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The Limits of Urban Revival: The Case for Metropolitan Solutions to Urban Problems

It's the new conventional wisdom: After 50 years of decline, American cities have been reborn as safe and exciting places, certainly to visit if not to live. Urban crime and unemployment rates are at their lowest since the early 1970s. City budgets once on the brink of collapse are routinely balanced. Downtowns left for dead now sport gleaming new stadiums, convention halls, entertainment centers, and residential complexes. The landscape of urban neighborhoods is changing as high-rise public housing comes down, entrepreneurs discover neglected markets, and the decades-old restorative work of community development corporations and local churches bears fruit.

There is much to celebrate in cities across the country. There is much to build on for the future. Yet any notion of a deep and sustained urban revival is premature. If you want to see the real center of American economic life, do not head to Times Square in New York City, or the Rock and Roll Hall of Fame in Cleveland, or Camden Yards in Baltimore. Instead, get in your car, because you will need one, and drive 10 to 25 miles out from downtown USA to the land of new suburban prosperity. Almost all of America's metropolitan areas are experiencing remarkably similar patterns of growth -- a rapid conversion of farmland and open space to a dizzying array of housing subdivisions, shopping centers, and office parks. This decentralization of people, businesses, and jobs is the real story about America's economy and society. The positive signs of revival in our cities pale in comparison.

THE DARK SIDE OF METROPOLITAN GROWTH

These larger patterns of metropolitan growth are fiscally, socially, and environmentally damaging and unsustainable. The benefits of the new economic prosperity are not shared equitably. Rapidly developing new suburbs -- built since the 1970s on the outer fringes of metropolitan areas -- are capturing the lion's share of employment and population growth. These jurisdictions enjoy a nirvana of low taxes and high services as they limit the development of affordable housing and exclude families with moderate means (particularly racial and ethnic minorities) from living in their neighborhoods or attending their schools.

Caught on an unlevel playing field, cities and older suburbs find it difficult to compete with these new suburbs for businesses and middle-class residents. As companies and families move out, the tax bases of cities and older suburbs shrink, leaving these places without the financial wherewithal to grapple with concentrated minority poverty, joblessness, family fragmentation, and failing schools. (Older suburbs are defined as suburbs that grew most rapidly in the years following World War II, and that are located near central cities.)

The costs of sprawl, however, extend beyond the realm of fiscal disparities and racial and social separation. Increasingly, residents of new suburbs are reacting to other costs such as worsening traffic congestion, overcrowded schools, and diminished open space. And everyone in a region is affected when a sense of community disappears.

The current metropolitan growth trends are fueled by a complex mix of market forces, consumer preferences, and government subsidies and policies. The restructuring of the American economy and advances in technology have diminished the value of a dense urban location for certain businesses. Failing schools, the perception and reality of crime, bloated bureaucracies and inadequate services have pushed middle and working class families out of the cities, and keep other families from moving in.

Yet these "push" factors are not the whole story. Federal and state policies continue to underwrite the expansion of the new suburbs and the decline of cities and older suburbs.

Transportation expenditures disproportionately pay for the expansion of roads into the countryside, making new suburban commercial strips and housing subdivisions economically feasible, while existing infrastructure in cities and older suburbs is neglected.

Tax subsidies for homeownership disproportionately flow to new suburban jurisdictions, given the higher rate of homeownership in these places and the greater likelihood that suburban homeowners will itemize their deductions. These homeownership subsidies also affect settlement patterns by enabling developers to build bigger homes on bigger lots. Environmental and other regulations make the redevelopment of urban land prohibitively expensive, further tilting the economic playing field in favor of sites in the new suburbs.

Perhaps the worst thing that federal and state policies have done to cities and older suburbs has been to concentrate populations of poor people within their borders. Until recently, federal housing policies focused almost exclusively on serving the very poor in neighborhoods isolated from the economic mainstream. Even federal housing vouchers -- designed to give low-income families choices in the rental market -- have been impeded by an administrative system organized around parochial political jurisdictions rather than the real geography of the metropolitan housing market. State laws compound the problem, allowing suburban communities to practice exclusionary zoning and bar affordable housing within their borders. This traps low- and moderate-income families in decaying inner-city and older suburban neighborhoods and denies them the benefits of good schools and good services.

These policies, combined with middle-class flight, mean that cities and their older suburbs are home to a disproportionate share of a region's poor people. The general poverty rate in cities rose almost 50 percent, from 14.2 percent to 20.6 percent, between 1970 and 1995. Moreover, poor people are increasingly located in high-poverty neighborhoods, which intensifies social problems. According to Harvard Professor Paul Jargowsky, the number of persons residing in high-poverty neighborhoods just about doubled between 1970 and 1990. Some 8

million individuals now live in neighborhoods where the proportion of poor people is over 40 percent. Nearly one third of these people are children; an overwhelming proportion of them are African-American or Hispanic.

The growing spatial isolation of the urban poor and the continued exodus of middle class families and low-skilled jobs to the outer fringes of metropolitan areas makes the rhetoric of *comeback cities* ring particularly hollow. In fact, the combination of these and other factors fuels a powerful dynamic of urban decline that is hard to break. Concentrated poverty is directly related to higher crime, failing schools, and additional demands on services. Addressing these challenges leads to higher taxes. Taken together, these conditions compel businesses and residents to leave for new low-tax suburbs and keep new businesses and residents from moving in. The flight of people and firms further concentrates poverty. And so the cycle continues.

THE RISE OF METROPOLITAN POLITICS

In metropolitan areas across the country, explosive new suburban growth and persistent urban problems -- and the recognition that federal and state policies contribute to them -- create a strong impetus for the formation of new, powerful, majority coalitions at the local and regional levels. Elected officials from cities and older suburbs; downtown corporate, philanthropic, and civic interests; minority and low-income community representatives; environmentalists; no-growth advocates in the new suburbs; farmers and rural activists; and religious leaders all are realizing that they lose as sprawl accelerates.

These nascent coalitions reach over city limits and cross traditional constituency lines. They can form for different reasons. In some cases, coalitions form out of a concern for equity and the burden of concentrated poverty that cities and older suburbs must bear. They advocate tax restructuring to reduce the glaring fiscal disparities between separate jurisdictions. In other cases, the coalitions focus on runaway growth and advocate reforms to curb sprawl and target infrastructure investment in older established areas. Both kinds of coalitions seek new forms of metropolitan collaboration, whether governance or less formal arrangements, to solve cross-jurisdictional problems like transportation, environmental quality, water treatment, and workforce and economic development.

These reforms, for the most part, are not new. Scholars and regional advocates have been offering variations of these policies for years. What is new is the growing recognition of true common ground between the cities and a good portion of the suburbs on issues as diverse as economic development, transportation spending, environmental protection, and fiscal equity.

Metropolitan reforms have long had intellectual credibility. Now they are gaining political traction.

These reforms--particularly if enacted together--have the potential to reverse many of the disturbing trends discussed earlier. Managing growth and targeting transportation investments

could promote reinvestment in the older core and reuse of existing infrastructure. Tax sharing could spread the costs of concentrated poverty among wealthy and struggling jurisdictions, allowing the latter to lower their own (exceedingly high) taxes. These reforms can erase some of the policy biases against urban living and working.

The new metropolitan coalitions are either forcing local and state actors to adopt new policies or are cobbled together by political entrepreneurs who realize the power of combining disparate constituencies.

At the local level, the focus has increasingly been on the contentious issue of transportation spending. Leaders in Chattanooga, Portland, and St. Louis are choosing infrastructure repair, mass transit, and alternative anti-congestion strategies over road expansion and the loss of open space. These victories do not come easy; in many places they represent a direct assault on the power and privileges of a small clique of interests that have controlled road spending for years.

Metropolitan coalitions, however, quickly find that many of the rules of the growth and equity game are set in state capitals. State governments -- with their power over land use, welfare, housing, tax policy, and local governance -- hold many of the cards for meaningful change. Several progressive states are already pursuing strategies that are models for replication.

*Oregon has preserved its landmark land use law, which requires urban growth boundaries to be drawn around cities throughout the state. Portland has the only elected metropolitan government in the country and is the nation's model for compact, transit-oriented development.

* Minnesota has recently upgraded metropolitan governance in the Twin Cities area and expanded suburban obligations for affordable housing. Only a governor's veto prevented the Twin Cities metropolitan area from expanding an innovative tax-base sharing scheme that greatly reduces fiscal inequities between disparate municipalities.

*In 1997, Maryland enacted smart growth laws in an effort to steer state road, sewer, and school monies away from farms and open spaces to already developed areas targeted for growth. In the coming year, New Jersey, Pennsylvania, and Ohio will debate additional reforms.

These state initiatives do not conform to traditional partisan or ideological lines. Governor Parris Glendening, a Democrat, pushed through Maryland's efforts, and Republican Governor Christine Todd Whitman is spearheading New Jersey's. The metropolitan issue is clearly an issue up for grabs.

THE FEDERAL METROPOLITAN AGENDA

If cities are to have a chance in the new economy, the federal government, like the states, must get into the metropolitan game. It should embrace, encourage, and reward state and metropolitan efforts to enact and implement smart growth reforms. It should recognize the importance of instilling metropolitan thinking into federal policies and programs.

Fortunately, there are several signs that the federal government increasingly understands this. Since 1991, for example, the nation's transportation law -- the Intermodal Surface Transportation Efficiency Act (ISTEA) -- has given metropolitan planning organizations the responsibility to devise regional transportation strategies and some of the resources and flexibility necessary to carry out these plans.

Yet much more needs to be done at the federal level to reverse the polarizing trends we see throughout the country and create a level playing field for cities, older suburbs, and new developing suburbs. This year, Congress will try to reauthorize the nation's transportation, housing, and job training programs. This presents opportunities to preserve or even strengthen the metropolitan role in federal policies.

Transportation

A smart federal metropolitan agenda will mean, first and foremost, realizing the potential of ISTEA to transform transportation policy. Currently, the House and Senate have passed reauthorization bills that build upon the existing ISTEA framework, at funding levels 40 percent higher than existing law. To date, public debate has focused almost exclusively on how these higher funding levels will affect other parts of the federal budget and how the bills are an extreme version of pork-barrel politics.

These criticisms miss the main point. The real issue is that, while supporters justify higher funding levels by the need to rebuild America's crumbling infrastructure, many states and metropolitan areas may actually use the expanded resources to embark on expensive road-building projects in the new suburbs. If history is any guide, these projects will do little to relieve metropolitan traffic congestion. Instead, they will further undermine older established economies and accelerate the decline of another ring of suburbs.

As Congress finalizes the transportation legislation, it must match the rhetoric of federal efforts with the reality on the ground. It must devolve more power to metropolitan communities to make responsible and fair trade-offs between alternative transportation solutions and competing visions of future development. Specifically, Congress should:

- *place more transportation funds under the direct control of metropolitan entities;
- *ensure that central cities and older suburbs are fairly represented in metropolitan transportation decisionmaking, or can at least challenge the authority of the relevant governing bodies when they are not;

- * require state highway departments to work closely with metropolitan leaders on the allocation of state-controlled resources;
- * encourage states and regions to make smart growth a central part of their transportation mission and, at a minimum, integrate transportation and land-use planning;
- * provide financial *disincentives* for investment in new capacity rather than repair of existing transportation infrastructure;
- * require state and regional transportation entities to publicly disclose which jurisdictions receive transportation funding each year;
- * expand existing programs that direct federal funds to manage congestion, improve air quality, and enhance traditional transportation strategies; and
- * take steps to integrate transportation and welfare reform (since inadequate transportation options impede the ability of low-income families to reach jobs and economic opportunities).

Against many odds (and with little public attention), the House and Senate bills already contain some of these positive reforms. The Administration should now insist that the final law marry the best of both bills and advance a metropolitan vision of transportation policy.

A good statutory framework, of course, is only half the battle. The federal law needs to be administered vigorously and effectively, to counter the "business as usual" culture that still dominates many state and local transportation bureaucracies. The federal Department of Transportation must specifically ensure that state and metropolitan transportation entities: (1) are governed in a fair and equitable manner; (2) welcome and respect community participation; (3) comply with civil rights laws in their operations and investments; and (4) have the analytic tools they need to assess the impact of large road construction projects on the economic vitality and social fabric of older communities. The federal government must finish administratively what it has started legislatively.

Housing/Job Training

The reauthorization of the nation's housing and job training programs also presents opportunities for metropolitan collaboration. The current system -- administered by a duplicative, fragmented set of 3,400 local bureaucracies -- impedes the ability of low-income recipients to understand, let alone exercise choice in, a metropolitan housing market. The revised housing law should place administrative responsibility for housing vouchers with metropolitan entities (whether public, quasi-public, or nonprofit). At a minimum, Congress should require all housing agencies in a metropolitan area to have the same rules, which will make it easier for low-income people to choose where they live, and help deconcentrate poverty in urban areas.

Congress should also accept the Administration's recommendations to give low-income families greater access to suburban housing markets through stronger enforcement of anti-discrimination laws and expanded use of vouchers.

The existing workforce development system also does little to connect residents of urban neighborhoods to the opportunities in the larger metropolitan marketplace. As Congress considers the consolidation of dozens of job training programs, it must ensure a role for community institutions and intermediaries that perform job networking functions for residents who are isolated from the mainstream economy. Congress should closely examine some promising innovations in hard-pressed cities like Philadelphia and Newark, where community institutions are working with suburban corporations to identify regional economic sectors that face labor shortages (e.g., healthcare in Philadelphia, automotive repair in Newark) and devise recruitment and placement strategies that benefit metropolitan employers and neighborhood residents.

Long-term Goals

Federal efforts in transportation, housing, and job training represent a beginning, not an end, for national engagement. The bottom line is that federal programs rarely recognize the metropolitan realities of how people live. Over time, the federal government must provide incentives for parochial political jurisdictions to use federal funds in ways that promote metropolitan solutions and, where appropriate, give regions the authority to set their own priorities and the flexibility to apply federal programs and resources accordingly.

More importantly, the federal government must systematically examine the spatial impacts of major spending programs, tax expenditures, and regulations -- beyond the policies mentioned above. Are central cities and older suburbs treated fairly in the allocation of all federal resources, particularly resources that attract substantial private sector investments and create wealth? If not, why not? Do federal regulations outside the environmental realm tilt the playing field against the redevelopment of urban land or investment in urban neighborhoods? If so, why? Answering these basic questions will go a long way towards putting cities and older suburbs on an equal footing with their neighbors in the new suburbs.

THE PROMISE AND THE CHALLENGE

It will take an enormous amount of work to create metropolitan solutions. Metropolitan coalitions of breadth and diversity are difficult to build and sustain. Governance in most metropolitan areas remains highly fragmented; hence, there is rarely any civic or government forum in which metropolitan conversations can easily occur.

Most importantly, the divisions within metropolitan areas -- race, ethnicity, class -- run deep and wide. It is no accident that the early metropolitan discussions have revolved around issues of environmental protection and infrastructure investment. Issues like helping low-income families get to -- or actually live near -- suburban employment opportunities are still on the

regional and national back burner.

Finally, strong metropolitan solutions will not cure all that ails our cities (or, for that matter, the older suburbs). Metropolitan actions are meant to complement, not supersede, the work that mayors, community groups, and civic and corporate leaders are already doing in cities. Cities still need to take responsibility for their own mess -- failing schools, burdensome regulations, neglected services, and reduced but everpresent crime -- if they are to retain and attract businesses and middle class families with children.

But the metropolitan agenda is the first effort in years that offers cities the opportunity to be part of majority coalitions pushing for genuine, big, systemic changes. This is a different way of thinking about our collective problems and a different way of acting on them. If we want to celebrate a true urban revival sometime in the next century, we need to break out of the city-only strategies that we have pursued for the past 30 years and develop and embrace a larger metropolitan agenda. Therein lies the promise and the challenge.