Reinventing the City: Policy and Reform as the Century Turns

CHAPTER 14

If we would lay a new foundation for urban life, we must understand the historic nature of the city, and distinguish between its original functions, those that have emerged from it, and those that may still be called forth.

Lewis Mumford, *The City in History*

At a fundamental level, cities are as they always have been—places where people live and work in proximity to one another. But more than this, cities constantly respond to crises and opportunities, partially changing their function and purpose as they do so. The pages of this book are full of examples. In response to corruption in municipal government during the late nineteenth century, many cities reformed themselves to remove politics from city life. In response to growing affluence and demands by their residents for a better life, cities turned to the delivery of services to make themselves better places to live. In response to suburbanization, central cities have attempted to become regional cultural and financial centers.

Today, a new crisis looms on the horizon—the crisis brought on by a changing economy and epitomized by a growing underclass trapped in the central city. For nearly two decades, cities have sensed the early
stages of the crisis, hoping that through minor policy adjustments they could weather the storm (and that maybe some new opportunity would either draw attention from the crisis of the underclass or perhaps alleviate the problem altogether). But by the mid-1990s, it was clear that the problems created by a changing economy and a growing underclass were not going to vanish on their own. Cities will not be undone by this newest crisis; there is too much history of resilience for that to happen. Even so, the city of the twenty-first century will be different from the city of the twentieth century.

In the final chapter, we will consider what the city of tomorrow may be. But before doing so, we explore in this chapter ways that cities have attempted to address the crisis of the underclass, for that will surely provide some hint of what the future may hold for America's urban places. In considering these responses to poverty, the underclass, and the changing American economy, we will do well to remember three things. First, no city has yet initiated the kind of major policy that will allow it to address these problems head-on. While not necessarily easy or painless or inexpensive, the solutions implemented thus far by cities have largely been ones of convenience, reflecting what can be done without too much disruption. But the crisis of the underclass may require the kind of transforming policy that is disruptive. Second, cities cannot undertake this kind of transforming policy on their own. The economic changes that have the greatest impact on cities are national (and even international) in scope. Thus, any response initiated by an individual city is unlikely to be effective. What cities can do must be done in conjunction with one another, their states, and the federal government. Third, all policies will have unanticipated consequences. In general, the more sweeping the intended transformation, the more extensive the unintended consequences will be. For example, the urban reform movement, by taking politics out of municipal government, made future change more difficult. And the expansion of municipal services created a municipal bureaucracy that threatens the fiscal well-being of virtually every city.

New Economic Bases for the City

During the late 1960s and the early 1970s, as city leaders realized that manufacturing jobs could not sustain the future employment needs of the urban workforce, they began to explore alternative economic futures for their cities. In most cases, this meant a physical change in the city's landscape, as developers built office towers, convention centers, and
sports arenas with city funds. In large part, this massive construction boom was based on speculation and hope. City leaders reasoned that if they put funds into the redevelopment of downtown, business owners, shoppers, conventioneers, tourists, and sports fans would come to the city and use them. Most cities did build; sometimes business owners, shoppers, tourists, and conventioneers came, but sometimes they did not.

_The Office Tower Boom_

San Francisco's downtown growth is instructive. During the postwar period, growth in San Francisco's downtown area was slow; only 746,000 square feet of new office space was added between 1946 and 1954. By 1959, downtown development had begun to accelerate, with nearly a million and a half square feet added during that year alone. But it was not until 1965 when the thirty-three story Hartford Building was constructed that the skyline began to change. Between 1963 and 1977, approximately 23 million square feet of office space was constructed in the city's central business district (CBD). By 1983, thirty-six office towers had been constructed, more than in any other city during that period except New York City and Chicago (Ford 1994).

The growth in San Francisco was large but not atypical. By 1990, over 11 billion square feet of commercial office space was available in urban areas across the country, a large portion of it built between 1980 and 1990. Municipal leaders did much to encourage this development. Some of the encouragement was merely verbal but much of it was also financial. For example, New York City provided tax abatements to offset the cost of a number of skyscrapers during the 1970s and the 1980s, including $100 million to subsidize construction of Trump Tower and $42 million to AT&T for construction of its new corporate headquarters. Overall, during the period when New York City was in the midst of its fiscal crisis, municipal outlays intended to stimulate private development increased by 72 percent (Frieden and Sagalyn 1989). In another example, Minneapolis spent $334.2 million to assist downtown development projects between 1980 and 1990 (Schwartz 1995).

The trend toward downtown redevelopment that had started in the 1970s was given added impetus by a 1981 change in the federal tax code, which established a fifteen year accelerated depreciation schedule for buildings. This, coupled with relatively high interest rates, created a climate where buildings as tax shelters could be
marketed aggressively to investors. The tax code was changed in 1987, however, putting a damper on the construction of new buildings in downtown areas (Feagin and Parker 1990).

**Convention Centers, Hotels, and Downtown Shopping Centers**

The construction of downtown office buildings was only one response to the void left by a declining industrial base. In addition, cities saw the potential for building a tourist economy, and they promoted the construction of convention centers, downtown hotels, and downtown shopping centers. This growth in tourist-related construction actually outpaced that of commercial office space. In 1970, convention centers in the United States offered a total of 6.7 million square feet of exhibition space, and only fifteen cities could handle a trade show for twenty thousand people. By 1990, convention centers boasted a total of 18 million square feet of exhibition space, and one hundred fifty cities were equipped to handle trade shows for twenty thousand people (Frieden and Sagalyn 1989, Sanders 1992). In almost all cases, construction of new convention centers has been paid for by the public, either through municipal governments or special purpose governments. For example, the $987 million expansion of McCormick Place in Chicago was financed through general obligation bonds, and debt service was paid with proceeds from the state cigarette tax; and New York's convention center was financed through a $375 million bond issue (Frieden and Sagalyn 1989).

Convention centers themselves seldom make a profit on the conventions and trade shows they host. Managers interested in attracting the largest number of conventions possible shave their rental fees to the bare minimum as they try to undercut one another for business. But it is not what the conventioneers do while in the convention center that makes them valuable to the city; it is what they do when they leave each evening. The World Congress Center (WCC) in Atlanta provides an example. The WCC, with 2.6 million square feet of exhibition space, attracted 1.3 million visitors in 1991 to sixty large trade shows and conventions (and a number of smaller ones). Overall, this generated $18 million in revenue for the WCC; the payroll for three hundred fifty employees and the enormous utility costs required to heat and cool a facility of that size at (up most of that revenue. But each out-of-town visitor to the WCC spends an average of $214 each day on food, lodging, transportation, and incidentals. This translated into $580 million (new dollars) pumped into the Atlanta
Conventioneers, as well as other visitors, need a place to stay when they are in town, and the construction of new downtown hotels largely kept pace with the construction of new convention centers. By 1982, hotel construction was adding an average of over fifty-four hundred rooms a year to the downtowns of the largest metropolitan areas, with New York City, Chicago, Washington, New Orleans, and Atlanta each adding more than seven thousand hotel rooms between 1960 and 1982. While these were partially funded through the private sector, cities contributed their share as well. Nearly one-third of the first fifty Urban Development Action Grants awarded in 1978 were for construction of hotels or hotel-convention center complexes, and cities also provided tax abatements to encourage new hotel construction (Frieden and Sagalyn 1989).

Conventioneers and other visitors have a lot of free time when they are not sleeping, attending meetings, and admiring exhibits. And one way they can usefully spend their free time is shopping. Cities have spent considerable time and money developing downtown shopping centers that will be convenient and attractive to visitors (and that may even attract out-of-towners in their own right). Between 1970 and 1988, more than one hundred new downtown retail centers opened; in three-quarters of these projects, cities were co-investors with private investors (the median public investment in these projects was about 33 percent of the total development cost). Approximately 30 percent of these shopping centers are festival or specialty malls, many of them constructed by James Rouse and his associates; the others are either regional shopping malls or mixed-use projects combining retailing with offices, hotels, a convention center, or housing (Frieden and Sagalyn 1989).

**Professional Sports**

A professional sports team may make a city more attractive as a convention site, or it may simply attract visitors to come to the city to see a ballgame. But neither of these is the primary incentive for investment of public funds to attract a professional sports franchise to a city (or to keep one there). Much more important is the "big league" status that it gives the city and the free advertising that comes with this status. The politics surrounding a city's image can be fierce, and sometimes sports gets enmeshed in these politics. For example, as Los Angeles was attempting to woo the Brooklyn Dodgers to the West Coast in the late 1950s, some of the city's leaders objected to the effort
Mayor Norris Poulson was expending on the project; his response was to chide the naysayers for wanting to keep Los Angeles a "bush league city" (Baim 1994). The cost of becoming, or remaining, a major league city can be substantial. Since 1988, Chicago, St. Petersburg, Baltimore, Arlington, Philadelphia, Atlanta, Cleveland, and Jacksonville have constructed or renovated sports facilities at a cost of over a billion dollars in public funds (Rosentraub et al. 1994). In some cases, these were intended to keep existing teams in the city; in other cases, they were built to attract a sports franchise to the city. For example, Chicago built its new Comiskey Park (at a cost of $185 million in public funds) to keep the White Sox from moving to Florida. And St. Petersburg built a domed stadium at a cost of $234 million in the hope that professional sports teams would choose to locate there (Watson 1995).

Professional sports teams are not the only drawing card for cities promoting tourism. Amateur sports have also become an important part of economic development for some cities. Between 1974 and 1992, for example, Indianapolis embarked on a $2.76 billion downtown construction program, with amateur sports as a central component. By 1989, seven national organizations and two international organizations had moved their governing offices to Indianapolis. Even though less than 10 percent of the total capital construction expenditure was dedicated to sports facilities, they have become an integral part of the downtown and its economy (Rosentraub et al. 1994).

**Downtown Development: A Critical Assessment**

To what extent have recent downtown development efforts changed the character of American cities, and how successful have they been in counteracting the negative effects of deindustrialization and the growth of the underclass? It will serve us best to consider these two questions together.

Building buildings is what cities have always done, and for the most part, done well. But in the past, city government has not often built these buildings; rather, it has been the private sector that has invested in the city and in itself through the construction of hotels and office buildings (although since World War II, construction of most stadiums and sports arenas has been underwritten by city government). Critics question the use of public funds to subsidize the profits of business at a time when municipal employees are being laid off, neighborhoods are crumbling, and services are being scaled back. Of
course, the other side of the argument is that, without these subsidies, the businesses will simply go elsewhere (to other parts of the country, to suburbs and edge cities), leaving the city worse off than ever. But we would do well to consider how publicly supported downtown development may affect the city and its residents.

For the most part, the types of recent downtown growth that cities have supported are aimed at visitors from out of town rather than at their own residents. Consider the construction of office towers, which provide employment primarily for skilled, white-collar workers. In many cities, however, these were the first migrants to the suburbs, and the suburbs continue to draw young urban professionals away from the central cities. Convention centers cater primarily to out-of-town visitors; in fact, they lose money on local residents who eat and sleep in their own homes. Hotels have little use for local residents. In other words, with the exception of sports arenas and stadiums, most of the publicly funded or subsidized downtown development is aimed not at the people who live in the central cities but at people who live on the urban fringe or who are visiting from somewhere else.

Downtown development often has encroached on and sometimes has destroyed underclass neighborhoods. In Atlanta, for example, WCC was constructed in Vine City, a historically black neighborhood, creating considerable disruption in the neighborhood and displacing many of its residents. We typically associate this type of dislocation with urban renewal from a bygone era, but it continues to occur in modern day downtown development.

In the best of situations, businesses and sports franchises will move to the city and fill the new office buildings and stadiums; tourists and other visitors will not be far behind, filling the hotels and convention centers, eating at restaurants, and spending money at retail shopping centers. For obvious reasons, this scenario will generate taxes for the city. It will also generate jobs. But how successful has downtown development actually been? Unfortunately, many downtowns were overbuilt, and there were not enough businesses to fill them. For example, Minneapolis had a 20 percent vacancy rate in its downtown commercial property in 1992 (although by 1994 it had declined to 12 percent), and the value of downtown commercial property has declined by 25 percent since its 1989 peak (Schwartz 1995). In 1992, vacancy rates for commercial property in the nation's fifty-six largest cities stood at 25 percent (Mohl 1993a). Even when jobs are created for the city's residents, they tend to be low-paying service sector jobs, for example, maids in hotels, wait persons in restaurants, janitors in office buildings, and sales persons in retail shopping centers. These jobs, for the most
part, cannot lift people out of the underclass, so they do little to address the underclass problem.

Perhaps the biggest benefit, though, is symbolic. For at least thirty years (perhaps since the urban riots of the 1960s), cities have had a terrible image in the American consciousness. Recall Ira Lowry's glum assessment from 1970, quoted in chapter 15: interracial tension, street gangs, murder and other violence, drug abuse, burned-out buildings, littered streets, rat-infested rubbish. Even the areas where old slums had been cleared by urban renewal often remained in perpetual states of incompletion. For example, Buffalo's Ellicott Project was little more than a vacant lot littered with junked cars, piles of garbage, and rat nests thirteen years after it was initially cleared. St. Louis had its "Hiroshima Flats" and St. Paul its "Superhole" as symbols of unsuccessful urban renewal. Nationally, more than half of the urban renewal projects begun between 1960 and 1964 still had unsold lots a decade later (Frieden and Sagalyn 1989). The city of the 1970s simply was not a place where people wanted to live or even visit, and given the failure of urban renewal to solve the problems of the city, people were skeptical about prospects for turning around the city's misfortunes. So long as the American city was seen in this light, very few people would invest in its future. In short, the city was on a downward spiral toward abandonment. The only way to make a comeback was to change its negative image.

Seen from this perspective, municipal investment in new buildings, festival shopping centers in historic districts, sports stadiums, and convention centers was a public relations triumph that, in a number of cases, turned around negative public perceptions of cities. Cleveland, we hear, has made a comeback (only a quarter century ago, it was the only city in the country whose major waterway had caught fire). Boston is booming, part of the Massachusetts "Miracle." During halftime of televised football games and between innings of televised baseball games, television viewers are treated to views of the host city from the Goodyear Blimp showing streets that literally have come back from the dead; cities could not buy that type of publicity at any price (although many did pay a substantial price, the price of a new sports stadium). In a sense, the middle class has come to feel new opportunities for "ownership" of the cities that they fled a decade earlier. Bernard Frieden and Lynne Sagalyn (1989, 239) describe this change:

One of the guiding principles of rebuilding cities through downtown redevelopment was to reestablish "middle-class control." In San Diego, this meant taking Horton Plaza back from the pornography merchants and the skid row bar keepers. In St. Paul, it
meant replacing the rubble of the Superhole with a symbol of progress. Suburbanites who had avoided downtown for years were comfortable with the standard of behavior they found in shopping malls….For middle-class people who were accustomed to suburban shopping, the downtown marketplaces were different enough to be exciting but familiar enough to make them feel comfortable.

Of course, this "transformation" is not so much of the city as it is of public opinion. The ghetto neighborhoods of the city have not gone away; in fact, they are getting bigger, and the drugs and violence in them is getting worse rather than better. Unless something is done to improve the city for the underclass, the problems endemic to the ghetto neighborhoods will continue to fester and will eventually overwhelm the revitalized downtowns of American cities. But cities have bought time, and with time they have bought a new opportunity, albeit at a substantial price. Now the question arises, Will the cities—and the nation—take advantage of this opportunity for true transformation?

**Inner-City Economic Development**

*Enterprise and Empowerment Zones*

The downtown development strategy seeks to address the problems of the inner city only indirectly, mostly by providing service jobs to unskilled inner-city residents. But another approach is more direct, using tax policy to stimulate investment there and promote the economic viability of inner-city neighborhoods. Investment means jobs, and if the jobs pay moderate wages, they can allow underclass workers to escape from their poverty. In 1993, Congress passed legislation authorizing approximately $2.5 billion over five years to create six urban "empowerment zones" and sixty-six urban "enterprise communities." Areas were to be selected by the Department of Housing and Urban Development (HUD) from nominations submitted by state and local governments. The eligibility of sites was determined by their size, poverty, unemployment, and other measures of economic distress and by the level of support committed by public and private sources to the project. Once an area is designated as an enterprise community or an empowerment zone, it receives flexible social service block grant funds, and businesses that conduct their operations there are eligible for a package of tax incentives if at least 35 percent of their employees are residents of the zone (Lehman
One city where this legislation was successfully implemented is Louisville, which received funding to create an enterprise zone on 2,400 acres of land containing twelve thousand residents, old industrial buildings suitable for rehabilitation, vacant lots, and existing businesses. The city committed $50 million to land clearance, construction, and infrastructure development to make the area more attractive to potential business investment. In addition, it worked with local banks to develop a pool of $30 million for loans to firms that choose to locate in the Enterprise Zone (Bates 1993).

Although the federal government did not pass empowerment zone legislation until 1993, several states had implemented the concept as much as a decade earlier. By the late 1980s, twenty-six states had created more than thirteen hundred free-enterprise zones in 615 cities. A case in point is Georgia's Urban Enterprise Zone Act (passed in 1983). To qualify as an enterprise zone, a census tract must have a median income of $14,800 or less; businesses that locate in enterprise zones receive tax abatements over a twenty-five year period. Five enterprise zones were developed in Atlanta between 1983 and 1985, but they were uneven in terms of the number of jobs they produced (e.g., Atlanta Industrial Park employed 1,913 people in 1991 but Southside Industrial Park employed only 398). Most states did not attempt to promote employment in poverty areas through their legislation. Very few states specify minimum poverty levels for their enterprise zones, and only nine zones meet such minimum poverty levels (Feagin and Parker 1990, Nelson 1995).

**Enterprise and Empowerment Zones: A Critical Assessment**

In principle, this should be one of the most effective strategies for cities to redevelop themselves, for inner city economic development brings the potential for jobs right into inner-city neighborhoods. And jobs give people the opportunity to escape poverty and their impoverished surroundings. But for the most part, empowerment and enterprise zones have not lived up to expectations (Qames 1991; see LehnIan, 1994, for a review). An early experiment with inner-city development in Cleveland points out the difficulties. In the late 1970s, Cleveland spent more than $1.2 million to assist an inner-city industrial park that promised jobs for hundreds of people living in nearby public housing. Two new firms moved to the industrial park, and two existing plants expanded, all using city funds; but they hired only eight people from the public housing neighborhoods (Frieden and
Sagalyn 1989). Other cities have had similar, albeit less dramatic, failures. One reason is that many inner-city residents, particularly those living in ghetto neighborhoods, are not prepared for work. Part of this is due to their lack of vocational skills; but just as big a problem involves job readiness and a sense of self. Chapter 15 described the factors that lead some individuals to homelessness: lack of coping skills, depression and mental illness, and drug or alcohol dependency. These factors are also in evidence in ghetto neighborhoods, and they limit the ability of many residents to obtain and keep jobs. For men living in ghetto neighborhoods the problem runs even deeper. Elijah Anderson (1992) argues that young people growing up in the inner city quickly become invested in the "oppositional culture" of the streets, providing them with a set of skills that are valuable in their day-to-day lives but of little value (indeed, a liability) in the world outside the inner city. Given the choice, it is rational for inner-city youths to develop these street skills, but it places them in poor position to compete for jobs and other resources in the larger society. All of these factors create a situation where there simply may not be a large enough labor force to sustain businesses locating in inner-city neighborhoods.

Second, many residents of ghetto neighborhoods may view businesses locating in their neighborhoods in "imperial" terms: in this view, businesses come in, with large tax subsidies supporting them, to exploit people living in the neighborhood through low-paying and dead-end jobs. While the reality is usually very different, and many companies locating in inner-city neighborhoods do so at least partially through a sense of civic responsibility, they often receive a rude reception when they arrive. It is hard for many businesses to maintain a positive attitude toward and employ the very people who are most critical of them.²

Third, empowerment zones are geographical in nature, usually defined by census tracts, but neighborhoods are social units determined by interaction patterns and sense of identity. This potentially creates a mismatch between problem and solution (Lehman 1994). All of this suggests that inner-city economic development efforts should occur within neighborhoods that are also socially viable communities whose residents are able to work together to address neighborhood problems and form partnerships with the businesses that locate there. The difficulty, of course, lies in the fact that most inner-city neighborhoods are not socially viable communities: The social pathologies that characterize ghetto neighborhoods prevent residents from establishing the relationships with and trust for their neighbors that are essential elements of communities. No one knows exactly how to create a
sense of community in ghetto neighborhoods, but several community development programs have been implemented in an effort to do exactly this, and we can learn from these.

Community Development Programs

Although most neighborhood development has attempted to establish the economic viability of inner cities, some has also been directed toward establishing the social viability of inner-city neighborhoods. David Chavis and J.R. Newbrough (1986, 337) define this community development approach as "a process that stimulates opportunities for membership, for mutual needs to be met, and for shared emotional ties and support." Robert Halpern (1995) describes one such program, the Dudley Street Neighborhood Initiative (DSNI). In the early 1980s, Boston's Dudley Street neighborhood had a population of twelve thousand people, 90 percent of whom were minorities. It had twenty churches, five parks, three elementary schools and a middle school, a library, and a homeless shelter; nearby was a multiservice center. But it had no major supermarkets, banks, community centers, or recreation facilities. More than 4 million square feet of the neighborhood was vacant property; in addition, many of the buildings and storefronts were abandoned, boarded up, or burned out. The neighborhood had become a dumping ground for illegal waste and abandoned cars. As an indicator of social dysfunction, fifteen hundred residents were on waiting lists for substance abuse programs.

In response to this situation, the Riley Foundation pulled together thirty community agencies to develop a neighborhood revitalization plan. But neighborhood residents rejected the plan, in part because they were not involved in its development. In 1984, the DSNI was formed to come up with a new revitalization plan; it consisted of neighborhood residents, human service agencies, churches, and businesses. In all, it had eighteen hundred members and a budget of $650,000. Between 1985 and 1987, DSNI organized neighborhood residents to tackle discrete problems in the neighborhood: cleaning up vacant lots, towing away abandoned cars, getting rid of illegal waste, getting new street lights and signs, and getting a rail stop to downtown Boston restored.

In 1987, DSNI initiated an inclusive planning process, resulting in a five-year strategic plan for developing the neighborhood. It included objectives for land use, housing, jobs, youth development, community services, safety, and environmental health—all the elements of a traditional community. One objective for the neighborhood was to
gain control of vacant land, which was owned by 130 different individuals and corporations (including the City of Boston). In 1990, Boston granted DSNI the authority of eminent domain over thirty acres of privately owned vacant lots, which provided it with the ability to decide how to redevelop that land. In 1992, the Ford Foundation provided DSNI with a $2 million low-interest loan fund to buy vacant land for redevelopment, and construction has begun on a modest number of low-income housing units. In addition, a leadership academy was developed to teach leadership skills to local residents. However, with progress came the inevitable realization that building a socially viable neighborhood is a slow process, and that the initial five-year plan was too optimistic. A longer time frame for developing the neighborhood was therefore established. Peter Medoff, the first executive director of DSNI, stated, "Deep, grounded, real community building takes time….You have to have patience and you have to have faith in the people who live in the neighborhood" (quoted in Halpern 1995, 205).

A second community development program designed to promote the social viability of an inner city is Community Building in Partnership (CBP), created within Baltimore's Sandtown-Winchester neighborhood (Halpern 1995; also see McDougall 1993). Sandtown-Winchester is a seventy-two square block area in west Baltimore with a population of ten thousand. In 1990, unemployment in the neighborhood ran close to 40 percent. Almost half of the adults lacked a high school diploma or a GED. Seventy-nine percent of the housing units were substandard, and 83 percent of all the children lived in poverty in single-parent families. The neighborhood had six hundred vacant structures (some owned by the city) and one hundred vacant lots. Drugs and drug dealing were pervasive, and violence was commonplace. In response to this situation, Kurt Schmoke (Baltimore's new mayor) and James Rouse (the developer and founder of the Enterprise Foundation) began meeting in 1990 to conceptualize ways of turning the neighborhood around. Largely through their initiative, CBP was created that same year. It involved the Enterprise Foundation, Sandtown-Winchester residents, Baltimore United in Leadership Development, the Sandtown-Wincheter Improvement Association, and the City of Baltimore in a collaborative effort to develop the neighborhood. CBP's mission is to transform every dysfunctional system in the neighborhood, including housing, education, human services, health care, public safety, and employment. Through CBP, various strategic planning work groups were established; these identified well over one hundred discrete opportunities for action and made over fifty recommendations,
including: condemn and acquire vacant housing for redevelopment; develop parks and play areas; improve programs conducted by the neighborhood recreation center; develop a comprehensive land use plan for Sandtown-Winchester to serve as a blueprint for community revitalization efforts; improve street lighting; develop a neighborhood-focused primary health care delivery system; monitor families with high truancy records; improve communication and cooperation between community residents and police; improve accessibility to competitively priced, clean, high quality retail goods and services; and improve residents' access to information about jobs located outside the Sandtown-Winchester area.

In 1992, professionally led task groups were established in four program areas: health and human services, education, physical and economic development, and community building. These groups worked to develop sustainable plans in each area; but in the process, they were committed to involving neighborhood residents in increasingly central roles and using existing resources to finance activities whenever possible. This process resulted in a recommendation to create a new local institution, Community Building in Partnership, Inc., to provide an organizational base for the Sandhill-Winchester initiative.

In addition to DSNI and CBP, several other important community development initiatives exist. Former President Jimmy Carter started the Atlanta Project, designed to promote both the social and the economic viability of inner-city neighborhoods in that city. And in the South Bronx, the Surdna Corporation (in conjunction with nine other major funders) put $5 million into six community development corporations, enabling them to develop strategic plans for addressing the social and economic issues in their neighborhoods (Peirce 1993). At least in physical terms, this strategy seems to be paying off, with eighteen thousand apartments in abandoned or vacant buildings rehabilitated (or in the process of rehabilitation) during the past decade (Halpern 1995). Jimmy Carter has had his hand in some of this development as well, personally wielding a hammer or a saw to help in the rehabilitation efforts. His well-publicized visit to the South Bronx early in his presidency produced few concrete results, but his largely unpublicized visits since 1980 have helped work wonders.

**Community Development: A Critical Assessment**

The programs to promote socially viable inner-city neighborhoods have several commonalities, and they allow several conclusions about this approach to community development. First, this is a long-term
process. As the Dudley Street neighborhood discovered, five years was not nearly long enough to accomplish even some of its more modest objectives. Inner cities, and especially ghetto neighborhoods, evolved through decades of neglect; it is unlikely that solutions, particularly long-term solutions, will be achieved quickly. Second, the initial focus of all of these programs is on achieving social integration of the neighborhood through cleaning up vacant lots, rehabilitating vacant buildings, getting street lights, developing recreational programs for youths, developing parks and playgrounds, and establishing retail shopping. Jobs will come later. Sponsoring institutions realize that without social integration of the neighborhood, many residents will be unemployable even if there were jobs. Further, the best way to attract jobs is to transform the social structure of the neighborhood. Third, none of this was initiated by the neighborhood. For exactly the same reason that many residents of ghetto neighborhoods are unable to find or maintain jobs, they also lack the skills and resources to initiate a long-term project to change the character of their neighborhood. These social development projects are seldom initiated by business, which must be concerned about short-term profit and loss. A five-year or ten-year investment in the social viability of a neighborhood is usually beyond the capacity of most businesses. Rather, these programs are usually initiated by either government or a private foundation—or as in the case of Baltimore, the two working together. Finally, the cost of social development in a ghetto neighborhood is high. Just to achieve the goals of social integration of the neighborhood is likely to require over $1 million a year, and the bricks and mortar projects will require substantially more than that.

Ultimately, efforts to develop neighborhoods as socially viable and economically viable entities must go hand in glove; just as surely, they must be sequenced. Without a social transformation of the neighborhood, residents are largely unable to support employers who might choose to locate there. But with appropriate social development efforts, these neighborhoods can turn themselves into communities, with residents feeling a sense of pride and providing mutual support for one another.

These socially viable communities are good environments for businesses. Jobs are a necessary component of community development. Without jobs, there can be no sense of a future; and without that, there can be no community. Thus, the creation of empowerment zones may be a step ahead of itself in that appropriate and necessary social development has not yet taken place in most neighborhoods designated as empowerment zones. Unfortunately,
failures will be interpreted as black marks against inner cities, yet another indication that little can be done to turn them around.

Housing and Homelessness

The homeless have become a source of embarrassment for American cities attempting to change their image and attract tourists, shoppers, conventioneers, and business persons to their downtown areas. Virtually all downtown visitors are bombarded by requests for spare change from homeless people; for cities that promote new, revitalized downtowns as "fun places," these constant reminders that the city is also a place of poverty are unwelcome and annoying. Different cities have attempted to deal with the problem of homelessness in different ways; some have been effective, some have not.

Dealing with Homelessness

Regulating the homeless. Unlike other manifestations of poverty in the city, homelessness cannot be contained geographically. For that reason, it can not be hidden from downtown visitors; it is there, in their faces. In the past, cities attempted to legislate against homelessness by passing vagrancy laws. These were found to be unconstitutional. In the 1980s, a number of cities routinely conducted street sweeps, rousting homeless people and sending them on their way—but to where? The most popular choices were to jail, to shelters, or to somewhere else (preferably far out of town). A federal court ruled on the unconstitutionality of these activities in 1992.5 Despite this ruling, however, many cities continue to evict homeless people from public property (e.g., under bridges) when the political pressure from merchants and residents grows too strong, and some find ways to informally encourage homeless people to make their way to other cities (Stoner 1995).6

Services for the homeless. Most cities (including those that routinely roust homeless people from public areas) have struggled to develop programs that address the needs of a population that is difficult to serve (this difficulty derives from their dependence on alcohol and/or drugs and their inability to function well within a highly structured environment). Thus, programs that require homeless participants to be alcohol and drug free (e.g., most shelters) are likely to be unwelcome for and unwelcoming of many homeless people. Even those homeless
who are drug and alcohol free may be unable to cope with the highly regimented rules invoked by most programs for homeless people (e.g., shelters require that everyone eat dinner at 7:00 P.M., lights off at 9:00 P.M., and so on). Of course, without rules, chaos would rule; but because of the highly structured rules most programs invoke, many homeless people simply do without service. They choose instead to sleep on the streets, dumpster dive or panhandle to get money for food (and sometimes alcohol or drugs), and do the best they can with what they have. Herein lies the inherent tension between most cities and many homeless people. On the one hand, cities (and charitable organizations within the cities) provide funding to shelters, soup kitchens, clothes closets, counseling centers, drug and alcohol programs, and other services—all developed to make the lives of homeless persons easier. When homeless people ignore these opportunities in favor of panhandling, sleeping on the streets, and pawing through garbage to find food, the public tends to be outraged and demand punitive policies. On the other hand, many chronically homeless people view services as wholly misguided and aimed more to help relieve the guilt of the providers than to meet the needs of the recipients. Many are especially cynical about religious programs, where the price of a meal or a cot is attendance at worship service. Most are contemptuous of drug and alcohol treatment programs that provide housing during the program but then return the homeless to the streets to fend for themselves. For the typical homeless person, sobriety lasts only a short time. Finally, for long-term alcoholics, crack addicts, and some other people, detoxification is a painful and dangerous business, and it is not surprising that they do not jump at the chance to get clean. Thus, for many chronically homeless people, existing services simply do not meet their needs. Although they would probably not have chosen a life on the streets, staying there seems better than the alternatives. And they are offended by what they view as attempts to harass them into accepting services that they believe will not work for them.  

A solution advanced by some involves coexistence, either by providing "safe zones" where homeless people can stay without fear of harassment or by attempting to regulate aggressive panhandling and otherwise letting homeless people stay wherever they want. One almost universal thorn in the side of this strategy, however, is what to do about sanitation. Everyone—homeless people included—must answer nature's call; when there are no toilets readily available, homeless people have learned to make do with whatever facilities they can find (alleys, bushes). For obvious reasons, this is offensive to the public, and
ultimately it poses a health hazard. But many find the alternative-public toilets that remain open all night-morally offensive. San Diego took the bold action of opening a public restroom in its downtown area, but at a substantial cost. A decade of controversy ensued, which "consumed some of that city's leading brains" (Coates 1990, 206). Other cities concluded that the fight was simply not worth the effort and abandoned campaigns to open public restrooms in areas where homeless people congregate. But that decision complicates the possibility of peaceful coexistence between the homeless, merchants, and the general public.

Peaceful coexistence with the homeless. One city that has been at least partially successful in fostering an atmosphere of peaceful coexistence is Seattle. Bill Speidel, a Seattle entrepreneur, stated: "We're not Newport, Rhode Island; we're an old gold rush town and the original skid row. If we didn't have the bums around, we would have to hire them from central casting" (quoted in Ford 1994, 79). This attitude is reflected in three of Seattle's most popular areas: the Pike Place Market, the Seattle Center, and Pioneer Square. The Pike Place Market has traditionally been a place where farmers sold their produce; over time, it has also become a major tourist attraction for the city, with more than 7 million people visiting each year. But despite the potential the market holds as a retail center, its managers have resisted the temptation to develop it as such; rather, they have attempted to attract low-income people, for example through their decision to sponsor three hundred subsidized apartments located within the market. In addition, they lease space to used clothing stores, pawnshops, and other economy retailers (Frieden and Sagalyn 1989). Thus, the Pike Place Market welcomes all residents of and visitors to Seattle, regardless of their social or economic status. The Seattle Center and Pioneer Square have developed similar reputations (Warren 1994, Frieden and Sagalyn 1989).

The acceptance of the homeless in places like the Pike Place Market, the Seattle Center, and Pioneer Square is perhaps most responsible for the national recognition that Seattle has received for its homeless programs. But even given this attitude of accommodation, the tension between the homeless, merchants, and the general public is strong. Several Pioneer Square merchants have proposed removing the benches that are scattered throughout the area; they believe that if the homeless do not have benches to sleep on, they will disappear (Stoner 1995). More severe, however, is a 1994 municipal ordinance that restricts panhandling in the city and limits the right of people to
sit on sidewalks between the hours of 7:00 A.M. and 9:00 P.M. Thus, the pendulum of politics affects cities' responses to homelessness just as all other things. A city that has a reputation for oppression one year will respond in an innovative and supportive way the next, and a city that has a reputation for coexistence one year will enact policies designed to drive homeless people away the next.

**Low-Cost Housing for the Homeless**

As noted in chapter 12, the most convincing explanation for the rise in homelessness was the decline in low-cost housing brought about by urban renewal and other, more recent economic transformations of the city. It would seem, then, that one of the most effective ways to address the growth of homelessness would be through a large increase in the stock of inexpensive housing. Several cities have experimented with such programs.

Portland, Oregon, has been a pioneer in this area. In the 1970s a private group of investors remodeled Portland's Estate Hotel, making it available to people with few resources for long-term single room occupancy (SRO). In 1978, neighborhood leaders formed the nonprofit Burnside Consortium (now the Central City Concern) to coordinate services and preserve housing in Portland. In 1979, it began pushing the preservation of SRO quarters in the downtown area. In 1980, Congress passed legislation (promoted by Oregon Congressman Les AuCoin) making SROs eligible for federal low-interest rehabilitation loans and Section 8 housing funds (Groth 1994).

Other cities have invested in SROs as well. New York City offers a training course and internships in SRO management. In San Diego, the 207 room Baltic Inn opened in 1987; it was the first new SRO in the city and one of the first in the country to open in seventy years. In Berkeley, Studio Durant (an SRO) was planned for a large lot behind the city's downtown retail district and the University of California campus. In 1990, Los Angeles used Community Development Block Grant funds to renovate 520 SRO rooms on skid row, and it planned to build a new seventy-two room hotel. San Francisco bought and renovated six hotels (with a total of 460 rooms) and contracted with a nonprofit agency to manage them. Private developers in Quincey, Massachusetts, opened a sixteen unit rooming house in 1986; it was the first rooming house built in the Boston area in several decades (Groth 1994).
Responses to Homelessness: A Critical Assessment

Like inner-city development (both economic and social), programs to rehabilitate the homeless must take a long-term view of the problem and its solution. For most homeless people, homelessness took a long time to develop, and it will take a long time to ameliorate its underlying causes. Staying in emergency shelters cannot accomplish that; neither can other survival services that are intended to prevent morbidity (e.g., soup kitchens, emergency health services). Therapeutic services can achieve this goal but only if they are administered appropriately. Consider, for example, the effectiveness of a drug detoxification program that discharges its newly detoxed clients back onto the street, without arranging for stable housing for them. Not surprisingly, the benefits of the therapy are short-lived under those circumstances. To be effective, therapeutic services (e.g., drug and alcohol treatment, psychological counseling, supportive housing, vocational training) are best joined with one another to meet all of the developmental needs of the homeless person. But even with a complete menu of services, time will be needed to achieve the desired effect. Few cities have the resources to put into such a comprehensive endeavor. The result is that the problem of homelessness is not likely to be solved soon. SROs can help, even if they are unlikely to provide the support necessary for a homeless person to transition into mainstream society. They can at least get him or her off the street. But we need to consider two things about SROs. First, on any given night there may be as many as 750,000 homeless people in the United States, and over the course of a year, that number may balloon to several million. The SRO construction and renovation boom that has taken place during the past several years has added only a few thousand new rooms. If it is to be an effective palliative to homelessness, it must be expanded considerably beyond what has been achieved thus far. Second, the cost of a room must be reasonable if SROs are going to be used by homeless people. The newly renovated Los Angeles SROs cost $11 per night, too much for many homeless people to pay (and more than many others are willing to pay). If utilization rates are going to be high, nightly charges must be very low, perhaps no more than $2. Again, the cost of the subsidy may be more than most cities can afford.

Homelessness is the social problem that most defies solutions, for two reasons. First, its causes are so complex that a solution would likely be prohibitively costly. Second, the political costs of attempting a real solution are high, and few politicians are willing to countenance the risks that would be involved in overcoming those costs. Perhaps the most
reasonable solution is peaceful coexistence, as Seattle has at least partially achieved. In the absence of a real solution, this may be the best that cities can hope for.

**Public Housing as Solution or Public Housing as Problem**

One of the most readily available forms of low-cost housing is public housing, although it is generally not available to single men (and therefore not directly relevant to a discussion of homelessness). Yet, it could be argued that without public housing there would be many more homeless women and children than we see today. So, in the 1990s public housing is part of the solution to the underclass problem that cities face. But it has also come to be one of the most difficult problems. Four different solutions have been advanced to address the most problematic aspects of public housing: decentralization, privatization, revitalization, and decreased tolerance of illegal behavior.

**Decentralization of Public Housing**

Most public housing consists of large, densely populated developments housing people living in poverty, and that represents its greatest problem. The inevitability of large public housing developments was challenged in August 1966 when Dorothy Gautreaux (a public housing resident in Chicago) initiated a class action suit charging the Chicago Housing Authority and HUD with discrimination in the location of federally assisted housing developments and in assignment of tenants to these developments. In 1969 the courts ruled in favor of the plaintiffs and ordered the Chicago Housing Authority to build its next seven thousand units in white neighborhoods. After a series of challenges and appeals, the Chicago Housing Authority finally agreed in 1981 to give rent subsidy vouchers to seventy-one hundred black families over the next decade, allowing them to find housing on a case-by-case basis in Chicago's white suburbs. Dorothy Gautreaux died before winning final victory in the courts, but the program that bears her name has placed more than thirty-nine hundred Chicago families in private-sector apartments, more than half of which are located in the suburbs. Some of these families have lived in their new communities for more than ten years (Massey and Denton 1993).

Two major strategies have been developed to achieve decentralization, not only in Chicago but elsewhere as well:
construction of scattered-site public housing and use of Section 8 certificates. The use of scattered-site public housing has been sporadic to date, due largely to the unwillingness of residents living in established neighborhoods to allow rental property—particularly rental property designated for low-income renters—into their neighborhoods. Much more common is the use of Section 8 housing assistance payments, which allow very low income families to rent decent, safe, and sanitary units available through the private rental market. Currently, 2.5 million families are assisted under this program; the popularity of the program is also demonstrated by the size of its waiting list, with forty-eight thousand families waiting in line in Chicago alone (Time, Nov. 4, 1996).

Privatization of Public Housing

The use of Section 8 certificates to achieve decentralization is a form of privatization in that it provides the means for low-income families to secure housing in the private market. However, during the Bush administration, HUD Secretary Jack Kemp took the concept a step further and proposed selling public housing units to the tenants who lived there. In fact, limited privatization had been authorized by affordable housing legislation since the 1970s, and during the mid-1980s, several public housing authorities took advantage of this legislation (Section 5(h) of the United States Housing Act of 1937, amended in 1974) to sell public housing developments to nonprofit organizations for subsequent sale, lease, or direct conversion to condominiums. In 1987, the Housing Authority of Louisville, in partnership with Louisville Housing Service Corporation (a nonprofit housing development organization), used the terms of this legislation to convert College Court (one of its oldest public housing developments) into condominiums (U.S. Department of Housing and Urban Development 1991). Residents of College Court were given first priority for purchase of these units, followed by other public housing residents in the city. The success of the College Court program led the Housing Authority of Louisville to initiate conversion of a second public housing development, LaSalle Place, into condominiums (U.S. Department of Housing and Urban Development 1995b). In these and other privatization programs, local housing authorities were required to replace each unit that was sold with a new housing unit that would be rented to low-income people who qualify for public housing; this requirement was abandoned during the early 1990s, however.8
Revitalization of Public Housing

Revitalization of public housing involves the planned demolition and rebuilding of decaying public housing developments in large cities, primarily those whose public housing authorities have been designated by HUD as "troubled." As such, it also involves elements of both decentralization and privatization. Under HOPE VI (the most recent of the HOPE programs; see note 8), approximately seven thousand units of public housing had been slated for demolition by the end of 1995, and up to one hundred thousand public housing units are projected for demolition by 2000. Unlike earlier programs, HOPE VI does not mandate that replacement units be constructed on a one-for-one basis, although the program does contain substantial funds for replacement. Included among the housing slated for demolition are five of the eight high-rise towers that comprise Philadelphia's Raymond Rosen Apartments; 191 new units will be built to replace the 510 demolished units (U.S. Department of Housing and Urban Development 1995a). A number of other "notorious" public housing developments are slated for demolition (or have already been demolished) under HOPE VI. One is Chicago's Cabrini-Green development, comprising nearly forty-seven hundred units that at one time housed thirteen thousand people. In Autumn 1995, the tallest building, a nineteen story high-rise with 660 units, was demolished and an additional 650 units are slated for demolition. The Chicago Housing Authority plans to build 642 replacement units, and more than twenty developers have submitted proposals to build mixed-income housing on the demolition site (U.S. Department of Housing and Urban Development 1995b; New York Times, Sept. 28, 1995). In Atlanta, Techwood Homes and Clark Howell Homes (built between 1936 and 1940 and consisting of 1,387 units) were demolished. These developments were located adjacent to housing constructed for the 1996 Olympic Games, and the land they occupied (nearly sixty acres) will be leased to private developers for housing and business construction (U.S. Department of Housing and Urban Development 1995a). In Newark, Christopher Columbus Homes, a set of high-rise buildings with 1,556 units, was demolished in 1995. The Newark Housing Authority plans to build 1,777 new units over the next several years, including seventy-four new homes already built across from the Christopher Columbus site (Kliment 1994, U.S. Department of Housing and Urban Development 1995a).
Restricted Tolerance

A final approach to improving public housing is to come down hard on the people who promote the social decay that has become so rampant in the projects: the drug dealers and users, gang members, and anyone else who disrupts the peace (Webster and Connors 1992). For example, in 1988, the Chicago Housing Authority initiated Operation Clean Sweep, which involved searching all apartments, storage areas, and common spaces for weapons and drugs (although after the sweeps were successfully challenged in court, they were modified to exclude occupied apartments). Other local housing authorities have initiated similar cooperative projects with police (e.g., strict enforcement of criminal trespass laws). And HUD’s One Strike and You’re Out policy has resulted in a large number of evictions that either would not have occurred or that could have required months of hearings under previous guidelines.

Public Housing Reforms: A Critical Assessment

Decentralization. All of these reforms have the potential for improving the quality of life for those who live in public housing—at least for those who remain in public housing after implementation of the “get tough” policies. For example, participants in the Gautreaux program who moved to suburban locations were more likely to find and hold jobs than those who remained behind. But like so many opportunities, this one was not without risk. Those who moved to suburban locations experienced barriers to child care and transportation, a sense of discrimination, and the lack of appropriate job skills for many of the employment opportunities located there (Rosenbaum and Popkin 1991). If public housing is to be decentralized, not only throughout the central city but also in the suburbs, these are challenges that must be addressed before potential benefits of decentralization can be realized.

Privatization. Privatization programs are based on the assumption that ownership instills pride in residents and benefits the community, and in some cases it has done so (Autry 1994). But more often, privatization programs have produced disappointing results. Grants issued during the first two years of the HOPE I program (see note 8) were designed to sell thirteen hundred units in seventeen relatively attractive public housing neighborhoods; but after two years, only a quarter of those units had been sold (Rohe and Stegman...
1992, Halpern 1995). This may be an unfair indictment, however, for each of these neighborhoods, regardless of how attractive it has become, has baggage from a checkered past. Renovations and a new name cannot erase old memories, and people may be unwilling to buy property in a neighborhood that has, in the recent past, been home to violence, drugs, and decay. Moreover, many impoverished people are also unwilling to live in these neighborhoods. If the local housing authority assigns them residence in blighted public housing developments, they will opt to stay living doubled up with a friend or in a homeless shelter rather than move into the development. This reality is reflected in the vacancy rates of many troubled public housing developments, which approach 50 percent. Thus, evaluation of privatization efforts should not be based on absolute occupancy rates in newly privatized neighborhoods; rather, it should reflect these occupancy rates relative to what occurred when the neighborhood was a public housing development. Given this comparison, privatization programs may not be overwhelmingly successful, but neither have they failed.

Revitalization. One concern raised by the revitalization efforts is that units that are razed are not always replaced. But, even though replacement units are not being constructed on a one-for-one basis, we should not conclude that a large segment of the public housing population will be left without shelter. The housing to be demolished is, for the most part, the worst of the worst, often not fit for human habitation. For example, all of the apartments in Christopher Columbus Homes in Newark and most of those in Raymond Rosen Apartments in Philadelphia had been vacant for some time prior to demolition. In addition, all were plagued by major infestations of drugs, gangs, violence, and crime; and all were showing substantial physical deterioration.

Another, larger concern is that many of the recently demolished developments (and some of those facing demolition) are located in areas of the city where property values had increased substantially (e.g., Cabrini-Green in Chicago and Techwood/Clark-Howell in Atlanta). Some might argue that public housing is a gross underutilization of valuable land. This argument has its roots in urban renewal, where the displacement of low-income residents was justified as a means for putting the land to a "higher and better use" (Feagin and Parker 1990). But it does raise questions about whether local housing authorities are allowing their property to deteriorate through neglect when its market value becomes sufficiently high. If this is so, public housing (and its residents) may be taking a "bum rap" for other
ecological processes that are occurring within the city.

Regardless of whether the HOPE VI program is a new phase of urban renewal or an effort to revitalize public housing (and both interpretations are probably valid), it has resulted both in decentralization and in privatization of public housing. In Louisville, for example, 1,116 units demolished in Cotter and Lang Homes will be replaced on site by 599 units of public housing, 451 units of tax-credit rental housing, 175 units of market-value rental housing, and 350 homeownership units; in addition, 360 units of scattered-site public housing will be constructed elsewhere.

_*Restricted tolerance.* Congress and the president mandated a "get tough" policy for public housing residents, to be accomplished nationally through the One Strike policy and locally through programs initiated by local housing authorities in conjunction with local police departments. All of these "get tough" measures no doubt diminish disruptive behavior within public housing neighborhoods, but they also come at a cost. Drug dealers are unlikely to quit dealing because they fear they will be evicted, and when they are evicted, they will continue selling drugs, either in the neighborhood or elsewhere. Drug users who are evicted—and more important, their families—will find housing elsewhere if they are evicted, but it will often be in run-down tenements that are less safe and in worse repair than the housing they were evicted from. Gang members will remain in their gangs whether or not they are in public housing. In other words, it may be possible to clean up public housing but that does not clean up the problems that are associated with public housing; they will simply move elsewhere in the city.

**Ending Welfare as We Know It**

*1996 Welfare Reform Legislation*

Given all that has been said about the urban underclass and the urban ghetto, few policy changes are likely to have as great an impact on our cities as changes in welfare policy. During the 1992 presidential campaign, candidate Bill Clinton promised "to put an end to welfare as we know it." It took nearly four years, but on July 31, 1996, the U.S. House of Representatives voted final approval for welfare reform legislation that had been hotly debated during the previous two years. A day later, the Senate also voted final approval for the legislation, and President
Clinton signed it into law in mid-August. But rather than resolving the debate about welfare, this legislation intensified it.

The provisions of the welfare reform legislation are too numerous to detail here (for a complete description, see Congressional Quarterly, Aug. 3, 1996). The major provisions are as follow:

- A new block grant for Temporary Assistance for Needy Families replaces Aid to Families with Dependent Children. Funding levels are frozen at $16.4 billion per year through 2001, although several additional sources of funds are available to supplement the block grant. Financial incentives will be provided to states that reduce out-of-wedlock births, allowing them to receive up to a 10 percent increase in their funding.
- Adults receiving welfare benefits are required to begin work within two years of receiving aid. Welfare recipients who do not meet the work requirement will be denied food stamps. States are required to have at least 25 percent of their welfare case load engaged in work by 1997 and 50 percent by 2002. States that fail to meet this requirement will lose up to 21 percent of their block grant allocation.
- Adults cannot receive welfare for more than five years, and states can set shorter time limits if they wish to; each state is allowed to exempt up to 20 percent of its case load from this limitation, however. Individuals convicted of any felony involving illegal drugs will be denied welfare benefits and food stamps.
- States may opt to deny welfare assistance to children born to welfare recipients or to unwed parents under the age of eighteen.
- Legal immigrants generally are ineligible for Supplemental Security Income (SSI) and food stamps until they become citizens or have worked in the United States for at least ten years. States can opt to deny legal immigrants welfare and Medicaid benefits.
- Federal child-care programs are folded into the Child Care and Development block grant, which provides child-care services for low-income families. Initial funding of $1.1 billion per year will rise to $2.7 billion per year in 2002.
- Unemployed, able-bodied adults under fifty years of age and without any dependents are eligible for only short-term receipt of food stamps.
- Children with disabilities qualify for SSI only if the disability stems from a medically proven physical or mental disorder.
- States must continue to spend at least 75 percent of the state funds they previously spent on AFDC and related programs.
- States must continue to offer Medicaid coverage for one year to welfare recipients who lose their welfare benefits because of increased
Welfare Reform: A Critical Assessment

The complexity of the welfare reform legislation guarantees that it will require a considerable time to digest, but the outlines of the debate about welfare, which started during the 1980s, are clear. For critics of welfare the problem is not merely that it is costly and ineffective; rather, in their view, it is responsible for perpetuating the underclass. Going a step further, some critics view welfare reform as a way of shaping alternative lifestyles and behaviors for the underclass, providing them with an opportunity to escape from poverty. For example, Charles Murray (1996, 10) argues, “The problem facing America's low-income communities is not that too many women in those communities are on welfare but that too many children in those communities are being born to single mothers and absent fathers.” For Lawrence Mead (1996), the problem is somewhat different: the underclass lack the discipline to find and keep jobs; and while this is not necessarily their fault, it prevents them from upward mobility. Welfare reform legislation addresses these concerns by invoking a critical assumption (supported by both Murray and Mead): underclass behavior is at least partially a lifestyle choice, and the calculus of that choice can be changed by making it very costly. Thus, by giving states the opportunity to deny benefits to children born to welfare recipients or to unwed teenagers, out-of-wedlock births can be reduced. And the legislation, by requiring that a female welfare recipient find work within a specified time, creates a powerful incentive for her to become disciplined and reliable in her quest for a job.

But many disagree with the validity of this assumption. The fundamental question they raise is whether female welfare recipients have the resources (both material and psychological) to get and keep jobs and to avoid bearing children out of wedlock. Certainly, the legislation will motivate some of these women to find jobs; but just as surely, it will not have this desired impact on others. Depending on how many barriers (e.g., lack of transportation, depression, fear of the future, lack of vocational skills, lack of coping skills, lack of communication skills) a woman has to overcome, the threat of being cut off welfare may be sufficient or insufficient to make her find and maintain employment.

The same logic holds for having babies. If this were a straightforward economic decision (i.e., the fewer babies, the larger the welfare payment), the legislation would likely be successful. But in
most cases, this decision is much more complicated, and often it is not really a decision at all but something that just happens (e.g., Pearce 1993). The results of New Jersey’s Family Development Program are instructive in this regard, since it limits welfare payments to only one child born to current welfare recipients. Evaluations of the program are still several years from completion; some preliminary findings suggest that the program has been successful in preventing illegitimate births, but other findings suggest that it has had little or no impact (Epstein 1996). As with the work requirement, some women will likely be more careful to prevent pregnancy in the wake of the welfare reform legislation; but just as likely, others will not. The critical question centers around whether the bulk of welfare recipients are in the former or the latter category.

The states are given some substantial leeway in exempting people from many of the requirements specified in the welfare reform legislation. For example, each state can exempt up to 25 percent of its case load from the work requirement; and states are given complete discretion about implementing policies pertaining to out-of-wedlock births. Even so, past experience suggests how difficult (and expensive) it may be for states to achieve the employment targets specified in the legislation (25 percent of welfare recipients working within eighteen months and 50 percent working by 2002). In this regard, it is instructive to examine the Family Support Act passed by Congress in 1988, which implemented the Job Opportunities and Basic Skills GOBS program. In contrast to earlier employment programs for welfare recipients, JOBS required participation for all women whose youngest child is older than two years of age. But as of 1992, only 7 percent of all adult AFDC recipients were participating in JOBS (Kane and Bane 1994). Another example is provided by the Massachusetts ET welfare-to-work program (Handler 1995). Overall, 22 percent of its participants were able to get jobs and stay off welfare, but to achieve this success rate, the state spent $68 million in 1988 and subsequent years, or an annual average of approximately $2,000 per participant.

Even states that have been successful in placing their welfare recipients in work situations face challenges. For example, Iowa shifted 35 percent of its welfare recipients to work between 1994 and 1996. However, most welfare spells tend to be short-term, with roughly 35 percent of current welfare recipients having been on welfare for two years or less (Ellwood and Bane 1994). So most of Iowa’s 35 percent success rate would have been achieved even without any governmental intervention. On the other hand, moving those who are long-term welfare recipients
into work may be much more costly. For example, Alex Kotlowitz (1996) cites an inner-city Chicago jobs program whose director estimates that counselors must remain intimately involved with a client for two years before that client can become an independent and reliable worker. The law of diminishing returns, if applied to welfare reform, would hold that after placing those who are easy to place, it becomes more and more difficult and costly to place each additional person into a work situation. States will be required to pick up the cost for this employment assistance, yet the welfare reform legislation cut state funds in this area. For example, Iowa's federal job training funds for welfare recipients and the working poor will be cut by 23 percent (Business Week, Aug. 19, 1996). Many states simply do not have the resources to accomplish what the welfare reform legislation requires of them. Faced with the prospect of losing up to 21 percent of their total block grant allocations for noncompliance, states may well choose the more expedient option of dropping people from their welfare rolls rather than spending large sums of money to find jobs for them that they may be unable to maintain.

Those who are cut from welfare rolls because they will not (and/or cannot) work will have no choice but to move in with friends or family or to find shelter in missions, abandoned buildings, or wherever else they can. Since these homeless people are hard to track and statistically invisible, they will not show up on official records as casualties of welfare reform; in fact, since they are no longer on the welfare rolls, they will be counted as successes. If the numbers are small, they will merely become part of a growing homeless population in the nation's cities, and few people will notice. But if the numbers are large, people will begin to notice. And at that point, the question will become one of public resources: Who is responsible for funding programs to get the homeless off the streets? In truth, we do not know how many people will be pushed by welfare reform into jobs and out of their ghetto neighborhoods and how many will be pushed into homelessness. But in the absence of such information, the risk for cities is great. For, as we previously discussed, the homeless more than any other group are constant reminders to urban visitors and residents that the city is home to some of the nation's most difficult social problems.

Looking toward the Future

As we consider what the future may hold for cities, we would do well to reconsider their recent past, how they have responded to it, and what
new challenges these responses have created. In most cities, the recent past has been dominated by problems associated with the underclass: how to meet their needs, how to control them, how to build around them. It is this latter concern that is perhaps most critical for two reasons. First, by virtually any definition there are fewer than 10 million urban inhabitants who could be considered part of the underclass; some estimates place the number at closer to 1 million. Thus, underclass residents are a relatively small (but important) segment of the urban population. Second, although urban policies can change the quality of life for the underclass, and they can perhaps decrease the size of the underclass, they cannot eliminate it. Taken together, these suggest that cities should explore strategies for moving beyond the underclass debate or at least not becoming immobilized by the debate.

The presence of the underclass continues to dominate much of the urban policy debate. Transforming the city depends on investment, and investment depends on the ability to draw people to the city. The underclass, regardless of its size, has become the critical point around which issues of investment have turned: people are afraid of the inner city (including its downtown area), and they have been largely unwilling to support central city investments. From this perspective, we can see downtown economic development as an attempt to overcome the problem of the underclass by building a city around them; inner city development as an attempt to provide them with the jobs necessary to escape from poverty; homeless programs as an attempt to regulate them; housing programs as an attempt to change the decay that surrounds them; and welfare reform as an attempt to change their behavior. In all of this, there is the belief that once the underclass problem is brought under control the city can get back to the business of being a city. But somehow in the process, cities may have misplaced their vision of what it means to be a city, what makes urban life special. That was the question with which we began chapter 1, and it is the question to which we now return.

1 How is it that private businesses and corporations can extract such public subsidies merely by threatening to move? In the wake of the great economic restructuring of the 1970s, cities are literally fighting for their survival in the face of a declining tax base, and they are willing to pay a premium to keep current businesses in town and to attract new ones. Once this pattern is established, virtually no business is immune from the temptation of exploiting it and virtually no city is immune to its perverse impact. In the absence of a national urban policy, which might regulate intercity movement of business and industry through targeted
tax policy, cities and states cannot avoid the bidding wars that they have been forced to participate in. An example of this powerlessness occurred at the National Governors Conference in 1993. Illinois Governor Jim Edgar sponsored a resolution to eliminate the use of incentives by states to attract new businesses, but it failed to obtain sufficient support to pass. The best the conference was able to pass was a watered-down resolution stating, "States will always be in competition with each other for business investments. However, this competition should not be characterized by how much direct assistance a state can provide to individual companies" (Watson 1995, 59). A weak resolution lacking any binding enforcement is unlikely to stem the tide of competitive bidding.

2 An example of this type of hostility appeared during the 1992 Los Angeles riot, when blacks directed much of their frustration at Korean merchants located in the city's South Central area. Resentment toward ethnic store owners in inner-city Detroit is also documented by Chafets (1990).

3 Local governments have a hard time getting involved in community development projects for the same reason as businesses: the time it takes to transform a neighborhood is simply too long. Local elections usually run in four-year cycles, which means that a mayor who invests considerable public funds in community development of a ghetto neighborhood needs to demonstrate tangible results in a short time; a ten-year timetable for turning around an inner-city neighborhood (which perhaps is even too short) is unlikely to be countenanced by a mayor except under unusual circumstances.

4 For a neighborhood of ten thousand people, a staff of thirty may well be necessary to implement the labor intensive programs required for effective social development; these include, but are not limited to, recreation programs, parenting programs, health screening programs, drug and alcohol prevention programs, violence prevention programs, and compensatory educational programs to provide school-aged children with the life skills to keep the neighborhood from deteriorating during the coming years.


6 A recent example of this type of response occurred in Birmingham, Alabama, as it prepared to host the soccer competition of the 1996 Olympic Games. During April and May 1996, over fifty homeless people received free transportation and a cash incentive to move from Birmingham to Huntsville, where they were expected to stay until after the Olympics (Huntsville Times, May 8, 1996).

7 One of the miscalculations of homeless advocates over the years has been to downplay the prevalence of alcohol and drug use and mental illness among homeless people. Their rationale was that if homelessness were portrayed strictly as an economic condition (e.g., the typical American is two paychecks away from the streets), homelessness would be viewed in a sympathetic light by the general
public. However, this strategy has largely backfired, for the, public has come to view the chronic homeless—particularly those who use drugs and alcohol—as aberrant and personally responsible for their homelessness. In fact, many have come to believe that homelessness is simply a lifestyle choice for these people, but one that impinges on the rest of society. For a discussion, see Baum and Burnes (1993).

Another privatization program, developed during the Bush administration, was Project HOPE (Home Ownership for People Everywhere). Whereas the 5(h) program allows individual public housing authorities to convert public housing units to owned homes, it does not provide funds to do so; thus, local housing authorities must either use part of their regular HUD allocation for this purpose, or they must find private sources to fund the conversion. However, under HOPE I, public housing authorities could apply to HUD for grant funds to facilitate this conversion. Between 1990 and 1995, HUD awarded 232 planning grants and 30 implementation grants to public housing authorities; by 1995 the program had been defunded, and there will no additional implementation grants awarded.

In 1995, sixteen large public housing authorities and seventy-six smaller public housing authorities (out of a total of thirty-four hundred public housing authorities located across the country) were designated as troubled. Although a small proportion of housing authorities, these account for nearly 20 percent of the total public housing units in the country.

In Jacksonville, for example, Golfcreek Apartments had a vacancy rate of 49 percent during 1990 and 1991, and the Pottsburg development had a vacancy rate of 44 percent to 48 percent during the same period (U.S. House of Representatives Subcommittee on Employment and Housing 1992).