PANEL ON DATA REQUIREMENTS RELATED TO LAND USE, ECONOMIC DEVELOPMENT, AND GROWTH MANAGEMENT

Robert T. Dunphy, Urban Land Institute, moderator

BUSINESS FLEES TO THE URBAN FRINGE

Christopher B. Leinberger, Robert Charles Lesser & Co.

As a direct result of the postindustrial economy that America has been creating over the past couple of decades, the locations of the best-paying new jobs are changing radically. These jobs are now overwhelmingly concentrated in obscure crossroads like King of Prussia (Philadelphia metropolitan area), New Port Beach (Los Angeles area), Tyson's Corner (Washington, D.C., area) and Schaumburg (Chicago area). These new suburbs are fourteen, forty, sixteen and twenty-five miles, respectively, from the central business district.

There are three distinct types of employment in our metropolitan areas, two generally well paying and a third almost always at the bottom of the wage scale. About one-third of metropolitan jobs are with companies that "export" goods and services outside the metro area. These are the highest-paying jobs, injecting fresh cash into the local economy. In Los Angeles, for example, these jobs are in aerospace, defense, software development, entertainment, international trade, oil refining, and a number of other industries. In Seattle, the export industries are aerospace, software development, and international trade; in Philadelphia they include pharmaceuticals, higher education, oil refining, and computer hardware development.

Export jobs in turn create demand for the second type of employment, regional-serving jobs, which include finance, real estate, utilities, the local news media and professional services of various kinds. These represent about a quarter of all jobs in most metropolitan areas and on average pay slightly less well than export jobs. It is important to note that export and regional-serving jobs tend to locate in a few concentrations, variously referred to as urban villages, edge cities, or urban cores. Most large metropolitan areas have ten to thirty urban cores, the downtown being just one of them.

The third category is local-serving jobs, representing about half of all employment and paying the least well. These jobs are located near where people live and include such occupations as schoolteacher, store clerk, police, and local professionals such as neighborhood doctors and "storefront" lawyers. Virtually every job in South Central Los Angeles is-or was-local serving. Following the Watts riots in 1965, most of the export jobs, generally in manufacturing, abandoned the area, leaving only low-wage, local-serving employment.

The export and regional-serving jobs in every metropolitan area in the country have followed the same pattern over the past twenty years. In any metro area in late twentieth-century America, if one knows the layout of the freeway system; where the existing white, upper-middle class lives and where the new white middle-income housing is; and where minority populations are concentrated, one can determine where 80 to 100 percent of the new upwardly mobile export and regional-serving jobs are located. With few exceptions, these high-paying jobs have concentrated in the predominantly white upper-middle and middle-income sections of the metropolitan region, generally on the opposite side of the metro area from the highest concentration of minority housing. Low-income residents and the new high-paying, upwardly mobile export and regional-serving jobs are now located farther apart than ever.

For example, nearly all new export and regional-serving jobs moved north of Atlanta during the 1980s; the vast majority of low-income, black neighborhoods are on the south side of town. In Dallas, nearly all new jobs have been created in the north and northwest quadrants of the metropolitan area; the black and Hispanic populations are concentrated to the east and south. In the Philadelphia metropolitan area, from 1970 to 1990 the number of export and regional-serving jobs that located in the high-income Main Line to the northwest of the city, as well as in the white middle-income areas of lower Bucks County to the northeast and New Jersey to the east, increased by more than 50 percent. The number of these types of jobs in the increasingly black and Hispanic city dropped by 15 percent over the same time period. In Los Angeles-an extremely complex metropolitan area because of its immense size (more than 14 million people) and because it has more growth paths than other metropolitan areas-nearly all new export and regional-serving jobs are created to the west, northwest and southeast during the 1980s. The largest black neighborhood, south of downtown, and the largest Hispanic concentration, the east, are located very close to the center city and quite far from the emerging new job centers in West Los Angeles, Warner Center (northeast) and Newport Beach (southeast).

The reason for this geographic shift in upwardly mobile jobs is that over the past two decades all metropolitan jobs in the country-with Los Angeles leading the way-have been undergoing a transformation as profound as the metamorphosis of eighteenth-century trading towns into nineteenth-century industrial cities. The shape and size of our metropolitan areas have changed from what, in retrospect, looks like a relatively compact industrial city in the 1950s into the sprawling conurbations of today. The population of the Los Angeles area increased more than four times during the past fifty years, but its geographic size increased by a factor of twenty. Metropolitan Chicago's population increased by just 4 percent in the past two decades, but its size increased by 46 percent.

In the 1990s, the trend of the vast majority of the new export and regional-serving jobs moving to what will soon look like near-in suburbs appears to be ending. The few corporate relocations that have occurred in these recessionary times have been to the even more extreme fringe of our metropolitan areas, generally close to the newest housing developments. J.C. Penney, which left midtown Manhattan in 1988 for several temporary sites in near-in suburban Dallas, is now building a campus-style headquarters in Plano, Texas, as the outermost exurban edge of that metropolitan area, twenty-five miles from downtown and eight miles from its current location. U.S. Borax's headquarters (Los Angeles); IBM's software development facility (Dallas); the R&D facilities for Rohm and Haas, Sterling Drugs and SmithKline Beecham (Philadelphia); and Chryslers's new R&D facility (Detroit) have all been built in equally distant, fringe locations.

The reasons for these moves to the periphery include the need to be near mid-level employee housing during the coming decade because of the projected shortage of skilled labor once the economy revives. A second reason is that the commute for the bosses, who will probably live in the upper and upper-middle income housing areas, such as Philadelphia's Main Line or L.A.'s Newport Beach, will be against traffic, minimizing their inconvenience. A third reason for the move to the fringe is the tremendous difficulty of obtaining government approvals for the large, campus-style office and business parks in near-in suburbs.

But a fourth reason is the desire to escape the crime and the minority work force in the center city, which are now reaching the near-in suburbs as well. In Chicago, Sears is moving its merchandising division to Hoffman Estates, which is unreachable by public transit-twelve miles beyond Schaumburg and thirty-seven miles from the Sears Tower, where it is now located. Although Sears has proposed a vanpool program for employees living in the city, a number of leaders in the Chicago real estate community have privately commented that one of the primary reasons for the move is that the company wants to rid itself of its predominantly black work force in the downtown. This, the theory goes, would allow Sears to hire better-educated employees, probably predominantly white, who live near the 1.9 million square foot campus-style complex. The same motivation may have been behind the other recent corporate moves to the extreme fringe. The trend will only accelerate in Los Angeles as a result of the riots.

If, as many indicators suggest, jobs in the 1990s, particularly the high-paying ones, become available in the extreme fringe of the metropolitan area in the same proportion as they did in the near-in suburban locations over the past two decades, many inner-city residents will be too far away to commute daily to the new exurban ones. In the 1970s and 1980s the new jobs in relatively close-in suburban locations were at least within commuting distance for many city dwellers. The new relocation trend to the extreme fringe will certainly continue, and could accelerate, the post-World War II exodus of the middle class from the center cities, leaving poorer residents behind.

These trends affecting the location of export and regional-serving jobs are firmly imbedded in the economy and real estate market. Short of massive federal and state intervention in the marketplace (an unlikely event that would undoubtedly produce as many problems as it would solve), the trends must be viewed as something that can be influenced but not reversed. However, here are four ideas, tried and proved in this country and Europe, that might ameliorate some of the intended and unintended consequences of the decentralization of our metropolitan areas.

The first is to try to slow down the trend through the kind of holding action by center-city economic development agencies and public/private partnerships, working with those institutions and corporations that have a commitment to the center city. Targeting the existing concentration and export and regional-serving sections of the center city, particularly downtown, these groups must launch programs that increase job training opportunities and enhance security. A well-trained work force and freedom from fear of crime are prerequisites to maintaining the existing job base.

An example of this effort is provided by the more than twenty public/private partnerships in New York City. The Grand Central Partnership, for instance, supplements municipal services in the fifty-three-block section of Manhattan surrounding Grand Central Terminal with its own fifty-person security force, a forty-person sanitation force that sweeps the sidewalks and streets twelve hours a day, and a $2-million-a-year program for the homeless at a former Catholic boys' school. Hundreds of these "business improvement districts" are now operating in cities throughout the country.

The second strategy is to encourage a regional approach to government, particularly toward tax-sharing. This strategy requires a recognition that the center city cannot-and should not have to-bear the cost of serving the bulk of the metropolitan area's needy. The growing fiscal and social problems of our center cities have been ignored too long by the suburban jurisdictions. Violent and property crime, homelessness, and drug trafficking know no political boundary. These problems have not been magically confined within the center city limits and have resulted in a new trend of declining property values and quality of life for close-in suburbs throughout the country. An example of the kind of tax-sharing needed can be found in the Minneapolis-St. Paul metro area, where 60 percent of new commercial property tax revenues go to the local municipality and 40 percent go to the other metro area jurisdictions.

In addition, a regional approach could allow for the establishment of an urban growth boundary around the metropolitan area, beyond which jobs and suburban housing could not go, as Portland, Oregon, and nearly every European metropolitan area have done. This would force jobs back closer to, and possibly back into, the center cities as well as protect the rural land around our metropolitan areas from sprawling development. While growth boundaries are not without flaws-they can artificially inflate lands prices and thus rents and home prices, for example-they do seem to slow lopsided growth toward predominantly white neighborhoods while maintaining the integrity of downtown.

Los Angeles has already created a de facto regional government in the form of the South Coast Air Quality Management District. This body also increasingly regulates traffic congestion, job growth, and land use. Even five years ago, regional government in the Los Angeles area was considered a fantasy. Today, most metropolitan-area leaders do not question that it is a reality. The next step would be to add social issues to the regional agenda.

A third approach is to encourage affordable and public housing in the near-in and fringe suburbs, enabling low-income residents to live closer to the new jobs. Orange County, California, has in the past required that 20 percent of all new residential projects be set aside for affordable housing. Columbia, Maryland, recently issued a taxpayer-supported bond to build low-income housing for minorities. While these measures are unlikely to be widely adopted, the business community could be a powerful ally. Many companies had a hard time filling lower-level jobs in the near-in suburbs during the 1980s, and this situation will be exacerbated in the 1990s. One promising approach is for corporations to team up with non-profit affordable-housing organizations, such as the Bridge Housing Corporation in San Francisco and Habitat for Humanity, based in Americus, Georgia. An interim measure is the organizing of carpools and setting up of vanpools to bring city residents to distant corporate jobs.

Fourth, we must improve the efficiency of central city public services. The cost of maintaining existing infrastructure and providing services in the center city is higher than the cost of building new infrastructure and providing services in the fringe suburbs, even if the exact cost of delivering social services to the needy is subtracted. The trade-off many companies face is either moving to a suburb with lower costs and fewer social problems or staying in the high-cost center city with overwhelming social problems. It is not hard to see that moving out makes more sense economically.

If present trends continue, the center city's future-and the future of many of the close-in suburbs-is likely to be similar to the present-day fate of Camden and Newark, New Jersey; of Chester, Pennsylvania; or of South Central Los Angeles. The "Camdenization" of our major cities, resulting in their being populated primarily by an underclass in an environment of hopelessness, has obviously begun. It is probable that they 1990s offer the last chance to reverse this trend, because if most of the 24 million new jobs that the Labor Department estimates will be created between 1990 and 2005 are located at the fringe of our metro areas, the downward spiral of the center cities may become irreversible.

As a nation we are used to moving away from our problems, striking out to new frontiers. If the market is allowed to take job growth to the extreme fringe of our metropolitan areas, our center cities may well require full-time military occupation. The fires in Los Angeles are a warning that an escapist strategy no longer works. The cost are too steep and the stakes are too high.

GROWTH MANAGEMENT

Douglas Porter, Growth Management Institute

Let me focus on an aspect of data that we have not really gone into very much at all and yet is probably one of the most important things that has to be done in this whole data area. That is the data management, or data handling, or communication, or intergovernmental coordination aspects of this whole data problem.