Finding New Forms for America's Legacy Cities

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Abstract

The purpose of this working paper is to explore the opportunities for regeneration in America's legacy cities, its older industrial cities that have experienced sustained job and population loss over the past few decades[1]. It is based on the principle that in order to regenerate, these cities must find new forms: not only changing their physical form, but new forms of economic activity, new models of governance, and new ways of building stronger regional and metropolitan relationships.

Before sketching out these new forms, we lay the groundwork by exploring the challenges these cities face, reviewing the broad economic, social and other factors that have led to their present condition, and asking the question of what, in this context, do we mean by successful regeneration. This is not a simple question of whether a community reverses its population loss and begins to grow again, but a far more complex question, which requires one to examine what actually constitutes urban health, or success.

From this starting point, we look at some of the key assets that affect cities' ability to foster regeneration, and look at how a cluster of legacy cities is faring on a series of indicators, in order to explore the substantial variation between cities with respect to their regeneration and adaptation to change. This section is followed by the description of the new forms that these cities must find. We use the term "form" broadly, not just to refer to physical or urban form in the traditional sense, but to encompass new forms of economic activity, governance, and regional relationships.

The final section, entitled "what does it take to change?" draws lessons from the experience of both successful and less successful cities first to identify the obstacles to change, and to explore the tools and strategies that can overcome those obstacles and that may be most conducive to the regeneration of older cities.

This working paper is an initial inquiry into a subject that could easily be the subject of a book, or many books. It is designed to lead to the preparation of a Policy Focus Report by the Lincoln Institute, which is expected to appear early in 2013. The authors hope that these reports, which both synthesize existing research and attempt to break new ground, will encourage further investigation and discussion of how America's legacy cities can best confront the challenges they face as they move into an unpredictable post-industrial future.

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[1] The term legacy city, used in this paper to describe the cities that meet that description, comes from the 110th American Assembly, held in Detroit in April 2011. The Assembly report "Reinventing America's Legacy Cities" is available at http://americanassembly.org/project/reinventing-americas-legacy-cities.

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A. Key Challenges Facing Legacy Cities

There is no single challenge facing legacy cities, but a cluster of interrelated challenges, linking social, economic, physical, and operational realities. All are connected. Loss of economic opportunities, along with suburban flight trigger increasing impoverishment of the urban population, which leads to reduced housing market demand, which leads to reduced property values and abandonment, which leads to diminished municipal resources and less capacity to deal with the city's growing problems. While each city is different, these changes are shared, albeit to widely varying degrees, by all legacy cities.

This section looks at five different areas: economic challenges, social and human challenges, the challenges of weak market conditions, the challenges of the built environment, and finally, the internal challenges of leadership and capacity that affect cities' ability to mount successful attacks on problems driven by exogenous forces.

The Central Economic Challenge

The central challenge facing legacy cities is to build a new economy which can enable the city to maintain a stable or growing population, provide opportunity to its residents, and provide the public revenues to support adequate public services and infrastructure, roles that were historically performed by these cities' manufacturing economy. This is a daunting challenge, as many legacy cities are located in slow-growing metropolitan areas and appear to lack the obvious competitive advantages that have enabled new economies to emerge elsewhere.

At the same time, legacy cities contain significant assets, which some have begun to harness for economic growth. Pittsburgh's revival has been led by its strong educational and medical institutions, while Detroit retains a manufacturing base with strong growth potential. What is critical, however, as noted earlier, is that the economic growth be export-driven; that is, that it produce goods and services, or draw spending, from the larger regional, national or even global economy. Autarchy, in today's world, is not a recipe for economic success.

The challenge is twofold; not only to build new economic engines, but to see that emerging economies create opportunities for the many poor and unemployed residents of these cities. Seemingly successful regeneration can easily create bifurcated cities, with emerging economic sectors employing a population of well-educated in-migrants and suburbanites, while the city's lower income residents and their neighborhoods continue to languish.

Social and Human Challenges

While a city is a governmental entity, as well as a defined geographic area containing buildings and land, it is arguably at its roots a social and economic entity. As such, much of its future will be defined by the social and economic characteristics of its population. This has become a particularly intense long-term challenge for legacy cities, since, as economic opportunities have dwindled, and much of the middle class has relocated to the suburbs, the population in the city has become poorer, with less educational attainment and skills and higher unemployment.

Poverty

Residents of legacy cities are significantly more likely to be poor than the statewide or national population, with the percentage of the cities' population living in poverty often double or more the national poverty rate. In the most deeply depressed cities such as Detroit or Gary, over one-third of residents are below the poverty level. These cities contain more households likely to be dependent on subsidized services and transfer payments, such as food stamps, housing vouchers and Medicaid, than households which contain employed household members, generating income and paying significant amounts in taxes.

Low Educational Attainment and Unemployment

The population of most legacy cities shares low levels of educational attainment and high levels of unemployment. The bulk of the middle class, cutting across racial and ethnic lines, has moved to the suburbs, while the remaining residents tend to have far less formal education and workforce attachment. Official unemployment figures, moreover, understate the number of idle adults because levels of labor force attachment—the percentage of adults who are actually in the workforce, whether working or not—are often far lower than in the country as a whole.

An extensive body of literature has documented the relationship between educational attainment and economic growth, with the most significant feature appearing to be the percentage of adults who hold a BA/BS or higher degree. The national organization CEOs for Cities has put it strongly, "We know that educational attainment is the biggest predictor of success for cities and metro areas today. The research is unassailable."[2]

Crime

Most legacy cities have crime rates that are higher, and in some cases significantly higher, than national levels. Crime levels are both a significant measure of social stability and quality of life in a community as well as an important factor affecting its potential for economic growth. As Michael Porter has written, "crime, with its associated fears and costs, is one of the greatest barriers to inner-city economic revitalization."[3]

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[2] CEOs for cities refers to this as the "talent dividend"; see http://www.ceosforcities.org/work/talentdividendtour, accessed August 24, 2011.

[3] Porter, Michael E. (1997) "New Strategies for Inner-City Economic Development", *Economic Development Quarterly,* Vol. 11, no. 1, 11–27.

The Challenge of Weak Market Demand

A central problems facing legacy cities is the low demand for the city's housing stock as well as its commercial, office and industrial buildings. Weak demand is a long-term phenomenon in these cities, as fewer people seek to live in a city designed for a larger population. Even with constant demolition of older, abandoned houses, cities can't keep pace. Detroit has demolished nearly one-third of all of its pre-1950 housing stock, but its inventory of abandoned houses continue to rise. A massive gap exists between the available supply of houses and other buildings and the demand for that supply; that means that many houses will never find a buyer; for many that do, the buyers will be investors, often hoping to milk their properties for short-term gain.

A healthy housing market requires three separate elements:

- enough aggregate housing demand to absorb the houses coming on the market and keep vacancy rates at healthy levels;
- enough *owner-occupant* demand to maintain a healthy home ownership rate;[4] and
- high enough prices to foster upgrading and replacement of the existing housing stock.

Where any one of these elements is absent, the quality of the city's housing and its neighborhoods will suffer. Legacy cities typically not only have low aggregate demand, but low prices that discourage reinvestment, and particularly low homebuyer demand, resulting in most houses being bought by investors and speculators, often leading to neighborhood destabilization.

A city's ability to rebuild demand for its housing stock depends heavily on the level of potential demand in the city's region or housing market area, the area within which prospective buyers might see the city as a possible housing option. Many legacy cities are located in regions that themselves are showing little job or population growth. Cuyahoga County, which surrounds Cleveland, is losing population even when Cleveland is removed from the equation. This does not mean that nothing can be done, but it means that cities must be intentional and target their efforts to specific neighborhoods and specific market demographics if they hope to succeed.

The Challenges of the Physical Environment

Weak demand triggers physical changes. Property owners invest less in their properties, homes shift from owner occupancy to absentee ownership, and ultimately, more and more of the properties in the city become vacant, abandoned, or demolished. These changes can easily turn into a vicious cycle, as abandonment leads to more abandonment, ultimately ending up in what one sees in parts of many legacy cities, where entire city blocks may be vacant or may retain at most one or two remaining occupied houses.

As properties deteriorate and vacancies increase, cities see their revenue base decline because more properties become tax delinquent or end up in tax foreclosure, while at the same time they

[4] We would argue that the evidence in support of sustaining healthy homeownership rates as a factor in maintaining stable neighborhoods and stable property values is compelling, notwithstanding some remaining differences of opinion on this subject; see (citations).

are incurring increased costs to deal with the clean-up, demolition, and firefighting costs associated with vacant buildings. Often, a second vicious cycle begins, as financially strapped cities lay off housing inspectors, police officers, and firefighters or cut back on maintaining streets and sidewalks, thus further undermining community confidence and raising the risk of further disinvestment and abandonment.

Substandard and Vacant Properties

Dealing with large, and often growing, numbers of problem properties, both occupied and vacant, is a constant challenge for legacy cities. Cities need to confront how to manage this inventory in ways that minimize harm to the properties' immediate neighbors or to the vitality of their neighborhoods, while thinking about how to put these properties back to productive use through rehabilitation, redevelopment, or non-development uses such as open space.

One key issue that many cities are confronting is the extent to which to actively gain public control over these properties. Cities have learned that, whether they have title to vacant properties or not, they "own" the problem in their citizens' eyes. The ability to gain title to properties and control their outcomes can not only make it easier to manage the inventory but permits them greater control over the city's future development and redevelopment.

Brownfields

A further challenge for legacy cities with their industrial roots are their many brownfields sites, properties which contain environmental contamination that must be remediated before they can be productively reused. As older factories have closed, they have left a bitter legacy in the form of thousands of such contaminated sites, ranging from postage stamp sized lots to sites measuring in the tens of acres, often in the middle of still-densely-populated residential areas.

Since the 1990s, public and private efforts, including supportive federal and state legislation, have led to the productive reuse of many brownfields sites, but many still remain, blighting their surroundings. While the boom years prior to 2006 led to widespread private investment in brownfields reuse, harder economic times since then have led to a sharp drop in those often high-risk investments and the collapse of many private firms involved in that work. With many public funding programs being cut at the same time, cities are finding it increasingly difficult to maintain their momentum in this critical arena.

Infrastructure

Cities contain extensive physical infrastructure networks, including streets, sidewalks, sewer and water lines, as well as public facilities such as school buildings and fire houses. As their populations and fiscal resources decline, legacy cities are facing increasing difficulty maintaining that infrastructure, which was typically designed to serve a far larger population than lives there today. Schools, firehouses, and other public facilities have been closed, while streets and sidewalks crumble for lack of maintenance. While closing many facilities may be inevitable, given declining population and school enrollments, little thought is often given to how facility closings will affect future revitalization prospects, either for the city as a whole or for specific neighborhoods. Many of these same cities are also under strong pressure from USEPA to address the continuing environmental damage from storm overflows resulting from combined storm and sanitary sewers.

Legacy cities appear to be trapped in a cycle out of their control. They face continued erosion of their competitive position and their ability to rebuild their economies if they do not maintain and rebuild their housing stock and physical infrastructure, yet they lack the fiscal ability to do so without even further burdening their residents and businesses, which will also undermine their ability to compete for businesses, jobs, and middle-class households. The future of many cities will depend on their ability to find a path out of this conundrum.

<u>The Operational Challenge</u>

How local government operates, however, how it allocates its resources and makes decisions, as well as its relationship to its region and to state government, is as much a challenge in itself as are the external challenges the city faces. No city confronting the external challenges typical of legacy cities can hope to do so successfully unless it can also put its internal house in order.

A city's operational challenges take many different forms, which we have placed into three broad categories:

- processes and systems;
- capacity; and
- leadership and partnerships.

While the others may not be effective without strong leadership, leadership alone is not enough to place a city on a different trajectory.

Processes and Systems

Cities are complex organisms managed through a body processes and systems which have typically accumulated over many decades in a fragmented, disorganized fashion. These include the way city government is organized, how different governmental functions are performed, the body of ordinances and regulations that govern its actions, and the plans and other documents it has adopted to guide its decisions and the way it allocates its resources.

Local governments in legacy cities are often poorly organized to address the problems they are now facing. Responsibilities for key areas may be divided among multiple agencies or departments, with inadequate lines of communication between them. Problems may fall between departmental cracks and decisions be made without taking key factors into account, such as when a school board closes a school without giving thought to its impact on a viable but at risk neighborhood, or when a public works department decides to allocate scarce street-improvement resources without considering how those funds can best be used to leverage ongoing neighborhood improvement activities.

Many cities, moreover, lack the guiding documents and legal systems necessary to act effectively. Some older cities may not have prepared a new comprehensive plan since the 1960s and lack any overall strategy to guide land-use or revitalization decisions. Many cities—even in states with strong state laws permitting them to do so—have never taken advantage of legal tools to address problem properties. While whether a city uses the available tools well may be a matter of capacity or leadership, it must first put the tools in place.

Capacity

Capacity represents the ability to carry out a strategy or activity, while leadership represents the will to carry it out. Without both the tools are meaningless. The ability to carry out a strategy is a function of many different things, including the city's material capacity, in the sense of the number of people and dollars that can be allocated to a task; its skill capacity, in terms of both the managerial and technical skill sets and experience of its personnel; and its technological capacity, in terms of the extent to which it is using the available technology to address its challenges. All three are often in short supply.

Nearly all cities in transition have less material capacity than they need. Cities have cut police officers and fire fighters along with housing inspectors and city planners. As cities make cuts, they risk eliminating positions that are critical for the city's regeneration. While nearly all cities face material constraints, many also face significant skill constraints. In many older cities that lack a tradition of professionalism in local government service, many positions may be filled by people who lack the basic technical or managerial skills to perform effectively in their roles, limitations that may have been more easily overlooked when resources were more ample and staffs larger. Today, they have become a critical stumbling block in many cities' efforts to tackle their challenges.

Leadership and Partnerships

Ultimately, however, the real test of whether a local government will be able to address the challenges it faces will lie in two areas: leadership and partnership. It is always far more difficult to foster change than to perpetuate the status quo, yet by definition, legacy cities are facing an unacceptable status quo. While most leaders, whether mayors or heads of businesses and non-profit organizations, tend to acknowledge that change is needed, they are often reluctant to make decisions and take action that furthers the long-term revitalization of the community at the price of conflict or political risk.

The ability to form partnerships with all segments of the community, and to share the process of making decisions, is equally important in leading change. While lasting change may not be possible without the active involvement of city government, it is equally unlikely that city government alone can bring about change. While everyone talks about partnership, however, many mayors and private sector executives give little more than lip service to the idea, while making decisions that they expect their so-called partners and the community at large to follow without hesitation.

B. The Trajectory of Legacy Cities

The challenges described above did not emerge overnight; they are the product of a long-term trajectory of decline, which has been followed with rare exceptions by America's legacy cities over the course of the past sixty or more years. While the primary factors driving that trajectory have been social and economic forces beyond any individual city's control, their effects have been exacerbated by the policies and practices of local, state and federal government, and could arguably have been mitigated by effective public sector action at many points. Those governmental policies and actions, however, have contributed to, rather than driving the legacy city trajectory.

<u>Primary Factors</u>

Powerful forces have driven decline in older American cities—economic change and deindustrialization, suburbanization and inter-regional migration, and social and demographic change. While many of these first manifested themselves as early as the 1920s, their effects grew stronger after World War II as pent-up social and economic pressures emerged with new intensity.

Suburbanization and Regional Migration

As early as the 1950s many older cities began to lose population.[5] During that decade, Detroit lost 180,000 people, Milwaukee 130,000, and St. Louis over 100,000. This was the beginning of a process that led to many older cities losing half or more of their peak population over the coming decades. It was the product of two massive migrations—one from the cities to their suburbs, and the second from the Northeast and Midwest to the South and West.[6]

Suburbanization was driven by the massive pent-up demand for new homes, which had accumulated since the end of the 1920s. With cities suffering from decades of neglect and disinvestment, the Levittowns and their imitators offered families a new world different from the shabby cities they knew. Their movement was made possible by the automobile and by widespread access to affordable mortgages for new homes in the burgeoning suburbs, fueled by public policies largely favoring suburbanization over urban revival.[7]

At the same time, massive population shifts were taking place. Given impetus by massive military-industrial investment during World War II, Sun Belt cities grew rapidly after the war, fueled by a diversified, growing economy, a non-union labor climates, cheap land and easygoing

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[5] A number of cities began to lose population prior to World War II, mainly in the Northeastern United States. Examples include Providence, Rhode Island, Scranton, Pennsylvania, and Wilmington, Delaware.

[6] In 1950, one in 23 Americans lived in Detroit, Philadelphia, Cleveland, and St. Louis. In 2010, only one in 104 Americans lived in those four cities.

[7] The idea, however, that anti-urban federal policies *drove* this transformation, imposing suburbanization on a reluctant nation, while popular on the left, is highly questionable; for a thoughtful analysis of that argument, see Beauregard, Robert, "Federal Policy and Postwar Urban Decline: A Case of Government Complicity?" *Housing Policy Debate,* 12:1(2001).

regulation, and the widespread availability and affordability of automobiles and air conditioning. While in 1950 New Haven Connecticut had a population one and half times that of Phoenix Arizona, by 2010 the population of Phoenix—which went from the 99th largest to the sixth largest city in the United States—was nearly eleven times that of New Haven. The Sun Belt was a massive growth machine, drawing millions of residents from the rest of the county, while building a local economy heavily dependent on continued growth.

Deindustrialization

The economic expansion of the United States from the second half of the 19th century was fueled by the nation's manufacturing might, which built it into an unparalleled economic power and created a standard of living that set the pace for the rest of the world. Cities like Pittsburgh and Detroit became synonyms for steelmaking and the automobile industry, while even important financial or business centers like Philadelphia or Baltimore depended on an industrial employment base to employ their working class families. When the plants began to close, a key part of these cities began to die.

The full effects of deindustrialization were not felt until the 1970s. In that decade, Dayton, Ohio, lost 46 percent of its manufacturing jobs, and Detroit nearly 40 percent. As plants closed, population loss accelerated. Between 1960 and 1980, Detroit lost nearly half a million people, while Cleveland, Philadelphia, and St. Louis each lost roughly 300,000.

Since the 1960s and 1970s, three waves of deindustrialization have swept over America. In the first, manufacturers often moved from the city to a nearby suburb; while in the second, they moved south and west, driven by lower wages, cheap land, and generous financial incentives. More recently, however, manufacturing has increasingly relocated throughout the developing world, while changes in technology have meant that fewer and fewer workers are needed to produce the same goods as before.

Social and Demographic Change

Population loss is a symptom of the economic transformation of urban areas but is also a driving force behind other symptoms of urban decline. Deterioration of the cities' physical fabric, safety and public services, prompted continued middle-class flight, initially that of the cities' white residents but ultimately including much of their middle-class black population as well. As the cities hollowed out, they found themselves with weak housing demand, a shrinking tax base making it harder and harder to pay for even basic public services, and an increasingly impoverished resident population. As regions have continued to spread outward, older suburbs—including many which grew rapidly in the 1950s and 1960s—have begun to share many of the problems of the nearby central cities.

Race and income are inextricably interwoven in the postwar history of American cities, as large-scale black in-migration into areas with declining economic opportunities led to conflicts, particularly during the 1960s, when many American cities exploded in racial violence, ultimately exacerbating the flight of the middle class and the decline of the cities. Today, while many older cities continue to lose population, a new wave of largely Latino in-migration has reversed population declines in others, particularly along the East Coast. While this offers hope for revival, in the short run the poverty of many newcomers, coupled with ethnic and cultural conflicts, has often made these cities' task even harder.

Contributory Factors

Although the change in America's cities was driven by broad social and economic forces over which government may have had little control, public policies often made matters worse. The European experience shows that urban collapse and uncontrolled sprawl are not inevitable products of post-industrial economies, but flow from the interaction of growth forces with public policy. Local government fragmentation, sprawl, inadequate public capacity to respond to change, and inconsistent and erratic state and federal policy responses have all contributed to the outcomes visible in legacy cities and their regions.

Governmental Fragmentation

While the forces that have driven change in the United States are regional, the machinery that responds to them tends to be narrowly local and highly fragmented. Fragmentation of regions into multiple local governments was driven by income, ethnic and racial pressures foster political as well as spatial separation of suburbs from the inner city. By the early 20th century, nearly every northern city was "landlocked"— surrounded by separate cities and villages, each one jealously guarding its power to tax and regulate the use of land within its borders.

Municipal fragmentation, economic and racial conflicts, and heavy dependence on local property taxes created a climate in which regional considerations were at best a low priority. In most parts of the country regional entities are weak or nonexistent. Although fiscal pressures have led in recent years to growing interest in shared services and facilities on the part of many local governments, the philosophy of "beggar thy neighbor" is still more common than one of cooperation.

Sprawl and Land-Use Regulation

Local government fragmentation was not the only force driving continued wasteful land consumption across an increasingly vast landscape. Over and above the problems inherent in single-use zoning as a substitute for thoughtful land-use and growth planning, the use of land has been driven by its being seen either as a commodity rather than a public resource, or as a means to achieve narrowly fiscal, rather than broader community, goals. The chase for property tax revenues, coupled with social and economic agendas, fosters exclusionary zoning, forces up house prices, and pushes growth to the regional periphery. This happens even in areas where little net regional growth is taking place, with growth at the periphery cannibalizing central cities and inner-ring suburbs. Between 1970 and 1990, as Cleveland's metro population declined by 6 percent, its developed land area increased by 31 percent.[8] As their regions have expanded ever

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[8] Pietro Nivola (1998). "Fat City: Understanding American Urban Form from a Transatlantic Perspective" *The Brookings Review,* 16:4, Fall.

more widely, suburban ties to legacy cities have been increasingly broken, and their economic role within the region diminished.

The Equivocal Role of State and Federal Government

As economic and social forces were transforming the American landscape, state and federal governments played an inconsistent and equivocal role. While the federal government spent billions to revive central cities in the form of urban renewal, the basic premise of that program—that assembly and clearance of large development sites was the key to urban revitalization—was fatally flawed. After decades of spending and the displacement of over a million families, the results were unimpressive, arguably having done more harm than good to the cities that engaged in urban renewal.

Meanwhile, other federal investments undermined urban areas. Although the interstate highway system did not lead the process of suburbanization, it vastly expanded the amount of land available for development, prompting shopping malls and office parks to move to the new suburban “downtowns” at highway interchanges. Easily availability of mortgages for newly built homes, combined with the difficulty of financing older urban properties, further fueled suburban development.

The urban initiatives that flowed from Washington—the War on Poverty, Model Cities, Community Development Block Grant—along with housing initiatives such as Section 235 and 236 or Section 8, did little to change the trend. Large-scale construction of urban low-income housing benefited many low-income families, but also concentrated poverty and exacerbated cities’ fiscal and economic constraints. These initiatives were undermined by the absence of a coherent strategy, lack of coordination among agencies, and finally, lack of sustained commitment to the cities and their future.[9]

State governments were rarely any more helpful. Each state sets its ground rules for local governance, finance and land use regulation. Ultimately, therefore, the states must bear the responsibility for fragmented local government, dysfunctional systems of financing local government, and the absence of larger regional governance or planning frameworks. While some mounted urban initiatives of their own, their effect has been minimal compared to the impact of the fiscal and governmental status quo, which often continues to favor suburban townships over their central cities.

Local Capacity and Leadership

Despite the intensity of the larger forces working against them, the cities cannot be absolved of all responsibility for their difficulties. As those difficulties grew, many cities took refuge in denial or chased unrealistic or counterproductive strategies, reflected today in the proliferation of failed projects that continue to drain public resources. Weak or ineffective political leadership,

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[9] For a more extended discussion of these issues see Mallach, Alan (2010) Facing the Urban Challenge: New Directions for Federal Policy in America’s Distressed Older Cities. Washington, DC: The Brookings Institution.

urban politics as ethnic and racial spoil systems and the inability to mount sustained strategies for change, have all contributed to many cities' woes.

This is hardly the entire picture. Many older cities have had strong and effective political leadership, such as mayors Lawrence in Pittsburgh and Rendell in Philadelphia. In the 1990s, as trends began to veer back toward urban areas, many cities such as Boston and Chicago were quick to see how changing market dynamics could be tapped to draw new investment into their communities. Today, mayors like Mark Mallory of Cincinnati and Stephanie Rawlings-Blake in Baltimore, and city planners in Cleveland, Philadelphia, and elsewhere are developing creative new strategies for rebuilding their cities.

Still, the picture is at best mixed. Many legacy cities still lack strong political leadership or engaged civic and business communities, and many also lack the capacity to turn leadership into solid results. As cities suffer from increasingly severe fiscal constraints, the tendency to cut back on "frills" such as planning departments, open space maintenance, or capital improvements becomes more intense. Yet it is hard to imagine how a city that is not capable of addressing its future will be able to engage others—whether from state or federal government, or from the private sector—in that pursuit.

<u>Diverging Trajectories</u>

The above picture of a downward trajectory fueled by suburbanization, regional mobility and deindustrialization, reinforced by governmental action and inaction, is a generalized one; while largely true, the reality of America's legacy cities includes many variations on this theme, and in recent years, growing divergence in individual city trajectories. While decline, in terms of population, economic activity and social well-being, can largely be considered the norm for America's older cities during the 1960s and 1970s, conditions have changed significantly since the 1990s, as urban trajectories began to diverge in important respects. While some cities have made clear progress, and arguably reversed the course of earlier years, still others have continued to decline. This divergence of trajectories reflects variation in the assets that different cities have available to tap for regeneration; it also reflects wide variation in the extent to which different cities have been able to take advantage of their assets. These variations, and the growing differences in the condition and prospects of different cities today, are the subject of Part II of this paper.

C. Defining Success: What Does Successful Regeneration Mean?

For all the discussion and research on legacy cities and their future, the definition of success remains elusive. In some respects, this is inevitable. Cities are complex, constantly changing organisms, for which no end state is permanent, and for which no single outcome is likely to encompass all of the relevant dimensions of the city's reality. At the same time, from our understanding of what constitutes urban vitality, we should be able to identify what trends or dynamics are indicative of greater health or strength of the urban organism, so that we can link strategies and policies to particular outcomes. To do so, we must begin by defining what a city is.

A city is at least four separate dimensions. It is *a physical place*, made up of buildings, the spaces between them, the neighborhoods and districts into which they are assembled, and the infrastructure that links them. It is also *a body of people* who live in the city, and their social and economic conditions and needs. It can be, although this is sometimes uncertain today, *an economic place*, as a center for economic activity and opportunity. Finally, it is *a political and fiscal entity*, which must raise the money to provide the services that the people of the city need, and to maintain the city's physical and economic environment.

As the preceding sections have shown, most of America's legacy cities are in serious trouble with respect to most, if not all, of these dimensions. They contain large numbers of vacant and abandoned properties, while many occupied buildings are in severe disrepair, without enough market demand to foster rebuilding and redevelopment. The cities' residents tend to be disproportionately poor and unemployed, with many lacking the skills and education needed to compete in today's workforce. Jobs have fled the cities, which have seen their historic role in their regions' economies sharply diminish. Finally, many of these cities are in fiscal crisis, unable to maintain their infrastructure or provide the basic services that their residents and businesses need.

Urban regeneration takes place by changing those conditions. If market demand can be increased so that people buy vacant houses or commercial buildings and restore them, and others build new houses on vacant land, the city's physical environment will improve. If the education and skill levels of the resident population increase to the point where they can successfully compete for jobs throughout the region, their social and economic conditions will improve. If the city can leverage its assets to create new engines of export-driven economic growth, it can regain a pivotal role in its regional economy. Finally, if the city can build a revenue base capable of generating adequate resources, and restructure its existing fiscal conditions and obligations to be more sustainable, it may be able to provide the services and infrastructure that will sustain the city as a physical, economic, or social entity.

Elements of Successful Urban Regeneration

The above discussion suggests that following be seen as the three central elements of successful urban regeneration.

(1) Demand for the city's built environment is strong enough to ensure that buildings are utilized and well-maintained, vacant buildings are restored to productive use, and vacant land is reused for productive purposes. While prices in much of the city may remain lower than regional averages, prices in many areas should be high enough that developers are motivated to build and homebuyers to restore houses without the need for public subsidy.

(2) The residents of the city are well-distributed across the social and economic spectrum, including a healthy mixture of income ranges and educational levels, and compete effectively in the regional economy; while the city still has poor people, it provides them with the opportunity to move up economically.

(3) The city is a center of economic activities utilizing its distinctive assets. These can be physical assets, such as a waterfront or a historic downtown; institutional, as in universities or medical centers; or cultural. These economic activities should be export activities; that is, they should draw people or money from throughout the region, if not beyond, and both reinforce demand for the city's built environment and opportunities for the city's residents.

Another, which might well be considered a critical element in its own right, is that the city is fiscally healthy, provides good quality public services to its residents, workers and visitors, and maintains its infrastructure and public realm. It is unlikely, however, that this can come about except through change to the elements listed above; it is dependent, moreover, on many factors beyond the city's social and economic progress, including the fiscal system prescribed for local government by the state, and in some cities, addressing the burden of long-term fiscal obligations for pensions, health care costs, and debt. Because of the extent to which this element is dependent on the city's success in other areas, or on exogenous factors outside the city's control, it is not addressed further in this paper.[10]

All of these elements are potentially but not necessarily closely interrelated. Fostering greater economic opportunity among the city's residents may improve physical conditions in the city, but only if upwardly mobile residents choose to stay; otherwise, those same opportunities may prompt them to leave and find better living conditions in nearby suburbs. Growth of new economic engines in the city may lead to jobs and economic opportunities for city residents, but not if those jobs are filled by suburban residents. Thus, intentional strategies are needed if the potential synergies that exist between different areas of change are actually realized.

Regeneration and Population Regrowth

Two additional themes flow from this brief discussion. First, these outcomes are heavily dependent on the city's links to the larger metropolitan area around it; and second, none of them are directly about the size of the city or its population trajectory as such. The significance of the regional connection will be discussed further in later sections of this paper, but a word on the role of population growth as a strategy or goal is appropriate.

Public officials and civic leaders in legacy cities often appear to be pre-occupied with reversing population decline to the extent that they focus on it as an end in itself. The relationship between population decline or growth and the physical, economic and social features of a city is not a simple or linear one. While in many cases there appears to be a strong relationship between population decline and impoverishment, abandonment and economic decline, that relationship is not consistent or predictable. At least some cities among those with the most severe long-term population loss, such as Pittsburgh or Scranton, Pennsylvania, are far from the most severely distressed; Pittsburgh is showing clear regeneration despite the absence of a population rebound

[10] For those interested in exploring this issue further, see Muro, Mark and Christopher W. Hoene (2009) Fiscal Challenges Facing Cities: Implications for Recovery, Washington DC: The Brookings Institution; and Mallach, Alan and Eric Scorsone (2011). Long-Term Stress and Systemic Failure: Taking Seriously the Fiscal Crisis of America's Older Cities Washington DC: Center for Community Progress.

to date. Conversely, Reading, Pennsylvania, despite a dramatic population rebound since 1990 after decades of decline, is one of the most impoverished, distressed cities in the Northeast.[11]

There is no question that an association exists between growth (or stability) and prosperity, and between decline and impoverishment, at least under the dominant economic system.[12] The relationship is neither strong nor consistent enough, however, to drive policies or actions. *While population stabilization and potential regrowth are desirable goals, they are most readily achieved—and most likely to benefit the city—where they flow from other beneficial changes that make the city a more attractive place for people to live and work, rather than as goals in themselves*. Indeed, there is some evidence to suggest that population stabilization and regrowth does in fact follow material changes to the city's physical, social and economic condition.[13] Rather than lead economic and social change, however, population regrowth is likely to lag change, perhaps for an extended period, as the effects of social and economic change work through longer-term demographic trends. Thus, to focus on population growth as an end in itself is likely to be unproductive.

A further issue that should be noted is the relationship of regeneration to social equity; in other words, who benefits, and who is harmed, by change. Rising house prices may benefit a neighborhood *as a place* by fostering more home buying, restoration and improvement, but may harm many low-income people who currently live there by pushing the cost of housing beyond their reach. Similarly, an improvement in a measure of well-being, such as education levels of the adult population, may reflect better educational outcomes for the city's residents or the product of more highly educated in-migrants displacing less-educated long-term residents. We have already noted that without intentional strategies, job growth may provide little benefit to city residents if the jobs are filled by suburban commuters.

This is not to suggest that in-migration of young, well-educated people or the creation of jobs and new economic engines do not benefit a city. They do, and both should be actively pursued. The value of those goals, however, should not be allowed to obscure the need to work simultaneously to create a city that offers better neighborhoods, better economic opportunity and a better quality of life for *all* of its residents, and where regeneration is not seen as a process of 'trading in' a less desirable for a more desirable population.

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[11] For a detailed discussion of the anomalous relationship between population change and socio-economic condition, as reflected in cities in the Middle Atlantic Region, see Mallach, Alan (2012*) In Philadelphia's Shadow: Small Cities in The Third Federal Reserve District*. Philadelphia, PA: Federal Reserve Bank of Philadelphia.

[12] Whether this relationship might not exist under other economic regimes, as in a stable ecological system, is questionable, although it has formed a major topic of speculation on the part of some economic theorists.

[13] The trajectory of the city of Hoboken, New Jersey, a small industrial city facing Manhattan on the Hudson River, is an interesting case in point. A distressed city through the 1970s, it lost population steadily from its 1910 peak of 70,342 to a 1990 population of 33,397 or 47% of the peak population. Beginning in the middle or late 1970s Hoboken was "discovered" and underwent a rapid process of gentrification. While median incomes more than tripled and house prices increased by more than 500% during the 1980s, the city continued to lose population. During the 1990s, however, the city's population stabilized, and between 2000 and 2010, the city grew by nearly 30%.

II. Assets, Opportunities, and Change: Diverging Trajectories in Legacy Cities

A. The Role of Assets

For all their difficulties and challenges, legacy cities contain rich assets that they can use as starting points for revitalization and change. To the extent that cities can define their competitive advantage, which will enable them to build new economic engines and draw new populations, it is likely to happen by their leveraging the value of these assets. These assets range from containing a major university to fronting on a body of water. An illustrative rather than complete list is provided in table II-1. As they have been discussed extensively elsewhere, they need not be described in detail here. What this section will do is identify key issues with respect to the use of assets, as well as distinctions between assets that are critical to understanding their role in urban regeneration.

Table II-1: Assets for Urban Regeneration

CATEGORY	ASSET
Physical Assets	Traditional downtowns
	Stable neighborhoods
	Historic buildings, areas and neighborhoods
	Physical legacies, such as Olmsted parks or art museums
	Water bodies
	Multimodal transportation networks
Institutional and economic assets	Colleges and universities
	Hospitals and medical centers
	Manufacturing
	Downtown employment base
	Arts, cultural and entertainment facilities and activities
Leadership and human capital assets	Local government
	Foundations
	Locally-based corporations and business community
	Non-profit organizations
	Civic and advocacy infrastructure
	Cohesive ethnic communities
	Local skill sets
	Regional growth

<u>Not All Assets Are Created Equal</u>

The potential role and value of assets varies widely, not only between different categories of asset, but within the same category. Although there is a tendency to think of 'eds and meds' or colleges and hospitals as a single category of asset, there is as much difference in economic and social impact between a global institution such as the University of Pittsburgh Medical Center (UPMC) and a small community hospital, as there is between New York's Central Park and a neighborhood playground. UPMC, for example, is a massive export-oriented economic engine with annual revenues approaching $10 billion. The largest employer in Western Pennsylvania with 55,000 employees, UPMC attracts over $500 million in federal research funds and spins off numerous ancillary facilities and activities.[14]

While a community hospital is a valuable community service, it generates only modest—although not negligible—economic impacts. The difference between the two, or between a major research university such as Pittsburgh's Carnegie-Mellon and a community college or even a small liberal arts college is not merely one of scale, it is a fundamental *qualitative* difference in the nature of the institution, the activities that take place within it from an economic standpoint, and its actual and potential economic role in the community and region.

In evaluating assets in the context of the regeneration of legacy cities the critical task is to be able to assess the extent to which that asset can indeed be leveraged to foster regeneration. Since there are likely to be many corporations, research facilities, and others eager to locate in close proximity to a major medical center like UPMC, its presence can be used to leverage large-scale redevelopment and revitalization of the surrounding area, as is currently taking place in East Baltimore around the Johns Hopkins Medical Center. A smaller community hospital cannot serve as a similar redevelopment magnet; since such hospitals are important neighborhood anchors and employment centers, however, they can leverage change in their surroundings. St. Joseph's Hospital has become an important partner in the revitalization of the adjacent Northside neighborhood in Syracuse, New York.

Similarly, some assets are more directly realizable than others. Waterfronts are clearly significant physical assets; some, however, are so completely cut off from the rest of the city that, barring major reconstruction, they offer little that can be realized in the way of change or revitalization. One example is the Hudson River waterfront at Albany, New York, which is completely severed from the city's downtown by Interstate 787, leaving only a narrow isolated green strip along the water. While Milwaukee was successful in removing the Park East Freeway, which has fostered redevelopment along the Milwaukee River, despite some discussion of redesigning I-787, it is unlikely that Albany will be able to accomplish anything similar in the foreseeable future.[15]

Assets Do Not Leverage Themselves

In the absence of intentional strategies, most assets represent only potential, rather than actuality, for urban regeneration. A major university may provide inherent benefits to its host city in the form of student spending and the employment opportunities it offers city residents, but in the absence of intentional strategies, it may add little more to the city's efforts at revitalization, and may even do harm, as when the combination of student demand for housing, unregulated young people's behavior, and predatory landlords, destabilizes adjacent residential neighborhoods.

[14] http://www.upmc.com/about/facts/Pages/by-the-numbers.aspx, accessed July 12, 2012.

[15] It is important to note that the Park East Freeway was a freeway spur, rather than a fully integrated part of the regional highway network, with relatively low traffic volumes. The city's original goal had been to remove both the Park East Freeway and I-794, a much more heavily utilized but equally problematic route. The reconfiguration of I-787 to remove the barrier between the city and the waterfront has been explored in recent years; see the report *The Future of I-787 and the Albany Waterfront* issued by The Stakeholders, Inc. and the Sustainable Communities Institute 2011, http://www.thestakeholdersfoundation.org/images/stories/2011/2011-18-I-787.pdf, accessed July 14, 2012.

Capitalizing on assets, and maximizing their potential for regeneration, requires leadership and commitment. In the case of an institution like a university or a medical center, the commitment needs to be reciprocal; the institution must be committed to leveraging its resources to improve the community, while meaningful community interlocutors, such as local government, a local school district, or a community development corporation, must be present to partner with the institution to ensure that the resources are indeed used in a way that maximizes community change.

Engaging institutions in community regeneration may be difficult. Some university presidents would argue that their mission is to educate the youth of the city, region or state, and that activities that fall outside of that mission distract from it. A foundation may be located in a city, but may have priorities that lead to their resources being allocated elsewhere. While many cities have a corporate presence, those corporations' leadership is often headquartered elsewhere. Overcoming these challenges is a key task facing each city's civic and political leadership.

The same problems manifest themselves in the process of transforming potential physical assets into real ones. Many valuable potential assets languish because the resources or vision to turn them into vehicles for revitalization is absent. Areas like Cincinnati's Over-The-Rhine, however, show what is possible, when a combination of public and corporate resources, coupled with strong leadership and mobilization of sophisticated redevelopment skills, come together. Within less than 10 years, this once-devastated historic area adjacent to the city's downtown has been placed firmly on a path to transformation, with powerful implications for the city's overall revitalization.

B. Regions Matter: The Effect of Regional Dynamics

In the last few years, a critical mass of urban policy analysts, practitioners and policymakers have articulated and advanced the notion that regionalism matters to economic growth and global competitiveness and that metropolitan regions are the primary unit to promote this economic development. However, even proponents acknowledge that defining what is meant by regionalism is sometimes challenging; that the dynamics between city and region are complicated, particularly where an economic imbalance exists between the two as in the case of legacy cities; and that the vehicles for carrying out regionalism are often unclear or ineffective. This section of our report discusses what regionalism means and why it matters as an essential driver for economic growth; why regionalism needs to be uniquely applied in the case of legacy cities; and how regionalism may get implemented, such as possible vehicles driving regional economic development.

Making the Case for Regionalism

Much research and thinking has taken place over the past decade trying to understand the relationship between cities and their regions, with many leading intellectuals and practitioners pointing to the pivotal importance of metropolitan regions as drivers of economic growth—particularly to sharpen American cities' edge in the global economy. But how should we move regionalism forward? Is it through new governance structures or through regional economic development and business organizations? Is it a combination of these different strategies and structures? Practitioners and policy-makers alike are in general agreement these days that bolstering our regions and metropolitan areas by concentrating and augmenting growth in these areas is a critical component of any economic revitalization strategy. There is less agreement, however, over how to carry out this regionalism strategy.

Regionalism Matters for New Economic Growth

Two leading policy think tanks, the Brookings Institution's Metropolitan Policy Program (MPP) and the Initiative for a Competitive Inner City (ICIC), have articulated strategies and theories based on this premise. Brookings has developed regional business plans as a new strategy for promoting metropolitan economic development.[16] These business plans have been formulated for both legacy city regions, such as Cleveland, and stronger regions, such as Seattle and Minneapolis-St. Paul. In each case, there is an associated business affinity organization leading the business planning process.

ICIC, too, has recently articulated what it calls the "accepted notion" that a symbiotic relationship exists between cities and their regions, even though it remains hard to prove precise causality. This relationship applies to regions across the board—encompassing both stronger and weaker market regions built around both stronger and weaker market cities. American policy analysts also point to the European experience with successfully building up their metropolitan regions that become players in the global economy. The underlying premise is that the traditional American approach to economic growth has been neither sufficiently metro-oriented nor intentional enough in design to transform our economies in this day and age. If we accept the general premise that metros are the fundamental geographic unit of economic growth and competition, then the regional dynamics of our legacy cities are even more critical to understand for driving change and economic regrowth.

New Regional Forms Are Needed

New regional forms of interaction are particularly critical to stimulating legacy cities' economic revival, because of the changing relationships between these cities and their regions. If regionalism is critical to all cities and metro regions that want to grow and compete economically at a national or global level, then the weak market conditions of legacy cities makes changes structural changes that accommodate and drive regionalism even more critical. Typically, in legacy cities, local government costs are increasing faster than population growth, because of rising infrastructure and other legacy costs, and declining revenue sources (such as decreasing property taxes as vacancy and blight spread). Or even more likely, population is actually declining either in the city or the region as a whole while these revenue pressures are mounting. Table II-2 shows that over the long term (in the last fifty years or so), while these legacy cities have lost between one-third and over half their populations, their regions continued to grow.

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[16] Cite to MPP regional business planning report.

Table II-2: Population Trends for Select Cities and Their Metro Regions[17]

	Percentage Change in Population from City Peak to 2010			
City	**Peak Year**	**City**	**Suburban**	**MSA**
Akron, OH	1960	-31.50%	60.19%	16.16%
Baltimore, MD	1950	-34.62%	300.25%	84.17%
Birmingham, AL	1960	-37.74%	94.35%	38.91%
Buffalo, NY	1950	-54.96%	71.72%	4.25%
Camden, NJ	1950	-37.90%	190.56%	136.70%
Canton, OH	1950	-37.55%	78.83%	33.81%
Cincinnati, OH	1950	-41.08%	147.48%	71.13%
Cleveland, OH	1950	-56.62%	119.40%	23.59%
Dayton, OH	1960	-46.05%	50.60%	15.73%
Detroit, MI	1950	-61.41%	163.30%	33.83%
Flint, MI	1960	-47.85%	84.42%	15.00%
Milwaukee, WI	1950	-6.68%	155.05%	53.41%
Newark, NJ	1950	-36.84%	67.73%	38.20%
Philadelphia, PA	1950	-26.34%	131.82%	27.57%
Pittsburgh, PA	1950	-54.83%	7.67%	-8.72%
St. Louis, MO	1950	-62.73%	136.63%	47.23%
Syracuse, NY	1950	-34.19%	111.59%	42.45%
Youngstown, OH	1950	-60.21%	38.49%	7.05%

However, more recently these legacy cities and their regions are starting to share the same fate. The primary cities (legacy cities) in these regions over the years have essentially spun off new communities (due to many phenomena, including suburbanization, desegregation etc. discussed in other parts of this paper) and "subsidized" the entire region fiscally, culturally and economically. For instance, while Dayton's population and its economy were shrinking from its peak in the last 50 years, Montgomery County (which surrounds Dayton) continued to grow until recently. Typically, the attraction of cultural and other amenities of one large city have dominated a region, provided the magnetic "pull" around which other smaller communities and cities revolve (like planets) and defined a region, even if people settled in smaller communities outside the primary city's jurisdictional boundaries. But as Table II-3 demonstrates, in the last decade these cities' regions have also started to decline.

These trends make the need for local, regional and state leaders to take a proactive stance and provide for new forms all the more imperative. Moreover, legacy cities and their regions demonstrate a range of different trends in relationship to each other and in degree (e.g. there are some cases in which cities and regions are both declining, others in which there is an inverse

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[17] In order to have directly comparable data, the Metropolitan Statistical Area (MSA) boundaries for the peak years have been adjusted (by aggregating the counties), so the calculations are based on the 2010 MSA boundaries. "Suburban" represents the areas in the MSA without the City and so was calculated by subtracting the City Population from the MSA Population.

relationship and still others that are minimally changed) that make the fixes even more complicated.

Table II-3: Population Change from 2000 to 2010 in Select Cities and Metros[18]

	Percentage Change in Population 2000–2010		
City	**City**	**Suburban**	**MSA**
Akron, OH	-8.28%	5.48%	1.19%
Baltimore, MD	-4.64%	9.87%	6.17%
Birmingham, AL	-12.59%	14.63%	8.29%
Buffalo, NY	-10.71%	-0.37%	-2.96%
Camden, NJ	-3.20%	5.98%	5.36%
Canton, OH	-9.65%	1.62%	-0.62%
Cincinnati, OH	-10.37%	9.23%	6.00%
Cleveland, OH	-17.05%	0.64%	-3.30%
Dayton, OH	-14.83%	2.64%	-0.78%
Detroit, MI	-24.97%	2.32%	-3.51%
Flint, MI	-18.02%	0.77%	-4.44%
Milwaukee, WI	-0.36%	6.34%	3.68%
Newark, NJ	1.31%	2.48%	2.33%
Philadelphia, PA	0.56%	6.47%	4.14%
Pittsburgh, PA	-8.63%	-2.19%	-3.08%
St. Louis, MO	-8.30%	6.09%	4.23%
Syracuse, NY	-1.45%	2.90%	1.91%
Youngstown, OH	-18.34%	-9.47%	-10.62%

Weak Economic and Fiscal Conditions of Legacy Cities Make New Regional Forms Critical to Their Regaining Economic Strength

Increasing costs are very real and should be key factors in driving change, as these legacy cities struggle to find new fiscal and governance forms. A recent study in the Dayton, Ohio, (Miami Valley) region found several significant trends, including that both per capita costs of local governments and land consumption in the region are increasing significantly faster than population growth, specifically as an example:

- *Local government costs in the Miami Valley increased faster than the population from 1992 to 2007.* If this trend continues, the per capita cost of local government in the region could increase by $1.30 by 2030.

- *Land consumption in the Miami Valley has increased, while population has declined.* From 1975 to 2007, the developed acreage in the Miami Valley more than doubled with an increase from 110,000 acres to 233,000 acres of developed land. Over this same

[18] *Ibid.*

period, population stayed nearly the same with 797,000 people in the region in both 1975 and 2007. Over this time period, the per person land utilization rate went from .14 acres of land per person to .29 acres.

- *Simultaneously, costs of local governments have increased in the region while the region has sprawled and consumed previously undeveloped land.* As the region has sprawled, the costs of local governments have increased. From 1990 to 2007, the region's footprint grew by 46 percent. From 1997 to 2007, the costs of local governance grew by 15 percent.

These findings lead to several conclusions. First, "developing" or "growing" places in the region may be perceived as being inexpensive early in their lifespans, but as they mature, they incur additional costs and eventually become more expensive places to live than when they started. Second, several of the largest expenditures in the region, like the cost of highways, utilities, and sewers, could be reexamined and possibly reduced with new forms in place. Third, places that lose population do not experience decreases in costs that are proportional to the size of the population loss. In fact, this analysis demonstrates that costs continued to increase despite declines in population. Older jurisdictions have already made the infrastructure and other investments needed to support a certain population base, and these legacy costs do not disappear with a dwindling population base.[19]

The dynamics of fewer people and more infrastructure create a scenario where costs are higher and the resulting cost burden is spread over fewer people. To make the structural changes to right the ship, then, governments must consider changes in form, such as consolidation and becoming more cost efficient, but land use policies must also be rationalized to the reality of a region that is not growing in population. Therefore, regional interconnections are even more critical for legacy cities.

Regional Forms Must Address Equity Issues

Equity issues are pervasive in legacy cities, and unless addressed, can vitiate economic gains. A legacy city's regional growth strategy is also more complicated and challenging and less likely to meet with success without special features. So far, this policy focus paper has touched lightly on the interrelationship between equity and growth, and we do not believe it is a zero sum game as between growth and at the expense of equity, or *vice versa*. Progress on both may be achieved simultaneously, if the process and outcomes are well-defined, along with thoughtful leadership.

Regional dynamics play an extremely important role in shaping and reshaping the condition of our legacy cities and the issue of equity is at the intersection of the urban core and regional growth. Even in the case of cities that are characterized as economically strong, regional or metropolitan strength matters in shaping their future ability to compete in the global marketplace. Regionalism matters even more in case of legacy cities because of the acute challenges and historically symbiotic relationship that has grown up between these cities and these regions. The

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[19] "Sprawl and Governance Costs in Ohio's Miami Valley: An Exploration." Erica Spaid, Greater Ohio Policy Center. Completed July 2011. Unpublished.

high concentration of poverty, of vacant and abandoned properties, unemployed or under-employed populations and other characteristics of legacy cities means that the issue of equity is even more acute. Also legacy cities, which are now often in fiscal crisis or distress, subsidized their regions for years both directly and indirectly. New thinking on the balance between equity and prosperity is pertinent here, because by definition all of our legacy cities have equity challenges and, if they are to succeed in the 21st century economies, they must confront these challenges head on.

Ironically, in the case of legacy cities, where regions may be most tightly related because of the sprawl and creeping blight that does not stop at jurisdictional boundaries, moving forward together may also be the most challenging. So a confounding factor in establishing the "right" type of regionalism for legacy cities is the on-going debate over how to balance opportunity and growth, and why it matters. A recent report, "Linking Growth and Opportunity: Findings from the Front," from the Regional Prosperity Project asserts that growing evidence suggests that while it may not be necessary for regions to address income inequality and poverty that plague legacy cities in order "to *get* their economies growing…it may be necessary for regions to address these issues to *keep* their economies growing" or to sustain their growth. Addressing these equity issues in the longer term is essential to business and economic growth generally, for instance: regions cannot rely solely on recruiting talent from outside the region; social and economic costs are associated with high levels of on-going inequality and poverty; and there is a general "drag" on regional growth by the under- or unemployed.[20]

While most recent work on regional growth and the challenge of balancing growth and opportunity did not circle explicitly around the special plight of legacy cities with their inordinate degree of poverty, low-income residents, and slow or non-existent job growth, some recent experts have found that general regional growth and prosperity does not in fact address the inner city need for jobs, unless there is a simultaneous and laser-focused effort to connect inner city residents with new jobs. A recent ICIC report states conclusively that "generic" regional economic growth policies do not themselves "act as an antidote to urban poverty," and a strategy targeted at "improving economic outcomes in distressed urban areas should be part of any regional policy framework."[21] While this study was not examining only legacy cities, the findings are transferable to legacy cities and we generally believe this approach to have merit, particularly with the corollary of putting in place appropriate regional governance structures. As we discuss below, these governance structures are difficult but not impossible to create, and ease of implementation and effectiveness of these structures is augmented with other complementary policies and strategies and where they are not expected to deliver only on equity-related challenges.

[20] Pete Carlson et al. "Linking Growth and Opportunity: Findings from the Front." the Regional Prosperity Project. May 2012, pp. 2–3.

[20] Chris Benner and Manuel Pastor. *Just Growth: Inclusion and prosperity in America's metropolitan regions.* Routledge: New York. 2012., pp. 5, 14.

[21] Teresa Lynch and Adam Kamins, "Creating Equity: Does Regionalism Have an Answer for Urban Poverty? Can it?" ICIC, June 2011, pp. 8 & 20.

Another study went further and found inequality had a "dragging effect" on growth in weak market metros, so in deeply economically challenged places where there is an even greater possibility of ignoring equity because it is viewed as a "luxury concern," bolstering the link between city center and the region becomes even more critical as a revitalization factor.[22] Federal Reserve economists, too, have found a number of variables that influence economic growth at the regional level with the ultimate results being that a skilled workforce, high levels of racial inclusion and progress on income equality correlate strongly and positively with economic growth. Recent research confirms a positive correlation between suburban and city growth and that those metro areas with wider city-suburb disparities (such as widening gaps in central city and suburban income) seem to also experience a greater likelihood of regional stagnation.[23]

So how do our weaker market—or legacy—cities form the appropriate regional relationships so that the urban core and associated neighborhoods do not drag down the region and conversely the region can help promote the urban core? This is a very complicated dynamic that we are not going to resolve entirely here, but we *can* say that several new types of critical regional relationships will need to be forged, including governance and fiscal relationships, economic relationships, and the role of the real estate market, among others. The interconnections, then, between a legacy city and its region—and among and between the primary legacy city and other smaller cities and suburbs that orbit the region and each other—are complicated by the special recovery strategies required in these legacy cities and by the ways in which these regions have historically relied heavily on the cities for their expansion and growth.

In evaluating new forms and vehicles for regional reform for our legacy cities, critical questions, then, are: how has the relationship between the legacy city and its region changed with the city's economic decline? Has the region overtaken the city as the critical driver, thus disentangling their dual futures and possibly making the primary city obsolete? Or do they remain integrally connected and thus either the city's decline is a harbinger of the region's fate—or possibly the city is actually eventually pulling the region down? We would argue the latter and, furthermore, that a prerequisite for the city's recovery—and arguably a prophylactic measure against the region's decline—is to engineer a closer connection in business and economic developments efforts between the city and its region. Even if in past few years, where a city and its region prospects have been diverging (i.e. city's declining and region's improving), we would maintain that these inverse patterns are not sustainable for either entity. Furthermore, national and international economic and fiscal crises have made it increasingly imperative that adjacent or nearby jurisdictions examine ways they can consolidate their services and/or cooperate for mutually beneficial economic gains.

Therefore, if we want even a remote possibility of solving the myriad challenges facing these places—poverty, low educational attainment, unemployment, crime, weak housing market demand, substandard and vacant properties, brownfields, failing infrastructure, lack of leadership and capacity, antiquated processes and systems and other failings—enumerated at the beginning of this focus paper and reversing the powerful forces and factors causing these cities to spiral

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[22] Benner and Pastor, *op.cit.*

[23] *Ibid.* pp 4–5.

down (e.g. suburbanization, deindustrialization, governmental fragmentation, sprawl and distorting policies), then innovative structures and strategies are imperative.

Multiple Vehicles Are Needed to Deliver Regionalism

One challenge in introducing regionalism as a critical arrow in the quiver of fixes is that it has a checkered history in this country, because of the strong belief in home rule and small, local government, and because regional planning organizations (or RPO's) have historically been weak statutory creatures created primarily to act as a convener or as a pass-through vehicle for federal transportation (or other) funding, lacking enforcement authority. However, many of the challenges and factors leading to the demise of legacy cities go beyond the scope of the city's geographic and political jurisdiction, as such the fixes also must lie beyond the city's realm.[24]

A range of structural changes and strategic interventions could deliver regional growth and change, including:

- new governance forms, such as consolidation of political jurisdictions;
- generating a diversified regional economy—reduced reliance on a sole or limited business sector such as in the past;
- leveraging or forging strong public or non-profit sector institutions (e.g. anchor institutions, such as universities, hospitals);
- creating a strong black or other minority middle class;[25]
- an aggressive vacant and abandoned property eradication campaign (which involves both updating foreclosure laws, strategic demolition and land reuse activities) across the metro region including both city and first or second ring suburbs; and
- policies that level the playing field between suburban and city neighborhoods.

The chief takeaway from this list is that these regionalizing tools are not necessarily dependent upon each other but could be independently launched and implemented, although multiple regionalizing strategies are necessary to achieve powerful synergistic effects. For instance, interesting movements are afoot around Ohio to evaluate different approaches to regional collaboration, such as: examining overlapping county services; replicating the county executive

[24] During the past year, a state level Ohio non-profit policy organization has been investigating different governmental integration options available to Ohio's legacy cities and their surrounding regions, and assessing assumptions commonly held of the benefits of regionally-based governance structures. This research has confirmed that cost savings can be gained, potentially, from consolidating city and county government functions, and that regional governance structures—like a city-county merger or "unigov"—can increase governmental efficiencies. Although more difficult to quantify, this work has also revealed that regional governance structures can be one route towards generating and nurturing a "culture" of regionalism, in which residents and businesses within the region perceive themselves as collaborators and not competitors on the national or world market. With assistance from the non-profit organization, leaders in one Ohio legacy city and its region are exploring how to maximize governance reforms so that scarce government resources and a culture of collaboration can be leveraged to increase the region's economic competitiveness. While this process is still unfinished—and no reforms have actually occurred yet—conversations among local leaders have made clear that any kind of governmental consolidation must be deliberately linked to increasing the entire region's economic competitiveness through both redirecting newly freed government resources and leveraging a newly created culture of regionalism.

[25] Brenner and Pastor, pp. 5, 14.

structure which creates the equivalent of a county “mayor and council” as the political leadership vehicle, thus concentrating decision-making and resources and expanding the role of county government; and a regional tax-sharing plan. These have all met with some level of popular resistance, particularly from the wealthier suburbs, an important factor to take into account when formulating new structure fixes. While these movements are not driven solely by the desire or intent to solve all the acute problems plaguing inner city Dayton or Cleveland, the ultimate result—if carried out properly—could be to address some of these challenges.

At the same time, alongside these new structures, regional business planning needs to occur. These should be simultaneous processes, somewhat akin to what is happening organically in Northeast Ohio where a regional business group, called the Fund for Our Economic Future, exists to advance regional business planning, along with the new statutory creation of county executive which arose almost in spite of regional economics. So while actual city and county mergers may be a long way off in these places (because it is a difficult feat to achieve even under the best of economic circumstances, such as years ago in Nashville and Indianapolis), consolidation of some offices or services is possible—and even happening. Other needed delivery vehicles to assist with the “heavy lift” of bringing regionalism to legacy cities might be:

- economic redevelopment organizations;
- governance or legal constructs;
- leadership—social compact, social cohesion—create a sense of shared regional destiny;
- state policy changes; and
- workforce/business development-attraction-retention efforts.

C. Different Cities, Different Trajectories

As was noted briefly earlier, the period from the 1960s through the 1980s was a period of all but universal decline for the nation’s older industrial cities, fueled by the overwhelming waves of suburbanization, migration and deindustrialization. Since the 1990s, however, the picture has been very different. As countertrends have emerged to offset those waves, such as renewed interest in urban living and the growth of the more urban-oriented educational and health care sectors in the economy, many cities have shown visible signs of revival and regeneration. At the same time, others have continued to decline.

Comparing 18 Legacy Cities

Using a sample of 18 legacy cities varying in size and geographic location, this section will describe their conditions today, reflecting the ways in which their trajectories have diverged over the past two decades. Some of the reasons for these variations will be explored in the final section of this paper. Each of the cities was measured on 15 separate indicators, reflecting not only population change, but measures of socio-economic condition, housing market activity, and economic activity within the cities. The cities, the indicators, each city’s rank on each and the city’s aggregate score are shown in table II-4, with coastal cities shown separately from inland

Table II-4: Indicators for Selected Cities

	% foreign born population	Population loss since peak to 20101	Population change 2000-2010	Unemployment rate	% population in poverty	Household dependency ratio (see note 1)	Crime rate 2009	% with BA or higher degree	Median house sales price 2010	Change in median house price 2006-2010	Mortgage ratio (see note 2)	Housing vacancy rate 2010	Graduate students as % of city population	Total research $ 2008	Change in number of jobs 2002-2009	AGGREGATE SCORE	AVERAGE SCORE	RANK
COASTAL																		
Baltimore	8	5	6	4	1	1	14	4	4	7	10	10	6	1	5	86	5.7	3
Camden	2	9	5	16	18	18	18	18	12	11	11	6	16	15	4	179	11.9	12
Newark	1	8	1	12	5	7	3	17	1	17	6	6	8	8	1	101	6.7	5
Philadelphia	3	1	2	7	4	4	11	5	2	4	3	2	10	2	3	63	4.2	1
INLAND																		
Akron	11	2	7	9	3	3	2	10	11	10	12	5	14	14	11	124	8.3	9
Birmingham	14	6	13	9	10	9	10	7	9	6	8	12	9	6	10	138	9.2	11
Buffalo	6	14	12	6	11	11	13	8	10	2	2	9	4	9	7	124	8.3	9
Canton	18	7	10	11	9	10	1	14	13	16	15	8	18	18	16	184	12.3	13
Cincinnati	15	10	11	3	8	5	9	1	8	9	4	11	7	7	9	117	7.8	7
Cleveland	12	15	15	14	13	14	12	13	14	15	13	14	11	5	13	193	12.9	15
Dayton	16	11	14	13	12	12	6	11	16	13	14	16	5	12	17	188	12.5	14
Detroit	7	17	18	18	16	16	15	12	17	18	18	18	15	10	14	229	15.3	17
Flint	16	17	17	17	17	16	16	15	14	17	13	12	16	18	16	237	15.8	18
Milwaukee	4	3	3	5	6	8	7	9	3	12	9	1	12	11	8	101	6.7	5
Pittsburgh	9	13	9	1	2	2	5	2	7	3	5	4	3	3	2	70	4.7	2
St. Louis	10	18	8	9	7	6	17	3	4	5	7	14	2	4	6	120	8.0	8
Syracuse	5	4	4	2	14	13	4	6	6	1	1	3	1	13	12	89	5.9	4
Youngstown	13	16	17	15	15	15	8	15	18	8	16	13	17	17	15	218	14.5	16

(1) Ratio between population below poverty level and population 2X or higher than poverty level

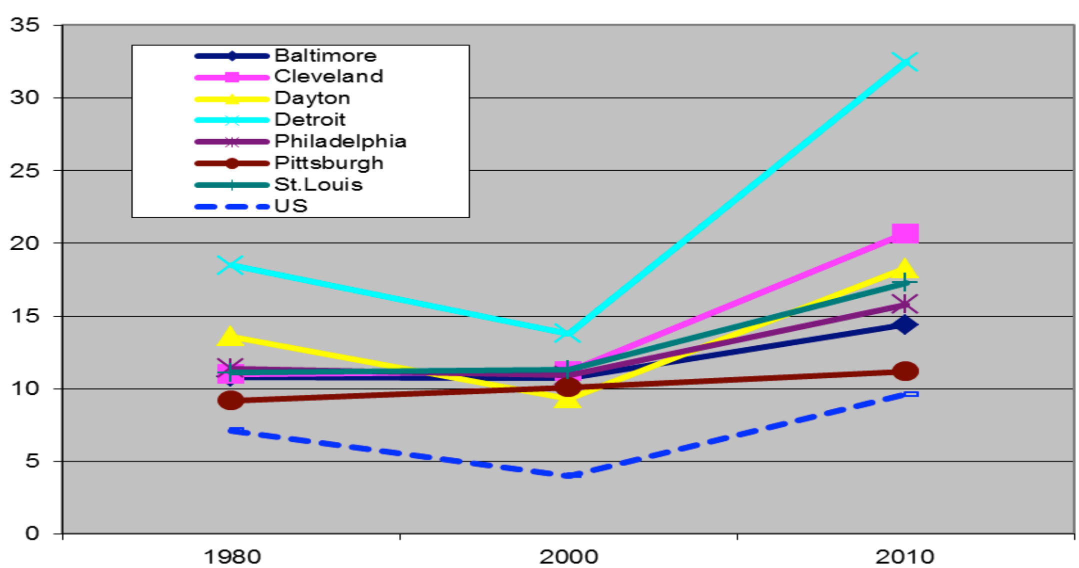
(2) Ratio between total house sales and HMDA-reported mortgages, which is an indicator of the extent to which home sales are to owner-occupant or investor buyers.

cities, for reasons that will be discussed below. The actual measures for each of these cities on each indicator are given in appendix 1.

As table II-4 shows, the 18 cities vary widely. Some can be seen as highly successful, at least in relative terms; others clearly unsuccessful, and others somewhere in between. The scores often reflect stark substantive variations. While 22 percent of Pittsburgh's residents have a BA/BS or higher degree, the same is true of only 3 percent of Camden's population. While 20 percent of Baltimore's population is below the poverty line, the same is true of 35 percent of Flint's residents. While Baltimore's research institutions received over $2 billion in research dollars during 2009, Canton's more modest institutions received no research dollars during that year, while those of Youngstown received barely $1 million. These variations all contain powerful implications not only with respect to each city's recent trajectory of change, but with respect to their potential for future regeneration.

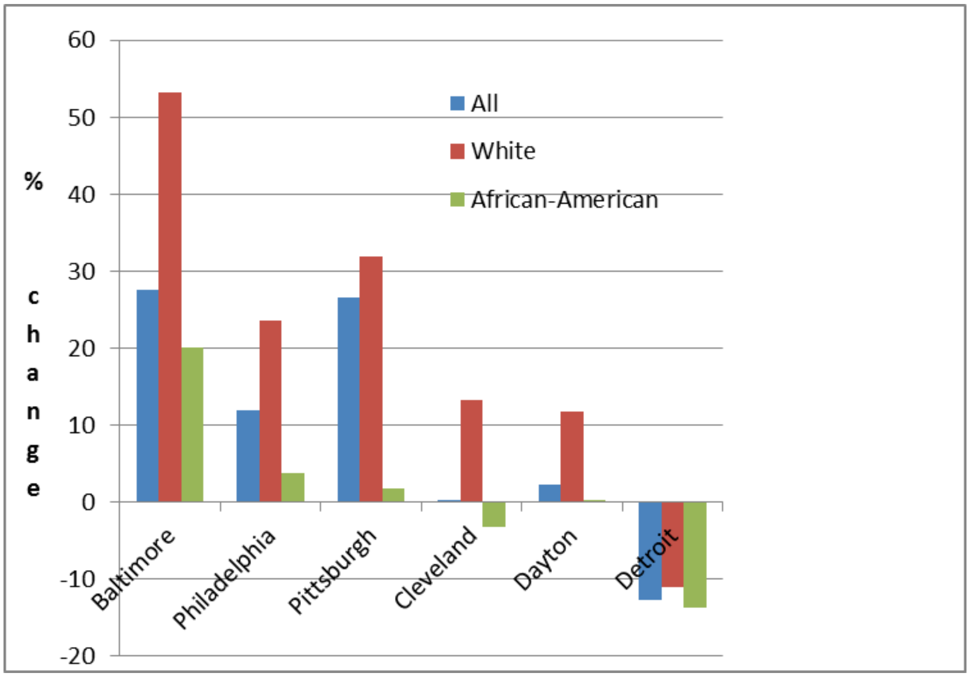
The table suggests that Pittsburgh and Philadelphia, and to a lesser extent, Baltimore and Syracuse, can be considered more successful cities. Pittsburgh's strength is notable, because while Philadelphia's success reflects at least in part the stabilization of its population, Pittsburgh has improved its social and economic conditions despite the fact that its population has yet to stabilize, and despite the fact that its region showed the least overall growth of any of the 18 regions. This improvement is particularly notable with respect to the city's unemployment rate, which of all of the indicators, has the strongest correlations with the other indicators (a table of correlations is presented in Appendix 1). As figure II-1 shows, during the past decade, Pittsburgh is the only one of the seven cities shown to have all but eliminated the spread between its unemployment rate and the national rate.

Figure II-1: Unemployment Rates for U.S. and Selected Cities



Another important measure is income growth, where the difference between the more and less successful cities over the past decade is again marked. While households in the more successful cities showed significant income growth over the past decade, those in cities like Detroit or Cleveland showed little income growth, or even a loss of income, even in current dollars (not adjusted for inflation). Figure II-2, however, also shows a disturbing trend: nearly all of the income growth in Philadelphia and Pittsburgh, and most of it in Baltimore, took place in the white population, while African-American incomes grew only modestly if at all. This appears to reflect not only an influx of more affluent white households, but also the continued exodus of middle-class African-Americans from the cities to the suburbs.

Figure II-2: Median Income Change by Race 2000–2010 for Selected Cities



Source: 2000 Census, 2010 American Community Survey[26]

<u>Regeneration and Population Change</u>

The data point out the equivocal relationship between population change and important social and economic factors. In that light, the difference between coastal and inland cities is significant. Coastal cities, as a group, are seeing more immigration and population stabilization. Both Philadelphia and Newark have seen their populations stabilize after decades of population loss. Many smaller coastal cities such as Reading, Pennsylvania, or Providence, Rhode Island, have also seen their population grow, while Camden and Trenton, New Jersey, despite severe distress, have largely stabilized their populations. In most of these cities, this reflects the effects of Latino immigration. Between 1990 and 2010, the Latino population share went from 12 percent to 43 percent in Allentown, Pennsylvania, from 8 to 29 percent in York, and from 19 to 58 percent in Reading.

Long-term population loss showed little correlation with any of the measures of social or economic condition, the only exception being the city's housing vacancy rate. The short-term

[26] We have used the one-year ACS to allow the time frame to be clear. Median income data for the cities shown has a margin of error of 1,000–2,000 depending on the city at the .10 confidence level. Because of their smaller population (and thus greater margin of error), Flint and Youngstown are not shown.

population trend between 2000 and 2010 was considerably more significant.[27] There appears to be a particularly strong relationship between urban vitality and population change and composition by age group. Table II-5 compares the 2000–2010 change in population overall and for the 25–34 year age group, as well as the share of that age group in the city's population as a whole, for the four most successful and the four most distressed cities of the 18 shown in table II-4. This age group is particularly significant, because it is the age group at which people most often begin to establish themselves in the workforce and sink roots in a community, often buying their first home.

Table II-5: Population Change and Share for 25–34 Age Group in Selected Cities

CITY	Total population change 2000–2010	Change in population aged 25–34 2000–2010	Difference (note 1)	% of total population in 25–34 age group
Cleveland	- 17.1%	- 24.8%	- 7.7	13.6
Detroit	- 25.0	- 40.1	- 15.1	12.1
Flint	- 18.0	- 29.1	- 11.1	13.1
Baltimore	- 4.6%	+ 11.1%	+ 15.7	16.7%
Philadelphia	+ 0.1	+ 9.3	+ 9.3	16.1
Pittsburgh	- 8.6	+ 5.9	+ 13.3	16.8

(1) Difference between two preceding columns

The difference between the cities is dramatic. Although Baltimore and Pittsburgh are still losing population overall, they are gaining significant numbers of 25–34 year olds, as is Philadelphia. In Cleveland, Detroit and Flint, people in this age group are leaving the city at a significantly greater rate than others. Moreover, people aged 25–34 make up a significantly larger share of the total population in the three more successful cities. This trend may be a precursor to the overall stabilization of the population in Baltimore and Pittsburgh in the coming decade, similar to what has already happened in Philadelphia. At the same time, a note of caution should be added: at the same time as these three cities were growing their population in the 25–34 age group, all three saw a marked drop-off in the next age group of people between 35 and 39, suggesting that many of the in-migrants to these cities may not see urban living as a long-term life choice.

Implications of the Comparative Analysis

The analysis highlights the reality that there are significant differences in trajectories and in conditions today between cities that were at not dissimilar starting points fifty, or even twenty, years ago. Pittsburgh, Philadelphia and Baltimore seem potentially poised for continued economic progress and for potential population rebound. Conversely, Flint, Detroit, Youngstown and Cleveland all appear to be in a continuing decline. This is not to suggest that conditions in the relatively successful cities are consistently good; on the contrary, all three cities have major problems of poverty, vacant properties and fiscal distress. Moreover, as table II-5 points out, regeneration in successful cities is likely to exacerbate the gap between the haves and have-nots.

[27] The correlation between the ranking on 2000–2010 population change and the overall or aggregate score by city was .75, significant at the .01 confidence level.

While African-American households in the successful cities shown in the table experienced slightly more income growth than their counterparts in the less successful cities, the disparity between their incomes and those of the white population—associated with a larger white share of the in-migrant than of the already-resident population and with continued middle-class African-American out-migration—grew significantly. While a rising tide may lift all boats, it appears to lift some higher than others.

The data, of course, describe current conditions, not why or how they have emerged. The relationships between different factors potentially influencing change often remain obscure. Two indicators that were included to test their potential impact—research dollars as a surrogate for medical research facilities, and the ratio of graduate students to population as a surrogate for the significance of universities in the local economy—showed only modest relationships to most other variables. Consistent with other research, crime rates showed moderately strong relationships poverty and unemployment; crime rates showed also showed modest (.10 confidence level) relationships with home buying, vacancy rate and number of businesses. The percentage of foreign-born residents, however, showed strong relationships only with recent population change, which is to be expected, and with median house sales price, and little relationship with variables that might reflect economic improvement more directly.

An important question, posed in a recent paper by Reese and Ye,[28] is whether positive city outcomes are a matter of policy, or "place luck."[29] In this respect, the difference between coastal and inland cities is clearly relevant. If one considers their peers to be Cleveland, Milwaukee or St. Louis, cities like Baltimore, Philadelphia, and to a lesser degree, Newark are doing very well. They clearly benefit, however, from being in growing regions that are closely linked to some of the nation's economic powerhouse regions such as New York and Washington, DC. Newark has undoubtedly benefited from its proximity to New York City with respect to immigration, house prices and job growth. From that standpoint, if Baltimore and Philadelphia's peers are considered Washington or Boston, their achievements are less notable.

Pittsburgh's regeneration is particularly notable relative to the peer group of inland cities, particularly in light of the weak growth of its region compared to the relative health of the St. Louis or Milwaukee metropolitan areas. Those two cities, along with Cincinnati, also show important positive trends that may bode well for their future. Further implications of this data will be explored in the remaining sections of this paper.

III. Finding New Forms For Legacy Cities

The central thesis of this paper is that legacy cities need to find new forms around which to organize for future revival. These forms are not exclusively physical in nature, but also include

[28] Reese, Laura A. and Minting Ye (2011). "Policy Versus Place Luck: Achieving Local Economic Prosperity" *Economic Development Quarterly,* 25(3), 221–236.

[29] Reese and Ye's "place luck" variable were weather, proximity to large cities, crime, health care institutions, institutions of higher learning, transportation connectivity, and natural features. We would argue (1) that crime does not belong on this list; and (2) that their measures of health care and higher education do not address the distinction we make between research and community institutions.

the form taken by their economic base, their governance structure, and their regional relationships.

The old forms which characterized these cities no longer exist, or if extant, can no longer provide the framework for building a healthy urban organism capable of successful regeneration. The loss of the historic manufacturing economic base and the transformation of the physical fabric of the city as a result of property abandonment have created a new reality for legacy cities. In the framework of that reality, traditional modes of governance, and in particular, the historical pattern of regional fragmentation and competition are no longer viable. Instead of furthering the city's regeneration, they hinder it.

A. New Physical Forms

Depopulation and Urban Form

Cities have historically had a distinct urban form, which has distinguished them from suburban and rural settlement forms. That form, as older industrial cities grew steadily from the mid-19th through the mid-20th century, shared two key features. It was continuous, in which nearly all properties were utilized for activities linked to the urban economy. In keeping with the classic density gradient model of urban form, the city center contained the highest densities found within the metropolitan area,[30] gradually declining with distance from the center. Within the administrative boundaries of the central city and often beyond, a continuous and largely integrated functional network of streets, water lines, and sewers was developed, in sharp contrast to the more fragmented networks found in more outlying areas developed since World War II.

While cities varied widely in their density of settlement and the configuration of their infrastructure networks, resulting from both regional variations in settlement forms and individual variations between cities, the development pattern was compact even in cities dominated by single family houses, oriented to walking rather than driving. Individual lots were usually small with the narrow dimension generally parallel to the street, and there was little separation between the houses, creating a nearly-continuous street wall. The street network was usually based on a grid, although in Detroit and Buffalo, radial arteries were superimposed on the underlying grid.

This historic urban form has been undone, albeit to widely varying degrees, by the population loss experienced by the legacy cities. While in ancient times, the depopulation of a city led the remaining population to converge toward the center[31], today's pattern of urban shrinkage is a radically different one. Urban depopulation, rather than reinforcing the density gradient, undoes it; following its own logic independent of historic forms, it has created a patchwork of abandonment and varying densities across the city. In cities like Detroit, which have lost over

[30] See in particular Muth, R. F. (1969) *Cities and housing: The spatial pattern of urban residential land use*. Chicago: University of Chicago Press for the classic description of the urban density gradient.

[31] The history of post-Imperial Rome illustrates this pattern. After the collapse of the Empire, Rome's population shrank; by the 11th century, depopulation had created "the *disabitato*, that expanse of open land, of fields and vineyards, farms and ruins, scrub and pasture between the built-up areas and the Aurelian Walls" (Hibbert, C. (1985) *Rome: The biography of a city*. New York: W. W. Norton, p 93). In the surviving core, population densities remained high, perhaps even higher than in Rome's heyday.

half their population, abandonment is widespread, even pervasive. In other cities, like Philadelphia, large-scale abandonment tends to be largely concentrated in a few sectors, particularly in North and West Philadelphia.

The depopulation of urban areas has created a new urban landscape. In areas that have experienced sustained population loss, the formal subdivision of blocks into individual lots remains on paper, but instead of the largely uniform fabric of occupied houses that resulted from the parcelization of land in the late 19th or early 20th century, the texture of the block now includes four distinct property types:

- vacant lots, where houses once stood and have been demolished;
- vacant houses, often fire-damaged, and likely eventually to be demolished;
- Absentee-owned but occupied houses, usually in poor repair and likely to be abandoned by their owners as soon as the cost of operation exceeds the rental cash flow; and
- owner-occupied houses, generally in somewhat better repair than absentee-owned properties.

Many blocks in cities like Buffalo or Gary contain far more vacant lots than lots on which structures still exist, and more vacant structures than occupied buildings.

In such areas, moreover, reflecting the absence of homebuyer demand, the remaining owner-occupants often tend to be disproportionately elderly. Many of these houses are likely to be abandoned when the current owner either moves or dies, while in other cases the house may be bought by an absentee owner, who will "milk" the property for a few years and then abandon it.

The relative proportions of these four property types on any block reflect the stage of depopulation and abandonment of that block; whether the cycle is reversible is largely a function of the level of housing market demand in the area. As was noted earlier, in any city which is steadily losing population, overall demand for housing will be less than the available supply, and housing abandonment will continue to take place. Concerted efforts may be able to reverse the cycle in some areas, either by drawing demand from other parts of the central city, or by drawing demand from outer parts of the metropolitan area. In some cities, however, the sheer lack of effective demand may doom many—although not all—areas to follow this cycle.

<u>The Landscape of the Legacy City</u>

The landscape of today's legacy city is dominated by three distinct types of area:

- *The core* is the heart of the economic city, the mixed-use area that contains the central functions and most important assets of the city, such as government offices, universities and medical centers. Some cities, like Cleveland and Pittsburgh, have multiple cores, non-contiguous concentrations of major economic growth assets. Building on these assets to create or maintain strong centers of activity in each city's core or cores is critical to enabling cities to capture their economic potential.

- *Intact neighborhoods* are the city's predominately residential neighborhoods where the fabric and intensity that can sustain them as vital communities still exists. In addition to housing, they typically contain public facilities, such as elementary schools and pre-school education centers, and many also contain neighborhood shopping areas. Preserving these neighborhoods, and making them the places where a diverse population will actively want to live, is critical to the future of the city; many, however, are at risk of decline, and are in need of public and private investment to build greater market demand and a stronger quality of life.

- *Disinvested areas* are those remaining areas where the greater part of each legacy city's population loss and property abandonment has taken, and continues to take, place. Over time, some may reconstitute as viable lower density neighborhoods, while others will become increasingly depopulated. As these areas continue to lose population, much if not all of their vacant land is no longer needed for development purposes, demanding that new non-development uses be identified for areas that range from individual vacant lots to expanses of many acres.

While the core is distinct, residential areas are likely to form a continuum with respect to levels of abandonment, disinvestment, and continued vitality, rather than neatly fall into one or the other of the two categories shown above. At either end of the continuum, the differences are clear; in the middle, there are likely to be areas where local policymakers may find it difficult to decide on the most appropriate strategy.

The issue is not whether legacy cities will have a different physical form from their historical form, or whether that form will continue to evolve, but how this transformation will take place, and whether it will be managed in ways that foster regeneration rather than continued decline. Today, disinvestment and abandonment in legacy cities continues to pose threats to residents' public safety and property values. Few systematic efforts are being made to use the cities' growing amounts of vacant land in ways that are either environmentally sustainable or contribute to a better quality of life for the city's remaining residents. Meanwhile, with fewer and fewer homes and businesses to serve, an increasingly inefficient infrastructure must be maintained at great cost, or allowed to disintegrate. Economic activity is increasingly concentrated in a few core areas; without strategies to make the most of that activity and leverage the city's assets, it is scattered and fragmented, with vacant office buildings and storefronts interspersed with viable businesses and institutions. Neighborhoods exist where housing markets still function, but they are being eroded by disinvestment, foreclosure, declining public services and lack of confidence. Without effective strategies that recognize the reality of change and build on it for a stronger city, many legacy cities are becoming a dystopian version of what could be stronger, healthier cities, superficially similar in outward shape, yet hollow inside.

Toward New Urban Forms

Having raised this prospect, we can turn to what an appropriate new physical form for legacy cities might look like. Such a city will probably look very different from the model that most people have of the "city" as a continuous built-up urban texture of streets, houses, shopping districts and industrial areas stretching outward from a central core, occasionally broken by manicured parks or greenways, serving as the city's "green lungs." Too many of those houses, storefronts and factories have already disappeared, and too many of those that remain are no longer needed by the city's smaller population, for that urban texture to continue to exist.

As cities lose population, and parts of the city become under-populated or vacant, it begins to look less like the traditional city, and more like a mixture of urban, suburban and rural elements. The tripartite scheme that we have outlined above becomes the framework for the new urban form. Core area assets must be developed to strengthen those areas as centers of both economic activity and population growth, while strategies must be devised to stabilize vital neighborhoods, potentially increasing concentrations of population and supportive non-residential activities in those areas. Finally, heavily disinvested areas must be re-purposed in different ways, finding new non-development uses for vacant land that complements the regeneration of the city as a whole, rather than acting as a drag on those efforts.

Rebuilding the Core

In some respects the cores represent the "low-hanging fruit" of regeneration in legacy cities. Where the physical fabric of those areas is at least substantially intact, the combination of the dense, walkable urban texture with the ability to build on the proximity of major institutions and employers creates significant opportunities for residential development, which is likely to drive much future core rebuilding in legacy cities. Cleveland, Pittsburgh, and St. Louis have seen dramatic transformations in their core areas, while even deeply distressed Flint, Michigan has seen the beginnings of transformation in its downtown, fueled in large part by the proximity of the Flint campus of the University of Michigan.

The future of the urban core is largely tied to its attractiveness as a residential destination, particularly for the young adults as well as empty nesters that form a large part of the overall housing market, and a particularly large share of those drawn to urban living. As the experience in Cleveland and elsewhere has shown, the influx of new residents leads the creation of urban amenities such as supermarkets, rather than being drawn by those amenities. A recent article in CityWire highlighted the anomaly that in Detroit, a city with a vast housing surplus and overall house prices so low as to be risible, rental units attractive to young professionals in the Midtown area—the area of choice for that market—are in short supply.[32]

Creating Neighborhood Clusters

Within this new framework, vital neighborhoods will be repositioned as neighborhood clusters, distinct areas which retain their texture, typically as predominately single family residential areas, and their desirability as neighborhoods of choice for an economically-diverse market

[32] Johnson, Curtis, "Housing shortage in Detroit?" posted on Citiwire.net June 30, 2012.

extended beyond the city's boundary. The quality and life and market attractiveness of these neighborhoods will be enhanced by strengthening non-residential cores within these neighborhoods, including neighborhood-serving commercial districts as well as public schools and other community facilities; and by strengthening transportation connections between the neighborhoods and the core, as well as other employment or activity centers within the city and nearby parts of the region. To the extent that nodes of transportation and neighborhood-scale commercial activity emerge in these areas, policies that increase density in close proximity to those nodes through development of multifamily housing for a more diverse population are likely to be desirable.

Stabilizing vital neighborhoods in legacy cities raises significantly more difficult issues that revitalizing the core. In contrast to the market for central core housing, which is driven by demographic segments of the population who actively choose urban living, the market for homes in these neighborhoods is likely to be less urban-oriented, and more likely to be deterred by poor schools and high crime rates than drawn by walkable urban texture. While Detroit may be seeing an influx of young professionals in Midtown, it is seeing a continuing outflow of middle-class families from its outlying, still physically intact, neighborhoods. The majority of these neighborhoods are undergoing significant deterioration in their market conditions and quality of life.

As a result, many cities may have more neighborhoods where the physical fabric is still intact, and which appear on their face at least potentially capable of stabilization, than the level of market demand, as well as the level of public resources available to make quality of life improvements and incentivize demand, may render realistically possible. Whether cities can concentrate their resources and marketing efforts, selecting certain neighborhoods for targeted investment, while implicitly relegating others to continuing deterioration, is a difficult political, policy and even ethical question.

Repurposing Disinvested Areas

The future of heavily disinvested areas is very different. The vacant land within these areas is no longer needed for development purposes, since vacant and underutilized land in the core and neighborhood clusters is more than able to accommodate the city's future need for housing or non-residential development. They will continue to house some people, but at much lower densities than in the past, while their surplus land can be used for a variety of purposes, including greenways, forests, meadows, green infrastructure and allotment gardens and farms at different scales, all of which can enhance the quality of life for the people of the city and the region. In Detroit, plans are being developed to use a large part of the vacant land in these areas as part of an overall program to remove stormwater runoff from the city's sewer system, in order to eliminate the problem of water pollution from sewer overflows. The city of Cleveland, under the rubric of Re-Imagining a More Sustainable Cleveland, has given small grants to over 50 separate pilot projects to test alternative uses for different parcels in the city's vacant land inventory.[33]

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[33] For a description of this project, see Reichtell, Bobbi, "Re-Imagining Cleveland: Pilot Land Use Projects" in Mallach, Alan, ed. (2012) *Rebuilding America's Legacy Cities: New Directions for the Industrial Heartland.* New York, NY: The American Assembly

It is easy to oversimplify and misrepresent the image of repurposed urban areas as a bucolic rural environment. The lines between neighborhood clusters and green areas are not, and will never be hard and fast. These areas will rarely be large expanses of open land reused for agriculture, park or woodland. They will not be devoid of people. Green uses will be interspersed with existing homes and neighborhoods in a more complex, interwoven pattern. Many people still live in the most disinvested sections of the most distressed cities, although far fewer than only a couple of decades ago. Some people will want to remain in those areas, either because of their ties to the area or to their home, or because they prize the relatively "rural" quality that the area has taken on; some areas may indeed stabilize their population, albeit at far lower densities than was historically the case.

At the same time, many other people living in these areas feel trapped in their homes, and would prefer to move to a more densely populated neighborhood with better facilities and services. Cities should respect, and do their best to accommodate, both desires, recognizing that the residents—particularly the homeowners—of these areas are disproportionately low income people of color. Each city must ensure that change is not pursued at the expense of these residents, and that the relationship between their desires and the city's strategies does not become a zero-sum proposition, either in reality or perception.

The greater the population loss, the greater the reconfiguration of the city's land mass that may be needed to sustain the city's remaining viable neighborhoods and enable the city to take advantage of its assets. In cities with massive population loss, such as Youngstown or Detroit, large amounts of vacant land are already available, making possible large-scale transformative land use changes. By contrast, in other cities that have experienced less drastic loss, such as Toledo or Cincinnati, where population loss has been less severe, the transformation of the urban fabric will be far less dramatic. Those cities will not see a network of large, often continuous green areas emerge, but instead can create ribbons or pockets of green space amid a still largely built-up urban fabric. While such cities may require different approaches than the most severely disinvested cities, they too will need to put in place deliberate strategies to see that their surplus land inventory furthers rather than hinders their regeneration.

B. New Economic Forms—New Economic Engines

<u>The Loss of Traditional Economic Functions</u>

In their heyday, America's legacy cities served two important economic functions: they were centers of manufacturing, and they were their regions' central places, their hubs of business, retail and service activities. While their factories provided the largest share of the city's jobs, the city's downtown contained the department stores, professional offices, and the headquarters of locally-controlled companies and financial institutions that served the entire region. While cities retained their downtown central functions during the first wave of largely residential suburbanization in the 1950s, that changed dramatically beginning in the 1960s. Suburbanization of the metropolitan middle class was soon followed by retail and service suburbanization, dominated by the regional shopping malls that appeared along highways around every older city. At the same time, consolidation of banks and other corporations into national or global enterprises stripped many smaller cities of the locally-oriented businesses that had, along with the disappearing department stores, anchored their downtowns. In the 1960s, Trenton, New Jersey, offered its region four department stores and three substantial locally-owned commercial banks. By the 1980s, the department stores had disappeared, and the banks had become branches of larger banks headquartered in London, Newark, and Philadelphia. In most cases, the only central functions that remained in many older city downtowns were those of city and county government, along with the growing social service sector.

The loss of manufacturing paralleled the loss of central retail and service functions. Although plants started closing in the 1960s, the greatest losses were experienced in the following decade. September 19, 1977, is still known in Youngstown as "black Monday," the day that Youngstown Sheet & Tube Company announced its closing. Within four years, no major steelmaking firm would still be active in Youngstown. Pittsburgh lost its steel industry during the same years, losing over 150,000 jobs in the wake of the 1981–1982 Recession. In 1950, over 180,000 Cleveland residents worked in manufacturing jobs; by 2010, the number had dropped by 21,000. In 1950 46 percent of Detroit's residents worked in manufacturing, suggesting—given customary multipliers—that 70 to 80 percent of the city's total economy was supported by manufacturing.

The loss of manufacturing and the central role of downtown was more than an economic loss, but a challenge to the older industrial city's very identity. As Sam Bass Warner, Jr. has written, downtowns were "the most powerful and widely recognized symbol of the American industrial metropolis […] a metaphor for the metropolis itself."[34] Similarly, cities were defined by their manufacturing strength. When the Trenton Chamber of Commerce held a competition in 1910 for a slogan that best captured that city's essence, the winner was "Trenton makes, the world takes," reflecting the city's robust and diversified manufacturing industry.[35] The names Detroit and Pittsburgh became internationally recognized synonyms for the automobile and steel industries respectively. Thus, the loss of the cities' traditional economic functions not only meant the loss of companies, jobs, and the diversified business activity they supported, but the loss by the city and its people of a fundamental sense of what their city was *for.*

Toward New Economic Forms

Legacy cities face a difficult task in rebuilding their economies. They must grow new, export-driven, economic activities that will enable them to sustain a stable or growing population and restore fiscal vitality. To the extent possible, they must also re-establish their role as an important center within their regions, although one different from their historic role, and build a new and meaningful identity around those new economic activities.

Those economic activities need to be grounded in areas where the city has an identifiable comparative advantage, in order to create activities that will succeed within the regional or wider economy. While import substitution activities, such as efforts to maximize the local impacts of resident purchasing power by creating local retail hubs, may have some value, in the final analysis they are likely, even if successful, to have more impact on residents' quality of life than

[34] Quoted in Robert Fogelson (2001), *Downtown: Its Rise and Fall 1880–1950,* New Haven CT: Yale University Press, p 2.

[35] The winning submission was actually "the world takes—Trenton makes" When plans were developed for an illuminated sign that would bear the slogan on the side of the bridge crossing the Delaware River in 1917, the sponsors reversed the order to what it remains today. See http://www.capitalcentury.com/1911.html, accessed July 18, 2012.

on the city's economic strength.[36] As some unnamed 1980's pundit has been quoted as saying, "You can't have an economy by taking in each other's laundry."[37]

Building on Assets—Creating Comparative Advantage

The way in which cities that have lost their traditional economic functions can build new ones is by identifying those assets that they have that may yield competitive advantages. The presence of a major research-oriented medical center, such as Johns Hopkins or Yale, can be a significant competitive advantage for attracting biomedical industries. A developer bought an empty 527,000-square-foot office building in downtown New Haven, and converted the space into biotech labs; according to a recent report, the building is 95 percent occupied.[38] The large-scale redevelopment of East Baltimore is anchored by a 1.1-million-square-foot life sciences business campus driven by its proximity to the Johns Hopkins Medical Center.

Other asset-based economic strategies are less obvious. The small city of Lancaster, Pennsylvania, located in the middle of the major national tourist destination known as Amish Country, has rebuilt its economy around arts, culture and higher education, taking advantage of the combination of its proximity to this destination—and thus the ability to tap a share of the spending generated by visitor and convention business—and its historic, walkable downtown and neighborhoods. The cluster of food processing and distribution firms that grew up over the past century around Detroit's historic Eastern Market is still a major regional center for that activity, and offers a powerful opportunity to both grow existing firms as well as attract new ones to the area. The area contains a substantial amount of vacant land and buildings in close proximity to existing firms, which if assembled and made reuse-ready, could draw significant new economic activity.[39]

Table III-1 on the following pages identifies specific economic growth opportunities that can be triggered by particular assets that exist in many legacy cities, and provides illustrations of particular locations or projects where cities or other stakeholders have capitalized on those assets

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[36] A variation on this model, which is being pursued in Cleveland with the worker-owned Evergreen Cooperative Laundry, is to redirect more of the purchasing of goods and services by major local institutions, in this case the Cleveland Clinic, to local suppliers. This is an intriguing approach, but given the competitive environment in which those institutions operate, is unlikely to be sustainable as a viable business proposition on any significant scale unless the goods and services can be provided at prices that are competitive with other vendors outside the city.

[37] See editorial in the *Chicago Tribune,* July 8, 2010, http://articles.chicagotribune.com/2010-07-08/news/chi-100708bunce_briefs_1_new-jobs-manufacturing-jobs-other-s-laundry, accessed July 20, 2012. We have not been able to identify the source more precisely. The phrase received wider circulation when it was used as the title for a widely-cited article by Lynn E. Browne, "Taking in Each Other's Laundry—The Service Economy," that appeared in the *New England Economic Review* in 1986.

[38] C. J. Hughes, "Righting a Highway's Wrongs," *New York Times,* July 18, 2012.

[39] A major constraint on economic growth in cities is the extent to which, despite the large number of vacant land and buildings, few buildings or building sites are "reuse-ready," in the sense that a user can find buildings they can move into without major improvements, or sites they can build on without major investments of time and money in assembly, environmental remediation, or clearance. In the absence of such reuse-ready sites, cities are at a significant disadvantage compared to suburban office/industrial parks and greenfield development sites.

Table III-1: Linking Assets and Economic Growth

ASSET	ECONOMIC GROWTH OPPORTUNITIES	EXAMPLES
Traditional walkable downtowns	• Develop market-oriented residential projects to draw middle- and upper-income residents and increase local tax base • Create arts, entertainment and restaurant districts • Draw retail in response to growth in residential population	• Cleveland Warehouse District • East 4th Street in Cleveland • Washington Avenue in St. Louis
Architecturally and historically distinctive neighborhoods	• Develop market-oriented neighborhood revitalization strategies to draw middle- and upper-income residents, increase property values and local tax base	• Old North St. Louis • Detroit-Shoreway in Cleveland • Over-the-Rhine in Cincinnati • Allentown in Buffalo
Water bodies and green spaces	• Create open spaces along water bodies as magnet to attract regional population for leisure activities • Develop activity venues along water bodies and regional parks to increase attractiveness of venues to regional population • Link residential and mixed-use development to water bodies to increase value of property and tax revenues	• Christina River redevelopment in Wilmington Delaware • The Banks in Cincinnati • Forest Park in St. Louis
Multimodal transportation networks	• Use transportation network as locational advantage for key industrial clusters, such as distribution or logistics, or for regional retail • Use heavy/light rail stations or bus rapid transit to create transit-oriented residential or mixed-use development	• Multimodal connections (rail, light rail, air, sea, highway) in Newark • Cleveland Health Line BRT
Existing economic clusters	• Build on existing clusters of activity to grow existing businesses and attract new ones	• Eastern Market food processing and distribution cluster in Detroit
Colleges and universities	• Maximize benefit of student/faculty presence to generate demand for housing, retail and services • Strengthen housing market and property values through employer assisted housing programs • Partner with university to create multiuse facilities such as performing arts centers and convention facilities • Encourage growth and local siting of spin-off companies resulting from university research and development • Explore opportunities to increase local purchases of goods and services	• Yale University employer-assisted housing program in New Haven CT • Franklin & Marshall College housing program in Lancaster PA
Hospitals and medical centers	• Maximize benefit of employee and visitor presence to generate demand for housing, retail and services • Strengthen housing market and property values through employer assisted housing programs	• East Baltimore redevelopment anchored by biomedical campus close to Johns Hopkins Medical Center • Evergreen Cooperative Laundry in

	• Encourage growth of other health-related industries and services in proximity to medical centers • Explore opportunities to increase local purchases of goods and services	Cleveland
Manufacturing	• Provide support to grow local manufacturers and manufacturing employment • Use existing manufacturing clusters as framework for industrial recruitment	• WIRE-NET in Cleveland
Downtown employment base	• Capitalize on downtown workers as market for downtown housing, restaurants and entertainment. • Engage downtown corporations and businesses in revitalization and redevelopment activities	• East 4th Street in Cleveland
Arts, cultural, and entertainment facilities and activities	• Draw artists to residential neighborhoods • Create regional or national arts, cultural or entertainment destinations	• The Heidelberg Project in Detroit • Lancaster PA arts revitalization strategy • Chippewa Street district in Buffalo
Foundations	• Leverage locally-based foundation resources to foster economic and community development	• Kresge Foundation engagement in Detroit • Raymond John Wean Foundation engagement in Youngstown • Anne E Casey Foundation engagement in East Baltimore
Locally-based corporations and business community	• Corporate support for redevelopment and revitalization activities • Corporate leadership and engagement in public-private partnerships	• Proctor & Gamble (and others) financial commitment to Cincinnati Equity Fund • Corporate engagement in Allegheny Conference in Pittsburgh
Cohesive ethnic communities	• Create regional restaurant, entertainment and retail destinations • Promote immigration	• Ironbound in Newark • Southwest Detroit (Mexicantown)
Local skill sets	• Create new economic activities utilizing distinctive skill sets created as a result of historic economic activities	• Global steel industry support sector in Pittsburgh
Regional growth and economic activity	• Build economic strategy around attracting share of regional economy into city	• Lancaster PA tourism-oriented arts strategy

to foster economic growth or community revitalization. Where a neighborhood is revitalized to become competitive within the regional housing market, that is a form of economic growth, not only through the increase in property values and tax revenues that result from revitalization, but through the increase in local purchasing power and the creation of spin-off economic activities.

Re-Establishing the Central Role of the Legacy City

In light of the extent to which most legacy cities' workforce and neighborhoods are part of regional labor and housing markets, a credible argument can be made that a city can stabilize economically by being an attractive dormitory for people who work throughout the region, along the lines of the post-World War II communities that Dolores Hayden has called the "sitcom suburbs."[40] For a city to remain vital *as a city*, however, is a different matter. A vital city, as distinct from an arguably vital suburb, needs to have a central economic function. That function must be export-driven, both because only such economies are capable of creating the multipliers that can foster sustainable growth, and because only such economics can foster the regional relationships on which the city's ultimate vitality depends.

A strong export-driven economy, particularly one which draws people from outside the city or even beyond the region into the city as workers, visitors and consumers of valuable services, serves a further function. It not only fosters economic multipliers, but it helps change perceptions and re-knit regional connections that have deteriorated as these cities have become smaller, poorer and less economically significant vis a vis the rest of their metropolitan areas. Ultimately, a city must be seen by its region as being important to the region for those relationships, which are discussed in detail elsewhere in this paper, to emerge and be sustained. Cultural or artistic venues, such as those that have emerged in recent years in Wilmington and Lancaster, can play an important role in such a process.

In the final analysis, however, there are likely to be serious constraints on many legacy cities' ability to develop strong central functions, given the limited options and limited assets. While a few cities have major national medical research centers, most do not. While it is hard to quantify, the level of economic activity that can be generated in most cities by arts, entertainment and cultural activities, however valuable, is unlikely to support more than a relatively small percentage of the city's population. Indeed, with the notable exception of health care, most of the growing sectors of urban employment, including resurgent manufacturing activities, tend to be relatively low employment generators.

A large percentage of the jobs generated by new urban economic activities, moreover, are likely to be held by suburban residents or new in-migrants. While some of the rest of the city's workforce will be employed by service and government sectors oriented toward internal demands within the city, many will find employment throughout the region. Half or more of the workforce living in many legacy cities works outside the city, while in most cases a similar or greater share of local jobs is held by people living outside the city.

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[40] Dolores Hayden, *Building Suburbia: Green Fields and Urban Growth 1820–2000.* New York NY: Pantheon Books 2003.

Linking Economic Growth and Urban Well-Being

The regional pattern of jobholding, coupled with the limited education and labor force attachment of many of legacy cities' residents raises a critical issue that cities must face as they try to build new economies.[41] While economic growth in the city and the jobs it brings both have value in themselves, their value is greatly enhanced if significant numbers of local residents benefit from that growth. Moreover, since in many cases the city's region offers significantly greater job opportunities than the city itself, residents' ability to gain access to those jobs is likely to have as much or more effect on their well-being as will job growth inside the city.

Thus the need to build the city's human capital, to increase educational levels, job skills and labor force attachment within the city's workforce, and its non-working residents of working age, needs to be intimately linked with the city's economic growth strategy, both to maximize the benefits that city residents gain from job growth inside the city, and to increase their ability to compete successfully for job and advancement opportunities throughout the region; as Gilloth and Meier wrote, "the current population is the human capital base upon which to build the economic future of the city."[42]

C. Empowering Legacy Cities: New Forms of Regional Cooperation and Governmental Integration

Implementing new forms of governance is not an end in and of itself. They should empower legacy cities which can use them as the vehicle for rebalancing the relationship between the city and the region and changing economic and real estate market conditions region-wide. There are several key reasons that legacy cities should consider new forms of governmental integration to change their relationship to their regions. First and relating broadly speaking to expenditures, these reforms will reduce exorbitant government costs, ease the budget or fiscal crisis that plagues many of these places and leverage funds for strategic investments. Second, these distinct jurisdictions within a region have a shared fate and need to bolster their regional economies and assets rather than compete with each other. Third, unified governance structures can level the playing field as between the legacy city and its surrounding jurisdictions (e.g. taxes). An ancillary impact would be to incentivize leaders to concentrate investments on existing assets and strengths that benefit the entire region rather than eroding wealth through further population dispersion and new infrastructure. Finally, new economies that are competitive on the global stage require new forms of all kinds, including governance.

The reasons for implementing new governance forms are extremely important to understand and articulate, particularly if the changes involve more dramatic reforms such as city-county merger. While we can stipulate that these changes are mutually beneficial to both the cities and their regions, there are many that do not recognize them as such. The economic and fiscal benefits often play out over the long-term and thus are sometimes hard to prove to skeptical voters, and

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[41] For a thoughtful discussion of human capital issues facing legacy cities, see Robert Gilloth and Jillien Meier, "Human Capital and Legacy Cities" in Mallach ed. (2012) *Rebuilding America's Legacy Cities: New Directions for the Industrial Heartland.* New York, NY: The American Assembly.

[42] *Ibid*., p197.

are often not consistent with the short political cycles of American democracy. Some of these reasons are very difficult to quantify, and they come up against some of the very reasons that these hollowed out cities emerged in the first place. Fortunately, our democratic structures are sufficiently flexible to accommodate these new forms of governance, if our leadership has the courage to invoke these reasons for change and our citizenry recognize that what we have now is not working.

Finally, a number of the places discussed below where these new governmental forms have been tried do not encompass legacy cities and therefore do not exhibit the same challenges both in concept and implementation that make it hard to predict success. Generally, the barriers to implementation in areas with already struggling economies are greater, because the inequities are greater and thus the stakes are higher. Nevertheless, it is critical that legacy cities all examine new forms of governance. These will be essential to their rejuvenation and survival. The process for achieving these new forms, which is not the subject here, is also critical. We touch later on the importance of an incremental approach to change, particularly if the reforms ultimately involve more dramatic changes such as in jurisdictional boundaries.

This section outlines some basic forms of governmental integration. These forms exist along a continuum, from those requiring no statutory change or voter approval that can be implemented under local direction and leadership to those that would require more substantial legal reforms or voter review. This section also provides examples of these forms and analyzes potential barriers and advantages. There are three basic forms of governmental integration that are consistent with the objectives of encouraging regional economic redevelopment in our cities and metros.

- *Shared-Services* programs allow local governments or departments to share personnel, equipment and their associated costs across jurisdictional boundaries to augment cost savings.

- *Regional Revenue Sharing* plans encourage local governments to pool funding and distribute funds to projects that will benefit the region and alleviates the poaching of business and industry.

- *City-County Consolidations* create a new governmental structure where the primary city and county merge certain services such as planning and utilities to strengthen regional economic development.

These options have found successes and failures throughout the United States; however, all data suggests that strong state and local leadership is vital to creating and implementing an integrated government system. State-level stringent and standardized reporting practices, and possibly other state changes, are necessary in order to implement a variation of any of these three types of integration practices.

<u>Shared Services</u>

There are two potential methods by which jurisdictions can share services.

- *Regional purchasing agreements* are contractual arrangements between local governments to achieve volume discounts with their collective buying power, thereby addressing cost savings at the local level. However, collaborative buying groups can fail to address other regional issues, such as regional economic development strategies, in a comprehensive and cooperative way.

- *Transfer of Functions* changes which governmental entity provides specific services, with local governments releasing authority to other jurisdictions. Transfers are usually enabled by state statues and created through intergovernmental negotiation. The State however, must authorize Transfer of Functions through statutory language; voter approval is also required.[43] Since the 1930s, cities in Eric County, New York, have transferred municipal services such as social welfare, police functions, parks, and libraries to county government.

In Ohio, for instance, some local governments are already participating in shared service and shared purchasing agreements, and others are considering such endeavors. Two examples are:

- *Sourcing Office* (formerly the Northeast Ohio Sourcing Office, NEOSO), is a 501(c)(3) non-profit Council of Governments, open to any unit of local government, including counties, municipalities, special districts, school systems and publicly funding higher education institutions within the 16-county region of NEO. Established in October 2005, the Sourcing Office offers pooled purchasing and shared back-office service to their government members, including: auto parts and services, computer maintenance, contract administration, information technology training, network expense management and shared chief information officers.[44]

- *The Miami Valley (Ohio) Fire/EMS Alliance*, formed in 1991, is a cooperative Council of Governments formed under state code in Ohio consisting of 26 fire and EMS agencies in the Dayton region.[45] A diverse group of full-time, part-time and volunteer departments, the Alliance offers a joint purchasing program that includes sharing of fire trucks, ambulances and EMS supplies and provides training.[46] Members of the Alliance are political subdivisions.

Agreements that transfer functions and services between local governments will require state enabling language for implementation in Ohio. A state-level Local Government Innovation Fund[47] could incentivize participation and could duplicate the success of both the Sourcing Office and the Miami Valley Fire/EMS Alliance.

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[43] National League of Cities, CityFutures Program, 2006.

[44] Sourcing Office, 2011.

[45] Miami Valley/EMS Alliance, 2011.

[46] National League of Cities, CityFutures Program, 2006.

[47] The Local Government Innovation Fund (LGIF) in Ohio was established to provide financial assistance to Ohio political subdivisions for planning and implementing projects that are intended to create more efficient and effective service delivery within a specific discipline of government services for one or more entities and to promote

Shared service agreements between local governments often increase local government efficiency and improve the quality of services; they rarely decrease the quality of the service. However, the cost savings attributed to shared services depends on economies of scale. There are several limitations to shared services. First, jurisdictions must opt into the shared services agreement. If there are few participating entities, the cost savings and quality of services may be minimal. Second, a transfer of functions agreement can create a system of "free-riders" as those paying taxes at one level of government (county) may not receive the benefits at another level (city). Lastly, shared service agreements may only be applicable to certain types of services, like police, fire and parks. Compared to revenue pooling and a city-county consolidation, the overall fiscal and service impact may be smaller.

Revenue Pooling

Revenue pooling allows participating municipalities to share one or more revenue streams, including sales taxes, property taxes and occupation/business taxes. Municipalities that engage in a form of revenue pooling do so because they recognize the fiscal disparities between communities with large tax bases and communities with service demands from residents who work outside the community where they live. Revenue pooling options have found successes and failures throughout the United States; *strong state and local leadership is vital to creating and implementing an integrated government system*. Three revenue pooling programs that are relatively successful include the following.

Montgomery County, Ohio, Economic Development/Government Equity (ED/GE) Program

Established in 1992, this program consists of two different funds that are used to generate economic development within the county. With the ED Fund, jurisdictions apply for grants to finance economic development. The ED Fund prioritizes projects that: retain or create jobs, enhance and expand the local base, emphasize collaborate efforts with two or more communities, support economic sectors that have high growth potential in the county, and provide infill growth in areas already served by basic public infrastructure. The GE Fund allows a portion of property and income tax revenues collected as a result of economic growth within Montgomery County to be shared with program participants. The Fund allows its participants to either contribute or receive money based on their relative growth during the previous year.

A joint effort between the ED/GE program, the City of Dayton and the Miami Valley Regional Transit Authority enabled acquisition of a minor league baseball team that has set league attendance records; and in 2010 alone, ED/GE Program recipients were expected to create over 233 jobs and retain another 656[48]. One hundred percent of Montgomery County's jurisdictions participate in the ED/GE program.[49]

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efficiency, collaboration, merger, and shared services among local governments. It was created by the Ohio General Assembly in 2011.

[48] http://www.mcohio.org/newsdetail529.html.

[49] http://www.mcohio.org/services/ed/edge.html; http://www.co.montgomery.oh.us/montcnty/pdf/edgecrit.pdf.

Twin Cities Fiscal Disparities Program

This program, which began in 1975, was designed to promote both planning objectives and to more effectively distribute fiscal resources regionally. Under this program, the 300 taxing jurisdictions within the seven county region contribute 40 percent of the growth in their commercial-industrial property tax base to an area-wide pool. Preliminary research into the program has revealed:

- By 2000, $406.8 million in property tax revenues were shared throughout the program and the tax base today is almost double what it was in 1975.[50]

- Without the presence of the program, "homeowners in cities that are major recipients under fiscal disparities would face tax increases between 10 percent and 13 percent; homeowners in cities that are major contributors would see [tax] reductions of 2.5 percent to 5 percent." [51]

- Commercial and industrial properties would pay lower taxes without the fiscal disparities program. However, although, individual residential and commercial and industrial property owners in contributing cities might see lower property taxes without the program, research suggests that the fiscal disparities program has kept the net tax rates of individual cities lower throughout the entire region.[52]

- The fiscal disparities program may have modestly increased tax burdens for property owners within the program, overall the program has significantly decreased the metro region's reliance on the Local Government Aid fund, thereby making available higher levels of LGA funding for the rest of the state. A one-year simulation, using 2004 numbers, found that without the fiscal disparities program funding from the LGA would be "higher by $9.1 million in the metro area and $9.1 million lower in greater Minnesota."[53]

Regional Asset Districts

Regional Asset Districts are special tax districts used to fund regional resources such arts and cultural institutions, entertainment venues, parks and libraries which are often critical cultural and economic drivers in legacy cities. The Allegheny Regional Asset District in Pennsylvania distributes sales tax revenue from Allegheny County (including Pittsburgh) to fund various cultural venues.[54] Regional asset districts spread the costs beyond the hosting municipality or

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[50] http://www.house.leg.state.mn.us/hrd/pubs/fiscaldis.pdf.

[51] http://www.house.leg.state.mn.us/hrd/pubs/fiscaldis.pdf.

[52] http://www.house.leg.state.mn.us/hrd/pubs/fiscaldis.pdf.

[53] http://www.house.leg.state.mn.us/hrd/pubs/fiscaldis.pdf.

[54] The District was created by the Allegheny County Commissioners pursuant to Pennsylvania state statute providing for authorizing legislation. The state provision, however, is limited to just the Allegheny region. Jensen & Turner, 2000.

private entity to the entire region that benefits. The District has no taxing powers, but instead Allegheny County is authorized by the State to levy a 1-percent sales tax. From this tax, 25 percent of the district tax goes directly to the county government and 25 percent goes to local governments based on a formula in the authorizing legislation. The additional 50 percent goes to the district and a seven-member appointed board distributes the tax to the various cultural entities.

State and local governments need to consider several criteria when implementing these or similar programs.

- First, while no legislative language is required to replicate a program similar to the ED/GE program, to reproduce this program across the boundaries of two or more counties, a state would have to pass enabling legislation.

- Second, in order to implement a program like the Twin Cities Fiscal Disparity Program or the Regional Asset District, a state will need to pass enabling language for either county or multi-county revenue sharing.

- Third, more stringent record keeping standards for local governments are imperative, if revenue sharing formulas are to be correctly calculated.

- Fourth, the Minnesota program adds additional responsibilities to: <u>State Department of Taxation</u> staff who determine the fiscal capacity of local jurisdictions; <u>local property tax administrators</u>; <u>county auditors</u>; and <u>county officials</u> who oversee the program. Administration of the program can be supported by the program.

Some constitutional implications in implementing a revenue-pooling plan like the Twin Cities Fiscal Disparity Program have been identified.

- Revenue-pooling programs must by design, require voter approval; otherwise such a program would likely violate most state constitutions. Property taxes in excess of one percent of the true value are prohibited, unless approved by voters.[55]

- Pooling revenue retroactively may state constitutional language commonly prohibiting revenue from a levy from being used for any purpose other than the one specifically stated. Property and income tax sharing programs both divert taxes raised by one taxing unit to the revenue pool. Legislation would need to specify that there will be no diversion of revenue from existing levies.

- State constitutional provisions may interfere with the Fiscal Disparity Program's emphasis on pooling tax revenue from the commercial-industrial tax base, since provisions commonly require all real property to be "assessed in the same manner and at

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[55] Ohio Legislative Service Commission, 2010.

the same percentage of true value, and taxed at the same millage rate."[56] All revenue must be taxed uniformly; commercial and industrial property taxes cannot be assessed at a higher rate.

City-County Mergers

Though city-county mergers can require a more significant degree of state intervention—such as enabling legislation, or state oversight of the merger—potential exists for greater efficiency and effectiveness in having fewer governments deliver and be accountable for services. Many city-county mergers arise from a need to strengthen economic development and planning efforts regionally, not from a need to reduce costs. [57] Indeed, evidence exists that city-county mergers can lead to improved success in economic development and increased collaboration and partnerships throughout the region.[58] Studies of city-county mergers around the country have found that contrary to popular belief, mergers are not the result of a civic or political crisis. Instead, successful mergers occur in metros with strong private and public leadership that have a clear vision for the region's economic future.[59] Also, there may be incremental approaches to mergers that are particularly relevant for legacy cities. In several states in which legacy cities are located, an incremental approach allows some city and county services or offices to be eliminated and/or merged over time.[60]

There are three types of City-County consolidation methods—one-, two-, or three-tier.

One-Tier

The One-Tier consolidation method results in a single new government which is responsible for all service delivery in the area. This type of integration is the most popular of the three tiers. Well-known examples of the one-tier consolidation include Louisville-Jefferson County, Kentucky, Nashville, Tennessee, and Indianapolis-Marion County, Indiana.

- The Louisville-Jefferson County merger finally successfully passed voter approval on in 2003 on its fourth try after being recommended by a Kentucky General Assembly task force. The merger brought together both the executive and legislative branches of Jefferson County and Louisville. Incorporated suburban cities in the county stayed intact with their premerger boundaries, services and elected officials. All residents of the new combined merger vote on a single mayor. The 26-member council is elected by districts, which include Louisville, the incorporated suburban cities and previously unincorporated areas within Jefferson County. Left unchanged were a three-tier level of property taxes

[56] *Ibid*.

[57] Pennsylvania Economy League, 2007.

[58] *Ibid*.

[59] *Ibid*.

[60] In Ohio, the county charter form of government, which is provided for by law, can be the effective starting point for city-county mergers.

that varies according to the level of services received in the (1) urban core, (2) suburbs, and (3) unincorporated areas.

- The Nashville-Davidson County, Tennessee, consolidation was passed by referendum in 1963. The consolidation was driven by the need to improve services in unincorporated, rural areas. The county does have a consolidated school system; other county consolidated services include police, basic fire and ambulance, courts, health, welfare, mass transit and parks and recreation.

- "Unigov," the Indianapolis and Marion County consolidation was established in 1970; unlike the aforementioned mergers which required a residential vote, the Indianapolis/Marion County consolidation was developed through legislation passed by the Indiana General Assembly.

While is it evident there is no "one-size" fits all model of a city-county merger, there are several similarities between the above models. First, debt and debt repayments remain the sole responsibility of the jurisdiction that incurred them. Typically, tier-one mergers do not affect independent suburban municipalities, school districts, or volunteer fire districts. Most one-tiered consolidated city/county governments have been designated as "cities" that provide for typical municipal services such as garbage collection and fire protection, within the urban area, and at the same time provide for county-level services such as human services, courts and jails for the entire county. These merged governments are divided into a general service district (GSD) and an urban service district (USD). In the GSD a uniform base-level tax rate paid throughout the country pays for basic countywide services. In the USD, additional municipal services or an augmented level of services are provided within the old city limits and are paid for by a correspondingly higher tax rate imposed within the USD jurisdiction.

Two-Tier

Two-tier consolidation involves two levels of government, one to provide services at the local level and another to address regional issues. Miami-Dade County for example allows each municipality to have its own government and provide police and zoning protection services, while being governed by a county-wide elected mayor and a board of commissioners elected from 13 districts within the county. The regional government tier oversees 25 departments, including regional finance, parks and recreation, public housing and community development, public works, economic development, planning and transit.[61] There are also mayors elected individually in Miami and the other 34 municipalities.[62]

Three-Tier

There are only two examples in the United States of a three-tier consolidation: The Metropolitan Council of the Twin Cities and Portland, Oregon. The three-tier consolidation method includes integration of multiple counties and requires state legislation and often a constitutional

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[61] Miami-Dade County Government, 2011.

[62] Pennsylvania Economy League, 2007.

amendment. The Metropolitan Council of the Twin Cities was established in 1967 by the state legislature. It is governed by a 17-member board of metropolitan residents appointed by the governor, who also appoints the chair. The Metropolitan Council has taxing and policy-making authority over special districts and local planning processes. The Council operates the region's bus systems, collects and treats wastewater, maintains an urban service area to guide orderly regional growth and provides a framework for decision-making and provision of regional services.

Studies have found that an inverted U-shaped relationship exists between size and efficiency: efficiency increases with a population size of up to about 25,000 people and remains relatively unchanged until the size reaches 250,000, at which point counties with populations of 250,000 may achieve economies of scale. The data therefore suggests there is the potential for innovative city-county mergers for small or large populations. There is also evidence of savings from increased efficiencies of scale benefiting small counties 5 to 1.[63] However, there is limited evidence supporting the need for integration for populations that fall between the two population sizes and that integration lead to greater governmental efficiency.[64]

Right now, it appears that inadequate data exists to draw broad-based conclusions about whether and how these mergers lead to specific types of cost savings, and the limited data that does exist on cost savings is mixed, because of the difficulty in finding metrics that allow comparison of "apples to apples" among jurisdictions. However, mergers may help with more efficient distribution of economic development funds by reducing harmful competition between neighbors.

While it can be difficult to calculate actual savings and improvements since there are many different variables, such as population size, and the political environment, there are still benefits to city-county consolidation. For example the Louisville-Jefferson County, Kentucky, consolidation experienced some identified benefits: a post-consolidation increase in their credit rating; a savings in executive branch salaries; and extended new services previously offered only within Louisville, without tax increases.[65] Other financial benefits are derived from a reduction in workforce, facilities and equipment.[66] Also, an important aspect to underscore is that many of the above examples were predicated on other legitimate objectives, such as a need to bolster economic development and regulate planning practices—not to streamline governmental costs.

On the downside, mergers can be costly and time-consuming to implement. Consolidation through a city/county merger has not been shown to be consistently effective in increasing efficiency of municipal service delivery, even if there are other benefits. Reductions in the number of employees, for example, can lead to increases in work load per employee and thus less service delivery.

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[63] Holzer, Ph.D., Fry, & Charbonneau, Literature Review and Analysis Related to Municipal Goverment Consolidation, 2009. Rutgers School of Public Affairs and Administration.

[64] *Ibid.*

[65] http://www.louisvilleky.gov/yourgovernment/merger.html.

[66] Holzer, Ph.D., Fry, & Charbonneau, *op.cit.*

Factors in considering city-county mergers include the following.

- The potential for increased costs, especially during the initial stages of the merger; such as, the cost of transition, reconciling service and salary differences, potential additional equipment and administrative infrastructures.[67] Lower costs however, can be achieved in the long term, especially as economic development and planning efforts become more centralized.

- City-county mergers usually must get authorization from the state, and in all cases, except the Indianapolis-Marion County merger, require referenda to be decided by voters.

- High rates of failure exist in initial ballot attempts.[68] Nashville and Louisville took several attempts over a period of five and 44 years respectively, before finally passing the consolidation by referendum. Successful passage is dependent on a myriad of factors, including strong leadership, a solid vision and clear development planning.

- Consolidation is also more likely to occur in counties where a higher percentage of the population resides within the city rather than the county.

Recommendations

The role of the state in shaping these new forms of local government integration is important but varied, and many precedents and legislative or constitutional language may already exist upon which more comprehensive reforms can be built. There is clearly a state role here for reforms that could facilitate these changes at the local and metropolitan levels. Here are some ideas that states could adopt to facilitate changing forms:

- **Create a Local Government Innovation Council (LGIC)** to oversee the modernization of local governments by providing innovative leadership on governance reform, collecting data on local governments to help set efficiency standards, and offering technical assistance for local governments that are merging or initiating other new governance structures.

- **Develop a protocol for collecting data on local governments' costs and level of services**, so that the Local Government Innovation Council can create efficiency standards, evaluate the performance of local governments, and develop other indicators of performance. This protocol can also develop standardized auditing requirements for local governments so that the state can accurately evaluate new integrations.

- **Create Due Diligence and Reform Action Teams (DDRATs).** These Teams would be an administratively developed to provide state support to local efforts for

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[67] *Ibid.*

[68] *Ibid.*

governance reform. A DDRAT would provide technical support and capacity building to develop plans to consolidate, collaborate, privatize, merge or share services. DDRATs would form when a local government has failed a tax issue or when regions have an above average number of local governments per county and below average tax capacity. DDRATs could also form in response to municipalities that are designated by the Auditor of State as being in "fiscal crisis."

- **Pass legislation to make regional revenue pooling permissive.** Allowing regions to pool resources regionally paves the way for robust regional economic development and infrastructure development, and mitigates the antiquated tax structure which fosters unhealthy competition within a region. Revenue pooling can help undercut the impulse to poach businesses or compete across boundaries by spreading the benefits of new growth beyond just the local jurisdiction boundaries to the broader region.

- **Pass legislation to explicitly make City-County Mergers permissive.** City-county mergers can benefit economic development efforts on a regional basis and bestow greater planning authority on counties. In some states, the county charter form of government allows for absorption by the county of municipal functions. [add here]

Local governance reform for legacy cities must be cost effective and increase efficiencies but also prevent or reduce urban sprawl and improve the fiscal condition and competitiveness of the primary city.

IV. What Does It Take To Change?

Change is difficult. Moving toward any of the new forms described in the preceding section requires difficult decisions, and requires local officials, business leaders, and citizens to engage in wrenching processes of uncoupling themselves from prior patterns of thinking and acting in order to embrace new ones. Not surprisingly, there are many factors that act as constraints on such change, particularly with respect to the issue of changing the physical form of the city, and moving toward new discontinuous models of urban form. At the same time, there are ways that cities have found to overcome those constraints and make change a reality, ways that can be adopted or adapted by other cities facing similar challenges. In this section we explore both the obstacles blocking change as well as the opportunities that may make it possible, and the implications of both for public policy and strategies designed to foster urban regeneration in legacy cities.

A. Constraints on Change

<u>Practical Barriers</u>

The practical barriers to realization of plans for change might well be more than enough in themselves to scuttle any such effort. Most cities are under severe fiscal stress at present; legacy cities are particularly hard hit, as they suffer from structural fiscal problems likely to constrain their ability to maintain public services, let alone invest in change. These obstacles are most clearly seen in the area of physical or spatial reconfiguration. Activities such as demolition and relocation are wildly expensive. The cost of remediating environmentally contaminated sites, which are widespread in the disinvested sections of legacy cities, and which may be necessary for many prospective reuses of these sites, is likely to be in the billions. No plausible source of public or private funds currently exists, nor is any likely to emerge in the foreseeable future, at a scale capable of implementing a large-scale physical reconfiguration plan in any of the cities in which it might be seen as an appropriate strategy. Moreover, given the many competing demands facing cities, if funds of such magnitude were available, it is hard to argue that this ought to be the highest priority.

If the resources to mount large scale reconfiguration strategies are lacking, many of the direct fiscal or economic benefits may well be overstated. Many legacy cities have already cut services drastically in response to their fiscal problems, making draconian reductions such as massive cuts in police and fire personnel, elimination of capital expenditures, or elimination of street lighting.[69] Public schools and firehouses have been closed, often not without controversy, while some cities have engaged *de facto* decommissioning of streets in largely depopulated areas by curtailing maintenance and repair. These steps have led to widespread deterioration in the quality of public service and the physical environment, while offering little long-term relief to these cities' overwhelming fiscal problems.

Fostering practicable, large-scale reuse strategies is equally problematic. No city fully controls the inventory of vacant and underutilized land whose reuse is a condition of reconfiguration; with the possible exception of the Genesee County Land Bank in Flint, Michigan, no local government has even seriously attempted to gain control of that inventory. Most local officials are understandably reluctant to take responsibility for hundreds or even thousands of vacant properties and remove them from the tax rolls. Land assembly as a response to a specific development proposal or community initiative may take place, but land assembly *as a comprehensive strategy* appears stillborn.

Even if land assembly were less of an obstacle, large-scale reuse would still be problematic. While urban agriculture is practiced on a small scale in many legacy cities, nowhere has it grown to a scale where it could absorb more than a minute fraction of the available land, while the obstacles to doing so, including environmentally contaminated soils, access to markets, and the short growing season characteristic of most legacy city regions, are substantial. While urban agriculture offers some real benefits, its potential as a tool for large-scale urban reconfiguration is uncertain and may turn out to be very limited.

While the practical obstacles to change in other areas, such as economic restructuring or reframing regional relationships, may not be as unequivocal and compelling as in the case of urban reconfiguration, they remain significant. While the most significant barriers to regional restructuring may be political, legal and fiscal obstacles, including antiquated state tax policies

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[69] Examples of all three can be found in Michigan in recent years. Flint has reduced the number of sworn police officers by more than two-thirds, and the number of firefighters by over half, since 2001. Saginaw has eliminated its capital budget, and Highland Park has removed all but 500 of 1,600 street lights.

and the economic risks, real and perceived, to suburban jurisdictions of greater economic integration with their urban neighbors should not be underestimated.

Political Obstacles

Over and above the practical obstacles, the political barriers to carrying out large-scale transformation appear equally daunting. Although an area may appear to the planner to have lost its viability as a community, the remaining people who live there may not share that perspective. Detroit Mayor Bing's 2010 statements about "rightsizing" that city unleashed a firestorm of community opposition.[70] The idea of reconfiguration or rightsizing once-vital neighborhoods carries with it powerful negative associations that can override seemingly practical considerations. Although the federal urban renewal program was formally abolished almost forty years ago, its echoes still resonate in many African-American urban neighborhoods.

While one can argue that physical reconfiguration is racially neutral in intent, the reality is that the residents of areas most likely to be seen as candidates for reconfiguration in most legacy cities are disproportionately African-American. The racial divide continues to be central to the political reality of nearly all legacy cities, which are typically divided between white and African-American populations[71] and where the latter are usually both disproportionately poor and disproportionately under-represented in the city's circles of power. Even where much of the visible political leadership may be African-American, the nongovernmental leadership—the remaining economic actors, the heads of major universities and hospitals and the leaders of powerful citywide organizations—are often largely white. As one of the authors has written elsewhere, "In an already fragmented polity, any public action that can be read in overtly racial terms, particularly—as is likely to be true of land reconfiguration—when the action will in fact disproportionately affect African-Americans, is at risk of being interpreted as such, whatever its intent (Mallach 2011a)."

The racial divide, along with the economic divide, form the subtext for much of the political opposition to rethinking local governance structures and to regional realignment. Within local government, racial issues may further compound politicians' natural reluctance to share power or control with non-governmental partners. At the regional level, even where the more far-sighted suburban politicians may understand the rationale for building cooperative relationships with central cities, and addressing economic development, growth and infrastructure issues on a regional rather than a narrowly local basis, their constituents, many of whom are "refugees" from urban decline may resist any loss of autonomy in the interest of regionalism.

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[70] Sam Butler, "Detroit Case Study" in Joseph Schilling and Alan Mallach (2012). *Cities in Transition: A Guide for Practicing Planners* Chicago IL: American planning Association.

[71] In contrast to other cities where growth has been fueled by immigration in recent decades, few legacy cities have drawn significant Latino or Asian communities.

Path Dependence

As commonly used in the literature, "path dependence means that current and future states, actions, or decisions depend on the path of previous states, actions, or decisions."[72] As such, path dependence stresses the extent to which the decisions being made in the future are constrained by those made in the past. There are few arenas where the evidence for path dependence is stronger than in the case of legacy cities; behaviors and attitudes that were formed in the years of these cities' industrial strength continued to dominate for decades afterward, during which time it was not only impossible to act on the basis of the obvious changes that were taking place to the cities' fabric, but all but impossible even to discuss them in a rational fashion. The polemics that followed Roger Starr's 1976 article calling for the "planned shrinkage" of parts of New York City, or the ridicule with which the Detroit City Ombudsman's call for "mothballing" severely blighted areas in 1993 was received reflected not only the political sensitivity of these issues but also the effect of path dependence on the culture of these cities.

The shift in attitudes that began in the past decade reflected both the cumulative effect of decades of decline and the reality that a generation of political, civic and business leaders had grown up since the trajectory of decline had become apparent. What this often meant, however, was that rather than leading to a readiness to confront these issues, a new structure of path dependence, based on assumptions of continued decline and grounded in behaviors associated with mitigating the visible effects of decline rather than fostering change, emerged to replace the prior framework of denial. While those who have experienced nothing but decline may be ready to acknowledge its existence, they may also have difficulty even conceptualizing a different reality. Although the discourse may have changed, the political and institutional systems that drive decision-making have changed less, if at all, in most cities.[73]

Path dependence is facilitated by legacy cities' institutional status quo, which provides significant benefits for those who participate in the system and perpetuates the spatial status quo. This can be financial, in the sense of the salaries and perks for mayors and city council members[74] or the flow of subsidy funds for construction of new housing in areas which already have a surplus of low-cost housing; or can be measured in terms of status and prestige, whether that of elected officials or of civic leaders. In such systems, public policies and public resource allocation tend to be driven by past practices, however irrelevant or wasteful they may have become; or they become a form of benign patronage which spreads funds thinly across the community without strategic focus or direction. These policies can be seen as a form of what is known as "lock in" in path dependence, where an inferior outcome is pursued "where superior

[72] Page, Scott E. (2006). "Path Dependence" *Quarterly Journal of Political Science* 1: 87–115

[73] What appears to be a significant exception is the city of Pittsburgh, where change appears to have triggered significantly more and earlier reconsideration of institutional relationships than in most similar cities. Of all major cities that have experienced significant population loss over the past decades, Pittsburgh is arguably the most successful in terms of regeneration.

[74] This is exacerbated by the notorious urban pattern of extremely low voter turnouts for local elections, particularly in the areas most likely to be affected by physical reconfiguration.

alternatives exist, are known, and where the costs of switching are not high"[75] (Leibowitz and Margolis 1999).

This behavior is not necessarily driven by base or inappropriate personal interests. For a political leader who does not truly believe that a significant change in her city's trajectory is realistically possible and who is well aware of the political and practical constraints discussed above, there is no credible reason for her to risk her political standing or the city's resources on actions that she sees as being unlikely to have any productive outcomes. As one writer points out, "Temporal, financial, and spatial constraints all create negative externalities"[76], which reinforce path dependence. The larger and more ambitious the effort, the greater the difficulty in overcoming the constraints, the greater the perceived risk, and the more remote any likely beneficial return, either in terms of community gains or personal political benefit.

B. Making Change Happen

Given the powerful obstacles to change, one may wonder how it is that change takes place at all. That it does take place reflects the reality that there are also pressures *for* change, as well as opportunities that can be seized by effective leaders and partnerships. These often reflect the widespread, although often unspoken, recognition by many of the residents and leaders of legacy cities that the *status quo* is not acceptable, and that change, with all its costs and risks, is needed. Where effective leaders have been able to capitalize on that recognition, and use it to build a sustained effort to change conditions, the results can be dramatic.

Catalytic Events

In some cases the impetus for change is a particular catalytic event, an event of such significance that it catalyzes a community's energy, and leads to transformative action. A dramatic example of such a catalytic event was the IRA bombing of downtown Manchester, in northern England, in June of 1996. The bomb, which destroyed or severely damaged over one million square feet of retail and office space, although miraculously with no loss of life, triggered a rapid response by the city's political and civic leadership, along with significant national government involvement. Before the end of the year, planning for reconstruction was under way, and rebuilding began before the end of 1997. By the fall of 1999, over £550 million (roughly $900 million) had been invested in redevelopment, and by 2000, the entire area had been rebuilt, in turn spurring extensive redevelopment and reinvestment in surrounding undamaged areas. While Manchester was already showing important signs of change, there is little doubt that the bombing acted as a catalyst for further regeneration.

Manchester's effective response to the bombing was not an accident. For more than a decade, city government under the leadership of Graham Stringer, leader of Manchester City Council[77]

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[75] Liebowitz, Stan J. and Stephen E. Margolis (1999) "Path Dependence" in Bouckaert, B. and DeGeest, G., eds. *Encyclopedia of Law & Economics.* Cheltenham, UK: Edward Elgar and University of Ghent.

[76] Page, *op.cit*

[77] Manchester, like most English cities, does not elect a mayor. The Leader of City Council is the closest political equivalent.

and Howard Bernstein, the city's chief executive[78] had been building both internal capacity and a network of partnerships with non-governmental partners, a process without which it is unlikely that they would have been able to respond effectively to the challenge posed by the bombing.[79] That process of capacity and partnership-building was the essential precondition for change, which gives the lie to Rahm Emmanuel's famous dictum, "you never want a crisis to go to waste."[80] *Unless the capacity to respond effectively to the crisis is already present, the crisis will inevitably go to waste in whole or large part*.

Youngstown's "black Monday," the day in September, 1977, when the city's first steel mill closed—to be followed in short order by the others—was as dramatic and visible a crisis in its way as the Manchester bombing, yet led to no sustained or transformative change. While factors outside the city's control were also involved, Youngstown did not have the capacity, whether with respect to leadership, partnerships, resources or technical sophistication, to translate the crisis into change.[81] The ability to capitalize on a crisis, or a catalytic event, is a function of the capacity and leadership *already* in place.

<u>Leadership and Partnerships</u>

Change does not just happen, nor does the ability to seize the opportunities that exist or which emerge for change. The key characteristic defining whether opportunities are taken advantage of, and steps taken to change, is what we call leadership. Leadership, however, can come from many different directions; to use Xavier DeSouza Briggs' phrase, from the "grassroots or grasstops."[82]

Public sector leadership, typically in the form of a strong mayor such as Richard Daley in Chicago or Thomas Menino in Boston, is widely celebrated, and the relative success of their cities is widely attributed to their leadership capacity. At the same time, centralized leadership is not the only way in which cities can change. Philadelphia and St. Louis are two legacy cities that have shown remarkable capacity for regeneration in the past two decades, yet St. Louis largely

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[78] A position similar to that of city manager in many American cities where such an official administers city government, while being accountable to an elected city council. At the time of the bombing, Bernstein was deputy chief executive, in which capacity he took responsibility for the rebuilding effort. He became the city's chief executive in 1998.

[79] It is instructive to compare this to the political response to the Ground Zero bombing in New York city, where the absence of single political leadership—reflected in the competing demands and pressures coming from the city of New York and the states of New York and New Jersey—and the lack of effective partnerships between key stakeholders led to a long-drawn-out and often unseemly conflict-ridden process before even the most fundamental decisions could be made about the future of the site.

[80] This line is cited often; one citation is from a speech to the Wall Street Journal CEO Council, reported in "In Crisis, Opportunity for Obama", *Wall Street Journal,* November 21, 2008, http://online.wsj.com/article/SB122721278056345271.html accessed July 14, 2012.

[81] For an insightful discussion of this issue see Sean Safford, *Why the Garden Club Couldn't Save Youngstown* Cambridge MA: Harvard University Press 2009.

[82] This phrase comes from Briggs' book *Democracy as Problem Solving: Civic Capacity in Communities Across the Globe.* Cambridge, MA: The MIT Press 2008. This book is exceptionally valuable on the subject of the manner in which the capacity for change develops.

lacked strong political leadership for the entire period, while it was largely absent in Philadelphia for most of the decade of the 2000s.

Much of what has happened in those two cities can be attributed to decentralized initiatives, emerging from any of a number of different sources. The University of Pennsylvania has been a key leader in Philadelphia, both directly with respect to its surrounding neighborhood in West Philadelphia, and indirectly through the work of PennPraxis, an applied research and outreach center at the Penn School of Design, which has played a significant role in building coalitions around key initiatives, notably the Delaware River Waterfront. In St. Louis, coalitions, often led by the city's strong non-profit sector, emerge around key issues or in key geographic areas. The growth of the city's economic engine, the Central Corridor, which contains St. Louis University, Washington University, and Barnes Jewish Hospital, is fostered by an informal coalition whose de facto leader is Washington University. A recent successful ballot initiative to finance a major expansion of the regional transit system was led by a civic/non-profit coalition, which the city's corporate community joined, but did not lead.[83]

Similarly, the regeneration of Midtown Detroit since the 1980s, which has taken place while much of the rest of the city was experiencing deterioration or worse, was largely driven by the University Cultural Center Association, a non-profit development organization recently renamed Midtown Detroit Inc., under the leadership of Sue Mosey, a dynamic figure who has come to be known as the informal "mayor of Midtown." Much of the impetus for creation of the UCCA came from the area's major institutions, including Wayne State University and the Detroit Medical Center. Many similar examples where community-based CDCs and other organizations have brought about change in their neighborhood, or led coalitions to foster specific citywide policy changes, can also be cited.

All such efforts, however, have significant limitations. Both Philadelphia and St. Louis are located within relatively economically successful regions, which have helped fuel those cities' economies, and foster the impetus for investment in the city. Moreover, such efforts tend to foster isolated "islands" of regeneration, which may not leverage change beyond their boundaries. Midtown Detroit contains, within a small compass, the great majority of the important educational, health care, and cultural assets that the entire city has to offer. Arguably a more successful example of bringing change to scale and sustaining change over time is Pittsburgh, where strong public-private partnerships focused on change have led revitalization efforts from the late 1940s to the present.

The Pittsburgh experience highlights the importance of the ability of partnerships to change over time, while maintaining their effectiveness and their ability to lead change over that period. Changes in urban economies over the decades inevitably lead to the decline of some sectors—with their leaders becoming less significant actors as a result—and the growth of others. A critical feature in Pittsburgh's ability to re-establish a positive trajectory after the collapse of its heavy industry in the 1970s was the ability of its partnership structures to reorganize, and bring new elements into the coalition, particularly the leaders of the city's emerging universities,

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[83] Interview with Todd Swanstrom, Professor in Community Collaboration and Public Policy, University of Missouri at St. Louis, May 7, 2012.

medical centers and emerging high-tech sector, to supplement—and ultimately largely supplant—the industrial barons who had built the initial post-World War II coalition.

Tools for Change

While leaderships and partnerships are critical to the process of change, their effect is delimited by the ability of the city and its partners to execute; to carry out the plans, to take the actions, and to strike the deals all of which are necessary to move the process of change forward. Under this broad rubric of tools for change, we have identified three distinct areas important for local regeneration: capacity, legal powers, and state government engagement.

Capacity

Leadership, in many respects, is but the tip of the iceberg. The capacity of local government, as well as that of other local institutions such as CDCs, developers and others to carry out plans and realize the city's vision is equally important. Capacity is both managerial and technical: does the city have the ability to manage its resources effectively, and does it have the capacity to frame and carry out complex tasks and responsibilities? Closely related to these questions is whether the city is organized internally, or whether lines of communication and divisions of responsibility are established—within city government or among the various stakeholders in the city—to enable the tasks and responsibilities to be carried out.

American cities offer many good and bad examples. In Baltimore, code enforcement has been streamlined and integrated with larger vacant property strategies so that the city's resources are efficiently directed to maximizing the reuse of vacant and problem properties. In many other cities, however, little or no connection may exist between the different pieces of the city's problem property efforts, while the lack of strong management systems and technological tools means that inspectors spend more time at their desks than in the field.

Building, or even maintaining, local government capacity has become increasingly difficult as nearly all legacy cities wrestle with problems of stagnant or diminishing local revenues and steadily increasing costs, including the costs of providing pension and health care benefits to a growing pool of retirees. Layoffs have become common in local government; between 2001 and 2011, Dayton cut over 800 jobs, or nearly 30 percent of its workforce, from the local government payroll, while Flint went from nearly 600 police officers and firefighters to less than 230. In this climate, finding the resources to hire or keep planners, housing inspectors and economic development specialists is understandably difficult.

Legal Powers

Capable staff and strong leaders need strong legal tools to pursue their goals. Particularly when it comes to tools to deal with problem properties, states vary widely both with respect to the legal tools that state law gives local governments, as well as the leeway given cities and towns to design their own strategies. While Maryland gives the city of Baltimore broad discretion to enact local ordinances to address problem properties, many states, particularly so-called "Dillon's rule" states like Virginia and North Carolina, do not. A number of states have given local governments the power to conduct what is known as "spot blight" eminent domain, under which cities can use eminent domain to take individual vacant and blighting properties and convey them to responsible parties. At the same time, other states, in the wake of the Supreme Court's 2005 *Kelo* decision, have rolled back legal powers to use eminent domain for redevelopment granted in the 1950s. Tax foreclosure is another area where state laws vary widely; while some states allow municipalities or counties the ability to take control of tax-delinquent properties through the tax foreclosure process, others require the city or county to put the property up for sale to the highest bidder, all but ensuring that many problem properties fall into the hands of speculators, often to be back on the tax auction list two or three years later.

State Government Engagement

Brachman has already written extensively on the importance of the state government role in addressing the needs of legacy cities.[84] States not only establish the ground rules under which cities can operate, and the manner in which they interaction political and economically with their regions, and define the parameters of change through their policies and how they distribute state resources. In many cases, these state powers have been used in ways that work against the regeneration of legacy cities, by perpetuating fragmented local government, creating fiscal systems that are weighted against older cities and suburbs, and fostering economic development strategies that favor greenfield development over urban land reuse.

States can and must play a major role, by reforming state laws and policies that work against legacy cities, and that foster regional competition rather than cooperation; in fostering stronger governance and greater capacity in local government; and by making strategic use of state resources to enable cities to leverage their assets and foster innovation.

<u>Sustaining Effort and Adapting to Change</u>

The quality of the city's vision of the future, and the continuity and consistency with which it pursues it, may be more important than the role of any single leader or partnership. Vision, in this sense, is a coherent body of aspirations, *firmly grounded in reality*, for the city, which must then be translated into a strategic plan. Realizing any such vision, however, is a slow, long-drawn-out process. Implementing even modest strategies takes years, and major efforts are likely to take decades. Successful regeneration, moreover, is rarely the result of a single mega-project, but is far more likely to emerge through the cumulative effect of smaller initiatives.

Continuity, in the sense of sustaining the effort year after year, and maintaining a consistent, coherent strategy over many years through changes in political and civic leadership, while nonetheless remaining adaptable enough to be able to respond successfully to both the shocks and opportunities presented by change is the *sine qua non* of successful regeneration. That continuity, more than the high-profile presence of a single individual, may be the strongest evidence that effective leadership is present.

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[84] Lavea Brachman, "New State and Federal Policy Agendas: Realizing the Potential of America's Legacy Cities and their Regions" in Mallach, ed. (2012).

Any significant turnaround of a legacy city runs the risk of being temporary rather than sustainable. Given the long-term nature of any strategy for regeneration, it will constantly be subject to changing macroeconomic conditions, potentially undoing the effect of one set of strategies, and dictating that new ones be developed in their place. Pittsburgh's so-called "renaissance 1" was centered in large-scale downtown investment driven by major industrial corporations located in the city, grounded in the city's manufacturing economy. A few decades later, that economy was dead or dying, and those corporations were a shadow of their former selves. Pittsburgh's success today is very much a product of the city's ability to adapt, and build new strategies based on their growing industries—universities and medical institutions—and the emerging high-tech sector.

As figure 3 illustrates, Lowell, Massachusetts, has gone through similar transitions during its efforts at revival that began in the 1970s. Of the two drivers of change that were the focus of their first generation revitalization strategy, the Wang Corporation declined in the late 1980s and filed for bankruptcy in 1992,[85] while the Lowell National Historic Park, although a solid long-term asset for the city, had effectively plateaued by the 1980s in terms of its economic impact. During the 1990s, however, even as the city was reeling from the loss of Wang and the effects of the recession, new revitalization strategies were being developed and put into place. During that same period, the city took the initiative to package the Ayer Lofts property for redevelopment. As a result, Lowell was exceptionally well-positioned to take advantage of the opportunities of the 2000s.

The concept of resilience may be very relevant to this discussion. While resilience has been used in an urban context largely to describe cities' ability to respond to natural disasters, it is emerging as a useful framework with which to look at the ability of both cities and regions to respond to the challenges of economic change, and as a way of evaluating the underlying institutional and even cultural forces working to promote or impede a city's revitalization.[86] A central question that remains uncertain is why certain cities or regions are more or less resilient. It is likely that history and local culture play an important role.

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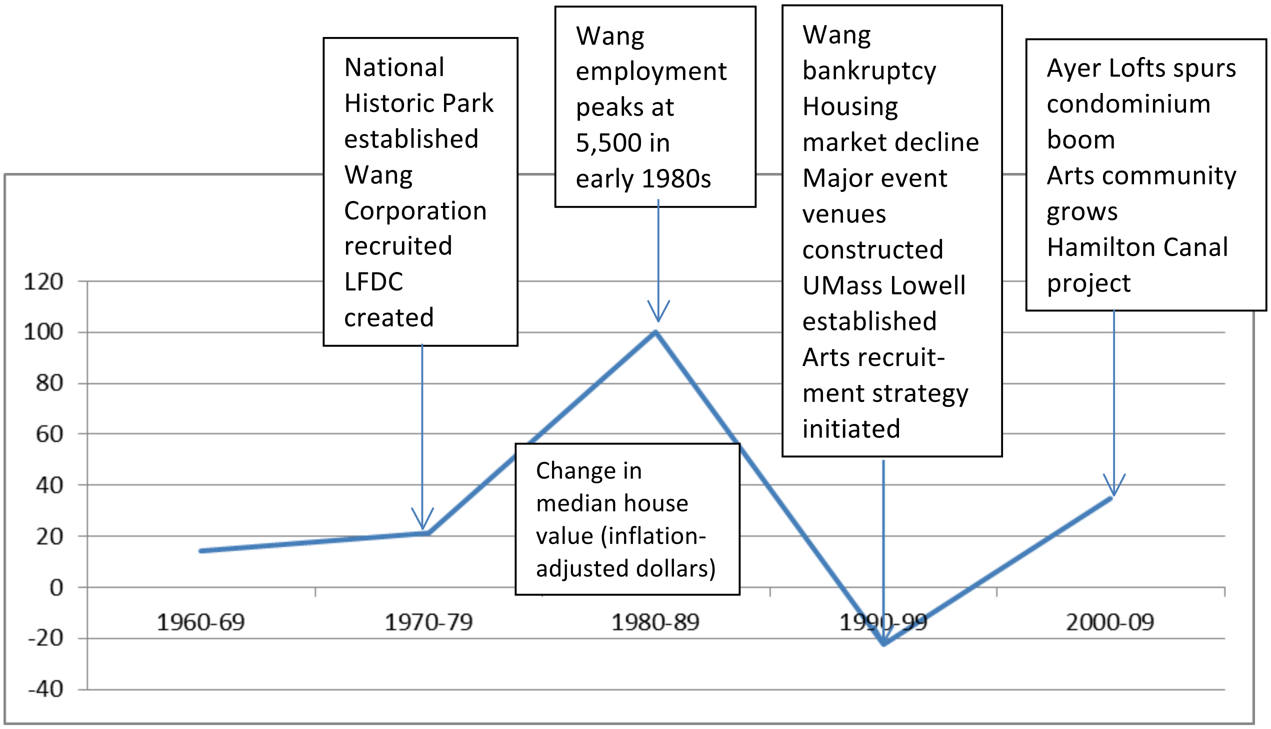
[85] The Wang corporate office complex in Lowell, containing over 1 million square feet of floor space, was sold at auction in 1994 for $525,000, or barely $0.50/square foot.

[86] For an overview of current thinking on this subject, see Chapple, Karen and Bill Lester 2007. Emerging Patterns of Regional Resilience, IURD Working Paper Series 2007–13, Institute of Urban and Regional Development, UC Berkeley http://escholarship.org/uc/item/9b7979mq, accessed July 29, 2012. For a somewhat more skeptical view, see Robert Hassink "Regional resilience: a promising concept to explain differences in regional economic adaptability?" *Cambridge Journal of Regions, Economy and Society* 3 (2010).

Fig. 3: Long-Term Strategies and Initiatives in Lowell Massachusetts 1960–2010[87]



C. Finding New Forms: The Case for Strategic Incrementalism

The watchword for creating new forms—whether they be physical, government or economic—is strategic incrementalism. Having a vision of the city's future is a necessary starting point for change. Without a shared sense that their city can be a better place, and that its seemingly inevitable downward trajectory can be halted and reversed, no body of local officials or civic leaders will find the will to break loose of path dependence and make decisions that go beyond perpetuating the status quo and, at best, cushioning the path of decline. At the same time, planners and policymakers in legacy cities must match their ambitions to reality, and avoid big plans along with grandiose pronouncements at odds with reality. Furthermore, they must focus more clearly on the distinction between vision, plan and action.

A key takeaway from the implementation of the various forms of regional governance is the importance of melding a long-term strategic vision with an incremental process. This is particularly important in the case of legacy cities that are experimenting simultaneously with a number of new forms—physical, governance, fiscal and economic relationships, and city-metropolitan relationships. Those charged with creating and nurturing the strategic vision need to build a case for it and for its implementation, because the obstacles to implementation are great. Building a case for new governance forms based on the need for greater cost efficiencies—and thus the reduced burden on the taxpayer—is compelling in tough economic times. For instance,

[87] The authors are grateful to Adam Baacke, Deputy City Manager, City of Lowell, for much of the information presented in figure 3.

overall, the cost of sharing services and purchasing is low or is offset by the savings generated by the integration. The savings generated by pooling revenue appears to offset implementation and operational costs; and the cost-benefits of city-county mergers are varied and depend on a complex combination of variables. However, in the end, these arguments may not carry the day, and making incremental changes, such as sharing services, seem preferable to none at all. In places where more dramatic reforms have taken place, such as Indianapolis-Marion County and Louisville-Jefferson County, these reforms have been years in the making, occurring over a long period of incremental steps over time, allowing citizens time to adjust to and accept a new concept.

Framing a vision does not require that it be embodied in a formal plan, in the traditional sense of a comprehensive land use plan or similar document. While a plan can appear to be a powerful embodiment of a vision, it can equally become a diversion or an impediment; in its place, cities should explore multiple strategic planning processes, reflecting the multifaceted nature of their activities.[88] Cities and their partners typically take two types of action to further revitalization. At intervals, the opportunity for large-scale transformative redevelopment appears, as with the reconfiguration of the Bethlehem Steel Works in Bethlehem, Pennsylvania, the Cincinnati riverfront, or Hamilton Canal in Lowell. Those are special cases, which demand comprehensive, strategic planning over many years. Most often, however, the actions that a city can realistically take in order to pursue its vision are modest, incremental steps; a revitalization strategy for a particular neighborhood or a green re-use for a handful of parcels or a city block. Over time, if pursued consistently, those incremental actions may become transformational. The revitalization strategy may stabilize a neighborhood that was at imminent risk of collapse, while the cumulative effect of green reuse projects in a particular area may create an environment which enhances the city's quality of life, and which may further important concrete objectives such as stormwater management or food security.

Cities take incremental actions all the time. Streets are resurfaced, parks improved, houses rehabilitated with HOME funds, Low Income Tax Credit projects built, and CDBG funds funneled into neighborhood improvement projects. In most cities, however, those actions and the choice of whether to pursue them and where they take place are not animated by any larger strategy or overall vision. In some cases they may be driven by political considerations; in others, as suggested earlier, by path dependence. Successful developers, in the narrow sense that their previous projects were completed more or less on time and on budget, are rewarded with more public funding and public land to build projects that may or may not serve any useful purpose for the city's future. Similarly, funds continue to flow to certain neighborhoods or CDCs for no better reason than that they have received such funds in the past.

A vision can replace such haphazard and often wasteful approaches by animating a series of strategies which can in turn guide specific decisions. For example, the vision for the city's neighborhoods may be no more complex than to make those neighborhoods, or some of them, neighborhoods of choice; that is, neighborhoods with the features that attract homebuyers who have enough income to choose between multiple neighborhoods within the regional housing market. That vision can be used as the basis for a series of action steps all of which are designed

[88] The nature of such a planning process is discussed in detail in Schilling and Mallach, op. cit.

to build a stronger market in that neighborhood, to draw new homebuyers, or convince existing homeowners that it is in their interest to stay. Those steps can be embodied in a neighborhood plan or neighborhood strategy, through which the actors involved in the process can understand the relationship and sequencing of the different elements that are being pursued to realize the vision.

Similarly, an understanding of which areas are losing population and should ultimately become "green" areas—but without adopting a hard-line map which becomes a lightning rod for conflict—can serve as a guide for opportunistic efforts such as those being pursued in Dayton, or small-scale bottom-up initiatives such as the Re-Imagining Cleveland pilot projects. This last is an example of how strategic incrementalism can work in practice; as described by one of its organizers, it is grounded in a coherent vision:

> The purpose of the Re-Imagining Cleveland initiative is to create new urban landscapes that better serve communities. These landscapes are envisioned to be made up of sustainable, distinctive neighborhoods with more efficient and valuable housing surrounded by repurposed land providing community benefit.[89]

A series of incremental steps driven by that vision have been jointly pursued by the city's planning department, Neighborhood Progress Inc., a local community development funding intermediary, and the Urban Design Center of the Kent State University School of Architecture. This led to the creation of a series of publications, including a land use decision matrix for evaluating appropriate reuses of vacant land, and a pattern book of specific reuse options. That, in turn, led to a pilot project through which over 50 individuals, organizations and institutions received small grants to carry out small-scale demonstration projects on vacant land sites around the city, such as the following:

- greening, small parks and walking paths;
- urban agriculture, including community gardens, urban farms, vineyards and orchards;
- side yard expansions and lot splits between neighbors;
- stormwater management, including rain gardens and bio-swales;
- off-street parking with pervious paving; and
- remediation of polluted sites through bio- and phyto-remediation techniques.

As Reichtell points out, this initiative has led to significant local policy changes:

> The City's Land Bank program […] has crafted policy and administrative changes to streamline vacant lot disposition. The City's Water Department is crafting new policies and fee structures for water usage to accommodate community and entrepreneurial vacant land reuse projects. The City Planning Commission and Cleveland City Council have adopted zoning changes and legislation that protect gardens and farms through garden district zoning and allow for easier use of land for agricultural purposes […]. To foster

[89] Reichtell, *op.cit.*, p 186.

local food entrepreneurs, the Cleveland Economic Development Department offers a small start-up grant and low-interest loan program for market gardens and urban farms.[90]

Another instructive example comes from Youngstown. Despite the attention that the Youngstown 2010 plan received, little concrete action followed its adoption. Things changed in 2009, when a local foundation created a citywide non-profit CDC (the Youngstown Neighborhood Development Corporation or YNDC) to carry out incremental strategies consistent with the vision embodied in the plan. This was a critical distinction; YNDC was not created, or did it attempt, to implement the plan itself, but to pursue independent, incremental actions consistent with the underlying vision, focusing on "the transformation of vulnerable, undervalued and transitional neighborhoods into healthy neighborhoods of choice—places where people are willing to invest their time, energy and resources and where residents can manage their own problems."[91]

Based on an assessment process that combined hard data on such issues as owner occupancy, foreclosures, and vacant properties with more qualitative assessment of community assets such as parks, schools and cultural institutions, and resident organizational strength and capacity, YNDC has begun to engage with three neighborhoods, with its greatest efforts focused on the Idora neighborhood in the city's southwest. A central part of their effort was the Lots of Green strategy, which "seeks to repurpose all land in a target area, transforming the physical fabric of strategic neighborhoods."[92] The relatively small Idora neighborhood contained some 120 vacant lots, making up a substantial part of the area's land inventory. All of them have been reused for purposes that include expansion of an adjacent regional park, community gardens, native planting sites, pocket parks, small community orchards, a 1.5 acre urban farm and training center, and side yard expansions.

YNDC has focused its resources not on the many parts of Youngstown which contain the most vacant land, but on neighborhoods that, although troubled, are at least potentially capable of regeneration. While this was clearly driven by the organization's mission, there is a broader case to be made to prioritize public and private resources in those areas over attempts to pursue large-scale reconfiguration of heavily abandoned areas. Legacy cities like Youngstown are seeing large-scale and often rapid destabilization of their "middle-ground neighborhoods," neighborhoods that were until recently relatively stable working class or middle-class communities. Absent concerted efforts to reverse this trend, such as YNDC's Idora strategy, some such cities may be left with few if any viable neighborhoods outside their downtown and near-downtown cores. This is a matter of far more urgency for the future viability, or even survival, of these cities than the repurposing of land in largely vacant areas.

Incremental approaches such as the Re-Imagining Cleveland project and YNDC's neighborhood strategies offer a promising model for addressing the realities of physical change in legacy cities. They represent ways of grappling with those realities that, however much they may fall short of radical transformation, are realistic and feasible, and offer the potential of leading to a

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[90] *Ibid*., p 187.

[91] http://www.yndc.org/about/mission-goals accessed April 10, 2012.

[92] http://www.yndc.org/programs/lots-green accessed April 10, 2012.

transformative process made up of a series of small, cumulative steps. At the same time, difficult questions remain, particularly with respect to how to direct and set priorities for the limited resources available to legacy cities.

However public officials may try to cushion the blow, allocating resources in an environment of severe scarcity is almost always a zero sum game. If a city rebuilds one street, it puts off rebuilding another; if one house is rehabilitated, another is left to the mercy of the elements. This reality is particularly relevant to the question of stabilizing and regenerating, as YNDC puts it, "vulnerable, undervalued and transitional neighborhoods." In Youngstown, Detroit, and similarly-situated cities, all but a handful of the city's traditional or middle-ground residential neighborhoods fit this description. At the same time, not only are the fiscal and organizational resources that might be used to tackle these neighborhoods' problems severely limited, but, even more importantly, aggregate market demand for the type of largely single-family housing that middle-ground neighborhoods offer is extremely limited, and almost certainly inadequate, even under the best circumstances, to ensure healthy demand for all of the homes in all of the neighborhoods that still remain at least potentially viable.

That, coupled with the limited public sector financial and technical resources available, raises the central question: Should public resources and market demand be intentionally channeled into some neighborhoods and not others in order to ensure that the critical mass of resources and demand are available in at least a few areas? While such a policy means that some areas may thrive and others wither, failure to do so may result in more, or even all, neighborhoods deteriorating and ultimately being added to the city's inventory of heavily abandoned and disinvested areas through lack of sustainable market demand. From a strictly utilitarian perspective, such a policy is clearly appropriate. The governance of cities, however, is not driven by utilitarian principles, but by a delicate balancing of personal, political, ideological and practical considerations, raising serious questions about cities' ability to adopt such strategies.[93] Pursuing strategic revitalization in an environment of severe resource constraint is a major challenge facing local officials and their partners.

V. Conclusion

It is a cliché but nonetheless true that "there are no silver bullets" to solve the challenges of turning around America's legacy cities. The problems are highly complex and the challenges deeply entrenched. However, hopeful signs are emerging: change coming from the herculean efforts of local heroes, who have forged a strategic vision for change, while articulating the incremental steps needed to move toward that vision, and bringing people together around that

[93] The one most widely cited counter-example, Richmond, Virginia's Neighborhoods in Bloom program, did not have to overcome similar obstacles. Under that rubric, after a careful process that was both data-driven and participatory, the city in 1999 directed 80 percent of its discretionary community development funds to six of the city's 49 neighborhoods for the next four years, with impressive results. The principal difference between Richmond and the cities discussed in this paper, however, is that the former was not suffering from the severe imbalance of supply and demand characteristic of Detroit or Youngstown; as a result, targeting discretionary resources to a relatively small number of areas was far from a death sentence for the neighborhoods which were not targeted, nor was it perceived as such.

goal. Finding new forms for these cities requires leadership, persistence, patience, and most of all, collaboration and partnerships.

While we defined earlier what it means to achieve "successful regeneration," we also recognize that when it comes to these places, success is never a Manichean concept, in which a city is seen as either recovered or not, but something that exists instead along a continuum of improvement; rather than a consistent upward trajectory, progress can move by fits and starts, with periods of decline interspersed with those of growth. This may be inevitable as the national and global economy continues to change, and the ingredients for economic success are constantly in flux.

These places were once the great economic engines of the American economy. With the right mixture of new forms and directions, their powerful assets and their historic can-do culture of achievement can provide the springboard for a new era of prosperity for America's legacy cities.