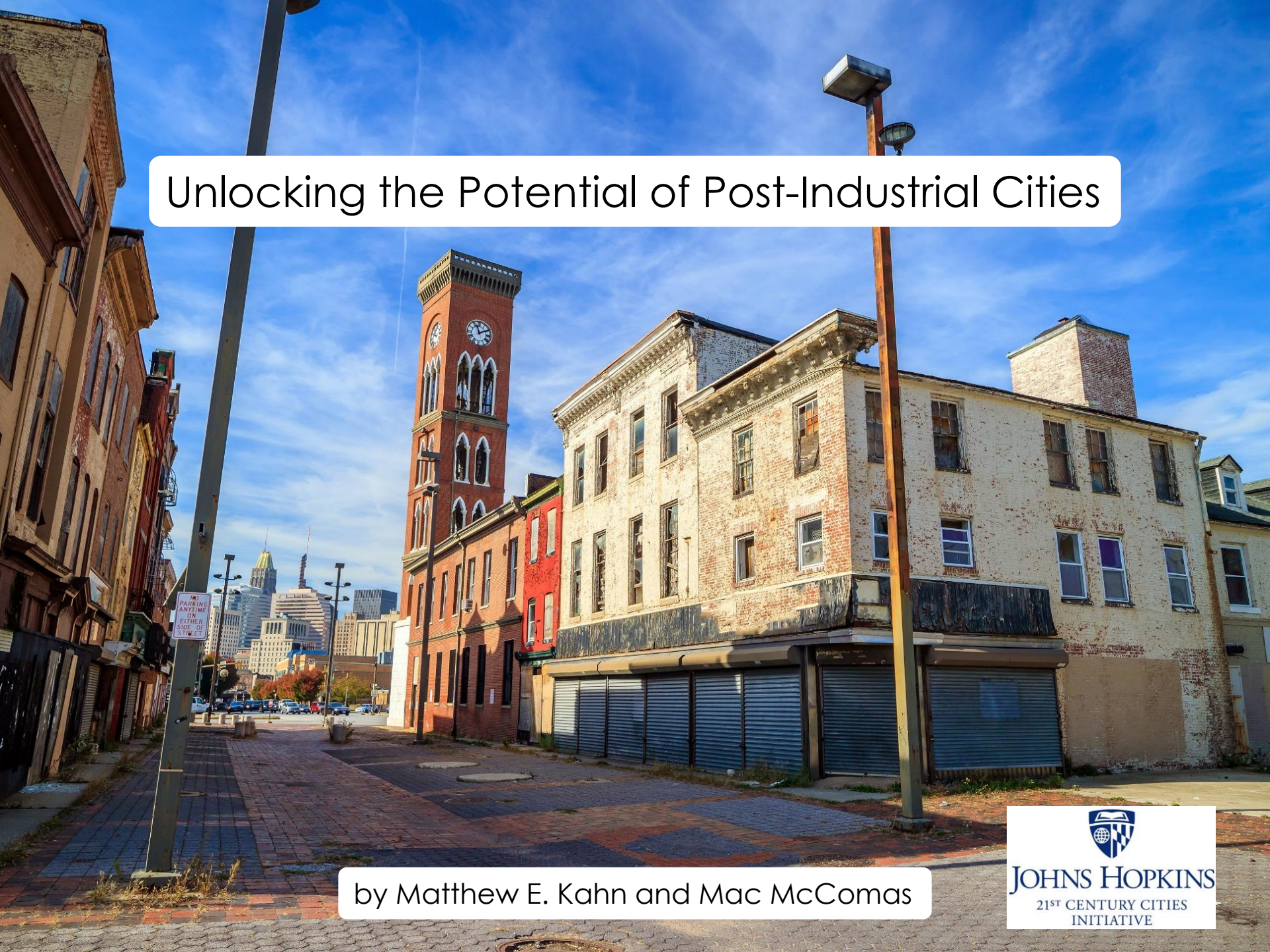


# Unlocking the Potential of Post-Industrial Cities



by Matthew E. Kahn and Mac McComas



JOHNS HOPKINS  
21ST CENTURY CITIES  
INITIATIVE



## The past and the future

-We study six post-industrial cities:  
Baltimore, Cleveland, Detroit,  
Philadelphia, Pittsburgh, St. Louis

-Look at trends in these cities from  
1970 – present

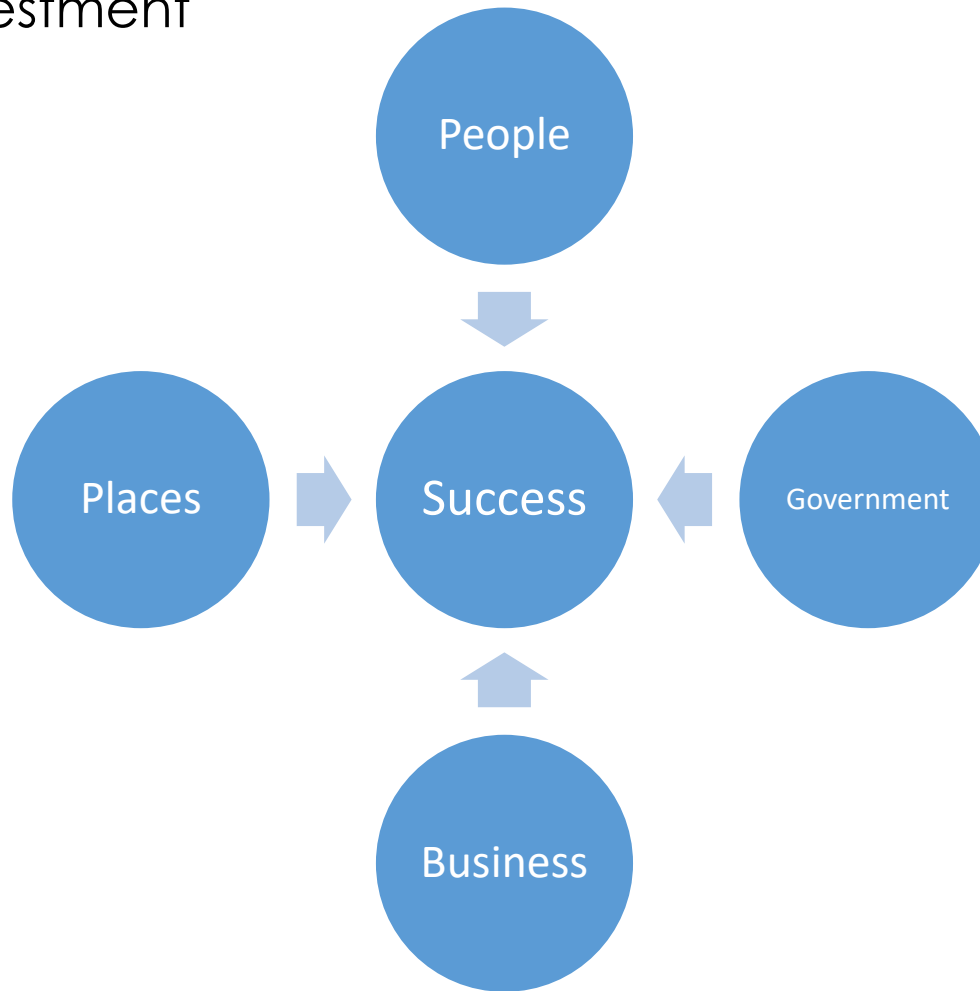
-They have had a bad economic  
trend for 50 years with large scale  
manufacturing job loss

-COVID and 2020

-Strong geographic fundamentals,  
improving environmental quality,  
the ongoing rise of new urbanism



# Investing in post-industrial cities – The four pillars of synergistic investment



## The Economic Challenge Faced by Our Six Cities

- Attract and retain footloose people and jobs
- Grow the tax base so that the city can invest in the quality of life of the disadvantaged
- Focus on the private sector
- Need homegrown solutions



Detroit, John R Street and Edmund Place, 2003. Photographer: Vergara, Camilo J.

## Today's Roadmap

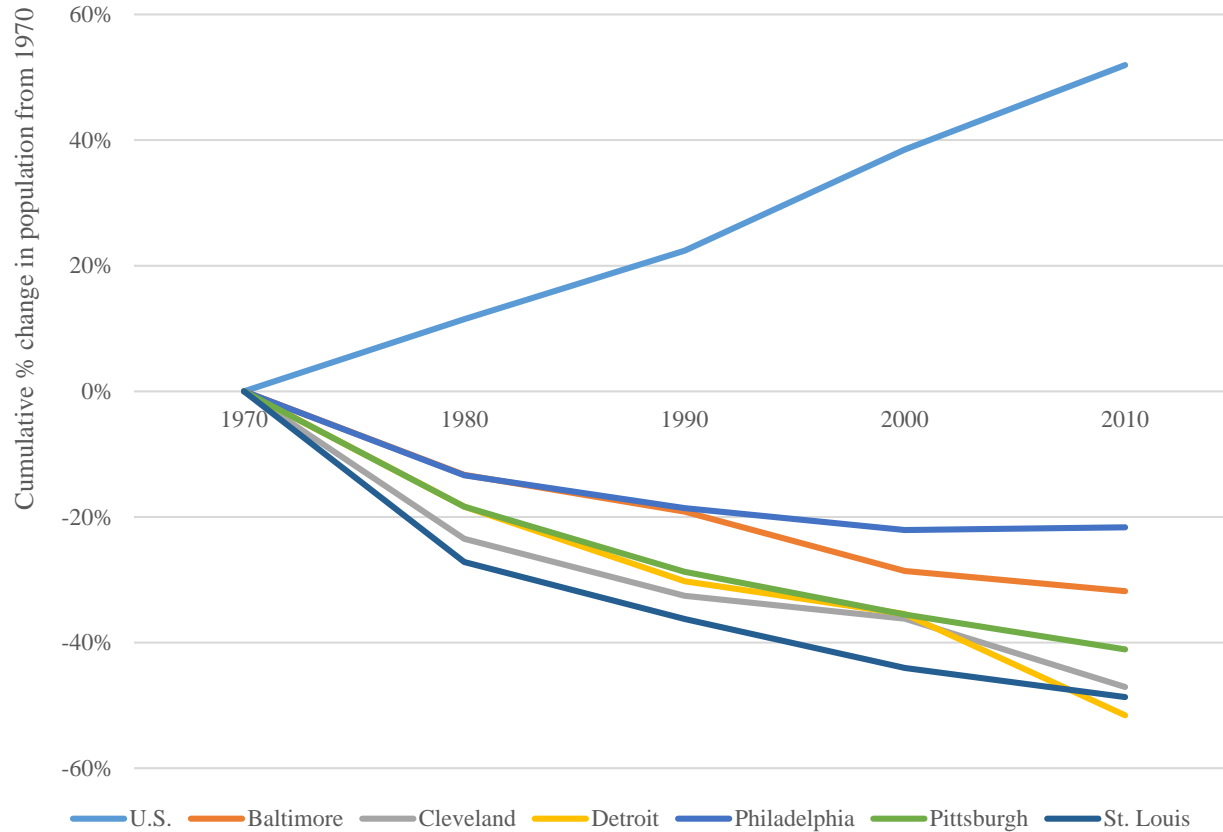
The past – the bad news

Recent trends – the good news

The future – the investment imperative

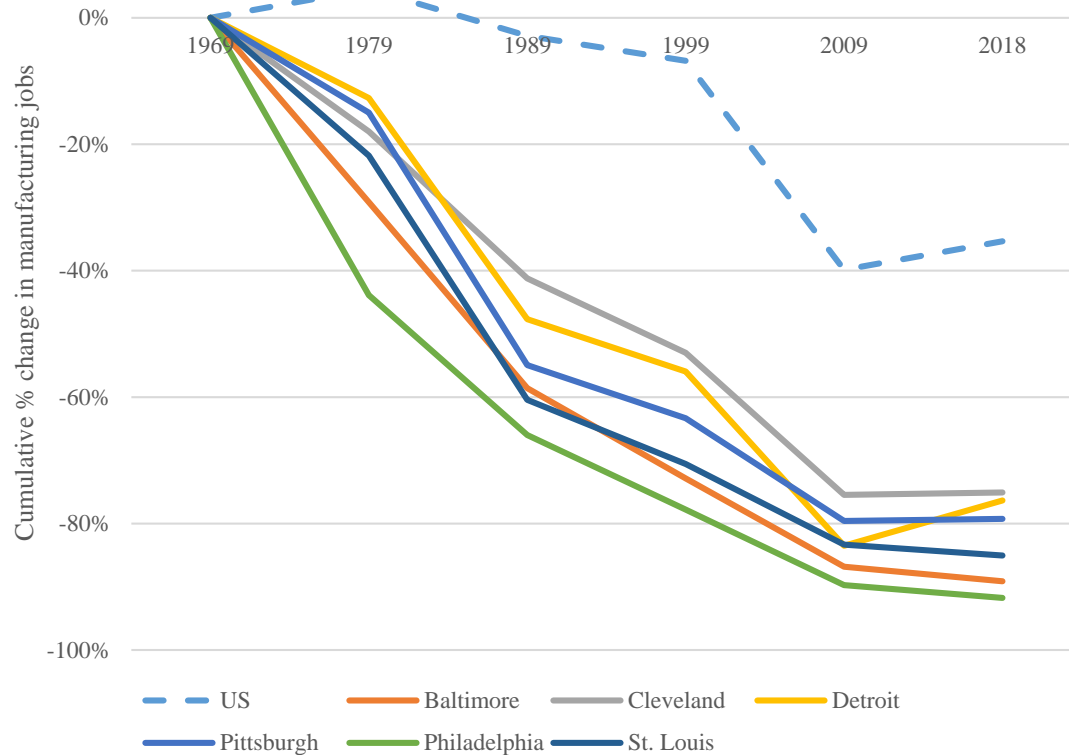
Unlocking the potential of such as Baltimore:  
Even more important post-COVID,  
work from home  
fear of contagion in dense cities

## Population loss



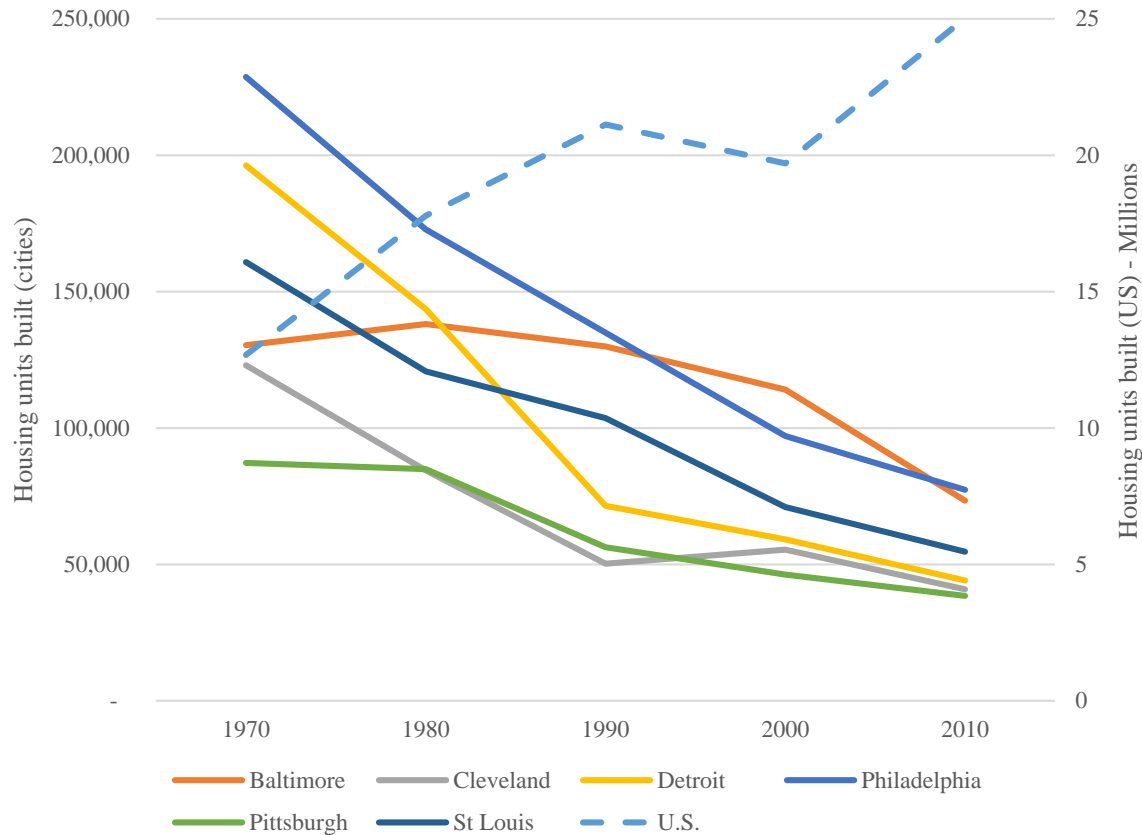
These cities had 6.2 million people in 1970. In 2010, they had just 3.9 million.

## Job loss and manufacturing decline



Declines in manufacturing jobs range from 75 percent in Cleveland to 92 percent in Philadelphia. National decline was only 35 percent

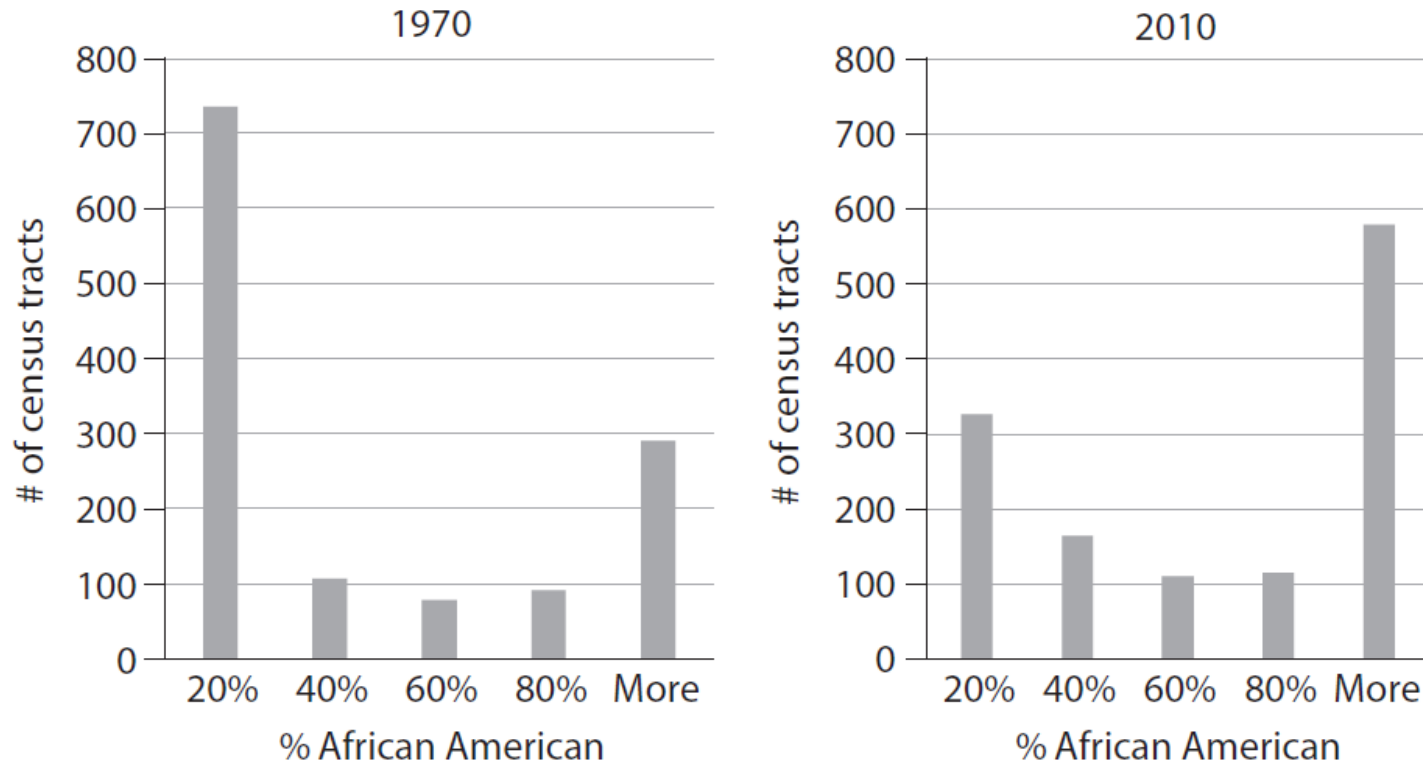
## Declining investment and old housing stock



Number of housing units built nearly doubles in US. Number of housing units in 6 cities declines by 44 to 78 percent.

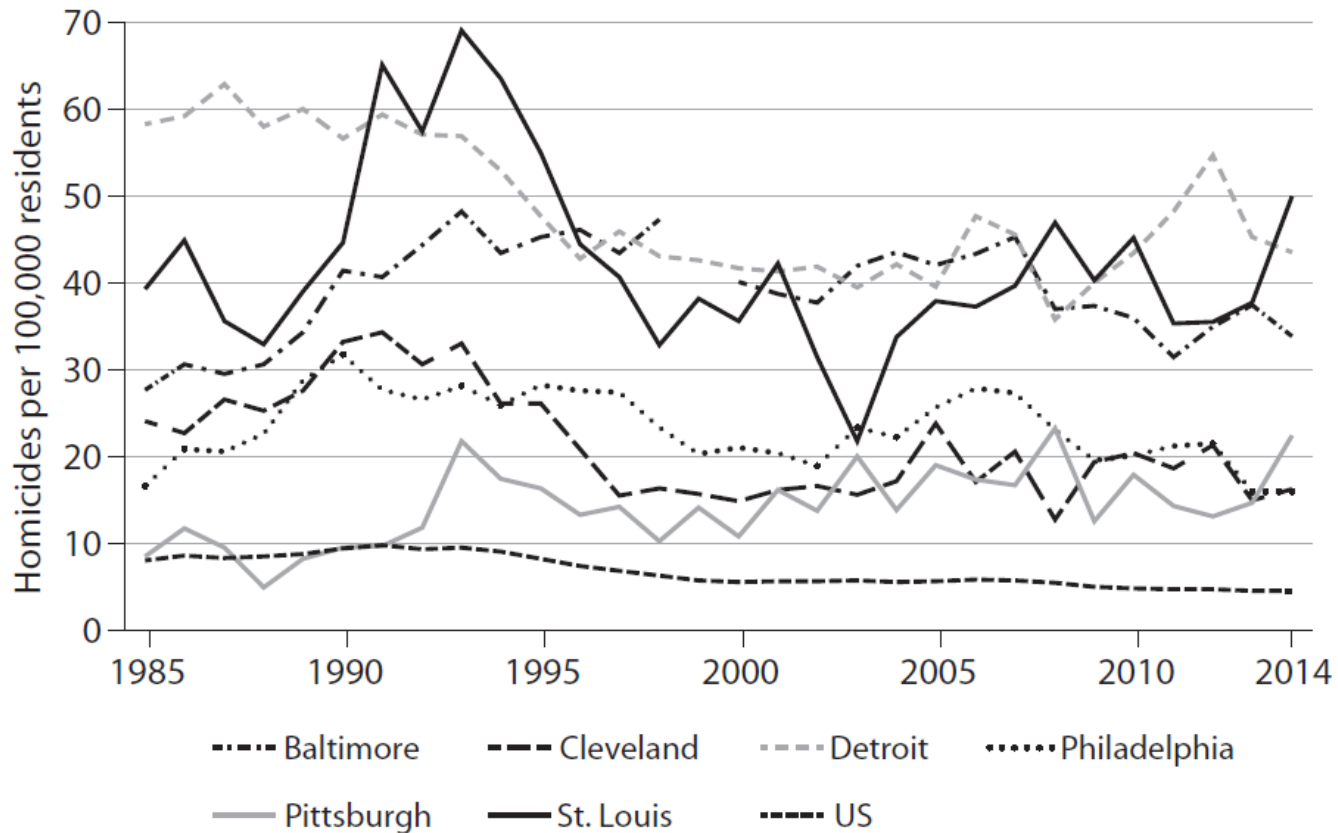


## Segregated neighborhoods



While the count of integrated neighborhoods in the six cities has grown since the 1970s, they remain highly segregated by race.

## Violent crime



The homicide rates in the six cities are well above the national average.

## Investing in people – educating young children

- **The Problem:** Young people not achieving their full potential with low educational achievement
- Need equal access to opportunity
- Heckman equation
- Pre-Kindergarten for all
- HVAC systems for heating and cooling
- Same-race teachers
- Safe schools
- What is the right investment at the local level?



Summer in the School. Pasteur Elementary School. Detroit.

## Investing in people – skills of middle-aged people

**-The Problem:** Many middle aged people do not have the skills required to thrive in a modern economy.

-How do middle-age people reskill?

-What career pathways exist for people without college degrees?

-How do returning citizens get jobs?

-Example: Lazarus Rite in Baltimore provided Commercial Drivers License training and certification for returning citizens for jobs as truck drivers earning \$60K a year



Source: Lazarus Rite, Baltimore. Christopher Ervin pictured far right.



## Investing in people – violence reduction

- **The Problem:** Persistently high violent crime and homicide rates. Need to experiment with new crime reduction strategies.

-Potential strategies: Cognitive Behavioral Therapy (CBT) programs, Roca, Safe Streets, focused deterrence, and Group Violence Reduction Strategy

-Need a scientific approach to determine what is both cost-effective AND has community support and backing



Source: Roca. "JT" Timpson, Roca's director of Safety and Community Partnership, with Kurt Palermo, director of Roca Baltimore.

## Investing in businesses – Challenges for Black-owned businesses

- **The Problem:** The six cities have some of the highest shares of Black-owned businesses in the U.S., yet they lag behind in their share of revenue and employees

-These cities would be stronger if more Black-owned businesses succeeded. Why haven't they?

-Access to capital

-Lack of collateral and equity

-Lack of trust in institutions and fear of rejection

-Lack of mentorship and guidance

-Barriers to entry

## Investing in businesses – The Potential of Anchor Institutions

- **The Problem:** Local job growth has been far behind national average with low demand.
- HopkinsLocal and Blocal: Build, hire, and buy local initiative after 2015 unrest
- \$470 million spent among local businesses, an increase of over \$100 million from baseline (2016-2019)
- Hired over 548 returning citizens (2016-2019)
- BLocal, a coalition of 29 Baltimore-area businesses that have pledged to invest in local, minority, women and disadvantaged owned businesses

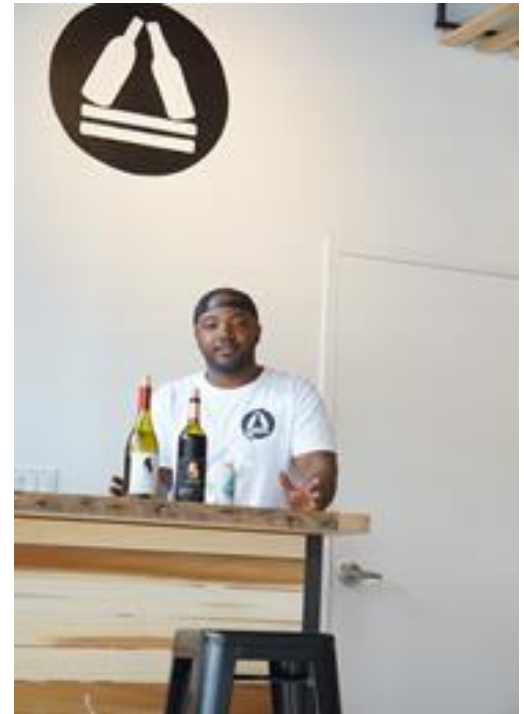
## Investing in businesses – access to capital

- **The Problem:** Traditional financial system is not meeting the needs of many Black-owned businesses.

-The success of alternative lending models

-Baltimore Business Lending: CDFI made loans to businesses with no collateral but sound business model

-Off the Rox, Black-owned wine shop in upcoming neighborhood. Needed micro loan to buy refrigeration unit. No collateral, but good business model. Repaid loan early!



Source: Baltimore Source Link



## Investing in businesses – Startups and Venture Capital

### Johns Hopkins Tech Ventures Job Growth and Funding Raised

**-The Problem:** Small business growth and startup rates are low.

	FY14*	FY19	FY20
<b>Total # Companies (active)</b>	92	202	209
# Baltimore companies	30	99	101
# Maryland companies	46	129	135
<b>Total # Jobs</b>	<b>888</b>	<b>2,407</b>	<b>2,875</b>
# Baltimore jobs	256	1,087	1,118
# Maryland jobs	319	1,283	1,381
<b>Total \$ Raised (cumulative)</b>	<b>\$ 818,373,978</b>	<b>\$3,225,796,076</b>	<b>\$ 3,503,225,556</b>
\$ Baltimore raised (cumulative)	\$ 63,536,251	\$ 662,289,022	\$ 722,089,551
\$ Maryland raised (cumulative)	\$ 131,997,181	\$1,143,059,946	\$ 1,319,027,975

-The success of Pittsburgh and Carnegie Mellon

-Johns Hopkins Tech Ventures and biotechnology cluster

-What makes a good ecosystem? Research university, thick labor markets, managerial talent, local venture capital firms, flexible space, and neighborhoods with high quality of life.

## Investing in places – Old buildings, new opportunities

- The Problem:** Tens of thousands of old, vacant buildings with environmental hazards and risks.
- Brownfields
- Durable housing
- Tens of thousands of vacant buildings
- Upgrade existing housing stock
- Confronting the gentrification challenge for incumbent renters and fixed-income homeowners



Source: Camerafiend, Creative Commons. The former McCleary School building in the Lawrenceville neighborhood of Pittsburgh. The old school building is now condos.

## Investing in places – The Rising Demand For Living in a green city



Source: Philadelphia Water Department. A rain garden in Philadelphia's Germantown.

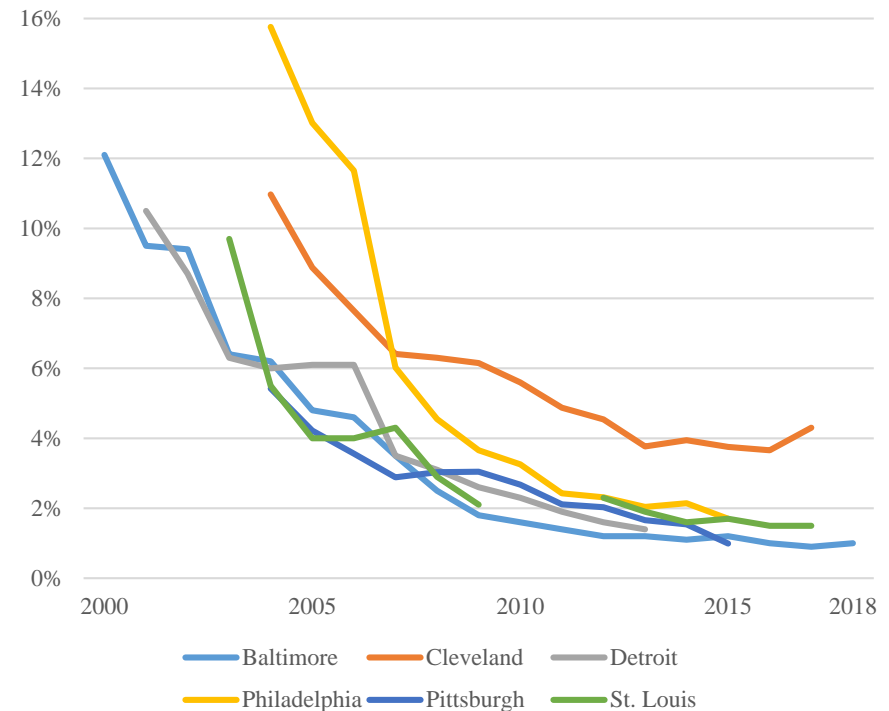
**-The Problem:** Climate change and environmental health risks

-Waterfront redevelopment

-Air pollution reduction

-Vacant land – green space

## Reduction in childhood lead poisoning



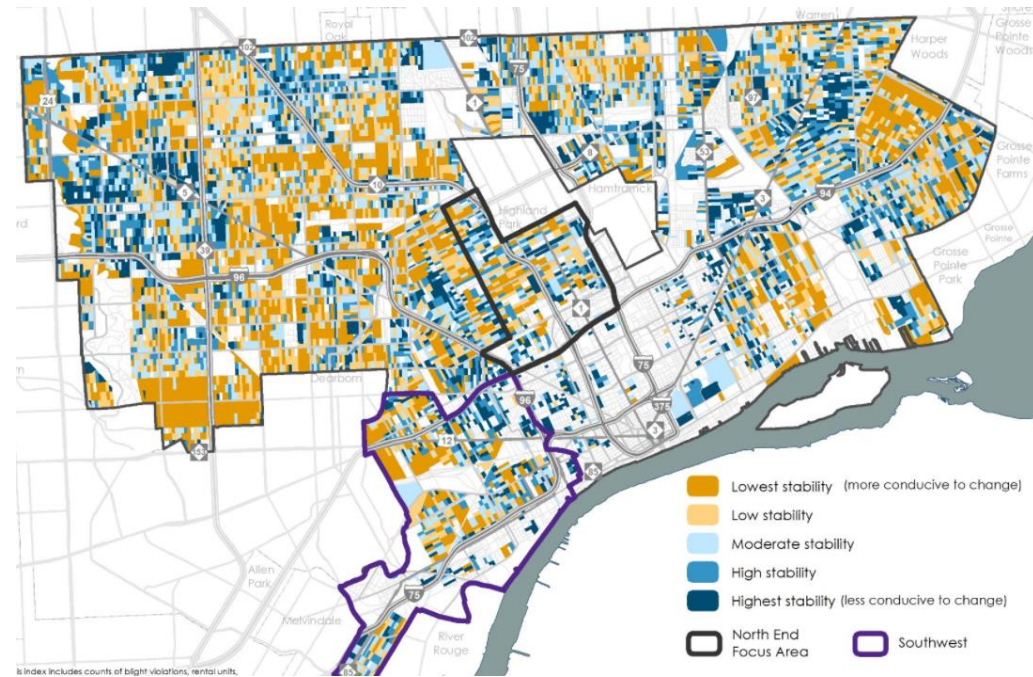
## The Urban Big Data Revolution Fuels Problem Diagnosis and Policy Experimentation

-Holding Local Government Accountable through the Open Data movement

-Mapping and analytics

-Peer learning networks: What Works Cities, 100 Resilient Cities

-If Philadelphia successfully pilots a program, does this mean it can be transplanted to Baltimore?



Source: Data Driven Detroit. Housing stability score map, 2017



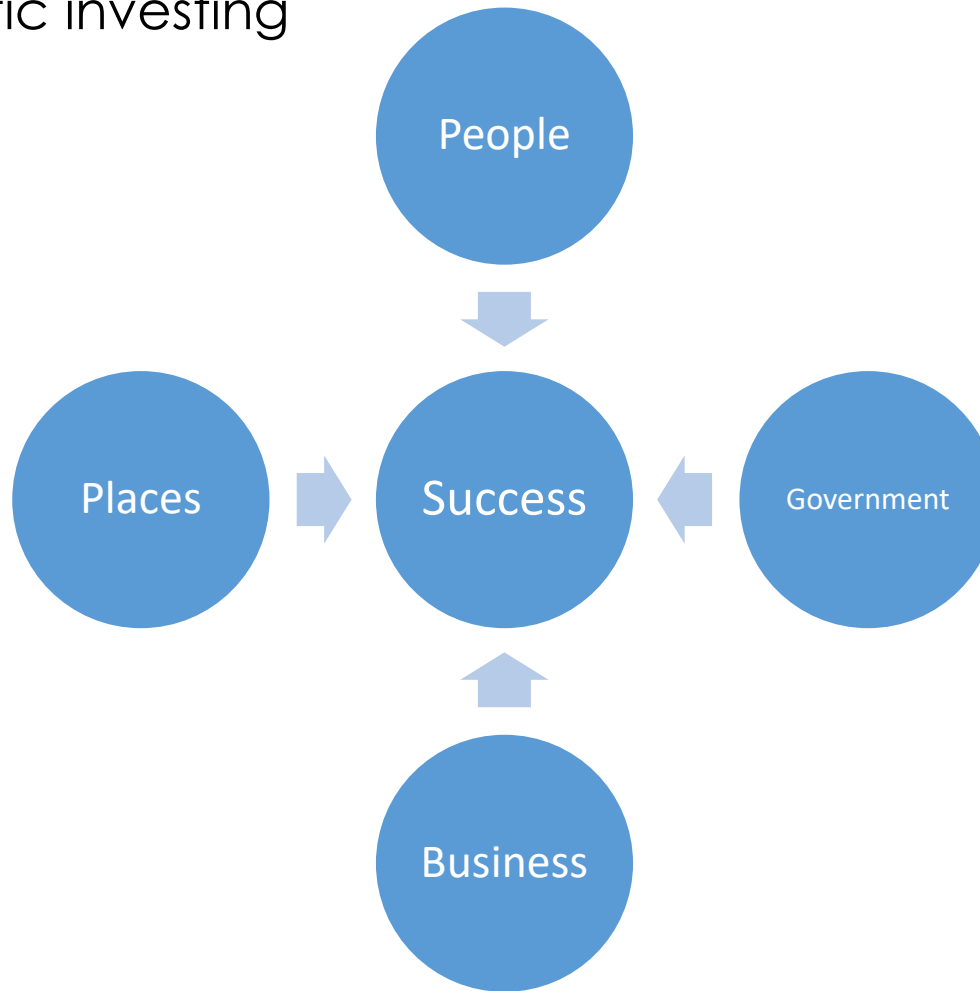
## Promising Trends for Our Six Cities

- Clean Water Access and the Consumer City
- Growing immigrant populations
- Young people still want to live in cities
- Remote work – low cost housing and young, college-educated talent
- Companies such as Facebook decentralizing and hiring in Pittsburgh and Philadelphia. Recent success of these cities.



Source: Cleveland Clinic. Taussig Cancer Center.

# Investing in post-industrial cities – The four pillars of synergistic investing







A tale of two cities: Baltimore's Oldtown Mall and Downtown