The Brookings Institution

Center on Urban and Metropolitan Policy
Bruce Katz, Director

American Metropolis: Divided We Sprawl

Land Use Coalition at Yale (LUCY)

March 30, 2004

American Metropolis: Divided We Sprawl

I — What are the major trends affecting cities and metropolitan areas?

II — What are the forces driving these trends?

III — What policy solutions are available to affect positive change?

I

What are the major trends affecting metropolitan areas?

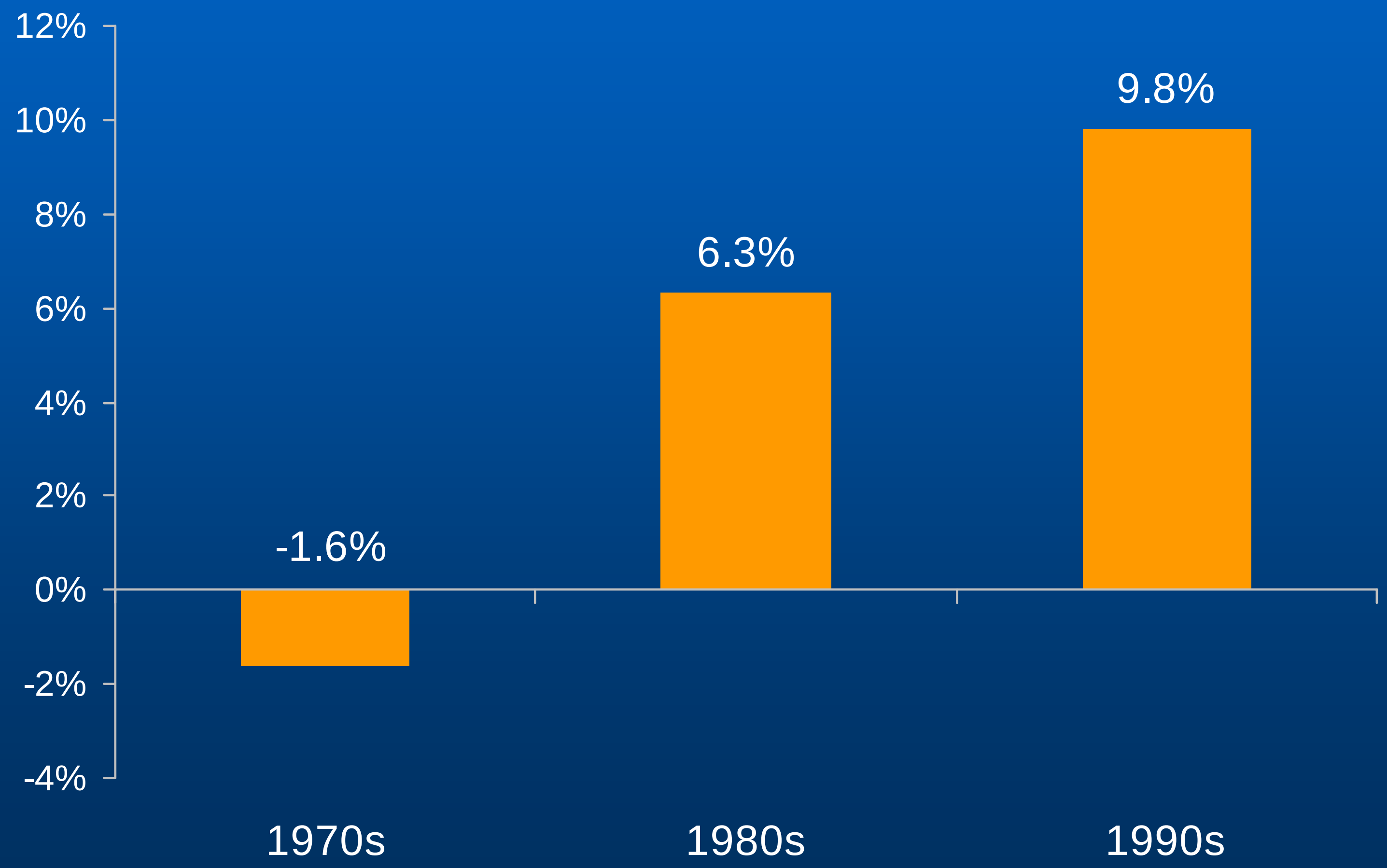
1. Cities are growing, but metros are still sprawling
2. Cities and suburbs are becoming more diverse
3. The economy continues to restructure
4. The geography of work is changing
5. The geography of poverty is changing

Cities

Large cities grew faster in the 1990s than they did in the 1980s and 1970s

50 largest cities, population 1970-2000

Source:
U.S. Census Bureau



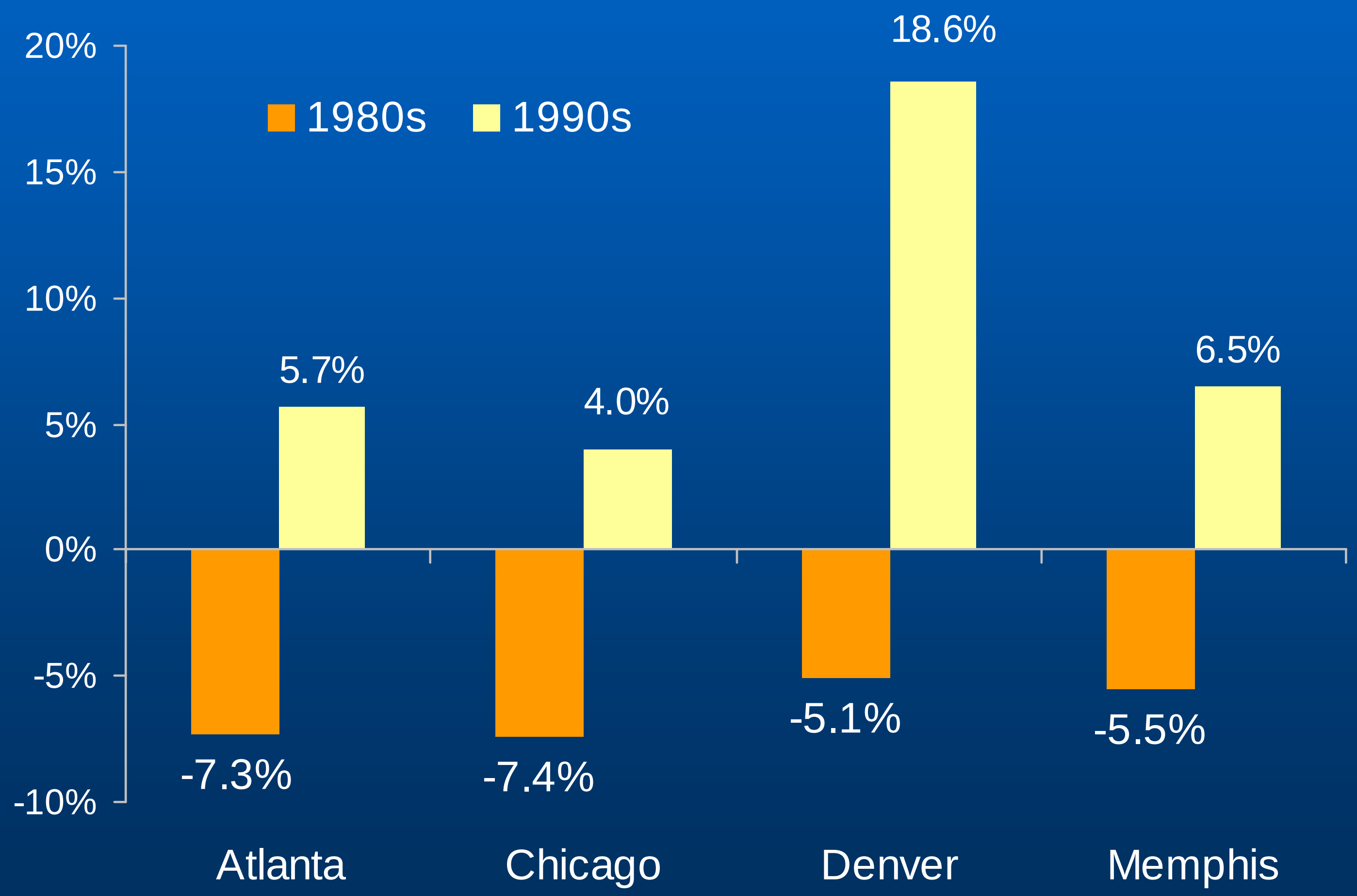
Source: Brookings calculations of U.S. Census Bureau data

Cities

Several large cities gained population during the 1990s after losing population in the 1980s

Selected cities, population growth 1990-2000

Source: U.S. Census Bureau

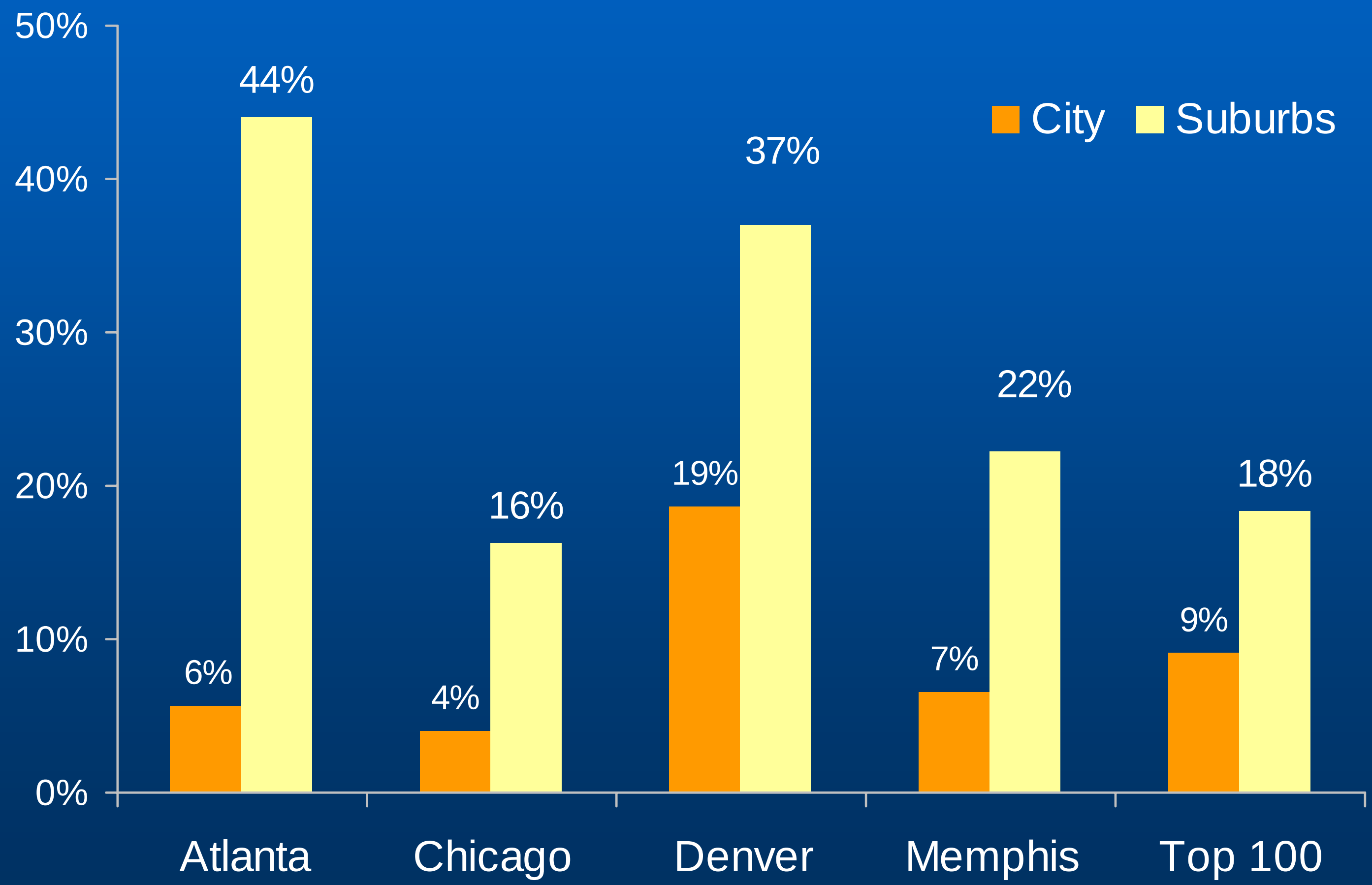


Suburbs ↑

Still, population is decentralizing in nearly every U.S. metropolitan area

Selected cities and suburbs, population growth 1990-2000

Source:
U.S. Census Bureau

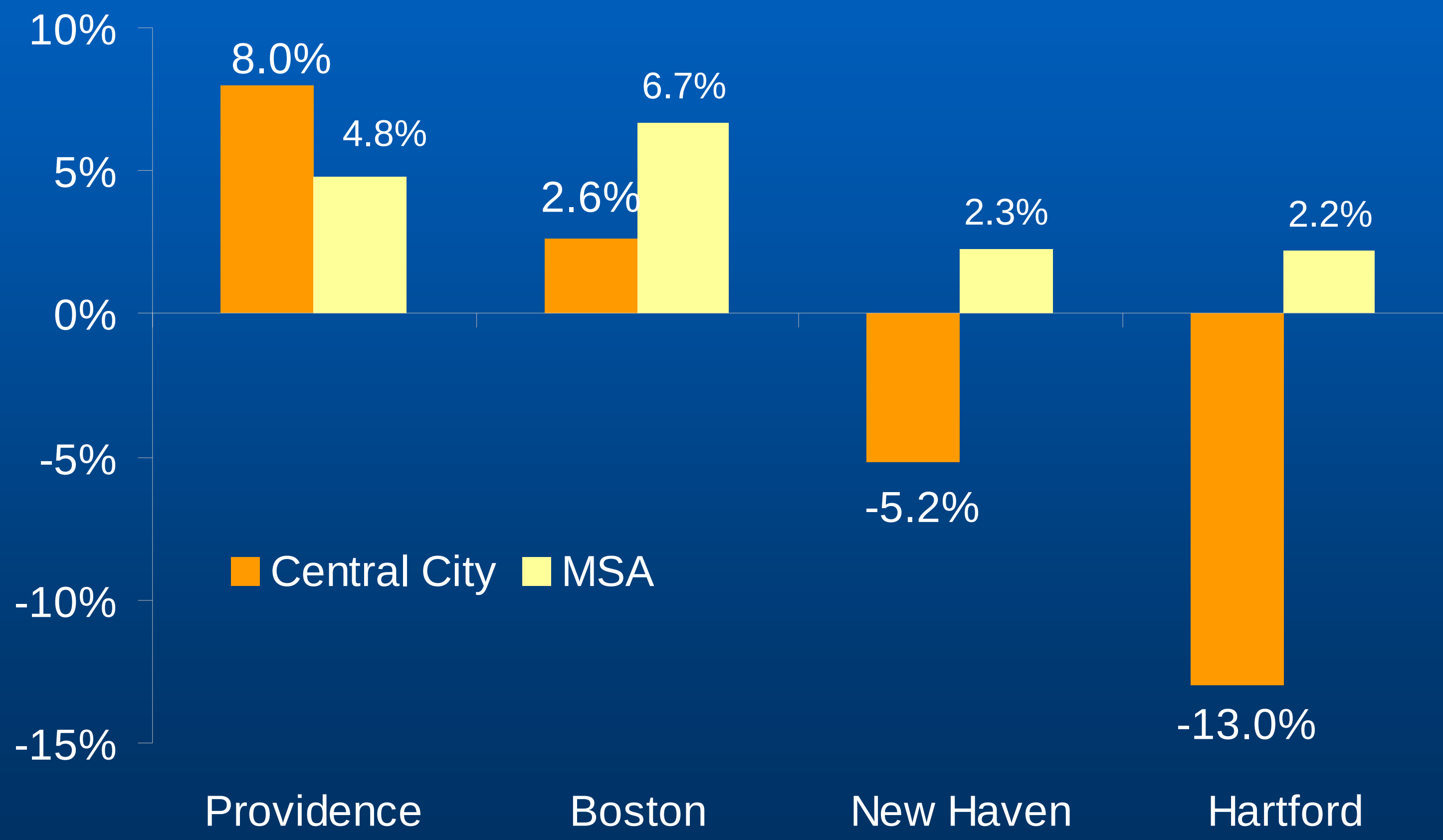


Suburbs ↑

This trend was apparent in most New England metros

Selected cities and suburbs, population growth 1990-2000

Source:
U.S. Census Bureau

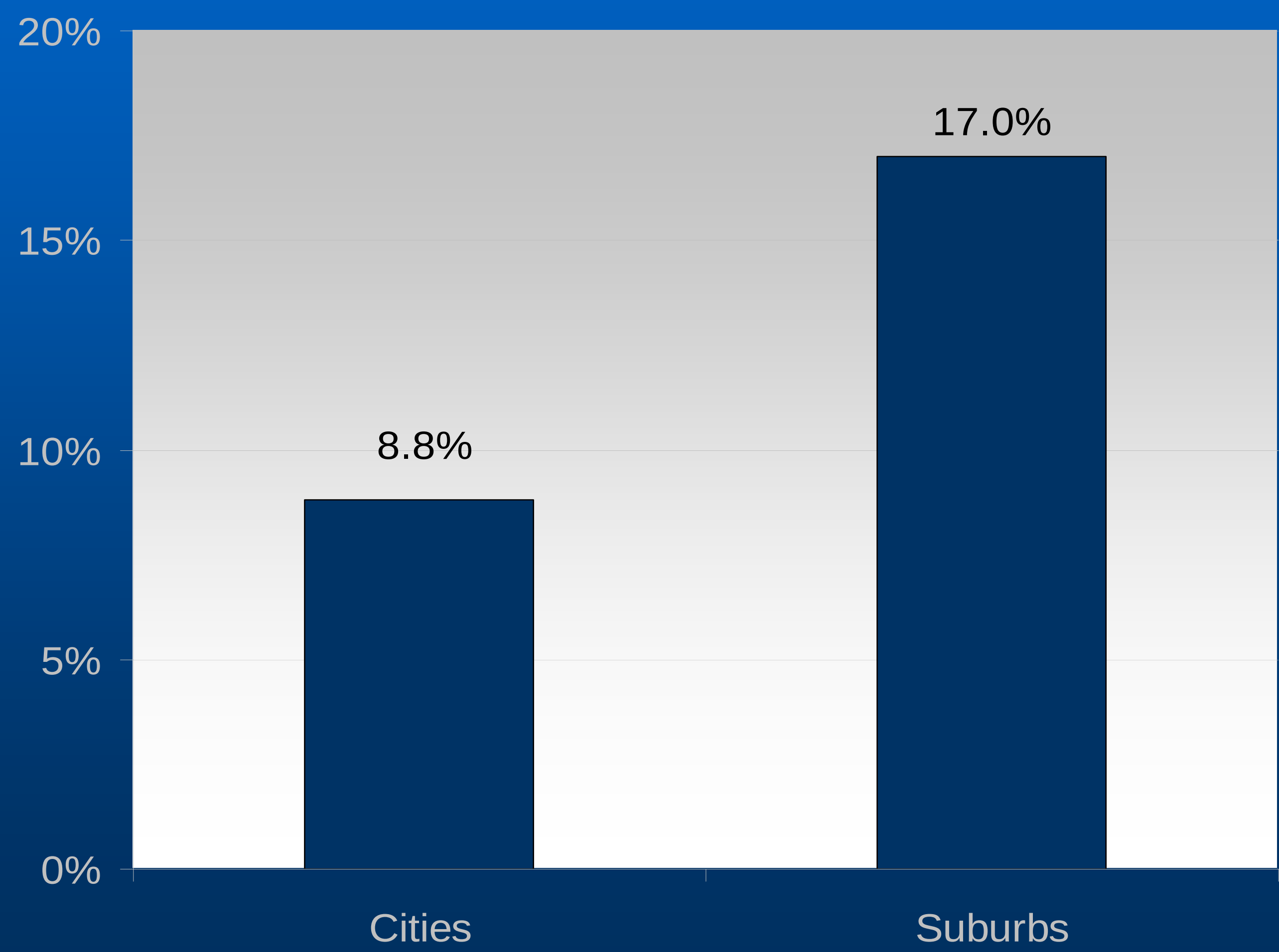


Suburbs ↑

Suburbs grew faster than cities in the 1990s

Percent population growth, 100 largest cities and suburbs 1990-2000

Source:
U.S. Census Bureau

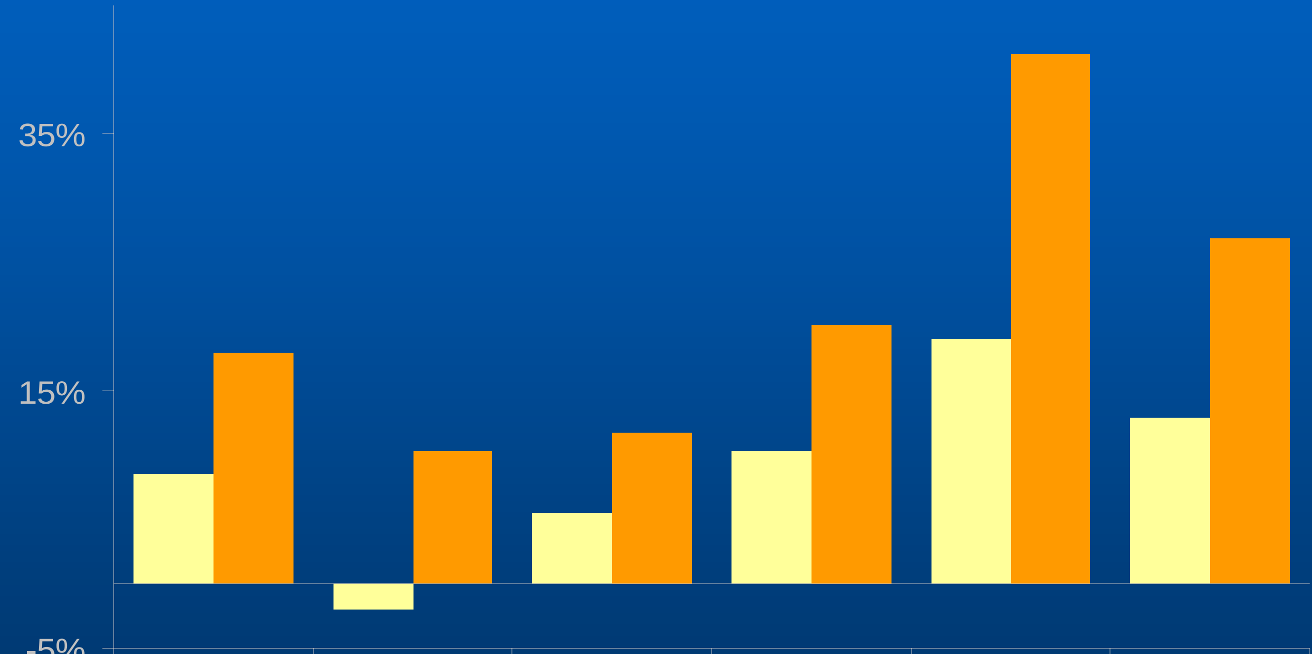


Suburbs

Every household type grew at faster rates in the suburbs than in cities

Population growth, 1990-2000

Source: William Frey. “A Census 2000 Study of City and Suburb Household Change.” Brookings, Forthcoming



	All Households	Married - no children	Married - with children	Other Family - no children	Other Family - with	Nonfamily
Central City	8.6%	-1.9%	5.5%	10.4%	19.0%	12.9%
Suburbs	18.0%	10.3%	11.8%	20.1%	41.2%	26.9%

II

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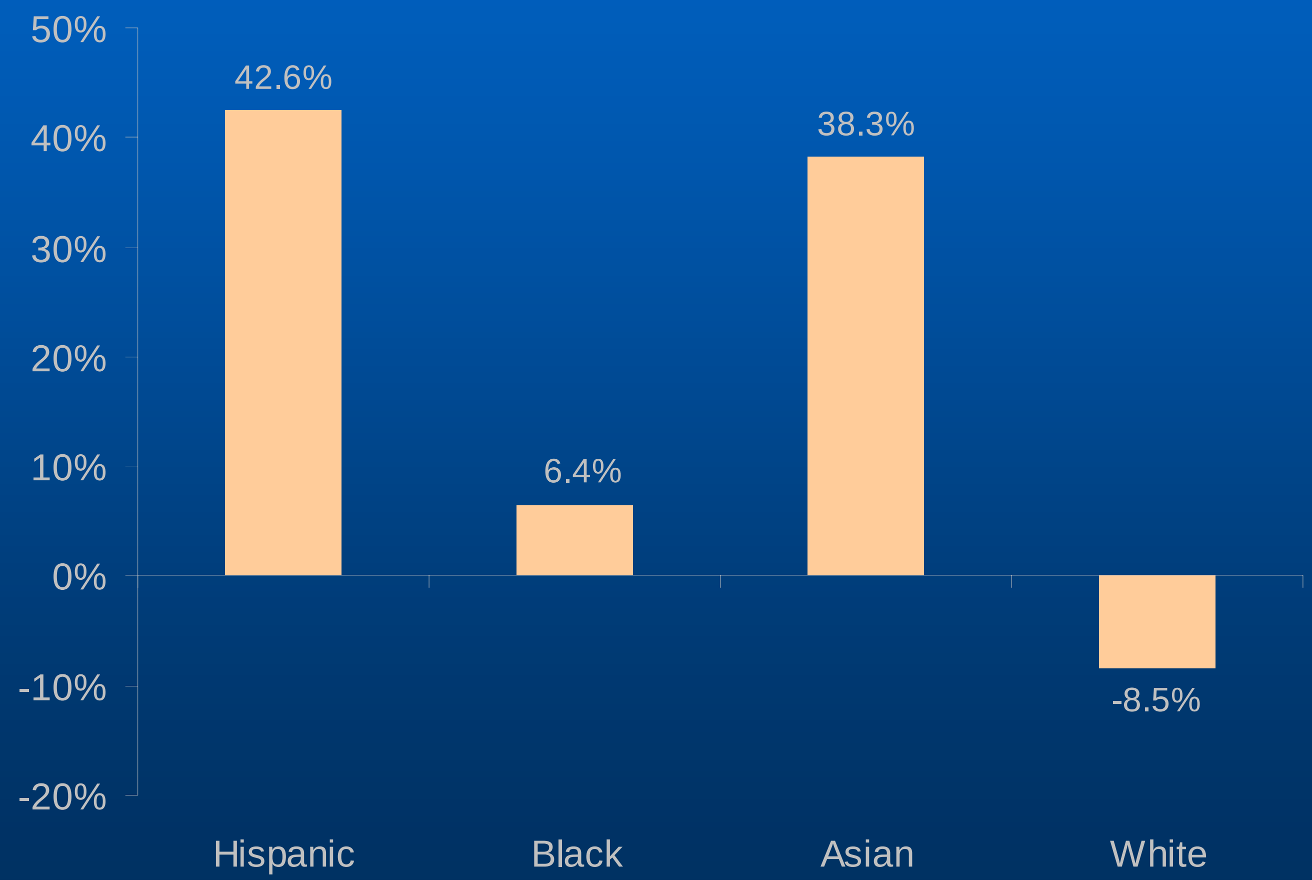
New Diversity

Central City Growth in the 1990s was fueled by Asians and Hispanics

Population growth, 100 largest cities 1990-2000

Source:
U.S. Census Bureau

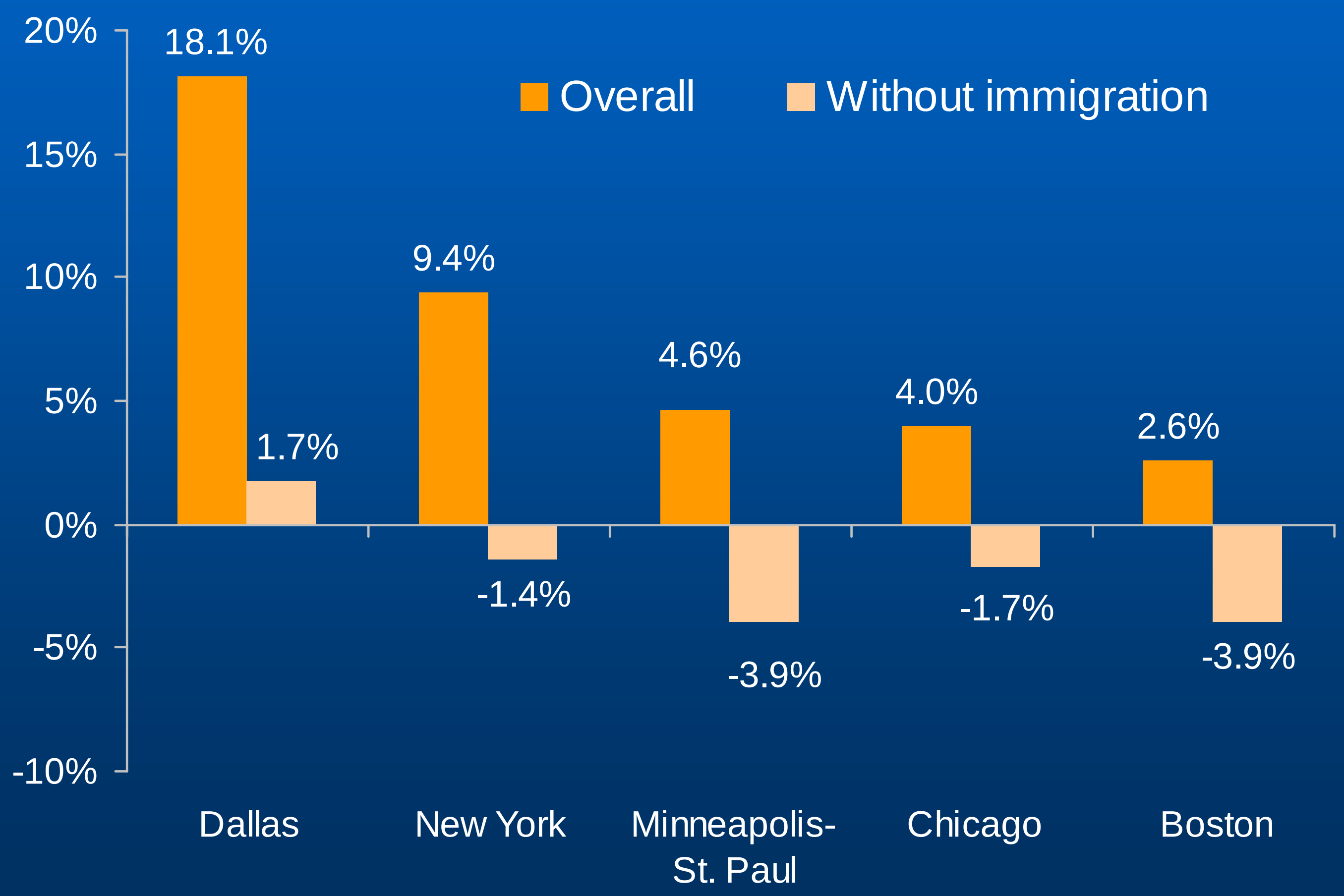


New Diversity

If not for immigration, several of the nation’s largest cities would not have grown during the 1990s

Population growth with and without foreign-born, 1990-2000

Source:
U.S. Census Bureau

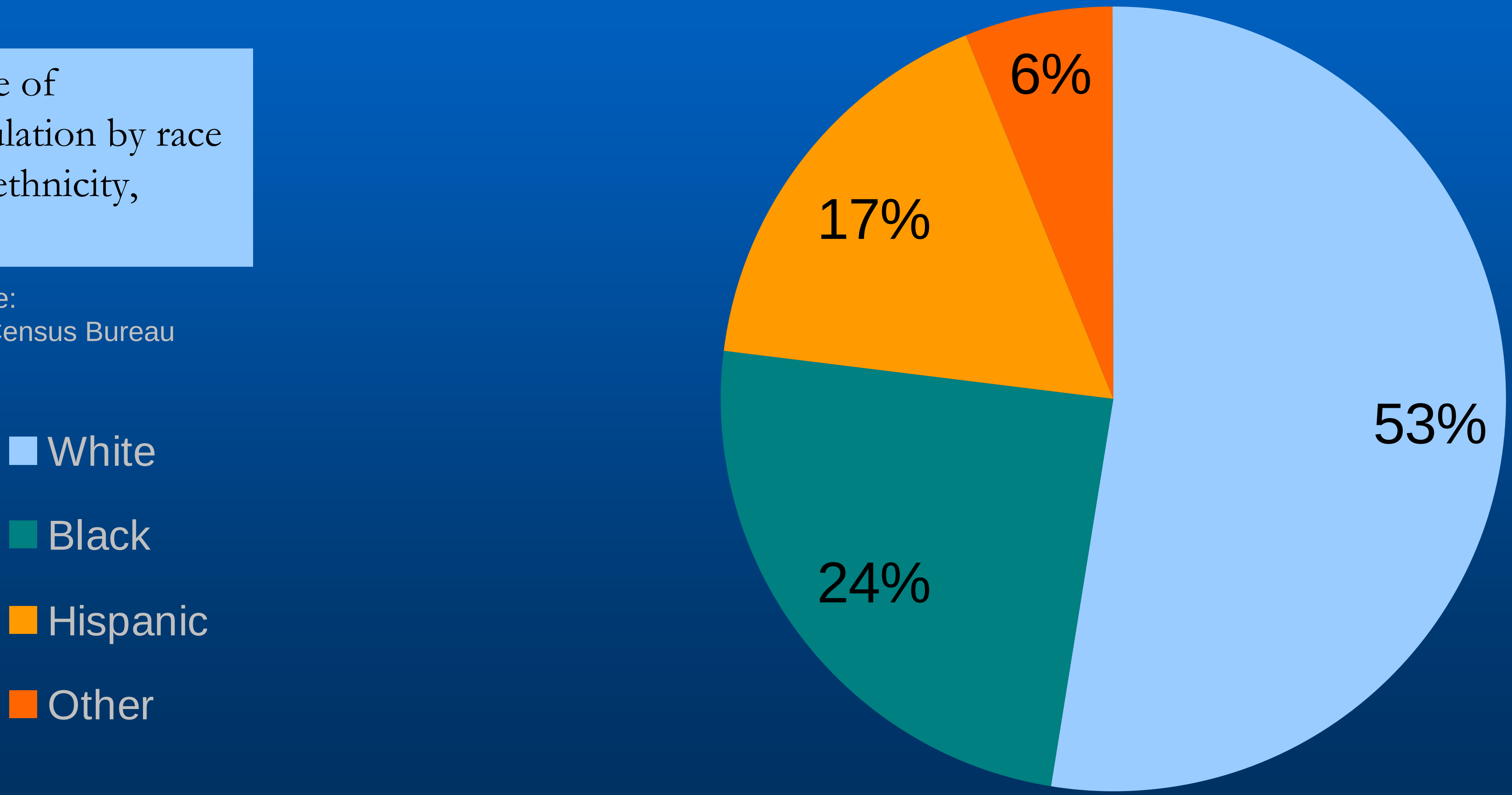


New Diversity

In aggregate, the racial makeup of the 100 largest cities has shifted….

Share of population by race and ethnicity, 1990

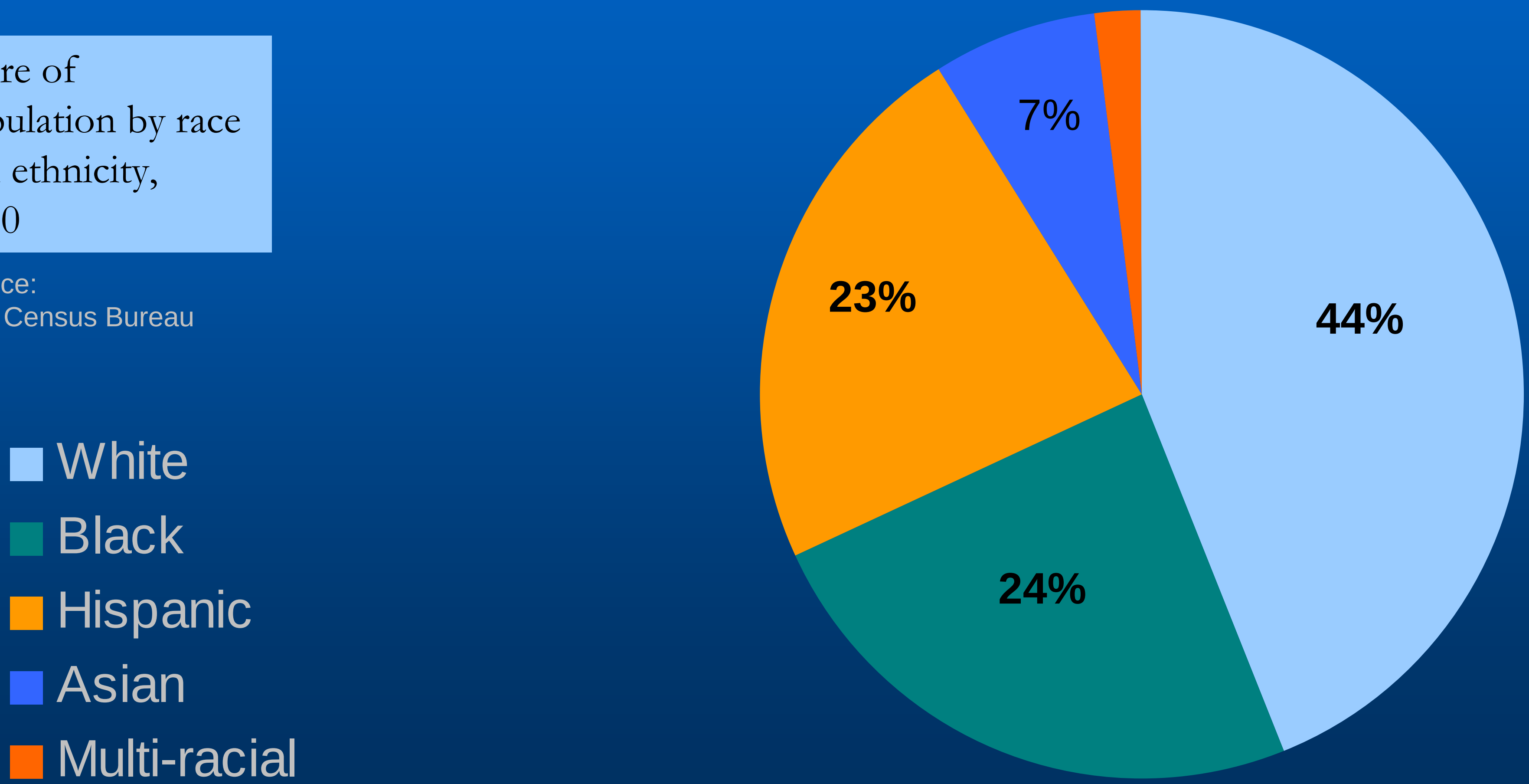
Source:
U.S. Census Bureau



In 2000, the top hundred cities became majority minority

Share of population by race and ethnicity, 2000

Source:
U.S. Census Bureau

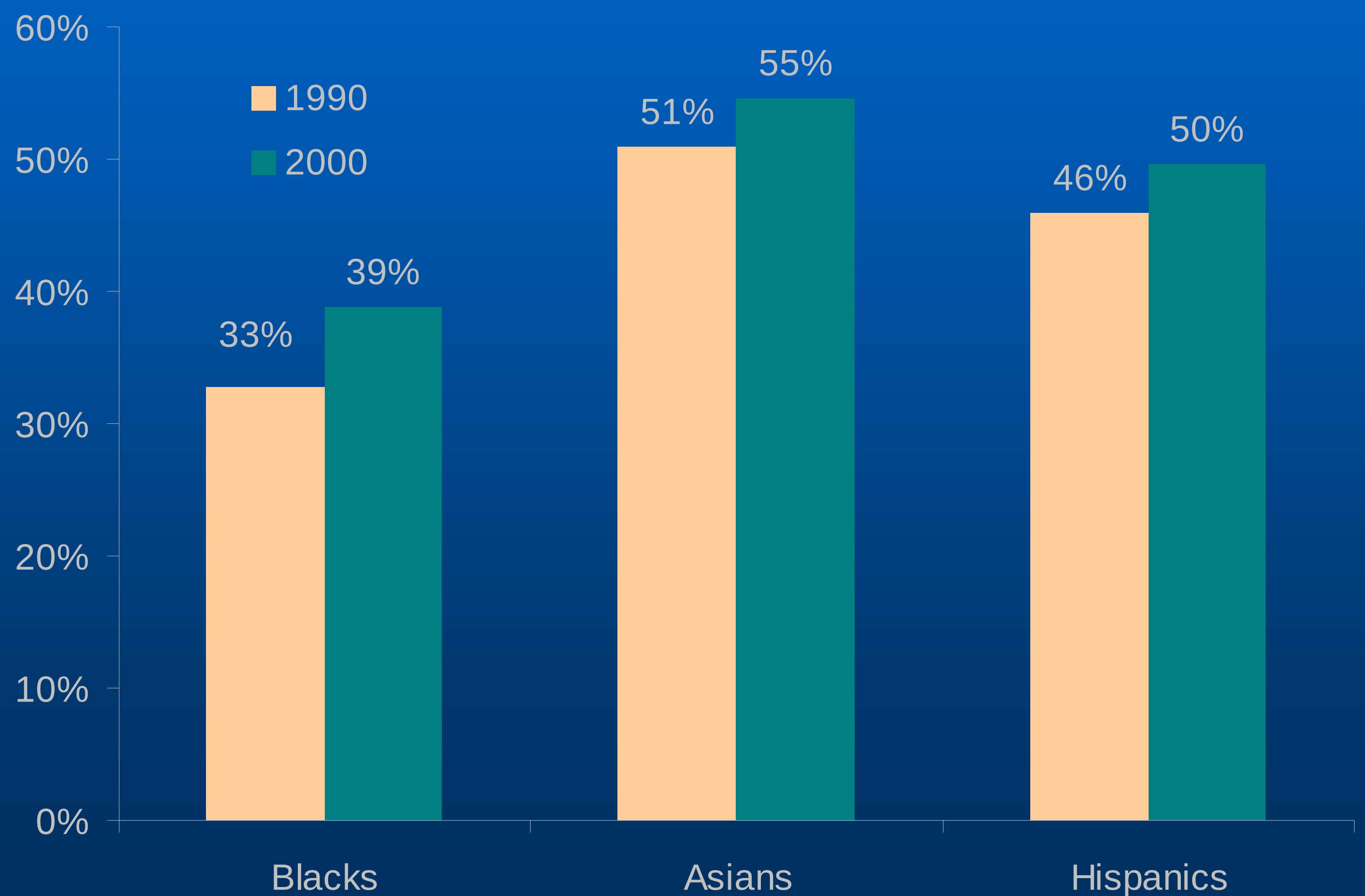


New Diversity

The percent of each racial/ethnic group living in the suburbs increased substantially

Share of population by race and ethnicity, 1990

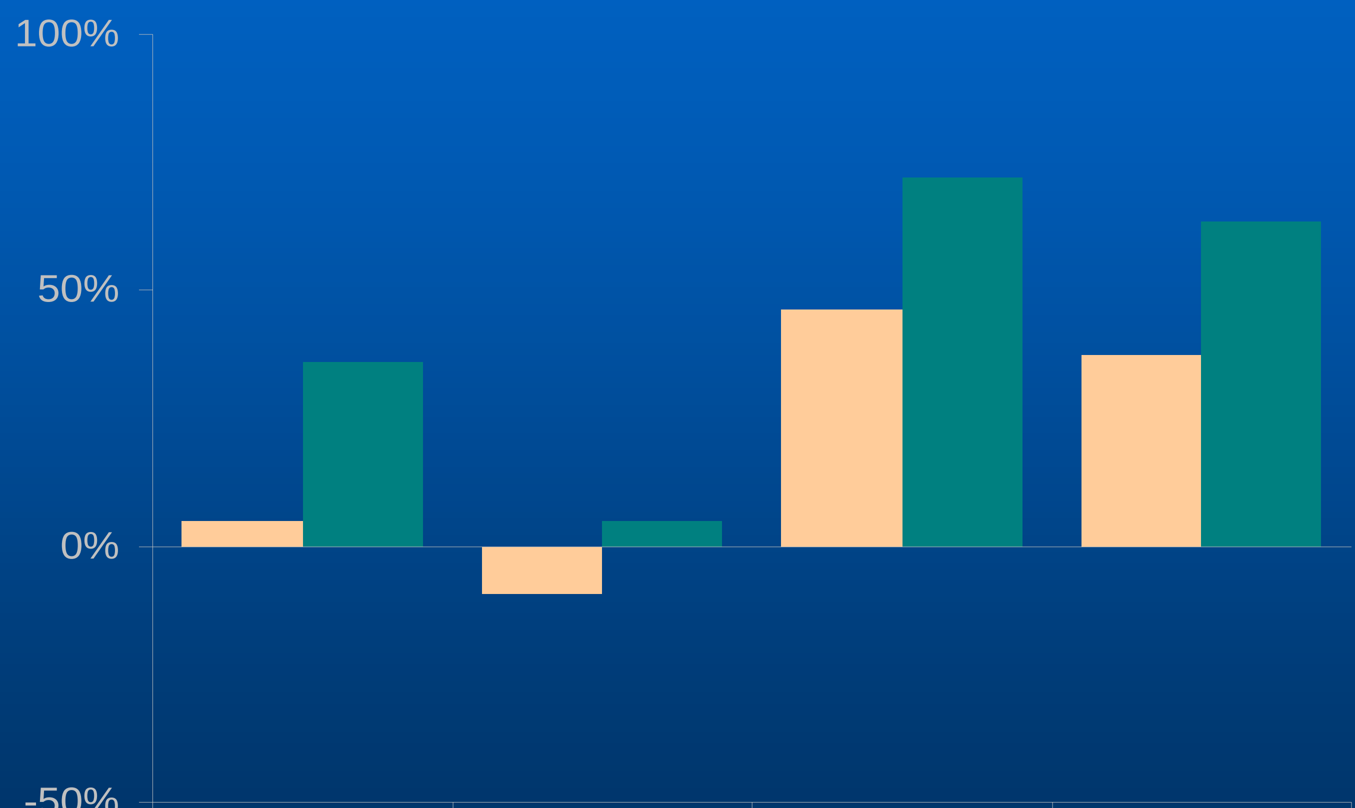
Source:
U.S. Census Bureau



In addition, every minority group grew at faster rates in the suburbs than in central cities

Population growth by race and ethnicity, 1990-2000

Source:
U.S. Census Bureau



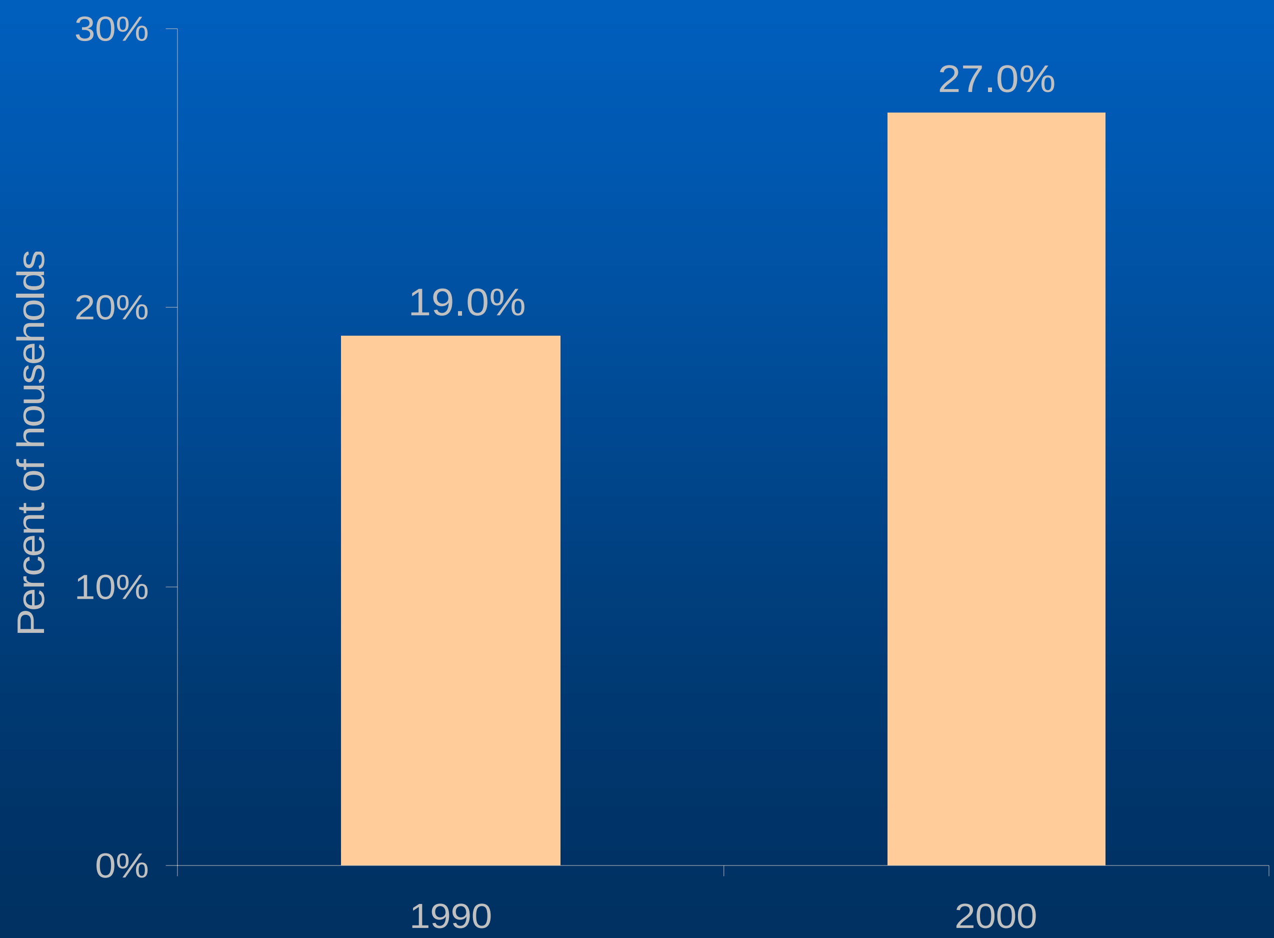
	Black	White	Hispanic	Asian
Central Cities	5.0%	-9.3%	46.2%	37.3%
Suburbs	36.1%	4.8%	71.9%	63.4%

New Diversity

Now more than 1 in 4 suburban households are minority

Minority share of population, 1990-2000

Source:
U.S. Census Bureau

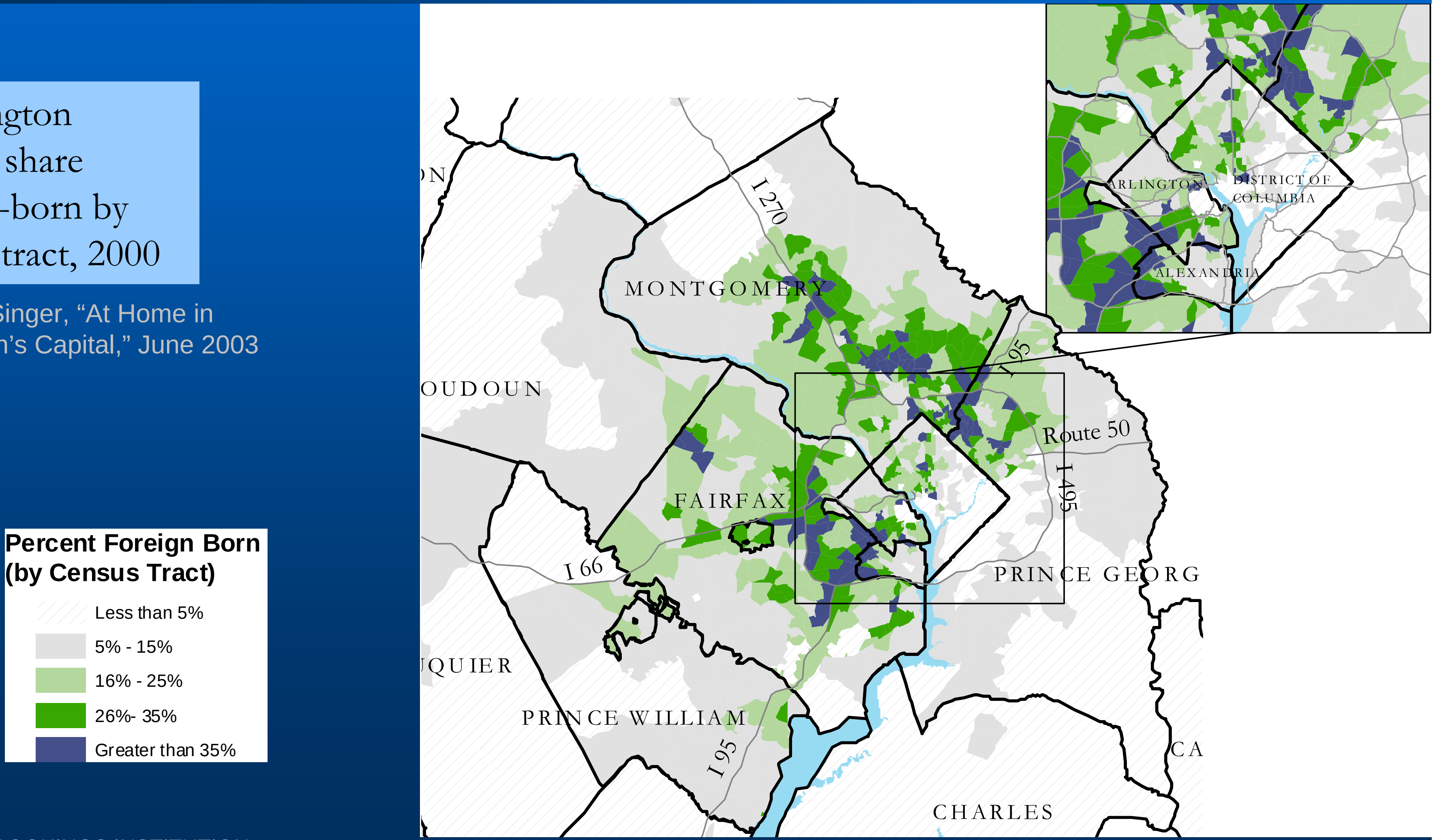


New Diversity

In many metro areas, the focus of immigration is shifting from the central city to the suburbs

Washington region, share foreign-born by census tract, 2000

Source: Singer, "At Home in the Nation's Capital," June 2003



Despite growing suburban diversity, racial separation persists in metros like Chicago

Percent Black or African-American, 2000

Source:
U.S. Census Bureau

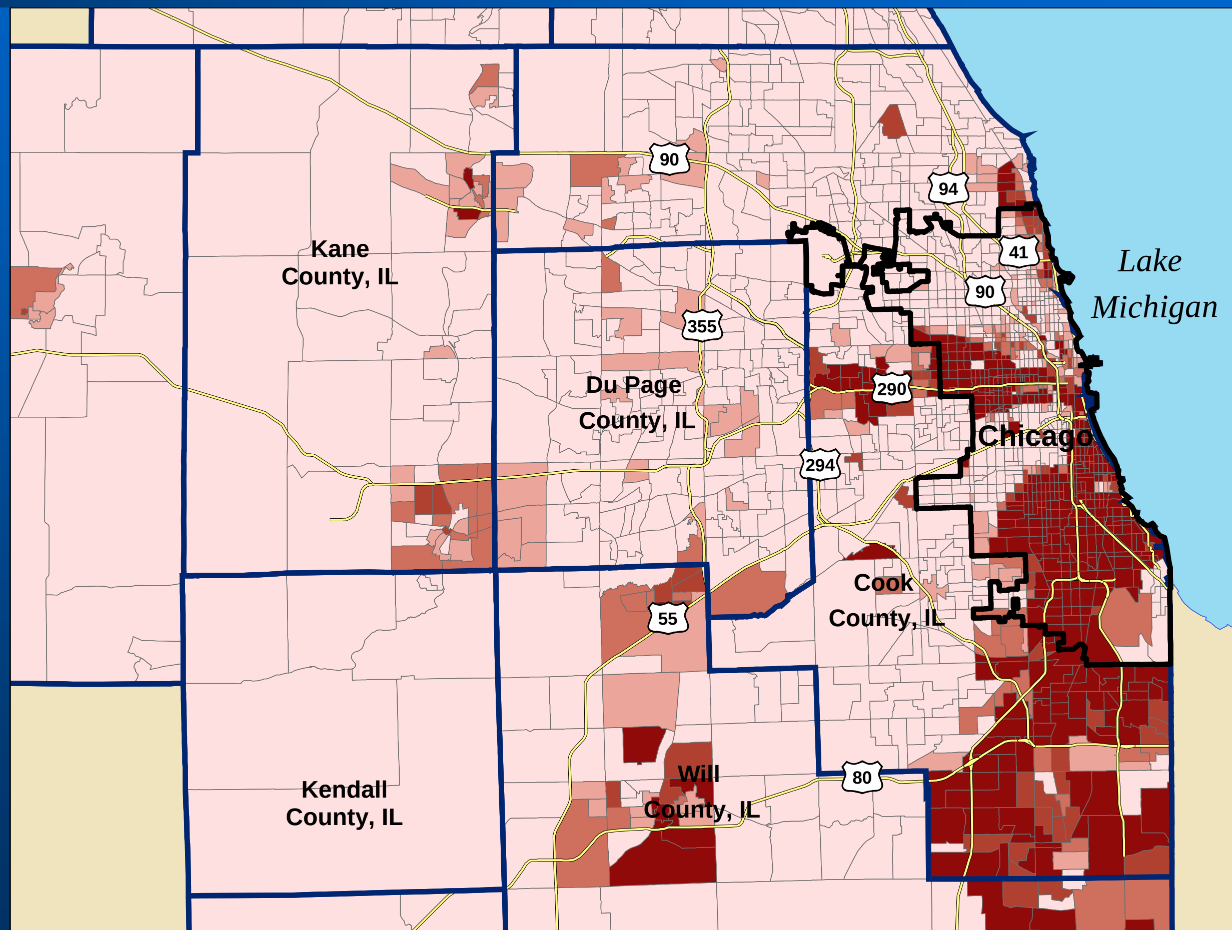
< 5%

5.01 - 10%

10.01 - 20%

20.01 - 30%

> 30%



II

What are the major trends affecting metropolitan areas?

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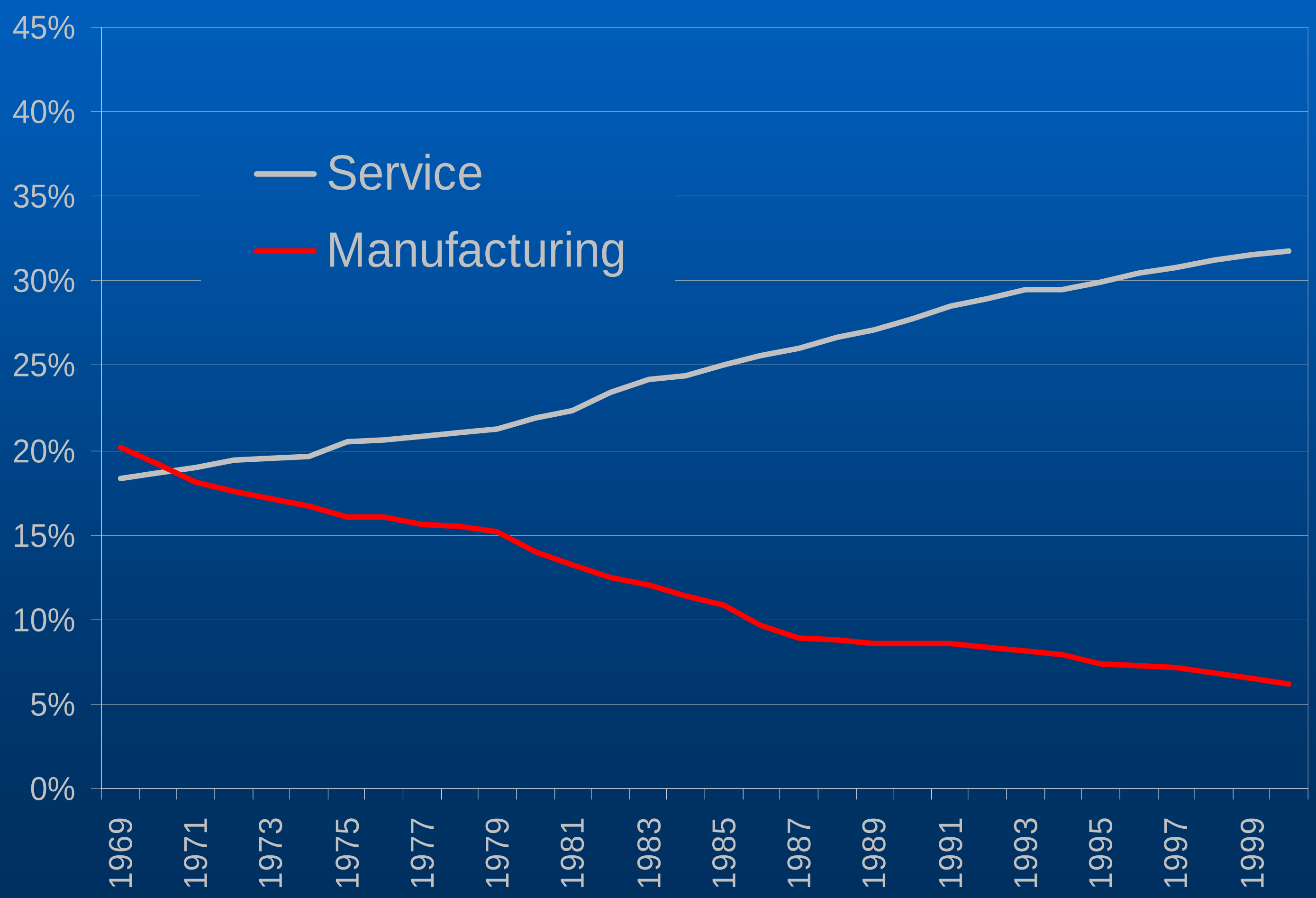
3. **The economy continues to restructure**
4. The geography of work is changing
5. The geography of poverty is changing

The nation's economy has shifted away from manufacturing and toward the service sector

Share of Total Employment by Sector, US, 1969- 2000

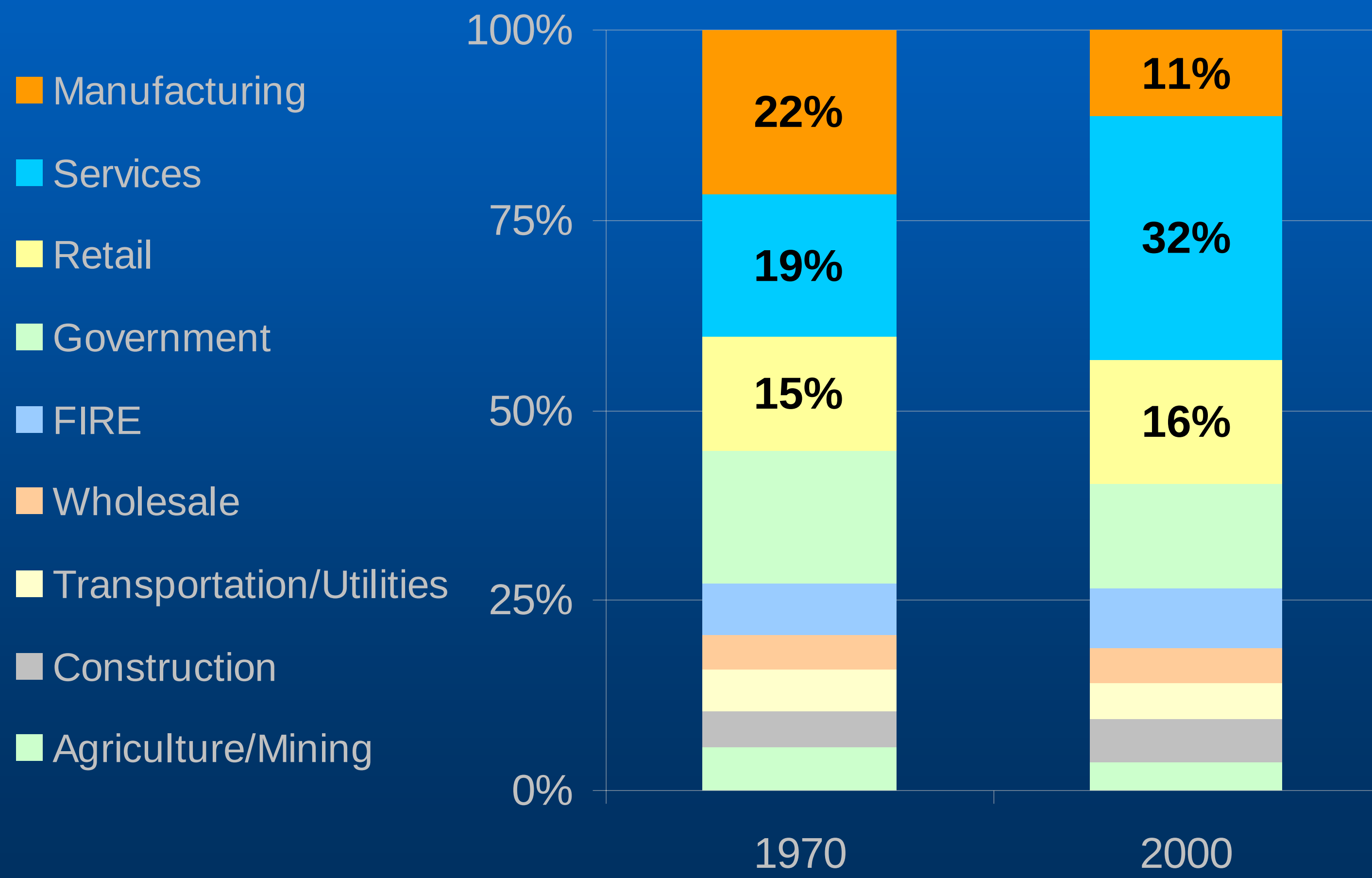
Source:
Bureau of Economic Analysis



The result is a markedly different industrial composition

Employment by Sector, US, 1970-2000

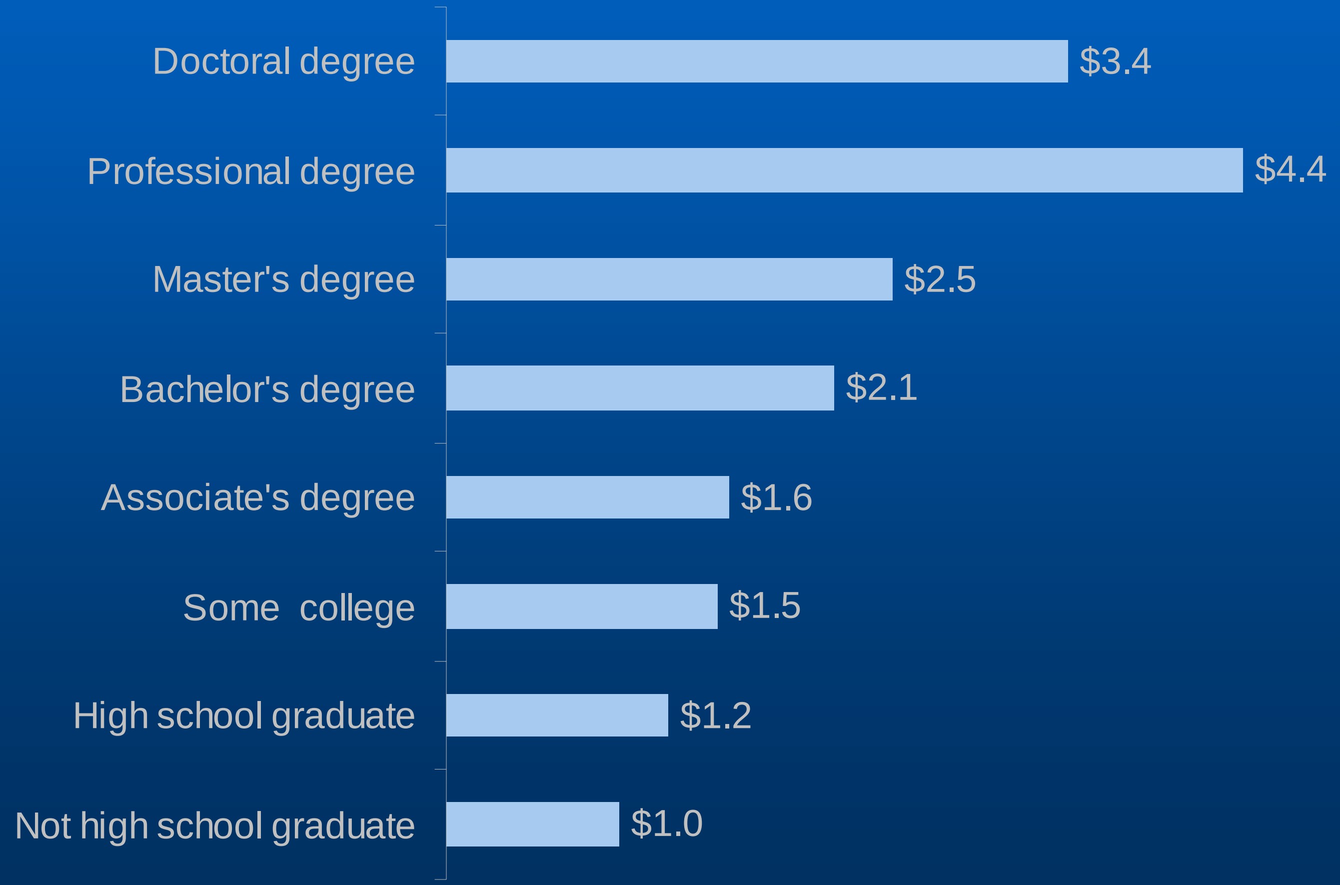
Source:
Bureau of Economic Analysis



The shift in the economy corresponds with an increased premium on educated workers—which correlates with higher earnings

Work-Life Earnings Estimates (millions), 1997-1999

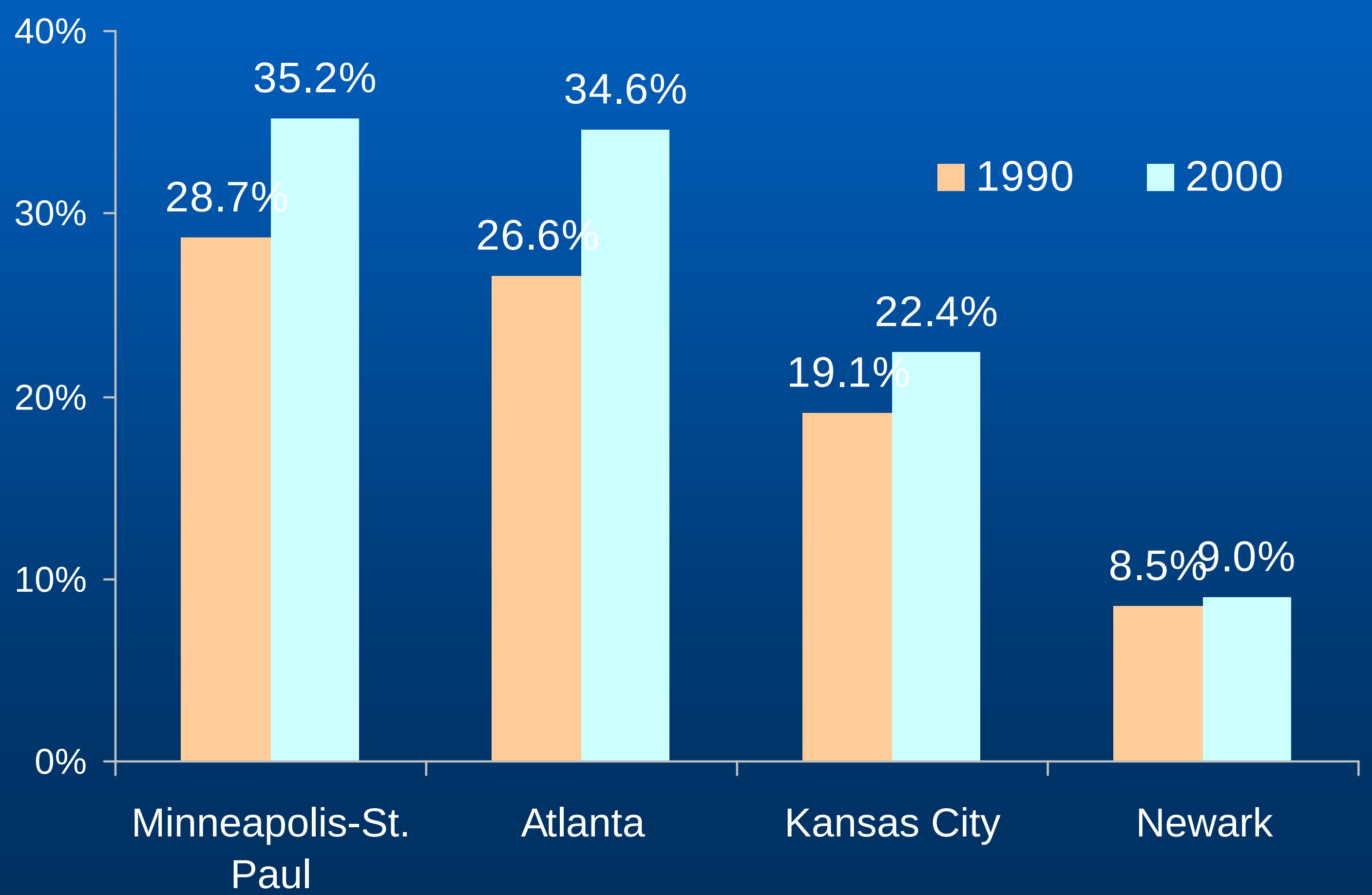
Source:
"The Big Payoff: Educational Attainment and Estimates of Work-Life Earnings,"
US Census



Educational attainment varies widely across cities

Share of adults w/ bachelor's degree, 1990-2000

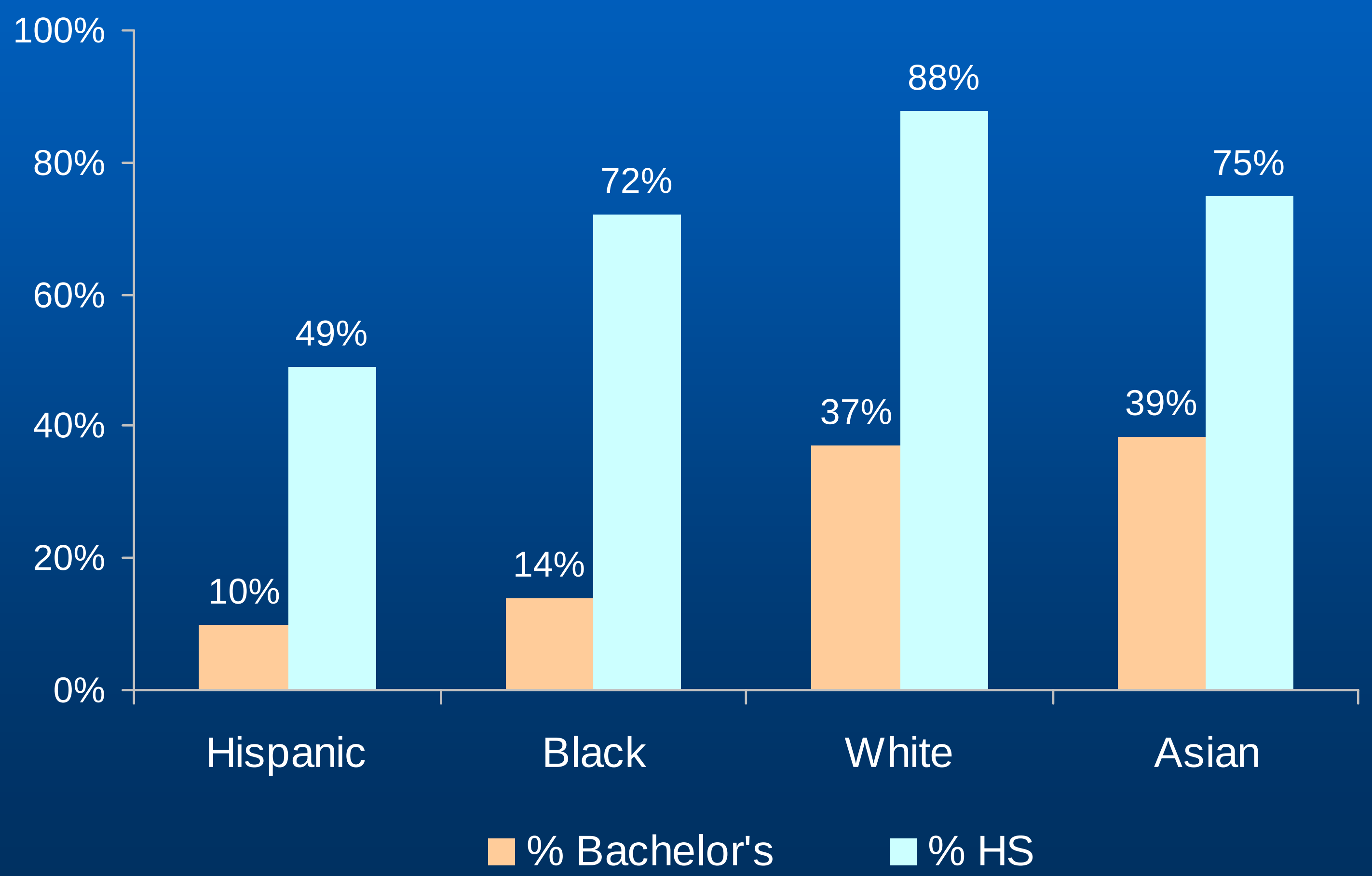
Source:
U.S. Census Bureau



And there are significant disparities between race/ethnic groups

Share of adults w/ bachelor's degree, 100 Largest Cities 1990-2000

Source:
U.S. Census Bureau



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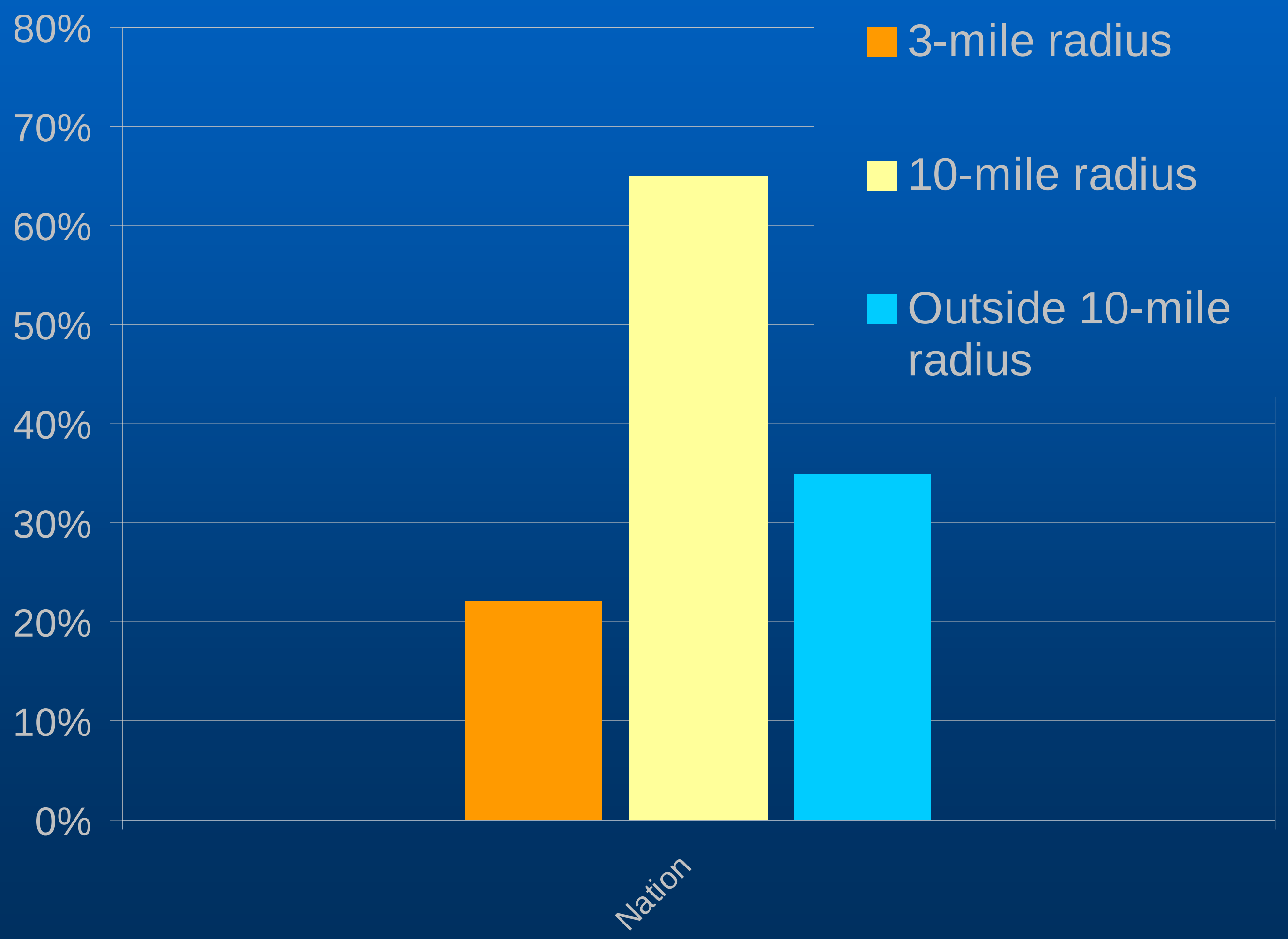
Nationally, one-third of jobs are located outside a 10-mile radius of the central business district

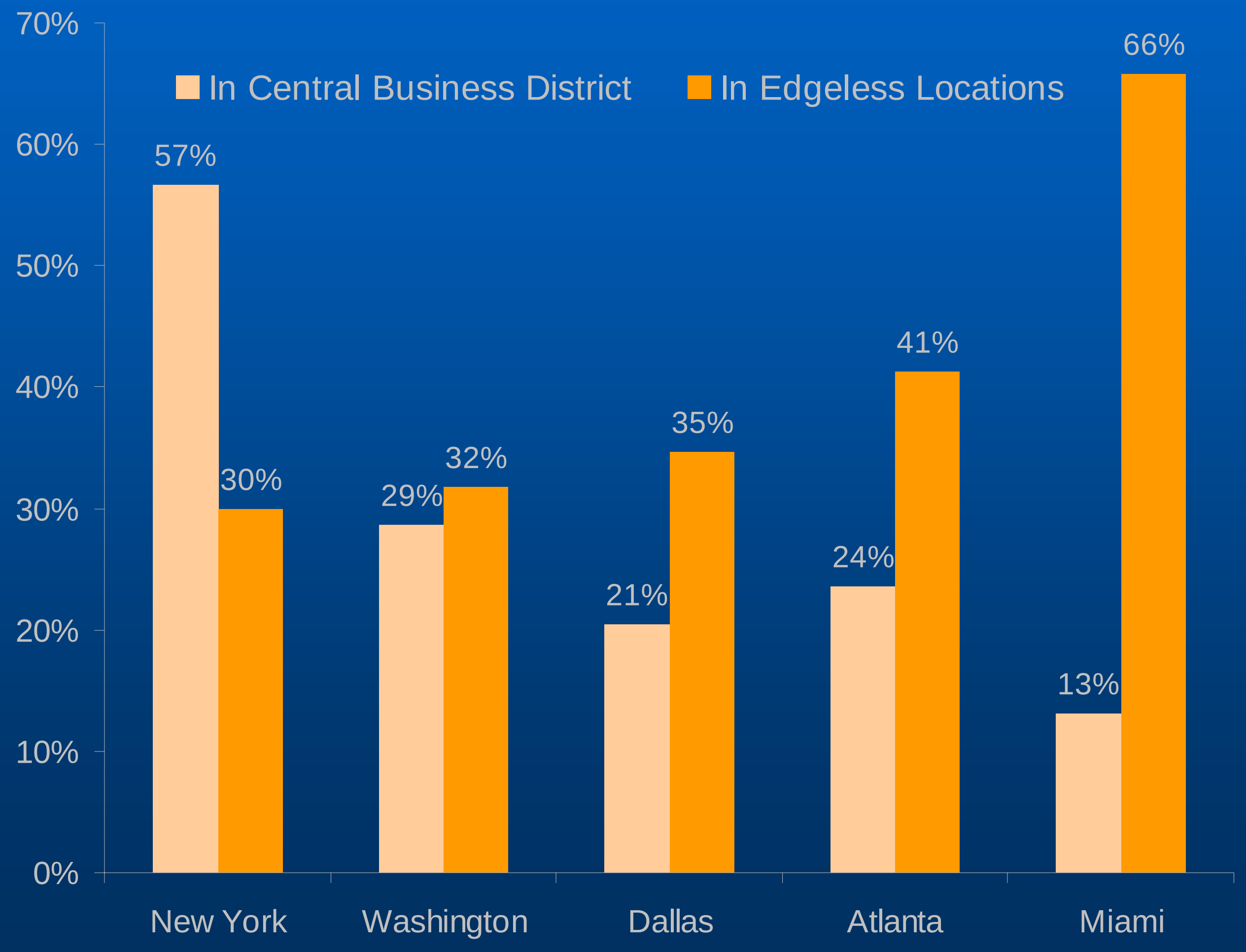
Share of jobs within 3-, 10-, and greater- than-10-mile radius of center, 1996



Employment decentralization

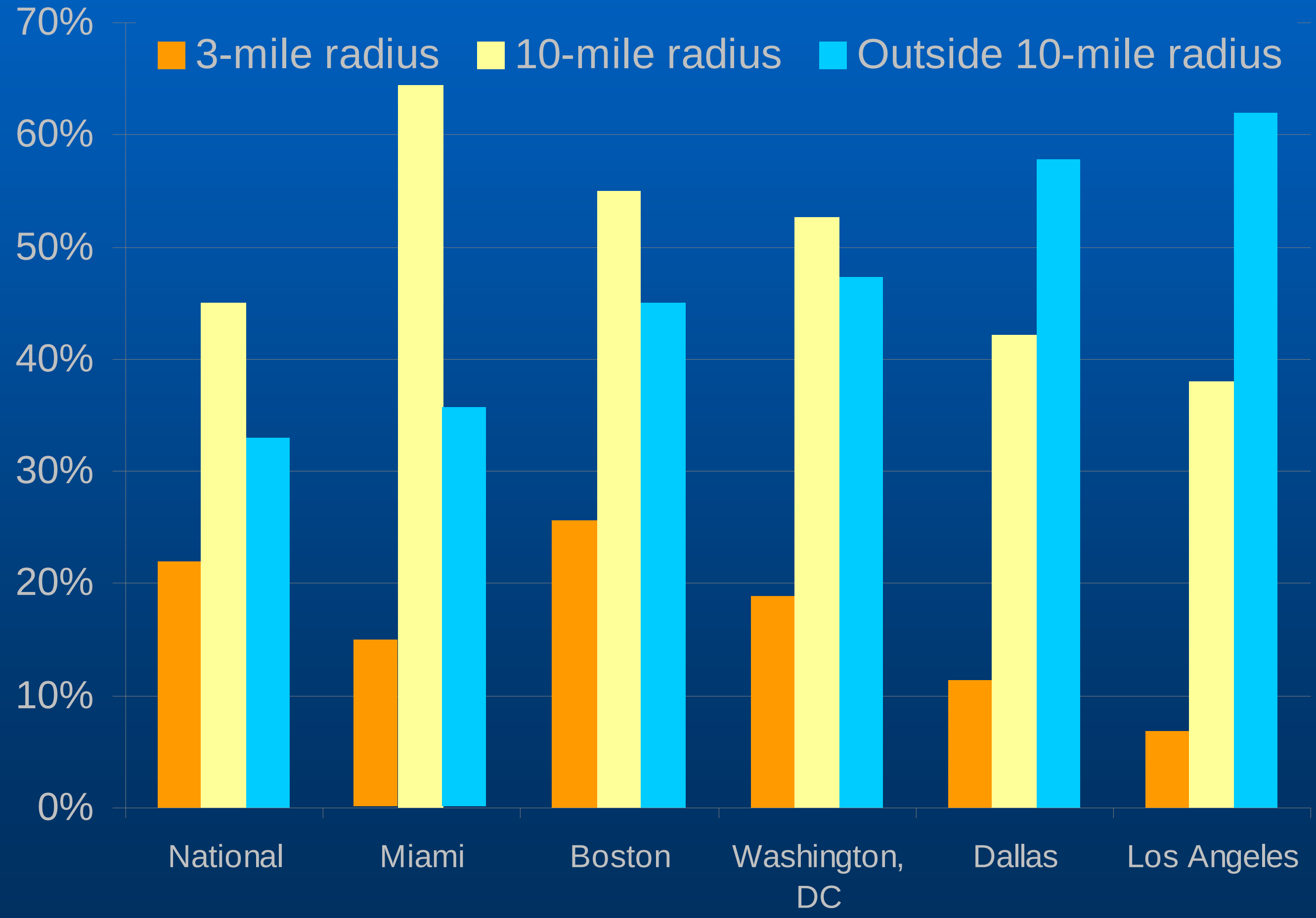
In many metros, an exit ramp economy dominates office development.

Share of metropolitan office space (SQ FT), 1999



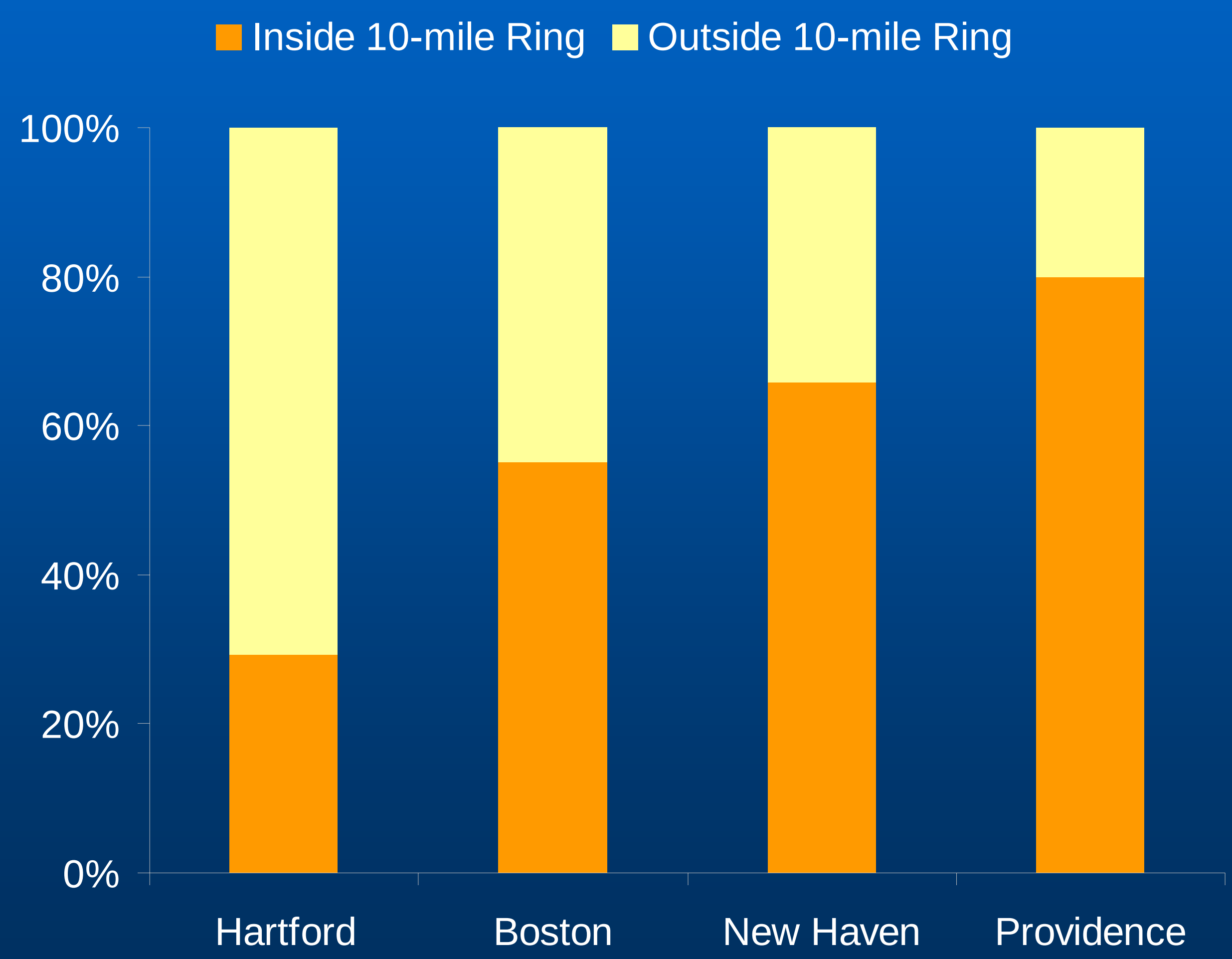
But the level of employment decentralization varies widely across metropolitan areas.

Share of metropolitan employment, 1999



A large share of employment in New England metros is located further than ten miles from the central business district

Share of metropolitan employment, 1999



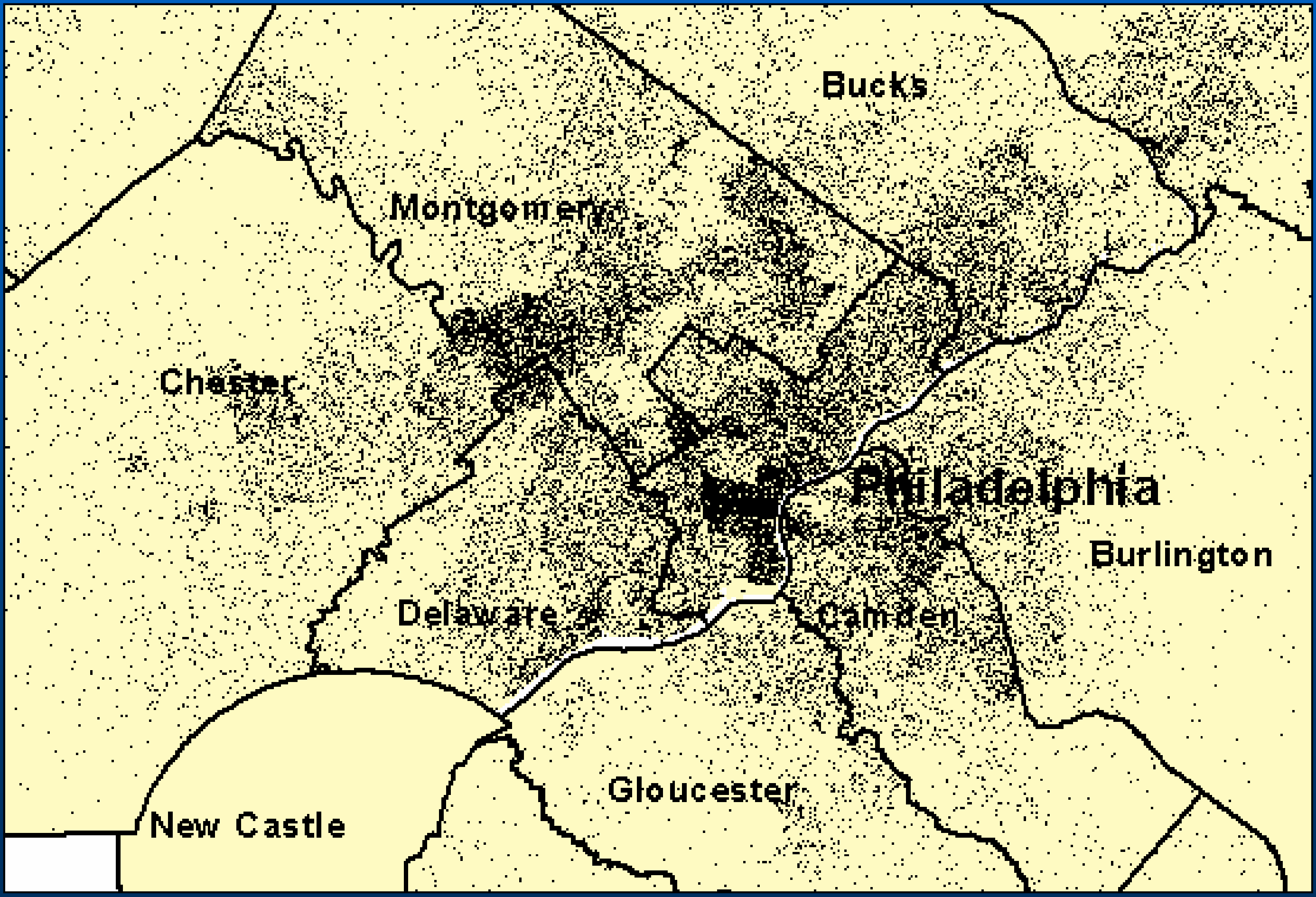
Employment decentralization

In the Philadelphia region, job sprawl has been radical

Private Sector Jobs, 2000

Source: U.S. Census Bureau Zip Code Business Patterns

• = 50 jobs

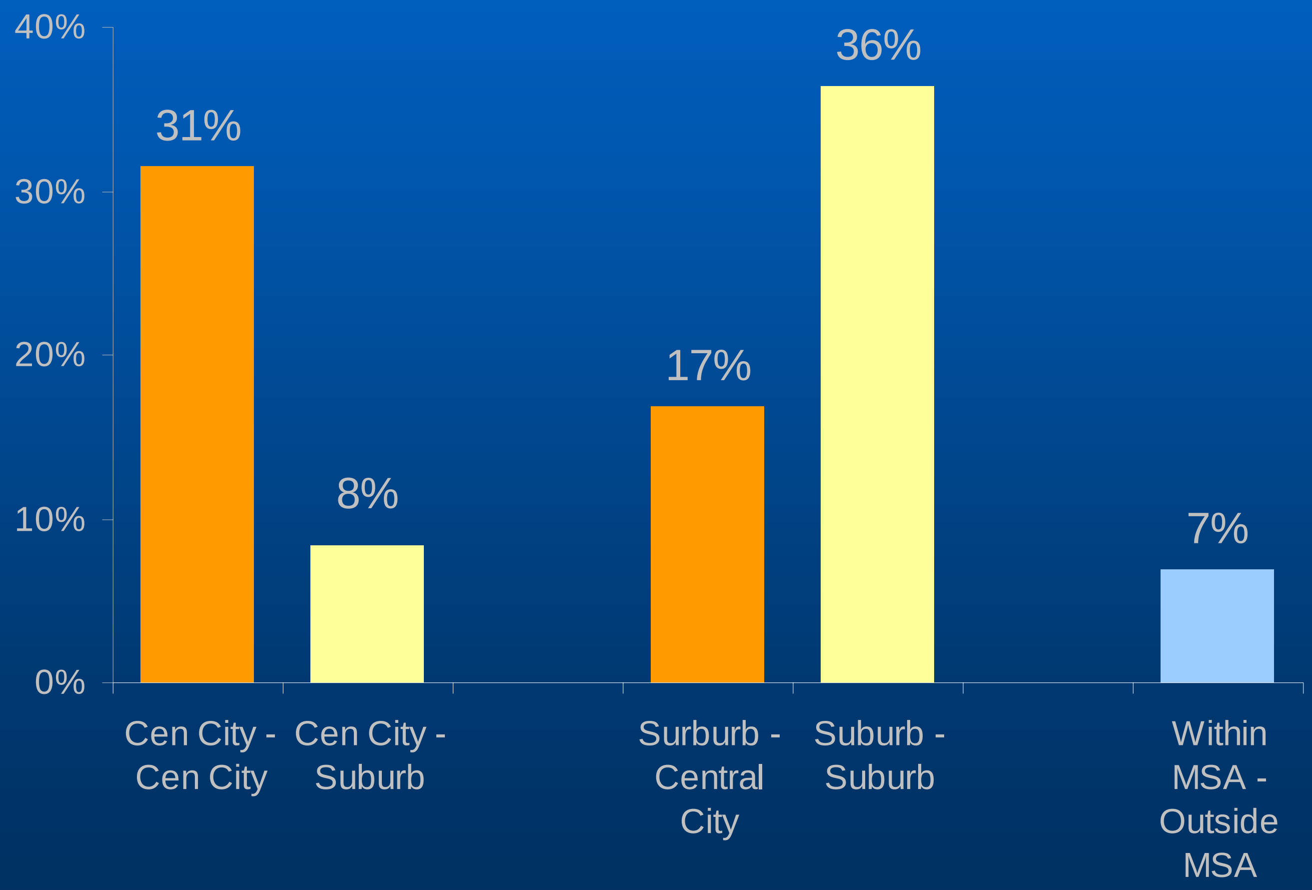


Employment decentralization

Consequently, the highest share of metropolitan commutes begin and end within suburbs

Share of commuters
100 Largest Cities, 2000

Source:
U.S. Census Bureau



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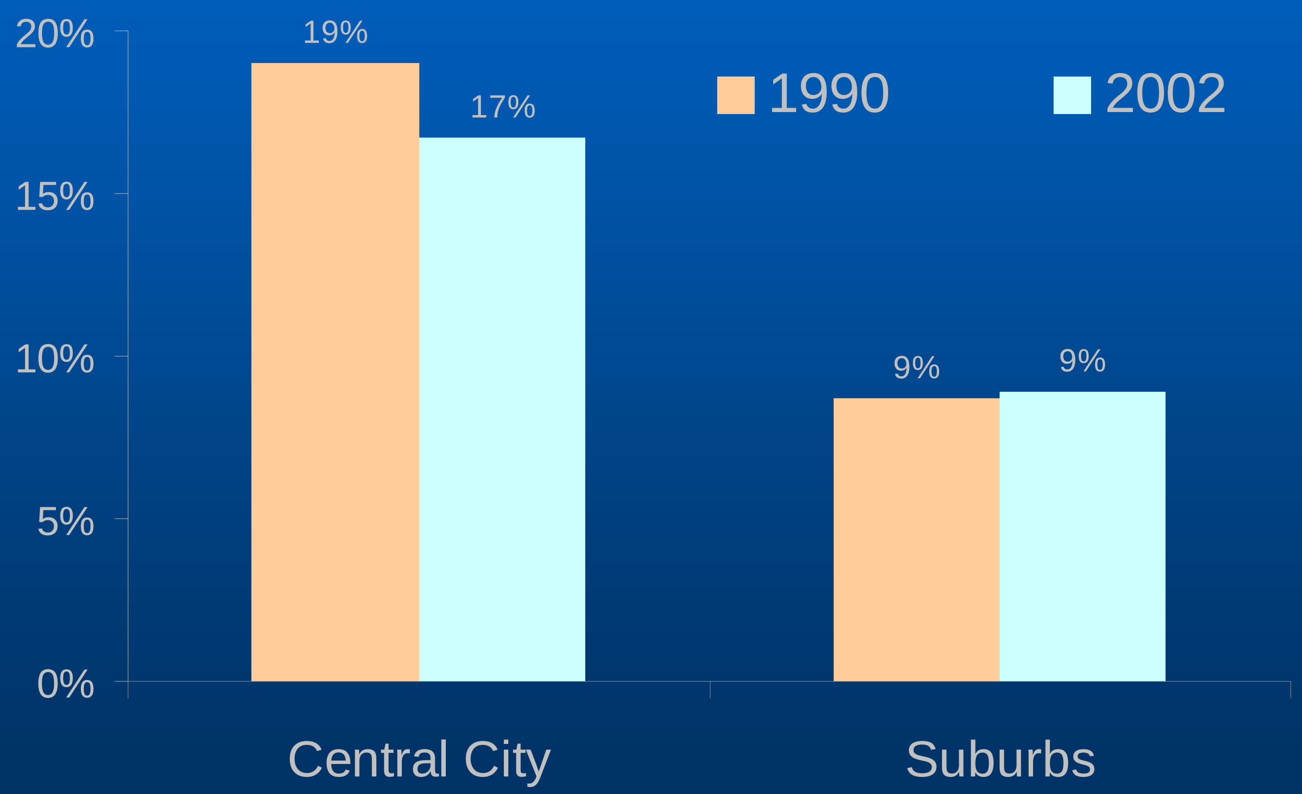
Poverty rates in central cities have declined over the 1990s, while poverty rates in the suburbs have increased slightly

Poverty rates for central cities and suburbs, 1990-2001

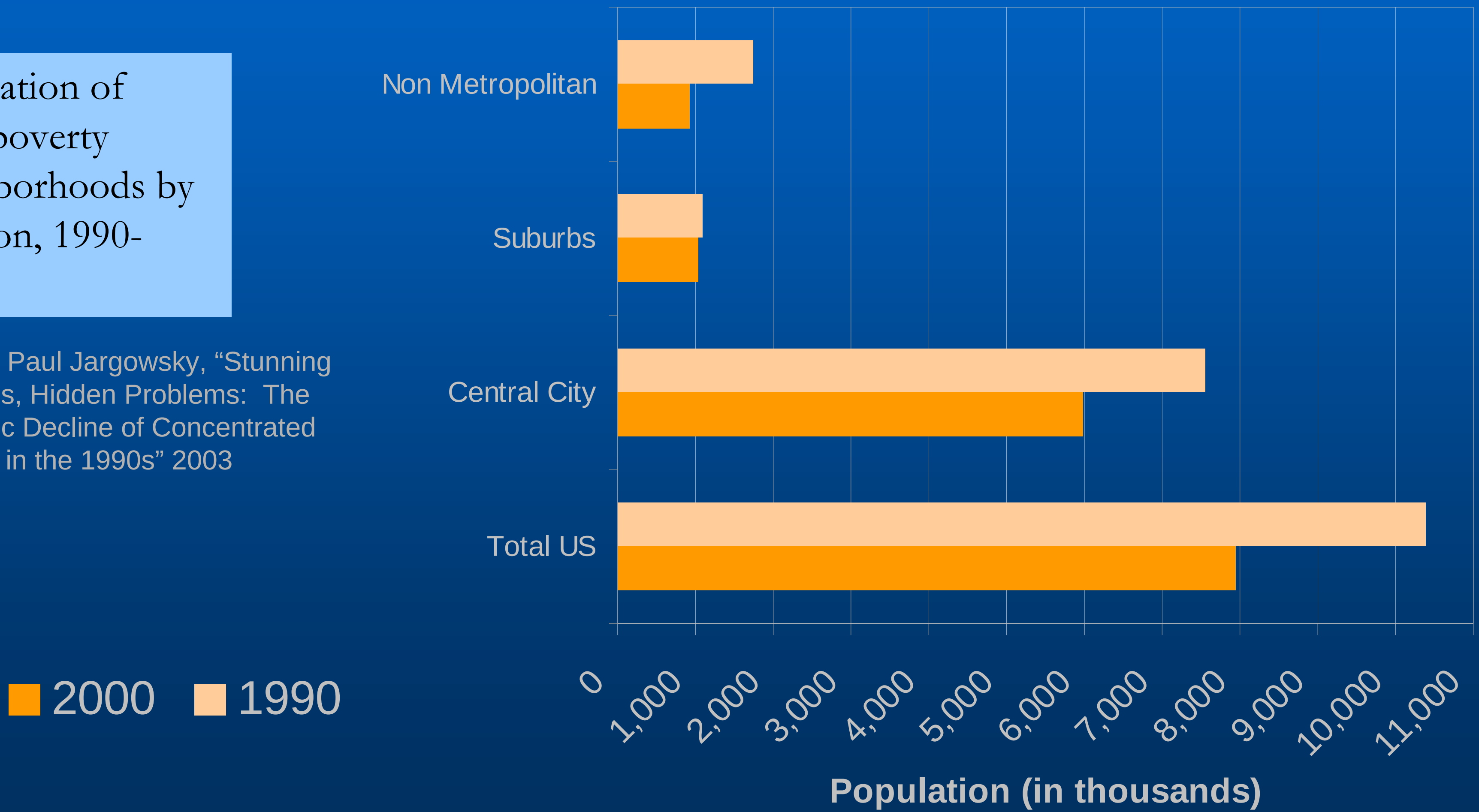
Source:
Current Population Survey, 2002



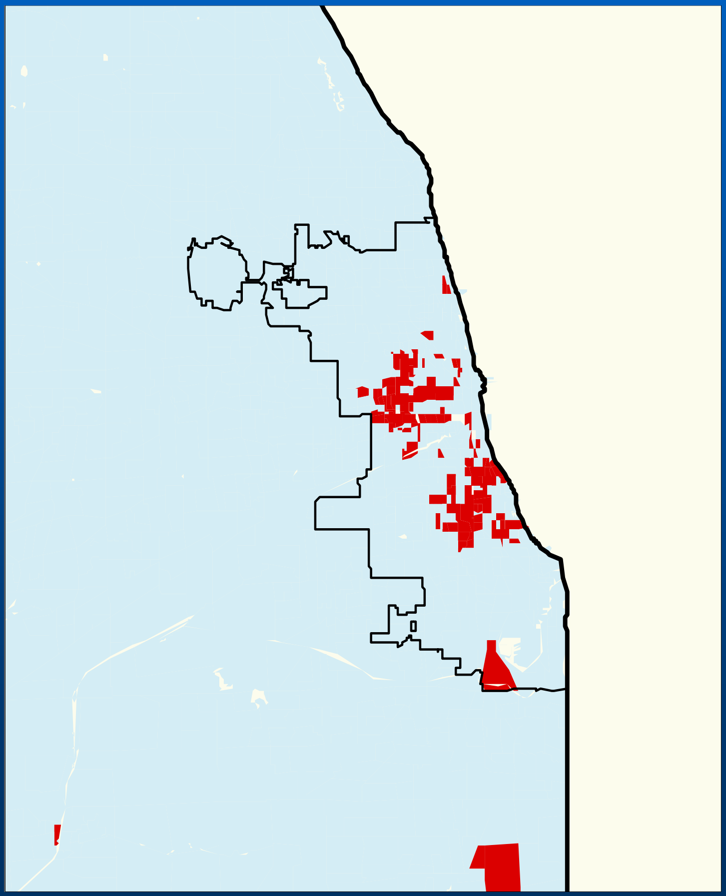
Overall, the number of people living in high poverty neighborhoods has declined during the 1990s

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

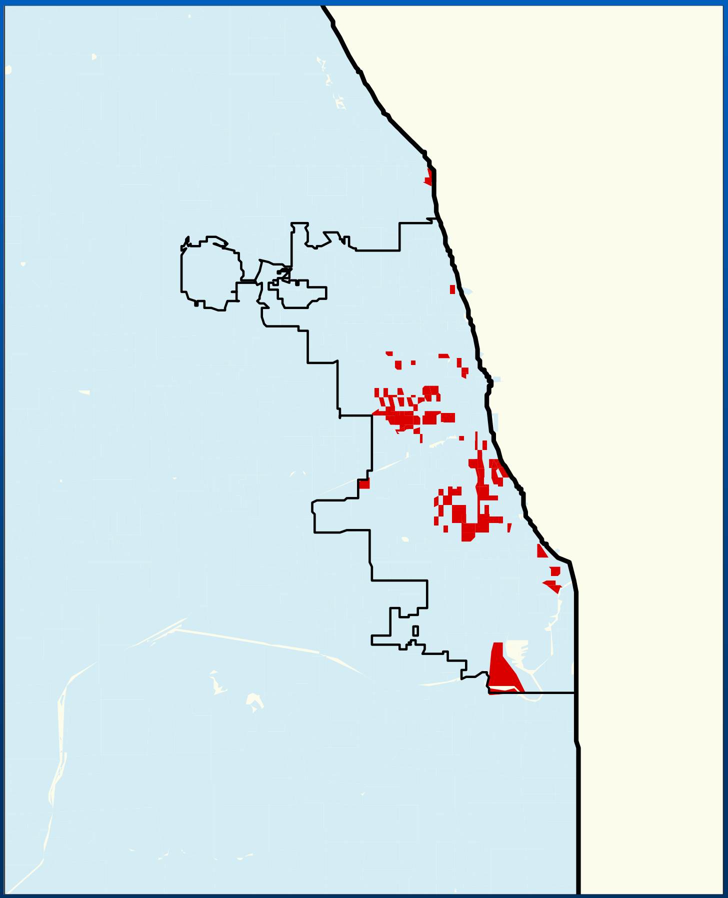
Source: Paul Jargowsky, "Stunning Progress, Hidden Problems: The Dramatic Decline of Concentrated Poverty in the 1990s" 2003



During the 1990s, number of high-poverty tracts in Chicago dropped from 187 to 114, and there were 179,000 fewer people living in high poverty areas



1990



2000

American Metropolis: Divided We Sprawl

I What are the major trends affecting cities and metropolitan areas?

II What are the forces driving these trends?

III What policy solutions are available to affect positive change?

Broad demographic and economic forces affect the performance of cities

- Cities in **fast growing** regions tended to grow in population during the 1990s
- Cities with a lower than average share of **manufacturing** jobs in 1990 tended to have higher population growth rates during the 1990s
- Cities with high shares of **foreign-born** population in 1990 tended to to have higher population growth rates during the 1990s

On average cities whose metros grew less than 11% gained little or lost population

City Category	Number of Cities	City Population Change	MSA Population Change
Rapid Growth (over 20%)	14	32%	25%
Significant Growth (10 to 20%)	22	15%	22%
Moderate Growth (2 to 10%)	36	7%	13%
No Growth (-2 to 2%)	6	0%	11%
Loss (below -2%)	20	-7%	6%

Major federal and state policies, however, also affect the performance of cities

A recent Brookings report on Pennsylvania found 5 specific types of state policies that favor greenfield development and undermine city economies

II What are the forces driving these trends?

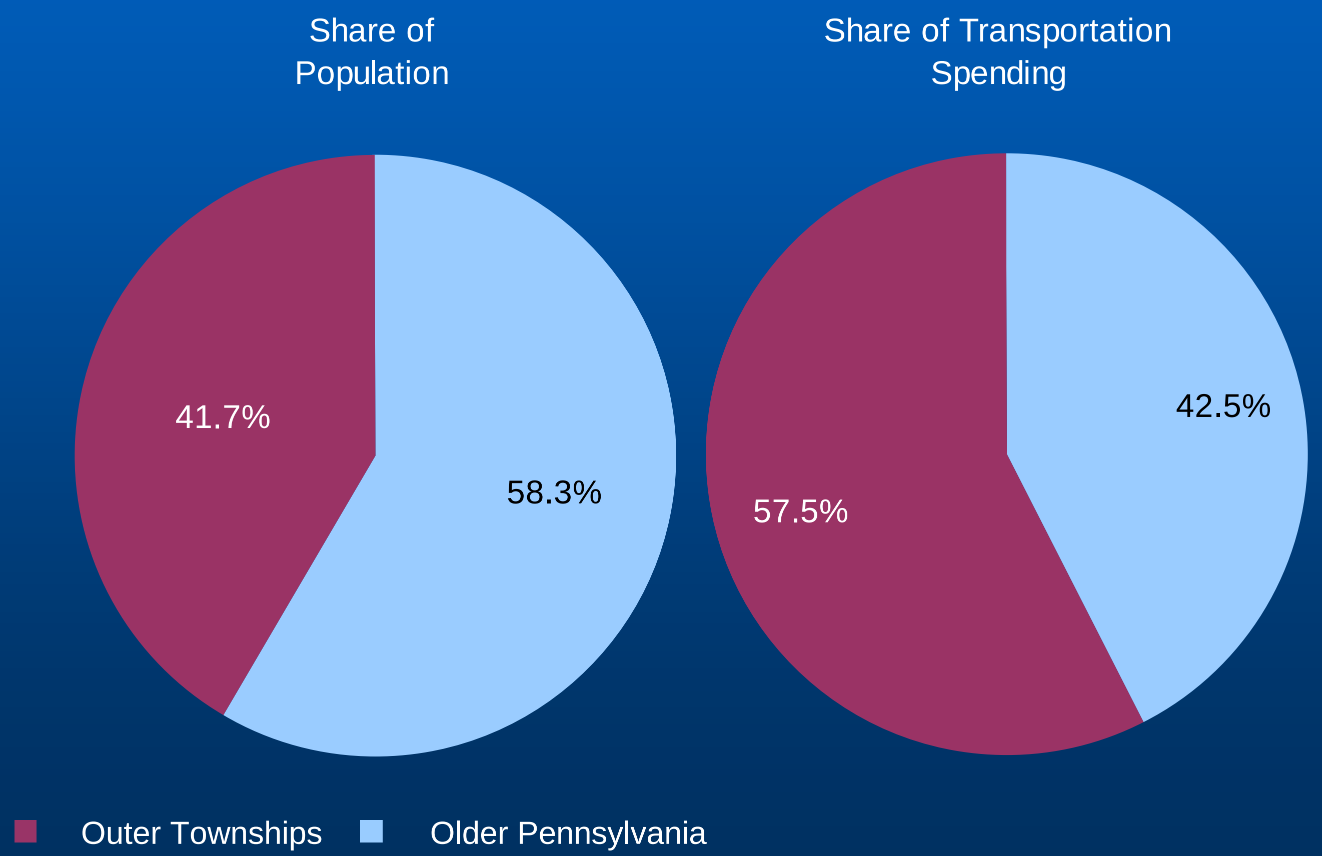
- Skewed Investments ☒
- Unlevel Tax System ☐
- Weak Planning ☐
- Barriers to Reinvestment ☐
- Fragmented Governance ☐

Major state spending programs have skewed funding to greenfields

In Pennsylvania newer suburbs received 58 percent of classifiable spending during this period, although they represent only 42 percent of the state's population

Share of population versus share of transportation investment, 1999-2002

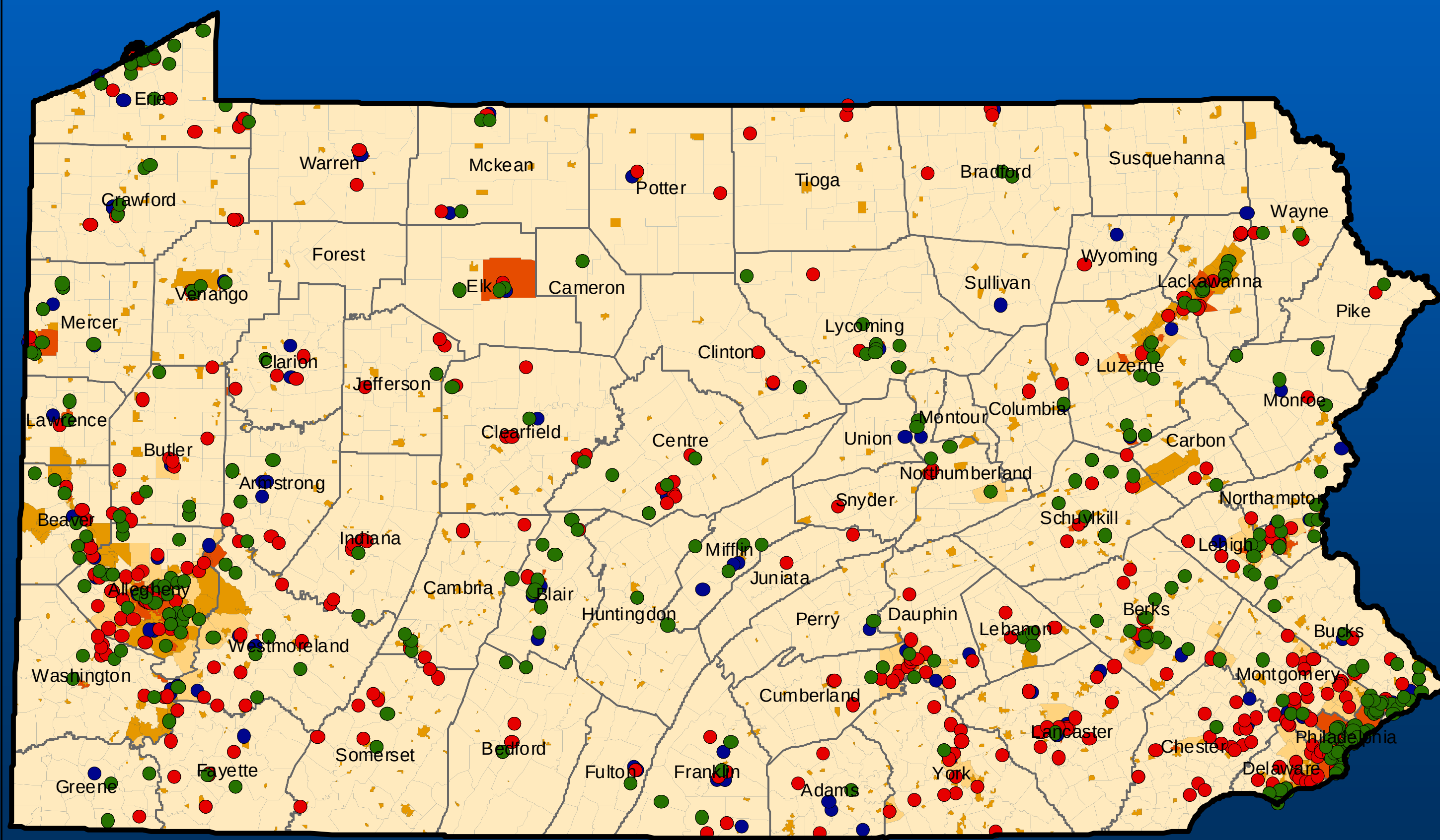
Source:
U.S. Census Bureau, Anne Canby and James Bickford, 10,000 Friends of Pennsylvania



At the same time, Pennsylvania is spreading its economic development money “all across the map”

PIDA, OFP, and IDP investments, 1998-2003

Source: Keystone Research Center



DCED Programs

- PIDA Recipients
- OGP Recipients
- IDP Recipients

Municipal Type

- City
- Borough
- 1st-class township
- 2nd-class township

II What are the forces driving these trends?

- Skewed Investments ☒
- **Unlevel Tax System** ☒
- Weak Planning ☐
- Barriers to Reinvestment ☐
- Fragmented Governance ☐

State tax systems are biased against cities

City revenue bases are small
(e.g., large numbers of tax exempt properties)

City expenses are high
(e.g., concentrated poverty, union contracts)

II What are the forces driving these trends?

- Skewed Investments ☒
- Unlevel Tax System ☒
- **Weak Planning** ☒
- Barriers to Reinvestment ☐
- Fragmented Governance ☐

In most states, cities lacks effective regional- or state-level planning, strategizing, and coordination capacity

- Disparate state agencies do not plan in accordance with a coherent, unified vision
- Disparate state agencies plan separately and often act at cross-purposes
- As a consequence, there is a lost opportunity to use policies to generate markets and create wealth

A lack of consistency requirements ensures land use planning remains essentially optional and frequently uncoordinated

- In many states local zoning ordinances do not conform to local or regional plans
- Required county plans remain advisory

II

What are the forces driving these trends?

Skewed Investments

Unlevel Tax System

Weak Planning

Barriers to Reinvestment

Fragmented Governance

Barriers to reinvestment

- Barriers to brownfield development hinder their productive reuse
- Information gaps, limited marketability, and ineffective acquisition processes keep many vacant and abandoned industrial properties idle
- Barriers to the rehabilitation of older buildings perpetuate their deterioration

II

What are the forces driving these trends?

Skewed Investments

Unlevel Tax System

Weak Planning

Barriers to Reinvestment

Fragmented Governance

Many rustbelt states have large numbers of local governments

Total local governments, 2002

Source:
U.S. Census Bureau, 2002 Census of Governments

*Includes county governments

	General Governments*	Rank
Illinois	2,824	1
Minnesota	2,734	2
Pennsylvania	2,633	3
Ohio	2,338	4
Kansas	2,030	5
Wisconsin	1,922	6
Michigan	1,858	7
North Dakota	1,745	8
Indiana	1,666	9
New York	1,602	10

The profusion of local governments undermines city and state competitiveness in several ways

- CMU's Jerry Paytas concludes that fragmented regions saw their share of the total income generated in 285 metro areas slip between 1972 and 1997

- Paul Lewis concludes fragmentation results in decreased shares of office space in central business districts, less "centrality," longer commute times, more "edge cities," and more sprawl

American Metropolis: Divided We Sprawl

I — What are the major trends affecting cities and metropolitan areas?

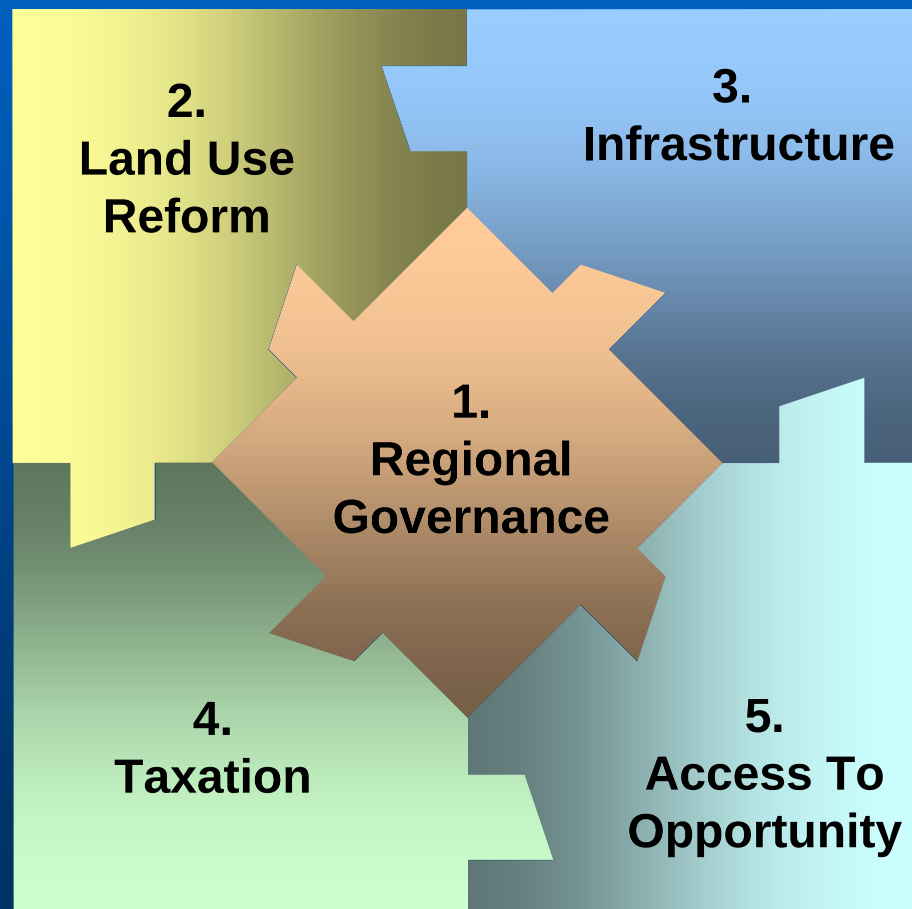
II — Are these trends inevitable?

III — What policy solutions are available to affect positive change?

III

What policy solutions are available to affect positive change?

The Smart Growth Agenda



Smart Growth Reforms: State Examples

Regional Governance

Georgia Regional Transportation Authority (1999)

- Combats air pollution, traffic congestion and sprawl development
- Mandates approval for major highway and development projects that affect the metro Atlanta region
- Requires local governments to cooperate with GRTA or face loss of state and federal funds for road-building

Land Use Reform: Preservation

Issue #1 - Clean Ohio Fund (2000)

- Voters authorized $200 million in general obligation bonds for the conservation and preservation of natural areas, open space, and farmlands
- $200 million in revenue bonds to remediate urban brownfields and promote economic development

Land Use Reform: Growth Management

Pennsylvania Growing Smarter Law (2000)

- Clarifies authority of counties and municipalities to create Locally Designated Growth Areas
- Encourages transfer of development rights from open space to planned growth areas
- Facilitates regional planning
- Gives local governments greater ability to withstand legal challenges while planning growth

Infrastructure

Maryland Smart Growth and Neighborhood Conservation Act of 1997

- Targets major state funding (e.g. transportation, housing, state facilities) to Priority Funding Areas
- Priority Funding Areas include municipalities, inner beltway areas, enterprise zones, industrial areas and new planned growth areas

Taxation

Minnesota Fiscal Disparities Law

- Allocates 40% of the growth in property tax revenues from commercial industrial development to a metropolitan tax base pool
- Funds in the pool are redistributed to communities based on their commercial tax capacity
- While the law has narrowed fiscal disparities, growing suburbs continue to have 25 to 30 percent more tax base per household than central cities and inner suburbs

Access to Opportunity

California Tax Credit Allocation Committee

- Approximately $450 million per year is awarded in federal and state tax credits to assist in the construction and rehabilitation of affordable rental housing
- Priority is given to properties located within close proximity of transit corridors, parks, recreational facilities, retailers, grocery stores, schools and senior centers

Smart Growth Reforms: Local and Regional Examples

Regional Governance

Minneapolis - St. Paul Metropolitan Council

- Provides planning expertise and funding to support good land use and transportation decisions
- Serves 117 communities and nearly 5,000 households administering Section 8 and other affordable housing programs
- Operates a regional transit system that provides nearly 230,000 rides daily
- Oversees treatment of 300 million gallons of wastewater daily

Land Use Reform: Preservation

Transfer of Development Rights
Montgomery County, MD

Allows owners to transfer the right to develop their property to higher density “receiving areas” in other parts of the County, this program, perhaps the best in the nation, has preserved roughly 47,000 acres of farmland since its creation in 1980.

Land Use Reform: Urban Neighborhoods

Philadelphia Neighborhood Transformation Initiative

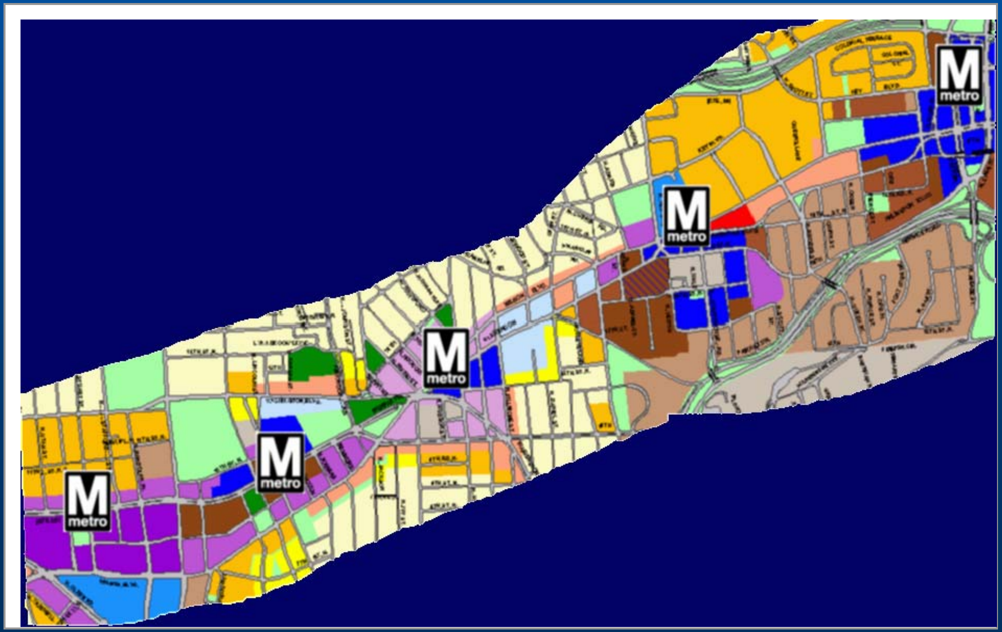
- A $1.6 billion dollar 5 year program to remove blight from Philadelphia neighborhoods.
- Reform of the city's delivery systems.
- Build 16,000 new houses and demolish 14,000 buildings.
- Rehabilitate 2,500 properties.
- Creation of a Philadelphia Land Bank.
- Clearing of 31,000 vacant lots in the first year.
- Facilitation of neighborhood planning in a citywide context

Infrastructure

Transit Oriented Development
Arlington County, VA

Sector plans around each metro station establish land use and development guidelines to ensure a mix of commercial residential and office uses.

One third of all Metro transit riders get on or get off in Arlington County



Access to Opportunity

Inclusionary Zoning
Montgomery County, MD

Moderately- Priced Dwelling Unit Ordinance

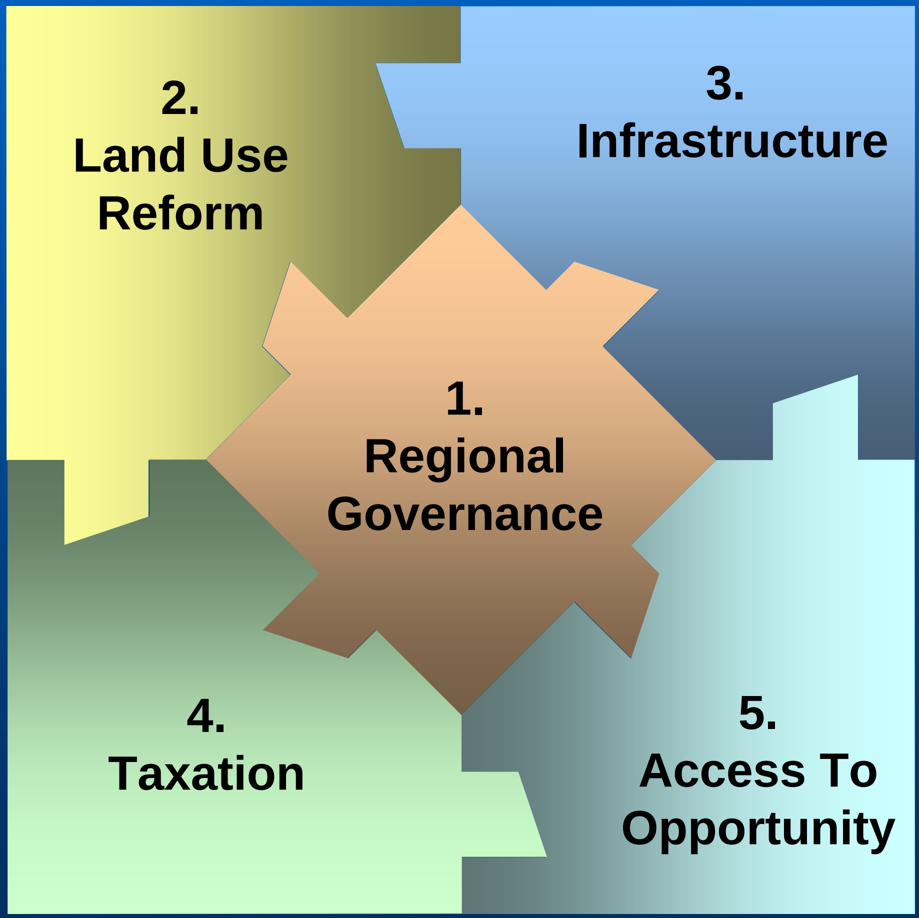
Requires new developments of >50 units to set aside 12.5% - 15% of the units for low and moderate income households.

- Return is a 22% density bonus
- Almost 11,000 units since 1973

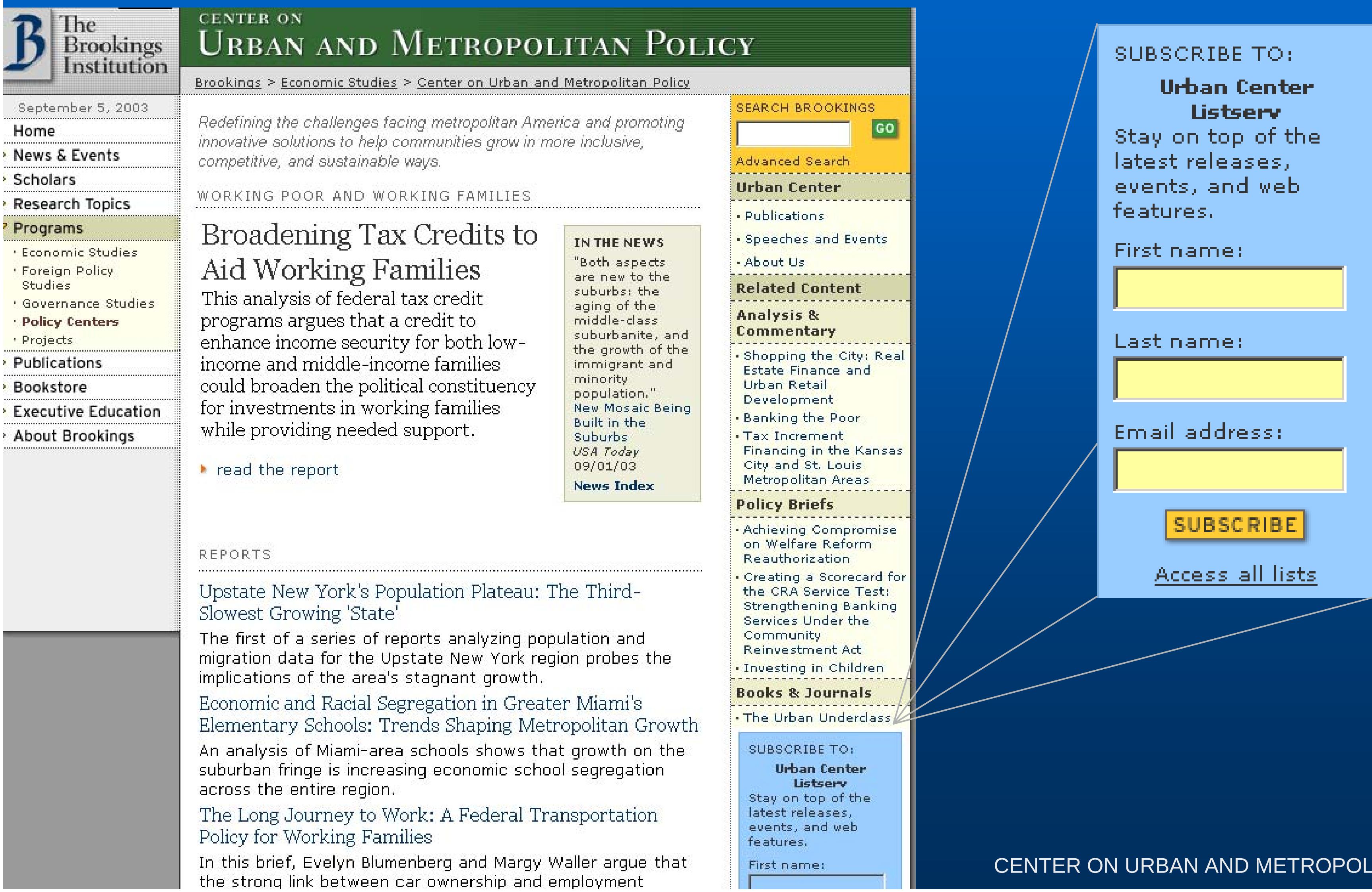
III

What policy solutions are available to affect positive change?

The Smart Growth Agenda



www.brookings.edu/urban



CENTER ON URBAN AND METROPOLITAN POLICY