Julia Klaiber

REX: I am pleased to welcome Julia Klaiber.

JULIA:

Thanks, Rex. I am going to look to the commentators in the chat window to tell me how my volume is. If it's too loud or too soft I think I can adjust it at my end. But I appreciate the opportunity to be here today and to help you kick off your Webinar series. My goal is to really give you a broad overview of the trends that we know are shaping cities nationally and the success factors that we known unequivocally as supported by research should be the priority of city leaders and urban leaders in facilitating success in cities. And as Rex mentioned, I am the Director of External Affairs at CEO's for Cities. A lot of the work we do is informed by our partners in the ground, many of which are in Michigan including Michigan State University.

So we will have set a couple of local anecdotes here to share today but I am going to go ahead and just get started on the national trends. Rex, can you forward to my slides or get to my slides from your end? Perfect, thank you. What you're looking at here is the cover of Harvard economist and professor Ed Glaeser's new book which is titled Triumph of the City: How our Greatest Invention Makes us Richer, Smarter, Greener, Healthier and Happier. And I think that just about says it all, although I am going to keep going [laughs]. Cities must be the renewed engines for human activity in a complex world. They inherently offer us more opportunity, more variety, more time saving convenience and more discovery. They are where talented people come together in dynamic environments and where happy accidents occur that lead to the creativity and innovation that drive our economy. And if you haven't read this book, I highly suggest you advance it to the top of your list if this is a subject area of interest to you.

So what matters to the success of cities today? Here it is, real simple, three things: quality of talent, quality of place, quality of opportunity. That's it. I could lie and say it's more complicated than that, but it's not. Now here's the problem, a lot of people pretend there are shortcuts or magic formulas or workarounds when there aren't. There are simply no shortcuts and that bears repeating. When cities fail, they fail similarly, but when cities succeed their success is unique. Therefore, their success is hard to copy. All the so called "best practices" and all the cool ideas happening in one city may very well may be the product of a unique set of circumstances and a unique moment in time. But all successful cities do have one thing in common and that's talent. There's no such thing as a successful city without talented people, and I am going to say that again. There is no such thing as a successful city without talented people. In fact our research shows that the percentage of four year college degree holders in your population explains, conservatively, 58% of your success as measured by per capita income. By the way some say it is as much as 80%. There's quite simply nothing more important than talent, it is the first among equals. So there's a huge benefit to getting talent right, but that's not enough, you still have to keep it. To do that successfully, you'll have to do it in a way that doesn't attempt to copy some other city's success, but instead draws on your own city's unique strengths

and opportunities. The word that we would use to describe this is your distinctiveness. Distinctiveness just might be the one truly defensible competitive advantage any place has over any other. And you've probably all been in conversations about the value of authenticity and that's a big piece of this. This is why quality of place and quality of opportunity are so important; they are what stick people to community.

And to return to Glaeser's book just to hammer this point home, probably my favorite quote from the book would be this one: "People are increasingly choosing areas on the basis of quality of life, and the skilled people who come to attractive areas then provide the new ideas that fuel the local economy. Smart entrepreneurial people are the ultimate source of a city's economic power, and as those people become more prosperous, they care more about the quality of life". So there's a bit of a cycle here that we know exists. You can't do the expensive job of developing talent if you aren't going to therefore keep it. So there's a place, there's a place angle to the talent equation that's extremely important.

In fact, three weeks ago, CEO's for Cities had our spring national meeting in Portland where we worked over two days with local leaders to scratch below the surface of all the city's internationally celebrated successes: the street car, the aerial tram, the waterfront development, the Pearl District, many of which I'm sure you've all seen. Even with the city's high unemployment at the moment, Portland continues to attract young people in droves many of whom are figuring out how to start new enterprises. And in one conversation with a long time resident and city leader, we were talking about how Portland became Portland and he said simply, "Portland changed course not because we are different, but became different because we changed course". He was referring to the decision to demolish the freeway that ran along the Willamette River in 1974, a decision widely agreed to be the turning point in Portland's history and a historic milestone in the field of urban planning. It's a very important concept that we think underscores this issue of distinctiveness.

And many cities that we know are the turning points that Portland was at forty years ago and they changed course and they became different. He went on to explain that in the early 1970s a bunch of young twenty and thirty somethings decided quite simply to make a city they wanted to live in. "We weren't thinking about a city being a global model for others or trying to be like some other place ", he said, "We wanted Portland to be a better Portland, we made the city for us".

His comment made me think, who is "us" today, how is "us" changing, and what kinds of cities will we or should we make for "us"? We Americans still think of ourselves as a bucolic nation with mom, dad, 2.3 kids living behind the white picket fence in some leafy glen or small town sort of like in a 1950s sitcom. Well that paradigm is no longer, the reality of America is very different. We are in fact an urban nation with 80% of us living and working in metro America. 75 to 90% of the nation's assets are in drivers are in metro areas. The contribution that cities make to the metro output is disproportionate, in fact much greater than their population and certainly their space. This too important: wages, productivity and entrepreneurship rise with density. Intellectual spillovers that drive innovation and employment drop off dramatically as

firms and people move more than a mile apart. But density doesn't just make cities more productive, it makes them more fun. As Dan Gill Martin, a CEO's for City's partner who has the Michigan Municipal league, I'm sure many of you know him, said to us once, "Young people aren't leaving Michigan because our suburbs aren't as nice as those in Chicago. They're leaving because they want the lifestyle of the city of Chicago offers". That adds up to a pretty powerful argument for embracing what we really are: an urban nation.

When you look at the facts it is hard to argue that there is any path to the nation's success other than the path that runs right through successful cities. No matter where we live in America we are all depending on it. But isn't it odd that when you attach the word urban to almost anything it seems worse? Urban poverty is worse than poverty, urban crime is worse than crime. These stigmas really get in the way of understanding that the future of the nation, and in fact the future of the planet, depends on the success of cities like yours. Unfortunately the image of the white picket fence is so hardwired into American politics that mayors and other urban leaders are required to be especially creative and deft at how they pull often reluctant citizens into the future. Everyone is waiting for normal to return, quote unquote "normal" and waiting just keeps us stuck in patterns unfit for tomorrow's reality.

So what do we know? For one, urban is no longer alternative. Dramatic changes are underway in many of the factors that underlie how we live and choices we make are changing in ways that favor cities. Consider the change in demographics: today less than 25% of households are considered "traditional" with mom, dad and kids living under the same roof. The Cleavers have left the building. Americans are delaying marriage and childbearing and the more educated they are, the later they marry. When they do marry both partners are more likely to work and many of course are never marrying at all. So we've got more singles, more power couples, fewer families with children, delayed marriage, delayed childbearing. All of these things add up to the perfect demographic for city living.

Of course we are all too familiar with the dramatic economic shifts. Remember not too long ago when bigger was always better? When we believed that real estate values would always go up and gas would always be cheap, when conventional wisdom said that people would move anywhere for a job, labor would be equally plentiful across cities, and the competition among cities was regional. Things have changed. The bets on rising real estate values are all off. People now say they value the community as much as the house because community gets you through the tough times and we all need that support system in these times. The increasing price of gas has made driving to qualify for a mortgage a losing proposition which is why foreclosures were far more likely to occur farthest from the city center and why homebuyers are more willing to pay more for homes with better than average walk scores.

The Urban Land Institute believes this is a long term trend that not only responds to rising gas prices, but also reflects a desire for more convenience in our time starved lives. We're also seeing major signs in shifts in values. Think about what's happened to driving, biking, local food and sharing. The car is becoming less relevant to a growing number of people under age thirty. In 1978 half of sixteen year olds in the US had their driver's licenses, by 2008, just thirty

years later, only 31% of sixteen year olds had licenses with the decline accelerating rapidly since 1998. Now who would have predicted that? And it's not just new drivers who are driving less, the share of automobile miles driven by people ages 21 to 30 in the U.S. fell to 13.7% in 2009 from 20.8% in 1995. While interest in cars has sharply declined in young Americans, interest in cycling is increasing. Just look at New York, the number of cyclists in New York City increased 30% in the last year; it's the fastest growing form of transportation there. But it's not just New York; bike riders should increase 206% in Pittsburg over the past decade which was the fourth largest increase in the nation over that period of time, Pittsburg!

Considered to the sudden interest in local food; look at the growth in farmer's markets for example. After growing steadily since 1994 the number of farmer's markets took a big leap in 2009, increasing 16% in just one year. And if that number sounds small, take a minute and think about it and think about the niche market that is required for a successful farmer's market. It takes a lot of customers to find the ones that are interested in a particular farmer's market's bounty or delicacies. It takes what cities uniquely offer.

Something is happening here: less driving, more cycling, more local food. These are all trends emerging in cities that we would hardly have predicted just a few years ago, but as they grew they make city life more appealing. I want to share one more important trend with you and this one's the biggest that you should remember if you remember anything. We've just run the latest data available on the migration patterns of college educated 25 to 34 year olds. We pay particularly attention to this demographic segment at CEO's for Cities because they are the most mobile people in America. We actually call them the young and restless, not to be confused with the soap opera. This is the age at which you can attract talent or you can lose talent.

The 2010 Census shows us that today college education 25 to 34 year olds are more than twice as likely to live within three miles of the central business district than all other Americans in metro areas nationwide. That figure has increased by more than 30% over the last decade. And let me just make a point here to say that even in cities where we know the populations are decreasing in the metro area, places like Detroit, places like Cleveland who are losing population have seen massive growth; in Detroit almost 60% growth over the past decade in this cohort, this college educated 25 to 34 year old cohort. Where they are seeing negative numbers in the surrounding metro areas, the same type of dynamic exists in Cleveland, in places like Memphis and in about 34 out of the top 51 metro areas nationwide.

This is no longer an anecdote or even a headline in USA Today; it is a decade long trend that continues to accelerate. Further, thanks to the Knight Foundation and gala, we now know that the factors driving attachment to community have also changed. The top three factors are now social offerings, openness and aesthetics, not jobs and not schools. We found the same thing in our own research five years ago when we interviewed 25 to 34 year olds, almost seventy percent of which said they choose first, the city where they want to live, then they look for a job. This has also been the subject of a lot of other national research that I'm sure you've seen.

A final shift I'll mention is our changing relationship to the community, particularly as it relates to technology. Technology is a key driver in the way we are acting in cities. Who said

distance is dead? Distance is far from dead. No one predicted it, but technology is driving more face to face interactions and the knowledge economy makes those interactions more valuable. Technology is also making driving less desirable. Think about it, almost everything about digital media and technology makes cars less desirable or useful and makes public transportation a lot more relevant. Texting while driving is dangerous and increasingly illegal as is watching mobile TV or working on your laptop. It's simply more productive to be on a train or in a situation where someone else is driving like a car share situation. And when people do want to drive they can turn to car sharing services like Zipcar.

Why own one when you can share one? This is another big trend we're seeing in cities. And why own anything when you can rent it or borrow it and technology can help you find it nearby. People now share everything from cars to vacuum cleaners to purses, you name it. So which use of technology, compact cities are the key to what some have called post ownership prosperity. Technology is also empowering citizen driven action in cities by making it possible for people to organize their own improvement initiatives, in effect their own service provision and not having to wait around for government to act. It has delivered an unexpected advantage to midsized cities in particular, allowing niche activities to find their audience via social media. And it has probably fueled the tax payer revolt driving a political environment where efficiency will matter.

Again all of these factors point to the growing appeal of city living. New and improved, enabled, even driven by technology. So we know our national success depends on the success of our cities, and we know that demographics, economics, values and the way we relate to our communities are changing in favor of cities. But what does this mean for life in your city? What comes next? How do we lean into these trends to accelerate the move toward cities which benefits us all and makes cities the successes we all need them to be? Massive change designer and CEOs for Cities board member Bruce Mau says we have 19th century models for 21st century challenges and he's right. That's why last year, with support from the Rockefeller Foundation, CEOs for Cities launched the Us Initiative, creating cities that are of, by and for us.

It's really meant to wrestle with the point our colleague in Portland made about his city, we made a city we wanted to live in; we made a city for us. The Us Initiative is all about creating 21st century models for the challenges we face in cities, to make cities we want to live in, cities that are made for us. Imagine a city where beauty, in the form of art, good design and nature, are ever present. Where people can go where they need to go without owning a car. Where everyone can participate in a robust public life. Where people can develop *all* of their talent and put *all* of their talent to work. Where people believe there is a better future for themselves and their neighbors. These may sound like extreme ideals, they may sound like pipe dreams, but in fact since last September we've visited nearly a dozen US cities to tease out the solution, the big ideas that would actually make these ambitions real in cities. We've worked with national experts and local leaders not only to come up with those big idea frameworks, but to make them actionable in cities through local projects that really move towards these big ambitions for the future.

Together these challenges constitute what we call the Declaration of *Inter*dependence. This declaration recognizes that we can still have big ambitions for our cities and if we put enough good minds on it we can figure out how to achieve them together. America is not out of good ideas but the future does demand new thinking. We need the capacity to change quickly, to reinvent, to distribute innovation and explore new realities. And we're going to have to do it all while the world gets weirder and some places crumble into chaos from time to time. There's no room for complacency. Last year Foreign Policy Magazine declared what happens in cities, simply put, "matters more than what happens anywhere else. Cities are the world's experimental laboratories and thus a metaphor for an uncertain age. From climate change, to poverty and inequality, cities are the problem and the solution". The trends are clear, we don't have forever to get it done and we don't have forever to get it right. And that's where I'm going to stop and I welcome any questions or any points of clarification. Thank you.

REX: Thank you Julia. Are there questions? Note in the chat box.

JULIA: I see one, a link to a recorded webinar? Will there be a link to the recorded speak, Rex?

REX: It will be on our website, www.ced.msu.edu.

JULIA:

Okay I'm seeing a couple of questions come in here. Can I talk about the role of historic preservation in the "future city"? Um specifically, if you could be a little more specific that would be good. And I will answer the second one first: "can you talk a little bit more about the equity implications of what you are speaking"?

You know I just had this conversation yesterday talking about you know, is at some point this a conversation among—you know preaching to the choir—among privileged people who can have privileged discussions? CEOs for Cities isn't specifically in the equity space, but we are certainly concerned about the implications of what we're speaking about. One thing that, you know I talked about talent, and talent being in our mind the proxy of a four year college degree. Now we have developed a metric at CEOs for Cities called the Talent Dividend which suggests that the economic value of moving the entire education distribution curve starting from high school graduate to two years degrees and A.A.s all the way through B.A.s and higher ed degrees and looking at the way that cities can tackle that distribution curve across the spectrum of education, that's a huge piece of the equity discussion that we're in. And working with cities around the country across sectors to tackle those issues.

So we know that if we increased college attainment rates by just 51 metros it would be equal to 129 billion dollars in earnings in annual personal income to the country. But that can't happen if you're not working from the entire distribution curve. In other words you've got to get more kids through high school, more folks through community colleges and two year degrees and then through that four year college degree line.

What is; what was the other question, historic preservation? The role of historic preservation in the "future city"? I really can't speak to that personally, I mean that's not something that we work more on the strategy and ideas end of historic preservation; we don't deal specifically with the built environment in that way. There are, there is the Jane Jacobs school of thought that preservation is all good and then you have the Ed Glaeser's school of thought that it isn't necessarily good for historic preservation sake. But there's certainly a balance there.

Are there any other questions? Oh I am seeing the development boundary. So learned something really interesting about the urban growth boundary in Portland that I didn't know about and that was that when it was first conceived of many years ago it was part of a state policy that was designed to actually protect the natural resources of Oregon which of course was very natural resource inhabited at the time. So what they would say now is that what was originally intended to protect the natural resources has turned into a tool that protects a different type of natural resource and that is the sort of density and coalescing talented people in the city. So if you asked people like Robert Liberty who was there from the beginning he would say absolutely that it has helped. Now the other thing that it has done is create a framework by which policies can adhere, to which policies can adhere and innovations can thrive. So what's happened is that at this point in Portland you don't really have to fight the big battles anymore because that framework exists and there's an adherence to that vision for the city.

Okay, sorry I'm scrolling through the window here. "Recognizing that many of us are the choir, what messages do you find resonate with others"? I'll tell you that we about getting as many diverse stakeholders to the table on these issues as possible. And what I mean by that, I'll give you an example, we have—in addition to calculating a 1% increase in college attainment—our research has calculated the value of a 1% decrease in poverty rates in the top 51 cities across the country. And the reason why we've done that is that the network of leaders we've worked with are not largely poverty alleviation experts but they certainly have to contend with the ills of urban poverty on a day to day basis and what it means to their city.

So if you come to the table as a bunch of poverty alleviation experts trying to figure out how to get business leaders interested in the intractable issue of poverty, then you've got to be armed with the kind of data that resonates with them. And largely that's got to be the economic value, the quantity and the impact from a dollar perspective on poverty alleviation. So we find that those simply metrics, everything we calculate at CEOs for Cities is based on an 18 to 36 window of action so we're very much about doing something now which we find resonates. And also about quantifying in a very simple metric, what the biggest bang for your buck can be. There are enough conflicting priorities and municipalities around the country that you've got to be able to find a way to elevate the most impactful ones to the top.

Um okay let's see here. Looking at the clarifying question about historic preservation and aesthetics. Yes one of the points I did made in the talk—and I thought this was really extraordinary when this first came out—was that aesthetics is considered the third most important factors that attaches people to place. And if you guys are interested in that research I

encourage you to look it up, it's called Soul of the Community and it was coproduced by the Gallup Organization with support from the Knight Foundation. And what that says is that simply amenities and beautiful designs and art are all things that people find to be reasons that they stay in place. So I think in that context we are talking about places like New York where they've invested in Highland Park and Bryant Park and other areas where people can recreate and play or where people can feel like they're part of nature in cities but it also has a lot to do with building stock. So I don't think many of us would look back on the 1960s and suggest that that was inspirational urban development at all in cities. And I think we're recognizing that increasingly. So the value of some of those historic stock as it relates to aesthetic is certainly important.

Um okay, "you say young move to a fun city and then look for a job. How does that play out with Detroit where unemployment may be 50%"? Well in Detroit we know that over the past ten years they've had a 58% increase in the number of college educated 25 to 34 year olds living in that city within three miles of the central business district. Now that cohort has decreased by about 8%, so a negative growth rate in the metro overall during that time. But we see that as good news for Detroit because I think what we see there; and someone you guys should know if you don't already is Sean Mann, who is one of the most inspirational young leaders I know in Detroit and committed very much to the future of Detroit from a young and the restless perspective. Is that we see a lot of idealists flocking to Detroit, I mean the city is a blank slate, there is an exceptional amount access to opportunities to really reinvent it. And I think we saw that a lot of that right after Hurricane Katrina in New Orleans where there are enough young people with idealism in their minds who will go to a place like that because they can be part of its renaissance. And with the really low cost of living it can be realized fairly easily.

Let's see. "Do you think, or is there data supporting, that as the 'young' start families they want to then move back out to suburban, rural or small town areas if they are able to commute easily to larger urban areas"? Well you know, I'm not going to categorically suggest one or the other. I think we can't; and I will say in full disclosure that schools are the number four community attachment factor on the soul of the community research so they have not gone away as a driving factor in place based decisions for young families, they have certainly not gone away. I think we can see where charter schools have really filled that space for families who are, or at least have attempted to fill that space in many cities where families are interested in an alternative to what is otherwise a not optimal public school circumstance or option in their communities.

But I think what we're seeing is just more experimentation, this notion that there is another model for how we can live that doesn't necessarily have to look like the model that the baby boomers pioneered and frankly; well really that the greatest generation pioneered that has been really intractable in American imagery for about 75 years, that futurama style of living. So I think we're seeing is greater willingness to experiment. Part of that sharing culture that I mentioned was really embodied is some cities by cohousing and resource sharing among families who are willing to babysit and watch one another, who are willing to kind of help; you know the whole village concept: it takes the village to raise a child concept, we're seeing that as part of the

sharing ethos that's developed nationally. And I think that's something that some young families are really starting to focus on. In cities like Washington where I'm based we will largely see that cohort move into areas like Arlington or Alexandria who are just outside of the D.C. metropolitan area but that are very accessible by public transit. So transportation and public transit is a very important part of that equation.

And yes, the metrics that I am mentioning are available on the CEOs for Cities website; I am going to type the URL in right now. I think it's our work and then look up city dividends. We, all of our research is available to be downloaded on our website and the metrics I've talked about, the several dividends are all part of a body of work we call the city dividends which calculate the value of the economic impact of increasing college attainment by one percentage point, by decreasing vehicle miles by one mile per person per day and by decreasing the poverty rate. And all of these are calculating according to the top 51 metros in the country.

Oh regionalism, okay "looking across the country, do you see a relationship between the cities attracting talent and increased regionalism or regional cooperation"? This is a tricky concept and I'm not going to answer the question directly as you may want me to. Regionalism is tricky in that there is no such thing as a region from the political standpoint. So there are cities, there are counties, there are estates, there are even metropolitan planning organizations, organizations that are very focused on regional cooperation and I think regional cooperation is very important. But what is very difficult is that ultimately there is a tax base and a tax base is based on very defined political geographies; a region is not one. So you have, so you've got in most regions you have quality suburbs. In most places you have the outer ring as a very good option, but what we're advocating for at CEOs for Cities is the option for a thriving center city. And frankly as regions are, as regions are increasingly important in this whole conversation they are still; the growing regions are still correlated with good transportation, good transit options. So you know, again, looking at the trends toward getting out of the car, the loss of productivity associated with the car, the interest in walkable vibrant urban neighborhoods and local businesses and the ability to sort of encounter something serendipitously in the urban environment including other people is all part of the ethos of the center city.

Alright, "what about other factors beyond quality of schools such as a large yard to play in, or perceived 'safety' issues, or natural amenity quality of life issues"? Okay I'm not totally clear on that question, but what I think you're saying is that; how much does a desire for a yard or issues regarding safety or natural amenities play into people's decision to choose one place over the other? Cities are definitely figuring this out which is why there has been such extraordinary investment in park systems over the last—I'm sorry should I wait for the follow up? I'm sorry I'm trying to follow the chat as I'm talking.

We know that where cities are able to invest in places to play—and that's for adults and kids by the way—they are, again, part of the aesthetic amenity that people value and say increasingly attach them to a place. So does it have to be a yard in the traditional sense in the 1.5 acres plot of land with a house and a two car garage? No, not necessarily, but I do think the play; I do think the play place is important so yes cities need to figure that out, and they are.

As far as perceived safety issues, the number one factor that makes people feel safe in cities is other people. So the extent to which we can get people together on sidewalks and in public space, you can create safe environments. So yes, is anyone suggesting that desolate dark cities are a good place to walk around at night? Maybe not, but to the extent that we can create 24 hour cities where people are walking about and thriving and interacting with one another, it creates a safe environment. And then you know if you read Ed Glaeser's book he says that safety and schools are really the only two things that these cities, municipalities need to focus on to thrive and the market can take up the rest. Whether or not you agree with that, there still is that essential safety concern and the role of the city in providing that.

Are there any other questions? I hope I didn't miss any on the scroll. Yeah Brenna your question is the number one question we get. You might be the last question today maybe, but it is certainly the first question and top of the line for a lot of city leaders. I think it is, listen, I said this and I think I said this right up front and I believe the research shows the number one economic development priority for any city ought to be increasing college attainment. So if you have one thing to focus on and one thing only, it ought to be that because it impact 58% of the personal income level in your city. So 58% of income level translates to tax base, tax base translates to aesthetics, safety, parks, etc, all of the things you said there. So when we advocate for priorities in cities, we always say talent development first. Now the revenue issues in cities, there are creative public, private partnerships that are active in cities around the country and I know many are leaders that we work with in Michigan are perusing them there as well. But all with the end in mind of creating a place where people want to live. So it's a very difficult tradeoff and a very good question to ask.

REX:

Okay Julia, I think we are ready to; let me pause your mic because we're getting an echo off your mic, but thank you for your presentation. And we will take a few minutes here and transition to our next set of presentations, but let me just draw participants' attention to the ongoing series. There are a number of activities that will be going on over the next Tuesdays and Thursdays here. And here is the schedule of events culminating with a face to face session on June 7th here at the Hannah Community Center here in East Lansing. We'll ask participants to discuss what they've heard so far in the seminar series, what actions we might take locally and what strategies we might pursue here in the state. Again let me remind you, if you have not registered just send us your email so that we can keep you informed of future activities regarding this webinar series.

A number of organizations assisted us in planning this event and promoting it across the state of Michigan, and here they are listed. Then also members of our advisory committee helped us inform this discussion including supporting identifying folks like CEOs for Cities and we're very grateful for their participation today. And with that we're going to put you on pause for a minute while we set up for our next presentation which will begin exactly at 4 o'clock.

END OF SESSION