



COMMUNITY NEWS

A PUBLICATION OF THE MSU CENTER FOR URBAN AFFAIRS, COMMUNITY AND ECONOMIC

DEVELOPMENT PROGRAM

VOL. 10, No. 3

FALL 1998

&
VIEWS

THEME: URBAN POLICY

Urban Centers Deserve Comprehensive Focus

by State Representative Michael J. Hanley

In January of 1997, when I became chair of the House Committee on Urban Policy and Economic Development, I made a commitment to construct a bipartisan urban policy agenda for the Michigan Legislature. This agenda would be comprehensive. It would take into account the changing nature of traditional cities, and the views of local residents and public officials. It would address numerous challenges that continue to impede economic progress in our urban centers: high crime, high poverty, poorly performing schools, crumbling infrastructure and housing, and lack of capital for investment.

I use the term *urban centers*, instead of *cities*, because 40 years of suburbanization has permanently changed the functional definition of a *city* to include neighboring communities. Suburbanization, also known as urban sprawl, has regionalized the concept of a city to such an extent that, today, no Michigan city stands alone as a commercial center. Instead, *metropolitan areas* have replaced traditional cities as our dominant financial, educational, commercial and population centers. However, the city remains the core.

Instead of continuing the trend of outward mobility, which has taken population, business investment and tax revenue from city to suburb, Michigan needs a comprehensive urban agenda to reverse the trend. Working across party lines, we can bring life back to the urban core of our metropolitan areas.

Now is a time of unparalleled economic growth, when we have an opportunity to take creative steps to turn the tables on years of urban neglect and decay. After more than 80 months of a sustained national economic expansion, welfare rolls are lower, the minimum wage is higher, low interest rates continue to make capital investment affordable, and private enterprise is creating more jobs than our workforce can sustain. Now is the time to address the challenges



Rep. Michael J. Hanley
(D-Saginaw)

confronting our urban centers.

Sadly, that has not yet occurred.

With Michigan riding the wave of sustained national economic expansion, you'd think that our urban centers would be thriving. However, what I have observed is that most of the benefits of Michigan's economic rebirth are found within expanding metropolitan areas, rather than at the urban core. Drive into any metropolitan area in Michigan, and witness for yourself how the development of industry, small business, and residential

subdivisions has taken over agricultural land. The outward expansion has been so dramatic, in fact, that we can no longer refer to it as suburbanization. *Metropolitan Regionalization* is a more accurate definition for a geopolitical map where the suburbs now have suburbs of their own.

Regionalization is troubling for several reasons. First, it means that investors are creating quality jobs far away from the people who need them most – urban residents. Second, it signifies that urban centers – cities like Detroit and Flint – remain uncompetitive despite the strong economy, and are losing opportunities to expand their tax bases. This means that many cities will continue to generate lethargic tax revenues, further straining city budgets and jeopardizing city services.

Regionalization also permanently removes agricultural land from the map and threatens the environment. For a decade, Michigan has been losing fertile farmland at the rate of 10 acres an hour to development. This is causing adverse repercussions for agriculture – Michigan's second-largest industry – and moving farmland preservation toward the top of the environmental agenda as we head into the next century.

So, what can we do?

see *FOCUS*, continued on next page

To begin the process of building a comprehensive urban agenda, State Representative William Byl of Grand Rapids joined me in co-chairing the House Bipartisan Urban Caucus. On January 15-16, 1998, the Urban Caucus brought together more than 200 participants at our first Urban Vision summit in East Lansing. The summit, which featured the participation of nearly all of the Urban Core Mayors, as well as community activists and representatives of business and industry, was a resounding success.

At the same time, my committee, with the help and support of Representative Nancy Cassis, Minority Vice-Chair, embarked on a statewide series of public hearings which brought together urban residents, urban-based community organizations, business leaders, and government officials to discuss the challenges facing today's urban centers.

What we heard is that all of the challenges facing our urban areas – crime, poverty, infrastructure, housing, small business development and others – are inter-related.

For example, how do we encourage businesses to invest in urban centers when streets, sewers, communications systems, and city services are inadequate to support growth? How do we encourage young families to move back into urban neighborhoods when questions persist as to the safety and performance of urban schools? How do we encourage home ownership in urban neighborhoods when problems of crime, drugs, and blight have yet to be solved? How do we create opportunities for urban residents who wish to start small business, but have little access to capital?

These questions and others need to be addressed comprehensively in a global perspective, and they cannot be adequately addressed by state government acting alone. Much of our agenda has begun to take shape through individual legislative initiatives, such as Public Act 111 of 1997, which provided \$10 million to supplement federal and local appropriations to expand community policing. This year, \$1 million was appropriated in the Department of Natural Resources budget to assist cities with the upkeep of tax-reverted property. Legislation is in the process that will help cities

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Community News & Views is published by the Michigan Partnership for Economic Development Assistance and the Community and Economic Development Program at Michigan State University. This newsletter was prepared pursuant to the receipt of financial assistance from the U.S. Department of Commerce, Economic Development Administration. The statements, findings, conclusions, recommendations, and other data in this newsletter are solely those of the authors and publisher, and do not necessarily reflect the views of the government or the University. For more information, contact Michigan State University, Center for Urban Affairs Community and Economic Development Program, 1801 W. Main St., Lansing, MI 48915-1907. Phone (517) 353-9555. Fax (517) 484-0068.

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Creating Viable Livable Communities

by Rex L. LaMore

Perhaps the greatest challenge confronting civilization in the next millennium will be our capacity to conceive of and create viable and livable human settlements. Aristotle suggested over 2000 years ago that the purpose of cities was to make man happy and safe. If, as he implies, the goal of communities is to provide for our security and sense of well being, for many of our neighborhoods and communities we have made little progress over the centuries.

The “four horsemen” of community decline – *hopelessness, intolerance, ignorance and greed* – flourish in many places in the nation. It is accurate to observe that, in the midst of unprecedented national and global economic prosperity, the future of many communities is uncertain. Many believe that communities that experience declines in their economic viability are dead or obsolete. Hardly a day goes by without some report of the poor condition of neighborhoods and communities. Poverty, crime, poor infrastructure, inadequate housing, poor educational opportunities, fiscal crisis, loss of civility, and a myriad of other ills confront the environments in which we live.

It is popular in some circles to suggest that we no longer need to sustain these communities, that the best solution is to abandon them, let them die. Some are so overwhelmed by the sheer size and complexity of the challenge that they feel a great sense of hopelessness and pessimism for any action. Still others suggest that the future of our nation is in the suburbs or “edge cities” where growth is apparently unceasing. However, there is a growing body of evidence that the prosperity of suburbia is directly linked to prosperous core cities.

Rural America is also at risk with the abandonment of core cities. As people leave undesirable communities, the phenomenon of urban sprawl consumes more and more of our limited agricultural assets. Efforts to contain urban sprawl through land use regulations, while perhaps well intentioned, may unintentionally trap people in unlivable communities. Unless and until we make human settlements more desirable and livable, there will continue to be pressure on rural lands to make room for more people to live there.

Mayor Ray Flynn of Boston, as president of the United States Conference of Mayors in 1991, said:

No great nation allows its cities to deteriorate. Our competitor nations in the rest of the advanced industrialized world recognize the importance of cities to their economic prosperity. They do not allow their roads, bridges, subways, and other infrastructure to crumble. They do not permit the level of sheer destitution – homelessness, hunger, poverty, and slums- found in America’s cities.

It is reasonable to conclude that a healthy, prosperous twenty-first century Michigan must include viable and livable communities.

When the United States has successfully defined an issue and set a goal, we can mobilize and act like no other country in the world. A free people engaged in a great cause is a force for incredible transformation. An important element of this transformation is a clearly articulated goal. President Kennedy understood this force when he set our minds and hearts to putting a man on the moon. President Johnson also understood the power of a free people to transform themselves when he sought to eliminate poverty from the greatest society on earth through his Great Society programs. In one cause we succeeded; in the other we are still engaged in the debate of how we are to accomplish this great deed. An important challenge confronting us in the creation of viable and livable human settlements is the articulation of the essential elements of these communities in a democratic society.

To this end, the Center for Urban Affairs, Community and Economic Development Program, with support from the U.S. Department of Commerce, Economic Development Administration and other collaborating units at MSU, is initiating in 1998-99 a multi-disciplinary strategic research project to investigate the characteristics of viable communities. Over the next three years, we are proposing to examine our current capacity to describe the characteristics of successful communities, recommend appropriate methods for measuring these characteristics in communities, and – with the active participation of communities in the State of Michigan – apply these concepts and practices across our state.

The popular author and philosopher Kurt Vonnegut, in his book *Timequake*, suggests that “community is the highest abstraction about which we have some understanding.” If our minds can conceive of the complex interrelated, environmental, social and economic characteristics of successful communities, our hands and our hearts can begin the work of creating these environments. It is the intention of the MSU Community and Economic Development Program over the next several months to shed some light on this complex question.

*Rex L. LaMore, Ph.D., is State Director of
the MSU Community and Economic Development Program.*



Building on the 1998 Urban Vision Summit: The Bipartisan House Urban Caucus

by Representatives William Byl and Michael Hanley

The Urban Policy summit hosted in January by the House Bipartisan Urban Caucus was designed to open a comprehensive discussion between groups often at odds regarding the future of Michigan's urban areas. It was a resounding success. The two-day event attracted nearly 300 participants representing diverse backgrounds including lawmakers, environmentalists, business leaders, development experts, and community leaders.



photo: David Trumpie

Representative Martha Scott, Mayor Woodrow Stanley, Reps. Michael Hanley and William Byl, and Mayor John Logie



photo: David Trumpie

Reps. Ed LaForge, Hubert Price, Lynn Martinez, Patricia Godchaux, Andrew Richner, and Nancy Cassis, and Mayor Walter Moore

This unprecedented gathering of diverse interests tackled the issues of education, criminal justice, land use, city-state partnerships, neighborhood development, and economic development. Work groups compiled policy recommendations that the Urban Caucus is using as the springboard for a bipartisan package of legislation and the basis of a statewide urban policy.

The Urban Caucus was founded in 1995 with the support of Republican and Democratic leadership. Its members are committed to fostering a cooperative relationship between cities, suburbs and rural areas, and educating the public regarding the interdependent relationship that exists between the regions. Problems related to issues such as urban sprawl, for example, are not confined by geographic boundaries, and will take a group effort to resolve.

After two years of development meetings with key stakeholders across the state, Urban Caucus members identified an urgent need to break down barriers between groups who had often worked at cross-purposes in the past. It was decided that a forum would best serve this purpose and the groundwork was laid for the Urban Policy summit. A generous donation from the C. S. Mott Foundation made the event possible. The momentum generated by the summit continues to inspire discussions and conferences among participants, and has increased the frequency of urban policy issues discussed in the media.

Future endeavors of the Urban Caucus include a comprehensive report on the economic and social health of our cities (*see page 11*) and participation in a series of presentations by nationally renowned urban and land use experts. Another critically important role of the caucus will be to quickly bring up to speed at least 64 new members who will be joining the House in January 1998, as a result of term limits.



photo: David Trumpie

Summit panel moderators Lynn Jondahl and Bill Rustem with panelists (l. to r.) Paul Hillegonds, Patricia Newby, Keith Charters, June Manning Thomas, and Milt Rohwer

Representative William Byl (R-Grand Rapids) and Representative Michael Hanley (D-Saginaw) are Co-Chairs of the Bipartisan Urban Caucus.

Urban Policy for Our Times

by Neal Peirce



The following is an abridged version of the keynote address delivered to the 1998 Urban Vision Summit.

Globalization

There is no rational, conceivable way we can prepare for the competitive demands of the coming century without stronger, healthier, more resilient cities. The hallmark of the 21st century will be globalization: the power of nation states declines as the power of global markets rises; military power becomes less relevant as economic power dominates. In a globalized economy, we'll have no choice – correct our glaring inefficiencies, use our assets to the fullest – or we'll be in grave peril.

The reasons for this shift are clear: Trade has moved to a virtually no-barriers world. The Internet, e-mail, faxes, and satellite hook-ups have cancelled out barriers to communication. Money transfers between financial centers speed without limit. Corporations function globally, not just in goods, but more and more in services. And two trillion dollars move through global currency exchanges each day, with minimal government control. Globalization opens the door to new technologies, markets, and opportunities. But it also tears away the protective envelope of time and space that used to protect inefficient industries and workers with limited skills. Any nation, any community that fails to respond to globalization's competitive pressures is on a slippery slope.

Globalization also means a very new paradigm in how we see and work with government. We used to have a comforting way of looking at the world – that whatever the private sector couldn't take of, government would, and that we had three neat levels to deal with – federal, state, and local. But the old paradigm doesn't work any more. Federal, state, and local governments won't disappear, of course. But they have to see themselves more as supporting actors. Because instead of federal-state-local, the paradigm for these times is quite different. It is global-regional-neighborhood:

Global, because critical impacts are worldwide – global warming, for example, but also worldwide economic restructuring, the dawning of the Information Age, ending the age of massive industrial employment.

Regional, because metropolitan areas are clearly the true cities of our time – the real environmental basins, the real labor markets, the functioning economic communities.

And *neighborhood*, because local community is the arena in which social problems must ultimately, on a person-to-person, neighbor-to-neighbor basis, be dealt with – and all the more so as our national safety nets for the poor disintegrate.

Regionalism

Let's look closely for a moment at regions, or what Minnesota colleague Curtis Johnson and I call *citistates*.

Doing research in cities around the country, it became quickly and glaringly obvious to us that we had to deal with central cities and suburbs together – the entire region. And that these regions – which we decided to call “citistates” – are faced with massive challenges requiring strategic response.

I argue that regionalism flows naturally from globalization, from our reoriented thinking in the post-Cold War world. Optimizing a region's prospects *requires* that we reinvent government, sharpen economic development planning, face up to shared social and environmental problems. And that we systematically tap the resources the region has, from corporations to universities to aspiring ethnic groups, just as any intelligent business uses its assets to progress and prosper.

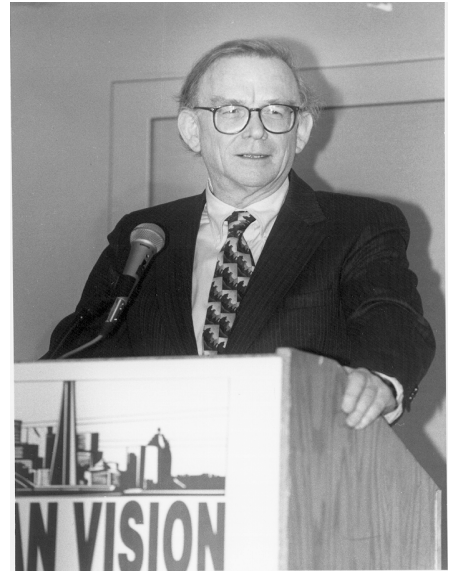


photo: David Trumple

Neal Peirce

Even when that's done in modest measure, the reputation of a citistate starts to rise. Look at what Mayor Dennis Archer of Detroit has been able to achieve in four years, in his outreach to the suburbs, the broad business-academic-financial community networks he tapped for his empowerment zone proposal. Plus his central role in the “City of Detroit/Wayne County Roundtable on Sustainable Development,” engaged as it is on every area from brownfields development to efficient condemnation of land parcels for development to marketing the region to streamlining government and bringing citizens into decision-making that impacts their neighborhoods. I am sure Dennis will tell you he and his administration have a long way to go, that Detroit carries deep scars from its deprivation, and its alienation from its region, stretching over so many years. But in the eyes of the wielders of capital, Detroit is a substantially more investable place than it was four years past.

Nowhere in America, let me add, do I hear people calling for single metropolitan governments. That was a solution much talked of – but rarely acted on – in the '60s and '70s. Today it's not even talked of. What we have is

KEYNOTE, continued from previous page

a searching for ways to make local governments more accountable – not just to local voters, but to the region as a whole. Regional leaders nationwide would like to find ways to share taxes on new development, to equalize resources some, to cut back on vicious infighting among jurisdictions. There is increasingly impatience with politically compromised or bureaucratically ossified local government. People recognize how slow government's been in adapting to the snappier performance of our smarter private corporations. The entire formula has to be: how do we make the city function more efficiently, with more self-sufficiency and independence, within its region and state?

Interdependence

Any region is likely to have high-flying regional economic strategists, often people in business-government alliances. Their game is to figure out how a citistate can develop its niches and make its way in the highly competitive global economy. Their newest game is cultivating promising economic clusters, from computer chips to autos to pharmaceuticals. And then there's the grassroots bunch – community-based economic development groups like CDCs, churches and others, all looking for ways to create stability and coax jobs into neighborhoods that have long been plagued by deep and persistent poverty.

The regional strategists have traditionally figured: "The poor are someone else's business, certainly not ours." Just as unthinkingly, the community-based organizations have reasoned: "Our hands are full trying to create housing and fight poverty in our own neighborhoods. Leave the regional game to those powerful big guys; they don't give a hoot about our people anyway."

But in a report done at University of California Santa Cruz last summer, a multi-racial Los Angeles-based academic team led by my friend Manuel Pastor argued that both attitudes are dangerous cop-outs. Across the U.S., the team's research showed, reductions in center-city poverty lead to more rapid income increases for all a region's people. It turns out we *are* all interdependent.

Incentives

What we're hearing, in short, is a new urban progressivism that demands hard work, making new connections, accountability from everybody. It matches the high accountability standards being developed in reinvented governments, emulating the best industries. If I were forming an Urban Caucus agenda, I'd put major focus on strengthening these kinds of outreaches, and creating more. Indeed, given the proven potential of global and regional economic shifts to ravage inner city neighborhoods, it's more vital than ever that their leaders be informed, at the regional decision-making tables, and thus prepared to find new alliances and take action. There ought to be incentives in state law to encourage that.

I would try to sell a pretty radical new idea in the

legislative halls: that the metropolitan regions are – as all the statistics indicate – the wealth generators, the cash cows of states. It's therefore to the direct interest of legislators, even those from rural areas, the Upper Peninsula included, to have successful, prospering citistates. And that doesn't simply mean sending lots of cash to the metro areas. Think also, and alternatively, of creating incentives for your regions to function efficiently, productively, reducing poverty, creating more wealth.



photo: David Trumple

Neal Pierce addresses Summit participants

Why not, for example, set up state incentives as rewards for the counties and municipalities in regions that can show in any given area – human services, transportation, environmental protection, what have you – that they are cooperating, aligning services for economy, aiming for real performance objectives? Or perhaps showing how they are enlisting the support of the corporate and non-profit communities? Modern corporations are saying that the way to get results from their divisions and subsidiaries is to set goals, give them lots of operating freedom, and then hold the managers responsible for results. We need those kinds of new approaches if we are to have states and regions ready to compete effectively in the new global economy.

Equity

An ultimate goal, of course, would be tax-base sharing in our metropolitan regions – at least the Minnesota model of sharing the revenue from all *new* commercial and industrial properties. In a quarter century, that legislation has reduced inequities in tax base among Twin Cities municipalities, giving a real boost to the inner cities, and in recent years, to struggling older suburbs too. It's politically tough for a legislature to impose tax-base sharing. But why not make it optional for regions, and then offer some incentives to those that actually make the step? The logical argument is that big tax-base inequities feed poverty, cause economic decline, which the state has to pay for in the long run. And that no locality should start out so far behind the eight ball that it has no chance of competing for jobs, homes and economic development.

Closely related, of course, is the whole issue of sprawl and land use – a clear priority for any Urban Coalition these days. The difference is that the issue has a new, sexy name: *Smart Growth*. Smart Growth says we have made a horrendous error in America, growing and growing outward in helter-skelter form, devouring incredible amounts of prime farmland, leaving first inner cities and now older suburbs in economic devastation behind. The movement's goals include restoring community and vitality to inner cities and their neighborhoods, recovering industrial brownfields, transit-oriented development, and metropolitan-wide cooperation to reduce fiscal disparities between rich and poor areas.

Maryland's Governor Parris Glendening persuaded his legislature to pass a "Smart Growth" law rife with ideas for other states. This isn't growth management legislation like Oregon's, based on regulations banning development outside of approved growth boundaries. The Maryland statute simply tells local government – "Go ahead and build out and into the countryside if you will. But don't expect any state subsidy for roads or sewers or schools if you do."

What's intriguing here is that growth management, traditionally regarded as a "liberal" cause of environmentalists and other soft-hearted people, suddenly turns into a measure of conservative cost-cutting. Yet there's true passion in Glendening's position: Maryland, he says, has paved over thousands of acres for development, suburban population is soaring, even while the state's jewel, the Chesapeake Bay is threatened by development runoff and cities great and small have been left with "boarded-up storefronts, the jobless poor, higher welfare caseloads and increased crime." State money, he says, should undergird existing communities, not destroy them.

I believe that in smart growth we have an issue that grabs a lot of peoples' emotions, including hope to save or reclaim the kind of places they knew in their youth. Of course the highway lobby and its builder friends haven't disappeared. But I think there's a tremendously powerful argument to rewrite America's regulations and zoning laws, the sterile, anonymous form of development we've had since World War II. We built millions of housing units but we forgot about building *community*. We took the very essence of America – the intimate, walkable, get-to-know-your-neighbor town – and sort of tossed it into the trash bin of history. We even wrote building and zoning codes, all approved by state and/or local governments, that made the replication of pre-World War II cities and suburbs *illegal*. One result is suburban tracts totally dependent on automobiles for even the smallest errands. Places that have deprived children of any feeling of belonging to the whole village, the civilizing effect of the *civitas* – city, or town.

The big margins by which Maryland's smart growth law passed suggests to me there's growing American aversion to the ugliness of sprawl. But for enterprising

urbanists, there's a rich area to explore for legislative change, covering the entire area of subsidies, inducements, land use regulations, natural area protections.

And in bringing the allied interests together. Take Minnesota's Livable Communities Act. This legislation builds on the state's quarter-century old tax-base sharing by creating fiscal incentives for suburbs. First, to allow for affordable housing – to welcome into suburbia more of the clerks and bank tellers, the child care workers, the school bus drivers, the cooks or nursing aids or child care workers whose services are in such demand out there today. Second, targeted grants for cleaning up brownfield sites with job-creating potential in the inner cities. And third, inducements to build more dense, New Urbanism-style housing, making better use of our land supplies and aiming for more balanced communities. The funds in that act aren't huge – somewhere around \$30 million a year – but they're a beginning, and certainly more than other regions are doing.

Conclusion

What's the bottom line in all of this? Urban policy for these times? To me it's fairly simply. Pursue the critical issues of crime, education and sprawl. Redefine them in a regional context, fight for inner city neighborhoods' place in the regional sun, look for inventive new alliances.

*Author and syndicated columnist
Neal Peirce is co-founder and
chairman of the Citistates Group.*

*The complete text of his address is
available in the Proceedings of the
Urban Vision Summit, available from
the Bipartisan Urban Caucus of the
Michigan House of Representatives.*

*The Proceedings will soon be
available online at the Citistates
website: <http://www.citistates.com>.*



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Michigan State University graduate students enrolled in the Urban and Regional Planning Program's Urban Policy Analysis course attended the 1998 Urban Vision Summit and conducted semester projects based on their observations. Working in teams under the close supervision of Professor June Manning Thomas, nineteen students produced briefing papers for the Bipartisan Urban Caucus and presented their findings in a forum for legislators. In accordance with the CEDP's commitment to supporting the development of future community development professionals, we include the following abridgements of six of these urban policy analysis projects.

AFFIRMATIVE ACTION & EMPLOYMENT OPPORTUNITIES

by Warren Dukes and Richard A. Reuther

Issue

This project begins to examine affirmative action in Michigan to assess the effectiveness of established employer programs in hiring and promoting minorities to management positions.

Background

The United States was formally introduced to the notion of "affirmative action" during the Kennedy Administration. As an umbrella term encompassing many different programs to reduce racial and ethnic inequality, affirmative action includes not only quotas or preferences but also hiring procedures, the monitoring of employee representation, set-aside contracts for identified minorities and women, and other proactive policies. These distinctions are often confounded by the mass media or manipulated by politicians to sway public opinion, which may fuel anti-affirmative action biases.

Controversy over affirmative action includes proposals to ban such measures altogether. These proposals continue to be popular despite the fact that residential and economic segregation by race remains a formidable barrier to African-Americans in urban labor markets. Detroit has the most severe city/suburb segregation patterns of all large U. S. cities, and segregation increased in the city during the 1980s. The politics and culture of race have helped to shape the post-war Detroit landscape so that persistent workplace discrimination is inextricably linked to residential segregation.

Findings

The present literature review explores affirmative action measures in the context of racial residential isolation and access to labor markets and employment opportunities in metropolitan Detroit. Research has demonstrated that spatial segregation does not, by itself, explain disparities in employment opportunities. An award-winning study by Susan Turner of Wayne State University found that spatial demographic barriers such as racial residential disparity can be at least partially overcome by equitable and inclusive hiring procedures (*Turner's study received the 1997 Community and Economic Development award from the MSU Michigan Partnership for Economic Development Assistance*). This suggests that affirmative action can help to facilitate integration in an environment in which residential isolation and concentrated black disadvantage persist as barriers to employment opportunities.

Conclusion

Affirmative action initiatives have increasingly been under attack in the media and in political discourse. The empirical literature, often disregarded in such debates, suggests that the need for affirmative action has not diminished, especially in urban centers where racial segregation and disparities have been the greatest.

ATTRACTING MIDDLE-CLASS HOMEBUYERS TO CENTRAL CITIES

by Kerry Boris, Erika Cole, and Cassandra Martin-Weiler

Issue

This paper addresses the complex urban policy question of how central cities can attract middle-class homebuyers.

Background

Various public policies and other factors have resulted in a growing gap between suburbs and cities across the United States. This disparity is characterized by differences along spatial, racial and economic lines. Although cities have natural amenities, the suburban life – offering central city amenities within an hour's drive along with better housing, education and safety – is often considered even more attractive.

As the middle class left the city, so did opportunities and jobs. Pockets of concentrated poverty persist in urban neighborhoods. As Orfield writes in *Metropolitics* (1997), "concentrated cores of poverty send out waves of surrounding property devaluation, middle-class flight, and general disinvestment, which together with high urban taxes, lack of available land, and endemic environmental problems make market-based investment extraordinarily difficult."

Findings

This paper describes the successful efforts of Neighborhoods, Inc. and the Moores Park Neighborhood Association, and considers three recent books on urban improvement.

Neighborhoods, Inc. has taken a business-like approach to improving the market value of homes. This Battle Creek-based organization purchases and renovates dilapidated homes for sale to low and moderate income buyers, and provides life skills training to empower and educate residents. In Lansing, the Moores Park Neighborhood Association is involved in clean-up efforts and community policing, and encourages participation in local government. Underlying characteristics of both neighborhood groups are patience and a commitment to the betterment of the community. In each locality, high levels of community cohesion and racial and economic integration are also evident.

Moe and Wilke, in *Changing Places* (1997), argue that to attract homebuyers central cities must adopt a preservation ethic that includes restoring rather than replacing downtown areas. The authors identify New Orleans as making gains in that direction, and advocate a strategy that incorporates collaboration between local government and neighborhood associations to improve public entertainment and gathering places.

In *Selling Cities* (1995), Varady and Raffel offer examples of programs for attracting middle-class homebuyers from around the United States. These include: marketing to college-educated singles and childless couples; offering below-market interest loans to middle class buyers; selling parcels of city land for as little as \$100 provided that buyers have a plan for improvement; and offering deferred, zero-percent, nonpayment interest loans which are forgiven if the homeowner remains at that location.

In *Metropolitics*, Orfield presents a regional approach to achieving community stability that involves attracting middle-class homebuyers back to urban areas. This challenge, he argues, is best understood in the context of an underlying web of issues characterized by extreme levels of economic and racial segregation and the resulting polarization of a large segment of society. Orfield proposes reforms in the areas of fair housing, tax base sharing, education, land use, infrastructure, transportation, and welfare. His comprehensive prescription also includes an elected metropolitan coordinating structure to develop and oversee a regional agenda.

Conclusion

The idea of attracting middle-class homebuyers to cities should not be approached as merely creating housing incentives. None of today's urban problems stands alone; other issues, such as school improvement, land use and low-income housing, must also be addressed. Attracting the middle class back to Michigan's central cities will be a daunting task, but is crucial to reviving our urban areas.

BROWNFIELD REDEVELOPMENT

by Greg Orlofsky and Ron Byard

Issue

Brownfield redevelopment, the returning of vacant or underutilized contaminated property to productive re-use, has been an important topic in urban policy for many years.

Background

In addition to ecological factors and market forces, government policies at every level have contributed to the suburban expansion and urban decline that has occurred in the United States. Federal housing and highway policies, along with state and local planning decisions, have led to a tremendous increase in suburban growth and abandoned urban industrial sites.

Most observers agree that urban brownfield redevelopment can provide many potential benefits, including the retention and recovery of the local tax base, job creation, maximizing use of existing resources and infrastructure, controlling urban sprawl, preserving agricultural land and protecting the natural environment.

Findings

This study evaluates the effectiveness of Michigan brownfield policy and similar policies in three other states. A key brownfield redevelopment policy in Michigan is Part 201 of the Environmental Response Act of 1994, as amended in 1995. Its provisions include: Baseline Environmental Assessments to provide liability protection to new purchasers, occupants, or lenders; Brownfield Redevelopment Authorities, which can use tax increment financing for environmental response activities; and the Single Business Tax Credit to offset the cost of demolition, construction, or other improvement on brownfield sites.

Such legislation has proven somewhat effective in revitalizing brownfield sites in Michigan. In May 1996, a Department of Environmental Quality survey found that \$317.3 million had been invested in former brownfield sites and 1,052 jobs had been created. More than 1,000 Baseline Environmental Assessments had been filed, and 258 sites had been removed from the state's inventory of contaminated sites since Part 201 amendments had taken effect.

However, urban sprawl and the preservation of agricultural land remain significant problems in Michigan. Since the enactment of Part 201 amendments, the state has lost approximately 200,000 acres of agricultural land to development. Therefore, a key criterion in the comparative evaluation of brownfield policies in other states is their effectiveness at protecting farmland from development. Other criteria include political feasibility and the ease of administration of alternative policies.

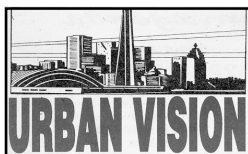
In Maryland, redevelopment policy is intended to direct growth to appropriate areas rather than to restrict growth by regulation. A 1997 law provides grants, loans, property tax credits, and liability protection for cleanup. As this program is just underway, it is difficult to determine its impact. Since 1977, Maryland has also employed the strategy of purchasing development rights to protect agricultural lands. In this time, the program has purchased nearly 1,000 properties, preserving more than 139,000 acres.

The state of Ohio encourages voluntary cleanup through its Voluntary Action Program, which releases owners from liability and permits the level of cleanup to be based on a site's future use.

In Oregon, Urban Growth Boundaries have been used as a tool to meet statewide planning goals. These boundaries, which establish limits to subdivision and development around cities, are an effective approach but not politically feasible in Michigan.

Conclusion

While current brownfield legislation has been effective in providing incentives for economic development, it has not adequately addressed the issue of farmland preservation. This research suggests that policy should include not only direct economic development for contaminated parcels, but also provisions to protect farmland. This urban/rural linkage is critical to the revitalization of abandoned sites.



COMMUNITY CAPITAL

by Steve Shepelwich and Chantelle Verna

Issue

Recognizing the significant role that community development financial institutions (CDFIs) play in revitalizing communities, Michigan legislators are exploring ways the state can support CDFIs and other community capital strategies. A key issue facing legislators is how best to structure a comprehensive program of statewide support for community capital institutions and strategies.

Background

"Community capital" places primary focus on creating individual and community assets through a process of local ownership and control of investment. Basic community capital strategies include community development credit unions, loan funds, microenterprise funds, community development banks and community development venture capital funds. Such community-based institutions are helping individuals and families across the state by providing opportunities to become homeowners, to invest in education and skills training for themselves and their children, and to realize the goal of self-sufficiency through small-business creation.

Findings

Existing institutions in other states provide models for consideration by Michigan legislators. The Nebraska Microenterprise Partnership Fund, the New York State CDFI Fund, and the Pennsylvania Community Development Bank are three state-supported CDFI initiatives. While these models do not represent the full range of existing intermediaries, they highlight several of the major approaches intermediaries can take.

To assist Michigan public policy officials, in-depth interviews of five of twelve identified Michigan CDFIs were conducted. The input from these practitioners was used to identify five characteristics essential for an effective intermediary. These include:

- public recognition of the roles played by CDFIs;
- dedicated funding;
- practitioner-defined standards for quality;
- a stronger practitioner network; and
- support for diverse program types across regional and municipal boundaries.

Conclusion

Considering existing models and the manner in which they address the criteria proposed by practitioners for Michigan, this report concludes that the following options for a CDFI intermediary might be considered for the State of Michigan:

Option 1: No Action. This option would allow CDFIs to continue to function at current levels. Support of CDFIs as a strategy for job creation and economic development would continue to be fragmented for existing and future organizations.

Option 2: Establish an intermediary outside State government. The State could create an intermediary as an independent organization. A partnership with other public and private institutions would be critical to the success of this structure.

Option 3: Establish an intermediary within State government. Implementation of this option would establish an intermediary within the State's structure, either through additional appropriations to an existing loan fund or by creation of a new State agency.

In any case, this report recommends that:

- Public funds be used to leverage private dollars;
- Certification standards incorporate a significant amount of practitioner input; and
- Programs address the needs of the full range of organizations within Michigan's CDFI industry.

GROWTH MANAGEMENT

by Steve Cohen, Julie Colby, and Jack Rozdilsky

Issue

Summit participants identified urban sprawl and growth management as important topics for investigation. The present study explores the question, *What growth management strategies could be considered in Michigan?*

Background

In Michigan, as in many other states, one can observe urban sprawl in action. Subdivisions are built on formerly open farmland. Shopping centers appear at once-rural crossroads. Industrial parks and golf courses are spread across the countryside. As development continues, the problems and costs associated with such development increase. Among these costs are the inefficient use of infrastructure, environmental degradation, and disinvestment in urban areas.

Findings

Three sub-areas were identified in the present study: farmland preservation, impact fees, and urban growth boundaries. Research techniques included analysis of legislation, unstructured interviews with planners and legislative aides, and a literature review of strategies being implemented elsewhere. While some planning regulations do exist in Michigan to address the problems posed by urban sprawl, the following strategies were also considered.

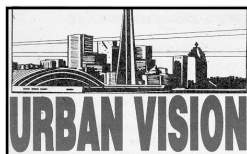
Farmland Preservation – Two policy options are the purchase of development rights and the establishment of agricultural security areas. By purchasing development rights, the state compensates landowners for their agreement not to develop their property, thereby protecting land from non-farm uses. To establish agricultural security areas, voluntary programs are enacted at the local level, preserving farmland by restricting development without providing compensation in specific areas.

Impact Fees – Impact fees ensure that new development pays its “fair share” of the infrastructure costs (e.g., water and sewer facilities, roads, parks, schools, etc.) necessary to accommodate the added growth. More than 20 states have adopted impact fee enabling legislation. Such legislation provides local or county governments with the authority to create impact fee ordinances and collect monies. One such proposal in Michigan is the Traffic Impact Fee Enabling Act. It should be noted that impact fees are often viewed as a growth stopping measure, but generally it is observed that they are in fact growth facilitators.

Urban Growth Boundaries – Urban Growth Boundaries (UGBs) are limits drawn around metropolitan areas to separate farmland and open space from land that may be developed for future urban uses. Typical objectives of UGBs include the protection of undeveloped land and the redirection of investment toward existing cities by encouraging compact development. These objectives can only be achieved if UGBs are enforced by state or local government. UGBs that span multiple jurisdictions must be under the authority of a common planning agency; otherwise, a city that draws a boundary at its own limits cannot enforce land use restrictions beyond it. In such cases, sprawl may be encouraged to jump the boundary. Given this control issue, UGBs work best where there is a statewide commitment to boundary successes at all levels of government.

Conclusion

Although people are affected differently, depending on where they live and what they do for a living, no one can expect to remain unaffected by the public costs of urban sprawl. Michigan's legislative leaders should look at statewide growth management strategies as pro-active vehicles to solve the problems created by sprawl.



REVENUE SHARING

by Sam Quon and Faron Supanich-Goldner

Issue

Revenue sharing is a topic with significant implications for urban Michigan. At issue is how to structure the state revenue sharing formula for the future, since any change may result in “winners” and “losers” among various communities.

Background

The current discussion dates to the Revenue Sharing Act of 1971. As amended in 1972, this law provided for the distribution of state revenue to local communities based on their relative tax effort as well as population, a formula that provides more money per-resident to communities with higher local tax rates. This system of revenue sharing was intended to recognize that some communities have a greater burden of providing public services and therefore have greater expenditures than do others.

In the past few years, political momentum has been increasing to amend the revenue sharing formula itself toward a more strictly per-capita distribution, which would reduce distributions to older central cities (especially Detroit) and increase the amounts received by township governments.

Public Act 342 of 1996 gave new urgency to the debate. This law empowered a bicameral task force to look into revenue sharing and make recommendations to the full legislature. The Act also amended the revenue sharing formula to distribute increases in revenue sharing dollars for fiscal years 1998 and 1999 on a per-capita basis, and established a reserve fund in which such increases would be deposited beginning in FY 2000. Such provisions suggest that further changes to the revenue sharing formula are virtually certain, although the details continue to be debated.

Findings

This paper is based on a review of reports prepared by legislative staff in recent years, interviews conducted with state and city officials familiar with the issue, and media reporting of the revenue sharing debate.

Four potential revenue sharing formulas are compared. These reflect positions along a continuum ranging from a purely per-capita to a strictly redistributive formula. These scenarios include: 1) *making permanent the provisions of PA 342* to distribute increases in shared revenue on a per-capita basis; 2) *an incremental, two-formula plan* introduced in the Senate to shift revenue sharing to a system involving communities' population and taxable value per-capita; 3) *the pre-status quo formula* as was in effect prior to passage of PA 342; and 4) *a redistributive and growth control formula* that incorporates incentives for such objectives into state revenue sharing calculations.

The alternatives are compared using three criteria: A-equity (reflecting existing expenditure burdens); B-political feasibility (the likelihood of passage); and C-simplicity (ease of administration). The following

grid presents simplified

comparisons: favorable (+), unfavorable (-), or neutral (0).

	1	2	3	4
A	-	-	+	+
B	0	0	0	-
C	-	0	0	-

Conclusion

Other findings include:

1) The intended purpose and desired outcomes associated with revenue sharing – which logically should determine the preferred formula for distribution – are not clearly defined in the present debate;

2) In general, central cities lose and townships gain under a per-capita formula, and cities are particularly vulnerable to reductions in any future recession;

3) The revenue sharing formula has implications not only for the fiscal health of central cities, but also for the patterns of migration and land use around the state;

4) Because any change will likely result in gainers and losers, any proposal is certain to be politically volatile.

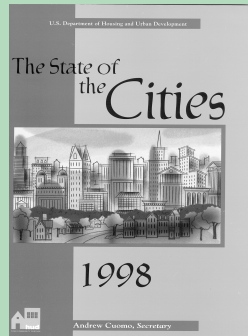
HUD Releases State of the Cities 1998

In June, the U. S. Department of Housing and Urban Development released the second annual State of the Cities. The report details conditions in America's cities and outlines the current administration's response to urban needs.

The report finds that:

- Cities are fiscally and economically the strongest they have been in a decade.
- Cities continue to face the triple threat of concentrated poverty, shrinking populations, and middle-class flight that began two decades ago.
- Cities face three fundamental opportunity gaps – in jobs, education, and housing – that are critical to reducing poverty and attracting and retaining middle-class families.

The second half of the report describes the federal urban policy agenda, intended to close the opportunity gaps identified above and build safe, healthy, and sustainable communities. Copies of the State of the Cities report may be accessed online at www.huduser.org, or ordered by calling HUD's Office of Policy Development & Research at 1-800-245-2691.



Urban Core Mayors Meet with Michigan Farm Bureau

The land-use/farmland preservation issue is becoming a common denominator between two very different statewide groups. The Urban Core Mayors Association, a group of twelve major city mayors, and members of the Michigan Farm Bureau Board of Directors met September 10 to discuss a common goal – redevelopment of inner cities and farmland preservation.

“We have a great interest in sustainable development,” said Grand Rapids Mayor John Logie, who serves as co-chair (along with Detroit Mayor Dennis Archer) of the Urban Core Mayors. “Sprawl is costing Michigan citizens millions of dollars for additional infrastructure including water, sewer and roads,” he said. “We need to utilize what we have instead of just building new, and concentrate on reusing existing infrastructures, or we will continue to see a circle of inner-city decay widen as urban sprawl accelerates.”

Jack Laurie, Farm Bureau president and a Tuscola County dairy farmer, says farmers are beginning to understand that urban redevelopment and farmland preservation go hand-in-hand.

“We can’t save our farms without saving our cities,” Laurie said. “Making cities attractive places to live and work will help relieve urban pressures on farmland. Through several farmland protection tools, such as Purchase of Development Rights and Transfer of Development Rights, we can work together with urban revitalization to preserve agriculture’s economic base, creating a win-win situation for rural and urban Michigan.”

During the meeting, members of the two organizations discussed a possible working relationship that would address common concerns including public policies that promote sustainable development and curb urban sprawl, programs to protect farmland and natural resources, and rural/urban education. Part of this educational effort will be to have every member of the Urban Core Mayors spend a day on a farm during this fall’s harvest activities.

“Land use trends make this an ideal opportunity for a strong urban and rural partnership,” Laurie said. “The Michigan Farm Bureau is looking forward to working with the Urban Core Mayors Association in advancing this effort.”

The Michigan Farm Bureau, governed by a 17-member board, is the state’s largest general farm organization, with over 155,000 family members in 69 county Farm Bureaus.

In addition to Mayors Archer and Logie, the Urban Core Mayors group includes: Ingrid Sheldon, Ann Arbor; Ted Dearing, Battle Creek; Kathleen Newsham, Bay City; Woodrow Stanley, Flint; Martin Griffin, Jackson; Robert Jones, Sr., Kalamazoo; David Hollister, Lansing; Fred Nielsen, Sr., Muskegon; Walter Moore, Pontiac; and Gary Loster, Saginaw.

Urban Caucus Launches State of Michigan Cities Report

The Bipartisan Urban Caucus of the Michigan House of Representatives, with support from the Frey Foundation of Grand Rapids, has commissioned a report on the state of Michigan’s urban areas. The project, to be conducted by the Lansing-based Public Sector Consultants, will bring together in a concise and readable format the latest information and analysis on the condition of Michigan’s urban communities. The document will detail trends in demographics, economic development, poverty and unemployment, pollution, crime, housing values, infrastructure requirements, and health indicators for Michigan cities, and will consider the effects of recent policy changes and anticipate future policy debates.

According to Urban Caucus Republican co-chair Representative William Byl, “the report presents a unique opportunity to compare the status of our urban centers, and share innovative and effective urban policy methods.”

“Michigan has neglected its cities for too long,” says Byl. “It is vitally important that we address these problems and clean up our cities -- by making them an attractive place to live and work, we can reduce urban sprawl and maintain a stronger state.”

Community Conversations: The Automobile National Heritage Area Act

by Bette Downs

In World War II, Michigan earned its designation as the Arsenal of Democracy. The Ford Motor Company's Willow Run plant, at its peak, produced a B-24 "Liberator" bomber every hour. Earlier output had averaged two aircraft a month. Some historians view rapid conversion of the auto industry to wartime production as a miracle and attribute Allied victory to the B-24 record.



photo: Bette Downs

Sandra Clark, Michigan Historical Center Director, introduces Community Conversations

Now, with bipartisan support, Michigan Congressman John Dingell has introduced HR 3910, the Automobile National Heritage Area Act of 1998 (ANHA). Claiming that the industrial and cultural legacies of Michigan's automobile industry are nationally significant, ANHA fosters "a close working relationship with all levels of government, the private sector, and the local communities of Michigan ... to conserve their automobile heritage while strengthening future economic opportunities."

The legislation names six Michigan corridors, all crucial to the automobile industry, for study and development: the Rouge River, the Detroit River, Woodward Avenue in Detroit, Lansing, Flint, and the Sauk Trail/Chicago Road. The six areas could benefit from passage of the bill through its provision for technical assistance and federal grants and loans. Such assistance could help promote tourism and the cultural, historical, recreational and natural resources of the State.

The pending legislation was one of many topics discussed at three Community Conversations held in June at the Michigan Historical Museum in Lansing. Subtitled "Building Our Future on Our Past," the forums explored three questions: What makes livable neighborhoods? How can Lansing capitalize on its automobile heritage? What is the role of philanthropy in successful communities?

The discussion covered local and statewide issues, many of them related to the auto industry. As the speakers and audience formulated their ideas, some saw the proposed Automobile National Heritage Area Act as a significant economic opportunity for the years ahead.

To open the first Community Conversation, Linda Peckham, president of the Historical Society of Greater

Lansing, described the city at the turn of the century. After its founding, Lansing grew from zero population to 1,200 in three years; for the next half-century, the automobile industry boomed. Similarly, other manufacturing centers flourished.

Professor John Revitte, from Michigan State University's School of Labor and Industrial Relations, emphasized the global trend of automobile production. Rex LaMore, state director of the MSU Center for Urban Affairs, Community and Economic Development Program, and facilitator for the Community Conversations series, pointed out that, in Michigan as elsewhere, the agricultural society of the 1890's has shifted to an industrial society and now is moving to the age of information. Despite these changes, wide discrepancies between the wealthy and the poor remain. ANHA, with its potential economic benefits, could address these discrepancies.



photo: Bette Downs

MSU CEDP State Director Rex LaMore facilitates Community Conversations

In the session on Lansing and its automobile heritage, Sandra Clark, director of the Michigan Historical Center, demonstrated how significantly the industry has affected the city. Durant Park bears the name of an auto industry pioneer who donated its land to the city. Another pioneer, R. E. Olds, financed construction of the Michigan National Tower, and the Romney Building was once the Olds Plaza Hotel.

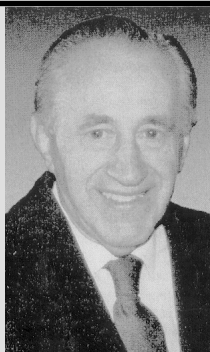
"Michigan," says Clark, "has many small farms and each farm family is likely to have at least one member employed in the auto industry." The Automobile National Heritage Act could dramatize this linkage, showing that the industry is not separated from the rest of the community. In addition to stimulating economic development, the automobile heritage program could, in Clark's words, "help us know who we are."

The Community Conversations on philanthropy revealed the influence of the auto industry on personal and corporate giving. Plant solicitation is a powerful asset in fund-raising for community services; among the 50 states, Michigan is fourth in its number of foundations. To a significant degree, the State's philanthropic practices reflect the presence of the auto industry.

As the Community Conversations unfolded, it became clear that automobile manufacturing has shaped Michigan's social, economic, and cultural fabric. Thus, as the industry moves away from Michigan to other locations within the United States and beyond, it becomes imperative that Michigan's automotive heritage be remembered. Sandra Clark reported there is widespread support for the Automobile National Heritage Area Act of 1998, and a statewide committee is working for its passage. Whatever the bill's destiny, broad interest exists for preservation of Michigan's automobile history. Future Community Conversations could address this important issue.

Bette Downs is a regular contributor to Community News & Views.

Author Warren Benjamin Kidder sees the value of the Automobile National Heritage Area, but his interest in Michigan history began much earlier. Until he was 14, Kidder lived on his family farm, land later acquired for the Willow Run plant. In his book, *Willow Run, Colossus of American Industry*, Kidder details the factory's critical role in turning out the B-24. In 1966, he formed the Kidder Foundation and now envisions a museum on a corner of the Willow Run property where three centennial farmhouses still stand. While Kidder's plans for the museum are not tied to the ANHA bill, he agrees its passage would help him realize his dream.



Warren Benjamin Kidder

Legislative Update: HR 3910 Passes

On May 20, U. S. Rep. John Dingell (D-Michigan) introduced HR 3910, a resolution to establish the Automobile National Heritage Area. HR 3910 identified six corridors in Michigan to comprise the Heritage Area, and authorizes a non-profit organization to develop a Management Plan for the areas, providing for:

- assisting other public and private groups;
- conserving the Heritage Area;
- establishing and maintaining interpretive exhibits;
- developing recreational opportunities;
- increasing public awareness of auto-related sites; and
- restoring historic buildings related to the history of the automobile.

HR 3910 was passed October 10 by the full House of Representatives after being amended in the Committee on Resources. The Senate approved the bill on October 14. At press time, the measure, which would offer Michigan \$10 million in federal money over the next 16 years, awaits President Clinton's signature.

For further information on the outcome of HR 3910, contact Representative Dingell's office at (202) 225-4071.

FOCUS, continued from page 2

demolish abandoned buildings and help revitalize urban neighborhoods. Legislation to create a public-private redevelopment partnership is progressing as well, as is legislation to provide personal and business tax credits for the type of historic preservation work that has transformed urban business districts throughout Michigan.

Ballot Proposal C – the Michigan Environmental Bond Initiative – will, if approved by voters this November, provide \$335 million for the redevelopment of contaminated urban industrial sites. Cleaning up urban tracts that have potential for redevelopment will receive the bulk of the funding, about \$243 million. The high price tag affixed to the remediation of urban industrial contamination is a significant barrier to private reinvestment in our urban center. This funding will make urban centers more competitive in attracting business investment.

Economic development also can be addressed by improving the state's Renaissance Zone law. This year, the House passed legislation I sponsored which would allow businesses to claim full-year Renaissance Zone tax advantages when the move into a Zone during the second half of a calendar year. If the Senate acts on my bill, a major investment disincentive will be removed from the Renaissance Zone law. We also are exploring the possibility of reopening the Renaissance Zone law to meet the infrastructure needs of business wishing to establish themselves within a Zone.

I would also like to see farmland preservation become part of an urban development agenda. Considering the fact that every dollar spent gobbling up farmland is a dollar not spent on making an urban industrial site viable again, farmland preservation and urban redevelopment could go hand-in-hand.

On the human side of the equation, much more must be done to assist urban children. The state estimates that there are 39,000 children suffering from lead poisoning who have not been diagnosed. Michigan is second only to New York in the risk of lead poisoning to children. This year, \$5 million is included in Proposal C to pay for lead abatement projects – a first step in what I hope is a more comprehensive commitment to eliminating the threat of lead poisoning.

Additionally, urban schools deserve a renewed commitment from the state. We have made progress by creating a pilot program to reduce class size and providing the first state funding increase in history targeted to assist at-risk students. However, dropout rates remain too high in urban schools, class sizes remain too large in urban schools, and school infrastructure remains a big question mark.

Each of these policy initiatives is an individual piece of a comprehensive agenda to bring the promise of prosperity home to our urban centers. Much more must be done to complete our agenda and realize that promise.

My committee will be continuing to work with business, political and community leaders over the coming months to explore the problems facing urban centers and continue the development of a comprehensive legislative agenda to meet these challenges head-on. Working together, we can bring about positive, constructive, creative solutions that will revitalize our urban centers as we begin the next century.

Rep. Michael J. Hanley (D-Saginaw) is Chair of the House Urban Policy and Economic Development Committee.

CEDP

Legislature Approves IDA Measure

Legislation authorizing Individual Development Accounts (IDAs) in Michigan was approved by the State House and Senate shortly before the legislature broke for its autumn recess. House Bill 4786, introduced by Representative Hubert Price (D-Pontiac), adds a section to the Social Welfare Act to establish a program, operated by the Family Independence Agency (FIA), that will allow individuals eligible for FIA assistance to establish Individual Development Accounts for use without penalty in first-time home purchases.

Individual Development Accounts program (*see article in CN&V, Summer 1998*), allow account holders to deposit earned income into a special-purpose account without penalty. Contributions might be matched by organizations participating in the IDA program. Withdrawals from an IDA are limited to specific purposes, such as education, home purchase, or business start-up.

According to the provisions of HB 4786, the FIA is required to disregard funds that are held in a first-time home purchase IDA when determining eligibility for agency assistance. This reduces the risk that recipients of FIA assistance will lose their eligibility due to strict asset limitations when saving to buy a home.

To read the text of HB 4786, see the Michigan Legislature website (www.michiganlegislature.com). For more information about IDAs in general, see the CEDP web page or contact Susan Cocciarelli at (517) 353-9555.

Advisory Board Established

A Faculty Board of Advisors has been formed to help guide the CEDP in performing its mission to facilitate the use of university and community resources to address urban issues that enhance the quality of life. This group, comprised of senior faculty members from academic departments whose graduate students are active at the CEDP, has several key functions:

- To advocate for the needs of students engaged in outreach activities through the CEDP, and confer a Certificate of Community Outreach Scholarship to qualified students.
- To encourage greater linkages between MSU faculty members and opportunities for outreach scholarship.
- To administer the recently established Kerbaway Endowment for urban outreach and student support.

Initial members of the CEDP Faculty Board of Advisors include chairperson Ralph Levine (Community Psychology), David Cooper (American Thought and Language), Frank Fear (Bailey Scholars Program), Steve Gold (Sociology), Maxie Jackson (Urban Affairs Programs), and Zenia Kotval (Urban and Regional Planning).

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EDA Renews CEDP Funding

The Community and Economic Development Program at MSU's Center for Urban Affairs was recently awarded a grant from the U.S. Department of Commerce, Economic Development Administration (EDA), to promote and support the expansion of economic development efforts in the State of Michigan. This grant will support continuing activities to provide research, training, capacity-building, and technical assistance to economic development agencies and community-based organizations serving distressed communities around the state.

The award marks the twelfth consecutive year in which EDA has supported the Michigan Partnership for Economic Development Assistance (MP/EDA) at the MSU CEDP. The MP/EDA sponsors quarterly luncheon seminars, produces the *Community News and Views* newsletter, and hosts the annual Summer Institute. A new research effort being launched this year seeks to identify measurable indicators of healthy, vital communities (*see related article on p. 3*). Past research supported by EDA funding includes the Community Income and Expenditure Model (CIEM), a tool to help communities better understand the size of their local economy and the degree to which expenditure patterns support the local economy. The CIEM is being incorporated into a do-it-yourself manual which will be available for distribution to interested communities.

Under the provisions of the EDA grant, MSU CEDP collaborates with an existing organization to build on and strengthen its economic development efforts. This year, the CEDP begins a partnership with the Michigan Association of Regions.

Fannie Mae To Support Housing Research

The Fannie Mae Foundation announced in September that it may provide funding to the MSU CEDP for research into the barriers to affordable housing in Michigan. The Foundation offered this award on the basis of a proposal submitted by MSU, in conjunction with a broad set of community partners, for implementing a comprehensive strategy to build the capacity of community-based housing organizations around the state.

The CEDP intends to utilize the Fannie Mae Foundation award to support research efforts to help understand the characteristics of organization leaders that impact the successful development of affordable housing by community organizations. The CEDP continues to advocate a statewide capacity-building effort to assist community-based organizations working to revitalize distressed areas throughout the state.

UPDATES

CEDP Builds Long-term Relationship with MSU Extension

Since being established in downtown Lansing in 1970, the Community and Economic Development Program has expanded its outreach efforts to additional cities in Michigan and has developed a statewide capacity to initiate and support innovative problem-solving strategies to improve the quality of life in Michigan's communities. The CEDP maintains a full-time presence in targeted communities, where a resident community development professional works closely with various community advisory committees. This university outreach faculty member fosters programmatic relationships with local constituent groups and organizations to facilitate the flow of new innovations and information between the university and the community.

The CEDP has in the past year established continuing joint appointments with MSU Extension in cities around the state. Community development specialists are being jointly supported in Detroit, Flint, Grand Rapids, Pontiac, and Saginaw. The support of these positions by Extension will help to stabilize the offices in the cities affected and enable MSU to provide continuing support to Michigan's urban centers. This fundamental change in the appointments of urban community development specialists at MSU is a strategic decision to extend the university's land-grant mission beyond its traditional rural and agricultural heritage. Based on the success of these initial efforts, other cities in Michigan may be considered for similar consolidated efforts.

Under this relationship, specialists in targeted cities will continue to engage in outreach efforts in local communities using the principles of community development. Linda Jones, Director of the Flint CEDP, describes this collaboration as an example of the commitment by the university to further its land-grant mission within urban areas. "This approach requires a partnership with communities," says Jones, an approach which furthers the relationships that MSU has established with local partners. Carol Townsend, Grand Rapids CEDP Director, agrees. "I am really looking forward to the relationship with Extension," says Townsend. "I think that linking the talents and resources of both Extension and the Center for Urban Affairs can provide a new synergy that will help us to more effectively deal with urban issues."

According to its Director, Dr. Arlen Leholm, MSU Extension has chosen to take this step because "it is the mission of both MSU Extension and the CEDP to apply knowledge to respond to community needs. The consolidation will strengthen Extension's efforts to address the issues of urban communities." Dr. Rex LaMore, State Director of the CEDP, notes that "the joining of our two outreach efforts offers significant challenges and opportunities to the university and our community partners. Facilitating the transformation of our traditional rural/agricultural extension model while maintaining high-quality outreach scholarship for urban residents is key to the future of a great land-grant institution in the 21st century."

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