



The Brookings Institution

Center on Urban and Metropolitan Policy

Bruce Katz, Director

The New Growth Agenda

Presentation to the Michigan Land Use Leadership Council

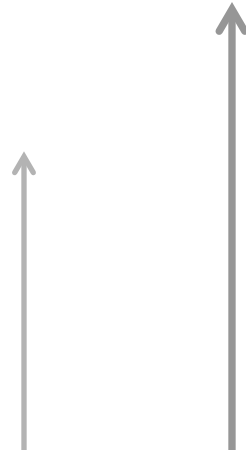
March 24, 2003

Major Questions

- **What are the general trends affecting cities, metropolitan, and rural areas?**
- **What are the consequences of those trends?**
- **Why is decentralization happening?**
- **What do these trends mean for state policy?**



I. What are the general trends affecting cities and metropolitan areas?

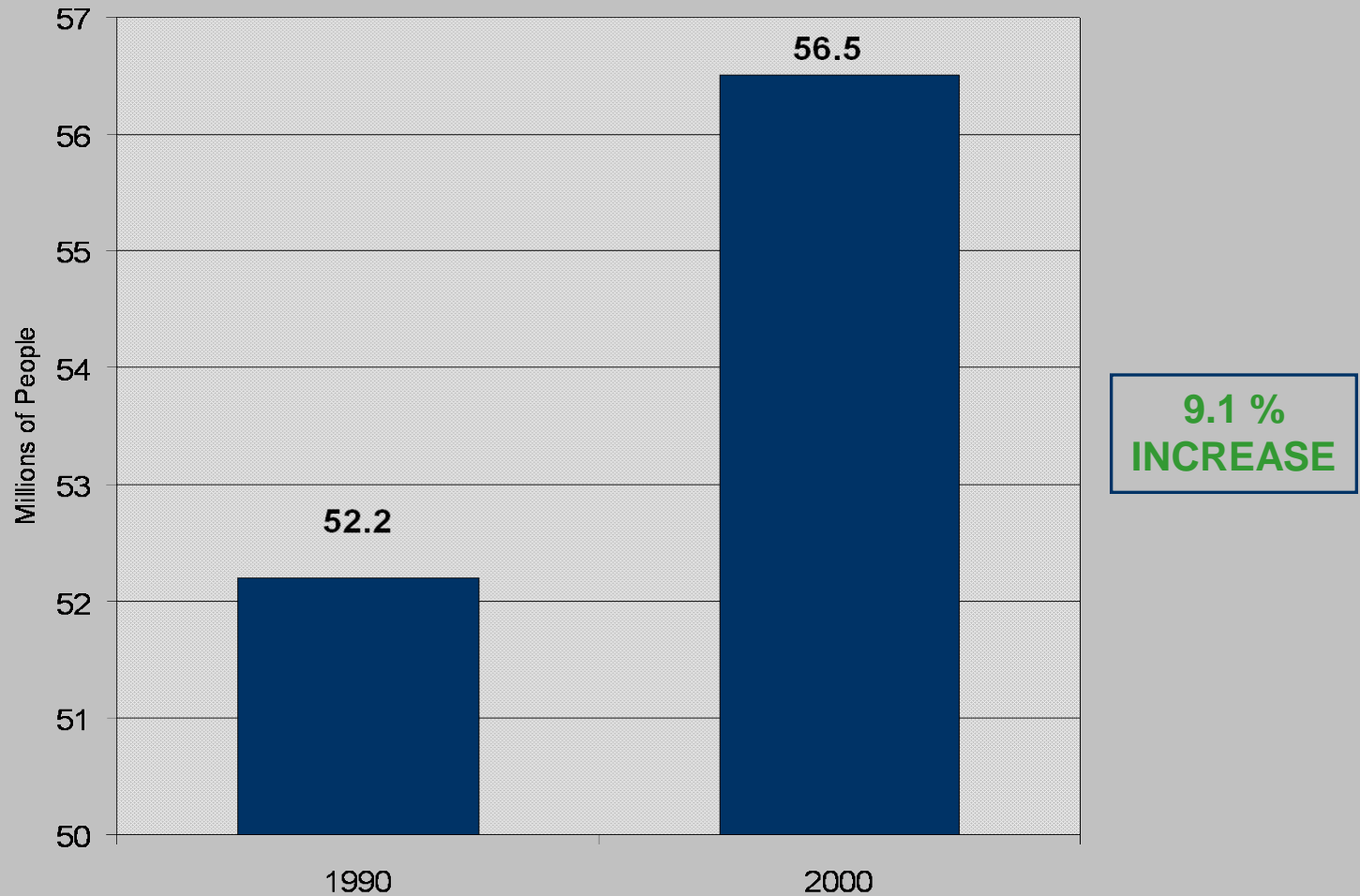


1. Cities generally grew but growth was uneven



City Growth is Uneven

Overall, city population grew during the 1990s

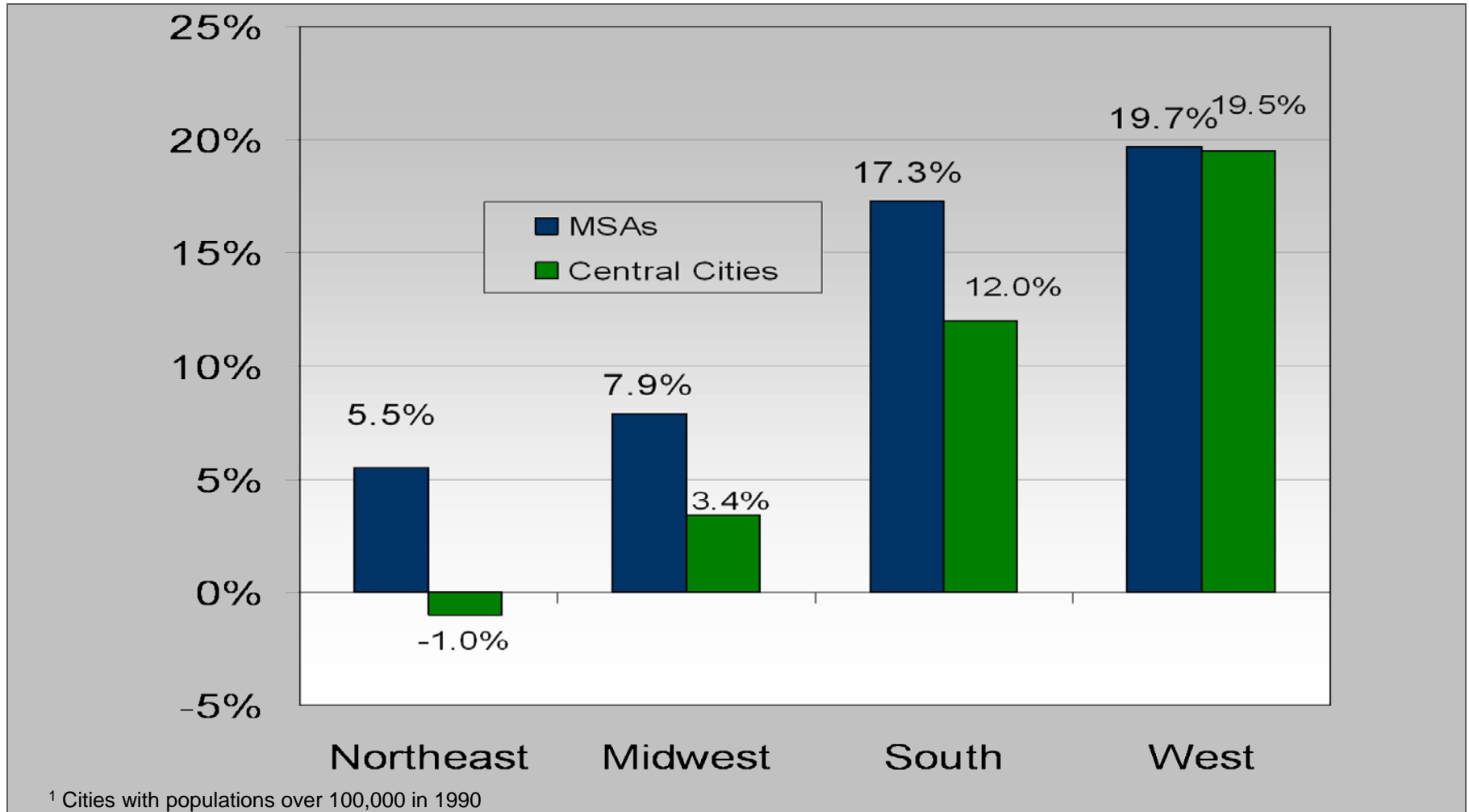


Source: U.S. Census Bureau, largest 100 cities in 1990



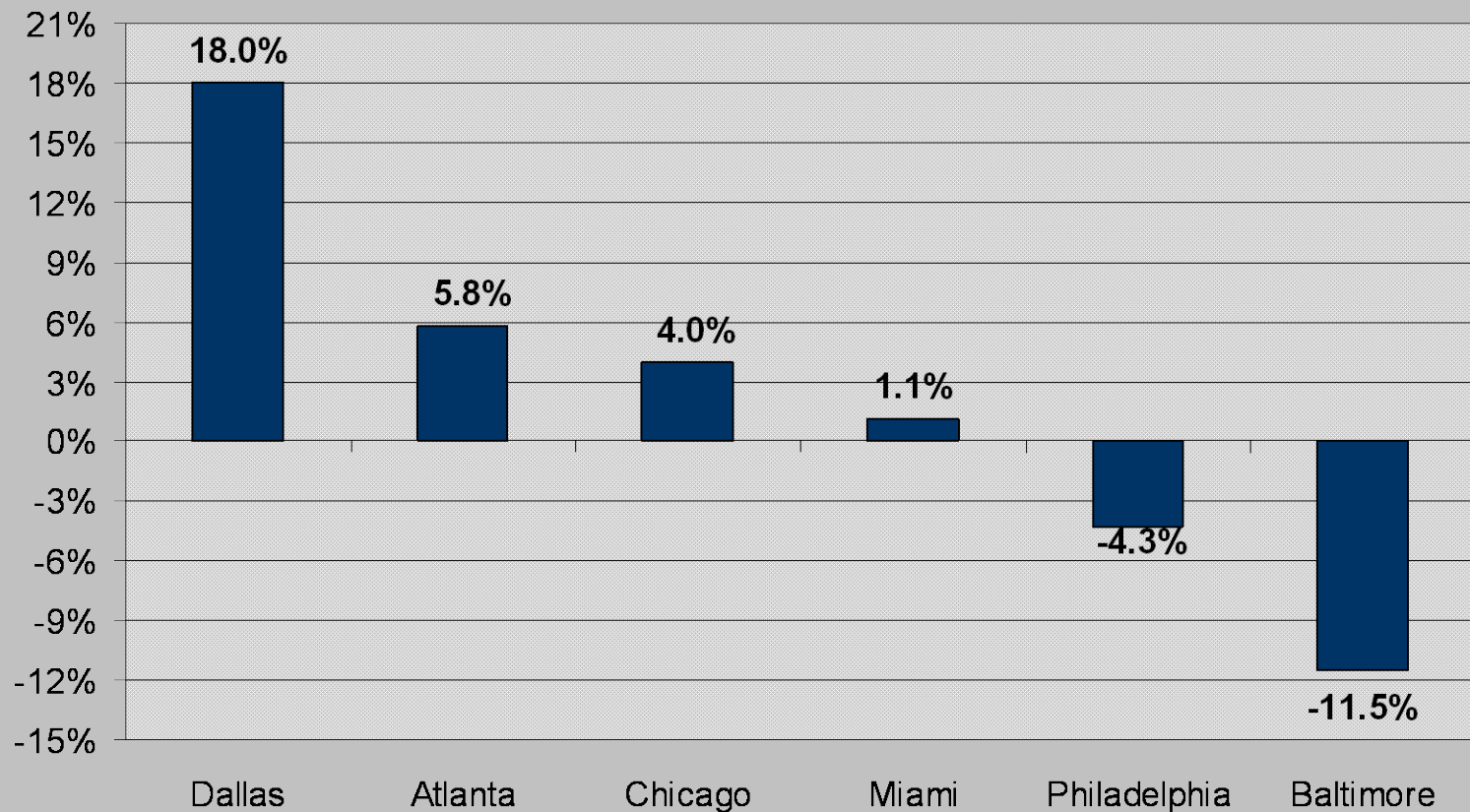
City Growth is Uneven

Across the US, there was significant regional variation in growth¹



City Growth is Uneven

Many cities grew, but some cities lost population ¹

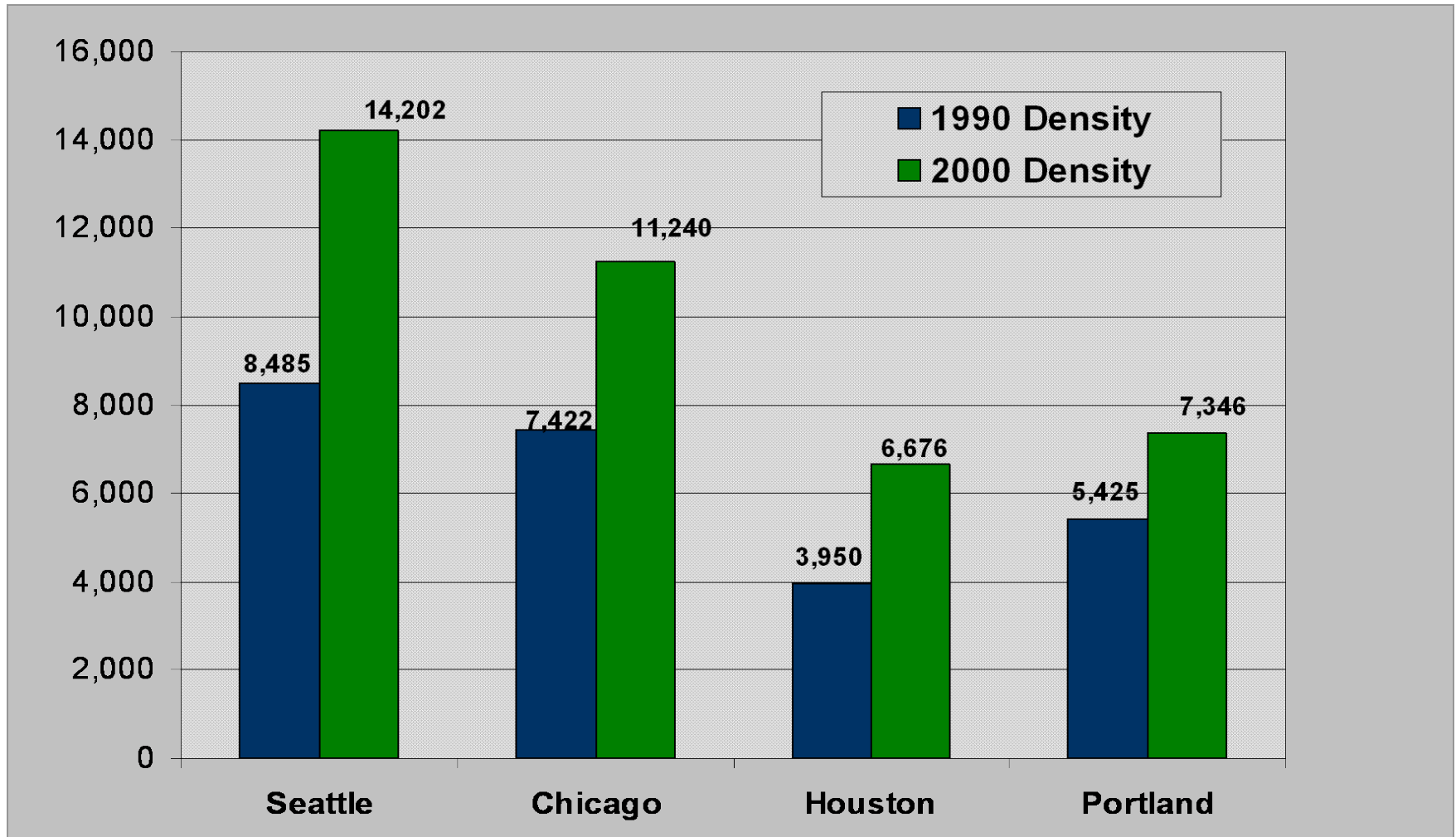


¹ 1990-2000



City Growth is Uneven

There was a noticeable downtown 'rebound' in some cities

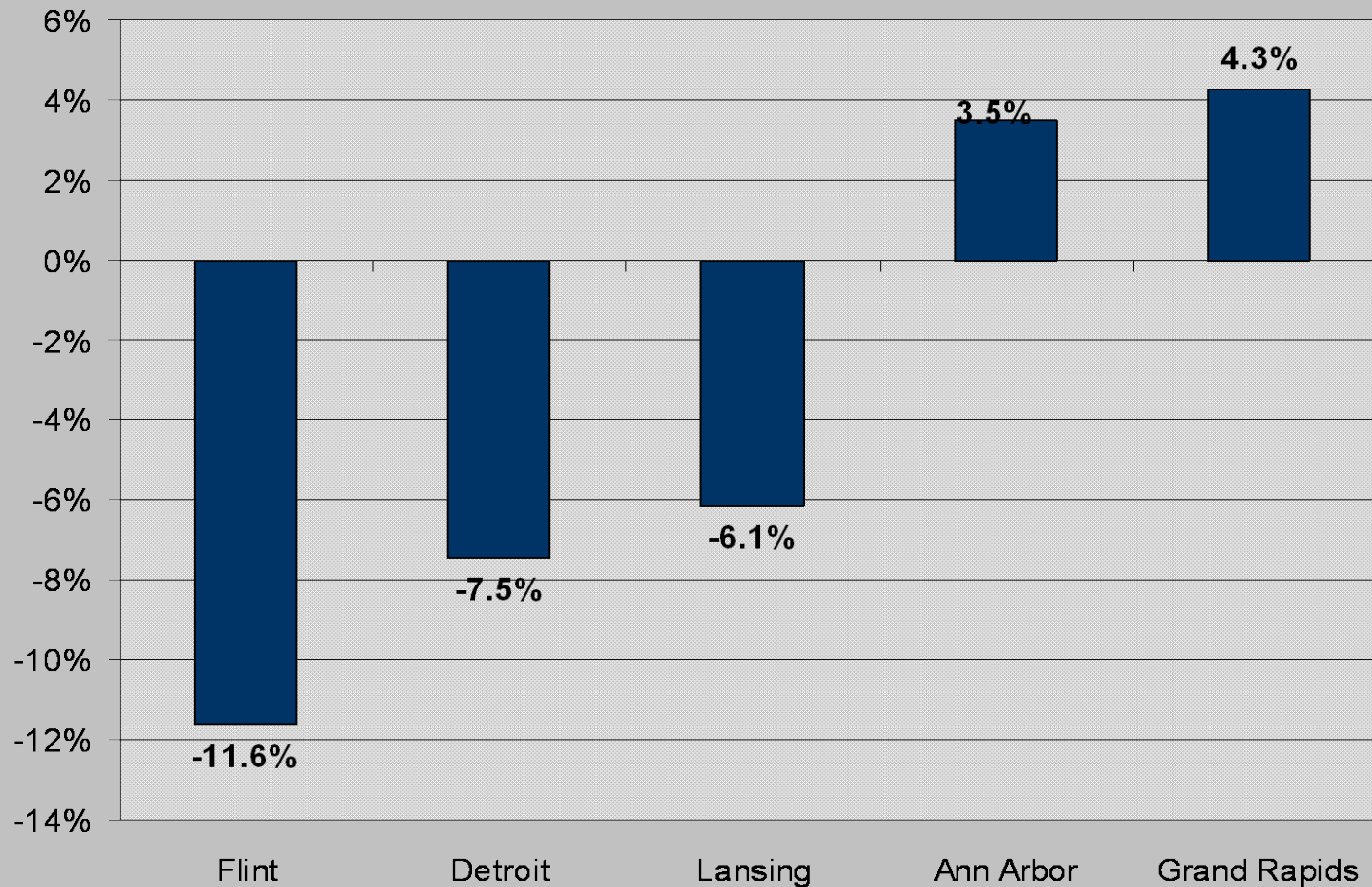


Source: Rebecca Sohmer and Robert Lang. "Downtown Rebound." Fannie Mae Foundation, May 2001



City Growth is Uneven

Michigan's cities grew at varying rates during the 1990s

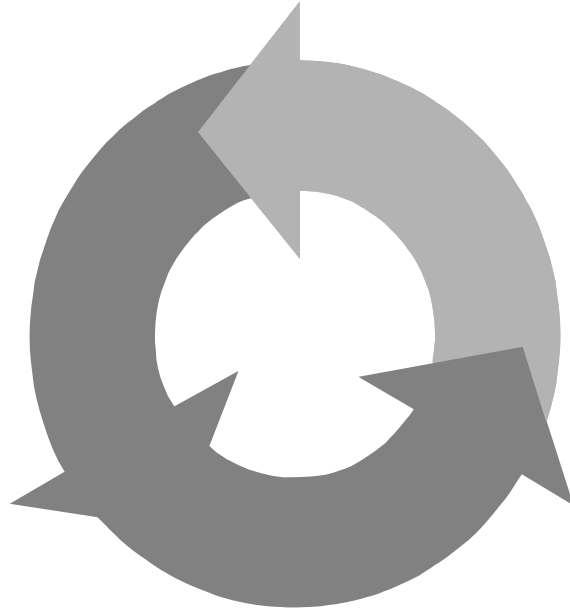




City Growth is Uneven

Some of Michigan's smaller cities are experiencing population loss



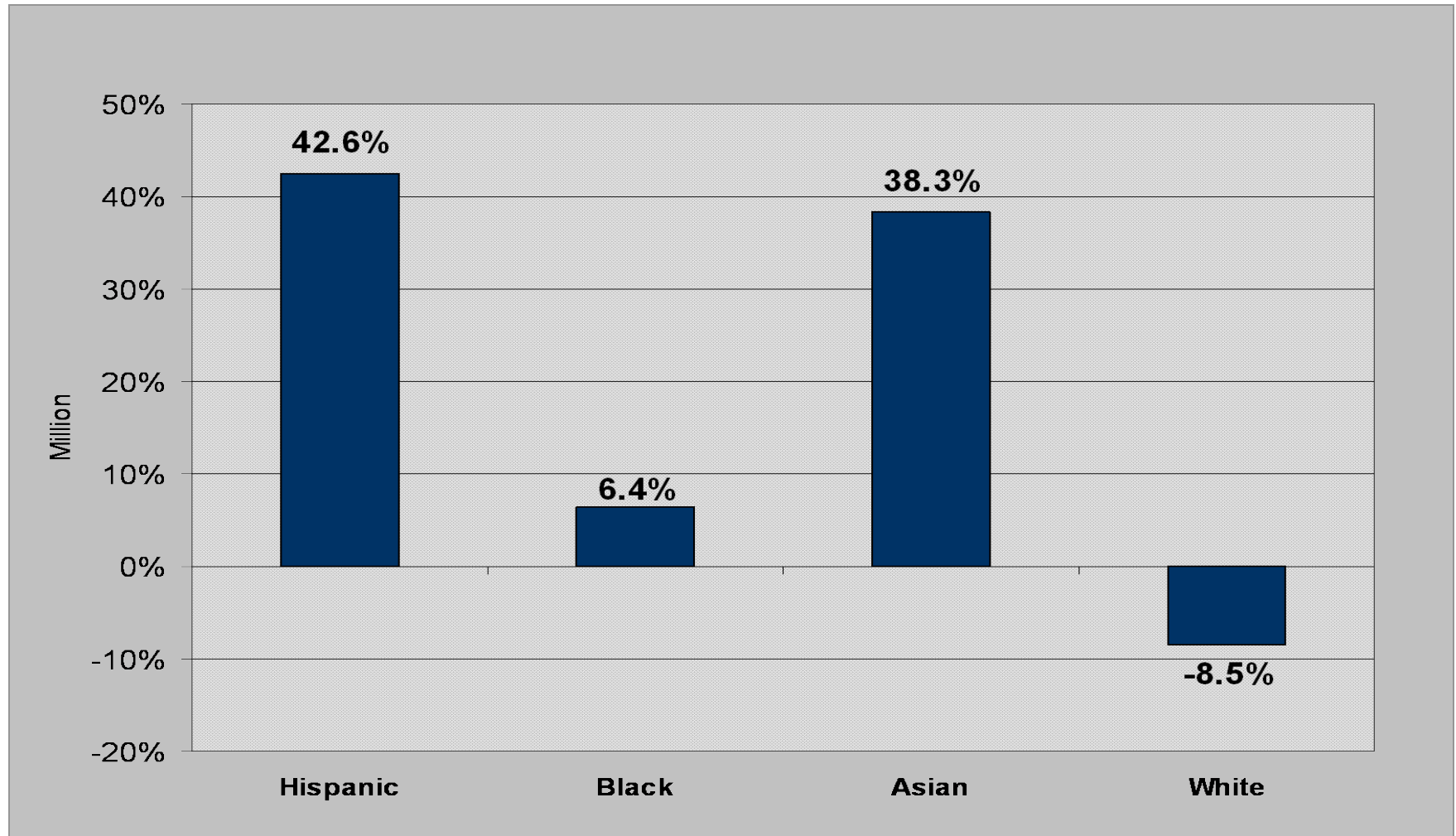


2. Urban Demographics Changed Markedly



Demographics are Changing

Cities experienced major demographic change during the 1990s

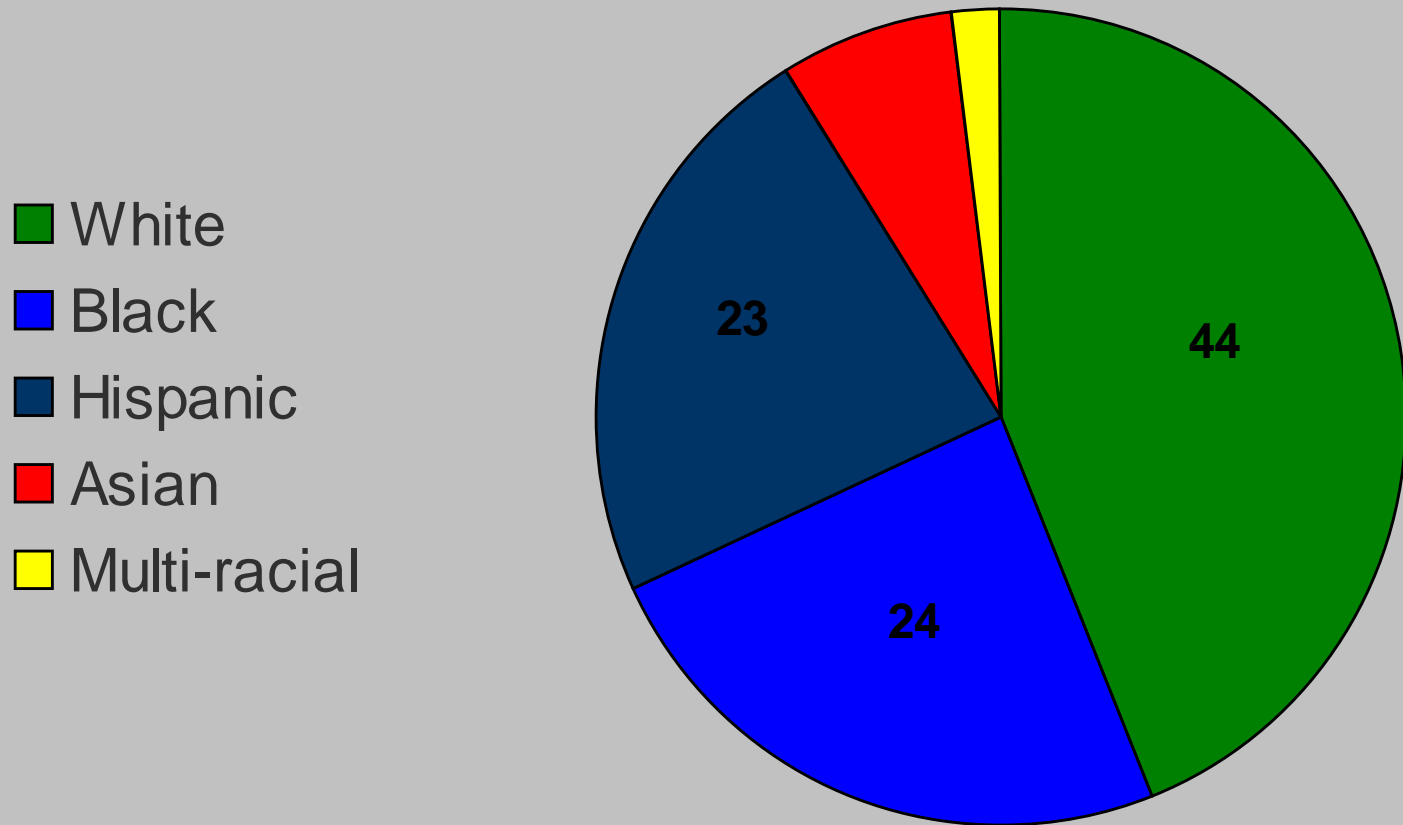


Source: U.S. Census Bureau; 100 largest cities



Demographics are Changing

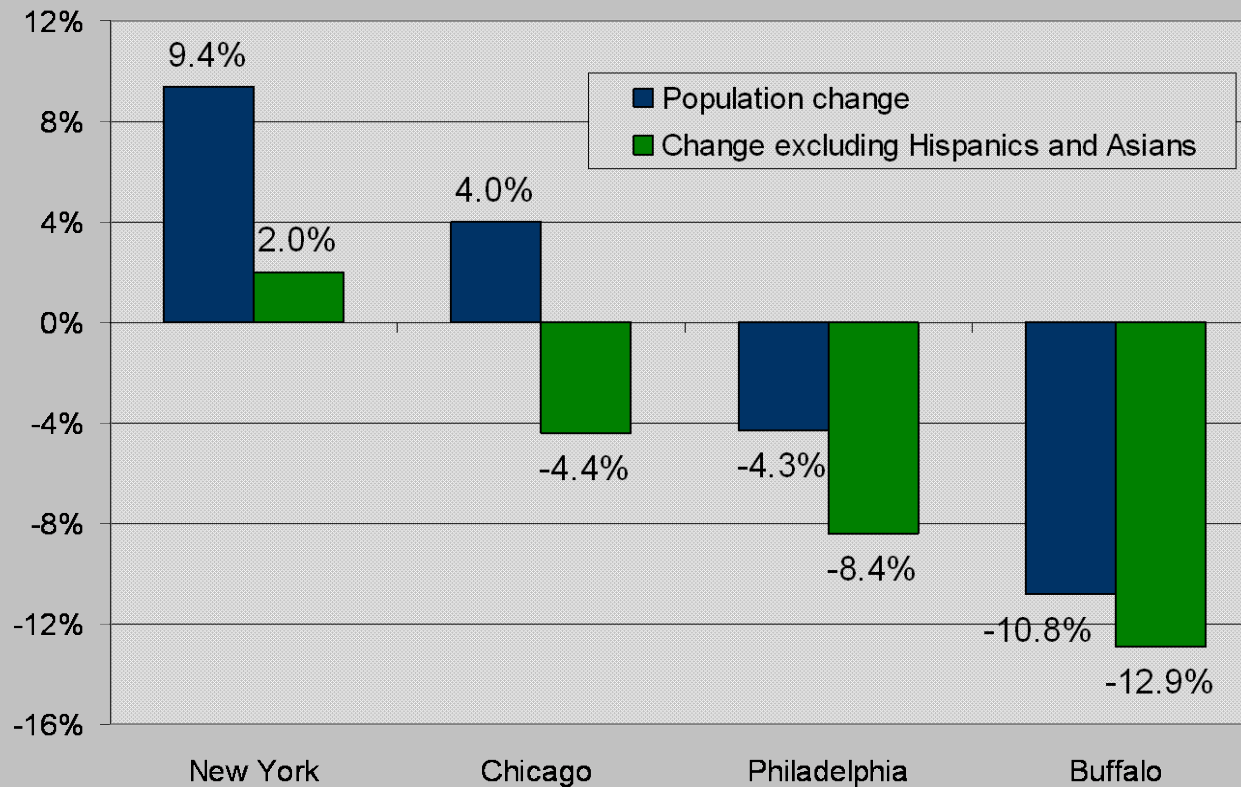
In 2000, the top hundred cities became majority minority





Demographics are Changing

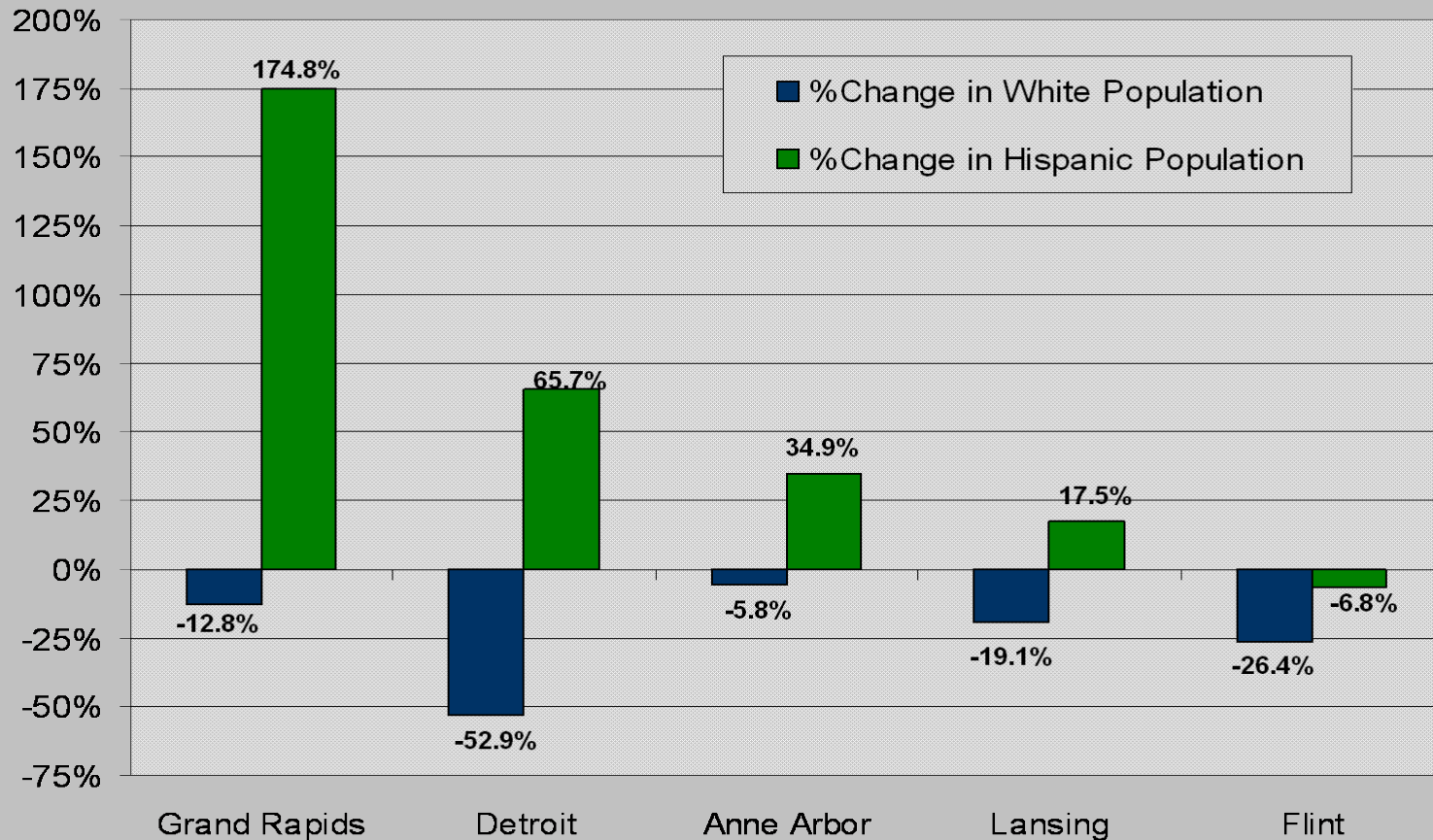
Hispanics and Asians fueled the growth in big cities





Demographics are Changing

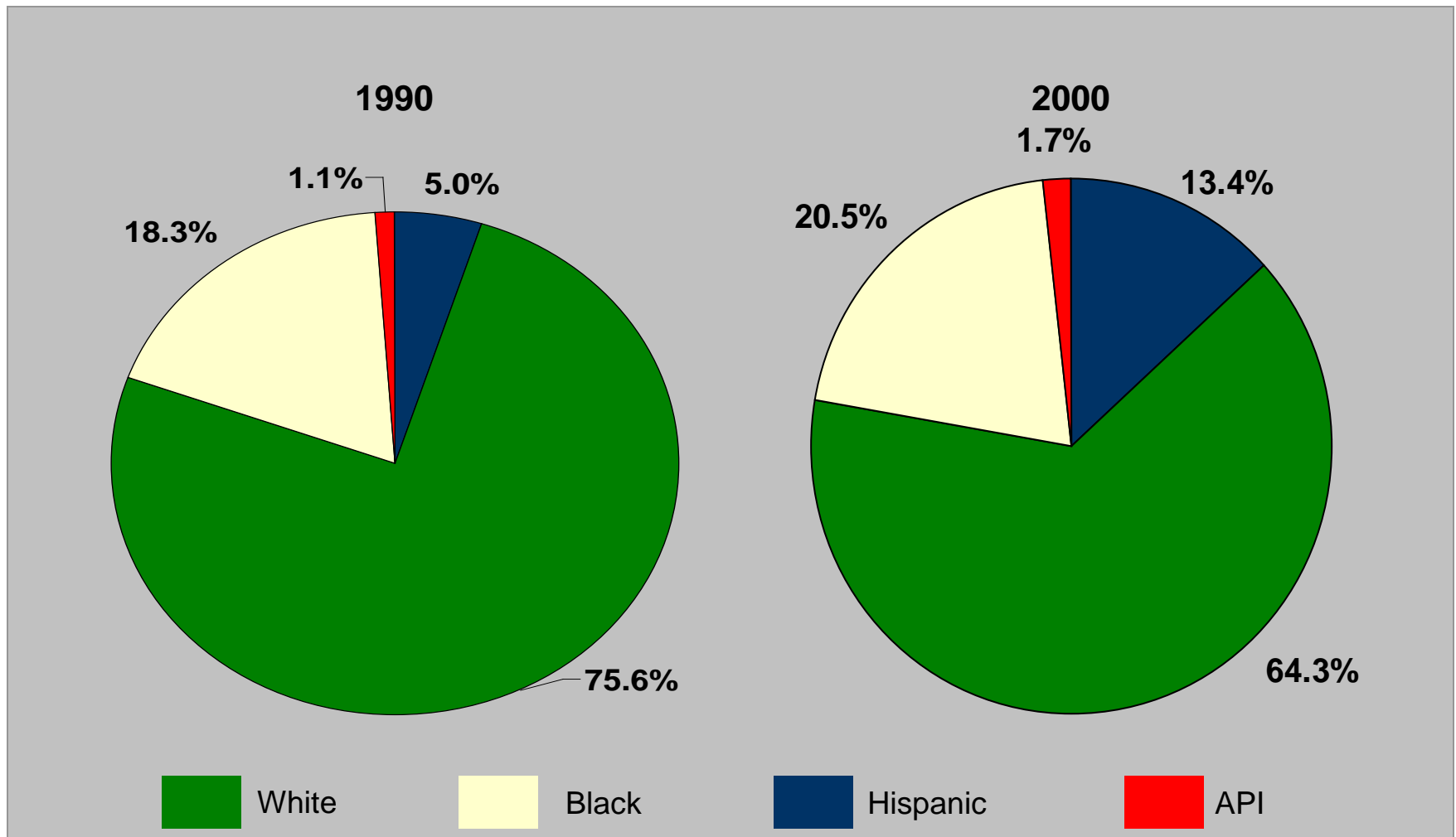
**Michigan's largest cities lost white residents;
at the same time, their Hispanic population soared**





Demographics are Changing

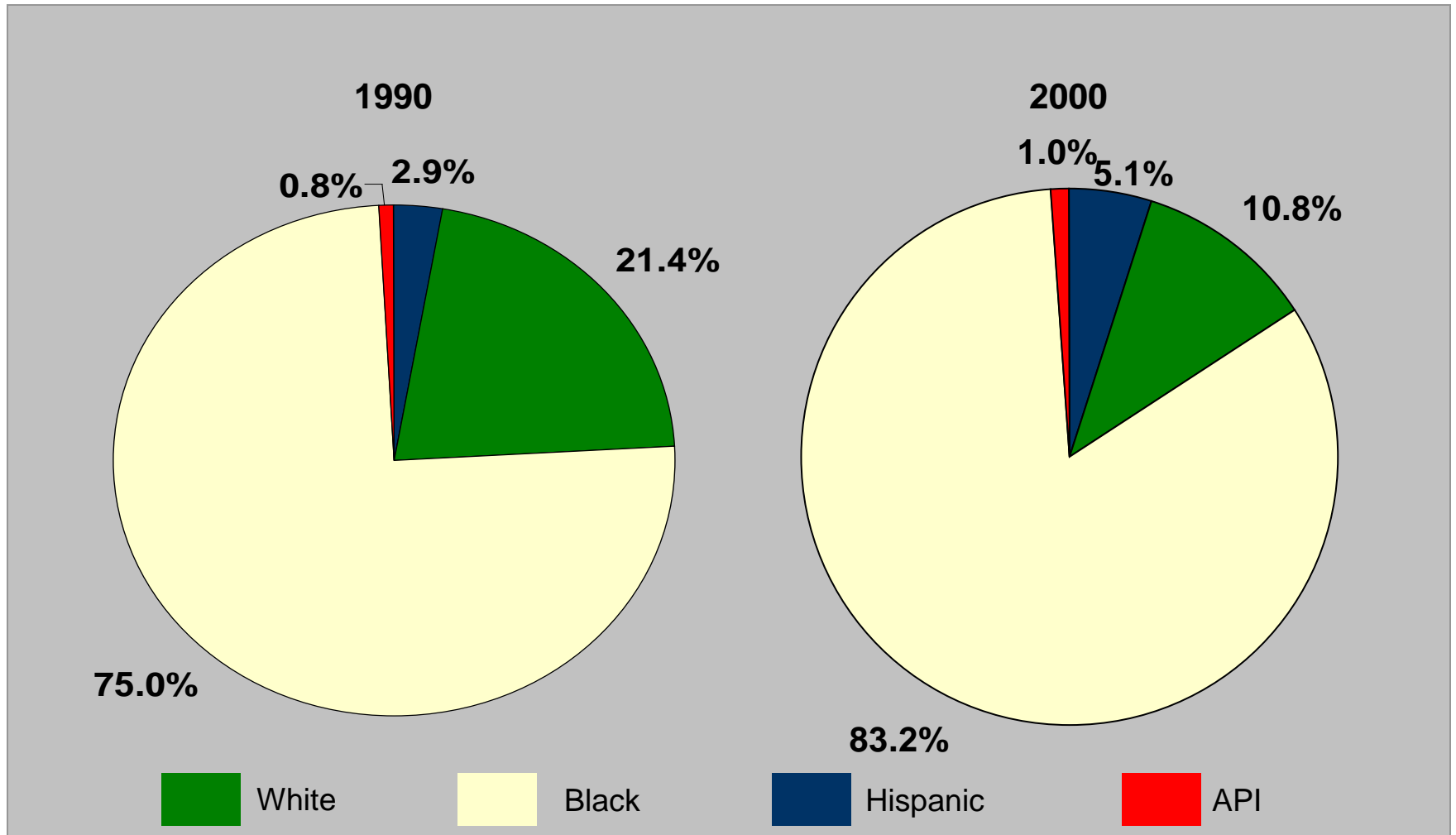
Growth in the Hispanic population was apparent in Grand Rapids





Demographics are Changing

And Detroit to a lesser extent





3. The Fiscal and Economic Health of Cities Varies Considerably



Fiscal and Economic Health Varies

Detroit has the 7th highest poverty rate among the 100 largest cities.

Place Name	Rank	Povety Rate
Miami, FL	1	28.5%
Newark, NJ	2	28.4%
New Orleans, LA	3	27.9%
Buffalo, NY	4	26.6%
Cleveland, OH	5	26.3%
Fresno, CA	6	26.2%
→ Detroit, MI	7	26.1%
Rochester, NY	8	25.9%
Stockton, CA	9	24.7%
St. Louis, MO	10	24.6%
Atlanta, GA	11	24.4%
Baton Rouge, LA	12	24.0%



Fiscal and Economic Health Varies

Has the highest percentage of female headed households.

		With own children under 18		
		Rank	Households	Percent
→	Detroit city, Michigan	1	336,428	18.6%
	Newark city, New Jersey	2	91,382	17.1%
	Rochester city, New York	3	88,999	16.4%
	Cleveland city, Ohio	4	190,638	15.3%
	Buffalo city, New York	5	122,720	14.4%
	Memphis city, Tennessee	6	250,721	14.2%
	New Orleans city, Louisiana	7	188,251	14.0%
	Milwaukee city, Wisconsin	8	232,188	13.9%
	Birmingham city, Alabama	9	98,782	13.6%
	Baltimore city, Maryland	10	257,996	13.3%



Fiscal and Economic Health Varies

Ranks #97 in the percent of population with Bachelor's degrees

Place Name	Rank	Percent of Pop. 25 and older with Bachelor's Deg.
Akron, OH	91	18.0%
Philadelphia, PA	92	17.9%
Toledo, OH	93	16.8%
Miami, FL	94	16.2%
Stockton, CA	95	15.4%
Cleveland, OH	96	11.4%
→ Detroit, MI	97	11.0%
Hialeah, FL	98	10.4%
Santa Ana, CA	99	9.2%
Newark, NJ	100	9.0%



Fiscal and Economic Health Varies

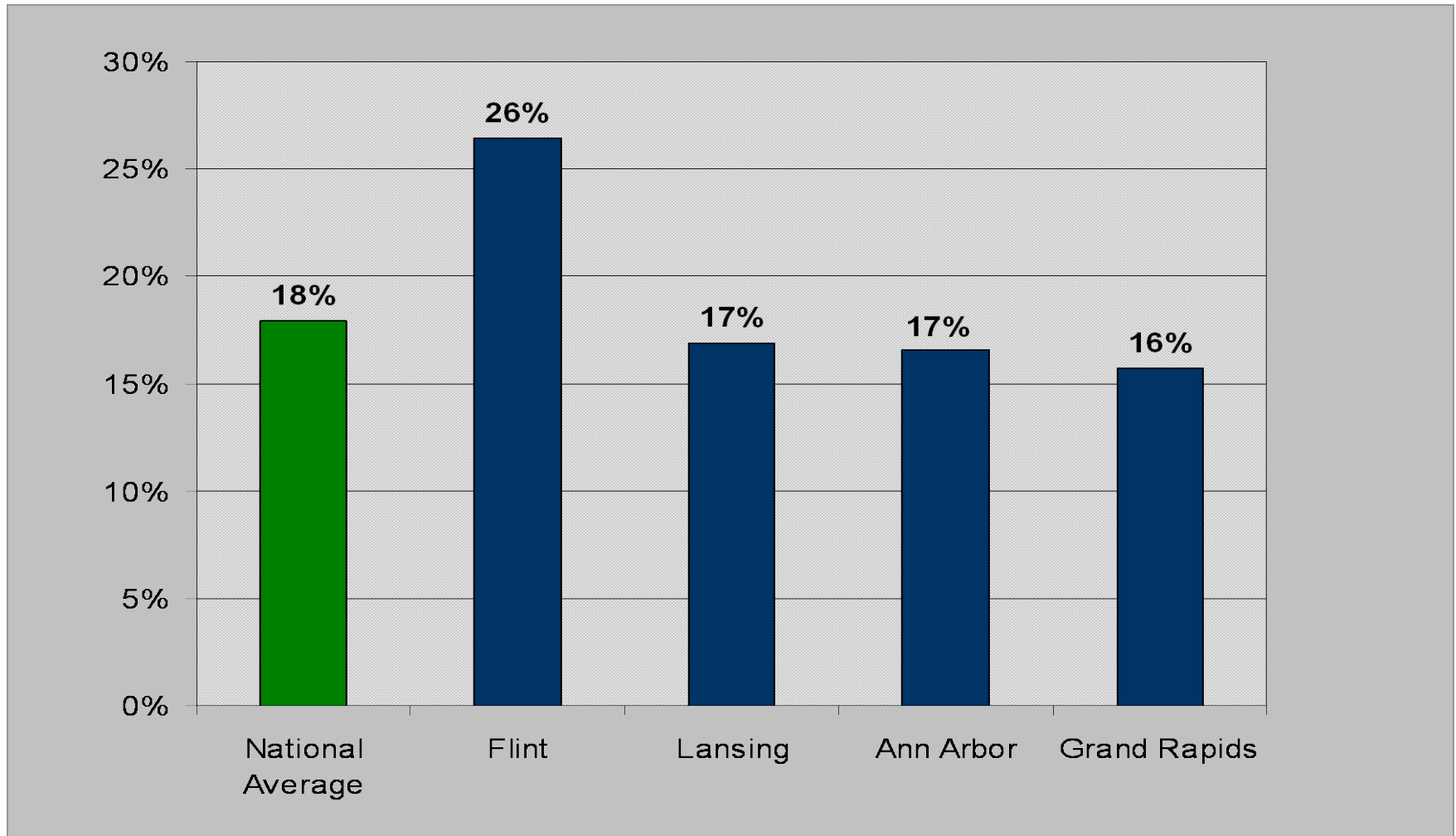
But ranks moderately in homeownership.

<u>Place Name</u>	<u>Rank</u>	<u>Owner Occupied</u>
Lubbock, TX	43	55.8%
Portland, OR	44	55.8%
Tulsa, OK	45	55.6%
Lexington-Fayette,	46	55.3%
Tampa, FL	47	55.1%
→ Detroit, MI	48	54.9%
Tacoma, WA	49	54.8%
St. Paul, MN	50	54.8%
Arlington, TX	51	54.7%
Nashville-Davidson,	52	54.5%
Tucson, AZ	53	53.5%



Fiscal and Economic Health Varies

Concentrations of poverty vary across Michigan

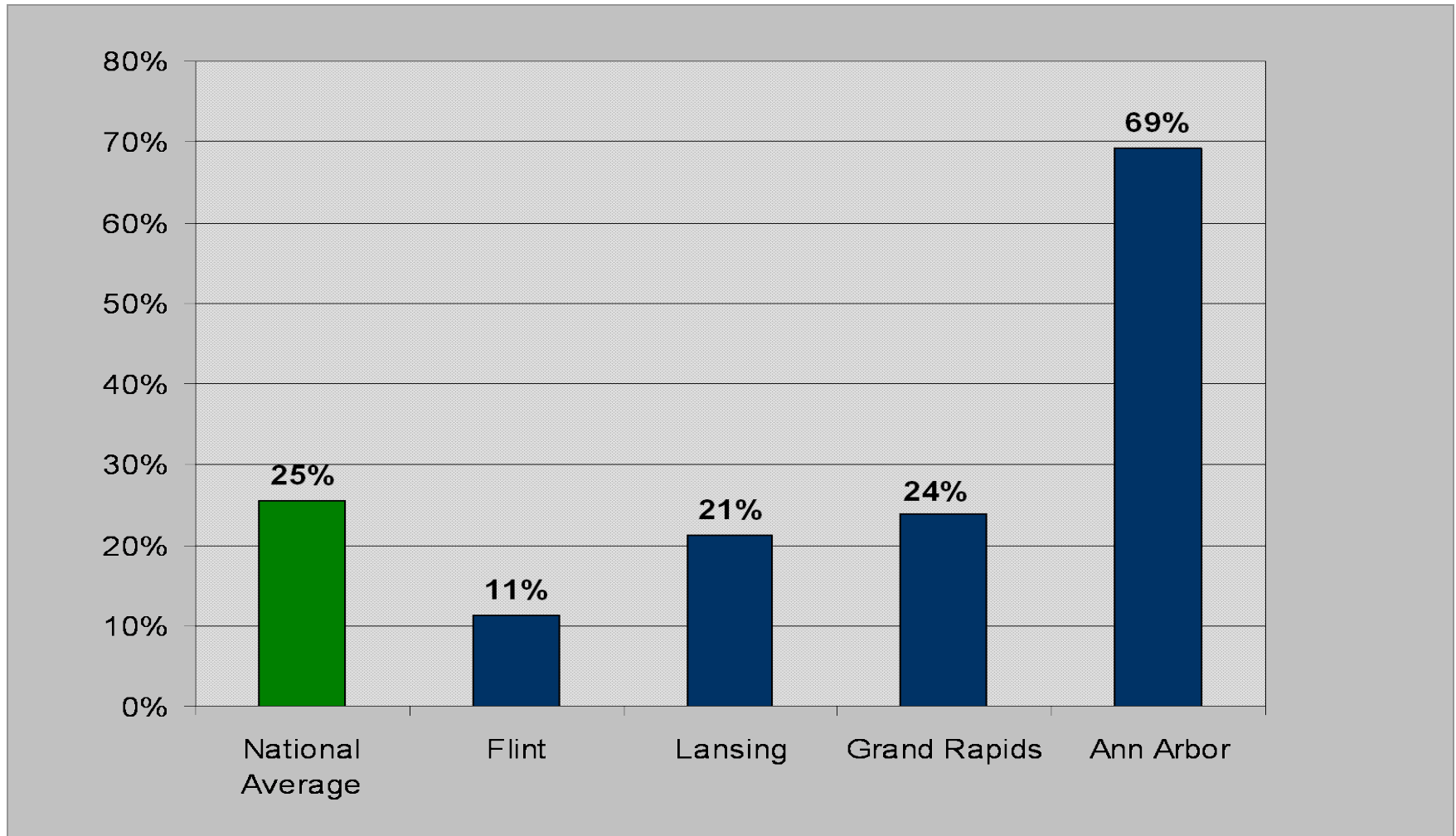


Source: U.S. Census Bureau
National Average based on 100 largest cities



Fiscal and Economic Health Varies

Concentrations of BA graduates vary across Michigan

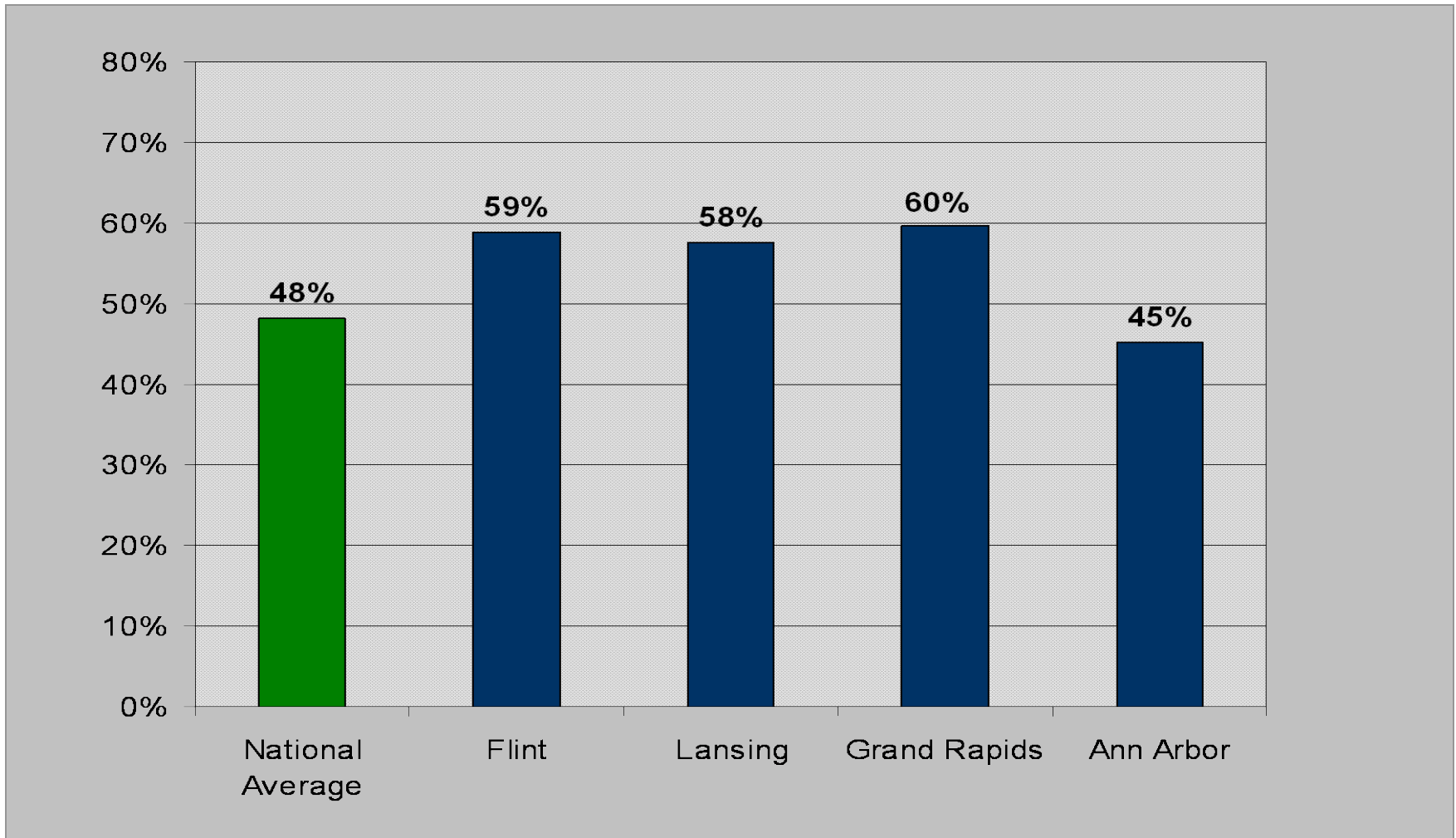


Source: U.S. Census Bureau
National Average based on 100 largest cities

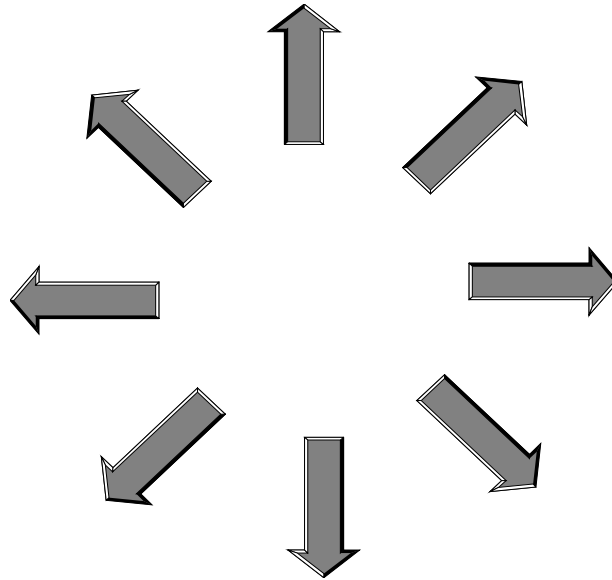


Fiscal and Economic Health Varies

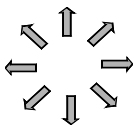
Homeownership rates vary across Michigan



Source: U.S. Census Bureau
National Average based on 100 largest cities

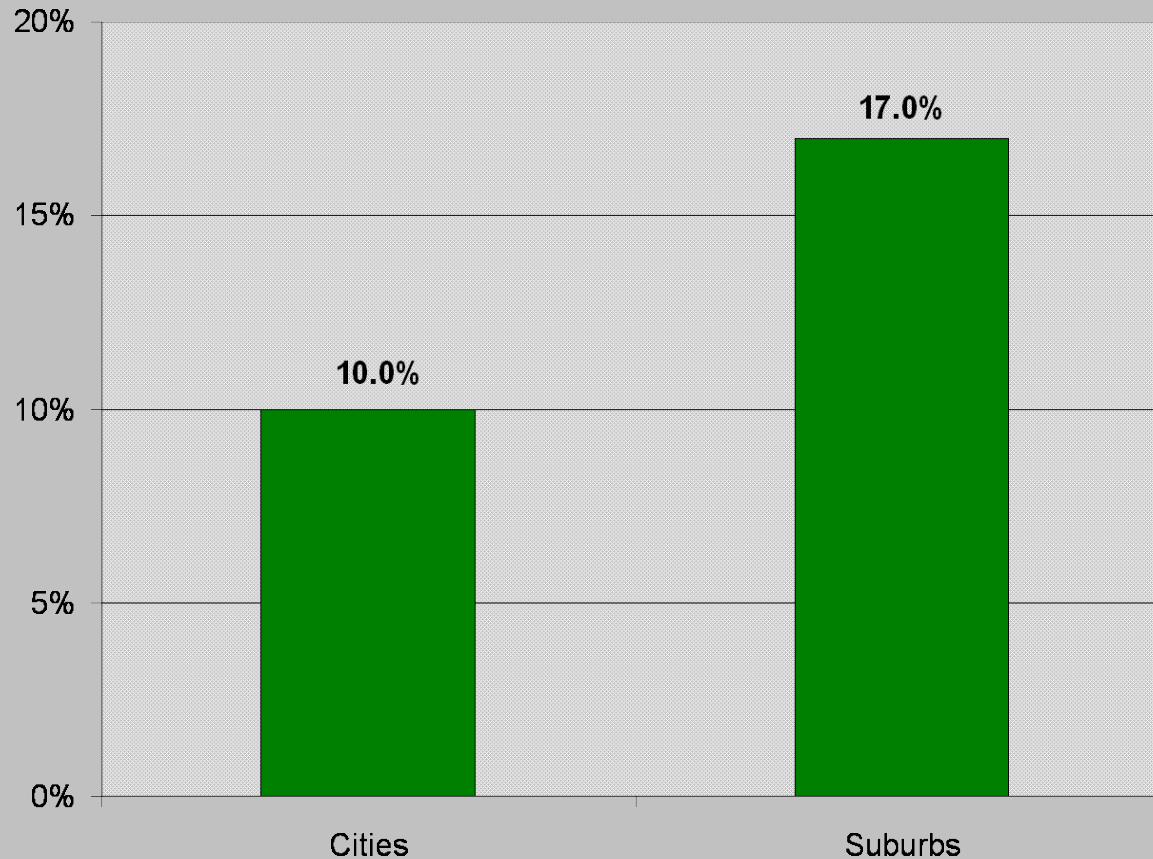


**4. Metropolitan
areas are decentralizing**

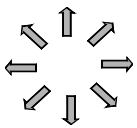


Population Is Decentralizing

Suburbs grew faster than cities in almost every metropolitan area

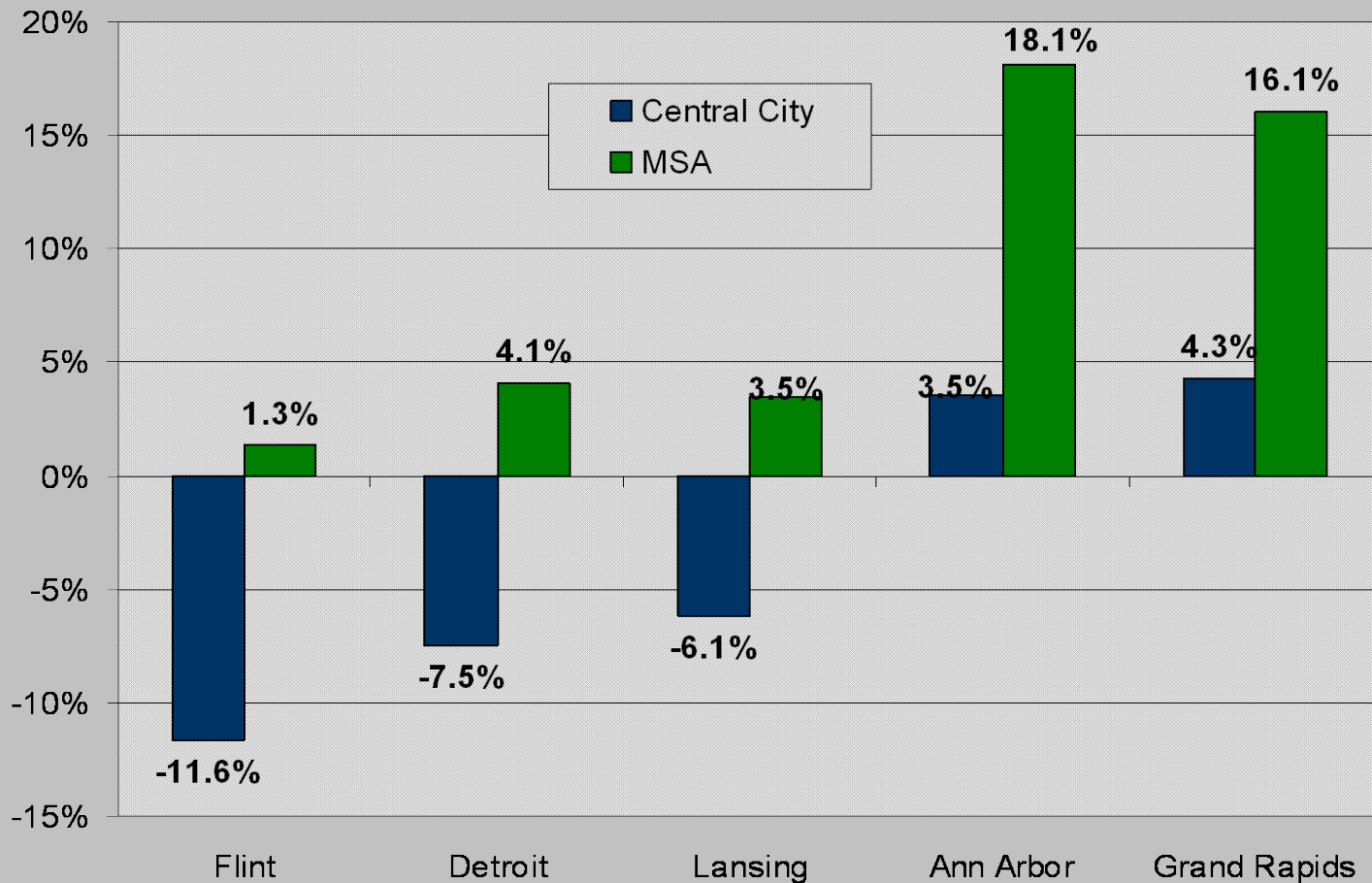


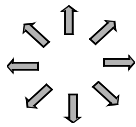
¹ Aggregated data for all Census defined central cities



Population Is Decentralizing

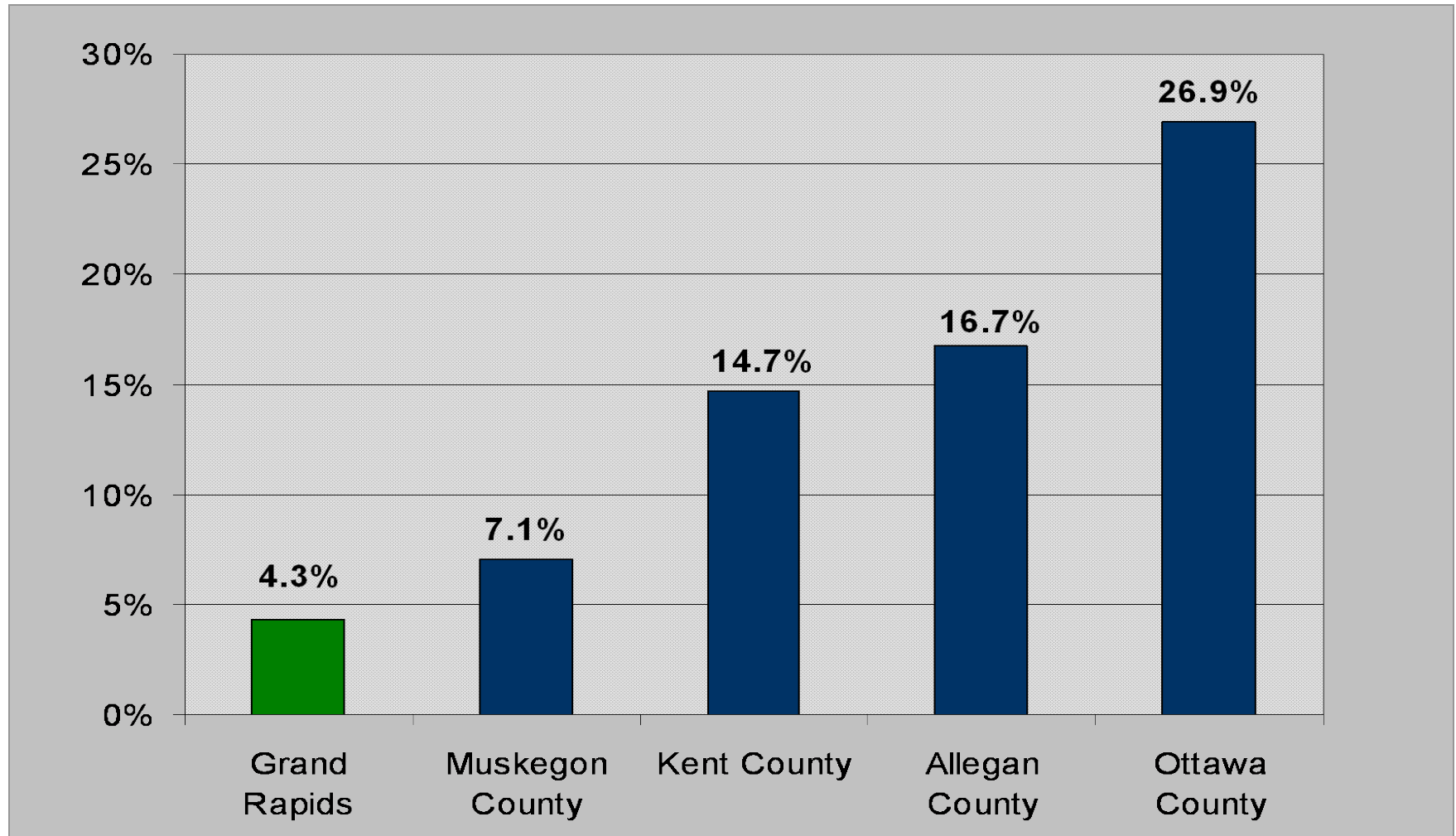
In Michigan, strong suburban growth during the 1990s contrasts with particularly weak growth in central cities

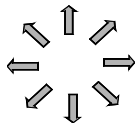




Population Is Decentralizing

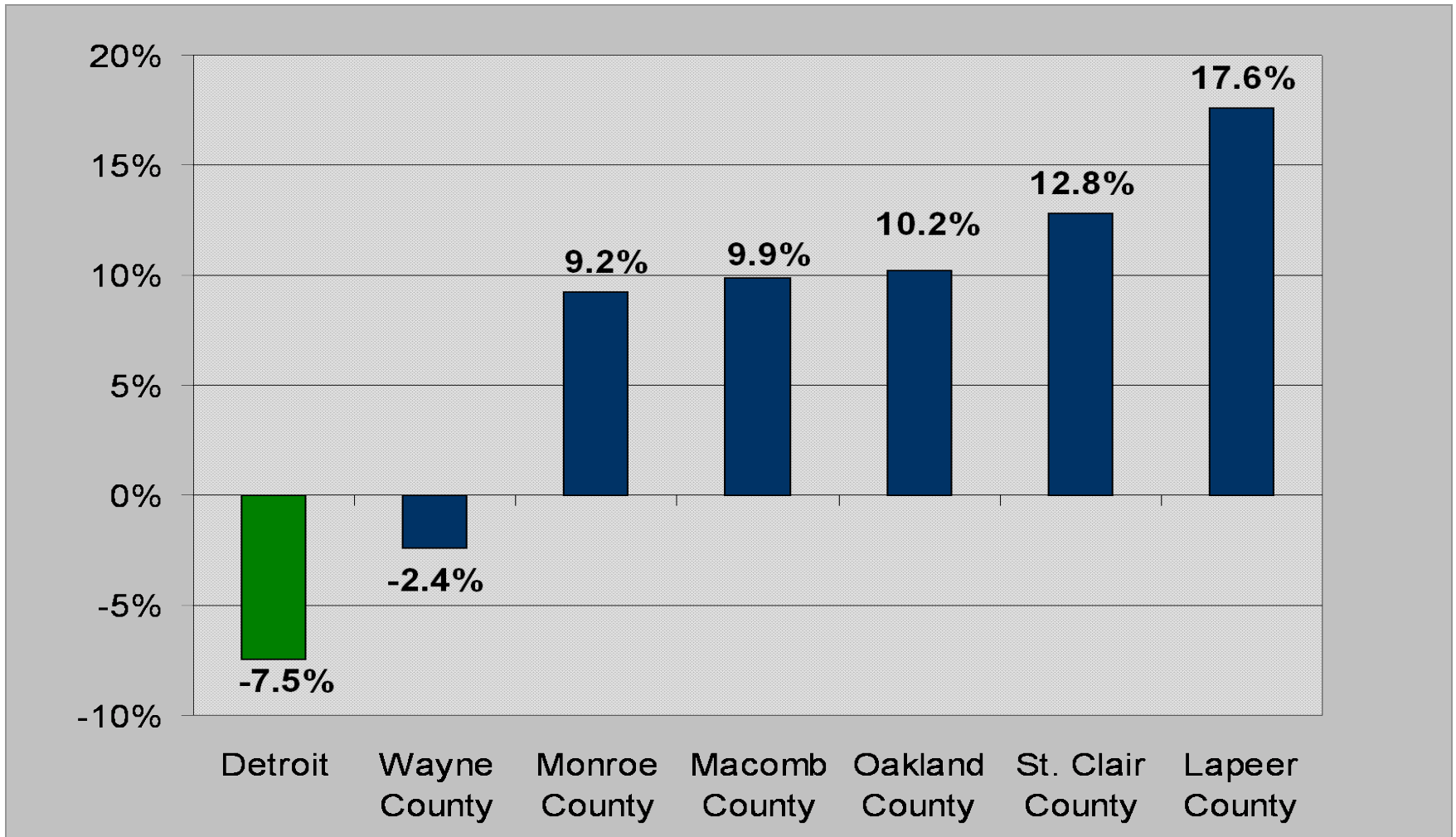
While Grand Rapids grew moderately, counties north and south of the city experienced very strong growth

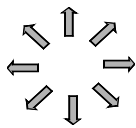




Population Is Decentralizing

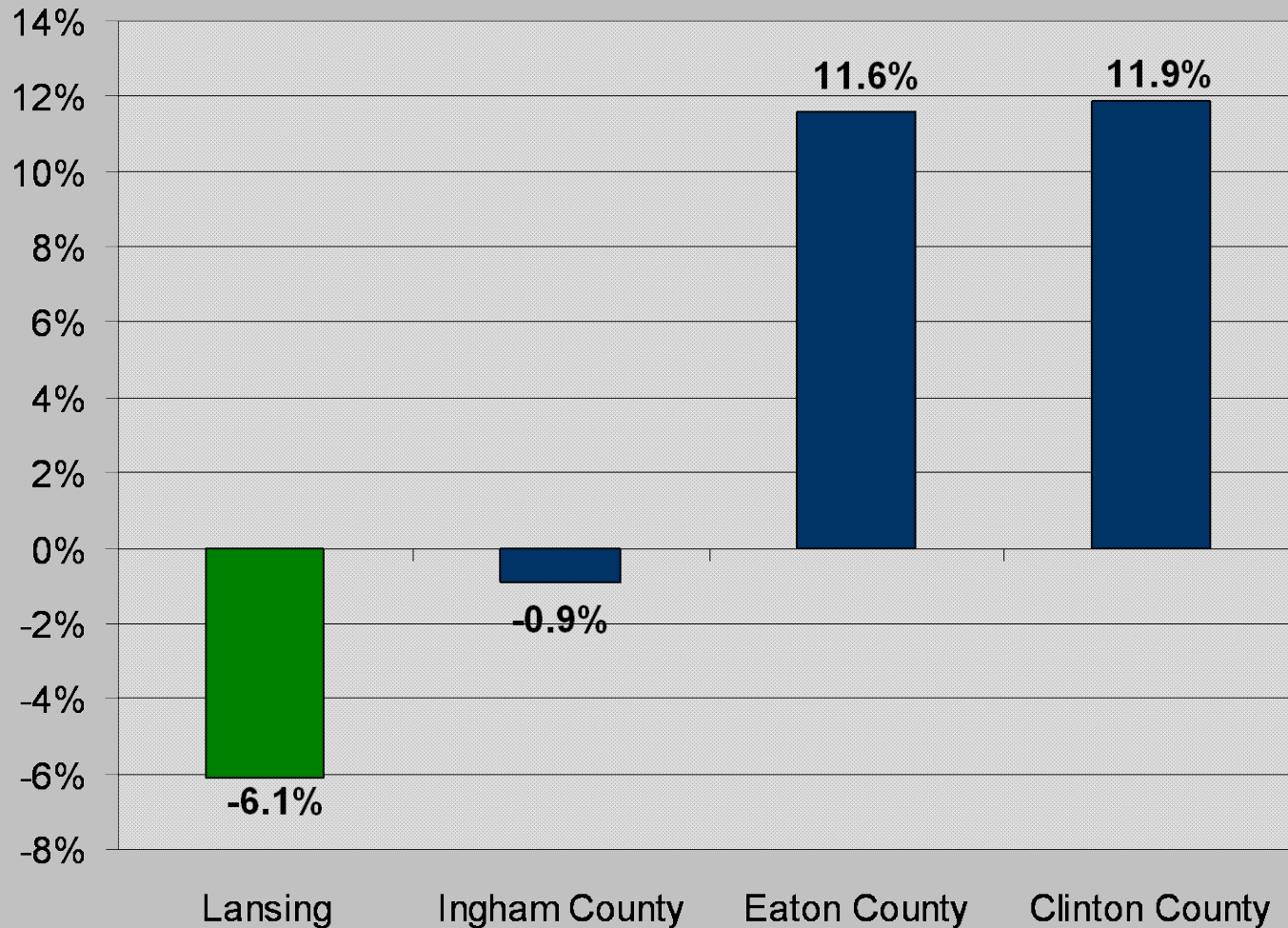
Detroit lost a significant amount of population, but counties to the north and west of the city grew

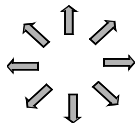




Population Is Decentralizing

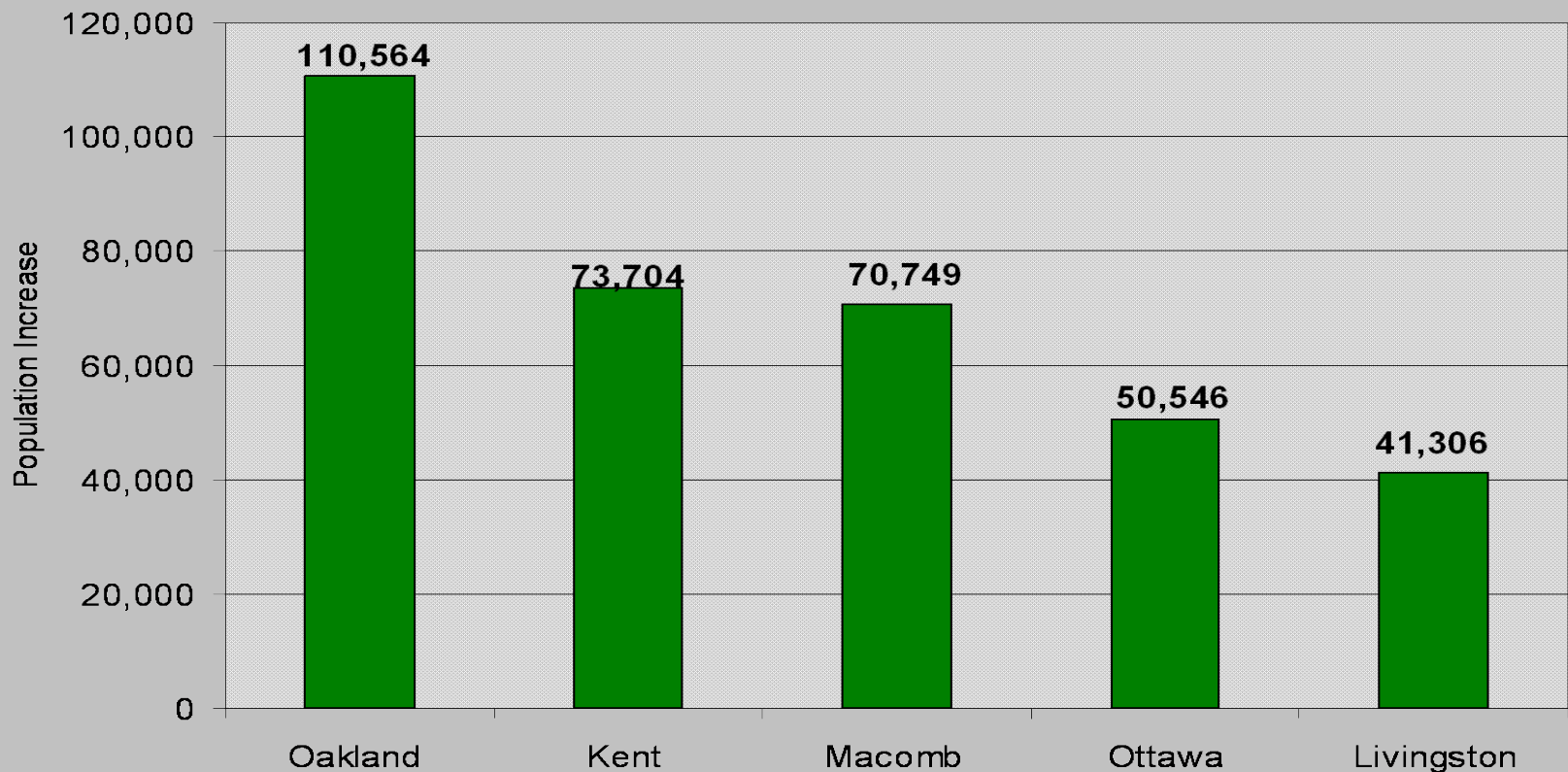
The counties outside of Lansing also grew despite the city's population loss

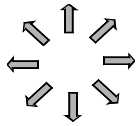




Population Is Decentralizing

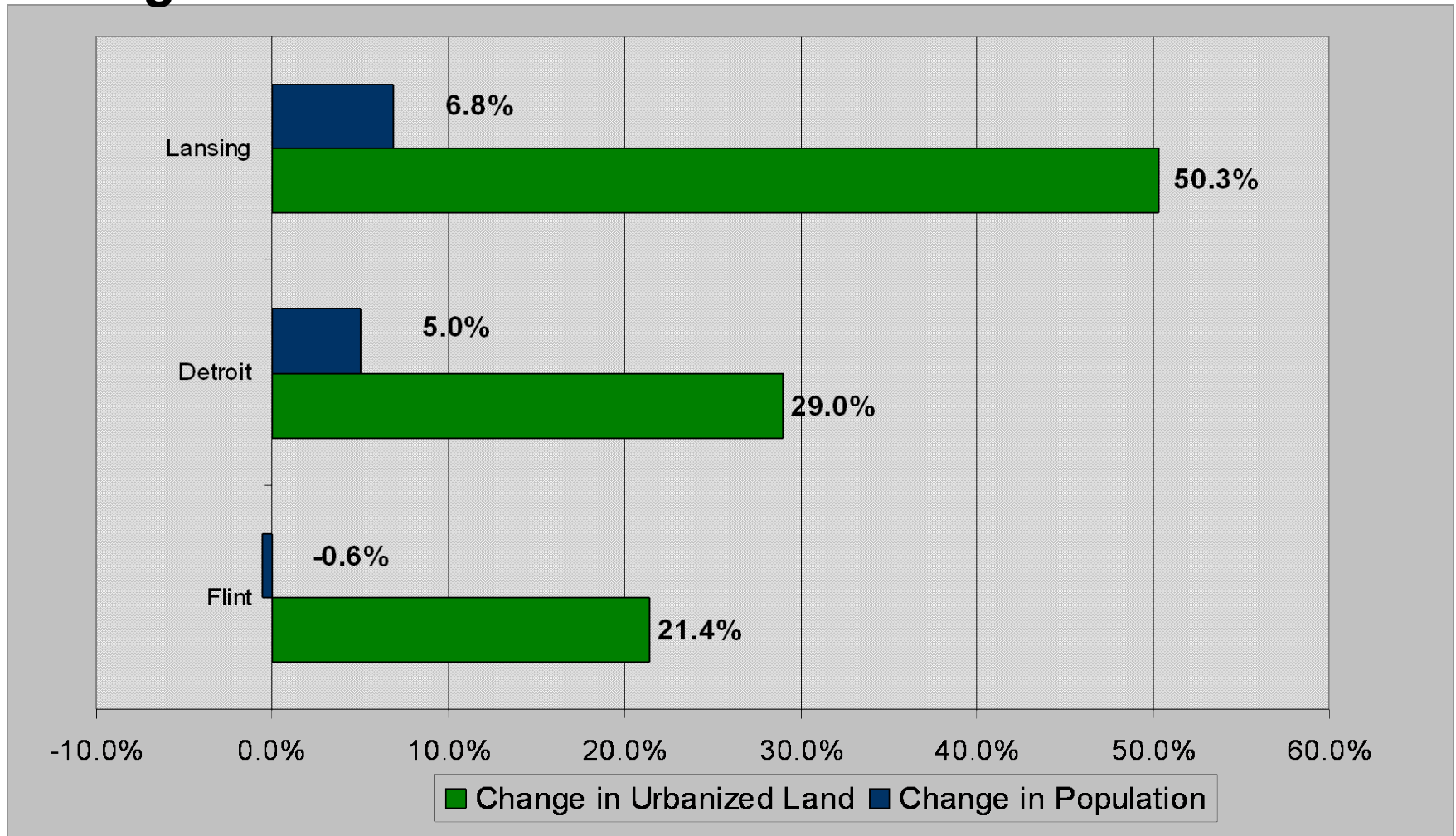
The five counties with the largest growth in the 1990s were all located on the fringes of Michigan's metro areas

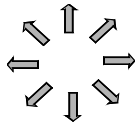




Population Is Decentralizing

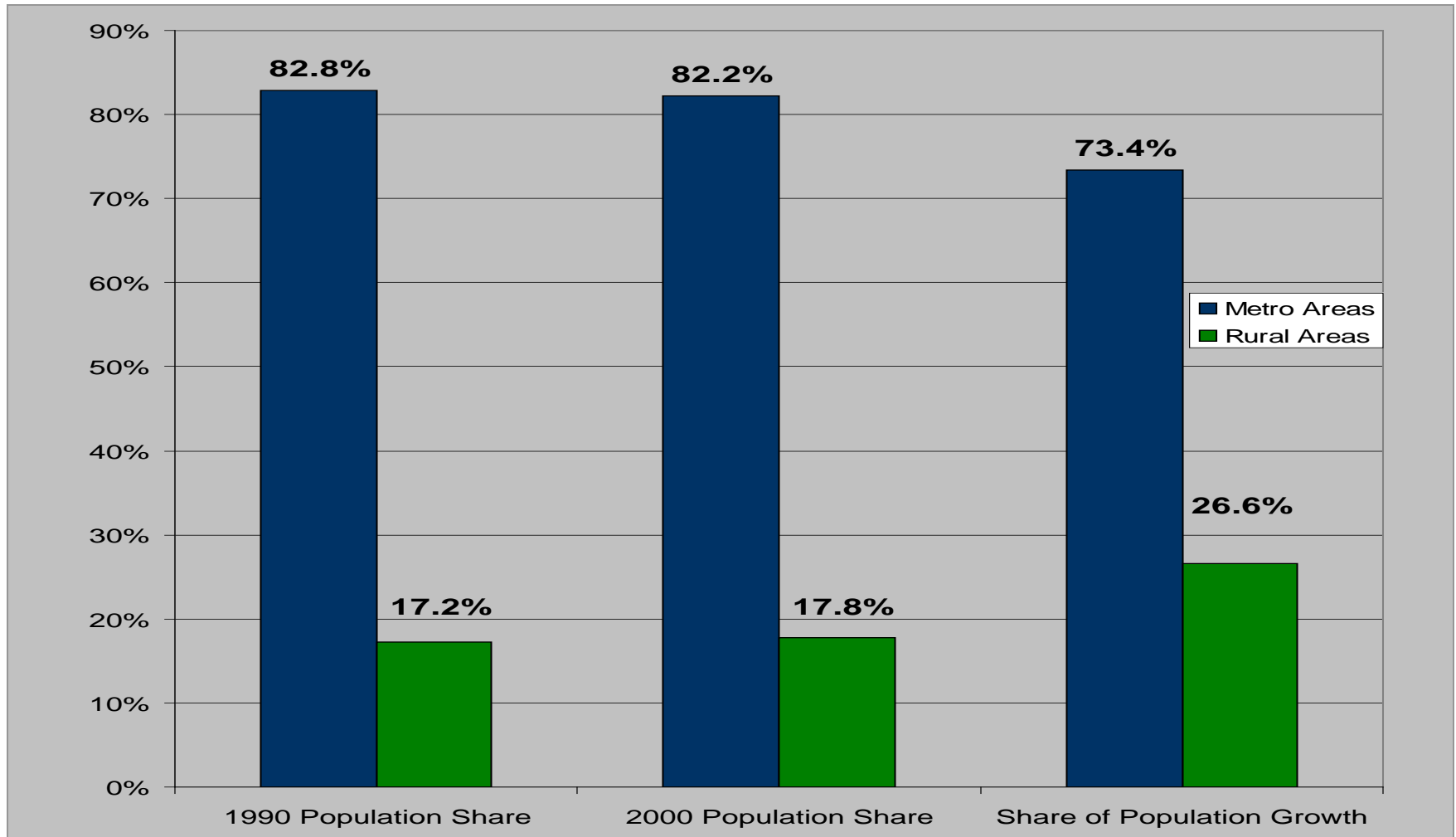
Michigan's metropolitan areas “de-densified” rapidly during the 1990s

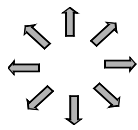




Population Is Decentralizing

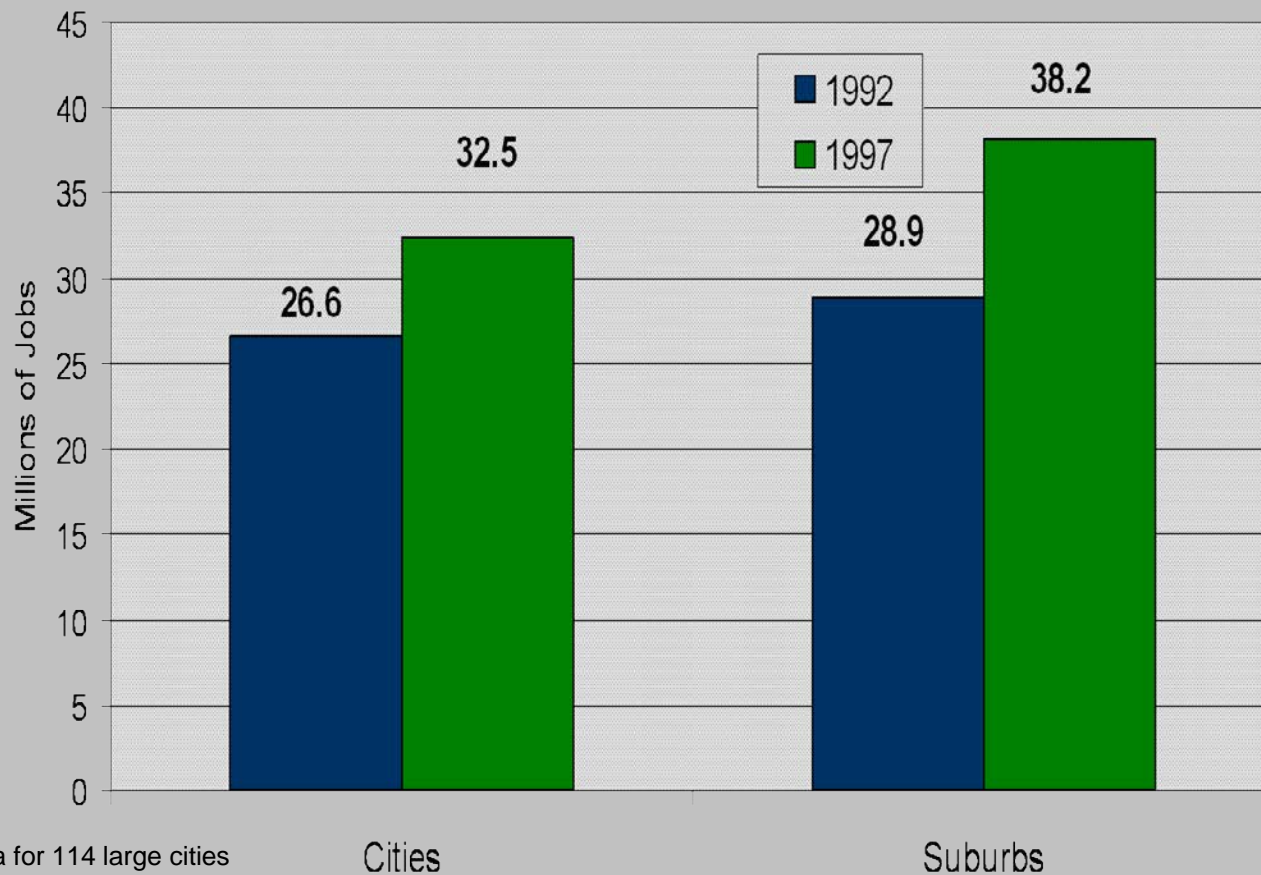
Michigan's rural areas make-up 18% of the state's population but garnered 25% of the population growth during the 1990s.

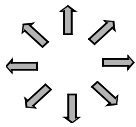




Employment Is Decentralizing

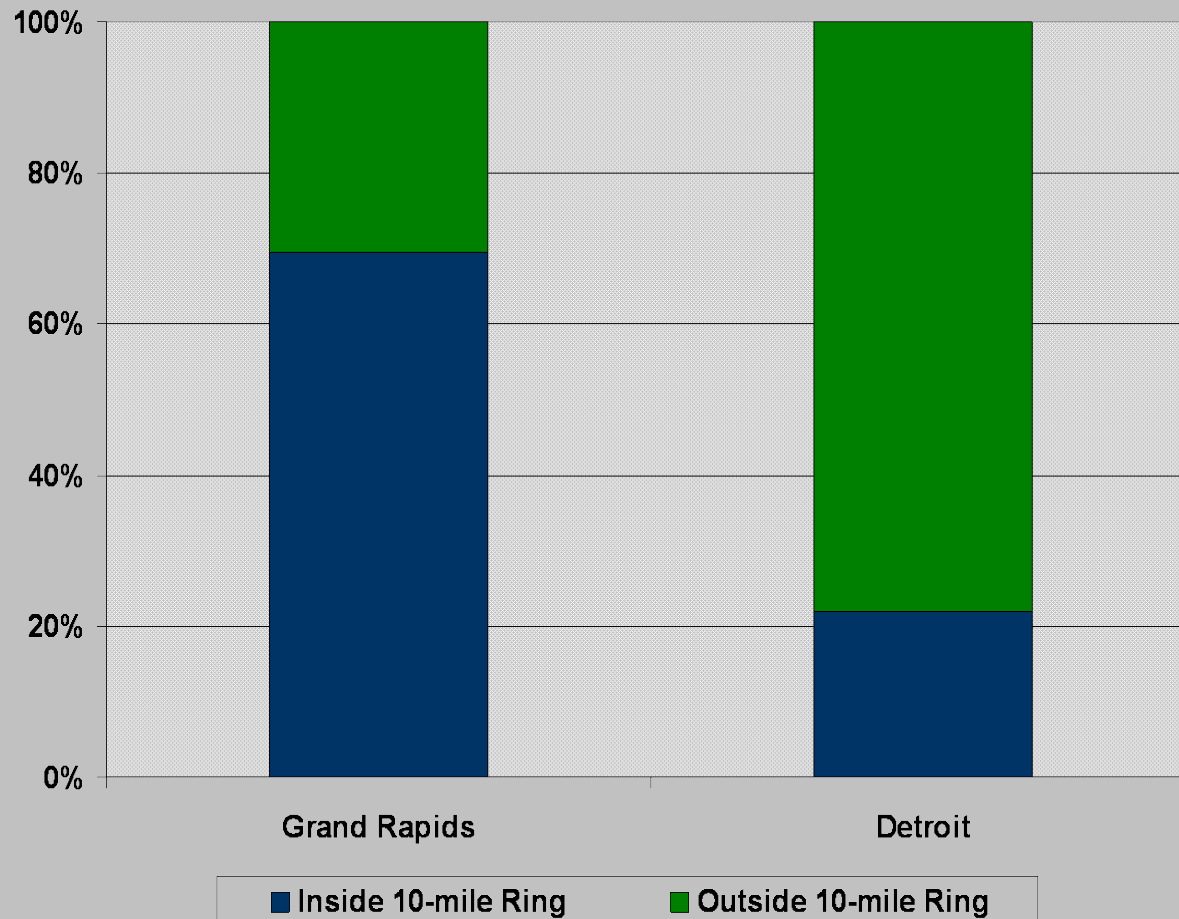
Employment is decentralizing. Cities gained jobs during the 1990s, but suburbs gained more

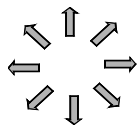




Employment is Decentralizing

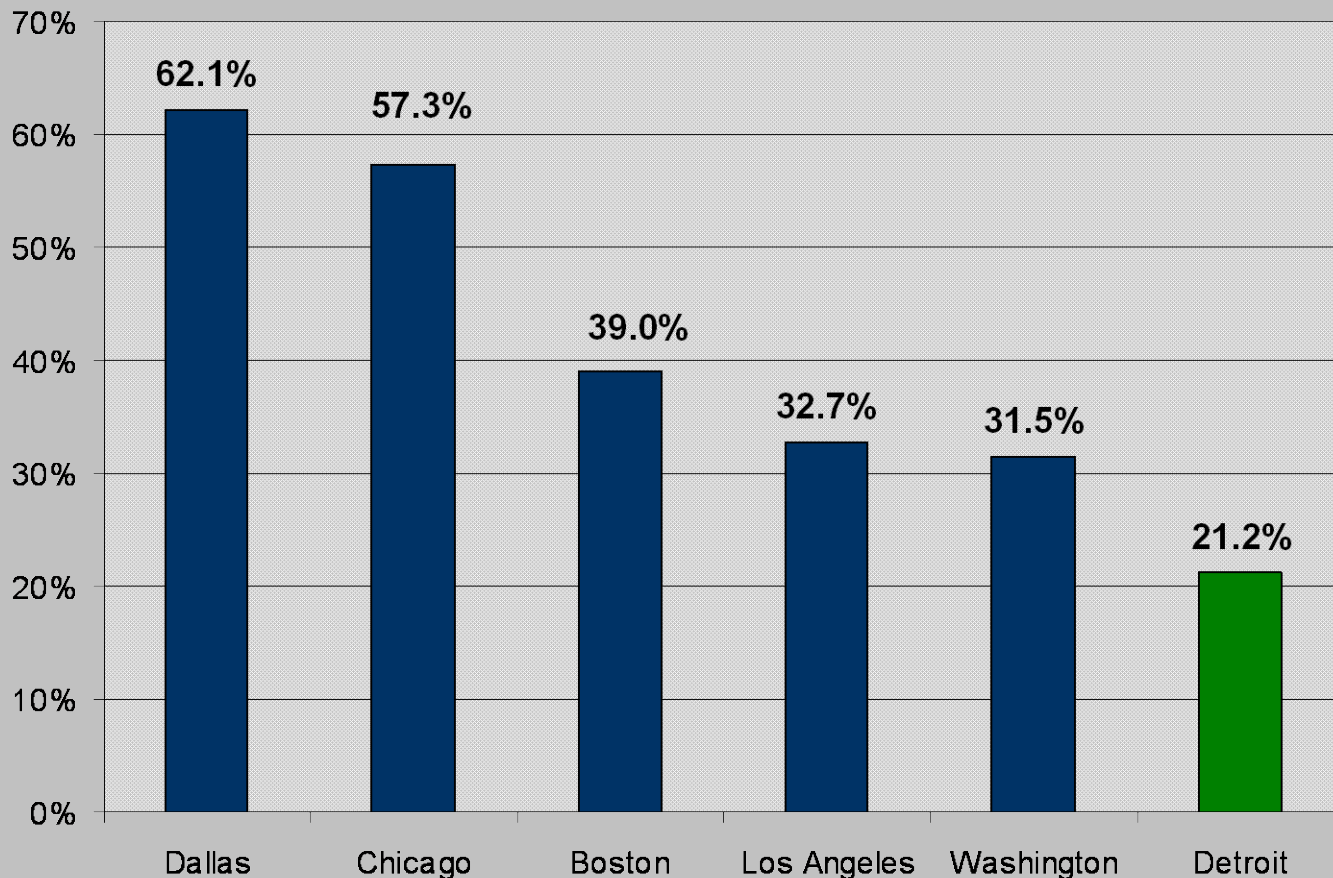
Nationally, 65% of all jobs are located within 10 miles of the central business district. In Detroit, only 22% of jobs are within 10 miles.





Employment Is Decentralizing

Metropolitan Detroit has a very limited amount of office space in the central city compared to other regions





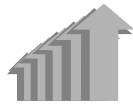
II. What are the consequences of these trends?



Decentralization is Costly

**Increases Costs on
Communities & Taxpayers**





Decentralization Is Costly

Low density development imposes greater costs on state and localities.

Low density development increases demand for:

- **New schools**
- **New roads**
- **New public facilities**
- **Sewer and water extensions**

Low density development increases the costs of key services:

- **Police**
- **Fire**
- **Emergency medical**



Decentralization Is Costly

Dispersed development costs localities and taxpayers more.

Dollar Costs of New Services* Per 1000 New Residents for a Family of 4

Central City Counties	Development Pattern	Cost
Fayette	(more concentrated)	\$-0.62
Jefferson County	(more spread out)	\$37.55
Suburban Counties		
Shelby	(more concentrated)	\$88.27
Pendleton	(more spread out)	\$1222.39
Counties With Small Towns		
Warren	(more concentrated)	\$53.89
Pulaski	(more spread out)	\$239.93
Outer Ring and Rural		
Garrard	(more concentrated)	\$454.51
McCracken	(more spread out)	\$618.90

*Services includes Police, Fire, Highway, Schools, Sewer, and Solid Waste

Decentralization is Costly

Erodes Michigan's Rural Heritage & Natural Resources

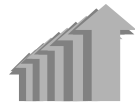




Decentralization Is Costly

Michigan's current pattern of growth is eroding the state's rural heritage and natural resources.

- **Farmland is being lost.**
- **Hunting and fishing spots are disappearing.**
- **Vast tracts of forest, stream, and grassland have been developed.**
- **The state is fouling its waters.**
- **Air pollution - particularly in Detroit - continues to place many at risk.**



Decentralization Is Costly

The fringes of metropolitan areas are consuming excessive amounts of land

- **In the state of Michigan, 364,000 acres of land were developed between 1992 and 1997**
- **The state ranked ninth in land consumption during this period. Most states that exceeded Michigan had much greater population growth**
- **The average annual conversion of developed land was nearly 60 percent higher in the 1990s than in the 1980s**



Decentralization is Costly

Diminishes Economic Competitiveness & Quality of Life





Decentralization Is Costly

Michigan's current pattern of growth is hurting Michigan's competitiveness by eroding its quality of life

Decentralization:

- **Is weakening the downtown cores that attract and retain young workers and employers.**
- **Is reducing choice for different types of communities**
- **Threatens the state's best natural amenities and the tourism industry.**



Decentralization Is Costly

With their weak downtowns, Michigan's cities lag on key indicators of competitiveness such as creativity, talent, and jobs

		1990s	2000
	Creativity	Downtown	Pop. Share
	Rank	Pop. Change	with B.A.
San Francisco	1	22%	45.0%
Boston	3	30%	35.6%
San Deigo	3	20%	35.0%
Seattle	5	44%	47.2%
Raleigh-Durham	6	27%	43.6%
Minneapolis-St. Paul	11	20%	35.2%
Atlanta	14	111%	34.6%
Denver	14	51%	34.5%
Detroit	39	2.9%	11.0%
Grand Rapids	44	18.2%	24.0%

*Out of 49 largest metropolitan areas



Decentralization is Costly

Strains the Transportation System & Increases Travel Costs



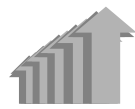


Decentralization Is Costly

Michigan's current pattern of growth is straining the state's transportation system and increasing travel costs.

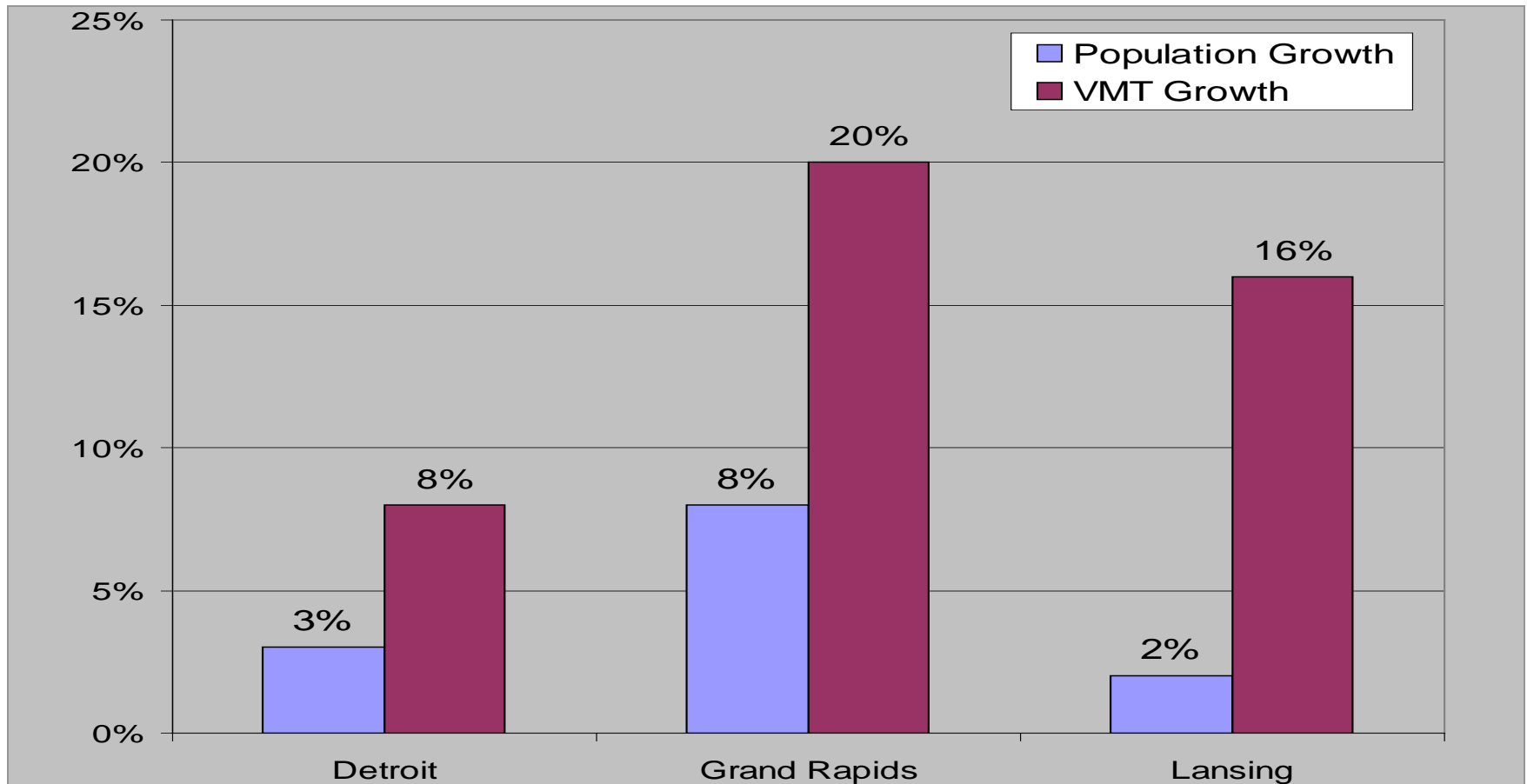
Decentralization:

- **Widens the area that needs to be served by roads - and increases road building costs.**
- **Generates more driving miles adding to congestion.**
- **Adds to household costs.**
- **Deepens the state's road-maintenance crisis.**



Decentralization Is Costly

In Detroit, Grand Rapids, and Lansing, VMT growth outpaced population growth during the 1990s.





Decentralization is Costly

**Isolates Low-income
Residents & Minorities
From Opportunities**





Decentralization Is Costly

Michigan's current pattern of growth is isolating low-income residents & minorities from opportunities.

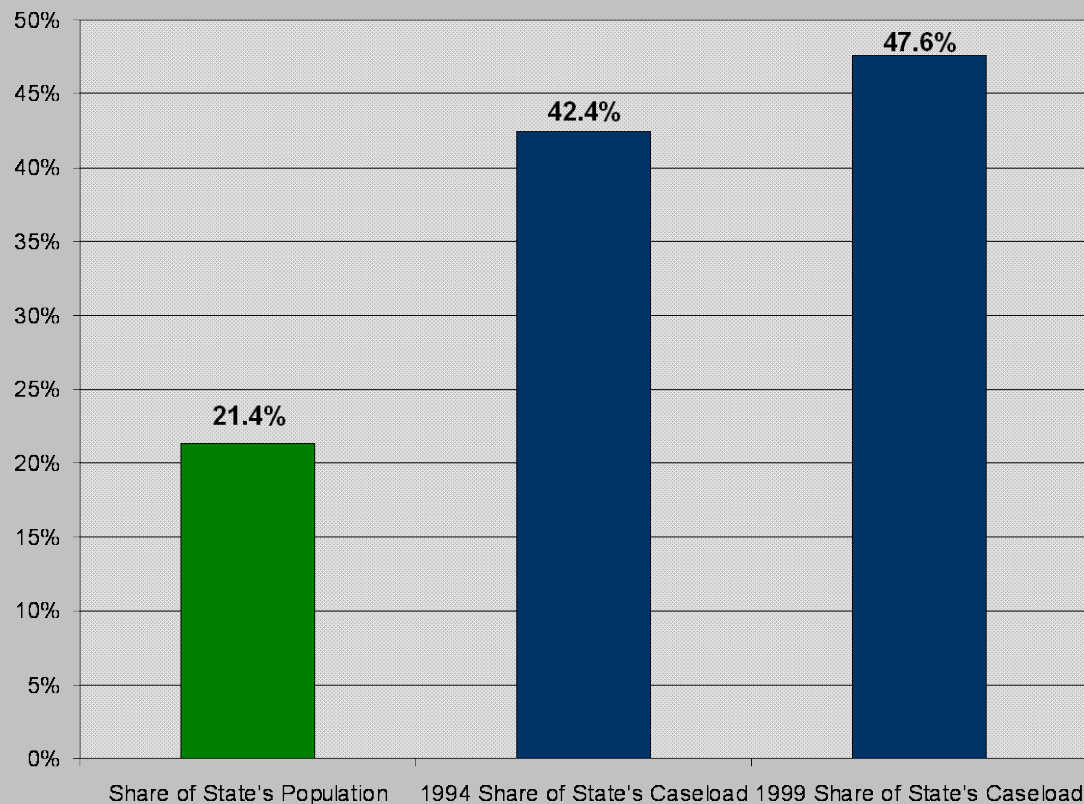
Decentralization:

- **Exacerbates social isolation in the core.**
- **Reduces educational opportunities in cities and older suburbs.**
- **Distances poor people from job opportunities.**

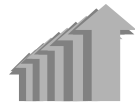


Decentralization Is Costly

Decentralization leaves behind concentrated poverty in inner cities. Wayne County's share of the state welfare caseload increased significantly between 1994 and 1999

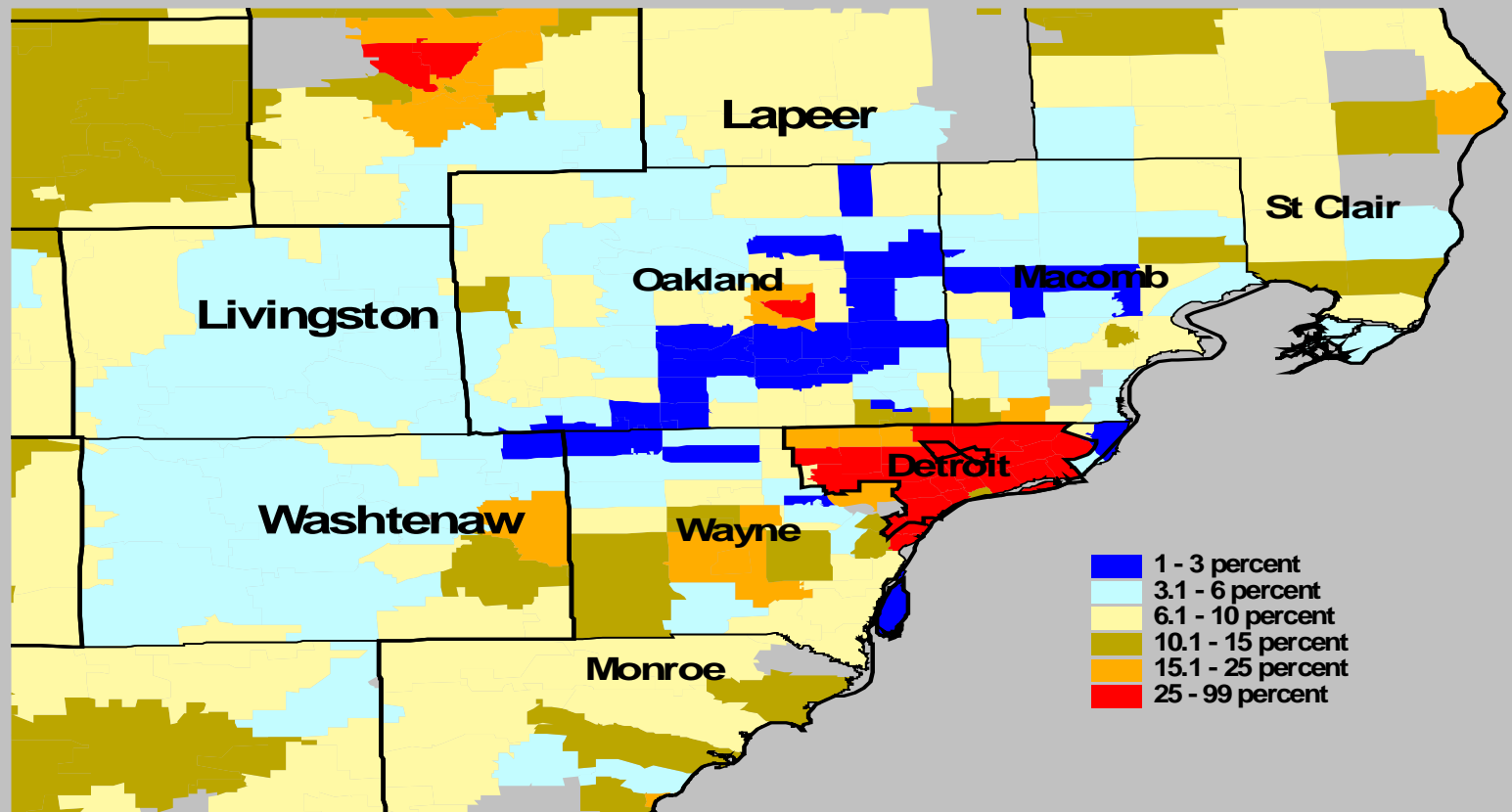


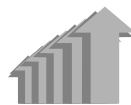
Source: Katherine Allen and Maria Kirby. "Unfinished Business: Why Cities Matter to Welfare Reform." Brookings, July 2000.



Decentralization Is Costly

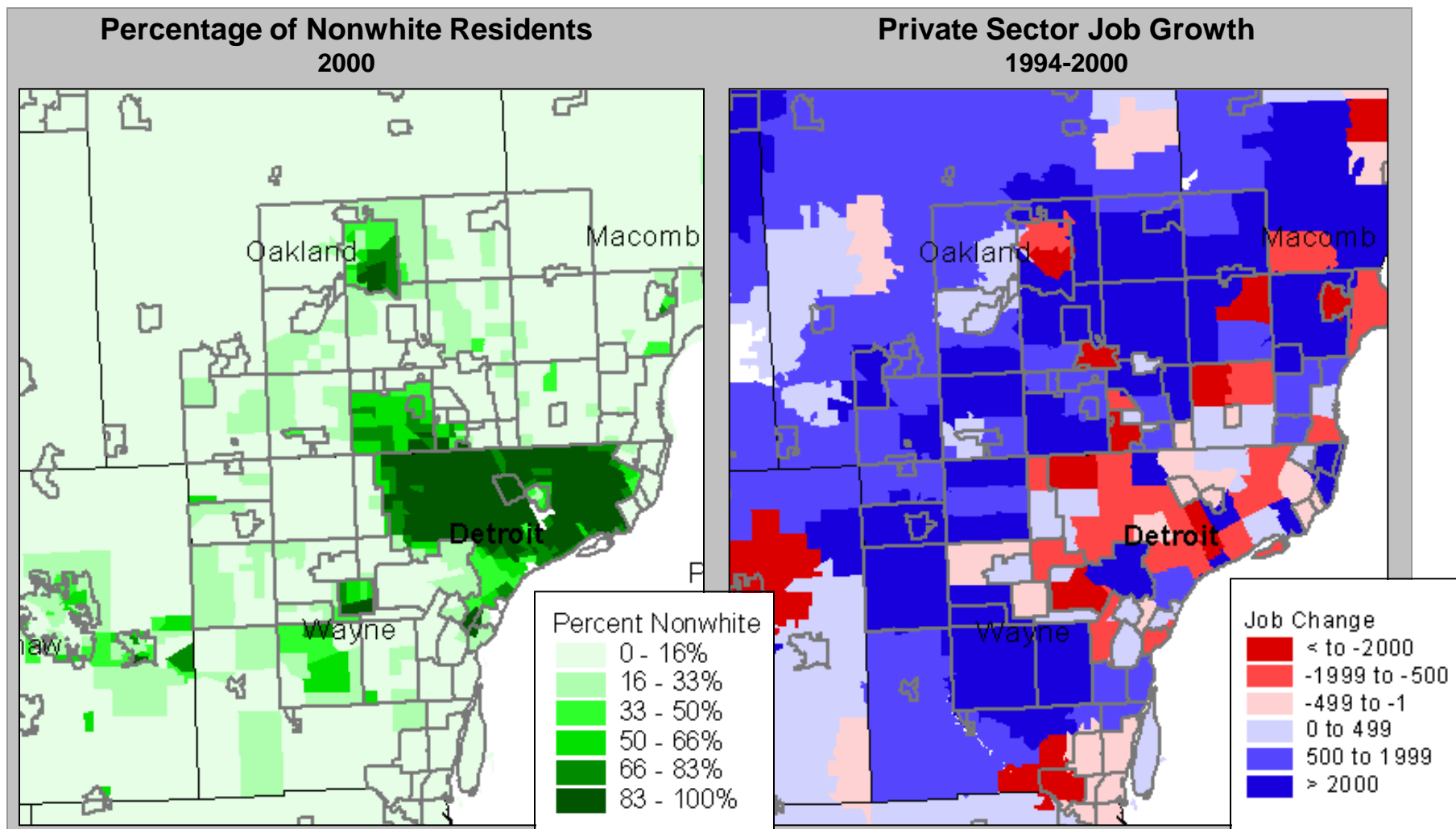
EITC recipients are concentrated in Detroit. Small pockets are also appearing in other parts of Wayne County and southern parts of Macomb and Oakland County





Decentralization Is Costly

Detroit's Nonwhite residents are separated from new employment opportunities






III. Why Is This Happening?

Why Is This Happening?

Detroit is among the most fragmented metropolitan areas in the country.

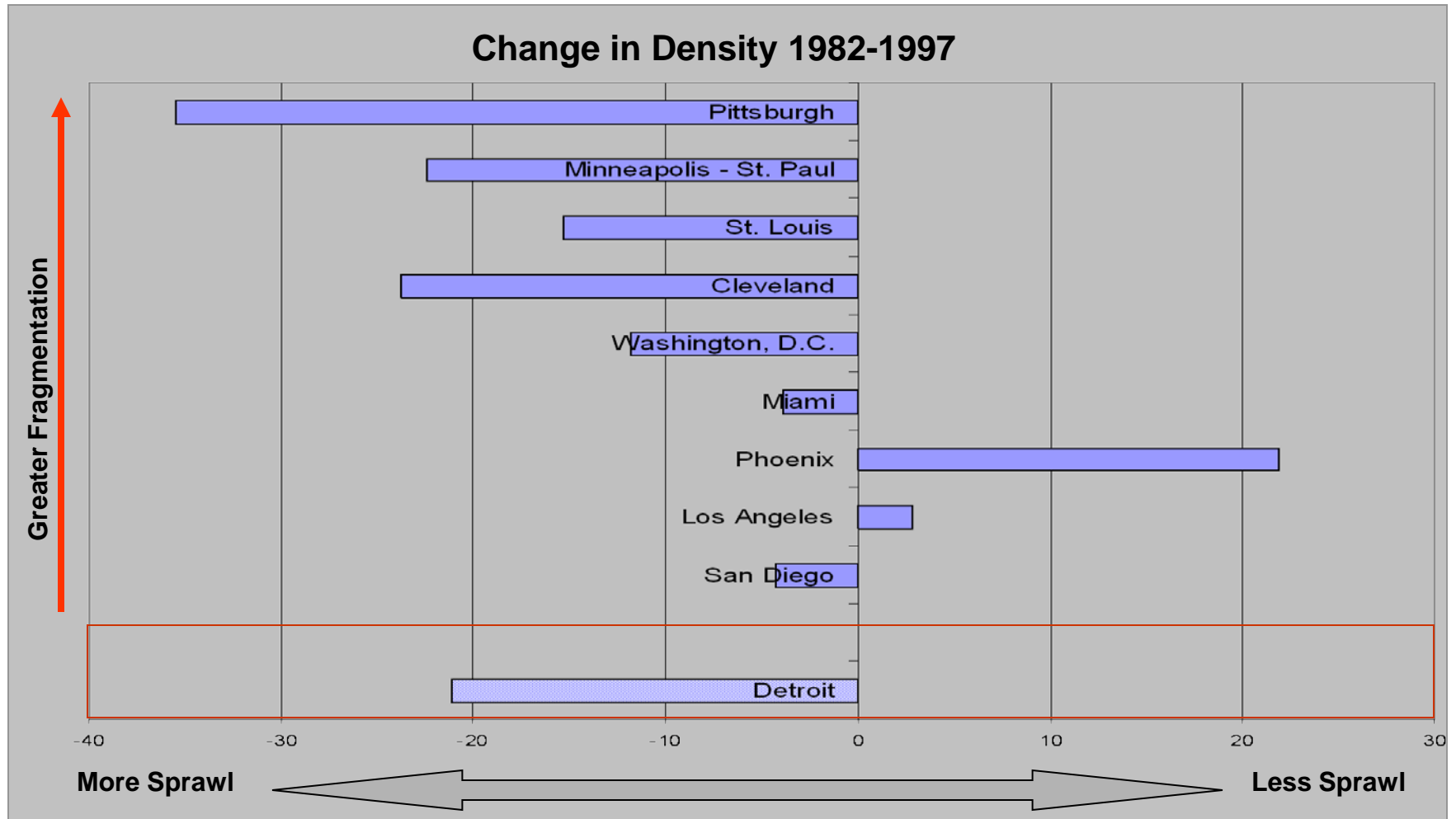
Political Fragmentation

Metropolitan area	Counties	Municipalities and townships	Total local governments	Local governments per 100,000 residents
Pittsburgh	6	412	418	17.7
Minneapolis - St. Paul	13	331	344	12.3
St. Louis	12	300	312	12.2
Cleveland	8	259	267	9.2
Detroit	10	325	335	6.2
Miami	2	55	57	1.6
Phoenix	2	32	34	1.2
Los Angeles	5	177	182	1.2
San Diego	1	18	19	0.7



Why Is This Happening?

Political fragmentation correlates to greater sprawl.



Source: William Fulton, et. al. "Who Sprawls Most? How Growth Patterns Differ Across the U.S." Brookings, July 2001.

Why Is This Happening?

Some Michigan programs and policies may facilitate decentralization

- **Transportation spending**
- **Other infrastructure spending**
- **Low-income Housing Tax Credits**
- **Community development programs**
- **Economic development incentives**

Why Is This Happening?

Other Potential Drivers Of Decentralization In Michigan:

- **School Finance**
- **Racial, Ethnic, and Class Separation**
- **State/Local Tax and Fiscal Policy**
- **Urban Regulatory Barriers**



IV. What do these trends mean for state policy?

Smart growth involves efforts to change the governmental “*rules of the development game*” that facilitate sprawl and concentrate poverty.

Smart growth efforts are designed to slow decentralization, promote urban reinvestment, and enhance access to opportunity.

The Smart Growth Agenda

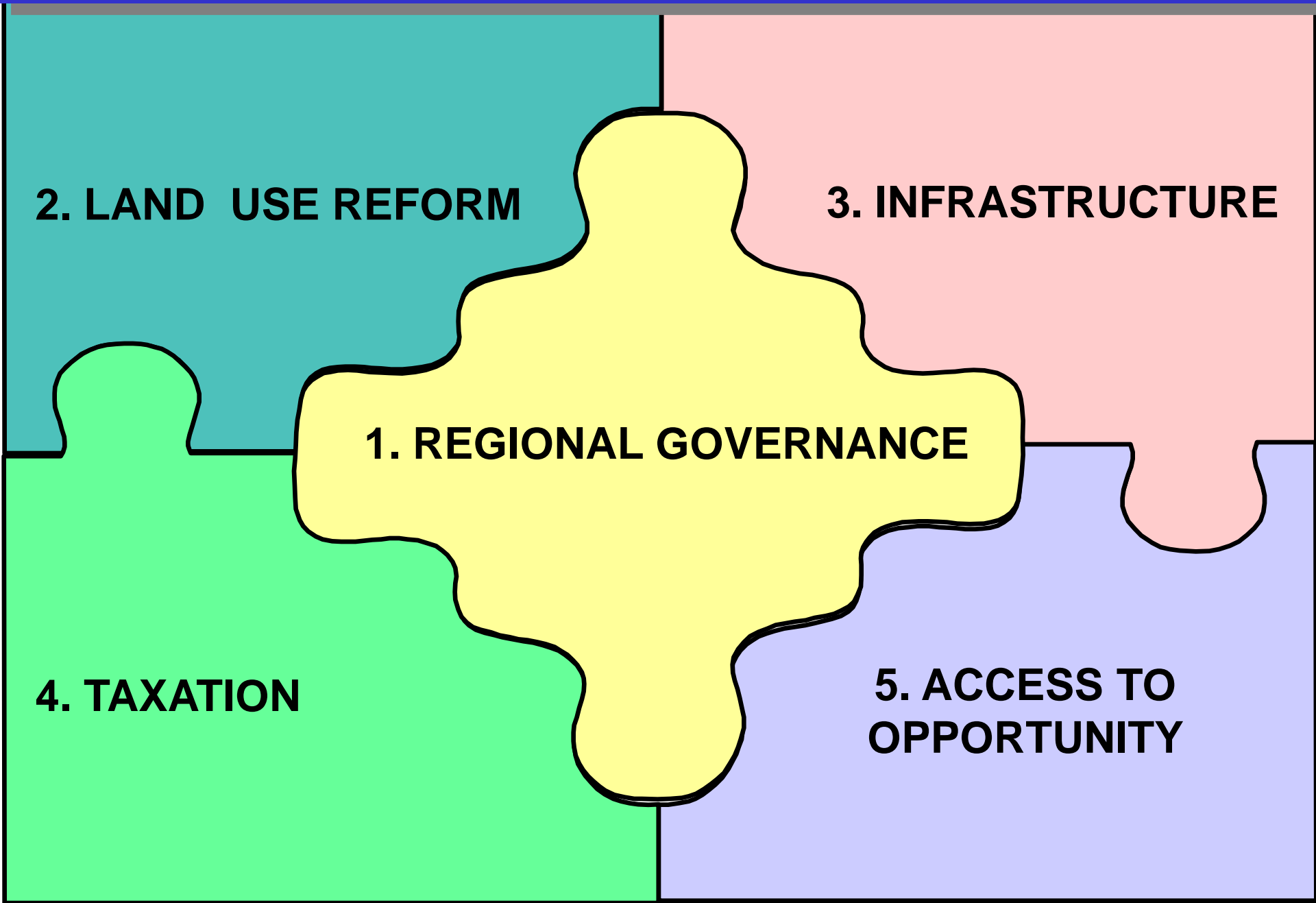
2. LAND USE REFORM

3. INFRASTRUCTURE

1. REGIONAL GOVERNANCE

4. TAXATION

**5. ACCESS TO
OPPORTUNITY**



Smart Growth Reforms: State Examples



Regional Governance

Georgia Regional Transportation Authority (1999)

- **Combats air pollution, traffic congestion and sprawl development**
- **Mandates approval for major highway and development projects that affect the metro Atlanta region**
- **Requires local governments to cooperate with GRTA or face loss of state and federal funds for road-building**



Land Use Reform: Preservation

Issue #1 - Clean Ohio Fund (2000)

- **Voters authorized \$200 million in general obligation bonds for the conservation and preservation of natural areas, open space, and farmlands**
- **\$200 million in revenue bonds to remediate urban brownfields and promote economic development**



Land Use Reform: Growth Management

Pennsylvania Growing Smarter Law (2000)

- **Clarifies authority of counties and municipalities to create Locally Designated Growth Areas**
- **Encourages transfer of development rights from open space to planned growth areas**
- **Facilitates regional planning**
- **Gives local governments greater ability to withstand legal challenges while planning growth**



Infrastructure

Maryland Smart Growth and Neighborhood Conservation Act of 1997

- **Targets major state funding (e.g. transportation, housing, state facilities) to Priority Funding Areas**
- **Priority Funding Areas include municipalities, inner beltway areas, enterprise zones, industrial areas and new planned growth areas**



Taxation

Minnesota Fiscal Disparities Law

- **Allocates 40% of the growth in property tax revenues from commercial industrial development to a metropolitan tax base pool**
- **Funds in the pool are redistributed to communities based on their commercial tax capacity**
- **While the law has narrowed fiscal disparities, growing suburbs continue to have 25 to 30 percent more tax base per household than central cities and inner suburbs**



Access to Opportunity

California Tax Credit Allocation Committee

- **Approximately \$450 million per year is awarded in federal and state tax credits to assist in the construction and rehabilitation of affordable rental housing**
- **Priority is given to properties located within close proximity of transit corridors, parks, recreational facilities, retailers, grocery stores, schools and senior centers**

Smart Growth Reforms: Local and Regional Examples



Regional Governance

Minneapolis - St. Paul Metropolitan Council

- **Provides planning expertise and funding to support good land use and transportation decisions**
- **Serves 117 communities and nearly 5,000 households administering Section 8 and other affordable housing programs**
- **Operates a regional transit system that provides nearly 230,000 rides daily**
- **Oversees treatment of 300 million gallons of wastewater daily**



Land Use Reform: Preservation

Transfer of Development Rights Montgomery County, MD

Allows owners to transfer the right to develop their property to higher density “receiving areas” in other parts of the County, this program, perhaps the best in the nation, has preserved roughly 47,000 acres of farmland since its creation in 1980.

Land Use Reform: Urban Neighborhoods

Philadelphia Neighborhood Transformation Initiative

- **A \$1.6 billion dollar 5 year program to remove blight from Philadelphia neighborhoods.**
- **Reform of the city's delivery systems.**
- **Build 16,000 new houses and demolish 14,000 buildings.**
- **Rehabilitate 2,500 properties.**
- **Creation of a Philadelphia Land Bank.**
- **Clearing of 31,000 vacant lots in the first year.**
- **Facilitation of neighborhood planning in a citywide context**

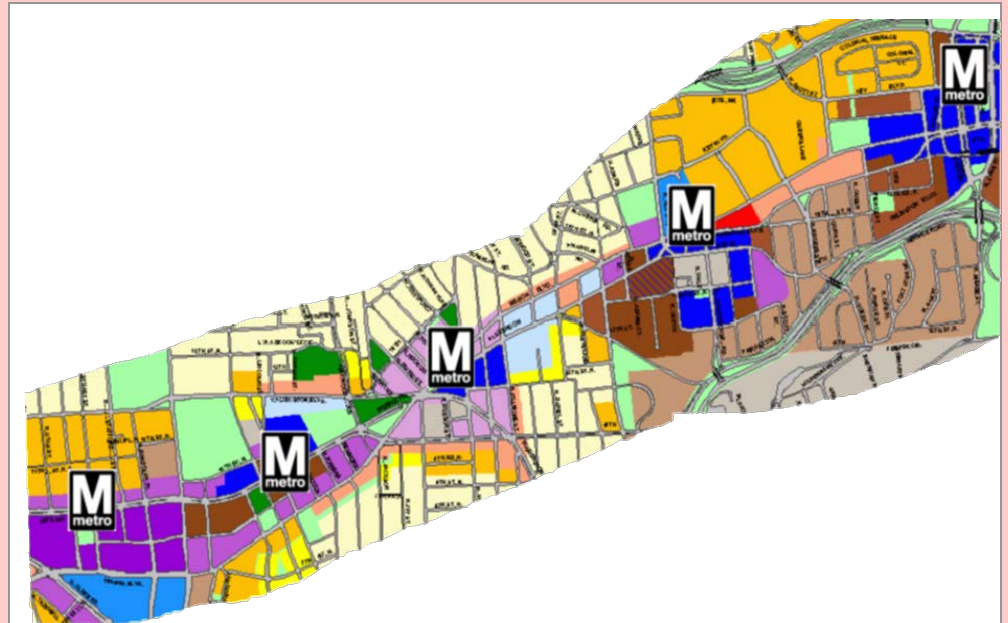


Infrastructure

Transit Oriented Development Arlington County, VA

Sector plans around each metro station establish land use and development guidelines to ensure a mix of commercial residential and office uses.

One third of all Metro transit riders get on or get off in Arlington County





Access to Opportunity

Inclusionary Zoning Montgomery County, MD

Moderately- Priced Dwelling Unit Ordinance

Requires new developments of >50 units to set aside 12.5% - 15% of the units for low and moderate income households.

- Return is a 22% density bonus
- Almost 11,000 units since 1973

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