OUT OF THE SHADOW
STRATEGIES FOR CHANGE IN SMALL POSTINDUSTRIAL CITIES

FEDERAL RESERVE BANK
OF PHILADELPHIA

A Special Report by the Community Development
Studies and Education Department

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May 2014

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The Third Federal Reserve District, encompassing southern New Jersey, eastern and central Pennsylvania, and Delaware, contains one of the greatest concentrations of small postindustrial cities in the United States.

In May 2012, the Federal Reserve Bank of Philadelphia published "In Philadelphia's Shadow: Small Cities in the Third Federal Reserve District" (Mallach 2012). In this report, I identified 13 small postindustrial cities in this geographic area based on their population in 1950 (between 50,000 and 150,000) and their historic reliance on manufacturing and related industries (Figure 1, on the following page). Using a series of indicators that measure housing, economic, and social conditions, this report showed how each of these 13 cities had fared since 1950, as well as the extent to which each city appeared to be on a course for future successful revitalization.

As "In Philadelphia's Shadow" documented, all 13 cities have experienced dramatic change during the past few decades. They have lost the greater part of their historic manufacturing base, from massive complexes such as the Bethlehem Steel plant
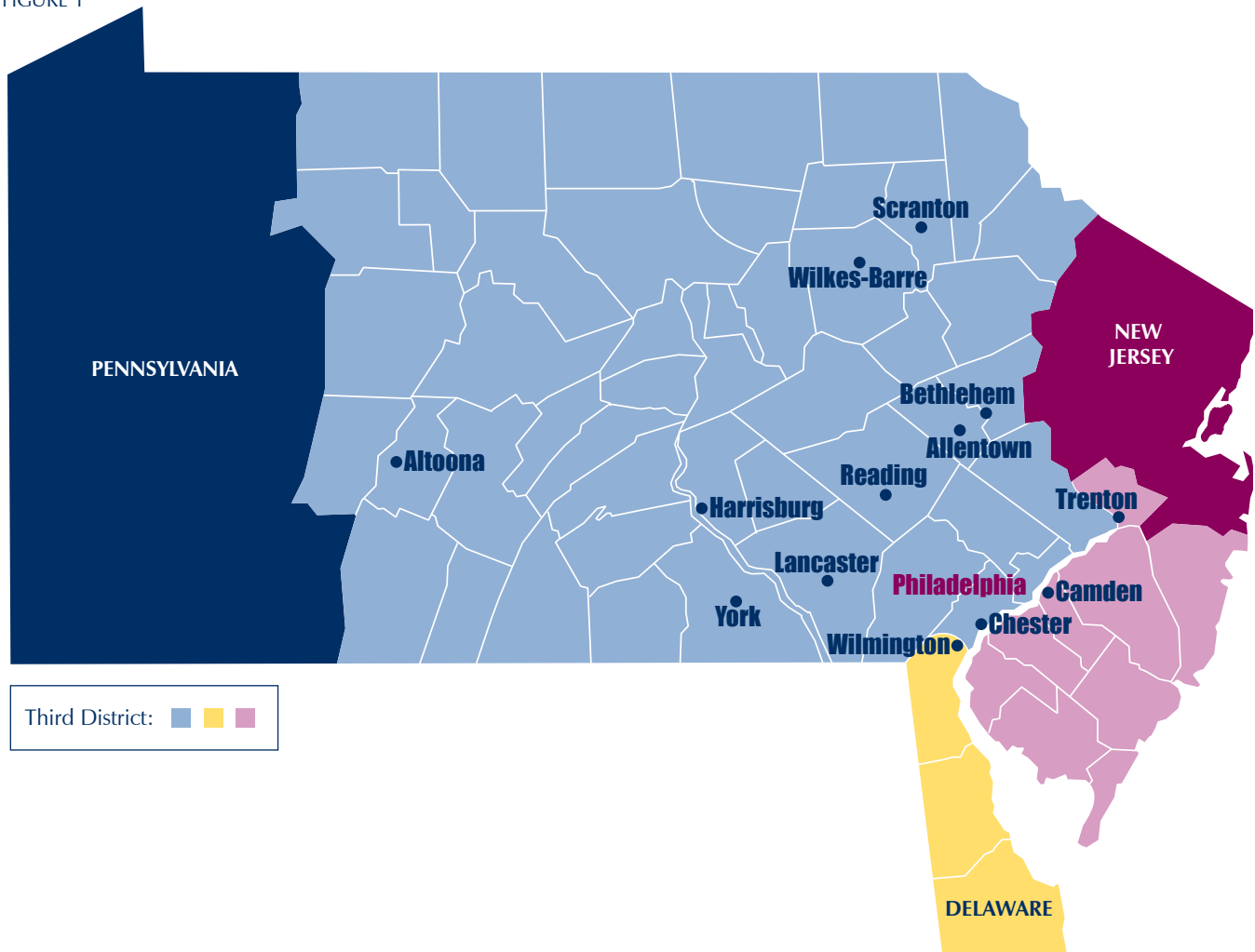
to hundreds of smaller facilities; they have also lost much of their historic role as their regions' retail and service centers, a role that has been supplanted by suburban malls and office parks. Almost all have seen their populations decline sharply, although a few are now seeing some rebound. They have seen racial and ethnic change with nine cities qualifying as "majority-minority" today; most have seen increases in poverty, unemployment, and property abandonment.

At the same time, many of these 13 cities have seen significant evidence of regeneration, epitomized by the revival of downtown Lancaster, the reuse of the former steel mill in Bethlehem, or recent investments in downtown Scranton that were triggered by the establishment of a new medical school. For all their daunting challenges, these cities have rich assets that may enable them to build new economic engines to replace those lost with the end of their manufacturing era.[1]

This report goes beyond the largely descriptive character of "In Philadelphia's Shadow" and explores the factors that have led to greater success in some cities and less in others. Many of these factors are strongly behavioral in nature, in that successful strategies — as well as less successful ones — are in important respects manifestations of the behavior,

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[1] A typology of assets typical of postindustrial cities can be found in Mallach and Brachman (2013).

FIGURE 1

Scranton

Wilkes-Barre

NEW
JERSEY

PENNSYLVANIA

Bethlehem

Allentown

•Altoona

Reading

•Harrisburg

Trenton

Lancaster

Philadelphia

•Camden

York

•Chester

Wilmington•

Third District:

DELAWARE

values, and relationships of each city's leadership and stakeholders. By looking at effective strategies and promising practices, I hope to offer insights that will assist these cities to confront their challenges and to try to bring about the changes that will be needed if they are to regain their one-time prosperity and thrive as successful postindustrial cities.

In order to explore these strategies and practices, from late 2012 through the spring of 2013, I traveled to a number of the more successful cities, as reflected in the measures and typology used in "In Philadelphia's Shadow."[2] During my visits, I interviewed key community stakeholders, including mayors and other municipal officials, business leaders, economic development professionals, and the

leaders of community-based and nonprofit organizations.[3] I am deeply grateful to those stakeholders who number too many to list here, not only for the time they gave to assist me in this research but in the thoughtful and open quality of the ideas and information they shared with me.

[2] "In Philadelphia's Shadow" compared the 13 cities on nine different measures associated with 1) resident social and economic conditions, 2) housing market conditions, and 3) local economic activity. Individual cities were scored on each measure, and a composite score was created to provide a sense of each city's success relative to its peers.

[3] Interviews were conducted in Allentown, Bethlehem, Lancaster, Scranton, Wilkes-Barre, and York in Pennsylvania, as well as Wilmington in Delaware. In addition, focus groups of community leaders from Chester, PA, and Camden, NJ, were held at the Federal Reserve Bank of Philadelphia.

In this report, I supplement the knowledge I gained through these interviews with my experience as both an observer of and a participant in efforts at urban revitalization, as well as by drawing on a growing body of literature on the factors affecting successful urban revitalization. I believe the following six behavioral strategies are critical for small postindustrial cities to achieve sustained and inclusive revitalization. While revitalization is powerfully dependent on what might be considered objective factors — such as the percentage of college graduates in the adult population or the presence of a major medical research center — it is far from a direct outcome of the presence of those factors or barred by their absence.

As I described in "In Philadelphia's Shadow," after starting from roughly comparable conditions in the middle of the 20th century, the subsequent trajectories of postindustrial cities in the Third District have varied widely; while no city can be said to have solved the problems arising from the postindustrial transition, some have clearly done a far better job in many respects than most of their peers, while others continue to struggle with daunting challenges.

Clearly, some cities are better endowed with the assets likely to foster success — strong regional growth, a well-educated and highly skilled adult population,[4] an accessible waterfront, strong transit connections, a major university or large-scale health-care institution, and the like — but the fact remains that some have capitalized far better on their assets than others. That, in turn, raises the critical question: What are the factors that make the difference?

Over the past decades, a substantial body of writing has accumulated on the question of what factors lead to municipal growth or decline, as well as on strategies for revitalization or redevelopment, much of which is summarized in Kodrzycki and Muñoz (2013). Most of this research focuses on quantifiable factors, such as the metrics evaluated by Hill and his colleagues (2012). These factors are important but fail to address the human side of the equation. I argue here for what might be called a behavioral approach to revitalization; that is, the proposition that the pattern of behavior by city stakeholders as well as relevant regional and state-level players largely determines the extent to which a city capitalizes on its assets and is able to place itself on a more positive trajectory than that of its peers.

This is not a new line of inquiry. The role of leadership in revitalization has been the subject of a variety of studies (Judd and Parkinson 1990), while the work of Safford (2009) highlights the role of organizational networks. A directly relevant effort was that of Kodrzycki, Muñoz, and their colleagues at the Federal Reserve Bank of Boston (2009), who compared a cluster of "resurgent cities" from among a larger peer group[5] that, in the authors' words

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[4] There is considerable research evidence that this is a significant consideration; as Glaeser and Shapiro (2003) write, "[a] primary fact about urban growth is that skills predict growth" (p. 142). See also Simon (1998).

[5] This report was part of a larger project initiated by the Federal Reserve Bank of Boston that focused on how best to help address the problems of Springfield, a small postindustrial city in western Massachusetts. The 25 peer group cities were selected on the basis of their similarity to Springfield in key respects.

"have made substantial progress in improving living standards for their residents, and that are recognized as vital communities in a broader sense by experts on urban economic development and policy" (p. 1). They concluded that the differences between resurgent and other cities had less to do with tangible, measureable factors and more to do with the quality of leadership and collaboration.

While my findings are generally consistent with studies that have found a central role for leadership in revitalization,[6] the research findings that follow offer new ways to engage more closely with the multiple factors that go into the behavioral framework for successful revitalization in postindustrial cities, rather than seeing them entirely through the narrow prism of "leadership." In the following pages, I describe six elements that I view as forming such a framework for successful revitalization.

1. Inclusive, Change-Oriented Leadership and Collaboration

Leadership takes many forms and comes from many different directions, but not all examples of what appears to be leadership as viewed from the outside actually lead to change. Some seemingly strong leaders may even leave their community worse off than they found it. The metaphor of a dominant leader as a huge tree, blocking out

the sun and keeping others from growing around it, resonates in the context of many urban communities. My idea of inclusive, change-oriented leadership is closely related to the term "adaptive leadership" used by Heifetz, Grashow, and Linsky (2009), in which it is defined as "the practice of mobilizing people to tackle tough challenges and thrive" (p. 14). As they point out, authority, as reflected in titles and offices, is too often confused with leadership.

Leadership can come from any source. At various times, leadership for change in postindustrial cities can come from mayors, from business organizations (e.g., chambers of commerce), and from the grassroots.[7] The revival of downtown Lancaster is notable: According to the consensus of interviewees, there was no single leader or signature project; however, the city's revitalization has been the cumulative effort of many different people and organizations working together cooperatively. While the mayor and city staff members are held in high regard, they are not seen as dominating or driving the process of change so much as supporting and nurturing it. Important leadership roles have been played by arts organizations, by key institutions, particularly Franklin & Marshall College during the tenure of John Fry as president, and by the Lancaster County Community Foundation, which has used its limited philanthropic resources to strategic effect. That

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[6] Kodrzycki, Muñoz, et al. (2009) identify four elements that they consider central to resurgent cities as follows: 1) leadership and collaboration, 2) recreating city infrastructure and economies, 3) developing human capital, and 4) extending prosperity to disadvantaged and minority neighborhoods (pp. 42–46). Authors admit that the last of the four elements is essentially aspirational but argue for its importance — as do I — as a critical step in the long-term project of urban revitalization.

[7] A number of postindustrial cities have demonstrated considerable capacity for revitalization in the absence of strong or effective mayoral or other local government leadership, notably St. Louis and Buffalo. In my recent interview with a key figure in Buffalo's revitalization (interview with Robert Shibley, October 17, 2013), he noted that results had come from the "singular leadership of thousands of people" and that while providing little or no leadership, city government "had not blocked" any worthwhile initiatives.

can be contrasted with the picture in Allentown and other cities, where this type of "civic network" appears to be less robust.[8]

While Lancaster is distinguished by the nature of its partnerships, the willingness of an individual or organization to take the initiative directly can also bear valuable fruit. Despite or perhaps because of the weaker civic network in Allentown, the city's mayor has played a strong, entrepreneurial role in furthering the city's flagship downtown redevelopment. In the Scranton area, the Greater Scranton Chamber of Commerce has been the linchpin of a multifaceted regional economic development strategy. It acts not only as a convener and promoter of economic development generally, but it works through a network of subsidiaries to provide microloans, develop industrial parks and downtown projects, and foster leadership development. The chamber's development subsidiary, The Scranton Lackawanna Industrial Building Company (SLIBCO), has constructed about 350 facilities containing more than 21 million square feet.[9]

My use of the term "inclusive" to refer to effective urban leadership deliberately reflects the use of the term by Acemoglu and Robinson (2012) in the context of comparative international growth and prosperity. They make a compelling case that the driving factor in the relative prosperity of nations lies in whether their economic and political systems are *extractive* or *inclusive*; inclusive economic institutions are "those that allow and encourage participation by the great mass of people in economic activities that make best use of their talents and skills and that enable individuals to make the choices they wish" (p. 74), while inclusive political institutions "make power broadly distributed in society and constrain its arbitrary exercise" (p. 82).

I would suggest that this framework offers a useful starting point for thinking about the nature of institutions and the leadership needed for successful revitalization. It also suggests that when Reese and Ye, in their widely cited paper from 2011, frame the dichotomy in urban regeneration as one between "place luck" and "policy," they are missing a critical element (i.e., the institutional framework that shapes and effectuates policy). The same economic development strategies and activities, employed in a closed or noninclusive economic framework, are likely to be far less effective than when used in a more inclusive setting.[10]

2. Strategic Vision and Incremental Action

The process of urban change is inherently contradictory. While designed to lead to major, fundamental transformation, it nonetheless takes place through small step-by-step increments. Major projects do take place, such as the Sands Casino in Bethlehem, but they are rare and unlikely to have a transformative effect unless they are part of

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[8] The most frequently cited model of sustained, multidimensional leadership in any major American city is that of Pittsburgh, where a city-corporate coalition first emerged in the 1940s. This coalition has shown great capacity to evolve and take in additional business, institutional, nonprofit, and community participants since then (Sbragia 1990, Lubove 1996, and Madison 2011).

[9] See http://www.scrantonplan.com/slibco.html, accessed August 25, 2013.

[10] Acemoglu and Robinson (2012) discuss the failure of what they refer to as "engineering" strategies to bring about prosperity in the absence of an inclusive political and economic framework (pp. 446–455). While the authors' discussion is focused on strategies for Third World development, the principle is also highly relevant to urban revitalization.

a multifaceted, incremental strategy.[11] While an incremental strategy can lead to change, small steps can lead nowhere, if they are not taken within a coherent strategic framework. A strong argument can be made that a critical difference between resurgent and struggling cities is not the number of revitalization activities or the dollars invested[12] but the extent to which the activities have or have not had a cumulative transformative effect.

The key to ensuring that multiple small-scale initiatives and activities actually have a cumulative transformative effect is having a coherent, shared vision of the city's future. Instilling that vision in the consciousness of the community and building a conviction on the part of its citizens that their city can be a better, healthier place moving along a positive trajectory is one of the most important tasks of change-oriented leadership. It also distinguishes change-oriented or adaptive leadership from leadership that is fundamentally grounded in the status quo,[13] no matter how focused it may be on redevelopment. At the same time, the framers of the vision must temper it with realism and avoid grandiose pronouncements at odds with reality

as they use it as a framework for each subsequent incremental step.

In this formulation, a vision and a formal, detailed comprehensive plan are two very different things.[14] The vision does not have to be turned into a formal plan, although under some circumstances it may be appropriate to do so as long as it is strong enough and clear enough to guide decision-making. While a plan may appear to be the embodiment of a vision, it runs the risk of becoming an impediment if it becomes too specific or too detailed, or, if given the inevitable resource constraints plaguing postindustrial cities, it appears to lay out an agenda for which the resources do not exist. In place of such plans, cities should consider exploring opportunities to pursue multiple, flexible strategic planning processes; a central goal of such processes is to provide a planning framework — grounded in the vision — for the many activities in which local governments and other local stakeholders engage and the numerous incremental steps that are taken almost daily in the course of administering a city. Such strategies may indeed ultimately come together to become a comprehensive plan. An instructive example that others might consider emulating is the Three Year Strategic Plan, adopted by the city of Lancaster. The entire document, which outlines the city's vision, focus areas, priorities, and success indicators, takes up both sides of just two 8½ x 11-inch sheets of paper.

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[11] The many references to the "Bilbao effect" (the seemingly transformative effect of the Gehry-designed Guggenheim Museum in Bilbao, Spain) that appears in the economic development literature rarely mention the extent to which that project was but one piece in a larger, long-term physical and institutional transformation of that city. For a discussion of this and other major European urban revitalization strategies, see Plöger (2012) and Power et al. (2011).

[12] Few of the 13 cities have seen a level of public investment comparable to what the state of New Jersey has spent on the development of the Camden waterfront, but as shown in "In Philadelphia's Shadow," these efforts have not had a transformative effect on the city.

[13] As I noted earlier, in the same way that megaprojects do not constitute revitalization, a focus on development (particularly when reflected in construction projects) is not incompatible with an institutional framework focused on maintaining the status quo rather than fostering more fundamental change.

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[14] To the extent that postindustrial cities develop comprehensive or master plans, Schilling and Mallach (2012) suggest that they should look very different from the standard model of a comprehensive plan, which has emerged in a largely suburban framework and focuses on the principle of the delineation and separation of land uses that — for better or worse — has become the driving force for most land use planning in the United States. A comprehensive plan for a postindustrial city should focus on strategy that reflects the need for an activist role for local government in bringing about change, which is distinct from what might be called the suburban "gatekeeper" role.

Daily incremental steps taken by a city, which range from affirmative steps such as repaving streets or restoring parks to negative ones such as school closings or laying off housing inspectors, are rarely integrated with the larger goals of transformation and revitalization in most cities (Schilling and Mallach 2012). This is particularly unfortunate because such incremental steps affect the city's revitalization goals in ways that can often be anticipated; the development of strategic frameworks and decision systems, for example, if used to guide such steps, can significantly further the effectiveness of a revitalization strategy. I have proposed the term "strategic incrementalism," or the ability to meld "a long-term strategic vision with an incremental process for change" (Mallach and Brachman 2013, p. 49), to describe this approach. Strategic incrementalism can replace haphazard and often wasteful practices by animating strategies that in turn can guide specific decisions and maximize their transformative effect.

3. Continuity

The challenges faced by the District's postindustrial cities are the product of many decades and will not be resolved in just a few years. Yet, many local governments tend to think in short time frames, changing strategies and priorities every few years, reflecting external pressures and opportunities[15] or internal and often political timetables. This may be the single most powerful reason why the multiple initiatives pursued over the

years in struggling cities have led to few sustained results. Without a long-term commitment to pursue particular strategic directions, while making necessary adjustments as conditions warrant, little sustainable change is likely to take place. Such a commitment can grow from a comprehensive plan but is arguably more likely to grow from a commitment to a vision and the development of specific plans to guide both geographically targeted and untargeted initiatives.

The value of sustaining effort over time can be clearly seen in two of the most significant transformative efforts taking place in the District's postindustrial cities: the Bethlehem Steel redevelopment in Bethlehem and the redevelopment of the banks of the Christina River in Wilmington. The latter was initiated by the state of Delaware, which created the Riverfront Development Corporation (RDC) in 1995. Since its creation, under the leadership of a single executive director and with sustained support from the state of Delaware,[16] the Christina Riverfront has been transformed into a bustling mixed-use area that has become a major center of employment as well as a major source of public revenue.[17]

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[15] Some of this is driven by the short-term thinking characteristic of the state and federal governments. Given local governments' need for resources, they can hardly be faulted for going after whatever new funding opportunities appear at the state or federal level at whatever cost to their own priorities and strategic focus.

[16] During the 17 years from 1996 through 2013, the state of Delaware has invested a total of $258 million in the riverfront, mostly for environmental cleanup, transportation improvements, public open space, and business incentives (interview with Michael Purzycki, May 8, 2013). Though governors have come and gone, the state's commitment to this project has remained consistent. This can be contrasted with the experience in Trenton, where the state created the Capital City Redevelopment Corporation in 1988. After a change in state government in 1991, the state lost interest in its creation; while it remains on the books, it has had neither financial nor political support from state government since, as I can attest from personal experience.

[17] The development along the riverfront currently generates $32 million in public revenues annually, including $7 million to the city of Wilmington (interview with Michael Purzycki, May 8, 2013). This represents roughly 6% of the city's total tax revenue in 2012.

The logic of maintaining long-term continuity of strategy is clear, whether applied to a large-scale redevelopment effort, the revitalization of a residential neighborhood, or the creation of a robust opportunity structure through the mobilization of schools, training facilities, employers, and neighborhood-based organizations. St. Joseph's Carpenter Society in Camden has been in existence for 28 years and has maintained a constant focus on the revitalization of the East Camden neighborhood with dramatic results, as shown by Smith and Hevener (2005). In Wilmington, 21 organizations have joined to form a consortium known as West Side Grows Together, which has adopted a collaborative plan for the revitalization of the city's west side. According to Paul Calistro, executive director of the West End Neighborhood House and the driving force behind the plan, "[I]mplementing all of the recommendations in the plan could take as much as $30 million and take as long as 10 years" (Nagengast 2013). This is likely to be a conservative estimate.

4. Intergovernmental Coordination and Support

Cities cannot do it alone. While many local governments, locally based institutions, and community-based organizations have accomplished remarkable things, they are inherently constrained in what they can achieve by limited resources and organizational capacity. Locked in tightly defined boundaries with disproportionately large shares of low-value properties and low-income residents, their ability to raise revenues to support their operations, let alone invest in the future, is inherently limited.[18] Moreover, as economic entities, cities are inextricably interwoven with their regions; they are part of regional economies, labor markets, and housing markets, and their success as cities hinges largely on their ability to compete in those markets. Two elements critical to the revitalization of the District's postindustrial cities are effective regional cooperation and integration as well as a sustained, strategic commitment by the three state governments to these cities.

Reflecting the recognition that economic growth demands a regional strategy, the most extensive regional cooperation visible in and around the District's postindustrial cities tends to be economic development. A good example is the Lehigh Valley Economic Development Corporation (LVEDC), which fosters regional economic development in a coordinated fashion. In addition to the usual business and institutional leaders, representatives from the region's two counties and three major cities sit on the LVEDC's board. In addition to providing a wide range of services that include financing, site location, and brownfields remediation, LVEDC's regional relationships enabled it to apply for and obtain a Sustainable Communities Regional Planning Grant from the federal government to develop a shared regional vision for the future. Similar, though less extensive, regionally oriented economic development entities exist in other postindustrial cities as well.

The tension with regional economic development entities is that while they are necessary, they can yield to the temptation to

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[18] This does not mean that largely state-level reforms intended to increase local governments' ability to raise revenues are not desirable; however, it should be recognized that the inherent spatial and economic constraints on older cities mean that reforms that do not go beyond changing the way revenues are raised from within the city's limited economic base will not fundamentally change the structural imbalance that exists.

neglect difficult urban revitalization activities for more easily achieved suburban greenfields projects. In most of the regions surrounding the District's postindustrial cities, marketing suburban locations is a far easier sell and developing suburban sites is simpler and less expensive than in the central cities. At the same time, it must be recognized that with the great majority of urban workers commuting to suburban jobs,[19] job growth in the region benefits the city by creating job opportunities for city residents and potential spillovers from export-oriented jobs, some of which may lead to business opportunities within the city.

Regional cooperation outside the economic development arena is more limited. The Lancaster Inter-Municipal Committee is a council of governments comprising nine municipalities containing 30 percent of the county's population. It has played a valuable role in fostering intermunicipal cooperation in areas such as parks and greenways, stormwater management, promotion of smart growth strategies, and creation of a regional construction code board of appeals. An unusual form of regional cooperation has been initiated in Camden, where Camden County has created a police department specifically to take over policing in the city of Camden, replacing the troubled city police department. A major objective of this initiative was, by creating a new department not locked into the restrictive work rules and exceptionally high salary scale of the city police department, to make it possible to put significantly more officers on the street within the same annual budget. Although the department was created to

police the city of Camden, participation is available to any municipality in the county that opts in on a voluntary basis.[20]

State government plays a critical role in facilitating and encouraging regional cooperation as well as being the dominant entity in determining what resources are available to local governments and what powers they have to address their challenges.[21] State governments in general, including those in the Third District, have historically had an equivocal relationship with their older cities, maintaining policies that often work against urban interests,[22] while providing intermittent support for cities' efforts but without any systemic or sustained commitment to their revitalization.

New Jersey provides billions of dollars each year to guarantee high spending levels in urban school districts[23] as well as significant amounts in municipal aid. In Fiscal Year 2011, nearly $116 million or 68% of Camden's total municipal revenues came in the form of general purpose state aid, with an additional $14.1 million from outside

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[19] According to employment data retrieved through the U.S. Census Bureau's OnTheMap Application, between 62% and 90% of the employed residents of these 13 cities worked outside of their city in the second quarter of 2011.

[20] See http://camdencountypd.org/, accessed August 25, 2013.

[21] For an extended discussion of state government issues affecting older industrial cities, see Brachman (2012).

[22] Examples can be found in areas such as taxation and the allocation of transportation resources. Reflecting the division of local resources that existed in the 19th century, both New York and Ohio maintain state highways that traverse suburban and rural townships at state expense, while requiring incorporated cities to maintain state highways in their boundaries at their expense. Ohio bars townships from imposing local income taxes, thus creating a financial incentive for high-earning households to leave urban for suburban or rural areas.

[23] Pursuant to the New Jersey Supreme Court's *Abbott v. Burke* decision, which essentially required that high-poverty urban school districts be funded at levels comparable to the most expensive affluent suburban districts.

(mostly state) grant funds for specific services or projects.[24] For the 2012 school year, state funds represented 90% of the total Camden school budget, and 87% of Trenton's school budget.[25] At the same time, New Jersey has no strategy to foster the revitalization of its cities; it provides few discretionary funds to enable local governments to invest in their own revitalization efforts, while the state's own eight-year intervention in Camden is widely held to have led to little or no improvement in that city's fortunes (Katz 2009).

Pennsylvania under Governor Edward Rendell (2003–2011) was something of an exception. Rendell, a former big city mayor, recognized the need to provide funds to cities to invest in revitalization and sought to respond to each city's own priorities, in contrast to some state governments that have tended to impose their priorities on local governments. Almost every Pennsylvania postindustrial city can point to one or more important initiatives that came about as a result of his administration's support, including the creation of The Commonwealth Medical College in Scranton, which was made possible with $100 million in state funds. As with other examples, the initiative for this effort came from the local community and was then embraced by the state.[26] While helpful, the assistance provided by the administration did not address the systemic

issues — rising pension and benefit costs, the excess costs created by municipal fragmentation, or the fiscal inequities created by concentrations of lower-income populations within narrowly drawn and inflexible urban boundaries — that underlie many of these cities' fiscal challenges.

Political considerations affect both regional cooperation and state strategic investment. Postindustrial cities typically make up only a small part of the population of their county or region and an even smaller share of the state population. County governments and state legislatures dominated by suburban and rural interests rarely give priority to urban concerns; as one Wilmington interviewee commented, "[T]here's no love for the city in the state legislature." Overcoming these obstacles is a critically important step toward more strategic, more productive revitalization of the District's postindustrial cities.

5. Inclusion and Opportunity

Even where revitalization is clearly taking place in postindustrial cities, as reflected in physical improvements to the built environment, job growth, or improvement in housing market conditions, it may affect only a small part of the city, while the beneficiaries may be disproportionately affluent and often recent in-

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[24] See Camden's FY 2012 budget at http://www.ci.camden.nj.us/wp-content/finance/budgetfy2012.pdf, accessed August 25, 2013.

[25] State school aid to these two cities alone represented just more than $500 million. Local property tax revenues covered only 2% of the school budget in Camden and 8% in Trenton with the remainder largely attributable to federal aid. The state of New Jersey provided nearly $8.5 billion in state aid to public education in 2011–2012, or 29% of the total state budget. See http://www.state.nj.us/education/finance/fp/ufb/menu/21.html, accessed August 28, 2013.

[26] Under the Rendell administration, the state Department of Community & Economic Development established a program creating Community Action Teams (CATs), small units of economic development professionals whose mission was to work with municipalities to identify their priority projects and then assist them to access state resources and navigate state approval processes. This program no longer exists. See http://www.prnewswire.com/news-releases/pennsylvania-dced-secretary-yablonsky-announces-the-formation-of-the-community-action-team-74148972.html, accessed October 19, 2013.

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migrants, particularly of the so-called Millennial Generation,[27] and suburban commuters. The rest of the city and many of its residents may fail to share in the renewed prosperity. This is apparent in much of the revitalization taking place not only in the District's postindustrial cities but throughout urban America. An outcome in which large numbers of residents fail to benefit from change is incompatible with successful, sustainable revitalization.

Wilmington is a powerful example of this phenomenon, given the large disparities in economic condition between the city's non-Latino white and its African American populations. Recently released American Community Survey data (2008–12) found that the median income for African American families in the city was $33,641, compared with $89,545 for non-Latino white families. Wilmington is also notable for the large share of the city's jobs that are held by commuters rather than city residents: According to employment data retrieved through the U.S. Census Bureau's OnTheMap Application, 85% of the city's jobs were held by commuters in the second quarter of 2011, and 73% of the city's resident workforce commuted outside the city to work.

Cities must avoid the facile optimism of "a rising tide lifts all boats." There is little evidence that the revival of a downtown or an adjacent historic neighborhood spills over into revitalization of neighborhoods elsewhere or that growth of downtown or "eds and meds" employment leads to

significant opportunities for the city's lower-income or less-educated residents. Rather, preliminary analysis suggests that market-driven neighborhood revitalization often fails to extend far from the central core,[28] while the great majority of the jobs created are filled by commuters rather than city residents. Bethlehem, PA, offers an instructive illustration of this point. Between 2002 and 2011, the number of jobs in the city grew by roughly 4,500 from 28,426 to 32,969, an impressive performance for a city its size. Over the same period, however, the number of commuters holding jobs in the city increased by over 5,500, from 21,359 to 26,914. As a result, despite this significant job growth, the number of Bethlehem residents holding jobs in the city dropped by more than 1,000.[29]

Revitalization demands intentional strategies to foster inclusion, equity, and opportunity based on the reality that none of those outcomes can realistically be expected to simply follow from market or institution-driven revitalization. Some of the elements of these strategies should be as follows:

- **Build a Strong Opportunity Structure**

Arguably, the single-most important problem facing the lower-income residents of urban America is the lack of an opportunity structure through

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[27] The idea of the Millennial Generation (those born since 1982) as a culturally distinct generation was disseminated by Howe and Strauss (2000). This generation is widely seen as being particularly oriented to urban living and represents a significant share of recent urban in-migration (Bevilacqua 2013). For evidence of the magnitude of the flow of Millennials to selected cities, see Mallach (2014).

[28] These conclusions are based on initial findings from the author's as yet unpublished research. This research shows that increases in sales prices in revitalizing cities, an important index of revitalization, tend to be concentrated in very small areas within the city, with the result that the share of citywide aggregate sales value in these areas has risen dramatically in recent years. For example, in Baltimore, the area around the city's inner harbor, containing less than 5% of the city's population, accounted for 13% of citywide aggregate sales value in 2006 and 22% in 2012 (data from Boxwood Means through PolicyMap).

[29] Data from the U.S. Census Bureau's OnTheMap Application, second quarters of 2002 and 2011.

which they can readily gain access to jobs and business opportunities sufficient to enable them to support a family at a decent standard of living. Not only is unemployment high in lower-income urban areas, but many adults are not participating in the labor force at all, while many jobholders are locked into low-wage jobs offering little prospect for economic stability.

There are many reasons for this situation, which effectively blocks thousands of people from the rewards seemingly promised by American society. Among the most important reasons are a spatial isolation from jobs for which low-income workers can compete[30] (Wilson 1996, Tomer et al. 2011); low levels of educational attainment and in-demand skills (Wilson 1996, Kodrzycki 2002); a shrinking number of "middle-class jobs," that is, reasonably well-paying jobs accessible to people without high educational levels and specialized skills (Autor 2011); and hiring practices that, without being overtly discriminatory, still have that effect, as documented by Bertrand and Mullainathan (2003). While, with the exception of the last, these factors have no direct relationship to race, they have a significant racial impact, in that African American residents as well as more recent Latino in-migrants have significantly lower incomes on the whole than white residents of the District's postindustrial cities, as well as significantly lower levels of educational attainment.[31]

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[30] This may be a more serious problem, and more difficult to address, in large cities such as Chicago where the spatial separation of inner-city low-income neighborhoods and major suburban job clusters is far greater than in the District's postindustrial cities.

[31] Census data confirm that racial and ethnic disparities in income and educational attainment are present and often pronounced in many of the District's postindustrial cities.

Difficult as it may be, building an opportunity structure for the city's lower-income residents should become a central feature of each city's revitalization strategy. Any strategy to do so must not only increase job access for adults but also must recognize the need to address education and youth development issues with the goal of breaking the cycle of poverty and unemployment.

Building an opportunity structure demands a long-term strategy that incorporates many different elements. Many of these elements may involve changing the way existing resources are utilized, such as fostering better linkages between K–12 public education and the work world, better mobilizing the resources of training programs and community colleges to improve the workforce skills in lower-income communities, better linking economic development activities with workforce development programs, working with major area employers to hire more city residents, and building career ladders to offer opportunities for upward mobility from entry-level positions. Others — such as expanding early childhood education, improving the quality of local public education, and improving transportation access for urban workers to major suburban job centers — may require additional resources that have typically come from state and federal sources.

• **Adopt Comprehensive Neighborhood Revitalization Strategies**

The goal of improving the places where low-income people live is as important as and closely linked to the goal of improving opportunity structures. The people-versus-place debate, while perhaps interesting conceptually, has little meaning in a real world context. People live in places, and, as Sampson (2012) has shown, their opportunities are

powerfully affected by where they live. Moreover, if places are not improved, the spatial outcome of improving employment opportunities and fostering *upward* mobility for lower-income urban residents is likely in many cases to be *outward* mobility, leaving the city's neighborhoods no better than before.

Many urban neighborhoods, disproportionately those occupied by lower-income households and communities of color, suffer from severe problems, including poor quality housing (and in some cities, widespread abandoned housing), crime, poorly maintained infrastructure, poor quality public services, and poor access to jobs, goods, and services. While all of these problems are not present in all low-income neighborhoods, they are widespread, and all contribute to the perpetuation of disadvantage. While some neighborhoods may be transformed spontaneously by market forces, or gentrified, such outcomes are relatively rare outside major cities in areas of strong economic growth such as Washington, D.C., or Boston, and particularly rare in the small postindustrial cities discussed here. Moreover, the extent to which such transformations benefit, rather than harm, low-income residents is uncertain.

The alternative route to neighborhood revival is through intentional strategic intervention. Such intervention is generally led by a community development corporation, typically an organization with an explicit mission to foster the revival of a particular neighborhood or group of neighborhoods. The efforts of St. Joseph's Carpenter Society in revitalizing East Camden or Heart of Camden in revitalizing South Camden are notable examples. Similarly, the West Side Grows Together initiative in Wilmington holds great promise. The ability of neighborhood-based CDCs to focus on the revitalization

of a particular neighborhood or geographic area in ways that municipal governments rarely can suggests that local officials as well as nongovernmental stakeholders such as businesses, foundations,[32] and educational institutions should consider fostering the growth of such entities to work with residents to develop and carry out comprehensive revitalization of their neighborhoods.

An important cautionary note should be added, however. Bringing about sustainable change in a distressed low-income neighborhood can demand significant resources to overcome years of neglect and market failure. Public and philanthropic resources in American cities, and not least in the District's postindustrial cities, are in short supply. Moreover, a critical component of sustainable neighborhood revitalization, the rebuilding of market demand, may be constrained in many cities by low levels of citywide and regional aggregate demand. This is particularly true in regions showing sluggish economic growth, such as those surrounding Scranton or Reading.[33]

As a result, resources and market demand may not be adequate to mount effective strategies in all — or perhaps even most — of the neighborhoods in need of revitalization. At the same time, spreading available resources thinly across all potentially eligible neighborhoods inevitably means that their impact will be diluted, and in the end no neighbor-

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[32] An excellent example is the Philadelphia-based Wells Fargo Regional Foundation, which provides strong support to CDCs to both design and implement comprehensive neighborhood strategies. With the exception of Altoona, all of the District's postindustrial cities are in the foundation's service area.

[33] At the same time, it should be recognized that market demand constraints may be less of a problem in areas with healthy regional economies, such as Lancaster or the Lehigh Valley.

hood will get the support it needs for transformative change.

The challenge of making decisions about where resources are allocated, whether particular areas are to be priorities, and how to choose those areas, is a difficult one — substantively and politically. These decisions, however, should not be avoided by city government, which by virtue of its central role as well as its control over key resources, must lead or actively participate in any such process (Thompson 2008). Several cities have grappled with this challenge; the most well-known of such efforts is Richmond, VA's Neighborhoods in Bloom strategy, which evolved from a strongly data-driven and participatory process to identify and designate key neighborhoods for targeted public resources and which demonstrated significant positive impacts (Accordino et al. 2005). Other more recent efforts include Dallas's Neighborhood Investment Program[34] and Cleveland's Strategic Investment Initiative, which is led by a citywide intermediary, Neighborhood Progress, Inc., with city government support.[35] These efforts have demonstrated that the strategic targeting of resources for neighborhood revitalization is possible; while anecdotal reports suggest that such targeting has become part of the conversation in many cities, significant obstacles to its widespread adoption remain.

- **Foster Social Inclusion Through Broad Community Engagement**

Finally, the isolation of lower-income com-

munities from the process by which decisions are made and resources are allocated within a city and the absence of intentional strategies to engage these communities in those processes not only maintains the social isolation of those communities but inevitably means that their needs and concerns will be less reflected in those decisions, however benign the intentions of those in power.

Although not from the Third District, two notable examples of intentional civic or community engagement are worth citing. In Lawrence, MA, Lawrence CommunityWorks, a community-based nonprofit organization, has embarked on a long-term strategy to build greater ongoing community engagement in that small, economically distressed city.[36] In Detroit, a massive civic engagement effort was an integral part of the process by which the strategic framework for the city's future known as Detroit Future City was developed, a process that extensively utilized social media to reach underrepresented groups in the city.[37]

Notably, both of these efforts were funded from nongovernmental sources and carried out by nongovernmental bodies, although the Detroit initiative was done with active public sector involvement. However desirable, it is difficult for government to initiate such strategies. On

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[34] See http://www.dallascityhall.com/financial_services/neighborhood_investment.html, accessed October 20, 2013.

[35] See http://neighborhoodstabilizationteam.wikispaces.com/Strategic+Investment+Initiative+%28SII%29, accessed October 20, 2013.

[36] These activities include campaigns around key issues — particularly public education — the development of neighbor circles linking people at the block level, and the creation of the PODER Leadership Institute ("Poder" means "power" in Spanish.). See http://www.lawrencecommunityworks.org/network-organizing, accessed August 29, 2013.

[37] See http://www.grassrootssolutions.com/2013/01/detroit-future-city-detroiters-engage-on-the-most-ambitious-and-innovative-urban-makeover-in-the-world, accessed August 29, 2013. The use of social media as a means of increasing engagement of underrepresented groups in society is becoming increasingly widespread.

occasion, however, cities have undertaken serious efforts to engage the community in projects such as the development of a comprehensive plan. Such initiatives, however, tend to be one-shot efforts, and while briefly energizing, rarely lead to systemic changes in the social fabric of the communities in which they take place.[38] Still, where such grassroots initiatives emerge, they are likely to be worthy of support and engagement on the part of local governments.

6. Resilience

Finally, sustaining any successful revitalization strategy requires resilience, flexibility, and adaptability. Revitalization is not only a long-term process, but in many respects, it is also an inherently provisional one; no city is ever "revitalized" once and for all. Without the ability to bounce back from losses, no city can expect to thrive more than briefly. As I noted in "In Philadelphia's Shadow," one of the hallmarks of the District's older cities' success in their industrial heyday was their ability to bounce back; as one of many examples, Scranton lost its flagship industrial plant, Lackawanna Steel, in 1901, but it continued to grow and diversify into other economic sectors.

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[38] Regrettably, much the same is true of many of the CDC-driven participatory planning processes designed to lead to the creation of a neighborhood plan; once the plan has been completed, the impetus for ongoing engagement is often lacking.

It is impossible to tell what the future will hold. One can be certain, however, that it will be different from the present. Just as manufacturing no longer drives the economies of the postindustrial cities, the economic sectors dominating these cities today may be gone or radically transformed 10 or 20 years from now. The extent to which the American economy generally, and postindustrial cities in particular, is looking to the health-care sector as an engine of economic growth, for example, is widely seen as problematic (Boulton 2013); changes to the financial structure of health care, or the modalities of health-service delivery, could potentially undo many local gains. Economic sectors that appear to represent cutting-edge technologies today may be even less reliable as long-term, sustainable sources of growth than were the manufacturing sectors of yesteryear. As economic conditions change, some cities are likely to do a better job than others of anticipating those changes and initiating new strategies for maintaining economic vitality sooner rather than later; the ability to do so may determine their future success (Zeuli 2013).

Resilience in a city's social and economic fabric goes well beyond the question of finding new economic engines. It goes to the fundamental question of the city's ability to respond to crises of any kind, whether a natural disaster or a manmade one, such as the foreclosure crisis (Swanstrom et al. 2009). Without resilience, the effects of strong leadership and vision may well be fleeting.

Revitalization is a complex and multifaceted process. It is not defined by the construction of megaprojects or the amount of money spent but is the outcome of a process that restores the central elements of urban vitality to a city, including a strong economy, healthy housing and real estate markets, and an opportunity structure through which all of the city's residents can participate in and benefit from the city's revival. It is, moreover, a long-term process, in which revitalization is always inherently provisional and must itself be renewed from generation to generation.

It is for that reason that the institutional and behavioral features of the urban polity, as they are reflected in the six strategies previously described, are so fundamental to the process of urban revitalization. Every city contains some mixture of assets and challenges. Those assets and challenges by themselves do not define the city's potential for revitalization; indeed assets are no more than potential. Effective and inclusive forms of governance and collective action, whether

manifested through change-oriented leadership, strategic vision, intergovernmental cooperation, or resilience in the face of setbacks and obstacles, are the triggers that unlock the potential that exists within a community and that otherwise lies dormant. Their absence, and the absence of the underlying institutional framework necessary for revitalization strategies to succeed, may be a far greater impediment to revitalization than the limitations of the city's inherited asset base or its "place luck," as defined by Reese and Ye (2011).

The scope of this paper does not let me offer specific prescriptions for building leadership, maintaining continuity, or creating resilience. Indeed, these are things that one can rarely learn and successfully apply on the basis of a book, article, or report. I hope, however, that the ideas and insights in this paper will stir the interest of local officials and other stakeholders in the District's postindustrial cities and encourage them to learn more, to visit and talk to key leaders in successful cities, and to put these strategies to work in their communities.

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