



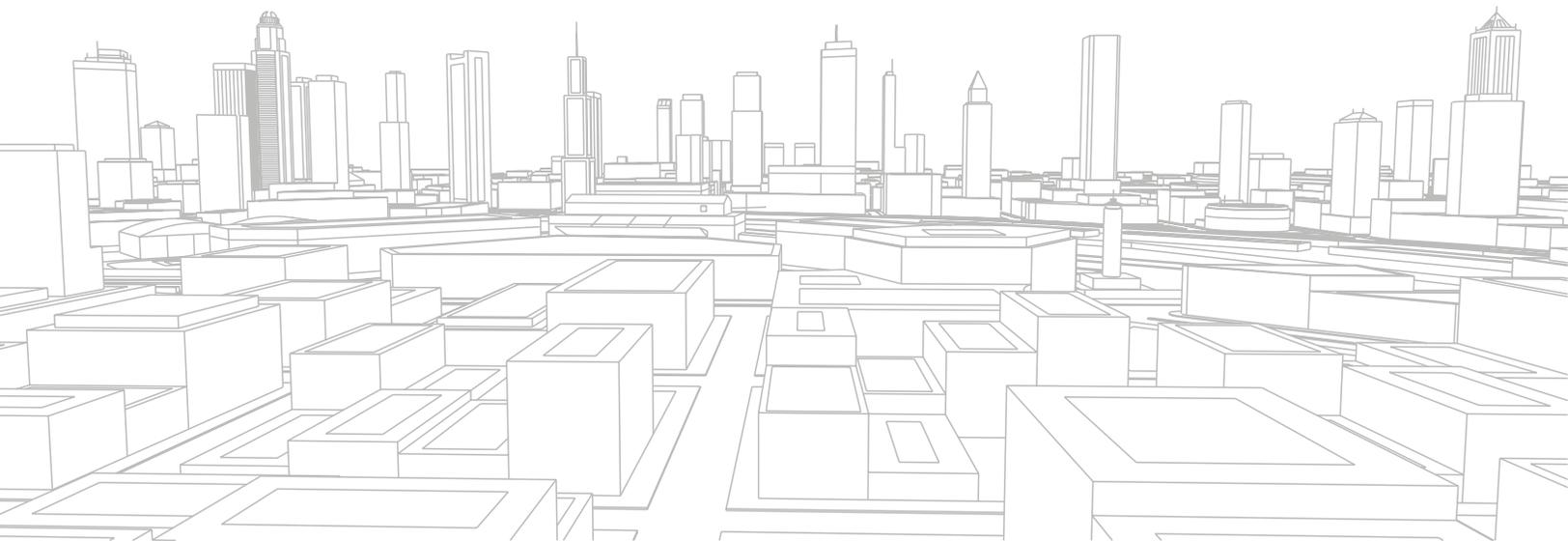
Redefining
JUST BELT



FALL 2013



Baltimore | Cleveland | Detroit | Philadelphia



Cover Photo: City of Baltimore

An Exchange of Strategies by the Cities of Baltimore, Cleveland, Detroit and Philadelphia

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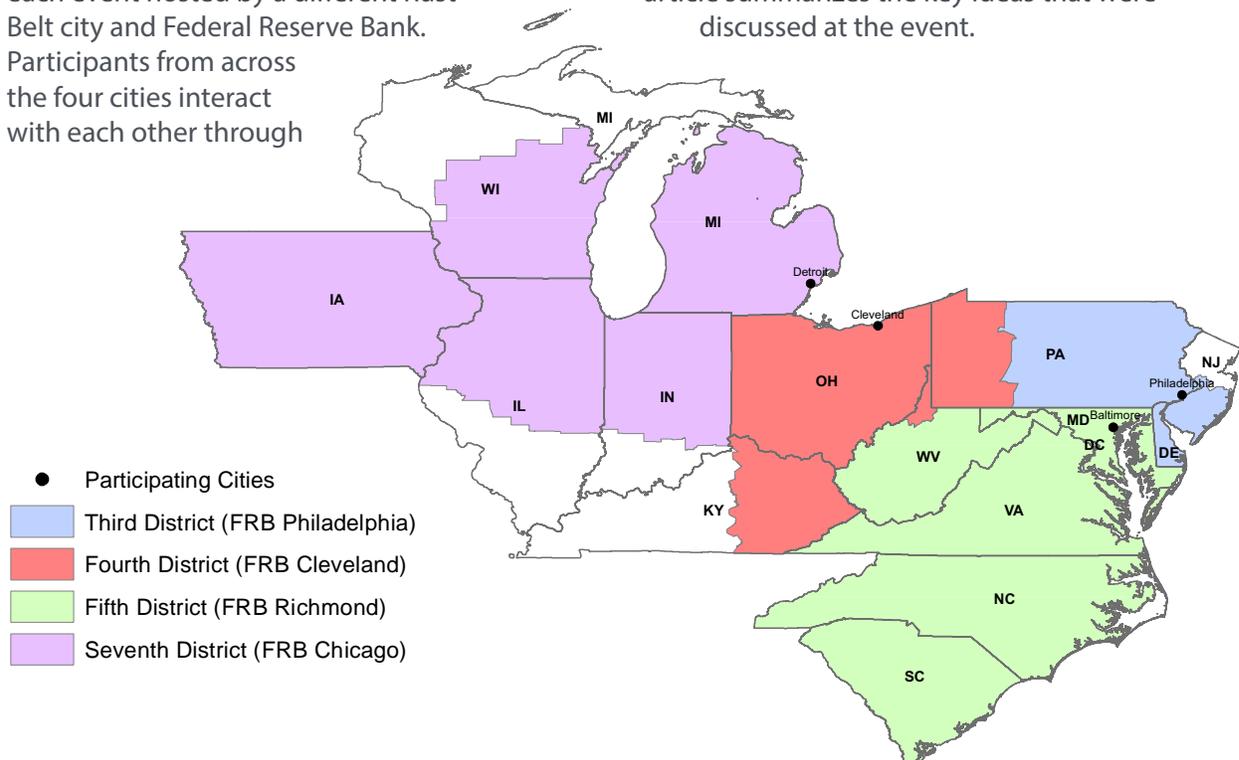
INTRODUCTION

On June 18th, 2013, community leaders from the cities of Baltimore, Cleveland, Detroit and Philadelphia engaged in a discussion on the successes and challenges they face in efforts to revitalize their cities. This event, hosted by the Baltimore Branch of the Federal Reserve Bank of Richmond, was the first in a series of events on community revitalization in “Rust Belt” cities called *Redefining “Rust Belt.”* A partnership between the Federal Reserve Banks of Chicago, Cleveland, Philadelphia and Richmond as well as The Funders Network for Smart Growth and Livable Communities and the National League of Cities, the series will consist of four events, each event hosted by a different Rust Belt city and Federal Reserve Bank.

Participants from across the four cities interact with each other through

in-person conversations as well as video conferencing exchanges. In May 2014, the series will conclude at the Federal Reserve Bank of Philadelphia’s biannual *Reinventing Older Communities* conference in Philadelphia.

The June 18th event was designed to kick-off the conversation. It was an opportunity for individuals who have been working to reinvigorate their cities to come together and share what they have learned with their peers. Participants share a common goal of creating newly vibrant neighborhoods that can attract residents and investment. This article summarizes the key ideas that were discussed at the event.



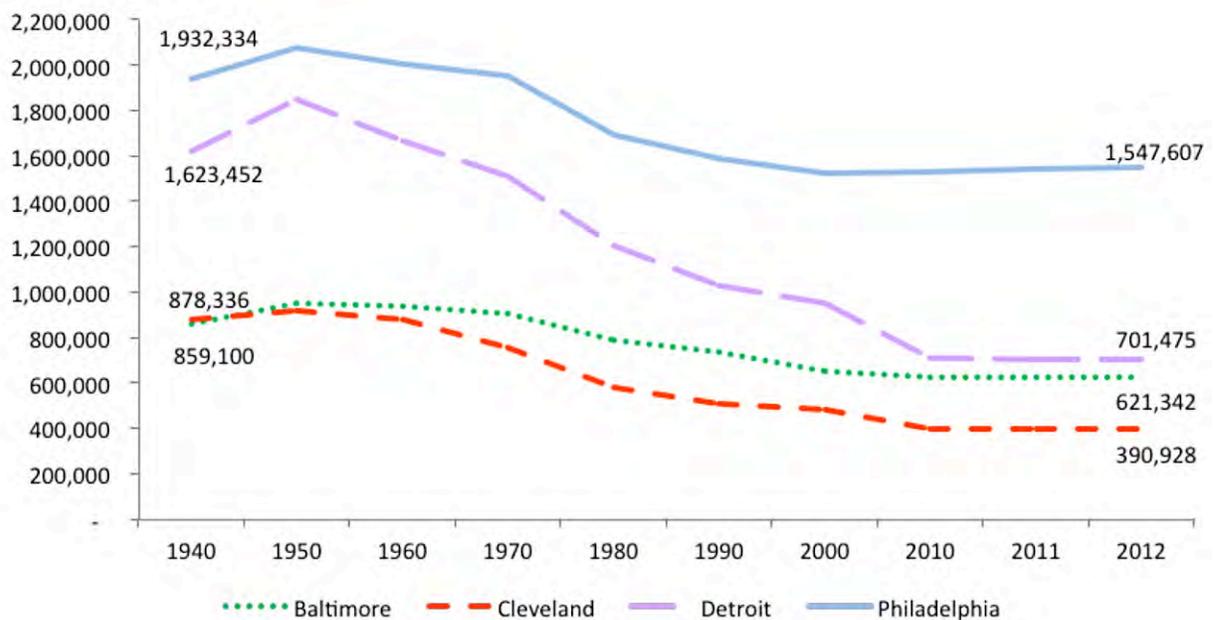
REDEFINING OLDER INDUSTRIAL CITIES WITH NEW RESIDENTS AND NEW CAPITAL

The cities participating in the *Redefining “Rust Belt”* series have faced a significant loss of population and economic capacity, a characteristic of the U.S.’s more distressed cities. Past efforts to stem the population loss and spur economic recovery have been slow and uneven. Jeremy Nowak, co-founder of The Reinvestment Fund (TRF) in Philadelphia and chairman of the Federal Reserve Bank of Philadelphia’s Board of Directors, set the stage for the day’s discussion by offering his thoughts on how older industrial cities could redefine themselves with new residents and new capital. According to Nowak, recent demographic, economic and cultural trends are presenting cities with a window of opportunity to stem and reverse the decline, as these trends play to the natural advantages of urbanization.

Nowak discussed the potential of various demographic groups such as empty nesters, millennials and immigrants to contribute to city growth. Recently, empty nesters and retirees have shown a willingness to reconsider urban areas as a location for their “late-in-life” housing. Decisions to move back into the city from the suburbs are tied to the amenities that currently exist as well as any future upgrades in these urban neighborhoods. These amenities need to match or even exceed what they currently have in the suburbs.

The millennial generation, individuals born in and after 1980, have shown a preference for urban living. Currently, they are predominantly renters. However, in a few years, they will be starting families and facing decisions about school quality, etc. Given the state of urban school systems at the time, they may decide to move out of the city. For cities to grow in their vibrancy, they will need to retain a large segment of the millennial generation.

Figure 1: Trend in Total Population by Place, 1940-2012



Source: U.S. Census Bureau



Immigrants tend to arrive first into urban areas of this country. As the U.S. continues to be seen as a place that individuals from other countries want to live in and are welcomed, cities will be assured of a flow of new residents. Immigrants, according to Nowak, make cities “cauldrons of diversity” which is a marketable feature.

Nowak also discussed the role of household size, which is smaller today than in the past. As a result, urban housing structures, which are generally smaller than those in suburban or rural locations, should be appealing to today’s smaller households.

Nowak saw advantages in current economic trends that he thought cities should be poised to capture. As the U.S. has moved away from a manufacturing-based economy to a more knowledge-based economy, cities are at an advantage since they host a number of higher education institutions and medical facilities with world-class research centers. These research centers, according to Nowak, are important economic drivers in the knowledge economy. Universities and hospitals serve as growth nodes for many cities, and, in particular, for the neighborhoods in which they are located.

Finally, Nowak discussed the role of culture and people’s affinity for cities. He noted that today’s television sitcoms portray cities rather than suburbs as places where people go to hang out. Cities are also seen as better aligned with an emerging set of values around sustainability, walkability and density. In particular, there is an emphasis on the reuse of the established built environment that works to the advantage of urban neighborhoods.

While all of these trends may currently favor cities and urban living, Nowak warned that cities have to be proactive in acting on these

advantages. He cautioned that cities need to think of these advantages as windows of opportunity that will only be open for some time. The possibilities for city revitalization will only be realized if cities can capitalize on the trends over the next 20 to 30 years.

Nowak said that cities also have to come to grips with several aspects of municipal life that could impede their ability to make progress on revitalization. First is the tradeoff between the cost of public goods and their quality. Residents may be willing to pay more to fund public services if they can be guaranteed service of acceptable quality. When this expectation is not met, they will opt out. According to Nowak, if a public amenity does not work for everyone, then it will fall into a cycle of disrepair. In contrast, when public services are of a quality that appeals to everyone, they can lead to a virtual cycle of use that moves everyone forward. The delivery of public services should be progressing toward a modern system, for example by replacing manned token booths with automated systems in subways.

The private sector has shown willingness in helping to provide certain services when quality does not meet desired standards. For example, business improvement districts (BIDs) in the downtown areas have formed as parallel governance structures to provide certain services such as clean streets and sidewalks. In the realm of public safety, Nowak pointed out that Temple University, a public research university, has one of the largest police forces in the Commonwealth of Pennsylvania. The vertical structure under which most local governments operate is viewed as better suited for the payment side of public goods provision rather than the service delivery side, because the structure does not easily allow for innovation.



In order to act on these trends, Nowak sees a need for support from various areas. The first is the need for quality data that will help cities identify strategies that are working. The process of evaluating progress needs to be transparent for the cities, their residents and businesses, as well as for other cities. Second, a different kind of political leadership is necessary. This leadership has to create and sustain a growth agenda for the city that has appeal to the downtown business community as well as to impoverished city residents. To this end, Nowak argues that politicians have to be willing to put the health of the city ahead of their political careers. The goal is to achieve inclusive prosperity in the city. Key to making such policies successful is a growth agenda that is integrated into the civil sector in a long-term manner and not tied to any particular mayoral administration, so that work on the agenda continues no matter who is in office. Inclusive prosperity would move the city beyond a plan based on isolated hubs of growth.

To achieve the integration of low-income residents with more prosperous groups in a city, Nowak sees several options. The first option involves employment hubs and employment opportunities for low-income residents in these locations. There also needs to be investment in housing for low-income residents near these employers. Programmatic initiatives around employer-assisted housing are part of this effort. In addition, access and proximity to great public spaces is another venue where inclusive prosperity can be fostered. Through these spaces, people from across the city can congregate and learn to live together.

BALTIMORE'S 10K FAMILIES CHALLENGE

In her first full term as Mayor of Baltimore, Stephanie Rawlings-Blake has made the campaign to attract 10,000 new residents to the city by 2020 the focus of her administration. At the June 18th event, Mayor Rawlings-Blake spoke to event attendees about the strategies and initiatives that the City of Baltimore has undertaken to meet this ambitious goal. The Mayor's impetus for this effort is the belief that if the city is not growing, then it is destined to failure. Population growth is thus essential to Baltimore's long-term economic survival.

The Mayor's strategies are focused on retaining the city's current residents as well as attracting new ones. One area of emphasis is the city's supply of vacant land and housing stock. The Vacant to Value initiative is aimed at redeveloping vacant properties more efficiently as well as providing incentives that target homebuyers. The City aims to demolish 4,000 vacant buildings over the next ten years to make room for new housing stock and green spaces. At the same time, the Mayor wants to reduce property taxes in an effort to increase homeownership. Rates are currently double that of surrounding jurisdictions, so the aim is to see them decline by more than 20 percent over the next 10 years.

The City's school buildings are also targeted for increased investment. Over the next 10 years, 15 new school buildings will be built in the City and 30 existing buildings will undergo renovations. Currently, the City has the oldest school buildings in the state. The Mayor is also increasing investment in the City's transportation infrastructure to create a world class transportation network that can foster a population increase. As part of this effort, there is the need for a unifying element in the City's public transportation options. The proposed east-west light rail line (Red Line) would serve this role. The goal is to have a transportation system that allows residents to get around more efficiently so they can



(continued from page 6)

spend more time at home with their families and not in their cars. The Mayor sees these infrastructure investments as a tool for planning for the future of a competitive America.

Finally, the Mayor views immigrants as an opportunity for population growth that must be embraced. Under her leadership, the City has adopted policies to become immigrant-friendly. For example, the Mayor signed an executive order whereby the City would not ask for documentation of citizenship. There have been outreach efforts made to refugee communities with education and access to job training programs geared towards immigrants. This is all part of an effort to extend a welcome to any individual who wants to contribute to the City's wealth.

PROMISING AND PROVEN STRATEGIES: AN EXCHANGE AMONG CITIES

With Nowak's framework, Paul Kaboth, the Community Development Officer for the Federal Reserve Bank of Cleveland moderated an exchange between the cities over promising and proven strategies. Lessons in seven major areas emerged from this inter-city discussion.

Eds and Meds

The strategy of focusing on higher education institutions (eds) and medical facilities (meds) has been effective for several cities. However, concerns are emerging about the longevity of such strategies, particularly in regard to higher education. New models of higher education such as online learning, issues of college affordability and doubts about the necessity of a college degree imply that higher education institutions may play a smaller role in the future growth strategies of the cities. Deborah Diamond of Campus Philly said that the uncertainty around higher educational

institutions could take 10-15 years to resolve and suggested that we need to diversify our thinking about what constitutes an anchor institution.

City officials have recognized the power of eds and meds in attracting growth to their city, so the next stage is to develop strategies to retain these industries within the cities. Omar Blaik of U3 Ventures pointed out that the strategies need to allow these institutions to grow, which may involve commercialization of research opportunities as well as public and private partnerships. Turning the areas around these institutions into attractive places with additional employment opportunities is also important. Blaik argued that cities need to do very deliberate employment-based planning around these institutions, as seen in the example of Henry Ford Hospital and Wayne State University in Detroit.

Anchor Diversification

Since not all cities and their neighborhoods are home to higher education institutions and medical facilities, efforts should be made to broaden the definition of an anchor institution beyond eds and meds. For example, local governments should identify the employment center(s) in each of their neighborhoods and use their resources to help the businesses grow in their respective neighborhoods. Tracey Nichols, Director of the City of Cleveland's Economic Development Department, discussed how they worked in the city's St. Clair area with Cleveland Range, a leading manufacturer and designer of steam cooking equipment, to bring their food services headquarters to the area. As part of this effort, the City has identified approximately three acres of condemned buildings for demolition to create additional spaces to attract businesses to the area.

According to Scot Spencer from the Annie E. Casey Foundation in Baltimore, public utility corporations are another potential anchor institution since they are vertically integrated employment centers



with a tangible physical presence in cities. Further, they have an impact on every city resident's life. In Baltimore, partnerships have been established with the public utilities on initiatives around creating green and healthy neighborhoods, particularly for low-income residents.

Participants also put forth the suggestion that local governments should think of themselves as anchors in terms of the effect that their procurement strategies could have on local economies. City officials can be leaders in an overall "Buy Local, Hire Local, Live Local" strategy.

Downtown

While eds and meds strategies have been receiving a lot of attention in recent years, the downtown area remains the largest employment center. Commercial, retail, hotel and office sectors together employ more people than eds and meds. Paul Levy from Center City District stated that 40 percent of the jobs in Philadelphia are located in the downtown with another 10 percent in the University City District. The downtown area offers a wide range of employment opportunities for both low- and high-skilled workers. Levy pointed

out that 21 percent of the jobs in downtown Philadelphia are occupied by workers with only a high school degree. The major difficulty with a downtown strategy as opposed to eds and meds is that the number of different constituencies of the downtown business environment makes it harder to work with them as one collective group.

Arts Districts

The formation of arts districts in cities either by official designation or informal means has been a powerful tool for neighborhood revitalization. Arts can bring people together around positive activities in neighborhoods and help establish bonds between neighbors. Despite the success of arts districts, participants stated that more can be done to ensure their continued success. For example, Tom Schorgl from the Community Partnership for Arts and Culture in Cleveland, spoke about how the alliances between arts groups and other community groups, such as CDCs and social service agencies, need to be nurtured in order to gain strength and longevity. In addition, neighborhoods need to consider what they can do to be more attractive to artists and vice versa. Artists are attracted to cities with lower costs of living. Finally, cities

Picture 1: Whole Foods Market at the intersection of John R. Street and Mack Avenue in Detroit



Photo Credit: Whole Foods Market. Source: <http://media.wholefoodsmarket.com/hi-res/news/detroit/2641>

On June 5, 2013, Whole Foods Market opened its first store in the City of Detroit. The City has been without a grocery store since 2007 and the opening of this 21,506 square foot store marked the first national grocery chain store within city limits. As the world's largest natural and organic grocer, Whole Foods was attracted to the growing urban farming and local foods initiatives in the City.



Picture 2a: Sister Cities Park at 18th Street and the Benjamin Parkway in the Center City District of Philadelphia



Photo Credit: Center City District

A hit with residents and families with children, downtown office workers and tourists, the Sister Cities Park completed renovations in May 2012 at a cost of \$5.3 million. It is a connector between the City's museum district and the downtown office district. Features of the park include a foundation, Children's Discovery Garden, boat pond and the Milk & Honey Café. The Center City District maintains and programs the park.

should work on cataloging the indigenous arts and cultural assets in their neighborhoods, including the for-profit sector.

Immigrants

Immigrants will continue to play an important role in city revitalization. They are sources of employment through their entrepreneurial efforts in commercial corridors. Peter Gonzalez of the Welcoming Center for New Pennsylvanians spoke about one business corridor in the City of Philadelphia where 64 percent of 221 businesses were owned by immigrants who came to this country for the opportunity to open their own business. On average, he said that these immigrant businesses had created 3.8 jobs which translated to roughly 900 jobs in one neighborhood.

In some communities, immigration is still a politically-sensitive topic. Communities close to national borders, such as Detroit, reported facing pushback from federal agencies such as Department of Homeland Security, U.S. Immigration and Customs Enforcement (ICE) and U.S. Border Patrol (USBP) on their immigration-friendly efforts. This has dampened their efforts to encourage immigrants to be economic engines in the community.

Picture 2b: The Porch at 30th Street Station in Philadelphia's University City Neighborhood



Photo Credit: James Abbott (left photo), Conrad Erb (right photo)

The Porch at 30th Street Station is Philadelphia's next great public space. The Porch opened in November 2011. Pop-up mini-golf comes to The Porch at 30th Street Station every summer. The mini-golf program began in July 2012.



Transportation

Transportation networks are important for connecting the different nodes of a city (employment centers, schools, arts, etc.). Cities still struggle with the spatial inconsistency that exists between access to jobs and skill levels. This is a problem particularly for low-income residents. Dan Kinkead from Detroit Future City urban planning project discussed how efforts are underway to link employment to overall land use policy and transportation plans in Detroit. More than 20 percent of Detroit’s population, according to Kinkead, does not have access to a car, yet, the city’s massive transportation network is very car-dependent. Bus Rapid Transit (BRT) systems are an opportunity to allow reverse commuting as well as to create more inclusive communities. Joe Marinucci from the Downtown Cleveland Alliance stated that the city of Cleveland has seen \$5 billion dollars of investment along

its BRT route and the system itself has been named the top BRT system in North America.

Public Schools System

Elementary and secondary public school reform is a microcosm of city reform. Echoing Nowak’s theme of creating inclusive prosperity, city schools were mentioned to be the best tool for social integration. The concept of thinking of a city’s educational system as a portfolio school district composed of public, charter and private schools rather than just public schools was introduced by Eric Gordon, CEO of the Cleveland Metropolitan School District. To that end, high-performing schools should be located across the school district, according to Stacy Holland from the Philadelphia Youth Network. Participants also saw the need for public-private partnerships. Socially and economically integrated schools are good for children as well as neighborhoods.

Picture 3: Simmons Park, Capitol Theatre and Battery Park development in Cleveland’s Detroit Shoreway Neighborhood



Photo Credit: The Detroit Shoreway Community Development Organization

The Detroit Shoreway neighborhood is located two miles west of downtown Cleveland. The neighborhood is home to several revitalization efforts including the Gordon Square Arts District (home to the Capitol Theatre), Ecovillage and Battery Park. Simmons Park is the northern gateway to the Ecovillage community and consists entirely of native drought-resistant plants. The park was built on the site of former gas station. Constructed in 1921, the Capitol Theatre sat vacant for more than 25 years until it was renovated and reopened to the public in October 2009. Battery Park is a 328 residential unit, \$100 million development that is a partnership between a private developer and the neighborhood’s community development organization. The development, which is currently Cleveland’s largest residential development, is being constructed on the site of the former Eveready Battery Co. plant.

CONCLUSION

The exchange among the cities highlighted the people, place and asset-based strategies that the four cities have undertaken in recent years to regain their economic vitality. The event was meant to be an overview of today's community redevelopment strategies. The major themes that emerged and are discussed in this article provide a framework for more involved conversations that will take place in the series' future events.

The next videoconference event in the series will take place on October 25th in Cleveland hosted by the Federal Reserve Bank of Cleveland. The discussion will focus

on traditional anchor institutions in local economies as well as emerging ones such as arts and culture.

The opinions expressed are those of the participants and not necessarily those of the Federal Reserve Banks of Chicago, Cleveland, Philadelphia and Richmond or the Federal Reserve System.

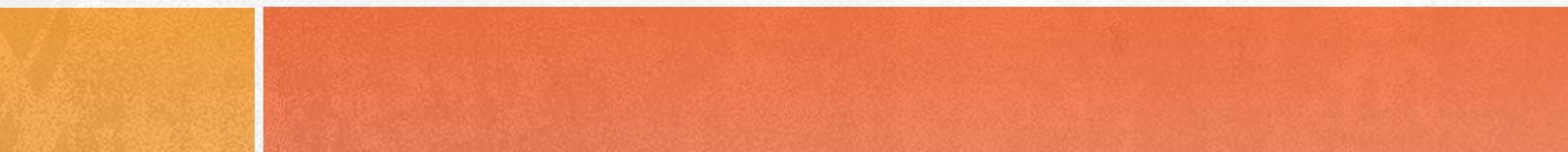
http://www.richmondfed.org/publications/community_development/

Picture 4: Charles Theater, Joe Squared restaurant and Barclay neighborhood mural in the communities north of Baltimore's Penn Station



Photo Credit: Central Baltimore Partnership

The Charles North neighborhood is located between Penn Station and 22nd Street in Baltimore. It is considered a prime location for transit-oriented development (TOD) because of its proximity to Penn Station which offers Amtrak, MARC and light rail train service as well as bus connectivity. The neighborhood is known for its arts and entertainment offerings including the historic Charles Theater which was expanded in 1999 from a single-screen theater to five screens showing a variety of first-run films. Joe Squared restaurant known for its coal-fired square pizzas, was one of the first restaurants to locate along the neighborhood's North Avenue. This street had long been a place to avoid and now is becoming a Baltimore destination.



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