SHAPING FEDERAL POLICIES TOWARD CITIES IN TRANSITION: A POLICY BRIEF

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1. Introduction: Why this Policy Brief?

During the past few years, increasing attention has been given to the conditions of those cities in the United States that, despite the urban revival of the 1990s and 2000s, have continued to lose population and jobs, shrinking in many cases to two-thirds or less of their peak population. These cities, which we call "cities in transition" in this policy brief, are becoming increasingly impoverished while losing ground in the competitive global marketplace.

These cities and their metropolitan areas make up an important part of the United States and contain a significant share of the nation's assets for its future prosperity. Their plight cannot be ignored, and it is unrealistic to expect that market forces will, on their own, provide the impetus for their revival. This is particularly true at a time when the American economy as a whole is likely to follow at best a slow, gradual path of recovery for the next few years. Similarly, these cities' own limited resources dictate that any meaningful change in their condition is likely to require outside support, beyond the resources that the cities and their metros can provide internally.

This policy brief seeks to inform the discussion by looking at key issues that need to be addressed, taking a critical look at the framework for state and federal policy, and setting forth the principles that should guide the development of federal policy in this area. These principles are grounded in the underlying propositions that federal policy should align with state policy – both responding to state priorities and nudging state governments toward policies more supportive of their older cities – and with strategies for change developed by the officials, organizations and citizens of those cities.

Specifically, we hope to inform the federal policy-making process by answering the following questions:

- What should federal policy toward cities in transition be?
- How can federal policy align with and precipitate effective state policies, as well as cities' own practices, that address cities' unique challenges?
- What is the best mix of federal, state and local actions necessary to address these challenges?
- How should federal and state policy address the constraints on local capacity which limit their ability to respond to their challenges?

This policy brief will attempt to provide some preliminary answers to these questions, including concrete examples of areas for reform and local-state-federal alignment. The final section of this policy brief outlines ten areas where a strong federal role is needed, and offers specific recommendations for federal action in each of these areas.

As a statewide non-profit organization working at the state and local level directly on the issues and policies faced by these cities, Greater Ohio proposed to undertake this project to provide an "on-the-ground" perspective on these questions and on the challenges faced by these places. Toward that end, we convened a roundtable in Dayton in December, 2010, to explore the complex issues of aligning federal, state and local policy toward the nation's distressed cities.

The roundtable included roughly 60 people, primarily local leaders from cities in six states (Ohio, Michigan, Pennsylvania, Indiana, Illinois and New Jersey) along with national policymakers from Washington DC. Participants came from diverse backgrounds, including non-profits, CDCs, mayors, consultants, universities, think tanks, and government agencies at the federal, state, and local level. The roundtable also proved to be a highly productive venue for leaders from these places to exchange promising practices and identify common challenges and opportunities. We expect it to become a springboard from which a coalition of leaders will be forged who will learn from one another and act on these issues at both their state and national levels. We also met with select federal officials and national non-profit leaders working in this field to discuss our preliminary recommendations, determine what would be most helpful for them as they consider new federal policies, and offer our insights gleaned from the local perspectives expressed at the roundtable.

These activities have already proven to be valuable in two instances. As federal policy in this area has evolved in recent months, our work on this paper has influenced and helped shape preliminary policies as they were being drafted. Second, we believe that the roundtable convening has laid the foundation for a multi-state/multi-city network of cities in transition, and those engaged in supporting their efforts, whose influence – if nurtured – can outlast individual policymakers and policy formation efforts.

Since this project was first proposed, federal attention to these cities has grown. The work of the Auto Communities Task Force, the Sustainable Communities initiative jointly developed by the departments of Housing and Urban Development and Transportation, and the growing engagement of the White House Office of Urban Policy all reflect that attention. Without clear advocacy from the ground, however, the risk arises that federal policy will be made in a vacuum, reflecting an "inside the beltway" mentality. This white paper is meant to provide additional perspectives on the needs of the cities as a basis for informed policy-making.

This policy brief builds on two more detailed papers recently prepared by the two authors of the brief. *Ohio's Cities at a Turning Point: Finding the Way Forward,* by Alan Mallach and Lavea Brachman (Brookings Institution/Greater Ohio Policy Center, 2010), while focusing on Ohio, offers a detailed framework for thinking about state urban policy relevant to any state in which cities in transition are found. *Facing the Urban Challenge: New Directions for Federal Policy in America's Distressed Older Cities* by Alan Mallach (Brookings Institution, 2010) addresses federal policy affecting these cities in detail, offering both a policy framework and detailed proposals for recasting federal programs and initiatives toward the nation's cities in transition.

2. Understanding cities in transition

A. Defining the universe of cities in transition

The term "cities in transition" is used to describe a particular class of American city. These are the older, predominately industrial, cities of the United States that did not share in the urban revival of the 1990s and 2000s, but have continued to decline, losing population and jobs. These cities, which are disproportionately but not exclusively located in the Northeast and Midwest, include many major cities, including icons of American history like Pittsburgh, PA, Detroit, MI and Cleveland, OH, and a host of medium-sized ones, such as Flint, MI, Gary, IN or Youngstown, OH. Appendix 1 presents a list of cities with populations over 50,000 in 2000 that can reasonably be considered to be part of this universe and the focus of this paper's analysis and policy prescriptions. Many smaller cities, however, such as Chester, PA, East St. Louis, IL, and tiny East Liverpool, Ohio, once a center of the American ceramics industry, share the same features as their larger counterparts, Their needs will also have to be addressed, perhaps through regional strategies at the state level.

Cities in transition have much more than population decline and loss of manufacturing jobs in common. As they have lost their employment base, they have become steadily poorer. One of three residents of Gary or Detroit is below the poverty line, compared to less than 1 of 7 in the United States as a whole. Their workforce is less educated and is more likely to be unemployed than elsewhere, while their remaining middle-class residents continue to flee to the suburbs. In a phenomenon sometimes called "sprawl without growth," new developments proliferate at the exurban fringe of their metropolitan areas, while the core continues to hollow out. Low housing demand comes with a shrinking population; rents and house prices are low and vacancy rates are high. As property values decline and the population becomes poorer, municipal revenues shrink and the cities' ability to provide services and maintain their infrastructure deteriorates. More and more houses, storefronts, and factories are abandoned by their owners, while vacant lots and enter vacant blocks proliferate.

At the same time, many of these cities have powerful assets for future revitalization. Many of America's most important universities and medical research centers are located in cities in transition, such as Carnegie Mellon University in Pittsburgh or the Cleveland Clinic. 55 of the Fortune 500 are headquartered in these cities, with many more in their suburbs; Pittsburgh, Milwaukee, Cincinnati and Philadelphia each house seven Fortune 500 corporations. Riverfronts and lakefronts, along with magnificent park systems such as Philadelphia's Fairmount Park or Forest Park in St. Louis, and a wealth of historic neighborhoods, all represent quality of life assets. Yet all of these assets, which are important not only to the cities, but to their metros and the entire nation, are being undermined by sustained decline – in many instances fostered by state policies that affect the state's older cities adversely and unequally.

While the picture of decline and poverty is true to some extent for all cities in transition, the differences between cities are almost as great as the similarities, in terms of both degree of decline and evidence of revival. Although Pittsburgh has lost over half its peak population, it has begun to spawn a new high-tech economy, building on its educational and medical centers. On key indicators, such as the unemployment rate and the percentage of its residents with college diplomas, Pittsburgh is not far from national averages. Refugees from the automobile industry are creating new green industries in Detroit, while the Washington Avenue corridor in St. Louis and Cleveland's Warehouse District have become vibrant, exciting downtown neighborhoods.

Federal policies need to be tailored to these cities. Those policies must recognize the fundamental differences between them and other cities around the country, both older cities like Boston and San Francisco and Sunbelt cities like Phoenix and Houston, that –while experiencing temporary setbacks in the wake of the Great Recession – are growing and attracting steady private investment. At the same time, they must also be sensitive to the differences between one city in transition and another, the substantial variations between cities in economic condition and fiscal capacity, or the unique opportunities each city's assets offers.

One size does not fit all. While all cities in transition share a mixture of difficulties and opportunities, they vary widely in the mix of their constraints and assets, and in their capacity to realize their opportunities. In framing sound federal and state policies, it is important to recognize these variations, and to be able to design approaches and target resources in ways that build on the assets that exist, while being realistic about the constraints. To frame this issue, the next section of this paper analyzes at those differences, and presents a typology organized around three themes – distress, opportunity and capacity – to provide a framework within which to develop responsive federal policies.

B. Building a typology of cities in transition

In order to further the process of framing effective strategies, we outline the form that a typology of cities in transition would take, as a way of evaluating cities' distinct features around three significant factors:

- **Distress indicators.** The depth of the problems faced by the city, including population and job loss, poverty and unemployment, and vacant/abandoned land and buildings.
- **Opportunity indicators**. The extent to which city or regional assets exist that can serve as a basis for regeneration, including regional economic vitality, strong anchor institutions, amenities such as water bodies and cultural activity, and size.
- **Capacity indicators.** The extent to which the city contains the capacity to frame and execute effective strategies, including fiscal capacity and the technical/managerial strength of both public and private sector institutions.

Elements that might be used as indicators in these three areas are shown in the table below. The tables in Appendix 2 suggest actual metrics that could be used for each of these indicators, while raising a number of questions that remain to be resolved. In some cases, the measure might be a direct one, such as the number of jobs lost, or the rate of job loss over time. In other cases, it would be an index created by combining a number of separate variables. Thus, the anchor institution index could include such factors as number of college students, number of hospital beds, nationally-recognized educational or medical facilities, number of federal research dollars received, and so forth.

TABLE 1: Measures for cities in transition typology

DISTRESS	OPPORTUNITY	CAPACITY
Population loss	Anchor institutions	Fiscal capacity
Job loss	Amenities	Implementation capacity
Poverty	Regional vitality	
Unemployment and workforce attachment	City size	
Vacant land and housing		

Far more work needs to be done to make this typology useable, including identifying the actual metrics that should be paired with each variable. This work cannot be done in the abstract. It needs to be done with real data in order to come up with an approach that both utilizes readily available data and generates results that can be applied, rather than merely being interesting although that analysis is unfortunately well beyond the scope of this paper.

C. Why the typology matters

The purpose of the typology is not to rank cities, or assign them numbers from 1 to 10 on a unitary scale, but to provide a tool through which planners and policy-makers can assess the unique constraints and opportunities that each city offers. Understanding not only the separate factors affecting the city's potential, but being able to grasp the intersection between the three categories – distress, opportunity and capacity – should provide a more sophisticated basis for framing targeted policy initiatives with the greatest potential for instigating revitalization of the cities in transition.

The opportunity measures define, separately and collectively, the space for those initiatives. The presence of strong anchor institutions creates certain opportunities, while the combination of those institutions with a growing region and an important amenity such as a river or lakefront acts to multiply those opportunities. Realizing those opportunities, however, is a different matter. Vital albeit threatened neighborhoods, for example, represent a potential city asset. If a city lacks the capacity – either in city government or within the city's CDCs – to carry out an effective neighborhood revitalization strategy, however, the presence of a cluster of such areas may not be a *realizable* asset.

Variations in distress criteria can suggest different directions for thinking about revitalization strategies in different cities. The presence of regional growth, as well as the income distribution within the city, both have a significant bearing on the potential effectiveness and scope of a neighborhood revitalization strategy, and the extent to which a city may have to target its resources narrowly in order to have any impact.

Cities such as Youngstown or Detroit, where 30 percent of their land areas are vacant – and which continue to lose population – need to think about land reutilization in fundamentally different ways than a city in which 10 percent or less of its land area is vacant, or where the city's population appears to be stabilizing, such as Milwaukee or Newark. These variations intersect with opportunity factors; if a city with large reserves of vacant land is in a region showing significant growth and a stable or improving real estate market, that could materially affect its thinking about how much land to target for redevelopment, and how much for green non-development uses.

Thus, the real value of the typology lies in its usefulness as a tool for planning and policy formulation by making it possible to look at the mixture of constraints and opportunities each city offers in an *integrated* fashion.

We will return to this point in the following sections as we discuss appropriate state and federal policies for cities in transition. State policy can both set the stage for and undermine promising federal policies and practices. It is imperative, therefore, that to the extent possible federal policy be formulated in ways that will precipitate changes in state policy and level the playing field between cities in transition and their surrounding communities.

3. The challenge for cities in transition

A. Building blocks of stronger cities

Although each city is different, and requires different strategies, these places share a series of common challenges and features – as evidenced from the discussions among participants at the roundtable. The ability to address those common features lies at the heart of what it means to become a stronger, healthier city. While many of the forces that will influence the cities' future are national or global and outside the control of local actors, cities are far from powerless in their ability to influence those forces. To do so, the process of building stronger cities needs to focus on six distinct elements:

- ***A strong, vibrant economy***

Cities and their metros need to build on their local assets to create new economies to replace their lost manufacturing base. Medical centers, educational institutions, locational features such as waterfronts, and the entrepreneurial drive, accumulated talent and skill sets from these cities' manufacturing legacy all represent opportunities for building these cities' future economies. At the same time, a strong local economy requires that a city's workforce be positioned to benefit from economic growth, and provided with ample and appropriate opportunities to build greater workforce attachment and provide training and career paths for city residents.

- ***Sound, stable neighborhoods***

In order to thrive, a city needs residential areas that offer an appealing quality of life to residents of all income levels, neighborhoods where people who could leave the city choose to live. Cities must preserve today's vital neighborhoods, while restoring once-healthy neighborhoods to vitality and creating new vital communities in downtowns and other historically non-residential areas.

- ***Productive reuse of vacant land and buildings***

All shrinking cities have a large surplus of land and buildings as a result of houses, factories and commercial buildings being abandoned, decaying, and ultimately demolished. Over the years, more and more vacant land accumulates, much of it brownfields, for which no market exists at present, and in most cases, for the foreseeable future. Unless productively reused, the pervasive presence of vacant buildings and land destabilizes the rest of the community. Cities must develop plans and strategies for recycling their vacant land and buildings in ways that are realistic, and that enhance the city's quality of life, including reuse for green purposes, such as urban agriculture and environmental preservation.

- ***Environmental sustainability***

The legacy of older industrial cities is also one of environmental pollution, brownfields and energy waste, all of which represent roadblocks in their becoming healthier, more competitive communities. Environmental sustainability, in all its many dimensions, needs to be a priority for cities, both as a framework for future economic activity and as a basis for creating the quality of life that will both draw and retain future populations.

- ***Regional cooperation and coordination***

The decline of the central cities is echoed in the economic weakness of their regions, despite scattered pockets of growth. These cities and their regions suffer from a legacy of governmental fragmentation and systems of taxation enacted at the state level that foster competition and conflict rather than cooperation, despite the obvious economic and social inter-dependence of cities, villages and townships within each metropolitan area. Cities, their counties, and the other municipalities within each region need to build a framework for cooperation and coordination, so that they can address their common problems in a coherent, consistent manner.

- ***Strong effective governance***

Finally, none of this can be accomplished without effective governance at the local level, including political leadership capable of planning for the future and making tough decisions, and harnessing technical and managerial capacity to implement cost-effective targeted strategies, make rational resource decisions, and engage cities' business and civic leaders in the process of change. Effective governance includes a readiness to leverage the capacity of local government by forming partnerships with non-governmental actors, including CDCs, institutions and private businesses.[1]

B. Growing awareness – increasing constraints

Although population and job loss have been realities in America's cities in transition since the 1960's or even earlier, it is only recently that an increasing number of these cities have begun to recognize their condition and grapple with those realities. As recently as 1993, Detroit's City Ombudsman was vilified for suggesting that the city should acknowledge its population losses as a fact of life. This long-term pattern of denial not only reflects the political obstacles facing those seeking to tackle this issue, but also the extent to which growth and success are all but synonymous in American society, and the absence of a model that could accommodate both shrinkage and success as anything other than contradictions. Collectively, local leaders' growing awareness of their plight, their potential for innovating based on existing assets and their acknowledgement of increasing constraints all inform the shaping of state and federal policy and were surfaced and recognized in discussion at the roundtable.

(1) Growing awareness & innovative efforts inform state and federal policy

Several cities have begun path-breaking work that acknowledges their realities and proposes innovative solutions to their challenges. Youngstown, Ohio, arguably the first city to openly break the pattern of denial when it adopted the Youngstown 2010 Plan in 2005 (now being updated as the "2020 plan"), recognized that Youngstown had become a smaller city and called for a new approach to local planning grounded in that reality. It has recently been joined by Cleveland, where the work initiated by Kent State University's Cleveland Urban Design Collaborative under the rubric of *Re-Imaging a Sustainable Cleveland* led to a collaborative effort involving the city, community development corporations and Neighborhood Progress, Inc.

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[1] Specific examples of the financial resources, regulatory tools, and capacity-building activities that cities might need are provided in Appendix 3.

a non-profit intermediary, to think about new uses for land in a city that had lost over half of its peak population. In 2010, following Dave Bing's election as mayor, Detroit embarked on a comprehensive effort to plan around what is coming to be known as the "shrinking city paradigm," addressing not only land use and environmental policies, but also schools, workforce and economic development issues to build a comprehensive strategy for the city's future. While these three cities have been most visible in addressing their realities, they are not alone. Many other cities, including Dayton, Rochester and Flint, are looking anew at themselves, and are coming up with creative strategies around reconfiguring land areas, engaging with anchor institutions, revitalizing neighborhoods and rebuilding local economies undermined by years of recession and deindustrialization.

At the roundtable convening, a number of examples of local programs and innovations were shared and discussed, particularly during the breakout sessions circling around five topic areas relevant to cities in transition: (1) housing and neighborhoods; (2) building on economic assets; (3) land management and reconfiguration; (4) strategic planning and regional collaboration; and (5) "greening" and environmental sustainability. Three innovative programs described below from Philadelphia, Dayton and Cleveland provide examples of local practices that create tangible local benefits and can be supported and encouraged with improved state and federal policies, while they also form the basis for the federal policies outlined in section 7.

- *Greenworks Philadelphia,* a plan created out of the Pennsylvania Governor's Office of Sustainability, reflects several of the "building blocks" from which to revitalize cities in transition. First and foremost, the plan focuses on environmental sustainability with concrete action steps. The plan promotes building strong neighborhoods, equity, economic development, local engagement and resource efficiency, with environmental sustainability as the goal. It also sets out a series of goals and benchmarks to actively measure and publicly publish the city's progress. It explicitly requires cross-agency governmental collaboration (i.e. among the Streets Department, Zoning Code Commission, Department of Health, etc.) as well as partnering with nonprofits, community organizations, private sector entities and utility companies. There is also a specific focus on targeting of scare resources to the places and projects that will most significantly advance the goal of reaching the plan's benchmarks. Creating and implementing a larger, comprehensive program like Greenworks Philadelphia is unlikely without strong local governance, and sustaining it and other similar programs will require bolstering from state and federal programs.

- *Rebuilding Together Dayton,* while a less comprehensive initiative than the Philadelphia example, focuses on maintaining strong viable neighborhoods through an innovative, proactive process. All cities in transition are characterized by an existing surplus of vacant and abandoned homes, and Rebuilding Together Dayton aims to prevent more from being generated by working to ensure that physically "at-risk" and low-income residencies do not turn into vacant or abandoned properties. By concentrating on rehabilitating owner-occupied housing units –at no cost to the owner –for low-wealth and disabled individuals, the organization helps prevent neighborhood deterioration and further growth of vacant and abandoned property. In this way, Rebuilding Together Dayton addresses a specific cause of vacancy and abandonment (i.e. inability of low-income residence to bring their house up to code), rather than focusing on managing end results (i.e. maintaining properties once they *become* underutilized and often unsafe, with a particular focus on equity). This approach helps maintain the viability of existing neighborhoods by using in-kind labor and donated materials and demonstrates the potential power of preventative strategies being implemented on the front lines with very limited resources to halt further decline.

Evergreen Cooperative attempts to strategically address some of the challenges that face Cleveland and other cities in transition –namely concentrated poverty, economic equity and lackluster local job creation –by building on the concentration of anchor institutions located on the city's east side. Within Cleveland's "University Circle," a number of important regional and national institutions cluster, including Case Western University, Cleveland Clinic, University Hospitals, and many other significant cultural institutions. With this concentration of institutions, comes a large demand for supplies and products, most of which are purchased from outside of the Cleveland region. At the same time, neighborhoods surrounding these institutions have experienced severe disinvestment and a decline in wealth-building job opportunities. The Evergreen Cooperative attempts to resolve this paradoxical situation, by creating businesses that are specifically aimed at locally producing goods and services that these institutions currently purchase from outside of the region. Moreover, these businesses are employee-owned, prioritize hiring from within the community and maintain the highest environmental standards related to their respective industry. Currently, the Cooperative is focused on three different businesses –industrial-scale laundry, solar panel installation, and commercial hydroponic growth of lettuce and other herbs –working to create a local supply for local demands. The initiative successfully builds on anchor institutions in a unique way to address a range of issues of job loss, equity, workforce development, entrepreneurship and environmental stewardship.

These select examples represent programs and initiatives that are on the forefront of recognizing the unique opportunities and assets that "cities in transition" possess. However, due to the myriad of challenges and constraints these places face, innovative redevelopment strategies unfortunately are still relatively uncommon in our cities with which we are concerned. With additional state and federal support (not necessarily financial), additional innovative local practices will be possible.

(2) Increasing local constraints also inform state and federal policy

While these cities, organizations and leaders have begun the process of planning for a different future, the scope of the obstacles – lack of financial resources, regulatory and institutional tools and capacity -- facing them is already apparent as outlined below.

- ***Financial resources***

Change is expensive. Investments need to be made that may not pay off for years or decades. At the same time, local governments today, faced with the recession, property abandonment, and continued job loss, find it difficult to finance even the basic ongoing services that their citizens and businesses need. They, key partner CDCs and other local actors will need additional financial resources if they are to be able to implement ambitious, difficult transformational plans. In distressed industrial cities and their metros, where markets are weak and private investment is limited or all but nonexistent, additional public sector resources are essential to jumpstart the market and reverse the downward economic spiral.

- ***Regulatory and institutional tools***

While many reforms have taken place in the past decade, including abandoned property reforms in Indiana, New Jersey and Pennsylvania; restructuring tax foreclosure laws in Michigan and Georgia; and land bank legislation in Ohio and Michigan, many cities still lack the regulatory and legal tools they need to act in ways that enable them to control their environment and foster a healthier future. These may include strong planning and land use controls and the ability to gain control over problem and derelict properties in a timely fashion, as well as regulatory flexibility that gives them the ability to implement programs and offer incentives efficiently and effectively. Regional cooperation within metro areas continues to be hindered not only by the history of municipal fragmentation, but in some states by the absence of institutional vehicles such as regional planning agencies or councils of government through which co-operation could be fostered.

- ***Building capacity***

Without the capacity to plan and implement effective strategies, and make sound, data-based decisions, even the strongest legal and institutional tools may be inadequate. Cities in transition, particularly smaller ones, have far too few effective, responsible leaders and capable, well-trained managers and professional staff to take on the challenges facing them. If they are to succeed, they will need help in fostering stronger leaders, building the capacity of existing personnel, and recruiting and training new people with the skills and commitment the cities need, along with technical assistance for specialized tasks that may be outside the capacity of local governments or CDCs.

The shared challenges and innovative efforts informed the “building blocks of stronger cities” articulated above. They offer further proof that a growing number of organizations and community leaders throughout the Great Lakes region – in which these places are predominantly clustered -- have an understanding of the relationship between long-term, large-scale population loss and the many challenging conditions facing their cities and are advancing innovative revitalization strategies. These practices also exemplify how the “building blocks” discussed above apply to and derive from “on-the-ground” programs and initiatives. Here is the point at which the roles of state and federal government becomes critical. While the only people who can rebuild distressed cities and metros are the people of those cities and metros, they cannot do it alone. If, as we believe, state and federal governments have a stake in the future of older industrial cities, they need to provide local actors with the tools and support that will enable them to change the legal framework and build a better future. At the same time, local actors will need not only resources and capacity but the will to use those resources for change.

4. The State Policy Backdrop: How state and federal actions can reinforce each other

State policies have a disproportionate impact on the physical and economic development of their cities. Many states have put in place tax policies, resource allocation decisions, business location incentives, and other policies that historically have tilted the playing field against central cities and compounded their problems, including:

- Perpetuating the geography of fragmented local governance, encouraging suburbs and exurbs to compete with cities for new businesses and economic development rather cooperate for the greatest benefit to the region as a whole.
- Creating fiscal systems that are often biased against cities and older suburbs.
- Distributing gasoline tax revenues in ways that shortchange cities.
- Allocating low income housing tax credits in ways that reinforce concentrated poverty.
- Creating cumbersome state tax foreclosure laws that foster speculation and hinder redevelopment and the productive re-use of existing sites.
- Skewed economic development funding programs to encourage the development of greenfields over reuse of urban sites.

A 2007 Brookings report commented that, "Unfortunately, over the past half century state policies and practices have generally not been favorable to urban areas. At best, these communities have been treated with benign neglect, with state programs and investments focused predominately on managing urban decline, as opposed to stimulating economic recovery. At worst, state policies and investments have actually worked against cities, facilitating the migration of people and jobs (and the tax base they provide) to the metropolitan fringe, while reinforcing the deterioration of the core."[2]

The most carefully considered and targeted federal policies can be neutralized or, at worst, reversed if state policies are left in place that conflict with the goals of federal policies. Because of the prolonged crisis in which these cities find themselves – and in light of the prospects of greater federal funding and intervention in the future –it is critical that federal and state actions leverage one another, acting symbiotically to ensure these places receive the maximum "bang for the buck." Toward that end, there are several ways in which state leaders could leverage future federal policies and programs more effectively, making scarce state dollars go farther and pushing localities to find new ways of doing business. While federal policy can be much more proactive in generating state policy reforms, state and local leaders can also engage and lead the federal government, as a recent report issued by Greater Ohio Policy Center and the Brookings Institution Metropolitan Policy Program found.[3]

How states can maximize federal action

Following the Ohio report's recommendations, states with concentrations of cities in transition should pursue two simultaneous strategies.

- States should compete aggressively for available federal funds, such as funds for an Energy Innovation Hub from the Department of Energy, grants to catalyze cluster development from the Economic Development Administration, and funds from the Sustainable Communities Initiative.

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[2] Brookings Institution Metropolitan Policy Program, *Restoring Prosperity: The State Role in Revitalizing Older Industrial Cities*. 2007, p. 6.
[3] Greater Ohio Policy Center and Brookings Institution Metropolitan Policy Program, *Restoring Prosperity: Transforming Ohio's Communities for the Next Economy, 2010.*

- States should work to shape the federal government's approach on priorities that matter to them, such as redefining the meaning of a sustainable community, getting funds earmarked for land banks, and emphasizing the need for multi-jurisdictional land use and transportation planning. Programs in each of these categories are discussed in greater detail in section 7.

State efforts to leverage and maximize federal action cannot be mere rhetoric. To make their actions meanintful, state leaders must forge a united front and articulate a clear vision of federal action in these areas. Finally, states must position themselves to be the federal government's "partner" and not merely another lobbying entity, by building local capacity to utilize federal programs and resources effectively, developing their own models for change, and encouraging innovative local practices.

How federal policies can leverage state action

The importance of the state role in shaping the future of these cities makes it even more important that federal policies maximize constructive state action and leverage reforms in areas from fiscal policy to governance, from workforce and infrastructure to regional development, and from business development incentives to land reuse.   Federal policy can interact with state policies in several different ways to leverage state change.

- Federal actions can help neutralize or overcome entrenched traditions that have become historic and cultural impediments to change, such as a resistance to operating cross-jurisdictionally, a deep-seated belief in local control, and long-standing practices of distributing public funds unrelated to need or merit. Federal policies can mitigate these entrenched attitudes and practices by encouraging the targeting of resources, rewarding innovative governance and service delivery and promoting cross-jurisdictional planning.
- Federal programs can help incentivize creative state programming, such as promoting state-level, cross-agency cities in transition initiatives.
- Federal actions can create competitive advantages for cities and metros that will level the playing field between cities and other jurisdictions, prioritize neighborhood stabilization in market-ready areas, and leverage local and regional assets.
- Federal policies can overcome statutory barriers and gaps by encouraging the modernization of state statutes governing land use, foreclosure and land banking, and can foster better practices by requiring effective data collection and program evaluation.

5. The federal policy backdrop: Constraints and opportunities in framing federal policies for cities in transition

As are the states, the federal government is already deeply involved in the fate of America's cities in transition. Since the Housing Act of 1949, federal dollars have poured into the cities for education, housing, and poverty alleviation. The federal government has played a role in attempting to shape the contours of those cities. While the nature of that role and its priority in federal policy has ebbed and flowed, its existence has been a constant under Republican and Democratic administrations alike. While federal programs have had their success stories, the stream of federal money has had little effect on overall urban growth or decline. It would be hard to show much connection between the American urban condition today – either the revival of cities like Atlanta and Boston or the continued distress of Detroit and Buffalo – and the federal initiatives of the past sixty years. The question is – as we go forward, can we do better in the future? This involves looking at some of the reasons for the ineffective nature of federal initiatives in the past, and thinking about how these can be addressed in the future.

A. Structural problems in federal urban policy

Although the political will to focus on urban regeneration at the Federal level has fluctuated over the years, and the level of resources addressed to that area uneven, the reasons for its lack of impact go beyond those issues. At least three separate structural factors may be at work:

- Absence of a coherent strategy

Federal programs have typically been reactions to problems, targeted at symptoms rather than at the root causes of urban decline or neighborhood deterioration. Moreover, since the 1949 Housing Act, urban revitalization and subsidized low income housing production have been conflated in federal policy, to the disadvantage of both. While providing lower income housing is an important federal responsibility, it is a very different goal, however, from that of rebuilding the social and economic vitality of cities, which is undermined by the concentration of poverty in those cities, and will ultimately come from the ability of the public and private sectors to create a healthy housing market for people at all income levels.

The lack of a coherent strategy is not limited to the federal government. Few of the activities pursued by state governments, or by cities in transition themselves over the past decades were grounded in a strategic framework designed to lay the groundwork for a stronger future city. States and cities have scattered billions in investments not only in new housing, but in new schools and public facilities, without weaving them into larger strategies or targeting them to areas with strong assets for future revitalization.

None of these investments took into account the implications of sustained population loss – that the number of housing units, schools, storefronts, and indeed, the amount of land needed by these cities' shrinking populations was far smaller than what was needed in 1920 or 1950, and that policies that continue to scatter resources thinly across the entire city not only would not revive the city, but may undermine areas that could still be productive and vital.

- Lack of coordination

Perhaps less visible, but equally significant, is the lack of coordination between the many different federal agencies and federal programs whose activities affect the future of older cities. The problems of coordination are conceptual, structural and mechanical. Coordination of multiple programs across different agencies is difficult, even when they agree that they have a common goal and mission. Many federal programs, however, that have a direct and potentially powerful effect on the future of urban areas are not seen by their managers as "urban programs." A further impediment to coordination is that there are almost as many distinct distribution mechanisms for federal programs as there are programs. As a result, even if the federal agencies make a serious attempt to coordinate their programs, those efforts could easily be rendered meaningless by lack of coordination at the state/local level.

- Failure to sustain commitment

Administrations and legislatures come and go, and short attention spans are typical of many governmental systems. Some federal programs, however, appear to be frozen in time, going on year after year with little or no change, while others are short-lived and die before they have been implemented sufficiently to make a difference. Comparing those programs that survive for decades with those that come and go raises a troubling issue. The programs that survive year in and year out tend to be the broadest and least targeted programs.[4] Tightly focused or narrowly targeted programs have smaller constituencies, and are far more susceptible to being cut in times of financial constraint or political change. Such programs, however, are often more effective within their particular compass than loosely-defined, thinly-spread programs like CDBG, which has gradually devolved into a form of benign patronage largely devoid of strategic purpose.

If targeted programs are to be truly effective, however, they must be sustained. The process of restoring cities in transition to vitality will be a protracted, one, which will require sustained support rather than 'one-shot' infusions of federal money. Cities must know that there will be a long-term federal commitment if they are to carry out the kind of strategic planning needed to ground successful transformative efforts. The ability to sustain a federal commitment to such programs, once enacted, however, may be a more difficult political challenge than the ability to initiate such programs.

B. The framework for future federal policy toward cities in transition

If federal policy is to help regenerate cities in transition – the cities that did not "turn around" during the revival of the 1990s and early 2000s and continue to lose jobs and population – those cities need to be the focus of distinct strategies addressing their particular circumstances, rather than generic approaches grounded in a generalized notion of urban revitalization. This is not to suggest that federal resources should not be directed to the more successful cities. Cities like Boston and San Francisco still have severely distressed neighborhoods in need of assistance, while the needs of an unemployed single mother in Flint are not necessarily that different from those of her counterpart in Atlanta. The strategies for change in strong market cities, however, are fundamentally different from those that best fit cities in transition. Federal policies and programs should reflect those differences.

Targeting cities in transition, however, raises political issues. Politicians and others in those cities may see themselves as being placed in a policy "ghetto" defined by their distress. At the same time, these cities are far less than a majority of the nation's population or its metropolitan areas, although historically they constitute the country's economic backbone and source of

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[4] CDBG, for example, which has survived largely unchanged since 1974, is distributed by formula to 1,177 separate towns, cities and counties, and can be used for almost any purpose plausibly related to benefiting low income households or reducing slums and blight. While meeting that modest standard, therefore, it can be used for any activity that reflects local political wishes. As a result, it has built a strong national constituency, rather than one concentrated in a single region or type of community.

innovation and retain significant assets on which to build the next economy. With federal resources for urban initiatives likely to be severely limited in coming years, it may be difficult to build enough political support to sustain the long-term, focused effort on behalf of these cities that will be needed to bring about meaningful change.

These considerations suggest that translating a federal policy toward cities in transition into specific programs or initiatives fall into three distinct categories:

1) New targeted programs for cities in transition. These programs are likely to be modest in scale, and focused on issues specific to those cities, such as addressing their large-scale inventories of vacant land and buildings.

2) New urban/metropolitan programs of broader scope. While these programs would encompass larger areas across the country, they would still ensurethat a reasonable share of their resources will be effectively directed toward the particular needs and concerns of cities in transition.

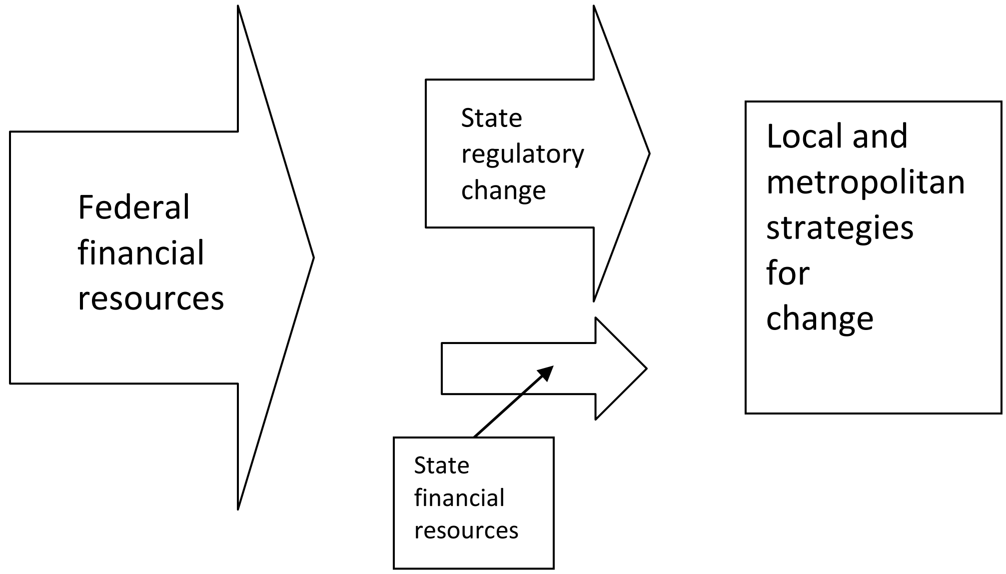
3) Revisions to existing programs. Existing programs would be revamped to ensure that cities in transition can use them strategically and in ways that actively further their revitalization.

With respect to all of these areas, it is important to build ways in which federal resources can be effectively coordinated among the many different federal agencies potentially involved, and better aligned with state and local resources and strategies. Newly emerging federal programs show encouraging signs of a new emerging spirit of coordination and alignment.

The federal government plays a more limited regulatory and institutional role than state government. Most federal regulations affecting local government deal with the use of federal funds rather than with general government operations, with a notable exception in the area of environmental regulation. The federal government, however, can dispose of substantially more discretionary financial resources that can be potentially directed toward the revitalization of older cities than can state government, either in the form of program resources for activities such as neighborhood stabilization or brownfields remediation, or as capacity-building resources.

By providing financial resources, the federal government, however, can exert strong – although not unlimited – influence over the ways in which states exercise their regulatory and institutional powers and direct their discretionary resources, and over the ways in which local governments pursue regeneration activities. Thus, even where the federal government may not have direct responsibility or authority, it can play an important secondary role in fostering the tools that local actors need to build stronger cities. This is represented graphically in Figure 1.

Figure 1. Federal, state and local policy interaction



Much of the condition that cities in transition and their metros find themselves in today is the outcome of a series of market failures, protracted over many decades. They are no longer competitive in their traditional economic roles, but have not yet found new roles to replace them. Their housing markets have deteriorated, and in some areas collapsed entirely, while growing segments of their population are unable to participate effectively in either local or regional labor markets. Government cannot provide a strong economy or housing demand. Ultimately, only the private market will do that. What government *can* do is to focus on strategies and initiatives that enable those markets to work better and enable their residents to better compete in those markets, and thereby lay the groundwork for economic revitalization and physical transformation.

In turn, these strategies dictate that a balance be found between affordable housing, anti-poverty, and market-based policies that build on local assets to enable cities in transition to become stronger physical, economic and social cities. Strategies in all three areas must be designed so that they support, rather than conflict with one another. Just as it is important to ensure that affordable housing programs do not undermine efforts to foster stronger housing markets, it is important to ensure that economic revitalization efforts help move disadvantaged citizens out of poverty. A balance also needs to be struck between federal efforts to influence local decision-making about where and how to use federal funds (such as targeting funds to selected market-viable neighborhoods or focusing on regional projects) and local discretion over where federal funds would be best utilized to further local goals and strategies.

The federal government cannot create that balance, which can only come about through an effective alignment of federal, state and local resources and policies. Guiding principles to help create that alignment are discussed in the following section.

6. Key principles for aligning federal, state and local policy

For America's cities in transition to thrive again, and for governmental policy to be a positive force in enabling them to do so, new and better-aligned federal, state and local policies need to be in place. These policies should be guided by five key principles, which would be informed in turn by the criteria identified earlier in the cities in transition typology:

- Build on local assets and strengths
- Be flexible to respond to local conditions
- Link to local/regional strategies
- Build state/local capacity for change; and
- Leverage state policy change

While more work needs to be done to define and flesh out the actual metrics used to measure the variables identified in each of the three categories of the typology – distress, opportunity, and capacity, it can be used as a tool policymakers and practitioners can use to assess each city's unique constraints and opportunities, and use as a building block for more effective policies.

Policies that build on and leverage local assets and strengths, for example, are highly desirable, since cities' anchor institutions, amenities, existing infrastructure and other assets are all opportunities identified in the typology. Similarly, regional vitality and strategies that enhance local and regional linkages are also opportunities, and policies that promote these linkages should be encouraged. Local conditions defined by distress factors –such as degree of population and job loss, poverty and unemployment levels, amount of vacant properties etc. – also need to influence policy formulation. Similarly, capacity-building should be a primary goal of public policy. While it should be embedded in all policy reforms, it needs particularly to be a focus on federal, state and local policy alignment.

A final key principle for federal policy is to leverage state policy change. In this age of a more activist federal policy stance toward urban and metropolitan areas, unless new federal policies simultaneously directly affect cities and their metropolitan areas while promoting state policy reform, they will be far less effective in changing the economic conditions and building stronger communities in cities in transition.

A compelling and perhaps novel example of potential federal-state-local alignment is articulated in a recently drafted policy brief arising out of a unique 16-month long effort instigated by Living Cities, a national collaborative of foundations dedicated to urban issues, to coalesce local, state and federal efforts around revitalization of Cleveland. The policy brief focuses on creating a policy agenda for Cleveland and, toward that end, contains an unusual combination of recommended local, state and federal policy actions[5] in four different work areas (strong neighborhoods, expanded income, college and career access/success, and transportation).

[5] Living Cities. "American City Agenda: A Partnership of Living Cities, the City of Cleveland and the State of Ohio. A Policy Agenda" and "American City Agenda: A Partnership of Living Cities, the City of Cleveland and the State of Ohio. Making Cleveland's Neighborhoods Strong: A Policy Agenda." Working Drafts. June 2010.

This policy brief collects in one place a unique combination of proposed local, state and federal actions that, if implemented, become concrete illustrations of multi-level alignment. For instance, the report's "strong neighborhoods" policy recommendations identifies "preventing abandonment and decay" in both local and state areas. However, local practices are focused on better inspection and code enforcement to "ward off neglect at the hands of speculators and absentee landlords," while the state policy recommendation not surprisingly is about pressing for passage of state legislation that would expedite foreclosure to "ward off vacancy, abandonment and decay." At the federal level, the report advocates that HUD funding be used for "blight removal" and that NSP funding regulations be relaxed to include commercial buildings and impending foreclosures, in order to prevent more abandonment and decay. If all these policies and practices were put in place at all levels, and implemented in conjunction with each other, then abandonment prevention, for instance, would be greatly amplified and maximized. Conversely, if say only local practices in this area are improved, then their impact may be minimal and perhaps even counteracted by unchanged state and federal policies. The Living Cities policy brief provides other similar options and ideas for "federalistic" alignment among multiple levels of government ultimately meant to benefit Cleveland but could redound to the benefit of other similarly situated cities.

7. Ten recommendations for federal policy reform to improve the plight of cities in transition

Jumpstarting the process by which cities in transition will begin to forge new economies and new physical configurations demands better alignment of federal reforms with state policies and local practices. While a perfect alignment is impossible to achieve, even those incremental changes that are possible will not happen by accident, but must be pursued systematically and intentionally. To that end, we recommend a "top ten" list of federal policy reforms[6] targeted at cities in transition, selected for their potential to facilitate and encourage alignment with state and local policy and practices:

(1) Inaugurate a "race to the top" urban initiative. This initiative would build on and leverage the nascent but well-conceived cross-agency HUD-EPA-DOT Sustainable Communities initiative, modeled on the "race to the top" education initiative where the Obama Administration is using federal power to "incite reform," as The New York Times columnist, David Brooks, observed, "without dictating it from the top."[7] It could take the same shape as the education initiative with a "contest" that encourages state policy reforms of the sort discussed earlier in this paper and be tied to specific local results, such as creation of regional economic development strategies based on collaborations with anchor institutions. This approach can be catalytic, allowing states to make fundamental, transformative changes that have been blocked by embedded cultural barriers (such as collaboration between big cities and their suburban and exurban neighbors) and defenders of the status quo. By tying funding to results and new ways of doing business, states would be encouraged to direct resources to build local capacity, a step which not only will improves outcomes of federal funding but reduce the need for

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[6] Several of these recommendations are in part represented in Chapter V "Engage and Lead the Federal Government," of the Greater Ohio/Brookings Institution *Restoring Prosperity: Transforming Ohio's Communities for the Next Economy*. February 2010.
[7] David Brooks. "Race to Sanity." *The New York Times*. June 3, 2010.

ongoing, costly state involvement in local planning and projects. Finally, these incentives might change the common practice of state governments disbursing their funds "like peanut butter" with little or no return on investment. States cannot afford to operate this way. The use of federal funding as a lever to overcome state resistance to change and collaboration would be money well-spent and an extraordinary investment in the future of cities in transition.

(2) **Make support of local business clusters a central theme of federal policy.** Many states with cities in transition have either explicitly identified industry clusters (such as Ohio, which identified nine industry clusters throughout the state) or have introduced the concept of cluster growth and development. The Obama Administration's FY 2011 budget should build on its modest support of the previous year for planning grants to identify local clusters, providing funds to support a federal clusters research and data-gathering center, while passage of the SECTORS Act of 2009[8] (or something similar) can significantly enhance the federal role in this area. This act recognizes the importance of the labor force, or supply side, of cluster development by offering federal grant support for aggregating worker training needs by industry and developing post-secondary curricula that match industry demand. States must be ready to maximize this federal assistance by strengthening workforce intermediaries, for example, to help workers and employers navigate public programs, and reinforce local business clusters.

(3) **Adopt clear federal standards for sustainable cities with decreasing populations that explicitly recognize their challenges and needs.** As pointed out in a previous paper released by Greater Ohio and the Brookings Institution, "growing smaller but stronger" is the ultimate goal of cities in transition,[9] in which context sustainability of their economies and physical environments takes on a different meaning from other places that are balancing population growth with dwindling natural resources. A reference to a revised definition of "sustainable" reflecting the reality of these cities and their sustainability challenges should be embedded in every new relevant federal program. This federal policy should explicitly acknowledge the opportunities that exist to rebuild these cities in ways that make the natural environment, including open space, air and water quality, central to their regeneration.

Several Administration and Congressional proposals have the potential to redefine the meaning of sustainability, while the Community Regeneration, Sustainability and Innovation (CRSI) Act, which would provide funds for cities and their metropolitan areas experiencing large-scale property vacancy and abandonment, addresses the needs of cities in transition, the HUD-EPA-DOT Sustainable Communities Initiative and the proposed Livable Communities Act of 2009, both need to explicitly encompass the needs of distressed cities struggling with sustained population loss. These programs all focus on the central goal of creating sustainable places, within which the unique sustainable challenges and goals of cities in transition should be explicitly recognized.

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[8] "Strengthening Employment Clusters to Organize Regional Success" (SECTORS) Act, introduced by Ohio Senator Sherrod Brown in 2009.
[9] Alan Mallach and Lavea Brachman, "Ohio's Cities at a Turning Point: Finding the Way Forward," Brookings Institution Metropolitan Policy Program, May 2010.

(4) **Foster innovative planning and implementation strategies for land reconfiguration.** Flowing from the above recommendation, the federal government should offer a competitive grant program specifically targeted at whole or in part to communities with substantial population losses and large inventories of vacant properties. The CRSI Act referenced above embodies this goal by supporting the development of strategic regeneration plans and demonstration projects for vacant property renewal in these cities. It would also facilitate the targeting and leveraging of governmental and nonprofit resources within distressed communities.[10] Federal funding for local land banks should be part of a larger effort to encourage meaningful local planning, linked with other proposed state and federal programs, such as neighborhood revitalization funding that targets viable neighborhoods, so that local efforts result in coherent rebuilding strategies rather than piecemeal efforts.[11]

(5) **Reward collaboration between municipalities and Metropolitan Planning Organizations (MPOs).** Encouraging collaboration between municipalities and MPOs is a logical federal role – either through direct grants to localities or by tying conditions on state funding. This is a particularly important area in which to get alignment right, since state policies that continues to offer perverse incentives for competition and fragmentation could significantly distort the effects of federal policy that is trying to encourage regional collaboration. This could be pursued through a HUD sustainable communities demonstration project in one or more of the states in which cities in transition are concentrated, such as Ohio, New York or Michigan, or by incorporating such incentives into a "Race to the Top" Urban Initiative, reinforceing the Sustainable Communities initiative already underway. A proactive federal role in this area could help states and regions find the political will to build regional collaborations, which may eventually lead to activities such as regional land use planning and regional economic development plans. A particular feature of the metros that contain cities in transition, is that the cities are more dependent on their regions for achieving prosperity, and the communities that make up the regions are themselves more interdependent, since there is a smaller growth pie to be shared.

(6) **Direct federal funds to support land bank planning and operations through NSP (Neighborhood Stabilization Program) III or another federal program.** Michigan and Ohio already have strong legislation enabling localities to create land banks with powerful revitalization tools, while Pennsylvania and New York are actively pursuing similar legislation. While these land banks are organized to be self-financing in the long run, a modest federal funding stream would provide needed capital at a crucial time early in the formation of many of these land banks, and perhaps provide some impetus for passage of land bank statutes in states that have not yet done so. Federal funding

[10] A similar recommendation appears in the draft Brookings Institution Metropolitan Policy Program "The Next Economy: Rebuilding Auto Communities and Older Industrial Metros in the Great Lakes Region." Jennifer Vey and John Austin, May 2010.

[11] In addition to creating new programs, federal policymakers should reexamine and revise current federal programs, such as the Low Income Housing Tax Credit (LIHTC) and CDBG. Current statutory provisions or guidelines may undercut their intended results by, for example,, encouraging construction of additional low income housing in already saturated weak markets or increasing concentrations of poverty.

would allow new land banks to engage in comprehensive planning and initial acquisition activities to lay the groundwork for redevelopment, particularly in neighborhoods in which vacant properties are concentrated and can be aggregated. Federal funding could also help them undertake the demolition as well as site preparation needed to make possible new, green land uses such as urban agriculture. These strategies would help avoid the transactional, "single parcel" approach that has dominated redevelopment in cities in transition, paving the way for future private-sector activity, enhancing emerging efforts underway in cities such as Cleveland, Dayton and Detroit.

(7) **Target federal neighborhood revitalization programs at viable but threatened neighborhoods rather than the most deeply disinvested areas.** Emerging federal policy offers a tremendous window of opportunity to influence strategies in cities in transition by redirecting resources to focus on preserving viable neighborhoods, targeting investment to upgrade private rental housing in stable neighborhoods, restructuring the LIHTC to focus on upgrading existing housing rather than creating new units in areas of rental housing surplus. Federal policy changes should be linked to state actions to establish targeted neighborhood revitalization strategies, in which state investments in housing, school construction, transportation, and other areas would be directed to neighborhood clusters that have retained market viability. States would be required to work in partnership with local leaders who would identify local priorities, as well as provide technical assistance to help cities and metros identify which neighborhoods should be targeted for investment.[12] Targeting and aligning investments in this way would also provide viable alternatives to continued development of far-flung, car-dependent places at the metropolitan perimeter. Again, these strategies would complement strategic efforts underway in places such as Cleveland, Dayton and Detroit, where local officials and community leaders are framing plans to distinguish areas with strong market potential from areas that will be greened or held for future development.

(8) **Encourage state-level, cross-agency programs that parallel the emerging federal cross-agency programs between HUD-EPA-DOT.** New federal-level cross-agency collaboration between USEPA, USDOT and HUD can set a standard for similar cross-agency efforts at the state level, leading to cost savings, more rational decision-making, and increased programmatic efficiency. Federal policies can encourage such efforts by funneling part of the funding designated for oversight of new federal programs, like the Sustainable Communities grant or the proposed "Race to the Top" Urban Policy Initiative, through state agencies, requiring cross-agency collaboration as a condition to utilizing the funds. Similarly, states should be instigating "bottom-up" programs that reinforce this new, cross-agency approach, such as Pennsylvania's "Community Action Teams" (CATs), under which state government offers one-stop, interagency support for catalytic revitalization projects identified by local public and private sector leaders.

(9) **Prioritize federal transportation funds for "fix it first" activities and for transit funding, requiring states, MPOs and other implementing organizations to prove both**

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[12] *Restoring Prosperity: Transformation Ohio's Communities for the Next Economy*. Chapter III, "Build on Prosperity-Driving Assets." p. 28.

need and significant benefit before providing transportation funds for new construction. With the federal transportation act likely to be reauthorized in the coming year, the federal government has the opportunity to set funds aside for cities in transition to be used solely for “fix it first” infrastructure improvement projects or for transit projects likely to generate significant economic development benefits, unless the state or MPO can demonstrate that compelling needs exist to use the funds for highways or other new non-transit projects. The existing federally-mandated transportation planning process for states and MPOs should be ameneded to make it more outcome-focused and integrated, and permit the federal government to reward multi-jurisdictional plans linking land use and transportation.

(10) Create a federally-orchestrated program to build local capacity by requiring that a part of the federal planning funds in programs as the HUD Sustainable Communities initiative or the programs in the proposed CRSI Act be dedicated to building local leadership, technical and managerial capacity. Lack of capacity to plan and execute effective strategies for change is endemic among cities in transition, a problem that encompasses a variety of problems, ranging from weak leadership to lack of technical capacity – both in terms of the number of people and their skills – difficulty framing strategies and taking effective action, and lack of solid information for decision-making. The federal government should take the lead in designing programs that would address these concerns, using a wide range of resources and modalities. Efforts could include more traditional training and technical assistance activities, as well as initiatives to engage new graduates to work in cities in transition, or ‘embed’ experienced professional staff in those cities for fixed periods.

APPENDICES

APPENDIX 1

Cities with population over 50,000 in 2000 that have lost over 20 percent of their peak population (listed by size)

City	1950	1960	1970	1980	1990	2000	ACS 2008	peak year	% loss peak to 2000	Change 2000 to 2008
Philadelphia	2071605	2002512	1948609	1688210	1585577	1517550	1447395	1950	26.70%	-4.60%
Detroit	1849568	1670114	1511482	1203339	1027974	951270	777493	1950	48.60%	-18.30%
Baltimore	949706	939024	905759	786775	736014	651154	636919	1950	31.40%	-2.20%
Milwaukee	871047	741324	717099	636212	628088	596974	581099	1950	31.50%	-2.70%
Washington DC	802178	763956	756510	638333	606900	572059	591833	1950	28.70%	3.50%
New Orleans	570000	628000	593000	558000	496938	484674	311853	1960	22.90%	-35.70%
Cleveland	914808	876050	750903	573822	505616	478,403	408101	1950	41.30%	-14.70%
Minneapolis MN	521718	482872	434400	370951	368383	382618	360914	1950	27.70%	-5.70%
St Louis	856796	750026	622236	453085	396685	348189	354361	1950	59.40%	1.80%
Pittsburgh	676806	604332	520117	423938	369879	334563	297187	1950	50.60%	-11.20%
Cincinnati	503998	502550	452524	385457	364040	331285	294771	1950	34.30%	-11.00%
Buffalo	580182	523759	462768	357870	328123	292648	263366	1950	49.60%	-10.00%
Newark	438776	405220	382417	329248	275221	273546	264128	1950	37.70%	-3.40%
Louisville	369000	391000	361000	298000	269063	256231	NA	1960	34.50%	NA
Birmingham	326037	340887	300910	284413	265968	242820	210422	1960	28.80%	-13.30%
Norfolk	214000	305000	308000	267000	261229	234403	234220	1970	23.90%	-0.10%
Rochester	332488	318611	296233	241741	231636	219773	190732	1950	33.90%	-13.20%
Akron	274605	290687	275425	237177	223019	217074	201807	1960	25.30%	-7.00%

Richmond	230000	220000	250000	219000	203056	197790	202002		1970	20.90%	2.10%
Providence RI	248674	207498	179213	156804	160728	173618	171128	pre 50 253.3K		31.50%	-1.60%
Dayton	243872	262332	243601	203371	182044	166179	143974		1960	37.70%	-13.30%
Syracuse	220583	216038	197208	170015	163860	147306	134217		1950	33.20%	-8.90%
Warren MI	42653	89426	179260	161134	144864	138247	132150		1970	22.90%	-4.50%
Flint	163143	196440	193317	159611	140761	124943	102446		1960	36.40%	-18.00%
New Haven	164000	152000	138000	126000	130474	123626	124447		1950	24.70%	0.70%
Hartford	177000	162000	158000	136000	139739	121578	117900		1950	31.30%	-3.00%
Erie	130808	138440	142254	119123	108718	103717	100066		1970	27.10%	-3.50%
Gary	133911	178320	175415	144953	116646	102746	84702		1960	42.40%	-17.60%
Macon	70000	70000	122000	117000	106612	97255	92453		1970	20.30%	-4.90%
Albany NY	134995	129726	115781	101729	101082	95658	91497		1950	29.10%	-4.30%
New Bedford	109189	101809	101777	98478	99922	93768	89396	pre 50 121K		22.50%	-4.70%
Fall River	111963	99427	96898	92574	92703	91938	93066	pre 50 120.5K		23.70%	1.20%
Trenton NJ	128009	114167	104638	92124	88675	85403	83052		1950	33.30%	-2.80%
Citrus Hts CA	NA	NA	21760	85911	107439	85071	86765		1990	20.80%	2.00%
Hammond IN	87595	111698	107983	91985	84236	83048	73234		1960	25.60%	-11.80%
Youngstown	168330	166689	139788	115511	95732	82026	69005		1950	51.30%	-15.90%
Reading PA	109320	98061	87643	78686	778380	81207	80560	pre 50 111.2K		27.00%	-0.80%
Canton OH	117000	114000	110053	93077	84161	80806	68507		1950	30.90%	-15.20%
Camden NJ	124555	117159	102551	84910	87492	79904	75456		1950	35.80%	-5.40%
Somerville MA	102351	94349	88779	77372	76210	77478	76430	pre 50		25.30%	-1.40%

Scranton	125536	110273	102696	88117	81805	76415	71336	102.9K pre 50 143.3K		46.70%	-6.60%
Wilmington DE	110356	94234	80386	70195	71529	72,664	67356	pre 50 112.5K		35.40%	-7.30%
Pontiac	73681	82233	85279	76715	71166	66337	58877		1970	22.20%	-11.20%
Springfield OH	78508	82723	81296	72563	70487	65358	NA		1960	21.00%	
St Clair Shores MI	19823	76657	88093	76210	68107	63096	NA		1970	28.40%	
Schenectady	91785	81070	77958	67972	65566	61821	NA	pre 50 95.6K		35.30%	
Saginaw	92918	98265	91849	77508	69512	61799	NA		1960	37.10%	
Utica NY	100518	100410	91611	75632	68637	60651	NA	pre 50 101.7K		40.40%	
Royal Oak MI	46898	80612	86238	70893	65410	60062	NA		1970	30.40%	
Dearborn Hts MI	NA	NA	80069	67706	60838	58264	NA		1970	27.30%	
Niagara Falls	90872	101829	85615	71384	61840	55593	NA		1960	45.40%	
Charleston WV	73501	85796	71505	63968	57287	53421	NA		1960	37.70%	
Euclid OH	41296	62998	71552	59999	54875	52717	NA		1970	26.30%	
Huntington WV	86353	83627	74315	63684	54844	51475	NA		1950	40.40%	
Florrisant MO	3737	38166	65908	55372	51206	50497	NA		1970	23.40%	

APPENDIX 2: INDICATORS FOR CITIES IN TRANSITION TYPOLOGY

DISTRESS INDICATORS

ELEMENT	METRICS	COMMENTS/QUESTIONS
Population loss	Percentage loss of population from peak and rate of population loss since 2000	This measure should be designed to reflect two factors: (1) the overall long-term population loss; and (2) the current (since 2000) rate of population change
Job loss	Percentage employment loss from peak or % loss since 2000	Reliable job loss data over a long-term period may be difficult or impossible to obtain.
Poverty	There are a number of possible variables, all using 2000 Census data: (1) Median household income (2) % households in poverty (3) ratio of households in poverty to households earning more than double poverty level.	The third metric (ratio of poverty households to households 2X poverty) may be particularly meaningful in that it reflects the relative weight of poor households vs. households at/above a modest middle-class threshold in the community.
Workforce	Individual measures or composite index that could include: (1) Unemployment rate (2) Labor force participation rate, either overall or for key populations such as males 45-54.	Should this measure be combined with poverty to create a single economic well-being index, or should it be treated as a separate measure?
Vacant housing/vacant land	Use ACS or USPS data for vacant housing units	Is there a way to use Google Earth or some other source to create a metric for vacant land?

CAPACITY INDICATORS

ELEMENT	METRICS	COMMENTS/QUESTIONS
Fiscal capacity index	Individual measures or composite index that could include (1) Rateables (equalized valuation) per capita (2) Distribution of revenue sources (property tax, sales tax, income tax) (3) Revenue trend	Is there enough variation in fiscal capacity between shrinking cities for this measure to be meaningful?
Implementation capacity index	Individual measures or composite index that could include: (1) expenditures for planning and for economic development (2) professional staff in planning, economic and community development (3) number/capacity of local CDCs (4) foundation(s) with assets > $______ (5) Number of corporations with value/assets > $____ headquartered in city. (6) Academic departments/research facilities specializing in planning, economic development and related fields	Could this be broken down into two indices, one measuring public sector and the other private sector capacity?

OPPORTUNITY INDICATORS		
ELEMENT	METRICS	COMMENTS/QUESTIONS
Anchor institution index	Individual measures or composite index that could include: (1) number of university students/graduate students (2) Presence of nationally-recognized research or health care institutions (3) number of hospital beds (4) federal research $$ received	Should student data be weighted more heavily for resident versus commuter students?
Amenity index	Individual measures or composite index that could include: (1) Parkland (acres/population) (2) Accessible/usable water bodies (3) Cultural institutions (4) Historic districts/properties (5) % of workforce in arts/cultural fields	Should this or a separate index identify residential opportunities created by downtowns and by viable residential neighborhoods?
Regional vitality	Three possible variables for 2000-2008 period: (1) Regional population change (2) Net regional in- or out-migration rate (3) Regional job change	
City size	Most recent population (ACS)	City size is likely to have a significant bearing on the range of strategy options realistically available for regeneration.

APPENDIX 3: WHAT TOOLS MIGHT CITIES NEED?

	FINANCIAL	REGULATORY AND INSTITUTIONAL	CAPACITY
A strong, vibrant economy	• Gap financing for major private investment • IMPACT program for green manufacturing • Better transportation connections to link urban residents to suburban job opportunities • Greater resources for workforce development	• Fiscal flexibility, including ability to grant tax abatements and use tax increment financing effectively	• Ability to underwrite complex transactions • Ability to manage and service loans
Sound, stable neighborhoods	• Funds for neighborhood stabilization programs • Funds for homeowner property improvements • Nuisance abatement revolving funds • Incentives for responsible landlords	• Effective code enforcement and nuisance abatement tools • Laws imposing creditor responsibility during foreclosure • Vacant property receivership • Ability to create land bank entities	• Local planning capacity • Local CDC capacity to carry out comprehensive neighborhood strategies • Small-scale rehab and infill development capacity • Ability to create and manage effective code enforcement and nuisance abatement systems
Productive reuse of vacant land and buildings	• Planning funds • Funds for demolition • Funds for brownfields site remediation • Funds for responsible relocation	• Flexible planning and land use regulations • Expedited tax foreclosure laws • Ability to create land bank entities	• Effective property acquisition capacity • Ability to maintain property inventory effectively • Urban agriculture extension programs
Environmental sustainability	• Funds for brownfields site remediation • Funds for energy efficiency and retrofitting • Funds for green environ-mental management strategies	• Regulatory flexibility from EPA on stormwater management systems	•

Regional cooperation and coordination	• Financial incentives for inter-municipal and regional cooperation	• Removal of regulatory barriers to shared services and other inter-municipal cooperative activities • Effective vehicles for regional coordination	•
Strong effective governance	• Funds to hire skilled managers and professional staff		• Effective political leadership • Strong senior and middle-level managerial capacity • Good practices in hiring and personnel management • Ability to conduct effective community engagement activities.