

## ***IV Planning and Policy-Making for Shrinking Cities***

### **e = m c<sup>2</sup> The Relative City**

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### **Theory**

Every city or town has an “energy” level defined by multiple factors, including the number of residents, mix of uses, and workers. From the center city to the suburbs, decisions are made each day that define what that city is and will be. In a city losing population or starting on the long road of gradual growth, city leaders must tackle the question: “Where do you see yourself in 30 years?”

### **Energy**

At its peak, St. Louis, once the fourth largest city in the country, had 856,000 people (1950), miles of neighborhood commercial corridors, an extensive street car system, two major league baseball teams, and an extensive inland port. These characteristics defined the energy of one of the great cities in America.

Today, these characteristics have changed dramatically, the result of rapid “shrinkage” over 45 years. 508,000+ people have gone, equal to 60% of the population; the population density has dropped from 14,400 people per acre to 5,600; there has been a 70% drop in school enrollment; and the current population is equal to what it was in the 1870’s.

This move was the result of a number of factors: post-World War II prosperity; construction of the interstate highway system; race; cheap, easy-to-develop flat land in the surrounding area; the dramatic rise in automobile ownership; and the fact that St. Louis cannot annex (take over) its suburbs like other cities such as Phoenix, Arizona.

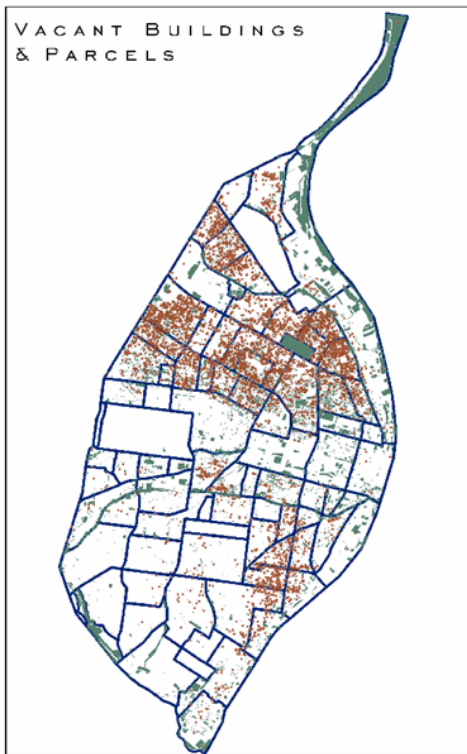
If Einstein was correct that energy can neither be created nor destroyed, the energy that left St. Louis must have migrated elsewhere, and it did. With five interstate highways crossing the small geographic area of 62 sq. miles (25.1 hc), the “energy” left in cars & moved to the suburbs.

**Figure 1: Pruitt Igoe housing units<sup>1</sup>**



Instead of a vibrant, high-energy, high-density center city, St. Louis became an area of disinvestment. In contrast, its suburbs grew dramatically and still do today. In fact, the suburbs of St. Louis are one of the largest consumers of raw land in the country despite only a minor growth in population.

**Figure 2: Vacant buildings and parcels in St. Louis<sup>2</sup>**



The concentrated energy that once defined a great first-tier city has been dispersed into miles of rolling acres of single family homes in the suburbs. Nodes of commercial and institutional activity like shopping malls and schools dot the landscape. Street life that once defined vibrant

<sup>1</sup> Pruitt Igoe, just north of downtown St. Louis, typifies the national public housing fiasco. Built in 1955, destroyed in 1973, it had 3,000 housing units in 33 eleven-story buildings.

<sup>2</sup> At one point, 16 % of the lots in the city that were either vacant land or vacant buildings were owned by the city. Often, people just left their homes and the city became the owner.

mixed-use neighborhood districts stretching for miles has been replaced with people in cars. There are the same number of people--in fact, even more. However, there is very little concentrated energy.

### *Impacts*

The impacts of sprawl are well defined and catalogued. It is worth mentioning, however, that a drop in concentrated energy in a city impacts the competitiveness of its region. It is no coincidence that the sprawl of many cities and the drop in the “magnetism” emanating from the center city go hand in hand. As concentration drops, so do the things that make the city an attractive place for people and investment.

**Table 1:  $e = m c^2$ —the formula**

<b>e = energy</b>
<b>m = mass</b> services/amenities schools, retail recreation, health employment centres
<b>c = concentration of people/density</b> the “square” represents the Importance of concentration in creating higher energy values

Cities, whether they are growing or shrinking, need to define themselves. A simple starting point is to step back and think about what level of energy they want. That energy can be defined by the “m” and “c” variables, representing “mass” and “concentration.” Cities do this everyday. Zoning laws dictate that in the suburbs, single family homes dominate the landscape. Homeowner groups band together to prevent intensification of commercial corridors, which offer the best opportunity for increasing density in low-density suburbs. This is a quality of life decision as each city or town defines it.

The best recent example of defining “energy” levels is in the new urbanism movement. Farmland is being plowed under to build stereotypical communities defined by a very distinct “mantra” from density to design. The end result is a community dominated by middle-class, white families with expectations that nothing will change in their new community while they live there.

## **Mass**

Drive into the newer suburbs on any warm and sunny Saturday afternoon and you will stumble across a big, new, fully-equipped recreation center. Families in their SUVs are shuttling children between various programs such as baseball or swimming. For brief periods on the weekends, this is the second most “energized” location in the “burbs,” next to the regional shopping mall. Compare this to a commercial corridor in an urban neighborhood, or even to the main street of a smaller town. These areas are almost continually centers of interaction throughout the day, with people walking and interacting along the main street, which is the focal point of the neighborhood.

The suburbs have wonderful recreation centers, schools, and big malls. Yet the population density or “concentration” of people is so low that nothing occurs in large enough numbers to create high levels of sustained interaction. Not that there is anything wrong with this. The suburbs are what they are, and according to their form, they cannot have high energy levels.

As America ages, the challenge becomes: “How are the older suburbs redefined as they decline?” The suburbs are experiencing the same phenomena the city experienced when these now older suburbs first sprang up. People are moving either further away or back to the center city, and the older suburbs are in decline. As cities that have declined begin to redefine themselves, they must assess what level of “energy” or interaction they want to obtain. In the case of St. Louis, city leaders understand that it will be a long time, if ever, before the population reaches the previous high.

A coordinated approach using development tools, as described later, can slowly rebuild the urban marketplace in locations where city leaders would like to see growth. The key is to be strategic and stick to the course of action. For example, Youngstown, Ohio has decided it will not have as many people as it did when the steel industry was booming. They have decided to shrink their city. Large tracts of abandoned land are being turned into urban gardens and parks, rather than targeted for new homes and businesses.

In St. Louis, the planning process has involved identifying and evaluating land use policy. The new plan for the City acknowledges that not all the former commercial corridors stretching for miles will be revived. Many will become residential areas.

Mass alone does not provide for a high energy urban environment. If a city or county wants a low-density suburban environment, decisions are made to establish the parameters to ensure this occurs. In North America, zoning is the primary tool available to elected officials to regulate the number of dwelling units over a specific area.

**Figure 3: Commercial redevelopment<sup>3</sup>**



A suburban city next to St. Louis recently changed its zoning laws to double the lot size requirement for a house with two units. The minimum floor area requirement was also doubled. This is clearly an effort to prevent the “imaginary threat” that rental units bring “dangerous,” low-income people into the community.

More commonly across the United States, we see the traditional suburban model of separation of uses. In contrast, in an urban environment, these boundaries are blended, resulting in mixed uses and greater energy. The humorous image of the land development industry and of the suburbs today is that developers have “discovered” mixed uses and transit-oriented development. This is the new catchword of planning in America, as if they just invented it.

Low energy suburban models continue to drain resources from local, state, and federal governments in road building and other service requirements. As their infrastructure ages, the ability of these small communities to fund upgrades will be in doubt. Financial aid will have to come from the state and federal governments, meaning that city dwellers are helping to pay for the sprawl. Yet these small suburban towns refuse to provide in-kind subsidies to fund urban transit systems.

## **Concentration 2**

Clearly the most important “definer” for a city is its concentration of people, both residents and workers. A downtown with few residents but lots of daytime workers has a sporadic energy level. Think of the many financial districts in cities around the world without any residential uses.

At its zenith throughout the 1940s and early 1950s, St. Louis had a population density of 14,400 people per square mile (5,336 people per hectare). Coupled with people working in over 23,400 businesses, this added up to a city of incredible energy, throughout the day and evening. Today

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<sup>3</sup> The former commercial area on the right was the entertainment area in St. Louis in the early 1960’s. After decades of vacancy, the area was cleared and reinvented as a mixed density residential area.

those numbers have dropped to 5,700 people per square mile (2,200 per hectare) and 8,150 businesses. Since 2000, both of these numbers have been increasing.

In the suburban area around the city, there are over 2.6 million people, making the region the 18<sup>th</sup> largest metro area in the country. However, these people are spread out over a wide suburban area, resulting in a density of only 150 persons per acre. There is a lack of concentration in the suburbs and, as a result, a low level of energy in the community.

In the “relative city,” population density is the most important factor in sustaining energy and in the efficient utilization of resources. There is nothing new in the word “urbanism,” despite the best efforts of many in the United States to believe otherwise. Ancient civilizations were founded on people and commerce being in close proximity, allowing for the exchange of goods and services.

New urbanist communities springing up in farmer’s fields are simply “better sprawl.” They have higher energy levels than traditional suburbs; however, the cost to the region in providing access and services to these far flung communities is extreme.

Cities that have adopted growth control boundaries, like Portland, do so in the realization that density will increase, resulting in higher energy levels and a greater utilization of resources. By restricting sprawl, higher concentrations of urban life result in increased sustainability.

**Figure 4: Ancient settlement (Tunisia)<sup>4</sup>**



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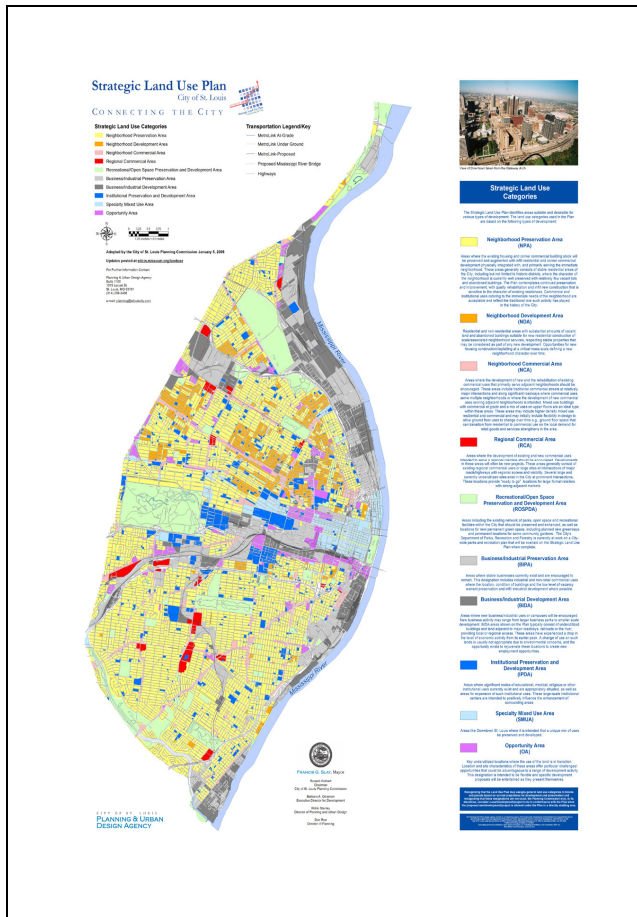
<sup>4</sup> Settlements back in ancient times understand the importance of density in delivery of services, utilization of resources, and common interest goals.

*How Do Low Energy Communities Affect Older Urban Areas?*

In St. Louis, we know our population is not going to reach the 1950s level of 15,000 people per acre. More single-family homes are replacing houses that had two or four units in them. Small apartment buildings that dominated commercial corridors are not being rebuilt yet. Despite the boom in conversions of historic factories into condominiums, more land will need to be developed into higher-density housing.

We know that washing machines are being made in Mexico, not urban America. In response, St. Louis is incrementally “reenergizing” the city by transforming our land uses, including former urban industrial sites.

**Figure 5: Strategic Land Use Plan, City of St. Louis<sup>5</sup>**



<sup>5</sup> St. Louis has enacted a land use strategy focusing on reusing land for different purposes. Former commercial areas are being redeveloped for housing, and large factory buildings have been converted into 3,000 new condominiums. The focus is to create growth nodes that will then create energy that requires fewer incentives to keep growing.

It is a slow process, but our mass of new housing, as well as buildings for commercial uses and industrial clients, is slowly recovering. For example, through the use of tax abatement (see below) and historic tax credits, we have seen several thousand new housing units created through the conversion of old abandoned shoe factories. Our increased concentration of population in the downtown has resulted in an increase in the mass of new services.

The Census Bureau predicts that the United States will absorb 100 million people in the next 35 years, largely through growth in the Hispanic community and through immigration. The National Home Builders Association expects thirty to forty percent of the housing stock to be replaced in the first half of this century. The challenge is to increase the level of energy in our communities. As the costs of providing services increase, governments will not be able to afford to provide new services and replace the infrastructure to meet the needs of a dispersed population.

Increased density in the suburbs can occur along the existing major roadways where the density of development is extremely low. Convincing suburbanites that such change will enhance their quality of life will not be easy. Distressed cities can, like St. Louis, focus on increasing density at strategic locations and through infill projects. This will increase economies of scale relative to the utilization of existing infrastructure.

Property taxes are already increasing at high levels in suburban areas. When suburban infrastructure needs rebuilding in a few decades, how will these low-energy communities afford the cost? They will continue to compete for state subsidies, further increasing the proportionate share of tax revenues paid by urban areas who in turn cannot garner support for resources.

While St. Louis accounts for about 15% of state revenue, the rural and suburban vote controls the Missouri state legislature, making it difficult to get support for non-rural items like urban public transit.<sup>6</sup>

## **Reinventing Your City**

Cities that have declined for a long period have the opportunity to reinvent themselves—although some more than others. Youngstown, Ohio is planning for shrinking. Yet in St. Louis, the tactic is not to abandon former built-up areas, but to repopulate them at a lower density.

The market dictates the ability of a city to respond. In the Midwest, the majority of residents still want single-family homes. Cities like St. Louis and Detroit are no longer immigrant destinations for people coming from environments where higher-density living is common.

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<sup>6</sup> While hundreds of millions of dollars of taxpayer funds go to build new roads to rural areas and farmers fields to build new low energy sprawl, the St. Louis transit Agency is only receiving \$100,000 in state funding



With an infrastructure in place to accommodate 500,000 more people, increasing its use makes sense. The distressed neighborhoods in the city are not concentrated in any one area. Therefore, infrastructure needs to be maintained as it reaches through these neighborhoods to others.

Mayor Francis Slay of St. Louis has developed a comprehensive strategy called a “Strategy for Renewal” to help address the challenge of rebuilding the city. The strategy is based on the following 12 goals.

1. creating opportunities for people to interact and overcome stereotypes
2. building diversity in demographics from ethnicity to income
3. improving the quality and choices in education
4. thinking regionally, paying attention to the over 201 different towns and cities in the St. Louis region
5. creating a healthy environment
6. increasing population density
7. creating economic opportunities built on the city’s strengths, including its port
8. improving transportation, including public transit as well as the airport
9. aggressively marketing inner-city neighborhoods
10. building new recreation opportunities
11. leveraging the thousands of historic buildings in the city
12. building “big” capital projects, including the riverfront

These goals all speak to increasing “concentration” of people and services. Through the use of financial tools, the city is directing growth into areas of high abandonment. The strategy is working. New housing is moving deeper into distressed neighborhoods, and thousands of housing units have been created in large factory buildings that were abandoned for decades. Instead of long commercial corridors stretching for miles along main streets, nodes are being created, anchoring neighborhoods. And all this is happening through the use of a multitude of incentives, including the following.

### *City Owned Land*

At one point, the City of St. Louis owned over 16% of the lots in the city. A land bank was created to manage the property, which became a model used around the country. Developers interested in building on the lots applied to the city with proof of their ability to complete the task. Time limits were set to ensure that speculators did not flip the vacant parcels. The purchase of vacant lots is now very competitive in many neighborhoods.

### *Tax Abatement*

When a home or business is rebuilt or improved, property taxes increase. The city can waive the increase for a set time period in exchange for having a distressed property improved. For example, an abandoned home that is rebuilt may have its property taxes frozen for five to ten years at the rate that applied prior to the improvements. This can result in a difference for a homeowner of paying annual property taxes of \$800 rather than \$3,000 for that five to ten year period.

### *Historic Tax Credits*

**Figure 6: Use of Tax Credits in St. Louis** <sup>7</sup>



Both the federal and state governments offer tax credits in exchange for restoring historic properties. Most of the several thousand new residential units in the downtown area were created through this program.

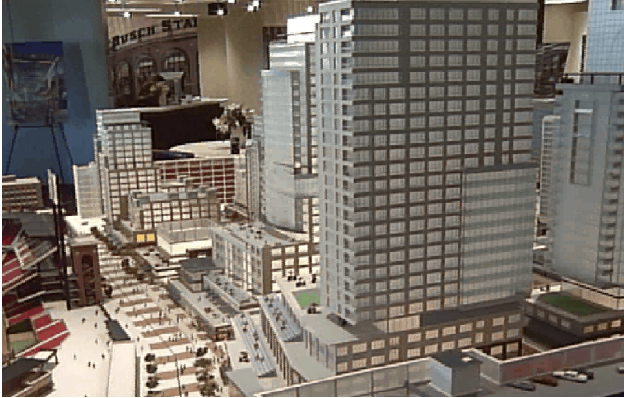
The tax credits from the state account for about 25% of the restoration costs, and the federal credit amounts to another 20%. Without this incentive, growth in the city would not be near what it is now.

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<sup>7</sup> St. Louis has led the country in the use of federal historic tax credits. These credits coupled with the state level program, have helped created several thousand new housing units. The buildings in the photograph once housed shoe manufacturers or other uses and were either vacant or almost empty less than 6 years ago. Today they are fully occupied by residential and mixed uses.

### *Tax Increment Financing*

**Figure 7: Tax increment financing in St. Louis<sup>8</sup>**



For larger projects, such as the conversion of an abandoned factory into new uses or a new building, the resulting increase in property taxes can be used to offset some of the cost of the restoration work. The commitment by a city to provide tax increment financing provides an opportunity for a builder to leverage the estimated future revenue stream to secure financial backing for the project.

### *Brownfield Credits*

A major problem for an aging city is leftover contamination from previous industrial uses. The federal government has been instrumental in providing tax credits to encourage the restoration of contaminated property. However, not all property can be cleaned to residential standards, nor should it. Rebuilding a city requires new employment opportunities as well, so some of this property needs to be dedicated to commercial uses. As is so often the case, older industrial areas have a higher proportion of low-skilled workers. By reusing older industrial sites for activities that will not be feasible in the suburbs because of a lack of such workers, cities can slowly rebuild and diversify their employment base.

Many other tools are used, from small business loans to special tax assessments, to provide for new infrastructure, such as sewers and water or new recreation centers. All of these contribute to the amenities of inner-city neighborhoods.

### **Conclusion**

The challenge to America and many other parts of the world is to confront the wasteful use of a finite resource: land. Real-estate developers can no longer drive the process.

The first and most economical step would be a regional policy undertaken as part of a national agenda. Like the historic tax credit program, such policy could ensure that “shrinking” or “rebuilding” cities where the infrastructure already exists would be a priority for both housing and tax policy, to encourage growth in cities that have declined.

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<sup>8</sup> This mixed use development adjacent to the new baseball stadium downtown, is made possible through the use of tax increment financing. This incentive allows some of the increased taxes from the project to be used to offset some construction costs. The increased jobs and housing result in a net gain for city revenues.

The cost savings to tax payers would be substantial. For example, the largest housing subsidy that exists is the building of highways. This is one of the driving factors leading to center-city abandonment. Even a portion of these funds could help rebuild distressed neighborhoods and schools.

The 2010 United States census will show a tremendous shift in demographics. Urban centers will continue their resurgence, and sprawl will continue to overtake millions of acres of farmland. The real change from the 2000 Census will be in the inner ring of suburbs. Unless the price of gas makes the outdated homes in the inner rings desirable, these suburbs will become the new “distressed” communities, mimicking the problems associated with urban America over the past five decades.

It is time to reassess public policy and action. The solution lies in the “relative city” and its roots through history. We cannot continue to urbanize at lower densities.