Reinvesting in Neighborhoods

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Bio: John Kromer has served as Director of the City of Philadelphia's Office of Housing and Community Development (OHCD), the City's housing policy agency, since his appointment to this position in 1992 by Mayor Edward G. Rendell. In this capacity, Mr. Kromer administers an annual budget of $120 million, funded primarily through the federal Community Development Block Grant (CDBG) and HOME programs, to support housing production and conservation, housing services and economic development in Philadelphia neighborhoods.

Under Mr. Kromer's direction, OHCD substantially increased commitments of funding and support for community development corporation housing production, homeless and special needs housing, neighborhood strategic planning and CDBG-funded public housing improvements.

Mr. Kromer teaches city housing policy at the University of Pennsylvania Department of City and Regional Planning and has an ongoing: working relationship with the Bryn Mawr Haverford College Growth and Structure of Cities Program.

I've really been looking forward to this event as a great opportunity to celebrate the value of cities, and particularly of living in cities and living in great urban neighborhoods. But, I hope that CNU VII will also be an opportunity to talk about other kinds of neighborhoods. Neighborhoods that are failing and declining, or just barely hanging on. Or are in limbo with a very uncertain future.

Nearly all of these kinds of neighborhoods in trouble are suffering from the same condition—economic disinvestment. What is that? Basically, it's a loss of businesses, jobs and people occurring over a period of decades. In hindsight, some of the signs of disinvestment first became apparent in some cities during the period between World War I and World War II. But, disinvestment really only set in as a chronic, ongoing, seemingly endless pattern during the decades after 1950.

And one of the frightening things about disinvestment is that it's contrary to the whole history of most of these urban neighborhoods, which was consistently up. Growth and jobs, population, businesses and so on. This is consistently downward. And because there is no historical precedent or no guaranteed solution to the problem, nobody really knows where or when or whether it will end.

Everybody who's been in cities, particularly rust belt cities, like Philadelphia and Milwaukee, has a lot of experience with the signs and indicators of disinvestment. The vacant houses and lots. The obsolete, multistory brick factories. The older retail corridors with too many vacant storefronts and little or no activity upstairs. The residential blocks with too many for sale signs.

And we can see these signs of disinvestment in many different kinds of communities. Most or all of them located outside of the orbit of the downtown area. Not only the old factory town type neighborhoods, but also blue-collar, working-class, row house communities. The Victorian era, streetcar suburbs, that are experiencing the loss of middle-class population and struggling to retain what they have. And then more recently, particularly in this decade, the so-called, suburban cities, which for the first time are experiencing some of the social and economic problems that previously had only been associated with the central city.

This issue of disinvestment really couldn't be more serious. Inner city neighborhoods experiencing this condition are today's biggest problem facing the cities and metropolitan regions in which they're located. Think about it. In any metropolitan region, these neighborhoods are the places where the greatest physical deterioration, the greatest social need, and the least potential for economic improvement can be found. And that's why these neighborhoods represent such a threat and at the same time, such an opportunity. On the one hand, if these neighborhoods decline and fail during the coming years, the well being of the cities and the regions in which they are located is going to suffer badly. On the other hand, if we can find ways to stabilize these neighborhoods and help them recover, then the competitive advantage of the city and the region will be strengthened in a very decisive way.

If you're interested in these neighborhoods, you're going to encounter some big frustrations in trying to plan for an antidote to disinvestment, or a reorientation, a redefining of the neighborhood landscape and economy. These neighborhoods are ordinarily very isolated from the metropolitan economy. They lack neighborhood based employers and they possess the weakest real estate markets in the region.

In light of that situation, even an upturn in the business cycle of the real estate market will not automatically bring benefit to these places. They will not automatically guarantee benefits of either the trickle down or the spin-off variety. The most successful downtown development defined in conventional terms, with all of those wonderful attractions that Roberta praised so highly—the convention center, the stadiums, the hotels, the themed visitor attractions, the retail center. Even a downtown that has all of those wonderful things—Philadephia is expecting to get a Disney Quest.

I cannot tell you what a Disney Quest, but I can assure you it's extremely important. We're getting a Disney Quest. We're also getting the GOP convention. Imagine Mickey Mouse and Dan Quayle in such close proximity.

Even a wonderful downtown economy with those signs of success as defined by the downtown experts will not necessarily bring benefits of any kind to urban neighborhoods suffering from disinvestment. In fact, under some conditions, an improvement in local economy can make things even worse for urban neighborhoods which are located within that economy.

In Colorado Springs, a city that had experienced year after year of population growth, business growth, and new entry level jobs, homelessness also grew. In Atlantic City, twenty years after the first casino reinvestment activities, 78% of the employment in casino related activities went to people outside of Atlantic City, while one out of four Atlantic City residents still lived in poverty. What's the explanation for this? Why isn't the trickle down happening?

Among other things, there are a couple of consequences that occur when a local economy takes off. First, in some neighborhoods nearest to the downtown, the whole structure of the sales and rail markets shoots up, pricing out the lowest income residents and making their housing unaffordable. Then secondly, a lot of those wonderful new jobs that are created as a result of the new investment are taken by people who move in from outside the region or who already live outside the city and will stay outside the city. There is no guarantee that those jobs are going to go to residents, particularly the less qualified residents who probably are not work ready. So, that's a big frustration and that's one of the complexities of dealing of with urban neighborhoods.

There is another issue, too, that I know a lot of people in this room are concerned about, and that's gentrification. The displacement of lower income people as a byproduct of downtown development. Or the development that occurs in newly, trendy neighborhoods. I share this concern. And I believe a lot more should be done to address it.

But the problem with disinvestment, the opposite of gentrification, people with means getting out of the neighborhood and out of the city, is a lot more complex. I would argue, and I look forward to arguing with some of you, that the effects of gentrification—a city that is serious with dealing with gentrification can do so just using currently available resources in an appropriate way. The public housing system for rental assistance. The HUD community development block grant program for activities such as mortgage interest write-downs. Not solve the problem overnight, but finance a well-managed plan that will keep pace with the threat of gentrification that occurs as development takes place. Dealing with disinvestment is harder. It's a lot longer term. And it is not possible to solve through even the best application of available funding.

Although, there is bad news about urban neighborhoods that is really bad, the good news about these neighborhoods is really good. The fact is that the experience of every major city shows that if neighborhood reinvestment policy is planned appropriately, strategies to upgrade the condition of these places will work and succeed and last. Many affordable housing development ventures of the 1970's, not public housing, but the HUD financed rental and sales housing. The new construction substantial rehab that predated the Reagan administration are today as attractive and as well-managed as some of the best housing being produced in the metropolitan region.

The best organized neighborhood economic development ventures of the 1980's, from small stores to supermarkets are still operating successfully today. Many of the kids who were trained in the best job readiness programs of this decade are now finishing college, or have been working years in private, unsubsidized, good paying jobs. Lots of formerly homeless people who passed through the best transitional housing ventures of the last decade are working and living independently today.

So, why haven't practitioners of traditional neighborhood design done more to solve the problems in neighborhoods like these? You really don't need me to provide the answers. They have already explained it themselves. Elizabeth and others have touched on this fascinating tension between design, policy and management. And she and other have previously made it clear that even the best design is not going to solve critical social and economic problems. There is a dynamic there that has to work. And frequently, in the worst of these neighborhoods, the policy and management issues, the operational issues overshadow the planning and design, and bring even the best plans to a halt.

Keep a couple of facts in mind when you're talking about these neighborhoods as well. The traditional model for success in real estate development and investment frequently involve new construction in a green field. A clean slate. A clear expanse of lots of acres available for new construction. Urban neighborhoods that are struggling with disinvestment frequently present the opposite picture. A hodgepodge of vacant houses, deteriorated, occupied houses, industrial building, warehouses, and garages. And making sense of that landscape and figuring out how to design and implement in that environment is very difficult.

But the most important issue that creates a distance between the new urbanism and strategic planning and improvement activities for older, urban neighborhoods is the issue of control. In suburban and new town developments, the central figure it frequently the developer who controls the resources that are needed to implement, subject to the local regulatory approvals, which I understand can be murder in some cases. But, when they are secured, the developer has the package—the land, the money, the control over implementation.

In contrast, reinvestment activity taking place in urban neighborhoods frequently involves multiple, key participants. They are all key participanats—developers, community organizations, government agencies, professional service providers and funders—all with limited control over the neighborhood strategy and resources needed to implement it. In addition, urban neighborhoods are changing economic and political landscape. During the implementation of a multi-year investment strategy, community priorities may shift. Political administrations may change, and public funding resources may be denied, cut or delayed, fundamentally altering and the timing results of the strategy. This limitation on control presents a real challenge for people interested in bringing up positive change in older communities, whether they happen to be CNU members or not.

So, what else besides an approach that works in some neighborhoods under some circumstances to the congress for the new urbanism offer people like me. People who devote most of their time to urban neighborhoods and urban reinvestment could use or need. CNU has actually accomplished something else of great potential value to the support of urban neighborhoods by fashioning a straightforward solution to a difficult problem. How to fix up the suburbs? And by articulating this approach in a way that has attracted the interest of planning and design professionals, mayors, members of the President's cabinet, the news media and the general public.

Remember that Newsweek cover story of a few years ago— “Bye Bye, Suburban Dream”? It was basically about the new urbanism. And a whole section of Newsweek was devoted to—it was entitled, “Fifteen Ways to Fix the Suburbs”. It was basically a series of illustrations of new urbanist principles. If we took the principles such as narrower streets. Do away with cul-de-sac. Promote more of a housing mix. If we took a hundred people out of this room and interviewed them separately and said, tell me fifteen ways to fix suburbs. You wouldn’t get identical answers, but you’d get a very consistent overlap. And that’s because the new urbanist principles are non-techincial. They’re easy to visualize and they’re easy to understand.

And our single biggest problem—the problem that we support urban neighborhoods struggling with disinvestment have is that we don’t have anything comparable to that. We don’t have a clear, straightforward, consistent, readily understandable solution to the problem of how to fix up these communities. We don’t have a presentable national advocacy in support of urban neighborhoods and we don’t have a structured, coherent approach that describes how neighborhood reinvestment can work effectively in any postindustrial city. In fact, some of the presentations by advocates for urban communities aren’t even clear about whether reinvestment works all. Or whether it’s just a stopgap to keep the lid on unsolvable social and economic problems.

The current advocacy is either frequently program oriented—if we had more funding, if we had more low income housing tax credits, we could do more. It’s frequently too anecdotal. Let’s spend another year studying best practices. Spend some time talking about best practices. Or frequently, it’s too personalized. If we had more great mayors, like Mayor Norquist, the problem would be solved.

And that’s really are task—to talk about that advocacy and how to build it here. I’m going to be discussing with some of you in a salon tonight a publication called, “Fixing the Neighborhoods,” which is available in the mezzanine and discussing, what I feel are some excellent opportunities for us to work together on that kind of focused advocacy—that presentation that links good planning and design principles and neighborhood strategy, the interest of investors, including the tax payers who pay for this stuff and need to be convinced to support it, and the general public and the well being of the public at large. And I look forward to that discussion and to a little bit of debate about those issues. Thank you.