

Smaller Cities That Think Big: Lessons from Resurgent and Transforming Cities

May 29, 2012

Organized by the Federal Reserve Banks of Boston, Chicago, and Philadelphia

The **Connecting Communities™** audio conference series is a Federal Reserve System initiative intended to provide timely information on emerging and important community and economic development topics with a national audience. The audio conference series complements existing Federal Reserve Community Development outreach initiatives that are conducted through our regional Reserve Bank offices and at the Federal Reserve Board of Governors in Washington, D.C.

Welcome

Thank you to everyone for joining this session.

For today:

- This call is being recorded.
- An archived recording of this session will be available on the **Connecting Communities™** web site shortly after the session has taken place:
www.stlouisfed.org/connectingcommunities/
- We will be taking questions via email during this session. Please direct your questions to communities@stls.frb.org. These questions may be part of the recorded archive for this session.
- In connection with this session, several of our Reserve Bank offices have posted links to a variety of additional resources on this topic. We encourage you to browse through this list and to contact your regional office if you would like additional information on any of these items.

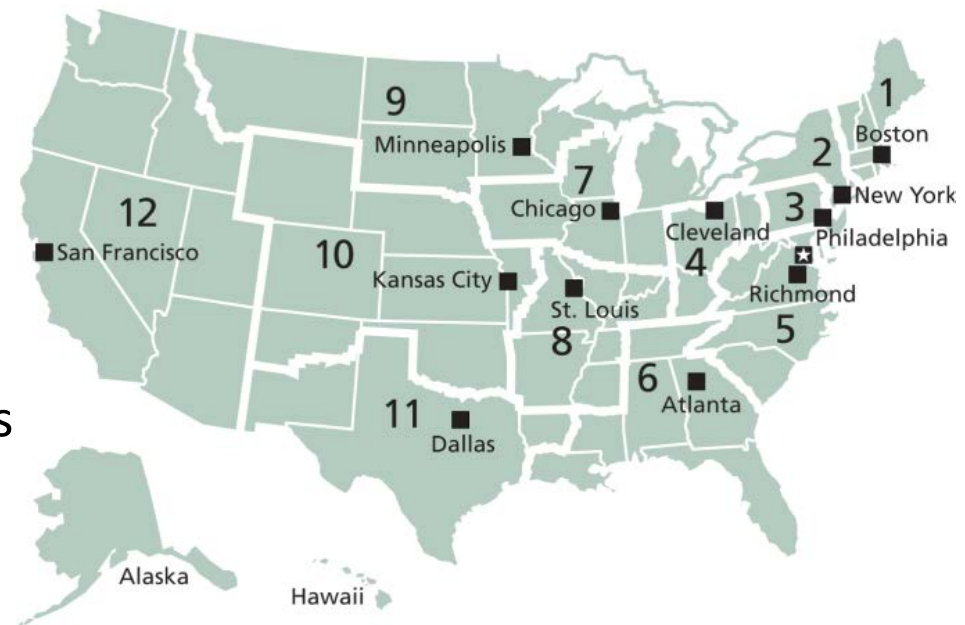
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Community Affairs

Community affairs programs at the Federal Reserve Board and the 12 Federal Reserve Banks support economic growth by promoting community development and fair access to credit.

Community affairs offices at the Board and Reserve Banks engage in a wide variety of activities to help financial institutions, community-based organizations, government entities, and the public understand and address financial services issues that affect low- and moderate-income people and geographic regions.



Community Affairs (continued)

- Each office responds to local needs in its district and establishes its own programs to:
 - Foster depository institutions' active engagement in providing credit and other banking services to their entire communities, particularly traditionally underserved markets
 - Encourage mutually beneficial cooperation among community organizations, government agencies, financial institutions, and other community development practitioners;
 - Develop greater public awareness of the benefits and risks of financial products and of the rights and responsibilities that derive from community investment and fair lending regulations
 - Promote among policy makers, community leaders, and private-sector decision makers a better understanding of the practices, processes, and resources that result in successful community development programs

Today's Presenters and Agenda

- **Yolanda Kodrzycki**, *Vice President and Director*, New England Public Policy Center at the Federal Reserve Bank of Boston.
- **Jeremiah Boyle**, *Managing Director of Economic Development*, Community Development and Policy Studies at the Federal Reserve Bank of Chicago.
- **Alan Mallach**, *Visiting Scholar* at the Federal Reserve Bank of Philadelphia.

Lessons from Resurgent Mid-Sized Manufacturing Cities

Yolanda Kodrzycki

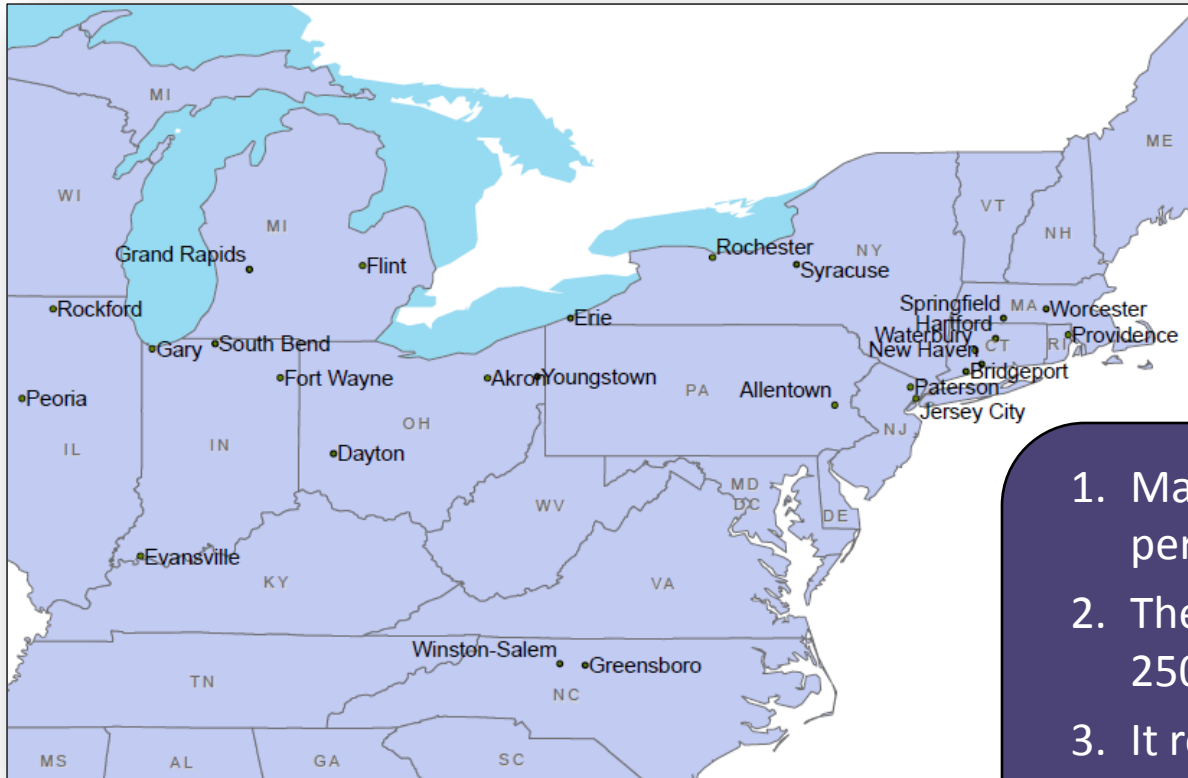
Vice President and Director of the New England Public
Policy Center,
Federal Reserve Bank of Boston



Toward a More Prosperous Springfield: A Federal Reserve Bank of Boston Initiative

- Why Springfield, MA?
 - Springfield has one of the highest rates of concentrated poverty in the nation.
 - Springfield's challenges are similar to other old manufacturing cities across the nation.
- **Objective:** Support ongoing efforts to revitalize the city of Springfield.
- **Our focus:** Bring economic improvement for city residents, especially those in impoverished neighborhoods.
 - <http://www.bostonfed.org/commdev/springfield/>

25 Peer Cities for Springfield

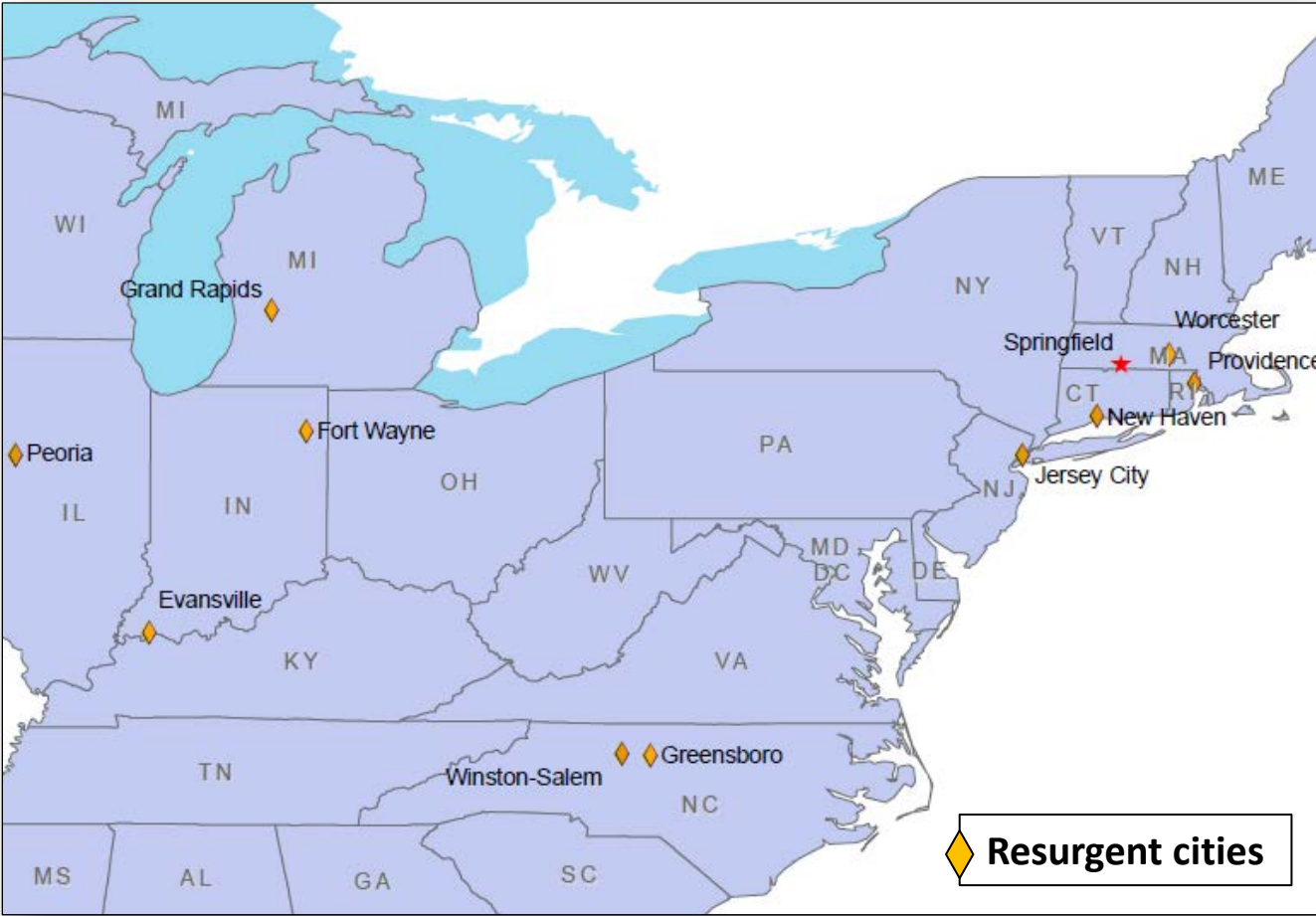


1. Manufacturing employed 30 percent+ residents in 1960.
2. The population was 100,000-250,000 in 1960-1980
3. It remained the primary city in the Metropolitan Statistical Area.

Source: Reinvigorating Springfield's Economy: Lessons from Resurgent Cities, Federal Reserve Bank of Boston, Yolanda Kodrzycki

<http://www.bostonfed.org/commdev/pcadp/2009/pcadp0903.pdf>

Our 10 Resurgent Cities Are Located in Eight Different States



Source: Reinvigorating Springfield's Economy: Lessons from Resurgent Cities, Federal Reserve Bank of Boston, Yolanda Kodrzycki
<http://www.bostonfed.org/commdev/pcadn/2009/pcadn0903.pdf>

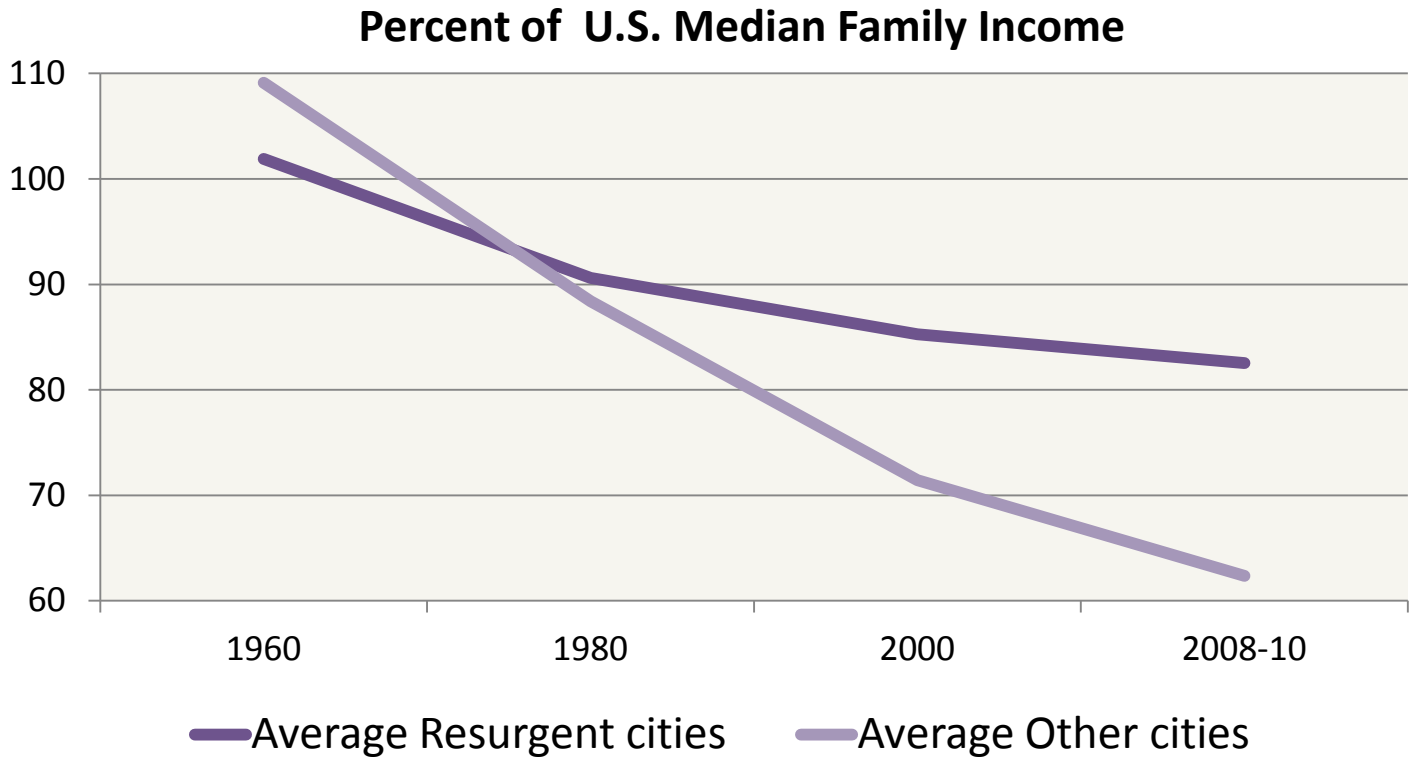
What Constituted Success in These Cities?

- Outcomes for the residents
 - Economic prosperity/absence of poverty
 - Absence of severe population losses
 - Social well-being/quality of life
- How to measure success
 - Relative to peer cities
 - As objectively as possible



Median Family Income in Resurgent Cities

Median family income in the resurgent cities is currently \$12,520 higher than in the other peer cities but has fallen well below the U.S. median.



Source: Reinventing Springfield's Economy: Lessons from Resurgent Cities, Federal Reserve Bank of Boston, Yolanda Kodrzycki
<http://www.bostonfed.org/commdev/pcadp/2009/pcadp0903.pdf>

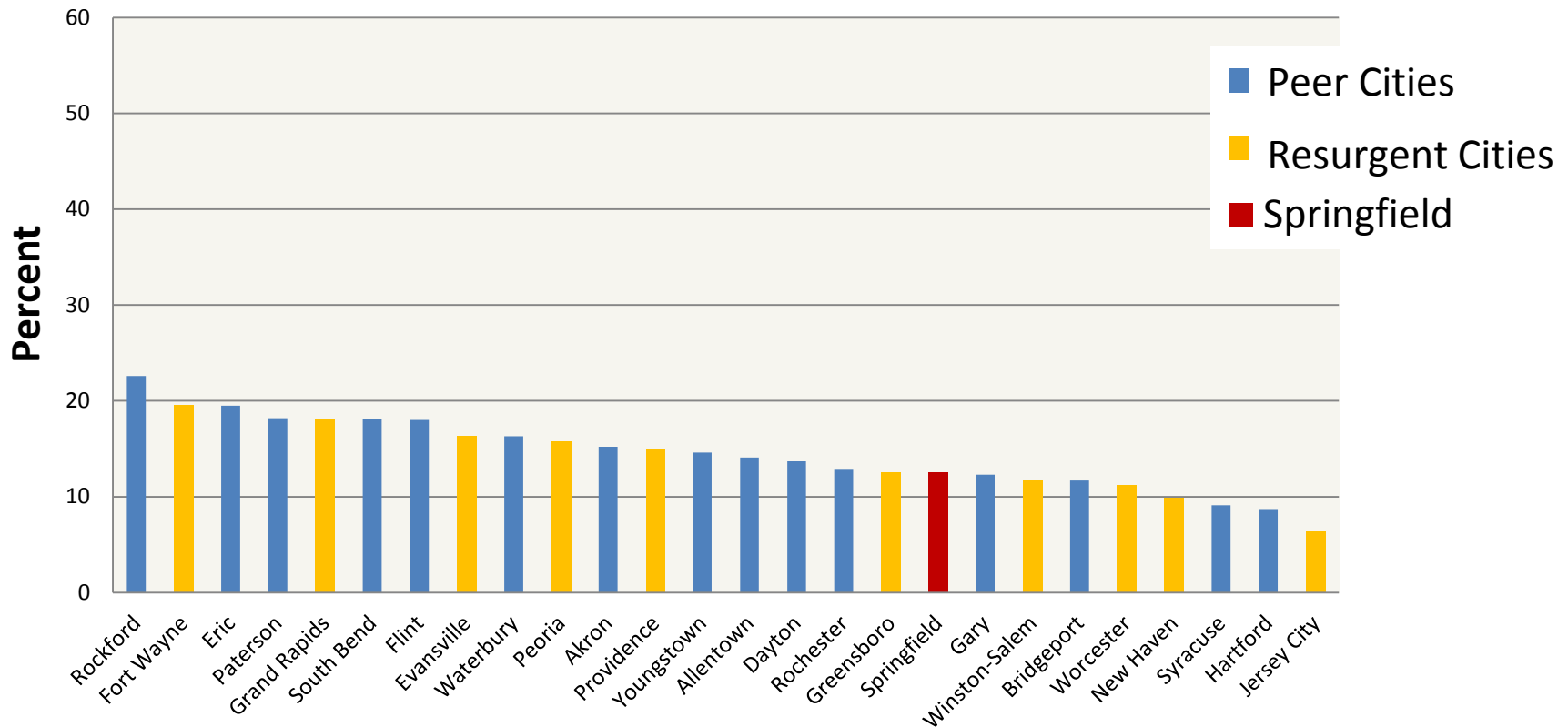
Key Lessons: Industry Modernization

- High initial dependence on manufacturing hindered resurgence.
- Both resurgent and non-resurgent cities have reduced their dependence on manufacturing.
- Industry modernization involves developing more robust manufacturing and non-manufacturing sectors.

Less Reliance on Manufacturing Jobs

All of the cities, resurgent and other, now rely less on manufacturing jobs.

Share of Employed Residents Working in Manufacturing, 2005-2007



Source: Reinvigorating Springfield's Economy: Lessons from Resurgent Cities, Federal Reserve Bank of Boston, Yolanda Kodrzycki
<http://www.bostonfed.org/commdev/pcadn/2009/pcadn0903.pdf>

Key Lessons: Leadership and Collaboration

- Initial leaders can come from any sector.
 - Government, business, or non-profit
- Sustained progress requires broad collaboration across all constituencies.
- Building a durable civic infrastructure involves making changes in organizational structures.

Key Lessons: Infrastructure and Downtown Revitalization

- Transportation and communications improvements are important draws for both manufacturers and other businesses.
- Downtown makeovers attract residents and create entrepreneurial activities.

Key Lessons: Long-term Visioning and Re-evaluation

- Resurgent cities develop comprehensive long-range plans (10-20 years).
 - These plans are based on broad participation and frequently involve regional engagement.
- Success requires re-evaluating these plans.
 - Initial successes are likely to be selective.
 - New economic challenges emerge.

Key Lessons: Role of Higher Education Institutions

- Educational attainment has improved considerably in resurgent cities.
- Higher education institutions also play important roles as economic developers, major employers, and financiers.
- Cities lacking one major higher education institution can benefit from coalitions among smaller institutions.

Key Lessons: Helping Low-Income Families and Neighborhoods

- A continuing struggle, even in resurgent cities.
- There is a need for separate, focused initiatives and active collaborations.

Postscript on Springfield, MA: Obstacles and Opportunities

- City-to-City of Greater Springfield formed in 2010.
 - Participants have visited four of the resurgent cities.
- A public-private sector partnership was created in the wake of the 2011 tornado.
 - Multi-year rebuilding effort is planned.
 - Comprehensive vision is being formulated.
 - Boston Fed evaluating its activities in Springfield and deciding how to apply lessons learned to other New England cities.

Do you have questions?
E-mail us at:
communities@stls.frb.org

Industrial Cities Initiative (ICI)

Jeremiah Boyle

Managing Director of Economic Development –
Community Development and Policy Studies,
Federal Reserve Bank of Chicago



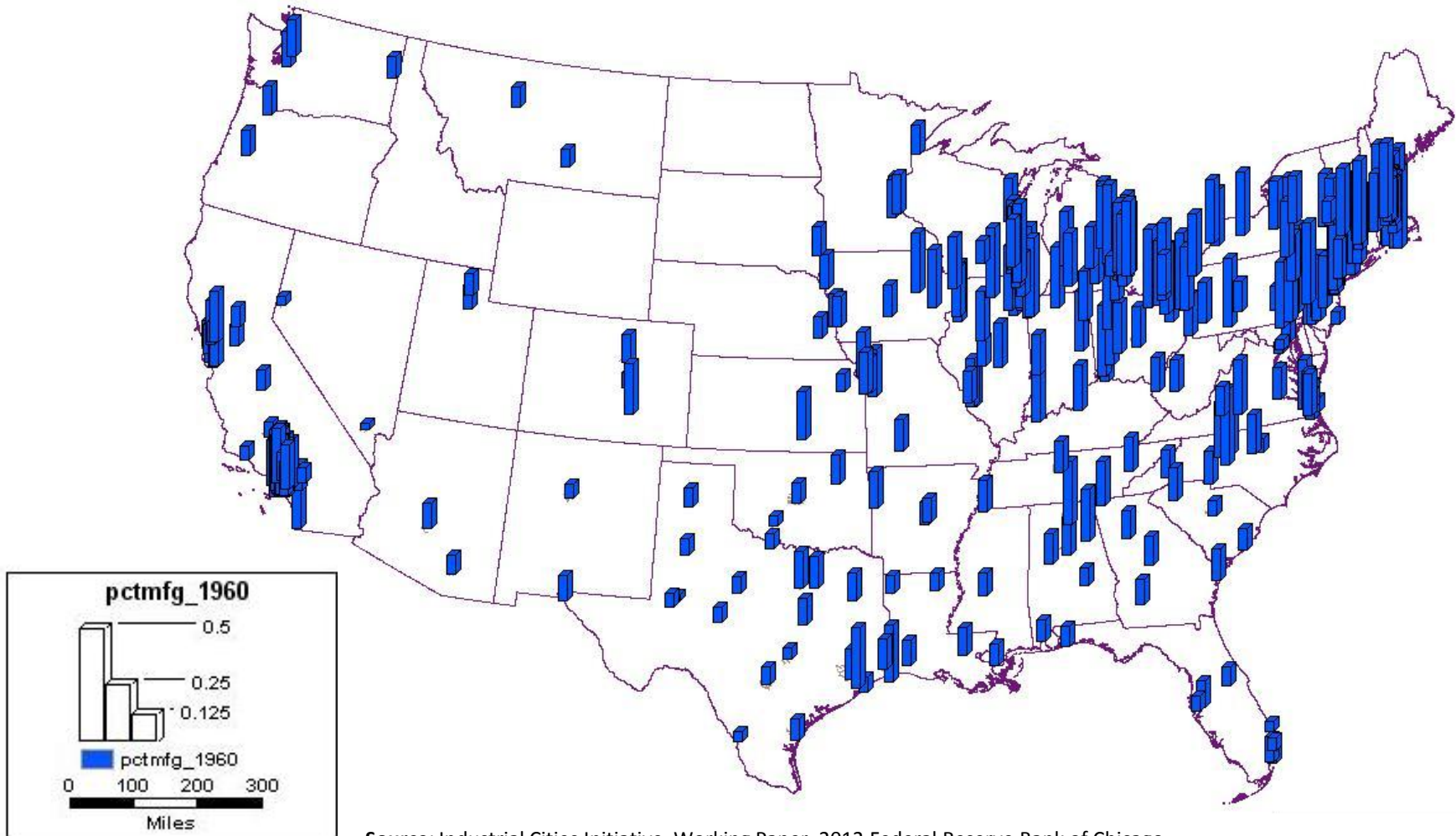
ICI Presentation Outline

- Purpose and Scope
- Selection Process for Case Study Cities
- Emerging Themes
- Discussion: What Next?

Purpose and Scope

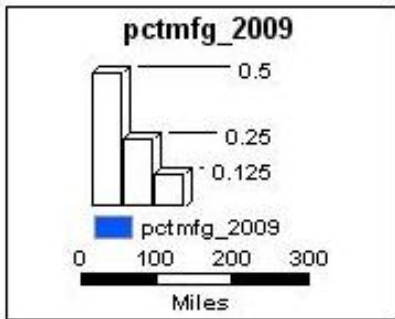
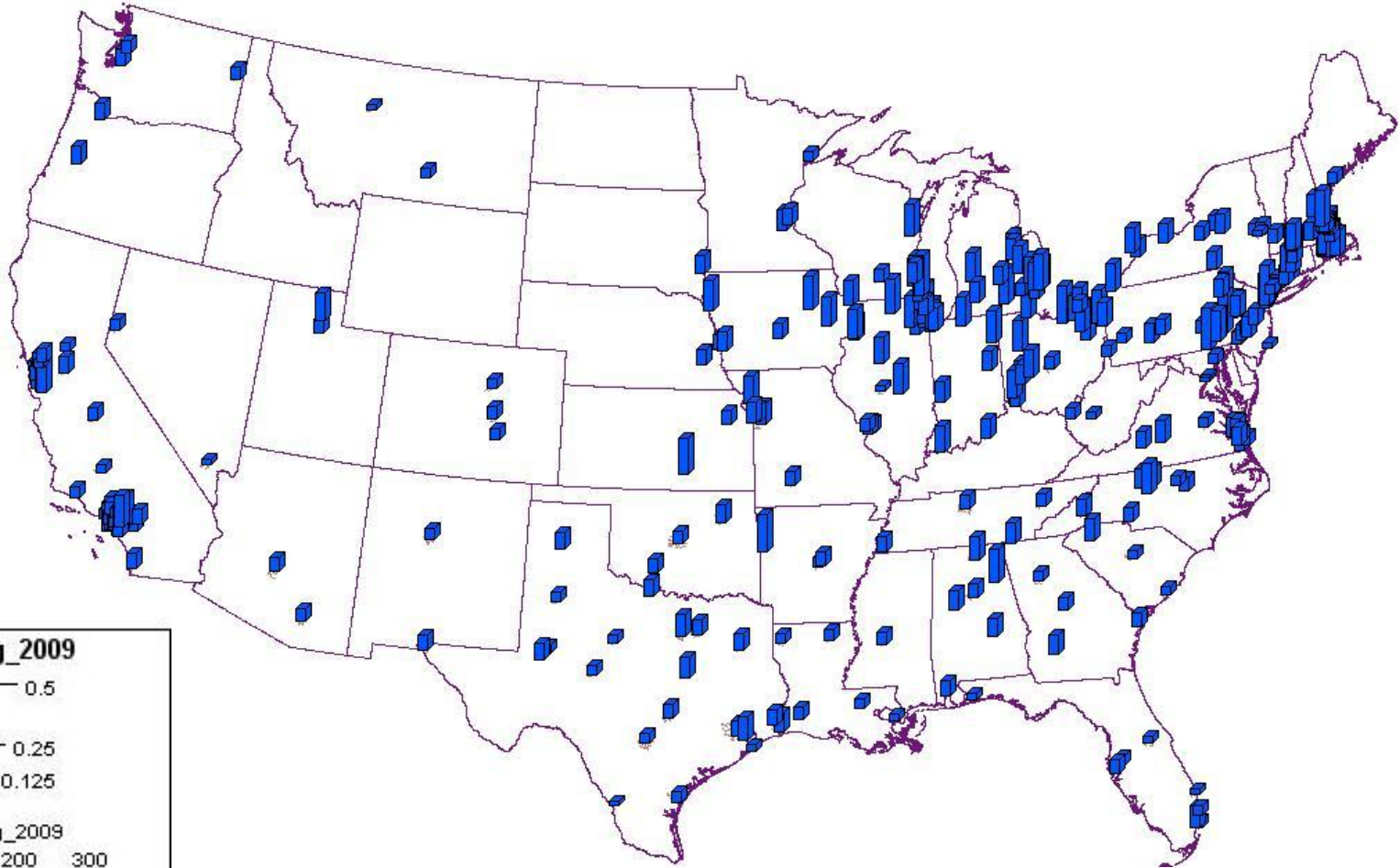
- **Purpose:** To identify policies and programs that promote (or inhibit) economic growth, and vitality in industrial cities.
 - Why have some of these cities outperformed others?
 - What are the prospects for regional cooperation or solutions?
 - Are trends in population, employment, and income the best measures of a community's health and vitality?
 - What are the major forces acting on these communities?
 - Are there elements of resurgent cities' economic strategies that can be replicated in underperforming cities?

Percent Manufacturing 1960



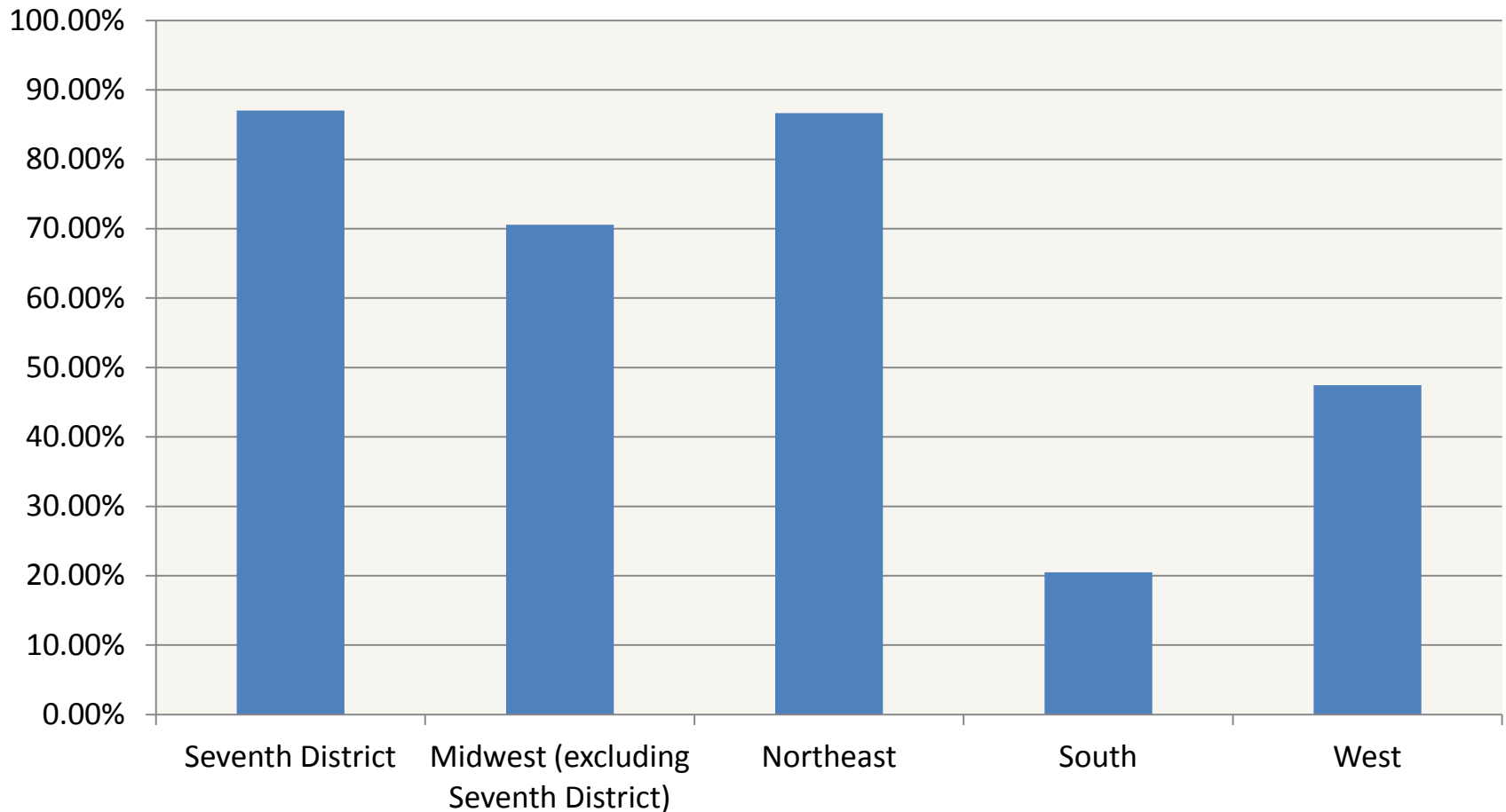
Source: Industrial Cities Initiative, Working Paper, 2012 Federal Reserve Bank of Chicago,
http://www.chicagofed.org/digital_assets/others/events/2012/ICI%20Symposium/ici_white_paper.pdf

Percent Manufacturing 2009



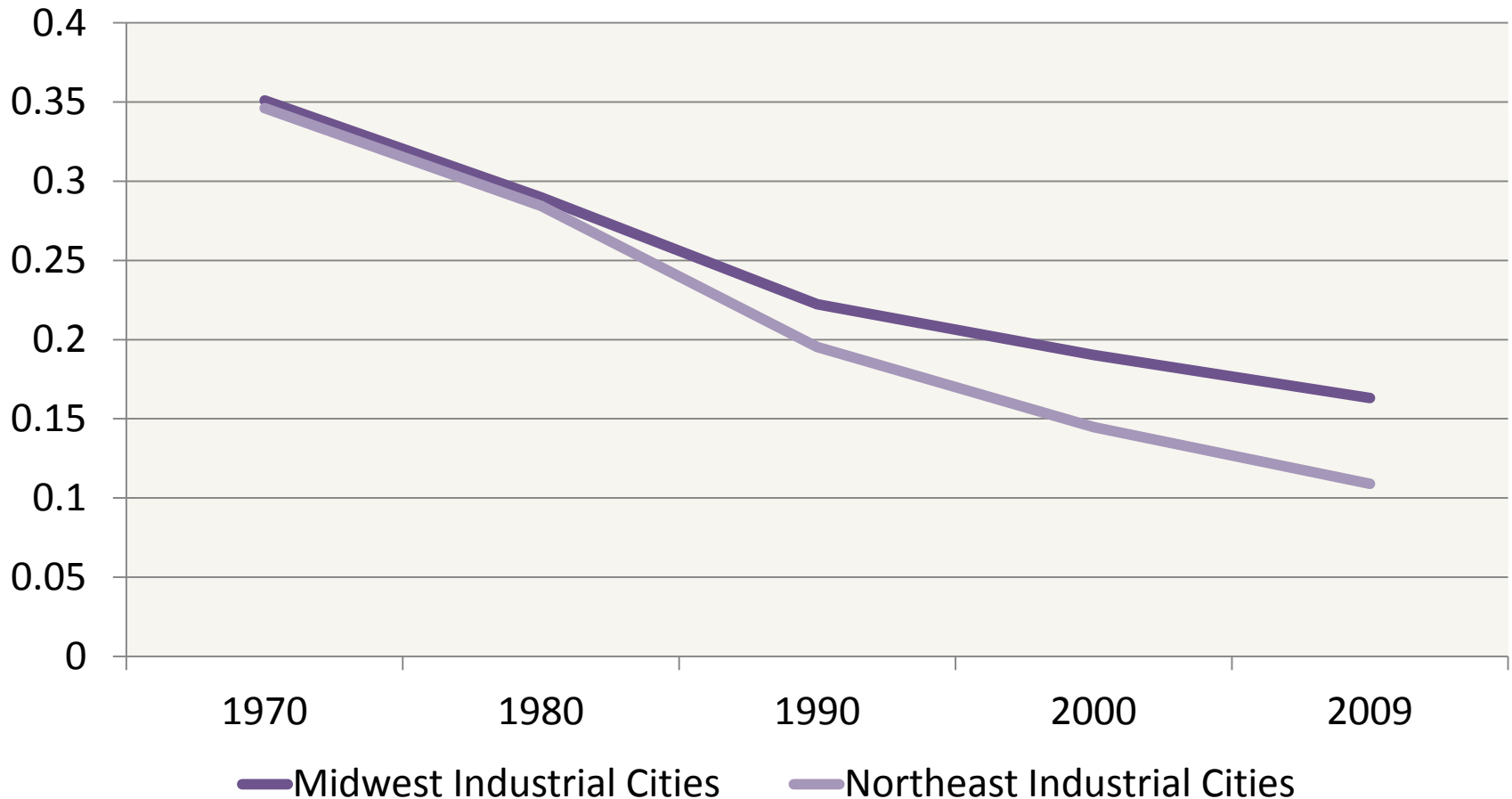
Source: Industrial Cities Initiative, Working Paper, 2012 Federal Reserve Bank of Chicago, http://www.chicagofed.org/digital_assets/others/events/2012/ICI%20Symposium/ici_white_paper.pdf

Percentage of Cities That Were Industrial as of 1960 by Region



Source: Industrial Cities Initiative, Working Paper, 2012 Federal Reserve Bank of Chicago, http://www.chicagofed.org/digital_assets/others/events/2012/ICI%20Symposium/ici_white_paper.pdf

Seventh District vs. Northeast Industrial Percent Employment in Manufacturing



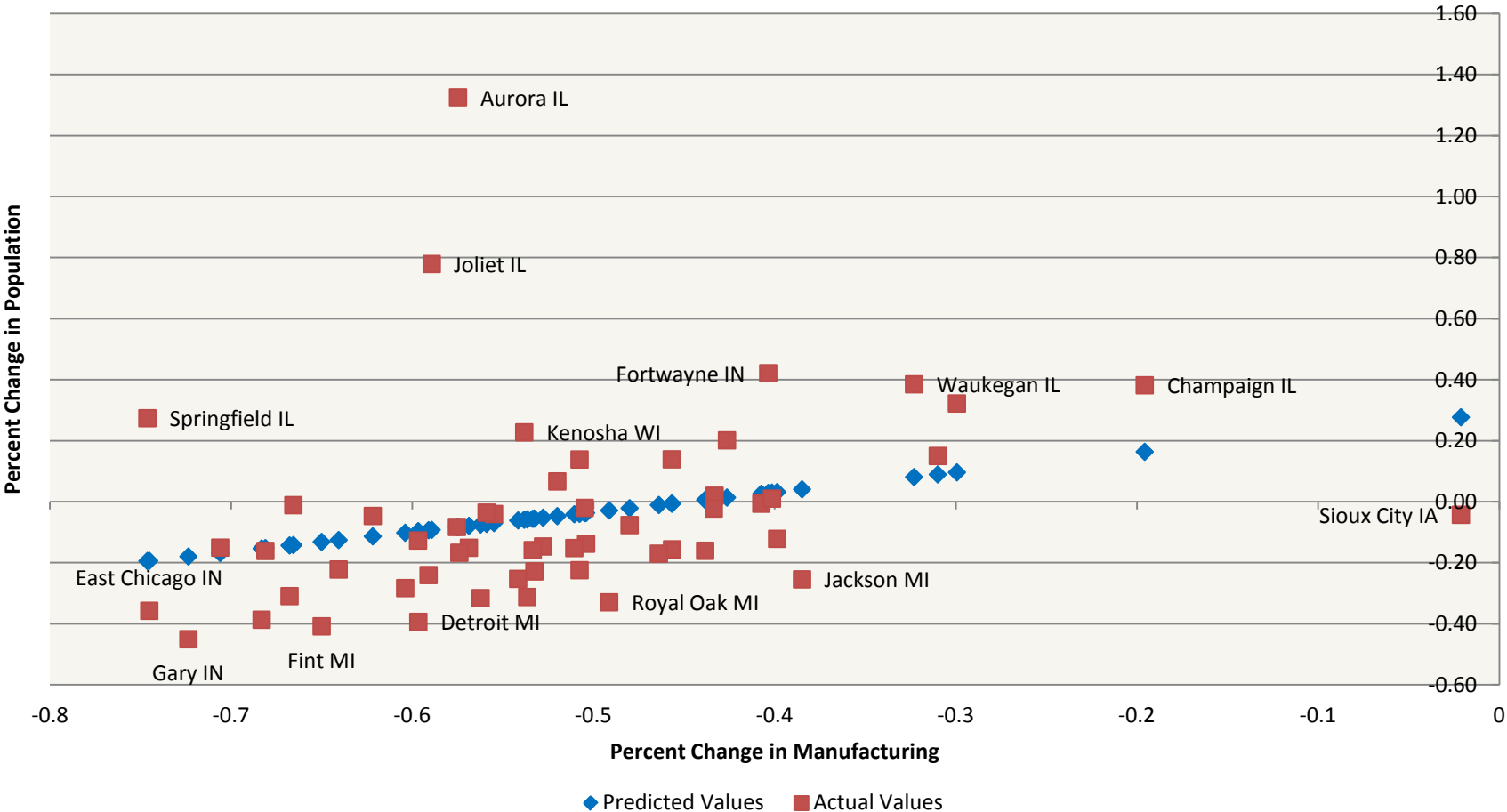
Source: Industrial Cities Initiative, Working Paper, 2012 Federal Reserve Bank of Chicago,
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ICI Case Study Selection Process

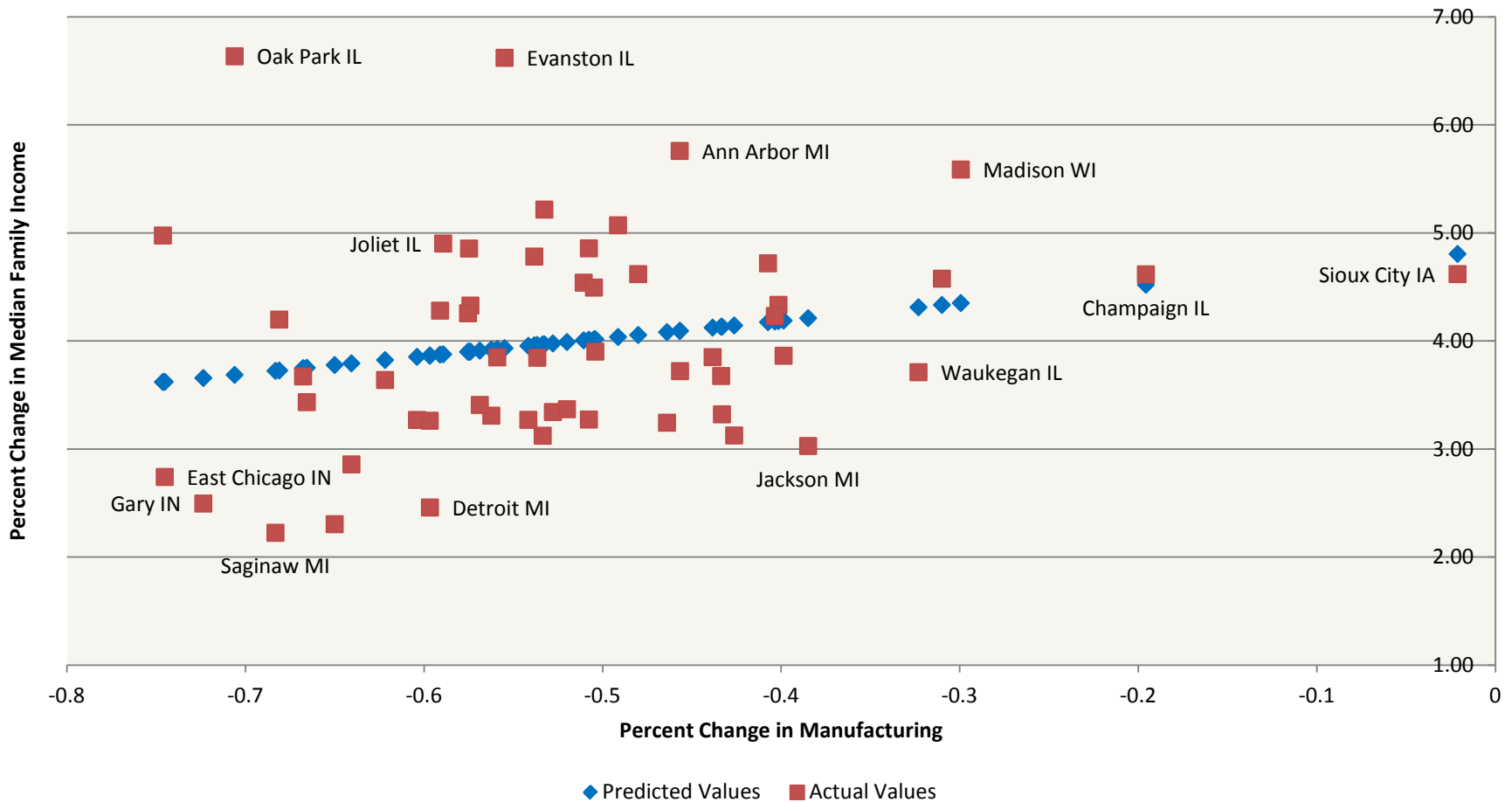
- In 1960, 47 cities in the states of the 7th Federal Reserve District had a population of at least 50,000 people, and 25 percent of their employment in manufacturing.
- Manufacturing employment as a percent of total employment has declined in all 47 cities
- To what degree do changes in manufacturing employment explain changes in
 - Total employment
 - Population
 - Median family income

Change in Population vs. Change in Manufacturing



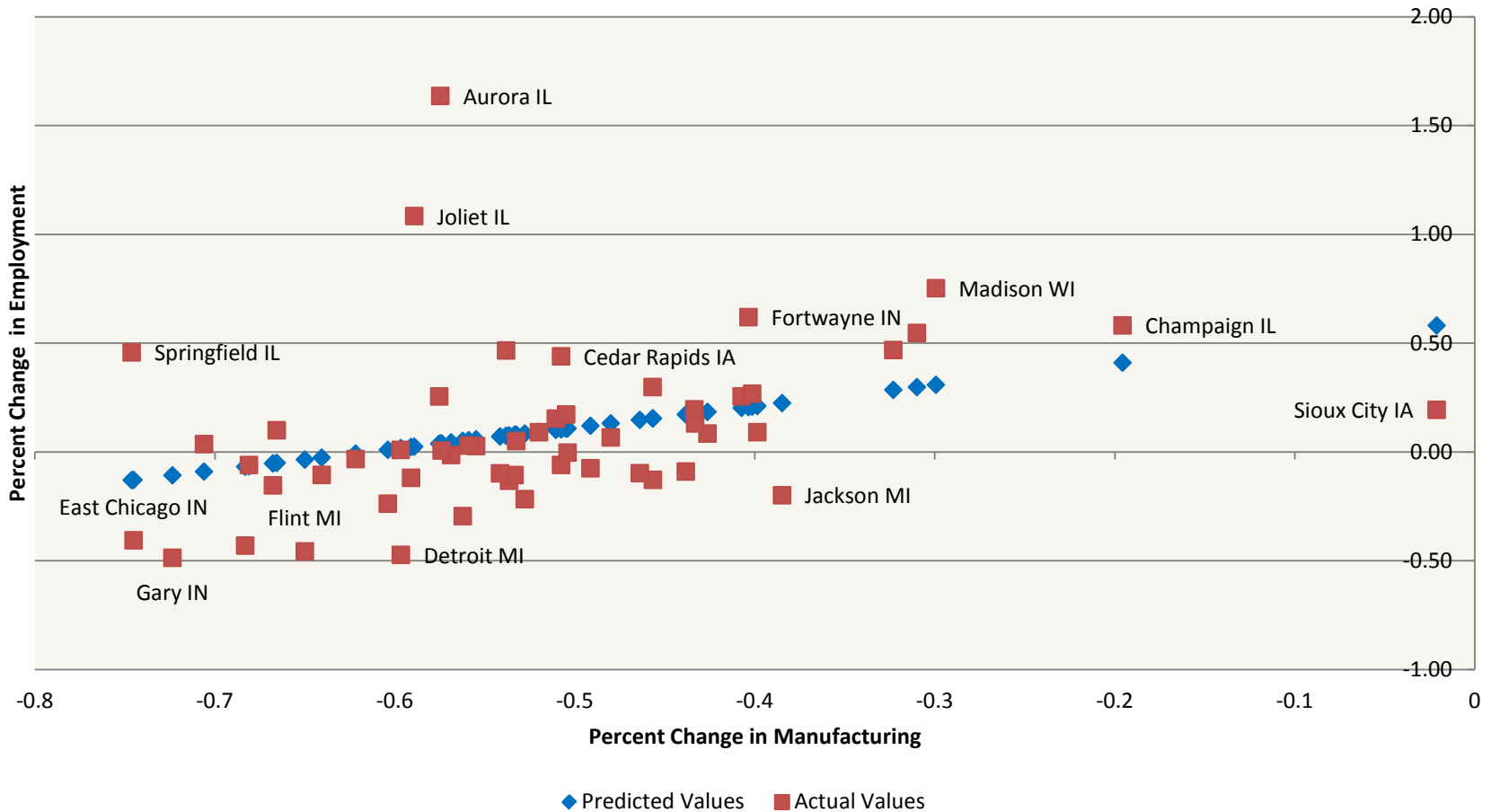
Source: Industrial Cities Initiative, Working Paper, 2012 Federal Reserve Bank of Chicago, http://www.chicagofed.org/digital_assets/others/events/2012/ICI%20Symposium/ici_white_paper.pdf

Change in Median Family Income vs. Change in Manufacturing



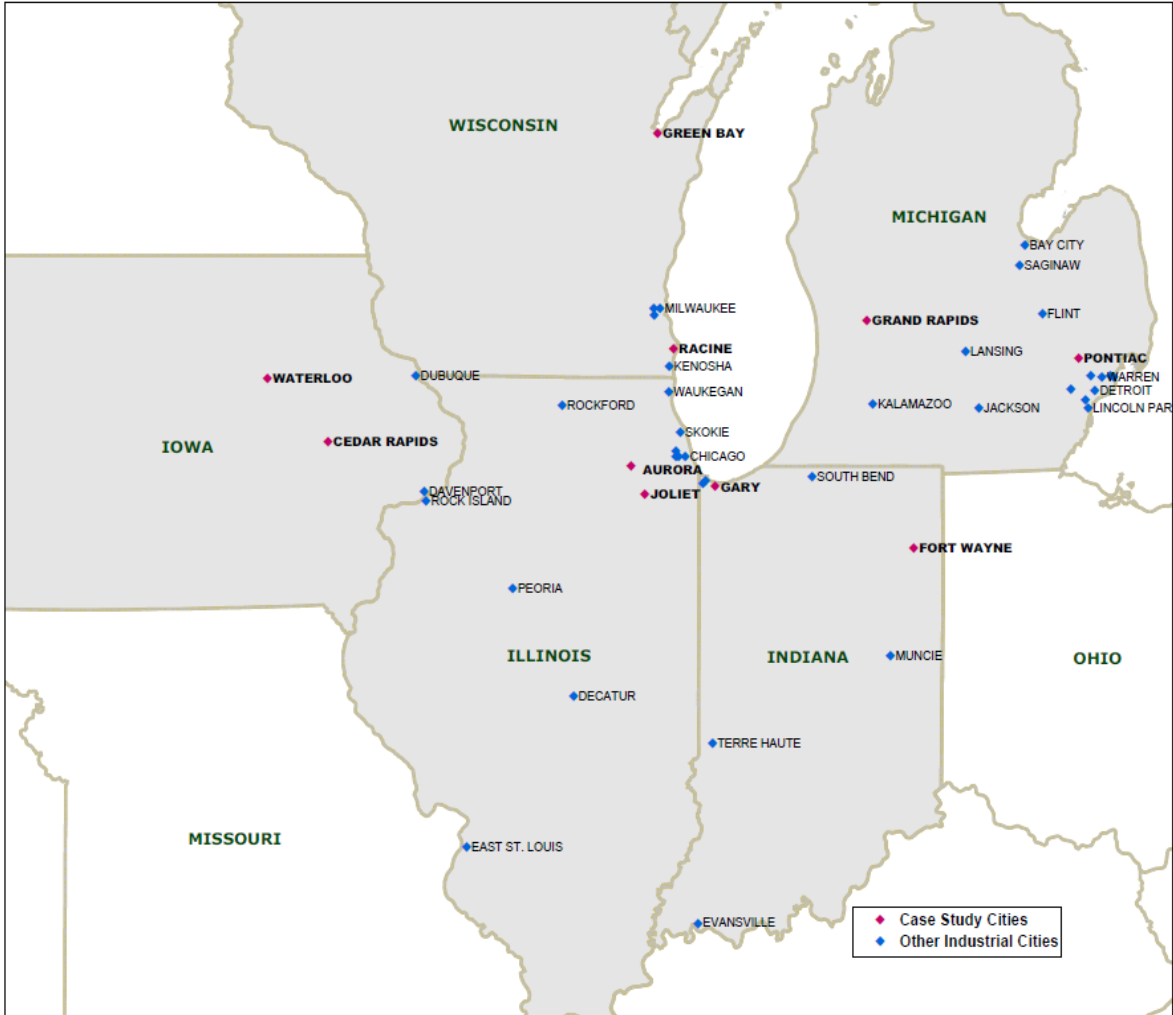
Source: Industrial Cities Initiative, Working Paper, 2012 Federal Reserve Bank of Chicago, http://www.chicagofed.org/digital_assets/others/events/2012/ICI%20Symposium/ici_white_paper.pdf

Change in Employment vs. Change in Manufacturing



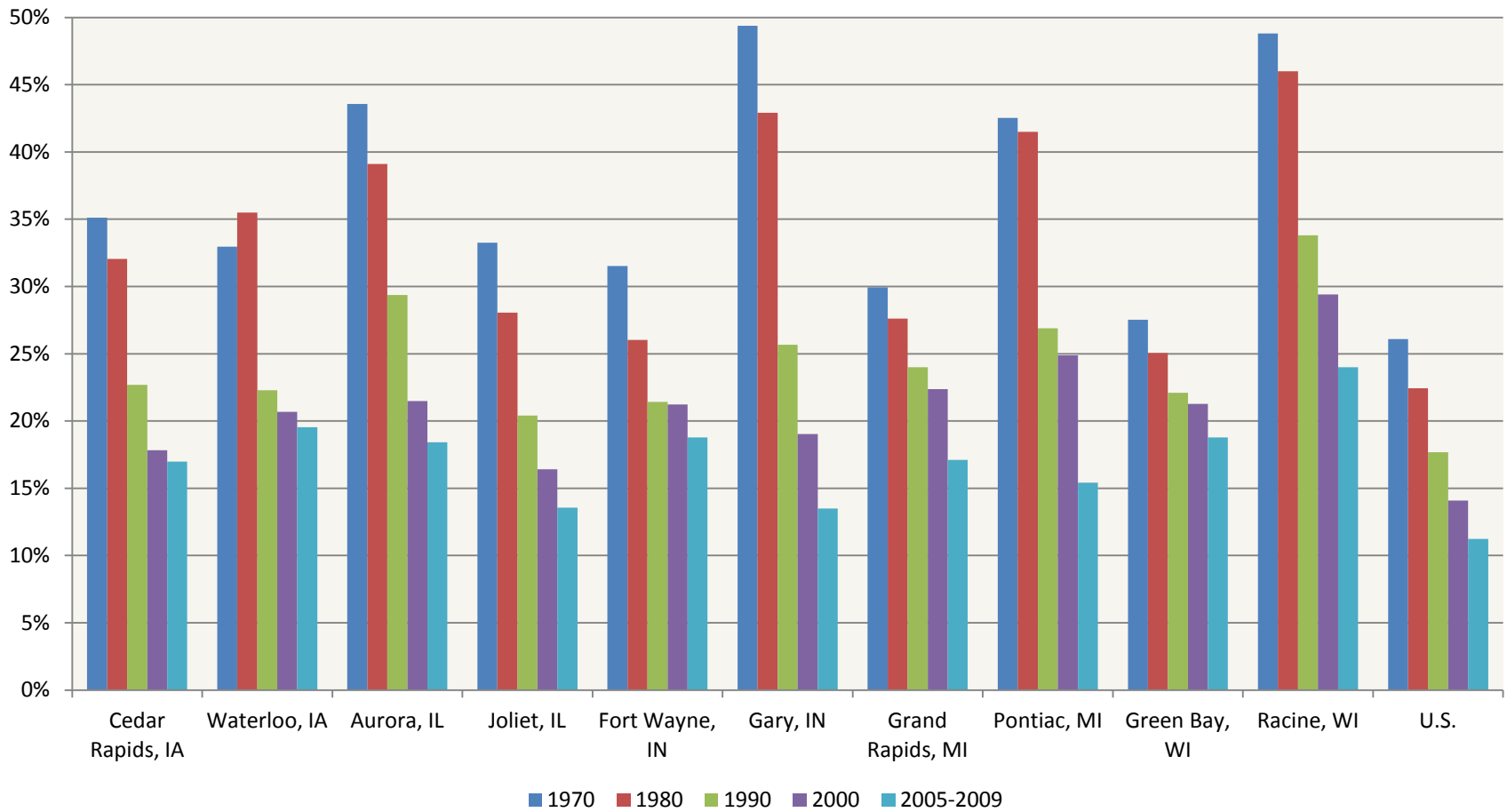
Source: Industrial Cities Initiative, Working Paper, 2012 Federal Reserve Bank of Chicago,
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Industrial Cities



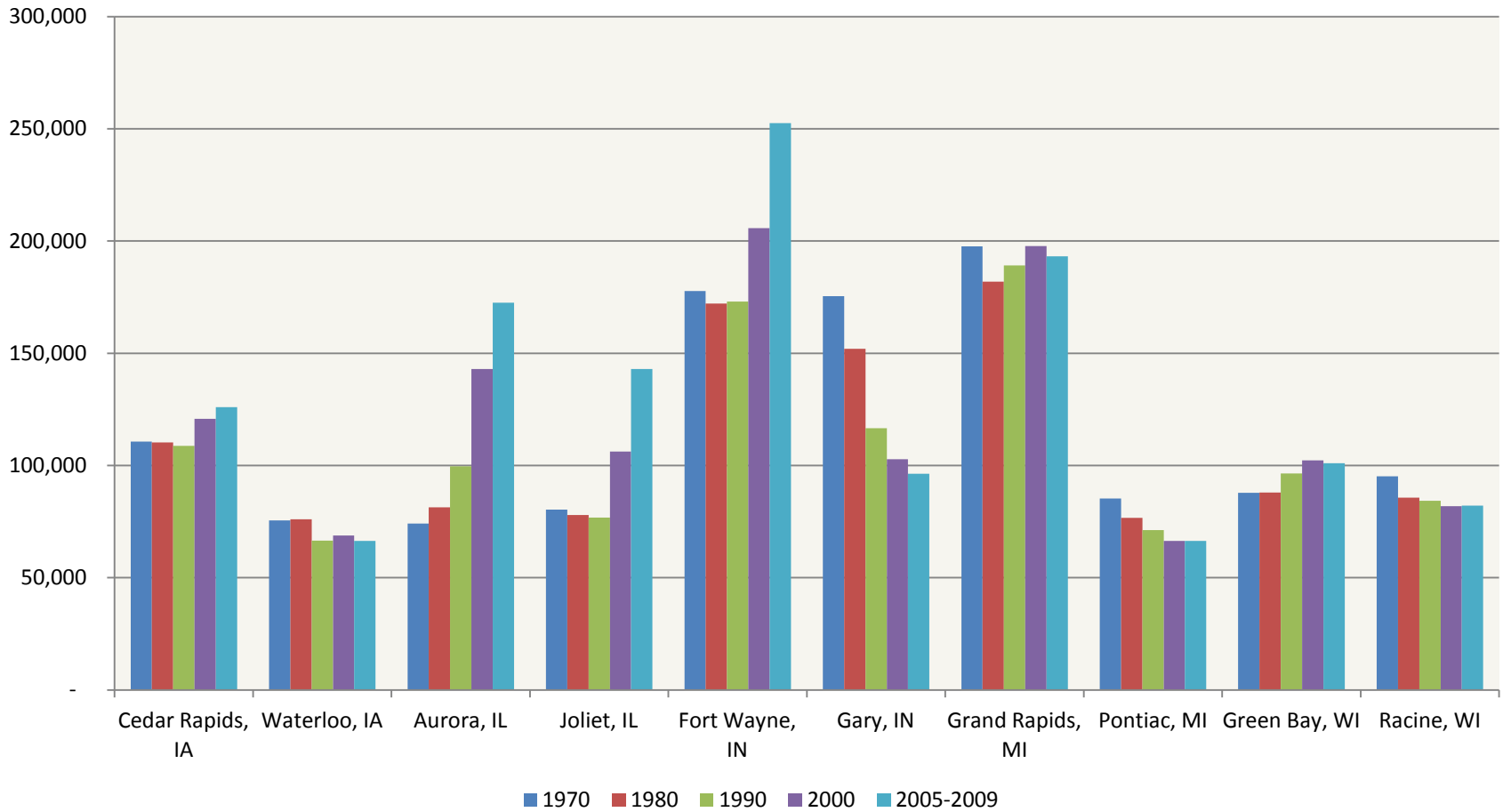
Source: Industrial Cities Initiative, Working Paper, 2012 Federal Reserve Bank of Chicago, http://www.chicagofed.org/digital_assets/others/events/2012/ICI%20Symposium/ici_white_paper.pdf

Percent Employed in Manufacturing in ICI Cities and U.S.



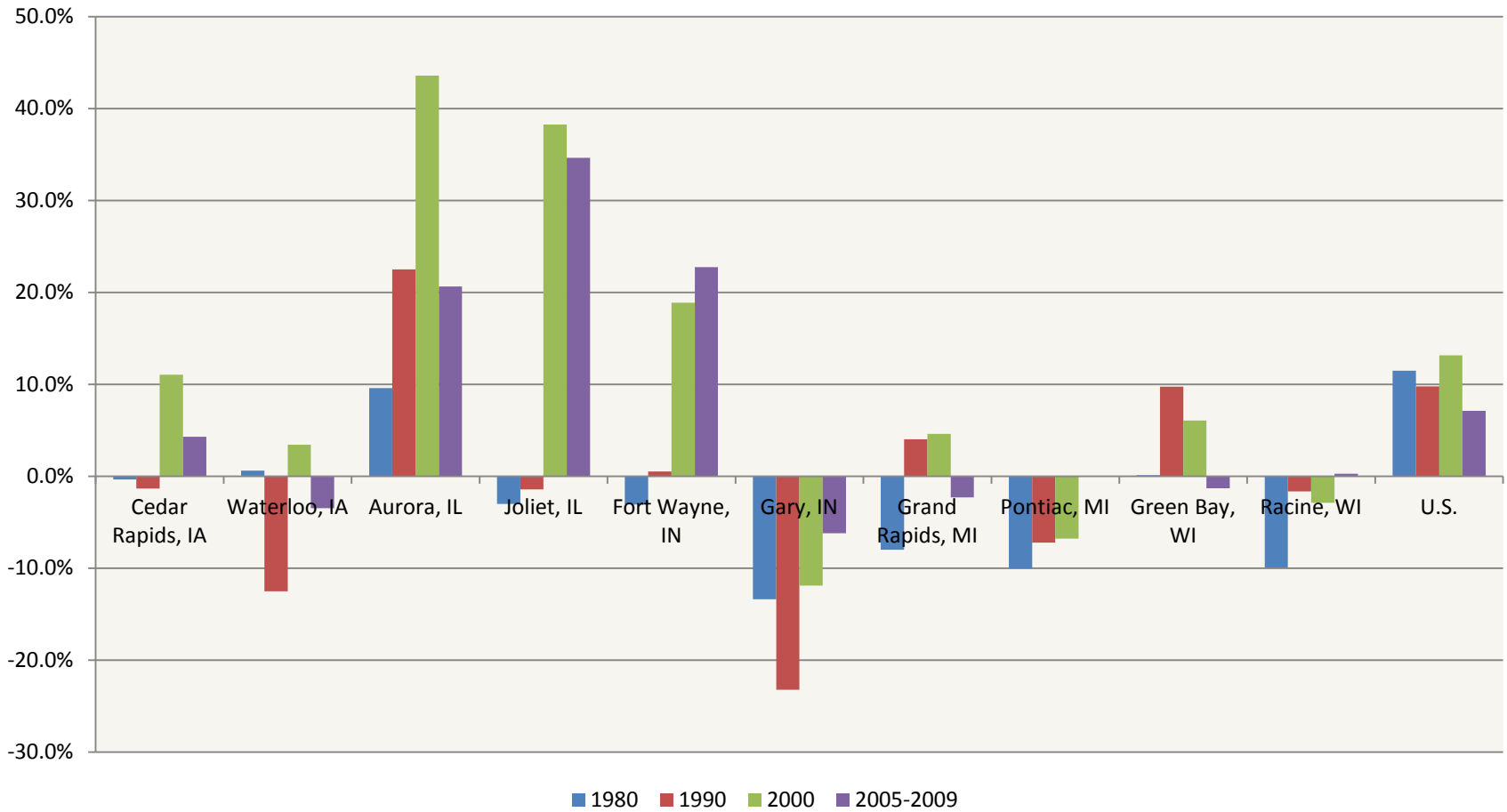
Source: Industrial Cities Initiative, Working Paper, 2012 Federal Reserve Bank of Chicago,
http://www.chicagofed.org/digital_assets/others/events/2012/ICI%20Symposium/ici_white_paper.pdf

Population in the 10 Cities



Source: Industrial Cities Initiative, Working Paper, 2012 Federal Reserve Bank of Chicago,
http://www.chicagofed.org/digital_assets/others/events/2012/ICI%20Symposium/ici_white_paper.pdf

Percentage Change in Population



Source: Industrial Cities Initiative, Working Paper, 2012 Federal Reserve Bank of Chicago,
http://www.chicagofed.org/digital_assets/others/events/2012/ICI%20Symposium/ici_white_paper.pdf



Matrix of Cities

		Manufacturing Job Loss	
		High	Low
Well-being Metrics	High	“Transforming Cities” Aurora, IL Joliet, IL	“Resurgent Cities” Cedar Rapids, IA Fort Wayne, IN Grand Rapids, MI Green Bay, WI
	Low	“Overwhelmed Cities” Gary, IN Pontiac, MI	“Fading Cities” Racine, WI Waterloo, IA

Source: Industrial Cities Initiative, Working Paper, 2012 Federal Reserve Bank of Chicago,
http://www.chicagofed.org/digital_assets/others/events/2012/ICI%20Symposium/ici_white_paper.pdf

Emerging Themes

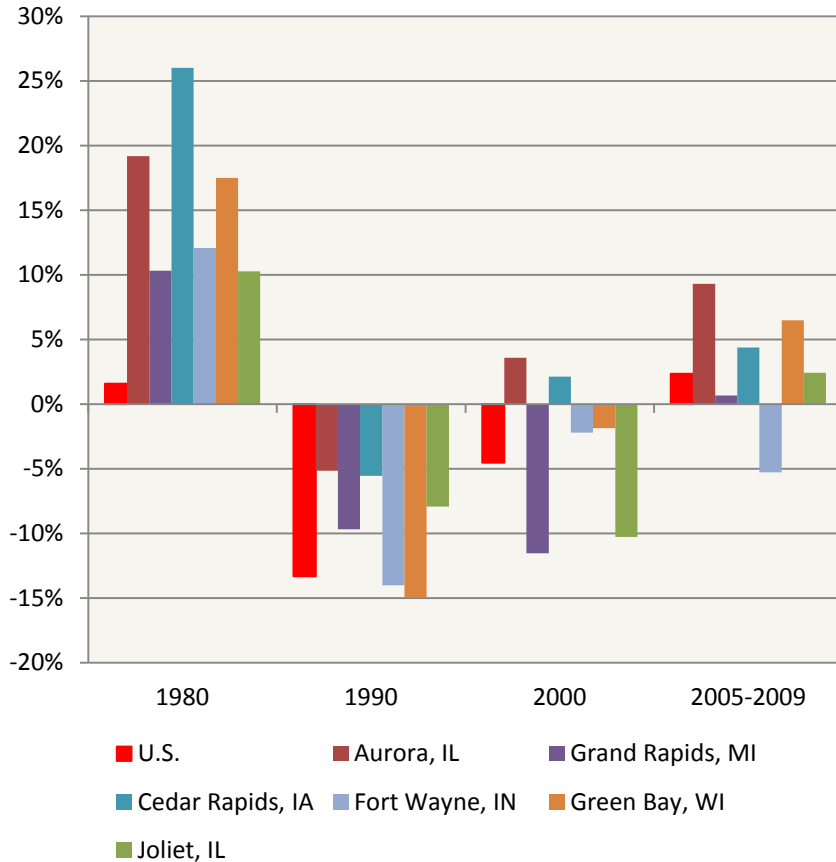
- Skills mismatch and workforce development
- Regionalism vs. parochialism
- Economic development finance
- Leadership and vision

Skills Mismatch and Workforce Development

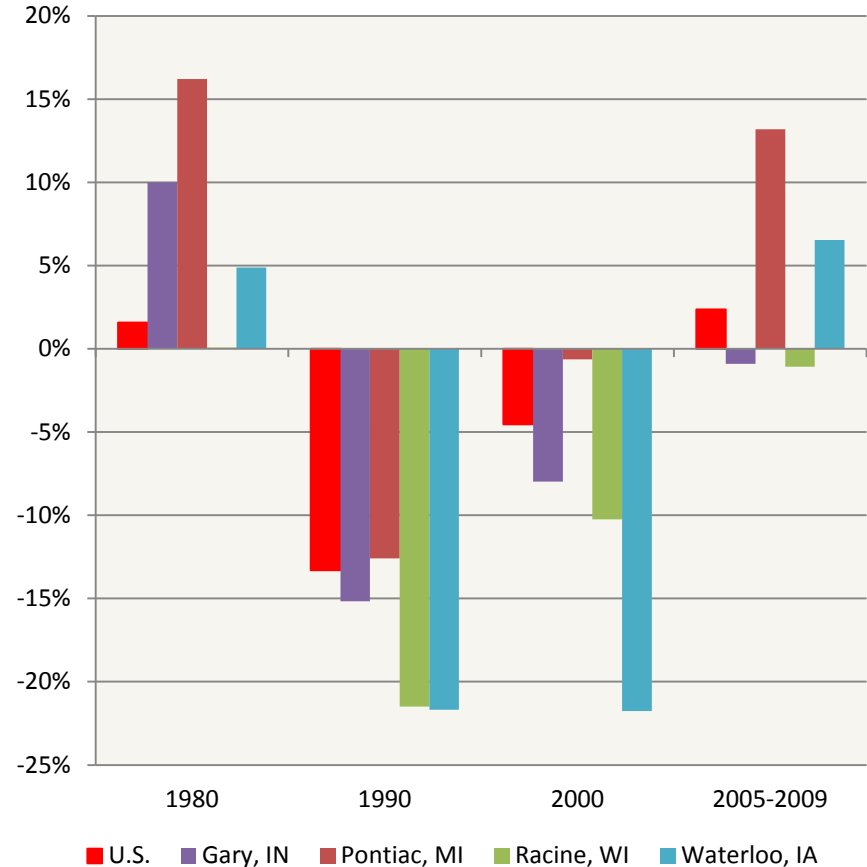
- Resurgent and transforming cities appear to have developed a coordinated workforce development program that addresses the skills mismatch as identified by major employers and emerging industry leaders. Common elements of these programs include:
 - Skill development and retraining with an aging, incumbent, or displaced workforce
 - Recruiting and educating students and young workers for modern manufacturing jobs
- When jobs are global and the workforce is regional, can the one sustain the other?

Change in Percent With High School Diploma

Resurgent/Transforming Cities



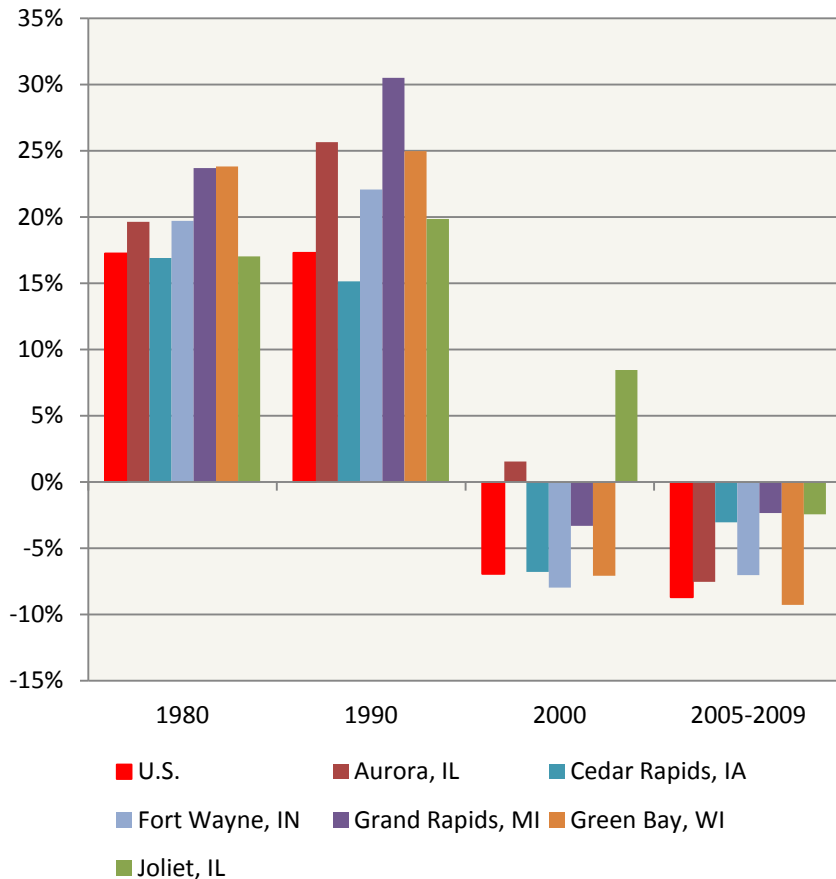
Fading/Overwhelmed Cities



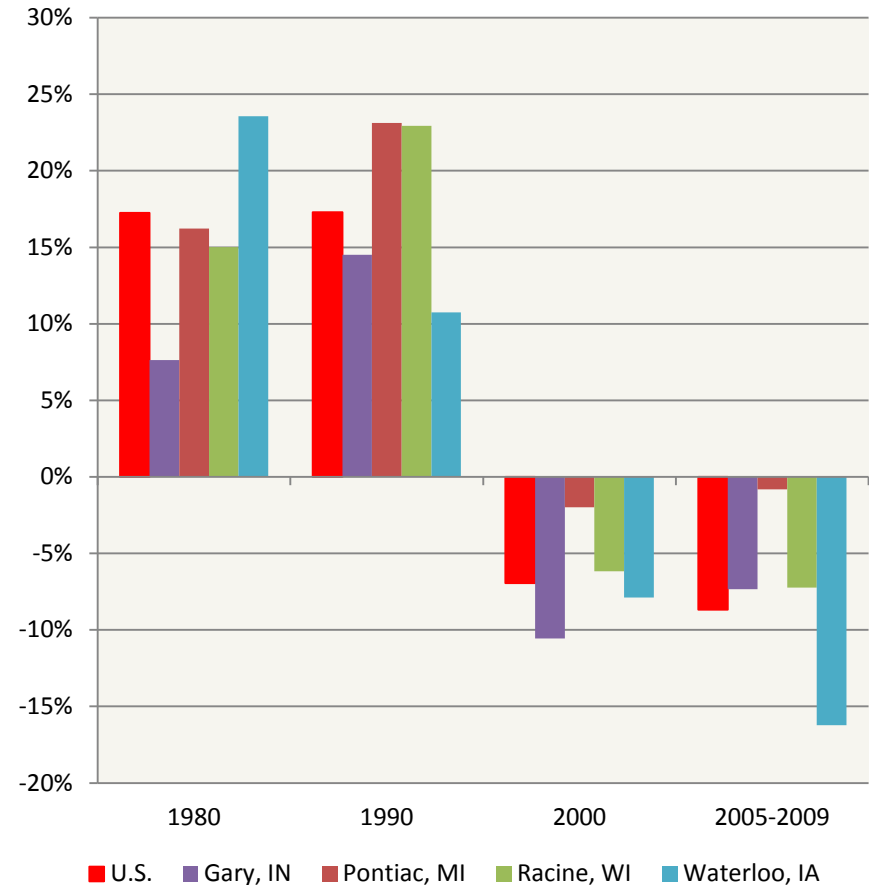
Source: Industrial Cities Initiative, Working Paper, 2012 Federal Reserve Bank of Chicago, http://www.chicagofed.org/digital_assets/others/events/2012/ICI%20Symposium/ici_white_paper.pdf

Percent Change in 25-44 Age Bracket

Resurgent/Transforming Cities



Fading/Overwhelmed Cities



Source: Industrial Cities Initiative, Working Paper, 2012 Federal Reserve Bank of Chicago, http://www.chicagofed.org/digital_assets/others/events/2012/ICI%20Symposium/ici_white_paper.pdf

Projected Job Growth in Will County, IL

	2001 Jobs		2011 Jobs		2021 Jobs	
	Number	%	Number	%	Number	%
Health Care and Social Assistance	8,039	18%	12,909	21%	15,445	23%
Retail Trade	8,025	18%	10,680	17%	10,417	16%
Accommodation and Food Service	2,819	6%	4,716	8%	5,160	8%
Manufacturing	4,699	10%	4,589	7%	4,040	6%
Transportation and Warehousing	2,277	5%	4,149	7%	4,998	7%
Admin./Support and Waste Mgmt. & Remed. Serv.	3,605	8%	3,395	6%	4,160	6%
Other Services (except Public Administration)	2,640	6%	3,393	6%	3,717	6%

Source: Will County Workforce Investment Board

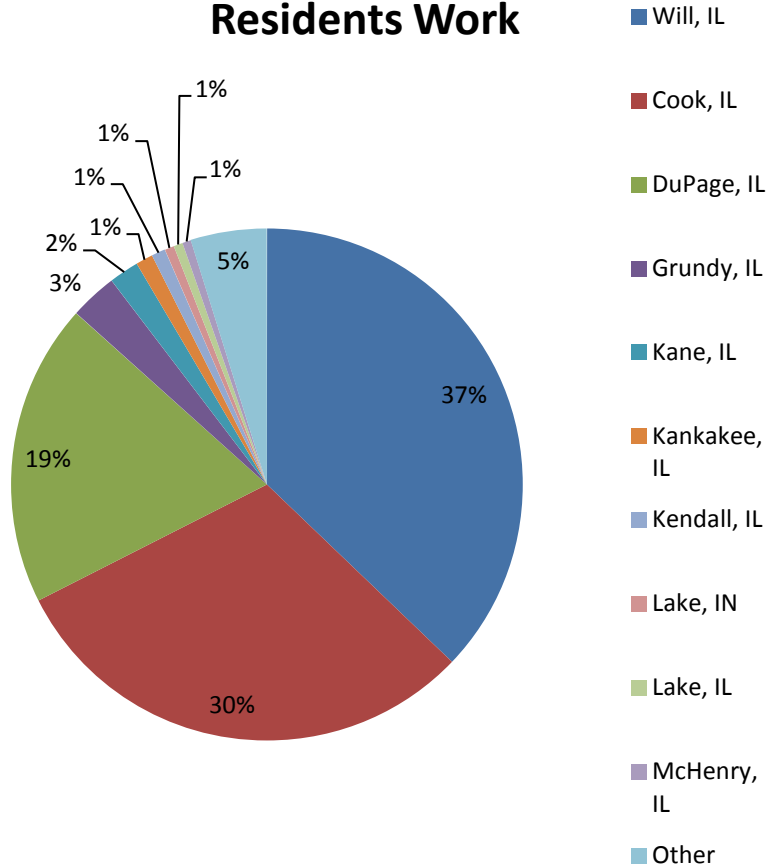
Growth Occupations vs. Living Wage

Occupation	2001 Jobs	2011 Jobs	2021 Jobs	Growth 2000-2011	Growth 2011-2021	2011 Avg Hourly Earnings	Annual (=2,080 hrs/year)	Living Wage?	Training Required
Health diagnosing and treating practitioners	2,316	3,840	4,662	40%	18%	\$36.70	\$76,336	Y	First professional degree
Primary, secondary, and special education teachers	2,065	3,020	3,271	32%	8%	\$33.52	\$69,722	Y	Bachelor's degree
Other management occupations	1,517	2,196	2,456	31%	11%	\$24.92	\$51,834	N	Bachelor's or higher degree, plus work experience
Business operations specialists	1,454	2,088	2,311	30%	10%	\$21.63	\$44,990	N	Bachelor's or higher degree, plus work experience
Health technologists and technicians	1,076	1,720	1,978	37%	13%	\$18.95	\$39,416	N	Associate degree
Motor vehicle operators	1,675	2,531	2,966	34%	15%	\$16.28	\$33,862	N	Short-medium term on-the-job training
Material moving occupations	2,120	2,817	2,958	25%	5%	\$11.76	\$24,461	N	Short-medium term on-the-job training
Information and record clerks	1,441	2,200	2,355	35%	7%	\$11.54	\$24,003	N	Short-medium term on-the-job training
Retail Sales workers	3,756	5,413	5,527	31%	2%	\$11.24	\$23,379	N	Short-term on-the-job training
Food and beverage serving workers	1,586	2,588	2,922	39%	11%	\$ 7.79	\$16,203	N	Short-term on-the-job training
Totals	19,006	28,413	31,406	49%	11%				

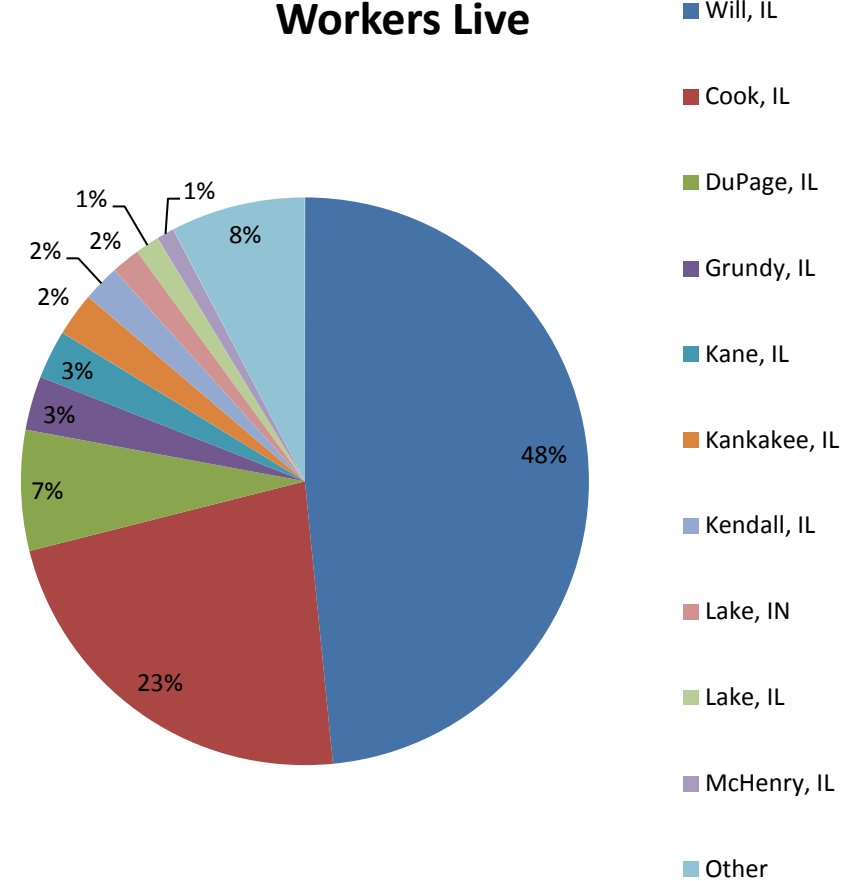
Sources: Pennsylvania State University Living Wage Calculator; Will County Workforce Investment Board; U.S. Bureau of Labor Statistics (BLS)

Commuting Patterns for Will County

Residents Work



Workers Live



Source: Industrial Cities Initiative, Working Paper, 2012 Federal Reserve Bank of Chicago, http://www.chicagofed.org/digital_assets/others/events/2012/ICI%20Symposium/ici_white_paper.pdf



Regionalism vs. Parochialism

Resurgent and transforming cities seem to have adopted at least a regional, if not always a global, mindset, while their underperforming peers struggle with ongoing, parochial interests that restrain their progress.

Economic Development Finance

Resurgent and transforming cities have developed financing mechanisms for their economic development strategies.

These strategies emphasize fully engaged public-private partnerships, a relatively higher degree of leveraging private investment with limited public funds; and often include a higher degree of philanthropic support.

Leadership and Vision

Resurgent and transforming cities appear to have a cadre of leadership that works together to effectively marshal the resources necessary to implement an articulated, shared vision and strategy for their communities' economic well-being.

Grand Rapids

Grand Action	An organization that raises money, conducts predevelopment planning, and studies and orchestrates the development or redevelopment of a sports arena, a convention center, two major hotels, a performing arts center, and a public museum and is now in the predevelopment stages of an urban fresh food market.
The Right Place	A public/private entity that focused on the retention and attraction of businesses to the Grand Rapids/Western Michigan region.
Medical Mile	Beginning with the establishment of the Van Andel Institute in 1996, this area, dedicated to medical research and education, located immediately adjacent to downtown Grand Rapids has grown into the largest concentration of employment in Western Michigan and attracts students and researchers from around the world.
The West Michigan Strategic Alliance	An entity made up of business and civic leaders in an eight county region in Western Michigan that addresses sustainability, work force development, urban renewal and business development on a collaborative regional basis.
Grand Valley Metropolitan Council	An interjurisdictional alliance of leaders appointed by local government entities to plan and coordinate government services throughout the region.
Grand Valley State University	Williams Seidman, former head of the Federal Deposit Insurance Corporation (FDIC) and advisor to Presidents Ford and Reagan, among others helped create two campuses for the Grand Valley State University, one near downtown Grand Rapids on land donated by the Steelcase Corporation; the other in suburban Holland on land donated by Frederik Meijer, founder of the Meijer supermarket chain. While there are other campuses for the school it is important to note that one is near downtown Grand Rapids.

Source: Industrial Cities Initiative, Working Paper, 2012 Federal Reserve Bank of Chicago,
http://www.chicagofed.org/digital_assets/others/events/2012/ICI%20Symposium/ici_white_paper.pdf

Industrial Cities Initiative: What's Next?

- Access to Credit and Capital
- Entrepreneurship and Economic “Gardening”
- Housing: Foreclosures and Affordability
- Diversity: Population and Leadership

Do you have questions?
E-mail us at:
communities@stls.frb.org

IN PHILADELPHIA'S SHADOW: Small Cities in the Third Federal Reserve District

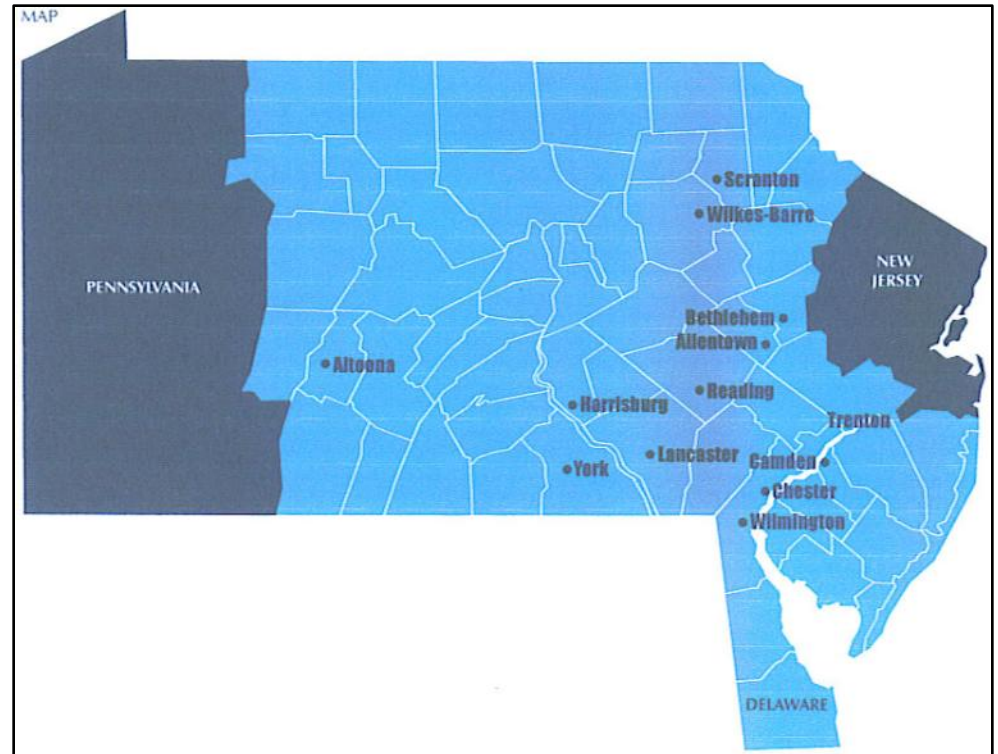
Alan Mallach

Visiting Scholar,
Federal Reserve Bank of Philadelphia



What Did We Study?

The study focused on 13 small, older formerly industrial cities in the Philadelphia Fed district.



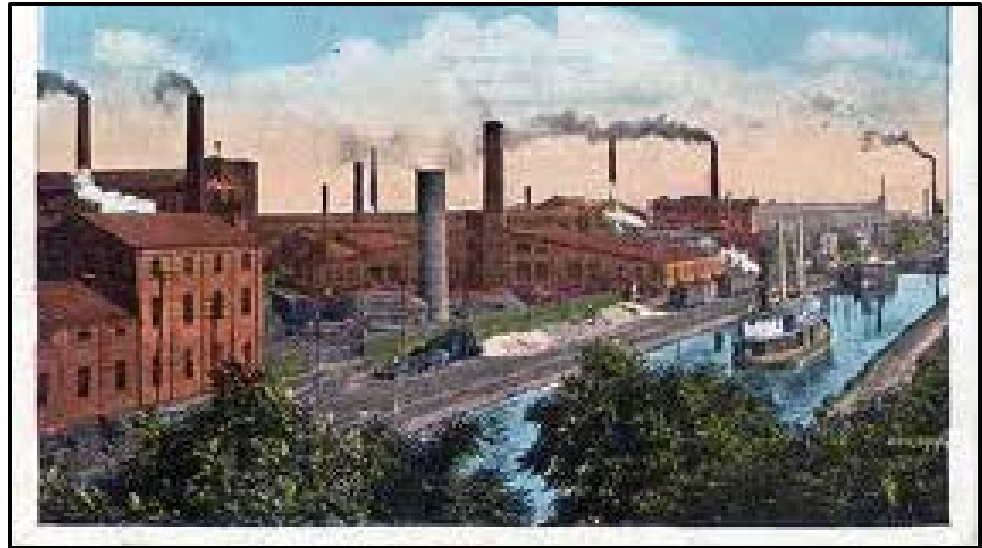
Source: IN PHILADELPHIA'S SHADOW: SMALL CITIES IN THE THIRD FEDERAL RESERVE DISTRICT

Alan Mallach, Visiting Scholar, Federal Reserve Bank of Philadelphia

<http://www.philadelphiafed.org/community-development/publications/special-reports/small-cities-in-third-federal-reserve-district.pdf>

How Did We Define Small Industrial Cities?

- Historically strong industrial base
- Peak population of at least 50,000



Source: Roebling Works Trenton

Small Industrial Cities

These cities were the historic centers of their regions.



Source: IN PHILADELPHIA'S SHADOW: SMALL CITIES IN THE THIRD FEDERAL RESERVE DISTRICT

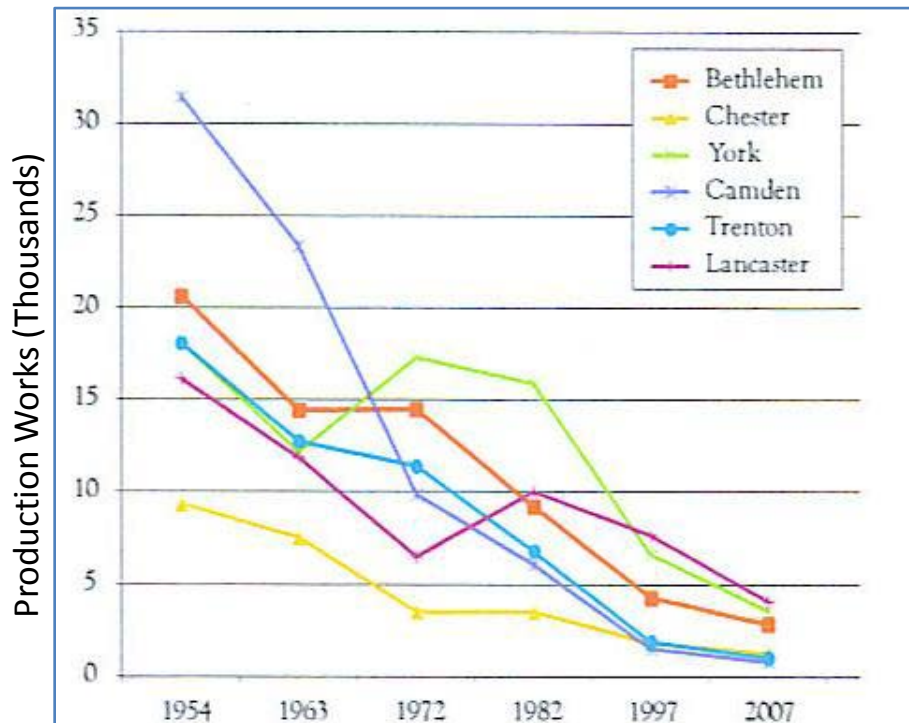
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<http://www.philadelphiafed.org/community-development/publications/special-reports/small-cities-in-third-federal-reserve-district.pdf>

Small Industrial Cities (continued)

They have lost their industrial base...

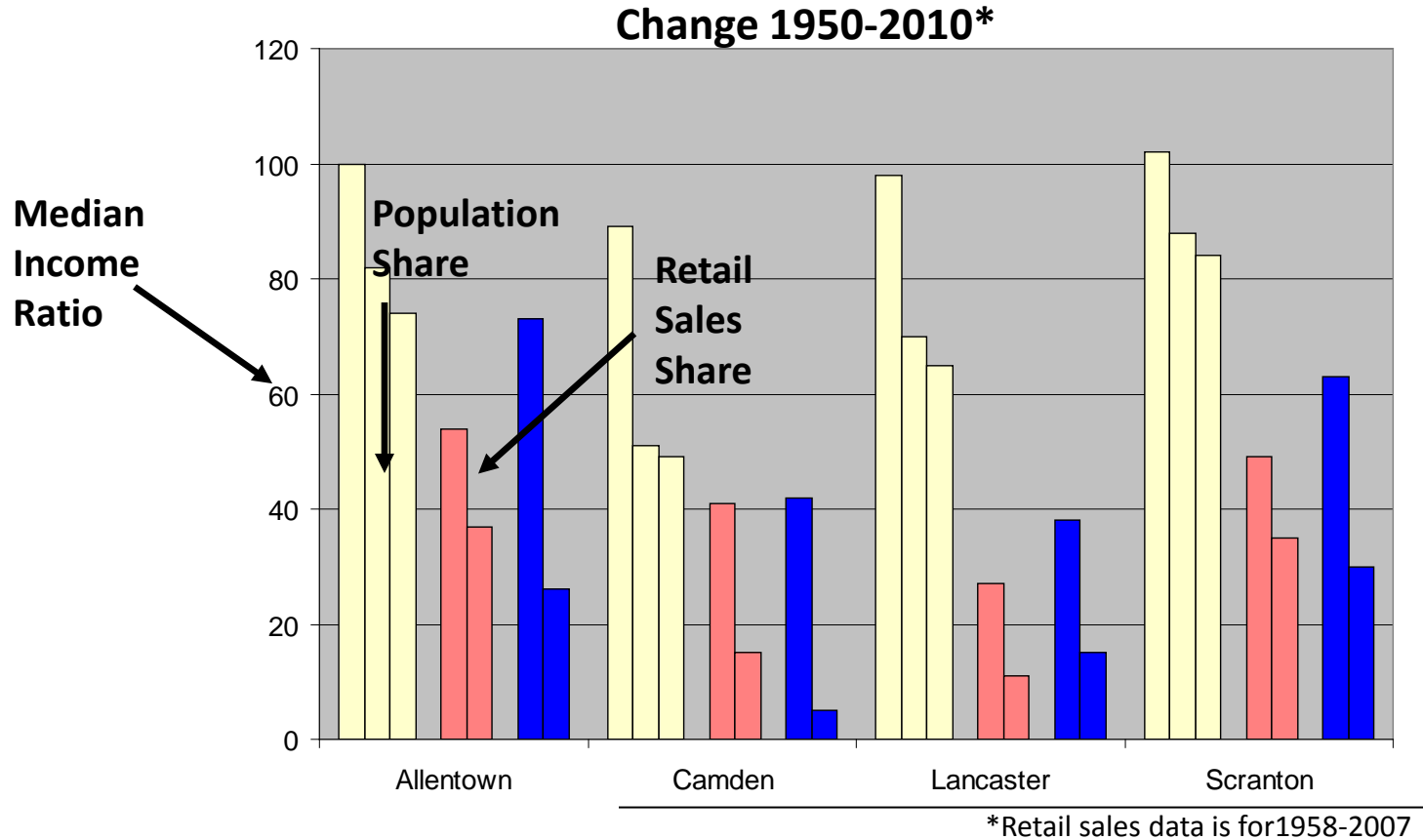
Manufacturing Production
Workforce, 1954-2007



Source: Census of Manufacturing

Small Industrial Cities (continued)

...and have declined relative to their counties.



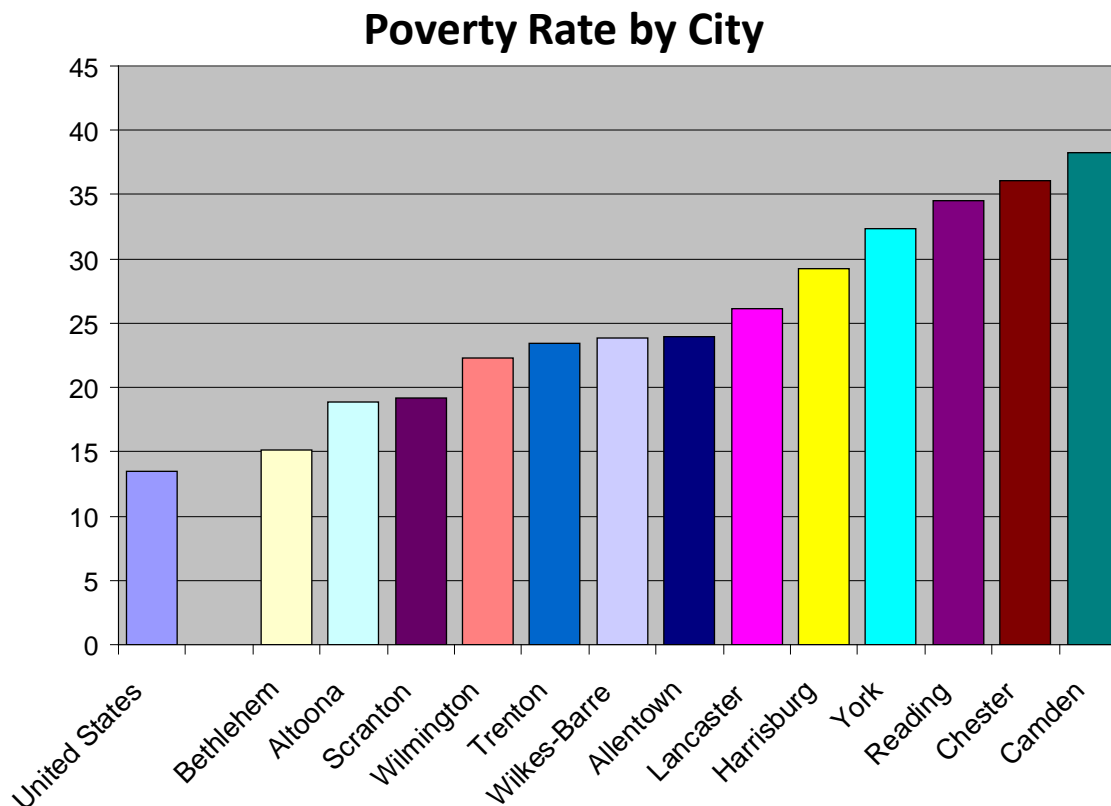
Source: IN PHILADELPHIA'S SHADOW: SMALL CITIES IN THE THIRD FEDERAL RESERVE DISTRICT

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Small Industrial Cities (continued)

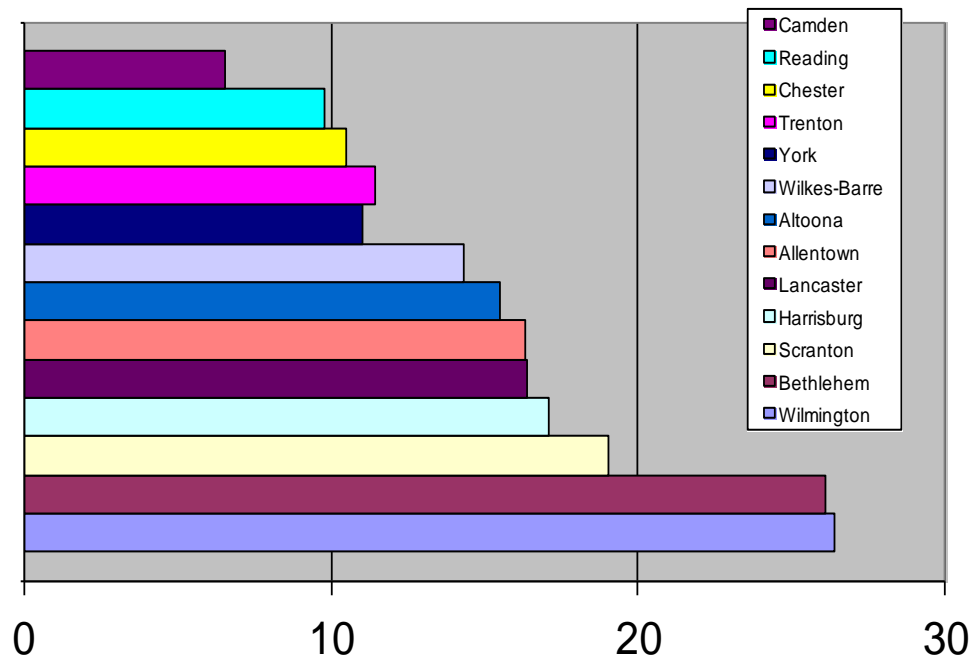
Despite common histories, these cities today are on sharply diverging trajectories.



Source: 2005-2009 American Community Survey

Small Industrial Cities (continued)

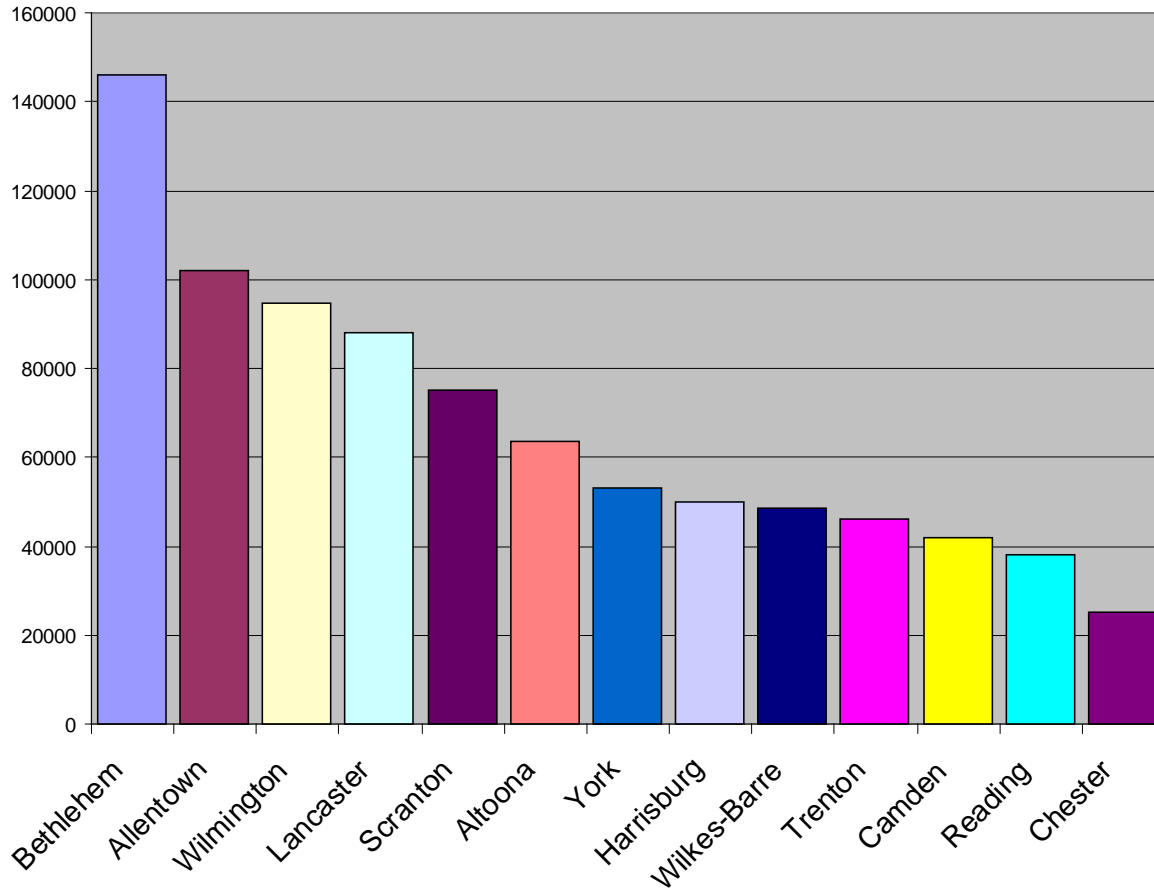
Percentage of Adults with BA or Higher Degree



Source: 2005-2009 American Community Survey

Small Industrial Cities (continued)

Median Sales Price 2009



Source: Boxwood Means from PolicyMap

Small Industrial Cities (continued)

These cities fall into four distinct clusters.

Rebounding	Declining but Stable	Coping	Struggling
Bethlehem Lancaster Wilmington	Altoona Scranton Wilkes-Barre	Allentown Harrisburg York	Camden Chester Reading Trenton

Three Elements in Urban Success

1. Social and economic wellbeing of the population



Three Elements in Urban Success (continued)

2. Healthy neighborhoods and housing market



Three Elements in Urban Success (continued)

3. Economic activity and export trade



What Drives Successful Outcomes?

	Social and Economic Characteristics of the Population				Housing Market Strength			Local Economic Activity	
	Median Household Income	Economic Dependency Ratio	Unemployment Rate	Share of Adults with College Degree	Ratio of Sales to Mortgages	Median Sales Price	Vacancy Rate	Job Location Quotient	Per Capita Retail Sales
Median Household Income		0.86	-0.64	0.87	-0.63	0.90	-0.61	0.23	0.01
Economic Dependency Ratio			-0.84	0.79	-0.57	0.83	-0.62	0.27	0.28
Unemployment Rate				-0.74	0.60	-0.64	0.49	-0.41	-0.58
Share of Adults with College Degree					-0.55	0.83	-0.48	0.47	0.22
Ratio of Sales to Mortgages						-0.66	0.69	-0.53	-0.27
Median Sales Price							-0.84	0.39	0.06
Vacancy Rate								-0.40	-0.03
Job Location Quotient									0.59
Per Capita Retail Sales									

Strong correlations within and between social/economic wellbeing and strength of housing market

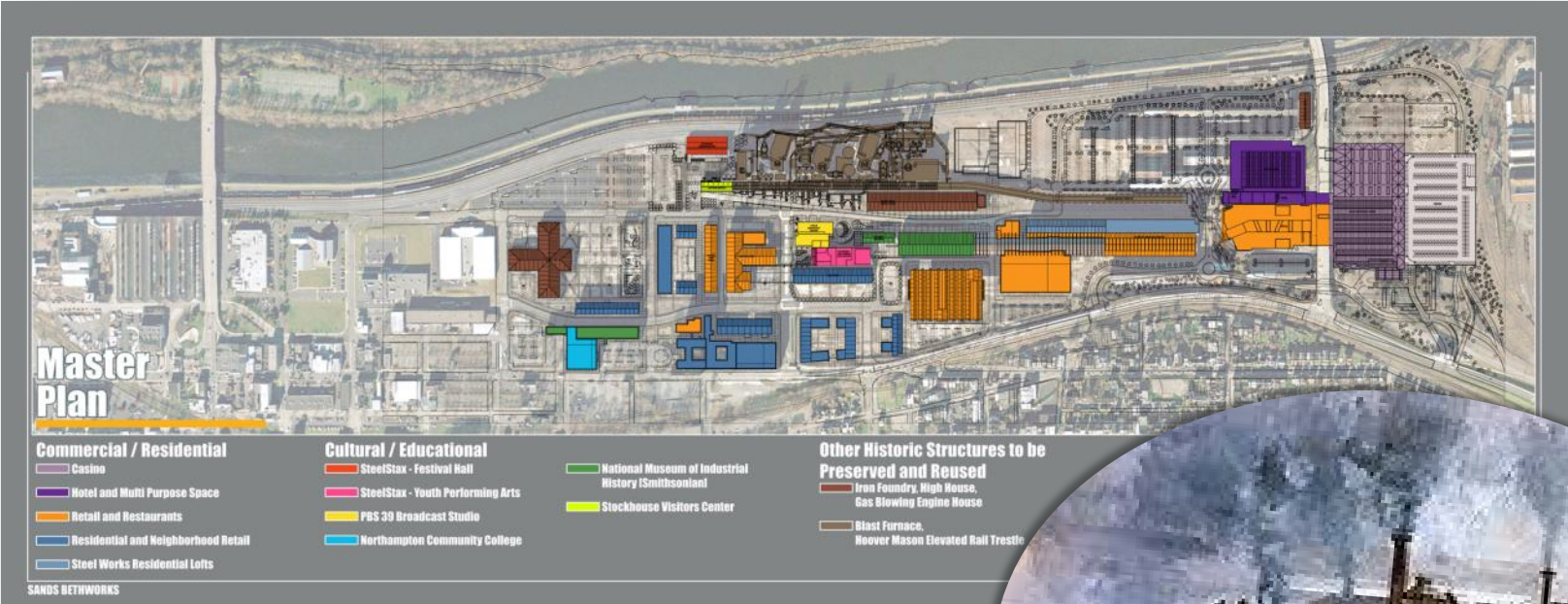
No correlations between economic activity and other factors

Source: IN PHILADELPHIA'S SHADOW: SMALL CITIES IN THE THIRD FEDERAL RESERVE DISTRICT
 Alan Mallach, Visiting Scholar, Federal Reserve Bank of Philadelphia
<http://www.philadelphiafed.org/community-development/publications/special-reports/small-cities-in-third-federal-reserve-district.pdf>

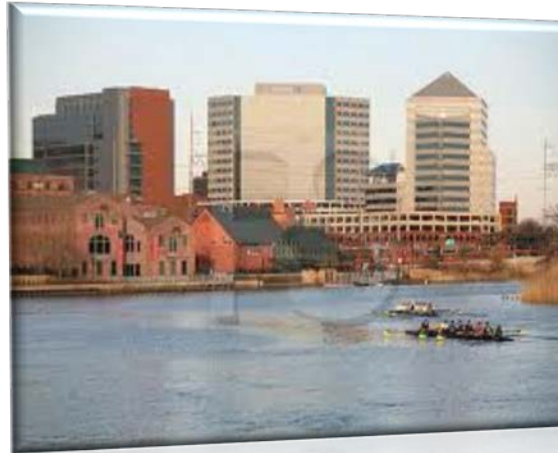
What Drives Successful Outcomes? (continued)

- Strong regional linkages
 - City residents compete effectively for jobs throughout region
 - City neighborhoods compete effectively in regional housing market
- New and emerging economic engines
 - Long-term transformational strategies

Bethlehem Steelworks Redevelopment



Wilmington Financial Services and Christina Riverfront Redevelopment



Lancaster Arts and Tourism Strategy



What Makes This Possible?

- Leadership
- Continuity
- Vision

Do you have questions?
E-mail us at:
communities@stls.frb.org

Wrap-up/Closing

Thank you to today's presenters and to all participants for joining this session.

Next steps:

- All session materials are available on our web site and in the next few days we will be posting an audio file of today's session
- Additional Federal Reserve System resources related to this topic can be found on our web site along with links to your local Federal Reserve Community Development office
- If you have topical suggestions for future sessions, or any questions about this program, please feel free to contact us at communities@stls.frb.org
- Information about future sessions will be posted on our website along with archived materials from past sessions: www.stlouisfed.org/connectingcommunities/