



LEADING EDGE RESEARCH SERIES

REVITALIZING FIRST SUBURBS A MANAGER'S MANUAL

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TOM CARROLL
Village Manager, Silverton, Ohio

ICMA | research

ABOUT THE AUTHOR



TOM CARROLL is a seasoned city manager with broad expertise in all facets of public sector management. Tom is most comfortable operating at the intersections of complex legal, financial, political, intergovernmental, and interpersonal challenges. He uses an interdisciplinary approach to tackling organizational and community issues and has presented his work at the National Brownfields Training Conference, American Planning Association, and ICMA Annual Conference. Tom and the organizations he has managed have won numerous awards for innovation, citizen engagement, intergovernmental collaboration, and benchmarking.

Prior to becoming Silverton's village manager, Tom served in various positions in local government in Loveland, Ohio; Savannah, Georgia; Laramie, Wyoming; and Longmont, Colorado. He earned his master's degrees in sociology and public affairs from Indiana University, and has a bachelor of arts from the University of Virginia.

Connect with Tom:

t.carroll@silvertonohio.us

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CONTENTS

- ACKNOWLEDGEMENTS 5**
- FOREWORD..... 6**
- CHAPTER 1: FIRST SUBURBS AND THE CHALLENGES THEY FACE 9**
 - The Signs of First Suburban Decline 11
 - First Suburbs a Decade after the Great Recession 14
- CHAPTER 2: A STRESS TEST FOR FIRST SUBURBS 17**
 - Key Performance Indicators 17
 - Poverty*..... 18
 - Total Property Value* 19
 - Population Change* 21
 - Data Sources 21
 - Tax Base* 23
 - Assessment Worksheet..... 23
 - Hamilton County First Suburbs Case Study*..... 23
 - Additional Measures 23
 - Poverty Trends* 23
 - Percentage of property value that is residential vs. commercial*..... 25
 - Part I Uniform Crime per 1,000 residents* 25
 - Eviction rates* 25
 - Tax collections per capita compared to other peer communities* 26
 - Cost per capita for police, fire and EMS, parks, etc.*..... 26
 - Age of housing stock* 26
 - Ranking and/or quality of school district* 26
 - Conclusion..... 26
- CHAPTER 3: THE BUSINESS MODEL OF GOVERNANCE..... 27**
 - Create a Three-Legged Budget Stool 31
 - Benchmarking 33
 - Does form of government matter? 35
 - Conclusion..... 36

CHAPTER 4: LOCAL GOVERNMENT MARKET INTERVENTION	37
Cases of Success and Lessons Learned	40
<i>Kettering, Ohio</i>	40
<i>South Euclid, Ohio</i>	41
<i>Lockland, Ohio</i>	41
<i>Lakewood, Ohio</i>	41
<i>Upper Arlington, Ohio</i>	43
<i>Silverton, Ohio</i>	43
Conclusion	45
CHAPTER 5: HOUSING POLICIES	47
Code Enforcement	49
Planning and Zoning	51
First Suburban Flips	52
Targeted Investment Incentives	52
REITs	53
Greenhills	54
Home School Movement	54
Conclusion	54
CHAPTER 6: POVERTY AND INCLUSION	55
Intentional Inclusion	57
Close Poverty Service Gaps	59
Analyze Evictions and Tenant-Landlord Relationships	60
Zoning and Densification	61
Conclusion	62
CHAPTER 7: OUR COLLECTIVE CALL TO ACTION	63
BIBLIOGRAPHY	65

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Tom Carroll
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FOREWORD

The novel coronavirus pandemic of 2020 has laid bare deep fractures within America's cities and towns, and has shined a bright light on the persistent racial disparities that plague our nation, from healthcare to housing and wages to education.

In a few short months, we have watched as people of color, and especially Black Americans, experience far worse outcomes from the COVID-19 virus. Communities of color have borne the brunt of the financial crisis stemming from the pandemic with soaring unemployment disproportionately affecting minority workers across the country. Of those who haven't lost their jobs, a disproportionate number are working in service positions—such as grocery clerks and childcare assistants—that are now deemed essential in recognition of their vital contributions to our day-to-day functioning, albeit without wages or work conditions that reflect that importance.

The pandemic has confirmed for some and revealed to others that far more of us than we care to admit are only a few weeks away from losing our homes through foreclosure or eviction. Food insecurity among the most vulnerable, our children, has been exposed as communities confront the fact that so many of our children rely on meals from school in order to eat, and when schools are closed kids go hungry.

As the coronavirus pandemic forced us to begin to face these grim truths, the horrific murder of George Floyd at the hands of police captured on video for the world to see seems to have been a true tipping point. We are now having far more frequent and candid conversations about race and social justice. The call for these conversations to translate into policy actions is unlikely to relent anytime soon. Nor should it.

These harsh realities made clear in 2020 are a challenge to all of us working in local government. What more must we do as local government professionals to address systemic racism, economic inequality, housing instability, low wages for essential service workers, food insecurity, and law enforcement abuses of power? I believe these are among the most pressing questions we as ICMA members face going forward.

We tend to think of these issues as urban problems concentrated in America's central cities. For decades scholars, funders, policymakers, and practitioners have focused their attention on the urban core while overlooking the fact that these fractures in American society increasingly also run right through America's first suburbs.

First suburbs are mature communities close to or bordering a larger central city. Most first suburbs were built right after World War II. Post-war federal policy subsidized the building of suburbs by guaranteeing construction loans to developers through the Federal Housing Authority (FHA) and providing home loan

guarantees and other benefits for veterans through the GI Bill. These new suburban neighborhoods were only available to returning White veterans. Black veterans were excluded through restrictive covenants that banned them from purchasing homes in the new subdivisions and banking institutions refused loans to Black veterans, even though they had access to the same GI Bill benefits. These policies and practices ensured that first suburbs would be segregated by race and class.

As time went on, these communities were themselves ringed in by other suburbs, and in the late 1950s and 1960s, first suburbs were encircled by the interstate beltway system (thus becoming “inner-ring” suburbs). Fully developed for several generations, America’s first suburbs remain sandwiched between higher density central cities and more sprawling contemporary suburbs.

The Fair Housing Act of 1968 made the segregationist and discriminatory practices that created the first suburbs illegal. This enabled families of color to move in. As first suburbs have become more diverse, many White families have often simply moved out. The consequence of White flight is a decline in property values, which has a cascading effect on other social and economic factors that negatively impact the community.

Once the archetype of the American dream for White Americans, many first suburbs today can boast that diversity is their greatest strength. These amazing communities have much to offer, from beautiful tree-lined streets to walkable neighborhoods. Unfortunately, most of these first suburbs also have been experiencing decline for the past 30 years. Barely noticeable at first, the decline of first suburbs accelerated in the wake of the 2008 recession. Many first suburbs today are falling behind because of aging and outdated housing, growing levels of poverty, decaying infrastructure, increased frequencies of foreclosures and evictions, and general disinvestment.

In 2018, ICMA funded a research fellowship to examine what strategies we as ICMA members can use to stop and ultimately reverse the decline of first suburbs. This study, led by Silverton, Ohio, City Manager Tom Carroll, showed that many first suburbs outside Cincinnati had yet to recover in any meaningful way even before the onset of the coronavirus pandemic in 2020. This is true where I formerly served, right outside of Cleveland, and is also true outside of Chicago, Kansas City, Los Angeles, Boston, and the rest of the United States. Unfortunately, the coronavirus pandemic and the resulting economic slowdown are going to further exacerbate the challenges facing America’s first suburbs. But the current climate and demands for change also create the opportunity to thoroughly examine our systems and develop new approaches with the intentionality that Tom talks about in this research.

City managers and local government professionals have to adapt our governing strategies to better manage our first suburbs that are in fact the fault lines of America’s racial and economic structure. First suburbs were built on egregious social constructs that we as local government professionals must have the courage to confront and dismantle; not only to revitalize these communities but to create more equitable and, therefore, more resilient and sustainable communities. While we cannot change their past, we most certainly can influence their future.

There is no silver bullet, no one solution, and no quick fix. However, the best practices that are detailed in this research point us in the right direction. I urge ICMA members working in first suburbs to read and use this manual. Try to replicate and improve upon the strategies contained inside. And, please share your experiences with your ICMA colleagues so we can continue our collective learning to better lead our communities.

This work is as challenging as it is important, and it will require the best of ICMA members to make a real difference in struggling first suburbs.



Tanisha R. Briley
City Manager
Gaithersburg, Maryland
September 2020
(previously City Manager, Cleveland Heights, Ohio)



Problems generally associated with the inner city—loss of population, declining commercial activity, increasing poverty, deindustrialization, declining property values, blight, and increased crime—were manifesting with increasing frequency and severity in America’s first suburbs.



CHAPTER 1

First Suburbs and the Challenges They Face

More than 20 years ago, a few scholars and local government practitioners began to highlight the unique set of challenges facing first suburbs around the country (Orfield, 1997; Puentas and Orfield, 2002; Hudnut, 2003). Scholars noted that a growing number of the post-World War II suburbs right outside major American cities¹ were starting to show troubling social and economic characteristics. Problems generally associated with the inner city—loss of population, declining commercial activity, increasing poverty, deindustrialization, declining property values, blight, and increased crime—were manifesting with increasing frequency and severity in America’s first suburbs.

About this same time, local government officials in a number of inner-ring suburbs were forming coalitions to address these very challenges. First suburban leaders recognized their unique geographic locations and individually small size obscured first suburbs’ challenges. Big cities with big city problems had federal and state policy advocates concerned about poverty, crime, affordable housing, and racial inequality. Growing outer-ring suburbs had a broad coalition of growth advocates—lending

institutions, home builders, developers, and private corporations—supportive of new green field development. But the spaces occupied by first suburbs were seemingly without policy friends in Washington, DC, or in state capitals. As a result, these emerging first suburb issues were not being addressed in the broader public policy context. A number of consortia of first suburbs were formed in the late 1990s and early 2000s (Cleveland, 1996; Kansas City, 2002; Cincinnati, 2003; Dayton, 2005, etc.) to advocate for first suburbs. For a brief period in the early 2000s, a combination of academic scholarship and local government coalitions began to draw attention to the emerging problems facing first suburbs—a policy area aptly dubbed a policy blind spot (Puentas and Orfield, 2002).

Then the 2008 Great Recession dramatically shifted the conversation.

For most local government leaders across the country, the Great Recession and its effects placed tremendous strain on operating and capital budgets. Everywhere, services were cut, taxes and fees were raised, employees were furloughed or laid off, vacant positions were eliminated, and a

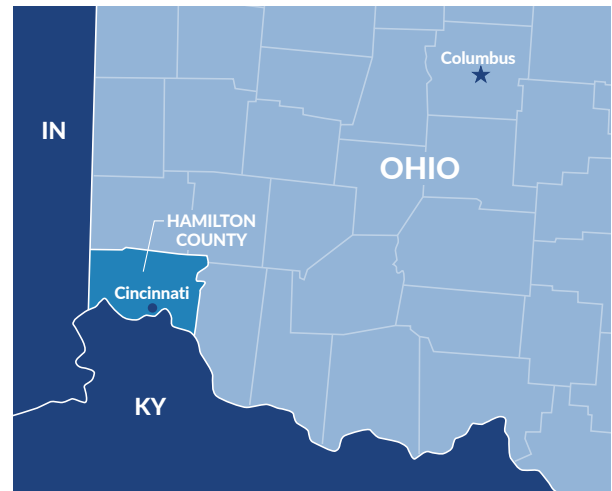
¹ These older suburbs bordering larger central cities are sometimes referred to as inner-ring suburbs, mature suburbs, first suburbs, or first-ring suburbs. These terms are used interchangeably in this manual.



host of other stopgap measures were used to plug growing local government budget holes. For big cities, exurbs, rural communities, and first suburbs alike, the focus of so many local government leaders shifted to survival mode following the Great Recession. Tight budgets persisted for all types of municipalities well after the 2008 Recession had ended.

At the same time, state governments around the United States were themselves grappling with budget shortfalls and began to reduce revenue sharing with local governments. Across the country, state legislatures provided less and less financial help to local governments (Maciag and Wogan, 2017). The Great Recession and nearly universal reductions in state revenue sharing meant the unique pressures facing first suburbs were again obscured because all types of local governments were facing fiscal strains. The Great Recession was a major leveler for local governments as cities across the nation entered an elongated period of retrenchment.

While most local government officials spent the last decade since the Great Recession managing their way to recovery as best they could, a new wave of scholars examined the challenges facing America's first suburbs (Hanlon, 2008, 2010; Vicino, 2008; Cooke, 2010; Vitiello, 2014; Cooke and Denton, 2015; Anacker, 2015; Sweeney and Hanlon, 2016). This body of research showed the continued worsening of social and economic conditions in many first suburbs. One constraint of several of these studies, however, is that data limitations did not always allow for these scholars to examine the impacts of the Great Recession and its uneven geographic recovery. And even when these scholars were able to use 2010 Census data,



economic conditions across the nation are now markedly different than they were in 2010, a mere two years after the start of the Great Recession. The United States enjoyed more than a decade of slow but sustained economic growth following the Great Recession, growth that ended suddenly in early 2020 as a result of the novel coronavirus.

In 2018, the International City/County Management Association (ICMA) funded a research project to examine the state of first suburbs a decade after the Great Recession. The research focused on first suburbs in Hamilton County, near the city of Cincinnati, Ohio. Cincinnati is like so many larger Midwestern cities that have been transitioning from a manufacturing to a post-industrial economy. Cincinnati is ringed in by four dozen smaller villages, cities, and townships that have locked in Cincinnati's borders for generations. Many of these smaller, independent communities are themselves ringed in by I-275 beltway, and beyond I-275 lie a number of still-growing outer-ring suburbs with newer schools, new subdivisions, new retail

The authors found three main causes of decline in first-ring suburbs: economic restructuring, inferior housing stock, and economic and racial segregation.

centers, and class A office parks. This pattern of encirclement in the once-new first suburbs is common around the nation.

The findings of the research in Hamilton County show that a decade after the end of the 2008 Recession, the recovery among Hamilton County's first suburbs has been incredibly uneven. A few first suburbs near Cincinnati have rebounded nicely and are again prosperous. Most of the communities that have recovered were premier suburbs before the Great Recession. But some first suburbs in Hamilton County are markedly worse off than they were a decade ago, and in fact have not recovered at all. The last decade has been one of divergence inside the I-275 beltway. Too many formerly middle-class communities have fallen out of the middle class, and first suburbs that only a generation ago were peers are no longer much alike anymore due to this divergence. The decline that scholars predicted more than 20 years ago has come to pass in many first suburbs, but a few others have managed to avoid it and rebound a decade after the Great Recession.

What factors explain the divergence among first suburbs? What steps can first suburbs take to arrest decline and reverse it? What role can city managers play in helping challenged first suburbs rebound? What has worked in other declining first suburbs to stop a downward trajectory? This manual attempts to answer these questions, and draws on the ICMA funded research from 2018 to 2019.

THE SIGNS OF FIRST SUBURBAN DECLINE

Myron Orfield's book *Metropolitica* (1997) is generally regarded as the first great academic work calling attention to the unique set of problems emerging among many first suburbs. Orfield noted that while many American suburbs were job centers and growing bedroom communities, many first suburbs were at risk of becoming much like challenged neighborhoods in the central cities.

In 2002, Orfield partnered with the Brookings Institution's Robert Puentes to detail the need for first suburbs in the Midwest to forge a customized policy agenda. The researchers recommended that these communities address aging housing stock, deteriorating infrastructure, and commercial disinvestment. They warned that, "If current trends persist for many first suburbs, these areas could look a lot more distressed over the next two decades." (Puentes and Orfield, 2002).

Former Indianapolis Mayor William Hudnut III identified four features characterizing first suburb decline: increasing poverty levels, aging population, aging housing stock, and deteriorating inner-ring infrastructure (Hudnut, 2003). Hudnut observed the sharp contrast between aging first suburb infrastructure and the infrastructure newly built to support suburban sprawl. Other scholars noted that mature suburbs that were once homogenous, vital centers of economic activity were facing severe local government fiscal problems, increasing minority populations, and an aging housing stock (Lucy and Phillips 2006).

According to another Brookings Institution study published in 2006, one out of every five Americans lived in first-ring suburbs by 2000 (Puentes and Warren, 2006). The authors found three main causes of decline in first-ring suburbs: economic restructuring, inferior housing stock, and economic and racial segregation. This study showed that the problems of first suburb decline were not limited to the Midwest or Northeast. Puentes and Warren noted that because so many Americans lived in first suburbs, first suburban problems were really America's problem.

Bernadette Hanlon calculated a scoring index for each type of suburb using three variables: income decline, population decline, and poverty increase (Hanlon, 2008). Using these measures, Hanlon determined that more than two-thirds of the suburbs in crisis in 2000 were older, inner suburbs, and that they had experienced a dramatic decline from 1980 to 2000. Hanlon and her colleagues

were concerned that aging infrastructure, such as older roads, schools, and homes, would combine with an aging population to start a cycle of decay and decline (Short, Hanlon, and Vicino, 2007).

Even as first suburbs were starting to show signs of distress, new suburbs well outside of central cities continued to grow. These outer suburbs and exurbs attracted new investment, new home construction, and new residents. American urban models generally resemble the growth rings of a tree, with new development occurring each year on the outside and each ring inside serving as a marker of a prior development pattern. In 1981, half of the office space in the United States was located outside of central cities. By 2000, more than two-thirds of U.S. office space was outside of the central city (Gallagher, 2013). Growth outside the urban core was accelerating throughout the 1980s and 1990s. The outer ring had the newest schools, bigger lots, bigger homes with bonus rooms and cathedral ceilings and a bedroom for every child, and a feeling of relative tranquility away from the urban core and the denser first-ring suburbs.

The words “suburb,” “suburbia,” and “suburban” conjure a particular image in the typical American’s mind, what has been described as the “hidden frame.” Individually, we use these words and we conceptualize suburbs based on our age, location, and social status (Denton and Gibbon, 2013). For some, the word “suburb” connotes tranquility, racial homogeneity, safety, privilege, refuge, and comfort. For others, the word “suburbs” connotes monotony, exclusivity, and overbearing conformity. But both hidden frames are really two sides of the same coin. Suburbs for most Americans are viewed as places of affluence, places where the middle-class American Dream is found.

This is one of the reasons why *Confronting Suburban Poverty in America* was such a watershed study. The authors found that for the first time in American history “...more Americans live below the poverty line in suburbs than in the nation’s big cities” (Kneebone and Berube, 2013). Poverty, so often imagined as an inner-city or rural problem, was now deeply embedded in suburban America. Kneebone and Berube found that by the end the 2000s, one in three poor Americans could

be found in suburbs, and suburban poverty was growing faster than inner city or rural poverty.

Significantly, this study found poverty was not spreading to suburbs evenly. The Midwest’s rust belt and boom-and-bust Sun Belt regions suffered particularly steep increases in unemployment and poverty. The Brookings Institution scholars noted that “The nation may be at risk of replicating in suburbs the mistakes it has worked for decades to reverse in cities.” Kneebone and Berube argued that without effective policy initiatives, the character of many suburbs could be irrevocably changed.

At the same time as poverty spread to the suburbs, many central cities have been experiencing a renaissance, the “back to the city” movement (Gallagher, 2013; Florida, 2017). Starting roughly around 2000, a large number of highly educated, generally white, and affluent Americans returned to central cities to take advantage of urban amenities. Disproportionally, these back-to-the-city pioneers are from the richest 10 percent of American households. As affluence flowed back into central cities, the poorest 10 percent of American households were the most likely to leave central cities (Florida, 2017). Because of geographic proximity, many of these poorest families migrated to the nearby inner-ring suburbs.

The suburbanization of poverty is a major deviation from historical patterns in the United States.

Richard Florida describes this reversal of the historical pattern as “the great inversion” (Florida, 2017). For the past hundred years, the wealthy lived outside cities and the poor concentrated in the urban core. After World War II, the first suburbs gave the expanding middle class the chance to escape the central city and buy a new single-family home. But now as poverty has spread into the suburbs and as affluent people have returned to the big cities, the traditional American pattern has flipped. Central cities still have many struggling neighborhoods, but they also have more and more neighborhoods of choice for people who in previous generations would have lived in suburbs.² Suburbs have growing concentrations of people below the poverty line who in previous generations would have lived inside the central city.

² Recent scholarship (Frey, 2019) and media reports (Kusisto, 2019) have noted renewed growth in the exurbs and a slowing of the “back to the city” movement. Even if the great inversion over the last generation has run its course as recent studies suggest, its effects will continue for many more years.

Florida amplifies Kneebone and Berube's finding that poverty has been unevenly distributed in suburbia. Florida notes that "suburbs are increasingly beset with deep class divisions of their own." Suburbs vary economically more than ever before. Some suburbs now resemble impoverished central city neighborhoods. Other suburbs are tree-lined, safe, and quiet, still the archetype of the American Dream. Florida refers to this as a "Patchwork Metropolis." There is no longer a series of concentric circles with poverty in the middle and increasing wealth moving outward from the core. Instead, American metropolitan areas have clusters of advantage, and in between and all around are "...swaths of concentrated disadvantage that crisscross cities and suburbs alike" (Florida, 2017).

Local government leaders have been slow to respond to this emerging pattern of poverty and decline (Florida, 2017). And even though income inequality has risen significantly over the past 20 years, it has happened rather gradually in most places. Many suburban government officials were unable to fully appreciate the shifts due to the slow way in which they manifested.

As the American middle class has shrunk, so too has the number of middle-class first suburbs. First-ring suburbs that have been the home of the wealthy for a few generations generally continue to be home to a metropolitan area's elites. But many first suburbs once home to America's middle class are falling into distress as formerly middle-class families themselves fall into poverty. This is further compounded by the geographic redistribution of the poor and the middle class alike. Families experiencing poverty in gentrifying central city neighborhoods are being displaced and find their way to declining first suburbs (Kneebone and Berube, 2013). Some of the remaining middle-class families in these first suburbs see the socioeconomic decline in their home community—often combined with a growing racial and ethnic diversity—and simply move. The bedrock middle-class families deeply rooted in these first suburbs often stay put even as the community changes. But as these rooted people gradually age out of their homes, they are replaced not by their own adult children who grew up there but by lower-income families. These formerly modest first suburbs gradually become home to fewer and fewer middle-class families.

First-ring suburbs that have been the home of the wealthy for a few generations generally continue to be home to a metropolitan area's elites. But many first suburbs once home to America's middle class are falling into distress as formerly middle-class families themselves fall into poverty.

The shrinking American middle class means formerly middle-class communities decline as well. A disproportionate number of these struggling communities are first suburbs (Hanlon, 2008). This stands to reason because of filtering, a concept drawn from academic literature on housing patterns. The underlying premise of filtering is that as the housing stock ages, it filters to low-income families, while many higher income families move to newer housing on the suburban fringe." (Hanlon, 2008). Many first suburban homes were built right after World War II; while the United States had only 142,000 new housing starts in 1944, it had more than a million in 1946 and 2 million in 1950 (Gallagher, 2013). But because first suburbs were the primary location of the post-World War II housing boom, filtering disproportionately impacts these first suburban communities. Many first suburbs with wide swaths of mass-produced, post-war housing are experiencing decline, but others with more diverse housing are less susceptible to decline.

One common characteristic of the post-war first suburb is single-use or Euclidean zoning (Gallagher, 2013). Many of these post-war suburbs had little to no commercial zoning, and were thus residential enclaves when they were rapidly constructed right after World War II. As filtering occurs and the residential values of these communities grow more slowly than inflation, the overall tax base of these communities goes down without enough successful commercial property to

counterbalance residential decline. Whether it is a whole neighborhood or an entire first suburb, if a community was developed immediately following World War II as a modest residential community, it is very susceptible to rapid decline because all of its economic eggs are in its housing basket.

FIRST SUBURBS A DECADE AFTER THE GREAT RECESSION

Recent scholarly literature paints a vivid, albeit discouraging, picture of significant changes in the American metropolitan landscape. The contours of decline are familiar. Former Indianapolis Mayor William Hudnut once described the American central cities of the 1980s and 1990s as being like a donut: a hollowed-out hole in the downtown surrounded by good bits on the periphery. More recently, many Midwestern cities are becoming more like an empty Bundt pan: they have structure in the center, structure on the outside, and a void in between.

And this decline is happening around the Midwest, in first suburbs with tens of thousands of residents and first suburbs with a few hundred residents. The in-depth review of Hamilton County, Ohio's first suburbs revealed that there is a widening divergence among first suburbs. A few have recovered from the Great Recession and offer residents relative stability, tranquility, and opportunity. A second cohort of first suburbs have finally started to slowly rebound from the Great Recession, but the turnaround has only just started in the past few years. These communities are being buoyed by the current economy, but they have a long way to go to recover from the Great Recession. Those first suburbs that had been the early communities experiencing central city problems well before the Great Recession have experienced a veritable economic collapse. First suburbs that were really struggling before 2008 are now commonly deeply distressed and face as many challenges as the most distressed inner-city neighborhoods. And a fourth cohort of first suburbs are still facing an acceleration of decline more than a decade after 2008. For these first suburbs, the Great Recession was an accelerant of decline already underway and identified by scholars even before 2008. These first suburbs may well still be declining.

This divergence means that many first suburbs in an area like the Cincinnati Metropolitan Area that



had much in common at the start of the twenty-first century are now quite different. There never was just one type of suburb in the United States—suburbs have varied widely for years, not only in terms of their racial or class composition, but also in the variety of amenities offered (Lacy, 2016). But for a moment in the early 2000s, first suburbs rallied together to champion their unique policy challenges. Today, though, these first suburbs have themselves split into very different groups of communities. And the quantitative research of other metropolitan areas tells the same story. The United States has many examples of metropolitan areas with pockets of vibrancy surrounded by large areas that are struggling, both inside the central city and increasingly in first-ring suburbs (Florida, 2017).

Few policy options have been offered to help civic leaders reverse the growing levels of decline within inner-ring suburbs (Hexter, Hill, Clark, Mikelbank, and Post, 2015). Most policy solutions that are offered by think tanks and scholars place the policy solutions at the state and federal levels. Proposed solutions include changing HUD funding policies to assist first suburbs (Kneebone and Berube, 2013); implementing state incentives to encourage reinvestment inside the beltway (Frece, 2009); creating revenue-sharing arrangements that distribute tax revenue more equitably like is done in the Twin Cities (Bier, 2017); developing policies that encourage mergers of struggling first suburbs with the nearby central city (Renn, 2017) or merge first suburbs together to achieve economy of scale (Saunders, 2017); or establishing strong county governments to take the revitalization lead (Vicino, 2008). Only a few studies identify actions local

The 2018 federal tax cut created opportunity zones, and this policy change may assist a number of struggling first suburbs by attracting investment. Yet, many first suburbs were not included within opportunity zones, and the private sector is still figuring out how to effectively use this new tool.

governments themselves can take to revitalize, usually through some degree of New Urbanist redevelopment (Sweeney & Hanlon, 2016; Markley, 2018).

Unfortunately, the state governments and the federal government have very little on their policy agendas that will confront the challenges facing too many first suburbs. Most state governments have in fact reduced local government revenue sharing over the past decade (Maciag and Wogan, 2017) at just the time when first suburbs needed resources the most. The 2018 federal tax cut created opportunity zones, and this policy change may assist a number of struggling first suburbs by attracting investment. Yet, many first suburbs were not included within opportunity zones, and the private sector is still figuring out how to effectively use this new tool. Meanwhile, the slow but steady economic recovery of the past decade has not pulled most first suburbs out of decline. With no help expected from state and federal governments, and with the free market leaving so many first suburbs behind, it is up to local government leaders to find their own ways to reverse first suburban decline.

I hope this guide offers a good starting point. Unfortunately, there is not just one thing that needs to be changed to reverse first suburban decline. There is not one reorganization that will fix revenue problems inside the beltway. Instead, it will take a thousand small things that must be done to reverse first suburban decline. With so much work to be done to reverse first suburban decline, we had better get started.

The first step is to determine the degree of decline your community is experiencing. One quick and easy tool, the stress test in Chapter 2, is based on

academic literature and a review of first suburban conditions in the area immediately near Cincinnati studied through the ICMA research fellowship. Because the experiences of first suburbs are different in different regions (see Hanlon, 2008), and because market conditions vary even within the same metropolitan area, this stress test should be viewed as an assessment only. It is not meant to be a comprehensive score card, and ICMA members should be limited in the conclusions they draw from the stress test. Still, this quick and easy assessment is intended to guide city leaders to gauge where their community is on a continuum of first suburban decline.

In chapters 3 through 7, this guide details four policy areas within which city managers working in first suburbs should concentrate. These four subject areas are better governance, interventionist economic development, housing, and inclusion and equity. These four policy areas were selected based on a combination of academic literature, best practices found as part of the ICMA research fellowship, and the review of conditions in Hamilton County, Ohio. Not all of the strategies will be right or relevant for all of the communities, and again, there is not just one approach or one simple answer. First suburban decline stems from macroeconomic trends, land use decisions that were made generations ago, global technology changes that are changing the American labor force, and a series of other complex and interrelated social and cultural issues. It will require a sustained, multifaceted set of strategies—customized by local leaders for each community—to stabilize America’s first suburbs given the size and range of the problems first suburbs face.

Each substantive chapter will pose three questions to help city managers and local government leaders

frame the challenges and formulate strategies. These three questions are:

1. What is the essential problem facing first suburbs?
2. What are the essential skills and tools a city manager and his or her organization should have available in order to understand and address the issue?
3. What are some innovative approaches to the problem and applications of the skills and tools that other first suburban cities are using to address this essential problem?

Finally, this manual is a call to action. More than a decade after the Great Recession of 2008, many of the first suburbs that were starting to show early signs of decline perceptible to a few scholars like Orfield, Hudnut, and Hanlon have not recovered. State governments, themselves dealing with the outcome of the Great Recession, have generally cut local government aid and revenue. The federal government faces its own gridlock and political challenges now more than any other time this century. State and federal help—desperately needed—is nowhere on the horizon. Local government leaders need to keep advocating for assistance from higher levels of government in our federal system, but we cannot wait for higher levels of government to act. Any progress will have to be made at the local level.

In other words, first suburban civic leaders are on our own to contend with first suburban challenges. First suburban decline has been a slow-moving crisis, almost invisible for too many of us. Reversing decline, or at the very least finding a new level of stability, will take many years to achieve. Gains may be invisible at first. But through sustained efforts, year after year, we can start to bend things back towards prosperity and stability. We have no choice but to try.

There is, of course, another far more serious crisis coming that may well assist first suburbs: climate change. As years go by with frequent 100-year rain events, longer heat waves, droughts, bizarre high-wind events, earlier than normal snow storms followed by warm temperatures around the first of the year, etc., Americans will have no choice but to

make broad changes to the way we live. Scientific evidence continues to mount that humans are having a direct effect to the earth's climate through the release of carbon into the atmosphere. Americans are, I hope and suspect, about to reach a tipping point regarding environmental sustainability. And state and national leaders in the United States will have no choice but to reduce carbon emissions in the 2020s.

First suburbs are well positioned to be an important part of this inevitable environmental shift. With close proximity to downtowns and other urban job centers, first suburbs will be more attractive as gas and diesel fuel taxes increase and the cost of long commutes gets more expensive. First suburbs will be attractive to the growing number of electric car owners who will seek shorter commutes. Smaller lot sizes, denser land uses, and smaller homes in first suburbs will make first suburban communities more appealing. Walkability will be increasingly important, and proximity to the urban core will matter to us all. Ted Staton, the late and much-revered city manager of Columbus, Ohio, first-ring suburb Upper Arlington, once remarked “our location is something we can't screw up.” (Sweeney and Hanlon, 2016). Ted was as wise as he was funny. The location of first suburbs will also be their salvation if we are smart enough to seize the advantages location offers.

Renowned social scientist and thought leader Richard Florida asserts, “More than 60% of the urban infrastructure that humans will need in the next half-century is yet to be built.” (Florida, 2017). And while that is a truly daunting challenge to contemplate, it also may be the salvation of first suburbs. Much of what we see today in America's first suburbs may have to be torn down, retrofitted, redeveloped, added onto, and reimagined. But our location and the looming environmental changes make us well positioned for redevelopment, retrofit, and reimagination. Proactive first suburban city managers and other local government leaders will have to take steps to position themselves for this massive construction and reconstruction task that is looming. It is my hope this guide helps first suburban city managers to start the process that brings this about.



CHAPTER 2

A Stress Test for First Suburbs

This chapter provides first suburban city managers a quick and easy self-assessment to gauge the relative health of the first suburbs they manage. The assessment tool is made up of three key performance indicators derived from the academic literature and the 2018-2019 ICMA research fellowship focusing on first suburbs.

This tool is not intended to be a comprehensive review of all facets of first suburbs' wellbeing. Rather, it is intended to be an easily completed assessment for busy local government practitioners to better understand the relative position of a community on a continuum of first suburban stability to first suburban distress. Many additional metrics can and should be added for a more in-depth analysis of first suburban decline, and possible additional performance measures are discussed briefly at the end of this chapter.

KEY PERFORMANCE INDICATORS

The three key performance indicators used here are: 1) poverty, 2) change in the total property value (i.e. the tax base), and 3) total population growth or loss. The theoretical basis garnered from academia for these key performance measures will be discussed below. But it is important to note that one factor for selecting these three key performance measures is the relative ease most

city managers will have collecting these data. Population trends and poverty rates are both readily obtained from the United States Census Bureau. And city managers are likely to be able to determine the sum of all property tax valuations over multiple years from county or city offices charged with preparing and distributing real estate tax bills, previous comprehensive annual financial reports, annual budget documents, prior annual audits, etc. It is hoped that collecting the data and completing the assessment tool can be completed by a city manager by merely giving up a Saturday morning at the office and devoting the time to it without normal interruptions.

Poverty

Academics have long noted that increasing poverty is one of the key signs of first suburban decline (Hudnut, 2003; Hanlon, 2008; 2013; Anacker, 2015). Once primarily associated with the central city, poverty has increased so much in suburbs that there are now more people experiencing poverty in suburbia than in central cities (Kneebone and Berube, 2013). And one of the key findings of the ICMA research fellowship was the stark divergence among Hamilton County, Ohio's first suburbs between 2000 and today. This is consistent with recent findings that suburbs, "...have divided into areas of concentrated affluence and concentrated disadvantage." (Florida, 2017). The degree to which



a first suburb is experiencing a rise in poverty is the new fault line between first suburbs that are declining and those that are not.

In 1999, Cincinnati first suburbs like Fairfax (5.10% poverty rate) and Deer Park (5.30% poverty rate) had much similar poverty rates to Arlington Heights (5.40% poverty rate) or Cheviot (7.60% poverty rate). In 2017, Fairfax's poverty rate had risen from 5.10% to 8.90%, and Deer Park's had risen from 5.30% to 8.10%. These two communities experienced approximately a three to four percent increase in the percentage of the population below the poverty line in just a generation. This should be concerning for leaders in Fairfax and Deer Park.

But the trajectory of Cheviot and Arlington Heights is much sharper. In 2017, Cheviot's poverty rate was 20.70%, a 13.10% increase in a generation. Cheviot went from having one out of every 13 residents experiencing poverty to more than one in five in just a generation. Arlington Heights also saw double digit increases in poverty, reaching 15.90% in 2017. This 10.50% increase means Arlington Heights went from one in 20 residents experiencing poverty to almost one in six. See Table 2.1.

All four of these Cincinnati first suburbs experienced increases in poverty within a generation, and this is consistent with the more general suburbanization

of poverty (Kneebone and Berube, 2013). But the rate of poverty growth in suburbs like Cheviot and Arlington Heights means these communities are now facing fiscal and social challenges that are far graver than in Deer Park and Fairfax. The suburbanization of poverty is very common among first suburbs, but the spreading of poverty is not consistent across all first suburbs (Florida, 2017). This trend is evident from the contrast between Deer Park and Fairfax on the one hand and Cheviot and Arlington Heights on the other.

The poverty rate divergence among first suburbs does not garner much attention from the media or local government officials themselves. Perhaps the changes are too gradual in nature to be perceived by those living through or near it. Moreover, comparisons between and among first suburbs in the same region are relatively rare. Far too few local government administrators have embraced benchmarking and performance measurement. Still, leaders in communities like Cheviot and Arlington Heights are certainly aware that things have changed, that the municipalities are stretched thin. Residents are aware that the community *used to be* more prosperous, more stable, more middle class. Longtime residents remember simpler days when everyone kept up their home, when kids played in the front yard, and the community was homogeneous.

TABLE 2.1: Changes in Poverty Rates Among Selected Hamilton County, OH

First Suburb	1999 Poverty Rate	2017 Poverty Rate	Change in Poverty Rate
Fairfax	5.10%	8.90%	+ 3.80%
Deer Park	5.30%	8.10%	+ 2.80%
Arlington Heights	5.40%	15.90%	+ 10.50%
Cheviot	7.60%	20.70%	+ 13.10%

But because the increase in poverty is gradual, and because these jurisdictions are often not comparing themselves to formerly peer communities on the other side of the county, local government leaders are not always aware of the relative degree to which their communities are experiencing the expansion of suburban poverty. Cheviot and Arlington Heights experienced double digit increases in the rate of poverty over 18 years, but the average annual change in poverty was less than one percent. The slow creep of suburban poverty makes it hard to see the cumulative effect. Each budget cycle for the local government becomes a little bit harder than the last, but skilled city managers and department heads make budget tweaks to balance next year’s slightly worse budget situation. Sometimes a tax or fee increase provides some temporary breathing room for the local government’s budget, but the community’s impoverishment marches on a little bit each year.

Stretched budgets leave less time for local leaders to take a longer view and to compare themselves to other jurisdictions. The municipal budget cycle can foster short-term thinking. City managers compare current year spending to the past two or three years of actual spending from the most recently completed fiscal years. Moreover, municipal leaders too often view the economic health of the community through the lens of how well the municipality is able to balance its budget next year. But there can be a real disconnect between the municipality’s budget and the economic trajectory of the community as a whole. The suburbanization of poverty is both common and unexpected (Florida, 2017). And the percentage of residents falling below the federal poverty line is a readily available and vitally important metric for first suburban city managers to gauge the economic wellness of the community as a whole.

Total Property Value

Academics have long noted that economic stagnation, lack of new investment, and aging housing are some of the telltale signs of first suburban decline (Hudnut, 2003; Hanlon, 2008; 2013; Anacker, 2015). But it can be difficult to measure stagnation, aging housing, and lack of new investment. Few local governments have access to timely and high-quality economic data by community. Moreover, the Great Recession of 2008 made it extraordinarily common for even relatively affluent communities to experience a sharp drop in property values, new investment, and overall economic activity. The recovery from 2008 has been slow and steady, but also uneven in different parts of the country, and within different parts of the same metropolitan region. The lack of good data to measure economic decline is a challenge for first suburban city managers.

One way to operationalize these complex economic variables into one simple, key performance measure is to examine the total property value of a first suburb over time. Very little new construction typically occurs in most American first suburbs. By definition, first suburbs are built-out and have little if any vacant land. What new construction does take place is typically redevelopment that comes about because of demolition and replacement.³ The general lack of available land for new construction means that, for most Midwestern first suburbs, a summation of all property values is a key performance measure of the value the marketplace is placing on the overall wealth of the community.

Total real estate tax revenue is a function of the property tax base times the tax rate. Rates of taxation may go up or down based on community needs, the will of the voters, council goals,

TABLE 2.2: Total Property Value in Selected Hamilton County, Ohio, First Suburbs

First Suburb	2008 Value	2011 Value	2014 Value	2017 Value
Wyoming	\$310,589,480	\$277,897,200	\$304,911,790	\$313,317,700
Reading	\$200,250,540	\$180,594,100	\$176,386,750	\$178,432,890
Golf Manor	\$53,123,500	\$43,050,740	\$39,977,640	\$40,562,940

etc. But the tax base of a built-out first suburb changes primarily as a result of real estate market fluctuations. Thus, the sum of all real estate in a first suburb is a good measure of whether or not the community is stable or declining.

One of the key findings of the ICMA research fellowship was that only eight of the 33 first suburbs in Hamilton County have a property tax base that has equaled or exceeded its 2008 levels in nominal dollars by 2017. In other words, 25 of the 33 first suburbs still have total tax bases that are smaller than a decade ago in nominal dollars. When adjusted for inflation between 2008 and 2018 (15.5%), only two communities have a property tax base that is greater than it was right before the onset of the Great Recession. The notion that communities have recovered from the 2008 Recession is, at least in first suburbs surrounding Cincinnati, rather overstated.

An in-depth analysis of Hamilton County, Ohio, also shows that some first suburbs experienced a much sharper decline in property values than others since the Great Recession. The city of Wyoming is a premier residential community in the north central area of Hamilton County. Wyoming's total real estate value in 2008 was over \$310 million. Three years after the Great Recession, Wyoming's total real estate value had dropped to below \$278 million. By 2014, Wyoming's tax base was almost \$304 million, and in 2017 it had exceeded the pre-recession total by climbing to more than \$313 million. Wyoming's total property tax base surpassed its pre-recession total nine years after the 2008 Recession in nominal dollars. Wyoming is one of eight first suburbs in Hamilton County from among 33 studied in the

ICMA research that had a tax base that had fully recovered from the Great Recession by 2017 before adjusting for inflation.

Reading, only a mile east of Wyoming, is a first suburb that has not yet recovered from the Great Recession. In 2008, Reading's total real estate value was over \$200 million. By 2011, it had fallen to \$180 million, and fell further in 2014 to just over \$176 million. In 2017, it had started to climb again, albeit very modestly. Reading's total real estate value in 2017 was just over \$178 million. This means that Reading's tax base is 89% of what it was in 2008 in nominal dollars. If adjusted for inflation, the city of Reading's total property tax base is less than three quarters of what it had been before the Great Recession. See Table 2.2.

In 2008, Golf Manor's total real estate value was over \$53 million. By 2011, it had fallen to \$43 million, and it kept falling. In 2014, Golf Manor's total real estate value was just below \$40 million. Like Reading, Golf Manor's tax base started to climb again by 2017. Golf Manor's total real estate value in 2017 was back over \$40 million, meaning Golf Manor's tax base in 2017 was slightly more than 76% of what it was in 2008 in nominal dollars. If adjusted for inflation, Golf Manor's total property tax base is barely over 60% of what it had been before the Great Recession.

The above analysis shows that the deeply uneven recovery from the Great Recession has truly sorted first suburbs. Some communities like Wyoming have recovered, at least in nominal terms. Nearby, Reading is still digging itself out more than a decade after the collapse of Lehman Brothers or the adoption of the Troubled Asset Relief Program in 2008. But first suburbs like Golf Manor are still

³ Some first suburbs have smaller, older homes that are torn down and replaced with larger, new homes. In Hamilton County, this is most true in first suburbs like Madeira, Montgomery, and Fairfax. This "knock-down, rebuild" trend is sometimes referred to as "mansionization" and generally sees a one-for-one replacement of single-family homes (Charles, 2014). But this type of redevelopment is generally occurring in first suburbs with high-quality school districts (Charles, 2013), and is thus not terribly common.

A greater concern is a loss in the total of occupied households. Regardless of the cause, a decrease in population is a concern for first suburbs because the burdens of funding public services are spread over a smaller number of taxpayers.

deeply depressed and are showing very few signs of a return to pre-2008 market value.

In 2002, Robert Puentas and Myron Orfield of the Brookings Institution warned that many first suburbs would become a lot more stressed if actions were not taken to reverse the trends of first suburban decline. The 2008 Recession was an accelerant of these trends, and has left many first suburbs with a much smaller total tax base.

Population Change

Academics have long noted that declining first suburbs typically have flat or declining populations over time (Mikelbank, 2006; Hanlon, 2008; Kneebone and Berube, 2013). American families are generally getting smaller, so a modest loss in population stemming from household size decrease is to be expected in most first suburbs with a consistent number of occupied households.⁴ A greater concern is a loss in the total of occupied households. Regardless of the cause, a decrease in population is a concern for first suburbs because the burdens of funding public services are spread over a smaller number of taxpayers. This causes strain to the unit of local government and adversely impacts local businesses as customer bases shrink. Abandoned homes adversely impact all home values throughout a struggling first suburb.

Because a common—and in many ways defining—characteristic of first suburbs is being built out, most first suburbs are not adding new homes. First suburbs are generally landlocked among the central city, other adjacent first suburbs, or suburban communities built further outward. It is therefore common that the corporate boundaries

of first suburbs have remained relatively unchanged for decades. With little vacant land and little room for annexations or new development, most first suburbs are expected to have a relatively constant population.

An in-depth analysis of Hamilton County, Ohio, as part of the ICMA research fellowship shows that some first suburbs are losing population rather steadily. In 1990, the city of Silverton had 5,859 residents compared to next door Amberley Village's 3,108 residents. But by 2010, Silverton's had lost 1,071 residents and its population totaled only 4,478 in the 2010 Census. In contrast, Amberley Village had gained 477 to have a 2010 population of 3,585. Both Amberley Village and Silverton are small first-ring suburbs bordering Cincinnati. But Amberley is increasing its overall population, and Silverton's population has been shrinking. These two neighboring first suburbs have had very different demographic trends since 1990.

In general, communities with a falling population are distressed and communities with flat or rising populations are stable. This self-assessment thus used the change in population between 1990 and 2010 as a key performance indicator.

DATA SOURCES

One selection criterion for these three key performance measures was the relative ease most city managers will have collecting and analyzing the data. It is worth recognizing that states and different metropolitan areas may have important relative differences on these metrics. This stress test will likely need to be revised several times or customized

⁴ In 1960, the average family size was 3.67 persons. In 2019, the average family size is 3.14 persons according to <https://www.statista.com/statistics/183657/average-size-of-a-family-in-the-us>.

TABLE 2.3: First Suburbs Self-Assessment Scoring Table

KPI	Criteria	Score
Total Population		
	If the 2010 total population is 105% or more of your community's 1990 population, award yourself 5 points in the box to the right.	
	If the 2010 total population is 95% to 105% of your community's 1990 population, award yourself 0 points in the box to the right.	
	If the 2010 total population is between 90% to 95% of your community's 1990 population, award yourself -5 points in the box to the right.	
	If the 2010 total population is between 85% to 90% of your community's 1990 population, award yourself -8 points in the box to the right.	
	If the 2010 total population is between 80% to 85% of your community's 1990 population, award yourself -12 points in the box to the right.	
	If the 2010 total population is less than 80% of your community's 1990 population, award yourself -15 points in the box to the right.	
A score range of between -15 and 5 is thus possible under the total population criteria.		
Poverty		
	If the current percentage of residents below the federal poverty line is under 5%, award yourself 5 points to the right.	
	If the current percentage of residents below the federal poverty line is between 5% and 8%, award yourself 0 points to the right.	
	If the current percentage of residents below the federal poverty line is between 8% and 12%, award yourself -5 points to the right.	
	If the current percentage of residents below the federal poverty line is between 12% and 16%, award yourself -8 points to the right.	
	If the current percentage of residents below the federal poverty line is between 16% and 20%, award yourself -12 points to the right.	
	If the current percentage of residents below the federal poverty line is between 20% and 27%, award yourself -20 points to the right.	
	If the current percentage of residents below the federal poverty line is between 28% and 39%, award yourself -30 points to the right.	
	If the current percentage of residents below the federal poverty line is below 40%, award yourself -40 points in the box to the right.	
A score range of between -40 and 5 is thus possible under the poverty criteria.		
Tax Base		
	If the current sum of all real estate is greater than the 2008 value, award yourself 10 points in the box to the right	
	If the current sum of all real estate is between -5.00% and 0.00% of the 2008 value, award yourself 0 points to the right.	
	If the current sum of all real estate is between -5.00% and -10.00% of the 2008 value, award yourself -8 points in the box to the right.	
	If the current sum of all real estate is between -10.00% and -15.00% of the 2008 value, award yourself -12 points in the box to the right.	
	If the current sum of all real estate is between -15.00% and -20.00% of the 2008 value, award yourself -20 points in the box to the right.	
	If the current sum of all real estate is -20.00% or more of the 2008 value, award yourself -30 points in the box to the right.	
A score range of between -30 and 10 is thus possible under the tax base criteria.		

Cumulative Score	Designation
+ 10 or higher	A prosperous first suburb
-5 to + 9	A stable first suburb
-6 to -20	A first suburb facing challenges
-21 to -40	A first suburb facing decline
-41 to -50	A first suburb facing a steep decline
-51 or lower	A first suburb in deep distress

to fit the specific key performance metrics in different regions or metropolitan areas. Population trends and poverty rates are both readily obtained from the United States Census Bureau.

Tax Base

City managers are likely able to determine the sum of all property tax valuations from county offices charged with preparing and distributing real estate tax bills, prior annual audits, or previous comprehensive annual financial reports.

ASSESSMENT WORKSHEET

The following scoring methodology is suggested. See Table 2.3.

Each community should thus have one score—positive or negative in each of the three categories: total population, poverty, and tax base. Add these three scores to come up with a total cumulative score. Please note that you may be adding some numbers with negative values. It is possible to have a score ranging from -85 to +20.

This leads to the following six categories of first suburbs. See table above.

It will almost certainly be helpful to a first suburban city manager to repeat this same exercise for peer communities, neighboring first suburbs, or communities that the city manager thinks might prove instructive.

Hamilton County First Suburbs Case Study

The following results have been found for Hamilton County's 33 cities and villages using the above

methodology as part of the ICMA research fellowship on page 22. This information is shared not to judge the success or failure of any particular community, but to provide a sense of how this stress test has been used to illuminate conditions in one urban, Midwestern county.

This methodology works well, with one exception. This methodology shows the Village of Cleves to be more prosperous than peer city managers would rank it. Cleves has benefited from a few new subdivisions in the last 20 years, which have added both population and overall valuation. Still, the original portions of Cleves are struggling very much like other first suburbs.

ADDITIONAL MEASURES

This simple stress test may not be enough for many analytical ICMA members. Additional metrics may allow for a more robust analysis. The following are suggested additional measures ICMA members may wish to consider to gain a more nuanced sense of their first suburb's overall wellbeing.

Poverty Trends

This stress test uses one measure of poverty at a moment in time as a key performance indicator. It is also worth analyzing how the rate of poverty has changed over time. The first suburban city manager should gather as much information as possible about poverty rates in the last 20 to 30 years for their community. With several data points, it may be possible to determine an inflection point in poverty. It may also be possible to forecast the trend line into the future. At what point, if trends

Designation	Community	Tax Base	Total Population	Poverty	Total
Deep Distress	Lincoln Heights	-30	-15	-40	-85
	Elmwood Place	-30	-15	-30	-75
	Lockland	-20	-15	-30	-65
	Golf Manor	-30	-8	-20	-58
Steep Decline	Cheviot	-20	-8	-20	-48
	Addyston	-20	-15	-12	-47
	Springdale	-30	5	-20	-45
	Mt. Healthy	-20	-12	-12	-44
	Arlington Heights	-20	-15	-8	-43
	Norwood	-8	-12	-20	-40
	Greenhills	-20	-12	-8	-40
	North College Hill	-20	-8	-12	-40
Decline	St. Bernard	-12	-12	-8	-32
	Forest Park	-20	0	-12	-32
	Silverton	-8	-12	-8	-28
Challenged	Reading	-12	-8	-8	-28
	Glendale	-8	-8	5	-11
	Deer Park	0	-5	-5	-10
	Newtown	-8	5	-5	-8
	Fairfax	10	-12	-5	-7
	Woodlawn	0	5	-12	-7
	Sharonville	0	5	-12	-7
Stable	Evendale	0	-8	5	-3
	Indian Hill	-12	5	5	-2
	Terrace Park	0	5	0	5
Prosperous	Cleves	10	5	-5	10
	Amberley Village	0	5	5	10
	North Bend	10	5	-5	10
	Madeira	10	0	5	15
	Blue Ash	10	10	0	20
	Mariemont	10	5	5	20
	Montgomery	10	5	5	20
	Wyoming	10	5	5	20

continue, will your community cross the 20% threshold? This is considered to be a more serious level of community poverty. Once a community has more than 20% of its households below the poverty line, it takes on the characteristics of a stressed community (Kneebone and Berube, 2013). Poverty trend lines may thus inform intervention strategies for first suburban managers to engage partners to assist residents experiencing poverty.

Percentage of property value that is residential vs. commercial

Many first suburbs were built as residential enclaves in the late 1940s and 1950s. These communities are thus entirely susceptible to changes in the residential real estate market. In the years following 2008's Great Recession, this proved to be very problematic for residential-heavy first suburbs. Some first suburbs might consider taking steps to convert residential property into other land uses if real estate market conditions are right. By diversifying the tax base portfolio, first suburbs may be able to provide more stability long term.

It is important to understand that not all first suburbs will have this option. In some communities, residential uses are and will continue to be the best and highest use. Simply stated, there may not be a commercial market in some communities. But these residential communities should consider creating opportunities for higher density residential development to offer new and market rate (perhaps with affordable or workforce housing components depending on local conditions) housing. Removing some aging housing stock may not lead to commercial development, but it may well lead to new residential redevelopment.

Part I Uniform Crime per 1,000 residents

Redevelopment and revitalization are difficult in areas that are unsafe. Perception does not always match reality, however. In the Hamilton County analysis stemming from the ICMA research fellowship, some struggling first suburbs have relatively low rates of crime. Some successful communities have relatively higher rates of crime, mostly stemming from retail establishments within the community that have considerable incidents of property crime. Violent crime against individuals seems to be a more important gauge, and avoids spikes in property crimes in communities having

Many first suburbs were built as residential enclaves in the late 1940s and 1950s. These communities are thus entirely susceptible to changes in the residential real estate market.

large retail centers but which are otherwise low-crime communities.

Eviction rates

Because of the work of sociologist Matthew Desmond, there is a growing awareness that evictions are not just a result of poverty but are in fact a cause of poverty. If poverty is a growing first suburban concern, and if evictions are a cause of poverty, then it follows first suburbs have to be concerned about evictions. There is no standard metric that says what is or is not a high rate of evictions; the research around evictions is relatively new and stems from Desmond's Pulitzer-Prize-winning book *Evicted: Poverty and Profit in the American City*. The data from Hamilton County, Ohio's Clerk of Courts showed evictions are not merely a central city problem. Evictions occur in the suburbs, and some first suburbs are particularly prone to high rates of evictions.

Once a family is evicted, it loses many of its possessions. Children often miss school and are forced to transfer to a different school; changing schools can be the equivalent of taking a year off of school in terms of the child's educational attainment. A head of household with an eviction will inevitably be forced to find a lesser housing solution or may experience homelessness. It is much cheaper to help a family facing eviction than to resettle a family that has become homeless (Finn, 2019). Some first suburban managers may find that some landlords owning property within their community are responsible for a disproportionate number of evictions. This may lead to a variety of government policy changes, such as tenant rights, rental registration programs, inspection programs, landlord fees to deal with eviction aftermath, etc.

Tax collections per capita compared to other peer communities

The data from Hamilton County showed wide variations among communities in terms of revenue, sources of revenue, tax rates, etc. Because each community's council makes policy based on their own needs and community preferences, this is not surprising. But some communities in Hamilton County have had revenue structures put in place many years ago that do not recognize the many changes experienced by first suburbs in the last generation or two. Tax options vary widely among states. In Ohio, most first suburbs rely on a local earnings tax, while in Georgia, sales tax provides the local government's revenue foundation. But first suburban managers should examine their entire revenue structure relative to nearby communities in the same marketplace to determine if their revenue stream still makes sense. Perhaps this analysis will lead to a shift in what is taxed or what the rate of taxation should be.

Cost per capita for police, fire and EMS, parks, etc.

As with revenues, the data from Hamilton County showed wide variations among local governments in terms of how much was spent on public safety services. It has always been difficult to compare government services across state lines or in different regions of the country. The cost of living is much different in California than Ohio, and the cost of living is very different near New York City than it is in upstate New York. This makes apples-to-apples comparisons of government services difficult to make.

But in the 2018-2019 ICMA research study on first suburbs, it was learned there are wide variations in how much is spent on public safety services in the same urban county in Southwest Ohio. This is discussed more in Chapter 3 but suffice it to say that some first suburbs have public safety service models that were put in place before first suburban decline occurred. These communities are underinvesting in capital projects and revitalization because their entire budget is consumed by operations.

Public safety is far from the only service area that needs rigorous analysis. First suburbs should look at all services—tax collection, administration, parks,

recreation, utilities, etc.—to determine where cost structures put in place in prior generations need to be reconsidered.

Age of housing stock

Housing is a key driver of first suburban decline. If a first suburb was built out rapidly, its housing is maturing at the same time and subject to wholesale decline. It is important for first suburban managers to have data on the number of houses in each decade (or other period of time) to gauge the average age of housing in the first suburb.

Ranking and/or quality of school district

One frustration expressed by many managers and administrators in Hamilton County, Ohio, is that the school systems in their communities are the number one driver of housing value. And in communities with challenged schools, housing values are suppressed.

CONCLUSION

This simple stress test can be useful to city managers to determine the severity of their community's first suburban decline. This may assist the city manager in calculating the amount of urgency that must be devoted to the challenges within their community.

The 2020 Census data will be available to local government officials in early-to-mid-2021. This will provide additional meaningful data points for comparison purposes; lend itself to an update of this assessment tool; and provide first suburban city managers with critical new information to gauge their community's overall trajectory.

The rest of this manual will be devoted to strategies and opportunities that are available to first suburban city managers. Unfortunately, there are no silver bullets, no quick fixes. But through a sustained and strategic effort, first suburban managers can arrest decline, and hopefully even reverse it. Nobody else is going to do it for your community.



CHAPTER 3

The Business Model of Governance

A local government's tax base is ultimately a reflection of the economic vitality of the community itself. As first suburbs decline, the local governments serving these communities are themselves challenged with growing service demands and flat or declining revenues. This leads to familiar outcomes: roads deteriorate, public buildings become obsolete, utility assets are not replaced, employee vacancies go unfilled, information systems become outmoded, etc. Once first suburban decline sets in, each successive budget cycle gets a little more constrained, and city managers make the inevitable trade off of accepting the best of bad options year after year. As first suburbs become more economically challenged, the ability of the local governments to meet the challenges is lessened.

As the middle class shrinks, so, too, do the number of middle-class communities. And disproportionately, these former middle-class communities are first suburbs. The shrinking of the American middle class is a complex policy matter; a combination of globalization, automation, deindustrialization, trade policies, federal and state tax policies, digitization, and far-ranging social changes. Due to these macroeconomic trends, the

local governments serving these first suburbs have lessening ability to do so.

Some who analyze the struggles of first suburbs assert the "solution" is to merge first-ring suburbs with central cities (Renn, 2017). In Hamilton County, Ohio, 49 separate cities, villages, and townships operate in an urban county with 802,374 residents centered around Cincinnati. Local government critics repeat Renn's assertion that the solution to first suburban decline is to encourage mergers or eliminate smaller units of local government because of their perceived inefficiency. Yet, in Hamilton County, Ohio, some of the most prosperous first suburbs are small in size. These include premier communities like Indian Hill (5,785), Terrace Park (2,251), Mariemont (3,403), Wyoming (8,428), and Madeira (8,726). At the same time, there are other smaller communities experiencing serious economic challenges, such as Elmwood Place (2,194), North College Hill (9,397), Cheviot (8,375), and Lincoln Heights (3,234). More challenged communities—places like Norwood (19,207) and Forest Park (18,720)—can also have close to 20,000 residents. These community sizes can support slightly bigger units of local government, but despite this, these



larger suburbs are also facing challenges. There is simply no evidence in Hamilton County that the size of a first suburb determines if the first suburb is going to experience decline. Small first suburbs can thrive, and larger ones can decline.

Moreover, it is not clear exactly how a proposed merger of a struggling first suburb with the central city is going to fix the underlying issues causing first suburban decline. A first suburb's aging housing stock and its residents' flat or declining real wages are not "fixed" by absorption into the central city. Moving a corporate boundary line simply redirects which local government receives taxes and responds to service calls. A person struggling to make ends meet and thus deferring investment in his home is not suddenly able to invest because he is now a resident of Cincinnati instead of Silverton or St. Bernard. A single parent with a long bus commute to work and inadequate childcare options is not better off because her home address is now inside Cincinnati instead of Springdale or Cheviot. And the 1950s-built two-bedroom, one-bath bungalow is not suddenly more marketable or valuable because Lockland or Woodlawn merged with Cincinnati. A struggling first suburb, were it to merge, would simply become a struggling neighborhood within the central city.

Moreover, central cities such as Cincinnati have neighborhoods that are struggling just as much—and in some cases far more—than declining first suburbs. It is quite true that America's central cities have enjoyed a great deal of economic boom in the last generation (Gallagher, 2013;

Florida, 2017). Yet central cities have not eradicated neighborhood poverty. This is not intended to criticize central cities. Well-managed cities such as Cincinnati spend a great deal of effort on neighborhood revitalization, poverty eradication, and brick-and-mortar redevelopment. And yet, some neighborhoods within Cincinnati have very high rates of poverty, very low home values, blight, disinvestment, crime, and obsolete infrastructure. This is not because Cincinnati's revitalization efforts are in vain; rather, it is because the economic challenges facing these struggling neighborhoods inside Cincinnati are deep and difficult to solve. In fact, these economic challenges are the same ones facing declining first suburbs. The fact that central cities like Cincinnati have struggled to fix central city problems for generations, and now these problems are spreading to first suburbs, is not a reason to merge. Instead, it is a reason to look for the root causes of decline. Turning over a struggling first suburb like Elmwood Place to Cincinnati would merely add one more struggling neighborhood to a big city that already has more than its fair share of distressed neighborhoods.

And one must wonder why a central city would be motivated to absorb struggling first suburbs. What would Cincinnati's incentive be to absorb Golf Manor, Elmwood Place, or Norwood? Most residents of the former first suburb would be unhappy to lose their community identity and could be counted on to be disgruntled voters. The rates of income tax in all three of these communities would go up to 2.3% (Cincinnati's tax rate in 2019) from 1.70%, 2.00%, and 2.00%

respectively. The voters, already upset about the loss of identity and community, would endure an automatic tax increase, too. School district boundaries are not automatically adjusted with an annexation or merger. School district boundary changes in Ohio require a separate complex process rarely accomplished. So, the children from the merged first suburbs would not necessarily be able to take advantage of Cincinnati Public Schools' flagship magnet schools or specialty offerings. In addition, residents in these smaller first suburbs already receive water and sewer services from Cincinnati's utilities. Cincinnati already extended generations ago its most vital services without requiring a merger, and these utilities are part of the entire structure of local governance in the Cincinnati region.

From Cincinnati's perspective, its employees would have to develop knowledge of these newly merged communities. This would cause considerable work for police, fire, recreation, sanitation, parks, health, public works, and so many other Cincinnati departments. To the extent that Cincinnati would have to devote more time to these newly merged communities, middle neighborhoods already inside the city would forego attention. In short, it seems likely that very few, if any, stakeholders would be happy with the merger in the short term, and the underlying economic problems facing residents of the former first suburbs would remain unimproved.

The underlying assumption behind advocating a merger appears to be that inefficiencies stemming from fragmented government would go away and government expenditures would go down through economies of scale. Importantly, though, the academic literature does not support the position that reducing the number of local governments will save money (Goodman, 2019). According to Professor Christopher Goodman at Northern Illinois,

"The literature is generally supportive of the claim that increased horizontal fragmentation, particularly among general-purpose local governments, is associated with decreased per capita spending and public revenues."

In other words, Goodman points out that having more fragmented local governments actually drives down local government expenditures. This may be because people have more places to choose from with differing service levels. The

Responsibility for fostering revitalization and resurgence rests ultimately with the first suburb's local government. And this responsibility requires city managers and public administrators who can figure out how to find financial resources to invest in revitalization.

units of local government compete to attract residents, forming a competitive marketplace to attract residents. With so much supply and a finite number of residents, price falls. It may also be that marketplace competition between and among local governments drives revenues down by concentrating wealth in some communities and leaving less well-off communities to fend for themselves. Either way, the research shows that more units of local government actually decrease spending and limit revenue collections. The academic literature indicates the underlying assumption behind the urge to merge is mistaken. Merging won't help the former first suburban residents and will leave few people happy. But it also will not generate the promised savings that led some to advocate for it in the first place.

If merging local governments will not save money or help first suburbs arrest decline, what will? Simply put, better local government in first suburbs.

Unfortunately, no other level of government within our federal system is going to solve first suburban decline. Responsibility for fostering revitalization and resurgence rests ultimately with the first suburb's local government. And this responsibility requires city managers and public administrators who can figure out how to find financial resources to invest in revitalization. In many cases, this will in whole or in part require reducing operational expenditures. For some already struggling first suburbs, raising taxes may not be an option.



To have a chance at reversing decline, some first suburbs will have to change a great deal of their governance structure and business models. The opportunities to do so will vary. And how is this achieved? Struggling first suburbs must use benchmarking and performance metrics as an instrument panel to guide operational analysis and, ultimately, change. And cities and townships must develop revitalization capacity, even when organizationally small. In short, first suburbs must be led by city managers and administrators who free up local government resources by reducing operational expenses, then invest in strategic market intervention, improve housing options, and lead community processes by which newcomers are welcomed and assisted.

Continuously improving local governments requires intentionally changing the status quo, which in turn requires a combination of courage, vision, and leadership. This is not easy in what Theodore Roosevelt described as the “arena.” Trying something new that does not work perfectly is not rewarded in politics. Pulitzer-Prize winning author David Halberstam wrote in *The Best and the Brightest*, “In government it is always easier to go forward with a program that does not work than to stop it altogether and admit failure.” Halberstam was talking about how the United States escalated the war in Vietnam even though there were plenty of clear signs that a change in strategy was warranted. The context Halberstam was describing was very different. Yet, Halberstam points to the fundamental first suburban challenge: How can an inner-ring suburb reverse decline with the same governing approaches that failed to prevent it in the first place? The answer is we cannot.

The academic literature and the ICMA research both indicate the current approaches to local government are not staving off first suburban decline in far too many portions of the Midwest, and indeed, in other parts of the country as well. Just as so much of the built environment in first suburbs was created in the 15 years or so after World War II, so, too, were the governance structures still used by the first suburban local governments serving these communities.

Most city managers and first suburban local government leaders have the job skills to develop and implement process improvements. The basic, tactical building blocks are rather common among ICMA members: excellent budgeting and financial management skills, knowledge of performance measurement and benchmarking, the ability to put together economic development deals, planning, zoning, environmental remediation, facilitation skills, etc. These technical public policy skills are the essence of what ICMA stands for: professional, skills-based local government management.

But the underlying challenge facing declining first suburbs is one of flat or declining financial resources. Since the Great Recession of 2008, many cities have already figured out how to do more with less. The underlying challenge for first suburban city managers is to lead change to do less with less in order to free up resources to invest in revitalization. The essential skill is less technical in nature. Rather, the essential skill is to lead transformational change, adaptation, and innovation in the face of declining resources. Candidly, many first suburbs cannot afford to keep doing things the way they used to. There is a wide and growing gap between what public services

The establishment of a revitalization budget as an equal partner to the operating and capital budgets in the annual budgeting process fosters strategic thinking. If both capital and revitalization budgets are underfunded, the first suburb is failing to invest in its future.

residents are used to in first suburbs and what first suburban local governments are going to be able to provide.

CREATE A THREE-LEGGED BUDGET STOOL

In 2002, the Brookings Institution's Robert Puentas and Myron Orfield made a seemingly small but potentially vital suggestion in *Valuing America's First Suburbs: A Policy Agenda for Older Suburbs in the Midwest*. Puentas and Orfield suggested first suburbs create a third budget priority in addition to operating and capital: "Revitalization."

Most ICMA members are familiar with the concept of having an operating budget and a capital budget as the two components of the annual city budget. Operating budgets cover wages and salaries, benefits, utility costs, debt service, facility maintenance, fuel, training, and other day-to-day expenses. Operating budgets are similar to a fixed cost because they tend to be difficult to adjust without cutting services, closing facilities, eliminating personnel, or other severe and often unpopular cost-cutting measures. For most local governments, operating budgets tend to be similar year after year. The number one predictor of next year's operating budget is this year's budget.

Capital budgets and capital improvement plans are also routine in most professionally run local governments. City managers recognize that expensive and long-lasting assets, such as public buildings, parks, roads, bridges, waterlines, vehicles, information systems, and sewers need to be planned differently. These capital items last for multiple years, can be financed with debt, and can be managed to extend their useful life. Capital expenditures lend themselves to long-term planning and asset management.

That said, it is also easy for capital investments to be deferred in tight budget times, meaning many capital assets are often used beyond their useful life. Many local governments delayed capital investments in the years after the Great Recession because operating budgets took up all the resources the local governments had. Local government professionals know that deferring capital investments is a "pay-now, pay-more-later" decision. But in lean economic times, it is quite common for operations to take funding priority over capital investments. And the public is generally tolerant of not replacing a bridge that has not yet collapsed, rather than closing the neighborhood fire station or pool. It is easy in our highly politicized world to prioritize today's operations over tomorrow's infrastructure, especially when the infrastructure is not failing today.

Revitalization creates a third leg of the annual budget stool, a third budget priority that must be considered and prioritized annually. This simple yet essential concept offered by the Brookings Institution is a vital step for modest first suburbs to create the financial discipline and awareness that is necessary to reverse decline.

A revitalization budget is very much like a capital budget in that it, too, is easily deferred in lean economic times. But like a deferred capital budget, deferring revitalization has long-term negative consequences. The establishment of a revitalization budget as an equal partner to the operating and capital budgets in the annual budgeting process fosters strategic thinking. If both capital and revitalization budgets are underfunded, the first suburb is failing to invest in its future. It is overspending on today's operations but shorting the next generation in terms of both capital and revitalization. Having a revitalization budget forces local government leaders to be intentional



about setting aside resources for creating future community vitality.

It is better to create a revitalization budget leg as part of the budget stool and leave it unfunded or underfunded than to avoid having it all together. Just having a revitalization budget with \$0 appropriated but articulating it as an equal part of the municipal budget shows the elected officials and residents of the first suburb that the first suburb is drawing down on economic investments from the past. A revitalization budget, funded or unfunded, forces a more painful budget allocation process, and it might well lead to reductions in operating or capital budgets in future years in order to fund revitalization. But not having a revitalization budget is the first suburban equivalent of the farmer eating his or her seed corn for next spring's plantings to avoid going hungry in lean months. Having a revitalization budget forces first suburban leaders to think beyond today and to take the long view.

Kettering is a large first suburb of Dayton, Ohio. Each year, Kettering sets aside \$500,000 from its general fund for revitalization projects. If unspent, the balance accumulates year after year, and this enables Kettering to build a meaningful fund balance for strategic revitalization investment. This practice has allowed Kettering to not only acquire and remove excess retail space, but to acquire 300 acres from Dayton-area universities for \$3 million. About half of this land has limited development

potential, but Kettering has listed the remaining 150 acres for sale. This Kettering example is the perfect demonstration of the need to establish and fund a revitalization budget. Kettering has inserted itself into the redevelopment process, shaping its outcome, and has more than mere zoning control over its last remaining major site's future.

Silverton, Ohio, has established a Job Creation and Revitalization Fund (JCRF) that is a separate from its General Fund. Most of the revenue the JCRF receives is a transfer from the General Fund, though this fund does receive revenues, such as certain philanthropic grants, environmental remediation grants, rental income for Silverton-owned property, proceeds from real estate sales, donations, and interest income from the village's treasury.⁵ Generally speaking, if the village receives an unexpected or one-time revenue, the proceeds are deposited in the JCRF for reinvestment. With a variety of revenue streams, the JCRF enables Silverton to undertake economic development projects.

Huber Heights, Ohio, operates similarly. It has a dedicated redevelopment fund that receives proceeds from the sale of Huber Heights-owned real estate. This somewhat operates like a revolving loan fund in that Huber Heights invests in real estate with revitalization or development potential. When the property sells, Huber Heights puts the sales proceeds back into the fund to enable the next redevelopment project. Using this method,

⁵ Revenue sources such as interest income, proceeds from the sales of surplus vehicles, insurance settlements, etc., formerly went into Silverton's General Fund. The Village of Silverton has simply made it a practice to shunt these small revenue streams as well as unpredictable sources of funds into its revitalization budget.

Huber Heights has also interjected itself into the community's real estate market with the objective of expending its tax base for the long term.

The case of Lockland, Ohio, outside of Cincinnati is also illustrative. The Village of Lockland has been working on the cleanup and reuse of a brownfield, a former mattress factory site of about nine acres along I-75, for over 18 years. More recently, the village has taken title to the now-remediated site. According to the village manager, had the site been privately owned, the property would be developed today as a warehouse. But the Lockland recognized that this site is the community's one chance to get advanced manufacturing to add jobs and income taxes. By controlling the land, Lockland defends itself from a less desirable land use the free market would generate today and controls the eventual outcome of this site's redevelopment.

The key is for first suburban city managers to establish a revitalization budget as a third leg of its budget stool. This will generate the need to fund revitalization through setting aside funds. In some cases, perhaps many, it will require examining operations using performance measures to determine where costs can be reduced to free up funding for revitalization.

BENCHMARKING

It has always been a challenge for ICMA members to develop performance measurements to compare services and costs because of wide variations around the United States in how services are delivered. The cost of living is very different in California than in Ohio, and the cost of living is very different in and around New York City from upstate New York. Pension systems vary. Differing state laws place different requirements on services, and these and many other factors make it challenging to establish a true apples-to-apples comparison of service costs and service delivery.

But the ICMA fellowship study of Hamilton County, Ohio, revealed that similarly situated first suburbs in the same metropolitan area (Hamilton County) in the same state (Ohio) employ widely different business models for public safety services. At the extremes are two Hamilton County

The key is for first suburban city managers to establish a revitalization budget as a third leg of its budget stool. This will generate the need to fund revitalization through setting aside funds.

municipalities, The Village of Evendale (2,767 residents) and the city of Cheviot (8,375 residents). In 2016, Evendale spent \$1,080 per person on police services, \$1,223 per person on fire and EMS, totaling \$2,303 per person on public safety. In 2016, Cheviot spent \$119 per person on police services and \$120 per person on fire and EMS, totaling \$239 per person on public safety. This is understandable given that Evendale is home to GE Aircraft Engines, and collected \$5,608 per person in income taxes in 2016. Cheviot has a much more limited tax base, and collected a mere \$187.54 per person in 2016.

Simply put, Evendale spends only 41% of its income tax collections on public safety,⁶ and thus has money left over to spend on other services as well. In contrast, Cheviot spends 127% of its income tax collections on public safety, meaning it has to draw on property taxes, fees, fines, and other revenue streams to cover its basic public safety expenses. This leaves very little budget room for Cheviot to do much of anything else. In many ways, this is to be very much expected. Evendale is a solidly middle-class first suburb with a strong commercial tax base, and Cheviot is a working-class first suburb that has experienced sharp decline. It would only stand to reason that Evendale can afford to spend more on public safety.

The above contrast of Evendale and Cheviot can be contrasted to another benchmarking pairing, that of Norwood and Blue Ash. Norwood is a

⁶ In Ohio, most municipalities rely on a local income tax as the primary source of general operating revenue. Cities are able to levy property taxes and other fees, but in most cases, a municipality's primary source of revenue is the local income tax collections. Income tax collections are thus a key performance indicator for Ohio municipalities.



Cincinnati first suburb once home to a General Motors plant that closed in 1987. Norwood spent \$962 per capita on police and fire in 2016. Nine miles away is Blue Ash, Ohio, a nearby first suburb with substantial income tax from office buildings and other major employment centers. Blue Ash spent \$974 per person on police and fire in 2016, virtually identical to Norwood. Yet Blue Ash's public safety spending is a mere 31% of its income tax collections, whereas Norwood's \$962 is 112% of its income tax collections. As a result, Norwood is in fiscal emergency.

The above comparison of public safety spending is simple, yet insightful. Both Norwood and Cheviot spend over 100% of their annual income tax collections on public safety, and, therefore, have business models that probably do not work any longer because public safety is taking up far more of the operating budgets than these communities can afford. But Norwood is also in a much better position than Cheviot. It spends \$964 per person on public safety, and thus has the ability to reduce its public safety spending considerably. Nearby Springdale spends \$808 per person per year, and Forest Park spends \$519. Both Springdale and Forest Park are located in Hamilton County, and have much in common with Norwood. If Norwood were able to spend the same amount per year as

Springdale, it would free up just under \$3.0 million annually to invest in capital and revitalization. If Norwood were able to spend the same amount per year as Forest Park, it would free up \$8.5 million annually to invest in capital and revitalization.

Nobody in Norwood would tolerate a reduction in public safety services on this analysis alone, and I would not advocate it with this limited examination. Instead, I would let this simple analysis guide a more in-depth study by which Norwood systematically examined its police and fire service delivery and benchmarked itself against Forest Park, Springdale, and other peer communities. But the tremendous public safety differences between what Norwood spends and what Forest Park or Springdale spend indicates that it almost certainly has room to repurpose public safety investment for revitalization and capital investments. It is not as if Forest Park or Springdale are recklessly underspending on public safety services. This analysis will prove that Norwood can no longer operate with public service models that worked in more prosperous times, back when the community had a General Motors plant in it. The benchmarking shows that Norwood does not merely need to trim its public safety budget a little here and there. Rather, it shows that Norwood both needs to make wholesale changes to its governance model and has other examples quite nearby that it can study, replicate, and use for reform.

The research on first suburbs in Hamilton County shows that communities even in the same urban county spend widely differing amounts of money on public services. Some first suburbs that have declining resources stemming from first suburban decline must look more systematically at business models. Through performance measurements and benchmarking against nearby and similar first suburban models, a fiscally challenged first suburb might be able to adopt more affordable public service methods and models.⁷ This is essential to free up existing funds to invest in revitalization and deferred capital.

⁷ One common concern ICMA members often have about performance measurement is, "So what do I do with the data?" This examination of service delivery models is one direct and applied part of the answer to this question. If a nearby community is able to spend far less on police or fire, for example, this will guide my city as we change the public safety model, save tax dollars, and repurpose the freed-up tax dollars for revitalization. It is very difficult to reduce public safety spending in general. But if you are moving to a spending level that is accepted in a nearby community, at least the council and residents know it is not without policy basis or justification.



While this discussion has focused on public safety, first suburban local governments should examine every aspect of operations to find efficiencies and savings. While it is true that public safety usually takes up the lion's share of most governments' budgets, other service areas also should be benchmarked. To free up funding to invest in revitalization and capital investment, it does not really matter from where the dollar of savings is derived. Each first suburban local government manager should carefully examine all services to find efficiencies and savings.

DOES FORM OF GOVERNMENT MATTER?

Yes. There is evidence that first suburbs operating under the council-manager form of government are better able to cope with the issues of decline. That said, first suburbs with the council-manager plan are also experiencing decline.

The ICMA fellowship study of Hamilton County, Ohio, showed 10 of the 14 stable first suburbs have a professional manager overseeing day-to-day operations. Only one of the three distressed first suburbs have a professional manager on staff. Two of the three first suburbs (Fairfax and Silverton) that have had transformative mixed-use redevelopment projects are run by professional managers. The other first suburb that has had truly transformative mixed-used redevelopment projects, the city of Norwood, remains in fiscal emergency in spite of its success. Norwood operates under a statutory form of government with a mayor-council governance structure.

At the same time, four of the eight Hamilton County, Ohio, communities experiencing

accelerating decline are professionally managed. The presence of a skilled professional city administrator is clearly not sufficient to avoid first suburban decline. And four stable first suburbs in Hamilton County—Mariemont, Newtown, North Bend, and Terrace Park—operate under a statutory form of government with a mayor-council arrangement. However, these four stable communities are among the more affluent in Hamilton County. Mariemont has a 2.3% poverty rate, Terrace Park a 5.3% poverty rate, Newtown an 8.5% poverty rate, and North Bend an 8.7% poverty rates. The median household incomes in three of the four communities are in the top 10 in Hamilton County, and Newtown is 12th overall. So, professionally run first suburbs are still susceptible to decline, and mayor-council cities can absolutely avoid it as well. This makes sense given the primary cause of first suburban decline is economic. Strong mayor first suburbs in Hamilton County that are stable or thriving are typically home to upper-middle class or business executives in the region. First suburbs that were from their inception elite residential communities tend to do just fine.

The academic literature offers very little guidance on whether or not the form of local government matters for first suburbs. This author found only one article (Hexter, Hill, Clark, Mikelbank, and Post, 2015) that provided qualitative evidence that the council-manager form of government provided an advantage for distressed first suburbs revitalization efforts. In this publication, the authors analyzed four case studies: East Cleveland, Ohio; Inkster, Michigan; Chester, Pennsylvania; and Prichard, Alabama. The authors note:

"We also analyzed the finances of each of these suburbs and find that Chester, East Cleveland, Inkster,

If the council-manager form of government is 10% more efficient and 57% less likely to have corruption, then it is a desirable governance strategy for challenged first suburbs to adopt this form of government.

and Prichard face financial challenges common to many aging inner-ring suburbs. These challenges are compounded by histories of mismanagement in East Cleveland, Chester, and Prichard. The city manager form of government in Inkster seems to have somewhat insulated this community from management issues.”

The authors go on to note that Inkster’s financial management has allowed them to avoid layoffs and service cuts despite a shrinking tax base. The authors attribute this to the “city manager form of government” in Inkster and contrast it to the other three municipalities in their case study.

Furthermore, Hexter, et. al., note that cities in struggling regions “need to demonstrate that they are reliable partners and responsible stewards of public, philanthropic, and private funds or those funds will stop flowing.” They further note that Inkster has been perceived as a reliable development partner, a key aspect of revitalization. A new city manager in Inkster was able to get a major redevelopment back on track and act with “a sense of urgency not present in other cities.” The project mentioned in this study was a 32,000-square-foot, \$25 million, mixed use building that housed government offices, a YMCA, a court, and 10,000 square feet of retail. Inkster itself was responsible for forging a public-private-philanthropic partnership that made this project possible.

The ICMA fellowship analysis of Hamilton County and the Hexter, et. al., analysis support the assertion that first suburbs are better able to face challenges when they operate under the council-manager form of government. This stands to reason given the findings of a surprisingly sparse

academic literature analysis of the impact of forms of government. A recent study (Nelson and Afonso, 2019) found that corruption is 57% less likely in council-manager forms of government. An IBM study (2011) analyzed the 100 largest municipalities in the United States, and concluded that on average, council-manager cities are 10% more efficient than other forms of government.

It stands to reason that if the council-manager form of government is 10% more efficient and 57% less likely to have corruption, then it is a desirable governance strategy for challenged first suburbs to adopt this form of government. Qualitative studies examining small samples of first suburbs similarly support this strategy. But adopting the council-manager plan clearly is not a sufficient solution. It is a good step, but not the entirety of the solution.

CONCLUSION

First suburban local governments experiencing decline do not have the luxury of budgeting flat or shrinking revenue on the same governance approaches that have failed to prevent decline from taking hold. It is essential that first suburban local governments invest in revitalization as well as capital and operations. In many cases, this will require changing service models, sharing services, and uncomfortable service delivery comparisons between and among jurisdictions. Declining first suburbs need to find funding for publicly led strategic revitalization. How this is done will vary by the situations first suburbs face, but one proven strategy is to use benchmarking with peer communities to figure out how to reduce operating expenditures.



CHAPTER 4

Local Government Market Intervention

Because many first suburbs were built out years ago, these communities generally have little new growth or development. However, most first suburbs were developed at the same time: right after World War II. This means much of the housing stock and commercial development in first suburbs is between 60 and 75 years old. And many of these aging buildings are at the end of their useful life, are functionally obsolete, or require major reinvestments and upgrades. As has already been discussed, aging building stock contributes to an economic cycle of decline as public and private capital investments are continuously deferred, and so many buildings lose value as manufacturing employment falls and retail is concentrated. In too many American first suburbs, a cycle of disinvestment and decline has taken hold.

In essence, many first suburbs are experiencing an economic retraction. Discerning scholars such as Myron Orfield and Bernadette Hanlon noticed the start of this market retraction using data from the 1980s and 1990s, before this decline was as obvious or as widespread as it is today. The ICMA research focusing on Hamilton County, Ohio, shows that the Great Recession accelerated the

decline of a second cohort of first suburbs whose decline was not readily apparent before 2000. So many of these slower declining first suburbs have not really recovered from the Great Recession. In a real sense, the 2008 Recession pushed fast forward on first suburban decline for suburbs that had really not shown obvious signs of decline before. Leaders in these communities know the inflection point for their sharp decline was in 2008, but there are not enough comparisons of economic recovery (or the lack thereof) between and among first suburbs in the same region. This makes it less obvious for civic leaders in the second cohort to fully appreciate the ways in which they have diverged economically from more prosperous suburbs.

Also obscuring this divergence is the fact that so many American central cities have experienced a renaissance through the back-to-the-city movement since 2000 (Gallagher, 2013; Florida, 2017). As discussed in Chapter 1, Richard Florida refers to this as “the Great Inversion” as suburbs have become more challenged and central cities have seen an influx of wealthy families that in past generations would have lived in suburbs. This reversal of the American metropolitan settlement pattern over the last generation was unanticipated



by local government leaders. Recent scholarship and reporting suggest that the back-to-the-city movement may be waning and growth is resuming in the far-out suburbs again (Frey, 2019; Kusisto, 2019). To the extent this is accurate, the patterns of metropolitan growth over the past two decades in the United States have facilitated economic vitality inside the central cities and on the periphery of urban areas. Many first suburbs have languished in the spaces in between the revitalized urban core and the easy-to-develop farms and forests along interstates.

The uneven recovery from the 2008 Great Recession and the Great Inversion make it very hard for first suburban leaders to fully appreciate how changed the market landscape is for them. In Cincinnati, neighborhood renaissances in places like Over-the-Rhine (just north of downtown), and the Banks (along the Ohio River) have garnered national attention. National business reports in recent years also discuss low unemployment, record highs in the stock market, and the seemingly limitless advances of tech companies. These stories of central city renaissance and more general economic recovery mask the many ways in which America's first suburbs have yet to recover.

One commonly accepted solution to a market retraction is government intervention. Despite two decades of advocacy by first suburbs' leaders, the federal and state governments have shown little interest in intervening. Therefore, it is up to local government leaders to, as much as feasible, address local economic retraction in first suburbs. This requires a different form of economic development intervention in the market place.

Many ICMA members have expertise in economic development, intergovernmental relationships,

environmental remediation, zoning, municipal debt, and other similar professional skills. And these very same skills are the building blocks needed to intervene in the first suburban economy. But traditional economic development approaches are not sufficient for declining first suburbs. Traditional municipal economic development is about closing the funding gaps in the private sector through tax abatements, TIF investments, and gap financing. But first suburban officials are not merely closing funding gaps for already interested developers. Instead, the first suburban city manager has to find ways to proactively intervene in and reshape the first suburb's real estate market. And this often involves the city or township owning and holding property for redevelopment, razing structures, cleaning up contamination, and negotiating redevelopment agreements with private sector partners. Inserting the municipal government into the real estate market is, especially for a first suburb facing economic decline, increasingly essential.

The greatest skill needed may well be for the first suburban city administrator to build a shared vision among elected leaders and other community stakeholders to intervene. Some community stakeholders will oppose local government intervention in the community's economy. There is risk, to be sure. Sometimes this is because the community does not have a clear enough appreciation for its own decline or relative economic position. And economic development inside the beltways is redevelopment, which usually means buildings have to be removed and the built environment changed. Sometimes this reluctance to intervene is an aversion to tear down what is old and fading but embedded with community nostalgia. But if first suburban decline has set in, the global economy is getting

more competitive, and the state and federal governments are not poised to help, who else is going to reverse the decline?

One other point warrants mention here: local governments did not cause first suburban decline. The decline of so many first suburbs stems from broader social and economic trends detailed in Chapter 1. First suburbs are declining across the United States. And even in booming metropolitan areas like Seattle, San Jose, New York, and Boston, there is a widening economic inequality within and among these metropolitan areas (Florida, 2017). The local governments spend a small fraction of the economic resources generated by the communities. Even if these local governments were misspending, this misspending would represent a percentage or two of the local economy's domestic product and output. The local government's inefficiency, should any exist, are not large enough to drive first suburban decline by themselves. It is the broader economic problems that are the root cause of first suburban decline. So, local governments are having to step in to solve a first suburban decline that the local government itself did not create.

First suburbs experiencing decline do not have the luxury of making bad investments in the hope of reversing economic retraction. So what skills are needed?

First, the city managers and leaders of first suburbs must cultivate clear-eyed knowledge of real estate in their community and region. As a foundation, first suburban leaders have to know what the local economy supports, assess where the real estate market is going, and understand the factors that are driving location decisions within their metropolitan area. If the first suburb is too small to have this expertise in-house, it should work with consultants and other partners to obtain it. But without a solid foundation on the factors shaping the local economy, intervention in the marketplace will not be successful. First suburbs need to take smart, reasonable risks in the local economy.

Second, first suburban city managers must have the skills and knowledge to successfully facilitate and possibly undertake land assemblages. Unless the real estate market is very hot, private developers will not typically invest capital in long-term property assemblages in declining first suburbs. That is a role that is increasingly going to fall to the

First suburbs experiencing decline do not have the luxury of making bad investments in the hope of reversing economic retraction.

local government. The successful first suburban city manager will have the ability to identify property with redevelopment potential. She or he must be able to act quickly if a strategic parcel is listed. Sometimes, the activist first suburban city manager will have to approach property owners who have not listed property for sale and offer to acquire it. This may include a fee simple purchase, acquiring an option to purchase, or obtaining a first or last right of refusal to purchase.

Third, financing assemblages for struggling first suburbs is challenging. State laws vary in terms of bond financing and municipal debt, though careful debt management can be a key tool to enabling a community to acquire strategic real estate to start or complete an assemblage. Understandably, many first suburban managers are reluctant to issue debt with a declining tax base. Yet, real estate acquisition with economic potential may well be worth issuing debt to assemble and redevelop. As was discussed in Chapter 3, it is important that first suburban city managers set aside funds for a revitalization budget year after year. With funding dedicated for revitalization part of the annual budget process, city managers can use these resources for debt service for projects with an economic payback to the first suburb.

In order to help pay for assemblage, local governments or another economic development agency affiliated with the local government may want to acquire key parcels even if these parcels are occupied by tenants. Generally speaking, municipalities are not well situated to be effective landlords. It is not generally a core competency of local government. But having rental income to offset acquisition costs can be helpful for managing assemblage costs. Many municipalities have employees who are used to maintaining buildings. Becoming a landlord for a while to offset an assemblage may not be something many local

If a first suburb is able to attract enough redevelopment activity to convince private developers it is an attractive place to do business, the level of required marketplace intervention will go down.

governments want to do, but it might be necessary to place your community in a strategic possession should a key parcel be listed for sale. As always, care must be taken to ensure the local government is complying with all legal requirements.

Fourth, first suburban city managers must have the ability to manage environmental cleanups, asbestos abatement projects, lead paint removal projects, and other similar brownfield remediation. This is a key part of assemblage, and removing environmental challenges is often a key step toward preparing a site for redevelopment. Fortunately, most states have a number of programs that can help pay for these types of cleanups, and first suburban leaders can cultivate expertise in these programs and the mandated practices to remediate contamination. Environmental problems are commonplace in former factories and industrial sites, gas stations, dry cleaners, and even single-family homes. State and federal brownfields grants can also be a real help here, and ICMA has a long-standing partnership with the US EPA and others promoting brownfield remediation and redevelopment.

Fifth, the city managers and leaders of first suburbs are well served to cultivate relationships with potential public and private partners. Again, this is a traditional economic development skill. What is potentially different in the first suburbs context is that first suburban city managers can best succeed when they understand what requirements will entice redevelopment within their communities. Developers seek certainty over land costs, zoning, and regulatory approval processes. Local governments can provide key strategic help in these vitally important development competencies.

Finally, leaders in first suburbs benefit from learning about mixed-use zoning, New Urbanist principles, “up-zoning,” densification, and other innovative planning principles. One of the fundamental challenges facing first suburbs is the predominance of single-family zoning districts with homes that

no longer compete favorably in today’s housing market. With declining populations and lower land values, the first suburb can perhaps overcome these challenges by facilitating higher density development wherever it makes sense. Richard Florida notes that the solution to the new urban crisis is more urbanism, and declining first would do well to consider densification where appropriate in their communities.

The ultimate goal of market intervention is to restore market confidence in the first suburb. If a first suburb is able to attract enough redevelopment activity to convince private developers it is an attractive place to do business, the level of required marketplace intervention will go down. Getting the first turn of the flywheel from a successful redevelopment project is the hardest part, but the momentum can build on itself. And first suburbs have geographic locations that are usually of tremendous intrinsic value for potential residents. The goal of first suburban managers is to position their communities to take advantage of the locational benefits they already have.

CASES OF SUCCESS AND LESSONS LEARNED

The common characteristics among these successful case studies include a willingness to intervene in the first suburb’s economy, or a willingness to increase density with mixed-use developments. In some cases, it is both.

Kettering, Ohio

Kettering, Ohio, is a first suburb of Dayton, and Kettering has made a number of strategic property acquisitions along its Wilmington Pike retail corridor. The city has used its redevelopment funds to actively purchase targeted retail spaces, remove the unmarketable buildings, rezone the property consistent with local market conditions, and turn

the project over to the private sector with a clear development agreement. Kettering's strategy accomplishes multiple goals, including protecting the viability of the remaining retail spaces. And Kettering's ability to positively reshape its Wilmington Pike retail corridor stems from its budget discipline to set aside money each year for revitalization.

South Euclid, Ohio

South Euclid, Ohio is a first suburb of Cleveland. Before the 2008 Recession, the city used public funds to purchase Cedar Center North shopping plaza, a property that had sat half empty and literally had rats infesting it for years. Cedar Center North was, at the time South Euclid acquired it, a 50-year-old obsolete retail space. The acquisition had plenty of controversy, especially as some well-loved small businesses in the declining shopping plaza were unable to stay in the center after South Euclid acquired it.

With the city of South Euclid in control of redevelopment, the plaza has been fully redeveloped and is filled with national and local retailers. The residential neighborhood adjacent to Cedar Center North has also recovered its property values, and has once again become a desirable place to purchase a home. None of that would have occurred without South Euclid taking a large capital risk and intervening in the marketplace.

Lockland, Ohio

As discussed briefly in Chapter 3, Lockland has been working for more than 17 years to redevelop a former mattress factory site that was a brownfield. The village owns the land and could have sold it by now for warehousing or a self-storage facility. But holding on to this cornerstone site of almost 12 acres—despite the village's fiscal pressures—is the right thing for them because this site along I-75 is Lockland's one major shot to fundamentally improve its tax base.

As of this writing, Lockland is close to having a development agreement with a company that will add \$8 million in payroll to this former industrial suburb. Lockland's control of the land shows the importance of site control. As a result, the village has a much greater ability to determine the future of the key site. Zoning is one form of control local



governments have over possible land uses, but this tool may not be sufficient for certain catalytic or strategic sites in the community. The local government (or an allied public entity) owning key sites gives far greater outcome determination.

Lakewood, Ohio

Lakewood is a first suburb just west of Cleveland and has the unique first suburban advantage of having beautiful frontage along Lake Erie. The city of Lakewood found it necessary to take title to a 5.6-acre former hospital site once the Cleveland Clinic shuttered the medical facility in 2016. In this way, Lakewood was able to ensure the hospital's redevelopment was structured in a manner that supports the community's goals, and included considerable public input. The project, called One Lakewood Place, involved the city of Lakewood completing demolition and environmental remediation on the former hospital. A developer is constructing a mixed-use, mid-rise development with 140 residential units and over 100,000 square feet of commercial and retail space. Intentionally, Lakewood sought to zone and approve a project of significant size because it is a built out, inner-ring suburb. Lakewood intervened both by taking ownership of a key site and by rezoning it for a denser mixed-use project.



“Overcoming the crisis of the suburbs and restoring their economic prosperity requires that suburbs become denser, greener, more mixed-use, and more connected to the urban centers via transit.”

– *Richard Florida, 2017*

Upper Arlington, Ohio

A first suburb outside of Columbus, Ohio, Upper Arlington is a 10-square-mile community close to Ohio State University. The community is taking deliberate steps to shift away from being a 90% residential suburb with the goal of having more economic functions included in its land use. This shift is referred to in the academic literature as moving towards becoming a “post-suburb” (Sweeney and Hanlon, 2016). The city of Upper Arlington is actively seeking to redevelop some portions of the community through increased density and mixing land uses in formerly residential areas. In some ways, Upper Arlington is trying to make some parts of the community more like a city than a suburb.

Upper Arlington has some first suburban challenges, but it has tremendous assets available to it because of its proximity to a stabilizing institution, Ohio State University. Upper Arlington is seeking to foster redevelopment in response to fiscal pressures and competition from further-out suburbs like Dublin, a booming outer-ring suburb north of Columbus (Sweeney and Hanlon, 2016). While few residents in Upper Arlington dispute the need for more economic activity and tax base growth, the intentional shift to a post-suburb is controversial in the community. The principles of densification and New Urbanist development clash with more traditional residential and suburban perspectives. Upper Arlington’s leaders have felt the need to get ahead of potential economic decline to reshape portions of the community through densification and mixing land uses. But the approach has not been without conflict.

Silverton, Ohio

In 2008, Silverton’s then-city manager Mark Wendling found out that Cincinnati Public Schools was planning to close Silverton’s elementary school and rebuild a replacement campus outside the Silverton community. Wendling worked with CPS to keep the elementary school in Silverton by offering half of a 12-acre park as a location for the new school. In exchange, Silverton received the former school site after the move to the new school building enabled CPS to demolish the old school. A cashless land swap gave Silverton an opportunity to gain almost six acres of vacant land for redevelopment. Silverton had to give up about

half of its park, but CPS agreed as part of the 2009 land swap to make substantial investments in the remainder of the park, which were sorely needed.

The design, bidding, and construction of the new Silverton elementary school took four years, and the new school opened in early 2013. CPS demolished the former school in 2013, and transferred it to Silverton in early 2015. During the time between the former school’s demolition and the property transfer to Silverton, the Village of Silverton undertook a significant land assemblage. The village acquired five commercial buildings bordering both US 3/SR 22 and the former school to gain main roadway frontage. Additionally, Silverton acquired 10 single-family homes bordering the former school, as well as a five-family rental unit. Combined with the former school, Silverton assembled over 10 acres of land for redevelopment.

Financing this acquisition was complex. Silverton issued 12-month bond anticipation notes three times in order to provide funding for over \$3 million of property assemblage costs. The BANs were taxable, yet still had low interest rates. Because the properties were not acquired for a public purpose such as a park or public building, Silverton paid property taxes to the county on the assemblage. When all the debt issuance, interest rate, real estate tax, and maintenance costs were combined, the carrying costs of assemblage was \$200,000 a year.

But the village also found itself with rental income from a couple of the office buildings, the five-family apartment building, and two of the single-family homes. The rental income at its peak was \$100,000 per year, thus cutting in half the village’s annual carrying costs for the assemblage. Being a landlord for both offices and residential properties is not a core competency of a municipality. Yet, Silverton had internal staff capable of plowing snow in parking lots, troubleshooting heating or cooling system problems, changing lightbulbs, or unclogging toilets. Silverton was fortunate to have tenants who paid rent on time, and understood that the village was not going to renew its leases when they expired. Therefore, the village invested enough in the properties to maintain them until their demolition but did not have to pay for any major upgrades or expenses. The knowledge that the rental units would be demolished allowed for short-term maintenance only.



Acquiring 10 single-family homes adjacent to the former school required a considerable investment of time and effort. Three of the 10 homes were acquired by the village when they were listed for sale on the open market. In those cases, the village simply had to move quickly to place the properties under contract once the “for sale” sign went up in the front yard. The village paid reasonable market prices for these homes and did not use a real estate agent. The homes that were not listed for sale required a 20 to 25% premium above market value to compensate the owners for the inconvenience they would endure. This was still a relatively low figure because the aging housing stock was not highly valued in the marketplace.

The remaining single-family homes Silverton acquired each had to have customized transactions to meet the particular needs of the sellers who were not intending to leave when the village approached them. For one purchase, Silverton closed on the property in June 2015. The seller was allowed to live in her house rent-free and tax-free for up to 13 additional months to provide enough time to find a home that fit her needs. The village would not take possession of other parcels in the assemblage until the middle of 2016, so allowing the seller to stay did not hold up the bigger project in any way. This time benefitted the seller financially because she was able to save money on property taxes and a mortgage payment. The only real additional cost to Silverton was additional property taxes for a little over a year on a modest home that village could not immediately demolish because the seller continued to reside in the home. Silverton’s willingness to provide her the

full financial benefit of her sale right away and the ability to live for more than a year without housing costs was a huge incentive to a seller who was not listing her home.

Another home acquisition presents another variation on this approach. In this second instance, the village entered into a purchase agreement with the owners and provided \$5,000 of earnest money. The village agreed to close on the sale within 18 months with 30 days of notice. Thus, the timing of the closing was dictated by when the sellers found another home that met their needs. The village paid a reasonable premium over the market value of the home. The ability for the seller to dictate when the closing was to take place over a long time frame gave them the opportunity to find another home that better met their changing needs as they aged. And again, this extended contract period worked for the village because full possession of other properties in the assemblage had not taken place yet.

A final example of how Silverton customized each acquisition shows another way a municipality can extend value. One particular homeowner had been widowed for five years. As part of the sale, the village allowed her to leave any personal items in the home when she moved out. This offer was extremely valuable for the widow because it meant she did not have to go through her departed husband’s belongings that would stir up additional memories. She was able to take important keepsakes with her and leave the rest of the sorting to a disinterested party. The village also allowed her to salvage a few fixtures from the home, such as a chandelier and a newel post

The assemblage and rezoning greatly reduced the risks developers usually face in undertaking a project like this on their own. This risk reduction strategy enabled Silverton to attract interest from developers who had simply not been interested before.

to the stairway, that had sentimental value to her but would be destroyed in the demolition anyway. Getting to know this owner and finding out what was important to her enabled the village to craft a purchase for this widow that avoided a lot of personal pain and gave her the opportunity to start a new chapter of her life.

In all of these approaches to dealing with single-family property owners, Silverton was able to customize each sale in such a way as to solve the sellers' problems. Knowing that a property is going to be demolished once the municipality takes it over allows the seller to leave anything behind and to take anything they want, including fixtures or appliances that ordinarily would not be part of a sale. Silverton was fortunate to have been able to make win-win deals with each property owner, and thus avoid having to work around any holdout landowners. But much of this good fortune stemmed from creatively solving property owners' varying problems or concerns.

Even before the village had exclusive and full possession of all the property described above, the village issued a request for qualifications to area developers. The fact that the village had assembled such a substantial site with very good road frontage and only a few buildings remaining generated considerable interest from area developers. The private sector would not have undertaken this assemblage on its own. And by the time the village issued its request for qualifications, the village had initiated zoning code and map changes necessary for a mixed-use zoning. Potential development partners knew that the village was going to follow through on its own commitment to rezone the property because it was the seller in addition to the regulatory agency. The assemblage and rezoning greatly reduced the risks developers usually face in undertaking a project like this on their own. This risk reduction strategy enabled Silverton to attract interest from developers who had simply not been interested before.

In the end, Silverton approved a two-phased, mixed-use development investing more than \$40 million in private equity. Through the sale of the 10-acre site, Silverton recovered all of its assemblage and carrying costs and made a profit, which it reinvested in adjacent road and intersection improvements. Phase I of the project added 204 market rate apartments of varying sizes and layouts. Phase II will add 60,000 square feet of office and retail employing 250 workers. The project will increase Silverton's income tax collections by 15% on a mere two percent of the community's land area. The net number of new households is 189 since 15 households were lost but 204 new market rate housing units were added. This net increase in housing will help reverse Silverton's gradual decline in population, and the market rate apartments provide additional middle-class customers to nearby restaurants, bars, personal and professional service businesses, and stores.

CONCLUSION

Successful redevelopment projects in first suburbs often start with a large, often institutional parcel. Whether it was a former hospital in Lakewood, a former mattress factory in Lockland, a former strip center in Kettering and South Euclid, or a former elementary school in Silverton, redevelopment benefits from having multiple acres of land as the cornerstone of redevelopment. First suburban leaders should look for obsolete properties of size, such as churches, schools, brownfields, shopping centers, hospitals, and the like. These properties can be repurposed if acquired, demolished, rezoned, and revitalized by attracting new private equity. Usually, these properties will need to be upzoned with greater density and more intensive land uses in order to make the projects financially feasible.

Declining first suburbs need to intervene in the retracting local economy to change the downward trajectory of the community. It so often takes the



local government itself stepping into the chain of title through property acquisition to remove functionally obsolete or abandoned property. This, of course, comes with risks, and requires careful fiscal and legal management.

Scholars also point out that many first suburbs operate at competitive disadvantage compared to central cities. Declining first suburbs usually lack waterfront views, fantastic old warehouses or factories that can be repurposed into chic lofts or office spaces, or Victorian homes that can be restored. These assets tend to be concentrated in the central cities, and while they come with many challenges, these assets can have a redevelopment benefit that is generally lacking in the first suburbs (Markley, 2018). On the other hand, first suburbs

offer an advantage over outer-ring suburbs in terms of convenience and location (Sweeney and Hanlon, 2016).

Two principles seem clear from a survey of successful first suburban economic development projects. First, the projects often require the local government itself to be involved in assemblage and property control. Second, most transformative redevelopment projects require an embrace of increased density and mixed-use redevelopment. The focus on mixed-use and densification is in part driven by the need to create enough economic value to entice private developers to invest inside the beltway but outside the central city. Declining first suburbs will not be able to attract enough capital or new residents without avoiding the same lower density development that enabled first suburban decline to take hold over the last generation.

The need for more urbanism in first suburbs is echoed by leading social scientist Richard Florida. Florida argues, “The solution is much the same for the suburban dimension of the New Urban Crisis as it is for the urban one: more and better urbanism. Overcoming the crisis of the suburbs and restoring their economic prosperity requires that suburbs become denser, greener, more mixed-use, and more connected to the urban centers via transit” (Florida, 2017). First suburbs are going to have to be substantially redeveloped in the next two or three generations. It will be up to first suburban city managers and ICMA members to position first suburbs for this redevelopment. But as of today, private investment is still flowing to hotter real estate markets in the central city downtowns and now again back to outer-ring suburbs. First suburban city leaders will need to intervene in their community’s market to attract redevelopment.



CHAPTER 5

Housing Policies

The suburbs that boomed in the decade and a half after World War II were, by design, largely residential enclaves. The simple homes produced in the late 1940s and 1950s met a long-suppressed demand for detached dwelling units that were simply unattainable for most Americans during the Great Depression and World War II. But with a post-war economic hegemony over a flattened Europe and Asia, the United States was able to create whole communities adjacent to the more congested central cities with the same efficiency that had allowed the United States to be the arsenal of democracy. In very real ways, what we think of as the original American dream—a nice home with a picket fence in a quiet residential neighborhood—was mass produced in the 15 years following victory over Germany and Japan.

It is important to remember that average families in the Great Depression and World War II lived in dense housing. During the Depression and out of necessity, family units often included grandparents, adult siblings, and nieces and nephews. There was not a mortgage industry as we know it today that loaned to middle-class families seeking to acquire a single-family home. Most middle-class Americans rented an apartment, a unit in duplex, or perhaps a detached house. In contrast, a three-bedroom, one-bath detached home in a new suburb was very desirable to so many in the 1950s. The prospect

of the average American family obtaining home ownership—even of a small and boxy home that today is an inexpensive starter-home—was a significant improvement over what these families had previously.

The lots upon which these homes were built are small by today's suburban standards, but were sufficient at the time. Back then, families considered themselves fortunate to own one car, typically driven by the father to an office or factory job during the workday. One attached garage bay was all that was needed for each house. Garages were accordingly small, and the narrow streets serving these houses were not packed with parked cars as they often are today. And the small yards were a great amenity for families that had lived in duplexes or apartments, cheek to jowl with extended family. Owning their own home on a small yard on a small street with a single garage was a big step up for many Americans during the 15 years when first suburbs boomed.

It is difficult to overstate how the entire interstate system reshaped American metropolitan areas and facilitated the suburbanization of America. Interstate highways connecting central cities to each other not only served as an engine for interstate commerce, but the interstate system opened up nearby rural areas for suburban



development. The interstate beltways surrounding central cities were started in the late 1950s and 1960s, allowing families and companies to locate miles away from the central city. Beltway systems around the central city also had the effect of fixing the boundaries of the first suburbs that had boomed before 1960. Newer suburbs were created further out, and could compete because the growing American middle class was willing to trade longer commutes for bigger homes on bigger lots in even newer suburbs (Gallagher, 2013).

Thus, the land use and housing patterns of America's first suburbs were set in place in a very different era. In general, housing in America's first suburbs is today considered small and deficient. Closet space is limited because 1950s wardrobes were smaller. Single-car attached garages often have been converted into living space to gain an extra bedroom or family room. Driveways are insufficient to hold the two or three automobiles (often much larger SUVs or minivans) many middle-class American families have, forcing families to park extra cars on the street. Kitchens are separated from living areas with limited counter space, undersized pantries, and small appliances. Bathrooms are tiny by today's standards, and master bedrooms don't have the ensuite that is expected in our HGTV-inspired housing market. Unfortunately, many American homebuyers are simply not interested in the smaller home footprint that was commonly constructed in the late 1940s and 1950s.

The baby boomer children who were raised in America's first suburbs have themselves often moved further out to get bigger homes with contemporary amenities. Their aging parents sell

their 1950s homes not to their own children, but to families that are more modest economically. This is known as "filtering," the process by which aging housing stock filters down to lower-income families (Hanlon, 2008 b). Because first suburbs were the primary location of the post-World War II housing boom, filtering has a disproportionate impact on first suburban communities. Many first suburbs with entire neighborhoods of mass-produced post-World War II houses have seen wholesale changes in their demographics as homes are transferred. The baby boomers have driven the demand for "McMansions" in newer, outer-ring suburbs. The people who are buying first suburban homes are, like the families who bought them in the 1950s, eager to move in to enjoy what is for them often a big step up in terms of housing quality. But the current buyers in first suburbs often are households that lack the financial stability taken for granted by many in the American middle-class. The process of filtering means that once middle-class suburbs are increasingly filled with families that are not securely in the middle class themselves. These newer residents to the first suburbs struggle with the costs of maintaining these aging homes.

Cleveland State professor emeritus Tom Bier argues that aging housing stock is perhaps the single-most important driver of first suburban decline. Bier persuasively describes the life cycle of cheaply constructed buildings. When originally built, these structures were new and valuable, built in areas of economic vitality. After a few decades, they need major investments and upgrades. But if these investments are not made—which they often aren't—the buildings start to deteriorate.

A new owner might buy the deteriorating building, but it sells for a lower value because of deferred maintenance. The new owner often makes an economically rational decision to minimize investment in the aging structure, which in turn makes it less valuable over time. The new owner extracts what cash can be made from the aging structure and pockets the money. This cycle of decline in a house or a commercial structure is repeated with each new generation of ownership. Eventually, the structure becomes a “lost cause” building, which eventually will be abandoned. These abandoned, falling apart buildings then become the ward of the local government, which lacks the means and authority to quickly remove the blighted property from the community. One such property brings down the value of nearby buildings, tipping them towards the very same cycle of disinvestment and abandonment. If unchecked, Bier fears that in the next 50 or so years, most first suburban homes and structures will need to be torn down and rebuilt (Bier, 2017).

Bier paints a daunting picture for the inner-ring suburbs. But can this fate be avoided? Each first suburb should develop a housing strategy to avoid this outcome. The remainder of this chapter will discuss aspects of first suburban housing that should be addressed in each first suburb’s housing plan and housing strategy.

CODE ENFORCEMENT

The first line of defense against housing decline is property maintenance efforts that mandate each property owner meet minimum community maintenance standards. Property maintenance efforts and energies must be applied to single-family homes, duplexes, apartments, and commercial buildings. But in most declining first suburbs, the housing stock makes up the bulk of total property value, and housing usually has to be the primary focus.

The ability of first suburbs in Hamilton County, Ohio, to effectuate property maintenance varies tremendously. Candidly, the ICMA research revealed that code enforcement in many first suburbs is not a top priority. Public safety agencies typically take up the bulk of the municipal budget, leaving inadequate amounts of money for all the other public services, including property maintenance enforcement. This is particularly

The first line of defense against housing decline is property maintenance efforts that mandate each property owner meet minimum community maintenance standards.

true in declining first suburbs, and it is doubly detrimental in first suburbs that are experiencing filtering and disinvestment.

In many smaller first suburbs in Hamilton County, code enforcement is a part-time position or contracted out function. At any given time, multiple properties will be subject to an enforcement order or action. Some property owners comply immediately, others will comply but not in the required time frame, and other property owners are wholly noncompliant. Tracking multiple deadlines and meeting notice and posting requirements for each separate complaint can be a lot for code enforcement officials to manage, especially if they are part time. Also, first suburbs enforce codes in a silo. In Hamilton County, different jurisdictions take independent actions against property owners who own poorly maintained properties throughout the region. Some poorly performing property owners are neglecting properties in multiple first suburbs without the local governments having a current method for coordinating efforts or even knowing about the breadth of the problems. Best practices and innovations are not routinely shared among code enforcement officials.

The result is that many first suburbs have an inadequate code enforcement effort. This is unfortunate when the academic literature so clearly identifies aging building stock as a primary driver of first suburban decline. Quality homebuyers and middle-class renters are the foundation of first suburban stability. City managers in first suburbs should assess whether or not the code enforcement function has adequate resources to achieve the goal of meeting minimum standards throughout the community. Based on the ICMA research, a significant increase in code enforcement is warranted.

Politically, this is challenging in many first suburbs. Code enforcement, as a regulatory function, is not politically popular. Moreover, some property owners have legitimate reasons for not maintaining their property. These include economic hardships, disabilities, age, family burdens, and complex estate or ownership matters. Many homeowners need a helping hand more than a watchful eye issuing orders. But other property owners are willful in their noncompliance. Out of town landlords may not be responsive to notices and orders as long as a rent check comes in. It can be quite difficult for code officials to track down the actual owners of property held in limited liability companies or trusts in order to perfect due process notice requirements. With these varied reasons for noncompliance, it can be extremely difficult for code enforcement officials to ensure problem properties meet minimum standards.

States have varying laws to aid local governments in achieving compliance with property maintenance codes. In Ohio, a survey of some best practices reveals a few useful tools that may not be available in other Midwestern states. First suburban city managers in other states may have other tools not available in Ohio that could be useful. ICMA and first suburban city managers would do well to advocate for new tools to empower first suburban local governments.

One best practice involves rental registration. Cleveland Heights and South Euclid are first suburbs outside of Cleveland that require rental homes to be registered with the municipality. All rental homes are inspected every three years to ensure each complies with property maintenance and building code requirements. In the event that a rental unit does not comply during one of these three-year inspections, it is inspected annually until it has two consecutive years without any violations found. This is time intensive for administrators and for field inspectors, but it does help to make sure properties do not get too far deteriorated before corrective action is ordered. Rental inspection programs with modest registration fees may be of help in many first suburbs.

Similarly, several first suburbs in Northeast Ohio require a home inspection before a home can be sold. Any building or property maintenance code deficiencies for the property have to be repaired before closing. This reduces speculative home

flipping, and provides consumer protections for future tenants or homeowners. Like rental inspections, this is administratively intensive; in addition, it inserts licensed building officials in the real estate sales process. This is expensive, but it can be a tool to force minimum compliance with code requirements. It is not popular among homeowners and realtors because it interjects the municipality into a private transaction. Particularly when the municipal inspection shows no code deficiencies, this extra step is simply adding time and expense to the real estate sales process. But the process of selling a single-family home already has many regulatory procedures in place to protect banks, title companies, attorneys, surveyors, agents, buyers, and sellers. A simple review of any closing statement shows just how many gatekeepers play a role in transferring a property. Point of sale inspections might just need to become a normal course of business in first suburban communities, and given the existing complexities of selling property, few should object to adding one more protection.

North College Hill, Ohio, a first suburb of Cincinnati, passed legislation that requires a bank to pay a \$500 annual fee to the city as an initial registration of a foreclosure, and to subsequently pay \$500 per year thereafter for a bank-owned home. The fee is not refundable nor can it be prorated, and must be paid to North College Hill within 10 days of foreclosure. The registration process requires the bank to name a locally responsible party for maintenance orders, notices, and court actions. This tool helps the city of North College Hill recoup some of its time and effort dealing with foreclosed properties, and gives a strong incentive to lending institutions to manage its repossessed properties effectively. One can only imagine how beneficial this type of program would have been for municipalities in 2007-2010.

The city of Deer Park, another first suburb of Cincinnati, requires vacant commercial properties (including apartments with four or more dwelling units) to apply for a Vacant Building License. The license is required after the property has been vacant for more than 90 days. The initial license fee is \$900 for the first year, but the fee escalates annually and can go as high as \$3,500 for a property that has been vacant for five or more years. These Vacant Building License fees defray Deer Park's costs of monitoring the vacant

Many first suburbs continue to have a disproportionate amount of land zoned for single-family homes. While this might have served a purpose in the past, single-family zoning codes may well be outdated and in need of revision in many parts of first suburbs.

buildings to ensure they do not become an attractive nuisance. The Vacant Building License requires the owners to meet minimum property standards, including ensuring the building is secured at all times.

All of these programs—rental registration, point of sale inspections, foreclosure registrations, and rental property registrations—are tools first suburbs are using to stop the downward spiral of deteriorating properties. These program fees can establish the financial resources for a first suburb to increase its level of code enforcement. And it is vitally important that first suburbs dedicate enough staff time and professional administration to code enforcement just as they do for public safety services. The trajectory of first suburban decline requires attention be given to code enforcement functions that are usually, unfortunately, understaffed.

PLANNING AND ZONING

Many first suburbs continue to have a disproportionate amount of land zoned for single-family homes. While this might have served a purpose in the past, single-family zoning codes may well be outdated and in need of revision in many parts of first suburbs. If one of the signs of decline is a loss of population, then first suburbs should look for strategies to add people. Household size is generally getting smaller in the United States, so the way to add more people in a first suburb is to increase density. First suburbs cannot logically be both worried about losing people and unwilling to change zoning maps to allow more than just single-family homes.

Increasing density is commonly controversial. Some of this controversy stems from legitimate neighborhood concerns—worry about additional traffic, concerns about overburdened public services, or incompatible designs and architecture.

But some of the concerns are poorly veiled fears over diversity of race, income, ethnicity, and special populations. Most seasoned ICMA members can share at least one account of zoning battles that brought out some of the worst fears and statements they have heard in their public service careers. No metropolitan area has managed to avoid battles over density zoning change battles. This pattern is so common that the acronym NIMBYism—not in my back yard—has entered the American vernacular.

Despite this, first suburbs can benefit from land use planning initiatives that look for opportunities to increase residential density where it makes sense. Opportunities will vary. Chapter 4 discussed the need for first suburbs to assemble properties for redevelopment. Whether assembled by the municipality or a private entity, first suburbs will benefit from carefully examining New Urbanist and mixed-use redevelopment zoning. Increased densities will be the only way for many first suburbs to add new housing stock to a built-out environment. Increased density is necessary to make new private development pro formas pencil out given the lack of vacant land for projects in the built-out first suburban context. Increased residential density can enable developers to offer a mix of housing types and price points, which may enable accessing low-income housing tax credits, new markets tax credits, or other complex funding mechanisms often used in more urban projects. Densification in first suburbs is efficient in terms of the use and reuse of existing public infrastructure such as roads, utilities, and parks. Densification will attract a new generation of residents to an otherwise struggling first suburb.

Leading scholars ranging from Ellen Dunham-Jones to Richard Florida advocate for higher density in suburbs. A review of the first suburbs that are successfully redeveloping shows the importance



of increased density, as well as mixed-use zoning. Changing the traditions of Euclidean zoning, which no longer serve all first suburbs well, is an important shift in our governing philosophy and approach. Greater density will enable more environmental sustainability, resiliency to increasingly more severe weather, and more racial and social inclusion. Higher density will also support neighborhood businesses and restaurants, which need nearby households to thrive.

FIRST SUBURBAN FLIPS

If first suburban homes typically lack the characteristics desired by middle-class, prospective homebuyers, then perhaps some first suburbs can facilitate model home renovations that demonstrate the full potential of these 1950s homes. Lake County, Ohio, just east of Cleveland, has about 15,000 simple bungalows and ranch homes built in the late 1940s through the mid-1950s. Like many homes of this era, these ranches and bungalows are too small for homebuyers heavily influenced by HGTV’s “open concept” kitchens and walk-in closets. But the Lake County, Ohio, Port and Economic Development Authority recognized that these homes have geographic benefits highly prized by young families. These include shorter commutes to work, proximity to schools, nearby retail and restaurants, churches, parks, and other authentic community amenities one can’t find in outer suburban settings.

To better match the location benefits with the existing housing stock, the Lake County Port acquired a bungalow through a donation. The

port worked with a local architecture training program to come up with model plans that could be used in other identical homes. The port is documenting the costs and pitfalls of the renovation to prove the concept of addition and renovation to potential buyers of the common first suburban home. It is not yet clear if Lake County’s demonstration will prove successful—like most renovations, the project experienced cost overruns. Still, the concept could be repeated in other suburbs with similar housing, and best practices could be shared.

TARGETED INVESTMENT INCENTIVES

The city of Blue Ash, Ohio (12,274) is in some ways not a typical first suburb. While it is inside the I-275 beltway, much of its development occurred in the 1970s through the 1990s. Well-led and capably governed, Blue Ash had the vision and vacant land to become an employment center with many modern office buildings, commercial parks, and businesses that support the commercial activity. Blue Ash estimates that it has a daytime population of over 40,000 workers. This employment places additional service demands on the city, but it also means Blue Ash receives considerable revenue from these daytime employees. On balance, Blue Ash benefits from its newer commercial development and considerable commercial activity.

But Blue Ash has entire residential neighborhoods that were built in the 15 years after World War II, generally concentrated near the community’s

original downtown. Homes in these Blue Ash neighborhoods are Cape Cod, simple bungalows, and ranches. These Blue Ash neighborhoods thus have the same type of market limitations, filtering, and deterioration pressures that exist in other nearby first suburbs, even if the other, newer neighborhoods of Blue Ash do not.

To address this challenge, Blue Ash created a special community reinvestment area over this first suburban neighborhood, making the homes within it eligible for up to 100% property tax abatement on the improved value of the home for up to 15 years. Property tax abatements are available for new construction or renovation projects of at least \$50,000 in cost. For an owner-occupied single-family home, 100% of the increased valuation is abated. This allows the homeowners to pay taxes just on pre-improvement value for up to 15 years. Blue Ash also allows multifamily homes in this targeted neighborhood a 50% abatement on the increased valuation for up to eight years. These property tax abatements stay with the property, provided it continues to meet all requirements, and thus it can be transferred to a new owner within the abatement term.

The Blue Ash targeted tax abatements were created in mid-2014. Since then, Blue Ash has had 60 separate improvement projects with a total new investment of \$23.4 million (Harrington, 2019). Blue Ash benefits from having a well-regarded school system, a regionally renowned super park, and an overall community vibrancy, but this example does show that strategic incentives can stimulate the real estate market in first suburban neighborhoods.

REITS

Since the Great Recession, real estate investment trusts (or REITS) have been purchasing thousands of single-family homes. When banks found themselves in possession of literally tens of thousands of single-family homes in the years after the 2008 Recession, Wall Street firms were formed to pool money and acquire discounted properties from overwhelmed banks. The timing of these hedge fund acquisitions meant that prices they paid for single-family homes were at the bottom of economic trough. In turn, these firms rented out these single-family homes for considerable monthly rents to people who had few other options (Glantz, 2019).

REITs may thus upend the mix of owner-occupied vs. rental homes in a first suburb, and this in turn could further destabilize a struggling community.

Some contemporary REITs have combined the analytical power of big data, the ruthlessness of Wall Street, and the efficiencies of corporate America to scoop up thousands of first suburban homes. These hedge funds have access to far more capital and legal resources than a declining first suburb, many of which are unable to keep current on who is buying and selling homes in their community. In Colerain Township, a first suburb north of Cincinnati, a Boston-based REIT acquired over 200 detached homes in a modest single-family subdivision with 1,400 total units. Almost overnight, this REIT took draconian measures to minimize its maintenance costs. The REIT removed all shrubbery and landscaping for its 200 homes. Can you imagine what effect this corporate cost-cutting decision had to the property values of the other 1,200 homes in the neighborhood? (Milz, 2019).

REITs can become a barrier to affordable housing (Charles, 2018). REITs can develop ways to work directly with banks and other lending institutions to acquire homes in first suburbs even before they are listed for sale on the open market. This can limit the opportunity for middle-class families looking to buy a home to ever get the chance to search in a particular first suburb. REITs may thus upend the mix of owner-occupied vs. rental homes in a first suburb, and this in turn could further destabilize a struggling community. REITs may offer some families a chance to live in a community where they otherwise would not have been able to afford to buy a home. But REITs may also be preventing some first suburbs from attracting the next generation of homeowners to see through a community-wide revitalization. First suburban city managers and ICMA should continue to learn more about the potentially detrimental results of REITs in communities.

GREENHILLS

The Village of Greenhills, a first suburb of Cincinnati, embarked on a residential redevelopment and improvement program in 2000. The objective of Green Hills's effort was encouraging home ownership by actively participating in the housing market. According to audit reports, Greenhills has invested close to \$6 million in this interventionist approach, acquiring a total of 135 units. Many of the acquisitions have had the existing homes razed to make way for further redevelopment opportunities. Greenhills also rents more than 50 of these homes, creating a revenue stream to cover the operations of the rental units and relieve some of the indebtedness. This type of program requires seed capital, and must be studied more. There are a number of potential pitfalls—fair housing compliance, evictions, rental maintenance—that other communities would need to study and assess. Still, it has potential as a model for a local government to intervene in the housing market as a benevolent agent. This type of intervention may be particularly necessary in light of the growing prevalence of REITs.

HOME SCHOOL MOVEMENT

The number one criterion most home buyers list is quality schools. This is outside the ability of most local governments to influence, and many first suburbs have declining school scores. And this feeds upon itself in a negative loop. A community's ability to stay attractive to the next generation of prosperous potential home buyers can be undermined by schools facing a wide range of challenges. Few communities thrive when school districts are declining.

The city of Mount Healthy (6,098) is a struggling first suburb in Hamilton County, Ohio, with a growing movement of home-schoolers. These families are choosing to have one parent work and one parent homeschool the children. To live on one income, these families are choosing to live in

modest homes. More modest homes are aplenty in first suburbs. Could this model help attract enough stable, dedicated, intentional families to help a community stabilize? Mount Healthy cannot say that this has turned the tide, but the size of its home-schooling community is noticeable and the parents are engaged and invested in the community. Other first suburbs might be well positioned to serve as affordable options for families that seek a different lifestyle, such as home schoolers.

CONCLUSION

A first suburb with a declining housing stock will find it extremely difficult to avoid decline. As a result, a community-wide effort is necessary to preserve existing housing, encourage investment, and offer new housing options to potential residents.

Many first suburbs have under-resourced code enforcement functions that cannot hold back the combined detrimental effects of aging buildings and spreading disinvestment. Many single-family homes may eventually need to be removed to stop the spread of their blighting influence. The corporatization of single-family rentals following the foreclosure crisis is a disturbing trend that seems likely to have a disproportionate impact on first suburbs. Registration programs for foreclosures, vacant buildings, and rental homes seem promising to help first suburbs become aware of problems before they become entrenched. Antiquated single-family zoning provisions that set arbitrary lot sizes, yard setbacks, lot coverage ratios, and height restrictions prevent innovative housing options from entering the first suburban market. The key to reversing population loss and single-family home decline lies in changing zoning codes in smart, targeted ways. Smart changes will increase density, promote environmental efficiency, expand affordability, and offer a blend of housing options including market, workforce, and affordable housing.



CHAPTER 6

Poverty and Inclusion

The terrible historical reality is that the vast majority of America's first suburbs were residential enclaves that excluded people of color. The establishment of America's first suburbs worsened the nation's deep and long history of racial segregation. By separating huge portions of the white American middle-class into standalone suburban communities on the heels of the Great Migration, the suburbanization of America after World War II distilled social and economic problems within America's big cities. One cannot fully understand American urban history without appreciating how the very establishment of America's first suburbs contributed to big city problems, racial segregation, and economic disparities.

Over the past several decades, however, a growing number of first suburbs have themselves experienced the type of decline associated with America's central cities in the second half of the twentieth century. A few first suburbs were starting to show signs of decline in the 1980s and 1990s, which were noticed mostly by keen academics and think tank scholars. The signs of decline included increasing poverty, aging housing stock, disinvestment, blight, crime, and depopulation. The Great Recession of 2008 accelerated these trends and increased the number of first suburbs exhibiting decline. And many first suburbs across the country have yet to bounce

back from the Great Recession. While many rooted first suburban white families have now fallen out of the middle-class, it is also common that the influx of impoverished families includes many non-white families. Thus, the manifestations of decline in first suburbs are increasingly a blend of America's socioeconomic and racial contours.

In real ways, America's first suburbs are less capable of dealing with the problems of decline than bigger central cities. For one thing, bigger cities have larger city staffs and greater ability to specialize and concentrate administrative efforts. This gives bigger cities more capacity to undertake revitalization efforts and make targeted neighborhood investments to reverse blight and decline. Major cities also have cultural institutions like museums, performing arts centers, major sports venues, higher-density central business districts, and grand parks. Revitalization efforts in the central city capitalize on these cultural assets, and have been a key driver in the "back to the city" movement since 2000 (Gallagher, 2013; Florida, 2017). These assets are absent in most first suburbs because of how and when first suburbs were established.

Moreover, central cities have mature social and human service infrastructure to deal with poverty, addiction, homelessness, food insecurity, mass



transit, mental health, and other similarly serious challenges. The suburbanization of poverty and its associated problems places geographic distance between the people living in first suburbs who increasingly need these services and the traditional service providers with a central city-based model of service delivery. Scholars recognize that “As poverty becomes increasingly regional in its scope and reach, it challenges conventional approaches that the nation has taken when dealing with poverty in place” (Kneebone and Berube, 2013). The ways in which poverty has spread to first suburbs create a geographic disconnect between the social service infrastructure and the growing number of first suburban residents who need these services.

Academics recognize “...most suburbs are ill equipped to address the unique needs of poor populations” (Lacy, 2016) and in many cases, first suburban civic leaders do not fully appreciate the depth of the challenge. After all, an increase in poverty does not happen overnight. The city of Cheviot, Ohio is an excellent example of the suburbanization of poverty inside the beltway. Cheviot is a first suburb west of Cincinnati that in 1999 had 7.60% of its population living below the federal poverty line. By 2017, Cheviot’s poverty rate was 20.70%, a 13.10% increase in just 18 years. When we examine Cheviot’s unfortunate increase in poverty over the long term, it is startling. Yet, Cheviot’s increase in poverty was less than 1% per year on average, so it is hard for many Cheviot residents to fully appreciate just how steady and unyielding the trend has been. Cheviot is similar to many other first suburbs in Hamilton County—and indeed around the country—that

have gone from working-class communities to challenged first suburbs in a generation.

Richard Florida notes, “Suburban governments and police departments have been slow to adjust to these new realities” (Florida, 2017). Few suburban leaders expected the suburbanization of poverty, and many still do not fully appreciate how widespread suburban poverty has become since 2000. Today, one in four suburban residents are poor or nearly poor (Florida, 2017). And dealing with the challenges associated with poverty is new policy territory for most first suburban local governments.

There is little reason to think that the decline of America’s first suburbs will self-correct. First suburban decline creates a vicious cycle of disinvestment and filtering. And we cannot discuss first suburban decline without fully acknowledging the changing nature of racial composition inside the beltway. White flight is still very much a reality. According to Myron Orfield and Thomas Luce,

Many currently integrated neighborhoods are actually in the midst of social and economic change, and many communities that were once integrated have now re-segregated. Fifty-six percent of the neighborhoods that were integrated in 1980 had become predominantly nonwhite by 2010, and only 40% of neighborhoods that were integrated in the 1980s remained in that category in 2010 (Orfield and Luce, 2013).

In other words, many integrated communities are in fact in flux. Communities that declared racially mixed after a decennial census is conducted typically do not stay at the same ratio of residents who are white or black by the next census. Racial

Yet, city managers and local government leaders cannot confront the challenges facing first suburbs without the willingness and ability to facilitate conversations around race, ethnicity, and class.

and ethnic diversity are not the norm in most American communities, and communities shift from one predominant racial group to another if examined over a longer period of time. (Orfield and Luce, 2013). The diversification trend very much includes America's first suburbs. For example, traditionally working-class suburbs in south Cook County outside Chicago demonstrate white suburban flight. According to Pete Saunders,

Racial change in south Cook County began in earnest in the 1980s. In 1970, 89 percent of its residents were white and 7 percent black. By 1990, blacks made up 30 percent of its residents; by 2010, 54 percent. Today, 26 out of south Cook's 36 municipalities are majority black (Saunders, 2019).

The flight of middle-class families—often white families—from a first suburb can accelerate the challenges these first suburbs face. A middle-class family that concludes the community is in the midst of decline may reduce the price of their family home in order to sell it quickly and move out. Fear-based, fire sale pricing lowers home median home values, discourages neighborhood home reinvestment, and accelerates filtering. This pattern of white flight that occurred in American central cities throughout the second half of the last century is being repeated in many of America's first suburbs, like those in south Cook County.

Racial, ethnic, and class diversification will continue to accelerate in most of America's first suburbs, and these changes often engender conflicts with and reactions from long-standing residents. It is uncomfortable in the local government context to candidly discuss the ways in which sociological differences drive local government public policy, family location decisions, public perceptions, and private investments. Yet, city managers and local government leaders cannot confront the challenges facing first suburbs without the willingness and ability to facilitate conversations around race, ethnicity, and class. City managers working in increasingly challenged first suburbs will have to

employ facilitative skills and cultural competencies to convene public conversations around race, class, culture, and ethnicity. This requires courage. Many people are simply afraid of unintentionally making a culturally insensitive statement without intending to do so. As a result, crucial community conversations are often simply avoided.

This chapter focuses on the ways in which spreading poverty and racism need to be acknowledged and confronted by first suburban local government leaders. This chapter recommends these conversations address intentional inclusion, service gaps for residents facing poverty and instability, landlord-tenant relations, and housing densification. That these conversations are so difficult makes it that much more necessary to convene forums for frank discussions.

INTENTIONAL INCLUSION

It is a core value of ICMA that its members embody inclusion, equity, and fairness in local governance. This is articulated best in ICMA's guidelines to Code of Ethics Tenet 4, which requires members to, "...strive to eliminate barriers to public involvement in decisions, programs, and services." The changing racial and class composition of America's first suburbs provides an opportunity for ICMA members to ensure inclusivity is a democratic value exercised in communities that have not historically been at the forefront of inclusion. Academic research shows two critical points. First, it is within integrated communities that whites and blacks have the best perception of each other. Second, people generally want to live in an integrated community (Orfield and Luce, 2013).

But this same research shows perceptions of integration vary significantly by race with whites generally having a lower tolerance for diversity. As the percentage of residents in an area who are not white increase, some white residents feel ill at ease well before black residents themselves

The common theme in successfully integrated and stable communities is intentionality. City managers and civic leaders in changing communities must convene forums to state the community's value that integration is to be expected and to celebrate the richness diversity has brought to the community.



feel that the neighborhood is actually diverse and inclusive. As a result, some white residents start to leave the area in greater numbers, which means a slow integration picks up speed and an area can become predominately black relatively quickly. Unfortunately, a relatively modest increase in diversity can trigger white flight because of the varying acceptance levels of diversity among blacks and whites. And it is for this reason that, “Integrated communities have a hard time staying integrated for extended periods” (Orfield and Luce, 2013).

Several first suburbs have modeled successful and intentional inclusion, and have thus managed to more successfully integrate. Shaker Heights, Ohio, adjacent to Cleveland, has a storied history of intentional inclusivity (Malone, 2019). Shaker Heights is not alone. Its neighbor Cleveland Heights has also been intentionally inclusive.

Evanston and Oak Park outside of Chicago have also found ways to remain racially integrated. And Silverton, Ohio, took steps in the 1960s and 1970s that ensured the community would remain approximately 50% white and 50% black over two generations. The common theme in successfully integrated and stable communities is intentionality. City managers and civic leaders in changing communities must convene forums to state the community's value that integration is to be expected and to celebrate the richness diversity has brought to the community.

First suburban integration is no longer limited by race. Today, “The majority of immigrants to the United States now move directly to the suburbs...” instead of moving to big cities (Vitiello, 2014). Many of these immigrants are from Central America and are Hispanic, though many first suburbs also have large influxes of immigrants from Asia or Africa as well. Immigrants bring different languages and culture, and typically have a higher rate of poverty than do native-born Americans (Kneebone and Berube, 2013). Increasing immigration to the suburbs can thus bring an additional layer of culture conflict, language barriers, and poverty. A common anti-immigrant response from long-standing residents—“defensive localism”—entails the native-born community putting in place barriers to immigrants moving into the community (Vitiello, 2014). The 2016 election has made this nativist response more mainstream. Not every community responds with defensive localism, however. Norristown, Pennsylvania, outside of Philadelphia—a distressed former factory town—sought to welcome an influx of Mexicans into the community as part of an overall revitalization strategy. Norristown had a social infrastructure of labor organizations, civic institutions, and public leaders who were able to

work cooperatively with immigrant groups to make the demographic changes positive. In contrast, nearby Bridgetown attempted to discourage the settlement and employment of immigrants by enacting housing and employment restrictions in order to stop the influx of Mexicans into the ethnically white first suburb (Vitiello, 2014).

Scholars point out, “Stable integration is possible, but it does not happen by accident. It is the product of clear race-conscious strategies, hard work, and political collaboration among local governments” (Orfield and Luce, 2013). City managers will need to convene community meetings and civic processes to bring together an increasingly diverse group of residents to meet, share, forge relationships, and reach community understandings. The future of our first suburbs may well depend on the capacity of civic leaders to successfully forge new community ties during periods of social and economic change.

CLOSE POVERTY SERVICE GAPS

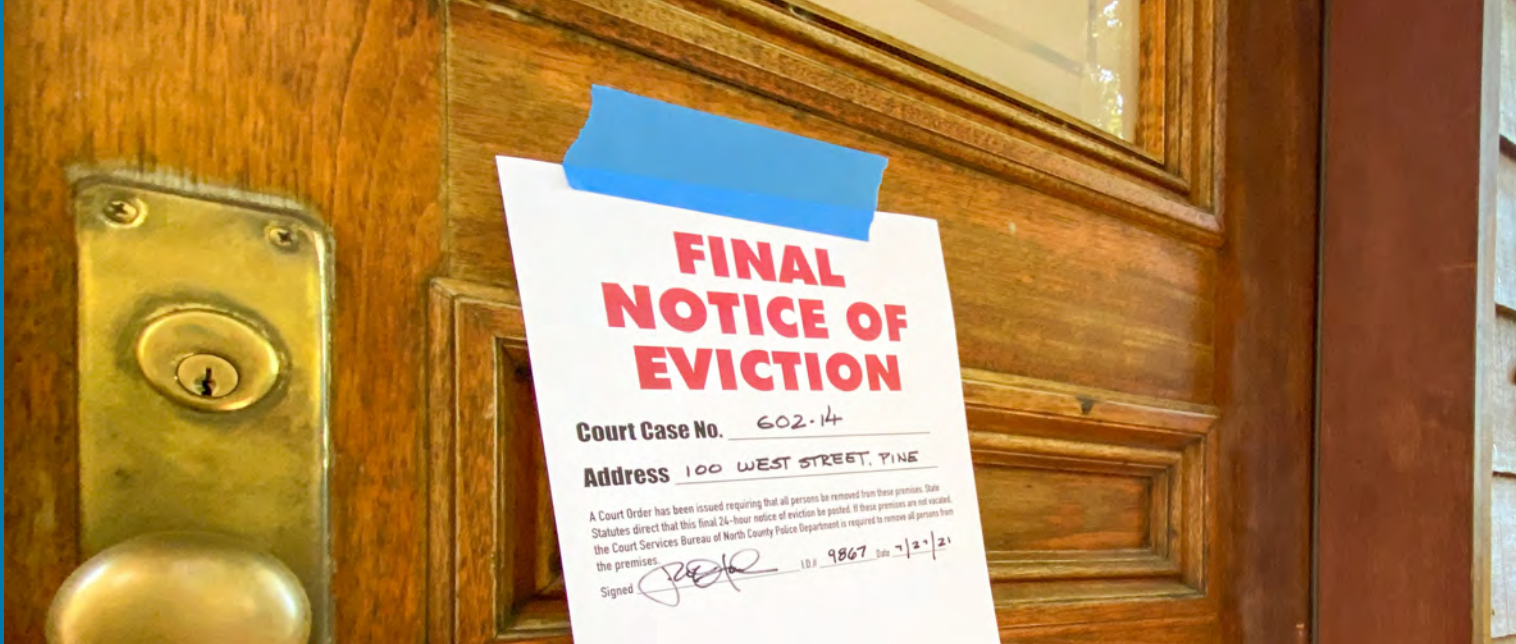
It has already been established that America’s suburbs are facing growing levels of poverty (Hanlon, 2009; Kneebone and Berube, 2013; Lacy, 2016; Florida, 2017). Increasing poverty is one of the key performance measures of first suburban decline. Households experiencing poverty face a number of daily challenges outside the experiences of families with greater financial means. These challenges can be far ranging, from food insecurity to transportation challenges, from medical problems that go untreated to being short on rent. Relatively small financial setbacks like a large medical bill from a sick child or an unexpectedly high heating bill can cause a cascading failure for a family living at or below the poverty line. For instance, a flat tire can lead the head of household to miss a shift at work, causing them to be fired, which in turn causes the rent to be late, leading to the family’s eviction. Increasingly, families living a fragile economic existence reside in America’s first suburbs in numbers never seen before.

In Ohio, social and human services assisting families in need are most commonly county functions and, therefore, outside the typical city manager’s job duties. A complex and interwoven system of private and charitable organizations



also provides support services for families facing financial, health, educational, and employment challenges. Most local governments serving first suburbs have limited interaction and engagement with this complicated network of public, private, faith-based, and charitable service providers. But first suburban city managers will increasingly have to learn how to connect first suburban residents experiencing instability with public and private social service agencies. This expansion of the first suburban city manager’s job duties is necessitated by the changing nature of the American first suburb. City managers and other local government leaders in first suburbs should evaluate the gaps in services for the community’s residents at or below the poverty line. By helping families facing instability, the first suburb helps its own stability.

Take, for example, property maintenance and code enforcement. This manual has already discussed in Chapter 5 the importance of code enforcement as a means to extend the life of homes and thwart disinvestment in first suburbs. But when viewed from the perspective of a family experiencing poverty, the expenditures to fix up a house can be the proverbial straw that breaks the back. How do we as city managers reconcile the importance of ensuring property maintenance standards are met, while simultaneously helping families facing real financial hardships? Partnerships. This is where nonprofit service providers can be strategically engaged to assist homeowners with



serious financial needs. The first suburb's goal is to see that a property is maintained and meets community standards. Nonprofit service providers can help both the homeowner and the community to solve this hardship situation. Whether it is an organization like Habitat for Humanity or a local church, first suburban city managers can connect those in need with those willing to help.

Connecting a homeowner in need with a social service agency that can help them maintain their property falls well outside the normal course of responsibility for a general-purpose unit of local government. But the suburbanization of poverty will only continue to spread. Financially strapped first suburbs do not have the resource base to establish social and human service agencies, so first suburban managers now need to have greater understanding of how their less fortunate residents access these needed services. It is in the interest of the first suburb to find partnerships that can assist struggling families in coping with a variety of social and economic challenges. This extends beyond property maintenance, and includes food, workforce development, transportation, childcare, education, and more. City managers can stabilize their communities by helping stabilize the families experiencing poverty.

ANALYZE EVICTIONS AND TENANT-LANDLORD RELATIONSHIPS

Matthew Desmond's Pulitzer-Prize winning *Evicted: Poverty and Profit in the American City* has raised considerable awareness that eviction is not just a

result of poverty in the United States, but it is also a major cause of it (Desmond, 2016). The standard metric for housing to be considered "affordable" is that housing expenses cost no more than 30% of a family's monthly income. But one in five Americans who rent spend half of their income on rent alone. With such high percentages of income going to rent in so many American households, the slightest setback often starts a downward spiral leading to eviction. And once a family has been evicted, the downward spiral deeper into poverty accelerates. Desmond persuasively details how being evicted causes years of social and economic disruption for the American family. And these families facing eviction increasingly live in first suburbs.

There is no generally accepted benchmark determining what is or is not a normal rate of eviction in a community. Most landlords assume an 8% annual vacancy rate (or one month a year) when they forecast income for rental units. So, 8% becomes a useful figure to compare evictions against absent a better measure. The ICMA research on first suburbs around Cincinnati showed 13 of 33 first suburbs analyzed had an annual eviction rate higher than 8% over a four-year period. Nine of these 13 suburbs had an eviction rate greater than 10% annually. Keep in mind that the eviction rate is not the vacancy rate. Rental units become vacant from normal turnover in addition to formal evictions. One Cincinnati first suburb—North Bend—had an average eviction rate of 23.91% between 2014 and 2018. This is truly astounding.

These data show high rates of evictions are not exclusive to big cities. Evictions will occur in a normally performing rental market place, just as

foreclosures will occur in a normally performing housing market. But the rates of eviction based on the ICMA research in Hamilton County demonstrate that eviction rates can be high in suburbs. Evictions are thus contributing to the impoverishment of first suburban families and are disruptive to first suburbs overall. The growing national awareness around evictions as a social problem is still relatively new, largely stemming from Desmond's 2016 book. Studies about evictions tend to concentrate on big cities like Milwaukee, Philadelphia, and Atlanta. But the ICMA research clearly indicates evictions are occurring at significant rates in first suburbs as well.

This manual has already discussed the rapid growth of Real Estate Investment Trusts, or REITs as a challenge to housing in first suburbs. The Great Recession enabled REITs to acquire large numbers of single-family homes in places hit hard by the foreclosure crisis. Many first suburbs had high rates of foreclosures, and are thus now part of the REIT rental market. It is also true that REITs have a higher rate of eviction than do traditional rental properties (Raymond, Duckworth, Miller, Lucas and Pokharel, 2016). REITs bring corporate efficiency to America's first suburban rental markets. Studies indicate that REITs, have great financial incentive to undertake evictions (Glantz, 2019). It is often difficult for the tenant or the first suburb even to know the true owner of a REIT-owned rental unit (Glantz, 2019), and this corporate veil separates the tenant from the landlord in a manner that can have devastating implications for both the community and the tenant. This same LLC veil can make it very hard for a first suburb to even know how many REIT-owned rental units might be present in the community.

If poverty is a growing concern for first suburbs, and if evictions are a major cause of poverty, then first suburbs need to be concerned about evictions. Evicted families may or may not stay within a particular first suburb, but the constant turnover of rental units and the frequent setting out of personal property on the curb has a rippling effect on the neighborhood. First suburban city managers can join the growing group of managers of larger cities who are enacting legislation that levels the playing field between landlords and tenants. Reducing the rate of evictions in a first suburb will stabilize the families living there and assist the first suburb to arrest its decline.

ZONING AND DENSIFICATION

This manual has already advocated in Chapter 4 for New Urbanist planning as a tool for interventionist economic redevelopment. In addition to a purely economic argument for densification, there is a compelling equity argument as well. Especially in expensive metropolitan areas, first suburbs have the opportunity to ameliorate the housing affordability crisis by modestly increasing density on even a small number of single-family housing lots (Romem, 2019).

The U.S. Supreme Court's upholding of single-use zoning in the famous *Village of Euclid v. Ambler Realty Co.* case was decided in 1926. This case cleared the way for municipal zoning regulations, but was quickly followed by the Great Depression and World War II. Both historic events stunted America's growth and development until after 1945. These means that the golden era of the first suburb—the 1940s and 1950s—was also the golden age of Euclidean zoning. Most first suburbs were intentionally planned and developed to meet a huge need for additional housing that had been tamped down for a generation by the Depression and the war. Buoyed by federal programs, such as the GI Bill which made home ownership possible for millions of returning veterans, huge portions of these newest communities closest to the central city were designed as single-family neighborhoods and have remained so since. But in the decades since this golden era, the size of the typical American family has shrunk and first suburbs have seen a decline in population. This is often compounded by the loss of total housing units within first suburbs through foreclosures and the outright abandonment of deteriorating, blighted homes. Indeed, population loss is one of the key performance indicators of decline in America's first suburbs.

It is self-defeating for first suburbs to be concerned about population loss and the long-term viability of the first suburb itself while simultaneously remaining committed to single-family zoning. With corporate boundaries fixed by neighboring communities and with little or no vacant land available for growth, first-ring suburbs need to reconsider the ways to add residents through densification. This is not to say first suburbs necessarily need to eliminate all single-family zoning districts. Instead, "Allowing for even modest amounts of new density in the nation's overwhelmingly single-family dominant

locales could lead to millions of new housing units nationwide, according to a Zillow analysis, helping alleviate a housing affordability crisis that has been decades in the making.” (Romem, 2019). Smart planning and careful consideration as to where housing density should be increased need to guide changes in zoning and density policies in first suburbs.

Densification is both an economic tool available to first suburbs, but also presents the opportunity to develop more inclusive, more sustainable communities in close proximity to the urban core. New housing starts fell drastically following the Great Recession of 2008 just as millions of millennials entered the life stage when they normally would be purchasing their first homes. “And a shortage of new housing development coupled with sustained demand for it, especially in the nation’s pricey, coastal cities, has contributed mightily to an affordability squeeze” (Romem, 2019). By intentionally increasing density, first suburbs can ensure access to affordable housing, increase population, and contribute to more environmentally sustainable communities (Hanlon, 2015). Densification is thus both an economic tool available to first suburbs, but also presents the opportunity to develop more inclusive communities in close proximity to the urban core. Densification will stabilize declining first suburbs, position them for the coming emphasis on environmental sustainability, and will expand opportunity for those needing workforce and affordable housing options while also adding new market rate housing options.

CONCLUSION

The shrinking of the American middle class and the aging of homes in America’s first suburbs means that the socioeconomic and racial composition of many first suburbs will continue to change. Scholars increasingly recognize, “The prototype of the white middle-class suburb is more myth than reality” (Lacy, 2016). Formerly middle-class and working-class first suburbs will increasingly be home to families below the poverty line. This will be combined with and complicated by increasing racial and ethnic diversification, which have been the key fault lines of America’s urban history.

First suburbs have an opportunity to be welcoming to increasingly diverse residents, but this will not happen without an intentional civic engagement. This is not only the right thing to do from an ethical perspective, but inclusive communities are more socially and economically stable (Orfield and Luce, 2013). City managers have both an ethical obligation and a clear self-interest to convene forums for meaningful and crucial conversations around race, class, and ethnicity.

Most first suburbs lack the human and social service infrastructure to assist residents who are increasingly facing poverty. These first suburban residents are geographically distant from the many social service organizations generally located in the central city. Civic leaders in these communities should intentionally link residents facing instability with existing service providers who can help. While human and social services are not the wheelhouse of many first suburban governments, the fact that poverty is increasingly home in America’s first suburbs requires ICMA members to rethink our roles and responsibilities. This also requires a careful analysis of the rights and responsibilities of landlords and tenants. Evictions are increasingly understood as a cause of poverty and a first suburban problem. In the decade since the Great Recession, many landlords holding extensive numbers of single-family homes have found a home in first suburbs. These corporate landlords bring the ruthless return on investment calculations of Wall Street to the main streets of first suburbs. First suburban city managers can help stabilize their communities by stabilizing their families.

Finally, greater social equity as well as economic redevelopment can be achieved through densification. Wherever feasible, first suburbs should look for smart ways to convert single-family housing areas to greater levels of allowable density. This will help first suburbs reverse population loss, increase both market and affordable housing options, and position themselves for the coming movement to reduce our carbon footprint in the United States. Diverse first suburbs have important environmental strengths such as walkability, ready access to urban job centers, and smaller housing lots.



CHAPTER 7

Our Collective Call to Action

Not every first suburb is facing decline. Indeed, the degree of challenges facing America's first suburbs varies considerably. Many first suburbs that were originally established to be home to affluent families remain stable and continue to epitomize the American dream. But far too many communities that grew right after World War II face serious challenges today, and an even more daunting future. What also varies greatly is the level of awareness regarding these challenges, and the willingness to confront them.

Richard Florida, a leading urban studies social scientist, urges civic leaders to take vigorous action now. He says, "One thing is certain: if we do nothing, today's urban crisis will only worsen and deepen.... Our suburbs will grow poorer, more economically distressed, and more unequal" (Florida, 2017). In too many places inside the beltway, time is not on our side. Florida warns us that the future for first suburbs may be extremely challenging. Florida recounts his colleague David Lewis once asserted, "...the future project of suburban renewal would likely make our vast twentieth-century urban renewal efforts look like a walk in the park" (Florida, 2017). If Mr. Lewis is correct, most first suburban city managers are hardly answering the call to action with the urgency that it warrants.

Think tank scholars and academics offer great insight into first suburban challenges, but they generally place responsibility for action at the state or federal levels of government. But academic awareness of the decline of America's first suburbs has been with us for more than 20 years. And very little action has occurred at the higher levels of our federalist system to improve the situation in America's first suburbs. In fact, one can easily argue the higher levels of government have made things worse by cutting local government funding, seeking to help through tax code amendments, such as opportunity zones, and continuing to foster exurban sprawl. The challenges facing first suburbs cannot even be found on the periphery of state and federal policy agendas. We cannot wait for outside help any longer. No cavalry is coming to rescue first suburbs.

First suburban leaders must take their own actions to reverse or at the very least arrest the spreading decline of first suburbs. And there are no quick fixes. The strategies discussed in this manual are a starting point. Some local leaders are finding ways to create jobs, avoid further housing decline, create opportunities for those facing social and economic challenges, and improve their local governments to invest in revitalization. We can build on these best practices and passionate leadership, and add to the body of professional knowledge about what makes

a good first suburban city manager. After all, it is a fundamental conviction of the city management profession that good management makes a difference, and that good government will make a meaningful difference in the lives of our residents.

Our good management work is vitally important to so many. Millions of middle-class people—and a growing group of impoverished people—live in America's first suburbs. They need the best city managers to guide these communities from decline toward stabilization and ultimately rebirth. The first suburban landscape is not a good home for city managers stuck in outmoded ways of thinking or who are unwilling to take prudent risks. City managers in first suburbs will have to have the facilitative skills and cultural competencies to engage in difficult and vital conversations around race, class, culture, and ethnicity in a rapidly diversifying landscape. These city managers will also need the full range of technical economic development and good government skills to achieve revitalization. First suburbs need some of the most innovative local government leaders to work in the parts of our metropolitan areas that have been left behind and which are in a policy blind spot.

In the coming decade and beyond, Americans will need to make wholesale changes to many aspects of our lifestyles because of climate change. Living closer to central cities in denser first suburbs will be more ecologically efficient and desirable. Older, less efficient homes in our first suburbs will need to be retrofitted. And ICMA members will be on the front line solving these challenges. If it is true that climate change will force Americans to modify our patterns of consumption in significant ways, then first suburbs are going to be an essential part

Millions of middle-class people—and a growing group of impoverished people—live in America's first suburbs. They need the best city managers to guide these communities from decline toward stabilization and ultimately rebirth.

of the solution. And we as first suburban managers have to be in position to be part of that change.

The location of first suburbs will soon become a major advantage again. Proximity to the central city will be desirable as commuters are forced to drive less, increasingly use public transportation, and live in smaller homes. Density will have to be increased, and first suburbs are well positioned to create mixed-use redevelopments that meet local housing demands at different price points. The challenges of poverty in general and suburban poverty in particular are truly daunting. But America is changing as we strive to become a more inclusive and equitable society. First suburbs can be part of this, too. The challenge for first suburban leaders and local government managers in the coming decades will be to forge resilient, sustainable, and equitable communities. And ICMA members are more than up to the challenge.

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ICMA, the International City/County Management Association, advances professional local government management worldwide through leadership, management, innovation, and ethics. Through partnerships with local governments, federal agencies, nonprofits, and philanthropic funders, the organization gathers information on topics such as sustainability, health care, aging communities, economic development, cybersecurity, and performance measurement and management data on a variety of local government services—all of which support related training, education, and technical assistance.

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INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION
777 N. Capitol St. NE, Ste. 500, Washington, DC 20002
202.962.3680 | 202.962.3500 (f) | [icma.org](https://www.icma.org)