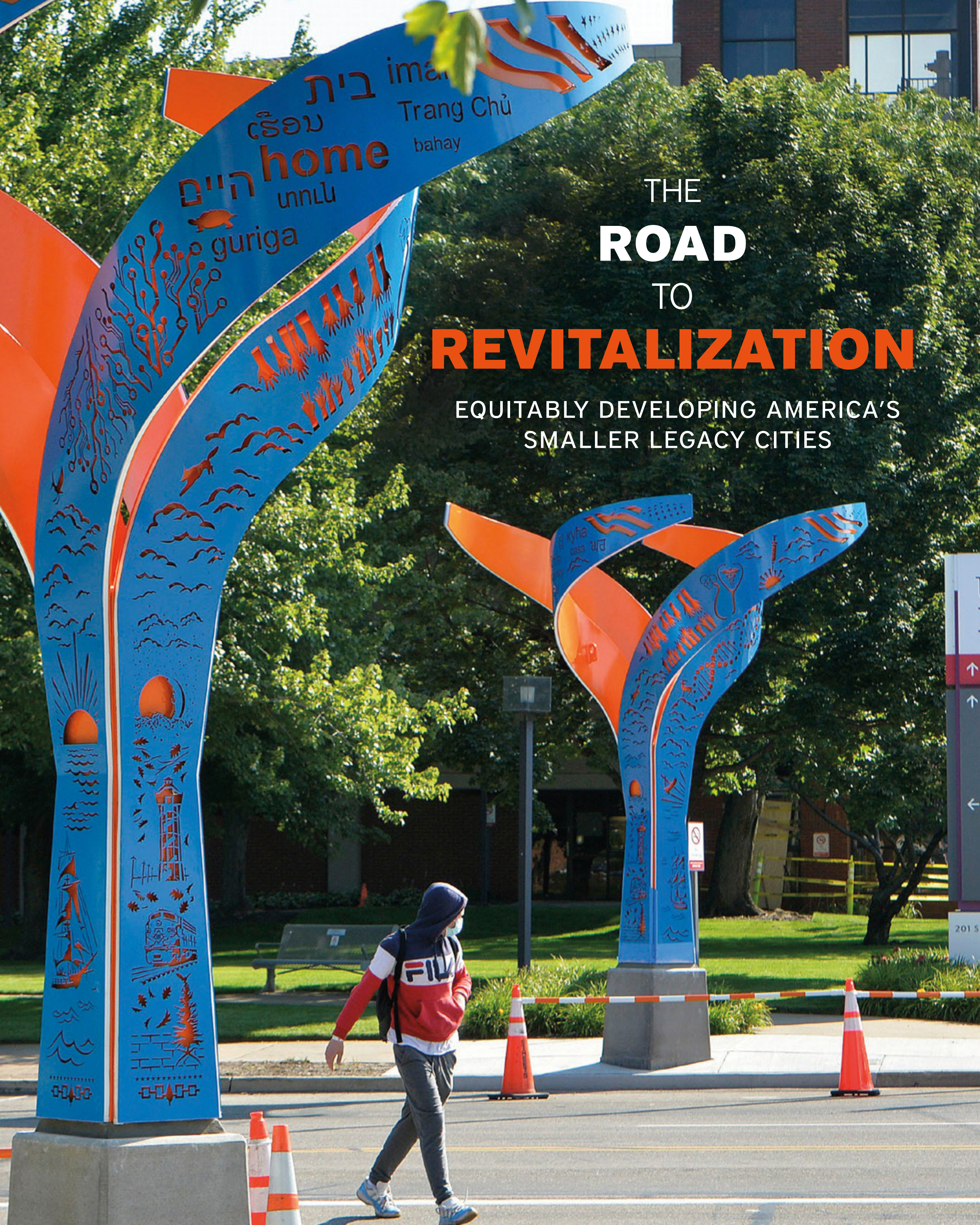
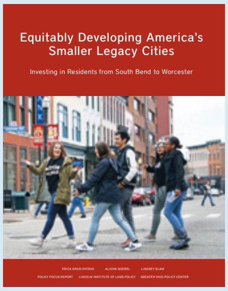
THE ROAD TO REVITALIZATION

EQUITABLY DEVELOPING AMERICA'S SMALLER LEGACY CITIES





The following is an excerpt from *Equitably Developing America's Smaller Legacy Cities: Investing in Residents from South Bend to Worcester*, a Policy Focus Report recently published by the Lincoln Institute. The full report is available at **www.lincolninst.edu/equitably-developing-legacy-cities**. The Lincoln Institute's Legacy Cities Initiative offers additional strategies and resources at **www.legacycities.org**.

By Erica Spaid Patras, Alison Goebel, and Lindsey Elam

IN 2020, LEADERS of smaller U.S. legacy cities confronted more than their usual challenges. The COVID-19 pandemic and the Black Lives Matter movement laid bare persistent racial and income segregation common in these postindustrial centers. A long history of discriminatory and failed policies contributes to these conditions. This report does not serve as a treatise on eradicating injustice from small legacy cities. Instead, the report focuses on the significant opportunity that these cities now have to combat inequity and increase economic competitiveness by embracing policies that support equitable development.

America's smaller legacy cities—such as Akron, Ohio; Erie, Pennsylvania; Kalamazoo, Michigan; and Worcester, Massachusetts—are well positioned to promote development that includes and benefits all residents while improving economic competitiveness.

This report shows local changemakers how to incorporate equity into the traditional suite of revitalization strategies by focusing on both physical development and investment in residents. The report makes a case for why local changemakers should care about equity and offers ways to shape development policies and actions to make them equitable. Most of these strategies are tailored to the unique conditions of smaller, weak-market legacy cities and can, for the most part, be implemented at the local level. Case studies further illustrate each of these strategies.

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An earlier Policy Focus Report from the Lincoln Institute of Land Policy and Greater Ohio Policy Center, *Revitalizing America's Smaller Legacy Cities*, discusses smaller legacy cities and the economic and historical dynamics that shape them, including a detailed analysis of their demographics (Hollingsworth and Goebel 2017). The 2017 report provides a more detailed foundation for the equitable development strategies discussed here.

"Points of Reference," a new sculpture in Erie, Pennsylvania. Credit: Greg Wohlford/USA TODAY NETWORK.

Downtown placemaking efforts such as the 2nd Street Market in Dayton, Ohio, can support development in smaller legacy cities, but leaders have to work to ensure that development happens equitably. Credit: Rod Berry/Ohio Stock Photography.

The Equitable Development Imperative: How Greater Equity Can Support Growth

Chris Benner and Manuel Pastor (2012, 2015) assert the economic imperative for addressing long-standing inequality by demonstrating that racial and income inequality are not just outcomes of a postindustrial world, but also drivers of current and future regional economic stagnation. Specifically, they found that "high inequality, measured in a variety of different ways, has a negative impact on growth and that these impacts are in fact stronger in regions with what many in the literature call 'weak market' central cities" (Pastor and Benner 2008).

While this "dragging effect" of inequality on financial strength is concerning, a growing and encouraging body of research offers a path forward, validating the economic advantages of improving equity (Pastor and Benner 2008). Research by the Federal Reserve Bank of Cleveland supports this, finding that "a skilled workforce, high levels of racial inclusion, and progress on income equality correlate strongly and positively with economic growth" (Benner and Pastor 2012; Eberts, Erickcek, and Kleinhenz 2006).

Persistent disparities can depress a city's economy. Revitalization without a deliberate equity component does little to address underlying injustices. Alan Mallach's 2014 analysis of traditional legacy city revitalization shows us how development designed for high-income residents in the downtown or central business district alone does not improve inequities citywide. Mallach found that traditional revitalization in some legacy cities failed to improve economic and quality-of-life indicators for the least advantaged residents: "Revitalization, at least at the scale and of the character that is being experienced in these cities, does not confer citywide benefits; if anything, it may even redirect jobs, resources, and wealth away from large parts of the city, concentrating them in a smaller area and leaving the rest worse off than before" (Mallach 2014).

Urban Institute researchers, in their analysis of how larger cities recovered from the Great Recession, concur with Mallach's finding. They write, "Across all types of cities, local leaders are beginning to recognize that economic growth does not automatically lead to inclusion; rather, intentional strategies are needed" (Poethig et al. 2018). Federal Reserve researchers also weigh in on this, saying: "The pursuit of societal goals, such as racial inclusion and lower income dispersion, [is] very compatible with economic growth" (Eberts, Erickcek, and Kleinhenz 2006).

WHAT ARE EQUITY AND EQUITABLE DEVELOPMENT?

This report uses the term "equity" broadly to refer to an overarching goal: to make opportunity accessible to all, regardless of background and circumstance, and to make a special effort to improve outcomes for low-income populations and communities of color to bring them into parity with other populations. Greater equity is possible when poverty and disparities in wealth, employment, and health shrink as incomes and access to employment increase. In equitable cities, decision makers value the perspectives of all residents and ensure that anyone who wants to participate in civic life can have a seat at the table.

"Equality" and "equity" are not synonymous. Many scholars of equity and inclusion have argued that equality means funding, access to support, and decision-making power are shared equally, and one solution applies to all (Blackwell 2016). But treating all issues equally does not correct underlying inequities; instead, it perpetuates them, because policies and practices impact individuals and communities differently. Committing to equity means tailoring solutions and supports to local needs and circumstances so that everyone thrives.

The process of equitable development must include diverse stakeholders who provide critical input and take leadership roles. Equitable development must also protect residents from being physically or culturally forced out of their homes while improving market strength and encouraging new market-rate development. Practitioners need to be patient and strategic, understanding that it takes time to realize the desired outcomes. In the meantime, changemakers can track progress with data and make course corrections as needed.

Unique Challenges and Opportunities for Equitable Development in Smaller Legacy Cities

One major advantage that smaller legacy cities have when advancing equitable development is that their leaders often already have meaningful relationships with each other. When intentionally nurtured, these connections can lead to fruitful coalitions. The path to better economic times is through collaboration; this was true in the aftermath of the Great Recession, and it is likely to continue to be true in the pandemic era (Brachman 2020). Conversely, strained or poor relationships resulting from competition over scarce resources or other factors can impede progress for smaller legacy cities. Steps for dealing with these conflicts are addressed later in this report.

Another advantage is that the relative lack of market pressures in smaller legacy cities means leaders can take their time to get plans right without rapid development threatening to get ahead of the planning process. Additionally, the smaller size of these places makes them an ideal environment for testing ideas and changing paradigms, eloquently described in the Ferguson Commission report (2015) as encouraging a "culture of trying." Smaller legacy cities can make course corrections and quick pivots—critical pieces of "trying"—by expeditiously seeking residents' input and regularly checking back in for feedback.

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An equity agenda cannot be built entirely on a city's real estate market. This is especially true in smaller legacy cities, which often lack the market strength to support development impact fees or exactions—payments made by developers to local governments to deliver public goods associated with a project, such as infrastructure, open space, or affordable housing.

Because those strategies may not be suitable for all smaller legacy cities, this report describes alternative routes to equity that do not require waiting for a strong real estate market. For example, leaders in Dayton, Ohio, co-located a number of similar community programs when they renovated the Dayton Arcade. This facilitated more coordinated, collaborative, and efficient delivery of small business development services. Because revitalization work must extend beyond the physical environment, many strategies presented in this report seek to increase human capital. Case studies focus on coalition building, planning, and workforce development. Research supports this need for a breadth of strategies. In an examination of how to improve upward mobility for low-income families and families of color in America's metro areas, researchers from the U.S. Partnership on Mobility from Poverty found, "The evidence suggests that full-scale transformation will result not from any single policy endeavor, but through a long-term process that extends beyond investments in the distressed neighborhoods themselves to also address the economic, political, and social systems that helped create and sustain neighborhood disparities" (Turner et al. 2018).

The case studies included here from larger cities or healthier markets can be adapted for smaller legacy cities. Many of the examples come from Ohio, which is home to 20 smaller legacy cities (a relatively high number for one state), and a state policy environment that is not particularly city-friendly. As such, Ohioans have been innovating at the local level for decades. Additionally, this report purposefully prioritizes equitable development strategies that can start at any time, regardless of market strength, and are primarily within the control of local leaders.

Developments like the renovated Dayton Arcade in Dayton, Ohio, can spur improved coordination of small business development and service delivery. Credit: Tom Gilliam/Cross Street Partners.

Equitable Development in the COVID-19 Context

Without a doubt, the COVID-19 pandemic has heightened challenges faced by leaders in small legacy cities. Already weak housing markets are further strained as tenants and owners face job losses and increased financial instability. When limited resources force city leaders to make difficult strategic investment decisions, residents may sometimes view these choices as picking favorites. This dynamic erodes trust and underscores how essential it is to develop a defensible plan and an inclusive process to guide decision making.

COVID-19 has also increased food insecurity and presented public health challenges such as caring for sick residents and administering vaccines. These new fiscal demands, along with concurrent or projected declines in local tax revenue, make financing revitalization even more difficult in smaller legacy cities. Yet these challenges often provide the impetus for new partnerships. Constrained resources can motivate committed local leaders to forge a sense of common destiny and develop strategic partnerships. Today's conditions may further broaden awareness about existing challenges and generate momentum for new collaborations, while also encouraging leaders to strategically stretch every dollar to yield the most significant impact.

When the pandemic began, many local governments were already financially fragile. They had not yet recovered from the Great Recession, more than a decade after its official end. Nationally, cities anticipate losing 10 to 15 percent of their revenue in 2021, and the actual amount may be more significant, depending on the type of tax revenue cities depend on (Greater Ohio Policy Center 2020; McFarland and Pagano 2020).

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These revenue challenges are compounded by a dramatic need for initiatives to help support residents and retain small businesses, such as establishing non-congregate shelters, increasing food access, offering small business grants and loans, and expanding Internet access. Many local governments have already cut spending by shelving or scaling back scheduled capital projects and laying off staff, actions that then challenge their ability to undertake strategic investments.

COVID-19 has exacerbated racial disparities in both physical health and economic well-being. While low- and moderate-income people, many of whom are people of color, have benefited from various protections against eviction in the short term, renters worry that they may not be able to pay their accumulated debt. Local landlords who are financially dependent on rental income often dominate the rental market in smaller cities, and the pandemic puts their income at risk, too. The long-term consequences for the economies of smaller legacy cities are ultimately unknown—but worrisome.

Nevertheless, leaders of smaller legacy cities consider these challenges a setback, not a death knell. Many of Ohio's smaller legacy cities even report that their traditional economic development efforts were extraordinarily successful in 2020 despite the effects of the pandemic. Linking these economic development successes to equity goals remains a challenge for some, but more stakeholders are growing aware of the issue thanks to an increasing number of conference panels, training sessions, and informal conversations.

The COVID-19 pandemic also creates a unique opportunity for legacy city leaders to prioritize equity through recovery. A growing national focus on racial justice is underscoring the pandemic's disproportionate impacts on communities of color. Racial justice protests have occurred in many smaller legacy cities, and many communities have declared racism a public health crisis (Walliser-Wejebe 2020).

Such protests hold the potential to build dialogue among residents and municipal governments, including police (Frolik 2020; Petersen 2020). Legacy city leaders can seize the moment and fully acknowledge long-standing racial and economic disparities within their cities, as well as the fact that recent economic growth has not benefited all residents equally (Economic Innovation Group 2020). This increased awareness in an environment of heightened urgency paves the way for a more equitable strategic plan for recovery from a pandemic-driven recession and a more inclusive future for smaller legacy cities.

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Protesters in Grand Rapids, Michigan. The pandemic and growing national focus on racial justice have created opportunities for legacy city leaders to prioritize equity through recovery. Credit: Lennon Cheng via Unsplash.

Interns in the Bowman Creek Educational Ecosystem program in South Bend, Indiana, which brings students and residents together to restore mixed-income neighborhoods. Credit: Community Foundation of St. Joseph County.

Addressing Concerns About Gentrification in Smaller Legacy Cities

An enduring tension within revitalization efforts is between the need for new market-rate housing and residents' fears of displacement. Declining populations and low incomes in small legacy cities prompt the need to attract new and higher-income residents to approach a healthy bell-curve distribution of incomes (Mallach 2018). Many smaller legacy cities in the Midwest have weak housing markets that require interventions to strengthen the market.

However, city leaders and developers must authentically acknowledge community concerns as they begin to bring investments to these neighborhoods. Leaders can build trust by bringing a community together to address the need for a mix of incomes, while also acknowledging and mitigating cultural changes and fear of displacement in an open, honest, and transparent way—as in the case of the Bowman Creek Educational Ecosystem in South Bend, Indiana. Physical redevelopment can meet equitable development objectives and maintain a neighborhood's sense of cultural identity by preserving important community assets such as churches, parks, retail corridors and the long-standing merchants within them, and community and recreation centers. More strategies for addressing these dynamics are considered in the full report.

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The redevelopment of Jackson Street Pier in Sandusky, Ohio, has helped attract visitors, new investments, and economic activity to downtown. Credit: City of Sandusky, Ohio.

A Common Destiny

Today, smaller legacy cities continue to lose major employers, jobs, and in some cases residents. These trends are exacerbating long-standing racial and income disparities, which have been deepened by COVID-19's infection rates and economic impacts. The need to address the persistent racial and income segregation common in smaller legacy cities is more urgent than ever. Equitable development offers a new playbook to address inequality while increasing economic competitiveness.

Strategic work to improve these indicators will provide more opportunities for many residents and will increase potential for broader economic recovery. New investment needs to include deliberate interventions to correct these damaging inequalities. Some smaller legacy cities are experiencing revitalization, but the investments typically do not benefit the city as a whole (Mallach 2014). To reach everyone, revitalization strategies need to be deliberately designed to improve equity outcomes.

The need to address the persistent racial and income segregation common in smaller legacy cities is more urgent than ever. Equitable development offers a new playbook to address inequality while increasing economic competitiveness.

This report offers numerous examples of how smaller legacy cities can enhance equitable development and set the stage for healthy, sustainable economic recovery. Our strategies acknowledge the importance of relationships and trust in sustaining meaningful, equitable development work. This work can lead to a sense of common destiny among diverse groups and help address disparities and improve economic prospects for the whole city.

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