Diagnosing Cities: Lessons from America

Delivering Sustainable Communities Summit
February 1st, 2005
American Cities are undergoing profound, but uneven, **demographic and market change**.

As a consequence, U.S. cities are commissioning or conducting **“urban diagnostics”** to give them a clear understanding of their assets and liabilities.

U.S. cities are then using these diagnostics to develop **competitive agendas** that are tailored to their realities.
Proposition
Cities need to adopt and adapt tools of the corporate trade to maximize their competitiveness.
Diagnosing Cities
Lessons from America

I. Know the Context - The Diagnosis
II. Use Diagnosis to Set Agenda
III. Implement Agenda with Focus and Market Discipline
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 nation's 100 largest cities, the bulk of the population is between 20 and 40.

Population by Age and Sex, 2000

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5</td>
<td>(3,000,000)</td>
<td>(2,000,000)</td>
</tr>
<tr>
<td>5-9</td>
<td>(2,000,000)</td>
<td>(1,000,000)</td>
</tr>
<tr>
<td>10-14</td>
<td>(1,000,000)</td>
<td>-</td>
</tr>
<tr>
<td>15-19</td>
<td>(3,000,000)</td>
<td>(2,000,000)</td>
</tr>
<tr>
<td>20-24</td>
<td>(2,000,000)</td>
<td>(1,000,000)</td>
</tr>
<tr>
<td>25-29</td>
<td>(1,000,000)</td>
<td>-</td>
</tr>
<tr>
<td>30-34</td>
<td>(3,000,000)</td>
<td>(2,000,000)</td>
</tr>
<tr>
<td>35-39</td>
<td>(2,000,000)</td>
<td>(1,000,000)</td>
</tr>
<tr>
<td>40-44</td>
<td>(1,000,000)</td>
<td>-</td>
</tr>
<tr>
<td>45-49</td>
<td>(3,000,000)</td>
<td>(2,000,000)</td>
</tr>
<tr>
<td>50-54</td>
<td>(2,000,000)</td>
<td>(1,000,000)</td>
</tr>
<tr>
<td>55-59</td>
<td>(1,000,000)</td>
<td>-</td>
</tr>
<tr>
<td>60-64</td>
<td>(3,000,000)</td>
<td>(2,000,000)</td>
</tr>
<tr>
<td>65-69</td>
<td>(2,000,000)</td>
<td>(1,000,000)</td>
</tr>
<tr>
<td>70-74</td>
<td>(1,000,000)</td>
<td>-</td>
</tr>
<tr>
<td>75-79</td>
<td>(3,000,000)</td>
<td>(2,000,000)</td>
</tr>
<tr>
<td>80-84</td>
<td>(2,000,000)</td>
<td>(1,000,000)</td>
</tr>
<tr>
<td>85+</td>
<td>(1,000,000)</td>
<td>-</td>
</tr>
</tbody>
</table>

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

Population by Age and Sex, 2000

Demographics
In other cities, as in Scottsdale, AZ, it’s not true at all.
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

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>53%</td>
</tr>
<tr>
<td>Black</td>
<td>24%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>17%</td>
</tr>
<tr>
<td>Other</td>
<td>6%</td>
</tr>
</tbody>
</table>
…to majority minority status

Share of population by race and ethnicity, 2000

- White: 43%
- Black: 24%
- Hispanic: 23%
- Other: 10%
In some cities, this has been....

Share of population by race and ethnicity, 1990

Anaheim

- White
- Black
- Hispanic
- Other
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

- White
- Black
- Hispanic
- Other

Cincinnati

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...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

Source: Brookings calculations of U.S. Census Bureau data
What are their incomes?
Some are low and growing

Median Income ($1999), 1989 - 1999

- 1990
- 2000
- Large City Average Median Income

Bar chart showing median incomes in various cities from 1990 to 2000.
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

**Top 100 Cities**
0% 10% 20% 30% 40% 50% 60% 70%

**NATION**
0% 10% 20% 30% 40% 50% 60% 70%
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

- Columbus
- Cleveland
- Santa Ana
- Baltimore
- Anaheim
Why do demographics matter?

**Boston**
- Stable Population
- Strong Immigration
- Talent Magnet
- High Housing Costs

**Housing Supply Problem**

**Baltimore**
- Population Decline
- Low Immigration
- Low Education
- Low Wage Work Force

**Income Problem**

Places differ, and differences in places should drive different policy.
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?
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**

<table>
<thead>
<tr>
<th>City</th>
<th>In Central Business District</th>
<th>In Edgeless Locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>66%</td>
<td>13%</td>
</tr>
<tr>
<td>Washington</td>
<td>30%</td>
<td>13%</td>
</tr>
<tr>
<td>Dallas</td>
<td>20%</td>
<td>13%</td>
</tr>
<tr>
<td>Atlanta</td>
<td>10%</td>
<td>13%</td>
</tr>
<tr>
<td>Miami</td>
<td>10%</td>
<td>66%</td>
</tr>
</tbody>
</table>

The Brookings Institution

The Economy

Metropolitan Policy Program
Who are your investors?
Public investment can come in the form of a tax credit

Share of tax filers receiving the EITC, 2001

Indianapolis

- No Data
- 0 - 5%
- 5 - 10%
- 10 - 15%
- 15 - 20%
- 20 - 30%
- 30 - 40%
- > 40%

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METROPOLITAN POLICY PROGRAM
The Home Mortgage Disclosure Act allows cities to know the location of private mortgage investment.

So what are your assets and liabilities?
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.
“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

1. **Fix the Basics**
2. **Build on Assets**
3. **Create Quality Neighborhoods**
4. **Build Family Wealth**
5. **Influence Metropolitan Growth**
Step 4: Tailor agenda to your city

- Good schools
- Safe streets
- Competitive taxes and services
- 21st 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
Implement Agenda with Focus and Market Discipline
Implement with focus

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
Create metrics to hold yourself accountable

Example  Ft. Wayne

Identify goals
Measure Progress
Reward Success
Find your allies

- Older Suburb
  - Housing
  - Retail
  - Schools

- Newer Suburb
  - Quality of Life
  - Congestion

- Central City

- Rural Area
  - Farm Preservation

Implement with focus
“You’ve got to out on a limb sometimes, because that’s where the fruit is”
Will Rogers