A PROGRESSIVE AGENDA FOR METROPOLITAN AMERICA
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“Embrace a federal metropolitan agenda that promotes balanced growth, stimulates investment in cities and older suburbs and connects low-income families to employment and educational opportunities”

The 2004 presidential election will take place during a period of profound change in the United States, comparable in scale and complexity to the latter part of the 19th century. Broad demographic forces—population growth, immigration, domestic migration, aging—are sweeping the nation and affecting settlement patterns, lifestyle choices and consumption trends. Substantial economic forces—globalization, deindustrialization, technological innovation—are restructuring our economy, altering what Americans do and where they do it.

Together, these complex and inter-related forces are reshaping the metropolitan communities that drive and dominate the national and even global economy. Cities—while still the disproportionate home to poor, struggling families—are re-emerging as key engines of regional growth, fueled by the presence of educational and health care institutions, vibrant downtowns, and distinctive neighborhoods. Suburbs, meanwhile, are growing more diverse in terms of demographic composition, economic function and fiscal vitality. In many respects, the differences between cities and suburbs are becoming less important than their similarities and their interdependence.

The nation’s grab bag of “urban” policies—subsidized housing, community reinvestment, community development, empowerment zones—does not address or even recognize the challenges emerging from this new metropolitan reality. The almost exclusive focus of these policies on central cities ignores the fact that an entire generation of suburbs now faces city-like challenges and limits the potential political coalition for change. Renewing city neighborhoods in isolation disregards the metropolitan nature of employment and educational opportunities and inhibits the access of low-income families to good schools and quality jobs. Furthermore, principally focusing on the “deficits” of communities fails to recognize that cities and older places have assets and amenities (e.g., entrepreneurs, educational institutions, density, water fronts, historic districts) that are highly valued by our changing economy. In general, national “urban” policies largely ignore the broader market forces and other federal policies that grow economies, shape communities and influence peoples’ lives.

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In shaping solutions by 2010, this chapter will contend that federal policies need to grow up and reflect the Metropolitan America that is rather than the urban America that was. It will argue that, after better than a half century of sprawl, that “urban” means “metropolitan”—central cities, their surrounding older suburbs, and the larger economic regions described by their effective labor market. Finally, it will put forward a progressive agenda to respond to the pressing economic, fiscal and social challenges faced by Metropolitan America.

I. THE PROBLEM

According to the 2000 census, eight in ten Americans and 95 percent of the foreign-born population live in the nation’s nearly 300 metropolitan areas. Together, these regions produce more than 85 percent of the nation’s economic output, generate 84 percent of America’s jobs and produce virtually all the nation’s wealth.

Metropolitan America is also at the vanguard of our changing economy, leading the transition to an economy based on ideas and innovation. As metropolitan experts Robert Atkinson and Paul Gottlieb have shown, the 114 largest metropolitan areas account for 67 percent of all jobs, but 81 percent of high tech employment and 91 percent of Internet domain names. According to Richard Florida, author of The Rise of the Creative Class, even fewer metropolitan areas are winning the competition for the young, talented, educated workers who form the nucleus of our entrepreneurial economy.

More and more, how Metropolitan America is organized and governed determines how most Americans do in life, and how we do as a nation. Yet while the indicators cited above tell a story of economic strength and productivity, America’s metropolitan areas are growing in unbalanced ways that pose significant competitive, fiscal, and social challenges that require federal attention and action.

Despite clear signs of renewal in many central cities, a close examination of the 2000 census and other market data shows that the decentralization of economic and residential life remains the dominant growth pattern in the United States. As Brookings researcher Alan Berube has shown, rapidly developing new suburbs—built since the 1970s on the outer fringes of metropolitan areas—are capturing the lion’s share of employment and population growth. In the largest metropolitan areas, the rate of population growth for suburbs from 1990 to 2000 was twice that of central cities—18 percent versus 9 percent. Suburban growth outpaced city growth irrespective of whether a city’s population was falling like Baltimore or staying stable like Kansas City or rising rapidly like Denver. Even Sun Belt cities like Phoenix, Dallas and Houston grew more slowly than their suburbs.

Suburbs dominate employment growth as well as population growth. As economists Edward Glaeser and Matthew Kahn have demonstrated, employment decentralization has become the norm in American metropolitan areas. Across the largest
100 metro areas, on average only 22 percent of people work within three miles of the city center and more than 35 percent work more than ten miles from the central core. In cities like Chicago, Atlanta and Detroit, employment patterns have radically altered, with more than 60 percent of the regional employment now located more than 10 miles from the city center. The American economy is essentially becoming an “exit ramp economy”, with new office, commercial, and retail facilities increasingly located along suburban freeways.

With suburbs taking on a greater share of the country’s population and employment, they are beginning to look more and more like traditional urban areas. In many metropolitan areas, the explosive growth in immigrants in the past decade skipped the cities and went directly to the suburbs. As demographer William Frey has illustrated, every minority group grew at faster rates in the suburbs during the past decade; as a consequence, racial and ethnic minorities now make up more than a quarter (27 percent) of suburban populations, up from 19 percent in 1990.

Even with these profound changes, most metropolitan areas in the United States remain sharply divided along racial, ethnic, and class lines. America’s central cities became majority minority for the first time in the nation’s history during the 1990s and, while generally improving, have poverty rates that are almost double those of suburban communities. As metropolitan scholar Myron Orfield has shown, suburban diversity also tends to be uneven, with many minorities and new immigrants settling in older suburbs that are experiencing central city-like challenges—aging infrastructure, deteriorating schools and commercial corridors, and inadequate housing stock.

These patterns—of racial, ethnic, and class stratification, of extensive growth in some communities and significantly less growth in others—are all inextricably linked. Poor schools in one jurisdiction push out families and lead to overcrowded schools in other places. A lack of affordable housing in thriving job centers leads to long commutes on crowded freeways for a region’s working families. Expensive housing – out of the reach of most households—in many close-in neighborhoods creates pressures to pave over and build on open space in outlying areas, as people decide that they have to move outwards to build a future.

The cumulative impact of these unbalanced growth patterns has enormous economic, fiscal, and social implications for the nation that deserve and require federal attention.

Unbalanced growth undermines the economic efficiency of metropolitan markets. Some of this is fairly obvious in metropolitan areas that are literally “stuck in traffic.” Traffic congestion—a product in large part of growth patterns that are low density and decentralizing—has become the bane of daily existence in most major metropolitan areas. Such congestion places enormous burdens on employers and employees alike and substantially reduces the efficiency of labor and supplier markets. A recent study by the Texas Transportation Institute of 75 urban areas in the US found that the average annual delay per person was 26 hours or the equivalent of about three full work days of lost time.
Some economic consequences of unbalanced growth reflect the lost opportunities of cities and older communities that never reach their true potential. As Business Week has noted, “cities still seem best able to provide business with access to skilled workers, specialized high-value services, and the kind of innovation and learning growth that is facilitated by close contact between diverse individuals”. Indeed, as Harvard economist Edward Glaeser has argued, the density of cities offers the perfect milieu for the driving forces of the new economy: idea fermentation and technological innovation. These broader theories on human capital formation and metropolitan growth help explain why metropolitan areas without strong central cities—Detroit, St. Louis, Cleveland, Milwaukee—are having so much difficulty making the transition to a higher road economy.

The fiscal costs of unbalanced growth are also enormous. Low-density development increases demand for new infrastructure (e.g., schools, roads, sewer, and water extensions) and increases the costs of key services like police, fire and emergency medical. Then there is the substantial impact of abandonment in older communities on the property values of nearby homes as well as the implications of concentrated poverty for additional municipal services in the schools and on the streets. Ultimately, these factors lead to reduced revenues, higher taxes and over-stressed services for older communities.

Finally, unbalanced growth imposes enormous social and economic costs on low-income minority families. As economies and opportunity decentralize and low-income minorities continue to reside principally in central cities and older suburbs, a wide spatial gap has arisen between low-income minorities and quality educational and employment opportunities. Poor children growing up in neighborhoods of poverty are consigned to inner city schools where less than a quarter of the students achieve “basic” levels in reading compared to nearly two thirds of suburban children. Similarly, inner city residents are cut off from regional labor markets where entry-level jobs in manufacturing, wholesale trade and retailing (that offer opportunities for people with limited education and skills) are abundant.

**Federal ‘Anti-Metropolitan’ Policies**

The metropolitan growth patterns described above are the product of many factors. Population growth, consumer housing preferences and lifestyle choices have fueled suburbanization. Market restructuring and technological change have altered the location patterns of manufacturing, retail and other key employment sectors. Yet the shape and extent of decentralization in America are not inevitable. Since the middle of the twentieth century, broad federal policies—the policies often ignored by “urban” initiatives—have contributed substantially to unbalanced growth patterns in metropolitan areas.

First, and foremost, federal polices taken together set “rules of the development game” that encourage the decentralization of the economy and the concentration of urban poverty. Federal transportation policies generally 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 have made 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. According to housing scholar Margery Turner, more than half of public housing residents still live in high poverty neighborhoods; only 7 percent live in low poverty neighborhoods where fewer than 10 percent of residents are poor. 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. We now know that concentrating poor families in a few square blocks undermines almost every other program designed to aid the poor—making it harder for the poor to find jobs and placing extraordinary burdens on the schools and teachers that serve poor children.

The effect of all these policies: they lower the costs—to individuals and firms—of living and working outside or on the outer fringes of our metro regions, while increasing the costs of living and working in the core. They push investment out of high-tax, low-service urban areas and into low-tax, high-service favored suburban quarters, while concentrating poverty in the central city core.

The second major flaw of federal policies is that they rely on states and localities to “deliver the goods.” Federal policies have not recognized the primacy of metropolitan areas and have been slow to align federal programs to the geography of regional economies, commuting patterns, and social reality.

Despite the fact that the bulk of the funds for transportation programs are raised in metropolitan areas, federal law currently empowers state departments of transportation to make most transportation decisions. These powerful bureaucracies are principally the domain of traffic engineers and are notorious for disproportionally spending transportation funds raised in metropolitan areas in rural counties. Incredibly, metropolitan areas make decisions on only about 10 cents of every dollar they generate even though local governments within metropolitan areas own and maintain the vast majority of the transportation infrastructure.

Despite the metropolitan nature of residential markets, the federal government has devolved responsibility for housing voucher programs to thousands of local public housing authorities. The Detroit metropolitan area, for example, has more than 30 separate public housing authorities, greatly limiting the residential mobility of poor families. The hyper-fragmentation of governance makes it difficult for low-income
recipients to know about suburban housing vacancies, let alone exercise choice in the metropolitan marketplace.

**Progress during the 1990s**

During the 1990s, the federal government began to recognize the importance of metropolitan areas (and cities) to national wealth and prosperity as well as the costs and consequences of unbalanced growth patterns. A series of reform efforts in the transportation and housing arenas sought to “level the playing field” between older and newer communities and devolve more responsibility and flexibility to metropolitan decision-makers.

Federal transportation laws in the early and late 1990s, for example, devolved greater responsibility for planning and implementation to metropolitan planning organizations (“MPOs”), thus giving these areas some ability to tailor transportation plans to their distinct markets. The laws also introduced greater flexibility in the spending of federal highway and transit funds, giving state transportation departments and MPOs the ability to “flex” funding between different modes. Finally, the laws directly funded special efforts to address metropolitan challenges such as congestion and air quality, job access for low-income workers, and the linkage between transportation and land use planning.

The changes in housing policy were equally ambitious. Public housing reforms mandated the demolition of the nation’s most troubled projects and supported (through the multi-billion dollar HOPE VI program) the development of a new form of public housing—smaller scale, economically integrated, well constructed, and better designed. Other housing reforms enhanced the ability of low-income residents to move to areas of growing employment and high performing schools. The rules governing housing vouchers (now the nation’s largest affordable housing program) were streamlined, making this rental assistance tool more attractive to private sector landlords. Regional counseling efforts were initiated to provide voucher recipients with the kind of assistance they need to make smart neighborhood choices.

These transportation and housing reforms, while still relatively new, have already shown some positive results. Federal money spent on transit almost doubled during the 1990s and new light rail systems are being constructed in metropolitan areas as diverse as Salt Lake City, Denver, Dallas, Charlotte, and San Diego. For the first time since World War II, growth in transit ridership has outpaced the growth in driving for five straight years. The public housing reforms became the catalyst for urban regeneration as cities like Atlanta, Louisville and St. Louis leveraged the HOPE VI funding with other private and public investments to modernize local schools, stimulate neighborhood markets and rebuild local infrastructure, parks, and libraries. The public housing reforms also contributed to one of the real success stories of the 1990s—the precipitous decline in the number of neighborhoods with poverty rates of 40 percent or higher and the number of people living in those neighborhoods.
These changes happened in the course of one decade and illustrate the kind of substantial impact a sustained course of federal action could have.

II. THE BUSH RECORD: A RETURN TO WASTEFUL POLICIES

The Bush administration’s record on cities and metropolitan areas has veered between general neglect and outright hostility. The administration has largely just stood by while states and localities have contended with the worst budget crises since the end of World War II. The failure to provide countercyclical funding—as has been done in prior recessions—has left state, city and suburban governments scrambling to cut spending and raise taxes at the same time that federal tax rates are being slashed.

In addition, the Bush administration has pursued major policy reforms without regard to their disparate impact on older, mostly poorer communities. Thus, its education efforts have imposed enormous burdens on city school systems—where the preponderance of struggling schools are located given higher poverty levels—without adequate resources. Its proposals on the reauthorization of the 1996 welfare reform law would remove much of the flexibility that city and county officials have used successfully to help welfare recipients make the transition to work. Finally, the administration’s homeland security efforts have imposed costly mandates on municipalities without providing the guidance or funds necessary to upgrade the nation’s first responder capacity.

Bush & Co. have also reversed course on the positive metropolitan-oriented policies tested during the 1990s. On transportation policy, President Bush has proposed rolling back many of the major bi-partisan advances his father inaugurated in 1991 and President Clinton furthered in 1998. The Bush six year transportation plan (now before Congress) would reduce the federal share for the new construction or extension of mass transit systems from 80 percent to 50 percent while retaining the federal match for highway construction at 80 percent. In fact, under the Bush plan, guaranteed highway funding would grow 24 percent from 2003 to 2009 while guaranteed funding for mass transit would actually decline by 8 percent. The Bush plan also eliminates key programs for bus facilities and clean fuels and dilutes many of the provisions for public involvement in the transportation process. These proposals would effectively penalize metropolitan areas for pursuing alternative transportation strategies and would favor road building in exurban and non-metropolitan areas at the expense of transportation solutions more suitable to cities and mature suburbs.

Perhaps most troubling, the president appears to be walking away from the bipartisan consensus that drove housing policy in the past decade. His government, for example, has been openly hostile to efforts that expand the supply of affordable rental housing, either through production subsidies or direct assistance to renters. For example, the initial versions of the President’s economic stimulus plan in 2003 – by exempting corporate dividends from taxation -- would have lowered the value of low income housing tax credits, the principal tool used to stimulate affordable housing production.
The Bush HUD budget for FY 2004 operated along the same lines, recommending no funding for both the HOPE VI program and incremental rental vouchers, the principal means by which the federal government ensures affordability in housing assistance. The administration also has not pushed its campaign proposal for a new homeownership tax credit program, failing to include it in any of the three major tax bills pushed by the Administration since taking office.

Finally, the Bush administration has proposed substantial changes to the governance of the voucher program in ways that undermine it. Specifically, the Administration proposed in 2003 to convert the voucher program to a block grant to the states, a move that would ultimately result in the reduction in the number of vouchers over time.

III. SOLUTIONS

It is time to develop a federal metropolitan agenda that takes account of the new spatial geography of work and opportunity in America. A progressive metropolitan agenda is necessary to help shape growth patterns that are economically efficient, fiscally responsible and environmentally sustainable. It is also necessary to revitalize central cities and older suburbs and to connect low-income families to broader educational and employment opportunities.

A federal metropolitan agenda should cover many aspects of domestic policy, ranging from workforce development to economic development to homeland security. It should also be developed in close coordination with traditional urban policies as well as major federal policies on immigration, working families and the environment. Reform of current transportation and housing policies, however, is at the core of the new metropolitan agenda.

A New Transportation Agenda for Metropolitan America

Metropolitan America faces a daunting set of transportation challenges—increasing congestion, deteriorating air quality, crumbling infrastructure, spatial mismatches in the labor market—that threaten to undermine their competitive edge in the global economy. Three reform ideas stand out for federal attention and action.

The federal government should continue to expand the responsibility and capacity of metropolitan transportation entities. These institutions are, after all, in the best position to integrate transportation decisions with local and regional decisions on land use, housing and economic development. At the same time, states should be required to tie their decisions more closely to the demographic and market realities of metropolitan areas. Both states and metropolitan areas should be encouraged to work together on major commercial corridors and to knit together what are now separate air, rail and surface transportation policies.
Besides governance reform, metropolitan areas also need access to broader tools and policies. A “Metropolitan Transportation Fund” should be created to provide metropolitan areas with the predictability of resources required for long-term planning and the flexibility necessary to tailor transportation solutions to individual markets. The fund and all other federal programs should treat highway and transit projects equally in terms of financing and regulatory oversight. New resources, including tax credits, should be made available to stimulate development around existing light rail and other rail projects. At the same time, transportation reform should encourage the greater use of market mechanisms—such as tolls and value pricing—to ease congestion on major thoroughfares at peak traffic times. London’s recent experimentation with congestion pricing, in particular, offers lessons for large American cities and metropolitan areas.

Finally, a metropolitan transportation agenda should hold all recipients of federal funding to a high standard of managerial efficiency, programmatic effectiveness, and fiscal responsibility. To that end, transportation reform should establish a framework for accountability that includes tighter disclosure requirements, improved performance measures, and rewards for exceptional performance. Transportation reform should also increase the practical opportunities for citizen and business participation in transportation decision making. States and metropolitan areas should be provided the funding to experiment with state-of-the-art technologies for engaging citizens in public debates.

**A New Housing Agenda for Metropolitan America**

Federal housing policy must also be recast to fit the new metropolitan reality. As discussed above, the uneven residential patterns in most metropolitan areas are placing special burdens on older communities and limiting the educational and employment opportunities of a wide cross section of families.

A new federal housing agenda must expand housing opportunities for moderate- and middle-class families in the cities and close-in suburbs while creating more affordable, “workforce” housing near job centers. Ideally, federal policies should help regional elected leaders balance their housing markets through zoning changes, subsidies and tax incentives so that all families—both middle class and low income—have more choice about where they live and how to be closer to quality jobs and good schools. A new federal housing agenda can build on the replicable models of balanced housing policies that are already emerging in the metropolitan areas of Minneapolis, Portland, Seattle, and Washington, D.C.

To achieve these ends, federal tax incentives should be expanded to boost homeownership in places where homeownership rates are exceedingly low. Incentives could include a tax credit that goes directly to first time homebuyers (as in Washington, D.C.) and a tax benefit that entices developers to construct or renovate affordable homes (like the existing tax credit for rental housing). Such incentives would enhance the ability of working families to accumulate wealth and contribute to the stability of neighborhoods by lowering the costs of homeownership.
In addition, the federal government should continue its efforts to demolish and redevelop distressed public housing and promote economic integration in federally-assisted housing. The successful HOPE VI program should be renewed for another decade of investment and its reach should be extended beyond public housing to distressed housing projects financed by the federal government. The federal government should also make it easier in all housing programs to serve families with a broader range of incomes, particularly in neighborhoods with high concentrations of poverty.

To enhance housing choice, the federal government should invest more substantially in vouchers. A national goal of a million more vouchers over the next decade sets an ambitious, but achievable, target. Vouchers have consistently proven to be the most cost effective and market-oriented of federal housing programs and, more than any other housing program, enable low-income parents to base their housing decisions on the performance of local schools.

Besides these additional investments, more substantial governance and statutory reforms will be necessary to promote greater housing choice for low-income families. The federal government should, for example, shift governance of the housing voucher program to the metropolitan level. As previously described, the federal voucher program is administered by thousands of separate public housing bureaucracies operating in parochial jurisdictions. Competitions should be held in dozens of metropolitan areas to determine what kind of entity—public, for-profit, nonprofit, or a combination thereof—is best suited to administer the program.

The federal government should also make it easier to allocate low income housing tax credits to areas of growing employment, not only to areas of distress and poverty. And existing funds should be invested in creating a network of regional housing corporations to develop and preserve affordable housing in suburban areas. A national network of regional housing corporations can build on the achievements of community development corporations, many of which can naturally graduate to operate at the metropolitan level.

The most important action, however, will be the hardest. Many wealthy communities will only open up their communities if they are denied something they want. To this end, the federal government should prohibit lucrative federal highway investments in communities that have been found in violation of federal civil rights laws or otherwise have engaged in exclusionary housing practices.
The metropolitan agenda described above could have a transforming affect on the physical and social landscape of metropolitan areas. For example, obsolescent freeways that currently block access to urban waterfalls and other valuable real estate can be removed, as in Milwaukee, Boston, and Portland. At the same time, new, dense residential communities can emerge along commuter rail, light rail, and rapid bus lines (as in Dallas and Arlington, Virginia), giving commuters greater residential and transportation choices and responding more adequately to the changing demographics of the country.

Providing affordable housing throughout a region will also produce substantial benefits. It should help workers live closer to suburban areas of employment and reduce congestion on roadways. It should help reduce the concentration of poverty, thereby making school reform and educational achievement real possibilities. It should help cities and older suburbs create mixed-income communities, thereby revitalizing neighborhoods and generating markets. By strengthening older communities, it will take the pressure off of sprawl, thereby improving the quality of life in outer exurban areas.

Some of the reforms described above are feasible in the current political environment and should be enacted in the near term. The homeownership tax credit idea, for example, has already received broad bipartisan support.

Yet other reforms and investments will take longer to accomplish. State departments of transportation will oppose the further devolution of responsibility to metropolitan entities as well as greater levels of federal oversight and accountability. Some neighborhood advocates will oppose further efforts to demolish distressed housing and provide low-income residents with greater choice in the metropolitan marketplace. Some low-income housing advocates will oppose efforts to promote economic integration in federally assisted housing. Many suburban areas will surely resist the production of affordable housing. In general, the constrained fiscal environment created by Bush policies will make any new housing investments extremely difficult.

This new metropolitan agenda, therefore, will require not just new policy ideas but new political coalitions that span jurisdictional, ideological and party lines. Existing local constituencies will have to think differently about metropolitan issues and make connections between policies—housing, workforce, education, transportation—that are now kept separate and distinct.

To a large extent, this change is inevitable. Urban policy in America can no longer be exclusively about cities or neighborhoods. It must be about the new metropolitan reality that defines our economy and society and the larger government rules that help shape that reality. The next administration has an historic opportunity to design and implement a metropolitan agenda that promotes balanced growth, stimulates investment in cities and older suburbs and connects low-income families to employment and educational opportunities.
References


