THE NEXT AMERICAN CITY

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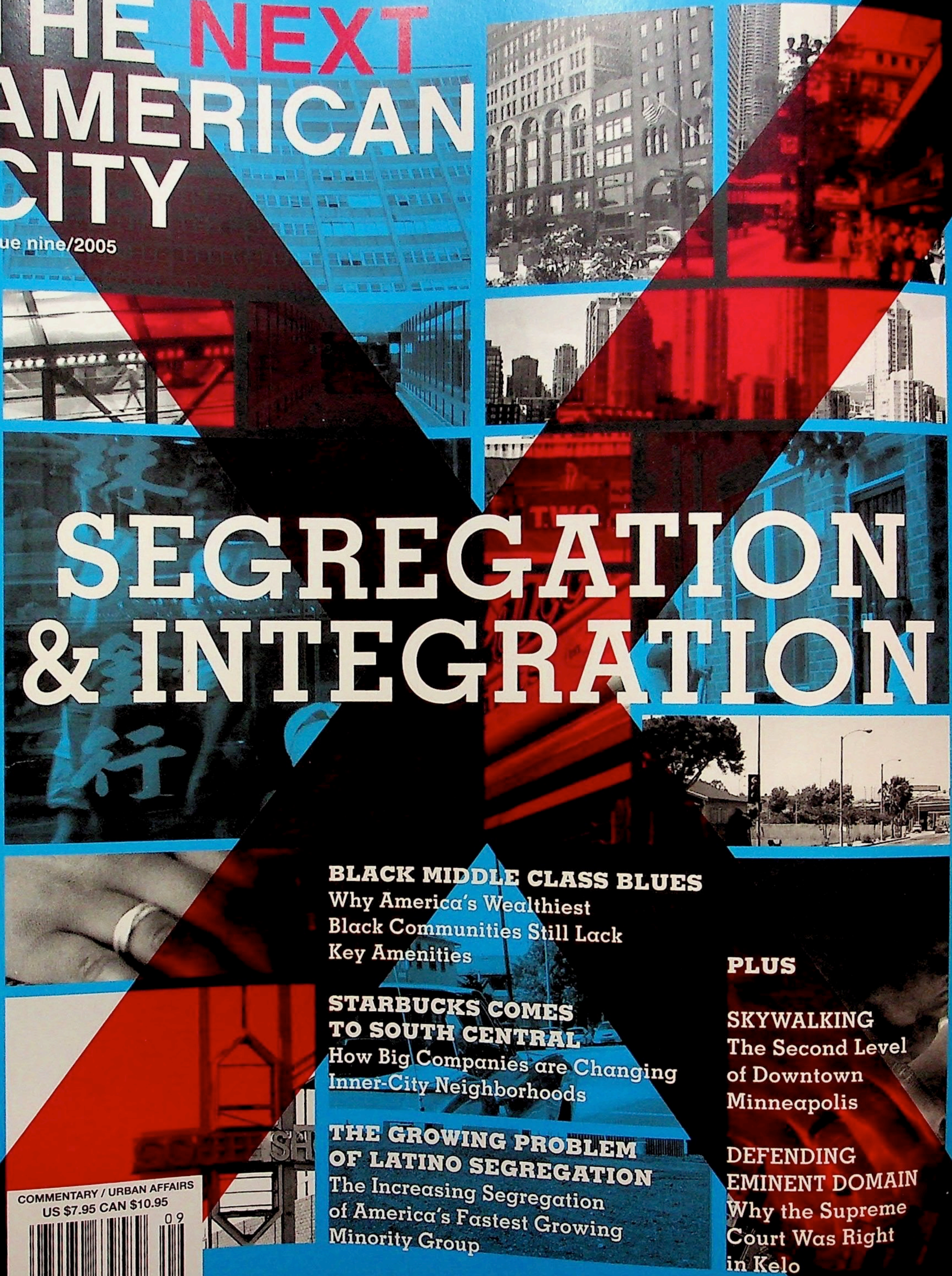

SEGREGATION & INTEGRATION

BLACK MIDDLE CLASS BLUES
Why America's Wealthiest Black Communities Still Lack Key Amenities

STARBUCKS COMES TO SOUTH CENTRAL
How Big Companies are Changing Inner-City Neighborhoods

THE GROWING PROBLEM OF LATINO SEGREGATION
The Increasing Segregation of America's Fastest Growing Minority Group

PLUS

SKYWALKING
The Second Level of Downtown Minneapolis

DEFENDING EMINENT DOMAIN
Why the Supreme Court Was Right in Kelo

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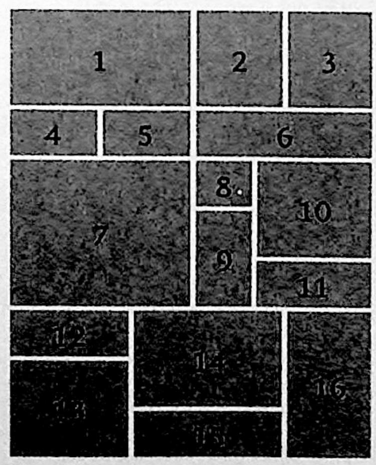

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FROM THE EDITOR

WHY DOES SEGREGATION MATTER? Our country got a shocking reminder of why in the devastation of Hurricane Katrina. Tucked away in one of our most vibrant cities was a hidden world of poor, mainly black people cut off from mainstream society. The failure of the pre-Katrina evacuation effort to reach New Orleans' segregated communities echoed the broader failures of American society in reaching these communities for decades—in education, in jobs, in crime prevention.

We have an old idiom, "out of sight, out of mind," that aptly describes the state of segregation in America today and the lessons of Katrina. Many Americans reacted to the scenes of people trapped in the attics of the Ninth Ward and staggering into the Superdome with shock. Who knew that there was still such a large population of poor black people living in such isolated, devastated conditions, forty years after the Civil Rights Movement supposedly solved all of that? Anyone who has spent time on the crumbling streets of North Philadelphia, in the ghettoes of East Oakland, or among the Colonias of the Rio Grande Valley, will easily comprehend the devastation of segregation in America. But most people in our society have never spent much time in those places, and so the continuous post-Katrina footage came as a surprise.

We need to make sure that the poor people of America are never "out of sight, out of mind" again, and we need to start with New Orleans. As David Brooks wrote in the New York Times, any rebuilding effort should focus on creating mixed-income, mixed-race neighborhoods, not replicating the Ninth Ward. Only integrated neighborhoods can create the kinds of opportunities—good schools, good jobs, safe communities—necessary for people to escape the devastating cycle of poverty. The reasons for that are partly cultural, as Brooks writes. Studies show that kids moving from inner cities to mixed-income suburban environments, in programs such as the one responding to the Gautreaux case in Chicago (see our interview with Alex Polikoff, the lead attorney in that case, in this issue), are more likely to graduate from high school and go to college, partly because they move to communities which value good education. The reasons are also economic—our society invests more resources, both public and private, in wealthier communities, and so it's easier to find a job, or a well-run school, or good health care in those communities.

The most likely result of post-Katrina rebuilding will be to pay lip service to integrated communities. New, heavily-subsidized housing will be built in places like the Ninth Ward, with the idea that this housing will create communities so nice that middle-class people will move back into the inner city. And no affordable housing will be built in desirable New Orleans suburbs like Metairie or Mandeville.

We've seen this kind of "integration" before. For decades, we've wasted billions of dollars of government subsidies on building new, supposedly integrated housing developments in poor neighborhoods, only to see that, after a few years, the supposedly integrated housing reverts to being segregated. There are certainly exceptions, but only where housing is built on the edge of a neighborhood in a housing market that is already pretty pricey—for example, much of the HOPE VI public housing redevelopment in Chicago over the past decade. The Ninth Ward is an isolated part of New Orleans, and it's hard to imagine many people with any degree of choice over their housing situation moving there instead of living in places like Metairie, Mandeville, or better-off parts of New Orleans.

Integration that focuses on places that already have a strong market and good public services has worked much better. The Gautreaux and Moving to Opportunity programs that Brooks mentioned, along with other examples such as the Moderately Priced Dwelling Unit program in Montgomery County, Maryland, and Mount Laurel housing throughout New Jersey, have shown massive benefits for low-income people, particularly people of color, in moving to middle-income communities. These programs also cost less than those designed to rebuild urban neighborhoods. They work with the market, not against it, offering private developers the incentive to build some low-income housing in exchange for getting to build more market-rate units.

I hope that, as the Katrina rebuilding efforts take shape, they will look at the track record: real integration, across entire regions, city and suburb, works better and costs less than "gilding the ghetto." These successful programs have been too infrequently employed for two reasons: white suburbanites fear an influx of poor people of color, and politically-connected inner-city leaders want funds for developments that look good at ribbon-cutting, even if they don't work in practice. As a result, neither the American left nor right today is serious about integration.

If conservatives really want to be compassionate and break down the culture of poverty, or if liberals really want to be effective in accomplishing professed goals of economic empowerment, they have to work towards real integration. New Orleans is the right place to start.

Warm regards,
Adam Gordon
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photo by Heidi Zeiger

ISSUE 9/2005 SEGREGATION & INTEGRATION

DEPARTMENTS

FEATURES

photo by Heidi Zeiger

ISSUE 9/2005 SEGREGATION & INTEGRATION

image & text by Jared Kirk Belinfante Charney

ARTURO ROMERO, 2005.

Workplaces that surround us on a daily basis have an inherent, hidden segregation within the apparent integration. In this series, I am searching to illuminate the segregation between worker and clientele and worker and worker (the business itself). Restaurants present an exceptional window for looking into this segregation. Arturo Romero would likely not happen into this venue were it not for his position behind the scenes here. Though some percentage seeps through to either side of this divide, this photograph and others in the series illustrate the faces segregated apart.

ITS OWN STRING OF PEARLS: REDEVELOPING THE ATLANTA BELTLINE

URBAN CRITICS CHARACTERIZE ATLANTA as a sprawling, placeless city: one with no singular image, no mountain range, no river, no park system and no coastline. But recently, a new proposal has emerged that, if realized, could create an iconic identity for Georgia's capital city.

The Atlanta Beltline would transform an old rail right-of-way, a remnant of the 19th century that encircles downtown, into a system of trails, transit, housing and commercial development. If completed, the Beltline would run continuously through ten of Atlanta's eleven council districts, connecting disparate neighborhoods to one another, to the existing subway system and to green space.

The Beltline could provide the impetus for a denser, more urban feel in Atlanta's inner-city neighborhoods. But first it must get past the potentially fractious politics of proposing such a sweeping vision in a city where everyone has their own concept of what form the project should take.

Last Chance for Atlanta

The Beltline, in the type of moment that democracies promise but rarely realize, had its genesis in a letter from a Georgia Tech graduate student describing his thesis project. Ryan Gravel, now a local architect, mailed letters to several public entities, including the Metropolitan Atlanta Rapid Transit Authority (MARTA) and the mayor's office. The letter struck a chord with City Councilwoman Cathy Woolard.

As chair of the transportation committee at the time, Councilwoman Woolard had tired of projects with little concern for in-town quality of life. "I saw projects that brought people in from out of town and dumped them off downtown somewhere, with no way of getting anywhere once they were here." The Beltline project stood out as unique among transportation proposals for its approach to moving people within the city, not just in and out of it. Woolard and Gravel now chair Friends of the Beltline, dedicated to educating and fundraising for the project.

Over the last six years, their organization has gathered powerful allies, from the current mayor to city business leaders. And development is already occurring along its projected path. Wayne Mason became the first private investor in the project by buying a five-mile, 67-acre stretch of the Beltline for $25 million. Over half of the acreage is set aside for a public right of way or public open space; the rest will be dense development. Mason views himself as a guinea pig: "All these other developers are waiting to see how we get kicked around by the special interest groups. We're going to be the vehicle to provide the example for the rest." With this purchase, the project gained crucial private sector legitimacy. Already following Mason's example, real estate developers now bill their condos as having "Beltline frontage."

David Green, an architect currently designing six apartment projects along the Beltline, cautions that, amidst the building frenzy, there is a great need for long-range Beltline planning. As a professor at Georgia Tech, Green has his students working on zoning plans for Friends of the Beltline that would phase in growth from single-family homes to multi-story development. Green believes that the Beltline is of the highest priority: "If it doesn't happen, it's the death of any potential for an urban condition in Atlanta. It's the only opportunity for Atlanta to avoid becoming wholly auto-dependent."

Transit and Trails

An alternative to dependency on cars would be welcome in Atlanta, where traffic clogs existing roadways. As investors like Mason begin to position their parcels, the question of transit will become more important in figuring out how to serve and connect new residents and businesses. As a start, former Councilwoman Woolard recently negotiated the Beltline's inclusion in the regional transportation plan, Atlanta Regional Commission Mobility 2030. The plan provides $300 million over the next twenty years for the acquisition of right-of-ways along the Beltline. In Woolard's words, it was a "technical triple Salchow." The funding mechanism ensures not only a steady supply of dollars, but more importantly, official public recognition.

Despite broad-based commitment to the Beltline concept, and the funding for right-of-way acquisition, no real commitments have been made to building public transit, or even what kind of transit to build if funds become available. Atlanta's policymakers are considering trolley car and electric bus systems, but appear most likely to select some form of light rail. Light rail has proven to be a successful transportation alternative for other cities and would add in a rich layer of connectivity to the Beltline. No matter which form of transit public officials choose, construction would happen in many phases over decades.

Another vision, crafted by the Trust for Public Land (TPL) focuses on the creation of parks along the Beltline's path. The TPL commissioned planner and professor Alex Garvin (a member of TNAC's Editorial Advisory Board) to write "The Beltline Emerald Necklace: Atlanta's New Public Realm." Garvin proposed borrowing one of legendary park designer Frederick Law Olmstead's favorite design strategies: a linear park system punctuated by "jewels"—broader swaths of green image & text by Jared Kirk Belinfante Charney

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How the trails relate to transit, and how both relate to development, remains an open question. Liz Drake, who manages the project at EDAW, a multi-disciplinary design firm hired by the city, says, "We look at them all as essential and related. Trails may come first, spur development and lead to transit. One is not more critical than the other."

Paying for Itself

Yet another vision for the Beltline highlights its potential for economic development. The Atlanta Development Authority sees the Beltline as an economic engine and is seeking public funding for the project's initial phases. The development authority proposes a funding mechanism called a tax allocation district (TAD). The TAD earmarks a portion of the taxes collected within the Beltline area to be used exclusively for Beltline projects, similar to the tax increment financing (TIF) districts used in Chicago and other cities.

Three public entities would be giving up a portion of their tax revenues: the City Council, the Atlanta Board of Education and Fulton County. They will continue to receive taxes within the TAD district at the 2005 level throughout the 25-year life of the TAD; however, the TAD would receive any additional tax revenues generated by Beltline development. Beginning in 2030 those additional revenues would again be collected as part of Atlanta's general pool.

Tina Arbes, of the development authority, views the TAD as an essential starting point for the Beltline project. She underlines this point with the authority's current mantra: "Approval of the TAD is key. It is the green light for the project. The role of the authority is to get the TAD approved."

An economic feasibility study commissioned by the development authority claims that the TAD will let the Beltline pay for itself. But before a TAD is adopted, the three public entities that would be sharing their taxes must approve of it. As a result, the TAD is now undergoing rigorous public scrutiny: as part of the TAD approval process, EDAW is required by law to present the plan at a series of public meetings.

With the legendary cost overruns of public projects of this scale and scope—think Big Dig—one may ask whether the TAD is really going to pay for it all. The economists who did the feasibility study for the Beltline TAD claim to have applied unusually conservative standards in order to protect the city from catastrophic budget overruns. Rick Padgett, an economist for Walter Huntley and Associates, worked the numbers for the feasibility study. He explains: "We limited our projections to the demand side, not just the supply side. The Beltline could supply much more development than the demand at the moment, and we went with the lesser of the two. And we could have estimated twice as much demand as we did."

What's To Come

A project which has seemed impractical for much of the past decade—Atlanta's Beltline—is coming to life. The question no longer is: is the Beltline going to happen? The question is: Is it going to happen right?

While different visions stress elements of transit, parks or economic potential, all are complementary in the end. If done right, the Beltline could act as a catalyst for lasting urban design, organizing Atlanta's meteoric growth. This balance appears to be on everyone's mind, from private investors like Wayne Mason to city planners at the ADA.

The project also has a poetic potential that transcends its basic planning logic. Beyond its obvious practical benefits, the Beltline looks into Atlanta's railroad past to create what could be a stunning new modern identity for Atlanta. As Beltline visionary Ryan Gravel argues, "The devil is in the details. In fifty years, everyone will forget about how long it took to build and who did it. They only will remember what it looks like and how it works." ●

Atlanta Development Authority
<www.atlantada.com>

Friends of the Beltline
<www.beltline.org>

Trust for Public Land
<www.tpl.org>

Atlanta Beltline Tax Allocation District (TAD) Feasibility Study, EDAW & Partners, March 3, 2005.
<atlantada.com/documents/beltline_final_000.pdf>

"The Beltline Emerald Necklace: Atlanta's New Public Realm," Alexander Garvin & Associates, Inc. for The Trust for Public Land, 2004.
<www.tpl.org/download_beltline_report.cfm>

Information about Tax Allocation Districts
<www.atlantada.com>

USING DEVELOPER EXACTIONS TO BUILD NEW PARKS

AS PUBLIC SOURCES OF FUNDING FOR parks have become scarce in many states, cities have increasingly looked to developers to pay for new parks, through "exaction" programs that charge builders for park demands created by their development.

A recent Trust for Public Land study, "Who's Going To Pay For This Park: The Role of Developer Exactions in the Creation of New City Parks" by Peter Harnik and Laura Yaffe, examines twelve American cities' developer exaction programs and finds that their success has been modest at best. The six cities that report their outcomes have, in aggregate, only acquired 60 percent of the land originally planned. The other six cities have failed to even track the outcomes of their programs.

Harnik and Yaffe cite as reasons for the failure of these programs a limited nexus—i.e., a limited distance that governments allow parkland to be from new development in order to fund it; high land costs; use of exaction funds for park maintenance instead of land acquisiton; and exemptions of developments such as non-profit buildings, which have constituted large percentages of construction in many cities in recent years.

Cities have limited ability to demand exactions; they must stay within the contours outlined by two Supreme Court decisions striking down exactions laws. Nollan v. California Coastal Commission, decided in 1987, required exactions to have a "rational nexus" with the stated government purpose of regulation; in that case, conditioning a permit for a beachfront home on a grant of public access to the beach did not comport with the stated public policy of preserving a view of the beach. Dolan v. City of Tigard, decided in 1994, added the requirement of "rough proportionality"—there, a shopping center developer could not be forced to build a bike path absent a showing that the shopping center itself generated a need for the bike path.

Still, Antero Rivasplata, the author of A Planner's Guide to Financing Public Improvements, argues that cities may be too cautious in interpreting Nollan and Dolan. Rivasplata argues "an exaction may be imposed even if the development project itself will not benefit from it, when it is necessitated by the project's impacts on identifiable public resources." Therefore, even if a development does not benefit directly from a park, if it creates a strain on existing public parks in the area, funds may be used to provide a park elsewhere that alleviates that strain. Such reasoning could be used to significantly expand cities' park exaction programs.

The Nollan decision, however, also holds peril for many of the cities that Harnik and Yaffe studied. Rivasplata believes that Nollan practically requires the documentation of the effects of development in order to assess fee exactions: "Adoption of detailed findings, supported by evidence in the hearing record, is crucial to the enactment of a legally defensible fee ordinance." The Nollan decision presents the half of cities in the study without the ability to track their developer exaction programs with a stark reality: They must find a way to begin documenting development effects or risk losing fee ordinances in a court of law. ●

Peter Harnik and Laura Yaffe, "Who's Going To Pay For This Park? The Role of Developer Exactions in the Creation of New City Parks." Year: 1-5.

Rivasplata, Antero.
A Planner's Guide to Financing Public Improvements.
June 1997, viewed 28 April 2005,
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by Eve Daniels

SKYWALKING: AN INSIDE LOOK AT THE INTERSTATES OF DOWNTOWN MINNEAPOLIS

IN THE MID-20TH CENTURY, DUTCH artist Constant Nieuwenhuys proposed a utopia called New Babylon, "another city for another life." As described in an extensive collection of writings, models, paintings, photos, prints, and collage, his city was comprised of a chain of "sectors"—tiered interior spaces—raised on pillars fifteen to twenty meters above an existing city. Eventually, these sectors would grow toward and connect with each other, covering the entire planet.

Underlying Nieuwenhuys's vision was a desire to synchronize urban space with lived experience. "While vehicular traffic rushes underneath ... the inhabitants drift ... through the huge labyrinthine interiors, endlessly reconstructing the atmospheres of the spaces," he wrote in an early manifesto. New Babylon's architecture would automate the fulfillment of daily needs so that its inhabitants would have no need to work except to constantly reconstruct the architectural space; the process of reconstruction would become not "work" per se but a collective creative process.

Minneapolis may be New Babylon's closest modern realization. The city boasts the nation's first and most extensive network of enclosed skyways: seven miles of 78 bridges connecting more than 70 blocks; 1,000 businesses; 2,000 condos; and 4,000 hotel rooms. Each day, close to 200,000 pedestrians cross 3 million square feet of downtown, not once setting foot on the street. Minneapolis has effectively created a city above the city, a collective realm for play and connectivity that might make Nieuwenhuys proud.

Master Plans

The skyways were born soon after Southdale Center—America's first fully enclosed, climate-controlled shopping mall—opened to the public in 1956. Located in a suburb just nine miles from central Minneapolis, the mall proved stiff competition for downtown retail.

Leslie Park, president of Baker Properties, and his partner, architect Edward Baker, led the effort to draw shoppers back downtown by conceiving of a network in the sky. Plans began for two second-story links, barely ten feet wide. Suspended above Marquette Avenue and Seventh Street, the pair of walkways would connect the Cargill Building and Northwestern National Bank to department stores, eateries, and a large parking garage. In 1962, after $26 million in design, engineering, and construction expenditures ($6 million more than it cost to build Southdale itself), the original links opened for business.

The skyways had a dramatic economic effect. Second-floor property, once the domain of pawn and seamstress shops, rocketed in value. Retail sales improved: studies show that the average city worker now spends more than twice as much money in the financial district as they did prior to the building of the skyways. Corporations such as AT&T, Pillsbury, and Wells Fargo, as well as large city entities such as the Minneapolis Convention Center, have linked skyway corridors to lavish, welcoming guest lobbies.

Surprisingly, the Minneapolis skyways have developed through a system of private cooperation and, other than the links to parking ramps and public buildings, are privately owned. The city's planning department, however, sets restrictions on their production. Each skyway must stretch at least 12 feet wide, but no wider than 30 feet. It must appear to be horizontal, even if the two buildings being connected differ in height. It must stand at least 16 feet above the street.

For the past two decades, architect Dennis Sachs and his Minneapolis-based firm have designed skyways across downtown. Constructing a skyway, which is typically made of steel and glass, can be quite an enterprise. "They're really unique animals," says Sachs. "You've got weather exposure on four sides, you've got buildings on either side of the street, and steel changes dimension at a very specific rate. Every time the temperature changes or the wind blows, every time one building is loaded or unloaded, there's some movement that takes place at each end of the skyway. All of this needs to be accommodated."

Sachs also cites one of the positive features of construction: accessibility. The skyways must comply with all building code requirements that incorporate the standards of the Americans with Disabilities Act of 1990. "Once a handicapped person is in the skyways," Sachs says, "they can go almost anywhere, to any building the system connects." Without traffic lights or ice to heed, the skyways present a convenient alternative to streets below for the disabled—and for everyone else.

Lifestyle and Livelihood

In a recent interview with Twin Cities-based magazine The Rake, skyway pioneer Ed Baker admits that while the skyways have become "a little unwieldy" over the years, they have also turned into "a way of living." While for some, skyways are just shortcuts between parking garage and office, for others, the skyways are the office.

Take Larry, for example: a red-nosed man

Opposite page: Skyway between City Center and Block E, overlooking Hennepin Avenue; photo courtesy of The Greater Minneapolis Convention & Visitors Association


CROWN

whose "work desk" lies somewhere between Orchestra Hall and the Hilton where he can be found cradling the Greth acoustic he's owned for eighteen years. The parrot logo on his Kahlua sweatshirt is beginning to fade, and he hasn't shaved for some time. He sips something strong from an old thermos and coughs. "My roommate just died from cancer," he says with barley breath. "My cat needs dry food and wet food and litter. That cat is one of the big reasons I play here, all sixteen pounds of her."

One of a dozen skyway artists, Larry describes his fellow buskers as "autonomous types." Because of their autonomy, he doesn't know the name of the woman who often plays violin a stone's throw from where he sits. Larry and a puppeteer work adjacent skyways, but they are total strangers. And after playing the skyways for more than a decade, Larry and the fiddler of the Target Center Bridge have yet to shake hands.

"There was a time when all of us were going to unionize," Larry says, "but there was so much argument, too many independent minds." His eyes glass over as he takes another sip. He remembers the Super Bowl in 1992, when the city hired musicians to play throughout the skyways. "I think it gave out-of-towners a false impression of Minneapolis," as if the business district is always in festival mode.

On the public links, a nod of approval from a guard on his rounds is the only prerequisite for performers like Larry. The city did issue street musician licenses at one time, but the courts annulled the process as a violation of free speech. Nonetheless, the buskers must conform to a set of rules. They may not use amplification. They may not obstruct pedestrian traffic. They must steer clear of private property without written consent. They may not solicit money. But the city cannot otherwise close an open instrument case.

Jerry, another sky-busker, plays his traveling music at the bridge that links a multilevel Marshall Field's to the City Center. A chrome harmonica hides his warm and weary face. He wears a flannel shirt and gold corduroys, his silver ponytail pulled through a red baseball cap. A Breedlove custom guitar complements his high-desert hands.

Over the past few years, at this very spot, Jerry has sung about the Civil War, his experience in Vietnam, and his trip to France where he traced the steps of Joan of Arc. He pulls in $15 on an average day and $30 on a good day, up on what he calls "the interstates of downtown Minneapolis." As long as he pays his half of the rent, "that's an acceptable haul."

Above the Law

John Frederick is a wizardly guy with bony fingers and happy feet. At a central nook of the Target Center Bridge, a button accordion rests beside him. He props a fiddle across his chest. If it were not for John and his grit, Larry and Jerry might have had to take their business to street level, come sleet or driving rain.

Following a stint as a substitute teacher, John set up on a bridge above Eighth Street and LaSalle Avenue in 1987. On his third day there, a security guard asked him to take his act elsewhere, but John found a glitch in the early policing of the skyway: "You get three songs out, and then they come along and tell you to leave. So, I would do three songs, then move on to the next skyway, then the next, and just do a round robin."

The Minneapolis skyways have kept a close eye on trouble from the start, installing closed-circuit television and call-for-assistance buttons throughout the system. As a result, less than one percent of crimes committed in the downtown area happen in the skyways. In 1992 and 1999, two "Skyway Bandits" did rob a handful of sky-level banks, but even then, they merely pretended to bear arms.

Since he began sky busking in the late-80s, John has been jailed on at least four occasions for allegedly harassing downtown merchants. "The [then] head of the downtown council saw the skyways as strictly business," he says. "Didn't see any room for a 'carnival-like atmosphere'—that's what he called it."

By 1993, however, John had become a familiar face in the Minneapolis skyways. A few by-the-book security guards came and went, but the key decision makers—city council members, the deputy mayor—felt his music offered a break from downtown's hustle and bustle. One December day, he even received a Christmas card. It was addressed to "The Fiddler in the Skyways, Downtown Minneapolis." A post office clerk delivered it, right after looking through his ground-floor office window at the bearded dancer on the bridge above. Safety measures aside, today both the guards and the guarded respond to this sometimes carnival-like atmosphere as if it's business as usual.

Analogized Landscape

Over the past four decades, critics worldwide have called the skyways many names: "architectural afterthoughts," "pseudo-sensible amenities," "bland modernist modules," and "bourgeois boutiquesville." The same critics claim that skyways have robbed downtown streets of their vitality.

In his essay "Underground and Overhead: Building the Analogous City," for instance, architectural historian Trevor Boddy blames the skyway and its kin for an "urban suburbanization" that—by limiting where a person can travel, shielding users from the weather, and reducing the possibilities for accidental interactions between occupants—replaces the democratic potential of public spaces below. "We must start to question the motives of cities and citizens who find themselves suddenly incapable of dealing with climate, even while they praise the lively street culture of sweltering Cairo, rainy Milan, gloomy London, or icy Stockholm."

A critic could also possibly accuse the skyways of constituting a landscape of consumption. In The Arcades Project, Walter Benjamin examined mass culture through the eponymous glass-roofed, marble-paneled corridors of 19th-century Paris. The Arcades, he observed, offered not only shelter from the elements but a "primordial landscape of consumption" where flâneurs, or accomplished strollers, could window-shop free from the world's mud and noise. Like their terrestrial, ancestral Parisian cousins, skyways at their worst represent the ultimate bow to our consumerist urges: a safe haven where customers stroll through lobbies and department stores, between bourgeois boutiques and banks.

Finally, as even Sachs acknowledges, a number of skyways are aesthetically flawed: "some I think they should have taken the pencil away from the architect a little sooner." But, he argues, "There are always skyways that you really like and some that you dislike. Anything that brings people downtown to work and play... I don't know how you could be against that."

Despite the critics, skyways have gained momentum. Urban planners from Des Moines to Spokane have followed Minneapolis's lead. More recently, eight of the nine proposals in the recent World Trade Center competition featured bridges, multilevel interconnected structures, and tangential intersections raised high above the streets of Manhattan. It seems Nieuwenhuys's vision of a global superstructure that would free the creativity of humankind has come a few steps closer to realization. ●

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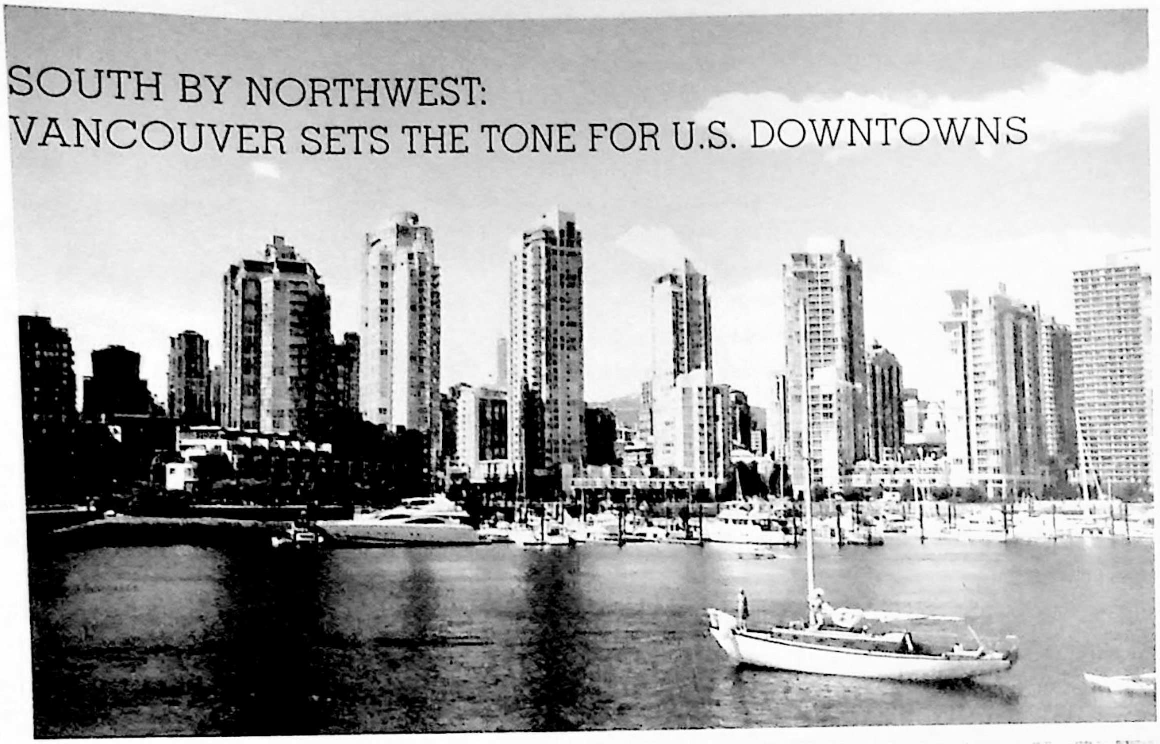
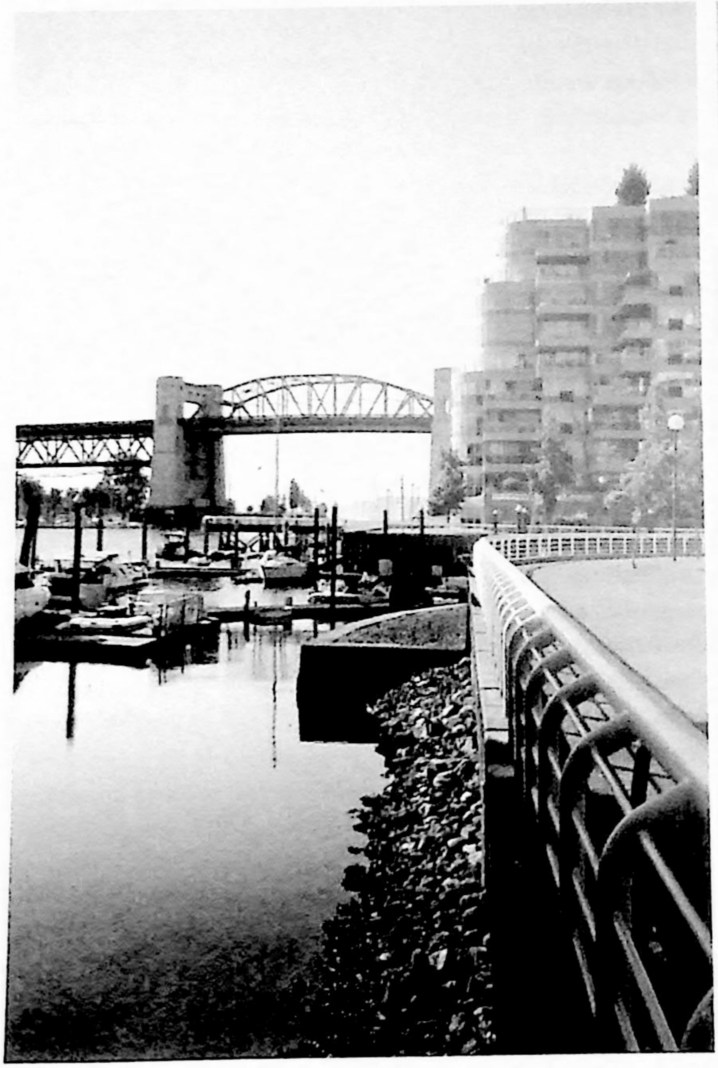
Opposite page: Skyway between Block E and Target Center; photo courtesy of The Greater Minneapolis Convention & Visitors Association by Peter Mitham

SOUTH BY NORTHWEST: VANCOUVER SETS THE TONE FOR U.S. DOWNTOWNS





Counter-clockwise, from top: Vancouver waterfront, photo by May So. Condos overlooking the seawall surrounding Vancouver's False Creek, responding to the city's desire for "eyes on the street," photo by May So. Public space in downtown Vancouver, photo courtesy the City of Vancouver. Street in downtown Vancouver, photo courtesy the City of Vancouver.

OVER 80,000 PEOPLE CURRENTLY LIVE in downtown Vancouver, British Columbia, the heart of Canada's third-largest metropolitan area. They represent fifteen percent of the city's total population of approximately 585,000. It is projected that another 4,000 people will move downtown by the end of this year, and in five years, when the city hosts the 2010 Winter Olympics, the number of downtown residents is expected to top 141,000. The volume of people living and moving through Vancouver's downtown core far surpasses that of any comparably-sized U.S. city. San Diego, which has over 1.2 million residents, can only claim 27,500 downtown inhabitants; smart growth poster child Portland, Oregon, with a city population of 538,000, only has about 10,000 people living downtown; and Houston, population, 2 million, has fewer than 3,000 downtown residents.

With a vibrancy well beyond that of most cities its size, Vancouver regularly wins accolades as one of the most livable cities in the world. Typically suburban amenities, such as daycare programs and schools, supermarkets, and even big-box retailers, are sprouting in the downtown core. Small wonder, then, that Vancouver has become a point of reference for urban planners in the U.S. concerned with the fabric of their own downtowns.

San Diego is among the cities that hope to emulate Vancouver's experience: it plans to increase its downtown population to 85,000 by 2030. Fort Worth, Texas, is another example. Plans worth hundreds of millions of dollars are afoot to restore the city's relationship with its waterfront; the project will see a former industrial area transformed into what the Dallas Star-Telegram proclaimed the "Vancouver of the South."

The success of these U.S. cities in growing their downtown constituencies depends on setting firm but economically fair rules for private developers, and establishing a vision of streets graced rather than overwhelmed by high-rise residences.

Creating a New Model

Vancouver Director of Current Planning Larry Beasley, a guiding force in the city's development since the late-1980s, fields several inquiries a week from cities eager for lessons in urban renewal. Many of those inquiries lead to visits from municipal leaders, including recent delegations from Boston, Pittsburgh, San Diego, San Francisco, and Seattle. "They want to see if this damn thing is livable, if it's attractive, how it works. Once they see it, they're desperate to talk to us," he said.

It's a switch from the early-1990s, when even Vancouver had yet to prove the model. "We were just dreaming about these things fifteen years ago," Beasley said. Those dreams had deep roots, however. In the mid-1960s, while freeways were cutting through cities across North America, Vancouver rejected a massive urban redevelopment plan that would have seen a freeway and a forest of office towers and commercial space replace the aging stock of industrial buildings that made up its downtown core. Unveiled in 1966, the scheme had promised to make Vancouver's downtown competitive with a host of new shopping complexes in adjacent suburbs.

Social workers and other critics argued that the plan would disrupt the local Chinese immigrant community and low-income residents of Skid Row to the east of downtown. Their opposition gained momentum, and eventually everyone from shop owners in Chinatown to university professors spoke out against the project. The scheme collapsed.

Twenty years later the market for office space in North America crashed, and the city entered a period of profound soul-searching. Vancouver began to develop a comprehensive plan for its downtown that would have been impossible had a freeway bisected the city. When other cities were attempting to anchor downtown with new commercial or entertainment uses, Vancouver instead encouraged residential development in the downtown core. By bringing people closer to the jobs available downtown, the city hoped to create a market that would sustain the area's flagging retail sector.

Residential development became the lynchpin holding together the various other components of the urban core. Vancouver entered the vanguard of a new approach to urban development that put residents first.

The city put strong policies in place to steer residential developers in the right direction, allowing development that was dense and profitable but also aimed at building an urbane, attractive environment. Buildings were set back from the street to allow for wide sidewalks that encouraged mingling. Guidelines encouraged public open spaces within new developments. Town homes were recommended at the base of residential towers to ensure what the Jane Jacobs called, "eyes on the street": the close presence of homeowners would discourage criminal activity. "[Cities] have to establish a level of expectation of developers; otherwise these are the things developers, without realizing what they're doing, will trade off," said Beasley.

Levies on development costs garnered revenue to support municipal services to the new residential towers; new residents were thereby ensured schools, parks, and other publicly funded amenities. Some developers were initially unhappy with all the demands being made, but towers were soon sprouting at the south end of downtown along the north shore of False Creek, where Hong Kong's Li Ka Shing had bought 204 acres in 1989. Developed by the Concord Pacific Group, the site was planned to house 15,000 new downtown residents in accordance with the city's new principles.

The city's aggressive efforts to define building design and public amenities paid off. Concord Pacific and other developers adapted to the new environment by marketing features the city required as advantages for prospective residents. The property values of surrounding neighborhoods began to appreciate. And the United Nations Center for Human Settlement has recognized the Concord Pacific site as one of the best urban plans in the world.

"Developers in the inner city [now] market the [features of the] entire community, and then at the end say, 'Oh, we have a two bedroom apartment if you really want it,'" Beasley said. He goes so far as to claim that the first new developments were so marketable that architects now design projects in accordance with the city's ideals without being asked.

Applying Vancouver's Lessons in the U.S.

Spurred by the city-owned City Centre Development Corp., San Diego has drafted a community plan it hopes will guide its future growth. The city's ideals echo those of Vancouver, from the emphasis on mixing uses, integrating neighborhoods, and enhancing livability, to the clear intention to mandate space for amenities such as urban parks and a tree-lined waterfront walkway.

San Diego didn't stop at design ideals. It has also attracted veteran Vancouver developers, such as Nat Bosa who designed the noted 1000-unit CityGate high rises, as well as architects and marketing geniuses who could apply lessons they'd learned in Vancouver to a new city. The high-rise condominium towers sprouting along the San Diego waterfront bear more than a passing resemblance to the tall, thin towers with street-level town homes characteristic of Vancouver. And people bought into the idea of downtown living. The redevelopment exceeds what anyone imagined possible 15 years ago when efforts to renew the city's downtown were faltering.

A $360 million redevelopment plan that will effectively double the size of downtown Fort Worth promises a more coordinated implementation of the Vancouver model. Spearheaded by the Tarrant Regional Water District, a state organization that supplies Fort Worth with water, the project originally aimed to rehabilitate the Trinity River for recreational use but has expanded to include redevelopment of a former industrial site along the river. Work is set to begin in 2006.

By removing levees and developing a floodway for the river, the water district hopes to make public access to the river the centerpiece of a desirable new residential neighborhood on the fringe of downtown Fort Worth. "We thought this area could really complement the downtown area by providing a residential community that would support downtown," said Jim Oliver, general manager for the water district. "This will be the first area developed in the very-near downtown area that will be designed for families." The expected influx of people and businesses into the 834-acre site will create a tax base and generate revenue for the city.

The integrated vision owes its origins to Vancouver. "We looked at Boston, we looked at New York, we've looked at a number of other cities, but we were just really impressed with Vancouver," Oliver said. "Vancouver seemed to be very well planned out—how the housing and the businesses really came together in one area." Oliver said the water district hopes ultimately to hand leadership of the project to Fort Worth, noting that urban redevelopment should really be the job of cities, not water authorities.

For all of the optimism, Vancouver architect Bing Thom, the Fort Worth project's designer and a veteran of similar projects across Canada and in China, points out the challenges of transferring the Vancouver development model to Texas. While parks and community pools are part of the plan for the area, Thom said, U.S. stakeholders tend to prefer free enterprise to government directives. "They're used to, for example, building a school when the demand is there," Thom said of U.S. governments. "In Vancouver, we actually built a school when the private developer went in" in order to guarantee public services ahead of time.

Thom says continuing education is needed to get U.S. cities to take the lead, even once they profess an understanding of the importance of public involvement in redevelopment. A redevelopment initiative, he quips, "isn't just a series of drawings. It's a series of policy initiatives that's needed, that takes a little longer to explain. But you have to give them the vision of what's possible." Highlighting the importance of government involvement, Thom asks: "If the public sector does not put their money where their mouth is regarding policy, how is the private sector going to respond?"

What Could Have Been:
San Francisco

The Rincon Hill project in San Francisco demonstrates the important role governments play in setting the tone for developers. Vancouver-style high-rise developments had long been touted by many as a solution to San Francisco's lack of affordable housing, but in December 2003, the City Councilmen settled for two buildings that ignored standard zoning requirements for their area. Rather than the tall, slender, and well-spaced towers with town houses at their base that are the hallmark of projects in Vancouver, the Rincon Hill towers soared 400 feet with just 82 feet between them.

Promising to overwhelm the very space they occupied with their bulk, the proposed towers were rightly criticized as a misinterpretation of Vancouver's successful approach. San Francisco's distinguished former head urban planner, Allan Jacobs, described them as "behemoths"; all in all, they were an ironic response to the equally monstrous live-work lofts that many deemed part of San Francisco's housing problem.

Vancouver architecture critic Trevor Boddy reflected on San Francisco's approval of the Rincon Hill towers in a recent issue of Places, noting the ease with which Vancouver lessons regarding high-density development can be overlooked. Just because a building is tall doesn't mean it's right, he argued: the measure of its success is the environment the building creates on the street and in the surrounding neighborhood.

According to Larry Beasley, the single biggest risk for a high-rise project is that it could lack sensitivity to the people who live in and with it. Even if a project is beautiful, people have to be comfortable with the kind of community it will engender. "The magic of contemporary planning is the first five or six floors," Beasley said. "If you get it wrong, people are oppressed even by ten stories." ●

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San Diego Draft Community Plan <www.ccdc.com/planupdate/index.html>

by Adam Pincus

photos by Anna Ressman

LIVING ON THE LOOP: FROM OFFICE TOWERS TO RESIDENTIAL CONDOS IN DOWNTOWN CHICAGO

AROUND MIDDAY ON DECEMBER 28, 2000, Chicago residents were stunned by the announcement that Montgomery Ward's—a 128-year-old chain of department stores—was shutting its doors. With the company gone, its 1970s-era corporate headquarters in downtown Chicago became an empty, 28-story reminder of the retailer's demise.

Because of the flight of companies like Montgomery Ward's and staff reductions at others, downtown Chicago now suffers from a fifteen percent commercial vacancy rate. A recent flurry of office building construction has further exacerbated the city's oversupply. Laurence Msall, president of the Civic Federation, a Chicago government and tax watchdog group, observes that the commercial market "is a renter's market—right now there is plenty of space."

The recent transformation of the Ward's building exemplifies Chicago developers' most popular strategy for dealing with the glut: converting aged office buildings to highly coveted condominiums. Chicago-based Centrum Properties, a leader in the conversion market, is transforming the Ward's building into 249 condo units, meeting Chicagoans' growing demands for centrally-located residential space.

Commercial Conversions: A New, and Growing, Trend

Michael Moran, vice president of a young advocacy organization called Preservation Chicago, describes the conversion wave as coming from a "synergy between the abandonment of class 'C' office space and the fortuitous arrival of new customers: empty-nesters from the suburbs and young singles."

One-third of all condominium units introduced to the Chicago market since 1994 were in former commercial buildings—a total of 9,450 units in 91 buildings. According to Chicago-based Appraisal Research Counselors, a real estate market research firm, last year the city saw more downtown condos converted from older commercial uses than in any of the previous ten years, with 1,703 units in eleven projects offered for sale. Gail Lissner, a vice president for Appraisal Research Counselors, predicts growth to continue through 2005. While office rental prices in downtown Chicago have fallen for the past three years, according to Studley, a New York-based commercial real estate tenant services firm, sales prices for downtown condominiums have risen sharply, breaking $500-per-square foot in 2004.

About five years ago, Louis D'Angelo, president of the development company Metropolitan Properties of Chicago, began converting office buildings to residential condos in the Loop, Chicago's traditional downtown commercial and government hub.

"[Conversions] are terrific for all those involved," D'Angelo said, since they transform "the use from obsolete office to vibrant, exciting residential use [and] in many cases dramatically increase the tax revenue for the city and the county, which in turn funds the parks and city services."

The roots of the conversion wave, however, may go deeper. Jim Costello, a senior economist for Boston-based Torto Wheaton Research, suggests that Chicago's pattern of development has contributed to changing market demand within different segments of downtown. In the 19th and early-20th centuries, wealthy corporate executives lived closer to downtown and arrived by train on Michigan Avenue, the East Loop corridor where many other early corporate headquarters lie. Now those executives are more likely to live in the western suburbs and ride to work on the Chicago area commuter rail line Metra, exiting at a downtown station in the West Loop. For convenience, they favor the West Loop as the home for new corporate towers, giving life to Joel Garreau's maxim that "the headquarters is put as close to the home of [the] chief executive officer as is physically possible without lowering his personal property values." Responding to these preferences and available space, the city's 2003 Central Area Plan prioritizes the development of the West Loop as the new center of class "A" office towers.

Meanwhile, the East Loop has seen the improvement of Grant Park, the 200-acre open-space separating East Loop skyscrapers from Lake Michigan, with the 2004 opening of Millennium Park. The park's24 acres border Michigan Avenue and house a Frank Gehry-designed music pavilion, public gardens, and massive public art. The park has made the East Loop desirable residential space, according to Moran.

"The corporation likes being around the Metra train, the busses, the heavy congestion, whereas residents would rather be away. Residents want to be next to a large park."

Strategies to Promote Conversions

Other cities have seen similar changes in demand, driving conversion of underutilized or abandoned commercial buildings. In Lower Manhattan, Jim Costello conducted a 2003 study that found that, on average, "older, prewar [office] buildings were selling for under $200 per square foot. [But] condos were selling for $500 per foot." In Los Angeles, the city has made conversions city policy, through a 1999 Adaptive Reuse Ordinance. The ordinance loosens zoning restrictions and streamlines the conversion process. It also frees developers of downtown conver-

sions from open space, density, and floor-to-area ratio requirements. Hamid Behdad, L.A.'s Director of Adaptive Reuse Projects, said that the city is creating over 10,000 housing units from abandoned or underutilized office buildings.

While Chicago has not established as focused an ordinance as Los Angeles', it similarly uses city policy to proactively promote commercial space conversion, through long-range planning, landmarking ordinances, and tax policy. The city's 2003 Central Area Plan stated: "The City of Chicago is committed to preserving the area's historic buildings and districts by encouraging creative adaptive reuse... Residential, cultural, educational and business uses will occupy historic buildings."

A strong historic preservation movement has focused this general planning language. Between 1996 and 2003 Chicago designated three landmark districts in the Loop, which added scores of buildings to the over 40 structures in the downtown area that were already individually landmarked. The landmark designation in most cases prevents demolition of the protected building. Owners of underutilized buildings then must either maintain the current use or find a better use within the existing structure. In the current market, the most valuable choice is often residential condominiums.

Louis D'Angelo, who is currently converting a 1923 office building within what is now the Michigan Avenue landmark district, worries that landmark designation may not be the economic engine it was touted to be. "It is not a victory to have an empty museum on Michigan Avenue," he said. "The landmark has not proven to be good or bad; the jury is still out... Michigan Avenue needs a win." Then he added, with a developer's characteristic immodesty, "I think Metropolitan Tower will be its first win."

Chicago has also helped finance projects that promote residential living downtown through a powerful— and controversial— tool called tax increment financing (TIF). When the city designates a neighborhood for a TIF, it dedicates any future increases in property tax revenue from that neighborhood to a separate fund to be spent on public and private projects in that neighborhood only. A TIF-designation can potentially leverage hundreds of millions of dollars by stimulating private redevelopment in anticipation of future public spending on the district.

Designated areas in Chicago that have seen large increases in property values now have enormous TIF funds available. One such district is the Central Loop TIF, which contributed $95 million as part of the total $475 million in public and private dollars spent to build Millennium Park. The Central Loop TIF also spent several million dollars on the construction of student housing in the Loop. Developers generally support the TIFs as an effective tool for economic growth. Many community advocates, however, complain that TIFs take money away from traditional citywide services, such as schools and sanitation, and instead dedicate it narrowly to particular neighborhoods.

Critics of Conversions

Criticism of the city's support for commercial conversion reaches beyond questioning specific policies like TIFs to general questions about whether such conversions make sense. Albert Hanna, senior vice president of the Chicago-based real estate company Draper and Kramer, calls the conversions "sophisticated abandonment." Planners are being short-sighted in their goals, he warns: "No one in city planning is thinking about ten to twenty years out—it is all done on what the voters want done today. A key question is whether we should be reducing the available office building space in the Loop, thereby reducing potential employment in another thirty to fifty years."

Hanna has misgivings about any project that would diminish Chicago's commercial density. He prefers a traditional, unified commercial district downtown, free of most residential structures. Ironically, one of his firm's largest current projects involves converting the landmarked 1929 Art Deco Palmolive Building on North Michigan Avenue—originally an office tower—into condominiums. Hanna emphasized, however, that the Palmolive Building was located in a heavily residential area north of the Loop. Since this area is predominately residential, the conversion does not impact commercial density as a similar conversion might in the Loop.

Long-time alderman Burton Natarus of downtown's 42nd Ward also remains skeptical of the recent trend toward conversion, citing potential tax revenue losses. "We have to have a balance. You have to realize that when you convert to residential, you cap property taxes," he said, referring to a 2004 state law that temporarily limits the increase in homeowner taxes. He also noted that in Cook County, residential taxpayers pay approximately half the rate of commercial owners.

Already, the city increasingly depends on residential tax revenues. In 1999 residential taxpayers paid 62 percent of the total city real estate tax bill, but as Laurence Msall points out, that figure jumped to 68 percent in 2003 and is expected to climb in the coming years—just as the state law limits the city's ability to raise taxes on homeowners. Msall, however, is not concerned with the change: "The Civic Federation strongly supports property owners to have the right to the best and highest use for their property."

A Downtown You Would Want to Set Foot In

Despite Natarus' point that the city halves the tax rate on a property by conversion to residential property, the city makes very little money on abandoned or underutilized commercial space; substandard spaces have low property value and generate little business activity. Tax revenues from the reuse of the older buildings have thus already expanded the city's coffers. "What happened along Michigan Avenue ... is that older structures that are economically obsolete have been converted to residential and often their net tax is higher to the city and county," said Louis D'Angelo. Michael Moran notes that people spend more of their money closer to home, so this residential infusion of cash also helps the city towards its dream of a 24-hour downtown.

If Los Angeles is a good indicator, the social and economic upturn from conversions could prove remarkable. Planner Hamid Behdad said of his city's transformation: "Our downtown was pretty much desolate a few years ago—a disaster. You wouldn't step out of your car" for fear of drug dealing and prostitution being conducted in the empty buildings. Now the raw buildings fetch $85 to $200 per square foot, and the rehabbed condos are selling for $500 to $750 per foot.

D'Angelo echoed those comments while discussing Chicago. He called the changes he has seen in recent years "extraordinary." "In the '70s, you wouldn't want to step foot in Grant Park. Now you can get people living there, and they become stakeholders in the community, in the park, and in the lakefront." ●

City of Chicago
<www.cityofchicago.org >
See Planning & Development section under City Departments.

City of Los Angeles
Adaptive Reuse
<www.lacity.org/mayor/moed/arp/>

Studley
<www.Studley.com>

Appraisal Research Counselors
<www.appraisalresearch.com>

The Civic Federation
<www.civicfed.org>

Opposite page, top: The Michigan Avenue district, taken at the corner of Michigan Avenue and Van Buren. Grant Park is to the left (outside of the frame). Many of the old commercial buildings being renovated are on the right. Bottom: The corner of Randolph and State inside the Central Loop, the main downtown business district.

by Matthew J. Kiefer

CONDEMNING THE CONDEMNORS: THE SUPREME COURT'S DECISION IN KELO AND ITS AFTERMATH

IT IS RARE FOR A U.S. SUPREME COURT decision in the property law arena to attract as much attention as Kelo v. City of New London. The case involved the Connecticut city's eminent-domain taking of private homes and businesses as part of a comprehensive economic development plan, and it turned out to be the breakout event of the Court's recently concluded term. Some 40 organizations and individuals, including Jane Jacobs, the American Planning Association, and the cities of New York and Baltimore, had filed supporting briefs. On June 23, the Court upheld the takings by a vote of 5 to 4.

The majority opinion, written by Justice John Paul Stevens, does not announce broad new legal principles, merely filling a gap in eminent domain law. Yet the case has provoked widespread public outrage, leading many state legislatures and even Congress to consider limiting eminent domain powers for economic development. The reaction to the decision may have farther-reaching consequences for urban redevelopment efforts across the country than the decision itself, by depriving cities of a helpful, if sparingly used, tool to attract private investment.

The case really began in 1990, when the State of Connecticut, having designated New London a "distressed municipality," provided it and similarly situated cities bond funding and eminent domain powers for economic development. New London suffers from the pathology of many aging manufacturing cities: job and population loss and an eroding tax base, which compromises funding for municipal services. To reverse this downward spiral, the City of New London formed the non-profit New London Development Corporation (NLDC), which focused on Fort Trumbull, an older, down-at-the-heels neighborhood on a peninsula in the Thames River. The NLDC drew up an ambitious plan for a 90-acre area, including a conference hotel, a new urban neighborhood with shops and restaurants, 90,000 square feet of research-and-development-oriented office space for Pfizer, and a number of public amenities, including a Coast Guard museum, a riverwalk, and a renovated marina.

In addition to using federal land from a closed naval facility, the plan encompassed 115 privately owned properties. Most owners willingly negotiated sale terms, but Susette Kelo and eight of her neighbors would not. Working- and middle-class homeowners and small business owners, they were not holding out for more money; they simply did not want to give up their homes and businesses no matter the price. One petitioner had been born in her home in 1918. Kelo herself had recently made improvements to her house and enjoyed her water view. Represented by the Institute for Justice, a conservative Washington, D.C.-based legal foundation that pursues property rights cases across the country, they challenged the proposed takings through the state courts and, eventually, up to the U.S. Supreme Court.

Defining Public Use

The Fifth Amendment to the United States Constitution states, with breathtaking brevity, that private property shall not "be taken for public use without just compensation," in one phrase authorizing eminent domain but limiting it to public use and requiring compensation. Strict constructionists believe that the framers intended to allow government to take private property only for publicly owned facilities, like schools or highways. But as early as the 19th century, courts allowed takings for railroads and utilities to build facilities available for public use, and to allow mill owners to build dams that would flood upstream property on condition that they compensate the upstream owners.

Eventually, the phrase "public use" came to mean "public purpose," leading to the Supreme Court's unanimous 1954 decision in Berman v. Parker, which found that the elimination of blight in a Washington, D.C., urban renewal area was sufficient justification to take property for private redevelopment as part of a comprehensive, government-sponsored plan to improve the city. Following Berman v. Parker, the word "blight" came to have a specific meaning, formed in the crucible of numerous state court cases. But Berman did not address whether economic development—jobs and tax revenue—is alone sufficient to justify seizure of property in the absence of blight.

The majority opinion in Kelo has been widely misread as endorsing the taking: what it really endorses is the democratic process. The decision relies heavily on the takings' specific authorization by the Connecticut legislature and approval by the City of New London after extensive public involvement. This reasoning follows a long line of precedents giving states wide latitude in regulating land use for two reasons. First, the tension between individual rights and societal needs at the heart of Kelo is best resolved by representative government bodies, not by courts. Second, land-use conflicts turn on details that local governments understand better than reviewing courts, especially federal courts.

Despite these precedents, the Court's decision surprised many. The case had been skillfully cast as a David-and-Goliath battle pitting ordinary homeowners against an overreaching government. In addition, the Court's increasing emphases on a literal interpretation of constitutional provisions, on individual property rights, and on limiting the powers of government seemed likely to favor the Davids.

Sandra Day O'Connor and Clarence Thomas wrote impassioned dissents, joined by fellow conservatives William Rehnquist and Antonin Scalia. Justice O'Connor, normally moderate in tone, fumed that there was now "nothing to prevent the state from replacing any Motel 6 with a Ritz Carlton, any home with a shopping mall or any farm with a factory." Justice Thomas added to the David-and-Goliath storyline by citing studies showing the great majority of residents displaced by urban renewal programs have been non-white—in Washington, D.C., 97 percent were African-American.

The vociferous dissents read as calls to arms, and while the last word on the taking of Susette Kelo's home has now been written, the last word on eminent domain for economic development clearly has not. The notion that one person's property—especially one's home—can be taken by the government and sold to another private owner just to increase jobs and tax revenue strikes a deeply dissonant chord in the American psyche. Our notion of property rights, almost unknown in other societies, views property not just as an economic asset, but more fundamentally as a civil liberty—a protection against the excesses of the sovereign.

Taking Away Eminent Domain

The conception of eminent domain as an affront to private property rights helps to explain the virulent reaction to Kelo occurring on a number of fronts. The Court's majority opinion almost invites state legislatures to restrict eminent domain powers as they see fit. According to the Institute for Justice, approximately 25 states have reacted by considering some form of legislation limiting the powers of eminent domain. In Massachusetts, for instance, one state legislator has announced plans for legislation that clearly states that the use of eminent domain for economic development requires a finding that the area is blighted. Bills in other states go even further, preventing the exercise of eminent domain for economic development whether or not the area is blighted. In Congress, bills have been introduced that would deny federal funds to state programs that allow eminent domain to be used for economic development. Some of these bills likely represent reflexive efforts by elected officials wanting to appear responsive to their constituents—for example, very little federal funding any longer exists for urban economic development—but others seem more serious.

The reaction to Kelo may also embolden state courts to interpret their own constitutional provisions on eminent domain more narrowly. Some, like Michigan and Arizona, had already done so before Kelo was decided. In 2002, the Arizona Court of Appeals found that the City of Mesa's seizure of a brake-service shop, as part of a commercial redevelopment intended to provide a revitalized gateway to the downtown area, violated the Arizona Constitution's "public use" clause, which protects private rights more strongly than the U.S. Constitution. The decision established a new standard in which, for a taking to be valid, the public benefits of the intended use must "substantially predominate" over the private nature of the use.

Last year, the Michigan Supreme Court reversed its decision in the 1981 case of Poletown v. City of Detroit, which had upheld the seizure of a working-class ethnic neighborhood in Detroit. The taking, combined with a tax deal and city-subsidized infrastructure, was intended to lure a General Motors assembly plant, providing jobs to a desperate city. GM built the sprawling plant—an incongruous sight in its urban setting—and promptly automated it, eliminating most of the jobs, to the outrage of many. In the 2004 Hathcock decision, a more strictly constructionist court decided that economic development alone does not constitute a sufficient public purpose or benefit to justify takings.

Finally, the specificity of the holdings in the Kelo decision—it could be read to rest on a variety of issues particular to the case such as the strong authorizing language from state legislation— means that conservative legal foundations will continue to look for cases with favorable fact patterns which present opportunities to carve away at Kelo on the Supreme Court level. They are no doubt mindful that Justice Stevens, who wrote the majority opinion, is 85 years old; a strict constructionist may hold his seat when the next case arrives. And next time, with slightly different facts, the centrist Justice Kennedy could vote the other way.

The Danger to Urban Redevelopment

From the perspective of the economic health of cities, much of the reaction to Kelo is misplaced. Most municipalities depend heavily on property tax revenue to provide basic services to their residents, and many older manufacturing cities continue to lose jobs and thus tax revenue. State-chartered redevelopment programs attempt to address this deterioration. Although the early urban renewal era took some striking missteps, such as those cited by Justice Thomas in his dissent, these programs have become much more successful in stimulating large-scale private investment which catalyzes further job and tax growth. Such investment often requires sites that accommodate larger office floor plates and retail footprints than historically possible in cities, at costs low enough for weak real estate markets. Eminent domain power—or the threat of it—is often key to assembling these sites.

At least as of this writing, the aftermath of Kelo is one-sided, playing into the hands of the anti-urban bias of conservatives. As the demographic center of gravity in most states shifts to the suburban voter, concern for central cities diminishes. Market solutions not involving the heavy hand of government are favored (even if impractical), and individual property rights are increasingly cast as being on a par with other basic individual rights such as freedom of speech and equal protection. On a positive note, planners and local public officials will likely be even more careful how they exercise eminent domain powers in Kelo's wake; however, they will need to mount an effective defense of eminent domain as an important tool for economic development to avoid losing it altogether.

State legislatures considering reducing eminent domain powers should be mindful of the fact that they could create another problem as serious as the one they are trying to solve: if denied the tools necessary to stimulate economic development, distressed municipalities will turn to the state for other forms of assistance. Instead, legislatures could consider requiring strict additional findings before private homes be taken but otherwise allowing eminent domain for economic development to continue. Better yet, they could reform the archaic system of basing municipal finance on property taxes that leads cash-starved cities to consider such drastic measures in the first place. ●

by Douglas S. Massey

photo by Ruby Arguilla Tull

INTRODUCTION: THE CONTINUING REALITY OF RACIAL SEGREGATION

"EVERY DAY THAT OUR NATION WAS SEGREGATED WAS A DAY OUR NATION WAS UNFAITHFUL TO OUR FOUNDING IDEALS." So said President George W. Bush, in the wake of Senator Trent Lott's controversial remarks on Strom Thurmond's 100th birthday. Unfortunately the President's use of the past tense is unjustified. In many ways the nation is segregated and we are unfaithful to our ideals. Americans of all races may endorse the principle that people should be able to live wherever they want to, regardless of race. That is far from how we actually live.

According to census data from the year 2000, 48 percent of all African Americans in U.S. metropolitan areas experience conditions of residential isolation so extreme that they satisfy the criteria for "hypersegregation." Within hypersegregated cities, the typical black resident lives in a neighborhood that is virtually all black. These neighborhoods are packed tightly together around the urban center. An additional 21 percent of African Americans in 2000 lived in conditions of "high segregation"; only one-third of urban African Americans lived under conditions of low or moderate segregation.

Typical inhabitants of a hypersegregated ghetto are not only unlikely to come into contact with whites within the particular neighborhood where they live; even if they traveled to the adjacent neighborhood, they would still be unlikely to see a white face. If they went to the next neighborhood beyond that, no whites would be there either. People growing up in such an environment have little direct experience with the culture, norms, and behaviors of the rest of American society and few social contacts with members of other racial groups. Ironically, within America's large, diverse, and highly mobile post-industrial society, blacks living in the heart of the ghetto are among the most isolated people on earth.

Historically in the United States, very few other groups have ever experienced high segregation, and never for long periods of time. Segregation levels for Jews, Italians, and Poles, while briefly "high" during and after the great migrations of the early-20th century, fell sharply in the ensuing decades as generations wore on and socioeconomic status rose. We observe much the same pattern among Latino and Asian immigrants today. No other group in the United States besides African Americans has ever experienced hypersegregation, with the exception of Latinos of Afro-Caribbean origin. Indeed, the only other historical example—anywhere in the world—of such high levels of segregation persisting over a prolonged period of time is South Africa under apartheid, where levels of segregation were only slightly higher than those observed today in the hypersegregated cities of the United States.

Interestingly, although levels of class segregation have risen in the U.S. over the past several decades—and affluent and poor households have tended to settle in different neighborhoods—segregation by class pales in comparison with segregation by race. Black-white segregation does not decline as incomes rise. The most affluent black neighborhoods are virtually as segregated as the poorest. Indeed, the most affluent black households are more segregated than the very poorest Asian or Latino households. This is significant because it is well-established that "middle-class" African-American neighborhoods do not compare favorably to those inhabited by the middle-class members of other racial and ethnic groups, as Sheryll Cashin describes in her article in this issue of TNAC. Middle-class black neighborhoods are geographically much closer to high-poverty neighborhoods, have higher crime rates, lower levels of service provision, worse schools, higher insurance rates, lower home values, and much less home equity when compared to middle-class white neighborhoods. Segregation alone accounts for nearly half of the gap in wealth between middle-class blacks and middle-class whites.

Perhaps this helps to explain why residential segregation is particularly central in perpetuating the disadvantage of African Americans, so much so that some have called it the "linchpin" of American race relations. Achieving full access to housing markets is critical to a group's welfare because, ultimately, housing markets don't only distribute homes—they distribute amenities. Moving to a better neighborhood can mean safer surroundings, lower insurance rates, better fire and police protection, more frequent trash pick-ups, greater access to emergency services, and the prospect of rising real estate values. Housing markets affect safety, security, health, wealth, jobs, peer groups, and perhaps most critically, public education.

Everyone knows this implicitly, which is why upwardly mobile families generally move to "better" neighborhoods, seeking to translate growth in income and wealth into improved residential circumstances. As individuals, families, and groups move up the socioeconomic ladder, they also move up the residential ladder; and by doing so they put themselves in a better position to climb further up the economic ladder, progressively ratcheting themselves up the socioeconomic hierarchy over time.

Moving to a better neighborhood also allows families to pass on their status attainments to their children, putting them in a position to achieve even more than their parents have. The new neighborhood typically offers better schools characterized by smaller class sizes, more motivated, well-educated teachers, sound and attractive buildings, state-of-the-art classrooms, and a greater abundance of academic and extracurricular resources. In addition, the peer environments within these schools are likely to reward educational achievement and emphasize college aspirations while denigrating delinquency and risky oppositional behaviors.

African Americans, because of their systematic segregation in American society, have had the first rungs of the mobility ladder effectively placed out of reach. If African Americans do not have access to housing markets because of the color of their skin, then they do not have access to critical social and economic resources that are distributed through housing markets because they are determined by place of residence. A segregated society is thus a stratified and unequal society and can never be considered "race blind." Only when we can honestly say that the United States *was* rather than *is* a segregated society, can we begin to think of it as a truly just nation. ●

by Dr. Mark Santow

RUNNING IN PLACE: SAUL ALINSKY AND THE DILEMMAS OF RACE

AS WAS OFTEN THE CASE, ICONOCLASTIC community organizer Saul Alinsky was at the center of controversy in Chicago during the spring of 1959. Alinsky, who had become widely known for his organizing work in the meatpacking district and his predilection for using brash tactics and courting attention, took special pleasure in the uproar. He had been accused of being a Communist, and of committing various "immoral crimes" by "white bigots"; he had been condemned by the liberal Catholic Interracial Council as "immoral"; the black community in Chicago had, he reported, responded with a collective "amen!" The entire city of Chicago, he recounted in a letter, "is suffering from severe, chronic color constipation, and I was out to administer a sizable mental laxative... if only you had been there to see the urban bowels move!"

What had Alinsky done? With reporters everywhere and TV cameras rolling, he had outlined his ideas on residential integration before the Chicago hearings of the U.S. Commission on Civil Rights in May 1959. "No white Chicago community wants Negroes," he insisted. The only way that any Chicago neighborhood would ever sustain residential integration, he concluded, would be through the use of a locally administered quota system that limited the number of blacks on each block. And his organization, the Industrial Areas Foundation (IAF), was working on the Southwest Side, trying to bring this idea to fruition.

More than almost any other urbanist of the past half-century, Alinsky was keenly aware of the intersection between race, place, and social belonging. The community organizer had a vision of the democratic city that relied heavily upon the creation and nurturing of territorial identities: connecting people to one another through common ground—literally. He helped to build large and influential neighborhood groups, with local leaders and organizations fighting for local needs.

Since the 1960s, public and private efforts at urban revitalization have mostly followed Alinsky's place-based approaches. Yet two of his Chicago organizations, both founded in the late-'50s, should serve as cautionary tales. As Alinsky's experience demonstrates, place-based solutions alone will never solve the problems of the American metropolis.

Uniting a Community Backfires

Alinsky began his organizing career in the late-1930s and early-'40s by gathering packinghouse workers into the Back of the Yards Neighborhood Council. Using the parish as an institutional and ideological framework and bringing together local priests and union activists, Alinsky built the Council into a powerful force for community identity, representation, and improvement, overcoming ethnic divisions that had long prevented unified action.

Unfortunately, in the late-'40s, the community identity that Alinsky helped to form became increasingly associated with racial preservation, as black families began to move into adjacent neighborhoods. Terrified by the idea that the racial balance of the neighborhood was "tipping" and that declining property values might ensue, the Council focused on keeping the neighborhood white. Alinsky was embarrassed that the BYNC was promoting segregation, and he began to think deeply about why whites in Chicago seemed to resist the idea of black neighbors so strongly. Seeking new ways to counter segregation, he created two organizations: an interracial group on the rapidly changing Southwest Side and a black community organization in Woodlawn, a poor neighborhood near the University of Chicago that had recently changed rapidly from a mainly white area to a mainly black one. Once organized, he hoped the two groups could work together to control the housing market on the South Side and intentionally foster integration on the basis of mutual self-interest. The city's problems could not be solved, Alinsky argued, until "the walls of racial partition have been at least partly dissolved."

Organizing to Change Mindsets

Alinsky launched his Southwest organizing campaign in 1959. At the time, black families were beginning to move into upper reaches of the area. Most white residents in the community didn't want to flee.Yet encouraged by realtors, the home finance industry, the Federal government's home mortgage insurance programs, and others, they had come to associate blacks with danger and risk and to believe that they had a right to avoid black neighbors. Those whites who didn't mind some degree of integration, as well as those few who actively desired it, faced strong cultural and economic disincentives. Alinsky hoped to acknowledge this dynamic and then utilize community organizing to gradually broaden the interests, identities, and perspectives of white homeowners in order to break their fears of interracial living. While racism and segregation are wrong and destructive, Alinsky insisted, "unless we can develop a program which recognizes the legitimate self-interest of white communities, we have no right to condemn them morally because they refuse to commit hara-kiri."

Through local churches, homeowner associations, and business and social groups, black newcomers and white residents formed the Organization for the Southwest Community (OSC) in 1959. In some ways, the OSC was a remarkable and unprecedented success. Elsewhere in Chicago, areas of racial transition were places of desperate violence, neighborhood decline, and panicked flight. While violence was not absent on the Southwest Side in the early '60s, the OSC took affirmative steps to stave off racial conflict and the decline of the neighborhood. The group initiated legal action against real estate speculators who tried to panic whites into selling as black families moved nearby. They pushed the city to enforce its housing and zoning codes to keep the neighborhood stable and economically viable. OSC committees served as public forums in which whites and blacks could discuss their fears and interests.

The OSC also made a variety of attempts to convince whites to stay in the neighborhood. In 1963, it published ten thousand copies of a short play entitled "How to Use Facts to Change Your Husband's Mind"—a suggested role-play for local wives to convince their spouses that the Southwest Side had the lonely suburbs beat. A Home Loan Program was established to help creditworthy black families move into the area and enable whites to stay. As an OSC publication put it, activists engaged in "hours of 'hand holding' with frightened people, informal meetings on threatened blocks, education through parish

Opposite page: Saul Alinsky in downtown Chicago, circa 1955. Image courtesy the Bettman Archive.

bulletins, brochures and flyers, conferences with ministers, priests, and civic leaders," in order to halt racial violence and stem the tide of white panic and flight. Nonetheless, racial turnover on the Southwest Side continued. By the end of the decade, most whites that could leave had done so.

Simultaneously, Alinsky and his staff created The Woodlawn Organization (TWO). Alinsky saw the all-black TWO as a tool for both improving the lives of local residents and furthering the larger goal of racial integration. Success in addressing the everyday needs of Woodlawn residents, he believed, would eventually make the organization powerful enough to address the broader structures that impoverished them economically and politically. It would also help participants to draw connections between their local troubles and larger issues. Specifically, Alinsky was confident that TWO would move beyond just improving daily life in the inner city—"gilding the ghetto," some would say—in the direction of residential integration.

By the mid-1960s, TWO's membership included nearly 150 local groups representing 40,000 of Woodlawn's 100,000 citizens. Yet while TWO became powerful in the city, it quickly moved away from the issue of integration. Taking seriously its mandate of "maximum feasible participation" of the poor in social programs, TWO sought to gain control over locally administered Federal social and housing programs during the "War on Poverty." TWO's vision of black ghetto residents as citizens to be mobilized and empowered, rather than clients to be served, became widespread in the urban North by the mid-1960s. Beginning in the late-'60s, TWO launched one of the nation's first community development corporations (CDCs). For the next few decades, it focused primarily on making Woodlawn a more livable place for its largely poor residents, with only a few attempts to enable some residents to leave the area for better opportunities elsewhere. Woodlawn remained a place of desperate and increasingly concentrated poverty into the 1990s.

The Force Alinsky Couldn't Beat

The primary difficulty with Alinsky's approach both on the Southwest Side and in Woodlawn was that he attempted to construct

local solutions to problems that were increasingly metropolitan in scope. The causes of black poverty in Woodlawn lay in larger regional structures of racial geography and political economy. Reorganized social services, locally controlled job training programs, and non-profit housing construction, no matter how brilliantly and democratically conceived, did little to make Woodlawn a more stable, safe, and livable community. Neither did gaining control over under-funded Federal programs that were premised on the notion that improving human and social capital could fix concentrated black poverty in Woodlawn. Decent-paying jobs left for the suburbs, and upwardly mobile residents generally followed when possible.

Alinsky's local approach to integration on the Southwest Side, while admirable, was similarly limited. Without a more open housing market in the city and its surrounding suburbs, the relationship between race and place would continue to undermine the possibility of lasting integration on the Southwest Side. White residents could flee to the suburbs while black families for the most part could not. At best, groups like TWO and OSC provided a means for some black families to run up the "down escalator" of opportunity in urban America. While these successes were not inconsequential, the ghetto remained in place. The changes Alinsky pursued—and those that he tried to prevent—were beyond his reach without a more concerted attempt to connect his organizations to the broader political and economic issues affecting their communities.

By the late 1960s, Alinsky had come to this conclusion himself. As he gruffly put it in 1969, "a political idiot knows that most major issues are national, and in some cases international in scope. They cannot be coped with on the local community level." He advocated alliances across the boundaries of race, class, and geography to deal with the broader issues that could not be addressed by neighborhood-based identities and organizing. In the years before Alinsky's death in 1972, his umbrella organization, the IAF, created the city-wide Citizens Action Program (CAP). CAP brought together people of different races, classes, and neighborhoods in the Chicago area to address red-lining, neighborhood deterioration, environmental problems, and consumer issues. It shifted the focus of white neighborhood anger away from blacks and towards the government and housing market institutions largely responsible for the social geography that continued to impoverish inner-city areas and set the races against one another. Activists and organizers have built similar coalitions around the country in the last decade, ranging from the IAF's United Power for Action and Justice (UPAJ) in Chicago to Gamaliel's Interfaith Federation. As Myron Orfield, William Julius Wilson, and others have argued, only coalitions like these have any hope of diminishing the structural problems of the nation's cities.

A Broad Consensus Behind A Failed Idea

Given the conservative tilt of American politics since 1968, the abandonment of residential integration in recent decades is more of a tactical retreat than a moral choice. This retreat is not without costs, however. Alinsky's experiences in Chicago point to some of the limitations of focusing exclusively on the "inside game," as David Rusk puts it, while ignoring the "outside game." Alinsky's story doesn't tell us that local means for addressing urban problems are a dead end, but it does make us aware of the problems with neighborhood-based approaches in our segregated cities and suburbs.

Most public and private approaches to the problems of the American city today and in the past tend to be place-based. For the right, welfare reform, faith-based initiatives and the right market incentives will solve the problems; for the left, community development and more funding for schools and job training will uplift the urban minority poor. These approaches all accept racial segregation as a given, and thus reproduce the politics, interests, and identities that generated racial inequality and urban decline in the first place, and which resist broader solutions.

Place-based policies—especially the small-scale and short-lived policies created in an era of limited Federal spending and modest private interventions—ask the victims to deal with the effects of institutional problems over which they have little power. They allow white suburbanites to rest comfortably with the belief that their wealth is unrelated to the deprivation in nearby cities, even when that wealth actually comes from the asset-generating opportunities offered by generations of segregated housing markets.

Perhaps expediency demands such place-based approaches. Justice, however, demands more. ●

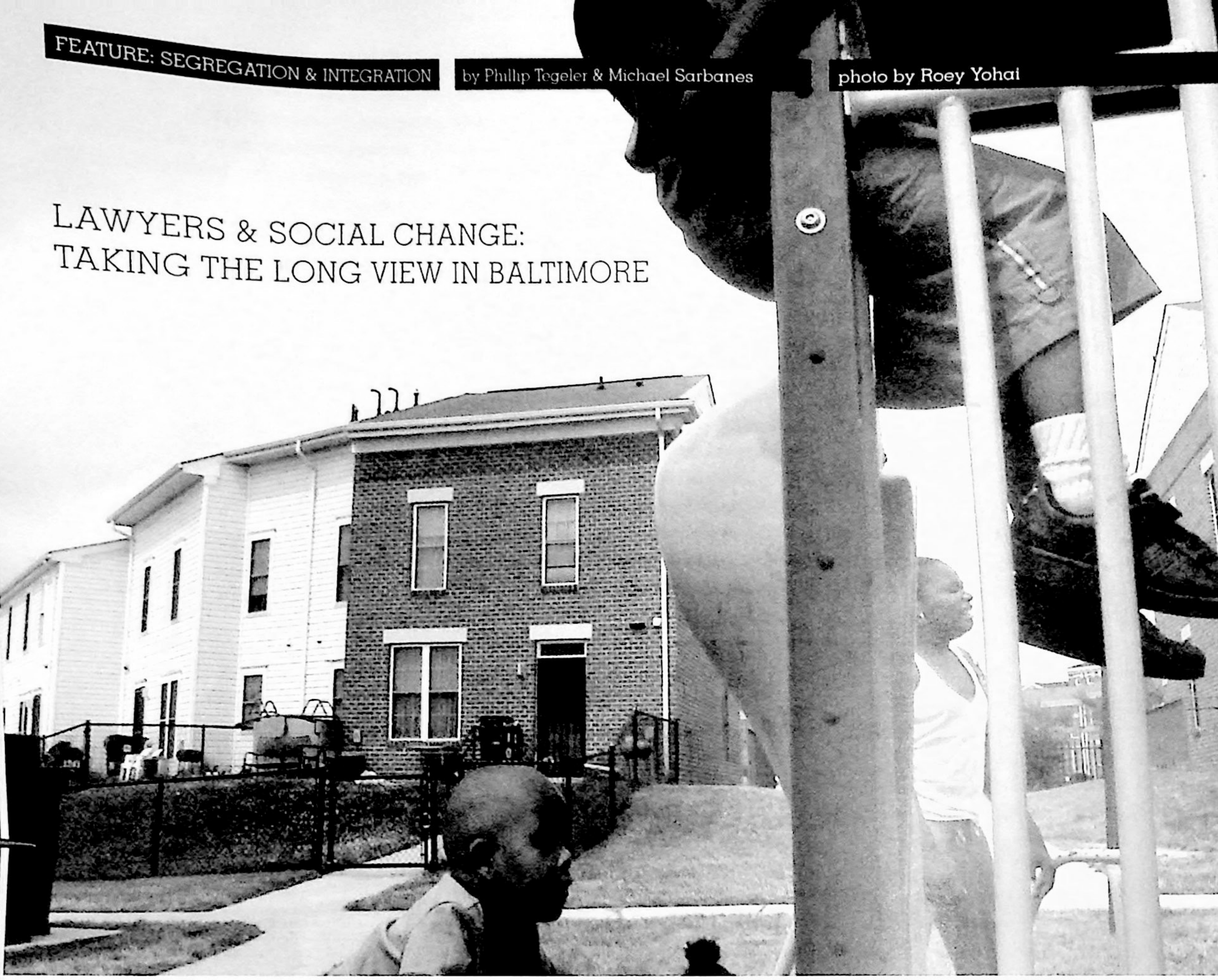
Opposite page: Image courtesy the Woodlawn Organization.

Special thanks to David Gest and Media Process Educational Films.

Media Process Educational Films has produced the documentary "The Democratic Promise: Saul Alinsky & His Legacy," which is now available through Berkeley Media, 2600 Tenth Street, Suite 626, Berkeley, CA 94710. (510-486-9900) by Phillip Tegeler & Michael Sarbanes

photo by Roey Yohai

LAWYERS & SOCIAL CHANGE: TAKING THE LONG VIEW IN BALTIMORE



THIS PAST JANUARY, A FEDERAL JUDGE in Baltimore, Marvin Garbis, issued a major housing desegregation ruling that explores the ways in which many American metropolitan areas have become—and stay—so racially and economically segregated. The lawsuit, Thompson v. HUD, was filed by the Maryland ACLU more than ten years earlier, on behalf of a class of African-American public housing residents in Baltimore. Thompson challenged the government's policy of socially engineering the ghetto: the plaintiffs claimed that the city and housing authority acted in concert with the Department of Housing and Urban Development (HUD) over many decades to create a deeply segregated system of public housing, one in which project siting decisions were largely driven by the desire to avoid community opposition in white neighborhoods. Attorneys were already preparing for the case in the early-1990s, but expedited their filing of it when the Baltimore city government demolished a high-rise public housing development and made plans to locate replacement housing in neighborhoods with similar levels of segregation. In its decision, the court did not find the city and local housing authority liable, but instead focused responsibility squarely on HUD, which had both the power and duty to provide housing choices for low-income African American residents outside of segregated, high poverty zones in the city.

The Thompson decision doesn't break new legal ground--it follows similar cases challenging the many instances in which the federal government, often acting in concert with state and local governments, played a key role in the racial and economic segregation of American metropolitan areas. The first major case, Gautreaux v. Romney, was filed in 1966 and reached the U.S. Supreme Court in 1976. Gautreaux established that HUD shared responsibility with local defendants for intentional housing segregation, and could be required to promote regional housing integration in both a city and its surrounding suburbs as part of a comprehensive court remedy. Since that time, several landmark cases have reached similar results in the federal Courts of Appeals, notably Walker v. HUD (Dallas) and NAACP v. City of Yonkers. The Thompson case is the first new liability ruling in many years: while over a dozen other housing desegregation cases were pending when the Thompson case was filed, the Clinton Administration was able to settle almost all the others. In Baltimore, though a partial settlement was reached in 1996, the issues proved too large and intractable to obtain a full settlement of the case.

While the legal principles in Thompson may be clear, what happens next is not. Barring a last-minute settlement overture by HUD, the case will proceed toward hearings, scheduled to take place in March 2006, about remedies that would give low-income public housing residents access to housing in "opportunity areas." The hearings will include appearances by professor john powell, of Ohio State's Kirwan Institute on Race & Ethnicity, and Xavier de Sousa Briggs, a professor at M.I.T. and former research director at HUD, among other leading national experts on metropolitan housing desegregation. In this phase of the case, the NAACP Legal Defense Fund has joined the Maryland ACLU in advocating a strong court-ordered remedy.

Although the liability portion of the litigation in Thompson took over ten years to complete, many experts think that implementing a remedy in the case may take even longer, and will need to involve a multitude of players beyond the courtroom. Institutional reform lawsuits like Thompson can only succeed if they are part of a larger advocacy effort that includes strategies in grassroots community organizing, coalition-building, financing, housing development, public education, and legislative and administrative advocacy. The lawyer is only one player in a larger drama of change, although litigation often serves as important catalyst and guide for that change to occur.

Thus, in Baltimore, while the lawyers move forward with their case, a coalition has begun to organize support for a regional remedy and develop plans to augment the eventual court-ordered ruling. Even prior to the Court's decision, some local leaders saw the case as an opportunity to break the jurisdictional logjam that had stifled equitable regional development in Baltimore for so many years. The process they began is gaining momentum: the newly formed "Regional Housing Equity Coalition" now includes the Citizens Planning and Housing Association, BRIDGE (an interfaith urban-suburban coalition of congregations affiliated with the Gamaliel Foundation), the ACLU, the Innovative Housing Institute, the Faith Fund, the Greater Baltimore Urban League, and the Poverty & Race Research Action Council. The Regional Housing Equity Coalition's plan goes beyond the scope of the lawsuit in its vision of a regional plan, but also depends on the impetus created by the Court's decision.

Designing the components of a successful remedy and regional plan raises a set of basic questions: Where should housing policy provide opportunities for families to move, and how do we make sure there's housing available for them there? Does making up for a long legacy of segregation require opening opportunities in suburban areas—traditionally places where people have better schools and employment and the potential to build assets, and the places historically most closed off due to government segregation? Should the options also include urban neighborhoods that seem on the brink of gentrification? One approach to answering these kinds of locational questions is through "opportunity mapping," being developed with the assistance of john powell and the Kirwan Institute. While this analysis incorporates traditional racial segregation and poverty indicators, the major goal is to identify "areas of opportunity"--which can include redeveloping urban areas as well as high-income suburban areas. Our hope is that such mapping will not only help guide the relocation work done as part of the remedy, but will also help guide the options that are available to all low-income families in the Baltimore region.in the future.

An effective remedy will also include a "housing mobility" program that will strengthen the ability of families using housing vouchers to make voluntary moves to areas offering substantially better opportunities. An enhanced program----building off of twenty years of experience in "mobility programs" since Gautreaux--will include new strategies for expanding landlord participation in high opportunity areas in the region, and for improving the chances for success of former public housing residents after they move—creating liaisons with local schools and churches and providing assistance with transportation, security deposits, and credit. Moreover, since the majority of new jobs for low-income workers in the Baltimore region are in the suburbs (two-thirds of all new hires in industries like retail, manufacturing, and services, according to a 2002 Transportation Equity Study published by the Urban League), the Coalition is looking into ways to help such employees live closer to their work. One option is to ask HUD to provide additional housing vouchers for members of the plaintiff class in Thompson working or seeking work in the suburban counties. This approach should be combined with intensive job counseling to help interested members of the plaintiff class connect with and maintain job opportunities in the surrounding counties.

Because housing mobility is dependent on housing supply, we are also looking to ensure that appropriate housing is available for Thompson class members who wish to move to those opportunity areas. For example, wFor example, rather than wait to construct new housing in the suburbs surrounding Baltimore and face long delays from suburban zoning boards, we are attempting to acquire existing housing, including smaller single-family and duplex and multifamily housing. Recognizing that homeownership is also a possibility for some Thompson class members, we are also promoting the use of "Home Equity Participations," th a HUD low-income homeownership program.

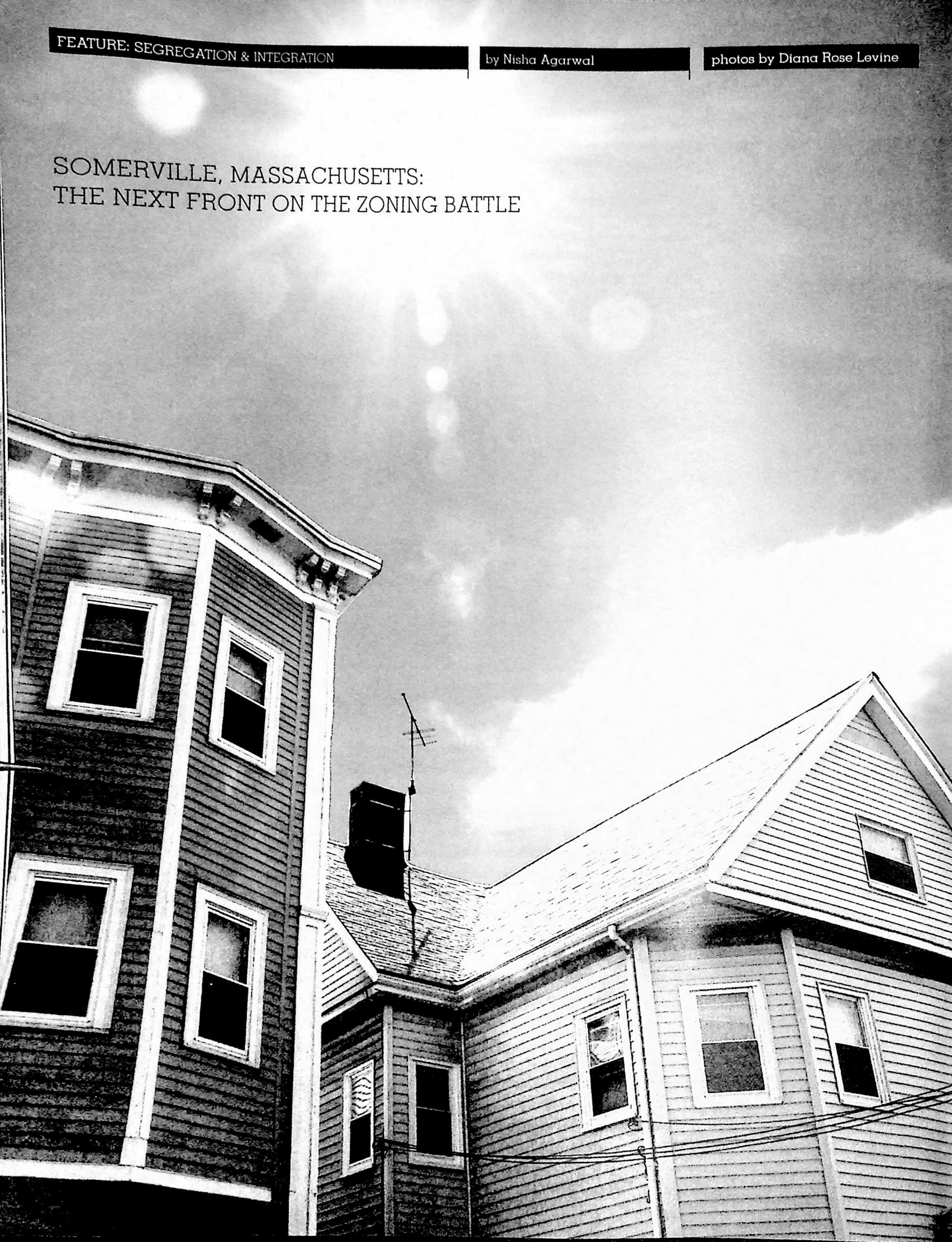
We know that decades of government-supported segregation cannot be undone overnight, and that to achieve real progress, all the region's participants in housing development and finance, transportation, planning, zoning, and community development need to be working together with residents over a period of many years toward a common goal of an equitable and desegregated region. That said, we hope one day to look back on Thompson the way we now look back on the Gautreaux case—as a remarkable testimony to the way that lawyers and community advocates can come together to address one of our country's most intractable problems. •

Poverty & Race Research Council
<www.prrac.org>

by Nisha Agarwal

photos by Diana Rose Levine

SOMERVILLE, MASSACHUSETTS: THE NEXT FRONT ON THE ZONING BATTLE



Somerville is distinctly a city of homes. This is radically different from a city of wealth or a manufacturing city. Such a city requires unusual effort to make it beautiful, convenient and comfortable. It must also have an unusually active local sentiment.
—Mayor Edward Glines, Inaugural Address 1902, quoted in *Beyond the Neck: The Architecture and Development of Somerville, Massachusetts*

SOMERVILLE, MASSACHUSETTS, HAS historically—and proudly—provided what its neighbors, snobby Cambridge and gentrified Boston, have not: four square miles of homes affordable for working-class families, elderly retirees, graduate students, and young couples without the financial resources to settle elsewhere. Irish pubs coexist with family-owned Peruvian restaurants, and landlords invariably live in the same three-floor, colonial-era homes as their tenants.

Unlike in many American cities, where "residential neighborhoods are African American, Asian, Latino, or white, and upper-middle-class, middle-class, working-class, or poor," as legal scholar Gerald Frug writes in City Making: Building Communities Without Walls, Somerville's neighborhoods have an eclectic mix of incomes, ethnicities, ages, and aspirations. There are no ethnic enclaves to speak of in Somerville, but there is a vibrant immigrant community life. And although some areas, and some people, are more downtrodden than others, there are no obviously 'bad' parts of town, In this densely jumbled town of 77,000, people from various walks of life constantly bump into one another on the street or in one of the city's innumerable squares.

This intense integration forms the core of the community's identity. According to city alderwoman, Denise Provost, "It is ... essential to the soul of Somerville that it remain home to old-timers as well as newcomers, to people of modest means as well as the well-to-do, and to families as well as singles."

These kaleidoscopic demographics did not come about by accident. In this city as in every other, the human geography is profoundly shaped by government intervention and the underlying legal structure that defines municipalities in relation to the state. And in turn, organized political constituencies shape how government intervenes. In Somerville, citizen participation in local politics has a long and fabled history. According to Haskell's *Historical Guide Book of Somerville, Massachusetts*, it was here that "Liberty found her first, fullest expression" when, in 1776, a cabal of American revolutionaries stood atop Prospect Hill, unfurled the Union Flag, "and bade defiance to an enemy." In the late-1800s, Somerville successfully thwarted annexation by its neighbors, proclaiming that its inhabitants were "abundantly able to manage it" on their own, and setting the stage for a city with its own character as opposed to an appendage of Boston or Cambridge.

Today, Somerville residents' tenacious spirit has been called to the surface by commercial development and gentrification driven by its neighbors' booming housing markets. In the past year, the Somerville zoning ordinance has been modified to enable big-box retailers to develop in the city's Assembly Square area. Single-family homes have sold for around $1 million, and serious talk has begun about extending a subway line from Boston through the city, which promises even more development and rising real estate values. Somerville seems well on the road toward economic empowerment, but for many residents, these changes threaten the fragile balance of their mixed-income, multi-ethnic community. As the city booms, there is the risk that longstanding inhabitants who have contributed to the richness and diversity that define Somerville will be pushed out. In response, concerned residents are mobilizing to preserve the heterogeneity they have come to love in their city.

At the forefront of the struggle is a motley crew of neighborhood activists operating under the umbrella of the Affordable Housing Organizing Committee (AHOC). Founded in June 2001, AHOC's mission, as the name suggests, is to promote the creation and preservation of affordable housing in Somerville. During its first few years of existence, the organization was dominated by local policymakers and housing advocates but had little representation from the community at large. In 2004, AHOC hired two community organizers, Meredith Levy and Jesse Kanson-Benanav, to help build a membership base and launch a successful grassroots campaign. In spring 2004, Levy and Kanson-Benanav knocked on hundreds of Somerville doors, describing AHOC's mission and trying to stimulate interest in the organization. In June, they held a community-wide meeting, which drew several dozen of the residents they had visited in the previous months. From this group, a core cast of community activists launched AHOC's inaugural campaign.

Among the early initiates was Mary Louise Daly, a feisty retiree and lifelong Somerville resident. She had fallen into housing activism once before when the building she lived in was about to be sold to a new landlord who would have substantially increased rents. Together with her neighbors, Daly formed a tenants' union and purchased the building from the owner. Today, the apartment complex remains fully tenant-owned and tenant-controlled. Another supporter of AHOC was David Omar White, a disabled WWII veteran and accomplished political satirist and artist who now lives on a fixed income and worries about rising rents. And there was Robin Morgan, a soft-spoken fundraiser for a Boston-area non-profit who, along with her graduate student husband, has apprehensively watched the development of six high-priced condominiums at the end of her street.

"I was just so worried about what would happen to us, and to others like us," Morgan said. AHOC enabled Daly, White, Morgan, and a host of other Somerville residents to do something about their fears and frustrations.

AHOC's initial campaign centered around a segment of Somerville's zoning ordinance known as the affordable housing linkage fee. In general, housing linkage programs require the sponsors of large-scale urban development projects to make financial or in-kind contributions to a city's affordable housing stock in exchange for building permits and zoning variances. Such exaction fees are premised on the notion that major development projects may adversely impact communities by inducing rent increases and encouraging displacement. Linkage fees are thought to mitigate this impact by forcing private developers to internalize the social costs associated with their activities. When Somerville's linkage ordinance was enacted in 1990, it required commercial developers of projects exceeding 30,000 square feet to

pay \$2.60 per square foot into the city's affordable housing trust fund. For AHOC's newly expanded membership, increasing this linkage amount became a paramount concern because it was considerably lower than the fees in Boston (\$7.18 per square foot) and Cambridge (\$3.28 per square foot).

More significantly, the rezoning of Assembly Square for big-box stores had placed the effects of commercial development at the forefront of community politics. According to some residents, the introduction of new businesses—particularly a major retailer like IKEA or Staples—was crucial for job growth in Somerville. Others worried about the downstream effects that such development could have on the housing market. The connection between economic growth and affordable housing was thus front-and-center in Somerville's public dialogue, and AHOC hoped to enter that debate with a concrete suggestion for how the city's low- and moderate-income residents could capture the benefits and limit the harms of development.

Working in conjunction with local housing experts and legal services lawyers, AHOC members put together a proposal recommending that the Somerville linkage fee be increased to \$3.91, with the threshold project size remaining at 30,000 square feet. Based on AHOC's estimate of the anticipated size of future developments in Assembly Square, this relatively conservative increase in the linkage fee could translate into hundreds of thousands more dollars for the affordable housing trust fund. In August 2004, Denise Provost, an alderwoman representing Ward 5 and a long-time supporter of equitable development in the city, introduced AHOC's proposal to the Somerville Board of Aldermen. As Provost has described in her online community blog: "Change can bring us much good provided there is good planning that provides for and relies on community input into the extent, rate, and geographic location of changes in the landscape of our city. We need such a community process, just as we need a diversity of affordable housing options in Somerville, as dual bulwarks against the forces of displacement.

Throughout late-August and early-September, AHOC activists began to reach out to their neighbors and colleagues, to fellow parishioners and pensioners. These one-on-one conversations revealed the intuitive appeal of linkage for average Somerville residents—namely, the Robin Hood-style of the program: taking from the rich company and providing for the poor. It also offered a healthy compromise between those who wanted to encourage the economic growth of the city and those who worried about what the ramifications of such revitalization might be.

Prior to AHOC's campaign, the very concept of linkage remained obscure to those most affected by it. Discussions remained confined to lawyers and housing policy wonks. Not surprisingly, then, increasing the linkage fee was never a priority for political decision makers in Somerville City Hall or, in fact, in most municipalities that have such programs. Alderman Provost had attempted to increase the Somerville linkage fee on numerous occasions in the past, but to no avail. On her own, she was unable to generate the kind of widespread public support necessary to prompt successful legislation. Similarly, Boston's linkage fee remained at $5 per square foot for fifteen years before housing advocates were able to get the Mayor's support to kick it up to $7.18 in 2001. But when more than 100 Somerville residents crowded into the Aldermen's Chambers in City Hall for a late-September hearing on the proposed linkage fee increase, the city's political establishment had to take notice. Many of those who spoke were individuals who had never been politically active within the community before; all were there due to AHOC's outreach efforts.

The next day Somerville Mayor Joe Curtatone announced his own linkage fee proposal, which would raise the exaction amount to only $3.50 per square foot but would lower the threshold project size to 20,000 square feet. An additional $0.50 per square foot linkage fee would be imposed for the creation and preservation of open spaces in Somerville. The Mayor's counter-proposal created a strategic quandary for AHOC. Over the long-term, less money would be generated for the affordable housing trust fund under the Mayor's plan, but if AHOC opposed his measure too strenuously, valuable time would be lost in which the city could issue building permits to developers under the old linkage regime. AHOC decided to push its campaign into high gear and move for a vote as fast as possible. As part of this effort, AHOC members organized informal meetings with each of the city's aldermen and with local residents. Mary Louise Daly recalled: "We scheduled the meetings wherever we could—Dunkin Donuts if we had to." The Alderman for Ward 7 visited her house. The politician appreciated the invitation to a constituent's home, and the residents felt the same. "One resident was amazed that an alderman would come and talk to them in a private home," Daly said.

By the end of October, AHOC members had used these personalized meetings to solidify the support of the entire Board of Aldermen for their proposal. The legislative matters subcommittee meeting on November 8, in which the linkage fee increase was passed with a unanimous vote, was almost anti-climactic. AHOC had scored its first major victory, and the impact on individual AHOC members was palpable. As Kanson-Benanav recalled: "I was amazed to hear Omar [White], who had published so much political satire, say that this was the one thing he had done where he felt he had accomplished something."

Academics concerned with housing segregation often focus most of their time on designing ideal policy options. In Somerville, the city's mayor and legislators were pushed from indifference to unanimity on the linkage fee increase not because of great policy ideas, but because local citizens were added to the mix of housing policy experts, legal services lawyers, and professional organizers arguing on its behalf. AHOC's campaign had its shortcomings: recently arrived immigrant communities, for instance, are not well represented within the AHOC membership, though they may be among the most vulnerable of Somerville residents. And future campaigns may focus on more controversial issues like rent control, around which it will be much harder to generate community consensus. Still, AHOC's success shows that the real action in housing segregation issues lies in knocking on hundreds of doors in changing communities like Somerville, not in the research in the hallowed halls of Somerville's neighbor to the west. ●

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by Sheryll Cashin

photos by Eamonn Aiken

THE DILEMMA OF THE BLACK MIDDLE CLASS

The following is an excerpt from *The Failures of Integration: How Race and Class are Undermining the American Dream*, by Sheryll Cashin. © 2004. Reprinted by arrangement with PublicAffairs, a member of the Perseus Book Group

BLACK FAMILIES OF A CERTAIN MEANS face a dilemma when entering the housing market. They, like all Americans, desire superior environments in which to live, work, play, and raise their children; their dream is the American dream. They want equal access to all of the resources society has to offer, but they are frequently forced to choose between two types of communities. They can live in a black enclave that comes with some costs but provides a spirit-reviving balm against the stress of living as a black person in America. Alternatively, they can join a community that offers a wealth of opportunities and benefits but where they would be vastly outnumbered by whites, a kind of integration they may not want.

Painfully, I have come to the conclusion that external prejudice against black neighborhoods makes it virtually impossible for members of the black middle class to form havens of their own that approximate the economic or opportunity benefits of a white enclave. Black communities, even affluent ones, bear burdens and costs that predominately white ones do not. Most of these costs can be tied either to race-laden decisions on the part of whites and predominately white institutions to avoid black communities or to the propensity (in part fueled by discriminatory attitudes) of black communities to attract low-income people. Waves of black suburbanization have been fueled by the desire to escape the social distress of "the 'hood," including its crime and weak schools. But within the space of a decade, most black suburban movers will find that the social distress they sought to escape has migrated to them.

Therefore, integration or living in an integrated community are practically the only routes black people have to escaping concentrated black poverty. Try as they might, members of the black middle class cannot completely escape their lower-income brethren unless they move into predominately white communities. It is a cruel truth. The black middle class carries much of society's load regarding concentrated black poverty. This group usually provides the buffer from ghettoes for the rest of society. The (racist) rules of the housing market are set against it

In a nutshell, the rules operate as follows: blacks form enclaves by preference and because they are steered to the least controversial areas—those whites deem undesirable—by a discriminatory real estate industry. These enclaves usually lie in the opposite direction from the centers of highest economic growth. In the booming 1990s, Prince George's County was situated (and still is) directly opposite the "white hot" technical juggernaut of Northern Virginia. In the Atlanta region, blacks suburbanized mostly south- and eastward, while the fastest job growth has been in the suburbs due north, especially near the Perimeter Center. This pattern is repeated virtually everywhere black people are suburbanizing in large numbers. When migrating blacks reach a critical mass, whites flee, and demand in the local housing market falls, causing poorer blacks to move in behind middle-class blacks. Within a period as short as a decade, the black middle class finds itself once again in close proximity to social distress and often moves again, even farther from the centers of economic growth. Meanwhile commercial and retail investors shun these emerging black enclaves since the social distress they attract increases crime, often lowers property values, raises taxes, and reduces school quality as the student population rapidly becomes impoverished.

Black separatism, even of the affluent black kind, then, comes with palpable costs. When a white person chooses to move to a middle-class suburban enclave of "her kind of people," she makes this choice, perhaps unconsciously, with certain expectations and assumptions that society tends to live up to—assumptions that a black middle-class suburbanite, living in a similar haven of "one's own," cannot make, at least not confidently. Among those assumptions:

1. I can escape neighborhoods of poverty, particularly black ones.
2. My children will be able to attend good public schools. They will be prepared, maybe even well prepared, for college.
3. My neighborhood will be free from crime.
4. My property taxes will be manageable, and I will receive better government services at lower cost than I would in the city.
5. I will be able to shop and buy all the things I want and need, at stores located near where I live. I will have a nice range of options for eating out near where I live.

I could extend this list of implicit assumptions about the benefits of suburban life; these are just the main ones. As I show below, these assumptions do not appear to be true for the middle-class and even affluent black people of Prince George's County. If this county, with its relatively affluent middle-class population base, cannot transcend the racial biases set against it, if it cannot approximate the American suburban dream for its residents, then I do not see how any other black community could.

In clarifying the costs of the separation for middle-class black suburbanites, I do not mean to denigrate majority-black communities. For some residents, the soul-regenerating benefits of a black enclave will be worth the costs. My point is simply that there are pronounced costs associated with this choice and that, unfortunately for African Americans, it appears that the suburban ideal will elude them if they wish to pursue a separatist vision. I make my case below primarily by debunking the common assumptions about suburban middle-class life, showing that they do not hold in Prince George's County.

1. I can escape neighborhoods of poverty, particularly black ones.

Much to the chagrin of Prince George's County leaders, waves of low-income black people have been migrating to the county from the District of Columbia. This kind of poverty influx did not happen in the majority-white suburban counties surrounding the District. Twenty-nine of the thirty-three suburban communities in the D.C. metropolitan area that have been categorized as "at-risk" because of "present and growing social needs" are in Prince George's County. Prince George's and the District itself carry a higher poverty burden than their predominately white neighbors. In the 1990s, 15 percent of the metro region's welfare recipients lived in Prince George's, while other surrounding suburbs were home to less than 5 percent of this population. Not surprisingly, the whiter and more affluent communities have the least poverty burden. While I am not advocating class exclusion, my point is that, to the extent that escaping poverty and attendant social distress is an aspiration of suburban movers, this aspiration eludes the black middle class.

2. My children will be able to attend good public schools. They will be prepared, maybe even well prepared, for college.

The Prince George's County school district consistently ranks 2nd worst in the state of Maryland on test scores after Baltimore, a predominately black and heavily poor city. In the D.C. metropolitan area, the Prince George's County school system ranked last on the 2002 Washington Post Challenge Index, which measures public high schools' efforts to challenge its students based upon the percentage of students who take advanced placement and International Baccalaureate courses. Falls Church, an overwhelmingly white, affluent community in Northern Virginia at the opposite pole of the D.C. metropolitan universe, ranked 1st. Of the 155 high schools evaluated for this ranking, the first Prince George's school to appear on the list was Eleanor Roosevelt, a magnet high school, which ranked 60th. In that year, only 67 percent of the seniors at Roosevelt attended a four-year college, according to the latest reported data. Of the first ten Prince George's high schools to appear on the Challenge Index ranking, only one other, Central High, had more than half of its seniors go on to a four-year college.

There are at least two factors contributing to the problems with Prince George's schools. First, the county is hampered by a property tax cap, approved by citizen referendum, that limits school spending—an additional fiscal constraint that other suburban school districts do not have to contend with. When County Executive Wayne Curry vigorously campaigned for the repeal of the tax cap in the fall of 1996, voters rebuffed him. Why, you might ask, would a majority-black county reject a repeal of a tax cap that would benefit majority-black schools? One possible explanation is that the people most likely to go to the polls—whites and affluent blacks—were least likely to have their kids in public school.

Another potential explanation for the difference in school performance between Prince George's schools and their suburban counterparts is that there is a substantial dif-

ference in the numbers of poor children in these schools. School performance is closely tied to the family income of the student population. Indeed, the socioeconomic background of the students attending a school is probably the best predictor of the school's success. By the late '90s, more than half of Prince George's public school students qualified for free or reduced-price lunches, indicating that many prosperous families in the county no longer sent their kids to the public schools. By comparison, only about ten percent of the students in the Northern Virginia school districts of Falls Church and Loudon County—both on the opposite pole of the metropolitan region—qualified for free or reduced lunch. Still, Prince George's boasts a number of predominately black, predominately middle-class schools, like Laurel, Surrattsville, Suitland, and Friendly high schools, that are decidedly underachieving: fewer than half of the seniors at these schools went on to attend four-year colleges in recent years. Whether underachievement stems from an influx of poor children, a failure of the black middle class to cultivate a culture of achievement, or some other source, the end result is that many middle-class black parents who have opted to live in a "black sanctuary" are paying a premium for their separatism in the form of private school tuition. Meanwhile, their white counterparts in affluent white suburbs have the option of relying on high-quality, well-funded public schools that typically have few poor children and a host of engaged parents.

3. My neighborhood will be free from crime.

Prince George's crime rate is higher and its citizens are more imperiled than those of other suburban counties in the region. Even the District saw improvements in crime during the 1990s that Prince George's did not enjoy, perhaps because the District was exporting poor people to the county. Crime within D.C. dropped significantly in the 1990s, while it rose slightly in Prince George's. Although the total increase in crime in the county was marginal, the inner-Beltway communities experienced a crime explosion disproportionate to their population growth. Places like Berwyn Heights, a majority-white community of under 3,000 residents, grew by only 8 percent in population but saw crime rise 82 percent between 1990 and 1998. During the same period, the District of Columbia neighborhoods bordering inner-Beltway Prince George's communities experienced a sharp decrease in both crime and population. In fact, most of the communities with the highest crime rates in the entire D.C. metro region were all located inside the Beltway, in Prince George's County.

4. My property taxes will be managable, and I will receive better government services at lower cost than I would in the city.

Black communities tend to carry higher social service burdens than predominately white ones because of their tendency to attract lower-income people. Majority-black areas like Prince George's also tend to be discriminated against in the market for commercial investment and economic growth. As a result, black communities tend to have higher taxes and services that are less responsive to the demands and aspirations of the black elite. Isolation from high-growth economic corridors also means that residents of majority-black communities face longer commutes. The affluent bastions of Prince George's are outside the beltway to the south and east of the District of Columbia. They could not be farther away from most of the areas of highest economic growth in the metro region: Tyson's Corner, the I-66 Corridor, and the Dulles and Herndon areas in Northern Virginia, and Bethesda, Maryland, all of which are north and west of the District.

As a result of such trends, residents of black/multiethnic suburbs pay tax rates that are, on average, about 65 percent higher than those of white suburbs, even after differences in affluence are taken into account. And black/multiethnic suburbs spend more on redistributive services than any other type of suburb, independent of levels of wealth. Prince Georgians' property tax rates ($.962 per $100 of assessed value) are considerably higher than neighboring Montgomery County ($.754 per $100 of value), yet Montgomery County spends more per pupil on public education than does Prince George's County. Montgomery County, having higher valued—read: whiter—residential properties and a stronger commercial base, can generate more revenues for the services its citizens demand. Overall, black suburbanites tend to reside in suburban communities characterized by lower property wealth, worse public finances, and poorer prospects for economic growth than suburbs with smaller black populations. As a result, blacks living in majority-black towns tend to receive worse government services than blacks who live elsewhere.

5. I will be able to buy all the things I want and need, at stores located near where I live. I will have a nice range of options for eating out near where I live.

Prince George's County has a higher median income than neighboring Baltimore County, yet that county has a Nordstrom at its Towson Town Center, while Prince George's has no Nordstrom, Lord & Taylor, or Neiman Marcus, much less a Macy's. The Bowie Town Center, a 100-store, open-air mall designed to provide a "Main Street" environment, which opened in late 2001 to much celebration, is anchored by middle-market retailers like Hecht's, Best Buy, and Sears.

If a Prince George's resident wants to experience fine dining, she also has to drive some distance outside the county to get it. Unlike in Bethesda, Reston, Tysons, or the District, there is no Palm, no Four Seasons, not even a Houston's in Prince George's County. The dearth of eateries, especially at the high end, is such that when the Outback Steakhouse announced plans to open two new restaurants in the county and Starbucks announced plans to open a coffee shop, this was cause for celebration. The County's official website offers a listing of 66 restaurants located in Prince George's. A similar listing for Fairfax County offers over 340 eateries. In sum, white suburbanites living in havens of their own can take for granted the simple pleasure of eating out with their families at a nice place in the vicinity that offers some atmosphere and quality cuisine. Prince Georgians cannot.

This underinvestment in Prince George's highlights a central weakness of racially segregated communities: a concentration of racial minorities—particularly of black people—can and often does lead to a decline in access to and influence of dominant institutional actors that shape markets. This is not an apology for racist or ignorant market actors. It is a statement of fact. I have had colleagues in the academic community react angrily or skeptically when I present facts like these. They would like to explain away these unfair tendencies of markets based upon anything other than race. But I am not alone in pointing out these tendencies. Empirical studies show that commercial disinvestment in majority-black communities, even affluent ones, is commonplace.

Prince George's County is not unique. The five common assumptions about suburban life do not seem to maintain for most other middle-class black communities. Despite their psychic benefits, there are some difficult issues that need to be addressed in order to make majority-black communities eminently viable, issues that we don't like to discuss openly. When it comes to where we live, integration may have eluded, failed, or simply been unappealing to many black people. But separation doesn't seem to be working entirely either. •

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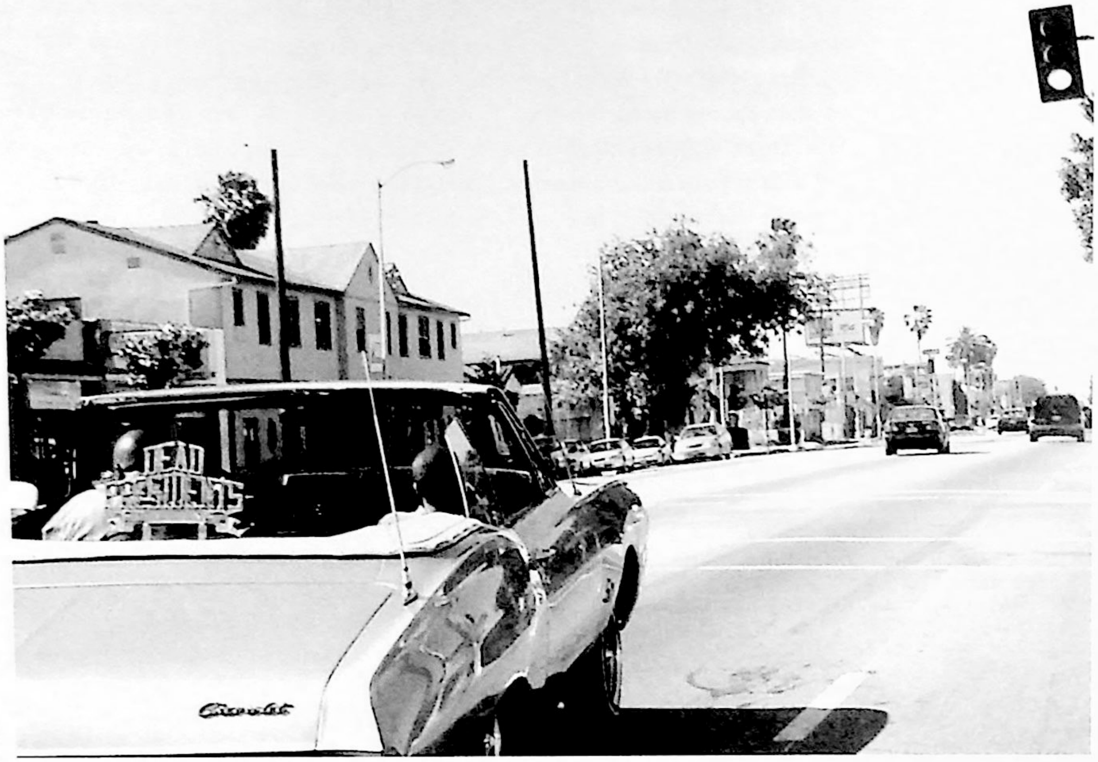
For full citations, please see *The Failures of Integration: How Race and Class are Undermining the American Dream*.

by Josh Sides

photos by David Gest

CORPORATE RETAILERS AND THE AMERICAN GHETTO: STARBUCKS AND THE FUTURE OF SOUTH CENTRAL



THE RECENT OPENING OF A STARBUCKS in the notorious Los Angeles suburb of Compton may offer area residents much more than a three-dollar latte. It is, of course, another example of the decade-old trend in which major corporate retailers target "urban markets" in America's poorest minority communities. But the project—a joint venture with Magic Johnson's ambitious Johnson Development Corporation—might also be a blueprint for an entirely new way of thinking about inner-city revitalization: a way that emphasizes civic discourse just as much as it employs more traditional paths to revitalization, like economic development.

Recent Economic History

Since the 1960s, policymakers sympathetic to the plight of African Americans and other minorities have sought to expand both employment and consumer opportunities in America's ghettos. However, four decades of well-intentioned federal and local employment initiatives have failed to mitigate the decline of decent jobs in inner cities.

In South Los Angeles, the historic home of greater L.A.'s black community, this decline is particularly apparent in the flight of thousands of unionized automobile and steel jobs from the region's manufacturing center. While South L.A.'s manufacturing base has continued to grow, it has not grown in ways that portend an economic revival for the region. Well over half of the region's manufacturing employees work in low-paying and non-unionized apparel and textile industries, and thousands more toil away in food processing plants. Far worse than the inferiority of jobs has been their scarcity: the unemployment rate among African Americans is now about twice that of all workers, and far higher for black youth.

Until recently, things were hardly better for inner-city consumers. Inner-city retail had begun to decline across America in the 1950s, when white flight and urban decay destabilized the market. In Los Angeles, the 1960s were marked by violent riots, which scared off many of the remaining white retailers. Stalwarts tended to offset the risk of doing business in the ghetto by overcharging customers who lacked the means to shop elsewhere. This problem hit particularly hard for residents without cars, since Los Angeles has historically provided little public transportation to better shopping opportunities in the suburbs.

It is little wonder then that residents of Watts, one of South L.A.'s tougher communities, have always complained about the inadequacy of consumer options in their neighborhood. Nor is it surprising that small retailers were the chief targets of destruction in both the 1965 and 1992 riots. But the situation may be turning around for residents in South L.A. and other poor, minority communities throughout the nation. A new model for development has begun to shift the way businesses, planners, and policy makers conceive of the inner city. Long overdue, this shift has the potential to permanently change what we mean when we say "ghetto."

Looking to the Inner City

Beginning in the mid-1990s, large corporate retailers turned their attention to the "last retail frontier," the American ghetto. This made good business sense: in a "conservative" 1998 estimate by the Boston Consulting Group and the Initiative for a Competitive Inner City, America's inner cities represented more than $85 billion in annual retail spending power—equal to the total purchasing power of Mexico. Retailers have been encouraged by the nationwide decline in crime and by the increased attractiveness of cities to affluent families, gays, and grumpy commuters. Almost overnight, Target, Home Depot, Wal-Mart, and dozens of smaller retailers began to infiltrate historically black ghettos.

Equally important in luring corporate retailers to the inner city has been the phenomenal growth and economic progress of the nation's Latino population. Reflecting a nationwide trend, the famous "black community" of South Central Los Angeles is now more than 55 percent Latino. As the Latino population grows, so does its purchasing power: a recent national estimate put the Latino market at $400 billion. In Southern California, that purchasing power has been most evident in the housing market, where Latino homeownership has surged by over fifty percent in the last decade.

Corporate marketing has tuned into these growing inner-city demographics: in 1998, Target launched its own magazine for Latinos, Familia, and mailed it to over 750,000 thousand Latino households in California. And a recent Wal-Mart television advertisement features a young African-American woman who was recently hired by the retail giant, and who emotionally expresses her gratitude.

Corporate retail forays into the inner city market, however, have not been without controversy. Across America, minorities—particularly African Americans—have protested what they see as "ghetto colonialism": massive corporate entities eviscerating neighborhood character, exploiting local poverty, replacing no jobs with bad jobs, busting unions, flouting environmental protections, and intensifying traffic congestion. From Chicago's South Side to East Oakland, residents have marched, picketed, and petitioned city councils to keep "big box" retailers out.

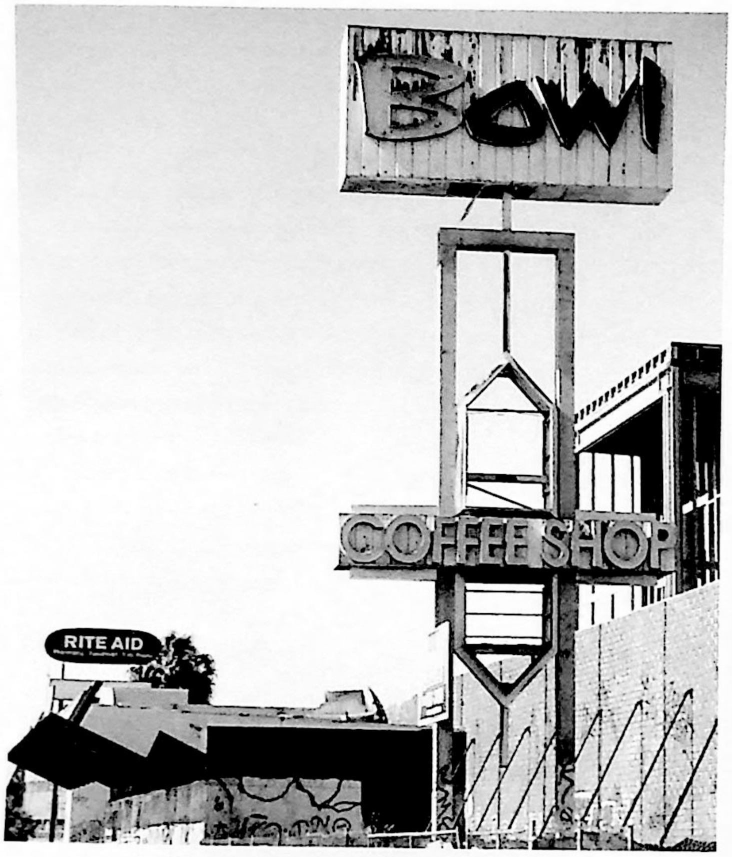
A recent debate in Inglewood, a predominantly minority suburb just south of Los Angeles, exemplifies this tension. In April 2004, Wal-Mart spent $1 million on a campaign to convince voters to pass a city measure allowing one of its "Super Centers" (the size of 17 football fields) to open without conducting environmental impact reports, traffic studies, or public hearings. The referendum confirmed the suspicions of many residents, who resoundingly voted it down after weeks of heated protests. "They need to come in through the front door in the light of day," said Inglewood Councilwoman Judy Dunlap, "not sneak in the back at night."

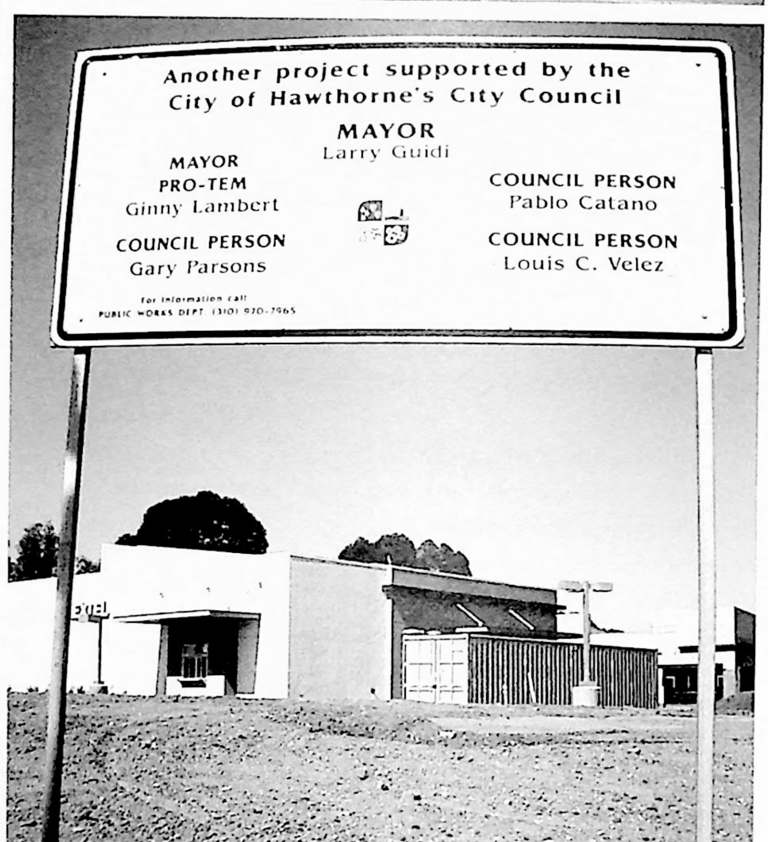
Hope in Southern California

The defeat of the Inglewood Wal-Mart, however, should not sour policymakers, planners, and activists on the prospect of corporate investment in the ghetto. As the case of Starbucks reveals, corporate investment can be a boon for companies and residents alike.

The new Starbucks in Compton is one of almost seventy "Urban Coffee Opportunities" (or "UCOs") that have opened throughout the country since the unique partnership between Starbucks and the Johnson Development Corporation began in 1998. In addition to serving as anchor businesses in sagging commercial districts, the UCOs also provide desperately needed jobs for the young and unemployed. And they provide more than just a meager salary. Unlike many other large

Top: A banner celebrating the joing enterprise of Starbucks and the Johnson Development Corporation. Bottom left: Historically a coffee shop, the renovations for the Holiday Bowl on Crenshaw Boulevard will include a new Starbucks. Top and bottom right: New developments along Wilmington Boulevard in Los Angeles (just north of Compton) and in the city of Hawthorne.





corporate investors, Starbucks offers comprehensive health care packages to even part-time employees. When combined with the stock option offering new employees receive, the health package lays the foundation for a sustainable, if modest, career.

Two years ago, a Starbucks opened at a new $60 million, 22-acre shopping center called Chesterfield Square at Slauson and Western Streets in the heart of South Central. Approximately one mile from the infamous intersection of Florence and Normandie Streets, where trucker Reginald Denny was brutally beaten during the 1992 riots, the new mall also features a Home Depot, a Food 4 Less, and a Subway sandwich outlet. On opening day, Starbucks received over two hundred applications for employment—a sign of the intense demand for work in the area.

Shortly after the grand opening of the mall, Helen Wilkins, a longtime African American resident of South Central, told a *New York Times* reporter, "It has really changed the neighborhood a lot... It has provided jobs—a lot of jobs—for our youngsters to keep them off the street." On a recent Saturday morning, black and Latino residents of the Chesterfield Square area crowded through the entrance of Home Depot, filling carts with tools, hardware, and potted plants. Significantly, shopping may soon become one of the few American pastimes where race no longer matters.

But to view the opening of the Starbucks UCO in Compton in purely economic terms would be to overlook much of its significance. The coffee shop is also important for the deceptively simple reason that it is a safe, quasi-public space for people to talk. In Southern California, the reckless underdevelopment of public space and overuse of private transportation has left the region with an infamously detached, disengaged citizenry. In parts of Compton and in vast swaths of South Los Angeles, such isolation is compounded by violent crime. There, public playgrounds and parks—as well as streets—have been monopolized by gang members who define and defend it as "their" private territory. Coffee shops and bookstores are one solution to this problem. More so than Wal-Mart or Target, the coffee shop—at its best—is not simply a place for the exchange of commerce, but also a place for the exchange of ideas.

National Trends

Residents have likely warmed to the Johnson projects, at least in part, because they are perceived as coming from within the community, and Magic's conspicuous appearances at ribbon-cutting ceremonies reaffirm this for potential patrons. But there are signs that African Americans don't require the imprimatur of black celebrities to welcome corporate interests into their communities. The Chesterfield Square across town is not black-owned, and neither is the impressive Harlem USA complex in Harlem, featuring a nine-screen Magic Johnson Theater, an Old Navy clothing store, and several other retail outlets. Nor are black consumers solely interested in "practical" retailers of household essentials. In 2003, bookseller Borders opened a new store in Detroit's badly depressed downtown. Its brisk business has surprised store managers.

Behind the scenes, there are also organizations pushing for the very kind of investment that has made Magic Johnson famous all over again. One of the most important has been The Initiative for a Competitive Inner City (ICIC) in Boston, a non-profit organization founded by Harvard Business School Professor Michael E. Porter. Porter and his colleagues have been conducting research and sponsoring initiatives for inner-city investment nationwide since the organization's founding. Distraught by the persistence of inequality and "the fact that too many of our citizens [were] not enjoying the prosperity that America enjoys as an economy as a whole," Porter founded the pathbreaking organization in 1994. "Without a viable business base," Porter continues to preach ten years later, "you [cannot] have a healthy and viable community."

In San Francisco, Business for Social Responsibility (BSR), a non-profit business association dedicated to stimulating ethical business practices, has been working to bring development to inner-city communities since the early 1990s. Matt Hirshland, Senior Manager of Communications at BSR, is heartened by what he sees in the inner-city Starbucks and Borders enterprises. Those business ventures have succeeded, he surmises, "because they make residents feel that they are truly stakeholders in the business." That communal investment resonates with his work: "We are helping businesses to be responsive to the demands, values, and environment of the communities in which they do business."

It may be too soon to call these developments "the future," nor is it at all certain that ghetto investment will be a centerpiece of the next American city. But one thing seems clear: Starbucks is doing more for South Central than anyone expected. Beyond just bringing commerce to places too-long overlooked and overcharged, these developments may help end the debilitating sense of social, political, and economic isolation that still threatens ghetto life. ●

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by Janis Bowdler

BEYOND BLACK AND WHITE: LATINO SEGREGATION IN NORTH CAROLINA

IN EARLY 2000, A GROUP OF LATINO students at Jordan-Matthews High School in Siler City, North Carolina, petitioned to start the school's first soccer program. "Some folks in the community were excited," says Paul Cuadros, now the Jordan-Matthews soccer coach, "but many were skeptical, wondering, 'what is this sport?' and 'what are they doing on our football field?'—which is considered sacred ground."

The soccer battle reflects broader change in Siler City that began in 1998, when migrant farm workers began settling in this rural township 45 minutes west of Raleigh, North Carolina, attracted by poultry plant jobs. "American families weren't sure what to make of their new neighbors—trailer parks that housed twenty- and thirty-something men. Certainly the language barriers made it difficult for them to get to know and understand each other," Cuadros observed. Today, Latinos make up 52 percent of the population of Siler City, constitute 80 percent of the kindergarten and first grade classes, and account for nearly 70 percent of the Siler City workforce.

Yet despite the rapid growth of the Latino population in Siler City, life there has not necessarily been kind to Latino residents. "While a few families have been able to save a little money and navigate their way to homeownership," notes Vince Sanabria, Executive Director of El Vinculo Hispano, a non-profit organization dedicated to serving Siler City's Latino community, "the majority of Latinos live in the only homes available: miniature developments of ranch-style modular homes at the edge of the developed area, reminiscent of the Colonias along the U.S.-Mexico border."

Siler City's experience exemplifies a rarely discussed American phenomenon: Latino segregation. Segregation has long been thought of, and researched, as a black-white issue. This is not without cause—the history and ramifications of segregation in black communities are quite profound. Nonetheless, a narrow focus on the segregation experience of African Americans leaves out the experience of Latinos and other recent immigrant populations. Segregation in those communities, as in black communities, can mean inadequate access to health, financial, and educational services, and lost opportunities to build the kind of wealth other families do simply by paying their mortgages.

Historically, Latino segregation has primarily resulted from immigrants seeking opportunity, in contrast to the white flight, housing riots, and redlining that drove African-American segregation. Latinos have generally settled wherever they could find jobs and are often isolated within neighborhoods by language and culture.

While Siler City's experience mirrors that of hundreds of small towns across the Midwest and the Southeast with new Latino populations, segregation also persists in cities with more established communities. "Immigrants are coming to this country looking for opportunities for their children," says Manual Lopez, Deputy Director of Tejano Center for Community Concerns of Houston. "When they arrive, they settle in predominately Hispanic communities that seem safe and familiar. Unfortunately, they are not given the equal opportunity they were looking for. The public schools in the Latino neighborhoods have less funding, resources, and staff." As a result, many cities have seen a cycle of Latinos in low-paying jobs without access to better opportunities. Despite the longstanding presence of the Latino population in Houston, Lopez reports, the mainstream community still has a difficult time understanding Latino families' need for bilingual support and educational services. Latino gangs have sprung up, recruiting troubled teenagers "floating between [the] two worlds" of America and Mexico, as Cuadros puts it.

The difficulty in identifying Latino segregation trends, partly a result of rapid immigration, has contributed to a lack of understanding, funding of, and popular attention to desegregation programs aimed at Latinos. Latino groups receive only 3 percent of federal Fair Housing Initiative Program grants, designed to build capacity in groups that test for discrimination by realtors and apartment owners under the Fair Housing Act. Meanwhile, regulatory agencies and the Department of Justice rarely do their own proactive investigations of housing market discrimination affecting Latinos, as opposed to passively waiting for victims, who rarely understand their rights under the Fair Housing Act and other laws, to come forward. Only 22 of 180 Department of Justice fair housing cases between 2000 and early 2004 involved Latino plaintiffs. Perhaps partly as a result of this lack of enforcement, a recent Harvard Civil Rights Project study showed high levels of Latino school segregation, which usually tracks housing segregation due to the geographic nature of school districts. The study revealed that Latino students are more segregated than African-American students and Latino school segregation has grown over the past decade.

Given the anticipated growth of the Latino population, it is critical that the Latino experience with segregation and discrimination be taken into account; otherwise, well-intentioned policies to combat segregation will yield limited results. Perhaps then one day Siler City will not only have a soccer team, but one filled with people from all different races. ●

by Shayna Strom

ALEX POLIKOFF: CIVIL RIGHTS LITIGATOR

Alex Polikoff served as lead counsel on Gautreaux v. Chicago Housing Authority and the U.S. Department of Housing and Urban Development (HUD), which was among the nation's first public housing desegregation lawsuits. In 1976, the U.S. Supreme Court, deciding unanimously for the plaintiffs, ordered HUD to remedy its past discriminatory actions through giving public housing residents the opportunity to move throughout the Chicago metropolitan area. The case led both to the creation of "scattered-site" public housing and to the creation of "mobility programs," which used Section 8 vouchers to move voluntary participants from public housing into areas that were not more than 30 percent African-American. Polikoff spent many years as the Executive Director of Business and Professional People for the Public Interest (BPI) in Chicago and now serves as its senior staff counsel.

The Next American City
For the benefit of our readers who may not be familiar with Gautreaux, can you describe the case briefly?

Alex Polikoff
Gautreaux is a housing desegregation case begun in 1966—almost 40 years ago—because the Chicago Housing Authority [CHA] was discriminating in the selection of sites, putting virtually all of its projects in black neighborhoods and thereby preventing blacks from moving into white neighborhoods via subsidized housing. After CHA was determined to be guilty, the Court decided on three streams of relief: first, build public housing in white neighborhoods ["scattered-site" housing], a program that has now ended; second, a rent subsidy program to give CHA families living in black ghetto neighborhoods a chance to move into white neighborhoods. That program has also now ended. The third and final stream of relief is still going on: demolishing high-rise projects, replacing them with mixed-income communities, and relocating some of the original residents using Section 8 vouchers (now called Housing Choice vouchers).

TNAC
You were involved with Gautreaux for many years after the initial litigation stage ended. What were the main lessons you drew from the process of implementing the judicial remedy?

AP
The first lesson was that the scattered-site program didn't work very well—even though it's the largest in the country, over 2,000 units... I've concluded that we as a nation are not going to be able—on the scale that we

need—to build publicly-owned housing for poor black and poor Latino people in middle-class white neighborhoods. There are several reasons: one is intense community opposition to publicly-owned subsidized housing going into suburbia, and the second is zoning laws and other land-use control laws that come into play when someone is proposing to build new housing. These two problems are related: intense opposition allows the land-use control laws to be manipulated. The second lesson is that the rent subsidy program works much much better.... Under the Section 8 rent-subsidy program, you don't have to get land-use law approvals, because you're using existing housing stock... If we run the program appropriately at the right scale, we could indeed end the black ghetto as we know it over the course of a decade or two, which would be a major achievement.

TNAC
In recent articles, you've talked about the potential for a national Gautreaux project—legislation that would take the Gautreaux program to scale by funding a national mobility project to move low-income African Americans out of the ghetto. Why do you think there would not be intense community opposition to such a project?

AP
Under my proposal, the numbers of families moving into any receiving municipalities in any year would be so small that there would be no perceived threat in most cases. I'm proposing a program that would involve no more than about ten families per year moving into any city, town, or village... We have a lot of evidence that mobility programs can operate without significant opposition: the Gautreaux program, which operated in over 100 municipalities without a peep of opposition; four [of the five] "Moving to Opportunity" cities [MTO; mobility programs run by HUD during the Clinton administration and modeled after the Gautreaux project]; and several dozen mobility programs that have operated throughout the country also without [any significant problems]... In the case of the [opposition to the] Baltimore MTO project, unfortunately, it was an election year, and opposition to Baltimore MTO became an election issue. Opposition ended when the election was over... It was an unhappy combination of circumstances.

TNAC
In this current political climate, do you think it is even possible to pass the required legislation for a national Gautreaux project?

AP
No. But as you know, I have a section in my article, acknowledging that but saying that history is full of close calls and surprises. Nixon went to China, the Soviet Union collapsed, etc. We never know when the time is going to be right for major policy changes... My argument is not that we'll be able to implement my proposal in the context of the Bush administration. I believe the proposal I made ought to undergo searching scrutiny; if I'm right that this is workable and doable, we ought to have it on the shelf, so when the happy day comes, we'll be able to take it off the shelf and use it.

TNAC
A more general question, reflecting in part on what you said about Gautreaux but also on other court cases throughout the country that have not been nearly as successful as Gautreaux—what kind of potential do you think lawsuits have to solve the problems of segregation in the United States?

AP
I'm not optimistic about litigation as a tool for resolving the black ghetto problem. That's perhaps an understatement: I'm pretty pessimistic. The Gautreaux case was in some ways quite successful, though in other ways quite unsuccessful. But it was in a different climate, all more favorable to litigation as a social change lever... My proposal does not involve litigation; I envision a Congressional enactment that lays out the program explicitly as compensation for slavery, Jim Crow, and black ghettos; in my view, such a law would pass muster even with today's Supreme Court if that were the rationale for it.

TNAC
What efforts today (of any type, lawyering or not) do you find most promising in terms of their potential to reduce segregation?

AP
The mobility efforts that are up and running in MTO are useful and important, and the exploration of the consequences for the MTO families are highly desirable and will ultimately be part of the dialogue that I hope is generated around my proposal. The damage control by organizations like PRRAC [Poverty & Race Research Action Council], the National Low Income Housing Coalition, and CBPP [Center on Budget and Policy Priorities] to limit how much Housing Choice vouchers can be gutted [under the current administration]—to keep alive as much of the voucher program, with its portability features, as possible—is an important effort.
I'm also a strong supporter of inclusionary zoning, and I'm optimistic about what's happening with regard to inclusionary zoning around the country and with affordable housing moving up slightly on the political agenda... [But inclusionary zoning] is not likely to take hold on its own as a major nationwide program because we've got all these jurisdictions, thousands and thousands throughout the country, with local land-use control policies that have to be dealt with one by one.

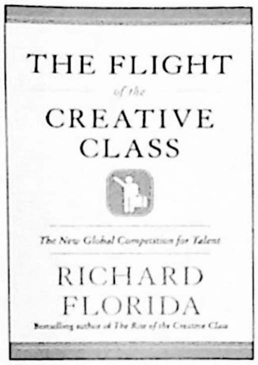
TNAC
What kinds of projects are you working on right now?

AP
Right now, I'm engaged in trying to get my book out; it's scheduled for publication in November. I'm thinking about what the next book project is going to be. I'll mention one other issue that's closely tied to the efforts to end the ghetto: an important part of such redevelopment is the schools. While some attention has been paid to that (the HOPE VI redevelopment next to Georgia Tech really redid the local school in a very effective way), generally speaking, the community revitalization process has not gone hand in hand with school improvement, and that's a matter that needs to be addressed. Here at BPI, we're beating the drums for that in Chicago. ●

by Mackenzie Baris

THE FLIGHT OF THE CREATIVE CLASS: THE NEW GLOBAL COMPETITION FOR TALENT

BY RICHARD FLORIDA. NEW YORK: COLLINS. 336 PP. $25.95, HARDCOVER.



IN *THE FLIGHT OF THE CREATIVE CLASS*, Richard Florida reaffirms the central arguments of his much discussed and debated first book, *The Rise of the Creative Class*, and extends them to a global scale. "The key factor in global competition," Florida states, "is no longer the trade of goods and services or flows of capital, but the competition for people."

Florida's "big idea"—one which has made him an academic rock-star—is that creativity is the most important commodity in our economy, and thus the economic health of a place—be it a city, region, or nation—depends on its ability to attract creative people. In the new "creative economy," companies choose to relocate to the place with the best pool of talent. Talented people, in turn, are drawn to places that are dynamic and creative. Diverse and tolerant places, with high numbers of immigrants, artists, and gays, thus fare better economically, creating more jobs, more patents, and more wealth.

Having acted as a consultant to hundreds of cities across the country and become as much of a celebrity as one can be within the world of urban studies, Florida appears eager to expand not only the scope of his ideas, but also the realm of his influence. This is not a book aimed at urban planners or local leaders: while he reaffirms the importance of cities as "cauldrons of creativity" and briefly discusses their role in attracting talented people to a nation, Florida's main focus is on national social and economic policy. In particular, he addresses the nation's political leadership on how to make the United States more creative so that it can retain its competitiveness in the global economy. To his credit, though Florida wants to see America succeed, Florida avoids extreme nationalism. And because Florida apparently believes that global competition is not a zero-sum game, he does not suggest that as the U.S. does better, other countries will do worse.

Florida argues that, thanks mainly to our history as a nation of immigrants, the U.S. has had the market cornered when it comes to global talent and creativity. But this is no longer the case. In classic Florida fashion, he musters a mountain of statistics—culled from several years of data collection by Florida and other scholars both in the U.S. and abroad—to support his argument about the global creative class. The results: the U.S. ranked only 4th on Florida's "Global Creativity Index," a composite measure of his "3 T's" (talent, technology, and tolerance), which he argues must be strong in order to make a nation successful. Our main competition comes not from Asia, but from Scandinavia: Sweden, Japan, and Finland make up the top three on his list, while Switzerland, Denmark, and Iceland follow closely behind the U.S.

What then to do? The recent political focus on losing jobs to outsourcing is all wrong, according to Florida; instead of worrying about losing low-skill jobs such as electronics manufacturing and data processing to places like India and China, Florida argues, we should worry about losing our capacity to create the new technologies that will lead to job growth. Florida diagnoses three main challenges facing the U.S. as it competes in the global economy: other nations are increasing their ability to attract global talent; the U.S. is undermining its own ability to attract global talent; and the U.S. is not harnessing the "full creative capabilities" of its own population. While no one nation is poised to usurp our position of economic dominance, Florida warns that many other nations are building their creative capital—and stealing ours—in ways that threaten to chip away at our talent base and thus weaken our economic position.

Florida states, as many before him have, that what makes America great and unique is our ability to attract people from all over the world and "assimilate and aggregate their talents." The U.S., he says, has never had enough of its own creative talent to fill the needs of a perennially booming economy. Today, our human capital shortage is especially severe in cutting-edge sectors, where jobs are being created faster than we are producing people qualified to fill them.

The ability to attract foreign students to our universities is thus especially important in his account, since the talented people who come to the U.S. to study often stay and make up a large number of the Master's degrees and PhDs granted in science and engineering. Policy changes after 9/11, however, have dissuaded many foreign students from coming to the U.S. or have pushed them out as soon as they graduated. Both the number of applications from foreign students and the number of student visa approvals have declined sharply since 2001. Meanwhile, other nations have made it easier for foreign students to attend their universities by offering them more fellowships.

The loss of foreign students is part of a larger anti-immigration trend. Post-9/11 immigration policies, Florida argues, led to a 34-percent drop in the immigration rate in 2003—the steepest decline since 1953—and an estimated $30 billion in costs to U.S. employers dealing with visa problems over the last two years. Florida also identifies policies besides immigration law—such as state universities charging out-of-state tuition to non-citizen residents, the nation's aggressive and non-collaborative foreign policy, and popular attacks on science, such as banning federal funding for stem cell research—that make talented people from other countries reluctant to come to the U.S. As much as they hurt potential human capital, these policies also hinder the flourishing of domestic creativity. Florida cites examples of scientific associations being afraid to hold meetings in the U.S. because visiting scholars have so much trouble getting security clearance, and of international artists and musicians canceling tours in the U.S. because they aren't able to get visas. Such impediments, he argues, put a chill on our homegrown science and culture industries by inhibiting the cross-fertilization of talents that is vital to innovation.

Florida even contends, surprisingly, that we must attract low-skilled immigrants like migrant farmworkers in order to drive a creativity-based economy. Every wave of immigration, he points out, brings both a small group of entrepreneurs and highly-skilled workers and a much larger group of lower-skilled workers; we need to be open to both groups. Lower-skilled immigrants not only provide the manpower for our economy, but since you never know what hidden talents someone—or their children or grandchildren—may bring, it's in our interest to welcome everyone.

Along with more open borders, Florida also cautions that the U.S. needs more investment in our homegrown talent. Surprisingly, he does not focus on solutions like greater investment in higher education (though this is mentioned), but instead addresses the issue of economic inequality. Florida characterizes the growing divide between rich and poor not only an issue of justice, but also a waste of human resources. In addition, Florida argues, the class divide in the U.S. prevents our political leadership from taking necessary actions to address the problems of the creative economy.

Florida admits up front that the rise of the creative economy is causing economic inequality to increase; he even provides a table to show that inequality is highest in the most creative cities and regions. The "Creative Age" has also, according to Florida, increased housing costs, traffic congestion, and stress. Florida attributes these negative externalities to the transition from one kind of economy to another, comparing today's inequality to the economic displacement that resulted from the Industrial Revolution. All economic transformations, he argues, create externalities, but they must be dealt with in order for the transformation to take hold and the economy to flourish. He notes that many cities in Europe and Canada combine high innovation and creative capital with greater equality, citing not only the relatively racially homogenous Stockholm and Helsinki as examples, but also the incredibly diverse Toronto.

Developing the creative capacity of our working and service classes, in Florida's estimation, is key to remaining competitive. By building a "wholly creative society" that taps into everyone's talents, Florida argues, we can also remedy economic inequalities. Unfortunately, he just misses fully grasping the link between the creative and service classes. While Florida recognizes that both are created by the same economic processes and that they necessarily collect together in the same regions, he mischaracterizes the inequality between the two classes as an "unplanned but direct byproduct" of the creative economy rather than a necessary arrangement. The wealth of one class deepens the poverty of the other: In order to pay janitors more, companies would have to offer less to their top-level creative employees, leaving those companies at a disadvantage in competing for the best talent. Perhaps Florida is hoping that, as part of the transformation to a "wholly creative society," the creative class will learn to be happy with fewer material rewards in order to achieve the social good of greater equality.

This is not the only place where Florida the prophet of the Creative Age overshadows Florida the economist. In his discussion of immigration, his focus on creativity as the center of the economy and the driving force behind all movement of peoples often leads him to paint an incomplete picture. He does make some solid business arguments about how current immigration policies hurt our economy. But he ignores the economic reasons people come to the U.S. (or anywhere else in the world), painting tolerance and diversity as the main draws.

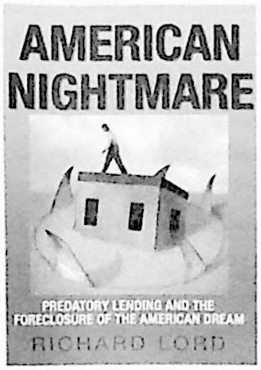
Florida never explains the counterexamples to his assertion that immigration has always been the key to economic competitiveness. How did Tokyo become a center of technological innovation while remaining very much closed to foreigners? Why were Chile and Argentina, historically immigrant nations like the U.S., so slow to develop? Florida skillfully measures some of the determinants of a nation's economic prosperity—such as Japan's investment in research and development as well as human talent—but never acknowledges a host of other factors, such as how years of colonialism, dictatorship, and structural adjustment policies hindered development in Chile and Argentina.

As in The Rise of the Creative Class, Florida has an index for everything. While many of his numbers are helpful in demonstrating the trends he discusses, his indices measuring abstract concepts such as "human capital" sometimes defy common sense. Take the "Global Tolerance Index." Given Florida's focus on attracting immigrants, you might expect such an index to measure how open a nation is to foreigners. But famously xenophobic Germany and Japan score well on this index, while the U.S. does poorly. The reason is that the index does not actually measure tolerance towards immigrants, but how "modern" a nation's values are and how much it emphasizes self-expression. Because the U.S. has a religious population, we do poorly, while more secular Japan and Germany do well.

In the end, Florida provides a sensible, but vague, set of prescriptions for prospering in the Creative Age: harness everyone's human potential, invest in "creative infrastructure" and education, and create a truly open society. Good goals for any society, certainly, but the devil is always in the details, and Florida—who never explains how to reward work more equally or imbue all jobs with creativity and respect—is a little short on those. Still, *The Flight of the Creative Class* begins to plug some of the holes from Florida's earlier work. Perhaps his next book will fill in some of the holes of this one. •

AMERICAN NIGHTMARE: PREDATORY LENDING AND THE FORECLOSURE OF THE AMERICAN DREAM

BY RICHARD LORD. MONROE, ME: COMMON COURAGE PRESS. 352 PP. $18.95, PAPERBACK.



"C.J. AND JILL ESELMAN WOULDN'T seem to be much of a fiscal meal for Wall Street's gluttons. But these days, even a makeshift family in a has-been hamlet is fair game"—these two lines of *American Nightmare* encapsulate the book's storyline and politics. Richard Lord is not shy about aggressively documenting, and expressing his feelings about, the injustices he perceives in the subprime lending market: practices commonly called predatory lending.

Subprime loans are made to people who have credit problems; their rates of interest are much higher than the prime rate charged by banks, which is usually the lowest rate around and only available to borrowers with exemplary credit. A subprime loan may be considered predatory for four reasons: the terms of the loan are more costly than would be appropriate to a borrower's credit; the loan contains deceptive provisions that escalate the cost to the borrower; the monthly payments on the loan are unreasonably high given the borrower's income, especially when other factors are taken into consideration (such as the insurance and taxes also due on a mortgaged property); or—more straightforwardly—the provisions of the loan clearly break existing lending laws. Intertwining a web of figures with compelling individual stories, Lord details the many ways loans can be predatory and the varied circumstances in which they commonly occur.

He tells the stories of first-time homeowners convinced to bite off more than they could chew, a lady convinced to finance home improvement work through a second mortgage, a single mom seduced by a "rent-to-own" offer, a grandmother who owned her home free and clear but consolidated other debts in a mortgage, a re-financing that turned out horribly wrong—all these situations lead to foreclosure papers, and foreclosure nearly always ruins lives in one fell swoop. Then there are the far greater number of predatory loans that do not end in foreclosure. Though perhaps less dramatic, these loans strip the equity of the poor, the elderly, and disadvantaged minorities, one unfairly inflated payment at a time.

The effect of these stories is that American Nightmare reads like a book-length, well-written feature article from an alternative weekly like the Pittsburgh City Paper, where Lord started his career as a journalist. His style is both the strength of the book, as well as its very obvious limitation. Nightmare does not stray very far from the *City Paper*: while a pretty good work of investigative journalism—if you don't mind the author wearing his politics on his sleeve—there's not a single footnote helping to identify any of the reams of studies, statistics, and facts Lord cites. And Lord focuses almost solely on the Pittsburgh region. Nonetheless, he finds more than enough examples there not only to explain predatory lending but to trace the connections between an abundance of local hard-luck stories and a broader pattern perpetrated by "Wall Street gluttons."

Following investment trails, *Nightmare* exhaustively traces how major institutions such as Citigroup add ruthless subprime lender subsidiaries to their more familiar stable of corporate and Main Street lending arms. Going a step further, Lord implicates the vast array of insurance companies, banks, funds, and other investors that put money into subprime mortgage-backed securities without ensuring that those loans are not predatory. Simultaneously, the industry works to forestall, subvert, or otherwise subvert anti-predatory-lending laws.

The problem with *American Nightmare* is that it outlines a problem but fails to suggest solutions—how anti-predatory-lending laws could be made effective, for instance. With each tale of a variant of predatory loan devastating a new family, one can't help thinking, "All right, I'm convinced. I've heard this song before—what comes next?"

Lord argues that greed pushes subprime lenders to be overly aggressive, cut ethical corners, and callously expand into a market full of potentially fleeceable victims. He might look past their personal motives, however, to consider that predatory lending is made possible, perhaps even inevitable, by a market failure. In a mature, well-functioning market, profit margins are kept reasonably small due to competition—only innovation and other disruptive forces or market flaws allow otherwise. While the "innovation" of providing underserved poor and minority communities with loans might allow for some excessive profit in the short run, it is almost certainly a market flaw that allows enough room for subprime lenders to become predatory lenders. The flaw in question is the inability of consumers to effectively seek out the best deal (or sniff out fraud) because of the complexity involved in taking out loans—a flaw intentionally made worse by provisions of these loans and the techniques used to market them.

Clearly, stronger government action is needed to improve the functioning of the subprime market. Predatory lending not only puts individuals at risk of losing their equity all at once, or one over-inflated payment at a time; it destabilizes entire communities. A heightened default rate blights borderline neighborhoods, and the cumulative effects of many over-inflated loan burdens (especially when viewed in the typical low-income area context of check-cashers, Rent-a-Centers, and H&R Block "refund anticipation loans") strip a community of its wealth and potential.

But bearing in mind the more obvious dangers of government regulation—which can distort the market in various negative ways, limit useful lending tools, or add layers of red tape (making borrowers sign additional forms asserting that they understand the potential pitfalls of their loans' provisions, for example)—predatory lending is also not entirely a black-and-white issue. With traditional borrowing, it is easy to go from one bank to another and compare terms. Because borrowers must be highly creditworthy to qualify for prime rates, there is less reason for more of the costly and complex provisions found in subprime lending, which is inherently costlier because it is riskier. The argument you will hear from anyone accused of predatory lending (those not engaged in outright fraud, at least)—"I am only offering an opportunity to a risky borrower in a way that will allow me to make a profit that clears my risk"—is not entirely without merit. Drawing the distinction between above-board subprime lending and predatory lending gets tricky and is not something Lord spends much time on.

If you only consider the effect on the borrower, for instance, how is a predatory lender (one not engaging in outright fraud) much different from countless non-profits and government agencies around the country who are encouraging people with marginal credit and finances to purchase homes with prices inflated by the housing bubble affecting many parts of the country? In either case, the new homeowner is stretched beyond a safe carrying capacity to acquire an over-valued asset.

Understanding—and then hopefully combating—predatory lending requires an assessment of what allows it to exist, and an honest differentiation between problematic business practices and broader structural concerns. If lenders are able to extract excessively high profit from subprime loans, then there are market flaws that need to be addressed. If lenders are not making excess profits but we still find the loans unpalatable, then perhaps the issue is our tolerance of high-risk lending. Questions then arise about limiting opportunity for the poor and credit-challenged to access loans to advance themselves—a much less comfortable position than damning corporate greed.

Fortunately for muckraking journalists and progressive government alike, there seem to be enough damaging lending practices to confront before getting to the tough questions like this one. ●

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All the units of the new building went under contract in just over a month following the completion of construction. Now many in the investment group are rolling over profits from this first project to invest in a second Curtis Park development. To manage this second effort, Bellem started a development company called Grassroots Neighborhood Development. It purchased a second property with an investor group made up of 30 neighbors. The $2.5 million project, called Merchants Row, broke ground in March of this year. This six-unit townhome complex, like the first project, employs a contemporary design language compatible with the historic district.

But community-based development is not an antidote to gentrification. It was important to the neighborhood group that the new project be configured in such a way that could resist the homogenizing mechanisms of speculative development. Walk-out basements in Merchants Row are being marketed as "flex-space" for a home office or an affordable rental unit. This component has an opportunity to bring additional affordable and family-friendly units to the project. And it shows that low-cost rentals and multiple-unit homes can be planned for in other ways than cramming lofts or apartments into one or two buildings.

Urban homeowners often resist empty lots being filled in by the biggest buildings possible, even as they protest suburban growth. But people still need places to live. The new buildings among Curtis Park's Victorians offer one model of co-existence for newcomers and old-timers, neither of whom thrives without the other. ●

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by Joe Colistra

DENVER'S DO-IT-YOURSELF DEVELOPERS

DENVER IS GROWING FAST. THE LOCAL government estimates that by 2025 the greater metropolitan area will have increased almost 1 million people from the current population of about 2.5 million. As the number of people moving to Denver outpaces the housing stock, Denver finds itself struggling, like many other Western cities established in the 19th century to maintain its historic neighborhoods.

This housing crunch has led to growth in the outer suburbs, which spread as far as the mountains thirty minutes away. Last year, voters passed a $4.7 billion transit initiative to help ease the commute between the city and the suburbs. Developers, in another approach, are also attempting to fill in existing gaps of the residential areas closer to the urban center. New development projects, however, are often not congruent with the scale and character of their neighborhoods. In Curtis Park, a neighborhood just a five-minute walk from Denver's central business district, one such proposed development inspired a grassroots project in response. Residents formed a corporation to build housing themselves that would ensure consistency with the historic character of existing stock.

According to local preservationist Bill West, who has lived there for more than thirty years, Curtis Park is Denver's oldest neighborhood. Its tree-lined streets are flanked by Victorian mansions, Italianate row homes, and Queen Anne bungalows that have survived various fashions of urban revitalization. "[Curtis Park] dates back to the great population boom of the late-19th century. The trains got to Denver in 1870, and Curtis Park was built out by about 1885. There was a huge population boom followed by a huge building boom. Curtis Park survived because the grid or axis of the city changed once the capital building was built. Instead of coming out our way, development went the other way and Curtis Park just survived, right on the edge of downtown Denver."

Curtis Park is a place of mixed incomes and ethnic backgrounds. Residents are equally likely to be African American, Hispanic, or white, and the sense of community leads to people to want to remain. One resident told me, "I've never lived in a place where I have ten people that I can call if I ever needed anything and I know they will drop anything at a moment's notice to help me."

In 2002, a resident of Curtis Park, architect Cathy Bellem, learned of a plan to construct sixteen apartments on an empty lot beside her property that had been collecting trash and weeds for almost thirty years. The originally proposed project would have inserted a four-story building into a block of intact, two-story, single-family homes. Parking for so many tenants would have taken up nearly the entire site. Bellem hired my firm, in situ DESIGN, to be the architects for an alternative development (her husband is my business partner). As she wrote in a client statement, "We understand the need for more housing stock and we embrace density, but infill housing should enhance the existing fabric, not detract from it."

Bellem and a neighbor went door to door with a letter asking residents to help beat the potential buyers to the closing table. The next morning she found $40,000 in checks stuffed under her door. In a few short weeks, more than $150,000 was raised to close on the land. Bellem then helped form an LLC, Curtis Park Investment Group, which sold shares in the project. "We tried to keep the shares low to allow as many neighbors as possible to be involved," she explained. A share could be purchased for $5,000, and each share equaled a vote. Middle-class residents bought most shares, with some purchasing multiple shares. Non-investors were also welcome to contribute to site planning at neighborhood design meetings.

Members of the neighborhood group included an attorney, accountant, architect, city planner, historian, real estate broker, and several members of the building trades. The group acquired the land, secured financing and political backing, selected professional engineers and contractors, and ultimately constructed the project. "Longtime neighbors, some more than thirty years, put their own homes up for collateral to guarantee the construction loan," explained Bellem. The personal investments and difficult decisions involved in the project not only helped preserve the neighborhood physically, but also provided community-building opportunities that newer neighborhoods often lack.

From the beginning, the group set out to develop a project whose value would not be tied to a particular property but would increase the value of the overall neighborhood. After working through several designs, the group settled on a contemporary four-unit town house project that blends into a block of turn-of-the-century Victorian and Italianate homes. Design features intended to enhance the neighborhood's residential character include street-facing front doors, front porches, and double-hung windows to match the proportions of the neighborhood's historic windows. The group not only eliminated the empty lot that was dragging down neighborhood property values, but also added housing stock within city limits that retained the neighborhood character.

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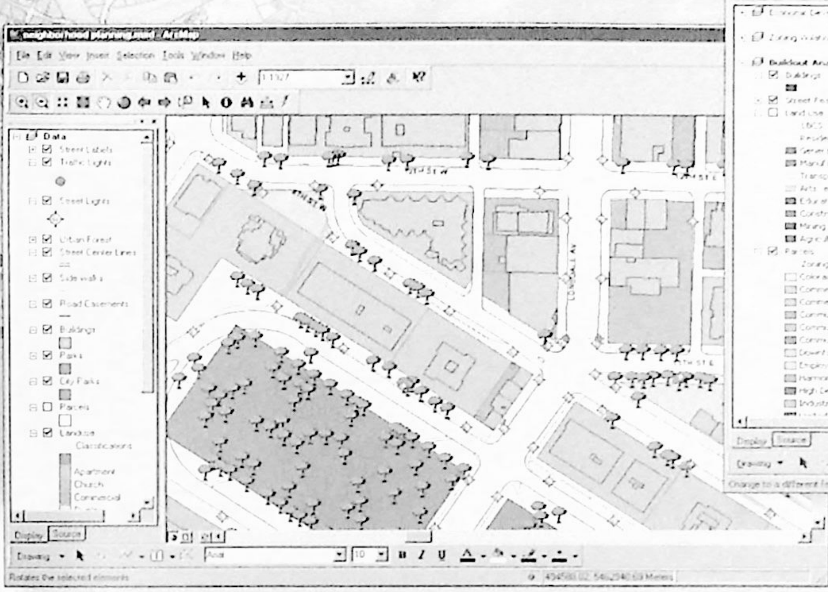
Design and Map the Future of Your Community With GIS



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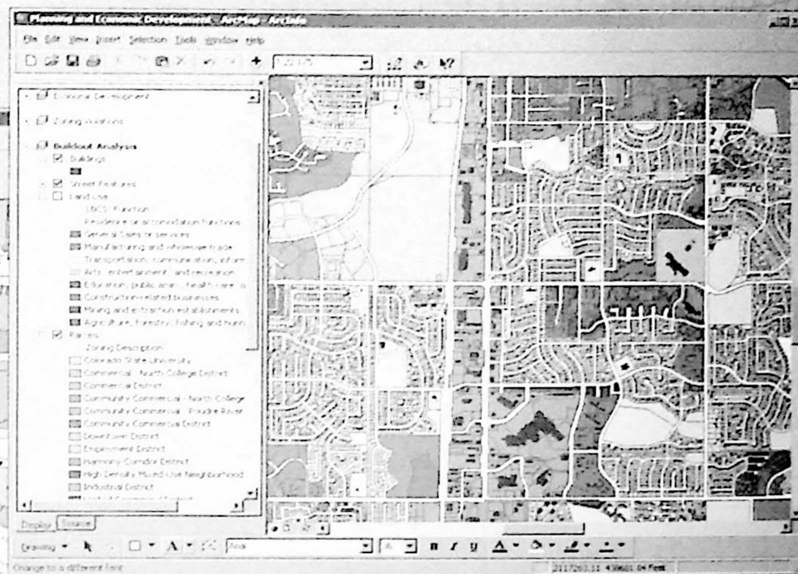

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coming up

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