New Life for US Housing and Urban Policy
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Abstract

Three big themes animate the Obama Administration’s emerging urban policy framework: competitiveness, equity of opportunity, and sustainability. These themes recognize that the well-being of urban places and the welfare of people are inextricably linked. To achieve the new Administration’s urban policy vision, enormous challenges must be overcome including jurisdictional balkanization, federal budget pressures, and macro trends whose long-term impacts can’t be fully anticipated. In the face of these challenges, the research community has an opportunity to contribute hugely to the realization of the new urban agenda, but only if we are prepared to make our work genuinely useful to policymakers.

Housing and urban issues are getting serious attention from the Obama Administration. The impetus isn’t just the subprime meltdown and foreclosure crisis, though this crisis vividly demonstrates how important housing and housing finance are to our economy and how dangerous it is to mindlessly promote homeownership at the expense of balanced housing markets and policies. The new administration recognizes that restoring US housing markets is critical to the nation’s larger economic recovery. But the commitment to housing and urban policy goes much farther. The new team sees metropolitan regions as the economic engines that will pull the country out of the current recession and define post-recovery opportunities.

New leaders in the Department of Housing and Urban Development (and other agencies across government) also understand that current urban development and land use patterns drive wasteful energy usage, traffic congestion, greenhouse gases, and climate change. They recognize that housing costs have been rising faster than wages for a growing number of Americans, creating tremendous hardship, even among full-time workers. They fully grasp how past housing policies have enforced racial segregation, helped concentrate poverty, and, as a result, damaged kids, families, communities, and our society as a whole. The new thinking in Washington is clear: the well-being of urban places (neighborhoods, cities, and regions) and the welfare of people (children, workers, families, retirees) are fundamentally linked.

It’s early yet, but a very serious urban policy framework is emerging from the words and actions of the new administration. It is encouraging to see that this framework isn’t just about cities. It’s about metropolitan regions and the urgent need for city and suburban jurisdictions to start coordinating their planning and investments more systematically. And the new framework looks far beyond housing and HUD to address transportation, energy, environment, labor, and education policy. Gone are the days when “urban policy” essentially meant housing subsidies and community development block grants for central cities.

Three big themes – intimately interconnected – animate the Administration’s urban policy framework: competitiveness, equity of opportunity, and sustainability. These themes are clearly place-conscious. They recognize that location matters economically, socially, and environmentally and that urban places need serious attention and investment. But they are also people-oriented, recognizing that the well-being of places is ultimately a function of the resources, opportunities, and actions of the families and firms that live and work within them.

The economic stimulus package and the 2010 budget package contain specific actions and investments that animate these themes. For example:

- The 2010 budget allocates $150 million to the Sustainable Communities Initiative, which will provide incentive grants to metro regions where jurisdictions come together to integrate their transportation, housing, and land-use planning to reduce congestion and increase mobility. In addition, current federal funds for housing, transportation, and other investments will be dispersed in ways consistent with the newly developed regional plans. HUD and the Department of Transportation have established a joint task force to coordinate this initiative, and HUD’s new Office of Sustainable Housing and Communities will...
smooth coordination within and between agencies.

- HUD’s 2010 budget also allocates $250 million to a new Choice Neighborhoods Initiative, targeted to distressed and isolated high-poverty neighborhoods. This initiative promises flexible funding for redeveloping public and other federally subsidized housing projects and privately owned housing. Competitive awards will go to communities whose strategic plans make a convincing case that the place-based housing redevelopment will catalyze and leverage lasting neighborhood revitalization.
- The Administration expects to link Choice Neighborhoods with its Promise Neighborhoods Initiative, which saturates distressed communities with investments that dramatically improve schools and early childhood supports. Both programs aim to create vibrant, sustainable, inclusive communities that provide quality of life and opportunities for low-income families while also attracting higher income families.
- The recently passed economic recovery legislation gives the Department of Transportation $1.5 billion to fund projects of regional or national significance, and $8 billion to jumpstart high speed rail lines that will connect metropolitan regions to one another. This same legislation also funds $750 million in worker training in high-growth and emerging industries, aiming to connect workforce development to regions’ competitive industry sectors.
- The Departments of Energy and HUD are together leveraging $16 billion in recovery funds to catalyze a private market for energy retrofitting -- a source of jobs and economic activity. If this industry takes off, it could provide a significant economic boost to older metro areas, where most older, energy-inefficient housing is concentrated.

Enormous challenges must be overcome to achieve the new Administration’s urban policy vision. Regional planning and action are exceptionally difficult to achieve in the US system. Our metropolitan areas are politically balkanized, and few have effective regional governance institutions. Federal levers to mandate regional action — or even regional planning — are extremely limited. Most federal programs fund either to states or to local governments, where they reinforce fragmentation and parochialism.

Inter-agency coordination is also far easier to talk about than to do. Although there’s no denying that housing, transportation, energy, environmental, and labor programs ought to be aligned, each agency has pre-existing statutory responsibilities and independent funding streams. Each has promulgated decades of regulations that allocate funds and govern program operations. And these agencies don’t answer to the same Congressional committees for authorization or appropriations. Beyond the rhetoric of coordination, figuring out exactly what regulations or statutory provisions need to be changed is often quite complex, let alone implementing these changes.

Adding to these challenges, federal budget constraints are certain to intensify in the years ahead. The economic stimulus constitutes the biggest domestic spending package in decades. Its passage would have been unimaginable a year ago. But the Administration has made a public commitment to bringing the federal deficit down again quite quickly, and the political pressures to honor this commitment are intense. So, once the initial stimulus is dispersed, new resources to leverage regionalism or interagency coordination will be scarce.

Macro trends beyond the current economic crisis will also challenge the Administration’s vision of competitiveness, equity, sustainability in ways we can’t fully predict. Will the baby boomers now entering old age remain healthy and vigorous longer than their parents did? Or will the obesity epidemic make them sick and frail? Will boomers retire in their 60s, or will many keep working into their 70s or beyond? Are most likely to age in place or leave their big suburban homes? And will those who do move stay close to friends and old haunts or decamp to Sunbelt retirement communities? What will these choices mean for housing markets still reeling from the foreclosure crisis?

What lies ahead for racial and ethnic diversity in urban communities? Will the very high immigration rates of the past 15 to 20 years continue? And will the next waves of immigrants disperse to new regions, jurisdictions, and neighborhoods or cluster in just a few places? As we become a majority-minority nation, will our neighborhoods become more open and inclusive or more segregated than today? Will multi-ethnic diversity lessen old black-white tensions or intensify them? And will housing market segregation and neighborhood disinvestment still exclude the poorest minorities from social and economic opportunities?

Before the current economic crisis, the decline of manufacturing jobs in the US and the growth of the knowledge economy were widening the wage gap and pushing down the standard of living for low- and middle-skill workers. Some cities lost their economic raison d’etre and no longer served as their regions’ functional centers. Will green jobs and other economic reforms create decent paying jobs for low- and middle-skill workers? Or will the wage gap widen farther? Will the nation’s “shrinking cities” find the wherewithal to reinvent themselves? Or will their downward spiral of job losses, disinvestment, and distress persist?

And how will future energy costs affect communities and regional economies? Would a cap- and-trade scheme make today’s firms less profitable and struggling families more strapped? Will rising gas prices finally end the national love affair with sprawling suburban homes? And, if so, will higher prices make close-in communities unaffordable for low- and moderate-income families?

In the face of such daunting challenges and huge unknowns, knowledge matters to the Obama Administration. Many 2010 budget components clearly reflect lessons from the past 15 years of research. For example, the Choice Neighborhoods proposal builds on analysis of the HOPE VI experience, with its attention to the needs of the original residents, joint implementation of public school improvements and housing redevelopment, and the recognition that housing investments alone won’t catalyze dramatic turn-arounds.
without strategic planning and coordination.

The Administration’s commitment to knowledge building and evidence-based policymaking is tangibly reflected in an unprecedented investment in research, demonstrations, evaluation, and technical assistance in HUD’s 2010 budget. A new Innovation Fund, financed by a very small tax on most of the department’s current programs will enable the Office of Policy Development and Research to be far more active, strategic, and effective than ever before. And the new leadership in the Policy Development and Research office is publicly committed to reengaging with the academic community, in the US and internationally, to diagnose emerging conditions and trends, track the evolving health of urban regions and their residents, and evaluate the performance of new initiatives, big and small.

Today, those of us in the research community have an opportunity to contribute hugely to the realization of the new urban policy agenda, but only if we are prepared to make our work genuinely useful to policymakers. That doesn’t mean that all the relevant research should be done under contract to the government or that researchers need agree with the new administration all the time or support all their decisions. But it does mean we must be willing to come to a conclusion and say what it is. We must learn enough about programmatic specifics to make actionable recommendations, and be brave enough to go out on a limb and suggest next steps for policy (even though more research is always needed). We need to be sensitive to political and fiscal constraints, not necessarily accepting them or being silent about them, but recognizing that sometimes the perfect becomes the enemy of the good and that political compromises may accomplish more than theoretical purity.

Finally, we must leave the tired old “people versus place” dichotomy behind. Policies that promote economic security, well-being, and access to opportunity for individuals and families are the lifeblood of the places where we live, work, and play. These policies are implemented and thus rooted in particular places, with their unique amenities and constraints. And policies designed to strengthen or revitalize urban places are ultimately fruitless if they don’t expand opportunities for both social interaction and economic advancement. Urban policy can and should weave together policies that aim to benefit people with those that improve places.

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