

## **How to save our shrinking cities**

WITOLD RYBCZYNSKI & PETER D. LINNEMAN

**T**HE first half of the twentieth century saw the widespread emergence of large cities in the United States. In 1900, there were only six cities with more than half a million inhabitants; only 50 years later, there were 17 such cities. Much of this urban growth was stimulated by two world wars and the government-supported expansion of war-related industries, most located in big Northeastern and Midwestern cities. The largest cities also benefited from the fact that for more than a decade after the Second World War the United States was the only country in the world with its manufacturing facilities intact.

It was inevitable that eventually things would change. Europe and Japan rebuilt themselves and challenged the dominance of U.S. urban manufacturing. The previous rapid growth of large cities began to level out, and new urbanization patterns emerged. One of these patterns was a change in the

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kind of cities Americans chose to live in. We differentiate between small cities (100,000 to 500,000 inhabitants) and large cities (more than 500,000 inhabitants). In 1900, eight million Americans lived in large cities as compared to less than five million in small cities.

Over the next 50 years, the total population of the large cities increased at a faster rate than that of the small cities, and, by 1950, the large cities were home to more than 26 million people, compared to about 13 million for the small cities. However, after 1950, this pattern began to reverse, and the total population of small cities grew more quickly. By 1990, for the first time in the twentieth century, more Americans lived in small cities than in large ones. This situation is likely to continue for some time. For example, between 1980 and 1990, the total population of the small cities increased by a remarkable 17.3 percent, compared to 6 percent for large cities, and 9.7 percent for the nation as a whole.

### **Forces of change**

What drove this reversal? The growth of small cities and the decline of large cities in the postwar period resembled the contemporary restructuring of the steel industry, where new small plants replaced old large mills. Technological advances made the old steel plants obsolete and took their toll on large cities. The confluence of river and barge commerce, railroads, and the telegraph fueled urban centralization throughout the nineteenth century. In the early 1900s, these forces were reinforced by the efficiencies of scale in urban infrastructure technology, such as water supply, sewage treatment, and streetcars. However, the post-World War II period witnessed the predominance of car and truck commerce, the expansion of air travel, the evolution of modern telecommunications, and massively improved efficiencies in the provision of sewer- and water-treatment facilities. All of these changes facilitated urban decentralization. Air conditioning opened up large parts of the country to year-round occupancy, just as heating technologies had done centuries before. Entertainment and communication technologies, including television, the VCR, and the personal computer, greatly reduced the sense of cultural inferiority and isolation that historically characterized life in

small cities. Now, a small city with an airport and access to an interstate highway became just as good a place from which to conduct business as the downtown of a large city. Land economics allowed residents of small cities to enjoy larger (and newer) homes while still being able to see their favorite sports team, watch first-run movies, and enjoy concerts on cable TV.

These technological changes were fueled by the evolution of increasingly efficient capital markets. Capital markets actively sought out, and provided capital to the best businesses, even if they were not in the biggest cities. Examples include: The Limited (Columbus, Ohio), WalMart (Bentonville, Arkansas), Microsoft (Seattle), and Turner Broadcasting (Atlanta). In addition, the municipal bond market increasingly provided equal access to capital (for public infrastructure) to cities and communities that had previously been too small to tap this source.

In older cities, an aging infrastructure imposed increasingly high capital and operating costs. In contrast, smaller cities had recently installed new infrastructure with low maintenance and operating costs. Older cities flourished when they were the newest, cheapest, and most modern. The mantle has now passed to a new set of cities and suburbs.

However, not all large cities were equally affected by these trends. Of the 77 cities with current (1990) population in excess of half a million, 51 actually grew by an average of 539 percent between 1950 and 1990. The nine largest of these (Los Angeles, Houston, San Diego, Dallas, Phoenix, San Antonio, San Jose, Jacksonville, and Columbus) grew from 1950 to 1970, and continued to grow during the next two decades. Nevertheless, 26 of the 77 cities shrank (by an average of 24 percent) between 1950 and 1990. Moreover, these shrinking cities include some of the largest in the country. Seven of the largest cities that declined (New York, Chicago, Philadelphia, Detroit, Baltimore, Washington, D.C., and Boston) have been doing so steadily since 1950. Indianapolis, Milwaukee, and Memphis declined in population between 1970 and 1990, although they grew between 1950 and 1970. Only one major city, San Francisco, reversed its 1950-70 decline during the following two decades.

Two facts stand out about the decline of the largest cities. First, the population losses have been significant. Chicago,

New York, and Detroit have each lost about half a million people each since 1970 while Philadelphia has lost more than 350,000 over this period. Second, this decline is neither merely recent nor episodic. The cities that are shrinking have been doing so steadily for the last half of this century, and, according to the recent U.S. Census figures, the decline continues to the present day.

Some of the population increases in the growing cities have been the result of the aggressive annexation of surrounding cities and towns. Since 1950, the fastest growing seven major cities (Phoenix, San Jose, San Diego, Jacksonville, Houston, Dallas, and San Antonio) have each at least doubled their areas through annexation. In the case of Phoenix and Jacksonville, the increase in area has been more than twentyfold. Some of the urban growth, especially in California, Texas, and Florida, has been due to immigration. In fact, were it not for the steady flow of immigrants, cities like New York, Chicago, and Washington, D.C., would have experienced massive population losses.

Against this backdrop of the decline of the largest cities and the growth of our smaller cities, it is imperative to remember that every metro area has experienced population growth since 1950. Thus, although the cities of St. Louis, Cleveland, and Detroit lost about half their populations between 1950 and 1990, their metro areas each notably expanded. Similarly, while the city of Philadelphia lost about half a million people during this period, Philadelphia's metro area grew by more than a million. This means that the cities that shrank did so not because they were part of dying regional economies but, rather, in spite of strong regional growth.

### **Vertical cities and horizontal cities**

The cities that have declined can be called vertical cities while the growing ones are best thought of as horizontal cities. These two prototypes differ radically with respect to infrastructure, amenities, and housing stock. The vertical city, which evolved during the industrial era, has highway, mass transportation, and rail systems designed to link the suburbs to city center. Its population density is high, typically more than 10,000 persons per square mile. Its amenities include

large public parks. And it is known for downtown offices, manufacturing, and shopping and cultural activities. Typically, about half of its housing stock was built before 1939. It is comprised primarily of rowhouses, walk-up flats, and apartment buildings that were located to permit walking (or riding mass transit) to work and play.

In contrast, the horizontal city evolved after World War II and is designed for rapid car and truck movement, not merely from suburb to city but also from suburb to suburb. There is very little mass transit or rail infrastructure. Instead, massive transportation expenditures have focused almost exclusively on facilitating auto travel. The density is low (typically less than 3,000 persons per square mile), and urban amenities are more private than public. Equally important is the fact that the housing stock is much newer, typically offering single-family houses with large backyards (and large garages to "house" cars). The horizontal prototype is not simply a newer or updated version of the vertical prototype—it is a different kind of city.

Much of the current interest in the historic preservation of old buildings and efforts to recreate the "old time" urban fabric romanticize cities of the past. The stark reality is that, for the majority of working people, the vertical city offered cramped and noisy housing, little privacy, and relatively crude public amenities. One only need stroll through Chinatown in New York on a hot summer day to get a sense of what everyday life was like for the common New Yorker 50 years ago. The vertical city was built to house immigrants who had little money and who could not afford cars. The horizontal city has been built for a society with much greater disposable income (as a result of real income growth and two-earner families) and different quality-of-life expectations. It is a city that owns (indeed loves) cars. It is a crude generalization, and one that the proponents of traditional urbanism resist, but the horizontal city seems to have provided a kind of life that the overwhelming majority of Americans consciously chose—in spite of their romantic image of the old vertical city.

Is population loss always a bad thing for a city? We think not. Cities with more than a million inhabitants were rare before the twentieth century. There is no reason to assume

that a smaller city is worse than a large one. In fact, an argument can be made that when a city is smaller it is also more human in scale, more livable, less anonymous, with a more manageable and responsive government. The problem with the decline of U.S. cities is not a question of size but, rather, a question of who is leaving and who is staying.

The people moving out of our cities are predominantly middle-income families of all races while those remaining—and entering—are predominantly poor minorities. If the 77 largest American cities are evaluated in terms of a diverse set of social barometers, such as poverty and unemployment rates, the number of families on public assistance, infant mortality rates, and average household incomes, a clear pattern emerges. Comparing the cumulative average rates for the 26 cities that have shrunk since 1950, with the cumulative average rates for the 51 cities that have grown, the shrinking cities as a group are currently worse with respect to all of these social welfare indicators. Only crime levels appear to be comparable—and appallingly high—for both groups of cities, although even they are slightly higher in shrinking cities.

#### **Cities with high vacancy rates**

A city that has lost much of its population has—to borrow a real-estate phrase—a high vacancy rate. When a shopping mall has a high vacancy rate, the owner suffers not only because of the lost revenue on the empty space but also because the overall vitality and attractiveness of the center's shopping experience is diminished. This, in turn, makes other tenants more likely to vacate, depressing rents on leased space. So, too, for a city with a high vacancy rate: It suffers not only a loss to its tax base but, unless it is successfully repositioned, it becomes a less attractive place to live and work.

The owner of the mall with high vacancy rates has a limited number of options. To be more competitive he can lower rents or offer special lease terms in an attempt to attract and retain tenants. He can also offer special services to prospective (and current) tenants in order to raise occupancy. He can refurbish the mall to attract new tenants or “shrink” the mall so that its (now smaller) space is fully occupied. If this doesn't work, the costs associated with the operation of the mall may

not be covered by its income, and, in the short run, the owner will have to absorb the losses. If, in the end, he cannot cover his costs, the owner will close the mall and seek an alternative, more profitable use.

Of course, you cannot close a city. Some cities have privatized parts of their urban services (such as garbage collection and education) in an attempt to reduce their operating costs. Like a troubled mall owner, a city with a high vacancy rate can try to refurbish itself by redeveloping its downtown. Examples of urban redevelopment projects include stadiums, aquariums, world trade centers, river-boat gambling, and convention centers. Unfortunately, these strategies generally yield a poor return on public funds.

Cities need to mimic the strategies of the shopping-center landlord by lowering taxes, reducing onerous regulations, increasing the levels of public services, and improving the quality of local infrastructure. But this requires an admission that excessive taxes, burdensome regulations, and inadequate services have contributed to the city's decline. Such admissions do not come easily to a generation of politicians who have lived on the uphill slope of the Laffer Curve, raising taxes and regularly bemoaning the levels of support received from Washington and state governments. Unfortunately, as documented by Robert Inman of the Wharton School, cities that have "high vacancy rate" problems have already reached the point where further increases in local taxes produce declining tax revenues and an even greater decline in urban occupancy. Upon reflection, this is not surprising—imagine the fate of a troubled shopping center if the owner continuously raised rents as vacancy rose.

What happens when a city loses population? The fiscal difficulties associated with a reduced tax base are obvious. But, like a shopping mall that loses tenants, a city that loses population experiences additional problems. First, although people have left, the cost of maintaining the old infrastructure designed for the larger population—the roads, sewers, and transit systems—remains. In the case of the cities that expanded during the early 1900s, this infrastructure is in need of extensive repair and replacement. Just like the mall owners, cities must decide which services to curtail. Most city managers

(like most shopping-center owners) invariably choose to defer infrastructure maintenance.

A second effect of population shrinkage is a reduction in population density. In theory, this should increase the quality of life. However, density is usually reduced by the creation of irregular gaps in the urban density pattern. Although the densities in vertical cities are still three or four times greater than in the horizontal cities, the vertical city was designed to function most efficiently with relatively continuous concentrations of people. As depopulation occurs, not only does the provision of normal municipal services become more expensive (unplanned vacant space is expensive to secure and maintain) but there may no longer be a sufficient population base to support neighborhood social and retail activities in many areas. This results in services being further reduced, inducing those who can to move away. Similarly, depopulation in vertical cities creates a lack of social energy and dynamism, as well as a reduced sense of safety. In short, shrinkage undermines the strategic operating engine of a vertical city.

Perhaps even more importantly, a vertical city with population gaps no longer possesses a continuous urban fabric. Instead, it becomes a series of disjointed areas separated by unplanned abandoned and vacant areas. Servicing a discontinuous city is very expensive. At the very time that vertical cities need to find more efficient servicing techniques to offset their declining tax bases, they are faced with an increasingly inefficient and expensive population pattern.

Finally, shrinkage lowers the quality of urban life. Buildings remain vacant, most in various stages of total decay. Lots become empty as buildings are burned and collapse. These lots become dumps, strewn with garbage of all types. While vacant space in the countryside can be aesthetically pleasing, and horizontal cities frequently include massive tracts of vacant space, population gaps are disastrous for vertical cities. Vacant buildings become vulnerable to further vandalism. They also become havens for illegal activities—a breeding ground for diseases and unsafe playgrounds for children. Streets lined with empty lots and deserted buildings become indefensible spaces, veritable “wild zones.” That urban dereliction is a cancer is an apt cliché. Population gaps are not merely symptoms,



they are primary causes of the continued disintegration of urban life in vertical cities.

### **The regional government solution**

What is to be done? The most common political response has been to counteract the social costs associated with a shrinking (and increasingly poor) population by raising taxes. This is a self-destructive response that makes the city an even less attractive place to live and work. Mayors, planners, and city-government officials must learn to accept the fact that the older, shrunken vertical cities will never grow back to their earlier size and prosperity. The goal must be, instead, to make their cities more livable, more attractive, and, probably, even smaller. They must reconfigure their cities to be competitively viable in modern times.

An examination of the 1992 population figures for cities shows that, although a few cities like Oakland, Louisville, Akron, and Rochester, New York have managed to reverse their earlier decline and are growing (very modestly), most shrinking cities continue to shrink. True, the rates of population decline have generally slowed, perhaps suggesting that a sustainable city may be evolving. But Philadelphia, Boston, Washington, D.C., St. Louis, Detroit, and Baltimore, which shrank even more rapidly during the 1980s than during the previous decade, continue to lose population in the 1990s. Such cities must reinvent themselves, becoming better cities as they grow even smaller than they are today.

One solution commonly proposed for shrinking cities is regional government. Since metropolitan areas as a whole are expanding, linking (poor) shrinking cities to (relatively rich) growing suburbs appears to provide the former with access to the financial resources of the latter. This argument has been advanced recently by David Rusk in *Cities Without Suburbs*. He presents convincing evidence that new growing cities (e.g., Houston, Phoenix, and San Diego) that have annexed suburban counties have many advantages over older cities whose boundaries remained largely unchanged.

There are, however, practical difficulties with the regional government proposal. Regional government is constitutionally difficult in most states; only Portland, Oregon is part of a

directly elected regional government. It is true that several cities, such as Houston, Miami, Jacksonville, Charlottesville, Indianapolis, Nashville, and Minneapolis, have a system of cost sharing. However, with the exception of Minneapolis and Indianapolis, these are all growing cities. Troubled shrinking cities have little to offer suburban counties. As a result, suburbanites—most of whom consciously fled the city to leave its problems behind—can be expected to oppose any attempts at regionalization. The central cities themselves will resist, especially those with large numbers of ethnic minorities, who would lose their hard won political clout if they were incorporated into a larger, wealthier regional electorate.

In any case, regional government has its drawbacks. While size may generate some modest economies of scale with respect to infrastructure and finance, it also greatly increases inefficiencies of scale for the delivery of many services. Regional government would be more remote from—hence less responsible to—the voters, resulting in more corruption and inefficiency. Regional government, while it may solve the problems of servicing poor areas, will not address issues like an old and noncompetitive housing stock and the population gaps already prevalent in vertical cities.

### **Smaller is better**

The clock cannot be turned back. The industrial cities that grew rapidly during the first half of the twentieth century (and shrank almost as rapidly during the second half) will never recover their primacy. History teaches that cities grow and decline. The most dramatic example is probably ancient Rome, which shrank from about a million at its imperial zenith to less than 100,000 by the Middle Ages. The population of Venice peaked in the seventeenth century at 180,000, but, as its mercantile empire collapsed, the city shrank, reaching a low point of 132,000 in 1880. The population in Venice today is only about 137,000. The populations of the great industrial cities of northern Britain—Glasgow, Liverpool, and Manchester—peaked in 1900 and have been declining since. The population of Vienna peaked in the decade before the First World War and, today, is about 20 percent smaller than at its zenith.

The critical lesson of Vienna, Venice, and even Glasgow

(which has recently experienced a modest revival) is that a smaller city can be made a good place to live. Using these cities as role models, the question for shrinking cities is not, "How can we grow big again?" but rather, "How can we prosper and have a wonderful, smaller city?"

A fundamental change in mind set is required once we accept that smaller can be better. A city that has irretrievably lost large amounts of its population needs to examine ways to redesign itself to become more compact, perhaps even smaller in area. This will not be easy. City planners have traditionally favored growth and expansion. It is now time for planners to look for ways to shrink our cities. Just as physicians should allow gracious and healthy decline as people age, so too must our planners manage older cities. However, just as aging is not merely adolescence in reverse, urban planning for shrinkage is fundamentally different than planning for growth.

Historically, vertical cities expanded from the center by developing land at the periphery, by building on flood plains and near urban disamenities (e.g. railroads), and by extending their urban infrastructure. But a shrinking city cannot merely retract its perimeter. Population losses have not been experienced equally across all parts of the city. Outlying parts of the city are generally quite strong, as are some city centers. Between these areas lies a complex web of decrepit housing stock and abandoned industry but also strong neighborhoods.

Are there alternative uses for the empty tracts? One could imagine formally planned versions of what has occurred in an unfunded and unplanned way in Detroit and East St. Louis, where vast empty lots are reverting to a sort of urban wilderness. In some cases, empty land might be turned into parks and recreation sites. This requires funds to undertake the expensive process of rehabilitation, soil replacement, and landscaping. The City of New York currently owns 20,000 vacant lots and has proposed asking private corporations to pay for converting empty land into parks and playgrounds. In return, the city would allow the companies to use the space for their own advertising. Corporate sponsorship is expected to provide on-going maintenance, which was lacking with earlier efforts, such as the Lindsay administration's "vest pocket parks." There are also commercial outdoor recreation possibilities. A devel-

oper has recently built a 30-acre golf course on vacant land in downtown Chicago, near the convention center. Large tracts could be consolidated and sold to the U.S. Department of the Interior for the creation of environmental zones, belated versions of the urban green belts that were a staple of Garden City planning in the early 1900s.

Another option would be to take advantage of the availability of empty land to begin to transform the vertical city into something that more closely resembles the horizontal postwar prototype. The three- and four-story rowhouses that characterize cities like Baltimore and Philadelphia were built at now commercially unacceptable densities of 30 to 40 dwellings per acre. Down-zoning of residential areas would allow two-story, semidetached houses at lower densities of about 20 dwellings per acre, or detached cottages of 5 to 10 dwellings per acre. However, such densities are only affordable if cities greatly reduce their development costs and regulations. In reducing these burdens they need to strive to become competitive with the most competitive suburb. If old cities cannot annex surrounding suburbs, they can, at least, begin slowly to transform part of their housing stock and begin to provide the kind of housing that today's households desire—single-family homes with space for backyards and off-street parking—rather than continuing to offer them a housing stock designed for their grandparents. The combination of much lower density housing with easy access to high-density downtown amenities may be the starting point for a new, post-industrial, urban prototype.

### **A radical proposal**

Cities should also consider even more drastic alternatives. For example, they could de-annex parts of their territory to private developers. If large tracts, in excess of 100 acres, say, were sold as de-annexed, unincorporated areas with associated suburban cost structures, it is possible that developers would find this an attractive opportunity to create new "suburban" municipalities in the central areas of the city. Prototypes include such communities as River Oaks in Houston and Highland Park and University Park in Dallas. These "suburban" communities have been developed within the fabric of the city boundaries. New municipalities would be legally independent

of the city. They would control their own governments, schools, and regulations. Like most suburbs, we suspect they would preserve a high degree of autonomy and probably a degree of exclusiveness. In fact, these new municipalities would probably need to alter traffic flows through the surrounding city into the community in order to provide the type of housing sought by today's buyers. Given the pattern of new planned communities in the United States, some form of common interest housing development governed by homeowner associations is likely to result.

The sale by the city of such property would create a more viable smaller city. How? First, the sale of the land would generate much needed funds, which would be used to offset years of deferred maintenance of urban infrastructure. Given the differential cost of operation and development in an unincorporated suburban municipality versus the city, the value derived from selling such land could be substantial. The city would also no longer be responsible for the maintenance and security of the land once it becomes a legally independent community. Third, and perhaps most importantly, although the city itself would shrink, the city's urban fabric would be enhanced as the new municipality developed. Many of the population gaps in the urban fabric could be filled in. There can be little doubt that these vacant parcels would develop more rapidly and successfully as independent suburban communities rather than as part of the city. In short, the city would be smaller, richer, and less vacant. At the same time, the population cavities would start to disappear.

Critical impediments to altering the current state of vacant urban tracts include irrational environmental standards. Too often these regulatory standards and procedures ask the irrelevant question, "Is it perfectly clean?" rather than the more pragmatic question, "Is it cleaner than it would have otherwise been?" The imposition of 1990s environmental sensibilities on areas that provided the factory jobs for previous generations means that massive tracts in urban areas are forever doomed to be economically undeveloped. As a result, the soil remains contaminated, the chemicals continue to seep into the groundwater, children continue to play in these abandoned lots, and the urban fabric continues to deteriorate. Environ-

mental regulators, like city politicians, must realize that these areas will not be developed (and hence no environmental improvement will occur) unless dramatic compromises are made. These compromises may involve using federal funds to clean up these properties. Alternatively, development could be allowed if it significantly improves the environmental quality of the property, even though such clean-up may fall considerably short of current standards.

### **Future city**

In our view, consolidation and de-annexation are not a “desirable” option for a city; however, for many shrinking cities, we see no other viable alternative. When population loss has passed a certain point, urban revival is likely to require drastic measures. Rehabilitation has usually worked only in downtown areas. Enterprise zones and empowerment zones have proved to be only marginally effective—where they have succeeded at all. Besides, they depend on the infusion of federal or state funds, which are not always available.

In any case, the obstacles to dealing effectively with urban shrinkage are massive, even possibly insurmountable. But to solve a problem, reality must be faced. In this case, the reality is that many cities will continue to shrink. Municipal politicians whose electoral bases will be eroded by consolidation or de-annexation can be expected to resist the idea of downsizing. Since the inhabitants of many of these affected areas will be minorities, the politics of consolidation and shrinkage will be opposed by these groups. Neighborhood activists, whose careers have been spent trying to promote local economic development from within will view shrinkage policies as defeatist, not the least because they will lose their own political power bases. Moreover, if selected urban areas are allowed to become autonomous suburban municipalities, the city as a whole will have to be protected from complete disintegration.

Shrinkage will also be seen by many as weakening the mechanism that has traditionally been used to elicit federal urban aid. Historic preservationists will undoubtedly object to wholesale demolition, since even decrepit areas contain buildings of architectural merit, and some of the worst areas are the loca-

tions of so-called industrial landmarks. Obviously, much will depend on how successfully consolidation deals with issues of dislocation, new housing, and new community services. But the challenge is clear: Our cities must be radically redesigned to be both better and smaller.