

What's Next for U.S. Cities?



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With support from THE CKEFELLER FOUNDATION A Summary of Major Themes from the April 25, 2011 Convening at the Rockefeller Foundation About Future Trends That Will Affect American Cities and Those Who Live in Them.

Executive Summary

On April 25, 2011, the Center for an Urban Future and the Rockefeller Foundation convened a small, private roundtable discussion with more than a dozen of the nation's thought leaders to discuss the key trends, opportunities and challenges that U.S. cities face over the next two decades—with a particular focus on the critical issues expected to impact the most vulnerable urban residents. The purpose of the conversation was to help the Rockefeller Foundation, and the larger philanthropic community, identify the key megatrends, challenges and opportunities that will affect those living in U.S. cities over the next 20 years.

This report summarizes our key takeaways from the convening. While the discussion produced a plethora of interesting ideas, this document provides our analysis of what stood out and which ideas and themes merit a closer look from major philanthropic organizations. It also discusses a handful of additional topics that were not discussed at the convening in detail but which we believe also deserve further examination by the philanthropic funders that are interesting in understanding some of the key challenges and opportunities facing city dwellers in the decades ahead.

Background: Scope of Discussion

The past two decades have been a remarkable comeback period for many of America's cities. After years when the nation's urban areas were bleeding jobs and population, many cities have bounced back in a way that few could have envisioned in the early 1990s. The Rockefeller Foundation and the larger philanthropic community clearly contributed to this resiliency, devoting ample resources to target some of the biggest problems facing cities and invest in innovative programs, policies and research.

As much as conditions have improved in some cities, however, it's abundantly clear that critical challenges remain. At the same time, the years ahead will undoubtedly bring additional challenges and opportunities as cities deal with a host of new demographic, economic, technological and political trends.

To get ahead of the curve in understanding the most important trends that will affect cities in the next two decades and where strategic investments by the philanthropic community could make a difference, the Center for and Urban Future and the Rockefeller Foundation invited more than a dozen prominent urban experts to discuss the future of U.S. cities. We brought together thought leaders with substantial expertise in a range of policy areas, from housing and immigration to poverty and demographics. The goal of the discussion was to hear what the participants believe are the key megatrends shaping the future of U.S. cities over the next two decades, what opportunities or challenges these trends will create and how these trends will affect the most vulnerable urban populations. We asked these questions in the hope that we could gather ideas on what the philanthropic community should be paying attention to in the years to come and gain insight on whether philanthropic organizations could leverage any of the trends affecting cities to encourage more resilience and growth with equity.

Purposely, we asked our diverse group of participants to approach the discussion with "bluesky thinking" about the substantive key challenges and issues facing urban cities over the next two decades.

Primary Themes and CUF Analysis

The six-hour discussion produced a wealth of compelling observations, insights and ideas. It featured thoughtful suggestions about *opportunities*, such as the potential for IT-based innovation to help

cities address key problems; *challenges*, including the growing gap between the more highly educated individuals moving to cities and those already living in cities who often lack the skills to fully participate in the area's economic progress; *trends*, like the rapidly aging population in many cities; and *suggestions for further study*, such as investigating what accounts for resiliency in cities that were previously in decline.

While the convening resulted in a number of for potential takeaways the philanthropic community, there was no clear consensus of the one or two most pressing issues facing cities over the next 20 years. Perhaps this is not surprising given the broad range of challenging issues facing cities today and the difficulty of predicting trends far out into the future. For instance, a similar discussion taking place in New York City in 1991 probably would not have imagined the profound changes that have reshaped so many of America's largest cities over these past two decades. Indeed, many of the

issues that cities are grappling with today were not on the radar of urban thinkers 20 years ago.

Meanwhile, some issues that we expected to generate significant debate—like the alarming growth in the working poor, the troubling deficits in skills and educational attainment among many lowincome city residents at a time when so many more jobs today require at least some college experience, and the proliferation of low-wage jobs among many city dwellers—were barely mentioned in the course of our conversation.

However, the discussion produced no shortage of good ideas and suggestions for further investigation. The following are themes that we thought stood out:

Why Some Cities Have Demonstrated Resiliency and Others Have Not

Throughout the discussion, many of the participants expressed interest in better understanding why some cities were able to go through remarkable turnarounds in the past couple of decades while others have treaded water and a number have gone backwards. It was clear from the discussion that there is relatively little solid information about what factors were most important in enabling turnaround cities to prosper (and what, if anything, the worst-off cities simply didn't do, or did wrong). What is effective governance? Civic participation? Crime reductions? Immigration?

Paul Romer, for one, suggested that the cities in decline are the ones with the worst policies and that today, people are moving to places with smarter policies and better resources. In order to fix these dying places, he argued we need to turn around the policies.

"Several of the participants suggested that the philanthropic community support research that would delve into this question of why some cities have rebounded and others have not—and the related question of which specific policies had the greatest impact." Several of the participants suggested that the philanthropic community support research that would delve into this question of why some cities have rebounded and others have not-and the related question of which specific policies had the greatest impact. This idea probably doesn't give foundations the signature issue that would result in a number of discrete grantmaking opportunities, but it does seem worthwhile and could probably be achieved by commissioning an indepth study. Moreover, such a research project could prove incredibly valuable local to policymakers who are trying to make strategic decisions, often on

limited budgets, about what policies would be most effective in revitalizing cities in decline.

Related to this, Harriet Tregoning mentioned that as a city commissioner, she would like to see some kind of information-sharing mechanism among municipal planners. Currently, she said, there is little way for a commissioner in Washington, DC to learn from city officials elsewhere that have effectively tackled a common problem. For example, she noted that if an elected official in a smaller city wanted to look into ways to improve their city through green policy initiatives or ways to use technology to make government more effective, there is no place to turn for guidance on how to do so and what policies would help achieve those goals. To be sure, the Urban Policy Advisory Group, a network of the mayors and top aides in the 40 largest American cities organized by the Ash Institute at Harvard, meets occasionally to exchange ideas and best practices around policy innovation. However, we believe there is still an unmet need for a more broad-based and permanent infrastructure for idea sharing among municipal officials.

It occurred to us that Harriet's idea dovetails with Beth Noveck's suggestion for using information technology to improve government and service delivery. For instance, perhaps foundations could explore the possibility of supporting the creation of a web-based platform that acts as a resource center

The New Poor and the Changing Landscape of Poverty in the U.S.

Twenty years ago, the nation's poor were still largely concentrated in the nation's inner cities. But this has changed significantly in the past two decades. Recent studies have shown that the suburbs now have the largest poor population in the country, with the suburban poor increasing by 25 percent between 1999 and 2008—five times the growth rate of the poor in cities. Consistent with this data, many participants in the convening suggested that we should re-evaluate how philanthropic foundations examine the future of cities and consider the metropolitan area as the unit of measure. "Prosperity is seen as a metro issue," said Carol Coletta. "Poverty should be seen as a metro issue, too."

Robert Sampson said that "much of poverty is now outside the city" and suggested that we should retire the traditional concepts of inner city poverty because it has shifted to the suburbs. Similarly, Alan Mallach explained that in many successful cities, poverty has simply been shifting from the inner city to the inner ring suburbs while in many unsuccessful

for cities. Indeed, during the convening, both Judith Rodin and Heather Grady spoke directly on the issue of how Rockefeller has the ability to build relationships both among individuals and the larger philanthropic community. The Foundation might leverage its contacts to help create a network of online information and experts that would help city officials throughout the nation learn from each other and implement policies that have been tested and been successful elsewhere. Attempts to merge technology and mentorship would help officials of smaller cities in Texas, like Beth used as an example, learn about ways to implement effective policies and also help larger cities share information with each other about what urban policies have been successful in their cities.

We imagine a system in which city officials could essentially login to a web platform and electronically access a wealth of information on innovation for metro areas—including templates and manuals on a variety of urban policies, as well as who to contact to receive additional information.



cities poverty is expanding both in the inner city and the suburbs.

While much of the focus of the convening was on the expansion of poverty beyond the inner city, we believe there are other trends in the landscape of poverty worth watching. One is that poverty is no longer as concentrated in established Northeastern and Midwestern cities like New York, Chicago, Boston, Philadelphia, Detroit, Cleveland and St. Louis. Over the last couple decades, there was a significant rise in poverty rates in cities of the South as well as the Sunbelt States of Arizona, Texas, New Mexico and Florida. This has only been magnified by the housing meltdown, which was particularly intense in these once-booming parts of the country. The result, though, is that these regions are now dealing with a sharp increase in the number of poor people. And many of these places do not have the nonprofit or government infrastructure to adequately provide services and support to this emerging population of disadvantaged individuals.

These are noteworthy trends, and there is reason to believe that they will only accelerate in the coming

The Aging of the Population

One of the more interesting questions during the convening involved the rapid aging of the nation's population and how this will impact America's cities in the coming decades. The Rockefeller Foundation's Heather Grady initially brought up this topic, and it generated some interesting discussion. We believe there is a good case to be made that this one of the trends foundations should keep a close eye on.

In 2009, 39.6 million Americans were 65 years or older, accounting for 12.9 percent of the U.S. population. By 2030, demographers project that the number of individuals over 65 will grow to 72 million, representing 19 percent of the population. Much of this growth is due to the aging of the baby boom generation; indeed, January 2011 ushered in the first of approximately 77 million Baby Boomers reaching the age of 65.

It is worth noting that the country's minority populations are aging even faster than the population overall. Minority residents over the age of 65 are believed to have increased from 5.7 million in 2000 (16.3 percent of the nation's elderly population) to 8.0 million in 2010 (20.1 percent of the elderly). Between 2010 and 2030, the white population 65 and older is projected to increase by 59 percent compared with 160 percent for older minorities, including Hispanics (202 percent), African-Americans (114 percent) and Asians and Pacific Islanders (145 percent).

As the Center's Jonathan Bowles noted during the discussion, the share of New Yorkers over the age

decades. As a result, this might be a particularly compelling area of focus for the philanthropic community. For example, foundations might consider supporting efforts to develop a new infrastructure to provide help to the newly poor in cities from Phoenix to Las Vegas as well as in suburban communities in the Northeast and Midwest that have seen a substantial increase in poor residents. It might examine how to redesign the suburb to ensure that low income residents can access jobs and opportunities. As Bill Fulton suggested, "What does it take to retrofit older suburbs to handle [the larger numbers of poor people living there]?"



of 65 is expected to jump from 12.1 percent of the city's population in 2009 to 14.8 percent in 2030. On Staten Island, residents over the age of 65 will make up a staggering 18.7 percent of the borough's population in 2030. Further, in some of our recent interviews with social service providers in New York, officials have expressed concern to us about a possible "lost generation," referring to people over the age of 55 who lost their jobs during the recent recession and may never get back into the workforce. Many of these older workers have had full-time jobs their entire lives, but now face extraordinary obstacles re-entering the workforce.

The aging of the population has huge implications for America's cities. On one level, the elderly will likely make up a growing share of the poor population in many cities, and it is not clear that cities currently have the range of programs or infrastructure to deal with this growing share of the population that require help. Additionally, the aging of the population will require municipal policymakers to revisit policies around housing, healthcare. workforce development and transportation. In addition to the fundamental questions of how cities will care for this rapidly aging population, we believe there is considerable need for innovations in how services are delivered to this segment of the population. For instance, should cities rethink and re-imagine the design and function of senior centers? Will cities need older residents to remain in the workforce longer, and if so will policymakers have to adjust workplace rules or refocus workforce development policies to allow for this? Since low-income residents are not likely to afford assisted living facilities, how will cities deliver services in place? For instance, more than a third of all New York City residents living in public housing are over the age of 65.

Immigration

Immigration came up a number of times during the convening. Several of the participants noted powerful the impact of immigrants in cities that have prospered in recent decades. That led to one of the more ideas provocative of the discussion: that policymakers should consider targeting new immigrant settlement patters to

urban landscapes that have been losing population and could benefit from an influx of immigrants.

Paul Romer was one of the architects of this idea, suggesting that "there might be an opportunity here" for cities like Detroit or Cleveland. Bill Fulton provided the example of how immigration improved many inner city areas in Los Angeles and suggested that we explore the various programs and incentives that are used in the settlement of refugees.

Interestingly, just a few days after the convening, Mayor Bloomberg suggested a similar proposal be adopted by the federal government. He argued that the government should explore policies to encourage immigration in targeted and struggling cities like Detroit to revitalize the local economies. On NBC's Meet the Press, Mayor Bloomberg said: "T'll give you a good example of how you can fix

"5.5 million children are currently growing up with one or more undocumented parent. Many of these young people are located in cities."

During our discussion, Felton Earls noted that "over time, the elderly will become more socially excluded, more socially poor and isolated." Bill Fulton remarked that "Boomers are not well fixed financially and will stay longer in the workforce." Alan Mallach was curious to learn "why are cities attractive environments for the aging?" And Paul Romer put a different spin on how the aging of the population will impact cities, noting "The elderly are more politically active. Maybe their political activity will shift the balance of social services away from kids."

Thus far, there has been only very limited analysis of how these trends will play out in cities. Foundations could potentially explore this issue in a number of ways, from seeding innovative new support services for the elderly to supporting efforts to support elderly who are the newly poor.

> some of the problems in America... Take a look at the big old industrial cities—Detroit, for example. The population has left. You've got to do something about that. If I were the federal government...you pass a law letting immigrants come in as long as they agree to go to Detroit and live there for five or 10 years, start businesses, take jobs, whatever."

Although changes to immigration policies on a national level are very challenging, the idea clearly has some appeal and may be worth investigating. For instance, in Detroit, the population plummeted by 25 percent in the past decade, close to 100,000 housing units are vacant and about one-third of residents live below the federal poverty level. There are numerous other examples of cities that have been rapidly losing population, from Cleveland to Buffalo, which could arguably benefit by attracting new immigrants.

It is worth noting, however, that cities such as Detroit, Cleveland, Philadelphia, Pittsburgh and Boston have already rolled out strategies to actively recruit and welcome new immigrants. This includes offices for supporting immigrants such as the Welcoming Center for New Pennsylvanians and the Office of New Bostonians, and broad-based initiatives like Global Detroit.

Some of the participants had other compelling ideas about immigrants. For instance, Michael Fix said that the trend that he is most concerned about in the coming decades involves the children of the undocumented. Fix noted that 5.5 million children are currently growing up with one or more undocumented parent. Many of these young people are located in cities. He suggested that the philanthropic community take a close look at this group, which he said are often less visible, isolated and not as focused on integration into society as other immigrants.

Fix also pointed out that there has not been enough of an overlap between urban policy and immigration in the past decade or two. "Mayors were key in 1986," he said, referring to key immigration legislation passed in Congress in that year, "but they haven't been very helpful now." Perhaps there is a role for the philanthropic community to play in connecting city leaders on this issue.

We suggest also considering one other facet to the immigration debate that wasn't explored in the discussion: what happens if some of the cities that have benefited immensely from an influx of immigration begin to experience a sustained drop in the level of new immigration? For instance, New York City would have lost population in recent decades if not for the influx of immigrants. But today immigrants are increasingly bypassing the city and migrating straight to the suburbs (everywhere from Northern New Jersey to the Hudson Valley) and to new destination cities across the U.S. At the same time, our work on immigrants in New York suggests that there may be a growth in middle class immigrants who are moving to cities like Charlotte, Atlanta and Jacksonville where it is more affordable to buy a home and raise a family. A decade ago, New York's immigrants would not have seen these other cities as good options since these places did not have established immigrant communities with people who spoke their language and stores that catered to their needs. But that has changed, and New York's immigrants are increasingly giving these cities a closer look. Additionally, will the continued decline in decent-paying industrial jobs in New York City prompt prospective immigrants to locate elsewhere in the U.S.? Will the tougher immigration laws lead to fewer immigrant arrivals? And will the vastly improved economies in Asia and elsewhere result in fewer people leaving from those countries for New York and other U.S. cities?

Clearly, many other cities from Boston to Los Angeles also have a lot at stake in ensuring that immigrants continue to settle in their cities. To our knowledge, no one is looking into the possibility that the number of new arrivals will decline—and how that affects cities in the future.

We understand that the Rockefeller Foundation has not recently focused in depth on immigration issues, and where it has provided resources in this field have mainly been research-oriented. But given what we know about immigrants' role in revitalizing communities, and the challenges that many newcomers to the country face, it is certainly worth considering a range of grantmaking efforts focused on immigrants.

Making Better Use of Information Technology

The opportunity to make better use of information technology to improve cities and enhance the lives of its residents was one discussion topic that seemed to resonate among all of the participants. However, many of the participants expressed frustration that cities are behind the curve in adapting new

"Cities should be using technology to improve systems. We should be coming up with innovative policies for doing more with less." technologies. For instance, Paul Romer remarked, "IT has the potential to transform everything we do, but we see little change in cities."

Beth Noveck, in particular, voiced the need for new IT-based innovations that enable cities to rethink the nature of government bureaucracy in the 21st century to solve problems, improve the delivery of services and engage a broader mix citizens (and networks) in the process of developing policy ideas. She also advocated for the creation of a toolkit for better participatory engagement and noted that the U.S. Department of Education now has an innovation fund that cities might take advantage of. "We need institutional innovation," said Noveck. "Cities should be using technology to improve systems. We should be coming up with innovative policies for doing more with less."

Bill Fulton agreed about the potential for IT innovations in government. He said, "Everyone is stuck in that old model. We have to find a way to deliver services differently." And Alan Mallach added, "We don't have the capacity at the local level to do all the things we're talking about. Cities can deliver services more effectively with IT."

One of the more direct applications of technology for cities suggested was to improve transportation in urban environments. The importance of IT also included discussions about how social media and online resources can be used to enhance civic participation.

The Future of Housing and Home Ownership

Among several interesting points raised during the convening about the future of housing and home ownership, Alan Mallach noted that the traditional 30-year fixed rate mortgages offered by Fannie Mae and Freddie Mac may be eliminated. He then provocatively asked what the future of the mortgage system going to be?

As Mallach suggests, doing away with the 30-year fixed rate mortgage could mean a very different America-or at least a different "American dream." After all, the idea of owning a home has been a core American value for many generations and home ownership has been a big part of the country's building strategy for wealth in communities. However, as some of the participants mentioned, the recent housing crisis has highlighted the dangers of debt and raised questions about whether home ownership should be encouraged as much as it has been in the past for many low- and moderate-income Americans.

There was only limited discussion of how technology could be used to improve life for the most disadvantaged people living in cities. But there is clearly potential to use technology to engage more low income urban residents in the policy process, ensure that programs affecting the poor are having the desired results and make use of data to craft new placed-based poverty strategies and more efficiently deploy scarce government resources. The need for IT-innovation seems even more compelling given today's budgetary environment, where nearly every American city seems to dealing with rising costs and declining support from federal and state governments.

The Foundation has worked with some municipal governments on IT issues and, more generally, has been a leader in promoting innovation in government. Getting more deeply involved in IT innovation as it affects municipal governance and helping cities be more effective in addressing core issues—particularly those that affect the most disadvantaged residents of cities—would seem to fit nicely with the Foundation's interests and priorities.



This is potentially an intriguing issue for foundations to explore, although it is not clear that there is enough here to sustain a range of grantmaking opportunities. The philanthropic community might consider examining other avenues to wealth building and whether there are innovative strategies for incentivizing urban renters.

Developing Skills and Creating Opportunities for Advancement

During the convening, Dr. Rodin underscored the importance of investing in human capital and skills development. Carol Coletta said, "We need to develop all of the talent." And Harriet Tregoning talked about the growing gap between people moving to cities that are often highly educated and those who already live in cities, many of which lack the skills to get ahead.

Nevertheless, given the profound changes in the nation's economy over the past decade that have raised the level of skills and educational attainment needed to obtain most decent-paying jobs, we expected more alarm bells to be sounded during in the convening about the alarming skills gap in many cities. Simply put, too many residents of cities lack the skills to compete for good jobs in today's economy and too many young people in cities are painfully unprepared for the world of work.

The Future of Youth

A related issue that we believe is worth considering for future research and grantmaking concerns the mounting difficulties facing young people in America's cities. Though there was little discussion of youth issues in the convening, we were intrigued by a comment from Paul Romer during the discussion about the aging of the nation's population. Romer said that "the aging of the population may mean less support for kids."

Romer may be on to something. As more of the Baby Boomer generation ages, it may create even more political influence for older Americans and prompt federal, state and city governments to devote more of its scarce resources to programs supporting the elderly—and possibly, roll back support for young people, who may have even less influence over policymakers than they do today.

If this occurs, it would be a real problem. As it is, young people have faced mounting difficulties in recent years. In March 2011, the U.S. unemployment rate for young people between the ages of 16 and 19 was 24.5 percent, nearly three times the unemployment rate for the entire workforce. Only 34.1 percent of U.S. teens are estimated to be Though there were no concrete ideas on this topic that emerged from the discussion, we believe this is one of the more troubling trends affecting cities. And while several cities have made important educational reforms, few mayors have focused more comprehensively on addressing the skills gap that exists. At the same time, cities are now grappling with a significant decline in funding for workforce development and job training. For instance, federal funding from the Workforce Investment Act to New York City for job training and workforce development decreased by 52 percent between 2002 and 2009, from \$142.5million to \$68.4 million.

This is an important area where the philanthropic community could help fill the gap left by declining support from federal and state governments, and potentially support innovative new programs and pathways.



employed, which is considerably lower than the share for the civilian workforce (64.2 percent). Employment outcomes for teens and young adults have gotten much worse since the onset of the recession that began in December 2007, but this segment of the population has been struggling economically for some time. Unlike the rest of the working population, which experienced growth in employment from 2000 to 2007, young adults saw declines over that period. Much of the problem is concentrated in cities. For instance, in New York City, 39.8 percent of teens in the five boroughs between 16 and 19 years of age were unemployed in the fourth quarter of 2010. This is twice the already dismal rate from three years earlier (19.4 percent). While young adults are faring slightly better, roughly one-in-four young New Yorkers between 16 and 24 were unemployed in 2009. The figures are particularly bad for the city's black teens; 33.5 percent of Black Non-Hispanic residents were unemployed. In 2007, there were an estimated 223,000 disconnected young people those neither working nor in school—in the city, including roughly 60,000 who were looking for work but unable to get a job.

These are extremely troubling trends. And with cities and states cutting back support from some youth programs—New York City's Summer Youth Employment Program enrolled 53,000 young people in summer jobs in 2009, but this year the program may employ just 28,000—the problem may only get worse. Resources from the philanthropic community may become even more essential in the years ahead.

Conclusion

The purpose of the convening held on April 25, 2011 about the future of U.S. cities was to help the philanthropic community better understand the most important trends that will affect U.S. cities, and the most vulnerable people living in these cities, over the next two decades. Further, the discussion was intended to help foundations home in on a handful of key trends or policy ideas that it should follow closely and which might serve as pillars of future grantmaking.

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Although no single issue emerged from the discussion as the clear priority area for foundations to concentrate on in the years ahead, the convening produced а stimulating discussion among some of the country's most innovative urban thinkers and generated an array of thought-provoking ideas about the most pressing challenges ahead for American cities in the coming decades. As we have summarized in this paper, there is much that the philanthropic community can take away from the discussion build and upon.

What's Next for Cities? Meeting Participants:

• Andrew A. Beveridge

President, Social Explorer; Professor of Sociology, CUNY Queens College, CUNY Graduate Center

Carol Coletta

President and CEO, CEOs for Cities

• Felton Earls

Professor of Social Medicine, Harvard Medical School; Professor of Human Behavior and Development, Harvard School of Public Health

Michael Fix

Senior Vice President and Director of Studies, Migration Policy Institute; Co-Director, MPI's National Center on Immigrant Integration Policy

• William Fulton Mayor of Ventura, California

• Paul A. Jargowsky

Senior Research Affiliate, National Poverty Center at the University of Michigan; Program Director for the Public Policy and Political Economy Program, Univ. of Texas at Dallas

Alan Mallach

Senior Fellow, Center for Community Progress; Senior Fellow, Metropolitan Policy Program of The Brookings Institution

Beth Simone Noveck

Professor of Law, New York Law School

• Rey Ramsey President & Chief Executive Officer, TechNet

• Paul Romer President, Charter Cities

• Robert J. Sampson

Henry Ford II Professor of the Social Sciences, Harvard University

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