CEOs for Cities

Competitive Cities: A New Urban Agenda

Presented to President George W. Bush and the 107th Congress

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Executive Summary

Comeback cities

Today, it is time for our nation to declare: The Era of Urban Decline is over. America's cities are coming back.

Unprecedented access to capital, booming retail opportunities, and astonishing reductions in crime, all point to an upward trend in cities. While there is still much to be done, cities are by and large doing better at the beginning of the 21st century, after decades of decline. In most major cities, unemployment, crime, and the welfare rolls are down, while jobs, income, and fiscal health are up. New immigration and renewed interest in city living by young and old alike have added millions of new residents to America's cities, helping to fuel economic growth in their regions.

New census data confirm that many major cities across the country – including New York, Chicago, Indianapolis, and Columbus – have increased their population for the first time in half a century. Eight of the ten largest cities gained population in the 1990s. Many major cities are now growing at a faster rate than their suburbs. Other cities – such as Cleveland and Philadelphia – have slowed or halted declines in population that have been occurring over many decades.

The transition that is underway in cities across the country is by and large a result of hard work and innovative leadership at the local level. Cities are making themselves more competitive as economic centers in the regional, national, and global economy. Cities are taking the basic steps needed to restore fiscal confidence, improve public services, and create a healthy environment for business growth. Cities that work ensure that they have in place the necessary infrastructure to support business growth; they are flexible and entrepreneurial; they have taken steps to reduce taxation and regulatory burdens; and they have focused on creating an attractive living and cultural environment for area workers and businesses.

Who we are

CEOs for Cities is a bipartisan alliance of selected civic leaders representing the pivotal institutions of American cities today: business, universities and hospitals, city government and community-based nonprofit organizations. CEOs for Cities is united by a firm belief that healthy cities are both essential to the long term success of the American economy and contain immense untapped resources.

We are engaged in building strategic local partnerships across sectors in our cities. We are committed to ensuring that cities remain on the leading edge of innovation and to promoting the concept that cities are vibrant centers of commerce and opportunity for individuals, as well as for regional and national growth.

There is currently no other national organization that both focuses on building the economic competitiveness of cities and that draws on the broad perspectives of government, business, universities and others in the nonprofit sector. The quality and diversity of our leadership allows us to cooperate on a comprehensive approach to economic development focusing on analyzing successful strategies and building upon them.

For the past two years, CEOs for Cities has focused on creating and disseminating cutting-edge research to help us understand both the economies of our cities and urban trends. We have used our network to identify successful local development strategies and shared "best practices" among our members on topics that range from innovative school reform to how cities are positioning themselves to attract and retain high technology. Working together, we are capturing local innovations across a wide range of economic development strategies through research and sharing local innovations through an unprecedented network of local practitioners to increase the speed of positive change happening in our cities.

The formation of CEOs for Cities itself is yet more evidence of the urban turnaround where local public, private, and other civic leaders have come together around a broad revitalization agenda, involving both local and national change.

What CEOs proposes

We are not coming to Washington to ask Congress for a "hand out" rather we are suggesting that the federal government examine and rethink the relationship between cities and the federal government. We believe that the federal government should examine policies to ensure that those relationships and policies support, rather than hinder, local initiative and development. Most of the positive changes in cities have been and should be locally driven. However, just as the actions of the federal government affect the climate for overall economic growth in the nation, federal policies can either accelerate or retard the urban turnaround.

Too often when legislators and opinion leaders think of cities and the federal government, they think of HUD, the Department of Housing and Urban Development. While HUD is important to cities, the broad effects of federal action, in all its programs and tax and regulatory regimes, are far more important. Thus, we seek a new alignment of federal policies with the new economic opportunities for cities. This will mean looking forward, not back; replacing the expectation of decline with a paradigm of success; and realizing that every federal policy is potentially an urban policy – pro or con.

Two relatively recent pro-urban policies illustrate the power and possibility of this broader approach: First, as the new census figures underscore, the relatively open immigration policies of the past decade have been a boon to cities – adding to population, and bringing small-business growth and cultural vitality. Without necessarily intending to, Congress helped many cities by opening American doors.

Second, in the past ten years the Treasury Department has done a great deal to encourage the flow of private credit into inner-city neighborhoods, where access to credit had been constricted for decades. By revitalizing the Community Reinvestment Act and other measures, Treasury has nourished the boom in home ownership and small-business formation in urban areas.

In these two cases, not traditionally thought of as particularly relevant to the fate of cities, federal policy "set the table" for local initiative to drive the urban turnaround. It is noteworthy that neither of these two examples were "big government" programs.

The federal government needs to redirect its focus toward the competitive opportunities of cities, based on an understanding of their core assets: their people, universities and hospitals, high-technology clusters and economic hubs, entertainment and cultural centers, retail market opportunities, and available land. To help make cities more competitive, we recommend that President Bush and Congress focus on flexible, private-sector-driven strategies that foster growth. The following policy recommendations are by no means exhaustive. Instead, we outline key federal policies that are illustrative of the kind of thinking this new approach would entail.

Tax Incentives for Cities

Given the likelihood of a new tax bill this year, we recommend that President Bush and Congress consider using the tax code as a way to further investments in our cities. We have already seen the enormous power of tax incentives to steer strategic investments in our cities and to stimulate private investment. Two successful examples have been in place for a number of years — the Low Income Housing Tax Credit (LIHTC) and the Earned Income Tax Credit (EITC). These programs stand as some of the most powerful tools influencing investment in our cities today.

The EITC has succeeded in bringing more low-income Americans into the working labor force and has helped to lift millions of children out of poverty. The Low-Income Housing Tax Credit has helped the private sector build hundreds of thousands of units of affordable housing across the country.

We recommend that President Bush and Congress expand the EITC for all low-income working families by providing additional relief for two-parent families with children. An expansion of the EITC would greatly enhance household incomes of millions of low-income families. In addition, the New Markets Initiative, which Congress enacted last year, has the potential to engage the private sector as never before in urban commercial revitalization. We recommend that the Administration strongly support the implementation of this exciting new program.

In addition, there are two new tax measures that we believe will provide critical investments in cities.

- **Expand Homeownership through a Tax Credit:** Cities need to be able to increase the ability of its low- and moderate-income residents to find affordable homes within their borders. Home-ownership strategies can be an important part of neighborhood revitalization efforts, and attracting homeowners to a city can help improve its tax base. The federal government should provide for new incentives for home ownership, such as tax credits for the construction and rehabilitation of homes, and a reduction in down payments and interest rates on homes bought by low- and moderate-income families.

We also support a proposal to give a tax credit for rehabilitation of homes in historic city neighborhoods and older ring suburbs. A home owner tax would provide a tool to address housing abandonment, while strengthening the local tax base and helping to preserve endangered historic buildings. The National Park Service has estimated that 350,000 buildings would be eligible for this credit.

- **Support Local Tax Reductions:** The Administration should set aside money to provide bold new incentives for local tax reduction. This new tax measure would assist the poorest cities in the country to undertake significant local tax reductions necessary to jumpstart investment in these sometimes "forgotten" cities. Federal support would replace lost tax revenue until growth has been achieved. A city that makes deep cuts in local taxes would receive a ten-year funding stream through block grants on the mandatory side of the budget; these funds would be pegged to offset local revenue loss and would be contingent on the city implementing a plan for governmental reform and an asset-based growth strategy.

Catalytic Investments in Urban Assets

Competitive cities can drive their regional economies and contribute greatly to national growth. Investing in cities will benefit not only cities, but the nation. The federal government can be a critical partner with cities through innovative, flexible, market-oriented strategies.

Invest in Universities, Biomedicine and Technology

Universities and teaching hospitals are core assets of cities. These institutions provide critical services to the residents of their regions, and are important employment bases for jobs from the highest-skilled to the lowest skilled.

Congress should enact new incentives to support our nation's great urban teaching hospitals and universities. While making the Research & Experimentation Tax Credit permanent, Congress should enhance the credit for research partnerships between business and universities and teaching hospitals. Under the National Science Foundation, Congress should create a $1 billion fund for universities that conduct research undergirding competitive cities, including research that is essential to local emerging business clusters; that enhances the regional infrastructure of innovation; and that develops new electronic tools to empower low-income individuals and improve the delivery of local government services. In addition, graduate medical education, which has suffered from the ups and downs of Medicare reimbursement, should be funded consistently at levels that recognize the importance of teaching hospitals to maintaining the highest standards of American medical care. In supporting these institutions, the federal government provides a sound investment in our cities and our nation.

Support Land Development

Cities have significant underdeveloped and vacant land. It is vitally important to reuse this land to spur economic growth of cities and their metropolitan regions particularly as many suburbs are increasingly overbuilt and under strain.

Yet this resource often cannot be tapped because of poor information about the properties; bureaucratic red tape in condemning land, assembling parcels, and granting redevelopment rights; state or local zoning laws restricting reuse; and brownfields or infrastructure problems.

A strong environment for private-sector growth will require targeted federal support to enhance cities' strategies to redevelop land as core city assets. A new category of private activity bonds should be created outside state volume caps, so that cities can reduce funding costs for assembly and redevelopment of city-owned "brownfields" parcels for a broad range of private redevelopment. Congress should reform federal brownfields lender liability laws that impede the flow of capital for redevelopment of industrial sites in central cities. Several Governors including Governor Ridge of Pennsylvania, Governor Taft of Ohio and former Governor Christie Todd Whitman have implemented thoughtful land initiatives focused on brownfields mediation. These state programs should be examined in the development of a new private activity bond initiative.

Level the Transportation Playing Field

For years, transportation policy in our country has resulted in the expansion of sprawl and a diluted urban core. A thoughtful transportation policy that levels the playing field for local governments would result in a vastly different city and metropolitan landscape. In the case of transportation policy, the issue is not about money, but rather a new means of distributing funds to cities.

Our primary recommendation is that federal and state governments should liberalize the way that they allocate transportation funding to cities. A major planning resource at the metropolitan level, the Metropolitan Planning Organizations (MPOs), should focus more attention on investing in cities. Too often, MPOs continue traditional patterns of spending on new roads that often continue the pattern of sprawl and city disinvestments. We recommend that the federal government provide incentives for the MPOs both to disclose annually where transportation investments are made and to play a more active role in city transportation issues. The federal government also needs to enforce the provisions in TEA-21 to ensure that funding decisions get made in a fair and equitable manner with maximum public input.

Proposal for a New Federal Role

Enhance Market Information

Businesses of all sorts routinely rely on market and consumer information to identify and expand into new markets. Furthermore, for cities and other communities to prosper, they have to understand their context and competitive position. There is currently no reliable, accessible source of specialized data and knowledge about the investment opportunities or market potential of urban communities. Important market analysis recently undertaken by both private sector and nonprofit organizations in cities has shown, in markets across the country, that traditional sources of data grossly undervalue the assets of America's cities, representing a significant loss in opportunity.

On an inter-agency basis, the Administration should analyze its existing data and undertake a major effort to improve its market data on central cities and make it widely available to governments and businesses. We believe enhanced market information will identify untapped market potential of cities and unleash significant investment. By improving the traditional role the federal government plays as a collector and disseminator of statistical information, the federal government could significantly further the potential for private-sector growth in urban communities.

Put an urban lens on all Federal policy

If the case that we are making is accepted, that the broad effects of federal action, in all its programs, tax and regulatory regimes, are important for economic growth, it would seem clear that we need to put an urban lens on all federal policy and coordinate strategic federal investments across departments with senior-level leadership from the White House. Cities are complex entities, and as such require a federal partner that recognizes and is capable of addressing a comprehensive set of policies and financial investments. While there are a variety of ways to achieve this coordination, whether it is through a special task force, or White House urban council, our concern is not the means, but that a senior, cross-departmental lens is placed on urban policy. In addition to coordinating these roles in the Executive Branch, we believe that a new Congressional Urban Economic Caucus would foster a creative and productive dialogue among Members of Congress both representing major metropolitan areas and sitting on committees whose policies have an impact on cities.

Conclusion

The remarkable fact, at the dawn of the twenty-first century, is that the forces that can transform and rebuild inner cities are already under way. We are talking about making more deliberate and coherent use of the positive trends already in motion. Many of America's cities are positioned as never before to fulfill America's promise. But as with any change, our collective job will be to seize this opportunity. Now is the time to transform the federal-local relationship to build on the strengths of America's cities and to accelerate the urban recovery. For that, we need a new approach and a re-alignment of our federal urban policy.

Competitive Cities: A New Urban Agenda

I. Background

CEOs for Cities is a bipartisan alliance of civic leaders representing the pivotal institutions of American cities today: business, universities and hospitals, community-based organizations, and city government. Working together, we are helping to transform many cities across the nation into competitive engines of their metropolitan economies. We believe that the health and wealth of cities are critical to our nation's prosperity in the decades ahead.

CEOs for Cities provides a new forum in which to enhance the competitiveness of American cities through a series of programs and organizational products including: a leadership network that broadens cross-sector relationships locally, regionally, and nationally; knowledge creation that captures local innovations by providing cutting-edge research; knowledge sharing that circulates best practices across a wide range of economic development strategies; and federal policy initiatives that make connections between urban competitiveness, innovation, and the development of federal policies that can realign the relationship between local economies and the federal government. CEOs for Cities is committing itself to a market approach, and to continuing to build the cross-sector partnerships locally and nationally that have galvanized the recent urban revitalization.

At the dawn of the 21st century, strong, vital cities are essential for our national economy, the health of the regions in which they are located, and the quality of life of millions of Americans, wherever they may live or work. The nation as a whole suffers from failing to take full advantage of the potential of our cities. Just think of the lost productivity, increased traffic, pollution, loss of open space, and overcrowded schools in the suburbs – problems associated with sprawl. Inner-ring suburbs suffer serious decline without a vibrant core. Rural areas face pressures from development and loss of open space and farmland. At the same time, cities themselves are asked to bear disproportionately the burdens of our nation's poverty, and even the costs of their regions' infrastructure.

In today's global economy, where information, technology, and innovation are the keys to success, cities stand squarely at the heart of American progress and competitiveness. Our knowledge economy depends on the constant sharing of information, development of ideas, and experimentation. Cities provide the dense population centers, close-knit infrastructure and inter-modal transportation, universities, new immigration and diversity that foster such innovation. High-technology entrepreneurs, firms, and their employees demand proximity to each other, to universities, teaching hospitals, and other research institutions pushing the technology and biomedical frontiers, and to a rich and varied cultural life essential to attracting young workers in the knowledge economy. With these assets, vibrant cities can help to continue to fuel our nation's knowledge-based and high-technology economy, which has driven the nation's growth over the last decade.

Cities have increased their ability to harness their competitive advantages for economic growth by re-engineering core services, reducing taxation and regulation to better the enabling environment for business growth, improving quality of life, and developing creative public-private initiatives to solve long-standing problems. In many cities, businesses are thriving and jobs coming back. Indeed, the top 50 cities account for 25 percent of all new business starts. Community-based, private-sector-led initiatives are helping to transform neighborhoods block by block, building housing, creating jobs, and growing vibrant businesses.

Many cities are key hubs of our information economy, destinations for culture and entertainment, centers for key industry employment clusters, and home to millions of workers and their families. New census data find that immigration has fueled growth in many cities, with their diversity and innovation helping to make many of them drivers of the regional, national and in some cases global economy.

Today, it is time for our nation to declare: The Era of Urban Decline is over. America's cities are coming back.

Many of America's cities are positioned as never before to fulfill America's promise. We need to seize this opportunity. Now is the time to transform the federal-local relationship to build on the strengths of America's cities. For that, we need a new approach and thinking about communities.

Many think that the federal relationship to cities is encompassed by HUD, the Department of Housing and Urban Development. While HUD is important, the broad effects of federal action, in all its programs and tax and regulatory regimes, are far more important. We seek a new alignment of federal policies with the new economic opportunities for cities. This will mean looking forward, not back; replacing the expectation of decline with a paradigm of success; and realizing that every federal policy is potentially an urban policy – pro or con.

Two relatively recent pro-urban policies illustrate the power and possibility of this broader approach: First, as the new census figures underscore, the relatively open immigration policies of the past decade have been a boon to cities– adding to population, and bringing small-business growth and cultural vitality. Without necessarily intending to, Congress helped many cities by opening American doors.

Second, in the past ten years the Treasury Department has done a great deal to encourage the flow of private credit into inner-city neighborhoods, where access to credit had been constricted for decades. By revitalizing the Community Reinvestment Act and other measures, Treasury has nourished the boom in home ownership and small business formation in urban areas.

In these two cases, not traditionally thought of as particularly relevant to the fate of cities, federal policy "set the table" for local initiative to drive the urban turnaround. It is noteworthy that neither of these two examples were "big government" programs.

II. Competitive Cities, Regional Economies, and National Growth

A. The Assets of Cities

Federal policy needs to take account of the key strategic assets of cities, their role in their region and the national economy, and their local strategies to address their challenges and opportunities. The following sections explore these issues in turn:

Technology Clusters. Cities are essential hubs for specialized high-technology business clusters. Many cities and their metropolitan regions have developed areas of specialization within the high-technology field.[1] Many high-technology firms within cities and in their metropolitan regions have their origins in key city assets: university research facilities, hospitals that innovate and use bio-medical technology, and local, state, and federal governments that regulate and use such products. High-technology jobs account for 27 percent of job growth in cities, a rate three times higher than for any other sector. High-technology jobs grew in cities at a rate of 31 percent from 1992 to 1997, and more than 80 percent of cities reported growth in high-technology jobs.[2] Cities contain residents with a broad range of skills, from highly educated programmers and software designers to the low-skilled technicians the industry demands. In addition, as information technology increasingly makes for a more complicated business environment, some have argued that cities play a critical role in providing efficient locations for clusters of business leaders to communicate face to face.[3] New economy sectors, such as technology, communications, and services, account for 60 percent of the economic activity of cities, as compared with only 46 percent for suburbs.

Vibrant Cultural and Entertainment Centers. Cities are attractive places to live and work. Vibrant arts, theater, restaurants, and nightlife in cities help businesses in the region to attract young, talented high-technology professionals critical to business growth. Many cities have given birth to lively downtown and waterfront districts, attracting not only tourists but also downtown residents, regional businesses, and their workforces. The top 5 cities attract nearly three-quarters of all foreign tourists visiting the United States, enriching the cultural life of the region.

Universities and Hospitals. Cities are also critical locations of the nation's universities, teaching hospitals, health care providers, and the health care industry, constituting a large fraction of the economy. These institutions provide critical services to the residents of their regions, and are important employment bases for jobs from the highest-skilled, highest-income specialized medical doctors to the least-paid, lowest-skilled maintenance workers, and countless jobs in between. Universities contain enormous reserves of the nation's intellectual and technological firepower, attract culture and entertainment, and foster strong partnerships with local schools, volunteer associations, and the like.

Retail Market Opportunities. Cities present surprisingly under-tapped retail potential. The nation's nearly 8 million inner-city residents represent $85 billion in consumer buying power, more than the consumer buying power for the entire country of Mexico. Cities are densely populated with consumers who spend a greater percentage of their annual incomes on consumer purchases than the average family. Central city spending power per acre meets or exceeds suburban spending per acre.[4] Yet despite this potential for sales, 25 to 60 percent of retail demand from such markets is not met by firms located within those communities. Retailers who have gone into these markets find enticing opportunities: inner-city grocery sales per square foot, for example, may exceed national averages by 40 percent, with similar results for pharmaceuticals, apparel, and department stores.[5] Retailers can also use central city markets to reach minority consumers, the fastest growing segment of the consumer market.

Available Land for Development. Many cities may also be important sources of available land for businesses in metropolitan areas whose suburbs are increasingly overbuilt and under strain. A recent survey of major cities found that on average, 15 percent of land was "vacant," although the average masks significant regional differences and includes both open space and abandoned brownfields properties. Northeastern cities have the least available land, at 9.6 percent, and the highest proportion of abandoned buildings (7.47 per 1000 inhabitants), while cities in the south had the highest proportion of vacant land at 19.3 percent.[6] Available land is often near business clusters, transportation hubs, a qualified workforce, and information infrastructure.

Economic Hubs. Cities also serve as important hubs in their regional economies. In metropolitan regions with high-technology clusters, cities often serve as the hard wiring node for the region, with fiber-optic cables, and buildings filled with wiring and switching stations. Cities serve as important trans-shipment points for goods for regional businesses, particularly between differing modes of transportation (ship, train, truck, air) and to densely located businesses in the city and surrounding region. Despite regionalization of jobs, cities often still serve as important office centers, particularly for the professional services of metropolitan regions, with the service sector accounting for 75 percent of job growth in cities compared with only 50 percent in the suburbs.

B. The Role of Cities in their Regional Economies

Building on these strengths, cities are by and large doing better at the beginning of the 21st century, after decades of decline. In most major cities, unemployment is down, crime is down, and the welfare rolls are down, while jobs, income, and fiscal health are up. New immigration has added millions of new residents to America's cities, helping to fuel economic growth in their regions. Nevertheless, growth has been uneven, and in many cities, enormous challenges remain.

Cities are Coming Back. New census data confirm that many major cities across the country – including New York, Chicago, Indianapolis, and Columbus – have increased their population for the first time in half a century. Eight of the ten largest cities gained population in the 1990s. With strong immigration, many major cities are now growing at a faster rate than their suburbs.

Other cities – such as Cleveland and Philadelphia – have slowed or halted declines in population that have been occurring over many decades. Earlier data indicates that the nation's city populations grew from 51.9 million in 1990 to 53.9 million in 1999. Central cities gained jobs in the 1990s, from 23.9 million in 1992 to 26.9 million in 1999. Central city poverty rates fell from 21.0 percent in 1992 to 16.4 percent in 1999. Jobs grew by 8.5 percent or 2 million private-sector jobs between 1992 and 1997. Even with stronger suburban job growth, nearly half of major cities contain more than half the jobs in their metropolitan areas.[7]

With healthier economies, cities' fiscal positions have also improved. With 30 percent growth in property tax receipts and 40 percent growth in sales tax receipts, municipal revenue increased by 5.5 percent. With city spending growth of 4.7 percent, cities have been able to reduce debt. One third of cities improved their credit rating since 1994.[8]

But Growth is Uneven. Despite city gains over the last decade, growth is uneven, and many cities face serious problems. Suburbs grew faster than cities over the last decade, in both residents and jobs. More of the top midwestern and northeastern cities lost population in the 1990s than gained, while cities in the west and south grew. Importantly, cities with more educated persons grew faster than cities with less educated populations; service-industry dominated cities faster than manufacturing cities.[9] City populations today account for 38 percent of the United States population, down from 45 percent in 1970. Moreover, some cities continued to lose population even as their suburbs grew. For example, Philadelphia and Pittsburgh shrank by over 4 percent while Pennsylvania as a whole grew, albeit by an anemic 3.4 percent.

With the national economy growing at a record pace, most cities gained jobs during the 1990s. Yet job growth among cities has been uneven. Even among cities that increased jobs, many cities experienced less job growth than their suburbs. Seventy percent of major cities saw an increase in jobs, but grew more slowly than their suburbs.[10] Thirteen percent of central cities lost jobs while their suburbs gained – but seventeen percent of major cities increased their jobs faster than their suburbs. Overall, 57 percent of metropolitan area jobs were located in suburbs in 1997, up from 55 percent in 1992, and overall city job growth at 8.5 percent was less than one-half the rate for suburbs.[11]

City Burdens. Cities bear unique burdens on behalf of the nation. Cities bear a disproportionate burden of paying for regional infrastructure needs, public support of low-income residents who work in the suburbs, and other costs of sprawl.[12] For example, cities pay 60 percent of combined state/local spending of regional infrastructure needs, roughly twice the amount per capita as suburbs. This city spending on infrastructure benefits businesses and property values in the surrounding region.[13] Even as welfare rolls decline nationwide and in cities in absolute terms, cities bear an increasing portion of the nation's families on welfare,[14] and cities are going to need increased resources to ensure that welfare reform succeeds. In the decades ahead, cities will bear a disproportionate burden of housing and caring for our nation's elderly.[15] Cities with a high concentration of poor persons spend significantly more on public welfare, public health and hospitals, and more per capita (and per low-income person) on police, fire, courts, education, and social services than do jurisdictions with lower concentrations of poverty, even after netting out federal and state support for such programs.[16] Cities cannot bear alone the costs of bringing these families into the economic mainstream.

Metropolitan Regions and the Nation Would be Stronger with Stronger Cities. Cities and their regional economies are inextricably intertwined. Housing markets in suburbs and their cities move in lock-step, with home owners considering houses throughout the region, not simply in one jurisdiction.[17] Similarly, central city employment and suburban economic growth are closely related, suggesting that the fortunes of city and suburb are intertwined.[18] Cities and their suburbs tend to have similar patterns of wage growth.

The Costs of Sprawl. Suburbs incur costs from not taking full advantage of the potential of our cities. Growing attention to "sprawl" is one indication of the recognition of the interrelationship between the health of our cities and the health of the regional economy. A weak core for jobs and housing can mean increased traffic congestion, greater pollution, and longer commuting times for residents of suburbs, together with overcrowded schools and insufficient transportation infrastructure. Suburban businesses face labor market inefficiencies, with high transaction costs and lost time in attracting and retaining workers, and higher wages from low unemployment in the suburbs. Increased workforce participation by central city residents could further relieve employment market pressures, helping firms to grow with low inflation. Thus, in the tight economy of the 1990s, reducing barriers to employment for central city residents could have increased the efficiency of the national economy.

C. Local Innovation Is Critical To Becoming Competitive

Bringing back cities starts with hard work at the local level, and local innovation needs to be at the core of any new federal urban policy. Cities are making themselves more competitive as economic centers in the regional, national, and global economy. Cities are taking the basic steps needed to restore fiscal confidence, improve public services, and create a healthy environment for business growth. Cities that work ensure that they have in place the necessary infrastructure to support business growth; they are flexible and entrepreneurial; they have taken steps to reduce taxation and regulatory burdens; and they have focused on creating an attractive living and cultural environment for area workers and businesses. For this to continue, cities need to undertake five strategies for economic growth:[19]

Understanding a City's Competitive Context

First, cities need to understand their context, including market and demographic trends in the city and the region, and their assets and liabilities, and then re-envision their competitive position. A few of America's cities are truly global cities,[20] world leaders in global, knowledge-based business and destinations for global business and tourists. Some cities are national leaders in key sectors of the economy. Other cities are critical players in their regional economies. Still others have not found their niche.

Fix the Basics

Second, cities need to fix the basics: schools, crime, taxes, services, land, and infrastructure. Many city governments, such as Chicago, are taking charge of their schools and implementing results-based reform, while others, such as

Boston, are focused on training young people in technology. With partnerships among business, community-and faith-based organizations, and police, crime is down in most major cities; in Boston, homicide dropped 61 percent from 1990 to 1996. A number of city governments are streamlining and reducing business and sales taxes and improving city services. Cities like Milwaukee are unlocking vacant land for development by improving information on abandoned parcels, cutting red tape for land assembly, and cleaning up brownfields. Cities are investing in key infrastructure for an efficient regional economy.

Build On Assets

Third, cities need to build on their assets, including universities and hospitals, major businesses, urban employment clusters, downtown business districts, culture and entertainment. In partnership with leading businesses, cities are developing strategies around specialized high-technology or other business clusters. Cities have used tax increment financing to jumpstart new investment, with the city being repaid from long-term growth in sales in their communities. The city of St. Paul and 50 top CEOs in Minnesota formed the Capital City Partnership to promote business investment in the city, and a similar partnership called Cleveland Tomorrow has helped Cleveland build significant tourist destinations and downtown housing, revitalizing that city.

Support Neighborhoods and Families

Fourth, cities need to build neighborhoods that are attractive to a wide range of families, and invest in families with strategies that reward work and build wealth. Many cities are working with business leaders, non-profits, community- and faith-based organizations to revitalize their communities block by block. For example, Richmond targeted six of the poorest neighborhoods in the city and reduced violent crime by 37 percent. In New York City's South Bronx, families occupy 10,000 new homes on formerly vacant land.

Collaborate Regionally

Fifth, cities need to help their regions grow better, by becoming more competitive places for businesses and families and by participating in federal, state, and local decisions that influence regional growth patterns. For example, Atlanta's business community and local governments have formed innovative partnerships to come to grips with the problems of sprawl in their region.

In many cities, these policies are working. Reduced taxation and regulation are encouraging business growth in cities. Reduced crime, better schools, and infrastructure improvements are laying the groundwork for a more vibrant core. Creative public-private partnerships are revitalizing neighborhoods. These local strategies need to form the core of a new federal approach toward America's cities.

III. New Federal Strategies for Competitive Cities

The era of urban decline is over. Gone too should be the federal government's urban-deficit driven strategies. All federal agencies need to think creatively about how policies can support market-based, locally driven, flexible strategies. With senior-level coordination from the White House, federal agencies should work together on this new assets-based approach to urban America. Most of the hard work of revitalizing America's cities rightly falls upon local and state government, but the federal government can be an important partner.

The federal government needs to redirect its focus toward the competitive opportunities of cities, based on an understanding of their core assets: their people, universities and hospitals, high-technology clusters and economic hubs, entertainment and cultural centers, retail market opportunities, and available land. To help make cities more competitive, we recommend that President Bush and Congress focus on flexible, private-sector-driven strategies that foster growth.

The following policy recommendations are by no means exhaustive. Instead, we outline key federal policies that are illustrative of the kind of thinking this new approach would entail.

Tax Incentives for Cities

Given the likelihood of a new tax bill this year, we recommend that President Bush and Congress consider using the tax code as a way to further investments in our cities. We have already seen the enormous power of tax incentives to steer strategic investments in our cities and to stimulate private investment. Two Successful examples have been in place for several years — the Low Income Housing Tax Credit (LIHTC) and the Earned Income Tax Credit (EITC). These programs stand as some of the most powerful tools influencing investment in our cities today.

The EITC has succeeded in bringing more low-income Americans into the working labor force and has helped to lift millions of children out of poverty. The Low-Income Housing Tax Credit has helped the private sector build hundreds of thousands of units of affordable housing across the country.

We recommend that President Bush and Congress expand the EITC for all low-income working families by providing additional relief for two-parent families with children. An expansion of the EITC would greatly enhance household incomes of millions of low-income families. In addition, the New Markets Initiative, which Congress enacted last year, holds out the potential for engaging the private sector as never before in urban, commercial revitalization. We recommend that the Administration strongly support the implementation of this exciting new program.

In addition, there are two new tax measures that we believe will provide critical investments in cities.

- **Expand Homeownership through a Tax Credit:** Low- and moderate-income Americans need to be able to build a firm foundation for wealth accumulation by owning their own home. Cities need to be able to increase the ability of its low- and moderate-income residents to find affordable homes within their borders. Home-ownership strategies can be an important part of neighborhood revitalization efforts, and attracting home owners to a city can help improve its tax base, as well as reduce congestion and other pressures on neighboring jurisdictions. The bulk of local, state, and federal housing programs for low- and moderate-income families goes to affordable rental housing. The federal government should provide for new incentives for home ownership, such as tax credits for the construction and rehabilitation of homes, and for mortgage holders that would reduce the costs of down payment and interest rates on homes bought by low- and moderate-income families. Tax credits costing $10 billion over 10 years could make a real difference for cities.

In addition, we support the proposal to give a tax credit for rehabilitation of homes in historic city neighborhoods and older inner ring suburbs. Many historic districts have sound buildings that are homes, but these areas are often pockmarked with empty and abandoned buildings. Tax incentives to rejuvenate these distinctive neighborhoods can help attract people downtown and relieve the pressures of sprawl development, while preserving historic properties. We believe this proposal would have the same catalytic impact that the commercial rehabilitation tax credit has had on downtown redevelopment.

This unique proposal would even allow families with modest incomes and low tax liabilities to use the credit by transferring it to a bank making the mortgage loan in exchange for a reduction in the interest rate or down payment. The National Park Service estimates more than 350,000 buildings to be eligible for the credit. It would provide a tool to deal with housing abandonment, strengthening a community's tax base and helping preserve endangered historic resources.

- **Support Local Tax Reductions:** The bipartisan Renewal Communities legislation provides for pro-growth tax incentives, including a zero capital gains rate and wage credits, contingent on communities undertaking strategies to improve the business climate by reducing taxes, zoning restrictions, and other bureaucratic barriers to growth – strategies that many competitive cities have been championing for the last decade. But for many of the poorest cities to undertake the serious reductions in local taxation necessary to jumpstart economic growth, they will need federal support to replace lost tax revenue until growth has been achieved.[21] A low-tax, pro-growth agenda for these cities cannot be built overnight on a low tax base. Businesses and residents need time to return and city government itself needs to be fundamentally reformed. Thus, the Administration should set aside $10 billion to provide bold new incentives for local tax reduction. A community that makes deep cuts in local taxes should receive a ten-year funding stream through block grants on the mandatory side of the budget; these funds would be pegged to offset fully the local revenue loss, and would be contingent on the local community's implementing a plan for governmental reform and an asset-based growth strategy.

Catalytic Investments in Urban Assets

Competitive cities can drive their regional economies and contribute greatly to national growth. Investing in cities will benefit not only cities, but also the nation. The federal government can be a critical partner with cities through innovative, flexible, market-oriented strategies.

Invest in Universities, Biomedicine and Technology

Cities are important locations of the nation's universities, teaching hospitals, health care providers, and the health care industry. These institutions provide critical services to the residents of their regions, and are important employment bases for jobs from the highest-skilled to the lowest skilled.

Congress should enact new incentives to support our nation's great urban teaching hospitals and universities. While making the Research & Experimentation Tax Credit permanent, Congress should enhance the credit for research partnerships between business and universities and teaching hospitals. Under the National Science Foundation, Congress should create a $1 billion fund for universities that conduct research undergirding competitive cities, including research that is essential to local emerging business clusters; that enhances the regional infrastructure of innovation; and that develops new electronic tools to empower low-income individuals and improve the delivery of local government services. In addition, graduate medical education, which has suffered from the ups and downs of Medicare reimbursement, should be funded consistently at levels that recognize the importance of teaching hospitals to maintaining the highest standards of American medical care. In supporting these institutions, the federal government provides a sound investment in our cities and our nation.

Support Land Development

Cities have significant underdeveloped and vacant land. There is nothing more important than the reuse of this land to spur economic growth of cities and their metropolitan regions particularly as many suburbs are increasingly overbuilt and under strain. Yet this resource often cannot be tapped because of poor information about the properties; bureaucratic red tape in condemning land, assembling parcels, and granting redevelopment rights; state or local zoning laws restricting reuse; and brownfields or infrastructure problems.

A strong environment for private-sector growth will also require targeted federal support to enhance cities' strategies to redevelop land as core city assets. A new category of private activity bonds should be created outside state volume caps, so that cities can reduce funding costs for assembly and redevelopment of city-owned "brownfields" parcels for a broad range of private redevelopment. Congress should reform federal brownfields lender liability laws that impede the flow of capital for redevelopment of industrial sites in central cities. Several Governors including Governor Ridge of Pennsylvania, Governor Taft of Ohio and former Governor Christie Todd Whitman have implemented thoughtful land initiatives focused on brownfields mediation. These state programs should be examined in the development of a new private activity bond initiative.

Level the Transportation Playing Field

Cities cannot continue to bear a disproportionate burden for building the transportation infrastructure of their regions. Federal highway funds need to be made available to cities on a flexible basis to repair and upgrade the core arteries running through cities on which the region relies. For years, transportation policy in our country has resulted in the expansion of sprawl and a diluted urban core. A thoughtful transportation policy that levels the playing field for local governments would result in a vastly different city and metropolitan landscape. In the case of transportation policy, the issue is not about money, but rather a new means of distributing funds to cities.

Our primary recommendation is that federal and state governments should liberalize the way that they allocate transportation funding to cities. A major planning resource at the metropolitan level, the Metropolitan Planning

Organizations (MPOs), should focus more attention on investing in cities. Too often, MPOs continue traditional patterns of spending on new roads that often continue the pattern of sprawl and city disinvestments. We recommend that the federal government provide incentives for the MPOs both to disclose annually where transportation investments are made and to play a more active role in city transportation issues. The federal government also needs to enforce the provisions in TEA-21 to ensure that funding decisions get made in a fair and equitable manner with maximum public input.

Realign the Federal Role

Enhance Market Information

Businesses of all sorts routinely rely on market and consumer information to identify and expand into new markets. Furthermore, for cities and other communities to prosper, they have to understand their context and competitive position. There is currently no reliable, accessible source of specialized data and knowledge about the investment opportunities or market potential of urban communities. Unlike statistical information about suburban jurisdictions or other areas with a high concentration of businesses or wealth, public or private information available to potential businesses or investors in many central cities is woefully inadequate for business location decisions or market analysis, and the information is viewed as too costly to obtain for any given business. Important market analysis undertaken by both private sector and nonprofit organizations in cities has shown in markets across the country that traditional sources of data grossly undervalue the assets of America's cities, representing a significant loss in opportunity.

On an inter-agency basis, the Administration should analyze its existing data and undertake a major effort to improve its market data on central cities and make it widely available to governments and businesses. Most federal agencies are already the repositories of vast amounts of information about cities and their residents, but the information is not collected or aggregated with a business lens, or made available in a timely way, with enough geographic detail to be useful to business. We believe enhanced market information will identify untapped market potential of cities and unleash significant investment. By improving the traditional role the federal government plays as a collector and disseminator of statistical information, the federal government could significantly further the potential for private-sector growth in urban communities.

Put an Urban Lens on all Federal Policy

If the case that we are making is accepted, that the broad effects of federal action, in all its programs, tax and regulatory regimes, are important for economic growth and urban competitiveness, it would seem clear that we need to put an urban lens on all federal policy and coordinate strategic federal investments across departments with senior-level leadership from the White House. Cities are complex entities, and as such require a federal partner that recognizes and is capable of addressing a comprehensive set of policies and financial investments. While there are a variety of ways to achieve this coordination, whether it is through a special task force, or White House urban council, our concern is not the means, but that a senior, cross-departmental lens is placed on urban policy. In addition to coordinating these roles in the Executive Branch, we believe that a new Congressional Economic Urban Caucus would foster a creative and productive dialogue among Members of Congress both representing major metropolitan areas and those Members sitting on committees whose policies have an impact on cities.

Conclusion

The remarkable fact, at the dawn of the twenty-first century, is that the forces that can transform and rebuild inner cities are already under way. We are talking about making more deliberate and coherent use of the positive trends already in motion. Many of America's cities are positioned as never before to fulfill America's promise. But as with any change, our collective job will be to seize this opportunity. Now is the time to transform the federal-local relationship to build on the strengths of America's cities and to accelerate the urban recovery. For that, we need a new approach and a re-alignment of our federal urban policy.

Appendix

City of St. Paul:

Public/Private Partnership Brings Back the Downtown

Throughout the 1990s a sweeping revitalization of St. Paul has resulted in an unprecedented level of partnership between the public, private, and non-profit sectors. These changes resulted in $1.7 billion of investment in the city and over 18,000 new jobs.

In addition, Mayor Norm Coleman cut local taxes through the renegotiation of labor contracts, and streamlined government to make it more customer-services oriented and to free tax dollars going toward duplicative city and county departments.

Through an innovative partnership called the Capital City Partnership, a group of 50 CEOs from Minnesota-based companies are dedicated to improving the capital city. Under Mayor Coleman's leadership, the Partnership laid out a five-step plan for the new millennium, a major effort aimed at increasing economic development by attracting more businesses and amenities.

The Capital City Partnership implemented the following steps, resulting in an exciting revival in downtown St. Paul:

1. Bringing commercial tenants back to the urban core by creating an environment that would be attractive to businesses.

2. Fostering thriving arts and cultural communities. Today there is a new Science Museum and convention center in downtown St. Paul, along with numerous restaurants and shops that have opened in response to the increased number of people coming downtown for events, games, and conventions.

3. Bringing new entertainment to the downtown. The Partnership played a key role in underwriting the City's effort to gain a NHL franchise team, the Minnesota Wild. This new franchise now plays in a new $175 million arena. The Science Museum and the convention center will bring over 3 million visitors to the downtown area annually.

4. Encourage new housing development in the downtown. The Partnership and the Mayor announced a vision for mixed-use urban villages in downtown St. Paul. A new major office complex for U.S. Bancorp will leverage the creation of an urban village in a currently vacant area. The City will add over 2000 new units of housing over the next two years.

5. Implementing a major new drive to increase the retail presence in the downtown.

City of Denver:
City Revival Spurs Economic Growth

During the 1987-1992 real estate recession, unemployment and office vacancy rates increased, while the city lost population. More than 13,000 oil industry workers lost their jobs, and downtown Denver had the highest office vacancy rate in the nation. In March 1987, downtown office space, which once commanded as much as $40 per square foot, was auctioned for prices closer to $5 per square foot.

During the peak of Denver's recession it became clear to city officials and community leaders that the greatest challenge Denver faced was the diversification of its economy. To jumpstart Denver's economy, the city adopted two strategies: a downtown revitalization strategy, and a related creating destinations strategy, designed to bring people downtown to work, live, and play. Focusing on downtown's strengths became a priority, as did creating downtown housing – key to promoting an "around-the-clock" atmosphere. Strong successive mayoral administrations, capable staff, local and regional cooperation, and community involvement, coupled with a high quality of life, have made Denver one of the west's most desirable places to live and do business.

Planning for downtown's revitalization began in earnest when the Mayor Wellington Webb convened a downtown summit that brought together stakeholders - business people, residents, the Downtown Denver Partnership, and the Denver Urban Renewal Authority - to craft a shared vision for downtown.

The results of this partnership follow:

Taxing districts authorized by the state legislature and approved by voters in the six-county metro area has been used successfully to create and rehabilitate Denver's cultural amenities and finance the construction of Denver sports facilities.

- **Supporting Culture and the Arts.** In 1988, the city and five neighboring counties created a 0.1 percent sales tax to support the arts and sciences as state government support for the arts dwindled. With more than $27 million in dedicated tax revenues, 301 cultural and scientific organizations received funding in 1997. Denver's arts-related activities currently draw more visitors than professional sports. They drew 7.9 million people in 1996-1997, exceeding the combined home-game attendance of the Broncos, Nuggets, Rockies, and Avalanche by 41 percent. Moreover, from 1989 to 1997, total arts admissions grew by 56 percent.

- **Coors Field.** Following the cultural district model, the six-county metro area approved the 1990 passage of a 0.1 percent sales tax for the construction of Coors Field, home of the Colorado Rockies, Denver's new major league baseball team. A downtown site was selected to provide density, central geographic location, and good transportation access.

- **New Mile High Stadium.** In 1998, voters in the six-county metro area approved extension of the 1990 Coors Field sales tax for the construction of a new home for the Denver Broncos. A near-downtown site was selected for the facility, scheduled to open in 2001.

The following initiatives became the framework for Denver's downtown revitalization:

- The creation of a downtown housing office to provide developers and investors with accurate information on properties, as well as providing various types of financing for the creation and rehabilitation of downtown housing.

- The revision of downtown zoning to encourage housing and transit-oriented development and to protect historic buildings. Density bonuses were used as an incentive for housing projects. Historic Denver Inc., a private preservation group formed to protect Denver's disappearing architecture, was instrumental in the revival of the LoDo neighborhood. The Denver Landmark Preservation Commission can deny inappropriate exterior alterations or demolition within a historic district.

- Tax Increment Financing. In 1993, the city provided $8 million in bonds supported by tax increment funding (TIF) to help fund the redevelopment of the Denver Dry Building, a vacant dry goods store. This mixed use, public/private project, the city's first downtown venture, had retail space on the first two floors, and 51 rental and 66 for-sale units on the upper levels.

As a result of these efforts, the residential population of the downtown's core area (LoDo and the central business district area) increased by 18 percent in 1999. Downtown's population has grown by 66 percent since 1980, and downtown employment has increased from 90,000 to 113,000 over the past 10 years. The office vacancy rate has dropped from 20 percent to 7 percent.

City of Milwaukee:

City Innovations Encourage Citizens and Private Sector

Mayor John Norquist has implemented a series of reforms in Milwaukee that cut to the heart of the operations of local governments. These innovations are critical to making government run smoother and more efficiently.

1. **Board of Zoning Appeals/Development and Permit Center.** The City of Milwaukee streamlined the development process by creating a new Development and Permit Center. The results included: reduction in the time required to resolve land use appeals; reduced number of cases requiring action by the Board of Zoning Appeals; centralization of plan examiners, inspectors and permit issuance in a single, customer-oriented development center; and a major revision of the City's zoning code that encourages development patterns that emphasize contextual fit, place making and the definition of the public realm, and reduces the number of cases requiring special uses or variances.

2. **Capital Access Program.** In order to help businesses access credit and capital, the City's Milwaukee Economic Development Corporation (MEDC) created the Capital Access Program (CAP) in 1992. Different from most government lending programs, this one does not require government employees and bureaucrats to evaluate lending risk or pick winning business ideas. Instead, MEDC created a small risk-reserve fund that local partner banks could use to absorb some additional risk on loans to small, start-up businesses in the City of Milwaukee.

3. **Procurement Services.** The City of Milwaukee's Department of Administration-Business Operations Division (BOD) Procurement Services Section has continuously improved their operations by streamlining processes and utilizing technology. As a result, they have been able to do the same amount of work with fewer resources while still maintaining the integrity of the procurement processes.

4. **Immunizations.** Up until 1989, low-income Milwaukee children were directed by Medicaid to go to the City Health department to receive their immunizations, rather than at the private health clinics and health providers authorized by Medicaid to provide other forms of primary care. The result was that only 23% of all Milwaukee children were properly immunized by the age of two. A radical reform of immunization procedures allowed families and children to receive Medicaid-reimbursed shots directly from their primary care physician. The City of Milwaukee Health Department was able to increase immunizations so 79% of all Milwaukee's two-year-olds were fully immunized in 2000.

5. **Internet Property Database.** In 1999, the Department of Neighborhood Services gave city residents access to a database containing a wide-range of property-related information. Internet users can enter a property address on the city's web page and obtain data about the property, including ownership, property characteristics, assessed value, and the history of building code violations and inspections. Landlords, tenants, community groups, police, and prospective buyers can easily access this information through the City's web page and use it resolve problems, ease transactions between buyers and sellers, target problem properties, and reduce crime.

City of Detroit:
Performance Measures Results in Cost Savings

The City of Detroit's innovations in government have centered around changes in internal performance systems and operations. Mayor Dennis Archer announced the Core Service Priorities Initiative in January 2000. The critical services were clustered into three categories: neighborhood stabilization, public safety, and internal service. The purpose of the initiative is to strengthen the delivery and management of core services at the operational level. By redirecting resources to these core service categories and through improved performance management, there has been an improvement in the departmental operations.

Detroit's second core system innovation has been the Measurement and Performance System (MAPS), which monitors departmental service performance through data collection. By collecting this data, the City's progress with core services can be monitored and analyzed. MAPS is a standardized measurement that applies to programs citywide.

In an effort to provide a streamlined process for building permits and zoning review, the City of Detroit initiated the Concept and Site Plan Review. The Site Plan Review process has improved problems that often hamper a fast and easy permit and plan system.

Finally, City of Detroit employees themselves are heading "Turnaround Teams" to eliminate duplicative programs and to recommend cost-savings measures.

Employees are making turnaround changes by identifying areas to improve operations, cut costs, establish measurable goals, and implement the steps to attain these goals. The results of the Turnaround Teams include new assessments against delinquent taxpayers, increased tax collection efforts, cost savings from bank branch collections, and various cost savings from telecommunications systems.

City of Jacksonville:

Innovations in Government Operations Result in Competitive City

Mayor John Delaney has sought to implement numerous innovative approaches to improve customer service to ordinary citizens and businesses interacting with government. Like many private-sector organizations, Jacksonville has used information technology to improve their routine operations. Below are some examples of how local governments can do just that.

- **The Citizen Active Response Effort (CARE):** The Care system is the primary process for managing and documenting suggestions, requests, and complaints within the City of Jacksonville. It is a web-based tool designed to enable city employees to log in any type of request or complaint from residents. Benefits of this automated system include reduction of redundant information, consolidation and sharing of data between departments, diagnostic management information systems reports, and improved customer service.

- **Online Inspection:** In January of 2000, Construction Trades Inspectors (CTIs) were issued laptop computers with wireless modems, to input inspection results in the field. Results go in real-time; contractors can look up the results on the web. This has resulted in extensive savings and increased productivity.

- **Online Permitting:** Approximately 25% of permits are now issued online, and escrow accounts have been set up so customers don't have to bring a check every time they visit City Hall.

The following are examples of how the City of Jacksonville has discarded old notions of how government plans for the future.

- **Total Quality Government/Benchmarking:** The City of Jacksonville has undertaken a comprehensive initiative to instill processes in government that allow for continual self-assessment and strategic planning. For example, in the property inspector's division, the number of unsafe structures in the East Jacksonville neighborhood went from 163 in 1996 to just 10 in 2000.

- **Budgeting Based on Strategic Planning:** The City of Jacksonville's budget process is now driven first by the development of strategic priorities and projects developed through an extensive public involvement period.

The City of Jacksonville has undertaken several innovative initiatives to help positively shape the future of the City. No longer does the City simply strive to "make sure the trains are on time"; it is looking for new ways to manage growth and revitalize older neighborhoods.

- The Mayor's Neighborhood Matching Grants Program (MNMG) is designed to give assistance to specific neighborhood projects that build relationships and enhance the community.

- The Mayor's Intensive Care Neighborhoods Program is an initiative to improve long-neglected neighborhoods in the City of Jacksonville. The process coordinates local government, the school system, non-profit organizations, businesses, churches, and residents not only to identify and prioritize problems, but also to work together to solve them.

- Preservation Project Jacksonville is an ambitious program to preserve open space, enhance the environment, increase recreational opportunities, and manage growth.

- Better Jacksonville Plan is a comprehensive, non-regulatory approach to growth management. The plan is achieved through a $2.25 billion infrastructure program that includes roadway improvements, environmental protection, urban renewal, and targeted economic development.

City of Chicago:
Broad Initiatives Improve City's Position of Strength

Mayor Richard M. Daley has used a variety of economic incentives to help local companies retain and create jobs. Chicago's experience has shown tax increment financing to be one of its most powerful economic development tools. The City has come to rely on TIF, not only because it spurs private enterprise in areas suffering from blighted conditions, but because federal funding for urban renewal programs has dropped by 56 percent since 1980.

Sixty-four TIF districts at the end of 1998 have helped to create and retain 28,000 permanent jobs in a variety of industries, and the results are visible all across the city. TIF has prompted development of new movie theaters and shopping complexes; fostered the restoration of architectural landmarks and hotels; pumped life into antiquated industrial facilities and office buildings; and spurred new housing developments in areas that hadn't seen a new housing start in decades.

According to a recent report, the $272 million in public dollars invested in the city's TIF districts have generated $1.7 billion in private spending. In other words, for every dollar the city has invested, the private sector invested $6.30. Thanks to sound planning and administration, annual incremental property taxes within TIF districts have grown from less than $2 million in 1987 to nearly $50 million. Without TIF, it is estimated that property tax growth in these areas would have been less than $5 million.

In 1995 Mayor Daley asked the Illinois General Assembly for direct control over and responsibility for the Chicago Public School system. Mayor Daley has made the following reforms to the school system.

- Erased massive budget deficits.
- Negotiated long-term teacher contracts.
- Returned to a back-to-basics curriculum focused on core subjects like reading, writing, and math.

- Committed over $2 billion dollars of mostly local money to the school capital program.
- Improved school safety with school uniform policies, locker inspections, metal detectors, police guards in high schools, parent patrols on routes to and from schools, and a zero tolerance policy for gang activity and weapons.
- Expanded pre-school programs throughout the City so more children are ready to start school on the first day of kindergarten.

- $6 billion investment of local money in basic infrastructure all across Chicago's neighborhoods: paved thousands of miles of streets and alleys; installed new sewer and water lines; improved commercial areas with street lighting, new sidewalks and furniture, raised viaducts, etc.

- 39 libraries new or fully renovated over the last 10 years. All 77 branch libraries serve as after-school centers for children and gathering places for the community. All library branches are connected to the Internet.

- Development of senior centers across the city that will offer nutrition and wellness programs, opportunities to socialize, recreation and exercise, classes and seminars and links to social service agencies.

In 1993, the city and housing advocates crafted a bold and far-reaching five-year commitment to affordable housing, and began working toward the long-term stabilization and transformation of communities. At the end of 1998, the conclusion of the five-year plan, the city had invested $927 million to create and preserve 42,716 units of affordable housing, significantly exceeding the plan's projections.

- Chicago's prudent financial management has been recognized by the nation's three major credit rating agencies, which rate the City's credit at double-A-minus, A-one and A-plus – among the highest in the country for cities in managing tax dollars.

- Management efficiencies have come by way of eliminating redundant or non-essential positions, privatization – janitorial services, auto parts replacement, airport parking management, utility and transportation engineering – consolidated redundant functions, and participating in energy alliances with other government agencies to reduce utility bills.

- Chicago has cut property taxes twice and froze them four times in the last 11 years. Average property tax increases have been kept to a little more than one percent a year.

- Leading a public outreach campaign to encourage working families to apply for the federal Earned Income Tax Credit.

- Contributing over $11 million to help build, renovate and repair child care centers throughout the city, and make physical and program improvements to child car homes.

Mayor Daley championed the Safe Neighborhoods Bill in the Illinois General Assembly. It was a strike against gangs, guns, and drugs. Among its many provisions, it increases penalties for gang recruitment, witness harassment, shooting police officers, gun-running and firearms possession. It also requires mandatory community service for certain gang and gun-related offenses committed by juveniles or adults, and mandatory sentencing for juveniles who commit murder or multiple violent offenses.

Chicago also filed a $433 million lawsuit against the gun industry, charging it with flooding the city with illegal guns used to murder, rob, and terrorize Chicagoans. This suit, the first of its kind in the nation, claims that guns create a public nuisance, and seeks to recover the gun-related costs incurred by the city and county since 1994.

City of Boston: Technology and Neighborhoods

Through the leadership of Mayor Thomas M. Menino, Boston is leading America's cities in the area of educational technology and the creation of a competitive advantage in the attraction of high-tech jobs. Several years ago, Boston became the first major city to wire all of its schools, as well as libraries and community centers, to the Internet. In 1996, Mayor Menino announced "Kids Compute 2001" in an effort to reduce the ratio of computers to students from 1:63 to 1:4, which will be accomplished this fall.

During the past five years, Boston has stepped up the pace of technological innovation — training its teachers, expanding computer access throughout Boston's neighborhoods and developing new programs for young people in Boston to become exposed to the skills of the 21st century. One such initiative is "Tech Boston," which is training 1,500 Boston school students in a variety of technology skills. High school graduates of the program are able to secure entry-level jobs that pay $14-$16 an hour, with opportunities for advancement. Another program, "Technology Goes Home," provides opportunities for inner-city families to receive their own computers upon successful completion of the program. Adult graduates of the program have been able to secure better-paying jobs as a result of their participation.

The City of Boston is unique in that it has two charitable foundations to support its technology initiatives: The Timothy Smith Foundation has created more than 20 non-profit computer centers in and around Boston's Roxbury neighborhood. These centers provide access and training to residents who don't have their own computer and need skills upgrading. The Boston Digital Bridge Foundation serves as a contact point for individuals and companies looking to make technology-related contributions to the Boston Public Schools.

Mayor Menino also established a One Stop Business Center to respond to the needs of local business people and help guide them through the city permitting and zoning process. The Center also reaches out to many mid-sized businesses to ascertain and address their issues.

At the same time, the Mayor worked with the National Trust to create a Main Streets city-wide program. With the city and the Trust making additional commitments and private-sector "corporate buddies" in place, the program has now expanded to 20 neighborhood business districts, and has helped over 300 new businesses locate in Boston's neighborhoods. Many more existing businesses have been helped to remain and grow here.

These efforts have been complemented by special attention in Boston's inner city. Boston was designated by the federal government as an "Enhanced Enterprise Community" and later as a full-fledged "Empowerment Zone." These designations have given the city important new tools to aid small businesses. For example:

- Boston established an "Empowerment Center" and secured the first Small Business Administration assistance center located in an empowerment zone. A microlending program run by Jewish Vocational Services (also located in the center) and City staff from several agencies worked out of the center to coordinate small business financing, technical assistance, and training opportunities.

- Boston developed innovative approaches to financing economic development projects with the federal Section 108/EDI program and helped weave it into strategies for inner-city development on Blue Hill Avenue and in Dudley Square, areas that had not seen investment in decades. The Grove Hall Mall is an excellent example of reinvestment in a community that had not seen new investment since the riots of the 1960s.

City of Richmond:
Neighborhood Focus Reduces Crime and Improves Housing

Like many cities, Richmond has neighborhoods that have suffered from blight, absentee ownership, high vacancy rates, and crime. Historically, the City of Richmond has funded redevelopment and housing activities in 20 or more neighborhoods annually. Unfortunately, the City's limited resources simply could not keep pace. The City's policy of trying to assist all of the neighborhoods in need resulted in a diluted and scattered approach that simply could not make a significant difference in most of them.

In 1999, through Neighborhoods in Bloom, Mayor Timothy Kaine and the Richmond City Council dramatically changed its redevelopment policy to focus on only six neighborhoods at one time. The concept for Neighborhoods in Bloom is simple: focus the City's resources into small but strategic geographic areas in order to (1) jumpstart private revitalization of the entire neighborhood and (2) expand home ownership opportunities for City residents.

Once the neighborhoods were selected, the real work began in July 1999. Each neighborhood association worked with housing providers and City staff to select six to ten target blocks for intensive revitalization efforts. Of the 970 properties in the target blocks, only 26% were owner occupied, 25% were vacant lots where houses had already been demolished, and 21% were vacant and abandoned structures. More than 70% of the properties had building or environmental code violations. The neighborhoods also had 11 drug hot spots and some of the highest crime rates in the city.

Neighborhoods in Bloom employs seven basic strategies for revitalizing neighborhoods and increasing homeownership. These strategies are interrelated and to be successful, require long-term commitment by both the public and private sectors.

1. **Partnership Development.** To date, more than 30 organizations are actively participating in the movement. Nine civic associations and community groups oversee implementation of the Neighborhoods in Bloom strategies.

2. **Housing Rehabilitation and New Construction.** During the first two years, Neighborhoods in Bloom will fund substantial rehabilitation or new construction of at least 325 housing units.

3. **Housing Repairs.** Loan and grant programs are available to approximately 175 existing homeowners to bring their property up to building code standards. These repairs will allow the existing homeowners to stay in their homes while offering a facelift to the community.

4. **Proactive Code Enforcement.** Through Neighborhoods in Bloom, all properties in the target areas are being inspected. Any property with code violations, even minor ones, is being cited by the building official to encourage needed repairs and maintenance to a standard acceptable to the neighborhood.

5. **Neighborhood Empowerment.** Neighborhoods in Bloom is dedicated to building neighborhood capacity by establishing partnership boards made up of neighborhood residents, housing providers, and City staff to oversee implementation of the initiative. In addition, the City worked with Virginia Commonwealth University to establish the Neighborhood Leadership Academy. The curriculum includes an array of courses on leadership, neighborhood revitalization and community building.

6. **Public Safety Initiative.** Blitz to Bloom is the companion public safety initiative to Neighborhoods in Bloom. During the last six months of 1999, violent crime dropped 37% and property crimes were down by 19% when compared to the same period in 1998.

7. **Leveraging Private Investment.** The long-term success of Neighborhoods in Bloom will be determined by its ability to leverage private investment through tax incentives; favorable mortgage financing; and marketing.

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