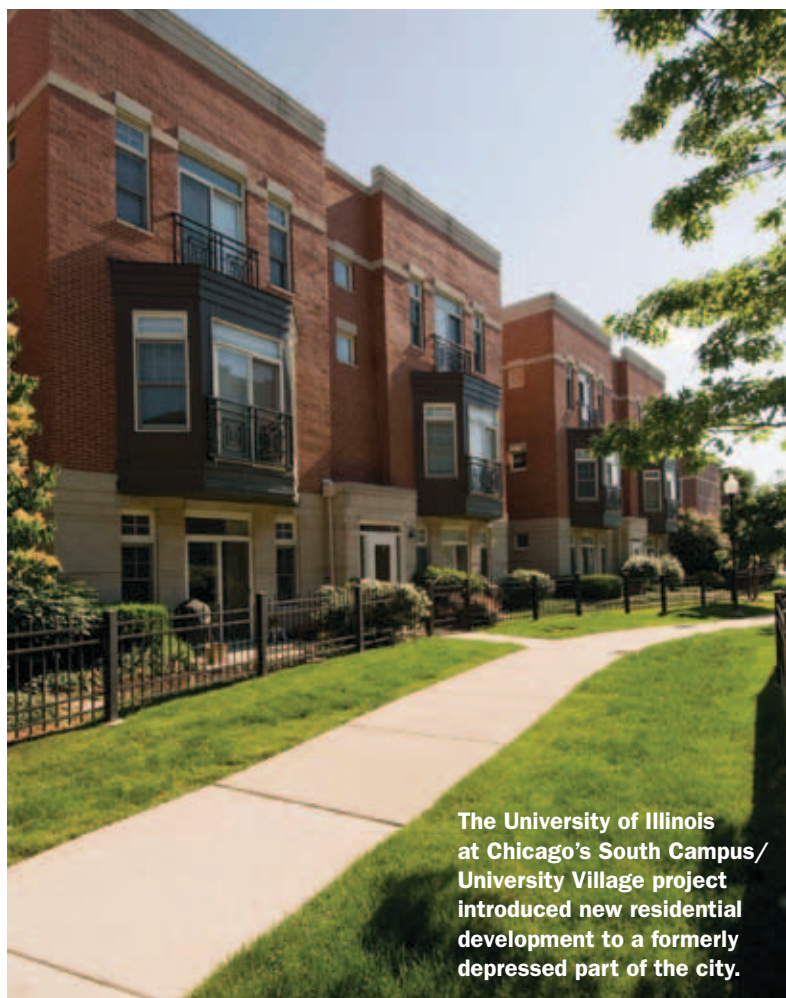


The University's Role in Urban Development: FROM ENCLAVE TO ANCHOR INSTITUTION



The University of Illinois at Chicago's South Campus/ University Village project introduced new residential development to a formerly depressed part of the city.

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For most its history the American university has been treated as an enclave—a scientific and reflective ivory tower removed from the subjective turmoil of the city. More recently the university has come to be viewed by many public officials and analysts as a driver of overall urban development (CEOs for Cities 2007). University leaders often represent their institutions as “engaged” with “urban agendas” (Kellogg Commission 1999).

By 1996 there were nearly 2,000 universities and colleges in the cores of U.S. cities, and their combined budgets comprised nearly 70 percent of the more than \$200 billion spent annually by universities nationwide. Put another way, urban universities were spending about \$136 billion on salaries, goods, and services, which is more than nine times what the federal government spends in cities on job and economic development (ICIC and CEOs for Cities 2002, 7). Universities consistently rank among the top employers in metropolitan areas, and are among the largest and most permanent land and building owners. It is estimated that, using original purchase price as a reference, urban colleges and universities own more than \$100 billion in fixed assets (ICIC and CEOs for Cities 2002, 8).

As impressive as these data are, they do not represent all of the activity or value of universities and other place-based or anchor institutions in cities, such as hospitals, civic foundations, and public utilities. These institutions are most successful as catalysts for urban change when they are fully engaged in the collective capacity of civic leaders to achieve the multiple interests of cities and communities, as a well as universities (Perry and Wiewel 2005).

Anchoring Urban Change

Our previous studies of urban anchor institutions have centered on the land or real estate practices of urban universities (Perry and Wiewel 2005; Wiewel and Perry 2008). Here we continue to use universities as the institutional lens through which to conduct a national study, but we expand the focus, seeking to address the following question: In different types of metropolitan areas, how do institutions of higher education work with the government, business, and community/civic sectors to mutually define and shape (i.e., “anchor”) individual and collective interests in regard to planning and community development?



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UIC's South Campus before and after development.

This article presents two cases of institutional collaboration that represent two types of cities: a global command and control center (Chicago) and a declining industrial city (Baltimore). Both have large and vigorous higher education sectors, strong community organizations, an organized business sector, and significant issues of local and metropolitan governance. Both also are good examples of how cities differ in the ways they benefit from place-based, multiple, and often contested relationships among anchor institutions that produce the processes of development.

Global Cities: The Case of Chicago

The geographic center of the Chicago economy and its emergence as a global, knowledge-based, command and control center for most of the past hundred years has been the Loop (Abu Lughod 1999; Sassen 2003). This downtown business district surrounded by a circuit of train tracks is the centerpiece of the city's diverse economy: financial markets; business services; corporate headquarters; transport linkages; vibrant universities; public-private partnerships; dynamic immigrant communities; and new professionals (Cortright 2006).

A core element of this geo-economic, Loop-centered strategy has been the development of key educational anchors (Cohen and Taylor 2000). In the western area of the Loop, the University of Illinois at Chicago (UIC) is the primary institution; and in the economically challenged South Loop, a mix of public and private universities and colleges make up an academic corridor.

UIC's South Campus/University Village project has transformed a depressed, albeit historically well-known, area of immigrant landing, Southside Chicago blues, and the internationally renowned Hull House and Maxwell Street Market. Now the neighborhood is a \$700 million mixed-use area including university buildings, private residential development, and mixed lease/ownership retail and commercial ventures.

The entire project could not have occurred without the collaborative efforts of the mayor, city planners, and private developers, along with university and community organization buy-in, as well as university land banking and real estate development. Ironically, while the university was the anchor of development, almost everyone connected with the project suggests that it was the leadership of the city—from the political vision of the mayor to the technical capabilities of the planners—that created the institutional glue that made the project work. While the university was purchasing the land, the city was substantially driving the process through regulations, eminent domain, and its own prior ownership of land parcels.

Harkening back to the city's comprehensive plan from the 1960s, the current mayor, Richard M. Daley, continued his father's legacy to support an urban campus—viewing the university as a key institutional anchor driving the expansion of downtown-centered urban development. The city sold its land near the university via quitclaim deeds, and agreed to vacate certain streets, move the historic Maxwell Street Market, and undertake



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A new neighborhood park and housing are part of UIC's South Campus development.

street improvements through the largest tax increment financing (TIF) district in history. In turn, the university agreed to finance the land use analysis and moving of the Market, thus becoming the public lightning rod for the community and historic displacement that such development represented (Weber, Theodore, and Hoch 2005).

Even after these actions had targeted the land for development, UIC still could not control the fiscal needs of the entire South Campus project through its own investment, and had to sell up to 40 percent of the property to private developers (Landek 2008). In some ways this collaboration was foreordained by the increasing scale of the project—almost 87 acres by the time the city and university were ready to proceed with development. By turning the area into a TIF district, the city contributed to renovation of the infrastructure and rationalization of the street grid for what quickly became one of the largest mixed-use development projects of any university in the nation.

In the end, the university could be credited with developing an integrated academic, residential,

recreational, and commercial complex. It included housing for more than 1,500 students, 930 units of private residential housing, academic offices, 40 retail establishments, parking facilities, and athletics fields. In 1999 the total development cost was estimated at \$600 million, although that figure ballooned to more than \$700 million, of which UIC had invested \$50 million in land acquisition, infrastructure, and other facilities. Through the issuance of tax-exempt and taxable bonds in 1999, 2000, and 2003, the university provided an additional \$83 million to complete land acquisition and infrastructure improvements.

The university maintains ownership of almost 60 percent of the land and properties, and has been credited with turning the once-forbidding south edge of the campus into an attractive residential-university setting. The process has contributed to enhanced university-community relations, workforce training, and service contracting, mediated by a 12-member community council that continues to meet with the university's vice chancellor for external affairs.

On the other hand, the university contributed to the destruction of the vernacular architecture of the historic immigrant entry point of the Midwest—the Maxwell Street Market and neighborhood. The university also stimulated advancing gentrification in the Near West Side and Pilsen neighborhoods of West Loop Chicago.

As a result, many community activists would disagree with the positive assessment of the city-university collaboration that is at the heart of Mayor Daley's strategic extension of universities as sources of Loop development. They would argue that, just as the original development of the UIC campus in the 1960s displaced thousands and erased important elements of Chicago's immigrant heritage in the past, the South Campus project displaced community members and businesses, removed the original site of the Maxwell Street and South Water Markets, disrupted retailers, and spread gentrification to surrounding neighborhoods.

It would be incorrect to lay these trends fully at the feet of the university, but the mix of anchor-driven collaborations that brought about the expansion of the Loop's Near West Side certainly contributed to the mixed-use urban development practices of the contemporary university and to displacement and gentrification as well.

Declining Cities: The Case of Baltimore

Institutions of higher education in Baltimore boast campuses that are not only hubs of knowledge and social interaction, but also centers of employment and ongoing construction. In 2005, research and development funding at many of the city's academic institutions amounted to \$1.9 billion of investment in regional economic growth overall, and continued growth in high technology, education, and health services in particular. Despite this success, Greater Baltimore faces many of the challenges common to declining cities.

The East Baltimore Revitalization Initiative is a 10 to 15 year effort to invest \$1.8 billion to redevelop the 88-acre Middle East neighborhood adjacent to the Johns Hopkins Medical Institutions. Even though it was initiated by the city government under Mayor Martin O'Malley in 2001, the project received considerable skepticism and fear from many neighborhood residents, based on a history of tense relations with the medical complex.

It is hard to imagine a greater contrast between an anchor institution and its neighborhood than between the wealth and power of Johns Hopkins and the deprivation of one of Baltimore's worst neighborhoods. Through extensive discussions and negotiations, and ample funding from the Annie E. Casey Foundation and others, most issues have been resolved and the project is now managed by a quasi-public corporation, East Baltimore Development, Inc. (EBDI). The project is expected to create 2 million square feet of commercial and biotechnology research space, 2,200 new and renovated housing units, a new school, transit stops, and 4,000 to 6,000 new jobs.

The Middle East is a low-income neighborhood whose population is 90 percent African-American and has a high unemployment rate. It is located about one mile from Baltimore's Inner Harbor, and immediately north of the Johns Hopkins Medical Institutions. Johns Hopkins has been in that location for more than a century, and is the largest private employer in Baltimore and in the state.

In the early 2000s, one of every four Middle East housing units was abandoned, more than in any other of Baltimore's 55 neighborhoods, and more than four times the citywide average (Baltimore Neighborhood Indicators Alliance 2005). Johns Hopkins owned many of these failing properties, but did little to maintain them or engage the neighborhood, even after several violent crimes

were committed against Hopkins students and staff in 1992 (Hummel 2007, 2).

In 1994 the area was designated a federal Empowerment Zone, entitling it to significant federal funds for renewal. The Historic East Baltimore Community Action Coalition (HEBCAC), with representatives from the city, state, Johns Hopkins, and various community organizations, secured funds to lead the revitalization of the area. Their efforts focused on housing rehabilitation, but by late 2000 they had rehabilitated only 46 homes and used less than one-third of the \$34.1 million in available federal funding (Hummel 2007, 26-27).

Dissatisfied with the slow-moving, community-based HEBCAC, Mayor O'Malley argued for the city to take over the project. The tension between the mayor and the community was eased with the establishment of a multi-institutional intermediary, the East Baltimore Development Corporation, with





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The John G. Rangos Sr. Building was dedicated in April 2008. It is the first of five planned biotech buildings in the Science and Technology Park at Johns Hopkins.

a board composed of three mayoral and one gubernatorial appointees, two members appointed by Johns Hopkins, two members from the community, three at-large members, and six city and state officials serving ex-officio. This model met the mayor's desire for control, and Johns Hopkins' desire not to be in the lead. The Goldseker Foundation agreed to provide \$750,000 as start-up funding for staffing. Deputy Mayor Laurie Schwartz left City Hall to become interim director.

Several local foundations joined Goldseker in sustaining this effort, the most important being the Annie E. Casey Foundation. Foundation President Doug Nelson was initially skeptical of the city's need for control and Johns Hopkins' lack of community interest. He agreed that Casey would provide up to \$33 million and play an active role only if the effort would help with relocation, family assistance, job training, and other social services. Combined with the federal funding still available from the original Empowerment Zone and significant new funding from Johns Hopkins and city and state government, the project became well-positioned for success.

This case is interesting because it took a multi-institutional intermediary to serve as the locus for the extensive negotiations and final resolution regarding payment of relocation benefits to residents; management of the demolition process; the preference given to local and minority contractors; the role of the private developer in the project; and the nature of ancillary services being provided by EBDI.

The relocation benefits, funded from a \$21 million loan from the U.S. Department of Housing and Urban Development and \$5 million from Casey

and Johns Hopkins, were considerable: \$109,133 per homeowner, in addition to the average \$30,450 purchase price (Hummel 2007, 31). According to survey data, the majority of households described their relocation experience as positive and believed they were better off after the move (Abt Associates 2008). This was only possible because of the extraordinary involvement of institutions with a strong interest in the project's success and very deep pockets. This case study makes clear that it is possible to accomplish successful displacement and redevelopment if investors do not need financial returns, or at least not within any normal economic timeframe.

Johns Hopkins University and its Medical Center had several motivations for involvement. The conditions around the medical complex were continuing to deteriorate. While relocation was considered several times over the decades, the Medical Center represents a multibillion dollar investment in plant and equipment that would be extremely difficult to replicate; in addition, the political ramifications of such a move would be enormous.

For EBDI, the physical redevelopment aspects of the project were only part of a broad range of its activities serving Middle East and parts of the entire East Baltimore community. In a neighborhood where in 2007 more than 40 percent of adults were not in the labor force at all and 14 percent were unemployed, EBDI facilitated job referrals for almost 475 residents, and supportive family services and educational programs for more than 300 residents, assisted by the Casey Foundation, Johns Hopkins, and public agencies.

By early 2008, 723 private properties had been acquired and demolished, and approximately 400 households had been relocated. Two new residential rental buildings have been completed, with a total of 152 units. Per the agreements developed between EBDI and the original residents, those who were displaced had the right of first refusal to return to the community. In the building for the elderly, developed by the Shelter Group, 45 percent of the units have been rented to returning residents (Shea 2008).

There is a compelling logic to the East Baltimore Revitalization Initiative from an economic, social, political, institutional, and planning perspective. Given Johns Hopkins' role as the largest medical center and private employer in Maryland, and given the state's emphasis on biotechnology development,

it is not surprising that redevelopment would focus around this niche, although a purely residential and mixed-use approach also would have been possible if the university's biotech interests had moved outside of the city.

Conclusions

These case studies show that urban changes in Chicago and Baltimore did not result from the singular activities of universities. They are the outcomes of ongoing relationships between universities and multiple institutions and stakeholders. It is this process of relationship building to develop the city in mutually agreeable ways that is the major lesson. Several key features of institutional collaboration can frame the study of other cities.

- **Leadership.** In each city success was directly related to the role of a mayor, university president, or foundation leader, either directly or by assigning responsibility for their vision.
- **Resources.** Success is directly equated with resources, their institutionalization or sustainability, and the ability of public, civic, or private institutions to leverage them collaboratively.
- **Organizations.** Almost every example of the processes we are studying requires new or intermediary organizations of representation, resistance, accommodation, or development.
- **Expertise.** Each of the case studies required prodigious amounts of expertise in collective capacity building—whether in the reorganization of land around Johns Hopkins University or the multi-institutional development of the UIC South Campus expansion.

These two cases demonstrate a clear set of competitive differences or even conflicting interests among the key institutional actors that need to be identified both as part of the self-interested definition of the institutions and as potential opportunities for conflict resolution. University, government, and community actors all played prominent roles in both case studies. Civic foundation capital was more clearly a driving force in the declining industrial city of Baltimore, while private sector capital was critical in the globalizing city of Chicago.

After conducting these pilot studies, we believe even more strongly in the saliency of examining other cases to increase knowledge about the nature of the institutional relationships that produce the critical contributions of anchor institutions. **L**

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