

Comeback Communities:

The Revival of America's Cities



U.S. Department of Housing and Urban Development



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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
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Americans, President Clinton has said, are the most optimistic people in the world. Our nation was founded on the fundamental belief that the future will be better than the past, and that we can all work together to create a better future.

As Secretary of Housing and Urban Development, I have visited over 160 cities in all 50 states. What I find is striking. In the cities, there is hope. The optimistic spirit of America is alive and growing there once again. Our nation's cities are coming back.

As recently as the 1960s, our cities were the focal points of American economic prosperity. But in the 1970s and 80s things started to change profoundly. Older manufacturing industries began losing jobs, and many of those jobs were located in urban factories. Whole cities were brought down as industries restructured. No institution in America was harder hit by the nation's economic transformation than our cities and their residents. But now the direction is changing. Just as cities declined in response to national economic forces over the past quarter century, their revival is manifesting itself today. Economic and social trends that seemed to run hopelessly downhill have begun reversing their trajectory. Cities for which obituaries were written are now stirring with new life: Detroit, Newark, Cleveland, and many more.

In this cycle of renewal, what many urban observers have found is that because of the institutions and investment base left behind, cities are not only relevant to the New Economy — knowledge and information-based, technology-intensive, globally-oriented — they are vital. HUD's recent report, *America's New Economy and the Challenge of the Cities*, clearly demonstrates this dynamic new economic relationship. America's cities are still the principal engines for our great universities, hospitals, research centers, corporation, banks, and governments. Our national economy and metropolitan economies cannot thrive and compete in the global marketplace without urban America.

With their museums, festival marketplaces, convention centers and sports arenas, America's cities are focal points for cultural and entertainment activities, and international meeting places for conventions and tourists. Central cities serve as the nation's major water ports, railroad hubs and trucking centers. Even as we build more highways and airports on the metropolitan fringe, most cities still are the regional and international hubs for the distribution of products and services within the region and across the world.

Our new report, *Comeback Communities: The Revival of America's Cities*, provides detailed statistics of the nationwide urban economic recovery, along with case studies of economic and community revitalization in 12 of our nation's cities. These recovery efforts have been greatly aided by the economic growth of the past four years under President Clinton's leadership, as well as through targeted federal programs to help rebuild cities, ranging from community banking to community policing. HUD's own partnership efforts to support urban revitalization, such as the Empowerment Zones and Enterprise Communities, Homeownership Zones, and Economic Development Initiative, along with our actions enabling cities to reconnect with their regional economies, including Bridges to Work and the Metropolitan Economic Strategy, are contributing to the recent revival of prosperity and quality of life for people in urban communities. The challenge ahead is to continue working together, building on this economic momentum. This report is a work-in-progress in meeting such a vital challenge.



Henry G. Cisneros
Secretary of Housing and Urban Development

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Introduction

There was a time, half a century ago, when the heart of our nation's productive capacity was located in the major cities. Urban America was the magnet for jobs and businesses, the engine of economic prosperity churning out an ever-growing amount of goods and services from its factories, offices, warehouses and storefronts. Yet for the older cities, particularly in the industrial heartland of the northeast and midwest, this economic focus began to change with the great wave of suburbanization that swept America beginning in the 1950s. Returning World War II veterans and their families rushed to the suburbs to buy homes, and where they moved, industry and commerce soon followed. The older cities were unable to expand their boundaries by annexing suburban territory, and they watched their population and employment base decline, as factories, stores, and homes literally stood vacant while highways, shopping centers, office and industrial parks, and residential subdivisions were under construction miles away from the city limits.

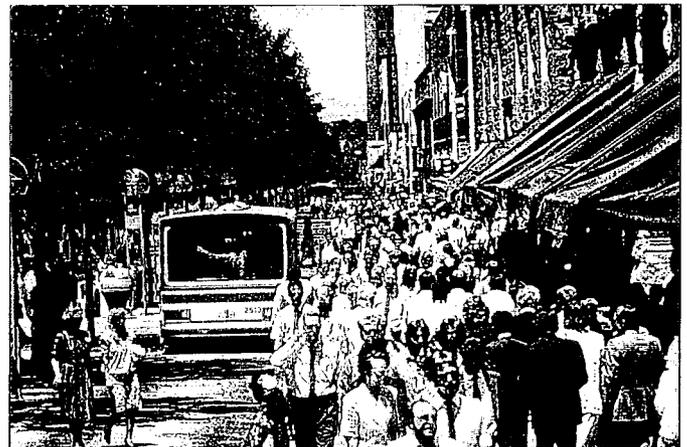
By the early 1960s, experts began to talk about the "urban crisis," with large minority populations facing increasing joblessness and poverty trapped in urban neighborhoods far from where the jobs were still growing. This new situation stood in stark contrast to the old urban America, the port-of-entry for economic opportunity, where millions of native-born and immigrant workers got their start in large factories and small businesses, learning basic production skills on the job as they earned their way to a better life for themselves and their families. The lack of employment opportunity for many of the city's newest migrants from the rural south and foreign lands, fueled by the tinder box of racial and ethnic discrimination, lit the flames of urban riots in the late 1960s that further hastened the exodus of middle class families and successful businesses from urban America.

Some cities were able to buck these trends by annexing suburban land or engaging in city-county consolidation, places like Jacksonville, Miami, Nashville, Columbus, Indianapolis, San Antonio, Phoenix, and San Jose. But eventually, even fast-growing "sunbelt" cities had to confront the economic decentralization of the 1970s and 1980s that left central cities with a diminished role, as corporations restructured their organizations, downsized their workforces, and moved their operations around the world in an increasingly mobile and globally competitive marketplace. In the 1980s, no city was

exempt from the economic and social changes that left them with tougher challenges to generate prosperity and improve quality of life by attracting, and retaining businesses, fighting crime and drugs, expanding homeownership and affordable housing, improving transportation and services, maintaining good schools and decent medical care, and building civic participation and community pride.

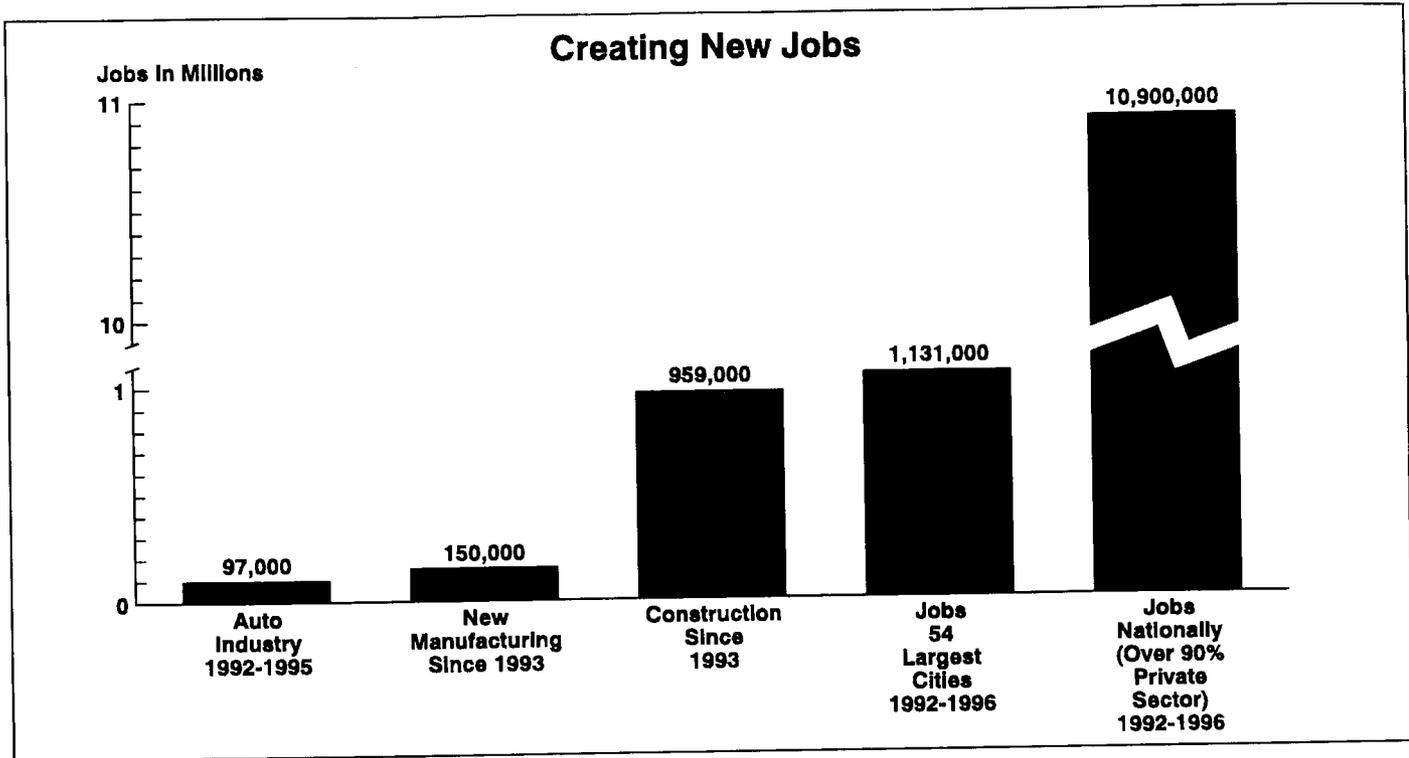
The good news in 1996 is that while these remain tremendous challenges, significant progress is taking place on every front. Economic change has created a new metropolitan economy, one in which cities have a vital role to play in key aspects of manufacturing and services, research and education, transportation and trade. Also, government, business, and civic leaders in every metropolitan region are working to enhance their city's cultural assets as centers for recreation, sports, entertainment, and tourism. And these hopeful changes and economic investments are not just being made to spruce up downtown skyscrapers and urban waterfronts; they are happening in the roughest neighborhoods where public-private partnerships and grassroots organizations are building new homes, new stores, new clinics, new job training centers, new businesses, and most importantly, new hope.

The bottom line is simply this: the cities are coming back. They have turned the corner on despair. The signs and trends are positive — people and jobs and safe streets are returning. Opportunity, responsibility, and community are growing once again. Great challenges lie ahead, but the urban prospects for the 21st century are far brighter today than they were at the beginning of the 1990s.

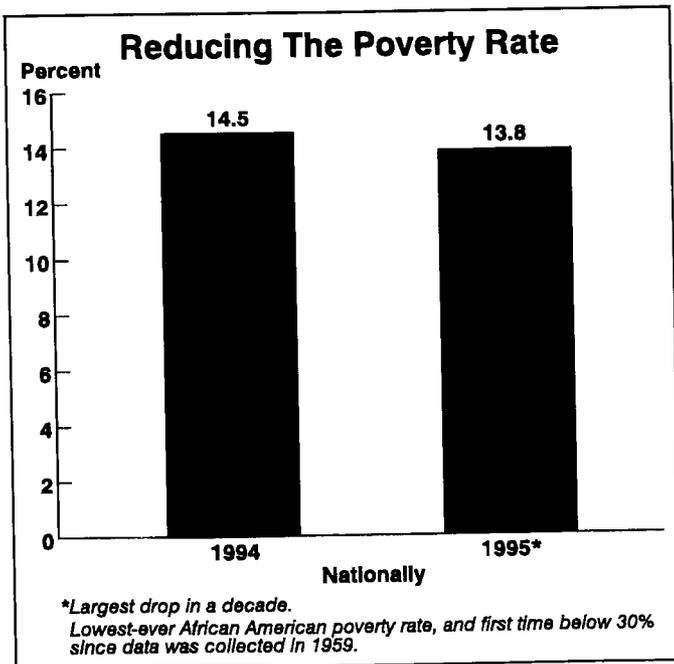


Denver's downtown transit mall.

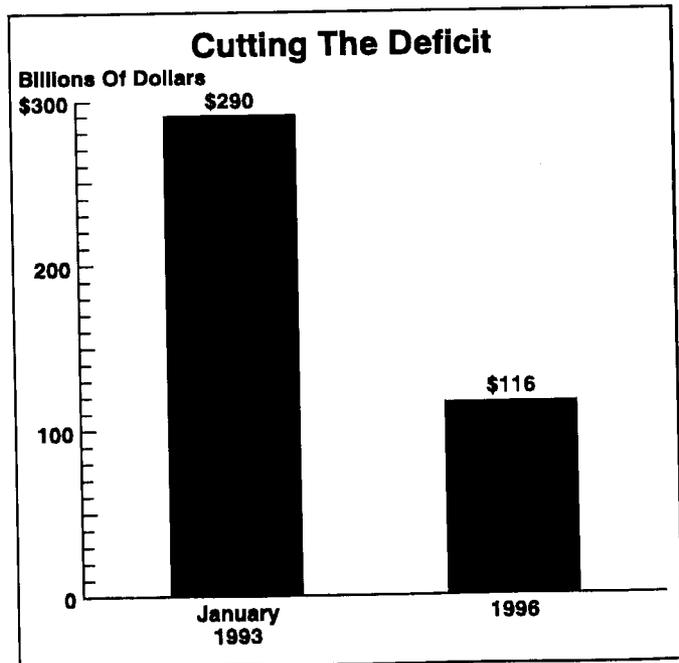
Improving Trends In America



Aggregate Population Increased 450,000 In 54 Largest Cities From 1990-1994.

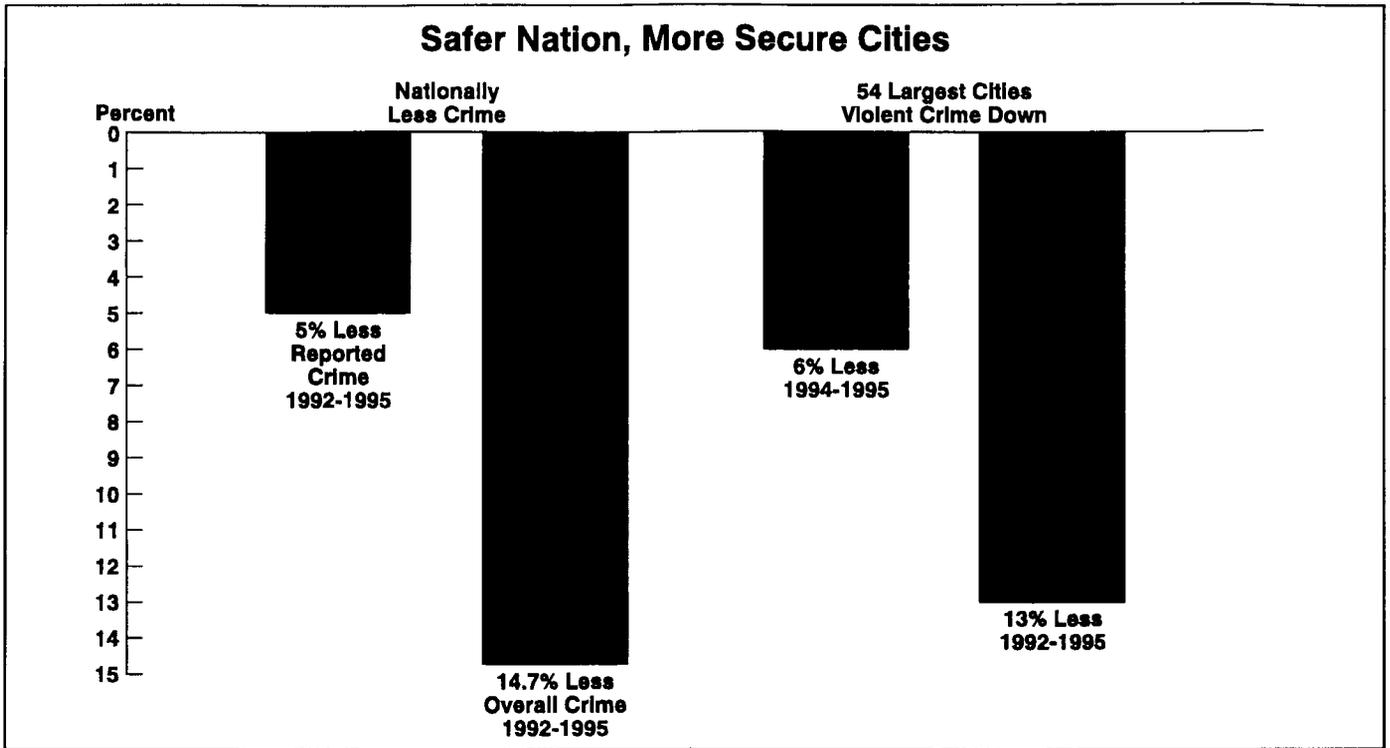


The Number Of People In Poverty Fell By 1.6 Million.

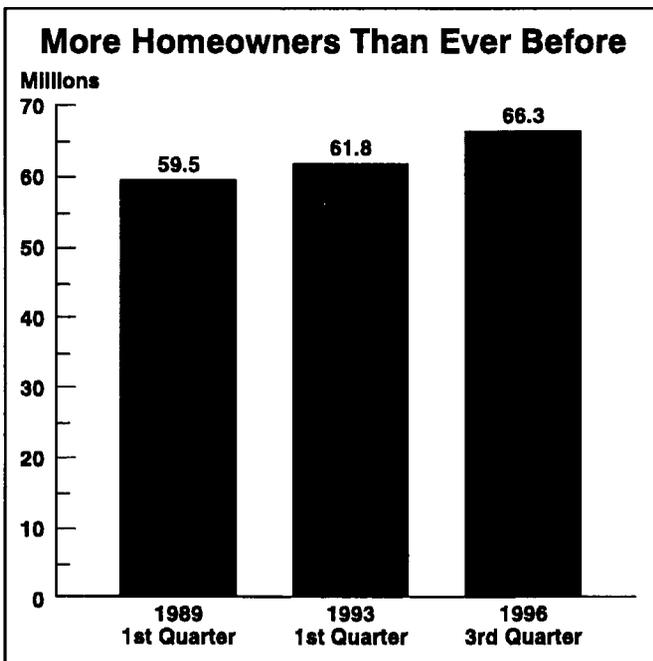


The Deficit Has Been Reduced By 60 Percent.

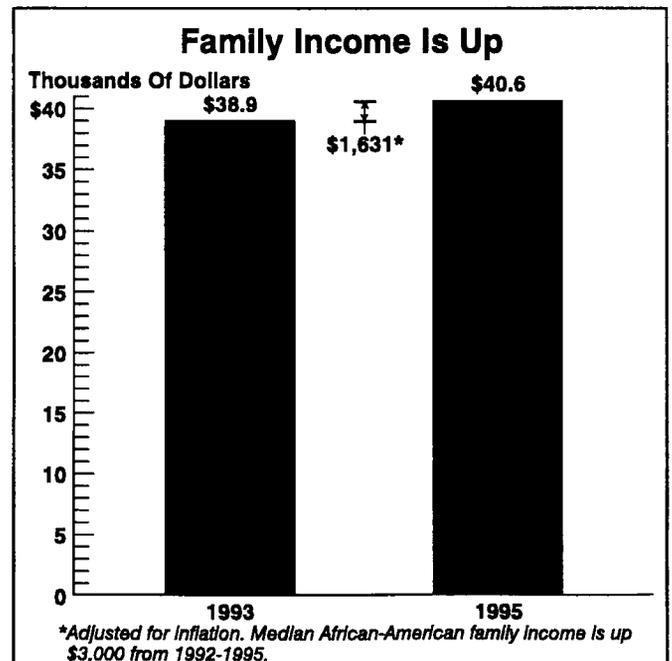
Improving Trends In America



The First Three-Year Decline In Violent Crime
For The Entire Nation Since 1960.



There Are 4.5 Million New Homeowners
Since January 1993.



Median Family Income Is Up \$1,631
From 1992-1995.

The Economic Comeback

Part of the reason for the recent — and strong — economic comeback of our nation's cities is that urban America is sharing in the general recovery and growth of the past few years. Since the beginning of 1993, the American economy has added 10.9 million new jobs, private sector growth has averaged nearly 3 percent annually, the unemployment rate has dropped to 5.4 percent, and real wages are now increasing for the first time in more than a decade. Median family income has risen by over \$1,600 since 1993. Poverty and income inequality have declined dramatically in the past three years, with strong income gains for women and minorities. The American economy has added 959,000 construction jobs since January 1993, along with 150,000 new manufacturing jobs, and nearly 100,000 jobs in the automobile industry. Today — for the first time since the 1970s — America once again leads the world in production of cars and trucks. The number of auto industry jobs is now at its highest level since 1979. And the 150,000 increase in manufacturing employment contrasts sharply with the previous eight-year period (1985-92), when the U.S. economy lost 2.1 million manufacturing jobs. Similarly, in the four years before 1993, construction employment in America actually declined by 667,000 jobs.



America once again leads the world in automobile production.

Through aggressive, entrepreneurial leadership and targeted investment and tax policies, most American cities have generated business expansion that spreads the benefits of our country's recent economic revival. For example, over the past four years America's 54 largest cities have added more than 1.1 million new jobs. Job increases have ranged from over 100,000 in Phoenix; over 60,000 in New York, Dallas, and Houston; over 50,000 in Austin and San Antonio; over 40,000 in Las Vegas and Nashville; over 30,000 in San Jose, Memphis, Los Angeles, Portland, Jacksonville, Atlanta, and Tucson; over 20,000 in Indianapolis, Albuquerque, Seattle, Detroit, Kansas City, Columbus, Charlotte, Denver, Fort Worth, and San Diego; and over 10,000 in Chicago, Baltimore, Oklahoma City, Omaha, Salt Lake City, Sacramento, Minneapolis, Milwaukee, and Boston. During the past two years, virtually all of the nation's major cities have posted job gains.

Also, in the past four years the nation's 54 largest cities cut their unemployment rate by an average of 3.1 percent. Some city performances were even more dramatic. Detroit's unemployment rate declined by nearly nine percent. The city joblessness rate dropped by over five percent in Miami; fell by over four percent in Fort Worth; and decreased by more than three percent in Atlanta, Baltimore, Boston, Cleveland, Dallas, Los Angeles, New York, Portland, San Jose, and Toledo.

In addition, real per capita personal income has grown in numerous cities during the past four years, such as Philadelphia, New York, St. Louis, Baltimore, Denver, San Francisco, and New Orleans. Municipal bond ratings of several cities have improved since the beginning of 1995, including Philadelphia, St. Louis, Jacksonville, and Detroit. And the rapidly declining federal budget deficit combined with substantially lower interest rates have enabled America's cities to save billions of dollars in debt refinancing since 1993.

Finally, another important signal that the economic fortunes of central cities are on the rise is that commercial office building occupancy is at the highest level in over a decade. Four years ago, one out of every five square feet of potentially leasable downtown office space stood vacant. By the end of 1995, office vacancy rates in our nation's cities had dropped all the way down to 12 percent. Lower vacancies mean higher economic activity, and thus more jobs for urban America.

The New Metropolitan Economy

The recent economic revival of America's cities reflects more than the overall national trends. Today, cities have come through the wrenching economic changes that have profoundly affected industries and regions and have emerged in a new and stronger position within the metropolitan, and the global, marketplace. In the American economy of the 21st century, unlike the economy of 50 years ago, it no longer makes sense to divide cities and suburbs. Businesses are now closely linked through industry "clusters" that connect manufacturers to business service providers, suppliers to distributors, research and development to product marketing. These clusters are organized along metropolitan lines. Businesses operating within these clusters have a variety of specialized needs that can only be filled through the economic diversity of the entire metropolitan region. Just as cities once grew by attracting businesses through their unique combination of economic specialization and diversification, now metropolitan regions perform the same function. Therefore, cities play a series of essential roles as part of the larger metropolitan marketplace. Suburban growth cannot take place without urban economic vitality, nor can cities continue to thrive unless they are deeply intertwined with suburban production and distribution.

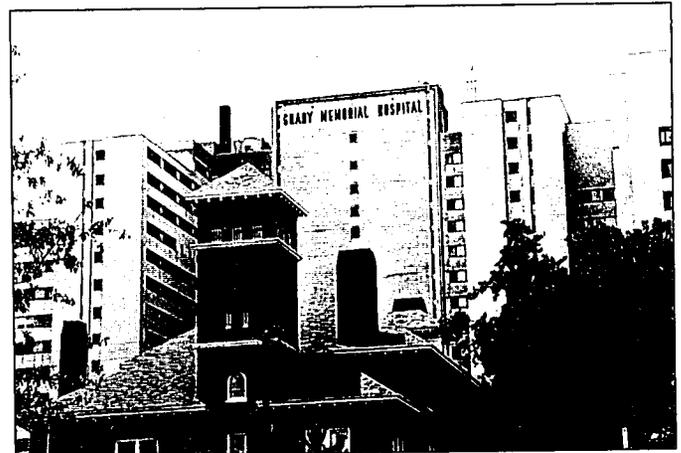
In today's new metropolitan economy — driven by the engine of dynamic industry clusters — central cities serve as:

Centers of Innovation

America's cities bring together a specialized, highly-skilled labor force that performs intensive activities in research, design, development, marketing, law, accounting, banking, insurance, engineering, communications, and a wide range of other business and financial services. Many of these concentrated urban business activities are closely connected by management to suburban centers of goods assembly, information processing, wholesale or retail sales. In particular, new innovation-driven industries such as multimedia (computer graphics, software, telecommunications, television and film production, etc.), tend to cluster in urban locations such as New York's lower Manhattan, Los Angeles' west side, Chicago's near north side, or San Francisco's south of Market district.

Centers of Education, Research, and Health Care

America's cities are still the principal magnets for universities, hospitals, and related educational and medical research institutions. Cities attract an educated, diversified workforce of people with highly specialized teaching and research skills that are critical to the development of new technologies and products and the rapidly increasing investment in our world's knowledge-based economy.



Atlanta's Grady Memorial Hospital.

Centers of Culture, Recreation, Sports, Entertainment, Conventions and Tourism

From museums to festival marketplaces, from convention centers to sports arenas, America's cities are making a comeback as focal points for metropolitan cultural and entertainment activities as well as international meeting places and tourist attractions.

Centers of Transportation and Trade

Even as we build more highways and airports on the metropolitan fringe, America's cities are still major centers for water ports (ocean, river, or lake), railroad ports, and truck ports. Cities serve as the hubs for regional and even international transportation and distribution of people and goods. Urban job growth today often depends on expanding regional and global trade that generates transportation-related business activities in cities.

Market and Workforce Centers: Centers of Neighborhoods That Are Home to Millions of Workers and Consumers

America's cities have great economic assets in the strength and ethnic diversity of their neighborhoods, full of workers, consumers, business proprietors, homeowners, parents, children, families, taxpayers, investors, current and prospective citizens. Yet far too many of these communities are still underserved by existing businesses, undercapitalized as places for new investment and financing, and underutilized in generating employment opportunities for their residents. Expanding businesses and jobs in urban neighborhoods, increasing education and training, and connecting inner-city families to suburban employment through better transportation, housing, and job placement networks will make for a more highly productive metropolitan economy and create a wider base of economic prosperity, rising incomes, and growing markets for the entire metropolitan region.



New York's lower Manhattan skyline.

Houston's Central City Industrial Park in the Enhanced Enterprise Community.



The Community Comeback

America's cities are not only coming back economically, they are also coming back by stabilizing and strengthening communities. Urban quality of life is improving along with increased economic prosperity. Neighborhoods are improving along with downtowns.

One sign of the community comeback is that homeownership is expanding in our nation's cities. Since 1990, nearly 700,000 central city residents have become homeowners. In the past three years, cities have participated in the most significant nationwide homeownership boom in decades, with 4.5 million new homeowners in America since 1993. The national homeownership rate is now at its highest level in 16 years, the total number of homeowners nationwide is at its all-time peak of 66.3 million, and in 1995 the homeownership rate rose more than in any single year since 1965.

Another vital sign that America's cities are coming back is the substantial reduction in the crime rate. Between 1992 and 1995, the number of violent crimes in the nation's 50 largest cities declined by an average of 13 percent. Many cities reduced violent crime even more significantly during this period, with decreases such as 27 percent in San Antonio, 26 percent in New York, 22 percent in Kansas City, 20 percent in Los Angeles and San Francisco, 18 percent in Boston and Denver, 17 percent in Jacksonville, and 16 percent in Seattle.

Also an encouraging sign of community comeback is that America's 50 largest cities together have gained population since the beginning of the decade, according to current Census estimates. Most of the largest gains, as one might expect, are in cities of the south and west where statewide populations are growing the fastest and where many of these cities are still able to expand their territorial base. Cities such as Charlotte, Austin, Salt Lake City, Albuquerque, San Antonio, Denver, Jacksonville, San Jose, Houston, Miami, and Nashville posted large percentage gains in their population. Yet even older cities including Kansas City, Portland, San Francisco, Seattle, Atlanta, and New York also grew in population.

An important reason for this community comeback is the mobilization of civic and business leadership to generate and support urban revitalization initiatives. Organizations like Cleveland Tomorrow, Detroit Renaissance, the New York City Partnership, and many other similar groups have played pivotal roles

in attracting new investment and developing effective public-private partnerships that combine federal, state, and local government funds with private sector, non-profit, and community-based resources. This spirit of civic leadership was a major factor in the Clinton Administration's Empowerment Zones and Enterprise Communities initiative, where business and civic groups generated billions of dollars in public and private sector investment commitments in order to win the federal Empowerment Zones competition. In Detroit, for example, nearly two billion dollars of private investment was pledged in support of the city's successful Empowerment Zone application.

By working hard to create and strengthen civic partnerships, political and governmental leadership — spearheaded by entrepreneurial mayors, along with other elected officials including U.S. senators and representatives, governors and state legislators, and city council members — has been an absolutely essential factor in the recent comeback of America's cities. The mayors of the cities highlighted in our case studies: Dennis Archer of Detroit, Michael White of Cleveland, Thomas Menino of Boston, Kurt Schmoke of Baltimore, Bill Campbell of Atlanta, Emanuel Cleaver of Kansas City, Roxanne Qualls of Cincinnati, Sharpe James of Newark, Richard Riordan of Los Angeles, Edward Rendell of Philadelphia, Richard Daley of Chicago, and Rudolph Giuliani of New York — along with many other mayors across the country — have shown exemplary leadership and vision in taking on the challenging task of moving their cities forward into economic prosperity and jobs for the 21st century.

Finally, a major institution directing the comeback of urban neighborhoods are community development corporations (CDCs). These are grassroots, non-profit, or church-inspired activist organizations that create jobs and businesses, build and manage affordable rental housing, develop and increase affordable homeownership, provide vital services such as health care, child care, transportation, business financing and technical assistance, and job training and placement, and engage in environmental clean-up and crime prevention through anti-drug programs and community policing. ABC's "Nightline" recently profiled successful efforts by community development corporations revitalizing South Bronx neighborhoods in New York.

Today there are more than 2,000 of these CDCs operating in urban neighborhoods all across America, and they have built or rehabilitated well over 400,000 units of affordable housing nationwide, with current production of 40,000 units a year. CDCs have developed over 23 million square feet of commercial and industrial space, established and supported hundreds of new businesses, created nearly 100,000 construction and permanent jobs, and provided critically needed services to substantial numbers of community residents. Many of the largest CDCs, such as the New Community Corporation in Newark, TELACU in Los Angeles, Focus: HOPE in Detroit, and the Bedford-

Stuyvesant Restoration Corporation in Brooklyn, are major employers in their neighborhoods. Several CDCs directly employ over 1,000 people. The nationwide network of more than 2,000 CDCs is supported by national organizations providing financial and technical assistance, including the Local Initiatives Support Corporation (LISC), the Enterprise Foundation, the Neighborhood Reinvestment Corporation, the National Community Development Initiative (NCDI), numerous philanthropic foundations and religious organizations, government agencies, as well as private financial institutions encouraged by the federal Community Reinvestment Act and other incentives.



Community Policing in Baltimore.

President Clinton's Strategy for Community Prosperity

The centerpiece of President Clinton's policy for cities and people living in cities is to grow the economy. He recognizes that in order for everyone to share in the benefits of prosperity, there must be economic growth. The President took as his main responsibility to have an effective strategy for promoting economic growth, and he has largely succeeded in this task. Since the beginning of 1993, the American economy has added 10.9 million new jobs, private sector growth has averaged 3.2 percent annually, the unemployment rate has dropped to 5.4 percent and real wages are now increasing for the first time in more than a decade.

The second part of the President's strategy is enabling urban leadership to take full advantage of the strong national economy. The Clinton Administration has developed a set of targeted incentives and tax policies encouraging private capital to invest in cities, and empowering people living in America's cities to substantially increase business and employment opportunities, and to expand economic prosperity and quality of life for families and communities.

President Clinton's Empowerment Zones and Enterprise Communities initiative offered a challenge to hundreds of cities: if they create an economic growth and community reinvestment strategy for targeted low-income neighborhoods; if their strategy emphasizes private sector growth and fully involves both businesses and local residents in strategic planning and program implementation; then cities can receive federal funds, employer tax credits, regulatory waivers, and interagency cooperation to help ensure their strategy's success. Today, 72 cities across America have received designation, and many more are engaged in serious community building efforts as a result of the participatory community planning process encouraged by the awards competition. President Clinton has called for a second round of Empowerment Zones to expand the initiative to additional cities and regions. Major EZs, Supplemental EZs, and Enhanced ECs include Detroit, Baltimore, Philadelphia, Chicago, New York, Los Angeles, Atlanta, Cleveland, Boston, Kansas City, Houston, and Oakland. These are cities with neighborhoods on the front lines of the battle to change the face of urban America, and they are making significant progress.

Also, a key part of any city's assets and liabilities is its land. This vital resource enabled cities to grow, and is what they have been left with when businesses

and residents move out. During the period of economic change in the 1970s and 80s, cities became burdened with the responsibility and cost of environmental clean-up from land that had been polluted or made toxic by prior industrial uses. Vacant land and buildings can be major assets to be recycled for development and new economically productive uses, but only if they are free from harmful substances. The President's Brownfields initiative, involving the EPA and HUD, enables cities to clean up environmentally damaged properties, and redevelop them to revitalize their economies and communities.

Rebuilding America's communities requires more than investment of resources — it also requires commitment. That is one of the many reasons why promoting urban homeownership is so important. Owning a home often means accumulating savings and financial gain, and also involves a great deal of personal, family, and community responsibility. Homeowners become active citizens to maintain the value and quality of their homes and neighborhoods. The President's National Homeownership Strategy — with the goal of generating eight million new homeowners by the end of the decade — is critical to the revival of America's cities. Already there are 4.5 million new homeowners since the beginning of 1993, and the highest national homeownership rate since 1980. President Clinton has proposed tax policies — allowing the use of tax-free Individual Retirement Accounts for downpayment on a first home, plus the virtual elimination of capital gains taxes on home sales — that will help expand homeownership. He is also making sure that key secondary mortgage market institutions such as Fannie Mae, Freddie Mac, and Ginnie Mae, do their part to make capital available for urban homeownership, and that private mortgage lenders do their part with the inducement of the Home Mortgage Disclosure Act and enforcement of fair lending laws.

The National Partners in Homeownership — a nationwide public-private partnership of over 60 national organizations working together to implement the National Homeownership Strategy — is encouraging local homeownership partnerships all across America. There are now 80 state and local homeownership partnerships, with another 70 being established in the next 6 months. These partnerships are playing a key role in expanding homeownership opportunities in America's communities.

The most important homeownership tool for revitalizing urban neighborhoods is Homeownership Zones, with HUD providing loans and grants to cities working in partnership with the private sector and with community organizations to build hundreds of new affordable homes in selected neighborhoods. Local development groups in New York and other cities have demonstrated the effectiveness of Homeownership Zones to rebuild their communities, such as the Nehemiah developments that started in East Brooklyn and spread across the country. HUD's new initiative enables cities to acquire and improve large tracts of vacant land and assist hundreds of first-time homebuyers with affordable home loan financing. Homeownership Zones will bring people, stores, services, safe streets, stronger schools, optimism and hope back to abandoned and troubled urban communities.

The President's policies to bring more private capital into urban America also include the new Community Development Financial Institutions Fund, which recently provided \$35 million in assistance to community development banks and other private lenders that target capital and credit to revitalize neighborhood businesses and housing. Through its Community Empowerment Banking Initiative, HUD has provided \$470 million in grants and loans to help establish community development banks in Empowerment Zones in Los Angeles, Baltimore, and the Mississippi Delta, and in Washington DC's Enterprise Community. President Clinton's strengthening of the Community Reinvestment Act has further added billions of dollars to the pool of private capital and credit now available to foster urban economic growth and affordable homeownership. Since 1993, private bank lending to traditionally underserved urban neighborhoods has increased by over 20 percent. And private sector incentives like the Low Income Housing Tax Credit — made permanent by President Clinton — have brought capital investment dollars to urban areas for

constructing 120,000 units of affordable private housing each year.

Rebuilding communities also means turning public housing into attractive, livable, mixed-income neighborhoods, with low-rise townhomes and plenty of opportunity for jobs and homeownership. President Clinton has committed to demolishing 100,000 units of severely distressed high-rise public housing by the end of the decade. During the past three years, more than 23,000 units have already been demolished, the fastest rate of demolition in the history of the public housing program. HUD's HOPE VI program has committed over \$2 billion to create more livable communities, by lowering densities, raising income levels, offering residents the choice to move to private housing, offering working families the opportunity to become private homeowners, providing job training and education services to promote economic independence through programs like HUD's Campuses of Learners, insisting on personal responsibility by residents to uphold the laws, and screening out and evicting gangs, drug dealers, and other violent criminals.

All of the cities in the following case studies are rebuilding their communities with the aid of tools such as HOPE VI, Empowerment Zones, and Homeownership Zones. These and other cities are expanding their community policing activities with funding from President Clinton's new Community Oriented Policing Services (COPS) program to put 100,000 more police on city streets. Also, cities are actively utilizing the Clinton Administration's many new education and employment training initiatives to improve local schools and colleges, enabling people to upgrade their employment skills and find good-paying jobs. An example is HUD's Bridges to Work program, connecting inner city residents to workforce training, transportation, child care, supportive services, and job placement networks that gain them access to decent-paying jobs throughout the metropolitan region.

A strong economy is absolutely necessary, but by itself is not sufficient to ensure that cities will come back. Targeted federal resources, including HUD's Community Development Block Grants (CDBG), Economic Development Initiative (EDI) grants and Section 108 loans, YouthBuild job training and neighborhood revitalization grants, and HOME Investment Partnerships for affordable housing, are designed to enable cities to rebuild themselves and achieve local self-sufficiency as integral parts of the new dynamic metropolitan economies.



A new neighborhood bank branch in Houston's Enhanced Enterprise Community.

Case Studies of Comeback Communities

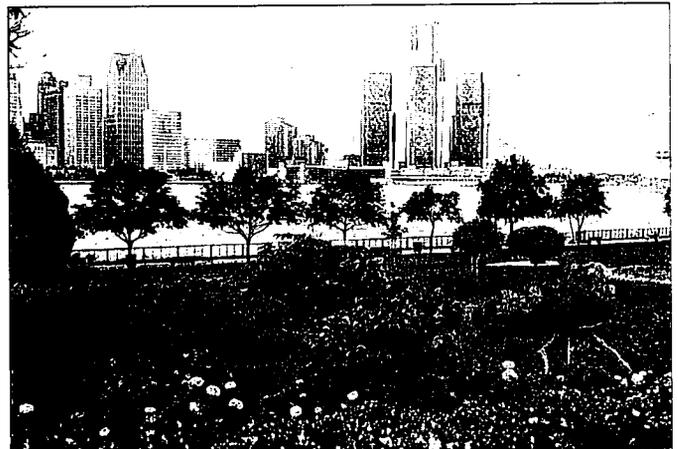
Detroit

Detroit grew as “the Motor City,” world capital of automobile production. Yet in the past few decades, the city has been losing population and the region has lost car and truck manufacturing jobs in the face of stiff competition from Japanese, European, and Korean companies. Recently, trade and investment policies have helped bring back the U.S. as the leader in global motor vehicle production and, with 131,000 new auto jobs added in the last three years, America now has the highest automobile industry employment since 1979. While vehicle assembly is now more decentralized, the Detroit metropolitan region still is the center of America’s automobile industry. But there has been a fundamental change since the 1970s. The “transportation equipment” industry cluster based in the Detroit region — world headquarters of Chrysler, Ford, and General Motors — is now the global capital of automotive research and development, engineering, and design. In addition to exporting cars, vans, jeeps, and trucks, metropolitan Detroit now exports consulting services, documents, and engineering plans. The Detroit Metropolitan Airport now has daily flights filled with engineers and consultants traveling all over the world, including to China, where Detroit’s automotive experts are advising Chinese industrialists on how to build state-of-the-art cars and trucks.

The good economic news for the Detroit metropolitan region is also good news for the City of Detroit. The city has gained 25,000 new jobs in the past four years, because critical elements of the regional automobile industry cluster are located in the city. These include key business and financial services located downtown, and their growth is best symbolized by the recent purchase by General Motors of the Renaissance Center on Detroit’s waterfront, which will serve as GM’s new world headquarters for over 10,000 employees.

In addition to downtown renewal, auto industry manufacturers and parts suppliers are rapidly expanding and revitalizing Detroit’s neighborhoods. Chrysler invested \$1 billion to modernize its Jefferson North Jeep assembly plant in the city several years ago, and last year Chrysler announced plans to invest \$750 million in an engine plant located in Detroit’s Empowerment Zone that will employ up to 1,000 workers. Overall, the Empowerment Zone has attracted more than \$2 billion in private investment and thousands of new jobs, many of them within the auto industry cluster. These

business firms include the Lear Corporation, Bing Manufacturing, Trim Tech, New Way Material Handling, Piston Packaging, O-J Transport Company, Motor City Intermodal, Hispanic Manufacturing, Midwest Steel, Broad Vogt & Conant, Johnson Controls Automotive Systems Group, and Chivas Products. Many of the new and growing companies are minority-owned, and all of them are employing Empowerment Zone residents. The nationally-recognized community development corporation, Focus: HOPE, has created hundreds of training and job opportunities for inner city youth and young adults through its Center for Advanced Technology, making machine products for automotive companies such as Detroit Diesel. HUD recently provided Focus: HOPE with \$18 million in grants and loans to develop a state-of-the-art conference center and residential education facility.



Detroit’s Renaissance Center and downtown skyline.

After cars and trucks, the second largest industry cluster in the Detroit area is health services, and five of the eight major hospitals within the metropolitan region are located in the City of Detroit. Job training for health-related industry jobs is expanding in Detroit’s Empowerment Zone through an initiative called New Beginnings, and plans are in the works to develop a medical industrial park in the city’s New Center District. Public-private partnerships to invest in workers and businesses are a key factor in Detroit’s economic comeback, including: targeted procurement by Ford, GM, and Chrysler to minority-owned and Empowerment Zone-located supplier firms; a \$52 million Detroit Investment Fund organized by corporate leaders from Detroit Renaissance that has already invested \$12 million to stimulate business

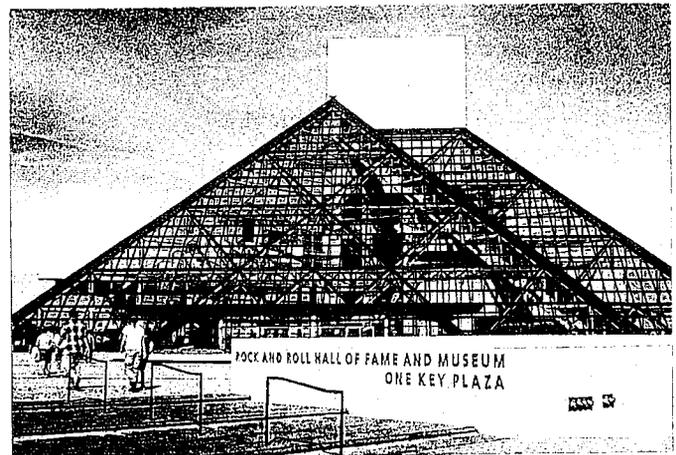
start-ups, expansion, and retention, and attract companies relocating to the city; \$286 million in commercial and industrial loans in 1995 from Detroit-area financial institutions to businesses located in the Empowerment Zone; a community development bank modeled on and managed by Chicago's South Shore Bank; and a \$100 million Detroit Works employment training partnership with the Carpenters Union and the Painters Union to prepare 1,000 Empowerment Zone residents for construction jobs.

These construction jobs are materializing for a wide range of new developments, including a new baseball stadium downtown for the Detroit Tigers, and a new football stadium nearby for the Detroit Lions, a team that is moving back to the city after playing for over a decade in the suburban Silverdome. New cultural and entertainment facilities are being built downtown, including a new opera house; new retail centers are proposed for city neighborhoods, such as the South-west Crossing and the Gratiot Central Market; and most dramatically, Detroit is becoming a magnet for middle-income homeownership. Following the success of Standard Federal Bank's Victoria Park, hundreds of other homes are now under construction or proposed, including Brush Park, Virginia Park Estates, Clairepointe of Victoria Park, Ambassador Town Houses, and The Links at Old Fort Wayne. Home values in Detroit have risen by more than 10 percent in the past 18 months. Even public housing is undergoing a transformation to homeownership and mixed-income communities, with a \$120 million reconstruction of Parkside Homes, Jeffries Homes, and Herman Gardens.

Cleveland

The City of Cleveland hit bottom in the late 1970s with a fiscal default, an industrial fire in the Cuyahoga River, and the loss of thousands of manufacturing jobs. Since then, business, government, and civic leadership mobilized to foster a dramatic comeback, first in rebuilding the downtown and more recently in revitalizing the city's neighborhoods.

Cleveland's economy has rebounded along with recent regional growth, with 5,000 new jobs in the city during the last four years and a more than three percent drop in the city's unemployment rate. Cleveland has revived as a financial and business services center with major banks and corporations, as a center of higher education and medical care with institutions such as the Cleveland Clinic, and as a manufacturing center of diversified industrial machinery and parts.



Cleveland's new Rock and Roll Hall of Fame Museum.

The city's comeback, spurred by business organizations like Cleveland Tomorrow and the Greater Cleveland Roundtable, and by community foundations such as the Cleveland and the Gund Foundations, is best symbolized by the \$4 billion in new downtown investment over the past decade. This includes five major new office towers, five new hotels, two new shopping centers, two new sports facilities — Jacobs Field and Gund Arena — and the Rock and Roll Hall of Fame and Museum that anchors the new North Coast Harbor development. Existing hotels, office buildings, and theaters were renovated, other new museums were constructed, a major entertainment center called the Flats was developed along the river banks, and several thousand units of downtown housing were built in the Warehouse District and other locations.

As Cleveland's downtown was being rebuilt, civic and business groups and the city's government turned to the task of revitalizing neighborhoods. They worked closely with Cleveland's strong network of community development corporations, and established a new support organization, Neighborhood Progress, Inc. These community-based efforts have led to new developments such as a new shopping center on the east side's Euclid Avenue called the Shops at Church Square, and hundreds of new homes for affordable homeownership in well-planned neighborhood subdivisions including Central Commons, Beacon Place, and Bicentennial Village.

One sign of its effective public-private partnership strategy is Cleveland's designation in 1994 as a Supplemental Empowerment Zone with \$97 million

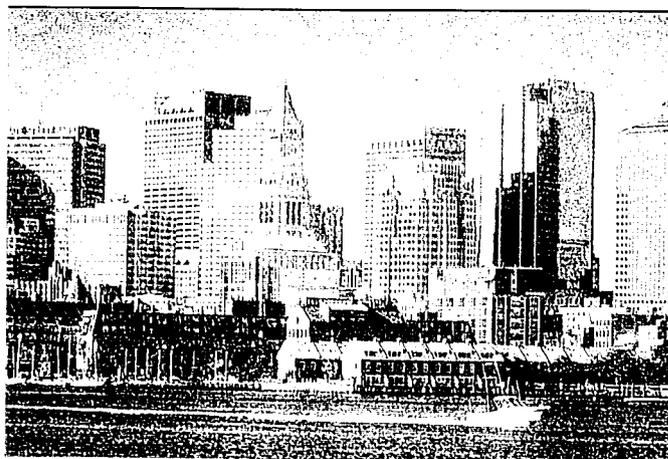
in HUD funds. Cleveland is nearly doubling these resources through private sector and state and local government leveraging. The Empowerment Zone is helping industries expand their facilities and jobs, with loans to companies such as Encore Manufacturing, Kraber Industries, and Bearings, Inc. Bearings is building a new \$28 million headquarters and factory that will employ 300 people, some of whom will be Empowerment Zone residents. In addition, three Empowerment Zone community organizations in Hough, Glenville, and Fairfax are working to create a job match program that will find jobs for 350 Zone residents. These business, employment, and homeownership initiatives are supported by capital from the Shore Bank and Trust Company, a community development bank affiliated with Chicago's South Shore Bank. Cleveland's Shore Bank recently received \$1.5 million from the federal Community Development Financial Institutions Fund, and the Fund also provided \$350,000 to Cleveland's Faith Community United Credit Union. Finally, Cleveland is utilizing \$100 million in HUD's HOPE VI funds to revitalize four public housing developments, King Kennedy, Outhwaite Homes, Riverview, and Carver Park Extension, including such innovative concepts as a Community Service Mall, increasing homeownership, and residential drug treatment centers called Miracle Village and Renaissance Village. The Cuyahoga Metropolitan Housing Authority also is working with Cleveland State University and Cuyahoga Community College to create a HUD-designated Campus of Learners providing education and training in computer technology skills to public housing residents at Outhwaite and Carver Park.

The nearby City of Akron, part of the greater Cleveland metropolitan region, has undergone a similar economic revival. Once the world's manufacturing capital for rubber tires, home of Goodyear, Goodrich, Firestone, and Bridgestone, Akron lost thousands of jobs when rubber tire production dispersed to other locations and other countries. But the city and its suburbs have reemerged as the global center for advanced research and development, design and engineering of "polymer" products — plastics, synthetic rubber, and other related complex synthetic materials. The University of Akron's former Rubber Research Institute is now the College of Polymer Science and Engineering, located in downtown Akron. Today metropolitan Akron is home to more than 400 polymer firms, including Advanced Elastomer Systems, creator of synthetic rubber and other products, which moved its world headquarters into Canal Place, a research and office/

industrial park near downtown Akron that was the former site of a B.F. Goodrich rubber factory. Canal Place is now a magnet and an incubator for business firms and new job growth in Akron's fast-growing polymer industry cluster.

Boston

The City of Boston undertook a substantial economic transformation that began in the 1960s, moving from an older manufacturing economy that had been losing jobs for several decades, to an emphasis on financial and business services, education and research, and other activities related to the growth of electronics, computers, biomedical products, and additional new technologies. This change to advanced manufacturing and services produced a business and employment, real estate and construction, and housing price boom that stalled into a recession during the late 1980s. With help from the nation's strong economic growth in the past few years, Boston's economy has finally reemerged. Manufacturers in the metropolitan region have been adding thousands of new jobs since 1994. The city's unemployment rate in September fell to 4.7 percent, a seven-year low, way down from the jobless rate of 8.4 percent four years earlier. During the last four years, the City of Boston has experienced the creation of 10,000 new jobs. The central business district's office vacancy rate is now down to 8 percent, compared to 18 percent in 1992. Downtown Boston has become a national center for companies managing mutual funds for investment, one of the factors in the employment growth and increasing demand for commercial space. Fidelity Investments, one of Boston's largest mutual fund companies, is expanding to occupy 400,000 additional square feet of office space, creating up to 1,000 new jobs. New investment includes the Fleet Center sports arena for



Downtown Boston's office occupancy rose 10 percent since 1992.



Boston's Harry Miller Company is building a new factory in the Enhanced Enterprise Community.

the Boston Celtics and Bruins, the recent opening of a third Harbor Tunnel to Logan International Airport, development of the old Customs House tower into private office space and residential condominiums, and a new federal courthouse at Fan Pier. Discussion is now underway for building a new and larger convention center in South Boston.

Boston was designated by HUD in 1994 as an Enhanced Enterprise Community, with a commitment of \$25 million in federal funds. Recently, the city broke ground for a major new tenant in the CrossTown Industrial Park across the street from Boston's Empowerment Center that houses the Enhanced Enterprise Community support services and the Small Business Administration's One-Stop Capital Shop. The Harry Miller Company, a Boston-based manufacturer of industrial fabrics and textiles, will build a new \$3 million, 37,000 square foot factory in the Roxbury neighborhood and add 59 new jobs to its existing workforce. This new investment reinforces other recent industrial interest in Roxbury's CrossTown area, including the attraction in 1994 of NitroMed, a private firm specializing in advanced biomedical technology. The proximity of the Boston Medical Center and other medical institutions to low-income Roxbury has led to a strategy of promoting health services jobs and biomedical businesses in the Enterprise Community. The Harry Miller Company's investment builds on one of the other key strengths of the Enterprise Community in Roxbury, its excellent links to major transportation arteries.

The revitalization of Roxbury is also engendered by the grassroots Dudley Street Neighborhood Initiative (DSNI), the only community group in the U.S. to gain municipal powers to obtain private land for redevelopment. DSNI, working with numerous

other community organizations and citywide public-private partnerships, has developed several hundred new homes for homeownership, small parks, retail stores, and other neighborhood facilities. The Dudley Street area of Roxbury is the focus of a \$300,000 pilot program funded by EPA to identify brownfield sites needing environmental clean-up and redevelopment. Across the street from the DSNI office is a new YouthBuild training center, a HUD-funded program that enables inner-city teenagers and young adults to renovate affordable homes and gain construction skills and jobs. Nearby are the Orchard Park and Mission Main public housing developments, both slated for transformation, homeownership, and mixed-income communities with \$80 million in HUD's HOPE VI funding. The inspiration for these efforts is the successful redevelopment of Boston's Harbor Point near the John F. Kennedy Library and the University of Massachusetts-Boston campus. A private developer, the Corcoran Jennison Company, turned Boston's most deteriorated and undesirable public housing project, Columbia Point, into a beautiful and economically successful private mixed-income community over the past decade. Through the Boston Partnership, the city's business, government, and community leaders are supporting expansion of homeownership in Boston's neighborhoods. Finally, Boston's "Main Street" initiative has helped generate 75 new businesses and over 350 new jobs in 10 neighborhood business districts.

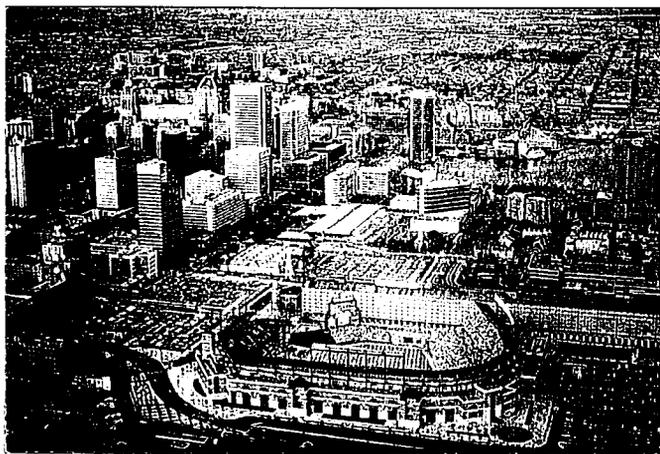
Baltimore

Baltimore is another city that is widely heralded for aggressive urban redevelopment efforts, rebuilding much of its downtown over several decades, working with innovative developer James Rouse to construct the popular HarborPlace festival market in the Inner Harbor, and financing affordable housing and homeownership to revitalize neighborhoods.

Baltimore has recently been moving forward to strengthen the city's employment base. During the past four years the City of Baltimore gained 17,000 new jobs and cut its unemployment rate by 3.3 percent. Strong investment in its seaport, rail lines, the international airport, highways and truck terminals have together facilitated strong growth in transportation and trade, and a modest revival in manufacturing. With federal and state assistance, Baltimore has developed a new light rail line for public transit. Also, a new downtown baseball stadium, Oriole Park at Camden Yards, is drawing capacity crowds. A football stadium for the Baltimore Ravens will be built on an adjacent downtown parking lot.

With the vital presence of the Johns Hopkins University Hospital and Medical School, the University of Maryland Medical Center, Sinai Hospital, Union Memorial Hospital, and other key medical institutions, civic and community leaders are working to expand jobs in health care, biomedical products, and advanced medical technology. Indeed, this is one of the key strategies of Baltimore's federally-designated Empowerment Zone, which brought the city's public, private, and community leadership together to win the \$100 million federal grant and \$250 million in tax credits, leveraging private sector investments by \$8 for every federal dollar received. For example, Dr. Robert Gallo has established an Institute of Human Virology in the Empowerment Zone, and Osiris Therapeutics, a biotechnology firm, has also moved into the Zone.

In addition to health care and biotechnology, another key focus is on the business and financial services cluster. To date, a significant number of new businesses and jobs have located in the Empowerment Zone, including Dynatech Integrated Systems, American Distribution Resources, Techmark, Space Technologies, Abbey Drum, Pasadena Forklift, Sylvan Learning Systems (with 300 employees), Elder Care, and numerous others. Also, business and community leaders are working together to create an "Ecological Industrial Park" that will help start up and attract businesses with goods and services that encourage and enhance a clean environment. Finally, the Rite-Aid drugstore chain has invested \$4 million to build a state-of-the-art store in the Empowerment Zone, and plans to build 39 more stores in the Zone and other Baltimore neighborhoods within the next few years. All together, Baltimore's Empowerment Zone has already created over 1,600 new jobs through



Baltimore's popular new downtown baseball stadium, Oriole Park at Camden Yards.

nearly 40 business start-ups, expansions, and relocations. Recently the city established the Baltimore Community Empowerment Bank to make loans and investments for job creation by small businesses in the Empowerment Zone. HUD has provided \$3 million to help capitalize the new community development bank.

Baltimore's city government has helped establish job training, business support, and employment placement centers within the Empowerment Zone. More than 300 Zone residents have found jobs through the various training and placement initiatives. Part of the effort, funded with nearly \$2 million from HUD's Bridges to Work initiative, focuses on finding jobs for Empowerment Zone residents throughout Baltimore's metropolitan region, particularly in the area near Baltimore-Washington International Airport.

Another major thrust is Baltimore's plan to expand homeownership, both throughout the city where it has been expanding in the past few years, and particularly in the low-income neighborhoods of the Empowerment Zone. These efforts are effectively increasing the number of new homeowners and the quality of life in neighborhoods. One of the most concentrated initiatives is in Sandtown-Winchester, a low-income west Baltimore neighborhood where residents are working with the Enterprise Foundation, Sandtown Habitat for Humanity, local organizations such as BUILD, and others to completely transform their community. With substantial HUD support, 300 affordable Nehemiah townhomes were built and sold several years ago, and the neighborhood's activists are now working closely with the city government to build or rehabilitate another 600 homes. Fannie Mae and the Neighborhood Reinvestment Corporation are two national organizations that are also making visible progress in increasing the number of Baltimore's homeowner families. HUD's \$39 million in support has already enabled 450 new private homes to be built and sold, revitalizing five Baltimore neighborhoods.

Baltimore is in the middle of carrying out a plan to eliminate all high-rise public housing for families within the city. With over \$100 million of HUD's HOPE VI funds, the Housing Authority has already demolished all the high-rise buildings in Lafayette Courts and Lexington Terrace, with plans to upgrade both developments by promoting a greater mix of incomes, homeownership, and access to nearby jobs and business opportunities. Demolition and

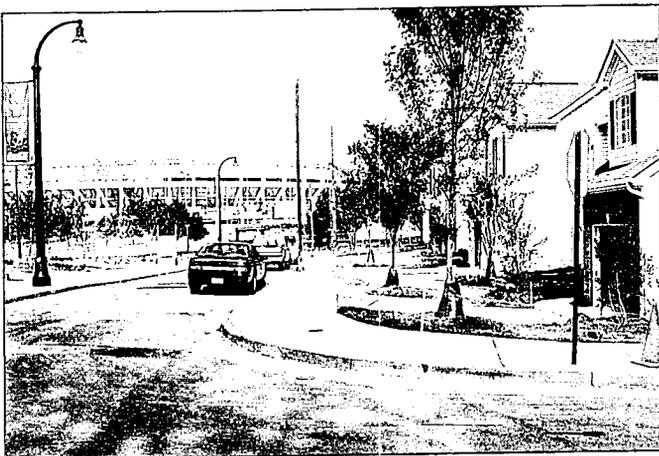
reconstruction of two remaining high-rise developments, Flag House Courts and Murphy Homes, will happen within the next several years.

Finally, Baltimore's "Lessons Without Borders" initiative and Healthy Start program have raised the children's immunization rate from 62 percent to 96 percent, and created 315 health care jobs, many of them for low-income community residents.

Atlanta

The recent summer Olympic Games in Atlanta focused world attention on this southeastern city and its fast-growing region. Atlanta is the headquarters of well-known corporations such as Coca-Cola, Delta Airlines, and Cable News Network (CNN), and its diversified economy is driven by transportation and distribution, retail and wholesale trade, business and financial services, communications, tourism and entertainment, and high-technology research and manufacturing in electronics and aerospace. City jobs increased by 30,000 over the past four years, and the city unemployment rate dropped by 3.1 percent.

The "Olympic Legacy" program has generated a great deal of new planned investment in the city and region, including a new Centennial Olympic Stadium that will now be the venue for professional baseball and football; Olympic athletic facilities that will now become new assets for local urban universities such as Georgia Institute of Technology, Georgia State University, and the historic African-American higher education institutions that constitute the Atlanta University Center; Olympic housing that will help revitalize both the downtown and inner-city neighborhoods; and the Centennial Olympic Park that will serve as a central recreation space for the downtown area.



Affordable new homeownership is revitalizing Atlanta's Summerhill neighborhood near the downtown Centennial Olympic Stadium.

For example, the city government, working with private lenders, developers, and community organizations, has undertaken the comprehensive revitalization of the Summerhill neighborhood, a low-income community near the new Centennial Olympic Stadium. Hundreds of new homes are being built in Summerhill, such as the new Greenlea Commons development by the John Wieland Company — 72 affordable single-family homes within walking distance of the new stadium. These homes were rented as corporate lodgings during the Olympics to help subsidize their post-Olympic homeownership by modest-income working families.

Atlanta's Empowerment Zone is using its \$100 million in federal grant funds and \$250 million in tax credits to help attract and retain businesses such as Renewal, Inc., Peter Rhodes, Inc., Cumming South, Southern Freight, Atlanta Film, Triple S Pharmaceutical, and Renewal Atlanta. In addition, the Fulton Cotton and Bag Mill is being renovated for commercial space and residential lofts to be rented for a mixed-income population. Five million dollars of Zone funds have been committed to establishing a community-owned development bank that will finance both businesses and homeownership, and another \$4 million is directly invested in homeownership counseling and financial assistance to substantially expand homeownership in the Zone, including among public housing families. Another key initiative is the revitalization of the Martin Luther King Jr. Historic District and the Sweet Auburn community, including the King Library and Museum, and the Sweet Auburn Curb Market, a newly renovated 50,000 square-foot shopping mall on Auburn Avenue near the Ebenezer Baptist Church, in the historic center of Atlanta's African-American culture. Also, HUD recently provided the city with nearly \$6 million in loans and grants to help build the Ralph David Abernathy Mixed-Use Village Center.

The City of Atlanta has embarked on an aggressive strategy to transform old and deteriorated public housing into new mixed-income communities, and is in the process of redeveloping seven public housing sites, mostly as part of the Olympic Legacy initiative. HUD has committed over \$120 million to these endeavors. One example is the new Village at Techwood, which is replacing the 60-year-old Techwood Homes with both new and newly renovated mixed-income apartments. Techwood is very close to downtown Atlanta, located between the Georgia Institute of Technology and the Coca-Cola world headquarters, and it is immediately adjacent to a major site that was used for housing by the Olympic athletes.

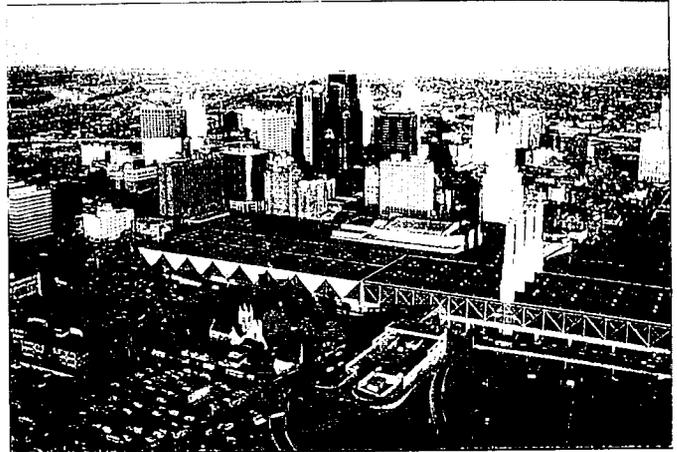
Kansas City

Kansas City, Missouri, has a diversified economy — a crossroads of transportation and trade, conventions and tourism (including riverboat gambling and jazz music), electrical manufacturing and telecommunications services. Yet it has undergone substantial transition in recent years, best symbolized by the closing of the Kansas City Stockyards and their replacement with the high-tech West Bottoms industrial park, now home to 1,000 employees of Gateway 2000, a leading national marketer of computer equipment. The city that once turned cattle into beef is now a leader in health care and pharmaceutical services, and home to Hallmark Cards. During the last four years, Kansas City has added 24,000 jobs and cut the city's unemployment rate by nearly 2 percent. Office building occupancy is higher in Kansas City than in many other American cities. Recently voters in four surrounding counties passed a \$118 million sales tax increase to renovate Kansas City's downtown Union Station and turn it into a science museum and tourist attraction.

Kansas City, Missouri, working in partnership with its neighbor, Kansas City, Kansas succeeded in winning a federal designation as an Enhanced Enterprise Community, sharing \$25 million in grants. The two cities are also sharing a \$200,000 EPA grant to identify polluted "brownfield" industrial sites and make plans for their clean-up and redevelopment. Kansas City, Missouri is investing its Enterprise Community funds to support development of a 20-acre industrial park by the Hispanic Economic Development Corporation, and to fund job training by the Full Employment Council and by Heartland Works. Both job training organizations are working with unemployed Zone residents, including welfare recipients, and moving them into the work world by placing them in real paying jobs.

Kansas City also has initiated an ambitious community policing program and, with the help of federal grants to put more police on the streets, has cut violent crime in the city by nearly 23 percent in the past few years.

Finally, Kansas City is working to improve its neighborhoods through an expanding network of community development corporations. The CDC of Kansas City has created more than 1,000 jobs and over 136,000 square feet of retail space. The Community Builders of Kansas City has developed the state-of-the-art Swope Parkway Health Center in the low-income Midtown community. The Housing Development Corporation is building Renaissance



New development in Kansas City, Missouri.

Place, a new affordable homeownership subdivision of 100 homes with 38 more planned in the Downtown East neighborhood, supported by \$1.5 million in HUD's CDBG funds. The Citizen Housing and Information Council has completed or is building another 25 new affordable homes in the Benton Boulevard urban renewal area. Other activities include renovation of the 30,000 square foot historic Lincoln Building, now occupied by minority-owned small businesses, and the Kansas City Neighborhood Alliance's Blue Hills Neighborhood Preservation Initiative. Finally, more than \$70 million of HUD's HOPE VI and other public housing grants are helping to finance the redevelopment of Guinotte Manor, Pennway Plaza, and T.B. Watkins, turning distressed public housing into mixed-income communities, including homeownership for public housing families.

Cincinnati

This city on the Ohio River, more than two centuries old, is the manufacturing headquarters of consumer giant Procter & Gamble, with 15,000 employees, as well as other Fortune 500 retailers, including Kroger, Federated Department Stores, and Chiquita Brands. Transportation, trade, and distribution have been traditional strengths, along with machine tools and parts manufacturing for motor vehicles and electrical equipment. Job growth in recent years has brought the unemployment rate in the city down by nearly 2 percent. Violent crime has dropped by almost 20 percent.

Cincinnati has moved aggressively in recent years to rebuild its downtown, with development around Fountain Square West including construction of a new Lazarus Department Store along with various specialty shops, and the planned development of a



Reviving communities with new homeownership in Cincinnati.

new office building by Fifth Third Bank. In addition, the recently completed \$80 million Aronoff Center for the Arts is bringing national touring Broadway plays to downtown Cincinnati, and a major addition to the downtown library is also adding to the city's cultural life. Voters recently approved a half-cent sales tax increase to help pay for a new baseball and football stadium for the Reds and Bengals. Downtown housing, both rental and homeownership, luxury and affordable, is a growing trend, bringing safety and 24-hour life to the city's center.

At the same time, government, business, and community leadership is working to strengthen Cincinnati's neighborhoods, turning the Over-the-Rhine neighborhood near downtown from a troubled area to an attractive and livable community. Affordable homeownership is the focus of revitalization efforts in another neighborhood near downtown, the Betts-Longworth community. Cincinnati is using \$1.6 million in HUD funds to leverage \$8 million in private investment to expand homeownership for first-time homebuyers, including Citirama, a partner-



Affordable new homes in Newark, built by a non-profit neighborhood group, the New Community Corporation.

ship with the Greater Cincinnati Home Builders Association. In 1995 Cincinnati had 425 new homeowners, a 17 percent increase over the past four years. The Cincinnati Homeownership Partnership is working hard to build a larger base of homeowners in the city's neighborhoods.

Newark

Newark, New Jersey, has worked hard to rebound from a devastating urban riot in 1967 and the loss of thousands of manufacturing jobs and population in the 1970s. Local and regional investment in the Newark International Airport, in passenger and freight rail lines, in the water port in nearby Elizabeth, and in highways has helped turn Newark into a major transportation and distribution center. Newark's downtown is the world headquarters of Prudential Insurance Company, and Prudential has helped lead efforts to redevelop the downtown with corporate office buildings, universities, hospitals, and a performing arts center.

The redevelopment of downtown Newark was aided by the work of the New Community Corporation, a non-profit CDC formed in 1968 that now employs over 1,400 people in the Central Ward and has placed thousands of other low-income community residents into jobs with private employers throughout the metropolitan region. New Community, together with the innovative San Jose-based Center for Employment Training (CET), now operates a state-of-the-art job skills and placement service funded by the U.S. Department of Labor. New Community Corporation also runs a large child care center, Babyland Nursery, and has built or renovated more than 2,000 units of affordable housing. It is co-owner, with Pathmark Stores, of a highly successful shopping center, the first new retail facility built in Newark's Central Ward since the 1960s.

The redevelopment of downtown Newark and the stabilizing of the Central Ward through the leadership of New Community Corporation helped pave the way for the dramatic revitalization of downtown housing, with the first new middle-income homeownership development in decades. A public-private partnership enabled a private developer, the K. Hovnanian Company, to build Society Hill at University Heights, nearly 800 new townhomes on 45 acres in downtown Newark. Society Hill has helped bring in a movie theater, restaurants, additional downtown homeownership construction, safer and cleaner streets, and growing middle-class population.

These efforts are supplemented by an ambitious program to transform Newark's large public housing stock. Newark is currently demolishing thousands of

units of deteriorated, vacant public housing in high-rise buildings, and replacing these units with attractive low-rise townhomes. Five developments — Walsh, Scudder, Columbus, Kretchmer, and Hayes — are being demolished and replaced with townhomes for rent and for homeownership. HUD is providing \$85 million in support of this dramatic transformation.

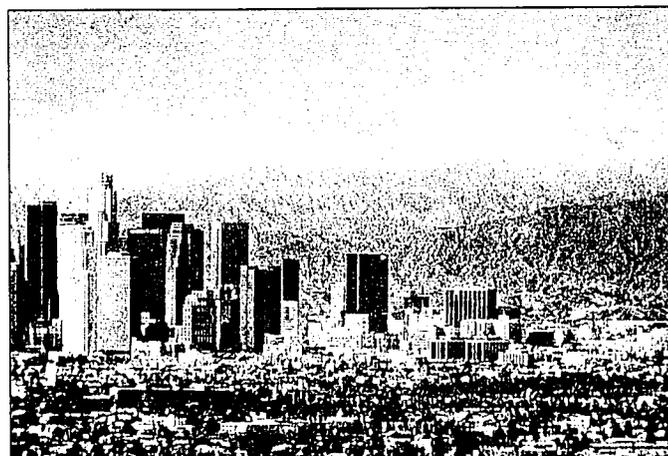
Los Angeles

Los Angeles, the nation's second largest city, is an integral part of the huge southern California regional economy, encompassing almost every major industry cluster in the world. The city and region were hit very hard by the national economic recession of 1990, along with cutbacks and downsizing in aerospace and defense. Beginning with reconstruction after the massive earthquake that struck in January 1994, the region has recovered its job losses of the early 1990s and is now on the upswing in jobs, businesses, incomes, sales, construction, home prices, and other key indicators. The economic recovery and growth has been led by a boom in multi-media production and in global trade and transportation, plus increases in other clusters, including business and financial services, entertainment and tourism, and clothing design and manufacturing.

In the past four years, the unemployment rate in the city of Los Angeles has declined by over 3 percent. These recent economic and employment gains are best symbolized by the commitment of Steven Spielberg and his colleagues to build a \$3 billion movie studio, SKG Dreamworks, in the extensive new mixed-use redevelopment of the old Hughes Aircraft site, now called Playa Vista; and by the federal, state, and local commitment to build the multi-billion dollar Alameda Corridor, an 18-mile high-speed railroad and truck transport corridor linking the fast-growing Pacific Ocean ports of Los Angeles and Long Beach to the freight rail lines, air cargo, and trucking highways that service the rest of America. Both multi-media and transportation investments can serve as the catalyst for revitalizing Los Angeles, Long Beach, and the smaller cities of southeast Los Angeles County that are in or near the Alameda Corridor. The neighborhood around Union Station near downtown Los Angeles is also being rebuilt into a major passenger transportation center, for inter-city railroad service as well as local bus and light rail transit facilities, along with retail and office space.

In 1994, HUD designated a 19-square mile area of Los Angeles as a Supplemental Empowerment Zone, with an economic development grant of \$120 million. A year later, HUD provided \$450 million in loans

and grants to leverage an additional \$550 million from local banks and private investors to create the billion-dollar Los Angeles Community Development Bank. The Community Development Bank will make loans, mainly in conjunction with private lending institutions, to enable businesses located within the Empowerment Zone to start-up and expand, creating jobs for workers living in the Zone and strengthening local economic opportunity and prosperity. Vice President Gore called the Los Angeles initiative "the largest and most extensive community development banking opportunity in the United States of America or anywhere else."



Los Angeles is now generating a broad-based economic recovery.

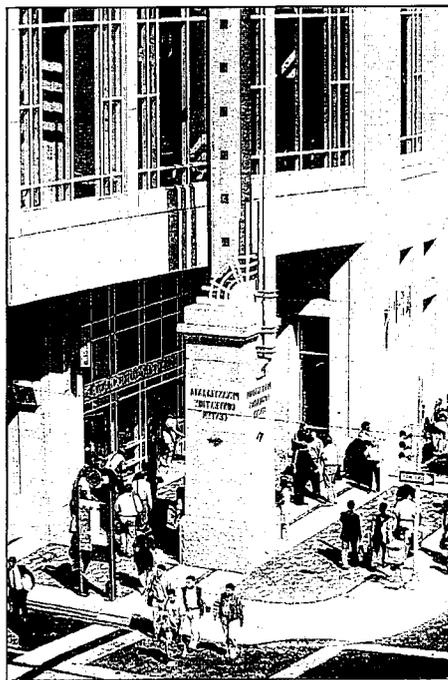
Many of the city's major private banks are involved in this community development financing effort, as they are in a much smaller fund, the Southern California Business Development Corporation. The LA Community Development Bank has made its first two loans, to Trinity Knitworks and to Gold Graphics, retaining 100 existing jobs and creating at least 40 new jobs for Empowerment Zone residents. Also, Los Angeles community development corporations have developed over 4,200 affordable homes in recent years. Groups such as the Vermont Slouson Economic Development Corporation (VSEDC) and the Concerned Citizens of South Central Los Angeles have developed over 200 affordable homes. VSEDC has assisted 1,000 families in home renovation, and it built the Vermont Slouson Shopping Center that survived the 1992 disturbances untouched and has created 450 jobs for local residents in large chain stores and small community-based businesses.

South Central and other communities in Los Angeles are being rebuilt, with projects such as Santa Ana Pines, 82 affordable homes, the first new residential subdivision in Watts since the 1950s; with the nearby Jimmy Carter Work Project of Habitat for Humanity, 21 new homes built and sold in 1995; with the work

of Nehemiah West Housing Corporation, a coalition of religious and community groups including the United Neighborhoods Organization (UNO) and the Catholic Church, building 1,000 affordable homes to expand homeownership; and with the Vermont Village Plaza, a mixed-use homeownership and commercial development supported by a public-private partnership including First Interstate Bank and the University of Southern California. These and many other successful recent efforts are being strongly supported by the Los Angeles Homeownership Partnership. Working with the Vermont Slason Economic Development Corporation, VONS is building a new supermarket on a 3.5-acre shopping center site across the street from the existing Vermont Slason Shopping Center in south central Los Angeles, not far from where Vermont Village Plaza will be constructed. UNO and other community activist groups affiliated with the Industrial Areas Foundation have also teamed up with the Catholic Church and other religious groups to organize Hope in Youth, designed to keep teenagers away from drugs and gangs and move them toward gainful employment, community service, homeownership, and family pride. And the Housing Authority of the City of Los Angeles is working with \$85 million in HUD's HOPE VI and Section 8 funds to completely demolish Pico Gardens and Aliso Gardens and replace them with new rental townhouses, homeownership townhouses, senior citizen apartments, recreational and community facilities and services, and rental certificates for those resident families who choose to move to private market housing nearby or in other neighborhoods.

Philadelphia

The city of Philadelphia gained more than 12,000 jobs during 1995, and cut its unemployment rate by nearly 2 percent in the past four years. The city experienced a difficult transition in the 1980s, including loss of industrial jobs and fiscal insolvency, but both of these challenges are currently being met with very capable local leadership. The city continues to grow its industry clusters such as business and financial services, education and research, health care and medical products, entertainment and tourism, and more.



The new Pennsylvania Convention Center in downtown Philadelphia.

In recent times, Philadelphia has aggressively redeveloped what it calls "Center City." Recently it opened the huge Pennsylvania Convention Center, the adjacent large Marriott Hotel, and the nearby Reading Terminal Market. Over the years, developers, investors, and residents have restored Society Hill and other Center City neighborhoods, built new mixed-use office centers such as Liberty Place, new retail centers like the Gallery at Market Street East, a public plaza at Penn's Landing on the riverfront, an arts and theater district on Broad Street, and a specially-funded Center City District to keep the streets and parks clean and safe and to help encourage conventions and tourism.

To rebuild the city's industrial base, the Philadelphia Industrial Development Corporation (PIDC) has worked to create industrial parks and attract and retain manufacturers, and the city has received funds from EPA to clean up brownfields and recycle polluted and contaminated industrial land. Philadelphia has been hit hard by military base closures, including the Naval Hospital and the Naval Base and Shipyard, and the city's leaders are working to turn this vacant expanse of buildings and land into the Philadelphia Naval Business Center, a state-of-the-art technology center for commerce, industry, warehousing and distribution. Community colleges have also created Shipyard College, a new center for education and job training on the former Naval Base.

Philadelphia has been designated as an Empowerment Zone, and it is using \$24 million in federal grant funds to leverage \$40 million in private capital in support of three neighborhood lending institutions. One of these, the North Philadelphia Financial Partnership, has made its first loan to a community-based business, Sea Change Environmental Services, to hire and train 12 community residents to remove asbestos and lead-based paint from older buildings. Philadelphia's Empowerment Zone grants, loans, and tax credits are helping to attract new businesses and jobs, including Redring Solder, Graboyes Commercial Windows, Pathmark Superstores, Save Rite Supermarket, Rite-Aid Pharmacy, Honor Foods, and numerous others.

Philadelphia's neighborhoods, once full of homeowners, are now being rebuilt for homeownership, including the West Poplar Nehemiah Homes in

a north side neighborhood, and new homes sponsored by Philadelphia Interfaith Action on the west side. With encouragement and assistance from the Philadelphia Partners in Homeownership, these and other developments are creating hundreds of affordable new homes and homeowners among Philadelphia's modest-income working families. Community development corporations (CDCs) have created over 1,800 affordable homes and apartments, and 93,000 square feet of commercial and industrial space, investing over \$170 million to rebuild the city's neighborhoods. One CDC, a Latino group called APM, has built over 140 townhomes in north Philadelphia, and is now constructing a 40,000 square-foot shopping center in the Empowerment Zone, creating 150 long-term jobs and bringing a large supermarket, pharmacy, and bank branch to an underserved community. Another group, the Women's Community Revitalization Project, has built 65 homes for low-income families and operates a licensed day care center for 75 neighborhood children. HUD has provided over \$160 million in HOPE VI and Comprehensive Grant funding for the city to demolish vacant high-rise public housing and revitalize Richard Allen Homes, Raymond Rosen Homes, Martin Luther King Homes, Southwark, and other public housing communities. Richard Allen Homes has been designated by HUD as a Campus of Learners, to train public housing residents in new skills and technologies, working in partnership with local schools, community colleges, and universities.

Chicago

Chicago, called by poet Carl Sandburg "the city of big shoulders," was once the most diversified manufacturing center in the U.S. While much of the city's central area is now more white collar than blue, Chicago still is home to a wide variety of manufacturing-related employment, and is certainly a major transportation and distribution artery for wholesale trade. During the past four years, nearly 20,000 jobs have been added in the city, and the unemployment rate dropped by almost 2 percent.

Since the north Michigan Avenue "Magnificent Mile" is now one of the leading retail centers in the world, the city is working on revitalizing its traditional downtown, the State Street and Loop area. Old historic and architecturally significant office buildings, department stores, and movie theaters have been restored for new uses, and educational and cultural institutions have been added to the financial and

business services, retail trade, and government activities that bring workers, consumers, entrepreneurs, and tourists downtown day and night. More than half of all the jobs in the metropolitan region are located within the City of Chicago.

The city has also worked to rebuild its neighborhoods, and hosted the recent Democratic convention at the United Center, a new sports arena on Chicago's near west side. Hundreds of new homes are being built or restored in the area, new businesses are moving in along Madison Street, and schools, parks, community colleges, government and private offices and community service facilities are now repopulating an area that had been increasingly abandoned since the 1960s. The elevated rapid transit system that serves the neighborhood — "the Green Line" — is being restored, and community development corporations such as Bethel New Life, with the support of the Center for Neighborhood Technology and other technical assistance organizations, are bringing jobs, businesses, and new homes back into communities all across the west, south, and north sides. Chicago's extensive network of community development corporations and neighborhood organizations have built or rehabilitated over 9,200 units of affordable housing and nearly 350,000 square feet of commercial space, with another 2,500 homes and 560,000 square feet of commercial space currently under development.

The private sector is also reinvesting in neighborhoods. The city's major banks have loaned over \$200 million to Chicago communities for small businesses and affordable homes, working in partnership with



New townhomes and homeownership help rebuild this west side Chicago neighborhood near the United Center and Henry Horner Homes.

neighborhood organizations and encouraged by the Community Reinvestment Act. Chicago's South Shore Bank has successfully pioneered community development financing strategies for revitalizing south and west side neighborhoods. Sears, Roebuck and Company has made a commitment to rebuild the west side community that was once the site of its world headquarters. Homan Square, supported by Sears, is now under construction, and will consist of over 600 affordable homes and apartments, one million square feet of office and commercial space, a large landscaped park and a two-acre community garden. Nearby, where a local bank now sits alone, a shopping center will be developed. Homan Square promises to bring homeownership, jobs, safety, and pride back to this west side neighborhood. The Chicago Partners in the American Dream are now working on a plan to expand homeownership in a dozen other inner city communities.

Chicago has been designated an Empowerment Zone, and west side neighborhoods are included in the Zone, including the largely Hispanic Pilsen and Little Village communities, and south side neighborhoods such as Bronzeville, where the Mid-South Planning and Development Commission is trying to restore this historic center of Chicago's "Black Metropolis" into a major tourist attraction and commercial and entertainment district. Current Empowerment Zone initiatives include providing financing assistance for homebuyers, working with the First National Bank of Chicago; utilizing EPA funds to clean up and redevelop hazardous "brown-field" land and bring industry back — two companies, Madison Equipment and Scott Peterson Meat, have already created 100 jobs for Zone residents on one restored site; working with the public school system and local CDCs to support community learning centers and job training and placement efforts; and engaging in community policing and anti-gang and anti-drug efforts, with additional federal funding. The city is also using \$1.6 million of HUD's Bridges to Work funds to connect 1,500 Empowerment Zone residents to jobs near Chicago's O'Hare International Airport and other commercial and industrial growth centers, working in partnership with a metropolitan employment placement services organization called Suburban Job Link.

HUD and the Chicago Housing Authority are working to demolish some of the worst high-rise buildings and transform public housing into mixed-income communities, full of homeowners, job opportunities, and private market investment. To date, HUD has committed over \$300 million to this ambitious initiative, which touches many parts of the city, from the Henry Horner Homes on the west side near the

United Center, to the Cabrini-Green complex on the near north side, to the Robert Taylor Homes on the south side. At Henry Horner, nearly 750 units in five high-rise buildings are being demolished and replaced with townhomes. At Cabrini-Green, current plans call for redeveloping 50 acres into a mixed-income community that reconnects this island of poverty with the surrounding middle-income neighborhood. At ABLA Homes on the near west side, HUD is supporting a new Campus of Learners initiative, working with the Chicago City College to provide on-site training in computer and telecommunications technology.

New York

New York City revived from fiscal insolvency in the mid-1970s to enjoy a financial services and real estate boom a decade later, went through hard times in the early 1990s, and then emerged in recent years with greater economic dynamism. In the last four years, the city has gained nearly 65,000 new jobs and cut its unemployment rate by over 3 percent. Manhattan is still a global capital for a wide array of business clusters, from finance to fashion, with an increasing trend toward high-value professional activities concentrated in the city, and related manufacturing, distribution, and "back office" data processing activities spread throughout the metropolitan region. Fashion jewelry and clothing are designed in and marketed from Manhattan, but not made there; hospitals and medical schools are located in the city, but pharmaceutical and medical products are manufactured in New Jersey and on Long Island.

New York is now spawning a new industry cluster called multi-media, expanding on its existing strengths as a magnet for entertainment, publishing, graphic design, advertising, and electronics. The multi-media industry consists of writers, designers, animators, composers, artists, computer software and telecommunications experts, who are congregating in lower Manhattan neighborhoods such as SoHo and Tribeca, turning the city into a new "Silicon Alley" with 1,350 multi-media business firms and nearly \$2 billion in sales last year. The city has over 4,300 start-up companies employing 71,500 workers, developing and marketing Internet sites on the "Information Superhighway," creating multi-media software, on-line entertainment, and other products and services in the computer telecommunications world of cyberspace. There are now more jobs in multi-media in New York City than in some of the more traditional media fields such as radio and television broadcasting, or newspaper and magazine publishing. Interest in this field accounts for the success of the newly rewired office tower, the New

York Information Technology Center at 55 Broad Street, which retrofitted an old Wall Street financial district building with state-of-the-art equipment for high-speed voice, video, and data transmission. The New York Information Technology Center is very popular with its rapidly growing number of commercial tenants from the multi-media business.

New York's Empowerment Zone covers much of upper Manhattan, including Harlem and Washington Heights, and part of the South Bronx. The Disney Company intends to open a store on 125th Street in the newly-planned Harlem USA commercial and retail development. Harlem USA may employ up to 500 workers in its various stores. To support Empowerment Zone efforts and other community revitalization initiatives, 50 major corporate leaders have created a \$50 million New York City Investment Fund to provide loans to new and existing businesses in New York's neighborhoods. This fund complements the work of the New York City Partnership, which has worked with community organizations and private contractors to build more than 12,000 new homes, with another 3,000 currently planned or under construction. These homes have brought affordable homeownership to over 50 low- and moderate-income neighborhoods. The New York City Partnership is working with an alliance called ANCHOR to bring retail stores, commercial offices, and other businesses to neighborhoods that are being rebuilt with new homes. The new home-

owners create a market for local shopping and services, and bringing in these businesses helps create jobs and stabilize communities. ANCHOR has raised \$25 million for this initiative. HUD has provided over \$18 million to support development of five community shopping centers located in Empowerment Zone and ANCHOR-targeted neighborhoods. These retail businesses will create up to 1,000 new jobs, with many of them going to Zone residents. An example is the Astella Development Corporation, a non-profit CDC, which is building a mini-mall on a Coney Island site in Brooklyn that was vacant for 15 years. The four new stores will bring needed services to the neighborhood and create 25 new jobs for area residents.

New York's outer boroughs, many of them abandoned and left for dead in the 1970s and early 80s, have experienced a dramatic rebirth through grassroots partnerships and corporate, government, and philanthropic financial support and technical assistance from the Community Preservation Corporation, Chase Manhattan Bank Community Development Corporation, the Ford Foundation, the Rockefeller Foundation, and numerous other organizations. In Brownsville and East New York, the East Brooklyn Congregations (EBC), a religious coalition organized by the Industrial Areas Foundation (IAF), created the Nehemiah initiative to build inexpensive homes and restore blighted inner-city neighborhoods by substantially expanding homeownership. Large-scale



The New York Information Technology Center, a high-tech office building in lower Manhattan, by day (left), and at night (right).

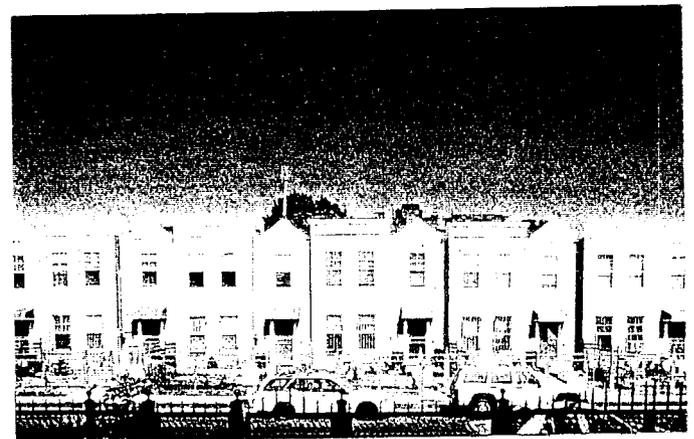
numbers of new homes and homeowners, built and sold at relatively low cost, are the keys to the Nehemiah concept. Working with a retired home-builder and civic leader, I.D. Robbins, the EBC built 2,300 affordable single-family townhomes and is in the process of building 1,200 more. Many of the new homeowners are hard-working families who were already living in the same or nearby neighborhoods, and a majority of the new Nehemiah homebuyers were former public housing residents. The South Bronx Congregations recently took a similar grassroots approach and has already built and sold over 500 affordable townhomes.

Rebuilding the South Bronx has been a stunning reversal of fortune for an area that was once the scene of nightly arson fires, drug-related shootings, and mass abandonment, with literally miles of abandoned buildings and rubble-strewn vacant lots. More than 40,000 housing units have been built or newly-rehabilitated in the South Bronx over the past

decade. Many of these homes are constructed, managed, and marketed by community development corporations like the South East Bronx Community Organization (SEBCO), MBD Community Development Corporation, Banana Kelly Community Improvement Association, Phipps Houses, Mid-Bronx Senior Citizens Council, and many others. MBD, which started out as the Mid-Bronx Desperadoes, was a force behind the city's successful efforts to turn Charlotte Street, a "poster child" of urban decay visited by Presidents Jimmy Carter and Ronald Reagan, into Charlotte Gardens, today's attractive development of 89 single-family homes with green lawns and white picket fences. MBD is now planning to build a 10-acre, \$20 million community shopping center, develop a primary care health clinic together with Bronx Lebanon Hospital, and work with the nationally-recognized, California-based Center for Employment Training (CET) to train and place 150 Bronx residents per year into stable jobs.



Revitalization of Charlotte Street in the South Bronx (left) into Charlotte Gardens (right).

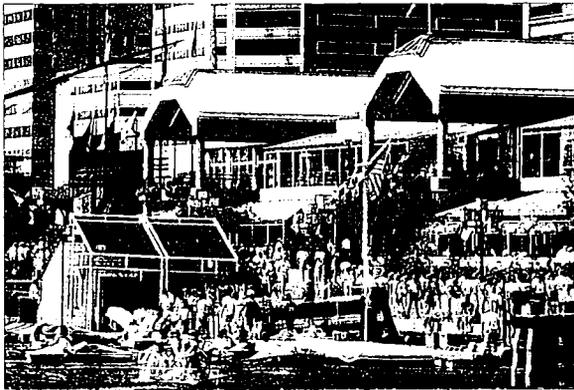


The New York City Partnership's New Homes program helped rebuild this South Bronx neighborhood, before (left), and after (right).

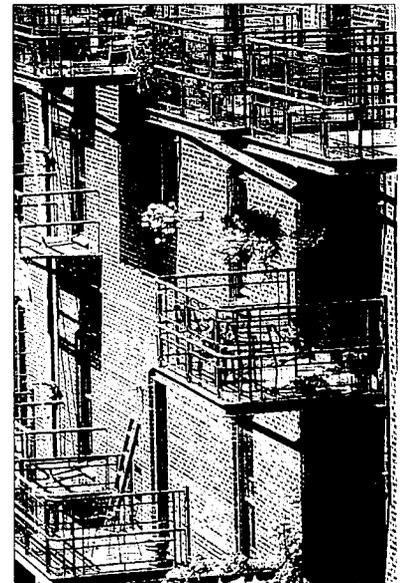
(South Bronx photos by Camilo José Vergara)

Conclusion: The Future of America's Cities

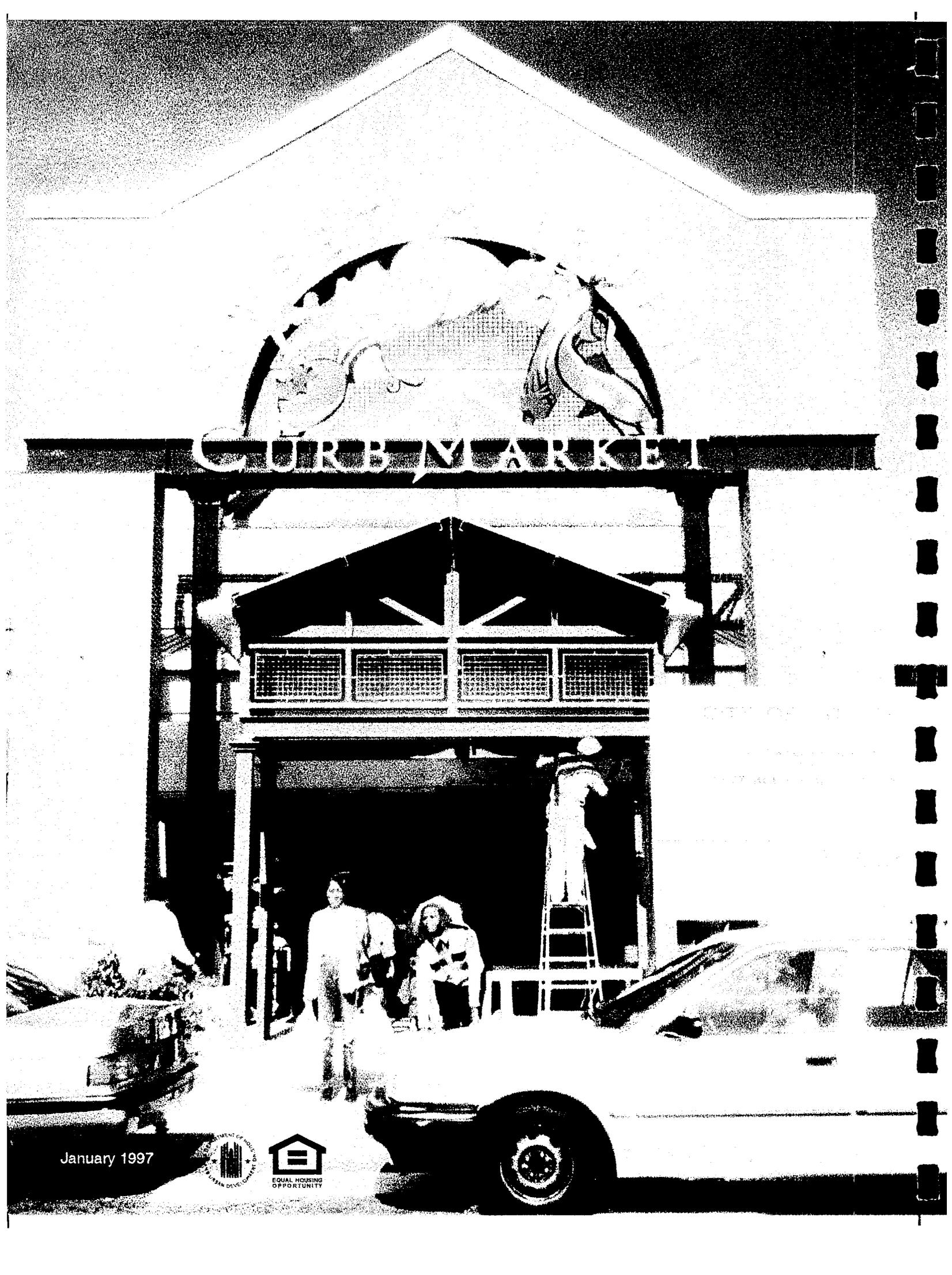
The future of America's cities is brighter today than in several decades. As cities become more connected to their metropolitan economies, and as the nation's economy grows steadily stronger and more prosperous, opportunities expand for private investment to rebuild urban downtowns and neighborhoods, making them more vital and safe, livable and clean, healthy and thriving. Many business, government, civic and community leaders already recognize these opportunities and are working hard to seize the moment. Now is the time for our entire nation to support these initiatives and ensure that they succeed. Our country's future will be brighter if we reinvest in the people and places that fell behind during the past several decades. Creating a more productive workforce and a more attractive and efficient urban environment will benefit each and every one of us.



*Upper Left: Baltimore's HarborPlace.
Upper Right: Atlanta's Woodruff Park.
Center: Cleveland's Edgewater Park and
downtown skyline.
Lower Left: Detroit's Eastern Market.
Lower Right: Residential lofts in Denver's Lower
Downtown neighborhood.*



CURB MARKET



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