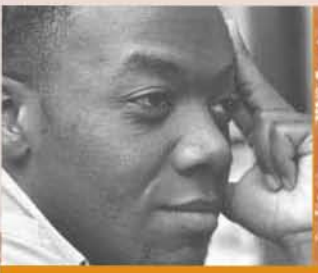
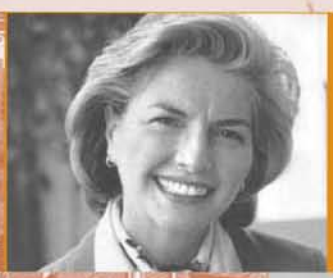
Shared Prosperity, Stronger Regions:

An Agenda for Rebuilding America's Older Core Cities





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PolicyLink is a national nonprofit research, communications, capacity building, and advocacy organization, dedicated to advancing policies to achieve economic and social equity based on the wisdom, voice, and experience of local constituencies.

The Community Development Partnerships' Network (CDPN) is a membership organization committed to assisting stakeholders in partnership communities as they develop local strategies to build thriving communities while deepening our collective understanding of the impact and challenges of these strategies.

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An Agenda for Rebuilding America's Older Core Cities

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Second Edition 2006

About this Report

Shared Prosperity, Stronger Regions: An Agenda for Rebuilding America's Older Core Cities is the result of collaboration between PolicyLink and the Community Development Partnerships' Network, in partnership with five leading community organizations, located in the five case study cities highlighted in the report. We are deeply grateful to these organizations for their wisdom, insights, and innovations, which have informed the analysis and framework for change presented in this report.

Baltimore Neighborhood Collaborative (BNC) is a collaboration of foundations and corporate giving programs that takes a coordinated approach to building thriving neighborhoods by increasing investment to improve economic and physical conditions, strengthening resident involvement, and connecting communities to the region.

Detroit Local Initiatives Support Corporation (LISC) is dedicated to helping nonprofit community development corporations (CDCs) transform distressed neighborhoods into healthy communities of choice and opportunity: good places to work, do business, and raise children.

Neighborhood Progress, Inc. is a nonprofit organization committed to restoring the health and prosperity of Cleveland's neighborhoods through a broad array of catalytic programs and services.

Philadelphia Neighborhood Development Collaborative (PNDC) is a partnership of foundations, corporations, and government seeking to build the capacity within Philadelphia's community development field to create opportunity-based neighborhoods.

Sustainable Pittsburgh is dedicated to affecting decision-making in the Pittsburgh region so that it integrates economic prosperity, social equity, and environmental quality by building diverse coalitions, developing measurable new indicators as a compass, and undertaking key initiatives.

Preface from PolicyLink

PolicyLink is a national nonprofit research, communications, capacity building, and advocacy organization working to advance policies to achieve economic and social equity. The work of PolicyLink is rooted in partnerships with community practitioners, local and regional coalitions, faith institutions, foundations, developers, public agencies, and elected officials. PolicyLink plays a leadership role at the national and local levels in helping advocates, practitioners, and officials better understand the interplay between regional development patterns and inequity and developing solutions that result in stronger, more inclusive cities and regions.

When PolicyLink began seven years ago, we worked primarily to advance equitable development in revitalized and robust cities like Boston, New York, and Washington, DC—communities experiencing significant economic growth and rising housing prices. In these hot market cities, issues of gentrification and displacement were mobilizing constituents around a regional agenda to ensure that all residents benefited from economic growth and investment. While some of America's cities continue to experience positive growth, many others are languishing due to decades of population loss and disinvestment. Older urban centers—particularly in the Northeast and Midwest—are struggling to reposition themselves in the face of a changing economy, and outward movement of people and resources. The plight of core cities and their first-tier suburbs calls for a renewed commitment to revitalizing older established communities in America. This report offers viable and effective strategies, policies, and investments that hold enormous potential for moving America's older urban centers towards greater economic competitiveness and inclusion.

Our work at PolicyLink is guided by the belief that those closest to the nation's challenges are central to the search for solutions. Therefore, our partnership with the Community Development Partnerships' Network—a membership organization of local community development advocates—is an ideal union of national expertise and on-the-ground practitioner knowledge. CDPN has inspired us to develop a vision and framework for positive change that is tailored to the unique and critical issues confronting older urban centers in America.

The need for local, regional, and state leaders to rise to the challenge of equitable revitalization in older core cities is urgent. If leaders do not act now, poorly allocated investments will further exacerbate economic disparities in older core cities and isolate low-income residents from quality housing, good schools, efficient transit, community amenities, and living-wage jobs. *Shared Prosperity, Stronger Regions* points the way to a brighter future for older core cities and their regions, one where all neighborhoods are communities of opportunity, and all residents are empowered to participate and prosper in society.

Angela Glover Blackwell
Founder and CEO
PolicyLink

Preface from CDPN

THE COMMUNITY DEVELOPMENT PARTNERSHIPS' NETWORK (CDPN) is a national organization that supports and promotes community partnerships that build thriving neighborhoods. Our member partners collaborate to transform struggling urban and rural communities into vibrant, diverse, economically healthy neighborhoods. These public-private partnerships include business leaders, local government officials, and community members. CDPN's goal is to support such partnerships, then replicate their successes in other parts of the country. To that end, we facilitate peer learning, perform or encourage innovative research, and provide access to information and technical support.

CDPN has been a national leader in framing issues of older core cities that struggle to respond to decades of large-scale population loss, declining property values, shrinking tax bases, and inner city abandonment as residents with choices move out to surrounding suburbs. PolicyLink, an innovative leader in advancing equitable development policies and strategies, was the perfect CDPN partner to produce a report outlining an equitable growth and revitalization agenda for older core cities that draws on promising models and tools already being employed across the United States.

The renewal of American cities, particularly those that have not yet experienced the market-driven resurgence of their more fortunate counterparts, is a vital task that requires the efforts of the public, private, and nonprofit sectors at all levels. It is our hope that the framework for change articulated in *Shared Prosperity, Stronger Regions* will provide a new dimension to local and national discussions on the future of our nation's urban centers.

HATTIE DORSEY
Board Chair, Community Development Partnerships' Network
President and CEO, Atlanta Neighborhood Development Partnership, Inc.

Acknowledgements

The research, analysis, and conclusions in this paper were enriched by the perspective and on-the-ground experience of staff at the partner organizations listed on the acknowleg-ment page: Joan Barlow, Sustainable Pittsburgh; Beverly Coleman, Philadelphia Neighborhood Development Collaborative; Anika Goss-Foster, Detroit LISC; Eric Hoddersen, Neighborhood Progress, Inc.; and Ann Sherrill, Baltimore Neighborhood Collaborative. We also thank Rhonda Stanton, program associate at CDPN, whose logistical support ensured timely communication between PolicyLink and partners in five regions.

We are grateful to the following community development leaders for their insights and contributions: Lance Buhl, Buhl and Associates; Kim Burnett, Surdna Foundation; Ruth Goins, CDPN; and Michael Sarbanes, Citizens Planning and Housing Association. We also thank Neil Mayer, consultant, who supplied research and writing support.

We appreciate the time that local and national experts spent with us sharing information and points of view about their use of equitable development strategies and policies. People who provided informational interviews, emails, or conversations are listed in Appendix C.

We are most thankful to the following foundations whose support made this report possible:

- The Annie E. Casey Foundation
- The Heinz Endowments
- John S. and James L. Knight Foundation
- Surdna Foundation
- The William Penn Foundation

Finally, we are indebted to the PolicyLink staff who contributed to the development of this report: Victor Rubin for invaluable framing and research direction; Milly Hawk Daniel and Katrin Sirje Kärk for excellent editorial input; Judith Bell for reviewing and commenting on manuscript drafts; and Rachel Poulain for managing the production of the report.

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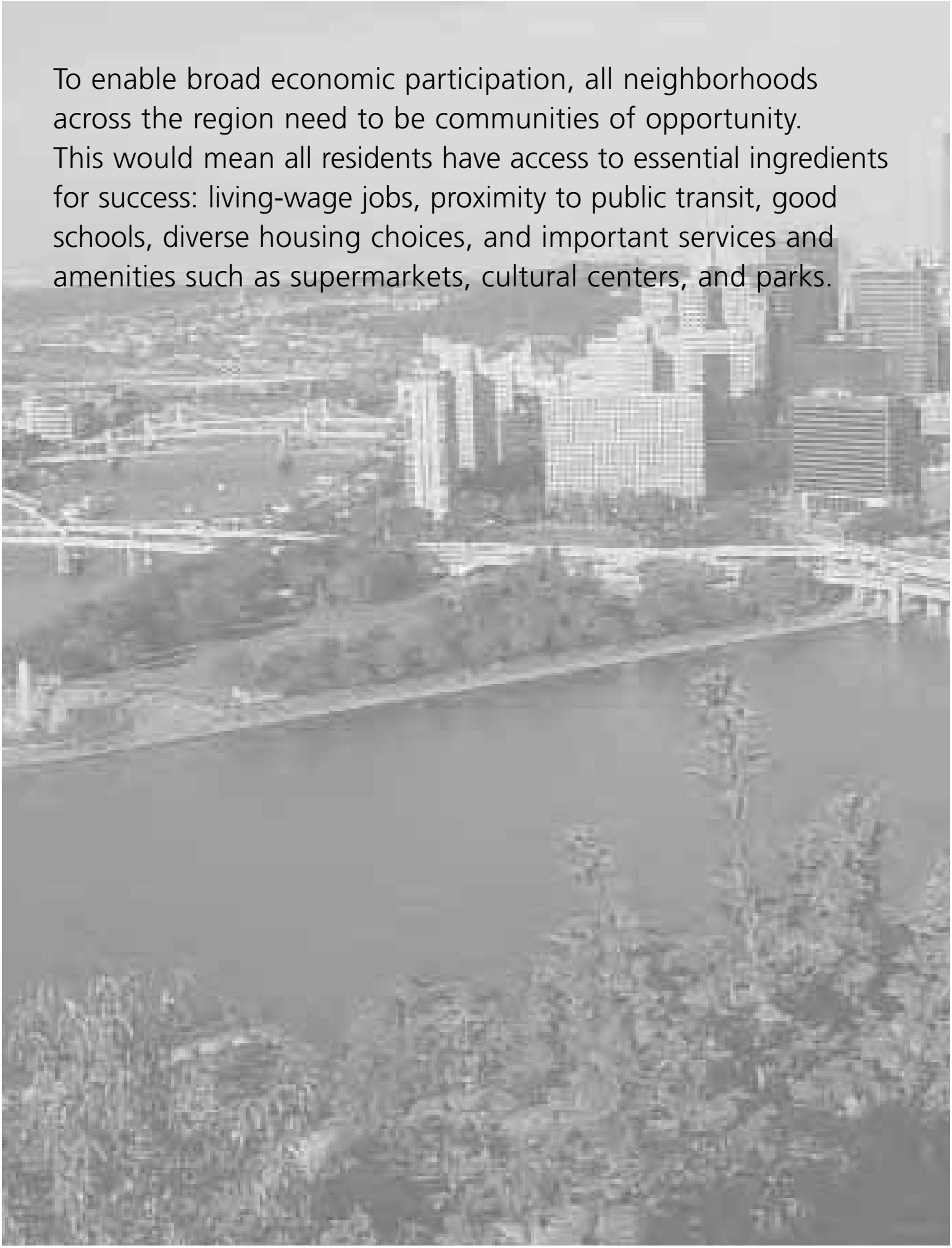
To enable broad economic participation, all neighborhoods across the region need to be communities of opportunity. This would mean all residents have access to essential ingredients for success: living-wage jobs, proximity to public transit, good schools, diverse housing choices, and important services and amenities such as supermarkets, cultural centers, and parks.



Executive Summary

Introduction

Hurricane Katrina and its aftermath starkly revealed the existence of widespread poverty in America, especially in communities of color and particularly among African Americans. The deep income and racial inequalities that characterize New Orleans, and their devastating consequences for low-income people and working families, are not isolated phenomena. In a nation of such abundance and wealth, the grim reality is that too many people are cut off from living-wage jobs, transportation, decent homes, good schools, social networks, and other essentials for health, productivity, and upward mobility.

Shared Prosperity, Stronger Regions: An Agenda for Rebuilding America's Older Core Cities presents a framework for change to forge a more equitable and inclusive society. The report focuses on America's older urban centers, which are primarily located in the Northeast and Midwest and face significant obstacles to realizing a sustainable economic future. These places—often referred to as rust belt, weak market, slow growth, or undercapitalized cities—are struggling to reposition themselves in the face of a changing economy, and the movement of people and resources out of urban centers to other parts of the region, other parts of the country, or overseas. Left behind are abandoned and disinvested neighborhoods where residents lack meaningful access to economic and social opportunities.
As growth continues to move toward the outer edges of regions, older, once-stable suburbs face similar issues of distress and decline. These conditions not only prohibit access to opportunities for people with the least resources, but also undermine the ability of the entire region to compete and grow economically.

This report explores the opportunities and challenges confronting older core cities by looking closely at five of them: Baltimore, Cleveland, Detroit, Philadelphia, and Pittsburgh. Through extensive research, interviews, and comprehensive analysis, the report answers questions about how older core cities can become economically competitive and socially inclusive places where all residents can participate and prosper. It examines innovative practices and policies in the areas of economic development, land use, transportation, neighborhood revitalization, and housing that result in greater opportunity for lower income residents, a foundation for growing a stable middle class, and overall regional growth.

PolicyLink produced this report at the request of the Community Development Partnerships' Network (CDPN) and five local community development organizations: the Baltimore Neighborhood Collaborative, Neighborhood Progress (Cleveland), Detroit Local Initiatives Support Corporation (LISC), the Philadelphia Neighborhood Development Collaborative, and Sustainable Pittsburgh. The analysis and agenda for action articulated in this report offer community practitioners, policymakers, philanthropic leaders, and other advocates for growth and inclusion across the country a set of strategies to propel their efforts forward.

Photo courtesy of Debi Bishop

Fostering Inclusive Regions: Obstacles and Opportunities

Older core cities were once thriving economic centers and major destinations for people seeking economic opportunities. Over the past several decades, complex economic transformations and shifting metropolitan development patterns have eroded the economies of these cities, hastened neighborhood decline, and widened racial and income disparities between cities and suburbs. These trends were not inevitable—they were supported, and are being sustained, by public policies at every level of government.

A Changed and Weakened Economic Base. Deindustrialization—the movement of manufacturing firms to suburban locations, the Sunbelt, and overseas—has left older core cities struggling to compete in an economy that is increasingly globalized and driven by technology and services. They have faced long-term economic decline with little job growth, compounded by a loss of unionized, living-wage manufacturing jobs and a rise in non-unionized, low-wage jobs in the service sector.

Since 1970, each city lost at least 48,000 manufacturing jobs; each region lost at least 100,000.

Radical Patterns of Decentralization. At the same time that deindustrialization has led to economic stagnation, unbalanced regional development patterns have also contributed to economic decline. Sprawl—the movement of jobs, population, investment capital, and tax base away from older, established areas toward newer environs—has drained older core cities of their economic and human capital and starved them of needed reinvestment. The centers of growth and development have shifted to the

As of 1996, less than one out of every five jobs was located within three miles of the central business district in Baltimore, Cleveland, Detroit, and Philadelphia.

suburbs, which have evolved from bedroom communities into economic engines fueling job expansion.

Consequences of Economic Stagnation and Sprawl. Economic stagnation plus sprawl leads to neighborhood decline that isolates many residents from meaningful access to opportunities and undermines the competitive position of older core communities. Massive and sustained depopulation has led to tens of thousands of vacant lots and abandoned properties in older core cities. These properties depress housing markets and perpetuate cycles of neighborhood decline and disinvestment. The migration of economic and social opportunities to the suburbs fosters wide and growing racial and income disparities within regions, leaving many disadvantaged residents in high-poverty neighborhoods. The urban economy is weakened as a result and the region is unable to reach its full economic potential.

In Baltimore, Cleveland, Detroit, and Philadelphia, city households earn only 60 to 65 percent of the regional median income.

Factors That Sustain Inequity. Uneven development patterns are not simply the result of the free market or individual personal decisions. Policies at every level of government have fostered many of the problems facing older core cities. Historic federal housing policies subsidized sprawl—and hastened the decline of urban neighborhoods—by insuring low-interest mortgages for whites in the suburbs while "redlining," or barring investment in minority neighborhoods. Federal transportation policies created the essential infrastructure—interstate highways—that enabled people to leave cities and developers to build at their outskirts.

Today, critical policy decisions that shape patterns of growth and development are made at all levels of government. Infrastructure and economic development investments continue to work against older, established communities. Central-city investment policies tend to favor downtown and waterfront areas without equal spending on people and neighborhoods. The fragmented structure of government creates bureaucratic silos that hinder regional cooperation, lower economic performance, and exacerbate fiscal disparities among jurisdictions. Exclusionary land use policies and practices typically prohibit suburban mixed-income developments that could allow inner city residents to live near jobs. And the locus of political power has shifted—state and national politics are now dominated by suburban interests.

Assets for a Brighter Future. Despite these challenges, older core cities have fundamental strengths. They are often home to a high concentration of educational and medical institutions—major employers and key economic actors in the knowledge-based economy—as well as rising subsectors of advanced manufacturing industries. They have important locational advantages including transportation and other infrastructure, unique neighborhoods, and cultural and historical resources. Many have spent decades working to revitalize their downtown and waterfront areas, and these efforts are beginning to pay off, with some choice neighborhoods attracting population and reinvestment. Beyond these characteristics related to place, older core cities have important human capital resources, including willing workers and strong local institutions seeking to build healthy communities.

Creating Connected, Competitive, Vibrant Cities

Revitalizing older core cities—and reversing decades of stagnation and inequity—will require innovation, creativity, and commitment to inclusive and sustainable growth. For regions to achieve their full economic potential, all residents must contribute to and benefit from regional growth and development.

Many who have witnessed the steady decline of the country's once-thriving urban centers harbor deep skepticism as to whether older core cities can "come back." Others believe that focusing on revitalization in a manner that promotes broad prosperity and inclusion for those being left behind is taking on too much. These critics embrace a trickle down approach, assuming that economic prosperity for some (usually presented as downtown development or supporting high visibility investments such as stadiums and waterfront revitalization) will eventually create more opportunities for all.

Achieving sustainable progress means embracing a new belief system. Local, regional, and national leaders need to recognize the interdependence of communities and residents in a region, and understand that the central city is *central* to regional competitiveness and sustainability. Building a society where everyone participates and prospers calls for thoughtful and deliberate strategies that promote growth *with* equity—not growth at any cost. *Shared Prosperity, Stronger Regions* provides a viable framework for change, and a concrete menu of policies and strategies to chart a new course in older core cities and their regions.

Building Communities of Opportunity: Regional Equity

When everyone in a metropolitan region participates in and prospers from economic activity, regions become stronger and more inclusive. To enable broad economic participation, all neighborhoods across the region need to be communities of opportunity, in which all residents have access to essential ingredients for success: living-wage jobs, proximity to public transit, good schools, diverse housing choices, and important services and amenities such as supermarkets, cultural centers, and parks.

This vision—referred to in this report as **regional equity**—benefits low-income residents and central cities, increasing prospects for competitiveness and economic well-being throughout the region. A growing body of research on metropolitan growth dynamics indicates that greater economic inclusion and the absence of extreme disparities have a positive effect on overall regional economic growth. Studies have found the following.

- Rising incomes in cities correspond with rising income, population, and home prices in the suburbs.
- Reducing poverty in core city communities can increase overall regional economic growth.
- Reducing fiscal disparities between cities and suburbs benefits everyone.

A Pathway to Shared Regional Prosperity: Equitable Development

Equitable development fosters economic revitalization while simultaneously creating and expanding opportunity for everyone—particularly those left behind by traditional urban renewal and suburban growth policies. Equitable development strategies build strong, vibrant communities that are attractive to diverse, mixed-income populations through four basic principles.

- **Reduce economic and social disparities throughout the region** by leveling the playing field for development and ensuring that all neighborhoods provide their residents with the necessary ingredients for social and economic success.
- **Promote investments that are equitable, catalytic, and coordinated** to achieve sustainable growth and revitalization.
- **Integrate strategies that focus on the needs of people with those focused on the places where people live and work** to support low-income residents and their families while stabilizing and improving their neighborhoods.
- **Include meaningful community participation and leadership in change efforts** so that efforts reflect the wisdom, voice, and experience of local communities and are authentic and self-sustaining.

Agenda for Action

Shared Prosperity, Stronger Regions offers a framework for addressing the needs of older core cities. It includes six arenas for action to influence economic development, affordable housing, neighborhood revitalization, transportation, land use practices, and public policies in these and other areas. Each action begins with an overview of the recommended approach and is followed by examples of successful programs, projects, initiatives, and policies. The examples illustrate the value of equitable development for America's older core cities.

Photo courtesy of Timothy Large

Action 1: Promote economic development strategies that widen opportunity for low-income residents and working families

Entrenched disparity in economic opportunity is a major impediment to sustained growth and prosperity in older core cities and their regions. The social fabric and long-term economic viability of a region are compromised when large and growing classes of people are left behind, unable to contribute to growth and prosperity. Fortunately the public, private, and philanthropic sectors are devoting significant resources and energy to rebuilding the economic bases of the five case study cities and their regions. These efforts present an opportunity to strengthen the overall economy in a manner that expands opportunity for disadvantaged residents and cultivates a stable middle class.

However, older core cities and their regions will not reach their full potential if leaders continue to follow the "growth at any cost" model of economic development, which typically involves using large public subsidies to attract industries and investing in large "trophy" developments such as convention centers and stadiums in downtown areas. While industry attraction and downtown development are important components of a revitalization agenda, sustainable economic development approaches must be more comprehensive.

Action 1 reviews three strategic approaches for simultaneously fostering economic growth and inclusion.

Connect low-income workers to jobs in regional growth industries. Sectoral employment initiatives can link disadvantaged people with good jobs in important or growing sectors of the economy.

Make public investments accountable by requiring community benefits. A growing accountable development movement focuses on ensuring that public investments in economic development yield such public benefits as good jobs, affordable housing, and childcare.

Direct state economic development and infrastructure investments to central cities and older suburbs. Although public investments have often served as powerful catalysts for sprawl, they can be redirected to encourage redevelopment and reinvestment in core communities.

Action 1 Profiles

- WIRE-Net: Attracting and Retaining Manufacturing in Cleveland's West Side Community
- Focus: HOPE: Building Opportunities for Minority Workers in Detroit's Auto Industry
- SEIU's "Unfinished Business" Campaign for Self-Sufficiency Wages in Baltimore's Health Care Sector
- Los Angeles Airport: A Regional Amenity Delivers Community Benefits
- The Good Jobs and Livable Neighborhoods Coalition: Ensuring Community Benefits from the Milwaukee Park East Freeway Redevelopment
- Targeting Capital Investments toward Struggling Communities: California Treasurer Philip Angelides' Double Bottom Line Investment Strategy
- Channeling State Resources to Developed Areas: Maryland's Smart Growth Areas Act

Action 2: Leverage place-rooted anchor institutions in equitable revitalization

Many older core cities are home to a significant concentration of "eds and meds," or higher education institutions and medical facilities. These large anchor institutions are regional economic pillars. They are major employers and play key roles in producing innovations and skilled workers—essential drivers of growth in the knowledge-based economy. Anchors are also rooted assets in urban centers. They cannot easily relocate their offices and operations, and their identities are tied to the cities and communities in which they are located. Because of these characteristics—and the presence of many prestigious education and medical centers in or adjacent to some of the most distressed neighborhoods of older core cities—anchor institutions have the potential to be vital partners in equitable growth and revitalization strategies.

Despite their potential to make a difference, anchors have a mixed record with respect to their surrounding communities. They have often acted as indifferent or harmful neighbors, either imposing their building and expansion plans onto the community or walling themselves off as surrounding neighborhoods decline. By the 1990s, the situation had reached a tipping point for a number of urban anchors as neighborhood problems encroached on their campuses. Through a combination of self-interest, outside pressure, and sense of moral obligation, many anchors have engaged in efforts to improve neighborhood conditions and have made significant progress in turning around negative institution-community relations.

Existing anchor-community initiatives illustrate three important conditions for successful partnerships in equitable revitalization strategies.

- Anchors must explicitly prioritize neighborhood improvement and reinforce this commitment with dedicated staffing, financial resources, and specific policies for change.
- Partnerships need to be inclusive to assure that efforts will be equitable, sustainable, and catalytic.
- Effective anchor-neighborhood partnerships require strong, organized communities with ample capacity for advocacy and policy work.

While this action focuses on eds and meds, these lessons and innovations are applicable to other place-rooted anchors such as public utilities and cultural institutions.

Action 2 Profiles

- University of Pennsylvania's West Philadelphia Initiative: A University-Led Effort to Transform a Declining Neighborhood
- The Trinity/SINA Neighborhood Revitalization Initiative: Reinvigorating a Longstanding Collaborative Effort among Anchors in Hartford's Southside Neighborhoods
- The Oakland Task Force: A Permanent Forum for Communication and Consensus among Anchors and Community Stakeholders
- The East Baltimore Development Initiative: Revitalizing Neighborhoods While Growing the Region's Biotech Sector

Action 3: Improve resident mobility and revitalize neighborhoods through equitable transportation policies

Transportation provides access to good jobs, decent housing, quality schools, health care, shopping, and recreational opportunities. Transportation investments also influence the location of growth within a region. An equitable and efficient transportation infrastructure balances spending on highways with support for other modes of transportation, providing mobility for residents and ensuring balanced regional development.

For decades, the vast majority of transportation spending has supported highway construction and repair, fueling the outward movement of population and jobs, and the isolation and decline of central cities and older suburbs. Existing investments in public transportation are woefully inadequate to provide the mobility needed for lower income residents to connect to jobs and other opportunities throughout the region. The geographic gap between where low-income people live and where employment opportunities are located not only thwarts the life chances of disadvantaged residents, but also harms the economic competitiveness of the whole region.

Transportation expenditures can be redirected to connect people to opportunity and revitalize distressed neighborhoods. This action describes three ways in which this can be done.

Fair Public Transportation Investment. In many older core cities, advocacy groups have launched community organizing and policy advocacy campaigns for accountable and inclusive transportation investments. These campaigns utilize a range of strategies to foster change such as litigation to hold regional agencies accountable, organizing to increase resident voice at decision-making tables, and building diverse cross-sector partnerships.

Transit Oriented Development. Transit stations are often important neighborhood assets that can be tapped to physically revitalize neighborhoods and increase resident mobility. Innovative efforts to focus housing and retail projects on and around transit stations illustrate the potential of transit oriented development for older core cities.

Reverse Commuting Initiatives. The decentralization of employment and the concentration of low-income residents in older core communities have created a "spatial mismatch" between jobs and workers. Reverse-commute programs that provide transportation between suburban employment centers and neighborhoods where low-income residents live can help employers and employees overcome these barriers.

Action 3 Profiles

- MOSES and City of Ferndale: Faith-Based Organizing Network and First-Tier Suburb Team Up to Advance Transportation Justice in the Detroit Region
- Indiana's Interfaith Federation: Building Community Power to Hold the Regional Transportation Authority Accountable
- The Transportation for Livable Communities Project: Reframing Transportation Priorities in Pittsburgh
- Bethel New Life: A Faith-Based CDC Renews Transit as an Asset in Chicago's West Garfield Park
- Fruitvale Transit Village: Community Organizing, Diverse Partnerships, and Creative Funding Promote Neighborhood Revitalization in Oakland, California
- Baltimore Neighborhood Collaborative's Transit Centered Community Development Initiative: Engaging Local Residents in Regional Transportation Planning and Advocacy
- St. Louis Bridges to Work: Connecting Workers to Good Jobs in the Suburbs

Action 4: Reclaim vacant and abandoned properties to promote sustainable regional development

Massive and sustained population loss over the past 50 years has left older core cities and many inner-ring suburbs with thousands—often tens of thousands—of vacant and abandoned properties. These properties are both a consequence of decline and a cause of continued stagnation. Abandonment imposes significant costs on remaining residents and local governments and hinders neighborhood reinvestment. At the same time, reclaiming abandoned properties for development and reinvestment represents an important opportunity to revitalize older core cities. When put to productive use, these properties can contribute to the competitiveness of urban locations and enhance the strength and sustainability of regional economies.

Recently, vacant land in cities and older suburbs has prompted political debate as well as policy innovation. In each of the five older core cities, systematic activities are under way to transform vacant and abandoned properties from community liabilities to community assets. Such initiatives can be essential components of a regional equity strategy. But to ensure both growth and equity, stakeholders must consider how their plans, processes, tools, and institutions can contribute to or compromise equity objectives. The following guidelines can help ensure the equitable redevelopment of vacant and abandoned properties.

- Current residents must benefit from, not be displaced by, neighborhood improvements.
- Relocation, if needed, is fair and beneficial—those moved should never end up in a worse circumstance.
- Residents and community groups need to be actively engaged in the planning process.
- Redevelopment should build on existing assets, such as historic buildings, and also create new ones, such as parks, playgrounds, and community spaces.
- The process of recycling vacant and abandoned properties should be driven by comprehensive plans for neighborhood and citywide revitalization.

Examples in this action illustrate how local governments, in partnership with community advocates, developers, and foundations, are undertaking new and renewed efforts to recycle vacant and abandoned properties.

Action 4 Profiles

- The Cleveland Land Bank: Providing Community Developers with a Steady Pipeline of Property for Development
- The Genesee County Land Bank: State, Local, Nonprofit, and Philanthropic Interests Collaborate to Revive Flint
- Baltimore's Project 5000: Creating Opportunities for Redevelopment through Information Dissemination and Cross-Sector Partnerships
- Philadelphia's Neighborhood Transformation Initiative: An Evolving Effort to Catalyze Sustainable Neighborhood Revitalization

Action 5: Make all neighborhoods in the region communities of opportunity—stable, healthy, and livable

Neighborhoods are the fundamental building blocks of regions: they influence the health, well-being, and life opportunities of residents and contribute to the strength and competitiveness of cities and regions. To build vibrant, sustainable regions, isolated and distressed neighborhoods must be transformed into communities of opportunity.

Decisively turning around distressed neighborhoods will require three major shifts in urban revitalization policy and practice.

Recognize the role of neighborhoods in the urban and regional economy. Local and national leaders need to appreciate the contributions of residential neighborhoods to citywide growth and prosperity.

Prioritize neighborhood investments alongside those in downtown areas. Decades of experience have shown that downtown redevelopment—without explicit links to communities—does not revitalize neighborhoods or benefit disadvantaged residents. Achieving growth with equity will mean putting neighborhood development high on the agenda for citywide revitalization.

Use a regional analysis to plan neighborhood-focused initiatives. While regional forces shape neighborhood conditions, community developers almost always focus on the neighborhood level. Those who plan, implement, and evaluate neighborhood revitalization initiatives need to consider regional dynamics.

This action describes innovative strategies that a host of community development stakeholders—CDCs, intermediaries, private developers, retailers, and state and city policymakers—can use to rebuild disinvested neighborhoods into vibrant, supportive communities. Their innovations are guided by three principles.

- Make catalytic investments.
- Harness market forces for community goals.
- Find a balance between stabilizing existing residents and attracting newcomers.

Action 5 Profiles

- Building Mixed-Income Neighborhoods Through School-Centered Development: An Enlightened Private Developer Reconstructs St. Louis' North Side
- Linking Low-Income Neighborhoods to Regional Opportunity Through Commercial Magnets: Whole Foods in Pittsburgh's East Liberty Neighborhood
- Forging Revitalization Partnerships Between Urban and Suburban Communities: LISC's Strategy for Detroit's "Edge" Neighborhoods
- A Strategic, Data-Driven Effort to Close Cleveland's "Retail Gap": The Retail Initiative of Neighborhood Progress, Inc.
- Pennsylvania's Neighborhood Partnership Program: Matching Corporate Resources to Community Needs

Action 6: Increase affordable housing choices in opportunity-rich neighborhoods

Transforming disinvested core city and older suburban neighborhoods into communities of opportunity is important—yet allowing low- and moderate-income families access to neighborhoods already rich in opportunities is also critical. Increasing their chances of finding affordable homes and apartments in better neighborhoods can make this happen.

Unfortunately, most affordable housing is concentrated in central cities and predominantly in distressed neighborhoods. Affordable housing is targeted to such communities because many residents there are in need, land is inexpensive, and there is often less community resistance to lower-cost housing. The problem, however, is that this practice reinforces regional concentrations of poverty. Providing opportunities for low-income residents to move into mixed-income neighborhoods allows access to jobs, better schools, and other important services.

However, multiple forces interact to prevent the production of affordable homes and apartments in opportunity-rich communities. These include exclusionary zoning that prevents the development of multifamily housing or requires that homes be built on large lots, restrictions on the uses of federal and state housing funds, and racially discriminatory practices.

Creating housing choices for disadvantaged residents in opportunity-rich neighborhoods is a challenge. This action focuses on three strategies.

Dismantle Exclusionary Land Use Policies. State and local policies are important tools for overcoming the barriers to affordable housing development. Two promising policy approaches are: 1) local inclusionary zoning ordinances, which encourage or require developers of new housing to make a percentage of units affordable for low- and moderate-income people; and 2) state fair-share strategies, which require all localities within a state to plan for and accommodate the housing needs of everyone, including low- and moderate-income people.

Develop "Opportunity Housing" Revenue Streams. A growing number of states are aligning public revenue streams to help disadvantaged residents gain access to housing near key regional opportunities such as transit stations, job centers, quality schools, and important neighborhood amenities like grocery stores.

Creative Practices by Nonprofit Developers. In some opportunity-rich areas, innovative community development corporations are overcoming obstacles to affordable housing production. Practices include: using creative financing strategies, litigating against public agencies that reject project proposals, building coalitions, and launching campaigns to counter local opposition to new developments.

Action 6 Profiles

- Housing Elements in California: Creating an Enabling Environment for Housing Advocacy
- Inclusionary Zoning in Greater Baltimore
- Building Affordable Housing Where Job Growth is Occurring: Wisconsin's Low Income Housing Tax Credit Program
- The Housing Opportunity Tax Incentive Act: Helping Low-Income Residents of Illinois Access Quality Affordable Homes
- Nonprofit Developer in Rochester Overcomes Fierce Local Opposition to Mixed-Income Communities
- Homes for America Takes a Comprehensive Approach to Building Mixed-Income Communities

The Way Forward

Shared Prosperity, Stronger Regions: An Agenda for Rebuilding America's Older Core Cities demonstrates how thoughtful and intentional efforts to promote economic and social inclusion can breathe new life into struggling communities. The diverse menu of policies and programs presented in this report shows that, despite daunting challenges, great potential for positive change exists. As the five case study regions—and other communities across the country—utilize this report to craft specific agendas for change, several lessons can help maximize efforts to build strong and inclusive cities and regions.

Build a Belief System. Positive change will not happen in older core cities without a new paradigm that views strong, healthy neighborhoods—and full resident participation in the economic and social life of a community—as central to economic competitiveness. To achieve sustainable progress, this new belief system must be broadly and deeply embraced by leadership across sectors.

Create a Climate Where Positive Change Feels Possible. Fostering an environment where positive change feels possible—and paramount—is important. This requires ongoing, inclusive regional dialogue that helps diverse stakeholders build a shared appreciation for the problems of regional development and the possibilities for change. It also requires nurturing broad constituencies that can advocate for the ideas and innovations in this report and whose members are committed to learning together, reaching consensus, and making change.

Develop Strong Partnerships That Reach Across Issues, Sectors, Race, and Ethnicity. Revitalizing older core cities requires the involvement of a diversity of people and opinions. It is necessary to move beyond polarizing and divisive stereotypes to seek common ground where true, lasting change is forged and sustained. Getting there entails frank, focused, and productive conversations about race and class.

Work Smarter with the Resources at Hand and Create New Ones. Working toward equitable and inclusive regions means working smarter with the resources at hand and seeking new (or redirected) resources. Cooperation across bureaucratic silos to systematically organize investments and programs to maximize impact is also important.

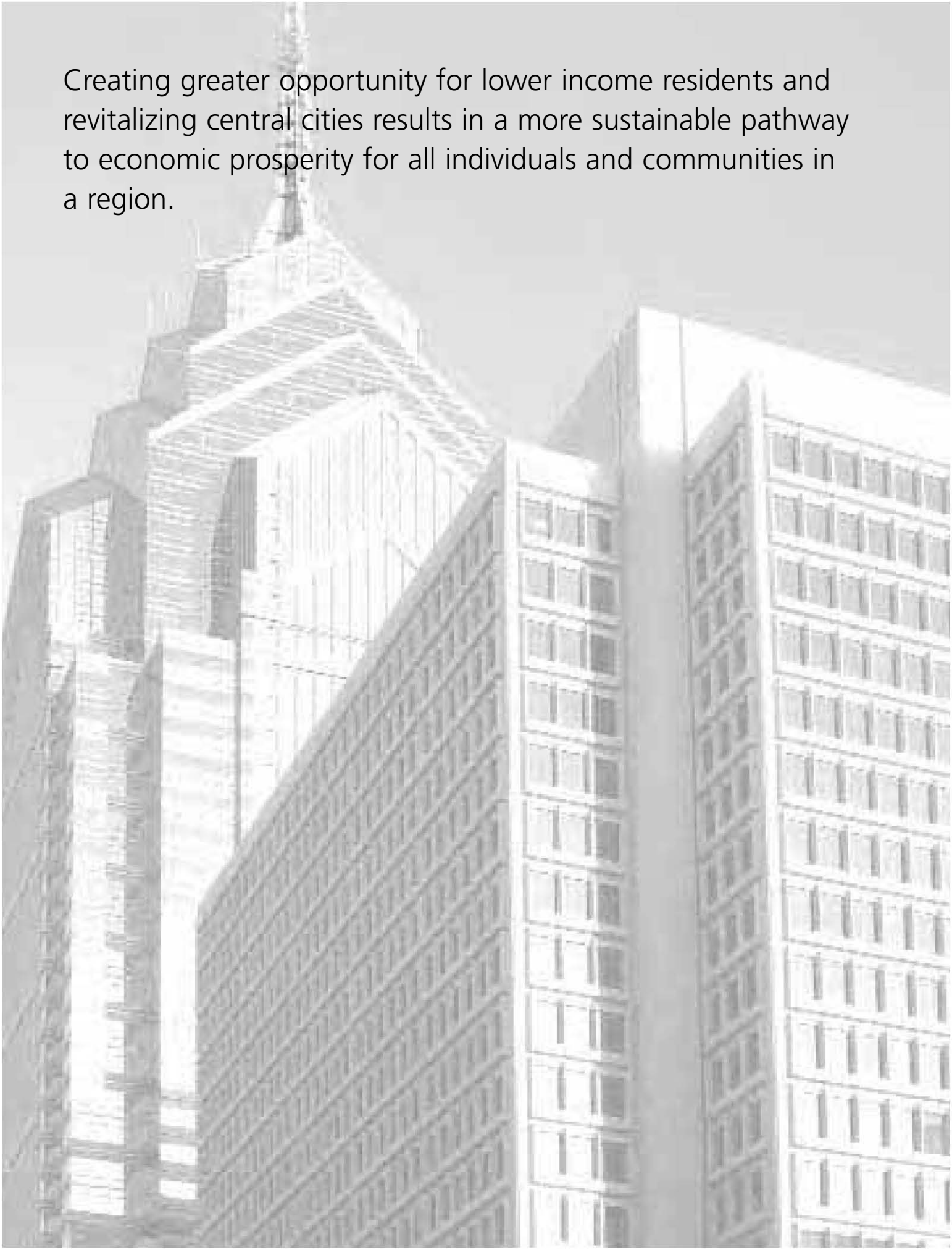
Seize Every Political Opportunity. Reductions in federal assistance and devolution have made older core cities increasingly reliant on their state governments at a time when cities have lost political strength in state legislatures. Statewide coalitions should prioritize the needs of older, established communities, then work to change practices and resource investments at every level of government—city, regional, state, and national.

Photo courtesy of Sigrid Albert

Foster Diverse Leadership, New Capacities, and a Supportive Infrastructure. Inclusive community revitalization requires leadership that is diverse, skilled, and capable of working in many different environments. Supporting and cultivating such new, bold leadership requires the active involvement and collaboration of communities, foundations, and the public and private sectors. Private sector leaders must understand the necessity for social change and the complexities of community dynamics. Neighborhood leaders must align community change strategies with a regional orientation. Community organizations need expertise in planning, land use, fiscal, and related issues to be part of regional growth and development discussions. Training, technical assistance, opportunities to network and learn from each other, and translating existing research on regionalism into practical "on the ground" solutions are all key to achieving positive change in America's older core communities.

The way forward is not without challenges. But, as the examples in *Shared Prosperity, Stronger Regions* make clear, the potential for moving America's older core cities toward economic competitiveness and sustainability is enormous. To reach that potential, it is necessary to recognize the central role that cities play in the success of the entire region and to take action to ensure that everyone in the region has the opportunity to participate and prosper.

Creating greater opportunity for lower income residents and revitalizing central cities results in a more sustainable pathway to economic prosperity for all individuals and communities in a region.



Introduction

America's older core cities—primarily located in the Northeast and Midwest—face numerous obstacles to forging a sustainable and inclusive economic future.

These once thriving centers of manufacturing and commerce have been hard hit by deindustrialization: the shift from a manufacturing base to an economy increasingly driven by services and information technology. Additionally, the nation's sprawling pattern of development—characterized by the outward movement of jobs, population, investment capital, and tax base to newer communities—has starved core cities and their older suburbs of much needed investment and growth.

This changed and changing economy, along with the shift of resources to suburbs, has deepened and institutionalized race, income, and class disparities. As the locus of economic activity and population growth moves outward, residents of core cities—many of whom are low-income people of color—are isolated in neighborhoods that lack living-wage jobs or adequate public transit to reach employment in other parts of the region. Older homes in these communities are often substandard, while housing in opportunity-rich areas is frequently unaffordable, and thus, unattainable. Children attend underperforming, deteriorating schools, and their communities are plagued by poor air and water quality, toxic sites, and the absence of important services and amenities such as grocery stores, banks, safe parks, and inviting public spaces. As opportunity continues its outward march, older suburbs just outside of central cities also deteriorate, as these once-stable neighborhoods are abandoned by more affluent residents and businesses.

The plight of core cities and their first-tier suburbs calls for a renewed commitment to revitalizing older established communities in America. *Shared Prosperity, Stronger Regions: An Agenda for Rebuilding America's Older Core Cities* offers a viable and effective bundle of strategies, policies, and investments that can be undertaken by the public, private, philanthropic, and community sectors to chart a more positive course.

The report explores the opportunities and challenges confronting older core cities by looking closely at five of them: Baltimore, Cleveland, Detroit, Philadelphia, and Pittsburgh. Through extensive research, interviews, and comprehensive analysis, the report answers questions about how older core cities can become economically competitive and socially inclusive places where all residents can participate and prosper. It examines innovative practices and policies in the areas of economic development, land use, transportation, neighborhood revitalization, and housing. The result of these practices and policies is greater opportunity for lower income residents, a foundation for growing a stable middle class, and overall regional growth.

Shared Prosperity, Stronger Regions describes how the pursuit of **regional equity** is improving the lives of those who have been left behind by a changing economy and sprawl. Regional equity seeks to ensure that individuals and families in all communities can participate in and prosper from economic growth and activity throughout the metropolitan region. Achieving regional equity means all neighborhoods in the region are **communities of opportunity**, in which all residents have access to high performing schools, diverse housing choices, welcoming neighborhoods, living-wage jobs, convenient public transit, and important amenities such as supermarkets, cultural centers, and parks.

Creating greater opportunity for lower income residents and revitalizing central cities results in a more sustainable pathway to economic prosperity for all individuals and communities in a region. A wealth of evidence points to the intertwined fates of cities and regions. In an increasingly global, networked society, it is regions that compete for national and international economic opportunities. Productive workers and thriving neighborhoods—which generate tax revenues and attract newcomers—are the backbones of strong, competitive regions.

PolicyLink produced this report at the request of the Community Development Partnerships' Network (CDPN) and five local community development organizations: the Baltimore Neighborhood Collaborative, Neighborhood Progress (in Cleveland), Detroit LISC, the Philadelphia Neighborhood Development Collaborative, and Sustainable Pittsburgh. This report serves as a call to action to leaders in all sectors about the need to influence decisions about where and how to invest public, private, and philanthrophic resources. Each and every day, policymakers at every level of government debate where to use economic development subsidies, how to allocate tax credits, how to apportion state budgets, how to zone land, and a host of others decisions that fundamentally shape conditions in neighborhoods and regions. Private decisions, such as where to locate new facilities or when to expand existing ones, or which industries to invest in, also impact the vitality of communities and regions. Philanthrophic investments are also critical to sparking new ideas, collaborations, and capacities in underserved communities. The action agenda articulated in this report offer community practitioners, business leaders, policymakers, philanthropists, and other advocates for growth and inclusion a set of strategies to propel their efforts forward.

Shared Prosperity, Stronger Regions: An Agenda for Rebuilding America's Older Core Cities is organized into three parts.

Part I—Charting a New Course, presents a framework for equitable growth and revitalization that more fully connects all residents to economic and social opportunity; reviews key trends that shape the landscape of opportunity in older core cities; and analyzes the structural forces that have created inequities in the five case study regions and elsewhere.

Part II—Agenda for Action, describes efforts that can be undertaken at the local and state levels to chart a more inclusive, competitive course in older core cities. These actions cover economic development, housing, neighborhood revitalization, transportation, and land use practices and policies. Collectively, these actions can lead to tangible progress in older core cities.

The Way Forward, focuses on the resources, capacities, and partnerships needed to implement the strategies and policies highlighted in this report.

Photo courtesy of Ryan Stewart

Economic growth and economic inclusion are the twin pillars for building strong, sustainable neighborhoods and regions. The fates of communities within regions—from the most advantaged to the least advantaged—are intertwined.

Part 1

Charting a New Course

To secure sustainable futures for America's older core cities and their regions, it is necessary to provide support to all residents, so that they can fully contribute to and benefit from the region's economic activity.

This requires a new framework for problem-solving—one that is informed by a regional analysis and the recognition of the interdependence of communities within a region. To enhance competitiveness, America's older core cities must take action to achieve regional equity.

Regional Equity: Building Communities of Opportunity

Although people identify with their neighborhoods and communities, the issues that most affect their daily lives—access to jobs, transportation, housing, and the presence of stores, services, and recreational spaces—are all regional in nature and defy traditional political boundaries. Given this regional reality, proponents of economic and social inclusion, including community leaders, public officials, business leaders, and philanthropists, have begun to think and act regionally. They are engaging in regional analysis—even as they pursue neighborhood or city-focused strategies—and are increasingly seeking to influence regional discussions and initiatives.

This shift in perspective and practice marks the emergence of a conscious focus on achieving regional equity. The principal goal of regional equity is to ensure that all residents can contribute to and benefit from local and regional economic activity. This means that all neighborhoods throughout the region are communities of opportunity, providing their residents with the elements necessary to lead healthy, productive lives.

Achieving regional equity not only helps disadvantaged people and communities, *it helps the whole region secure a brighter future.* A region cannot be competitive over the long haul when over 20 percent of its central city population lives in poverty, as is the case in Baltimore, Cleveland, Detroit, Philadelphia, Pittsburgh, and many other older core communities. A region cannot thrive when its neighborhoods are wholly deteriorating. A region cannot build a sustainable economic future when many of its residents are unable to apply their labor power toward economic growth.

Economic growth and economic inclusion are the twin pillars for building strong, sustainable neighborhoods and regions. In other words, the fates of communities within regions—from the most advantaged to the least advantaged—are intertwined. The relationship between cities and their suburbs is complementary rather than competitive. Instead of being involved in a zero sum competition, they are interdependent—with a shared stake in the future of the region.[1]

Economic and social inclusion are inseparable from economic growth and competitiveness.

A recent review of regional growth and development conducted by the Brookings Institution highlights a number of empirical studies that support the idea of city-suburban interdependence. These studies suggest that urban distress undermines regional competitiveness and that improving incomes and decreasing poverty in cities can improve metropolitan economic performance.[2] Key findings include the following.

Rising incomes in cities increase income, population, and home prices in the suburbs. Across almost all regions in the United States between 1970 and 1990, income gains in central cities had a positive impact on suburban incomes, population growth, and home values. It is estimated that in the Philadelphia region, a one percent increase in the 10-year city income rate could translate into a 2.8 percent increase in income and home prices in the suburbs—a total benefit of over $2.1 billion.[3]

Reducing poverty in core communities improves overall regional economic growth. A study incorporating data from 74 regions found a positive relationship between the reduction of poverty in core cities and overall metropolitan growth.[4]

Reducing fiscal disparities between cities and suburbs can lead to mutual benefits. Another econometric analysis found that when cities had weakened fiscal capacities and growing poverty rates, private sector economic activity depressed not only in the cities, but in the suburbs too. According to this analysis, modest sharing of fiscal resources between cities and suburbs could have a positive impact on all parts of the region.[5]

Clearly, for regions surrounding older core cities with large numbers of low-income residents, policies and strategies that promote greater economic and social inclusion are critical to increasing economic competitiveness. According to a recent index of regional economic performance, *not one* of the case study regions ranked in the top 50 in terms of economic competitiveness (see Table 1). Cleveland and Detroit are among the least competitive regions nationally, ranking 187th and 186th out of 200 metro areas. Pittsburgh and Philadelphia hover around the middle, ranking 132nd and 84th, respectively. Baltimore—adjacent to the booming District of Columbia and its suburbs—is faring better, ranking 56th in the nation. While overall rankings are low, there are signs of improvement. Four of the five regions described in this report are beginning to exhibit indicators of improved economic performance. This is the moment to ensure that investments and growth benefit all, not just a few.

TABLE 1.
Economic Performance in the Regions of Older Core Cities
(Rankings out of 200 Largest Regions)

Region	2003	2004
Baltimore	91	56
Cleveland	194	187
Detroit	190	186
Philadelphia	107	84
Pittsburgh	96	132

Source: The Milken Institute, 2004

Fostering Inclusive Regions: Obstacles and Opportunities

Older core cities were once thriving economic centers and major destinations for people seeking economic opportunities. Complex economic transformations and shifting metropolitan development patterns have since eroded the economies of these cities, hastened neighborhood decline, and widened racial and income disparities between cities and suburbs. These trends were not inevitable—they were supported, and are being sustained by, public policies at every level of government. Despite the challenges that confront older core cities, they also possess fundamental strengths that can be leveraged to secure a brighter future. The following section describes these trends and dynamics in further detail as context for understanding the landscape of opportunity in older core cities.

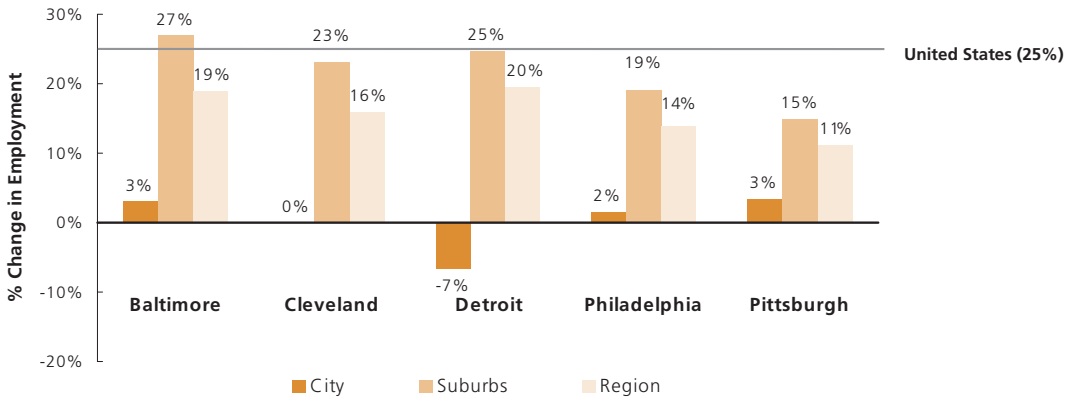
A Changed and Weakened Economic Base

Over the past several decades, the economic base of the United States has shifted profoundly from one fueled by manufacturing and industrial development to one increasingly driven by services, finance, and technology. The information technology revolution has facilitated this shift, transforming traditional industries and giving rise to new enterprises in high-tech, knowledge-based sectors such as biotechnology. With the rapid globalization of production, firms have spread their operations across the world map, often moving their production facilities to developing countries with the lowest labor costs.

These complex global economic transformations have radically reshaped the competitive environment for the five case study cities. For example, the cities perform poorly on traditional measures of economic performance such as employment growth (see Figure 1, page 30). Between 1991 and 2001, the five older core cities experienced minimal (to no) job growth, while national employment grew by 25 percent. Their regions experienced lower-than-average growth, and their suburbs generally approached the national average (with the exception of the suburbs of Philadelphia and Pittsburgh).

Deindustrialization has had major consequences for older core cities, whose histories, economies, and identities were shaped by the growth of industrial manufacturing and the model of mass production developed by Henry Ford. Whether single-industry towns (like Detroit and Pittsburgh) or more diversified industrial magnets (like Baltimore and Philadelphia), older core cities were

FIGURE 1.
Job Growth in Older Core Cities and their Suburbs, 1991-2001



Source: U.S. Census Bureau, County Business Patterns 1991 and 2001

once economic powerhouses and centers of industrial strength. They have lost thousands of manufacturing jobs to their outskirts, Sunbelt states, and overseas. The case study cities each lost between 48,000 and 166,000 manufacturing jobs since 1970. Regional declines were also significant: each region lost at least 100,000 manufacturing jobs since 1970.[6] Despite these job losses, manufacturing remains a core component of the economic base of these places. For example, in the city of Detroit and the region of Cleveland manufacturing still accounts for a higher portion of employment than it does nationally (see Table 2).

With the decline of manufacturing, services and retail have become the most prominent economic sectors in older core cities and their regions, comprising over half of all jobs—a shift with harsh consequences for lower-skilled workers. Manufacturing provided relatively stable, high-wage, unionized jobs for residents with modest levels of education. The retail and service sector job market is more bifurcated. Some occupations in financial, professional, and technical services require high levels of education and pay high wages. Much of the retail and service sector, however, is dominated by jobs with low wages, job instability, lack of benefits, and a lack of worker protections unionization typically offers. The dominance of low-wage service sector employment in older core cities poses a challenge for workers and their families struggling to make ends meet. In addition, when residents have fewer dollars to spend in their community, the local economy also suffers.

Radical Patterns of Decentralization

Although the 1990s, with sharp decreases in crime rates and a renewed interest in city living, are often portrayed as a celebratory decade of urban reemergence, the story was less optimistic in older core cities. Population continued to decline in the five case study cities, even as it grew in the nation's 100 largest cities (see Figure 2). In some of the case study cities, the current population is nearly half of what it was during their prime. Detroit suffered a major blow to civic pride when Census 2000 data revealed the city's population had fallen below the one million mark, down from a high of 1.8 million in 1950.

TABLE 2.

The Economic Base of Older Core Cities and Suburbs: Employment by Industry Sector, 2001[7]

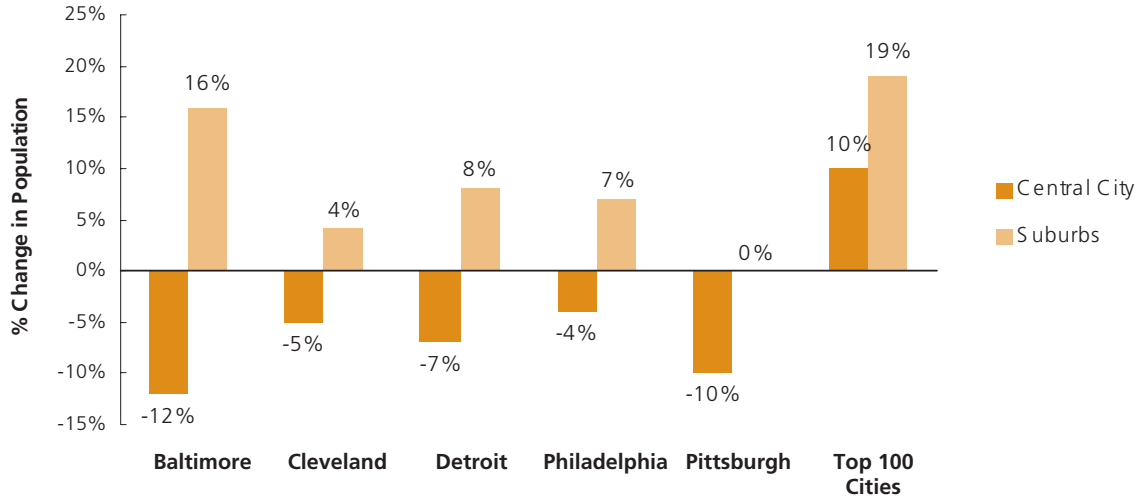
⬍ City ● Suburbs

	US	Baltimore		Cleveland		Detroit		Philadelphia		Pittsburgh	
		⬍	●	⬍	●	⬍	●	⬍	●	⬍	●
Services	35%	51%	38%	47%	34%	45%	35%	51%	38%	54%	33%
Retail	21	13	23	10	22	13	21	14	19	12	23
Manufacturing	17	9	9	16	20	19	16	8	13	7	15
Finance, Insurance, and Real Estate	7	10	6	10	7	7	7	12	10	13	4
Wholesale trade	6	5	7	7	8	6	8	5	8	5	7
Construction	6	4	8	3	4	3	5	2	5	2	7
Transportation/Utilities	6	7	7	7	5	7	6	7	6	5	8
Other	2	1	2	1	0	1	3	1	1	1	1
Total	100	100	100	100	100	100	100	100	100	100	100

Source: U.S. Bureau of Labor Statistics, 2001, and U.S. Census Bureau, County Business Patterns, 2001

FIGURE 2.

Population Change in Older Core Cities and their Suburbs, 1990-2000[8]



Source: U.S. Census Bureau, 1990 and 2000, and the Brookings Institution, 2000

With the exception of the Pittsburgh region, population in the suburbs surrounding the case study cities grew in the aggregate. However, not all suburban areas are growing—many older suburbs are declining in tandem with, and sometimes more rapidly than, their central cities. They now face many of the same challenges of central cities, including a shrinking tax base, increasing poverty, and higher service burdens. In the 1990s, over half of the suburbs of Cleveland, Detroit, Philadelphia, and Pittsburgh lost population (see Table 3). The most extreme case is found in Pittsburgh, where 108 of the region's 128 suburban jurisdictions declined in population.[9]

Table 3.

Suburban Population Decline in Regions Surrounding Older Core Cities, 1990-2000

	Number of Suburbs	% of Suburbs with Declining Population	% of Suburbs Declining Faster than Central City
Baltimore	67	18%	0%
Cleveland	76	54	11
Detroit	89	57	13
Philadelphia	129	67	40
Pittsburgh	128	84	18

Source: Lucy and Phillips, 2001

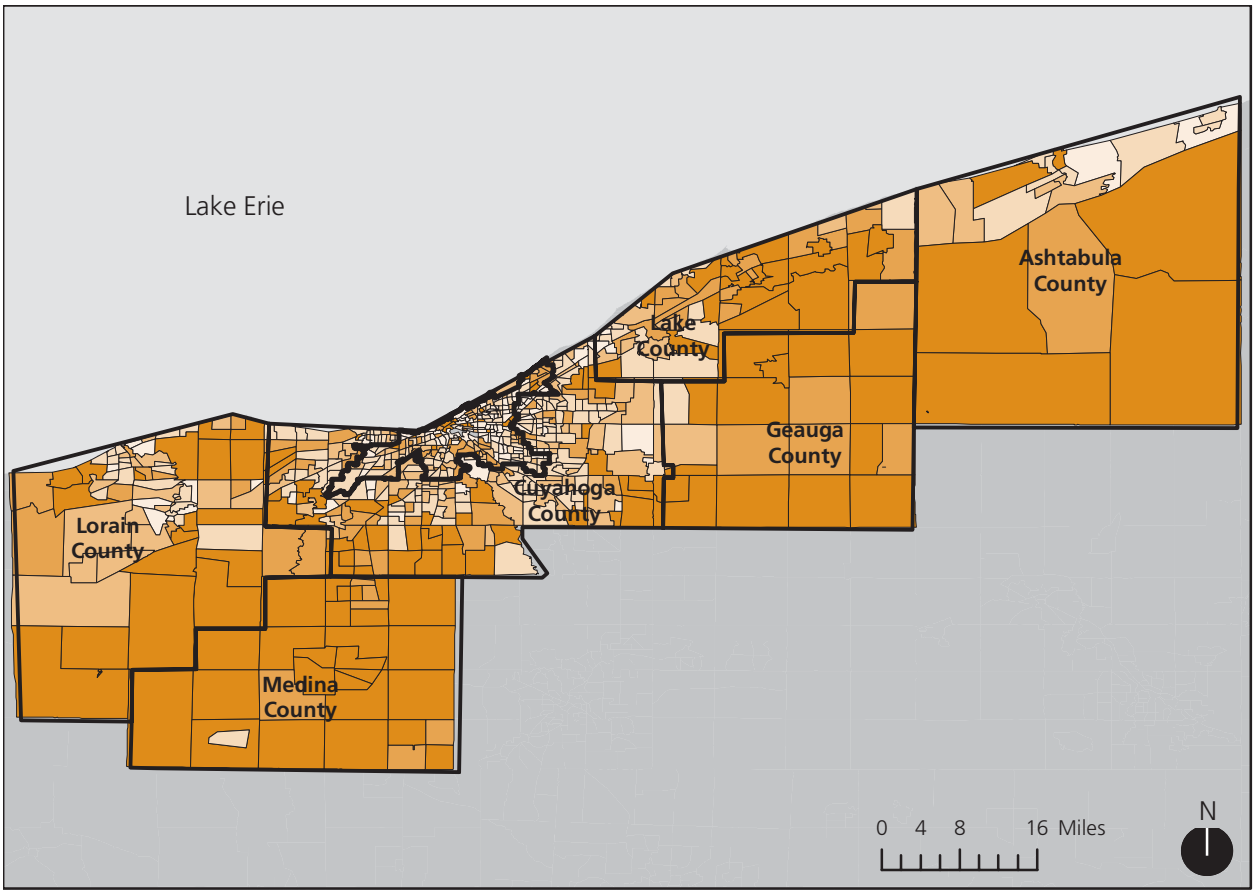
While declining suburbs tend to be older, first-tier communities located immediately adjacent to central cities, this is not always the case. As depicted in the map of the Cleveland region (see Map 1) some farther out suburbs (such as the older, industrial satellite cities in Ashtabula and Lorain counties) are also declining.

Just as population has moved outward, so too has employment. Originally developed as bedroom communities for commuters to the central business district, the suburbs of core cities have grown into employment centers in their own right. In Baltimore, Cleveland, Detroit, and Philadelphia, less than one out of every five jobs is now located within three miles of the downtown central business district (see Figure 3, page 34). The Detroit region has the most extreme employment decentralization: more than seven out of every ten jobs are located more than 10 miles from the central business district, with only 5 percent located downtown. Pittsburgh, on the other hand, maintains a more job-rich urban core, with 25 percent of the region's jobs near the downtown area.[10]

With the rise of the suburban, and exurban, economies in the five case study regions, commuting patterns have also shifted. Workers increasingly live in one suburb and commute to another, completely bypassing the central city. In the Cleveland region, for example, less than one-third of workers commute to a job in the central city and over half of the commutes in the region (55 percent) begin and end in the suburbs.[11]

MAP 1.

Population Change in the Cleveland Region, 1990–2000



Source: U.S. Census Bureau, SF3, 1990 and 2000

The city of Cleveland and many of its older suburbs experienced significant population decline, while outer suburbs registered notable population gains.

Cleveland City

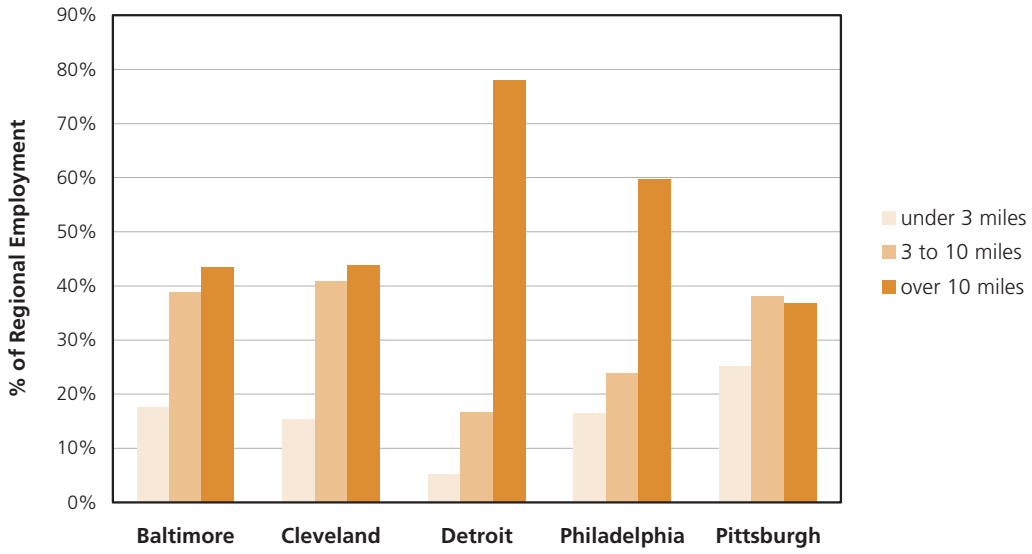
Cleveland PMSA Counties

Percent Population Change by Census Tract

- Less than -10%
- -10 to -2%
- -2 to 2%
- 2 to 10%
- More than 10%

FIGURE 3.

The Location of Jobs Relative to the Central Business District in Older Core Cities and their Suburbs, 1996



Source: Glaeser et al., 2001

Consequences of Economic Stagnation and Decentralization

The dual forces of economic stagnation and sprawl have undermined the competitive position of older core cities and their region by fostering neighborhood decline and isolating many residents from meaningful access to opportunities.

Vacant lots and abandoned, distressed properties are visible and telling indicators of decline in older core cities and, increasingly, in older suburbs. Philadelphia has 60,000 vacant and abandoned properties, Detroit has 40,000, and Baltimore has 26,000.[12] These properties are concentrated in neighborhoods that experienced rapid growth during the industrial era but lost population as the economy shifted away from manufacturing.

In addition to fueling physical decline, the forces of economic stagnation and sprawl isolate disadvantaged residents of the region from meaningful access to the economic and social opportunities needed to fully participate and prosper. With the departure of people with means, the least upwardly mobile in society—primarily low-income people and residents of color—are stuck in neighborhoods with degraded physical conditions and limited access to jobs, good schools, quality transit, and important services.

The five case study regions are also deeply divided by income and race. Counter to nationwide trends, income disparities between cities and suburbs are wide and growing in the five case study regions.[13] The income distributions of these regions (see Figure 4, page 36) illustrate the concentration of lower income households in cities and affluent households in suburbs.[14] In Baltimore, Cleveland, Detroit, and Philadelphia, city households earn only

60 to 65 percent of the regional median income. Pittsburgh—a predominantly white metropolitan area—is an exception: city households earn 76 percent of the regional median income. These largely black/white metros are some of the most racially segregated places in the country (see Table 4).[15]

High poverty neighborhoods are the most visible and troubling manifestation of racial and income segregation. These neighborhoods typically lack basic services and amenities—they offer few jobs, grocery stores, banks, other retail establishments, parks, and have large concentrations of abandoned properties. Although there was a significant decrease in the concentration of poverty during the prosperous decade of the 1990s, the problem is still severe in the five case study regions.[16] High-poverty neighborhoods are predominantly clustered in central cities and their inner-ring suburbs, as Map 2 (page 37) illustrates for Detroit.

Table 4.

Black/White Racial Segregation in the Case Study Regions, 2000

Region	Segregation Index Score (0-100)	Rank (of 50 largest regions)
Detroit	85	1
Cleveland	77	6
Philadelphia	72	12
Baltimore	68	17
Pittsburgh	67	20

Source: Lewis Mumford Center for Comparative Urban and Regional Research, The University at Albany, SUNY, 2000

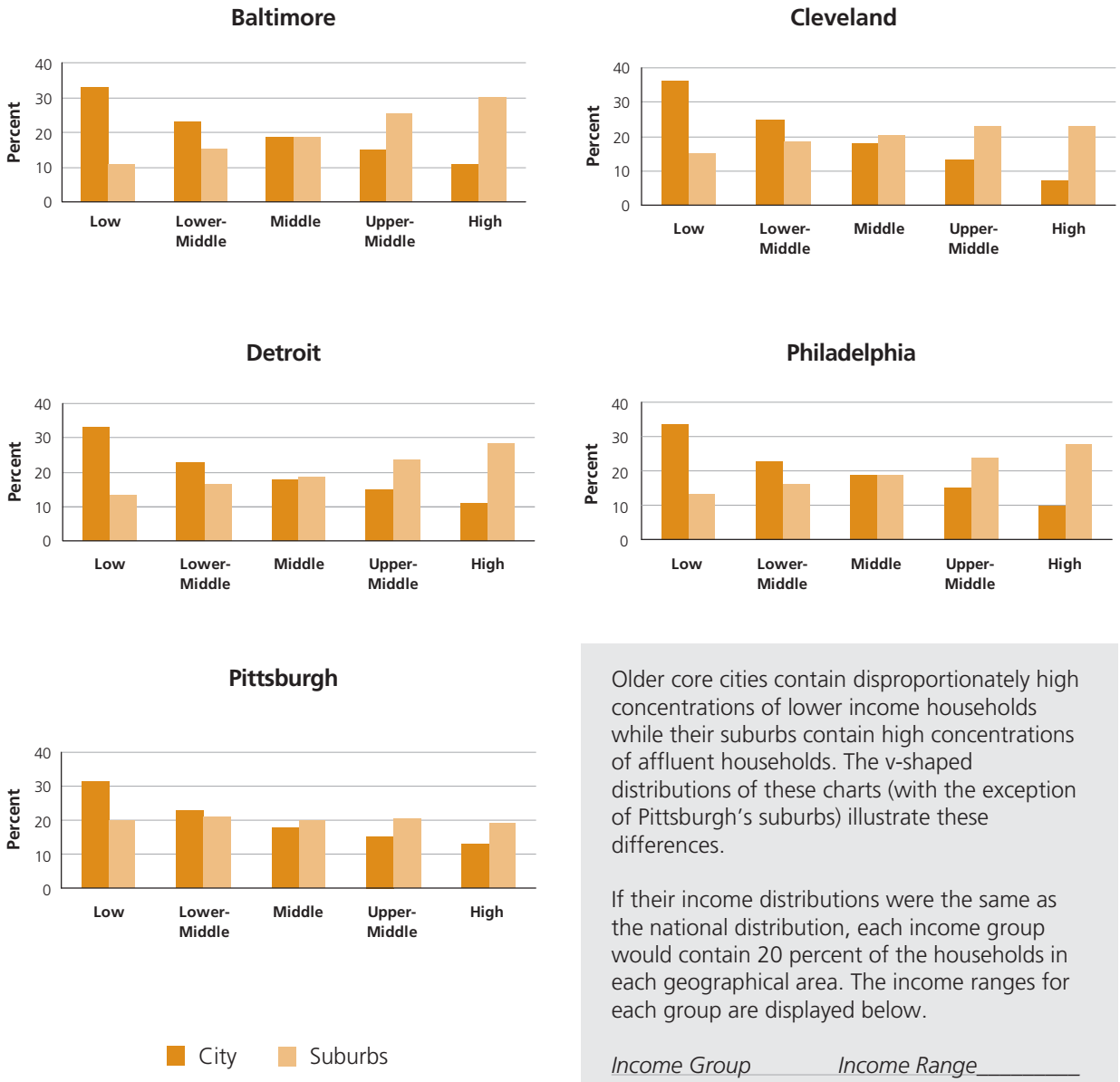
Vacant and Abandoned Properties

Beyond symbolizing decline, vacant and abandoned properties are heavy burdens for neighbors and municipalities. Neglected properties lower the value of adjacent houses, discourage reinvestment, and can lead to neighborhood decline and further abandonment.

A study in Philadelphia found that "all else being equal, houses on blocks with abandonment sold for $6,715 less than houses on blocks with no abandonment."[17] They can become serious public nuisances for residents—posing fire and safety hazards and attracting social problems such as crime, arson, and dumping. And for local governments, managing distressed properties is an additional drain on already-strained municipal finances.

FIGURE 4.

Income Distribution in the Five Case Study Cities/Regions
Proportion of Households by Income Category, 1999



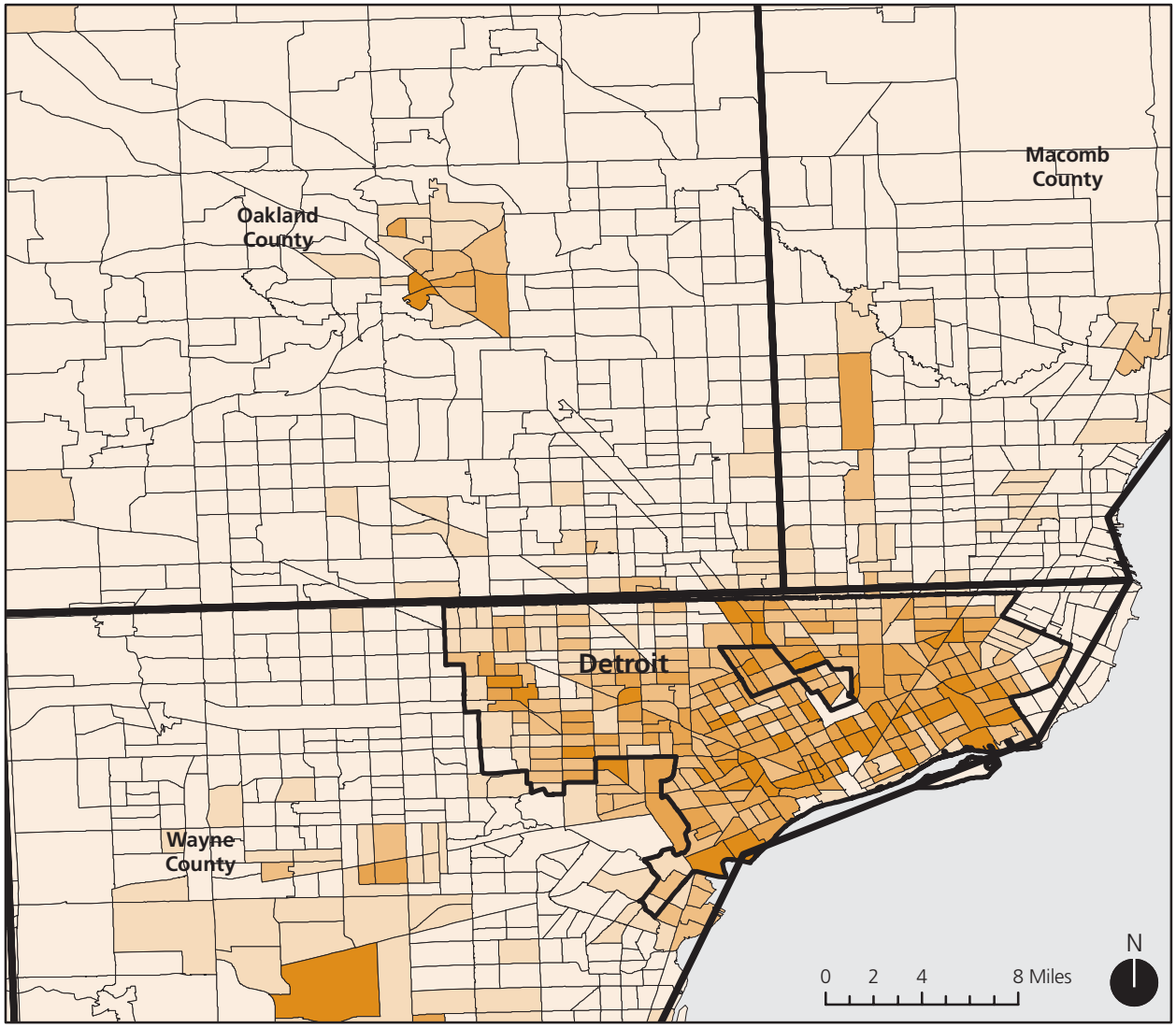
Older core cities contain disproportionately high concentrations of lower income households while their suburbs contain high concentrations of affluent households. The v-shaped distributions of these charts (with the exception of Pittsburgh's suburbs) illustrate these differences.

If their income distributions were the same as the national distribution, each income group would contain 20 percent of the households in each geographical area. The income ranges for each group are displayed below.

Income Group	*Income Range*
Low	Under $18,320
Lower-Middle	$18,320 to $33,835
Middle	$33,836 to $51,857
Upper-Middle	$51,858 to $79,356
High	Over $79,356

Source: U.S. Census Bureau, SF3, 2000 data analyzed by Berube and Tiffany, 2004

MAP 2.
Neighborhood Poverty in the Detroit Region, 2000



Source: U.S. Census Bureau, SF3, 2000

High poverty neighborhoods in the Detroit region are predominantly concentrated in the central city and older, closer-in suburbs.

Detroit City

Counties

Percent in Poverty by Census Tract

- Under 10%
- 10 to 19%
- 20 to 29%
- 30 to 39%
- 40% or more

The Effects of Economic and Racial Segregation

Decades of research have demonstrated the deleterious effects of racial and income segregation on children and families.

Access to good jobs and the means to reach them—social networks and transportation. As sociologist William Julius Wilson has described, high poverty neighborhoods are places where "work disappeared." Not only is work unavailable in these communities, but concentrated and persistent unemployment weakens the social networks that enable residents to find out about employment opportunities.[18] The five case study regions are characterized by a deep spatial mismatch between suburban jobs and inner city residents—particularly African Americans.[19] In Cleveland, for example, 80 percent of entry-level jobs are located in the suburbs, while entry-level workers are concentrated in the inner city.[20] This mismatch is exacerbated by the lack of viable transportation options. In addition to the challenges involved in finding out about and reaching jobs, studies have found that racial discrimination in hiring practices persists.[21]

Access to quality education. A quality education is critical for permanently exiting poverty and succeeding in the workforce, particularly in the new economy. Older core cities—with a high concentration of low-income residents, low property values, and many tax-exempt and tax-delinquent properties—tend to have very low tax bases. This results in fewer resources for their public schools and a lower-quality education for their students. It is common for inner city schools to spend $1,000 to $2,000 less per child than the average suburban school.[22] Public schools in older core cities face an additional problem: the concentration of poor children in under-funded school districts. Decades of research on educational achievement has consistently found that the socio-economic characteristics of a child's classmates has a profound influence on academic achievement—more than pupil expenditures, class size, or other factors.[23] Racial and economic segregation persists in public schools. A study of the Baltimore region found that one-fifth of the region's schools were almost exclusively attended by black students (between 95 and 100 percent of the student body). Eighty percent of the students were also from low-income families. At the other end of the spectrum, in over a third of the region's schools, the student body was between 90 and 100 percent white, with only a fifth from low-income families.[24]

Access to homeownership as a wealth-building strategy. Since the 1940s, homeownership has been the primary means to upward mobility in the United States. When home values are appreciating, families can build home equity, increase their assets, and "move up" in the housing market. Given the weak housing market conditions in many core city neighborhoods, home values are generally low. In the five case study cities, housing values were 51 to 72 percent of those in the region.[25]

Access to neighborhood services and amenities. High-poverty neighborhoods often lack many of the key services and amenities that define healthy, livable, high-quality neighborhoods—grocery stores, safe parks, open spaces, and cultural centers. These neighborhoods are often home to the predatory economy of check cashers and subprime lenders and lack mainstream financial institutions and services. Also, residents of lower income neighborhoods often pay more for the same basic goods and services than their wealthier counterparts. For example, in the Philadelphia area the annual cost to insure the same car is over $400 more in a neighborhood with a median income less than $30,000 than in a neighborhood with a median income more than $70,000.[26]

Factors that Sustain Inequity

Inequitable patterns of growth and development are not inevitable—they have been fostered and sustained by public policies at the local, regional, state, and federal levels. Unbalanced development in the regions of older core cities—and its negative consequences—is not solely the result of the free market at work, or of individual personal decisions. Public policy choices have enabled and sustained development patterns that provide powerful incentives for suburban growth at the expense of central cities, older suburbs, and their low-income residents.

Federal transportation and housing policies facilitated the flight of people with means to suburbia, and its flip side: decline and disinvestment in core cities. The federal Highway Act of 1956 funded and built a vast network of highways that subsidized the development of formerly rural areas by making it possible for people to leave the city. The National Housing Act of 1934 created the Home Ownership Loan Corporation, which insured low-interest private bank loans for home mortgages. This subsidy, continued later by the Federal Housing Administration, enabled millions of white families to purchase homes, build home equity, and move into the middle class. But the underwriting methods the government developed to assess the investment potential of neighborhoods—which were in turn adopted by private lenders—"redlined" minority neighborhoods as undesirable loan risks. Until this racially discriminatory practice was outlawed in 1970, communities of color were effectively barred from benefiting from these subsidies and their neighborhoods were starved of needed reinvestment.[27]

The role of the federal government in enabling regional disparities is not merely a historical relic. The largest housing subsidy in the country—the home mortgage interest tax deduction—disproportionately favors the suburbs, where there are more homeowners and higher home values, and provides an incentive for homeowners to buy larger and more expensive homes in newer suburban communities.[28] Transportation policies also favor the suburbs. As of the mid-1990s, over half of federal transportation funding was spent on highways within metropolitan regions, and highway spending continually overshadows spending on public transit.[29]

Although federal investments continue to play a role, with the devolution of federal authority to states over the past several decades, state and local governments increasingly shape patterns of regional growth and development. Four key contemporary dynamics continue to reinforce the regional disparities that previous public policies helped create.

- Public Investments in Infrastructure and Economic Development
- Governmental Fragmentation and Fiscal Disparities
- Exclusionary Land Use Practices and Policies
- The Locus of Political Power

Public investments in infrastructure and economic development. Government spending, particularly on infrastructure (e.g., roads, highways, water, and sewers) and economic development, plays a large role in determining the location and amount of growth within regions. State investments are extremely important since they represent some of the largest capital outlays flowing to regions, but local government investments are also significant. Public dollars are critical to the redevelopment of older core communities and linking people to regional opportunities. Since public dollars are taxpayer dollars, they should be applied to further the public interest.

Numerous studies tracing government spending patterns have found that these funds favor outlying areas at the expense of urban communities. In

Michigan (see text box below), four out of every five dollars from a state transportation fund focused on supporting job growth were spent on newer suburbs and rural communities.

Within core cities, the majority of public economic development investments support downtown and waterfront revitalization—without assurance that the city's most vulnerable residents will benefit from these investments.

Follow the Money:
State Transportation Spending in Michigan

A recent analysis by the Michigan Land Use Institute documents how the state's public investment choices have long favored suburbs over cities.

An example of Michigan's "sprawl subsidies" is the Transportation Economic Development Fund, which is used to finance transportation infrastructure that supports the creation of new jobs. Of the $382 million spent since 1988, 78 percent went to new suburbs and rural areas, and only 22 percent went to core cities.

The big winner was Auburn Hills, an upscale, suburban community in Oakland County. Auburn Hills received what amounted to $1,250 per resident, for streetscape improvements, new roads, a bicycle path, and other amenities. The city of Detroit, on the other hand, received what amounted to $25 per resident from this fund.[30]

Governmental fragmentation and fiscal disparities. The extremely fragmented system of governance in older core regions also contributes to regional disparities, with authorities competing rather than collaborating with one another. When regions are comprised of multiple local governments, each with a plethora of public agencies (such as planning commissions, school districts, zoning boards, and water and sewer agencies), it is nearly impossible to address regional issues in a coordinated way or to respond nimbly to economic development opportunities as they arise. This fragmentation of governance results in unbalanced and inequitable growth patterns, lower regional economic performance, higher overall social costs, and fiscal disparities between communities in a region.[31]

Some of the most fragmented regions in the United States are in the Northeast and Midwest. In *American Metropolitics: The New Suburban Reality,* Myron Orfield used one common measure of regional fragmentation, the number of local governments per 100,000 residents, to assess the level of fragmentation in the 25 largest metropolitan areas. According to this analysis, Cleveland, Detroit, Philadelphia, and Pittsburgh are among the ten most fragmented regions. Pittsburgh, with 418 local governments, is the most fragmented region in the country.[32] The issue of fragmentation in Baltimore is not as severe—a fact attributed to Maryland's strong state planning and land use powers.[33]

Exclusionary land use practices and policies. Local governments have authority to apply land use tools such as zoning to determine the location and types of development permissible in neighborhoods (e.g., residential, commercial, etc.). They often employ these land use powers to maximize tax revenue. For example, if property tax is the major source of tax revenue, local governments may favor developments that yield greater property taxes (e.g., single family, high-end homes rather than affordable multifamily developments). If sales tax is the primary source of revenue, then jurisdictions will zone their land to attract businesses like big box retailers, which generate high sales revenue. This dynamic is a large driver of regional inequity.

The locus of political power. As population has shifted to the suburbs, so too has the balance of political power. Nationwide, suburban voters have outnumbered urban voters since 1992, and state and federal political leaders increasingly focus on the issues that suburban residents consider most important. In older core cities there is a low level of participation in traditional electoral politics. Lower income people are less likely to vote because they feel a lower sense of efficacy and have less confidence that politics will make a difference.[34] Suburban residents are more likely to register to vote and go to the polls. In Baltimore, for example, 63 percent of voting-age city residents are registered to vote compared to 73 percent of suburban residents.[35] And in the 2004 election, 70 percent of registered voters in the city of Baltimore went to the polls, compared to 81 percent of the region's suburban voters.[36] Increasing political engagement in older core cities, while simultaneously building suburban support for urban revitalization strategies, is vital to creating strong, competitive regions.

Assets for a Brighter Future

Although development patterns have weakened the economic health of older core cities, the five cities analyzed in this report have a reserve of economic, social, physical, and human capital that can be harnessed to steer them toward equitable and sustainable growth.

A competitive economic advantage in education and health services. Older core cities have a significant concentration of jobs in education and health services—important and growing subsectors of the service economy. These industries account for over 20 percent of jobs in the case study cities, compared to 15 percent of jobs nationally.[37] They employ many city residents and are expected to generate more jobs in the future. Firms in health and education play an important role in the knowledge economy, producing innovations and attracting skilled workers. Some of the largest firms in this sector—particularly hospitals, universities, and colleges—are important "anchor" institutions that help shape the neighborhoods and cities in which they are located.

Rising subsectors of advanced manufacturing industries. Although manufacturing has declined in the overall economy and in many older core cities, a number of technology-driven, specialized manufacturing subsectors are gaining strength. In Pittsburgh, industries such as electrical and medical equipment production are becoming important.[38] In Philadelphia, pharmaceuticals manufacturing is a strong and growing subsector, as is pesticides and fertilizer manufacturing.[39] And in Cleveland, the instruments, controls, and electronics subsector grew significantly from 1998 to 2001.[40]

Locational advantages. In addition to these sources of industry strength, the five case study cities, like most major urban centers, have economic advantages based on their geographic location and historical development. These urban comparative advantages include access to labor, transportation, dense local purchasing power, and the presence of economic clusters.[41] Older core cities are also home to historical residential neighborhoods. Despite housing deterioration and abandonment, these neighborhoods have a well-developed infrastructure and unique characteristics that cannot be found in new suburban developments. These quality of life factors create a "sense of place" and are key amenities that attract knowledge workers and entrepreneurs to the region.[42]

Reviving downtowns and resurgent neighborhoods. Despite generally weak housing markets in older core cities, "hot" submarkets are appreciating as a result of increased housing and commercial demand. In the 1990s, many of the central business districts of older core cities, and their residential neighborhoods "came back" after decades of decline. Sustained public investment has been key to resurgence in these neighborhoods. Philadelphia, for example, offers a 10-year city property tax abatement for residential construction and conversion, which has helped fuel the resurgence of Center City.[43]

Willing workers. Community residents are a great strength in older core cities. Many who are unemployed, underemployed, or stuck in low-wage jobs are ready and willing to take on new jobs. With access to training and job opportunities, these residents could increase their incomes and help move their cities and regions toward a more equitable and prosperous future.

Strong institutions. Since the onset of neighborhood decline in the 1950s, community institutions—including churches, resident organizing groups, community-based nonprofits, local foundations, affordable housing developers, and more—have been working assiduously to rebuild their neighborhoods and provide opportunities to residents. These institutions are firmly grounded in community life and have the will, ideas, and skills to work toward equitable development.

Older core communities can harness these considerable assets toward growth with equity. *Part II: Agenda for Action,* points the way forward.

Photo courtesy of N. Girish

Six arenas for action offer concrete examples of policies, initiatives, and strategies that, taken together, can lead to tangible progress toward economic and social inclusion.

Part II

Agenda for Action

Increasing prosperity and opportunity in older core cities and their regions requires a paradigm shift.

The goals of economic vibrancy and social inclusion will not be realized absent a framework that guides not only curent public spending and investment, but also efforts to rebuild the broader economic base. A wide range of stakeholders must recognize the interdependence of communities in a region, the value of ensuring that all neighborhoods thrive, and that all residents have an economic stake in the future growth of the region.

Equitable Development: A Pathway to the Goal of Regional Equity

The following equitable development principles can guide a community toward the goal of regional equity.

Reduce economic and social disparities throughout the region. In the five case study communities, the quality and condition of neighborhoods is highly uneven, both within cities and across regions. Some neighborhoods, especially in the outer suburbs, are rich with amenities and resources. Others, such as those in or near the downtown areas of many older core cities, have recently received an influx of reinvestment and are being "rediscovered" as attractive. But many neighborhoods in older core cities and first-tier suburbs are wholly deteriorating. Reducing disparities through targeted investments and leveling the playing field for development ensures that all neighborhoods provide the necessary ingredients for residents' social and economic success.

Promote investments that are equitable, catalytic, and coordinated. To revitalize older core cities, investments in economic development, housing, transportation, neighborhood revitalization, and other arenas must strive to accomplish three outcomes. First, they must be ***equitable***, and directly benefit lower income residents of the region. Second, given the serious level of neighborhood distress, investments must be ***catalytic***—either large enough in scale to turn a community around, or able to leverage other resources and investments to achieve greater impact. Third, given that low-income people are disadvantaged in multiple arenas (poor housing, unemployment, lack of transportation options, etc.), investments must be ***coordinated*** to address multiple barriers to opportunity.

Integrate strategies that focus on the needs of people with those focused on the places where people live and work. Much attention is paid to the physical manifestations of decline in older core cities. Low-income people and communities of color are the most negatively affected by this neighborhood distress. Therefore, strategies must ensure that physical revitalization efforts deliver concrete benefits to disadvantaged residents through increased employment, housing, or ownership opportunities. By consciously integrating people-focused strategies (efforts that support community residents and families) with place-focused strategies (those that stabilize and improve the neighborhood environment) older core cities can become vibrant, equitable, mixed-income communities.

Include meaningful community participation and leadership in change efforts. In order to achieve authentic and self-sustaining improvements in older core cities, efforts must be driven by the wisdom, voice, and experience of local residents. Ongoing and meaningful engagement can be supported through capacity building and leadership development of community organizations and residents.

Six Arenas for Action

Part II of this report is organized into six arenas for action that offer concrete examples of policies, initiatives, and strategies that can lead to equitable development. The actions cover a range of issue areas including economic development, housing, neighborhood revitalization, transportation, and land use. Taken together, these strategies and policies can lead to tangible progress toward economic and social inclusion.

Action 1: Promote economic development strategies that widen opportunity for low-income residents and working families

Action 2: Leverage place-rooted anchor institutions in equitable revitalization

Action 3: Improve resident mobility and revitalize neighborhoods through equitable transportation policies

Action 4: Reclaim vacant and abandoned properties to promote sustainable regional development

Action 5: Make all neighborhoods in the region communities of opportunity—stable, healthy, and livable

Action 6: Increase affordable housing choices in opportunity-rich neighborhoods

This report offers specific examples from the five case study regions and other communities of how equitable growth and revitalization policies and practices are being implemented at the local, city, metropolitan, and state level. Indeed, there is a rich set of examples of working towards equitable growth and revitalization in older core communities that need to happen with more frequency, be translated into local and state policies, and given increased support and investment. The breadth

of promising programs and policies provides inspiration and concrete ideas for those seeking to ensure that all residents of older core communities benefit from regional growth and development.

While the models highlighted in this report are placed within one of the action arenas, in reality, they are interconnected. Many of the examples could have easily fallen into more than one of the arenas for action. For example, the reverse commute strategies described in Action 3 are as important to helping lower income residents gain employment in regional growth industries as are the workforce programs described in Action 1. In fact, many of the interventions help achieve multiple positive outcomes for individuals and communities. The mechanisms for reclaiming and returning vacant and abandoned properties discussed in Action 4, for example, improve neighborhood conditions, foster economic development, promote the fiscal health of cities through increased property taxes, and build wealth for local residents due to rising real estate values. The cumulative, reinforcing positive impacts of these equitable revitalization strategies call for focused investment in multiple arenas for action described in this report. It is important to note that several important issues, such as education and tax and fiscal reform, were not analyzed.

The models highlighted in this report are primarily taken from the five case study cities and their regions, with a few from other older core cities (e.g., Newark and St. Louis). In some instances, examples from regions and states that face different development and growth dynamics than older core cities are reviewed. Such examples were included when the research team felt the model could reasonably apply to older core cities.

The agenda for action outlined in this report is designed to stimulate action and collaboration among those concerned in building a democratic, inclusive society where everyone participates and prospers. This report serves as a call to action to stakeholders in America's older core communities to utilize this menu of policies and strategies to discover new points of convergence, collaboration, and success.

Photo courtesy of Milan Radulovic

Strategies that promote economic inclusion not only help disadvantaged residents, but also improve economic prospects for the city, region, and state.

Action 1

Promote economic development strategies that widen opportunity for low-income residents and working families

Context and Overview

Entrenched disparity in economic opportunity is a major impediment to sustained growth and prosperity in older core cities and their regions. The economic chasm that characterizes the five case study regions is reflected in income disparities, and is also inscribed in the geography of the region: some areas are vibrant, prosperous neighborhoods with thriving commercial and industrial areas; others have neighborhoods characterized by struggling businesses, abandonment, and families in poverty.

When large and growing classes of people are being left behind, the social fabric and long-term economic viability of a region are compromised because not all residents are contributing to growth and prosperity. Strategies that promote economic inclusion not only help disadvantaged residents, but also improve economic prospects for the city, region, and state.

Public, private, and philanthropic leaders are devoting significant resources and energy to rebuild the economic base of the five older core cities and their regions. In Pennsylvania, for example, Governor Edward Rendell signed into law an economic stimulus program that will leverage $2.3 billion in grants, loans, and guarantees over the next three years to generate at least $5 billion in private sector investment to help start new businesses and help existing companies expand.[44] In the Cleveland region, the Fund for Our Economic Future is a new collaboration among the philanthropic sector of Northeast Ohio, formed to promote economic development in response to the area's pressing long-term economic challenges. With over $26 million committed to date, the fund seeks to encourage and advance a regional economic development agenda that recognizes the importance of core cities, inclusion, diversity, and quality of life.[45] Regional economic development organizations and civic associations such as the Greater Baltimore

Committee and Detroit Renaissance are also working to stimulate economic development and job creation through a variety of local and state mechanisms.

All of these strategies, initiatives, and policies can be guided in ways that increase opportunity for lower income people and working families. However, older core cities and their regions will not reach their full potential and dynamism if leaders continue to follow the "growth at any cost" model of economic development, which typically involves utilizing large public subsidies to attract industries and investing in large developments such as convention centers and stadiums in downtown areas. While industrial attraction and downtown development are important components of a broader economic revitalization strategy, sustainable economic development approaches must be more comprehensive.

As reviewed in Part I, the globalization of production and investment capital has created new sources of competition from other places in the United States and abroad. Local governments and businesses have two potential ways of responding to this competition: they can take the low road and beat out their competitors by producing cheaper goods and services and dismantling job standards, or they can take the high road and compete by offering higher quality goods and services, investing in their workforce, paying family-supporting wages, creating opportunities for advancement, and promoting job stability.

Local governments and businesses following a high road economic development agenda link efforts to promote economic inclusion to those focused on rebuilding their economies. This chapter reviews concrete mechanisms to ensure that disadvantaged residents and distressed neighborhoods in the region benefit from local and regional economic activity. These approaches result in a win-win situation: beneficial outcomes for low-income people and a stronger overall economy. Three strategic arenas for action are reviewed.

- **Connect low-income workers to jobs in regional growth industries.** Sectoral employment initiatives can link disadvantaged people with good jobs in important or growing sectors of the economy.
- **Make public investments accountable by requiring community benefits.** A growing accountable development (or community benefits) movement has emerged in communities across the country to ensure that public investments in economic development yield public benefits such as good jobs, affordable housing, and childcare.
- **Direct state economic development and infrastructure investments to central cities and older suburbs.** Although public investments have often served as powerful catalysts for sprawl, they can be redirected to encourage redevelopment and reinvestment in core communities.

The strategies and policies that follow demonstrate that the benefits of economic growth do not automatically flow to lower income residents of a community. Rather, revitalization efforts must connect people to economic opportunity through residents' location, skill level, relationships, and access to information. Since low-income residents and communities of color often lack these connections, careful planning and deliberate action to promote economic inclusion are essential.

A common thread across the discussion is the role of community involvement in ensuring that economic growth strategies also lead to greater economic inclusion. Historically, urban and regional revitalization decisions have been the purview of economic development directors, public officials, and business leaders. Increasingly, community leaders who are concerned about lower wages, stagnant incomes, growing poverty, and job instability are engaging in efforts to influence economic development decisions at the local and state level. Labor leaders are also moving beyond the negotiating table to support high road economic development strategies.

Connect Low-Income Workers to Jobs in Regional Growth Industries

One way to simultaneously promote economic growth and inclusion is to link disadvantaged people with good jobs in important or growing sectors of the economy. Sectoral employment initiatives, which seek to improve labor market outcomes for the poor while helping firms find qualified employees, are a key vehicle for forging these links.[46]

Sectoral employment initiatives aim to connect low-income, low-skilled workers to good but previously inaccessible jobs (e.g., machinist, nurse, computer technician, construction worker), or to improve the quality—in terms of wages, benefits, or career advancement opportunities—of low-wage jobs typically held by low-income people (e.g., home health aide, child care worker, contingent worker).[47] The Aspen Institute describes sectoral strategies in the following way.

- Targeted to a particular industry or occupation.
- Seen as creating a strategic partnership within the industry and possessing extensive industry knowledge and understanding about workforce issues.
- Leveraging employment opportunities for low-income job-seekers.
- Working with relevant labor market stakeholders to create systemic change within the industry's labor market.[48]

To effect change within a targeted industry, sectoral strategies involve a range of activities including workforce training, business development, advocacy, workplace and community organizing, and research and policy analysis.

Program evaluations—and the testimonies of individual program participants—indicate that sectoral initiatives can improve employment outcomes for the poor, sometimes dramatically. One longitudinal study, which tracked the labor market progress of 732 participants over three years, found that participation led to increased wages, income, and benefits. A year after the training programs were over, participants were making over one and a half times their previous incomes; two years later, they were making twice their original salaries.[49]

In addition to helping individuals gain traction in the labor market, sectoral approaches seek systemic and institutional changes that benefit low-income workers beyond their own participants. They aim to influence a variety of policy arenas—from the labor practices of individual firms, to the educational policies of school districts and cities, to state and local economic development initiatives that impact industry competitiveness. By altering the ways that key players in the labor market—employers, government agencies, educational institutions, and unions—operate, they can help build a high road economy that rewards work and increases productivity.[50]

Three examples of sectoral employment initiatives—WIRE-Net in Cleveland, Focus: HOPE in Detroit, and SEIU Local 1199E-DC in Baltimore—illustrate the diversity of approaches to improve employment opportunities for disadvantaged residents of older core cities.

WIRE-Net: Attracting and Retaining Manufacturing in Cleveland's West Side Community

Cleveland's West Side neighborhoods are home to a high concentration of small and medium-sized manufacturers and related firms. Currently over 600 firms employ 27 percent of the area's workforce. In the mid-1980s—as economic restructuring was leading to plant closings and layoffs—three community development corporations joined together to form the Westside Industrial Retention and Expansion Network (WIRE-Net) to help companies stay and prosper in the area. Its mission is to retain, grow, and attract manufacturing-related businesses and connect leaders to each other and the West Side community. Over the years, the nonprofit economic and workforce development organization has evolved into an expert labor market intermediary, becoming a trusted partner for hundreds of area businesses and helping thousands of West Side residents begin careers in manufacturing.

WIRE-Net has developed an innovative, employer-led sectoral strategy. At the heart of its approach are the extensive, long-term relationships the organization has cultivated with local firms. Over 200 West Side companies participate as dues-paying members, providing access to a variety of business services such as networking and peer learning opportunities, workshops and trainings on industry trends and innovations, consulting, and industrial real estate development. In addition to these "inside the plant gate" services, WIRE-Net also engages in "outside the plant gate" strategies, including workforce training and policy advocacy on issues that improve the business environment for manufacturers.

A graduate of the NASA/WIRE-Net Pre-Apprentice Machining Training Program. *Photo courtesy of WIRE-Net*

WIRE-Net began its workforce development activities after its members described their challenges in finding qualified entry-level and advanced machinists. To help them—and to connect low-income, primarily minority, residents with well-paying jobs—WIRE-Net operates job assessment, referral, and placement services. Since 1989, the organization has made about 160 placements per year and has helped many other residents find jobs on their own.[51] In addition to linking residents with jobs, WIRE-Net also helps job applicants overcome such barriers to work as lack of childcare or reliable transportation. With WIRE-Net's help, many residents have secured jobs that pay higher wages and provide more benefits than those they previously held.[52] In 2004, the organization placed 134 residents in positions with an average wage of $10.23 per hour. The majority of the positions offered full benefits, including healthcare coverage and paid vacation.

WIRE-Net also works to prepare youth and adults for careers in manufacturing. From 1998 to 2004, WIRE-Net operated a training program that prepared job seekers for entry-level positions in precision metalworking. Through this initiative, 54 area residents completed training courses, and 41 of them were hired by local companies.[53] In recent years, WIRE-Net changed its approach and now partners with local educational institutions including the Cleveland Municipal School District and Cuyahoga Community College on job training initiatives.

WIRE-Net also builds leadership and advocates for policy changes that affect the manufacturing sector. WIRE-Net focuses on three areas of policy change.

- Promoting the adoption of skills standards for workers.
- Improving the local business climate for manufacturing.
- Upgrading education and training systems.

Through its business services, workforce training, and policy advocacy activities, WIRE-Net has been an important force in the local and regional economy. While the region as a whole experienced a 21 percent decline in manufacturing employment between 1993 and 2000, the West Side community experienced a nine percent increase. Though not the only force working to grow manufacturing jobs in the community, WIRE-Net is contributing to the area's competitive edge.

Focus: HOPE: Building Opportunities for Minority Workers in Detroit's Auto Industry

Focus: HOPE is a civil and human rights organization founded after the 1967 riots in Detroit. Over the years, the nonprofit has helped thousands of low-income residents meet their basic needs and gain the skills and education necessary to exit poverty. Training and job placement services are a central component of their work. Through model training programs, Focus: HOPE has connected over 5,000 men and women to careers in manufacturing, information technology, and engineering within Detroit's auto-related industries, breaking down the barriers that have kept minorities and women from jobs in this occupation.

As a sectoral workforce development initiative, Focus: HOPE targets machinist occupations in metalworking and manufacturing industries. Despite transformations in auto manufacturing, it remains one of Michigan's key industries. Production is concentrated in the Detroit region, home to the Big Three automakers (General Motors, DaimlerChrysler, and Ford) and a number of small firms and suppliers. Jobs in these shops offer good prospects for low-skilled workers. They pay decent wages and provide opportunities to either advance within a firm or move up from a non-unionized (and lower-paying) job at a small shop into a unionized job at one of the Big Three companies.

"Recognizing the dignity and beauty of every person, we pledge intelligent and practical action to overcome racism, poverty and injustice. And to build a metropolitan community where all people may live in freedom, harmony, trust and affection. Black and white, yellow, brown and red from Detroit and its suburbs of every economic status, national origin and religious persuasion we join in this covenant."

– Focus: HOPE Mission Statement

Many barriers prohibit low-income, inner city workers from entering and advancing in machinist occupations. When Focus: HOPE opened its doors, no comparable programs existed in the area. Most machinists are trained at community colleges or technical institutes. The most noted and extensive programs in the Detroit region are offered at Henry

MTI student Metro McCloud trains for a career as a machinist. Photo courtesy of Rick Smith

Ford and Macomb community colleges, both of which are located in the suburbs and difficult for central city residents to reach. And only a small percentage of apprenticeships (the traditional route to advance to a journeyman position) go to minority or female trainees.[54]

Focus: HOPE's variety of training programs respond to these challenges and help minorities and women access careers in manufacturing. Their core program is the Machinist Training Institute (MTI), a 31-week program that prepares participants for entry-level jobs in precision machining and metalworking through a combination of classroom instruction and on-the-job training. To enter MTI, students must possess a high school degree or GED, a ninth grade reading level, and 10th grade math skills. Between 1981 and 2004, MTI graduated over 2,700 machinists. Their starting salaries are $11 per hour and, after a few years of working, their salaries increase to $40,000 per year or more.[55] The organization also offers basic training programs that help students improve their reading and math skills until they can enroll in MTI—thus reaching people who would not be able to attend community college. Focus: HOPE also offers specialized programs that prepare students for industry certifications in information technology careers such as network administration and desktop support, as well as a college degree program in manufacturing engineering offered in partnership with area universities.

In addition to its training programs, Focus: HOPE works with important stakeholders—manufacturers, labor, trade associations, policymakers, and other regional actors—to plan and advocate for policies that improve the climate for manufacturing in the city. Through these activities, the organization has helped expand economic opportunities for Detroit's low-income residents.

SEIU's "Unfinished Business" Campaign for Self-Sufficiency Wages in Baltimore's Health Care Sector[56]

Baltimore's local chapter of the Service Employees International Union (1199E-DC) primarily represents low-wage service employees at four area medical institutions: Johns Hopkins Medical Center, Greater Baltimore Medical Center (GBMC), Sinai Hospital, and Maryland General Hospital. In December 2003, as contracts for 3,500 members were expiring at three of these institutions, the union launched an innovative and holistic campaign to negotiate better contracts for its members and push for broader policy changes that would secure a better future for all low-wage workers. They titled their campaign "Unfinished Business," referring to the unrealized quest for economic justice for all workers.

The campaign called for self-sufficiency wages for health care workers—meaning wages that are high enough to enable workers to secure basic needs such as housing, transportation, health care, and child care, without outside assistance. According to an independent study by Wider Opportunities for Women entitled *The Self-Sufficiency Standard for Maryland*, a basic budget for a family of three in Baltimore City requires earnings of $17.41 per hour. The average wages for SEIU's members working at the three hospitals, however, was $11.11 per hour, qualifying them for up to $13,576 per year in public assistance benefits.

To build support for the campaign, SEIU organizers first conducted outreach in the neighborhoods where their members live, listening to community concerns and speaking with key stakeholders such as faith leaders, community organizations, and local and state elected officials. Through these meetings, union organizers and other stakeholders began to recognize the connections between low-wage work and the conditions of their neighborhoods. Many SEIU members lived in the city's poorest neighborhoods and faced a host of housing and other challenges.

These discussions shaped a second key component of the campaign: *Putting Baltimore's People First*, a report analyzing the connections between Baltimore's economic potential and large employers' responsibility to pay higher wages. The report described how poorly Baltimore's investor-driven economic development policies have served the city's residents and argued that raising the incomes of low-wage workers can stimulate economic development as these workers spend their money in the local economy. Based on this "multiplier effect," raising SEIU members' wages at the three hospitals to $17.41 per hour would lead to a $63 million increase in the city's economy within one year.[57] The report was released at a press conference, and an accompanying pledge to support self-sufficiency wages and unionization in the health care sector was endorsed by 23 elected officials, including Mayor Martin O'Malley.

Though it has not yet secured self-sufficiency pay for low-wage health care workers, the Unfinished Business campaign has led to a number of positive outcomes. In June 2004, SEIU settled its contracts with all three hospitals. The new two-year contracts included, for the first time, a wage scale, which sets pay increases for two years depending on grade of position and length of service. Additionally, at Johns Hopkins Hospital, SEIU secured a new benefit for junior employees—scholarships for children of SEIU members who are interested in attending the university. The report and the campaign have also stimulated citywide discussion about a self-sufficiency wage, and the city council passed a resolution calling for further study of how the self-sufficiency wage would affect Baltimore. SEIU is continuing to explore mechanisms to advance self-sufficiency wages for health care workers. Their efforts to date have led to an understanding that moving a high road economic development agenda will require strong alliances between labor and community. To help move this agenda forward, the union merged with SEIU 1199 New York in July of 2005.

Make Public Investments Accountable by Requiring Community Benefits

The public sector has a complex and powerful arsenal of tools at its disposal to foster economic growth, including: grant programs; bonding authority; dollars for site preparation and assembly; new equipment, feasibility studies, and infrastructure upgrades; and a multitude of funding streams. Governments can also utilize tools that do not require an outlay of resources, but rather reduce costs for new industries or businesses by offering tax breaks or abatements, loan guarantees, and a variety of other public subsidies. It is often difficult to navigate the economic development system and anticipate its effects on a community given the fact that economic development policies and programs cross agencies and organizations at the local, regional, state, and national level. Understanding the way these public dollars flow, and holding these funding streams accountable to delivering community benefits, is critical to advancing equitable revitalization in older core cities.

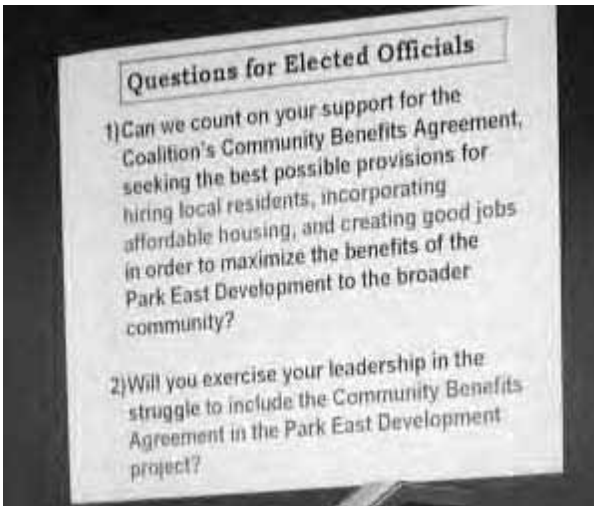


Photo courtesy of Milwaukee Labor Press

Too often, the dominant economic paradigm in older core cities is "growth at any cost." Massive subsidies and tax breaks are offered to attract economic activity without requirements that community residents realize tangible benefits. For example, an in-depth study of Baltimore's economic development policies conducted by Good Jobs First reveals a "recurring history of high costs, low benefits, and a lack of safeguards to ensure that taxpayer investments really pay off in family-wage jobs and an enhanced tax base." In the 1970s and 1980s, Baltimore successfully transformed the Inner Harbor into a tourist destination without enacting job standards. As a result, low wages and part-time hours are prevalent—and all but three of the city's non-managerial tourism jobs pay less than the federal poverty line for a family of four.[58] In the 1990s, the Maryland Stadium Authority built Camden Yards, a new baseball stadium for the Orioles, with major public dollars. A study of fiscal and economic impacts reveals that Camden Yards brings in approximately $3 million in additional tax revenue for Maryland, but costs the state's taxpayers $14 million per year in operating and capital costs.[59] Baltimore is not alone. The hope that large public subsidies will benefit local communities—and the projects' failure to deliver—is common in cities and states across the country.

Table 5.

Social and Economic Equity Criteria Being Advanced through Accountable Development

Category	Example
Geographic Targeting	• Benefits residents of a distressed neighborhood or other area needing revitalization (e.g., brownfields, abandoned property)
Community Benefits	Mechanisms are in place to produce significant, measurable benefits for community residents such as: • Local hiring program for neighborhood residents • Livable wage employment opportunities • Training and/or educational opportunities • Increased transit access and services • Healthcare and childcare services • Increased access to technology • Increased affordable housing opportunities • Opportunities for ownership/profit sharing for community residents and institutions • Neighborhood amenities (e.g., parks, cultural centers)
Composition of the Development Team	For economic development projects that require physical development: • Requirements for contracting locally-, minority-, and women-owned businesses for project design, construction, and ongoing operations • Led by a nonprofit developer and includes for-profit partners and/or community-based partners with complementary skills and experience, or led by a for-profit developer and incorporates community partners as owners, developers, organizers, service providers, property managers, etc.
Strategies for Community and Involvement	• Includes an input/oversight/decision-making structure and process that is inclusive representative of a broad cross-section of community residents • Includes a detailed plan for community outreach and education

In response, an accountable development (or community benefits) movement is growing, based on the premise that public investments must yield defined public benefits, such as good jobs, affordable housing, and childcare. The movement is being driven by diverse coalitions that include labor unions, community builders, housing developers, neighborhood advocates, and environmentalists. Table 5 reviews the range of accountable development criteria for large-scale projects supported by public dollars.

Two recent community benefits campaigns highlighted below—one focused on the Los Angeles airport and the other on a redevelopment area in downtown Milwaukee—illustrate the efficacy of this approach in creating greater economic inclusion. The text box on page 59 that reviews Minnesota's first-in-the-nation economic development accountability law illustrates the role of state policy in supporting local community benefit campaigns. The law institutionalizes, at the state level, the importance of requiring public benefits from economic development projects that receive public money.

Los Angeles Airport: A Regional Amenity Delivers Community Benefits

Community benefits agreements are one clear way that community organizing and advocacy can result in balanced, accountable economic development. When the $11 billion dollar modernization of Los Angeles International Airport (LAX) was proposed, local community and nonprofit groups recognized the opportunity to legally require this large public investment to result in equitable returns and formed the LAX Coalition for Economic, Environmental and Educational Justice.

Led by the Los Angeles Alliance for a New Economy (LAANE) and the Los Angeles branch of Environmental Defense, the coalition brought together over 20 community groups, including school districts, labor unions, environmental advocates, and faith-based organizations. The coalition wanted to ensure that redevelopment would provide measurable returns to residents who lived in the vicinity of the airport. Because this community experienced the most negative impacts of living close to an airport (e.g., environmental and noise pollution), the residents who live there should benefit from the economic activity the proposed renovation generated.

When the coalition presented a draft of the proposed benefits agreement to then-Mayor James Hahn, he directed his staff and Los Angeles World Airports (LAWA) to work with the coalition on a negotiation.[60] After months of discussions between coalition members, the city of Los Angeles, and the LAWA Board of Commissioners, the Los Angeles City Council approved a community benefits agreement in December of 2004.

Victory Crowd. Photo courtesy of Los Angeles Alliance for a New Economy

The comprehensive agreement addressed the concerns of the surrounding community, and covers a broad range of economic, labor, environmental, health, education, and accountability issues. Key tenets of the agreement include the following.

- $15 million in job training funds over five years for airport and aviation-related jobs, and for an LAX Master Plan construction pre-apprenticeship training program.
- A local "First Source" hiring program and referral system for airport jobs, giving priority to area residents who are low-income, homeless, and/or chronically unemployed.
- A plan to actively seek the participation of local-, minority-, and women-owned businesses in planning, designing, and constructing LAX Master Plan projects.
- Environmental and health benefits, such as: funding soundproofing for nearby homes and schools, reducing air pollutants from jets and airport vehicles, publishing findings on health impacts of LAX operations on the community, and studying upper-respiratory and hearing problems in local residents and workers.[61]

The agreement also includes key accountability measures: control over design and implementation of airport impact studies, and the explicit authority to monitor and enforce all provisions of the agreement.

The landmark $500 million LAX agreement represents the largest and most comprehensive community benefits package to date. As the first agreement negotiated with a governmental entity, it also marks a watershed moment in the community benefits movement and promises to become a model for effective community participation in large-scale development projects and advocacy for equitable public investment around the nation.[62]

The Good Jobs and Livable Neighborhoods Coalition: Ensuring Community Benefits from the Milwaukee Park East Freeway Redevelopment

When plans to demolish the Milwaukee Park East Freeway and open up 67 acres of land for redevelopment (half of it near downtown) were announced, The Institute for Wisconsin's Future saw the potential of this project to change the face of the city. A 27-member coalition of labor, faith, environmental, and community groups called Good Jobs and Livable Neighborhoods, chaired by the Institute for Wisconsin's Future and the Milwaukee County Labor Council, has been working to ensure that the surrounding community would benefit from large-scale development slated to occur along the 26-acre Park East Freeway Redevelopment corridor.

The coalition has been advocating for the inclusion of a community benefits agreement (CBA) as a formal component of the city's redevelopment plan. In December of 2004, the Milwaukee County Board of Supervisors voted 15-4 to pass the community benefits provision, the Park East Redevelopment Compact (PERC).[63] The PERC includes consideration of job quality standards when selling land for redevelopment, establishes local hiring requirements, requires affordable housing construction, encourages the use of environmentally friendly materials, sets

Pledge sought from elected officials. *Photo courtesy of Milwaukee Labor Press*

up a public process for evaluating development proposals, and mandates data collection on job creation in the Park East corridor.[64]

As is often the case with complicated and meaningful CBAs, the coalition had to remain watchful. When Milwaukee County Executive Supervisor Scott Walker vetoed the Park East Redevelopment Compact, the group mobilized immediately. Community benefits supporters filled a February 2005 county board meeting and successfully lobbied the supervisors to override Walker's veto.[65]

In June of 2005, the Milwaukee County Board approved the first project for the Park East parcel—a mixed-use condominium and retail development—and approved the sale of land to the development team.[66] Despite concern that the community benefit requirements would dampen developers' interest in the area, the development team met all of the mandatory community benefits provisions and added voluntary community benefits, including prevailing-wage promises, minority business participation, and green building elements.[67] The Milwaukee Park East example shows that carefully crafted community benefits agreements can often be as comprehensive and successful in older core cities—without stifling development—as agreements in hotter market areas.

Minnesota's Business Subsidy Accountability Act:

State Policy Creates an Enabling Environment for Accountable Development

Too often, states regularly award large tax abatements and other development incentives to companies willing to relocate within their borders. Many of these subsidies do not result in the number or the quality of jobs promised, and the subsidies rarely include accountability provisions.

In Minnesota, controversial business subsidy deals forged in the late 1980s and 1990s drew public attention to these issues and laid the groundwork for community engagement, eventually leading to Minnesota's economic development accountability law—the first of its kind in the nation.[68]

The Minnesota Business Subsidy Accountability Act states that communities granting public subsidies whose goal is to create jobs—such as tax-increment financing (TIF), low-interest loans, or large tax breaks for locating companies in certain areas—must adopt eligibility criteria.[69] Enacted in 1995 and strengthened in 1999, key elements of the law include the following.

- Businesses receiving assistance must satisfy specific job and wage goals within a specified amount of time.
- Recipients failing to meet wage and job creation goals must repay the subsidy to the government within two years—a money-back guarantee known as a "clawback."
- Public disclosure of the deal's costs and benefits, of standard wage and job goals set by each granting agency, and of the results of each project subsidized.
- Public hearings on standard criteria and on large subsidy amounts.

This important state-level information mechanism supports local community benefits agreements by increasing government transparency, civic engagement, and raising the general visibility of business deals receiving large public subsidies. Since the law's passage, communities in Minnesota have sought deals with better benefits and higher wages.[70]

Direct State Economic Development and Infrastructure Investments to Central Cities and Older Suburbs

Public investments can serve as strong catalysts for economic development and revitalization in older core cities. Part I of this report illustrated how the inequities that characterize the five case study regions have been supported and exacerbated by economic development and infrastructure investments favoring newer suburban growth over revitalization and improvements for older core cities and inner-ring suburbs. The text box below, which presents a recent analysis of Pennsylvania's economic development subsidies, further supports this point.

The deep inequities that confront the five case study regions will not abate unless state investments are redirected toward existing communities in ways that rebuild neighborhoods and connect low-income residents to opportunity. Later sections of this report discuss the importance of public investments in transportation and housing. Here, the focus is on the vital role of state economic development and infrastructure investments. Public investment plays an important role in "jumpstarting" economic activity in the form of new businesses and jobs, as well as attracting and leveraging private investments. Channeling economic development and infrastructure dollars to older, existing communities also makes economic sense for states—strong central cities are essential for building strong regional and state economies.

State Economic Development Subsidies in Pennsylvania Draw Economic Activity Away From Older Core Communities

A recent study by the Keystone Research Center found that state economic development subsidies in Pennsylvania support sprawling growth patterns and decline in older communities. Looking at three large Pennsylvania Department of Community and Economic Development (DCED) business assistance programs that, between 1998 and 2003, gave subsidies worth $719.5 million to 1,333 businesses, the study found the following.

- **Pennsylvania does not use economic development dollars to counteract the outward movement of jobs, which tends to reinforce sprawl.** Statewide, older communities and outer townships receive almost exactly the same amount of subsidy dollars per capita, about $58 per person. Based on land-use considerations and the goal of creating jobs closer to communities and people most in need of employment, older Pennsylvania communities should receive much higher levels of per capita economic development assistance.
- **First-class townships (older, inner-ring suburbs) receive very little economic development assistance to help curb job and population loss.** First-class townships receive roughly one third (36 percent) of statewide economic development assistance.
- **Subsidies to industrial and business parks, 135 projects totaling $101.4 million, have the greatest bias towards new suburbs.** On a per capita basis, outer townships receive 2.2 times as much in subsidies to industrial parks as older Pennsylvania. To the extent that outlying industrial and business parks trigger or accelerate movement away from older communities—of professional services as well as manufacturing—they may be especially likely to fuel sprawl.[71]

Initiating this kind of shift in funding priorities can be politically challenging, as the balance of political power typically rests outside of the urban core. Here we review three examples—from California, Maryland, and Michigan—of how states are targeting economic development and infrastructure investments to central cities and older suburbs. The examples reveal the promise and potential that state leadership holds in advancing economic opportunity and revitalization in older core communities.

Targeting Capital Investments toward Struggling Communities: California Treasurer Philip Angelides' Double Bottom Line Investment Strategy

In May 2000, Philip Angelides, state treasurer of California, concerned with the state's widening gap between prosperous and disinvested neighborhoods and wealthy and poor residents, launched a program to target large capital investments under the treasurer's control to struggling communities.[72] The Double Bottom Line Initiative and Smart Investment Initiatives steer investment capital towards lower income "emerging markets" in an attempt to tap the potential of disinvested areas and bridge the wealth gap, while offering strong returns on the investments.

The initiatives have directed more than $14 billion[73] in investments toward business opportunities and community programs to mitigate the increasing economic disparity in California. Some of the investment and community development projects advanced by the Treasurer's Office include the following.

- $1 billion in home loans for low- and moderate-income Californians or residents in low- and moderate-income neighborhoods.
- More than $1 billion in investments by the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS) in real estate development in urban communities.
- $500 million for businesses moving to or expanding in underserved communities. This initiative, through CalPERS, is designed to leverage investments from private sector partners.
- The Extra Credit Teacher Home Purchase Program, which provides credits against taxes of around $37,000 (for a 30-year, $150,000 home mortgage) or low-interest home mortgages for teachers serving in low-performing schools. Funds may be matched with other homeownership assistance funds.
- Increased state deposits in community lending institutions, intended for small business loans and home mortgage lending.
- Increased funds for low-interest loans for community clinics serving distressed and low-income neighborhoods.
- Financing for cleanup of contaminated brownfields sites that are health risks, environmental hazards, and untapped economic assets in many low-income and urban communities.[74]

While the treasurer's Double Bottom Line Initiative is being implemented in a state with different development dynamics than those in the five case study regions, this model is still highly relevant for older core cities. The impetus for the treasurer's initiative was the growing economic disparities in the state, and concern that these inequities were threatening the state's competitive position—a similar challenge that confronts the communities analyzed in this report. Reinvigorating and stabilizing low-income and urban communities with large infusions of public and private investment capital is critical to promoting equitable growth and revitalization at the scale that is needed in older core cities. Engaging state leaders or agencies with executive authority to develop public policy initiatives and direct large funding streams is a promising investment approach for other states to consider.

Putting the "Cool" Back in Cities:

Michigan's Efforts to Promote State Economic Vitality by Revitalizing Core Cities

Michigan Governor Jennifer Granholm has prioritized revitalization of the state's cities through strategic economic investments directed to urban centers. The Cool Cities Initiative, launched in June 2003, recognizes that reinvigorating older cities will attract new businesses and residents while helping retain young college graduates and professionals who are leaving the state. Although still in the early stages of implementation, and smaller in scale than previous examples from California and Maryland, Granholm's Cool City Pilot Program has directed state investments to spur downtown development in selected cities via catalyst grants. The three-year program will award grants annually through 2006, and is intended to facilitate state and federal funding for larger projects down the road.[75]

Over 100 cities across the state competed for Cool Cities funding. In June of 2004, 20 proposed projects from 17 cities were chosen to receive grants of up to $100,000.[76] Award criteria favored projects that demonstrated close partnerships with existing community organizations and the private sector, showed regional cooperation, and held promise for large-scale neighborhood or community improvement. Each recipient was also given access to an "economic development toolbox" highlighting over 100 state community improvement grants, loans, tax credits, and services available from 14 state agencies—the first time Michigan has compiled such comprehensive information and technical assistance about state, local, federal, and private funding sources for neighborhood revitalization in one central location.[77]

Some critics of Granholm's initiative argue that public spending should focus on job creation and education, or that Cool Cities funds are not enough to be truly catalytic.[78] Still others say that Granholm's vision is lacking in specificity and scale. Despite these concerns, the initiative has significant potential and has sparked creative partnerships and important dialogue about the importance of urban centers in building a competitive state economy.

Channeling State Resources to Developed Areas: Maryland's Smart Growth Areas Act

In 1997, Maryland implemented the nation's first statewide growth management program to take an incentive-based approach to growth and development. The legislation, signed into law by former Governor Parris Glendening, explicitly recognizes the relationship between public spending and the location of private investments, and backs the state's commitment to smart growth with the weight of its financial resources. The program has since been expanded and supported by additional incentives to address environmental justice concerns and channel resources to Maryland's older neighborhoods. The original policy and its subsequent set of actions offer a number of lessons for other state and local initiatives that seek to direct growth to struggling communities.

The Smart Growth and Neighborhood Conservation Initiative is a package of laws intended to promote sustainable and equitable growth by steering development to Maryland's older areas and preserving rural communities. The centerpiece of the legislative package is the Smart Growth Areas Act, which restricts state funding for infrastructure, housing, economic development, and other programs to "Priority Funding Areas" (PFAs) already developed or designated for growth.

PFAs include municipalities, areas designated by the Department of Housing and Community Development for revitalization, state and federal enterprise zones, and areas located within the beltways of Washington, D.C., or Baltimore. County governments can also identify other PFAs if the areas meet certain density and/or infrastructure requirements. The initiative also includes programs to preserve rural land, enable the cleanup and redevelopment of brownfields, and foster job creation and employer-assisted housing programs.

This smart growth legislation has helped alter the course of development in the state. New state-funded schools and civic buildings are being built in cities and older suburbs. In 2002, older schools in existing neighborhoods received 80 percent of new state school construction funds compared to 38 percent from a decade before. State and county officials are rethinking sprawl-oriented transportation initiatives, and halting or redesigning a number of highway bypass projects that were inconsistent with smart growth principles.[79]

Additional policies and investments have supplemented the law. In 2001, then-Governor Glendening signed an executive order establishing the Commission on Environmental Justice and Sustainable Communities, with the goal of integrating consideration for environmental justice into the state's smart growth policies. That same year, the state dedicated a record $206 million in funding to Neighborhood Revitalization Programs. Also in 2001, Maryland spent equal amounts on transit and roads: targeting funds to improve mass transit and increase ridership; offering additional parking at stations; streamlining the system; expanding service hours; and adding new buses, routes, and neighborhood shuttles.

The program has received considerable publicity and several prestigious awards, and is widely viewed as a model. There have been some assessments of its challenges and accomplishments. One review describes three main flaws in the policy.[80]

- It does not prevent development that is funded privately and/or by local government from occurring outside the designated areas.
- The law guides development but does not define the quality and character of development and thus does not promote important elements of smart growth such as mixed-use environments and a diversity of housing choices.
- Implementation is dependent on the commitment of future governors and state agency directors.

Another critique relates to the policy's effects on housing affordability. The policy does not link growth with the preservation of existing affordable housing units or production of new units.[81] A recent study conducted by the National Center for Smart Growth (commissioned by the National Association of Home Builders) claimed that the restriction of state funding to PFAs limits housing production, which in turn adversely affects housing affordability in the Baltimore and Washington, D.C. suburbs and deflects growth to outlying counties.[82]

The long-term impacts of Maryland's policy remain to be seen due to shifts in gubernatorial leadership. Since taking office in 2003, Governor Robert L. Ehrlich, Jr., has issued an executive order reaffirming the state's commitment to smart growth strategies, established a new "priority places" revitalization program, and has championed the reauthorization of the state's historic preservation and rehabilitation tax credit. But he is also pursuing a new $2.7 billion outer beltway highway around Washington, D.C. (a project Glendening had rejected), and the Ehrlich administration was responsible for the state's first exemption to the smart growth policy when the state Board of Public Works voted to allow a future widening of state route 32 through rural western Howard County, outside a Priority Funding Area.

Conclusion

The strategies and policy examples highlighted in this chapter clearly demonstrate there are an array of interventions that can be initiated at the local and state level to deliberately advance economic growth and inclusion. The benefits of economic growth do not automatically flow to lower income residents of a community. Rather, people must be positioned to access economic opportunity through their location, skill level, relationships, and access to information. Since low-income residents and communities of color often lack these connections, careful planning and deliberate action to promote economic inclusion is needed. Integral to these efforts is the role of community involvement in ensuring that economic growth strategies also lead to greater economic inclusion. Successfully advancing the win-win strategies reviewed in this section requires partnerships and collaborations among the public, private, philanthropic, and community sectors.

Philadelphia's Campaign for Working Families:

Leveraging Federal Tax Policy for Low- and Moderate-Income People

Over the past three years, Philadelphia's Campaign for Working Families has successfully increased utilization of the federal Earned Income Tax Credit (EITC) and Pennsylvania Tax Back state tax credit, putting over $45.2 million in federal and state tax credits and public benefits into the pocketbooks of low-income Philadelphians and helping them to save and build assets.

Established as a modest tax provision in 1975, the EITC has since evolved into the country's largest and most effective anti-poverty program, totaling roughly the same level of federal assistance to low-income families nationwide as the TANF and food stamp programs combined. The EITC provides low- and moderate-income working people (families with two or more children who earn less than $35,263 or less than $37,263 for married workers) with a tax benefit of up to $4,400 per year based on family size and income.

Since the late 1990s, advocates for the working poor have sought to promote awareness and utilization of the EITC through free or low-cost tax services. Many who are eligible for this tax credit do not claim it. In Philadelphia, about 45,000 eligible households do not claim the EITC, leaving approximately $76.5 million in unclaimed credits.[83] Advocates have also worked to protect taxpayers from unscrupulous financial service providers who have used the EITC as an opportunity to make money. Over 40 percent of Philadelphia's EITC filers use commercial tax preparers to obtain Refund Anticipation Loans (RALs), which can charge interest as high as 700 percent for an advance on their anticipated tax refund—an advance arriving only eight to 10 days sooner than filers would receive these funds via direct deposit from the IRS.[84]

Philadelphia's Campaign for Working Families has quickly become a national model. Under the leadership of the Greater Philadelphia Urban Affairs Coalition (GPUAC), a coalition of 17 diverse organizations have collaborated to promote EITC, expand capacity and utilization of free tax preparation services, help families with asset development, and build an effort that is sustainable for multiple years. In 2004, the campaign operated 21 tax preparation sites located in neighborhoods with probable EITC filers. The United Way of Southeastern Pennsylvania recruited, trained, and deployed 484 volunteers to provide free electronic tax filing for 11,883 people. To raise awareness about the EITC and the availability of free tax filing services, the Campaign for Working Families launched a communications strategy, including a focus on both mainstream and Latino print, television, and radio; a 24-hour telephone information line; printed informational materials and direct mails; and presentations and outreach through grassroots networks. A number of banks and credit unions also adopted community tax-preparation sites to help connect tax filers with financial information.[85]

With three years of service under its belt, the campaign is gaining momentum and gearing up for another tax season. Philadelphia's effort is an excellent example of how savvy community builders can utilize and extend existing resources to promote wealth building for low-wage families.

Effective anchor-neighborhood partnerships require strong, organized communities with ample capacity for coalition building, research, and advocacy.

Action 2

Leverage place-rooted anchor institutions in equitable revitalization

Context and Overview

Older core cities are home to a dense concentration of higher education institutions and medical facilities, often referred to as "eds and meds." As described in Part I, these large anchor institutions play a critical role in the regional economies of the five case study cities. They are major employers and leaders in producing innovations as well as skilled workers—both essential drivers of growth in the knowledge-based economy. Anchors are also important fixed assets in urban centers: they cannot easily relocate their offices and operations, and their identities are tied to the cities and communities in which they are located. Yale University's assessment of its impact on New Haven found that "Yale's strength and the health of the city, fiscally and socially, are inextricably linked."[86] Because of these characteristics—and the location of many prestigious anchors in or adjacent to some of the most distressed neighborhoods in older core cities—anchor institutions have the potential to be vital partners in equitable growth and revitalization strategies.

The roles that anchors play in the local economic and social life of cities and regions provide them with many ways to positively impact low-income residents and their neighborhoods (see Table 6 on page 70). As employers, educators, consumers, and real estate developers, they can connect residents with employment and educational opportunities, support local and minority-owned businesses, stabilize housing markets, and revitalize neighborhood commercial districts. These linkages are mutually beneficial, since anchor institutions rely on attracting outsiders to their buildings and campuses, and thus share a stake in the condition of the neighborhood.

Despite their potential to make a difference, anchor institutions have a mixed record with respect to their community relations—and have often acted as indifferent or harmful neighbors.[87] A primary source of tension is their development and expansion activities. In the 1960s and 1970s, many anchors engaged in large urban renewal projects to construct campus buildings and dormitories that involved large-scale housing demolition and the

displacement of families. These activities led to community resistance and organized opposition, and left lingering resentment. Many of their earlier expansion activities also created physical barriers between the institutions and the neighborhoods.

The real estate activities of anchor institutions continue to influence neighborhood housing markets and quality of life. Some current anchor expansion efforts seek to commercialize innovations through business incubation and the creation of life science and high-tech industrial clusters. Since these initiatives are generally undertaken in partnership with government agencies, private foundations, and private sector representatives—and involve public dollars—they present ideal opportunities for the community benefits strategies discussed in Action 1.

Anchor institutions' past approaches to neighborhood decline have often proved troubling. Despite arguments that institutions of higher education have a civic duty to engage with the community, and should also do so out of enlightened self-interest,[88] these institutions have too often fortified their campuses and walled themselves off from neighborhood deterioration. Although anchors have undertaken some community-oriented activities to improve the neighborhood, for the most part these institutions have not directed their significant resources to help turn communities around.

By the 1990s, the situation reached a tipping point for a number of urban anchor institutions as they began to face increased spillovers of neighborhood problems. Higher education expert Ernest Boyer wrote that universities increasingly recognize that they cannot afford to become "islands of affluence, self-importance, and horticultural beauty in seas of squalor, violence, and despair."[89] In some cases, the situation neared crisis. In West Philadelphia, for example, the murder of a graduate student near campus in 1996 and a number of other incidents of crime concerning students at the University of Pennsylvania (Penn) led to parental uproar and posed a serious threat to the institution. A group of concerned parents met with then-University President Judith Rodin and then-Mayor Ed Rendell to demand university action to protect their children. As Rodin describes: "The parents did not want to talk about what we planned to do. They wanted to see immediate results, or else they would pull their children out of Penn…the time for further study was over. Penn's future was at stake. We needed to act."[90] Penn was already planning a significant investment and commitment to neighborhood revitalization, but the parent demands underscored the need for quick and decisive action.

Through a combination of self-interest, outside pressure, and sense of moral obligation, anchor institutions have become more involved in activities and initiatives aimed at improving neighborhood conditions. Many institutions have made significant progress in reversing negative anchor-community relations. A recent case study of the University of Pittsburgh (Pitt) in the Oakland neighborhood describes how over the years Pitt has evolved from acting as an "800-pound gorilla," imposing its plans onto the neighborhood, to "sitting with its neighbors," in a more collaborative approach.[91]

These initiatives provide a number of lessons for those who seek to engage anchor institutions in equitable revitalization strategies.[92]

Anchors must explicitly prioritize neighborhood improvement and reinforce this commitment with dedicated staffing, financial resources, and specific policies for change. Though institutional resources vary, all anchor organizations have a vast potential to forge greater connections to their neighborhoods. They can realign their everyday practices in ways that strengthen the institution while creating additional economic opportunities for neighborhood residents and businesses. They can also undertake larger, more comprehensive revitalization initiatives. Effective community engagement requires conscious, comprehensive effort to act as a good institutional neighbor, including committed leadership, dedicated

resources, and policies that specify how the anchor will act to benefit the community. The most powerful anchor-community initiatives are those that make a long-term commitment (leaders say institutions should take a 10-year view),[93] and engage the entire institution—from its research institutes to its real estate development and procurement offices.

Partnerships need to be inclusive to assure that efforts will be equitable, sustainable, and catalytic. Anchor institutions cannot turn communities around by themselves—they need the local knowledge and experience of residents and community organizations to create and implement effective programs, and the assistance of local government, private foundations, and the private sector to take their investments to scale. To benefit from the wisdom of other stakeholders, anchors need to prioritize community participation during project planning and implementation processes. Transparency and open lines of communication are paramount. Committees and coalitions must bring all community stakeholders to the table. In some cases, an initial relationship-building effort—building trust among the participants, struggling to find complementary interests, and seeking mutually beneficial outcomes—may help alleviate anchor-community tension.

Effective anchor-neighborhood partnerships require strong, organized communities with ample capacity for advocacy and policy work. The unequal power relations between institutions and neighborhood residents and community groups pose one of the biggest challenges to creating meaningful anchor-community partnerships. For communities to participate on equal footing, they need to be well-organized and bring to the table not only local knowledge, connections, and a vision for the future, but also the capacity to get things done. Building the capacity of community organizations to analyze and develop solutions to neighborhood problems, and to engage in revitalization activities, can help anchor-community initiatives extend their reach.

The following four case studies of anchor-community partnerships in older core cities demonstrate institutions' community revitalization and economic development potential in distressed or transitioning neighborhoods. These cases illustrate the variety of ways in which anchor institutions are engaging communities and the range of collaborations found among anchors, community residents, community-based organizations, and public agencies.

Bon Secours Hospital: Community Building in West Baltimore

In 1881, the Sisters of Bon Secours came to the United States from Paris to provide home-based care for the sick, opening their first hospital in West Baltimore in 1919. Today, Bon Secours Hospital continues to operate under the same underlying principles of compassion and wholeness that were held by the Sisters. As a major employer and anchor institution in a struggling urban neighborhood, the hospital has made a conscious commitment to stay in place and work to catalyze positive change in the neighborhood.

Recognizing the connection between the health of the community and the health of its patients, the hospital (through its Bon Secours of Maryland Foundation) works to address community needs such as housing, asset development, social services, job training, and blight reduction. For the past ten years, Bon Secours has been working collaboratively with residents and community organizations to design and implement a comprehensive revitalization initiative called "Operation ReachOut." This initiative, which has developed a vision and plan for resident-led and community-driven redevelopment, has enabled the construction of four multifamily rental housing developments and two senior housing developments. It has also resulted in the opening of Our Money Place, a financial services center that provides check-cashing, savings, and checking accounts, mortgages, financial literacy, and other financial services to residents.

Table 6.

Roles Anchor Institutions Can Play in Equitable Growth and Revitalization

Role	Description	Example
Purchaser	Anchors command tremendous spending power: urban educational institutions, for example, purchase $69 billion worth of goods and services every year—and this figure does not include the purchases of the faculty and students they bring to the area.[94] This spending power can support local economic development through procurement policies that promote buying from local, minority-, and women-owned businesses.	University of Pennsylvania's Buy West Philly local purchasing program directed $344 million to community businesses between 1997 and 2003. In fiscal year 2003, over $60 million in goods and services were purchased from minority-owned suppliers.[95]
Employer and Workforce Developer	"Eds and meds" are large, growing employers, and provide many jobs in administrative and support positions that do not require high education levels. Strategies such as job training programs, local hiring policies, outreach efforts, and partnerships with community groups can link low-income residents to these opportunities.	Columbia University in New York partnered with the Morningside Area Alliance, a local community organization, through their Job Connections program to place 71 local residents in university jobs.[96]
Real Estate Developer	Anchor institutions are some of the largest landowners in the neighborhoods in which they are located and continue to expand their real estate holdings. Through collaborations, these investments can be harnessed toward community goals such as stabilizing neighborhoods, removing blight, and building mixed-income communities.	In the Dwight neighborhood of New Haven, CT, Yale University and the Greater Dwight CDC worked together to reclaim 75 blighted buildings, expand commercial development, and design a local elementary school.[97]
Innovation Incubator	Innovations created through the research activities of colleges and universities, hospitals, and other anchors can lead to the development of new businesses and contribute to economic development. Anchor-community partnerships can ensure that these new companies contribute to economic inclusion by encouraging them to remain in the area and provide job opportunities for local residents.	In Richmond, VA, Virginia Commonwealth University, the city, and the state created an innovation incubator in the Virginia Bio-Technology Research Park. The park has been 100 percent full since inception, and has incubated 26 new companies—75 percent from VCU faculty research.[98]
Small Business Developer	Students in business administration programs at colleges and universities gain skills by working with real clients. Through small business assistance programs, they can help small, locally-owned businesses emerge and/or grow by providing business planning and technology assistance.	Kean University in Union, NJ, has a Small Business Development Center that reviews business plans, advises start-ups, and has a "virtual incubator" that provides small businesses with access to technology tools.[99]
Neighborhood Commercial Revitalization	Anchors have a vested interest in maintaining a high quality of life near campus, which includes a vibrant commercial area with needed shops and services. They can be important partners or leaders in revitalizing commercial districts by making streets safer, cleaner, and more walkable; creating inclusive public space; investing or building mixed-use developments; and creating an atmosphere in which small locally-owned businesses can thrive.	In partnership with the local Spanish American Merchants Association, the SINA/Trinity Neighborhood Revitalization Initiative in Hartford is completing a $6 million renovation of the Park Street corridor.
Comprehensive Revitalization	A number of anchors have launched large, comprehensive neighborhood revitalization initiatives that encompass many of the above elements.	Penn's West Philadelphia Initiative and the Trinity/SINA Neighborhood Initiative in Hartford are examples of comprehensive approaches.

Volunteers at work. Photo courtesy of University of Pennsylvania

University of Pennsylvania's West Philadelphia Initiative: A University-Led Effort to Transform a Declining Neighborhood

Could a prestigious Ivy League university continue to prosper while its surrounding neighborhood suffers from severe physical distress, economic decline, and high poverty? This was the fundamental question facing Judith Rodin when she assumed the presidency of the University of Pennsylvania in 1994.

Once a vibrant neighborhood with quaint homes and thriving businesses, West Philadelphia began to decline in the 1950s, experiencing housing and commercial abandonment. By 1994, the neighborhood's crime rate had risen 10 percent in 10 years, three of the area's elementary schools were ranked among the worst in the state, housing was deteriorating, and area commercial corridors were failing. Penn's relatively hands-off attitude toward the neighborhood's decline had exacerbated an already-strained "town-gown" relationship set in place by the university's prior expansion efforts. In 1996, the murder of a graduate student near campus—and the parental response that followed—prompted the university to take quick and decisive action.

Under Rodin's leadership, Penn made improving the community an explicit priority and in 1997 launched its West Philadelphia Initiatives (WPI), a comprehensive effort that includes five interrelated strategies, outlined below.

Make the neighborhood clean, safe, and attractive. To improve neighborhood streets, sidewalks, and safety, the university created a special services district to provide enhanced maintenance—including lighting and "greening" activities (gardening, landscaping, tree planting, and streetscaping)—and public safety services to a 2.2 square mile area around Penn.[100] Management is provided by University City District (UCD), a nonprofit coalition of the 11 key institutions in the University City neighborhood. UCD's annual budget of $5 million is funded by voluntary contributions from Penn and other area institutions.

Stimulate the housing market. To stabilize the neighborhood and increase homeownership, Penn launched an improved employer-assisted housing program that provided Penn staff and faculty with incentives to buy in the area, including a $15,000 forgivable loan, a mortgage guarantee, and financing for closing costs. Penn also provided financial incentives for home improvements by existing homeowners and rehabilitated vacant homes to remove blight and improve quality of life.

Attract neighborhood-serving retail. To reinvigorate the community's commercial corridors and provide needed goods and services to residents, Penn undertook market research and developed new retail facilities on vacant or underutilized sites. The university developed a strategy to improve the 40th Street business corridor and invested in two retail "anchors"—a movie theater and Sansom Commons, a 300,000 square foot retail complex of restaurants, hotels, shops, an outdoor plaza, and a specialty supermarket.

Increase economic inclusion. To leverage its purchasing and hiring power in support of local businesses and residents, Penn—with the assistance of the Greater Philadelphia Urban Affairs Coalition—formulated an Economic Opportunity Plan. The plan stipulates university-wide policies for minority and community contracting, purchasing, and employment. Key elements of the plan include technical assistance for minority and community contractors and suppliers, a revitalized "Buy West Philadelphia" local purchasing program, and a system for monitoring contracts.

Improve the public schools. To increase the quality and diversity of educational opportunities in the community, Penn partnered with the local school district to develop a new university-assisted public school and provided targeted assistance to three other area schools. Opened in 2001, the Penn Alexander School serves up to 700 neighborhood children, from pre-kindergarten through eighth grade. The university's Center for Community Partnerships also works in West Philadelphia's schools, linking them with Penn students and faculty who provide curriculum development and support services.[101]

Over the past nine years, Penn's efforts have led to significant improvements in the neighborhood.

- A 40 percent decrease in crime between 1996 and 2002, with continued declines in recent years.
- An increase in homeownership and appreciating home values (the average sales prices of single-family houses increased from $78,500 to $175,000 between 1995 and 2003, higher than the citywide rate).
- A revival of commercial activity, with 25 new retail stores, 150,000 square feet of new retail space, and an 86 percent increase in foot traffic along the 40th Street corridor between 1995 and 2002.
- Increased economic opportunities, including 170 construction jobs and 200 new permanent jobs for residents, $134 million in construction contracts for minority and women-owned businesses, and $344 million in Penn purchasing directed to local vendors between 1997 and 2003.[102]

Penn's comprehensive, university-wide initiative demonstrates the potential of anchor institutions to turn around negative community relations and improve neighborhoods. Their efforts connect residents with resources and opportunities while creating a high quality of life for students and employees. Other urban universities look to the initiative for guidance and ideas on how to engage their surrounding neighborhoods. Penn sees its community engagement as enhancing its academic reputation and contributing to its continued success (as measured by its rankings among other universities, faculty awards, number of student applications, and endowment growth).[103] The university recently created the Penn Institute for Urban Research to advance knowledge about successful city-building practices (including equitable development) and to translate research into effective public policies.[104]

While WPI has made a significant difference in West Philadelphia, much work remains. The areas outside of Penn's immediate University City District still suffer significant blight and disinvestment.[105] In addition, Penn faces the same challenge as other initiatives that bring investment and newcomers to neighborhoods with weak housing markets: ensuring that revitalization benefits rather than displaces current residents as housing values rise.

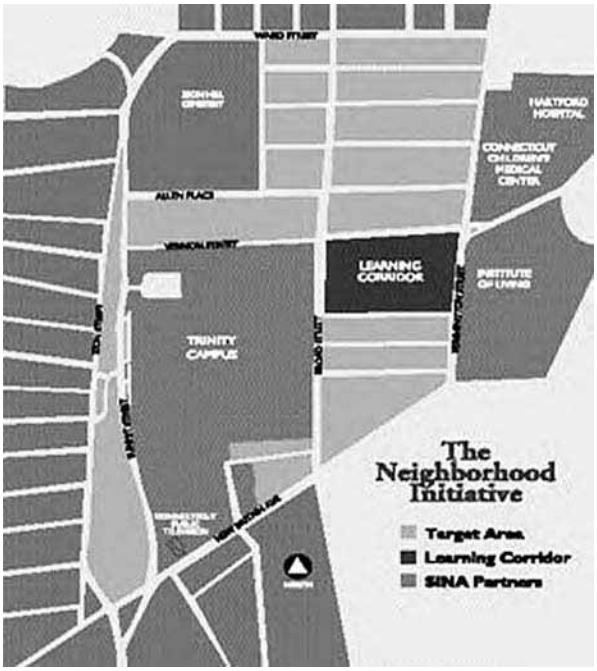
The Trinity/SINA Neighborhood Revitalization Initiative: Reinvigorating a Longstanding Collaborative Effort among Anchors in Hartford's Southside Neighborhoods

Hartford, Connecticut, is an older core city that has struggled with economic decline since the 1960s. In 2000, almost a third of city households (31 percent) lived in poverty, with particularly dire conditions on the south side of town, where poverty is much higher (45 percent in the Frog Hollow neighborhood).[106] The same area, however, is also home to a number of anchor institutions that have long collaborated on neighborhood-oriented projects. In recent years, these anchors have stepped up their engagement to create more economic and learning opportunities for south side residents.

In 1977, a grassroots community organizing group, Hartford Areas Rally Together (HART), helped motivate three anchor institutions—Trinity College, Hartford Hospital, and a mental health hospital called the Institute of Living—to partner in creating the Southside Institutions Neighborhood Alliance (SINA). For its first two decades, SINA worked closely with HART and other neighborhood groups to improve neighborhood quality of life through small-scale grants and services.

In the mid-nineties, Trinity College renewed its commitment to improving the community. Like Judith Rodin at Penn, then-president Evan Dobelle viewed the college and the community as interrelated. In his words, he "envisions the college and the neighborhood as a single entity that is to be transformed into a community of learning."[107] Guided by this philosophy, the collaborative scaled up efforts to leave a positive mark on the community, gaining two additional anchor partners: Connecticut Children' Medical Center and Connecticut Public Television and Radio.

MAP 3.
Trinity/SINA Neighborhood Revitalization Initiative



Source: Trinity/SINA Neighborhood Revitalization Initiative

The cornerstone of the revived collaborative is the SINA/Trinity Neighborhood Revitalization Initiative, a comprehensive plan to transform the fifteen square block low-income area that includes the Frog Hollow and Barry Square neighborhoods. Dobelle committed $6 million of Trinity's endowment to the project and leveraged an additional $130 million in public and private funding, including a $5.1 million grant from the W.K. Kellogg Foundation and multimillion dollar contributions from half a dozen local companies, including Aetna, Loctite Corporation, United Technologies, and Hartford Steam Boiler. SINA's strategic revitalization plan includes education, housing, economic development, resident training and services, and technology and business development components.[108]

Education. SINA collaborated with the city of Hartford and the state of Connecticut to build a "Learning Corridor" located between Trinity and the other anchor institution partners (see initiative map, page 73).[109] The corridor is a 16-acre campus that includes four interdistrict public magnet schools (a Montessori elementary school, a middle school, and two high school academies), a performing arts center, and support programs for youth, including the Aetna Center for Families. The unique complex serves 1,500 students from over 40 school districts and is one of the most racially and economically diverse campuses in the country.[110]

Housing. The Cityscape Homeownership Zone initiative seeks to create opportunity and stabilize the neighborhood by enabling long-time residents who are first-time homebuyers to purchase homes in the neighborhood. To realize this goal, SINA faced the challenge of making homeownership affordable for its target market. An advisory group of residents helped SINA design a new home model that includes a rental unit to generate income for the homebuyer. Eighteen of these Cityscape homes have been built, and 33 more are planned. Foreseeing that the success of their initiative could increase housing values and negatively impact affordability in the neighborhood, SINA has purchased and landbanked distressed properties for future development.

Economic development. SINA's economic development efforts have focused on renewing the Park Street retail corridor, the center of commerce and culture in the primarily Latino immigrant community. SINA partnered with the Spanish American Merchants Association and the city to develop a long-term revitalization plan for the district. The collaborative has received $6 million in state and federal transportation funding to implement streetscape and infrastructure improvements, scheduled for completion by 2006.

Resident training and services. To address the critical need for job training and social services, SINA has provided resources to help existing community-serving institutions expand their operations. SINA built a new Boys and Girls Club, donated a large building to Mi Casa, a youth and family services organization, and bought and rehabilitated a building for a job training center run by HART. The Learning Corridor contracted with the Job Center to staff the construction jobs created by the initiative.

Technology and business development. Trinity has taken the lead role in creating a "smart neighborhood" through technology access and training for residents and small businesses. The college opened a neighborhood cyber café, Trinfo, which is located adjacent to a small business development center.

Community support is an essential component of SINA's success. Although HART is not a formal partner to the collaborative, the grassroots network of neighborhood organizations served as an informal collaborator throughout SINA's lifespan. Marilyn Rossetti, executive director of HART, and Marilda Gandara, president of the Aetna Foundation, say that "this has not been a plan that has been imposed on us by our big and powerful institutional neighbors, but rather a plan that we've developed working side by side with them. It is not their agenda that is reflected in the plan; it is our agenda."[111]

Photo courtesy of John Archer

The Oakland Task Force: A Permanent Forum for Communication and Consensus among Anchors and Community Stakeholders

The Oakland neighborhood is Pittsburgh's civic and cultural center. It is the city's entryway for new immigrants, and home to many anchor institutions, including the University of Pittsburgh, Carnegie Mellon University, and the Children's Hospital. Developed as one of Pittsburgh's first suburbs in the late 19th century, Oakland is now the city's "second downtown" and is increasingly recognized as a center for technology companies and an engine of regional economic growth.

A longstanding public/private institution, the Oakland Task Force (OTF) provides local stakeholders with a forum to exchange information about projects and plans for the community. Leaders from 21 of the area's anchor institutions, businesses, community groups, and government agencies gather monthly to discuss mutual concerns, share information, approve city plans, and advocate for issues related to Oakland's future.

OTF formed after a wave of institutional expansions threatened to diminish community quality of life and created tensions between residents and anchor institutions. In the early 1980s, residents mobilized in reaction to Pitt's demolition of the abandoned Forbes Field to expand its campus.[112] They formed a community organization—Oakland Planning and Development Corporation (OPDC)—with the explicit goal of halting further university encroachment. The community's mobilization prompted then-mayor Richard Caliguiri to form the OTF as a mechanism to ease tensions and facilitate collaboration among Oakland's community stakeholders.

Today, the main planning issues in Oakland relate to efforts to capitalize on the community's high density of eds and meds, shaping the community into the region's "new economy" job generator through development of high-tech businesses.[113] OTF has helped community institutions come together to plan for the area, managing a collaboration in 2001 that resulted in a strategic plan: *The Future of Oakland: A Community Investment Strategy*.[114] The plan calls for investments that balance regional growth with community quality of life. Its four main initiatives are to: 1) create a sense of place; 2) stimulate neighborhood revitalization; 3) make it easier to get into and around Oakland; and 4) foster the development of technology businesses. *The Future of Oakland* has guided $90 million in investment in the area, including the conversion of Schenley Plaza, currently a surface parking lot, into a Great Lawn and community gathering space—a $16 million infrastructure investment.

The level of collaboration among Oakland's institutions is the result of many years of relationship building as well as ongoing advocacy efforts on the part of OPDC. The active CDC carries out real estate development and homeownership activities to stabilize the neighborhood and plays an important role in bringing the concerns and ideas of Oakland's 24,000 residents to the table in citywide and community decision-making processes. According to Executive Director David Blenk, OPDC provides a counterbalance to the institutional agendas, reminding anchor institutions and government agencies about their dependence on Oakland's residents as employees, students, and clients.[115]

The East Baltimore Development Initiative: Revitalizing Neighborhoods While Growing the Region's Biotech Sector

The East Baltimore Development Initiative (EBDI) is a unique anchor-community initiative that combines neighborhood revitalization, economic inclusion, and the development of a regional industrial cluster. Led by a partnership between Johns Hopkins University, the city of Baltimore, the Greater Baltimore Committee (a regional economic development organization), Baltimore Housing (the city's housing agency), and the Annie E. Casey Foundation, the $800 million initiative seeks to transform the area just north of Hopkins' medical complex—where 56 percent of the properties are currently vacant—into a mixed-use, economically-integrated neighborhood. Anchoring the new neighborhood will be a large life sciences and technology park that will house biotech companies and provide jobs for neighborhood residents.

The effort signifies an important reorientation for Johns Hopkins, the state's largest private employer and the dominant economic actor in the city. As with Penn and Pitt in the previous examples, Johns Hopkins has a long history of tension with its surrounding neighborhoods in East Baltimore, which also have some of the city's highest levels of abandonment, poverty, and unemployment. The university's development approach of "decide, announce, defend" had won the anchor few advocates in the neighborhood. In 1999, when Baltimore's mayor began discussing strategies to spark revitalization in the area, the Annie E. Casey Foundation seized the opportunity to advocate for an inclusive approach that would create mutual gains for Hopkins, the city, and the residents of East Baltimore.[116]

The resulting anchor-community plan—outlined in an Economic Inclusion Memorandum of Understanding with the city of Baltimore—includes physical revitalization and economic development goals, and a commitment to inclusion. Physical revitalization plans involve large-scale demolition of blighted properties, block reconfiguration, housing construction and rehabilitation, streetscape improvements, and commercial revitalization.[117] To create a mixed-income community, the 1,200 homes to be built or renovated will be evenly distributed among low-, moderate-, and upper-income households. The project is expected to bring an estimated 6,000 new permanent and temporary construction jobs to the neighborhood, over 2,000 of which are expected to go to lower-skilled residents. To help connect area workers to jobs, the initiative has established a multistakeholder workgroup, the East Baltimore Workforce Alliance, to undertake a sectoral approach to workforce development (as described in Action 1), with a focus on health care, construction, and biotechnology.[118] The initiative also creates economic opportunities for local businesses: developers are required to sign agreements to hire minority-owned and women-owned businesses at specific levels, and to hire locally-owned firms to the maximum extent possible. To ensure that current residents benefit, Johns Hopkins and the Annie E. Casey Foundation each gave $5 million to provide enhanced relocation benefits and additional support to help the 800 households that will be displaced by the project find better housing opportunities during the construction period.[119]

The Annie E. Casey Foundation's commitment to "responsible relocation" incorporates a set of principles that should guide all institutional partners in redevelopment.[120] Not surprisingly, the potential

Community residents. Photo courtesy of Ed Whitman

impact of the biotech park on the surrounding housing market is a source of ongoing debate and concern. In August 2005, National Public Radio reported a community meeting of 300 local residents, many of whom expressed concern that the vast majority of proposed housing units were going to be unaffordable to them.[121] Even if the government, university, foundation, and development entities involved in the project abide by the tenets of responsible relocation, the issue of how to manage the impact of a growing number of independent speculative buyers remains.

EBDI also provides an illustration of how universities, local governments, and other community stakeholders are beginning to engage more directly in economic development. Johns Hopkins is a leader in biomedical science research, receiving the most federal funding for this research of any institution in the nation (over $500 million per year). By building state-of-the-art facilities, and providing access to Hopkins and business incubator programs, EBDI hopes to leverage Johns Hopkins' research strength to lure 30 to 50 start-up and existing biotech companies to the park. The park will also lease space to businesses that provide supplies and support services to biotech companies. To attract these companies, the city is offering a number of financial incentives, including a 10-year property tax abatement, tax credits, low interest loans, and workforce development grants. A quarter of the project budget—$200 million—will come from public financing, including tax increment financing bonds, existing property rehabilitation funds, and state funding.[122]

A major community benefit cited by these investments is the creation of thousands of new jobs within 10 years, but some analysts believe that the job estimate—particularly for lower-skilled workers—may be overstated. A study by Good Jobs First outlines three reasons why the estimates might be too high. First, the city of Baltimore is competing against other attractive locations in the state, such as Montgomery County, a Washington, D.C., suburb where the majority of biotechnology firms are currently located. Second, the job estimate is based on 100 percent occupancy, but despite financial incentives and intensive marketing campaigns, no companies have yet committed to moving into the park. Third, even if the park fills to capacity, there is no guarantee that the jobs it creates will go to workers with limited education. Experience with biotech development has shown that most of the initial jobs created go to highly-educated workers, and that it is not until the product manufacturing stage—typically 10 years down the road—that jobs are created for workers with fewer skills. In addition, once incubated, biotech companies tend to leave research parks, or outsource their manufacturing components outside the city in which they are located.[123]

The biotech park will not be fully built out until 2014, making it too early to assess the outcomes of this bold attempt at community transformation, or its ability to deliver on the job opportunities it promises to create for residents. EBDI does illustrate the need—and the opportunity—for community stakeholders to get involved in large anchor-oriented economic development projects to ensure that residents benefit from these investments.

Conclusion

Anchor institutions are important assets in older core cities, and are key partners to engage in efforts to revitalize neighborhoods and expand economic opportunities for low-income residents. Although the examples in this section are focused on educational and medical institutions, other place-rooted anchors—such as public utilities and cultural institutions—face many of the same opportunities and challenges, and are also important partners in equitable revitalization. All anchor institutions share a stake in the success of their neighborhoods and can contribute to equitable development. As illustrated by the above examples, effective anchor-community partnerships require explicit commitments from institutions and meaningful partnership with community advocates.

Transportation provides access to many key opportunities: good jobs, quality schools, and shopping and recreational destinations. An equitable and efficient transportation infrastructure includes multiple forms of transportation, ensuring mobility for all residents and balanced development across regions.

Action 3

Improve resident mobility and revitalize neighborhoods through equitable transportation policies

Context and Overview

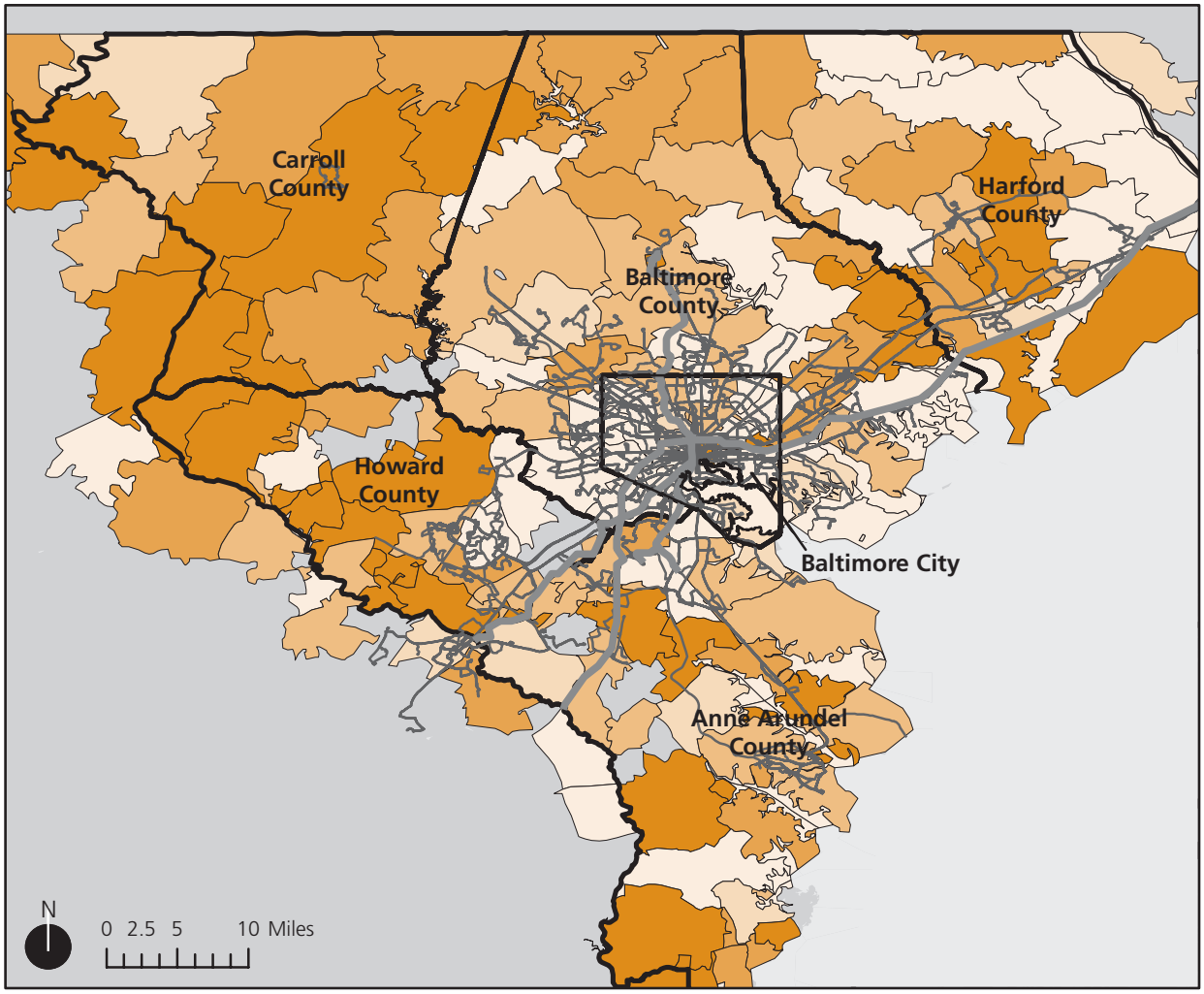
Transportation provides access to many key opportunities: good jobs, quality schools, and shopping and recreational destinations. Transportation investments also determine where and how a region grows. An equitable and efficient transportation infrastructure includes multiple forms of transportation, ensuring mobility for all residents and balanced development across regions. Since the development of the national highway system in the 1950s, however, federal, state, and local transportation policies have fostered inequities and imbalanced regional development.

The vast majority of transportation dollars have subsidized highway construction and repair, fueling the outward movement of population and jobs and the isolation and decline of central cities and older suburbs. Current transportation policy continues to favor expansion of road capacity in newer parts of the region. A study of state transportation spending in Ohio, for example, found that urban counties consistently took home a smaller share of state highway funds than suburban and rural ones relative to their highway and vehicle needs and usage.[124] At the same time, urban counties in Ohio contribute significantly more gas tax revenues to state transportation coffers than they reap in return— essentially subsidizing transportation investments in suburban and rural counties.[125]

Transit investments have also failed to provide adequate mobility and access to regional opportunities for lower income residents. In the five case study regions, public transit lines often do not link new development to older communities. As the map of Baltimore (page 80) illustrates, transit lines do not connect central city residents to many areas of major job growth in the outer parts of the region—reinforcing the deep spatial mismatch between where lower income people live and where employment opportunities are.[126] This creates challenges for both employers and employees. The few public transit services that do exist in older core cities are often unreliable and persistently threatened by

MAP 4.

Areas of Job Growth and Public Transportation Routes in the Baltimore Region, 1998-2002



Source: Kirwan Institute for the Study of Race & Ethnicity, The Ohio State University, 2005

In the Baltimore region, public transportation routes such as bus and rail lines do not connect to areas with growing job centers. The lack of efficient regional transit systems exacerbates the mismatch between where lower income central city residents live and metropolitan employment opportunities.

Counties

Baltimore City

Bus Lines

Rail Lines

Percent Employment Change by Zip Code, 1998-2002

Less than 0% (Job Loss)

1 to 5%

6 to 15%

16 to 30%

31 to 66%

Unequal Benefits, Unequal Burdens

Neither the benefits nor the consequences of transit investment are equally shared, as "roads, freeways, and rail transit systems have divided, isolated, disrupted, and imposed different economic, environmental, and health burdens" on low-income people and communities of color.[127]

Low-income families—faced with the catch-22 of few decent jobs where they live and little affordable housing in job-rich outer suburbs—must often travel farther to access employment, and spend a disproportionate share of their household income on transportation. Families earning less than $12,000 per year spend more than one-third of their income on transportation and those earning between $12,000 and $23,000 spend about 27 percent of their income on transportation, while families with incomes above $60,500 spend only 14 percent of their income on transportation.[128] In Cleveland and Pittsburgh, low-income households spend more on transportation than on shelter, food, or health care.[129]

In addition, residents of low-income communities typically pay more than others for the exact same goods and services. A 2005 study on the high costs of being poor in Philadelphia found that the city's low-income, working families pay higher prices for cars and higher interest rates on car loans than the average borrower.[130]

further cuts in funding and scheduling. Detroit, in the face of budget shortfalls, is curtailing services and hours on its already limited bus lines.[131]

Transportation expenditures, despite having historically disadvantaged low-income residents, are critical to advancing equitable development. Each year, billions of federal, state, and local transportation dollars flow through metropolitan planning organizations (MPOs) that guide transportation investments within the case study regions. The Southeast Michigan Council of Governments (SEMCOG), the MPO for greater Detroit, allocates approximately $1 billion annually in transportation and infrastructure spending[132] and their 2030 Regional Transportation Plan has a $1.5 billion annual budget between 2005 and 2030.[133] The MPO serving Pittsburgh conservatively estimates that their transportation spending from 2003 to 2030 will average $1.2 billion per year.[134] These resource streams represent some of the largest public investments in older core cities and can be reallocated to promote more balanced regional development patterns and access to economic opportunity for low-income residents.

Transportation policies and investments can serve as a foundation for equal access to social and economic opportunity. This action focuses on three areas in which community alliances, advocacy organizations, businesses, and public agencies can increase opportunities through improved transportation policies.

- **Fair Public Transportation Investment** highlights policy campaigns that uncover inequities in public spending on transportation and advocate for accountable investments to serve older core communities and low-income residents.
- **Transit Oriented Development** focuses on transit stations as assets in revitalizing distressed neighborhoods in older core cities.
- **Reverse Commuting Initiatives** review efforts to improve transit options between suburban employment centers and lower income workers.

Key strategies for transforming transportation policies include a commitment to utilizing transit investments to reduce disparities, resident and advocacy engagement in the planning process, and increased public sector accountability and transparency.

What are Metropolitan Planning Organizations?

The Federal Aid Highway Act of 1962 required that transportation projects in urbanized areas of 50,000 or more residents be coordinated with the cooperation of state and local government, and based upon an ongoing, comprehensive urban transportation planning process. In 1965, the Bureau of Public Roads (now the Federal Highway Administration) mandated the creation of metropolitan planning organizations (MPOs) that would carry out these urban transportation processes and channel federal and state dollars into local and regional projects.

Under the 1965 legislation, MPOs must be composed of public officials who represent the jurisdictions within the metropolitan regions they serve. The mandate encourages elected, rather than appointed, officials to guide local planning decisions, and enables local governments to address transportation planning in a regional context.[135]

Fair Public Transportation Investment

As discussed above, public investments in transportation have not benefited all residents equally. Community groups and residents in low-income neighborhoods around the country have begun to recognize the connections between inequitable transportation policies and isolation from opportunity.

In many older core cities, advocacy groups have launched community organizing and policy advocacy campaigns for more accountable and inclusive transportation investment. These campaigns use a range of strategies to foster change, including litigation to hold regional agencies accountable, organizing to increase resident voice in the decision-making process, and building diverse cross-sector partnerships.

These campaigns illustrate the importance of organizing, advocacy, public education, and community involvement in achieving fair transportation investments. Transportation policy is highly technical and complex. Engaging in transportation issues often requires a nuanced understanding of funding streams and government allocation processes. Advocates must build their knowledge and skills in these areas to change transportation policies in ways that benefit their communities.

MOSES and City of Ferndale: Faith-Based Organizing Network and First-Tier Suburb Team Up to Advance Transportation Justice in the Detroit Region

In November 2003, a coalition spearheaded by the faith-based community organization MOSES[136] and the city of Ferndale, an older, first-tier suburb of Detroit, sued their regional transportation authority for imbalanced membership and discriminatory funding practices.

Southeast Michigan Council of Governments (SEMCOG), the MPO in the Detroit region, represents 147 local governments in seven counties, and allocates approximately $1 billion annually in federal, state, and local transportation and infrastructure funds.[137] The lawsuit charged SEMCOG with over-representing new suburbs on their executive committee, while allotting fewer seats to Detroit and older suburbs. While Detroit's population exceeds 900,000, the city only has three votes on SEMCOG's executive committee. Suburban Monroe and Livingston counties both contain less than a quarter of Detroit's population, yet each have four votes on the executive committee. Livingston, Monroe, and other area counties have African

Michigan Gov. Jennifer Granholm and banner carriers from MOSES member churches. Photo courtesy of Sr. Cheryl Liske, MOSES

American populations of between one and three percent, while central Detroit is over 80 percent African American. SEMCOG contends that the lawsuit fails to consider that the executive committee votes that Wayne County exercises (where Detroit is located) contribute to more balanced representation.

The coalition suing SEMCOG is composed of the Ferndale City Council, MOSES' 70 Detroit-area member congregations, Transportation Riders United, the Michigan Land Use Institute, and an array of other transportation, racial equity, health, and environmental justice advocates. The coalition asserts that SEMCOG's spending decisions are economically, environmentally, and racially damaging to the region. It claims that the lack of central city representation on the MPO's 51-member executive council results in funding allocations that favor wealthy outer suburbs and provide few transportation options for the poor, young, elderly, and disabled.

The coalition is also focusing on a new statewide effort to amend Michigan's constitution to allow for regional option taxes. This amendment would create an additional public financing tool enabling counties or groups of counties to fund transit—or a mix of transit and other infrastructure—through ballot propositions.[138] The group is working to ensure that new transportation initiatives, especially ones backed by tax dollars, promote more balanced growth patterns and allow equal representation by urban core and inner-ring suburban communities in decision-making processes.

SEMCOG appreciates the coalition's advocacy efforts but is concerned that the lawsuit has further polarized the region, making it difficult to bring key stakeholders to the table. The MPO asserts that they have consistently supported improved transportation in southeast Michigan's older urban areas, and blames the weak mass transportation system on a lack of political will and insufficient local funding.[139]

Despite tensions caused by the lawsuit, the efforts of MOSES and the city of Ferndale have sparked vigorous public debate about the importance of advancing more equitable patterns of transportation investment in the Detroit region.

Central city residents, who are more likely to be low-income people and communities of color, are often underrepresented in regional transportation planning decisions.

According to an analysis conducted by the Federal Highway Administration, 68 of 74 MPOs around the country had significant central city under-representation.[140]

Indiana's Interfaith Federation: Building Community Power to Hold the Regional Transportation Authority Accountable

The Interfaith Federation, a racially and ethnically diverse coalition of faith-based groups mainly from the metropolitan areas of East Chicago, Gary, and Hammond, Indiana, has spent the past decade advocating for meaningful resident involvement in transportation planning, greater funding for public transit, and an improved regional transit system.

In 1999, the Interfaith Federation and the Transportation Equity Network challenged the recertification of the Northwest Indiana Regional Planning Commission (NIRPC), alleging that the MPO was violating federal law by allowing its transportation system to discriminate against people on the basis of race and income.

Despite a clear lack of public transportation options and strong public advocacy efforts on behalf of more funding for transit, NIRPC's twenty-year plan proposed that just one percent of funding go to public transit, and the remaining 99 percent be spent on highway construction or repair.[141] Citing the negative environmental, economic, and health effects of MPO funding decisions, the Interfaith Federation argued that two separate and unequal transportation systems operated in northwestern Indiana. While well-funded highways served the wealthy, inadequate public transit was the only transportation option available to the poor.

As a result of the Interfaith Federation's efforts, the Federal Transit Administration (FTA) denied NIRPC's three-year recertification, instead mandating a one-year conditional certification. During that period, the MPO was to balance the allocation of resources between highways and transit, assess the impacts of transportation spending by socioeconomic groups, and consider health impacts of regional transportation decisions.

The Interfaith Federation actively monitored NIRPC's compliance. Through funding from an Environmental Justice Challenge Grant from the FTA, NIRPC hired the Chicago-based Center for Neighborhood Technology to evaluate their public involvement procedures and environmental justice strategy, ensure low-income and minority participation, and recommend transportation planning improvements.[142]

NIRPC and the Interfaith Federation built a positive relationship after the MPO's compliance and recertification period. At a 2003 NIRPC board meeting, the Interfaith Federation presented the findings of *Moving to Equity*, a report by the Center for Community Change and the Harvard University Civil Rights Project, that called for improved transit and transportation planning in the region. NIRPC immediately made *Moving to Equity* required reading for all new board members. The report became a valuable advocacy tool in other arenas as well, including the Interfaith Federation's campaign for a Regional Transit Authority (RTA). The federation and other advocacy groups negotiated a $25,000 commitment from the cities of East Chicago, Gary, Hammond, and the Indiana Lake County Council towards the operating costs of an RTA.[143] In May 2005, Governor Mitch Daniels signed legislation creating the Northwestern Indiana Regional Development Authority. Endowing it with bonding power and a dedicated source of funding, the Regional Development Authority will match federal and state grants and pass funds on to the RTA. This will provide resources for major regional commuter rail and bus projects that connect low-income people to job centers.

The Transportation for Livable Communities Project: Reframing Transportation Priorities in Pittsburgh

The Transportation for Livable Communities Project (TLC), launched in 2002, is a partnership of Sustainable Pittsburgh, a public policy advocacy group that links economic prosperity with ecological health and social equity, and the national Surface Transportation Policy Project (STPP).

With a mission of helping diverse stakeholders understand and articulate the connection between major public investments, land use, and economic development, the TLC Project works to foster partnerships between public agencies and community-based organizations to advance transportation reform in southwestern Pennsylvania. TLC developed a transportation reform action agenda to shift priorities in the region's Long Range Transportation and Economic Development Plan and also helped to establish the Pennsylvania Alliance of Public Transportation Advocates (PAPTA) to advocate for stable, reliable, and permanent funding sources for public transit.

TLC has also actively participated in an advocacy effort led by 10,000 Friends of Pennsylvania to create Transit Revitalization Investment Districts (TRIDs), which promote transit oriented development (TOD) and redevelopment. The Pennsylvania legislature approved the creation of TRIDs in February 2005, and TLC is now coordinating with 10,000 Friends and the Pennsylvania Environmental Council to lead resident workshops on the benefits of transit oriented development, and develop a regional TOD/TRID policy.

The Transportation for Livable Communities Project's focus on engaging public agencies and promoting community involvement holds great promise for equitable transportation investment and development in Pittsburgh.

Michigan Transportation and Land Use Policy Initiative

In the late 1990s, Michigan state and county road engineers proposed billions of dollars in new highway construction in anticipation of population growth—and traffic congestion—in the northern part of the state. The Michigan Land Use Institute, a nonprofit research and educational organization focused on resource protection, agriculture, transportation, and environmental and economic policy, saw the proposal as a timely opportunity to influence the way citizens and policymakers think about transportation and land use. Identifying new highway construction as both a cause and result of Michigan's sprawl and congestion problems, and arguing that the ultimate solution to the problem was to create viable transportation alternatives, the Institute launched their Transportation and Land Use Policy Initiative in 1998.

This initiative has challenged the conventional wisdom that sprawling highway construction relieves traffic congestion and enhances quality of life. Its goals include halting construction of more than $2 billion in new highways proposed for the region, and working with local governments to devise efficient transportation alternatives, curbing sprawl one town at a time. It has laid the foundation for Fix it First, Governor Granholm's effort to repair state highways before building new or wider ones. The Fix it First campaign has successfully fought proposed state transit cuts and added tens of millions of dollars to the state's local bus operating fund. The Detroit region, which receives over half of the funds, has benefited greatly from the campaign's success.

Transit Oriented Development

Investments in public transit not only increase resident mobility, they can also spark important economic growth and revitalization. In recent years, transit oriented development (TOD) has become a popular revitalization strategy. TODs are typically high-density, mixed-use, pedestrian-friendly developments located within a quarter mile of a transit station. By locating a mix of shops, housing, and office space around transit hubs, TOD reduces dependence on cars and promotes vibrant, walkable communities. TOD benefits include reduced traffic congestion and air pollution, green space, attractive and livable communities, and compact patterns of development.

In older core cities, well-planned TODs can leverage a neighborhood asset (a transit station) to physically revive the surrounding community—attracting new jobs and visitors while providing residents with increased transportation access to employment, education and training opportunities, and shopping destinations throughout the region. By encouraging housing development near public transit stations, governments can increase transit ridership, which in turn makes transit investments more cost-effective.

The following examples include two of the more established TOD projects, located in Chicago's West Garfield Park and the Fruitvale neighborhood of Oakland, California, as well as a recent effort in Baltimore. These examples show how TODs are generally undertaken by CDC-led partnerships, and are most effective when implemented as part of a broad set of neighborhood revitalization strategies. In addition, stakeholders must recognize that these are complex, time-intensive endeavors that involve major challenges in securing financing and overcoming single-use zoning and similar barriers to mixed-use development. Transit oriented development can require many years and significant investment to realize positive, visible change.[144]

Gentrification and Transit Oriented Development:

Preventing Displacement, Promoting Equitable Development

Some argue that transit oriented development may fuel gentrification and displace residents from the very communities it attempts to improve. In a number of cases, community groups and residents have advocated for TODs only to find that they are rapidly priced out of the low-income neighborhoods they worked so hard to revitalize.

Gentrification and displacement need not be the end result of TOD. Transit oriented developments are site-specific, and each must be tailored carefully to the community it serves and property it occupies. Thoughtfully planned, well-executed transit oriented development can improve neighborhoods without displacing existing residents. The most effective TODs are driven by community involvement, strong partnerships, and economic and social equity goals.

Bethel New Life: A Faith-Based CDC Renews Transit as an Asset in Chicago's West Garfield Park

One inspiring example of a CDC-led TOD strategy is the work of Bethel New Life in Chicago's West Garfield Park. The Chicago-based CDC's philosophy for neighborhood revitalization focuses on the assets that exist in poor neighborhoods—such as transit stops—rather than the deficits, and aims to rebuild communities by leveraging these assets.

For years, Bethel New Life had been fighting the Chicago Transit Authority to keep the Lake Pulaski stop on the Green Line open to serve the surrounding low-income neighborhood. Recognizing the transit station's potential as an anchor for commercial and real estate activity, Bethel New Life embarked on a series of development projects culminating in the Bethel Center, an adjacent mixed-use facility built with environmentally sound materials. The center, which includes six storefronts, a community technology center, and child care and employment services, opened in January 2005 after 10 years of organizing, advocacy, lobbying, and planning.

The $4.5 million transit oriented commercial center was built in partnership with the Chicago Transit Authority and financed with a complex combination of federal, state, city, nonprofit, and private funding sources, including the city's Department of the Environment, U.S. Bank, Illinois Department of Commerce and Economic Opportunity, Kraft Employees Fund, Illinois Clean Energy Fund, Commonwealth Edison, JP Morgan Chase, and the Chicago Empowerment Zone. Bethel Center also attracted significant interest and funding from local and national foundations such as the Field Foundation, the MacArthur Foundation, and the Ford Foundation.

Bethel New Life built 50 new affordable homes within walking distance of the center. The homes sell for $165,000, and families may qualify for subsidies of up to $40,000 through New Homes for Chicago, a federal program administered by the city. The organization also plans to add 66 new affordable condominium units and construct a Lake Pulaski Commercial Center on the site of an old building facing the transit stop.[145] Bethel New Life envisions the Lake Pulaski Commercial Center as a catalyst for the complete rejuvenation of the industrial and residential areas surrounding the center—an anchor for the community, and a magnet for future investment and development.[146]

The Bethel Center is a shining example of how CDCs can bring together community-based nonprofits, advocates, government agencies, and private firms to pool resources and create community change through transit centered community development.

Fruitvale Transit Village: Community Organizing, Diverse Partnerships, and Creative Funding Converge to Promote Neighborhood Revitalization in Oakland, California

The Fruitvale Transit Village—a mixed-use development around a Bay Area Rapid Transit (BART) station in the Fruitvale neighborhood of Oakland, California—has become a model for leveraging transit stations as assets in the revitalization of low-income urban neighborhoods. A mostly Hispanic low-income neighborhood (with a growing Asian population), Fruitvale's formerly bustling commercial center has been in decline since factories and canneries left the area in the 1960s.

When BART announced plans to build a multilevel, 500-car parking structure adjacent to the Fruitvale station in 1991, area residents voiced concerns. They worried that the garage would increase traffic and pollution, block pedestrian access from the station to the neighborhood's commercial district, worsen crime and blight, and exacerbate economic decline. The Unity Council—a community development corporation formed in 1964 to focus on the needs of the area's Latino community—organized the community to oppose the parking garage proposal.

In response to the organizing effort, BART dropped plans for the parking structure and agreed to work with residents and the Unity Council on a long-term neighborhood revitalization effort that focused on the Fruitvale station as a catalyst for housing and commercial revitalization. Over the next several years, the Unity Council engaged local residents in a comprehensive planning process to develop an alternative proposal for the site.[147] A total of

$185,000 in Community Development Block Grant (CDBG) funds and a $470,000 grant from the U.S. Department of Transportation supported the planning process.

The community's vision has now become a reality: Fruitvale Transit Village is a 15-acre mixed-use development that includes a Head Start child care center, a senior center, a health care clinic, a library, a police station, a community technology center, 47 units of affordable housing, and retail and office space. The second stage of the project, currently underway, is expected to bring an additional 150 housing units and approximately 35,000 square feet of retail to the development.

The project's three main partners—the Unity Council, BART, and the city of Oakland—established a formal committee to guide the development of the Fruitvale Transit Village. The depth and breadth of relationships among these partners and other stakeholders has been central to the success of this nationally acclaimed TOD. The Unity Council and partners successfully gathered $100 million in planning and development funds from over 30 public and private sources, including city of Oakland revenue bonds, federal transportation dollars, grants from HUD, assistance from the Transportation for Livable Communities, and philanthropic support. The strong partnership has also helped the Fruitvale Transit Village overcome constraints on the use of some funding sources. For example, the Federal Transit Administration funding used to construct the child care center was secured through a grant to BART, which then worked with the Unity Council to complete the project.

The success of the Fruitvale Transit Village demonstrates the promise and possibility of transit centered community revitalization. However, it also illustrates the complexity of such an undertaking. Essential components included: investing time, energy, and resources in community engagement; building diverse cross-sector partnerships; leveraging creative funding packages; and sustaining long-term commitment to the TOD project.

Baltimore Neighborhood Collaborative's Transit Centered Community Development Initiative: Engaging Local Residents in Regional Transportation Planning and Advocacy

Established in 1995, the Baltimore Neighborhood Collaborative (BNC) is a consortium of local foundations and corporations that work together to build strong communities in the Baltimore region. In September 2004, BNC launched a new Transit Centered Community Development Initiative, a three-year project focused on expanding housing and economic opportunity for low-income individuals and communities in Baltimore City by improving transit access and using transit hubs to spur investment in low-income neighborhoods. The initiative was supported by the Ford Foundation and matching funds from the Abell, Annie E. Casey, Goldseker, and Surdna Foundations; the Open Society Institute-Baltimore; and Empower Baltimore Management Corporation. The project is especially timely, as state and local officials are currently debating the future development of Baltimore's regional rail system.

The Transit Centered Community Development Initiative pursues a number of goals.

- Advocate for transportation and housing development policies that make Baltimore's inner city neighborhoods more vital and more regionally competitive.
- Integrate transit planning with traditional community development activities like homeowner retention and commercial redevelopment and newer community development strategies such as anchor institution outreach and neighborhood marketing.
- Increase connections to urban and suburban job opportunities.

Resident involvement, leadership development, coalition building, community planning, and transit advocacy are key aspects of the initiative. BNC's intensive planning process has led to broad and deep engagement. Local residents, a number of

policy organizations, community development organizations, public sector representatives (at the city, county, and state level), the philanthropic community, anchor institutions, and businesses have all participated in the effort.

As part of the initiative, BNC is partnering with Citizens' Housing and Planning Association to mobilize advocacy efforts in support of the Baltimore Regional Rail Plan and organize low-income communities—particularly West Baltimore, Station North, and East Baltimore—that have stations located in the plan's priority areas.

Reverse Commuting Initiatives

There are three potential solutions to the spatial mismatch between jobs and low-income workers: create jobs near low-income communities (discussed in Action 1); increase opportunities for low-income workers to live near job centers (discussed in Action 6); and enable workers to reach job destinations through transportation strategies. Reverse commuting initiatives, which provide workers in job-deficient neighborhoods access to employment in job-rich suburban locations, are important transportation interventions that can significantly improve employment outcomes for low-income residents.

Welfare reform in the mid-1990s provided the impetus for reverse commuting initiatives, as the spatial mismatch dilemma emerged as a key barrier to employment. Policymakers and advocates recognized the challenges involved with moving many people into the local labor force over a relatively short time span. Two-thirds of all job growth was located in the suburbs while three-quarters of all welfare recipients were living in central cities or rural areas.[148] To address the issue, government agencies, foundations, and community organizations launched demonstration projects to test different transportation access strategies. Bridges to Work, for example, (in the cities of Baltimore, Chicago, Denver, Milwaukee, and St. Louis), placed over 1,000 job-ready inner city workers in suburban jobs through transportation and other job-related assistance between 1996 and 2000.[149]

The primary reverse commute funding source is the Job Access and Reverse Commute (JARC) program, a component of the federal transportation bill. JARC established a competitive grant fund for state and local transportation programs that help welfare recipients and other low-income people access jobs and employment-related services.[150] Since 1999, JARC has provided between $100 and $125 million per year in grants, and the current transportation bill has slated the program to be funded at $164 million per year for the next six years.[151] The program requires regional coordination among a broad group of stakeholders, including transportation and human service agencies, and encourages the participation of MPOs. In fiscal year 2003, JARC funded 101 programs in 34 states,[152] serving approximately 73,700 employment sites.[153]

Evaluations of reverse commuting initiatives have found that providing transportation access to suburban jobs is complex. Metropolitan labor markets are not organized like dumbbells, with densely concentrated jobs located at one end and similarly concentrated workers on the other. The dispersal of employers and employees makes mobility strategies difficult to implement, as does the irregular nature of shift schedules and employer expectations regarding overtime. In addition, quality employment access often requires supplementing transportation with recruitment, job preparation, and retention services.[154]

Despite these challenges, reverse commuting initiatives can effectively improve labor market outcomes. A 2002 survey of JARC-funded reverse commuters found that 27 percent of respondents did not work—and 30 percent worked in lower-wage jobs—before joining the program. Reverse commute services were characterized as important or very important to 93 percent of program participants—and essential to the 66 percent with no alternative transportation options.[155]

Connecting Disadvantaged Workers to Jobs:
A Diverse Array of Reverse Commute Strategies

Reverse commute strategies can take many forms.

- **Schedule enhancements.** Extending the schedules of current public transportation routes to serve job sites, training centers, and other job-related destinations in the evenings and on weekends.
- **New routes.** Creating new public transportation routes between residential areas and employment centers or specific job sites.
- **User-supportive programs.** Programs that are targeted to the transportation needs of individuals, such as individualized transportation plans, guaranteed-ride home programs, carpools and vanpools, and transit passes.
- **Shuttle services to existing transportation routes.** Providing the essential linkages between dispersed workers and central transit stations.
- **Car-purchase programs.** Loan assistance and asset development programs that help low-income workers purchase or maintain personal vehicles (see text box, page 91).
- **Increased coordination among transit providers.** Initiatives to create more seamless service between various public and private transportation providers.

St. Louis Bridges to Work: Connecting Workers to Good Jobs in the Suburbs

Like many other older industrial cities, St. Louis has experienced massive employment decentralization over the past 50 years. In 1950, three-quarters of jobs were located in the city of St. Louis. As of 1997, less than one-quarter of jobs were located in the city and over 90 percent of new job growth over the past 25 years took place outside of the I-270/I-255 beltway surrounding the city. This pattern of metropolitan growth has had important labor market implications: unemployment in St. Louis and in the older, inner-ring suburbs in St. Louis and St. Clair counties are over five times those of other suburban areas in the region.[156]

The St. Louis Bridges to Work reverse commute initiative has been helping workers access good jobs in the fast-growing suburbs of St. Louis County since 1996. The project is run by the East-West Gateway Coordinating Council (EWGCC), the region's MPO, which has integrated access to jobs into its long-range transportation planning since 1994. EWGCC has facilitated the development of a broad-based partnership that includes social service and transportation agencies, civic organizations, and the business community. JARC grants support St. Louis Bridges to Work, with participating employers who benefit from its services each contributing 20 percent in matching funds.

The transportation strategy addresses the needs of both employees and employers. For qualified low- and moderate-income job-seekers, the program offers a year of free job coaching and ongoing transportation assistance. Bridges to Work staff work with each participant to create a transportation plan for reaching a central MetroLink transit station, and the program provides shuttle service from MetroLink to individual employers located in areas of job growth (such as Bridgeton, Maryland Heights, and Earth City). Since many employers experience difficulty recruiting and retaining core

city employers, Bridges to Work also conducts outreach to employers in targeted industries such as manufacturing, health care, and hospitality to publicize reverse commute services.

Bridges to Work emphasizes *good jobs*: full-time employment with benefits in targeted occupations and industries that provide opportunities for advancement. The program currently helps 4,000 workers per month access good jobs.[157] As one of the original Bridges to Work demonstration project sites, the St. Louis program illustrates how early reverse commuting initiatives served to catalyze sustainable local initiatives. In addition, the program's model of collaborative planning among public, private, and nonprofit sector agencies at the regional level illustrates the power of meaningful partnerships.

Conclusion

Transportation policy, investment, and planning have tremendous possibilities for advancing the goals of equitable revitalization and economic inclusion. Local and state governments, planning organizations, community advocates, community development corporations, and political leaders are challenging each other to promote inclusive regional transportation policies and investments. Through coalition-building, innovative uses of funding streams, litigation, reverse commuting initiatives, education, and organizing, policymakers and advocates are leveraging transportation investments to revitalize communities and, above all, to do what transit systems ought to do—provide mobility and access to residents throughout the region.

Car-Purchase Programs

Most reverse commuting initiatives focus on improving public transportation systems. But increasing car ownership among low-income families is also a key strategy to increase job access. The positive correlation between automobile ownership and employment outcomes—measured by employment rates, hours worked, and average earnings—illustrates the potential of car access programs to improve economic opportunities for low-income workers.[158]

One innovative program helping low-income families access automobiles to get to jobs is Ways to Work, Inc., a nationally certified community development financial institution and sister organization to the Alliance for Children and Families. Since 1984, Ways to Work and its predecessor, the Family Loan Program, have provided small ($500 to $4000), low-interest loans to low-income families at alliance member sites in 23 states. The loans can cover automobile access and repair, mortgage or home expenses, childcare, or other necessary costs. JARC has supplied the program with over $15 million in funding since 2000, and the McKnight Foundation and Bank of America have also supported this community financing model. Ways to Work operates programs in 54 communities, including Detroit and Pittsburgh, and has lent almost $33 million to more than 22,000 individuals.

Although local governments need to lead the effort to recycle vacant and abandoned properties, all community stakeholders, including private and nonprofit community developers, retailers, policymakers, and private foundations, have unique and important roles to play.

Action 4

Reclaim vacant and abandoned properties to promote sustainable regional development

Context and Overview

Massive and sustained population loss over the past 50 years has left older core cities and many inner-ring suburbs with thousands (often tens of thousands) of vacant and abandoned properties. These blighted properties are both a consequence of decline and an obstacle to community revitalization. Abandonment imposes significant costs on remaining residents, business, and local governments, and creates barriers to neighborhood reinvestment. At the same time, vacant and abandoned property presents an important opportunity for revitalizing older core cities: reclaiming this land can level the playing field for development within the region and encourage reinvestment in older, established places. If recycled—or reclaimed by cities or developers and returned to productive use—these properties help stabilize neighborhoods, contribute to the competitiveness of urban locations, and enhance the strength and sustainability of regional economies.

Not Just a City Issue

The problems of vacancy and abandonment are no longer confined to central cities—as first-tier suburbs age, they face similar issues of property decline. Wilkinsburg, Pennsylvania, a formerly vital community, is now one of the poorest suburbs in Pittsburgh's Allegheny County, with high rates of property abandonment.

Like older core cities, first suburbs can also implement innovative strategies to reclaim vacant and abandoned properties. In Wilkinsburg, the Pittsburgh History and Landmarks Foundation, community leaders, and city and county agencies began an initiative in late 2004 to reclaim and restore the diverse and historic abandoned homes in the Hamnett Place neighborhood. Wilkinsburg's Neighborhood Transformation Initiative (NTI) has adapted strategies from Philadelphia (see page 104) to its own unique housing market conditions, focusing on targeted preservation as a technique to catalyze market revival.[159]

Blighted, vacant, and distressed properties affect the health, safety, and quality of life of residents and the competitiveness of cities. Property distress increases risks of fire, crime, vandalism, and health problems such as asthma. It also depresses housing values, discourages neighbors from investing in maintenance and upkeep, and prompts people with means to leave the neighborhood.[160] In addition, local governments are affected by the "hidden costs" of property neglect such as reduced tax revenues and increased police and fire protection.[161] Vacant and abandoned properties also impose indirect costs on older core cities by making urban locations less competitive in capturing regional development.

While distressed properties can be significant liabilities, they are also dormant assets in cities and older suburbs. Vacant or abandoned parcels provide the raw ingredient—developable land—needed to transform declining neighborhoods and implement many of the innovative strategies described in this report. For example, economic development projects—such as job centers and retail anchors—that seek to reconnect residents of isolated neighborhoods to the regional economy require large physical sites that are not commonly available in the urban core. Comprehensive property acquisition and redevelopment initiatives help connect blighted property remediation to community revitalization needs. Baltimore's Project 5000, a local initiative to reclaim 5,000 of the city's vacant and abandoned properties, has helped spur local retail development in the city's neighborhoods, providing the land for 18 new grocery stores—which bring jobs, investment, and healthy food to local communities.[162]

In recent years, the issue of vacant and underutilized urban land has become a major political issue and an important arena for policy innovation.[163] In each of the five regions examined in this report, policymakers and neighborhood stakeholders are creating effective systems for transforming vacant and abandoned properties from community deficits to community assets. Underlying the success of these efforts are two interrelated reforms: 1) increasing the capacity of local government to reclaim vacant and abandoned properties and return them to productive use; and 2) improving the state legal framework for the acquisition, assembly, and disposition of abandoned properties.

Given their local knowledge as well as their legal authority over land use and public safety, local governments must take the lead in reclaiming vacant and abandoned properties. While cities have traditionally responded to individual problem properties as they become public nuisances, efforts to harness abandoned properties for urban revitalization call for more comprehensive strategies, with dedicated and efficient implementation. Because property reclamation tools often require enabling legislation at the state level, state policy changes can effectively empower local governments to take control of blighted land.

Although local governments need to lead the effort to recycle vacant and abandoned properties, all community stakeholders, including private and nonprofit community developers, retailers, policymakers, and private foundations, have unique and important roles to play. For example, advocacy efforts—often led by coalitions of neighborhood development organizations—can be catalysts for local action on vacant and abandoned property (see text box, page 95).

Reclamation initiatives can be essential components of an equitable development strategy in older core cities—but to achieve both growth *and* equity, advocates must consider how their plans, processes, tools, and institutions contribute to, or compromise, equity objectives. While every locality should undertake their own analysis based on their unique community conditions, equitable redevelopment initiatives should follow several guiding principles.

Current residents must benefit from neighborhoods improvements. The overall goal of vacant property reclamation is to improve the conditions of neighborhoods that are physically deteriorated due to the flight of people and investment from the city. If successful, these improvements can lead to increased housing demand in the neighborhood. This can be positive, spurring repopulation and new business development. But revitalization can also have negative unintended consequences, including displacement, as longtime renters are priced out of the neighborhood or as homeowners face unaffordable property tax increases. To avoid displacement, initiatives to reclaim distressed properties must include mechanisms to preserve housing affordability and ensure that current residents benefit as the neighborhood improves. Some of the tools developed to deal with neighborhood change in hot market areas—community land trusts, property tax abatements for existing residents, incentives for developers to build mixed-income housing—can also be useful in older core cities' property reclamation campaigns.

Advocacy Campaigns Pave the Way for Local Action on Property Distress

Coalitions of community development organizations have been key catalysts in state and local policy campaigns aimed at creating effective tools for local governments to take action on vacant and abandoned properties.

- **The Housing Alliance of Pennsylvania**, a 20-year-old coalition of housing organizations that is active on land use issues, has engaged in extensive research and policy advocacy on vacancy and abandonment. The group published two recent reports on "reclaiming abandoned Pennsylvania" that outline the challenges to property reclamation in the state, and provide resources for those who want to take action.[164] Based on their analysis of the problem, the Housing Alliance advocated for a package of state law reforms to create new tools that help local governments reclaim abandoned properties more efficiently while maintaining ownership protections. To date, the state legislature has passed three bills that streamline the filing of tax foreclosure notices, enable local governments to bundle filings together, and reduce the redemption period for foreclosure of occupied properties. Other reforms have garnered bipartisan, bicameral support and are expected to be finalized and signed into law during the 2005-2006 legislative session. The Housing Alliance continues to work for additional policy initiatives to provide municipalities with additional tools for recycling vacant and abandoned property. [165]

- A coalition of community organizing and community development groups in Detroit (including MOSES, the faith-based group described on page 82) have been researching best practices for municipal land banks, drafting principles for equity-oriented land banks, and crafting a proposal for a land bank in Detroit. As of this writing, the land bank proposal was awaiting a vote by city council. Meanwhile, the coalition has focused its efforts on building community support for the proposal, conducting outreach to multiple audiences, and producing a novel and compelling communications tool: a comic book highlighting the property abandonment issue.[166]

- In New Jersey, the **Housing and Community Development Network**, a statewide coalition of over 250 community development corporations, helped draft and garner political support for two important policies. One was the Abandoned Properties Rehabilitation Act of 2003, which empowers local governments to take action on property distress. The other was the Multifamily Housing Preservation and Receivership Act of 2004, which makes it easier to turn at-risk, deteriorating multifamily housing over to third party "receivers" for repair and maintenance as quality rental housing.[167]

Relocation, if needed, is fair and beneficial. Equity-oriented land redevelopment provides residents with greater choices and improved access to opportunities. Accordingly, requiring people to leave their homes in the name of redevelopment should only happen when the overall public benefits are high or when other revitalization methods are not working. In neighborhoods with very weak housing markets and high levels of vacancy and abandonment, the most feasible efforts to improve the neighborhood may require clearing entire blocks for larger housing or commercial developments. In cases where relocation is an essential part of the redevelopment process, those asked to leave their homes should be compensated in a manner that significantly improves their immediate living environments and long-term life chances. They should be provided with enough money to move into a higher-quality neighborhood than the one they are leaving, and given the option to return to the neighborhood after its redevelopment.

Residents and community groups are actively engaged in the planning process. The legacy of failed urban renewal activities underscores the importance of building community support for contemporary blight reduction efforts. It is critical that residents and advocates be engaged throughout the initiative planning, development, and implementation process. Putting sufficient resources into resident engagement and providing residents with information about the changes occurring in their neighborhoods can help build support for the city's efforts and depoliticize the process.

Redevelopment should build on existing assets. While site assembly and demolition can draw private developers—who tend to seek large, cleared sites on which to build—urban neighborhoods often possess other assets that are competitive advantages in attracting regional development. Historic structures, beloved public spaces, and other characteristics that shape neighborhood identities can be valuable, unique, and often irreplaceable strengths of urban communities. In addition, redevelopment should create additional neighborhood amenities that improve neighborhood quality of life such as parks, playgrounds, and open space.

The process of recycling vacant and abandoned properties should be driven by comprehensive plans for neighborhood and citywide revitalization. Efforts to take control of and redevelop distressed properties should be guided by a vision for the broader community's future. Initiatives should further neighborhood development goals described in the city's specific or comprehensive plans. Decisions about the reuse of specific sites should be driven by the plan for the area rather than city's need to generate revenue or the pursuit of developer profit.

The following examples—of land banks in Cleveland and in Michigan's Genesee County, and vacant property initiatives in Baltimore and Philadelphia—describe four local efforts to address vacant and abandoned properties. Although the initiatives deal primarily with residential properties, the lessons are also applicable to efforts to reclaim commercial and industrial properties. These examples illustrate the innovative ways that older core communities are revitalizing neighborhoods by reclaiming vacant and abandoned properties and confronting the challenges of equitable redevelopment.

Photo courtesy of Eric's Photography

Steps to Property Reclamation and Reuse

Moving abandoned properties back into the market is a complex process that includes at least six steps.[168]

Property inventory. To take action on property abandonment, private and nonprofit developers need access to up-to-date information on property conditions, such as vacancy/abandonment status, site details, zoning, tax assessor data, and eligibility for development incentives.

Market analysis and planning. Land reclamation should be pursued in accordance with strategic, comprehensive citywide plans for neighborhood redevelopment that balance the market realities of neighborhoods with the desires and needs of neighborhood residents.

Property acquisition. Local governments can facilitate the redevelopment process by acquiring blighted and abandoned properties, clearing titles, and holding land until a viable development plan is established. State law sets the parameters for local jurisdictions to acquire properties, primarily through two means:

- *Tax lien foreclosure.* When owners stop paying their property taxes, cities can begin foreclosure processes. Once the foreclosure process begins, owners can exercise a "right of redemption," and pay off the tax liens to retain their property. If they do not pay off the taxes, the properties are sold at a tax sale (also called a sheriff's sale) to the highest bidder. Cities can either bid on the properties or be authorized to transfer foreclosed properties directly to third party developers, without undergoing the tax sale process.
- *Eminent domain.* Local governments are empowered through the Fifth Amendment to take private property for a public use—such as the construction of a road—provided that the owner is adequately notified and justly compensated for the loss. This power allows cities to acquire vacant or abandoned properties through condemnation. Many cities only use eminent domain to acquire properties located in designated redevelopment districts. "Spot eminent domain" legal provisions can enable cities to condemn individual properties that are outside of these districts.

Site preparation and disposition. Once the city has acquired abandoned properties, sites must be prepared and transferred to new owners. The city's role in site preparation depends on its redevelopment policies and the condition of the site. Site preparation and disposition can include:

- *Demolition and assembly.* Developers typically look for large sites, but vacant and abandoned properties are often smaller sites with multiple owners. Cities can facilitate redevelopment by assembling these sites into larger parcels that can be conveyed to developers.
- *Environmental assessment and remediation.* By federal law, brownfields need to be assessed and remediated, if necessary, before they can be redeveloped.
- *Marketing.* Cities can use marketing and outreach campaigns to inform developers of potential opportunities.

Financing and construction. After gaining title to properties, developers need project financing and regulatory agency approval. States and cities can create financing tools such as tax increment financing, tax credits and abatements, and various grants and in-kind services to facilitate redevelopment.

Preservation and maintenance. While working to repossess abandoned properties, communities can work to prevent further neighborhood property abandonment through code enforcement, programs to prevent foreclosures, early warning systems, third-party receivership of distressed properties, home repair programs, and historic preservation.

Barriers to Property Reclamation and Reuse

Communities seeking to reclaim their vacant and abandoned properties often face bureaucratic, regulatory, legal, financial, informational, and political barriers.[169]

Bureaucratic/regulatory barriers. A number of institutional and regulatory issues complicate property reclamation.

- In most cities, there is a fragmentation of authority over vacant and abandoned properties. Multiple government agencies are responsible for various stages of the reclamation cycle, making coordination unwieldy and the development process complex and time-consuming.
- City, county, or state governments may share jurisdiction for a piece of land and lack an integrated, multilevel approach to redevelopment.
- Local government desire to generate revenue can compromise local land development decisions (see Cleveland Land Bank example, page 99).
- Land reclamation initiatives are often driven by economic development goals and lack consideration of comprehensive and equitable community revitalization.
- Outdated building codes, excessive or inflexible zoning regulations, and lengthy development review requirements can complicate the reclamation process.

Legal barriers. The strength of local property acquisition tools like eminent domain and tax foreclosure depends on state enabling legislation and interpretation of the state constitution. Many of these laws are outdated and insufficient to the task at hand. Foreclosure laws were created for the purpose of collecting taxes, not acquiring property. Many eminent domain laws were written 50 years ago and designed for wholesale demolition and redevelopment of neighborhoods in the name of urban renewal rather than the acquisition of individual vacant parcels on a block. These laws should be modernized to effectively serve the purpose of reclaiming abandoned properties, yet many are politically charged. The U.S. Supreme Court's *Kelo v. New London* eminent domain decision proved one of the most contentious rulings of 2005, and sparked heated debate among planners and community advocates; outraged property rights activists pressured many state and local legislatures to disavow use of eminent domain except as a last resort.

Financial barriers. Large-scale land reclamation is hindered by financial difficulties with acquiring, preparing, and redeveloping vacant and abandoned land. One issue is the sheer cost of urban land. A study of the Cleveland region found that acquiring and clearing an acre of land in Cleveland or nearby Euclid cost $200,000 to $300,000, while development at the edge of the region cost $25,000 to $50,000.[170] Other issues include the complexity of financing infill and mixed-use development, the reduced amount of public resources for land acquisition and assembly, and the scarcity of "patient" funding sources willing to wait for a longer-term return on investment.

Information/communication barriers. City and county agencies often lack basic information on vacant and abandoned properties as well as ways of communicating this information to potential investors.

Political barriers. Different stakeholders within government and within the community often disagree on the aims and strategies of property reclamation and redevelopment efforts. The relative value of historic yet dilapidated buildings, the balance between rehabilitation versus demolition and new construction, the targeting of public interventions, and the process of decision-making and implementation are all political issues that make large-scale efforts contentious.

Land Banks:
Important Tools for Recycling Vacant and Abandoned Properties

Land banks can help cities and counties return their vacant and abandoned properties to productive use by consolidating various government land holdings into a centralized repository for developers to acquire land. A land bank has three primary functions.

- Acquire and assemble vacant and abandoned parcels for which a city or county has gained title through tax foreclosure, eminent domain, purchase, or donation.
- Clear title to land, enter it into a database of all available parcels, and prepare parcels for transfer to a private or nonprofit developer.
- Prioritize land for disposition or reuse and sell land for redevelopment at nominal prices to third party developers.[171]

The state must pass enabling legislation before a city or county can establish a land bank. Other important powers of land banks—such as the ability to clear back taxes and liens owed on acquired properties—must also be authorized by the state.[172]

The Cleveland Land Bank: Providing Community Developers with a Steady Pipeline of Property for Development

The city of Cleveland operates one of the nation's oldest land banks, which has provided community developers with a reliable source of buildable land for three decades. The Cleveland Land Bank is credited with catalyzing a "renaissance in affordable housing" by helping the city's CDC networks become some of the nation's most productive affordable housing developers.[173]

Through the land bank, the city acquires tax delinquent vacant properties and conveys them to new owners for management and redevelopment. The bank operates three programs.

- Small lots are offered to adjacent property owners at a cost of $1.
- Buildable residential lots are sold to developers for $100.
- Contiguous lots are held in the bank and assembled for larger development projects.[174]

Potential developers must submit a proposal for reuse that is evaluated by land bank staff, a neighborhood planner, and a neighborhood advisory council that recommend approval by the city council. Priority is given to proposals that include new construction.

The Cleveland Land Bank has evolved in response to various challenges over its lifespan. About a decade after it was founded, the problem of vacant properties continued to grow. A joint city/county task force helped strengthen the land bank by passing legislation that streamlined the acquisition process and empowered land banks to clear tax liens on the properties—making them more attractive to potential buyers.[175]

The strengthened land bank helped fuel development of new affordable housing by nonprofit developers during the 1990s. During that decade, 80 percent of new homes constructed in Cleveland were built by community development corporations (CDCs),[176] and 90 percent of all homes built were on land bank lots.[177] But by the late 1990s, even though the quantity of vacant parcels in the city appeared the same, the steady stream of developable land was slowing to a trickle.

The reason for this was a 1998 county policy to begin selling property tax liens to a private tax collector as a means of generating additional revenue. This practice led to a bottleneck in the Cleveland Land Bank's acquisition of properties, because the lots remained vacant—and unavailable for redevelopment—while the private company attempted to collect the back taxes. The number of properties entering the land bank plummeted to 150 per year (from 500 per year previously). In 2003, the land bank contained 1,000 lots while the lien-holding company held 2,300 parcels.[178] The problems created by the county's attempt to recoup property tax revenue loss illustrates two potential challenges for land reclamation initiatives: 1) the multiple jurisdictions over properties (in this case, the county and the city); and 2) conflict between the local government objectives of revenue generation versus property redevelopment.

Prompted by these and other challenges to the city's system for dealing with vacant and abandoned properties, Neighborhood Progress, Inc., a community development intermediary that supports 16 CDCs in Cleveland, collaborated with the National Vacant Properties Campaign (see text box, right) to produce a report that outlines key issues and offers recommendations for policy reform. Released in June 2005, *Cleveland at the Crossroads: Turning Abandonment into Opportunity,* offered the following suggestions to improve the city's land bank.

- Develop an online property information system.
- Depoliticize the property disposition process by eliminating a requirement that the city council approve the disposition of each parcel.
- Increase the land bank's flexibility by permitting acquisition of vacant buildings in addition to vacant lots.
- Improve the acquisition process by streamlining the use of spot eminent domain and giving the land bank greater authority to purchase from private sellers.
- Allocate additional staff resources to the land bank.
- Support the costs of the land bank by permitting market-rate sales of properties with higher resale value.

The report has garnered media attention and political support for the issue of abandonment. Immediately following its release, then-Mayor Jane Campbell announced the Zero Blight Initiative and pledged to improve the land bank. In addition to the mayor's initiative, the report has spurred and informed action on several other fronts. The city and the county have collaborated to reduce the negative unintended consequences of the county's tax sale program, and several hundred parcels have been returned to the land bank. Plans are also underway to create a coordinating council of diverse stakeholders to oversee the implementation of *Cleveland at the Crossroads* recommendations.[179]

Building Momentum:
The National Vacant Properties Campaign

In 2002, a coalition of organizations including Smart Growth America, the International City/County Management Association, Local Initiatives Support Corporation, and the National Trust for Historic Preservation launched the National Vacant Properties Campaign. Their aim is to make land reclamation a national priority by:

- Building a network of experts—both scholars and practitioners;
- Disseminating information and research;
- Making the case for reclamation; and
- Providing technical assistance to cities and counties.

The campaign is currently working with seven cities to increase their capacity to recycle vacant and abandoned properties, including the older core cities of Baltimore, Bridgeport, Buffalo, and Indianapolis, and southern and western cities including Richmond, Spartanburg, and Tucson.

The Genesee County Land Bank: State, Local, Nonprofit, and Philanthropic Interests Collaborate to Revive Flint

With its comprehensive set of programs, innovative funding mechanism, and successful partnership with two local foundations, a land bank in Genesee County, Michigan, is making important strides in stabilizing and revitalizing neighborhoods.

Genesee County is home to the city of Flint, the birthplace of General Motors and one of the nation's most striking examples of urban decline resulting from deindustrialization and suburbanization. As Flint's population plummeted from 193,000 to 120,000 between 1970 and 2000, the number of vacant and abandoned properties in the city skyrocketed. In 2000, over 12 percent of the city's homes were vacant.[180]

These issues are not unique to Flint. Cities and first-ring suburbs across the state of Michigan suffer from state development patterns and policies that facilitate the outward movement of people and investment. Recognizing that the state's approach was hurting everyone, political leaders including Governor Jennifer Granholm pledged to prioritize land use issues, instituting reforms that have empowered cities and counties to take action on vacant and abandoned properties. Bipartisan state legislation passed in 1999 and 2004 enabled the establishment of land banks and streamlined the tax foreclosure process. The 2004 law also created a financing mechanism to ensure the sustainability of land banks—a portion of proceeds from the profits collected on properties sold by the land bank go toward operating costs.[181]

The Genesee County Land Bank, launched in 2002, is the first land bank formed in Michigan. Its goal is to stabilize neighborhoods by bringing tax-reverted properties back into productive use and preventing additional foreclosures. Seven programs help the bank achieve these goals. They are:

- Demolition;
- Foreclosure prevention;
- Housing renovation;
- Property maintenance;
- A side lot program to transfer small lots to adjacent property owners;
- A "clean and green" program to convert vacant properties in the land bank into gardens and green spaces; and
- A property management program to enable residents to remain in their foreclosed homes as renters until they secure permanent housing.

To facilitate and inform these programs, the county also invested in information infrastructure, creating a searchable online database and mapping system that provides potential developers with details on the land bank's properties.

Since its inception, the bank has taken title of over 4,400 parcels of residential, commercial, and industrial land, transferred over 220 vacant lots to neighboring homeowners, demolished more than 440 abandoned homes, and begun renovation of 60 properties for new housing. Genessee County has also integrated a special program to help homeowners avoid foreclosure, which has helped 1,350 families keep their homes.[182]

The Genessee County Land Bank is an excellent example of how private grantmaking foundations located in communities facing problems of property distress can engage as partners in land reclamation. Over the past five years, the Flint-based Charles Stewart Mott Foundation has awarded the Genesee County Treasurer's Office over $1.3 million to expand the land bank program. Another Flint-based philanthropy, the Ruth Mott Foundation, is financing a community planning process that will inform the land bank's plans for reuse. In addition, in January 2005, the C.S. Mott Foundation provided a two-year grant to fund the replication of land banks in five additional Michigan counties, with technical assistance from the Genessee County Treasurer's Office.[183]

Equity-Oriented Principles for Land Banks

The community organizing group MOSES, with assistance from the Kirwan Institute for the Study of Race and Ethnicity at Ohio State University, developed a set of guidelines for creating an equity-oriented land bank in Detroit. Based on these principles, a coalition of groups (including Community Development Advocates of Detroit, Community Legal Resources, Detroit LISC, Detroit Renaissance, and MOSES) has submitted a proposal to form a land bank to the city council.

Regional integration. The land bank should coordinate with regional planning initiatives and use redevelopment to connect Detroit residents with regional economic opportunities.

Planning-driven. The goal of reclamation and development should be long-term community revitalization rather than short-term fiscal gain.

Shared governance/local representation. The land bank's board should include diverse stakeholders: business, real estate, community development, and community organizing interests. At least two-thirds of the members should be Detroit residents.

Integration with public safety. Because of the relationship between property conditions and crime, the land bank must coordinate with government agencies and officials to address both redevelopment and safety concerns.

Parks and open space. The land bank should prioritize the development of parks, community gardens, and open space.

Land disposition. Land should be disposed of efficiently, transparently, with public input, and at a nominal price. Allocation must be contingent on redevelopment plans that conform with neighborhood plans. Community groups should receive priority consideration for acquiring land bank properties in their service areas.[184]

*2300 block of Eutaw Place in Reservoir Hill—**Before,** with boarded-up windows*
Photo courtesy of Project 5000

*2300 block of Eutaw Place in Reservoir Hill—**After***
Photo courtesy of Project 5000

Baltimore's Project 5000: Creating Opportunities for Redevelopment through Information Dissemination and Cross-Sector Partnerships

In his January 2002 State of the City address, Mayor Martin O'Malley announced an effort to take control of 5,000 of Baltimore's 14,000 abandoned properties within two years. To attain this goal, the city enacted several key reforms, improving coordination among its departments, increasing its bond authority, and enhancing its property database system. Although the initiative has faced occasional stumbling blocks, such as the length of time required to clear title to properties, Project 5000 has made substantial progress.[185] In October of 2004, the city filed a foreclosure proceeding for its landmark 5,000th property acquisition. As a result of Project 5000, over 1,700 formerly derelict properties have been or are in the pipeline for redevelopment.

Like the previous land bank examples, the success of Project 5000 was enabled by reforms to state laws regarding land acquisition. "Quick take" legislation, passed in 1999, broadened local eminent domain authority, and reforms passed in 2000 streamlined and improved the tax sale foreclosure process to make it easier for nonprofit developers to obtain properties for redevelopment.[186] With these new and improved tools, the city has increased its acquisitions tenfold and reduced its average acquisition time from 18 to six months.[187]

Project 5000's trademark is its entrepreneurial approach to moving newly-acquired properties into productive use. The city has harnessed the power of the Internet to inform potential developers (private and nonprofit) about city-owned properties. A project website provides a list of current development opportunities for which developers can submit proposals and offers information on the bidding process. The initiative also operates a Listserv and publishes a newsletter.

Amplifying Neighborhood Revitalization Activities in Baltimore's Oliver Neighborhood

BUILD is a faith-based community organizing and community development coalition that harnesses the social action capacity of its large citizen base to address issues affecting economic opportunity. BUILD is currently working on neighborhood revitalization through property reclamation in East Baltimore's Oliver neighborhood, where 40 percent of properties are vacant or abandoned, over 50 percent of residents live in poverty, and many vacant lots harbor drug-dealing activities. To turn these problem areas into assets, BUILD, Project 5000, and city housing agencies are assembling parcels for large community-oriented development projects. So far, the coalition has raised $1 million and acquired 200 properties for the effort. The city has invested $4 million on homeownership, rehabilitation, and demolition in the neighborhood.[188]

In addition to taking full advantage of information resources, Project 5000 has developed a public-private partnership that uses traditional mechanisms for marketing properties—brokers and Multiple Listing Services—to reach potential buyers of city-owned homes. In collaboration with the Greater Baltimore Board of Realtors, the Baltimore Efficiency and Economy Foundation (BEEF), and the Goldseker Foundation, Project SCOPE (Selling City Owned Properties Efficiently) enables private real estate brokers to market and sell individual properties to developers and homeowners in exchange for $2,500 or an eight percent commission. To curtail speculation, homes are sold on the condition that the buyer will renovate within 18 months and will either occupy the property or sell to someone who will. SCOPE also provides buyers with loan assistance

and information on tax incentives. Within its first two years, SCOPE sold 150 homes and has brought the city almost $1 million in revenue.[189]

Project 5000 also partners with community organizations and anchor institutions to develop vacant and abandoned properties for community revitalization. In the Oliver neighborhood in East Baltimore, Project 5000 is working with a faith-based community coalition, Baltimoreans United In Leadership Development (BUILD), to assemble the neighborhood's vacant properties for community-oriented projects (see text box, page 103). Another redevelopment project underway is the expansion of a community anchor institution, the Great Blacks in Wax Museum, which is located adjacent to Johns Hopkins' planned biotech park (see Action 2). Project 5000 has acquired 42 properties to contribute to the museum's expansion, and is committing $3 million in bond funds for demolition.[190]

The groundbreaking for the Great Blacks in Wax Museum. Photo courtesy of Project 5000

Philadelphia's Neighborhood Transformation Initiative: An Evolving Effort to Catalyze Sustainable Neighborhood Revitalization

In the 1990s, Philadelphia paid a great deal of attention—and committed significant public resources—to revitalizing its downtown. While Center City experienced a real estate boom and gained residents, many other neighborhoods continued to languish. Depopulation and disinvestment had left the city with 29,000 abandoned homes and commercial buildings and 31,000 vacant lots. In 2001, recognizing that sustainable urban revitalization requires strong residential neighborhoods, Mayor John Street launched the Neighborhood Transformation Initiative (NTI), a vision and a plan for transforming the city's neighborhoods into vibrant communities. The city council backed the mayor's plan with nearly $300 million in municipal bonds as well as $50 million in city operating dollars that fund NTI programs that remove blight through vacant lot cleaning, dead tree removal along streets, and code enforcement activities.

NTI is built on the premise that strategic, data-driven public investments in neighborhoods can stimulate private investment, turn around distressed communities, and improve the quality of life for their residents. To inform its efforts, NTI commissioned The Reinvestment Fund (TRF), a community development finance institution, to analyze the market conditions of the city's neighborhoods. This analysis enables the city—as well as local community development corporations—to develop appropriate interventions and track changes in neighborhood housing markets. NTI includes four areas of activities.

Blight elimination. Philadelphia's neighborhoods contain over 7,000 abandoned properties that are structurally dangerous and pose risks to public welfare. NTI targets areas with many of these structures for demolition work, and the Department of Licenses and Inspections supplements the program with demolitions outside the NTI target zones. The majority of funds go to residential demolition, but NTI also works to demolish large vacant industrial and commercial structures. About half of the NTI dollars go toward demolition activities.

Assembling land for redevelopment. NTI works to assemble vacant and abandoned properties within six targeted acquisition zones into larger parcels attractive to commercial, industrial, and residential investors. The initiative also acquires properties to support specific redevelopment projects. A quarter of the NTI bonds fund land assembly.

Housing investment and neighborhood preservation. NTI provides maintenance, renovation, or first-time home buying assistance to low-income Philadelphia residents. Other NTI investments preserve housing affordability in neighborhoods that are experiencing gentrification, improve commercial corridors, and combat predatory lending. About a fifth of NTI's budget goes toward these programs.

Neighborhood stabilization. In neighborhoods with stronger real estate markets and on blocks with low vacancy rates, NTI seeks to enable housing rehabilitation and reduce the need for demolition by sealing and protecting vacant buildings.

In addition to these core programs, NTI is upgrading its property information system, which allows city departments to analyze, track, and share information on vacant and abandoned properties.

Over the past four years, NTI has made significant progress: 6,000 buildings have been demolished, 31,000 lots have been cleaned, and 19,000 homeowners have received grants or low-interest loans for home repairs. Housing construction has increased dramatically in the city: 20,000 new housing units have been built or are in the pipeline for construction—50 percent market-rate, 30 percent affordable, and 20 percent mixed-income. NTI is not the only reason for this housing boom, but its activities are creating a supportive environment for housing development in the city.

Despite these measurable outcomes, NTI has generated significant controversy, and has faced numerous local critiques. Condemnation of occupied, blighted homes is a major source of contention (249 families have been relocated by NTI), along with NTI's practice of assembling and clearing parcels to make large sites available for private developers.[191] In neighborhoods slated for demolition, residents have protested the city's plans and demanded alternative strategies such as preservation and rehabilitation.[192] Some critics believe NTI should emphasize demolition, but ensure that the displaced households benefit the most from the initiative's intervention. Others argue that rehabilitation of historic buildings and investment in existing neighborhood infrastructure and assets—not demolition—promotes more effective

*4th and Cecil B. Moore—**Before***
Photo courtesy of NTI

*4th and Cecil B. Moore—**After***
Photo courtesy of NTI

neighborhood change.[193] Critics have also argued that NTI's investments are not targeted enough to be catalytic, and that rather than working in neighborhoods throughout the city, it should focus on turning around a few places to demonstrate the power of focused public investments.[194]

NTI's programs and strategies have evolved over the course of its implementation—partially in response to these critiques, and partially in response to changed housing market realities. By 2005, NTI investments, low interest rates, and the city's 10-year real estate tax abatement were stimulating real estate markets in a growing number of neighborhoods—even more than the initiative's planners had anticipated.[195] Appreciating housing values were creating new wealth in some communities, but residents increasingly voiced concerns about rising real estate taxes, speculation, and displacement.

Hoping to more effectively manage neighborhood change resulting from revitalization activities, NTI adopted their Equitable Development Strategy, focused on promoting the development of mixed-income communities and ensuring that current residents benefit as their neighborhoods begin to improve. Funded in part by $6 million in NTI bonds, the Equitable Development Strategy will roll out over the next three to five years in neighborhoods where new investment activity is expected to lead to rising real estate values. Although the strategy is in development, proposed activities include incentives for mixed-income housing, community education about NTI, housing counseling, financial planning workshops for residents, and collecting data about how neighborhood change is affecting residents. Beyond the Equitable Development Strategy, NTI is taking other steps to address housing affordability. The 2006 budget allocated $1.5 million to the effort spearheaded by the Philadelphia Association of CDCs to create a citywide Housing Trust Fund to help low- and moderate-income residents build and repair homes.[196] These new initiatives are positive steps for Philadelphia and promising examples of how local initiatives can incorporate equity-oriented principles into their plans and policies.

Conclusion

Local governments, with support from community advocates and CDCs, private developers, foundations, and political leaders at every level of government, are developing innovative tools and building strategic alliances to transform vacant and abandoned properties from neighborhood eyesores into neighborhood assets. As they operate, they are recognizing that even within cities with weak housing markets, some neighborhoods are improving. Equitable land reclamation and development must build on neighborhood assets, engage the community in acquisition and planning processes, and ensure that existing residents benefit from neighborhood change.

Strong, vibrant neighborhoods improve the health, well-being, and life opportunities of residents and contribute to the strength and competitiveness of local economies.

Action 5

Make all neighborhoods in the region communities of opportunity—stable, healthy, and livable

Context and Overview

Neighborhoods where all residents can live, work, and play are the bedrock of inclusive and prosperous regions. Strong, vibrant neighborhoods improve the health, well-being, and life opportunities of residents and contribute to the strength and competitiveness of local economies. All neighborhoods throughout the region should be *communities of opportunity,* providing residents with the essentials for healthy, productive living.

Decades of academic research have demonstrated the vital role of neighborhood environments in shaping the social, economic, physical, and political lives of residents.[197] The quality of neighborhoods determines access to good schools and health services, and influences social interactions, including connections with networks and institutions that provide access to employment and other resources for economic success.[198] Neighborhoods are important staging grounds for civic and community engagement—many residents become politically active around neighborhood issues like public safety, development plans, and school quality, and they often do so through community institutions like churches and neighborhood associations.

Quality neighborhoods also provide a competitive advantage for attracting and retaining firms and employees. Overall quality of life, which includes thriving neighborhoods, impacts a region's ability to attract businesses, jobs, and skilled workers. Businesses, especially those in knowledge-based industries (such as telecommunications, computers, and biotechnology), increasingly view quality of life as a key factor in their decisions about where to locate.[199] Urban neighborhoods offer exceptional identities and characteristics that are attractive to many residents—such as ethnic restaurants, stores that sell unique items, historic buildings, farmers' markets, and cultural events.

Vibrant, sustainable regions will require new revitalization approaches to transform isolated and distressed neighborhoods. Since the 1950s, local and national leaders have responded to neighborhood decline with one of three approaches: private/public partnerships to spur downtown and waterfront redevelopment; deregulation and subsidies to encourage private sector investment; and community development.[200] Although each of these approaches has had some success, they have rarely been catalytic or transformative.

Decisively turning around distressed neighborhoods requires reorienting urban revitalization policy and practice in three ways.

Recognize the role of neighborhoods in the urban and regional economy. Although neighborhood quality and the economic prosperity of cities and regions are intertwined, neighborhoods are rarely recognized for their economic benefits. Local and national leaders need to change the way they think and acknowledge the contributions of neighborhoods to citywide growth and prosperity.

Prioritize neighborhood investments alongside investments in the downtown areas. Policymakers must adopt neighborhood development as a key strategy for revitalizing older core cities. In recent years, some older core cities like Philadelphia and Cleveland experienced increased public investment and renewal in their downtown areas—yet neighborhoods did not receive equal attention, and continued to decline. Achieving growth with equity means placing neighborhood development high on the agenda for citywide revitalization.

Develop neighborhood-focused initiatives in a regional context. Community developers are typically focused on the neighborhood level, despite the reality that regional forces shape neighborhood conditions. Those who plan, implement, and evaluate neighborhood revitalization initiatives need to think and act with an understanding of regional dynamics.[201]

This reorientation provides the analytical framework, resources, and strategies needed to connect neighborhoods to the regional economy. The remainder of this section focuses on regionally-informed neighborhood revitalization practices, presenting innovative examples of CDCs, intermediaries, private developers, retailers, and policymakers.

Three principles guide the innovations in neighborhood revitalization that follow.

- ***Make Catalytic Investments.*** Given limited resources in the face of significant community needs, neighborhood interventions must be catalytic, with the potential to leverage resources from outside the community and stimulate additional investment and action. One of the most important characteristics of catalytic investments is that they channel a significant amount of resources to a specific neighborhood instead of spreading resources thinly across neighborhoods. Evidence shows that such targeting can be effective. A recent study of Richmond, Virginia's Neighborhoods In Bloom initiative found that highly focused public and nonprofit community investments resulted in housing appreciation within the targeted zones that was 9.9 percent higher than the citywide average. According to the study's fiscal impact analysis, the investments will pay for themselves over time as rising real estate prices lead to increased property tax revenue.[202]

- ***Harness Market Forces for Community Goals.*** Although markets strongly influence the growth or decline of neighborhoods, the community development movement has often worked at odds with prevailing market forces rather than matching their strategies to market realities.

Market forces will not automatically create communities of opportunity; community developers can and must direct market forces in a way that results in growth *and* equity by using analyses of market trends and conditions to guide revitalization strategies that benefit all residents.

- ***Strike a Balance Between Stabilizing Existing Residents and Attracting Newcomers.*** In disinvested neighborhoods with high levels of abandonment, neighborhood revitalization strategies need to attract new residents and new investment. Yet policymakers and community developers must also ensure that existing residents benefit as their neighborhoods change. Creating and maintaining a wide variety of housing options for residents across the income spectrum is one of the most important strategies for achieving this balance. A diverse array of housing choices stabilizes neighborhoods and enables residents to stay in the area as their households age, expand, and shrink, and as they improve their economic situations and move up in the housing market. Mixed-income communities also counter the concentration of poverty and its negative social effects, create opportunities for the broadening of social networks, attract better amenities and services to the area, and increase the tax base.

Building Mixed-Income Neighborhoods Through School-Centered Development: An Enlightened Private Developer Reconstructs St. Louis' North Side

Some of the most catalytic strategies for turning around neighborhoods are those that focus on building mixed-income housing developments and improving public schools. The Murphy Park neighborhood, located on the north side of St. Louis, exemplifies how integrating these two goals can dramatically transform a severely disinvested community.

Less than a decade ago, Murphy Park was the notorious Vaughn public housing project, consisting of four nine-story buildings (656 units) constructed in the 1950s as part of urban renewal efforts. Today, the complex has been transformed into a community of townhouses, garden apartments, and single-family homes (413 units), interspersed with attractive open spaces and a nearby day care center. The centerpiece of the development is a rebuilt neighborhood school, Jefferson Elementary.

The $50 million development was built by McCormack Baron Salazar, Inc. (MBS), one of the nation's most successful and innovative for-profit developers. MBS specializes in the development of economically integrated urban neighborhoods. The firm is based in St. Louis and has worked in

*Vaughn public housing project during demolition—**Before***
Photo courtesy of McCormack Baron Salazar, Inc.

*Murphy Park replaces Vaughn public housing project—**After***
Photo courtesy of McCormack Baron Salazar, Inc.

many older core cities including Cleveland, Pittsburgh, and Gary, Indiana. To build mixed-income neighborhoods in places with weak housing markets, MBS brings together a mix of funding sources, including state and federal programs, tax-exempt financing, insured conventional loans, pension funds, foundation loans and grants, and private funds from investors willing to take a chance on rebuilding neighborhoods. Murphy Park was partially funded by HOPE VI, a federal program to demolish troubled public housing blocks and replace them with well-designed, economically integrated developments.

Murphy Park's residents include former occupants of the Vaughn project, as well as newcomers. Over 222 public housing families—an increase from the 61 families that lived in the towers in the mid-1990s—reside at the site in rental units that are indistinguishable from 132 market-rate and 57 tax-credit units (which are affordable to families whose incomes are below 60 percent of the area median). The development showcases a diversity of incomes: 31 percent of the residents have incomes below $10,000; 44 percent have incomes between $10,000 and $30,000; 16 percent have incomes between $30,000 and $50,000; and 10 percent make more than $50,000.[203]

Murphy Park illustrates the power of school-centered housing development to transform neighborhoods. Working closely with residents and neighborhood organizations, developer Richard Baron raised $5 million to modernize Jefferson Elementary. Many children in the neighborhood were formerly bused to over 40 schools outside the neighborhood, under a broad desegregation decree, but Jefferson currently attracts 75 percent of area children.[204] The school is now one of the most technologically advanced in the region and the curriculum has been revised to focus on math, science, and technology. These investments have led to major improvements in student academic performance, with notable increases in math and science proficiency. The Jefferson Elementary model has inspired the Vashon Education Compact, a public-private school-centered community development partnership in nine other public schools in St. Louis.

The revitalized mixed-income housing development has resulted in a major turnaround for the neighborhood.

- The median household income in the area surrounding the development rose by 18 percent between 1989 and 1999 (compared to an increase of only 4 percent in the city and region during the same period).
- Unemployment in the area surrounding the development fell by 35 percent from 1989 to 1999. By contrast, unemployment in the city rose 3.7 percent during this period.
- Property values in the Murphy Park neighborhood appreciated substantially between 1990 and 2000. The median home value increased 131 percent.[205]

Murphy Park is also serving as a catalyst for private-sector investment in the surrounding Near North Side neighborhood. A private developer built 100 units of for-sale housing near Murphy Park, with few direct subsidies. In addition, a new retail strip constructed near the development offers a convenience grocery store, laundry facility, and dry cleaner. Two new commercial warehouses were built two blocks from the site, taking advantage of the proximity to the central business district.

Photo courtesy of Brandon Clark

Linking Low-Income Neighborhoods to Regional Opportunity Through Commercial Magnets: Whole Foods in Pittsburgh's East Liberty Neighborhood[206, 207]

Pittsburgh's East Liberty business district was Pennsylvania's third largest downtown until the 1960s, when suburbanization and a failed urban renewal project that bulldozed buildings to create a pedestrian mall led to a flight of shoppers and businesses. East Liberty Development, Inc. (ELDI), a local CDC, has since been at the forefront of revitalization efforts, but struggled to attract successful retail projects to the area. In October 2002, ELDI convinced the organic and natural foods grocer Whole Foods to open a 35,000 square foot store in East Liberty. The store has brought a mix of affordable and high-end specialty food items to the neighborhood, and a shopping experience that draws a diverse base of customers who travel to the store by foot, bike, bus, and automobile. Additionally, 250 jobs with benefits have been created.

ELDI partnered with a private developer, Mosites, on the $6.8 million project. ELDI helped access below market-rate financing, assisted with site acquisition and preparation (including environmental remediation on two parcels), and helped Whole Foods hire local residents. Southwestern Pennsylvania LISC provided essential gap financing for the deal by making a $2 million short-term loan to Mosites and a $375,000 recoverable grant to ELDI. The recoverable grant is an innovative financing mechanism that helps ensure community ownership in the store, and is an example of the kind of "patient money" needed for commercial real estate projects in distressed, older core neighborhoods. LISC recovers its investment over a 20-year period, and ELDI retains the interest payments from its equity investment, allowing six percent of the store's profits to be reinvested in the community through ELDI's ongoing activities.

Financing Retail Revitalization Strategies: A State Policy Innovation from Pennsylvania

In 2003, Governor Edward Rendell's $2.3 billion economic stimulus package included a focus on neighborhood revitalization through the development of new grocery stores and farmers' markets—important components of livability and economic vitality—in distressed communities throughout the state.

The new policy devoted $100 million to planning grants (up to $250,000), loans, and loan guarantees for nonprofit and for-profit developers seeking to build new stores and markets in underserved communities.[208] The package also provided $10 million in state economic development dollars to capitalize a separate source of funding: the Fresh Food Financing Initiative (FFFI). Managed by three nonprofit organizations—The Food Trust, the Greater Philadelphia Urban Affairs Coalition, and The Reinvestment Fund (TRF)—FFFI leveraged the state's investment with $30 million in additional funding (including part of TRF's New Markets Tax Credits allocation). To date, FFFI has provided $6 million in grants and loans to five new supermarket developments, with over 30 projects in the financing pipeline.

This policy innovation from Pennsylvania illustrates how intelligent state initiatives can promote both statewide economic development and neighborhood revitalization.

Whole Foods considers the store an overwhelming success, with sales exceeding expectations by 200 to 300 percent. How does a store nicknamed "whole paycheck" for its higher-than-average prices manage to thrive in East Liberty, a neighborhood where a quarter of families live below the poverty line? The answer lies in the store's location and variety of products. The grocery is located squarely in East Liberty, but skirts the edge of Shadyside, a much more affluent neighborhood. Catering to a range of incomes, its product mix includes high-end specialty items as well as the company's own "365" product line, which is high quality but less expensive than comparable organic and natural brands. Of the 134 Whole Foods stores nationwide, the East Liberty store accepts the highest dollar amount of food stamps and sells the most 365-line products. The grocer effectively serves the dual market of East Liberty and Shadyside customers—and because Whole Foods serves a niche market, the store also draws customers from a 10- to 15-mile radius.

Increasing better connections between the Shadyside and East Liberty neighborhoods is part of a larger revitalization strategy. The grocery store is the first piece of a master plan for the 20-acre district's commercial reawakening, which seeks to use big box retailers as anchors for a Main Street-style shopping corridor. Since Whole Foods opened, four new restaurants—including Jamaican, Ethiopian, and Congolese eateries—have opened nearby. ELDI is building a new three-story, 85,000 square foot office and retail development next to the supermarket. Many more mixed-use projects are in the pipeline for East Liberty, including a new McCormack Baron Salazar housing development near the retail corridor.

Forging Revitalization Partnerships Between Urban and Suburban Communities: LISC's Strategy for Detroit's "Edge" Neighborhoods

Leveraging 15 years of experience serving the area's community development corporations, Detroit LISC is engaging in a unique and innovative regional approach to neighborhood revitalization. In January 2005, the nonprofit intermediary launched its Detroit Metro Regional Investment Initiative—a $12 million collaborative effort to increase social and economic opportunities and physically revitalize the "edge" communities that border Detroit and its nearby suburbs.

Supported by funding from the Ford Foundation's regional equity program, LISC solicited proposals from secular and faith-based CDCs and other community organizations, business associations, neighborhood groups, local governments, and other coalitions. In January, seven collaborative groups working in edge communities each received $25,000 grants to develop plans for revitalization strategies that connect their neighborhoods to regional opportunities and create partnerships between Detroit and its suburban neighbors.

Detroit-Grosse Pointe Park Collaborative: Metro Detroit Regional Investment Initiative grant recipients.
Photo courtesy of Sharon LeMieux

In July, three of these collaborations were awarded multiyear project grants totaling $485,000 in year one.

- Detroit-Grosse Pointe Park Collaborative (Detroit and Grosse Pointe Park)
- Fort-Visger Revitalization Initiative (Detroit, Ecorse, Lincoln Park, and River Rouge)
- V-8 Gateway Collaborative (Detroit and Warren)

Grantees were selected based on the feasibility, creativity, and overall impact of their plans, as well as their ability to leverage other funds and build on existing revitalization activity in their area. Each partnership engages multiple local stakeholders such as social service organizations, churches, schools, universities, local governments, businesses, and neighborhood associations. Their plans include more traditional community development activities—such as housing and commercial corridor development—as well as broader social equity goals like improving race and cultural relations, policy advocacy, public safety, and resident leadership development.

For example, the Detroit and Grosse Point Park Collaborative seeks to bridge physical and social barriers between Detroit's disinvested lower eastside neighborhoods and the small, higher-income suburban city of Grosse Point Park. Engaging the city of Grosse Point Park and multiple neighborhood and business groups from both municipalities, the partnership is focusing its efforts on the commercial streets and residential areas along the border of the two cities. The collaborative integrates three components.

- Organizing and relationship-building to improve social equity, including the creation of a new business association and a new neighborhood association (each of which will include members from both cities), and the development of arts and recreational partnerships that bring together youth from both cities.
- Leveraging existing physical revitalization efforts to improve the commercial and residential fabric through façade improvement, housing rehabilitation, streetscape improvements, and cleaning and greening vacant lots.
- Identifying opportunities for mixed-use real estate developments to catalyze additional investment.

By creating new formal and informal avenues for community members to work with one another and establish social ties, the partnership expects to bridge the racial and class divides between the residents of each community while building more vibrant neighborhoods.

The Metro Detroit Regional Investment Initiative—with its focus on building strategic regional partnerships—holds great promise for regionally-based neighborhood revitalization.

A Strategic, Data-Driven Effort to Counter Cleveland's "Retail Gap": The Retail Initiative of Neighborhood Progress, Inc.

Revitalizing underutilized retail centers and developing new establishments where none currently exist is an important—and often catalytic—neighborhood improvement strategy. The stores serving neighborhoods—like supermarkets, bakeries, and pharmacies—not only improve the day-to-day lives of residents, but are also important to the local economy. They provide jobs and capture and recycle resident dollars that would otherwise be spent outside the community. In many distressed communities, businesses have closed forcing residents to leave the urban core for their shopping. In Cleveland, city residents spent $1.3 billion in the suburbs in 2000.[209]

CDCs recognize that local shopping resources are critical to neighborhood health and vitality. Across the country they are increasingly seizing opportunities to revitalize commercial corridors by financing and undertaking retail development. Cleveland's Neighborhood Progress, Inc. (NPI), a 20-year old community development intermediary, has become particularly adept at catalyzing retail development. NPI spearheaded two supermarket projects and two shopping center projects in four different Cleveland neighborhoods.

Building on its knowledge of inner city retail development, NPI strategically shifted to commercial real estate development in 2003, leading the Retail Initiative, a collaborative effort to quantify the retail opportunities that existed across the city's neighborhoods. NPI partnered with the city of Cleveland, the Greater Cleveland Partnership, and local business leaders to conduct a "retail opportunities study" assessing the unmet market demand for retail and identifying potential locations for new retail centers. The assessment looked for two types of retail development opportunities: "neighborhood retail centers" that are anchored by supermarkets and "power retail centers" that are anchored by discount stores.

The study found a chronic need for retail in Cleveland. Using a sophisticated market analysis method, NPI identified six potential neighborhood retail center sites and two potential power retail center sites. Since the study, NPI has narrowed its list to two "high opportunity" sites for grocery stores and one for a big box retailer. The organization is now moving from analysis to implementation, making plans to assemble vacant parcels into large sites suitable for retail development and marketing the urban retail opportunities to major developers and local and regional supermarkets.

Two sites—one five-acre site and one 20-acre site—are currently slated for neighborhood retail center developments, and NPI is assisting with the predevelopment work. NPI's Retail Initiative demonstrates how community developers can harness market-based analysis for the benefit of inner city residents.

Pennsylvania's Neighborhood Partnership Program: Matching Corporate Resources to Community Needs

Community organizations often know what needs to be done to catalyze neighborhood revitalization, but lack the financial resources for implementation. At the same time, area corporations often have a desire to contribute to neighborhood improvement, but need guidance for effective investment in community organizations—and less altruistic businesses may require a compelling rationale for community involvement. Pennsylvania's Neighborhood Partnership Program provides the financial incentives and infrastructure needed to bring these local stakeholders together as partners in neighborhood revitalization.

The Neighborhood Partnership Program is an incarnation of the Comprehensive Service Program, a statewide community development financing program created in 1993 to engage corporations in long-term community partnerships. Pennsylvania's governor, the mayor of Philadelphia, the CEO of Tasty Baking Company (a Philadelphia-based company), and the founder of the Allegheny West Foundation worked together to craft the program, which provided corporations with 70 percent state tax credits in exchange for their contributions of up to $250,000 annually, for 10 years, to community-based organizations.

Over its first 10 years, the program supported 20 corporation-community partnerships, half of which were located in Philadelphia. The Philadelphia partnerships totalled approximately $20 million in funding, including cash and in-kind contributions. Community groups leveraged an additional $330 million in public and private money, and as a result, have developed or rehabilitated over 1,600 homes and apartments, trained over 4,000 residents, and brought 61 new businesses and 270 jobs to distressed neighborhoods.

Philadelphia participants collaborated with the Pennsylvania Department of Community and Economic Development, the Governor's Office for Housing and Community Revitalization, and the Philadelphia Neighborhood Development Collaborative (PNDC) to update and enhance the Comprehensive Service Program, renaming it the Neighborhood Partnership Program. The revitalized program is more flexible for corporate partners and has instituted better tools for measuring project progress. Corporations commit to giving a minimum of $50,000 annually for five years, and can receive tax credits for annual contributions of up to $350,000. The partnership is solidified through a written agreement between the corporation and the community organization, which specifies the terms of their relationship. Together, the partners create a Neighborhood Partnership Plan that includes a holistic assessment of community needs, a targeted plan for action, and a method for measuring progress.

PNDC has played a large role in forging the corporation/community connections at the heart of the Neighborhood Partnership Program. Currently, PNDC is marketing the program to corporations with the goal of expanding partnerships in the Delaware Valley region.

Conclusion

Transforming isolated neighborhoods into communities of opportunity is fundamental to achieving regional equity. Savvy community builders are using new strategies that connect neighborhoods to regional opportunities and harness market forces to change the dynamics that have historically kept these neighborhoods from succeeding. To take these innovative practices to scale, sustain neighborhood improvement over time, and ensure that neighborhood change benefits disadvantaged residents, leaders in government, the philanthropic community, and the private sector must collaborate to garner financial resources and advance public policies for regionally-informed neighborhood initiatives.

Photo courtesy of Paul Hart

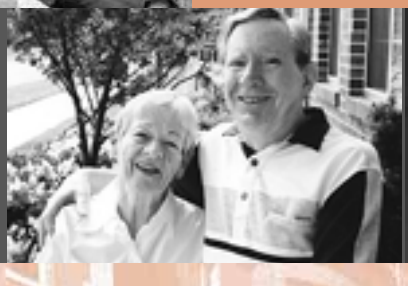
Wired for Inclusion: Philadelphia Community Organizations Partner with One Economy Corporation to Increase Economic and Social Opportunity

The paradox of the digital age is that while technology expands opportunities for many, it exacerbates the disparities between those with access to digital technology and those without. In Philadelphia, a partnership between a national intermediary, the regional United Way, a corporation, and innovative community development corporations makes it possible for families in a very low-income community to own a computer, have wireless high-speed Internet access, and be connected to useful content, training, and support.

One Economy Corporation is a national nonprofit that promotes digital accessibility by bringing technology into the homes of low-income people rather than depending primarily on neighborhood computer labs. An essential component involves the connection of families to necessary information and tools through the Internet, which they can use to build assets and improve their lives. One Economy brought this vision to Philadelphia through the United Way of Southeastern Pennsylvania which believed that neighborhood development groups are well suited to bring digital access to the homes of low-income and minority families. In 2003, the partnership along with Cisco Systems and two community organizations—People's Emergency Center Community Development Corporation (PECCDC) and AchieveAbility—launched the Digital Inclusion Program. This program distributes recycled computers and provides high-speed wireless access, training, and support. To ensure affordability, neighborhood wireless networks were created for PECCDC's and AchieveAbility's target areas.

Families participating in the program use the technology resources to pursue educational opportunities, search for employment, and help their children with homework. The Digital Inclusion program exemplifies of the power of strategic partnerships in bridging the digital divide by delivering computers and Internet access to low-income residents and communities of color so they can achieve the same level of technological literacy as their more affluent counterparts. The prospect of expanding this successful program looks promising since the city of Philadelphia announced plans in October 2005 to build the biggest municipal wireless Internet system in the country.

Multiple forces conspire to prevent the production of affordable homes in stable, opportunity-rich neighborhoods. A range of innovative interventions are overcoming these challenges—enabling new housing construction and "opening up" communities of opportunity.



Action 6

Increase affordable housing choices in opportunity-rich neighborhoods

Context and Overview

While Action 5 highlighted efforts underway to transform distressed neighborhoods into communities of opportunity, Action 6 focuses on how affordable housing strategies and investments can help low- and moderate-income families access already-thriving communities: places with quality schools, employment centers, transit, and other amenities. Indeed, a growing body of social science research demonstrates that supportive neighborhood environments exert positive influences on life outcomes of residents.

Unfortunately, most homes that are affordable to low-income people are concentrated in distressed central city neighborhoods—seriously stifling a pathway to upward mobility. Multiple forces conspire to prevent the production of more affordable homes and apartments in advantageous communities. Across the country, local governments enact land use and zoning policies that regulate the kinds of development that can and cannot occur in their borders. In many instances, these policies preclude housing opportunities for low- and moderate-income people by disallowing rental properties, multifamily housing, and other affordable housing options. Exclusionary land use and zoning requirements can take many forms (e.g., large square footage requirements, large lots, and requirements to set buildings back from the street). They have a cumulative effect of keeping tax revenues high, excluding lower income residents, and perpetuating racial and income segregation in regions. Such land use policies functionally deny whole groups and classes of people access to opportunity-rich neighborhoods, making regulation that enables construction of more affordable housing types critical.

Another challenge to building affordable homes in opportunity-rich areas is that housing revenue streams are often targeted to the most distressed neighborhoods and are difficult to use in higher-

Neighborhood Environments: The Impacts on Life Outcomes for Residents

Does living in a more opportunity-rich neighborhood improve life outcomes for low-income people?

Recent evaluations of the Moving to Opportunity (MTO) demonstration project offer some insights. MTO—originally mandated by Congress and implemented by the U.S. Department of Housing and Urban Development—was a major federal initiative to explore whether living in better neighborhoods can improve the lives of low-income adults and children.

Between 1994 and 1998, thousands of public housing residents in the regions of Baltimore, Boston, Chicago, Los Angeles, and New York participated in the demonstration project. The $70 million program combined Section 8 vouchers (now known as Housing Choice Vouchers) with housing counseling to enable people to "move to opportunity" and assess the effects of moving away from concentrated poverty neighborhoods on families and children. Participants were divided into three groups: one control group, one group that received unrestricted Section 8 rental assistance vouchers, and one group that received Section 8 vouchers useable only in low-poverty neighborhoods as well as counseling in finding a private unit.

The findings suggest that MTO has had substantial positive effects on family mobility and on the housing and residential environments in which they live. Adults experienced a large reduction in the incidence of obesity and a reduction in psychological distress. The number of adults working more than doubled. Research also shows that the AFDC/TANF receipt rates fell by half across the entire sample.

Among the children in these families, girls appear to have benefited from the move in several ways. They experienced improved psychological well-being, reporting lower rates of psychological distress, depression, and generalized anxiety disorder. They also had improved perceptions of the possibility of going to college and getting a well-paid, stable job as an adult.

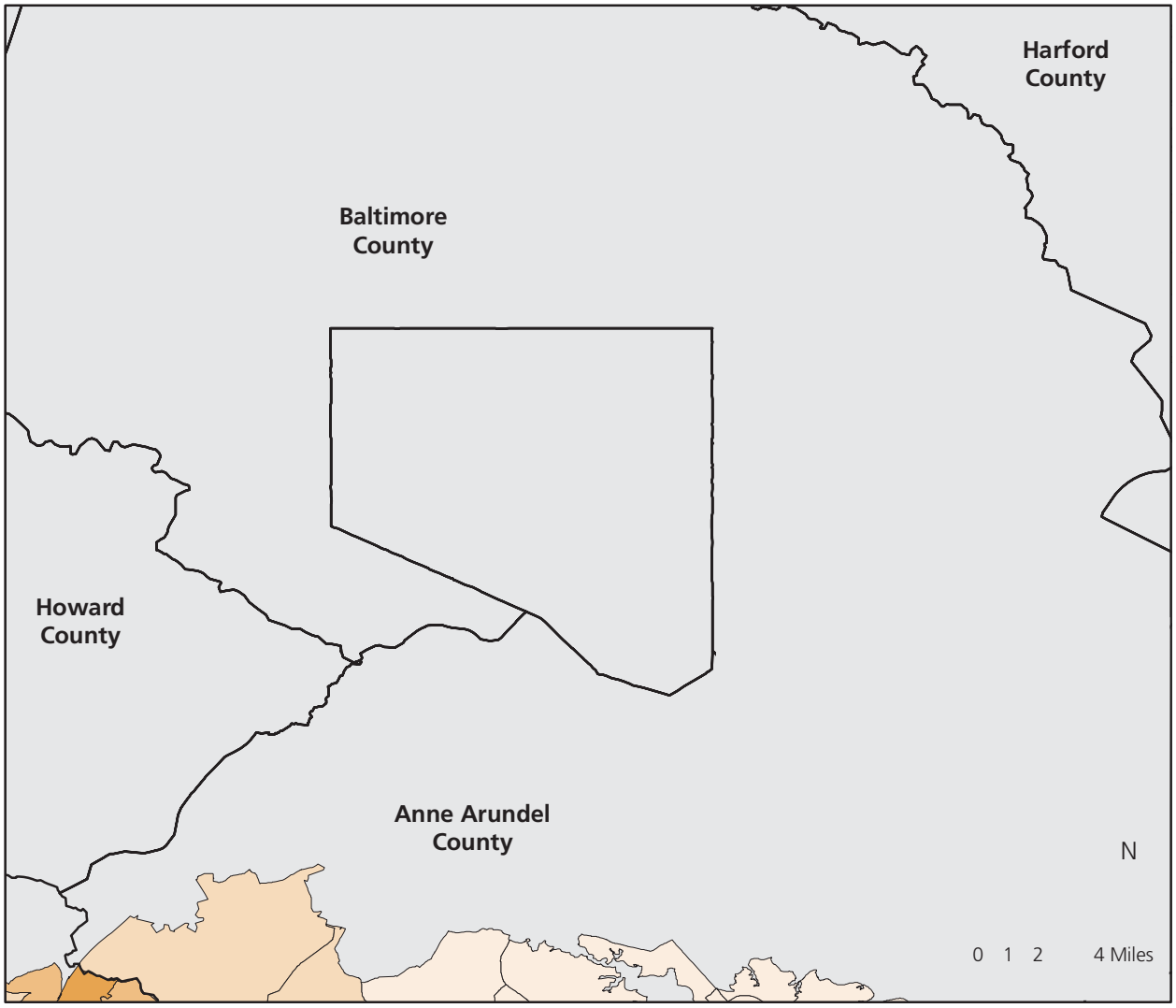
These findings demonstrate the vital role of affordable housing location in improving the life chances of low-income people.[210]

income areas. A recent analysis of the Low Income Housing Tax Credit (LIHTC) program, the largest source of revenue for the construction and rehabilitation of affordable housing in the country, found that 58 percent of LIHTC units are in central city neighborhoods with disproportionate shares of black residents.[211] The map on page 123 illustrates that a similar pattern exists with the distribution of housing choice voucher holders. In the Baltimore region, housing choice vouchers are predominantly used in neighborhoods with high proportions of African Americans, perpetuating racial segregation in the region. While it seems rational to invest public housing dollars in communities with the greatest number of residents in need, this practice often reinforces regional concentrations of wealth and poverty.

Residential discrimination and racial steering also persist. A recent test of how people of different races/ethnicities are treated by parties selling or renting housing reveals that discrimination, while lower than a decade earlier, is still significant. African Americans remain substantially more likely to be told that housing in predominantly white neighborhoods is not available or preemptively steered to neighborhoods with lower percentages of whites.[212]

MAP 5.

Housing Choice Vouchers in the Baltimore Region by Percent African American



Source: Housing Agency of Baltimore City, 2003 and U.S. Census Bureau, SF3, 2000
Provided by Rolf Pendall, Department of City and Regional Planning, Cornell University

In the Baltimore region, housing choice vouchers are disproportionately utilized in neighborhoods that are predominantly African American. This perpetuates racial segregation in the region and is counter to the goals of the voucher program to create greater resident mobility and housing choice.

- Section 8 Housing Voucher Recipient
- Baltimore City
- Counties

Percent African American by Census Tract, 2000

- 0 to 11%
- 12 to 28%
- 29 to 54%
- 55 to 81%
- 82% or more

Opening up communities of opportunity requires a range of interventions—litigation, land use reform, resource reallocation, and innovations on the part of local developers and public officials. Promising local, regional, and state efforts are underway in the five case study regions and elsewhere to create more affordable housing options in opportunity areas. Key strategies include the following.

Dismantle Exclusionary Land Use Policies. State and local policies are important targets for overcoming the barriers to the development of affordable housing. Two promising policy approaches are: 1) local inclusionary zoning ordinances, which encourage or require developers of new housing to make a percentage of units affordable for low- and moderate-income people; and 2) state fair share strategies, which require all localities within a state to plan for and accommodate the housing needs of everyone, including low- and moderate-income people.

Develop "Opportunity Housing" Revenue Streams. A growing number of states are experimenting with aligning public revenue streams in a manner that helps disadvantaged residents gain access to housing located near key regional resources such as transit stations, job centers, quality schools, and neighborhood amenities like grocery stores.

Creative Practices by Nonprofit Developers. In some areas, innovative community development corporations are overcoming the obstacles to affordable housing production in opportunity-rich neighborhoods by using creative financing strategies, litigating against public agencies that reject project proposals, building coalitions, and launching campaigns to counter local opposition to new developments.

Dismantle Exclusionary Land Use Policies

Communities across the country are employing a range of land use policies to encourage or require the development of homes and apartments affordable to a range of incomes. Both state and local governments have important roles to play in enacting these changes. In some instances, state governments utilize an incentive-based or mandate-based approach. In other instances, local jurisdictions use their land use and zoning authority to promote more inclusive communities. In this section, we review two examples: state fair share strategies and inclusionary housing ordinances.

Housing Elements in California: Creating an Enabling Environment for Housing Advocacy

Over the past thirty years, state fair share housing strategies have promoted the production, and more equitable distribution, of affordable housing across regions. Fair share programs allocate to each city within a region a certain number of housing

The Chain of Exclusion

A study of 1,100 jurisdictions within the 25 largest metropolitan areas demonstrates that low-density zoning consistently reduces the availability of rental housing. The resulting shortage limits the number of African Americans and Latinos in those communities. The report found that jurisdictions with low-density-only zoning are disproportionately located in five regions—among them, Cleveland, Philadelphia, and Pittsburgh—and that those same areas also suffer from disproportionately high levels of segregation.[213]

units that should be affordable to low- and moderate-income families. Fair share housing programs take many forms and have been adopted in states with diverse housing markets like California, New Jersey, and Oregon. While having a state fair share plan does not necessarily lead to a more equitable distribution of affordable housing, such plans create an enabling environment for additional housing strategies.

California has one of the nation's oldest fair share housing policies. Under the state's housing element law, localities must prepare comprehensive plans to guide development within their borders. These plans must include housing elements that articulate specific mechanisms to accommodate housing need across the income spectrum. Regional councils of governments allocate to each city and county in the state a specific number of new housing units that must be planned, and divided into four income categories (very low, low, moderate, and above moderate). Housing elements must be updated every five years and localities must submit their plans for review and approval by the state.

While the law does not require cities and counties to build new homes themselves, their housing plan must do the following.

- Establish housing programs and policies—from rent control to funding developments—that encourage affordable housing for people of all incomes and those with special needs.
- Demonstrate sufficient land zoned for multi-family housing to build all of the homes needed for lower income families.
- Reduce obstacles to housing development such as density limits, excessive requirements for parking spaces, and community opposition.
- Describe how they will use available funding for affordable housing.[214]

Over the years, critics have highlighted numerous lapses in localities' compliance with their housing plans, and the lack of meaningful enforcement mechanisms at the state level (see text box, page 126). Nonetheless, California's housing element law—and the process of updating and certification that occurs every five years—provides an important opportunity for communities across the state to assess their housing situations and plan for meeting the needs of their residents.

In 2001, while local jurisdictions in Northern California were updating their housing elements, advocates launched the Fair Share Housing Campaign. Spearheaded by the Non-Profit Housing Association of Northern California, the Nine County Housing Advocacy Network, and the Greenbelt Alliance, the campaign set out to do three things.

- Educate cities and residents about workable solutions to the affordable housing shortage and provide successful development examples to jurisdictions lagging in affordable housing production.
- Incorporate effective development strategies into revised local housing elements and design enforcement measures.
- Involve more residents and organizations in long-term local and regional housing advocacy.[215]

The campaign released a Bay Area Housing Crisis Report Card that brought public attention to cities that were making strides toward increasing the production of affordable housing, and those that were failing to do so. The report card graded each city on public participation in the housing element process, identification of sites for multifamily housing, mixed-use and transit oriented development approaches, and available funding for affordable housing.[216] The report found that 72 percent of Bay Area governments were failing to take even the most basic steps to address the region's affordable housing shortage.[217]

The campaign garnered significant media attention, exerted pressure on local governments, and fueled a surge in resident engagement and local advocacy around housing issues. A number of cities in the region subsequently asked the coalition for help in researching and implementing a variety of affordable housing projects and strategies. Several community organizations also convinced their local governments to study or adopt inclusionary zoning ordinances.

Housing element legislation has been an important tool for advocacy efforts in California, providing numerical benchmarks for localities and advocates, and an enabling environment for policies like inclusionary zoning. The Fair Share Housing Campaign created a focal point for housing advocacy efforts in the Bay Area, strengthened existing relationships, and forged new alliances, bringing together groups that had not traditionally worked together, but whose interests overlap.[218]

Inclusionary Zoning in Greater Baltimore

Local jurisdictions across the country are increasingly using inclusionary zoning to connect the production of affordable housing with broader market rate residential housing development. Inclusionary zoning (IZ) encourages or requires developers of new housing to include a percentage of units affordable to low- and moderate-income people. In return, inclusionary zoning reduces developer costs through benefits like including density bonuses, zoning variances, and expedited permits. IZ typically works in communities with strong or growing housing markets. Many of the suburbs of the five case study cities exhibit these characteristics, and inclusionary zoning is an excellent strategy to ensure housing opportunity in these communities.

One example of an emerging IZ effort is a campaign in the Baltimore region coordinated by the Citizens Planning and Housing Association, the faith-based organizing group BRIDGE,[219] the Innovative Housing Institute (IHI), and a local

Adding "Teeth" To California's Housing Element

An ongoing critique of California's housing element law is that there are no meaningful penalties for local noncompliance. As of 2002 only 51 percent of cities and counties in California had housing elements that were in compliance with state planning requirements.[220]

If a jurisdiction is not in compliance, its eligibility for state and federal affordable housing funds is curtailed, which is certainly not a punishment for communities seeking to exclude affordable housing. Furthermore, the enforcement burden rests predominantly on the shoulders of affordable housing advocates, who historically have had to take legal action when an affordable housing project is threatened with denial or unreasonable conditions. These challenges are commonplace since, even after producing a plan and zoning land for higher density, nothing compels the locality to grant permission to build. Critics charge that evaluating compliance is especially difficult since localities are not required to track actual production of affordable housing.[221]

Periodically, state officials and housing advocates propose stronger sanctions for communities that are not in compliance. Senate Bill 910, which passed the state senate in 2001, but later died in assembly, would have required that the state controller fine noncompliant cities and counties.[222]

network of affordable housing advocates. The coalition is working to establish IZ in all of Baltimore city's surrounding counties. They are beginning with Anne Arundel and Howard counties, where median housing values in 1999 were 118 percent and 150 percent of the regional median.[223] Nearby jurisdictions in the Washington, D.C., region have utilized inclusionary zoning for as long as 30 years to produce more than 15,000 units of equitably distributed affordable housing.[224]

From fall 2003 through summer 2004, more than 200 community leaders, government officials, developers, and housing advocates from the Baltimore region participated in coalition-led tours of mixed-income developments created through Montgomery County, Maryland's landmark IZ program. Participants' observations and concerns are shaping specific policy proposals for the Baltimore region. Recognizing the importance of cultivating support among local housing advocates and community groups, IHI provided technical assistance to local sponsors of inclusionary zoning legislation in Anne Arundel County, including meeting with developers to review the economic implications of a proposed ordinance. Recently, as real estate prices in some Baltimore City neighborhoods have risen sharply, the coalition has begun to advocate for an inclusionary housing policy in Baltimore City that would take into account the varied nature of the city's housing market, where some neighborhoods are booming and others remain weak or declining.

Encouraging Local Approval of Affordable Housing Projects through a State Appeals Process

Passed in Massachusetts in 1969, Chapter 40B of the state's land use code allows local zoning boards to approve projects of greater density than normally allowed if the development includes an affordable housing provision.[225] If localities deny approval for such projects, developers may appeal to a state authority that has the ability to override the local decision.

Rather than calculate housing need, Chapter 40B seeks to determine whether a community has met its fair share of the region's affordable housing. If 10 percent of a community's housing stock consists of local, state, or federally subsidized housing,[226] Chapter 40B does not apply.[227] If less than 10 percent of the housing stock is considered affordable under 40B, affordable housing developers can override local zoning laws. Because of its intended purpose, 40B has become known throughout Massachusetts as the "anti-snob zoning law."

Chapter 40B also created a streamlined, expedited permitting process for developers of subsidized affordable housing. If the application is denied by the local Zoning Board of Appeals (ZBA), the builder can appeal to the state-level Housing Appeals Committee (HAC), and the locality must justify its decision. The ability of builders to appeal to a state agency helps deter localities from enacting exclusionary zoning policies. Though the statute is under constant attack by developers and local officials, many have come to rely on 40B as a method for creating affordable housing in otherwise reluctant communities. Watchdog efforts led by the Citizens' Housing and Planning Association (CHAPA), other housing advocates, and the development community, have kept 40B alive in the face of concerted efforts to weaken or repeal the measure.

Since 1970, 40,000 units have been approved under Chapter 40B. Many result from agreements reached in local negotiations under the threat of HAC appeal, but without the necessity of appeals themselves. Two-thirds of the resulting units are affordable to low- and moderate-income people.[228]

The Home Equity Participation Program:

An Innovative Tool to Help Working Families Buy Homes

While home values in the city of Baltimore are low compared to those in the region, homes in certain neighborhoods are appreciating rapidly. For example, while citywide appreciation rates were 12 percent between October 2003 and October 2004, the Patterson Park neighborhood in the southwest part of the city experienced 28 percent appreciation. In such neighborhoods, homeownership has moved beyond the means of working families (defined as those who have household incomes at or below 80 percent of the regional median). In 2004, working families faced a $155,000 gap between the average home price and what they could afford.[229]

To help working families overcome this barrier to homeownership in southwest Baltimore's neighborhoods, the Faith Fund (a Baltimore CDFI) launched the Home Equity Participation Program. This initiative is centered around an innovative home equity finance product—Home Equity Participations (or HEPs)—that enables qualified homebuyers to finance homes they could otherwise not afford. A HEP is a second mortgage that picks up where a first mortgage leaves off and can finance up to 20 percent of the home purchase price.

The Faith Fund's Home Equity Participation Program is an excellent example of an innovative financial tool that can build wealth for families and help foster mixed-income, stable neighborhoods.

Develop Opportunity Housing Revenue Streams

Another mechanism for increasing affordable housing in advantageous neighborhoods is to apply opportunity housing criteria—such as locating affordable homes and apartments close to transit, new employment centers, and schools—to public revenue streams that fund affordable housing production. By attaching requirements to important capital streams like the Community Development Block Grant Program, Low Income Housing Tax Credits, housing trust funds, and local/state housing bonds, government can more strategically situate lower income families near regional opportunity.

Communities across the country are experimenting with aligning affordable housing revenue streams with opportunity housing. This is often a politically tense endeavor. Advocates and residents of disinvested neighborhoods may resent housing investment in opportunity-rich areas, concerned that such initiatives will siphon scarce resources from already-neglected communities. At the same time, the current lack of affordable housing investment in advantageous neighborhoods is problematic since it reinforces—rather than reverses—existing patterns of racial and income segregation.

This section reviews examples of how Wisconsin is allocating Low Income Housing Tax Credits based on opportunity housing criteria and examines recent Illinois legislation that provides economic incentives to landlords in advantageous neighborhoods who accept housing voucher holders. Although more analysis, research, and policy experiments are needed to better understand the long-term social and economic equity outcomes of such endeavors, they represent promising approaches.

Building Affordable Housing Where Job Growth is Occurring: Wisconsin's Low Income Housing Tax Credit Program

It takes concerted and prolonged effort on the part of community groups and housing advocates to create the kind of state-level, institutional change that connects housing construction to job growth. The Wisconsin Housing and Economic Development Authority (WHEDA) assumed the challenge to generate more affordable housing in areas of the state that have robust employment opportunities. WHEDA examined their Qualified Allocation Plan (QAP),[230] which guides the distribution of Low Income Housing Tax Credits, in the hopes of modifying it to be more strategic in locating affordable housing near job centers.

Under federal guidelines, most states' LIHTC allocation plans are required to favor certain projects, including those located in the lowest-income areas, which are called "qualified census tracts."[231] With research and technical assistance from the Kirwan Institute for the Study of Race and Ethnicity, WHEDA developed strategies to identify job opportunity areas and boost the scores of tax credit applications for projects in those areas.

Through a rigorous research and data analysis process, the Kirwan Institute and WHEDA settled on a formula that uses Census data to determine areas of job growth. The change, implemented in the 2005 allocation plan, awards extra points to projects located in zip codes with at least one or two percent job growth within the two-year time period, or 50 jobs, whichever is greater. While the bonus points awarded to projects in job-growth areas are modest, they are an important step toward reorienting housing resources to create greater access to job opportunities.[232]

Over time, Wisconsin's approach will help create more affordable housing wherever there are jobs—in more affluent, suburban areas and in revitalized downtowns and urban neighborhoods. In Wisconsin, for example, Madison, Racine, and parts of Milwaukee have vibrant downtown neighborhoods, and LIHTC projects in those areas receive extra points.[233]

The Housing Opportunity Tax Incentive Act: Helping Low-Income Residents of Illinois Access Quality Affordable Homes

Enacted in January 2004, the Housing Opportunity Tax Incentive is an Illinois state law that seeks to make it easier for housing choice voucher families to move to good neighborhoods near jobs and quality schools.

The Housing Choice Voucher Program (HCVP, formerly known as Section 8) is a rental assistance program that allows low- and extremely low-income families to reside in privately-owned rental housing. Local public housing authorities, under contract with the federal government, administer HCVP. Participants generally contribute 30 percent of their monthly income toward housing costs and the voucher program covers the difference, up to a locally defined standard. The program seeks to reduce the probability that families will live in the most economically and socially distressed neighborhoods by allowing them to choose private market rentals. But the reality is that housing choice vouchers are disproportionately used in distressed neighborhoods.

To increase the use of vouchers in opportunity areas, Illinois created an economic incentive to encourage landlord participation in the program. The law applies only to "housing opportunity areas"—communities with high job growth, a strong economic base, and a poverty rate of less than ten percent. To avoid the concentration of poverty, a maximum of two units or 20 percent of all units can qualify for the incentive on any single

property. A jurisdiction may be exempt if more than 2.5 percent of its housing stock is already occupied by voucher tenants. The incentive provides the landlord with an annual per-unit tax savings that is approximately the equivalent of one month's rent ($500 to $900).[234]

Early reports about the Housing Opportunity Tax Incentive indicate a positive response from landlords and the realtor community. Local officials estimate that 2,000 landlords used the program in the first year, with increased participation in 2005.[235]

Creative Practices by Nonprofit Developers

For decades, nonprofit developers have built affordable housing for working families and the elderly. A growing number of CDCs are shifting their development practices to build affordable housing in neighborhoods that offer residents opportunities like good schools and job centers. Nonprofit developers in Rochester and Baltimore are making great strides to connect residents to these opportunities and, in the process, overcoming significant hurdles such as restrictive zoning and community opposition.

Massachusetts and California:
Equitable Changes to Low Income Housing Tax Credit Allocations

The Low Income Housing Tax Credit program is the country's largest source of funding for low-income housing. Yet the federal initiative has been criticized for concentrating affordable housing in distressed and disinvested neighborhoods. By applying regional equity criteria to LIHTC allocation strategies, states may begin to address the issue of segregated housing from the finance angle. California and Massachusetts promote mixed-income communities across regions by leveraging the use of LIHTCs to create more affordable housing in opportunity-rich areas.

In California, LIHTC allocation criteria prioritize housing projects that advance smart growth and equity principles, including the following.

- Proximity to transit (e.g., part of a transit oriented development, within one-quarter mile of a transit or rail station, or within one-third mile of a bus stop with regular service).
- Near public amenities such as parks or community centers.
- Near a grocery store that sells fresh meat, fresh produce, and other staples.
- Accessible to public elementary or middle schools.[236]

In June of 2003, the Massachusetts Housing Finance Agency adopted ten guiding principles for its LIHTC program, including the following regional equity principles.

- Prioritizing the revitalization of older communities.
- Increasing job opportunities and access.
- Locating new development near transit.
- Fostering the provision of multifamily housing to expand housing opportunities for everyone.[237]

Nonprofit Developer in Rochester Overcomes Fierce Local Opposition to Mixed-Income Communities

Housing Opportunities in Rochester, New York, is a nonprofit developer that works to make balanced affordable housing a reality throughout the region. Recognizing that simply building affordable housing in prosperous suburban neighborhoods is often not enough to create access to regional opportunity for urban, minority, and low-income residents, Housing Opportunities markets its available housing units to central city residents while consciously working for a racially diverse population of tenants. The nonprofit provides a year or more of support to urban residents as they transition to suburban life, including frequent staff contact, counseling, after-school or day care programs for children, and other services.[238]

Housing Opportunities faces the same challenges of many CDC's attempting to build affordable family housing in suburban areas: fierce neighborhood opposition, a dearth of property tax breaks in comparison to center city areas, and exclusionary zoning. The developer has been able to provide suburban units at prices affordable to very low-income renters primarily through creative leveraging of funding sources. Layering housing choice voucher assistance onto LIHTC and HOME-supported developments provides subsidies deep enough to accommodate the lowest income brackets.

Anthony Square development, 45 units of affordable rental housing located in the city of Rochester, NY.
Photo courtesy of Tim Wilkes for Housing Opportunities

Housing Opportunities has successfully overcome vehement local opposition to affordable multifamily housing in the suburbs of Rochester. In 2001, Housing Opportunities proposed a 32-unit rental development in Livonia, a Livingston County suburb just south of Rochester, and also received funding from the New York State Division of Housing and Community Renewal to develop townhouses targeted to buyers with incomes between 40 and 60 percent of the Livonia area median family income.

The CDC navigated an unusually extensive local planning board review process, including a requirement to show how residents from outside the area would impact Livonia residents and the environment. Adjacent property owners organized community opposition to the development proposal. The site plan review process dragged on for almost a year—and after months of negotiation, the planning board rejected Housing Opportunities' analysis and substituted its own impact statement. After a series of lawsuits, Housing Opportunities gained the right to build and the 32-unit development is currently under construction. The legislation has set a precedent in the state, and Housing Opportunities hopes its willingness to pursue this development will smooth the path for affordable housing developers in the future.[239]

Homes for America Takes a Comprehensive Approach to Building Mixed-Income Communities

Homes for America (HFA), a nonprofit housing developer working in suburban Baltimore and other mid-Atlantic communities, focuses on creating greater housing opportunity for low- and moderate-income families. Their mixed-income community development work goes beyond physical construction to providing resident services that enrich neighborhoods and helping newcomers transition to their surroundings. HFA also offers technical assistance and training to community organizations

and government housing agencies. The group has completed 43 developments totaling 2,000 units, with particular focus on developing affordable rental housing where it is lacking.

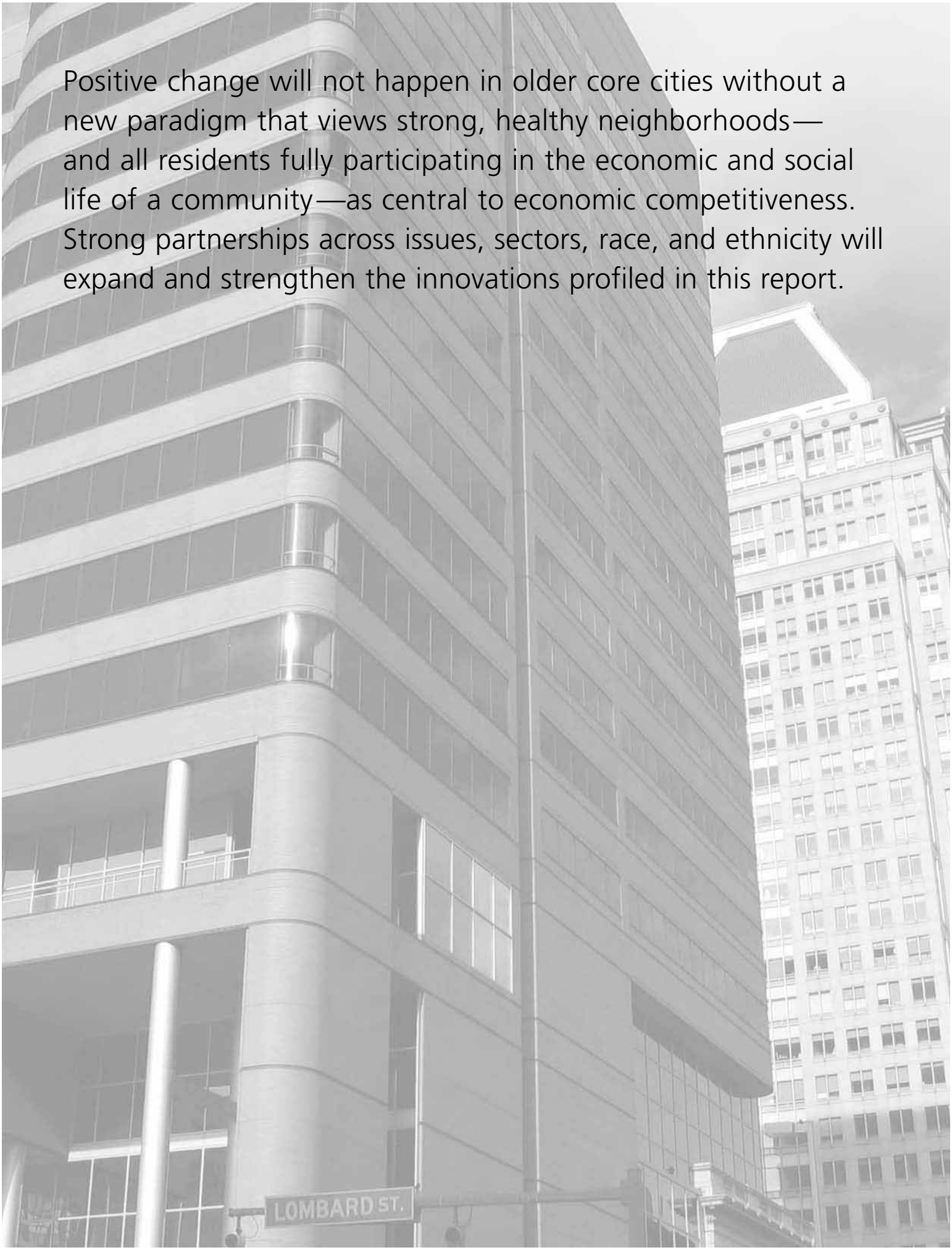
HFA has faced challenges to multifamily housing, particularly in Maryland, where most communities require local approval for affordable housing developments. Neighborhood opposition is a serious issue: a yes or no vote of the local legislature, can make or break the deal. HFA's Foxfield project is an example of fierce community resistance to affordable housing. Located at the edge of the city limits of Salisbury, Maryland, in a neighborhood where jobs and housing values are on the rise, the project includes 112 units. Although the Foxfield site was already properly zoned, local residents contested HFA's development plan. Homes for America told the city council that a "no" vote on the project would be a clear example of discrimination and capitulation to local opposition, as the site had previously been zoned for elderly housing at even higher densities. Facing a possible lawsuit, the council approved the project.[240]

The hurdles overcome by Homes for America are common to other developers and CDCs seeking to build affordable housing in opportunity-rich communities.

Conclusion

Housing is a lifeline to opportunity. Opening up communities of opportunity will require innovative solutions. As these examples demonstrate, achieving effective housing policies and projects takes flexibility and endurance. To succeed, organizations often need to build partnerships and coalitions that have the capacity to navigate complex land use laws, develop and implement advocacy strategies, inform leaders and constituencies, and provide training and technical assistance for effective campaigns.

Photo courtesy of Getty Images



Positive change will not happen in older core cities without a new paradigm that views strong, healthy neighborhoods—and all residents fully participating in the economic and social life of a community—as central to economic competitiveness. Strong partnerships across issues, sectors, race, and ethnicity will expand and strengthen the innovations profiled in this report.

The Way Forward

The strategies and policies highlighted in *Part II: Agenda for Action* ensure that all residents participate and prosper from regional growth and development. Advancing equitable revitalization in older core cities encompasses a range of strategies: urban community developers engaging their suburban counterparts on commercial revitalization; business leaders partnering with community groups to improve regional transportation infrastructure; legislative advocacy at the local and state level; regulatory and administrative changes by public agencies; and grassroots organizing to hold regional agencies accountable and build resident voice.

This action agenda represents an integrated approach to revitalizing communities. It cuts across bureaucratic silos and encourages holistic thinking and practices. Local stakeholders will need to determine the right creative combination of strategies for their communities, as well as the appropriate staging and packaging to form a coherent and organized approach.

As stakeholders in older core cities and their regions utilize this report to determine specific policy and program agendas, there are several guiding principles to consider that will maximize impact.

Build a Belief System

Positive change will not happen in older core cities without a new paradigm that views strong, healthy neighborhoods—and all residents fully participating in the economic and social life of a community—as central to economic competitiveness. To achieve sustainable progress, this new belief system must be wholly embraced by leadership across sectors.

As illustrated by the models in this report—from workforce training programs in Cleveland and Detroit that strengthen regional growth industries, to strategies in East Baltimore that link neighborhood revitalization to the emerging life sciences

industry—older core cities can effectively capitalize on economic growth to build an inclusive region.

Stakeholders must also adopt an asset-based view of older core communities. This report's five case study communities have economic, social, physical, and human capital that can be harnessed for equitable growth. Leveraging fundamental assets—anchor institutions, unique neighborhoods with cultural and historical resources, willing workers, and strong local institutions—will maximize the impact of revitalization efforts. Focusing on the assets, rather than the deficits, of older core cities can spark lasting and sustainable change.

Create a Climate for Positive Change

Creating a climate where positive change feels possible—and paramount—is an important component to revitalizing older core cities. This requires ongoing, sustained regional dialogue to help diverse stakeholders build a shared appreciation for the problem, study possible solutions, and identify issues of common cause. Many individuals and organizations can be powerful allies in the quest to build more equitable and strong communities and regions—if they are meaningfully engaged. Too often, voices that represent urban and minority communities are not present at regional discussions. True change requires an inclusive process. This is why, for example, the Michigan Land Use Funders Group provided money to ensure that organizations representing urban and minority interests, such as the NAACP, could participate in the statewide, bipartisan Michigan Land Use Leadership Council.

It is also essential to cultivate dedicated constituencies to advocate for the innovations compiled in this report. There are many different approaches to building public and political will for more equitable and balanced patterns of growth and development. Some of the organizations highlighted in this report—like MOSES in Detroit—are focused on community organizing to build political power for lower income residents. Other initiatives, such as Sustainable Pittsburgh's transportation reform agenda, are focused on public education, media strategy, and other activities that seek to persuade decision-makers to invest in regional equity approaches.

Develop Strong Partnerships That Reach Across Issues, Sectors, Race, and Ethnicity

All stakeholders play a critical role in building a region where all residents participate and prosper. From housing advocacy groups seeking to dismantle exclusionary land use practices, to labor leaders working for sustainable health sector wages in Baltimore, to private developers engaging in comprehensive and catalytic neighborhood revitalization efforts in St. Louis, diverse stakeholders are working to achieve equitable and inclusive regions.

Strong partnerships across issues, sectors, race, and ethnicity will expand and strengthen the innovations profiled in this report. Leaders from all sectors must reach beyond their comfort zones to form partnerships with new, unlikely colleagues. Uncommon alliances—such as the collaboration between the primarily white inner-ring suburb of Grosse Pointe Park and the primarily African American city of Detroit, as well the growing number of inner-ring suburban coalitions in places like Ohio and Michigan—must increase in size and frequency. For this to happen, stakeholders need to move beyond polarizing and divisive stereotypes of each other, and conventional tensions like "market versus community," and strive for common ground to effect true, lasting change. Rebuilding older core communities into centers of prosperity and opportunity requires frank, focused, and sustained conversations about race and class that effectively address deep-rooted issues of inequity in America.

Action for Regional Equity

In communities across Massachusetts, families at different income levels are finding it hard to find affordable housing, maintain decent employment, and feel secure about the environmental safety of their neighborhoods. Urban and suburban commuters alike are faced with a transportation system that does not adequately address their needs. The gap between the wealthy and poor grew dramatically during the 1990s and continues to expand. Polices that could improve equity outcomes for communities are not effectively enforced and inadequate cooperation across jurisdictions makes addressing regional issues extremely difficult.

Action for Regional Equity (Action!) is a coalition of 19 organizations that was formed to address the disparities in affordable housing, transportation investment, and environmental justice facing the Commonwealth. Facilitated by PolicyLink, the coalition was formalized in May 2003, following the release of a seminal research report, *Promise and Challenge: Advancing Regional Equity in Greater Boston*.[241]

Action! members include representatives of both community and statewide organizations and it has provided an ongoing forum for stakeholders concerned with economic and social equity to build common ground, investigate the intersection of issues, and build momentum for policy change. After a year of providing public comment on numerous Massachusetts bills, in 2005 Action! began working on legislation of its own that would track the state's investment in affordable housing and provide a baseline for future equity initiatives to address ongoing segregation in Massachusetts. Action! also worked to restore crucial elements of the Commonwealth's rental voucher program—a fundamental protection for low-income families. In 2006, Action! will focus on ensuring that transit oriented development is equitably implemented. The strengthening of relationships between urban core communities and their suburban counterparts is essential to achieving regional equity.

Work Smarter with the Resources at Hand While Also Creating New Ones

The models profiled in this report illustrate a range of resource and investment implications. Some initiatives require no additional funding, some redirect existing resources, and some focus on developing new revenue streams. There are four distinct categories of resource requirements.

- Administrative, regulatory, or land use strategies that do not require a resource outlay (e.g., a zoning change that promotes more affordable homes or apartments in opportunity-rich neighborhoods).
- Strategies that redirect existing resources (e.g., investing in transit versus freeways or targeting existing economic development subsidies to distressed communities).
- Mechanisms that leverage private resources (such as partnerships with anchor institutions for neighborhood revitalization).
- Programs and policies that require new resources, but in the long run will generate revenue or result in cost savings (e.g., raising the incomes of low-wage workers that ultimately allows less social safety net reliance, or land reclamation that yields future tax revenues).

Those working to promote more equitable and inclusive regions can work smarter with the resources at hand and seek significant new (or redirected) resources to support the types of policies and programs examined in this report. It is also important to work across bureaucratic silos coordinating and systematically organizing investments and programs to maximize impact.

Revitalizing Older Core Communities: The Role of Statewide Coalitions

Recognizing that the needs of older core communities cannot solely be addressed by individual jurisdictions, a growing number of coalitions focus on state level changes to create a more supportive policy and investment environment.

Greater Ohio: A Campaign for Ohio's People, Land, and Prosperity is a statewide network of organizations and individuals united to promote state land use and development policies that revitalize existing cities and towns, strengthen regional cooperation, and conserve Ohio's productive farmland and natural resources. Greater Ohio is organized as a three-year campaign focused on public education and grassroots advocacy, with offices in Cincinnati, Columbus, and Cleveland. Greater Ohio is working to enhance the quality of life and economic opportunity in all neighborhoods and communities, guided by the following values.

- Ensure that new development—economic growth, tax base, jobs—benefits all communities across regions in Ohio.
- Provide attractive neighborhoods throughout all regions in Ohio where people can afford to live.
- Seek alternatives to funding schools through local property taxes.
- Create safe streets for everyone's use—pedestrians, cyclists, drivers.
- Provide convenient transit and other transportation options to help people get where they need to go.
- Reduce the isolation of the elderly, minority populations, and low-income people and improve economic opportunities for all.

The Campaign to Renew Pennsylvania (Renew PA) is a statewide coalition of organizations and individuals working to renew Pennsylvania's effective government, improve quality of life in established communities, and increase economic competitiveness. The campaign was launched in 2005 by 10,000 Friends of Pennsylvania, an organization committed to promoting land use policies and actions that enable Pennsylvania to strengthen its diverse urban, suburban, and rural communities and reduce sprawl. Renew PA formed in response to the Brookings Institution's report, *Back to Prosperity: A Competitive Agenda for Renewing Pennsylvania,* that articulated how unbalanced development patterns undermine the state's competitive advantage. Renew PA includes a network of national and local foundations, leaders of private industry, government, and nonprofit organizations.[242]

Seize Political Opportunities at All Levels of Government

Reforming policies and investments at every level of government—city, regional, state, and federal—can effectively advance the equitable revitalization of older core cities. While all levels of government are important, reductions in federal assistance and devolution have rendered older core cities increasingly reliant on their state governments at a time when cities have lost political strength in state legislatures. Therefore, building statewide coalitions and campaigns that prioritize the needs of older, established communities (such as the recently formed Campaign to Renew Pennsylvania and the Greater Ohio Campaign, see page 138) are critical.

Foster Diverse Leadership, New Capacities, and a Supportive Infrastructure

Inclusive community revitalization involves leadership that is diverse, skilled, and capable of working in many different environments. Supporting and cultivating such new, bold leadership requires the active involvement and collaboration of communities, foundations, and the public and private sectors. Private sector leaders must understand the necessity for political and economic change and the complexity of community dynamics. Neighborhood leaders must pursue community change strategies in a regional context. Community organizations need to build their capacity in planning, land use, fiscal, and related issues to join regional growth and development discussions.

Training, technical assistance, networking opportunities, and research are essential to older core city revitalization efforts. Fortunately, in the five case study regions, as well as nationally, many sophisticated organizations offer expertise to help advance the promising models reviewed in this report. For example, organizations such as the Reinvestment Fund (Philadelphia) and the Michigan Land Use Institute are important data and technical resources. National organizations such as the Gamaliel Foundation provide critical networking opportunities for local grassroots organizing groups like BRIDGE and MOSES.

The way forward is not without challenges—but as the examples in this report make clear, there is enormous potential for moving America's older core cities toward economic competitiveness and sustainability. To realize this promise, leaders must recognize the central role that cities play in the success of the entire region and take action to ensure that everyone in the region has the opportunity to participate and prosper.

Photo courtesy of Christine Balderas

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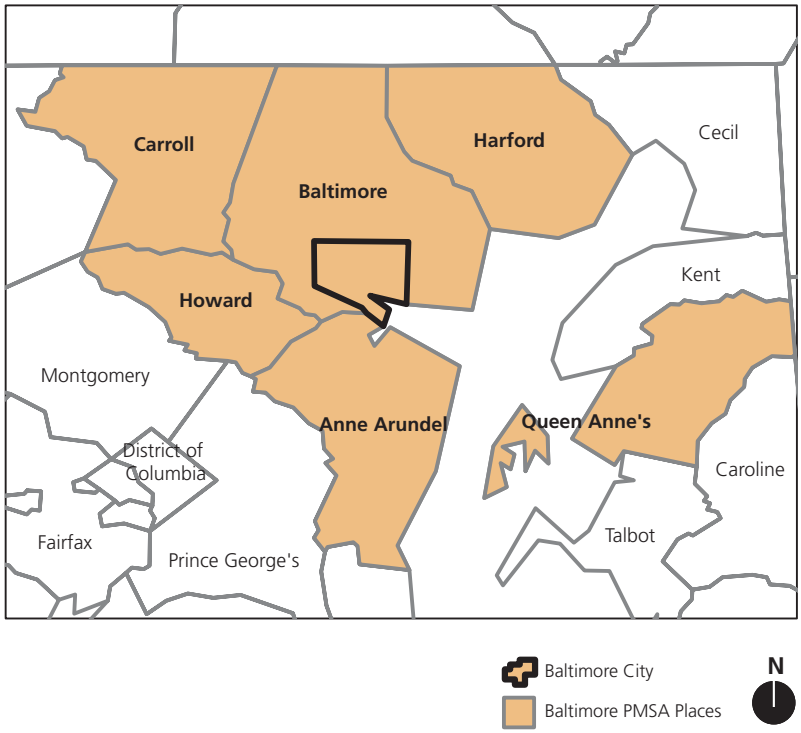
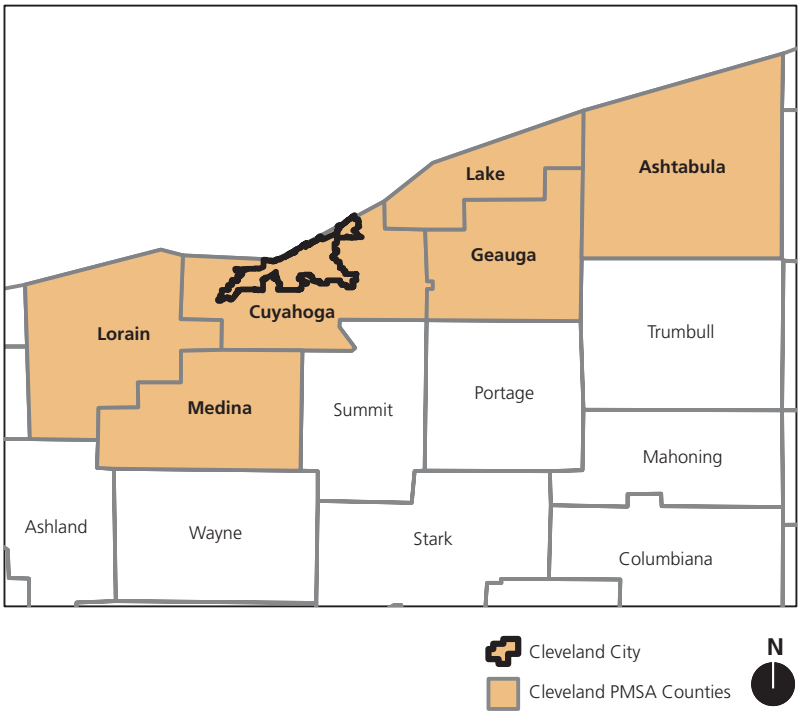
Appendix A

Maps of Case Study Cities and Regions, 2000

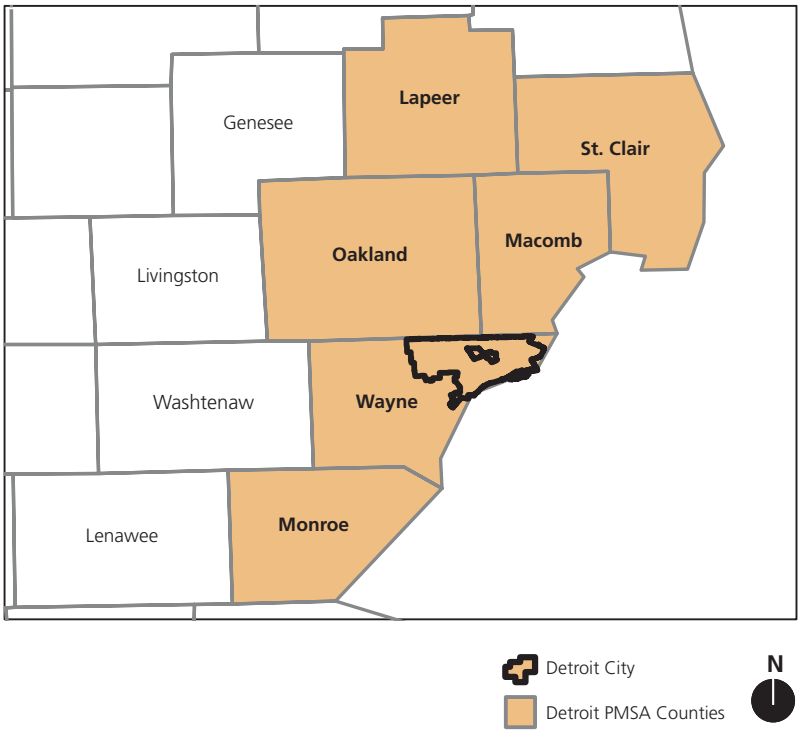
Baltimore Region



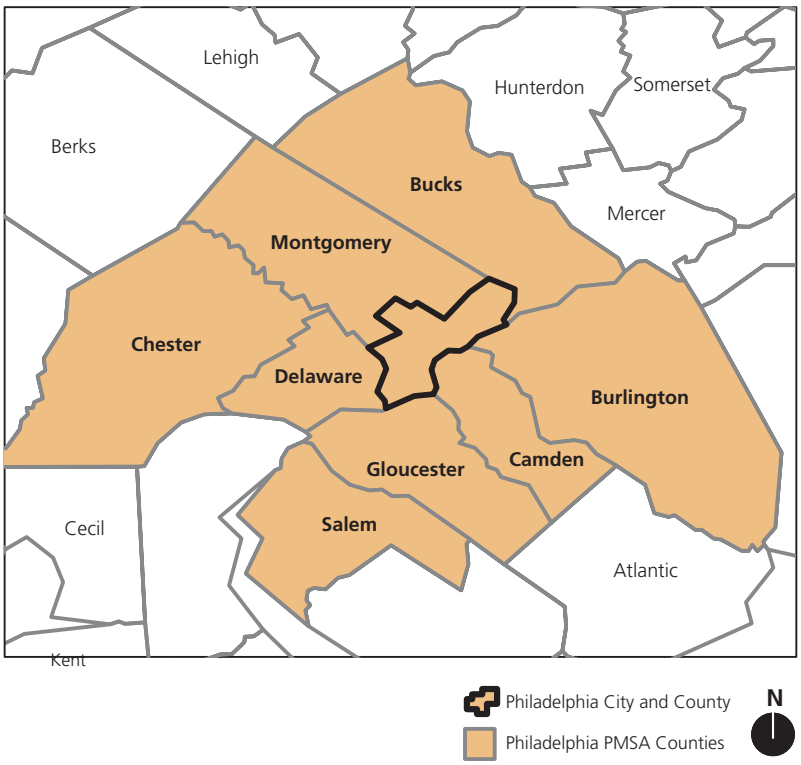
Cleveland Region



Detroit Region



Philadelphia Region



Pittsburgh Region

Appendix B

Comparative Data Profiles

To understand and compare the social, economic, and demographic conditions of older core cities and regions, PolicyLink analyzed data from the five case study regions for a variety of indicators including population, employment, race and ethnicity, immigration, income and poverty, housing, and education. Data was drawn from the U.S. decennial censuses of 1990 and 2000, unless otherwise noted. Comparisons with national averages and averages for the 100 largest cities were made using information from the Brookings Institution's Living Cities Census Series.

Metropolitan statistical areas (MSAs) are defined by the federal Office of Management and Budget. They are designed to represent collections of communities that are socially and economically interdependent. Typically, a metropolitan area comprises a central city along with a number of adjacent counties. The boundaries of metropolitan statistical areas often change between decennial censuses, with counties added or subtracted. Except for Baltimore, all of the case study regions had at least one change of county. Therefore, the 1990 regional figures were computed by aggregating 1990 values for all the counties that comprised the region in 2000. The purpose of calculating 1990 regional figures in this manner is to ensure as direct a comparison as possible between 1990 and 2000.

This appendix includes comparative data tables of the case study cities and regions for the following indicators.

- **Population and Population Change, 1990-2000**
- **Racial Composition, 2000**
- **Racial Segregation, 2000**
- **Foreign-born Population, 2000**
- **Median Household Income, 1989-1999**
- **Median Household Income by Race, 1999**
- **Poverty Rates by Race, 1990-2000**
- **Housing Tenure and Homeownership by Race, 1990-2000**
- **Vacant Housing Units, 2000**
- **Housing Values, 1989-1999**
- **Housing Values by Race of Householder, 1999**
- **Unemployment by Race, 1990-2000**
- **Educational Attainment, 2000**

Population and Population Change, 1990-2000

As of 2000, the case study cities housed between 14 and 30 percent of the regional population. During the 1990s, the five cities lost between 4 and 12 percent of their population while the 100 largest cities grew by 10 percent. Regional population growth also lagged compared to the 100 largest metropolitan regions, which grew by an average of 16 percent.

	1990	2000	Share of Regional Population (2000)	Change 1990-2000
Baltimore city	**736,014**	**651,154**	**26%**	**-11.5%**
Baltimore region	**2,382,172**	**2,552,994**		**7.2**
Anne Arundel County	427,239	489,656	19	14.6
Baltimore County	692,134	754,292	30	9.0
Carroll County	123,372	150,897	6	22.3
Harford County	182,132	218,590	9	20.0
Howard County	187,328	247,842	10	32.3
Queen Anne's County	33,953	40,563	2	19.5
Cleveland city	**505,616**	**478,393**	**21**	**-5.4**
Cleveland region	**2,202,069**	**2,250,871**		**2.2**
Ashtabula County	99,821	102,728	5	2.9
Cuyahoga County	1,412,140	1,393,978	62	-1.3
Geauga County	81,129	90,895	4	12.0
Lake County	215,499	227,511	10	5.6
Lorain County	271,126	284,664	13	5.0
Medina County	122,354	151,095	7	23.5
Detroit city	**1,027,974**	**951,270**	**21**	**-7.5**
Detroit region	**4,266,654**	**4,441,551**		**4.1**
Lapeer County	74,768	87,904	2	17.6
Macomb County	717,400	788,149	18	9.9
Monroe County	133,600	145,945	3	9.2
Oakland County	1,083,592	1,194,156	27	10.2
St. Clair County	145,607	164,235	4	12.8
Wayne County	2,111,687	2,061,162	46	-2.4
Philadelphia city	**1,585,577**	**1,517,550**	**30**	**-4.3**
Philadelphia region	**4,922,175**	**5,100,931**		**3.6**
Burlington County (NJ)	395,066	423,394	8	7.2
Camden County (NJ)	502,824	508,932	10	1.2
Gloucester County (NJ)	230,082	254,673	5	10.7
Salem County (NJ)	65,294	64,285	1	-1.5
Bucks County	541,174	597,635	12	10.4
Chester County	376,396	433,501	8	15.2
Delaware County	547,651	550,864	11	0.6
Montgomery County	678,111	750,097	15	10.6
Philadelphia County	1,585,577	1,517,550	30	-4.3
Pittsburgh city	**369,879**	**334,563**	**14**	**-9.5**
Pittsburgh region	**2,394,811**	**2,358,695**		**-1.5**
Allegheny County	1,336,449	1,281,666	54	-4.1
Beaver County	186,093	181,412	8	-2.5
Butler County	152,013	174,083	7	14.5
Fayette County	145,351	148,644	6	2.3
Washington County	204,584	202,897	9	-0.8
Westmoreland County	370,321	369,993	16	-0.1

Source: U.S. Census, SF3, 1990 and 2000

Racial Composition, 2000

Older core cities and their regions are generally not racially diverse. Residents of the Baltimore, Cleveland, Detroit and Philadelphia regions are primarily African American and white, with relatively small proportions of other racial groups. Across all five regions, greater proportions of African Americans live in the central city than in the suburbs, and greater proportions of whites live in the suburbs than in the central city.

	Total Population (2000)	Non-Hispanic White	African American	Hispanic/ Latino*	Asian	Other/ Mixed Race
Baltimore city	651,154	31%	64%	2%	2%	2%
Baltimore region	2,552,994	66	27	2	3	2
Cleveland city	478,393	39	50	7	1	2
Cleveland region	2,250,871	75	18	3	1	2
Detroit city	951,270	11	81	5	1	2
Detroit region	4,441,551	70	23	3	2	2
Philadelphia city	1,517,550	43	42	8	4	2
Philadelphia region	5,100,931	70	20	5	3	2
Pittsburgh city	334,563	67	27	1	3	2
Pittsburgh region	2,358,695	89	8	1	1	1

** The 2000 U.S. Census defined race separately from Hispanic/Latino ethnicity. Persons who self-identified as being of Hispanic or Latino origin could choose one or more of a number of race designations. There are 126 possible race-ethnic combinations from the 2000 Census. This table presents a simplified analysis: "Hispanic/Latino" includes all persons of Hispanic/Latino ethnicity, of any race; "Non-Hispanic White," "African American," and "Asian" include individuals who did not choose Hispanic/Latino ethnicity; and "Other/Mixed Race" includes individuals who selected any other race or multiple races.*

Source: U.S. Census, SF3, 2000

Racial Segregation, 2000

The dissimilarity index is the most commonly used measure of racial segregation, defined as the relative separation or integration of racial groups across all neighborhoods of a city or region. The index ranges from 0 to 100, with 0 representing complete integration and 100 representing complete segregation. The table below shows the dissimilarity index for African American and white populations. According to this measure, the five case study cities and their regions are characterized by high levels of racial segregation. Detroit has the highest segregation ranking among the 50 largest metro areas in the nation.

	Rank of Top 50 Regions	Dissimilarity Index (Region)	Dissimilarity Index (Central City)
Baltimore region	17	68	71
Cleveland region	6	77	75
Detroit region	1	85	73
Philadelphia region	12	72	77
Pittsburgh region	20	67	67

Source: Lewis Mumford Center for Comparative Urban and Regional Research, The University at Albany, SUNY, 2000

Foreign-born Population, 2000

As of 2000, one out of every 10 people living in the United States was born in a foreign country, and among the 100 largest cities, two out of every 10 people are immigrants. Immigration is comparatively low in the case study cities, hovering around 5 percent. Philadelphia is an exception: the foreign-born population is 9 percent. In Baltimore, Cleveland, and Detroit, the share of immigrants residing in the region is higher than in the central city.

	Total Population	Foreign-born Population	
		Number	Percent
Baltimore city	651,154	29,638	5%
Baltimore region	2,552,994	146,128	6
Cleveland city	478,393	21,372	4
Cleveland region	2,250,871	114,625	5
Detroit city	951,270	45,541	5
Detroit region	4,441,551	335,107	8
Philadelphia city	1,517,550	137,205	9
Philadelphia region	5,100,931	357,421	7
Pittsburgh city	334,563	18,874	6
Pittsburgh region	2,358,695	62,286	3

Source: U.S. Census, SF3, 2000

Median Household Income, 1989-1999

During the 1990s, incomes, adjusted for inflation, rose in the cities of Cleveland, Detroit, and Pittsburgh and fell in Baltimore and Philadelphia. In 1999, the national median household income was $41,994—significantly higher than incomes in the older core cities analyzed in this report, which ranged from $25,928 in Cleveland to $30,746 in Philadelphia. There is a pronounced gap between household incomes in older core cities and their regions, with central city households earning between 60 and 76 percent of the regional median.

	1989		1999		Change 1989-1999
	Median Income*	Relative to Region	Median Income	Relative to Region	
Baltimore city	**$32,220**	**66%**	**$30,078**	**60%**	**-6.6%**
Baltimore region	**48,977**		**49,938**		**2.0**
Anne Arundel County	60,497	124	61,768	124	2.1
Baltimore County	52,042	106	50,667	101	-2.6
Carroll County	56,787	116	60,021	120	5.7
Harford County	55,851	114	57,234	115	2.5
Howard County	72,826	149	74,167	149	1.8
Queen Anne's County	52,515	107	57,037	114	8.6
Cleveland city	**23,881**	**59**	**25,928**	**62**	**8.6**
Cleveland region**	**40,496**		**42,089**		**3.9**
Ashtabula County	32,329	80	35,607	85	10.1
Cuyahoga County	38,317	95	39,168	93	2.2
Geauga County	55,091	136	60,200	143	9.3
Lake County	47,711	118	48,763	116	2.2
Lorain County	41,671	103	45,042	107	8.1
Medina County	51,031	126	55,811	133	9.4
Detroit city	**25,114**	**55**	**29,526**	**60**	**17.6**
Detroit region**	**45,922**		**49,175**		**7.1**
Lapeer County	48,071	105	51,717	105	7.6
Macomb County	52,168	114	52,102	106	-0.1
Monroe County	47,519	103	51,743	105	8.9
Oakland County	58,165	127	61,907	126	6.4
St. Clair County	41,127	90	46,313	94	12.6
Wayne County	37,516	82	40,776	83	8.7
Philadelphia city	**32,968**	**69**	**30,746**	**65**	**-6.7**
Philadelphia region**	**47,627**		**47,536**		**-0.2**
Burlington County (NJ)	56,780	119	58,608	123	3.2
Camden County (NJ)	48,495	102	48,097	101	-0.8
Gloucester County (NJ)	52,779	111	54,273	114	2.8
Salem County (NJ)	44,428	93	45,573	96	2.6
Bucks County	58,085	122	59,727	126	2.8
Chester County	61,160	128	65,295	137	6.8
Delaware County	50,032	105	50,092	105	0.1
Montgomery County	58,585	123	60,829	128	3.8
Philadelphia County	32,968	69	30,746	65	-6.7
Pittsburgh city	**27,801**	**77**	**28,588**	**76**	**2.8**
Pittsburgh region**	**35,911**		**37,467**		**4.3**
Allegheny County	37,702	105	38,329	102	1.7
Beaver County	32,530	91	36,995	99	13.7
Butler County	39,340	110	42,308	113	7.5
Fayette County	25,721	72	27,451	73	6.7
Washington County	34,128	95	37,607	100	10.2
Westmoreland County	34,486	96	37,106	99	7.6

* *Adjusted for inflation by a factor of 1.34 based on the Consumer Price Index published by the Bureau of Labor Statistics.*
** *For regions whose boundaries changed between 1990 and 2000, median household income was estimated by calculating a weighted average of the household median incomes of the counties included in the region in 2000.*

Source: U.S. Census, SF3, 1990 and 2000

Median Household Income by Race, 1999

Older core cities are characterized by major income disparities along racial lines. With the exception of Detroit, African Americans, Hispanics/Latinos, and Asians earn less than their white counterparts. Notable gaps exist between central city and regional incomes across all racial groups. In general, the income gap between whites and non-whites is narrower within the central cities than in the larger metropolitan area.

	Non-Hispanic White	African American		Hispanic/Latino		Asian	
	Median Income	Median Income	Relative to White	Median Income	Relative to White	Median Income	Relative to White
Baltimore city	$37,113	$26,202	71%	$31,292	84%	$24,065	65%
Baltimore region	56,615	33,242	59	44,258	78	50,883	90
Cleveland city	31,491	21,135	67	25,296	80	28,457	90
Cleveland region	46,651	26,479	57	30,812	66	51,263	110
Detroit city	28,984	29,647	102	30,270	104	32,315	111
Detroit region	54,074	32,151	59	41,599	77	66,630	123
Philadelphia city	37,073	26,217	71	20,762	56	27,794	75
Philadelphia region	54,256	30,517	56	28,436	52	46,774	86
Pittsburgh city	32,692	20,075	61	22,407	69	22,063	67
Pittsburgh region	39,025	22,271	57	34,171	88	46,130	118

Source: U.S. Census, SF3, 2000

Poverty Rates by Race, 1990-2000

In 2000, the poverty rate in the five case study cities was approximately twice the national average of 13 percent. In the case study areas, central city residents are twice as likely to live in poverty as those living in the surrounding region. The case study areas also exhibit wide racial disparities in poverty. Poverty rates for African Americans are generally at least twice those for whites, and in many cases three or four times the rates of whites. Poverty rates for Latinos are generally higher than those for whites, but not as high as for African Americans (Philadelphia is the notable exception.)

	Poverty Rates		Rates by Race/Ethnicity, 2000		
	1990	2000	Non-Hispanic White	African American	Hispanic/ Latino
Baltimore city	**22%**	**23%**	**13%**	**27%**	**22%**
Baltimore region	**10**	**10**	**13**	**21**	**22**
Anne Arundel County	4	5	4	14	7
Baltimore County	5	6	5	10	14
Carroll County	4	4	3	16	10
Harford County	5	5	4	12	7
Howard County	3	4	2	9	7
Queen Anne's County	7	6	5	20	13
Cleveland city	**29**	**26**	**16**	**34**	**33**
Cleveland region	**12**	**11**	**6**	**27**	**24**
Ashtabula County	16	12	11	24	23
Cuyahoga County	14	13	7	27	26
Geauga County	6	5	4	13	2
Lake County	5	5	5	16	20
Lorain County	11	9	6	28	21
Medina County	6	5	4	19	13
Detroit city	**32**	**26**	**22**	**26**	**28**
Detroit region	**13**	**11**	**6**	**24**	**17**
Lapeer County	8	5	5	31	10
Macomb County	5	6	5	16	10
Monroe County	9	7	7	22	12
Oakland County	6	6	5	12	12
St. Clair County	11	8	7	21	12
Wayne County	20	16	8	26	21
Philadelphia city	**20**	**23**	**13**	**29**	**42**
Philadelphia region	**10**	**11**	**6**	**24**	**32**
Burlington County (NJ)	4	5	4	8	9
Camden County (NJ)	10	10	6	22	30
Gloucester County (NJ)	6	6	5	15	17
Salem County (NJ)	11	9	6	24	35
Bucks County	4	5	4	12	14
Chester County	5	5	4	16	17
Delaware County	7	8	5	20	20
Montgomery County	4	4	3	13	14
Philadelphia County	20	23	13	29	42
Pittsburgh city	**21**	**20**	**14**	**34**	**25**
Pittsburgh region	**12**	**11**	**9**	**34**	**18**
Allegheny County	12	11	8	31	20
Beaver County	13	9	8	30	12
Butler County	10	9	9	40	10
Fayette County	21	18	17	32	26
Washington County	13	10	9	25	14
Westmoreland County	11	9	8	29	16

Source: U.S. Census, SF3, 1990 and 2000

Housing Tenure and Homeownership by Race, 1990-2000

In each of the five case study areas, the homeownership rate in the region is higher than in the central city. From 1990 to 2000, the homeownership rate increased slightly in the cities of Baltimore, Cleveland, and Detroit, decreased slightly in Philadelphia, and remained level in Pittsburgh. Homeownership rates are higher for whites than for African Americans in all five of the central cities. These racial disparities are even more pronounced at the regional level.

	1990			2000			Homeownership by Race, 2000	
	Total Occupied Units	Owner Occupied	Renter Occupied	Total Occupied Units	Owner Occupied	Renter Occupied	Non-Hispanic White	African American
Baltimore city	276,484	49%	51%	257,996	50%	50%	61%	45%
Baltimore region	880,145	64	36	974,071	67	33	75	47
Cleveland city	199,787	48	52	190,633	49	51	58	41
Cleveland region	845,186	66	34	892,562	68	32	75	44
Detroit city	374,057	53	47	336,428	55	45	67	53
Detroit region	1,580,063	69	31	1,695,331	72	28	79	52
Philadelphia city	603,075	62	38	590,071	59	41	66	55
Philadelphia region	1,801,159	70	30	1,914,246	70	30	76	54
Pittsburgh city	153,483	52	48	143,739	52	48	60	36
Pittsburgh region	947,248	70	30	966,500	71	29	75	40

Source: U.S. Census, SF3, 1990 and 2000

Vacant Housing Units, 2000

Vacancy rates in the central cities exceed regional vacancy rates for all five study areas. Baltimore has the highest percentage of vacant units, and the vacancy rate in the central city is twice that of the greater metro area.

	Total Housing Units	Vacant Units	
		Number	Percent of Total
Baltimore city	300,477	42,481	14%
Baltimore region	1,048,046	73,975	7
Cleveland city	215,844	25,211	12
Cleveland region	955,148	62,586	7
Detroit city	375,096	38,668	10
Detroit region	1,794,737	99,406	6
Philadelphia city	661,958	71,887	11
Philadelphia region	2,047,843	133,597	7
Pittsburgh city	163,366	19,627	12
Pittsburgh region	1,046,094	79,594	8

Source: U.S. Census, SF3, 2000

Housing Values, 1989-1999

The five older core cities have some of the lowest housing values in the country. Home values in the central cities are between one half and three-fourths of those in the region. The comparison between 1989 housing values, adjusted for inflation, and 1999 housing values demonstrates the tendency for housing values in different parts of the region to rise and fall together. In Baltimore and Philadelphia regions, housing values declined from 1989-1999. In Cleveland, Detroit, and Pittsburgh, housing values in the city, as well as the counties, all rose.

	1989		1999		Change, 1989-1999	1999	
	Median Home Value*	Relative to Region	Median Home Value	Relative to Region		Median Real Estate Taxes	Median Rent Asked
Baltimore city	**$72,226**	**54%**	**$69,900**	**53%**	**-3%**	**$1,313**	**$408**
Baltimore region	**134,000**		**132,400**		**-1**	**1,656**	**501**
Anne Arundel County	170,850	128	156,500	118	-8	1,705	700
Baltimore County	133,062	99	125,700	95	-6	1,665	595
Carroll County	169,644	127	163,300	123	-4	1,689	518
Harford County	154,234	115	145,500	110	-6	1,572	549
Howard County	221,636	165	198,600	150	-10	2,657	853
Queen Anne's County	158,924	119	160,000	121	1	1,337	433
Cleveland city	**54,136**	**56**	**71,100**	**61**	**31**	**935**	**393**
Cleveland region**	**96,202**		**116,600**		**21**	**1,632**	**464**
Ashtabula County	60,702	63	85,100	73	40	908	390
Cuyahoga County	95,408	99	110,100	94	15	1,753	461
Geauga County	143,648	149	179,000	154	25	2,220	480
Lake County	99,026	103	125,400	108	27	1,632	565
Lorain County	88,038	92	113,800	98	29	1,290	442
Medina County	111,622	116	145,500	125	30	1,666	510
Detroit city	**33,902**	**38**	**62,800**	**49**	**85**	**863**	**370**
Detroit region**	**89,792**		**127,800**		**42**	**1,792**	**481**
Lapeer County	83,214	93	139,400	109	68	1,144	513
Macomb County	101,706	113	134,900	106	33	1,827	580
Monroe County	89,780	100	126,600	99	41	1,378	499
Oakland County	127,166	142	173,800	136	37	2,487	697
St. Clair County	79,328	88	122,700	96	55	1,386	478
Wayne County	63,650	71	96,200	75	51	1,541	403
Philadelphia city	**64,856**	**47**	**61,000**	**51**	**-6**	**931**	**444**
Philadelphia region**	**137,275**		**119,400**		**-13**	**2,391**	**538**
Burlington County (NJ)	163,480	119	134,000	112	-18	3,389	694
Camden County (NJ)	132,526	97	110,200	92	-17	3,309	588
Gloucester County (NJ)	132,928	97	118,200	99	-11	2,965	561
Salem County (NJ)	109,344	80	104,600	88	-4	2,414	503
Bucks County	186,260	136	161,900	136	-13	2,759	676
Chester County	207,566	151	178,900	150	-14	2,742	649
Delaware County	149,678	109	127,000	106	-15	2,583	560
Montgomery County	190,816	139	158,900	133	-17	2,700	672
Philadelphia County	64,856	47	61,000	51	-6	931	444
Pittsburgh city	**54,270**	**74**	**60,700**	**72**	**12**	**1,157**	**370**
Pittsburgh region**	**73,659**		**84,300**		**14**	**1,542**	**375**
Allegheny County	75,442	102	83,500	99	11	1,796	398
Beaver County	67,268	91	83,200	99	24	1,491	346
Butler County	84,152	114	105,300	125	25	1,525	378
Fayette County	52,796	72	60,600	72	15	694	307
Washington County	71,288	97	85,400	101	20	1,259	333
Westmoreland County	75,844	103	87,600	104	16	1,385	361

* Adjusted for inflation by a factor of 1.34 based on the Consumer Price Index published by the Bureau of Labor Statistics.
** For regions whose boundaries changed between 1990 and 2000, median home value was estimated by calculating a weighted average of the median home values for the counties included in the region in 2000.

Source: U.S. Census, SF3, 1990 and 2000

Housing Values by Race of Householder, 1999

Median housing values in 1999 were higher for whites than for African Americans in all cities except Detroit, and in all counties except for Carroll County in the Baltimore region.

	Non-Hispanic White	African American	
	Median Home Value	Median Home Value	Percent of White Home Value
Baltimore city	**$78,200**	**$63,700**	**81%**
Baltimore region	**145,900**	**82,700**	**57**
Anne Arundel County	161,700	142,600	88
Baltimore County	130,300	115,700	89
Carroll County	162,400	167,100	103
Harford County	152,400	118,700	78
Howard County	211,900	169,100	80
Queen Anne's County	163,800	87,700	54
Cleveland city	**78,100**	**65,700**	**84**
Cleveland region	**125,900**	**77,900**	**62**
Ashtabula County	85,600	60,200	70
Cuyahoga County	123,400	77,300	63
Geauga County	182,200	153,300	84
Lake County	128,300	89,400	70
Lorain County	118,700	84,100	71
Medina County	144,300	116,000	80
Detroit city	**57,800**	**65,100**	**113**
Detroit region	**143,300**	**71,700**	**50**
Lapeer County	134,700	116,100	86
Macomb County	139,200	120,300	86
Monroe County	132,600	86,200	65
Oakland County	183,600	145,100	79
St. Clair County	126,300	72,700	58
Wayne County	122,100	66,200	54
Philadelphia city	**73,300**	**45,300**	**62**
Philadelphia region	**135,200**	**57,500**	**43**
Burlington County (NJ)	143,100	106,500	74
Camden County (NJ)	116,600	79,400	68
Gloucester County (NJ)	121,000	102,900	85
Salem County (NJ)	109,200	79,600	73
Bucks County	163,900	117,800	72
Chester County	185,700	112,300	60
Delaware County	136,100	66,300	49
Montgomery County	162,000	128,000	79
Philadelphia County	73,300	45,300	62
Pittsburgh city	**62,200**	**46,600**	**75**
Pittsburgh region	**87,600**	**52,400**	**60**
Allegheny County	86,400	52,000	60
Beaver County	86,300	41,900	49
Butler County	113,900	96,100	84
Fayette County	64,400	50,800	79
Washington County	88,100	64,500	73
Westmoreland County	90,900	57,400	63

Source: U.S. Census, SF3, 2000

Unemployment by Race, 1990-2000

Unemployment is consistently higher in the central city than in the suburbs for all of the case study regions and, mirroring national trends, higher for non-whites than for whites. In each region, unemployment rates for African Americans are double—and in some cases, triple—those for whites. Unemployment rates for Latinos were also higher than those for whites, although generally not as high as for African Americans.

	Unemployment Rates		Rates by Race/Ethnicity, 2000		
	1990	2000	Non-Hispanic White	African American	Hispanic/ Latino
Baltimore city	9%	11%	5%	14%	10%
Baltimore region	5	5	3	11	6
Cleveland city	14	11	7	16	13
Cleveland region	7	5	4	12	9
Detroit city	20	14	9	15	13
Detroit region	9	6	4	13	9
Philadelphia city	10	11	7	15	17
Philadelphia region	6	6	4	13	13
Pittsburgh city	9	10	8	16	13
Pittsburgh region	7	6	5	14	9

Source: U.S. Census, SF3, 1990 and 2000

Educational Attainment, 2000

In all five case study areas, educational attainment is lower in the central city than in the region. Higher percentages of high school dropouts reside in the central city than the broader region as a whole. Lower percentages of people who have completed some college or a 2-year degree reside in the central city than in the surrounding metro area. In each location, except Pittsburgh, a much higher percentage of college graduates live in the greater metro area than in the central city.

	Education Level Completed			
	Did not Graduate High School	High School Graduate	Some College or Associate Degree	College Graduate or Beyond
Baltimore city	32%	28%	21%	19%
Baltimore region	18	27	26	29
Cleveland city	31	33	24	11
Cleveland region	17	32	27	23
Detroit city	30	30	29	11
Detroit region	18	29	30	23
Philadelphia city	29	33	20	18
Philadelphia region	18	32	23	28
Pittsburgh city	19	33	22	26
Pittsburgh region	15	38	24	24

Source: U.S. Census, SF3, 2000

Appendix C

List of Key Informants

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Sustainable Pittsburgh

Tom Barwin
City Manager, City of Ferndale

David Beach
Director, EcoCity Cleveland

Tom Bier
Director, Cleveland State University
Center for Housing Research
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Karen Black
Principal, May 8 Consulting

David Blenk
Executive Director, Oakland Planning
and Development Corporation

Kate Blood
Multifamily Development Officer,
Wisconsin Housing and Economic
Development Authority

Ellen Brooks
Vice President, Allegheny Conference
on Community Development

Lance Buhl
Principal, Buhl and Associates

Kim Burnett
Program Officer for Community
Revitalization, Surdna Foundation

David Casey
Director, Baltimore Regional Initiative
Developing Genuine Equality

Beverly Coleman
Director, Philadelphia Neighborhood
Development Collaborative

John Colm
President and Executive Director,
Westside Industrial Retention
and Expansion Network

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Holly Denniston
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David Egner
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Zach Holl
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Bon Secours of Maryland Foundation

Colin J. Hubbell
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Scholar, Fels Institute of Government,
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Dorothy Lengyel
President, Pittsburgh Partnership for
Neighborhood Development

Melissa Long
CDC Director, People's Emergency
Center

Pamela Martin-Turner
President and CEO, NorthStar
Community Development Corporation

Trudy McFall
Chairwoman and Director,
Homes for America

Ryan McKenzie
Transportatation Project Manager,
EcoCity Cleveland

Robert O. McMahon
Manager, Community and Economic Development, Southeast Michigan Council of Governments

Evans Moore
Executive Director, Pittsburgh Interfaith Impact Network

Kathy Moran
Public Affairs Manager, Focus: HOPE

Susan Ottenweller
Executive Director, Housing Opportunities, Inc.

Rolf Pendall
Associate Professor, Department of City and Regional Planning, Cornell University

Daniel Pontious
Regional Policy Director, Citizens Planning and Housing Association

Nicole Price
Community Organizer, SEIU (1199E-DC)

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Robin Robinowitz
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Robyn Roche
Director of Development and Marketing, Mandel Center for Nonprofit Organizations, Case Western Reserve University

Guillermo Salas, Jr.
President, Hispanic Association of Contractors and Enterprises

Barbara Samuels
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Michael Sarbanes
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Skip Schwab
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Gretchen Schultz
Project Director, Westside Industrial Retention and Expansion Network

Ann Sherrill
Director, Baltimore Neighborhood Collaborative

Doug Shoemaker
Deputy Director, Non-Profit Housing Association of Northern California

Pat Smith
Former Director, Neighborhood Transformation Initiative

Conan Smith
Executive Director, Michigan Suburbs Alliance

Roz Staples-Streeter
Manager, Bridges-to-Work, East-West Gateway Coordinating Council

Steve Strnisha
Former Chief Finance and Chief Economic Development Officer, Greater Cleveland Partnership

Jay Talbot
Senior Program Officer, Civic Affairs and Manager of Special Projects, Cleveland Foundation

Kelly Thayer
Statewide Transportation Policy Specialist, Michigan Land Use Institute

David Thornburgh
Executive Director, Pennsylvania Economy League

Sonya Tilghman
Commercial Project Manager, East Liberty Development Inc.

Lou Tisler
Executive Director, First Suburbs Development Council

Walter Watkins
Chief Development Officer, City of Detroit

Jay Westbrook
Member of City Council, City of Cleveland

Bill Whitney
Director, Enterprise Foundation

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