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Speculating about the future is an endeavor which appeals to those familiar with the many variants of Murphy's Law. Trends which today seem immutable, suddenly and mysteriously reverse themselves one day after forecasts based on those trends are announced. Institutions that are projected to behave in a *mature* and regular fashion suddenly cut loose, while previously unpredictable institutions settle down.

The task of predicting the future -- even the near-term future -- is made much more difficult when the subject is cities. Here, recent history does teach important lessons -- lessons in humility. In 1970, for example, Boston (and to a lesser extent, all of New England) was widely thought to be economically moribund. Today, Boston is widely used as an exemplar of a successful city, as an example of how places can be turned around, and possibly as a springboard for the next president. Twenty years ago the future for the Seattle area looked dismal. Boeing Aircraft, Seattle's main employer, had just laid off more than 20,000 employees, and Seattle's other main industry, lumber, was in the midst of one of its perennial slumps. Today, Seattle is a vibrant center of international finance, a main port of entry for Pacific Rim trade, and a computer software center. Additionally, Boeing has just posted its fourth straight year of record profits (San Francisco Chronicle, 1988).

Ten years ago, there were those (mainly in Texas) who thought that by 1990 Houston and Dallas would join New York City, Chicago, and Los Angeles in the front rank of American cities. Today, the Houston economy is in the midst of the worst depression in its history, and Dallas, although perhaps a little better off than Houston economically, is struggling with significant social and economic problems. The purpose of

these vignettes is not to illustrate the naivete of those who make attempts at predicting the future, but to demonstrate that the future, by definition, is *unpredictable*, and that broad generalizations based on simple economic trends cannot begin to describe the multitude of possible future pathways for cities, institutions, and people.

These cautionary tales aside, the purpose of this paper is to take a critical look at American central cities for the remainder of the 20th Century. we are concerned first and foremost with *central cities*; *municipal entities which lie at the center of urban regions*.¹ Moreover, this paper considers central cities as a class of places, and does not focus (except in passing) on a few specific cities. Yet, as will become clear, the future of America's central cities depends just as much on

¹The operational definition of "urban regions" has changed somewhat over the last five years. Traditionally, urban regions were delineated by the Census Bureau as Standard Metropolitan Statistical Areas (SMSAs), those counties which comprised the primary commuting shed for the cities at their center. The term central city in turn refers to an incorporated municipal entity, at the center of an SMSA. That is the definition of central city used in this paper; central cit does not mean either central business district or central area. More recently, the Census Bureau has defined: (1) Metropolitan Statistical Areas (MSAs), which are defined as urban counties exhibiting a high degree of economic and social integration, and surrounding a central city; (2) Primary Metropolitan Statistical Area (PMSAs), which are defined as large, urbanized counties or clusters of counties with very strong internal economic and social linkages; and (3) Consolidated Metropolitan Statistical Areas (CMSAs), which are defined as contiguous PMSAs.

decisions made outside central cities, and upon policies implemented in suburban communities.

This paper concludes that the final decade of the 20th century will be a troublesome one for many U.S. central cities. Based on long-term social, economic, demographic, and institutional trends, those who govern and live in America's central cities are likely to face severe economic, development, social, and governmental challenges over the course of the next 20 years. In some cases -- the increasing suburbanization of employment, for example -- the root causes of these challenges have only recently become apparent. In other cases -- racial segregation, for instance -- the causes and patterns of today's problems have been apparent for more than a generation.

This conclusion, if somewhat pessimistic, is intended to be cautionary. How American central cities deal with these challenges will vary city by city, state by state, and region by region. Some will choose to ignore them, conduct business as usual, and hope they disappear of their own accord. They won't. Others may confront them head-on. In a few places, actions taken in central cities alone may be all that is necessary; in most places, however, the causes of such challenges are metropolitan in nature, and the responses must therefore also be metropolitan.

The Calm Before the Storm

Looking back, the 1970s and early 1980s may one day seem a golden period in the history of America's central cities. Private employment in the central cities of the nation's 50 largest metropolitan areas increased by 1,400,000, or 7 percent, between 1967 and 1977, with the largest real

increases occurring in the service (1,177,000) and finance-insurance-real estate (+422,000) sector (Phillips and Vidal, 1983).

Even more impressive than the numerical increment of employment growth was its physical manifestation. From Boston to Los Angeles, from Chicago to Dallas, American cities experienced an office development boom unlike any seen before. Estimates of exactly how much office space was constructed in downtown areas vary depending on the source. Looking only at the nation's top 40 downtown office markets, the Urban Land Institute estimates that the supply of "competitive" central city office space increased by nearly 300 million square feet, or more than 50 percent, between 1970 and 1982. Moreover, office jobs and office space mushroomed even in cities such as Pittsburgh and St. Louis which did not experience a net job increase.

The 1970s also saw the improvement of central city balance sheets and finances (Dearborn, 1988), due in part to increases in local development activity. While New York City and Cleveland grabbed headlines by flirting with bankruptcy during the mid-1970s, the rest of the nation's central cities worked to put their financial houses in order. As Dearborn points out, the health of central city finances tends to be much more dependent on national business conditions than on federal grants and aid. Thus, the current prolonged period of low inflation and national economic expansion has favored the fiscal base of many cities despite drastic cuts in federal aid.

On the residential side, the 1970s saw the emergence of a small but significant "back to the city" movement. All across the U.S., central city neighborhoods which had been in decline since the 1940s were reclaimed, and subsequently "gentrified" by young, predominantly white households. While

the extent of such urban revitalization was not large when examined on a national scale (Clay, 1979 estimated that less than .5 percent of the total central city housing stock was renovated), cities with strong urban cores (Boston, Washington, New York, and San Francisco) showed extensive areas of improvement (Lipton, 1979).

Whereas the 1970s were a period of central city *residential* renovation, the early 1980s were a period of *commercial* revitalization. Boston's Fanueil Hall marketplace renovation, completed in 1976, demonstrated not only that tourists and suburbanites would journey downtown for unique shopping opportunities, but that city governments, working with private developers through public-private partnerships, could effectively manage downtown commercial renovation projects (Freiden and Sagalyn, 1986). Almost overnight, "festival marketplaces," "downtown convention centers," and "public-private partnerships" became the centerpieces of local urban revitalization efforts. In fact, public-private downtown revitalization efforts were deemed so successful that the introduction to a 1987 Urban Land Institute volume, entitled Cities Reborn, declared, "The 1980s, however, appear to be a watershed decade, as city after city turns its attention to rebuilding declining downtowns and inner-residential neighborhoods. In particular, the private sector has increasingly recognized the high-quality development potential of downtown areas, and the public sector has seen the potential for retaining and increasing jobs and the economic base of the city" (Urban Land Institute, 1987).

The Suburban Jobs Challenge

The first challenge for America's central cities is to reassert their historic role as the economic centers of their respective metropolitan

areas -- a role which has been, and continues to be eroded. Without question, the single most significant threat to the economic, fiscal, and social health of America's central cities is the continuing suburbanization of the jobs base (Landis, 1987).

The Suburbanization of Jobs -- An Issue Deferred

In fact, the movement of jobs and economic activity from central cities to suburbs is really nothing new. Since the early 1960s, geographers and economists have noted and commented upon the shift of manufacturing employment from central cities to suburbs (Kain, 1968, 1975; Harrison, 1974), and upon the impacts of such shifts on the people left behind.

By the mid-1970s, concern over the suburbanization of the jobs base had given way to, what seemed at the time to be, larger concerns over the economic future of regions. Manufacturing jobs were not only fleeing central cities, they were fleeing entire regions, moving from the Northeast and Midwest "Rustbelt" regions to the sunnier and newer climes of the South and West -- the Sunbelt (Phillips and Vidal, 1983). Acting in response, cities and states organized massive economic development efforts -- those in the Snowbelt to keep their jobs, and those in the Sunbelt to steal them back.

By the early 1980s, still another economic crisis loomed large: America's manufacturing sector -- traditionally the backbone of its economy -- seemed to be losing its competitiveness when compared with developing Pacific Rim countries such as Japan, Korea, Singapore, and Taiwan. Employment growth continued in the service sector, but there were (and still are) many who voiced concern that a growing service economy coupled

with a declining goods economy, would ultimately lead to a decline in many American's standard of living. As the United States emerged from the worldwide recession of 1981-82, pessimists concluded that local battles over job location and economic development were really disagreements about how best to divide up a declining pie.

The Suburban Jobs and Office Tilt

Lost amidst the attention paid to regional and national economic crises, was the fact that the engine of job growth had shifted from central cities to suburban areas. The tilt toward suburban employment growth is evident in both the service and manufacturing sectors. Between 1977 and 1982, the number of service jobs in the central cities of the nation's 68 largest metropolitan areas² increased by 1,319,400, while the number of production and non-production³ manufacturing jobs declined by 266,300 (Table 1); by contrast, service and manufacturing employment in suburban communities increased by 1,571,700 and 139,500, respectively.

²The 68 largest metropolitan areas include those SMSAs which: (1) had a 1980 population of a half million or more; and (2) for which central city and SMSA employment data was available by sector.

³*Production* manufacturing workers include all full-time employees who work on manufacturing assembly lines, and their immediate supervisors. *Non-production* manufacturing workers include all full-time employees engaged in management, sales, and overhead functions in firms classified as manufacturers under the Standard Industrial Classification (SIC) code. *Service* jobs include workers employed in the service sector, as defined under the SIC code.

TABLE 1:

Central City and Suburban Employment Changes in the 68 Largest Metropolitan Areas: 1977-82
Production and Nonproduction Manufacturing and Selected Services

Sector:	Selected Services		Non-Production Manufacturing		Production Manufacturing	
	Cen. City	Suburban	Cen. City	Suburban	Cen. City	Suburban
Employment Change:						
1977-82 (in thousands)						
68 Largest SMSAs	1,319.4	1,571.7	157.8	432.4	(424.1)	(292.9)
Northeast	313.0	413.8	(9.2)	75.4	(174.1)	(113.2)
Midwest	204.2	384.7	(3.1)	88.0	(272.3)	(228.1)
South	392.3	391.1	94.6	80.2	9.3	23.8
West	409.8	382.1	75.5	188.8	13.0	24.6
Percent Employment Change:						
1977-82						
68 Largest SMSAs	54.4%	87.4%	9.7%	22.0%	-14.4%	-7.9%
Northeast	46.2%	85.0%	-1.9%	11.1%	-19.3%	-9.7%
Midwest	39.4%	84.2%	0.6%	13.3%	-30.2%	-18.5%
South	58.8%	97.0%	27.6%	35.0%	1.5%	4.1%
West	72.7%	84.6%	25.5%	47.7%	2.5%	3.4%
Percent of SMSA Employment Change: 1977-82						
68 Largest SMSAs	45.6%	54.3%	26.7%	73.3%	59.1%	40.9%
Northeast	43.1%	56.9%	-13.9%	113.9%	60.6%	39.4%
Midwest	34.6%	65.3%	-3.7%	103.7%	54.4%	45.6%
South	50.1%	49.9%	54.1%	45.9%	28.1%	71.9%
West	51.8%	48.2%	28.6%	71.4%	34.6%	65.4%
Central City Share of SMSA Employment						
68 Largest SMSAs	57.4%	52.6%	44.2%	42.6%	44.4%	42.6%
Northeast	43.1%	52.3%	42.2%	39.3%	43.6%	40.9%
Midwest	53.1%	46.2%	42.3%	39.1%	42.2%	38.5%
South	62.3%	57.2%	52.5%	49.7%	51.8%	51.2%
West	55.5%	53.8%	42.8%	45.8%	42.0%	41.8%

Source: Census of Manufacturing 1977, 1982; Census of Selected Services 1977;
Census of Service Industries, 1982.

Notes: Observations include 68 of the 76 largest Metropolitan Statistical Areas (MSAs)
See Landis (1987) for a discussion of the sample set

In the case of service employment, the suburban jobs tilt is a *growth* tilt. Despite the continuing decentralization of service jobs, as of 1982, central cities still contained more than half of total service jobs. As Table 1 shows, the tilt toward suburban job growth in the service sector was greater among northeastern and midwestern metropolitan areas than among metropolitan areas in the South and West.

The suburban jobs tilt is not limited to the service sector. While *total* manufacturing employment declined between 1977 and 1982, *non-production* manufacturing employment actually increased. And as Table 1 shows, except in the South, job growth in the non-production side of the manufacturing sector was overwhelmingly concentrated in *suburban* areas.

More significant than the figures themselves is the fact that the non-production side of the manufacturing sector includes most corporate headquarters, management and service functions. Early studies of the rise of suburban activity centers pinpointed corporate service and marketing (so-called "back-office" jobs), as those jobs most likely to be relocated from central city to suburban locations. More recently, however, many large firms have begun moving entire divisions to suburban locations. Moreover, as suburban "start-ups" grow in size, there is little evidence that they relocate to downtown areas.

It is a mistake to assume that a suburban areas' job gain is automatically a central city's job loss. Many of the jobs being created in suburban areas are the product of firm "start-ups," and it is not necessarily true that the same firm might have commenced operations in a central city had a suburban location or market not been available. Much more analysis of the types of firms attracted to and starting up in suburban areas, as compared with those locating in downtown areas, is

necessary before the true nature (and likely long-term effect on central cities) of the suburban jobs tilt can be assessed. The job growth equation is much more complicated than can be shown in a Table as simple as Table 1.

As jobs moved outward, the office building became a major fixture of the suburban landscape. In fact, as Table 2 indicates, among the 46 largest office markets, suburban office space now outnumbers downtown office space by 20 percent. Just looking at current inventory substantially understates recent development trends. Looking at absorption as an indicator of market activity, an average of 28.6 million square feet per year was absorbed in the nation's downtown office markets between 1983 and 1987. Over the same period, the nation's suburban office markets absorbed an average of 77.7 million square feet of new office space per year. Moreover, suburban office markets continue to be much more active than downtown office markets, despite the fact that office vacancy rates in suburban markets are *currently* well above vacancy rates in downtown markets. Given recent absorption trends, the oversupply of office space in downtown office markets is actually greater than the oversupply in suburban markets.

The effects of suburban office development, whether isolated office buildings or mixed-use office-retail centers, on metropolitan and central city economies is only now being assessed. Analysts such as Christopher Leinberger (1986) see complexes of suburban office parks and mixed-use centers (alternately labeled urban villages, urban activity nodes, suburban activity centers, and suburban employment centers) as, on the one hand, competing with central cities for jobs and, on the other hand, contributing to a more vibrant metropolitan economy -- ultimately enhancing the position of the central city. Whatever their developmental effect, there can be no

TABLE 2:

Comparison of Central Business District and Suburban Office Markets: 1988

	CBD	Suburban Areas
	-----	-----
Current Inventory (Square Feet)	964,000,000	1,387,000,000
Vacant Square Feet	144,000,000	318,000,000
Vacancy Rate	15.0%	23.0%
5-Year Average Absorption Rate	28,600,000	75,200,000
(Square feet per year)		
Years to Absorb Current Vacant Space	5.3	4.3
at 5-year Avg. Absorption Rate		

Source: TCW Realty Associates

Notes: Summary includes data for the 46 largest metropolitan area office markets

doubt that many cities now find themselves in the position of competing with their own suburbs for prestigious office and service jobs.

Behind the Suburban Jobs Tilt

The existence of a suburban job growth tilt and the rise of suburban employment centers brings up a number of important questions. What's behind the tilt? Is it continuing? And what does it mean for the future of the nation's central cities?

The suburban jobs tilt and the rise of suburban activity centers are the result of a combination of "push" and "pull" factors. Jobs were *pushed* out of central cities by rising land costs and building rents, by high taxes, by local governments perceived as inhospitable to business, and by traffic congestion. On the opposite side, jobs were *attracted* to suburban locations by low land costs and office rents, by ample development opportunities, by low taxes, by the lack of hostile political constituencies, and initially at least, by easy freeway access to product and labor markets (Dowall and Salkin, 1986; Nelson, 1984).

Office developers were strongly attracted to suburban locations because it was usually easier to build. Sites were larger, allowing larger parking areas and greater design and floorplan flexibility. Because earlier waves of suburbanization had been residential in nature, many suburban municipalities, seeking to broaden their fiscal and property tax bases, were eager to attract office and industrial development. In many locations, tax-exempt industrial development bonds were used to help finance new, business-serving infrastructure. In other locations, good engineering and planning practices dictated that excess infrastructure capacity -- whether roads, sewer lines, or water lines -- be "built-in" to

the system. Most importantly, ample supplies of labor were within easy commuting distance.

Ostensibly location-neutral, federal tax and fiscal policy also worked to favor suburban development. On the tax side, the 1981 adoption of the Accelerated Cost Recovery System (ACRS) method of accelerated capital depreciation, encouraged developers to build space even in markets with high vacancy rates. Deregulation of U.S. financial markets during the late 1970s meant that investment money was available, and developers and lenders alike were attracted to low-cost, easy-to-build suburban locations.

On the fiscal side, federal programs such as the Community Development Block Grant Program and CETA, which had been used by central cities to substitute for shortages in locally-generated revenues, were scaled back. To compensate, some central city administrations turned to impact fees, increased business taxes, and supplemental assessments, further adding to development cost differentials between central cities and suburban locations.

Short-Term Response or Long-Term Trend

Focusing on the locational decisions of individual firms and developers obscures the broader question of whether the suburban jobs tilt is simply a short-term (and thus possibly transient) response to certain labor, access, congestion, and infrastructure cost differences between suburban and central city location, or whether it represents a long-term, fundamental lessening of *agglomeration* as a key ordering force in metropolitan economies.

Urban economists have long believed that there are long-term cost, marketing, productivity, and innovation economies inherent in the

agglomeration of production and business activities. Such agglomeration economies, or market externalities, are often credited with being the force that binds together modern cities (Mills and Hamilton, 1984). Modern central business districts exist, it is assumed, because there are either marketing or cost advantages to being in close proximity to complementary businesses. Even as urban economies have shifted from the manufacture of things to the production of services, many economists have continued to argue that there are still strong agglomeration economies binding the city together; the (timely) need for shared information and efficient and integrated labor markets are but two such advantages.

Clearly the continued decentralization of service functions (such as finance activities, business services, and corporate headquarters) within metropolitan areas represents a challenge to this orthodoxy.

Correcting the Tilt

Will central cities be able to reclaim their role as regional employment centers, or has the engine of jobs creation shifted permanently to suburban areas? The signals are mixed.

In the short term, some of the apparent advantages of suburban locations over central city locations seem to have narrowed, and in a few cases, even been reversed. Because of recent development activity, many suburban locations have lost their cost and accessibility advantages. In many suburban areas, the excess road and infrastructure capacity that provided suburban locations with real cost advantages has been used up. Nowhere is this more obvious than in the case of highway capacity. In many metropolitan areas, traffic congestion is now worse in suburban areas than in urban areas (Cervero, 1986). Most of the nation's mass transit

operations maintain their urban orientation, and the fact that suburban activity centers were developed at lower densities makes it difficult to provide them with high-quality transit service. Increased development has served to bid-up land prices, and acquiring right-of-way for needed freeway additions can be as expensive in suburban locations as in urban ones.

Increasing suburban land prices also make it less profitable for office developers to build at very low densities, and to provide free employee parking. But, as Table 3 shows, except in a few places (Miami, Riverside, San Jose, and Seattle) the gap between suburban and downtown land prices does not appear to be closing. Quite the contrary, suburban office rents are still much higher relative to downtown office prices (Urban Land Institute, 1988). The implication of these differentials is that there will continue to be substantial cost-driven pressures for suburban office development.

In some places, there are indications that suburban development has reached its effective limit -- if not from a physical perspective than from a political one. Suburban residents increasingly seem to see their communities as having been over-built (Kroll, 1986). In Southern California, for instance, residents of Orange and San Diego Counties -- two traditionally pro-growth areas -- pushed through ballot initiatives to slow, and even stop growth. In Orange County, where the stop-growth initiative eventually failed by the narrowest of margins, the intent was to slow office and commercial development; in San Diego, the intent is to slow residential growth. In both places, concern over worsening traffic congestion was cited as the major issue (Baldassare, 1985, 1987).

Another factor which may slow down suburban office development, at least in the near term, is the fact that American office markets are so

TABLE 3:

Comparison of Downtown and Suburban Office Rents and Land Prices
for Selected Metropolitan Areas: 1980, 1985, 1987

Metropolitan Area	Ratio of: Downtown Rent Rate to Suburban Rent Rate			Ratio of: Downtown Land Price (per SQFT) to Suburban Land Prices		
	1980	1985	1987	1980	1985	1987
Atlanta		1.2	1.1		5.0	5.0
Austin	1.3	1.5	1.6		23.3	21.3
Baltimore		1.3	1.3			
Boston	1.5	1.8	1.8			
Chicago	1.3	1.3	1.2	13.9	44.4	44.4
Dallas-Ft. Worth		1.2	1.4			
Denver	1.8	1.6	1.1	75.0		14.7
Houston	1.5	1.6	1.5	3.6	2.5	4.3
Miami		1.1	1.1	5.0	0.8	0.7
Milwaukee		1.3	1.5			
Minneapolis-St. Paul		1.4	1.0			
New York City (vs. Westchester)		1.4	1.4			
Orange County		1.1	1.3			
Orlando		1.1	1.0	5.3	6.4	6.7
Philadelphia	1.3	1.4	1.6		2.0	3.5
Phoenix		1.1	1.1	4.0	2.5	2.6
Raleigh-Durham		1.0	0.9			
Riverside/San Bernadino		1.3	1.5		1.0	0.8
St. Louis		1.0	1.0		2.0	2.1
San Antonio	1.4	1.1	1.2			
San Francisco/Oakland		1.3	1.0			5.0
San Jose		1.3	1.0		5.1	3.2
Seattle		1.0	1.1	4.3	2.7	1.8
Washington D.C.	1.3	1.4	1.6			

Notes: Assembled from the Urban Land Institute; comparisons are for office space only
Source: Urban Land Institute; MARKET PROFILES-1988

greatly over-built. According to TCW Realty Associates, as of the first quarter of 1988 office vacancy rates in suburban office markets averaged 23 percent, compared to 15.0 percent in central city office markets. Whether this differential is enough to encourage some office developers to abandon hyper-competitive suburban markets in favor of less competitive, but still difficult to develop downtown markets is unclear.

One thing that is clear is that the Tax reform Act of 1986 has effectively eliminated all of the tax incentives which encouraged the over-building of the suburban office sector. As was its intent, tax reform has eliminated income tax avoidance as the engine of office development, and replaced it with the need to pay attention to local conditions of supply and demand. Whether this change will ultimately be locationally neutral, will eventually favor suburban builders, probably varies depending on the individual office market.

If it is one thing to note that suburban locations have lost some of their attractiveness as centers of employment growth, it is quite another thing to declare that central cities will regain their former attractiveness. This analysis suggests that the economic future of central cities may depend less on what central cities do, and more on what suburban communities do *not* do. In those metropolitan areas where new suburban development is asked to "pay its own way," where additional infrastructure extensions are not publicly subsidized, and where outward growth is consciously contained, central cities *may be able* to (re)capture some of their traditional shares of regional employment growth. On the other hand, in those metropolitan areas where highway, water, and sewerage capacity continue to be extended outward, central cities are likely to find themselves in a continuing battle with their suburbs for employment growth.

For those involved in the task of planning for metropolitan growth, these realities present a major dilemma. Recognizing that modern infrastructure is usually built in large increments, is it preferable to build more infrastructure than needed in the short run in order to accommodate potential long-term demand, and thereby possibly encourage such demand? Or, is it preferable to underbuild in order not to encourage adjacent development? These are precisely the alternatives facing municipal governments in the Washington D.C. and Atlanta metropolitan areas as they ponder whether to build large increments of freeway capacity at their respective fringes. To do so would be to seriously undermine the long-term future of their respective central cities. Not to do so would be to accelerate worsening suburban congestion.

What can central city officials, interest groups, and planners do to reassert the role of central cities as the economic hubs of their regions? From a strategic perspective, this is probably the wrong question; the long-term trend towards multi-nodal metropolitan areas seems immutable. As long as central cities continue to attract reasonable shares of metropolitan employment growth in key industries, then public officials and civic boosters should probably be satisfied. For example, central cities such as Los Angeles, San Francisco, Chicago, Boston, and Atlanta continue to attract new employment growth even as their respective shares of metropolitan area employment growth decline. At the same time, however, central cities must be careful not to lose their popular identities as the business and cultural centers of their metropolitan regions, or be satisfied with capturing just the low wage, low-prestige share of local job growth. This is the case in Newark and New Jersey, as prestigious,

high-tech firms have rushed to locate in Newark's suburbs, leaving Newark to older, declining industries.

The Demographic Challenge

The second challenge for America's central cities is to maintain existing residential neighborhoods and create new housing opportunities in the face of countervailing demographic trends. Unlike economic shifts, which are frequently sudden and unanticipated, demographic shifts occur in a more gradual, and thus somewhat more predictable, fashion.

To a surprising degree, the social and economic health of the nation's central city neighborhoods is directly tied to the size and behavior patterns of the Baby Boom generation -- those individuals born between 1946 and 1964. It is largely the Baby Boom generation that reclaimed, and then gentrified urban neighborhoods during the 1970s. Likewise, the spending power and purchasing preferences of Baby Boom households have promoted the commercial revitalization of many central city neighborhoods. Thus, what happens to central city neighborhoods during the next twenty years depends in large part on the behavior of the Baby Boom generation as it reaches middle age, as well as upon the size and behavior of the post-Baby Boom generation as it reaches young adulthood. As we shall see, the trends which describe such behaviors do not bode well for central city housing or neighborhoods.

To understand why this is so, it is important to realize that householder age is a key determinant of homeownership rates, as well as household mobility rates, and locational preferences. Looking first at homeownership rates, we know that young adults and households headed by young adults tend to be renters, and that homeownership rates increase as

the head of household ages (Table 4). In 1984, for example, only 18.0 percent of households whose head-of-household was between 20 and 24 years old owned a home. By contrast, the 1984 homeownership rate among households with a head of household between 25 and 29 years old was 38.4 percent, and the homeownership rate for households with heads in the 30-34 year age bracket was 54.4 percent. *One implication of these rate differentials is that the pool of apartment dwellers and first-time homebuyers will steadily decrease as the Baby Boom ages* (Myers, 1987).

Among recent movers (the pool of households available for renting or purchasing a home), preferences for urban living also seem to be largely age-determined (Table 5). The reasons for this have been widely studied: young households are more likely to be childless, and thus less concerned with local school quality. The range, choice, and number of job opportunities is typically greater in cities -- an important concern when household members are just starting their careers (Berry, 1985).

As households age, their preferences for central city living seem to decline. In 1983, for example, married couple renter households living in central cities with a head-of-household between the ages of 25 and 34 comprised 3.9 percent of all recent movers. By contrast, married couple renter households living in central cities with a head-of-household between the ages of 35 and 44, comprised only 1.6 percent of recent movers. The age-related fall-off for *homeowner* households moving to central cities displays a similar pattern. These figures suggest two types of behavior patterns. First, that households typically move less frequently as they age, and second, that preferences for central city living also seem to decline with household age.

TABLE 4:

U.S. Homeownership Rates by Age of Householder: 1984

Age of Household Head	Total	Percent
	Households	Homeowners
15-19 years	375,000	12.8%
20-24 years	5,135,000	18.0%
25-29 years	9,848,000	38.4%
30-34 years	9,960,000	54.4%
35-39 years	9,059,000	66.4%
40-44 years	7,537,000	72.0%
45-54 years	12,471,000	77.4%
55-64 years	13,121,000	79.4%
65-74 years	10,700,000	77.3%
75 years and older	7,201,000	72.3%
Total	85,407,000	64.6%

Source: James Hughes and George Sternlieb,
DYNAMICS OF AMERICA'S HOUSING. p.56

TABLE 5:

Recent Movers Residing in Central Cities, by Household and Tenure Type: 1973, 1983

Recent Mover Households Which Were: Type of Household and Age of Household Head	Recent Mover Households (in thousands)				As a Percent of All Recent Mover Households			
	Renter Households Living in Central Cities		Homeowner Households Living in Central Cities		Renter Households Living in Central Cities		Homeowner Households Living in Central Cities	
	1973	1983	1973	1983	1973	1983	1973	1983
	-----	-----	-----	-----	-----	-----	-----	-----
Married Couple Families	1,496	1,184	694	486	15.9%	8.7%	7.4%	3.6%
Under 25 years	498	272	115	35	5.3%	2.0%	1.2%	0.3%
25-34 years	549	528	278	243	5.8%	3.9%	3.0%	1.8%
35-44 years	201	212	138	115	2.1%	1.6%	1.5%	0.8%
45-64 years	190	140	136	80	2.0%	1.0%	1.4%	0.6%
65 years and older	58	32	27	13	0.6%	0.2%	0.3%	0.1%
Multi-person Households								
with Male Householder	266	499	42	71	2.8%	3.7%	0.4%	0.5%
with Female Householder	655	876	68	77	7.0%	6.5%	0.7%	0.6%
1-Person Households								
Under 65 Years	1,056	1,166	88	123	11.2%	8.6%	0.9%	0.9%
Over 65 Years	149	138	9	21	1.6%	1.0%	0.1%	0.2%
Total Households	3,621	3,863	900	778	38.6%	28.5%	9.6%	5.7%

Source: 1983, 1973 Annual Housing Survey; Volume D; Table A-1

Table 5 also shows that among recent movers, overall preferences for central city living declined sharply between 1973 and 1983. Whereas 38.6 percent of recent movers in 1973 were central city renters, by 1983, this percentage had declined to 28.5 percent. The decline in the share of recent movers who are central city homeowners is even more precipitous -- from 9.6 percent in 1973, to 5.7 percent in 1983. And whereas 7.4 percent of recent movers in 1973 were married couples purchasing a home in a central city, by 1983 only 3.6 percent of recent movers were in this category.

The absolute numbers underlying these percentages are even more revealing. Although the absolute number of renter households moving to a central city location increased between 1973 and 1983 -- from 3,621,000 to 3,863,000 -- the number of married couple families becoming central city renters decreased from 1,496,000 to 1,184,000. And in the case of homeowners, both the number of total households and married couple households moving to central cities declined sharply between 1973 and 1983.

The story behind these numbers is really the story of the changing housing preferences of the Baby Boom generation. Consider the central city housing market in the early 1970s, the period when most Baby Boomers were first establishing households. Many of the prior generation of adults (those born in the decade before World War II) had already moved to developing suburban areas, leaving behind them a large and aging urban housing stock. While some of this stock had been removed during Urban Renewal, much more remained. With the supply of central city housing greater than demand, real housing prices were low and central city housing seemed a bargain, particularly in those neighborhoods where housing quality had not declined as fast as prices. Moreover, because central cities

included a greater share of rental units than suburban areas, households headed by young adults -- who tend to be renters -- were already located in, and familiar with central city locations. It was not surprising then, that many Baby Boomer households would choose to remain in central city neighborhoods, gradually redeveloping and gentrifying them, as well as pushing up housing prices. As Gale and others have noted, the gentrification movement of the mid-1970s was less of a "homeowners come back to the city" movement than a "young renters don't leave the city when they become homeowners" movement. Thus, much of the revitalization of central city neighborhoods which occurred during the 1970s can be attributed to a combination of two demographic factors: (1) the increase in the number of young households entering the housing market -- a result of the Baby Boom; and (2) the preferences of young households for urban living.

By 1985, the demographic side of the housing market had changed considerably. The typical Baby Boomer was over 30 years old. And while some Baby Boomers' households had kept their central city addresses, a much greater number had become suburbanites. More significantly, the cohort of young adults which followed the Baby Boom (those born in the mid-1960s through late 1970s, who will be forming households throughout the 1990s) and was to replace them as central city residents, proved to be much smaller than the Baby Boom cohort (Tables 6 and 7).

Looking to the 1990s, this difference in cohort sizes -- what Myers calls the "post-Baby Boom household vacuum" -- is likely to have two effects on central city housing markets. First, the cohort of young households available to energize central city economies and neighborhoods will be much smaller than at any time since before World War II. Looked at

TABLE 6:

U.S. Population Projections (Middle Series) by Age: 1995 and 2000

Age	-----1984-----		-----1995-----			-----2000-----		
	Population (000)	%	Population (000)	%	%change from '84	Population (000)	%	%change from '84
Under 5 Years	17,816	7.5%	18,615	7.2%	4.5%	17,626	6.6%	-1.1%
5-13 Years	30,165	12.7%	34,435	13.3%	14.2%	34,382	12.8%	14.0%
14-17 Years	14,707	6.2%	14,082	5.4%	-4.2%	15,382	5.7%	4.6%
18-24 Years	29,375	12.4%	23,702	9.1%	-19.3%	24,601	9.2%	-16.3%
25-34 Years	41,107	17.4%	40,520	15.6%	-1.4%	36,415	13.6%	-11.4%
35-44 Years	30,718	13.0%	41,997	16.2%	36.7%	43,743	16.3%	42.4%
45-54 Years	22,436	9.5%	31,397	12.1%	39.9%	37,119	13.9%	65.4%
55-64 Years	22,316	9.4%	20,923	8.1%	-6.2%	23,767	8.9%	6.5%
65 Years and Over	28,040	11.8%	33,888	13.1%	20.9%	34,921	13.0%	24.5%
Total	236,680	100.0%	259,559	100.0%	9.7%	267,956	100.0%	13.2%

Source: U.S. Census Bureau, PROJECTIONS OF THE POPULATION OF THE U.S.: 1983-2050

TABLE 7:

Projected Household Growth Increments, by Age and Type: 1984-1995, 1984-2000

Age	1984-1995 Household Change (000)				1984-1995 Household Change (000)			
	by Household Type				by Household Type			
	Total	Married Couple	Other Family	Non-Family	Total	Married Couple	Other Family	Non-Family
Under 25 Years	(863)	(356)	(155)	(353)	276	114	49	114
25-34 Years	(258)	(151)	(38)	(67)	(1,976)	(1,164)	(295)	(516)
35-44 Years	6,092	4,098	1,065	930	946	636	165	146
45-54 Years	5,035	3,494	753	788	3,203	2,223	479	500
55-64 Years	(744)	(476)	(112)	(187)	1,663	1,064	183	415
65 Years and over	3,851	1,708	374	1,768	586	260	57	268
Total	13,113	8,317	1,887	2,879	4,698	3,133	638	927

Source: James Hughes and George Sternlieb; THE DYNAMICS OF AMERICA'S HOUSING

in simple numbers, the number of young adults -- those between the ages of 18 and 34 -- available to revitalize and transform America's central cities will decline by 13.4 percent between 1984 and 2000. Second, because the supply of young, central city-oriented households is likely to be less than the supply of central city housing, central city housing prices, considered in real terms, are likely to fall. All things being equal, central city homeowners looking to sell their homes will find that increasingly, it is a buyer's market.

Caveats and Implications

The scenario depicted above -- of a demographically driven decline in central city populations, and of renewed suburban growth -- is by no means certain. Throughout the country, households are becoming increasingly fragmented along both lifestyle and preference lines (Hughes and Sternlieb, 1987). Past trends and preferences may not hold true. It will require waiting until the results of the 1990 Census are published to determine whether the post-Baby Boom cohort collectively has the same central city versus suburban locational preferences as did the Baby Boom cohort.

Moreover, the market effects of demographic dynamics are known to vary widely at the local level. In some markets, the "post-Baby Boom household vacuum" may never materialize; in other markets, it may be the dominant effect. Finally, it is entirely possible that as the Baby Boomers gradually become a generation of "empty nesters," they may rediscover urban lifestyles and urban neighborhoods.

These caveats notwithstanding, it does seem likely that the demand for central city housing will decline throughout the 1990s, and that as a result, central city housing prices will also decline (in real terms).

Taking such declines to their extremes, the result would be a new round of central city housing abandonment and deterioration. Moreover, further declines in central city property values will ultimately make it harder, not easier, for current residents (who are disproportionately poor and members of minority groups) to escape the central city, should they wish to do so.

The policy question for central city planners, residents, and elected officials facing these trends will be two-fold: (1) how best to maintain and enhance currently viable residential neighborhoods, and (2) how best to manage the decline of dying neighborhoods, while creating opportunities for redevelopment. These are not new questions, nor are they questions for which there are well-established and time-tested answers. Although asked in the abstract, these questions can not and should not be answered without looking at the housing and population dynamics of particular neighborhoods.

The Challenge of Race

The third challenge for America's central cities is to reverse a worsening pattern of racial segregation. While there has been undeniable progress in the area of civil rights, and some progress in the area of economic rights, America's major metropolitan areas remain as racially segregated today as they were a generation ago. Moreover, as Kassarda (1985) has shown, declines in central city manufacturing employment have had their greatest impact on central city minority workers.

Measuring Segregation

To compare the extent of residential segregation across central cities and Metropolitan areas, we developed a location quotient-based

residential segregation index. The numerator of the index is the percent of the *central city* population which belongs to a particular racial group (e.g. Black or Hispanic), while the denominator is the percent of the *metropolitan* area population which belongs to that group. When the segregation index takes on a value of 1.0, a particular group lives in both central city and metropolitan area in the same proportions; if the segregation index takes on a value of 2.0, then the central city includes twice the share of a particular group than does the metropolitan area as a whole. Separate segregation indexes were constructed for the 50 largest metropolitan areas for Blacks (1970 and 1980) and Hispanics (1980, only).

In many places, the extent of residential segregation, as of 1980, is simply startling (Table 8). In 1980, for example, the proportion of the population of Oakland which was Black was 5.38 times the proportion of the Black population in the larger San Francisco-Oakland-San Jose area. Three metropolitan areas in the Northeast remain highly segregated -- Hartford (4.91), Boston (4.77), and Providence (4.21). Major midwestern metropolitan areas (Minneapolis, Detroit, Dayton, and Cincinnati) are also highly segregated. In fact, of the cities in the 50 largest metropolitan areas, the percentage of Blacks in the central city population exceeded the percentage of Blacks in the metropolitan area by a 2-to-1 margin in 31 of them. The only metropolitan areas in which the Black population was "over-represented" in the metropolitan area relative to the central city were Honolulu and San Jose.

Hispanics are also segregated in central cities, albeit not as severely as Blacks. Moreover, as we note below, the relationship between Black and Hispanic segregation is relatively weak. Except for the major metropolitan areas of New England, the metropolitan areas in which the

TABLE 8:

Racial Segregation Indices for the Black and Hispanic Populations in the 50 Largest Metropolitan Areas: 1980

Segregation Index: 1980			Segregation Index:		
City & Metro Area (if different)	Black Pop.	Hispanic Pop.	City & Metro Area (if different)	Black Pop.	Hispanic Pop.
Oakland (S.F.-Oakland-S. Jose)	5.38	0.78	Milwaukee	2.14	1.64
Hartford (Hartford NECMA)	4.91	4.86	Dallas (Dallas-Ft. Worth CMSA)	2.06	1.45
Boston (Boston NECMA)	4.77	2.56	Birmingham	2.04	1.20
Providence (Providence NECMA)	4.21	2.76	Philadelphia	2.01	1.52
Minneapolis	3.35	1.18	Columbus	2.01	1.24
Rochester	3.23	2.70	St. Petersburg (Tampa-St.P. CMSA)	1.87	0.36
Detroit	3.16	1.13	Greensboro-H.Point-Win.Salem	1.83	1.14
Pittsburgh	3.12	1.47	Chicago	1.78	1.33
Dayton	2.93	1.26	Richmond	1.76	1.08
Albany-Schenectady-Troy	2.84	1.40	Salt Lake City	1.70	1.55
Cincinnati	2.73	1.39	New Orleans	1.70	0.88
Atlanta	2.71	1.27	Indianapolis	1.61	1.16
Newark	2.68	2.84	Oklahoma City	1.60	1.27
Portland (Portland-Vancouver)	2.65	1.05	Ft.Worth (Dallas-Ft.Worth CMSA)	1.59	1.48
St. Louis	2.65	1.28	San Diego	1.59	1.01
Seattle	2.64	1.30	Phoenix	1.50	1.12
Buffalo	2.63	1.93	Houston	1.46	1.20
Washington, D.C	2.62	0.97	San Francisco (S.F.-Oak-S.Jose)	1.46	0.99
Tampa (Tampa-St.P. CMSA)	2.55	2.66	Miami (Miami-Hialeah)	1.46	1.57
Denver (Denver-Boulder CMSA)	2.50	1.76	Nashville	1.45	1.14
Cleveland	2.41	2.21	Los Angeles (L.A.-Long Beach)	1.35	1.00
Sacramento	2.39	1.48	Memphis	1.19	0.91
Orlando	2.31	1.05	Jacksonville	1.18	0.99
Louisville	2.24	1.12	New York City	1.10	1.12
Kansas City, MO	2.17	1.43	San Antonio	1.07	1.19
Baltimore	2.15	0.99	Honolulu	0.55	0.72
			San Jose (S.F.-Oak-S. Jose)	0.53	1.80

Source:

State and Metropolitan Area Databook: 1986

Black population is concentrated in central cities are not necessarily the same metropolitan areas in which the Hispanic population is concentrated in the central cities.

The indices shown in Table 8 are of course very gross; they do not take into account subtleties of location, household size and makeup, or city size relative to the metropolitan area. Yet, taken at face value, they indicate what every Black person knows implicitly: that racial segregation in urban America today is the rule, not the exception.

This picture does not appear to be changing appreciably (Table 9). Of the fifty largest metropolitan areas, only six (St. Louis, Oklahoma City, San Jose, Washington D.C., San Diego and Hartford) were *less* segregated in 1980 than in the 1970s, with respect to the Black population. The remainder had grown *more* segregated, often by substantial amounts (Cincinnati, Birmingham, the Providence metropolitan area, Tampa, Detroit, New Orleans, and Oakland).

Behind these numbers is a simple but startling reality. Although whites' households continue to leave central cities to live and work in suburban areas, Black and Hispanic households have either been economically unable to do so, have been discouraged from doing so, or have been prevented from doing so. In all such cases, the results have been the same: the central city has become that part of the metropolitan area reserved for minorities, while suburban communities are reserved for whites (Downs, 1985). The ghetto, instead of being dismantled during the 1970s, was reinforced. Urban society grew more separate, and as we note below, also more unequal.

TABLE 9:

Residential Segregation Index for the Black Population for the 50 Largest Metro Areas: 1970, 1980

Residential Segregation Index				Residential Segregation Index			
City and Metro Area	1980	1970	Change	City and Metro Area	1980	1970	Change
St. Louis	2.65	5.84	-3.19	Denver-Boulder	2.50	2.28	0.23
Oklahoma City	0.32	1.70	-1.38	Nashville	1.44	1.20	0.25
San Jose	0.52	1.41	-0.89	Indiannapolis	1.62	1.36	0.25
Washington, D.C	2.62	2.88	-0.26	Dallas	2.05	1.79	0.26
San Diego	1.58	1.65	-0.07	Orlando	2.31	2.04	0.27
Hartford	4.87	4.89	-0.02	Columbus	2.00	1.72	0.28
San Antonio	1.08	1.06	0.02	Milwaukee	2.21	1.92	0.28
New York City	1.23	1.17	0.05	Kansas City, MO	2.17	1.86	0.31
Philadelphia	2.01	1.91	0.10	Atlanta	2.71	2.37	0.34
Phoenix	1.50	1.38	0.12	Salt Lake City	1.67	1.33	0.34
Sacramento	2.39	2.26	0.13	Pittsburgh	3.19	2.85	0.35
Jacksonville	1.17	1.03	0.14	Buffalo	2.91	2.52	0.40
Fort Worth	1.59	1.43	0.16	Albany-Schenectady-Troy	4.36	3.94	0.43
Richmond	1.76	1.60	0.17	Minneapolis	3.28	2.75	0.53
Miami	1.68	1.51	0.17	Portland, OR	2.97	2.43	0.53
Chicago	2.03	1.86	0.17	Cleveland	2.91	2.38	0.53
Dayton	2.94	2.76	0.18	Cincinnati	3.03	2.49	0.54
San Francisco	1.45	1.26	0.19	Birmingham	2.05	1.43	0.61
Baltimore	2.15	1.96	0.19	Providence NECMA	4.19	3.56	0.63
Greensboro	1.72	1.53	0.20	Tampa	2.55	1.89	0.65
Memphis	1.19	0.99	0.20	Detroit	3.25	2.53	0.72
Los Angeles-Long Beach	1.85	1.64	0.20	New Orleans	1.72	0.15	1.57
Houston	1.51	1.30	0.22	Oakland	5.38	3.25	2.12
Boston NECMA	4.75	4.53	0.22	Seattle	2.25	0.00	2.25
Louisville	2.24	2.02	0.22	Honolulu	13.54	1.00	12.54

Source: City and County Factbook, 1977, 1983

State and Metropolitan Area Databook, 1986

Patterns of Race, Income, and Unemployment

Do patterns of racial segregation within metropolitan areas correspond to observations of significant income, employment, and poverty rate differentials? In other words, are the metropolitan areas, which exhibit significant income or social differentials between central city and suburb, the same metropolitan areas which exhibit significant racial differences between central city and suburb? Looking just at aggregate indicators (Table 10), the answer would seem to be yes.

Aggregate indicators can be deceiving, however. To address this issue at a more rigorous level, we used the method described above to construct central city concentration indices for the fifty largest metropolitan areas in the following categories: female-headed households (1980), unemployment rates (1984), median family income (1979), per capita income (1983), the percent of the population living below the poverty line (1980), and the percent of families living below the poverty line (1980). These indices are presented in Appendix A. Except for median family income and per capita income, index values above 1.0 indicate that a greater proportion of individuals or households of a particular type (e.g., female-headed households) reside in the central city than in the metropolitan area as a whole. In the cases of the two income measures (median family income and per capita income), index values which fall below 1.0 indicate that central city residents earn lower incomes than residents of the metropolitan area as a whole.

Next, a correlation matrix was developed comparing the various concentration indices (Table 11). In interpreting the results, readers should remember that the sample includes only the 50 largest metropolitan areas (and their component cities), and that the base year for the racial,

TABLE 10:

Comparisons of Selected Racial, Demographic, and Income Characteristics
Between U.S. Metropolitan Areas and Central Cities

	Metropolitan Areas	Central Cities	Central Cities/ Metro Areas
	-----	-----	-----
Percent of Population: 1980			
Black	12.61%	21.80%	1.73
Hispanic	7.47%	10.69%	1.43
Percent Female-headed Households: 1980	15.30%	21.20%	1.39
Per Capita Income: 1983	\$7,729	\$7,209	0.93
Percent Below Poverty Line: 1980			
Persons	11.40%	16.20%	1.42
Families	8.70%	12.60%	1.45

Source: U.S. Census, STATE AND METROPOLITAN AREA DATABOOK: 1986

Notes: Includes data for all U.S. Metropolitan Statistical Areas (MSAs)

TABLE 11:

Correlation Coefficients Comparing Indices of Central City Concentrations
for Selected Racial, Demographic, and Economic Characteristics

Characteristic	Abbrev.	Correlation Coefficients			
		BLACK80	HISP80	FHH80	UNEMP84
Black Population in 1980	BLACK80	1			
Hispanic Population in 1980	HISP80	0.52	1		
Female-headed Households in 1980	FHH80	0.77	0.54	1	
Unemployment Rates: 1984	UNEMP84	0.44	0.19	0.58	1
Median Family Income: 1979	FAMINC79	-0.44	-0.35	-0.63	-0.39
Per Capita Income: 1983	PCPINC83	-0.45	-0.51	-0.67	-0.42
Persons Below Poverty Line: 1980	POVPER80	0.75	0.64	0.95	0.56
Families Below Poverty Line: 1980	POVFAM80	0.74	0.67	0.94	0.59
Median House Value: 1980	HOUSVAL	-0.10	0.00	-0.08	-0.03
Median Gross Rent	GROSSRNT	-0.50	-0.10	-0.60	-0.69

Characteristic	Abbrev.	FAMINC79	PCPINC83	POVPOP80	POVFAM80	HOUSVAL	GROSSRNT
Black Population in 1980	BLACK80						
Hispanic Population in 1980	HISP80						
Female-headed Households in 1980	FHH80						
Unemployment Rates: 1984	UNEMP84						
Median, Family Income: 1979	FAMINC79	1.00					
Per Capita Income: 1983	PCPINC83	0.64	1.00				
Persons Below Poverty Line: 1980	POVPER80	-0.68	-0.76	1.00			
Families Below Poverty Line: 1980	POVFAM80	-0.67	-0.79	0.98	1.00		
Median House Value: 1980	HOUSVAL	0.03	0.30	-0.01	-0.05	1	
Median Gross Rent	GROSSRNT	0.40	0.38	-0.55	-0.54	-0.0234	1

Source: State and Metropolitan Area Databook

Notes: Includes data for the 50 largest Metropolitan Statistical Areas (MSAs) and their central cities

demographic, poverty, and family income indices is 1980, while the base year for the per capita income index is 1983. Second, the local economies of several of the metropolitan areas included in the sample (e.g., Houston, Oklahoma City, Hartford) have undergone significant changes since the early 1980s. Finally, the correlation coefficients listed in Table 11 indicate *correlation* not causation; just looking at the statistics does not indicated whether racial problems underlay poverty, or vice versa.

According to Table 11, there are very significant correlations between the 1980 Black concentration index, the female-headed-household index, and the individual and family poverty line concentration indices. In other words, those metropolitan areas in which the Black population is concentrated in the central city are the same metropolitan areas in which the problem of poverty (as measured by the percentage of persons and families below the poverty line) is primarily a central city problem. Differentials in family and per capita income between central cities and suburbs are less strongly correlated with racial differentials.

As revealed in Table 11, Black and Hispanic differentials, while statistically correlated, are not all that strong. That is, if the Black population of a metropolitan area is concentrated in the central city, then it is likely that the Hispanic population is also. At the same time, however, the *extent* of segregation may differ between Blacks and Hispanics. As for the Black population, there are significant correlations between Hispanic central city concentrations, and central city concentrations of families and persons living below the poverty lines. Correlations between indices of Hispanic central city concentrations, family and per capita income, and the percentage of female-headed households, are weaker, albeit statistically significant. Central city/suburban differentials on

unemployment rates do *not* appear to be statistically correlated with Hispanic differentials.

The implications of this analysis are clear: the same mechanisms which are used to concentrate a region's Black and Hispanic population in its central cities also serve to concentrate poverty (Committee on National Urban Policy, 1988). To escape poverty, which they suffer disproportionately, Black and Hispanic households must escape central cities. Covenants, agreements, and arrangements which have the effect of restricting minority households to central cities contribute to higher rates of poverty among such households. Moreover, as noted above, the segregation of Black households in central cities got systematically worse during the 1970s, not better.

The argument has been advanced that it is poverty, not race, which restricts minority households to living in central cities; that suburban housing is too expensive, and that poorer central city residents can not afford to move into suburban housing. While it is true that suburban home prices in the nation's 50 largest metropolitan areas are systematically higher than central city home prices, they are not that much higher. Additionally, suburban rents on average are only slightly higher than central city rents. Finally, comparing indices of Black and Hispanic central city concentrations we note that there are not significant correlations with central city and suburban housing price differentials. Simply stated, those metropolitan areas with the highest concentrations of poor and minority households in the central cities are not the metropolitan areas in which suburban housing prices are significantly higher than central city housing prices.

Opening Up the Suburbs

The levels of racial segregation reported in Tables 8 and 9 did not occur by happenstance, and they will not disappear through good wishes. Suburban communities throughout the country continue to erect housing barriers whose effects are to exclude minorities and the poor. In California, for example, Article 34 of the state constitution stipulates that public housing may only be developed in a community with the approval of the local electorate.

Clearly, if the suburban areas are to be opened up, if the current unhealthy reality of central cities as places where whites work but minorities live, is to be changed, then concerted action at the federal and state levels will be necessary. The vigorous enforcement of federal Fair Housing Laws, and the development and subsequent enforcement of regional fair share housing laws are necessary first steps in this direction.

Lacking such efforts, it is reasonable to expect that residential conditions in central cities will deteriorate further -- particularly in light of the demographic trends discussed earlier.

The Future of America's Central Cities

Taken at face value, the trends profiled in this paper -- the continuing suburbanization of job growth, a decline in the demand for central city housing, and worsening racial segregation -- would seem to be ingredients for a new round of social strife. And indeed, unless efforts are made to ameliorate central city/suburban racial and poverty differentials, social and racial conflict in many of the nation's central cities must be regarded as a very real possibility.

But these and other problems are not *unavoidable*. The mere fact that negative trends can be anticipated means they can be avoided, planned for, and perhaps even converted into new opportunities. What is necessary to meet the challenges of America's central cities? First, problems of uneven economic growth within metropolitan regions must be planned for and addressed at the *metropolitan* level. Precisely because central city populations have such a large stake in the growth of their regions (and because unmanaged growth has the potential for undermining the economy of the central city), it behooves city and suburban officials to consult and cooperate in planning the long-term growth of their regions, and to avoid the sorts of infrastructure developments that will undermine existing public and private investments.

Second, new resources and approaches to investment in central city housing will have to be found. In some places, such approaches may include the redevelopment of central city neighborhoods at lower densities than previously. In other places, where sufficient land is available, it may be possible to develop "new towns" in town. This is not a new idea, but it is one whose time may be coming. The energies of the residents of existing neighborhoods -- both renters and homeowners -- must be tapped to maintain and improve them. Finally, the federal government must be willing to assume a leadership role in helping meet the housing needs of low-income center city residents.

The problem of racial discrimination, and the issues surrounding it are far too involved to address here. It is clear that despite two decades of effort to create an integrated society, metropolitan areas are more, not less, segregated than before. A popular vision of central cities is that they serve as a "staging ground" for immigrants and new entrants in

American society. For some minority groups this has been, and still is the case. For others, however, chiefly poor Blacks and Hispanics, the central city has become not a staging ground, but a dumping ground. If America's central cities are to have a future, the problem of race must be addressed first.

Appendix A:

Central City Concentration Indices for the 50 Largest Metropolitan Areas
for Selected Racial, Demographic, and Income Characteristics

			Female-		Median	Per % Persons	% Families
	Black	Hispanic	Headed		Family	Capita	
	Population	Population	Households	Unemployment	Income	Income	Poverty
City & Metro Area (if different)	1980	1980	1980	Rate: 1980	1980	1983	1980
-----	-----	-----	-----	-----	-----	-----	-----
Albany-Schenectady-Troy	2.84	1.40	1.67	1.12	0.83	0.92	1.70
Atlanta	2.71	1.27	2.10	1.45	0.65	0.84	2.20
Baltimore	2.15	0.99	1.74	1.21	0.72	0.75	1.92
Birmingham	2.04	1.20	1.64	1.27	0.83	0.86	1.44
Boston (Boston NECMA)	4.77	2.56	1.81	1.28	0.72	0.81	2.17
Buffalo	2.63	1.93	1.73	1.40	0.74	0.85	1.95
Chicago	1.78	1.33	1.49	1.12	0.78	0.83	1.66
Cincinnati	2.73	1.39	1.76	1.25	0.78	0.94	1.91
Cleveland	2.41	2.21	1.77	1.51	0.70	0.72	2.23
Columbus	2.01	1.24	1.43	1.09	0.89	0.92	1.49
Dallas (Dallas-Ft. Worth CMSA)	2.06	1.45	1.43	1.14	0.90	1.04	1.43
Dayton	2.93	1.26	1.90	1.52	0.74	0.79	2.00
Denver (Denver-Boulder CMSA)	2.50	1.76	1.73	1.09	0.82	0.95	1.63
Detroit	3.16	1.13	1.93	1.32	0.69	0.76	2.17
Ft.Worth (Dallas-Ft.Worth CMSA)	1.59	1.48	1.24	1.32	0.83	0.86	1.40
Greensboro-H.Point-Win.Salem	1.83	1.14	1.49	1.09	na	1.03	1.30
Hartford (Hartford NECMA)	4.91	4.86	2.54	1.51	0.60	0.66	3.27
Honolulu	0.55	0.72	1.17	na	0.93	0.95	1.05
Houston	1.46	1.20	1.31	1.08	0.90	0.98	1.23
Indianapolis	1.61	1.16	1.27	1.09	0.95	0.97	1.24
Jacksonville	1.18	0.99	1.10	0.98	0.98	0.99	1.06
Kansas City, MO	2.17	1.43	1.46	1.23	0.90	0.93	1.47
Los Angeles (L.A.-Long Beach)	1.35	1.00	1.15	1.11	0.92	1.01	1.22
Louisville	2.24	1.12	1.61	0.91	0.81	0.87	1.69
Memphis	1.19	0.91	1.18	1.07	0.94	0.99	1.09
Miami (Miami-Hialeah)	1.46	1.57	1.39	1.23	0.72	0.79	1.63
Milwaukee	2.14	1.64	1.57	1.15	0.08	0.84	1.70
Minneapolis	3.35	1.18	1.71	1.04	0.80	0.94	1.99
Nashville	1.45	1.14	1.29	0.85	0.98	1.02	1.09
New Orleans	1.70	0.88	1.51	0.96	0.77	0.92	1.52
Newark	2.68	2.84	2.17	1.04	0.50	0.50	2.93
New York City	1.10	1.12	1.07	1.10	0.92	0.94	1.10
Oaklahoma City	1.60	1.27	1.19	1.04	0.98	1.05	1.13
Oakland (S.F.-Oakland-S. Jose)	5.38	0.78	1.86	1.61	0.72	0.80	2.01
Orlando	2.31	1.05	1.60	1.04	0.88	0.95	1.47
Philadelphia	2.01	1.52	1.54	1.18	0.77	0.79	1.72
Phoenix	1.50	1.12	1.17	1.03	0.99	0.97	1.06
Pittsburgh	3.12	1.47	1.75	0.88	0.83	0.94	1.77
Portland (Portland-Vancouver)	2.65	1.05	1.38	na	na	0.99	1.44
Providence (Providence NECMA)	4.21	2.76	1.70	1.06	0.77	0.89	1.98
Richmond	1.76	1.08	1.66	1.17	0.80	0.94	1.71
Rochester	3.23	2.70	1.96	1.37	0.74	0.84	1.99
Sacramento	2.39	1.48	1.34	1.10	0.90	0.97	1.34
Salt Lake City	1.70	1.55	1.43	1.15	0.83	1.11	1.69
San Antonio	1.07	1.19	1.17	1.08	0.92	0.90	1.15

San Diego	1.59	1.01	1.15	1.03	0.88	0.90	0.98	1.00
San Francisco (S.F.-Oak-S.Jose)	1.46	0.99	1.37	1.08	0.85	0.99	1.49	1.45
San Jose (S.F.-Oak-S. Jose)	0.53	1.80	0.95	0.97	1.04	0.92	0.89	0.91
Seattle	2.64	1.30	1.38	1.06	0.89	1.03	1.45	1.29
St. Louis	2.65	1.28	1.99	1.19	0.70	0.77	2.12	2.18
St. Petersburg (Tampa-St.P. CMSA)	1.87	0.36	1.35	1.02	0.95	0.99	1.20	1.18
Tampa (Tampa-St.P. CMSA)	2.55	2.66	1.69	1.13	0.94	0.91	1.60	1.76
Washington, D.C	2.62	0.97	2.12	2.14	0.70	0.87	2.30	2.52

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Source:

State and Metropolitan Area Databook: 1986

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