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URBAN POLICY 2018

Housing ladders, precision policing, the do's and don'ts of city branding—plus homeless shelters, business permitting, and more.

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ABOUT THE MANHATTAN INSTITUTE

The Manhattan Institute for Policy Research develops and disseminates new ideas that foster greater economic choice and individual responsibility. Since 1977, the institute has helped change the United States and its cities for the better: welfare reform, tort reform, proactive policing, and supply-side tax policies are at the heart of MI's legacy.

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FOREWORD

Michael Hendrix, *Director, State and Local Policy*
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Walking the streets of Detroit, Michigan, is an exercise in living history. The sidewalks of Woodward Avenue, even on a cold day, are far from empty. Young lunchgoers pass through the lawn of Campus Martius Park in downtown’s “gathering place,” where the city’s mile roads fan out to the suburbs. Commuters ride to and fro on the QLINE’s red-and-white streetcars past once-faded storefronts now alive again with someone else’s ambition.

Detroit is like every city: a physical artifact of a social space. But there is only one Detroit. Every place may be a canvas fit for people, but people drawn together paint an entirely unique portrait of a place. So when we wonder what sort of public policies should govern urban America, we know they must be both nationally relevant and uniquely local. And these ideas must have at their center a vision for how people flourish; otherwise they are just more technocratic dreams that usually turn into someone else’s nightmare. Policy is for people, in other words, whose authors share their sense of place and time.

That is why this year’s Urban Policy Series began outside Manhattan. Our authors went to Akron, Ohio; Miami, Florida; Macon, Georgia; San Jose, California; and, yes, Detroit, Michigan. In each city, we set a table for their leaders to have a conversation about the future of their community, and for our network of scholars to bring their practical ideas to bear on those concerns. Our aim was to catalyze fresh thinking and generate new knowledge to shape the future of urban America. No small goal, but we believe the resulting volume of work on policing, housing, governance, and more speaks for itself.

Aaron Renn, a senior fellow at the Manhattan Institute, details the dos and don'ts of civic branding. "A city's brand is fundamentally its sense of identity," Renn observes, and a "promise delivered." While cities spend millions of dollars every year promoting themselves, few effectively deliver on their promise. Renn shows us what it takes to build an authentic, unique, and true civic brand.

William Bratton, former police commissioner of New York City (twice), Los Angeles, and Boston, finds the police's "thin blue line" stretching under the weight of challenges both new and old. Together with the astonishing decrease in urban crime over the past generation, Bratton and his coauthor Jon Murad propose a new organizing principle for police agencies. "Precision policing" focuses on targeted crime-and-disorder enforcement and neighborhood policing, often to great effect.

Harvard's Stephen Goldsmith and I propose a new vision for permitting and licensing regimes in the 21st century. Our aim is to not only make it easier to start a business or build a building, but to improve the entire journey through government from start to finish. Streamlining, digitizing, and redesigning local permitting systems means putting the citizen first, not government. Many cities are already taking these concrete steps—it's time for more communities to follow their lead.

Pulitzer Prize-winning journalist Judith Miller tackles the crisis in local news as newspaper closures, downsizings, and consolidation accelerate. These "news deserts" are not just found in small towns; large cities, too, are seeing dramatic cutbacks in local reporting. Papers may try to grow their revenue, cut their bottom line, or completely redesign their business model, but as Miller reports, the outlook for legacy media remains grim.

Howard Husock of the Manhattan Institute points to a pre-World War II approach to housing development that could unlock more affordable housing in America's most prosperous cities. He argues for a greater variety (and supply) in housing that fills the "missing middle" between single-family homes and large apartment developments. Importantly, Husock shows how to make this

new construction politically feasible by “invisibly” densifying often overlooked land.

Peter Salins, an urban planning scholar and longtime Manhattan Institute senior fellow, argues that cities are still in competition with their suburbs for residents. He calls for planners to focus on what they can do well, such as helping cities remain attractive and functional, while giving the marketplace the freedom to flourish in response to what residents actually want in their communities. Restoring cities like Detroit to the levels of greatness they once enjoyed is of primary significance to Salins, as it should be to every planner who calls these places home.

Stephen Eide, a senior fellow at the Manhattan Institute, reveals New York City’s growing homelessness problem and the burden it places on shelters. Despite immense sums spent on caring for those without a roof over their head, shelter performance is slipping, and, in turn, people are suffering. For this reason, Eide calls for restoring the incentives and benchmarking programs instituted under former Mayor Michael Bloomberg, pushing shelter operators to be evaluated and ranked against their peers.

Last but not least, Stephen Goldsmith returns with a sweeping vision for improving the “user experience” of government. Digital platforms and tools make government more responsive to its citizens, which in turn builds their trust and confidence in city hall. The technology and capacity exist today to craft a user-friendly, data-driven public square, argues Goldsmith. So, what we are waiting for?

This year’s Urban Policy Series is a journey through cities old and new. The ideas contained in these pages are much like the places and people the authors encountered along the way: timely and timeless, full of hope and honest with their challenges, and committed to building a better future for urban America on the lessons of the past.

CHAPTER 1

THE DOS AND DON'TS OF CIVIC BRANDING

By Aaron M. Renn

Introduction

People think of a brand as the name of a consumer product, such as Budweiser or Tide, or the name of a company, such as Target. However, cities also have brands. Atlanta is the “Capital of the New South.” Las Vegas is Sin City. Detroit is the Motor City. New Orleans is the Big Easy. Los Angeles is Tinseltown. New York is the Big Apple.

Branding of places—countries, states, cities, and even neighborhoods—is also big business. States alone spend about \$700 million just on tourism promotion each year.¹ Cities spend many millions more. Essentially every city of any size has a convention and visitors’ bureau to market itself to event planners and tourists, along with an economic development agency to market itself to prospective employers. Entire firms, such as Development Counselors International, exist to market cities and other places. Cities also invest large sums into civic initiatives driven by branding strategies, such as attempting to become known as a startup hub or a capital of the creative class.

While there is significant debate about public policy related to services such as education, transportation, or public safety, branding has not received as much scrutiny. Measuring the return on

investment in marketing is notoriously difficult. There's a famous saying in the advertising business, attributed to many executives: "I know half of my advertising spending is wasted. I just don't know which half." Nevertheless, given the amount of direct marketing spending that is, and will continue to be, undertaken by cities and other places, it's important that these funds are spent in the most effective manner. Far more important, a city's understanding of its brand helps determine the strategic decisions and investments that it makes.

This paper will review why cities, unlike companies, often struggle to identify effective brands, as well as the results of getting branding right and wrong.

What Is a Brand?

This paper will use a traditional definition: *At its most basic, a brand is a promise. Branding, by extension, is the act of managing that promise. Branding is a management practice.*

This deceptively simple statement is actually quite powerful. For example, when you make a promise, you promise something to someone. You don't promise everything to everybody. You commit to delivering something specific. If you want your promise to have value, it has to be something at least relatively distinctive, something that everybody else isn't already promising the other person. And when you make a promise, you have to keep it or else suffer a huge loss of credibility.

For many, branding is synonymous with marketing. In this view, a brand is a tagline or a logo. But marketing is actually downstream from brand. Marketing is *how* you communicate your brand promise to the people you are attempting to reach. The process of marketing is very important but is secondary to *what* you are marketing.

A city's brand is fundamentally its sense of identity, shaping how it communicates and markets itself to the world, and what it does—how it sets policies and makes civic investments. Because of this, the brand is important to get right regardless of whether or not the city's marketing efforts are effective. If a city believes that

its brand is as a Silicon Valley–style start up hub, it will devote civic leadership time and make investments in an attempt to make that a reality. If this brand is not a promise the city can deliver, it will fail to realize the anticipated economic gains of its branding while its leadership suffers a loss of credibility.

Branding Mistakes

The challenge of promising something unique is extremely difficult for cities. We see this from the observed fact that while most companies are trying their hardest to convince you of how much different and better they are than every other company in their industry, most cities are trying their hardest to convince you they are at least equal to the peer communities they most admire. Cities often promote the same basic assets their competitors promote, sometimes even with similar language. Thus, despite often touting their unique qualities, cities fail to differentiate themselves.

Look at corporate brands and marketing. For example, Apple positioned itself as a premier product provider with a distinct, superior user interface and industrial design. It is an innovator that created entire device categories, such as the MP3 player and the smartphone. Apple’s marketing slogan used to be “Think Different,” which correctly embodied how the company thought about itself. Another example is GEICO, whose brand promise and marketing slogan are one and the same: “15 minutes could save you 15% or more on car insurance.” It provides lower-cost insurance to people with good driving records.

Now consider how many cities market themselves. They mostly talk about technology startups, coffee shops, microbreweries, bike lanes, fashion, farm-to-table restaurants, downtown apartments, having a creative class of residents, etc. These are all good things. But many cities tout the same things. These things are not strictly promises of everything to everybody, but they represent a certain conventional wisdom about the most critical markets to reach (particularly young, educated adults) and what those markets demand. They represent a generic appeal with a brand promise based on what is popularly portrayed by Portland (Oregon) or Brooklyn.

Note how many cities have labeled themselves with some variation of Silicon Valley. This includes Silicorn Valley (Fairfield, Iowa), Silicon Prairie (Chicago and Lincoln, Nebraska), Silicon Forest (Portland), Silicon Alley (New York), and Silicon Beltway (Washington, D.C.), among others.² (City marketing videos that further illustrate the generic marketing of cities are listed in the **Appendix**.)

The problem is that most cities are not Portland or Brooklyn or the string of cities dotting California's Santa Clara County. They have completely different histories, economies, demographics, geographies, cultures. It's highly unlikely that any other city will ever re-create the magic of Silicon Valley, so the brand promise ends up being false. Even to the extent that a city can successfully create it in part, it will likely be an inferior imitation. Why move to a Rust Belt city trying to act like Portland when you could just move to Portland?

Consider the large number of cities that have built light rail systems, partly to create the environment that they feel is needed to attract educated young men and women. Light rail is an extremely costly technology. But very few cities are suitable to rail transit in the way that Chicago or Boston is—they have comparatively small downtown employment bases, highly dispersed origins and destinations of trips, and low-density development that is not supportive of rail transit. These light rail systems may not be white elephants, but they represent a poor allocation of limited public capital-investment dollars. And these cities will never be able to create the type of transit-oriented lifestyle that exists in Boston or Philadelphia.

Cities are not start ups. They already have residents, businesses, a history, a culture, a set of values—a brand, if you will. The attempt to radically shift a city from its existing brand to something else will appear inauthentic and fail. It will also send a subtle message to existing residents that there is no place for them in the future—that they are of less value than a new class of people the city wants to attract.

So in addition to being distinct, brands need to be authentic. They need to speak to the people who already live in a city as well as to potential newcomers. They need to be an expression or a reflection of the history, heritage, and reality that already exist. To be sure, a city's reality needs to continue to grow and evolve, and, at

times, corporate brands need to be reinvented. But successful reinventions and evolutions generally try to stay true to the authentic core of the brand.

This is even true in the fashion industry. When fashion designer Karl Lagerfeld revived Chanel in the early 1980s, he did so by drawing on inspiration from the firm's archives. This became a model that others followed. As the *New York Times* stated, "Lagerfeld's wildly successful echoing of Chanel's history has become the blueprint for labels across the world. Today, designers use archival styles to anchor their individual aesthetics to a brand's past."³ By contrast, "New Coke" was one of the great rebranding flops in history. Coca-Cola is as American as apple pie. Changing such an iconic product was a betrayal of its brand promise. The company swiftly backtracked.

In short, cities too often have decided that they need to replace their existing brand to copy another's that they think is necessary in order to compete. This typically fails because a brand needs to promise something distinct. Harvard business professor Michael Porter puts it thus: "Competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value."⁴

There's nothing wrong with having bike lanes or coffee shops. But today, these things aren't going to sell a city to businesses or potential residents.

Branding Done Right

There are cities that have fostered brands that are authentic, and aligned their investments with their core brand assets. Examples include:

Nashville, the "Music City"

Nashville is a booming city whose brand star is rising, as evidenced by headlines such as "Nashville's Latest Big Hit Could Be the City Itself" in the *New York Times*.⁵ No sweeping statements about the city's brand *causing* its economic and population growth can be made. Yet the fact that it has a powerful brand promise with some-

thing that everyone can instantly relate to—country music—creates a hook that helps market the city, generate press, and make it stick in people's minds.

Country music is not something one would expect a city to fashion its brand around. The genre is *déclassé* in the coastal cultural capitals, with its traditionally down-home appeal. Think, for example, of the television series *Hee Haw* (1969–71), or its comedienne Minnie Pearl (Sarah Ophelia Colley Cannon), with her trademark price tag hanging from a hat.

Old Nashville

It would have been easy for Nashville to conclude that if it ever wanted to be taken seriously, it would have to get rid of its country music image and rebrand itself as a Portland of the South. Instead, city leaders kept country music front and center with their “Music City” branding while the industry transformed itself for the 21st century. Today's Nashville is glitzier—more Hollywood; some have used the term “Nashvegas” to describe it. Today's stars are people like Carrie Underwood, with more broad-based listener-ship and more sex appeal.



Photo Credit: Denny-Moeller Talent, Inc.

New Nashville

Yet yesterday's performers and their culture aren't rejected; the old classic country performers are still honored, and their music is still listened to and respected. The city sees today's country music as linked across time to that of previous generations, so there's evolution without rejection. The city and its people very much value their traditions: the *Grand Ole Opry*, which originated in the 1920s, is the lon-



Photo Credit: Matthew Wittkopp, CC BY 2.0

gest-running radio program in American history.

Nashville today has bike lanes and trendy restaurants, as well as business startups; but health care is actually the engine at the heart of its economy.⁶ Still at the core of the city's identity is country music, an important industry in its own right and the key source of the city's brand recognition. Country music is the one thing everybody knows about Nashville: the city brands itself as "Music City," and that is a promise on which the city delivers.

Indianapolis, the "Amateur Sports Capital"

Indianapolis was an early entrant into using sports events as an economic development and branding strategy. While most cities today attempt to lure these kinds of events, Indianapolis excels at attracting and hosting them.

Sports-based redevelopment worked in Indianapolis because it had authentic roots. This helped residents embrace this branding strategy—so much so that one of its competitive advantages is its large number of event volunteers. The city was already known for one big sporting event: the Indianapolis 500 car race. Indiana was also legendary for its high school basketball obsession, which the film *Hoosiers* brought to a national audience. Indianapolis already had sports in its civic DNA, which made this strategy possible and also generated widespread public support.

In the 1960s, downtown Indianapolis was so desolate that people shot pigeons there on weekends. Some called the city "India-no-place." Starting in the 1970s, with a successful telethon to sell tickets to allow the Indiana Pacers to stay afloat as a team, the city began implementing projects that evolved into a strategy of sports-based economic development, including professional sports but focused on amateur competitions. The city built many venues, such as a track-and-field stadium and a natatorium. Indianapolis became the first city to establish a sports commission chartered with attracting and hosting sports events. It held the National Sports Festival in 1982 and stepped in to host the 1987 Pan Am Games when the original host city backed out. When various Olympic sports established their own governing bodies, Indianapolis lured several of them to town,

including USA Gymnastics. The NCAA followed in the 1990s. Indianapolis is now a regular host of the men's basketball Final Four and will host the college football national playoff championship in 2022. In addition to amateur events, the city attracted the NFL Colts from Baltimore and hosted the Super Bowl in 2012.

Economists have generally been skeptical of investment in sports facilities. Economist Mark Rosentraub, for example, wrote a book called *Major League Losers* (1997) to make this point. He notes that the Indianapolis sports strategy did not halt the suburbanization of the region but did have a positive effect. He observes: "If you said, 'What's the value of holding one men's Final Four?' It's a drop in the bucket. But it's not the Final Four. It's a development strategy. The real value is the neighborhoods that were built. If you pulled up a picture of what downtown Indianapolis looked like in 1970 and what it looked like in 2010—that's where the return is."⁷

St. Louis and the Gateway Arch Park

The Eero Saarinen–designed Gateway Arch has been the most famous symbol of St. Louis since its opening in 1967. After the arch was unveiled, the *Chicago Tribune* declared that "it will probably do more to change the image of the city in the years to come than anything St. Louisans have ever seen, including Stan Musial."⁸ This prediction appears to have come true.

St. Louis's arch was conceived in the 1930s as a memorial to the pioneers of America's westward expansion.⁹ More prosaically, the idea of a historical monument was meant to revitalize the city's decaying waterfront. Not originally intended as a branding statement, it failed in its job-creation goals during construction, creating fewer than 100 jobs instead of the 5,000 expected.¹⁰

Whatever the reasons, St. Louis had long played a vital role in America's growth. Now, with a triumphal monument, it had a visible claim on that hallowed history for the future and an identity grounded in the pioneer spirit. The symbolism of the Gateway Arch and its connection to its host city would not have been immediately obvious to the casual observer in the early 20th century. Kansas City, Missouri, for instance, or neighboring Independence, had valid

claims as a “gateway to the West.” St. Louis was known for generations as “Mound City,” a reference to the earthen formations that once guided steamboat pilots on the Mississippi River, and whose Native American heritage was lost to excavators before the turn of the previous century. That this identity has now faded, and St. Louis has claimed a symbol of America’s pioneer spirit, is a testament to the arch’s staying power. The Gateway Arch demonstrates that major civic statement projects can affect a city’s brand.

The Gateway Arch spanned St. Louis’s history in establishing its brand and has since been used to sell the city and orient development: just look at the sheer number of businesses in St. Louis with “gateway” in their name. To be clear, the city’s branding did not prevent the economic travails and population decline that it experienced in the last part of the 20th century. Nevertheless, as St. Louis looks toward the future, it can now leverage a priceless civic brand asset.

Understanding that the arch is among its strongest brand assets, a public-private partnership is investing \$380 million to expand and improve the surrounding parks (including \$221 million in private money) and better connect them to the city. Previously, the arch and riverfront had been cut off from the city by a freeway, which is being bridged over with this project.¹¹ The Gateway Arch is a tourist attraction: this investment will help ensure that visitors (as well as locals) have a great experience seeing it. It will also create synergies between the arch and other downtown developments, an example of an investment designed to strengthen and leverage an existing brand asset.

How to Brand a City

Find Your Authentic Identity

Nashville is an easy example of a city with a unique brand. But what about cities without an obvious brand identity to leverage? This problem is particularly something that midwestern and smaller cities often struggle with. “What is our identity?” is a question frequently asked in these places.

Yet these places almost certainly have characteristics that make them unique, though it may be difficult to identify and articulate what they are. Consider the state of Ohio. What is its identity, its brand? It isn't easy to create characteristics that other midwestern states wouldn't likewise claim for themselves. But visit Cincinnati, Columbus, and Cleveland: it is immediately obvious that these are three very different cities, though it may not be easy to determine what exactly it is that makes each one unique.

Unearthing that unique character requires digging deep into a place and its history, a task perhaps more suited to historians or journalists than to the corporate branding consultant. Consider the late sociologist E. Digby Baltzell of the University of Pennsylvania, who wrote an in-depth comparison of Boston and Philadelphia. As the title of his book, *Puritan Boston and Quaker Philadelphia* (1979) implies, Baltzell traced the identity and culture of each city back to the character of the religious groups that founded them. This deep historical analysis is something branding consultants rarely do.

In places like the Midwest—which has historically struggled with questions of identity—not many writers have focused on the culture of cities and states.¹² In recent years, new efforts in this direction have emerged, such as Cleveland-based Belt Publishing, which has issued a number of anthologies of essays about midwestern cities, including midsize cities such as Akron, Flint, and Youngstown.

For places without a strong understanding of their existing local culture and brand, this research is the most important step to take before moving forward. As with Baltzell's work or the "3C" cities in Ohio, comparison with other cities can help identify points of distinctiveness or contrast.

Overcome the Shame Factor

Unearthing the local brand can be difficult, but it may already be tacitly understood. The problem is that the brand is sometimes rejected because local people and leaders are ashamed of it.

Not all regions equally suffer from this shame. Southern cities, perhaps because of their regional culture, typically display immense

pride in what they are. Midwestern cities struggling to shake off the Rust Belt brand are likely to want to shed their previous identity. They also have an ingrained civic modesty, making them reluctant to aggressively tout themselves.

This rejection of the past is a mistake. Today's stereotyped markers of Brooklyn-style hipster culture include such things as micro-roasted coffees and microbrews but also many elements of traditional working-class culture, including Pabst Blue Ribbon beer, trucker caps, and workwear-inspired clothing, pickling, whole-animal butchering, urban agriculture and beekeeping, and warehouse loft conversions. All these are reclaimed elements from the country's agricultural and industrial past.

Where was the heartland of American agriculture and industry? The Midwest. Yet no midwestern states or cities looked to reclaim their own heritage until Brooklyn hipsters saw it, decided they wanted it, and put their seal of approval on it (while adding a twist of irony).

Today these midwestern cities are looking to reclaim some of that cultural heritage, but the road to doing so ran via Brooklyn. Some of these regions had allowed much of their heritage to disappear, and now they are trying to reclaim or revive it. For example, cities are reviving their historical working-class lagers. Sterling Beer in Louisville (my father's old brand) was founded in 1863 but had declined to a shadow of its former self and stopped being produced during the 1990s. A group of local businessmen revived it in 2012.¹³ Similarly, New England's Narragansett Lager was revived after nearly going out of business.¹⁴

Why can't midwestern cities do what Brooklyn did? To a degree, because it is New York City, and not Cleveland, where American culture gets "made." The media power of New York enables trends there to gain national purchase in a way that those originating in other locales can't. But a bigger factor may be that others have not tried because they are too ashamed. Unlike Nashville, with its country music, these cities felt that their heritage was something to overcome, not to be embraced and put front and center for the world to see.

Overcoming this shame is critical to fully leveraging the value in

the authentic brand of a place. As Anthony Bourdain stated:

*I think that troubled cities often tragically misinterpret what's coolest about themselves. They scramble for cure-alls, something that will "attract business," always one convention center, one pedestrian mall or restaurant district away from revival. They miss their biggest, best and probably most marketable asset: their unique and slightly off-center character. Few people go to New Orleans because it's a "normal" city—or a "perfect" or "safe" one. They go because it's crazy, borderline dysfunctional, permissive, shabby, alcoholic and bat shit crazy—and because it looks like nowhere else. Cleveland is one of my favorite cities. I don't arrive there with a smile on my face every time because of the Cleveland Philharmonic [Orchestra].*¹⁵

Like every person, every city is unique and has value. Not every place will become a superstar city just as not every person can become a celebrity. But people and places can find an honorable and valuable place for themselves in America. It isn't always easy, but it can be done.

Identify Areas Where Change Is Truly Needed

Of course, not every authentic element of a city's past brand is something that should be embraced. Atlanta is a perfect example—proud of its Southern heritage but aware that the legacy of racism had to be eliminated. So Atlantans set about changing it. They called their home "the city too busy to hate." This wasn't just a slogan; they did change things. In fact, Atlanta, a major city in the old Confederacy, transformed itself into the most aspirational city in America for blacks. It saw its black population as an engine of growth for the city. The contrast with Southern cities such as Birmingham, which took a different path, is stark. The Atlanta region was only slightly bigger than Birmingham in 1950. Today, Atlanta is a major business hub and the Capital of the New South. Unlike some other Southern cities, Birmingham has never taken off.

Identify Market Segments Where You Can Create a Differentiated Appeal

Atlanta illustrates another critical element of city branding often missed. Cities do not have to cater to every market all the time, or only to the same narrow demographic of young, educated adults that every other city is trying to attract. While dealing with its problematic racial legacies, Atlanta discovered, intentionally or not, that black America was an underserved market and that there was prosperity to be gained by focusing on it.

To be clear, cities are not companies. While companies can do business with whomever they like, cities have to provide for all their citizens. But in trying to lure new people and businesses, every place is targeting—at least, implicitly—some subset of people. The sweet spot for cities is a strong overlap between the authentic brand of a place and a segment of people and businesses to whom that brand offers an attraction.

Focus on Becoming Known for at Least One Sure Thing

GEICO wants prospective customers to understand its one core promise: quickly saving 15% or more on car insurance. Similarly, as urban branding consultant Carl Wohlt has stressed, a city should seek to be known for one sure thing. This doesn't have to be the only thing it's known for; but having at least one clear promise that can be delivered is important.

Country music is a sure thing for Nashville, technology start-ups for Silicon Valley, and the film industry for Los Angeles. Small Columbus, Indiana (2016 population: 46,850), is known for its collection of modernist architectural masterpieces¹⁶ (as is New Canaan, Connecticut).¹⁷ Louisville is known for horse racing (the Kentucky Derby).

These examples are national draws, but for smaller cities, a regional or subregional draw can be a sufficient brand promise. Upscale Oak Park, Illinois, a suburb just west of Chicago, is famous for Frank Lloyd Wright and its Prairie Style architecture, racial integration,¹⁸ and being the birthplace of Ernest Hemingway. But it was also a dry

town for many years. So next-door Forest Park became known as the area's watering hole and entertainment district. It built a draw within Chicagoland. Especially when it comes to regional distinctiveness aspects, surveys to determine what people already associate with a particular city could be informative.

Do Something New or Unique

One problem with development initiatives and traditional marketing approaches focused on typical creative-class markers (e.g., coffee shops, light rail) is that they are replicas and thus not newsworthy. They seldom attract nonlocal media. One way cities can attract the media is to do something new or unique.

For example, Columbus, Ohio, recently attracted news for multiple transportation initiatives. It won the U.S. Department of Transportation's "smart city" challenge grant, which garnered \$50 million in federal funding and had the cachet of winning a national competition. Similarly, Columbus recently became the first major city to give all downtown workers free transit passes. These achievements drew press in the *Guardian*,¹⁹ Atlantic's CityLab,²⁰ Slate,²¹ and elsewhere.

Avoid Adopting Damaging "Foreign" Brands

When cities fail to embrace their authentic brand and instead adopt a false, or foreign, one, their marketing typically falls flat. What's worse, they can make damaging policy decisions.

Some smaller industrial cities have tried to adopt a creative-class brand. They have spent money on consultants, including Richard Florida. These attempts were mostly failures that wasted precious resources. Some of them, such as former Michigan governor Jennifer Granholm's "cool cities" initiative, became a source of mockery.²²

A more current example is the narrative of gentrification and affordable housing. The brand of major coastal capitals like New York has come to incorporate a "tale of two cities" component. Though studies suggest that this narrative is overstated,²³ the public perception is that—thanks to an urban boom—upper-income residents are displacing the poor, primarily through rising housing prices. This has

led to proposals such as mandatory affordable housing set-asides.

In reality, high housing prices are limited to a select number of markets, yet virtually every city today has an activist community of anti-gentrification advocates. This is true even where abandoned housing, increasing poverty, and declining urban-housing values—not a boom—are the real problems.

Louisville, Kentucky, passed a zoning law requiring that units be set aside for affordable housing in developments that receive density bonuses.²⁴ The city needs more density but has effectively imposed a tax on it that doesn't address a real local problem. To the extent that Louisville has a problem with housing affordability, it is low incomes—not prices—that are the source; the city's housing problems are completely different from those in New York or San Francisco.

Repeat at Different Scales

The strategies and principles outlined in this paper can work at different levels: they can be used to brand a region or a neighborhood commercial district. Brands often exist as a hierarchy: Apple is a brand, but the iPhone is also a brand. Similarly, New York City is a brand, but so are Chelsea and the High Line.

Conclusion

Cities, like companies, have a brand and often spend significant sums to market that brand. They do not always apply significant scrutiny to their branding efforts.

A brand is fundamentally a promise delivered. To have meaning, this must be a promise of something specific and unique to a city's target audience. And the city must be capable of delivering on that promise. However, cities often fail at branding themselves because they focus on attempting to convince the public of their similarity to other cities and places perceived to have a certain kind of cachet rather than putting forward an authentic, unique, and true brand.

In looking to brand itself, a city first needs to identify and embrace its authentic identity, overcoming shame about its past if need be. This identity can evolve toward the future, in most cases—though,

in some cases (e.g., racism in Atlanta), fundamental change is necessary to move forward. Understanding its identity, a city should seek out markets where it can hold strong appeal and find a way to become known for at least one sure thing for that market. This can be a regional, not only a national, appeal. Ask what new or unique things could be done to attract outside media interest and interest from a target audience. Above all, avoid adopting brands and narratives from other cities that aren't suitable for the local environments, because they can lead to bad decision making.

Appendix: City Marketing Videos

The videos below help to illustrate the principles outlined in this paper. First is a collection of officially produced marketing videos from large and medium-size cities: these videos have positive features but also make general appeals that are not likely to be successful.

Large Cities

Houston: <https://www.youtube.com/watch?v=7d6oWPH-FTqo>. The images and associations of Texas are powerful in the public consciousness but are essentially unused here. Houston is the world's global energy (oil) capital, but that is not even alluded to, while nondistinctive, yawn-worthy elements such as light rail are in the foreground. The space imagery is the main thing in the video that one would associate with Houston, but it's not the first thing most people would think of.

Cincinnati: <https://www.youtube.com/watch?v=KJfcf1n21Ig>. Cincinnati has a distinct culture, unique architecture, and a number of its own local food products. Some of these, such as Cincinnati-style chili, are shown briefly, but little of the city's riches or distinct culture comes through in this video.

St. Louis: <https://www.youtube.com/watch?v=a9iyoHBVRvo>. St. Louis is a city with a rich history and many unique elements, such as its housing stock in St. Louis brick. Like Houston's, this video focuses on things like light rail while ignoring some of the biggest brand assets of the city, such as Budweiser beer.

Medium-Size Cities

Marketing medium-size cities can be a bigger challenge than marketing larger ones, since, with few exceptions, they are not household names outside their region.

Lincoln, Nebraska: <https://www.youtube.com/watch?v=8M-1rT9hX1nE>. This video ticks every creative-class box. It ignores the biggest thing about the city that most people know: the University of Nebraska. Lincoln is a college town, Cornhusker country. This would have been an authentic frame upon which the video might hang creative-class elements because those are legitimate and expected in college towns. Because the video does not, it fails.

Wheeling, West Virginia: <https://vimeo.com/70575853>. West Virginia suffers from some unfortunate stereotypes that make selling Wheeling a unique challenge. One can judge for oneself whether this video succeeds.

Worcester, Massachusetts: <https://www.youtube.com/watch?v=f1ILaHmB3-U>. This video lists many developments in Worcester that are similar to those in other cities, without significant distinctive elements.

Corporate Videos

Interestingly, corporate advertising can often do a better job of selling a city than do officially produced videos. Here are two examples:

Chrysler Super Bowl Ad with Eminem: https://www.youtube.com/watch?v=SKL254Y_jtc.

It's highly unlikely that any marketing agency would have made a video like this. It directly confronts and portrays Detroit's blight and bankruptcy. It embraces the rugged industrial past and culture. Note the use of gloomy, overcast skies and inclement weather (winter is rarely shown in midwestern city marketing videos). The use of the gospel choir and Eminem speaks to the city's mostly black population and its history as a center of musical innovation. And that it was commissioned by a car company hits the intersection of city and corporate brands. This video is clearly about Detroit, not just anywheresville.

Portlandia Trailer: <https://www.youtube.com/watch?v=TZt-pOc3moc>. The IFC television series *Portlandia* is a comic exaggeration of the stereotypical characteristics of Portland, Oregon. This series sells the city in an understated but hilarious way. Though this was a commercial project by outsiders, it shows how cities can “lean into the insult” by embracing and exaggerating some of their stereotypical traits. It’s hard for others to mock you when you are willing to affectionately mock yourself.

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CHAPTER 2

PRECISION POLICING: A STRATEGY FOR THE CHALLENGES OF 21ST-CENTURY LAW ENFORCEMENT

By William J. Bratton and
Jon Murad

Introduction

America has nearly 18,000 police agencies, ranging from two- or three-man resort-town departments that add seasonal officers as necessary, to the New York City Police Department (NYPD), with 36,000 sworn officers.¹ With such a large universe of police departments, uniformity—of training, tools, procedures, and policies—can seem impossible.

What's more, these departments face a multitude of challenges. Among them: an overdose epidemic, driven by opioids and synthetics like fentanyl, killed more than 72,000 Americans in 2017.² Over the past four years, a so-called Great Divide has opened between police and minority communities in many cities and towns. There are allegations that police, leery of unfair criticism, are pulling back from proactive enforcement in some cities, a phenomenon known as the “Ferguson Effect.” There has been an appreciable surge of shootings and homicides in several cities. There is heightened public and media scrutiny of police. And, perhaps unsurprisingly, there is a looming crisis around police recruitment and retention.

We believe that these challenges can be addressed by “Precision

Policing,” an organizing principle for the complexities of structuring, managing, motivating, and leading a modern police agency. Coauthor Bratton and his executive team at the NYPD, which included coauthor Murad, implemented the strategy during Bratton’s second tenure as police commissioner of the City of New York (2014–16). Under Bratton’s successor, Police Commissioner James O’Neill, it has continued and been improved.

The two most important components of Precision Policing are *focused crime-and-disorder enforcement* and *Neighborhood Policing*, both of which will be explained in greater detail below. In brief, they respectively recognize that: a) the violent criminals who damage communities are a small percentage of the population; and b) working with the far larger percentage of the population who strengthen communities reinforces the fact that public safety is a shared responsibility. Accordingly, Precision Policing depends on active collaboration between police, political leaders, and the public. Because it incorporates best practices from around the country and because it understands that local conditions have local solutions, we believe that it can be applied, with appropriate modifications, in any police department. Police leaders can use it to make any city, town, or neighborhood safer, and to improve relations between law enforcement and the population.

Precision Policing grew out of lessons that American law enforcement learned over the last half-century, and it is best understood in this historical context.

Crisis, Reform, Unintended Consequences, Next Crisis: A Short History of Modern Policing

The social upheaval that marked the 1960s, from race riots to anti-Vietnam War protests, affected police in unprecedented ways. Police were frequently at the center of the tumult and change, whether attempting to maintain order or, sometimes, as causes of disruption or agents of state violence—a stain on the profession that was particularly pronounced during the fight for integration. In what would become a pattern over the next half-century, this crisis led to

reforms. The reforms, however, led to unintended, counterproductive consequences, which led to the next crisis.

The greatest of the law-enforcement reforms that arose from the 1960s crucible was “professional policing” and its three “Rs”: rapid response, random patrol, and reactive investigation. Along with the advent of the 9-1-1 system in 1968, professional policing gave rise in the 1970s to an all-consuming fixation on response time and reaction via portable radios, 9-1-1 calls, and vehicular patrol.

Unfortunately, that fixation meant abandoning bedrock principles first promulgated by the London Metropolitan Police (founded by Sir Robert Peel) in 1829—first, that “the basic mission for which the police exist is to prevent crime and disorder”; and second, that “the ability of the police to perform their duties is dependent upon public approval of police actions.”³

Then came crack cocaine, the explosion of violence around its trade, and policing’s next crisis: the crime wave of the late 1980s. The nightly news was filled with stories of children sleeping in bathtubs and innocent victims caught in playground crossfire. The three “Rs” proved inadequate; cops seemed unable to gain the upper hand.

In 1990, as crime reached its peak in New York, Bratton was appointed chief of the Transit Police Department, which was then a separate department (it merged with the NYPD in 1995). Bratton implemented a theory called Broken Windows, or quality-of-life policing. The term, and the theory, comes from an eponymous 1982 article in *The Atlantic* by criminologist George Kelling and political scientist James Q. Wilson.⁴ In sum, they asserted that people assigned a high value to public order and that unaddressed disorder encourages more disorder. From unaddressed disorder follows petty crime, and then more serious crime, and finally violence. Stopping small things before they become big things is key, as is the recognition that many citizens actually care more about the former than the latter. Why? Because even during the city’s period of highest crime, victims of major crime or violence were a small fraction of the city’s population—but everyone could see and sense the disorder.

Bratton applied these ideas to fighting crime in the New York

transit system, and they worked. Not only did addressing disorder address the disorder; it also forestalled more serious crimes—particularly as it became apparent that serious criminals didn’t just commit robberies and assaults: they jumped turnstiles and disobeyed Transit Authority rules, as well. Nabbing an armed criminal for fare evasion means getting a weapon off the streets, and pinching a “lush worker” for moving between train cars means preventing drunks from getting robbed later in the night. From 1990 through 1993, rates of major crime—that is, the seven categories tracked by the Federal Bureau of Investigation: murder, rape, robbery, felony assault, burglary, grand larceny, and grand larceny auto—in the subway system fell by 35.9%. In the city above, rates fell only 17.9%.⁵

Quality-of-life policing was paralleled by the three “Ps” of community policing: problem solving, partnership, and prevention. Each was intended to leverage Kelling and Wilson’s central point: “The essence of the police role in maintaining order is to reinforce the informal control mechanisms of the community itself.”⁶ At the heart of this is the concept of properly applied police officer discretion and a recognition that enforcement is not the only option for preventing crime and disorder. After all, cops dealing with disorderly behavior say “knock it off” or “move along” far more than “you’re getting a ticket” or “you’re under arrest”—the essence of officer discretion. In safe communities, neighbors do the same.

If, for example, Mrs. Smith in Apartment 7B feels safe telling Tommy Down-the-Hall to knock it off when he misbehaves, officers can prioritize admonitions rather than enforcement—if they have to get involved at all. But if Tommy Down-the-Hall is too dangerous or too out of control, and/or if Mrs. Smith is too scared, the police must intervene. They must take action *for* Mrs. Smith. When warnings won’t do, handcuffs will. The goal, however, is to enforce only until things get better—and then transition into more discretionary policing that can be done *with* Mrs. Smith. The final stage comes when the overall sense of safety is such that Mrs. Smith can reinforce those informal control mechanisms for herself.

Problems arise when that transition does not occur. Imagine that police officers have helped bring crime down, that Tommy is

rowdy but not criminally threatening, and that Mrs. Smith feels safe. If the police are still in the “for” and not in the “with” mode, their enforcement efforts may have the opposite effect on Mrs. Smith. Rather than feeling relieved that the cops have protected her, she feels resentful at how Tommy is treated.

In practice, however, community policing was often separated from crime-fighting. You don’t push Mrs. Smith on the “shared responsibility” of public safety when Tommy has an Uzi and a murder occurs in the city every four hours. D-Day comes before the Marshall Plan. Neighborhoods had to be made secure before cops could ask people to come out and work with them.

Establishing that security was greatly facilitated by CompStat, which grew out of Bratton’s pioneering use of data in Boston in the 1970s as part of the Fenway project. Using acetate pin maps, he noted crime hot spots and put cops on the dots. When Bratton came to the NYPD in 1994, he took this practice to the nth degree, with the help of the late Jack Maple and then-Chief of Department Louis Anemone. The CompStat system brought precinct commanders and other police leaders to headquarters every week, where the NYPD’s executive corps would hold them accountable to identify patterns and trends of crime after several incidents, not after 20 incidents, and recognize conditions before they deteriorated. CompStat was a data-driven return to Peel and a rebuke of response-oriented policing.

CompStat and quality-of-life policing became the main drivers of New York City’s massive drop in crime. It also helped kick-start a national decline in crime, showing the nation that something could be done about crime beyond answering radio runs and hand-wringing over root causes.⁷

Policing and the Great Divide

Nevertheless, these reforms led, once again, to unintended consequences. Because CompStat used numerical inputs (crime statistics and enforcement numbers, like arrests, summonses, and, to a lesser extent, reasonable suspicion stops, aka “stop, question, and frisk”) as proxies for its operational outcomes (a safer, more orderly

city), it was susceptible to confusing the means for the ends. In other words, it could be misapplied as a numbers game rather than a results-oriented system. Moreover, CompStat and Broken Windows policing could also be misinterpreted as “zero-tolerance policing,” which they are not and have never been.

An overemphasis on numbers ultimately become a source of the next major crisis for the NYPD: stop, question, and frisk. That crisis, in turn, presaged the next major crisis for policing across the country: the Great Divide.

During the first decade of the 2000s, the NYPD saw the huge crime declines of the 1990s level out. This was largely a function of how high crime had been: there was, simply, less room for it to fall. But in New York, even as then-Police Commissioner Raymond Kelly assigned hundreds of officers to new units involved with antiterrorism and intelligence following 9/11, his budget-conscious mayor Michael Bloomberg quietly allowed the NYPD’s rolls to dwindle from approximately 41,000 to just over 34,000. Faced with the challenge of continually doing more with less, the NYPD pushed harder on the CompStat system, and essentially pared it down to a single, implicit maxim: “more is better.” That is, more arrests, more summonses, and, unfortunately, more stops. Arrests and summonses are predicated on probable cause, but stops are predicated on reasonable suspicion. Like probable cause, reasonable suspicion is a constitutional standard but a more subjective one. Overemphasizing reasonable-suspicion stops through CompStat was a significant mistake.

At the same time, to compensate for its ebbing rosters, the NYPD created a new deployment plan, Operation: IMPACT, in the mid-2000s. Inexperienced rookie officers, fresh from the police academy, were sent to some of the city’s highest-crime precincts. They were separated from the standard precinct structure and removed from the normal burdens—and lessons—of patrol. Instead, they were encouraged to employ enforcement with relatively little discretion. While this was not an official policy of “zero tolerance,” arrests, summonses, and stops trended sharply up, by more than 40% from 2003 to 2011, with ever-diminishing returns insofar as crime reduction was concerned and ever-worsening alienation of

too many citizens. By 2011, the NYPD had recorded 694,482 reasonable-suspicion stops, many done by officers assigned to Operation: IMPACT. Expecting the least experienced officers to use, with more and more frequency, one of policing's most complicated tools—the ability to understand, recognize, act on, and then articulate reasonable suspicion—was another significant mistake.

When public opinion began to turn against the volume of stops, the NYPD defended their value. The department argued that UF-250s (the internal form on which officers recorded each reasonable-suspicion stop) had contributed to important arrests and even helped exonerate suspects—for example, by showing that someone was stopped in the Bronx when he was alleged to have been committing a crime in Brooklyn. The department argued that nearly 700,000 stops did not mean nearly 700,000 people because many suspicious people—pattern-robbery recidivists stalking victims, petty thieves casing parked cars, drug dealers peddling on the corner—were stopped repeatedly. The department argued that with more than 15,000 officers in enforcement positions, nearly 700,000 stops meant fewer than one stop a week per cop—and if a police officer going about his or her regular duties doesn't see a single thing that is reasonably suspicious in the course of five work shifts, he or she might not be doing the job very well.

Moreover, the NYPD argued that nearly 700,000 stops weren't really nearly 700,000 stops—because some cops used UF-250s to document witness interviews, warnings, or even simple interactions such as, “Hi, how are you, can I get your name?” The department argued that only half the stop-and-questions included the more invasive frisk; it argued that the plaintiffs in a federal lawsuit against the practice, *Floyd et al. v. City of New York et al.*—with years to find an army of complainants with glaring instances of abused authority or clearly unconstitutional acts—had instead found only a small number of complicated encounters whose subtleties were discernible in a judge's chambers in ways they were not on the street.

None of these arguments was successful. The NYPD's case for its reasonable-suspicion stops failed to win over critics. For neighborhoods that felt encumbered by experiences that didn't happen

elsewhere, for individuals who felt humiliated by the stops, and for observers tallying the data, numerical context did not matter. Deep dives into the statistics did not matter. What mattered was that, in the communities that needed the NYPD the most, the fact of nearly 700,000 stops with a 12% summons-or-arrest rate was unacceptable. It mattered, too, that the racial disparities in stop, question, and frisk were stark. The fact that blacks and Hispanics are the victims as well as the perpetrators of violent crime at rates that far exceed their representation in the city's population—rates even greater than the rate at which blacks and Hispanics were stopped—was obscured by the massive tide of stops and a profound sense that they were not applied equally.

By the time unease about stop, question, and frisk came to a head in 2013, with the mayoral election and a ruling against the NYPD in *Floyd*, the department had already begun to address the issue, largely by happenstance. As executives and supervisors foresaw the outcome of the federal trial, they eased their performance pressures. New, onerous review policies meant that each UF-250 had to be examined and countersigned by a supervisor. Many supervisors ceased asking their subordinates for reasonable-suspicion stops. When sergeants ask their squads how many radio runs, complaint reports, summonses, and arrests they have for a quarterly evaluation period, but they leave out stops altogether, cops get the message. Accordingly, cops drastically curtailed the practice. From their high of 694,482 in 2011, stops fell to 540,453 in 2012, and to 194,142 by the end of 2013, when Commissioner Kelly's term ended.

At the same time, Operation Crew Cut, a focused-enforcement effort that Commissioner Kelly began in 2012, made significant dents in the violent crews that were disproportionately responsible for shootings and homicides. Those categories of violent crime fell significantly. Inadvertently, the NYPD had stumbled onto a new truth: you could decrease blanket, pervasive enforcement operations in hot-spot areas (a notion that went against prevailing wisdom) and simultaneously increase narrowly directed enforcement against impact players and still reduce violence.

When Bratton became commissioner for the second time, in

2014, the NYPD began actively cooperating with the monitor appointed by the federal court to oversee the NYPD's internal policy around reasonable-suspicion stops. That scrutiny, as well as the more elaborate UF-250 that was developed with the plaintiffs, pushed stops lower still, to 22,939 by the end of Bratton's first year.⁸ For the NYPD, it seemed that the crisis was being addressed.

Then came the police-involved homicides of Eric Garner on Staten Island and Michael Brown in Ferguson, Missouri, in the summer of 2014. This touched off the next great crisis for law enforcement: the Great Divide between police forces and the public, especially in minority communities.

Recurring protests ensued in cities around the country. Accurately or not, these protests became nearly synonymous with the group Black Lives Matter; in truth, hundreds of thousands of Americans from all walks of life and all races participated in them, calling out for fairer, more connective policing. Although the great preponderance of demonstrators were peaceful, some were bent on disorder. In several high-profile incidents, demonstrations dissolved into riot. Even those that were predominantly nonviolent were frequently characterized by deep vitriol—descending to an entire crowd chanting, “What do we want? Dead cops! When do we want it? Now!”⁹ In not a few instances, the police tactics used to quell the disorder were clumsy, ineffective, and overly militarized, leading to even more antipolice sentiment.

In New York, the frequency and scale of demonstrations intensified in November 2014, following the death of Akai Gurley, a 28-year-old African-American man shot by police in Brooklyn,¹⁰ and a Missouri grand jury's decision not to indict the Ferguson officer who shot Brown. Unlike the Ferguson protests, the New York demonstrations did not end in arson and tear gas; nor did the NYPD use military-style long-guns, camouflage, or armored vehicles to quell the disorder. But the ranks of protesters swelled again in early December, after a Staten Island grand jury refused to issue an indictment in the death of Garner. These protests were more chaotic and included several assaults on officers. Some nights saw hundreds of arrests.

New York teetered on the edge of bedlam until the assassination of Detectives Rafael Ramos and Wenjian Liu in Brooklyn by a

madman claiming retribution for Garner and Brown.¹¹ The killings knocked the wind out of the more vehemently antipolice protesters. Not that the anger or hatred vanished: a third NYPD officer, Miosotis Familia, was killed on July 5, 2017, just for the uniform she wore.¹²

Big demonstrations continued elsewhere, though, usually motivated by new police-involved shootings, often of black men, some unarmed. But the ambush of Dallas cops at an otherwise peaceful march on July 7, 2016, which killed five officers and injured nine others, and the shooting of six Baton Rouge officers 10 days later, killing three, changed the national tenor. There would still be protests; but by this point, the press had mostly turned away from the protests and demonstrations.¹³

Nevertheless, cops everywhere still feel their impact: in the cell-phone cameras that seemingly come out every time they take public enforcement action; in what they believe is a greater willingness to resist arrest; in the alarming spike in felonious line-of-duty deaths police have suffered this year (firearms-related line-of-duty deaths are up 37% through August 3, 2018, versus the same time span for 2017);¹⁴ and every time they are judged as a class, based on a lone officer's actions.

These feelings have led to one of the most self-defeating outcomes of the Great Divide. In places where public trust was already tenuous, some officers apparently began to ease off policing, damaging public safety and further eroding trust. Speaking in Chicago in October 2015, then-FBI Director James Comey noted “a chill wind blowing through American law enforcement.” The proof of this de-policing phenomenon, the so-called Ferguson Effect,¹⁵ has been contested, although a recent study by two professors at the University of Utah found “empirical evidence that the reduction in stop and frisks by the Chicago Police Department beginning around December 2015 was responsible for the homicide spike that started immediately thereafter.”¹⁶ Even in cities where its putative impacts—decreased enforcement and higher crime—aren't apparent, few officers doubt its existence.

In New York, for example, following the 2014 protests and the

assassinations of Ramos and Liu, the NYPD went through a brief enforcement slowdown in December 2014 and January 2015. The decreased enforcement was not accompanied by higher crime, however. Contrary to most public opinion at the time, we believe that the slowdown was largely ad hoc, not driven by the unions and not premeditated. It was, instead, the reaction of exhausted men and women who had policed 10 weeks of constant demonstrations in cold weather, maintaining order while being shouted at, goaded, and even spat upon. Then, just in time for Christmas, they had watched aghast as two of their fellow officers were murdered.

The NYPD's command staff used that unplanned slowdown to set a new enforcement baseline. On their own, the cops had figured out how to ease up on some enforcement—summonses, certain misdemeanors—while maintaining response times to “heavy jobs” (radio runs for in-progress felonies) and continuing to make felony arrests. Much of what they moderated, they believed, were activities that contributed more to the city's administrative needs than to public safety, such as ticketing parking violations and writing peddler summonses. If you're a cop, you acknowledge that these quality-of-life conditions can't go unaddressed, but you also know that enforcement is not the only way to deal with them. A quick hit on a police siren can get a double-parked car to move; a warning can get a peddler to clear the sidewalk. These actions can save cops a day in court, too, keeping them out in the field.

The NYPD embraced this use of individual officer discretion and made it strategically intentional. Bratton and his team immediately enhanced training, procured safety equipment, and, within six months of the murders, prevailed upon the mayor and the city council to authorize the first headcount expansion in more than a decade. At the same time, then-Chief of Department O'Neill and then-Deputy Commissioner for Operations Dermot Shea used the NYPD's weekly CompStat sessions to reorient commanders and cops alike on quality over quantity.

Precision Policing as a Response to the Great Divide

Creating cultural change among cops requires buy-in because cops hate two things: change and the way things are. The NYPD embraced the idea that a strong security environment meant that we could decrease certain types of enforcement while stressing others. Crime-fighting and better police–community relations could go hand in hand. Precision Policing is a framework, an organizing principle, to ensure that police work with the community in ways that add up to police legitimacy because the methods are integrated into the heart of patrol work, and not segregated as an ancillary function. It ensures that police use connectivity more than enforcement; but when enforcement is necessary, it is accurately and narrowly directed. In the New York context, the reinvigoration of CompStat, the emphasis on focused crime-and-disorder enforcement, and the development of Neighborhood Policing were applied to many initiatives, including:

Unified Investigations. In 2016, Bratton reorganized the detective bureau; under then-Chief of Detectives Robert Boyce, “the Bureau,” as it’s called, absorbed the majority of the NYPD’s other investigative units. The goal was to create a single umbrella command while allowing the parts within it to work more closely with one another and with precinct-based, patrol resources. Organizational and informational “silos” are out—the unified investigations model thrives on collaborative operations.

The Gun Violence Suppression Division, for example, targets offenders most likely to use firearms. It works not only within the department but also with a host of external partners, such as the FBI, the ATF (Bureau of Alcohol, Tobacco, Firearms and Explosives), and the courts. Inside the NYPD, the division integrates the long-term casework experience of detectives from gang, narcotics, and vice with the street knowledge of precinct-based squad detectives and anticrime officers. This division is owed a great deal of credit for New York’s tremendous drops in homicides and shootings.¹⁷

Trust-Building Mechanisms. Bratton created an Office of Collaborative Policing under Deputy Commissioner Susan Herman, for example, with a mandate to find innovative ways for the NYPD

to connect with the people it serves and to identify and build the partnerships necessary to do so. The office was tasked with three roles: 1) exploring nonenforcement options, including efforts such as Project Reset, which provides pre-arrest diversion for first-time nonviolent offenders aged 16 and 17, and is intended to reduce the number of people “in the system”; 2) expanding the public’s access to police services, including a Crime Victim Assistance Program; and 3) designing creative strategies to complement the department’s focused crime-and-disorder enforcement, such as co-response teams that include mental-health clinicians and NYPD officers. The teams are designed to intervene with people who are experiencing mental-health and/or substance-use disorders, who are a threat to the community and/or themselves, and who frequently are, or may become, homeless.

Counterterrorism. The first years of Mayor de Blasio’s term coincided with the rise of the Islamic State (ISIS). Using social media marketing principles equal to any Madison Avenue shop, this terrorist group created a poisonous narrative that framed failures as success; promised adherents belonging, valor, and empowerment; and gave them tools to pursue jihad. It also created new methods of terror. Al Qaeda strove primarily for large “directed” attacks, where the actors were trained, and/or equipped, and/or deployed by handlers or leaders in the terrorist organization, or “enabled” attacks—those where the actors have been in direct contact with and guided by the terrorist organization. ISIS is different.

The Islamic State perfected the “inspired” attack—one in which an actor or actors, working alone or in tight, frequently familial groups, have no direct contact with the leaders or agents of any terrorist organization. These are often called “lone wolf” attacks, and they often eschew grand schemes and high body counts for brutally simple violence that uses whatever tools are at hand—knives, axes, or cars. As of this writing, three such attacks have occurred in the city in the past two years: the Chelsea bombing in September 2016 (exactly one day after Bratton retired); the West Side Highway vehicle attack in October 2017 that killed eight; and a suicide-bombing attempt in a Times Square Port Authority tunnel in December 2017.¹⁸

To address this threat, Bratton directed Deputy Commissioner for Intelligence and Counterterrorism John Miller to create the Critical Response Command, or CRC, while then-chief of department O’Neill created the Strategic Response Group, or SRG. CRC comprised 520 uniformed officers, specializing in site protection, counterterrorism, and countersurveillance. They were equipped with heavy weapons and trained in active-shooter response, as well as CBRN (chemical, biological, radiological, and nuclear defense) and VBIEDD (Vehicle-Borne Improvised Explosive Device Detection). They would be the Emergency Service Unit’s (ESU) first line of assistance. The Strategic Response Group comprised 660 uniformed officers, specializing in crowd control and disaster preparedness. CRC and SRG help the NYPD keep people safe while keeping first responders safe, as well.

Enhanced Training. The NYPD Police Academy added a field-training module to its six-month-long recruit-training program. Much of the training initially was associated with de-escalation, but it also includes instruction on ethics, the nobility of policing, new physical-control tactics, and new deployment models such as active-shooter interventions. The NYPD also worked with mental-health professionals and researchers to develop crisis-intervention training, or CIT, which teaches officers to recognize, approach, connect with, and gain voluntary compliance from substance abusers and emotionally distressed persons. The course does not turn cops into social workers, but it does give officers better tools to help people and keep them safe.

Satisfaction and Safety. When police leaders do right by their cops, it translates to cops doing right by the neighbors they serve. Morale is always a complicated issue, affected by the micro (“Do I like my assignment, my commute, my partner?”) and the macro (“Is there meaning and reward? Am I treated and compensated fairly?”). No leader has the capacity to address all of these, so Bratton endeavored to address disciplinary fairness, career satisfaction, and officer safety. With Mayor de Blasio’s approval (and his addition of attorneys to the New York City corporation counsel’s office), the city stopped acquiescing to frivolous lawsuits that, in the short term, were cheaper to settle than to fight but that were doing long-term damage

to officers who knew that they had acted lawfully. We renovated precinct houses; upgraded our 9,000-vehicle fleet; provided new safety equipment like better bullet-resistant vests, helmets, and shields; deployed additional TASERS for supervisors and senior officers; and created new positions and new career possibilities, along with the technological means to access and navigate the new opportunities.

Technology. To support the training, to facilitate new programs like Neighborhood Policing, and to enhance focused crime-and-disorder enforcement, we gave the cops new technology. From smartphones with custom-designed applications that allow cops to access terabytes of data in the field, to body cameras, to tablets in their vehicles, we modernized a department that had been using typewriters and Polaroids as recently as a few years ago.

Telling the Story. All these efforts would be only half-measures if no one knew about them. To that end, we endeavored to create true, two-way communications between the NYPD and its members, and between the NYPD and the community. This included an exhaustive schedule of community meetings and personal outreach on the part of the commissioner and his executive staff, but it also leveraged social media. Starting in January 2014, Bratton immediately took to Twitter; by the end of the year, in a program developed by then–Deputy Commissioner of Strategic Initiatives Zachary Tumin, every precinct had a Twitter account of its own. Today, there are more than 110 precinct Twitter and more than 50 precinct Facebook accounts, as well as a central Facebook account with 775,000 followers, a newly redesigned official website that had more than 10 million page views in 2017, and a variety of ways for the NYPD to tell its own stories of bravery, compassion, and humanity.

Putting It All Together

Precision Policing is not only a reform for big cities. It is, instead, an organizing principle that can work anywhere, by embracing local culture, history, environment, geography, size, demographics, and politics. The two primary components, focused crime-and-disorder enforcement and Neighborhood Policing, can be expanded or contracted, as appropriate, but the strategy boils down to a simple

mantra that can work in any of the country's 18,000 police departments: in all things, police leaders must ask, "Is this precise? Is it focused and intentional? Is it designed to prevent crime and disorder? Will it make people safer, and is it fair?"

For example, in a relatively low-crime city, Neighborhood Policing would benefit from more attention than focused crime-and-disorder enforcement. In a city experiencing high crime, that calculus may be reversed. But in any city, the focus on fairness *and* crime prevention, on both the "public" and the "safety" parts of "public safety," can make policework more precise and effective.

Foremost among caveats and cautions: with regard to quality-of-life enforcement, tempering does not mean abandoning. While maximizing resources by scaling back time-consuming arrests for low-level offenses (as we did with marijuana enforcement) can be smart management, officers should not be mandated to abandon their penal enforcement tools in favor of civil enforcement tools *in all cases*. Similarly, with regard to the balance of focused crime-and-disorder enforcement and Neighborhood Policing, scalable does not mean removable. Neither police leaders nor political leaders can discard components wholesale. For example, recent trends in New York that cease enforcing offenses like fare evasion in the subways are a source of concern, and certain crime upticks should be taken as warnings against these trends.

Looking Back—and Ahead

Based on the past half-century of law-enforcement experience, it is all but inevitable that, however successful it is and will be, Precision Policing will be criticized. In many communities, focused crime-and-disorder enforcement will be subject to objections that it affects minority populations more than others. In some communities, there may be a risk that allowing officers to exercise greater discretion may lead to abuses of authority or corruption.

Consider the first objection. No matter how much focused enforcement diminishes the total universe of people affected by police enforcement in America's major urban centers, minorities—now and for the foreseeable future—will be disproportionately the vic-

tims and perpetrators of violent crime. We can hope, however, that as Neighborhood Policing strengthens communities throughout the city, those proportions will change even as the whole numbers are continually driven down.

And consider the second objection. The answer is training, supervisory oversight, and accountability. The more officers are inculcated in the police mission, the more their discretion will be used in its service.

Across America, overall major crime—murder, rape, robbery, felony assault, burglary, grand larceny, and grand larceny auto—is down 38.4% since 1991. Although it has decreased every year since 2002, those decreases have become smaller and smaller. And although overall violent crime—murder, rape, robbery, and felony assault—reached a 36-year low in 2014, it suffered an appreciable 8% spike from 2014 to 2016. The jump was driven mostly by large increases in several major cities; Chicago, for example, experienced a 58% increase in homicides in 2016. But owing to Precision Policing’s focused crime-and-disorder enforcement, New York has defied the trend. Crime there is down 80.8% since 1991. Not only has the city avoided the nation’s violent-crime increase; it has dropped 13.2% over the past five years. Robberies, shootings, and murders have had particularly steep declines.¹⁹

The police profession can, and must, confront the things it needs to do better. Working with the public and elected officials, it can help to make communities safe *and* fair, everywhere for everyone.

Endnotes

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CHAPTER 3

UNCLOGGING THE PERMIT PIPELINE

**By Stephen Goldsmith and
Michael Hendrix**

Introduction

Local governments play a central role in determining who gets to open a business or build a building. Yet city hall too often forces citizens to navigate a dizzying paper trail to engage in either activity. With startup rates nearing a four-decade low and building costs spiraling upward,¹ local leaders should be assessing whether their regulations are effectively balancing the public interest in protecting the health and safety of residents with economic opportunity.

The evidence suggests that regulatory regimes are failing to balance these interests. State and local regulatory burdens are consistently among the top concerns cited by business owners in Thumbtack's Small Business Friendliness Survey.² In particular, the requirements for obtaining a permit or license often have the greatest influence on whether local governments are judged as supportive of entrepreneurship. What is true for business also holds for any citizen who must obtain a public permission slip.

In New York City, to take one spectacular example, small businesses are governed by more than 6,000 rules, 250 licenses and permits, and 15 agencies, according to the city's comptroller.³ Nearly a third of these businesses report waiting six months or longer to obtain necessary approvals from the city to open up shop. More than

half said that agencies failed to adequately communicate with them. Restaurateurs typically need some 30 permits, registrations, licenses, and certificates—together with up to 23 separate inspections—in order to start their business. A complicated permitting process penalizes new entrants while advantaging experienced business owners to navigate it.

Permits govern everything from the basic acts of starting a business or constructing a building to the specifics of ensuring electrical and food safety. The goals of a permit are simple though critical: to establish standards, inform the public, and foster trust. Often cities add licenses that determine whether individuals will be allowed to ply their trade at all, such as to be a bartender or to cut hair in a salon.

Nearly every business in America must obtain some type of permit or license from federal, state, county, or city officials.⁴ The same holds for the entire built environment and more than a quarter of occupations.⁵ But obtaining a permit today is a slow slog for homeowners, developers, and entrepreneurs. Time and costs quickly accumulate in proportion to complexity. An entire class of professional “expeditors” exists to help navigate the permitting process.⁶

It doesn’t have to be this way. While significant attention has been paid in recent years to state licensing regimes, local regulations requiring permits are greater in number and less understood even as their impact grows. Some cities are rethinking their regulatory regimes. Based on the changes they have implemented, this paper makes suggestions for other cities willing to tackle the permitting processes and attendant bureaucracies that act as *de facto* barriers to—or that increase the cost and delay of—business formation and building construction.

How Did We Get Here?

Today’s local permitting regimes arose out of the late-19th-century and early-20th-century Progressive movement. Progressives of that era believed that government could be professionalized by rules-based scientific management. Their biggest victory at the local level came with New York City’s large-scale civil service system in 1913. This system led to reliable city services, greater fiscal integrity, and

merit-based appointments. Progressives also set in motion the notion that experts in local government could maintain standards in the marketplace through rigorous, standardized permitting regimes as well as ensure health and safety in the workplace through regular inspections and review.

As governmental responsibilities began to grow dramatically in the 1960s—from environmental protection to historic preservation and economic mobility—the number of departments and job titles in local government multiplied. These jobs increasingly overlapped and fragmented, leading to complexity and reduced responsiveness. Regulations accumulated like pebbles in a stream—each one with a purpose but together shifting and stemming the flow of economic activity.⁷ With more at stake in public oversight, risk became less acceptable, requiring yet more review and enforcement.

Today, the century-old Progressive model of local governance is showing itself out of date and in need of reform, particularly when it comes to permitting and licensure. Whether in the way city hall protects the consumer or in the way it engages with a small entrepreneur, government rarely orients the experience around the needs of the user.

Cities should work toward permitting regimes that lower barriers to opportunity and improve civic governance. Absent reform, cities risk perpetuating a form of regulatory inequality that favors citizens with enough resources to navigate through or around complex permitting processes. Over time, this situation erodes public trust in government and puts a damper on economic development. Public safety is fundamental, but too many municipal governments have neglected convenience—a customer-service mentality—for businesses. City leaders must start from the reality of their permitting system, the state of their digital operating systems, and the quality and culture of their public institutions. No single reform can transform a city's business environment, but a series of incremental changes has often brought about significant improvements.

This paper proposes three overlapping approaches to reforming local permitting systems:

- 1. Systematic Reform**—making processes simpler and more efficient
- 2. Digital Tools**—utilizing big-data analysis and placing processes online
- 3. Human-Centered Design**—putting the user experience at the forefront

Reviewing and reducing permitting burdens is not merely about cutting regulation but about improving the entire citizen journey from agency to outcome.⁸ This is the experience that individuals have across multiple touch points and different channels of interactions with government from when they first approach an agency to when they get a result. We use the word “citizen,” understanding that local government regulation has a range of stakeholders and users who do not neatly fit the definition of customer but whose experience nevertheless matter. For the purposes of this paper, the two most prominent stakeholder categories deserving of customer-like attention are the businesses, which are also regulated parties that must comply with local rules governing the marketplace; and the consumers of products or services of those companies.

Citizen-centric governance transforms the journey of these stakeholders through government. “When governments deliver services based on the needs of the people they serve,” concluded Emma Dudley and her coauthors at McKinsey & Co., “they can increase public satisfaction and reduce costs.”⁹ Service delivery is central to the role of local governments, and applying for a permit is one of the most significant interactions that it can have with citizens. Yet public-sector leaders struggle to ascertain the full scope of the requirements and processes that citizens interact with. The result is government service delivery that is designed for and directed at the needs of government itself.

Systematic Reform

The first step that mayors and other local leaders should take toward making their permitting processes simpler and more efficient is to get their arms around the problem. Government regulation helps

ensure a marketplace where consumers can make decisions, confident that certain assertions of quality or quantity by a business are accurate and that their health and safety are reasonably protected. How best to accomplish these goals?

In the early 1990s, coauthor Goldsmith, then mayor of Indianapolis, believed that his city's 2,800 pages of local regulations were weighing down economic growth. To relieve the burden, his administration first conducted a full inventory of regulations and the activity they covered; then it surveyed local businesses to systematically understand the exact pressure points from local regulation.

In response to the findings, Goldsmith formed the Regulatory Study Commission, tasked with easing regulatory burdens on citizens and businesses. Its work was aimed at encouraging economic development, boosting affordable housing, and offering more accessible city services.

The commission calculated the cost of regulation in Indianapolis—for public enforcement and in business impact—at \$125 million a year.¹⁰ In reforming these regulations, the city adopted a transparent analytical framework to weigh costs and benefits with a focus on improving outcomes rather than processes.¹¹ The elimination of permit and fee requirements resulted in enhanced approaches to health and safety as well as annual cost savings in the hundreds of thousands of dollars to small businesses and property owners. In addition, the changes served as a cornerstone to the Goldsmith administration's economic small-business development strategy.

The takeaway is obvious: city leaders undertaking reform need to understand the effects, in terms of costs, health, and safety, of their local permitting regimes. Understanding these baselines will become a critical element of reform and should include surveying and developing an inventory of existing permits and processes, their place in the overall regulatory landscape, and an understanding of the history of the city's regulatory environment.

After a regulatory commission review that clarifies exactly what health and safety risks are the object of regulation, the next step would be a complete mapping of the citizen's journey through the permitting process. This review should include commercial permits

and licenses that condition doing business in the city as well as retail-type permits that directly affect residents and indirectly involve businesses, such as requiring a dog license that may require a rabies shot or a home security alarm license. The point is to grasp the scope of the regulatory processes currently in place as well as their particularities and shortcomings.

Engaging stakeholders and end users, such as businesses and contractors as well as their customers, will help sort through the challenges. Risks and compliance costs change over time; thus, continuing this dialogue on a regular basis could help turn a one-off engagement into a platform for collaboration and dialogue around local regulation. Additionally, frontline staff in city departments, along with senior-level supervisors, have a deep understanding of permits and processes; their contributions to a survey of the regulatory landscape are invaluable.

After a survey and inventory process has been completed, the results should be publicized. Regular reports with clear metrics tracking the progress of reform encourage transparency, facilitate a multiparty discussion, and build public buy-in. These reports also signal that permitting reform is a political priority.

Regular Regulatory Reviews

Beginning in 2012 (and later codified in 2014), Colorado required state agencies to continually review all existing rules on the basis of their efficacy, efficiency, and whether they were essential. Following cost-benefit analyses, every rule considered for modification or repeal is open to public comment. These “regulatory efficiency reviews” originally resulted from a series of statewide roundtable meetings held by Governor John Hickenlooper and were subsequently implemented in consultation with business and labor groups.¹²

These reviews build on Colorado’s sunset process, implemented in 1976, which sets a specific date for an agency or function of government to terminate unless the legislature passes new authorizing legislation. The Colorado Office of Policy, Research and Regulatory Reform (COPRRR) reviews and makes the final determination regarding sunset regulations, based on 10 criteria, including

whether the original reasons or conditions for a rule have changed since it was implemented. In 2017, for instance, COPRRR recommended sunseting the state's Environmental Management System Permit Program, which was meant to consolidate multiple permits into a single one but had not been used since 2007.¹³

Colorado's example can be followed, with appropriate modifications, by other states and local governments. Cities should introduce a regular review of their permitting processes. These reviews should include consistent feedback mechanisms that build on the preliminary surveys and inventories, with an eye toward reducing unnecessary regulatory burdens. Cost-benefit analysis is one reliable approach to regulatory review. Understanding the net effect of a permit and its attendant regulation(s) provides decision makers with an objective measure to judge whether reform is necessary. The question could be whether a regulation is necessary at all, or could it address health and safety risk at less cost.

Few cities have the expertise to do a complete cost-benefit analysis of a specific regulation. Even so, addressing the challenge helps focus a city's thinking about the issue. In many instances, local governments can partner with an area university or think tank to assist with cost-benefit analyses of the more far-reaching regulations.

An independent regulatory review commission can determine whether a permit can be removed or converted to a regulation or local law that does not require permitting. Since many permits often protect an incumbent class of businesses, such commissions help catalyze reforms by lowering political barriers (similar to the military's base closure commission). Michael Mandel and Diana Carew at the Progressive Policy Institute have proposed such an idea at the federal level.¹⁴ Combined with sunset clauses built in to policy, cities can ensure that local permitting regimes are subject to continuous review with political buy-in.

Feedback systems also generate understanding and public support for reform. Real engagement should be more than a comment box. Engagement must be active, such as through direct outreach with specifically formulated survey questions and supported by frequent face-to-face and social media interactions. Government must

reach out to affected citizens, asking them to grade experiences rather than simply waiting for them to complain. Moreover, as citizens engage in various touch points with government throughout the permitting process, quick “pulse checks” can help paint a comprehensive picture of the citizen’s journey through government.

Simplification and the One-Stop Shop

In 2011, when Mayor Rahm Emanuel took office in Chicago, the impression among business owners was that Chicago’s regulatory system was complex, burdensome, and outdated—and that the permitting process, in particular, was hindering their growth. Emanuel responded by charging the city’s Innovation Delivery Team with understanding the problems with the existing regulatory landscape and establishing baselines for reform.

The team quantified the volume of regulations, the amount of time it took to go through the city’s processes, the degree of resources necessary to comply and certify, and the amount of effort required on the part of small businesses overall. Working with city agencies, they looked at permitting, licensing, and inspections data over time. The mayor’s team found 117 unique types of business licenses (compared with, for example, 40 in Phoenix or 50 in Philadelphia). The median startup time for a new restaurant in Chicago was more than two months. Moreover, while some 17% of rezoning requests went unprocessed by the city, more than 1,300 buildings were receiving more than three inspections a year (an unusually high number).

Chicago passed an ordinance in 2012 reducing the number of license types by 60%, from 117 to 49, through consolidation and the removal of outdated licenses. The city restructured its business inspections process with an eye toward transparency and simplicity (e.g., conducting several inspections in one visit on a single scheduled date). It also set up a one-stop shop called the Small Business Center that removed the need for some small-business owners to visit multiple city departments or fill out duplicative forms to start a business.¹⁵ A quarter of walk-ins to the center were in and out in 10 minutes or less, the average permit reviewed and approved in less than 70 days, and new business licenses issued in under 20 days on

average (in more than three-quarters of the cases, between one and four days).¹⁶

Chicago's example suggests that true city reform means eliminating multiple permits and designing a process that places the burden on government to sort out its own review process and help applicants achieve their goals. City leaders should set clear and ambitious permitting-reform goals under the rubric of economic development—for instance, one stop, one application, and half as many agencies. There may also be a role for state or local standards for permit approval times and judicial review.

In the interim, cities should consider providing a “one-stop shop” for permits, with a goal of streamlining processes and improving the customer experience. One-stop permitting should guarantee to get the average business up and going within a certain time frame (e.g., 30 days or less and, for simple permits, an instant online approval). Cities such as New Orleans and Riverside, California, have set up offices similar to Chicago's for streamlining permitting and licensing.¹⁷

The value of a one-stop shop—with a virtual front-end and an in-person guide—is that a single agency controls the permitting process and is accountable for the results. Its staff may develop over time the skills and culture necessary for driving a positive user experience, interacting with other public agencies, and engaging with community stakeholders. For permit applicants, the one-stop shop means equitable access to government as well as clarity and consistency during the process.

If the goal of a city's leaders is to substantively change their permitting regime, initiating small pilot efforts at reform may speed the rate of change and its permanency. Adjusting permitting approaches for a specific subset of applicants helps lower the stakes of reform while saving time and money. It also allows for an iterative reform process based on critical end-user feedback. Cities can grasp any unintended consequences early on and revise their reform approaches before engaging in a wider rollout.

Systematic Reform Recommendations

- Survey and map the local regulatory landscape.
- Engage stakeholders and publicize the progress of reform.
- Conduct cost-benefit analyses of existing regulations.
- Commission a regulatory review process and oversight body.
- Implement sunset clauses.
- Implement citywide permitting-reform goals.
- Recommend state or local standards for permit approvals and judicial review.
- Develop a one-stop shop for permitting and licensing.
- Run small pilot efforts at reform and then expand.

Digital Tools

Data-driven permitting shifts cities away from closed, expert-run regulatory systems, allowing governments to take advantage of better information and more user feedback.

It used to take up to a year to wind through the regulatory maze of Newark, New Jersey, before a person could start a business.¹⁸ Now it takes 30 days, on average. The dramatic reform is thanks to Mayor Ras J. Baraka, who realized that time-consuming regulatory processes were a barrier to Newark's economic development. Baraka directed the city's Office of Technology to create a new, custom digital system for applying for and processing business licensing and permits. In 2015, the first beta tester of Newark's new approvals process, a Portuguese immigrant named Anthony Da Silva, obtained the business licenses that he needed to open his Cinnamon Sugar Bakery in a month.

The technological changes that have rippled through the private sector can transform the public sector. New software tools and smarter machines are enabling government to automate routine processes and deploy machine learning in order to act in time throughout the permitting process. We are seeing the widespread rollout of electronic permit processing and easy-to-use online portals together with handheld devices in the hands of inspectors. A seamless, customer-relationship management (CRM) system on the back end in-

creasingly enables dramatically better information-sharing in the department as well as better customer service.

Administrative tasks such as filling out or verifying information on forms often take up countless hours in agencies. Paper forms are an analog way of managing data flows, and the hassles of administering this “small data” approach tended to turn employees into specialists of compliance. Without these clerical burdens, employees are able to focus on issues that are more complex and use their discretion on questionable applications. With digital permitting tools, public employees have the opportunity to specialize their work, moving their freed-up time to identify riskier actors or practices and to tackle actual harms.

Digital Analysis and Evaluation

Phoenix, Arizona, charged its 125-member Ad Hoc Development Task Force with streamlining the city’s building development process. Their central recommendation in 2012 was for a self-certification program for registered professionals—such as architects and structural engineers—to review their clients’ plans to ensure that they follow the city’s building code, standards, and ordinances. This recommendation was subsequently implemented for qualified professionals who undergo regular training and random audits. Phoenix’s certification program focuses on low-risk building projects while higher-risk developments, such as hillside buildings and high-rises, go through the Building and Planning Department’s normal plan review process. By leveraging the city’s electronic plan review and integrated databases, professionally certified permits are now issued in one to five business days.¹⁹

Local regulatory regimes exist to reduce risk. Reviewing permitting requests and assuring compliance is essentially about mitigating risk. Without the tools to understand risk, cities have depended on an unwieldy, credentials-based approach to sourcing information and evaluation. It is nearly impossible to change government’s approach to regulation without the digital tools now available to target and monitor risk more precisely.

Third-party professional certification ensures that qualified applicants are fast-tracked through the regulatory process. Today,

most such programs, like the one in Phoenix, are limited to a small subset of experts and professionals; cities should expand third-party certification to a wider array of citizens for a greater share of permits and licenses. This helps the public sector avoid deregulating only connected contractors or well-known restaurateurs. As with TSA's PreCheck, governments have the means to determine an applicant's history in order to simplify or waive unnecessary reviews. A PreCheck-like program, or "RegCheck," would use integrated digital systems to check an applicant's history for risk proxies, such as consumer complaints, late taxes, workplace injuries, and the like. RegCheck-certified businesses or citizens would have a portable user profile that would enable them to access a speedier journey through government. The goal with accepting both third-party certification and data-accelerated review is to set up a "permission-lite" track that refocuses public resources on reducing actual harm and frees up time for examining complex requests.

The digitization of the regulatory process involves much more than automating existing systems. It involves how the public sector compiles information, evaluates risk, and interacts with citizens. Analysis for approvals and compliance should get information from distributed sources across government and in the marketplace. That suggests intake systems that talk to one another and analytics that are capable of processing information obtained online and offline across multiple platforms.

Furthermore, back-end processing systems should be seamlessly integrated with the front-end portals obtaining information from applicants. All too often, online permitting platforms and intake systems are merely digital wrappers on analog processes. Instead, cities should ask something more like, "What would Amazon do?" Analyzing and evaluating permitting applications should resemble TurboTax to the applicant, Google Docs to the reviewer, and Amazon for the city official.

Publishing and Reporting Data

Attracting and retaining businesses is a central job of the city's economic development team. But the process of doing business

with government is often filled with endless paperwork and miles of in-person trips to a seemingly opaque bureaucracy.

To alleviate the burden, San Diego's economic development team worked with OpenCounter (a startup based in Santa Cruz, California) to create an intuitive, easy-to-use online experience for permit applicants. A single sign-on to San Diego's permitting platform, launched in late 2016, triggers the creation of a user profile that works across applications and grows over time. The mostly automated process of applying for a permit is made transparent and clear so that applicants know what is expected of them and what the journey through government will look like. As a result, the number of permitting applications has increased, and response times have improved dramatically (in some cases, from days to minutes) while the city experienced a 111% year-on-year growth for FY2017 in the number of small businesses that it "assisted and expanded"—well above its 5% targeted increase. So far in 2018, San Diego's business portal has been used for more than 7,600 business permitting projects and saved nearly 3,000 hours in staff time.²⁰

Publishing permitting and licensing processes online, which an increasing number of governments are doing, is only the beginning. Cities also should show their procedural steps, be clear about expected timelines, and provide contact information to direct case managers. Even prior to the application process, regulators should make clear to applicants what is expected of them in terms of time, cost, and procedures. This information is best deployed as an educational tool in readily accessible places online but also as relevant context for each step in the permitting process.

But that is a static approach when what is needed is an always up-to-date sense of where a project is in review and what the time to completion is, along with where and why an application might be stuck in the process. There should be no question about who inside the government controls an application. What citizens gain in predictability, cities gain in accountability.

Grading and Scoring to Improve Inspecting

San Francisco worked with Yelp in 2013 to display public health

inspector ratings alongside crowdsourced ratings and comments from the public. While the city's public health department at first resisted this collaboration, it turned out that aggregated Yelp reviews identified the same bad actors as professional health inspectors 80% of the time.²¹ In 2018, Yelp added county health inspection data to its crowdsourced restaurant reviews²² and used safety alerts to steer customers away from bad actors.²³

The data now available to regulators include not only the structured data filed with the governmental agencies but also broadly available unstructured, “nonprofessional” information and know-how. The example of Yelp shows how social platforms already score restaurants in a way that augments the work of public inspectors. That is why cities should utilize reputational ratings and citizen reporting to inform and streamline their permitting process. Grading and scoring applicants by integrating widely held information can improve the process of obtaining a permit and help governments ensure compliance.

How cities “co-regulate” with consumers and the regulated industry will vary, based on the type of business being regulated. Municipal regulators must recognize the continuum that exists between low-risk business practices where customers have easy access to significant quantities of informative user reviews (such as for ride-sharing) and high-risk practices with relatively inaccessible or unavailable nonprofessional knowledge (such as the engineering quality of a commercial building).

Determining the right regulatory balance between traditional and open regulatory systems depends on the following criteria:

1. The type of information provided by third parties and how broadly it is available to consumers
2. Assurances by a third party of the accuracy, trustworthiness, and appropriate scale of the relevant data being supplied from nonprofessional sources
3. The presence of minimum standards of conduct such that reputational ratings encourage performance beyond mere compliance

Digital Tools Recommendations

- Consolidate several steps and permits into a single digital system with a centralized database and automated processes.
- Establish end-to-end customer-relationship management (CRM) systems for permitting that simplify each step.
- Redirect staff time to value-added activities, outsourcing as much of the commodity work as possible to automated systems or to third-party certifications.
- Design a certification program, along with pre-vetting and fast-tracking qualified applicants.
- Prioritize platforms and processes that are transparent.
- Utilize reputational ratings for ongoing oversight that augments public inspectors and private tech platforms.

Human-Centered Design

When Boston redesigned its website, the city aimed to build a new “digital home.” Designers crafted a new site with insights that it gathered from its users’ actual needs and with language accessible to them.²⁴ The site was made simpler, too—shrinking some 20,000 pages and 1 million words—and organized by topics and user needs rather than government departments. Among the pages redesigned was Boston’s permits and licenses page. The now-streamlined online portal guides users through the process of achieving their goals, such as installing new plumbing fixtures, in a user-friendly way. Indianapolis in its website refresh also looked at how human-centered design could make it easier for underserved residents to take advantage of city benefits.

Beyond procedural reform and digitization is the human element. Cities that simply cut permits or slap up an online portal often find that they are missing a crucial opportunity to reorient and rethink the design of government. Human-centered design focuses government’s attention on the user experience (UX) of its citizens, in person and online, as coauthor Goldsmith has written elsewhere in this volume. It takes into account a person’s behavior and needs in order to enhance that person’s satisfaction.

Human-centered design begins with simple research: How do

people use a form or interact with their environment when they file for a permit? In response to these findings, improvements should be made experientially and visually in the processes used to regulate as well as in the methods used to inform consumers. Protocols, processes, and platforms must be broken down to simplify them and to make them user-friendly, all in order to articulate a simple message: serving the citizen is our mission. Logos, publications, and even the experience of walking into a government building should speak the same design language of putting the citizen first.

Cities should design the permitting process for the first-timer so that he or she will feel as welcomed and as well served as an experienced applicant. The entire operation of a permitting process should be a customer-centric and user-friendly experience from end to end. Spaces both online and offline should fit this human-centered design, rather than physical and digital forms dictating to the human user. Reform anticipates meeting those interested in city services where they are, empowering applicants seamlessly to choose whatever channel of engagement they prefer, online or offline. The language presented to the permit seeker should be that of normal people, not bureaucrat-ese.

When Gainesville, Florida, mayor Ed Braddy asked, “How can the City of Gainesville, Florida, become more competitive?” the answer was clear: focus on the user experience of the citizen’s journey through government. The city hired IDEO (an international design consultancy) to help redesign city government in 2015. IDEO took over a storefront downtown to let people voice their concerns and share ideas. After hundreds of interactions, the company concluded that the city should focus on lowering the barriers to starting a new business.²⁵

This is how Gainesville’s Department of Doing came to be. It is a one-stop shop for obtaining permits to start a business or develop property, as well as a website and back-end system for completing these same processes online. Permitting applicants are personally guided along a clearly articulated, 13-step process by the department’s “action officers.” Not only was the entire department physically redesigned as a community space, but the logos and look of the

city changed as a result. The citizen is now literally placed at the center of the Department of Doing's staffing chart to make the point that customer service is the basis for the team's everyday work and long-term advancement. These radical but intuitive changes were driven by Gainesville's city manager, Anthony Lyons, and implemented with staff.

Human-centered design amounts to a redesign of government. As such, it necessitates bottom-up control, top-down buy-in, and old-fashioned leadership. Such a redesign does not happen overnight; it depends, in part, on culture. It requires a shift in mind-set away from compliance and toward customer service.

Getting bottom-up control more often starts with a hard shift in the evaluation of public employees: Are they taking control of problems, improving the time-value to customers, and working to make others successful (such as by not continually referring citizens to other team members)? By changing the mission of the agency or department to reflect customer service, old and new employees can be oriented toward a central goal of improving user outcomes. Incorporating customer service into annual employee reviews and hiring standards cements that mission.

Very little can be done on human-centered design—or nearly any of the recommendations offered above—without local government leaders supporting these endeavors. Mayors and city managers not only provide direction but also handle the budget concerns and fiefdoms that inevitably arise in public reforms. Often agencies generate revenues by creating citations or levying permit fees, and it takes a bold vision by an elected leader and their teams to take control of a strategy before budgets are reallocated. Officials should articulate permitting-reform goals to create a win-win narrative that generates popular support and the right balance of risk reduction and economic growth. Positioning permitting reform as an economic development initiative may be the most successful and sustainable approach.

Someone must still directly control the permitting process and its stated outcomes. These roles go under many names: ombudsman, vice president of customer service, or, in Gainesville, Florida,

a “director of doing.” At a minimum, this function needs to utilize human-centered design to guide citizens through the permitting process, focus on service, ensure that citizens are heard more broadly, and avoid regulatory capture. The presence of an ombudsman-type official signals the importance of permitting reform to agencies, businesses, and citizens. As reformists go about their work, incremental and experimental approaches to implementing redesigns are likely necessary to lower the stakes of change.

Similarly, officials should clearly map and enhance the connective tissue between city hall and consumers and consumer groups. Identifying a particular area where residents go for information, and how to promote and take in information through those areas, is a critically important function in permitting. City hall has long been “self-centered,” assuming that individuals will come to it with and for information. In reality, residents are more likely to turn to Waze to understand traffic conditions than their local DOT, or to look on Facebook to learn about public recreation centers than a city’s call center. Broadly mapping these channels of interaction and engagement will create substantial value in permitting design.

Human-Centered Design Recommendations

- Conduct user research for redesigning the user experience.
- Redesign the entire omni-channel permitting process with a customer-focus mind-set.
- Incorporate customer service into annual employee reviews and hiring standards.
- Position reform as an economic development initiative.
- Appoint an ombudsman (or equivalent) with chief executive support.
- Create channels of interaction between officials and citizens.

Conclusion

Citizens are often ensnared in their journey through government by complicated, costly, and time-consuming procedures meant to serve the needs of public officials rather than the people they

serve. While a city's duty to protect health and safety is undisputed, governmental permission slips too often bury the business startups and expansions that enable their communities to flourish. The first thing someone trying to open a restaurant should hear from his or her government is, "How can I help?" The front-end experience mirrors a back-end reality oriented toward customer service.

Better yet, the entire journey could be online, where the entrepreneur would get a clear understanding of how he or she can get the necessary permits or licenses, step by step, on a single portal, through one agency, in 30 days or less. The best case is to achieve the desired outcomes of regulation—such as safety, knowledge, or trust—without needing a permit or a license in the first place.

The barriers to reforming permits and licenses are predominantly political and organizational in nature. The challenge is not a lack of solutions but a lack in political will and the presence of sclerotic institutions. Civil servants are, for the most part, good people trapped in bad systems. Public-sector reforms often emerge from moments of crisis or the persistence of dynamic leaders. That is why the goals and incentives for reform must be articulated and pushed from the top, based on knowledge and buy-in from the bottom. The legitimate purposes of permits and licenses must be tethered to outcomes that ensure a free and fair marketplace, job growth, and economic dynamism, as well as a government responsive to and trusted by its citizens.

Streamlining and digitizing permitting processes designed for citizens represents the most significant yet underappreciated series of urban reforms currently on offer. The examples noted in this paper show that change is not only possible; it is happening. We just need more of it.

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CHAPTER 4

NEWS DESERTS: NO NEWS IS BAD NEWS

By Judith Miller

Introduction

Rarely in U.S. history has there been a greater need for quality, objective, fact-based news. Yet America's daily and weekly newspapers—the traditional lifeblood of local reporting since before the country's founding—are buckling under extraordinary financial and structural pressures. An increasing number of urban and rural communities—at least 1,000, according to a recent University of North Carolina study—are without a single outlet for reporting local news.¹ The crisis in local news that has developed over the past few decades poses a far-reaching danger to civic engagement, the accountability of government, and, many analysts argue, democracy itself. While a number of promising experiments to fill the void are under way throughout the nation, none has emerged as a viable alternative to the industry's traditional for-profit business model.

The Spread of News Deserts

After a decade of shrinking circulation, disappearing advertising revenues, and declining profits, the number of local newspapers in the U.S. has dropped from 8,972 in 2004 to 7,112 in 2018. Of these, only 1,283 are dailies; the rest are weeklies or biweeklies.² Of the surviving papers in 2018, some 75% have a circulation of 10,000 or few-

er. Between 2004 and 2018 alone, at least 1,800 newspapers shut down or merged, and more than 100 shifted from daily to weekly publication.³

Meanwhile, both television and newspaper ownership is increasingly concentrated, another source of concern. “Concentrated ownership displaces local control of media and shifts editorial decisions to people without a stake in particular local communities,” says Martha Minow, former dean and a professor at Harvard Law School. “It also risks reducing the diversity of views and opinion.”⁴ The largest 25 newspaper chains, which in 2004 owned 21% of the nation’s newspapers, now own almost a third of them, including more than half the nation’s dailies—a historically high level of consolidation.⁵ Most purchases were of small newspaper chains and dailies in small and midsize markets. But growing structural and bottom-line pressures affect large newspaper owners as well—whether they are solo billionaires, newspaper chains (privately owned or publicly traded), hedge and pension funds, or private or publicly traded equity firms.

According to research by the *Columbia Journalism Review*, the pace of closures, downsizing, and consolidation is accelerating.⁶ The result is the spread of so-called news deserts—communities with no outlet for locally reported news. Such deserts were once concentrated in smaller communities and in rural areas. But a recent University of North Carolina report shows that while poorer communities were the first to lose community and local newspapers, eight of the newspapers that have closed or whose staff and resources have been drastically cut back since 2004 were in larger, economically vibrant cities such as Denver, Honolulu, New York, and Seattle. While the dramatic downsizing of the *Denver Post* and *New York Daily News* were well covered by the mainstream press, the deep cuts at papers in Honolulu, Seattle, and other cities have received less attention.⁷

Penny Muse Abernathy, who holds the Knight chair of journalism and digital economics at the University of North Carolina’s Center for Innovation & Sustainability in Local Media, estimates that for every paper that has closed, 10 have been so hollowed out that they exist in name only. “While there are now about 200 news deserts,” she says, “there are far more ‘ghost papers’ which pretend to report the news but lack the resources to do so”—at least 1,000 and perhaps as many as 2,000 of them.⁸

Obsolete Business Model

Underlying the newspaper industry's dramatic decline are a series of technological, economic, social, and even political changes, few—if any—of which appear to be reversible. Most date back to the emergence of the Internet and the flight of newspaper subscribers and advertising dollars to it. Early on, Craigslist, the online website, helped decimate classified ads, once the major source of newspaper revenue. Robert Seamans (at New York University's Stern School of Business) and Feng Zhu (at Harvard Business School) concluded in their groundbreaking 2012 study that Craigslist was responsible for the loss of \$5 billion in ad revenue during 2000–2007. A more recent study reaffirmed this finding, concluding that newspaper closures are nearly 10% likelier within 30 miles of a city with a Craigslist.⁹

Craigslist is hardly the only disrupter of the industry's traditional business model. A decade ago, notes Nicco Mele, director of Harvard's Shorenstein Center on Media, Politics and Public Policy, subscriptions accounted for 20% of revenue; 80% came from advertising. Thanks largely to the Internet, that ratio has flipped, but most newspapers have failed to find a viable alternative model. Despite the unending decline in print revenue, more than 70% of revenue for most newspapers (for the *New York Times*, as well as for small community papers) still comes from print; digital revenue, on average, accounts for only 15%–20%.¹⁰

With the rise of the Internet, the 2008 recession, and the complacency with which too many newspapers have responded to the Internet's digital challenge, free online competitors have driven 80%–90% of online advertising dollars (an estimated \$83 billion in 2017), largely to Google, which got over 40% of it, and Facebook. Newspapers, magazines, and virtually everyone else fight for the remainder. As a result, newspaper ad revenue has fallen 63% in the last decade while newspapers have lost nearly 40% of their daily circulation.¹¹

Though television news jobs have increased by 4.9% in the past 10 years, newspaper jobs during the same period have fallen by almost half, from about 71,000 workers in 2008 to 39,000 in 2017. In the past 26 years, 60% of newspaper jobs have vanished, a faster and deeper job decline than in some of the nation's most notoriously col-

lapsing sectors—coal mining, steel manufacturing, and fishing. And while job losses in steel and other U.S. manufacturing have begun to level off, or even turn around, newspapers have continued shedding about 1,000 jobs a month.¹³

Meanwhile, the price of newsprint has soared since March, when President Donald Trump levied a tariff of up to 30% on Canadian uncoated paper, making it difficult, if not impossible, for some cash-strapped papers to print their product. Because for many papers, newsprint is generally the largest budget item after labor, argues Steve Forbes, chairman and editor in chief of Forbes Media, this “needless tax on journalism,” as he called it, would force “dozens” of publications to close “or be reduced to shadows of their former selves.”¹⁴

In a unanimous decision in late August 2018, the U.S. International Trade Commission, a government agency that reviews unfair trade practices, overturned the administration’s newsprint tariffs, ruling that American paper producers were unharmed by imports. While the National Newspaper Association, which represents about 2,300 community papers, welcomed the ruling, the group’s president said that “a lot of damage” had already been done: newspaper closures, newspaper staff reductions, and cuts in the number of days that papers are printed.¹⁵

Where will it all end? “Within the next 36 months,” Mele predicts, “one-third to one-half of the nation’s remaining dailies will no longer be in print.”¹⁶ Warren Buffett, the legendary Berkshire Hathaway investor who bought 28 mostly smaller newspapers in 2011, agrees. Acknowledging at his company’s shareholder meeting in May that the circulations of his papers had fallen sharply, Buffett predicted that all but three of the nation’s newspapers—the *New York Times*, the *Wall Street Journal*, and perhaps the *Washington Post*—were doomed. “It’s difficult to see how the print product survives over time,” he said.¹⁷

Why It Matters

The financial distress of local papers has broad ramifications. As

the main source of news for both readers and viewers, newspapers have long been indispensable to an informed public. While local TV stations have tried to fill the vacuum and provide some hard-hitting local news and investigative reporting to viewers, most of the news broadcast on TV still originates in newspapers. Moreover, although a recent Knight Foundation study found that 50% of all adults say that they “often” get local news from television and a quarter from radio, TV ratings have also declined, particularly among middle-aged viewers, voters who traditionally value real news.¹⁸

According to Marty Kaplan, a journalism professor at the University of Southern California, TV news, rather than supplement vital local news lost through the death of papers, has aided and abetted the spread of advertiser-driven broadcast news deserts throughout the nation. His studies have shown that in a typical 30-minute news broadcast in L.A., coverage of city and county government—such as budget issues, education, transportation, health care, immigration, law enforcement, new regulations, and voting procedures—usually accounts for some 22 seconds of airtime. Crime stories, by contrast, the broadcast equivalent of Internet cat videos, take up some three minutes, usually at the top of the show. “There is too little effort spent trying to make the important interesting,” he says.¹⁹

The disappearance of local news ultimately affects the entire news ecosystem, says Howell Raines, former executive editor of the *New York Times*. Groundbreaking investigative reporting that gains national attention and wins prizes, he notes, often emerges from humble “beat” reporting—the mundane coverage of city hall, the local police, and school and zoning boards. When local newspapers close or are forced to reduce such coverage dramatically, he says, “the often stenographic task” of covering the town council, zoning meetings, bond issues, and the routine purchase of goods and services does not occur, or occurs on a much reduced scale. Because these proceedings and transactions take place “out of sight,” corruption more readily flourishes. So local news coverage not only trains cub reporters and keeps politicians honest; it fuels investigative stories of broader trends and impact from the bottom up. “Without that,” he says, “the news chain itself suffers.”²⁰

UNC's Abernathy cites evidence of a statistical correlation between the consumption of local news and voter turnout, and civic participation in general.²¹ According to a Pew Research Center study, "the roughly one-in-five U.S. adults (19%) who feel highly attached to their communities demonstrate much stronger ties to local news than those who do not feel attached—revealing a link between personal connection to the area and a desire to stay more informed about current issues and events."²²

Scholars have recently documented other adverse effects of the decline of local news coverage in print, radio, and TV. Economists at the University of Chicago and at Notre Dame have shown that even the cost of municipal borrowing increases significantly when a local newspaper shuts down. According to their survey of "1,596 English-language papers serving some 1,266 counties at some point between 1996 and 2015," whenever a local paper closed, or reduced publishing to fewer than four days a week, or was absorbed by another news outlet, municipal borrowing rates, that is, the cost of municipal bonds, increased within three years by 5–11 basis points—a statistically significant rise. The study found 300 instances in which a newspaper's merger, downsizing, or death led to substantially higher borrowing costs. The Internet and other alternative media sources, the authors conclude, are no substitute for a newspaper's watchdog role.²³

Newspapers and other civic watchdogs also affect a city's payroll. The median county saw its total government wages increase by \$1.4 million a year after its local newspaper closed. Not only did the number of government employees increase; individual taxpayer bills rose, on average, \$85 a year. Local governments, too, appear to become less efficient without oversight.²⁴

The spread of news deserts may have other perverse effects. John Brownstein, a cofounder of HealthMap, a 12-year-old disease-detection project operated by researchers from Boston's Children's Hospital, notes that real-time reporting in local newspapers of outbreaks of global infectious disease is crucial to spotting and stopping their spread. Local media are "the bedrock of internet surveillance," he says, noting that the proliferation of news deserts is

already lessening the amount of data that HealthMap has been gathering from undercovered regions of the country. Social media cannot fill the gap, adds Alessandro Vespignani, a professor at Northeastern University who models epidemics. Twitter provides only what he called a “signal that may not be precise.” Plus, social media reports were often wrong, “rather by accident or design.”²⁵

Growing news deserts and the disruption of the traditional news food chain have been accompanied by a pernicious parallel. Social media platforms that have usurped the most ad dollars earn money by filtering and distributing information about what users prefer to read and watch. Their business models rely on secret algorithms that maximize viewers. Broad distribution of such uncurated or unverified information has accelerated not only the trend toward “click” journalism but also the spread of eye-catching misinformation. The Russian “kompromat” and disinformation on Facebook cited by Robert Mueller’s investigation of Russia’s interference in the 2016 presidential election were meant to be politically destabilizing. And Russia’s efforts to undermine American democracy may be just the “tip of the iceberg,” warns Harvard’s Minow.²⁶ Mele agrees. “While the traditional business of news is vanishing,” he says, “new ways of manipulating the news and the public are proliferating. What are we to do?”²⁷

The Quest for a New Business Model

Media analysts largely agree that because there is no single solution to the newspaper industry’s dramatic, ongoing consolidation and contraction, we must consider the possibility that a successful alternative business model may not emerge—in either the for-profit or nonprofit sectors. An alternative business model has yet to emerge that is likely to replace newspapers’ traditional, and increasingly obsolete, revenue formulas.

While dozens of experiments are under way, most of them, says Adam Ragusea, a journalist in residence at Mercer University’s Center for Collaborative Journalism in Macon, Georgia, seek either to “fill gaps” in news coverage resulting from newspaper closings and cutbacks, or “raise the bar” by improving the quality of news arti-

cles and television broadcasts to attract more readers and viewers willing to pay for their production. Ragusea argues that there are some practical remedies for what ails a key part of the broadcast media. The Public Broadcasting Act of 1967, which created the taxpayer-supported Corporation for Public Broadcasting (CPB) and National Public Radio (NPR), was intended to fill news gaps and raise the quality news bar. Given the newspaper industry's dire straits, he stated, "filling the gap, particularly in local news, should be public broadcasting's priority for the next few years."²⁸

Howard Husock, a Republican CPB board member and my colleague at the Manhattan Institute, has proposed a relatively straightforward way to address the absence of local radio and broadcasting news in so many cities. CPB's trustees, he argues, should require their nationwide network of some 364 television and 1,048 radio stations, most managed by independent licensees and located in every state and major city, to spend far more reporting locally generated news of interest to the communities they cover and serve.

While public radio stations have increased spending on local journalism in recent years, locally generated content still represents what Husock calls "a small portion of a typical NPR station's overall spending and effort," most of which remains committed to purchasing national programming and content produced by NPR stations in New York and Boston. Requiring NPR and PBS stations to devote more money developing "high-quality, reporting-based local journalism," he says, would not only provide more information of interest and value to people in states often ignored by the national media; it would help NPR attract a greater diversity of listeners in more states. Husock has also urged Congress to change the Public Broadcasting Act to "shift toward local journalism" by no longer requiring local stations to spend 23% of their federal appropriation—some \$313 million—on dues to Washington to acquire programming and on other purposes that have little or nothing to do with local news production.²⁹

Solutions for what ails print journalism are more complex and elusive. Several alternative models are emerging to finance quality print journalism—and local print journalism, in particular. One

is a membership model, adopted in part by Kyle Pope, editor and publisher of the *Columbia Journalism Review*. Others following this model include such web-based organizations as ProPublica, the Voice of San Diego, and the Texas Tribune. “Asking readers to send money if they believe in what we do makes sense,” says Pope. “It’s working for several news outlets with a loyal following and a diversified source of revenue.”³⁰

A variant on this model is a for-profit institution or outlet like London’s *Guardian* newspaper, which is owned by a trust but seeks public contributions for its journalism. Another model relies heavily on foundations and philanthropies to support responsible news outlets. This model has many strengths, argues Stephen Engelberg, editor in chief of ProPublica, the nonprofit, investigative powerhouse that now employs 75 reporters and engages in ambitious, collaborative investigations with papers and broadcast outlets throughout the country.³¹

While ProPublica has won prizes and praise for its high-quality, in-depth investigative reporting, such funding is usually not politically neutral. ProPublica, for example, was created by liberal Democrats: Bay Area billionaires Herb and Marion Sandler, who pledged \$10 million a year for the first three years in seed money. Its website now lists as “larger donors” some 33 other major foundations. While Engelberg, a former *New York Times* editor with whom I worked closely for years, insists that his donors’ political agendas do not affect the selection or content of stories, some insiders say that it has not been sufficiently transparent about its funders. ProPublica did not disclose, for instance, in or at the end of its 2016 election stories, that much of its political reporting was underwritten by the foundation of J. J. Abrams, the liberal Democratic filmmaker and *Star Wars* creator. Several writers said that those stories should have identified donors who have specifically earmarked money for a particular line of coverage, as many other news organizations do.

It is clear that foundations will be called upon to play a more significant role in supporting quality journalism. Yet nonprofit news organizations already get about 60% of their budgets from foundation grants and another 15%–20% from individual donations. Whether

this support will be sufficient to stop the spread of local news deserts is another matter. In June, a study of some 30,000 grants totaling \$1.8 billion from more than 6,500 foundations that supported journalism between 2010 and 2015 concluded that almost a third of the money went to university programs, professional development centers, and research, technology, and development groups, but not directly to news-gathering.³²

Nor was giving evenly distributed across the country or among outlets. While public media, for instance, received 44% of the \$1.8 billion, 70% of that went to 25 public media stations and content producers in 10 states. University-based journalism initiatives aimed at producing either local or national public-affairs coverage got 2% of the \$1.8 billion, and five universities accounted for half of that. Sixteen of the top 25 grant-receiving campuses were based in either California or the Chicago, New York, Philadelphia, and Washington, D.C., metro areas—hardly news deserts. Local and state news nonprofits received 5% of the total pool. Many of those interviewed expressed frustration with what they called “pack philanthropy.”³³

In many communities, however, individual and foundation giving has been vital to sustaining local news coverage. Macon, Georgia, which I visited twice in 2018, is not yet a news desert. But it would have been by now, were it not for the support of the John S. and James L. Knight Foundation.

One of Knight’s largest ongoing commitments in Macon began in 2012, when private Mercer University, supported by a \$4.6 million, five-year Knight grant, invited the *Telegraph*, Macon’s struggling daily newspaper (once owned by Knight-Ridder) and its Georgia Public Broadcasting station to collaborate on news coverage and occupy adjacent office space just off campus, creating the Center for Collaborative Journalism (CCJ). A \$1 million grant from the Peyton Anderson Foundation helped the *Telegraph* move offices.³⁴

Since then, journalists from print and radio have collaborated on other investigative projects. The local CBS affiliate, WMAZ, joined the partnership and began accepting Mercer journalism students as interns. Another \$2.2 million Knight grant in 2017 extended CCJ’s work in the community. Debbie Blankenship, a former *Telegraph*

reporter and the center's interim director, said that collective investigation of Macon's housing "blight," for instance, prompted passage of a \$10 million county bond to demolish run-down structures.³⁵

Similar collaborations and cost-sharing arrangements among "anchor" universities and news organizations are occurring throughout the country—yet another model aimed at maximizing the use of scarce resources. In Ohio, the *Akron Beacon Journal*, which is older than the city itself, rents space and "partners" with its local NPR station, WKSU. The five major Ohio papers have shared news feeds and some content for years to reduce costs.³⁶

Whether such cost-sharing will be able to save fragile for-profit papers is unclear, as recent cutbacks at Macon's *Telegraph*, the city's oldest continuously operating institution, suggests. Sold to the McClatchy chain in 2006 for \$4.5 billion in cash and stock, the paper wound up \$2.5 billion in debt and hence, with a desperate need to expand its shrinking circulation and boost revenues.³⁷ By 2018, despite the Knight Foundation's support, the *Telegraph's* news staff, which in 2006 stood at nearly 320 full- and part-time employees, had shrunk to 11, including eight reporters and writers. The paper's staff is spread so thin that important issues and constituencies go uncovered.³⁸ Even Robert Reichert, Macon's mayor, complained about the lack of coverage of important local news.³⁹ Meanwhile, the price of a daily and Sunday print subscription to the *Telegraph* has risen to \$780 a year, though many readers pay less because of occasional promotions and sales.

Given its owners' cost-cutting, UNC's Abernathy says that the *Telegraph* is on the verge of joining the ever-growing number of "ghost" papers that are so hollowed out that they exist in name only.⁴⁰

McClatchy claims a commitment to quality news. But the growing concentration of community and other local newspapers in the hands of private hedge funds like Tronc, Inc. and Alden Global Capital has swollen the ranks of ghost papers. As of 2012, the six largest investment entities operated more than 1,059 newspapers in 41 states—more than 15% of all U.S. newspapers. Focused mainly on a paper's bottom line, such owners have stripped away staff, sold assets for short-term gain, and cut reporting expenses to the bone. In

April 2018, Alden, which owns the *Denver Post*, triggered an unusual staff rebellion over debilitating staff reductions. In August, Tronc, the hedge fund that bought the storied *New York Daily News* in 2017 for \$1 while assuming its substantial liabilities, fired its two top editors and half the editorial staff.⁴¹

Tim Franklin, a journalism professor and associate dean of Northwestern's Medill School of Journalism, argues that the milking of their papers for short-term cash flow by newspaper chains and, especially, hedge funds is ultimately counterproductive. "You can't cut your way to prosperity," he says.⁴²

Some analysts see salvation in the revival of an earlier model of American journalism—an individual owner with deep pockets (often a political partisan), willing to lose megabucks in the short run to invest in long-term profitability. The most celebrated recent example of this new-old model is billionaire Jeff Bezos, Amazon's founder and CEO. Bezos bought the *Washington Post* in 2013 for \$250 million and has invested millions more in the paper's news budget. This past July, L.A. biotech entrepreneur Patrick Soon-Shiong paid Tronc \$500 million for the 136-year-old *Los Angeles Times* (as well as the *San Diego Union-Tribune*, the Spanish-language *Hoy*, and several community papers). Soon-Shiong named veteran journalist Norman Pearlstine as the *Times* executive editor. Pearlstine, 75, who has been a senior editor at Time Inc., *Wall Street Journal*, Bloomberg News, and *Forbes*, said that Soon-Shiong has authorized him to hire "dozens" more reporters and do "whatever is needed" to make the *Los Angeles Times* an editorial and financial success again. Pearlstine has not yet said how he intends to accomplish that. But while Soon-Shiong has said that he wants to run the *Times* like a business, his stated devotion to print journalism makes clear that return on investment isn't his priority, given the high cost of publishing a daily print paper.⁴³

Another newspaper survival strategy is diversification—seeking alternative income streams related, but not necessarily tied, to reporting news. *The Pilot*, a privately owned community paper published twice a week in Southern Pines, North Carolina, by the Daniels family, which also owns Raleigh's *News & Observer*, has bolstered

The Pilot's bottom line by revenue from a monthly state business magazine, three lifestyle magazines targeting different North Carolina cities, a digital media services agency, a telephone directory service, and even a bookstore.⁴⁴

Many papers, including the *New York Times*, now earn revenue from hosting special events, classes and seminars, travel tours (even to countries like Iran, which raises serious conflict-of-interest issues), and other activities that have little to do with their core mission, journalism. But according to SEC filings and other company reports, print subscriptions remain overwhelmingly the largest source of revenue for the *Times*.

As print subscriptions and ad revenues continue to fall, many analysts have increasingly advocated directly targeting the Internet and social media platforms—particularly Google and Facebook—for added revenue. Rupert Murdoch, for one, has long argued that these two companies, as well as others that post news with little or no compensation, should be required to pay newspapers and broadcast media whenever their users share their content.

David Chavern, president of the News Media Alliance, a trade association of some 2,000 print and digital newspapers in the U.S. and Canada, is pushing for a change in antitrust law that would give news organizations the right to negotiate collectively with Google, Facebook, and other social media giants for compensation. He dismisses their spending and programs ostensibly aimed at boosting local journalism, such as Google's \$300 million "news lab" and other initiatives. The digital giants, he complains, don't employ reporters. "They don't dig through public records to uncover corruption, send correspondents into war zones or attend last night's game to get the highlights. They expect an economically squeezed news industry to do that costly work for them."⁴⁵

Chavern wants stronger intellectual property protections for papers, better support for subscription models, and a fair share of revenue and data. So far, he argues, the Federal Communications Commission and other antitrust enforcers have declined to act against the tech giants' growing dominance.

Harvard's Minow argues that the federal government should

consider the Internet and its platforms a public utility to which access, accuracy, and transparency are vital. Google and Facebook should be regulated, she says, if they won't do more to prevent foreign political meddling, protect user privacy, and accept responsibility for what appears on their sites.⁴⁶

Others claim that, at the very least, Google, Facebook, and others should be forced to be more transparent about and accountable for their operations and the algorithms that increasingly decide what will and will not be posted. (Neither Google nor Facebook would respond to several requests for an interview about how they see their role and their often tense relations with the newspaper industry.)

Peter D. Barbey, whose family has long owned the now-struggling *Reading Eagle* in Pennsylvania and who was forced in August to close the *Village Voice*, says that legacy media publishers are partly responsible for their plight. Too many of them have made social media platforms “overlords responsible for curating, cultivating, and monetizing the news and information their newsrooms spent sweat and equity to create,” he says.⁴⁷ For some, economic reality gave them little choice. Struggling newspapers need the exposure that Google and Facebook provide to keep readers loyal and companies buying ads. But Barbey worries that it might be too late even for financially stronger news organizations to reclaim that authority.

Caution is clearly warranted. While enlightened government intervention could force greater accountability and transparency and constrain social media platforms, poorly conceived regulation could exacerbate the newspaper industry's woes. But momentum for reining in “big tech” is building in Washington. Social media may not be the legacy newspapers' enemy, but there is little reason to see it as their friend, much less a potential savior. Google and Facebook are classic economic disrupters, Nicco Mele reminds us.

The news industry's desperation has also triggered support for alternative community-based business models once dismissed as too radical. In July, the New Jersey state legislature passed and Governor Phil Murphy approved \$5 million for a new Civic Information Consortium—in effect, a public charity that would award grants for specific projects in underserved communities. Though the *Wall Street*

*Journal*⁴⁸ and other media watchdogs have criticized the initiative as a “government press corps,” the consortium is not dramatically different from the concept of public broadcasting, which also uses federal taxpayer dollars to support investigative journalism.

Another model gaining traction is local activists who use the Internet to disseminate information of interest and importance to concerned groups and communities. While “citizen journalists” have their champions, it remains unclear how many of their ventures are editorially and financially sustainable. Minow praises such efforts but argues that “citizen journalists” are no substitute for professional journalism.

Conclusion

For all the experimentation under way, the outlook for traditional local newspapers and local news-gathering by TV stations—the so-called legacy media—is grim. There is no shortage of potential solutions to news deserts—such as requiring Google and Facebook (through negotiation with newspapers or government action, or both) to pay for content and be subject to the defamation, libel, and privacy laws that apply to newspapers and broadcast media, or demanding greater transparency about the algorithms and systems that they use to post or bar content. Other proposals include increasing support for public broadcasting and enacting a new “fairness doctrine” to ensure that a diversity of views can be read and heard. Some of these proposals may seem implausible, given the current political climate. But several of them may be essential, if newspapers are to survive.

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35. An even more sensitive joint project involved attitudes toward race, or specifically why, in a city whose population is 54% African-American, only 4,500 of the 25,000 students enrolled in Macon public schools are white. And why were there almost an equal number of white students enrolled in some 35 private schools?
36. Doug Livingston (reporter, *Akron Beacon Journal*) interview, April 2018.
37. McClatchy, the new owners, urged the *Telegraph’s* editors to monitor Internet “clicks” assiduously to assess their stories’ appeal and distributed a nine-point “Checklist for Audience and Mission” to editors for all nonbreaking news stories to guide them in determining whether a story might pass digital muster. A reporter’s hunch or suspicion would no longer suffice. A copy of the “Checklist” was shared with this reporter.
38. The paper has no Hispanic reporter, despite a growing Hispanic population of an estimated 3%–5%. (Hispanic and other minority publications have been particularly battered by news desert pressures. A Pew Research study found that while Hispanics constituted nearly 17% of the U.S. population in 2014, only four Hispanic newspapers were classified as dailies, a significant reduction from the 35 dailies in 2002.)
39. Robert Reichert interview, Jan. 12, 2018.
40. Abernathy interview. The *Telegraph* is not the only McClatchy paper saddled with debt and an increasingly problematic business model. The *Columbia Journalism Review* recently reported on the lingering effect of McClatchy’s decimation of the *Miami Herald’s* news staff in 2009—the firing of 250 people at the height of the 2008 financial crisis and another 175 the following year, plus mandatory furloughs, pay cuts of up to 10%, and pension freezes for the remaining employees. See Rowan Moore Gerety, “Steadying the Miami Herald Newsroom, After Cuts and a Digital Reinvention,” *Columbia Journalism Review* (June 8, 2018).
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CHAPTER 5

BUILDING A HOUSING LADDER: LESSONS FROM, AND FOR, SILICON VALLEY

By Howard Husock

Introduction

At the Copake Iron Works Historic Site in upstate New York, a plaque carries an enduring lesson about what is now called affordable housing: “[T]his building is a two-family dwelling.... Multiple-family dwellings were less expensive to build and heat. In an era before the automobile, having employee housing near the work place was important to assure a reliable and available work force.”¹

Today, the goal of encouraging affordable housing near jobs is more relevant than ever—especially for those parts of the U.S., such as Silicon Valley, where the economy is strong, inexpensive housing is scarce, commutes are long, and employers worry about their long-term ability to attract the workforce that they need. “We need homes that working families can afford,”² says Carl Guardino, CEO of the Silicon Valley Leadership Group, which comprises nearly 400 area business leaders concerned about their firms’ ability to attract and retain workers of all types.

Reducing the cost of housing in expensive regions requires a large increase in supply. But in most cities, regulations limit new construction to peripheral sprawl and downtown high-rises. In the

Bay Area, even the exurbs are largely off limits, leaving only pockets of high-rise construction as an inadequate release valve for pressure on the housing market. This paper explores an approach inspired by the time before World War II, when major U.S. cities, small industrial towns such as Copake, and rich suburbs alike provided a “housing ladder”—a spectrum of housing affordable to all types of buyers and renters that facilitated upward mobility and reduced energy consumption.

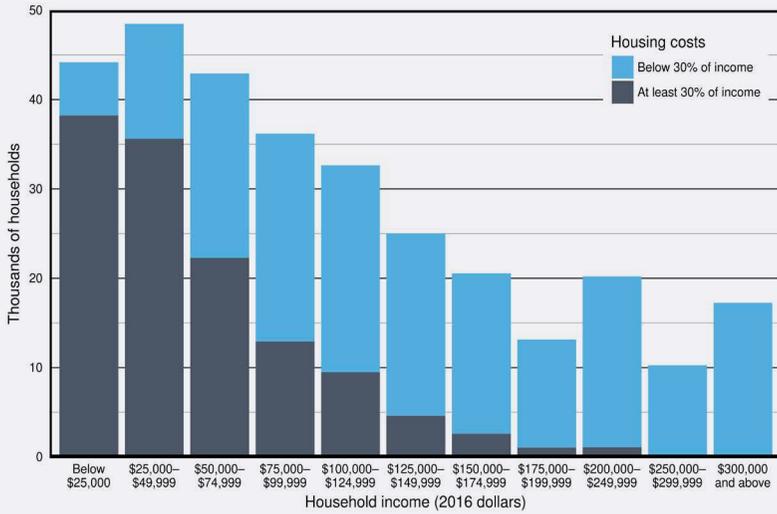
In today’s context, several forms of “missing-middle” housing (two- to nine-unit family structures) could be built even in areas generally hostile to development, like Silicon Valley. Potential options include “infill” construction along neighborhood commercial corridors, “greenfield” construction on vacant land, and “brownfield” construction alongside office parks and other industrial space. As ride-sharing, driverless cars, and other alternative forms of transportation develop, properly sited missing-middle housing may reduce automobile commuting, too.

The Challenge of High Housing Costs

Housing costs in some of America’s most economically dynamic metropolitan areas are very high. Nowhere are they higher than in the Bay Area. By one estimate, the household income needed to afford a median-priced home in metropolitan San Jose (\$216,181) or San Francisco (\$171,330) is the highest in the country. San Jose requires twice the income needed in other prosperous U.S. metropolitan areas, such as New York (\$99,151) and Boston (\$97,465), and it requires almost four times the income needed in Dallas (\$59,517).³ Another survey computed the ratio of metropolitan San Jose’s median house price to median household income as a “severely unaffordable” 9.6, the highest in the U.S. and more than three times the survey’s threshold of 3.0 for deeming a market “affordable.”⁴

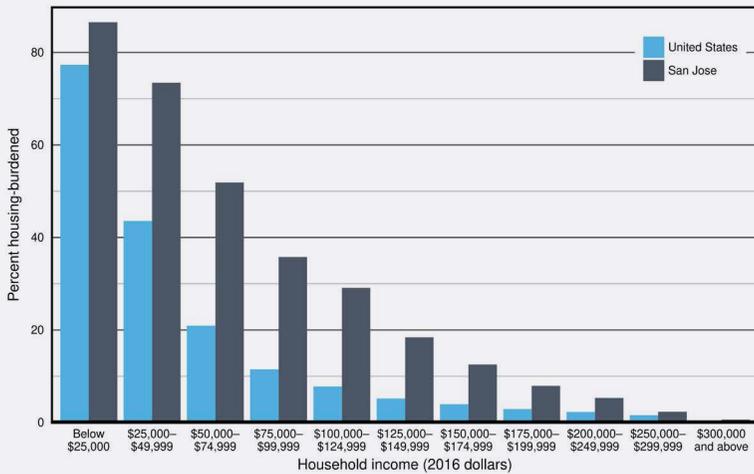
San Jose’s high housing costs discourage working- and middle-class families from moving there (**Figure 1**). A majority (57.4%) of the city’s households earn at least \$75,000 per year, the highest income bracket for which the Census Bureau tabulates housing costs, compared with only 37% percent for the U.S. as a whole (**Figure**

Figure 1. Income and Housing Costs, San Jose



Source: Author's calculations from 2012-16 American Community Survey records provided by IPUMS-USA

Figure 2. Households Burdened by Housing Costs, San Jose and U.S.



Source: Author's calculations from 2012-16 ACS records provided by IPUMS-USA

2).⁵ San Jose’s housing costs even burden the professional classes: 18.7% of the city’s households making over \$75,000 pay more than 30% of their income in housing costs,⁶ the threshold at which most rental-housing programs consider a household to be “housing-burdened.”⁷ This compares unfavorably with, say, Boston (where 12.6% of households making more than \$75,000 are burdened), Chicago (8.1%), Austin (5.7%), and Charlotte (4.1%).⁸

Figures 1–2 actually understate the housing burden on San Jose’s upper middle class, as they average very wealthy households together with households that earn about, or less than, the city median (\$101,000). In fact, the survey records underlying the Census Bureau’s computations show that San Jose households earning \$100,000–\$125,000 are more likely to be housing-burdened than households nationally earning \$50,000–\$75,000. In San Jose, even relatively high salaries may not help employers attract the talent that they need.

High housing costs have broad effects well beyond specific industries or areas. Notes William Fischel of Dartmouth College: “It appears that the rise of land use regulation in the 1970s has reduced migration from low-income regions of the United States to higher-income regions. This seems to have contributed to the rise in income inequality in the last 40 years.”⁹ Enrico Moretti of the University of California at Berkeley and Per Thulen of the KTH Royal Institute of Technology (Sweden) find that every job in high technology adds five jobs in “non-traded” sectors, such as personal services.¹⁰ By encouraging labor mobility, more affordable housing in Silicon Valley would have widespread benefits elsewhere in California and across the U.S.

Plans for New Housing

California officials have long recognized that a housing shortage threatens the state’s economic health. The state government has responded by requiring localities to meet quotas (“regional housing needs”). For example, the state requires Santa Clara County, in which San Jose is the largest city, to permit 58,000 new housing units by 2023. San Jose has set its own goal of 25,000 new units,¹¹ an

8% increase over the 328,000 that already exist.¹² As of April 2017, however, Santa Clara County municipalities had issued only 16% of the required permits.¹³

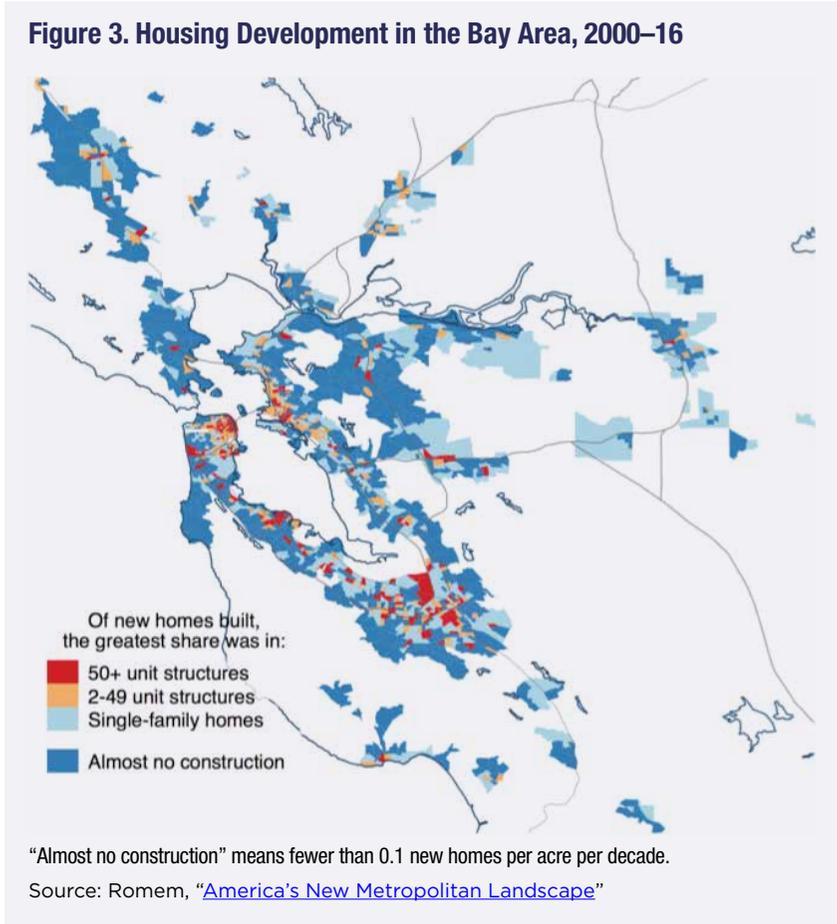
Though California mandates a total number of new units, it does not mandate what housing forms to build, and for good reason: zoning rules have historically been the purview of local authorities. Yet in other ways, the state has encouraged transit-oriented development (TOD): dense housing within walking distance of mass transit.

Specifically, legislation requires state transportation authorities to incorporate a measure called “vehicle miles traveled” into reviews of new development under the California Environmental Quality Act. This requirement aims to discourage automobile commuting by encouraging high-rise construction near mass transit. (Just 15 high-rise towers of 1,000 units each would meet much of San Jose’s new housing goal.) A proposed state law, rejected in committee in April 2018, would have gone further by precluding low-density zoning near transit corridors. Under that law, downtown San Jose and some commercial thoroughfares would have seen height limits raised to 85 feet (though most of the city’s buildings would have remained single-family).

The environmental motivations for TOD are especially strong in California. Yet other motivations are important. Concentrated high-rise developments appeal, for instance, to thrifty city officials, who can provide public services more cheaply to a dense population, as well as to residents of single-family areas who want to keep their neighborhoods unchanged.

The development that California’s policies encourage is merely an intensified version of the pattern already predominant throughout the United States. Issi Romem of the University of California at Berkeley calls it “pockets of dense construction in a dormant suburban interior.”¹⁴ During 1940–60, most American cities saw a single-family housing boom, though some of these single-family areas were later densified with middle-density buildings. Since 1980, however, land-use regulations have halted further densification except in downtown pockets and in the exurbs (less populated commuter towns located beyond denser suburbs); but in the Bay Area, zoning

is so restrictive that little construction is happening in the exurbs (**Figure 3**).



Housing development in the U.S. before World War II offered sharply more variety. During 1880–1930, more than 21,000 free-standing three-family homes were built in Boston, for instance. In 1940, Chicago had more than twice as many housing units in two-, three-, and four-family homes (382,028) as it had in single-family homes (164,920).¹⁵ Even affluent suburbs incorporated many housing types. Shaker Heights, a Cleveland suburb once synonymous with

great wealth, reflects its 1920s origin in its current housing types: 56% of units are detached single-family homes, 20% are single-family attached houses or are found in two-unit structures (10.7%), three- or four-unit structures (2.3%), or five- to nine-unit structures (4.1%).¹⁶

Modern land-use regulations have ensured that areas developed after World War II have little diversity of housing stock. In San Jose, 53.4% of housing is single-family detached, and 10.9% is single-family attached; only 1.7% is two-family, and 10.3% is three- to nine-family. In Palo Alto, 62.9% is single-family, and just 1.7% is two-family. In Santa Clara County as a whole, 63.4% of housing units are single-family; in San Mateo County, 64.8%. San Jose and Palo Alto do have many buildings with 10 or more units (20.2% and 24.7%, respectively), far more than postwar suburbs such as Levittown, New York (94% single-family). But they have far less middle-density stock than prewar developments, such as Shaker Heights.¹⁷

The Case for the Missing Middle

Academic debates over housing policy often focus on narrow economic considerations and treat dwellings as interchangeable. But housing provides more than just shelter. Moreover, people's housing tastes change throughout their lives. The existence of a housing ladder—made possible by having diverse types of housing—encourages upward mobility, too.

By buying a small multiunit building, entrepreneurial households can offset mortgage expenses by renting out additional units. And working-class owners with home-repair skills can augment rental income by renovating the buildings they own. Young families can buy a small condo and then save toward moving up the housing ladder to a single-family house or to a wealthier community, while serving as a replacement market of buyers for more expensive homes. Modern patterns of development, by contrast, offer unaffordable single-family homes as the alternative to renting an apartment indefinitely.

Missing-middle housing may also quicken Silicon Valley's housing turnover. Realtor data confirm that expensive areas in California

generally have very low turnover, partly because the property-tax cap imposed by Proposition 13 in 1978 discourages older homeowners who no longer need a multi-bedroom house from moving. Realtors who once “sold four or five homes a month now hope to sell one,”¹⁸ says Vince Rocha of the Santa Clara County Association of Realtors.

Older adults who are averse to moving into a new detached house may be willing to move to a smaller, less expensive unit with, say, a family living downstairs. For an elderly person, advantages of such an arrangement would include living in the same building (or in an accessory unit on the same lot) with neighbors who could help in an emergency—and who themselves might want help with babysitting. Smaller multifamily units, in other words, can be the wellsprings of community and companionship.

Strictly economic considerations should not be ignored, either. Middle-density housing often makes more economic sense than higher- and lower-density housing. As that long-ago company-town builder in Copake, New York, understood, putting more housing units on the same acreage reduces the cost of land per unit, while shared walls reduce heating and cooling costs.

Small multifamily housing is also much cheaper to build than high-rises. Small buildings can use inexpensive materials such as wood, while large towers—the other major housing type in Silicon Valley—require steel. This cost advantage has been made more attractive by sharp increases in construction costs; inflation-adjusted construction costs per housing unit in San Francisco have risen from \$265,000 in 2000 to \$420,000 today.¹⁹ Middle-density housing attracts more construction firms than do high-rises, too. “[I]t’s easier to attract more players because the risk is lower,”²⁰ says Peter Cohen of the San Francisco–based Council of Community Housing Organizations. Such competition may further reduce construction prices.

Finally, middle-density construction is prudential: as good investors know, a diverse portfolio is the best protection against market downturns. Cities that offer dense apartments as the only form of new housing put themselves at risk. San Jose may render itself vulnerable if public tastes shift away from high-rise apartment buildings, causing them to empty out or become derelict. Likewise, dense

apartments may be put to unexpected uses that ultimately damage the community, such as pieds-à-terre purchased by wealthy absentee owners rather than members of the local workforce. High-density construction is often valuable, but cities that rely on it exclusively may be incurring unrecognized risks.

Some urbanists, recognizing that different housing types have different effects on communities, endorse small-scale multifamily housing. “Big, big, big is not necessarily good,” says Cohen. “Many people are simply more comfortable at lower- and mid-scale densities, from a four-story stick frame building in Pleasanton to an eight-story multifamily in western San Francisco.”²¹

The call for missing-middle housing extends beyond the Bay Area. In 2015, the mayor of Seattle convened a housing task force and charged it to find ways to build 30,000 new homes by 2025. The task force concluded that the city was “constrained by outdated policies and historical precedents,” such as single-family zoning of two-thirds of Seattle’s land. The committee proposed significant upzonings (permitting greater density) to allow new multifamily construction—including designating 6% of single-family areas for low-rise multifamily construction, as well as raising height limits in existing multifamily areas toward a 75-foot “sweet spot,” which would produce the lowest construction cost per unit.²²

Amanda Kolson Hurley of *The Atlantic* suggests that encouraging missing-middle construction throughout the U.S. “could ease rents—and allow more Americans to build real estate wealth.” “We used to build lots of in-between housing in this country,” she writes, such as “row houses, duplexes, and apartment courts.” “In other countries,” Hurley says, “the middle is still the default.... But the United States stopped building this way decades ago. The result ... is huge unmet demand from millions of people whom our bifurcated housing supply doesn’t serve.”²³

Siting the Missing Middle

In cities with large areas zoned single-family, planners and developers can face a challenge in siting missing-middle housing. Yet some sites seem especially well suited for it.

Commercial Corridors

Many neighborhood shopping streets have mostly low-rise structures used only for commerce. Slightly denser new construction could incorporate ground-floor retail and upper-floor residential uses, as is common in streetcar suburbs,²⁴ where building owners often operate businesses and live upstairs. This approach aligns with San Jose's goal of turning several commercial corridors, currently filled with large parking lots and car-oriented businesses such as fast food and gasoline, into pedestrian-friendly "urban villages."²⁵

Shopping Centers and Strip Malls

If zoning permitted residential construction in commercial areas, mixed-use housing might fit into the existing footprint, or it might simply replace buildings currently standing. In suburban sections of San Jose, such uses are already common. As bricks-and-mortar retail stores face a cloudy future, zoning commercial areas for other potential uses makes sense.

Parking Lots with Relaxed Parking Requirements

Open-air parking lots can lend themselves to intensive development of small, multifamily, owner-occupied buildings. Donald Shoup of UCLA notes that city zoning codes require businesses to devote large portions of their land to parking spaces, many of which are seldom used. In San Jose, according to Shoup, "[t]he area required for parking at a restaurant ... is more than eight times larger than the dining area in the restaurant itself."²⁶

Office Parks

Campus-style office parks frequently contain underused open space that could be repurposed for housing. Critics of the idea worry that drawing people to live in such areas would boost automobile use because not all residents would also work at the office parks and those who didn't would typically be far from public transit. Yet fears of increased congestion are likely overstated, as technology offers convenient new ways to get around. Office-park residents who commuted could, for instance, travel to transit and business hubs on

private bus links modeled on ride-sharing services. “By ‘Uberizing’ existing private buses and shuttles—matching and dispatching varied trips through smartphones with the aid of trip-matching algorithms—[one] could stitch together transit threads into a cohesive network without compromising the direct, express-like connections passengers crave,”²⁷ writes Alex Armlovich of the Manhattan Institute.

Accessory Dwelling Units (ADUs)

An ADU is a smaller dwelling situated on the same grounds as (or attached to) a regular single-family house, such as an apartment built over a garage, a cottage built in a backyard, or a self-contained basement apartment. ADUs may be the most practical way to densify the single-family zones of Silicon Valley and other postwar suburbs. California state legislation encouraging ADUs took effect on January 1, 2018. It defines permitted ADUs, reduces parking requirements, and allows ADUs in single-family-zoned areas. The state Department of Housing provides a thorough list of the virtues of ADUs:

- ADUs are an affordable type of home to construct in California because they do not require paying for land, major new infrastructure, structured parking, or elevators.
- ADUs can provide a source of income for homeowners.
- ADUs are built with cost-effective wood frame construction, which is significantly less costly than homes in new multifamily infill buildings.
- ADUs allow extended families to be near one another while maintaining privacy.
- ADUs can provide as much living space as many newly built apartments and condominiums, and they’re suited well for couples, small families, friends, young people, and seniors.
- ADUs give homeowners the flexibility to share independent living areas with family members and others, allowing seniors to age in place as they require more care.²⁸

Further, ADUs may encourage housing turnover by allowing older homeowners to remain in their neighborhoods but to sell homes larger than they need, thus increasing the supply of housing and lowering prices. San Jose issued more ADU permits in 2017 than

in the four prior years combined (**Figure 4**). Thanks to state laws encouraging ADUs, this growth is likely to continue.

Figure 4. ADU Permits Issued in San Jose

Year	2013	2014	2015	2016	2017
ADU permits issued	15	21	17	38	92

Source: Kristen Clements of San Jose’s Department of Housing

Greenfields with Innovative Transit Links

Construction of housing on open, undeveloped “greenfield” land is discouraged in California, often out of concern that greenfield development will be car-oriented, space-wasting sprawl. In San Jose, an urban growth boundary places land in an “urban reserve” off limits to development. Environmental concerns have helped prevent the development of the city’s Coyote Valley, where a lapsed plan envisioned 25,000 new housing units.²⁹

Yet greenfield development does not have to be suburban sprawl or dependent on private cars. New urban villages of two- to nine-unit buildings could be built near retail and office space if zoning permitted. Relaxed parking requirements could discourage car ownership while encouraging private transport operators to link residents to downtown areas and rail transit. On-demand transportation, which will likely soon include driverless cars parked at some distance from residential areas, can upend traditional suburban land use. New households may well be willing to compromise on “free parking”—the hidden costs of which are factored into housing and retail prices—in exchange for housing affordability.

Obstacles to Missing-Middle Development

Despite its virtues, missing-middle housing often faces opposition from neighborhood residents—“not in my back yard” protesters (NIMBYs)—and from city planners, though their motivations diverge. City planners often prefer even denser development, whereas NIMBYs prefer low-density development or, ideally, none at all.

Opposition from City Planners

City planners in California often “fiscalize” land use, designing housing regulations to maximize the city’s tax revenues and minimize spending on public services rather than accommodate market demand. And fiscal analyses typically find that residential development, except for the very densest, drains city finances.

A 2015 study commissioned by San Jose found that “residential uses require more in City services than they provide directly in City revenue.”³⁰ The study notes that middle-density housing is not much better than single-family housing for city finances: “Low and medium density multifamily units create some efficiencies [compared with single-family houses] in terms of the lower amount of street pavement needed to serve higher density development, but also may create higher response requirements for police and fire services.”

This study led San Jose to conclude that it should encourage only new commercial or high-density residential development. (The study finds that developments ranging in density from 49 to 266 units per acre are profitable.) To reduce commuting, San Jose—which has fewer jobs than residents and largely serves as a bedroom community for Silicon Valley—has also encouraged job growth rather than residential growth.

Fiscalization of land use has made California city planners reluctant to allow residential development, especially if it replaces commercial property. In 2015, for example, one San Jose developer proposed building housing earmarked for teachers on an underutilized commercial site. The 12,000-square-foot site would have housed a hair salon and 14 housing units, but the city council voted 8–3 against rezoning the site for residential use. One member of the council justified her vote by pointing out that the conversion of 2,300 acres of commercial land to residential use over the previous 15 years had harmed the city’s tax revenue.³¹

However, the 2015 study merits some skepticism. First, it overstates the fiscal cost of children. Because of Proposition 13, state sources, not local property taxes, constitute the majority of California school funding, so school-aged children burden municipalities’ finances less than in other states. Second, the study misleadingly as-

sumes that low- and middle-density households typically have three or more persons, effectively assuming that most such households have children. But the empirical evidence suggests otherwise. One analysis of a typical suburban housing market, for instance, found that 69% of households have no children.³²

Third, the study ignores the vital distinction between the average fiscal impact of current developments and the marginal impact of an additional development. New infill development will probably generate more city revenue than the average existing development. For instance, Proposition 13 limits the tax assessments of existing homes but allows new homes to be assessed at market value, so new houses create more property-tax revenue than existing houses. Similarly, if residents of new developments are less likely to own cars than existing residents and do more of their shopping within walking distance of home, they will generate more revenue for the city through sales taxes. (The study identifies “retail leakage”—the roughly 30% of retail purchases that San Jose residents make in other cities—as a prime reason that housing burdens the city’s finances.)

Likewise, new developments will probably cost less in city services than the average current development. Schools in Silicon Valley are below capacity; one San Jose school district, motivated in part by declining enrollment, recently decided to close five of its 17 elementary schools.³³ Thus, even if new development attracts families with children, few additional expenses will be required for school construction and maintenance. Similarly, redevelopment of existing developed land, unlike greenfield suburban development, requires no road or sewer extensions. A more thorough fiscal analysis would consider how the needs of new development differ from those of existing development. Such considerations would likely make middle-density development look far less costly, if not profitable.

Even if San Jose’s fiscal analysis were incontrovertible, fiscal considerations alone cannot determine land policy. The city’s fiscalization of land use has kept in place policies that ignore massive demand for new housing. These policies will inevitably make San Jose into a city of aged residents in detached houses and transient affluent young professionals in high-rise apartments, served by a working

class forced into ever-lengthening commutes. Such a city is unlikely to remain healthy or viable for long.

NIMBY Opposition

New developments in Silicon Valley almost always encounter NIMBY opponents, who complain that more housing will congest traffic, make parking scarce, and ruin scenic views. Those familiar with the Silicon Valley housing market consider NIMBY opposition inevitable and have been at a loss to overcome it. Former San Jose mayor Chuck Reed states: “We’ve tried every kind of argument. I’ve argued that it’s wrong to deny others housing, that your kids won’t be able to live here, that without housing we can’t sustain the economy. They don’t care.”³⁴ NIMBYs can be so adamant partly because strict zoning laws make current housing owners wealthier by restricting the supply of housing.³⁵

Donald Shoup has suggested one way to reduce NIMBY opposition to a different goal: curbside parking meters. He proposes earmarking meter revenues for neighborhood improvements, such as “repairing sidewalks, planting street trees, and putting utility wires underground.”³⁶ Shoup’s point is generalizable: neighborhood residents can be drawn away from NIMBYism if they see that new development brings concrete benefits. “If all parking revenue disappears into a city’s general fund,” Shoup writes, “business leaders and residents probably won’t campaign for meters.... Dedicating the revenue to paying for local public services can be the political software necessary.”³⁷

Conclusion

Encouraging construction of new housing—especially housing that is affordable to middle-income families—can appear almost impossible, especially in high-income, high-demand areas with vociferous opponents of new development. In California, an overlay of state environmental regulations and tax laws makes residential development even harder.

The Golden State’s political class may finally be growing its will to fix the problem. A Democratic state senator representing San

Francisco and San Mateo County sponsored legislation to require relaxed zoning near transit hubs. In May 2018, a less prescriptive bill—which allows municipalities to “upzone” with the aim of meeting 125% of local housing needs and which bars municipalities “from rejecting any residential project proposed on suitable land”—passed the state senate.³⁸

Political support for accessory dwelling units appears to be growing, too. One bill in the state senate requires jurisdictions to drop owner-occupancy requirements statewide, thus encouraging ADUs to be used as rental properties in otherwise single-family districts.³⁹ In addition, Californians have begun to reflect on ways in which Proposition 13 inhibits housing sales and turnover, as owners avoid moving to maintain stable property tax bills.⁴⁰

Powerful levers such as zoning are already controlled by municipalities. Municipalities decide whether to convert commercial zones to residential zones, whether to permit additional units within single-family zones, and whether to permit dense, new development on previously undeveloped sites. True, some developments will always be dogged by the threat of legal action. But modest densification, especially if it brings new neighborhood amenities, may well gain approval.

San Jose and other cities facing affordable-housing crises should consider the advantages of America’s pre–World War II development model, which did not view housing as one-size-fits-all. Greater supply and variety will make homes less costly and communities more diverse. These are benefits that surely make standing up to NIMBY opposition worthwhile.

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CHAPTER 6

RETHINKING URBAN PLANNING IN DETROIT—AND BEYOND

By Peter D. Salins

Introduction

In 1950, Detroit was America's fifth-largest city, with a population of 1.85 million people. By 2016, the city's population had fallen 63%, to 673,000, dropping its rank to 23rd. Among the leading cities in 1950, Detroit's loss of residents was perhaps the most severe, tied only with the much smaller St. Louis. The story of Detroit's decline, while dramatic, is largely a mirror of what has happened over the last half-century to many older cities in the eastern half of the United States. From 1950 to 2016, with the exception of New York, every one of the 25 biggest *cities* in 1950 on or east of the Mississippi has lost population (see **Appendix**).

However, other than Baltimore (which has effectively merged with metropolitan Washington, D.C.), the *metropolitan regions* of all these shrinking cities have grown. If all of America's struggling cities are actually in the midst of thriving regions, we need to reexamine the widely held view that their hollowing out is the inevitable result of irreversible economic and demographic trends.

The fundamental plight of Detroit, as well as all its peers in the eastern U.S., has involved not just the loss of population and jobs but the abandonment of the city, over many decades, by a large share of

their middle-class families—who generally moved not to other parts of the country but to nearby suburbs.¹ Of course, all cities in the U.S., even thriving ones, lose families to the suburbs, and the families with the greatest means and motivation to move are often found in the middle class. But in America’s healthiest cities—such as New York, San Francisco, Indianapolis, Seattle, Denver, and Portland—the number of newcomers moving in is equal to or exceeds the number of those who are leaving for the suburbs. In less dynamic cities, there are few newcomers to offset out-migrants.

The extent to which a city loses, or its suburbs gain, residents depends heavily on its attractiveness as a place to live. To draw and retain a solid majority of middle-class households, a city must be physically appealing, safe, and sufficiently amenity-laden to compete with its suburbs. While cities can’t match the suburbs for tranquility, they have many offsetting advantages that, if attended to, are just as important in giving their residents a high quality of life: commercial and cultural vitality, urbane streetscapes, accessibility and convenience, and ethnic and social diversity, to mention a few. An encouraging trend in this regard: growing numbers of both younger and older Americans are moving back to the city just as many suburbs are becoming shabbier and more congested.² Yet cities still face an uphill fight in their battle with suburbs to attract residents.

The World War II Watershed

Before the mid-20th century, city planning in the U.S. focused primarily on the design and installation of critical transportation infrastructure, public parks, and the siting of important public, cultural, and religious buildings. The planners’ transportation, utility, and public facility infrastructure not only established the framework that largely determined the cities’ physical form and character; it made them highly functional and capable of supporting dense concentrations of housing and commerce. Because of their superior infrastructure, American cities, before the wave of post-World War II suburbanization, were able to expand their municipal boundaries as their populations grew—as New York City (originally just Manhattan) did in 1898, when it absorbed the cities of Brooklyn and Staten Island,

as well as portions of Nassau and Westchester Counties (Queens and the Bronx, respectively).

While pre–World War II planners designed their cities' infrastructure, virtually all residential and commercial structures were built and financed by private developers with little public input. In many cities, local governments imposed limited design standards to protect health and fire safety, limited building-density standards to control congestion, and made sure that water supply and waste disposal were safe and sanitary. However, market forces essentially decided the design, location, and quality of commercial and residential development—whether commercial hubs, elegant residential neighborhoods for the growing middle and upper classes, or row houses and tenements for the working classes and poor. Industrial plants were located along waterways, railway lines, and major arterial roads to minimize cost and maximize profit.

Detroit's emergence as a major city began with the help of good planning. First, in 1807, Augustus Woodward, the first chief justice of Michigan Territory, won authorization for Detroit's radial downtown street plan, designed by Pierre L'Enfant, who earlier had laid out the streetscape of Washington, D.C. Later, with the redesign of Belle Isle park by Frederick Law Olmsted in the 1880s and the construction of the Detroit Public Library and the Detroit Institute of Arts, each designed by renowned architects, the Motor City joined the ranks of America's most beautiful cities.

After World War II, as urban planning became increasingly professionalized and accepted as a government function, planners lost control of the design of city infrastructure. Federal and state governments began building highways to the suburbs, while cities began neglecting their infrastructure (unless subsidized by federal or state funds). And suburbs off-loaded the design and construction of their own street networks to local housing and commercial developers.

This model has mostly continued. Instead of designing urban infrastructure, planners now focus on influencing *private* development. They use zoning to regulate private property. They use eminent domain to acquire private property. And they use federal grants to subsidize, eliminate, or alter private property. The one common

denominator here is that all these planning “tools” are explicitly designed to bend or thwart market-driven development.

Thus, the post–World War II planning paradigm turned the historical one on its head: henceforth, others would design and build the urban infrastructure that gives cities their shape and functionality, while city planners would substitute their judgment for that of the market when it comes to the design, placement, and economics of the homes, shops, and industries that constitute the lifeblood of cities.

Planning in City and Suburb

Planners in cities and suburbs implemented the new paradigm in radically different ways. In the suburbs, planners showed little interest in their communities’ overall design and infrastructure. Instead, they focused on preserving their community’s “suburban” character, including socioeconomic segregation, through zoning, a powerful tool for development regulation blessed by the Supreme Court in its 1926 *Euclid v. Ambler* decision. Zoning used in this way may be selfish and foster racial segregation, but it has worked to sustain the suburbs, especially upscale ones like Birmingham (Michigan), Wellesley (Massachusetts), and Clayton (Missouri), as highly desirable places to live.

In the cities, planners (in collaboration with municipal, state, and federal agencies) used federal funds to tear down old neighborhoods to make room for newer, supposedly superior, development. This was the era of “urban renewal,” and Detroit was among its leading practitioners.

The American Housing Act of 1949, in the name of “slum clearance,” invited cities to identify “blighted” residential and commercial neighborhoods, offering them funds to acquire, through eminent domain, large tracts of land in these areas, raze existing structures, and then sell the land at a deep discount to developers who promised to erect better housing and commercial buildings, or, using other federal subsidies, erect new low-income housing projects.

The steep decline of older U.S. cities coincided almost perfectly

with the spread of the post–World War II planning paradigm. In contrast, Houston, the rare metropolis that was allowed to grow relatively organically, saw the biggest population increase of any big U.S. city during 1950–2016.³

Under former mayor Albert Cobo (1950–57), Detroit was an enthusiastic implementer of urban renewal, beginning with the city’s Gratiot Area Redevelopment Plan. The wholesale displacement resulting from this and subsequent urban renewal ventures destroyed entire neighborhoods—both the ones torn down and those affected by the influx of displaced residents. Because of its singularly harsh impact on African-American residents, urban renewal was one of the main triggers of the 1967 riots that greatly accelerated Detroit’s decline.

Another unfortunate aspect of urban renewal was Detroit’s decision to replace a perfectly functional downtown with glossy new skyscrapers and shopping malls, such as those at the Renaissance Center. In the process, thousands of viable, if unglamorous, businesses disappeared or moved, further hastening Detroit’s demise. The final nail in the city’s coffin was Detroit’s implementation of the interstate highway program, which, by slicing through large swaths of the city, destroyed even more homes and businesses.



Downtown Detroit, Circa 1915

Source: Shorpy.com



Detroit's Renaissance Center, Circa 1973

Source: iStock

Post-Urban Renewal City Planning

Fortunately, today's urban planners have learned from some of the mistakes of the post–World War II model. For this, much credit is owed to Jane Jacobs, who, in 1961, penned the highly influential *The Death and Life of Great American Cities*, which challenged the beliefs and policies that characterized mainstream planning at the time.

Jacobs argued that older streetscapes, with their mix of stores and varied housing, are essential to neighborhood safety and social coherence and should be preserved and improved, not torn down. She believed that allowing expressways to slice through a city, as was then fashionable, was a disastrous mistake. Cities, Jacobs thought, are healthiest when allowed to remain eclectic, irregular, dynamic, and market-formed—filled with vibrant street life rather than centrally planned collections of bland towers and sterile shopping malls that turn their back on the street.

As Jacobs's message seeped into the planning profession, city planners increasingly translated her critique into action. (Suburban planners, whom Jacobs largely ignored, have essentially retained all of the post–World War II suburban planning model.) Below are some trends.

Zoning

A move away from the rigid segregation of commercial and residential uses. Many zoning codes, in Detroit and elsewhere, now allow shops to locate among or near homes—for convenience and greater neighborhood vitality.

A move away from the rigid segregation of single- and multifamily housing. Many zoning codes now allow multifamily housing in single- and two-family districts. This responds to the declining appeal, especially among millennials and retirees, of living in single-family homes, the need to free up sites for multifamily housing in convenient locations, and a desire to generate greater neighborhood vitality.

A reconsideration of density constraints. Recognizing that higher residential and commercial density can be a good thing, especially in cities that have suffered or fear population decline, zoning-imposed density ceilings are being raised or eliminated.

Detroit and others are adopting, or considering, “form-based” zoning that sets specifications for new structures aimed primarily at their exterior form and their relationship to the street and neighboring structures. In many cases, these codes also do away with older kinds of use and density constraints.

Urban Renewal

Federally subsidized “raze and replace” urban renewal was ended by the Nixon administration in 1973. In its place, the Housing and Community Development Act of 1974 (HCD) introduced Community Development Block Grants (CDBGs)—formula-driven allocations to cities and states for a wide variety of city and neighborhood improvement initiatives, with broad local flexibility in the selection of projects.

After the demise of old-style urban renewal, post-1970s large-scale city redevelopment projects are now undertaken through “public-private partnerships” with private developers. Under this rubric, planners work closely with developers in the design and siting of the projects, and cities use the power of eminent domain to acquire sites.

Unlike old-style urban renewal, such projects typically have no federal subsidies or wholesale demolition of functioning homes or businesses, more mixed residential and commercial uses, and a much greater likelihood of economic viability.

Low-Cost Housing

HCD also effectively ended federal support for the kind of high-rise public housing projects that, together with federally subsidized slum clearance, had torn down established city neighborhoods to build dysfunctional complexes, such as Detroit's Brewster-Douglass Homes (opened in 1938 and expanded in 1951).

By the time federal support for high-rise public housing ended, planners and housing advocates had sharply turned against it, especially after the demolition by explosives of the once-admired Pruitt-Igoe housing complex in St. Louis in 1972. In 1993, federal legislation launched the HOPE VI initiative, enabling local public housing authorities to tear down older high-rise complexes (like Cabrini-Green in Chicago) and replace them with low-rise, higher-amenity structures built in scale with their surrounding neighborhoods (Detroit demolished Brewster-Douglass Homes in 2013).

Since 1974, Section 8 of the Housing Act has authorized rental subsidies as the primary means of providing decent housing for low-income households.

Low-income housing has also been supported by CDBGs. In the 1980s, for example, New York City used billions of dollars of its CDBG allocation to acquire and restore more than 250,000 units of abandoned housing. It then turned their ownership and management over to nonprofit organizations.

Regarding City–Suburb Relations

One policy consequence of planners' anti-sprawl campaign has been the promotion of rail and bus transit systems in medium-size and large cities. Since 1960, 37 U.S. cities have introduced light and heavy rail transit systems, and countless others have expanded their bus transit systems.⁴ Few of these transit initiatives, all heavily subsi-

dized, have met their ridership expectations, and none has seriously impeded further suburbanization, but the new or expanded rail transit systems may have added to the appeal of inner-city living. However, Detroit's entry into this venture, its "People Mover," a three-mile elevated tram circling downtown launched in 1987, has done nothing to stem the city's decline.

Aside from promoting city living as an antidote to suburbanization, planning orthodoxy now demands that suburbs "diversify" by encouraging more multifamily development and racial and economic integration. Development trends are moving in this direction, but this owes more to the "urbanizing" of the suburban housing market than to planners' initiatives. By narrowing the perceived urbanization gap, these trends may make city living more acceptable in Detroit and other shrinking cities.

Rethinking City Planning

A key challenge now facing U.S. cities battered by population and job loss is to make them places where people want to live. In concrete terms, this means that these cities must focus on stemming further population loss and, in the case of Detroit and other severely depopulated cities, must aggressively foster repopulation. In this, they are in perpetual competition with their suburbs.

As noted, the great advantage that cities have over suburbs is their centrality—convenient access to downtown, with its jobs, institutions, and sports and cultural facilities. Beyond downtown, cities can still offer more urbane local shopping and dining, more diverse and interesting neighbors, and more varied housing than in the suburbs. On the other hand, Detroit and many other cities suffer from high crime rates, bad schools, and burdensome taxes.

In addressing these disadvantages, city planners can do only so much. They can shape and improve cities' physical appearance and functionality, and that counts for a great deal. But public goods, such as safety and good schools, are beyond planners' control. High taxes are not necessarily fatal, as shown by the continuing appeal of New York and other high-tax U.S. cities (as well as the many popular high-tax suburbs). But a high-tax city can survive only if it delivers

prosperity and a high quality of life. What should planners do?

Respect the Market

Today's planners may be more realistic and market-responsive than those immediately following World War II, yet too many city plans remain full of gauzy visions overly dependent on government micromanagement. In many parts of the city, zoning should be reformed to make neighborhoods and streetscapes more responsive to lifestyle and market preferences. Developers and property owners should be given more freedom to build according to their needs or what succeeds commercially. In many parts of the city, zoning can be reformed, as described earlier, to make neighborhoods and streetscapes more responsive to current lifestyle and market preferences, but any zoning changes should be kept simple and have the support of the residents and businesses that they affect.

Detroit is now at an inflection point. With thousands of acres of vacant land ripe for redevelopment, it would be unwise for Detroit's planners to overprogram what should be built. Most new development will, and should, be residential. But the kind of housing (row homes, apartments, single family) or the type of tenure (owned or rental) should be left to the market. The same goes for new commercial development, especially outside downtown.

Given the Motor City's fragility, planners should refrain from aggressively pushing "affordability." The complex regulatory and financing arrangements that typically go with subsidized housing (e.g., tax credits, Section 8 subsidies, prevailing wage rules, eligibility requirements) would seriously slow redevelopment. Much of Detroit's new housing will be affordable without subsidy, anyway. Further, the prospect of forced mixed-income occupancy might impede the marketing of unsubsidized units. Other city (and state) regulations on the books that make development more expensive, such as "local only" labor, should be waived, too.

Save Neighborhoods

Like physicians, planners should first do no harm. All U.S. cities have neighborhoods that are thriving. Such neighborhoods should not be undermined with unwanted municipal facilities—such as homeless shelters, correctional facilities, sanitation-transfer stations, or public housing. Their streets should be pothole-free and clean, with garbage picked up frequently, streetlights that work, and graffiti removed as soon as it appears. Where necessary, streets should be plowed in the winter. Cities also need to prevent foreclosed properties from spoiling entire neighborhoods, through rigorous enforcement of occupancy restrictions and prosecuting squatters and vandals. They can also use eminent domain or partnerships with nonprofit community-development corporations—as in Cleveland, Philadelphia, and Columbus—to acquire foreclosed properties and rapidly renovate and resell them.

To save money servicing Detroit's vast stretches of abandoned housing (over one-third of the city's acreage),⁵ former mayor Dave Bing (2009–13) considered fostering the relocation and densification of the city's remaining residents by curtailing street maintenance, policing, and other services in largely vacant precincts. Popular outrage kept the strategy from being implemented, but the idea was wrongheaded on its face. For Detroit's remaining neighborhoods to thrive, all neighborhoods, including the poorest and partially abandoned, must be well maintained. Some cost savings can be realized, as occurred under Bing, through better management and efficiency or, in the case of streetlights, by transferring responsibility to an independent authority. But the physical upkeep of neighborhoods should never be compromised.

Detroit's planners should also work with municipal colleagues to promote greater neighborhood autonomy. Urban residents would likely welcome some control over their destiny, as do most suburbanites. Municipal decentralization for Detroit has gotten a bad name because of the apparent failure of the city's Community Action Councils (CACs) under former mayor Coleman Young (1974–94). However, unlike the federally sponsored neighborhood advocacy embodied in CACs, the kind of decentralization proposed here would entail the devolution of specific neighborhood services (street maintenance, parks, sanitation, etc.) to sub-municipal governments, along with a portion of the property-tax base to pay for them.

Fill the Voids

Most of America's declining cities have large tracts of underutilized land. Even thriving ones are pockmarked with derelict or abandoned properties, many near downtown or in other prime locations, especially waterfronts. The lowest-hanging fruit for planners is to pick and revive these areas. First, the city must obtain title to the properties. In most places, vacant or abandoned parcels may already be owned by the city through tax foreclosure. In other instances, they are owned by other governmental entities or banks. Development on vacant land can be expedited by assembling individual parcels into large land banks. When it comes to disposing of banked property, planners should resist the temptation to preemptively decide what should be built there and instead consult with real-estate professionals and builders as to what might be economically viable. Prospective developers (or homeowners) can then be invited to submit specific development bids, with properties going to the most financially sound projects.

As noted, one-third of Detroit's 344,000 residential properties are empty lots or are occupied by vacant homes. The largest share of these parcels is adjacent to, or near, downtown. This is where Detroit's repopulation should best begin. The good news: these areas should be the most attractive for developers to tackle: their closeness to downtown and their emptiness should make them the easiest to market; and once these areas are repopulated, there will also be demand for ancillary commercial space.

Further good news is that Detroit has already assembled the majority of city-owned vacant parcels into a land bank. The city should combine as many of these parcels as possible into large contiguous sites and recruit developers to build on them, a process already begun in the Brush Park area. Incorporating isolated parcels amid mega-sites may require the use of eminent domain, as well as the cooperation of county and state government, banks, and private owners.

Along with the redevelopment of vacant areas, Detroit has an opportunity to create brand-new high-quality neighborhoods. As neighborhoods are redeveloped and repopulated, the city can turn the rebuilt communities into "new towns in town," giving them the kind of sub-municipal governance structure proposed earlier. Building in some level of local autonomy will hasten their redevelopment and will assure their long-term sustainability.

Welcome Gentrification

One of the great forces for urban revival is gentrification, the arrival of middle- or high-income residents into heretofore undesirable or dying neighborhoods. Gentrification is the antidote to the bane of declining cities: middle-class flight. Yet many cities fortunate enough to experience gentrification are ambivalent about, or hostile to, it when it appears. The most common complaint is that gentrification causes displacement of existing households. In reality, many such households typically leave before gentrification starts, part of a downward cycle of rising crime, resident flight, and declining economic vitality.⁶ Indeed, not only does gentrification tend to cause minimal displacement; gentrifying neighborhoods actually make life better for existing residents in many ways, such as less crime, better city services, and more shops and restaurants.

Parts of Detroit—mostly downtown and neighborhoods at the suburban frontier, such as Grandmont-Rosedale—are experiencing the first shoots of gentrification. It remains to be seen whether gentrification will make further inroads into other established neighborhoods. But whatever the extent of gentrification, Detroit's residents and planners should welcome it.

Breathe New Life into Downtown

Past efforts to revitalize downtowns created dramatic skylines but also tended to hasten cities' decline. Most planners today are wary of artificially breathing life into city downtowns. Instead, the best that planners can do is to take careful stock of their downtown's assets—architecturally distinctive structures, public buildings, parks, monuments, and so on—and enhance and preserve them. Planners needn't be concerned about coaxing or subsidizing office development: that is the one kind of downtown development that always takes care of itself.

The downtown attractions that planners can most easily have an impact on are major government, cultural, and transportation facilities, such as City Hall, museums, concert halls, and railroad stations. These typically belong to the city or are supported by it. Planners

should make them as attractive and well maintained as possible. The cost of doing so can often be underwritten by philanthropic donors and conservancies. To lure residents downtown, a lot of restaurants, shops, and art galleries are needed, too. Cities such as Cleveland, Syracuse, and Portland (Maine) have created new dining and art districts on the edge of downtown and in former industrial and warehouse areas for this purpose.

As for downtown infrastructure and streetscapes: in most U.S. cities, these things have already been attended to. Indeed, downtowns in shrinking cities, more than those in thriving ones, have well-paved thoroughfares, spiffy street signs, good sidewalk paving, and more. The maintenance and further enhancement of downtown infrastructure should be left to self-funded business improvement districts.⁷ This saves cities money, and downtown merchants and property owners know best how to keep their districts attractive.

Detroit's downtown is definitely "coming back," much the way countless other city downtowns have revived. There has been substantial development and rehabilitation of office space, with most of it now occupied. There appears to be a burgeoning sector of tech and other "new economy" firms. Tourism has even picked up, spurred by the city's downtown casinos. Government facilities have been renovated. Belle Isle, in the Detroit River across from downtown, is being upgraded. And new dining and crafts districts have sprung up on downtown's edge. Detroit's downtown streetscape is well maintained and attractive, with high-quality paving and strategically located landscaping.

Return to Planning the Public Domain

Planners should return to the work of their pre-World War II predecessors and focus on improving streets, parks, and public spaces. Most big U.S. cities, for example, have waterfronts. It is an appropriate function of planners to beautify them and make them accessible. If that means tearing down ill-conceived expressways, as Portland (Oregon) and Boston did, the long-run benefits will outweigh the costs. Likewise, parks are always among a city's most im-

portant assets; one of the turning points in New York City's recent revival was the rehabilitation of Central Park. Brownfield sites, restored with federal remediation funds, also offer an opportunity to create new public or private sites without displacement.⁸

Detroit has some of America's best-designed parks, including several designed by Frederick Law Olmsted, the architect of Central Park. Keeping them lovely is well worth the cost. Beyond its largely revitalized downtown, Detroit's planners appear to be focused on upgrading major thoroughfares, especially those radiating from downtown. However, a key prerequisite is rebuilding the secondary street and utility infrastructure across Detroit's thousands of acres of vacant land, where roads are disintegrating.

Don't Waste money on Smokestack Chasing

Many of the urban renewal efforts discussed earlier were paid for with federal tax dollars. More insidious, from the perspective of cities, are failed revitalization initiatives that cities themselves pay for—chiefly through tax abatement—under the misnomer of “economic development.” Chief among these are “smokestack chasing” and subsidizing sports arenas.⁹ Numerous economic studies have shown that such efforts almost always cost more in subsidies than they reap in economic gains—especially since tax abatements for a wealthy few inevitably require tax increases for the city's other commercial and residential taxpayers.¹⁰

Instead of smokestack chasing, planners should focus on one of the true economic anchors present in virtually all U.S. cities: “Eds and Meds,” or colleges, universities, and hospitals. While many of the jobs in these industries pay less than old manufacturing jobs did, Eds and Meds are growing, high-skill industries that don't despoil the local environment. Though Eds and Meds don't pay property taxes, they still enrich the local tax base indirectly through economic spillovers. Planners should help Eds and Meds expand, and they should guide their expansion in a way that functionally and visually enhances the immediate surroundings.

Unfortunately, Detroit is engaged aggressively in smokestack chasing, generally in the form of long-term tax abatement, with much of it tied to Quicken Loans, a major local employer. As for Eds and Meds, the Motor City is home to the Detroit Medical Center, Wayne State University (one of Michigan's largest universities), a branch of the University of Michigan, and numerous other health-care facilities and colleges. Altogether, Detroit's Eds and Meds account for over 25% of the city's 240,000 jobs.¹¹

Have a First-Rate Planning Department

Among the most underappreciated functions of big-city planning departments is their collection and analysis of a broad array of data relevant to planning and governing cities. The best planning departments are superb at demographic analysis. And they keep careful track of key aspects of city functioning, such as traffic counts, sanitation volumes, housing-code violations, the condition of buildings, and employment trends by industry. Accurate data and analysis can have a highly beneficial impact on planning—though planners should avoid the temptation to use the data to micromanage decisions that are best left to private individuals and businesses.

Another capability of the best planning departments is their facility in sophisticated mapping and visualization. With modern computer technology, planners can generate interactive maps and three-dimensional streetscape images that instantly portray any section of their city as it currently is and can also assess the visual impact of potential alterations.

Spurred by current mayor John Duggan, Detroit has built a stellar planning department, headed by Maurice Cox. The staff, which has grown sixfold since 2014, is well trained and highly motivated. To the extent that planning can make a serious difference in restoring a declining city, Detroit is, for now, in very good hands.

Use Planning Tools Wisely

The planner's tools today are not very different from those wielded in the past. The three main ones are:

- 1. Zoning** is the most comprehensive and powerful tool. “As-of-right” zoning determines what uses can exist, the density of development, and the exterior configuration of structures. Yet under the “Euclidian” (from *Euclid v. Ambler*) framework governing most American zoning ordinances, “higher” uses can locate in “lower” use zones: i.e., single-family homes can be built in multifamily zones, or stores can be placed in industrial zones. But cities can depart from the Euclidian framework and create “exclusive” zones, or they can, as described earlier, jettison established zoning features in favor of “form-based” zoning. In high-demand cities like New York, many newer residential and commercial buildings are not built under as-of-right zoning. Instead, developers are invited to seek waivers, especially for rules affecting density or building height, in exchange for including, or paying for, public benefits, such as affordable housing, public plazas, subway station upgrades, and more.
- 2. Eminent domain** gives government the power to acquire private land for a public purpose. Eminent domain can be especially useful in cities with large tracts of derelict properties or in those that want to modify the infrastructure grid or rehabilitate neglected or foreclosed properties.
- 3. Community Development Block Grants.** Every large American city receives a sizable grant each year from this federal program. Cities have almost unlimited discretion in how they use CDBGs, which are best used for improving infrastructure and other long-lasting public amenities. Cities can also distribute some of their CDBGs to neighborhoods when implementing decentralization initiatives.

While Detroit's planning department has advanced sensible zoning reforms, state law vests zoning authority in an independent City Zoning Board, which must approve proposed changes. Based on the author's discussions with the staff, the planning department expects approval of its recent zoning recommendations.

Eminent domain, long misused in Detroit for previous urban renewal schemes, could nevertheless be an important tool for acquiring foreclosed properties or privately owned holdouts in Detroit's largely vacant and land-banked inner-city neighborhoods. Although Detroit planners claim that such use of eminent domain would be hampered by Michigan court decisions that limit what constitutes a "public use" under the state constitution, they should continue to pursue the matter.

As for CDBGs, Detroit's current allocation is \$34 million annually. Though not a large sum, it can still be a useful resource for well-placed infrastructure and public-facility improvements.

Looking Ahead

America's large cities, even its most thriving ones, face serious challenges. For example, being home to ethnically and socioeconomically diverse populations can be a major asset, yet it also imposes considerable social integration and education costs. These cities also contain some of the country's finest housing, as well as some of its worst. Their downtowns are home to much of their respective regions' office employment, and they benefit from the growing Eds and Meds sector; but they have lost most of their manufacturing. Their extensive legacy infrastructure requires costly upgrading and retrofitting, too.

Many of the challenges facing U.S. cities are not new. But addressing them may be more difficult than in the past. With the exception of some Sunbelt cities, city boundaries have not expanded as their populations have spilled into the sea of metropolitan suburbs. This has placed cities in a fierce competition—for residents, businesses, and tax revenue—with their suburbs.

In the face of this competition, America's thriving cities have remained attractive enough to retain or increase their populations

and economic base. But the country's shrinking cities have not been able to do this. If today's urban planners concentrate their efforts on making cities more desirable places to live and do business, they can help Detroit and other once-great U.S. cities regain their historical vitality and ultimately prevail in the competition with their suburbs.

Appendix. Population Change in Big U.S. Cities and Metropolitan Regions 1950–2016

Rank	City	City Population		% Change
		1950	2016	1950–2016
1	New York City NY	7,891,957	8,537,673	8.2
2	Chicago IL	3,620,962	2,704,958	-25.3
3	Philadelphia PA	2,071,605	1,567,872	-24.3
4	Los Angeles CA	1,970,358	3,976,322	101.8
5	Detroit MI	1,849,568	672,795	-63.6
6	Baltimore MD	949,708	614,664	-35.3
7	Cleveland OH	914,808	385,809	-57.8
8	St. Louis MO	856,796	311,404	-63.7
9	Washington DC	802,178	681,170	-15.1
10	Boston MA	801,444	673,184	-16.0
11	San Francisco CA	775,357	870,887	12.3
12	Pittsburgh PA	676,806	303,625	-55.1
13	Milwaukee WI	637,392	595,047	-6.6
14	Houston TX	596,163	2,303,482	286.4
15	Buffalo NY	580,132	256,902	-55.7
16	New Orleans LA	570,445	391,495	-31.4
17	Minneapolis MN	521,718	413,651	-20.7
18	Cincinnati OH	503,998	298,800	-40.7
19	Seattle WA	467,591	704,352	50.6
20	Kansas City MO	456,622	481,420	5.4
21	Dallas TX	434,462	1,317,929	203.3
22	Indianapolis IN	427,173	855,164	100.2
23	Denver CO	415,786	693,060	66.7
24	San Antonio TX	408,442	1,492,510	265.4
25	Memphis TN	396,000	652,717	64.8

Appendix Continued

Rank	City	Metropolitan Population		% Change
		1950	2016	1950-2016
1	New York City NY	14,018,852	20,275,179	44.6
2	Chicago IL	6,869,699	7,335,054	6.8
3	Philadelphia PA	4,071,814	6,077,152	49.2
4	Los Angeles CA	4,819,599	13,328,261	176.5
5	Detroit MI	3,421,766	4,305,869	25.8
6	Baltimore MD	2,869,488	2,801,028	-2.4
7	Cleveland OH	1,465,511	2,060,065	40.6
8	St. Louis MO	1,719,288	2,806,782	63.3
9	Washington DC	2,869,488	4,854,468	69.2
10	Boston MA	3,456,063	4,805,942	39.1
11	San Francisco CA	2,531,314	4,699,077	85.6
12	Pittsburgh PA	2,213,236	2,341,536	5.8
13	Milwaukee WI	1,066,533	1,576,143	47.8
14	Houston TX	919,767	6,798,010	639.1
15	Buffalo NY	1,089,230	1,134,914	4.2
16	New Orleans LA	685,405	1,271,195	85.5
17	Minneapolis MN	1,151,053	3,557,276	209.0
18	Cincinnati OH	1,051,605	2,166,029	106.0
19	Seattle WA	1,120,448	3,802,660	239.4
20	Kansas City MO	814,357	2,106,382	158.7
21	Dallas TX	1,136,144	4,809,999	323.4
22	Indianapolis IN	551,777	2,005,612	263.5
23	Denver CO	612,128	2,851,848	365.9
24	San Antonio TX	500,460	2,426,211	384.8
25	Memphis TN	482,393	1,345,193	178.9

Source: U.S. Census Bureau

Endnotes

1. See, e.g., John D. Kasarda et al., “Central-City and Suburban Migration Patterns: Is a Turnaround on the Horizon?” *Housing Policy Debate* 8, no. 2 (January 1997): 307–58.
2. See, e.g., Richard Florida, “The Downsides of the Back-to-the-City Movement,” CityLab, Sept. 29, 2016.
3. U.S. Census Bureau.
4. American Public Transportation Association, “2017 Public Transportation Fact Book,” March 2018.
5. Larry Gabriel, “Detroit’s Vacant Lot Problem,” *Detroit Metro Times*, June 6, 2018.
6. See, e.g., Lei Ding and Jackelyn Hwang, “The Consequences of Gentrification: A Focus on Residents’ Financial Health in Philadelphia,” Federal Reserve Bank of Philadelphia, July 2016; Lance Freeman, “Displacement or Succession? Residential Mobility in Gentrifying Neighborhoods,” *Urban Affairs Review* 40, no. 4 (March 2005): 463–91; Ingrid Gould Ellen and Katherine M. O’Regan, “How Low-Income Neighborhoods Change: Entry, Exit and Enhancement,” *Regional Science and Urban Economics* 41, no. 2 (March 2011): 89–97; Terra McKinnish, Randall Walsh, and Kirk T. White, “Who Gentrifies Low-Income Neighborhoods?” *Journal of Urban Economics* 27, no. 2 (March 2010): 180–93.
7. A business improvement district is an area where local stakeholders oversee and fund the maintenance, improvement, and promotion of their commercial district. See, e.g., NYC.gov, “Business Improvement Districts.”
8. Brownfield land refers to previously developed land that is not currently in use.
9. “Smokestack chasing” is the practice of bribing firms by offering financial incentives, such as tax abatements, to move to, or remain in, a city.
10. Alan Peters and Peter Fisher, “The Failures of Economic Development Incentives,” *Journal of the American Planning Association* 70, no. 1 (Winter 2004): 27–37; Timothy Bartik, “A New Panel Database on Business Incentives for Economic Development Offered by State and Local Governments in the United States,” W. E. Upjohn Institute for Employment Research, February 2017.
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CHAPTER 7

BENCHMARKING HOMELESS SHELTER PERFORMANCE: A PROPOSAL FOR EASING AMERICA'S HOMELESS CRISIS

By Stephen Eide

Introduction

Homelessness remains a problem in many U.S. cities, no more so than in New York City. New York spends more than \$2 billion a year to provide temporary housing to 14,500 homeless single adults and 15,200 families, about 60,000 people in all (with thousands more living on the streets and in the subway system). And that does not count the hundreds of millions of dollars the city also spends on prevention efforts aimed at reducing the number entering shelters and rental-subsidy programs to facilitate their exit. Nonetheless, the “crisis,” as it is referred to by numerous observers and the city itself, shows little sign of abating.

During his tenure as mayor, Bill de Blasio has twice put forth plans to reform the delivery of homeless services. Improving shelters—making them safer and cleaner—has been his administration’s top priority. But the administration has paid much less attention to the ability of shelter operators to move homeless adults and families out of their facilities and back into the community. To do so, New

York City—as well as other large American municipalities—should draw on a system pioneered by de Blasio’s predecessor, Michael Bloomberg (mayor from 2002–2013).

Beginning in 2003, New York City set up a system of performance benchmarking and financial incentives known as the Performance Incentive Program (PIP).

In the program, shelter operators had their performance quantitatively evaluated and published in regularly issued public reports, ranking them against peers that serve similar populations. The performance was mainly determined based on the rate at which shelter operators placed adult- and family-shelter clients back into independent housing in the community, their average length of stay, and the rate at which formerly homeless people returned to shelters. High performers received bonuses, and low performers faced a serious threat of loss of their contracts.

The Bloomberg administration viewed PIP as essential to its efforts in reducing the number of people living in shelters and their length of stay—and there is evidence to suggest that PIP did just that. Almost every instance in which the city has managed to reduce the shelter census or average length of stay on an annual basis has occurred when PIP was active. After assuming office in January 2014, however, Mayor de Blasio let PIP lapse.

A Short History of New York City’s Shelter System

New York City’s shelter system developed in response to the emergence of the “modern” homelessness problem in the late 1970s. Prior to that time, the homeless population consisted mainly of indigent single men suffering from high rates of alcoholism.¹ Today, most homeless New Yorkers are members of families, most of which are headed by single mothers (**Figure 1**).² The homeless population now faces substance-abuse disorders other than alcoholism, as well as a high rate of serious mental illness.

New York’s response to modern homelessness evolved over four decades by five mayoral administrations. Two landmark events stand out.

Figure 1. Profile of Homeless Populations, New York City and the U.S., 2017

	NYC	Nation
Percent Sheltered*	94.9%	65.2%
Percent in Families with Children	59.3%	34.3%
Percent White	18.4%	47.1%
Percent “Chronic” Homeless*	7.5%	17.2%
Percent Severely Mentally Ill (adults)	23.7%	25.5%
Percent Severely Mentally Ill (all)	15.7%	20.3%
Percent Chronic Substance Abuse	10.2%	16.1%
Percent HIV/AIDS	4.6%	1.8%
Percent Victims of Domestic Violence	6.9%	15.8%
Percent Unaccompanied Youth*	2.6%	7.4%

*“Sheltered” is defined as staying in an emergency shelter or a transitional housing program or a safe haven; “chronic” refers to having a disability and having been homeless for one year continuously or four times in the previous three, for a total of 12 months; “unaccompanied youth” refers to someone under the age of 24 who is not part of a family.

Source: U.S. Department of Housing and Urban Development, HUD 2017 Continuum of Care Homeless Assistance Programs, Homeless Populations and Subpopulations, “Full Summary Report (All States, Territories, Puerto Rico and District of Columbia)”

A “Right” to Shelter

The first landmark event emerged from a lawsuit brought by advocates for the homeless against the city and state in 1979. Plaintiffs in *Callahan v. Carey* claimed that New York was abrogating its constitutional obligation to provide temporary housing for homeless single men, basing their argument for a “right to shelter” on a clause in the New York Constitution.³ Mayor Edward Koch settled the case in 1981 by signing a consent decree that conferred a right to shelter to single men (subsequent litigation and settlements extended the right to single women and families).⁴

The legal right to shelter may have reduced the percentage of unsheltered or street homelessness in New York City, though its effect is difficult to disentangle from other factors, such as New York’s long tradition of generosity in social-services spending and its harsh winter climate.⁵ Other cities that do not have a right to shelter (Phil-

adelphia), or a much more qualified one (Boston and Washington, D.C.), have nearly the same rate of sheltered homeless (**Figure 2**). Counting unsheltered homeless is far from a precise science, so a difference of a few percentage points may not be consequential.

Figure 2. Percent of Homeless Population Sheltered, Select U.S. Localities, Average 2007–17

Locality	Average Percent Sheltered, 2007–2017
Boston	96.4%
New York	94.7%
Washington, D.C.	93.2%
Philadelphia	90.9%
Detroit	79.0%
Chicago	77.4%
Seattle (city and King County)	66.6%
San Diego (city and county)	47.7%
San Francisco (city and county)	41.9%
Los Angeles (city and county)	34.2%
San Jose (city and Santa Clara County)	27.9%

Source: HUD, “2007–2017 PIT [Point in Time] Counts by CoC [Continuum of Care]”

The right to shelter under the *Callahan v. Carey* consent decree has been interpreted to mean a right to *immediate* shelter—adults and families must be placed in temporary housing the day they apply for it. Thus, city government has been forced to resort to forms of temporary housing—hotels and “cluster site” shelters jury-rigged in apartment buildings—that are widely seen as inferior to facilities designed for the specific purpose of housing the homeless. The result has been a very low quality of shelter offered to homeless families and single adults in recent years. More basically, the right to shelter has given legal advocates an outsize role in shaping the city’s response to homelessness. For many years, judges and lawyers from the Legal Aid Society and representing the Coalition for the Homeless have

had more influence over how New York should respond to the homelessness challenge than many of the city's elected representatives.⁶

“Not for Profitization”

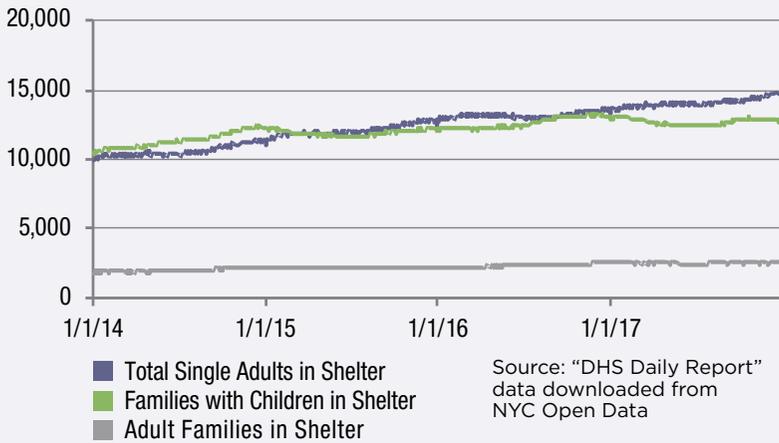
The second landmark event in New York's modern homeless policy was “The Way Home: A New Direction in Social Policy,” a 1992 report of the Cuomo Commission—a task force convened by Mayor David Dinkins, whose administration was facing a political crisis over its handling of homelessness.⁷ The report's two most consequential recommendations were the creation of the Department of Homeless Services (DHS) as a separate city agency and a policy of privatization or, more precisely, “not-for-profitization.” The city was mostly to get out of the business of operating homeless shelters. Instead, the new DHS would set overall policy and “function as a ‘general contractor’ for the system,” with the frontline work of sheltering the homeless and transitioning them back into the community done by a network of government-funded nonprofits.⁸ Mayor Dinkins's successor, Rudy Giuliani, implemented the Cuomo Commission's recommendations.⁹

In the early 1990s, many governments were exploring ways to employ the private sector in pursuing public goods in areas such as transportation, elementary and secondary education, and sanitation services. Though the term “privatization” remains controversial in some circles, reliance on government-funded private contractors remains a foundational component of social policymaking in New York City. During FY 2017, the city administered more than 9,000 active contracts worth \$22.6 billion for “human services.” About 400 of these contracts, worth \$4.8 billion, were with the DHS.¹⁰

New York City's Shelter System Today

New York City's DHS oversees about 580 shelter facilities spread throughout the five boroughs.¹¹ The city spent \$1.3 billion on family- and adult-shelter services in FY 2017, a sum larger than outlays on libraries and parks combined.¹² According to a 2015 report, New York City is host to roughly one-quarter of all the emergency-shelter beds *in the nation*.¹³

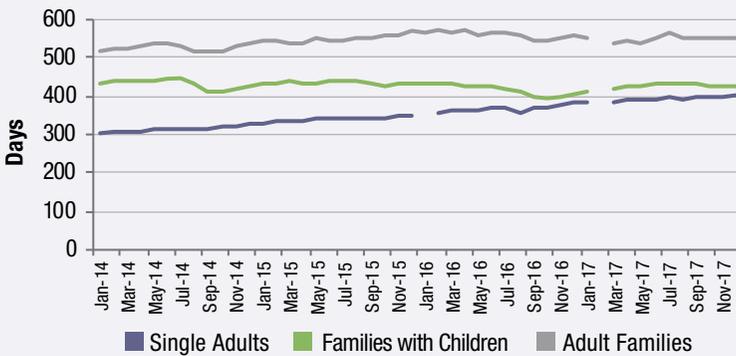
Figure 3. Trends in Single Adults and Families in Shelters, January 2014–December 2017



Homelessness in New York City has been termed a “crisis” by the administration, advocates, politicians of both parties, and various media organizations.¹⁴ As of late 2017, there were about 14,500 single adults and 15,200 families living in the DHS shelter system. Throughout de Blasio’s first term (January 2014 to December 2017), the number of families in shelters increased by 2,879, or 23%, while the number of single adults increased 4,657, or 47% (**Figure 3**). In raw numbers, 50,954 adults and children were in shelters on January 1, 2014, and 59,933 on December 31, 2017. Single adults are staying in a shelter about 100 days longer than they were, on average, in January 2014; and 37 days in the case of adult families (couples without children).¹⁵ The average length of stay for families with children is now about six days shorter than it was in January 2014 (**Figure 4**).

Providing temporary housing to single adults and families entails different managerial challenges. The single adult population has higher rates of substance abuse and serious mental illness; families need larger units, privacy is a greater concern, and the city strives to place family clients in a shelter near their children’s schools.¹⁶ Single adult homelessness, sheltered and unsheltered, is a significant driver of many so-called “quality of life” concerns in city neighborhoods such as panhandling and public urination.¹⁷ Family and single-adult

Figure 4. Average Length of Stay in a Shelter, Single Adults and Families, January 2014–December 2017



Source: NYC, Department of Homeless Services, “DHS Local Law 37 Report for the Month of December 2017”

Figure 5. Revenue Mix for Family and Single Adult Shelters, FY 2017

	City	State	Federal
Single Adult	84.4%	12.5%	3.1%
Family	38.2%	7.1%	54.7%

Source: NYC, Office of Management and Budget, “Budget Function Analysis,” Jan. 24, 2017

shelters are also funded differently. City tax revenues constitute a much larger proportion of the adult-shelter-services budget than that of family services (**Figure 5**).¹⁸

State regulations require that many services be provided to shelter clients. In testimony given late in 2016, city officials noted 70 shelters (47 for single adults, 23 for families with children) that provide onsite health care, with other facilities referring clients who need medical services to nearby providers offsite with whom the provider has a “linkage agreement”; additionally, “many shelters have art therapists, occupational therapists and recreational activities such as outings, yoga and health classes.”¹⁹ On the single-adult side, they noted 27 “special program” mental-health shelters and nine

substance-use-disorder shelters.²⁰ Traditional, or “Tier II” family shelters (distinct from cluster sites and hotels), are required to provide child care (though a recent report by the city comptroller found that not all providers were in compliance).²¹ All shelters are required to provide three nutritious meals a day.

The right to shelter is balanced by “Client Responsibility” rules that were first proposed under Mayor Giuliani—fought against for seven years by the Legal Aid Society—and implemented during Mayor Michael Bloomberg’s first term.²² The rules remain in place today.

Both family and single-adult shelter clients must develop, with the provider staff, an Independent Living Plan (ILP).²³ In the words of Steven Banks, commissioner of the Department of Social Services, the ILP forms the core of a client’s “[shelter] exit plan and an individualized pathway towards sustainable permanency.” Developing an ILP entails compiling vital documents such as birth certificates and Social Security cards, “a comprehensive assessment of the family’s current level of housing readiness as well as an individualized and special needs assessment” by a case manager, an exploration of housing possibilities with friends and family, the provision, directly or through a referral, of educational, employment, medical and mental-health services, and preparation for apartment viewings and interviews. Clients are instructed about how to comport themselves when viewing apartments and are even provided with professional attire, if necessary. Clients view apartments along with provider staff and are given help in moving when a suitable apartment is found. Clients who are able to work are required to obtain and maintain employment.²⁴ They must “apply for and use any benefits and resources that will reduce or eliminate the need for temporary housing assistance”²⁵ and “actively seek housing other than temporary housing... and not unreasonably refuse or fail to accept any such housing.”²⁶ Shelter clients must also “refrain from engaging in acts which endanger the health or safety of oneself or others, or which substantially and repeatedly interfere with the orderly operation of a temporary housing facility.”²⁷ Noncompliance with DHS rules can lead to a client’s loss of shelter.²⁸

Single Adults and Families

Since the 1990s, families seeking to enter the shelter system have been subjected to an eligibility process.²⁹ All families must enter through the Prevention Assistance and Temporary Housing (PATH) intake center in the Bronx, where they receive a temporary shelter placement lasting, on average, 10 days, which turns into a permanent placement if they are found eligible. PATH staff scrutinizes a shelter applicant's two-year housing history and interviews friends and family with whom they had recently lived to ascertain if they have nowhere else "safe and appropriate" to stay, even on a temporary basis, and are indeed in immediate need of emergency shelter.³⁰ Intensive efforts are made to connect these families with prevention resources.³¹

Each month, DHS denies more than 1,000 petitions for family shelter. In his 2013 mayoral campaign, de Blasio criticized existing city shelter policy for its "unfair and overly punitive eligibility review rules that deny shelter to too many needy families." Accordingly, in late 2015, the de Blasio administration sought greater leeway to grant shelter access from the state Office of Temporary and Disability Assistance (OTDA), which regulates city shelter services. However, one year later, after the eligibility rate had risen, the de Blasio administration asked the state to restore the previous authority of DHS to explore the possibility of keeping shelter applicants housed in an apartment leased to a family member or friend.³³ Advocates opposed this move,³⁴ which has brought eligibility rates closer to historical levels (**Figure 6**).

Single adults are not subject to an eligibility process.³⁵ From a policy perspective, this is considered prudent because of the risk of increasing street homelessness. New York's most recent estimate of its unsheltered homeless population found that it was composed almost entirely of single adults.³⁶ The Bloomberg administration tried to institute eligibility for singles, believing that it had taken sufficient steps to minimize the risk of expanding unsheltered homelessness.³⁷ This action was strenuously opposed by homeless advocates.³⁸ Ultimately, the courts denied the Bloomberg administration the ability to impose an eligibility process for single adults.³⁹

Progressives often cite increased use of government benefit resources as evidence of effective governance and express concern that some programs may be under-enrolled.⁴⁰ Temporary housing benefits are an exception. In public debate, the shelter census tends to

Figure 6. New York City Eligibility Rate Trends, Family Shelter, 2011–17



Source: NYC, Department of Homeless Services, “DHS Local Law 37 Report for the Month of December 2017”

Figure 7. Spending on NYC Homeless Services, Major Categories, FY 2014–FY 2017 (\$ millions)

	FY 2014	FY 2015	FY 2016	FY 2017	\$ Change	% Change
Adult Shelter Operations	\$326	\$356	\$430	\$509	\$183	56.1
Family Shelter Operations	\$505	\$577	\$591	\$807	\$302	59.8
Rental Assistance	\$23	\$39	\$121	\$189	\$166	721.7
Prevention, Diversion, Anti-Eviction and Aftercare	\$82	\$198	\$291	\$400	\$318	387.8
Total, Homeless Services Spending	\$1,175	\$1,425	\$1,757	\$2,295	\$1,120	95.3
Shelter as Share of Total Spending	\$831	\$933	\$1,021	\$1,316	\$485	58.4
Shelter as Percent of Total	70.7	65.5	58.1	57.3	43.3	

Source: New York City Comptroller, “Comments on New York City Fiscal Year 2017 Executive Budget,” May 24, 2016, table 21, p. 38; “Comments on New York City’s Preliminary Budget for Fiscal Year 2018 and Financial Plan for Fiscal Years 2017–2021,” Mar. 2, 2017, p. 38; figures are in millions

function as a scorecard that tracks whether the city is succeeding or failing at efforts to help the homeless. Shelter is seen somewhat like emergency-room usage: necessary but regrettable. This perception has fueled a growing emphasis on prevention and rental subsidies, designed to keep people from entering shelters and facilitating their exit, respectively.⁴¹ While spending on homeless services, in general, has doubled under the de Blasio administration, the growth has been driven mainly by programs other than shelter (**Figure 7**). Shelter accounted for only 57% of all homeless-services spending in FY17. Total spending on homeless services recently reached \$3 billion, with roughly \$2 billion devoted towards adult and family shelter operations.⁴²

Though hundreds of thousands of New Yorkers have benefited from Mayor de Blasio's prevention and rental-subsidy programs, the shelter census has continued to rise (Figure 3) and is expected to remain high for the foreseeable future.⁴³ Mayor de Blasio projects a 4% decrease (2,500 people) in sheltered homelessness by 2022, which would leave levels still at a historical peak. Only a decrease in the number of homeless families is projected; the administration assumes that the number of homeless single adults and adult families (couples without children) will continue to increase in coming years.⁴⁴

The mayor has twice put forth plans to reform homeless services: the "90 Day Review," released in April 2016; and the "Turning the Tide" plan of February 2017.⁴⁵ In response to a series of spectacular tragedies and several highly critical reports, great emphasis has been placed on improving shelter conditions.⁴⁶ Thousands of shelter inspections have been conducted and thousands of code violations addressed.⁴⁷ The budget for shelter security has been doubled and now exceeds \$200 million. The city government has brought in the NYPD to oversee safety operations in shelters.⁴⁸ These increased investments in the physical plant of shelters and security have been accompanied by revisions to the city's efforts at benchmarking levels of safety and cleanliness.⁴⁹ A February 2018 *Daily News* report criticized the city's revisions to its definition of "critical incidents" on the grounds that it had exaggerated levels of safety in shelter system.⁵⁰ The city's determination to improve shelter conditions has also driv-

en its efforts to end contracts with a few grossly negligent providers, as well as its plan to phase out the use of cluster sites and hotels by 2021 and 2023, respectively.⁵¹ (In the near term, the planned phase-out of cluster sites will actually entail an increased use of hotels.)⁵² This is expected to enable the city to reduce the total number of shelter locations by almost 50%, even while it plans to expand “traditional” shelters by 90 new facilities and increase capacity at 30 existing ones.⁵³

Shelter Outcomes Versus Shelter Conditions

In New York, shelter services have always meant more than just providing a clean, safe place to stay. In the most recent “Mayor’s Management Report,” DHS stipulates that one of its overarching goals is to “help individuals and families transition to permanent housing and self-sufficiency.”⁵⁴ This entails that the agency not only ensure that “all temporary shelters for homeless individuals and families are clean, safe, and well-run” but also that it “[f]acilitate exits and minimize clients’ length of stay in shelters.”⁵⁵ Shelter outcomes—as opposed to shelter conditions—concern how effective providers are at moving clients toward an independent living situation in the community as quickly as possible.

The virtue of the not-for-profitization shelter system is not so much that private organizations would be better than the city at providing a clean safe place to stay; instead, the theory was that these organizations would be more effective at establishing self-sufficiency.

Improving shelter outcomes and enhancing shelter conditions are two different tasks that sometimes are in tension with each other. The more comfortable an adult or a family feels in a temporary housing situation, the weaker the motivation could become to move back into the community. At a time when shelter conditions are said to be generally improving, like the present, it becomes all the more incumbent on shelter operators to work to place their clients in stable, independent housing.

Under Mayor de Blasio, however, the issue of shelter outcomes has been eclipsed by that of shelter conditions. The administration could have a policy rationale for ordering DHS’s priorities in

this manner, or it could simply be responding to pressure from the many negative reports about shelter conditions and safety.

Bloomberg's Performance Incentive Program

Whatever the reason for de Blasio's priorities, shelter outcomes received far more attention under his predecessor. In 2003, the Bloomberg administration launched the Performance Incentive Program (PIP), a system of benchmarking and financial incentives for shelter providers. Building on earlier efforts by the Giuliani administration,⁵⁶ PIP measured providers' rate of housing placements, clients' length of stay, and the rate of return to shelter. The city set basic placement targets to ensure at least a minimum number of move-outs per year. Points were also awarded for "process"-type shelter functions, such as ensuring that clients were signed up for appropriate benefit programs and that their housing applications had been filed in a timely manner.⁵⁷ Each shelter's successes were tallied up to a final score. Shelter scores were published in quarterly rankings, where providers (and the city) could compare their own facilities against other providers that dealt with similar populations, as well as in an individualized report card. Providers were given financial rewards for performance and risked a loss of funding for failing to achieve their benchmarks.⁵⁸ The financial incentives ranged around 10% of the facility's base budget.

Figures 8 and 9, respectively, show examples of how Bloomberg's PIP rated shelters: a systemwide "results card" for single adults from 2009; and a report card for an individual family shelter provider from 2011. Figure 8 shows that providers working with similar populations, the same housing market, and the same array of rental-subsidy programs placed at their disposal by the city met with varying results. Of the seven substance-abuse shelters, some experienced a 2% "recidivism" rate, i.e., a return to shelter within six months, whereas others' rates were as high as 24%. Of the mental-health-shelter providers—which deal with some of the most challenging cases in the entire shelter system—most (11) experienced a recidivism rate of less than 10%. And for the cohort of 49 as a whole, 34 adult shelters

Figure 8. Performance Incentive Program Result Card for Adult Homeless Services, 2009

Shelter name	Shelter type	Percent of target achieved	Percent of census that are 9-month stayers	Percent of placed clients returning within 6 months	Percent of long-term stayers placed
30th St. Assessment	Assessment	157.41	N/A	5.94	N/A
Forbell Men	Assessment	151.50	15.14	4.10	57.89
HWC Assessment	Assessment	95.46	N/A	6.08	N/A
Franklin Assessment	Assessment	85.26	N/A	7.38	N/A
Atlantic M Assessment	Assessment	49.73	N/A	17.88	N/A
Saratoga	Employment	152.31	0.00	2.44	50.00
Palace Men	Employment	94.90	12.53	8.05	100.00
282 E. 3rd St.	Employment	90.38	10.02	17.14	54.29
Harlem	Employment	88.89	20.40	5.44	60.00
Help SEC	Employment	88.64	8.69	15.82	33.33
Franklin EMR	General	158.14	6.36	12.35	N/A
85 Lexington	General	125.45	9.13	6.25	28.57
Broadway House	General	100.00	26.80	9.76	22.22
Borden Ave.	General	85.54	25.87	12.98	54.55
Porter Ave	General	53.78	17.28	11.99	22.22
30th St.	General	37.42	13.94	8.33	9.68
Project Hospitality	Medical	106.25	0.00	0.00	50.00
Barrier Free	Medical	104.17	39.07	2.63	53.85
Park Slope	Mental Health	191.67	11.21	4.85	35.29
George Daly	Mental Health	99.15	14.08	0.00	63.64
Valley Lodge	Mental Health	58.41	32.69	1.52	30.00
SCCW TLC	Mental Health	101.92	10.44	1.82	57.14
Park Ave.	Mental Health	66.67	43.27	1.96	30.91
Weston	Mental Health	104.17	14.11	5.88	N/A
New Haven	Mental Health	100.71	16.19	5.93	25.71
Ft. Washington	Mental Health	115.12	27.22	8.20	39.77
Renaissance	Mental Health	120.35	30.49	8.33	46.43
Susan's Place	Mental Health	80.00	24.95	8.96	N/A
New Providence	Mental Health	94.64	18.81	9.26	66.67
St. Martin DePorres	Mental Health	103.49	31.37	11.17	42.50
Schwartz	Mental Health	46.97	33.71	15.56	13.51
CAMBA Atlantic	Mental Health	114.53	29.48	16.67	N/A
Help Women's Center	Mental Health	78.85	19.13	18.46	9.09
Kingsboro MICA	Mental Health	104.35	28.44	24.59	39.29
Pamoja Next Step	Next Step	154.82	N/A	20.00	50.00
Willow Next Step	Next Step	116.07	N/A	10.97	28.57

Figure 8 Continued

Jamaica Next Step	Next Step	115.00	N/A	8.46	N/A
Schwartz Next Step	Next Step	42.50	N/A	16.43	N/A
Clarke Thomas Next Step	Next Step	42.25	N/A	15.89	N/A
CH Gay Assessment	Special Population	141.64	N/A	5.84	N/A
Turning Point	Special Population	96.00	8.31	9.43	N/A
Create Young Adult	Special Population	92.65	10.41	15.79	0.00
Bowery Mission	Substance Abuse	122.73	17.71	9.46	66.67
Palace Women	Substance Abuse	109.62	7.38	2.08	N/A
Kingsboro Star	Substance Abuse	106.32	26.88	24.19	32.79
Kenton	Substance Abuse	105.81	11.55	3.26	70.00
Casa Esperanza	Substance Abuse	104.88	21.43	2.94	100.00
8 E. 3rd St.	Substance Abuse	98.62	16.66	4.57	60.00
B. Kleiman	Substance Abuse	67.80	35.38	13.28	34.00

Source: Obtained from a FOIA request

in calendar 2009 met at least 90% of the target set by the city (indicating that standards in this particular year were not unrealistic), though some hit less than 50% of the target.

An “assessment” shelter is where clients go after intake while it is being determined which shelter placement would best suit their needs; “next step” shelters were started by the Bloomberg administration. They provide intensive case management to long-term stayers.

One year’s results should be kept in context: some shelters serve a small population, and their outcome data could be influenced, for instance, by a handful of difficult cases. But these results are striking and prompt important questions as to why some providers may be surpassing others in rates of placement and return to shelter.

The Bloomberg administration saw PIP as one part of a general approach to homelessness that included not only prevention and rental subsidies but specific obligations placed on clients as well as shelter providers to work toward the goal of self-sufficiency. From FY 2005 to FY 2010, the average length of stay for single adults declined every year. In 18 other instances, under Bloomberg, the average length of stay or average daily count declined for families or adults

(Figure 10; years of decline have been shaded). Bloomberg cited PIP as one factor in these successes.⁵⁹ His administration’s successes in keeping down the shelter census were, of course, only temporary; other factors, such as conditions in the low-rent housing market, would have to be explored. Moreover, any comparison between the two mayors’ administrations has to consider that Bloomberg

Figure 9. Family Shelter Performance Incentives Program Result Card, 2012



FAMILY SHELTER PERFORMANCE INDICATORS

March 2012

Facility Name: **HELP 1**
 Facility Code: **FK10**
 Provider Agency: **HELP U.S.A.**
 Building Ownership: **City**

Facility Type: **Tier II**
 Borough: **Brooklyn**
 Capacity: **191**
 Per Diem: **\$66.74**

	Current	Quarter		Performance		
	FK10 Mar-2012	FK10 Average	Tier II Average	Percentile Rank	Points Earned	Performance Tier
Public Assistance and Employment (50 Points)						
% Active or Single Issue on PA (20 Points)	84.9%	81.7%	85.7%	25%	4.6 (of 30)	6th
% With PA Sanction (10 Points)	5.9%	11.2%	13.8%	86%	13.1 (of 30)	3rd
% Employed (10 Points)	24.5%	24.9%	31.1%	26%	2.6 (of 30)	6th
Facility Length of Stay (25 Points)						
Avg. Length of Stay (10 Points)	121	115	227	88%	8.8 (of 30)	1st
% Longest Term Stayers (24 Mo. in System) in shelter (15 Points)	1.4%	0.9%	5.7%	77%	11.8 (of 15)	2nd
Exit and Placements (25 Points)						
% Placements (15 Points)	13.7%	9.8%	5.1%	78%	11.8 (of 15)	2nd
Avg. time to Exit for Placements (10 Points)	130	154	235	88%	8.8 (of 30)	1st

Total Points Earned: 61.7 Points
Quarterly Performance Rank: 73rd Percentile
Performance Tier: 2nd Tier

Placements Target

Monthly Target (= 5% of Capacity): 9.55
Quarterly Target: 29
Quarterly Placements To Date: 43
% Quarterly Target Achieved: 148.3%

Source: NYC Municipal Archives

completed three terms in office, compared with de Blasio's one. But it can be said that, since 2003, most instances in which the city managed to reduce the census or length of stay have occurred when PIP was active.

The financial incentives for family-shelter providers were ended in 2012 because the state OTDA withdrew its approval.⁶⁰ The single-adult financial incentives remained in place into the beginning of the de Blasio administration but have since been discontinued. The last time provider rankings for either adult- or family-shelter services providers were published was calendar 2013.⁶¹ The city claims to be reevaluating its shelter accountability framework and protocol for compensating providers. Its timeline, as well as what kind of metrics will be used, remains uncertain, though the administration has mentioned a desire to move away from a "one size fits all" approach to housing placements out of shelter, particularly with regard to families.⁶²

The Case for Holding Shelter Providers More Accountable

The de Blasio administration has shut down providers for instances of egregious abuse.⁶³ But scrutiny should also be applied to shelters that, though not abusing their clients, are not doing enough to move them along to self-sufficiency. The city is not doing enough to distinguish between poor-, mediocre-, and high-performing providers. As the de Blasio administration is embarking on its expansion of the shelter system and projecting high levels of homeless for years to come, this is an oversight that should be corrected promptly.

The way to do so is to relaunch the performance benchmarking program, both for family- and single-adult shelter providers. Providers with similar populations should be compared, in publicly available reports posted at least annually, in terms of their average length of stay, move-out rates, and rates of return to shelter. All such move-out metrics should constitute 75% of whatever score is given providers.

Shelter is an intervention that should be as brief and effective as possible. As with jails, mental hospitals, and foster care, there is

Figure 10. Average Length of Stay in Shelter and per-Day Census, NYC, 2003–17*

		Average Length of Stay														
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Adults		N/A	N/A	329	321	308	283	261	245	250	275	293	305	329	355	383
Families with Children		N/A	N/A	N/A	N/A	292	324	281	243	258	337	375	427	430	431	414
Adult Families		N/A	N/A	N/A	N/A	516	505	370	325	349	416	469	515	534	563	550
		Average per-Day Census														
Adults		7,953	8,444	8,474	7,928	7,260	6,737	6,526	7,167	8,387	8,622	9,536	10,116	11,330	12,727	13,626
Families with Children		7,922	7,977	7,429	6,479	7,392	7,548	7,948	8,629	8,165	8,445	9,840	10,649	11,819	12,089	12,818
Adult Families		1,040	1,132	1,194	1,260	1,403	1,294	1,276	1,309	1,315	1,450	1,723	1,866	2,110	2,212	2,461

*Years experiencing decline are shaded.

Source: Mayor’s Management Reports. In 2009, DHS recalculated how it measured the average length of stay, making years before 2005 difficult to compare with subsequent years.

a great risk that staying in a homeless shelter is preparing someone to be homeless, instead of for a life of independence. The public reports should provide more than rankings or tallies of final scores. They should indicate, in figures and language understandable to those outside the social-services world, exactly how well each of the city's hundreds of shelter providers is succeeding at keeping its clients from staying too long and minimizing the rate of return after they've left.

What we measure depends on what we believe we want shelters to do. Some providers do important work in the area of employment services. And so long as there are thousands of seriously mentally ill people in the shelter system, mental-health services will be necessary, and we should be interested in which shelters do better work than others in this area. In the case of such special program shelters, success in mental health, substance-abuse treatment, and employment programs' outcomes could also be tracked.

But none of those metrics should outweigh the average length of stay, rate of placements, and rates of return. The public transparency aspect of performance benchmarking suffers when the metrics become overly individualized and complicated. Test scores, for example, are not the only way to evaluate whether a school is good, but they are an essential starting point. Concerns about overemphasis on short-term placements out of shelter can be met by monitoring rates of return: the goal is stable housing in the community, not "churn" from shelter to the community and then back to shelter. Special program shelters that excel at employment and treatment efforts are very likely to also experience low rates of return. (DHS has tracked system-wide rates of return for many years.) Providers should be free to continue to raise private funds to enhance their service offerings. But in terms of their core, government-funded mission, the emphasis should remain on sustainable move-outs.

In addition to benchmarking, the city administration should institute financial incentives. High performers should be rewarded with a financial bonus valued at 5%–10% of their base shelter contract. The ideal solution for low performers would be to put them on watch and then, in the absence of improvement, transfer their work to a higher-performing provider with the capacity to take on

the additional client load. The low-performing facility could remain in place and be taken over by another organization (i.e., changing shelter operators would not entail a controversy over where to site a new facility).

Conclusion

Homelessness remains a daunting challenge. The de Blasio administration has shifted the city's target from the Bloomberg-era goal, to "overcome" homelessness, to managing the problem.⁶⁴ Increased investment in prevention and rental subsidies should make the work of shelter providers easier. That was certainly the view of the Bloomberg administration. DHS commissioner Steven Banks recently testified that, though the rental market remains tight, with the aid of the rental-subsidy programs that the de Blasio administration set up, "[w]e're funding substantial numbers of apartments" for shelter clients.⁶⁵

Banks's confidence in the administration's ability to make headway with the crisis is backed up, in a sense, by data that show that only 7.5% of the city's homeless population (5,755) is classified by the U.S. Department of Housing and Urban Development as "chronic"—meaning an individual or a head of household who suffers from a disability or diagnosable disorder and has been homeless for a year or four times in the preceding three years.⁶⁶ This rate is less than half the rate of the chronic homeless population for the nation as a whole (Figure 1). In FY 2017, more than 17,000 single adults and family units exited shelter, about 7,800 of which did so without the assistance of any subsidy program.⁶⁷ While the low-rent rental market remains tight and shelter recidivism remains a concern, it appears that independent living in the community remains in reach for most shelter clients.

An earlier version of this paper was published by the Manhattan Institute in March 2018.

Endnotes

1. Michael D. Zettler, *The Bowery* (New York: Drake Publishers, 1975).
2. NYC, Office of the Mayor, “De Blasio Administration to Help Prevent Homelessness by Adding Resources to Keep New Yorkers in Their Homes,” Sept. 28, 2015: “Women lead 91 percent of the families with children in shelter.”
3. The clause in question, from Article XVII, reads: “The aid, care and support of the needy are public concerns and shall be provided by the state and by such of its subdivisions, and in such manner and by such means, as the legislature may from time to time determine.”
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CHAPTER 8

HOW THE USER EXPERIENCE (UX) CAN BUILD GREATER TRUST IN LOCAL GOVERNMENT

By Stephen Goldsmith

Introduction

Major sectors of our economy—banking, retail, health care, hospitality—highly value the user experience (UX) and depend on it for managing their businesses. Increasingly complex and powerful tools analyze massive amounts of data and deliver that information in ways that allow customers to fulfill their needs and store managers, hospital administrators, and financial advisors to best do their jobs. In the tech world, software developers see users' experience with their apps as crucial for a company. If users find the experience slow, complex, or not intuitive, they will abandon their search, delete the app, and retain a long-standing negative impression of the company. In the private sector, someone is almost always relentlessly working to improve UX.

Cities don't operate this way; instead, they follow a strict, rule-driven process. This is not an oversight. For generations, Progressive-era reforms sought to replace corrupt, Tammany Hall-style municipal government, fight off favoritism and arbitrary decision making, and send a message to citizens that their cities were being

professionally managed. Unfortunately, professional management has often enough been purchased at the expense of responsiveness to citizens' concerns. Instead of studying the people who use city services and designing these services the way a company would design them—around the customer—city hall designs its responses around agencies and the bureaucracy. The result can foster public cynicism and an accompanying loss of trust between the governed and their governors.

The commercial and social worlds benefit from distributed systems, with multiple actors adding information and forming collaborations that produce better collective and individual results. Consider, for example, shopping on Amazon, an experience powered by a savvy mix of data and the coordination of many different organizations. Multiple vendors offer their products, many other shoppers help you decide which choice is right for you, and credit-card companies and shipping companies lend their services. Many actors are working together to bring that package to your door.

Governments today are far from providing this type of intuitive and simple user experience. Still, by combining innovative technologies with municipal mind-sets and systems, local governments can create structures that: (a) allow residents to reduce the friction of doing business with the city; (b) help them more easily understand government policies and actions that affect them; and (c) facilitate broad citizen involvement. This paper lays out principles and suggestions for cities to improve citizens' UX and trust in government. With that trust—and with platforms and digital tools that make citizen involvement easier, more effective, and more powerful—city hall can build something new: a hybrid public square that can improve the quality of life.

It will not be easy for cities to change. Pivoting to UX will be hamstrung by limitations on who works for the city and what they are capable of once on they are on the payroll. An antiquated hiring process requires strict tests, using narrow job descriptions, to create a pool of potential employees capable of following rules, not solving problems. Public jobs define professionalism in government by the application of technical skills to departmental systems and data. Listening and en-

agement skills do not generally play a part in hiring or in promotion. Suhyun Baek and Sunah Kim of Kumoh National Institute of Technology (South Korea) state: “Although . . . numerous public organizations recognize that they must reflect citizens’ opinions or expert knowledge in policies by opening, they continue to show an unenthusiastic tendency towards organizational innovation [footnote omitted]. This is due to the ambiguity surrounding the means of responding to the complexities of citizen issues and demands.”¹

The ambiguity is understandable. In the current system, how is a civil servant in the street department supposed to engage in a meaningful, open, productive dialogue about a neighborhood problem that involves overlapping issues and multiple public and private agencies? Moreover, a system that is open to resident input but accessible only with great difficulty cannot produce a level of public engagement that officials can feel is truly representative, let alone create conditions that allow for collaboration between residents and government.

Yet municipal officials can build a new way of operating based on open communications, coordination, and collaboration that will improve day-to-day interactions with the public and enhance civic trust. What follows are some guidelines.²

Put UX Front and Center

For cities, users are the residents, and their experience includes all the ways in which they interact with, or receive information from, government: visiting government websites, receiving water bills, having an experience with a city employee or contractor, seeing charts at community meetings or signs posted in offices, dealing with call centers, and more. Each of these interactions builds or erodes a citizen’s trust that the city cares about him and that it operates in a fair, open, and competent manner.

Regardless of how the contact originates, digital tools can connect residents and the city in a way that demonstrates that the city is listening and anticipating issues. When I lived in Washington, D.C., I eventually stopped calling for a yellow cab, since the wait times were so long and the eventual responses so problematic. It is no wonder

that Uber draws so many users to its app platform. Similarly, city officials should abandon the notion that the public should be pleased to receive government services, no matter how difficult the experience.

Omni-Channel Service

Having the choice of calling or using an app to request a taxi or a ride illustrates an important lesson. Today's citizens are used to communicating across many media, so officials should adopt an omni-channel approach. Residents should be able to choose the best channel for themselves, and officials should relentlessly focus on citizen satisfaction in each of these channels and across the system as a whole. One person might wish to avoid a visit to the department of motor vehicles, no matter how pleasant or efficient it is: that person would much rather replace a lost driver's license online. Another "customer" might want to talk to someone face-to-face and would appreciate a more pleasant atmosphere and better customer-service training for the staff.

A government that offers citizens an array of options is truly considering the full user experience. Text messaging (SMS-based services), for example, is "less intrusive than phone calls, cheaper than Internet-based services, and more flexible in time and place as the recipients can read the messages at their leisure and choose when to respond."³ A city or state government organizing itself around its citizens will offer multiple communications channels and encourage customers to migrate to the channel that they find easiest to use and most efficient. At the same time, digital options give the government the option to coordinate service delivery across channels.

Personalized Accounts

Technology moves quickly, and a city 311 call center strictly focused on the telephone has become outdated. Chicago and New York are examples of cities that are fundamentally rethinking the role of their contact centers. The goal or vision is a platform incorporating a seamless, omni-channel experience for citizens and service providers. It should provide personalized accounts for residents and use enhanced, open-data capabilities, including integration with the In-

ternet of Things (IoT) sensors that report impending problems or issues. As a result, 311 has the capacity to provide much more customer choice and convenience than just operators who answer questions and complaints. Automated, outbound notices can provide individuals with information directly targeted to their life: a road closure in his neighborhood, changed times of her child's park program, a late school bus, or the impending expiration of a recycling-center permit.

Even as 311 sets new standards for city responsiveness, the frontier continues to move. Residents are quickly becoming more likely to ask Siri or Alexa a question than they are to search for the answer on a laptop computer. Call centers powered by cognitive learning and natural language will enable virtual assistants to address a wide variety of questions in real time as the machines read current social media and city documents. With the information available in a personal account, these answers can be specifically aimed at a user's needs. Given the recent private-sector advances in virtual assistants, the use of artificially intelligent assistants should be part of a city's future operating system, particularly for the next 311 generation.⁴

Human-Centered Design

To increase the number of citizens who become involved with municipal programs—and the effectiveness of the programs themselves—cities should pay close attention to how they design outreach. In 2016, the New York City Mayor's Office of Immigrant Affairs (MOIA) took on the task of increasing the number of residents who applied for citizenship. It immediately learned that many who could benefit from citizenship did not understand the value of doing so.

MOIA created a campaign, NYCitizenship, which made the benefits more vivid and made their outreach services easier to use. MOIA worked with the Service Design Studio, an internal team within the Mayor's Office for Economic Opportunity, to create a process that utilized strong feedback loops, meetings with representative groups of stakeholders, and testing new opportunities that emerged from these efforts—which included integrating forms and removing city silos for services. The final product broadly utilized all applicable elements of good design, such as testing the designs with the users,

streamlining the process, and incorporating nudges or behavioral economics in their design. Thanks to an iterative process, NYCitizen-ship evolved, as well, and eventually included new digital tool kits and training workshops.⁵

Virtual Scaffolding

Chicago has produced OpenGrid, an open-source geospatial application that provides residents with easy access to city data from several devices, including computers, tablets, and phones. OpenGrid brings the data available on the city's portal to life, allowing users to navigate through advanced search functionality or create customizable maps. For example, residents can map 311 requests, potholes, or street closures in their neighborhood; a researcher could map business locations and bike-share trips to look for usage patterns. Chicago envisions OpenGrid serving not only as a resource to residents locally and in other cities, but also as a low-cost business-intelligence tool for nonprofits and corporations.⁶

A city need not stop there. It could combine its own open data with other available sources and use helpful tools such as geographic information systems (GIS), imagery, augmented reality (AR), and user-added photographs. Consider South Bend, Indiana, which is aiming to combat abandoned buildings by creating maps of city data such as delinquent property taxes and code complaints, aided by pictures posted by residents—all available to a neighborhood leader working to address the issue.

Virtual scaffolding can also be a powerful tool for equity, fairness, and transparency in government. Information presented in contexts can make it easier to discern city response times by community, for example, or traffic stops by race. Information about areas of the city that are affected by poverty, blight, lack of jobs, or poor transportation, presented in well-visualized, interactive formats, allows residents and the media to better understand underlying factors that affect these communities, as well as patterns of service delivery. When applicable, this information can help the city recognize needs and help residents advocate for change. Moving from a self-centered organizational structure to a municipality that places the resident at the center provides a shared sense

of community and communicates a sense of respect from the city—both of which build a sense of trust in local government.

Building Civic Bonds Through Feedback

Providing citizens with more information, more easily understood and in a more complete context, is one big step forward for city hall. Another step is to work more closely with citizens to improve city services.

Take, for example, functions that have come to be considered an inherent responsibility of government, such as preventing fires or preventing foodborne illness. Expert firefighters and restaurant inspectors will be better than the average person at understanding the conditions that would cause harm. Yet residents can use social media or report directly to the city about conditions that it would not have known about.

City government can also enhance transparency and trust by increasing collaboration with and participation of residents. Government employees could, for example, use digital outreach to increase attendance and input at town or board meetings. Other possibilities include the presentation of data with AR, which could enable people with mobility restrictions to fully interact with public space.⁷

Every day, city dwellers observe what could be improved. They may see how trash cans could be placed differently, or who is responsible for graffiti, or where the bus stop could be better located. They may spot a city employee who is doing an outstanding job—or not. Local governments cannot depend on officials alone to engage deeply enough or in a totally representative fashion to do these kinds of things and take the appropriate action. A digitally engaged public can change this.

Current approaches reward a select group of outspoken individuals who show up at meetings—often to complain about policy or plans but too late in the development process to be useful. In today's digital world, constructive interactions can occur much earlier, and the city itself does not have to dominate the interactions. Environmental and gardening groups, a seniors' chess group, or a children's

soccer association may have their own websites for organizing local activities. The city needs to know about and mine information from these public sites, as well as from open social media such as tweets. On occasion, these groups may engage in a planning exercise or suggest a problem in need of regulation that would produce a discussion thread to inform action; in some circumstances, the city could be explicitly involved as a partner and participant.

Ad hoc communication is good, but informed dialogue and deeper digital engagement will not easily occur without some structure. So in some cases, the city should be the driver and facilitator of a platform to interact with citizens regarding a specific issue or initiative. Digital collaboration will vary greatly, but the framework should include the following factors:

Timing

When developing a solution or a policy, the city should ensure that outside actors participate early and in an iterative way. As deputy mayor of operations for New York, I was responsible for reviewing the cost and benefit of regulations. Since the group tasked with the work employed no economists, I asked if we could do our evaluation with proxies—i.e., ask the community how they would solve the problem and which solutions produced the best result. I was told that city departments posted proposed regulations. Yet at a small community meeting, when one small-business owner complained about the huge cost inadvertently imposed on him by a new regulation, he correctly observed that he didn't follow the city's regulations full-time—and even if he did, he didn't see how he had any clout to change a regulation that was already proposed by the city.

Early outreach about how to solve a problem, done in a collaborative way, can fashion a response based on collective insights. This collaboration need not be a one-time event; for each issue, the process will require repeating the questions and plans as the dialogue progresses.

Authentication

In structured conversations about an important issue—say, the location of bike lanes in a community or the construction of a small local park or the permitting of a substantial building—various voices may count more than others because of their proximity to a problem or because of their training. In some circumstances, anonymous voices may be important but carry less weight.

Participation in the discussion can vary from open to highly structured by city hall. Sometimes, city officials will institute a careful set of parameters and control the framework. One can imagine zoning options for a large parcel of unused land, where the planners have an array of ideas for community participation and provide the options for comment to involved residents through virtual-reality tools that help them imagine the consequences of various choices. An organized process, with structured questions and planning, can increase the quality of participation and the likelihood that the input would produce a better public result. In other situations, the city or a strategic partner might more openly ask for suggestions or input. In all situations, the standards for openness and participation should be provided by the platform provider and clear to all involved.

Call to Action

It is not necessarily the government's function to ensure participation of uninterested citizens. It is, however, the government's responsibility to increase participation where it affects the distribution and quality of city resources. This could mean using tools to *ask* residents living in underserved communities to text back whether they were satisfied with the courtesy of city employees providing a specific service or to grade whether a program such as government-provided job training actually helped a job seeker. These actions could broaden input and increase the legitimacy of local government—if city hall reacted to and acted upon the information received.

Cities can look to more creative ways to encourage participation. For example, Salem, Massachusetts, launched a game called “What’s the Point” to encourage local participation in neighborhood revitalization plans. Developed by Emerson College’s Engagement Game Lab, the program sought residents’ ideas for neighborhood

improvements and rewarded posts with virtual coins. Users could pledge these coins toward causes in their community, and the top three causes won real money.⁸

Coordination and Collaboration in the Hybrid Public Square

When I was mayor of Indianapolis in the late 1990s, my administration created the Front Porch Alliance, a very loose group of community partners—small civic organizations, houses of worship, and local leaders who were identified as neighborhood assets by city officials. The alliance assisted these organizations to do their good work. For example, it would find a gift of older computers for a church preschool that wanted to get their kids online. Or it would use city equipment and local volunteers to fulfill a community wish to turn a trash-filled lot into a playground.

Today, a modernized Front Porch Alliance would not only act as a broker of physical things and in-person meetings but actively and continuously conduct outreach through a range of new technologies. Mohammed Aladalah, Yen Cheung, Vincent C. S. Lee, and Sultan Alamri describe this model as a hybrid public space.⁹

We can think of the model in bilateral terms (the citizen and city hall) but also as a platform or social format, with several participants involved. For example, the city, informed by social media posts about a neighborhood park cleanup, would offer trash pickup services; the city might build on the successful cleanup by installing new playground equipment. Or one could imagine a totally new relationship between the city and residents regarding the park, with recreational programming organized by local groups, flower gardens contributed and maintained by neighbors, lighting replaced by the city when its sensors report that bulbs have burned out, and city cleanup crews brought in by pictures of graffiti posted by neighbors. All this progress would be visualized and available in digital formats.

These “socio-spatial infrastructures” weave together information and communication technologies and digital networks.¹⁰ The blended spaces can engage residents in diverse ways. In a neighborhood experiencing high crime rates, for example, the city, a community block club, and a local social-services agency could create a part-

nership. The city would share crime data and target code enforcement for dangerous, dilapidated buildings. Volunteers would provide information on crime hot spots in the community and willing hands to clean up trash-strewn lots, and the agency could offer after-school activities for at-risk youth. This campaign could be spurred by virtual reality that allows residents to visualize how the community could look after resident and municipal investments. The conversation could include the social media participation of supporters at the local high school adding content by text or images.

In the hybrid public square, activities have more transparency. Air and sound sensors can help protect and monitor schoolyards. In some places, cameras can assure safety. Public websites can help upload and stream video and photos of activities so that residents can see what's going on. Yet for true breakthroughs, the city will need to support the digital equivalent of the Front Porch Alliance, where a small staff works with agencies and community organizations to expand digital literacy and participation in all these efforts.

The hybrid public square allows the city to build or strengthen strategic partnerships with nonprofit intermediaries. In Chicago, for instance, the city and its Smart City Collaborative help community groups obtain information about their communities and participate in user testing of the collaborative's new applications. The user group helps the city properly configure its applications. A recent application involves a test of the Chicago Parks District website to understand the resident experience as part of a redesign plan to enhance the user interface.

Conclusion

Reforming the way city government interacts with its citizens and citizen groups—providing more information and more data, in a usable manner—is a nontrivial undertaking. Digital reforms bring complications due to the complexity of discovering and synthesizing competing interests.¹¹ In addition, many public employees do not actually trust community feedback, having been burned by self-serving and self-appointed community “representatives.” These civil servants see public input as unavoidable—a gauntlet to be run through

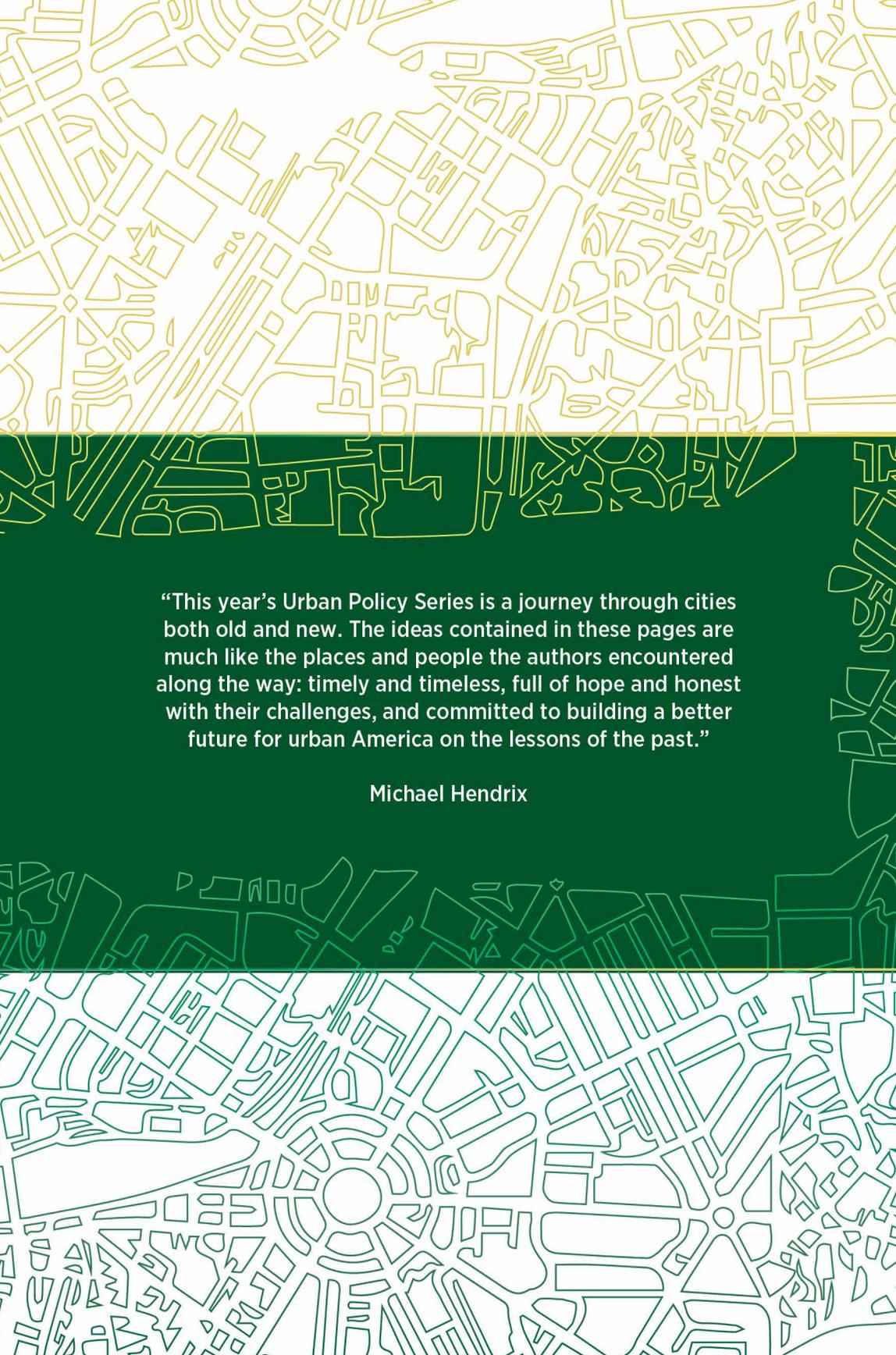
as quickly as possible, where the highest hope is that nothing bad will happen.

Most problems of interest to residents involve several levels of government as well as multiple agencies, and all will need to work together. Employees with more digital literacy are taking the place of retiring officials, but they will need leadership and the broad training of current employees in order to create a culture of collaborative problem solving. A new generation of public employees will need to be trained to work with iterative social media platforms to understand and utilize community, consumer, and small-business suggestions. Leaders can overcome the resource limitations when they demonstrate that insights from data and participation can redirect resources to where they make more of a difference. Officials will need to make the case about reinvesting those resources to support the necessary technology tools.

The good news is that officials do have the digital tools for reform. The opportunities now exist to rethink and re-create how city hall talks to, interacts with, and collaborates with its constituents. These new digital tools, when combined with leadership and a data-literate workforce, will provide services that are more responsive and, in turn, create more trust and confidence in government.

Endnotes

1. Suhyun Baek and Sunah Kim, "Participatory Public Service Design by Gov.3.0 Design Group," *Sustainability* 10, no. 1 (January 2018): 250.
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6. Sean Thornton, "OpenGrid for Smart Cities: Civic App Replication Goes to Market," *Data-Smart City Solutions*, May 26, 2016.
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9. Mohammed Aladalah et al., "Public Value Co-Creation via Gov2.0 Complexity Cube," in Laura Alcaide Muñoz and Manuel Pedro Rodríguez Bolívar, eds., *International E-Government Development: Policy, Implementation and Best Practice* (Cham, Germany: Springer International, 2018).
10. Carlos Smaniotto Costa and Konstantinos Ioannidis, eds., *The Making of the Mediated Public Space: Essays on Emerging Urban Phenomena* (Lisbon: Edições Universitárias Lusófonas, 2017), p. 10.
11. Baek and Kim, "Participatory Public Service Design."



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Michael Hendrix