MOVING UP, FILTERING DOWN: METROPOLITAN HOUSING DYNAMICS AND PUBLIC POLICY

Thomas Bier
The Maxine Goodman Levin College of Urban Affairs
Cleveland State University

A Discussion Paper Prepared for
The Brookings Institution
Center on Urban and Metropolitan Policy

September 2001

THE BROOKINGS INSTITUTION CENTER ON URBAN AND METROPOLITAN POLICY
SUMMARY OF RECENT PUBLICATIONS *

THE DISCUSSION PAPER SERIES

2001

The Spatial Distribution of Housing-Related Tax Benefits in the United States

Exposing Urban Legends: The Real Purchasing Power of Central City Neighborhoods

The Impact of Changes in Multifamily Housing Finance on Older Urban Areas

Dealing with Neighborhood Change: A Primer on Gentrification and Policy Choices

The Implications of Changing U.S. Demographics for Housing Choice and Location in Cities

Lost in the Balance: How State Policies Affect the Fiscal Health of Cities

Sprawl Hits the Wall: Confronting the Realities of Metropolitan Los Angeles

Growth at the Ballot Box: Electing the Shape of Communities in November 2000

2000

Ten Steps to a High Tech Future: The New Economy in Metropolitan Seattle

Who Should Run the Housing Voucher Program? A Reform Proposal (Working Paper)

Do Highways Matter? Evidence and Policy Implications of Highways' Influence on Metropolitan Development

Adding It Up: Growth Trends and Policies in North Carolina

Cautionary Notes for Competitive Cities (Working Paper)

Business Location Decision-Making and the Cities: Bringing Companies Back (Working Paper)

Community Reinvestment and Cities: a Literature Review of CRA's Impact and Future

Moving Beyond Sprawl: The Challenge for Metropolitan Atlanta

THE SURVEY SERIES

2001

Job Sprawl: Employment Location in U.S. Metropolitan Areas

Who Sprawls Most?: How Growth Patterns Differ Across the U.S.

Melting Pot Suburbs: A Census 2000 Study of Suburban Diversity

Rewarding Work: The Impact of the Earned Income Tax Credit

Envisioning a Future Washington

Tech and Tolerance: The Importance of Diversity in the New Economy

Meeting the Demand: Hiring Patterns of Welfare Recipients in Four Metropolitan Areas

City Growth and the 2000 Census: Which Places Grew, and Why

Downtown Rebound

Racial Change in the Nation's Largest Cities: Evidence from the 2000 Census

The World in a Zip Code: Greater Washington, D.C. as a New Region of Immigration

Racial Segregation in the 2000 Census: Promising News

High Tech Specialization: A Comparison of High Technology Centers

Vacant Land in Cities: An Urban Resource

2000

Office Sprawl: The Evolving Geography of Business

Unfinished Business: Why Cities Matter to Welfare Reform

Flexible Funding for Transit: Who Uses It?

FORTHCOMING

Inclusionary Zoning in the Washington, D.C. Metropolitan Area: Lessons Learned from Four Local Jurisdictions

A Local Ladder for the Working Poor

* Copies of these and other Urban Center publications are available on the web site, www.brookings.edu/urban, or by calling the Urban Center at (202) 797-6139.

Acknowledgements

The author would like to acknowledge the helpful comments of Robert Puentes and Amy Liu, of the Brookings Urban Center, on draft material, and the substantial contribution made to the paper by Winifred Weizer, graduate student at Cleveland State University.

The Brookings Institution Center on Urban and Metropolitan Policy thanks the Ford Foundation, the George Gund Foundation, the Joyce Foundation and the Charles Stewart Mott Foundation for their support of our research and policy work on metropolitanism and older suburbs.

About the Author

Thomas Bier is director of the Housing Policy Research Program at the Maxine Goodman Levin College of Urban Affairs, Cleveland State University. Comments on this paper can be sent directly to the author at tom@urban.csuohio.edu.

ABSTRACT

Economic success enables households and businesses to move to higher-valued real estate. That movement, which is directed mainly toward newer and larger properties, may be the most important force operating in metropolitan areas, but urban public policy has taken little account of it. For most movers, options for moving up are located primarily farther out from the area's center. As moves occur, the supply of real estate changes. New structures are built and existing structures age: most deteriorate, become obsolete, fall out of fashion and "filter down" in value, a process that ultimately results in abandonment and demolition. Deterioration and decline are already beginning to appear in some older suburbs. This model of metropolitan dynamics probably applies most closely to Midwest locations and may be less applicable in other regions of the country, particularly rapidly growing areas in the Southwest and South. This paper describes the cycle of housing movement in metropolitan areas, the role that public policy has played in supporting this cycle, and the ways in which policy alternatives can help improve metropolitan growth dynamics and strengthen urban core communities.

TABLE OF CONTENTS

MOVING UP, FILTERING DOWN: METROPOLITAN HOUSING DYNAMICS AND PUBLIC POLICY

I. INTRODUCTION

One can be either puzzled or pessimistic or both about cities. Puzzled because some American cities appear to be so different than cities in other countries. Someone in Cleveland only has to look 150 miles to the northeast to Toronto to see such differences. Pessimistic because, while most major U.S. cities gained population during the 1990's[1] and have shown sparks of recovery, others seem mired in endless distress – particularly cities in the Midwest and Northeast. The pessimist who has never been outside of the United States could conclude that the condition of cities is the result of some inexorable law of nature.

That conclusion is now being reinforced by suburban decline in some places. Until the 1980s, decline was synonymous with central cities. But in the 1980s some suburbs, particularly older, Midwestern "inner ring" communities located adjacent to or near central cities, began to experience deteriorating real estate, a stagnating tax base, declining incomes among residents, lower-income residents, and more school-aged children with special needs.[2] With that, the seemingly inexorable nature of decline solidified further: it now is the suburbs' turn to sink.

Urban analysts have long known that cities are products of human decisions.[3] Toronto differs greatly from Cleveland because of different decisions. American cities have been shaped by particular dynamics that involve interplay between private decisions and public policies that, of course, are a product of choices. But knowledge and documentation of those dynamics have played little part in the design of policies and programs aimed at arresting decline and strengthening cities. As a consequence, Cleveland and Toronto differ dramatically, and pessimists have ample reason to consider the cause to be beyond human control.

The systemic link between central city decline and suburban decline needs to be brought into focus for policy consideration. The fact that some cities are evidencing new strength does not mean that underlying systemic dynamics are no longer present. If anything, new strength suggests that actions are being taken that are, by intent or not, compatible with the implications of those dynamics. The purpose of this paper is to examine key elements of metropolitan housing dynamics and to consider policy implications.

---

[1] Among cities with populations greater than 100,000: 45 percent (87) saw population increases of more than 10 percent during the 1990s and 28 percent (55) saw population increases between 2 percent and 10 percent. However, 21 percent (41) of the cities actually *lost* population during the1990s. The vast majority of these are located in the Midwest and Northeast. See: Glaeser, Edward, "City Growth and the 2000 Census: Which Places Grew and Why," Brookings Institution Center on Urban and Metropolitan Policy, May 2001.

[2] Lucy, William H. and David L. Phillips. 2000. *Confronting Suburban Decline: Strategic Planning for Metropolitan Renewal.* Washington, DC: Island Press.

[3] For example, Bourne, Larry S. 1981. *The Geography of Housing*. New York: Wiley; Peter D. Salins. 1980. *The Ecology of Housing Destruction*. New York: New York University Press. An excellent treatise on policy and program responses to metropolitan dynamics is by Oliver E. Byrum. 1992. *Old Problems in New Times: Urban Strategies for the 1990s*. Chicago, IL: APA Planners Press.

II. Elements of Metropolitan Housing Dynamics

The core elements of the interplay between public policy and private decisions involve: (a) movement of residents (and employers) within a metropolitan area, and (b) the area's stock of real estate. The elements as modeled below probably apply most closely to Midwest locations and may be less applicable in other regions of the country, particularly rapidly growing areas in the Southwest and South.

A. Economic Success Drives Movement

The starting point of the intrinsic dynamic of change in a metropolitan area is the movement of residents and employers, made possible by economic success. The point is so obvious as to border on triteness, but the implications of this movement for the well-being of all political jurisdictions are major. Depending on who moves where, communities rise or fall. In large measure, the decline of cities can be attributed simply to the exodus of households with good incomes and successful businesses. Public policy influences who moves where. For decades policy has influenced movement outwards and away from central cities, and consequently fostered the conditions that breed pessimistic attitudes and eventually decline.

Compared with other countries, America is a nation of movers: the typical adult makes 13 moves in his or her lifetime.[4] Approximately one-third of all renters and a tenth of all owners move each year.[5] The better the economy, the more the movement. Even in the most stable of communities, there is movement in and out. As people achieve economic success, their options for housing and locations expand. Not all move when they can afford to, but eventually most do. Over ten to 20 years, the residential composition of a neighborhood can change completely. Movement occurs at all income levels, with low-income renters being the most active segment of the population. One of the laments of central-city school administrators and teachers is that many students move two, three or more times a year and change schools accordingly. In a large metropolitan area, tens of thousands of moves occur in a year, with a small portion going to new housing. Each of those thousands of moves represents a household's attempt to occupy the most attractive space that it can afford.

Economic success drives businesses to move. Success often creates the need for more space (or differently-configured space) for production operations, offices, and storage. If central cities cannot readily offer that space, employers will move to the places that can. Most job growth occurs at the outer edges of metropolitan areas because (among other factors) that is where unencumbered land is, which makes construction relatively quick and easy.

If economic success is expected, movement must be expected. The reality of movement demands that it be a central factor in urban and metropolitan policy.

---

[4] Lucy and Phillips, p. 17.
[5] Melman, Stephen J. "Residential Mobility." *Housing Economics*, March 1995.

B. Most Movement Is Up to Higher-Valued Real Estate

"Moving up" – to a larger house or apartment, a more expensive unit, a new or newer home, usually "farther out" – is a mainstay of the American urban ethos. Its roots lie in the 19th century when burgeoning populations churned their way toward better lives. Typically the place being moved to costs more than the property being vacated, the direct result of some degree of economic success.

Recent studies of moves by homeowners who sold and then purchased another home in the Cleveland, Cincinnati and Columbus, Ohio, areas are telling.[6]

- Among the three central cities, between 84 and 88 percent of all seller/buyers moved up; the median price increase ranged between 57 and 69 percent. For example, a homeowner sold for $100,000 and then purchased for $160,000.
- Suburban homeowners moved up almost as much city movers: 71 percent in the Columbus suburbs, 79 percent in Cincinnati's suburbs, and 80 percent in Cleveland's.
- Movers-up purchased newer and larger homes (approximately 40 percent larger). Movers-down purchased smaller homes (approximately 15 percent smaller), but also newer homes (although not as new as the move-ups).

MOST HOMESELLERS/BUYERS MOVE UP AND OUT, 1997 AND 1998

	City			Suburbs of Central County		
	Moved Farther Out	Moved Up in Price	Median Move-Up Price	Moved Farther Out	Moved Up in Price	Median Move-Up Price
Cincinnati	90%	86%	63%	77%	79%	56%
Cleveland	91%	88%	69%	81%	80%	57%
Columbus	78%	84%	57%	70%	71%	51%

Source: Housing Policy Research Program, Cleveland State University.

Owners of lower-priced homes are generally younger than owners of higher-priced homes and are more likely to step up in price while older owners are more likely to "downsize." Housing choice is very much a function of "life course," the sequence of changes that households experience over time (marriage, employment, children, retirement, etc.).[7] Depending on a household's position in its life course, and on circumstances such as illness, moves will be up or down, but the main movement in metropolitan areas is up in price and toward newer and larger real estate.[8]

---

[6] Bier, Thomas and Stephen R. Howe. 1998. "Dynamics of Suburbanization in Ohio Metropolitan Areas." *Urban Geography*. 19(8): 695-713; Thomas Bier, Ivan Maric and Winifred Weizer. 2000. "A Preliminary Assessment of the New Home Seller Capital Gains Law." *Housing Policy Debate* 11(3): 645-673.

[7] Clark, William A. V. and Frans M. Dieleman. 1996. *Households and Housing: Choice and Outcomes in the Housing Market*. New Brunswick, NJ: Center for Urban Policy Research.

[8] The statement applies nationally. Hoyt, William H. and Stuart S. Rosenthal. 1990. "Capital Gains Taxation and the Demand for Owner-Occupied Housing. *Review of Economics and Statistics* 72:45-54. The Bureau of

For decades, moving up (particularly to a single-family detached home) has been promoted as evidence of personal success. The Internal Revenue Service code has given it strong encouragement. Until the capital gains law was changed in 1997, the only way homesellers could avoid tax liability resulting from the appreciated value of their home was to purchase another home at least equal in price. Moving down was taxed; moving up was not. With the revised code, a married couple filing jointly now can move down in price as much as $500,000 and face no capital gains tax; a single person as much as $250,000. During the 46 years the old law was in effect, it pushed millions of homesellers up in price whether or not they wanted such a move.

The remaining item of the tax code that encourages movement up concerns the deductibility of mortgage interest. The larger the amount of interest paid in a year, the greater the potential tax-year refund. Some owners cannot itemize deductions without a sizable amount of interest to claim. While not as forceful as the old capital gains provision, the deductibility of mortgage interest is an incentive to have as large a mortgage as one can afford, which means buying the most expensive house or condominium possible.[9] The provision is not necessarily anti-urban, but the implication for cities is that they must have housing that will enable homeowners to maximize their mortgage – or risk losing these homeowners.

C. Where Is Up? For Most Movers, Most Options Are Farther Out

Home values across a metropolitan area are the result of various factors (besides the structure itself) such as location, schools, and city services. But irrespective of these factors, home values usually form a geographic pattern. Metropolitan areas will differ, but a common pattern has the lowest values near the downtown center of the area, from where they increase outward.[10] Some cities have substantial amounts of higher-priced housing in downtown districts and in some inner neighborhoods and inner suburbs, but those are exceptions. New York, Boston, San Francisco, and Chicago are major exceptions. Columbus, Ohio, is a smaller exception with several "gentrified" neighborhoods near downtown and two sizable middle- and upper-income suburbs within a few miles of the center. Seattle is a striking exception, with close-in high-priced housing in the city and suburbs. Irrespective of a metropolitan area's pattern of property values, the question "Where is up?" is key for each mover with choices. For most movers in most areas, most choices for moving up are likely to be farther out from the city center. (See Appendix).

The common outward gradient from low to high stems directly from investment and land-use practices. Historically, most new housing was built on virgin land at the outer edges of the area, with

---

the Census in its *Annual Housing Survey* used to report the values of properties moved from and to for recent movers. The last such report in 1983 ("Housing Characteristics of Recent Movers" Series H-150-83) documented the extent of movement up in price.

[9] By purchasing the most expensive property possible and maximizing the mortgage by minimizing the downpayment, buyers also leverage their investment to produce the greatest return. Ten percent down on a $200,000 home that appreciates 5 percent annually results in a nice return on the $20,000 investment (50 percent during the first year).

[10] Price per square foot may not be lowest, but few residential buyers consciously purchase with those calculations in mind.

the edges shifting outward over time.[11] Small amounts of new housing may have been built where development had already occurred (i.e., second-generation redevelopment), and some existing housing may have been upgraded to contemporary market standards. Overall, however, outer-edge new construction on greenfield land was predominant, and it still is. Thus, as metropolitan areas grew outward and core real estate aged, middle- and high-income households that were moving up had little or no choice but to move farther out, whether they wanted that or not. History indicates that most people did want out (and still do), but choice otherwise was extremely limited.

The same basic pattern holds today, although in recent years a number of cities have witnessed new life with new and upgraded housing downtown and in close-in neighborhoods. Chicago is a dramatic example. In the 1990s, urban living again became popular with those who could comfortably afford a suburban location. All a downtown needs in order to be a vibrant residential place is to house one or two percent of the households that live in the area. Cities that create opportunities to move up capitalize on the leading thrust of the market.

The more that the pattern of values in a metropolitan area is one of increasing price with increasing distance from the center, the more that options for moving up will be located farther out. Cleveland is a clear example. The median price of a home in Cleveland is $60,000; 88 percent of Cleveland's homeowners who sell and then purchase another home somewhere in the area move up in price, with the median move-up being 69 percent. At that rate, the median seller would purchase at $101,400. Cleveland's home values increase with distance from downtown; there are few homes in the city at that price level. The median price at the outer reaches of the city, where most of the higher-priced properties are located, is $75,000. With 88 percent of all homesellers moving up, most of Cleveland's economically successful residents are bound to leave the city – and they probably would do so even if the schools were considered comparable to suburban districts. When a household needs, wants, and can afford a larger and more expensive home, the caliber of its current school district is unlikely to keep it from moving out of the district. If that were not the case, suburbanites would move less than city residents. Indeed, they move more.

The median home price in the suburbs of the county in which Cleveland is located is $120,000. Eighty percent of the sellers in those suburbs who purchase another home in the area trade up, with the median price increase being 57 percent. The median sale then would involve a purchase price of $188,400. Only at the outer edges of the county, 16 miles from downtown Cleveland, does that price level become common. It is only sellers who live between 14 miles from downtown and the county border who move inward rather than farther out. Eighty-one percent of all suburban moves are outward, with 35 percent moving to an adjacent county where new construction routinely is priced over $200,000 (and where large-lot zoning and a laissez faire attitude toward growth result in sprawl). The tide of suburban outward movement is almost as strong as the city's; for the inner suburbs it is as strong.

[11] Adams, John S., "Residential Structure of Midwestern Cities." *Annals of the Association of American Geographers* 60 (1970), 37-62.

The outward gradient of values leaves little choice for those who are ready to move. Most movers would still go out instead of in, but the absence of the opportunity to move up and in guarantees decline of the core, it guarantees that real estate in many if not most older places will filter down in use and value, it guarantees that the income level of residents in those places will drop, and it guarantees aggravated economic and social disparities between neighborhoods and jurisdictions.

D. While People Are Moving, Real Estate Is Filtering

Construction of new real estate expands the available stock of buildings and creates the leading edge of movement. The areawide flow of movement is toward the new (which, as discussed above, is primarily found at the metropolitan area's outer edge). Upward movement to higher-valued real estate parallels the downward "filtering" of existing real estate. As most structures age, wear, and become obsolete, they filter down to lower-income occupants.[12] The process enables lower-income households to move up as well, and to occupy units that at one time had been the preserve of middle- or even upper-income households. Eventually, the buildings that no one is willing to purchase or rent are abandoned.[13]

The constant addition of new housing enables movement upward at all income levels, and a steady downward stream of used properties. Suburbs that have aged to 50-plus years are vulnerable to becoming part of the downward flow. All places are not inescapably destined to decline. Vitality depends on maintenance and investment. On that score communities can vary substantially depending on the capabilities of their government. Communities whose officials recognize their situation and take timely appropriate actions are most likely to weather the storm. But a lethargic if not dysfunctional local government can fail to act and, within a decade or two, find itself overwhelmed with deterioration. With proper maintenance, and with governmental leadership determined to secure proper maintenance, buildings can last hundreds of years.

The addition of new housing in a metropolitan area usually results in the abandonment of the worst housing. The reason lies in the difference between the number of homes built and the change in the number of households living in the area. For example, if 10,000 homes are built and occupied in a year while the number of households in the area increases by 7,000, then 3,000 units must become vacant somewhere in the area. As a result of those 10,000 new homes, thousands of mostly upward moves occur, filling the "best" housing and leaving 3,000 of the "worst" places empty.

[12] Bear, William C. and Christopher B. Williamson, "The Filtering of Households and Housing Units." *Journal of Planning Literature* 3:2 (1988), 127-152.

[13] There is a hierarchy of abandonment in Cleveland. Given a choice, people seem to prefer renting where the number of units is smallest. Thus, large apartments are abandoned when other smaller options are available. Renting a single-family detached home is the ideal.

Annual housing construction typically exceeds household growth,[14] particularly in Midwestern cities. Homebuilders construct what they can sell; they do not consult demographers and then equate their production volume to projected household growth. They build even when household growth is zero or negative (which was the case in the Youngstown, Ohio area in the 1980s). The more that construction exceeds growth, the greater the abandonment. Since all or most of the least preferred housing in many metropolitan areas is in the central city, the city bears the brunt of abandonment – while suburbs are generally fully occupied (through movement up).[15] With more new housing than growth, it is impossible to stop abandonment.

HOUSING CONSTRUCTION CAN GREATLY EXCEED HOUSEHOLD GROWTH

Cleveland Metropolitan Area

	New Residential Units		Household Change			
Decade	Metro	% Suburbs	Metro	Suburbs	Cleveland	Ratio Metro Units/HH
1950s	150,000	85%	121,000	117,000	+4,000	1.2
1960s	130,000	91%	82,000	104,300	-22,000	1.6
1970s	90,000	93%	44,300	74,300	-30,000	2.0
1980s	46,700	96%	18,000	36,000	-18,000	2.5

Source: Housing Policy Research Program, Cleveland State University.

Detroit in the 1980s is an example of the impact of new construction exceeding household growth by a wide margin. In that decade, 144,000 new units were built in the metropolitan area, with 96 percent in the suburbs. The area gained 49,000 new households. Nearly three units of new housing were built for each additional household, which enabled a great deal of movement to occur. The preferred housing and locations were occupied; suburbs were filled, and, in effect, those who stayed in the city of Detroit were those who could not fit into the suburbs. Detroit's population declined by 15 percent.

Although uncommon, construction in a metropolitan area can be less than household growth. In that case, what had been vacant or abandoned housing will be re-occupied (unless households double-up). Such was the situation in the Boston area in the 1980s when 122,000 units were built (91 percent suburban) and 160,000 new households arrived or were created – a units-to-households ratio of 0.76. That forced the reuse of properties that otherwise would have been vacant and drove up prices. The city of Boston's population grew by 2 percent.

[14] Berry, Brian J. L. 1985. "Islands of Renewal in Seas of Decay." In *The New Urban Reality*, ed. Paul E. Peterson, p. 89. Washington, DC: The Brookings Institution.

[15] As suburbs age, if they are not properly maintained they, too, will begin to be abandoned. Indeed, it has started in some places, such as East Cleveland, Ohio.

The results of the 2000 census will enable analysts to determine the change in the number of households living in metropolitan areas during the 1990s, and to compare those figures with construction figures. Places with large populations, strong employment growth, high land prices and serious traffic congestion (e.g., San Francisco, New York, Washington, DC) probably had ratios of units-built to household-growth close to 1.0 or possibly lower. Places with sizable populations, relatively mild economic conditions, low household growth, annoying but not ridiculous traffic congestion, and digestible land prices (e.g., Cleveland, St. Louis, Buffalo) might have had ratios well above 1.0. A ratio below 1.0 can cause serious pressure within the housing market, resulting in low vacancy rate, heightened prices and use of otherwise abandoned properties. The natural tendency in that situation is to find ways to relieve the pressure, which probably makes long-term continuation of ratios less than 1.0 unlikely.

Unfettered building at the outer edges (usually at a pace exceeding household growth), movement outward, and the treatment of housing as a consumer item rather than as an asset to be protected: those have been distinguishing features in the history of metropolitan areas. In that dynamic, decline never ceases as it slowly affects a continuous sequence of structures and places – and consequently affects the choices available to movers. Public policy and practice play major roles.

E. Public Policy Influences the Location of Investment in Real Estate and the Geographic Pattern of Values

Geographic patterns of real estate values that prevent movement up from being movement inward are shaped by various factors, but public policy has been central.[16] Citizen decisions on where to live are made within a framework that is established by government (which is itself shaped by citizens).

1. New Edge Dominates

The support given to development of virgin, greenfield land by public policy and practice is powerful compared with support given to redevelopment and maintenance of fully-built communities. That imbalance shapes the pattern of housing values. Orientation outward was established early. The burgeoning populations that cities had to accommodate in the 19th and early 20th centuries required massive amounts of development on outer-edge greenfield land. (Phoenix is a present-day example, although in its case substitute "desert" for "greenfield.") Orientation outward was reinforced by the absence of city centers with established histories of cultural significance to which residents felt attachment. Central cities also suffered from terrible air pollution (coal being the fuel of the era), intense human densities, and social chaos that accompanies rapidly expanding settlements.

---

[16] The effect of the role played by the public sector is evident in other countries. For example, there is little American-style urban sprawl in England because the government does not allow it.

With innovations in transportation and communication that made decentralization feasible one hundred years ago, the new outer edge became “a better place” while the urban core was the place to leave behind. It was inescapable that such thinking would be embodied in public policy at all levels as it would affect investment in real estate. Why invest in old places marked with all kinds of negative conditions when new-and-better places were within reach farther out?

Bias toward new over existing real estate was evident in early Federal Housing Administration underwriting criteria.[17] FHA shied away from insuring purchase mortgages and home repairs in old city neighborhoods. The bias was an expression of societal attitudes, or at least mid-upper class societal attitudes. An example at the local level is telling: In 1939 a real estate monitoring service located in Cleveland undertook to determine objectively the “relative desirability of census tracts in Greater Cleveland.” [18] Each tract was rated in terms of various factors. Tracts with new, single-family, detached, owner-occupied homes were rated highest; those with old, multifamily properties were lowest. (Population growth also was a positive factor, as well as “large percentages of family heads native white or born in the British Empire and small percentages born in Italy or in Russia, or Negro.” That was only 62 years ago.) Post-World War II urban renewal combined preference for the new with wartime mentality: pulverize the enemy (old real estate) and then start over.

Today, policy support for greenfield development is potent because of the impact small amounts of public funds can have. An interchange has been proposed on Interstate 90, twenty miles west of Cleveland, where the highway passes through the still-rural edge of the metropolitan area. A developer has proposed a 1,000-acre project including a major mall, office buildings, hotels and homes.[19] The project would not be built without the interchange, which would cost about $20 million. But with the interchange, development would not be limited to that project alone. Within three miles of the interchange lie roughly 18,000 acres (25 square miles) of fields. That amount of land can easily accommodate 5,000 homes, or roughly $1.25 billion of residential real estate. By investing $20 million in a new interchange on an interstate highway at the outer edge of an area, government can leverage that amount of development. Redevelopment of older buildings and neighborhoods typically requires leveraging as well, but because the process involves used land (and sometimes buildings) rather than pristine farmland, redevelopment costs more.

Much of a mature community’s real estate may be unattractive or obsolete in the current market. Redevelopment may be the only recourse, but that involves “unusual” costs such as demolition, asbestos removal, site assembly and brownfield cleanup. Those costs make the profitability of most redevelopment projects unacceptable for private investors. This situation is common among central cities and is beginning to appear in suburbs. Except under strong market conditions, “gap financing” is needed to ameliorate the unusual costs and make projects economically feasible. Filling the gap is a significant challenge facing local governments. But while

---

[17] Jackson, Kenneth T. *Crabgrass Frontier: the Suburbanization of the United States.* New York, NY. Oxford University Press. 1985. p. 206.

[18] Green, Howard Whipple. “Relative Desirability of Census Tracts in Greater Cleveland.” Real Property Inventory of Metropolitan Cleveland, 1939.

[19] Exner, Rich. 1997. “Developers Ready to Seek Voter OK of Avon Project.” *The Plain Dealer*, December 6.

$20 million can unleash the development of 16,000 acres of farmland land, $20 million applied to unusual urban site costs might enable 100 acres of a city's used land to be redeveloped.

The amount of public and not-for-profit funds available for gap financing typically is modest, which means that places that need redevelopment and higher-valued real estate can accomplish little in comparison with the amount of development occurring at the outer edges of the metropolitan area. Large cities have some resources to work with, but small suburbs facing decline may have none. But even lacking resources, cities can do much to promote redevelopment. A city can operate a "land bank" in accordance with a redevelopment plan and a strategy for acquisitions. Tax delinquent properties can be obtained and held in the bank for eventual reuse. Depending on resources, other properties can be purchased. Some properties may need to be acquired by eminent domain, which can be politically unpopular. Local government can do much to prepare for eventual development even with limited resources. But a dysfunctional government may do little more than spend its Community Development Block Grant funds.

Besides highway interchanges, greenfield development often is boosted with state investments in road widenings and water and sewer lines. Since greenfield development is viewed as the highest form of progress, public investments that enable it typically are grants. (The jurisdictions and property owners who profit as a result of the $20 million interchange do not pay back that cost.) Redevelopment, however, usually is treated differently. The need for gap financing brands redevelopment projects as "uneconomic" or "below market." That attitude makes the use of public funds for gap financing seem less than sensible – and hardly justifies a grant. A loan will do.

Grants for greenfield development, loans for redevelopment. There are exceptions, which possibly are increasing as the handicap borne by redevelopment is becoming more apparent, particularly with respect to the reuse of brownfield sites. Federal monies (e.g. CDBG, Empowerment Zones, UDAG) have been grants, but the attitudes that matter most are those of state — not federal — government leaders. To the extent that negative or hesitant attitudes towards redevelopment exist, urban redevelopment will be limited. It's a moot point where economic growth is so strong that it generates redevelopment without subsidy, but the weaker the economy, the more that redevelopment depends on subsidy.[20]

With the glitter and prominence of greenfield development juxtaposed against the seemingly intractable advance of decline in urban core communities, the bias toward new building rather redevelopment and maintenance of old can seem quite rational.

2. Once You're Built You're On Your Own

State government may be eager to assist edge communities while they are developing, but the underlying theme has been "once you're built you're on your own." Fully built places are

[20] Projects at the lower end of the economic spectrum always require subsidy. Providing "affordable" housing for those with modest income means lowering the price through subsidy to the point at which it becomes economically feasible for the target occupant.

expected to manage themselves, which is what the principle of "home rule" involves. States grant cities independence and power to rule themselves, which is fine until time weakens infrastructure and brings on deterioration and structural obsolescence.

One example is the city of South Euclid (population 21,000), a small suburb of Cleveland built mostly in the decade following World War II. South Euclid has a sewer system that needs to be rebuilt. The estimated cost is $200 million. As far as state government and other local governments are concerned, this is solely South Euclid's problem: the city is on its own. (This is only a slight overstatement. The state provides some funding to local governments for sewer and water repairs, but not much.) At the same time, the state enthusiastically promotes development of new greenfield communities 20 miles out to which South Euclid residents and employers can move and escape the sewer nightmare.

Many suburbs may be more vulnerable to decline than central cities. Suburbs have small populations, some just a few thousand, and they lack resources beyond their own tax base, resources such as cultural, educational and medical institutions, and community foundations. Individually, they lack political power. In comparison with their central city, they may be virtually impotent in competition for fiscal resources.

Mature suburbs can be blinded by what they used to be: new, popular, problem-free places to live and do business – resulting in resistance to the fact that they have aged, are being left or avoided for new places 20 miles farther out, and are beginning to have the same problems that used to be strictly urban. Facing the new reality requires a fundamental shift in attitude and outlook. Governing and managing a suburb whose real estate is aging and on the downside is a very different role than when it was new. It is a challenge for those involved to recognize that the magnitude of the forces undermining their community makes their situation a life-or-death battle. For many people it is much easier simply to go with the flow and move out to a newer home in a newer suburb.

Confidence that residents have in the future of their suburb can easily be eroded. For those who consider urban decline to be inexorable, the first sign of trouble (graffiti, a vacant, foreclosed house, and, for some, racial change) can push them out 20 miles. For those not inclined to bolt immediately, more graffiti, a few more foreclosed properties, and more troubled children in schools can push them to leave. In light of the last 50 years of American urban history, it is fairly easy for one to have little or no confidence in a local government's ability to halt decline. When problems are at the initial stage, lack of government action or ineffectual action is not surprising.

Possibly, it is a deep-seated lack of confidence among Americans in the ability of local government to halt decline that explains the low level of investment in home remodeling projects. The level is increasing, but the annual dollar sum of remodeling in existing housing (which is more than 98 percent of the nation's stock) is less than what is invested in new housing (which is less than two percent of the nation's stock).[21] Why invest in a sinking ship? Move.

Indeed, it is not unusual for homeowners in communities that have become "questionable" (in the eyes of some) because of perceived decline, racial change, etc., to be counseled to move or limit their investment in their property. "Redlining" can take various forms. The author lived near a family who wanted to replace the kitchen of their 1920 house with an addition that would include an expanded kitchen and family room. The neighbor went to a major local bank for a loan. There was no question about the neighbor's qualification for the loan, but nonetheless the loan officer asked, "Why do you want to do that (implying that the house was part of a sinking ship) rather than move to Solon (a new outer-edge suburb)?" The loan officer clearly lacked confidence in the future of the old suburb, and probably was speaking out of genuine concern for person's best interest. The neighbor went to another lender, got the loan and built a marvelous addition that has added substantially to the attractiveness and value of the home.

Homeowners often are counseled to be careful when making remodeling investments. *Popular Mechanics* carried an article that advised: "... if you're [remodeling] as an investment, you want to make sure you don't outprice other houses in your neighborhood....A good rule of thumb: Make sure the current value of your house plus planned improvements does not exceed the value of better houses in your area by 20 percent."[22] That rule of thumb probably reflects the fact that quite a few people have been burned by an investment that could not be recovered at the time of sale. But it is another way in which older communities are undermined.

The vulnerability of suburbs is aggravated by their history of independence and inter-jurisdictional competition. Vulnerable suburbs can do only so much on their own to secure their future. To produce the policy changes necessary to alter the forces that are driving them into decline, they must marshal weighty political power, they must join together and cooperate in spite of the ingrained instinct to do otherwise.

While home rule means that state government has no constitutional responsibility to assist fully built cities, the federal government, since the 1960s, has said "You are not on your own; Washington will help" (through HUD, etc.) – with the result that the condition and future of the city of Cleveland, for example, matters more to Washington than it does to the government of the State of Ohio. This is evidenced by the amount of non-highway state funds, a very modest figure, that go to Cleveland and other Ohio cities to support maintenance and redevelopment.

With scant resources for redevelopment and upgrading of central cities and older suburbs, it is inescapable that: (a) the infusion of higher-valued real estate in a metropolitan area will be primarily at the outer edges (downtown being the principal exception), (b) values will increase outwardly, and (c) most movement will be outward. The decades-long history of that situation

[21] Lucy and Phillips, p. 30.
[22] Lucy and Phillips, p. 209.

ensures that decline will spread and the negative urban conditions that push movers outward will propagate.

3. FHA Helps Push Investment and Movement Outward

Since its inception in 1935, the Federal Housing Administration has assisted about 28 million households in becoming homeowners. FHA has done, and continues to do, much good – and much harm.[23] In its early days, FHA promoted new housing over old, and consequently promoted urban out-migration and central city decline. Today FHA has a more subtle but nonetheless potent negative effect. By design, FHA underwriting criteria accept "high-risk" buyers, ones with income or credit limitations that make them more likely than conventionally financed buyers to default on their mortgage.[24] Further, FHA's share of loans to African-American and Hispanic buyers is more than twice that of the conventional market.[25] Such homebuyers often are not randomly located across a metropolitan area but rather are concentrated in particular locations. Although FHA mortgages represent only about 12 percent of the housing market, and are found more in suburbs than central cities, when they are located in heavy concentrations, particularly in minority neighborhoods, they become destabilizing influences in the context of metropolitan housing dynamics. "Even today, some housing advocates strongly oppose the 'FHA-ing' of neighborhoods."[26]

Foreclosed properties often stand vacant and boarded, which pushes some neighbors to move away when they otherwise would be content to stay, and they repel some home seekers who otherwise might purchase. Visual standards fall; neighborhood stability is undermined. The choice of location for those leaving or avoiding such neighborhoods can easily be farther out.

Because of the "high-risk" characteristics of some FHA-insured buyers (and because of periodic fraudulent loan origination practices), delinquency and foreclosure rates are roughly three times higher than for conventionally financed buyers.[27] In addition to many FHA buyers having weaker credit histories and higher debt-to-income ratios than conventional borrowers, they typically have, in the early years of ownership, little or no equity in their properties. Many begin with negative equity: their mortgage is larger than what the property is worth, which blocks them from selling the property if they get into financial difficulty and foreshadows foreclosure.

Thus, where FHA loans are concentrated, delinquency and foreclosure are also likely to be concentrated, particularly among modest-income minority neighborhoods. Minority neighborhoods in the City of Cleveland annually have 50 to 60 percent of their home purchase mortgages in the

---

[23] The Veterans Administration loan guarantee program, much smaller scale than FHA, has done its share of good and harm as well.

[24] The scope of risk continues to expand: "In October 1998, the Department of Housing and Urban Development (HUD) announced changes, approved by Congress, for the FHA mortgage loan program. These changes are designed to allow more homebuyers to quality for higher dollar FHA mortgages. If these additional FHA mortgages continue recent historical performance trends and perform the same as past FHA mortgages relative to conventional mortgages, more mortgage delinquencies can also be expected." Office of Thrift Supervision, 1998. "Mortgage Market Trends" 2(3): 6. At the end of 1998, 8.5 percent of FHA borrowers were delinquent compared with 2.8 percent of conventional borrowers. See footnote 26.

[25] Freddie Mac. 1995. Secondary Mortgage Markets 11(3): 13.

[26] Freddie Mac. 1995. 18.

[27] Fourth quarter 2000. Mortgage Bankers Association of America data as reported in Mortgage Daily.com, March 15, 2001. The FHA delinquency rate was 10.5 percent, 3.7 times greater than the 2.8 percent rate for conventional loans; the foreclosure rate was 2.7 times greater.

high-risk category, significantly higher than mostly white neighborhoods. Sheriff sales of foreclosed properties in the minority neighborhoods account for 25 to 40 percent of all property transfers; in the white neighborhoods sheriff sales are 5 to 10 percent.[28] The same patterns are becoming evident in Cleveland's older suburbs.

Suburban governments used to the occasional housing problem may be unprepared to cope with FHA foreclosures. Just what exactly is a city hall supposed to do about a house that has been vacant for two years and is a visual mess, about which neighbors are greatly upset, and which is owned by a national quasi-governmental agency whose rules and regulations dictate procedures that prevent anything being done to calm the upset? Local governments know how to provide basic city services but can be helpless in that situation. The writing on the wall quickly becomes clear to residents who have a choice as to where they can live: get out – and leave the street to those who don't mind living in that situation. More FHA-insured buyers move in, followed by more delinquency and foreclosure, and blight. The street physically declines, and then the next street, and another.

In spite of the fact that roughly 90 percent of FHA's activity involves constructive accomplishment of its mission, the 10 percent that involves failure or near failure, where concentrated, does severe damage to neighborhoods and communities. Such has been the experience of central cities; now older suburbs with modestly priced housing stock face the threat.

4. Federal Assistance Does Not Promote Moving Up and In

HUD's role in stabilizing cities through the Community Development Block Grant program has been severely limited by its inability to affect where middle-income households might live. Congress restricted HUD's mission to assisting low- and moderate-income persons and correcting "slum and blight," which are laudatory objectives, but urban decline is propelled by the loss of middle-income residents. Cities that have major deficiencies of housing for middle-income people cannot possibly improve their stability without providing that housing (and conditions such as safety, although some people with good incomes are willing to live in places that most others would consider unsafe). The limitations on HUD prevent it from addressing directly and positively the critical factor of middle-class movement.

The requirement that communities have conditions of slum and blight to be eligible for federal funds means that places in the initial stage of decline (a growing number of suburbs) must get worse before they can receive assistance, and quite possibly deteriorate to the point where decline is irreversible. State housing and community development programs can be similarly restricted. Many suburbs may not survive such restrictions.

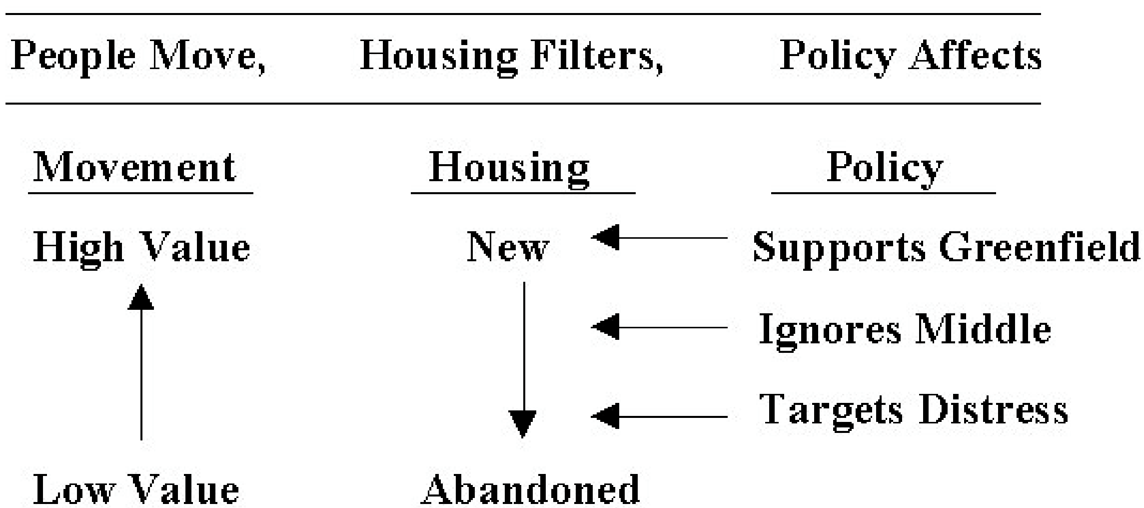
The point is not to suggest that CDBG should be changed to give marginal places more funds, which probably would mean that distressed places would receive less. CDBG should

[28] Housing Policy Research Program, Cleveland State University; 1993. HUD Study Group, Cuyahoga County Ohio, "HUD Foreclosed Property Analysis: Cuyahoga County Ohio."

continue as is but its limitations should be recognized. Its design means that it can have little effect on the fundamental dynamics that undermine cities. CDBG should be supplemented with initiatives that serve to strengthen the middle-class presence in central cities and older suburbs.

F. Key Points

- Movement to higher-valued real estate possibly is the most important force operating in metropolitan areas.
- Metropolitan areas are open systems in which move-up opportunities are readily created at the unfettered edge, while move-up opportunities in urban core communities are severely limited.
- Public policy promotes movement outward to higher-valued real estate, but not inward.
- Real estate filtering – the decline in value of structures over time – can be left to follow its own course, which results in a steady stream of buildings becoming abandoned, or it can be addressed with interventions to promote maintenance, reuse, and redevelopment.
- Public policy has responded to filtering by: (a) focusing on persons and places associated with the most distressed conditions, and (b) ignoring the middle spectrum of moderately filtered real estate.



III. Securing Urban Core Communities

The dynamics of upward movement of population and downward filtering of structures call for policies and programs that will boost middle-income movers' demand for urban core communities. Because of the potency of those dynamics, interventions must be equally strong to be effective. The situation can be addressed locally, regionally, and at the state level.

A. Urban Core Communities on Their Own: Establish Mindset and Do the Basics

Central cities and mature suburbs, on their own, are responsible for doing the basics to retain and attract movers-up: operate safe and productive schools, ensure safe neighborhoods, provide quality services, ensure that buildings are maintained. Those matters are the first order of business, and the jurisdictions that best accomplish them will be most likely to succeed.

Mature suburbs with real estate that is economically weakening but still basically sound are challenged with the need to maintain and improve the condition of properties. Enforcement of building codes is critical. A place is trapped in decline when building owners cannot afford the cost of repairs. Decline must be arrested before it gets to that point through firm, unequivocal code enforcement, which can be politically difficult to implement. Some owners will resist, but community survival requires enforcement. A well-maintained community is simply more attractive to current and potential residents.

Some suburbs may be saddled with real estate that is inherently unattractive or functionally obsolete in the contemporary market. In that case, the challenge is more daunting. The only solution may be to start over: plan to demolish and rebuild to attract movers who have more financial resources than the existing properties can attract. The most vulnerable suburbs appear to be those built during the 25 years following World War II.[29] Pre-War suburbs are more likely to have features and real estate with designs and qualities that draw strong demand. Age is not the issue; design and quality are.

Redevelopment often requires sites prepared for construction. A city must produce sites ahead of actual demand – possibly hundreds or even thousands of them over the decades ahead. Rebuilding a city is a much more challenging endeavor than building it in the first place, and the scale of the undertaking calls for a mindset that is comparably oriented.

Suburbs can do only so much on their own. They work to survive in a context of metropolitan forces that propel movement up the ladder of real estate values and from older to newer structures. To increase the chance of survival, suburbs and cities must multiply their organizational capacities and political power. They must link with others who are similarly situated.

[29] Lucy and Phillips, p. 173.

B. Urban Core Communities Together: Form Coalitions

Central cities and urban core suburbs must attract real estate buyers and renters who can afford to protect properties from depreciation and deterioration. With that, tax base will be secure. Core communities also need to focus on infrastructure. Sewer and water systems may be aged to where reconstruction is necessary, but costs can exceed the resources of even the strongest jurisdictions. Urban core communities need financial resources to catalyze demand and to rectify the inevitable consequences of aging. By forming coalitions, jurisdictions can enhance the operating effectiveness of their members and increase their political power in the competition for resources.

Twelve Cleveland inner-ring suburbs have joined together in a council of governments called The First Suburbs Consortium of Northeast Ohio. As a coalition they are initiating commercial and residential projects that few of them could do on their own. They are educating local and state officials and the public on the issues associated with mature suburbs, and they are working to establish a statewide network of similar suburbs across Ohio.

In the Minneapolis-St. Paul area, The North Metro I-35W Corridor Coalition involves seven cities organized to "jointly and cooperatively plan for and maximize the opportunities for regional community development, quality growth, and diversification through a system of collaboration."[30] The Coalition established a common Geographic Information System to enable member communities to engage in joint planning of development strategies.

Coalitions can go a long way in offsetting the vulnerability of individual jurisdictions in the context of metropolitan dynamics. Jointly, they may have sufficient skills and political leverage to secure the long-term stability of their communities. But the magnitude of systemic forces undermining them may be so great that even coalitions will eventually fail to prevent decline. The situation calls for intervention that matches the power of the underlying forces. State government can produce intervention of that scale.

C. States: Change the Dynamics

State governments grant local jurisdictions the power of home rule, but the primacy of greenfield development over maintenance and redevelopment, coupled with intense filtering, produces conditions that can easily overwhelm mature communities. States can alter metropolitan real estate dynamics and promote demand for those communities, but such actions may conflict with the principles of home rule and property rights. The American philosophy of government, with its emphasis on decentralized local control, is not consistent with state actions that would greatly aid urban core communities. Nonetheless, some states are attempting to address the situation. Three prominent examples are discussed below:

[30] Joint Powers Agreement for the North Metro I-35W Corridor Coalition. December 1996.

1. Oregon: Growth Boundaries

Urban core communities need to retain and attract movers-up, and they need market demand from those who can afford to locate elsewhere. The state of Oregon has addressed that need by requiring metropolitan areas to establish growth boundaries and by promoting redevelopment and maintenance of built communities. Oregon's approach possibly is the only way, in the long-term, to secure mature communities. Containment of metropolitan growth within a controlled and marginally expanding land area at the outer edge increases demand for built places and opportunities to move up without going farther out. (Critics contend that consequent higher real estate prices and restricted freedoms make the growth boundary unjustifiable.)

The strength of Oregon's approach is its effect on private investment. By containing the ubiquitous outward impulses of development, potent market forces are turned inward, and private investment seeks opportunities in places that are filtering down. A growth boundary dampens the effect of filtering by catalyzing the reuse or redevelopment of places that serious private investment would otherwise ignore. Public funds such as Community Development Block Grant could never accomplish that.

The central policy question remains: Is it possible to achieve levels of private investment sufficient to secure mature urban communities without an outer growth boundary? In metropolitan areas where the amount of new suburban housing greatly exceeds household growth the answer has to be no. However, for most parts of the country, Oregon-style growth management probably is an unacceptable use of state powers.

2. Minneapolis-St. Paul: Tax Base Sharing

Minneapolis-St. Paul is known for its tax-base sharing scheme, which was established by state government in 1975. Outer growth is not contained, but the jurisdictions in the metropolitan area that are among the weakest in terms of real property value receive financial assistance, which can enable maintenance and redevelopment. Forty percent of the value of new commercial and industrial real estate within the area goes into a pool for distribution to the jurisdictions with lowest property values. In effect, the system compensates fully built communities for their lack of virgin land, which outer edge jurisdictions have and use to increase their tax base. Public funds (the shared tax base) are used to attract private investment inward – in contrast to Oregon's use of public law (the growth boundary) to push private investment inward.

The Minneapolis-St. Paul scheme has had positive impacts in a number of jurisdictions: tax-base disparity across the area, although still sizable, has been reduced considerably.[31] At the same time, with no boundary brake, edge development continues freely. One dynamic cancels the other. In time, that may mean the inescapable decline of portions of the area, the ones where factors such

[31] Orfield, Myron. 1997. Metropolitics: A Regional Agenda for Community and Stability. Brookings Institution and Lincoln Institute of Land Policy.

as highly unattractive real estate and ineffective local government overwhelm the potential offered by tax-base sharing. A growth boundary possibly could secure the future of some of the otherwise doomed places, or at least create a better chance of survival.

3. Maryland: Smart Growth

The objectives of Maryland's "Smart Growth" program, launched in 1997, are to discourage greenfield sprawl and to encourage maximum use of built communities. The means to those objectives are state infrastructure investments (roads, sewers, etc.). The state targets its investments to locally designated growth areas, with preference for existing communities. The expected result is less greenfield sprawling development and more private investment in built communities.

But will the approach significantly elevate move-up activity in well-filtered places? Unlike Portland which has a boundary "wall" around it forcing investment inward, Baltimore still essentially has an open edge. Unlike the Minneapolis-St. Paul area, which has jurisdictions with relatively weak tax bases receiving revenue benefits from commercial and industrial development located outside their boundaries, Baltimore will have improved infrastructure and brownfield assistance, which may or may not be sufficient to catalyze extensive redevelopment and reuse.

The Maryland approach avoids the contentious issue of growth boundaries per se. A target area has a boundary, but only for public infrastructure investments. Private construction is still free to locate wherever local government will approve it (and pressure on local officials from advocates of a development project can be enormous). In theory, the approach should reduce sprawl, but if the volume of outer development stays the same, the only difference being its location, then movement up and out across Maryland will be unchanged and decline will continue wherever market demand is weakest. Smart Growth may lack the power to control sprawl and affect private investment in built communities more than marginally, but it probably represents the limit of political support for intrusion into the contentious issues of local land-use and property rights.

To recycle filtered real estate and the places where it is located, it appears that (a) large amounts of public funds are needed to offset costs and risk, or (b) market demand on its own must be exceptionally powerful (such as in San Francisco, Boston, and Chicago), or (c) demand must be stimulated by a potent governmental intervention that one way or another directs private investment inward. Large amounts of public funds are not going to be forthcoming, and most places are not going to experience economic growth in the manner of San Francisco. Thus, without potent government intervention at the scale of Oregon's, the steady decline of suburbs is likely to continue.

D. Document the Situation

Changing public policy to promote maintenance and redevelopment of urban core communities after decades of extreme emphasis on development of new edge communities is a tall order. Those who see the need for change, particularly elected officials, require facts and figures that support their position. The factual case is fundamental and rests on evidence that some suburbs, in addition to central cities, are in or are approaching decline. The case includes documentation such as:

- For all communities in the metropolitan area: relative tax capacity; dollar amounts of new construction and remodeling; availability of vacant land; costs of needed infrastructure repairs; trends in the assessed value of real estate; and trends in income level of residents.
- Patterns of residential, commercial, and industrial movement.
- Costs associated with recycling properties (costs such as demolition, brownfield cleanup, asbestos removal, etc).
- The balance between metropolitan household growth and housing construction; the locations where property values have filtered down substantially and where real estate is being abandoned.

Minnesota legislator Myron Orfield has demonstrated the strategic value of such documentation in his efforts to advance a legislative agenda in support of urban core communities.[32] His use of colorful maps to portray data has been instrumental in building coalitions for legislative initiatives, as officials and others can clearly see the situation of each jurisdiction within the context of the area. Orfield is unusual among legislators in that he produces his documentation and maps. Few can do that, thus the material must come from other sources. Urban university programs and county and metropolitan planning organizations (MPOs) are the most likely sources.

All metropolitan areas should have the documentation produced annually and available for review by all interested parties, which then have a basis for forming coalitions. As Orfield has shown, data and maps can shape and drive policy and legislative agendas. Even with a well-documented case the process of change is likely to be arduous, but without it, efforts may be totally frustrated.

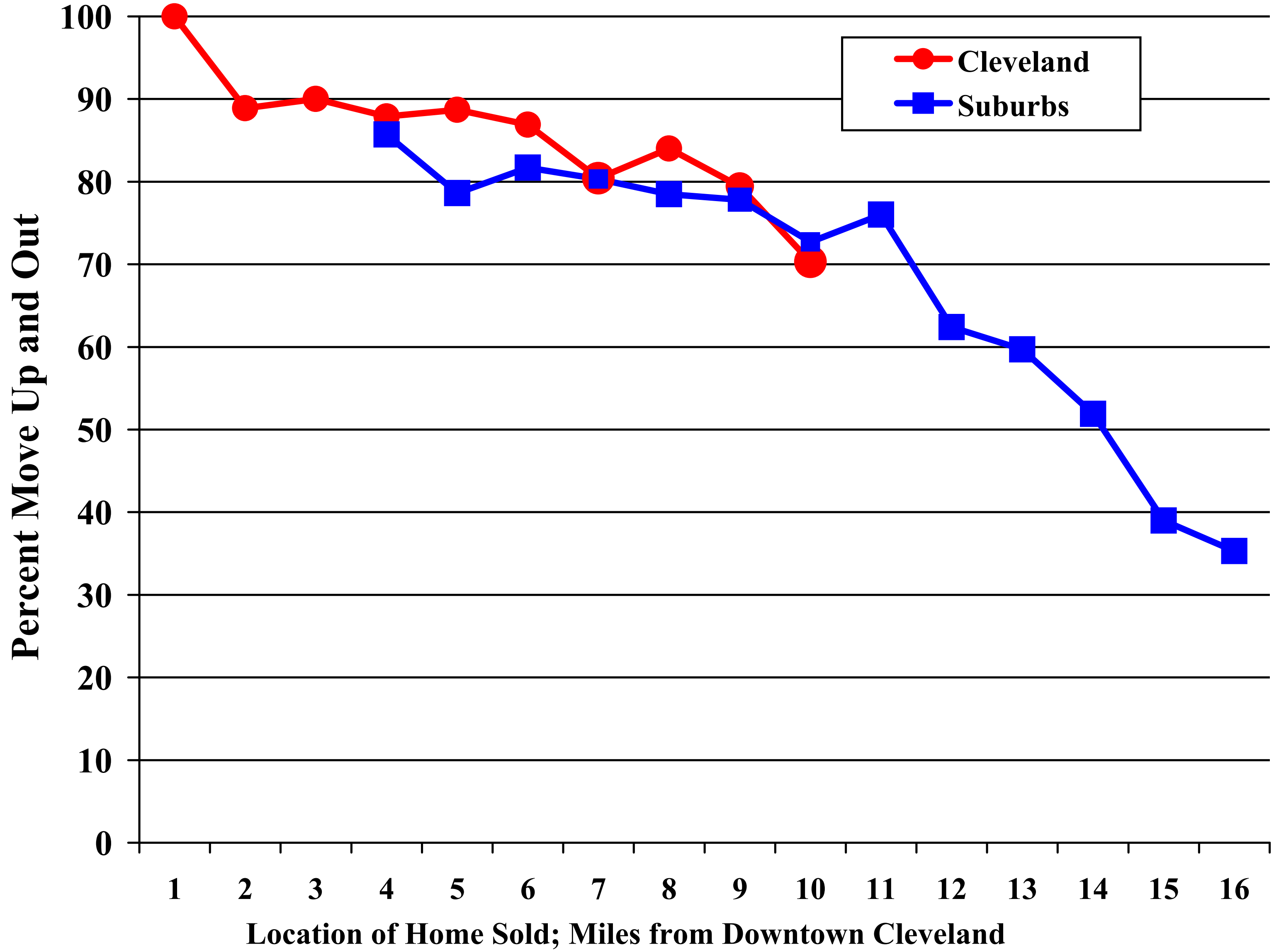
[32] Orfield.

IV. Conclusion

America has yet to come to grips with the fact that its way of dealing with "old" real estate, which is the same way that it deals with cars and refrigerators, eventually decimates suburbs just as it decimated major cities. Use, sell, move on. The only difference is time – houses decline more slowly. The slow pace of decline is unfortunate because it dilutes the impact of what is happening. If all the decline that occurred in the past 25 years had instead been contained within one year, surely civil and political upheaval would have followed. Such decimation would not be tolerated. But as it is, decline is a slow death by a thousand cuts. There is no perceived crisis until it is too late.

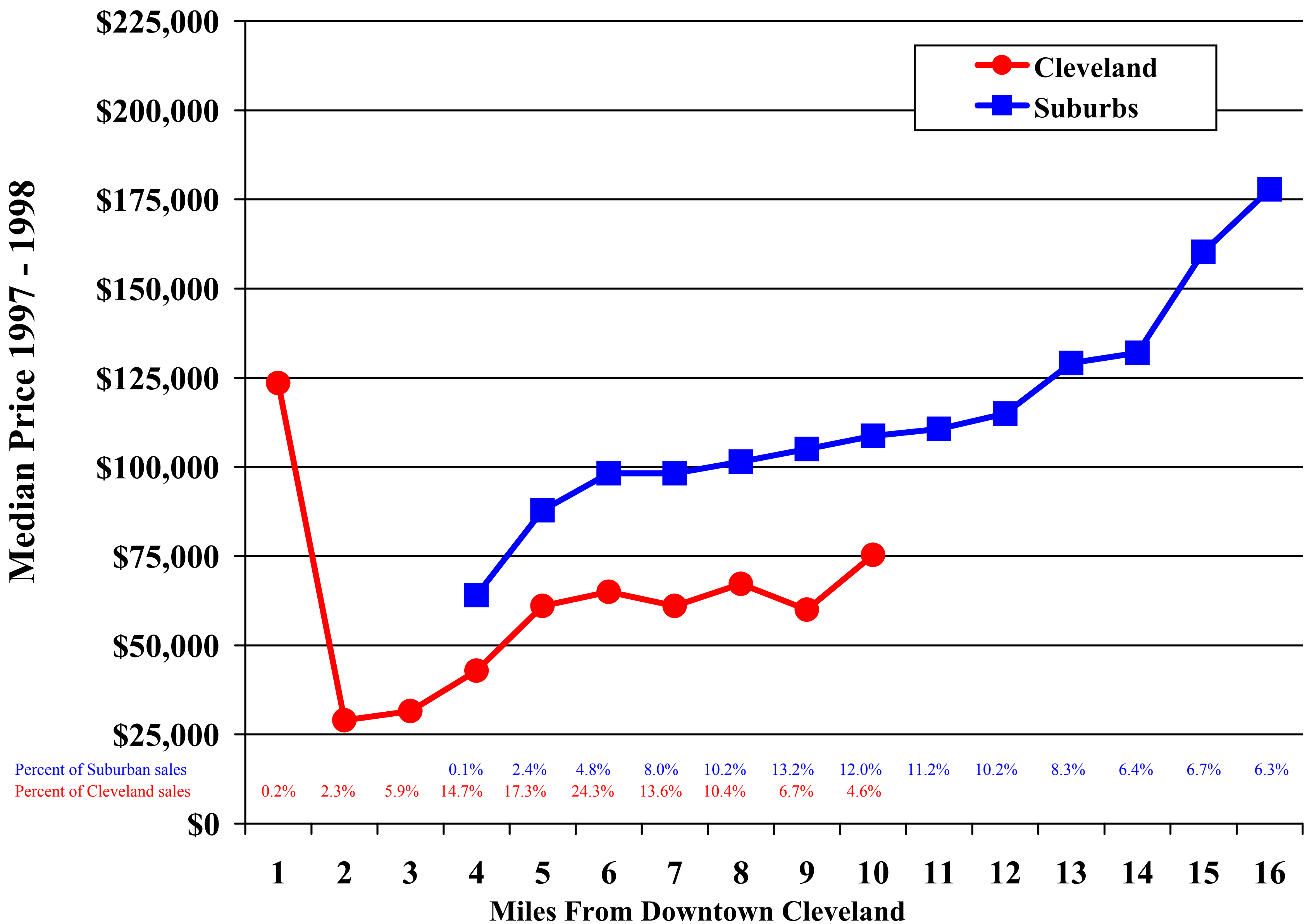
Nations with many hundreds of years of history seem to have concluded that it is worth having government at the state and federal levels do what is necessary to ensure maintenance and redevelopment of mature communities. America has not reached that conclusion; its concept of government and its history of development stand in the way. The problems of the big cities were the problems of the big cities, period. Suburbs would be different. But even suburban real estate does not last indefinitely. With 50 percent of suburban metropolitan American having been built in the three decades following World War II, many metro areas are edging toward massive numbers of middle-aged-plus properties, and death by a thousand cuts. The ingrained used-car approach to buildings and communities, along with uncontrolled outer-edge development, fuel decline. Possibly, however, the suburbs that are weakening will link with each other and with the central cities and succeed in convincing enough others that there has to be a better way.

Most Cleveland Area Sellers/Buyers Move Up and Out - 1997 and 1998



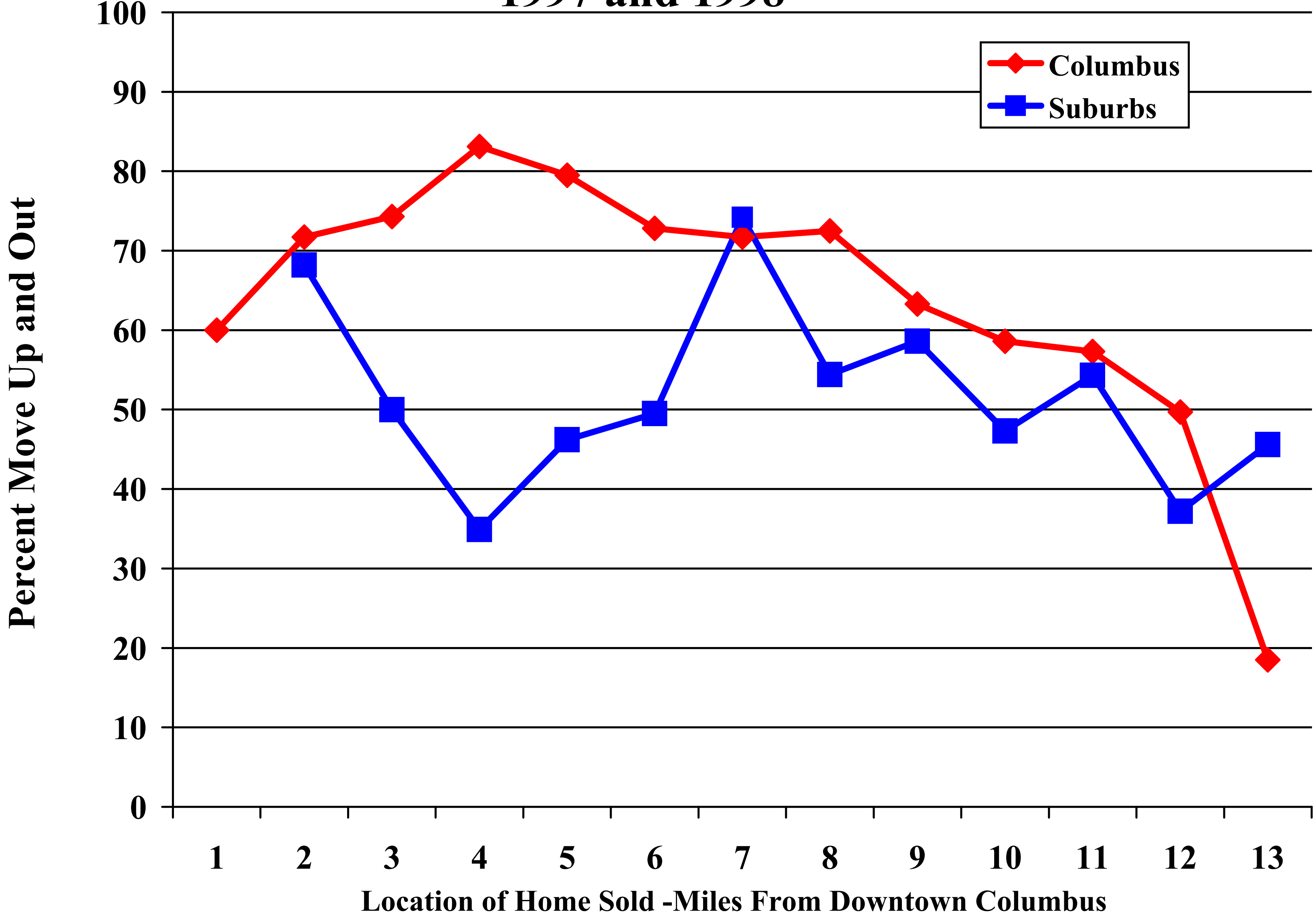
Source: County Auditor Deed Transfers and Housing Policy Research Program, Cleveland State University

Cleveland Area Home Prices Increase Outward



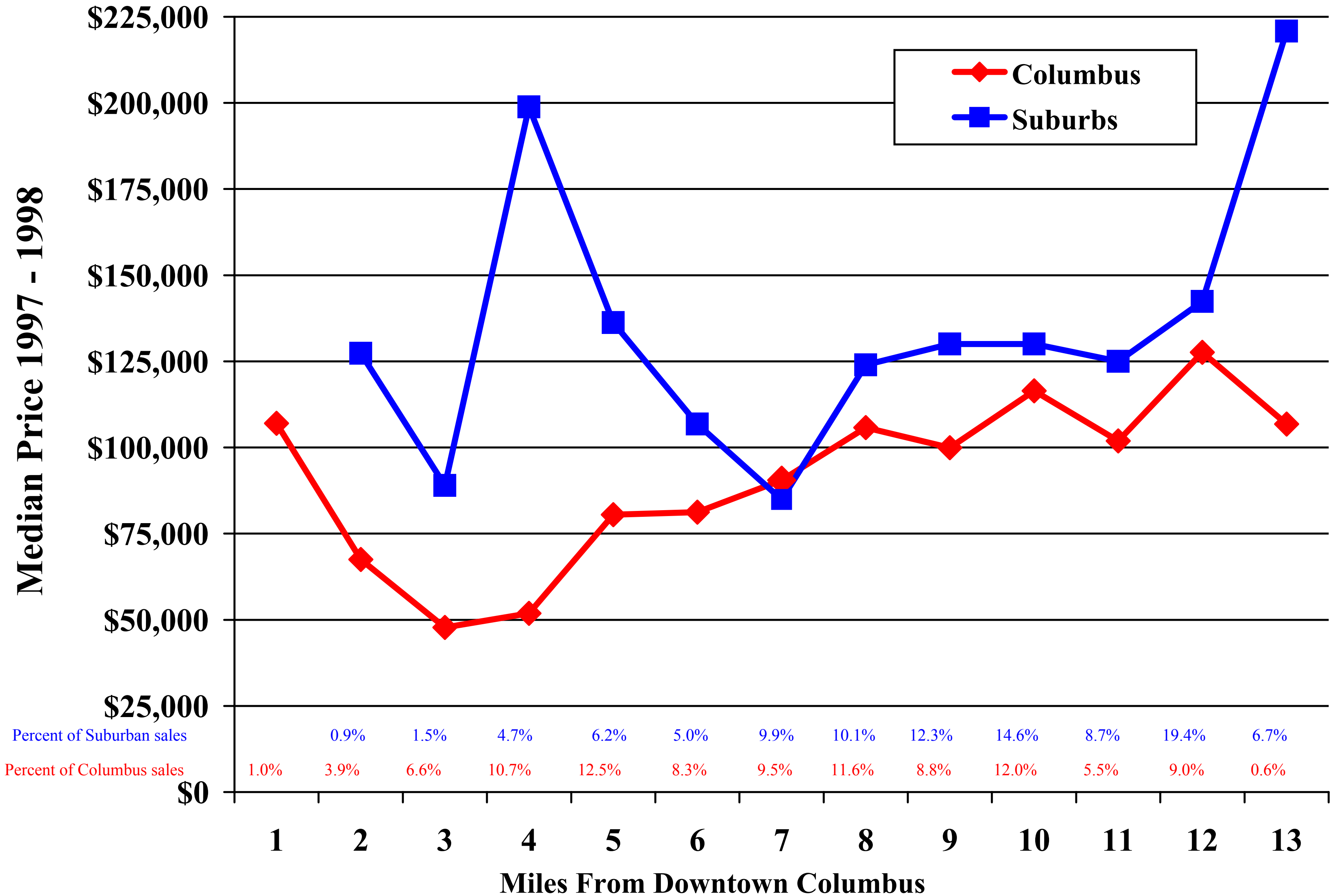
Source: County Auditor Deed Transfers and Housing Policy Research Program, Cleveland State University

Most Columbus Area Sellers/Buyers Move Up and Out 1997 and 1998



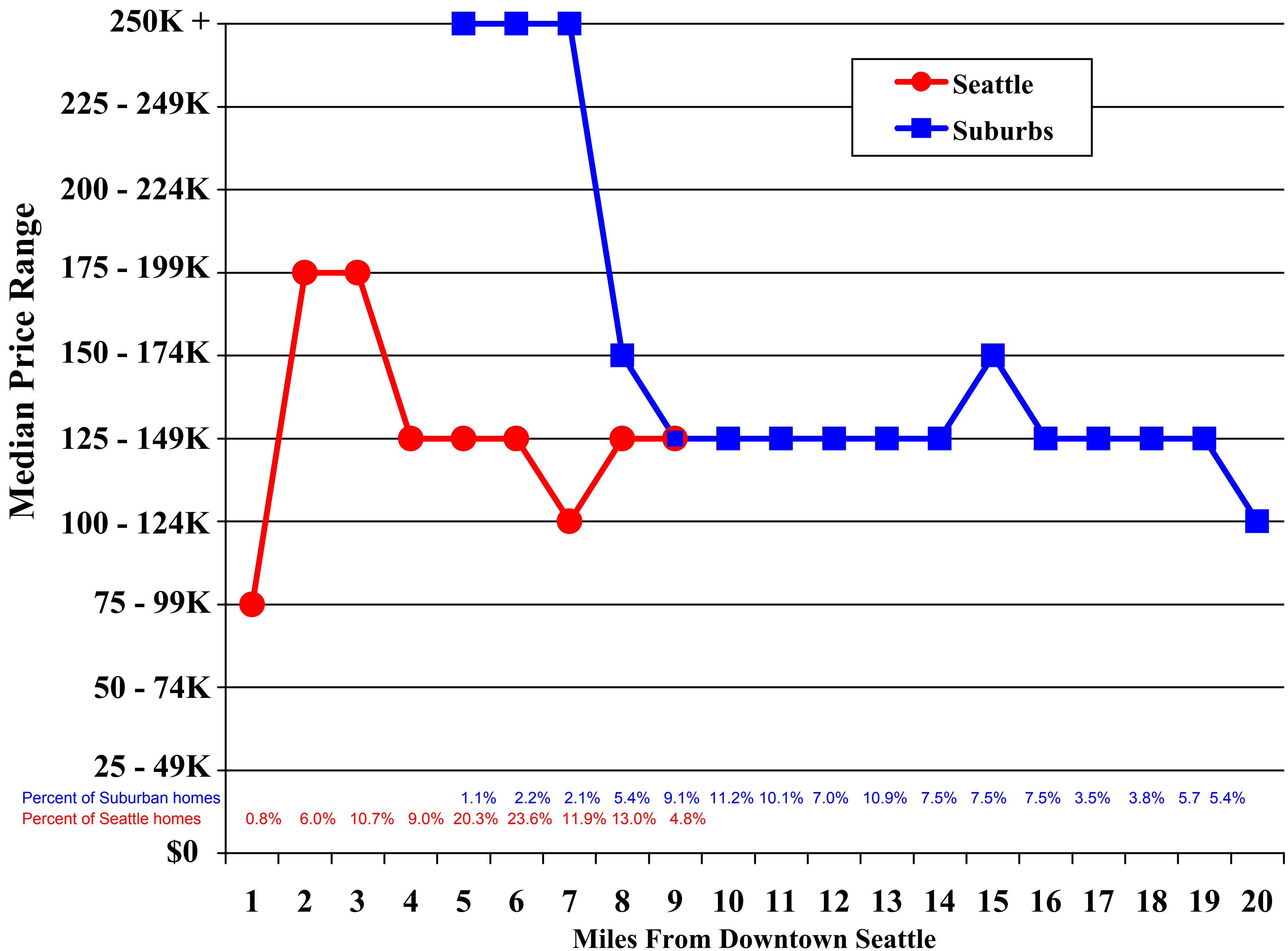
Source: County Auditor Deed Transfers and Housing Policy Research Program, Cleveland State University

Columbus Area Home Prices Increase Outward, But Close-In Suburbs Offer Move-Up Opportunities



Source: County Auditor Deed Transfers and Housing Policy Research Program, Cleveland State University

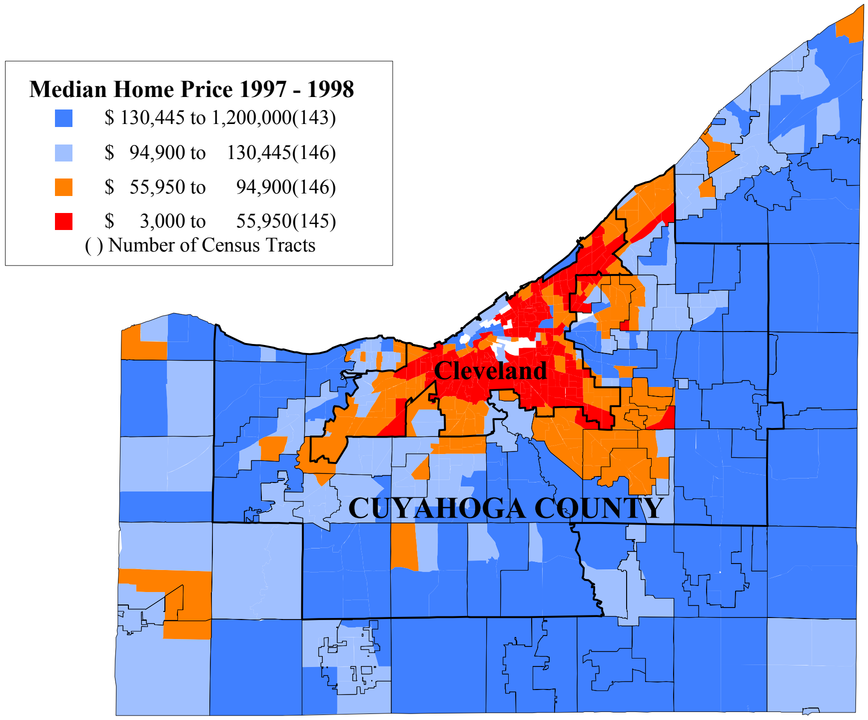
Seattle Area Has Close-In High-Priced Homes - 1990



*Source: U. S. Census, 1990 Population and Housing Characteristcs, Table H.23

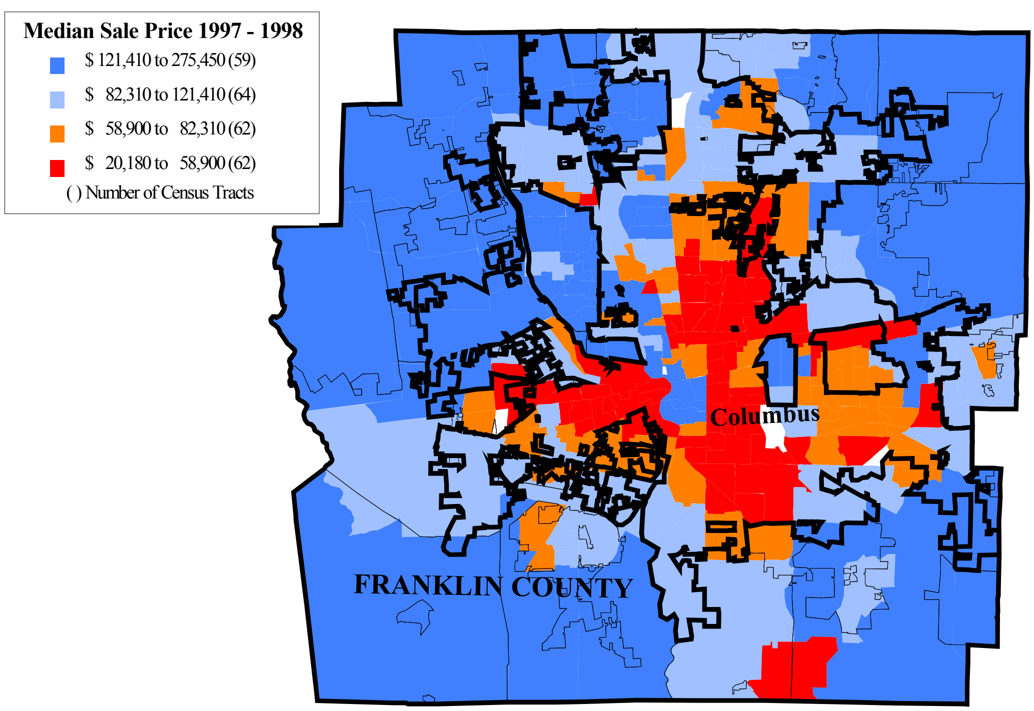
Appendix

Cleveland Area Home Prices Increase Outward



Source: Couny Auditor Deed Transfers and Housing Policy Research Program, Cleveland State University

Columbus Area Home Prices Increase Outward



Source: County Auditor Deed Transfers and Housing Policy Research Program, Cleveland State University