

# The Brookings Institution

Metropolitan Policy Program  
Bruce Katz, Director

## Understanding Regional Dynamics: Implications for Social and Economic Justice





## Understanding Regional Dynamics: Implications for Social and Economic Justice

I

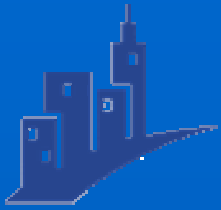
There are profound demographic and market changes taking place in the United States

II

These forces are giving cities and first suburbs the best chance to compete in decades

III

But the resurgence of U.S. urban places is incomplete...and presents challenges for social and economic justice



I

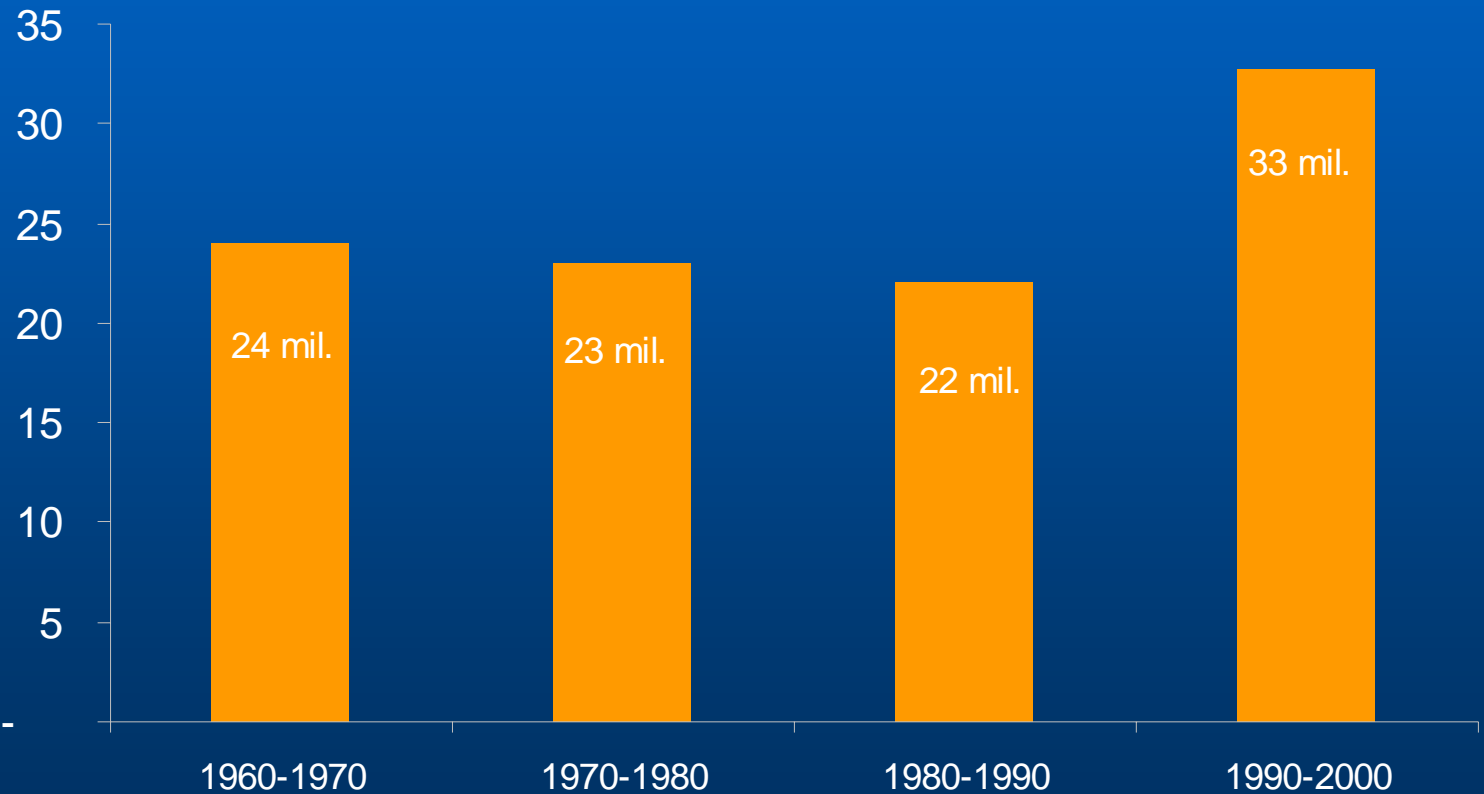
There are profound demographic and market changes taking place in the United States



# U.S. population growth in the 1990s was much stronger than in previous decades

Millions of persons

Source:  
U.S. Census Bureau



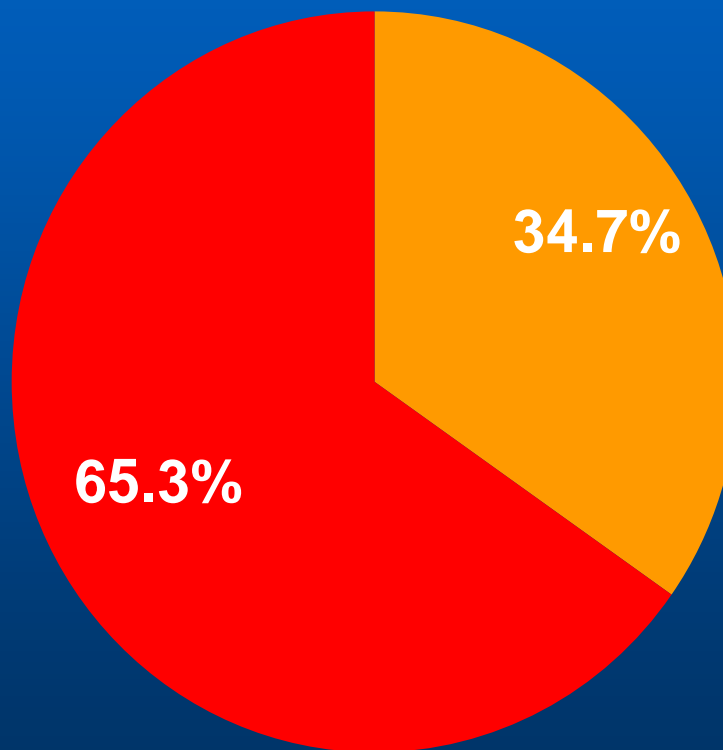


# Immigration explains a large portion of this population growth

Components  
of population  
change, 1990-  
2000

Source:  
U.S. Census Bureau

- Net Immigration
- Natural Increase



34 million foreign-born now live in the U.S.; 12 percent of the population



That is the largest absolute number in U.S. history



And highest share since 1930



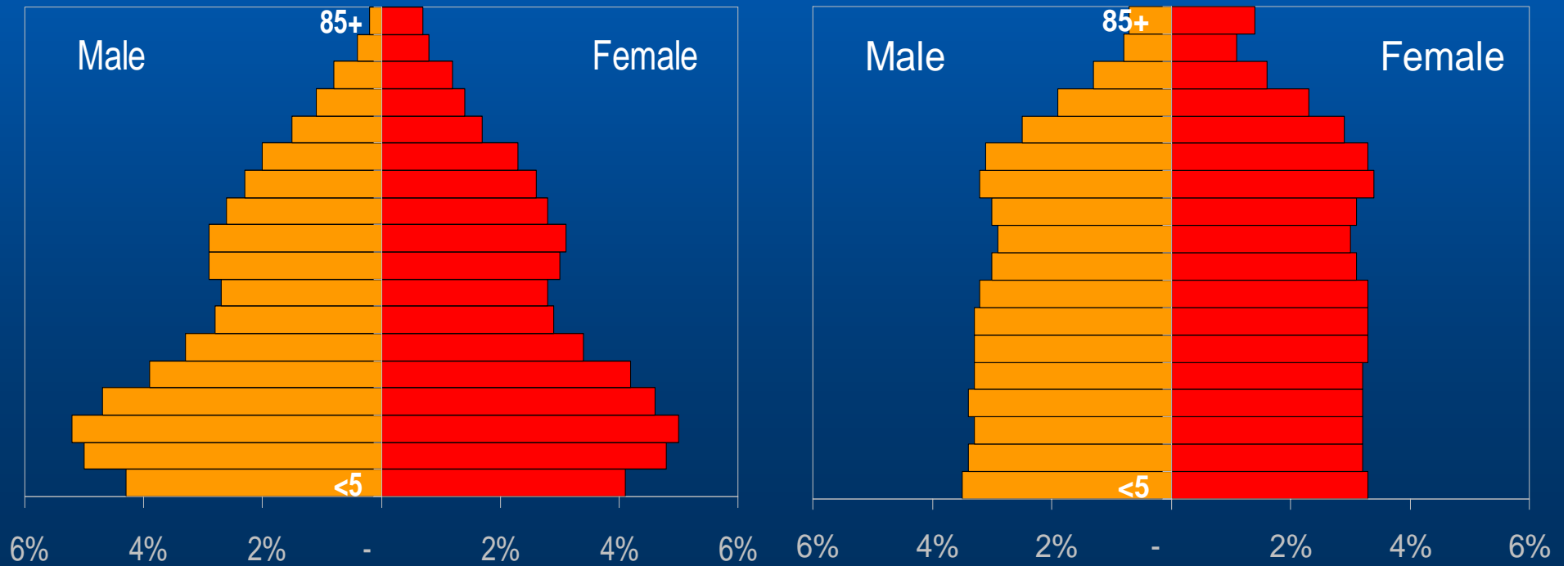
# As America grows it is also aging

## Share of Population in Age Groups

Source:  
U.S. Census Bureau

1970

2020

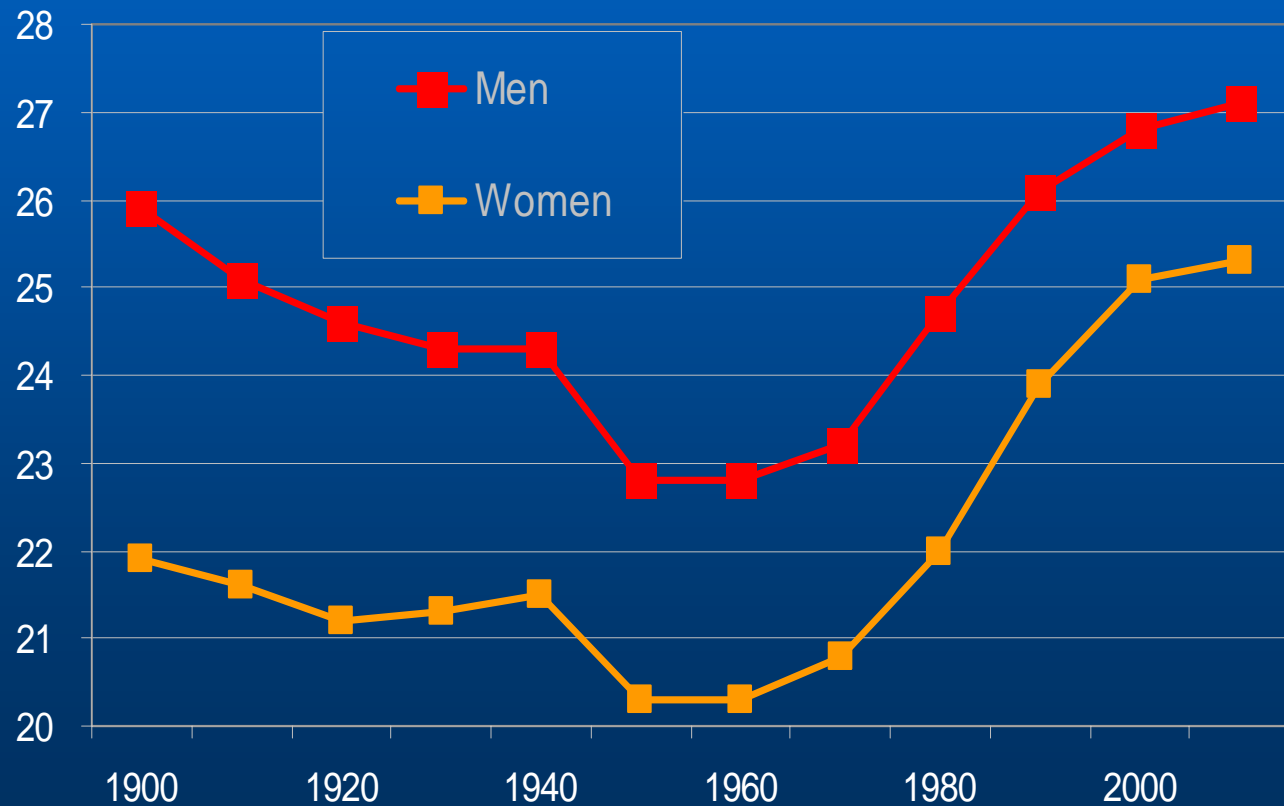




# Household formation is also changing: Men and women are delaying marriage

## Median Age at Marriage

Source: U.S. Census Bureau



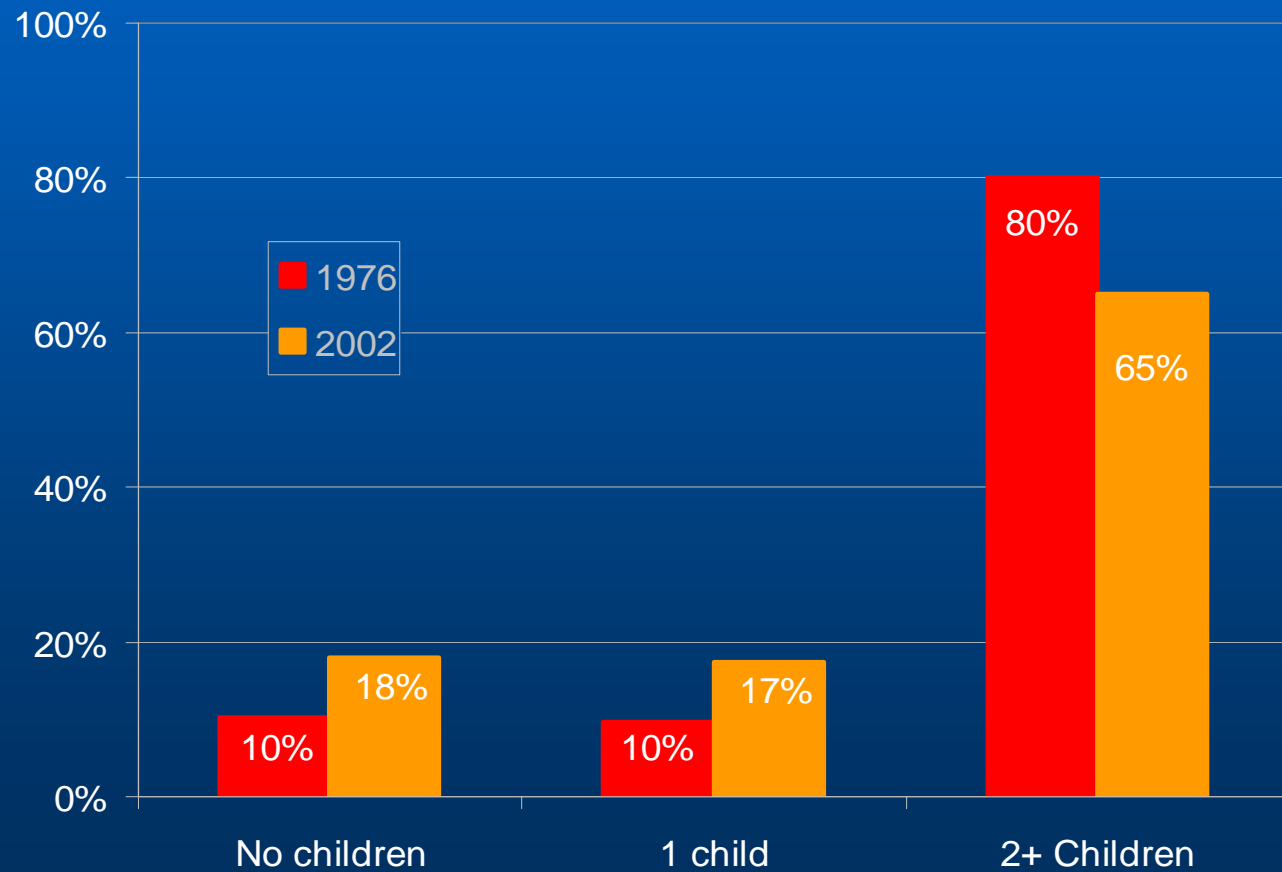




# Families are having fewer children

Births Ever to  
Women Age  
40-44

Source: U.S. Census  
Bureau

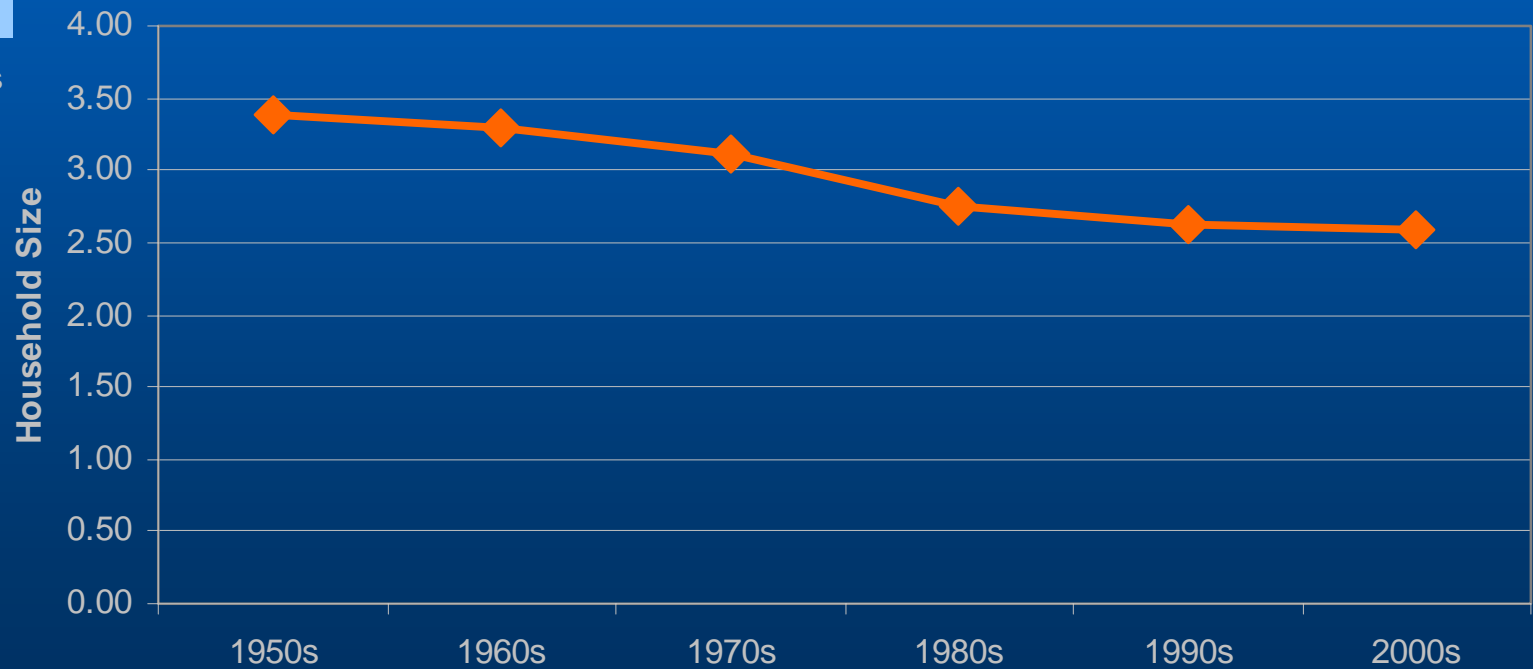




# The combination of these trends means that the household size is declining

Household change, 1950-2000

Source: U.S. Census Bureau





## And the share of families with children in the population is declining

Percentage change,  
Families with children  
& Projected, 1990-2000

Source: U.S. Census  
Bureau

	1990	2000	2020
<b>All Families w/ children</b>	<b>36.6%</b>	<b>32.8%</b>	<b>28.2%</b>
<b>All Families w/o children</b>	<b>33.7%</b>	<b>35.3%</b>	<b>39.7%</b>

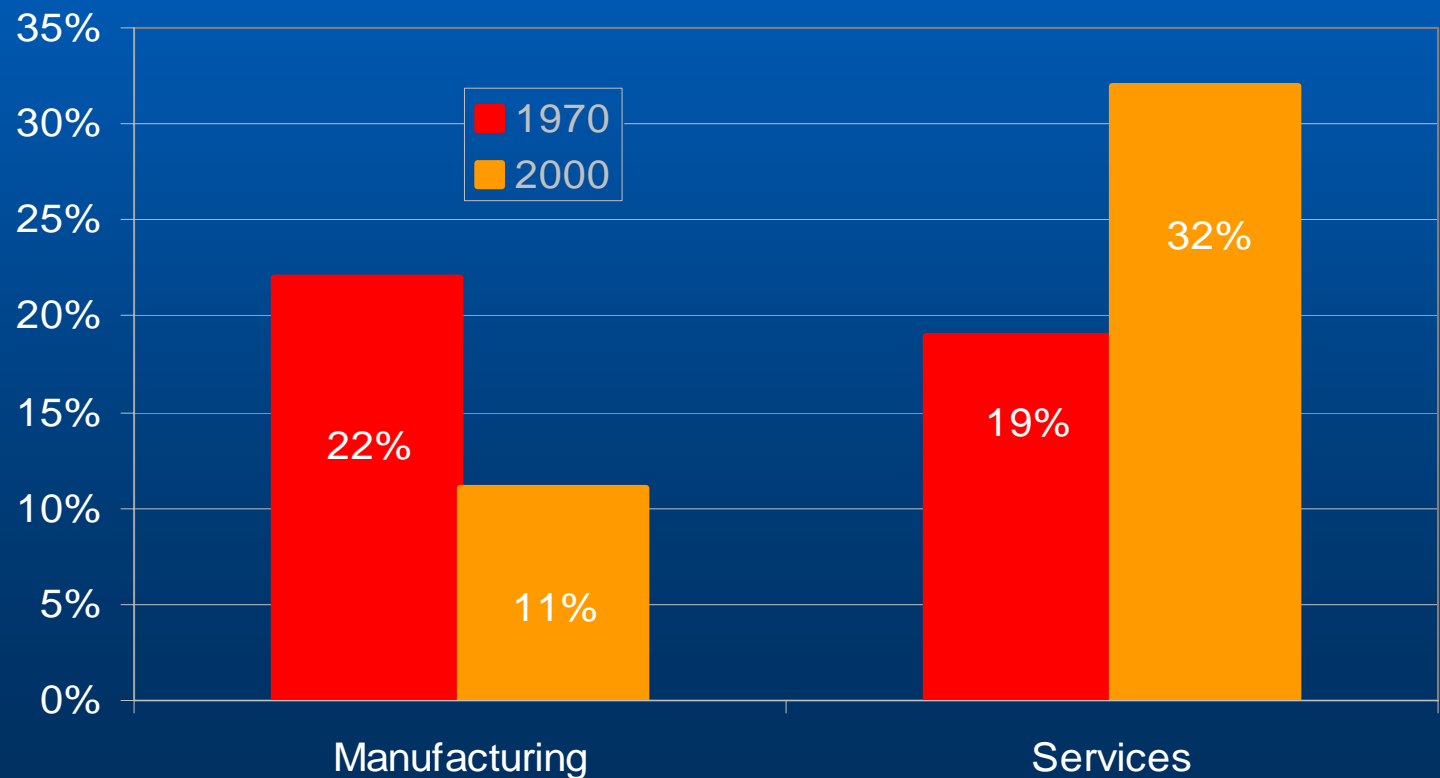


At the same time, the country is going through a period of unprecedented economic transformation

The U.S. economy continues to transition from manufacturing to services

### U.S. Employment Shares

Source: Bureau of Economic Analysis

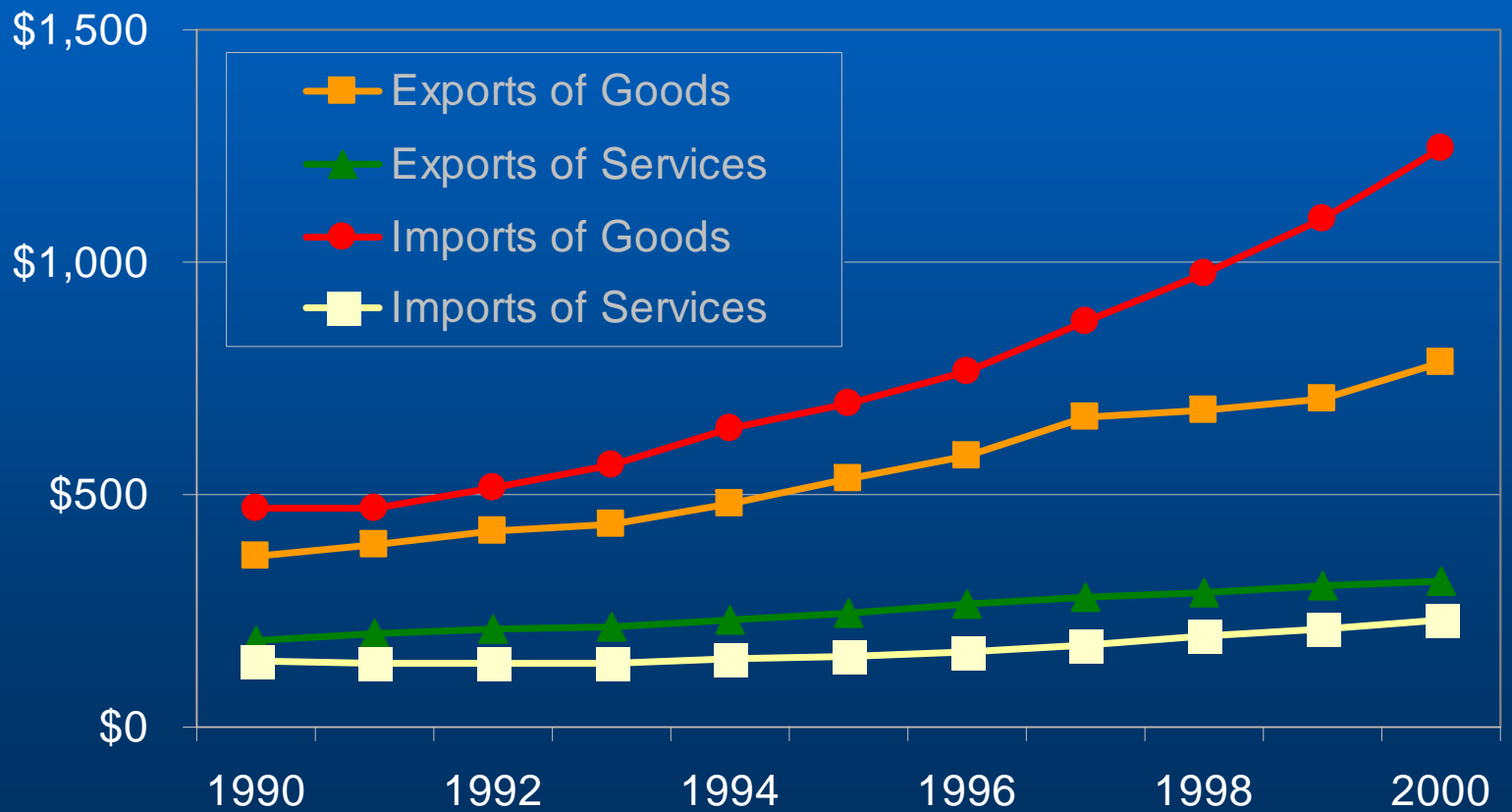




# The volume of traded goods and services is growing exponentially

Billions of  
Constant  
(2000) Dollars

Source: Bureau of  
Economic Analysis

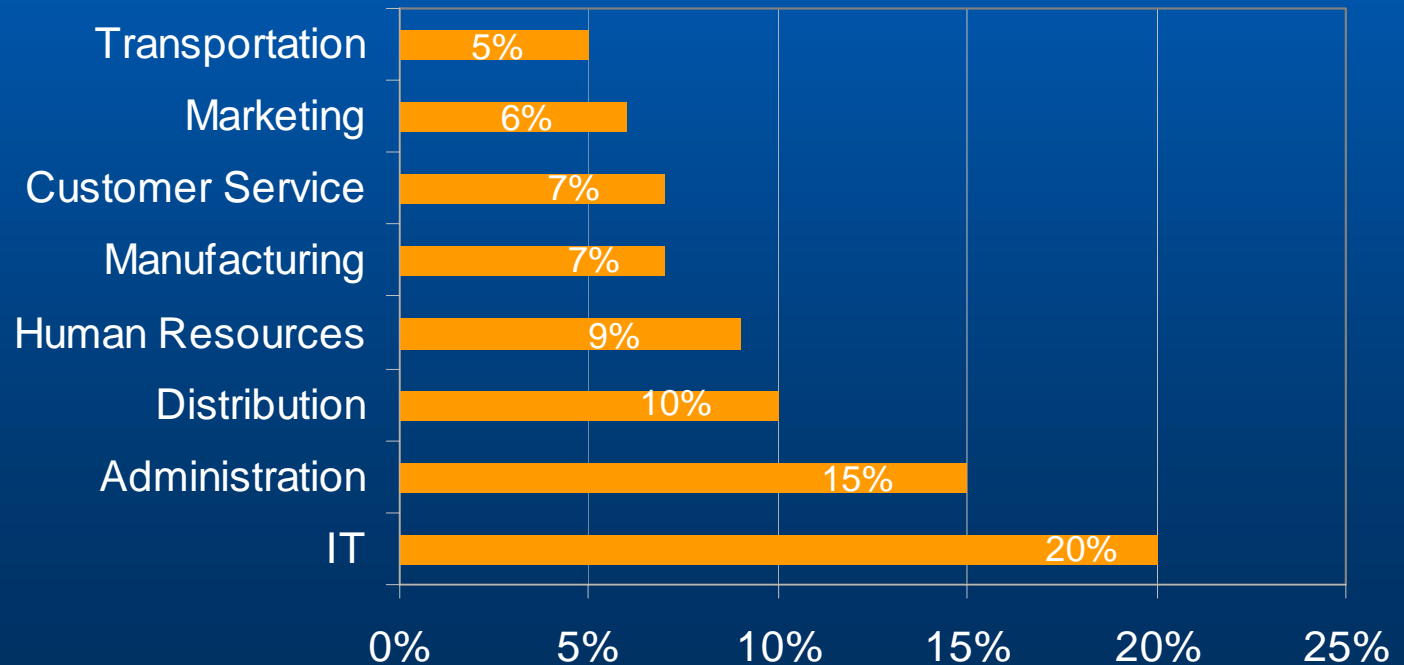




# Globalization is forcing firms to focus on core competencies and outsource routine business activities

Percent of Companies Outsourcing Services, 2000

Source: Outsourcing Institute

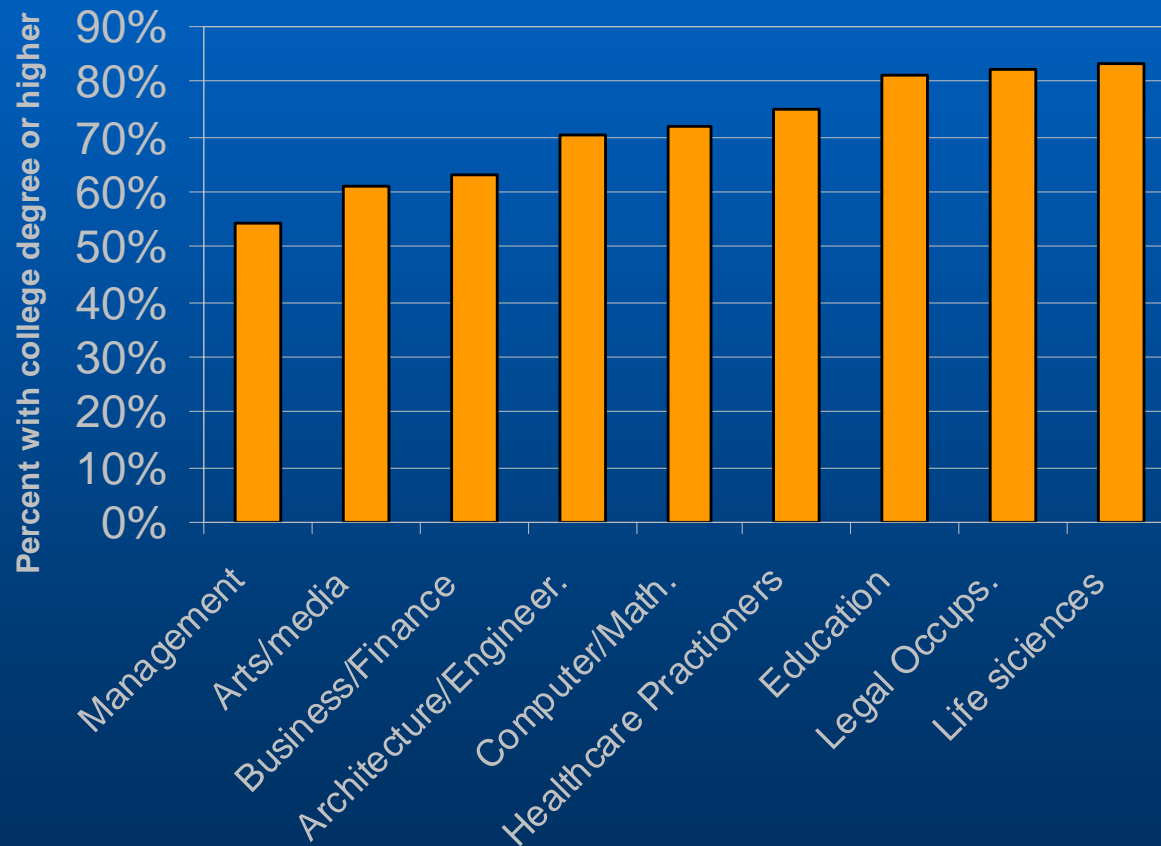




# All these changes are placing a high premium on education and skills

Percentage of Workers with a College Degree or Higher, select occupations, 2002

Source: National Education and Attainment, National Bureau of Labor

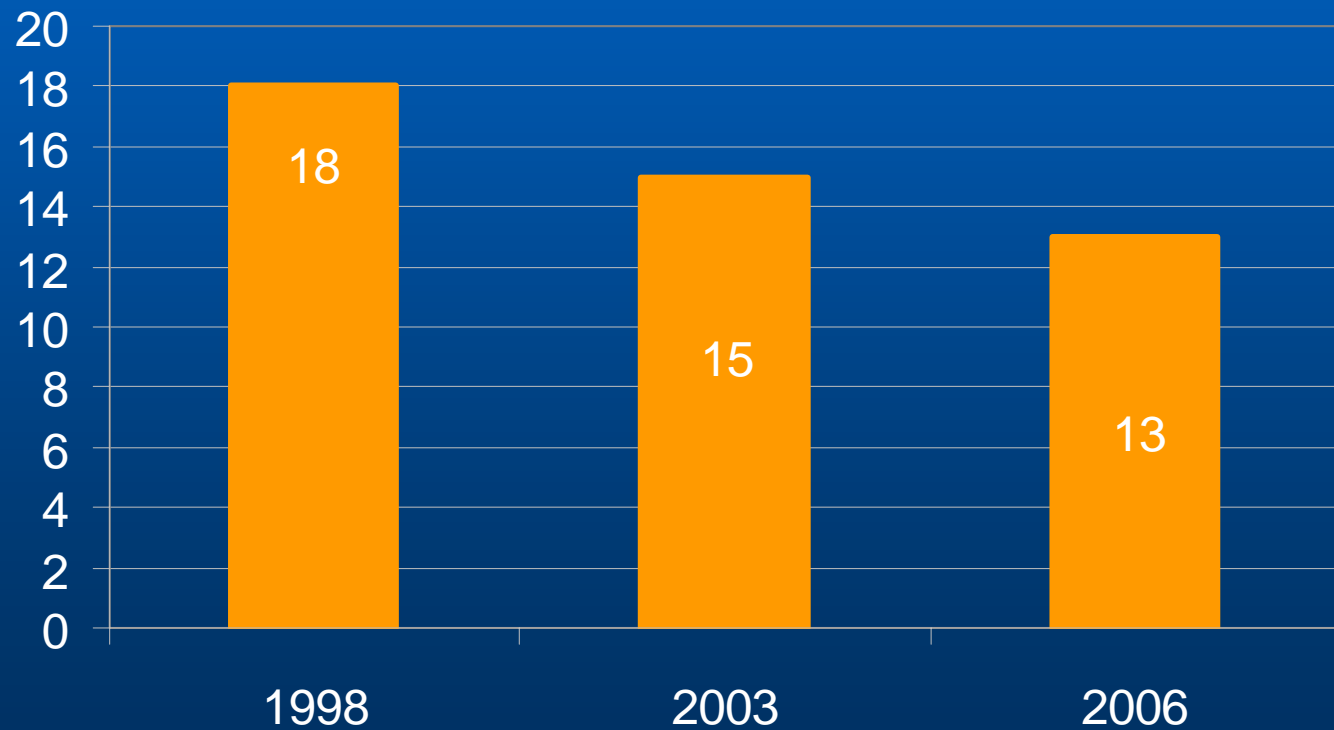




# And on continuous innovation

## From R&D to Market

Source: Ned Hill.  
"Innovation and Economic  
Development."  
Presentation to the  
National Governors  
Association



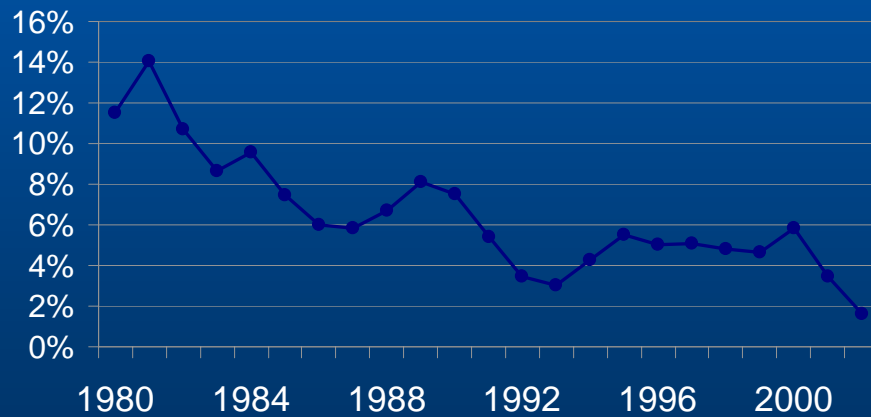




In the 1990s, steady growth and prudent fiscal policy kept interest rates low, fueling development

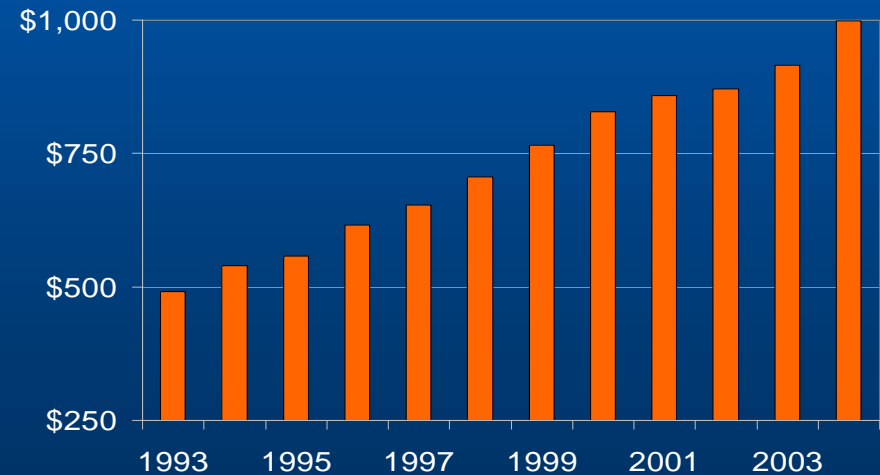
### Interest Rates

3-Month Treasury Bills



### Development

Construction Put in Place (Billions of Dollars)



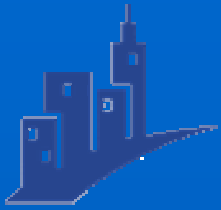


## While over the next 30 years, billions of additional square feet is projected to be developed or replaced

By 2030, about half of the buildings in which Americans live, work, and shop will have been built after 2000.

- By 2030, the nation will need about 427 billion square feet of built space to accommodate growth projections.
- About 82 billion of that will be from replacement of existing space and 131 will be new space.

- Source: Arthur C. Nelson, 2005



II

These forces are giving cities and first suburbs the best chance to compete in decades



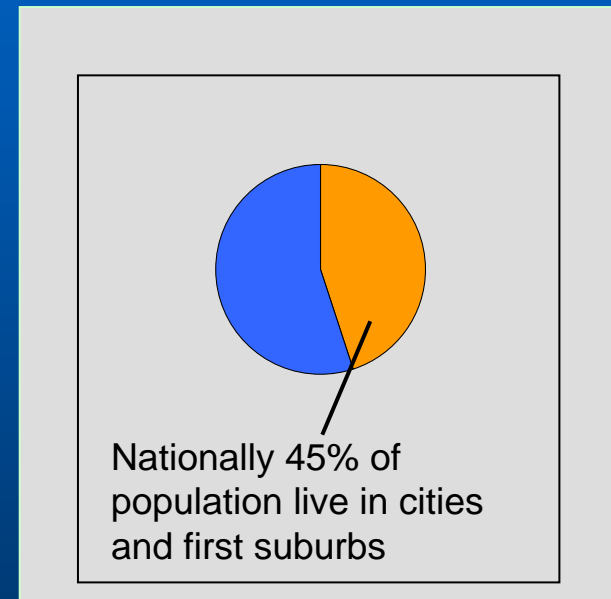
## First, a definition of cities and first suburbs

### Cities:

- Cities for this effort are defined as major population areas with a population over 100,000

### First Suburbs:

- First suburbs are the “inner-ring” of suburbs that developed before the wave of suburban growth of the past 50 years
- There are 64 first suburban counties identified throughout the U.S.



Breakdown of U.S. population by type of geography, 2000



## Demographic changes give cities and first suburbs a chance to compete for new residents and their consumption



- Young professionals
- Childless couples
- Baby-boomers
- New immigrants
- Empty nesters
- Elderly individuals
- Families with children?

This growing and diverse population desires a range of choices in housing...



Multi-family housing



Apartments for rent



Single family housing



Assisted living

# A range of choices in neighborhoods that are walkable...



Urban neighborhoods downtown



Neighborhoods with mixed density



Single family neighborhoods

Historic neighborhoods



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# A range of choices for shopping



Downtown



Big box



A number of main streets



# And a range of choices in transportation



Fixed rail



Walking and biking



Bus



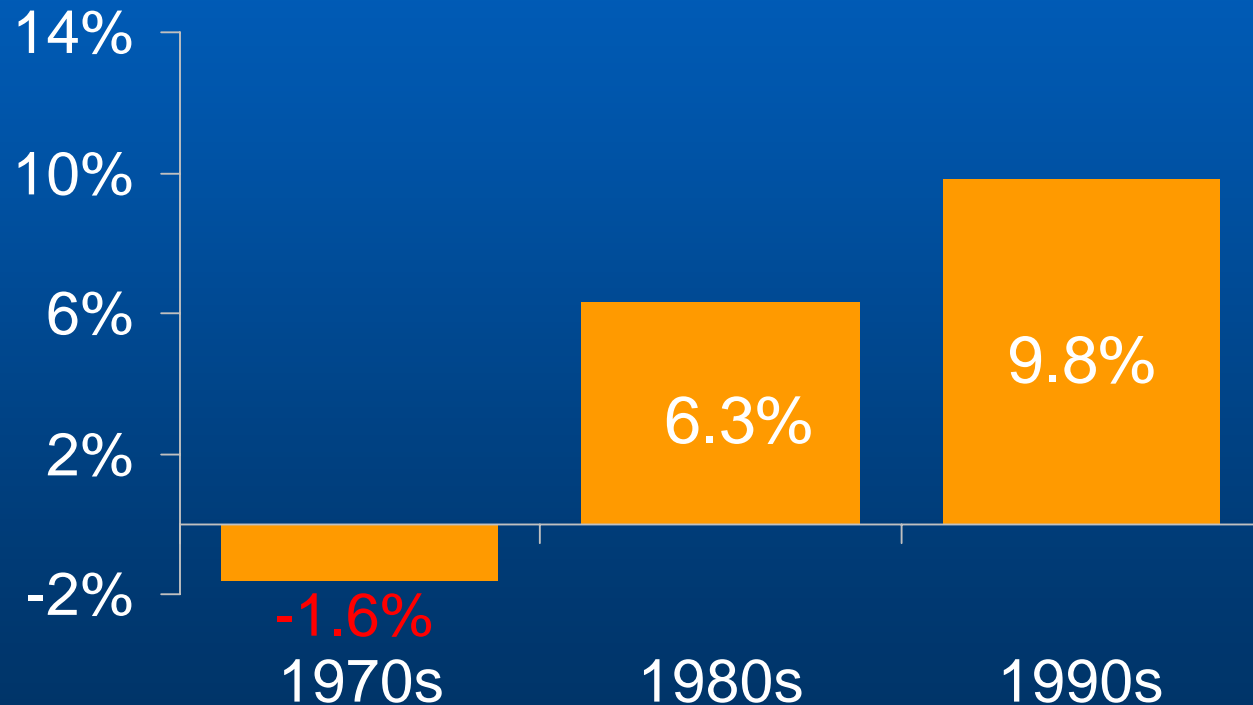
Automobile



# These changes and choices have already led to a population surge in urban areas

Population Growth in 50 largest cities, 1970-2000

Source: U.S. Census Bureau

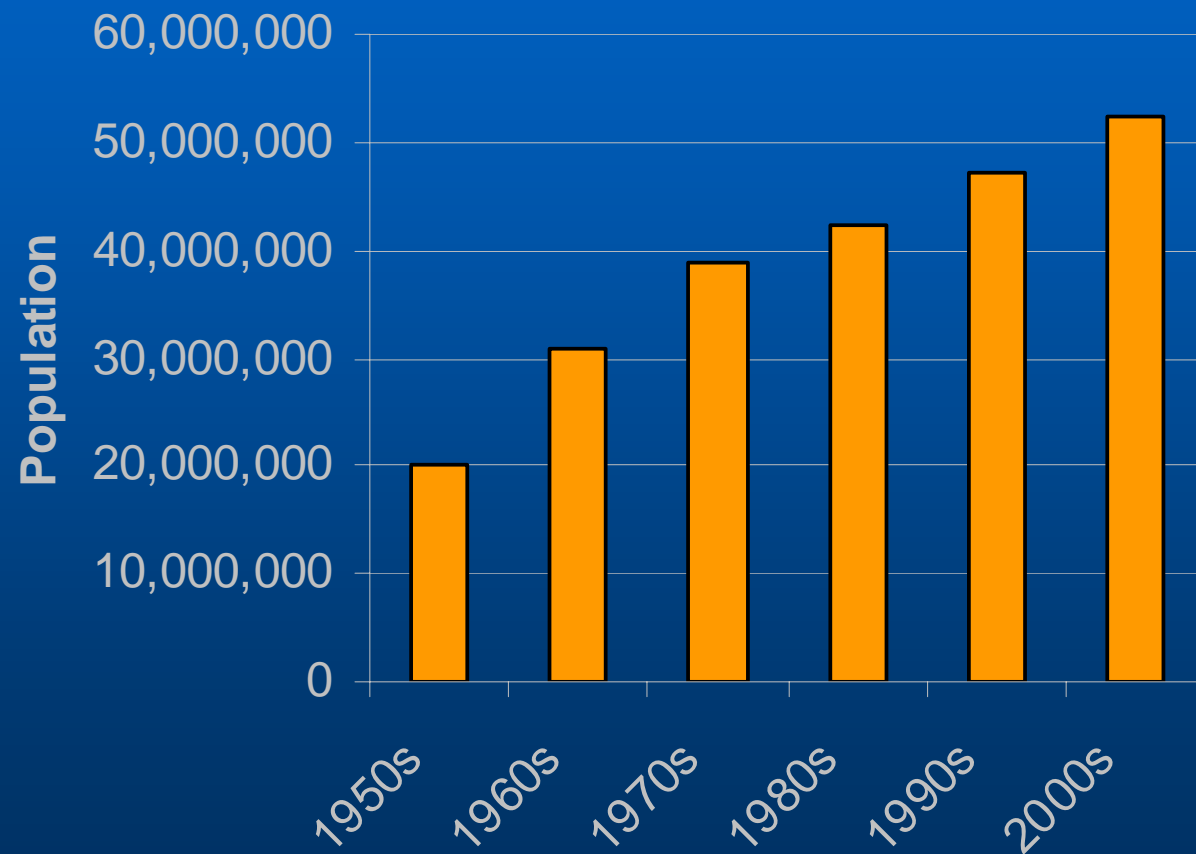




## And in first suburbs

Population in  
First Suburbs,  
1950-2000

Source: U.S. Census  
Bureau

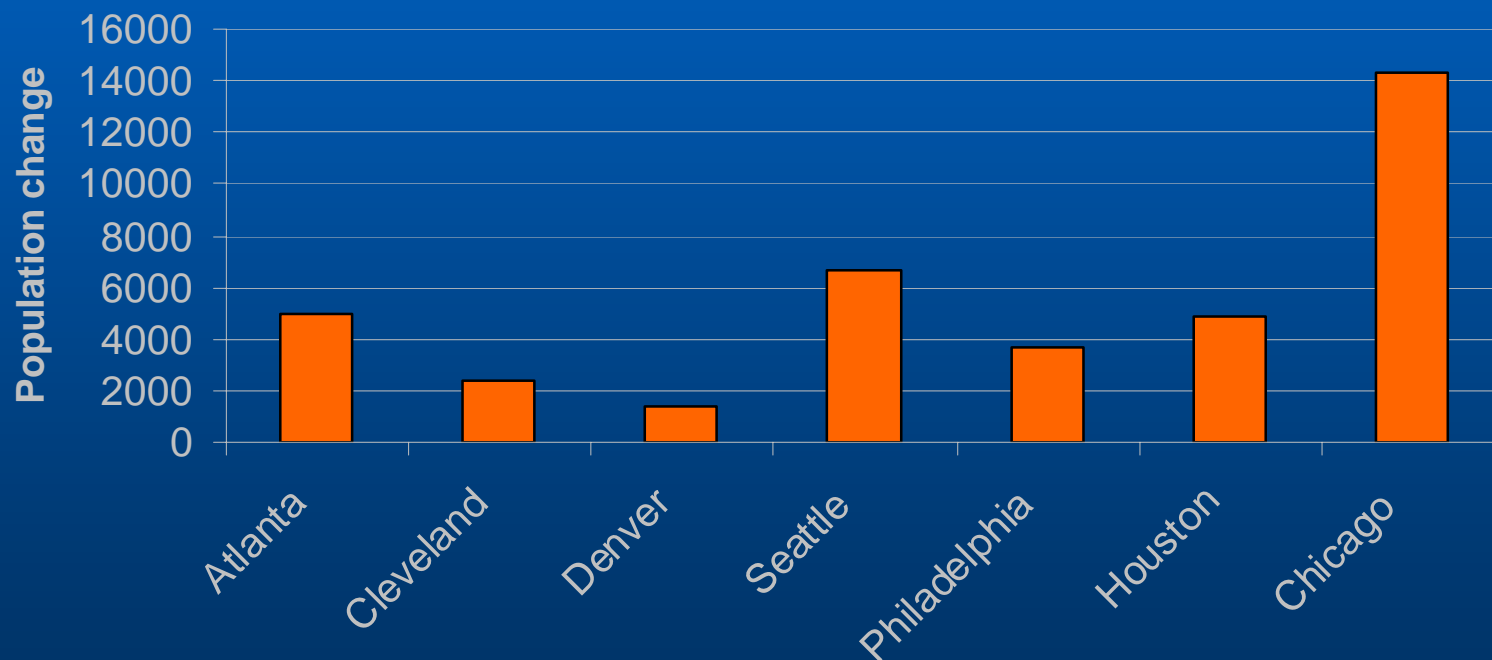




# These changes and choices have also contributed to the downtown revitalization in cities

Absolute change in population, 1990-2000

Source: U.S. Census Bureau

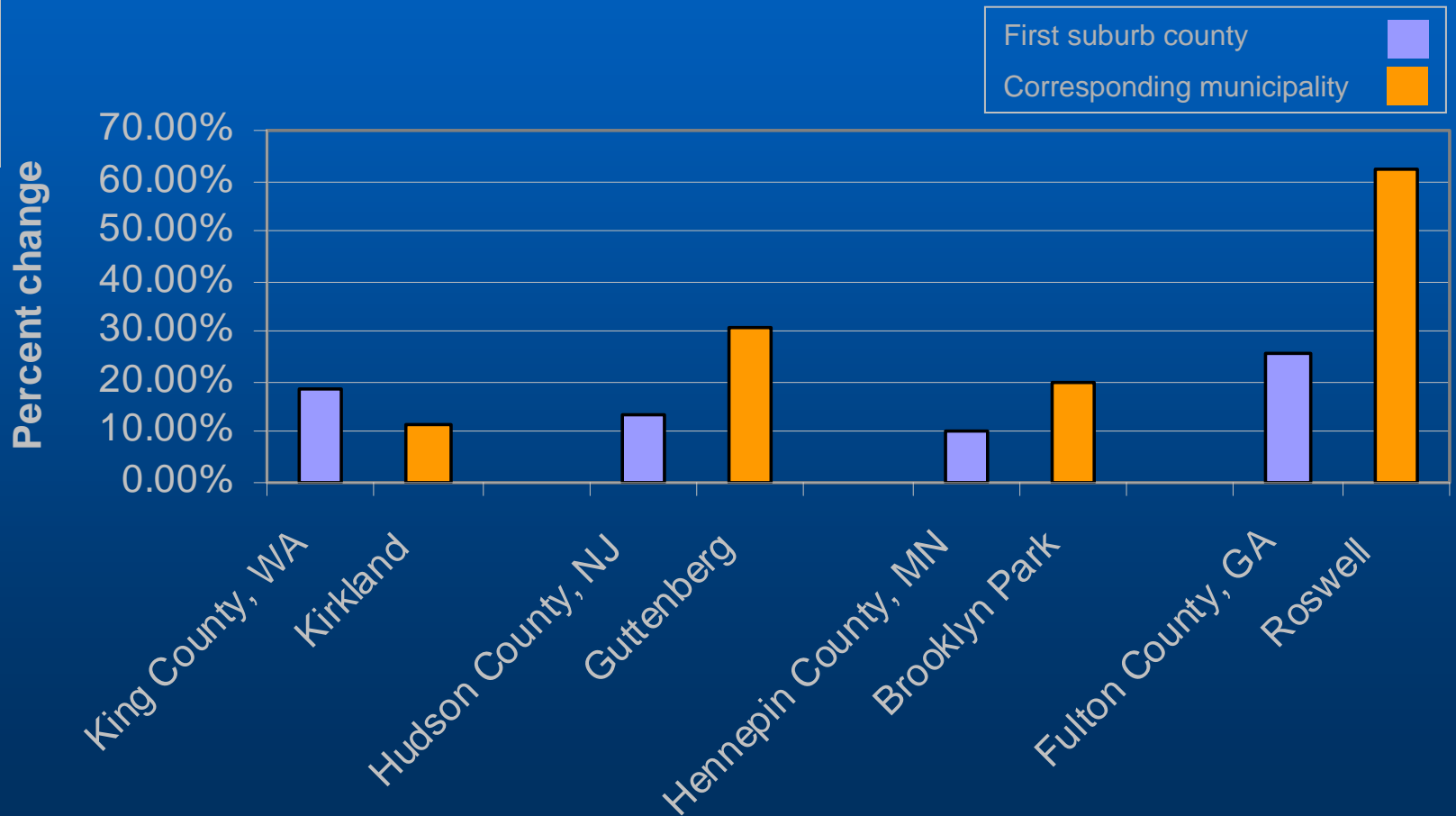




## And in the core areas of many first suburbs

Percent change in population, 1990-2000

Source: U.S. Census Bureau

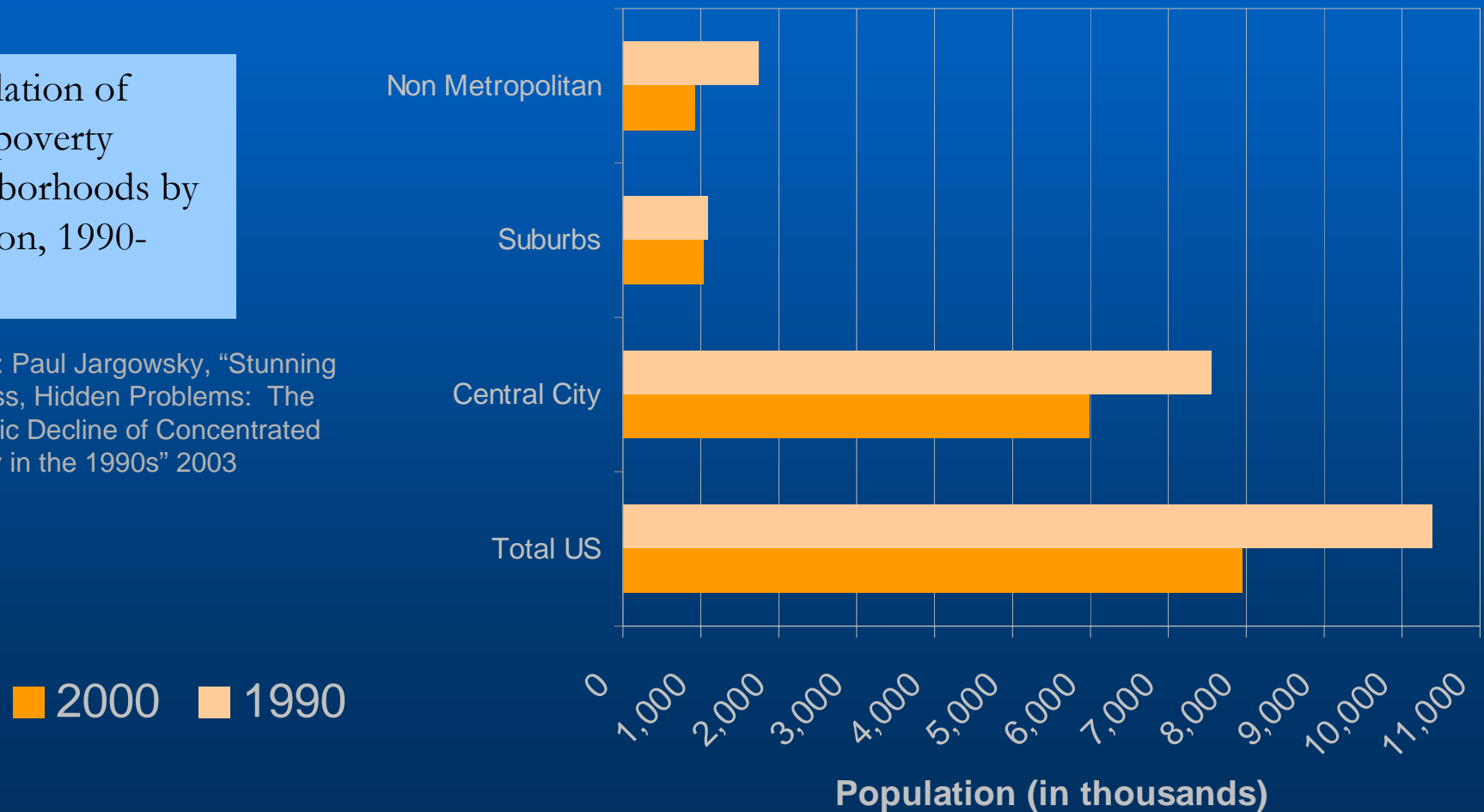




# The number of people living in high poverty neighborhoods declined during the 1990s

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





## There are also other characteristics that give cities and first suburbs a unique niche



- Density
- Amenities
- Educational and medical facilities
- Creativity
- Multicultural diversity
- Built infrastructure



## Density gives them a competitive niche because the rules of the economy have changed



- Density contributes to innovation by attracting young educated workers
- Average labor productivity increases with employment density
- Dense labor markets and high clustering of jobs leads to knowledge spillovers
- Dense local economies are linked to increased patenting



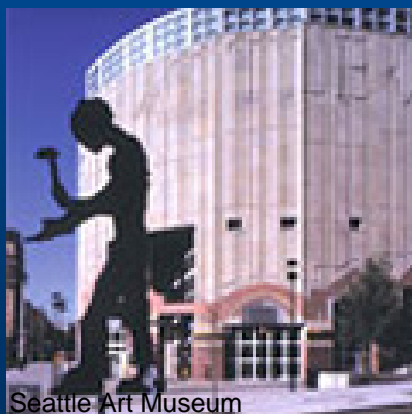
# Urban amenities give them a competitive niche because they attract workers and tourists



Mix of restaurants, services, and retail



Entertainment



Cultural amenities



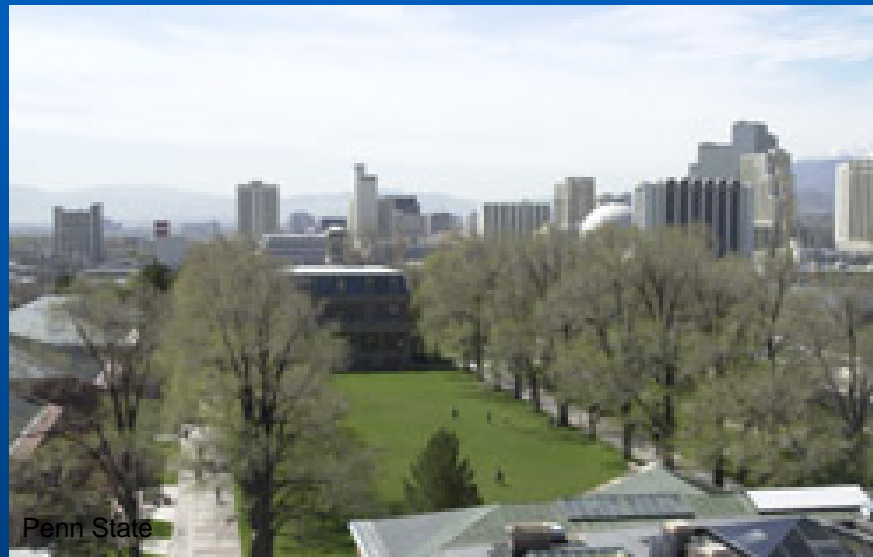
Tourism



# A concentration of research institutions give cities and first suburbs an advantage in the Knowledge Economy

**Employer:** Offer employment to local residents

**Incubator:** Offer services to support start ups



**Work force developer:** Address local/regional resource needs

**Real estate developer:** Use real estate to anchor growth

**Purchaser:** Redirect institutional purchasing towards local businesses

**Network builder:** Channel university expertise to increase local business capacity



## Cities and first suburbs also attract artists

Arts  
employment,  
Selected  
metro areas,  
1980-1990

Source:  
"Targeting  
Occupations in  
Regional and  
Community  
Economic  
Development,  
Ann Markusen,  
October 2002

	1980	1990	% Change
<b>Cleveland-Akron</b>	1649	3211	94.7
<b>Atlanta</b>	2767	4738	71.2
<b>Minneapolis-St Paul</b>	3018	4783	58.5
<b>Seattle-Takoma</b>	3256	4937	51.6
<b>Dallas-Ft Worth</b>	4326	6195	43.2
<b>Pittsburgh</b>	1903	2432	27.8

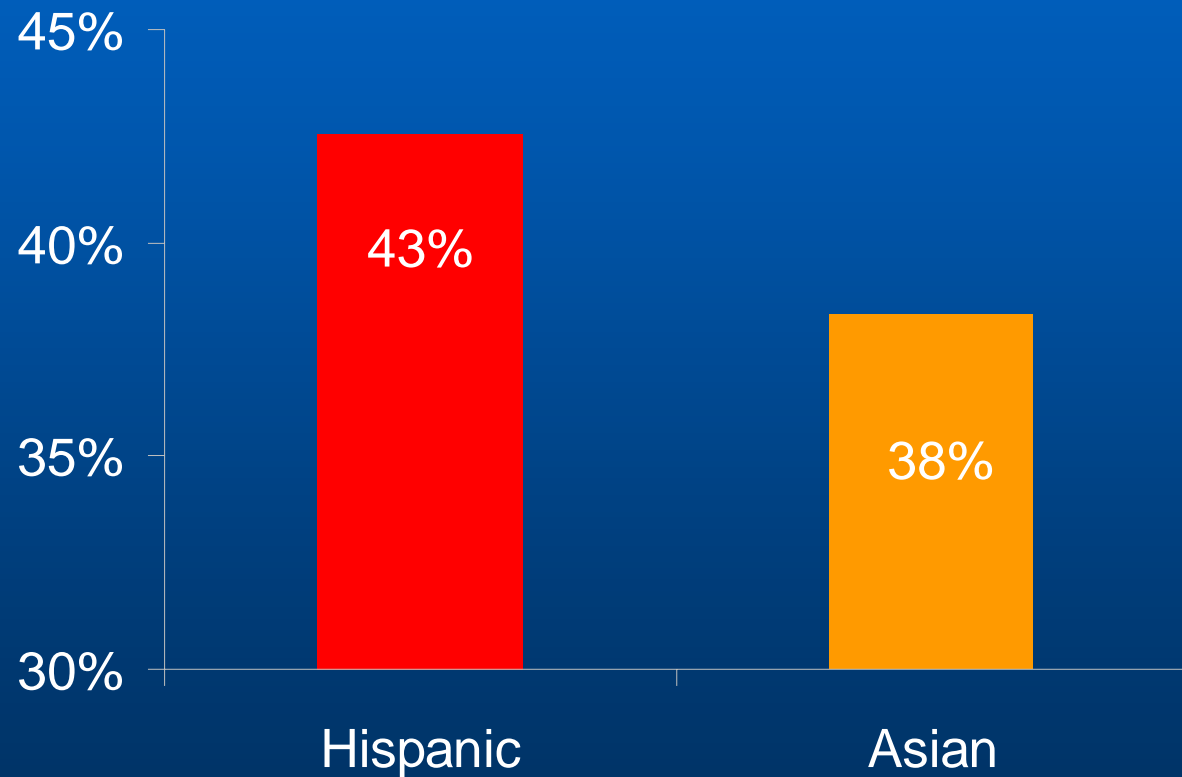




## And they have become multicultural centers

Percent change in  
population, 1990-2000  
100 largest cities

Source: U.S.  
Census  
Bureau

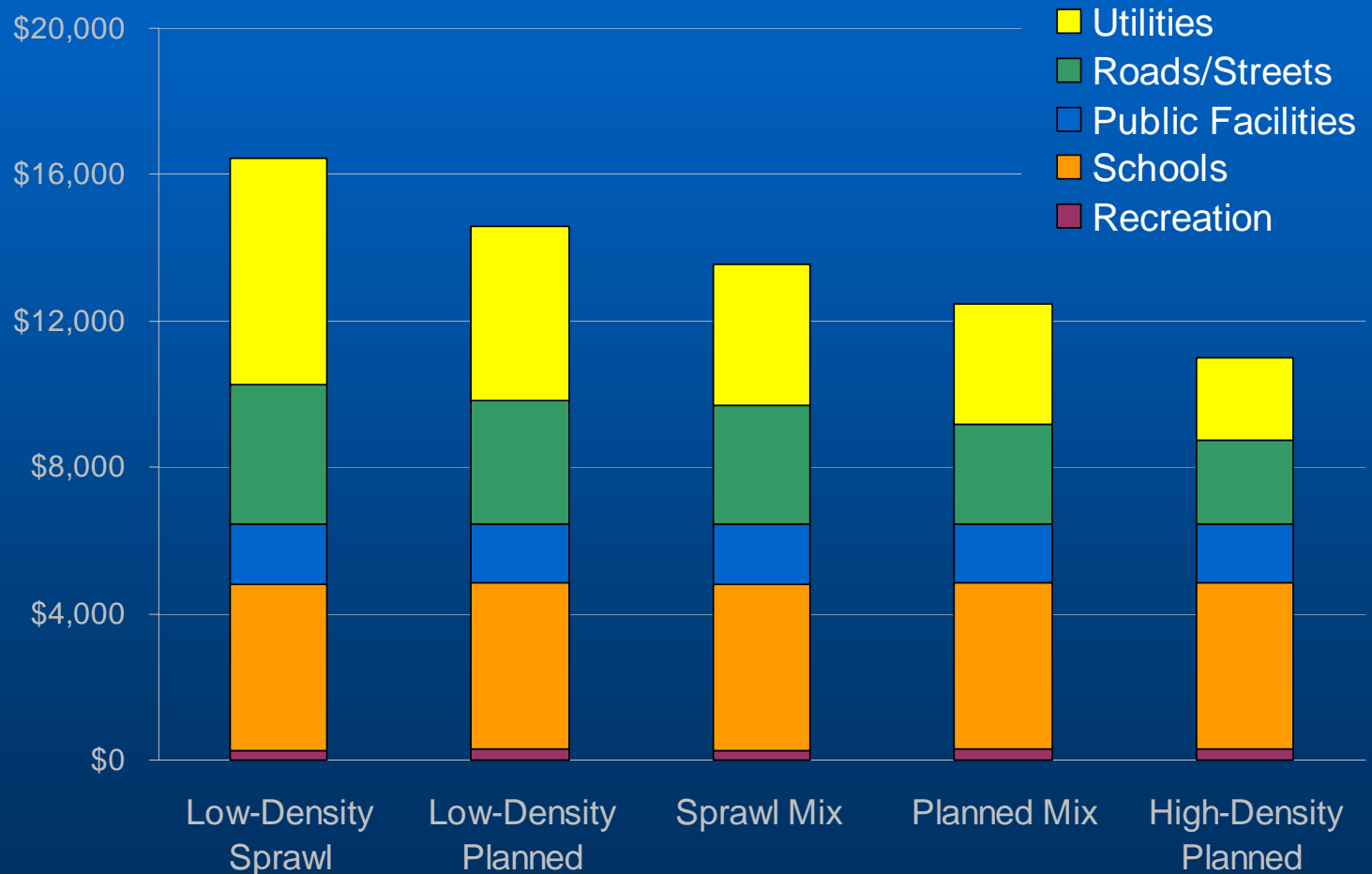




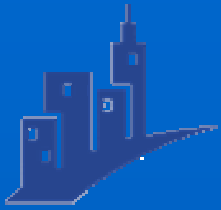
# Development is also more cost effective since basic infrastructure has already been paid for

Estimated cost savings by community prototype

Source: Real Estate Research Corporation, 1974



Community Prototypes (10,000 units)



III

But the resurgence of U.S. urban places is incomplete...and presents challenges for social and economic justice



## The resurgence of U.S. urban places is incomplete

Decentralization remains a dominant growth pattern

A portion of U.S. cities continue to decline

State and federal policies remain anti-urban

The legacies of institutional racism and concentrated poverty persist

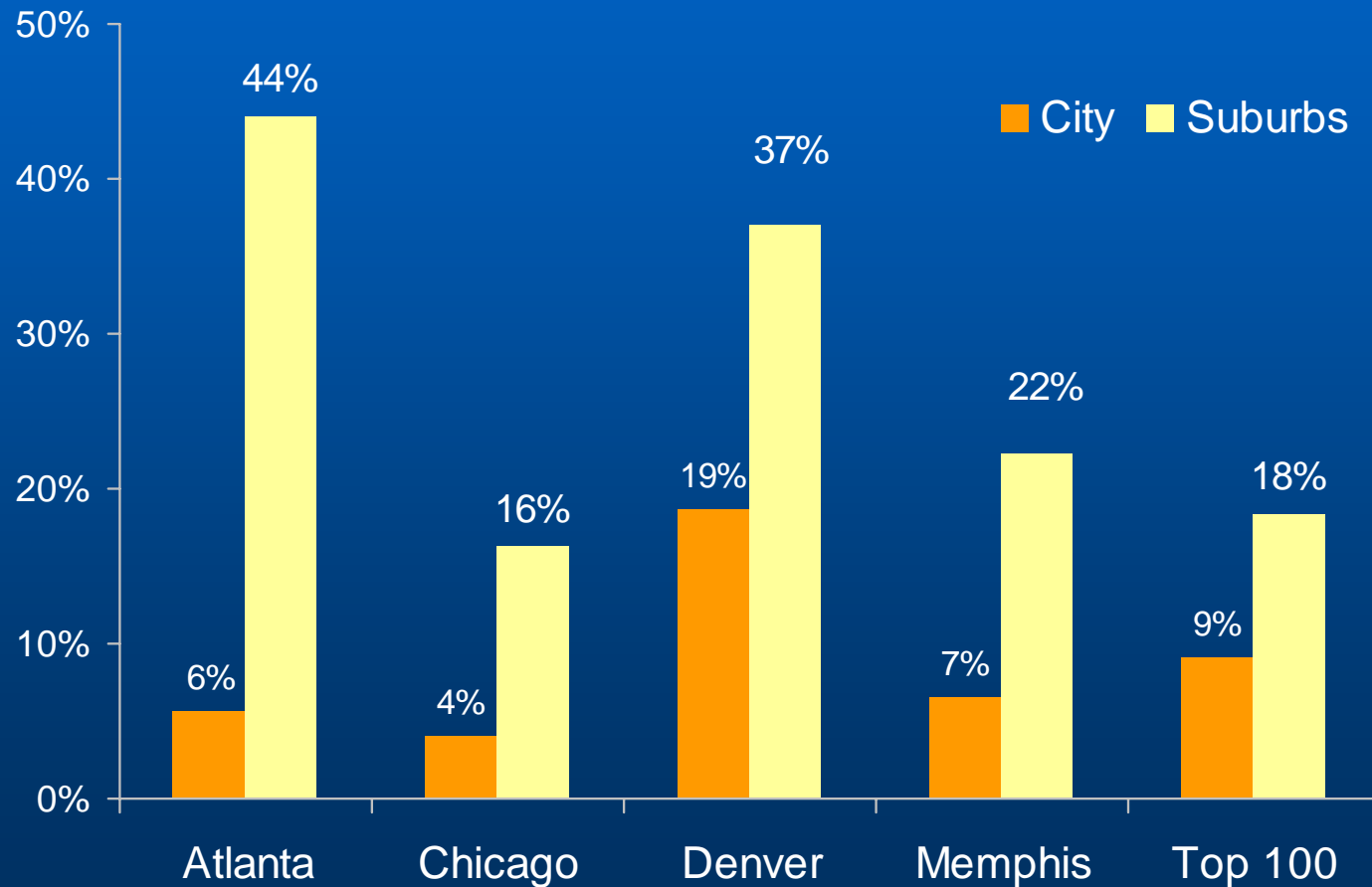
Other structural barriers to revitalization remain



# Despite city growth, population is decentralizing in nearly every U.S. metropolitan area

Selected cities and suburbs, population growth 1990-2000

Source:  
U.S. Census Bureau



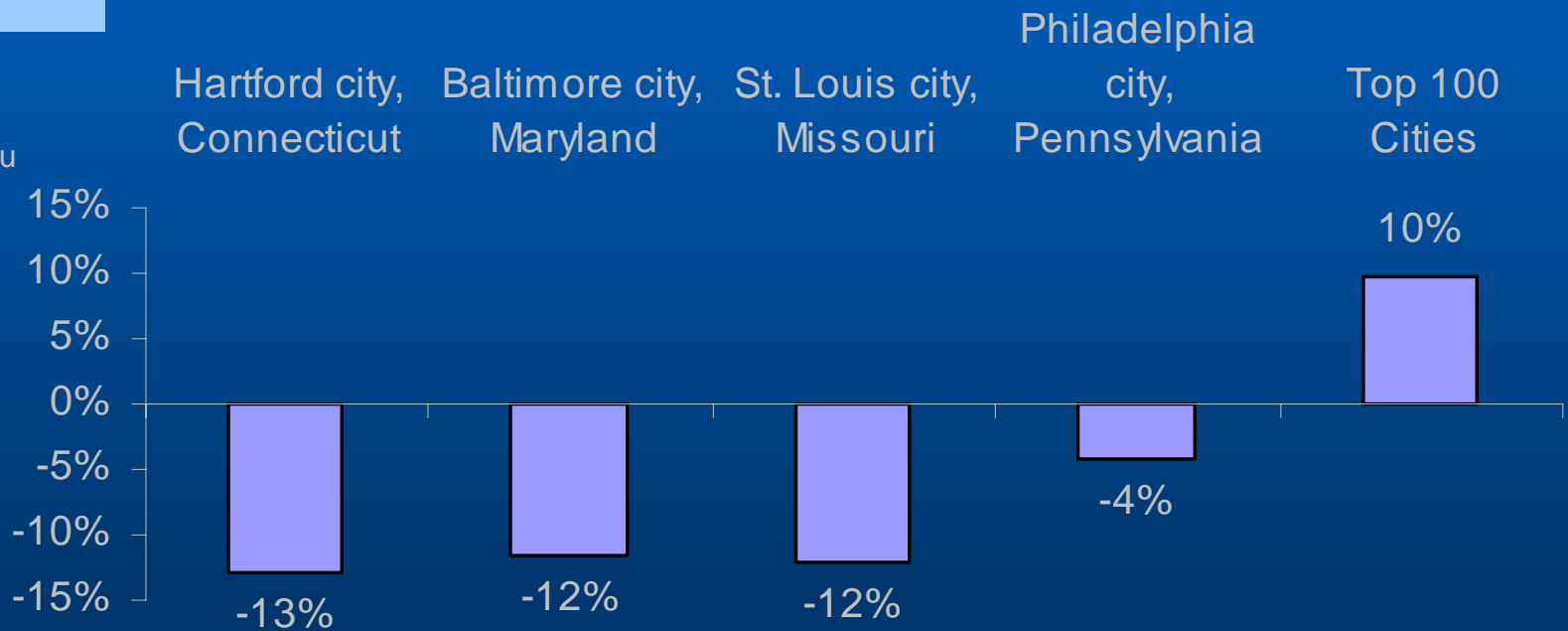




## Some cities continue to experience population decline

Population growth,  
1990-2000


Source:  
U.S. Census Bureau




## Major federal and state policies continue to facilitate sprawl




Subsidized housing policies reinforce concentrated poverty



Transportation funding is still geared toward highway expansion



The fiscal playing field is uneven between older and newer communities



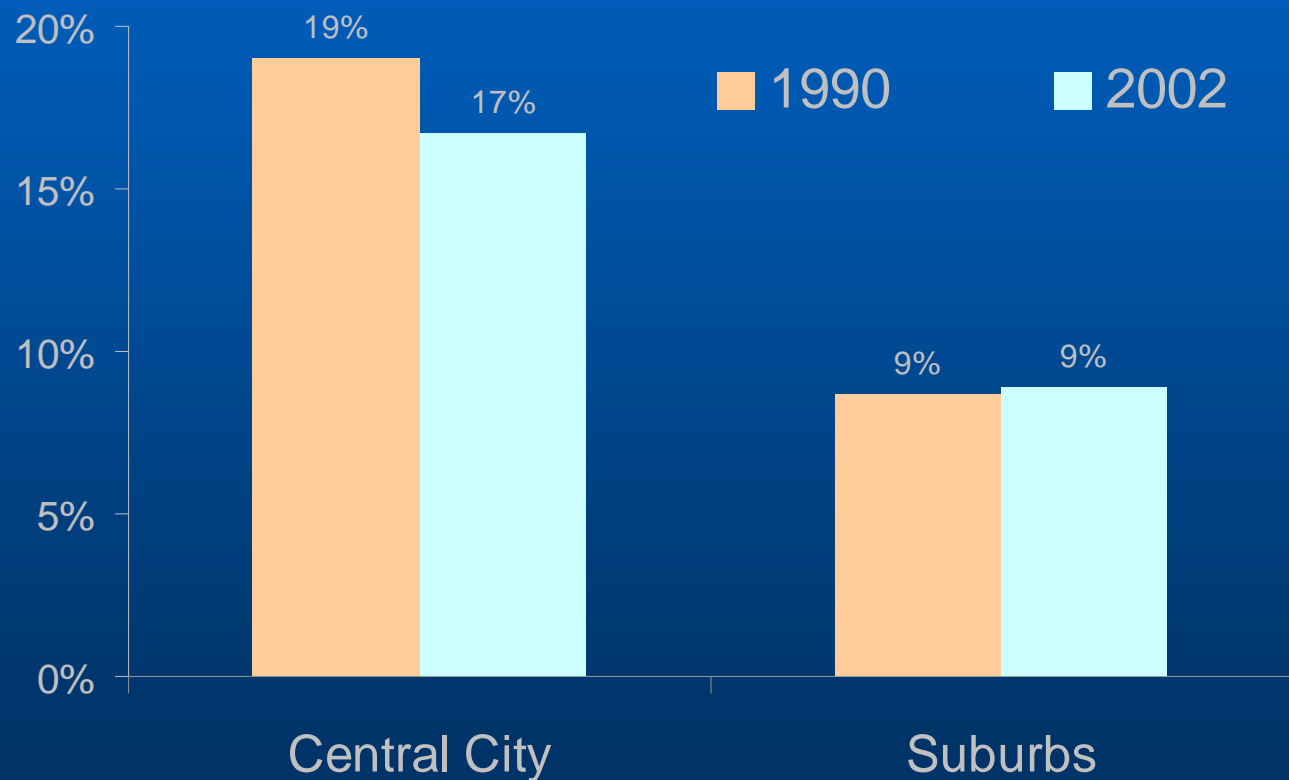
Governmental fragmentation reinforces the growth of newer communities



# 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

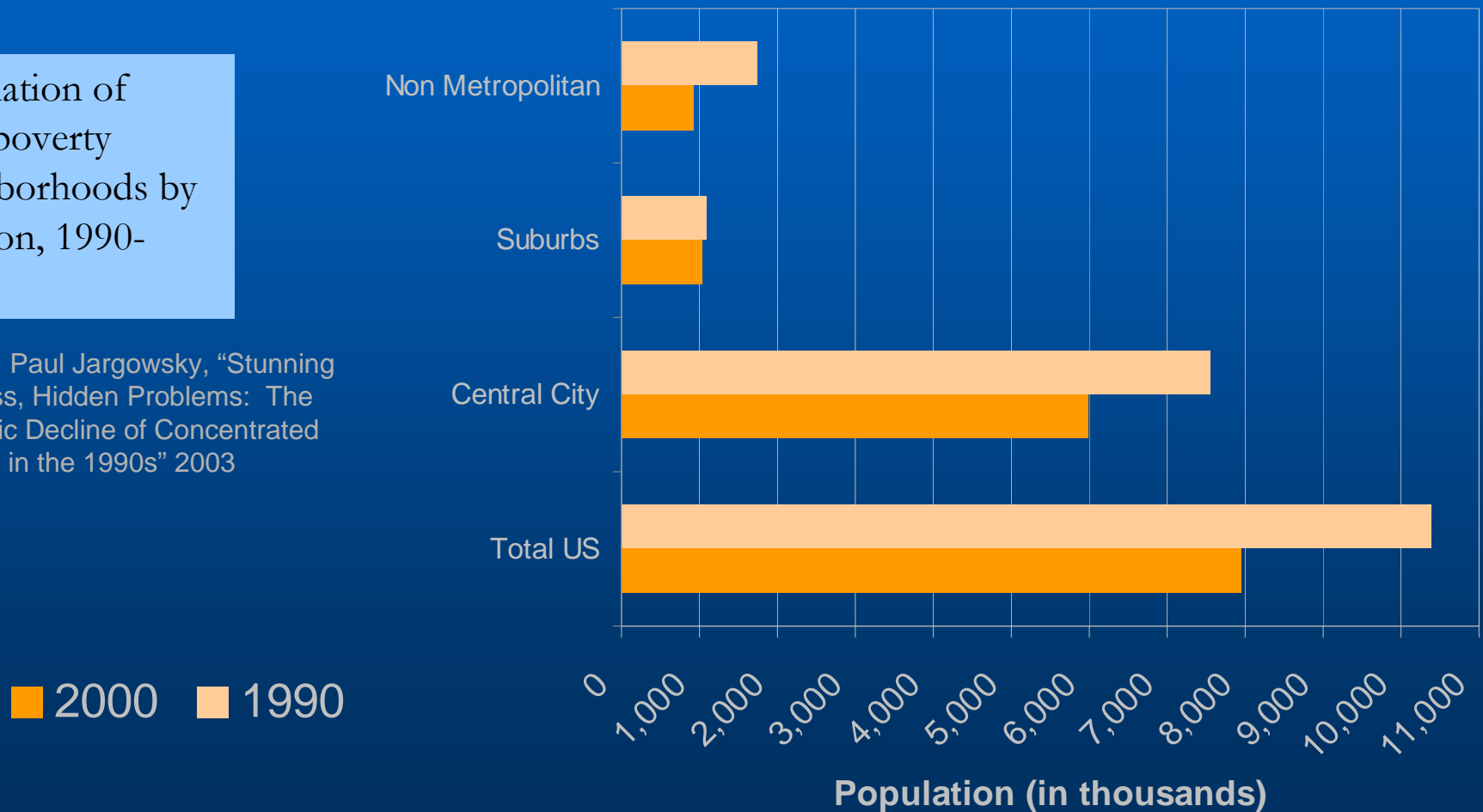




## But the number of people living in high poverty neighborhoods declined during the 1990s

### 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



# In many cities, the physical landscape has not yet capitalized on downtown assets


East St. Louis,  
Illinois




## The resurgence of urban places presents challenges for social and economic justice




Urban recovery places pressures on housing prices



The decline in city poverty is accompanied by the rise in First Suburban poverty



There is a mismatch between the skills of low wage residents and the knowledge jobs being created in cities



Cities are more focused on attracting young professionals than on growing a middle class



## Urban recovery places pressure on housing prices

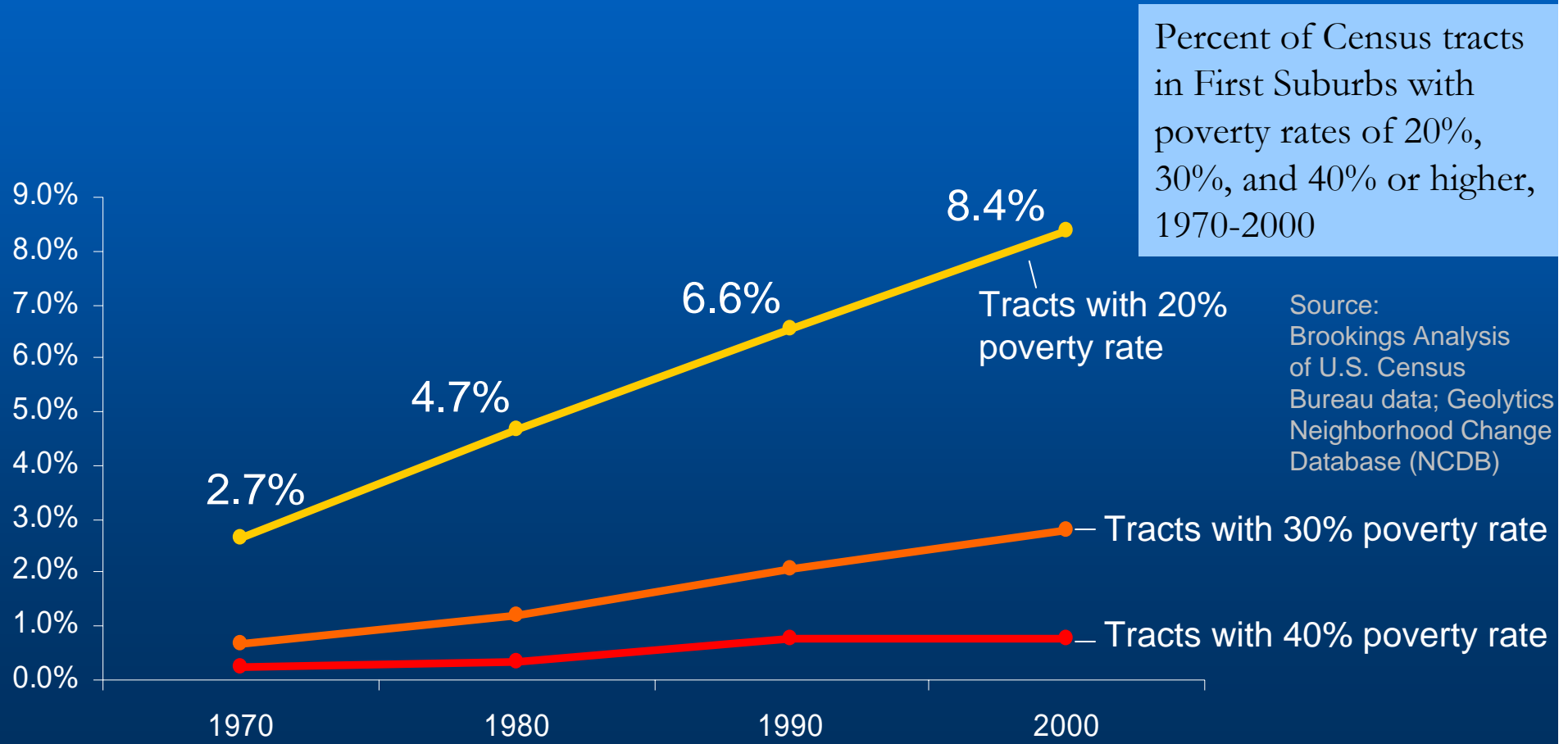
Hot markets have led to skyrocketing real estate values in urban areas across the country

Metro Area	Peak 3-Year Rise in Home Prices
Los Angeles	53%
San Diego	55%
Las Vegas	43%
Boston	38%
Providence	46%
Washington, DC	40%
Miami	45%

Source: FDIC,  
2005



# Increased First Suburban concentrated poverty accompanied a decline in city poverty







# Spatial mismatch means that city residents do not have equal access to the city's knowledge jobs

Baltimore spatial mismatch, 2000



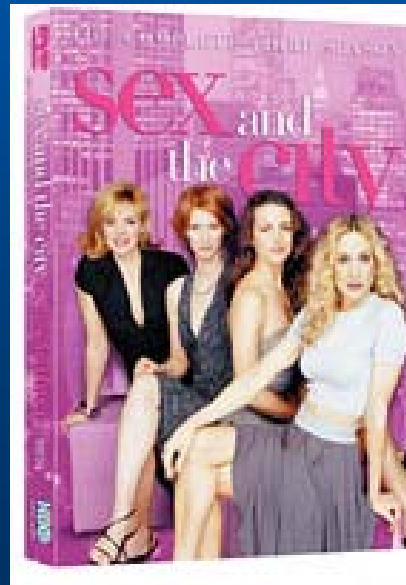
Source:  
U.S. Census Bureau



Cities are more focused on attracting young professionals than on growing a middle class



F.R.I.E.N.D.S



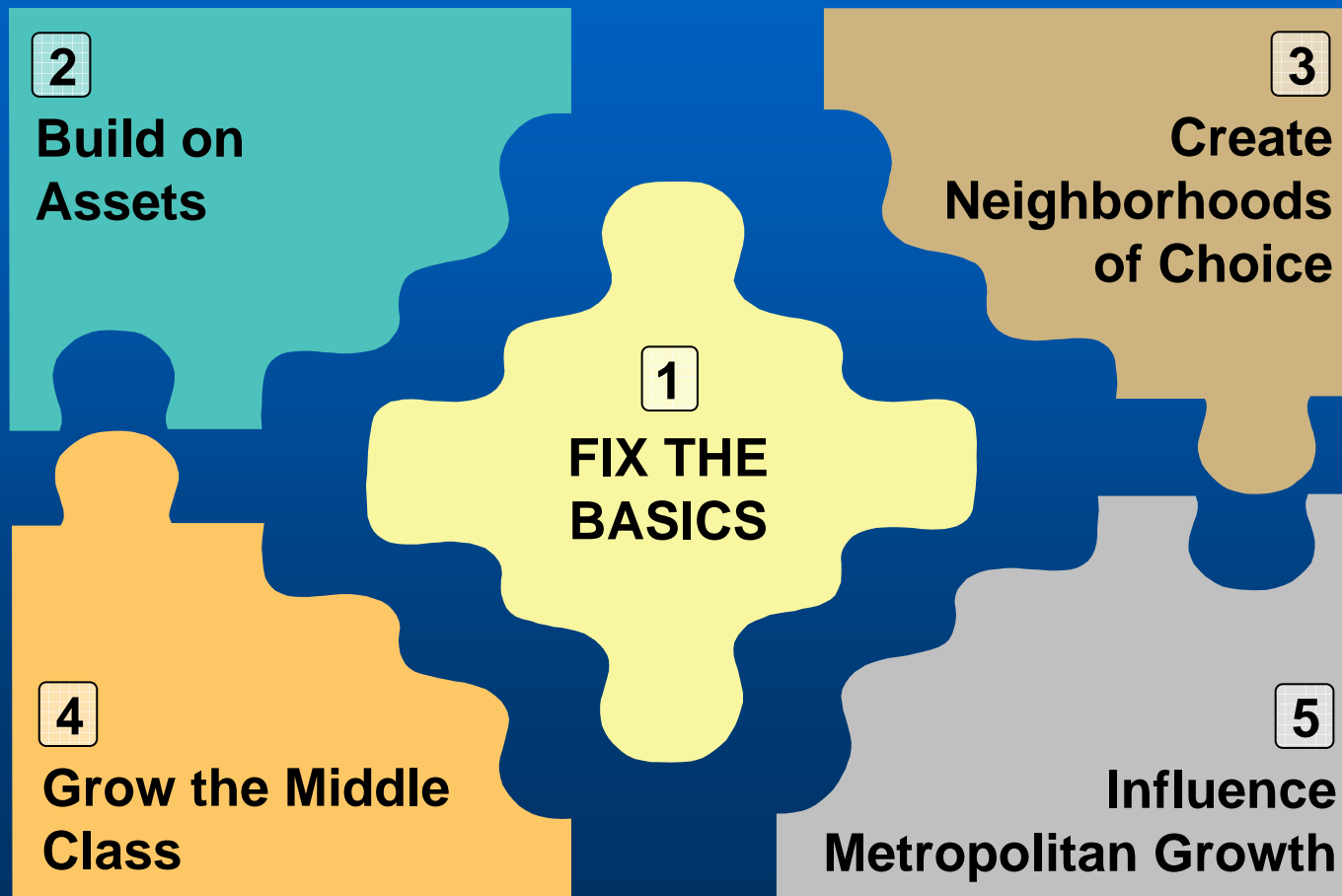


A new urban agenda is needed that transforms the economic, physical, and social landscape of cities and older suburbs





# The New Competitive Cities Agenda



# www.brookings.edu/metro

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### ANNOUNCEMENT

#### Urban Center Becomes Metropolitan Program

In a major promotion, the Center on Urban and Metropolitan Policy this month became the Brookings Metropolitan Policy Program—and the first new Brookings department established since 1948. The new status reflects the rising importance of metropolitan issues to the domestic and global challenges Brookings seeks to address.

▶ read an open letter from Brookings President Strobe Talbott

**METROVIEW**  
**Deficits by Design Plague Metro**  
by Robert Puentes  
*The Washington Times*  
June 21, 2004

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### METROPOLITAN GROWTH

#### Mechanisms for Market-Based Land Use Control

Using case studies and a national survey, this paper examines transfers of development rights (TDRs) and other market-based land preservation techniques like mitigation banking and density transfer fees.

### IMMIGRATION

#### Washington Goes Polyglot

Metro Washington's "limited English proficient" (LEP) population

