Urban Land and the Urban Prospect

In the aftermath of the urban riots of the 1960s, the Kerner Commission described the inner-city conditions that incubated the outbreaks of violence and arson, a list of urban ills that is depressingly familiar today: restricted economic opportunities, neglect of education for children, and belief among many that the judicial system was itself unjust.[1] However, one item in the list no longer pertains in most central cities in the 1990s—the influx of residents that 30 years ago taxed local urban services and the stock of decent and affordable housing. At the time of the Commission report, this trend already had reversed, but the signs would not be evident for some time. In the three decades since, inner cities lost population at unprecedented rates. During the same period, manufacturing establishments in inner cities have closed and large tracts of urban land in almost all major cities lie fallow where factories once flourished.

The consequences of this decline in urban residents and population are evident to even casual observers of the urban scene: The middle class that is so important to urban neighborhood health has moved away, leaving behind an increasingly isolated poverty population that despairs of participating in the broader structure of urban economic opportunity. Relatively high-wage but low-skill employment once offered in urban manufacturing also has migrated, further depriving inner-city residents of ready opportunities to earn a living wage. In this essay, I would like to explore the implications of these trends for the future of inner cities. It is important to reflect on features of the urban scene that are not often considered—picking up on some themes I outlined early in this essay series. Specifically, what do these trends portend for the future of urban regions? What problems and opportunities are presented by shifts in the use of urban land?

The Changing Geography of Opportunity

Since the late 1970s, researchers such as John Kasarda at the University of North Carolina have tracked the changing distribution of employment across metropolitan areas, finding an explosion in suburban job opportunities and relative stagnation in inner-city job creation. Further, the relatively low-skill, high-wage manufacturing jobs lost to low-income persons in inner cities, combined with the low-wage, low-skill types of jobs gained, have increased the salience of geography in determining the life chances of the poor.

This fact alone compels our attention to the spatial development of our metropolitan areas, but researchers also have pointed to broader social consequences from this spatial redefinition of economic opportunity. First, the expansion of suburban residential, commercial, and industrial land use is gobbling up land at a dizzying rate. As I mentioned in an earlier essay, the metropolitan population of the United States has almost doubled since 1950, but the population density of the Nation's 522 inner cities has been halved.[2] My colleague in the President's Cabinet, Secretary of Agriculture Dan Glickman, recently warned of the loss of agricultural land to suburban expansion. This shift in land use means little now, but as world food demand explodes over the next two decades, we as a Nation may well regret its loss as agricultural land values—and food prices—rise steeply.

Second, continued suburban expansion means an erosion of metropolitanwide competitiveness. This was my principal thesis in an earlier essay. Anthony Downs has warned of the spatial inefficiencies produced by suburban sprawl and has argued that these inefficiencies jeopardize the health of regions. It does so directly and indirectly. Few inner cities can capture new suburban growth through annexation; neither, for that matter, can suburbs annex other suburbs or unincorporated areas of urban and suburban counties. Therefore new growth, according to the old low-density pattern, aggravates an already fragmented metropolitan polity. Each jurisdiction taxes and spends according to the capacities and demands of its residents: Because funding for services is raised locally, jurisdictions do best when incomes of residents are high and their consumption of services is low.

Downs points to the resulting "ferocious fiscal competition" among jurisdictions that aggravates existing social and fiscal disparities among local governments. Forced concentrations of poverty resulting from suburban resistance to housing for the poor devalue inner-city property. Because tax returns from this property are meager, essential services wither for lack of funding. Most damaging are the effects of fiscal fragmentation on educational quality. Had we designed such a system from the outset, we could not have done a better job to ensure an inferior education for inner-city children. At the same time, researchers believe that the best explanation for the increasing income inequalities is the ever closer link between education and income. Manufacturing jobs once paid decent wages to workers with only a high school diploma. These same workers would earn far less today. Because human capital has increased in value—it is the essential ingredient for regional competitiveness—our fragmented system of human capital formation is a recipe for the economic stagnation of urban regions where fiscal disparities are severe.

Third, suburban jurisdictions themselves face the threat of deterioration as inner-city problems migrate to inner-ring suburbs. The strain on county budgets from additional public safety, welfare, social support, and other services threatens the basic attraction of suburban life for many: Taxes can be kept low, because suburban and county governments need not pay for urban problems. However, continued extensive growth in outer-ring suburbs is both a product and a cause of inner-ring suburban decay. Current residents and prospective in-migrants to inner-ring suburbs can find the outer-ring option attractive, thus fueling new subdivision development. In turn, new subdivision development pulls residents from inner-ring suburbs, dampening demand, devaluing property, and reducing the tax flows needed to support increased service burdens—a repetition of the inner-city fiscal dynamic.

Fourth and finally, suburban and exurban sprawl has reached a point where serious thinkers have begun to decry the degradation of the American landscape. Advocates of the “new urbanism,” a movement I strongly endorse, have pointed to the intangible but real spiritual loss that attends the isolation and exclusivity of the newest exurban cultures. Unlike the higher density developments of the urban and inner-suburban core, the “new suburbanism” has produced endless vistas of parking lots on commercial strips, behind which are hidden residential developments designed to maximize privacy and minimize casual interaction with neighbors.

In short, our prodigality with land contributes directly to inner-city and suburban disparities, indirectly helps reduce the competitiveness of urban regions, jeopardizes the social and fiscal health of inner-ring suburbs, and contributes to cultural patterns that can be unsatisfying.

What Our Strategy Should Be

Some have argued that the best way to correct the imbalance between strong demand for suburban land and weak demand for vacant urban land is to regulate growth. Montgomery County, Maryland, in the Washington, D.C. suburbs, is often held up as an example of a growth-control regime that is particularly effective. The county’s policies discourage the consumption of open space by placing strict controls on the potential uses of existing agricultural lands. Other States, most notably Oregon, have created growth management districts to retard consumption of open space. Examples abound of State watershed protection policies that restrict the types of growth that may occur in urban watersheds, or land purchase programs that take land out of residential and commercial markets. Where growth policies have worked well, they tend either to be justified by strong claims of defending public health and safety or to be politically supportable because underlying demand is strong. There are few, if any, examples of growth controls working well anywhere else.

I argue that it makes more sense to deal with slack demand for urban land head on. Without a reasonable economic alternative to continued suburban and exurban industrial, commercial, and residential demand for open space, developers will continue to site new subdivisions, shopping malls, and light industrial establishments outside inner cities, and rightly so. Therefore, for the remainder of this essay, I would like to discuss the prospects for inner-city economic revival from the standpoint of land use, focusing on the opportunities presented by the current crisis, the barriers that stand in the way of our taking advantage of those opportunities, and the recent initiatives that show us how to overcome these barriers.

What We Have To Build On

For the sake of discussion, consider some of the worst elements of the urban landscape. In older industrial areas of Louisville, along the old railroad yards and the river port, vast tracts of empty warehouses, mothballed industrial plants, and abandoned railroad rights of way are the dominant images of a de-industrialized economy. In residential neighborhoods of Detroit, boarded-up buildings and trashed vacant lots speak of the neglected promise of the children who grew up in the now-vacant houses. Along commercial corridors of Cleveland's east side, closed movie theaters that were the social life of vibrant neighborhoods sit idle next to taverns where 50-cent draft beers and lottery games are now the heart of Saturday night. What promise do these scenarios hold for regeneration?

I argue that the bottoming out of most American cities has already happened but it does not yet register, just as the Kerner Commission missed the reversal of population increases of the early 1960s. First, there is some evidence that the gradient of land prices from inner city to suburb has smoothed—suburban land is no longer the bargain that it once was. Second, in the rush to grab expanding suburban retail markets, developers and retailers have created a vacuum in inner-city retail services on which a few shrewd entrepreneurs are beginning to capitalize. Third, entrepreneurs are creating a small industry around the purchase, assembly, cleanup, and marketing of inner-city industrial properties that may well burgeon during the coming decade. Fourth, vacant residential and industrial properties have become opportunities for urban "greening" projects that have accelerated markedly in recent years. Last, and closest to the mission of my own agency, new residential construction in urban areas has demonstrated the effective demand among middle-income buyers for urban living in quality developments. I believe that these changes add up to the beginning of a redefinition of the role of urban places in American life.

We have all seen the rise of suburban nodes of commercial and residential activity that qualify as new centers of urban economic life. Reston, Virginia, and other edge cities now represent new commuting destinations for suburban residents, replacing the inner city. This "polynucleation" of urban economic geography means that land prices once driven almost entirely by proximity to inner cities now are influenced by proximity to newer employment nodes. The resulting escalation in suburban residential land prices means a relative cheapening of urban prices. Alone, this shift in the urban-suburban price differential may not mean much but, coupled with changing consumer tastes, the price effect may be enough to stimulate a new round of urban gentrification, similar to that which occurred on a relatively wide scale in the 1970s and on a more limited basis there after in certain urban neighborhoods.

The second broad trend I see is an improvement in inner-city commercial services as a result of the rediscovery of inner-city markets by retailers and investors. For example, the McDonald's Corporation has established an extremely strong competitive position in inner-city markets because of its firm knowledge of the market. A number of community development corporations have demonstrated the market potential for supermarket retailing through successful ventures in Bedford-Stuyvesant in Brooklyn, Kansas City, south central Los Angeles, Liberty City in Miami, and Newark. Building on these successes, the Local Initiatives Support Corporation (LISC) in New York has embarked on a retail trade initiative to support more supermarket initiatives in inner cities. As of this writing, two initiatives are underway and eight more are in the pipeline for completion by the end of 1997. The clearest indication of the promise for inner-city retail trade is the amount of funds LISC has been able to raise from the private sector: $24 million in equity capital has been contributed by the Prudential Insurance Corporation, GE Capital and other financial institutions, and the City of Philadelphia Board of Pensions. The hope, of course, is that leading investments that demonstrate the potential returns from neglected markets will leverage further investments in now-underutilized inner-city commercial properties.

The third trend is the reuse of industrial land, or brownfields. The problems of the reuse of industrial land are well known, particularly those linked to environmental degradation. While most of us know of the Superfund sites that are the most contaminated in the Nation and command Federal attention, tens of thousands of acres of less-contaminated properties lie idle. These properties exist in a kind of limbo: Owners (including some of the Nation's largest industrial companies) mothball properties to avoid triggering Federal mandates to clean up what may be a century or more of industrial pollution. Buyers avoid these properties because they fear entanglement with these same Federal laws. Over the last several years, however, some States have moved aggressively to ensure that voluntary cleanups to State-imposed standards will result in a clean bill of health from the State. Buyers and sellers need not fear liability for industrial contamination that they did not cause. As a result, venture capital firms, insurers, risk assessment firms, developers, and others have entered industrial land markets. Although deterrents to the reuse of industrial land remain, the competitive position of inner-city locations relative to exurban greenfields has improved in recent years and should continue to do so. To support these trends, Carole Browner, Administrator of the Environmental Protection Agency, and I recently committed our two agencies to a proposed $900-million joint initiative to finance cleanup and redevelopment of contaminated sites. Together with the Clinton administration's proposed tax incentive for brownfield redevelopment, we believe this initiative will help accelerate growth in industrial land reuse.

The fourth trend I see is the return of vacant urban land to an old but newly innovative use: Urban greenways, the creation of new urban parks and substantial renovation of older parks and community gardening projects, have accelerated in recent years. Countless support organizations for local parks, the national Rails to Trails Conservancy, and the Trust for Public Land have worked to turn old railroad rights-of-way, riverfront warehouse and industrial properties, and other idle properties into parks, a refreshing change from the dominant pattern of municipal government cutbacks in parks and recreation. Greenways that connect inner-city and suburban parks not only increase recreational opportunities for inner-city residents but also connect urban wildlife habitats in ways that sustain biological diversity. The effort to create and sustain urban gardening and neighborhood park projects also represents a new opportunity to empower residents of poor neighborhoods to take control of public spaces. These efforts and others have found new funding support nationally, most prominently through the Lila Wallace-Readers' Digest Fund's Urban Parks Initiative. This initiative strives to create new public-private partnerships to support neighborhood and regional parks and to promote community involvement in open space design, creation, and long-term support in cities as diverse as Austin, Texas, and Brooklyn, New York.

The fifth and final trend in urban land reuse that I see offering much promise is new residential construction of single-family and townhouse housing in inner cities. A forthcoming Urban Institute study of community development in 23 U.S. cities finds an almost universal shift in local community development priorities toward production of for-sale housing for low- and moderate-income buyers. Even in cities that local policymakers and analysts concluded were poor market prospects, housing sales have shown surprising strength. For example, in the Hough neighborhood of Cleveland, new single-family homes are selling for nearly $100,000, only a slight discount below comparable homes in the suburbs. Similar experiences in Pittsburgh, Pennsylvania; Kansas City, Missouri; Buffalo, New York; and Detroit, Michigan, among others, show that local governments, with some initial capital subsidy, can jumpstart residential submarkets in American inner cities.

How Government Should Build on These Trends

Until now in this essay, I have almost completely avoided commenting on the role of government in promoting reuse of urban land. I wanted to establish that, on its own, the market has changed in ways that are advantageous for land recycling. Nobody seriously believes that government, acting alone, can spur revitalization in the absence of market demand. Nevertheless, it is clear that government has an important role to play by supporting market trends. For the remainder of this essay, I would like to comment first on the principles that should guide government action to promote better functioning of urban land markets, and second on some concrete examples of how government support has proven instrumental in helping make revitalization happen.

Over the years, researchers have produced a number of useful metaphors to highlight the circumstances under which government intervention in the economy is warranted, often under the general framework of “collective action” problems. The classic statement of a collective action problem is the Prisoner’s Dilemma. Imagine two perpetrators arrested for burglary and interrogated separately. If prisoner A confesses and prisoner B does not, prisoner B gets 10 years and prisoner A gets 1 year on a lesser charge. The reverse occurs if prisoner B confesses and prisoner A remains silent. If both confess, they each get 5 years. If neither confesses, both get off. Because prisoner A cannot trust prisoner B to remain silent, his rational course is to confess. At least if he confesses, he will get only 5 years. If he remains silent as B is confessing, he could get 10 years. Thus even though both are better off if they cooperatively remain silent, their inability to communicate with each other or trust in the observance of a prior agreement means that both wind up being worse off. Other variants of these collective action dilemmas have been devised; for example, Garrett Hardin’s “tragedy of the commons,” in which village shepherds collectively allow their sheep to overgraze on common lands and thus destroy them, because no single shepherd has an incentive to prevent his own sheep from grazing as much as possible. Both of these metaphors have been used to highlight instances in which government, as the mechanism for inducing cooperation, acts to enhance community well-being.

The lesson for us is that government acts best when it does what the market cannot do alone: Create the conditions in which productive capital formation can occur. Government does this by establishing the appropriate legal framework, by creating the circumstances for private actors to take risks with the assurance that other actors will do likewise, and by ensuring that trustworthy information is available to all players in the economic game. I treat each of these in turn, discussing how they bear on some of the market changes I noted above.

Changes in the legal and regulatory framework. The government's role in establishing the appropriate legal and regulatory framework for economic enterprise is well established. Important to our discussion are the ways in which this framework has evolved to encourage reuse of urban land. Here State governments have proven active, particularly as concerns the effect of environmental contamination and regulation on urban renewal. Federal environmental statutes require that responsibility for cleanup of contaminated property be "joint and several." No matter what the responsibility of the property's current owners for creating contamination, they can be held liable for the full cost of cleanup. Owners can, in turn, sue previous owners for their share of the remediation cost, but the initial assessment, legal fees, cleanup, and other costs fall on the current property owners. Buyers of properties also worry about their potential liability for contamination discovered after the property is clean. Lenders that finance property purchase and redevelopment worry that their collateral may become worthless if future contamination is found. That is, the risks posed by environmental liability (above the costs of cleanup) may lead to a freezing of industrial land markets in some cities, especially where potential demand is not high.

In response, State governments have acted to create the assurances needed to ensure the better functioning of urban land markets. Through voluntary cleanup programs, owners of properties can bring their contaminated sites to the State, show how the sites will be cleaned, and—in return for completion of a State-approved plan for remediation—be given a "no-further-action" letter that holds sellers and buyers harmless against additional government demands for cleanup. Where these assurances have worked well, such as in Minnesota, they have gained wide market acceptance among developers and bankers, who accept State letters as releases of future liability. As a result, the risks of development on brownfield sites have been dramatically reduced.

Local regulatory policies can also create conditions for returning idle properties to productive use. The city of Cleveland's land banking program relies on aggressive enforcement of the tax foreclosure laws to assemble land. Where once the city gave property owners 5 years to pay delinquent taxes prior to foreclosure, the city now gives owners 2 weeks. Because most of these owners have disinvested over the years, the properties they hold yield returns too meager to justify—on the basis of profit and loss—payment of property taxes they owe. Therefore, substantial numbers of properties have been conveyed to the city. Some of these properties are simply turned over to existing homeowners as side yards, but others have been assembled by the city into developable parcels. Some of the new construction projects I alluded to earlier have been built on tax-delinquent land.

Government and market maker. Local government use of tax foreclosure authority to assemble land also illustrates my second dimension of government involvement: The public sector's role in overcoming collective action dilemmas in which no single investor will take an initial risk unless other investors do the same. Several of the examples cited above of favorable market trends relied on some form of government risk-reducing investment. To continue with the Cleveland example, few investors would agree to site new single-family units in poor neighborhoods unless they could avoid the time-consuming and expensive task of land assembly and unless they could be assured that city policy would support their initial investments with investments made by others. As we recall from urban renewal, the public sector's use of eminent domain—or its functional equivalent, land assembly through tax foreclosure—prevented large public-benefit projects from being thwarted by individual owners' desire to seek windfall gains from one of many needed parcels. Indeed, an owner's property gains value only because it is part of a larger project. Thus no owner gains unless some mechanism is available to prevent a few from holding hostage the entire effort. Further, the public sector's willingness to acquire and bank land for future development means that initial investors have some assurance that others will invest also, attracted by the prospect of discounted public land.

Other targeted area development policies have relied on a similar calculus. Some local governments in the past have tried to pursue neighborhood-focused revitalization by limiting the areas eligible for community development investment, selectively abating taxes for residential and commercial investment, and better organizing delivery of city services. The Minneapolis Neighborhood Revitalization program is a good example of how these tools have been combined through a formal neighborhood planning process. The intent is to create an assurance among residential and commercial investors, potential purchasers of property, and store owners seeking business locations that city policy is behind those who take the initial risks. Investors know that the continuing availability of city subsidies will be equally, if not more, attractive to those who come later, thereby protecting them against loss. Initiatives of the kind adopted in Minneapolis need not be highly formalized, however. The city of Philadelphia uses Community Development Block Grant (CDBG) funding to help community development corporations prepare neighborhood plans. The city expects that redevelopment projects submitted by these corporations will be consistent with those plans and that others will be motivated to invest because they believe in the future of an area as indicated by the plan.

Unfortunately, too few local governments pursue neighborhood revitalization with a clear understanding of the kinds of private-sector responses they can expect from their efforts. A generally positive Urban Institute study of the CDBG program noted that strategic approaches to community renewal were not a strong point of the program. To help promote better concentration of city resources on reclaimable neighborhoods, HUD has sponsored several new and promising initiatives. The Office of Community Planning and Development's (CPD's) Consolidated Plan regulations provide for local pursuit of neighborhood revitalization strategies intended to encourage targeted public and private investments in neighborhoods. Grantees may take advantage of relaxed documentary and regulatory requirements in neighborhoods where these strategies are pursued. CPD will also take the lead on HUD's new Homeownership Zone program, an effort to help generate new residential and commercial investment in poor neighborhoods through concentrations of new residential construction, which research shows to have positive effects on investment in surrounding areas. These initiatives are intended to supplement, if possible, the President's Empowerment Zone/Enterprise Community program.

Third-wave industry networks. The third type of government intervention to overcome collective action problems is provision of information, understood in fairly broad terms. State and local governments have long provided information to prospective investors in the form of marketing materials, such as descriptions of public facilities, labor force characteristics, tourist attractions, and educational and cultural assets. In recent years, this traditional function has broadened considerably in ways that I believe are important to the future of urban land reuse. In particular, the emergence of new network support policies and programs holds the promise of relatively inexpensive but high-payoff techniques.

Several decades ago, most State and local governments pursued rather simplistic supply side policies in which public agencies simply subsidized large firms to locate in their jurisdictions—a policy most analysts believe had little long-term payoff in local economic growth. In recent years, public agencies turned to demand-side policies in the form of State support for venture capital investment, efforts to promote exports by State manufacturers and other businesses, and local initiatives to encourage, among other things, micro-enterprise development in low-income neighborhoods. These efforts were seen as more clearly responsive to the needs of both local governments in need of long-term development assets and businesses that could not take initial risks needed to launch new industries. Even these demand-side policies are evolving in new directions to third-wave approaches to economic development assistance that relies on government-arranged business services provided, usually at a discount, by private or quasipublic corporations. These can be thought of as network forms of assistance in which smaller firms in an industry are linked to one another to share productivity improvements, cooperate on research and development, provide markets for occupational training and community college graduates, and pursue other cooperative arrangements. No single firm has the incentive to act alone, but all firms acting together can yield substantial benefits—a classic collective action scenario.

One of the most successful of these third-wave approaches is the Cleveland Advanced Manufacturing Program (CAMP). CAMP supports innovation among Cleveland manufacturers by assisting companies with modernization projects; providing business management services; and arranging environmental, financial, and human resource assessments. It has recently initiated a major expansion of its Manufacturing Learning Center, which has gained national prominence for effective manufacturing skills training. CAMP's support comes from the Federal Government, the city of Cleveland, the Cleveland Foundation, and others. The CAMP concept has recently expanded in Cleveland, supported by outside funding. The Westside Industrial Retention and Expansion Network (WIRE-Net) is part of a Pew Foundation nine-city initiative called the Neighborhood Preservation Initiative. WIRE-Net supports projects to expand and retain area manufacturing concerns and develop the community workforce.

Initiatives in other cities have shown the effectiveness of city or nonprofit support for industrial job creation. The Chicago Area Network of Development Organizations (CANDO) has worked to ensure that industrial firms receive the support they need to continue operating productively in the city. One major success was CANDO's effort to preserve industrial loft space in the face of residential and commercial conversions.

The common thread that stitches together a number of these initiatives is the realization that government must pay attention to industry organization and the ways in which information and expertise are communicated within and across economic sectors. One premise of the Empowerment Zone/Enterprise Community program is that ongoing forms of cooperation among public and private sectors are critical to the economic future of low-income neighborhoods. The experience of this program is too new to gauge its effectiveness in this regard reliably. However, other forms of ongoing collaboration in decisionmaking have shown the promise of the concept. The Chicago Brownfields Task Force brought together representatives from community groups, the public sector, and business and industry to discuss the problems of local industrial site contamination. For the first time, a continuing exchange of views on the problems of doing business in older industrial areas highlighted for the city, and for the State of Illinois, the importance of government in establishing the framework for profitmaking on older industrial properties. One innovative Chicago initiative shows the role of government-sponsored information collection and dissemination: The city contracted for professional assessments of the level of contamination of industrial sites within the city limits to show that many sites needing only minimal cleanup were available to potential investors.

I believe that the Federal Government has a role to play in third-wave interventions. HUD researchers have recently identified 18 industry clusters that account for much of the dynamism of the U.S. economy. These clusters consist of manufacturers, suppliers, marketers, business consultants, legal firms, and others engaged in broad industry activities, such as entertainment, medical products, and industrial machinery. Metropolitan areas that do well tend to have highly developed networks of firms within clusters. Importantly, we find that in these successful cases, inner cities play critical roles in cluster formation and growth. Therefore, I have proposed a metropolitan regional strategy that invites metropolitan area leaders to identify local clusters with the most promise, devise a strategy for regional competitiveness, and solicit Federal help in shaping policies and programs to aid local efforts. My hope is that this approach opens a new, broad front to strengthen America's economic competitiveness and that of the Nation's cities as well.

Summary

These initiatives to introduce more certainty into the real estate and urban land development process for investors concentrate public efforts in ways that encourage private risk taking and use public resources to help link investors to one another in third-wave networks that add up to a new strategic approach with much promise. Taken together with signs of market-driven reuse of idle and underutilized properties—changes in the relative value of urban and suburban land, return of inner-city retailing, reuse of urban industrial properties, greening of vacant urban land, and new residential construction—this evidence argues that we have seen the bottoming out of urban decline and an upswing in the urban prospect.

Very clearly, we are not yet there. Many local governments have a long way to go before they can claim to have established efficient, effective systems to encourage private investment in low-income neighborhoods. It may still take some time before private investors in the mainstream recognize the market potential for urban reinvestment. At the same time, other factors may help accelerate the positive trends I have noted here: Welfare reform and the new incentives to work could help increase incomes in inner-city neighborhoods. I have made the replacement of highrise public housing units a centerpiece of my tenure as Secretary of Housing and Urban Development, taking urban sites that are discouraging to area development and turning them into alternative communities of opportunity. This change in the use of urban land, I believe, serves not only the interests of the residents of these buildings but also the neighborhoods that surround them.

I think the urban prospect will ultimately rely very much on the new communities of interest across urban and suburban boundaries. New uses for urban land mean jobs and incomes for urban residents, new tax receipts for urban governments, and a quality of public investment in both cities and suburbs—for example, education—that will help prepare the needed human capital for continued metropolitan growth in the 21st century.

Notes

1. The Department wishes to acknowledge the contributions of Christopher Walker, The Urban Institute, for making this essay possible.

2. It is interesting to note that the two cities that defy those trends—New York and Los Angeles—have swelled through immigration, thus continuing to serve their traditional function as springboards of opportunity for the newly arrived.

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