost 44 percent of residents in a sample of downtowns had a bachelor's degree or higher, up 10 percentage points from 1990. Some older industrial cities are already sharing in this trend: The downtowns of Philadelphia (66.7 percent),

Milwaukee (46.2 percent), and Baltimore (45.7 percent) were each among the top 10 based on their share of residents with a bachelor's degree.[91] Considering that, nationally, just over 24 percent of residents held a higher degree in 2000, these numbers can be a major selling point for cities in their quest to attract new firms.[92]

A variety of new urban scholars has begun to suggest that denser labor markets and more vibrant urban centers can actually improve economic performance, giving cities a clear advantage over many of their suburban counterparts.

Meanwhile, the enhanced role of colleges and universities is providing nearly all older industrial cities with an unprecedented chance to leverage the myriad economic benefits they provide. Beyond their role as educators, these institutions are vital to many local and regional economies, as trainers of the future workforce, as incubators of new knowledge economy firms, and as employers, purchasers, and real estate developers. They are also increasingly fueling economic growth and revitalization, helping breathe life into faltering downtowns—as in Cleveland—influencing neighborhood planning and development—as in Philadelphia—and stimulating new local enterprises—as in Pittsburgh. Perhaps most significantly, these schools are growing their roles as civic leaders, actively participating in decision-making about improving the health and vitality of their surrounding cities and regions.[93]

Finally, density may matter as never before. A variety of new urban scholars has begun to suggest that denser labor markets and more vibrant urban centers can actually improve economic performance, giving cities a clear advantage over many of their suburban counterparts. These scholars start from the premise, foreshadowed over 100 years ago by Alfred Marshall, that density is a primary purpose of cities, and that clusterings of talented people are a prime driver of economic growth.[94] Cities, and other dense agglomerations of economic activity, facilitate firms' ability to access workers and suppliers, and foster the "knowledge spillovers"—the sharing of information and ideas—essential to spurring the innovations that increasingly drive economic competitiveness.[95] Density also matters on the labor side of the equation. The large number of employers within an urban area allows workers to change jobs more easily, giving them both greater flexibility and stability than employees in non-urban locales.

Stronger market communities are already reaping the benefits of these economic shifts. But private sector companies are also increasingly investing in weaker cities and more distressed neighborhoods as suburban markets become saturated. Catalytic investment firms are working with the public sector and nonprofit communities on transformative investment strategies designed to stimulate market demand in places like downtown Detroit, the Baltimore harbor area, and elsewhere. At the same time, national retailers like Home Depot and Target are modifying their "big box" format to "fit" more dense urban environments—a sure sign that they are starting to view cities as untapped markets ripe for investment. Smaller cities, too, are seeing increased private sector activity, and growing engagement by nonprofit institutions like hospitals and universities. In Lancaster, PA, for example, Franklin and Marshall College is partnering with a hospital, a local BID, and local workforce and economic development agencies on a major project to grow healthcare, biotechnology, communication/information technology, and agriculture/food processing firms in the northwest part of the city.[96] While all this activity isn't yet at the scale needed to make up for older industrial cities' lost industrial base, it sends a positive—long overdue—signal to other potential investors, entrepreneurs, and institutions that these communities might be good places in which do business.

## The Political and Constituency Moment

Lastly, cities have an opportunity to take advantage of a profound political and constituency moment, as public sector and nonprofit leaders are beginning to understand that strong urban economies are key to building family security, healthy neighborhoods, and sustainable, prosperous regions:

- State leaders are recognizing—and are acting upon—the link between city revitalization and competitive regional growth.
- Foundations are realizing that many of their objectives—reducing poverty, improving neighborhoods, protecting the environment—are dependent upon a strong and vibrant urban core, and their support for projects to revitalize older industrial cities is growing.
- Community development organizations are increasingly interested in market-based solutions to building neighborhood wealth.
- Environmental and smart growth groups are focusing on the nexus between the revitalization of city cores and environmental sustainability.

To begin with, there are clear signs that some state leaders understand the importance of economically and fiscally strong cities. For example, in 2003, then Massachusetts Governor Mitt Romney created an Office for Commonwealth Development (OCD) to pursue a state smart growth agenda focused on revitalizing existing communities, supporting compact, walkable development, expanding housing and job opportunities, and protecting the environment.[97] Michigan's Gov. Granholm has made investments in cities an explicit part of the state's economic development plan, with millions of dollars targeted toward brownfields remediation, regional planning, and local infrastructure improvements. In 2005, she also launched "Cities of Promise," a five-year initiative that requires 18 state agencies to work collaboratively with eight of the state's most distressed cities—including Detroit, Saginaw, and Flint—to reduce poverty, spark economic development and investment, and improve blighted neighborhoods in these communities.[98] And in Pennsylvania, the Rendell administration is focusing on the links between economic growth, a skilled workforce, and targeted government investments that at once protect open space, shore up fading towns and cities, and clean up polluted sites. Tangible efforts are already underway: The state has created a $625 million bond fund, for example, to support the state's Growing Greener II program, which will be targeted directly towards environmental projects, and downtown and community revitalization.[99]

Some new governors, too, are speaking in "urban" terms. New York's Gov. Spitzer, for example, is already discussing specific new policy directions for reinvigorating struggling communities, particularly in Upstate. His Renew New York agenda aims to significantly expand state aid to distressed Upstate cities and towns, reinvigorate the state's brownfields program, and expand high-speed internet access in underserved urban and rural areas, among other things.[100] Such "new blood" in states with large concentrations of older industrial cities provides a unique chance to advance an agenda specifically aimed at these cities' interests.

Many philanthropic, civic, and community development organizations are also beginning to advance a new form of urban revitalization that focuses on market revival. These groups are now integrating poverty and housing initiatives with better schools, parks, transit, and public safety, and launching programs focused on entrepreneurship and wealth building. They are also getting involved in initiatives focused on increasing economic competitiveness and the creation of quality jobs. The Heinz Endowments, for example, has established an Innovation Economy Program to help spur the commercialization of research and innovations coming out of local universities and hospitals in the Pittsburgh region.[101] Urban League chapters nationwide are increasingly focused on closing the wealth gap between blacks and whites, phasing out many of its social programs in lieu of initiatives focused on entrepreneurship, workforce development, and commercial real estate development.[102] PolicyLink's Core Cities Initiative is working with public and private sector institutions to bring greater attention, resources, and equitable policy change to America's economically distressed cities, including many of those identified here.[103] And local groups like Neighborhood Progress, Inc., in Cleveland, are making private sector investment in community assets an explicit part of their core mission, noting that it "is the best way to restore neighborhood vitality and improve people's quality of life."[104]

Many philanthropic, civic, and community development organizations are also beginning to advance a new form of urban revitalization that focuses on market revival.

Finally, environmental and smart growth leaders are increasingly focused on the critical role that cities play in curbing sprawl, conserving open space, reducing pollution, and enhancing the nation's energy efficiency. Three years ago, for example, Smart Growth America (SGA)—in partnership with LISC (the Local Initiatives Support Corporation) and the Metropolitan Institute at Virginia Tech—launched the National Vacant Properties campaign, a major initiative designed to provide city leaders with information resources, tools, and technical assistance to support their vacant property revitalization efforts. SGA is also now an active partner in helping to organize statewide networks to advance state and local agendas for renewing older industrial cities.[105] At a more regional level, Scenic Hudson has been working for 40 years to protect and restore the Hudson River Valley, a mission which includes renewing brownfields sites and revitalizing core towns and cities.[106] And PennFuture not only has a state-focused "fix it first" action campaign, but has also added the Next Great City Initiative—dedicated to increasing the economic competitiveness and environmental health of Philadelphia—to its list of environmental protection programs.[107]

New attitudes and practices regarding density and development patterns are still evolving. Yet efforts to date demonstrate that older industrial cities have an unprecedented opportunity to build broad-based coalitions around market-oriented approaches to urban revitalization—network building that will be crucial to their ability to seize upon the demographic and economic trends now at hand. ■

# V. A State Agenda for Revitalizing America's Older Industrial Cities

Certainly, there appears to be no better time in recent history for reinventing and reinvigorating older industrial city economies. But to capitalize on positive trends, these communities need a new strategy for change—one that moves beyond policies and programs aimed at managing urban decline, and instead includes a set of integrated policies and practices that together aim to improve city-wide market performance. Such a strategy must start with local leaders, who must develop and articulate their own vision for success, and advance a plan for realizing it. But they can't go it alone.

While most discussions of urban policy tend to focus almost exclusively on local action and federal programs, states—for all the reasons cited above—are critical partners in any plans for cities' revitalization. Good things are already happening at the state level—but they are not enough. To truly catalyze older industrial cities' recovery, state leaders need a comprehensive *urban agenda*—one that both redresses state policies and practices that undermine urban prosperity, and advances proactive, innovative ideas for change. Such an agenda needs to cut across what are typically separate and siloed policy areas, and should have five primary objectives:

- To help older industrial cities **"fix the basics"** needed to ensure that they are high quality, fiscally healthy communities
- To help older industrial cities **build upon their economic strengths** so that they can create a "high road" economy of knowledge, innovation, and entrepreneurship

- To help older industrial cities **transform their physical landscapes** with investments that can catalyze development and stimulate economic growth
- To help older industrial cities **grow their middle class** by helping low-wage workers build skills, income, and wealth
- To help older industrial cities **create neighborhoods of choice** for people of varying incomes

While the emphasis will vary from state to state based on their current policy environment and the unique needs of their cities, it's vital that state leaders understand that true urban recovery will require them to tackle each of these objectives—and will demand an earnest commitment to wholesale change.

## Fix the Basics

In the first place, states need to do their part to help cities address the fundamentals. Even the best efforts at urban revitalization will have little chance of succeeding if the educational system is broken, residents and visitors feel unsafe, and the fiscal climate for businesses and residents simply "prices them out" of locating in the city. It's thus vital that states help their cities "fix the basics"— improving K–12 schools, curbing crime, and creating a cost climate competitive with cities' surrounding jurisdictions.

### *Transform neighborhood schools*

Fixing the basics begins with the schools. The lagging performance of older industrial cities' K–12 systems—as measured by their low test scores, high drop out rates, and the meager share of students that move on to attain a college degree—has a dual impact on these cities' economic competitiveness. Most troubling is the fact that local children—particularly those that are poor and/or minority—are missing out on the instruction they need to pursue higher education and quality jobs. But failing schools also deter middle class families from locating, or staying, in the city, depressing the local tax base and hampering cities' ability to make crucial investments in the educational system.

Already substantial funders of local districts, states need to undertake a series of reforms to ensure that failing local districts have adequate resources, quality teachers, and modern facilities located in stable neighborhoods. First, states need to examine and update their funding formulas such that their investments are being fairly distributed across jurisdictions on a stable and predictable basis. Recent analysis by The Education Trust, for example, found that, after adjusting for local costs of providing education, over 50 percent of states actually provide less funding per pupil to high-poverty, high-minority school districts than low-poverty, low-minority districts.[108] Second, states should invest additional resources to help attract good teachers to schools in distressed urban areas and other challenging environments. This means not only ensuring that their base salaries, working conditions, and training opportunities are competitive with wealthier suburban districts, but also providing bonuses—as North Carolina has done—for attracting, and keeping, highly qualified instructors in hard-to-staff schools. Third, states should follow the lead of Massachusetts by funding longer school days in struggling districts. The state is currently expending about $1300 day per student to lengthen the traditional school day in 10 pilot schools, an effort that Gov. Patrick is planning to expand.[109] Finally, states need to help cities improve the environment in which students learn each day by targeting major investments toward capital improvements in aging inner-city schools. States should require that such funding is part of long-term local plans to make surrounding neighborhoods safe, stable communities for the children and families who live there.

### *Make the streets safe*

Public safety is "basic" number two. High crime rates can stall city revitalization efforts, not only by diminishing the quality of urban life, but by signaling to investors and potential residents that government is

unable to meet one of its most essential obligations—protecting their citizens and businesses. But while local governments are generally responsible for policing and for the prosecution of crimes, states, too, play a large role in the criminal justice system. States are responsible for the administration of prison systems, probation and parole programs, and many juvenile, substance abuse, and mental illness programs.[110] States also control the distribution of a significant amount of federal—and state—criminal justice funding directed to localities.[111]

As a result of its power and responsibilities, states can serve as valuable funders, partners, and catalysts for more effective crime control strategies in cities, in several ways. In the first place, governors can help improve the coordination of criminal justice resources, serving as leaders in the effort to bring the many players in the criminal justice system to the table to reduce crime. In Michigan, for example, Gov. Granholm convened a 2004 Task Force on Jail and Prison Overcrowding to bring state and county governments together to ensure that limited resources for incarceration were being focused on incarcerating the most violent offenders.[112] States can also help local police departments improve the effectiveness of policing by funding state-of-the-art data systems—like New York's well-known CompStat system—to measure crime and manage police resources. Finally—and perhaps most significantly—states can play a powerful role in reducing the number of criminals who keep cycling through the system, working with local governments to design programs to help released offenders find housing and employment, and to get the substance abuse and mental health support they need in order to become healthy, productive urban residents. Under Washington State's Community Juvenile Accountability Act, for instance, local courts and governments are encouraged to develop evidence-based programs to reduce recidivism. The state has also been a leader in efforts to make substance abuse and mental health services available to juvenile offenders.[113]

**New York Neighborhood Work Project (NWP)**

In New York City, the Center for Employment Opportunities (CEO) provides transitional employment and job development and placement services to offenders leaving the state prison system on parole. Former offenders start on the path to full employment by working on the center's Neighborhood Work Project (NWP) transitional work crew, which allows them to gain work experience and earn a minimum wage. The NWP program is funded through a unique financial arrangement with the New York State Division of Parole. NWP work crews provide services for public agencies, and may perform such jobs as cleaning courthouses, collecting litter on highways, or painting classrooms in public colleges in the New York City area. While CEO has a basic contract with the Division of Parole, individual public agencies can pay for CEO work crews under that contract and make payments to the Division of Parole through an internal service fund. Once participants demonstrate consistent attendance in NWP and other pre-employment activities, 60 percent are able to graduate to permanent employment. Moreover, a 2006 CEO/MDRC analysis of the program found that, among CEO participants, successful placement in a job resulted in a 30 percent reduction in re-incarceration over a three year period.[114]

*For more information: www.ceoworks.org/homepage.htm*

### *Create a competitive cost climate for businesses and residents*

Fixing the basics, finally, requires structural changes in the way older industrial cities raise and spend revenue. Constrained on one side of the ledger by their inability to levy new fees and taxes, and on the other by rising pension, health care, and other costs they can't fully control, economically distressed cities are in a constant battle to make their fiscal ends meet. Such stress gets passed on to firms and residents in the form of high taxes and diminished services, a poisonous mix that can dissuade potential investors from considering the city as a viable home or business location, and even send committed city dwellers running for the suburbs.

While local governments need to take responsibility for controlling costs and streamlining service provision, states can improve the fiscal milieu in which they operate and, in the process, help "level the playing field" between cities and suburbs. States could do several things, first of all, to bolster cities' often precarious revenue situations. These include providing localities more flexibility to develop local option revenue sources (such as excise taxes and various types of fees) so that they are not so reliant on the property tax, as well as allowing—and incentivizing—revenue sharing among neighboring jurisdictions so as to limit unproductive competition for retail and firms. States could also do a better job distributing local (non-school) aid in a more predictable and fair way, with special attention to the needs of their struggling cities. They might, for example, create a payment-in-lieu-of taxes (PILOT) program, like that employed by Connecticut, paying cities and other municipalities a set percent of the projected property taxes they would collect if their universities, hospitals, and other nonprofit institutions were taxable.

States can also play a major role in helping cities curb expenditures. Giving localities greater latitude to renegotiate retirement and healthcare packages with their employees, for instance, as well providing more transparency in the system regarding who mandates—and who ultimately pays—municipal employee pension benefits, would be important first steps in helping cities reign in the skyrocketing costs of increasingly outmoded benefit systems.

## Build on Economic Strengths

Second, states need an economic development plan that focuses explicitly on reinvigorating their cities and other older communities. The most effective way to accomplish this is to build off these communities' existing economic strengths—by making targeted investments designed to renew the downtown core, supporting industries where cities and their metros have a clear competitive advantage, and enhancing both the physical and the economic connections between cities and regions.

### *Invest in downtown revitalization*

Over the past 15 years, there has been an amazing revival in downtowns across America, including several older industrial cities: From 1990 to 2000, for example, nine of 12 older industrial cities included in a study of 44 U.S. cities saw their downtown population increase, indicating a pent-up demand for urban living even in cities that are otherwise struggling to keep and attract residents and businesses.[115] This boost in population and housing in turn helps fuel an increase in retail establishments and eventually offices and employment, and can have a positive "spillover" effect on surrounding neighborhoods.[116]

While a strong downtown doesn't necessarily assure a strong citywide economy, it's certainly a prerequisite for success.

While a strong downtown doesn't necessarily assure a strong citywide economy, it's certainly a prerequisite for success. As such, it's vital that states help cities "set the stage" to bring people and businesses back to the core. At the most basic level, this can include seed funding to help cities undertake a diagnostic of the downtown, including the number and type of downtown jobs and businesses, its role in the metropolitan economy, its contribution to local government taxes, the structure and state of its transit system, the condition of its infrastructure, etc. Local government, business, and community leaders can then use this information to develop a long-range strategic plan for market revitalization that sets a concrete goal—for example, that 2 percent of all metropolitan residents

## The Road to Recovery: The Chattanooga Story

While the challenges may be steep, older industrial cities are in no way consigned to their current economic status. In fact, 17 of the 302 cities in the dataset were able to move off the "list" from 1990 to 2000:

| | |
|---|---|
| Akron, OH | Mobile, AL |
| Anderson, IN | Monroe, LA |
| Battle Creek, MI | Pueblo, CO |
| Chattanooga, TN | Spokane, WA |
| Chicago, IL | St. Joseph, MO |
| Duluth, MN | Toledo, OH |
| Lafayette, LA | Waco, TX |
| Lake Charles, LA | Yakima, WA |
| Louisville, KY | |

All 17 of these cities experienced improvements in their economic performance and/or residential well-being that outpaced those of their peers over the course of the decade: 11 were strong performers on both the City Economic Performance Index and the Residential Economic Well-Being Performance Index, and all but one of the other six were some combination of "moderate" and "strong" on the two indices.[117] (See Section II for a more detailed description of this analysis).

Chattanooga was one of these strong performers. This wasn't just by happenstance, but rather was the result of a concerted, innovative effort on the part of city leaders—with help from the state—to reinvigorate the urban core.

### *The Chattanooga Story*

In 1969, the federal government named Chattanooga the nation's most polluted city.[118] But while dirty and deteriorating, the city continued to experience substantial gains in its manufacturing employment during the 1970s, and aggressive annexation efforts, which more than doubled its geographic area, allowed its population to increase.

By the 1980s, however, Chattanooga was in full free-fall. After growing nearly 38 percent the decade before, the number of residents employed in manufacturing tumbled 28 percent.[119] Employment growth stagnated, and residents fled: In fact, the city was one of only 18 U.S. cities with a population of more than 100,000 to lose more than 10 percent of its residents during the decade.[120] By 1990, Chattanooga had become a Rust Belt city in the middle of the Sun Belt—and was one of the weakest cities economically in the country. But not for long.

By the beginning of the new century, Chattanooga had transformed itself right off the list of the country's economically weakest cities. From 1990 to 2000, employment in the city increased 17 percent (while dropping an average 8 percent in the 65 older industrial cities) and per capita income grew 21 percent (compared to 7 percent in the older industrial cities). Median household income by 2000 had reached $32,000 per year (compared to just over $29,000 in the 65 older industrial cities), and the poverty rate had fallen below 18 percent (compared to 23 percent in the older industrial cities).[121] Meanwhile, Chattanooga's overall population increased by 2 percent over the decade, and its number of downtown residents rose more than 7 percent.[122]

So what happened?

The story begins in the early 1980s with the creation of the Moccasin Bend Task Force. Appointed by the county and city government and funded by the Lyndhurst Foundation, this group was charged with developing a plan for a 22 mile corridor along the Tennessee River. The Task Force recognized the inherent value of Chattanooga's core asset—its waterfront—and recommended the creation of the Tennessee Riverpark, the first of a series of waterfront-related projects designed to revitalize the downtown.

A public-private partnership also led to the development of the Vision 2000 plan. Among other things, the plan called for the preservation of the Walnut Street Bridge as a pedestrian link between downtown and North Chattanooga and the construction of a downtown aquarium to attract visitors to the city. But Vision 2000 also called for the creation of a new effort to create affordable housing throughout the city. Local philanthropic leaders, meanwhile, were also hard at work at efforts to improve local schools.

During the 1990s, Chattanooga leaders took the best laid plans of the 1980s and put them into action. The Tennessee Aquarium opened in 1992. In 1993, the Walnut Street Bridge was reopened as the longest pedestrian bridge in North America. Throughout the rest of the decade, the city added new housing, downtown hotels, and a new urban waterfront park across the river from downtown.

The resurgence has continued apace. In 2002, Chattanooga embarked on the next phase of waterfront redevelopment—a $120 million 21st Century Waterfront Plan to make the downtown

side of the river more accessible, create additional housing, and expand parks and cultural venues, including the Tennessee Aquarium. While the city facilitated the development, half of the project was funded through private contributions; the public share of the project was primarily funded through a new hotel/motel tax.

In addition to these transformative infrastructure projects, local foundations and the government have also been working together on education and neighborhood development in the city. The Benwood Initiative, named after a local foundation, has become a national model for turning around underperforming urban schools.

Finally, Chattanooga has taken the first steps toward recruiting industry related to new technology. In 2002, city officials and the local university successfully recruited the Sim Center to come to the University of Tennessee at Chattanooga from Mississippi State. The Sim Center focuses on computational engineering and is one of several academic research centers working on hydrogen fuel cell technology.

With all this development, tourism has become an important part of the local economy. Between 1990 and 2004, the number of manufacturing jobs in Hamilton County declined by 22.5 percent, while jobs in leisure, hospitality, accommodations and food service industries grew by over 26 percent.[123] New public and private investments in the downtown have also allowed Chattanooga to retain and grow jobs in other sectors, and have helped the city to retain several major employers. For example, though mergers in the late 1990s caused both CIGNA and Unum Provident to consider leaving the downtown area, together they now employ nearly 5,000 in the city's core. And after initially considering a location outside of downtown, Blue Cross Blue Shield of Tennessee (BCBST)—the city's largest employer—is now in the midst of a building a new $300 million headquarters there. In its 2004 announcement, Blue Cross Blue Shield's CEO called the decision a renewal of "our commitment to Chattanooga and its vibrant downtown area."[124]

While local government, philanthropic, and business leaders were the primary forces behind Chattanooga's turnaround, state officials—through four governors—have contributed significant funding and support along the way:

- The state of Tennessee provided direct funding for both the infrastructure surrounding the Tennessee Aquarium and funding related to the 21st Century Waterfront
- The state Department of Transportation, after initial resistance to the city's new waterfront plans, eventually turned over a key highway to city control
- Funding for both the development of downtown's Southside and the Waterfront Plan was the result of state legislation: Debt service on the Southside project was funded through tax increment financing based on sales tax revenue and, as previously noted, the Waterfront Plan debt is supported by a new state-approved local hotel motel tax
- Efforts to recruit and grow the Sim Center are the result of a direct partnership between the city and the local branch of the University of Tennessee.

Chattanooga's renaissance demonstrates how a comprehensive approach, a focus on assets, and strong partnerships are key ingredients to a successful reform effort. Most importantly, though, it shows that, however steep the challenges, change *is* possible.

live downtown—and identifies specific projects and programs the public sector should invest in to help reach it. States can target investments according to the plan, providing grants and loans to underwrite "big ticket" real estate projects, upgrading infrastructure—from transit to broadband—in the downtown area, and ensuring that state universities and community colleges located in or near the downtown core are key partners in the revitalization process.[125] States should also require—as Michigan and Pennsylvania do—that downtowns be given first priority as locations for state-owned offices and facilities, as well as look for opportunities to expand their suburban university and community college campuses into downtown areas.

### *Focus on cities' and metros' competitive niches*

For several decades, a large share of older industrial cities have been grappling with the decline of heavy manufacturing and the high paying jobs it provided, and looking for the next big thing that could replace it. These cities have been up against market forces too powerful to be mitigated by smokestack chasing schemes or tax incentive programs, however. What's needed instead is a new and improved brand of economic development that focuses on cultivating new firms and jobs rather than simply attracting them, and that builds from local niches rather than borrows from the latest national fad.

But local governments can't remake their economies in a vacuum. State leaders need to do their part to create a climate that fosters innovation and entrepreneurialism, and must encourage growth in industries that will fuel prosperity in cities and their surrounding regions. This first demands that states undertake a rigorous analysis of the type and location of potential competitive clusters, including the unique opportunities—and challenges—associated with business attraction and cluster development in older communities. States then need to parlay this knowledge into a concrete plan to re-align existing economic development dollars to capitalize on those existing strengths and niches. This might include, for example, creating and supporting programs to promote cutting-edge research and product development in universities and medical centers; investing in advanced manufacturing industries that could take advantage of cities' long-standing prowess in goods production; or providing financial and other supports—such as state-funded incubator facilities—to inspire risk-taking among local entrepreneurs. In Pennsylvania, for example, the Ben Franklin Technology Partners' (BFTP) four regional centers in the state have for over two decades provided resources to a number of colleges and universities to develop technology-driven enterprises in the Commonwealth, while its new Keystone Innovation Zone (KIZ) program specifically focuses on aligning the combined resources of educational institutions, private businesses, commercial lending institutions, venture capital networks, and foundations to increase the rate of technology transfer and product commercialization.

### *Enhance the connectivity between regions*

Older industrial cities, finally, have a real opportunity to "connect up" with other cities and regions, both physically and economically. This includes both taking advantage of strong job markets and expanding development in thriving metropolitan areas such as Boston or New York, as well as building tighter workforce and industry relationships with other nearby communities to advance their wider regional economy.

States can help cities and regions forge these connections, in two major ways. First, state transportation dollars could be well spent on creating or expanding rail service between older industrial cities located in the orbit of larger hubs. Such links would allow workers in high cost regions to take advantage of older industrial cities' more affordable housing, expand employment opportunities for existing older industrial city residents, as well as facilitate the ability of small- and mid-sized cities to serve as back office or satellite locations for headquarters located an hour or two away. Such connections could be particularly beneficial for

### Hartford-Springfield Partnership

Linked by the Connecticut River, Interstate 91, a shared airport, and a common industrial and cultural heritage, Greater Hartford, CT and Greater Springfield, MA together anchor a large and powerful economic region that is home to nearly 1.9 million people and spans two states. Recognizing this power, area political, business, economic development, educational, and government leaders came together in 2000 to form the Hartford-Springfield Economic Partnership. The purpose of the partnership is to help these two communities—which are located only 25 miles apart—to pool their resources and work together to build and market the regional economy, invest in transportation and infrastructure, and secure federal assistance. Since its inception, the partnership has focused on marketing the region—dubbed "New England's Knowledge Corridor" for its concentration of universities and history of innovation—by providing information on its economic, educational, cultural, and other assets, hosting tours for consultants and businesses, and exhibiting at trade shows, among other activities. The organization sponsors research focused on building the regional economy, as well as lobbies for policies and investments that can positively impact the corridor.

*For more information: www.hartfordspringfield.com/*

New Bedford and Fall River, in Massachusetts, and for cities in the Lehigh Valley in Pennsylvania that are working to expand their ties to New York and Philadelphia.

States can also encourage stronger relationships among cities and regions with similar economic histories and assets. While individual cities and regions naturally must work to leverage their own unique strengths, collaboration and planning among regions both within and across states can help these communities and their institutions develop niches that complement and reinforce one another. Thus rather than competing, neighboring metropolitan areas can instead work cooperatively to market the wider economic region to prospective firms, as well as to grow strong networks of related firms—and the institutions and infrastructure needed to support them—from within. States can promote such collaboration through state-wide economic analyses—like that described above—that help individual cities and regions better understand not only their own economies, but the special strengths of other areas. Moreover, states can identify ways to reorganize their agencies and programs to better align them with the spatial organization of the economy, even when it crosses state lines.

## Transform the Physical Landscape

A true commitment to urban revitalization demands that states recognize and leverage those physical assets of cities that are most aligned with the preferences of the changing economy, and then target their investments and amend antiquated policies accordingly. To this end, state leaders need to focus their resources on upgrading crumbling infrastructure in cities and older areas, invest in a few large-scale projects that have the power to truly catalyze a market turnaround, and give cities the tools they need to turn vacant and abandoned properties into marketable sites for development.

### *Fix it first*

In order for older industrial cities to be competitive locations for businesses and families, it's vital that states help plan for and invest in major upgrades to their aging infrastructure. Many sewer, water, transit, and road systems in these cities are reaching the end of their lifespan. The cost of needed improvements to wastewater systems alone, for example, is estimated to be $12.8 billion in New Jersey, $8.7 billion in Ohio, and $8.1 billion in Pennsylvania.[126]

A recent issue brief by the National Governors Association offers a series of recommendations for how states can most efficiently and effectively utilize their limited infrastructure resources to both save money, and enhance their existing assets. These include not only targeting investments toward areas of existing infrastructure, but also prioritizing those investments so as to help restore the economies of particular communities.[127] This is sound advice. To achieve these goals, however, states first need to

assess where current dollars are going, and develop strict criteria for determining how they might be reallocated to improve the investment climate in older areas. They should also require that cities develop comprehensive plans outlining how the operation, maintenance, and replacement of deteriorating infrastructure systems align with neighborhood planning and economic development goals. New Jersey's Transit Village Initiative, for instance, provides incentives to redevelop and revitalize communities around existing transit facilities, in accordance with municipalities' own visions and plans.[128] Finally, states should examine opportunities to reduce costs by incentivizing cooperative agreements between neighboring jurisdictions to share overlapping or redundant services and systems.

### *Invest in catalytic development projects*

Urban historians often recount how bold visions and unbridled ambition—think Daniel Burnham, Frederick Law Olmstead, or for better or worse, Robert Moses—powerfully shaped and reshaped the physical development of our cities. But over the past half century, cities have focused more on small, incremental, and often politically expedient projects and programs that have done little to fill the economic and physical voids left by the outflow of people and businesses—and in some cases have actually undermined the density and vitality that made them distinct.

Reinvigorating older industrial cities demands that they start thinking creatively again about the kinds of transformative investments that can have a true catalytic effect on urban redevelopment.[129] These might include, for example, tearing down an obsolete highway that cuts a city off from its waterfront, redesigning a large public park, or turning an abandoned wharf into a bustling shopping and entertainment district, among other activities. Milwaukee, for example, spent $45 million to bring down the East Park Thruway in 2003 and restore the street grid beneath it, freeing up nearly 20 acres of land for new development.[130] And the continued development of Baltimore's Inner Harbor is one the most well-known examples of a large-scale waterfront redevelopment project in the country. But even less expensive projects can make a big difference, as evidenced by Scranton's $1.9 million investment to turn its deteriorating Nay Aug Park into a significant local amenity and regional attraction.[131] States can support such efforts by strategically targeting economic development, transportation, and other funds toward locally identified projects designed to stimulate private investment. Pennsylvania's Community Action Team (CAT) program, for example, targets the delivery of multiple state programs and services to help communities plan and implement specific priority "impact" projects.[132] States can also catalyze local markets, as noted above, by making smart decisions on the design and siting of state office buildings, public university campuses, and other facilities (e.g., museums, stadia) that often receive state investments.

### *Create marketable sites*

While older industrials cities' residential and business base has contracted over the past several decades, their physical footprints have not. Instead, once vibrant neighborhoods and industrial areas are left with thousands of abandoned buildings and vacant, often contaminated, lots that are costly to maintain at the same time that they act as a drag on proximate property values.

States have an array of tools at their disposal that can help cities cope with vacancy and abandonment, and turn existing liabilities into market-ready development opportunities for the near- and long-term. In the first place, states are in a prime position to develop systems to inventory and track vacant and abandoned properties over time. States should provide funding to all local governments for the on-going collection of parcel-based information on these sites—including information on their location, zoning, tax status, market value, and ownership—using state-established definitions and data collection criteria to facilitate collection and promote standardization across cities. This would go a long way in

helping cities identify and track opportunities to assemble and redevelop vacant lots. States should also then focus on ways to encourage large-scale redevelopment of underused sites. This should include: (1) reviewing and reforming tax lien foreclosure laws to expedite the acquisition and disposition of delinquent properties, which under current systems can sit idle for years before the city can take ownership; (2) developing new tools to promote brownfields development, such as an environmental insurance program (like Massachusetts'), or an environmental remediation tax-increment-financing (TIF) program; (3) enabling the establishment of local land banks—as Michigan has done—that allow localities to gain clear title to vacant properties and assemble them for future use; and (4) continuing to allow the limited and appropriate use of eminent domain to redevelop blighted urban areas.

**State of Michigan Land Bank Fast Track Authority**

In January 2004, Michigan Governor Granholm adopted the bi-partisan Michigan Land Use Leadership Council's recommendation and signed into law the Land Bank Fast Track Legislation. Modeled in large part on the Genesee County Land Bank Authority, this legislation explicitly enabled the creation of city and county land bank authorities and permitted them to expedite title clearance on properties, greatly facilitating local governments' ability to acquire, assemble, and redevelop vacant and abandoned land and buildings and put them back into productive use. Packaged with four additional Acts, land banks in the state now have the power to borrow money or sell bonds to raise revenue; buy and assemble land into larger parcels; demolish, rehabilitate, or construct new buildings; and sell the redeveloped properties, among other things.[133] Following the lead of Genesee County—which has worked to foster the reuse of the over 4,000 properties in Flint and its surrounding area it has acquired through tax foreclosure—seven other counties throughout the state are now working to revitalize their communities through their own land bank authorities.[134]

*For more information: www.michigan.gov/cis/0,1607,7-154-34176---,00.html*

**The Clean Ohio Revitalization Fund/Clean Ohio Assistance Fund**

In November 2000, Ohio voters approved a ballot referendum to create the $400 million Clean Ohio Fund to fund the preservation of the state's farmland and natural areas, as well as to convert urban brownfields to productive use. The Clean Ohio Revitalization Fund and Clean Ohio Assistance Fund represent half of this initiative, allowing the state to invest up to $200 million for activities involving the evaluation, clean up, and redevelopment of the state's many vacant and underutilized brownfields sites. Local governments, port authorities, and conservancy districts, as well as nonprofit or for-profit groups working in cooperation with a governmental entity, can apply for the funds each year. The Clean Ohio Council, chaired by the director of the Ohio Department of Development, selects the strongest projects based on the potential economic benefits, environmental improvements, and benefits to low-income and minority communities, as well as the amount and type of investment the applicant is providing.[135] Advocates say that, since its inception, the Fund has helped advance cleanups at 126 abandoned and polluted sites.[136]

*For more information: www.clean.ohio.gov/*

## Grow the Middle Class

Improving the economies of older industrial cities necessarily means improving the overall incomes of the families who live there. One way to do this is to make these cities more attractive to higher income residents by improving schools, upgrading amenities, and growing high end jobs. But this isn't enough. Older industrial cities cannot get ahead without working to alleviate poverty and increase the opportunities and wealth of their existing residents—without, in other words, growing the middle class from within. To this end, states must work with cities to improve the vocational skills of residents, ensure that workers take more money home at the end of the day, and reduce the high cost burdens suffered by families living in poor neighborhoods.

## *Give residents the skills and connections they need to compete*

Growing a robust middle class in older industrial cities first and foremost requires that low-income residents, including many recently-arrived immigrants, have the education and skills needed to attain and keep quality employment. This begins with high-performing K–12 schools. But it also requires the development of state-of-the-art workforce systems that offer job training programs that align with local industry needs, as well as provide direct connections to regional job opportunities.

The 1998 federal Workforce Investment Act (WIA) has spurred states to streamline and enhance their workforce delivery systems. These efforts should be expanded to better serve the needs of inner-city residents. First, states should team up with local governments and nonprofits to design and fund programs to teach new and hard-to-employ workers—young adults, new immigrants, the chronically un- or under-employed—the basic skills needed to survive in the workplace. These can range from classes on use of basic computer software programs to Vocational English as a Second Language instruction to sessions focused on "soft" skills like problem solving and customer service. States should also provide targeted resources to all types of post-secondary institutions—including vocational and technical schools, community colleges, and four-year universities—to create or expand programs to help inner-city workers develop the "hard" skills required for jobs in growing sectors such as health care, or in specific regional industry clusters. These programs should be designed in close and on-going collaboration with industry leaders, business groups, and private sector intermediaries and should include internship, apprenticeship, and networking opportunities that can help students make direct connections with potential employers both within the city and throughout the wider metropolitan area. Finally, states should invest directly in the creation and growth of workforce intermediaries—as Ohio, Pennsylvania, and California have done—that can help low-income workers establish career pathways to good jobs, and help businesses access the job-ready employees they need to succeed.[137]

**Ohio Career Pathways Project**

Growing out of the need to break down the disconnect between the state's labor markets and its community colleges and technical schools, in 2005 Ohio policymakers began collaborating with the KnowledgeWorks Foundation to develop the Ohio Career Pathways Project. KnowledgeWorks initially launched the project with the establishment of three intermediary-led partnerships charged with helping unemployed and low-wage workers advance their careers; later that year the Governor's Workforce Policy Board committed an additional $300,000 a year for three years to create three additional partnerships. Each of the six partnerships—two of which are managed by local workforce development agencies and four of which are managed by postsecondary institutions—include workforce development system representatives, adult basic education programs, technical schools, employers, social service providers, and government agencies, ensuring a system-wide approach to postsecondary workforce education. Funding is used for operational costs and for technical assistance and capacity building for the partnerships, including training for program coordinators and team members.[138] While still a nascent effort, the hope is that the Career Pathways intermediaries will help increase the postsecondary educational attainment levels of low-income workers, and ultimately help them enter higher-skilled, higher-wage occupations.

*For more information: www.kwfdn.org/adult_learning/career_pathways/*

## *Make work pay for low-income workers*

The ability of many city residents to move out of poverty requires not only that they are able to access good jobs, but that they are supported by programs that help them keep more of what they earn. But because a growing number of low-income families include full-time workers, the old "welfare office" model for providing such support is more out of date than ever.[139]

States can do their part to help these families, in a few key ways. To begin with, all states should follow the lead of the 19 states that have enacted their own version of the federal Earned Income Tax Credit (EITC). According to the Center on Budget and Policy Priorities, a family of four earning $14,600 per year falls about $276 below the federal poverty line, even with the federal EITC. A state EITC equal to

15 percent of the federal EITC would bring the family's income above the poverty line.[140]

States should also take steps to streamline access to key public supports for workers and their children. First, they can adopt more flexible policies and procedures for working families to receive key state-administered benefits, such as nutritional supports, child care assistance, and subsidized health insurance. These may include: reducing onerous income and asset verification requirements; coordinating renewal periods and processes across benefit programs; permitting families to apply for programs over the phone, online, or by mail; and sharing a family's information from one program to update eligibility in other programs. Some Ohio counties, for example, allow families applying for child care subsidies to apply for Medicaid on the same form.[141] Second, states can provide modest support to nonprofit organizations that facilitate access to key benefits for working families. Many such organizations began by conducting outreach to families eligible for federal tax credits like the EITC, but have now extended their efforts to include outreach, screening, and application for other work-support programs.[142] For instance, Pennsylvania (along with the City of Philadelphia) has provided financial support to Philadelphia's Campaign for Working Families, a collaborative of 17 organizations that provides free tax preparation and access to the EITC, other tax credits, public benefits, and asset-building resources.[143]

### *Reduce the costs of being poor in urban areas*

A final step toward building a middle class in older industrial cities is to reduce the high cost of living that so many low-income families shoulder. In 2005, nearly 4.2 million low-income households nationwide paid higher than average prices for their mortgage, about 4.5 million paid more for their auto loans, and at least 1.6 million paid too much for basic goods like furniture and appliances. These disparities are particularly acute in many inner-city neighborhoods, and can add up to hundreds, sometimes thousands, of dollars for low income families.[144]

States can play a major role in bringing down urban families' out-of-pocket expenses, freeing up money for investments in wealth-growing assets, such as education and homes.[145] In the first place, state leaders need to crack down on the unscrupulous business practices of mortgage lenders, check cashers, auto dealers, and others that drive up prices for the poor. Efforts could include, for example, capping the interest rates and fees set by payday lenders, as over a dozen states have done, and placing restrictions on mortgage prepayment penalties and predatory refinancing practices, as New Mexico and North Carolina have done. States can also target the demand side of the problem by helping low-income residents make decisions that are in their best financial interest. Illinois and Georgia, for instance, are among a number of states that now require a financial literacy class as a graduation requirement for high school students.[146]

**North Carolina's Anti-Predatory Lending Law**

In 1999, North Carolina enacted one of the most potent anti-predatory lending laws in the country. While numerous other states have enacted statutes to guard against high-cost mortgage lending, North Carolina's is one of the few that targets abusive refinancing practices. Among other things, the law prohibits prepayment penalties on first-lien mortgages under $150,000; establishes a definition of high-cost loans; bars numerous lending practices without consideration of a borrower's ability to pay; prohibits refinancing if there is no net benefit to the homeowner; and requires applicants for high-cost loans to receive financial counseling before signing on the loan. According to research conducted at the University of North Carolina, from 1998 to 2000—after the law had taken affect—the state saw a substantial decline in the number of refinance originations, almost 90 percent of which was due to a reduction in loans with abusive or predatory terms.[147]

*For more information: www.responsiblelending.org/*

# Create Neighborhoods of Choice

It is now well understood that neighborhoods of concentrated poverty—high numbers of which are located in older industrial cities—exact significant costs on families, particularly children. Residents of these neighborhoods are more isolated from jobs, are further removed from social networks, perform worse in school, and have greater numbers of health problems than those in more mixed-income communities. These neighborhoods are also costly for cities, in terms of both the high service demands, and the lost opportunities, they engender. State leaders need to focus on developing housing and redevelopment policies aimed at turning deprived areas where those with few options are *consigned* to live, into high-quality communities where people of varying incomes *want* to live. They must also work to preserve neighborhoods before widespread decline sets in.

## *Support mixed-income housing*

Over the past several decades, a wide range of federal, state, and local policies and practices have been designed to combat the well-documented ills associated with concentrated poverty. Among other goals, these programs have sought to expand the availability of affordable, quality housing in distressed urban neighborhoods. But while these neighborhood improvement efforts deserve accolades for helping to bring some investment into long forgotten communities, they have not done a very good job of facilitating the creation of mixed-income developments.[148] Affordable housing options in wealthier urban and suburban neighborhoods, meanwhile, remain limited in many areas.

As neighborhood services and amenities improve, they naturally become more appealing to higher income residents who have options in choosing where to live; these residents in turn help create the market for more growth. But states can move this process along by encouraging the construction of more market-rate housing in inner-city neighborhoods. For instance, several states, including Indiana and Massachusetts, now give preference in the allocation of their Low Income Housing Tax Credits (LIHTC) to developments that include market-rate units.[149] Such preference can be even more effective if new LIHTC developments are required to be part of a wider strategy for neighborhood revitalization.

Creating mixed-income housing isn't just about attracting wealthier residents to low-income urban areas, but also requires that poor residents have housing opportunities in higher income neighborhoods regionwide. To this end, states need to evaluate where LIHTC developments are located

throughout metropolitan areas, and ensure that they are being equitably distributed across communities of varying incomes. States should also encourage the implementation of local inclusionary-zoning statutes to boost the supply of affordable housing units being built in wealthier communities.[150]

### *Grow inner-city markets*

Nationwide, low-income households collectively have about $655 billion in buying power, the vast majority of which is spent on basic necessities such as food, housing, and transportation.[151] But traditional income-based market analyses—which typically underestimate the incomes of poor families, and disregard residential density—tend to discount the market potential in many inner-city communities. The upshot is that these communities are often overlooked by mainstream businesses, and thus lack many of the high-quality, lower priced goods and services enjoyed by wealthier areas.

State leaders need to work with cities and the private sector to help struggling neighborhoods attract the retail, restaurants, banks, and other local-serving businesses that prospective residents seek and existing households desperately need. As a first step, states should appropriate resources to help localities collect, maintain, and promote more accurate information about neighborhood market potential through the use of innovative data collection, mapping, and other tools. They should then go further to provide revolving loan funds and other financing mechanisms to directly support local efforts to attract supermarkets and other retailers to underserved areas, understanding that such seed money can go a long way in helping cities acquire and assemble land, fill in financing gaps, or make vital infrastructure upgrades and traffic improvements. Finally, states should look for ways to creatively use existing resources to jumpstart local markets. For instance, New York is employing its substantial depository power to encourage mainstream financial institutions to enter poor neighborhoods that can't attract them on their own, essentially subsidizing these banks by providing both below-market and market rate deposits.

**New York State Banking Development Districts**

Fearing that they can't attract enough retail deposits to make their business activities worthwhile, banks often avoid locating in underserved urban neighborhoods. To overcome this problem, in 1998 New York State created the Banking Development District (BDD) Program, which provides a range of incentives to banks to open branches in neighborhoods with demonstrated need for financial services. Under the program, the state agrees to deposit state funds into banks that expand services and locate in designated Banking Development Districts; the state also provides access to below-market public funds, real property tax breaks, and other local tax incentives. In doing so, the state aims to expand consumer access to mainstream banking, provide enhanced access to capital for local businesses, and ultimately help stimulate economic development in designated communities. As of October 2006, 31 BDDs had been approved for official designation by the state, and its success has made it a national model for other states looking to establish similar programs.

*For more information: www.banking.state.ny.us/bdd.htm*

### *Invest in preservation and rehabilitation*

The history of older industrial city neighborhoods is embedded in their rich stock of distinctive housing and streetscapes. But decades of population and business loss have decimated the former vitality of many communities, and have left others struggling to remain stable in the face of continued market decline. These latter "transitioning" neighborhoods can get caught in a blind spot where they are too well-off to qualify for many public sector community development programs, yet too run down to attract new investment.

States can help local governments and nonprofits preserve these urban communities, in a number of ways. In the first place, state leaders should help prevent housing abandonment through homeownership counseling programs, and emergency loan, anti-fraud, and other laws and tools designed to prevent mortgage foreclosure and keep families in their homes. In

### Newark, New Jersey: Fixing the Basics for Higher Returns

Like many cities in the Northeast and Midwest, Newark is still struggling to overcome the legacy of dramatic industrial decline. Though located in one of the wealthiest states in the nation, Newark's total employment fell nearly 4 percent during the 1990s, and in 2000 over 28 percent of all residents lived below the poverty line—more than double the national average.[157] The city also lost a third of its population in the last four decades.[158]

In July 2006, a new administration, headed by Mayor Cory Booker, took office and found that Newark's government had accumulated a severe structural deficit. From FY2003 to FY 2007, city recurring revenues climbed by less than 10 percent, while spending on city police, fire, and other services increased by 55 percent. The end result is a $115.2 million structural budget deficit for FY 2007, and projected gaps of $138.3 million and $186.0 million in FY 2008 and FY2009, respectively.

To head off a financial crisis, the Booker administration and the City Council are putting in place a number of new strategies designed to make government operate more effectively, and to build confidence in the city's performance with the public, credit and bond rating agencies, and the state. These efforts include reorganizing and streamlining city departments, using technology to spur productivity, negotiating more favorable labor contracts, improving budget practices, and implementing sound, transparent financial management polices.

While these undertakings are essential to getting the city's financial house in order and putting it on the road to economic recovery, they can only do so much. The state, too, has a vital role to play in helping Newark and other economically distressed cities in New Jersey overcome their fiscal challenges, not by presenting an open checkbook—the state government has financial challenges of its own—but by targeting existing investments more strategically, and revamping laws and policies that hamper redevelopment.

This case study focuses on just one example of how state reform could help inject new revenue into its older industrial cities, revenue that could in turn be used to help families and grow their economies. The study looks specifically at how New Jersey could better enable its local governments, particularly Newark, to generate more own-source revenues through three innovative measures. It then demonstrates just one way Newark could utilize the additional revenues from these reforms—by improving job training opportunities for low-income and displaced workers—and the positive economic impact this could have on the city (and ultimately the state) as a whole.

#### *Fixing the Basics: State Authorization of New Local Government Revenue Streams*

The state of New Jersey has already targeted much-needed financial assistance to the city of Newark. In FY2007 alone the state is providing $174.3 million in direct assistance to the city through grants and state aid, $730.1 million in funding to the Newark Public Schools, and millions more in funding for health, human services, and other services provided through Essex County. State-supported investments in the New Jersey Performing Arts Center and infrastructure for riverfront development are also helping to stimulate downtown revitalization.

> Transitioning neighborhoods can get caught in a blind spot where they are too well-off to qualify for many public sector community development programs, yet too run down to attract new investment.

order to help reduce Ohio's very high foreclosure rates, for instance, Governor Strickland recently created a Foreclosure Prevention Task Force that is tasked with designing a set of foreclosure prevention and intervention strategies to assist homeowners with distressed mortgages; the state is also offering a new refinancing program that will make available an affordable, fixed-rate financing alternative to homeowners with mortgage loans that are inappropriate for their financial circumstances.[152]

Second, states should actively encourage the preservation and rehabilitation of aging homes and

As important as these investments are, the state can do more to promote the city's fiscal stability, and ultimately help it to create a more competitive cost climate for business and residents. By allowing Newark, and all municipalities in New Jersey, more autonomy in the taxes and charges they levy, the state will be able to promote Newark's recovery without decreasing the amount of revenue the state collects or increasing its intergovernmental aid to municipalities. Below are three potential revenue sources that are directly applicable to Newark and also have varying degrees of applicability to other municipalities in New Jersey.

**Urban Enterprise Zone Opt Out.** New Jersey's Urban Enterprise Program was created in 1983 to encourage retail activity in distressed urban areas. Under the program, a city that met certain criteria for economic distress would have a portion of its major industrial and commercial areas declared an Urban Enterprise Zone (UEZ) by the state. Qualified businesses within each zone would be able to decrease the state sales tax they charged on purchases by 50 percent, and a portion of the sales tax revenue generated by these UEZ businesses would then be reinvested into the city. In 1984, Newark became one of the original 10 municipalities to have a designated UEZ in the state.

After over two decades, however, the impact of the UEZ program on Newark's commercial health seems questionable at best: Studies have shown, in fact, that on a local level the lower tax rate and subsidies offered by UEZ programs have not tended to affect business location decisions. Yet the state has extended Newark's (and other cities') UEZ designations beyond the initial 20 year designation period.

In light of the program's limited success in Newark and across the state, New Jersey should allow UEZs to opt out of the program either in whole or in part. By doing so, sales tax in those areas would increase from the current rate of 3.5 percent to the normal state rate of 7 percent. The catch? In exchange for opting out of the program, the city would be able to retain the revenue generated from the additional 3.5 percent sales tax in the UEZ area for a designated number of years. Under this scenario, the state is not ceding revenue to the city since this revenue is currently not being collected by the state.[159] The fiscal impact of implementing this "opt out" option has yet to be determined.

**Personal Property Tax on Containers.** The city of Newark is also home to Port Newark. Operated by the Port Authority of New York and New Jersey, the port is a part of the largest and most comprehensive collection of maritime cargo handling facilities on the east coast of North America.[160]

The Port Authority of New York and New Jersey currently has an import-export ratio of 2.6, meaning that, in 2005 alone, over 1.4 million more 20-foot equivalent containers (TEUs) were taken into its ports than were shipped out.[161] Some of the containers coming into Port Newark are transported away from the port by rail or shipped from the port empty of goods. However, given the high cost of transporting empty containers, large numbers of empties are stored in the area surrounding port for indefinite periods of time. This long-term storage causes blight along the port area of the city, discourages

*(continued on page 60)*

commercial areas. For example, all states should follow the lead of New Jersey, Maryland, and others that have adopted new building codes that encourage the rehabilitation of existing structures by allowing greater flexibility in construction standards without compromising basic safety.[153] State leaders should also pass legislation authorizing state historic tax credit programs—as 24 states have already done—that give credits to homeowners or developers who restore historically significant properties, many of which are located in urban neighborhoods.[154] Finally, states should create programs that provide low-interest loans and small grant funds to help low-income homeowners and small business owners make necessary repairs, upgrades, and other physical improvements. Such programs can be a relatively inexpensive way to both improve the quality and livability of deteriorating properties, as well as enhance the aesthetics of urban neighborhoods.

*(continued from pqge 59)*

**Newark, New Jersey: Fixing the Basics for Higher Returns**

development in the area, and depresses potential property tax revenues by lowering property values of land used by and adjacent to storage areas. By imposing a personal property tax of $5 per day for every TEU stored within the city of Newark, the city would generate an estimated $18.3 million annually for every 10,000 TEUs stored within the city limits to offset those impacts and potentially discourage future container storage growth.[162] Due to the inelasticity of storing port containers, and the prominence of the Port Authority of New York and New Jersey, minimal harm to the port's business is assumed.

**Local Rental Car Tax.** Newark Liberty International is the country's 13th busiest commercial airport.[163] In 2006, 35.7 million passengers passed through the airport; of these, about 11 percent used a rental car service at the Airport.[164] Yet among comparable international airports within 200 miles of Newark, Newark has one of the lowest rental car tax and fee structures.[165]

The state should enable the city to enact a rental car tax that could then be utilized to help maintain the infrastructure used by rental cars, a practice common in neighboring airports and across the U.S. Due to the ubiquity of rental car taxes, as well as Newark's currently low comparable rental car tax burden, Newark airport travelers can likely accept a modest increase in rental car tax rates with minimal impact on rental car activity. By imposing a rental car tax ranging between $1 and $5 per day, the city would be able to generate between $11.7 million and $58.5 million annually.

***Fixing the Basics: The Impact***

Under New Jersey state law, all municipalities are mandated to increase property taxes in order to pass a balanced budget. The $30 million to $76.8 million generated by the revenue streams outlined above would make it possible for Newark to avoid raising property taxes, saving the average Newark family between $700 and $1,900. These revenues, combined with the savings expected from the Booker administration strategies discussed above, could help close the city's budget gaps, in a manner far less corrosive than sweeping property tax increases.

Once fiscal balance is achieved, there would be many uses for this revenue—from much-needed investment in infrastructure to public safety to workforce training—that would have a direct impact on the city and its economy.

Take workforce training as an example of one such use. If Newark leaders applied $10 million of new revenues toward a workforce training program focusing on low-income and displaced workers, how would the community benefit over the near-term? A number of studies have highlighted the positive earnings differential resulting from publicly-funded workforce training. All else being equal, higher earnings translate into more economic activity, as consumers have greater resources to purchase a wide range of goods and services. This in turn leads to more businesses and more jobs, extending the economic benefits even further.

**Rhode Island Historic Tax Credit Program**

Instituted in 2002, Rhode Island's historic tax credit program has been widely credited for boosting a new wave of rebuilding and revitalization of urban neighborhoods. Through the program, homeowners of historic properties can earn state income tax credits equal to 20 percent of the cost of exterior restoration work and owners of historic commercial properties can earn a credit of 30 percent of qualified rehabilitation expenditures. The program, which is administered by the Rhode Island Historical Preservation and Heritage Commission, has not only helped return properties to the tax rolls, but it has also succeeded in improving public safety and generating new jobs and housing in areas where opportunities did not exist previously, bringing the promise of renewed economic vitality in those communities. One Grow Smart Rhode Island study found that the return on one dollar of state commercial tax credit investment is $5.47 in total economic output; a separate analysis by the group estimated that 75 percent of all tax credit projects and 83 percent of the investment stimulated by the program occurred in economically disadvantaged neighborhoods with low- and moderate- family incomes.[155]

*For more information: www.preservation.ri.gov/credits/*

For example, if Newark used its funds on adult workforce training programs similar to those funded by the federal Workforce Investment Act (WIA), the region would see higher employee earnings and greater overall economic activity. Using statewide WIA estimates as a gauge, $10 million would allow Newark to train approximately 1,600 residents, who would go on to earn approximately $6,000 more per year after receiving training—yielding a grand total of $9.7 million in additional worker earnings.[166] Factor in the "ripple effect" such income generates, and this $10 million investment would also generate approximately $6.2 million in additional regional earnings and 226 jobs per year.[167] Given that tax revenues are largely a function of economic activity, both the city and state governments would reap substantial fiscal benefits, as well—benefits that would ultimately flow back to the state's businesses and residents.

State authorization of an expanded local revenue base, implemented at the city's option, would not absolve Newark's elected leaders from the need to make difficult choices and take responsibility for the results of their actions. But such state action would provide Newark with a fighting chance to renew itself in an image the city's leaders are working so hard to make real.

*Source: The PFM Group and TXP*[168]

This agenda demonstrates that there is much states can—and need—do to reinvigorate the economies of older industrial cities. But not only do states have the power to help energize cities' revitalization, they also have a strong—if largely unrecognized—rationale to do so.

Older industrial cities contain billions of dollars of state investments in urban infrastructure such as roads, transit, sewer and water systems, and public facilities. State funding for urban school systems, community colleges, and public universities makes up a large and growing portion of state budgets. And states invest substantially—year in, year out—in the low- and moderate-income families who live in these communities, through a variety of programs like Medicaid, Temporary Assistance for Needy Families (TANF), and State Children's Health Insurance Program (SCHIP). Yet for all this, most state governments have paid little attention as to how much, and to what end, they are spending on cities and their residents, and how they could be getting far more bang for their buck. Instead, they've operated under a sort of "woe is them" mentality, seeing cities as fiscal drains on the state budget, rather than as potential investment opportunities. States, in short, have followed the market in older industrial cities, rather than working to catalyze it—a rational fiscal choice 20 years ago, perhaps, but one that desperately needs to change.

The above agenda offers a new approach to state urban policy, one designed not just to cope with city problems but to stimulate city recovery. If carried out, the potential returns—for families, for surrounding suburbs, for the environment, and ultimately, then, for the state as a whole—could be immense.

In the first place, investing in the revitalization of older industrial cities will have an enormous effect on the low- and moderate-income urban households who have "stuck it out" in these cities—whether by choice or a lack of other options—even as the cities continued deteriorate around them. While policies and programs aimed at growing the middle class are obviously designed to benefit families directly, improvements in the overall economies of older industrial cities will also flow back to them through a virtuous cycle of growth and development that fosters the creation of more and better jobs, the stabilization of deteriorating neighborhoods, rising home values, better public school performance, the increased availability of private sector retail, greater public safety, improved municipal services, and an overall enhancement in the quality of city life. This isn't just wishful thinking: Recent studies have demonstrated that, despite many of the fears associated with the gentrification of urban neighborhoods, low-income residents do indeed reap benefits from their revitalization, and are about as likely to remain in gentrifying communities—or possibly even more so—than those living in other neighborhoods.[156] Cities must make sure that they "get out in front" of revitalization so that the

benefits actually do accrue to—rather than simply displace—the majority of existing residents. But for cities so long on the decline, the need to manage economic growth and development—and the new revenues such growth generates—is surely a good problem to have.

This agenda offers a new approach to state urban policy, one designed not just to cope with city problems but to stimulate city recovery. If enacted, the potential returns—for families, for surrounding suburbs, for the environment, and ultimately, then, for the state as a whole—could be immense.

Restoring the economies of older industrial cities will also have an impact beyond their borders. Given that over 70 percent of older industrial cities are located in economically "weak" metropolitan areas, it's apparent that the fates of cities and their suburbs are closely tied. While it is as yet unclear if the economic fortune of one actually *drives* that of the other, researchers have increasingly demonstrated the "interdependence" between the two, and the likelihood of substantial negative and positive "spillover" effects from one to the other.[169] Myron Orfield, for example, has shown that problems once confined to central cities, such as crime, unemployment, and tax-base erosion, eventually undercut the stability of the suburbs.[170] Analyses by Richard Voith, H.V. Savitch and colleagues, and Larry Ledebur and William Barnes have all associated central city decline and wide urban-suburban prosperity gaps with regional stagnation, as measured by slowed income growth; Voith also found in a separate study that city employment growth has a positive impact on suburban housing prices.[171] Recent research by Hill and Brennan, finally, has demonstrated a strong correlation between city and suburban job growth, indicating that the market for business location is regional in scope.[172] Together, these studies make a strong case for why suburbs need to care about their cities—and how over the long run they, too, will reap the benefits of policies and programs targeted at city revitalization.

Finally, investments in older industrial cities will have an enormous environmental payoff, improving the attractiveness of these communities for residents and businesses and giving them an opportunity to capture a greater share of regional growth. This in turn helps make more efficient use of already urbanized land and existing infrastructure, curbs sprawl, conserves woodlands and open space, facilitates the use of public transit (in turn decreasing automobile use), decreases harmful emissions, and reduces the overall energy needed to heat and cool homes and offices. The hard evidence of these benefits is mounting: A recent study by researchers at the Sierra Club and U.S. Green Building Council on the energy efficiency of high-density urbanism versus energy efficient home design suggests that even a moderately dense development of 12 housing units per acre provides significantly higher energy savings than the maximum savings accrued through energy efficient home design at current levels of density. The study also found that an average urban household uses just 320 million BTUs of energy annually, 120 million BTUs less than the average suburban household.[173] As concerns over the economic and environmental impacts of global climate change continue to escalate, investment in cities might very well become a central part of the national discourse on solutions. State leaders ought to be at the forefront of that discussion.

At the end of the day, then, the widespread market recovery of older industrial cities means a more economically secure populace, stronger metropolitan economies, and a more efficient, environmentally prudent use of existing land and resources—which together add up to produce healthier, wealthier, more competitive states. Such returns, to be sure, would be evidence of money well spent. ■

### Revitalizing Industrial Cities: What the U.S. Can Learn from Europe

Europe, like the United States, contains a collection of economically distressed cities that emerged in large part as a result of the swift economic transition from an industrial to a knowledge-based economy. Recognizing this and other trends, the London School of Economics is leading a parallel Weak Market Cities Programme to examine and evaluate European cities demonstrating initial signs of economic recovery. These cities are: Belfast, UK; Bilbao, Spain; Bremen, Germany; Leipzig, Germany; Sheffield, UK; St. Etienne, France; and Torino, Italy.

Some key gleanings from these European cities thus far include:

**European national governments and the European Union (EU) play a more central role in the economic recovery of cities.** Compared with U.S. cities, European cities receive greater resources from their national governments to implement public investment projects such as housing, infrastructure, and social programs. At the same time, the EU has codified the importance of urban areas into policy, allocating resources to support social cohesion and physical reinvestment.

To further propel urban innovations, the EU funds city-networks, facilitating the exchange of policy and practice ideas between European cities. The EU has also launched a City of Culture project, where a European Capital of Culture is selected each year (previous years included Bologna, Helsinki, and Lille) to draw the people of Europe together through a series of cultural activities and events. While the EU currently funds up to 500,000 Euros, these funds increased to €1.5 million beginning in 2007.[174]

**Strong Mayors have propelled cities forward.** Several European cities reached a "turning point" in urban reform when strong and credible mayors were elected into office. These mayors successfully established a strong and unwavering vision for economic reform; led strategic planning efforts deemed credible by the private sector and future investors; and improved city governance by fixing the basics.

**"Pacing devises" can aid economic recovery.** Because sustained economic recovery takes a generation (20 to 25 years), the Europeans have recognized that pacing devices are crucial tools for creating momentum in the interim. Pacing devices, for example, could be winning or attracting major national and international cultural events. While they do not necessarily improve city economic performance in their own right, pacing devices do give a visual and physical expression of economic progress. They are "marker posts" along a long journey.

**Geographic alliances can help spur economic growth.** Several European cities have established cross-regional partnerships, with the goal of enhancing their greater regional economy. Physical investments such as fast, convenient, and reliable transportation (rail, air, port) and broadband networks are helping to facilitate connections between cities, while businesses and organizations work together to fuel economic growth. In England, for example, the national government funds nine Regional Development Agencies (RDAs) to promote quality job growth and competitiveness in their respective regions. RDAs also work with local partner organizations to regenerate unused or run-down sites, improve the quality and attractiveness of public spaces, and revitalize urban communities, among other activities.[175]

**Transformative investments are key to urban revitalization.** Europe is rife with examples of how transformative investments are remaking their cities—from the transformation of Bilbao's docklands area with the iconic Guggenheim museum to Torino's conversion of the obsolete Fiat Lingotto factory into a convention and trade show venue.

National governments, along with the EU, can be vital to these efforts. To facilitate the transformation of its derelict brownfield sites, for example, France founded EPORA (a public land agency) to purchase these properties for future redevelopment. After purchase, EPORA clears or redevelops the sites and prepares them for resale to both private investors and the local municipality, often at 40 percent of cost. EPORA has played a critical role in reinventing the landscape of Saint-Étienne's urban area, including the state-owned GIAT Industries manufacturing site. GIAT is now being transformed into a "Design Village," where design-related clusters will locate. EPORA is funded by the EU, national government, local municipalities and a local tax. Between 1999 and 2003, EPORA spent more than €65 million on its operations, with the EU and national government providing over 40 percent of these funds.[176]

*Source: Julie Wagner, Brookings Institution Nonresident Senior Fellow*

# VI. Organizing for Success

ithout a doubt, America's older industrial cities are stuck in a tough spot. The brutal impacts of national and international tendencies toward deindustrialization and decentralization, coupled with a largely anti-urban policy environment, have over time decimated the economic health of these cities, limited their locational value for investment, and degraded the opportunities available to many of their residents. Such distress is evidenced by entrenched trends of slow employment, business, and wage growth, as well as high poverty, pervasive joblessness, and lagging individual and family incomes.

Yet, for all their problems, there are good reasons to be hopeful about older industrial cities' future, particularly given current and impending demographic, economic, and political trends. The above policy agenda highlights the specific ways in which state governments can help these communities take advantage of this unique moment and begin to turn their economies around. But this won't be enough: In order for a new urban policy agenda to have real impact, local, regional, and state governments and constituencies must be organized in such a way as to effectively carry it out. Restoring prosperity in older industrial cities, in short, means building the capacity to make it happen. In practice, this means both building the capacity of state and local governments to more effectively administer programs and services, as well as building the capacity of political, business, and community leaders—at the local, regional, and state level—to create and sustain col-

In order for a new urban policy agenda to have real impact, local, regional, and state governments and constituencies must be organized in such a way as to effectively carry it out.

laborative, cross-sector networks within and across existing municipal boundaries.

At the **local level**, organizing for success first demands that older industrial cities create a healthy and receptive milieu in which businesses and families can grow and thrive. To this end, local leaders must make the competent, clean, transparent, and effective administration of government operations and services their highest priority. In short, this means enhancing the way in which city officials and departments interface with residents and businesses, improving how the day to day "behind the scenes" work of government gets carried out, measuring city performance over time, and ensuring accountability when expectations aren't met. The strategic application of technology—e.g., advanced web portals, electronic mapping, and tools that facilitate the collection, management, utilization, and sharing of data across agencies—is essential to accomplishing each of these objectives, yet older industrial cities often lack the resources to acquire, implement, and effectively utilize new systems. State support for local e-government technology could go a long way in making cities function better with smaller budgets—and ultimately making them more desirable locations in which to live and work.

Organizing for success is not only about re-making government; it's also about re-making the civic infrastructure vital to catalyzing and carrying through a wide scale revitalization effort. The departure of major employers and residents—and the concomitant decline in the retail and service businesses that served them—has left an enormous leadership breach in many older industrial cities that is only just beginning to be filled by key urban institutions such hospitals and universities. Even in communities that do have a more active and engaged leadership class, individual actors and organizations often have their own parochial—if worthy—interests based on particular issues, geographies, or simply political caprice.[177]

Bringing about a real city renaissance demands that local leaders come together to build strong coalitions of innovative thinkers and stakeholders with a variety of backgrounds and viewpoints—but all working toward a common goal. These "city builders" should include major employers, business leaders, real estate developers, lenders and investors, university heads, transportation officials, environmental advocates, faith-based leaders, community organizations, and government decision makers. Together, this group needs to engage local residents in developing a com-

### Pennsylvania State Planning Board

Pennsylvania provides a good model for making better regional cooperation a reality. In 2004 Gov. Rendell revived the state's defunct Planning Board, which has since devised a series of recommendations designed to promote the growth and competitiveness of both urban and rural economies, and improve the quality of life in all of Pennsylvania's communities. The recommendations are focused on right-sizing the provision of services such as police and fire, ensuring consistency of planning and implementation, improving tax revenue and tax base sharing options, and removing barriers to consolidations and mergers of local governments when such steps are appropriate. While not yet implemented, these recommendations are a major first step in the state's efforts to reform its local governance system.[178]

*For more information: www.newpa.com/default.aspx?id=129*

petitive vision for their city, choose a few "big bets" on which to target early efforts, and design a plan to get things done. States can help, by finding ways to incentivize local coordination and planning for large-scale projects in which state resources are being utilized, and by making citizen participation in project and program design a must.

Collaboration must also be happening at the **metropolitan level**, with city and suburban leaders aligning together to boost regional competitiveness. Older industrial cities, first-suburb coalitions, regional workforce alliances, and metropolitan planning organizations (MPOs) are natural and critical allies in designing strategies around economic and workforce development, infrastructure planning, and other issues that defy municipal boundaries. Unfortunately, current state-imposed governance and tax systems—as noted above—serve to encourage competition rather than cooperation among jurisdictions, undermining regional economic growth in the process.

> Perhaps the best thing that states can do to encourage regional cooperation is to simply get out of the way, removing the legal and regulatory obstacles to consolidation, and letting entrepreneurial local entities work or join together as they deem appropriate.

There are several ways that states might help regional stakeholders take aim at the arbitrary barri-

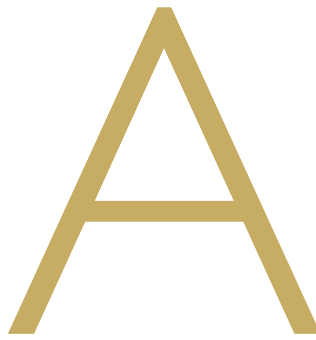
ers that too often set cities and suburbs in opposition to one another, and instead work toward bolstering opportunities in, and the marketability of, their regions as a whole. For instance, states could create a system of incentives for local entities to collaborate, offering grant funds to jurisdictions that consolidate or share functions and services such as police and fire protection, or giving bonus points to grant applications jointly prepared by neighboring municipalities. They could also actively utilize regional organizations such as MPOs or councils of governments to implement state programs, or, at the bold end of the spectrum, actually empower county governments to take over those functions—such as transportation or economic development—that are clearly more regional in scope. Perhaps the best thing that states can do to encourage regional cooperation is to simply get out of the way, removing the legal and regulatory obstacles to consolidation, and letting entrepreneurial local entities work or join together as they deem appropriate.

Finally, the revitalization of older industrial cities will require better organizing at the **state level** as well. State governments, for their part, need not only to engage in specific policy reforms aimed at improving urban economies, but also look for ways to reorganize their programmatic initiatives and agencies so they can be more effective for the families and communities they are designed to serve. At a broad level, this might mean both consolidating certain programs—such as workforce and economic development—where there are clear synergies in function and mission, and finding ways to better coordinate efforts across disparate programs and agencies—education and housing, for example—where there are vital, if often overlooked, intersection points. More narrowly, it might mean creating more efficient and effective ways for cities to work with state representatives to better navigate the often complicated labyrinth of state programs available to support a particular program or project.

Urban leaders from across cities and older suburbs must band together to form robust statewide networks that can advocate for a new state reform agenda like that presented here.

State-level organizing encompasses much more, however. The state, by definition, is the municipalities and citizens that comprise it. Yet although older industrial cities and their core counties represent a substantial constituency in several states—almost 40 percent of the population of Pennsylvania, 30 percent of the population of Michigan, and over a third of the population of Ohio—their interests have not been well-represented at the state level. If these communities want change, then, the time has come to demand it. To this end, urban leaders from across cities and older suburbs must band together to form robust statewide networks that can advocate for a new state reform agenda like that presented here. In doing so, these communities will, at long last, become a formidable force for state leaders to reckon with. ■

# VII. Conclusion



fter decades of deterioration and decline, current economic and demographic forces are providing fresh opportunities for older industrial cities to capitalize on their assets, and restore the prosperity that has for too long eluded so many of their neighborhoods and families.

The revitalization and renewal of older industrial cities demands a new approach to urban policy and practice, however—at all levels:

- States, for their part, need to reorient their policies and investments in these cities such that their market recovery is the top priority.
- Cities need to effectively organize so as to command the attention and concerted focus of state leaders—and the confidence of private sector investors.
- And business leaders, citizens, community organizations, and other stakeholders in cities, suburbs, and rural areas need to hold government officials accountable for ensuring that their tax dollars are being used effectively to grow robust, sustainable, and inclusive regions—of which healthy older industrial cities are a vital part.

Most importantly, all these actors need to work together to set aspirational goals for city renewal, gauge their progress over time, and continually adjust their strategies to overcome new challenges, and seize new opportunities, as they arise.

Moving a real reform agenda for older industrial cities will naturally be an organic, messy, and frustrating process that will demand the patience, flexibility, and commitment of many diverse constituencies. Success won't come easy, it won't come soon, and it won't come to every city. But given the positive trends now afoot, there's little excuse not to try—and no better time to get started. ■

## Appendix: City Index Scores and Rankings for the 302 Dataset Cities

| City | State | City Economic Condition Index | Rank: City Economic Condition Index | City Residential Well-Being Index | Rank: City Residential Well-Being Index |
|---|---|---|---|---|---|
| Abilene | TX | -0.424 | 196 | -0.278 | 193 |
| Akron | OH | -0.57 | 217 | -0.223 | 183 |
| Albany | GA | -0.562 | 214 | -1.242 | 283 |
| Albany | NY | -0.829 | 260 | -0.808 | 251 |
| Albuquerque | NM | 0.12 | 109 | 0.419 | 95 |
| Allentown | PA | -0.762 | 248 | -0.464 | 215 |
| Altoona | PA | -0.557 | 213 | -0.751 | 245 |
| Amarillo | TX | -0.036 | 135 | 0.203 | 118 |
| Ames | IA | 0.187 | 105 | 0.192 | 119 |
| Anaheim | CA | -0.331 | 180 | 0.371 | 101 |
| Anchorage | AK | 0.001 | 129 | 1.507 | 10 |
| Anderson | IN | -1.072 | 285 | -0.201 | 180 |
| Ann Arbor | MI | 0.047 | 119 | 0.875 | 43 |
| Appleton | WI | 0.911 | 39 | 1.383 | 16 |
| Arlington | TX | 0.66 | 57 | 1.256 | 18 |
| Arlington | VA | -0.169 | 154 | 2.554 | 2 |
| Asheville | NC | 0.36 | 82 | -0.036 | 152 |
| Athens-Clarke County | GA | 0.327 | 84 | -0.898 | 260 |
| Atlanta | GA | 0.727 | 49 | -0.522 | 222 |
| Augusta-Richmond County | GA | 0.566 | 67 | -0.447 | 212 |
| Aurora | CO | 1.621 | 17 | 1.161 | 26 |
| Austin | TX | 2.904 | 3 | 0.978 | 35 |
| Bakersfield | CA | -0.542 | 212 | -0.154 | 175 |
| Baltimore | MD | -1.178 | 293 | -1.029 | 267 |
| Baton Rouge | LA | -0.077 | 140 | -0.593 | 230 |
| Battle Creek | MI | -0.599 | 223 | -0.052 | 156 |
| Beaumont | TX | -0.679 | 235 | -0.453 | 213 |
| Bellingham | WA | 0.806 | 42 | -0.359 | 206 |
| Bend | OR | 2.42 | 6 | 0.829 | 46 |
| Bethlehem | PA | -0.899 | 265 | -0.235 | 187 |
| Billings | MT | 0.367 | 81 | 0.5 | 83 |
| Binghamton | NY | -1.53 | 301 | -0.867 | 257 |
| Birmingham | AL | -0.979 | 274 | -1.16 | 277 |
| Bismarck | ND | 0.2 | 101 | 0.982 | 34 |
| Bloomington | IL | 0.485 | 73 | 1.428 | 12 |
| Bloomington | IN | -0.003 | 131 | -0.84 | 254 |
| Boise | ID | 2.232 | 8 | 1.138 | 27 |
| Boston | MA | 0.032 | 123 | 0.151 | 123 |
| Boulder | CO | 2.481 | 5 | 0.88 | 42 |
| Bridgeport | CT | -0.681 | 236 | -0.608 | 234 |

## Appendix: City Index Scores and Rankings for the 302 Dataset Cities *(continued)*

| City | State | City Economic Condition Index | Rank: City Economic Condition Index | City Residential Well-Being Index | Rank: City Residential Well-Being Index |
|---|---|---|---|---|---|
| Brownsville | TX | 0.708 | 53 | -2.274 | 302 |
| Bryan | TX | 1.771 | 12 | -0.291 | 195 |
| Buffalo | NY | -1.115 | 288 | -1.442 | 290 |
| Canton | OH | -0.744 | 246 | -0.621 | 236 |
| Cape Coral | FL | 0.624 | 58 | 0.7 | 53 |
| Carson City | NV | na | na | 0.46 | 89 |
| Cedar Rapids | IA | 0.289 | 87 | 1.169 | 25 |
| Champaign | IL | 0.015 | 128 | -0.205 | 181 |
| Charleston | SC | 0.197 | 102 | 0.02 | 141 |
| Charleston | WV | -0.512 | 211 | 0.189 | 121 |
| Charlotte | NC | 0.912 | 38 | 1.236 | 19 |
| Chattanooga | TN | -0.098 | 143 | -0.263 | 191 |
| Cheyenne | WY | 0.136 | 108 | 0.628 | 62 |
| Chicago | IL | -0.564 | 215 | -0.34 | 202 |
| Chico | CA | -0.19 | 158 | -0.833 | 253 |
| Cincinnati | OH | -0.85 | 263 | -0.353 | 204 |
| Clarksville | TN | 1.247 | 25 | 0.507 | 81 |
| Cleveland | OH | -0.866 | 264 | -1.374 | 288 |
| College Station | TX | 1.066 | 30 | -1.759 | 298 |
| Colorado Springs | CO | 1.782 | 11 | 1.103 | 31 |
| Columbia | MO | 0.72 | 50 | 0.135 | 127 |
| Columbia | SC | -0.225 | 163 | -0.437 | 210 |
| Columbus | GA | -0.36 | 185 | 0.01 | 144 |
| Columbus | OH | 0.033 | 122 | 0.605 | 68 |
| Corpus Christi | TX | -0.266 | 173 | -0.176 | 177 |
| Dallas | TX | 0.064 | 118 | 0.208 | 117 |
| Danbury | CT | -0.228 | 166 | 1.384 | 15 |
| Danville | VA | -1.138 | 291 | -0.928 | 263 |
| Davenport | IA | -0.053 | 137 | 0.305 | 110 |
| Dayton | OH | -1.064 | 283 | -0.935 | 264 |
| Daytona Beach | FL | -0.201 | 159 | -1.094 | 273 |
| Decatur | AL | -0.056 | 138 | 0.158 | 122 |
| Decatur | IL | -0.933 | 269 | -0.341 | 203 |
| Deltona | FL | 0.94 | 35 | 0.347 | 106 |
| Denver | CO | 0.238 | 91 | 0.637 | 60 |
| Des Moines | IA | -0.214 | 161 | 0.509 | 79 |
| Detroit | MI | -0.96 | 271 | -1.509 | 292 |
| Dothan | AL | 0.077 | 116 | 0.058 | 135 |
| Dubuque | IA | -0.265 | 172 | 0.532 | 77 |
| Duluth | MN | -0.13 | 148 | -0.054 | 157 |

## Appendix: City Index Scores and Rankings for the 302 Dataset Cities *(continued)*

| City | State | City Economic Condition Index | Rank: City Economic Condition Index | City Residential Well-Being Index | Rank: City Residential Well-Being Index |
|---|---|---|---|---|---|
| Durham | NC | 1.054 | 31 | 0.588 | 72 |
| Eau Claire | WI | 0.746 | 47 | 0.474 | 87 |
| El Paso | TX | -0.169 | 153 | -0.926 | 262 |
| Elkhart | IN | -0.408 | 193 | 0.294 | 111 |
| Erie | PA | -0.683 | 237 | -0.657 | 239 |
| Eugene | OR | 0.167 | 106 | 0.19 | 120 |
| Evansville | IN | -0.449 | 202 | 0.008 | 145 |
| Fairfield | CA | -0.128 | 147 | 0.821 | 47 |
| Fall River | MA | -0.582 | 220 | -0.514 | 220 |
| Fargo | ND | 0.594 | 61 | 0.881 | 41 |
| Fayetteville | AR | 1.509 | 19 | -0.504 | 219 |
| Fayetteville | NC | 0.088 | 115 | -0.065 | 158 |
| Flagstaff | AZ | 1.305 | 23 | 0.502 | 82 |
| Flint | MI | -1.406 | 299 | -1.352 | 287 |
| Fort Collins | CO | 1.625 | 16 | 0.889 | 40 |
| Fort Lauderdale | FL | 0.206 | 100 | 0.36 | 105 |
| Fort Smith | AR | -0.247 | 170 | 0.015 | 143 |
| Fort Wayne | IN | -0.491 | 209 | 0.369 | 103 |
| Fort Worth | TX | 0.261 | 90 | 0.122 | 129 |
| Fremont | CA | 0.582 | 64 | 2.43 | 4 |
| Fresno | CA | -0.579 | 218 | -1.091 | 272 |
| Gainesville | FL | 0.023 | 126 | -0.965 | 265 |
| Glendale | CA | -0.769 | 249 | 0.62 | 65 |
| Grand Rapids | MI | -0.251 | 171 | 0.111 | 131 |
| Great Falls | MT | -0.399 | 191 | -0.044 | 155 |
| Greeley | CO | 1.324 | 21 | 0.018 | 142 |
| Green Bay | WI | 0.223 | 96 | 0.673 | 56 |
| Greensboro | NC | 0.23 | 93 | 0.633 | 61 |
| Greenville | NC | 0.799 | 44 | -0.555 | 225 |
| Greenville | SC | 0.108 | 111 | 0.245 | 115 |
| Gulfport | MS | 1.582 | 18 | -0.181 | 178 |
| Harrisburg | PA | -0.688 | 239 | -0.87 | 258 |
| Hartford | CT | -1.22 | 296 | -1.967 | 300 |
| Honolulu | HI | -1.134 | 290 | 0.582 | 73 |
| Houston | TX | 0.031 | 124 | -0.102 | 167 |
| Huntington | WV | -0.702 | 242 | -1.338 | 286 |
| Huntsville | AL | 0.227 | 95 | 0.511 | 78 |
| Idaho Falls | ID | 0.402 | 77 | 0.49 | 84 |
| Indianapolis | IN | -0.13 | 149 | 0.679 | 55 |
| Iowa City | IA | 0.72 | 51 | 0.363 | 104 |

## Appendix: City Index Scores and Rankings for the 302 Dataset Cities *(continued)*

| City | State | City Economic Condition Index | Rank: City Economic Condition Index | City Residential Well-Being Index | Rank: City Residential Well-Being Index |
|---|---|---|---|---|---|
| Irving | TX | 0.949 | 34 | 1.21 | 22 |
| Jackson | MS | -0.817 | 256 | -0.672 | 241 |
| Jackson | TN | 0.781 | 45 | -0.246 | 190 |
| Jacksonville | FL | 0.105 | 112 | 0.597 | 70 |
| Jacksonville | NC | 1.258 | 24 | 0.646 | 59 |
| Janesville | WI | -0.025 | 134 | 1.125 | 29 |
| Johnson City | TN | 0.583 | 63 | -0.027 | 150 |
| Jonesboro | AR | 0.495 | 71 | -0.02 | 148 |
| Kalamazoo | MI | -0.685 | 238 | -0.763 | 248 |
| Kansas City | MO | -0.581 | 219 | 0.332 | 108 |
| Kennewick | WA | 0.984 | 33 | 0.486 | 85 |
| Killeen | TX | 0.915 | 37 | 0.336 | 107 |
| Knoxville | TN | -0.118 | 144 | -0.495 | 218 |
| La Crosse | WI | -0.371 | 186 | 0.027 | 139 |
| Lafayette | IN | 0.413 | 76 | 0.578 | 74 |
| Lafayette | LA | 0.672 | 56 | 0.052 | 136 |
| Lake Charles | LA | 0.069 | 117 | -0.598 | 231 |
| Lakeland | FL | -0.226 | 164 | -0.318 | 199 |
| Lancaster | PA | -0.631 | 230 | -0.629 | 237 |
| Lansing | MI | -0.812 | 255 | 0.137 | 126 |
| Laredo | TX | 1.694 | 14 | -1.537 | 293 |
| Las Cruces | NM | 0.876 | 41 | -0.757 | 246 |
| Las Vegas | NV | 2.592 | 4 | 0.447 | 93 |
| Lawrence | KS | 0.925 | 36 | 0.31 | 109 |
| Lawton | OK | -0.007 | 132 | -0.091 | 165 |
| Lexington-Fayette | KY | -0.125 | 146 | 0.755 | 51 |
| Lincoln | NE | 0.5 | 69 | 1.023 | 32 |
| Little Rock | AR | -0.083 | 141 | 0.46 | 90 |
| Long Beach | CA | -1.13 | 289 | -0.459 | 214 |
| Longview | TX | -0.416 | 195 | -0.183 | 179 |
| Los Angeles | CA | -1.01 | 277 | -0.423 | 209 |
| Louisville | KY | -0.392 | 190 | -0.536 | 223 |
| Lubbock | TX | -0.278 | 176 | -0.12 | 169 |
| Lynchburg | VA | -0.377 | 189 | -0.245 | 189 |
| Macon | GA | -0.734 | 245 | -1.181 | 278 |
| Madison | WI | 0.399 | 78 | 0.924 | 38 |
| Manchester | NH | -0.339 | 181 | 0.852 | 44 |
| Mansfield | OH | -0.82 | 257 | -0.398 | 208 |
| McAllen | TX | 1.315 | 22 | -0.876 | 259 |
| Medford | OR | 0.61 | 60 | 0.035 | 138 |

## Appendix: City Index Scores and Rankings for the 302 Dataset Cities *(continued)*

| City | State | City Economic Condition Index | Rank: City Economic Condition Index | City Residential Well-Being Index | Rank: City Residential Well-Being Index |
|---|---|---|---|---|---|
| Melbourne | FL | -0.118 | 145 | 0.073 | 134 |
| Memphis | TN | -0.175 | 155 | -0.444 | 211 |
| Merced | CA | -0.62 | 229 | -1.498 | 291 |
| Mesa | AZ | 1.484 | 20 | 0.683 | 54 |
| Miami | FL | -0.822 | 258 | -1.777 | 299 |
| Midland | TX | -0.29 | 177 | 0.42 | 94 |
| Milwaukee | WI | -0.972 | 272 | -0.576 | 229 |
| Minneapolis | MN | 0.093 | 114 | 0.61 | 67 |
| Missoula | MT | 1.129 | 28 | -0.129 | 171 |
| Mobile | AL | -0.429 | 198 | -0.617 | 235 |
| Modesto | CA | -0.468 | 205 | -0.275 | 192 |
| Monroe | LA | -0.092 | 142 | -1.537 | 294 |
| Montgomery | AL | -0.142 | 151 | -0.091 | 164 |
| Muncie | IN | -0.782 | 250 | -0.913 | 261 |
| Napa | CA | 0.221 | 97 | 0.983 | 33 |
| Nashua | NH | -0.275 | 175 | 1.479 | 11 |
| Nashville-Davidson | TN | -0.002 | 130 | 0.589 | 71 |
| New Bedford | MA | -0.669 | 232 | -0.863 | 256 |
| New Haven | CT | -1.08 | 287 | -1.224 | 281 |
| New Orleans | LA | -0.979 | 273 | -1.109 | 274 |
| New York | NY | -0.213 | 160 | -0.393 | 207 |
| Newark | NJ | -1.025 | 278 | -2.044 | 301 |
| Newport News | VA | -0.824 | 259 | 0.371 | 100 |
| Norfolk | VA | -1.075 | 286 | -0.155 | 176 |
| North Charleston | SC | 0.735 | 48 | -0.745 | 244 |
| Norwalk | CT | -0.373 | 188 | 1.9 | 7 |
| Oakland | CA | 0.111 | 110 | -0.067 | 160 |
| Odessa | TX | -0.928 | 268 | -0.476 | 217 |
| Ogden | UT | 0.804 | 43 | -0.223 | 184 |
| Oklahoma City | OK | -0.16 | 152 | 0.145 | 124 |
| Omaha | NE | 0.234 | 92 | 0.811 | 48 |
| Ontario | CA | 0.3 | 86 | -0.224 | 185 |
| Orem | UT | 2.31 | 7 | 0.795 | 49 |
| Orlando | FL | 0.524 | 68 | 0.448 | 92 |
| Oshkosh | WI | -0.674 | 234 | 0.473 | 88 |
| Owensboro | KY | -0.497 | 210 | -0.208 | 182 |
| Oxnard | CA | -0.233 | 169 | 0.094 | 133 |
| Palm Bay | FL | -0.372 | 187 | 0.243 | 116 |
| Paradise | NV | 3.891 | 2 | 0.482 | 86 |
| Pensacola | FL | -0.462 | 204 | -0.026 | 149 |

## Appendix: City Index Scores and Rankings for the 302 Dataset Cities *(continued)*

| City | State | City Economic Condition Index | Rank: City Economic Condition Index | City Residential Well-Being Index | Rank: City Residential Well-Being Index |
|---|---|---|---|---|---|
| Peoria | IL | -0.469 | 206 | -0.1 | 166 |
| Philadelphia | PA | -1.211 | 295 | -1.077 | 270 |
| Phoenix | AZ | 1.192 | 27 | 0.382 | 97 |
| Pine Bluff | AR | -0.909 | 266 | -1.332 | 285 |
| Pittsburgh | PA | -0.812 | 254 | -0.768 | 250 |
| Plano | TX | 5.219 | 1 | 2.966 | 1 |
| Pocatello | ID | 0.213 | 98 | 0.13 | 128 |
| Port Arthur | TX | -0.567 | 216 | -1.668 | 297 |
| Port St. Lucie | FL | 0.685 | 55 | 0.376 | 98 |
| Portland | ME | 0.044 | 120 | 0.612 | 66 |
| Portland | OR | 0.212 | 99 | 0.602 | 69 |
| Providence | RI | -0.911 | 267 | -1.228 | 282 |
| Provo | UT | 2.072 | 9 | -0.538 | 224 |
| Pueblo | CO | 0.228 | 94 | -0.677 | 242 |
| Racine | WI | -1.068 | 284 | 0.044 | 137 |
| Raleigh | NC | 1.7 | 13 | 1.173 | 24 |
| Rapid City | SD | 0.702 | 54 | 0.509 | 80 |
| Reading | PA | -1.037 | 280 | -1.207 | 280 |
| Redding | CA | -0.708 | 243 | -0.317 | 198 |
| Reno | NV | 0.591 | 62 | 0.628 | 63 |
| Richmond | VA | -1.39 | 298 | -0.359 | 205 |
| Riverside | CA | 0.029 | 125 | -0.037 | 153 |
| Roanoke | VA | -0.671 | 233 | -0.09 | 163 |
| Rochester | MN | 0.574 | 66 | 1.402 | 13 |
| Rochester | NY | -1.046 | 281 | -0.985 | 266 |
| Rockford | IL | -0.478 | 207 | 0.14 | 125 |
| Rocky Mount | NC | -0.761 | 247 | -0.571 | 228 |
| Sacramento | CA | -0.349 | 183 | -0.332 | 200 |
| Saginaw | MI | -0.783 | 251 | -1.549 | 295 |
| Salem | OR | 0.495 | 70 | -0.039 | 154 |
| Salinas | CA | -0.27 | 174 | -0.664 | 240 |
| Salt Lake City | UT | 0.994 | 32 | 0.403 | 96 |
| San Angelo | TX | -0.437 | 200 | -0.123 | 170 |
| San Antonio | TX | 0.613 | 59 | -0.074 | 162 |
| San Bernardino | CA | -0.595 | 222 | -1.431 | 289 |
| San Buenaventura | CA | -0.308 | 179 | 1.185 | 23 |
| San Diego | CA | 0.019 | 127 | 0.663 | 58 |
| San Francisco | CA | -0.302 | 178 | 1.626 | 9 |
| San Jose | CA | 1.102 | 29 | 1.737 | 8 |
| Santa Ana | CA | -0.402 | 192 | -0.52 | 221 |

## Appendix: City Index Scores and Rankings for the 302 Dataset Cities *(continued)*

| City | State | City Economic Condition Index | Rank: City Economic Condition Index | City Residential Well-Being Index | Rank: City Residential Well-Being Index |
|---|---|---|---|---|---|
| Santa Barbara | CA | -0.583 | 221 | 0.928 | 37 |
| Santa Cruz | CA | -0.435 | 199 | 0.907 | 39 |
| Santa Fe | NM | 0.899 | 40 | 0.844 | 45 |
| Santa Maria | CA | -0.457 | 203 | -0.6 | 232 |
| Santa Rosa | CA | 0.19 | 103 | 1.127 | 28 |
| Sarasota | FL | 0.033 | 121 | -0.066 | 159 |
| Savannah | GA | -0.181 | 156 | -0.639 | 238 |
| Schenectady | NY | -1.468 | 300 | -0.558 | 226 |
| Scottsdale | AZ | 1.956 | 10 | 2.092 | 5 |
| Scranton | PA | -0.792 | 252 | -0.563 | 227 |
| Seattle | WA | 0.49 | 72 | 1.296 | 17 |
| Sheboygan | WI | -0.183 | 157 | 0.788 | 50 |
| Shreveport | LA | -0.614 | 225 | -0.76 | 247 |
| Sioux City | IA | -0.412 | 194 | 0.562 | 75 |
| Sioux Falls | SD | 0.711 | 52 | 1.222 | 20 |
| South Bend | IN | -0.667 | 231 | -0.292 | 196 |
| Spokane | WA | 0.389 | 79 | -0.237 | 188 |
| Springfield | IL | -0.227 | 165 | 0.748 | 52 |
| Springfield | MA | -0.952 | 270 | -0.849 | 255 |
| Springfield | MO | 0.326 | 85 | -0.146 | 173 |
| Springfield | OH | -0.849 | 262 | -0.468 | 216 |
| St. Cloud | MN | 0.577 | 65 | 0.672 | 57 |
| St. Joseph | MO | -0.342 | 182 | -0.115 | 168 |
| St. Louis | MO | -0.993 | 276 | -1.082 | 271 |
| St. Paul | MN | -0.216 | 162 | 0.451 | 91 |
| St. Petersburg | FL | -0.009 | 133 | 0.253 | 114 |
| Stamford | CT | -0.232 | 167 | 1.97 | 6 |
| Stockton | CA | -0.617 | 227 | -1.049 | 269 |
| Syracuse | NY | -1.286 | 297 | -1.187 | 279 |
| Tacoma | WA | 0.268 | 89 | 0.023 | 140 |
| Tallahassee | FL | 0.368 | 80 | -0.606 | 233 |
| Tampa | FL | 0.188 | 104 | -0.074 | 161 |
| Tempe | AZ | 1.628 | 15 | 0.931 | 36 |
| Terre Haute | IN | -0.688 | 240 | -0.765 | 249 |
| Thousand Oaks | CA | 0.268 | 88 | 2.474 | 3 |
| Toledo | OH | -0.841 | 261 | -0.285 | 194 |
| Topeka | KS | -0.488 | 208 | 0.37 | 102 |
| Trenton | NJ | -0.6 | 224 | -1.033 | 268 |
| Tucson | AZ | 0.485 | 74 | -0.31 | 197 |
| Tulsa | OK | -0.232 | 168 | 0.376 | 99 |

**Appendix: City Index Scores and Rankings for the 302 Dataset Cities *(continued)***

| City | State | City Economic Condition Index | Rank: City Economic Condition Index | City Residential Well-Being Index | Rank: City Residential Well-Being Index |
|---|---|---|---|---|---|
| Tuscaloosa | AL | 0.453 | 75 | -0.722 | 243 |
| Tyler | TX | 0.16 | 107 | -0.02 | 147 |
| Utica | NY | -1.159 | 292 | -1.126 | 275 |
| Vallejo | CA | -0.693 | 241 | 0.534 | 76 |
| Victoria | TX | -0.051 | 136 | 0.279 | 113 |
| Vineland | NJ | -1.035 | 279 | -0.138 | 172 |
| Virginia Beach | VA | 0.332 | 83 | 1.401 | 14 |
| Visalia | CA | -0.616 | 226 | -0.032 | 151 |
| Waco | TX | -0.137 | 150 | -1.327 | 284 |
| Warren | OH | -1.203 | 294 | -0.818 | 252 |
| Warwick | RI | -0.444 | 201 | 1.123 | 30 |
| Washington | DC | -0.8 | 253 | 0.12 | 130 |
| Waterloo | IA | -0.426 | 197 | 0.102 | 132 |
| West Hartford | CT | -0.982 | 275 | 1.22 | 21 |
| Wichita | KS | -0.355 | 184 | 0.623 | 64 |
| Wichita Falls | TX | -0.712 | 244 | 0 | 146 |
| Wilmington | NC | 1.216 | 26 | -0.229 | 186 |
| Winston-Salem | NC | -0.065 | 139 | 0.287 | 112 |
| Worcester | MA | -0.619 | 228 | -0.149 | 174 |
| Yakima | WA | 0.105 | 113 | -1.149 | 276 |
| Youngstown | OH | -1.061 | 282 | -1.658 | 296 |
| Yuma | AZ | 0.764 | 46 | -0.335 | 201 |

*Rankings are out of 302 central cities. A high index score indicates better economic health.*
*Rankings for the City Economic Condition index are out of 301 cities; Carson City, NV does not have an index score and was not ranked due to missing data on the payroll and establishments variables.*

# Endnotes

1. The principal city(s) of an area always includes the largest incorporated place or census designated place, as well as additional cities that meet population and employment thresholds. Additional principal cities within a metropolitan area include any with more than 250,000 people or 100,000 workers. Places with more than 50,000 can also be principal cities if the number of jobs located there meets or exceeds the number of employed residents. Finally, principal cities also include places with more than 10,000 people that are at least one-third the size of the largest place in the metro area, and that have at least as many jobs as employed residents.

2. Due to data availability constraints, the annual payroll and establishments variables were measured at the county level.

3. We used z-scores to standardize the variables, and summed the z-scores across the variables within each index. For those variables for which a lower value indicates a lesser degree of economic distress, such as poverty rate, the signs on the z-scores were reversed so that a higher z-score always indicated better economic health. To get each city's index scores, we divided by the number of variables in the index. As a result, the index scores for each index were on roughly the same scale and could easily be compared.

4. The total population of older industrial cities in 2000 was 16,350,102.

5. The breakdown of older industrial cities by size roughly mirrors that of the dataset as a whole. There is a slight overrepresentation of older industrial cities with under 100,000 residents (49.2 percent vs. 45.0), with between 250,000 to 500,000 residents (15.4 percent vs. 12.6 percent), and with between 500,000 to 1 million residents (7.7 percent vs. 6.6 percent). Older industrial cities represent a smaller share of cities with between 100,000 and 250,000 residents than the number of these cities in the dataset (27.7 percent vs. 32.8 percent), and the same proportion of cities with populations over 1 million (3.1 percent vs. 3.0 percent).

6. These 14 states are Connecticut, Illinois, Indiana, Massachusetts, Maryland, Michigan, Missouri, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, West Virginia, and Wisconsin.

7. California and New York are tied with the third largest number of these cities (7), though they represent a much smaller share of California's cities in the overall dataset (33).

8. In only 32 percent of the remaining 237 cities in the dataset was the share employed in manufacturing at least 20 percent in 1970.

9. These 65 cities are indeed comparatively "old", having reached 50,000 in population over 40 years earlier on average than the other 237 in the dataset.

10. The remaining 35 older industrial cities fell into one of seven other Strong-Moderate-Weak groupings on the two performance indexes.

11. Danville, VA was not ranked. These 46 cities were in 40 different metropolitan areas (some older industrial cities were in the same metropolitan area).

12. U.S. Department of Housing and Urban Development, State of the Cities Data Systems. Retrieved October 18, 2006 from **socds.huduser.org/socds_home.html**. The data are aggregated by place of residence and are based on the Standard Industrial Classification (SIC) system. Starting with the 2000 Census, industry data were classified according to the North American Industry Classification System (NAICS). Consequently, the data for 2000 had to be converted from NAICS to SIC. For more on the conversion procedure used by HUD, see: **socds.huduser.org/CBPSE/note.htm**.

13. Ibid.

14. Ibid.

15. Only eight of the 65 older industrial cities experienced increases in manufacturing from 1970 to 2000—Merced, Fresno, Stockton, San Bernardino, and Santa Maria, CA; Odessa, TX; Rocky Mount, NC; and Pine Bluff, AR. During this period, U.S. manufacturing employment dropped by 3.3 percent.

16. U.S. Department of Housing and Urban Development, State of the Cities Data Systems.

17. Douglas E. Booth, "Long Waves and Uneven Regional Growth," *Southern Economic Journal* 53 (2) (1986): 448–458.

18. U.S. Congress, Office of Technological Assessment, *The Technological Reshaping of Metropolitan America* (Washington: U.S. Government Printing Office, 1995). The comparative growth rates of FIRE jobs are indicative of these trends. From 1970 to 2000, the 237 other sample cities saw a 188.7 percent average increase in employment in this sector, considerably higher than the 27.1 percent average increase seen in the older industrial cities; older industrial cities actually lost FIRE jobs during the 1990s (-12.5 percent), while the other cities continued to gain (13.3 percent). While these groups of cities' respective shares of FIRE jobs in 2000 weren't sweepingly different (5.5 percent in the older industrial cities versus 6.4 percent in the other 237 cities), the disparities in overall growth rates make it apparent that they are on very different economic trajectories. (Numbers based on author's calculations.)

19. Miriam King, Steven Ruggles, Trent Alexander, Donna Leicach, and Matthew Sobek, Integrated Public Use Microdata Series, Current Population Survey: Version 2.0 (Minneapolis: Minnesota Population Center, 2004).

20. Institute for Higher Education Policy, "The Investment Payoff: A 50-State Analysis of the Public and Private Benefits of Higher Education" (2005). Those with a Bachelor's degree does not include those who have attained an advanced degree as well.

21. U.S. Department of Housing and Urban Development, "Brownfields Frequently Asked Questions and Answers," available at **www.hud.gov/bfields/brownqa.cfm.**

22. Oliver Gillham, *The Limitless City* (Washington: Island Press, 2002).

23. Jordan Rappaport, "The Shared Fortunes of Cities and Suburbs" Federal *Reserve Bank of Kansas City Economic Review* Third Quarter (2005).

24. William H. Frey, "Central City White Flight: Racial and Nonracial Causes," *American Sociological Review* 44 (3) (1979): 425–448; Rappaport, "The Shared Fortunes of Cities and Suburbs."

25. David M. Cutler, Edward L. Glaeser, and Jacob L. Vigdor, "The Rise and Decline of the American Ghetto," *The Journal of Political Economy* 107 (3) (1999): 455–506.

26. Ibid. Segregation reached its high in 1970. At that time, racial integration in the average MSA would have required that nearly 80 percent of blacks move to a different census tract; the average black American lived in a census tract that was 68 percent black. See also, Susan Olzak, Suzanne Shanahan, and Elizabeth H. McEneaney, "Poverty, Segregation, and Race Riots: 1960 to 1993," *American Sociological Review* 61 (4) (1996): 590–613.

27. Frey, "Central City White Flight: Racial and Nonracial Causes."

28. U.S. Department of Housing and Urban Development, State of the Cities Data Systems.

29. Ibid.

30. Ibid.

31. Ibid.

32. Steven Raphael and Michael A. Stoll, "Modest Progress: The Narrowing Spatial Mismatch Between Blacks and Jobs in the 1990s" (Washington: Brookings Institution, 2002).

33. See the School Matters website at **www.schoolmatters.com.**

34. Education Week, "Making Diplomas Count 2006." Rates based on the percentage of entering 9th graders graduating, by district and district type, 2002–2003.

35. U.S. Department of Housing and Urban Development, State of the Cities Data Systems.

36. In 2000, the murder rate in older industrial cities was 1.49 per 10,000 population, compared to 0.64 per 10,000 population in the other 237 cities in the dataset. From the Criminal Justice Information Service of the FBI; see the Uniform Crime Reports website at **www.fbi.gov/ucr/02cius.htm.**

37. David Rusk, *Cities Without Suburbs* (Washington: The Woodrow Wilson Center Press, 1993).

38. U.S. Census Bureau, 2002 Census of Governments.

39. See Harold L. Wolman and others, "States and Their Cities: Partnerships for the Future" (Washington: Fannie Mae Foundation, 2007).

40. Myron Orfield, *American Metropolitics: The New Suburban Reality* (Washington: Brookings Institution, 2002).

41. Robert Puentes and Linda Bailey, "Increasing Funding and Accountability for Metropolitan Transportation Decisions." In Bruce Katz and Robert Puentes, eds., *Taking the High Road: A Metropolitan Agenda for Transportation Reform* (Washington: Brookings Institution, 2005).

42. Robert Puentes and Ryan Prince, "Fueling Transportation Finance: A Primer on the Gas Tax." In Bruce Katz and Robert Puentes, eds., *Taking the High Road: A Metropolitan Agenda for Transportation Reform* (Washington: Brookings Institution, 2005).

43. Edward Hill and others, "Slanted Pavement: How Ohio's Highway Spending Shortchanges Cities and Suburbs." In Bruce Katz and Robert Puentes, eds., *Taking the High Road: A Metropolitan Agenda for Transportation Reform* (Washington: Brookings Institution, 2005).

44. Lance Freeman, "Siting Affordable Housing: Location and Neighborhood Trends of Low Income Housing Tax Credit Developments in the 1990s" (Washington: Brookings Institution, 2004).

45. Nancy Green Leigh, "The State Role in Urban Land Redevelopment" (Washington: Brookings Institution and CEOs for Cities, 2002), Paul C. Brophy and Jennifer S. Vey, "Seizing City Assets: Ten Steps to Urban Land Reform" (Washington: Brookings Institution and CEOs for Cities, 2003).

46. Greg Leroy and others, "The Geography of Incentives: Economic Development and Land Use in Michigan" (Washington: Good Jobs First, 2006). The study focused on seven regions (Detroit, Flint, Grand Rapids, Kalamazoo, Lansing, Saginaw, and Traverse City) and included analysis of three economic development programs (Economic Development Job Training (EDJT); Michigan Economic Growth Authority (MEGA); and Transportation Economic Development Fund (TEDF)).

47. Robert P. Giloth, "Introduction: A Case for Workforce Intermediaries." In Robert P. Giloth, ed., *Workforce Intermediaries for the Twenty-First Century* (Philadelphia: Temple University Press, 2004).

48. Greg LeRoy, "The Great American Jobs Scam" CorpWatch, 2005; article based on Greg LeRoy, *The Great American Jobs Scam* (San Francisco: Berrett-Koehler Publishers, Inc., 2005).

49. Institute on Taxation and Economic Policy, "Who Pays: A Distributional Analysis of Tax Systems in All 50 States" (2003).

50. Ami Nagle and Nicholas Johnson, "A Hand Up: How State Earned Income Tax Credits Help Working Families Escape Poverty in 2006" (Washington: The Center on Budget and Policy Priorities, 2006).

51. Edward Beimborn and Robert Puentes, "Highways and Transit: Leveling the Playing Field in Transportation Policy." In Bruce Katz and Robert Puentes, eds., *Taking the High Road: A Metropolitan Agenda for Transportation Reform* (Washington: Brookings Institution, 2005).

52. Ibid.

53. Gerald Prante, "Who Benefits from the Home Mortgage Interest Deduction?" (Washington: The Tax Foundation, 2006), available at **www.taxfoundation.org/news/show/1341.html.**

54. Joseph Gyourko and Richard Voith, "Does the U.S. Tax Treatment of Housing Promote Suburbanization and Central City Decline?" Working Paper 97-13 (Federal Reserve Bank of Philadelphia, 1997).

55. U.S. Department of Housing and Urban Development, "Public Housing that Works" (1996), as cited in Bruce Katz, "Beyond City Limits: A New Metropolitan Agenda." In Henry J. Aaron and Robert D. Reischauer, eds., *Setting National Priorities: The 2000 Election and Beyond* (Washington: Brookings Institution, 1999).

56. Margery Austin Turner, "Moving Out of Poverty: Expanding Mobility and Choice through Tenant-Based Housing Assistance," *Housing Policy Debate* 9 (2) 1998: 373–394.

57. Adrian Moore, James Nolan, and Geoffrey F. Segal, "Putting Out the Trash: Measuring Municipal Service Efficiency in U.S. Cities," *Urban Affairs Review* 41 (2) (2005): 237–259.

58. Brophy and Vey, "Seizing City Assets: Ten Steps to Urban Land Reform."

59. See, for example, Heywood Sanders, "Space Available: The Realities of Convention Centers as Economic Development Strategy" (Washington: The Brookings Institution, 2005).

60. National Trust Database (**www.ntdprogram.gov**); American Public Transportation Association (**www.apta.com**); Amtrak (**www.amtrak.com**).

61. See **www.cr.nps.gov/nr/** The Register includes districts, sites, buildings, structures, and objects that are significant in American history, architecture, archeology, engineering, and culture.

62. U.S. Department of Housing and Urban Development, State of the Cities Data Systems.

63. Center City District and Central Philadelphia Development Corporation, "2006 State of Center City Report."

64. Downtown Partnership of Baltimore Inc., "State of Downtown Baltimore Report 2006."

65. U.S. Department of Education, National Center for Education Statistics, 2007.

66. American Hospital Association (AHA) Annual Survey Database, FY 2005.

67. Museums include those that are members of the American Association of Museums (see **www.aam-us.org/**); Opera America (see **www.operaamerica.org/**); official city government websites.

68. Includes members of the NFL, NBA, NHL, MLB, and U.S. Professional Soccer Leagues (MLS, NPLS, USL, WISL, WUSA).

69. Jane Jacobs, *Death and Life of Great American Cities* (New York: Vintage Books, 1961).

70. Alan Berube and Bruce Katz, "The State of American Cities" (London: Department of Communities and Local Government, 2006).

71. U.S. Census Bureau, "Interim State Population Projections" (2005), available at **www.census.gov/population/www/projections/projectionsagesex.html.**

72. U.S. Census Bureau, "Annual Estimates of the Components of Population Change for the United States, 2004–05" (2005), available at **www.census.gov/popest/states/NST-comp-chg.html.**

73. Census 2000

74. Shaila Dewan, "Cities Compete in Hipness Battle to Attract Young," *The New York Times*, November 25, 2006. See also, Joseph Cortright, "The Young and the Restless in the Knowledge Economy" (Chicago: CEOs for Cities, 2005).

75. In the early 1960s, 80 percent of women had been married by the time they turned 24. Today, it is not until age 32 that 80 percent of women have been married. (M. Hout and C.S. Fischer, "American Households through the Twentieth Century" (Draft 5.1) (Berkeley: The University of California, 2002), as cited in Joe Cortright, "The Young and the Restless in the Knowledge Economy."

76. Frank Hobbs and Nicole Stoops, "Demographic Trends in the 20th Century" (Washington: U.S. Census Bureau, 2002).

77. G.S. Masnick, E.S. Belsky, and Z.X. Di, "The Impact of New Census Bureau Interim National Population Projections on Projected Household Growth in the United States" (Cambridge: Harvard University Joint Center for Housing Studies, 2004) as cited in Arthur C. Nelson, "Leadership in a New Era" *Journal of the American Planning Association* 72 (4) (2006): 393–406.

78. See Mark Muro and others, "Reviving Massachusetts' Gateway Cities: Lessons Learned and an Agenda for Renewal" (Washington and Boston: Brookings Institution and MassINC, 2007).

79. Jennifer S. Vey and Benjamin Forman, "Demographic Change in Medium-Sized Cities: Evidence from the 2000 Census" (Washington: Brookings Institution, 2002).

80. Audrey Singer and Jill. H. Wilson, "From 'There' to 'Here': Refugee Resettlement in Metropolitan America" (Washington: Brookings Institution, 2006).

81. In 2005, an average of 0.35 percent of the adult immigrant population (or 350 out of 100,000 adults) created a new business each month, compared to 0.28 percent for the native-born adult population (or 280 out of 100,000 adults). (See Robert W. Fairlie, "Kauffman Index of Entrepreneurial Activity, National Report 1996–2005" Ewing Marion Kauffman Foundation, 2006.) See also Center for an Urban Future, "A World of Opportunity" (2007).

82. Eugenie L. Birch, "Who Lives Downtown" (Washington: Brookings Institution, 2005).

83. William Frey, "Mapping Older America: Boomers and Seniors in the 21st Century" (Washington: Brookings Institution, forthcoming).

84. Cortright, "The Young and the Restless in the Knowledge Economy."

85. Birch, "Who Lives Downtown."

86. Jonathan Levine and Lawrence D. Frank, "Transportation and Land-Use Preferences and Residents' Neighborhood Choices: The Sufficiency of Compact Development in the Atlanta Region." (Forthcoming), cited in Nelson, "Leadership in a New Era."

87. Bureau of Economic Analysis.

88. Robert Weissbourd and Christopher Berry, "The Changing Dynamics of Urban America" (Boston: CEOs for Cities, 2004).

89. See, for example, Robert D. Atkinson and Daniel K. Correa, " The 2007 State New Economy Index: Benchmarking Economic Transformation in the States" (Washington: The Information Technology and Innovation Foundation, 2007).

90. Mahlon Apgar, IV, "The Alternative Workplace: Changing Where and How People Work," *Harvard Business Review* 76 (3) (1998): 121–136; Saskia Sassen, "The Global City: Introducing a Concept," *Brown Journal of World Affairs* XI (2) (2005): 27–43.

91. Birch, "Who Lives Downtown."

92. Census 2000.

93. Jennifer S. Vey, "Higher Education in Pennsylvania: A Competitive Asset for Communities" (Washington: Brookings Institution, 2005); The Initiative for a Competitive Inner City and CEOs for Cities, "Leveraging Colleges and Universities for Urban Economic Revitalization: An Action Agenda" (2002).

94. William T. Bogart, *Economics of Cities and Suburbs* (Upper Saddle River, NJ: Prentice Hall, 1998), cited in Mark Muro and Robert Puentes, "Investing in a Better Future: A Review of the Fiscal and Competitive Advantages of Smarter Growth Development Patterns" (Washington: Brookings Institution, 2004).

95. Muro and Puentes, "Investing in a Better Future: A Review of the Fiscal and Competitive Advantages of Smarter Growth Development Patterns."

96. Franklin and Marshall was the first university in Pennsylvania to receive Keystone Innovation Zone (KIZ) status, a state designation that will help fund the project.

97. See **www.mass.gov/?pageID=ocdhomepage&L=1&L0=Home&sid=Eocd**.

98. See "Michigan's Cities: Thriving Communities for a Thriving Economy," available at **www.michigan.gov/documents/gov/Cities_186085_7.pdf**.

99. See **www.growinggreener2.com/**.

100. See the January, 2007 press release "Renew New York Agenda Seeks Upstate Turnaround," available at **www.state.ny.us/governor/press/0102071.html**.

101. See **www.heinz.org/home/programs_cms.aspx?SectionID=3&ParentID=48**.

102. Johnathon E. Briggs, "Urban League Shifts Focus to Economic Empowerment," *Chicago Tribune,* February 9, 2007.

103. See **www.policylink.org/Projects/CoreCitiesInitiative/**.

104. See **www.neighborhoodprogress.org**.

105. See **www.smartgrowthamerica.org**.

106. See **www.scenichudson.org**.

107. See **www.pennfuture.org**.

108. The Education Trust, "Funding Gaps 2006." For example, after adjusting for the additional cost of educating students growing up in poverty, this study found that six states— Illinois, Michigan, Montana, New Hampshire, New York, and Pennsylvania—have funding gaps between the lowest and highest poverty districts that exceed $1,000 per child.

109. See Nancy Zuckerbrod and Melissa Trujillo, "U.S. Schools Weigh Extending Hours, Year," ABC News, February 25, 2007 and "Patrick Extends Himself," *Boston Globe*, February 27, 2007. These articles and additional information on extending the school day are available at **www.mass2020.org/**.

110. These programs significantly intersect with the criminal justice system. A 2004 Justice Department survey found that approximately one-third of state inmates reported that they were under the influence of drugs at the time of their offense and more than half had used drugs in the preceding month. See Christopher J. Mumola and Jennifer C. Karberg, "Drug Use and Dependence, State and Federal Prisoners 2004" U.S. Department of Justice, Bureau of Justice Statistics, 2006. Another Justice Department study found that more than half of all State inmates and almost two-thirds of all inmates in local jails had a mental health problem. Doris J. James and Lauren E. Glaze, "Mental Health Problems of Prison and Jail Inmates" U. S. Department of Justice, Bureau of Justice Statistics, 2006.

111. While some cities receive direct funding or competitively awarded federal grants, the basic federal justice assistance formula program—the $400 million a year Justice Assistance Grant program—is administered through the states and they generally control 60 percent of allocations. See **www.ojp.usdoj.gov/BJA/grant/jag.html**.

112. Michigan Task Force on Jail and Prison Overcrowding, Final Report, March 2005.

113. National Conference of State Legislatures, "Lawmakers Visit King County, Washington, Juvenile Justice System," posted December 11, 2006 at **www.ncsl.org/programs/cj/kingcounty.htm**.

114. CEO and MDRC, "The Power of Work: The Center for Employment Opportunities Comprehensive Prisoner Reentry Program" (2006), available at **www.mdrc.org/publications/426/full.pdf**.

115. Birch, "Who Lives Downtown."

116. Christopher B. Leinberger, "Turning Around Downtown: Twelve Steps to Revitalization" (Washington: Brookings Institution, 2005).

117. Yakima, WA was strong on the City Economic Performance Index but weak on the Residential Economic Well-Being Performance Index.

118. Chattanooga/Hamilton County Air Pollution Control Board, **www.apcb.org**.

119. U.S. Department of Housing and Urban Development, State of the Cities Data Systems.

120. Eileen Robertson-Rehberg, "Demographic Overview" in *2006 State of Chattanooga Region Report* (Chattanooga: Community Research Council, 2006).

121. U.S. Department of Housing and Urban Development, State of the Cities Data Systems.

122. U.S. Census Bureau; Birch, "Who Lives Downtown."

123. William Tharp, "Jobs and the Economy" in *2006 State of Chattanooga Region Report* (Chattanooga: Community Research Council, 2006).

124. Vicki Gregg, "Blue Cross to Build New Office Complex in Chattanooga," posted February 2005, **www.chattanooga-chamber.com**.

125. See Vey, "Higher Education in Pennsylvania: A Competitive Asset for Communities."

126. American Society of Civic Engineers 2005 Report Card on American's Infrastructure, available at **www.asce.org/reportcard/2005/index.cfm**

127. NGA Center for Best Practices, "Fixing It First: Targeting infrastructure Investments to Improve State Economies, and Invigorate Existing Communities" (2004).

128. See **www.state.nj.us/transportation/community/village/**

129. See Bruce Katz, "Transformative Investments: Unleashing the Potential of American Cities" (Speech, 2006) at **www.brookings.edu/Metro/speeches/20060405_TransformativeInvestments.pdf**

130. See **www.mkedcd.org/parkeast/index.html**

131. See **www.scrantonpa.gov/development.html**.

132. See **www.newpa.com/default.aspx?id=193**.

133. Charles Stewart Mott Foundation, "Genesee County Land Bank: Putting Property Back into Productive Use," *Mott Mosaic*, April 2006; Chris Mccarus, "Land Bank Goes to Work on Flint," *Great Lakes Bulletin News Service*, January 6, 2005.

134. See the Genesee County Land Bank website at **www.thelandbank.org**.

135. Ohio Department of Natural Resources, "Clean Ohio Fund Overview," available at **http://ohiodnr.com/cleanohiofund/**.

136. Spencer Hunt, "Land-preserving Clean Ohio Fund Now is the One Seeking a Savior," *The Columbus Dispatch*, November 27, 2006; see also The Nature Conservancy, "Keep the Clean Ohio Fund Rolling," available at **www.nature.org/wherewework/northamerica/states/ohio/preserves/art12993.html**.

137. Heath Prince and Jerry Rubin, "Building New Labor Market Institutions: State Policies that Support Workforce Intermediaries" (Boston: Jobs for the Future, 2006).

138. Ibid.

139. In 2003, 71 percent of families with incomes under 200 percent of poverty (roughly $35,000 for a family of three) had a worker. Source: Working Poor Families Project. See **www.aecf.org/MajorInitiatives/FamilyEconomicSuccess/WorkingPoorFamiliesProject.aspx**.

140. Nagle and Johnson, "A Hand Up: How State Earned Income Tax Credits Help Working Families Escape Poverty in 2006."

141. The Center on Budget and Policy Priorities provides a comprehensive guide to simplifying and coordinating key low-income programs in states; see **www.cbpp.org/pubs/prosim.htm**.

142. Many of these organizations in turn partner with non-profit software developers who provide access to applications that facilitate benefit screening and enrollment. Sean Coffey, Abby Hughes Holsclaw, and Julie Bosland, "Screening Tools to Help Families Access Public Benefits" (Washington: National League of Cities, 2005).

143. Sarah Torian, "State and Local Support for Earned Income Tax Credit (EITC) Campaigns" (Baltimore: Annie E. Casey Foundation, 2006).

144. Matthew Fellowes, "From Poverty, Opportunity: Putting the Market to Work for Lower Income Families" (Washington: Brookings Institution, 2006).

145. Reducing the costs of living for low-income families by even one percent would add up to over $6.5 billion in new spending power. Ibid.

146. Ibid.

147. Roberto G. Quercia, Michael A. Stegman, and Walter R. Davis, "Assessing the Impact of North Carolina's Anti-Predatory Lending Law," *Housing Policy Debate* 15 (3) (2004): 573–601.

148. Alastair Smith, "Mixed-Income Housing Developments: Promise and Reality" (Washington and Cambridge: Neighborworks and Joint Center for Housing Studies, 2002); Bruce Katz, "Neighborhoods of Choice and Connection: The Evolution of American Neighborhood Policy and What It Means for the United Kingdom" (Washington: Brookings Institution, 2004).

149. Smith, "Mixed-Income Housing Developments: Promise and Reality."

150. See Bruce Katz and others, "Rethinking Local Affordable Housing Strategies: Lessons from 70 Years of Policy and Practice" (Washington: Brookings Institution, 2003).

151. Fellowes, "From Poverty, Opportunity: Putting the Market to Work for Lower Income Familes."

152. See the March, 2007 press release "Strickland Establishes Foreclosure Prevention Task Force," available at **governor.ohio.gov/News/March2007/News3707/tabid/205/Default.aspx**.

153. For more information see Philip Mattera, "Breaking the Codes: How State and Local Governments are Reforming Building Codes to Encourage Rehabilitation of Existing Structures" (Washington: Good Jobs First, 2006).

154. National Trust for Historic Preservation, "State Tax Incentives for Historic Preservation: A State by State Summary" (2003). As of 2003, California, New Jersey, New York, Ohio, and Pennsylvania are among the 26 states without a State Historic Preservation Tax Credit program.

155. Lipman Frizzell and Mitchell, LLC, "Rhode Island Historic Preservation Investment Tax Credit: Economic and Fiscal Impact Analysis" (2005), available at **www.growsmartri.com/pdfs/RI%20Final%20Report.pdf**; Smart Growth Rhode Island, "Projects Using Historic Preservation Investment Credit Located Overwhelmingly in Low and Moderate Income Neighborhoods" (2005), available at **www.growsmartri.com/Census%20Analysis.htm**.

156. See Jacob L. Vigdor, "Does Gentrification Harm the Poor?," In William G. Gale and Janet Rothenberg Pack, eds., *Brookings-Wharton Papers on Urban Affairs* (Washington: Brookings Institution, (2002); Lance Freeman, "Displacement or Succession?: Residential Mobility in Gentrifying Neighborhoods," *Urban Affairs Review* 40 (4) (2005): 463-491; Lance Freeman and Frank Braconi, "Gentrification and Displacement: New York City in the 1990s," *Journal of the American Planning Association* 70 (1) (2004): 39–52.

157. U.S. Department of Housing and Urban Development, State of the Cities Data Systems.

158. U.S. Census Bureau

159. Mary Ellen Schwartz and Ingrid Gould Ellen, "Cautionary Notes for Competitive Cities" (Washington: Brookings Institution, 2000).

160. Port Authority of New York and New Jersey, **www.panynj.gov/**.

161. Based on 2005 statistics for general cargo tonnage. Data provided by Journal of Commerce Port Import-Export Reporting System (PIERS); Port Authority of New York and New Jersey, **www.panynj.gov/DoingBusinessWith/seaport/html/trade_statistics.html**.

162. Owners of storage facilities currently pay property taxes on the property while owners of containers pay rental charges to the rental operator.

163. Federal Aviation Administration, "Top 50 Busiest Commercial U.S. Airports for 2006," available at **www.faa.gov/news/updates/busiest_airports/index.cfm?airportType=Commercial&year=2006**.

164. Port Authority of New York and New Jersey, **www.panynj.gov/aviation/traffic/coverfram.HTM**.

165. Hertz Rental Car Agency, **www.hertz.com**.

166. Training costs per worker are based on estimates cited in the State of New Jersey Department of Labor and Workforce Development, "Workforce Investment Act Annual Report" (2004); increased earnings per trained worker based on WIA estimates, available at **www.fred-info.org/WIA.htm**.

167. The multiplier utilized here is from the Regional Input-Output Modeling System (RIMS II) developed by U.S. Bureau of Economic Analysis.

168. Jillian Barrick Jones, Rachel Barkley, and Scott Quehl of PFM, and Travis James and Jon Hockenyos, of TXP, completed this study.

169. Manuel Pastor, Jr., and others, *Regions that Work: How Cities and Suburbs Can Grow Together* (Minneapolis: University of Minnesota Press, 2000).

170. Myron Orfield, *Metropolitics: A Regional Agenda for Community Stability* (Washington and Cambridge: Brookings Institution and Lincoln Institute of Land Policy, 1997).

171. See Richard P. Voith, "City and Suburban Growth: Substitutes or Complements?" *Business Review* (September/October, 1992); Richard Voith, "Do Suburbs Need Cities?" *Journal of Regional Science* (38) (3) (1998): 445–464; H.V. Savitch and others, "Ties That Bind: Central Cities, Suburbs, and the New Metropolitan Region," *Economic Development Quarterly* 7 (4) (1993): 341–357; Larry Ledebur and William R. Barnes, *All In It Together: Cities, Suburbs, and Local Economic Regions* (Washington: National League of Cities, 1993); Richard Voith, "The Suburban Housing Market: The Effects of City and Suburban Job Growth" *Business Review* (November/December, 1996).

172. Edward W. Hill and John Brennan, "America's Central Cities the Location of Work," *Journal of the American Planning Association* (71) (4) (2005): 411–432.

173. New Urban News, "Urbanism Holds Promise for Reducing Energy Use," July/August 2005, available at **www.newurbannews.com/EnergySavingsInsideJul05.html**, cited by Jamais Cascio, "Density as Efficiency," *World Changing*, July 2005, available at **www.worldchanging.com/archives/003034.html**.

174. See the European Union Official Website on the European Capitals of Culture, available at **ec.europa.eu/culture/eac/other_actions/cap_europe/cap_00_01_02_en.html**

175. See the RDA website at **www.englandsrdas.com/home.aspx**.

176. Astrid Winkler, "Saint-Etienne City Report," (London School of Economics: forthcoming).

177. Beth Siegel and Andy Waxman, "Third-Tier Cities: Adjusting to the New Economy" (Washington: U.S. Economic Development Administration, 2001); Henry J. Mayer and Michael R. Greenberg, "Coming Back from Economic Despair: Case Studies of Small- and Medium-Size American Cities," *Economic Development Quarterly* 15 (3) (2001): 203–216. See also Royce Hanson and others, "Corporate Citizenship and Urban Problem Solving: The Changing Civic Role of Business Leaders in American Cities" (Washington: Brookings Institution, 2006).

178. Pennsylvania State Planning Board 2006 Report, available at **www.newpa.com/default.aspx?id=129**.

**For more information**

For more information on restoring prosperity in older industrial cities, please visit the Restoring Prosperity Initiative website at **www.restoringprosperity.org/** You can also download copies of the report from The Brookings Institution Metropolitan Policy Program website at **www.brookings.edu/metro**.

**Author Contact**

Jennifer S. Vey
Senior Research Associate
The Brookings Institution Metropolitan Policy Program
(202) 797-6143
**jvey@brookings.edu**

**About the Brookings Institution Metropolitan Policy Program**

The Metropolitan Policy Program at the Brookings Institution was launched in 1996 to provide decisionmakers cutting-edge research and policy analysis on the shifting realities of cities and metropolitan areas. The program reflects our belief that the United States is undergoing a profound period of change—change that affects its demographic make-up, its development patterns, and its market dynamics. These changes are reshaping the roles of cities, suburbs, and metropolitan areas and the challenges they confront. For that reason, a new generation of public policies must be developed that answers to these new circumstances.

Our mission has therefore been clear from the outset: We are redefining the challenges facing metropolitan America and promoting innovative solutions to help communities grow in more inclusive, competitive, and sustainable ways.

For more information on the Brookings Metropolitan Policy Program, please visit our website at **www.brookings.edu/metro**.

THE BROOKINGS INSTITUTION

1775 Massachusetts Avenue, NW • Washington D.C. 20036-2188
Tel: 202-797-6000 • Fax: 202-797-6004
**www.brookings.edu**

METROPOLITAN POLICY PROGRAM
DIRECT: 202-797-6139 • FAX/DIRECT: 202-797-2965
**www.brookings.edu/metro**