

# 1

---

## *Introduction*

NANCY PINDUS, HOWARD WIAL, AND HAROLD WOLMAN

Urban and regional policy debates are often long on rhetoric but short on evidence about policy impacts. To redress this imbalance, the Brookings Institution, the George Washington University Institute of Public Policy and the Trachtenberg School of Public Policy and Public Administration, and the Urban Institute held the second in a series of annual conferences on Urban and Regional Policy and Its Effects at the Urban Institute in Washington, D.C., on June 5–6, 2008. Chapters were commissioned for the conference from distinguished social scientists and practitioners. The conference sought to engage authors and discussants in a cross-disciplinary dialogue focused on the central theme—evidence of policy effects. The chapters in this volume are revised versions of those commissioned papers.

Our examination of urban and regional policy and its effects is organized around six key policy challenges that most metropolitan areas and local communities face. Each of the chapters in this volume deals with a specific policy topic under one of these challenges:

—*Creating quality neighborhoods for families*, represented in this volume by “Retail Trade as a Route to Neighborhood Revitalization,” by Karen Chapple and Rick Jacobus

—*Governing effectively*, represented by “Correlates of Mayoral Takeovers in City School Systems,” by Jeffrey R. Henig and Elisabeth Thurston Fraser

—*Building human capital*, represented by “The Education Gospel and the Metropolis: The Multiple Roles of Community Colleges in Workforce and Economic Development,” by W. Norton Grubb

—*Growing the middle class*, represented by “Living Wage Laws: How Much Do (Can) They Matter?” by Harry J. Holzer

—*Growing a competitive economy through industry-based strategies*, represented by “The Next Move: Metropolitan Regions and the Transformation of the Freight Transport and Distribution System,” by Susan Christopherson and Michael H. Belzer

—*Managing the spatial pattern of metropolitan growth and development*, represented by “How Might Inclusionary Zoning Affect Urban Form?” by Rolf Pendall

The goal of this volume is to inform scholars, policymakers, and practitioners about the state of knowledge on the effectiveness of the selected policy approaches, reforms, or experiments listed above in addressing key social and economic problems facing central cities, suburbs, and metropolitan areas. Authors were not required to conduct original research, although some did. Rather, their task was to take a fresh and unfettered look at the area and conceptualize (or reconceptualize) the issue and the questions that should be asked to influence intelligent public debate. Given that conceptualization, the authors were then asked to summarize extant research on the topic and, on the basis of that research and their own knowledge, to set forth what is known about the effects of the public policy approach under discussion and the public policy implications of what is known. They were also asked to identify what is still not known but important to find out.

## Summary of Chapters

Retail trade is a highly visible feature in a community and is often a symbol of economic status. Terms like *upscale retail*, *strip mall*, or *big box store* convey very different images of retail trade that are widely associated with economic prosperity, or the lack thereof. But, does retail trade really revitalize run-down or neglected neighborhoods? And if so, what are the mechanisms at work, the successful strategies, and necessary conditions that lead to success? In “Retail Trade as a Route to Neighborhood Revitalization,” Karen Chapple and Rick Jacobus tackle these questions. They begin by defining the issues and expectations associated with retail development and neighborhood revitalization. The authors state that, from the perspective of residents, there are three types of neighborhood revitalization: approaches that provide more access to services and opportunities for existing low-income populations, residential changes from a low-income neighborhood to a mixed-income neighborhood (due to either an influx of newcomers or increases in incomes for local residents), and gentrification that gradually replaces existing low-income residents with more affluent newcomers. Using a conceptual model, Chapple and Jacobus describe the relationship between retail development and neighborhood revitalization.

Their review of the literature finds mixed evidence for the assumption that low-income neighborhoods are underserved by retailers. It also finds that formal evaluation of the effects of retail development, especially with respect to overall neighborhood improvement, has been limited. The authors acknowledge the challenges to evaluating retail development programs, such as their small scale, the variety of actors involved, and limited neighborhood-level capacity. In reviewing the evidence, Chapple and Jacobus examine three broad strategies to retail revitalization: public-led retail development, private-led retail development, and commercial corridor revitalization. Retail strategies variously target job creation, vacancy rates, private investment, public investment, tax revenues and property values, crime and safety, and community identity. To explore further the relationship between these retail development goals and neighborhood revitalization, Chapple and Jacobus provide a case study of the San Francisco Bay Area, analyzing the relationship between retail and neighborhood revitalization from 1990 to 2005 in a region with unusual increases in income inequality accompanied by significant revitalization. They find that the way the retail sector changes is closely related to the way the neighborhood changes, with increases in middle-income residents (rather than gentrification or other forms of change) most closely associated with retail revitalization.

The chapter concludes with the suggestion that any large-scale impacts of retail development on community economic health occur indirectly, such as through changes in internal and external perceptions of the neighborhood and, ultimately, changes in neighborhood residential composition. However, the authors note that existing studies of the effectiveness of neighborhood retail development strategies have not explored these broader impacts. Chapple and Jacobus also recommend further research to address how outcomes for the poor are tied to the specific character of neighborhood change. Such research might suggest specific retail development strategies that are most likely to benefit the poor and lead to stable mixed-income communities without contributing to displacement of the poor.

IMPROVING LARGE CITY school systems is widely recognized as a critical if not intractable problem. Given its importance, it is not surprising that it has been the subject of a wide range of policy reforms ranging from those within the schools themselves (standards-based education, curriculum reform, smaller class size, performance testing, improving teacher training, and so on) to challenges to the traditional public school system as the monopoly provider of elementary and secondary school education (such as vouchers and charter schools). Over the past two decades, structural change in school governance—in particular,

providing the mayor, rather than an independent school board, with the ultimate control of the school system—has also emerged as a possible means of improving central city elementary and secondary education. In “Correlates of Mayoral Takeovers in City School Systems,” Jeffrey R. Henig and Elisabeth Thurston Fraser examine why this has occurred, what has changed as a result, and the implications of this governance reform in the major urban school districts in which it has occurred.

The authors begin by considering *why* mayoral control has become a popular approach and the logic that underlies its appeal. On the “push” side, they note the frustration with the performance of existing school systems and the “anything must be better than what we are doing now” approach. On the “pull” side, they review the arguments on why mayoral control ought to be more effective than traditional school board control. In particular, they note theoretical reasons that mayoral control should, by centralizing authority in the office of an elected mayor, improve democratic accountability, broaden the constituency for education, reduce the power of existing entrenched interests, reduce micromanagement, and increase coordination between schools and other local agencies serving youth.

The authors argue that mayoral control might accomplish these objectives because school district policies might be expected to differ as a result of the different agendas and constituencies of a mayor compared with those of an elected school board. School systems controlled by mayors might be expected to “do things differently” than school systems controlled by traditional school boards. Do they?

The authors’ review of the existing literature indicates that mayorally controlled school systems are more likely to appoint nontraditional school superintendents with experience outside of education, to experiment with privatization of at least some elements of traditional school system functions, and to shift spending somewhat from administrative purposes to instructional purposes. However, the literature also indicates that school systems with mayoral control have less public interaction and transparency in terms of contested public debate.

The authors’ own research indicates that, controlling for other factors, school systems with mayoral control have greater revenues per pupil than do traditional school districts and that virtually all of the additional revenues come from higher levels of state and federal aid. They speculate that mayors may be better at the “politics of grantsmanship.” However, given their expectations that mayoral control should broaden the constituency for education in the city, the authors are surprised that mayoral control is not associated with a higher level of locally raised revenue. They suggest that this might result from the substitution

of intergovernmental funds for local funds, thus freeing up previously allocated local funds for other uses.

Henig and Fraser recognize that the expected big payoff of major reforms such as mayoral control is in better student educational outcomes, usually measured through test scores. They observe that research on the effects of mayoral control on outcomes is difficult to conduct and interpret, partly because there is a lag between imposition of mayoral control and consequent changes of policy and behavior that must be taken into account and partly because the expected lag between changes in school system policy and behavior and effects on student outcome is unknown. They cite a major study by Kenneth Wong and others, who concluded that giving mayors power to appoint the majority of the school board is associated with outcome gains, but giving them even more power has a negative effect. Wong and his colleagues also found that mayoral control is associated with an increase in the performance gap between low-performing and high-performing schools, a finding they believe may be attributable to the attempts of mayors to stem the brain drain from city public schools to suburban schools by addressing the concerns of a potentially middle-class populace before tackling issues involving redistribution.

The authors also report on their own research conducted in New York City after the shift to mayoral control. They found that the percentage of students meeting state proficiency levels was higher two years after the imposition of mayoral control than before mayoral control and that the effects were greater for lower grades than for higher grades. Henig and Fraser caution that the proficiency gains might reflect a tactic of concentrating attention on children just below the proficiency threshold, suggested by the fact that gains in student scale scores were not as strong as gains in the percentage crossing the proficiency bar, and they note that the city does not show the same evidence of relative gains on national exams.

Henig and Fraser conclude their chapter by observing that “the theoretical rationales for why mayoral control might lead to more comprehensive, coordinated, focused, and responsive education policies are more compelling, at this point, than is the evidence to support them.”

TECHNOLOGY AND GLOBALIZATION, as well as the decline of heavy industry and manufacturing in this country, have focused economic development on high-skill jobs. Education, particularly occupational preparation, has come to be considered a key to improving economic performance. W. Norton Grubb offers a note of skepticism and a call for evidence over rhetoric in “The Education Gospel and the Metropolis: The Multiple Roles of Community Colleges in Workforce and Economic Development.” The *education gospel* refers to the faith that turning to

education to provide more occupationally oriented preparation will solve many individual and social problems. As Grubb describes, the emphasis on education and skills development includes the transformation of high schools and adult education, shifts in two- and four-year colleges toward increases in occupational programs, the rise in professional education in many forms, and increases in job training and other short-term training, all accompanied by narrower conceptions of the purposes of education. States and localities have turned to education and training as tools for economic development, offering their efforts to train a skilled workforce as incentives to attract employers. Grubb's chapter addresses the role of education in economic development from three perspectives: the supply side, represented primarily by community and technical colleges; the demand side, represented by employers; and the policy side, which considers program effectiveness and the justification for public subsidies.

Community colleges are major providers of education and training, but they have multiple roles and missions. Grubb divides the occupational offerings of community colleges into initial preparation (for those who have not yet entered the adult labor force), upgrade training, retraining, and remedial training. He also distinguishes between education, which usually connotes longer periods of academic preparation, and training, which is usually short term and more job specific. Community college courses may be credit or noncredit, and most community colleges also offer customized or contract training tailored to the needs of specific employers. Grubb notes that community colleges have several advantages or potential advantages, including a wide variety of offerings and schedules, a connection to pedagogical issues that can result in innovative approaches to instruction, lower cost due to public subsidy, and their spatial distribution across the country. An important question Grubb considers is how responsive community colleges are to local labor market conditions.

With respect to meeting the needs of employers, there has been concern in this country that firms provide too little training for their workers, particularly lower-level workers, but Grubb notes that this assumption is hard to evaluate. Community colleges primarily serve the middle-skilled labor market, occupations that require some post-high school education or training but less than a baccalaureate degree. This labor market, like community colleges, is local in nature. It is characterized by cyclical demand, a predominance of smaller firms and informal hiring practices, and job requirements that are not always clear. Grubb concludes that this labor market is more chaotic than the market for professionals and managers and that both its workers and its employers are underinformed about sources of education and training.

As for policy initiatives, Grubb finds that the field of workforce and economic development has usually been unclear about what justifies public

involvement. The largest public subsidies for postsecondary occupational education come through community college systems. Other state and federal programs support customized training, postsecondary occupational education, and job training. In addition, the federal government provides a number of tax credits for education and training. Grubb poses two key questions: Is there justification for public spending on education and training, rather than requiring individuals and employers to bear the costs? Second, under what conditions might education and training lead to economic development? Grubb reviews existing evidence on returns to education for credit courses and programs in community colleges, but he notes the lack of data on noncredit enrollments and the limited studies and methodological problems associated with evaluations of state customized training. Grubb's chapter concludes with recommendations for educational and training providers, states, and the federal government. He acknowledges that a lack of skills is only one factor affecting economic growth and cautions against putting too much faith in the education gospel.

IN RECENT YEARS many municipalities and counties throughout the nation have enacted *living wage laws*, which require businesses that benefit from government contracts or other forms of public financial assistance to pay wages well above the federal minimum wage, and sometimes benefits, to their workers. A diverse set of concerns motivated these laws—including desires to raise the earnings of low-wage workers, prevent the outsourcing of municipal work to lower-wage providers, support union organizing, limit local governments' use of economic development subsidies to attract large firms, mobilize a broad social movement to combat low wages and inequality, and make a symbolic statement about fair wage levels and the appropriateness of government efforts to raise low wages. Campaigns in favor of living wage laws began to grow in a context of dramatically widening income inequality in the United States and at a time when minimum wage laws, labor unions, and other policies and institutions that had traditionally been used in efforts to limit such inequality were declining in the private sector.

In "Living Wage Laws: How Much Do (Can) They Matter?" Harry J. Holzer focuses on the impacts of living wage laws on labor market outcomes such as wage levels, employment rates, poverty, and inequality. Advocates of these laws often view them as ways to raise the earnings of low-wage workers and reduce wage inequality. Opponents often believe that the laws reduce the number of jobs available to low-wage workers and drive businesses away from the jurisdictions that enact them.

Holzer begins by describing the living wage laws that exist in the 140 municipalities and counties that had such laws as of May 2006. These laws affect very

few workers directly, because few work for firms that are subject to living wage laws. Most studies suggest that the laws cover only 2–3 percent of the bottom tenth of wage-earners. Even in a city of 1 million people, only about 1,500 workers are likely to be covered. However, it is possible that the impacts of living wage laws spill over to other workers who do not work for covered employers.

Holzer then addresses some of the basic economic issues that the laws raise, including the possibility of trade-offs between improved quality of jobs and reduced quantity of jobs for low-wage workers. He finds that living wage laws have modest benefits and modest costs for low-wage workers. Living wage laws raise the wages of the lowest-wage workers. They may also result in lower turnover, better worker morale, and modest reductions in poverty. However, they lead to modest reductions in employment for the lowest-wage workers and may also result in reductions in training and in the use of part-time or overtime work.

Holzer concludes that living wage laws can be useful but that meaningful increases in the earnings of low-wage workers and reductions in poverty require more powerful public policies. Because of their limited coverage and modest effects on wages, living wage laws cannot have a large impact on low wages or poverty. Other public policies, such as those to expand collective bargaining, education and training, publicly financed health insurance, and parental leave, are likely to have more impact. Living wage laws can be useful if they raise awareness of pay disparity issues and build support for more powerful policies to raise the earnings of low-wage workers, but they are not a substitute for such policies.

IN MANY METROPOLITAN areas, industry-based, economic development strategies emphasize attracting and growing high-technology industries such as information technology and biotechnology, which provide few job opportunities for workers with less than a bachelor's degree. Policymakers in some metropolitan areas, including Louisville, Kentucky, and Riverside, California, have embraced an alternative development strategy centered around freight transportation, including long-distance trucking, logistics and distribution, and air freight. These industries offer many more jobs for less-educated workers, leading some observers to hail them as replacements for the manufacturing jobs that the nation's metropolitan areas are continuing to lose.

In "The Next Move: Metropolitan Regions and the Transformation of the Freight Transport and Distribution System," Susan Christopherson and Michael H. Belzer assess the prospects for different types of metropolitan areas to become freight transportation centers. They begin by describing the economic, technological, and national public policy forces that have shaped those prospects over the course of the last three decades. Trade liberalization, the deregulation of the trucking industry and other transportation industries, the decline of union



bargaining power within the trucking industry, and the adoption of new technologies such as bar codes, radio frequency identification, and containerization helped lower the price of long-distance freight transportation substantially. As a result, freight shipment became more time sensitive. Trade liberalization also spurred the growth of imports, leading suppliers of manufactured goods increasingly to cluster geographically around their major customers (assemblers of finished products or major retailers). Seaport activity became more concentrated in a few major ports on the East and West coasts, which became more self-contained and less capable of generating spillover benefits for their metropolitan regional economies. New inland ports centered on large intermodal distribution facilities arose, especially in metropolitan areas in the Midwest and South. These facilities were developed mainly in exurban areas where land was cheap and highway and air freight access was good. Metropolitan areas that are not currently either seaports or inland ports, or whose geographic locations are not conducive to seaport or inland port activities, are not likely to become freight transportation centers unless one or more of the forces that created today's economic geography of the freight industry is reversed.

Christopherson and Belzer describe the extent to which freight transportation is geographically concentrated within metropolitan areas. They distinguish between *metropolitan areas with large concentrations of freight transportation jobs* (those that specialize to a great extent in freight transportation, as indicated by a high location quotient in freight transportation) and *metropolitan areas that have large numbers of freight jobs* (but that may or may not have high location quotients in freight transportation). Metropolitan areas with large numbers of such jobs are generally large metropolitan areas, although there are some exceptions. Metropolitan areas with large concentrations of such jobs are ones in which freight transportation is an important export industry, bringing in large amounts of income from outside the region rather than primarily serving local residents. Metropolitan areas with both large numbers and large concentrations of freight transportation jobs, such as Memphis and Indianapolis, are the nation's major freight centers.

Although freight transportation can be an important export industry for metropolitan areas that are currently either seaports or inland ports, or that have the geographic characteristics necessary to become one or the other, the authors note that freight-led economic development has important drawbacks. These include low wages for most workers in the industry, reduced highway safety, air pollution, traffic congestion, highway deterioration, poor employment opportunities for women and minorities, and the acceleration of job growth at the geographic fringes of a metropolitan area.

The authors conclude by considering what would happen to the prospects for the development of new freight transportation centers if there were a long-term increase in fuel prices. In that case, they argue, rail transportation would become more important relative to trucking and airlines, and freight transportation by truck and air would become even more concentrated in existing freight centers.

AN INCREASING NUMBER of communities over the past two decades have adopted inclusionary zoning laws. While these ordinances are clearly directed toward achieving affordable housing goals, they might also affect the shape, form, and density of urban areas. To what extent and in what ways are inclusionary zoning laws affecting urban form, and can these laws be utilized to promote compact, walkable, and mixed land-use development as well as affordable housing? Rolf Pendall's chapter, "How Might Inclusionary Zoning Affect Urban Form?" examines this question.

Pendall begins by defining inclusionary zoning narrowly as "a mandate in which local governments require residential builders to provide a share of housing that will be affordable over a long term to people earning low to moderate incomes." He notes that a broader definition would include programs, such as incentive density bonuses, which encourage affordable housing but do not require it. Pendall is interested in the effect of both definitions of inclusionary zoning on *urban form*, by which he means the density of urban development and the mix of land use and housing types at the neighborhood level.

There are a variety of design features and choices in structuring an inclusionary zoning program, each of which may lead to different effects, not only on developer decisionmaking but on urban form. These design features include, among other things, the share of units in the development that must be affordable and the number of years for which they must be kept as affordable; whether permitted densities will be increased to offset the inclusionary mandate; what the target level of affordability for the units will be; whether the mandate will be aimed at renters, homeowners, or both; whether there is a minimum development size below which the mandate will not be in effect; and whether the developer can avoid the mandate by contributing to a development fund or constructing affordable housing elsewhere.

In answer to the question of how might inclusionary zoning affect urban form, the author responds, "it depends." "Even for a single jurisdiction, inclusionary zoning might increase, have no effect on, or decrease a jurisdiction's total new residential supply, density, and unit mix," depending on the characteristics of the jurisdiction's housing market, the inclusionary zoning program design, and the availability for development of alternative locations that lack inclusionary zoning laws.

The condition of the local housing market is particularly important. To be effective, inclusionary zoning laws must not put such a substantial burden on developers that they will decide not to engage in residential development in the area. When demand in the local housing market is modest, Pendall argues that developers will likely avoid the market if inclusionary zoning requirements are imposed. Indeed, he observes that on the one hand, except in very hot housing markets, an inclusionary zoning law whose program design did not include offsets would probably result in developers' seeking alternative locations. The effect of inclusionary zoning on urban form would in these cases depend on what landowners and developers do with the land instead of developing housing, relative to what they would have done with the land had an inclusionary zoning law not been in effect. He speculates that landowners might try to develop the land for nonresidential uses, which might, depending on other uses in the area, contribute to a more mixed-use urban form.

On the other hand, a program with a substantial high-density bonus in a relatively hot housing market might result in large numbers of high-density units and multifamily units and thus contribute to more compact urban form. However, there may be areas that adopt inclusionary zoning laws to pursue slow growth objectives, that is, adopting such laws with the expectation of driving development to other areas. In these cases, the effect on urban form would be to prevent more compact development that otherwise would have occurred.

Pendall cites Gerrit-Jan Knaap's study that indicates inclusionary zoning laws shifted production from single-family to multifamily housing by 6 percent in those California cities that had inclusionary zoning laws, thus increasing compact development. The research does not suggest that inclusionary zoning, on average, displaces development to other areas, though this may well indicate that jurisdictions adopt inclusionary zoning only if there is substantial demand for housing and displacement is thus unlikely to occur. However, the author notes that when inclusionary zoning does succeed in bringing about more dense development, it may also produce substantial political opposition on the part of established residents of lower-density single-family units, as has occurred in Berkeley, California.

Pendall concludes by observing that inclusionary zoning "starts and ends as a zoning tool . . . like zoning in general, it can foster compact development; it can kill development entirely." Because its major, intended objective is to accomplish something else—housing affordability—it is not likely to have as direct an impact on urban form as other land use regulatory tools. However, given its increasing usage and its potential, Pendall ends by urging that inclusionary zoning "should absolutely continue to be one of the elements in local and regional programs to promote compact, mixed-use, pedestrian-friendly development."

## Cross-Cutting Themes

In selecting the topics for this volume and for the conference, we sought to acknowledge the broad scope of urban and regional policy issues, foster interdisciplinary discussion, and focus attention on policy effects and challenges. The topics and backgrounds of the authors and conference participants were diverse. Yet several issues cut across many of the chapters and pose shared challenges for both researchers and policymakers.

### *The Goals of Public Policies*

Some policies may have an explicit (or apparently explicit) single goal. Others may have multiple goals, and these may or may not all be explicit. However, there is usually a single goal that researchers and evaluators take to be *the goal* of the policy and on which they focus exclusively. Several of the chapters in this volume deal with policies that are conventionally evaluated with respect to an explicit goal. Inclusionary zoning laws are usually evaluated for their impact on housing affordability for low- and moderate-income households, living wage laws for their impact on earnings and poverty, mayoral control of public schools for its impact on student achievement. Yet policies may also have unstated implicit goals as well as unintended consequences that may or may not be desirable. Thus, regardless of the effect of inclusionary zoning on housing affordability or living wage laws' effects on poverty, the efforts to put in place such policies may have contributed to the social mobilization of a constituency around the goal and, in the case of inclusionary zoning, made affordable housing an acceptable policy goal for a community. Regardless of whether mayoral takeovers of big-city schools raise students' test scores, they may mobilize business support for education as well as for the mayor's broader policy agenda.

Evaluating a policy's effectiveness with respect to only one apparently explicit goal is important, but it may not be sufficient to fully assess the policy's desirability or effectiveness. The chapters that consider alternative policy goals take different approaches to this issue. The chapter on living wage laws notes that a variety of objectives exist but devotes most of its attention to the labor market impacts of living wage laws. The chapter on mayoral takeovers considers a variety of potential policy objectives. The primary focus of the chapter on inclusionary zoning is the policy's impact on metropolitan spatial structure, although the chapter also considers the more conventional goal of housing affordability.

### *The Influence of Policy Design and Context on Policy Effectiveness*

Nearly all the chapters conclude that the answer to the question of whether a policy is effective is "we don't know" or "it depends." To a large extent this is

because the policies included in this volume are general strategies that are difficult to assess without considering specific elements of program design or the context in which policy is used. For example, the specific design characteristics of mayoral control, inclusionary zoning, or a living wage law can be important determinants of the impacts of these policies. Whether a mayor has the authority to privatize parts of public school operations or convert public schools to charter schools may affect the outcome of mayoral control of a school system. The strictness of an inclusionary zoning law's affordable housing requirement and the size of its density bonus may be important determinants of whether the law promotes the construction of affordable housing for low- and moderate-income households or whether it simply halts almost all new development. Whether a living wage law covers firms that receive government subsidies may influence its impact on employment and wages, as may the size of the geographic area to which the law applies. The challenge in such cases is to identify the design features that work to achieve the policies' objectives.

In addition, the effects of a public policy may depend on external circumstances on which the policy itself may have little or no effect. For example, whether policies to promote retail trade in a neighborhood encourage gentrification and displacement of low-income residents or make the neighborhood's existing low-income residents better-off without displacing them depends in part on what is happening to income inequality within the broader metropolitan area. Whether an economic development policy that depends heavily on attracting and retaining freight transportation facilities is feasible for a metropolitan area depends on whether the metropolitan area has the geographic characteristics necessary for it to become either a seaport or an inland port. The challenge here is to identify the circumstances under which a particular policy may be appropriate.

### *Policy Mechanisms*

To understand a policy fully and to assess its effectiveness, it is important to understand the causal mechanism through which the desired change is expected to occur. For example, even proponents of mayoral control of large-city public school systems do not believe that simply changing control in and of itself will bring about desired change. Instead the mechanism by which proponents believe the policy will produce change is that mayoral control will lead to a series of other changes in school systems that are expected to result in better outcomes. Similarly, proponents may think inclusionary zoning will produce more affordable housing and more dense development because its density bonus will motivate developers to build affordable units at higher densities than what they would otherwise have built without such an incentive. A living wage law may

raise the earnings of low-wage workers by spurring unionization or mobilizing a broader social movement that leads to the enactment of other antipoverty policies. Publicly supported workforce development programs at community colleges may improve the skills and earnings of workers who do not have bachelor's degrees if they provide general training for which individual employers would not otherwise pay.

### *Income Inequality as a Motivator and Target of Public Policy*

Municipal and metropolitan policymakers are frequently faced with problems that are not of their own making but to which they try to respond. For all the policies considered in this volume, rising income inequality at the national level, the metropolitan level, or both levels played a role either as a motivator of the policy or as a problem that the policy was intended to address. Inclusionary zoning is generally thought of as a response to a reduced supply of affordable housing for low- and moderate-income households, which is in part a consequence of growing income inequality within metropolitan areas. Similarly, neighborhood retail development policies are in part a response to neighborhood decline in low-income areas, which is due in part to the decline or stagnation of the incomes that residents of those neighborhoods earn. One objective of living wage laws is to reduce economic inequality by raising the earnings of low-wage workers. Economic development strategies led by freight transportation are sometimes motivated by a desire to replace lost high-wage manufacturing jobs and provide good jobs for less-educated workers, although they may actually provide low-wage jobs for those workers. Community college workforce development programs are sometimes motivated by a concern with the earnings prospects of workers without bachelor's degrees and may affect those prospects. Mayoral takeovers of big-city school systems are in part a response to low student achievement, which is partly a consequence of the concentration of low-income students in those districts.

### *History Matters*

In several of the chapters, the historical development of the policy was important and helped to explain, at least partly, why the policy was put in place and what it was expected to do. For example, the fact that inclusionary zoning arose in large part because of exclusionary zoning practices increases the understanding of inclusionary zoning as a policy and provides a yardstick for the evaluation of inclusionary zoning. Similarly the fact that living wage laws grew in part out of an effort to combat outsourcing by municipal governments provides another goal by which they could be assessed. An understanding of the national-level policies that affected transportation costs and wages in long-distance trucking

contributes to an understanding of why an economic development policy based on freight transportation is or is not feasible for a particular metropolitan area. The impacts of mayoral control of schools may depend on whether mayoral control was a long-standing feature of school district governance or whether it was adopted as part of the recent wave of mayoral takeovers as well as on whether it came about as a result of a mayoral initiative or a state mandate to which the mayor was opposed or indifferent.

*Policy Evaluation under Less than Ideal Conditions*

Many of the chapters in this volume conclude that the policy under discussion had not fully accomplished its goals or had made only a small dent in the problem(s) it was ostensibly intended to address. Alternative policies may be more effective than the policies the authors analyze. For example, a combination of relaxed zoning regulations, widespread housing subsidies for low-income residents, and more vigorous national policies to raise the incomes of low-income households would probably be more effective than inclusionary zoning as a means of improving housing affordability. The adoption of better instructional methods by elected school boards working in cooperation with teachers and school administrators may have a greater impact on student achievement than mayoral school takeovers. A combination of higher federal or state minimum wages, greater unionization of low-wage workers, a more generous Earned Income Tax Credit, more public support for education and training, publicly financed health insurance, and parental leave would likely do more to raise the living standards of low-wage workers than would living wage ordinances. National and regional policies to retain and expand high-wage manufacturing employment (for example, expanded efforts to assist manufacturers in improving productivity and creating new products, complementary workforce policies to upgrade the skills of incumbent workers, and trade and exchange rate policies), combined with effective policies to raise the wages of less-educated workers in all industries, may do more to provide less-educated workers with good jobs than policies to attract or expand the freight transportation industry.

However, these alternative policies may be politically infeasible or at least not subject to the control of urban and regional policymakers. In such circumstances, when the ideal policy or mix of policies cannot be implemented at the urban or regional level, the nonideal policies analyzed in this volume should be compared not with the ideal policies but with other nonideal policies that are feasible for urban and regional policymakers. This does not mean that it is worthless to note that superior policies exist. Nor does it mean that it is useless to advocate for more effective federal policies or to find ways to

loosen the political constraints that inhibit the adoption of superior policies. However, it does mean that urban and regional policies should be evaluated in a way that takes account of the options that are feasible for urban and regional policymakers.

### *Geographic Spillovers*

Urban and regional policies are usually intended to produce effects within a particular geographic area, such as a neighborhood, municipality, or metropolitan area. However, many such policies have effects, positive or negative, that extend beyond the geographic areas to which they are targeted. These effects are usually unintended and policy analysts often fail to consider them. Thus, inclusionary zoning in one or a few municipalities in a metropolitan area may induce people of various income levels to move into or out of other municipalities in the same region. A living wage ordinance in one or a few municipalities similarly may induce some businesses to move elsewhere. A new retail development in one neighborhood may draw business away from other neighborhoods in the same metropolitan area. A freight-based economic development strategy in one metropolitan area may affect air pollution, traffic congestion, and road safety in other regions. It is important to evaluate the impacts of such policies not only on the geographic areas at which they are targeted but also at broader metropolitan or national scales.

### *Public-Private Bargaining and Collaboration*

It is conventional in public policy analysis to assume that the public and private sectors have an arm's-length relationship in which the government sets a policy and private actors make decisions in reaction to that policy. The policies discussed in this volume either explicitly or implicitly involve public-private interactions that depart from this assumption.

In some cases the design of policy involves bargaining between public and private sectors. The public sector strives to structure incentives or regulations in ways that promote private sector activity consistent with public purposes, and the private organizations seek to shape those incentives or regulations in accordance with their own interests. The design features of living wage laws, such as the level of the living wage and the kinds of firms and workers covered, often result from bargaining among living wage advocates outside government, business interests, and government policymakers (who variously may be sympathetic to living wage advocates or opponents). The specifics of inclusionary zoning laws may depend on bargaining among housing affordability advocates, developers, existing property owners, and government policymakers. Similarly, bar-



gaining among neighborhood residents of various income levels, developers, retailers, and government policymakers may shape the nature of efforts to revitalize neighborhoods through retail trade. This type of bargaining contrasts with the conventional model of government regulation in which the government, without any direct interaction with private actors, estimates how those actors will react to a proposed policy and then adopts the policy that induces those actors to behave in a way that the government deems desirable. Information asymmetry factors into these negotiations because the government lacks the information used by the private sector for strategic decisionmaking but needs to strike a balance between incentives and oversubsidy.

Some of the policies described in this book involved direct collaboration between the public and private sectors. Workforce development programs at community colleges are often developed through collaboration between the colleges and one or more employers. Retail trade strategies to revitalize neighborhoods may involve collaboration among local governments, retailers, and developers. In some cases mayoral control of public schools may include contracting out school operations to private firms or establishing charter schools that are run by private organizations.

The crosscutting themes that we have identified suggest two broad ways in which future research on urban and regional policy should be reoriented so that it is of greater use to policymakers. First, research analyzing the impacts of urban and regional policy should move away from an exclusive preoccupation with identifying “the” exclusive impacts of “a” particular policy and embrace a more multifaceted approach to policy analysis. Such an approach would include attention to multiple goals that may exist for a particular policy, the ways in which specific elements of policy design influence policy outcomes, the causal mechanisms by which policies produce their effects, the roles of history and context in shaping policies and their effects, and the feasibility of policy alternatives at the urban and regional levels. Although researchers sometimes mention these issues within the context for their analyses of policy impacts, they do not typically integrate them into their analyses.

Second, our crosscutting themes suggest that empirical research on urban and regional policy should adopt more realistic conceptions of the behavior of private sector actors. It should pay explicit attention to the geographic spillover effects of public policies, which often come about because the initial impacts of policies on households and firms in particular places give rise to out-migration from those places by some of those households and firms or immigration to those places by others. Empirical research should also incorporate strategy, bargaining, and uncertainty, as well as collaboration, into its treatment of public-

private relationships. Theoretical research in urban and regional economics pays a great deal of attention to geographic spillovers (though in highly stylized ways), but empirical policy-oriented research typically does so only on some issues, often because of data limitations. Strategy, bargaining, uncertainty, and collaboration are important issues in nonspatial economic theory, political economy, and some applied fields of economics and political science. However, they do not figure prominently in either theoretical or applied research on urban and regional problems.

We hope that the emergence of these themes across the topics of the following chapters will move research and policy forward in ways that promote collaborative solutions to the many challenges of urban and regional policy.