

The Brookings Institution

Metropolitan Policy Program
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Transforming the American City: Lessons for Belfast

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Transforming the American City: Lessons for Belfast

I

There are profound demographic and market changes taking place in the United States

II

These forces give cities their best chance to compete in decades...if they can overcome physical and social barriers

III

American cities are increasingly carrying out transformative efforts to realize their full potential



There are profound demographic and market changes taking place in the United States

Demographically, the country is growing, aging, and diversifying

The nation's economy is being transformed by globalization, trade, and technological innovation

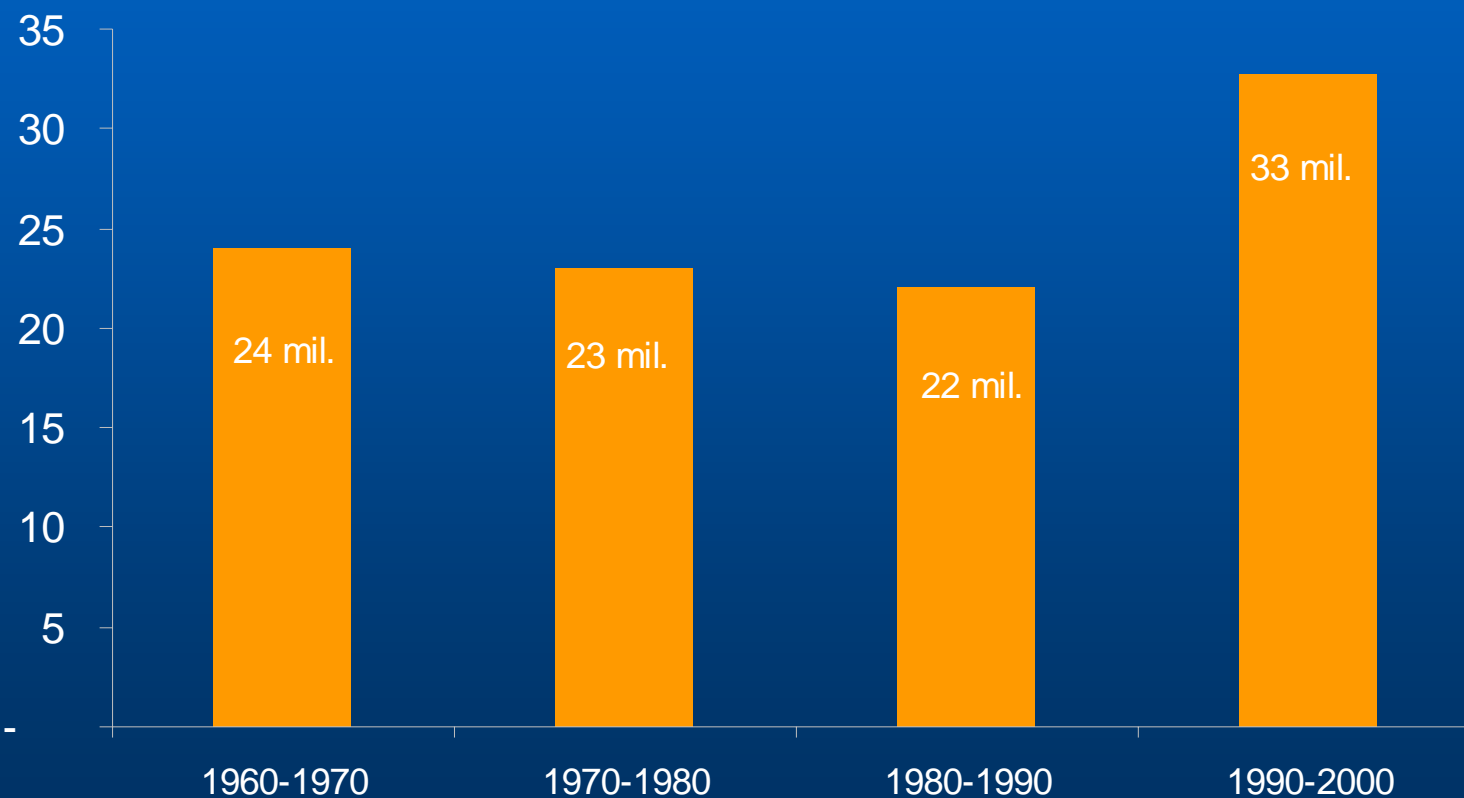
A structural gap has emerged between worker incomes and the prices of basic goods and necessities



U.S. population growth in the 1990s was much stronger than in previous decades

Millions of
persons

Source:
U.S. Census Bureau



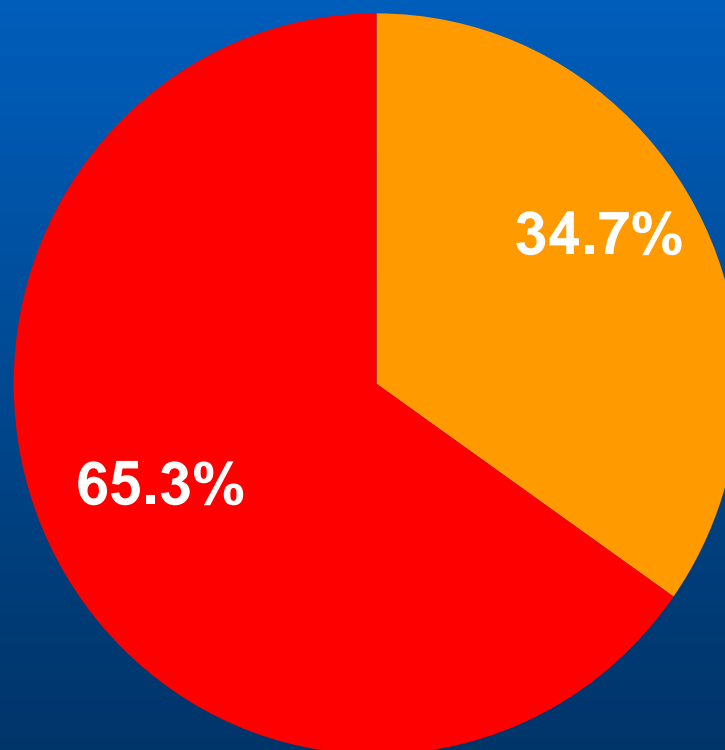


Immigration explains a large portion of this population growth

Components
of population
change, 1990-
2000

Source:
U.S. Census Bureau

■ Net Immigration
■ Natural Increase

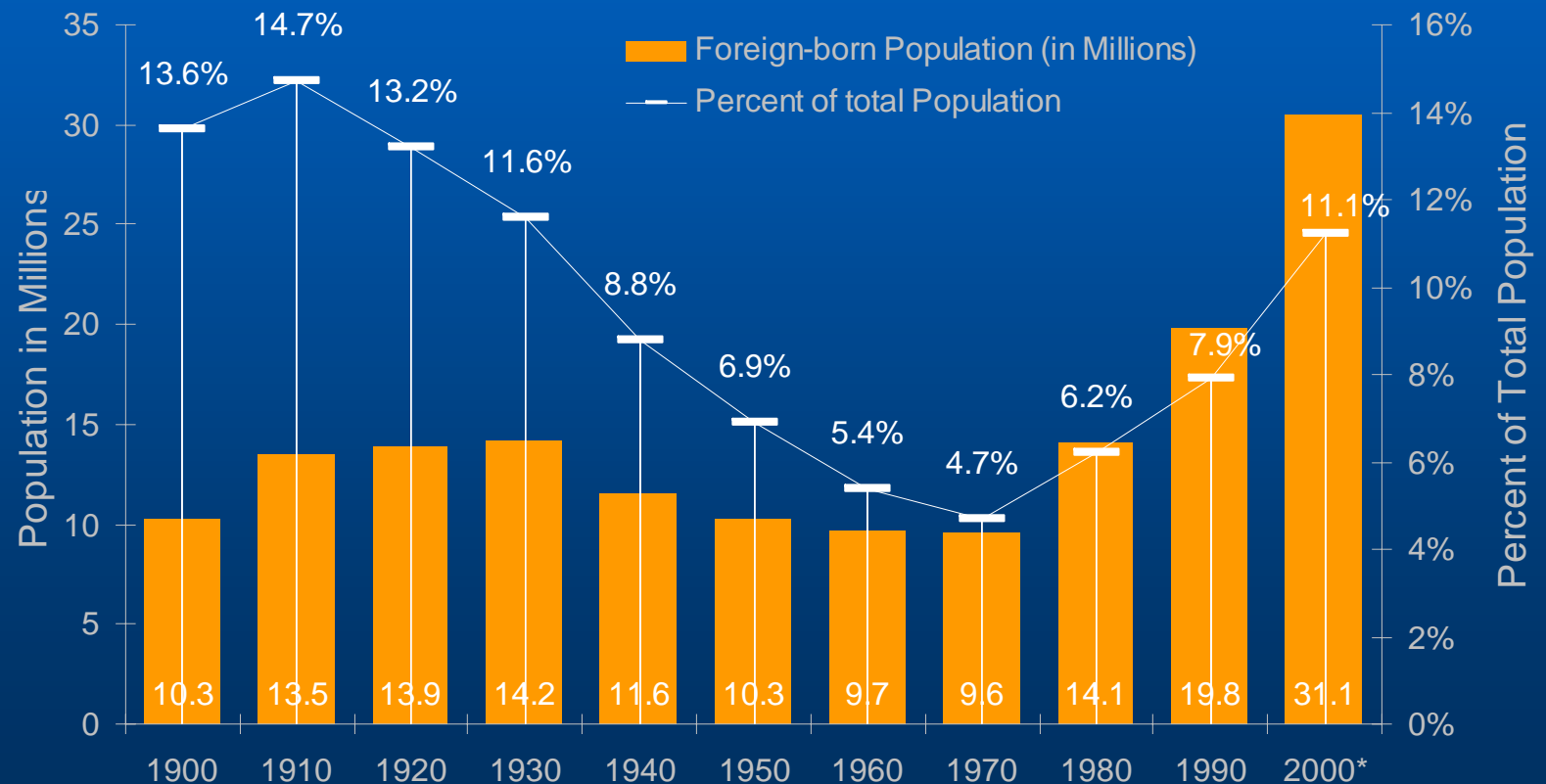




The share of population that is foreign born is now at its highest level since 1930

Immigration, 1900-2000

Source:
U.S. Census
Bureau





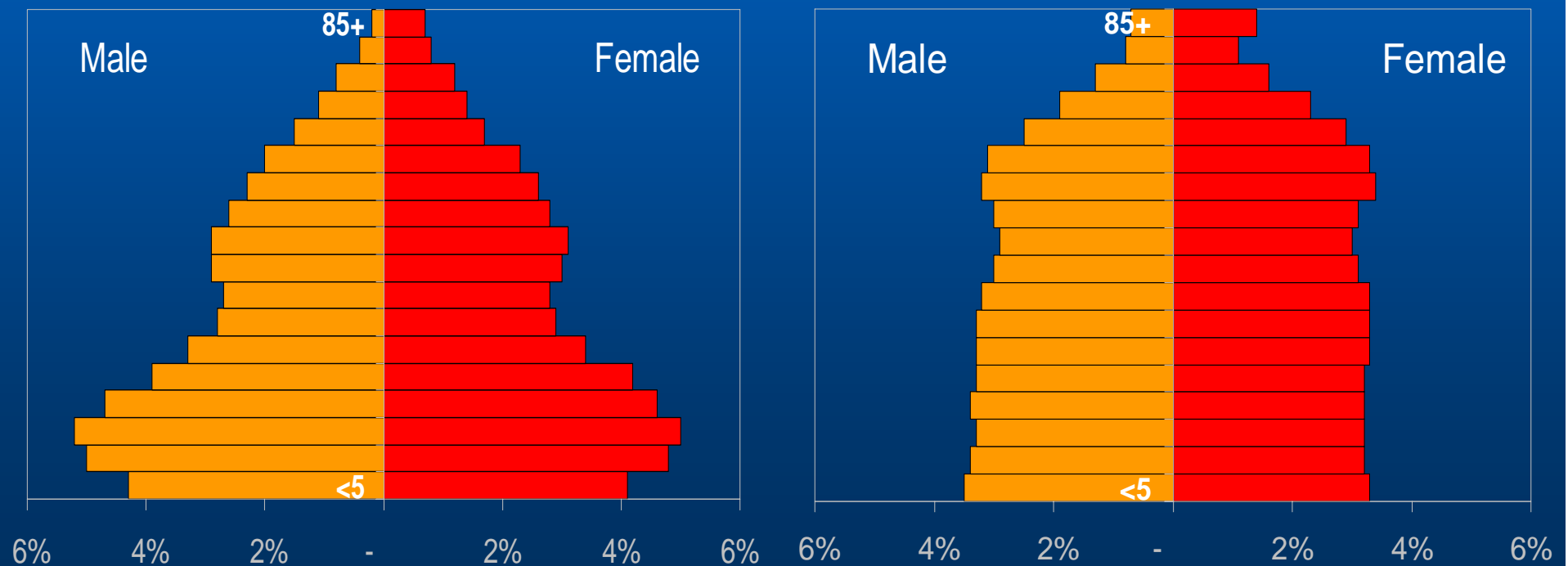
As America grows it is also aging

Share of Population in Age Groups

Source:
U.S. Census Bureau

1970

2020

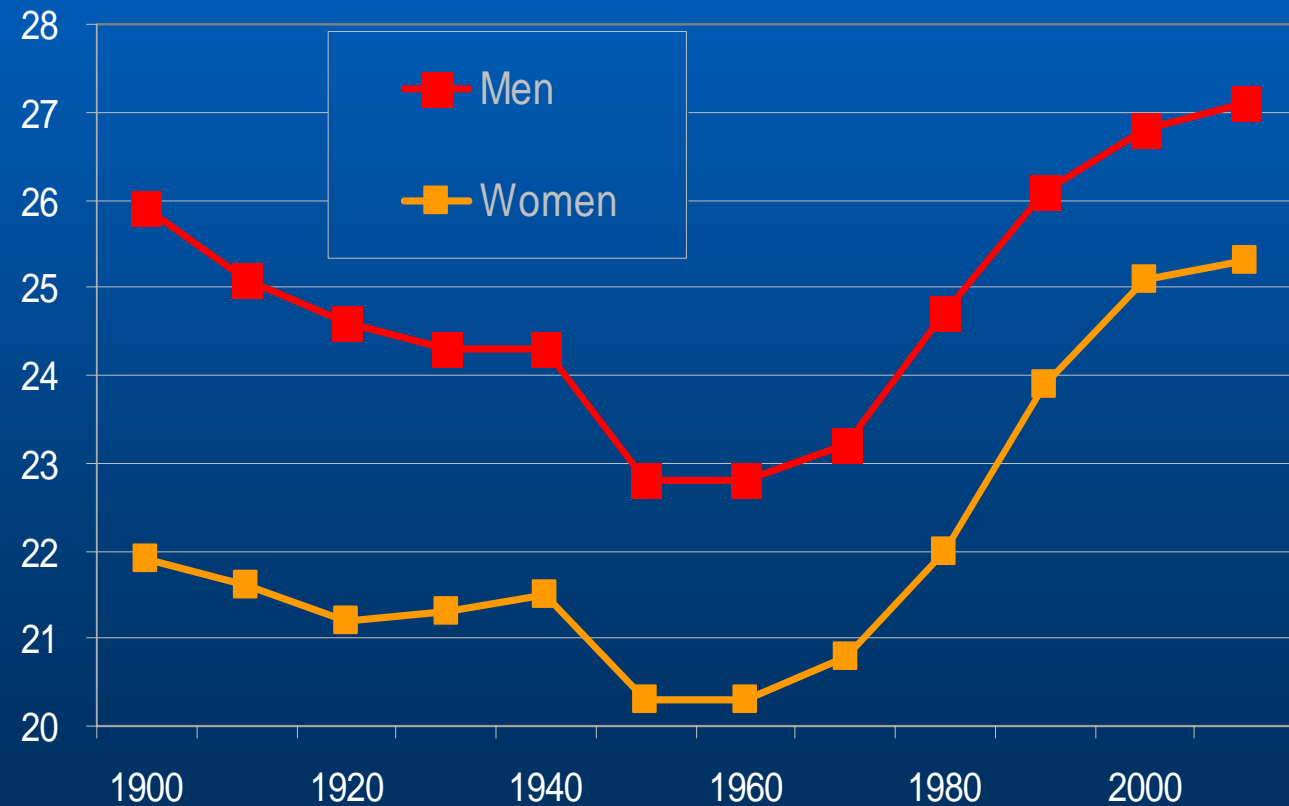




Household formation is also changing: Men and women are delaying marriage

Median Age at Marriage

Source: U.S. Census
Bureau

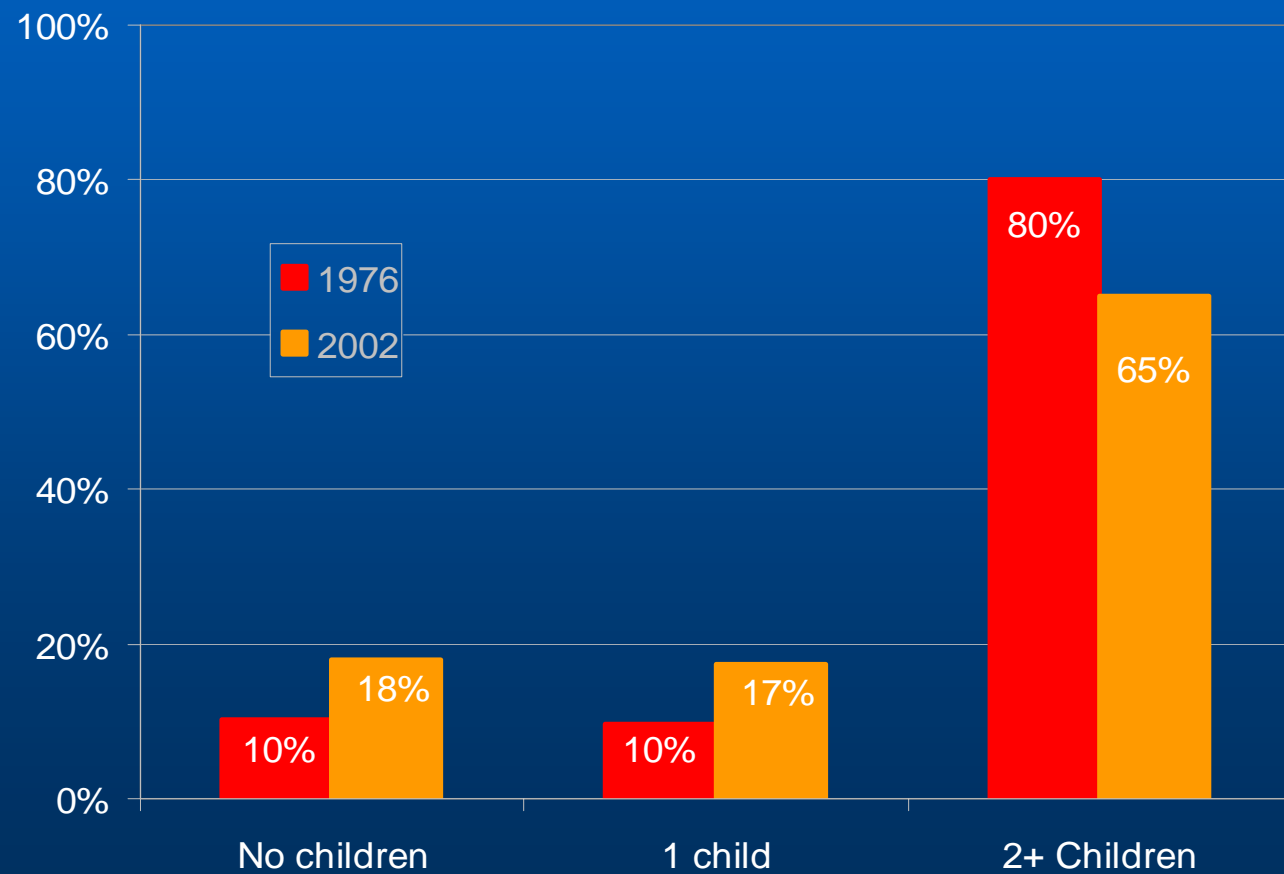




Families are having fewer children

Births Ever to
Women Age
40-44

Source: U.S. Census
Bureau

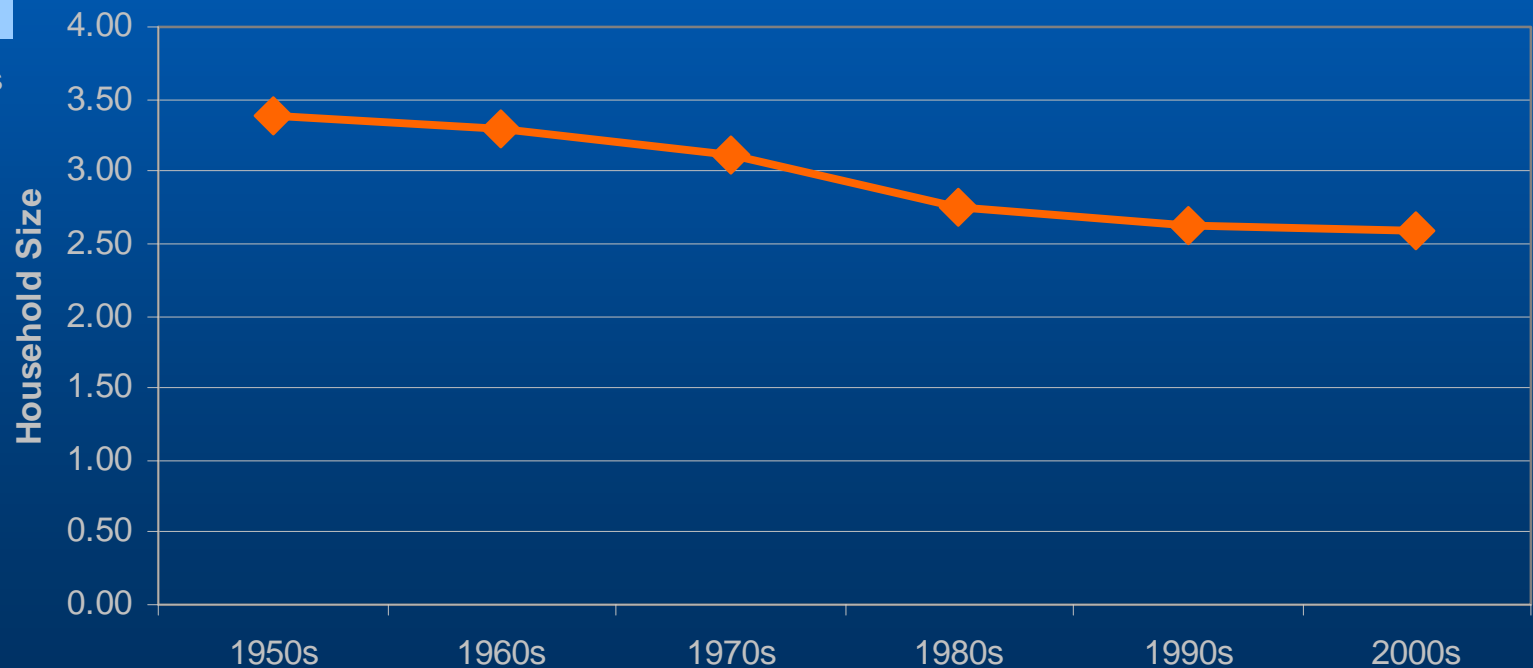




The combination of these trends means that the household size is declining

Household
change, 1950-
2000

Source: U.S. Census
Bureau





There are profound demographic and market changes taking place in the United States

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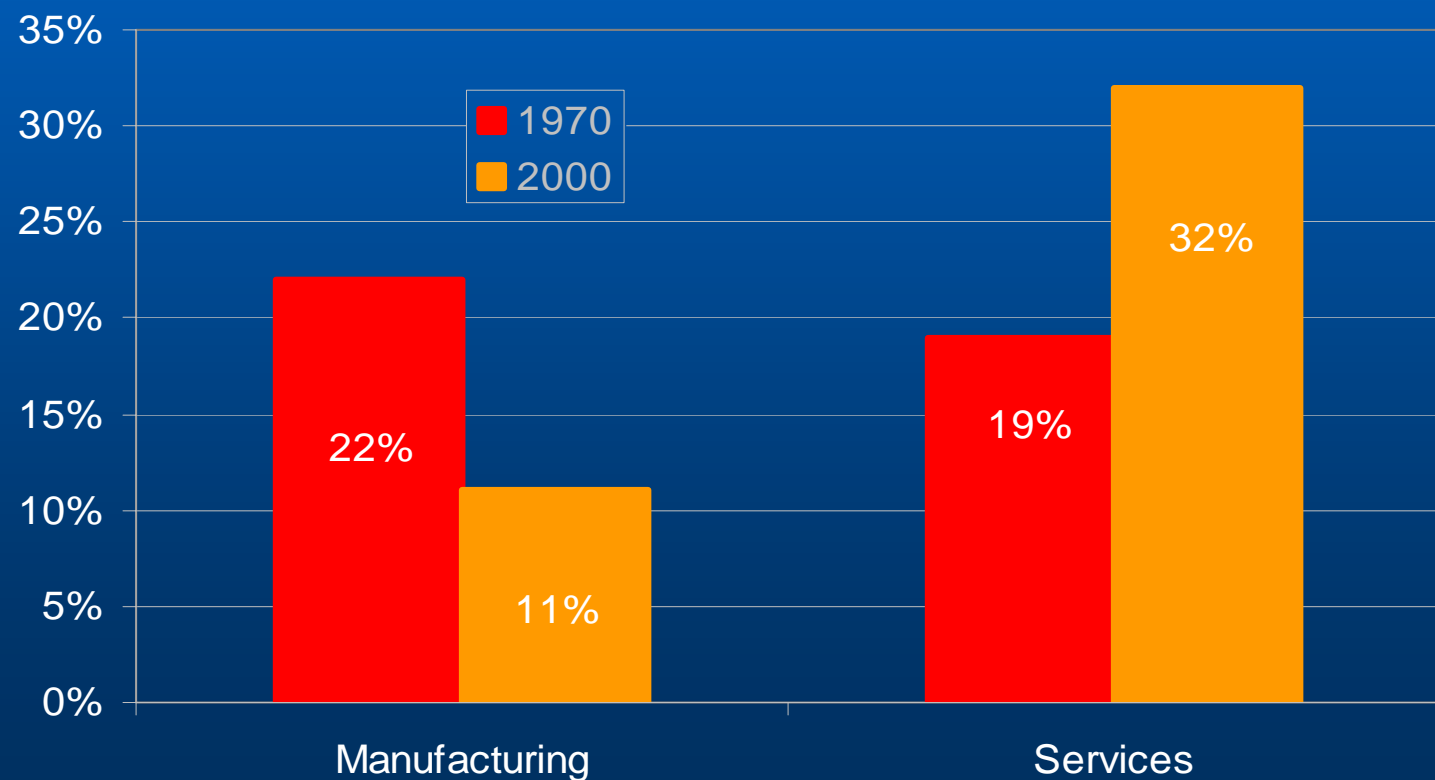


At the same time, the country is going through a period of unprecedented economic transformation

The U.S. economy continues to transition from manufacturing to services

U.S. Employment Shares

Source: Bureau of Economic Analysis

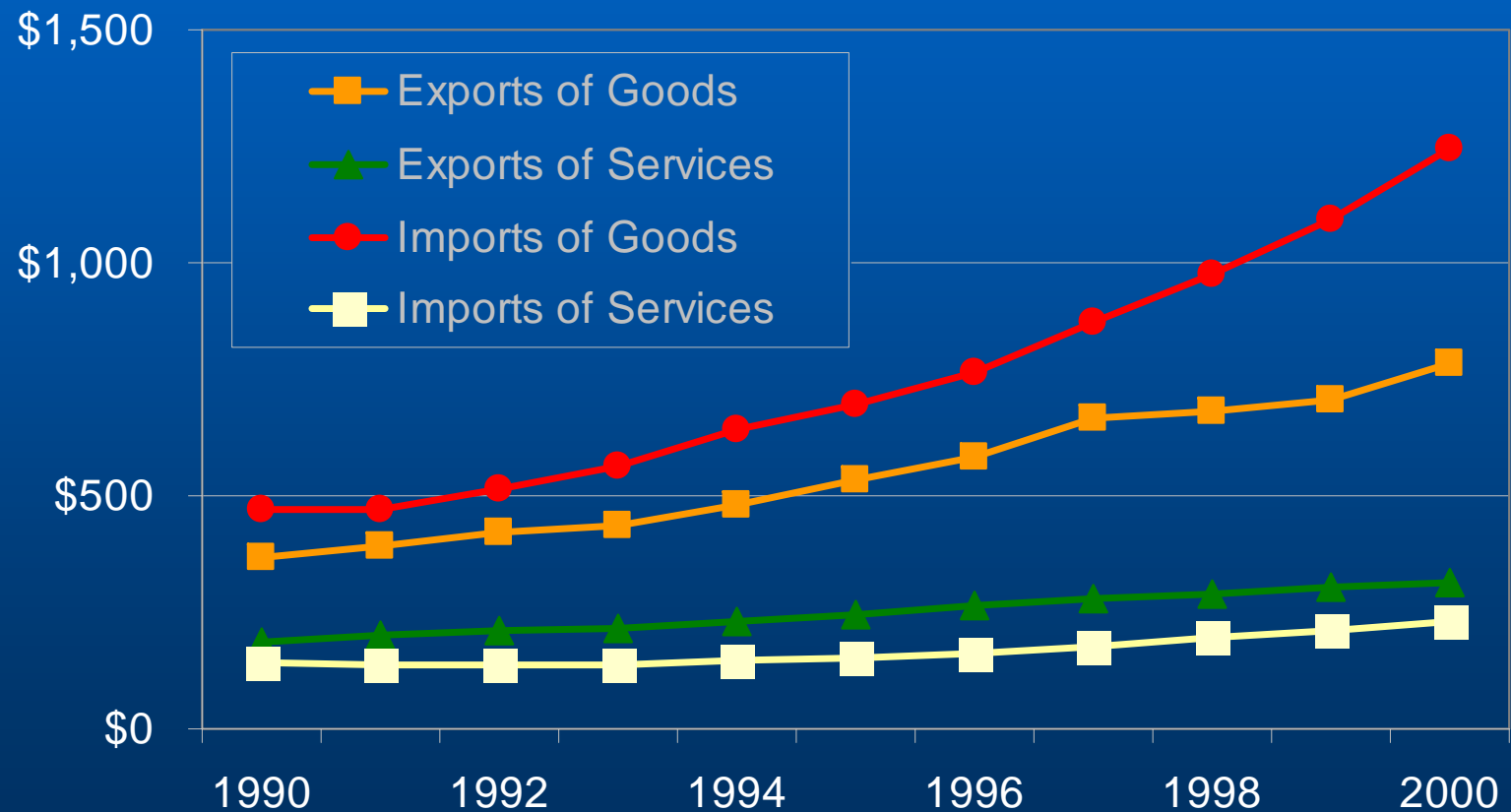




The volume of traded goods and services is growing exponentially

Billions of
Constant
(2000) Dollars

Source: Bureau of
Economic Analysis

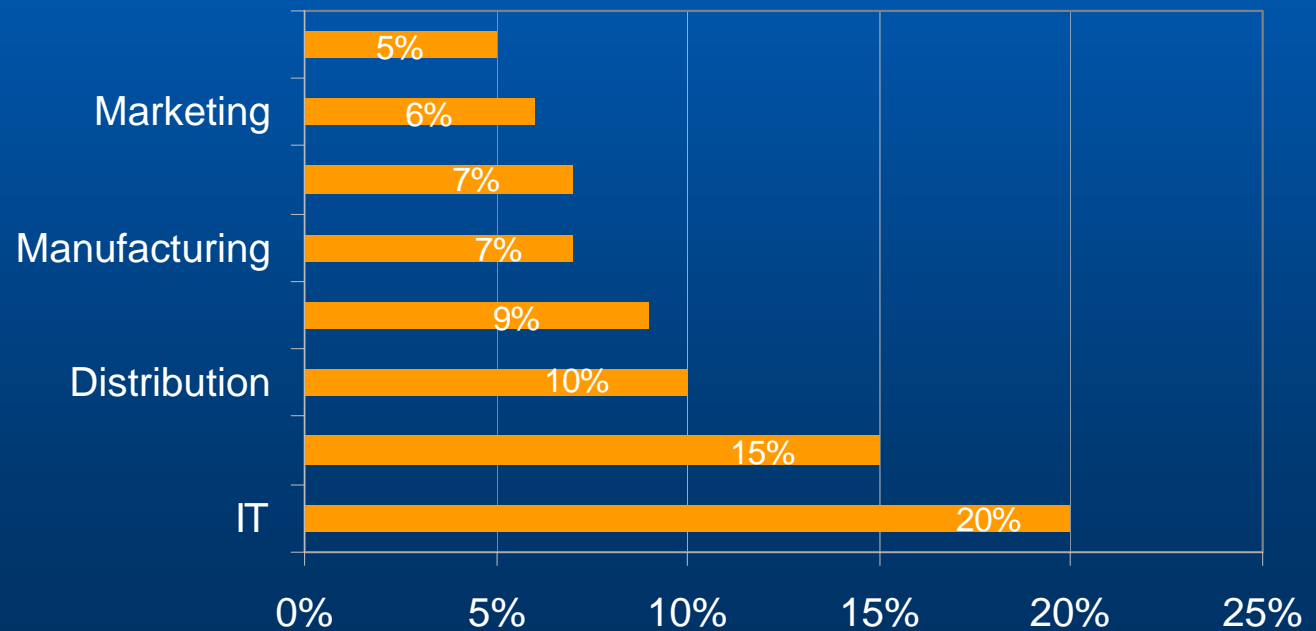




Globalization is forcing firms to focus on core competencies and outsourcing routine business activities

Percent of
Companies
Outsourcing
Services, 2000

Source: Outsourcing
Institute

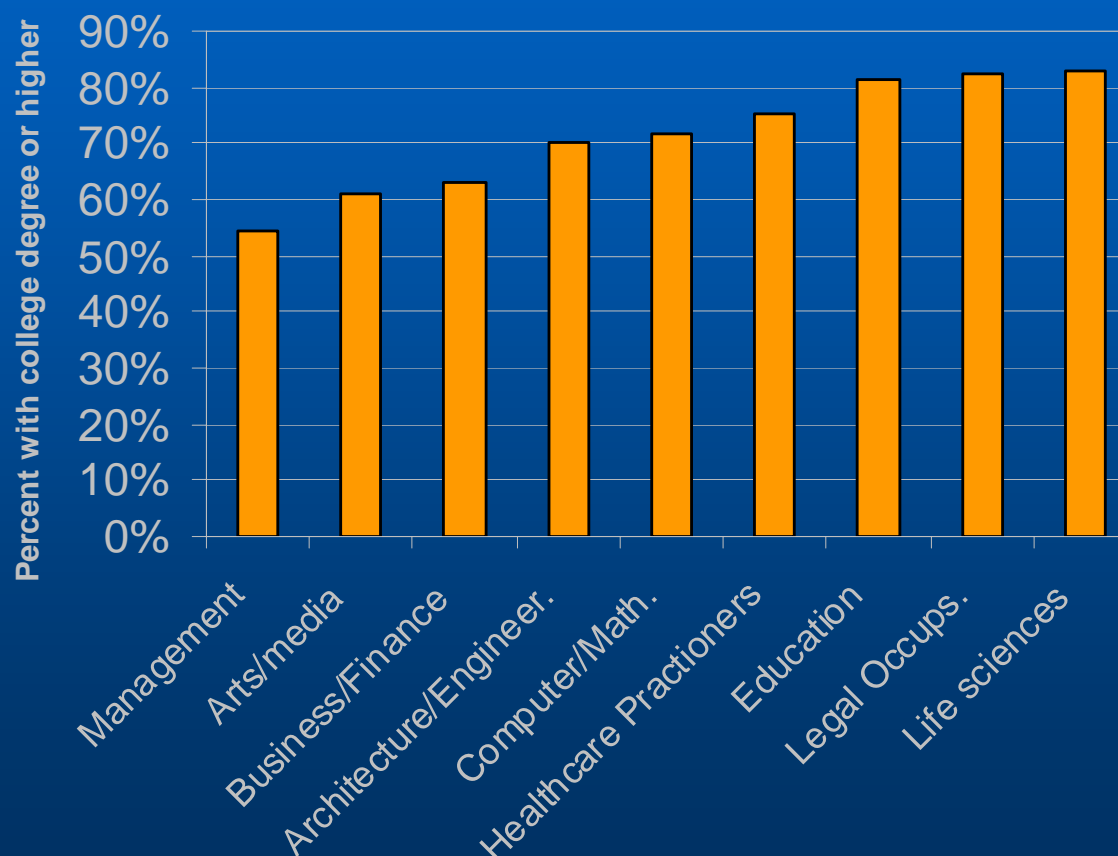




All these changes are placing a high premium on education and skills

Percentage of Workers with a College Degree or Higher, select occupations, 2002

Source: National Education and Attainment, National Bureau of Labor

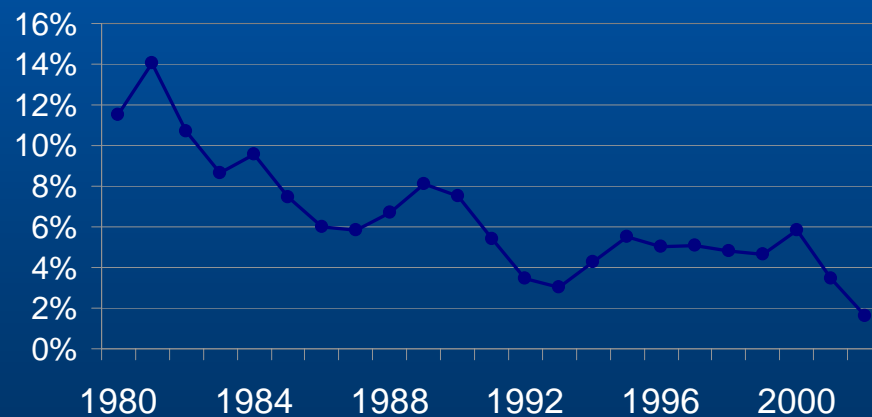




In the 1990s, steady growth and prudent fiscal policy kept interest rates low, fueling development

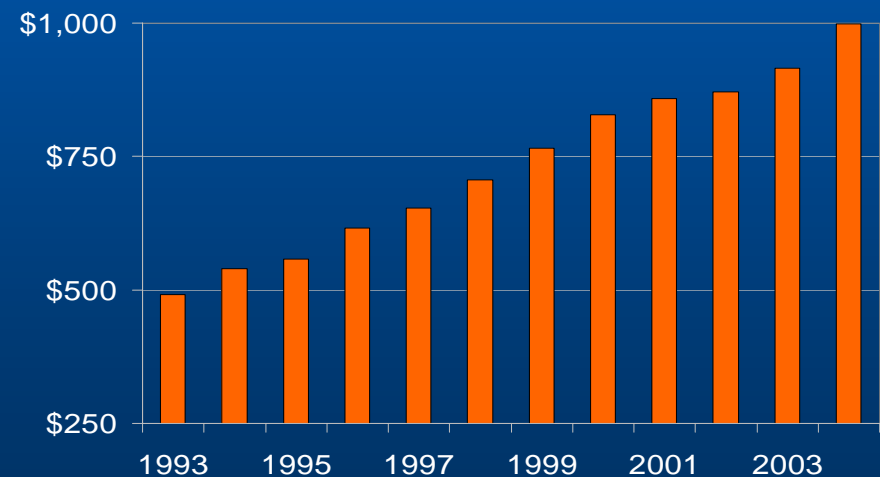
Interest Rates

3-Month Treasury Bills



Development

Construction Put in Place
(Billions of Dollars)





While over the next 30 years, billions of additional square feet is projected to be developed or replaced

By 2030, about half of the buildings in which Americans live, work, and shop will have been built after 2000.

- By 2030, the nation will need about 427 billion square feet of built space to accommodate growth projections.
- About 82 billion of that will be from replacement of existing space and 131 will be new space.

- Source: Arthur C. Nelson, 2005



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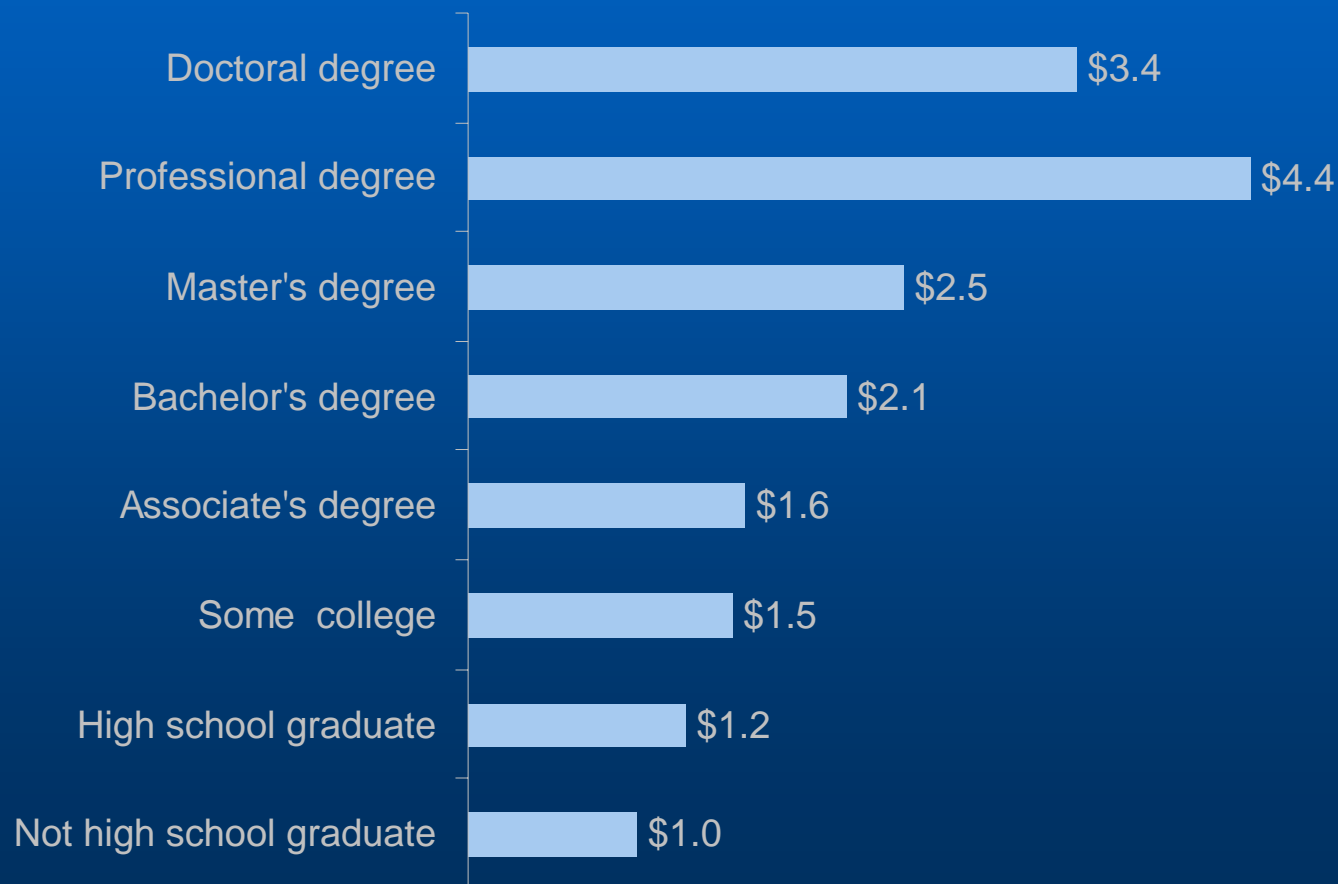
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Market restructuring creates a new “law of wages” in the U.S.—the more you know, the more you earn

Work-life earnings estimates (millions), 1997-1999

Source:
“The Big Payoff:
Educational
Attainment and
Estimates of Work-
Life Earnings,”
U.S. Census Bureau

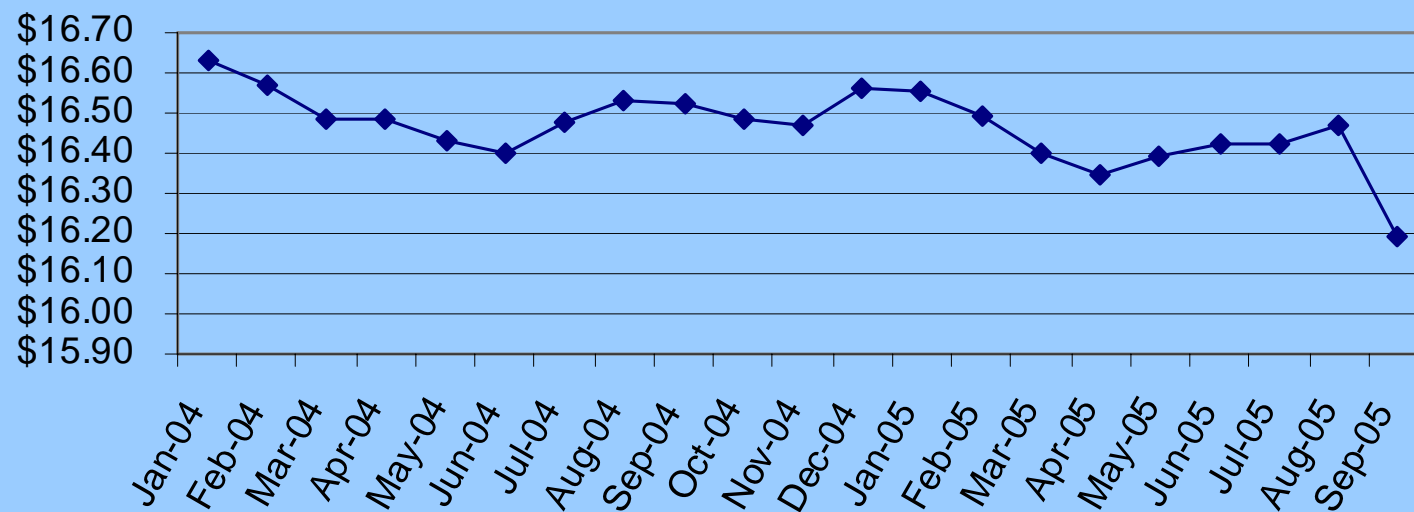




And wages are not keeping pace with the rising price of goods and services

Average hourly earnings, adjusted for inflation

Source:
Bureau of Labor
Statistics



II

These forces give cities the best chance to compete in decades...if they can overcome physical and social barriers

Demographic changes give cities a chance to compete for new residents

Economic restructuring also gives cities a chance to compete for key sectors, firms, and workers

Cities face critical physical and social barriers in achieving this new potential



Demographic changes give cities a chance to compete for new residents and their consumption



- Young professionals
- Childless couples
- Baby-boomers
- New immigrants
- Empty nesters
- Elderly individuals
- Families with children?

This growing and diverse population desires a range of choices in housing...



Multi-family housing



Apartments for rent



Single family housing



Assisted living

A range of choices in neighborhoods that are walkable...



Urban neighborhoods downtown



Neighborhoods with mixed density



Single family neighborhoods

Historic
neighborhoods



METROPOLITAN POLICY PROGRAM

A range of choices for shopping



Downtown



Big box



A number of main streets

And a range of choices in transportation



Fixed rail



Walking and biking



Bus

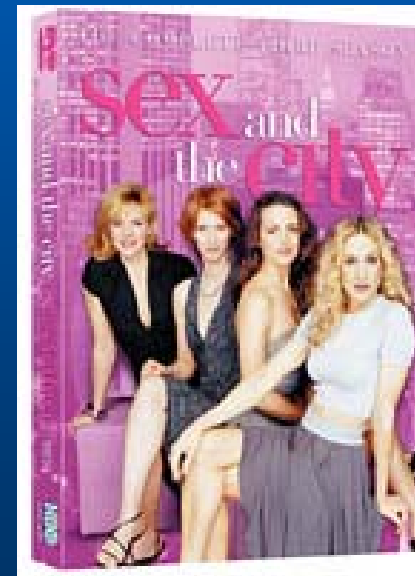


Automobile



There has also been a cultural shift in how urban places are perceived

F.R.I.E.N.D.S

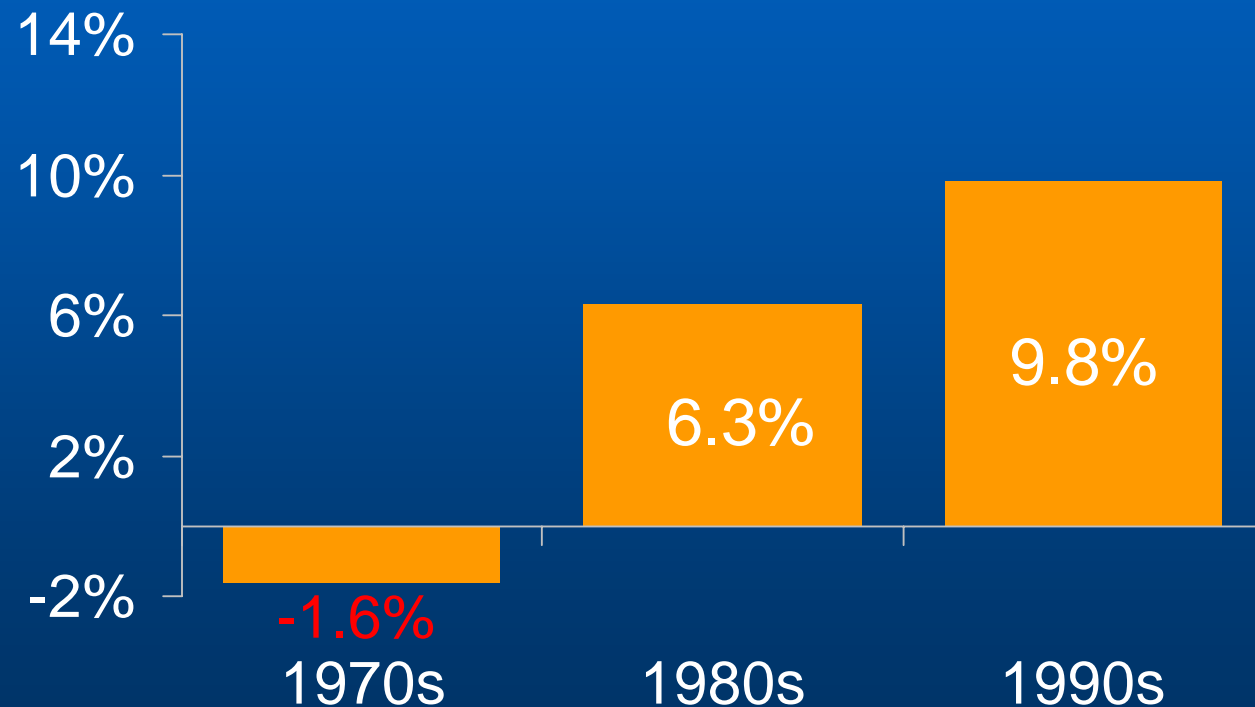




These changes and choices have already led to a population surge in urban areas

Population
Growth in 50
largest cities,
1970-2000

Source: U.S. Census
Bureau

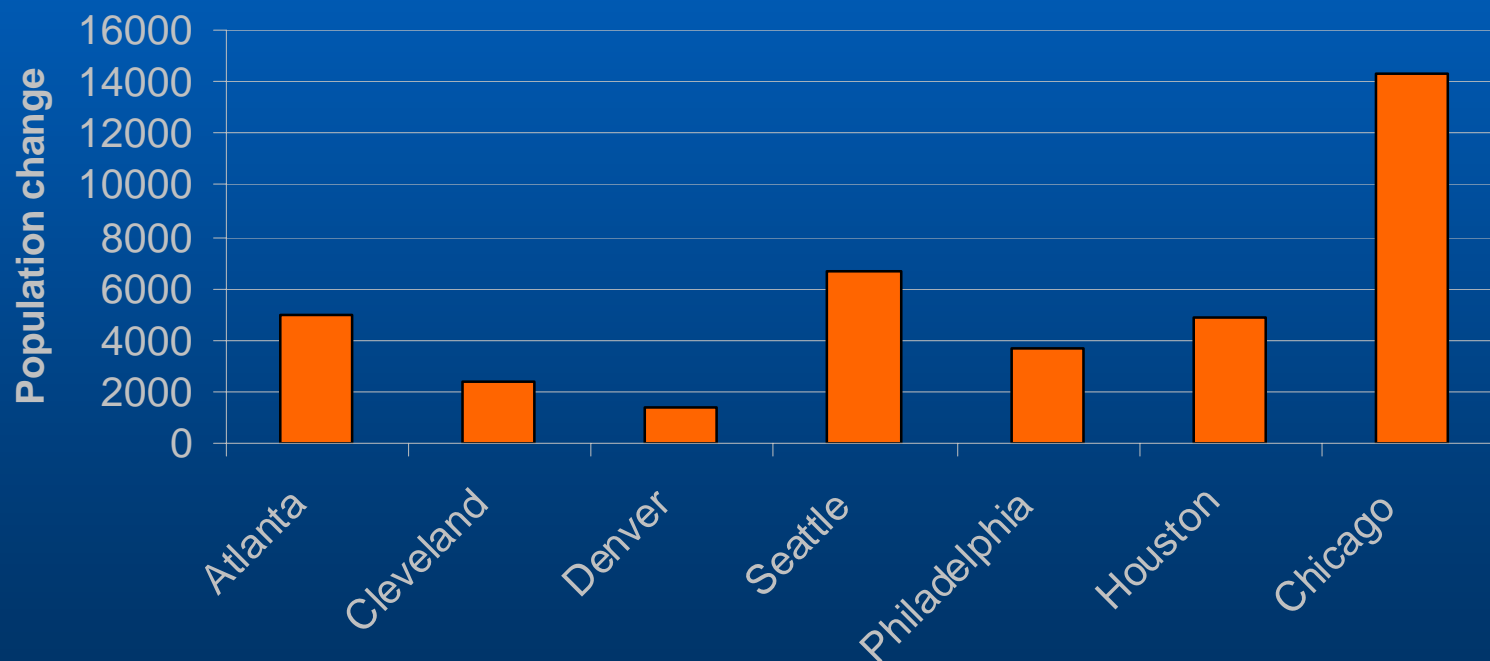




These changes and choices have also contributed to the downtown revitalization in cities

Absolute
change in
population,
1990-2000

Source: U.S.
Census
Bureau





Population growth was also due in part to the precipitous decline in urban crime

Percentage changes
in crime rates
according to per
capita police
reports, 1991-2001

	Homicide	Violent Crime	Property Crime
Entire United States	-42.9	-33.6	-28.8
Urban/rural			
Within MSAs	-45.0	-36.7	-31.7
Cities outside MSAs	-31.4	-18.4	-18.1
Rural	-35.0	-2.9	-11.0
City size			
>250,000	-49.2	-43.2	-36.1
50,000-250,000	-41.4	-37.5	-31.9
<50,000	-34.9	-22.7	-23.2

Source: Levitt, Steven D. "Understanding Why Crime Fell in the 1990s: Four Factors that Explain the Decline and Six that Do Not"

II

These forces give cities the best chance to compete in decades...if they can overcome physical and social barriers

Demographic changes give cities a chance to compete for new residents

Economic restructuring also gives cities a chance to compete for key sectors, firms, and workers

Cities face critical physical and social barriers in achieving this new potential



There are distinctive characteristics that give cities a unique niche in the economy



- Density
- Amenities
- Educational and medical facilities
- Creativity
- Multicultural diversity
- Built infrastructure



Density gives them a competitive niche because the rules of the economy have changed



- Density contributes to innovation by attracting young educated workers
- Average labor productivity increases with employment density
- Dense labor markets and high clustering of jobs leads to knowledge spillovers
- Dense local economies are linked to increased patenting



A concentration of research institutions give cities and first suburbs an advantage in the Knowledge Economy

Employer: Offer employment to local residents

Incubator: Offer services to support start ups



Work force developer: Address local/regional resource needs

Real estate developer: Use real estate to anchor growth

Purchaser: Redirect institutional purchasing towards local businesses

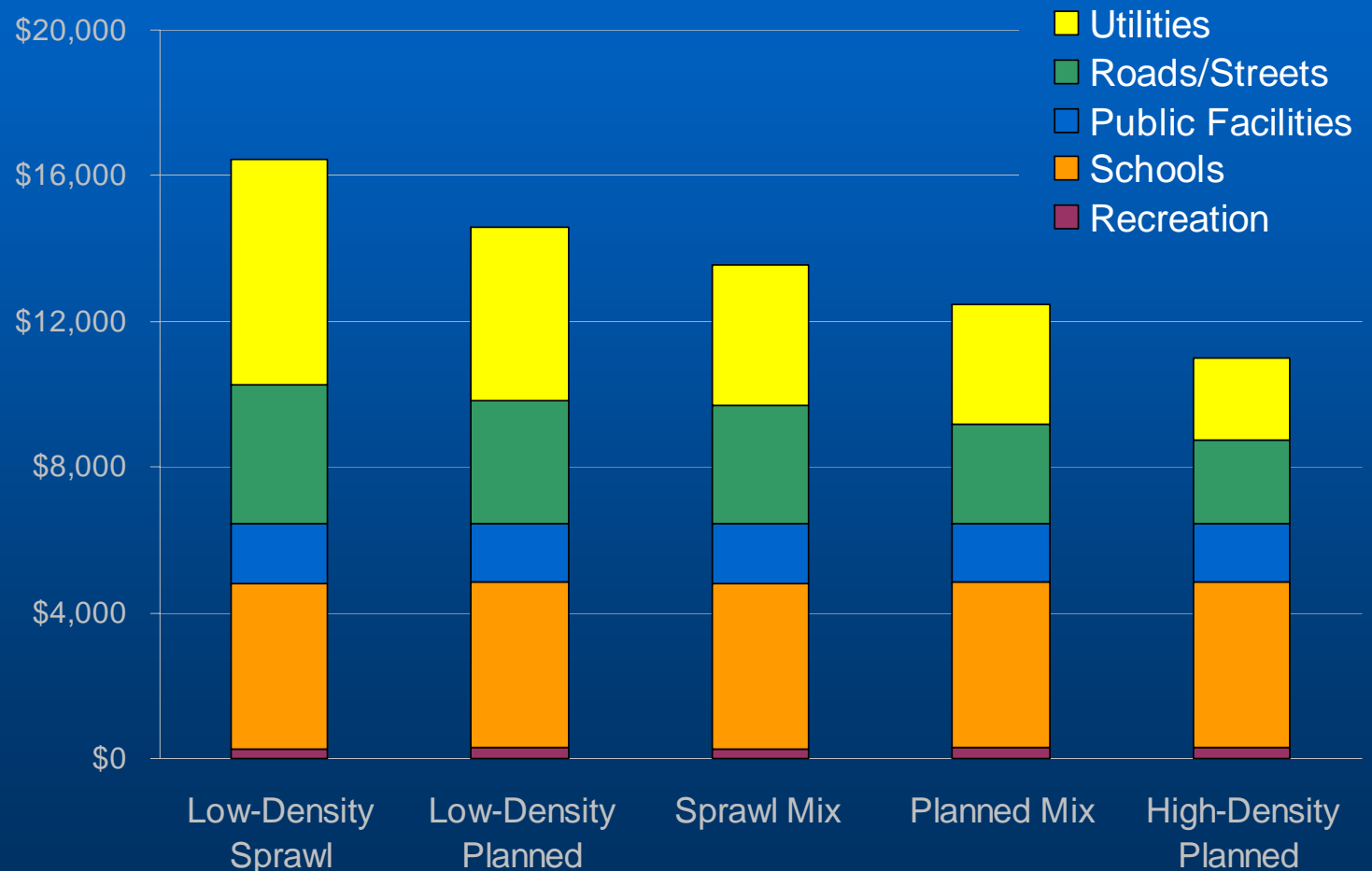
Network builder: Channel university expertise to increase local business capacity



Development is also more cost effective since basic infrastructure has already been paid for

Estimated cost savings by community prototype

Source: Real Estate Research Corporation, 1974



Community Prototypes (10,000 units)

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Cities face many challenges with their physical landscape



- Legacy of urban renewal persists
- Vacant land and aging infrastructure
- Erosion of “city-ness”
- Changed notion of infrastructure
- Planning in isolation
- Biased State and Federal policies



Whole sections of cities were destroyed by Urban Renewal to “enhance competition”



City of Lancaster, Pennsylvania



Concentrated public housing and freeways that divide waterfronts are the most visible remnants of urban renewal



There are other challenges, such as vacant and abandoned buildings and the aging of basic infrastructure



Vacant and abandoned homes



Fragmented commercial land



Struggling business and retail corridors



Aging infrastructure



Features that once defined their “city-ness” are eroding incrementally in response to the market demand for suburbia



Design



Compact development



Pedestrian orientation



The notion of what is physical infrastructure has also changed

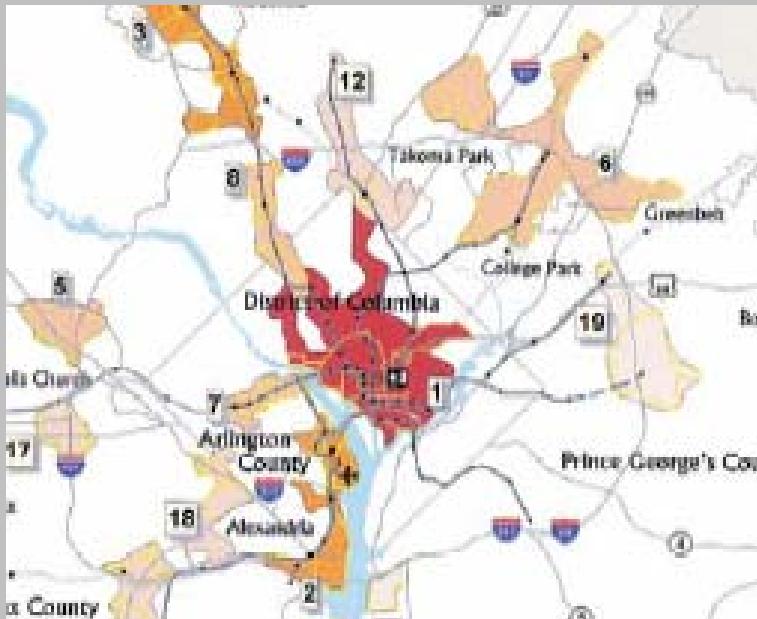


Wireless infrastructure of the 21st Century





At the regional scale, cities and suburbs continue to think – and plan – in isolation



The extent of city/suburban coordination in the Greater Washington Metropolitan Area:

- Isolated designation of activity centers
- Minimal focus on corridors and greenways



States set rules of the development game that continue to favor suburban development



- Major state spending programs have skewed funding to greenfields
- State tax systems are biased against cities
- In many states, local zoning ordinances do not conform to local or regional plans
- Barriers to brownfield development hinder their productive reuse
- Greater government fragmentation correlates with more sprawl
- Many state constitutions prevent government from using gasoline tax on transit



Federal policies are at best anemic; at their worst, they also favor suburban development

Anemic policies

- Federal work benefits fail to support eligible working families – more than 20 states have waiting lists for child care programs - several states have stopped accepting applications from eligible families
- In contrast, Britain devoted an extra 1 percent of GDP to reducing child poverty - \$100 billion U.S. a year in added spending
- Blair's program reduced child poverty from 23% in 1997 to 13% in 2001
- The increase is more than our final child poverty budget, \$60-76 billion

Biased policies

- Subsidized housing policies reinforce concentrated poverty
- Homeownership tax expenditures favor suburban buyers
- Environmental regulation pushes growth outward
- Despite improvements, transportation funding is still geared toward highway building



Cities also face many social challenges



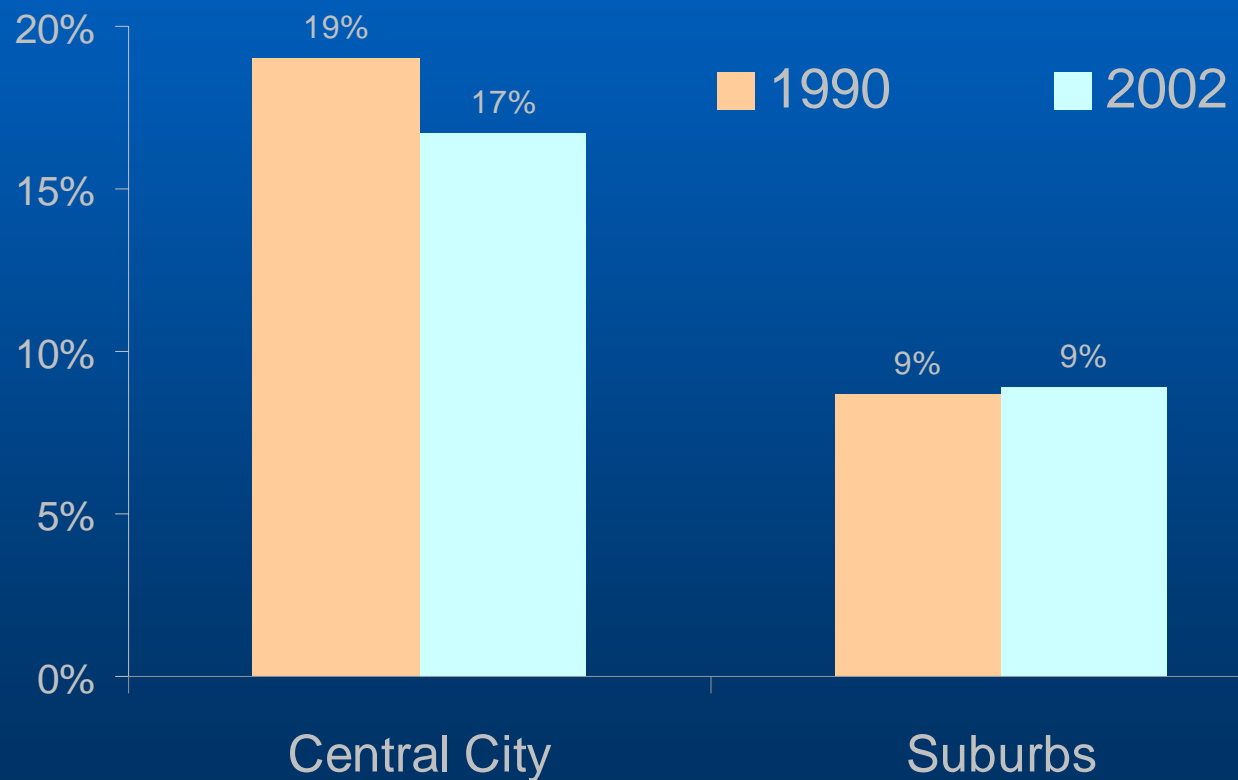
- High Levels of Poverty
- High Levels of Concentrated Poverty
- High Demand for Affordable Housing
- Spatial mismatch



Though poverty rates fell in the 1990s, cities still face relatively high levels of poverty

Poverty rates for central cities and suburbs, 1990-2002

Source:
Current Population Survey,
2002

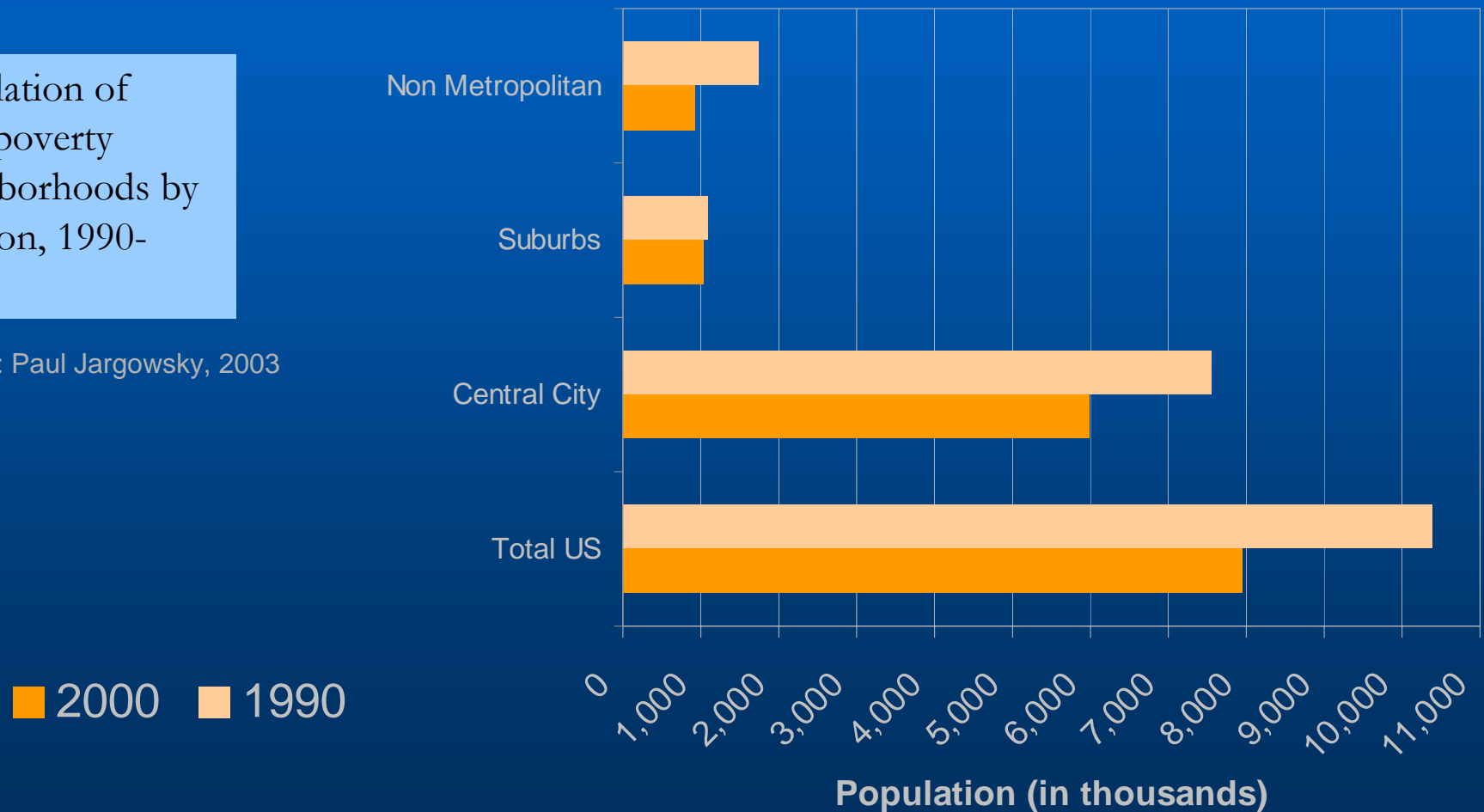




Cities also face much more concentrated poverty, though this has improved since 1990

Population of high-poverty neighborhoods by location, 1990-2000

Source: Paul Jargowsky, 2003





Housing affordability has become a pressing issue for tens of millions of Americans residing in cities

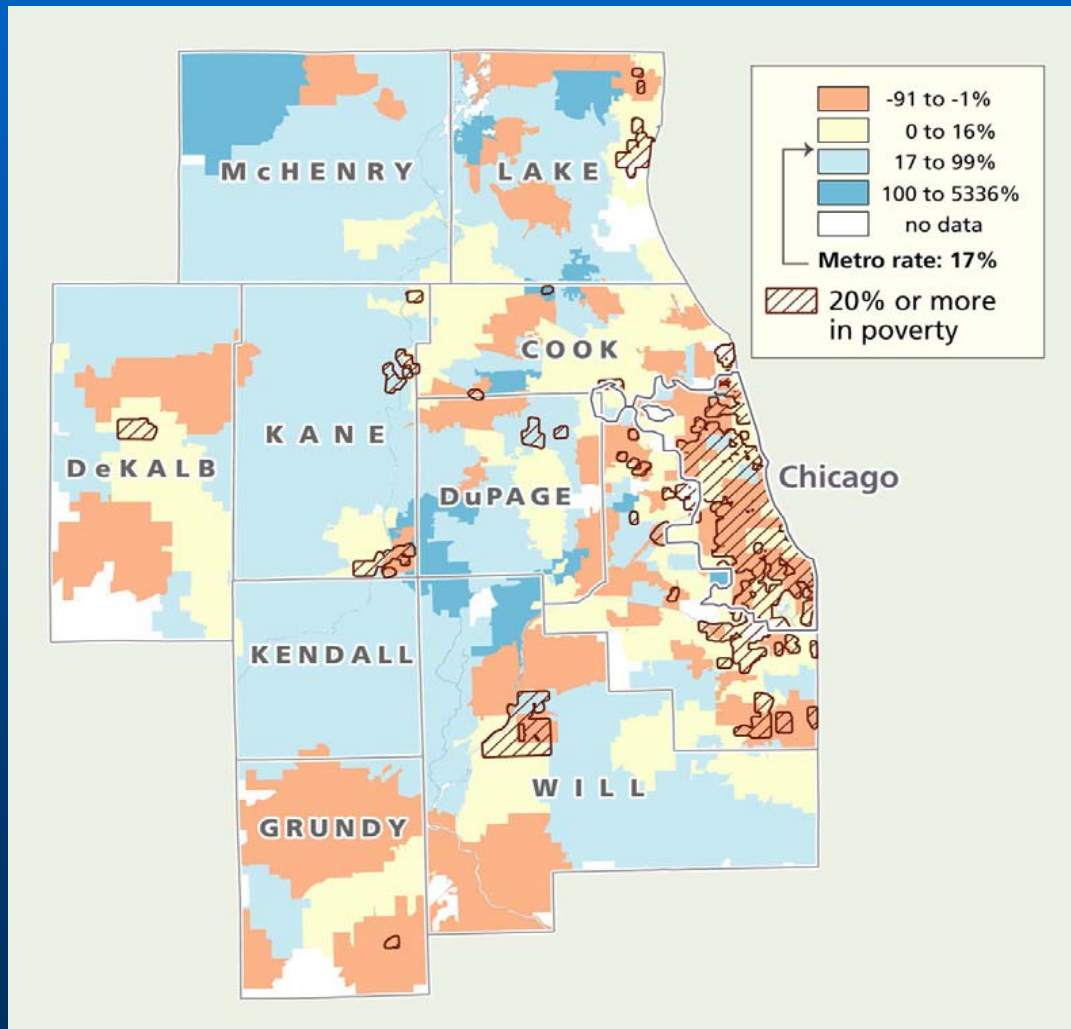
Source:
Office of Federal
Housing Enterprise
Oversight, 2005

Thirty metro areas experienced one-year housing price increases of 25 percent or higher from the second quarter of 2004 to the second quarter of 2005

Even the average housing price increase of 13.4 percent for the country far exceeded changes in household income

In many metros, a spatial mismatch exists between where low income minorities live and where suburban jobs are growing

Percent growth in jobs 1994-2001, poverty rates by census block group, 2000



III

American cities are increasingly carrying out transformative efforts to realize their full potential



In the 21st century, cities will have an opportunity to redefine their role in metropolitan America

Physical

- Walkable and well defined mixed-use neighborhoods
- Transportation infrastructure tailored to the modern city
- Renowned recreational amenities and institutions
- State-of-the art schools
- Clean and healthy urban ecosystems

Economic

- Concentration of regional business activity
- An innovative highly skilled workforce
- Strength in sectors with a competitive advantage
- Dynamic arts and culture sector reflecting urban diversity
- Efficient government services

Social

- Strong support for education and job skills
- Quality neighborhoods of mixed income and mixed tenure
- A commitment to serving residents with greater needs
- A common civic identity and strong commitment to equity and equal opportunity



To recap: Cities have real assets that are highly valued by the New Economy



Underutilized Waterfronts



Downtowns



Universities



Active Neighborhoods



While recent trends are positive, legacies from the past are preventing cities from fully leveraging these assets

Positive Trends

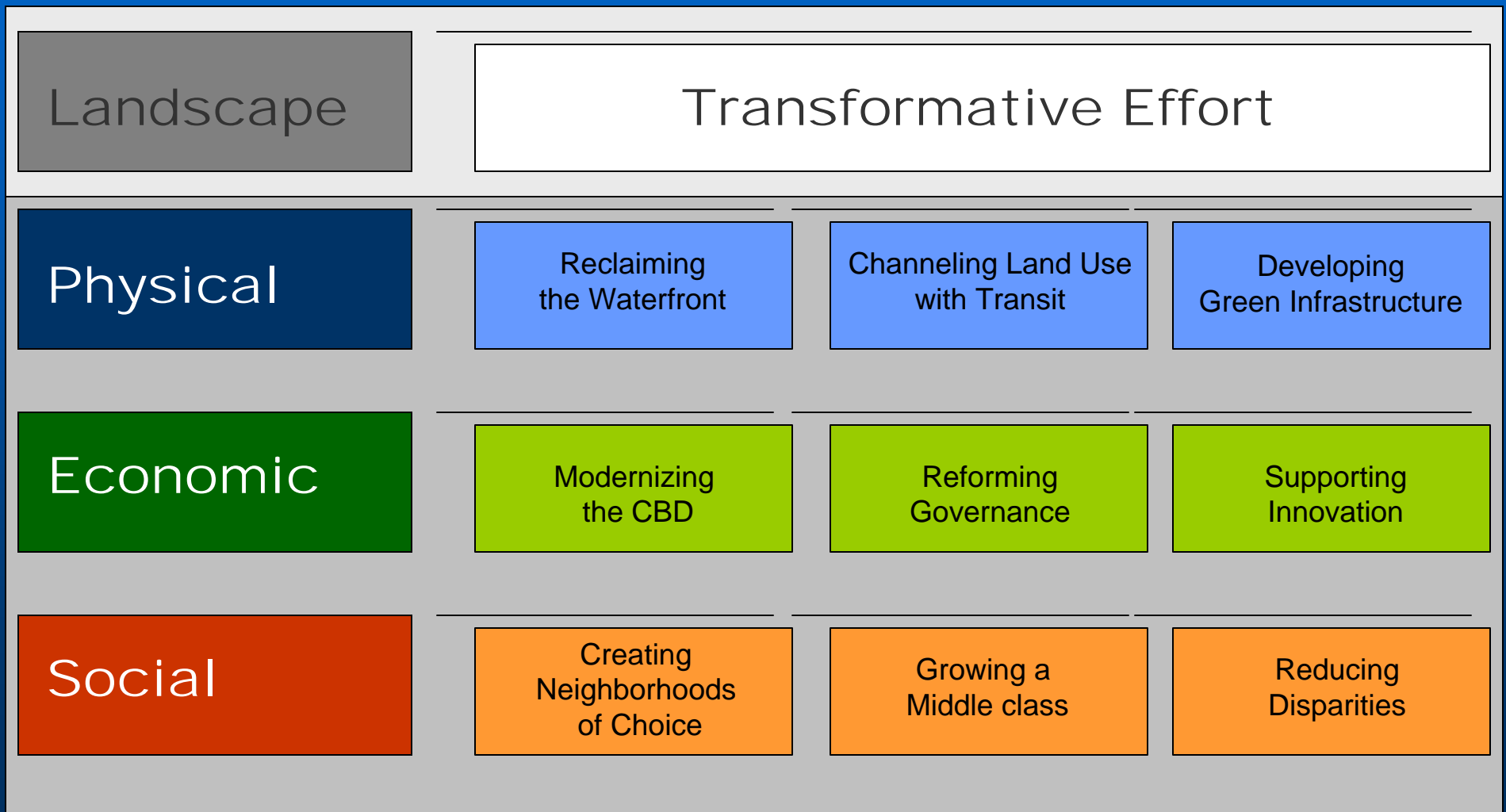
- Population growth
- Immigration
- Aging population
- Investors looking to tap underserved urban markets
- Certain positive state and federal programs

Historical Legacies

- Concentrated poverty
- Substandard housing
- Aging and outdated infrastructure
- Ossified bureaucracies
- Fragmented governance
- Racial and class separation



Increasingly cities are recognizing and leveraging these assets by carrying out transformative efforts



Underutilizing the asset:

- In the past, cities used zoning and infrastructure placement to cut neighborhoods and residents off from the waterfront

Leveraging the asset:

- ✓ Cities recognize the passive and active recreational value of waterfronts, as well as their attractiveness to developers interested in generating new mixed-use urban environments

The Milwaukee Freeway Demolition

- Removal of a little-used spur of the never-completed Park East Freeway began in 2002 to reclaim 11 blocks of downtown land
- Renewal project will add commercial and residential development of mixed types, taking advantage of the unique features downtown (e.g. the river, entertainment venues, etc.)



Before



After

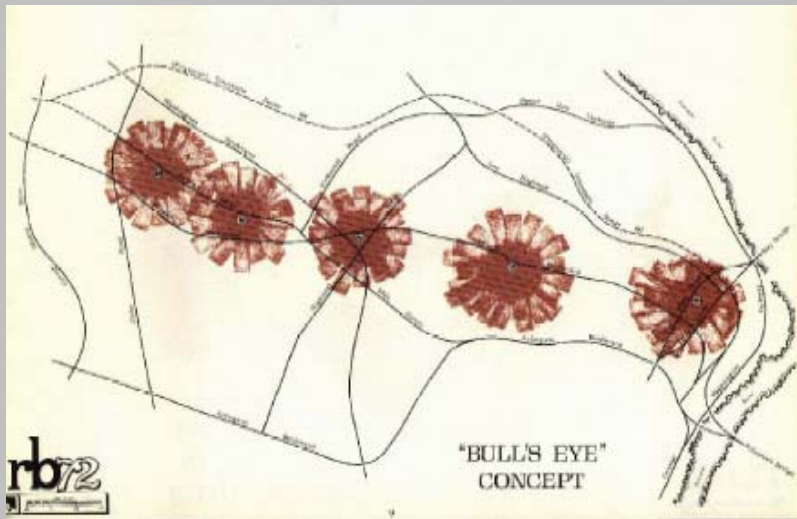
Underutilizing the asset:

- In the past, cities built transit to service existing residential development

Leveraging the asset:

- ✓ Cities realize that transit can generate value by promoting denser, more efficient growth patterns

Transit oriented development in Arlington County, VA



The Vision

- In 1972, sector plans were created around each metro station to establish land use and development guidelines and ensure a mix of commercial residential and office uses



The Outcome

- The Rosslyn-Ballston corridor now contains 18,000 housing units and 14 million square feet of office space
- 73,000 jobs are located within a third of a mile of the corridor

Underutilizing the asset:

- In the past, cities paved over or neglected parks and open space

Leveraging the asset:

- ✓ Cities are building and designing active programming for parks and other recreational spaces

Denver's plan for "A City in A Park"

- Continuous "green streets" – streets with adequate sidewalks and tree canopies – connecting neighborhood main streets, schools, and recreation centers to parks
- Citywide and regional trail connectors – connecting parks and creating longer walking and cycling routes
- Healthy and accessible waterways – extending and increasing open space along city rivers



"Green Street" Ideal



A Plan for the "City in A Park"

Underutilizing the asset:

- In the past, cities planned downtowns for concentrations of office space

Leveraging the asset:

- ✓ Cities recognize that work/live downtowns support the mix of retail and commercial activities desired by both businesses and urban residents

Albuquerque is making long-term investments in its downtown

Historic Downtown Improvement Company Agenda

- Vision – A cooperative partnership led by Arcadia Land Company and the McCune Charitable Foundation. HDIC will make investments that will serve as catalysts for development leading to a vibrant mixed-used downtown
- Design – “Bury the box” is major design focus, large footprint uses, such as a new 14-screen movie theater and a 180,000 sf parking structure, have been hidden by pedestrian-friendly buildings with ground floor retail and office or residential above
- Financing – HDIC’s committed \$200 million in “patient equity” matched by \$8 million in City backed infrastructure improvements; HDIC will repay city with project revenues
- Mixed-Income – HDIC is working to create a mixed-income downtown. Share of profits will go to Downtown Albuquerque Civic Trust, a local nonprofit affordable housing developer



A Vision



Progress

The NJ Performing Arts Center enlivens downtown Newark

- \$187 million investment in downtown Newark
- Built on 12 acres fronting the Newark River
- Leverages \$60 million in private financing
- Facility includes a 3,000-seat opera house, a 2,500-seat concert hall, a 1,800-seat music theater, and a 600-seat dance and drama theater
- Center has spurred ancillary commercial and retail activity



Underutilizing the asset:

- In the past, large bureaucracies made cities slow and inefficient

Leveraging the asset:

- ✓ Cities are using technology and economies of scale to make transactions smoother and faster

Fort Wayne is training Six-Sigma black belts to increase efficiency in city government



- Water main replacement costs were reduced from an average of \$61.00 per foot to \$50.00 per foot
- Number of days to receive an Improvement Location Permit was reduced from an average of 51 days to 12 days
- Cost per change order for transportation engineering projects was reduced by 50%
- Fire code re-inspections were increased by 23% and the average number of days to a re-inspection was reduced from 51 to 34 days
- Missed trash pick-ups were reduced by 50%
- Responses to pothole complaints were reduced from an average of 21 hours to 3 hours

Underutilizing the asset:

- In the past, cities used placeless economic development strategies to attract knowledge economy industries

Leveraging the asset:

- ✓ Cities are leveraging the competitive advantages provided by the built environment to compete in the new economy

Wireless Philadelphia

- \$10 million plan to turn the entire city into a wireless internet hotspot by June 2005
- Philadelphia will work to provide and expand educational opportunities over wireless network



Richmond partnered with Virginia Commonwealth University to create the Virginia Bio-Technology Research Park

- 27,000 square feet of state of the art laboratories ideal for biotech start-ups in downtown Richmond
- More than 50 companies have started in the incubator, including 18 originating from VCU research
- 16 have graduated from the incubator – 3 are now publicly traded – creating hundreds of new jobs in the Richmond area



Underutilizing the asset:

- In the past, cities concentrated poor families in high-rise public housing in neighborhoods surrounding their downtowns

Leveraging the asset:

- ✓ Cities are creating mixed-income communities of choice in neighborhoods in close proximity to central business districts

In St. Louis, the Vaughn high rises were transformed into a new mixed-income neighborhood of choice



Vaughn High Rises in 1995

- Four nine-story buildings
- 656 units
- Typical of 1950s-era, urban renewal public housing towers



Murphy Park Homes

- Townhouses, garden apartments and single-family homes
- 413 units
- “New Urbanist” design and “defensible space” technique

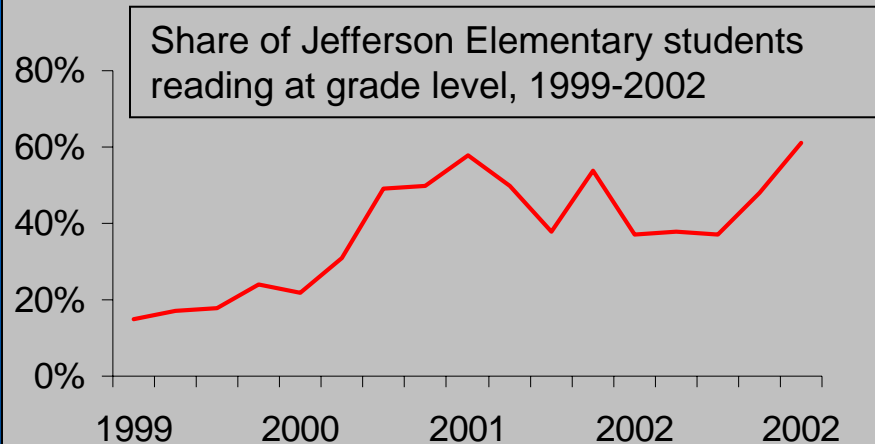


Jefferson Elementary

- Leverages \$5 million in corporate and philanthropic money
- Technologically advanced educational facilities
- New principal with wider control over teachers and curriculum



Murphy Park and Jefferson Elementary are enjoying success



Murphy Park Residents Income distribution, 2003

Income Bracket	Percent
Under \$10,000	31%
\$10,000 to \$30,000	44%
\$30,000 to \$50,000	16%
Above \$50,000	10%

- The median household income rose by 18 percent between 1989 and 1999, compared to four percent regionally
- Unemployment fell by 35 percent from 1989 to 1999, compared to a 3.7 percent city wide increase
- Private investment in the form of residential and commercial development has since located in the surrounding area

Underutilizing the asset:

- In the past, cities tried to attract middle class residents to cities

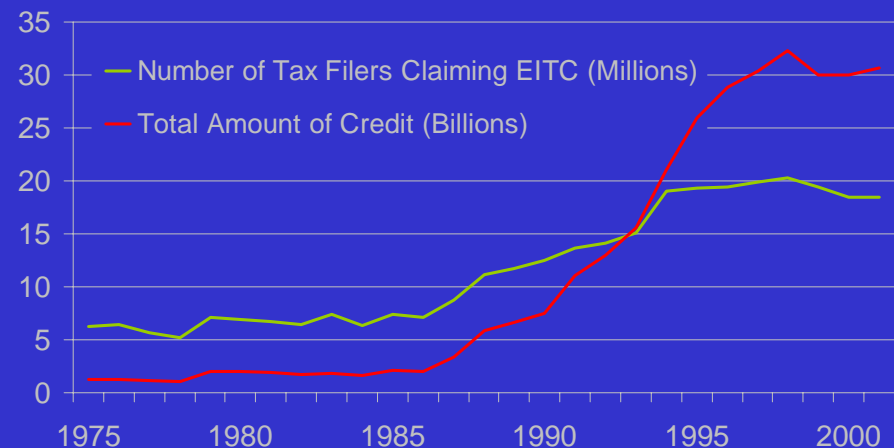
Leveraging the asset:

- ✓ Cities are working hard to leverage federal resources with educational and homeownership opportunities to help low-income families build wealth and enter the middle class

Chicago is leveraging the value of the Earned Income Credit and helping build a middle class

- Outreach partnership between Mayor Daley's office, employers, business associations, and community groups
- Place information on EITC in bill inserts, paychecks, grocery store bags, McDonald's tray liners
- Chicago-based Center for Law and Human Services coordinates free tax preparation at 20 sites throughout city
- \$16M in EITC claimed at free tax assistance centers in 2001

The Value of the EITC Increased Substantially



- South Shore Bank helps EITC claimants without bank accounts to open savings accounts with their refunds

Underutilizing the asset:

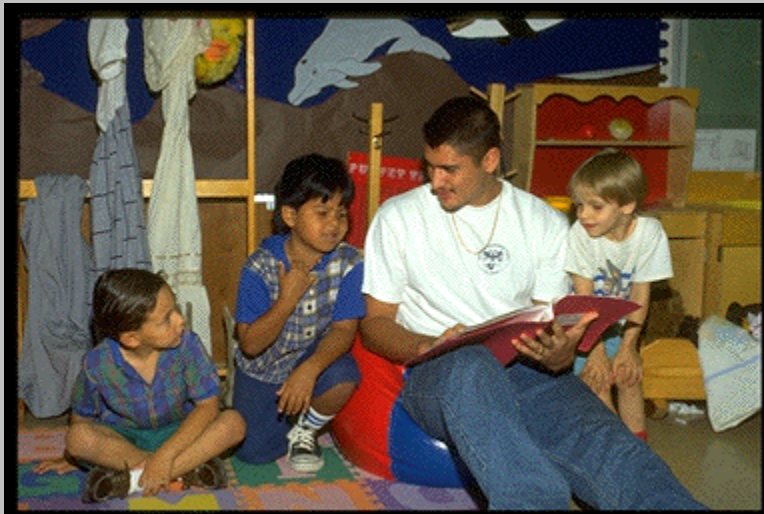
- In the past, cities were quick to accept failing students

Leveraging the asset:

- ✓ Cities are putting together ambitious efforts to ensure that all students get a quality education

Louisville has committed itself to ensuring that all students are reading

Louisville Every 1 Reads Initiative



- \$16 million literacy program that calls for all 97,000 Louisville Public School students to be reading at grade level in just 4 years
- Louisville Public Schools will spend \$2 million per year to hire reading specialists, \$2.3 million per year to add 23 classrooms to its early increase literacy childhood program, and training for teachers
- Greater Louisville Inc. will raise \$2 million per year, get more adult volunteers for schools, encourage agencies that work with children to emphasize reading, and lobby state legislators on behalf of the schools



The common characteristic is that these investments are large, informed, calculated bets

Systemic in effect

- ☐ The primary project focus may be economic, physical or social, but ultimately a project must generate secondary returns on investment across categories

Tailored to local market realities

- ☐ Motivated by sound research and reasoning
- ☐ Insulated from unreasonable pressure by business and political interests

Cognizant of lessons from the past

- ☐ Appropriate level of public participation
- ☐ Well distributed benefits

Sustained & Scrutinized

- ☐ Phasing
- ☐ Intermittent evaluation



To move forward, cities must pursue local structural reforms

Build a new leadership class

- **Inclusive**
- **Small businesses**

Improve information

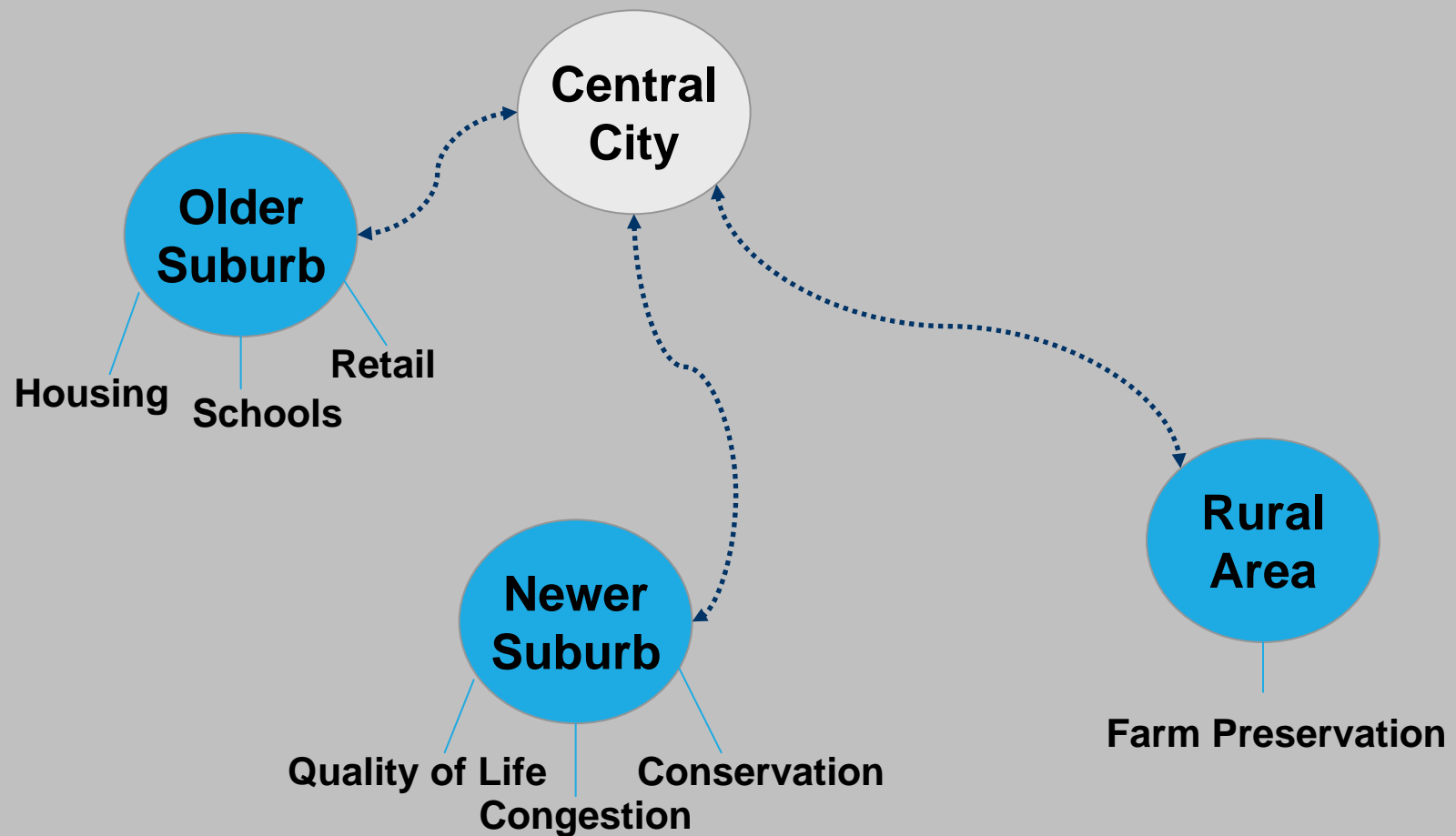
- **Transparency**
- **Real-time**
- **Accessible**

Reform institutions

- **Streamline processes**
- **Consolidate departments**

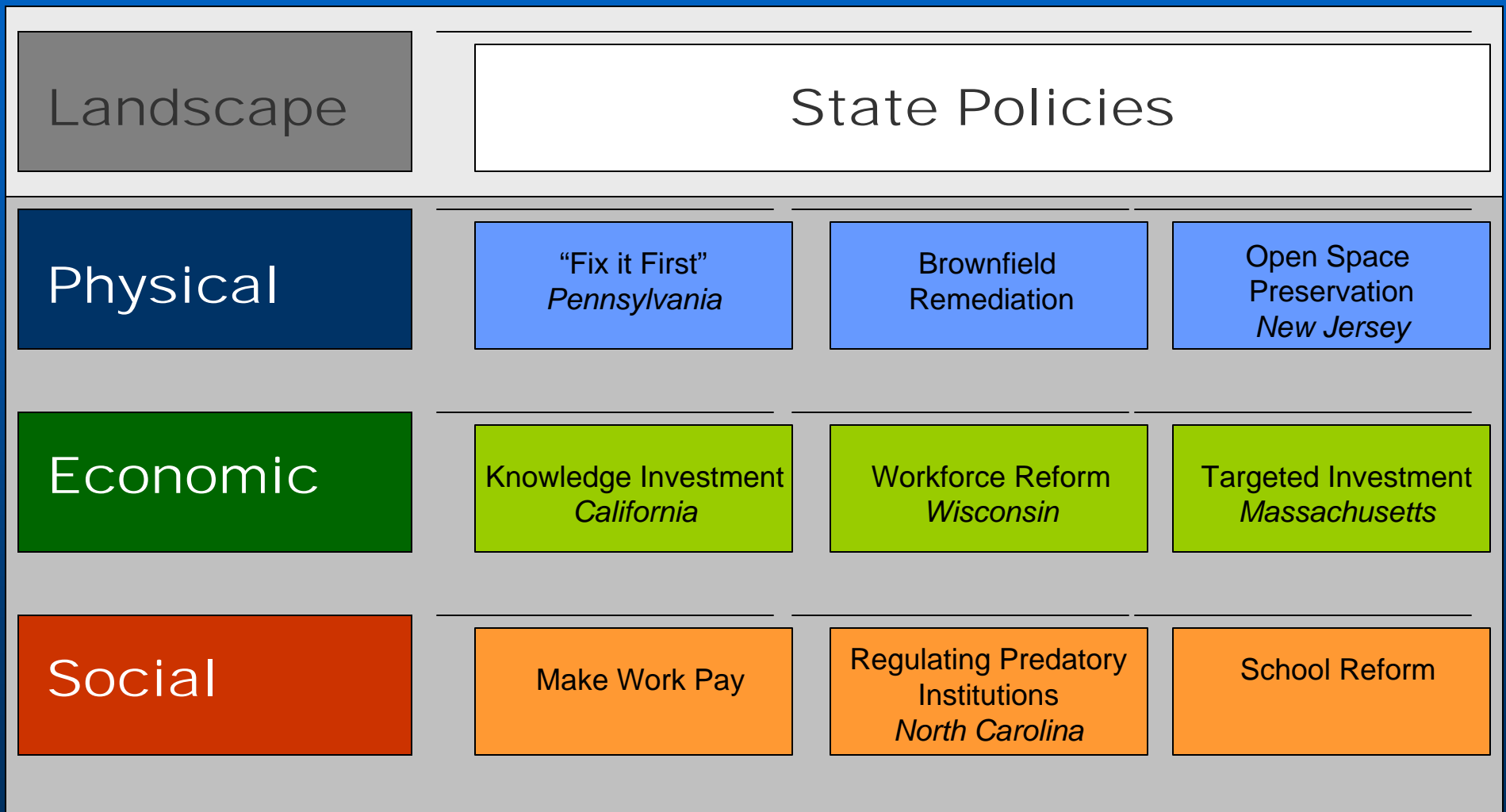


To move forward, cities must create majoritarian coalitions to make structural reforms at the state and federal level





New city-suburban solutions can address the need for systemic reform



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July 1, 2004

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METROPOLITAN POLICY PROGRAM

Brookings > Metropolitan Policy

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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METROPOLITAN GROWTH

Mechanisms for Market-Based Land Use Control

Using case studies and a national survey, this paper examines transfers of development rights (TDRs) and other market-based land preservation techniques like mitigation banking and density transfer fees.

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