

# The Brookings Institution

Center on Urban and Metropolitan Policy

Bruce Katz, Director



## The New Art of Governing

Presentation at the Fannie Mae Foundation Annual Housing Conference  
October 17th, 2003



# The New Art of Governing

## Changing the way cities do business

- American Cities are undergoing profound, but uneven, **demographic and market change**.
- More than ever it is imperative that cities plan and act with a clear **understanding of their assets and liabilities**.
- More than ever it is imperative that cities develop **competitive agendas** that are tailored to their realities, embrace systemic change and can be sustained over time.



# The New Art of Governing

## Changing the way cities do business

### **Proposition**

Cities need to adopt and adapt tools of the corporate trade to maximize their competitiveness.



# The New Art of Governing

## Changing the way cities do business

I

Know the Context - The Diagnosis

II

Use Diagnosis to Set Agenda

III

Implement Agenda with Focus  
and Market Discipline



I

## Know the Context - The Diagnosis

Like a business, a city needs to start with a clear understanding of its position in the marketplace. It needs to understand, fundamentally, how it is similar to but different from other cities.



What works in Philadelphia, might not work in Phoenix.



What are the dynamics of your urban demographics?



Who

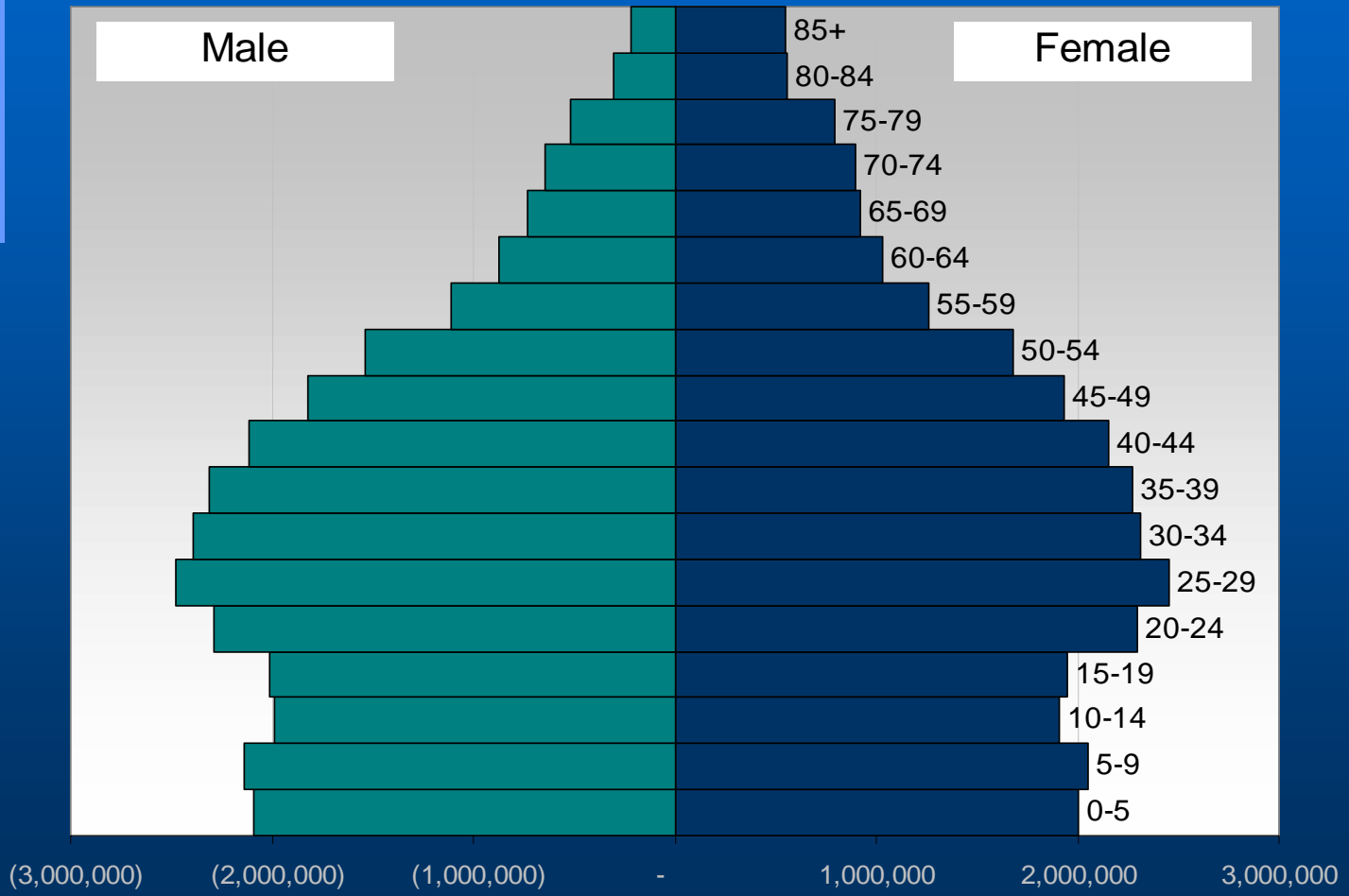
lives in the city?





# In the nations 100 largest cities, the bulk of the population is between 20 and 40

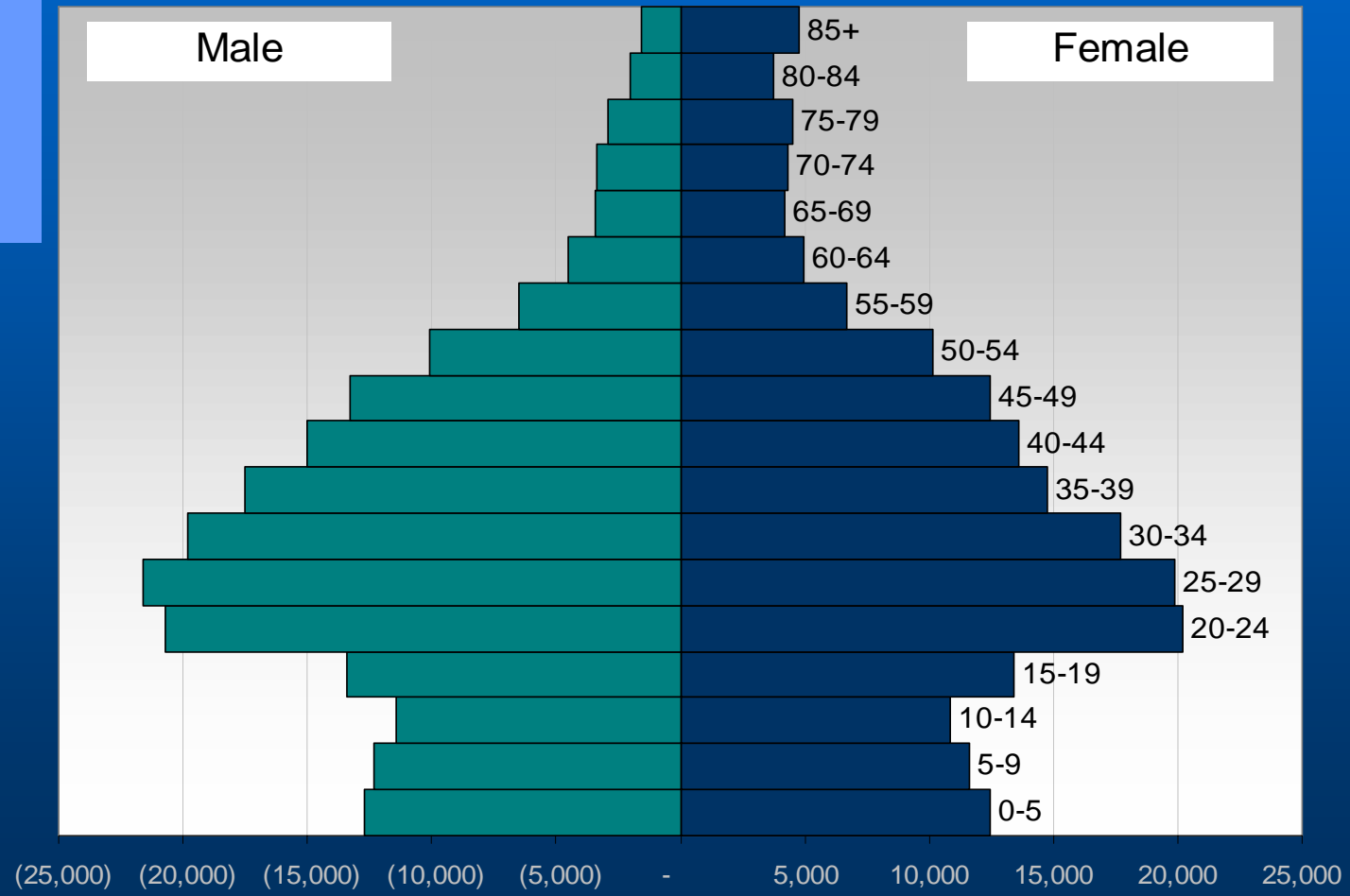
**Population by Age and Sex, 2000**





# In some cities this is true, if not more so - Minneapolis

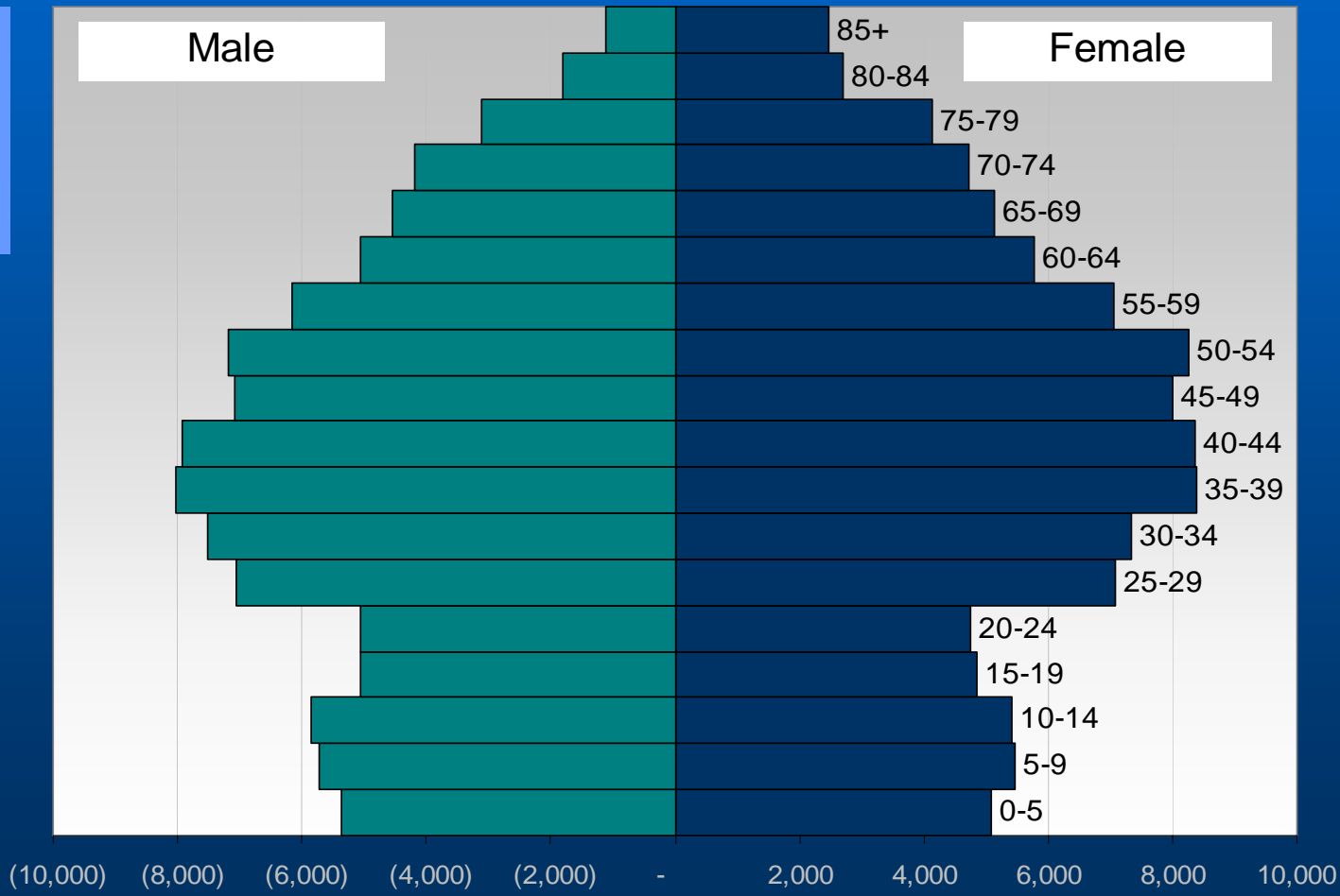
Population by Age and Sex, 2000





In other cities, as in Scottsdale, AZ, it's not true at all

Population by Age and Sex, 2000





Who

is moving in?



# Some things are ubiquitous



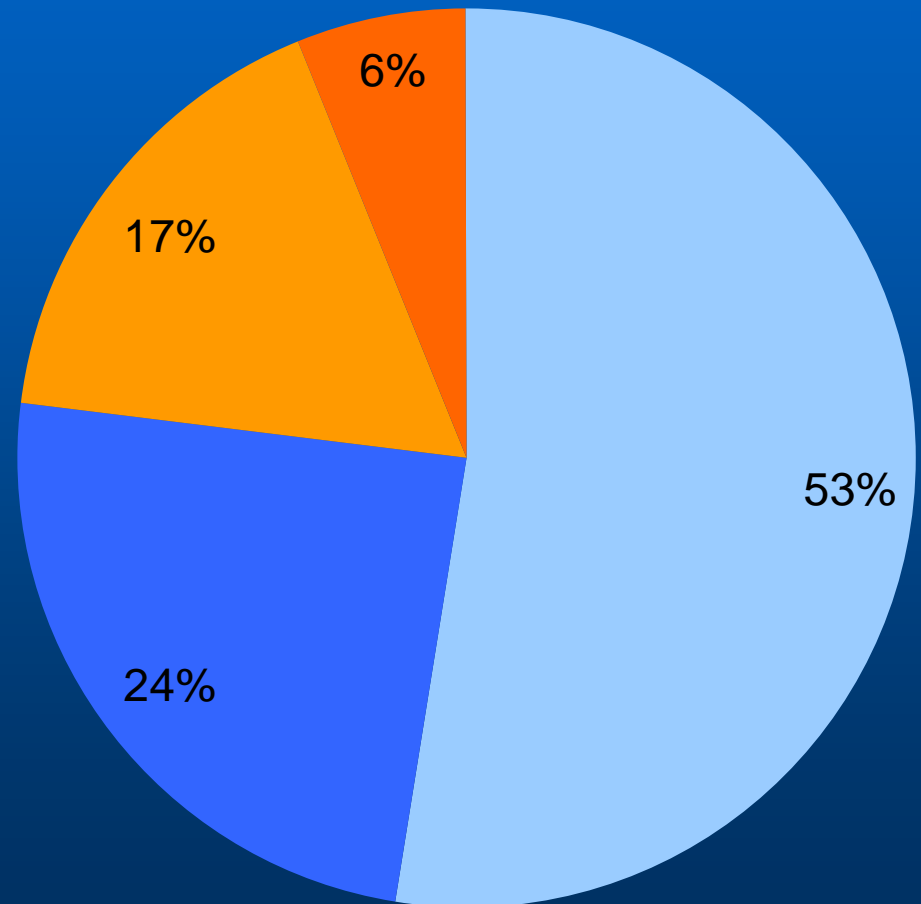
The share of Hispanic's in 98 of the 100 largest cities increased.



In aggregate, the racial makeup of the 100 largest cities has shifted....

Share of population by race and ethnicity, 1990

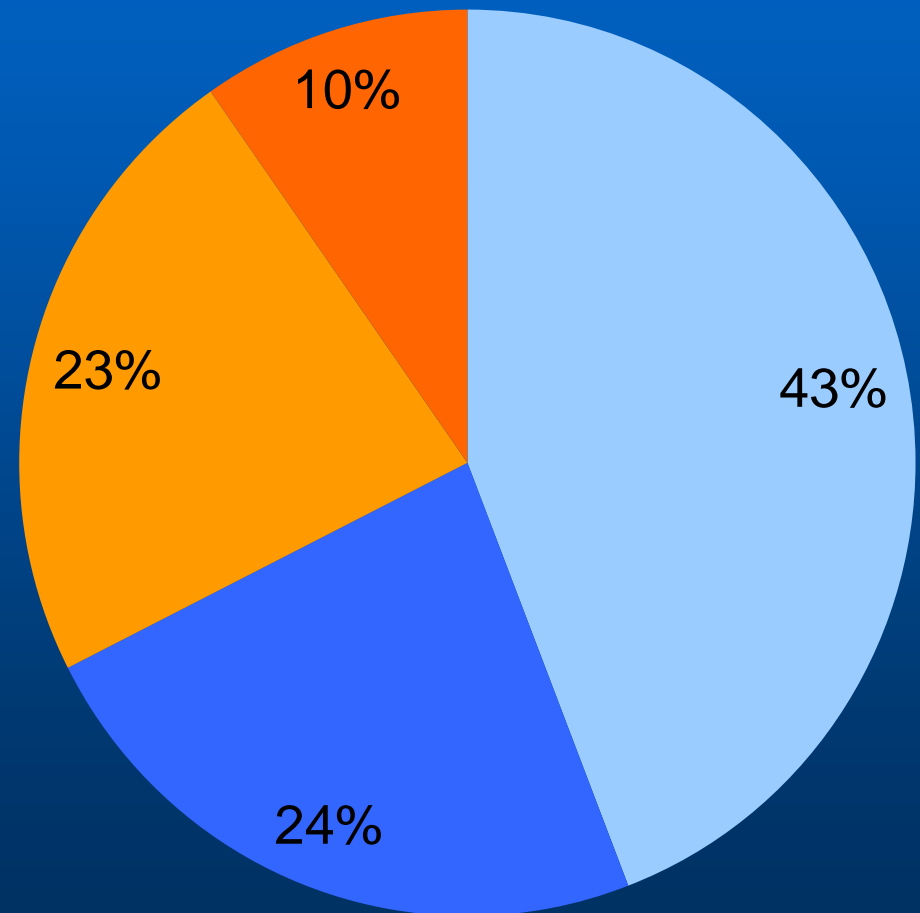
- White
- Black
- Hispanic
- Other





# ...to majority minority status

Share of population by race and ethnicity, 2000



- White
- Black
- Hispanic
- Other



In some cities, this has been....

Share of population  
by race and ethnicity,  
1990

Anaheim

- White
- Black
- Hispanic
- Other







....magnified

Share of population by race and ethnicity, 2000

Anaheim

- White
- Black
- Hispanic
- Other





# And in other cities...

Share of population by race and ethnicity, 1990

## Cincinnati

- White
- Black
- Hispanic
- Other





...change is not as pronounced

Share of population by race and ethnicity, 2000

Cincinnati

- White
- Black
- Hispanic
- Other





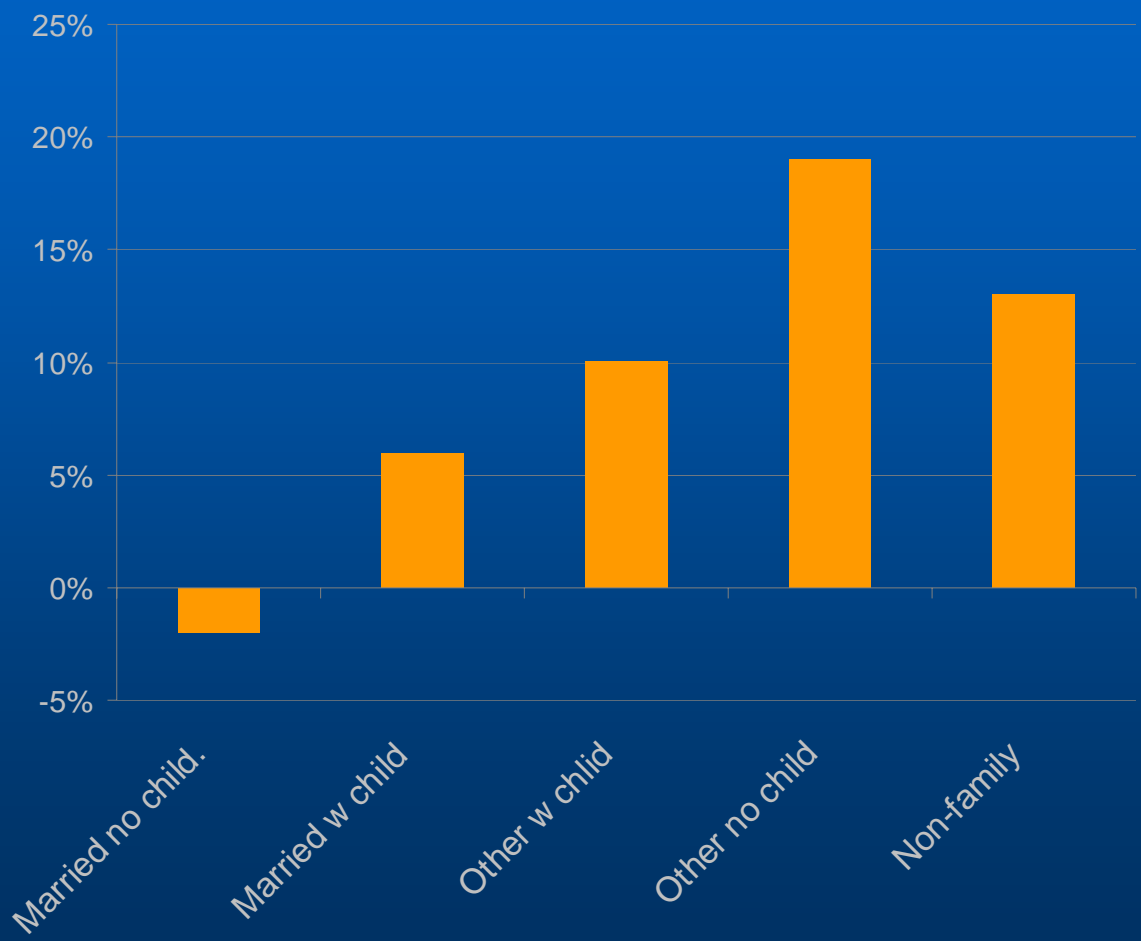
Who

is moving out?




# In aggregate, there are less childless married couples in cities than there were in 1990

**Change in share of households by type in central cities, 1990 - 2000**





## Some trends are dominant

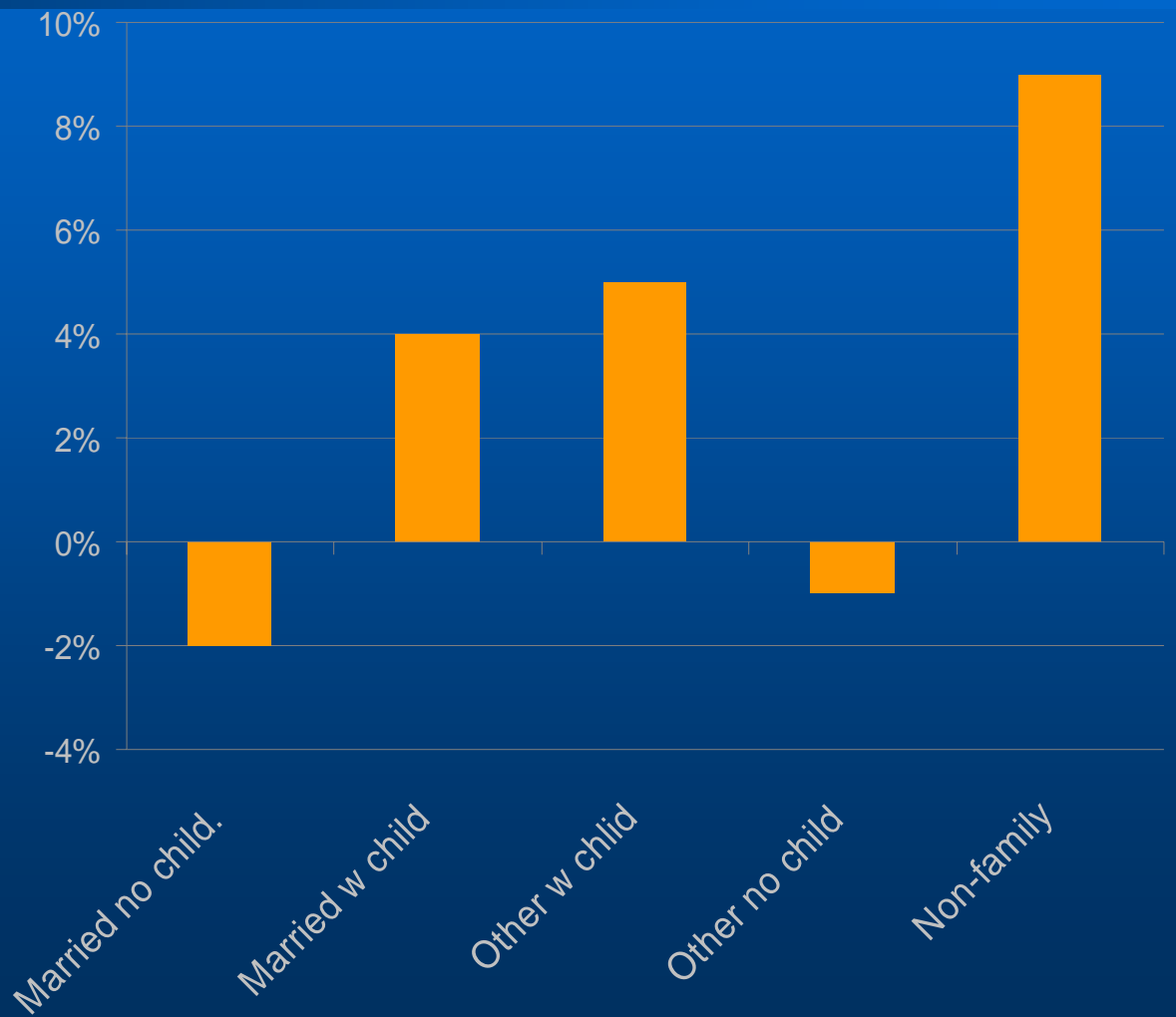


74 of the central cities in the 102 largest metros lost married couples without children in the 1990s



# But Chicago saw decreases in other families without children as well

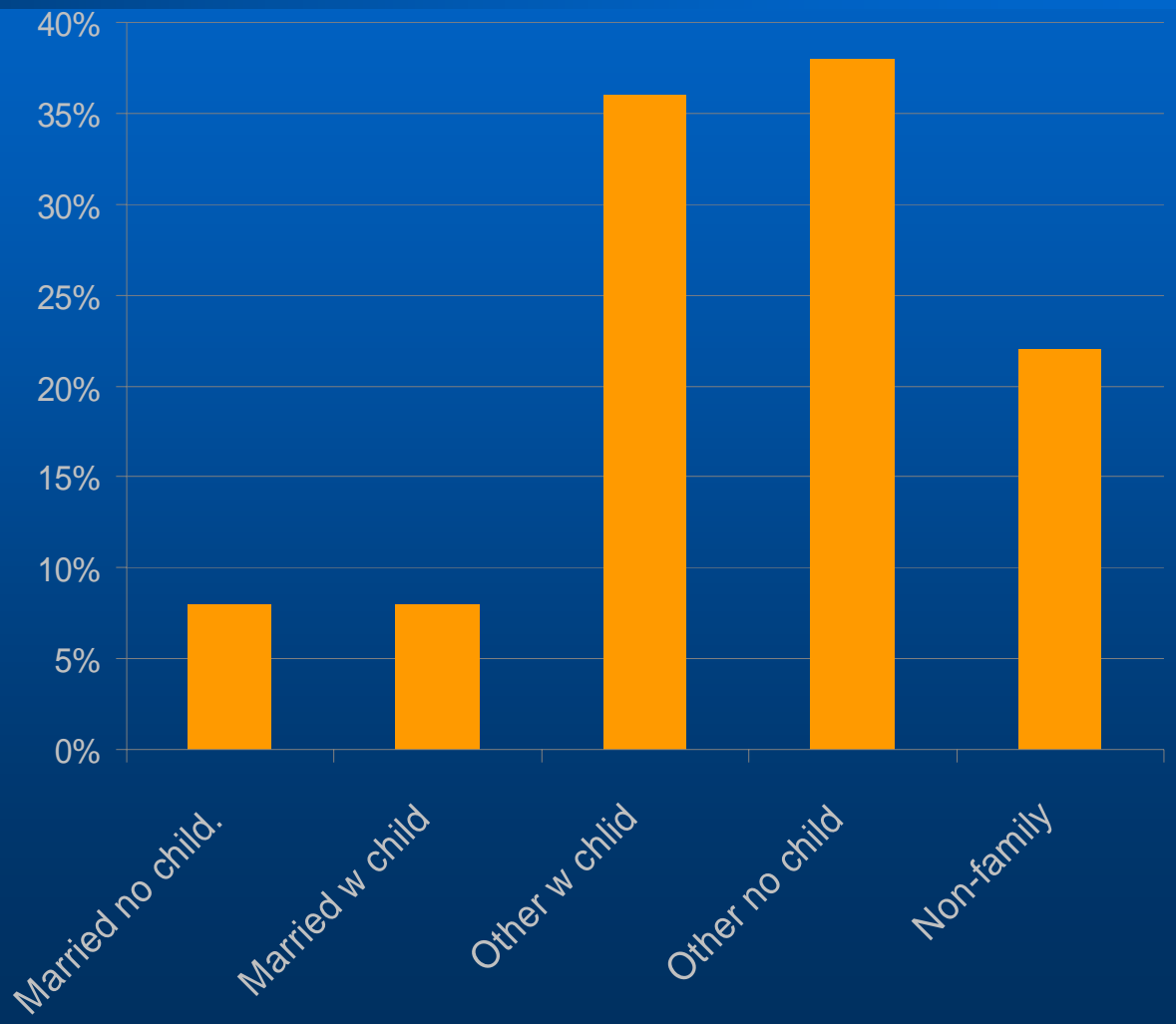
**Change in share of households by type in central cities, 1990 - 2000**





# Tucson, an exception, saw increases in every household type

Change in share of households by type in central cities, 1990 - 2000





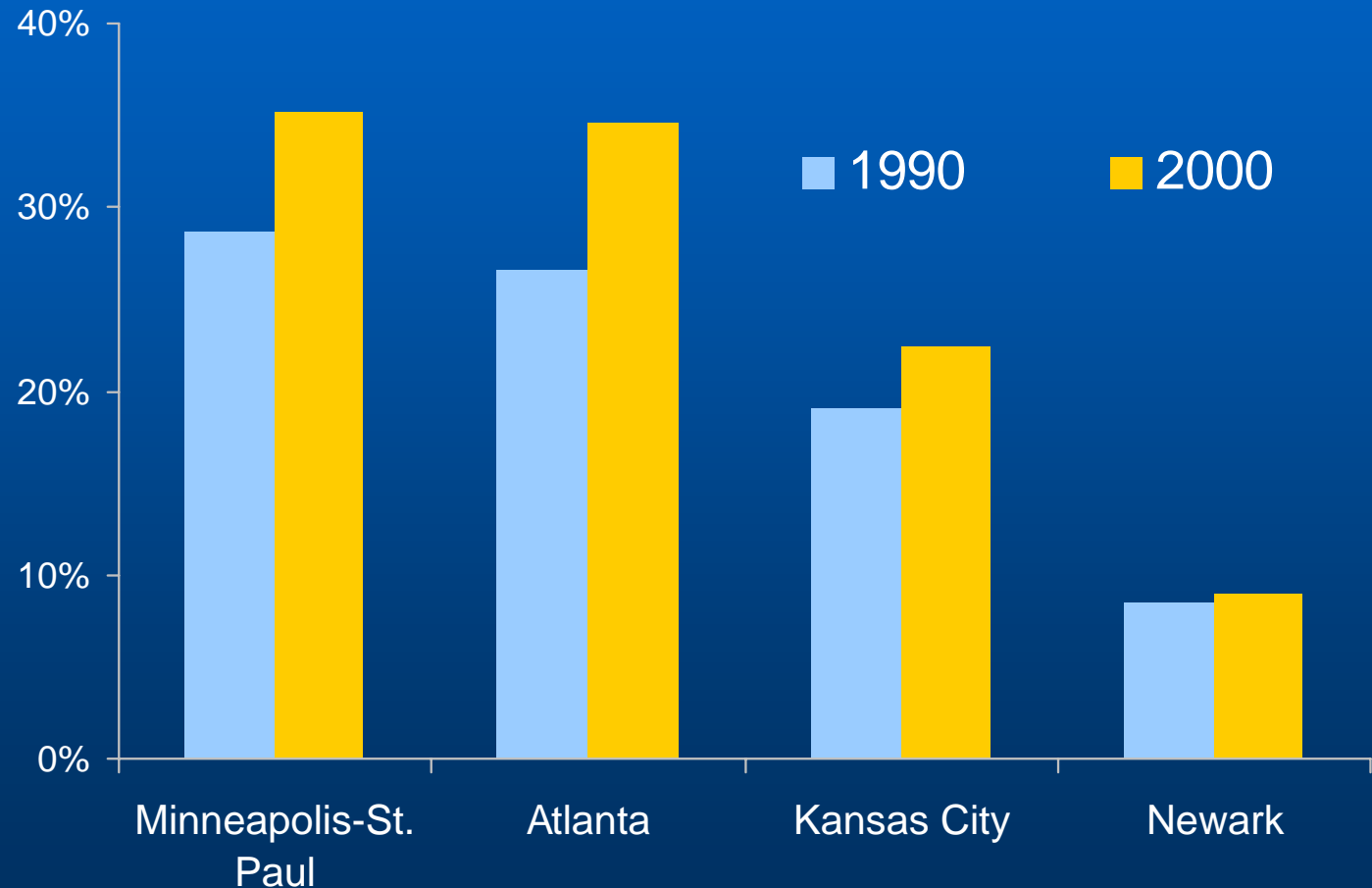


What are the education levels of your residents?



# Income growth tracks educational attainment - and some places are “pulling away” from the pack

Share of adults  
w/ bachelor's  
degree,  
1990-2000








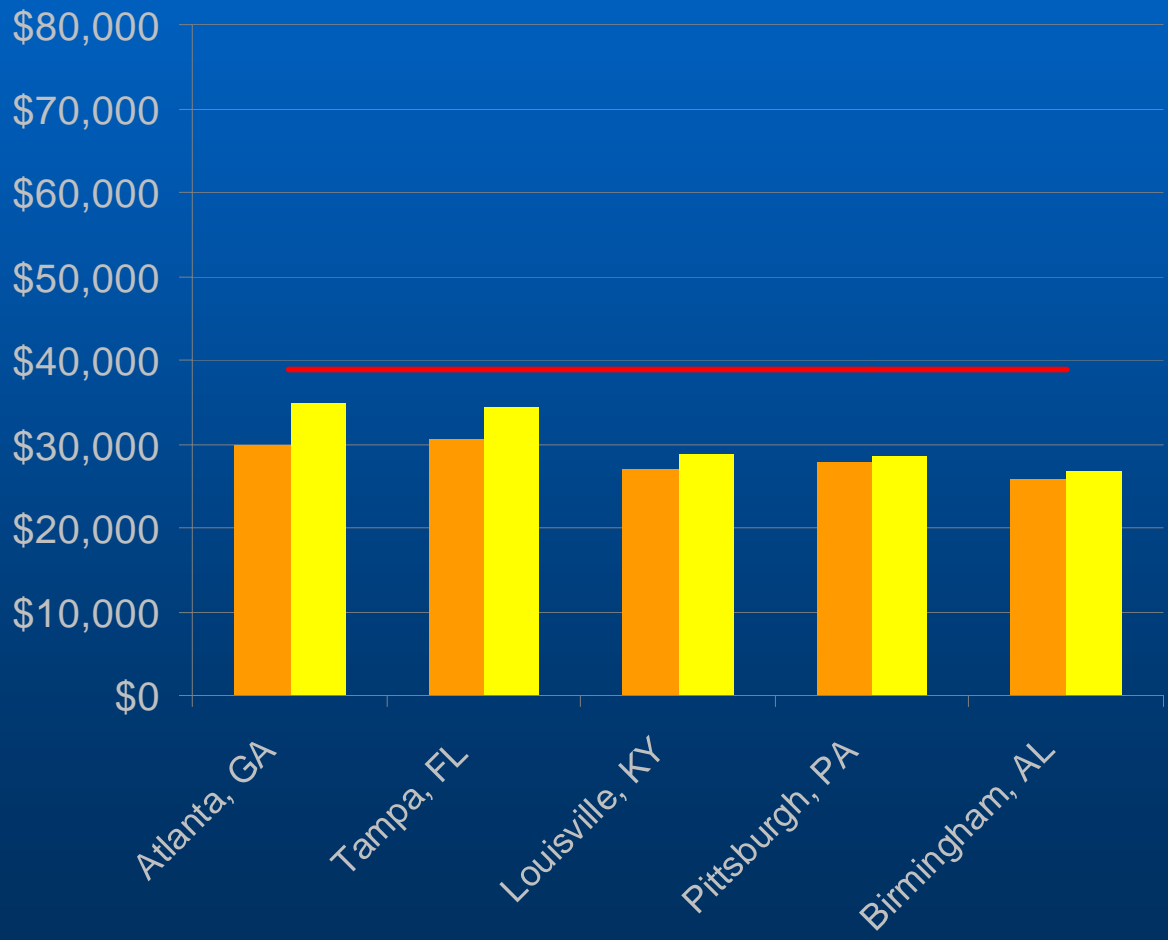
What are their incomes?



# Some are low and growing

**Median Income (\$1999),  
1989 - 1999**

-  1990
-  2000
-  Large City Average Median Income





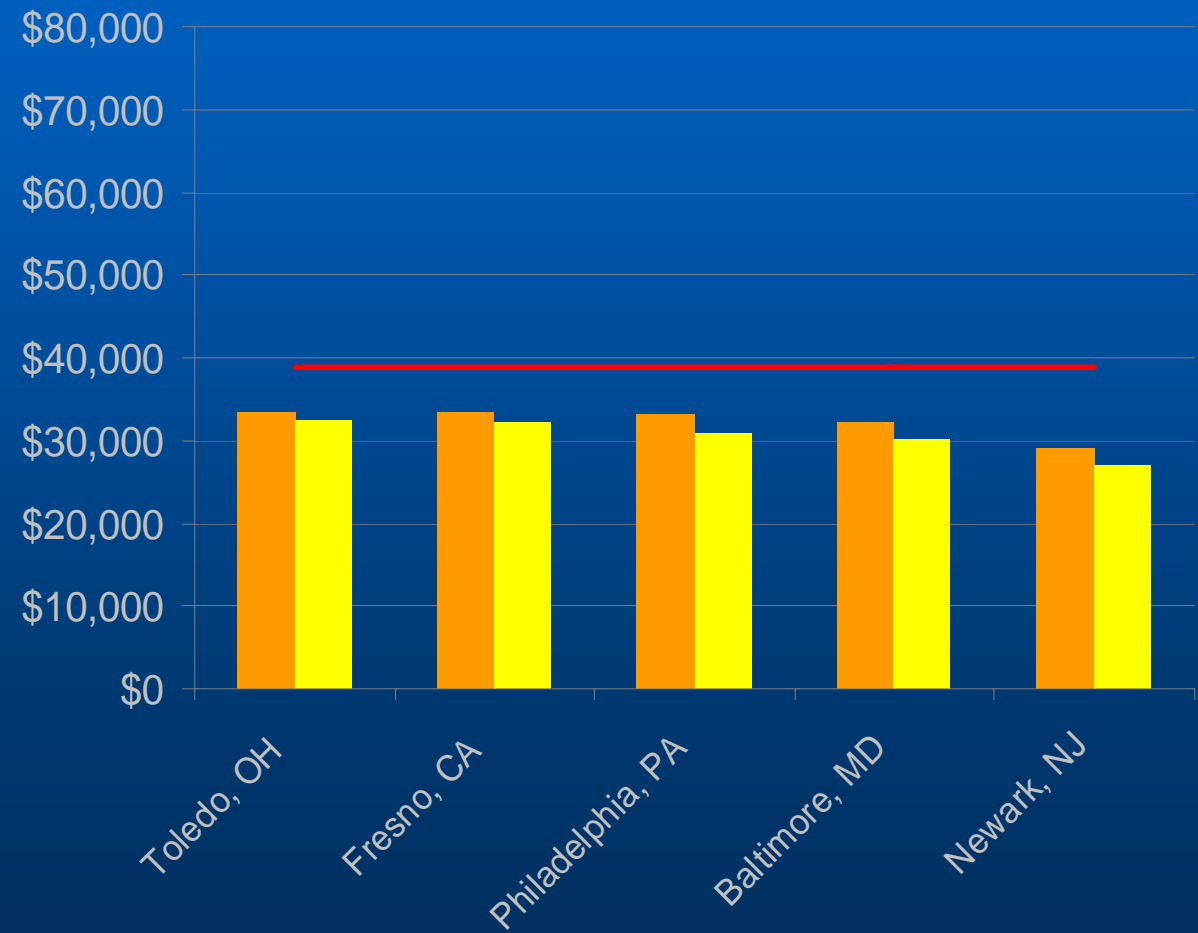
# Some are low and falling

**Median Income (\$1999),  
1989 - 1999**

1990

2000

Large City Average  
Median Income

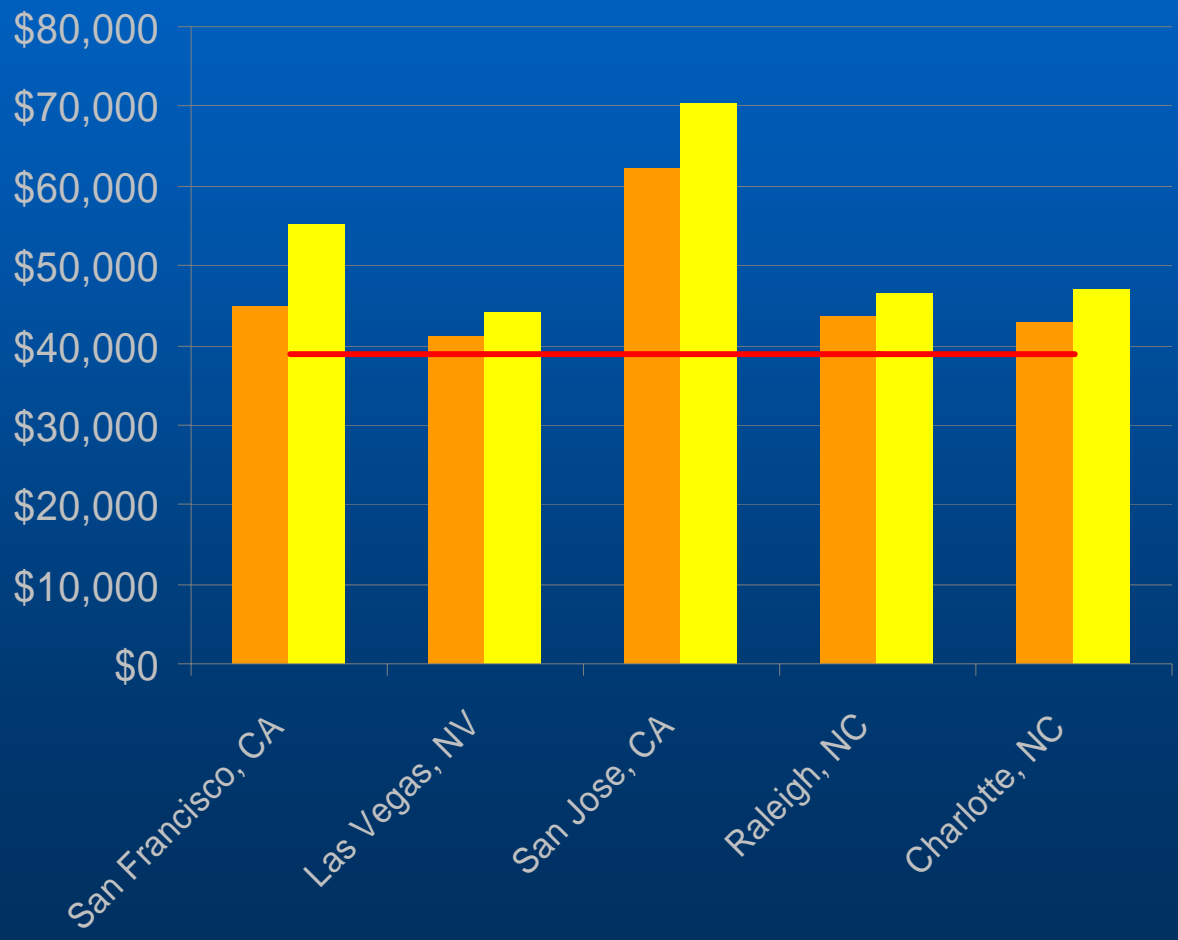




# Some are high and growing

**Median Income (\$1999),  
1989 - 1999**

- 1990
- 2000
- Large City Average Median Income





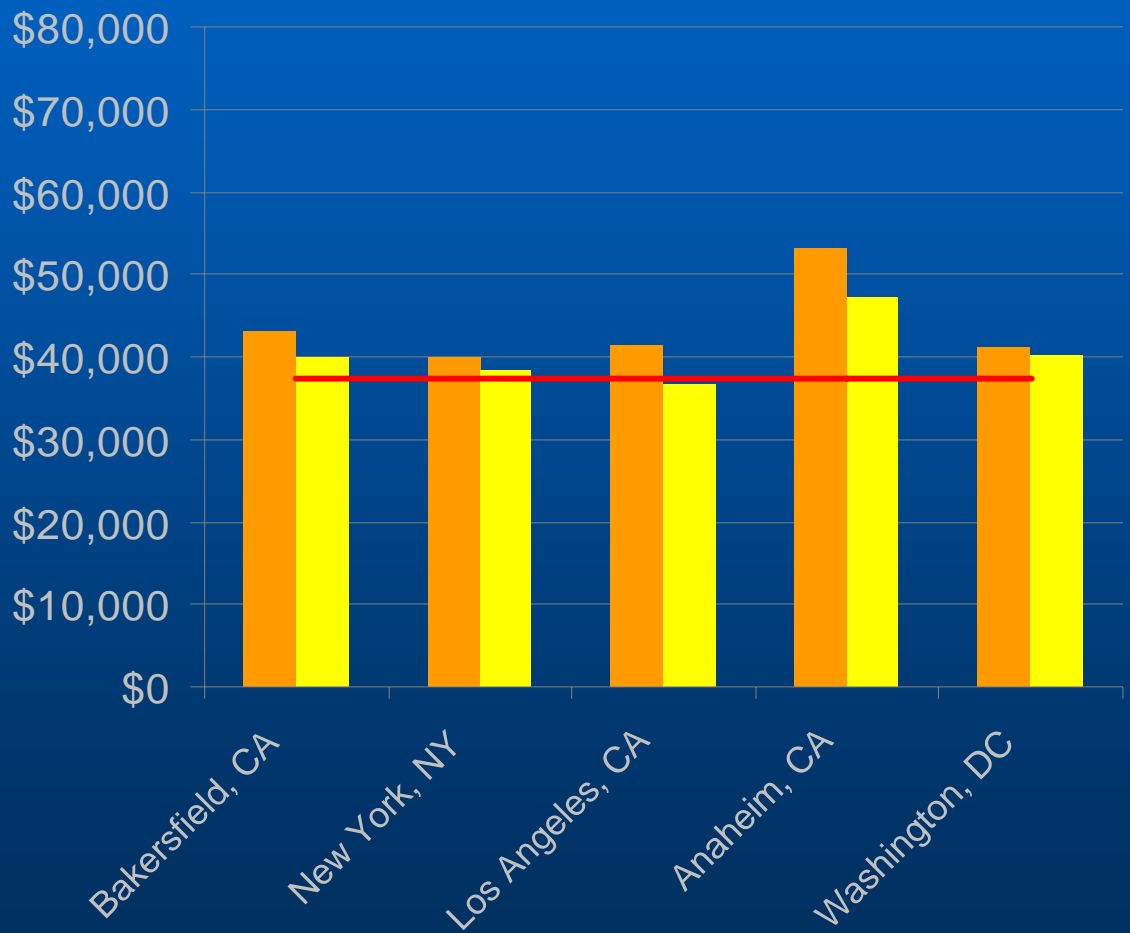
# Some are high and falling

**Median Income (\$1999),  
1989 - 1999**

1990

2000

Large City Average  
Median Income





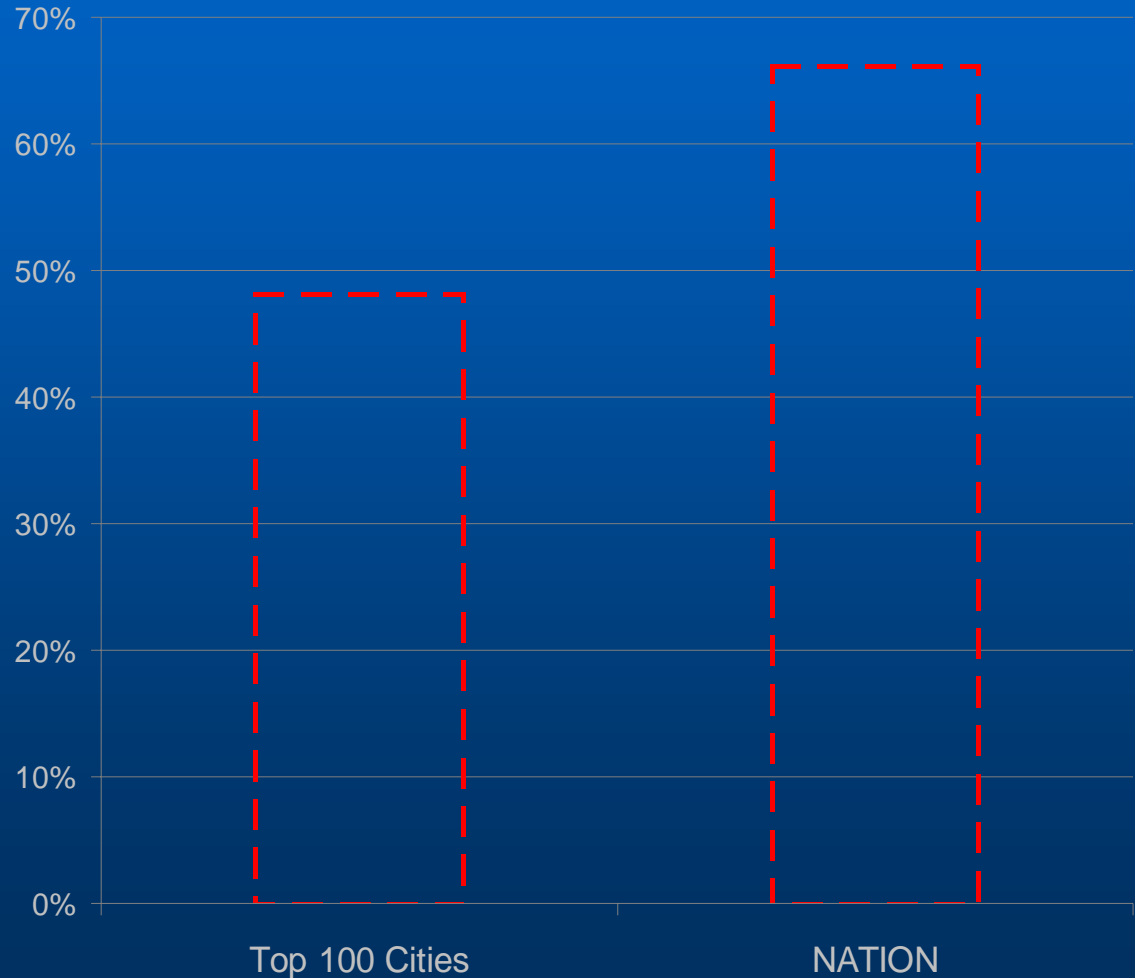
What are their assets?





# Homeownership in cities is significantly below the national rate

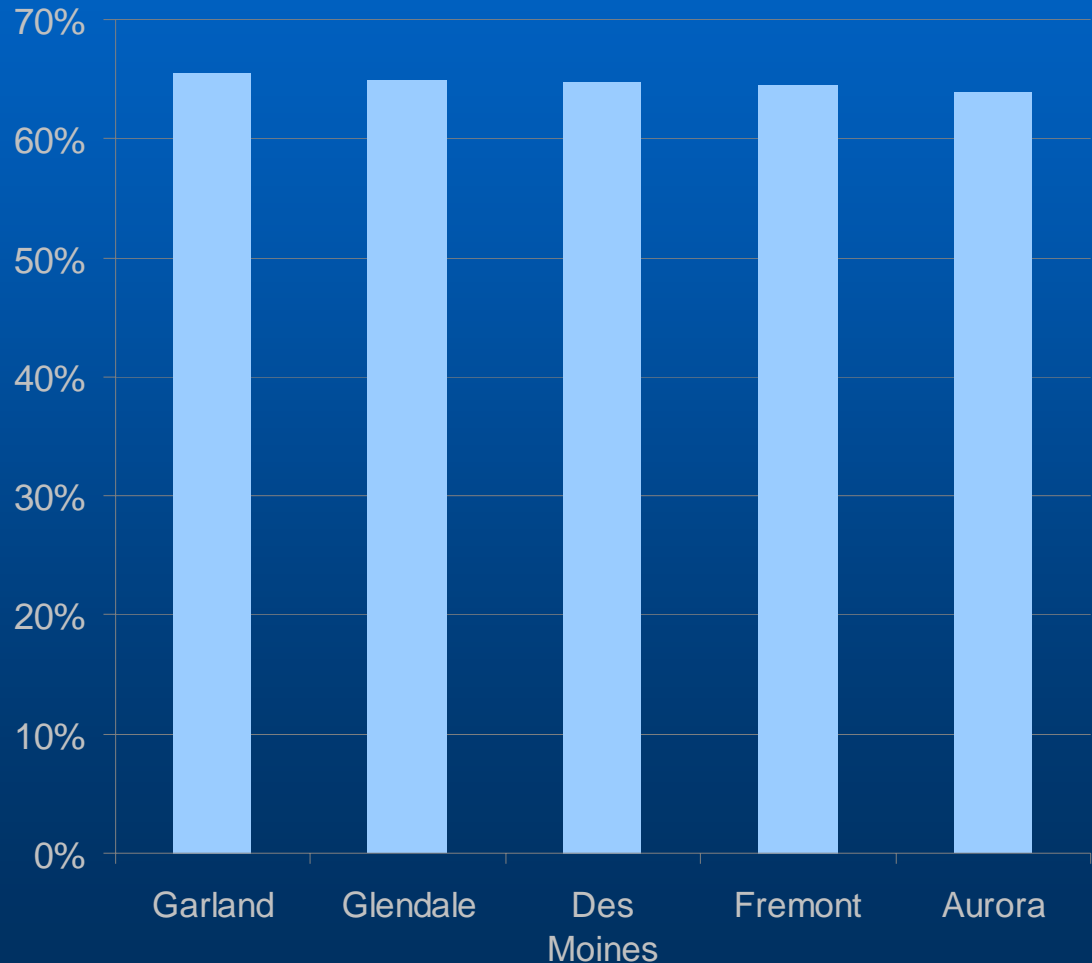
Share of owner occupied units, 2000





# A handful of cities are as high as the national average

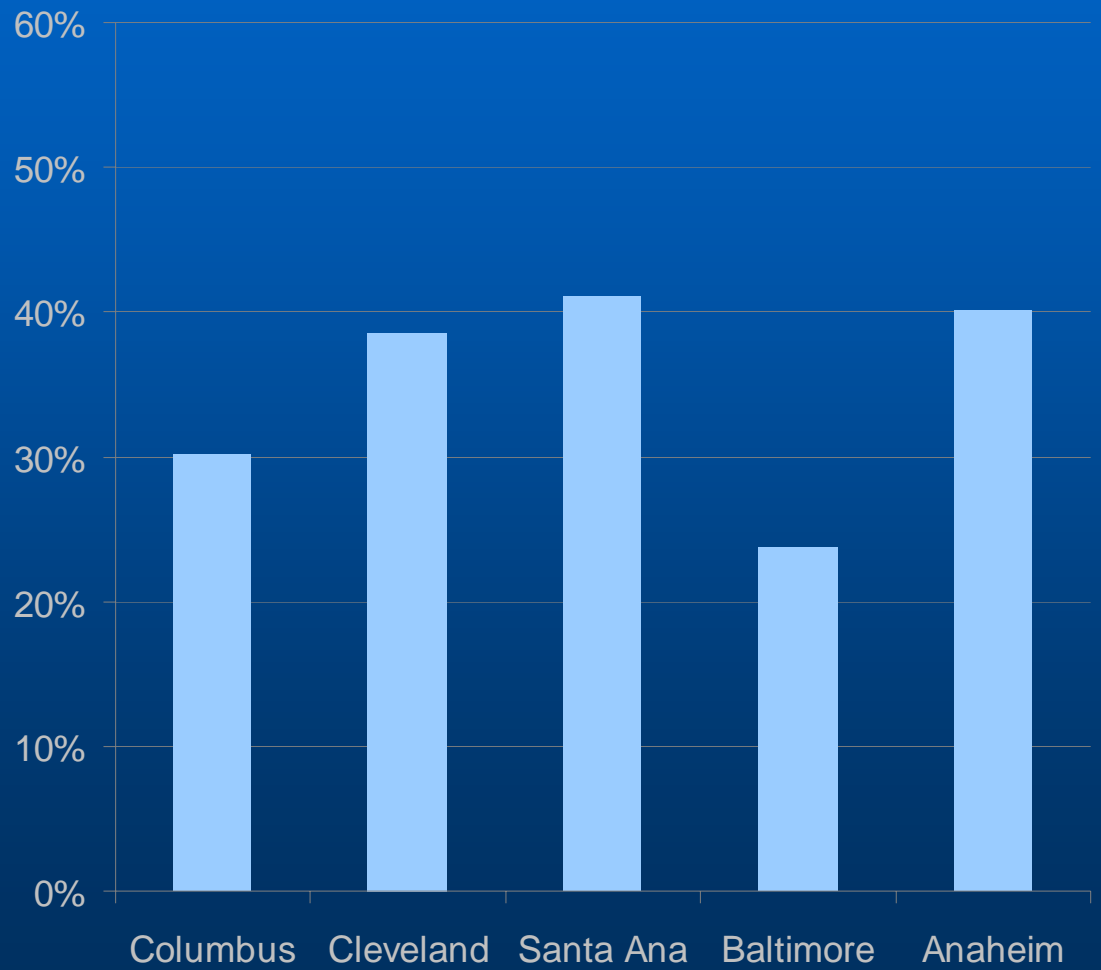
Share of owner occupied units, 2000





...but most are much lower

Share of owner occupied units, 2000





# Why do demographics matter?

## Boston

Stable Population  
Strong Immigration  
Talent Magnet  
High Housing Costs

**Housing Supply Problem**

Places differ,  
and differences  
in place should  
drive different  
policy

## Baltimore

Population Decline  
Low Immigration  
Low Education  
Low Wage Work Force

**Income Problem**



What are the dynamics of  
your economy?



What is your function in  
the economy?



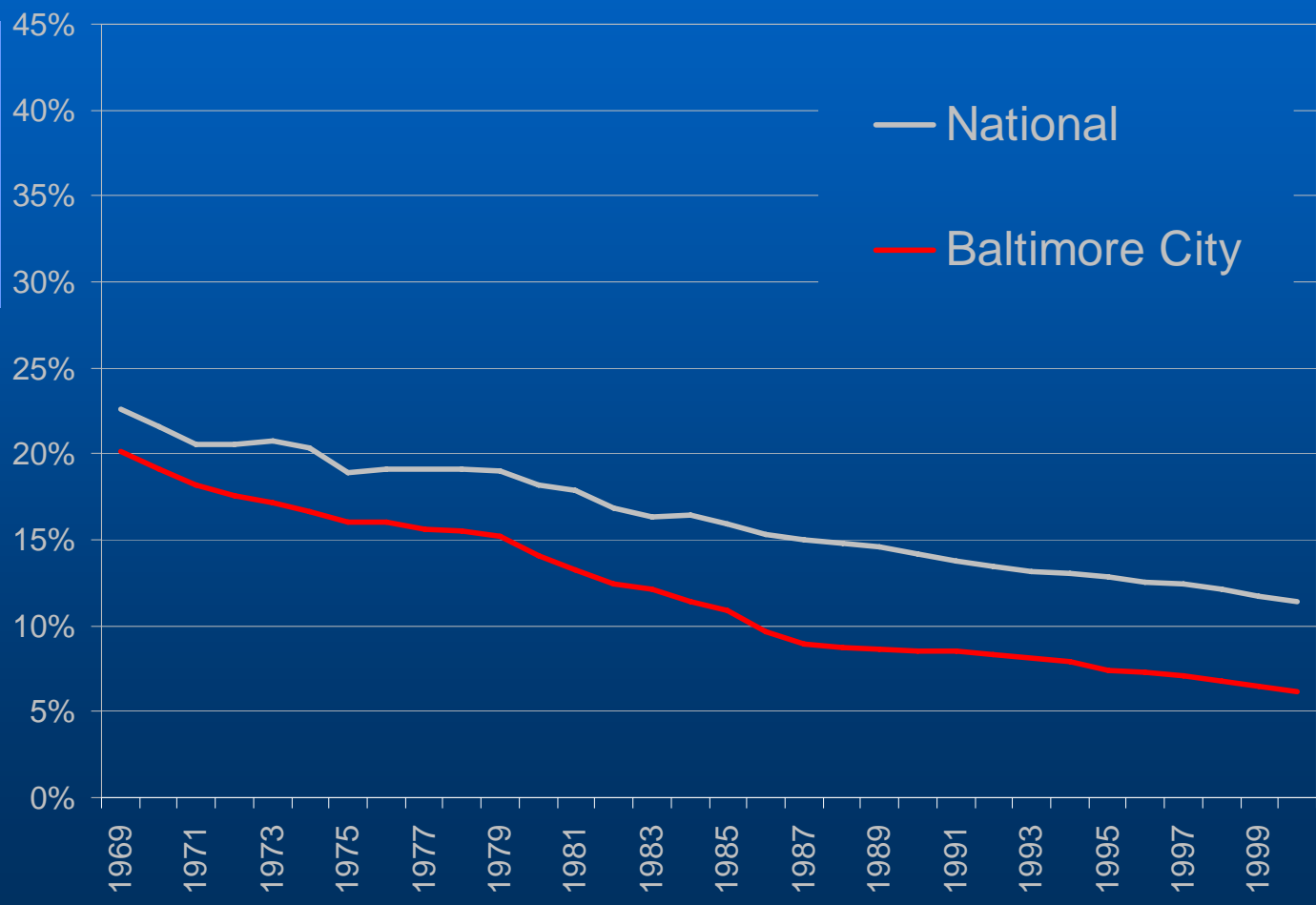
# Understand your employment base





City economies have undergone profound change. For example, manufacturing's in Baltimore has declined more sharply than in the nation.

**Manufacturing's share of total employment, 1969 - 2001**

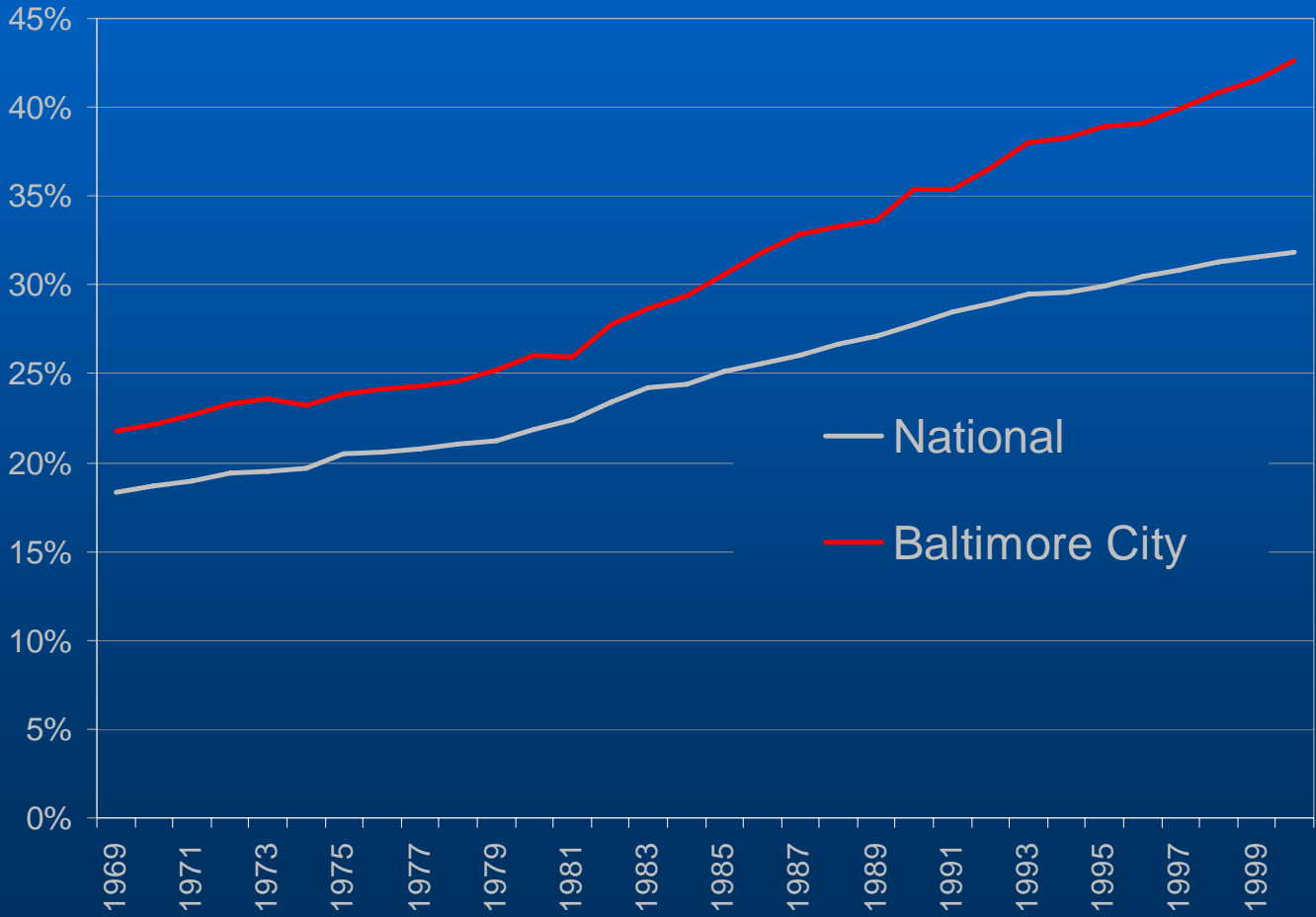






But, the service sector share has increased faster

Services' share of total employment, 1969 - 2001

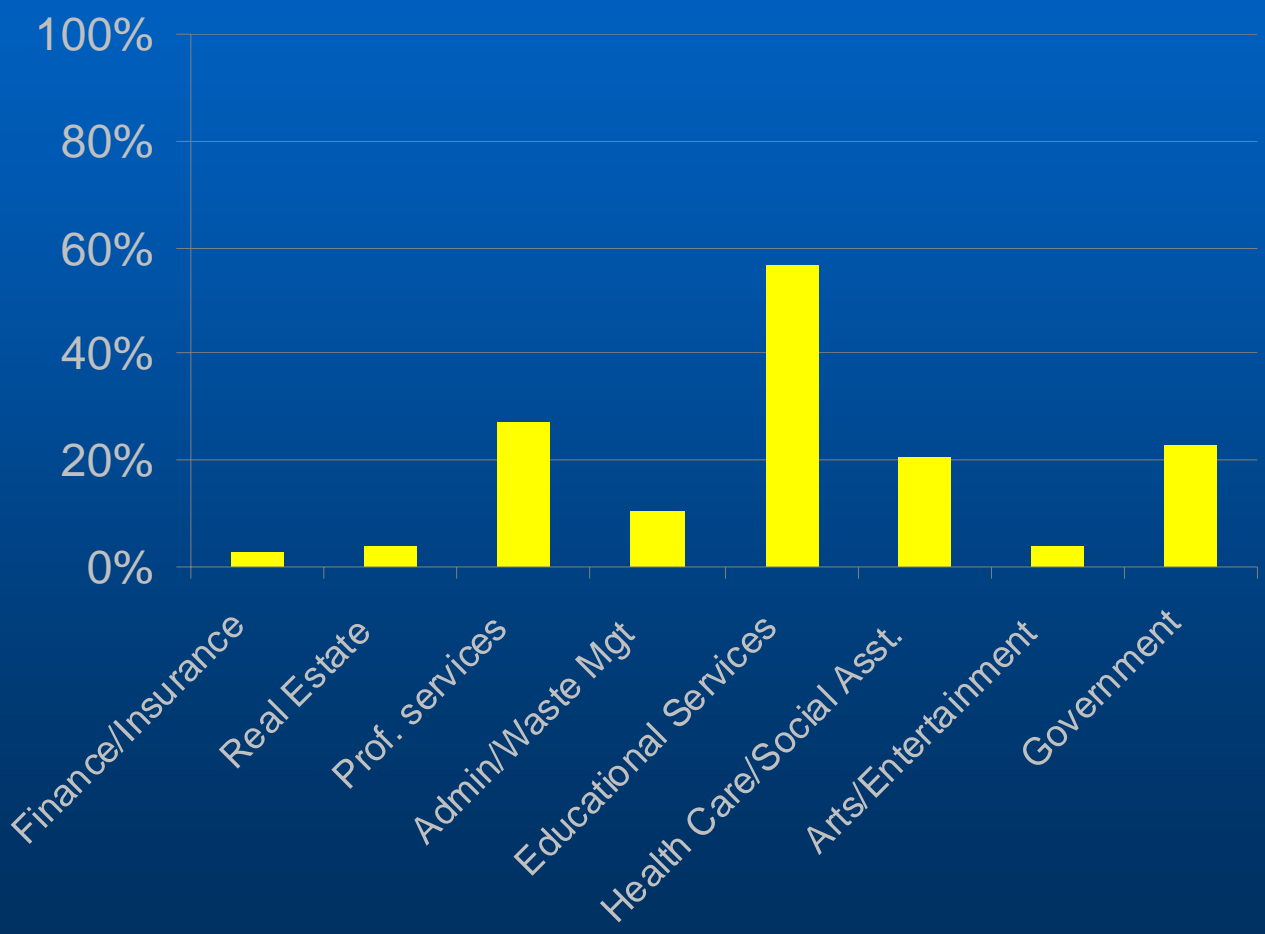




# So, the sectoral strengths are radically altered

**Percent exceeding national share of employment, 2001**

Source: Bureau of Economic Analysis, Regional Accounts Data





Who are your competitors  
across cities and metros?



# Example → Competing Biotech Centers

Based on several indicators, a 2002 Brookings study established the location of 9 biotech centers





Who are your competitors  
within the metropolis?



# The difference between employment decentralization in different cities is profound

Share of metropolitan office space (SqFt), 1999





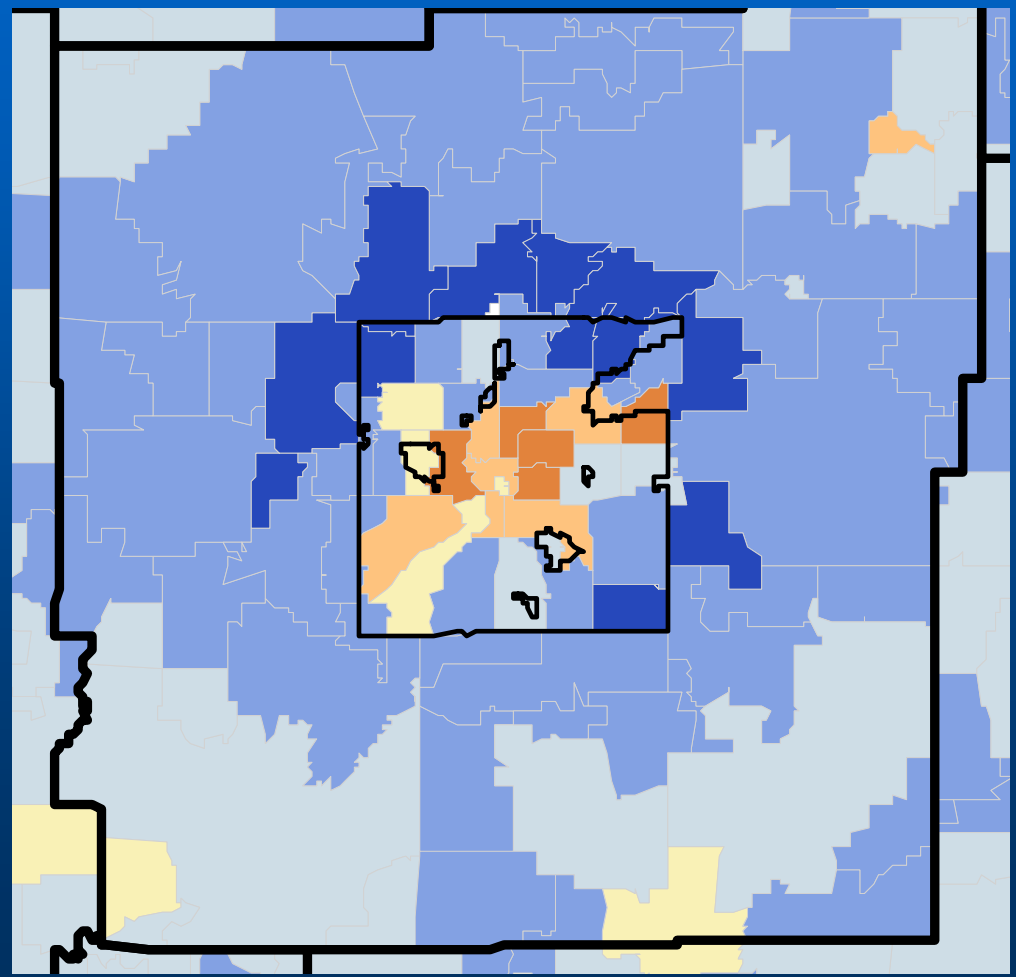
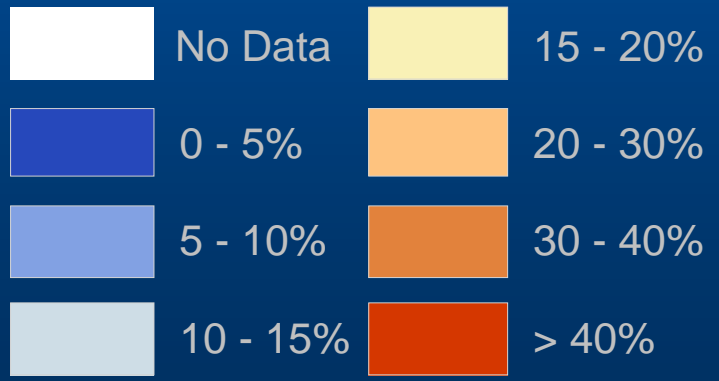
Who are your investors?



# Public investment can come in the form of a tax credit

Share of tax filers receiving the EITC, 2001

Indianapolis



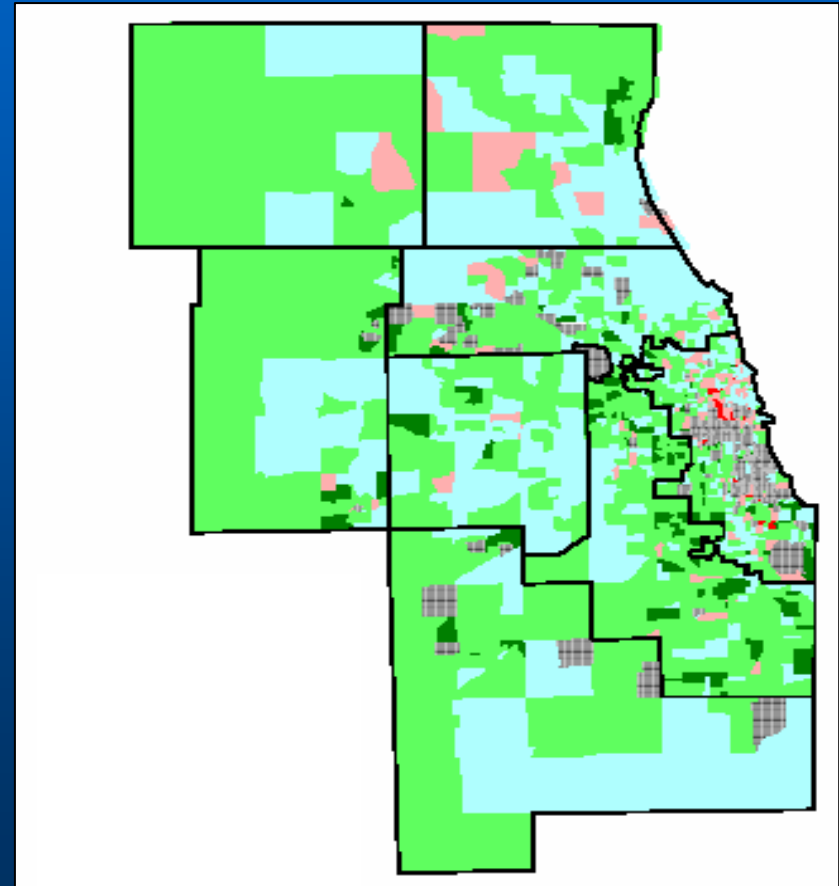




# The Home Mortgage Disclosure Act allows cities to know the location of private mortgage investment

Income Stability in  
Chicago Area Home  
Buying, 1993-1994 to  
1999-2000

Chicago





So what are your assets and liabilities?



A	L

# Example → Baltimore's Assets and Liabilities

## Liabilities

- Low educational attainment
- Low labor force participation
- Persistent racial separation
- High crime rates

## → Current Assets

- Learning
- Location
- Livability

## → Developable Assets

- Land
- Labor



## II

# Use Diagnosis to Set Agenda

The challenge is for corporate, civic, community, and political leaders to develop an empirically based agenda that builds on assets and cures liabilities



# Barriers to the new art of governing

***“My idea of long-term planning is lunch”***  
**Frank Ogden**



# Barriers to the new art of governing

- ⇒ Lack of information
- ⇒ Lack of capacity to use information
- ⇒ Susceptibility to idea viruses
- ⇒ Lack of long term focus
- ⇒ Diminished leadership network
- ⇒ Allergy to systemic change
- ⇒ Constituency gridlock



## Step 1: Establish process for getting to a shared vision



Set a large table  
Be inclusive  
Bridge constituencies  
Go beyond usual suspects

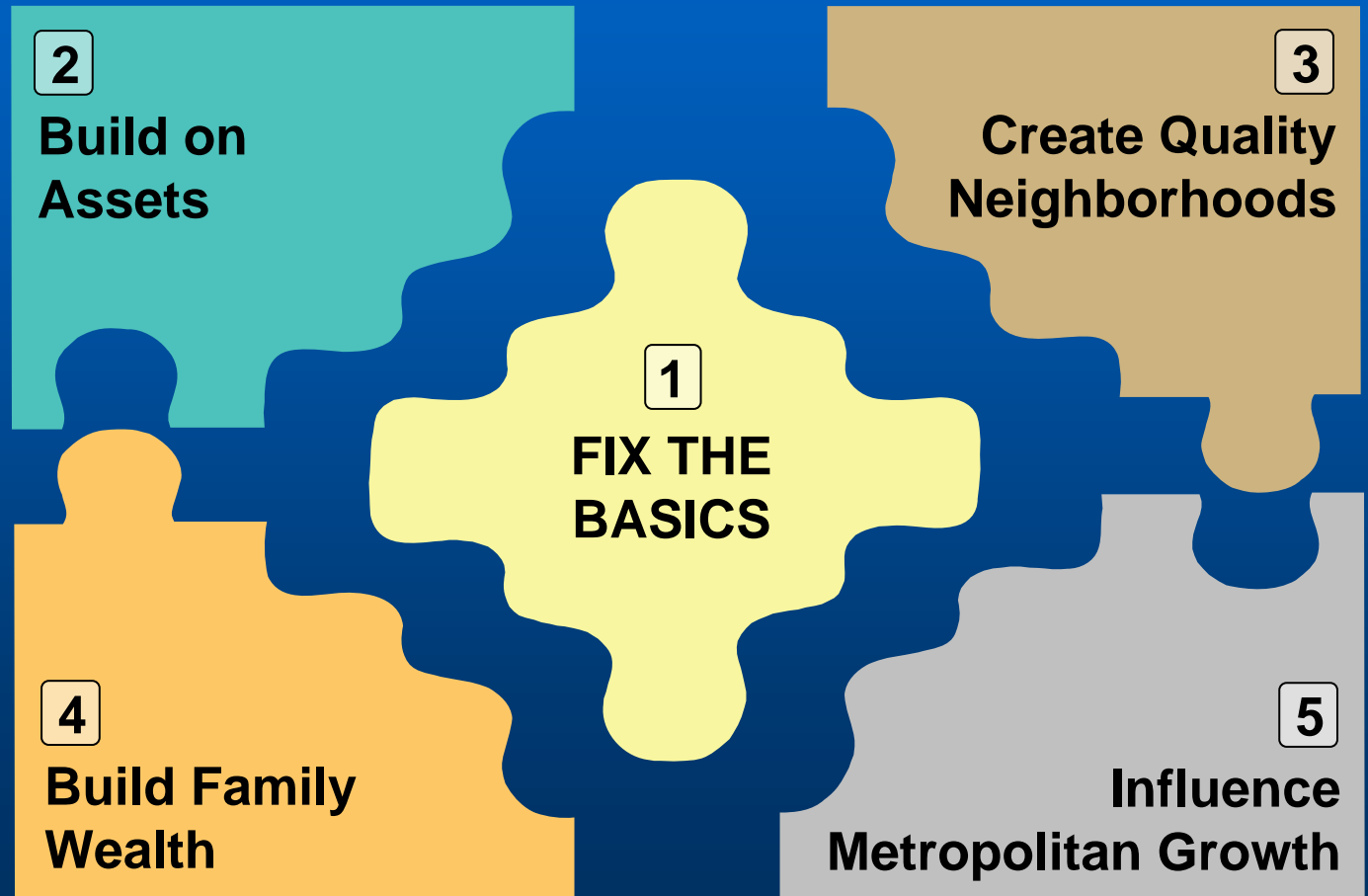


## Step 2: Re-imagine the city





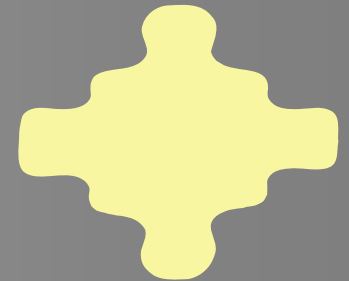
## Step 3: Develop an integrated/ holistic agenda





## Step 4: Tailor agenda to your city

- Good schools
- Safe streets
- Competitive taxes and services
- 21<sup>st</sup> century infrastructure
- Developable land





## Step 5: Assess the policy levers necessary to affect change

Example → Developable Land

FEDERAL	Need investment in brownfield remediation
STATE	Action on property disposition and eminent domain laws
LOCAL	Local action on bureaucratic efficiency



## Step 6: Make long term plans, and provide short term deliverables

Local information transparency

Access existing brownfield grants

Accelerate sale of foreclosed properties

Build constituencies to expand federal spending on land reclamation

Build constituencies to expand federal spending on land reclamation

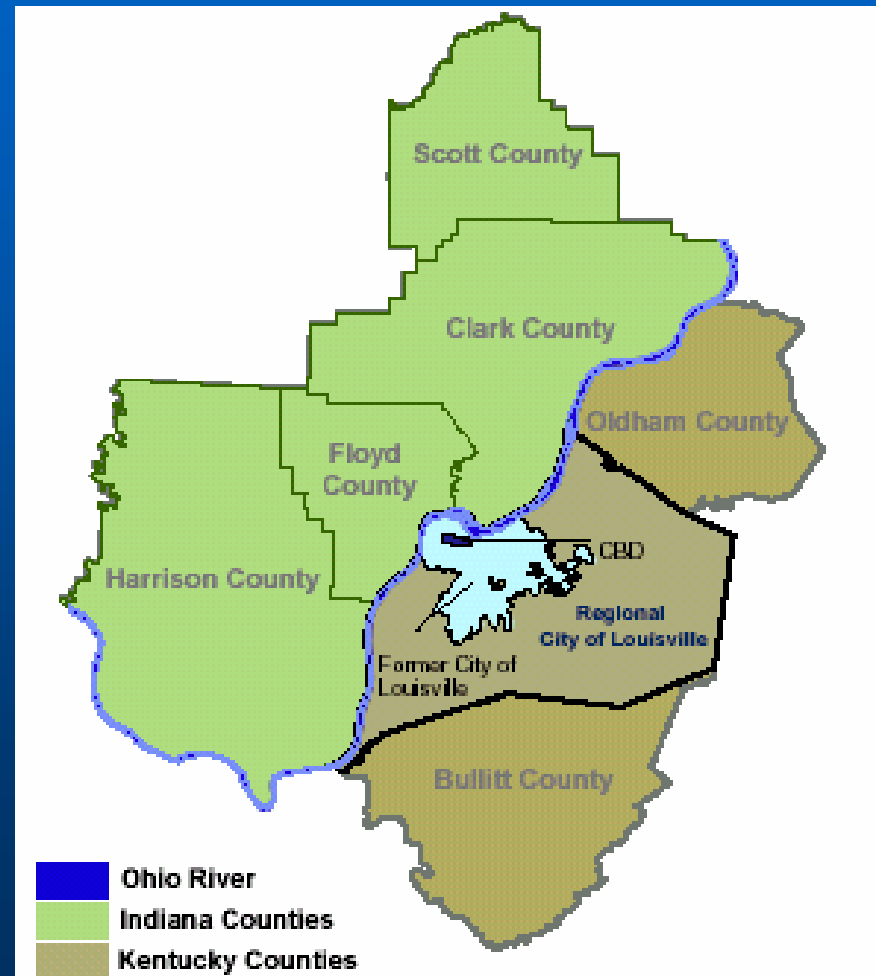


## Implement Agenda with Focus and Market Discipline



## Market/Brand your agenda

# Consolidated Louisville





## Impose market discipline on government agencies

### 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





# Use technology and information to move markets

Example → Milwaukee web site

MAP  
MILWAUKEE

GIS Home  
Metadata  
Help



# Create metrics to hold yourself accountable

Example → Ft. Wayne

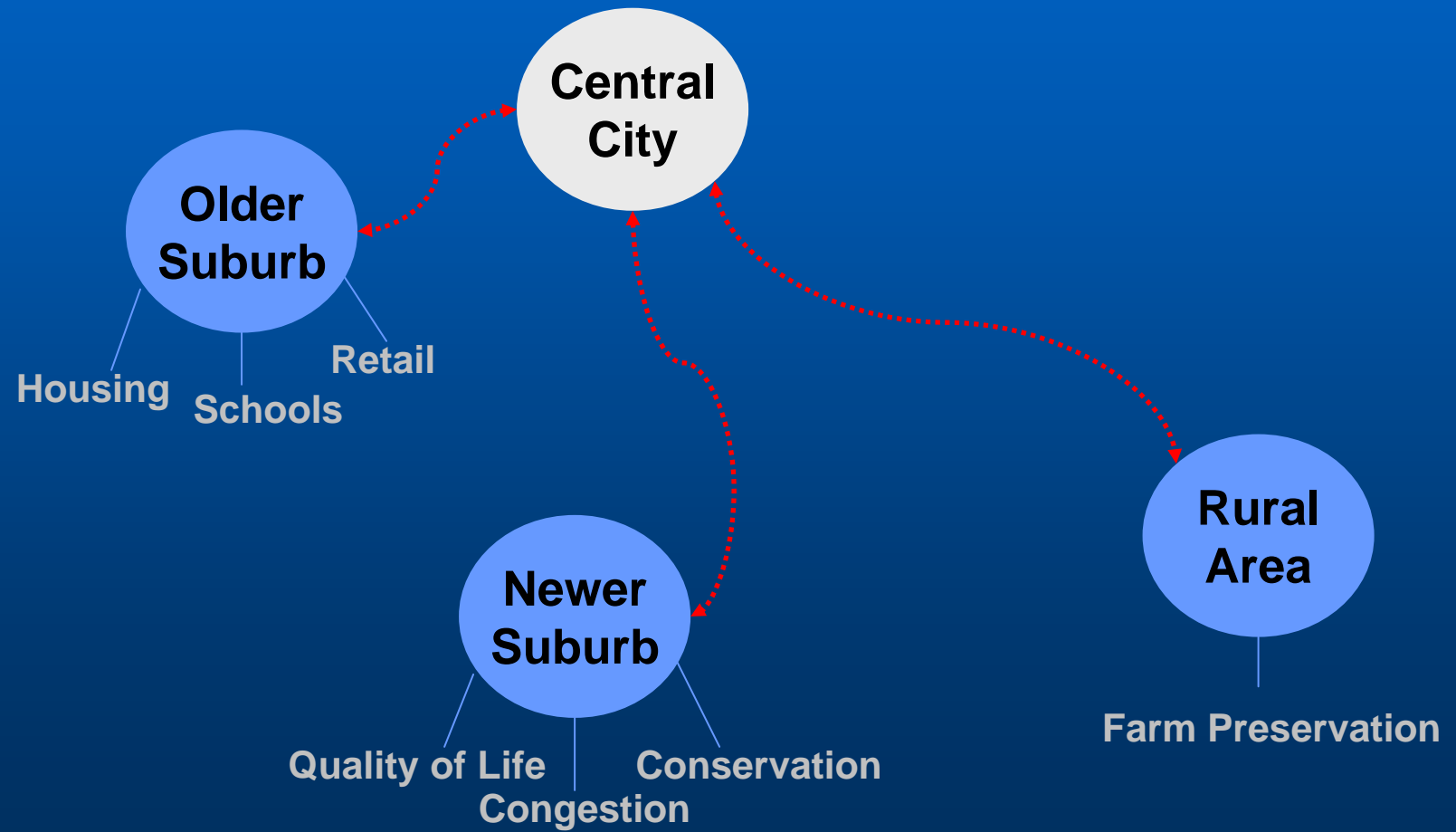
Identify goals

Measure Progress

Reward Success



# Find your allies



***“You’ve got to out on a limb sometimes,  
because that’s where the fruit is”***

**Will Rogers**

# www.brookings.edu/urban



## CENTER ON URBAN AND METROPOLITAN POLICY

Brookings > Economic Studies > Center on Urban and Metropolitan Policy

- September 5, 2003
- Home
- News & Events
- Scholars
- Research Topics
- Programs
  - Economic Studies
  - Foreign Policy Studies
  - Governance Studies
  - Policy Centers
  - Projects
- Publications
- Bookstore
- Executive Education
- About Brookings

*Redefining the challenges facing metropolitan America and promoting innovative solutions to help communities grow in more inclusive, competitive, and sustainable ways.*

### WORKING POOR AND WORKING FAMILIES

## Broadening Tax Credits to Aid Working Families

This analysis of federal tax credit programs argues that a credit to enhance income security for both low-income and middle-income families could broaden the political constituency for investments in working families while providing needed support.

[read the report](#)

#### IN THE NEWS

"Both aspects are new to the suburbs: the aging of the middle-class suburbanite, and the growth of the immigrant and minority population." *New Mosaic Being Built in the Suburbs*  
*USA Today*  
09/01/03  
[News Index](#)

### REPORTS

#### Upstate New York's Population Plateau: The Third-Slowest Growing 'State'

The first of a series of reports analyzing population and migration data for the Upstate New York region probes the implications of the area's stagnant growth.

#### Economic and Racial Segregation in Greater Miami's Elementary Schools: Trends Shaping Metropolitan Growth

An analysis of Miami-area schools shows that growth on the suburban fringe is increasing economic school segregation across the entire region.

#### The Long Journey to Work: A Federal Transportation Policy for Working Families

In this brief, Evelyn Blumenberg and Margy Waller argue that the strong link between car ownership and employment

#### SEARCH BROOKINGS



#### Advanced Search

#### Urban Center

- Publications
- Speeches and Events
- About Us

#### Related Content

#### Analysis & Commentary

- Shopping the City: Real Estate Finance and Urban Retail Development
- Banking the Poor
- Tax Increment Financing in the Kansas City and St. Louis Metropolitan Areas

#### Policy Briefs

- Achieving Compromise on Welfare Reform Reauthorization
- Creating a Scorecard for the CRA Service Test: Strengthening Banking Services Under the Community Reinvestment Act
- Investing in Children

#### Books & Journals

- The Urban Underclass

#### SUBSCRIBE TO:

##### Urban Center Listserv

Stay on top of the latest releases, events, and web features.

First name:

#### SUBSCRIBE TO:

##### Urban Center Listserv

Stay on top of the latest releases, events, and web features.

First name:

Last name:

Email address:

**SUBSCRIBE**

[Access all lists](#)