



BEYOND

A Competitive Vision for the Regional City of Louisville

MERGER



THE BROOKINGS INSTITUTION CENTER ON URBAN & METROPOLITAN POLICY

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PREFACE

The City of Louisville and Jefferson County will consolidate to form the 16th largest city in America in less than six months. Starting now, a new leadership cadre will emerge from the ranks of the forthcoming Regional City of Louisville, and this cadre will guide a large new city into its inaugural era.

These leaders will require information, and they will need vision. Many of them will hail from the private and non-profit sectors and the neighborhoods—and may possess little formal government experience. All of them, including the professionals, will face a complicated array of challenges, some old and some very new, as they steer their freshly invented municipality forward. Louisville’s new leaders, in short, will need to think anew based on the best information available.

For this reason, The Community Foundation of Louisville organized a consortium of philanthropic foundations to create The Greater Louisville Project and underwrite an ambitious “research and development” project for the new consolidated government. Intended to make the most of the first major municipal consolidation in a generation, The Greater Louisville Project seeks to leverage this historic juncture by fostering a major new definition of the community’s needs and vision. Ultimately, the project is committed to ensuring that Louisville’s entry into the top tier of American cities truly does improve the quality of life and opportunities available to all residents of the new Regional City of Louisville.

Beyond Merger is the first component of the effort. Prepared by the Brookings Institution Center on Urban and Metropolitan Policy, *Beyond Merger* uses text, charts and graphics to give the new Regional City of Louisville its first complete look at itself as it begins its journey into the 21st century.

The report begins with a comprehensive review of ongoing population, land-use, housing, workforce, social, and economic trends in the region. Frequently, the discussion gauges the health of the new city in the context of its larger metropolitan area. At other times

the analysis adopts local researchers’ tradition of comparing the region’s progress to that of a number of similar competitor regions. Throughout these analyses, the assessment draws on a variety of federal data sources, including the invaluable 2000 Census. In addition, the discussion draws heavily on the guidance of dozens of business and community leaders who were interviewed for this project, as well as on the analyses of such outstanding local researchers as Paul Coomes, Ron Crouch, Michael Price, and the LOJIC staff at the Metropolitan Sewer District.

Ultimately, the report builds on this substantial synthesis of research to present a comprehensive policy vision for Louisville’s emergence among the nation’s most truly “competitive” cities. This vision presumes that the achievement of key economic growth and quality-of-life gains is inextricably related to the support of families and neighborhoods. A second phase of the project, organized by the National Academy of Public Administration, will present a more detailed survey of the best policy practices that the new Regional City can adopt to put this vision in place.

The pages that follow, in short, suggest an agenda of transformation to a changing community—one with a resilient economy and high quality of life that are increasingly imperiled by economic change, persistent racial divides, decentralization, and the relatively low education levels of its people. This agenda charts how a renewed Louisville can build on its assets, strengthen families, fix the basics, influence metropolitan growth, and sustain its neighborhoods in order to make itself a top-rank “competitive city.” In doing so, it takes a deliberately broad view of “competitiveness”—one that does not separate strategies to promote economic growth from those that enhance the overall health of the community in all its aspects. In the end, *Beyond Merger* offers nothing less than an integrated framework for thinking through what kind of city Louisvillians really want to live in as their hometown graduates from the 64th to the 16th largest municipality in America.

EXECUTIVE SUMMARY

The Louisville region stands poised at a moment of historic opportunity. With its vote to unite the governments of the City of Louisville and Jefferson County, a plurality of Louisvillians has expressed its desire to raise community aspirations and organize to achieve them.

Suddenly, new horizons are open to the region.

In less than six months, the city and county will consolidate to create the 16th largest city in America. Even better, the new Regional City of Louisville anticipates its new status at an opportune time—at a juncture when it rides an upswing that positions it well to seize the moment, “get it right,” and chart its destiny as one of the most distinctive, and competitive, of American cities. Now, in short, is the time for the true “builders” in the community, as *The Courier-Journal* called them recently, to ensure that Louisville’s ascent into the top tier of municipalities leads also to its emergence as one of the most progressive.

“In less than six months, the city and county will consolidate to create the 16th largest city in America.”

THE NEW REGIONAL CITY OF LOUISVILLE IS NOW THE 16TH LARGEST CITY IN THE U.S.

		2000
Rank	City	Population
10	Detroit	951,270
11	San Jose	894,943
12	Indianapolis	791,926
13	San Francisco	776,733
14	Jacksonville	735,617
15	Columbus	711,470
16	Louisville-Jefferson County	693,604
17	Austin	656,562
18	Baltimore	651,154
19	Memphis	650,100
20	Milwaukee	596,974
21	Boston	589,141
22	Washington	572,059
23	Nashville-Davidson	569,891
24	El Paso	563,662
25	Seattle	563,374

Source: U.S. Census Bureau

THE MERGER OF THE CITY OF LOUISVILLE AND JEFFERSON COUNTY

In November 2000, voters in the City of Louisville and Jefferson County approved a referendum to unify their two governments effective January 2003. On that date the new Louisville/Jefferson Metro Government will begin steering what will be referred to in this report as the “Regional City of Louisville.” The new government will operate under a single executive, the Louisville/Jefferson Metro Mayor, who will be elected countywide in November 2002. The legislative branch will consist of a 26-member Louisville/Jefferson Metro Council, with each member being elected from a single district with about 25,000 residents.

A number of government functions will be unaffected by the merger, including Jefferson County Public Schools, which is overseen by an independent Board of Education. In addition, the roles of the county court clerk, the county attorney, and property valuation administrator will remain unchanged.

Small incorporated cities will not be affected by the merger either. All of their existing powers are preserved. All fire departments and other service districts will also continue to operate as separate entities with all their current powers.

The merger referendum does not specifically require the merger of the police or any other government departments. Decisions on consolidating these departments will be made by the Metro Mayor and the Metro Council after the new year.

A series of crosscurrents challenge the new municipality, however. To be sure, the new city approaches merger with substantial assets. It remains the dominant center of residential and economic life in the region. It competes well in several important industrial sectors. And as a community it offers current and future residents a solid downtown, an improving education

Economic, social, and racial divisions exist and may be worsening. And rapid low-density development is occurring around the urban edge and beyond—a dynamic that will further erode the fiscal, economic, neighborhood and social strengths of the core. Together, these disturbing crosscurrents could jeopardize the region’s drive to reach a new level of competitiveness in the race to attract new people, businesses, and opportunities to improve the quality of life for all Louisvillians.

This report probes these trends. Building on a superb body of local data-collection and analysis, the document seeks to present the new Regional City of Louisville with its first complete look at itself as it embarks on merger, in order to help it define a new vision of competitiveness. To that end, the report endeavors to provide a new map of the critical demographic, land use and economic trends altering the new city, and then follow up with an agenda of potential policy choices that will help the region shape the trends to its benefit. Implicit in all of this is an integrated approach that challenges the Louisville region to embrace an expansive vision of “competitiveness” that encompasses much more than just attracting and supporting businesses. Consequently, this report presumes

“In short, this report calls on Louisville to imagine a competitiveness that responds to a full array of needs.”

system and an enviable quality of life anchored by strong, vibrant, and diverse neighborhoods.

At the same time, the new Regional City of Louisville, like many American regions, faces multiple challenges. Its workforce is aging and not well equipped to gain ground in a rapidly evolving economy.

that to vault forward the new Regional City needs not just to provide new jobs, but to produce better jobs, lift the skill levels of all workers, and grow its neighborhoods and towns in smart, efficient, equitable, and environmentally sound ways. In short, this report calls on Louisville to imagine a competitiveness that responds to a full array of needs and “connects the dots” between a quality workforce, quality economic development, and a superior quality of life for all kinds of people throughout the region.

In mounting that call to action this report finds that:

1. **Overall, the new Regional City of Louisville faces its inaugural era from a position of strength.** Both the population and the economy of the new city are growing. Incomes are increasing thanks to the region’s focused economic development strategy of strengthening its traditional manufacturing sector while cultivating new strengths in the health-care and distribution sectors. Moreover, the new city remains relatively compact and the dominant center of residential and economic life in the wider region—a tremendous and rare advantage in today’s decentralizing economy. Finally, the region boasts a potentially magnificent historic downtown, a diversity of vibrant neighborhoods, and a pleasant quality of life—essential elements of competitiveness in an economy dominated more and more by the attraction of well-educated and foot-loose “knowledge workers.” All of these trends bode well for economic opportunity and development, and should enable the Regional City to maintain the fiscal capacity to provide high-quality services, enhance important infrastructure and amenities, and meet the needs of its diverse population.
2. **However, the emerging new city faces serious human-capital and quality-of-life challenges that threaten its future competitiveness.** On the human-capital side, the region’s aging, under-educated workforce clearly limits the Regional City’s prospects. Of most concern is the new city’s weakness in precisely the high-end technical pursuits and “knowledge” industries with the greatest potential for high-quality growth. At the same time, the

Regional City is beginning to grow in ways that will not help it retain and attract the highly educated workers it needs. The region, most notably, is decentralizing—“hollowing out” as the “hot zone” of new residential development shifts to the suburban subdivisions of eastern Jefferson County. This shift has seen modest population growth consume vast amounts of open land. And it has also exacerbated other counter-productive trends. An outward migration of employers is beginning to weaken the Regional City’s economic preeminence. A “thinning out” of population into smaller, farther-flung households may be increasing per capita housing demand and driving up the costs of service delivery. And finally, the spatial orientation of these movements has opened a rather stark social divide. To a large extent, lower-income and minority households reside in the western and southern sections of the new city (including the former City of Louisville), while higher-income and white families drive growth to the east. This pattern leaves in its wake concentrations of poverty, social isolation, and disinvestment near the core of the region, and may be hastening the middle-class exodus that can destabilize neighborhoods, lengthen commutes, and worsen traffic. Together, these unbalanced growth trends could seriously erode the Regional City’s livability—and hence its economic competitiveness—in the coming decades.

3. **The new Regional City of Louisville must seize the moment of merger to become one of America’s most distinctive, and competitive, cities.** The region, in sum, has before it the opportunity to “get it right”—to shape its metropolitan destiny at a crucial moment. Still compact, it can avoid the vast suburban “sprawl” that has “blown out” Raleigh-Durham and Atlanta. Still vital at the center, it need not “hollow out” in the catastrophic way that has hurt St. Louis and Baltimore. In short, the new Regional City of Louisville has an outstanding chance to gain strong traction in the national economy while maintaining its distinctiveness and its quality of life. In keeping with that, this report recommends that the new city organize its strategies and actions around an

ambitious new “competitive cities” agenda that recognizes the subtle interconnections between the economic vitality, physical form, and social wellbeing of the new Regional City, and plays to win. Five essential strategies make up the competitive cities agenda. These strategies call for the new municipality to:

■ **Fix the Basics:** The Regional City needs to recognize that the fundamentals drive businesses’ and families’ decisions about where to locate. The market will reward cities that provide great schools, good services, and superior workers . . . and punish those that do not. To that end, the new city must strive to vastly improve its K-12 school system, send more of its children on to post-secondary education and training, and sell itself on the need to upgrade skills and educational attainment at all levels.

■ **Build on Assets:** The new Regional City must leverage its quality of life and human-capital strengths to better position itself to compete in the knowledge-based economy. To do that, the region should make its downtown and its universities truly world-class, since 24-hour “living” downtowns and high-end research programs are increasingly potent draws to well-educated, highly productive workers.

■ **Create Quality Neighborhoods:** Quality neighborhoods are critical to the quality of life essential for city competitiveness. The new Regional City must work to ensure it fosters healthy, attractive neighborhoods in every district. Providing good services and a range of housing, transportation and recreational choices in every neighborhood, from the urban core to the new subdivision, is imperative.

■ **Invest in Working Families:** Strong families are also a precondition for competitive cities. The new city should therefore strive to lift all working families out of poverty and onto the path of self-sufficiency and wealth building. Creative



leveraging of federal investments in working families, like the federal Earned Income Tax Credit (EITC), will help.

■ **Influence Metropolitan Growth:** Finally, the new Regional City of Louisville needs to protect its centrality, livability and social health by leading a drive to manage growth on a metro-wide scale. Runaway decentralization can be fiscally, environmentally, and socially damaging. To stem that, the new government should take the lead in fully coordinating land-use, infrastructure, and affordable housing policy so as to bend each to a vision of orderly, focused development that benefits all.

In the end, the new Regional City of Louisville must organize for success around the broadest possible vision of “competitiveness” to catalyze its transformation into one of the nation’s truly great cities.

LOUISVILLE AT THE MERGER: EMERGING REGIONAL REALITIES

The Regional City of Louisville faces its future from a position of enviable strength. Nevertheless, a panoply of new realities challenges the new municipality as it comes into being.

This section probes these realities and explores what they mean for the new Regional City of Louisville as it emerges as a major American city. In doing that, the following discussions of population, employment, land-use, transportation, household, housing, economic, downtown, and neighborhood trends in the Louisville region present a clear picture of the “state of the Regional City” at its inception.

On balance, these data, charts, maps, and analyses depict a region that is on an upswing, yet with much still in the balance.



THE METROPOLITAN GEOGRAPHY OF LOUISVILLE: JURISDICTIONS AND DEFINITIONS

The changing map of the Louisville region encompasses a rather complex collection of jurisdictions and labels. Here is how this report names them:

The Regional City of Louisville: Effective January 2003, the governments of Jefferson County and the City of Louisville will consolidate to form the Louisville/Jefferson Metro Government. The new entity, coterminous with Jefferson County, is primarily referred to in this report as the “Regional City of Louisville” to help retire old stereotypes of city and county. This report also uses the terms “Regional City” and the “new city of Louisville.”

The report also analyzes trends in districts within the Regional City of Louisville, including those affecting:

The former City of Louisville—Refers to the area within the jurisdictional boundaries of the current City of Louisville, also sometimes referred to as the “former central city.”

Downtown—Refers to the Central Business District (CBD) of the former City of Louisville, as defined by the City of Louisville, not by the official and dated definition set by the U.S. Census Bureau. Louisville’s CBD covers an area of approximately 1.1 square miles.

The outer parts of Regional City—Includes incorporated and unincorporated areas of Jefferson County that are outside of the jurisdictional boundaries of the former City of Louisville. The report refers to this at times as the “outer Regional City” and “remainder of Regional City” (when compared to the areas inside the former City of Louisville).

Metro Louisville: Metro Louisville refers to the Louisville, KY-IN Metropolitan Statistical Area (MSA). The federal Office of Management and Budget defines the Louisville MSA as consisting of 7 Counties: 4 are in Indiana (Clark, Floyd, Harrison, Scott) and 3 are in Kentucky (Bullitt, Jefferson, Oldham). The report also uses the term “the region” to refer to this 7-county metro Louisville. It employs this level of analysis rather than the 23-county Louisville Economic Area commonly used by economist Paul Coomes to allow statistical comparisons to peer MSAs. The report also compares the Regional City to its neighboring counties.

Outer Counties—Refers to the 6 counties in the Louisville MSA external to the Regional City.

“Suburbs”—Refers generally to the non-central city portions of Jefferson County and beyond.

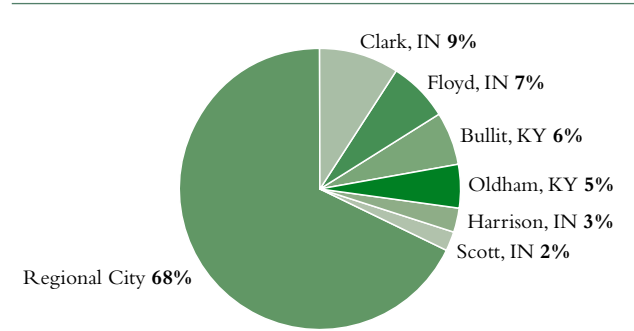


1. POPULATION

THE TREND: The new Regional City of Louisville remains the population hub of the Louisville region, but population is moving outward.

The Regional City of Louisville grew for the first time in decades during the 1990s, maintaining its dominant share of the region’s population. Between 1990 and 2000 the Regional City grew by 29,000 people, or 4.3 percent. This growth reversed a two-decade period of decline, and brought the Regional City’s total number of residents in 2000 to 693,604. This left the new Regional City of Louisville with 68 percent of the 7-county metropolitan area’s population, which had reached 1,025,598 by 2000.

THE NEW REGIONAL CITY OF LOUISVILLE MAINTAINS A DOMINANT SHARE OF THE REGION’S POPULATION



Source: U.S. Census Bureau 2000

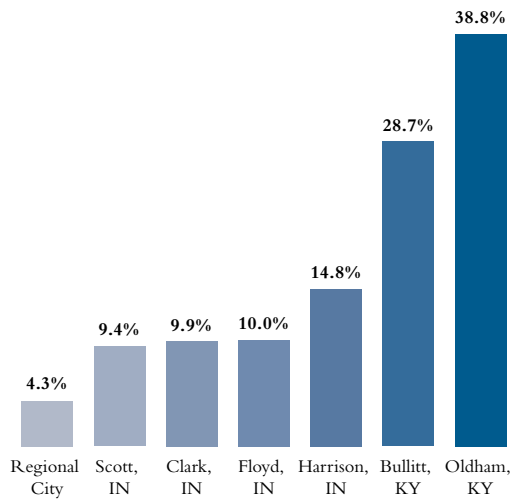
METRO LOUISVILLE HAS A RELATIVELY CENTRALIZED POPULATION

Metropolitan Area	% of MSA Population Living in Core County (2000)	% of MSA Area Contained in Core County	Population Concentration Index
Omaha	65%	13%	4.84
Indianapolis	54%	11%	4.76
Cincinnati	51%	12%	4.21
Columbus	69%	17%	4.04
Nashville	46%	12%	3.75
Louisville	68%	19%	3.58
Kansas City	37%	11%	3.30
Memphis	79%	25%	3.15
Richmond	20%	7%	3.05
Charlotte	46%	16%	2.98
Jacksonville	71%	29%	2.41
Raleigh	53%	24%	2.22
Dayton	59%	27%	2.14
Birmingham	72%	35%	2.06
Greensboro	34%	17%	2.01

Source: U.S. Census Bureau

The new Regional City’s share of the region’s total population slipped slightly in the decade, however, as the outlying counties grew faster. During the 1990s, every one of the outer counties more than doubled the Regional City of Louisville’s growth rate—albeit based on small initial populations. As a result, the Regional City’s share of the metro-area population declined from 70 percent in 1990 to 68 percent in 2000.

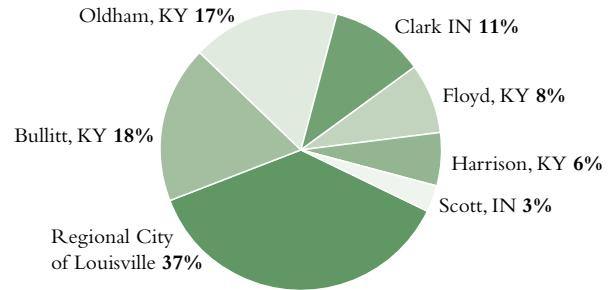
METRO LOUISVILLE’S OUTER COUNTIES GREW RAPIDLY DURING THE 1990S



Source: U.S. Census Bureau

Within the new Regional City of Louisville population is also moving outward from the core to the suburbs. Most notably, the population of the former City of Louisville fell by 12,800 people, or 4.8 percent, during the last decade, even as the remainder of the Regional City grew by 10 percent. This dwindling of the old city continued a slow “hollowing out” of the region that has seen the former city of Louisville lose about 100,000 residents since 1970. At the same time, the 10-percent growth of the “outer” Regional City means that more than half the entire metro area’s growth in the last decade occurred there. As the map shows, growth within the county was strongest in the Regional City’s eastern suburbs and in a few areas to the southwest.

OUTLYING COUNTIES CAPTURED THE MAJORITY OF METRO LOUISVILLE’S GROWTH IN THE 1990S

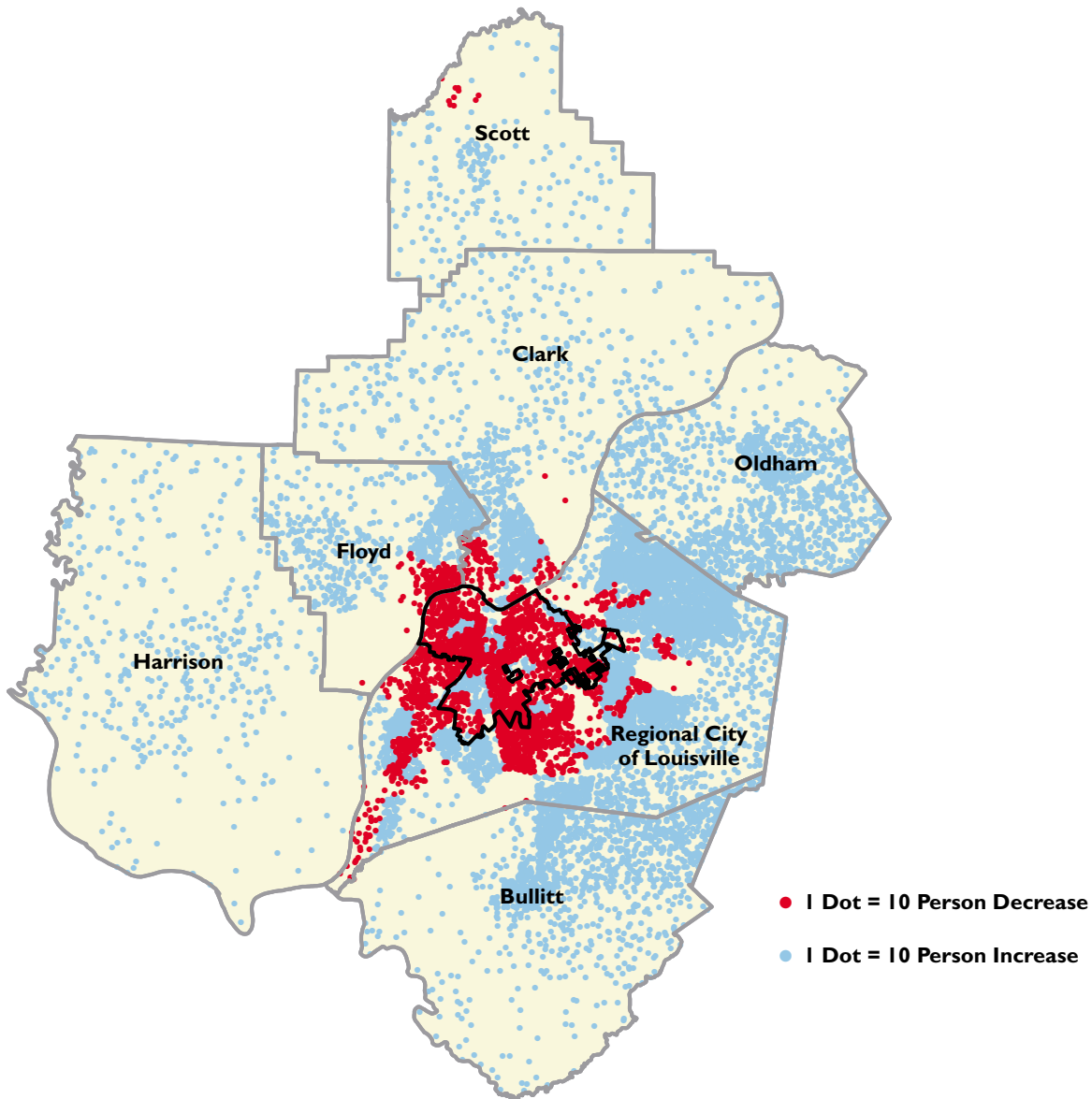


Source: U.S. Census Bureau

WHAT THIS MEANS:

The Regional City of Louisville remains the residential hub of the region and is thus positioned to maintain its centrality in the growing metropolitan area. The Regional City of Louisville retains a fairly robust downtown, displayed healthy population growth during the 1990s, and contains more than two-thirds of the region’s total population. This strength bodes well at a time of rapid suburbanization across the country. Indeed, the Louisville metropolitan area remains substantially more compact than many of its peer metro areas with similar geographies. For instance, the Regional City of Louisville physically comprises only 19 percent of the region, but it is home to 68 percent of its residents. Similar metro areas, such as Charlotte, Greensboro, and Raleigh-Durham, retain far smaller shares of their regions’ residents. This means the new City of Louisville and its larger region are well situated to manage growth and development patterns before they lead to suburban sprawl.

METRO LOUISVILLE: POPULATION CHANGE BY CENSUS TRACT, 1990-2000



Source: U.S. Census Bureau

However, the Regional City is decentralizing within its own borders, particularly to the east. As the map shows, the “hot zone” of population increase centers on the far eastern arc of the new municipality, while the former city of Louisville and its surrounding communities to the south and west lost residents. This eastward decentralization could, over time, have serious implications for the new city. It could lead to fiscal stress and disparities as central and suburban communities grapple with, respectively, too little or too much growth. It may lead to longer commutes and

more time spent in the car. And dispersal could widen the gap—both spatial and social—between races and economic groups. It should give leaders of the Regional City pause, in this respect, that Oldham and Bullitt counties grew by 39 percent and 29 percent respectively while most of the Regional City of Louisville lost population in the 1990s. At the same time, the containment of most of this decentralization within the Regional City means good possibilities remain for the new municipality to address these population growth disparities.

2. EMPLOYMENT

THE TREND: Jobs remain concentrated in the emerging Regional City of Louisville but job growth is accelerating in surrounding areas.

Employment in the greater Louisville region is growing. Metro Louisville experienced strong job growth during the 1990s. Between 1990 and 1999, the number of jobs in the region increased by 20.6 percent. That growth more than tripled the region's more modest population growth. In 1999, the total number of jobs in the 7-county region reached 679,000.¹ Employment in the Regional City also grew at a rate of 16.8 percent, or by 75,425 new jobs, during that time period, bringing the new city's total number of jobs to 523,124.

Employment in the metropolitan area remains concentrated in the Regional City of Louisville, though. Four out of five metropolitan area jobs were located within the Regional City, as compared to two-thirds of the population, in 1999. Most major employers in the region—United Parcel Service, General Electric, Ford, Humana, banks and hospitals—remain firmly rooted in the Regional City of Louisville.

JOBS ARE RELATIVELY CENTRALIZED IN METRO LOUISVILLE

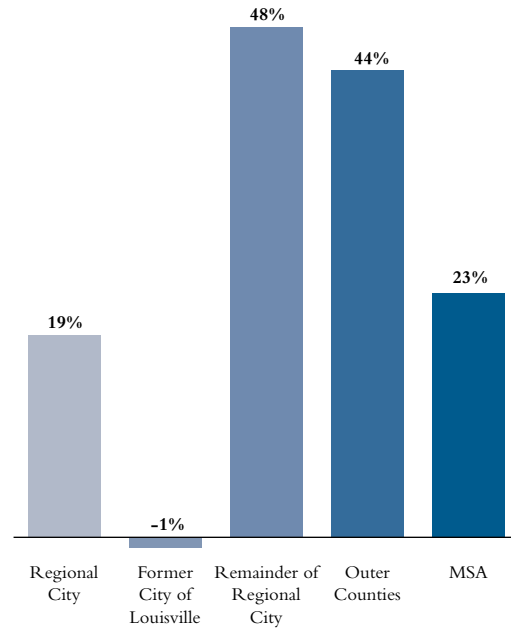
Metropolitan Area	% of MSA Jobs Located in Core County (1999)	% of MSA Area contained in Core County	Job Concentration Index
Indianapolis	67%	11%	5.96
Omaha	77%	13%	5.74
Cincinnati	64%	12%	5.25
Nashville	60%	12%	4.89
Columbus	80%	17%	4.66
Richmond	30%	7%	4.55
Louisville	77%	19%	4.21
Charlotte	60%	16%	3.86
Kansas City	40%	11%	3.60
Memphis	87%	25%	3.47
Jacksonville	82%	29%	2.78
Greensboro	41%	17%	2.45
Raleigh	57%	24%	2.38
Birmingham	83%	35%	2.37
Dayton	64%	27%	2.32

Source: HUD, State of the Cities Data System

The region’s job base is beginning to move outward, however, both within and beyond the Regional City. Within the Regional City of Louisville, the number of jobs outside the former City of Louisville increased by 48 percent between 1991 and 1999. In fact, by 1999, the former central city and its Jefferson County suburbs retained equal 40 percent shares of the region’s jobs. This is a big change from 1991, when the former central city boasted 50 percent of the region’s jobs while its county suburbs had 33 percent. This change reflected the fact that the former central city lost jobs while its surrounding communities grew. Furthermore, during the same period, the number of jobs in the outer counties increased by 44 percent.

job suburbanization has taken place within the Regional City, giving the region’s central jurisdiction critical added advantage as it seeks to hold onto desirable jobs, retail development, and population.

THE STRONGEST JOB GROWTH IN THE 1990S OCCURRED IN OUTER PARTS OF THE REGIONAL CITY

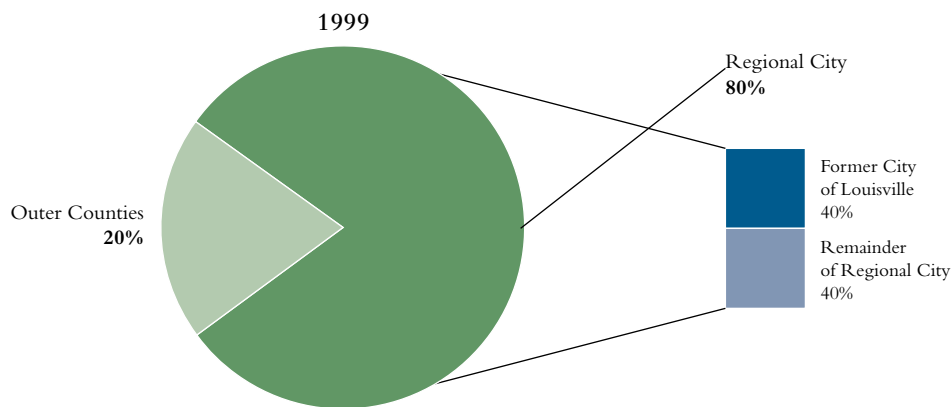


Source: HUD, State of the Cities Data System

WHAT THIS MEANS:

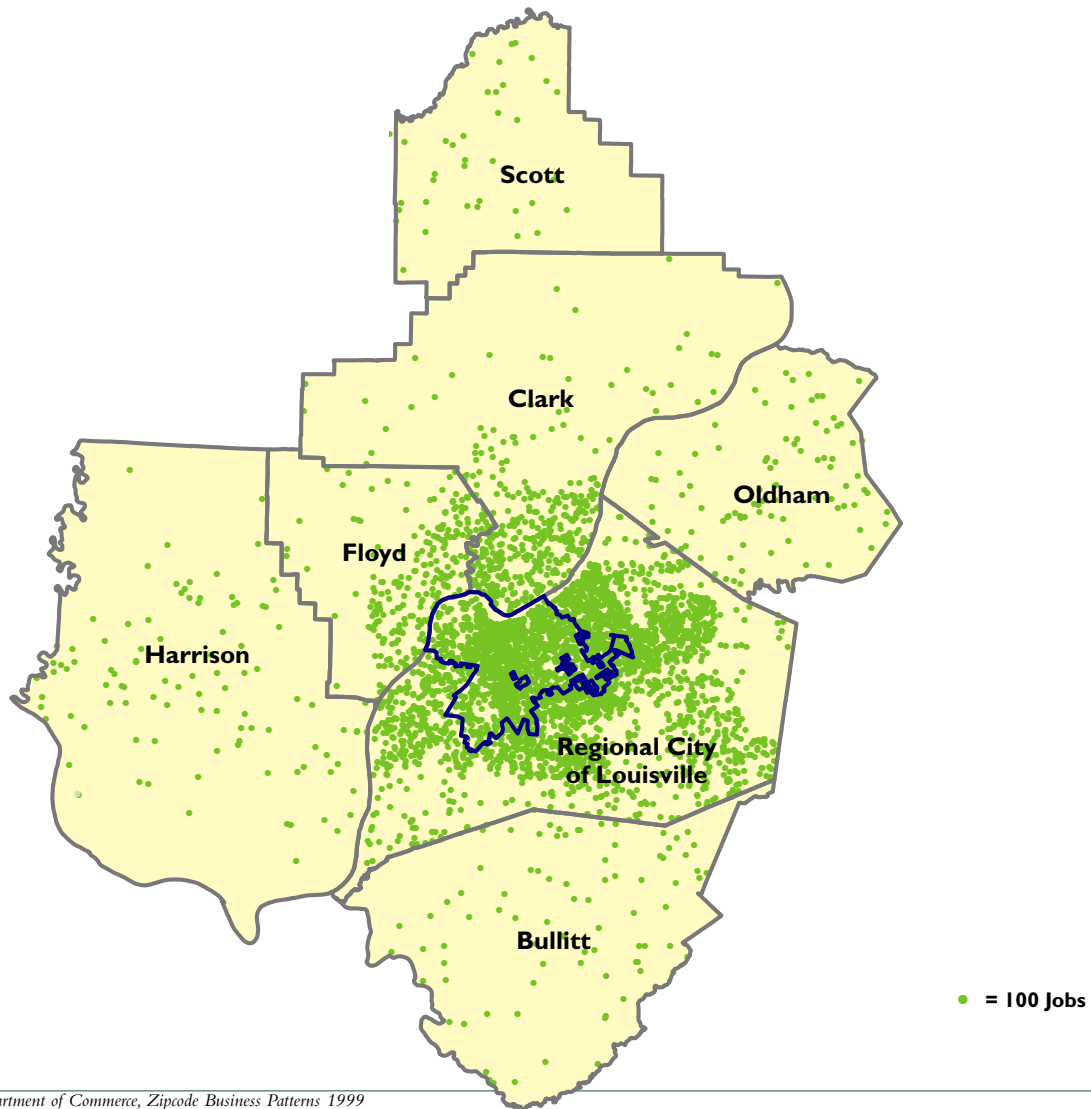
The strong concentration of the region’s jobs within its borders puts the new Regional City of Louisville in a good position to preserve and expand its economic vitality. With 80 percent of all metro-area jobs within its borders, the Regional City of Louisville dominates the region’s economy and stands poised to extend that dominance into the future. Moreover, Louisville’s jobs—as with its population—remain more centralized in its core county than they do in many of its peer regions, demonstrating that job decentralization has not weakened this metropolitan area to the same degree. In fact, the Louisville region’s

JOBS REMAINED CONCENTRATED IN THE NEW REGIONAL CITY, BUT HALF NOW LIE OUTSIDE THE FORMER CENTER CITY



Source: HUD, State of the Cities Data System

METRO LOUISVILLE: LOCATION OF JOBS BY ZIPCODE, 1999



Source: U.S. Department of Commerce, Zipcode Business Patterns 1999

However, the widening dispersal of people around the region's relatively compact job core could expand the area's commuter shed and raise other challenges to transportation and land-use planning. Already, as many as 36 percent of the Regional City of Louisville's workers live outside the former county, up from 29 percent in 1980, according to University of Louisville researcher Paul Coomes.² And meanwhile, notes Coomes, Louisvillians are getting comfortable with driving more and more miles to work. He suggests that thousands of metro-area workers are now commuting as many as 30 to 60 miles from exurban or rural residences to urban jobs

most often in the Regional City of Louisville.³ These commuters' convergence on the region's core has already begun to generate increasing traffic problems. While commute times have not yet emerged as a serious issue, the region's widening "commuter shed" has potential implications for the region's long-term transportation and land-use planning.

Job dispersal may also weaken the old center city and create difficulties for central city job-seekers. Ultimately, the drift of jobs away from the urban core and into suburban areas means that the economic strength of Louisville's core is dissipating.

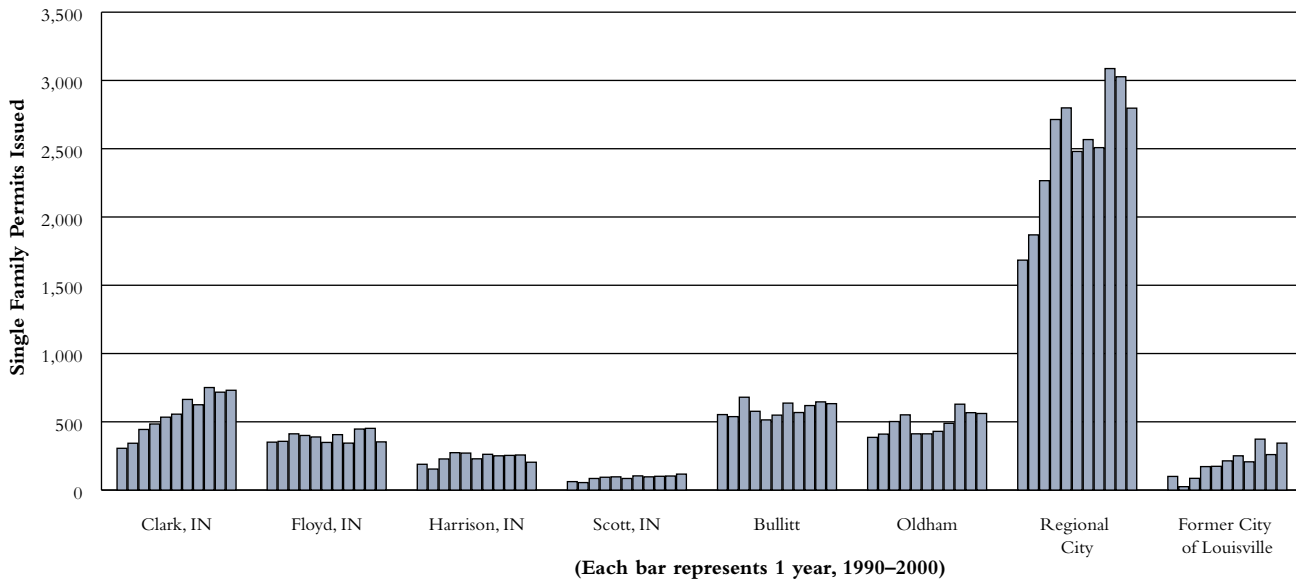
3. LAND USE AND DEVELOPMENT

THE TREND: The Louisville region remains compact but is developing more and more land at its periphery.

Greater Louisville’s urbanized area retains a degree of focus. The Louisville region remains relatively compact. That the Regional City of Louisville contains 68 percent of the region’s people and 80 percent of its jobs underscores this compactness. The Regional City’s issuance of just over half the region’s new single family home permits confirms that for now at least development remains focused on the region’s central county.

However, the bulk of the region’s residential development is occurring at the edge of the new Regional City of Louisville—especially to the east. There, new home development is moving toward and beyond the new city’s boundary, which is reflected in the widening service area of the Louisville/Jefferson County Metropolitan Sewer District.

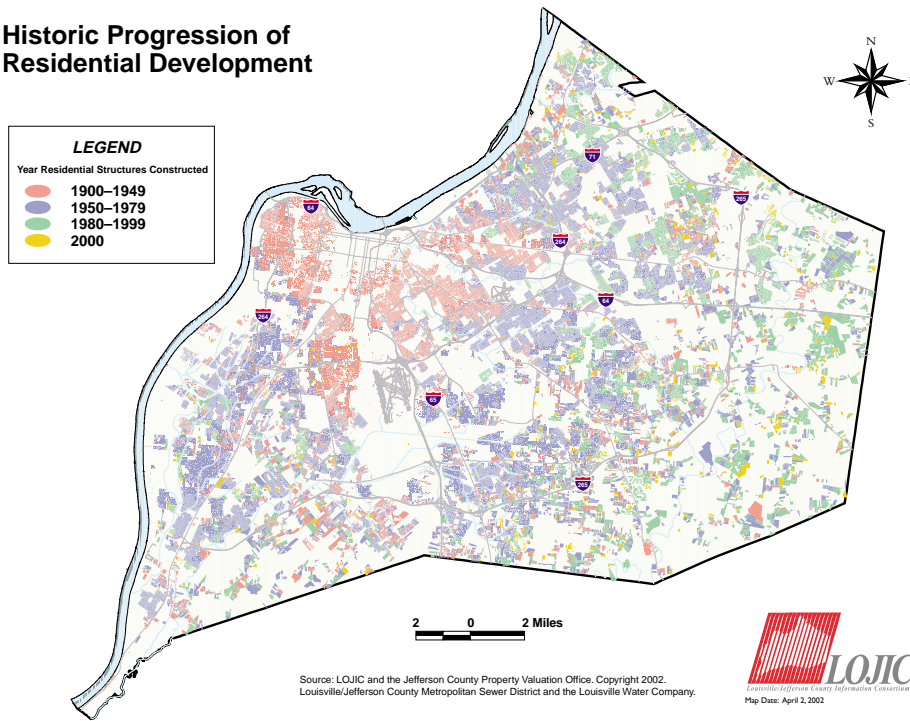
THE NEW REGIONAL CITY OF LOUISVILLE DOMINATED HOMEBUILDING IN THE REGION DURING THE 1990s



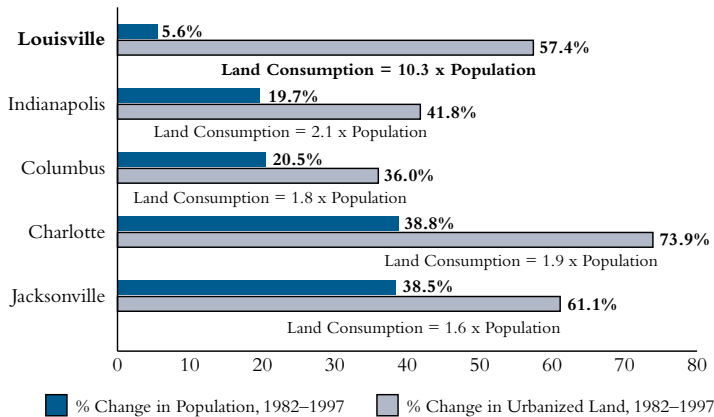
Source: U.S. Census Bureau

HISTORIC PROGRESSION OF RESIDENTIAL DEVELOPMENT

Historic Progression of Residential Development



METRO LOUISVILLE HAS URBANIZED LAND MUCH FASTER THAN IT ADDED POPULATION OVER THE LAST TWO DECADES



Source: William Fulton, et al., "Who Sprawls Most?" Brookings Institution, 2001

Furthermore, the Louisville region is consuming a lot of land despite low population growth. In fact, by one measure—the extent of land consumption relative to population growth—the Louisville area has been dispersing outwards more severely than many major metro areas in the country, including competitor

regions. This ratio shows that between 1982 and 1997, the Louisville region’s population increased by a modest six percent, yet the amount of land converted to urbanized use grew by almost 60 percent.⁴ In short, Louisville’s land consumption outpaced its population growth over the 15 years by a factor of ten. This ratio of land consumption to population growth greatly exceeded those logged in the Indianapolis, Columbus, Charlotte, and Jacksonville metro areas, where land consumption occurred at a rate only double that of population growth.

Population density in the Louisville region is dropping. Overall growth in the region is moving out across the landscape rather than congregating within existing communities, even though expansion is constrained spatially by the Ohio River. Thus, the population density of the urbanized area has been sliding. The Louisville region’s urban area, in fact, grew 33 percent less dense between 1982 and 1997.⁵ That took the region from substantially above-average density in 1982 (at 5.12 persons per square acre) to below-average density (3.43 persons) by national standards. This one-third drop in the density of the urbanized area exceeded the 23 percent decline registered across Southern regions.

METRO LOUISVILLE'S FORMERLY HIGH DENSITY SLIPPED BELOW THE NATIONAL AVERAGE AS IT URBANIZED

	Density (Persons per Acre)			% Change in Population, 1982-1997	% Change in Urbanized Land Area, 1982-1997
	1982	1997	%Change		
Louisville MSA	5.12	3.43	-33%	5.6%	57.4%
South	3.68	2.82	-23%	22.2%	59.6%
U.S.	4.46	3.55	-20%	17.0%	47.1%

Source: William Fulton, et al., "Who Sprawls Most?" Brookings Institution, 2001

WHAT THIS MEANS:

Rapid, low-density development in the new City of Louisville may unravel the regional city's strength as the region's core. The Regional City of Louisville stands apart from other central counties in the country in that it has been able to maintain a dominant share of its region's residential and employment activities. While that dominance weakened in the 1990s, the erosion was small. Yet, the latest land consumption figures show that, despite the relatively small percentage of new residents, the seven counties in the region developed a lot of land. That low-density development paves the way for more jobs and people to migrate to the outer counties. If left unaddressed, this pattern of growth will undermine the centrality of the new Regional City and undermine the new municipality just as it has weakened other American metropolitan areas.

Low-density, poorly planned development puts strains on roads, sewers, schools and government finances. Most obviously, low-density suburbanization puts enormous pressure on the infrastructure of the places where it occurs. Decentralization is already requiring, for starters, that large swaths of the Regional City of Louisville and the outer counties (which were essentially rural before 1980) make significant investments in infrastructure—whether it be in new schools, new intersections or new sewer and water lines—simply to accommodate the movement of people outward. Study after study has demonstrated the strain such demands place on regions' ability to maintain themselves. In fact, the Louisville and Jefferson County Metropolitan Sewer District "has spent more than \$500 million in the past ten years addressing infrastructure deficiencies related to poor or misaligned planning and zoning policies."⁶ Quite simply, the per capita costs of providing infrastructure and many services to sprawling communities exceed those for denser communities.

Low-density decentralization also hurts the future Regional City's competitiveness and quality of life. While growth is good, quality growth is better. Rapid, low-density expansion of the Regional City and ultimately the larger region, however, could undermine the area's urban, rural, and natural assets. **First**, the "de-centering" of commercial and residential life could destabilize efforts to strengthen the Regional City's downtown and older neighborhoods. **Second**, unplanned low-density development will hurt the Regional City's ability to create healthy urban, suburban, and even rural communities to optimize residential choice for families. **Third**, the region's development patterns are widening the region's "commuter shed," thereby lengthening the distance many Louisvillians must travel to work. **Finally**, the impact of unplanned development on the region's natural assets threatens to erode the integrity of what is "uniquely Kentucky," and so impact the region's "quality of place," which is increasingly important in attracting and keeping talented new workers and companies.

This lower density development may have occurred because of dated land use and zoning policies, which point out the need for better overall transportation, infrastructure, and land use planning. Much of the land in the outer reaches of the Regional City of Louisville was last zoned in the 1940s at R-4, meaning at development levels of up to four residences per acre. Now, new developments in the outer counties and Indiana appear to be continuing this low-density pattern, rather than composing modestly more compact patterns. While Cornerstone 2020, the new comprehensive plan for the core county, makes major strides in the right direction, ongoing land-use and development patterns underscore the need for much more coordination in transportation, infrastructure, and land-use decisions across the region.

9. EDUCATION AND WORKFORCE

THE TREND: Despite some recent progress, the Regional City of Louisville and its surrounding community still face substantial “human capital” challenges, involving the education level, skill level and size of its current and future workforce.

The Jefferson County Public Schools (JCPS) serve a large and diverse student population.

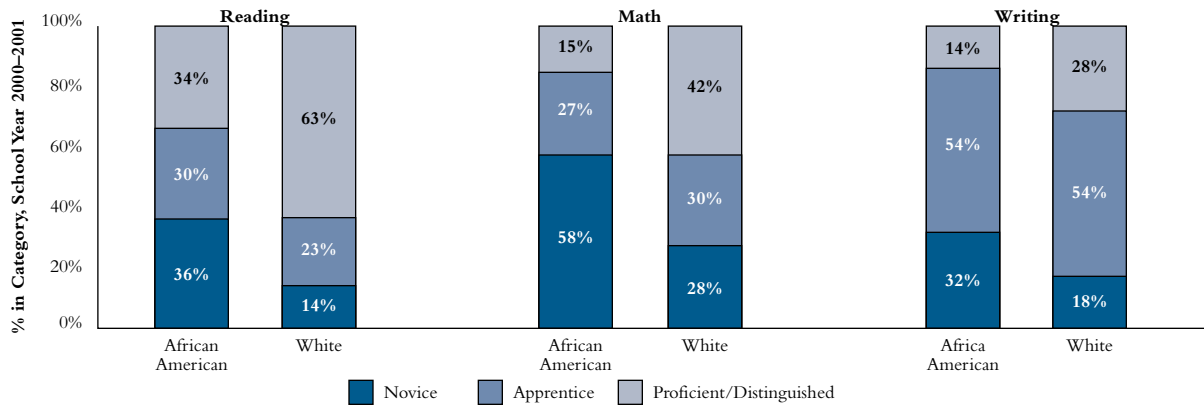
The product of a 1975 merger of the school systems of the former City of Louisville and Jefferson County, JCPS is now one of the largest and most racially integrated in the country. Altogether, it provides education to approximately 96,000 students, though nearly one in four students in the Regional City—24 percent—attends private schools.²⁶ While merger and integration have provided broad social and educational benefits, the district’s diversity complicates efforts to raise all students’ achievement levels to the standards set by Kentucky education reform. One third of JCPS students are African American and 60 percent are eligible for free or reduced-price lunches, including 75 percent of the African American students and one-third of white students. Half of the students come from single-parent households, including 80 percent of the African American children and 42 percent of the white students. More than 3,000 children enrolled in the Jefferson County public schools are homeless, a number that has increased by 50 percent since 1996, while the number of students for whom English is a second language has grown 498 percent.²⁷

Public school test scores are improving in the Regional City of Louisville, but achievement among many students remains low. Most Jefferson County Public Schools have steadily improved in their academic test scores. All but three of the district’s high schools raised their overall Commonwealth Assessment Testing Systems (CATS) scores between

2000 and 2001. Similarly, all but three of the 23 middle schools improved their scores, as did more than two-thirds of the 86 elementary schools. Yet, despite improvement, more work needs to be done to raise student achievement in the lowest performing schools. For example, the state of Kentucky stipulates that all schools will achieve a score of 100 out of a possible 140 on CATS by the year 2014. However, the seven lowest-performing middle schools in the Regional City had test scores that ranged from 39.7 to 53.4 in 2001.²⁸

Poor and minority students’ achievement lags behind. While there has been progress in raising overall student achievement, serious gaps remain between white and African American students just as they do nationally. On the statewide CATs test, which is designed with the goal to help all children achieve “proficient” or “distinguished” ratings by the year 2014, two-thirds of African American students in elementary school scored in either the “novice” or “apprentice” categories in reading during the 2000-01 school year, compared to only 37 percent of white children. In elementary math, 85 percent of black children scored in the “novice” or “apprentice” category, as opposed to 58 percent of white children.²⁹ However, among the 70 percent of all high-school students who took the ACT test for college admission, African American students scored at the national norm of 17, while their white counterparts scored a point behind their national norm of 22.³⁰

AN ACHIEVEMENT GAP SEPARATES AFRICAN AMERICAN AND WHITE ELEMENTARY SCHOOL STUDENTS IN THE REGIONAL CITY



Source: Jefferson County Public Schools

Education is critical in the emerging “knowledge economy,” but metro Louisville’s workers possess relatively little of it, despite recent improvements. Workers in the Louisville region, have long lagged the nation and competitor cities on educational attainment. This still remains the case, according to the 2000 Census. While the proportion of Louisville area residents that holds a college degree has increased from 17.2 percent in 1990 to 22.2 percent in 2000, that rate is the second lowest among its peer

regions. Similarly, the percentage of adults aged 25 and over who are high school graduates has improved to 81.3 percent, up from 73.3 percent in 1990. Yet, this too lags most peer regions. Figures like these led the Progressive Policy Institute (PPI) to rate the Louisville area’s workforce just 37th best out of the 50 largest metropolitan regions for its overall workforce education level in 2001.³¹ PPI ranked the region even lower—just 42nd—out of the 50 regions on a weighted measure of degrees granted in scientific and technical fields.

METRO LOUISVILLE RANKS NEAR THE BOTTOM ON HIGH SCHOOL AND COLLEGE ATTAINMENT

% Over Age 25 with High School		% Over Age 25 with Bachelor’s Degree in 2000	
Metro Area	Degree in 2000	Metro Area	Degree in 2000
Omaha	88.0%	Raleigh	38.9%
Kansas City	86.7%	Richmond	29.2%
Columbus	85.8%	Columbus	29.1%
Raleigh	85.4%	Kansas City	28.5%
Indianapolis	84.0%	Omaha	28.0%
Dayton	83.7%	Nashville	26.9%
Jacksonville	83.6%	Charlotte	26.5%
Richmond	82.6%	Indianapolis	25.8%
Cincinnati	82.4%	Cincinnati	25.3%
Nashville	81.4%	Birmingham	24.7%
Louisville	81.3%	Greensboro	22.9%
Birmingham	80.6%	Jacksonville	22.9%
Charlotte	80.5%	Memphis	22.7%
Memphis	79.8%	Louisville	22.2%
Greensboro	78.6%	Dayton	22.1%

Source: U.S. Census Bureau

**METRO LOUISVILLE’S OVERALL
WORKFORCE EDUCATION LEVELS
TRAIL THOSE IN COMPETING
REGIONS (PPI’s Workforce Education
Index, 2002)**

Rank	Metro Area	Index
1	Washington	0.74
7	Richmond	0.65
19	Cincinnati	0.61
20	Charlotte	0.61
22	Dayton	0.61
25	Nashville	0.60
27	Columbus	0.59
33	Indianapolis	0.55
37	Louisville	0.53

Source: Progressive Policy Institute

The small size of the regional workforce is not keeping pace with demand. The Regional City and metro Louisville face human capital challenges even beyond education levels. In raw terms, job creation in the metro area has far outstripped population growth. In fact, while employment surged 21 percent between 1990 and 1999 to add 116,000 new jobs, the region’s available workforce grew just 10 percent—by about 50,000 persons—to reach a total of 549,000 workers. Such numbers underscore that the raw labor needs of a growing economy are now outstripping the region’s supply of workers.

Demographic changes are further stretching the region’s labor stocks. Most notably, the ranks of the region’s young workers are shrinking (even more than they are nationally) even as the huge Baby Boom generation swells the retirement-age cohort. In the first case, metro Louisville’s cohort of workers aged 25 to 34 shrunk by 21 percent in the 1990s, even though research by the University of Louisville’s Paul Coomes suggests the region has reduced out-migration and the Regional City begun to attract young female workers under 35. Simultaneously, Census data indicates that people 65 or older accounted for just 11 percent of the Regional City’s population in 1980, but 13.5 percent in 2000. Both of these trends effectively reduce the relative share of the region’s population available to work.

WHAT THIS MEANS:

The Regional City is in the enviable position of having a unified and integrated school system, rather than a fragmented one like those found in many urban areas. Most urban county school systems are made up of multiple, fragmented school districts that compete for property tax revenues, school funding, and good students and thus wrestle with large social and fiscal inequities between schools. The merger of the Louisville city and county public school systems nearly three decades ago created an integrated environment that has been good for students and allowed school leaders to focus on quality education. Now, that focus needs to fall on pulling up the achievement of lower-achieving students, who often come from complex socioeconomic conditions and distressed neighborhoods. Urgent effort in this direction will likely allow the Regional City’s school system to avoid the sort of crises that have wracked large urban school districts elsewhere.

At the same time, the region’s low education levels and other workforce weaknesses constrain the competitiveness of the Regional City of Louisville’s economy. While good progress has been made in student achievement, the overall education and skill levels of the Regional City’s workforce represent a serious obstacle to the region’s plans to create a world-class economy. Gatherings of people—especially talented, highly educated people—increasingly determine a region’s economic success. Research by Harvard University economist Edward Glaeser and his colleagues, for example, provides ample evidence that regions prosper increasingly by dint of their intellectual capacities—their people.³² Glaeser provides much evidence that firms gather and grow in particular regions to gain advantage from local labor pools—not, as is more frequently argued, to gain access to linked networks of customers and suppliers. In short, the places that retain and attract the largest numbers of highly educated people will rise while those that are less skilled will decline. At present, the challenge for the Louisville region appears daunting without substantial, sustained efforts to upgrade the educational attainment of its homegrown workforce and attract new knowledge workers from elsewhere.

10. ECONOMY

THE TREND: While the Louisville region's economy is strong in the manufacturing, distribution/logistics, and healthcare sectors, it remains relatively weak in the high human capital knowledge industries.

The regional economy generated 116,000 new jobs in the 1990s, and grew at a rate more than double that of population growth. The economy's 21-percent growth between 1990 and 1999 brought the metropolitan region's total job base to 679,000 full- and part-time jobs.

Manufacturing remains a mainstay of the Regional City of Louisville's economy, but has begun to decentralize. With major corporate and satellite sites of multinational corporations such as General Electric and Ford, Louisville's manufacturing base reversed the job declines of recent decades and grew by 2 percent over the 1990s. In 1999, manufacturing still accounted for about 14 percent of total metropolitan jobs.³³ Many of those jobs, moreover, rank among the region's best paying, with average earnings of \$46,000 annually, up \$10,000 over 1990. At the same time, however, Louisville's manufacturing has begun to disperse beyond the Regional City. Seventy-three percent of the region's manufacturing still took place within the new city's boundaries in 1999. But between 1990 and 1998 the Regional City lost 7 percent of its manufacturing jobs while the number in the outer counties grew by a third.

Healthcare-related industries now account for one in ten of all the jobs and payroll dollars in the metro area, or 72,000 positions and \$2.3 billion annually.³⁴ Between 1988 and 1998, the cluster's payroll more than doubled in size. Importantly, the cluster contains two corporate headquarters of large national companies—those of Humana and Kindred Healthcare (formerly Vencor)—as well as a diverse array of distinct sub-industries. These encompass biomedical services, a large healthcare delivery sector, and a large health insurance company, Humana.³⁵ In 1999, six

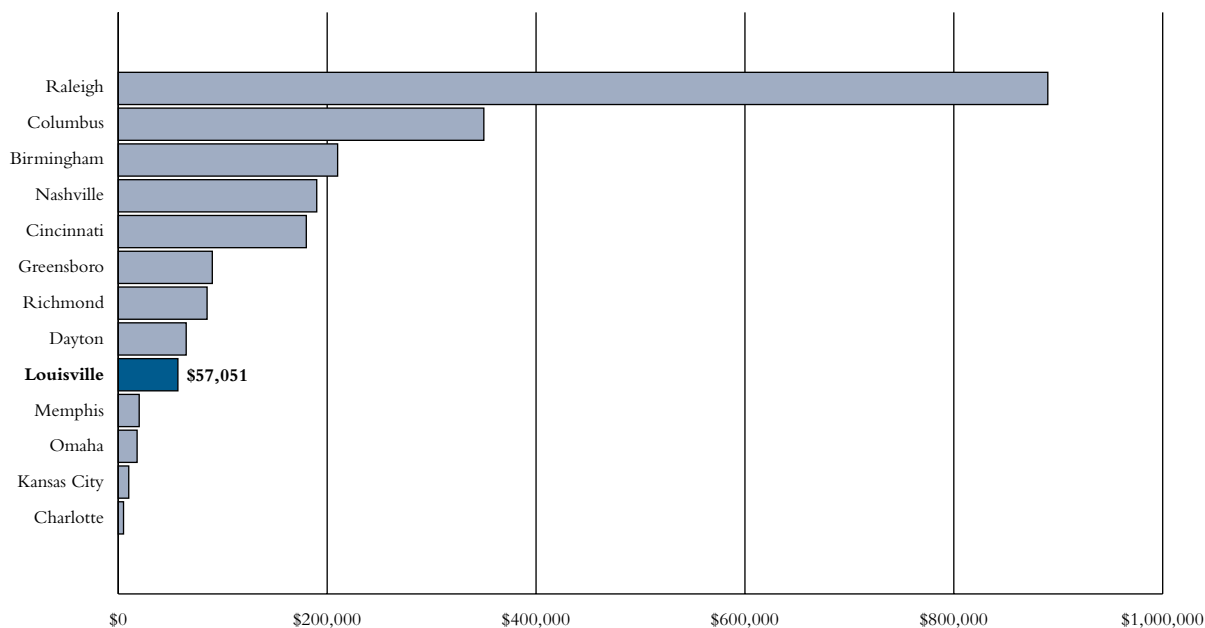
Louisville firms were listed in the Dun and Bradstreet directory of the nation's largest health services firms.³⁶

Also dominant is the distribution/logistics sector, which in 1997 employed 25,000 workers and generated \$800 million in annual payroll.

Expansion of United Parcel Service's big airfreight hub has pushed Louisville to the top of the air freight business and given critical mass to a broader distribution industry that includes trucking, warehousing and shipping. By 1995, the region ranked fourth in North America for airfreight tonnage volume.³⁷ In 1997, Louisville ranked first among 15 competitor regions in revenues earned by transportation and warehousing companies, third in annual payroll, fourth in total number of jobs, third in pay per job and first in the number of transportation jobs per thousand residents. Between 1989 and 1999, the number of jobs in the transportation, communications, and utilities sectors increased 50 percent. In 1998 these jobs paid \$43,000 per year on average, up \$12,000 over 1990.³⁸

After distribution, service jobs are growing fastest, but many of them pay poorly. All told, the region's service sector grew by 31.5 percent between 1990 and 1999. Most of these jobs, however, consisted of low-paying positions in retail, hospitality, repair, food service, and healthcare. Somewhat better-paying office jobs—including the region's important professional, scientific and technical positions—made up a much smaller share of these new service jobs, but even these paid an average of no more than \$29,000 a year.³⁹ In fact, the Louisville region claimed just 17,500 professional-technical workers in 1997. That ranked the region very low among comparison cities—13th out of 15 metros—for its numbers of professional-technical workers.

UNIVERSITY R&D EXPENDITURE IN THE LOUISVILLE METRO AREA REMAINED LOW IN 1999



Source: Paul Coomes and Raj Narang, "Louisville's Health-Related Economy," 2001

University research—a crucial indicator of the region's human capital and innovation capacity—also lags. High-level research—particularly in the sciences—frequently stimulates high-quality economic development and indicates the presence of the top-flight intellectual talent that drives innovation. However, the region conducts little of this work, despite substantial increases in the 1990s. In 1998, for example, the \$39 million in research conducted at the University of Louisville ranked the area ninth out of 15 comparison regions evaluated by Paul Coomes and Barry Kornstein.⁴⁰ And in the same year, Louisville ranked last among 13 competitor regions for both the number of licenses granted on university inventions and the income generated. Coomes and Kornstein have also noted a negative trend in Louisville's patent activity, a related measure of knowledge capital. They note that Louisville was one of only two competing metropolitan areas to post fewer patents in 1998 than in 1990, at a time when registrations nationally nearly doubled. Lexington, they observe, doubled its patent generation over the decade, and surpassed Louisville in

1998.⁴¹ On another measure, the Progressive Policy Institute ranked the Louisville region 37th among the 50 largest metro areas on a combined measure of academic and industry research and development.⁴²

These knowledge deficits ensure that the Louisville region remains a non-player in the high-growth, high-technology industries that frequently offer the best pay to workers. Several recent ratings of the region's assets and positioning for high-technology growth underscore the problem. PPI's newest "Metropolitan New Economy Index," for example, ranks the region 46th among the 50 largest metro areas for its overall positioning in the new economy, and 47th for the share of its employment provided by jobs in electronics, software, computer services, telecommunications, data processing, and medical devices.⁴³ Equally cautionary was a 1999 study by the Milken Institute entitled "America's High-Tech Economy." This rated America's 50 largest regions' "gravitational pull" as "Tech-Poles." Metro Louisville ranked 50th out of the 50 for its technology prowess.⁴⁴

METRO LOUISVILLE RANKS LOW AMONG PEERS AND OTHERS IN HIGH-TECH PRESENCE

PPI New Economy Index		Milken Institute Tech-Pole	
Rank*	Metro Area	Rank**	Metro Area
4	Raleigh	18	Raleigh
24	Kansas City	29	Indianapolis
26	Richmond	31	Kansas City
29	Indianapolis	60	Cincinnati
30	Charlotte	64	Charlotte
32	Nashville	66	Dayton
34	Cincinnati	75	Nashville
42	Dayton	83	Greensboro
45	Greensboro	100	Richmond
46	Louisville	104	Jacksonville
47	Memphis	119	Memphis
48	Jacksonville	125	Louisville

* Out of 50 Metro Areas

Source: Progressive Policy Institute, 2002

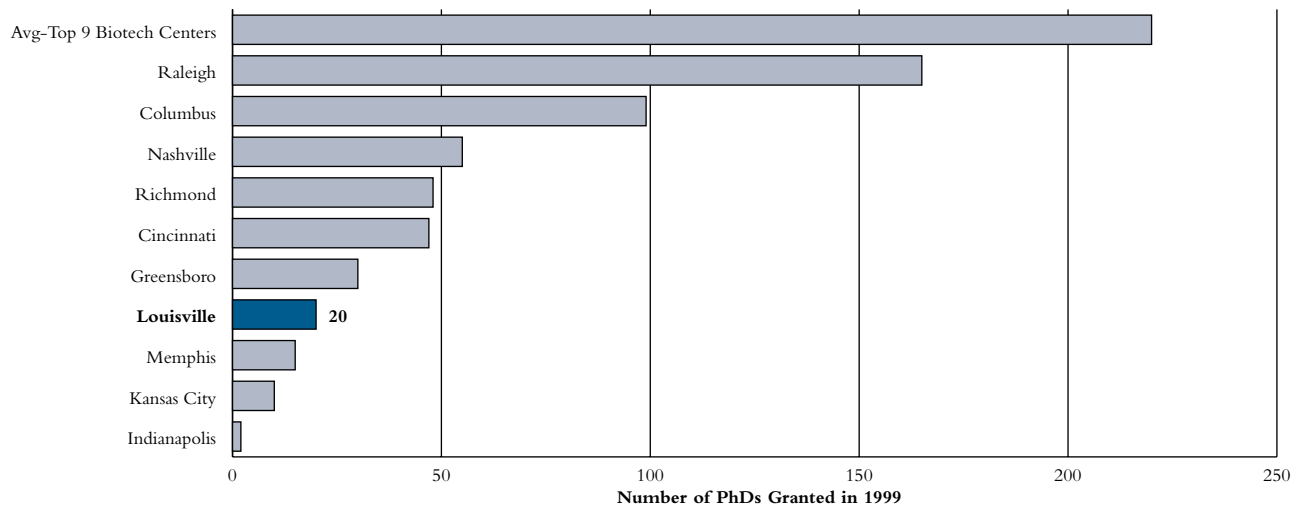
** Out of 315 Metro Areas

Source: Milken Institute, 1999

The region's similarly weak standing in the nation's fast-growing biotechnology sector further highlights its challenges. Biotech is widely deemed the next great crosscutting technology with the power to spawn whole new industries. However, a new Brookings Institution study places the Louisville region in the bottom ten of the 51 largest metropolitan regions as a biotechnology center.⁴⁵ Specifically, the report concludes the region possesses “no significant biotech research or commercialization.” A key reason

cited for the lag: Louisville ranks very low on a series of indicators of regional research capacity and human capital. In 1998, only 60 scientists who hold doctorate degrees in the life sciences lived in the region, and in 1999 only 20 new doctorates in the life sciences were conferred in the Louisville area. That compares to an average of more than 3,000 life scientists and 220 doctorates in the nine top regions.

LOUISVILLE TRAILS PEER METROS IN THE NUMBER OF LIFE SCIENCES PHDs GRANTED



Source: Joseph Cortright and Heike Mayer, *Brookings Institution*, 2002

WHAT THIS MEANS:

The region has been well-served over the last decade by its adherence to a well-thought-out economic development agenda. Informed by the 1992 Regional Economic Development Strategy (REDS) and sharpened by a landmark strategy report commissioned from the consultant M. Ross Boyle, Louisville's well-researched game plan drew on detailed sectoral analysis to make shrewd choices.⁴⁶ Over time, the region's disciplined execution of this cluster-based strategy has enabled metro Louisville to maintain its traditional manufacturing sector, cultivate its strength in numerous health industries, and move to the top-tier in the fast-growing logistics and distribution field. This progress has paid off in steady (if low-wage) job creation and solid increases in the region's (still-low) income levels.

Metro Louisville's economy is running into a talent shortfall, however; soon it could hit the wall. Talent powers growth; talent brings homegrown jobs, new companies, and higher wages. Yet the Louisville region lacks talent. It lacks the highly skilled minds it needs to move beyond its current status and go to the next level of competitiveness in the emerging economy. This was made even more evident in an early 2000 survey conducted for KentuckianaWorks, the Regional City's workforce investment board. It identified 13,000 job openings in skilled job categories

(including information technology, engineering, health care, skilled trades and insurance/financial sectors) that had gone unfilled because of employer dissatisfaction with the skill level of available workers. Demographic constraints, uneven educational quality, a long history of low educational attainment, unexceptional universities, and a relatively small research enterprise—all of these circumscribe the region's prospects for enhancing its largely low-skill, low-wage economy. Absent sustained, aggressive effort to improve educational levels and cultivate and attract large numbers of better-educated knowledge workers, the region's well-laid plans to build on its momentum in the health and distribution industries may be frustrated.

Especially disturbing is the region's poor positioning in high-growth, high-tech sectors. More and more the region covets the critical "knowledge" industries that promise the highest-quality growth, the greatest job-creation, and the best-paying jobs. Unfortunately, though, Louisville's mediocre education levels, thin talent stock, and modest university-research standing keep the region weak. This weakness in intellectual, high-tech, bio-medical fields—unless addressed aggressively—represents a major impediment to the region's ambitions to grow a higher-wage economy that will improve the standards of living for all Louisvillians.

11. DOWNTOWN

THE TREND: Downtown Louisville remains an important economic asset to the Regional City and larger metropolitan area, but residential growth there has been uneven.

Downtown Louisville continues to thrive as the region's economic center. On weekdays, approximately 60,000 people come downtown to work. A slow “leakage” of employers to the suburbs, however, has recently contributed to a 16 percent vacancy rate in downtown’s 9 million square feet of office space.⁴⁷ Nevertheless, the city center remains the undisputed focus of metropolitan employment.

Downtown population grew despite overall central city decline. Even though the former city of Louisville lost population in the 1990s, downtown added residents. During the past decade, the downtown area grew by almost 5 percent, achieving over 3,000 residents by 2000. While that growth fell short of the 25 percent and 85 percent growth accomplished

by successful downtowns like Denver’s and Atlanta’s, respectively, the Louisville downtown performed better than many of its peers. That downtown Louisville was able to capture new residents in a region that is hollowing out is a notable achievement.

While downtown Louisville grew denser in the 1990s, it still has room to add more residents.

Downtown Louisville is 1.1 square miles in geographic size and houses about 3,000 residents. Physically comparable downtowns, however, are much denser.

Cincinnati and Denver are accommodating approximately 75 percent more people on similar acreage.

Downtown Seattle, at nearly the same geographic size as Downtown Louisville, packs approximately 14,200 persons into each square mile of its thriving central

LOUISVILLE’S DOWNTOWN POPULATION GREW IN THE 1990S BUT REMAINS LESS DENSE THAN ITS PEERS

City	Downtown Size (sq. miles)	Population Density (2000)	Downtown			City Population Change 1990-2000	Downtown Share of MSA (2000)
			1990	2000	% Change		
Cincinnati	0.8	4,066	3,838	3,189	-16.9%	-9.0%	0.96%
Denver	0.9	4,895	2,794	4,230	51.4%	18.6%	0.76%
Louisville*	1.1	2,778	2,922	3,056	4.6%	-4.8%	1.19%
Seattle	1.2	14,202	9,824	16,443	67.4%	9.1%	2.92%
Charlotte	3.0	2,101	6,370	6,327	-0.7%	36.6%	1.17%
Atlanta	3.5	7,146	19,763	24,731	25.1%	5.7%	5.94%
Memphis	3.9	2,280	7,606	8,994	18.2%	6.5%	1.38%
Columbus	NA	NA	1656	1621	-2.1%	12.4%	0.23%
Indianapolis	NA	NA	7625	10324	35.4%	6.9%	1.32%
Jacksonville	NA	NA	236	104	-55.9%	15.8%	0.01%

* Downtown estimates are for the Central Business District as defined by the City of Louisville

Source: U.S. Census Bureau

business district, to reach a density over four times that of downtown Louisville.

Downtown Louisville has become increasingly African American as white residents have left, making it less racially integrated than comparable downtowns. During the 1990s, downtown Louisville’s African American population increased by 14 percent, while its white population declined 22 percent. African Americans now make up 66 percent of downtown’s population, up from 61 percent in 1990. Meanwhile, whites’ population share declined from 37 percent in 1990 to 28 percent in 2000. This trend contrasts starkly with the experience of regions like Memphis, Charlotte, and Atlanta. The shares of their downtown populations that are white all increased solidly over the decade as each region made steady progress in promoting downtown diversity. In fact,

Memphis—where the downtown population had been three-quarters minority in 1990—reached near racial balance in 2000.

Areas of concentrated poverty span and surround downtown Louisville. Subsidized housing made up at least two-thirds of downtown’s residential units in 2000, indicating a significant clustering of low-income families there.⁴⁸ More than one-third of all the families in the region who receive Section 8 housing assistance live within 2 miles of downtown. Moreover, almost half of the affordable housing financed by the Low Income Housing Tax Credit is located within 2 miles of the downtown area. In short, downtown and its immediate vicinity bear a disproportionate share of the region’s low- and moderate-income housing and, thus, its lower-income families.

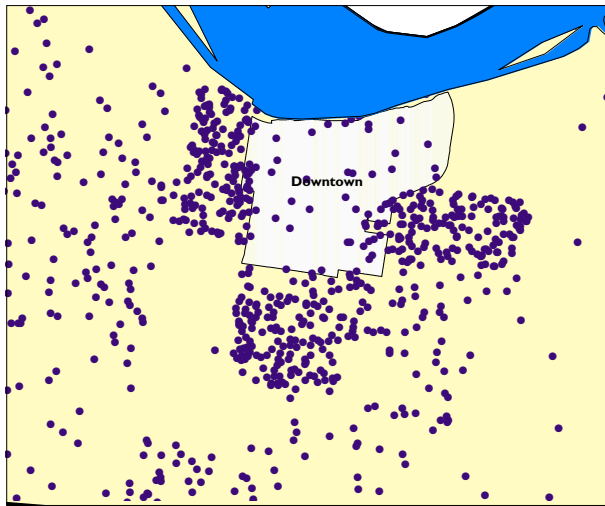
DOWNTOWN LOUISVILLE’S POPULATION IS BECOMING LESS DIVERSE THAN ITS PEERS

City	1990		2000	
	% Black	% White	% Black	% White
Louisville*	61%	37%	66%	28%
Cincinnati	36%	61%	39%	54%
Memphis	75%	24%	49%	46%
Charlotte	60%	36%	53%	43%
Denver	6%	79%	5%	74%
Atlanta	86%	12%	76%	18%

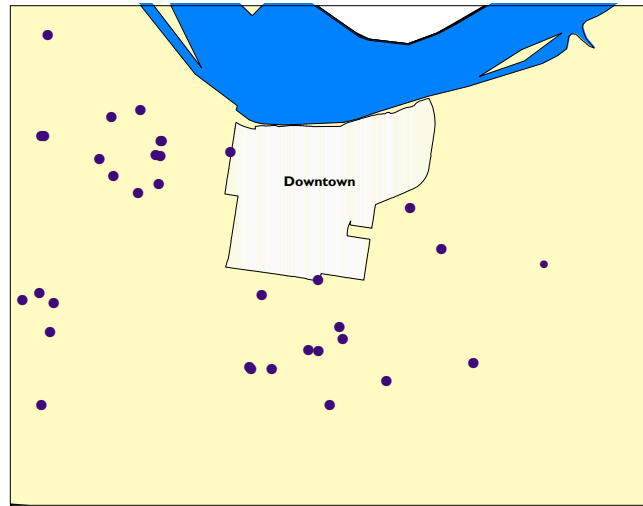
*Downtown estimates are for the Central Business District as defined by the City of Louisville

Source: U.S. Census Bureau

LOCATION OF SECTION 8 AND LOW INCOME HOUSING TAX CREDITS (LIHTC) IN DOWNTOWN LOUISVILLE



● 1 Dot = 10 Housing Units with Federal Subsidies in 1998



● 1 Dot = LIHTC

Source: Jefferson County, U.S. Department of Housing and Urban Development

WHAT THIS MEANS:

The current racial and income composition of downtown Louisville's population may undercut the Regional City's efforts to create a racially balanced residential downtown that is a true economic development asset. The Regional City stands ready to create a vital, "24-hour" downtown where a diverse community of residents can live, work, and play. However, downtown's concentration of poor, mostly African American residents may hold revitalization back. Such clustering complicates efforts to tout the area's vitality; it consumes resources that might otherwise be spent on providing amenities; and it may ultimately discourage businesses, middle-class families, and visitors from considering downtown as a location

and destination choice. Reviving downtown will likely require responding to the problems of concentrated poverty and ensuring that downtown and its surrounding neighborhoods become diverse and inclusive places where citizens of different racial and economic identities live and work side by side. With downtown population density relatively low, the Regional City has plenty of opportunity to pursue residential, retail, and amenity strategies that attract new residents, while accommodating the needs of both new and existing households.

12. NEIGHBORHOODS

THE TREND: The Regional City is made up of many distinct neighborhoods and independent cities, and these places face similar challenges.

Regional City neighborhoods on both sides of the old city line resemble each other in key ways. Historically, Louisvillians tended to view themselves as residents of either the “city” or the “county.” But the emerging reality is that many communities share common attributes with neighborhoods on the other side of the city border. While each neighborhood has its own unique characteristics, many have similar needs and face comparable challenges.

A number of innovative cities are beginning to create “typologies” of neighborhoods that are based on social and market trends. These typologies highlight patterns that can help drive investment decisions and revitalization strategies. A preliminary look at the latest data reveals that Regional City neighborhoods on both sides of the old city line can be grouped into three general categories: Stable, Transitioning, and Distressed.

■ **Stable** neighborhoods are generally those with high levels of private investment and positive social indicators. They are healthy neighborhoods that are either growing or stable in population, and maintain a good quality of life for their residents. Jeffersontown and Cherokee Triangle are two examples of stable neighborhoods in the Regional City. Jeffersontown grew by 15 percent during the 1990s, and relative to many other neighborhoods, has a small percentage of households headed by single mothers. Neither Jeffersontown nor Cherokee Triangle are home to affordable Section 8 housing.

■ **Transitioning** neighborhoods are those that are not meeting their market potential and have mixed social indicators. Some transitioning neighborhoods may be transitioning downward, and exhibiting early signs of decline. Other ‘emerging’ neighborhoods may be on the upswing, with rapid home

sales and rising property values, but may still have deteriorated or abandoned housing units. Many transitional neighborhoods are experiencing significant demographic change, such as an influx of new immigrants. Shively and Shawnee are examples of neighborhoods that fall in the ‘transitional’ category. Both communities lost population and, in particular, lost large percentages of white residents during the 1990s (23 percent and 43 percent, respectively). For Shively, the loss in white residents was mostly offset by significant growth in Hispanics and African Americans. Shawnee, on the other hand, lost even more black residents without gaining new Latinos, which explains the large overall drop in population. Section 8 housing comprises 3 percent of Shively’s total housing units, and 12 percent of Shawnee’s. Both neighborhoods have a higher percentage of subsidized housing and households headed by single mothers than more stable neighborhoods (10 percent in the Shively neighborhoods, and 23 percent in Shawnee). Both neighborhoods may be transitioning into decline.

■ **Distressed** neighborhoods face the most extreme challenges. Many distressed neighborhoods suffer from sustained disinvestment and decades of decline. In West Louisville’s Russell neighborhood, for example, more than 30 percent of the housing units are publicly subsidized, which means a large share of low-income residents live there. Several county areas, such as Newburg, can also be characterized as distressed. Newburg lost 5 percent of its population in the 1990s, due to a large drop in white residents, modest gains in African Americans, and an explosive growth (in percentage terms) in Latinos. Twelve percent of the community’s housing units are subsidized, and single mothers head 18 percent of the neighborhood’s households.





COUNTY NEIGHBORHOODS AND INCORPORATED CITIES

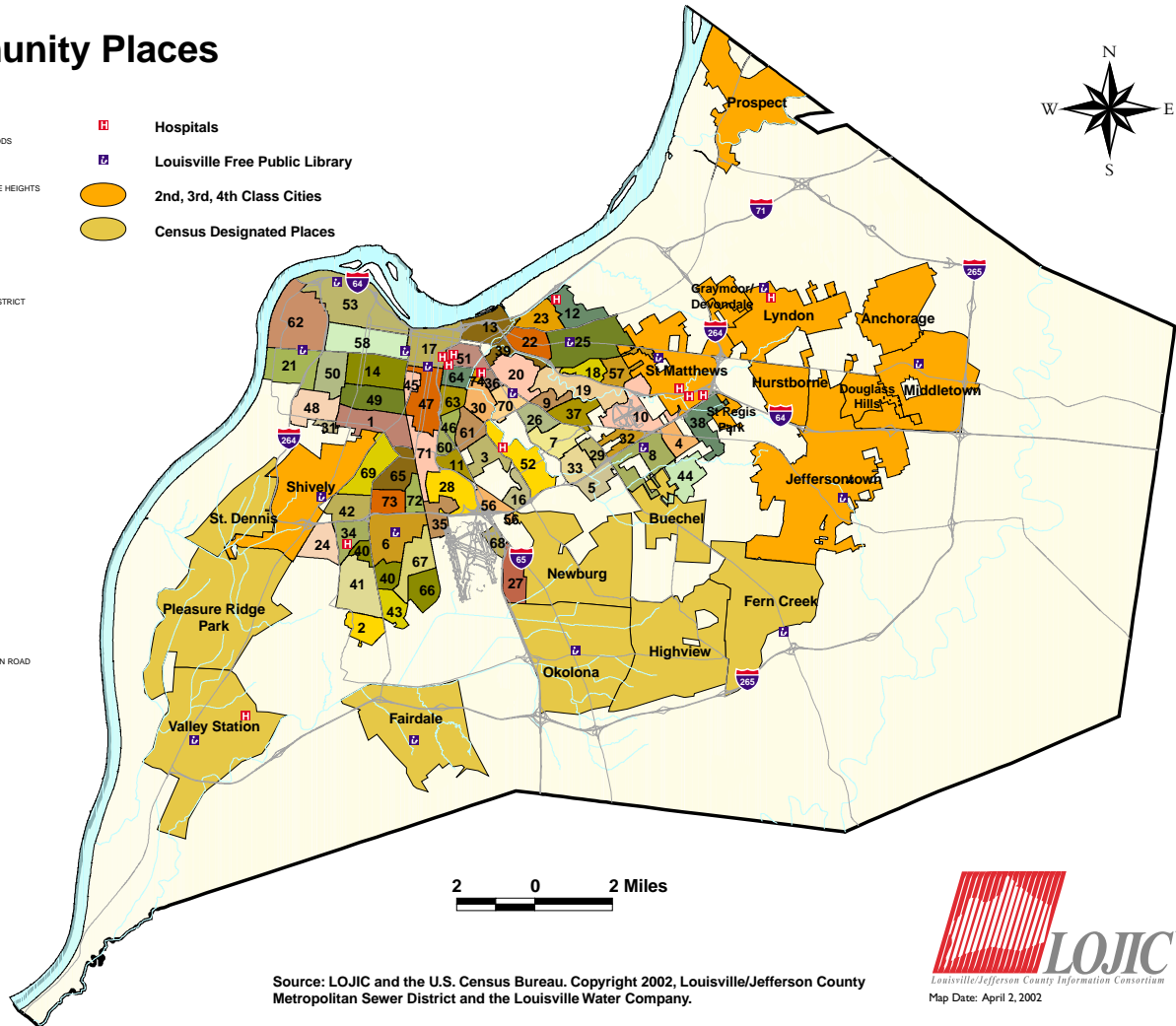
Community Places

LEGEND

LOUISVILLE NEIGHBORHOODS

- 1 ALGONQUIN
- 2 AUBURNDALE
- 3 AUDUBON
- 4 AYONDALE MELBOURNE HEIGHTS
- 5 BASHFORD MANOR
- 6 BEECHMONT
- 7 BELKNAP
- 8 BON AIR
- 9 BONNYCASTLE
- 10 BOWMAN
- 11 BRADLEY
- 12 BROWNSBORO ZORN
- 13 BUTCHERTOWN
- 14 CALIFORNIA
- 15 CAMP TAYLOR
- 17 CENTRAL BUSINESS DISTRICT
- 18 CHEROKEE GARDENS
- 19 CHEROKEE SENCA
- 20 CHEROKEE TRIANGLE
- 21 CHICKASAW
- 22 CLIFTON
- 23 CLIFTON HEIGHTS
- 24 CLOVERLEAF
- 25 CRESCENT HILL
- 26 DEER PARK
- 27 EDGEWOOD
- 28 FAIRGROUNDS
- 29 GARDINER LANE
- 30 GERMANTOWN
- 31 HALLMARK
- 32 HAWTHORNE
- 33 HAYFIELD DUNDEE
- 34 HAZELWOOD
- 35 HIGHLAND PARK
- 36 HIGHLANDS
- 37 HIGHLANDS DOUGLASS
- 38 HIKES POINT
- 39 IRISH HILL
- 40 IROQUOIS
- 41 IROQUOIS PARK
- 42 JACOBS
- 43 KENWOOD HILL
- 44 KLONDIKE
- 45 LIMERICK
- 46 MERRIMETHER
- 47 OLD LOUISVILLE
- 48 PARK DUVALLE
- 49 PARK HILL
- 50 PARKLAND
- 51 PHOENIX HILL
- 52 POPLAR LEVEL
- 53 PORTLAND
- 56 PRESTONIA
- 57 ROCKCREEK LEXINGTON ROAD
- 58 RUSSELL
- 60 SAINT JOSEPH
- 61 SCHNITZELBURG
- 62 SHAVINEE
- 63 SHELBY PARK
- 64 SMOKETOWN JACKSON
- 65 SOUTH LOUISVILLE
- 66 SOUTHLAND PARK
- 67 SOUTHSIDE
- 68 STANDFORD
- 69 TAYLOR BERRY
- 70 TYLER PARK
- 71 UNIVERSITY
- 72 WILDER PARK
- 73 WYANDCOTTE
- 74 PARISTOWN POINTE

-  Hospitals
-  Louisville Free Public Library
-  2nd, 3rd, 4th Class Cities
-  Census Designated Places



Source: LOJIC and the U.S. Census Bureau. Copyright 2002, Louisville/Jefferson County Metropolitan Sewer District and the Louisville Water Company.



COMMON NEIGHBORHOOD TYPES IN THE NEW REGIONAL CITY TRANSCEND FORMER CITY LINES

Sample Neighborhood	Typology	Population			% of Units with Section 8	% of Households Female Headed
		1990	2000	% Change		
In City:						
Cherokee Triangle	Stable	4365	4280	-2%	0%	2%
Shawnee	Transitioning	14697	13603	-7%	12%	23%
Russel	Distressed	8281	9149	10%	30%	40%
In County:						
Jeffersontown	Stable	23,221	26,633	15%	0%	6%
Shively	Transitioning	15,535	15,157	-2%	3%	10%
Newburg	Distressed	21,647	20,636	-5%	12%	18%

Sample Neighborhood	Hispanic			White			Black		
	1990	2000	% Change	1990	2000	% Change	1990	2000	% Change
In City:									
Cherokee Triangle	23	64	178%	4,217	4,041	-4%	84	98	17%
Shawnee	49	49	0%	1,339	757	-43%	13,262	12,605	-5%
Russel	40	48	20%	636	473	-26%	7,576	8,456	12%
In County:									
Jeffersontown	221	677	206%	21,268	22,761	7%	1,526	2,281	49%
Shively	80	211	164%	13,094	10,121	-23%	2,298	4,573	99%
Newburg	88	560	536%	10,213	7,577	-26%	11,177	11,917	7%

Source: U.S. Census Bureau

WHAT THIS MEANS:

Diverse sets of neighborhoods face common challenges throughout the Regional City; the trends changing them have important implications for strategies and service delivery. Merger will result not in the joining of two monolithic communities—a city and its suburbs—but rather in a mixing of different and complex neighborhoods. As the new Metro Council members gain a more nuanced understanding of both the commonalities and the unique characteristics of the new Regional City's

neighborhoods, they will recognize that the new government cannot simply adjust either the former city or county governments' operations to meet the Regional City's needs. The new City requires a new approach, one that does not "remember" the old city-county line at every turn and decision, but rather develops strategies to help address every neighborhood's particular challenges. These strategies should be tailored to meet the varied needs of every type of community—whether stable, transitioning, or distressed—and target investments appropriately.

PULLING IT ALL TOGETHER

Every region needs to know itself.

To that end, the survey of demographic, social, and economic trends presented on the preceding pages provides the new Regional City of Louisville with its first complete look at itself as it prepares for merger. From this portrait a number of conclusions can be drawn—conclusions that set out the challenges for a new city that is reassessing its needs and lifting its aspirations as it graduates from the 64th to the 16th largest municipality in the U.S.

The trends are distinct:

First, the new Regional City of Louisville is fortunate to remain the dominant center of residential and economic life in the larger metropolitan area. Unlike many other central cities in today's decentralizing economy, the Regional City retains the bulk of the area's people and the vast majority of its jobs (68 percent and 80 percent, respectively). Most manufacturing jobs are here, and the same goes for employment in the expanding health, logistics, and services sectors. This enables the Regional City to reap the fiscal benefits from economic and residential growth and marshal adequate resources to provide basic services, make important capital investments, and enhance community amenities. Beyond that, the new city boasts a diversity of vibrant neighborhoods and a strong overall quality of life—essential elements of competitiveness in an economy dominated by well-educated and footloose “knowledge workers.”

At the same time, while the Regional City is strong, it is struggling to build a workforce that can participate in and help grow the area's economy. A number of trends show that the new city has a serious labor force challenge. First, the population is aging while the percentage of young persons is shrinking, signaling that, as the Baby Boomers begin to retire, there may not be a ready group of workers to replace them. Second, the education level of the current and potential workforce remains low. High school and college graduation rates in the Regional City lag the nation's, while test scores in some public schools trail state averages. Finally, there are signs that the supply of workers is not keeping pace with employers' demand for them. In 1999, there were significantly more jobs than workers in the metro area. In addition, a recent survey of employers found high, unmet demand for skilled workers. Together, these trends indicate that an under-sized and under-skilled labor force could retard continued economic and income growth.

Meanwhile, the Regional City is decentralizing—“thinning out” and spreading into increasingly diverse suburbs both within and across the new city line. Across the region, this trend means that metro Louisville has been suburbanizing large amounts of open land even though population has been growing only modestly. Within the Regional City, this “hollowing out” has seen the population of the former City of Louisville slip as Jefferson County’s suburbs captured most of the region’s new residential development. And decentralization has brought with it changes in the area’s population and households. Population density is declining across the Regional City. So too is the predominance of two-parent households with kids. Today, the fastest-growing household types by far in the Regional City’s suburbs are non-family households, which now outnumber those of married couples with children. All of which could have implications for the new municipality. Further decentralization may weaken the new city’s economic preeminence and efface the natural beauty of the region’s landscape. Smaller households and dwindling density may increase per capita housing demand and drive up the costs of service delivery. Finally, the proliferation of non-family and single-parent households in all districts underscores the shared need in both the suburbs and core for such “urban” provisions as affordable multi-unit housing, transportation options, and home health care for the elderly.

Not only is the region decentralizing, but it is beginning to grow in socially, racially, and economically divided ways. Specifically, a rather stark divide between the east and the west is beginning to stress the Regional City, notwithstanding the renewed health of Louisville’s downtown area and several thriving central neighborhoods:

- Population loss was most dramatic in the former City of Louisville and in the communities to the south and west, such as Okolona and Shively. Many of these areas were the same areas that lost married families with children. Population growth, on the other hand, took place in Anchorage, Middletown and other far-eastern portions of the regional city.
- Poor families and low-income workers similarly reside in the western half of the Regional City (in communities such as Buechel and Fairdale) while middle class and upper-income families live to the east (such as St. Regis Park, Anchorage, and Prospect).
- The majority of black and other minority households also live in the west and southern portions of the Regional City. The exceptions are small cities to the far eastern corner of Jefferson County, such as Worthington Hill, Fincastle, and Bancroft where middle-class communities of color live.

A final spatial divide underlies the other ones: Nearly all of the affordable housing, and publicly subsidized housing, in the region lies in neighborhoods to the west and south, while only a handful of similar units are found in the growing communities to the east.

These unbalanced growth patterns, coupled with a weak workforce and thin economy, could ultimately limit the Regional City’s economic competitiveness. In today’s rapidly changing economy, cities must maintain both a top-notch workforce and a high quality of life. Given that, one response of the Louisville region to its human capital challenges must be an aggressive effort to boost educational achievement. At the same time, study after study shows that the need to attract and retain talented workers also requires that the new Regional City of Louisville showcase superb amenities, attractive neighborhoods, and an appealing quality of life. Unfortunately, a number of the trends affecting the new Regional City threaten the region’s appeal. Near the heart of the region, concentrations of poverty and disinvestment hamper downtown revival and impel families and jobs to migrate outward, further isolating low-income families in areas of limited opportunity. Farther out, rapid, low-density development to the east (with few affordable housing options) limits the alternatives for families who might want to live closer to new job-growth areas, lengthens commutes, and puts more fiscal pressure on the Regional City. For too many Louisvillians, in short, the quality of life in the region is not what it used to be. Ultimately, this slow erosion of the region’s



livability threatens to undermine a key part of the region's competitive advantage.

Related to the Regional City's "human-capital" deficit is its relative weakness in high-wage, high-growth "knowledge" industries with the greatest potential for high-quality growth in the new economy. To be sure, solid growth in jobs and income has flowed from the region's traditional manufacturing strength and the growth of its sizable health and distribution clusters. Nevertheless, the regional economy remains predominantly a low-wage, service-oriented enterprise with little traction in the high-technology, high-pay sectors that increasingly determine regional economic success. Metro Louisville

lags on virtually all indicators of prowess in the unfolding "knowledge economy," ranging from its workers' levels of advanced education and the presence of highly trained technologists to the availability of venture capital and the scope of its university research in the sciences. Overall, the region ranks in the very bottom tier of large metro regions for its positioning in the new economy. In effect, the region lags in precisely the sectors where strength brings the greatest vitality and the best pay to workers.

BEYOND MERGER: A COMPETITIVE VISION FOR THE NEW LOUISVILLE

Voters in the new Regional City of Louisville signaled their desire to catapult their city into the top tier of American regions with their November 2000 vote to unite the City of Louisville and Jefferson County governments. They envisioned nothing less than Louisville's emergence as a top entrant in the national competition to attract new people and businesses and provide a superior quality of life and greater opportunities.

Now the time has come to deliver. The moment has arrived for the new Regional City of Louisville to “get it right” and establish itself as one of the truly distinctive—and competitive—American cities.

But crosscurrents challenge the region.

As the trends outlined earlier indicate, the new city approaches merger with substantial assets. It remains the core engine of its region. It competes well in several sectors of our changing economy. And it enjoys many important attributes—an historic downtown, diverse neighborhoods, the curving Ohio River, an attractive quality of life. Best of all, the new Louisville possesses many citizens who care deeply about their region and are determined to place it in the front ranks of progressive American cities.

And yet, like many American regions, the Regional City faces multiple challenges. Its workforce is shrinking and not fully equipped to meet the needs of a rapidly evolving economy. Economic, social, and racial divisions exist and may be worsening. And rapid development is occurring at its edges—a dynamic that will further erode the strengths of the core.

Given this pressing moment, the merger of the City of Louisville and Jefferson County provides an unprecedented opportunity for the region to take stock, assess its standing, and think and act anew so as to position the community to compete and flourish in the global economy.

The Brookings Institution Center on Urban and Metropolitan Policy has also been examining such issues. To that end, the center has conducted research, evaluated myriad policies, and engaged in an ongoing dialogue with hundreds of corporate, political, civic and community leaders throughout the country.

Ultimately the center has concluded that a new “competitive cities” agenda is emerging in the United States. This agenda builds on the strong innovative and entrepreneurial spirit that permeates local governance and problem solving in this country. It revolves around those strategies and actions that can have a systemic impact on the economic vitality, fiscal health, and social wellbeing of a community.

Five essential elements make up the competitive cities agenda:

- **Fix the Basics:** Cities need to recognize, first and foremost, that the fundamentals drive business decisions on where to locate and families' choices of where to live. What are the fundamentals? They are: good schools . . . safe streets . . . competitive taxes . . . efficient services . . . qualified workers . . . attractive and available real estate. The market rewards cities that provide the basics and punishes cities that do not.

Every city must focus on fixing the basics and creating an attractive climate for business and residential investment.

- **Build on Assets:** Most cities possess enormous assets that are particularly relevant as the nation shifts to a knowledge-based economy. Cities are home to most of the nation's major universities and medical centers, making them prime locations for new technology firms. Cities have the kind of urban cultural amenities expected among well-educated and highly productive workers. Cities are magnets for immigration and hotbeds of entrepreneurial activity.

Every city must identify its core assets and develop strategies that leverage and strengthen them.

- **Create Quality Neighborhoods:** Quality neighborhoods are a precondition for city competitiveness. These communities of quality must include: neighborhoods with vital residential areas and commercial markets . . . places that gather families with a mix of incomes . . . places with amenities such as parks, libraries and community centers. Competitive cities build neighborhoods that are livable and distinctive and offer residents a range of housing, transportation, and recreational choices.

Every city must build and nurture healthy attractive neighborhoods, throughout their boundaries, from the urban core to the new subdivision.

- **Invest in Working Families:** Strong families are also a precondition for competitive cities. And in fact, the overwhelming preponderance of city

residents already work. Yet, for many families, the income from work is not sufficient to cover the costs of housing, health care, child care, transportation and retirement. They need a boost.

Every city must have a strategy for helping families work, save, and build wealth.

- **Influence Metropolitan Growth:** The dominant growth pattern in the United States remains the decentralization of residential and economic life. These growth patterns are fiscally, environmentally, and socially damaging—for cities, suburbs, and metropolitan areas and their competitiveness. Cities can influence metropolitan growth by becoming communities of choice for business and families. Cities can also influence metropolitan growth by participating in broad political coalitions that change the major federal and state policies that currently facilitate sprawl, undermine existing communities, and concentrate poverty.

Every city must help the metropolis grow in quality ways, through local reforms that make the city more attractive as well as through coalition building that promotes smarter regional and state policies.

Becoming a competitive city does not just happen. It requires sustained and disciplined attention to the kinds of policy reforms described above. Successful cities, in short, must organize for success. They must design economic, social and physical development strategies that are tailored to their market, demographic and cultural realities. They must harness the collective power of their economic, political and community institutions to carry out key strategies and get the job done. They must create local leadership networks that are collaborative, inclusive and, ultimately, effective.

“This [in short] is a time for builders,” was the way *The Courier-Journal* summed up the moment and its needs recently, and so it is.

In the following sections, this report lays out key policy components in each area of the competitive cities agenda that will allow the builders of the new Regional City of Louisville to help it compete and prevail in the 21st century.

FIX THE BASICS

THE GOAL: The Regional City needs to build an educated and skilled workforce that can compete and prevail in the “knowledge” economy.

Competitive cities “get the fundamentals right.” By tending to the effective delivery of basic services, they create the overall climate for a competitive economy, healthy neighborhoods, and strong families.

For the new Regional City of Louisville, tending to “the basics” entails above all focusing on two tasks:

“The Regional City should make itself a national leader in producing high levels of achievement among all students...”

improving basic education and improving workers’ skills.

Basic education and vocational training more and more determine advantage in the emerging “knowledge” economy. Yet, the modest size and low training levels of metro Louisville’s labor force essentially doom the region’s ambitions to assemble a higher-wage, higher-tech economy around its strengths in manufacturing and the increasingly technical health and logistics/distribution sectors. In that light, the trends analyzed in this report suggest in no uncertain terms that the educational and skills uplift of its citizens represents the single most important challenge confronting the new Regional City—and may ultimately determine its ability to achieve the promise of merger.

To begin producing the skilled and talented workforce that Louisville will need to compete in the future, then, the Regional City needs to undertake two major initiatives:

1. The Regional City must strengthen educational attainment among students at all levels and apply unprecedented commitment to pulling up the lowest-achieving students.

The sweeping changes enacted by the Kentucky Education Reform Act establish a foundation for enhancing educational achievement in Kentucky’s—and the Regional City’s—public schools. Test scores indicate measurable progress in most schools. But the dimensions of the challenge require a new level of concentration.

In that spirit, the citizens of the new Regional City of Louisville should inaugurate a sustained, community-wide commitment to dramatically increase levels of educational attainment at all age levels. At the center of this commitment should be the adoption of an ambitious goal: The Regional City should make itself a national leader in producing high levels of achievement among all students, especially African American ones.

Of course, this is a daunting agenda, given the cultural complacency toward education that is a part of Kentucky’s heritage, and the complex realities that shape the lives of the Regional City’s children, many of whom come from single-parent families with low incomes and low levels of educational attainment. Success at this agenda will clearly require unprecedented, sustained commitment from all quarters of the region’s civic and community leadership, beginning with the Metro Mayor, as the key leader of the new local government. Effecting such change will also require a comprehensive commitment that cuts across all other agendas and institutional boundaries, requiring schools and universities and community organizations to work together at unprecedented levels of cooperation to make educational achievement the top priority for every family and neighborhood.

Nevertheless, this work must be done, and it must be done well. Two approaches for strengthening educational commitment appear necessary:

■ **First, the new Regional City should convene its own version of the statewide Prichard Committee for Academic Excellence to catalyze dramatic educational improvement in the region.**

Since 1980, the Prichard Committee of citizens, parents, and business people has been a leading force in influencing state policy affecting all levels of education. Now, the Regional City of Louisville should empanel its own version of the Prichard Committee with no less a task than helping to make the Regional City's the best urban education system in the nation. If convened by the new Metro Mayor, such a citizen task force could undertake to broadly review the progress of the Jefferson County Public Schools (JCPS) system, with a special eye toward identifying the major obstacles holding its students back. Such assessment would no doubt monitor and assess the school system's internal performance in order to expedite achievement of the Kentucky Education Reform Act's goals. But, in addition, the new task force also might delve into strategies to address broader needs, such as overcoming the region's culture of complacency toward education, encouraging parental involvement in the schools, and enlisting social service and community-based organizations in bringing about change at all levels. Nor is such an agenda for the new committee over-ambitious. A decade ago, Louisville's business and

civic leadership spearheaded the "New Kid in School" initiative, which raised millions of dollars to place computers in every school. This effort catapulted the JCPS system into the top ranks of districts nationally for student access to technology. Now, the community need only bring the same commitment and focus to an even more worthy agenda.

■ **Second, the new Regional City should make family and neighborhood investment strategies integral to its education reform agenda.**

For decades, research has underscored the huge bearing that family and neighborhood environments have on a child's future health and success. Most at-risk are children who are raised in distressed neighborhoods and in low-income or minority families headed by single parents. A recent study by Harvard economists David Cutler and Edward Glaeser underscored the important role of neighborhood health on individual outcomes. It found that those who lived in

segregated cities actually had lower educational attainment and earnings than those of less racially segregated places—and that reducing segregation by 13 percent would wipe out about one-third of the difference in success rates.⁴⁹ In light of such findings, the Regional City of Louisville should incorporate a deep awareness of the interconnectedness of family and neighborhood health and student achievement into all of its efforts to improve educational attainment. It should make itself a national leader in defining a new educational attainment agenda that integrates traditional school reform strategies with strategies for building quality neighborhoods and supporting working families.



2. The Regional City needs to build a state-of-the-art workforce development system.

“Fixing the basics” will also require a major drive to upgrade the region’s workforce development system.

To be sure, Louisville already has several award-winning workforce initiatives in place, including Metropolitan College, a partnership between UPS, Norton Healthcare, the state of Kentucky, and three Louisville educational institutions; and Career Resources, Inc, the metro-wide “one stop” career organization.

Nevertheless, the existence of such exemplary individual models has not by itself provided metropolitan Louisville with a seamless, coordinated strategy that links local businesses with skilled workers, and helps all workers improve their skills. In fact, the region’s workforce development system at present remains highly fragmented. Currently, the Workforce Investment

Board operates a range of federal training programs mostly through contracts with a variety of service providers; JCPS administers adult education programs; and the Jefferson Community and Technical Colleges and individual employers and their associations (including Greater Louisville, Inc.) provide still other services. Such fragmentation clearly impedes the creation of a holistic and efficient workforce program that well serves the needs of workers and employers.

The Regional City should therefore create a state-of-the-art workforce system. To do that the new city should:

- **Make the workforce system more responsive to employers.** Employers’ difficulties in securing skilled employees in key sectors before the recent recession suggest that the Regional City’s workforce development system must be far more

CLEVELAND TOMORROW: SUSTAINED CORPORATE COMMITMENT TO PUBLIC EDUCATION

School reform in Cleveland is in large part a story about the takeover of the school system by the state of Ohio, and then the mayor of Cleveland, in the mid-1990s, as well as the city’s extensive (and controversial) voucher program. But it is also a story about a group of over 50 corporate leaders who made quality public education a top priority.

Cleveland Tomorrow, formed in 1982, is committed to improving the long-term economic vitality of Northeast Ohio, and focuses on three core areas: technology and entrepreneurial leadership, physical and economic development, and education. The organization’s educational agenda seeks to improve the quality of the Cleveland Municipal School District, and the group has been engaged in the district’s reform since it was taken over by the state in 1995. At that time, the organization played an integral role in helping the school system raise needed funds and get its heavily debt-laden finances in order.

During the past several years, Cleveland Tomorrow has been actively involved in the implementation of the district’s strategic plan, committing \$5 million dollars over four years, as well as the time and expertise of its members. The group has focused primarily on teacher recruitment and retention, facilities planning and development, integrated quality management (which, in part, involves ensuring that actions taken by the district follow the strategic plan), and fostering better communications with community stakeholders. It has also been working to mobilize local community colleges to emphasize work force training, and to enhance the relationship between the colleges and the Cleveland school system. The organization helped establish a partnership, for example, between a local bank, Cuyahoga County Community College, and the school district, which led to the establishment of a program that allows high school students to spend part of their school day learning high tech skills at the college.

For more information: Barry Doggett at Cleveland Tomorrow, 216.736.3100.

responsive to the current and prospective needs of employers. A reconfigured system must move more quickly, and work more closely with employers to tailor training standards and curriculum to specific job needs.

- **Provide “career ladders” for lower-skill workers.** Louisville has a large, underutilized labor resource: its lower-income adults. Currently, these workers toil in service jobs earning low wages. With better skills, they might contribute to the economy at a higher level, and bring home larger paychecks at the same time. To make that possible, the Regional City should provide “career ladders” in key sectors to help workers ascend from low skills and low wages to higher skills, higher wages and career advancement.⁵⁰ A metro-wide program should focus first on the targeted growth sectors of health services and logistics/distribution as well as areas with notable shortages of qualified employees, such as the skilled trades and information technology.
- **Look to retrain and “rehire” seniors.** Older Louisvillians, as well as immigrants, can also help ease the coming labor shortage. However, Louisville’s large senior population remains substantially less likely to be employed than seniors nationwide—perhaps because the retraining of these workers has not been a priority for Louisville’s workforce system. Such retraining should become a priority.

- **Ensure the workforce system thinks and acts metropolitan.** The work of researcher Paul Coomes at the University of Louisville has made clear that while the region’s jobs are concentrated in the Regional City, Louisville draws workers from a 23-county “labor shed” that includes seven Indiana counties. This means the Regional City’s workforce system must acknowledge the regional nature of the labor market, coordinate across the region and state lines, and provide easily accessed region-wide job listings via the Internet. A carefully coordinated set of education and training institutions united under one clear plan, meeting regularly to coordinate activities, will be critical to making it all work.

- **Upgrade the region’s community college system.** As in several other states, including North Carolina, Washington and California, Kentucky’s Community and Technical College System envisions its community colleges playing a central role in workforce and economic development efforts. However, achieving that goal will require significant institutional change on the part of the no’s. system. The new president of the community colleges will prove critical to establishing a workforce development mission there, building closer relationships with employers, and better coordinating offerings and activities with those of other educational and training institutions.

If the Regional City “fixes the basics” in these ways, it will achieve a fundamental grounding of its drive toward social and economic competitiveness.

CPCC IN CHARLOTTE, NORTH CAROLINA: A RESPONSIVE COMMUNITY COLLEGE

Central Piedmont Community College (CPCC) epitomizes how a local community college can play an integral role in the workforce development efforts of a thriving metropolitan area. CPCC has worked closely with the Charlotte Chamber of Commerce in leading a community consortium for workforce development that also includes the Charlotte-Mecklenburg Schools, the Workforce Development Board and other business and trade organizations. The U.S. General Accounting Office and the Ford Foundation have acknowledged its success.

Workforce development stands as a core mission of CPCC. Its 2000–01 annual report declares that “in order for Mecklenburg County to attract and keep the businesses and industries that support high wage employment CPCC must provide high-quality education and teach marketable skills at times and places convenient to our citizens.” To that end, CPCC operates five campuses throughout Mecklenburg County (a sixth is under construction), and attends closely to the needs of local businesses. CPCC has helped conduct surveys of local employers to determine current and future workforce needs. The system also provides contract and custom training for local employers, as well as specialized trade curricula.

Another relevant strength is a strong focus on training and employing the disadvantaged. CPCC pioneered the Jump Start program, which offered students free tuition for preparation for jobs in high-skill, high-wage sectors. This became a model for a statewide training program to meet North Carolina’s regional workforce needs. CPCC has also created a successful welfare to work initiative called Pathways to Employment. The program provides 12 to 14 weeks of academic, social and job-specific training to prepare welfare recipients to enter the workforce in targeted sectors like customer service, medical office administration, medical reimbursement and hospital administration, and office administration. CPCC works with local social service providers and community businesses to help place program graduates.⁵¹

For more information: See <http://www.cpcc.cc/nc/us>

BUILD ON ASSETS

THE GOAL: The Regional City of Louisville should leverage its competitive assets to enhance its position in the new economy.

Every city must identify its assets and build on them. And to their credit, leaders in the Louisville region have been shrewd in this regard. Over the past decade, they executed a sound economic development strategy that produced solid job growth in the 1990s.

Nevertheless, while the region's economy is growing, it continues to generate mainly low wage jobs and contend with a shortage of highly skilled and educated workers.

The Regional City therefore needs to use the moment of merger to raise its economic aspirations by building upon its local assets: its tradition of sound economic planning; its many natural and cultural amenities; and the potential academic and economic power of its network of colleges and universities. Optimal deployment of these assets will help improve the skills of the existing and future workforce, attract new knowledge workers, strengthen the economy, and, ultimately, enhance the region's quality of life.

1. The Regional City should build upon its tradition of sound economic planning by updating the strategies developed in the Boyle and REDS reports.

One of Louisville's key assets has been its disciplined approach to economic development. Informed by the Boyle and REDS reports of the early 1990s, the region developed its current economic plan, which reflects in-depth sectoral analysis and practical consideration of the limited skills and education levels of its existing workforce. Louisville's adherence to this carefully crafted cluster-based strategy has enabled it to sustain its traditional manufacturing sector, develop its health industry, and cultivate a strong presence in logistics and distribution.

To build upon this progress, Louisville must reevaluate its current efforts, update them, and develop a new agenda focused on creating the high-skill, higher-wage jobs essential to its economic advancement. To ensure that the region is positioned to compete in the new and rapidly changing economy, the region should:

- **Develop a strategy to ensure that existing industries are poised to take advantage of new economy technologies.** To 'play' in the new economy, Louisville's economic plan must focus on attracting new knowledge industries to the region. Perhaps more importantly, however, the Regional City must ensure that existing economic sectors have the capacity to aggressively apply new technologies to improve their current operations. Advanced technologies are driving out older methods of work in many sectors, and firms not equipped to use the tools of the new economy will struggle to remain competitive. In order for Louisville's industries to stay on the cutting edge, the Regional City must invest the time and resources necessary to cultivate a skilled and nimble workforce prepared to meet changing needs.



■ **Develop a strategy to expand the research and commercial capacity of the region’s nascent biotechnology sector.** Biotechnology is and should be a key economic development focus of the Louisville region and the state in the next decade. Although a number of deficits need to be overcome, the Regional City has a genuine opportunity to grow its biotech sector. To seize it, the new city needs to enhance two capacities identified by a recent Brookings study as critical to developing a biotechnology cluster: strong research and the ability to convert that research into significant commercial activity.⁵² Metro Louisville is already working to cultivate its talent and research. Now, Regional City leaders must develop a long-term plan to orchestrate the private-sector investments (through local venture capital, alliances and research contracts with large pharmaceutical firms, and initial public offerings) necessary to grow, and sustain, a robust portfolio of biotechnology firms.

2. The Regional City should mobilize a comprehensive “amenities strategy” aimed at attracting and retaining a talented workforce.

The growing importance of talent in the knowledge economy means that competitiveness hinges on much more than the availability of high-paying jobs. More and more, a region’s success turns on the level of amenities it offers its residents, which can help it retain its brightest young people and attract new talent from elsewhere.

Research by Carnegie Mellon University economic development expert Richard Florida, for example, indicates that knowledge workers gravitate toward center-city districts that blend living seamlessly with work; that are diverse, inclusive and sociable; and that facilitate outdoor recreation in close proximity to “hip” meeting places, small-scale amenities like coffee shops and gyms, and entertainment.⁵³ And other work has shown the importance of top-quality shopping, restaurants, parks, and cultural institutions.

As part of its economic development strategy, then, the emerging Regional City of Louisville must seize this moment to build upon the many amenities in its downtown and other neighborhoods. The new

Louisville/Jefferson Metro Council and Government, in partnership with regional civic and business leaders, and other area policymakers, should:

- **Think Big: Draw 5,000 new residents downtown in the next ten years.** The Regional City needs to set the bar high for downtown revitalization. Other competitive cities—Denver, Kansas City, Memphis—have already moved ahead. The Regional City should commit to entice 5,000 new residents to the downtown area over the next decade as a way to reestablish downtown as a denser, more dynamic center. Reaching this goal will require more balance in the location of subsidized housing, and a targeted effort to market the core to residents at all income levels.
- **Use regional planning to draw jobs downtown.** The new Regional City also needs to combat the accelerating drift of jobs and residents to suburban locations in the region. To maintain the integrity of the downtown area, the Regional City should ensure that the Cornerstone 2020 planning process and future regional land-use planning initiatives are implemented in ways that reinforce the vitality of downtown. With its sizeable vacancy rate, the downtown could and should accommodate a significant amount of new job and residential growth over the next five years.
- **Enhance natural and cultural amenities throughout the Regional City.** Beyond the culture and entertainment venues in the downtown area, the Regional City has many other amenities that contribute to the region’s good quality of life. The zoo, arboretum, and extensive park and recreation system, for example, provide popular destination places for families and individuals. Louisville needs to ensure that these and other community assets are preserved and constantly enhanced, and that new resources are appropriately targeted to develop green spaces, community facilities, and other amenities that make the city a fun and attractive place to live and work.

DOWNTOWN DENVER: A REINVENTION

The renewal of downtown Denver exemplifies how a city can reinvent itself. Hit hard by the recession of the previous decade, Denver's downtown real estate market was weak and vacancies and demolitions were frequent by the 1990s. Limited efforts to promote downtown housing saw little success, and the economy was too fragile to support larger-scale development.

In 1991, however, the newly elected Mayor Wellington Webb joined with the business community, residents, and other community stakeholders to develop a strategy to promote residential development and enhance amenities in the downtown core and its surrounding neighborhoods. As a first step toward implementing this Downtown Action Agenda, the Downtown Denver Partnership, a membership-based business organization, and the city together established the Downtown Housing Office (DHO) to collect information on downtown properties, market conditions, and public financing opportunities, and to market the downtown to real estate developers. The city also began to focus on streamlining its zoning, demolition, and building codes to both encourage the rehabilitation of existing buildings, and to facilitate the development of new housing downtown. Around this time, the partnership organized a Business Improvement District (BID) to enhance cleanliness and safety in the area.

These efforts have paid off and core neighborhoods—such as the now nationally renowned Lower Downtown (LoDo) area—are experiencing a renaissance. Between 1990 and 2000, Denver's downtown population increased by over 51 percent.⁵⁴ By 1999, nearly 3,000 downtown housing units had been produced or were under construction, and values had skyrocketed. Several new cultural and sports facilities, along with retail, restaurants, and galleries, today bring thousands of people downtown each week, while the revitalized South Platte riverfront provides a wonderful amenity for downtown residents and visitors alike. By making housing a priority, Denver has created a truly “living” downtown.⁵⁵

For more information: See <http://www.downtowndenver.com/>

3. The Regional City needs to improve the stature of its colleges and universities—and make them full partners in Louisville's long-term economic development strategy.

Louisville's colleges and universities are critical economic assets. As Harvard business professor Michael Porter confirms: “[W]ith a strategic view, colleges and universities can have a major impact on economic revitalization without massive new funding. In the process, colleges and universities become more competitive themselves.”⁵⁶ Given that, the Regional City needs to focus even harder on increasing the quality of these institutions, and ensuring that they become key players in the city's long-term efforts to spawn high-value industries and enhance the capacity of its workforce.

To that end, the Regional City and its corporate, community, and university partners must work to:

- **Expand the role of higher education in workforce development.** The array of educational and intellectual enterprises housed at Bellarmine University, Indiana University–Southeast, Spalding University, the University of Louisville, and other local colleges creates a regional center for local knowledge and skill production. The Louisville region, moreover, has made tremendous strides toward positioning the university community as a training ground for Louisville knowledge workers. Still, the Regional City's university-led knowledge economy must emerge now as an even stronger component of the area's employment. To make that happen, civic leaders must strategically support the college and university system, spurring it to enhance the skills and intellectual capacity of Louisvillians.

■ **Expand the role of higher education in innovation.** Bucks for Brains, underwritten by the State of Kentucky, provides matching funds to the university system for research and faculty support. Utilizing this program, the University of Louisville's efforts to increase its R & D budget have been extremely successful. Nevertheless, the Louisville region lags behind its competitors in the volume of research and development activity underway locally. The state's continued financial support for Bucks for Brains, then, is critically important. The Regional City should become a leading advocate for continued state investment in an effective technology-transfer process from university to private sector.

■ **Connecting "knowledge production" to "the economy" has become the name of the game in the knowledge economy.** And already Louisville's academic institutions have established important alliances with the private sector in recent years. Now, all parties must take such collaborations to the next level. The leadership of the new Regional City of Louisville must recognize the potential power of the area's institutions of higher education, and work to leverage their economic value. Louisville's college and universities, for their part, must join the city and business community in leading Louisville into a more productive economic future.

GEORGE MASON UNIVERSITY: A ONCE UN-KNOWN UNIVERSITY EXCELS AS IT TURNS TO TECH

In April of 2002, George Mason University (GMU) marked the 30th anniversary of its separation from the University of Virginia. Once a lower-tier university located about 20 miles outside of Washington D.C., GMU is improving its reputation and increasingly becoming a destination point for incoming students. Now the second-largest university in the state, George Mason has 25,000 students and may well hit 35,000 within the decade. Several strategies have been key to GMU's growth, including the attraction of highly-regarded educators and researchers, capitalization on its proximity to the federal government, and a strengthening of ties with the region's technology industry.

As Northern Virginia started to take off economically, the region needed a high-caliber university. George Mason administrators decided early not to attempt to excel in the full range of academic programs. They chose instead to focus on degrees and programs that meshed with the region's economy, particularly in the biological sciences and information technology. The university has also established a relationship with local high-tech business leaders, who have provided guidance on how the school can best train graduates for the regional job market. As a result, GMU created a new degree in information technology, and was able to start a business-funded scholarship program.

These efforts are paying off. George Mason graduates are filling area high-tech jobs, and the university's research capacity is growing. Five years ago, the university built a biological sciences branch campus in an adjacent county; the new campus now has over 1,000 students and researchers and is planning to break ground on a third, 100,000-square-foot building during the summer of 2002. The presence of the university was a key factor in Eli Lilly and Company's decision to locate its new insulin plant in an office park across the street.⁵⁷

For more information: See George Mason University's "New in Technology" site at <http://www.gmu.edu/newtech/>

CREATE QUALITY NEIGHBORHOODS

THE GOAL: The Regional City should strive to nurture and sustain neighborhoods of choice, quality, and distinction.

Competitive cities depend upon vital neighborhoods. Such places offer vibrant commercial zones and distinctive locales in which to live. They provide easy and equitable access to amenities such as parks, libraries and community centers. And ideally, they offer residents a range of housing, transportation, and recreational choices.

Louisville, more than many cities, boasts many high-quality, well-defined urban neighborhoods that appeal to new and old residents alike. What is more, the Cornerstone 2020 planning process will soon revise land development guidelines for the Regional City and should, when complete, strengthen the Regional City's neighborhoods.

Nevertheless, more can be done. The Regional City of Louisville should therefore undertake two major initiatives in order to identify and address the needs of its neighborhoods, build upon their strengths, and make them places of choice for residents and businesses alike:

1. The Louisville/Jefferson Metro Government should create a “typology” of neighborhoods by initiating a major planning process that involves residents and key stakeholders.

Merger, and the move to district representation, provides an excellent opportunity for the Regional City to take stock of its many varied neighborhoods, evaluate their different challenges, and design a strategy for targeting the resources to meet them.

As part of a comprehensive neighborhood planning process, the Metro government should:

- **Systematically analyze conditions in each of the city's neighborhoods.** Philadelphia and Washington, for example, have compiled and

analyzed data for all of their neighborhoods on a wide number of indicators—such as income levels, changes in housing values, and numbers of abandoned properties. Each city then constructed a broad typology of neighborhoods—six in Philadelphia and three in D.C.—based upon their common market conditions. The Regional City should conduct a similar assessment, and categorize the city's neighborhoods into major market clusters, ranging from those that are the most stable to those that are most distressed.

- **Conduct citizen workshops in every neighborhood.** A successful neighborhood planning process—similar to those undertaken in Kansas City, Seattle, and other cities—requires that the city conduct workshops in every neighborhood, and encourage the active engagement of neighborhood residents and other stakeholders. Their input on neighborhood conditions should be used to confirm, or help refine, the typology.
- **Develop a clear understanding of the major opportunities and challenges facing each neighborhood.** Collecting and analyzing data on neighborhood conditions will illuminate the major assets and needs of each neighborhood; the citizen workshops will help the new city to identify the priorities of the people who live and work there. These may include issues such as transportation, parks, public safety, abandoned buildings, litter, and graffiti.

■ **Develop short—and long-term—goals for each neighborhood.** The neighborhood typologies provide a basis upon which the City can begin to develop strategies that are appropriate to each major market type. The citizen workshops—if designed and implemented well—should further assist the leaders of the new Regional City in preparing a game plan for tackling the myriad challenges faced by individual neighborhoods.

The neighborhood planning effort outlined here is ambitious. It will require the new elected leadership to meld parochial interests and concerns into a broader citywide strategy that is integrated, connected, and well informed. Yet for that very reason it presents an opportunity to kick off merger in a way that builds trust between the new government and the broader citizenry.

FOCUS KANSAS CITY: RESIDENTS TAKE PART IN IDENTIFYING NEIGHBORHOOD TYPOLOGIES, NEEDS, AND STRATEGIES

In 1999, Kansas City won the American Planning Association's Outstanding Planning award for its FOCUS (Forging Our Comprehensive Urban Strategies) Kansas City process. Adopted by the City Council in 1997, FOCUS is a user-friendly, comprehensive strategic plan designed to serve as the roadmap to the city's future. One of the plan's key objectives is improving the city's neighborhoods, and thousands of citizens contributed their ideas on how their communities could be enhanced.

As part of the FOCUS process, Kansas City classified its many neighborhoods into four broad groups based on their conditions: developing, conservation, stabilization, and redeveloping. These categorizations offer some sense of what each community requires to improve or maintain its quality of life, and have provided the basis upon which neighborhood residents and businesses have built their own strategies. These strategies were developed through a unique neighborhood assessment process.

Through Neighborhood Assessment Workshops, each city neighborhood (with help from city staff) evaluated and mapped its basic characteristics, its needs, and its major assets, and collected demographic and other data on the community. Workshop participants then determined under which of the four 'typologies' their neighborhood best fit, and worked to devise specific strategies to address the issues and challenges they identified. Part of the FOCUS plan, these assessments are now being utilized by the city to help it identify priorities, and target resources appropriately to each neighborhood. Each City Council member has received a profile of the neighborhoods in their districts to help them better serve their constituents.

For more information: See the Kansas City Planning and Development Department website at: <http://www.kcmo.org/planning>

2. The Louisville/Jefferson Metro Government should invest in distressed and transitioning neighborhoods.

A primary purpose of the neighborhood planning process described above would be to better understand neighborhood conditions so that investment strategies can be targeted appropriately to maximize impact. Such targeting, in keeping with a competitive-cities agenda, should address two areas:

■ **First, the Metro government needs to leverage the market potential of its distressed neighborhoods, focusing particularly on those in the inner city.** Despite their negative image, Louisville's inner-city neighborhoods possess enormous market potential. They are already the location for many businesses and economic concerns. Their proximity to infrastructure (e.g., transit, highways, airports) and the central business district make them ideal locales for businesses that engage in the regional economy. And their residential density creates demand for small businesses and retail firms that serve the needs of residents within the community.

The City of Louisville has already taken a major step toward addressing the needs of these neighborhoods. Launched in March 2000, the West Louisville Competitive Assessment and Strategy Project has convened private-, public- and nonprofit-sector leaders to develop a new vision for revitalizing West Louisville. As part of this project, the Initiative for a Competitive Inner City (ICIC), in partnership with the City of Louisville, released a report in November 2001 on the economic development opportunities in West Louisville. This report identifies and highlights the underutilized assets and investment opportunities in this area.

To build on this effort, the Regional City of Louisville should:

Gather and disseminate market intelligence on the inner city. Robert Weissbourd has written that “[a] major factor contributing to the poor perception of inner-city market opportunities is the poor quality or simple unavailability of reliable market information on which to base business decisions. In particular, traditional estimates of market potential based on reported income dramatically underestimate inner-city market

potential.”⁵⁸ The Regional City should fill these information gaps. It should join cities such as Boston, Chicago, and Oakland that have embarked on efforts to accurately estimate neighborhood retail demand, particularly in underperforming areas, and help local businesses better understand area industry clusters. Ultimately web-based interactive tools should be developed that can give businesses and community leaders the accessible, actionable information they need to make things happen.

Assemble land for development. The recent ICIC report identified a shortage of developable sites as a serious competitive disadvantage in West Louisville. The new Regional City should work to implement ICIC's recommendations for land assembly and building rehabilitation, focusing on inventorying the vacant land supply, redeveloping brownfields, streamlining administrative processes, and exploring state and local funding and incentives.⁵⁹

Attract private investment to the inner city. Inner-city revitalization takes private sector capital. For that reason, Congress created a vehicle for such investment in 2000 by enacting the New Markets Tax Credit (NMTC) program. Through 2007, the program has the potential to spur a total of \$15 billion in equity investments targeted toward economic development in distressed communities. The new Regional City should therefore take aggressive advantage of the NMTC. To do that, the new city should assist the Louisville Community Development Bank (a designated CDE) in maximizing its use of the NMTC.

■ **Second, the new Regional City needs to ensure that established transitioning neighborhoods—whether in the former city or county—receive the resources they require to remain stable.** Transitioning neighborhoods are those in flux. Some are facing the pressures of rapid growth or gentrification; others are transitioning downwards, and are showing signs of distress. Either way, neighborhoods in transition require special attention to help them manage change, maintain or improve property values, and increase the amount of private investment in their commercial corridors.

To ensure that the needs of these neighborhoods are met, the Regional City should:

Upgrade aging infrastructure. Infrastructure deterioration and structural obsolescence hamper the ability of these neighborhoods to compete with newer neighborhoods, whose own infrastructure needs often take resources away from older communities. In neighborhoods experiencing growth, greater numbers of users can further stress roads and systems that are already vulnerable. The Regional City must make needed investments in these areas and ensure that funding is targeted to upgrade aging roads, utilities, and sewer systems, as well as parks and other community facilities.

Inaugurate comprehensive housing planning. Neither Louisville nor Jefferson County has ever undertaken a strategic planning process for housing development. Engaging stakeholders in creating such a plan could bring about a comprehensive look at market demand,

price points, rehabilitation programs, and financing products in order to provide more varied and needed housing stock in transitioning as well as other neighborhoods. Such a plan could guide public and non-profit efforts to reverse neighborhood decline where it has begun, help property owners make basic upgrades, and invest in neighborhood projects that enhance vulnerable neighborhood's attractiveness.

Improve outdated retail centers. Transitional neighborhoods often struggle with obsolete commercial corridors characterized by antiquated buildings, poor maintenance, and vacant storefronts. These retail strips have trouble competing with new shopping centers and big-box retail stores located in newer suburbs. The Regional City needs to target resources at reinvigorating these properties to help them gain traction in the regional economy.

MINNEAPOLIS' NEIGHBORHOOD REVITALIZATION PROGRAM: INNER CITY NEIGHBORHOODS GET A BOOST

Minneapolis's Neighborhood Revitalization Program (NRP) was established as a response to concerns in the mid-1980s about growing crime and blight, the declining quality of the public schools, and the flight of the city's middle class to the suburbs. In 1990, the Minnesota State Legislature and the City Council dedicated \$20 million a year for twenty years to fund housing and economic development activities in the city's 81 neighborhoods. The program is unique in that it is funded through Tax Increment Financing (TIF) revenues generated from profitable downtown development projects.

NRP utilized a grassroots citizen participation process to develop action plans for each neighborhood. These plans helped to establish how funding would be utilized; those neighborhoods with the greatest identified needs receive the largest allocations. As of 2000, \$176.2 million had been allocated toward the implementation of over 1,400 projects and programs, including a major streetscape project designed to stimulate private investment in one of the city's most distressed neighborhoods. The project has had a dramatic impact on this neighborhood: several new businesses have moved into a new retail mall/business incubator, a new theater and gallery has opened, and the neighborhood is now safer and more attractive for residents and businesses.

For more information: See the Minneapolis Neighborhood Revitalization Program website at: <http://www.nrp.org/>

INVEST IN WORKING FAMILIES

THE GOAL: The new Regional City of Louisville should craft an urgent agenda to lift all working families out of poverty and onto the path to self-sufficiency and homeownership.

Work should pay. However, because of the region's low skill and education levels, a large portion of the population in the new Regional City of Louisville works but does not earn enough in wages to support families, save money, buy homes, and send children to college.

That fact requires a second element of a competitive city agenda for Louisville: The Regional City should strive to maximize the returns of work, both for the benefit of working families and the stability of city neighborhoods.

The new Regional City should therefore undertake three major initiatives to help low-wage working families:

1. The Regional City of Louisville should leverage the asset-building potential of the Earned Income Tax Credit (EITC) and other related programs.

The federal Earned Income Tax Credit (EITC) represents an important source of income for disproportionately large numbers of Louisville area households. Altogether, 72,000 residents of the Louisville metropolitan area earned more than \$105 million in federal EITC refunds in 1997, with nearly three-quarters of recipients residing in the Regional City. The average credit for Louisville families in 1997 reached \$1,474, a sizeable addition to family income and to the local economy.

This underscores that the EITC offers a powerful tool for individual and neighborhood renewal. First, it

injects significant additional resources and purchasing power into the Louisville economy. Second, it combats poverty by rewarding work.⁶⁰ Finally, the EITC helps families build wealth by allowing families to finance education, make downpayments for a home, or even pay for essential car repairs.⁶¹



To maximize the potential of the EITC, the region should:

■ **Advocate for a state EITC.** Eleven states currently have refundable state EITCs that build on the federal credit. Simply designed and administered, these state programs designate a supplemental state earned income tax credit as a fixed percentage of the federal credit. Kentucky should do the same. Unfortunately, for the past several years, the Kentucky General Assembly has considered, but not enacted, a Kentucky supplemental EITC set at 15 percent of the federal credit, which could provide a maximum additional benefit of \$601 per household. A state EITC would also raise the threshold at which low-income workers in Kentucky start paying income taxes, from \$5,200 for a family of four to \$18,200. Altogether, a state EITC could pump an additional \$11 million in discretionary income into the Regional City economy. The new city should therefore advocate strongly for a state EITC to support Louisville families and neighborhoods.



■ **Expand outreach and provide tax-filing assistance.** While the EITC is a generous income supplement, many eligible families do not claim it. For that reason, more than 90 community-based groups in Louisville have recently initiated the Louisville Asset Building Coalition, which provides education and outreach to help eligible residents become aware of and file for EITC benefits. The coalition has experienced significant early success. Since its inauguration in the fall of 2001, the coalition has helped Louisville residents prepare 500 tax returns involving more than \$800,000 in EITC refunds.⁶² The new regional government would do well to substantially invest in work of the Asset Building Coalition, particularly by helping it establish greater presence in areas outside of the central city.

■ **Leverage the EITC with Individual Development Accounts.** The Regional City government could also strategically leverage the value of the EITC by helping local organizations expand their Individual Development Account (IDA) programs. IDA programs match the savings of participant families, with the proceeds to be used for a limited set of purposes, including educational expenses, business formation or homeownership. If a full state EITC refund check were deposited into an IDA account, it could instantly grow from \$600 to \$1,800.

2. The Regional City should streamline working families' access to other benefits to help maximize their income.

The EITC is only one tax incentive that benefits low-wage, working families. In 2001, for example, Congress created a partially refundable new child tax credit. A family that earned more than \$10,000 in 2001 was eligible to receive a refund of up to \$600 per child that year. And in fact, many families, including those leaving welfare for work, remain eligible for a range of federal and state funded work support benefits, including health insurance, child care, and food stamps. However, many families who are eligible for such benefits are not receiving them.

To enhance access to work benefits, the Regional City should lead in crafting a much more customer-friendly, cost-effective and outcome-oriented method for providing work support to low-income families.

Working with state agencies to utilize new web-based technology to simplify and consolidate the application process for multiple assistance programs is one way to go about this. The City of Denver's "Operation Streamline" suggests another approach: Operation Streamline has subjected numerous forms and application guidelines to an intensive review to eliminate unnecessary paperwork and clarify eligibility rules.

LEVERAGING THE EITC: WHAT CHICAGO DOES

Since 1999, Chicago Mayor Richard Daley has mounted annual public-private partnerships to increase awareness of the EITC in the Chicago area. The Chicago EITC campaign draws on local media and the efforts of several corporate and civic partners to inform families about the EITC. Business groups promote the EITC to members and sign up others as partners. Local gas and electric utilities use bill stuffers to inform their customers about the credit. Large employers use paycheck stubs, company newsletters and workplace posters to reach their low-income workers. Hundreds of community groups also promote the EITC to their members, clients and employees. Two local non-profit groups recruit volunteers and manage free tax-preparation services for low-income filers, operating at 22 Chicago-area sites in 2001.

A \$200,000 investment in the campaign in 1999-2000, along with tens of thousands of dollars in donated supplies and services, helped to generate a 20 percent increase in the number of families using free tax preparation services. The amount of tax refunds processed at these centers increased by \$3 million. Since the majority of taxpayers either prepare their own taxes or use commercial tax-preparation services, tens of millions of additional dollars were likely returned to taxpayers as a result of the campaign. Importantly, the campaign also alerted eligible workers who had never filed for the EITC that they could file for up to three years of unclaimed tax credits.

For more information: See <http://www.chicago-eitc.org/>

REAL BENEFITS: USING THE WEB TO CONNECT WORKING FAMILIES TO BENEFITS

Information technology holds out tremendous potential to improve access to the government benefits available to low-wage working families. One example is Real Benefits. Developed by Community Catalyst, a national nonprofit in Boston, Real Benefits is a powerful Internet-based tool for linking low-income households to benefits. It combines on one website a basic calculator for helping benefit applicants assess their eligibility, a thorough screening system for multiple programs, and online application filing.

Currently, Real Benefits is operating in Chicago and Miami, with support from the Food and Nutrition Service of the U.S. Department of Agriculture. There, a trial version programmed to screen only for food stamp eligibility has been successfully used by the general public, though the system is mainly designed for use by staffers in private and public human services agencies, healthcare providers, and employers where it can simplify and speed application processing. With support from a Technology Opportunity Program (TOP) grant from the U.S. Department of Commerce, the Chicago version of Real Benefits is currently being expanded to screen for Temporary Assistance to Needy Families (TANF), child-care assistance, Medicaid, and the State Children's Health Insurance Program (SCHIP) as well as the EITC. Ultimately, the tool could greatly increase the number of application processing points in a city since it can easily be used by staff at dozens of community agency sites, food pantries, job-training centers, or health clinics. With wide deployment, Real Benefits and other web-based processing applications could substantially improve access to work and family supports even as they streamline administrative burdens.⁶³

For more information: Call Meg Turner or Enrique Balaguer of Community Catalyst at 617.275.2820 and 617.275.2804, respectively.

3. The Regional City should help working families build wealth through homeownership.

Finally, homeownership provides the major source of wealth accumulation for most American families. Yet, both the central-city homeownership rate and the homeownership rate for all African Americans in the Regional City declined between 1990 and 2000 despite rising rates across the new city. These declines are of special concern because maintaining property values, neighborhood stability, and the vitality of lower-income neighborhoods depends in large part on increasing the stake of homeowners there.

In view of that, the Regional City should consider scaling up existing programs to increase homeownership among urban homebuyers and especially African Americans.

A starting point might be an expansion of existing efforts to reduce the credit problems of many minority households through financial literacy and homeownership counseling programs. Scaling up such programs would presumably expand the pool of potential urban homebuyers. Further gain would flow from a consolidation and expansion of the City of Louisville's and Jefferson County's parallel programs to help first-time homebuyers buy homes. An expanded investment in these programs—which provide purchasers with no- and low-interest loans of up to \$18,000 with generous loan-forgiveness provisions—could be further leveraged with additional low-interest loans from local banks and other financial institutions. These would qualify for credit under the federal Community Reinvestment Act.

INFLUENCE METROPOLITAN GROWTH

THE GOAL: The Regional City should protect its livability, centrality and efficiency by managing growth on a metro-wide basis.

The Louisville region has so far managed to grow and remain livable—and a big reason for that is that it still remains relatively compact, with a minimum of excessive sprawl and a wealth of dense, close-in neighborhoods that often mix housing, commercial, and industrial uses.

Looking ahead, though, the region will need to actively safeguard its quality of life. People and jobs are already beginning to decentralize in the Regional City as they have in so many other regions. As they do, the familiar ills of unbalanced growth—ranging from traffic congestion and environmental degradation to fiscal disparities and racial and social divides—could begin to erode the region’s livability.

To avoid this deterioration, the Regional City of Louisville should seize the moment of its creation to reform the rules and practices that over time threaten its quality of life. Already the Regional City has started the process with the Cornerstone 2020 comprehensive planning exercise. The project is a good example of coordination within the Regional City since all thirteen legislative bodies with land-use planning powers adopted it. But the new city can further influence the shape of the larger region’s growth both by what it says and what it does.

Three policy initiatives appear critical:

1. The Louisville/Jefferson Metro Government should lead the wider region toward true metropolitan-scale coordination and planning.

Issues such as urban growth, economic development, transportation, housing, and air quality are metropolitan in scope and generally cut across jurisdictional borders. They also flow across state lines. As such, they must be tackled with structures and strategies that also cross boundaries.

Unfortunately, there is currently little consistency or collaboration in addressing regional challenges in the Louisville region, particularly across the Ohio River. The Kentuckiana Regional Planning and Development Agency (KIPDA) potentially provides a framework for deeper collaboration. However, its activities are presently confined to public administration, social services provision, and transportation. Cornerstone 2020 is also a good start, but managing urban growth must ultimately transcend the boundaries of any one county. Kentucky and Indiana, meanwhile, have worked together on transportation ventures such as the Ohio River Bridges and an advanced highway management system project, but their collaborations remain piecemeal—isolated responses to a wider need.

Merger, therefore, presents an excellent opportunity for the Regional City to take a lead role in promoting deep intergovernmental cooperation, particularly around the critical issue of managing growth.

Two agendas appear imperative to better adjust the metropolitan area's growth trajectory to the needs to all Louisvillians:

■ **First, metropolitan area land-use planning in the region should evolve to match the Regional City's stature as the 16th largest city in the country.** The goal here should be to harmonize the region's land-use policies with a clear, metro-wide vision of how the entire region should grow. Critical to this initiative would be the close coordination of the region's multiple planning mechanisms at the metropolitan level, and an expansion of its traditional purview in Louisville to include environmental protection, recreational land easements and purchases, and transportation planning.

■ **Second, the Metro government should explore the potential for progressive bi-state agreements on complicated issues related to metropolitan growth and development.**

According to the U.S. Census, sixteen of the top 50 metropolitan areas span two or more states. Consequently, several of these regions have pursued bi-state projects and agreements designed to address regional issues at a regional scale. Illinois and Missouri have worked together to develop parks and open space. Oregon and Washington have joined forces on housing and community development. And Maryland, Virginia and the District of Columbia have collaborated on securing transit funding. The Regional City of Louisville should emulate such collaboration in addressing such growth-related challenges as economic development strategies, land-use planning, amenity provision, and even tax-base sharing.

THE ST. LOUIS, MISSOURI/ILLINOIS GATEWAY PARKS DISTRICT: MANAGING A NETWORK OF PARKS ACROSS STATE LINES

In November 2000, voters in St. Louis and five of its surrounding counties in Missouri and Illinois approved the creation of a regional park district supported by a 20-year one-tenth cent sales tax. The measures created two separate districts, the Metro East Park District in Illinois and the Metropolitan Park and Recreation District in Missouri, and linked them through an intergovernmental agreement to coordinate planning and development. The plan behind this region-wide effort was to stitch the region together through a network of parks. Half the tax money will go to develop trails and linear parks. The other half will go to counties and municipalities. In June 2001, \$36 million was committed to support development of the Confluence Greenway, a 200-square-mile area on both sides of the Mississippi River that represents the first major commitment of the regional park system.

For more information: See <http://www.stlouis2004.org>.

2. The Regional City should closely link all transportation planning and construction to land-use, development and housing policies that support the metro center’s vitality.

New transportation projects intended to improve access to several portions of the metropolitan area—particularly eastern Clark County, Indiana—loom large on the region’s economic development agenda as it seeks to expand its standing as a major distribution and intermodal hub. At the same time, the region is beginning to suffer from transportation policies and spending patterns that have resulted in many dilapidated roads, severe congestion, deteriorating air quality, and serious safety issues in pockets such as “Spaghetti Junction.”

The region, in light of this, needs to achieve a healthy balance between maintenance and reconstruction of existing transportation infrastructure that supports established places and new transportation projects that facilitate development on the suburban fringe.

To that end the region should:

- **Weigh very carefully the likely impacts of any Ohio River bridge plan on the region’s metropolitan form and development patterns.** Consideration must be given to any project’s full-range of fiscal, land-use, and environmental impacts. Such a project could well improve the prospects for developing new industrial sites in several new areas. Nevertheless, great caution should be exercised in advancing this major infrastructure initiative to ensure that the project does not lead to an excessive decentralization of commercial and residential development as it opens new areas to convenient new development.

- **Ensure that all transportation projects are closely tied to a coordinated land-use plan that facilitates orderly, focused development.**

Regional transportation planning of all sorts, for that matter, should be conducted in such a way that it minimizes the consumption of new resources (such as open lands and fiscal capacity), supports existing communities, encourages multi-modal options, and integrates with beneficial land-use patterns. The planned construction of the South Central Corridor light rail line from downtown is an excellent opportunity to leverage a significant public investment to provide transportation benefits throughout the region. Concentrating development around rail stations would help take cars off congested roads (particularly I-65), conserve greenfield sites on the suburban fringe, and, through the inclusion of affordable housing units, help ensure working families gain access to reliable, high-quality transit service.



LUTRAQ IN PORTLAND, OREGON: MAKING THE LAND-USE, TRANSPORTATION, AIR-QUALITY CONNECTION

The LUTRAQ project in the Portland, Oregon metropolitan area is an excellent example of how land-use plans and transportation policies can work together to build livable communities while getting the most out of the transportation network. The project was initiated in the early 1990's in order to consider alternatives to a highway construction project, which was assumed to be the only way the region could address its growing traffic problem. The LUTRAQ alternative proposed to address transportation needs by connecting a more compact, higher-density land-use plan with an alternative transportation network focusing on a new light rail system. Neighborhoods were to be enhanced, development was promoted around rail stations, and emphasis was given to land-use patterns that emphasized street-sidewalk connectivity, a mix of uses, and open space. Ultimately, the LUTRAQ project promised to reduce traffic on the region's roadways by reducing demand, rather than through major increases in capacity. Through coordination with Metro, the Portland area's elected regional government, LUTRAQ has become a nationally recognized model of how integrated land-use and transportation planning can promote livability for an entire region.

For more information: See <http://www.friends.org/resources/lutraq.html>.

3. The Regional City should improve access to affordable housing throughout its neighborhoods.

Many of the region's emerging problems owe, at bottom, to the clustering of the region's affordable housing in the region's core. This clustering concentrates poverty, because low-income families cannot afford housing elsewhere—and that exacerbates the well-known dynamics that drive suburban dispersal and core abandonment.

These trends dictate a strong campaign to strengthen the city core by encouraging middle-class housing there and expanding the region's affordable housing stocks:

- **The new Regional City should support the provision near downtown of desirable housing and quality amenities for middle- and upper-income households—while bolstering struggling neighborhoods in the area.**

Louisville's downtown housing emphasis has been consistent and effective under Mayor Armstrong. But it needs to grow in scale and diversity. The target of 5,000 new residents in the downtown area should be attainable.

- **The Regional City should work with the state to ensure that affordable housing is produced in ways that lessen the concentration of poverty in communities and promote opportunities for working families.**

A top objective here should be to make sure the state's allocation of Low Income Housing Tax Credits encourages developers to produce affordable housing all across the region's neighborhoods—not just in concentrated low-income areas.

- **The new city should foster the availability of housing that is affordable to workers and closer to plants and offices.**

This will also ease poverty concentrations and provide housing choice to working families. Policy tools include incentives akin to the density bonus now under discussion in Cornerstone 2020, which would allow developers to build added units in exchange for the production of affordable housing. Such bonuses would nudge the housing construction market toward the production of units that would minimize commuting, locate workers near employers, and support families and neighborhoods.

CONCLUSION

ORGANIZE FOR SUCCESS

Now is the time to act. With merger imminent, the Louisville region has before it an immediate opportunity to put in place new understandings, strategies, and programs that ensure consolidation truly does enhance the quality of life, the opportunity, and the prosperity available to all Louisvillians.

But success won't come easily. Achieving the practical success of merging two large governments will not by itself make the new Regional City of Louisville competitive. Nor will vaulting up the Census tables from 64th to 16th on the list of top-sized municipalities alone make Louisville a place where technology grows, families flourish, and neighborhoods retain a special flavor. Instead, a truly transformative convergence will require a disciplined adherence to a wise policy agenda as well as a true reinvention of the local civic culture. The new Regional City of Louisville, in the end, must organize for success.

Fortunately, Louisville has a proven talent for organizing itself around important civic goals. This was demonstrated by the 2000 ballot approval of the merger plan itself and through the effective creation and execution in the 1990s of the region's well-researched economic development plan. In each case, big projects summoned forth sustained focus and close collaboration among diverse communities of interest within the City.

So now comes another task: The leadership of the Regional City of Louisville must focus now on organizing the culture and politics of the new city for lasting success on the drive to become competitive in all ways.

To do that, the civic and business leadership of the region should keep several basic principles in mind as they work to unleash change. Three watchwords seem especially critical. In keeping with them the leaders and citizens of the new city should see that their new

community converges around a renewed commitment to quality, region, and inclusiveness:

Merge to improve. The first principle of the new era must be a commitment to the notion that unified government is an opportunity to improve Louisville—and that the opportunity cannot be squandered. Merger, after all, remains a once-in-a-lifetime chance to go to the next level in a variety of dimensions. Merger offers a chance to improve local government so as to fix the basics and create new structures designed for a fast-moving future. Merger provides an opportunity to improve educational attainment so as to pursue greater economic competitiveness. And merger offers an opportune moment to strengthen neighborhoods and enhance the region's quality of life. In that spirit, Louisville must not miss this chance to “reinvent” itself in the light of the highest aspirations and best thinking available. At every turn quality and self-improvement must become the refrain in the region.

Merge to regionalize. In like fashion, merger should catalyze a truly new “regional” outlook in the new city. As it happens, the particular moment of merger—coming at a time when faster growth has begun but has not yet severely unbalanced the region—provides a superb opportunity to create a true regional city that can address regional problems such as decentralization, transportation, workforce adequacy, and housing before they reach the gravity they have in competitor cities. In this sense, merger offers the new



Regional City a chance to avoid repeating other regions' mistakes by choosing a different—more region-conscious—course. Leaders of all sorts need therefore to begin now promoting a new regional culture to go with the new government. The longer Louisville residents perceive that the old city and county boundary still exists in spirit and in deed, the further the region will be from true merger. The sooner citizens and their leaders understand that regional problems such as suburban sprawl, traffic congestion, pollution, and neighborhood support require regional solutions, the closer the region will be to success.

Merge to include. Finally, merger should become the moment for the new Regional City to embrace its growing diversity and capitalize on the human richness provided by that diversity. Richard Florida and Gary Gates have emphasized the important role “diversity” and an atmosphere of “tolerance” play in economic development.⁶⁴ They observe that “these attributes make a city a place where talented people from varied backgrounds want to live and are able to pursue the kind of life they desire.” In view of that, unified government represents a signal opportunity to unleash the full human and social capital of the new city by reducing racial segregation and class divides, and nurturing a broadened new leadership cadre that includes more women, minorities, and non-business figures. Consolidation, it might be said, is all about removing old barriers, and welcoming into a vibrant new American city all of the new people and new energies that will define it going forward.

In the end, the formation of the new local government in Louisville represents at once an unprecedented opportunity and an unprecedented challenge for the leaders, politicians, and citizens of the new Regional City. Together, many Louisvillians have committed to raise their ambitions for their community and then to achieve them. To build on past successes and move their community into the elite of competitive cities, Louisvillians will need now to organize wisely, and think anew.

ENDNOTES

- 1 This figure represents total full- and part-time employment as reported by the U.S. Bureau of Economic Analysis. This data, however, does not permit analysis at the center-city level. Thus, the remainder of the job numbers in this section come from County Business Patterns, provided by the U.S. Department of Housing and Urban Development, through the State of the Cities Data System. Unlike the BEA numbers, however, County Business Patterns include only private, non-government employment and are only available for the years 1991 through 1999.
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ACKNOWLEDGEMENTS (CONTINUED)

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The Honorable Jerry E. Abramson Former Mayor of Louisville	Dr. Ron Crouch Dr. Bill Dakan University of Louisville	Patrick Hoehn Regional Leadership Coalition	Deborah Seng Portland Now
Brenda Ackinson Fannie Mae	Dr. Stephen Daeschner Jefferson County Public Schools	Robert Huffinan KentuckianaWorks	Robert Sexton The Prichard Committee for Academic Excellence
Barry Alberts Downtown Development Corporation	Alex Day Sheltoewe, LLC	Mark Isaacs Legacy Homes	Rev. Alex Shanklin Mt. Olive Missionary Baptist Church
Jeff Amrein Advanced Imaging Concepts	Gil Delgado eMergINT Technologies, Inc.	The Hon. Rebecca Jackson Jefferson County Judge/Exec.	Mike Shea Connemara Communications
Pamela Anderson Corporation for a Skilled Workforce	Milton Dohoney City of Louisville	Chuck Kavanaugh Louisville Homebuilders Association	Bruce Seigle LOJIC
The Honorable David L. Armstrong Mayor of Louisville	Michael Douglas Regional Leadership Coalition	Kentucky State Data Center University of Louisville	Amanda Sennett Regional Leadership Coalition
Dan Ash Metropolitan College	Kelly Downard Downtown Development Corporation	Rosanne Kruzich Consultant, LOJIC and The Greater Louisville Project	Theresa Stanley Brownsboro Road Area Defense
John Baker Clifton Community Council	Jane C. Driskell City of Louisville	Robert Lanum Regional Leadership Coalition	Steven Spalding Louisville Medical Center Development Corp.
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Dr. John Barker University of Louisville School of Medicine	Diane Calhoun French Jefferson Community College	Dave Macway Advanced Genetic Systems	Benjamin Richmond Louisville Urban League
Martin Bell Jefferson County Public Schools	Adrian Freund Mindell, Scott and Associates, Inc.	Dr. Joseph McGowan Bellarmine University	Joan Riehm Regional Leadership Coalition
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Tim Chilton Beechmont Neighborhood Association	John Hartmann Sierra Club	Bill Samuels Jr. KentuckianaWorks	Kathi Whalen BankOne
The Rev. Louis Coleman Justice Resource Center	Robert Hawkins Health Essentials Solutions, Inc.	Ellen Schuhmann Upper Highlands Neighborhood Association	Art Williams Jefferson County Air Pollution Control District
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4. TRANSPORTATION

THE TREND: The auto-oriented transportation network serving the Regional City of Louisville is showing signs of stress.

Automobile travel predominates in the Regional City. According to the latest Census data, transit trips still make up a very small percentage of the total number of trips taken in the region. Only about 3.1 percent of all commuting trips were taken on transit in Jefferson County, down from 4.3 percent in 1990.⁷ Overall, Jefferson County figures are slightly lower than those for the nation, but are slightly higher than in peer counties such as Marion and Jacksonville, in terms of alternative means of transportation. However, transit ridership in Cuyahoga and Allegheny counties, which both have mature light rail systems, far exceeds the national average.

The region has been building a lot of roads lately. The number of new lane miles in the Louisville urbanized area increased by 20.1 percent between 1990 and 2000, resulting in a 15.8 percent increase in roadway miles per capita. The region's per capita road construction far outpaced that of key peer regions.⁸

Consequently, the number of miles being driven in the Louisville urbanized area⁹ far outpaced population growth in the 1990s. Population grew by 3.7 percent in the urbanized area between

1990 and 2000. However, the total vehicle miles driven (VMT) in the region increased 34.4 percent over the same period. This contributed to a 29.6 percent change in miles driven per capita in the Louisville urbanized area. Most of this increase took place early in the decade as VMT rose only 6.4 percent from 1995 to 2000.

LOUISVILLE'S PER-CAPITA LANE MILES GREW FAR FASTER THAN THOSE IN PEER REGIONS DURING THE 1990S

SELECT URBANIZED AREAS	% Change in Lane Miles per Capita 1990–2000
Nashville	-13.3%
Jacksonville	-13.2%
Columbus	-9.9%
Indianapolis	3.0%
Louisville	15.8%

Source: Texas Transportation Institute

LOUISVILLIANS DEPEND HEAVILY ON THEIR CARS FOR COMMUTING (Workers 16 years and over).

	Jefferson County (Louisville)	Duval County (Jacksonville)	Marion County (Indianapolis)	Cuyahoga County (Cleveland)	Allegheny County (Pittsburgh)	National
Drove alone	80.8%	79.5%	80.3%	79.3%	73.4%	76.4%
Carpooled	11.0%	13.1%	12.2%	7.8%	8.3%	11.2%
Public transit	3.1%	2.0%	2.3%	8.2%	11.4%	5.2%
Walked	2.0%	1.8%	1.9%	2.4%	3.9%	2.7%
Other means	0.9%	1.7%	0.7%	0.3%	0.8%	1.3%
Worked at home	2.2%	2.0%	2.5%	1.9%	2.1%	3.2%

Source: U.S. Census Bureau

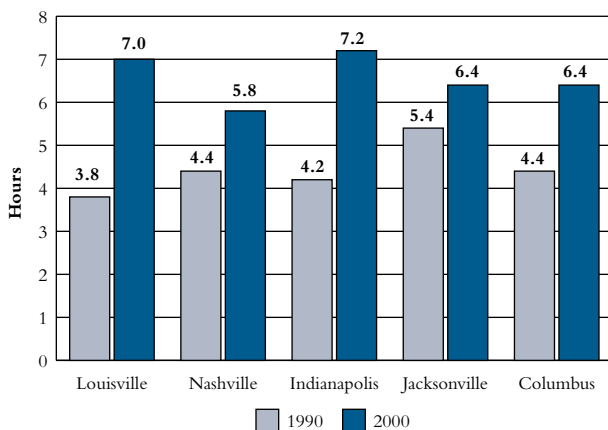
PER-CAPITA VEHICLE MILES TRAVELED GREW RAPIDLY IN LOUISVILLE IN THE 1990s, ESPECIALLY EARLY IN THE DECADE

Select Urbanized Areas	% Change in VMT 1990–2000	% Change in VMT 1990–1995	% Change in VMT 1995–2000	Change in VMT per capita 1990–2000
Jacksonville	34.9%	18.5%	13.9%	12.3%
Columbus	36.0%	27.7%	6.5%	13.8%
Nashville	47.4%	27.9%	15.2%	19.0%
Indianapolis	37.6%	29.7%	6.1%	27.5%
Louisville	34.4%	26.3%	6.4%	29.6%

Source: Texas Transportation Institute

The increase in VMTs translates to greater traffic congestion. The percentage of congested lane miles in the region remains moderate in absolute terms, but it increased from 36 to 55 percent between 1990 and 2000. During that same period, the number of “rush hours” (the time during the day when the roads are congested) nearly doubled, increasing from 3.8 hours per day to 7.0. As a result, the total costs due to congestion increased by 509 percent from 1990 to 2000 to over \$335 million per year, which is among the highest total costs for any medium-sized metro area in the nation.¹⁰

THE NUMBER OF CONGESTED “RUSH HOURS” IN LOUISVILLE NEARLY DOUBLED IN THE 1990s



Source: Texas Transportation Institute

Substandard road conditions and safety shortfalls also reveal stress. Recent data from the Federal Highway Administration shows that nearly half (45 percent) of the Louisville urbanized area’s major roadways are in poor or mediocre condition.¹¹ That suggests that while new road construction continues rapidly, roads that have already been built are falling into disrepair. At the same time, roads in the Louisville area now rank among the most dangerous in the country. An analysis of National Highway Traffic Safety Administration data reveals that of the top 50 urbanized areas, only eight had a higher rate of traffic related fatalities per 100,000 residents than Louisville. This includes automobile, bicycle, and pedestrian deaths.¹²

MORE OF LOUISVILLE’S ROADS ARE DILAPIDATED THAN ARE IN COMPETITOR REGIONS

Select Urbanized Areas	Percent of Major Arterials in Poor or Mediocre Conditions
Jacksonville	13%
Nashville	19%
Columbus	26%
Indianapolis	29%
Louisville	45%

Source: The Road Information Program, 2002

One positive development in the region, however, has been a recent uptick in transit ridership. Trips on Transit Authority of River City (TARC) buses have increased lately, after years of declining or stagnant numbers. From 2000 to 2001, the number of weekday trips increased by 5.1 percent, reversing a decade of declines. This recent surge follows a 3.4 percent decline from the previous year, and bucks transit ridership trends in peer regions.¹³ What is more, new and extended services are beginning to add to the options available. Vanpools to rural or distant areas have been provided, as have special services that connect job seekers to recruitment sites and “Night Owl” service running between 11 p.m. and 5 a.m. An extensive light rail system is also in its early planning stages.

LOUISVILLE BUS RIDERSHIP GREW BETWEEN 2000 AND 2001, WHEN IT DECLINED IN SEVERAL COMPETITOR REGIONS

Select Urbanized Areas	Trips Through Dec. 2001 (000's)	Trips Through Dec. 2000 (000's)	Year-to-Date Change
Louisville	15,621	14,857	5.1%
Columbus	18,138	18,259	-0.7%
Jacksonville	8,031	8,183	-1.9%
Nashville	6,362	6,740	-5.6%
Indianapolis	8,854	9,439	-6.2%

Source: American Public Transportation Association

WHAT THIS MEANS:

The region's aggressive road-building strategy may not necessarily improve mobility. Granted, the Louisville transportation system remains less snarled than troubled systems in cities such as Atlanta. But rising congestion and increasing VMT combined with deteriorating road conditions are clearly making it harder for Louisvillians to get around. Meanwhile, transit remains a limited option for most residents thanks to the region's intense focus on freeways and arterials. Taken together, these trends pose a serious threat to the region's quality of life.

Current transportation patterns could also exacerbate growth and environmental imbalances across the region. Aggressive road building—coupled with proposed large-scale transportation corridor projects—can redistribute business and residential development. Recent evidence suggests that new highways and interchanges become conduits for decentralization. In this fashion, proposed transportation improvements in eastern Jefferson County could weaken older sections of the new Regional City, further isolating the western corridor.¹⁴ Pollution tied in part to motor vehicle exhaust emissions, at the same time, continues to complicate economic development planning. From 1998 to 2000, the counties with the worst ozone air pollution in the states of Indiana and Kentucky were both in the Louisville metropolitan

area. Clark County, Indiana and Oldham County, Kentucky each offer the most unhealthy air in their respective states. Oldham recently replaced Jefferson County as the worst in Kentucky.¹⁵ And these ratings have impacts beyond their undesirable health effects, including the possible loss of federal transportation funds.¹⁶ TARC, the regional public transit system, is actively responding to these negative trends with reduced fares, and plans to add electric buses and light rail to its fleet.

Current trends could also undermine the region's leadership in the distribution and logistics industry. Louisville's competitive advantage in freight handling depends on the uninhibited movement of goods through and between the region's major air and rail hubs, its port, and its interstate highway network. However, the efficiency of all of these facilities would be compromised by the traffic delays, deteriorating roads, and decentralized development that could result from an ill-considered road-building program. That suggests the need for the Regional City to weigh carefully the full impact of all proposed transportation improvements so as to protect and grow its critical logistics and distribution sector.

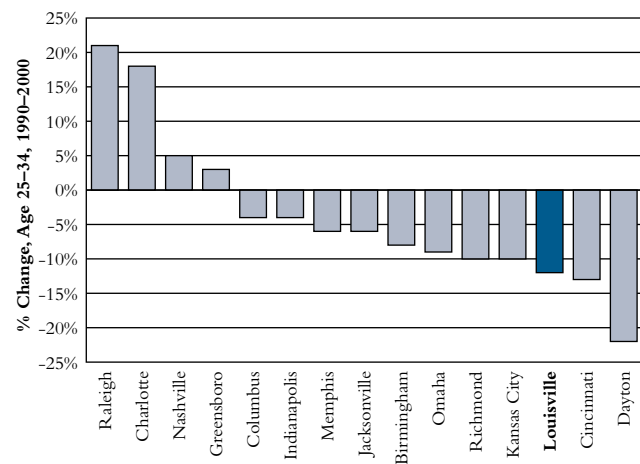
5. AGE AND HOUSEHOLD TYPE

THE TREND: Household sizes are shrinking as the age and living arrangements of the region's population change.

The Regional City of Louisville is aging and has a greater share of older Americans than most cities. In 1980, the elderly accounted for 11 percent of the Regional City's population; by 2000 the figure had reached 14 percent. Outside the traditional senior magnets of Florida, Arizona and Hawaii, only the cities of Pittsburgh and Yonkers, New York have proportionally more seniors than Louisville.¹⁷ Nor will the trend slow any time soon. By 2020 the Kentucky State Data Center projects that the elderly population of the Regional City will grow by 29 percent. By then, the elderly will account for 17 percent of the Regional City's total population.

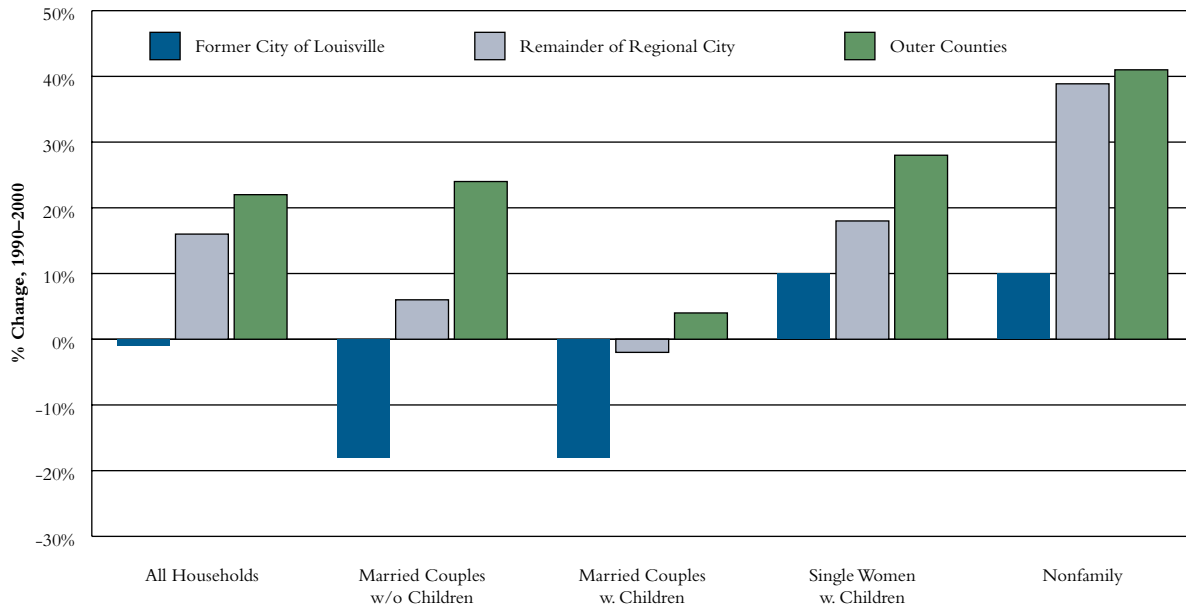
The number of young adults in the new Regional City is declining faster than it is nationally. Specifically, the cohort of those anticipating their most productive years—those aged 25 to 34 years—declined by 15 percent between 1990 and 2000. Nationwide, the cohort shrunk by just 2.8 percent. The 7-county Louisville metro area, a better representation of the region's labor pool, also lost a large percentage of this young cohort, with its 12 percent decline. This ranks the potential size of the Regional City's young labor force as one of the smallest among peer regions.

OVER THE DECADE METRO LOUISVILLE LOST MORE YOUNG PEOPLE THAN DID ITS PEERS



The new Regional City's center is losing married families with kids. Between 1990 and 2000, the Regional City of Louisville lost 6 percent of its married families with children. But the decline was more dramatic in the former city of Louisville. There, the city center lost 18 percent of its married couples, both with and without children, leaving it with a much smaller proportion of married households than the typical central city. By contrast, the average U.S. central city lost just 2 percent of its married households without children and increased its number of married couples with children by 6 percent.¹⁸ Along with its increase of unmarried households the former City of Louisville experienced a 10-percent increase in the number of its households made up of single mothers with children.

THE NEW REGIONAL CITY OF LOUISVILLE IS LOSING MARRIED FAMILIES WITH CHILDREN; NON-TRADITIONAL HOUSEHOLDS ARE GROWING RAPIDLY IN SUBURBAN AREAS



Source: U.S. Census Bureau

Non-family and single-parent households are proliferating in the region’s outer communities. In 2000, nearly 21 percent more single mothers with children were living in the outer districts of the Regional City than in 1990, and nearly 28 percent more were living in the outer counties of the region. Likewise, the single fastest growing household type in the region consisted of nonfamily households—whether single people living together or elderly people living alone. The number of these households grew by 41 percent in the outer counties and 39 percent in the suburban Regional City, compared to a 27 percent rate of growth in other suburban areas nationwide. The suburbs of the Regional City of Louisville now contain more nonfamily households—largely young singles and elderly people living alone—than married couples with children.

THE REGIONAL CITY AND THE OUTER COUNTIES SAW RAPID GROWTH IN SINGLE

Louisville	Households			Married Couples w/o Children		
	1990	2000	% Change	1990	2000	% Change
MSA:	366,364	412,050	12%	103,136	110,358	7%
Outer Counties	102,226	125,038	22%	31,018	38,379	24%
Regional City:	264,138	287,012	9%	72,118	71,979	0%
Former City of Louisville	113,065	111,414	-1%	24,949	20,403	-18%
Remainder	151,073	175,598	16%	47,169	51,576	9%

Source: U.S. Census Bureau

WHAT THIS MEANS:

The Regional City of Louisville is “thinning out” as household growth outpaces population growth—which may increase per capita demand for housing. Household size, now at 2.37 persons per household in the Regional City, is dwindling. Fewer people are living in each dwelling unit, thanks to demographic change, and that is leading to an increase in the number of households relative to population. In the former city of Louisville, the loss of married families with children combined with the rise of nonfamily households has caused population to decline five times faster than households have been lost. This is reducing the density of central neighborhoods and could increase the per capita costs of providing services. In the suburbs, meanwhile, the rise of smaller nonfamily, single-elderly and single-parent households may result in higher per capita housing demand. This may generate higher demand for affordable and multifamily homes and apartments, and possibly greater pressure to develop further out from the core.

Singles and single-parent families are becoming the predominant household type in the region, which creates new challenges for the provision of programs and services across the new Regional City. The changing household types in the city and the county confirm that the “city” and “the suburbs” are no longer two homogenous places. In fact, they are both changing rapidly and becoming

quite diverse. The former city of Louisville and its surrounding suburbs are each home to increasing numbers of young singles, the elderly, and single-parent families.¹⁹ This convergence presents new challenges and opportunities to the region. With increasing numbers of nonfamily and single-parent family households in the suburbs, the need for affordable multifamily housing is no longer limited to the central city. Similarly, the demand for transportation and home health care for elderly homeowners in the suburbs may be catching up with these demands in the center. In these ways the convergence of central and suburban household structures could shift the focus of government and non-profit service providers.

The aging of households and the loss of young workers could constrain economic growth. Projected increases in the numbers of retirement-age Louisvillians could well limit the available supply of labor in the metro area in the future. So could the reduced pool of workers forecasted by the dwindling of the age 25-to-34 cohort and the shrinkage of the under-25 population, which has dropped in size from 41 percent of the population in 1980 to about a third of the population in 2000. As the region thins out, it may also find its store of human capital tapped out.

MOTHERS AND SINGLES IN THE 1990s

Married Couples w. Children			Single Women w. Children			Nonfamily		
1990	2000	% Change	1990	2000	% Change	1990	2000	% Change
95,011	92,952	-2%	32,459	38,239	18%	107,561	136,680	27%
33,787	35,280	4%	7,458	9,522	28%	23,094	32,639	41%
61,224	57,672	-6%	25,001	28,717	15%	84,467	104,041	23%
17,949	14,768	-18%	13,580	14,942	10%	45,668	50,040	10%
43,275	42,904	-1%	11,421	13,775	21%	38,799	54,001	39%

6. INCOME

THE TREND: Incomes in the Louisville region are rising, but poverty and working poverty remain high, particularly compared to other metro areas.

Household income in the Regional City and its metro area increased in the 1990s. Between 1989 and 1999, the median incomes in the Regional City and the larger Louisville area each grew by 12 percent, reaching \$39,457 and \$39,990 respectively. Households in the former City of Louisville also saw their incomes grow to a median level of \$28,843, a 10-percent jump. However, not all municipalities saw such gains. Of the approximately 100 municipalities within the Regional City, nearly 40 of them saw drops in median household income. For instance, median household income declined in Glenview Hills by 30 percent and just slightly in Shively. Furthermore, despite Louisville's overall income gains, its median household income figures remain low compared to that of its peers.

METRO LOUISVILLE'S MEDIAN HOUSEHOLD INCOME STILL LAGS AMONG PEERS

Metro Area	1989	1999	%Change
Raleigh	41,545	48,845	18%
Richmond	43,464	46,800	8%
Kansas City	40,960	45,636	11%
Charlotte	40,293	45,607	13%
Indianapolis	40,643	45,548	12%
Columbus	39,728	44,782	13%
Nashville	39,186	44,223	13%
Omaha	39,272	44,213	13%
Cincinnati	39,406	43,561	11%
Jacksonville	38,305	42,439	11%
Dayton	39,541	41,550	5%
Greensboro	37,695	40,913	9%
Louisville	35,608	39,990	12%
Memphis	34,911	39,464	13%
Birmingham	34,541	39,278	14%

Source: SUNY Albany, Lewis Mumford Center

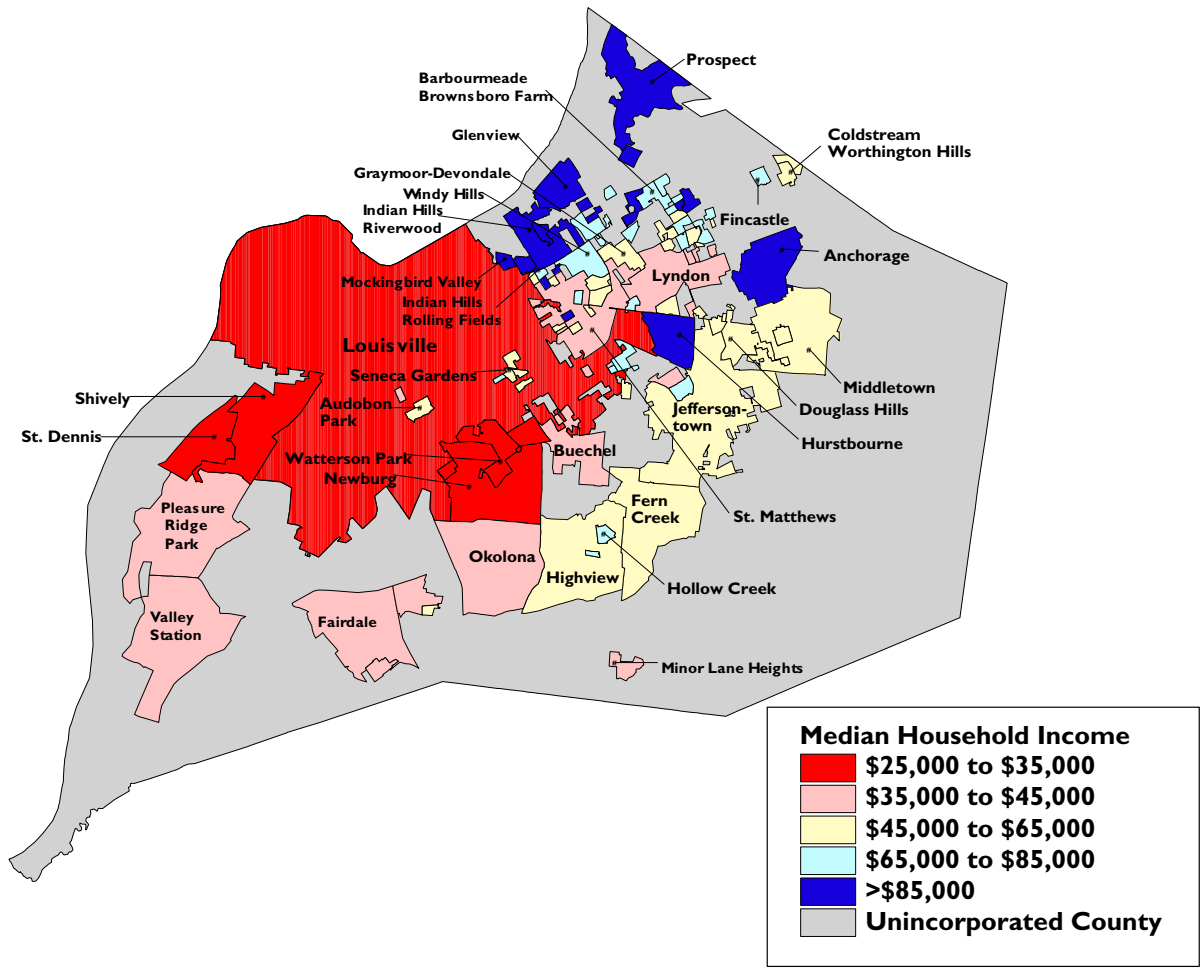
MEDIAN HOUSEHOLD INCOME GREW IN THE LOUISVILLE REGION IN THE 1990s

Area	1989	1999	% Change
Former City of Louisville	26,140	28,843	10%
Regional City	35,162	39,457	12%
Metro Area	35,608	39,990	12%
Clark County	35,543	40,111	13%
Floyd County	36,937	44,022	19%
Harrison County	35,351	43,423	23%
Scott County	28,193	34,656	23%
Bullitt County	38,228	45,106	18%
Oldham County	49,859	63,229	27%

Source: U.S. Census Bureau

Incomes rose especially fast in the higher-income eastern portion of the Regional City and in the surrounding counties. While median household incomes grew in the former central city and the new Regional City, they grew even faster and reached higher levels in nearly all of the surrounding counties. Oldham and Bullitt counties have the highest median household incomes in the region. Within the Regional City, low- and moderate-income households live primarily in the former central city and in municipalities to the south and west. Households earning above \$45,000 and above \$85,000 are found principally to the east.

MEDIAN HOUSEHOLD INCOME IN 1999 FOR MUNICIPALITIES IN THE REGIONAL CITY OF LOUISVILLE



Source: U.S. Census Bureau

Poverty in the region and the Regional City of Louisville declined in the 1990s. In the region, poverty rates fell from 12.8 percent in 1989 to 10.9 percent in 1999. Similar good news occurred in the new Regional City and the former central city, where poverty levels dropped by 1.3 percentage points (to 12.4 percent) and by 1 percentage point (to 21.6 percent), respectively. Of course, the portion of the population living below the poverty line has also declined in most other metro areas. Thus, the Louisville area continues to have a high level of poverty, relative to its peers.

At the same time, poverty is spatially concentrated on the southern and western side of the

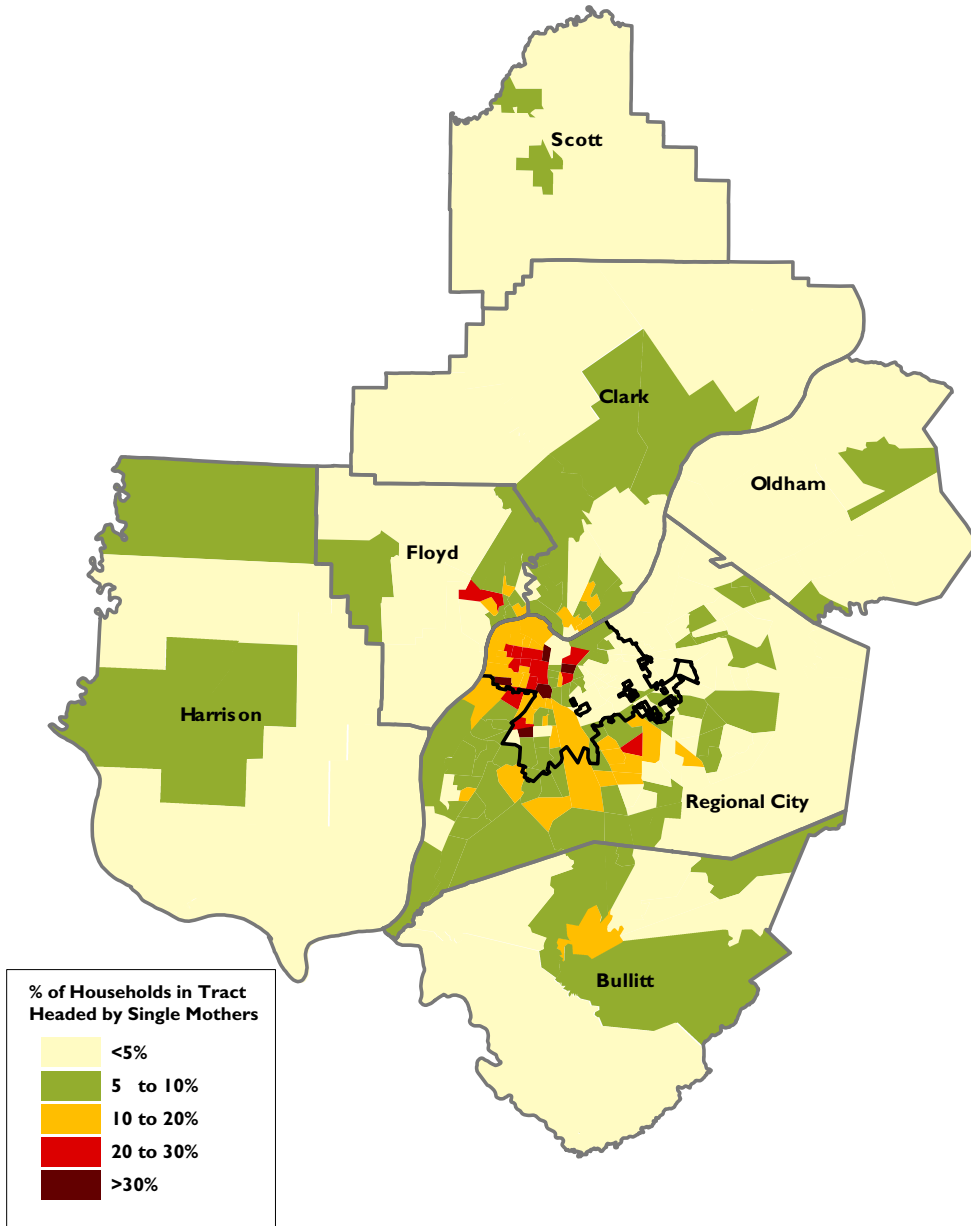
Regional City. Fully 77 percent of those living in poverty in the Louisville metro area resided in the Regional City in 1999. Also stubbornly high in some neighborhoods is the proportion of families with children headed by single mothers—often a companion indicator of low incomes. Most single mothers lived in the neighborhoods in the areas popularly known as west Louisville and the older suburbs to the south of the central city. For instance, single mothers headed at least 40 percent of families in Russell and 18 percent in Newburg. All told, the share of single-mother-and-kids households in the Regional City increased from 9.8 percent to 11.5 percent between 1990 and 2000.

A RELATIVELY HIGH PERCENTAGE OF PEOPLE IN METRO LOUISVILLE AND THE CITY OF LOUISVILLE LIVE IN POVERTY

Metro Area	% in Poverty in 1999	Central City	% in Poverty in 1999
Memphis	15.3%	Birmingham	24.7%
Birmingham	13.1%	Dayton	23.0%
Louisville	10.9%	Cincinnati	21.9%
Jacksonville	10.7%	Former City of Louisville	21.6%
Greensboro	10.4%	Richmond	21.4%
Dayton	10.3%	Memphis	20.6%
Raleigh	10.2%	Columbus	14.8%
Nashville	10.1%	Kansas City	14.3%
Columbus	10.1%	Nashville	13.3%
Cincinnati	9.5%	Regional City of Louisville	12.4%
Charlotte	9.3%	Greensboro	12.3%
Richmond	9.3%	Jacksonville	12.2%
Indianapolis	8.6%	Indianapolis	11.9%
Kansas City	8.5%	Raleigh	11.5%
Omaha	8.4%	Omaha	11.3%
		Charlotte	10.6%

Source: U.S. Census Bureau

METRO LOUISVILLE: PERCENT OF HOUSEHOLDS HEADED BY SINGLE MOTHERS, 2000 BY CENSUS TRACT



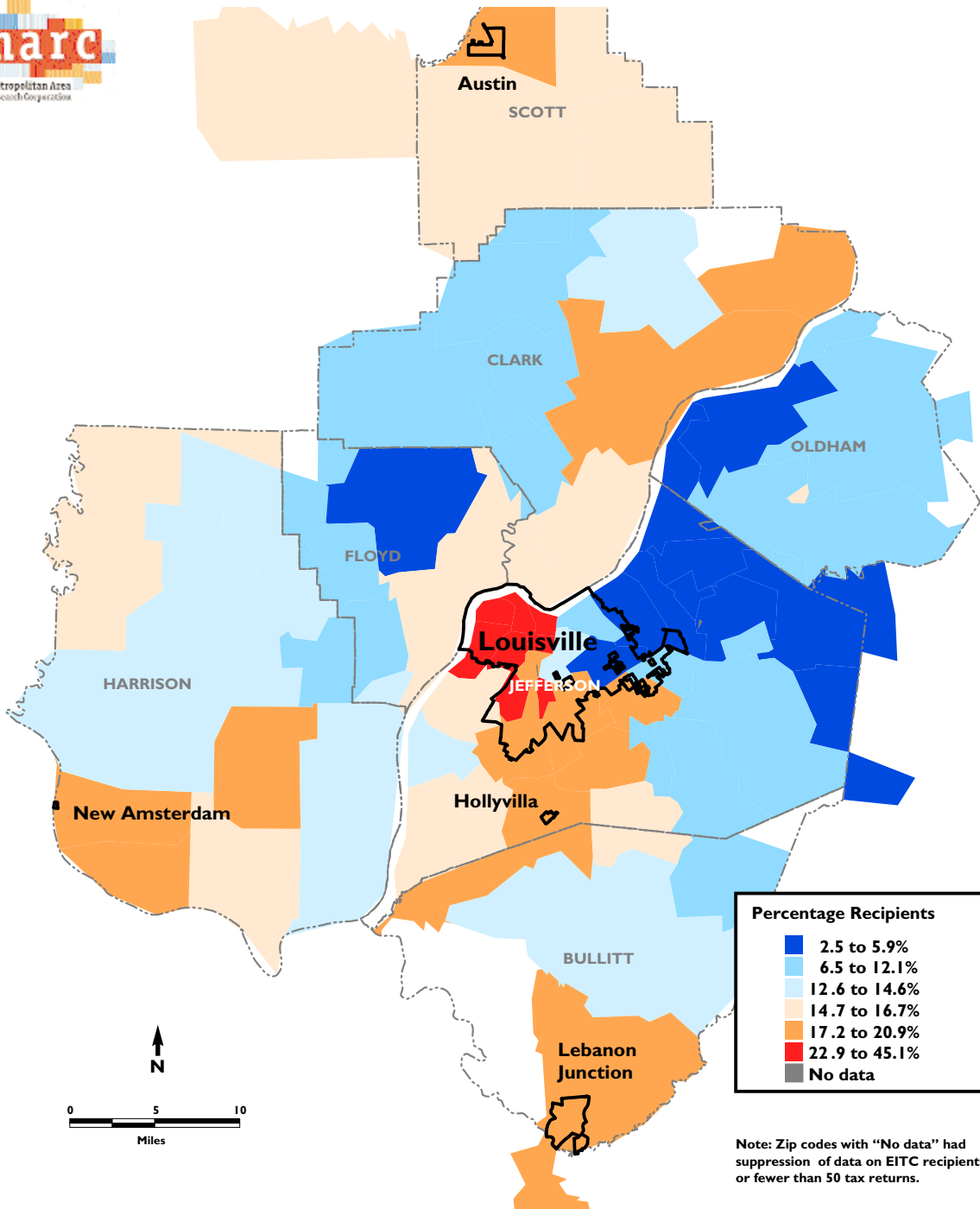
Source: U.S. Census Bureau

The Regional City of Louisville is home to a large concentration of workers who are poor.

Many of the Regional City's poor work but, because of their low educational attainment and low pay, earn wages too low to afford a decent standard of living. Data on the federal Earned Income Tax Credit (EITC), which offers a tax break to families earning less than \$32,121 for a family of four or \$28,281 for a family with one child, reveals the number and location of the

working poor in the Regional City and its metropolitan area. While 12.4 percent of the population lived in poverty in 1999, 15.5 percent of all taxpayers earned low enough wages to claim, on average, a \$1,500 tax refund in 1998. All told, 73 percent of the region's working poor lived in the Regional City of Louisville. Within the Regional City, the highest concentrations of the working poor were found in its west and south-western portions.

LOUISVILLE MSA: EITC RECIPIENTS AS A PERCENTAGE OF TOTAL TAX RETURNS BY ZIP CODE, 1998



Source: U.S. Internal Revenue Service

WHAT THIS MEANS:

Income increases in the region bode well for the Regional City's future.

The region's strong earnings growth in the 1990s reflects the efficiency of the high-value-added work occurring at Louisville's many factories. The importance of this achievement cannot be overestimated. Median household income growth is a better measure of the economic health of a region than population growth, for example. And, together with the drop in poverty levels, the region's income growth reflects that many low-income people have moved from welfare to work and are now participating in key sectors of the Louisville economy.

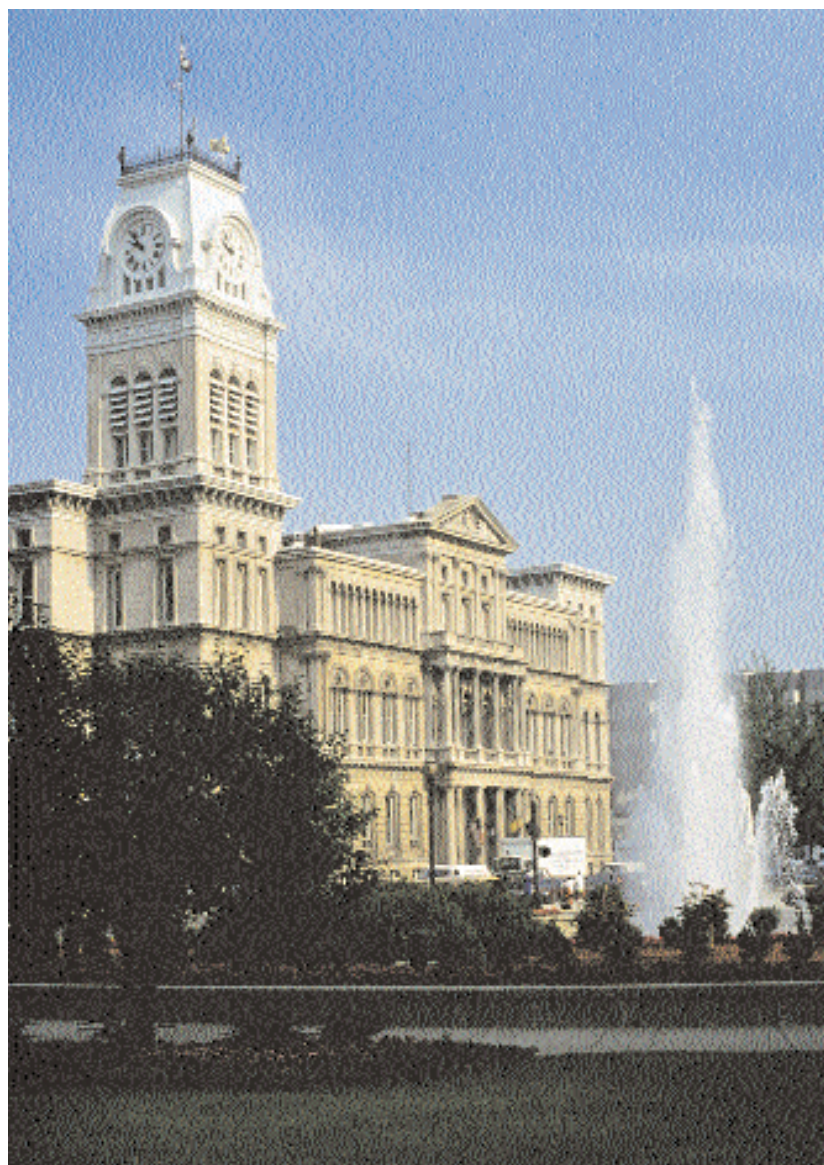
However, an income divide exists in the

Regional City. Many metro areas in the country are growing in spatially divided ways, with wealth and opportunity accumulating in one portion of the region while slow growth and lower-income households congregate at the opposite end. In this fashion, Washington is divided east-west, while Chicago and Atlanta divide north-south. A similar divide exists in the Louisville region. While the pattern of income distribution in the Regional City of Louisville is not so stark as that in these other metro areas, the geographic separation between economic classes has become fairly distinct. The maps on female-headed households, working poverty, and middle-class households show that lower-income households cluster in the western and southwestern portions of the Regional City, while middle- to upper-income families disperse to the east. Left unattended, this income divide may sharpen, concentrating distress even further in the west and pushing wealth, investment, and opportunity to the eastern and outer reaches of the Regional City and metropolitan area.

All taxpayers in the new Regional City of Louisville ultimately pay for the costs of concentrated poverty, at the expense of better services and infrastructure.

Poverty has obvious detrimental consequences for individual households and particular neighborhoods. But being home to 77 percent of the region's poor people also places serious financial burdens on all citizens of the Regional City. A series of studies from the Wharton School at the University of Pennsylvania confirms that, despite federal anti-poverty

aid, cities with high levels of poverty have to spend more of their own revenues on direct poverty expenditures (e.g., welfare, public health, and hospitals) than do other jurisdictions with less poverty. Poverty also drives up the cost of providing other services such as police, schools, courts, and fire protection. As two Wharton scholars concluded, "This reduces the resources that cities have to serve non-poor residents and increases the tax rates they have to charge all their residents."²⁰ Poverty, it turns out, burdens the entire jurisdiction, not just those neighborhoods that suffer from high concentrations of distress.



7. RACE

THE TREND: Racial diversity is growing throughout the region, but Louisville’s minority families remain highly concentrated in central areas.

The Louisville region remains overwhelmingly white, though whites have been leaving downtown and the center city. Even after the nearly nation-wide diversification of the 1990s, whites accounted for 82 percent of metropolitan population in 2000. Together the six outer counties were 94 percent white. Jefferson County outside of the former city of Louisville remains 85 percent white. In only one place, in fact, did the white share of the population change significantly: the former City of Louisville. The former city of Louisville lost 14 percent of its white population in the 1990s.

The Regional City of Louisville overall is growing more diverse, however. Jefferson County has always been home to a sizable African American population, but in the 1990s the region saw a significant increase in all racial and ethnic households. During the period, the total non-white portion of the population increased to 24 percent, up from 19 percent in 1990. Driving much of this change was a 15-percent growth of the Regional City’s African American population—by far the largest minority group in the region, at 79 percent of the total minority population. African

Americans now account for 130,000 people (or 18.7 percent) of the total Regional City population. And other minority populations are growing too, though their numbers remain small. The Regional City’s Latino population nearly tripled in the 1990s, and now accounts for 12,370 residents—1.8 percent of total population. Asian Americans doubled their number to 10,000 residents in 2000. Nearly 90 percent of the metro area’s minority citizens live in the Regional City.

The Louisville region also has a small but growing immigrant population. Approximately 16,000 foreign-born immigrants arrived in the metro area between 1990 and 2000. This represented a 133 percent increase in the 12,000 foreign-born residents living in the metro area in 1990, which placed the region’s immigrant growth at the median among its peer cities. Eighty-six percent of these new arrivals live in the Regional City, and 40 percent within the former central city. As a group, they have been diverse, hailing from all parts of the world and filling a variety of occupations.²¹

THE LOUISVILLE REGION GREW MORE DIVERSE DURING THE 1990S

Location	Hispanic			White		
	1990	2000	% Change	1990	2000	% Change
MSA:	5823	16,479	183%	813,760	840,677	3%
Outer Counties	1,458	4,109	182%	272,158	310,621	14%
Regional City:	4,365	12,370	183%	541,602	530,056	-2%
Old City of Louisville	1,756	4,755	171%	185,239	158,651	-14%
Remainder	2,609	7,615	192%	356,363	371,405	4%

Source: U.S. Census Bureau

METRO LOUISVILLE'S FOREIGN-BORN POPULATION GREW RAPIDLY IN THE 1990S; PEER METRO AREAS EXPERIENCED SIMILAR GROWTH

Metro Area	Foreign-Born Population			% Foreign Born	
	1990	2000	%Change	1990	2000
Greensboro	15,318	71,565	367%	1.5%	5.7%
Charlotte	24,041	99,760	315%	2.1%	6.7%
Raleigh	29,374	108,803	270%	3.4%	9.2%
Nashville	18,012	57,614	220%	1.8%	4.7%
Memphis	13,907	37,670	171%	1.4%	3.3%
Indianapolis	21,597	54,343	152%	1.6%	3.4%
Louisville	11,970	27,933	133%	1.3%	2.7%
Omaha	14,875	34,296	131%	2.3%	4.8%
Birmingham	9,141	20,875	128%	1.1%	2.3%
Kansas City	35,488	80,539	127%	2.2%	4.5%
Richmond	22,518	44,899	99%	2.6%	4.5%
Columbus	35,879	71,417	99%	2.7%	4.6%
Jacksonville	30,394	59,586	96%	3.4%	5.4%
Cincinnati	27,600	42,089	52%	1.8%	2.6%
Dayton	17,214	22,096	28%	1.8%	2.3%

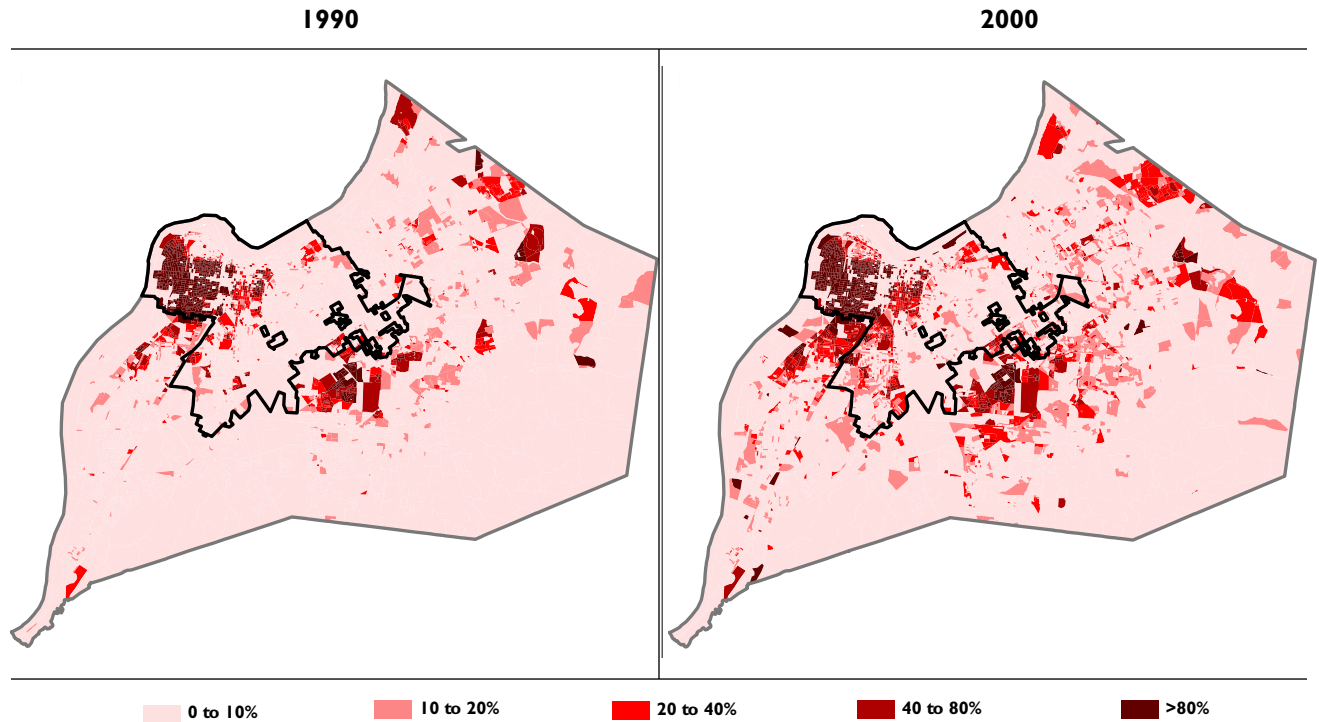
Source: U.S. Census Bureau

Minority residents are geographically concentrated in the Regional City, especially in the former city of Louisville. Four times as many non-white residents live in the Regional City (by percentage) as in the outer counties. Furthermore, 56 percent of the metro region's nonwhite population resides in the central city of Louisville. There, the mostly black minority population accounted for 38 percent of the population in 2000, up from

31 percent in 1990, due in part to the departure of white residents. And the concentration of blacks has grown even more pronounced downtown, so that 70 percent of the population is now African American. Other large concentrations of minority households in the Regional City exist in communities just south of the city line and in small areas along the eastern county border.

Black			Asian/Pacific Islander			Other		
1990	2000	% Change	1990	2000	% Change	1990	2000	% Change
121,790	141,745	16%	5,426	11,217	107%	2,030	15,480	663%
8,839	11,742	33%	798	1,431	79%	639	4,091	540%
112,951	130,003	15%	4,628	9,786	111%	1,391	11,389	719%
79,451	84,011	6%	1,934	3,777	95%	683	5,037	637%
33,500	45,992	37%	2,694	6,009	123%	708	6,352	797%

**THE NEW REGIONAL CITY OF LOUISVILLE:
NONWHITE RESIDENTS AS A PERCENTAGE OF TOTAL POPULATION
BY CENSUS BLOCK**



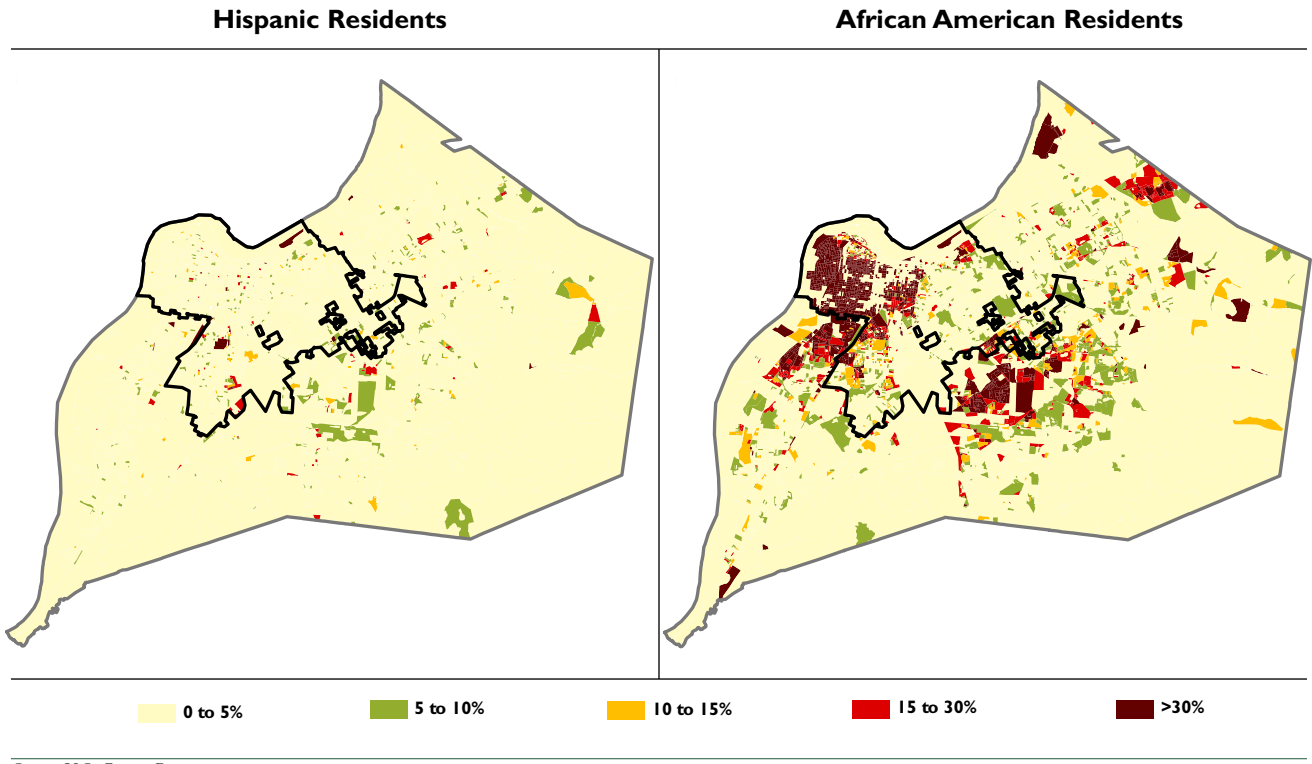
Source: U.S. Census Bureau

WHAT THIS MEANS:

The Louisville metro area remains highly segregated by race, despite recent declines in segregation levels. The Louisville metro area remains “hypersegregated” by conventional standards.²² One indicator of this division is the “index of dissimilarity,” which measures the percentage of African Americans who would have to move in order to

achieve an even distribution of blacks across the entire metropolitan area. For the Louisville metro area, this index has fallen from 81 in 1970 to 64 in 2000, where 60 rates a community as “highly” segregated. Still, the Louisville metropolitan area remains by this measure the 52nd most segregated metropolitan area in the country out of 272 regions.

**THE NEW REGIONAL CITY OF LOUISVILLE:
HISPANIC AND AFRICAN AMERICAN RESIDENTS
AS A PERCENTAGE OF TOTAL POPULATION BY CENSUS BLOCK, 2000**



Source: U.S. Census Bureau

METRO LOUISVILLE REMAINS HIGHLY SEGREGATED

Metro Area	Black-White Disimilarity Index (2000)
Cincinnati	0.742
Dayton	0.710
Indianapolis	0.699
Birmingham	0.696
Kansas City	0.683
Memphis	0.660
Omaha	0.647
Louisville	0.640
Columbus	0.617
Nashville	0.554
Greensboro	0.545
Jacksonville	0.530
Charlotte	0.503
Raleigh	0.423
Richmond	0.370

Source: U.S. Census Bureau

Despite its racial separation, the region may be more divided by economic class than by race.

As the map of the residential distribution of non-whites in the Regional City shows, African Americans, Latinos, and other communities of color live in concentrated areas in the west and southwest and in more dispersed areas across the core county. This pattern differs from that revealed by maps of income and social distress (including female-headed households), which find poor and working poor families living primarily in the western half of the Regional City. This underscores the fact that not all low-income residents are persons of color and not all middle- and upper-income households are white. The suburb of Hickory Hill, for instance, boasts a median household income of \$65,000 and is 20 percent minority. Worthington Hill enjoys a median household income of \$56,250 and is home to 39 percent nonwhite households.

The region's growing diversity has important implications for schools and the provision of other services in the Regional City.

Not surprisingly, a more diverse population requires a more diverse mix of goods and services. For one thing, Latino and Asian families tend to have larger families than do whites, with more children and multiple generations living in the same households. For that reason, an increasingly multicultural population promises more children in the school systems, and a more diverse student body for whom English is a second language. But diversity will also require enhanced—and diversified—health-care programs and other social services. And it may require additional rental apartments and affordable homes suitable for larger families throughout the Regional City.



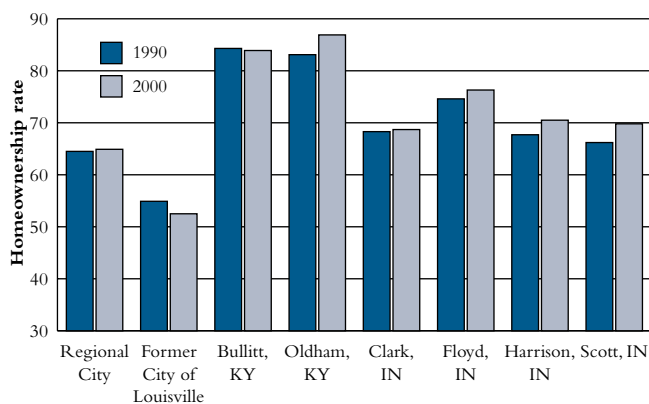
8. HOUSING

THE TREND: One of the region's hallmarks is housing value and affordability, but disturbing trends are affecting minority homeownership and the location of publicly subsidized low-income housing.

Affordable housing remains a key asset of most of the Regional City of Louisville and the metro area. For both homeownership and rental housing, the region's housing market compares favorably to competing metropolitan areas on affordability measures. In mid-2001, the median price of homes sold in the seven-county Louisville metro area was \$123,000, which was affordable for three-quarters of all households²³

Homeownership rates in the region—already robust—rose slightly in the 1990s; but they declined in the former central city. Specifically, homeownership increased half a percentage point in

HOMEOWNERSHIP RATES ARE RELATIVELY HIGH IN MOST PARTS OF THE LOUISVILLE REGION



Source: U.S. Census Bureau

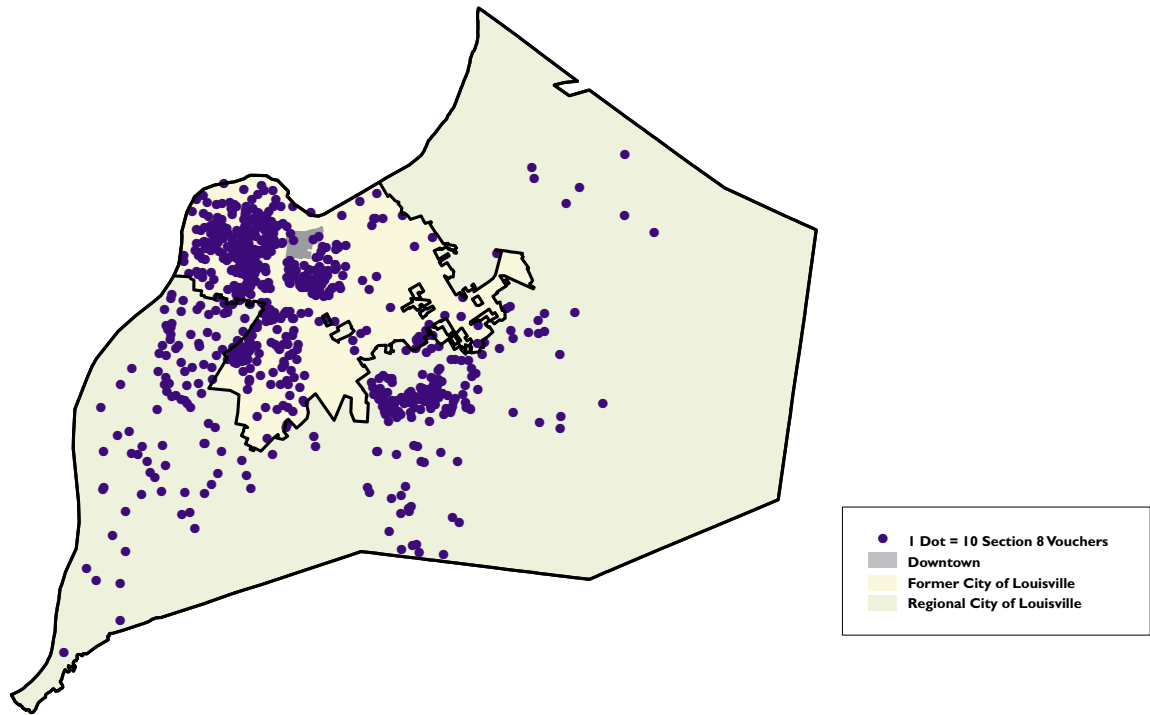
the Regional City, to reach 65 percent, and went up 1.1 percentage points in the seven-county metro area to hit 68.6 percent. The regional increase resulted in part from the extremely high rates of homeownership exhibited in such outer jurisdictions as Harrison (71 percent), Bullitt (84 percent), and Oldham (87 percent) counties. However, the homeownership rate in the former city of Louisville, the lowest in the region, declined by 2 percent over the decade.

Affordable housing, meanwhile, remains out of reach for many of the Regional City's low-income workers. Even though rents are relatively low in the new Regional City, they exceed the reach of many of the region's low-wage workers. A full-time worker would need to earn \$10.87 per hour in order to afford a two-bedroom apartment—more than 200 percent of the minimum wage.²⁴

Much of the Regional City's federally assisted affordable housing, moreover, is available only in concentrated areas to the west and south.

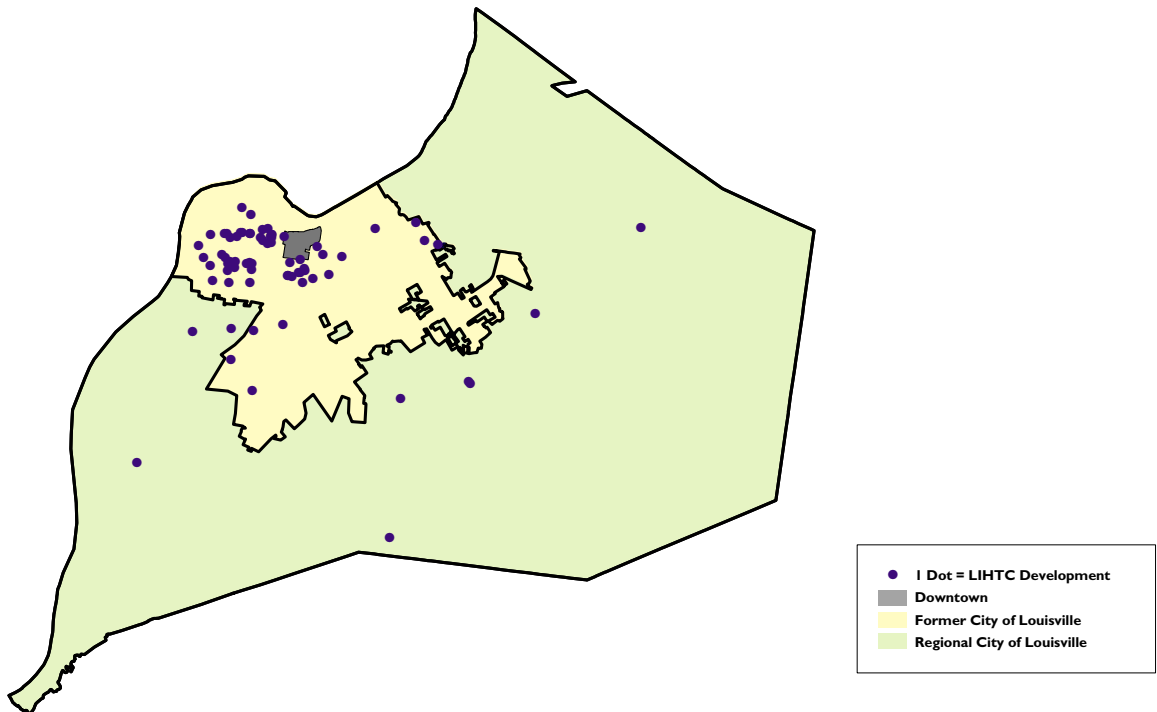
Families receiving federal Section 8 housing vouchers, for example, cluster most prominently in neighborhoods in the western portion of the former central city and along and beyond its southeastern border. Production of affordable housing units supported by low-income housing tax credits also concentrates in the western portion of the Regional City.

THE REGIONAL CITY LOCATION OF SECTION 8 RECIPIENTS BY CENSUS TRACT, 2002



Source: Jefferson County

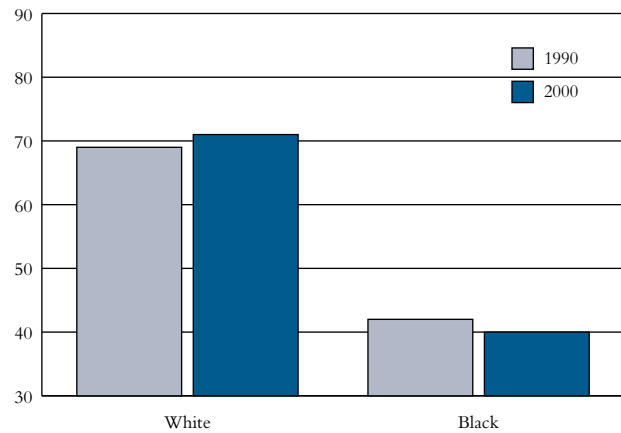
THE REGIONAL CITY LOCATION OF LOW INCOME HOUSING TAX CREDIT DEVELOPMENTS



Source: U.S. Department of Housing and Urban Development

Homeownership rates among African American residents of the new Regional City slumped from 42 percent to 40 percent during the 1990s. This occurred as the homeownership rate for white residents increased from 69 percent to 71 percent. This trend is of particular concern because both home-mortgage lending and homeownership rates increased markedly for black citizens in most other metropolitan communities.

HOMEOWNERSHIP AMONG AFRICAN AMERICANS LIVING IN THE REGIONAL CITY SLIPPED DURING THE 1990S



Source: U.S. Census Bureau

Finally, racial segregation may also be impeding black residents' build-up of home equity and wealth. Studies have shown that African American homeowners accumulate less equity in their homes because they often own homes in segregated neighborhoods.²⁵ In 1990, the average black homeowner in the Louisville metro area had an income of \$30,800 and owned a home worth \$40,600. For every dollar of income, the average black homeowner owned \$1.32 in housing value. White homeowners, by contrast, enjoyed average incomes of \$42,300 and owned much more expensive homes, so that for each dollar of income, white homeowners had \$1.70 worth of house. Thus, for each dollar of income, blacks owned homes worth 22 percent less than whites in 1990. This disparity in potential equity growth was higher in the Regional City than in all of the comparison metropolitan areas.

WHAT THIS MEANS:

The geographic distribution of subsidized housing is concentrating distress and separating low-income residents from areas of opportunity. Concentrations of subsidized housing in the central city pose problems because they entrench the region's concentrations of poverty. Such clustering may further isolate low-income residents from the region's increasing numbers of suburban service and retail jobs.

The persistent segregation of black neighborhoods in the greater Louisville area has hindered the ability of African American households to build wealth. While the Louisville region has seen its degree of racial segregation drop in the last two decades, it still remains high. The result for black homeowners is that their home values do not appreciate as rapidly as those of white homeowners, widening the wealth gap. Reducing this gap requires achieving stable neighborhoods that are economically diverse and racially balanced throughout the metropolitan area.

“While the Louisville region has seen its degree of racial segregation drop in the last two decades, it still remains high.”
