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Opening

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Cities are increasingly being viewed as bastions of progressivism. But can they live up to the promise?

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Runaway gentrification. Concentrated poverty. Racial and economic segregation. Cities in the United States today are struggling with some of their biggest challenges since the darkest days of the 1960s and 1970s, when "white flight," deindustrialization, and crime were at their peaks. Together, these concerns add up to what I have dubbed the **New Urban Crisis**.

As cities have become the premier platforms for idea-driven innovation, the most important industries and the most talented, ambitious, and wealthiest people have converged like never before in a relative handful of winner-take-all places. It is the central contradiction of urbanized knowledge capitalism: the same clustering force that drives innovation and economic growth is also tearing us apart.

If companies abandoned cities in the 1970s, '80s, and '90s, today's leading high-tech companies are streaming back to downtown areas. Forty thousand people work for Amazon's Seattle headquarters, which spans more than eight million square feet—three times the size of the Empire State Building and nearly 20 percent of the city's total office space. While Google maintains its large suburban office complex—the "Googleplex"—in suburban Silicon Valley, it also has a growing presence in cities around the world. Its New York offices on Eighth Avenue occupy a full block and accommodate some 3,000 workers. The company has recently proposed building an estimated 870,000 square-foot tech complex in Central London, and it is in negotiations with the city of San Jose to acquire a parcel of city-owned land around the downtown Diridon Station transit hub that would ultimately accommodate as many as 20,000 employees.

Smaller high-tech startups have also poured into cities, undertaking a massive shift away from their earlier preponderance in suburban "nerdistans" such as Silicon Valley or the Route 128 suburbs outside of Boston. Just two regions—the San Francisco Bay area and the Boston–New York–Washington corridor—account for more than 40 percent of global venture investment. Today, more than half of startup companies (57 percent) and venture capital investments (54 percent) in the United States are located in urban ZIP codes. As of 2013, just two neighborhoods in downtown San Francisco attracted more than a billion dollars each in venture capital, more than any other nation outside the United States.

For leading superstar cities such as New York and London and knowledge hubs such as San Francisco and Greater Boston, the New Urban Crisis is essentially a crisis of "success." Having successfully transformed themselves into creative and tech hubs, their mounting unaffordability is prompting a new exodus of both the poor and the creatives that sparked their revivals, threatening to undo all their hard-fought gains. But for many hard-hit, older industrial cities such as Flint, Michigan, or Youngstown, Ohio, the New Urban Crisis is a continuation of the old—the jobs and people they shed never did return.

With Donald Trump in the White House, the Republicans in control of both houses of Congress, the GOP in control of many state governorships and even more state legislatures, and Americans terribly divided between Blue cities and Red outlying areas, cities and metro areas are essentially on their own. Cuts to transit, education, and housing subsidies; preemptive efforts to overrule local lawmakers on matters such as minimum wage, paid leave, gun-control, and ride-sharing platforms; and anti-tolerance measures such as "bathroom bills" and immigration restrictions are taking a devastating toll on the quality of life in U.S. cities—and on their global competitiveness.

Given this anti-urban context, the only way to deal with the New Urban Crisis is for cities to solve it themselves. This can occur on two tracks: a short and a long game.

The short game is to leverage public-private partnerships, with cities addressing the mounting economic divides between high-paid professional, knowledge, and creative jobs, while imploring—and, when necessary, compelling—urban "anchor institutions" to do the same. The longer game is to build a political movement and constituency than can result in a devolution of political, economic, and fiscal power from national and state governments to cities.

The term "anchor institutions" refers to economic entities and organizations that are literally anchored in cities. The most common examples are medical centers and universities, or so-called "meds and eds." But, large corporations that locate in cities and large real estate developers that profit from large scale-urban developments also fit the bill. While these anchor institutions have helped to propel the urban revival, their very success has helped shape and perpetuate the New Urban Crisis. Not only is it their obligation to help address its challenges, but it is also in their interest to build stronger, more inclusive cities.

As the largest economic entities in their cities, anchor institutions can enhance their communities in meaningful ways. Universities such as NYU and Stanford, for example, have long provided subsidized housing for their faculties, either by constructing it themselves or providing mortgage assistance and rental supplements to access private housing. But providing housing to well-paid faculty deepens urban inequality. As part of a broader move to spur more inclusive development, universities, medical centers,

high-tech companies, and other urban anchors should provide workforce housing for their service workers and develop expansive partnerships to provide affordable housing for neighborhood residents.

Unfortunately, some anchors prefer to be more extractive. With its large footprint and employee base, Amazon has contributed to Seattle's urban crisis by driving up housing prices and rents. While the company pays its knowledge workers well, its service workers suffer from low wages, which are often undercut by outsourced contract labor. As Seattle's New Urban Crisis deepens, generating a political backlash, Amazon has decided to look elsewhere for its new headquarters. To do so, it set up a bidding war between more than 200 communities in North America.

Contrast this decision with Prudential Insurance Company's commitment to its hometown of Newark, New Jersey, where it has been headquartered for more than a hundred years. During the Great Depression, Prudential invested in local affordable housing. In 1976, when Newark was at its nadir, the company launched a multi-billion dollar program to work with public, private, and non-profit partners to promote financial and social mobility for underserved populations, concentrating on housing, health, energy, and jobs. In 2017, Prudential opened a new, twenty-story tower in Newark as part of a revival of the city's downtown. The company also helped to restore the long-abandoned Hahne & Co. department store building, which will house affordable apartments, a Whole Foods Market, a bookstore, a destination restaurant, and facilities for Rutgers University.

Seattle's New Urban Crisis is markedly different from Newark's old urban crisis of deindustrialization and racial strife, but it threatens its future just the same. Sadly, many tech companies do not see themselves as urban anchor institutions, but as mobile actors—a logic as disturbing as it is blatant. In order to ensure the future health of their local economies, cities must make anchor institutions key partners in their efforts to address the New Urban Crisis.

To start, cities and their anchors must make a commitment to affordable housing. While a growing chorus of urbanists suggests that it is enough to simply loosen land use restrictions and build more housing, this has mainly resulted in more luxury housing. Instead, cities must shift their attention to inclusionary zoning and requiring real estate developers to build more affordable units.

In New York, for instance, Mayor Bill de Blasio has made affordable housing a focus of his administration, pledging to build and preserve 200,000 housing units over the next ten years. In Seattle, the Housing Affordability and Livability Agenda (HALA) aims to build 20,000 affordable units for low- and moderate-income residents in the coming decade as part of a larger equity strategy. In Baltimore, Johns Hopkins University and the East Baltimore Development Initiative worked together to build housing for lower income families and seniors as well as graduate students in Eager Park. And in Columbus, Ohio, the Weinland Park Collaborative enlisted the help of local anchor institutions to offer $3,000 in down-payment assistance to Ohio State University employees who purchase homes in the University District.

In West Philadelphia, the University of Pennsylvania, Drexel University, and the University City Science Center have undertaken substantial efforts to create affordable housing for university workers and local residents alike, while investing in other community assets. The West Philadelphia Initiatives (WPI) have also focused on supporting local businesses, engaging in commercial development, and investing in public education by launching a new neighborhood-based public K-8 school. These efforts

appear to have significantly improved the West Philadelphia neighborhood from 1990 to 2010 without spurring gentrification, according to a recent study.

Next, anchor institutions must commit themselves to upgrading low-wage service jobs. The higher minimum wages that are being instituted in cities across the country are a good start, but there is more to be done. As some of the biggest employers in their communities, anchor institutions—and particularly large high-tech companies—are world leaders when it comes to retaining and motivating knowledge workers by offering perks such as food, recreational amenities, spaces to relax and convene, and on-site daycare and healthcare, in addition to high salaries. Unfortunately, these companies also employ large numbers of low-wage service workers and contract work out to thousands upon thousands more—none of whom receive comparable benefits, if any at all.

It is time for big tech companies to swear off the use of low-paid contract labor and commit to paying all of their workers family-supporting wages. Doing so will help avoid a local backlash that could soon isolate these companies from necessary pools of labor and talent. Instead of outsourcing work, for instance, the SAS Institute in North Carolina's Research Triangle hires its cafeteria workers and grounds-keepers directly, providing them with jobs that have the potential to become family-supporting careers. By nurturing relationships between its developers, customers, creative workers, and support staff, SAS has managed to limit its turnover rate to between 2 and 5 percent.

Real estate developers can also play a role by strategically selecting tenants. Instead of slotting the trendiest retail boutique or hippest café into their new developments, they can select commercial tenants who treat their service workers fairly, pay them a living wage, and involve them in job upgrading.

Finally, anchor institutions can make sustained investments in community assets. Instead of setting up self-contained, gated campuses for themselves or shuttling their workers in private busses, they should invest alongside communities to develop shared public goods such as transit, schools, parks, and more. When real estate developers profit from building near public parks and open spaces, they can ensure that the entire community benefits. The High Line park in New York, for example, has been a magnet for high-end development, but its leaders are now pushing to make it a model for more inclusive development by establishing mentorship programs and encouraging local businesses to employ neighborhood residents.

While it is clear that anchor institutions and other private actors can be doing much more, city governments must become involved as well. As it stands, most cities do not have the power or economic autonomy to affect change. The time has come for them to wrest this power back from the grips of the nation-state.

In his books *If Mayors Ruled the World* (2013) and *Cool Cities* (2017), Benjamin Barber made a powerful argument for global cities as our last great hope for progressive and democratic governance. The Global Parliament of Mayors, which he founded in 2016, promotes collective urban decision-making across national borders, addressing critical issues such as climate change, refugee crises, pandemic disease, inequality, and terrorism. In my last conversation with him before he died early in 2017, Barber shared his vision of how cities can retake the upper hand in Trump's America.

"There is an institutional and constitutional haven for resistance, defined by cities, which have resources, money, citizens, and the power to do something," he said. "It's the confrontation of power with power—of national power with urban power."

This may seem like a radical vision, but more than two decades ago, the economist Alice Rivlin of the Brookings Institution made a powerful case for devolving education, housing, transportation, social services, and economic development programs from the national government to the states, whose leaders, she said, are closest to the conditions on the ground. The idea is backed up by the Organisation for Economic Cooperation and Development, or OECD, whose members are the world's thirty-five most highly developed countries. According to their massive amounts of research, decentralized local government is more effective and efficient than centralized control.

Perhaps most fascinatingly of all, similar arguments for a devolution of power from the federal to the local level are being made on the right, suggesting bipartisan support for such an effort. In his book *The Fractured Republic* (2016), Yuval Levin of *The National Review* argued for "subsidiarity," an idea dating back to the governance of the Catholic Church that finds that political, social, and economic issues are best handled at the local level.

Local government and local governance are also more democratic, according to University of Michigan political scientist Jenna Bednar, whose research focuses on the political effectiveness of decentralization. At a time when trust in the federal government has reached a historic low, there is little wonder that local government has emerged as a grounding political force: between 66 and 75 percent of Americans express trust in their local government, compared to just 55–65 percent for state governments and around 20–33 percent for the federal government, according to surveys by Pew and Gallup. While top-down national governance tends to impose one set of choices on all of us, localism respects our differences and allows people to choose the kinds of communities that reflect their values.

But devolution is not simply a matter of taking power from the federal government and handing it over to cities. It means making the best use of the complex vertical separation of powers between the federal, state, and local levels. It means using subsidiarity to find the best possible alignment between the nature of an economic issue or policy area and the appropriate level of government and scale of governance that is required to address it. Transit and transportation investments, for example, could be overseen by the networks of cities and suburbs that make up metropolitan areas, or even the groups of metropolitan areas that make up megaregions. Housing investments, whether publicly funded or channeled through public–private partnerships, can be tailored to local conditions in the form of detached houses and garden apartments for more spread-out places or high-rise rentals for denser and more urban locations.

Still, some may ask: what set of forces could possibly enable such a devolution of power? Intellectually, one sees the possibility in the convergence of thinking by those on the left and right. Pragmatically, one sees it in the burgeoning movement of local leaders to combat Trumpism on issues such as climate change. In the summer of 2017, a coalition to adopt and uphold the Paris climate accords formed with signatures from more than 250 cities, 9 states (including New York, California, Washington, Connecticut, Virginia, and Massachusetts), 100 corporations, and 80 universities.

In times of discontent, these political realignments can happen quickly. Local communities and their residents have ceded power to corporations and the national government for far too long, and both have

consistently failed to meet cities' needs. It is time for cities to take back control and enable themselves to tackle their own opportunities and challenges from the ground up.