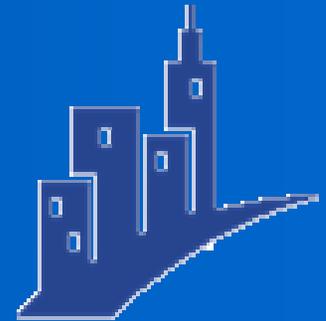


# The Brookings Institution

Metropolitan Policy Program  
Bruce Katz, Director



## American Metropolis: Divided We Sprawl

National Trust for Historic Preservation

September 29, 2004



# American Metropolis: Divided We Sprawl

I

What are the major trends affecting cities and metropolitan areas?

II

What are the consequences of these trends?

III

Why is this happening?

III

What policy solutions are available to affect positive change?



What are the major trends affecting metropolitan areas?

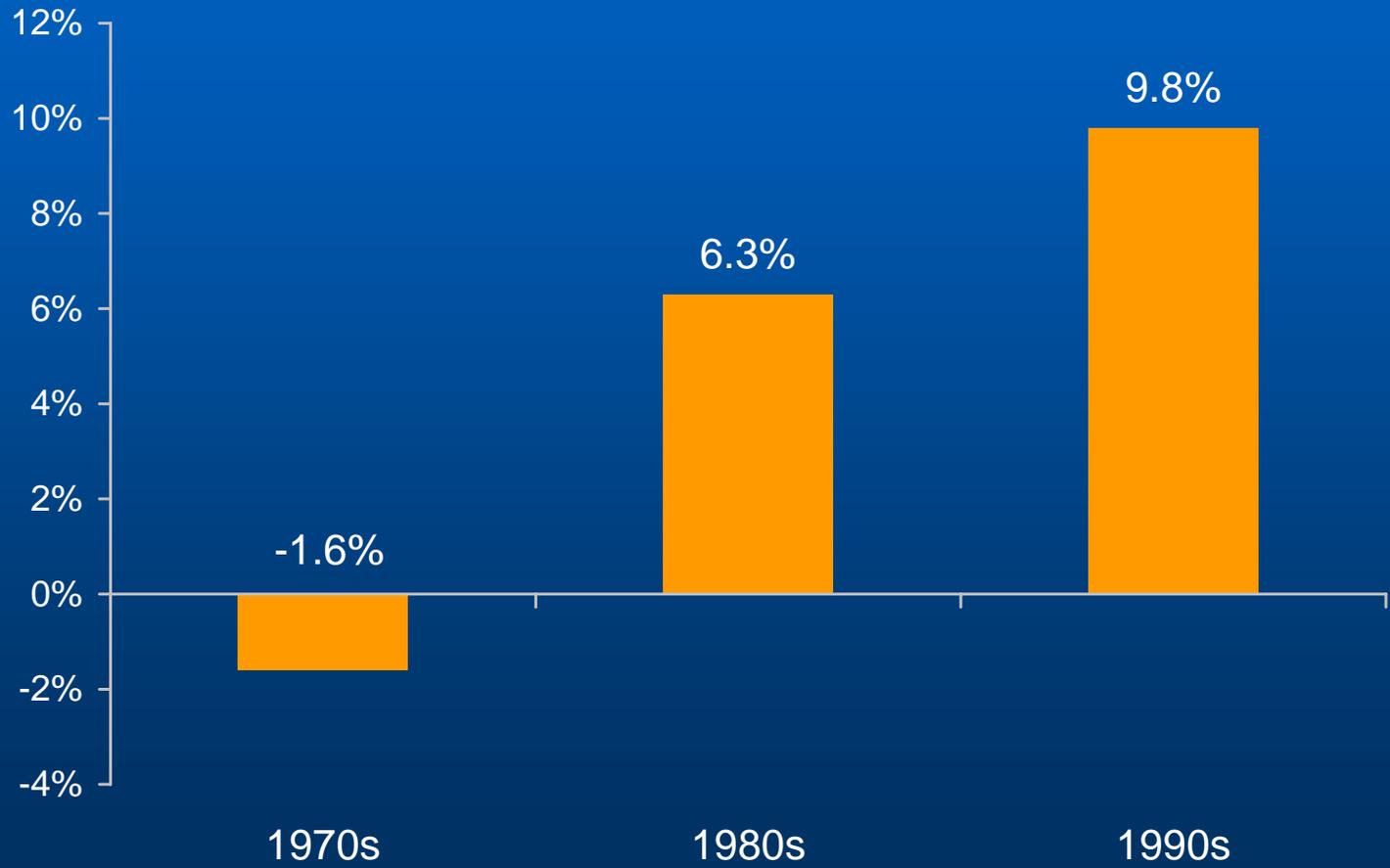
1. Cities are growing, but metros are still sprawling
2. As people go, so do jobs
3. It's not your parents' city...or suburb



# Large cities grew faster in the 1990s than they did in the 1980s and 1970s

50 largest cities,  
population  
1970-2000

Source:  
Brookings calculations  
of U.S. Census Bureau data

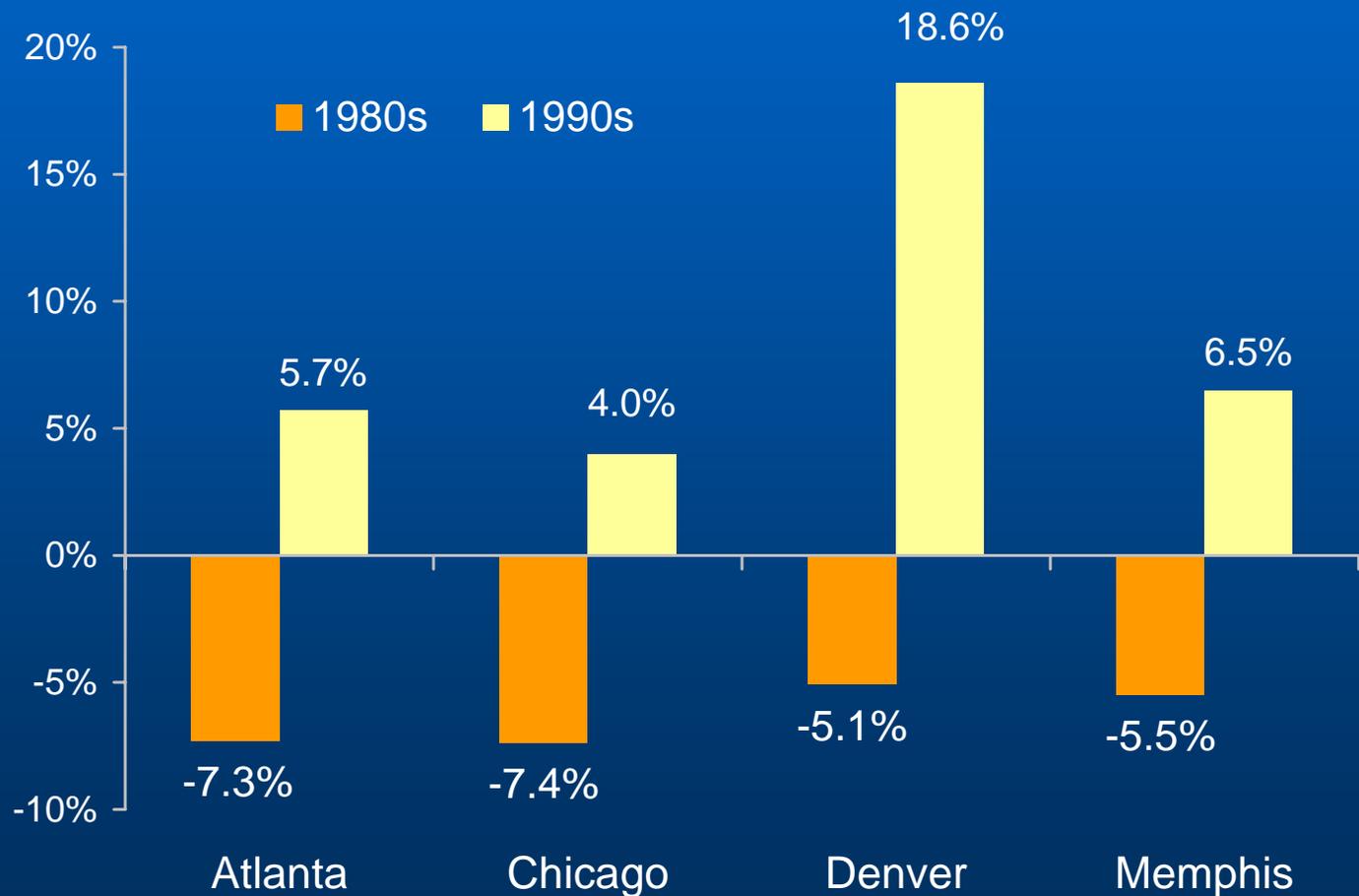




# Several large cities gained population during the 1990s after losing population in the 1980s

Selected cities,  
population growth  
1990-2000

Source:  
U.S. Census Bureau

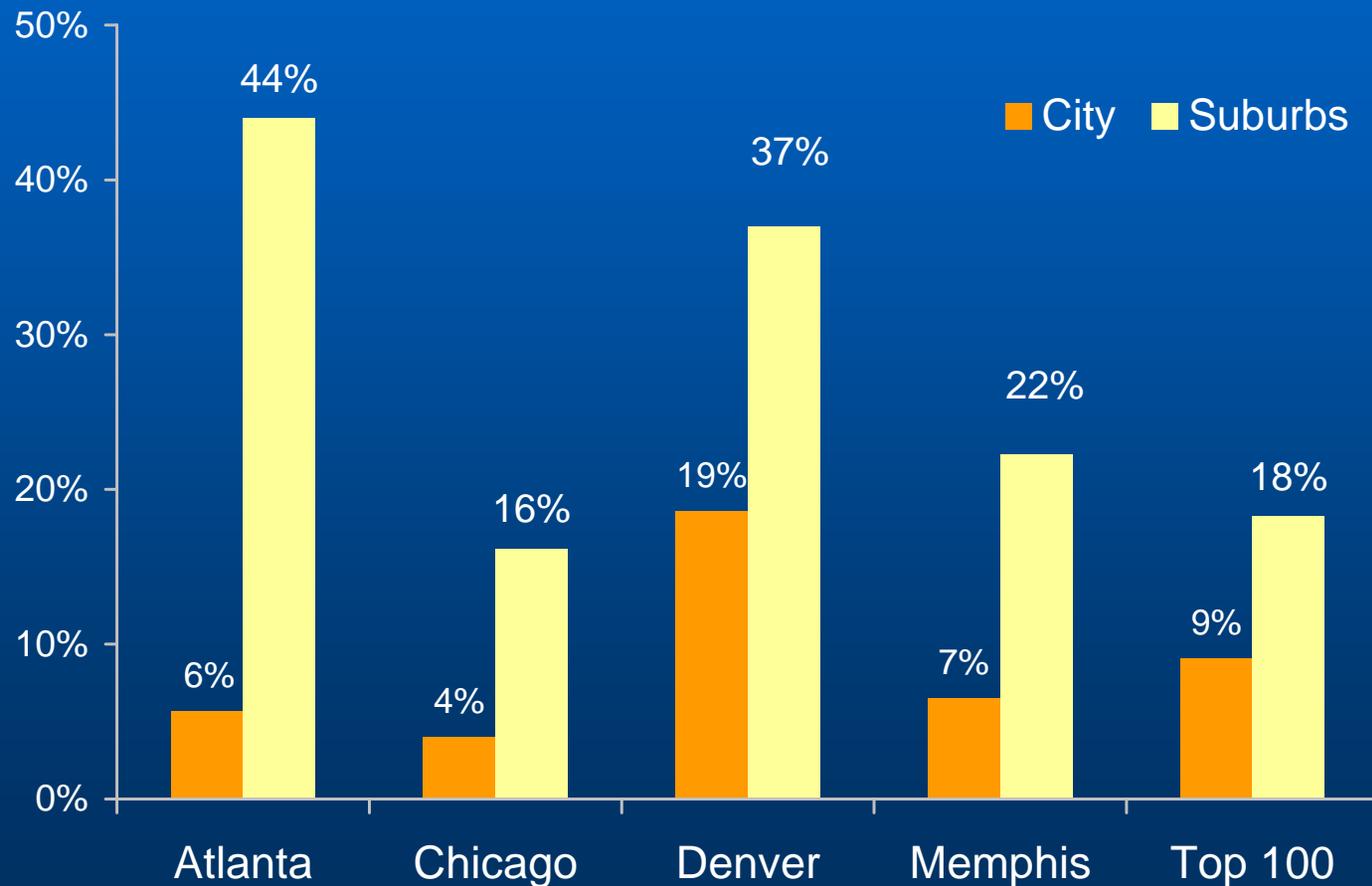




# Still, population is decentralizing in nearly every U.S. metropolitan area

Selected cities and suburbs, population growth 1990-2000

Source: U.S. Census Bureau

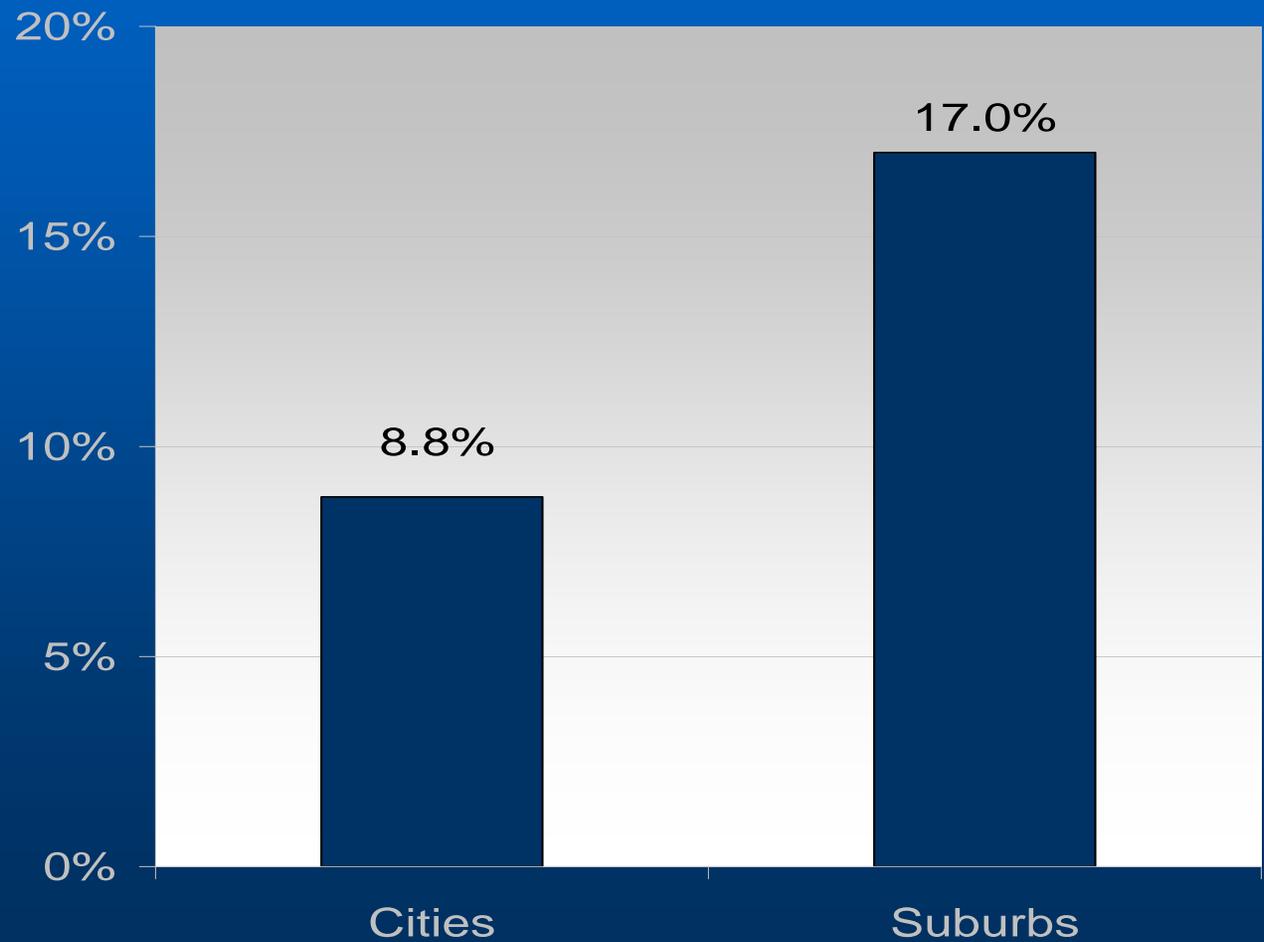




# Suburbs grew faster than cities in the 1990s

Percent population growth, 100 largest cities and suburbs 1990-2000

Source:  
U.S. Census Bureau

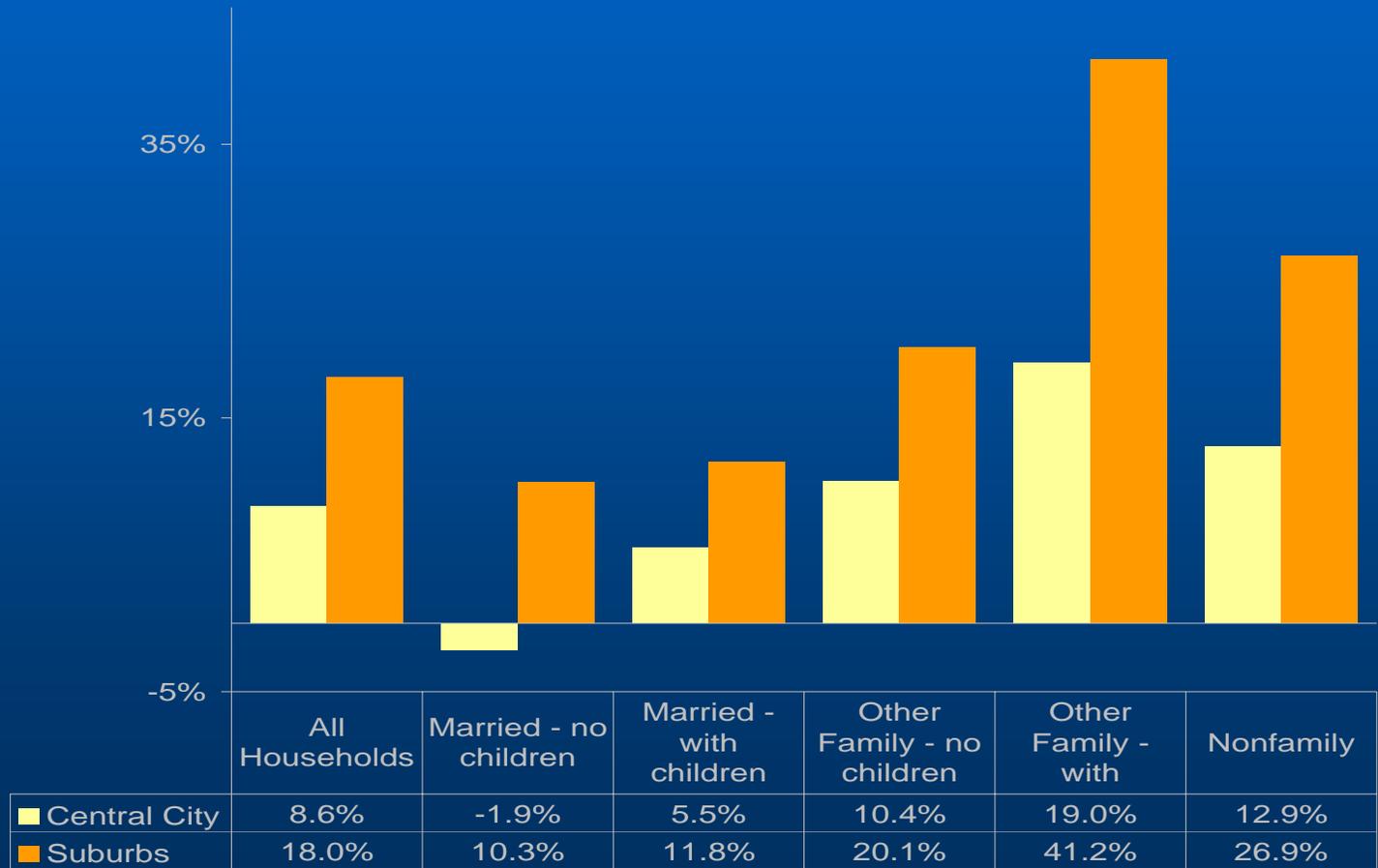


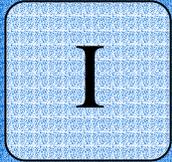


# Every household type grew at faster rates in the suburbs than in cities

## Population growth, 1990-2000

Source: William Frey. "A Census 2000 Study of City and Suburb Household Change." Brookings, Forthcoming





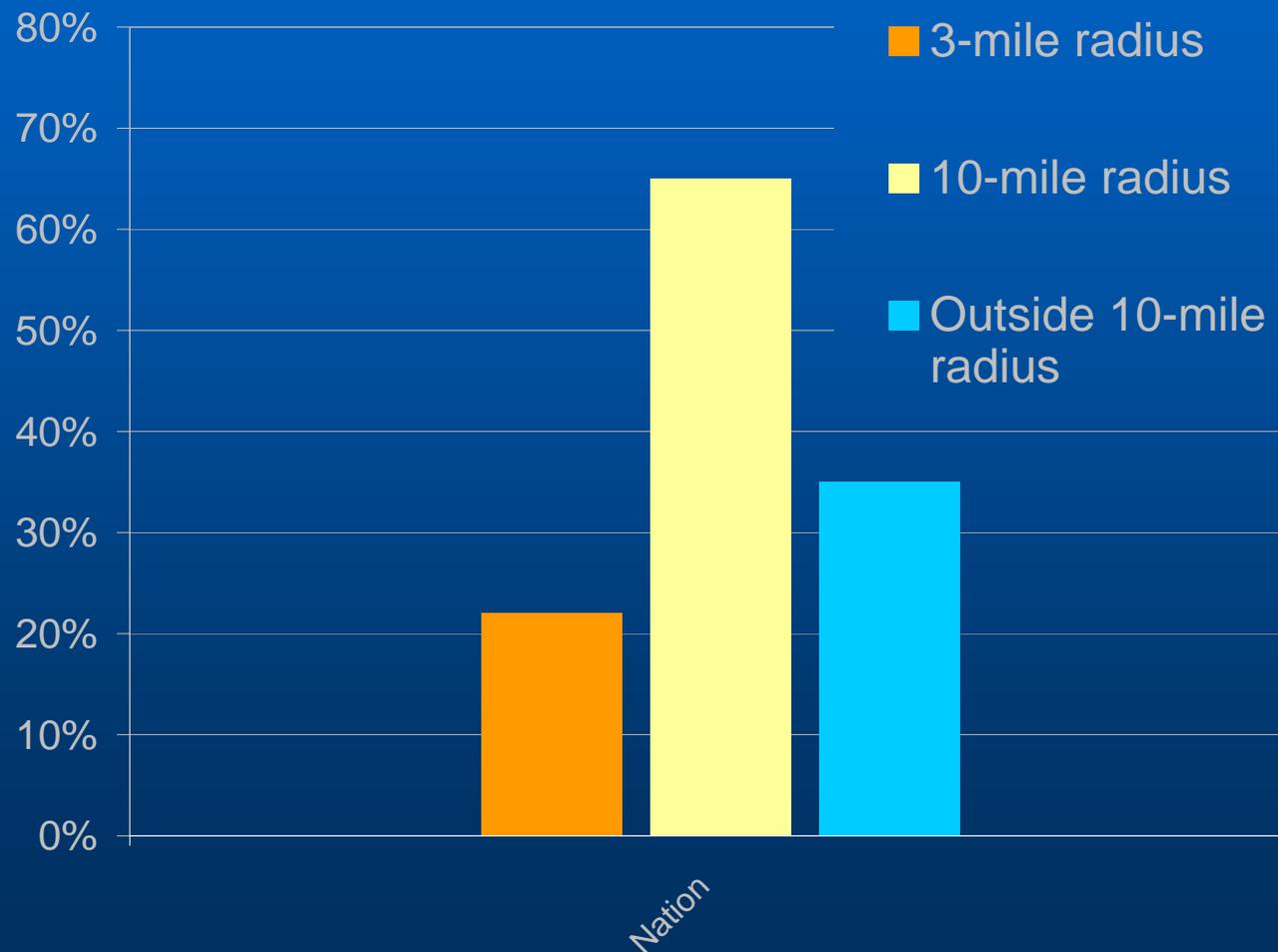
## What are the major trends affecting metropolitan areas?

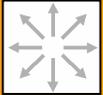
1. Cities are growing, but metros are still sprawling
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## Nationally, one-third of jobs are located outside a 10-mile radius of the central business district

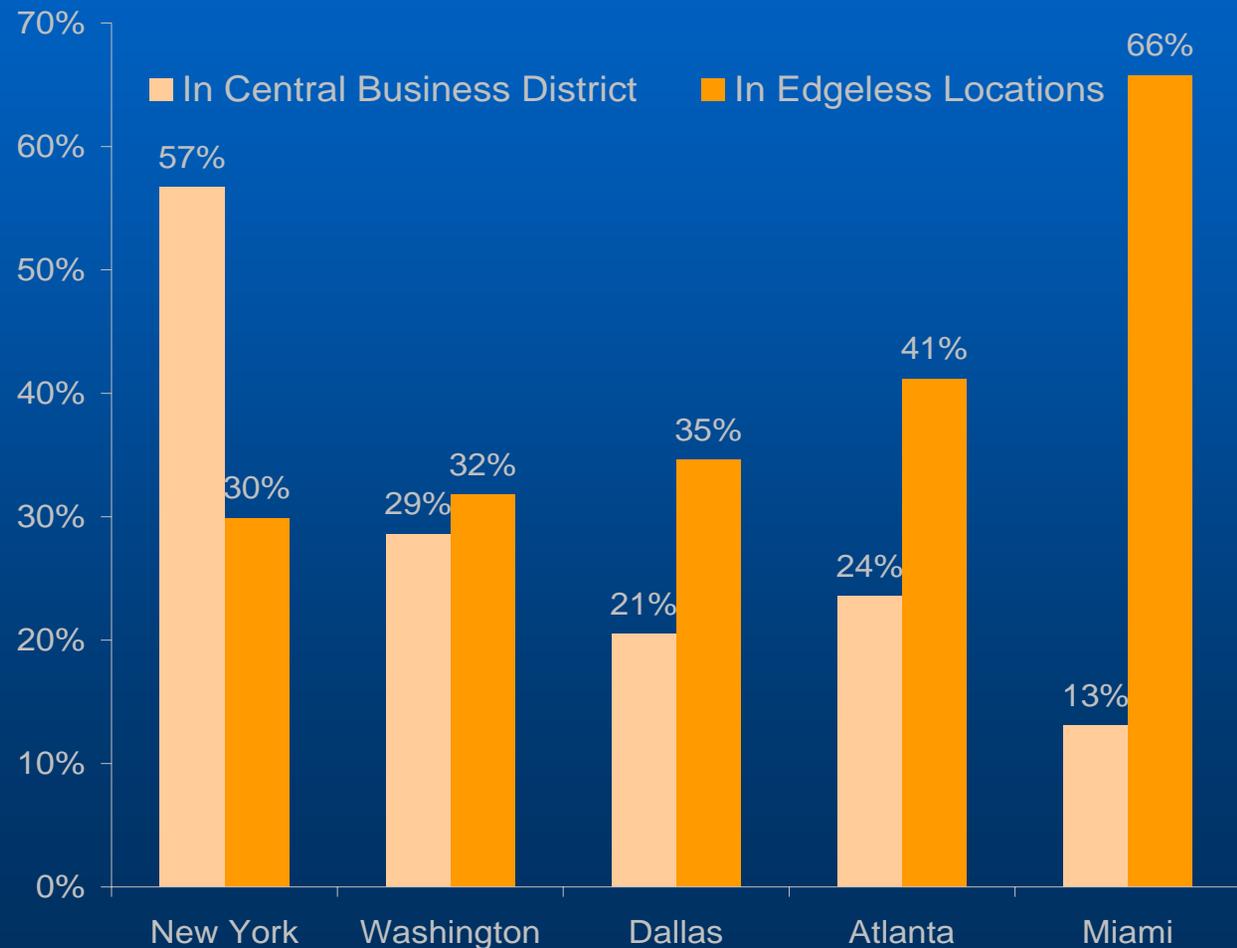
Share of jobs within 3-, 10-, and greater-than-10-mile radius of center, 1996





In many metros, an exit ramp economy dominates office development.

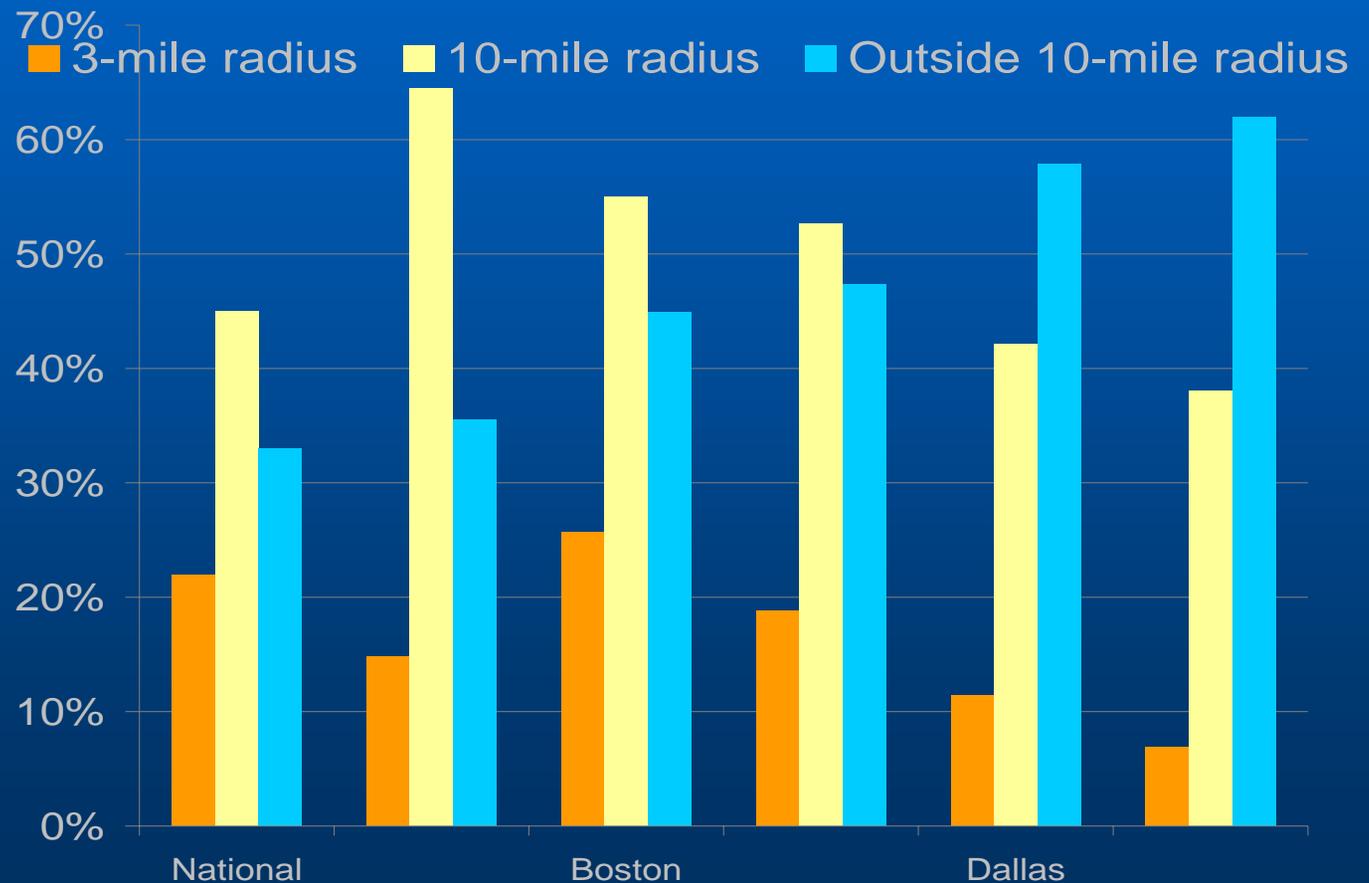
Share of metropolitan office space (SQ FT), 1999





But the level of employment decentralization varies widely across metropolitan areas.

Share of metropolitan employment, 1999

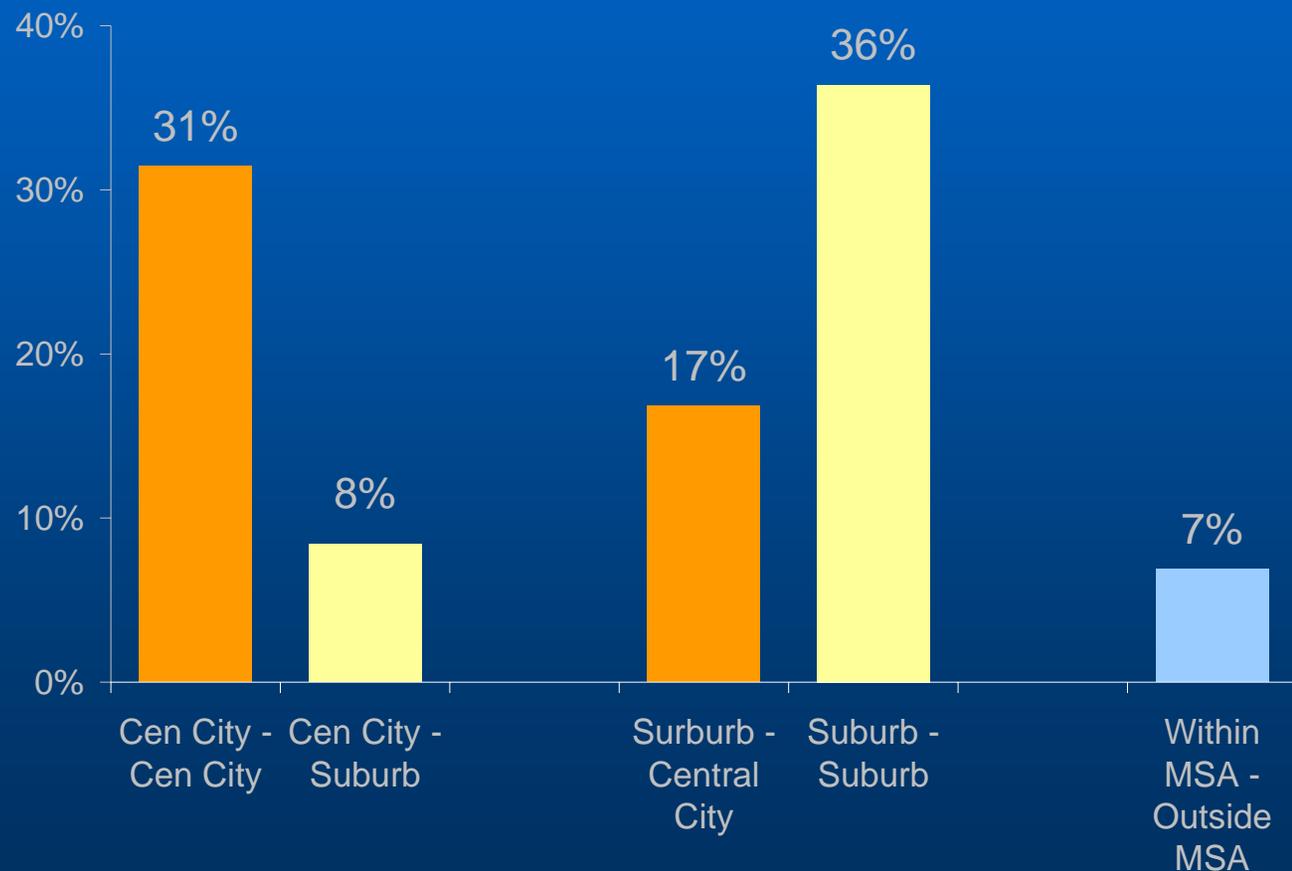


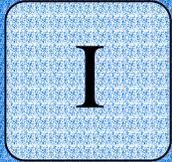


Consequently, the highest share of metropolitan commutes begin and end within suburbs

Share of commuters  
100 Largest Cities,  
2000

Source:  
U.S. Census Bureau





## What are the major trends affecting metropolitan areas?

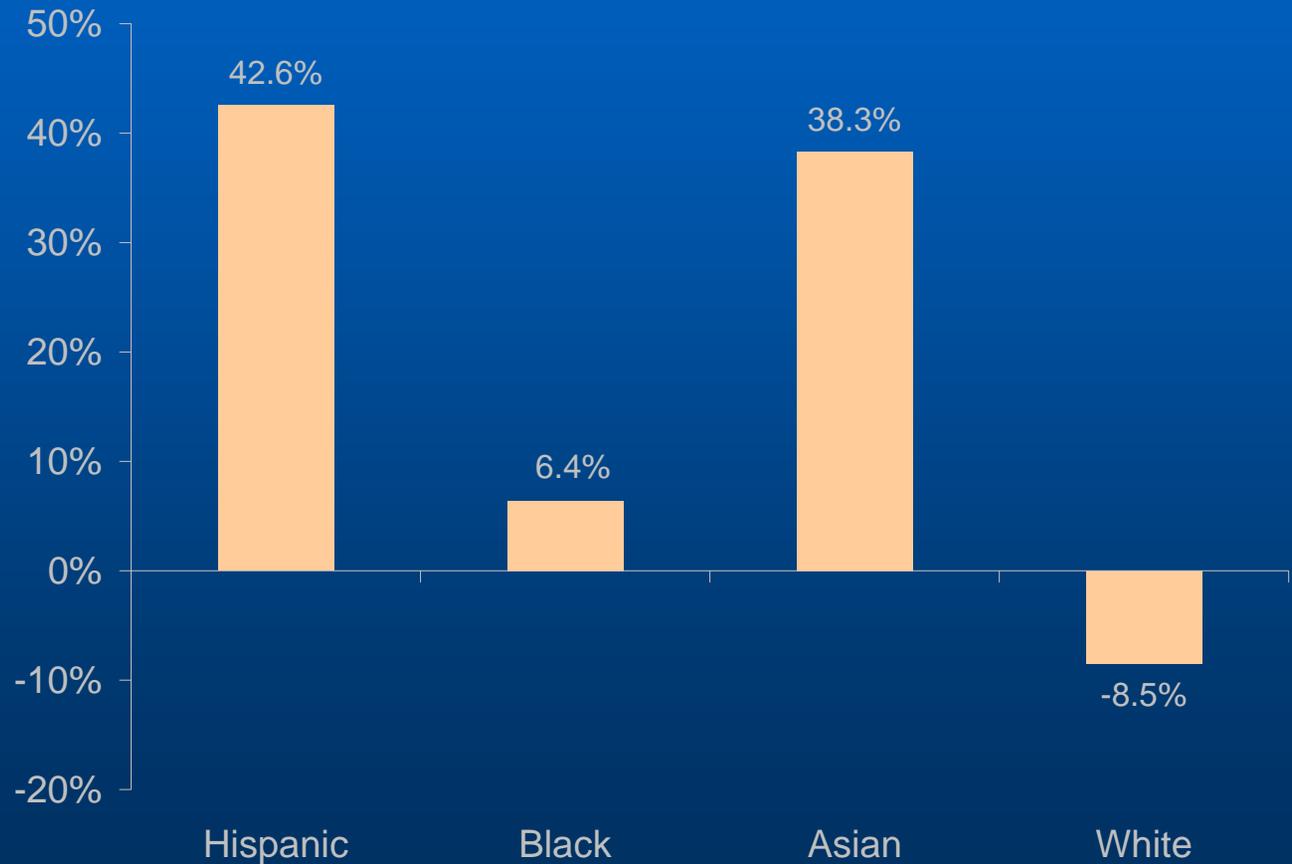
1. Cities are growing, but metros are still sprawling
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# Central City Growth in the 1990s was fueled by Asians and Hispanics

Population growth,  
100 largest cities  
1990-2000

Source:  
U.S. Census Bureau

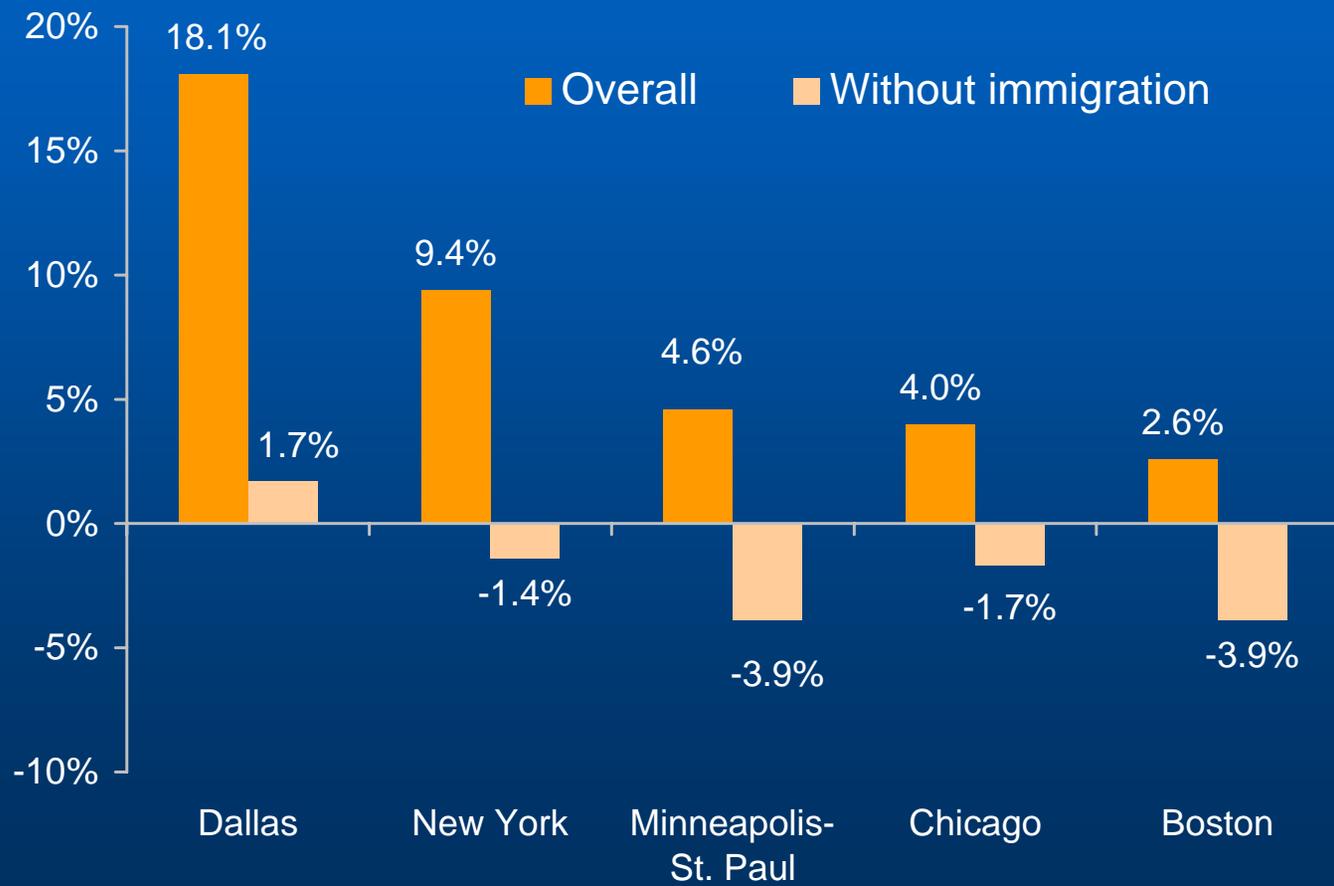




# If not for immigration, several of the nation's largest cities would not have grown during the 1990s

Population growth with and without foreign-born, 1990-2000

Source:  
U.S. Census Bureau



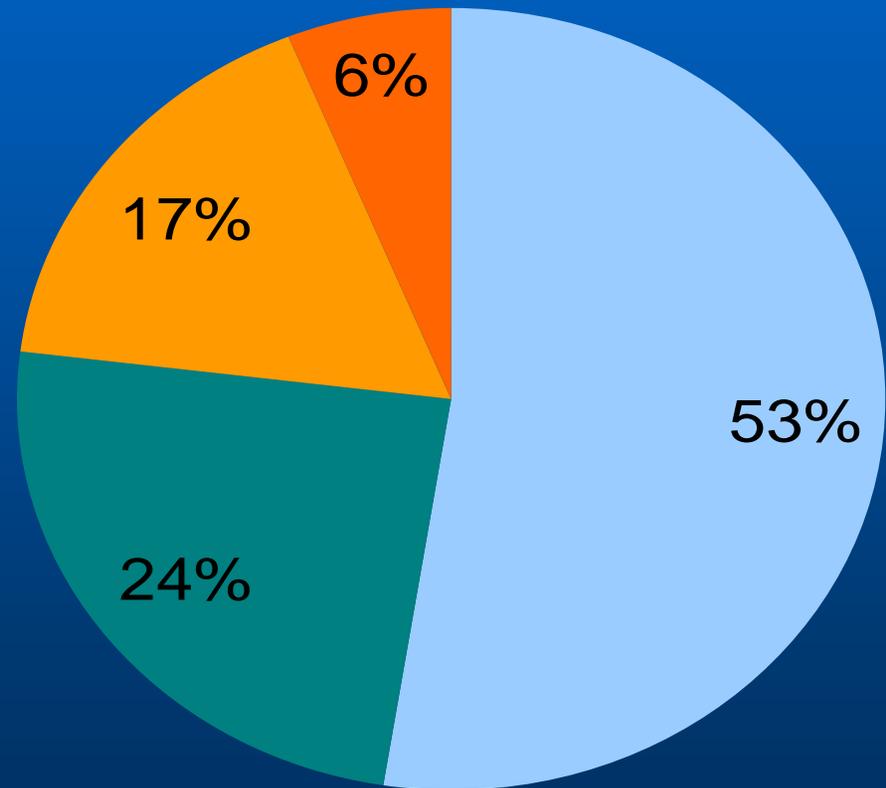


In aggregate, the racial makeup of the 100 largest cities has shifted....

Share of population by race and ethnicity, 1990

Source: U.S. Census Bureau

- White
- Black
- Hispanic
- Other



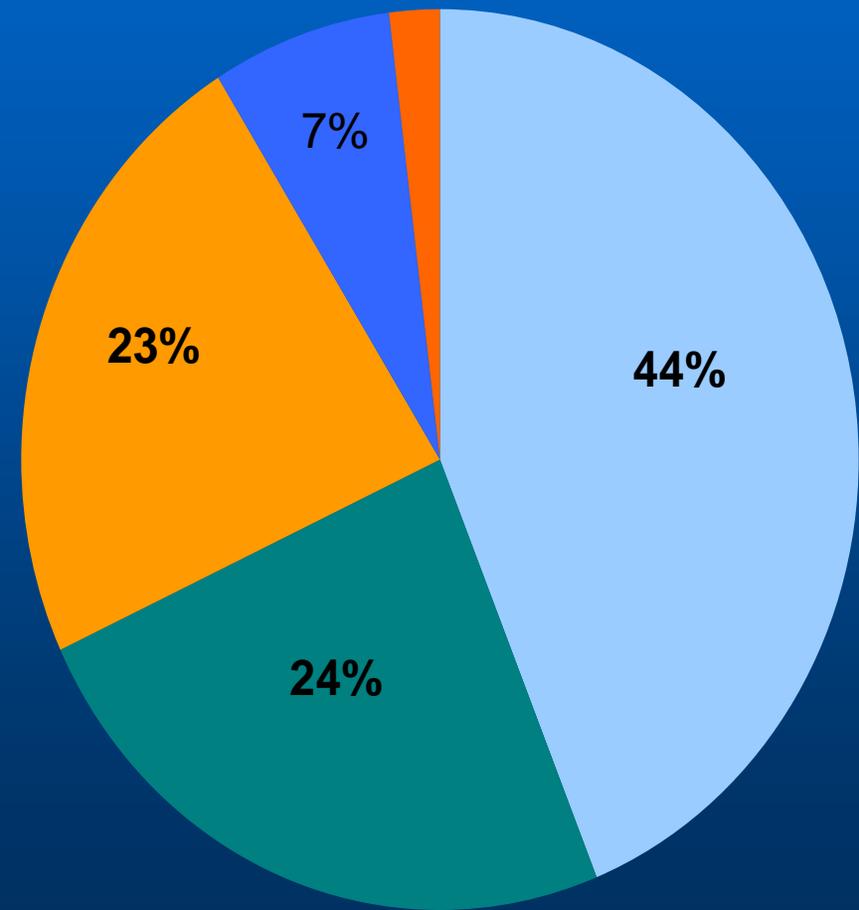


# In 2000, the top hundred cities became majority minority

Share of population by race and ethnicity, 2000

Source:  
U.S. Census Bureau

- White
- Black
- Hispanic
- Asian
- Multi-racial



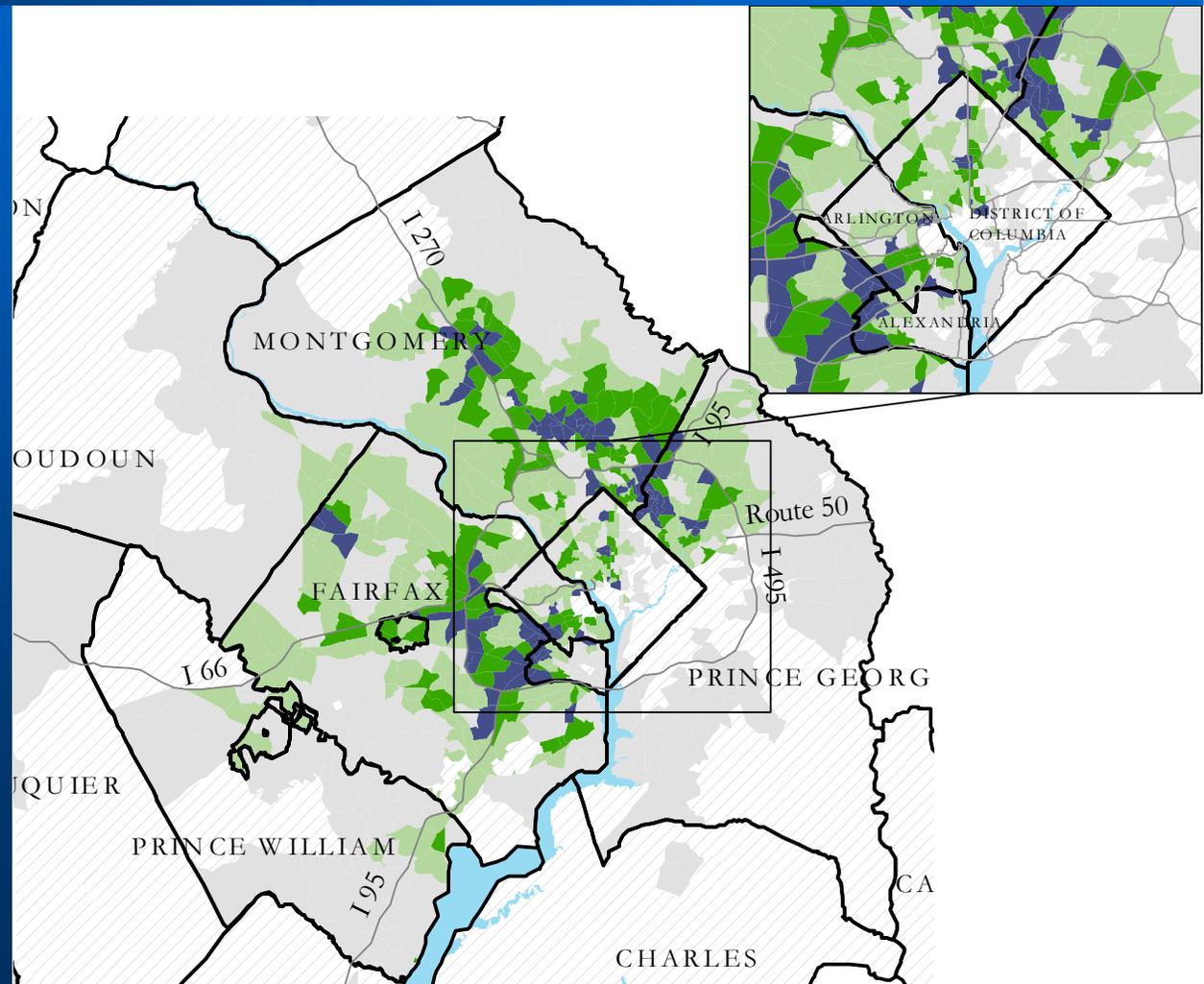
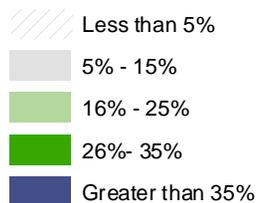


# In many metro areas, the locus of immigration is shifting from the central city to the suburbs

Washington region, share foreign-born by census tract, 2000

Source: Singer, "At Home in the Nation's Capital," June 2003

### Percent Foreign Born (by Census Tract)

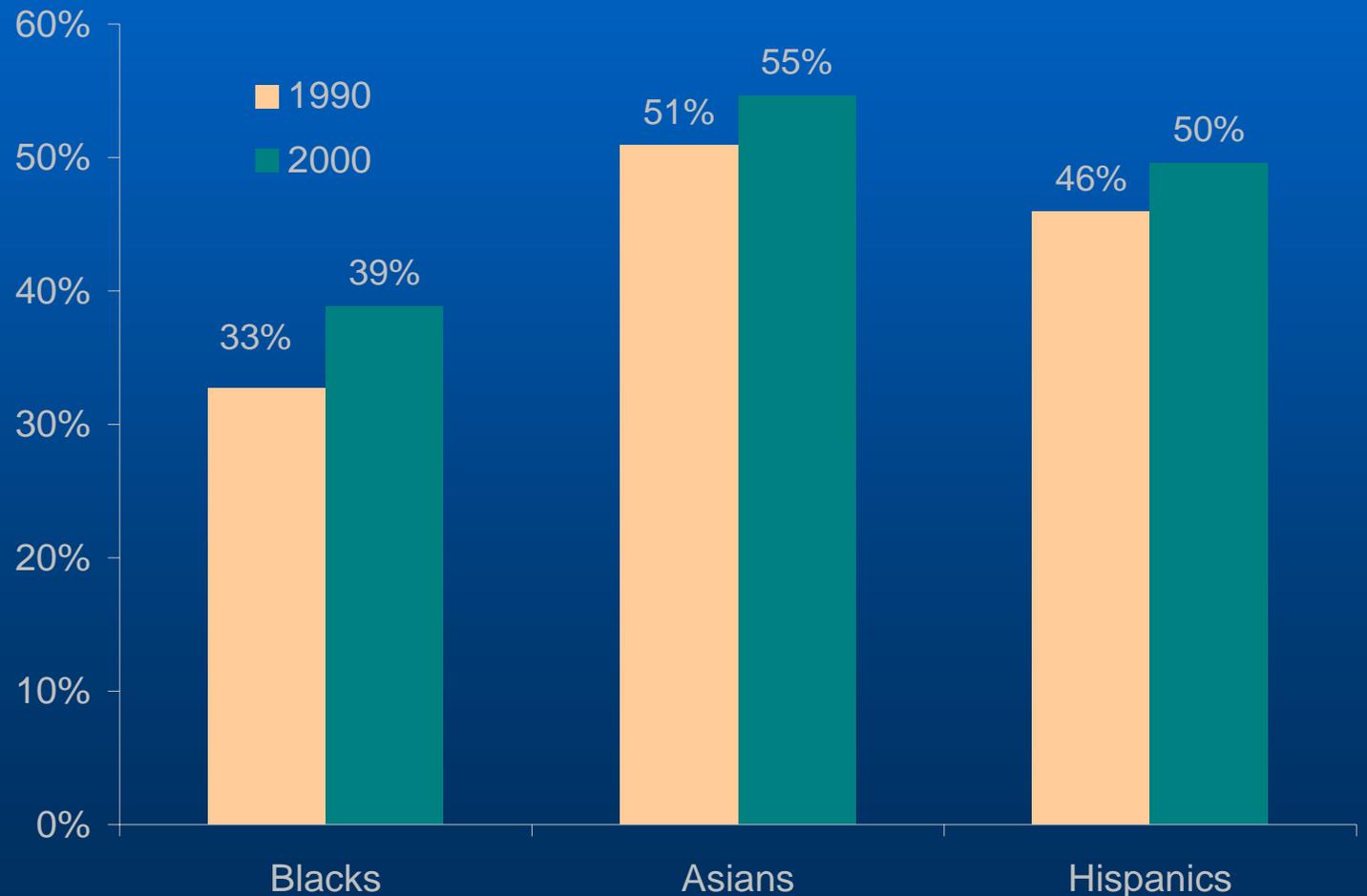




# The percent of each racial/ethnic group living in the suburbs increased substantially

Share of population by race and ethnicity, 1990

Source: U.S. Census Bureau

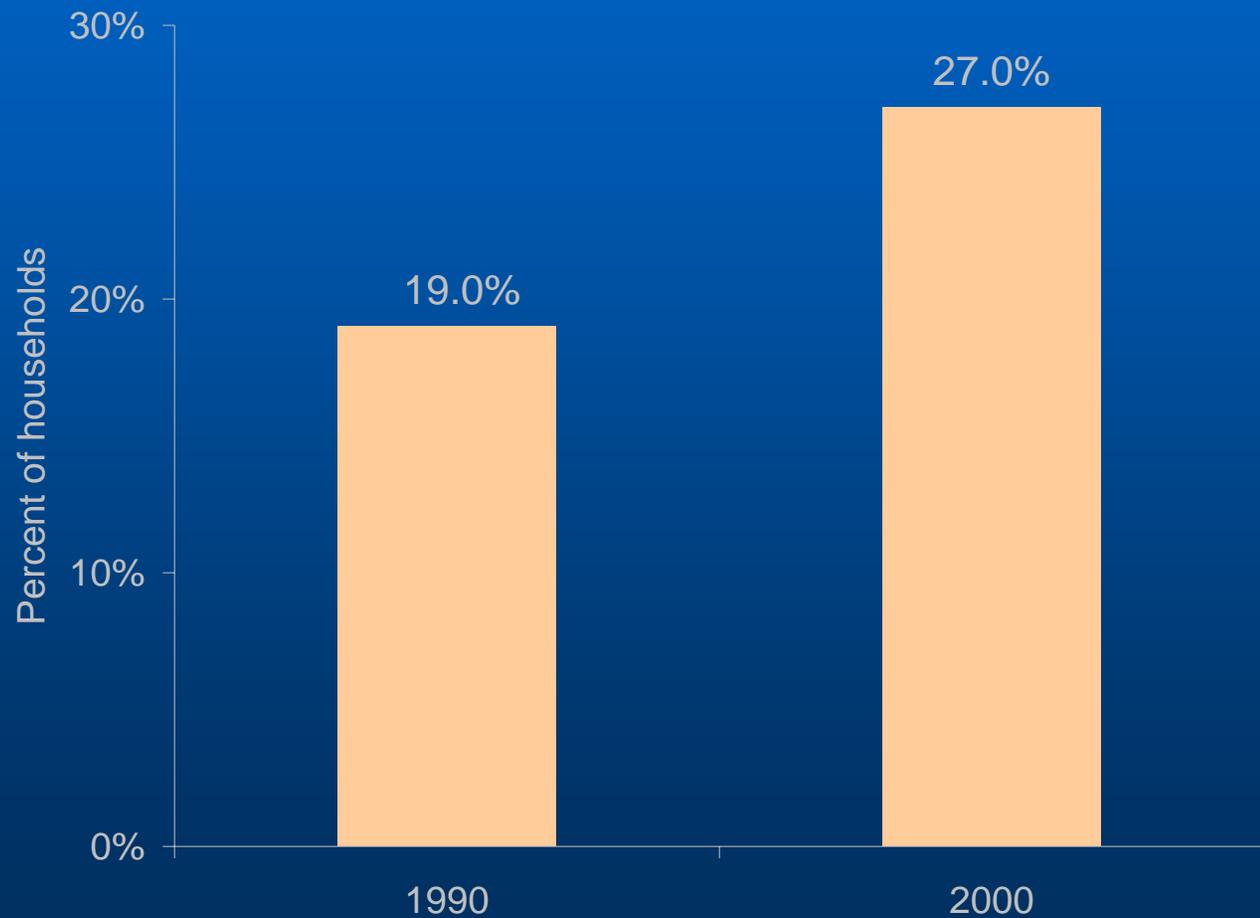




# Now more than 1 in 4 suburban households are minority

Minority share of population, 1990-2000

Source: U.S. Census Bureau

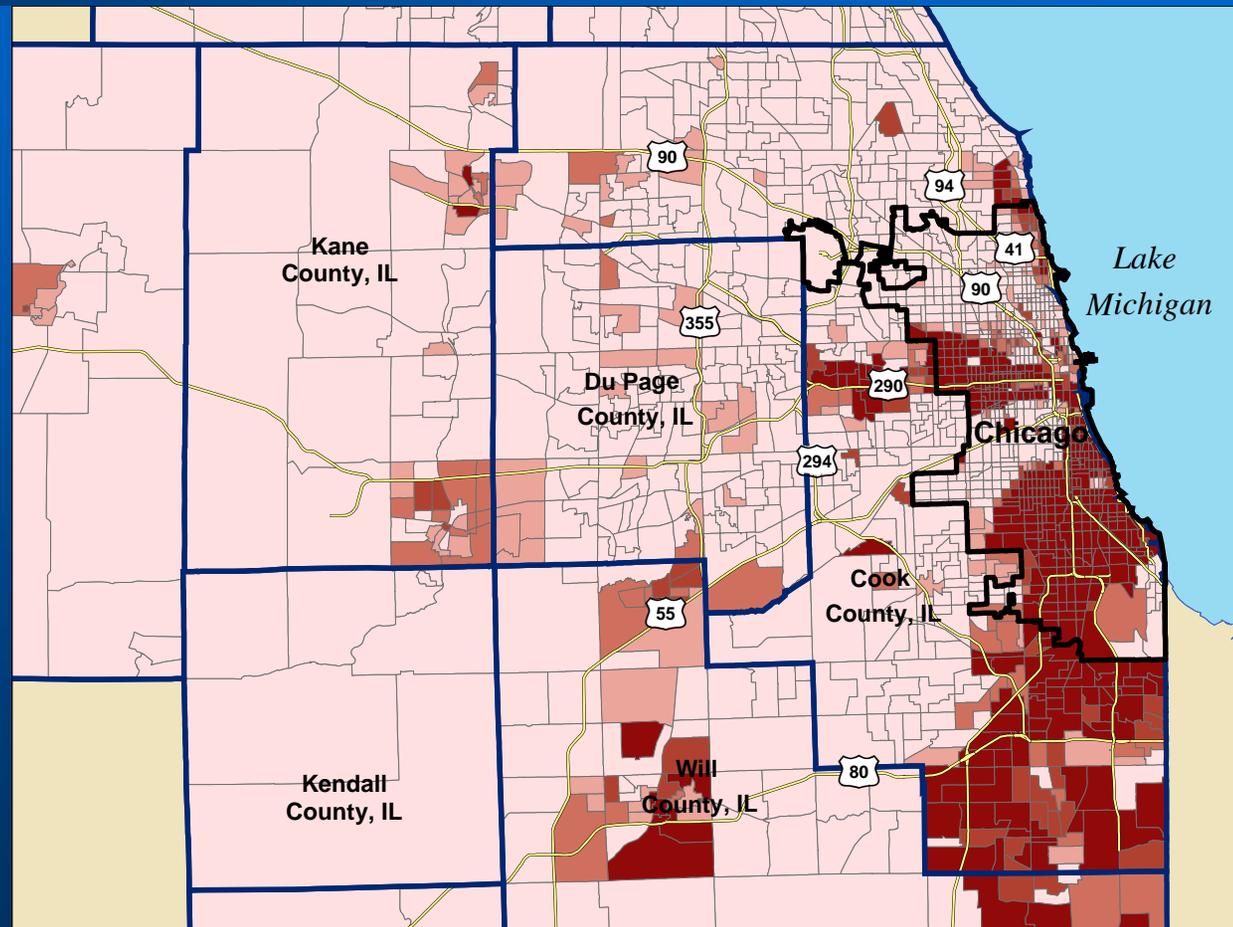




# Despite growing suburban diversity, racial separation persists In metros like Chicago

Percent Black or African-American, 2000

Source:  
U.S. Census Bureau





# American Metropolis: Divided We Sprawl

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# Decentralization is costly



## Increases Costs on Communities and 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



# Dispersed development costs localities and taxpayers more

\*Services include Police, Fire, Highway, Schools, Sewer, and Solid Waste

Dollar Costs of New Services\* Per 1,000 New Residents for a Family of 4 in Kentucky  
Source: Bollinger, Berger and Thompson (2001)

	Development Pattern	Cost
<b>Central city counties</b>		
Fayette	(more concentrated)	(\$1.08)
Jefferson	(more spread out)	\$37.55
<b>Suburban counties</b>		
Shelby	(more concentrated)	\$88.27
Pendelton	(more spread out)	\$1,222.39
<b>Counties with small towns</b>		
Warren	(more concentrated)	\$53.89
Pulaski	(more spread out)	\$239.93
<b>Outer ring and rural</b>		
Garrard	(more concentrated)	\$454.51
McCracken	(more spread out)	\$618.90



## Decentralization is costly



**Diminishes Economic Competitiveness  
&  
Quality of Life**



## Decentralization is costly

*In many states, current growth patterns are eroding quality of life*

### Decentralization:

- Is weakening downtown cores that attract and retain young workers and employers.
- Is reducing choice for different types of communities
- Threatens natural amenities and tourism industries



## By decentralizing, metros are foregoing the economic benefits of innovation and knowledge sharing

High density brings with it amenities that create a high “quality of place” that attracts young knowledge-workers

Ideas, innovation, and creativity now drive the economy

Economic success requires large numbers of people with a college education and high skills

Dense labor markets, efficient transport, and high clustering of jobs lead to knowledge spillovers, both within and across industries

Carlino (2001)

Denser local economies have been linked to increased patenting

Carlino (2001)



## Decentralization is costly



**Strains the Transportation  
System and Increases  
Travel Costs**



## Decentralization is costly

***Sprawling growth patterns are straining states' transportation systems 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



**Isolates Minorities and Low-  
Income Residents  
From Opportunities**



## Decentralization is costly

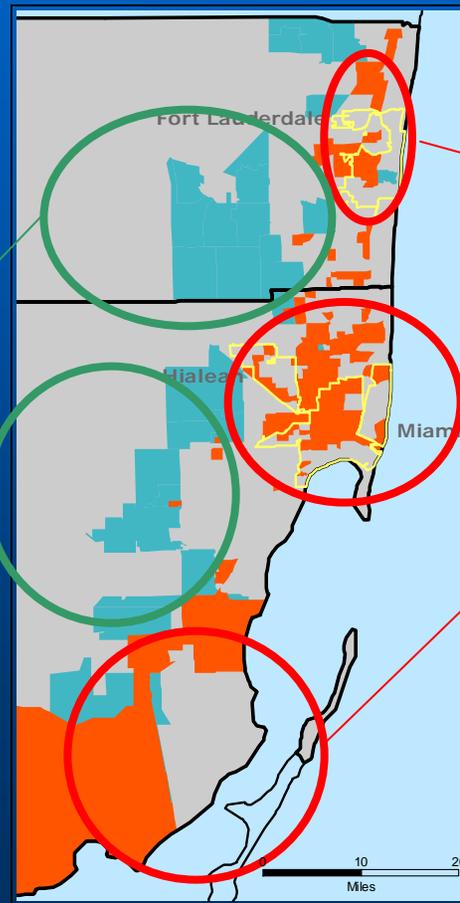
***Decentralization isolates low-income residents & minorities from opportunities.***

### **Decentralization:**

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



In areas such as Miami, a spatial mismatch has arisen between high-poverty neighborhoods and areas of high job growth



Poverty is concentrated here

While job growth occurs here



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## Broad demographic and economic forces affect the performance of cities

→ Cities in **fast growing** regions tended to grow in population during the 1990s

→ Cities with a lower than average share of **manufacturing** jobs in 1990 tended to have higher population growth rates during the 1990s

→ Cities with high shares of **foreign-born** population in 1990 tended to to have higher population growth rates during the 1990s



## On average cities whose metros grew less than 11% gained little or lost population

City Category	Number of Cities	City Population Change	MSA Population Change
Rapid Growth (over 20%)	14	32%	25%
Significant Growth (10 to 20%)	22	15%	22%
Moderate Growth (2 to 10%)	36	7%	13%
No Growth (-2 to 2%)	6	0%	11%
Loss (below -2%)	20	-7%	6%



Major federal and state policies, however, also affect the performance of cities



A recent Brookings report on Pennsylvania found 5 specific types of state policies that favor greenfield development and undermine city economies

III

Why is this happening?

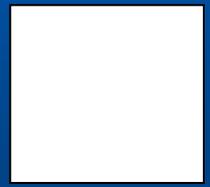
Skewed Investments



Unlevel Tax System



Weak Planning



Barriers to Reinvestment



Fragmented Governance





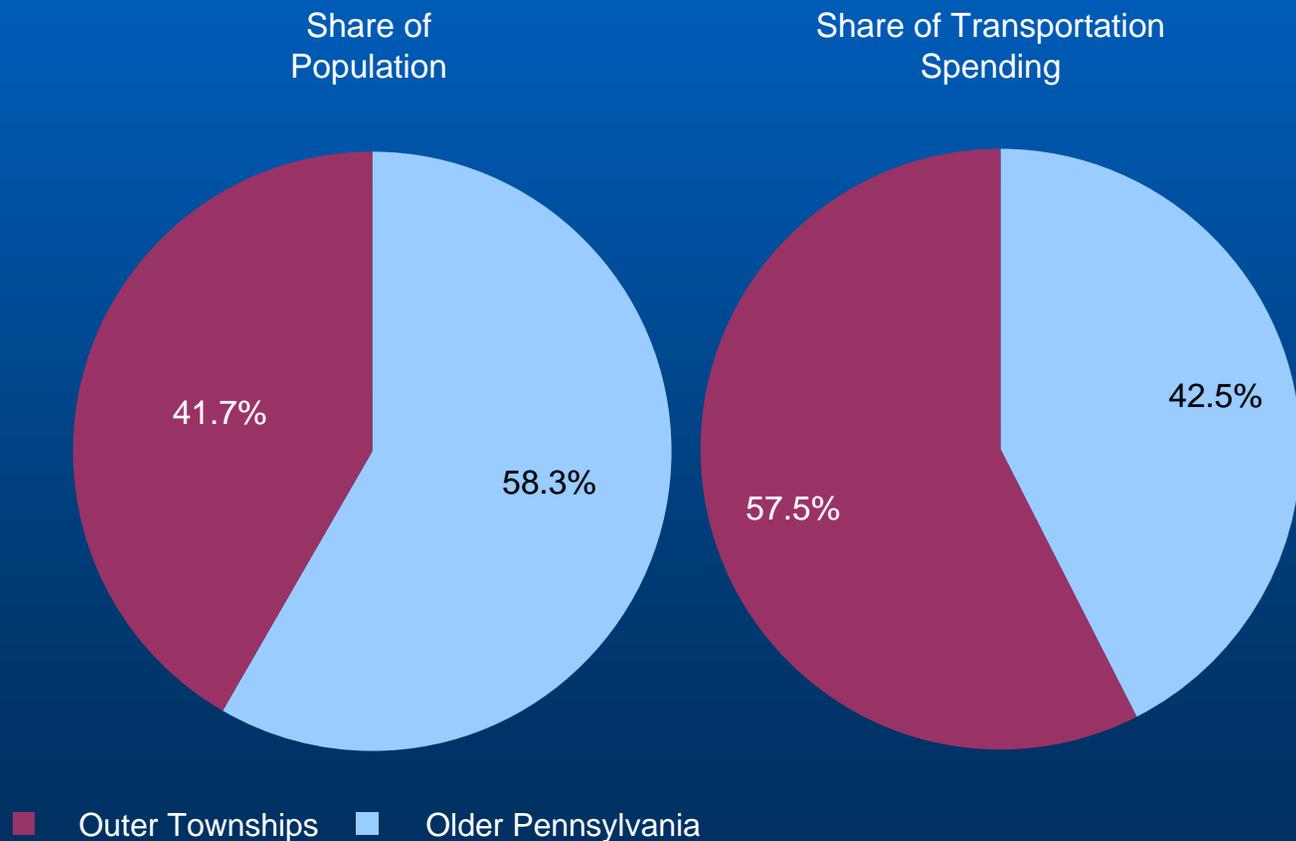
Major state spending programs  
have skewed funding to  
greenfields

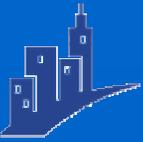


In Pennsylvania newer suburbs received 58 percent of classifiable spending during this period, although they represent only 42 percent of the state's population

Share of population versus share of transportation investment, 1999-2002

Source:  
U.S. Census Bureau,  
Anne Canby and James  
Bickford, 10,000 Friends  
of Pennsylvania





At the same time, Pennsylvania is spreading its economic development money “all across the map”

PIDA, OFP, and  
IDP investments,  
1998-2003

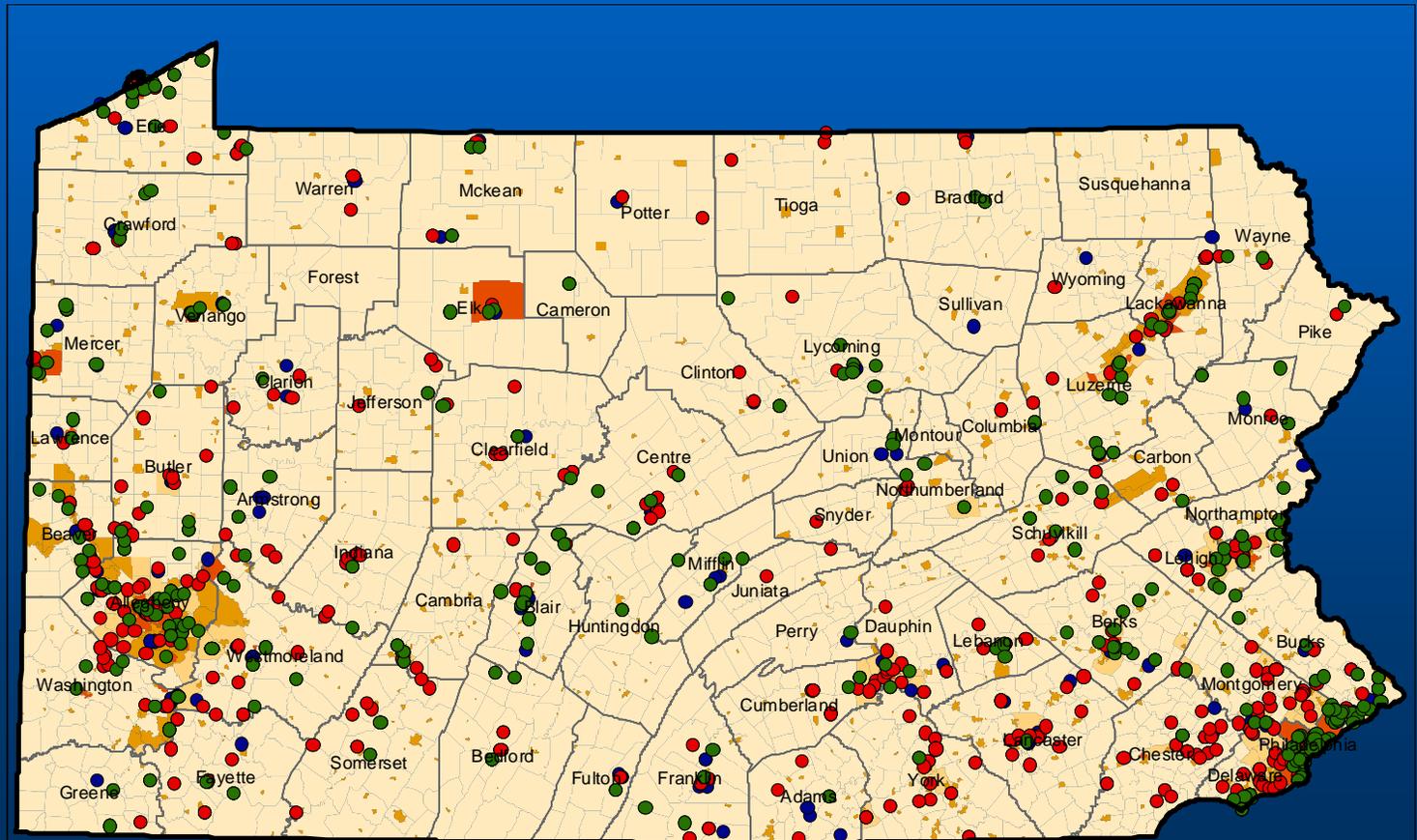
Source:  
Keystone Research  
Center

**DCED Programs**

- PIDA Recipients
- OGP Recipients
- IDP Recipients

**Municipal Type**

- City
- Borough
- 1st-class township
- 2nd-class township



# III

## Why is this happening?

Skewed Investments



Unlevel Tax System



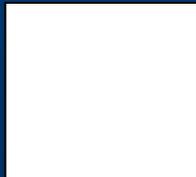
Weak Planning



Barriers to Reinvestment



Fragmented Governance





State tax systems are biased  
against cities

City revenue bases are small  
(e.g., large numbers of tax exempt properties)

City expenses are high  
(e.g., concentrated poverty, union contracts)

III

Why is this happening?

Skewed Investments



Unlevel Tax System



Weak Planning



Barriers to Reinvestment



Fragmented Governance





In most states, cities lack effective regional- or state-level planning, strategizing, and coordination capacity

- Disparate state agencies do not plan in accordance with a coherent, unified vision
- Disparate state agencies plan separately and often act at cross-purposes
- As a consequence, there is a lost opportunity to use policies to generate markets and create wealth



A lack of consistency requirements ensures land use planning remains essentially optional and frequently uncoordinated

- In many states local zoning ordinances do not conform to local or regional plans
- Required county plans remain advisory

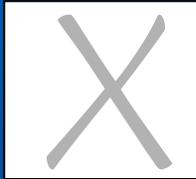


## Why is this happening?

Skewed Investments



Unlevel Tax System



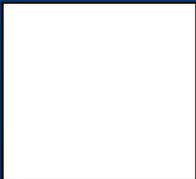
Weak Planning



Barriers to Reinvestment



Fragmented Governance





## Barriers to reinvestment

- Barriers to brownfield development hinder their productive reuse
- Information gaps, limited marketability, and ineffective acquisition processes keep many vacant and abandoned industrial properties idle
- Barriers to the rehabilitation of older buildings perpetuate their deterioration

# III

## Why is this happening?

Skewed Investments



Unlevel Tax System



Weak Planning



Barriers to Reinvestment



Fragmented Governance





## Many rustbelt states have large numbers of local governments

Total local governments, 2002

Source:  
U.S. Census Bureau,  
2002 Census of  
Governments

\*Includes county governments

	<b>General Governments*</b>	<b>Rank</b>
Illinois	2,824	1
Minnesota	2,734	2
Pennsylvania	2,633	3
Ohio	2,338	4
Kansas	2,030	5
Wisconsin	1,922	6
Michigan	1,858	7
North Dakota	1,745	8
Indiana	1,666	9
New York	1,602	10



## The profusion of local governments undermines city and state competitiveness in several ways

- CMU's Jerry Paytas concludes that fragmented regions saw their share of the total income generated in 285 metro areas slip between 1972 and 1997
- Paul Lewis concludes fragmentation results in decreased shares of office space in central business districts, less "centrality," longer commute times, more "edge cities," and more sprawl



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## IV

What policy solutions are available to affect positive change?

### *Smart Growth*

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

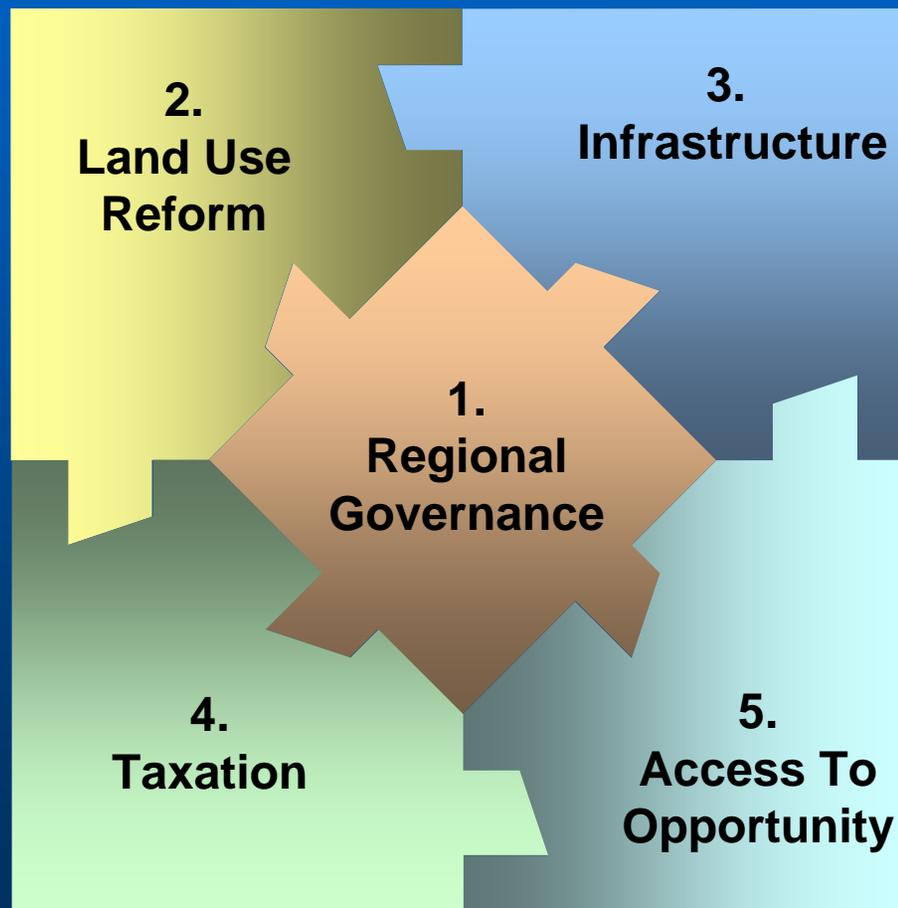
Smart growth efforts are designed to slow decentralization, promote urban reinvestment, and enhance access to opportunity



**IV**

What policy solutions are available to affect positive change?

# The Smart Growth Agenda





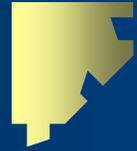
# Smart Growth Reforms: State Examples



# 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

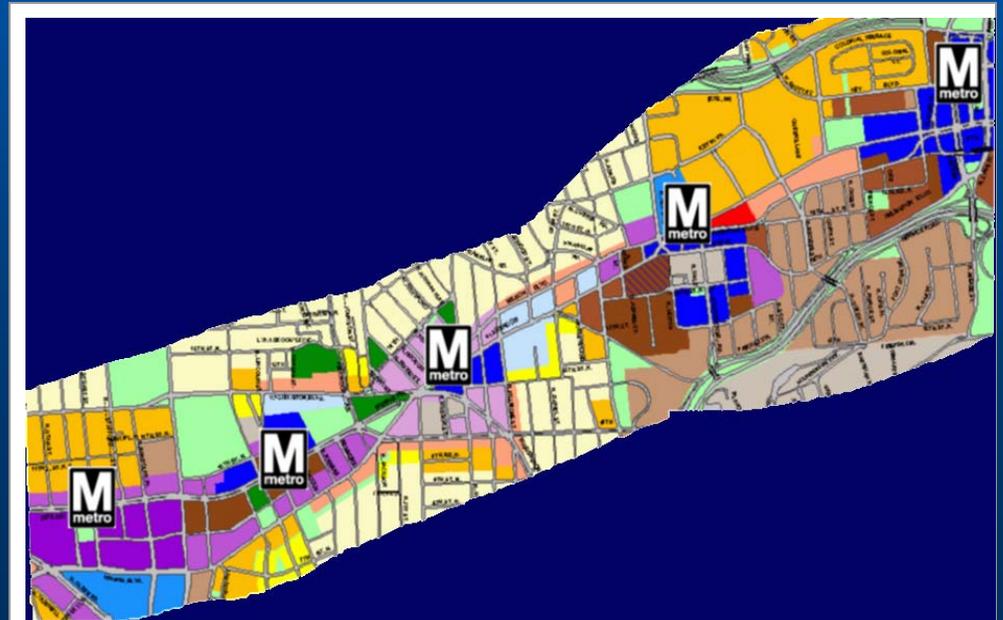


# Infrastructure

## *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



**IV**

What policy solutions are available to affect positive change?

# The Smart Growth Agenda



# www.brookings.edu/metro

**The Brookings Institution**

## METROPOLITAN POLICY PROGRAM

Brookings > Metropolitan Policy

July 1, 2004

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

### ANNOUNCEMENT

#### Urban Center Becomes Metropolitan Program

In a major promotion, the Center on Urban and Metropolitan Policy this month became the Brookings Metropolitan Policy Program—and the first new Brookings department established since 1948. The new status reflects the rising importance of metropolitan issues to the domestic and global challenges Brookings seeks to address.

▶ read an open letter from Brookings President Strobe Talbott

### METROVIEW

**Deficits by Design Plague Metro**  
by Robert Puentes  
*The Washington Times*  
June 21, 2004

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