America’s smaller legacy cities are essential to the well-being and economic prosperity of their states and the nation as a whole. Places such as Akron and Allentown—older industrial centers with populations of less than 200,000 located primarily in the Midwest and Northeast—face common challenges, from poverty and disinvestment in neighborhoods to workforces whose skills do not match employer needs. Yet some play enduring roles in the national economy, and many more are important to their state and region. In Ohio, for example, residents of metropolitan areas around small and midsize legacy cities make up nearly a third of the state’s population and produce a third of the state’s gross domestic product.

While researchers and local leaders have identified strategies to jump-start revitalization in larger legacy cities like Pittsburgh and Baltimore, less attention has been paid to how these approaches might transfer to Muncie or Worcester. This report fills that gap. Combining rigorous research and data analysis with practical recommendations, the authors identify eight replicable strategies that are helping smaller legacy cities find their competitive edge and transform into thriving, sustainable communities:

1. Build Civic Capacity and Talent
2. Encourage a Shared Public- and Private-Sector Vision
3. Expand Opportunities for Low-Income Workers
4. Build on an Authentic Sense of Place
5. Focus Regional Efforts on Rebuilding a Strong Downtown
6. Engage in Community and Strategic Planning
7. Stabilize Distressed Neighborhoods
8. Strategically Leverage State Policies

Richly illustrated with case studies, graphics, and photographs, this report will be useful to practitioners looking for tools to stimulate economic regrowth in smaller legacy cities: mayors and other local government officials; leaders of economic and community development organizations; city planners; community outreach staff at hospital systems, universities, or financial institutions; or researchers working on legacy city issues or economic restructuring in the industrial heartland.
ABOUT THIS REPORT

Political wisdom has long observed, “As goes Ohio, so goes the nation.” While pundits can respectfully disagree about the enduring truth of that wisdom these days, the state is still as close to a microcosm of the rest of the country as any. Its mix of rural and urban areas mirrors the rest of the country, as does the state’s collection of small, medium, and large cities and towns. During my tenure as executive director of Greater Ohio Policy Center (GOPC), from 2008 until 2016, it became increasingly clear that Ohio’s 20 small and midsize cities were falling further and further behind the larger municipalities and thus reflecting a similar dynamic across the United States. These small to midsize metros constitute a third of Ohio’s population and generate a third of the state’s gross domestic product, and their impact on the state’s prosperity as a whole is sizable. Their struggles affect those who live in these cities as well as those who don’t, and this pattern repeats in the country at large. For that reason, GOPC developed an increasingly intense interest in the future of these cities beyond Ohio’s borders, across the Rust Belt—from Akron, Ohio, to Syracuse, New York, and from Worcester, Massachusetts, to Flint, Michigan. GOPC launched this report to understand conditions and trends in these places and to learn lessons from their unique challenges and accomplishments.

Based on case studies, extensive research, and data analysis, this report found these smaller and midsize places struggling after the Great Recession—with fewer resources to deal with long-term poverty, chronic unemployment, continued population decline, and other related challenges—even while they attempt to leverage the richness of their significant assets of unique physical spaces, economic niches, sense of community and place, and human capital. With its eight strategies, this timely and extremely informative report lays out a compelling, action-oriented framework for these places that are so critical to the economic and social future of this country, to help them gain sounder footing in the next decade of the twenty-first century.

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America’s small and midsize legacy cities—primarily midwestern and northeastern cities with 30,000 to 200,000 residents and traditional economies built around manufacturing—have long been central to building the nation’s middle-class prosperity. Cities such as Flint, Michigan; Scranton, Pennsylvania; and Worcester, Massachusetts, used to be places where many immigrants from abroad and migrants from rural areas could achieve a comfortable life through relatively low-skilled work. Yet today, as the national economy continues to move away from manufacturing, these cities are facing challenges familiar to all postindustrial communities: entrenched poverty, disinvestment in neighborhoods, and a workforce whose skills do not match employers’ needs. While many smaller legacy cities struggle with severe problems, they frequently fall under the shadow of larger cities like Detroit or Cleveland in national discussions about the future of these places.
An earlier Policy Focus Report, *Regenerating America’s Legacy Cities* (Mallach and Brachman 2013), detailed the challenges and opportunities faced by larger legacy cities. As researchers and local leaders have identified some strategies that can jump-start revitalization in places like Pittsburgh and Baltimore, little attention has been paid to how these strategies might transfer to communities like Dayton, Ohio, or Binghamton, New York. Many smaller legacy cities lack critical assets such as major corporate headquarters or large anchor institutions like those that have been leveraged successfully in larger cities, so even proven strategies will require adaptation and creativity.

Despite their current challenges, these smaller legacy cities remain essential to the well-being and economic prosperity of their states and the country as a whole. Some of them still have enduring roles in the national economy, and even more of them are important in their state and region. Many serve as economic, cultural, and service anchors for metropolitan areas that are home to millions of people and that produce significant economic outputs. In Ohio, for example, residents of metropolitan areas around small and midsize cities make up nearly a third of the state’s population and produce a third of the state’s gross domestic product (Greater Ohio Policy Center 2016). Additionally, these metropolitan areas are home to a substantial middle class, although recent trends mirror the national decline in the share of middle-class residents in these areas.

This report portrays the particular problems and opportunities facing small and midsize legacy cities and points out how they and their residents can prosper and be resilient in the new economy. To establish how these municipalities fared in the first 15 years of the 21st century, the authors collected demographic, economic, and housing-market data for 24 representative cities in seven states (see p. 9).

Key data findings include the following points:

- Small and midsize legacy cities underwent substantial economic changes, particularly in the continuing shift away from manufacturing to increasing reliance on the health care and education sectors. Unfortunately, many of the jobs in these sectors are relatively low-skilled and low-paying and do not appear to be increasing most residents’ prosperity.

- The time frame of this study includes the most challenging economic period for the country since the Great Depression, and the economic health of small and midsize legacy cities clearly reflects that. Yet the effects of the Great Recession are even more severe in these places, with increases in poverty and declines in household incomes greater than the national rates. Even years after the official end of the downturn, many cities have continued to struggle with high unemployment rates and seriously distressed housing markets.

- The legacy cities in this study demonstrate considerable diversity. The clearest differences in their trajectories are in their housing markets and demographic trends, including population growth or decline and the attraction and retention of immigrants and young professionals.

This report looks at these trends and identifies which cities have done well in recent years and which continue to face challenges that make it difficult for them to change their trajectory: many cities that were performing poorly in 2000 continued to face serious barriers in 2015. Regional location appears to influence these trends, with cities in the Northeast faring consistently better on many indicators than their peers in the Midwest. Still, some cities in both regions have seen real gains over the last 15 years, proving that past trends do not have to dictate future performance.
To succeed in the future, these cities need to realistically assess their current condition. They must then consider how they can fit into the global, national, and regional economy. Some of the cities might be able to serve primarily as service centers for their broader region. Others might find opportunities to compete on the national or even global stage as a regional entity or as a satellite to a larger city. In any case, cities must have strong, cross-sectoral leadership with an interest in supporting revitalization efforts. This civic capacity will enable them to leverage their economic position and to raise the quality of life for all residents.

This report lays out eight strategies that are helping to revitalize small and midsize legacy cities around the country. No silver-bullet solution exists, and progress proceeds in fits and starts. Nevertheless, the following strategies have proven effective, as illustrated by the “Strategies in Action” boxes in the text.

1. **Build Civic Capacity and Talent:**
   For legacy cities, charting a path forward will require strong leaders to envision and implement necessary changes. For example, South Bend, Indiana, is strengthening local leadership through a fellowship program that places highly skilled recent graduates in management-level positions in the private and public sector in order to integrate them into the civic fabric early in their careers (p. 45).

2. **Encourage a Shared Public- and Private-Sector Vision:**
   Local governments alone cannot solve the challenges facing cities. Private-sector leaders must also “own the problem” of urban revitalization and work collaboratively with the public sector. In Lancaster, Pennsylvania, a group of private-sector leaders stepped in to create and implement a new economic development plan that reimagined the city as a tourist hub (p. 48).

3. **Expand Opportunities for Low-Income Workers:**
   Efforts to revitalize cities will not succeed if they focus on higher-income people alone. Each city must invest in creating greater access to opportunity for all its residents. Lima, Ohio, has created an umbrella organization to coordinate workforce development efforts and ensure that residents are sufficiently trained for available jobs (p. 51).

4. **Build on an Authentic Sense of Place:**
   Increasingly, highly skilled workers choose where they want to live before searching for a job in that place. To attract such workers and the jobs that follow them, smaller legacy cities should build on their historic sense of place. Bethlehem, Pennsylvania, converted part of a closed steel plant into an arts and cultural campus, which has become a signature draw both for local residents and outside visitors (p. 54).
5. **Focus Regional Efforts on Rebuilding a Strong Downtown:**
The fate of a city is clearly intertwined with that of its surrounding region. Strong, vibrant downtowns are a critical asset for the entire regional economy. In Syracuse, New York, the local chamber of commerce and the state have prioritized downtown revitalization efforts to help create jobs and attract talented workers (p. 57).

6. **Engage in Community and Strategic Planning:**
Competing visions for a city’s future cannot all be executed, particularly where resources are stretched thin. Community-wide planning can help identify how to allocate limited resources while laying the groundwork for further investment. Grand Rapids, Michigan, encourages neighborhoods to create and maintain community plans that help guide investment when new development is set to occur (p. 60).

7. **Stabilize Distressed Neighborhoods:**
After engaging in community-wide planning, the city must work to prevent further declines in neighborhood stability and to rebuild local housing markets. Youngstown, Ohio, has used data to pinpoint struggling neighborhoods and then leveraged a variety of financial resources to triage housing in poor condition (p. 62).

8. **Strategically Leverage State Policies:**
Some states have programs that target resources to cities based on their size or level of economic distress, while others focus on removing barriers to market development. Local communities can absorb outside resources best when local leaders carefully guide implementation of state policies to align with local goals and to spur additional investment. In Ohio, the state authorized counties to create local land banks that in many cases were key local responders to the vacancy and foreclosure crisis brought on by the recession (p. 64).

Many of the innovative approaches identified in this report implicitly acknowledge that economic growth rests on addressing equity issues and promoting business development simultaneously. Smaller legacy cities are faced with the challenging—and exciting—task of reimagining their form, function, and place in the world as they work to rebuild functional economies and create opportunity for their residents.

The strongest smaller legacy city in the Midwest, Grand Rapids revitalized its struggling downtown by gathering representatives from the business, government, and academic communities and using data to create a new vision and plan for the central business district. Credit: iStock.com/DenisTangneyJr.
The challenges faced by smaller legacy cities loom large in the American imagination. It’s no coincidence that Billy Joel and Bruce Springsteen chose Allentown, Pennsylvania, and Youngstown, Ohio, respectively, as symbols of the demise of a certain kind of American dream. As the factories that helped build the country’s middle-class prosperity shut down in the second half of the 20th century, the two working-class musicians used these cities as emblems of opportunity lost.
More recently, the reports of worn-out infrastructure, troubled finances, and human errors in Flint, Michigan, have revealed a dramatic form of urban decline, demonstrating how the most vulnerable populations bear the brunt of dysfunction in smaller legacy cities. The 2016 election once again brought these cities national attention as President Donald Trump loosened the Democratic Party’s longtime grip on cities like Scranton and Youngstown.

These cities serve as powerful symbols because of their histories as opportunity centers for many families and workers. In the late 19th and early 20th centuries, immigrants from abroad and migrants from the South flocked to these legacy cities because they provided chances even for unskilled workers to build a stable, middle-class life. But as prosperity in these cities fell in the latter part of the 20th century, it became harder for the next generation to join and remain in the middle class, particularly for workers without advanced training or degrees. Nationwide inequality in job access and home ownership opportunities for African Americans and other racial minorities were laid bare in these places, while many white families were able to move to the suburbs.

Yet the story of smaller industrial cities is not simply one of loss. While some of these places have indeed experienced overwhelming poverty, property abandonment, and economic decline, others have become gateways for new immigrants or have reinvented themselves as tourist destinations or as useful spokes in their regional economies. Though all of these cities are still experiencing significant challenges, some are finding ways to reorient their economies and land use for the 21st century. As people, capital, and corporations continue to concentrate in fewer places, small and midsize legacy cities must creatively reimagine their place in the world. The strongest of these cities recognize that they cannot re-create the past. Instead, they’re finding ways to embody a different narrative in the American imagination: the reinvention story.

Defining and Differentiating Smaller Legacy Cities

Certain characteristics distinguish these cities from their larger counterparts and from smaller cities that do not have a significant industrial past. Small and medium-sized legacy cities have between 30,000 and 200,000 residents and have lost substantial numbers from their peak populations in the mid-20th century. In all of them, manufacturing was the core of the employment base and economic output, and none of them has been primarily a college town or a suburb of a larger city. While cities with similar histories exist throughout the country, the majority of those fitting these characteristics are in the Midwest and Northeast—the so-called Rust Belt of the United States (see Figure 1).
Physically, these cities often resemble their larger peers. Midsize cities in particular often have a clearly urban downtown core surrounded by a mix of residential neighborhoods, some stable and some afflicted by disinvestment, as well as extensive suburban and exurban development beyond the city’s boundaries. Small cities may also have these physical features, or they may be anchors of broader rural regions with central cores that are less distinctly urban. Both midsize and smaller legacy cities also share many of the current economic and demographic challenges faced by larger legacy cities. All legacy cities saw their populations decline significantly in the second half of the 20th century, with corresponding growth in poverty rates and disinvestment in downtowns and urban neighborhoods.

How Smaller Legacy Cities Differ from Large Legacy Cities

These smaller cities, however, have found it more difficult to recover from decades of disinvestment and the more recent shock of the Great Recession than their larger counterparts. A recent report from Greater Ohio Policy Center (GOPC) found that although all of Ohio’s legacy cities continued to suffer after the Great Recession, the state’s two large legacy cities, Cleveland and Cincinnati, saw small signs of recovery that were absent in most of the smaller legacy cities (Greater Ohio Policy Center 2016). In general, opportunities for regeneration in smaller postindustrial cities have received less attention than those of larger cities whose problems are equally dire.

Figure 1
Small and Midsize Legacy Cities Studied in the Midwest and the Northeast

![Map of small and midsize legacy cities in the Midwest and the Northeast](image-url)
Some recent research by members of the Federal Reserve System has focused on strategies aiding revitalization in those smaller cities. The Federal Reserve Bank of Atlanta produced a Small City Economic Dynamism Index that measures the economic trajectory of 400 regions centered around smaller cities. The Industrial Cities Initiative of the Federal Reserve Bank of Chicago, the Federal Reserve Bank of Boston’s research on Springfield, and the Federal Reserve Bank of Philadelphia’s studies all explored promising ways to help these cities improve their economic health and either slow or reverse population decline. This work, together with earlier efforts, represents an important shift in legacy city research.

This emerging direction of research is important for acknowledging the different kinds of resources that can be leveraged for revitalization in smaller cities. Strategies that work in larger cities may not be useful in smaller ones that lack the critical mass of assets possessed by their larger peers. Even if strategies are directly transferable, implementing them may require more creative sources of funding and leadership. Many successful revitalization plans in large legacy cities rely on large institutional anchors, such as major research hospitals and universities, or locally headquartered corporations, which are growing increasingly rare due to the consolidation of major industries. The shift of major corporate headquarters away from small and midsize cities over the last 50 years has dramatically changed the opportunities for economic growth and private civic leadership in these communities.

At some point between 1960 and 2015, all but 4 of the twenty-four smaller cities included in this study were home to at least one Fortune 500 headquarters (Fortune), shown in Figure 2. Many cities were home to five or more such companies over this time frame. Today, however, only half of the cities are still home to a Fortune 500 headquarters, and only five retained more than one (Fortune). The loss of these corporate headquarters certainly represents a reduction in the economic power of these cities, but it also signals the decline of a built-in set of civic leaders. As discussed later in this report, a city’s ability to revitalize requires leadership from a variety of actors, including those in the corporate and private sectors, who have the energy, resources, and prestige to help a city get back on track.

Small and midsize legacy cities also face particular challenges related to the consolidation of many major industries, including airlines and banks. Researchers Siegel and Waxman note that air travel from smaller,
non-hub airports has become more time-consuming and costly, which may compound the difficulty of attracting or retaining major corporate headquarters (Siegel and Waxman 2001). Additionally, the wave of mergers in the banking industry means that fewer small cities are home to bank headquarters. As discussed by the Federal Reserve Bank of Chicago in its Industrial Cities Initiative summary report, these mergers frequently result in the loss of local decision making and create a sense that banks are no longer “of the community,” as bank headquarters are increasingly concentrated in larger cities (Longworth 2014).

Smaller cities are also less likely to be home to major institutional anchors, such as universities and hospitals, which have helped drive revitalization in larger legacy cities like Pittsburgh, Cleveland, and Baltimore. While some midsize legacy cities are home to important research institutions, such as the University of Notre Dame in South Bend or the University of Massachusetts Medical School in Worcester, small legacy cities are more likely to host smaller liberal arts colleges, branch campuses of major research universities, or community and technical colleges. These institutions are important for educating and employing the local workforce, but they do not produce the spillover and multiplier benefits that larger institutions do. While most small and midsize legacy cities have a sizable and growing health care sector, few have major research hospitals, whose economic benefits extend beyond serving the local population’s medical needs. Finally, few of these cities have foundations that can undertake the kinds of interventions necessary for large-scale revitalization. Community and family foundations do play important roles in many smaller cities, but these philanthropic organizations are not as common as in large communities. The influence and impact of smaller foundations vary dramatically by capacity and endowment size, and they may be less able to build financial resources and staff expertise in small and midsize places.

Beyond the challenges mentioned above, a smaller city’s size presents additional impediments. As discussed by Siegel and Waxman (2001), the problems associated with larger American cities, such as crime, poverty, and neighborhood disinvestment, are also found in the smaller ones, but most federal policy...
makers focus primarily on either large urban areas or very rural ones. Smaller cities, which may face as much or more economic distress as their larger peers or poor rural communities, often fly under the radar of people and institutions with the power to assist them. An analysis by Fox and Axel-Lute (2008) found that small postindustrial cities, defined as places with between 15,000 and 150,000 people in 2000, faced more extreme economic conditions, both negative and positive, than their larger peers. One subset of small cities in their analysis experienced more population and employment loss, regional sprawl, and poverty, particularly for people of color, than legacy cities of all sizes. But in another group of smaller cities, population and employment grew, and poverty rates for black and Latino residents were lower than in legacy cities of all sizes.

Fox and Axel-Lute identify two important aspects of land use that have particular impact on small and midsize legacy cities: first, the percentage of land owned by nonprofit organizations that produce no tax revenue for the city and, second, the vacancy rate of homes, industrial sites, and commercial structures. Similarly, Siegel and Waxman note that brownfields and other sites that require preparation for development have an outsized impact on these cities because their total amount of developable land is smaller, while the capacity to remediate contaminated sites may be more constrained. Additionally, the smaller staffs of local government in small cities make it more difficult for them to compete for major employers that could help reinvigorate their economies. In a time when corporations often make quick decisions about where to locate their facilities, an already overwhelmed city government may not be able to respond in time to offer a potential employer persuasive economic development incentives (Siegel and Waxman 2001).

Finally, it is harder for smaller cities to build a critical mass of amenities that can attract new residents or retain younger college graduates who may be drawn to urban lifestyles.

Smaller cities, which may face as much or more economic distress as their larger peers or poor rural communities, often fly under the radar of people and institutions with the power to assist them.
Why Small and Midsize Legacy Cities Matter

Despite the particular challenges they face, small and midsize legacy cities are still important places for a number of reasons. Some of them still have a role in the national economy, and many serve as economic, cultural, and service anchors for metropolitan regions that are home to millions of people and produce significant economic outputs. In Ohio, for example, residents of the metropolitan areas surrounding small and midsize cities make up nearly a third of the state’s population and produce more than one third of the state’s gross domestic product (Greater Ohio Policy Center 2016).

The metropolitan areas around these cities throughout the Midwest and Northeast are homes to a substantial middle class, defined as a person with a household income between two-thirds and double the national median household income. Based on analysis of data from the Pew Research Center on the share of residents in each metro in the middle class, regions surrounding small and midsize cities have a larger proportion of middle-class residents than the United States as a whole (Pew Research Center 2016). Yet since 2000, the share of middle-class residents in these metros has declined (see Figure 3). Troublingly, in about half of these smaller industrial metros, formerly middle-class residents are more likely to be slipping into the lower-income category than to be moving up in rank. These cities’ metropolitan areas, whose economies and trajectories are tied inextricably to their central cities, reflect the national trend of growing inequality.

As described by Fox and Axel-Lute (2008), in spite of their many challenges, these small and midsize cities have great human potential as well as neighborhood, historical, and natural assets. Many have an abundance of inexpensive historical homes as well as dense, pedestrian- and bike-friendly downtowns that could satisfy the growing demand for urban living and mixed-use neighborhoods, particularly among millennials. Additionally, many of these cities have relatively lower costs of living and higher quality of life—a mixture not available in large, hot markets. Because of their more manageable scale, these cities could be excellent laboratories for developing more equitable and sustainable models for community and economic development.

Figure 3
Change in Share of High-, Middle-, and Low-Income Residents of Small and Midsize Cities, 2000 to 2014

Average Change (from 2000–2014)
In order to gain a broad perspective on how well small and midsize legacy cities are faring, the authors collected data on 65 cities, in seven midwestern and northeastern states, that met the following conditions:

- Had a population of 30,000 to 200,000 as of 2013.
- Lost a substantial portion of its population from its mid-20th-century peak through 2000, even if the population grew after that year. (Though Grand Rapids gained population between 1950 and 2000, it was retained in the study because of its instructive lessons for regeneration and its other legacy-city characteristics.)
- Had a significant history of manufacturing and did not function primarily as a college town or suburb of a larger city.

From the initial set of 65 cities that met these criteria, the authors selected 24 representative cases to analyze more deeply and to survey for successful revitalization strategies.

The authors collected U.S. Census data from 2000, as well as American Community Survey (ACS) five-year estimates for 2009 and 2015 for all 24 cities in the following categories:

- Population
- Foreign-born population
- Young professional population (percentage of city residents aged 25 to 34 who have at least a college degree)
- Percentage of city residents working in the city
- Unemployment rate
- Labor-force participation rate
- Median household income
- Poverty rate
- College-degree attainment
- Long-term housing vacancy rate
- Owner-occupancy rate
- Percentage of home sales with a mortgage

Mortgage information came from PolicyMap, which aggregates Home Mortgage Disclosure Act data. The most recent year available was 2014.

- Median home value
  Researchers have questioned the accuracy of these values as reported to the ACS, because they come from survey takers’ estimates, not government data, and thus have high margins of error. To correct for this, the authors compared trends in median home values over time instead of the raw numbers.

- Median rent
  Rental costs in the ACS have the same kinds of weaknesses as median home values and thus were treated the same way.

- Employment industries
- Occupations

From these data, the authors calculated the percentage change in each category from 2000 to 2015 and then in two subsets within that time period: 2000 to 2009 and 2009 to 2015. The data were broken into subsets to get a better sense of the impact of the Great Recession on the trajectories of each city.

The authors used the quantitative data to group the cities into high-, moderate-, and low-performing categories based on their current conditions and trajectories over time. These groupings are intended only to compare the cities’ trajectories and to help identify factors contributing to their success or continued challenges. Full explanations of the grouping process can be found in the Appendix.

In addition, the authors collected data on employment and jobs in 2002 and 2014 from the U.S. Census Bureau’s OnTheMap application. The earliest year available through OnTheMap was 2002, and as of January 2017, the 2015 data had not been released. Data from 2002 are not available for the cities in Massachusetts (Lowell, Springfield, and Worcester), which are therefore excluded from this analysis.
A strong sense of place must be rooted in authenticity; trying to re-create Portland or Austin in Dayton would undermine its own Rust Belt chic with a low cost of living and a good quality of life.

Credit: iStock.com/
A number of factors are driving changes in all small and midsize legacy cities, and many of those factors are beyond the control of the individual cities. Massive nationwide demographic and economic shifts, including the aging of the population, the shift away from a manufacturing-based economy, the shrinking of the middle class, and the increasing economic power of coastal regions compared to the Midwest are playing out in rather dramatic ways. This chapter, based on analysis of data from 2000 to 2015, explores the changing contexts in which these cities are operating.
Changing Economies

Small and midsize legacy cities are not all the same; they display a diversity of experiences resulting from their various historical conditions and trajectories. Yet all of them are undergoing profound economic shifts, driven by national and global forces. The kinds of work available to city residents have changed dramatically over time, with continuing declines in manufacturing employment and significant growth in the health care and service sectors. Some jobs in these sectors may provide greater economic opportunity than factory jobs, but the occupations showing the greatest growth require few skills and provide low pay. Additionally, the migration of people and jobs to surrounding suburban areas, which began in the mid-20th century, continues, and more and more city dwellers commute outside of the city for employment. In many cases, these changes have resulted in worse economic conditions for residents who remain in the city. Along with the economic turmoil wrought by the Great Recession, suburbanization and the loss of manufacturing jobs have had serious consequences for the economic health of people living in small and midsize cities.

CONTINUED DECLINES IN MANUFACTURING MEET INCREASING SPECIALIZATION

Unsurprisingly, most cities saw continued movement away from economies and workforces based on manufacturing in the first 15 years of the 21st century. In 2014, most of the smaller legacy cities had thousands fewer manufacturing jobs than in 2002. Flint, for instance, lost more than 14,000 manufacturing jobs—a staggering 72 percent of the jobs in that sector in 2002. Some cities saw much smaller net losses in manufacturing. Youngstown, for example, had a net loss of only 139 manufacturing jobs over this time period—a 4 percent net loss in that sector. But all cities saw declines in the percentage of local residents employed in manufacturing between 2000 and 2014, in most cases by at least 20 percent.

The kinds of work available to city residents have changed dramatically over time, with continuing declines in manufacturing employment and significant growth in the health care and service sectors.

Worn-out infrastructure, troubled finances, and human errors in Flint have revealed a dramatic form of urban decline and demonstrated how the most vulnerable populations bear the brunt of dysfunction in smaller legacy cities. Credit: Mark Scheuern/Alamy Stock Photo
As shown in Figure 4, manufacturing jobs still make up about 10 percent of employment opportunities in these cities on average, though the percentage varies substantially among cities and by region. These jobs make up about 12 percent of work possibilities in midwestern cities and only about 6 percent of those in the Northeast. In Albany, there is almost no manufacturing, while in Gary and Pontiac, manufacturing jobs still represent about one in five opportunities for work in the city. Despite declining opportunities for manufacturing work within smaller legacy cities, 13 percent of city residents still hold jobs in this sector (Figure 5).

Beyond significant losses, manufacturing jobs in these cities today differ in many ways from the heyday of manufacturing in the mid-20th century. Instead of large factories using unskilled labor to produce consumer goods, today’s manufacturing companies are likely to be small plants that require advanced skills. In Allentown, for example, where manufacturing makes up just 6 percent of jobs, the average company has between 20 and 50 employees, most of whom require some skills training. Although the industry is diverse, most manufacturers in Allentown see their niche as boutique, non-commodity manufacturing, producing products such as fabric panels and pulverizing equipment. These are often good, high-paying jobs, and local economic development officials value their potential for building the city’s export economy and local property tax base. Still, in only a few cases can manufacturing provide the large-scale employment that it did in the past.

As manufacturing opportunities decline, some cities have experienced growth in other industries that require a relatively low-skilled workforce (see Figure 6, p. 20). The share of residents employed in the entertainment, accommodation, and food-service industries grew by around 25 percent on average across smaller legacy cities. In most of the cities, the share of service-industry jobs also grew. Some cities took advantage of their proximity to larger markets to create new economic engines. After the Bethlehem Steel plant in Pennsylvania closed, a number of shipping

Benefiting from “place luck,” Bethlehem remained resilient after the closure of Bethlehem Steel in 1999, in part because of its proximity to Philadelphia and New York City. Credit: Ryan Hulvat
Figure 4
Average Sector Distribution of Jobs in Smaller Legacy Cities, 2014

- Education, health care and social assistance: 37%
- Professional services: 12%
- Retail trade: 8%
- Manufacturing: 9%
- Other including warehousing and construction: 7%
- Public administration: 5%
- Finance and real estate: 4%
- Arts, recreation, and food service: 28%

Figure 5
Average Sector Distribution of Jobs Employing Residents of Smaller Legacy Cities, 2014

- Education, health care and social assistance: 28%
- Professional services: 13%
- Retail trade: 12%
- Manufacturing: 17%
- Other including warehousing and construction: 12%
- Public administration: 12%
- Finance and real estate: 9%
- Arts, recreation, and food service: 4%
and logistics businesses moved into the site because of its access to good transportation to the hot markets of New York and Philadelphia. Since then, local economic development officials have begun making plans for an inland port that could receive international shipments and prepare them for distribution along the East Coast. In other small and midsize legacy cities positioned outside of larger cities, including Camden and Gary, a sizable portion of local residents now work in transportation and warehousing. While many of these jobs are relatively low-paying, they represent a growth area for cities searching for new industries that require lower skill levels to fill the gap left by the decline of manufacturing.

In many cities, the percentage of residents working in professional, management, and administrative jobs has also risen. For residents of smaller legacy cities, these fields provided the greatest increase in job opportunities after the health care/education and retail sectors. On average, these cities also saw gains in the percentage of white-collar jobs held both by residents and by people living outside the city. But the experiences of individual cities differed, with some places seeing losses in the percentage of their workforce in these white-collar jobs, and others, including weaker cities like Pontiac, seeing large gains—even though the percentage of residents working in this field declined.

The Bureau of Labor Statistics has projected that the combined health care and social-assistance industry will become the largest employment sector nationwide by 2024.
SUBSTANTIAL GROWTH IN HEALTH CARE

The most important employment trend in small and midsize legacy cities over the last 15 years has been the massive growth of health care and education. The Bureau of Labor Statistics has projected that the combined health care and social-assistance industry will become the largest employment sector nationwide by 2024 (Bureau of Labor Statistics 2015). This sector has already become dominant in most small and midsize legacy cities, in terms both of jobs in the cities and of city residents’ employment. Health care and social assistance make up the largest source of jobs in all but two cities: Albany, where government functions eclipse them, and Gary, where manufacturing jobs remain dominant. The sector accounts for one in every five jobs in nearly every city in the study and, in a few cases, as many as one in every three. If jobs in the education sector are included, the power of these industries is even greater. In some cities, health care, education, and social services account for nearly half of the jobs located in the city held either by city residents or by commuters from surrounding areas. The impact of these industries is even greater through their multiplier effects on local retail and service-industry jobs.

The share of local employment opportunities in health care and social services grew steadily between the early 2000s and 2014 in nearly every city. Only two cities—Gary and Youngstown—saw slight decreases in the percentage of jobs in those industries. On average, the share of these jobs grew by about 5 points. But in some cities, the percentage grew even more—topping 10 percent in Pontiac and nearly that much in Dayton. Yet in nearly all cities where health care jobs increased, these new jobs were filled mostly by workers living outside of the city. Dayton is a particularly striking example: while the city added 3,316 new health care and social-assistance jobs between 2002 and 2014, the number of city residents working in those industries decreased by 965. The sector grew by more than 12,000 jobs throughout the Dayton region, but few city residents were able to take advantage of this opportunity.

Every city in the study saw gains in the percentage of city residents working inside or outside of the city in health care or education, even if the numbers of residents with those jobs declined. Unfortunately, in most cases the increase in health care jobs, which typically require more training than low-skilled manufacturing or retail work, has not led to a corresponding rise in local incomes. When growth in health care employment is broken down by medical occupation, it becomes clear that gains in low-skilled jobs, such as home health aides and nurses’ assistants, exceeded gains in higher-skilled positions such as doctors or health technicians (see Figure 7). These lower-skilled jobs correlate with low wages and “on call” arrangements without regular schedules, just as in the retail sector. The Bureau of Labor Statistics estimates that the mean annual wage for a home health aide was just $22,870 in 2015 (Bureau of Labor Statistics 2015), lower than the federal poverty guidelines for a family of four that year (U.S. Department of Health and Human Services 2015).

Figure 7
Changes in Number of Health Care Jobs by Skill Level, 2000 to 2014

<table>
<thead>
<tr>
<th>High-skilled health care jobs</th>
<th>Low-skilled health care jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,330</td>
<td>7,347</td>
</tr>
</tbody>
</table>

Jobs in health care are not all directly related to the medical profession; they may include administrative or managerial functions. This chart tracks only jobs related directly to medicine, including doctors, nurses, health care technicians, and home health aides.
In some cases, the jobs that used to make legacy-city downtowns and industrial parks the economic centers of their region have simply moved to the suburbs.

**CHANGING ROLES IN REGIONAL ECONOMIES**

Perhaps the most striking economic trend in small and midsize cities over the last 15 years is the net decline in the number of jobs located within city limits. Nearly all cities in the study lost thousands of jobs, representing anywhere between 2 and nearly 40 percent of employment opportunities. Only Albany and Bethlehem saw an increase in the number of jobs in town. For the other 22 cities, the last 15 years meant a significant contraction in local employment. On average, they lost about 17 percent of jobs within their boundaries. Dayton—the city with the greatest drop in job numbers—went from nearly 110,000 in 2002 to just under 86,000 in 2014. Flint which had the greatest percentage decline, went from 62,700 jobs in 2002 to 39,200 in 2014—a loss of 37.5 percent.

In about half of the cities that lost local jobs, the corresponding metropolitan area saw jobs grow over the same time frame (see Figure 8). Cities in the metropolitan areas of stronger large cities, such as Gary and Camden, had particularly sharp contrasts between job losses at the city level and gains in the region. Yet ten cities also saw the numbers of jobs in their region

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**Figure 8**

*Change (%) in Jobs, 2002 to 2014, in Cities and Metropolitan Areas*

In some cases, the jobs that used to make legacy-city downtowns and industrial parks the economic centers of their region have simply moved to the suburbs. Parentheses indicate the primary city in the metropolitan area if the case-study city is not the largest one in that area.
The percentage of the American population living in poverty grew from about 12 percent in 2000 to 16 percent in 2015, about a 25 percent increase. Meanwhile, the rate in smaller legacy cities grew from 21 to 30 percent—a 43 percent increase. In nine cities in the Midwest, the poverty rate grew by more than 50 percent; in only four cities was the rate lower than the national average. All of the smaller legacy cities saw real losses in household income over this period, averaging out at slightly less than 20 percent. In some the decline in median household income reached as high as 35 percent. In Flint, for example, median household income dropped from $38,560 in 2000 to $24,860 in 2015 when adjusted for inflation. As with poverty rates, most of the cities’ rates of decline in household income outpaced that of the nation as a whole. Only three relatively strong northeastern cities bucked this trend.

As the geography of jobs has changed, the location of city residents’ workplaces has also shifted (see Figure 9). In 2002, more than a third of city residents, on average, worked in the central city, but by 2014 that average dropped to less than 30 percent. In no city did more than half of employed residents work there. In most cases, the ongoing shift of resident workers to suburban jobs has been met by a growing portion of the city’s jobs being taken by people who live outside of it. In 2014, 80 percent of jobs in small and midsize legacy cities were held by people who lived in surrounding areas—a shift since 2002, when the average was 75 percent.

### DECLINING ECONOMIC STATUS OF RESIDENTS

Along with the changes in job opportunities, especially for low-skilled workers, there has been a deepening decline in the economic status of people living in small and midsize cities. This troubling trend is seen across the board: all cities, even those whose population grew, saw poverty increase and household incomes drop between 2000 and 2015. While unemployment rates in these cities were higher than the national average in 2000, the gap between rates for small and midsize legacy cities and for the country as a whole widened over that period. Persistently high unemployment lingered for years after the official end of the Great Recession, with the average rate at 7.7 percent in 2015—2.5 percentage points above the national level.

Similarly, the growth in poverty in small and midsize cities has far outpaced the nationwide increase.
Additionally, in slightly more than half of the cities, the labor-force participation rates declined more than the national rate. This rate measures the percentage of adults who are either employed or looking for a job. Notably, the Great Recession caused a decline in labor-force participation at the national level, as people who were looking for work but could not find it dropped out of the workforce entirely. A few smaller legacy cities did see a modest rise in labor-force participation, and, given the employment challenges facing cities nationwide, that increase is notable. In some cases, new residents who can more easily find work are moving into cities from suburban areas or even from abroad, helping to boost the rate.

Diverging Trajectories

The experiences of small and midsize cities, particularly over the last 15 years, are hardly identical. There have been a number of divergent trends associated with demographic changes, housing markets, and workforce participation. These differences can help us understand the factors that are helping some cities turn around population decline, stabilize neighborhoods, and prepare their residents for the 21st-century economy.

DIFFERING DEMOGRAPHIC TRENDS IN IMMIGRANTS, OLDER ADULTS, AND YOUNG PROFESSIONALS

One clear divergence in the trajectories of small and midsize legacy cities is between those that have stabilized and regrown their population and those that have continued to lose residents. About half of the cities in the study continued to lose population from 2000 to 2015, while the other half remained approximately stable or grew. For most cities, the loss or gain was relatively modest, but a few outliers on each side are instructive.

Five cities in the industrial Midwest lost nearly 10 percent of their population between 2000 and 2015. These cities had already suffered heavy population losses from their mid-20th-century peak; some had lost nearly 50 percent of their populations (see Figure 11). These cities—particularly Flint and Youngstown—face the greatest overall challenges and are seen, along with Detroit, as cities in distress.
On the other end of the spectrum, a handful of cities in Pennsylvania and Massachusetts grew by 5 percent or more over the same time frame. The Pennsylvania cities are concentrated in the eastern part of the state, on the outer edges of the Northeastern Corridor megaregion. An economic development expert in Allentown—the only city in the study to surpass its midcentury peak population by 2015—cited the city’s proximity to New York as part of the reason for its population regrowth. New Latino residents helped boost Allentown’s population by over 10 percent over the last 15 years.

Immigration is playing a significant role in small and midsize legacy cities. Some cities in the Northeast, including Allentown, have greater concentrations of immigrants than the country as a whole. In Lowell and Worcester, more than one in every five residents was born outside of the United States, and in five other northeastern cities, more than 10 percent of the population was foreign-born. Nearly all smaller legacy cities saw their immigrant populations grow between 2000 and 2015. In some cities, particularly midwestern ones that had very few immigrants in 2000, the percentage of immigrants grew substantially over the study period (see Figure 12). The number of immigrants remains small in some of these cities, but the serious growth seen in the first 15 years of this century shows that immigrant groups are increasingly choosing to make their homes in these cities. Some cities have explicitly embraced immigration to regrow their populations. Perhaps the highest-profile effort is in Dayton, which has marketed itself as an “immigrant-friendly city” and provides resources to immigrants who move there. Although the foreign-born share of the population in Dayton remains at just 4.4 percent, it had one of the highest immigrant growth rates from 2000 to 2015.

Immigration is playing a significant role in small and midsize legacy cities. Some cities in the Northeast, including Allentown, have greater concentrations of immigrants than the country as a whole.

Beyond rising immigrant populations, small and midsize legacy cities reflect a number of demographic trends that are occurring nationwide, notably the increase in residents aged 60 and older. The U.S. Census Bureau estimates that the number of adults over 65 in the United States will nearly double from 2012 to 2050 (Ortman, Velkoff, and Hogan 2014). Yet the trend in smaller cities varies. Two-thirds of those in the study experienced growth in the percentage of residents over 60. The highest increases were in three struggling cities in the Midwest: Gary, Pontiac, and Flint (see Figure 13). Their rates were close to the national rate of growth, about 4 percent between 2000 and 2015.
The median age of residents in most small and midsize legacy cities remained below the 2015 national average of 37.6 years, but in about half of the cities in the study, the median age of residents rose between 2000 and 2015. This change is reflective of the United States as a whole, where the median age increased by 2.3 years over that period. In five smaller cities in the Midwest, the median age rose faster than in the nation as a whole. The greatest rise occurred in Gary, whose median age rose by 4.3 years, nearly double the national increase. Gary and Youngstown are the only two cities in the study with a higher median age than the national average. In Youngstown the median age for residents was nearly 40, a troubling sign for the city’s workforce. Along with cities in eastern Pennsylvania and New York’s Southern Tier, Gary and Youngstown have the largest shares of older adults. In all of these cities, more than one in five residents is over 60, aligning closely with the national population.

Still, even as the share of older residents is increasing, most small and midsize cities have younger populations on average than the country as a whole. In about a third of the cities in the study, the median age of

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**Figure 12**

Cities with the Greatest Growth in Immigrant Populations, 2000 to 2015

<table>
<thead>
<tr>
<th>City</th>
<th>% of Population in 2000</th>
<th>% of Population in 2015</th>
<th>% Growth of Immigrant Population</th>
<th>Numeric Growth of Immigrant Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scranton</td>
<td>3%</td>
<td>9%</td>
<td>196%</td>
<td>4,621</td>
</tr>
<tr>
<td>Dayton</td>
<td>2%</td>
<td>4%</td>
<td>126%</td>
<td>2,980</td>
</tr>
<tr>
<td>Youngstown</td>
<td>2%</td>
<td>4%</td>
<td>89%</td>
<td>818</td>
</tr>
<tr>
<td>Allentown</td>
<td>10%</td>
<td>16%</td>
<td>67%</td>
<td>8,856</td>
</tr>
<tr>
<td>Syracuse</td>
<td>8%</td>
<td>12%</td>
<td>56%</td>
<td>5,993</td>
</tr>
</tbody>
</table>

---

**Figure 13**

Cities with Greater Than Average Growth in the Older Adult Population

<table>
<thead>
<tr>
<th>City</th>
<th>% of Population in 2000</th>
<th>% of Population in 2015</th>
<th>% of Growth in Older Adult Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flint</td>
<td>14%</td>
<td>18%</td>
<td>4%</td>
</tr>
<tr>
<td>Gary</td>
<td>17%</td>
<td>22%</td>
<td>5%</td>
</tr>
<tr>
<td>Pontiac</td>
<td>11%</td>
<td>16%</td>
<td>5%</td>
</tr>
<tr>
<td>United States</td>
<td>16%</td>
<td>20%</td>
<td>4%</td>
</tr>
</tbody>
</table>
residents dropped between 2000 and 2015 (see Figure 14). The cities with decreasing median ages are not all located in a single area, although those closest to New York City, including Scranton, Allentown, and Bethlehem, saw three of the largest drops in median age over the 15 years. In fact, every city in Pennsylvania saw a decline in the share of their populations over 60, even if that population remains relatively large. Other cities that experienced declines in median age, such as Muncie, Syracuse, and Kalamazoo, have good-sized college or university campuses. Muncie, home of Ball State University, has worked particularly diligently to attract and retain younger residents through strategic marketing campaigns and millennial-centric events. Muncie’s median age of 28 is one of the lowest of the study cities.

Reflecting another national trend, the rates of college-degree attainment rose in nearly all small and midsize cities. The rate of residents holding at least a bachelor’s degree rose by 10 percent in most cities after 2000, with outliers like Camden seeing growth as high as 50 percent. In many cases, these high rates were due to very low college-degree attainment in 2000. In Camden, for example, only 5 percent of residents held a bachelor’s or higher degree in 2000. While the rise to 8 percent represents strong growth, it still means far too little progress has been made in overall educational attainment. The national rate of college-degree attainment was nearly 30 percent in 2015, and only a handful of cities reached or exceeded that level. Grand Rapids and Worcester were the only two cities in the study that had higher levels of degree attainment and higher percentage-point growth than the national rate from 2000 to 2015. In Worcester, part of this boost may be explained by the presence of a major medical school, which brings a new population of students with college degrees every year.

Related to the percentage of the population with a college degree is the share of young professionals, people aged 25 to 34 who hold at least a bachelor’s degree. In many cities, this demographic is highly sought after for their workforce contributions and spending power. Yet for all of the focus on this group by local policy makers and economic development officials, young professionals make up only about 4.5 percent of the U.S. population. In truly booming cities like San Francisco or Washington, DC, however, they make up as much as 15 percent of the population. The young professional populations in the small and midsize legacy cities in this study vary, but no city approaches

Figure 14
Cities with Declining or Stable Percentages of Older Adults

<table>
<thead>
<tr>
<th>City</th>
<th>2000</th>
<th>2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allentown</td>
<td>19%</td>
<td>16%</td>
<td>-2%</td>
</tr>
<tr>
<td>Bethlehem</td>
<td>21%</td>
<td>21%</td>
<td>0%</td>
</tr>
<tr>
<td>Lancaster</td>
<td>14%</td>
<td>13%</td>
<td>-1%</td>
</tr>
<tr>
<td>Lima</td>
<td>16%</td>
<td>16%</td>
<td>0%</td>
</tr>
<tr>
<td>Scranton</td>
<td>24%</td>
<td>22%</td>
<td>-2%</td>
</tr>
<tr>
<td>South Bend</td>
<td>18%</td>
<td>18%</td>
<td>0%</td>
</tr>
<tr>
<td>Worcester</td>
<td>18%</td>
<td>18%</td>
<td>0%</td>
</tr>
<tr>
<td>York</td>
<td>14%</td>
<td>14%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Allentown is the only place in the study that had surpassed its midcentury peak population by 2015, thanks in part to nearby New York City. Credit: Allie Caulfield/flickr
the percentages found in Washington, San Francisco, or Boston. On average, about 3.7 percent of small and midsize legacy cities’ populations are made up of young professionals, but the rates range from about 8 percent in Albany—approximately the same share as New York City—down to slightly over 1 percent in Gary and Flint, approximately the same share as in Detroit. On average, small and midsize legacy cities had smaller young professional populations than larger legacy cities in the same states. In Pennsylvania, for instance, all smaller legacy cities had young professional populations under 6 percent, far below Pittsburgh’s 10 percent share.

Within the small and midsize legacy cities in this study, the trajectory of the young professional population has varied over time. Five cities saw declines in the share of young professionals. A handful of other cities saw growth in that group relative to its size in 2000, but the growth was less than the national average, which came to slightly over 15 percent. In most of the study cities, however, the young professional population grew more than that cohort nationwide (see Figure 15). This could indicate that young college-educated people are moving into these cities, though the numbers are relatively small.

**VARYING HOUSING-MARKET CONDITIONS**

Even today, years after the end of the Great Recession and the foreclosure crisis, many small and midsize cities are still experiencing troubled housing markets. Nearly all cities saw substantial increases in the number of housing units in the U.S. Census Bureau’s “other vacancy” category, which counts units that are unoccupied but not on the market, or occupied only seasonally, meaning they are likely abandoned. While the average “other vacancy” rate in small and midsize cities was about 6 percent, this rate varied significantly between cities in the study (see Figure 16, p. 30). In 2015, the American Community Survey estimated that less than 1 percent of housing units in Lowell fell into

<table>
<thead>
<tr>
<th>City</th>
<th>Growth in % of Young Professionals</th>
<th>Young Professionals as % of 2015 Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lancaster</td>
<td>89%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Camden</td>
<td>67%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Grand Rapids</td>
<td>53%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Scranton</td>
<td>46%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Bethlehem</td>
<td>41%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Worcester</td>
<td>40%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Binghamton</td>
<td>32%</td>
<td>4.5%</td>
</tr>
<tr>
<td>South Bend</td>
<td>32%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Lowell</td>
<td>29%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Dayton</td>
<td>26%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Syracuse</td>
<td>24%</td>
<td>5.7%</td>
</tr>
<tr>
<td>York</td>
<td>22%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Albany</td>
<td>19%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Muncie</td>
<td>19%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Springfield</td>
<td>17%</td>
<td>2.6%</td>
</tr>
<tr>
<td>National</td>
<td>16%</td>
<td>4.5%</td>
</tr>
</tbody>
</table>
this category, while more than 10 percent of homes in Gary, Flint, Dayton, and Youngstown sat vacant and probably abandoned. Lowell was one of only four of the cities in which vacancy rates actually declined from 2000 to 2015; in most cities, the percentage of housing units that were vacant skyrocketed. Given the nationwide mortgage foreclosure crisis, an increase in housing vacancy was not surprising, but the extent and breadth of vacancy and abandonment in some small and midsize legacy cities is truly staggering.

Changes in real housing values diverged among the cities in the study. In slightly over half of them, median home values declined from 2000 to 2015. These cities bucked the national trend, in which home values rose on average by about 8 percent over that period, reflecting a sharp increase prior to 2006, followed by a significant drop and slow recovery. Median home values in five cities—all in Ohio and Michigan—dropped more than 20 percent. But in a handful of northeastern cities, values rose, in some cases by as much as 20 to 30 percent. Rental costs, on the other hand, rose in nearly all of the cities over the 15 years studied. In some cities, rental costs grew substantially after 2000. This reflects a national growth trend as more consumers have chosen to rent or have been precluded from purchasing a home. A few cities situated near larger East Coast markets saw much greater growth than the national average, with rents increasing by more than 20 percent after adjusting for inflation. In these cities, especially, it may prove difficult to keep rents affordable for lower-income residents as housing markets improve.

In the wake of the foreclosure crisis, investors have stepped in to purchase many of the properties left behind. These investors range in scale from small “mom and pop” operations to large out-of-state investment groups, and they vary widely in their commitment to responsibly maintaining the properties and contributing to overall neighborhood stability.
Smaller legacy cities also varied in the balance between home building and demolition over the first 15 years of the 21st century. The divergence in the net gain or loss of housing units represents important differences in these cities’ trajectories, particularly concerning housing markets and land use. Cities that are demolishing more homes than are being built are working to combat the continued fallout of decades of population loss and, more recently, widespread foreclosures. Some of these cities are intentionally working to “right-size,” or match their housing supply to their depleted population. In these shrinking cities, building new market-rate housing is incredibly challenging because existing home values are so low, making it impossible to sell or rent new units at rates that cover construction costs without additional subsidies.

On the other hand, cities that are building more than they are demolishing have a larger stock of options for new housing. While some of these units may be subsidized and therefore not targeted at market-rate occupants, a broader range of housing choices may help these cities’ chances of success by making them more attractive to new and current residents.

A key element in understanding the true strength of housing markets in small and midsize legacy cities is the portion of homes sold to individual home buyers rather than investors. In the wake of the foreclosure crisis, investors have stepped in to purchase many of the properties left behind. These investors range in scale from small “mom and pop” operations to large out-of-state investment groups, and they vary widely in their commitment to responsibly maintaining the properties and contributing to overall neighborhood stability. Cities with a large percentage of home sales to investors—particularly out-of-town ones—are more likely to be troubled with abandonment and code violations, because renters and absentee landlords are less likely than owner-occupants to keep their properties in good shape. Cities in which a large portion of homes are purchased using a mortgage—indicating buyers who are likely to be owner-occupants—are more likely to have stable neighborhoods that residents want to invest in.

In York—despite its wealth of sturdy, handsome historic architecture—the housing market still shows signs of stress with low rates of mortgage use in home purchases. Credit: Christian Hinkle/Alamy Stock Photo
In 2014, slightly less than a third of the cities in the study had a truly healthy ratio (half or more) of mortgages to home sales (PolicyMap). Most of these cities are in the Northeast, but two Indiana cities, Muncie and South Bend, also had healthy mortgage ratios. The median sales prices in these cities in 2014 varied quite a bit, ranging from $74,600 in South Bend (perhaps because of other issues in its housing market) to $199,000 in Lowell (see Figure 17). Long-term vacancy rates also varied among these cities, with some, like Lowell, seeing only a negligible amount while others, like Muncie, having vacancy rates as high as 7 percent.

On the other end of the spectrum, in about half of the cities mortgages were used at worryingly, even alarmingly, low rates: less than a third of homes sold in these cities in 2014 were purchased with a mortgage, meaning two-thirds or more were bought with cash, probably by investors. In Flint, Pontiac, Gary, Youngstown, Camden, and York, fewer than one in five homes were purchased with a mortgage that year. In Flint, the most extreme case, only 8 percent used a mortgage. The breadth and depth of the challenges for these cities’ housing markets is difficult to overstate; their weaknesses are apparent across a number of indicators. Among the cities with the fewest mortgage purchases, one out of every ten homes on average is estimated to be vacant and abandoned. Median sales prices are abysmally low, with only Camden and York cracking $30,000 in 2015. These poor housing-market conditions are a large obstacle to true long-term recovery of these cities.
CHAPTER 3
Parsing the Trends

To get a sense of which cities were stronger across indicators, the authors compared trends over the last 15 years with current conditions in each city. Using this information, the cities were grouped, simply to identify factors that may be impacting their ability to revitalize (see Figure 18, p. 34). Additionally, identifying high-performing cities may help pinpoint strategies that can be replicated in struggling cities. The methods for creating these groupings are explained in the Appendix.
GOPC found that, for the most part, higher-performing cities were strong across economic, demographic, and housing measures. For example, Lowell had the highest median household income, the lowest rate of long-term housing vacancy, and the largest share of foreign-born residents in 2015, with significant strength in all three categories. Lower-performing cities, on the other hand, did poorly on a number of indicators. Flint had the highest unemployment rate, the lowest median home values, and the second-smallest share of residents with a college degree in 2015. Of course, many of these factors are interdependent; professionals and immigrants are less likely to move to cities with few jobs and troubled housing markets. Yet the general lack of overlap between high- and low-performing cities demonstrates how much a city’s existing problems or assets can compound its decline or success over time.

With a median age of 28, among the lowest in the study, Muncie has worked diligently to attract and retain younger residents through strategic marketing campaigns and millennial-centric events. Credit: Intersection

<table>
<thead>
<tr>
<th>High-Performing</th>
<th>Medium-Performing</th>
<th>Low-Performing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albany</td>
<td>Akron</td>
<td>Camden</td>
</tr>
<tr>
<td>Lancaster</td>
<td>Binghamton</td>
<td>Dayton</td>
</tr>
<tr>
<td>Allentown</td>
<td>Hamilton</td>
<td>Flint</td>
</tr>
<tr>
<td>Lowell</td>
<td>Kalamazoo</td>
<td>Gary</td>
</tr>
<tr>
<td>Scranton</td>
<td>Syracuse</td>
<td>Lima</td>
</tr>
<tr>
<td>Grand Rapids</td>
<td>South Bend</td>
<td>Pontiac</td>
</tr>
<tr>
<td>Worcester</td>
<td></td>
<td>York</td>
</tr>
</tbody>
</table>
Indeed, if we look only at point-in-time condition rankings of cities in 2000, 2009, and 2015, we see that most of the cities rated stronger in 2015 were also strong in 2000 (see Figure 19). Similarly, cities that were faring poorly in 2000 continued to struggle in 2015. This finding aligns with research showing that a city’s economic health is highly path dependent—that is, closely tied to its past performance. As reported by Reese and Ye (2011), “If cities were fortunate in the past, they will likely remain healthy in the future regardless of any particular policy actions. Less healthy communities will have to work very hard to improve their fortunes.” In a few notable cases in this study, cities diverged from their path: Akron, Hamilton, and Pontiac fell in relative strength from 2000 to 2015, while Scranton, Albany, and Binghamton climbed. Yet the cities at the bottom of the pack in 2000 remained stubbornly stuck there: only Binghamton and Muncie climbed out of the weakest category between 2000 and 2015. On the other hand, in 2015 Dayton, York, Gary, and Camden showed nearly no movement from their 2000 rank in the weakest category.

![Pontiac saw one of the report’s highest increases of residents aged 65 or older. Credit: iStock.com/RiverNorthPhotography](image)
The Great Recession appears to have compounded some of the difficulties for the weakest cities and accelerated the revitalization of some stronger ones, at least in terms of population change. From 2009 to 2015, populations grew in all of the high-performing cities with the exception of Grand Rapids. Low performers, with the exception of York, saw their populations remain stagnant or continue to decline (see Figure 20). In some of the weakest cities—Gary, Flint, and Pontiac, in particular—population loss accelerated after the recession, with declines of over 10 percent from 2009 to 2015.

But weak past performance does not necessarily dictate ongoing decline. In fact, some low-performing cities did relatively well regarding trends alone. A handful of medium-performing cities, including Muncie, Kalamazoo, and Syracuse, performed quite well after the recession. Kalamazoo, in particular, saw a number of positive trends: it was the only city where unemployment declined significantly and median household income grew between 2009 and 2015. Camden, one of the lowest-performing cities, was the most notable example of positive trends in a weak city. Although the city began from a low starting point and still falls far behind stronger cities on most measures, Camden saw some positive trends between 2000 and 2015. While these changes have not resulted in wholesale revitalization, they do point toward important steps in strengthening the city’s economic health.

It is not easy to isolate the causes of progress in legacy cities. A local economic development expert in Camden could not identify specific programs or actions that had brought about positive gains, but pointed out that during the state’s takeover of the city it made significant investments in education and medical campuses, which acted as important catalysts for some local redevelopment. These actions were not without controversy, however; many residents criticized the state’s choice to invest in local institutions instead of in antipoverty programs or neighborhood development (Koloff 2016). The city’s proximity to Philadelphia has also given it an edge; the Philadelphia 76ers basketball team moved its training facility and corporate headquarters across the river to Camden to take advantage of tax incentives. Whatever the causes, Camden’s trajectory shows that improvement is possible even in very weak cities.

Figure 20
Population Change by Performance Level Before and After 2009

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<td>HIGH-PERFORMING</td>
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Factors Influencing Trends

Two key factors emerge in the study of cities’ performance over the last 15 years: the rise or fall in the number of employed residents and the region in which the city is located. Neither factor is entirely predictive of performance, but both growth in employment and location in a northeastern state are closely aligned with positive trends and a stronger condition.

The change in the number of residents employed in 2000 versus 2014 correlates closely with a city’s overall performance over time (see Figure 21). Even if their populations declined, nearly all of the cities with the greatest growth in the number of employed residents experienced the most positive trends. Only seven cities in the study saw growth in the number of people employed, and all of them except Camden were in the high-performing category. In fact, in only two high-performing cities, Scranton and Grand Rapids, did the number of employed workers drop, but in both cases mitigating factors may explain the losses. Scranton had the third-highest improvement score overall, and its labor-force participation rate held steady, but its aging population may have resulted in a net loss in the number of workers living in the city. Grand Rapids—the highest-scoring city in all point-in-time rankings—slipped in performance over time. The city has not done well on trends alone, but its past strong condition kept it in the high-performing category.

The strongest predictor of performance across measures, even more than employment-related factors, is the city’s region. Cities in the Northeast consistently fared better than their peers in the Midwest on nearly all indicators. Even within each region, the state where a city is located appears to be related to performance. Notably, all the study cities in Ohio struggled, particularly after the Great Recession. Even Hamilton, which had a very positive trajectory between 2000 and 2009, slipped in the rankings from 2009 to 2015. Both Akron and Hamilton were among the top performers in 2000, but by 2015 they had fallen into the moderate performance group.
Another predictor of strength was proximity to larger cities and markets. As previously discussed, cities near major East Coast markets have benefited economically and demographically from their locations. Leaders from Scranton, the cities of the Lehigh Valley, and Camden all pointed to the economic power of positioning themselves as support locations for New York City and Philadelphia. Worcester and Lowell benefited from their proximity to Boston and their connections to that city via commuter rail. According to local leaders, 1,300 people commute from Worcester to Boston every day, connecting the two cities’ economies and talent pools. Researchers Reese and Ye (2011) call this economic benefit “place luck,” noting that smaller cities near strong markets do see some quantifiable economic benefits. But their analysis also found that place luck is not determinative: local public policies related to crime, education, and public services are the most important factors in shaping cities’ economic health.

Turning around problematic conditions in small and midsize legacy cities is certainly difficult, but some appear to be meeting the challenge. Interviews with local stakeholders in these cities, including community and economic development practitioners and local government officials, revealed a common theme: that many of them reached a true low point or “rock bottom” before being able to initiate a turnaround. In Lowell, for example, local officials said that the city was too poor in the 1950s and 1960s to undertake urban-renewal programs, which would have torn down parts of the old downtown and neighborhoods. Eventually, this situation proved to be a boon. When the mill buildings were designated as national historical sites in the 1970s, the city hoped to revitalize through tourist activity centered on the 19th-century mills. But high levels of tourist traffic never materialized, and in the 1980s a large local employer went into bankruptcy; at that point Lowell slid into very hard times. In the late 1990s, however, the city decided to take the risk of acquiring the mill buildings and bidding out for their redevelopment as housing. Years later, Lowell has strategically shaped its renewal around its downtown buildings, turning millions of square feet of old textile mills into apartments, artists’ studios, and retail space. The city was unusually lucky to be able to preserve its historic buildings, but this case shows that in smaller cities conditions often do get really bad before successful revitalization efforts can take hold, and progress comes in fits and starts over a period of decades.
Proximity to major metros may help explain some of the regional variation among smaller legacy cities, but other factors are also involved. Many of the midwestern cities’ economies were based around auto manufacturing, an industry that has been declining in the Midwest for decades as jobs moved offshore or to other parts of the country. But the industry didn’t hit rock bottom until the Great Recession and the ensuing auto bailout. In many northeastern cities, on the other hand, the bottom dropped out decades earlier. According to the Federal Reserve Bank of Chicago, the economies of the two regions began to diverge substantially in the 1980s, as the Northeast continued to move away from manufacturing while the Midwest experienced a small renaissance in that sector (Longworth 2014). Unfortunately, the midwestern turnaround was short-lived, as manufacturing employment has continued to decline. The longer transition away from their traditional manufacturing economies may have put midwestern cities at a disadvantage compared to those in the Northeast, which had more time to focus on attracting new kinds of jobs and retraining their workforces to compete in the 21st-century economy. Also, many of the midwestern cities were historically more reliant on manufacturing than their peers on the East Coast, meaning that their economies required a more fundamental restructuring.

In some sense, this situation may be positive for midwestern cities. Although many are behind in pivoting to a postindustrial economy, they now have the opportunity to learn from the successes and mistakes of their northeastern peers. Revitalization requires some experimentation and innovation, but small and midsize cities in the Midwest can adapt proven strategies from the outset instead of relying only on trial and error. The best practices and strategies for action outlined in the following chapter can help arm these cities with a broad set of tools for long-term revitalization.

Revitalization requires some experimentation and innovation, but small and midsize cities in the Midwest can adapt proven strategies from the outset instead of relying only on trial and error.
Cities are always changing; their residents, their physical appearance, and the ways in which they function shift slightly every day. Yet more apparent changes are often met with resistance. In legacy cities whose economic and cultural power has declined, some of this resistance is understandable. Acknowledging and adapting to a seemingly lesser position in the world can feel like accepting defeat. Yet to regain their strength, these cities must plan for ongoing change, including economic transition and population loss.
To reverse decline, every small or midsize legacy city must assess its current situation, taking into account not just data and facts but also residents’ perceptions, both positive and negative, about how the city is faring. By starting with a realistic picture, the city’s leaders can make informed decisions about the future.

Small and midsize cities, perhaps even more than their larger peers, must figure out how they will fit into the changing global economy. A city must find its own niche, devise a plan for thriving in that space, and carry it out consistently over the long term. That niche will depend on the city’s local assets, including its location, economic drivers, demographics, and local leadership. Each city must find the position in which it is most likely to thrive, meaning that the right niche for one city might not be right for another.

In the past, some smaller legacy cities were able to function independently in the global market, but in the future that is unlikely to be an option for many. For a city in a clearly defined region, long-term success may be tied more to aligning itself with its neighbors. The Capital District of New York includes Albany, Troy, and Schenectady, three small legacy cities that have maintained individual identities while building on synergies among them. They have branded themselves as the Tech Valley and are working together to promote the region’s assets: strong technology companies, vibrant neighborhoods, and a relatively low cost of living. Other cities may align with larger legacy cities in their region, as Akron and Canton have done, coordinating with Cleveland to compete for national and global employers. Even if the larger legacy city is not a strong economic engine on its own, coordination among several smaller cities can create a regional identity to draw new businesses and residents. Indiana and New York have embraced regional funding models to encourage cities to work with their surrounding regions to compete for state economic development grants and incentives. These relatively new state programs could help drive smaller legacy cities to compete for jobs and new residents alongside their neighbors instead of against them.

If a city’s regional neighbor is a large metropolis that is successfully competing at a global level, the smaller city may be able to carve out an economic niche as a “support city”—a logistics hub, staging ground, or bedroom community—for the nearby major market. A number of smaller legacy cities, particularly on the East Coast, have already moved into this position. As discussed earlier, after the closing of the Bethlehem Steel plant, the city of Bethlehem repositioned itself as a shipping and logistics hub for the Philadelphia and New York markets. Even a city with serious challenges, such as Gary, can take advantage of the strength of its neighbors. Gary’s proximity to Chicago gives it access to major rail lines, highways, and airports (Longworth 2014). Gary has a higher than typical percentage of local jobs in transportation and warehousing, demonstrating that its residents can benefit from industries looking to move products into the Chicago market.

For some cities, the niches mentioned above are not feasible because of their location or economic situation. Still, they may have a future as service and
educational hubs for a more localized region. A city can position itself as the center of a regional “labor shed” from which residents are willing to travel for employment (Longworth 2014). While such a city may not have a global profile, it can provide services for a less densely populated region whose economy is based on agriculture, natural resource extraction, or manufacturing. These places are less likely to draw new residents from outside the region but can focus their resources on building a high quality of life for existing residents.

Determining the future role of these legacy cities will require a great deal of vision and some risk-taking on the part of local leaders. Choosing to remake cities for the 21st century means accepting that these places will not look the way they did in the 1950s. For this reason, changes in local leadership and generational shifts can provide an opportunity to jump-start revitalization efforts. In Kalamazoo, when 200 city staff members accepted an early retirement package, a new culture of creativity and collaboration emerged. Credit: Neal Conway, Communications Manager, City of Kalamazoo

In Kalamazoo, when 200 city staff members accepted an early retirement package, a new culture of creativity and collaboration emerged. They note that one of the most important benefits of this new culture is that almost no one remembers how things were done in “the good old days.” Staff members came to their jobs understanding that the city was in a difficult situation and were willing to try new and innovative strategies to confront its challenges. This attitude has allowed the city of Kalamazoo to implement strategies that would have been nonstarters under the previous leadership.

Choosing to remake cities for the 21st century means accepting that these places will not look the way they did in the 1950s. For this reason, changes in local leadership and generational shifts can provide an opportunity to jump-start revitalization efforts.
However, even with acceptance of new approaches, revitalization requires great patience. In their related Policy Focus Report, Mallach and Brachman (2013, 49) argue that strategic incrementalism, or “melding a long-term strategic vision with an incremental process for change,” is the surest path forward for legacy cities. Breaking away from their path of decline requires sustained strategic effort. In pursuing opportunities for revitalization, local leaders need to make sure that they are furthering a shared community vision of the city’s future through their strategic decision making. This communal vision may be especially important in smaller legacy cities, which have fewer local assets and resources, leaving less room for high-risk changes.

The capacity to carry out this vision is one of the key elements that separates successful smaller legacy cities from those that will continue to struggle. Although larger legacy cities—and even growing and thriving communities—also struggle to find sufficient resources, civic leadership in these places often remains high in spite of population and economic decline. A committed group of local leaders, including elected officials, business leaders, civil servants, grassroots advocates, philanthropic partners, and other interested parties, can chart a new direction for the city and work together to push that vision forward. The well-known turnaround stories of larger legacy cities like Pittsburgh demonstrate the potential for revitalization and even growth when there is sufficient leadership capacity to strategically and incrementally move the city in a new direction. Some smaller legacy cities with unusually strong local leadership have also been able to revitalize. Indeed, research by the Federal Reserve Bank of Boston into “resurgent” smaller legacy cities found that the common denominator among them was cross-sectoral leadership actively and explicitly working to combat further decline. Local leaders guiding revitalization in resurgent cities “recognized it was in their own interest to prevent further deterioration in the local economy and . . . took responsibility for bringing about improvement” (Kodrzycki and Muñoz 2009, 2).
Worcester is one such resurgent city that has benefited from networked leadership. When a number of long-term community leaders retired at around the same time, an opportunity arose for new leaders to take the reins. Key positions, including the mayor, city manager, and executives at major corporations, were filled by energetic people who intentionally recruited more talent to the city. These new leaders led Worcester through a decade-long process of reimagining the city’s downtown after the closure of a center-city mall—a move that one stakeholder said would have been very difficult to make under the previous leadership. The efforts were successful because “the right people in the right position” worked together across sectors to reinvigorate the downtown. The shift in leadership was not without bumps, but the city’s positive trajectory stems from the willingness of new leaders to capitalize on the city’s assets and seek a new vision for Worcester’s future.

Yet many smaller cities lack the leadership capacity to build and execute a community-wide vision. Years of population loss, suburban flight, the loss of locally based corporations, underperforming education systems, and other systemic challenges have created real human capital deficits. Because talented, visionary leaders are stretched thin in these places, with insufficient and shrinking resources, many of them may focus more on stemming the losses than on rehabilitation or renewal. Addressing this challenge is critical to changing the trajectory of these cities.

Smaller legacy cities that do show signs of turnaround have focused on strategies that build local capacity or prioritize revitalization efforts using limited resources. The promising strategies discussed here were uncovered during interviews with stakeholders in most of the cities in the study, though the authors were unable to reach anyone in Gary or Pontiac. Interviews were aimed at identifying factors that contributed to the success of these cities but that were not apparent in the data. From those conversations, the authors identified eight broad strategies that have been deployed by smaller legacy cities to further the process of revitalization. Each strategy is built around the city’s existing assets and realistically acknowledges limitations. In keeping with the focus on incrementalism, none of these strategies should be considered a “silver bullet”; no single strategy turned around any of these seriously challenged cities.

In the 1990s, the redevelopment of Armory Square helped revitalize commerce in downtown Syracuse. Credit: Philip Scalia/Alamy Stock Photo
Artspace in Hamilton adapted a historic downtown building into a mixed-use arts facility, with affordable live/work units for artists and ground-floor commercial space. Credit: Hamilton-Artspace Hamilton Lofts (OHPTC)

Strategy 1: Build Civic Capacity and Talent

Committed local leadership is critical for shepherding small and midsize legacy cities through the difficult process of revitalization. As discussed above, cities need stakeholders from a variety of sectors to set out and execute a shared vision of the city’s future. In smaller cities, especially, each individual in a leadership role can have an outsized impact, either positively or negatively, on the city’s trajectory. Thus, having the right person in the right position is critically important. The attitudes of people in stewardship roles also have an impact. Those guiding the city forward need to be realistic about its current condition and must be willing to upend old ways that haven’t been successful in the past.

Building local civic capacity is no small task, particularly in a smaller legacy city whose population and economy are shrinking. Attracting and retaining the next generation of leaders requires creative approaches that may diverge from standard recruitment practices. Smaller legacy cities need to focus on retaining local talent while drawing new leaders from elsewhere. While there is no single guaranteed way to build civic capacity, those leading the effort should try to find the right people to fill certain critical roles today while working on building a talent pool for the future. The roles that require special care will vary from city to city, but might include the city manager, the director of a public or nonprofit economic development entity, and the head of a large anchor institution. The people who have influence in filling these jobs vary (sometimes they may be the voters), but their willingness to look beyond the “usual suspects” and
pick innovative, dedicated candidates will be important in determining the city's long-term trajectory. In many cities, leadership opportunities are too often limited to people with the right personal ties and loyalties, thus excluding a diverse set of potential change makers. Cities are often unwilling to look beyond their boundaries to pull in the right person for a job, but intentionally recruiting leaders from outside can make a clear difference.

Hamilton demonstrates how thoughtful recruitment of outside leaders can help jump-start revitalization. For years, leaders there treated the city as if it were a walled garden, allowing few external influences to catalyze creativity. Within the city government, departments functioned in silos with little collaboration. As major employers left the city and the recession took hold, leaders on the city council began to recognize that an infusion of outside energy could help get them back on track. They intentionally recruited a city manager from outside the community in the hope that it would introduce a fresh perspective. The change seems to be making a difference. The new city manager has worked on building a culture of collaboration: breaking down departmental silos within the government, between the private and public sectors, and among regional governments and entities. While it was the new manager who catalyzed the shift in attitudes, the city council’s willingness to tear down the garden wall was a critical first step.

In addition to finding the right leaders for the current moment, cities need to ensure that the next generation is being groomed to step into place. While the new “generation” is not limited to younger people, all cities should cultivate a pool of talented younger individuals who can fill leadership roles as they arise. A healthy population of young professionals is one indicator that cities are replenishing their pool of civic leadership. Fortunately, most of the cities in the study experienced greater growth in the young professional population than the nation as a whole did, but many still lag behind larger, more economically vibrant markets in attracting this demographic.

Cities struggling to attract or retain young professionals should consider ways to draw this demographic at critical points in their career development. Small cities have an important underappreciated asset in that their size allows ambitious younger people to mingle with decision makers or to become decision makers themselves earlier in their careers than they would in a larger, more competitive job market. Some cities, including Hamilton, have created specific programs to place talented and passionate young people in leadership-track positions in city government and the private sector, allowing recent graduates to bring new energy and creativity into local government or businesses while they gain important professional experience. These programs may draw from local universities or may cast a wider net to find candidates interested in a new adventure or in the issues facing the particular city. In Hamilton, the Russell P. Price Fellowship gives talented recent graduates the opportunity to take on management-level projects within the city government. Fellows are provided with housing in a downtown loft and are encouraged to become a part of the fabric of the community. In the first few years of the project, many of the fellows have remained in Hamilton after their term ends, adding to a new generation of local leaders.

Having the right people available and trained for high-impact jobs is a critical issue for smaller legacy cities. While building the right mix of local leaders is a long-term process that will require each city to create an individualized plan for cultivating leadership, recruiting outsiders for key positions and developing fellowship programs to attract younger leaders can be helpful.
South Bend built on one of its greatest assets—its proximity to Notre Dame University—through a fellowship program that aligns the talents of recent STEM (science, technology, engineering, mathematics) graduates with the needs of local businesses, nonprofits, and municipal government. Fellows in the program, called enFocus, form a team of consultants who act as a “really smart SWAT team” to help solve challenges facing local organizations. In addition to the important professional experience gained through working on projects, each fellow is paired with a community-leader mentor and gains management experience by supervising a team of interns that works with the fellows on consulting contracts.

These internships connect students to South Bend while they are in school, giving enFocus another route to retain talent in the city. South Bend hopes to entice enFocus graduates to stay in the city as entrepreneurs, and so far more than 80 percent of graduates have remained in Indiana. Although the program is still relatively new, early results demonstrate the value of engaging local students and graduates as a means of attracting talent for the long term while also benefiting local organizations in the near term.
Strategy 2: Encourage a Shared Public- and Private-Sector Vision

The magnitude of the challenges facing smaller legacy cities means that local government leaders cannot successfully address them alone. Stronger legacy cities have a committed cadre of local leaders from the private sector who contribute their expertise and resources to revitalization. In the most successful places, these private-sector leaders collaborate with city administrators and elected officials to create and carry out a shared vision for the city. Revitalization requires leaders from all sectors to “own the problem” and figure out how to fix it.

In some cities, private-sector leaders have formed groups to address the challenges. Perhaps the best-known example of shared public/private vision comes from Grand Rapids, where business leaders created an organization to revitalize the central business district. The initial group, known as Grand Vision, included representatives of the business, government, and academic communities and used data to create a new vision and plan for the struggling downtown (The Philanthropic Collaborative 2009). After the plan was drafted, the group changed its name to Grand Action and set about realizing that vision. The plan called for a new downtown arena and convention center, which required the cooperation of public- and private-sector stakeholders. Perhaps in part because of the collaborative interventions of these committed leaders, Grand Rapids remains the strongest smaller legacy city in the Midwest and the only one to reach the top-performance category.

Lancaster also benefited from the intervention of committed corporate and business leaders. In the late 1990s, this group became concerned that if they did not stem the tide of decline in the city, the suburban areas in the county would begin to deteriorate as well. To chart a path forward, leaders from the banking, legal, and journalism sectors joined with the chamber of commerce to create a 15-year economic development plan for the city. The group called itself the Lancaster Alliance and incorporated as a nonprofit organization open only to private-sector members. The development plan proposed some major investments, including a downtown conference center, but also focused on expanding undeveloped local resources like tourism and new businesses in different parts of the city. The Lancaster city government used the plan as a guiding document for its economic development work, and today much of what was proposed in the plan has been executed.

South Bend does not have a formal organization like Grand Action or the Lancaster Alliance, but it benefits from the work of an informal group of retired business leaders who volunteer their time to help with revitalization efforts. According to a local official, some of these retirees work as many as 60 hours a week. This kind of commitment is beneficial to the city not only through the retirees’ direct contributions, but also through the creation of a culture of civic engagement for business leaders. Some of them actively pass that civic spirit on by working as mentors for fellows in the enFocus leadership development program.

In some cities, the contribution of business leaders is less direct. In Camden, even after the departure of some major corporate headquarters, the impact of private-sector leadership is still felt through continuing philanthropy and strategic interventions. In 1984, the RCA Corporation and the Campbell Soup Company joined Camden city officials to discuss redeveloping waterfront land downtown owned by the three entities. They determined that the most effective way to revitalize the site would be through the creation of a nonprofit entity designed to represent both the private and public sectors. Now known as Cooper’s Ferry Partnership, the organization serves as the backbone for
a number of collaborative private- and public-sector endeavors in economic development, arts and culture, and preservation and creation of open space.

Philanthropic and corporate giving is often critical in smaller legacy cities. The Kalamazoo Promise, a guaranteed four-year college scholarship for graduates of Kalamazoo public schools, is funded by a group of anonymous donors who want to promote the city's economic and community development through greater access to higher education. While this kind of investment is unlikely to be replicated in other small legacy cities, it demonstrates that when wealthy residents commit to investing in their community, the results can be powerful. Hamilton benefited from combined public- and private-sector efforts to revitalize its downtown through an investment fund, as described in the Strategy in Action on page 50. Despite significant statewide difficulties, Hamilton's recent successes demonstrate that collaborative cross-sectoral leadership is crucial to dealing with the entrenched challenges facing small and midsize cities.

Camden revitalized waterfront land downtown through a public-private nonprofit entity called Cooper’s Ferry Development Association. Credit: iStock.com/Aneese
Through the Consortium for Ongoing Reinvestment (CORE) in Hamilton, partners pool resources to provide gap financing, residential redevelopment grants, and capital for strategic property acquisition to revitalize the city’s central business district and surrounding areas. Credit: CORE

STRATEGY IN ACTION: WORKING TOGETHER FOR HAMILTON, OHIO

Hamilton is one of the strongest-performing legacy cities in Ohio. Hamilton is gaining population, stabilizing vacancy rates, and attracting new businesses due in part to the coordinated effort of the local public, private, nonprofit, and philanthropic sectors. Starting in 2010, private-sector and philanthropic leaders decided that the “old ways” of investing in Hamilton were insufficient and that riskier, but potentially more catalytic, investments would be needed for the city to turn around. In response, the city manager’s office, local community foundation, and two local financial institutions established CORE—the Consortium for Ongoing Reinvestment.

Through CORE, partners pool resources to provide gap financing, residential redevelopment grants, and capital for strategic property acquisition. CORE provides strategic, patient capital for major redevelopment projects in Hamilton’s central business district and surrounding areas. A notable project was 150 High Street, a 167,000-square-foot former department store that sat vacant in the central business district for over five years. CORE purchased and rehabilitated the building to create space for a new call center, medical offices, a grocery market, and additional office space. Beyond investments in real estate, CORE and the individual partners are seeding and stewarding programming to support CORE’s investments, such as internship programs, business development support, and Main Street programming. Pooling resources and talents around clear priorities and goals, creating channels of communication to ensure nimble responses, and accepting that no single entity has the resources to revitalize Hamilton alone generated new energy and commitment among Hamilton’s residents and leaders and seems poised to produce a financial return for the city and investors.
Strategy 3: Expand Opportunities for Low-Income Workers

Smaller legacy cities, like their larger peers, have long struggled with entrenched poverty. As middle-class residents left for the suburbs, the share of low-income city residents grew. Unfortunately, as higher-paying manufacturing jobs left as well, the number of residents who were struggling economically continued to increase. The Great Recession compounded these issues even further, leaving at least one in five residents of all smaller legacy cities living in poverty in 2015. Although poverty increased nationally over the study period, these smaller cities still have much higher average rates than the nation as a whole.

Efforts to revitalize smaller legacy cities cannot be successful if they focus only on higher-income residents. To be truly successful, cities must include opportunities for people of all incomes and educational backgrounds. Even large legacy cities like Baltimore and Philadelphia are struggling to make their strategies for revitalization and economic growth inclusive and to ensure that a rising tide truly does lift all boats. A recent paper by a consortium of Federal Reserve Banks and the Funders’ Network for Smart Growth and Livable Communities (Lambe, Longworth, and Stauber 2017) points out how economic growth in smaller legacy cities does not always increase prosperity for all residents. The authors characterize economic growth and broad prosperity as two arcs of development that function separately unless they are intentionally connected. As some of their markets begin to turn around, smaller legacy cities must be sure to incorporate inclusive policies into their revitalization efforts.

This result is best achieved by building a web of interventions to help low-income residents access opportunities for jobs, education, skills training, and adequate affordable housing. Along with transportation...
needs, a key thread in this web is improving the employment prospects of low-skilled workers. While many cities have worked on creating local jobs, fewer have tried to ensure that the local workforce is equipped to fill those jobs. A number of smaller legacy cities report a “skills gap,” a disconnect between the jobs available locally and the skill sets of local workers looking for jobs.

To combat the skills gap and improve residents’ economic prospects, some smaller legacy cities have invested in workforce development programs. Some begin even before high school graduation and do more than teach students skills in the trades or advanced manufacturing. Instead, they work toward a cultural shift away from the notion that having a four-year college degree is the only way to get a job with middle-class or higher wages. Some legacy cities have a number of well-paying, high-skilled advanced manufacturing or skilled labor positions that do not require a bachelor’s degree but do require training beyond high school.

For local employers and for the long-term health of these communities, high school students and their parents must understand that good jobs are available for students with skills. In the quest to develop the local workforce and reduce poverty, the private sector can make important contributions. Leaders in Syracuse took an innovative approach to these problems after recognizing that the city’s poverty was a liability for both the business sector and government; the city’s negative image and the visible poverty in the urban core kept businesses from locating downtown. Additionally, the long-term costs of blight and lost tax revenues were a large burden on the city’s finances. CenterState Corporation for Economic Opportunity (CEO), the regional chamber of commerce and economic development organization, saw that working to reduce poverty would help its members—local businesses—thrive. CenterState CEO, along with grassroots organizations, tied a redevelopment project near a local hospital to high-paying jobs and skills training. Since that pilot project, the program has expanded from construction into health care jobs and has widened its geographic reach. This model is of particular interest because it leveraged workforce development programs to help combat other issues facing the community, including blighted homes. Some of these interventions seem to be making an impact: while all of the study cities saw growth in poverty rates from 2000 to 2015, Syracuse had one of the lowest poverty growth rates of the group and a poverty growth rate only slightly higher than the national average.

In 2015, this young woman in Lima received a job offer on the spot during Link Lima’s Makerfest, a “reverse job fair” that allows students from technical high schools to show off their skills for potential employers. Credit: Link Lima
The city of Lima is an industrial center situated in an otherwise rural part of western Ohio. Lima, a city of less than 40,000 people, is still home to a military tank plant, a steel forge, and an oil refinery. Yet even with these remaining employers, the city experienced a severe decline in low-skilled manufacturing jobs resulting in high rates of joblessness and poverty. As the remaining manufacturing companies, particularly those in the petrochemical industry, evolved to require higher-skilled workers, the demand for a skilled workforce began to outstrip the supply of local people with the necessary skills. According to a local economic development official, there are 1,000 to 1,500 open jobs in Allen County where Lima is located, and many of them are high-paying, high-skilled positions. Lima-based economic development agencies and employers began to recognize that in order to fill those positions, they would need to create training programs that will equip residents, many of whom are low-income, with the right skills for available jobs.

A program called Link Lima/Allen County emerged from this recognition. Link Lima functions as an umbrella for a number of different workforce development initiatives, including training programs at technical colleges, individual employers’ skills-training workshops, and a marketing and education campaign attacking the notion that all high-paying jobs require a college degree. The program has particularly targeted high schools, which are coming to embrace that technical training could be a better launching pad for some students than college-preparatory classes. In 2015, Link Lima hosted Makerfest, a “reverse job fair” that hosted 1,100 students and 50 local employers. Employers had the opportunity to show students what they make while students from technical high schools participated in competitions showing off their skills. The welding competition was swept by three young women—one of whom received a job offer on the spot for after she finished high school. Lima is working to tackle its workforce challenges both by building the skills of the existing workforce and by convincing tomorrow’s workforce that there are good jobs in the local manufacturing industry.
Strategy 4: Build on an Authentic Sense of Place

To compete for jobs and highly skilled workers, cities are working to create places where people will want to live. This strategy is based on the belief that the next generation of workers, particularly young professionals, may have many job options and will first choose where they want to live and then decide where to work. Employers will be drawn to places with a high concentration of the workers they want to hire. Additionally, in all income groups, families drawn to cities for work are more likely to stay and integrate into the social fabric if they find the community to be attractive, safe, and vibrant.

Creating places where people want to spend time, known as “placemaking,” has proven to be a useful economic development strategy in a number of cities. In smaller legacy cities in particular, placemaking should build on existing assets, such as historic neighborhoods, a compact and walkable downtown, and established cultural institutions. Cities should consider what demographic groups would be particularly attracted by these assets, including young residents who have moved away but want to return home to start a family or take care of aging parents, residents from elsewhere in the region who are seeking an urban setting, immigrants who need inexpensive housing, and do-it-yourself rehabbers who cannot afford to buy historic homes in larger cities (Fox and Axel-Lute 2008). By studying the particular needs and interests

Kalamazoo Coffee Company’s Black Owl Cafe is a downtown hub for younger residents. Credit: Neal Conway, Communications Manager, City of Kalamazoo
of target populations, cities can build on their existing sense of place to attract new residents.

It is important to emphasize that most small and midsize legacy cities are unlikely to remake themselves into hip meccas like Portland or Austin. In fact, attempting to do so would compromise their appeal. A strong sense of place must be rooted in authenticity; trying to re-create one of those cities in Dayton or Akron would undermine their own authentic draw: a sense of Rust Belt chic with a low cost of living and a good quality of life. Creative placemaking is not limited to cool coffee shops and bike lanes, although such amenities do help; it is about creating cities where people want to live, work, and play. What that looks like in smaller legacy cities in the Midwest and Northeast may be quite different from the atmosphere of San Francisco, Boston, or even Pittsburgh.

Scranton, widely known for its representation of middle America on the television show The Office, embraced placemaking when younger residents who had moved to New York or another large city started returning home because of strong family and community ties. Many of them wanted to maintain an urban lifestyle and brought back creative ideas about city living. Downtown redevelopment created more living options, as well as new bars, boutiques, and coffee shops, which have helped recast Scranton’s city center as vibrant, hip, and creative. Still, these attractions alone were not the greatest draw for new residents. Meghan Ashlin Rich’s exploration of Scranton’s revitalization (2013) describes how local leaders, working to attract the creative class by rebranding the city as cool, found that strong ties among residents and a good quality of life were just as important in bringing former residents back. While returning residents are interested in authenticity, they also believe that quality of life will be higher in Scranton than in a bigger city. And they recognize that they can have a much greater impact on the city’s future than they could have elsewhere, and many are dedicated to guiding the placemaking efforts.

Some smaller cities have found that local features typically seen as liabilities may be assets in the context of placemaking. In particular, remediated brownfield sites in the urban core can present opportunities for redevelopment. Large or contiguous parcels are often difficult to come by in urban areas, which means that after thorough cleanup, an old industrial site like the former Bethlehem Steel plant may become a valuable space for new development. Low housing costs are a liability for cities in many ways, but they also allow people with lower incomes or less accumulated wealth to purchase and rehabilitate homes. Dayton’s very low housing costs led to the city leading the nation with the highest percentage of home buyers under 35 years old in 2016 (Clark 2016). In the Dayton market, half of the buyers are young people—more than double the percentage in hot markets like San Francisco. Certainly weak housing markets need to be addressed to ensure long-term success in smaller legacy cities, but in the meantime inexpensive houses are an opportunity for some residents.

Cross-sectoral collaboration and intergovernmental support are important in legacy cities’ placemaking efforts. Michigan, which has a number of smaller legacy cities, has embraced placemaking as an economic development tool on the state level. After losing more than 800,000 jobs, Michigan decided that it needed a new approach reflecting changes in the global economy (Weinfeld 2016). Nonprofit organizations worked with the state housing finance agency and other stakeholders to launch the Sense of Place Council and the MIplace initiative, which promote placemaking to attract and retain talent in the state. Michigan has incorporated placemaking principles into existing economic development programs, and stakeholder groups have created a placemaking toolkit and are training local officials to make regional plans for building quality places. Although Michigan’s program provides few direct resources, the statewide embrace of placemaking provides important morale-building and technical support for local efforts to enhance the quality of urban life.
When the Bethlehem Steel plant closed its doors in 1999, the city braced for devastating economic impacts. While the plant closure brought serious challenges to the community, some residents say that the city’s heyday is just now beginning. Without the noise and air pollution caused by the plant, Bethlehem is better poised to become an attractive place to live and work. The site of the former steel plant represented a number of opportunities and challenges—although the site was the largest brownfield in the country, it also created newly developable land along the city’s riverfront. The area was split into two zoning districts: a large industrial area and a smaller mixed-use entertainment district. A collaborative group of local partners, including Bethlehem Steel, Lehigh University, the city of Bethlehem, and a local arts nonprofit called ArtsQuest, worked together to create a new vision for the site. Sands Casino Resort purchased much of the land in the entertainment district in 2007, remediated the site, and opened a casino and hotel. One of the blast furnaces from the steel mill was located within the entertainment district, and the casino pledged to keep it standing as a unique nod to the city’s past. ArtsQuest now maintains an arts and cultural campus on the site, including an outdoor amphitheater at the base of the stacks. This has been a significant draw for the region, bringing one million visitors in the site’s first five years of operation and playing host to Musikfest, the nation’s largest free music festival, which is estimated to produce a $55 million annual impact on the region’s economy.

SteelStacks Arts and Cultural Campus in Bethlehem won the 2017 Rudy Bruner Gold Medal for urban excellence in placemaking. Credit: Ryan Hulvat
Strategy 5: Focus Regional Efforts on Rebuilding a Strong Downtown

Many small and midsize legacy cities have a great asset in their historic downtowns. Even if the downtown is no longer the center of business and commerce, it is the public face of the entire region. Unfortunately, for decades the downtowns of legacy cities suffered substantial disinvestment, and many have not fully recovered from the urban renewal and highway-building programs that devastated their cores. Extensive suburban and exurban communities have grown up around those cores, and many jobs and shopping opportunities have shifted out to these locations.

Some cities have been content to attract businesses to the broader region without regard to where they locate. Akron pursued that kind of strategy, with officials from the city, county, and regional chamber of commerce working in partnership to attract foreign investment. But without a clear policy privileging the downtown or the city itself, suburban office parks became the default location for many new businesses. This led to problems for workers who depended on public transit as well as rising office vacancy rates downtown. Fortunately, Akron’s downtown organization and other stakeholders are now working together on a strategic plan for the urban core, and its current political leaders understand the value of keeping economic development within the city center. This renewed focus on downtown as a business, residential, and entertainment center is likely to pay long-term dividends for the city.
Numerous studies have found that the strength of a region depends on the strength of its central city. An analysis by the Brookings Institution found that the vast majority of weak older industrial cities are in economically stagnant metropolitan areas (Vey 2007, 17–19, 64). Strong cities are built around strong downtowns, though in the future few downtowns will look the way they did in the mid-twentieth century; trying to re-create the downtowns of that era is likely to be a losing battle. New technologies, suburbanization, and car-centric commuting patterns mean that many economic functions will remain outside of legacy-city downtowns. But a downtown can still be a vibrant mixed-use residential and entertainment area for the region. The growing preference for living downtown has spurred the conversion of outdated commercial and industrial spaces into housing. Entertainment districts around sports arenas, concert venues, and theaters also serve as regional draws.

Many smaller cities have recognized the importance of a strong urban core in spurring revitalization of city neighborhoods and the region as a whole. Worcester invested heavily and strategically in its downtown. The removal of an old center-city mall led to a rethinking of the downtown’s physical form, including restoration of the traditional street grid, which had been disrupted when the mall was built. The Massachusetts College of Pharmacy and Health Sciences moved its campus to downtown Worcester as well, bringing more people to the streets and into downtown businesses. While a college or university campus is not always a catalyst for revitalization, simply having more people walking around downtown helps create a sense of vibrancy that can spark further development.

Not every city can duplicate Worcester’s catalytic revitalization of its downtown. York, a much smaller city, depended on more traditional strategies to bring people and businesses back to the center. The plan combined a Main Streets program with a business improvement district (BID) to re-create the downtown as a retail center that appeals to people with a wide variety of interests and incomes. Muncie, another small city, has focused on attracting young professionals through downtown development. Like York, Muncie worked to create lively, interesting places and has marketed them to the young professionals it hopes to attract. Muncie chose that demographic specifically because Ball State University, with a campus of over 20,000 students, is located in the city (Ball State University 2017). Muncie was among the study cities that had the greatest growth in the population of young professionals between 2009 and 2015. In other places, empty nesters might be a more strategic demographic to target for residential development. This population often has higher incomes and may be downsizing from homes in the suburbs, meaning they can pay more for homes or condos downtown. No matter the demographic group, building mixed-use downtowns with bars, restaurants, retail, and housing appears to be a winning strategy for many cities.

In the most promising cases, the emphasis on downtown expands beyond the city itself. In these cases, regional economic development groups recognize the importance of a strong downtown core for attracting workers and employers. This has led to collaborations among business leaders, nonprofit groups, and governments to invest in the region’s downtowns. The efforts in Syracuse, discussed in the Strategy in Action on page 59, appear to be having an impact: it was one of the few smaller legacy cities in the study to show significant growth in the percentage of the population working in the central city from 2009 to 2015.
CenterState Corporation for Economic Opportunity (CEO) is the regional chamber of commerce and economic development organization that covers the city of Syracuse and the twelve-county surrounding region. Although focused on promoting development throughout the region, CenterState CEO and its business members recognized that a vibrant downtown is critical to the success of the entire area. Companies have come to realize that they can better retain a strong workforce if they are located in interesting places where workers want to be, leading them to choose downtown office space over suburban office parks. The center-city organization, the Downtown Committee of Syracuse, is a program of CenterState CEO, underscoring the organization's commitment to building a strong downtown.

Due in part to CenterState CEO's leadership, a number of actors have coalesced around reestablishing downtown as the economic center of the region. CenterState CEO, the state of New York, and other regional stakeholders have invested heavily in Syracuse's downtown to attract and retain local businesses. The local utility company, National Grid, created a grant program focusing on brownfield redevelopment in the downtown core. The state of New York invested heavily through its Restore New York Communities Initiative, which was established in 2006 to provide financial assistance to municipalities in revitalizing residential and commercial buildings. Syracuse received $15 million, which was dedicated to promoting mixed-use redevelopment in the city's downtown core and inner-ring neighborhoods. The program allowed for the acquisition of a number of homes for redevelopment as affordable housing, guaranteeing that success in revitalizing the city could be shared by its lower-income residents as well. These funds, as well as other state dollars, were leveraged fivefold in private investment (Downtown Committee of Syracuse 2017). Paired with $50 million in investments in a connective corridor linking downtown and Syracuse University, the strategic investments in Syracuse's downtown have reenergized the city's core.

Public-private partnerships are revitalizing Syracuse's downtown as the region's economic center. Credit: iStock.com/PapaBear
Strategy 6: Engage in Community and Strategic Planning

One of the advantages of smaller legacy cities is that their scale allows for greater community-wide consensus building about the city’s future. However, because resources are scarce in a small city, not all competing visions can be implemented successfully. To make sure that resources are allocated effectively and that the community supports the revitalization strategies, small cities must plan carefully for the future, using all available data.

Such planning requires tough conversations and realistic assessments about what the future might hold. Most legacy cities are unlikely to regain their previous economic position or population size. Instead, visioning needs to build on a city’s existing assets to create stability and, hopefully, prosperity for its residents. In Dayton, where more than one in ten homes sit abandoned, the city’s “Green and Gold Strategy” looks realistically at the region’s lack of population growth and projects what the city’s urban fabric will look like in the future. One neighborhood with extremely high vacancy levels was reimagined as a network of parks and urban gardens—the “green” strategy. At the same time, the city is working to retain and actively bolster assets like its intact historic business district and remaining small manufacturers—the “gold” strategy. In Flint, another city with extremely high rates of housing vacancy and regional population loss, the city crafted a new master plan to reflect its current condition. One component aims to eliminate blight, or deteriorated vacant buildings, by educating residents about the impact of blight, the city’s plans to combat it, and ways that private citizens can be involved in those efforts. Acknowledging the loss of population, Flint’s plan also has changed the zoning of some neighborhoods to encourage conversion to green space.

Even small legacy cities that have not experienced the extreme population losses seen in Dayton and Flint can benefit from carefully considering how best to allocate limited resources. Outside organizations like community development corporations or anchor institutions often have interest in particular neighborhoods or corridors and may be willing to contribute their resources to planning efforts for those areas. Many cities have nonprofit or other private organizations working on downtown revitalization, and they may have independent resources available for strategic planning. When this is the case, city government can instead focus staff time and financial resources on making sure that neighborhoods have solid, community-based plans. In cities where new housing is being built, this kind of planning is especially important in ensuring that residents’ voices are heard as their neighborhoods change.
STRATEGY IN ACTION: PROMOTING NEIGHBORHOOD DEVELOPMENT IN GRAND RAPIDS

Grand Rapids is fortunate among small and midsize legacy cities in that it reaps the benefits of a private sector that has coalesced around promoting economic and downtown development. Grand Action, a coalition of community and civic leaders from the private sector, spearheaded the visioning and implementation of much of the city’s downtown revitalization. The City of Grand Rapids Planning Department helped to guide this process, by ensuring that the voices of average community members were also a part of the downtown discussion.

With the strong role of the private sector in promoting downtown, the city government is able to focus much of its efforts on neighborhoods outside of the core. Planning staff believe they are better able to represent the community’s interests in working with developers when they engage in planning processes that empower residents to communicate a vision for their neighborhoods. In many cases, plans are devised entirely by the neighborhoods themselves with only strategic and technical support coming from city staff. The city works with neighborhoods to create “Neighborhood Pattern Workbooks” to establish modern zoning overlays that fit with current needs and the community’s desires. The development community has seen value in having community-driven neighborhood plans, because developers emerge from the process with a clearer sense of neighborhood residential needs and concerns, which are likely to be incorporated into the final development product. Also, developers are less likely to be met with challenges through the public approval process. City staff sees real value in this process as well; the city is able to expedite approvals for even major development projects because the already agreed-upon development guidelines from the neighborhood mean that they do not have to go through the typical approval process.

Grand Rapids’ private sector coalesced to promote economic development. Credit: iStock.com/huePhotography
Strategy 7: Stabilize Distressed Neighborhoods

One of the greatest liabilities for smaller legacy cities is widespread neighborhood disinvestment and the resulting declines in physical structures and quality of life. Cities have been contending with these challenges for decades, but the wave of foreclosures and abandonment in the Great Recession significantly compounded the problem. Housing vacancies not related to usual market activity increased by nearly 100 percent on average among smaller legacy cities and grew substantially more in some severely distressed cities. This change was not limited to neighborhoods already experiencing decline prior to the recession; the foundations of once-stable middle- and working-class areas were shaken as foreclosures and vacancies reduced property values and kicked off the cycle of disinvestment.

After engaging in community-wide planning, the critical next step in combating disinvestment is to create and carry out a series of interventions to stabilize struggling neighborhoods and prevent further decline. The planners must identify which neighborhoods need particular interventions and investments, based on an assessment of existing assets. In some cities, the infrastructure for intervention is already in place: the local government, community development corporations, nonprofit and for-profit developers, and other local stakeholders have the capacity to address the needs of different neighborhoods. In other places, the organizations available for intervention may require additional support or may even need to be created from scratch.

Stabilizing distressed neighborhoods is no small task. Just in terms of housing, a whole series of complementary interventions is required: critical repairs of occupied homes, rehabilitation of vacant homes, and, in some cases, targeted demolition. Beyond housing, distressed neighborhoods require interventions to address their systemic challenges. No single organization can take on this task alone; strong leadership and the community partnerships discussed above are necessary to ensure this complex process is successful.
STRATEGY IN ACTION: STABILIZING YOUNGSTOWN’S NEIGHBORHOODS

Youngstown has some of the most distressed neighborhoods of any of the smaller legacy cities in the study. More than one out of every ten homes in the city is vacant and likely abandoned, creating significant barriers to building new or rehabilitating market-rate housing in the city. In the face of these serious challenges, the City of Youngstown and the Raymond J. Wean Foundation created the Youngstown Neighborhood Development Corporation (YNDC), a nonprofit organization dedicated to community revitalization. YNDC focuses on key neighborhoods in the city and pairs targeted housing rehabilitation and demolition with comprehensive community development activities like business development, community organizing, and urban farming.

While YNDC’s focus on stabilizing neighborhoods extends beyond housing specifically, their approach to rebuilding housing markets in struggling neighborhoods is of particular interest. Housing values in Youngstown are extremely low, making market-rate development very difficult without subsidy. YNDC uses extensive data collection to analyze which neighborhoods could support market-rate development and which will require additional interventions. In neighborhoods where it is appropriate, YNDC uses HOME Investment Partnership or Community Development Block Grant dollars to do repairs on occupied homes. In other cases, it works with the county land bank to acquire vacant properties for rehabilitation and resale. YNDC has its own construction crew, which helps keep costs low, allowing them to rehabilitate without subsidy beyond the donation of homes. The for-sale units are very popular, and are mostly sold to pre-qualified buyers from a waitlist. All homes are listed on the Multiple Listing Service (MLS) even if they are presold in order to build comparables (comps) for future appraisals in the neighborhood. Staff reports that the private market has indeed moved in after their efforts, furthering revitalization efforts.
Strategy 8: Strategically Leverage State Policies

Few successful smaller legacy cities have been able to revitalize without state assistance. The huge challenges facing these cities require more resources than they can generate on their own, particularly in the face of economic and population decline. States can help smaller legacy cities revitalize by providing direct resources, economic incentives, and technical assistance. The strategies discussed above feature states that offered direct financial assistance, like the Restore NY program, and technical and capacity-building efforts, like the MIplace initiative. While those programs were not created just for smaller cities, some states, like Massachusetts, have specifically targeted struggling small and midsize cities for state assistance. Through the sustained advocacy of MassINC, a statewide policy think tank, the Massachusetts Gateway Cities program provides special resources for cities with populations between 35,000 and 250,000 and with median incomes and educational attainment levels below the state averages. These cities qualify for special state programs that work to attract entrepreneurs and potential residents. New Jersey has also created city-type designations that allow businesses moving into certain economically distressed cities to qualify for special state incentives. Although the program’s design and execution are problematic, the notion of tying economic development strategies and incentives to a city’s distress level has value. State policies that help or hinder legacy city revitalization is explored more deeply in Mallach (2017).

It is important to stress that state policies alone cannot bring about revitalization, and cities must use these resources strategically to successfully tackle their challenges. A large infusion of state resources will have maximum impact only if it is deployed carefully, based on assessments of the city’s opportunities and challenges. In Ohio, for example, many cities and counties have used state programs promoting brownfield remediation and land banking. The Clean Ohio Revitalization Fund made grants to municipalities for cleanup and redevelopment of brownfield sites. Research by Greater Ohio Policy Center (2013) found that the state’s investments in cities led to significant gains in annual tax revenue, economic outputs, and job creation. Additionally, Ohio’s county land banks, authorized by state legislation in response to the foreclosure crisis, have created organizations and systems that are responsive to their local contexts within the framework laid out by the state. As these cases illustrate, if smaller legacy cities deploy the strategies related to leadership and planning, they can take better advantage of helpful state policies.
Small and midsize legacy cities face significant challenges. But despite their difficulties, we must not allow these communities to decline. They still contribute to their regions and to the country as a whole in their economic outputs and human capital. They also offer opportunities for policy and program innovations that can benefit legacy cities of all sizes. These cities must reimagine their function, form, and place in the world with the goal of eventually building economies that provide all residents with access to good jobs and quality of life. Many of the strategies detailed in this report implicitly acknowledge the need to simultaneously address equity challenges while supporting economic expansion.

Kalamazoo was the only city in the report where unemployment declined significantly and median household income grew between 2009 and 2015. Credit: Neal Conway, Communications Manager, City of Kalamazoo
Some of the stronger legacy cities in this study have already made important strides in reaching this goal by putting in place a new generation of leaders across sectors, by training low-skilled workers, or by revitalizing their downtowns.

In cities not yet on this track, local leaders from all sectors, ranging from grassroots activists to corporate CEOs, will need to work together to find realistic ways forward. In this process they may have to face the fact that the old ways of doing things and earlier visions of the city are no longer realistic. The following recommendations, which are based on our observations of stronger cities and of promising strategies, can guide cities charting a path toward revitalization. These strategies build upon each other, with the first two being particularly essential to achieving the others.

**Build Civic Capacity and Talent.**

- An injection of outside perspective can help kick-start revitalization efforts. People hiring for key positions in local government, economic and community development organizations, anchor institutions, or corporate community outreach should look beyond the “usual suspects” and consider candidates from outside of the region.
- Revitalization efforts will be successful only if they are sustained by the next generation of local leaders. Fellowship programs that draw recent graduates to work on management-level projects in local government or other important sectors can help build the bench of committed local talent.

**Encourage a Shared Public- and Private-Sector Vision.**

- Cities in which leaders from the public, private, nonprofit, and philanthropic sectors work together for change frequently see the best results. Organizations or individuals with the power to rally others (local philanthropists or executives of local large businesses, for instance) should convene stakeholders, particularly from the private sector, to discuss how and why they should be involved in revitalizing the city.
- Long-term planning does not have to be led by local government alone. Private-sector leaders can coordinate or fund plans for economic development, housing, or downtown improvements as long as they work closely with local government officials to ensure public input and accountability.
- Private-sector and nonprofit leaders can have significant impact by designing creative financing mechanisms or sources of funding for revitalization efforts.

In Lancaster, one of the highest-performing cities in the report, a public-private partnership created a 15-year economic development plan that the local government has almost fully executed. Credit: Jon Bilous/Alamy Stock Photo
Expand Opportunities for Low-Income Workers.

- Economic growth alone is not enough to improve opportunities for a city’s low-income residents. Local leaders with a mission to increase equity, alleviate poverty, or achieve social justice should consider how revitalization will affect low-income residents and try to ensure that economic growth is shared broadly.
- In many cases, low-income residents cannot share in economic growth because they do not have access to new jobs. Local agencies dealing with workforce development and poverty reduction should research the barriers to employment for low-income residents, such as lack of appropriate skills or lack of access to transportation.
- Stakeholders in many smaller legacy cities report that the biggest barrier to employment is that residents do not have the appropriate skills for the jobs that are available. Employers should be involved in workforce development efforts to create training programs for the skills local companies need. Nonprofit economic development or business advocacy organizations can serve as a clearinghouse for such efforts.
- Workforce development benefits the city as a whole, not just its low-income or low-skilled residents. Such programs should be considered a critical economic development issue that makes the community more attractive to employers and entrepreneurs.

Build on an Authentic Sense of Place.

- The link between quality of place and the ability to attract and retain talent is increasingly clear. Placemaking should be considered an important part of cities’ economic development strategies.
- Activities that improve the quality of life can be integrated into infrastructure projects and other community development efforts that are already being planned. For example, when the city repaves a road, it can install a new bike lane, or when green sewer upgrades are being installed, new urban green spaces can be set aside.
- While local stakeholders should spearhead placemaking efforts, state support is valuable in sharing best practices and providing financial resources. State governments should expand their economic development portfolios to help communities compete for talent.

Focus Regional Efforts on Rebuilding a Strong Downtown.

- In the future, the downtowns of smaller legacy cities are unlikely to look like those of the past. Cities should encourage a mix of uses, including housing, to create downtowns that appeal to people who want to live there and to regional residents who will work and play there.
- Downtown revitalization may happen slowly or in leaps and bounds. Cities should take advantage of opportunities for catalytic projects but should move forward incrementally when those opportunities are not available.
- Stakeholders from a variety of backgrounds are interested in downtowns. Revitalization of the downtown can help create cross-sectoral partnerships that can then extend to other projects or parts of the city.
Engage in Community and Strategic Planning.

- In a weak market, any reduction in a developer’s costs may make it more likely that a project will be built. Consider ways to update zoning codes or use planning and development reviews to streamline processes without compromising the outcome.
- Planning can be done by different actors in the community. If a nonprofit or private-sector entity leads the downtown planning, local government may be freed up to focus on neighborhood planning.
- Cities with extensive population loss should consider what urban form is most compatible with their current population. Programs to eliminate blight and reuse vacant land can help engage the community in planning for the future.

Stabilize Distressed Neighborhoods.

- Community planning is just the first step in stabilizing neighborhoods. After the plan is complete, city leaders must find the resources to carry it out.
- The scale of the challenges facing a city and its neighborhoods can be daunting. The city government and its partners, including neighborhood development organizations, should act methodically, using data to make decisions.
- For long-term stability, housing markets must be able to function without subsidies. Government, philanthropists, and nonprofit organizations should invest in rebuilding the market so that the private sector will move back in.

Strategically Leverage State Policies.

- States can help smaller legacy cities forge a path forward. State support can take many forms, including direct resources, incentives, and capacity-building programs. In many states, smaller legacy cities face challenges not shared by nearby communities. Where feasible, states should provide targeted assistance to smaller cities that are in economic or fiscal distress.
- State resources alone cannot solve the problems of smaller legacy cities. Local leaders must leverage state dollars and other resources to enhance the city’s own resources and capacity.

Like many successful musicians who emerged from Ohio, the Black Keys from Akron remain loyal to their hometown. Credit: Piper Ferguson
GROUPINGS

Groupings were calculated by looking both at current condition in the year 2015 and trends from 2000 to 2009 and from 2009 to 2015. To begin, each city was ranked compared to other cities in the study on each of the following indicators listed in the adjacent chart, with “1” as the best performing and “24” as the lowest performing. The ranks for each category were then added together to create a city condition score and two city trend scores, one for 2000 to 2009 and one for 2009 to 2015. Some indicators, as shown in the adjacent table, were not included in the condition rank because they represent regional or size differences that are not comparable between cities in terms of performance.

To create the final composite score, the following formula was used:

\[
\text{Composite Score} = 4 \times (\text{Condition Score}) + 2000–2009 \text{ Trend Score} + 1.5 \times (2009–2015 \text{ Trend Score})
\]

This formula weighted current condition more than trend, and also weighted more recent trends more than earlier trends. These scores were then sorted from lowest to highest, and assigned a rank—the highest ranks went to cities with the lowest composite scores and the lowest ranks went to the cities with the highest scores.

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**APPENDIX**

Rankings

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<tr>
<td>Poverty Rate</td>
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<tr>
<td>% of Population with BA+</td>
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<tr>
<td>Labor Force Participation Rate</td>
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<tr>
<td>Housing</td>
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<td>Owner Occupancy Rate</td>
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<tr>
<td>% Units with a Mortgage</td>
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<tr>
<td>Median Rent</td>
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<tr>
<td>Median Housing Value</td>
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<tr>
<td>Other Vacancy Rate</td>
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References


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America's smaller legacy cities are essential to the well-being and economic prosperity of their states and the nation as a whole. Places such as Akron and Allentown—older industrial centers with populations of less than 200,000 located primarily in the Midwest and Northeast—face common challenges, from poverty and disinvestment in neighborhoods to workforces whose skills do not match employer needs. Yet some play enduring roles in the national economy, and many more are important to their state and region. In Ohio, for example, residents of metropolitan areas around small and midsize legacy cities make up nearly a third of the state's population and produce a third of the state's gross domestic product.

While researchers and local leaders have identified strategies to jump-start revitalization in larger legacy cities like Pittsburgh and Baltimore, less attention has been paid to how these approaches might transfer to Muncie or Worcester. This report fills that gap. Combining rigorous research and data analysis with practical recommendations, the authors identify eight replicable strategies that are helping smaller legacy cities find their competitive edge and transform into thriving, sustainable communities:

- Build Civic Capacity and Talent
- Encourage a Shared Public- and Private-Sector Vision
- Expand Opportunities for Low-Income Workers
- Build on an Authentic Sense of Place
- Focus Regional Efforts on Rebuilding a Strong Downtown
- Engage in Community and Strategic Planning
- Stabilize Distressed Neighborhoods
- Strategically Leverage State Policies

Richly illustrated with case studies, graphics, and photographs, this report will be useful to practitioners looking for tools to stimulate economic regrowth in smaller legacy cities: mayors and other local government officials; leaders of economic and community development organizations; city planners; community outreach staff at hospital systems, universities, or financial institutions; or researchers working on legacy city issues or economic restructuring in the industrial heartland.