Urban Revitalization in the United States: Policies and Practices

Final Report

United States Urban Revitalization Research Project (USURRP)

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1. Introduction

Introduction

Since the 1970s American cities, particularly those in the Northeast and Midwest, have striven to address the opportunities and challenges of the transition from an industrial to a post-industrial, knowledge-based economy. As manufacturing firms and employment migrated to the southern United States and overseas, the industrial cities of the Northeast encountered a decline in middle-class population and an increase in low-income and poor residents, which decreased the city's tax base at the same time it placed an unprecedented burden on municipal services. Northeastern cities, which had grown to maturity in the 1950s and 1960s on the basis of policies and practices adopted during the early twentieth century, were compelled to innovate spatial and social strategies to revitalize neighborhoods and stimulate urban growth and development. Though unrecognized early on, the decline induced by deindustrialization and the departure of manufacturing firms opened up vast new expanses of often highly desirable urban space for redevelopment and reuse by contemporary residents and developers.

Today many southern and international cities that grew through the relocation of northeastern manufacturing activities face a familiar "urban crisis." In other words, the success of "industry-centric" urban development made these areas desirable to additional households and firms for a period of time. However, the increased demand for residential and production sites, new or old, and rising standards of living have led to increased production costs and caused manufacturing once more to seek cheaper havens on new shores.

Direct comparison across places, time and contextual factors must, avowedly, be pursued with caution. Nevertheless, there are numerous broad trends shaping urban landscapes, both domestic and abroad, worthy of exploration. For instance, markets have become more integrated on a global basis. As awareness of the human impact on the environment has risen, much more emphasis is being placed on ecological concerns like green buildings, greenways, and transport oriented developments (TODs). Information technology plays a much greater role in communications, entertainment, and retail than before, altering the nature of demand for urban space. And building technologies have advanced.

This report seeks to shed light on similarities and differences in the drivers that shape urban conditions by providing a historical and legal overview of the evolution of urban redevelopment in the United States since the 1930s. It is important to clearly state that, while this report adopts the conventional socio-historical trends that characterize the past seventy-five years, urban change and redevelopment in the United States should not be understood as a linear process that results from comprehensive planning or that occurs uncontested. Quite the contrary: it is well understood that twenty-first century American cities have been shaped through: incrementalism, contestation and compromise, and explicit and inadvertent strategic action. The report employs two broad themes to elucidate these processes. The first is the way in which the political and economic context drives policy innovation and thereby shapes the broader redevelopment framework. The second is the persistent debate within academic and policy circles as to whether urban development should emphasize place-based or people-based strategies.

One of the oft-cited strengths of the U.S. system of government is the policy experimentation fostered by its decentralized, state-centered organization of administrative responsibilities. States, which generally have a better understanding of their local context than the federal government, are often permitted to develop their own policies and programs to meet federal mandates so long as those policies adhere to the broad, foundational guidelines established by the federal government. Highly successful programs generated within this "marketplace of ideas" are on occasion adopted by the federal government, which may either create binding or enabling legislation to facilitate their promulgation throughout the nation. Similar processes often occur between states and cities and between cities and neighborhoods as well. It is in this way that locally specific efforts work within the broader legal framework to contribute to the evolution of that framework.

The framework and implementation of policies and practices for combating urban distress can perhaps best be characterized according to their approach to people and places as means and ends. Employing people as a means implies that attempts are made to alter behavioral patterns in such a way as meet a specific goal. Using place, which this report defines as a spatially delimited built environment, as a means refers to physically changing the built environment in pursuit of a goal. The goals pursued through using people or places as means can also be either people or places. Treating people as the ends indicates an emphasis on improved livelihoods and quality of life. This is "development" in the broad sense. Treating place as an end is effectively a subset of "growth" in the economic sense of increasing property values and returns on investment. As is well- known in the development literature and as Wolman and Spitzley (1996) argue in the case of local economic development, the two terms are often conflated. This is due in part because of the relative ease with which monetary statistics can be gathered and employed to characterize growth compared to the great difficulties analyzing the intangible components of development, like knowledge and satisfaction.

Let us consider the four combinations these means and ends provide for evaluating urban strategies. Strategies in which people are both the means and ends, or *pure people-oriented strategies*[1], are not tethered to a particular place. Instead, they generally seek to improve the education, health, and mobility of all disadvantaged residents to enhance their access to better employment and higher standards of living. At the opposite pole are *pure place-oriented strategies* that employ physical changes to the built environment to increase the economic value of that place. These places may or may not have residents prior to intervention. For example, many developments in vacant areas fall under this category. We propose restricting the use of the word "redevelopment" to these cases. In between these two extremes are located place-based people strategies and people-based place strategies. *Place-based people strategies* focus on improving the lives of residents within a designated area through investment incentives, local hiring clauses, TIFs, BIDs, empowerment zones, some beautification projects, and similar policy tools. We propose to call these strategies "revitalization". The complement of this form, the *people-based place strategy*, is less frequently discussed in the academic literature on redevelopment. In this strategy, the behavior of people is altered with the goal of increasing the value of a place. Homeownership schemes are one example, as is the inducement of artists to move into a neighborhood as "pioneers" to make that neighborhood more appealing to wealthier households, thereby increasing rents and property values.

		Ends	
		People	Place
Means	People	Social welfare (education, health, etc.)	Homeownership schemes Artist role in gentrification
	Place	Revitalization LDC	Redevelopment Historic Preservation

We emphasize that these divisions represent ideal types and that any given project is likely to straddle

[1] **While these terms and aspects of the broader framework are drawn from Ladd (1994), we have developed a distinct typology.**

categories. More importantly, the strategies employed by the various actors in any effort to combat decline may fall under more than one ideal type and may even conflict internally. It is hypothesized that the most effective projects and programs are those that demonstrate the maximal degree of overlap among all stakeholders' strategies, even if the strategies themselves are not identical. This factor makes it vital that the motivations and strategies of each actor be clearly delineated for individual case studies to prove informative for other situations.

The report proceeds along the following lines. First, a legal overview of the foundations of urban redevelopment policies is presented, emphasizing the decentralized nature of the U.S. system and the growing reliance on third-party intermediaries between the public and private sectors. Second, a historical narrative harnesses the argument that American culture is baised toward privatism to chronicle the origins and evolution of contemporary urban redevelopment policy from Depression Era initiatives through the impact of deindustrialization to the rise of the entrepreneurial state. This is succeeded by an introduction to a selection of the primary strategies employed in redevelopment and revitalization and a section on the use of indicators in evaluating urban decline and recovery. The report concludes with the delineation of a typology of case studies that will inform the selection of case studies for future research.

Figure 1. South Bronx after fire (bottom) and now (top)

2. Urban Renewal Laws and Legal Tools in the United States

The Legal Foundation for Land Use Regulation in the U.S.

The Government's Police Power to Regulate Land Use

"The history of land use controls in the United States has primarily been one of delegation of the power to plan to local governments along with the power to implement the plans at that level of government" (Gitelman et al., 2004:252). Indeed, all three levels of the government structure - federal, state, and municipal - must be considered to fully understand the land use system of the United States. In essence, local governments are the main actors that adopt and implement laws and tools for regulating land use, while the federal government's role in land use is strictly limited by the highest law of the land. When the U.S. Constitution was drafted and signed in 1787, the authors carefully balanced power between the newly created federal government and the existing state governments. The central component of this balance is that states enjoy all powers that are not delegated by the Constitution to the federal government.[1] As land use regulation was not among the powers granted to the federal government, it cannot intervene in any state's land use matters unless they are related to interstate commerce or international treaties (U.S. Constitution, Article I §8 & Article VI). Additionally, legal scholars and practitioners generally believe that states possess the police power to protect and promote public welfare objectives, including public health, safety, and morals. Land use also falls within the scope of these legitimate public objectives, particularly inasmuch as it relates to public health and safety. Therefore, a state government may enact or adopt necessary laws and regulations to control land use. In turn, most states have enacted enabling laws that delegate the authority to regulate land use to local governments. In many states, local governments' authority has been enhanced through the implementation of "home rule" legislation, which allows municipalities to adopt their own charters and laws within bounds delegated by their state government (REIL, 2005:157). Consequently, each municipality or local government has a great degree of autonomy in enacting and implementing land use laws and regulations within its own territory.

This summary makes it clear that the U.S. system for regulating land use constitutes a place-based people strategy. The legitimacy of state and local control of land use decisions is predicated upon their contribution to general welfare as defined by such socially oriented goals as public health and safety. The means of achieving these goals is through the organization of land use within a given territorial jurisdiction, within a given place. Thus, strictly speaking, local land use regulations that seek to increase land value have no legitimacy without supporting arguments that attest to the positive indirect effects on public welfare.

The system of zoning is an example of how this decentralized system incorporates and disseminates local innovations. New York City enacted the nation's first zoning law 1916. While motivated by real estate developers and Fifth Avenue merchants seeking to preserve the value of their investments, the law was justified through arguments that it would preserve light and air amid dense downtown developments and separate noxious manufacturing uses from residential areas (Weiss, 1992). The success of zoning in New York City led the federal government to enact the Standard State Zoning Enabling Act in 1922 and the Standard City Planning Enabling Act in 1928. The intention was to encourage state governments to adopt similar enabling acts that would delegate authority for enacting zoning laws to their local governments. It must be emphasized that these two Acts are merely model laws because, as mentioned earlier, constitutional restrictions forbid the federal government from directly intervening in local

[1] The 10th Amendment of the U.S. Constitution provides that, "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the People."

government decisions on land use. Following the promulgation of these Acts, all fifty states adopted similar ones. As an indirect result of New York City's pioneering efforts, local governments are now authorized not only to adopt their own master plan, zoning, and subdivision law but also to create administrative and quasi-judicial agencies to implement them.

Standard State Zoning Enabling Act

(Recommended by the U.S. Department of Commerce, 1926)

Section 1. Grant of Power.

For the purpose of promoting health, safety, morals, or the general welfare of the community, the legislative body of cities and incorporated villages is hereby empowered to regulate and restrict the height, number of stories and size of buildings and other structures, the percentage of lot that may be occupied, the size of yards, courts, and other open spaces, the density of population and the location and use of buildings, structures and land of trade, industry, residence or other purposes.

Section 2. Districts

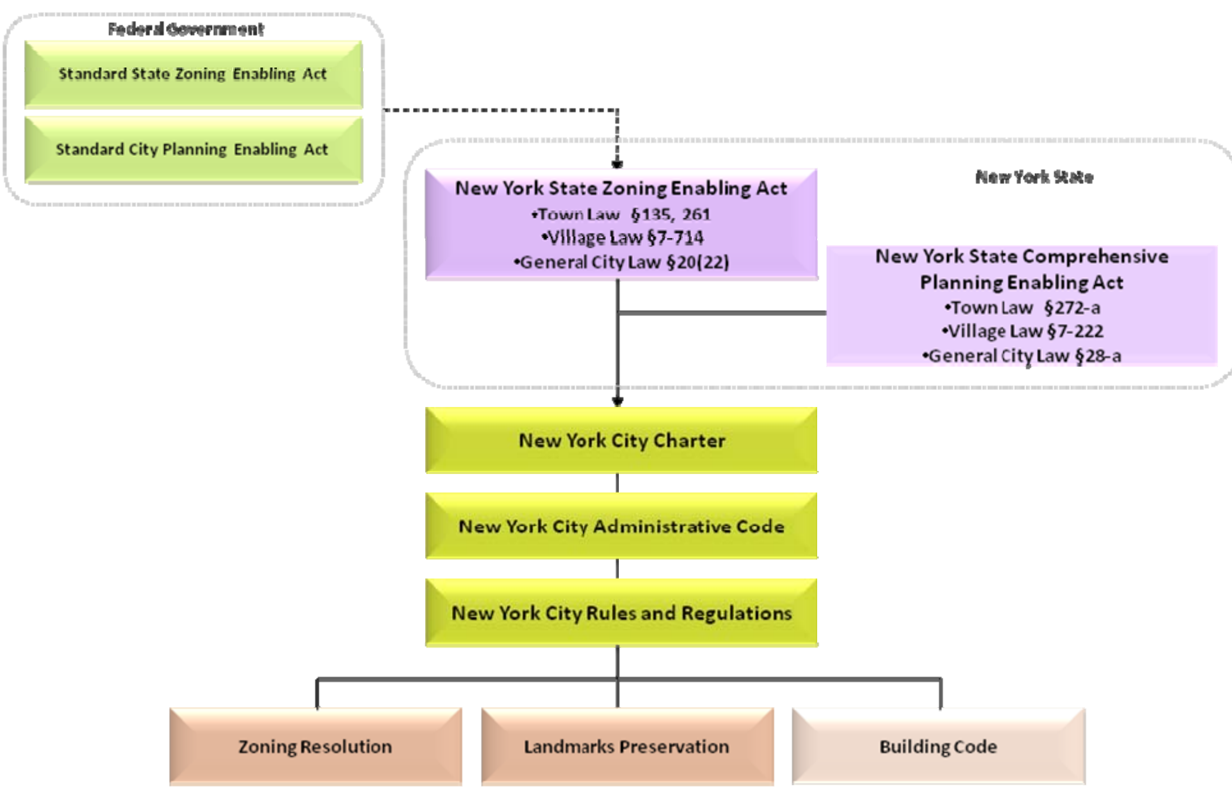
For any or all of said purposes the local legislative body may divide the municipality into districts of such number, shape, and area as may be deemed best suited to carry out the purposes of this act; and within such districts it may regulate and restrict the erection, construction, reconstruction, alteration, repair, or use of buildings, structures, or land. All such regulations shall be uniform for each class or kind of building throughout each district, but the regulations in one district may differ from those in other districts.

Section 3. Purposes in View

Such regulations shall be made in accordance with a comprehensive plan and designed to lessen congestion in the streets; to secure safety from fire, panic, and other dangers; to promote health and the general welfare; to provide adequate light and air; to prevent the overcrowding of land; to avoid undue concentration of population; to facilitate the adequate provision of transportation, water, sewerage, schools, parks, and other public requirements. Such regulations shall be made with reasonable consideration, among other things, to the character of the district and its peculiar suitability for particular uses, and with a view to conserving the value of buildings and encouraging the most appropriate use of land throughout such municipality.

Following the federal promulgation of model zoning laws, New York State adopted the New York State Zoning Enabling Act under Town Law §135, 261; Village Law §7-714; and General City Law §20(22). In addition, pursuant to Town Law §272-a, Village Law §7-22, and General City Law §28-a, which constitute the New York State Comprehensive Planning Enabling Act, local governments in New York State were given the authority to adopt master plans to comprehensively control land use within their jurisdiction. Coming full circle, under such authority, New York City has not only adopted laws and regulations to regulate land use, such as the Zoning Resolution, the Landmarks Preservation, and the Building Code, but also established government departments and agencies to administrate the laws under the New York City Charter, the New York City Administrative Code, and the New York City Rules and Regulations.

Laws	Sources			Administrative Body
	City Charter	Administrative Code	Rules and Regulations	
Zoning Resolution (1916)	Chapter 8 & 27	Title 25 Chapter 1 & 2	Title 62	Department of City Planning City Planning Commission Board of Standards and Appeals
Landmarks Preservation Law (1965)	Chapter 74	Title 25 Chapter 3	Title 63	Landmarks Preservation Commission
Building Code	Chapter 26	Title 26 Chapter 1	Title 1	Department of Building



One major critique of this system of localized land use controls is that inhibits coordination among localities, cities, and even states in addressing transboundary issues. This critique arose, in particular, from the late 1960s with reference to increasing problems and concerns surrounding urban sprawl, environmental protection, the federal transportation system, housing and urban redevelopment programs, and so on (Gitelman et al., 2004:253). The critique has led to state and federal government efforts to intervene more actively in local land use matters since that time. Still, such interventions remain limited so as not to encroach on the state's constitutionally secured power. Thus, the Department of Housing and Urban Development (HUD), which is well known in Korea as the core body for urban and housing redevelopment in the United States, plays only an indirect role, though it has had significant impacts on local land use through federal funds and tax programs.[2]

The Constitutional Limits to Police Power in Regulating Land Use

The U.S.'s legal system derives from English common law, in which private property rights are regarded as an exclusive possession. As one prominent legal scholar has claimed, property rights should be enjoyed "without any control or diminution, save only by the laws of the land" (Nolon and Salkin, 2006:11). The most fundamental restriction on the full expression of property rights under common law has been 'nuisance law', i.e., the use or enjoyment of the property must not injure the property of others.[3] Zoning law, while not identical with nuisance law, emerged from it. When the first zoning law restricting land use through the designation of artificial zoning districts appeared in the United States, public antipathy against the law was not trivial since many landowners believed that their uses were not nuisances and district zoning thus unconstitutionally restricted their property rights. Several legal suits followed to test the law's constitutionality. The United States Supreme Court put an end to the debate in the case of Village of Euclid v. Ambler Realty Co. (1926) by upholding that the zoning law is a constitutional police power if asserted for the public welfare.

Put simply, to become constitutional, a law must follow all constitutional requirements. First, the Fourteenth Amendment of the U.S. Constitution requires "due process" before fundamental private rights can be encroached upon. There are two kinds of due process: procedural due process and substantive due process. *Procedural due process* requires fundamental fairness, while *substantive due process* requires that all laws restricting private rights must have a legitimate public objective and the means adopted should not exceed the objective pursued. In fact, the legal dispute in Euclid concerned due process: i.e., whether the zoning law violated due process because it was arbitrary or unreasonable in that it was not related to a legitimate public objective.

Second, the Fifth Amendment requires just compensation when the taking of private property for a public use occurs. "Takings" involve regulatory taking as well as direct condemnation. Thus, "while property may be regulated to a certain extent, if regulation goes too far it will be recognized as a taking" (Pennsylvania Coal Co. v. Mahon, 260 U.S. 393). U.S. courts have struggled with the regulatory taking issue for over one hundred years because of the difficulty in drawing the line between non-compensatory regulation and compensatory taking in the land use context. It would be impossible to provide a complete summary of regulatory takings laws in the brief space allotted here, but there are certain categories that can be clearly discerned. The first and second categories are called *categorical taking* and *taking per se*, as shown respectively in Lucas v. South Carolina Coastal Council and Loretto v. Teleprompter Manhattan CATV Corp. In the Lucas case, the land owner was deprived of the entire economic value of his property, and in the Loretto case, a permanent physical occupation of some portion of the property occurred without depriving that property of all economic value. The third

[2] The current mission of HUD is "to increase homeownership, support community development and increase access to affordable housing free from discrimination." HUD website at http://www.hud.gov/library/bookshelf12/hudmission.cfm.

[3] "*Sic utere tuo ut alienum non laedas.*" ("No one may use his/her property in such a way as to injure the person or property of another.") (Gitelmanm et al., 2004:34)

category can be found in an exaction case where the government imposes a fee or the dedication to a certain portion of a property to a public use or ownership in return for issuing a building permit. The U.S. Supreme Court developed the "essential nexus" test in Nollan v. California Coastal Commission and the "rough proportionality" test in Dolan v. City of Tigard in order to determine whether the exaction constitutes a regulatory taking requiring compensation. The last category applies to all other cases that are not covered by the above categories. For these cases, courts have relied on the "balancing test" developed in Penn Central Transportation Co. v. New York City.

Lastly, any land use laws cannot encroach on the rights to free speech protected by the First Amendment and Equal Protection under the Fourteenth Amendment.

In sum, U.S. laws grant government authority to regulate private property to some extent for public objectives, but the U.S. Constitution requires that government follow its fundamental principles in doing so by balancing private rights and pubic objectives.

The Legal Basis of Urban Renewal Projects in the U.S.

In the current U.S. system, public-private partnerships serve as essential tools for urban renewal. Development strategies typically involve public subsidies and regulatory relief to elicit private investment, and the intimate relationship between local elected officials and real-estate interests has become a hallmark of U.S. local government (Fainstein, 2001:6,98). In a typical project, the public sector designates an urban renewal district, adopts a master plan, and selects a private developer. Once the private developer has been determined, the public sector provides fiscal and regulatory incentives through a variety of administrative and legal tools, including the power of eminent domain, to attract and support the private sector. The private sector then invests and carries out a project. Therefore, any exploration of U.S. urban renewal laws must take account of the partnership mechanism. This section describes the legal resources available to local governments for implementing redevelopment projects through partnership with the private sector. While the resources range from the U.S. Constitution to local urban renewal programs, the latter have significant and disparate impacts on actual implementation, and each municipality's case will be slightly different. Thus, we have selected a representative case, that of New York State and New York City, to examine in detail.

Levels of Government

Federal Level

For the same reasons land use is the province of state and local government, there is no law directly related to urban renewal at the federal level. The U.S. Constitution only provides the government with the authority to condemn private property for a public use. HUD administers several fund programs such as the Community Development Block Grant Program and the Home Investment Partnership Program, which are designed to support and encourage state and local governments to either develop affordable housing or revitalize declining communities.

One of the essential tools for implementing urban renewal projects is the power of eminent domain. The Fifth Amendment of the U.S. Constitution implies that the government may condemn a private property if two requirements are met: public use and just compensation.[4] Here, however, the meaning of "public use" is too broad to draw a clear line, particularly in the urban renewal context where profit-oriented private developers are the main parties implementing a project. This has given rise to a significant and persistent legal question: i.e., whether the nature of such development falls within the meaning of public use. Over time, the court's definition of public use has become progressively more inclusive.

In 1954, the United States Supreme Court adopted the legal justification for the broad interpretation of the Fifth Amendment's "public use" notion in Berman v. Parker. In the case, the city tried to condemn a "non-blighted" [5] department store to implement an area-wide urban redevelopment project. The court wrote that "the concept of the public welfare is broad and inclusive... The values it represents are spiritual as well as physical, aesthetic as well as monetary. It is well within the power of the legislature to determine that the community should be beautiful as well as healthy, spacious, as well as clean, well-balanced as well as carefully patrolled" (Berman v. Parker, 348 U.S. 26, 1954). This decision significantly expanded the government's power in exercising eminent domain for urban renewal.

Although the federal government's powerful, mid-century urban renewal program ground to a halt in the face of fierce attacks in the 1970s, this broad interpretation of "public use" was not curtailed. Most recently in 2005, the United States Supreme Court in Kelo v. City of New London upheld that the government's power of eminent domain is constitutional under the Fifth Amendment of the U.S. Constitution even if the condemned parcels are transferred to a private developer. Notably, the parcels in the dispute were not in a blighted condition. Nonetheless, the court reasoned that the use of eminent domain remained within the meaning of "public use" as the urban renewal project will eventually benefit the City of New London by enhancing the economic base and revitalizing the city, which has been struggling with decline. In this case, four dissenters were concerned that this ruling would "allow condemning authorities too much latitude in justifying public interest for the primary purpose of promoting private economic interests" (Nolon and Salkin, 2006:240).

Despite the far-reaching rationale for the use of eminent domain, the evolution of case law to date show that U.S. courts have been extremely cautious in adopting such a broad rationale. In 99 Cents Only Stores v. Lancaster Redevelopment Agency, a California case in 2001, the court invalidated the condemnation to expand a Cosco on the ground that the authority's use of eminent domain was only for the private interest of Cosco. In Casino Reinvestment Development Authority v. Banin, the New Jersey court also used similar grounds to reject the condemnation, which would have allowed Donald Trump to

[4] The Fifth Amendment provides that "...nor shall private property be taken for a public use without just compensation...."

[5] Blight is discussed in more detail in the Indicators section.

expand his hotel and casino. In Bailey v. Myers, the Arizona state court struck down the condemnation, finding that the condemning authority's economic development project lacked the "public use" requirement. Consequently, although the definition of public use to accomplish the goals of urban renewal project is broadly interpreted and courts also defer to the legislature's determinations on pubic use, at a minimum legislatures must have a clear public goal if their exercise of the power of eminent domain for urban renewal is not to run afoul of the Fifth Amendment.

State Level

Article I, §7 of the New York State Constitution contains the same language as the Fifth Amendment of the U.S. Constitution regarding takings and compensation, but the New York law further emphasizes the public use requirement when taking is necessary. In the New York State Constitution, Article IX(e) grants the authority to use the power of eminent domain within the scope of public use. The New York State Eminent Domain Procedure Law, which spells out condemnation procedures for private property, also ensures that private property may be condemned only for "public use, benefit or purpose" (EDPL, Article 2). Thus, to condemn a private property for urban renewal, the prerequisite of "public use" must be satisfied.

Specifically, Article XVIII, § 1 of the New York State Constitution allows the legislature to provide for the clearance, replanning, reconstruction, and rehabilitation of a substandard and unsanitary area. Under this authority, Article 15 of the New York General Municipal Law (NYGML), along with Article 18-c for urban redevelopment, provides the detailed legal sources for urban renewal. In essence, the article authorizes each municipality "to plan and undertake one or more urban renewal projects" and gives them "the powers necessary or convenient to carry out and effectuate such project…" (NYGML, Article §503).

Most importantly, the lead public party in urban renewal is an intermediary agency governed by NYGML and the Urban Development Corporation Law, in which authorities, roles, and programs are provided. Under such authorities, the state may delegate its powers to local governments, public or quasi-public agencies, or corporations in accordance with the NYGML (NYGML, Article 15, §506 & Article 15-A).

SOURCE		CONTENTS
New York Constitution	Article I, §7	Takings and compensation
	Article X, § 1(e)	The power of eminent domain
	Article XVIII	The state legislature's power to prescribe the clearance, replanning, reconstruction, and rehabilitation of substandard and unsanitary areas
New York Eminent Domain Procedure Law		The procedure for condemning private property
New York General Municipal Law	Article 15 Urban Renewal	The purposes and requirements for Urban Renewal
	Article 15-A Urban Renewal Agencies	The creation of urban renewal agencies and their powers to carry out urban renewal projects

	Article 18-C Municipal Redevelopment Law	The purposes and requirements of municipal redevelopment
New York Codes, Rules and Regulations	Title 9 Subtitle S, Chapter V	The regulations for effectuating and regulating Urban Renewal Programs in New York State

City Level

Municipalities are authorized by state laws to undertake urban renewal projects and granted the powers necessary to implement them. This includes the acquisition and transfer of property to a third party conducting the project, borrowing money or issuing bonds, and cooperating with the federal government or an urban renewal agency (NYGML, §503 & §506). Municipalities in New York State that are considering an urban renewal project must follow the basic requirements of Article 15 of NYGML and Title 9 (Urban Renewal Assistance Program) of the New York Codes and Rules and Regulations. To carry out the project at the local level, the municipality must first prepare land use laws, such as the zoning law and subdivision control. The municipality may also utilize any programs and tools that the federal and the state government provide, including direct subsidies and tax credits. In New York City, all legal sources are identical with the sources for general land use. According to the New York City Charter, the New York City Administrative Code, and the New York City Rules and Regulations, the Department of City Planning and the City Planning Commission has the authority to initiate urban renewal projects, to delegate authority to an intermediary corporation, to provide other administrative supports like special permits and variances, and to rezone the existing zoning regulations.

Intermediary Corporations as Major Actors in the Public Sector

Intermediary agencies or corporations created by state law can act as the lead party for an urban renewal project on behalf of city government or municipality. This legal device fills the gap between public and private parties and is granted the powers necessary to implement an urban renewal project. Such entities can play a major part in successful urban renewal projects, particularly in distressed cities where market forces alone are not sufficient to attract a private developer to redevelop or revitalize the areas in question. While some state statues allow such incentives when the purpose is economic development, redevelopment, or affordable housing creation, constitutional and state legislative standards generally prohibit state and local government from providing a private entity with public assets, such as land, infrastructure, tax, and financial benefits (Nolon and Salkin, 2006:243). To avoid this common limitation and provide a private developer with these public resources and supports, an intermediary corporation can be established. As a quasi-public agency, it can legally take advantage of various programs or tools that cannot be given to a private sector and then pass those benefits along to the private sector. Intermediary corporations also enjoy the additional powers of issuing tax-exempt bonds, exercising the power of eminent domain to acquire parcels, and making sale-and-leaseback arrangements to provide real estate tax exemptions (Nolon and Salkin, 2006:244).

A municipality may also delegate to an intermediary agency or corporation such diverse powers as the state legislature has delegated to the municipality, effecting conferring actual responsibility on the intermediary body. The principle powers delegated to the intermediate corporations are those of Article 15-A §554 of the NYGML, which empowers the designated party "to plan and undertake one or more urban renewal projects" and to "have the powers necessary or convenient to carry out and effectuate such project....” These agencies go by a variety of names characterized by their jurisdiction: Urban Development Corporation, Urban Renewal Agency, Industrial Development Agency, and Economic Development Corporation. In New York State, the primary entity is the Empire State Development Corporation (ESDC), while the Economic Development Corporation (EDC) is the primary entity in New York City. The former was created in 1968 under the New York State Urban Development Corporation Act through the merging four agencies: the Department of Economic Development, the Urban Development Corporation, the Job Development Corporation, and the Science and Technology Foundation. This corporation has wide ranging power to achieve its goals, including exemption from many zoning requirements, most taxes, and public review processes. While the ESDC operates throughout the state, including New York City, New York City itself employs the EDC. The EDC was created in 1991 through the merger of the Public Development Corporation (PDC), which was created in 1966 to combat urban decline, and the Financial Services Corporation (FSC), which was established in 1980 to administer government financing plans and the Industrial Development Agency (IDA). Because it was not formed under the Urban Development Corporation Act, the EDC is not strictly an intermediary agency for urban renewal . However, it enjoys the powers nearly commensurate with the EDSC within a more territorially limited jurisdiction and serves many of the same functions as the ESDC, working in conjunction with the Department of City Planning on numerous projects intended to revitalize communities and neighborhoods. One major exception, however, is that the ESDC is able to bypass local zoning regulations and processes, while the EDC is subject to those restrictions.

Within cities at the community level, local development corporations (LDCs) may be founded as a not-for-profit organizations pursuant to New York Not-For-Profit Corporation Law §1411. These corporations can work more closely with affected communities. For example, the Lower Manhattan Development Corporation (LMDC) was created as a subsidiary of the ESDC to revitalize the area of Lower Manhattan that had been destroyed by the 9/11 attack.

Legal Standards for Designating Urban Renewal Districts

In contrast to the detailed objective guidelines to designate urban renewal districts written into Korean urban redevelopment laws, the legal standard for urban renewal in the U.S. law is very abstract, relying on open-ended terms like “blighted area”. The ambiguity in such terms endows local government agencies with a great deal of discretion in interpreting the statute. These interpretations are subsequently often the subject of legal dispute. For example, the New York State General Municipal Redevelopment Law defines a “blighted area” as “an area within a municipality in which one or more of the following conditions exist: (i) a predominance of buildings and structures which are deteriorated or unfit or unsafe for use or occupancy; or (ii) a predominance of economically unproductive lands, buildings or structures, the redevelopment of which is needed to prevent further deterioration which would jeopardize the economic well being of the people.”[6]

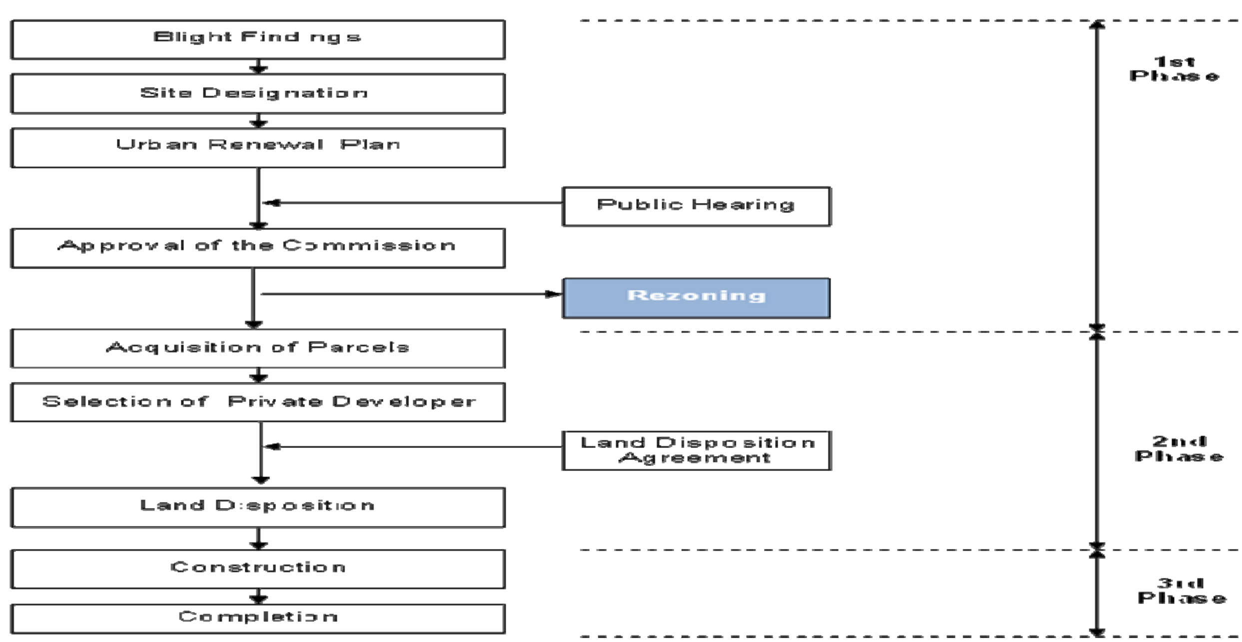
[6] §970-c; The term of “substandard or insanitary area” is used in Article 15 § 502 of NYGML, which provides that “the term “substandard or insanitary area” shall mean and be interchangeable with a slum, blighted, deteriorated or deteriorating area, or an area which has a blighting influence on the surrounding area, whether residential, non-residential, commercial, industrial, vacant, or land in highways, railway and subway tracks, bridge and tunnel approaches and entrances, or other similar facilities, over which air rights and easements or other rights of user necessary for the use and development of such air rights, to be developed as air rights sites for the elimination of the blighting influence, or any combination thereof and may include land, buildings or improvements, or air rights and concomitant easements or other rights of user necessary for the use and development of such air rights, not in themselves substandard or insanitary, the

One of the first steps in pursuing urban renewal projects is the designation of a "blighted area" to be redeveloped. This is usually carried out by an urban redevelopment or housing authority utilizing power delegated to it by the legislature. The law also grants the authority to determine a "blighted area" to the legislative bodies of municipalities and requires a project feasibility study of the designated area and preliminary plans for the redevelopment project (§970-d, e). If the legislative body approves the preliminary plan, then a redevelopment plan, which is more specific and detailed, is provided along with the planning board's or commission's reviews and recommendations (§970-g). If the legislative body approves the detailed plan, it is formally adopted and becomes legally binding. The intimate involvement of the legislative body in approving definitions of blight and redevelopment plans makes the question of what constitutes a "blighted area" both a legal and political question in nature (Am. Jur. 2d, Housing Laws and Urban Redevelopment § 19). In practice, the courts are generally inclined to defer to the findings of the legislative body.

New York courts have considered several factors such as irregular plots, inadequate streets, incompatible land uses, overcrowding and lack of sanitation to determine whether the finding of a "blighted area" was appropriate. The courts have also required "a high degree of practical judgment, common sense and sound discretion" based on the facts that are clearly articulated to support the findings (REIL, 2005:58).[7]

Process

A municipality which has been granted the necessary powers by the state government carries out an urban renewal project in accordance with its own land use laws.



An urban renewal project generally begins with a blight finding and the designation of an urban renewal district. The next step is to adopt a redevelopment plan or urban renewal plan, which involves legislative

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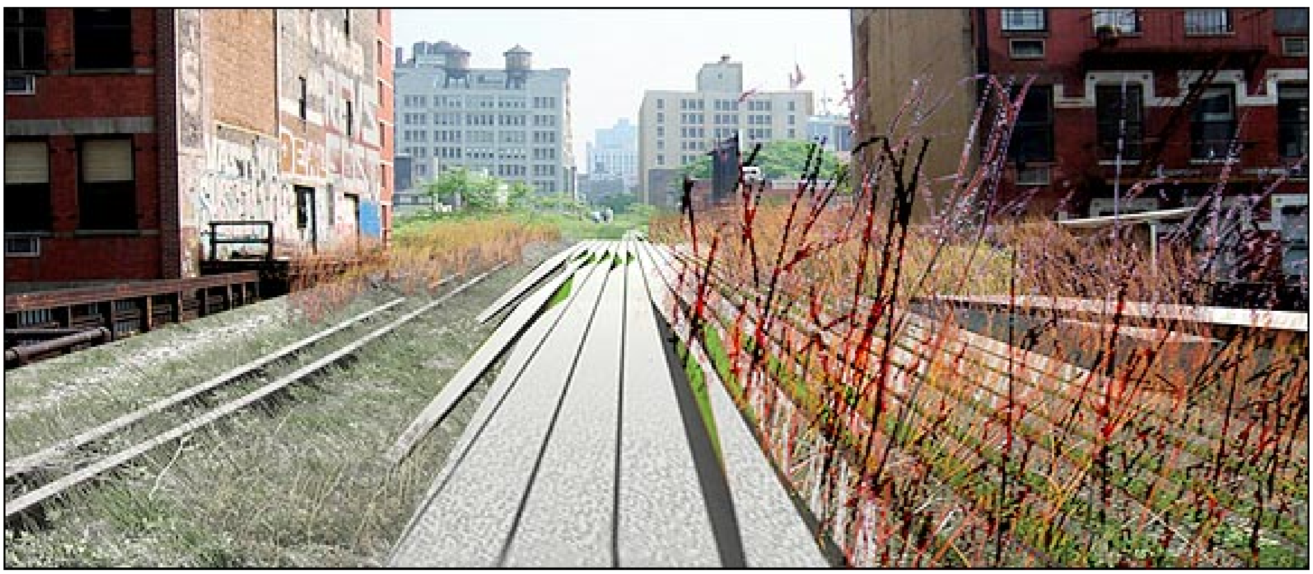
inclusion of which is deemed necessary for the effective undertaking of one or more urban renewal programs."

[7] **For greater detail on indicators of blight see the *Legal Perspectives* section of the *Methodologies* chapter below.**

approval and public hearings. The plan must include the land uses, the manner in which the property was acquired, the structures proposed for demolition and removal, the techniques of urban renewal, the proposed facilities, the proposed new regulations or codes, and the time schedule (REIL, 2005:59). Once the plan is adopted, the land acquisition process is initiated. NYGML §555 empowers municipalities or urban renewal agencies to acquire or assemble land through purchase, gift, or condemnation for a public purpose. Following or concurrently with the demolition of necessary buildings and site preparation, one or more developers are selected via requests for proposals (RFP) or requests for quotes (RFQ), and the parcels are transferred to the selected developer for development. At this stage, the local government and the developer sign a land disposition agreement that describes both parties' obligations in regard to the project.

In the meantime, the municipality may need to amend its land use laws. For example, to reflect the urban renewal plan in the zoning law, the municipality might have to amend the zoning through the rezoning process. In most municipalities, rezoning is a legislative act. In New York City, rezoning requires conformity with the Uniform Land Use Review Process (ULURP) prior to the approval of the City Council.



Zoning Techniques

Municipalities may also employ its broader authority in fostering urban revitalization to augment urban renewal projects. Among other things, the municipality may relax zoning regulations or adopt various zoning tools to give the municipality more flexibility in implementing a project. For example, an urban renewal district as an overlay zoning may overlap existing zoning to preempt those regulations; incentive zoning may be used to provide more public amenities or benefits in return for giving incentives to the developer; cluster zoning or planned unit development (PUD) may be adopted to enable the developer to design in a more flexible way; floating zoning may also be used to allow the municipality and the developer to have flexibility in considering and selecting a site for urban renewal. Recently, the New Urbanist's visions have introduced traditional neighborhood development (TND), which allows for mixed-use development consisting of various types of residential, commercial, open, and pedestrian space, a combination not easily achieved by conventional zoning systems. In addition to these diverse

Figure 2. A rendering of the proposed design for the High Line looking south from 22nd Street and 10th Avenue

zoning methods, transfers of development rights (TDR) may be used to preserve critical environmental or open spaces by allowing denser development in a certain area. For example, TDR has been adopted as one of critical tools for the comprehensive plan to revitalize the High Line and its surrounding areas in Manhattan.

Risk and the Public and Private Sectors

Private developers, especially large ones, generally perceive two major hurdles that make them reluctant to participate in an urban renewal project: financing and the approval process. Thus, to attract developers, local governments often provide not only financing tools such as tax credits, tax exemptions, and subsidies but also administrative and legal relief in relation to approval for the project.

Usually in the U.S. land use system, vested development rights are not easily granted. Even if a developer has invested substantial amounts of money with a government permit or discretionary approval, zoning amendments or changes may revoke the permit under the vested rights doctrine if that investment has not been made in good faith under a building permit or relying on the probability that one will be issued. In New York City, "a landowner acquires vested rights after a permit is approved and the landowner puts a "shovel in the ground to begin work in reliance on the approval" (Nolon and Salkin, 2006:126-27). Thus, without any contractual protection, private developers may not wish to expose themselves to such risks. To inject more certainty into a potential project, actors in the public and private sector may enter into a land disposition or development agreement that freezes the zoning regulations for a particular site. In return, the public sector secures the private sector actor's obligation to achieve the comprehensive goals sought after in urban renewal projects. Such agreements constitute contracts between a local government and a developer. They usually contain the goals of project, a description of subject property, closing conditions, master plans, architectural plans, requirements for public improvement, a schedule for construction, defaults and remedies, and other agreements between the parties.

Significantly, these types of agreement must be founded on an enabling law that gives local governments the authority to enter into them. To date, thirteen states have adopted such legislation. New York is not one of those states. As a result, municipalities in New York lack the statutory authority to enter land disposition agreements and any such agreements may be subject to legal challenge (REIL, 2005:158).

Another common way local governments provide administrative relief is the preparation of Generic Environmental Impact Statements (GEIS). When required, a local government can expedite the approval process by preparing a GEIS on behalf of the private sector actor. In preparing these costly and time-consuming documents that a central element in most public review processes and taking them through those processes, local governments relieve the private sector of both administrative and financial burden.

3. History of Urban Revitalization Policy in the United States

Introduction

The history of urban revitalization policy in the United States involves complex interaction among the institutions, actors, and resources of both the public and private sectors. As explained in the previous section, municipalities in the U.S. are somewhat autonomous and self-sufficient, especially since achieving "home rule" during the Progressive era of the early 1900s. While this decentralized arrangement allots most land use authority to the municipalities, they are also obliged to provide a wide array of essential services to their residents using locally generated revenue. Despite having these robust responsibilities for the well-being of their citizens, however, cities' economic and physical development have been overwhelmingly driven by private investment. Even the most aggressive attempts by government to direct urban revitalization have been geared toward providing optimal conditions for the private development of property.

For the most part, urban revitalization strategies are place-based and have focused historically on transforming the built environment. In the words of Columbia University sociologist Herbert Gans:

> [C]ity planning has traditionally sought community betterment through so-called physical methods, such as the creation of efficient land-use and transportation schemes, the sorting out of diverse types of land use, and the renewal of obsolescent areas and buildings to achieve functional, as well as aesthetically desirable, arrangements of structures and spaces. (Gans, 1963:1)

While another strain of revitalization policy has emphasized the importance of "human renewal," or people-based strategies, physical redevelopment still holds a privileged position on the agendas of most local governments, which frequently use public power and money to promote the development of office buildings, hotels, stadiums, and other facilities.

This section will provide a historical narrative of the origins and evolution of urban redevelopment programs in the United States. It will focus on the causes and processes of urban decline, especially during the period following World War II, while examining the responses by each level of government to technological advancement, changing settlement patterns, and economic restructuring. We first briefly review some of the institutional arrangements and dynamic forces that are apparent throughout this empirical narrative.

Institutional Arrangements and Dynamic Forces

Culture of Privatism

It has been argued that the continuous and pervasive ideology of privatistic growth has historically shaped the relationship between the public and private sectors in the United States, particularly in the area of urban redevelopment policy. This dates back to the 19th century, when state and municipal governments responded to requests by urban land speculators and commercial interests to build canals, railroads, and other infrastructure projects that increased land values and helped secure market niches for local entrepreneurs. Writing about this early period, historians Charles N. Glaab and A. Theodore Brown held, "the community's general interest crystallized around a project conceived to stimulate growth, and the community's character was cast in terms of the success of its businessmen (Glaab and Brown, 1976:36). Even with the emergence of the interventionist practice of city planning, it has been argued that the profession has principally "served to identify, organize, and legitimate the interests of capital in the sphere of urban development" (Fogelsong, 1986:6).

Thus, despite the expansion of state activity at all levels of government, the accommodation of private economic activity has continued to be of paramount importance in the policymaking process. According to historian Sam Bass Warner, "the tradition of privatism is…the most important element in our culture for understanding the development of cities…[the] local politics of American cities have depended for their actors, and for a good deal of their subject matter on the changing focus of men's private economic activities" (Warner, 1968). This ideological commitment to privatism has had a profound impact on urban redevelopment policies. Writing about contemporary economic development arrangements, Robert Beauregard (1997) contends, "When combined with the functional and political dependence of governments on the performance of the economy, privatism assures that public-private partnerships are dominated by their private partners and designed to address issues of growth in ways that enhance capital accumulation."

Local Competition for Growth

A related and equally persistent force shaping urban development policy is the interjurisdictional competition for growth among U.S. local governments. According to Alan Altshuler and David Luberoff (2003:4), one of the fundamental attributes of urban politics through American history is that "cities are conspicuous for the emphasis they place on growth and in the intensity with which they compete with one another for it."

This is largely the consequence of (a) a decentralized government structure that requires cities to cover the costs of their services and (b) a federal government that has rarely sought to curb this competition for investment among states and localities. Therefore, city governments are perpetually under pressure to attract businesses that can provide economic opportunities for city residents and contribute to the local tax base. As localities heavily rely on property taxes as a source of revenue, Susan and Norman Fainstein (1983:251) note, "[T]he system of finance compels every local state at least to maintain its revenue base by attracting investment which contributes to the market value of real property." The increased mobility of capital and the internationalization of economic competition have intensified this phenomenon, and urban revitalization initiatives are often pursued under the auspices of enhancing a city's competitive position in the global market.

Local Revitalization Policy in a Federalist System

U.S. urban revitalization policy must be understood in the context of shifting relations between various levels of government in the federal system. For much of American history, it was generally assumed that the federal government had no legitimate interest in local affairs. During the second half of the 19th century, municipalities assumed responsibility for the provision of essential services, such as water and sewage infrastructure, and eventually regulated land-use and housing standards as well. The adoption of these governmental functions and the undertaking of major public works projects were mostly driven by a local decision making process and were justified in terms of their contribution to public welfare by giving cities a strategic advantage in terms of investment.

The response to the Great Depression altered the structure of intergovernmental relations by bringing about a direct relationship between municipalities and the federal government. This dynamic was strengthened during the postwar era, when local political leaders were empowered with substantial resources to pursue revitalization policies in the face of urban decline. Since the 1970s, however, the federal government has cut back both funding and oversight, which has altered the techniques used by municipalities to promote growth and renewal.

Evolution of Revitalization Policies as Public-Private Partnerships

According to Robert Beauregard (1997: 52), “public-private partnerships in the United States are neither a recent phenomenon nor an unchanging policy instrument of local government.” Beauregard broadly traces four historic forms of partnership that developed in the United States as a response to political and economic forces: patronage and booster partnerships in the late 19th and early 20th centuries, and redevelopment and “growth-for-any-reason” partnerships in the post-World War II era.

The following report begins with the state response to the Great Depression, and largely examines urban revitalization policy through the lens of evolving public-private relationships. The early postwar period was characterized by a relatively “pure” form of public-private partnership, in which business leaders joined with local governments to establish urban redevelopment authorities that marshaled a massive influx of federal funds to plan for downtown redevelopment projects. Since the 1970s, federal disengagement from urban policy has left cities with scant resources to pursue revitalization on their own, resulting in a “motley collection” of public-private initiatives that generally rely on inducements to private investors rather than direct public investments. These new programs and institutional arrangements will be detailed at the conclusion of the report.

Figure 3. Aquatic Park, San Francisco

The New Deal

State responses to the economic devastation of the Great Depression constitute the first national urban policy, which was largely focused on metropolitan central city revitalization (Fox, 1986:109). Before this period, it was assumed that the federal government had no legitimate interest in local urban affairs (Judd, 2002:122). Morton Wallerstein wrote in 1936 that “Prior to the year 1932 no mention of city appeared in the statutes of the United States…Such a thing as the federal government dealing directly with the cities was absolutely unknown” (Chudacoff, 1994:330). However, the depression initiated a financial and social crisis in cities that required federal intervention. According to Brown and Glab, “for the first time the policies of the national government were formally and explicitly directed toward shaping the character and quality of life in American cities” (1983:297). Furthermore, the intergovernmental programs that resulted from the New Deal established a template that shaped urban revitalization initiatives for the next thirty years by establishing an administrative structure for the provision of federal funds to support local development agendas. As John Mollenkopf writes, “[T]he slum clearance projects, the parkways, the new public buildings, and publicly subsidized private housing construction all showed how government could accelerate and direct market forces” (1983:71).

Figure 5. Triborough Bridge, New York City, 1936

Figure 4. Olympic Trials 1936 Kitty Rawls in Astoria Park, New York

During the 1920s, cities had borrowed money to finance public improvements and capital construction projects largely related to the advent of the automobile: roads, traffic signals, police cars, garbage trucks, and so on. In addition, they had increased spending for education and other services. When the depression hit in 1929, many cities were already in debt and now faced rising unemployment, poverty, and disinvestment. The sharp decline in economic activity cut heavily into local tax bases at a time when raising taxes in order to generate revenue was clearly not an option. According to Dennis Judd (1979:136), cities "simply lacked the financial resources to cope with the emergency," and state governments were largely unwilling to act on their behalf.

Meanwhile, about a quarter of Americans were jobless by 1932. The problem was especially pronounced in the country's larger, older cities, where unemployment rates approached 40 percent in Chicago, 30 percent in New York, and 26 percent in Cincinnati. This resulted in immense pressure for the enactment of emergency relief measures to address hunger and unemployment. In May, 1932, twenty-six mayors coalesced to form the nucleus of what would become the United States Conference of Mayors, a permanent organization formed to lobby the federal government for urban aid. This marked a turning point in the relationship between municipalities and the federal government, as reflected in a statement by the director of a federal agency in 1934: "it has been said that the Federal Government has discovered the cities, it is equally true that the cities have discovered the Federal Government." (Gelfand, 1975:37) During this period, urban advocates such as charitable institutions and social workers increasingly focused their efforts on the federal government also.

Upon the election of Franklin Roosevelt, the federal government enacted a host of legislative and administrative measures dubbed the New Deal, which were geared toward bringing about relief and recovery. Collectively these programs had an immense impact on the built environment of cities. The Federal Emergency Relief Administration (FERA) was created and authorized to distribute $500 million to state and local agencies to specifically aid residents of cities, 42 percent of which was spent in heavily urbanized northern states. For the most part, unemployment relief took priority with the creation of the Civil Works Administration (CWA), which was a temporary program geared toward providing jobs for the poor. Within one year, the program employed more than four million Americans to build and repair streets and roads, modernize school buildings, lay 12 million feet of sewer pipe, and renovate streetcar systems. In New York City, Robert Moses used 68,000 CWA workers to vastly improve the city's public parks (Teaford, 1986:82). Shortly after the CWA closed shop in 1935, the Roosevelt administration created another jobs program called the Public Works Administration (PWA) to finance public projects, many of which were located in municipalities. This program channeled $4.5 billion to cities between 1936 and 1941 and was responsible for the construction of large-scale urban projects, including New York City's Triborough Bridge, the world's largest sewage treatment plant in Chicago, and monumental civic centers in Kansas City and Oklahoma City. The Works Progress Administration (WPA) was created shortly after and was even more ambitious, spending $11 billion and employing almost one-fifth of the nation's work force at one time or another between the years 1936 and 1941. The WPA was responsible for 500,000 miles of roads and streets, 100,000 bridges and viaducts, and 125,000 public buildings, such as libraries and schools (Chudacoff, 2005:235; Teaford, 1986:83). These New Deal programs also helped transform the architectural profession by providing employment opportunities for a new generation of young architects committed to modernism.

During this period, there was also increased attention to issues related to the deterioration of the built environment, particularly in the country's older cities. The construction industry was the hardest hit segment of the economy during this period (Teaford, 1986:75). For instance, while almost 43,000 residential units had been erected in the city of Chicago during a building boom in 1926, only 8,000 units were built from 1931 through 1936. At the same time, existing housing conditions worsened considerably, especially in low-income neighborhoods. In 1934, the Civil Works Administration conducted the first Real Property Survey to assess housing conditions and discovered that nearly 30 percent of urban dwellings were substandard. (Gelfand, 1975:111) Between 1928 and 1933 construction of residential property fell 95 percent and the amount spent annually on housing repairs dropped from $55 million to $500,000 (Brown and Glaab, 1983:299). Property-tax delinquency was also prevalent in cities, with 25.2 percent of local taxes going unpaid in 1930 among the 145 cities with fifty thousand or more inhabitants (Chudacoff, 2005:231). Historians Howard Chudacoff and Judith Smith (2005:237) therefore contend that, "by amplifying local decay, the depression alerted even the most economy-minded leaders to the costs of physical deterioration."

Figure 6. Lakeshore Drive Bridge, Chicago, 1937

The heightened awareness of issues related to the built environment was reinforced by the concurrent lobbying efforts of two groups with radically different orientations: housing advocates and social workers on the one hand, and downtown merchants, banks, large corporations, realtors, and other business and property interests in the central part of the city on the other. According to historian Mark I. Gelfand (1975:59), these "groups used the economic crisis to secure a lasting national commitment to the improvement of the urban environment." Indeed, historian Marc A. Weiss (1980:55) argues "urban renewal was discussed seriously as a public issue" for the first time after the collapse of the urban real estate boom of the 1920s and the onset of the Great Depression. It was also during this period that two words gained a prominent place in the vocabulary of policymakers: "slum" and "blight."In the aftermath of the Depression, downtown property and business owners and real estate developers began promoting a program dubbed "district replanning," which was heralded as the solution to the problem of "blight." While "slum" was used to describe a high-density, unsanitary and often crime-ridden neighborhood, "blight" was an economic concept that indicated declining property values and obstacles to profitable investment in an area. The coalition of landowners and business owners turned to government to sponsor large-scale efforts to help redevelop the blighted areas bordering the central business district (CBD) for profitable commercial use and high-income residential developments. This "district replanning" initiative was first detailed at President Herbert Hoover's Conference on Home Building and Home Ownership in 1932. In a report stemming from the conference, the Committee on Blighted Areas and Slums formally distinguished between blighted areas, which it defined as an "economic liability to the community," and slums, defined as a "social liability." While the Committee acknowledged that high-density slums were often profitable from the property owners' perspective, it argued that slums should nevertheless be cleared since "they are not infrequently found to exist on highly accessible and thus potentially very valuable, urban land" (Weiss, 1980:55). The proposed solution was wholesale demolition of existing structures and large-scale rebuilding projects. Government would play a central role by using eminent domain to assemble the land and provide ancillary infrastructure improvements, since most developers did not have the capital to finance such ambitious operations. The land would then be turned over to private developers for rebuilding.

The Committee on Blighted Areas and Slums contended this approach was legal since "the elimination of slums is a public purpose," and expressed its confidence "that a large portion of the group displaced by slum clearance will be able to find suitable accommodations elsewhere." Thus, according to Weiss (1980:57), "by 1932 the basic plan for what was later called urban renewal was already clearly spelled out." Although the property and business lobby did not propose this federal solution in 1932 because a massive expenditure of public funds did not seem feasible, the far-reaching New Deal initiatives, especially the public housing program, would change this perception.

As previously mentioned, housing advocates, social workers, and labor unions considered the pronounced economic and physical devastation of the urban housing stock to be an opportunity to promote slum clearance and the development of government funded, low-cost housing. The Roosevelt administration's early efforts to address the housing crisis focused on stabilizing financial conditions for homeowners and mortgage lenders through newly created agencies such as the Home Owners Loan Corporation (HOLC) and the Federal Housing Authority (FHA). However, in 1933 the Public Works Administration created an Emergency Housing Division responsible for addressing the physical deterioration of urban areas by financing local projects for slum clearance and constructing affordable housing. The program was relatively modest in size and its major emphasis was on work-relief and self-liquidating projects.

In response to the continued pressure from advocates and reformers, the Wagner-Steagall Housing Act was passed in 1937, creating the U.S. Housing Authority (USHA). The bill authorized $500 million for loans and grants to state and local authorities for slum clearance and housing developments, stipulating that units be designated for the lowest income third of the population. The property and business interests who were pushing for district replanning vehemently opposed the housing act, arguing that its socialistic tendencies undermined the free housing market. However, at the same time the creation of the U.S. Housing Authority, in the words of Marc Weiss (1980:64), "played a vital role in paving the way for the federal urban renewal program by clearing away the legal, political, and institutional roadblocks." Politically, the housing program had popularized the idea of intergovernmental public action to clear slums. Legally, the housing initiative established that eminent domain was an appropriate tool for clearing slums and blighted areas. It is important to understand that, in the minds and legal decisions of judges during this period, the "public purpose" of the rehousing program was not deemed to be the social benefit of providing housing, but the economic service of clearing blighted areas.

Finally, the housing program established a precedent for federal-local redevelopment partnerships. In most cities, the federally funded projects were implemented by local housing authorities. Local elected officials noted that these projects were politically useful, especially in patronage-driven political machines, because they generated work for contractors, construction suppliers, building trades workers, architects, landscapers, planners, and engineers. For these reasons, despite the starkly different objectives of the "district planning" proposal and the public housing initiative, "the realtors and financial institutions who had fought against public housing began to push for urban redevelopment much more vigorously after 1939, as soon as the threat of an expanded low-rent housing program had been squelched" (Weiss, 1980:65). The USHA's request for additional authorizations had been denied in 1939 and 1940.

Indeed, these business and property interests intensified pressure on public officials to approve a massive urban redevelopment program in which the construction of low-cost housing was not a requirement. The effort was led by the National Association of Real Estate Boards (NAREB), which initially focused its attention on selling the "district replanning" proposal to state governments. NAREB established a research organization called the Urban Land Institute (ULI), which became an independent organization in 1940 to provide "advisory service to aid cities in replanning and rebuilding" (Weiss, 1980:59). During the next two years the ULI published studies on Boston, Cincinnati, Detroit, Louisville, Milwaukee, New York City, and Philadelphia, locating opportunities for each city to condemn land in blighted areas near the central business district to then sell or lease to private developers. It also recommended that the federal government fund localities which chose to pursue these projects. In 1941, NAREB's efforts led to the Report of the Association's Committee on Housing and Blighted Areas, a federal government study which was mostly penned by NAREB's director and several prominent realtors (Gelfand, 1975:115). The report contended that states and municipalities did not have the $40 billion needed to purchase the vast areas of blighted land which were in dire need of redevelopment and that a federal-municipal-private enterprise partnership was required. The report emphasized the difficulties and considerable cost of assembling land as the main obstacle to sound urban redevelopment and suggested the creation of metropolitan land commissions possessing broad condemnation powers and federal funds. The two conditions for federal assistance would be that the redevelopment project conform to comprehensive master plans for the entire city and that the rebuilding be handled completely by private developers (Gelfand, 1975:117).

Historian Jon Teaford (1990:12) explains that in the years following the report's release, "World War II diverted capital, labor, and materials to the battle abroad, thwarting immediate realization of the plans for physical renewal." At the same time, on the local level, private and public sector elites began to establish partnerships aimed at revitalizing downtown business districts. For instance, in 1943 the Allegheny Conference on Community Development was formed in Pittsburgh by industrialist and financier Richard K. Mellon and was composed of the chief executive officers of the city's major corporations. The objective of the Allegheny Conference was to develop a coherent, corporation-oriented redevelopment strategy for the city and to garner support from the public sector in facilitating their plans (Levine, 1989:19). For the most part, however, these years represented an interlude in major urban redevelopment schemes, as private construction for non-defense purposes mostly halted and the U.S. government was preoccupied with mobilizing the nation for war.

During this period, two programs stand out for their impact on the built environment of cities. Through the War Production Board, the federal government increased private plant investment almost 60 percent between 1939 and 1941. This $23 billion investment mostly benefited the emerging Sunbelt cities in the South and West rather than the older manufacturing centers in the Northeast. In this respect, wartime investment reinforced prevalent postwar migration patterns, where Sunbelt cities gained population relative to the country's older urban centers (Mollenkopf, 1983:102). In 1940 Congress also passed the Lanham Act, which allocated $150 million to construct "community facilities" for defense workers across the country. Between 1941 and 1946, the Lanham Act funded about 4,000 public works projects across the country, including 1,149 schools, 905 water and sewer facilities, 874 hospitals, 776 recreation facilities, 160 fire and police stations, 90 child care facilities, and 86 street and highway projects (Hanchett, 1996:287).

Urban Renewal

The postwar years marked a watershed period for government sponsored urban redevelopment policies in the United States. Before diving into this history, it is important to review the root causes of the much-chronicled symptoms of economic and physical decay that cities endured during the postwar period. In the words of Jon Teaford (1990:3), "To understand the development of [revitalization] policy, it is necessary to recognize the marked changes in technology, demographics, and settlement patterns that threatened the aging urban giants."

While the U.S. economy entered a long and steady period of growth and productivity after World War II, older cities experienced losses of both residents and employers to the suburbs. These cities had originally prospered as centers of manufacturing production, wholesale trade, and retail sales. However, according to Teaford (1990:4), "New modes of transportation, an influx of poor migrants, and the unprecedented competition from the suburbs now placed these older urban centers at a disadvantage in the struggle for businesses and residents who would pay more in taxes than they required in services." The emergence of an automobile-dependent culture combined with federal housing and highway policies to undermine the geographical advantages of older municipalities. To be sure, manufacturing employment everywhere had begun to decline as a percentage of the overall workforce, but the development of suburban communities, highways, and truck transportation enabled factories to vacate cities in favor of their periphery or beyond.

In the postwar years, the federal government offered low-interest loans to military veterans and mortgage insurance to all to subsidize the construction of thousands of suburban real estate developments. The number of new, suburban houses went from 326,000 in 1945 to over one million in 1946 and two million by 1950. This suburban construction boom—and the exodus of traditional industries–was greatly facilitated by Congressional authorization in 1947 for the construction of a 37,000-mile national highway network that provided direct access to these emerging communities. The impact was immediately evident. By 1950 the suburban population was growing ten times faster than that of central cities, and between 1950 and 1960 eleven of the twelve largest cities lost population while their suburban rings grew exponentially (Teaford, 1986:109).

Figure 7. La Guardia Airport, 1947

Urban retailing also decentralized as sales rates lagged behind the outlying areas. Suburban malls, featuring closed arcades and sprawling parking lots, replaced downtown department stores as the major retail marketplaces. Meanwhile, this suburban growth was largely off-limit to African-Americans due to various forms of racial discrimination, both legally sanctioned and not. During this period, southern blacks flooded into metropolitan areas, while white, middle-class and affluent residents, employers, and employment opportunities increasingly moved out. Discrimination persisted in the city as well, as city leaders and businesses largely blamed the consequent emergence of black ghettoes in central cities for the decline in downtown property values. This reinvigorated their calls for the elimination of "blighting" slums in order to stimulate investment in central business districts.

As Altshuler and Luberoff (2003:14) explain:

> central-city leaders experienced a growing sense of desperation. In order to head off a death spiral, they came to believe, nothing short of radical surgery would do—to clear away slums, to assemble and write down the cost of large development sites, to build expressways from the suburbs and regional airports into downtown, and more generally to retrofit 'obsolete' elements of the urban fabric for the dominant technologies and corporate space demands of the second half of the twentieth century.

Central-city businesses and politicians clearly perceived that the role of downtown was narrowing in terms of business, industry, and amusement functions, and "urban leaders sought to unite the diverse elements of the city behind this program of physical amelioration, patching over social and political divisions with a booster rhetoric promising a better life for all" (Teaford, 1990:7). The postwar political environment was amenable to state intervention. There was a general confidence in government, particularly in its ability to stimulate a weak economy through investment and public works. Against this backdrop, city officials and business leaders reprioritized the campaign against "blight" and sought government assistance. According to Teaford (1990:12), "since the perceived problem was one of physical structure rather than of social organization, the perceived answer was physical rejuvenation and reconstruction."

During the mid-1940s, real estate interests renewed their calls for a federal program to help private enterprise convert run-down areas of cities into profitable developments, while housing reformers, labor leaders, and social workers continued to seek the public construction of dwelling units for residents of urban slums. In 1945, Senators Robert F. Wagner of New York, Allen J. Ellender of Louisiana, and Robert A. Taft of Ohio cosponsored a bill that set a goal of 1.25 million new housing units a year to be built over the following ten years. Once again, NAREB and other redevelopment interests lobbied against public housing, instead seeking a slum clearance program that opened up blighted areas for private investment. According to Bernard Frieden and Lynn Sagalyn, "The two lobbies came together just long enough to give critical support to a slum-clearance program as part of the Housing Act of 1949," which had been drafted by the Urban Land Institute (Frieden and Sagalyn, 1989:23; Mohl, 1993:16). The resulting bill was a compromise that, upon its passage, satisfied the disparate groups lobbying for slum clearance through its ambiguities and inconsistencies (Gelfand, 1975:154). Catherine Bauer, a prominent housing advocate who was heavily involved in lobbying congress, concluded that the bill passed "because different groups of people, like the blind men feeling the elephant, made entirely different assumptions as to the essential nature and purpose of this legislation" (Gelfand, 1975:153).

A quick read of the Housing Act of 1949 suggests that it was a triumph for housing advocates. The bill's preamble declares its intention "to remedy the serious housing shortage, to eliminate slums and blighted areas, and to realize as soon as feasible the goal of a decent home and suitable living environment for every American family" (Gelfand, 1975:153). Title I of the bill formally established the practice of urban redevelopment, committing federal funds to the clearance of slums by local redevelopment agencies. Local redevelopment authorities were charged with planning renewal projects, purchasing, assembling, and clearing the blighted properties, and then selling the cleared land to private developers. The federal government committed to paying two-thirds of the difference between the purchase and sale prices and two-thirds of the cost of demolition, sparing private investors the expense of purchasing and demolishing slum buildings (Teaford, 1986:121).

The law's ambiguity largely stemmed from a passage requiring redevelopment projects to be "predominantly residential." While this gave some the impression that it was at essence a piece of housing legislation, the clause actually meant that the condemned land had to be used for residential purposes either before or after redevelopment, thereby enabling redevelopment projects to clear residential areas designated as slums to be replaced with office buildings, shopping complexes, or luxury housing. Furthermore, the bill did not require that low-income housing be built elsewhere for displaced residents of slums. Title II of the bill authorized the construction of 810,000 units of public housing over the next six years, which satisfied advocates who were skeptical of the redevelopment provision of Title I. However, the act failed to connect its affordable housing and urban renewal components, and ultimately only 320,000 units of public housing were built under the program by 1960.

According to historian Mark Gelfand (1975:122), "The task of resolving the act's uncertainties and the conflicting views of Title I's sponsors fell most heavily on municipal politicians." To be sure, local political and business leaders were far more concerned about the decline of central business districts than they were about slum conditions and residents, especially since slums were perceived to be responsible for spiraling downtown property values and retail activity. Most mayors recognized that the programs financed by the 1949 housing act were useful vehicles for shoring up relations with the local business community while promoting investment in central business districts. Thus, according to Dennis R. Judd (2002:186), "Right from the beginning low-income housing was sacrificed to commercial development, a sacrifice made possible by the way federal administrators interpreted the legislation." Any renewal project that allocated 51 percent or more of its funds to housing was designated by federal officials as a "100 percent housing" project, enabling local authorities to allocate as much as two-thirds of their funds for commercial projects despite the "predominantly residential" clause. After localities complained that this relatively loose interpretation was still too constraining, Congress in 1954 authorized 10 percent of grants to be used for nonresidential projects as long as there were "a substantial number" of substandard houses in the area. In 1959, Congress removed the "substantial number" requirement and raised the nonresidential exceptions to 20 percent of total grants, followed by 30 percent in 1961, and 35 percent in 1965.

Furthermore, there was no formal criteria as to what constituted a "blighted" area.[9] City officials had every incentive to stretch the word's meaning as far as possible. For instance, when planning czar Robert Moses sought to develop a renewal project around Columbus Circle in New York City, he carefully carved the project boundaries to make the area "predominantly residential," and claimed that the area was blighted even though the former chief architect of the city housing authority deemed that only 10 percent of the tenements were substandard and only 2 percent of the entire area could be considered a slum (Frieden and Sagalyn, 1989:23).

Coalitions of politicians, businessmen, and labor unions across the country pursued downtown revitalization projects under the urban renewal program during this period. For the most part, "[t]he goal was to revive downtown business districts by razing the slums, bringing new businesses into the core, and attracting middle-class residents back to the city" (Drier et al, 2002:118). These initiatives were often organized by business leaders through organizations such as Pittsburgh's Allegheny Conference on Community Development, the New Boston Committee, St. Louis' Civic Progress, and the San Francisco Planning and Urban Renewal Association (SPUR).

Urban leaders also viewed the federal highway program as a means for reducing traffic congestion and modernizing the antiquated street systems of older urban areas, thus making it easier for suburbanites to work, shop, and attend sports and cultural events in the city. The Interstate Highway Act of 1956 and the Federal Highway Trust Fund increased overall highway spending from $429 million in 1950 to $2.9 billion in 1960 and gave urban areas greater access to these funds. While these projects certainly made cities more accessible to their surrounding areas, they in turn facilitated the economic decentralization and population dispersal to the suburbs that was already underway. Moreover, construction of urban freeways removed land from the city tax rolls, displaced entire residential areas, and created huge concrete walls separating neighborhoods from one another, often along racial lines.

Figure 8. Lower Manhattan Expressway Project

Between 1956 and 1972, urban renewal and urban freeway construction displaced about 3.8 million residents from their homes and was increasingly referred to by critics as "Negro removal" due to its focus on black neighborhoods (Dreier et. al, 2004:119). Federal highway programs did not require relocation housing for people displaced by urban freeways. In the case of urban renewal, cities that had too few public housing units or vacancies in low-cost private buildings to accommodate displaced residents were required by law to report these findings to federal administrators, who would potentially postpone or cancel the renewal projects. However, according to Frieden and Sagalyn (1989:32), city officials routinely lied about the availability of relocation housing and federal officials looked away. A team of independent attorneys who examined documents used to certify relocation procedures and outcomes concluded that an average of five to seven federal officials reviewing each project signed-off on

[9] **For more information, see the Indicators section.**

statements despite knowing they were false.

The policy of urban renewal produced mixed results, even when evaluated on its own terms. In some cases, renewal projects may have maintained retail activity and expanded office space and tourist activity, even changing the skyline through subsidized office buildings that housed corporate-oriented activity. On the other hand, while many dilapidated buildings were razed, the program destroyed far more low-cost housing than it built. In fact, the United States lost a total of 200,000 housing units a year between 1950 and 1956 and 475,000 a year between 1957 and 1959 (Chudacoff, 2005:265). Thousands of small businesses also bore the brunt of renewal projects and cities consequently lost their contributions to the tax base. Moreover, renewal policies did little to stifle the movement of people and businesses to the suburbs or to improve the economic and living conditions of inner-city neighborhoods. According to Frieden and Sagalyn (1989:285), the renewal agenda crossed "the old barrier between public and private development by using public power and money to promote office buildings, hotels, convention centers, shopping malls, stadiums, and more…But the results raised legitimate questions about whether the new downtowns were as helpful to average city residents as they were to business."

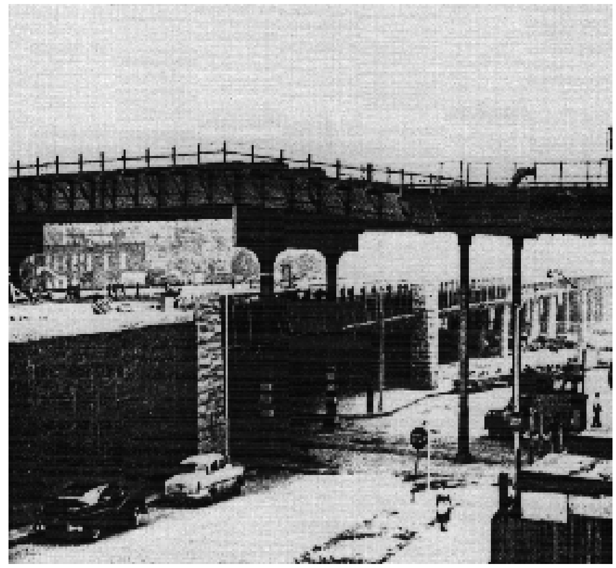


Figure 9. Interstate Highway, New York City 1956

Figure 10. Before and after demolition, West End Neighborhood, Boston

Resistance

By the 1960s there was widespread opposition to federally assisted urban renewal programs. Early critiques of the program came in the form of thoroughly researched reports by scholars representing opposite ends of the political spectrum. Liberals increasingly viewed the program as a giveaway to developers and an affront to blue-collar neighborhoods and the working poor. In 1963, sociologist Herbert Gans published his seminal work The Urban Villagers, which documented the destruction of a vibrant, working-class neighborhood in Boston that was located on a site attractive to developers (Gans, 1963). The following year, conservative Columbia University Business School professor Martin Anderson published The Federal Bulldozer, a scathing assessment of the urban renewal program that depicted it as dysfunctional "big government" social engineering (Anderson, 1964).

On the grassroots level, urban renewal became a prime target during a decade characterized by citizen activism, engendered by the movements for civil rights, citizen participation, and environmental protection (Altshuler and Luberoff, 2003:22). As early as the late 1950s, residents in Los Angeles and San Francisco had organized massive protests against highways in what the press dubbed "the freeway revolt" (Frieden and Sagalyn, 1989:45). New York City emerged as "the bellwether of opposition to urban renewal," largely due to the high-profile challenges to Robert Moses' projects by middle-class residents. His proposal to carve up Greenwich Village with a freeway and high-rise housing ignited opposition lead by legendary activist and writer Jane Jacobs, whose book The Death and Life of Great American Cities still stands as the most devastating critique of the renewal policy and its underlying vision for cities.

In many respects, the most forceful challenge to urban renewal stemmed from the civil rights movement of the 1960s. During this period, civil rights leaders increasingly targeted forms of institutional discrimination, which Altshuler and Luberoff (2003:22) describe as "patterns of discrimination built into ostensibly race-neutral policies and norms, such as the idea that the best way to deal with low-income neighborhoods (slums) is to clear them." To be sure, blacks disproportionately bore the brunt of these policies. Over three-fourths of the people displaced by urban redevelopment and renewal in the first eight years of the program and two-thirds of those displaced through 1961 were either black or (to a lesser extent) Latino (Judd, 1979:273). Meanwhile, public housing policy reinforced racial and class segregation by siting new projects in low-income neighborhoods. As the civil rights movement gained steam, local redevelopment agencies were often targeted for protests. For instance, in San Francisco black residents picketed urban renewal offices and sat in front of bulldozers at slum clearance sites (Teaford, 1986:132). During the late 1960s, race riots rocked scores of cities: Los Angeles, San Francisco, Portland, Kansas City, Omaha, Chicago, Milwaukee, Atlanta, Miami, Nashville, Cincinnati, Dayton, Cleveland, Rochester, Philadelphia, New York, Boston, and others. Virtually all of the riot areas were sites of major renewal efforts (Mollenkopf, 1975:286). Indeed, the federal government's National Advisory Committee on Civil Disorders, which had been commissioned to explain the cause of the riots, found government clearance activities to be among the most intense sources of resentment from black residents (Altshuler and Luberoff, 2003:24).

On the local level, urban unrest led to political regimes described by Susan and Norman Fainstein as "concessionary" since they were more responsive to lower class interests than before or afterward. A new wave of central-city mayors "promised a new era not only of physical rebuilding but of social justice. They expressed an unprecedented concern for the status of racial minorities, believing that enrichment of the central city was possible only if the growing number of black urbanites won their fair share of the economic pie" (Teaford, 1990:169). For urban redevelopment policy, this led to what Altshuler and Luberoff (2003, 25) called "a kinder, gentler version of urban renewal," which often meant partnering with neighborhood residents and focusing on projects that rehabilitated existing structures.

Federal government initiatives during this period might also be considered "concessionary". The federal government enacted a sweeping array of urban policies, known as the Great Society, that represented a multifaceted approach to improving social, economic, and physical conditions in poor neighborhoods. According to historian Alan Brinkley (1991:471), many of these "initiatives were a result of social pressure from below, a response to the increasing militancy and intermittent violence of the black struggle for equality and to the conviction of many liberals that only a major public effort to fight urban poverty could prevent continuing social disorder." Many of the architects of the Great Society, such as Sargent Shriver, sought active community involvement in every phase of the new antipoverty efforts and designed programs to enhance the local political influence of low-income people (Mohl, 1993:18). In particular, the Economic Opportunity Act of 1964 created specialized, urban-based social agencies to address problems of poverty, unemployment, education, housing, medical care, and civil rights. The community action programs (CAPs) empowered ordinary citizens to participate in local planning efforts, and other programs were created to improve urban neighborhoods such as Jobs Corps, Neighborhood Youth Corps, and VISTA (Volunteers in Service to America).

However, it was the Demonstration Cities Act, also called the Model Cities program, that constituted perhaps the most innovative approach to urban revitalization through its coordination of physical redevelopment and social services within designated poverty neighborhoods. Through federal "block grants" to cities, housing construction and rehabilitation funds could be paired with ancillary programs of job training, day care, health service, education, and housing maintenance. The stated objectives of the program were extremely comprehensive:

> The purposes of this title are to provide additional financial and technical assistance to enable cities of all sizes [to implement] new and imaginative proposals and rebuild and revitalize large slums and blighted areas; to expand housing, job, and income opportunities; to reduce dependence on welfare payments; to improve educational facilities and programs; to combat disease and ill health; to reduce the incidence of crime and delinquency; to enhance recreational and cultural opportunities; to establish better access between homes and jobs; and generally to improve living in such areas (Judd, 1979:310).

The program was administered by a new cabinet-level agency, the Department of Housing and Urban Development (HUD), and implemented on the local level through a detailed and participatory planning process.

According to June Manning Thomas, the program's truly groundbreaking element was its attempt to promote "people-centered development"—a holistic approach that integrated social, physical, and economic programs (Thomas, 1997:158), which this report refers to as a place-based people strategy. In practice, however, the Model Cities program was somewhat of a disappointment. Funds were often cut for controversial programs, and public officials routinely downplayed the citizen participation requirements. Thomas (1997:144) contends that the program "suffered from inadequate resources, local political battles, uneven performance, and poor federal leadership." A HUD-commissioned evaluation of the program documented how the architects of the program intended to target generous resources to a few key cities, but instead the same amount of funds were spread thin across 150 cities. On the other hand, the evaluation identified many positive case studies and concluded that its implementation in Chicago was largely a success (Thomas, 1997:146).

New Federalism

The early 1970s featured a sharp conservative reorientation of the national government and many state houses. Upon his election in 1968, President Nixon defined his governing approach as "New Federalism," which entailed reducing and reshaping federal assistance to cities by decentralizing urban policy. According to Nixon biographer Stephen E. Ambrose (1991:22), the president ordered his aides to "flush Model Cities and the Great Society along with it". The new approach was to replace the hundreds of federal urban programs with general-purpose funding that gave cities more discretion over how that money was spent. The centerpiece of this policy was "general revenue sharing," in which one-third of federal funds went to state governments and two-thirds went to municipal governments, with the precise amount of funds determined by a formula based on population, per capita income, and tax base. Cities could use the money for a wide array of service provision, but not for education or cash payments to welfare recipients.

Figure 11. Baltimore Inner Harbor

Figure 12. Battery Park City, New York City

In terms of revitalization policy, the Nixon administration consolidated the major programs into the Community Development Block Grant (CDBG) program. Cities were given total discretion over these funds with the stipulation that they be spent in low- and moderate-income neighborhoods or used to eliminate slums. These funds were allocated according to population, poverty rate, and housing conditions, and cities often used the funds for housing, public facilities, business development, child care, and other purposes. While local officials enjoyed the flexibility of the block grants, the overall level of federal funds dropped to cities with high rates of poverty (Drier et al., 2004:124). In addition, without federal strings attached and specific conditions for CDBG use, many governors and mayors used the grants to fund pet projects, neglecting community organizations and neighborhoods that were most in need. The Housing and Community Development Act of 1974 also reflected this decentralized approach to urban policy by providing new revenue sharing block grants for water and sewer systems, neighborhood development, and rent supplements for low-income residents in private housing. In essence, these programs were intended to extricate the federal government from urban policymaking, while providing "new discretionary funding for local governments and incentives for the private housing market and development activities" (Mohl, 1993:21). A 1973 Brookings Institution study concluded that revenue sharing was "an inefficient means of dealing with the special plight of large cities because much of the money will be distributed among suburban governments that are not facing critical fiscal problems" (Caldwell, 1973:124).

Indeed, during the mid-1970s, large cities across the country encountered serious fiscal problems, with New York City famously flirting with bankruptcy in 1976. While mainstream accounts of these crises placed the blame squarely on liberal mayors who increased expenditures on social programs and municipal union contracts, there were clearly more fundamental forces at work. Economist Helen Ladd conducted a comprehensive study of "big-city finances" during this period and concluded that the poor fiscal conditions of numerous cities "reflect more basic or structural fiscal problems…outside the control of city officials" (Ladd, 1994:201). For instance, she identifies long-term economic and social trends, including: deindustrialization; increasing concentrations of poverty in cities and the movement of upper- and middle-income households to the suburbs; the growing pressures on city spending associated with newer urban problems (such as homelessness); and the dismantling of federal aid programs to cities. Settlement patterns over a thirty year period had left cities with poorer and more elderly populations that demanded public services at the same time that these cities were dealing with eroding tax bases. This confluence of social and economic forces put cities in a fiscally vulnerable position that was largely addressed through the expansion of federal programs during the 1960s in the areas of welfare, education, manpower training, housing, and health care. Therefore, when federal funds were reduced with the New Federalism, the effects of recession and high inflation rates plunged many cities into fiscal crisis.

Rise of the Entrepreneurial State

Figure 14. Golden Triangle, Pittsburgh

Figure 14. Faneuil Hall Marketplace, Boston

With cities largely left to fend for themselves, local policymakers sought to address fiscal problems and make up for lost federal support by devising new ways to capture private development within inner-city jurisdictions. In the context of increased intercity competition for private investment, municipal governments became entrepreneurial, providing an extensive web of subsidies and incentives to developers and often by participating as codevelopers of risky redevelopment projects.

The federal disengagement with cities that originated in the 1970s reached a new threshold during the administrations of Ronald Reagan and George H. Bush, when most federal urban programs were dismantled. President Reagan's 1982 National Urban Policy Report outright rejected urban intervention and reaffirmed the need to accommodate government action to market forces (Mohl, 1993:24). A report from the U.S. Conference of Mayors estimated that Reagan-era cutbacks cost cities $20 billion in funding between 1981 and 1990, placing a greater burden on local leaders to generate revenue through economic development. This era was also characterized by a declining faith in government and a widespread aversion to taxes among American voters.

Squeezed local public officials sensed opportunity in the booming commercial real estate markets of the 1980s and forged a new pattern of arrangements between the private and public sectors. According to Lynne Sagalyn (2007:9), "local officials experimented with the new public/private strategy, leveraging the economic power of strategically located parcels of publicly owned land and crafting financial risk-sharing arrangements with private developers to further their redevelopment agendas." These arrangements were usually characterized by several attributes: cooperative relationships between the private and public sectors, formal contracts under which they shared risk and responsibility for mutual financial gain, and project-specific business arrangements that remain in place after the project is completed and operating (Sagalyn, 2007:8). Examples of these projects include Baltimore's Inner Harbor, Pittsburgh's Golden Triangle, Boston's Faneuil Hall Marketplace, Chicago's Navy Pier, and New York City's Battery Park City.

In order to facilitate implementation, they have mostly been negotiated and implemented by quasi-public development corporations created by municipalities, such as New York City's Economic Development

Corporation (EDC). These entities vastly increased in number and scope of power since the 1970s and are often staffed with individuals who move back and forth between the public and private sectors (Levine, 1989:23). The National Council on Urban Economic Development listed the following advantage of redevelopment corporations:

- Structural independence from city government [usually district representatives],
- Expansion of public powers because such institutions are not constrained by city charters,
- Negotiations for the sale or lease of public property can occur without constant public scrutiny or bidding procedures,
- Coordination of public and private resources, and
- Continuous access to public officials by private developers.

These entities have also been strongly criticized for favoring business interests, promoting secrecy, and failing to provide a vehicle for popular participation (Fainstein, 1990:29).

Many of these projects received some federal aid through the Urban Development Action Grant (UDAG) program, created to fund commercial, industrial, and housing development in older cities. Enacted in 1977, the program required cities to match federal grants with locally generated dollars, and "exemplified government policy to aggressively leverage the private sector's investment power with net new public investments" (Sagalyn, 2007:9). Although the program somewhat resembled a small-scale version of urban renewal, it differed in that local public officials had to compete for grant dollars on the basis of criteria designed to foster partnerships between government and private developers. Housing and Urban Development (HUD) administrators judged potential projects based on tests of market feasibility and ratios of public/private investment leverage. Sagalyn suggests that the program "embodied the paradigm shift in government intervention" by encouraging the negotiation of business deals with private developers and utilizing "off-budget" agencies and financing strategies (Sagalyn, 2007:10). Most UDAG grants were used to fund commercial projects, and the program was dramatically curtailed by the Reagan administration before being eliminated in 1988.

It is also in this context of constrained resources that local development officials have preferred the use of various inducements for private investment, such as tax abatements, low-interest loans to private developers, zoning concessions, and other measures designed to give the impression that local taxpayers are not on the hook (Swanstrom, 1985). In some cases, these incentives are offered by municipal public-benefit corporations to footloose firms who are contemplating relocation to a given city or threatening to leave. In other cases, these benefits are bestowed on firms that locate in targeted areas, as in the enterprise zone program or tax-increment financing districts.

Institutionalized Development

Just as the withdrawal of federal support for urban redevelopment compelled municipal government and business leaders to innovate self-reliant solutions, the withdrawal of municipal support for local redevelopment (particularly in low-income neighborhoods) forced local communities to innovate solutions of their own. For many scholars and practitioners familiar with the legacy of urban reform in the United States, community economic development (CED) connotes particular inner-city revitalization practices and sentiments that rose out of urban reform movements during the 1960s. In general, the modern community development movement traces back to the 1960s 'gray areas' programs of the Ford Foundation and to the federal government's Community Action Agency programs. Both programs were based on the assumption that poor communities have immense resources within them and, given a chance, the desire and the will to tackle their own social programs (Berndt, 1977:32). 'Indigenous' action became established as one of the orthodoxies of this reform epoch. The CED operating philosophy integrated both economic concerns, such as business development and job production, with physical concerns including the need for affordable inner-city housing (Kelly, 1976).

The Center for Community Economic Development defines CED as:

> The creation or strengthening of economic organizations… that are controlled or owned by the residents of the area in which they are located or in which they will exert primary influence. The institutions that are owned or controlled locally can include such forms as business firms, industrial development parks, housing development organizations, banks, credit unions, cooperatives, and community development corporations (CDCs)… They might also include organization or services that upgrade the human and social environment in such a way as to increase the economic value and energy of the community (Kelly, 1976:2).

In 1964, the federal Office of Economic Opportunity (OEO) was the agency designated to implement multipurpose CED initiatives as a component of the Great Society agenda. Community control was a fundamental CED tenet. Initially, CED initiatives were centralized, bureaucratic, and led by outside interests, such as influential business and financial figures in the city. However, in 1972 after sustained lobbying by a group of planners within OEO and congressional pressure, community control was added to CED initiatives, thereby allowing residents to define their problems and set the objectives for development.

As the New Deal politics was replaced by the fiscally and politically conservative Federalism of the 1970s and 1980s, the community development movement served as a vital counterpoint to the profound emotional, political, institutional and commercial abandonment of the inner city. As the decade wore on, innovative affordable housing policies emerged from an unexpected place: the very same socially disintegrated inner-city neighborhoods that had suffered most from the politics and economics of that decade (Robinson, 1996). Following the lead offered by community-based housing innovators, by 1988 most state housing programs were significantly oriented towards supporting CDCs. Edward Goetz (1993) calls this the paradox of devolution: paradoxical in that a massive federal withdrawal from local housing provision has led to the subsequent mobilization of a community-based housing movement that has resulted in a dramatically new era of post-federal housing innovation.

According to Robinson (1996), this new era is characterized not only by new sources of leadership and innovation (the CDC, the neighborhood, the city, and the state as opposed to the federal government) but also by a new policy paradigm for affordable housing (Goetz, 1993). This new model seeks to systematically undermine both the model of for-profit low-income housing through tax incentives for private developers and the model of 'top-down' low-income housing through oversized HUD projects.

The 'new paradigm' of place-based people strategies offers a locality-sensitive model of providing housing through community-based groups that treat housing as a 'human need'; seek to provide long-term, decent affordable housing; seek to enhance the sociological and emotional well-being of residents while also increasing their empowerment'; and seek to produce widespread social/community benefits (neighborhood safety, economic uplift, etc.) beyond the mere provision of housing units (Bratt, 1989).

During the 1970s, CED initiatives espoused comprehensive planning and inclusive neighborhood visioning; engaged questions of equity, local autonomy, and control; and attempted to counter mainstream urban renewal projects that overwhelmingly benefited outsider interests and marginalized indigenous neighborhood actors (Halpern, 1994; Kelly, 1976). Moreover, the goals of CED in legislation and in practice included establishing new business ventures, job creation, improving community infrastructure, and enhancing the capacity of local institutions to leverage public and private resources (Halpern, 1994; Kelly, 1976). Developing viable local institutions that would foster the development of neighborhood small businesses and vibrant commercial corridors were central to CED. It was the comprehensive perspective of CED initiatives that undergirded the formation of many of the early CDCs, such as the Bedford Stuyvesant Restoration in Brooklyn, New York.

By the 1980s, the new ideological environment shaping social and economic policy regarding issues of urban renewal favored private market-based remedies for reform, as opposed to social welfare strategies that gave rise to the CED movement. The 1980s marked an ideological shift from a willfully engaged public sector regarding issues of social and urban welfare to public disinvestment from urban concerns, coupled with the rise of market-based urban renewal remedies. The new perspective had multitudinous effects, one of which was the crafting of a less critical collective consciousness regarding the nature of inner-city problems and the long-term efficacy of urban revitalization strategies. In other words, urban problems, such as unemployment, crime, disenfranchisement, and physical dilapidation, were no longer framed as structural inequities and a socio-political responsibility to adhere to the "social compact" but rather as individual or cultural group pathologies requiring behavioral modification.

Fortunately, private philanthropies stepped in to partially counterbalance federal retrenchment from urban reform (Halpern, 1994; O'Connor, 2001). Over the years, private philanthropies made significant direct investments (e.g., funding CDC and CBO (community-based organization) programs and initiatives) and indirect investments in intermediaries (e.g., funding Local Initiatives Support Corporation (LISC) and the Enterprise Foundation) aimed at developing and enhancing institutional capacity. Many enduring community development institutions have indeed developed the capacity to adapt to environmental changes, to broker relationships with both community actors and extra-local stakeholders (e.g., capital interests, lending institutions, elected officials, and media representatives) (Kubisch, et al., 2002; Larsen et al, 2004), and to promote organizational and community interests regionally and nationally.

In those communities where CDCs have been most successful improving local conditions, they have not been 'external' to a governing urban regime dominated by big business and big government (a regime which sometimes grants 'palliatives' to community activists who are only seen as 'outsiders' (Fainstein and Fainstein, 1986). Rather, they have been constitutive of an emerging 'progressive' regime, and they have built an alternative social production process with an ability to attract capital, mobilize government, and institutionalize citizen participation in pursuit of neighborhood aims.

The Community Development Corporation (CDC)

CDCs have been instrumental in brokering between government (as a funder, adviser, and agent of empowerment), private business (as funder, technical assistant, venture partner, board member, and trainer), and the impoverished community (as innovator, manager, developer, and source of direction). Through the largess of national and local foundations and direct support from community development intermediaries (e.g., Living Cities, LISC, and Enterprise), CDCs became the primary stewards of billions of dollars earmarked for community development. The lion's share of resources has been used by an estimated 4,000 CDCs to produce and rehabilitate more than 1,252,000 affordable housing units (Bratt, 2006). With support, guidance, and patience, CDCs and other community organizations have procured the requisite internal institutional skills and external relationships necessary for the production and maintenance of affordable housing, including: structuring deals, acquiring public land, leveraging financing from equity to subsidies, negotiating land uses and the regulatory landscape, and developing political clout. The now evident technical, procedural, and policy acumen was not inherent to community-based organizations. Rather, these resources were cultivated and honed over time, often through decisive decisions and investments by outside actors in public policy, philanthropy, and academia (Vidal, 1992; Vidal and Keyes, 2005).

Robinson (1996) succinctly describes the structure and benefits of CDCs as: a legally incorporated, non-profit agency empowered to purchase, develop, and manage residential and commercial property or to provide loans and technical assistance to other organizations doing these same things. A CDC is often formed as a subsidiary of an existing neighborhood association, or it may be the brainchild of community advocates who seek to access the sizeable government, foundation, and business funds available for non-profit community development. A CDC must have written by-laws, must register with the IRS as a 501(c)3 non-profit corporation, and must form a board of directors with some legitimate claim to community responsiveness. That board often includes a mix of neighborhood residents, business clients and tenants who rent from the CDC in question, grassroots activists, clergy, social workers, and local businesspersons. Sometimes the board is chosen in a community election, but board members are usually selected upon the nomination of other board members, by appointment of government officials, or by virtue of their position in some other community agency.

CDCs are entitled to apply for restricted governmental development funds; they enjoy the support of foundations and churches; they have tax-exempt status; and they enjoy a variety of benefits when applying for development loans. They also may join in partnerships with private developers to develop or manage property. By using this variety of tools to consummate neighborhood developments meant to expand housing, jobs, business and open space for the underprivileged, CDCs are expected to leverage a general improvement of neighborhood condition.

4. Strategies

Redevelopment Tools and Strategies

Contemporary state and municipal-level redevelopment policies and practices reflect the United States' history with urban renewal. The U.S. legal structure and emphasis on privatism has generated a complex interaction between multiple levels of government in which upper levels of government create conditions that spur local innovation that in turn informs higher level policy. After decades of experimentation in perpetually shifting social, economic, and political conditions, policymakers and planners have designed and implemented a plethora of tools and strategies that seek to remedy longstanding physical, economic, and social urban problems directly linked to the era of urban renewal and the contemporary withdrawal of the federal government from urban policy. Many of these strategies also have potential for generating more equitable redevelopment outcomes.

This section of the report highlights popular programs, polices, and tools for stimulating urban investment and development. While some programs specifically seek to incentivize private business investment by offering tax abatements, exemptions and credits, business grants, loan guarantees, and tax incentives, other non-tax-oriented tools are designed to empower communities challenged by redevelopment. Saddled with the dilemma of economic growth versus displacement, which is reflective of the entrepreneurial state, many planners, policymakers, and practitioners have begun to pay more critical attention to questions of public costs, benefits, and acceptable tradeoffs. They have begun to analyze the current structure of urban redevelopment and its dependence on both public and private investment, and have identified ways to generate greater community benefits and hold business interests more accountable. There is mounting evidence that unfettered competition among states and city governments to attract corporate investment, which includes deep subsidies to private real estate developers and other private capital interests, actually generates unanticipated costs to the public, produces fewer jobs than promised, and does not clearly stimulate economic growth locally or citywide (Luger and Suho, 2005; Markusen, 2007).

In addition to direct business incentives, this section highlights a broader set of public tools and resources available and regularly employed for: (a) pure place-based commercial revitalization, such as BIDs, TIFs, and brownfield redevelopment; (b) offsetting community burdens associated with new developments, such as community benefit agreements; and (c) place-based people strategies for ensuring that developers pay a fair share of the public costs generated by development projects, including exaction and linkage programs. We begin with a number of concrete policy tools (BIDs, brownfield redevelopment, TIFs, developer exactions, and commercial linkages) and then discuss several broader strategies (CDCs, megaprojects, and the creative class).

Business Improvement Districts

What is a Business Improvement District (BID)?

A Business Improvement District (BID) is a defined geographic area in which merchants and property owners collectively organize to provide public services to improve their established district. The funding for these public services, such as safety and cleanliness, are from extra taxes paid by the merchants in the BID as well as municipal funding sources (Mitchell, 2001:116, Blakely and Bradshaw, 2002:187). After a BID is established, the tax is compulsory for all merchants and property owners in the district (Gross, 2005:175). BIDs differ from merchant associations in that merchant associations are purely voluntary and are not state-sanctioned groups (Mitchell, 2001:116).

Mitchell identifies five important characteristics for understanding BIDs:

- State legislatures pass legislation enabling city governments to form BIDs–thus making them legal entities—and stipulating how BIDs may be created, how they may be financed, what services they may offer, and how BIDs' governing boards are to be structured.
- Most BIDs are formed through a "petition process" and are traditionally located in business districts.
- Most BID funding is derived from an "added assessment" on property owners and businesses in the district.
- BIDs' service delivery may be through nonprofit organizations, government agencies, or public-nonprofit partnerships.
- Local government plays a narrow role in the management of a BID. The BID manager and the governing board decide the best ways to improve their district (Mitchell, 2001:116-118).

In addition to Mitchell's five characteristics, BIDs can often be distinguished according to size. Gross (2005:179-181) identifies three different levels of BIDs found in New York City: large corporate, medium-sized main street, and small community. *Corporate BIDs* tend to offer and conduct the broadest array of services and have budgets over $1.5 million. *Main street BIDs* have smaller budgets than corporate BIDs and provide basic maintenance services for the area, such as street cleaning and safety. Many main street BIDs partake in "marketing and promotional activities," such as local advertising of businesses in the district or providing maps of an area for shoppers. The smallest type of BID is the community BID. *Community BIDs* operate with less funding than the other two types of BIDs and is the smallest geographically. Community BIDs focus primarily on district maintenance, especially cleanliness. BIDs thus straddle the border between pure place-based strategies and place-based people strategies.

While the goal of a BID is to improve the designated community for economic development, some hold that BIDs can have negative impacts as well. One concern is that the additional taxes assessed to merchants and property owners in the BID permits the government to avoid paying for "tax-mandated services" (Blakely and Bradshaw, 2002:188). Another is the views of the merchants and their BID's board do not always align, causing divergent opinions and conflict over the economic development of the community (Gross, 2005:178).

Applicable Legislation

BIDs are-state sanctioned (Mitchell, 2001:116) and a BID's funding is distributed through compulsory taxes on merchants and property owners located within the BID (Gross, 2005:175). BIDs are currently expanding beyond their primary role in general maintenance and improvements to engage more actively in public policy, and some BID managers interact with people in the business community, local stakeholders in the area, and the city government (Mitchell, 2001:120). The corporate BIDs can be directly involved in economic growth by "direct investment in capital improvements," such as improving landscaping or investing in lighting so that the area can be used at all hours. Smaller BIDs located in higher-income areas have also been found to participate in corporate investment (Gross, 2005:180). However, a BID's involvement in economic development is often limited because most BIDs do not have to legal authority to offer tax breaks or to pursue other development incentives (Mitchell, 2001:120).

Figure 15. Guide to Lower East Side BID

Examples

There are many examples of BIDs. New York City's well-known Times Square and Grand Central BIDs are examples of large corporate BIDs (Gross, 2005:175). The Times Square and the Grand Central BIDs have helped revitalize their midtown Manhattan locations by adding police presence, improving street maintenance, and providing "merchant services" (Blakely and Bradshaw, 2002:187). These two BIDs have large budgets and large staffs, and each covers a considerable area, e.g., the Times Square BID covers over thirty blocks (Gross, 2005:175). An example of a main street BID is the New York City's Lower East Side BID, which has a website to promote local merchants (Gross, 2005:181). The 82nd Street BID in Queens, New York City is an example of a community BID. It provides its district with street cleaning six days a week (Gross, 2005:181).

Brownfield Redevelopment

What is a Brownfield?

The United States Environmental Protection Agency defines brownfields as "a property, the expansion, redevelopment, or reuse of which may be contaminated by the presence or potential presence of a hazardous substance, pollutant, or contaminant" (USEPA). Brownfield sites include not only contaminated areas but also areas that are suspected of being contaminated, and are either underdeveloped or are no longer in use (Greenberg, et al., 2001:130). Most brownfields are located in urban areas on former industrial sites that were once used for manufacturing (McCarthy, 2002:287).

Brownfield sites grew to great numbers beginning in the 1970s when industries left urban areas for more space in the suburbs or more favorable conditions in other regions or countries. Many of the industries that left cities were polluting industries, and consequently many of sites they abandoned contained hazardous waste and material (Dorsey, 2003:71). These sites were generally left fallow, until the rise of "smart growth" (i.e., the attempt to develop more efficient, compact, and sustainable land use rather than propagating sprawl). Brownfield redevelopment is an integral component of smart growth, because it is an opportunity to "clean up contaminated, abandoned industrial sites, implement profitable business operations, and revitalize community economic development with jobs and other financial incentives" (Greenberg, et al., 2001:130). Consequently, brownfield remediation can be considered primarily a pure place-based strategy.

Applicable Legislation

While the notion of cleaning up contaminated sites and sites suspected of contamination is a positive way to stop the progression of sprawl, policies and initiatives related to brownfield redevelopment have made brownfield remediation difficult (McCarthy, 2002:287). Private developers often are reluctant to build on a brownfield, because initial legislation made the developer liable for past, present, and future contaminations of the site and responsible for cleaning up the site's pollutants, which can be quite costly. However, in the past 15 years, great efforts have been made to alleviate the costs of brownfield remediation (Fitzgerald and Leigh, 2002:69).

At its inception, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, also known as Superfund) was intended "to promote cleanup of contaminated properties and to provide opportunities for the EPA to recover cleanup costs from all potentially responsible parties (PRPs)," which include "past and present property owners, lending institutions, and developers even if they did not contribute to the contamination" (Fitzgerald and Leigh, 2002:75). Because CERCLA defines such a wide category to encompass those liable for brownfields, parties interested in redevelopment are often dissuaded by these impending responsibilities (Fitzgerald and Leigh, 2002:75). CERCLA has also been criticized harshly for identifying thousands of uncontaminated and slightly contaminated sites and placing them on the federal list of brownfield sites, which precludes development from occurring on the identified parcels (Greenberg, et al., 2001:135).

Recognizing these obstacles, the executive branch of government has attempted to ease the attendant difficulties. The Clinton-Gore administration created the Brownfield Initiative in 1993 "to clean up abandoned, lightly contaminated sites and restore them to community use." President George W. Bush signed the Small Business Liability Relief and Brownfield Revitalization Act in January 2002 to reform Superfund law and facilitate brownfield remediation (Dorsey, 2003:71).

The EPA (Environmental Protect Agency) is the primary department concerned with brownfields and the policies, legislation, and programs associated with brownfield remediation. However, many concerns related to brownfield redevelopment are outside the scope of the EPA. Therefore the agency partners with departments, such as the Department of Housing and Urban Development (HUD) and the Department of Commerce (DOC), to address these concerns. Together, they have developed several federal programs that address brownfield remediation (Fitzgerald and Leigh, 2002:75-76). However, states hold primary responsibility for brownfield remediation, as most sites are not under the purview of the federal government (McCarthy, 2002:289). Therefore, the majority of states have implemented brownfield remediation programs to assist developers by alleviating some of the liabilities and financial burdens and offering support for site cleanup (Fitzgerald and Leigh, 2002:76-77).

While there are initiatives underway at the federal and state level to support brownfield redevelopment, the goal of smart growth can be a challenge at a local level. Mayors of inner cities are applying for federal grants to expedite brownfield remediation, with the idea that jobs and taxable areas will be created without focusing on the needed development of housing and open space. For mayors of suburban or rural areas, brownfield redevelopment is not a priority unless a neighboring area is polluting land in the mayor's jurisdiction. Mayors in suburban areas do not want to deter businesses from coming to their jurisdictions; therefore, policies that include brownfield remediation deter these mayors from supporting the policies, since they see them as limiting the potential economic growth of their areas (Greenberg, et al., 2001:136).

Examples

One example can be found at the Butler World Headquarters in Kansas City, Missouri. The facility was built on a former stockyard that had operated from the late 1880s until 1991. The property was contaminated, but with Missouri's incentive programs, the developer used state funding to clean up pollution on the site. Butler invested several million dollars in new construction on the site, and has created several hundred jobs (ICF International).

Figure 16. Butler World Headquarters construction. Kansas City, Missouri.

What is Tax Increment Financing (TIF)?

Tax Increment Financing (TIF) is a pure place-based strategy used by municipalities to finance local economic development. TIFs reallocate "property tax revenues from the municipality's general fund to a smaller enclave of contiguous properties. TIFs allow a municipality or redevelopment authority to designate an area for improvement and then earmark any future growth in *ad valorem* property tax revenues from the district to pay for the initial and ongoing economic development expenditures there"

(Weber, 2000:53). TIFs are not subsidies from the government, and TIF projects are paid for by the "incremental" increase in assessed property value over time. To receive a TIF for a development, the area sited for the TIF must be "blighted," as according to individual state definitions of the term (Dye and Merriman, 2000:309).

Dye and Merriman identify four general grounds for TIF designation:

- TIFs might be used to correct market failure in the development process. However, based on literature, the use of TIFs is unlikely to be successful in this endeavor.
- TIFs might be used to target development in blighted areas.
- TIFs might be a result of a bidding war among different localities to entice businesses to develop in their respective areas.
- TIFs might be used to pass the cost along to another level of government. TIFs might be used in this way at lower levels of government to compensate for taxes levied by higher levels of state government (Dye and Merriman, 2000:307-308).

TIFs are "considered a very flexible tool" because they can be used for any development. It is a useful tool for big, costly projects that are likely to produce a rapid increase in taxable property. TIFs are also often used in areas that are up-zoned, as the upzoning leads to the creation of more tax revenue (Weber, 2000:61-62). However, TIFs are not always seen in favorable ways. In Dye and Merriman's study "The Effects of Tax Increment Financing on Economic Development" (2000:325-326) the authors find that as TIF-designated areas experience higher growth rates, surrounding areas experience lower ones; consequently, "targeted areas gain from TIF at the expense of non-target areas".

Applicable Legislation

As detailed in the previous section, financing for municipal projects has been curtailed by changes in state and federal fiscal and political practices. Thus, municipalities increasingly use TIFs to cover development costs. TIFs come from municipal property taxes, and the collateral for this financing is the TIF project's future revenues (Weber, 2000:53-54).

According to Weber (2000:54-55), there are two primary legal prerequisites for establishing TIF designation for a development. First, the area must be deemed blighted, as defined by individual state statute. The municipality, developers, and consultants must meet a set of conditions in order to get the area TIF designated. Second, the municipality must prove to the state that "the area in question could not be redeveloped 'but for' the use of TIF," and the development would not be completed without tax increment financing. When these legal conditions are satisfied, the plan is presented at a public hearing and the municipality can decree the development a TIF area.

Examples

Goose Island, an island north of Chicago, is a former industrial site. The site was redeveloped using two tools: Planned Manufacturing Districts (PMD), in which the municipality designates an area for manufacturing to prevent competing uses from developing on the area, and TIF. Several large companies have since moved parts of their operations to the Island. Federal Express, which had owned land on Goose Island for a decade but chose not to develop because the site was a brownfield and needed remediation, eventually did when the area received TIF designation, and thus financial backing. With the TIF, funding was available for the necessary cleanup, and Federal Express built a distribution center, providing new jobs to the local economy. Now with the TIF and other monetary grants, several other companies are also moving their facilities to the site (Fitzgerald and Leigh, 2002:118-119).

Mega-Projects

The expansive resurgence of extremely large infrastructure and development projects as tools for redevelopment since the turn of the twenty-first century has attracted a great deal of scholarly interest in their politics and implementation. Such projects include the now complete Big Dig in Boston and the proposed real estate development of Hudson Yards and Atlantic Yards in New York City. This has led a number of scholars to suggest that the political nature of redevelopment is entering a new phase reminiscent of the post-World War II great mega-project era of high profile urban renewal, highway building, and other massive projects (Fainstein, 2005).

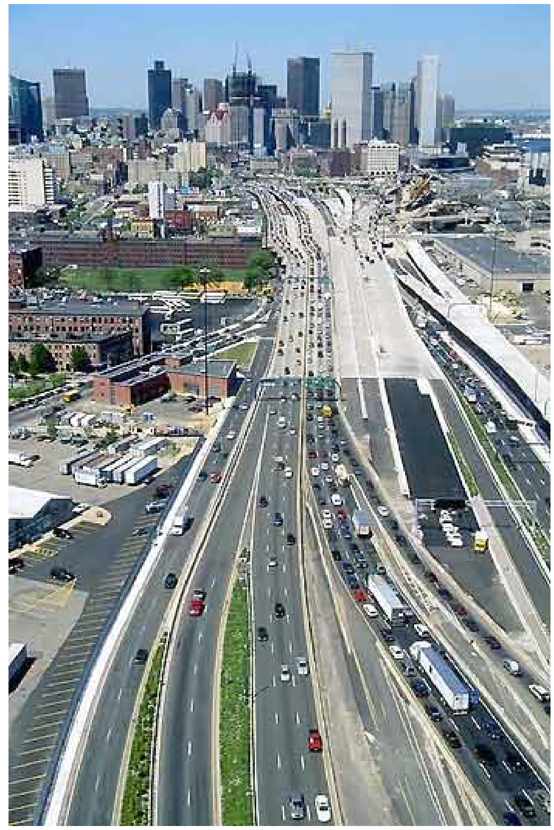


Figure 17. Big Dig, Boston

Altshuler and Luberoff (2003), from whom most of this account is drawn, define mega-projects as "initiatives that are physical, very expensive, and public. More specifically, mega-projects involve the creation of structures, equipment, prepared development sites, or some combination thereof." Their public nature consists primarily of their publicly financed character, but it is important to note that the financing may be indirect or supplemented or supplanted by the use of eminent domain, loan guarantees, and the benefits of access to public debt financing. As a rough measure for the financial size of what they consider mega-projects, Altshuler and Luberof select a minimum of at least $250 million in inflation-adjusted year 2002 dollars.

They identify four eras of mega-project development that reflect not only the character of the projects but also their mode of implementation: 1. pre-1950, 2. the great mega-project era, 3. the era of transition, and 4. the era of "do no harm". There are two broad but identifiable trajectories across these four phases. The first is the shift from undisguised, direct public investment in mega-projects to difficult-to-trace, indirect financial support for such developments. The second trajectory is from contestable but uncontested, autocratic implementation through contestation to uncontestable but contested, democratic implementation processes. The latter trajectory has most recently been marked by a decided uptick in top-down efforts to move projects forward.

The pre-1950 phase of mega-project construction, which included canals and railroads deemed essential by private investors but beyond their own unaided capacity, moves away from direct state-level investment toward a municipal focus with federal-level support. Prior to the 1850s, states were legally obligated (in most cases) to legislate the creation of each corporate franchise for infrastructural development. With no restrictions at the time against states investing tax revenues into private corporations, many states became heavily indebted to private sector financiers. The market collapses of 1837 and 1857 led to virulent public rejection of the future use of public funds in private ventures, a bias which still exists today in the American political economic landscape (Walsh, 1978). Thus, while education, water and sewerage, street improvements, and urban beautification constituted the focus of direct government expenditure, major infrastructure projects were supported indirectly through franchises. As the latter grew beyond local boundaries, many were taken over by government agencies (with the notable exceptions of electricity generation and telecommunications). This boom ended with the Great Depression and investment remained shallow until after World War II.

Amidst fears of post-war economic stagnation, a variety of national, business-led coalitions embraced Keynesian economic approaches and successfully pushed for large-scale peacetime investment programs. This era of great mega-projects experienced major successes in housing, highway construction, and airports, primarily through a shift toward federal provision of financial support and guidance. Urban renewal—by defining slum clearance as a housing policy—was able to obtain high levels of central government funding to radically erase deteriorating neighborhoods in central cities for potential redevelopment. Second, through lobbying efforts that emphasized the significant role urban drivers played in providing tax funding for the program and in supporting the growth of related industries, national, auto-related coalitions managed to convince the central government to expand the rural-oriented interstate system to include central cities. Finally, advances in aviation convinced policy makers that air travel was a vital component of future economic growth. This prompted the federal government to pass a supporting act, which it funded anemically, and induced local governments to use their authority to issue tax-exempt bonds and to provide modest, direct financing for expansion based on landing fees, terminal rentals, and concessions.

Two other major mega-project developments emerged in the late 1960s. The first was a vast expansion of central government investment in public transportation. Transit ridership dropped off from the late 1950s as highway transportation grew, prompting the central government to pass legislation in 1958 allowing the Interstate Commerce Commission to overrule state legislation mandating railroads to provide passenger service at certain prices. Railroads quickly took advantage of this law, leading to local crises in public transit provision. This in turn led to a national transit lobby that was successful in directing highway funds to extend support to public transportation as well. The second development was the involvement of cities in investing in local tourist facilities, like convention centers and stadiums.

The Era of Transition began around 1970 as the political climate shifted. Prior to this period, mega-project supporters had ignored the impact on disadvantaged neighborhoods in favor of a broader conception of the regions' common good, which has often been understood as masking a narrower conception of whose interests were to be served and whose to be disregarded (Harvey, 1973; Fainstein, 2008). During the 1960s, three fundamental political movements emerged that hindered the ability of mega-project supporters to meet in private and make decisions that disproportionately affected low-income and minority urban residents. The first movement was the civil rights movement that highlighted the racial biases inherent in many decisions. The second is the citizen participation movement, which was organized around the principle that citizens had a right to be informed and consulted in a timely manner in decisions that would impact their lives. The third was the environmental movement, which actively opposed the hitherto ignored ecological impacts of some mega-projects, particularly airports. These broad changes were complemented by a number of program-specific issues. Urban renewal was attacked from all sides of the political spectrum as wasteful, as “big government”, or as destructive of poor but inherently sound communities in favor of private real estate interests. The introduction of jets increased the space requirements and noise levels of airports, inciting more aggressive local opposition. And as mass transit became more viable and opposition to the destruction of neighborhoods for highways grew, federal support for urban highways also began to wane.

Thus, the Era of "Do No Harm" took shape from the early 1970s as developers began to pursue projects and methods that would minimize public oversight and outcry. Direct public financing came to be used and increased rapidly in projects that were easy to site, often sited in non-residential areas, and enjoyed substantial public support, like rapid transit, festival malls, convention centers, and sports facilities. New funding sources were developed that minimized the appearance of public expense, like tax increment financing (TIF), public construction of collateral projects, tax abatements, low interest loans for developers, and new excise taxes. This period also witnessed major growth in public-private partnerships as vehicles for convention center and downtown sports facility development.

Altshuler and Luberoff (2003) claim that as they were writing the trend toward the expansion of mega-project development was trending strongly upward. Organized business has grown increasingly powerful at all levels of government. Judicial rulings since the 1980s have tended to reduce the grounds upon which aggrieved parties can achieve the standing necessary to sue mega-project developers. On the other hand, environmental groups remained relatively strong and have become conduits for many oppositional movements. Recent research (Flyvberg, 2007) has also begun to highlight the institutional sources of bias in cost-benefit analysis that result in the benefits of mega-projects being consistently overestimated and the costs underestimated. In a similar vein, Susan Fainstein (2005) has claimed that recent developments in New York City reflect the tenor and technique of urban renewal in the Great Mega-Project Era. However, a number of setbacks due to community opposition, political infighting, and the ongoing economic downturn put these projects in jeopardy as well and the future uncertain.

Metrotech

Downtown Brooklyn began a long period of decline with its annexation to New York City in 1898. Though it had always lived in the shadow of Manhattan, it had survived as a valuable local business center. Its last major construction project before the late 1980s was the 1929 erection of the Williamsburg Savings Bank, a year before the Great Depression. Subsequently, the area became a center for the city's existing black population and a destination for thousands of Caribbean immigrants.

By the end of the 1980s, however, three factors combined to revitalize the area. First, competition with New Jersey municipalities for back offices, which were leaving their expensive locations in Manhattan, directed the New York City government to consider alternative locations within its own jurisdiction for these services. Second, as Manhattan's prime parcels were consumed in the 1980s construction boom, private developers started searching more widely for developable locations. In Brooklyn, the future site of Metrotech presented itself. And the private university adjacent to that site had already issued a request for proposals (RFP) for a high-tech incubator development for the site.

This confluence of interests resulted in an agreement between the city and the developer Forest City Ratner to redevelop the site into a 4.2 million square foot development, albeit with a more bread-and-butter commercial development than the university was originally hoping. The city's Public Development Corporation, as lead agency on the project, condemned the land, demolished existing structures, and relocated residents and businesses. Forest City Ratner financed and managed the development in return for ground rent on the site. Meanwhile, the city provided large, indirect subsidies for firms that moved in through such programs as the Industrial and Commercial Incentives Program (ICIP) and the Municipal Assistance Corporation (MAC).

The development has undoubtedly revitalized the area. "The development strategy produced a project more than 95 percent occupied, and surrounding retail and service businesses began to feel multiplier effects, but they also were confronted by sharply rising rents, and local owners saw the arrival of competition from well-capitalized chains" (Fainstein, 2001, 152).

The Creative Class

Richard Florida's book <u>The Rise of the Creative Class</u> (2002) has had a significant impact on many municipalities' attempts to stimulate growth and redevelopment. Florida's core argument is that economic production in advanced nations is increasingly dependent on "creativity" and that cities must attract creative residents if they are to be competitive. His perspective opposes the traditional view that the presence of firms and attendant employment opportunities attract population and drive growth, resulting in policy prescriptions that involve subsidies and tax breaks for firms. Instead, he adopts a version of the labor-pooling approach to economic development: the presence of a skilled labor pool attracts firms to a municipality or region, fostering economic growth. In the context of a knowledge economy, he claims that the key to success is attracting the "Creative Class".

Florida (2002:8) categorizes the 38 million Americans of the Creative Class (one-third of the work force) into a core and a broader group. The core consists of "people in science and engineering, architecture and design, education, arts, music and entertainment, whose economic function is to create new ideas, new technology and/or new creative content." They are surrounded by a group of creative professionals who work in law, business and finance, health care, and related fields. These professionals "engage in complex problem solving that involves a great deal of independent judgment and requires high levels of education or human capital."

Economic growth thus requires the presence of technology, talent, and tolerance ("the 3T's"). The presence of the Creative Class is highly correlated with the presence of high-tech companies, highly educated workforces, and the presence of non-traditional communities. The latter is measured primarily by the presence of immigrants and gay and lesbian communities and is presumed to be indicative of the degree of open-mindedness that is essential to successful creative endeavors.

Florida also makes broad claims about the lifestyle of the Creative Class that are essential to policy applications of his theory. He claims that they are almost universally interested in cafes, bars, nightclubs, bicycle trails, lively streets, lofts, and other opportunities for active "experience". Thus, his policy prescriptions generally rely on providing these types of amenities. In this sense, this approach to development can be considered *amenity-led development*.

Critique

While Florida's arguments have found many adherents, especially among policy makers, it is also subject to much criticism. The most strident—and incisive—of these is that of Jamie Peck (2005). These criticisms center on three major themes: causality, definition, and target population.

Many critics claim that Florida conflates correlation with causation. "Rather than plodding through a complex causal argument, the mobilization and manipulation of extant urban images functions here to great effect. Positive urban images are crudely quantified, then recast as objects of deference—as places to be emulated" (Peck, 2005:747). This approach produces tautological arguments that essentially define being a successful place as being a successful place. The presence of the 3T's in successful cities is taken to be the cause of their success without examining the factors that drew these people to the city. While Florida does go to some length to emphasize that his study demonstrates only correlation, he ultimately makes policy recommendations on an assumed causal relationship between the presence of the Creative Class and economic growth: "To attract creative people, generate innovation and stimulate economic growth, a place must have all three [of the 3Ts]" (Florida, 2002:249). Several economists (with a range of political agendas) have employed their own regressions and analyses to argue that Florida's 3T's do not have any significant impact on growth (Glaeser, 2004; Malanga, 2004). This critique suggests that while Florida has offered an interesting theory of regional economic development, he has done far too little to prove that theory.

The second critique is that his definition of the Creative Class is both overly expansive and contradictory. Florida's definition implies that the Creative Class consists only those individuals directly engaged in what Robert Reich calls symbolic-analytic activities, or "knowledge work". However, in practice he incorporates all individuals who work for firms in sectors that do "creative" work, including secretaries, photocopiers, technicians, custodial workers, and so on. Thus, his definition is more appropriate to a sector than a population, which in turn calls into question his assertions as to the values and types of amenities that appeal to the wide variety of workers in any given sector. This is tied to a related contradiction in his concept of creativity. Florida goes to great lengths to demonstrate that all individuals and all professions contain opportunities for and rely upon creativity, even employing the case of his own father, a machinist, as an example. Yet he subsequently excludes these workers (generally in service and manufacturing sectors) from inclusion in his definition, except insofar as some similar workers are subsumed within his quantification of the Creative Class just discussed (Marcuse, 2006).

The third critique is that his policy prescriptions benefit the middle- and upper-income groups at the expense of the low-income population. The foundation for this is the ostensibly race- and class-neutral values of the Creative Class. The values Florida (2002:8) lists include individuality and merit, which ignore historical, systemic disenfranchisement of certain groups, primarily minority and low-income groups, and privilege those with more fortunate backgrounds. Additionally, Florida overlooks the potentially negative consequences for lower income workers and families of unfettering labor markets, which Florida deems essential for fostering creativity as any kind of structure (temporal or organizational) will stifle this force and hence economic development (Peck, 2005:756).

Example[10]

In 2003 Michigan Governor Granholm, despite having recently enacted the largest spending cuts in Michigan's history, dedicated funds for the Creative Class-inspired Cool Cities program. This program was to play a central role in the state's strategy for economic and social revitalization. The policy mechanism adopted was the disbursement of a series of $100,000 'catalyst' grants to cities that had established a Local Cool Cities Advisory Group. The grants were to be spent along with funds from preexisting funding measures to achieve measurable results within one year in neighborhoods that were identifiably "vibrant, mixed-use [and] happening". The criterion of 'neighborhoods with potential' include:

- Mixed-income housing opportunities;
- Pedestrian-friendly environment;
- Commercial retail (basic goods and services, as well as entertainment venues);
- Championing neighborhood/organizing mechanisms;
- Higher density;
- Clean/cared for public and private space;
- Food venue options (restaurants, grocery stores, etc.);
- Historic districts;
- Recreation opportunities/parks;
- Arts — galleries, shops, venues; and
- Accessibility.

Eligible activities within the Cool Cities program focus on tangible, permanent physical improvements, including: rehabilitation or new construction of buildings (specifically, theaters, galleries, and mixed-use housing), physical infrastructure development, farmers' markets, streetscaping and public art, façade improvements, outdoor recreation facilities, greenspace, parks, pavilions, and demolition. However, spending on transitory items like festivals, cultural events, and consulting is prohibited.

[10] **Drawn from Peck, 2005.**

Within a month of the Governor's announcement, 129 communities were prepared to take part, and within two months, twenty communities had developed full proposals for funding. The bulk of these proposals were for familiar growth initiatives that did not initially rely on the Creative Class concept but echoed the program's criteria: mixed-used, pedestrian-friendly initiatives that employed public and private resources to revalorize historic districts through the construction of lofts, bike paths, riverwalks, and other street-level cultural amenities.

5. Indicators

Introduction

In the U.S., indicators of neighborhood decline can be divided into two broad categories: academic and legal. Both categories defy precise application, but for different reasons. Academic measures tend to ignore physical conditions and rely on socioeconomic data collected by the Census Bureau or independently. They are also most commonly used in attempts to identify the determinants of poverty and neighborhood decline and tend to be oriented toward localized application in revitalizing declining neighborhoods and improving the lives of neighborhood residents *in situ*. Legally defined measures, on the other hand, tend to concentrate on the physical condition of a neighborhood in the belief that they are symptomatic of socioeconomic conditions. These definitions are generally oriented toward the complete redevelopment of an area by private real estate developers with the broader public interest of the municipality in mind. However, these measures are defined imprecisely and necessitate a strong subjective component in application. In fact, New York's Urban Renewal Law (Section 85) explicitly states that it is to be "applied liberally".

Academic perspectives

Academic work on declining neighborhoods has concentrated on identifying the determinants of poverty more than defining declining neighborhoods. The goal of such work is generally to discover points of intervention that might serve to reverse or at least retard the process of decline, leading toward revitalization rather than redevelopment. Galster (1992) suggests that policy makers have two approaches available to them: a "break-the-linkages" strategy and a "reverse-the-process" strategy. The *break-the-linkages* strategy attempts to sever the causal connection between elements of the undesirable phenomenon. The *reverse-the-process* approach involves maintaining the linkages between elements in an urban opportunity structure but altering the direction and magnitude of those linkages in such a way as to change negative feedback into positive feedback.

These causal linkages can be roughly divided into those internal and those external to a given neighborhood. In more elaborately specified models, like the urban opportunity structure model Galster (1992) developed for the FannieMae Foundation, the distinction between inside and outside is much less distinct than in other specifications (e.g., Blair and Carroll, 2007). Although some variables are included only at one scalar level (i.e., metropolitan or neighborhood level), most variables differ only in the level of aggregation and are often treated as relative differences rather than absolute differences. (Note that Quercia and Galster (2000) argue that for policy purposes, decision makers often have to assume that the differences are absolute, as relative differences can never be eliminated mathematically.) The general categories of variables will be discussed below and include: housing, tax base, race, labor market, spatial mismatch, human capital, and social problems.

The nature of the regional and local housing market is often included in models, as home ownership is widely considered to be a primary means of accumulating wealth and a driver of local civic participation in maintaining and improving a neighborhood. Rates of owner-occupied housing and turnover (in home ownership and rental) are employed to indicate neighborhood stability and wealth accumulation. The price of owner-occupied housing is employed to determine rates of home appreciation and to indicate overall housing quality. The variables are expected to interact with race and reflect interracial differences in wealth and homeownership preferences. The number and amount of mortgage loans granted in a given geographical area can also be indicative of neighborhood conditions. For example, a lack of loans may indicate lenders' belief that the risk of default of residents is too high, or it may indicate some more nefarious end, as in the redlining of neighborhoods in the middle of the 20th century.

The tax base and service provision also serve as measures of neighborhood conditions. Property tax rates interact with homeownership preferences to influence the nature of tenure and the location of residence. Similarly, measures of per capita public expenditure on physical and social infrastructure are also generally considered to reflect neighborhood conditions.

America's long history of racial discrimination is expressed today in the relative paucity of resources among the black population and the perpetuation of barriers to accessing opportunities more readily available to other racial and ethnic groups. Thus, most academic investigations include measures of the racial composition of neighborhoods and metropolitan areas in their models, consistently finding it a significant factor. While the racial homogeneity of Korea mutes the importance of this variable for the Korean context, increasing levels of immigration and international marriage and the ongoing presence of foreign soldiers may make this pertinent in some areas.

Clearly, the overall availability of work at the municipal level influences the employment opportunities of every neighborhood's residents, though it tends to most adversely impact those in low-income neighborhoods (Blair and Carroll, 2007). As employment is tied to the skills of residents in relation to industrial structure, variables representing percentage of employment in manufacturing, services, and retail are often included. Similarly, for neighborhood level analysis, the percentage of individuals in managerial or professional jobs is often included as a measure of a neighborhood's economic health. A final measure of importance to labor supply is the strength of social networks, though this can be difficult to ascertain without labor and capital intensive research. The character and strength of social networks has been demonstrated to influence individual job opportunities through the communication of knowledge about opportunities (Granovetter, 1985; Jargowsky, 1997; Wacquant, 2008).

Another common concern for poorer neighborhoods is their physical isolation from their surrounding city. Using such proxies as commuting time and percentage of population using public transportation, many researchers have documented the spatial mismatch between low-income workers and their place of work. This discrepancy serves as an obstacle to procuring and maintaining gainful employment and increases the opportunity costs of working.

Other measures employed to study poverty derive from measures of human capital. Specifically, various measures of educational attainment are employed as an indicator of job opportunity, cultural capital, and financial knowledge or "life skills". "Culture of poverty" theories imply that a lack of individuals with higher education in a given neighborhood not only reduces the strength of job networks (as discussed above) but also leads to a decline in the possession of behavioral traits that contribute to successful employment in the mainstream economy. These indicators vary from years of schooling to percentage of high school dropouts to percentage of college degrees, as well as pupil-teacher ratio and per capita public spending on education.

The final category of indicators includes those that indicate broader social problems: household composition, crime, and school drop-outs. Household composition, particularly the percentage of female-headed households with children, is often used as an indicator of social cohesion. As the purchase of child care is an opportunity cost of employment, household composition matters as a determinant of availability to enter the labor market. To account for the various theories explaining female-headed households, a number of variables can be employed, including percentage of eligible males, ratio of female income to male income, and ratio of female employment to male employment. Level of crime is also an important indicator, since crime factors into residential location decisions (Galster, 1998), social cohesion, and longterm economic opportunity (Wacquant, 2008). School drop-outs were covered in the discussion of human capital and education in the previous paragraph.

While academics generally agree that the factors above impact poverty in the expected direction, the exact magnitude of their impacts is indeterminate, making precise measures of critical thresholds of decline effectively impossible at this time. Work by Quercia and Galster (2000) has looked closely at the concept of thresholds in neighborhood change. They conclude that while thresholds (defined as a critical value that marks the transition from gradual change to rapid change, familiarly known as a 'tipping point') appear to exist, the unique conditions of a given city and neighborhood and the extremely complex dynamics determining neighborhood change obstruct our ability to determine any precise threshold. They are, however, comfortable asserting that entering the bottom decile of a distribution of one of our variables of interest indicates that a neighborhood has passed the critical value.

Legal perspectives

While academic perspectives focus on improving socioeconomic conditions for neighborhood residents and are implemented through spending on physical and social infrastructure, legal approaches to urban decline are oriented toward wholesale, large-scale redevelopment intended to benefit developers and the city as a whole. To this end, the law seeks to identify sites or neighborhoods that demonstrate obsolescent or decaying physical conditions and do not represent the "highest and best use" of the land. One significant difference between the two perspectives is that while the academic perspective generally identifies areas typically called "slums", "ghettos", or "barrios", the legal perspective makes it clear that its provisions are broader and may include not only these types of areas but also other types of areas, like dilapidated manufacturing districts.

In their effort to remain widely applicable across time and location, legal definitions of blight tend to be broad, comprehensive, and adaptable. While the detailed definitions of blight vary from state to state, they do possess a common foundation and the New York State Urban Renewal Law (24, §960-c) supplies a useful starting point:

> Blighted areas are those areas within a municipality characterized by one or more of the following conditions: (1) a predominance of buildings and structures which are deteriorated or unfit or unsafe for use or occupancy; or (2) a predominance of economically unproductive lands, buildings, or structures, the redevelopment of which is needed to prevent further deterioration which would jeopardize the economic well- being of the people.

While other laws define blight in slightly more detail, the New York law provides two useful categories for grouping more concrete measures.

To identify these concrete measures, we have engaged in online archival research to assemble a small sample survey of blight studies across the U.S.[11] The sample studies all list specific characteristics by which they determine whether a particular parcel of land and its buildings and structures have a blighting influence on the surrounding area.

Under the heading of unfit or unsafe buildings and structures, the following types of standards were applied: inadequate maintenance; poor appearance; poor or deteriorated buildings or structures; mixed use on same parcel or incompatible uses in the same neighborhood; potential environmental hazards; poor site conditions; roofs with loose, missing, or deteriorating shingles; sagging rooflines; missing canopy covers; broken or damaged chimneys; sidewalks and driveways in need of repair; insufficient outdoor storage and screening of garbage; overburdened and sagging balconies; defective construction or materials; inadequate sanitary facilities; weeds; overcrowding; and lack of proper light, air, and open space.

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[11] **The full list is available in Appendix A.**

Under the heading of economically unproductive use, the following details were provided: underdeveloped or vacant land that disrupts overall land use pattern; extent of vacant land; improper land use; obsolete layout of lots or buildings; idle or underutilized parcels; economic underdevelopment or obsolescence; irregularly shaped lots too small for effective development; unsatisfactory traffic patterns; streets in poor condition; inadequate planning; excessive land coverage; and economically or socially desirable land use.

It will be noted from these more detailed efforts to specify those characteristics that generate a blighting influence on a neighborhood may pull in opposite directions and are often open to highly subjective interpretation. For example, too little land coverage (through vacant land) can be cause for blight as can excessive land coverage. These same qualifications are also contingent upon the surrounding environment and contemporary social norms. Excessive coverage in Manhattan may differ significantly from that in a small Catskills town. Thus, the flexibility of interpreting the provisions of blight declarations have proven to be an effective tool for local political bodies and interested parties to overcome localized resistance to redevelopment.

Conclusion

In conclusion, it is clear that the two predominate approaches to measuring decline differ in their orientation and underlying policy direction while both exhibiting imprecision in their findings and application. The academic perspective aims to revitalize neighborhoods by breaking or reversing the causal direction of drivers of poverty. As such, this approach attempts to improve the socioeconomic conditions of individuals through spatially targeted interventions that tend to disregard conditions in the wider municipal area. The difficulty with this approach is that research has not yet been able to clearly delineate that nature and dynamics of relevant factors and may never be able to do so as urban conditions are unique and perpetually changing. The legal perspective, on the other hand, identifies predominantly physical conditions that indicate lack of safety or economic underdevelopment and facilitates physical interventions that place the interest of the city as a whole and its commercial interests ahead of the interests of local residents. The loose definitions of blighting factors and the encouragement to apply the law "liberally" permit the highly flexible application of the law. Thus, while mathematical imprecision inhibits the ability of the academic approach to identify appropriate policies for revitalization, terminological imprecision enhances the ability of the legal approach to take action in aggregating and redeveloping land parcels in the interest of those who benefit from such developments.

6. Typology for Case Studies

Typology for Case Studies

This final section of the Phase One report draws upon the legal, historical, political and programmatic details presented in the previous sections as the basis for the proposed urban renewal case study typology outlined below. It is our belief that developing instructive case studies requires adopting a systematic approach that, on the one hand, delineates complex and multidimensional factors shaping urban renewal policies and practices in the United States over time, across space and political context. On the other hand, it is essential to develop and adhere to a structure that might help illuminate cross-site comparisons and lessons. During Phase Two, we suggest developing urban renewal case studies that incorporate the following ten aspects:

(1) ***Redevelopment Theme***: Describes the type of revitalization project

1. Waterfront development
2. Brownfield / Industrial
3. Central business district
4. Residential / Mega-project
5. Military

(2) ***Temporal Order:*** Based on the history of renewal, when was the particular type of revitalization introduced, why and how is it used in the contemporary context.

New Deal Era
Urban Renewal
New Federalism
Entrepreneurial state

(3) ***Location:*** Select poignant renewal sites - of varying size, geography, and time - that may be useful to Korean concerns. Provide overview of the site and basic description of the renewal initiative. We propose selecting the following places to developing a sub-set of cases (approximately ten cases). We look forward the Korean experts providing additional suggestions and alternatives.

Waterfront development ▪ Williamsburg ▪ Red Hook ▪ Alameda, CA ▪ Baltimore	**Residential / Mega-project** ▪ Battery Park ▪ World Trade Center ▪ Boston
Central business district ▪ Times Square ▪ Downtown Brooklyn	**Brownfield / Industrial** ▪ Brooklyn Navy Yard ▪ South Bronx
Military ▪ Brooklyn Navy ▪ Alameda	

(4) ***Strategies***: As this report demonstrates, for more than fifty years the United States has implemented a multitude of urban revival programs and policies. Some developed through federal mandate, others

originated through state and citywide initiative, while others incorporated multi-scalar investments. Since it is not feasible to captures the breadth of strategies, we will focus on those most often utilized in US "hot market" cities that have experienced significant renewal over the past two decades, such as New York City, Boston, among others.

Key questions include:

- What is the policy landscape associated with the case? What is the policy intent
- What programs are utilized?
- What is the process of implementation?
- What is the level of implementation and oversight?
- Who are the typical advocates and opponents of these programs/policies, and why?

Examples:
Eminent Domain
Community Development Block Grant
Housing and Community Development Grant
BIDs (state -> city)
TIFs (municipal)
Empowerment Zones (fed)
Housing: Hope VI, Mitchell Lama
Brownfield removal

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(5) ***Governance Structure:*** Identify the institutional actors centrally involved in strategy financing, implementation and management, and highlight institutional responsibilities.

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(6) ***Institutional Practices***: Identify key institutional brokers (public, private capital, civic leaders) advancing the renewal project, note specific strategies employed, and the division of responsibility across institutions

Key Questions Include:

- What tools/resources are brought to bear?
- Who participates in decision-making arrangements
- What are the expected effects?
- What are feasible alternative approaches/strategies?

Capital incentives:
Tax based incentives
Property tax abatements
Utility Subsidies
-vs-
Community securities:
Developer exactions and linkages
Impact fees
Community benefit agreements

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(7) ***Financing:*** Describe investment schemes, underwriting strategies, and public sector financial support for large and medium size projects.

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(8) Contextual Factors: Explain the "unique" contextual factors and environment informing policy decision-making and implementation

For example: Brooklyn, NY: Atlantic Yards Project – A mixed use real estate development to be built on six acres of semi-open space in Downtown Brooklyn that originally included a 19,000 arena for NBA basketball team, a parking garage for approximately 3,000 cars, over 4,000 units of housing, over 2.4 million square feet of office and retail space. Because upon which part of the stadium is to be built on top of railroad tracks that are under the jurisdiction of NY State, not NY City, the Atlantic Yards project has evaded the NYC ULURP vetting process. This is a unique situation. However, it fundamentally impacts the rate of the decision-making process and the size of the project considered deemed feasible.

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(9) ***Socioeconomic Considerations:*** Possible topics to explore include in relation to new development and revitalization, include:

- Gentrification and Displacement
- Affordability and Access
- Inclusion and Exclusion
- People v. Place development
- General v. Contextual considerations

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(10) ***Analytical Summary:*** Describe some of the well-documented strengths and limitation of policies/programs/strategies, identify the contexts in which strategies seem to work best (least) and why, and provide information on alternative models.

Appendix: Blight studies surveyed

Ayres Associates, Town of Madison Transportation Improvement District #1, Town of Madison, Wisconsin, 2005.

Ferrandino & Associates, Inc., Fifth Avenue Urban Renewal Area, City of New Rochelle, New York, 2000.

Mid-America Planning Services, Inc., Report on Blight Determination Ridgewood District, City of Fitchburg, Wisconsin, 2005.

Philadelphia City Planning Commission, Blight Recertification for the Central Brewerytown Area generally bounded by Oxford Street, Dover Street, Harper Street and Myrtlewood Street, Philadelphia City, Pennsylvania, 2005.

Thinktank Design Group, Inc., Northeast Urban Renewal District, City of Bozeman, Montana, 2005.

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