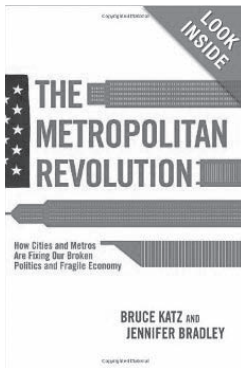


# The Metropolitan Revolution: How Cities and Metros are Fixing our Broken Politics and Fragile Economy

by Bruce Katz and Jennifer Bradley (© 2013, Brookings Institution Press, 288 pages)

REVIEWED BY OWEN M. BEITSCH, PH.D., CRE



RELIANT ON SHARED FUNDS, grants and direct expenditures from federal sources, the next big ideas in many parts of the country are being reduced in scale or abandoned altogether. In more aggressive settings, the ideas are being retooled as local ventures, cobbled together using the strength of community capital and vision.

For the real estate industry, oft-given federal incentives or inducements to engage in complex public-private initiatives have not infrequently been the means to support workers, address environmental or social obligations, correct technological deficiencies, construct transportation projects, and provide other infrastructure. In the past, dollars for these activities flowed generously from the nation's capital, not uncommonly controlled by party loyalists. Such funds will become more difficult to secure, impossible in many cases, forcing both the entrepreneurial community and the entrepreneurial developer to find and implement new approaches to assure their own success. Party loyalty may be a discriminator at some point but it isn't a strategy for funding. America's cities and its urban places, it seems, are on their own. Going forward, they must chart their own way into a brighter and more prosperous future. Anything else: wishful thinking.

## About the Reviewer



Owen M. Beitsch, Ph.D., CRE, FAICP, is a senior principal with Real Estate Research Consultants, an Orlando-based firm affiliated with GAI that provides economic advisory services to public and private clients throughout the United States. Beitsch serves on the editorial board of Real Estate Issues and is a research associate and adjunct faculty member at the University of Central Florida.

For those with local government clients, the models constructed decades ago may no longer be sufficiently robust. Certainly, that is often the case when local priorities may not interface well with the objectives of federal programs where bipartisan voices are much louder and angrier.

In *The Metropolitan Revolution: How Cities and Metros are Fixing our Broken Politics and Fragile Economy*, Bruce Katz and Jennifer Bradley, both of the Brookings Institution, describe the experiences of several communities. The pair describes projects, they believe, offer a blueprint for action which can rebuild economies and is determinedly self-reliant. They speak of a revolution in thought and actions stemming from "cities and metropolitan areas [as] the engines of economic prosperity and social transformation in the United States." If they are correct in their outlook,

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they are capturing the essence of a sustainable movement because the critical and strategic solutions breed largely from locally renewable resources.

Covering a range of community-building activities, Katz and Bradley make the case that local developers and their local governments can achieve an extraordinary range of major improvements by linking with grass root activists, civic institutions, local foundations, and local banks historically bypassed in favor of federal resources. Indeed, they make the case that local creativity succumbs to inertia and economic malaise when it patiently, but unwisely, awaits competitive capitalization doled out by Congress. Today the near-term success of urbanization projects depends on local actions and political leaders. Close to the resources in their communities, they can build the partnerships to achieve results by asserting financial independence.

The real estate industry is a natural advocate to push for these kinds of changes since many of its professionals claim to be fiscally conservative and eschew Washington's financial generosity. Further the industry is comprised of risk-takers and community builders, large and small. Key decisions respond to trends at a local level because they drive demand for the products and services of the real estate industry. Since "cities and metropolitan areas are... on the frontlines of America's demographic change," those who would harness those trends must be able students and stewards of the social order. In these urban settings, "every major demographic trend that the United States is experiencing—rapid growth, increasing diversity, an aging demographic—is happening at a faster pace, a greater scale and higher level of intensity." It is often the local real estate entrepreneur with the creative skills and business network that can assemble the planning and implementation team willing to both rebuild and redeploy essential community assets in this evolving context.

*The Metropolitan Revolution* charts success stories in New York, Denver and Houston, among others. These are both organic and inorganic places. These are communities with diversity and challenges. Nonetheless, they have a wellspring of talent and skills that are making transformative investments in public-private ventures. These efforts will facilitate streams of continued investment and long-term growth. As we think about the

momentum being unleashed in these cities, we might also acknowledge that there is an "inversion of the hierarchy of power in the United States."

Suddenly, cities and regions do matter. But haven't they always? It is not without some historical irony—think Savannah, Charleston, New Orleans, and Philadelphia—cities and regions that literally created the economic framework on which the nation still thrives. As much as anything, *The Metropolitan Revolution* pushes us to recall that the federal system is a series of related local and regional areas that must function together as both *economically independent* units and functioning *socially dependent* units.

America's local leaders and its development community can and should set the agenda for the direction of our civic and private spaces. Ironically, Katz and Bradley explain that many of these changes were already underway—quietly, changes were already occurring—but, less quietly now, they are accelerated by the paralysis in Washington and the disruptive technologies being experienced locally. Because entrepreneurial spirit is such a local phenomenon, it is not a surprise to realize that rebuilding our economy also means rebuilding our cities and their infrastructure, however broadly that term is defined. And if cities do matter, then they should matter to all real estate professionals active within them.

To be clear, the case studies comprising the backbone of *The Metropolitan Revolution* are not about steely resolve to resist federal monies. They are about a resolve to resist dependence upon those monies. There are important distinctions between dollars that make a good project better or that advance its timetable. There are distinctions between a stimulus and maintenance. And sometimes (dare it be said), federal funds are appropriate because of their high value multiplier effects across regions that are the same whether your loyalties lie with Keynes or Reagan.

Likewise, states are implicit and complicit in what their regions may accomplish. Statehouse partisanship in some parts of the country is no less divisive. Consider the states capable of building or expanding their rail and health care industries based on an infusion of federal dollars, ultimately paired with local dollars tied to local ventures. Much of that money has been turned away. In several cases, these amount to opportunities squandered.

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State or federal, locals must have a role and should have a voice, if not a vote, in ranking the options. In both cases, the theme is about harnessing and leveraging capital. *But*, only on terms keyed to clearly articulated local objectives.

It is well that Katz and Bradley have outlined the reasons and the principles basic to jumping the nation's local economies. Nonetheless, details do matter, and some cities will fail to recognize their own barriers or their particular advantages. Despite the branding, bunting and banners pushed as economic development in many communities, *critical* thinking remains at the center of the next local idea. Progress may occur only incrementally as part of a longer-term initiative. Occasionally, it may even

be necessary to curry the support of objective outsiders but not if the final strategies and implementation mean surrendering local leadership.

Whatever their quick lessons overlook, the kernels in this book still shine. Set aside the old-fashioned boosterism that rings across almost every chapter, and simple, but valuable, lessons remain. With patience and care, their energy can be plowed into our communities making them more prosperous. If Richard Florida's science has a claim, the regenerative benefits of the creative class are nurtured by the power of the local settings in which they take root.

Sometimes, the genie and magic lamp just ain't enough.... ■