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An Urban Age in Ohio: The Case for State Reform

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Ohio State Chapter of American Planning Association
September 29, 2005

Introduction

Thank you for the invitation to speak at this conference on the topic of "competitive cities." For the past year or so, I have been working with a team of international urban thinkers, practitioners and policymakers on a global city initiative.

The premise of our work is quite simple:

> "The late 20th Century was the age of economic globalization. The first part of the 21st Century will be the age of the city, the 'Urban Age'…. The design of the built environment, the distribution of urban density, and their impacts on social inclusion and the quality of life, are at the forefront of political discussion in towns and cities across the globe."

What do we mean by an Urban Age?

- Competitive cities and suburbs that create and nurture strong, resilient, adaptive economies.
- Sustainable cities and suburbs that promote accessible transport, residential and employment density and energy efficiency.
- Inclusive cities and suburbs that grow, attract, and retain the middle class and give all individuals, irrespective of race, ethnicity or class, access to quality jobs and good schools.
- Livable cities and suburbs that promote and preserve quality neighborhood design, abundant open spaces, irreplaceable environmental treasures, and distinctive public spaces as a foundation of competitiveness, sustainability and inclusivity.

Is an Urban Age possible in our suburban nation? More pointedly, is an Urban Age possible in Ohio?

A decade or two ago, many Americans would have scoffed at this notion. An urban age in the land of strip malls, exit ramps and big boxes?

Our nation, from its very inception, has been ambivalent, if not hostile, to the city. From Thomas Jefferson's "Pestilence City" in the 18th century, to the nativistic movements of the 1850s and 1890s, to Frank Lloyd Wright's "Vanishing City" in the 1930's, to futurist tracts more recently, the city has always been perceived as dirty and unhealthy, bureaucratic and antiquated, home to people and concepts that were not quite American.

On the ground, the American story of the past 50 years has been relentlessly suburban. In region after region, the low density dispersal of people and jobs—"sprawl" in a word—has dominated our physical landscape. A whole new lexicon has been created to describe America's unique contribution to human settlement: "edge cities," "edgeless cities," "exurbia," "boomburgs," and, my personal favorite, the "exit ramp" economy.

Well, if that was the exclusive story in the U.S., we could all pack up and go home—or at least confine our discussion of the Urban Age to other parts of the globe.

But my colleagues and I think hidden beneath the dominant story of sprawl and decentralization is an emerging narrative about the power and potential of cities and urban places.

My argument today will go as follows:

First, broad demographic, economic, fiscal, and cultural forces, far from exclusively fueling sprawl and decentralization, increasingly promote diversity, density, and urbanity. These changes give cities their best chance in decades to compete for businesses, workers, and residents.

Second, these forces are already fueling a visible though uneven and incomplete resurgence of American cities and altering the shape and composition of many suburbs.
Cities are finding a new niche as the economy increasingly rewards knowledge and innovation.

Third, Ohio's cities, despite many assets, are barely participating in this urban resurgence and continue to be characterized by high levels of poverty and racial separation and low levels of educational attainment and income.

Fourth, the sluggish performance of Ohio's cities is due in part to state and federal policies—what I call the "rules of the development game"—that almost uniformly favor sprawl, concentrate poverty, and undermine cities and older suburbs.

Finally, an Urban Age in Ohio will not occur until and unless new majoritarian political coalitions emerge to overhaul these state and federal policies. The 2006 Governor's race in this state provides a huge opportunity to build such a coalition.

So let's start with the big picture.

Everyone in this room can attest to the breathless pace of demographic change that is sweeping the nation.

- Our country is growing by leaps and bounds—33 million people in the past decade, 24 million in the decade before

- Our growth is being fueled in part by an enormous wave of immigration. Thirty-four million of our residents are foreign born, 12 percent of the population, the highest share since 1930

- Immigration is essential to offsetting another major demographic trend—the aging of our population. Like much of the industrialized West, the U.S. population is growing older and living longer

- And our family structure is changing. Women and men are delaying marriage, having fewer children, heading smaller households.

These demographic forces are giving cities and urban places their best shot at attracting and retaining residents—rather than watching them disperse out across the landscape—than at any time since the 1950s.

- Immigrant families who seek communities that are tolerant and welcoming.

- Elderly individuals who seek places with easy access to medical services, shopping and other necessities of daily life

- Middle-aged couples whose children have left the nest and are open to new neighborhoods and shorter commutes

- Young people who are experimenting with urban lifestyles popularized on television shows like "Seinfeld," "Sex and the City," and "Friends."

The pace of demographic change in our country is matched only by the intensity of economic transformation.

- Globalization and technological innovation are reshaping and restructuring our economy and altering what Americans do and where they do it

- These forces have accelerated the shift of our economy from the manufacture of goods to the conception, design, marketing, and delivery of goods, services, and ideas

- These forces are placing a high premium on education and skills, with communities and firms now engaging in a fierce competition for talented workers who can fuel innovation and prosperity

- These forces are changing the ways businesses manage their disparate operations—enabling large firms to locate headquarters in one city, research and design somewhere else, production facilities still somewhere else, and back-office functions—within or outside the firm—in still other places.

As with changing demographics, the restructuring of the American economy gives cities and urban places a renewed economic function and purpose—a function that holds out hope for re-centering regions and using land more efficiently.

Yes, globalization and technology do have decentralizing tendencies and have made possible "Sprawl-Mart."

But, an economy based on knowledge bestows new importance on institutions of knowledge—universities, medical research centers—many of which are located in the heart of central cities and urban communities.

More generally, the shift to an economy based on ideas and innovation changes the value and function of density:

> We now know that employment density and cities with efficient transport systems contribute to labor productivity.
>
> Residential and employment density also enhances innovation. This happens partly by creating a "quality of place" that attracts knowledge workers and partly by enabling interactions and knowledge-sharing among workers and firms, within and across industries.

Finally, the evidence shows that the urban form is not only competitively wise, but fiscally sound:

> We have known for decades that compact development is more cost efficient—both because it lowers the cost of delivering essential government services (police, fire, emergency medical) and because it removes the demand for costly new infrastructure.

So here is my second point: Broad market, demographic and cultural forces are altering American growth patterns, giving our cities a second life and remaking the suburbs.

To be sure, low-density development continues to dominate the physical landscape.

But cities are growing again after decades of decline. Atlanta, Chicago, Denver, and Memphis literally "turned around" by converting a 1980s population loss into a 1990s population gain.

Immigrants are fueling population growth in cities and, in the process, renovating housing, revitalizing neighborhoods and spurring entrepreneurial activity. The Hispanic population in the top 100 cities grew by 43 percent during the 1990s, or 3.8 million people. The Asian population in the top 100 cities grew by 40 percent during the 1990s, or 1.1 million people.

Beyond demographics, cities have gained a strong footing in the "Ideas Economy." Some 60 percent of the jobs in America's cities fit squarely into "new economy" categories compared to only 40 percent in suburban communities.

Other signs of urban resurgence abound:

- Poverty rates declined in cities during the 1990s

- The number of people living in high poverty neighborhoods—and the number of high poverty neighborhoods—declined precipitously during the past decade

- Homeownership went up… jobs grew … unemployment fell… incomes increased … the numbers of minority and women owned businesses soared.

Broad demographic, market and cultural forces are also remaking the suburbs.

With suburbs taking on a greater share of America's population, they are beginning to look more and more like traditional urban areas—in population and in form.

- In many metros, a substantial portion of immigrants in the past decade skipped cities and went directly to the suburbs. Racial and ethnic minorities now make up more than a quarter of suburban populations, up from 19 percent in 1990

- The similarities between cities and older suburbs also extend to economic integration. Many suburbs built in the early or mid part of the twentieth century are also home to the working poor—challenging ingrained perceptions of suburbs as isolated, wealthy enclaves

- Message to America: It is no longer your parent's suburb.

The older suburbs are not just important because they resemble cities in their social and economic composition; they are also population centers of great magnitude.

- Our calculations show that America only has 64 "older suburban" or "first suburban" counties—places like Nassau County in Long Island, King County surrounding Seattle or Allegheny County surrounding Pittsburgh. Incredibly, these 64 counties house over 52 million people and comprise nearly 20 percent of the American population. That means that close to 50 percent of the American population—a majority of our nation—lives in traditional central cities and five dozen or so urban counties.

- Significantly, there are seven first suburban counties in Ohio alone: Cuyahoga, Franklin, Hamilton, Stark, Summit, Trumbull and Montgomery.

A growing number of suburbs also increasingly resemble cities in one more way—their form.

- We see this as places like Montgomery County in Maryland develop downtown areas like Bethesda and Silver Spring that rival traditional central cities in their cultural amenities, their access to transit, their eclectic mix—often on the same site—of office, retail, and residential

- We see this as developers and financial institutions spend billions of dollars building or rebuilding malls—so-called "lifestyle centers"—that resemble nothing more than the traditional main street, evidence of the market value, acceptance of and demand for urban places

- All across suburbia and even exurbia, we see pockets of urbanity popping up as homebuilders and master developers, banks, and realtors embrace "new urbanism" and "smart growth"—movements that are only 10 years old.

As with the story of city resurgence, the story of suburban urbanization is not uniform across the nation or even within particular counties or metros. Again, low density sprawl still dominates by far the physical landscape.

But it is clear that the market is increasingly emphasizing the "urban" in "suburban"**—**partly because it is told to by enlightened suburban jurisdictions and partly because it wants to, since density and urbanity pays more.

Now my third point: the resurgence of American cities has, for the most part, not reached Ohio.

Let's first review some critical indicators for 5 Ohio cities: Akron, Cincinnati, Cleveland, Dayton and Toledo. I will then discuss the one possible outlier – Columbus.

First, population growth.

While US cities mostly grew in the 1990s, Ohio's cities continued to lost population.

> Akron declined by almost 3 percent in population.
>
> Cleveland by 5.5 percent.
>
> Toledo by almost 6 percent.
>
> Dayton and Cincinnati by 9 percent.

Second, immigration was sluggish or even nonexistent during the past decade.

> While the foreign born population increased by 45.4 percent in the top cities across the nation, it grew by less than 3 percent in Akron, Cleveland and Toledo and by half the national average in Cincinnati and Dayton.
>
> Without an increase in immigrants, not surprisingly, the share of elderly residents in all these cities is much higher than the national city average.

Third, educational attainment—the ticket to prosperity—is dangerously low.

Only 18 percent of adults over the age of 25 have a BA in Akron.

17 percent in Toledo.

11.4 percent in Cleveland.

9.5 percent in Dayton.

These dismal statistics partly reflect the industrial heritage of these cities.

Cincinnati does better – hitting the national city average of 26.5 percent.

Fourth, the poverty rate is high in Ohio's cities.

17.5 percent in Akron,

17.9 percent in Toledo.

22 percent in Cincinnati.

23 percent in Dayton.

26 percent in Cleveland.

And these poverty statistics are aggregate figures – the statistics are much worse for minorities and children.

Fifth, if low educational attainment depresses income, then low home values depress wealth building.

The average home values in all Ohio cities are well below the national average of $152,000; they are less than half the national average in Dayton and Cleveland.

Finally, sprawl—of people and jobs—dominate the physical landscape in Ohio.

Although the state grew slowly during the 1990s population continued to spread out – flooding exurban towns and villages far from the urban core.

A few examples:

While Cincinnati declined 9 percent, its MSA grew 13.5 percent.

While Cleveland declined 5.4 percent, its MSA grew 7 percent.

While Akron declined 3 percent, its MSA grew 7 percent.

So Ohio's MSA's are growing slowly by national standards, but they are sprawling fast and, in the process, emptying out their central cities.

As people go, so do jobs. Employment decentralization is now the norm in Ohio.

Across the largest 100 metros, only 22 percent of people work within or near traditional downtowns.

In Ohio, job sprawl is much worse – every MSA is below the national average for core employment except for Akron. In Toledo and Cleveland, only 15.5 percent of jobs are now within three miles of the central business district.

Now Columbus, as I said before, is something of an outlier in Ohio.

Its vital signs, on the surface, were very healthy in the 1990s.

12.5 percent population growth.
103 percent growth in immigrants.
Below national average on elderly share of population and poverty.
Above national average on BA attainment—overall and for blacks in particular.

But, as we know, looks can be deceiving in geographically large regional cities like Columbus that take in traditional urban as well as newer suburban areas.

Our research shows that Columbus experienced strong population growth overall but actually hollowed out as population declined in the central areas of the city. In the end, the urban core of Columbus shares a lot in common with the struggling cities of Ohio.

Now to my fourth point: The sluggish performance of Ohio's cities is due in part to state and federal policies that almost uniformly favor sprawl, concentrate poverty, and undermine cities and older suburbs.

The states and the federal government exert enormous influence on growth patterns. The choices they make on economic policy, regulatory and administrative decisions, tax and spending programs all send strong signals to consumers and the market about what and where to build.

We simply cannot overestimate the roles that States play in metropolitan growth and development. Five state roles deserve particular consideration.

First, states set the geography of governance. They decide how many units of general purpose local government there are and then decide whether the boundaries of these local governments are fixed or subject to change through annexation—whether they are, in the words of David Rusk, "little box" or "big box." They also decide the borders of school districts as well as other special purpose governments.

Second, states set the powers of local governance. They decide what powers to delegate to municipal governments and establish the parameters for how those responsibilities are exercised. They also decide which level of government wields such powers, be it local municipalities, counties, or even regional entities. For our purposes, the most important delegation involves land use, zoning, and planning powers. The devil here is in the details: some states permit and encourage innovative land use techniques; others stifle it. Some states require that local planning conforms to regional or state visions; others allow localities almost unfettered control.

Third, states establish the fiscal playing field for municipalities and school districts. They decide the form of taxes that municipalities can impose on residents and businesses —property taxes, sales taxes, incomes taxes, fees. They also determine the extent to which the state levels the playing field between rich and poor jurisdictions through general or specific tax sharing efforts.

Fourth, states help design the skeleton of regions through their investments in physical infrastructure, main street, downtown, public parks, and green space. How and where states distribute economic development subsidies (whether to lower-end retail projects in the greenfields or high-value pursuits in established areas) also makes a big difference.

Finally, states help shape the quality of the economic growth that occurs in metropolitan areas through their investments in K–12 education, higher education, and workforce development. State activity of this sort may also stress higher-wage industries, such as health care, corporate research, or higher-value producer services as opposed to lower-end service jobs. The regulation of the real estate sector is particularly important and many states, for health and safety reasons, have established uniform rules and codes for construction and building.

In almost all states throughout the country, the intersection of these disparate powers and policies has created in what I call the "rules of the development game"—rules that favor the creation of new communities over the redevelopment of older ones, rules that promote and even subsidize greenfield development rather than brownfield remediation, rules that often consign low wage workers and minorities to the "wrong side of regions."

Let me illustrate how sprawl and regional inequity is embedded and hardwired in the powers and policies of one state: your neighbor, the Commonwealth of Pennsylvania. As many of you know, Brookings released a major report on the state of growth in Pennsylvania in December 2003.

Our report demonstrated the sprawl-inducing and city-emptying effect of an intricate network of state governance, spending, tax, regulatory, and administrative polices. Among these were:

- State governance policies that chop the Commonwealth into 2,566 municipalities and then delegate land use and zoning powers to every single one of these municipalities

- State building codes that make it cheaper to build new rather than renovate older properties

- State tax policies that leave cities stranded with tax exempt properties, saddled with the costs of maintaining older infrastructure and responsible for supporting a large portion of school expenses through their property taxes

- State transportation policies that spent only 42 percent of road and bridge spending in older urban communities, where 58 percent of the population lives

- State economic development policies that subsidize industrial parks on greenfields in exurban communities, while perfectly suitable sites on historic commercial corridors lie vacant and abandoned three or five miles away.

The list in Pennsylvania, as in Ohio and other states, goes on and on and on.

The end result of these policies is to create a dynamic in which every community in the state wakes up every morning trying to out compete its neighbors for growth that brings economic and fiscal benefits: high end residential, high end retail, high end commercial.

But the rules of the competition are stacked in favor of new communities.

> Want to attract a new mall or government facility? The state will generously pay for new infrastructure and roads.
>
> Want to grow your fiscal base? The State will allow newer communities to benefit exclusively from residential and job growth—and garner 100 percent of the tax revenues—without taking any responsibility for the impact of growth on regional traffic patterns or the environment.
>
> Want to avoid serving low-income families? The state will allow newer places to zone out affordable housing for low wage workers, let alone shelters for the homeless and the most vulnerable in our society.

Given this backdrop, the twin patterns of sprawl and urban abandonment that have defined Pennsylvania's development since the end of World War II are not accidental or happenstance; they are the logical, almost predetermined, outcomes of state policy.

States, of course, are not alone in setting policies that shape metropolitan growth patterns. The federal government also impacts growth patterns in some fundamental and more recognizable ways.

As with state policies, the federal government, on balance, principally encourages the decentralization of people and jobs and the concentration of urban poverty—subsidizes wealth creation in newer communities and subsistence in the core.

> Federal transportation policies support the expansion of road capacity at the fringe of metropolitan areas and beyond, enabling people and businesses to live miles from urban centers but still benefit from metropolitan life.
>
> The deductibility of federal incomes taxes for mortgage interest and property taxes appears spatially neutral but in practice favors suburban communities, particularly those with higher income residents.
>
> Federal and state environmental policies make the redevelopment of polluted "brownfield" sites prohibitively expensive and cumbersome, increasing the attraction of suburban land.

Other federal policies have concentrated poverty rather than enhancing access to opportunity.

> Until recently, federal public housing catered almost exclusively to the very poor by housing them in special units concentrated in isolated neighborhoods.
>
> Even newer federal efforts—for example, the low-income housing tax credit program—are generally targeted to areas of distress and poverty, not to areas of growing employment. Fifty-eight percent of low income housing tax credits during the 1990s went to central cities, though these places have less than 30 percent of the population.
>
> We now know that concentrating poor families in a few square blocks undermines almost every other program designed to aid the poor.
>
> We also know intuitively that concentrating the poor places huge pressures on growth, and can throw it miles out to the fringe of metropolitan areas.
>
> Sprawl and concentrated poverty are flip sides of the same coin.

Now my final point: An Urban Age in Ohio will not occur until and unless we alter the rules of the development game that are set at the state and federal levels.

The policies that I have discussed here today are not inevitable or somehow divinely inspired.

They are the product of political systems and political compromises and political tradeoffs.

Politics, in a word, determines policies, and policies shape markets and growth patterns and family opportunities.

My contention is that throughout the country, sprawl and economic and social change has left in its wake the potential for broad majoritarian coalitions that can reset policies to fit a new time and achieve a new set of objectives.

Our challenge in this room is to realize the potential of this mostly latent, still theoretical political coalition and stimulate the creation of networks of leaders and advocates across municipal jurisdictions, across disciplines, across racial and ethnic lines, across “red” and “blue” states and regions.

Given political and fiscal realities, our first line of offense is the states.

I believe that a growing number of states are ripe for change:

- because they are experiencing the fiscal wastefulness of unbalanced growth patterns

- because the recognize that an economy of ideas, innovation, and creativity thrives in dense, urban areas

- because they are worried that endless sprawl is endangering the rural landscapes and environmental treasures that define many places.

The states are ripe for change if we can change the political equation that drives decisions in state capitals.

And, if American history has taught us anything, states—as laboratories of democracy, as political battlegrounds for federal presidential contests—have the power through their experimentation to shapes federal policies and practices for decades to come.

Let me give you a hopeful lesson from our Pennsylvania work.

What we discovered in Pennsylvania was a smart growth coalition that was less than the sum of its parts. Pennsylvania, like many states, does not lack for talented mayors or business owners or community, faith-based, and civic leaders or real estate practitioners or university presidents or heads of health care systems or environmentalists or conservationists.

Yet these talented people are rarely organized to pursue structural change. City is pitted against city. Urban constituencies are pitted against urban constituencies. The city/suburban divide—sometimes racial, sometimes not—is deep and pronounced. Environmentalists and conservationists rarely talk to, let alone relate to, urban advocates and business leaders.

Urban advocates, conservationists, and many fellow travelers, in short, have perfected the "art of the deal" – the downtown real estate transaction, the major stadium or convention center, the major land acquisition—and neglected the "art of politics"—the mechanics of coalition building.

Only a year later, what we are witnessing in Pennsylvania is the slow, gradual evolution of a vibrant political coalition that is leading a discussion about city revitalization, balanced growth, and state competitiveness.

The confluence of powerful ideas, a progressive governor (Ed Rendell, the former mayor of Philadelphia) and a vocal network of advocates is already reforming policies:

> The state is embracing "fix it first" policies in transportation—stopping sprawl inducing road projects at the fringe in order to fund infrastructure repair in the metropolitan core
>
> The state has resuscitated its State Planning Board to bring coherence to the actions of dozens of state agencies.
>
> The state has revitalized an Interagency Land Use Team to better focus the state's actions and investments
>
> The governor recommended – and the voters approved – a $625 million bond referendum to dedicate new resources to urban revitalization, environmental remediation and land acquisition, illustrating the potential for common ground between old and new communities

The governor is pursuing bold new reforms to prepare the Pennsylvania workforce for a radically different economic era

And policy fermentation is breaking out:

- Should Pittsburgh consolidate with Allegheny County?
- Should metro areas in the state be allowed to experiment with new taxing regimes and governance forms?
- Should the state's fiscal receivership law be turned into a tool for attacking the structural roots of urban decline and distress?

Now the road in Pennsylvania is going to be long and hard. But we have started on the path towards systemic and structural reform. And how far we travel down that path will depend, in large part, I think, on how effective we are at organizing new coalitions.

Is Pennsylvania unique? I do not believe so. In fact, I think if structural reform can happen in Pennsylvania—fragmented, balkanized, riven by divisions – then it can happen anywhere.

I submit it can happen in Ohio.

In 2006, this state will hold an election for Governor and the Taft era will come to an end.

Why not use the next fourteen months to have a rich, robust and provocative discourse about how this state can become more prosperous and competitive by revitalizing its cities and urban places, curbing sprawl and enhancing education?

Why not hold candidate forums in every major city and metro as well as other urban communities and towns and have candidates articulate their vision of competitiveness, revitalization and fiscal accountability?

Why not go further and develop a unified urban agenda among a broad cross-section of constituencies – mayors, first suburban leaders, business, community, civic and university leaders, developers, faith groups, environmentalists, conservationists, farm preservationists, historic preservationists?

I believe that this state can grow differently.

But this vision will not just happen.

We will need to fight for it with focus and discipline and, most importantly, as part of new majoritarian political coalitions that demand supportive state and federal policies.

We are the majority: Now we need to act, organize and govern like one.