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Seattle Metropolitics

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Seattle Metropolitics:
A Regional Agenda for Community and Stability in the Puget Sound Region

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I. Introduction

Social and economic polarization threaten the future of the Puget Sound region.[1] First, social and economic need has concentrated and is deepening in some central-city neighborhoods and satellite cities. These are places like Tacoma, Olympia, Bremerton, Everett, Kent, and Auburn. This concentration destabilizes schools and neighborhoods, is associated with increases in crime, and results in the flight of middle-class families and business. As social needs accelerate in these places, the property tax base supporting local services erodes. About 34 percent of the Puget Sound population live in such a jurisdiction (16 percent in Seattle and 18 percent in declining satellite cities).

Of the sixteen regions that MARC has studied, the Puget Sound region has one of the strongest central cities that we have encountered: Seattle. Seattle's fiscal capacity is above the regional average and is strong evidence of commercial renewal and residential gentrification (the only other central city in which this was the case was Atlanta). However, even though Seattle's tax base per household is above the regional average, Seattle still has significantly more social needs than the average city in the Puget Sound region. Further, there are significant danger signs in the city's schools. While Seattle's is one of the least poor and segregated central city districts in the nation, it remains half poor, and half black and Hispanic. Even after Seattle's return to neighborhood schools, the percentage of poor and minority students in the school district has rapidly increased and the poverty level is much too high for long-term stability.

The mythic dichotomy of urban decline and suburban prosperity holds that social and economic decline stops neatly at the central city borders. Nothing could be further from the truth—especially in the Puget Sound region. While in this region, as in most metropolitan areas of the U.S., social need is relatively high in the central city, poverty and social instability are also pronounced in older working class and middle income satellite cities and their suburbs, particularly in the southern and western parts of the region. The Tacoma School District had the highest percentage of poor students in 1997, followed by the Clover Park District on Tacoma's southern border. The Seattle District had the third highest rate. Further, both the Tacoma and Clover Park Districts had greater increases in poor students than the Seattle District between 1989 and 1997. Lacking the strong business district, vitality and resources, high-end housing market, parks, culture and amenities that the central city has; and often without a large police department and social service agencies to respond to growing social stress; the schools in these communities become poor *faster*, and the local commercial and residential values are simply not sufficient to keep taxes affordable and to deal with increasing social pressures.

Second, in a related pattern, growing middle-income communities, dominated by smaller homes and apartments, developing without sufficient property tax base to support schools and

[1] In this study we define the Puget Sound region as the six counties designated by the Federal Office of Management and Budget as the Seattle-Tacoma-Bremerton Consolidated Metropolitan Statistical Area (CMSA): Island, King, Kitsap, Pierce, Snohomish, and Thurston, excluding the towns of Darrington, Index, and Skyhomish. According to the 1990 Census of Population and Housing, *Technical Documentation*, a Metropolitan Area (MA) is "one of a large population nucleus, together with adjacent communities that have a high degree of economic and social integration with that nucleus" and some "are defined around two or more nuclei". MSA's are "relatively freestanding MA's and are not closely associated with other MA's".

other public services, are beginning to experience increases in their poverty and crime rates. These fiscally stressed communities could well become tomorrow's troubled cities. These places, which include many outlying, satellite cities and unincorporated communities, as well as some inner Seattle suburbs, are home to another 35 percent of the Puget Sound population. These are places like Renton, Federal Way, Puyallup, and unincorporated Pierce and Kitsap Counties. Together, Seattle, declining Puget Sound satellite cities, and low property value, middle-income communities—all places disadvantaged by regional polarization—represent nearly 70 percent of the region's population.

As middle-class families—generally those who cannot afford a $300,000+ home typically built in the region's more prosperous cities and suburbs—leave declining suburbs and satellite cities, many are jumping out of a social frying pan and into a fiscal one. When they reject neighborhoods and schools of increasing social stress, they often land in communities with enormous fiscal stress. These edge communities, predominately composed of housing valued below $200,000 and with many times the region's ratio of school-age children to adults, find their local base of resources substantially insufficient to cover the costs of the schools and other infrastructure needed to properly support the scale of growth.

Third, upper-income communities—centered around the growth area just east of Seattle and dominated by expensive homes—are capturing the largest share of regional infrastructure spending, economic growth, and jobs. As the tax base expands in these affluent communities and their housing markets remain closed to most of the region's workers, these communities—places like Bellevue, Redmond, and unincorporated King and Snohomish Counties—become both socially and politically isolated from regional responsibilities. Only about 30 percent of the Puget Sound population live in communities such as these.

As these places achieve the enviable position of having the region's largest tax base and the least need for social services, they become the most desirable places in the region to live. As business and housing developers compete for locations, open space evaporates and people who sought an insulated life closer to natural amenities find themselves in the midst of edge-city urban life with as much or more congestion, development, and stress as the places they left behind. As the highly desirable land melts away into development, "pass-through" traffic increases as new roads are built to connect residents of the next urbanizing community.

While these affluent, high tax base communities have resources, they often cannot, by themselves, control the pace of development that takes them every day toward a scenario of rapid residential and commercial growth and unbearable levels of traffic congestion—a scenario that they may not want. These high-income places often pass significant tax referenda for open space. As development pressure increases, these communities, are the most likely to unilaterally act to control growth. While local development moratoriums or slowdowns at the time seem like a solution, ultimately they only throw development further out to the next growth-hungry community. Thus, such well-intentioned unilateral action to halt growth can actually make the problems associated with sprawl worse rather than better. Anthony Downs of the Brookings Institution often cites the example of Petaluma, California, which in 1972 decided to slow growth by limiting the number of building permits issued annually, causing housing demands to

dramatically increase in further-out Santa Rosa.[2] Indeed, the population of the Santa Rosa area nearly doubled between 1970 and 1980,[3] much of it natural spill over from Petaluma. Thus, the Petaluma action actually caused the size of *the region* to become larger than it might have been if Petaluma had absorbed the growth. Extra infrastructure in terms of roads and sewers had to be built. Moreover, the residents of Petaluma soon were forced to deal with the dramatically increased traffic moving through their community.

Social and economic polarization and sprawling development patterns on a regional scale in the Puget Sound area exact costs in terms of waste of human resources; deterioration of some Seattle neighborhoods and of many satellite cities; increased fiscal stress in satellite cities and fast-developing communities; increased costs of infrastructure and land; loss of agricultural and fragile lands; and increased miles traveled and number of automobile trips. Various economists and urban researchers have described and measured many of the costs of social and economic polarization and of wasteful development patterns. The results are staggering. In Section II of this report we will review their findings.

Only through a strong, multifaceted, regional response can social and economic polarization and wasteful development patterns be countered. To stabilize the central city neighborhoods and satellite cities and to minimize unplanned outward development there are three areas of reform that must be achieved on a metropolitan scale: 1) greater fiscal equity among jurisdictions of the region, 2) smarter growth through better planning practices, and 3) structural reform of metropolitan governance to allow for fair and efficient implementation of the other reform measures. These policies are interrelated and reinforce each other substantively and politically.

In the 1970s, moderate “Rockefeller” Republicans, such as Richard Lugar of Indiana, Tom McCall of Oregon, Harold Levander of Minnesota, and George Romney and William Milliken of Michigan, began to outline an elegant *limited government* response to the problem of inter-local disparity and sprawling, inefficient land use. The message of cost-effective regional planning, supported by local business leadership, had a strong influence in Minneapolis-St. Paul (Twin Cities), Indianapolis, and Portland, Oregon twenty-five years ago. In 1970 the city of Indianapolis merged with Marion County into one unified government. In 1971 the state of Minnesota passed groundbreaking legislation for a system of tax-base sharing among the cities and counties of that region, and in 1975 implemented the system. In 1973 the state of Oregon passed its Land Use Act, a statewide planning framework that requires each of the state's 242 cities and 36 counties to establish an urban growth boundary and develop a long-range, comprehensive plan for development within those boundaries. In 1979, voters in the Portland, Oregon metropolitan area chose to make that region's metropolitan planning organization a directly elected regional body—the first of its kind in the nation and still the only one. During the 1980s, Minnesota established a regional boundary called the Metropolitan Urban Services Area around the Twin Cities region and Florida passed its Growth Management Act.

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[2] Anthony Downs, *New Visions for Metropolitan America* (Washington DC: The Brookings Institution, 1994): 36.

[3] According to the U.S. Bureau of the Census, the population of Santa Rosa and its surrounding communities increased by 82.5 percent (from 75,083 to 137,320) between 1970 and 1980.

In the 1990s there has been a renewed interest in regional reform across the nation. In fact, the state of Washington, with its 1990 Growth Management Act, has been a significant leader in this regional planning renaissance. In Washington DC, former United States Housing and Urban Development Secretary Henry Cisneros advocated that federal government strengthen metropolitan coordination of affordable housing, land use, environmental protection, and transportation issues. In 1994, President Clinton issued a broad executive order beginning this process.[4] In 1997, Maryland, under the leadership of Governor Parris Glendening, passed legislation that limits growth to state-designated "smart growth" areas by withholding infrastructure funding for development outside such areas. In September 1998 in a speech at the Brookings Institution, Vice-President Al Gore announced a federal agenda "to help encourage smarter growth and more livable communities all across America".[5] Also in 1998, the Tennessee legislature passed land-use planning legislation similar to Oregon's pioneering statewide land-use plan of the 1970s. In 1998 in New Jersey, the nation's most urbanized state, voters approved the dedication of $98 million a year for the next ten years to preserve one million acres of farmland and open space. Governor Christine Todd Whitman has lead this effort and continues to propose significant legislation, such as creating a financial incentive for citizens to donate land for preservation.

Recently the famed Commercial Club of Chicago and the Greater Baltimore Committee—whose members primarily represent the interests of the downtown business district in their respective cities—endorsed sweeping proposals for regional reform including tax-base sharing, land-use planning, and regional governance reform.[6] They believed that these reforms were very important to the economic health of their cities.

Columnist Neal Peirce has helped to revitalize this type of good-government metropolitanism, broadening its base by emphasizing the social and economic interdependence of metropolitan areas and the need for regional economic coordination to compete effectively in the new world economy.[7] On another front, David Rusk, former mayor of Albuquerque, New Mexico, simply and effectively connected the issues of metropolitanism and social equity.[8] He did this by showing that regions with an effective metropolitan planning body are more equitable, less segregated by race and class, and economically healthier. Anthony Downs, of the Brookings Institution, assembled his own research together with recent groundbreaking work of urban poverty scholars, economists, transportation experts, and land-use planners. He makes

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[4] United States President Bill Clinton, Executive Order, "Leadership and Coordination of Fair Housing in Federal Programs: Affirmatively Furthering Fair Housing, Executive Order 12892 of January 17, 1994," The Weekly Compilation of Presidential Documents (24 January 1994): 110-14.

[5] United States Vice President Al Gore, Brookings Policy Series, September 2, 1998.

[6] Elmer W. Johnson, "Chicago Metropolis 2020, Draft Plan of 1999: Preparing Metropolitan Chicago for the 21st Century", A Project of the Commercial Club of Chicago, Draft, October 1998; Greater Baltimore Committee, "One Region, One Future: A Report on Regionalism", July 1997.

[7] Neal Peirce, *Citistates: How Urban America Can Prosper in a Competitive World* (Washington, D.C.: Seven Locks Press, 1993).

[8] David Rusk, *Cities Without Suburbs* (Washington, D.C.: Woodrow Wilson Center Press, 1993).

compelling new arguments for metropolitan governance and broad metropolitan-based reforms in fair housing, transportation, land use, and regional fiscal equity.[9]

In separate studies, William Barnes and Larry Ledebur, Richard Voith, and H. V. Savitch showed the deep interconnections of metropolitan economies. A study of seventy-eight metropolitan areas, conducted by Barnes and Ledebur, found that between 1979 and 1989 in most U. S. metropolitan areas, median household incomes of central cities and suburbs moved up and down together.[10] They also found that the strength of this relationship appears to be increasing. An earlier study of forty-eight metropolitan areas, conducted by the same team, found that metropolitan areas with the smallest gap between city and suburban incomes had the greatest job increases.[11]

A recent study by Richard Voith, an economist at the Federal Reserve Bank of Philadelphia, found that employment growth in the central city of a region is very important to house values in existing suburbs close to the city (*i.e.*, less than a 50 minute commute).[12] Similarly, he found that employment growth in existing suburbs close to the city does not significantly affect house values in those communities themselves but rather, benefits developers and owners of agricultural land further out.

Through a comparison of incomes and real estate prices in the cities and suburbs of fifty-nine metropolitan areas between 1980 and 1990, H. V. Savitch and his colleagues found that cities and suburbs within a given region are highly interdependent. They report that those regions "with a greater capacity to harness common resources and unite populations do better than more highly fragmented areas."[13]

The evidence clearly shows that cities and suburbs within a metropolitan region are interdependent; and that when social and economic polarization is minimized the region is stronger; and that regional planning and metro-wide reforms are good for the entire region. However, many believe that metropolitan reforms are no longer possible because the suburbs have taken over American politics.[14] Representing over 50 percent of the American population and over 70 percent in the Puget Sound region, clearly "the suburbs" do have great political power. Commentators glory in an ideal of small suburban government close to the people. They

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[9] Downs, *New Visions*.

[10] Larry C. Ledebur and William R. Barnes, *"All In It Together": Cities, Suburbs and Local Economic Regions* (Washington, D. C.: National League of Cities, 1993).

[11] William R. Barnes and Larry C. Ledebur, *City Distress, Metropolitan Disparities, and Economic Growth* (Washington, D. C.: National League of Cities, 1992).

[12] Richard Voith, "The Suburban Housing Market: Effects of City and Suburban Employment Growth," Working Paper No.96- (Philadelphia: Federal Reserve Bank of Philadelphia, May 1996).

[13] H. V. Savitch and others, "Ties That Bind: Central Cities, Suburbs, and the New Metroplitan Region," *Economic Development Quarterly* 7 (4) (November 1993).

[14] Anthony Downs, in *New Visions* repeatedly outlines the necessity of sweeping metropolitan reform and then dismisses the possibility of political success because of the monolithic opposition of the suburbs.

maintain that regional reform threatens this idea. In response, this idealization was never true, and in the late 1990s stands in the starkest contrast to the reality described at the beginning of this report. More importantly, regional reform seeks to create circumstances in which a new ideal of local control and long term community stability can become a reality—as many policy-makers—Democrats and Republicans alike—and high-ranking federal officials, have already discovered (see above).

Once policy-makers and reform advocates recognize the diversity of the communities in their region, the attainability of regional reform becomes clear. Once it is recognized that the region's communities are not a monolith with common needs and resources, declining core communities, satellite cities, and low tax base developing communities can identify each other as allies in regional reform and begin to work together for a stronger, more stable region. Some of these communities will find their motivation in a common social and fiscal decline that requires regional equity, others in the need to plan for growth for a sustainable, stable future.

In the Twin Cities region, for example, after a series of geographic information system (GIS)[15] maps revealed that the suburbs were not a monolith, a metro-majority political coalition was forged. This coalition between the central cities—which comprise one-third of the region's population—and the inner and low fiscal capacity suburbs—which comprise another third, supported and helped to pass significant legislation in the 1993-1998 sessions involving regional tax-base sharing, fair housing, transportation/transit reform, land-use planning, brownfields[16] cleanup, and stronger metropolitan governance, these subregions signaled their strong and growing support of a regional reform agenda.

Since those first maps were produced of the Twin Cities area, the Metropolitan Area Research Corporation has conducted similar policy research[17] of fifteen other U.S. metropolitan areas.[18] These studies clearly show that 1) social and economic polarization is occurring in small and large regions across the country and in regions with relatively strong central cities as well as those with declining central cities; 2) suburbs and satellite cities within a region are not all the same, with common needs and experiences; and 3) coalitions can be forged between previously thought unlikely partners—elected officials of the central city, satellite cities, and suburban communities of a region—to enact regional reforms.

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15 A computer program that attaches data from a separate database to a map.

16 Contaminated (or perceived to be contaminated) former industrial or commercial sites. When these sites, located in central cities and older, inner suburbs, are cleaned up, new land for development is created in the region's core, whereas previously, all new land was usually found only on the region's fringe. Re-development of these sites adds new jobs to the region's core and improves the local economy of these places.

17 According to Ann Majchrzak, author of *Methods for Policy Research*, policy research is defined as "the process of conducting research on, or analysis of, a fundamental social problem in order to provide policymakers with pragmatic, action-oriented recommendations for alleviating the problem". Applied Social Research Methods Series, Volume 3 (Newbury Park: Sage Publications, 1984): 12.

18 Chicago, Portland (Oregon), Philadelphia, Pittsburgh, Baltimore, San Francisco Bay Area (San Francisco, Oakland, San Jose), South Florida (Miami, Fort Lauderdale, West Palm Beach), Milwaukee, Los Angeles, Grand Rapids-Muskegon, Atlanta, St. Louis, Detroit, Denver, and Washington DC.

The purpose of "Seattle Metropolitics", then, is threefold: 1) to identify and document social and economic polarization and wasteful development patterns in the Puget Sound region; 2) to identify common patterns and needs among existing local governments in the region; 3) to introduce concrete policy strategies for addressing the problems of regional polarization and wasteful development patterns.

We will begin with a general discussion in Section II of the detrimental effects of concentrating a region's poor in abandoned neighborhoods of the central and satellite cities and the costs of wasteful development patterns. In Section III, we will present the results of our analysis to identify like communities—or subregions—within the Puget Sound region. Section IV will document regional polarization in the region by simply presenting, through the use of color maps, social and economic data for all of the communities in the region and giving summary statistics, where possible, for each of the identified subregions. Finally, in Section V, we will discuss policy strategies for regional reform, with special emphasis on tax-base sharing. It is our hope that the results of this study will help to further the processes of metropolitan reform in the Puget Sound region. Through our analysis of the progressive and detrimental effects of metropolitan polarization on people and communities, this study will provide evidence regarding the necessity of reform for elected officials as well as the traditional advocates of land use, housing, fiscal and governmental reform.

This report is designed to bring into the debate new and decisively important participants—elected officials and constituency groups representing suburban and satellite communities, particularly those with high social and infrastructure needs and few tax-base resources that have often not understood the benefits of regionalism for their communities. It is for these communities that the dangers of regional polarization are the most apparent and fundamental. It is these communities that can bring significant new political power to the issue. It was these communities that, in Minnesota, created the regional majority necessary to enact major reforms. In some of the first regions that we studied—Chicago, Portland, Philadelphia, and Baltimore—state legislators representing the central city and declining suburbs have begun building coalitions and drafting legislation for regional reform. It is our hope that officials in the regions in which we have been more recently involved will follow.

Those who should read this report include people working to reduce poverty in central and satellite city neighborhoods, advocates for smart growth and the environment, and especially, state legislators and elected officials who represent cities and counties, particularly in the southern and western parts of the region (*i.e.,* in Pierce, Thurston, and Kitsap Counties). Cities and counties are political units with land-use planning powers and are the true units of regional competition. Cities and counties, whose land-use planning powers—interacting with race-relations, fiscal disparity, and regional infrastructure—shape the region’s future. They are also the centers of real political power which will facilitate or impede metropolitan reform.

Based on demographic research, this report will show that, while the central city of Seattle is relatively strong, the satellite cities and other communities in the southern and western parts of the region are not, and indeed, the Puget Sound region is facing a scenario very similar to the one encountered by the Twin Cities area and the other regions mentioned above. This report will also argue that regional reform coalitions similar to those formed in other regions can be

developed in the Puget Sound region to combat these growing problems. The effort could begin around the issue of local fiscal equity and, if successful, can be broadened, one by one, to other issues of regional reform, such as land-use reform, reinvestment in the fully-developed communities, fair housing, and transportation and transit reform.

II. Problems Associated with Regional Polarization and Sprawl

A. Concentrated Poverty

In the central cities of most major U.S. metropolitan areas, there is a subset of distressed census tracts with more than 40 percent of their population below the federal poverty line. According to sociologists, such neighborhoods are extreme poverty tracts or ghettos.[19] Surrounding these severely distressed neighborhoods are transitional neighborhoods with 20 to 40 percent of their population in poverty.[20] According to Paul Jargowsky, between 1970 and 1990 the national poverty rate declined from 13.6 to 12.8 percent and the metropolitan poverty rate barely increased, moving from 10.9 to 11.8 percent. However, despite large increases in social spending and the gross national product, the population of high poverty areas doubled and their geographic size expanded faster than their population increased.

In the 1970s, extreme poverty tracts and transitional neighborhoods exploded in size and population in the large cities of the Northeast and Midwest. During the 1970s, New York City's ghetto, the nation's largest, increased from 70 census tracts to 311.[21] During the 1980s, ghettoization rapidly increased in Chicago, Detroit, and many of the secondary cities of the Northeast and Midwest.[22] In 1980, 48 percent of Detroit's census tracts had at least 20 percent of the residents in poverty; by 1990, 75 percent of its tracts did.[23] In Midwestern cities as a whole, the number of ghettoized tracts doubled in the 1980s.[24] This trend, thus far, has been less pronounced in western cities, but poverty is growing.[25]

The expansion of extreme and transitional poverty tracts is not just confined to these large urban centers of the Northeast and Midwest. We have found that these trends, while more severe

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19 See Paul A. Jargowsky and Mary Jo Bane, "Ghetto Poverty in the United States, 1970 to 1980," in Christopher Jencks and Paul E. Peterson (eds.), *The Urban Underclass* (Washington, DC: The Brookings Institution), 235-273; John D. Kasarda, "Inner-City Concentrated Poverty and Neighborhood Distress: 1970 to 1990," *Housing Policy Debate* 4, no. 3, 253-302.

20 Ibid.

21 Kasarda, "Concentrated Poverty," 261.

22 Kasarda, "Concentrated Poverty"; Paul A. Jargowsky, "Ghetto Poverty Among Blacks," *Journal of Policy Analysis and Management* 13, no. 2 (1994): 288-310.

23 Kasarda, "Concentrated Poverty," 261.

24 Ibid., 260.

25 Ibid.

in some cities than in others, are present and worsening in all of the fifteen U.S. regions we have studied thus far. Furthermore, as the number and population of poverty tracts has grown in most metropolitan areas, they have spilled beyond the central city borders into older suburbs and have grown in satellite cities. Between 1980 and 1990, while the three central cities of the South Florida region—Miami, Fort Lauderdale, and West Palm Beach—combined went from 13 to 27 extreme poverty tracts and from 33 to 40 transitional tracts, their inner suburbs went from 5 to 8 extreme poverty tracts and from 18 to 49 transitional tracts. Similarly, as the city of Baltimore lost poverty tracts between 1980 and 1990—going from 36 to 35 extreme poverty tracts and from 69 to 63 transitional tracts, its inner suburbs and satellite cities gained poverty tracts—going from zero to two extreme poverty tracts and from one to two transitional tracts. The Portland, Oregon region, which went from 3 to 10 extreme poverty tracts and from 18 to 28 transitional poverty tracts during the 1980's (all located in the central city), gained its first two suburban poverty tracts during that period.

Stimulated by William Julius Wilson's book, *The Truly Disadvantaged*, scholars in the late 1980s began actively studying the effects of concentrated poverty in large metropolitan areas. Their research confirms that concentrated poverty multiplies the severity of problems faced by both communities and poor individuals.[26] As neighborhoods become dominated by joblessness, racial segregation, and single-parentage, they become isolated from middle-class society and the private economy.[27] Individuals, particularly children, are deprived of local successful role models and connections to opportunity outside the neighborhood. A distinct society emerges with expectations and patterns of behavior that contrast strongly with middle-class norms.

[26] William Julius Wilson, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* (Chicago: University of Chicago Press, 1987); Douglas S. Massey and Nancy A. Denton, *American Apartheid: Segregation and the Making of the Underclass* (Cambridge: Harvard University Press, 1993); Christopher Jencks and Paul Peterson eds., *The Urban Underclass* (Washington, D.C.: Brookings Institution, 1991); Nicholas Lemann, *The Promised Land: The Great Black Migration and How it Changed America* (New York: Alfred A Knopf, 1991); Nicholas Lemann, "The Origins of the Underclass," *The Atlantic Monthly* 257 (1986): 31-55; Hope Melton, "Ghettos of the Nineties: The Consequences of Concentrated Poverty," (St. Paul Department of Planning and Economic Development, November 10, 1993).

[27] See generally George C. Galster, "A Cumulative Causation Model of the Underclass: Implications for Urban Economic Policy Development," in *The Metropolis in Black and White: Place, Power and Polarization*, eds. George Galster and Edward Hill (New Brunswick, NJ: Center for Urban Policy Research, 1992).

Professor Wilson writes:

> "I believe that the exodus of middle- and working-class families from ghetto neighborhoods removes an important 'social buffer' that could deflect the full impact of ... prolonged and increasing joblessness ... This argument is based on the assumption that even if truly disadvantaged segments of an inner-city area experience a significant increase in long-term spells of joblessness, the basic institutions in that area (churches, schools, stores, recreational facilities, etc.) would remain viable if much of the base of their support comes from the more economically stable and secure families. Moreover, the very presence of these families during such periods provides mainstream role models that help keep alive the perception that education is meaningful, that steady employment is a viable alternative to welfare, and that family stability is the norm, not the exception."[28]

Studies have found that poor individuals living in concentrated poverty are far more likely to become pregnant as teenagers,[29] drop out of high school,[30] and remain jobless[31] than if they lived in socioeconomically mixed neighborhoods. These types of outcome dramatically diminish the quality of life and opportunity. Similarly, the concentration of poverty and its attendant social isolation leads to the development of speech patterns increasingly distinct from mainstream English.[32] These speech differences make education, job search, and general interaction with mainstream society difficult.[33]

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[28] Wilson, *Truly Disadvantaged*, 56.

[29] Jonathan Crane, "The Effects of Neighborhoods on Dropping Out of School and Teenage Childbearing," in *The Urban Underclass*, eds. C. Jencks and P. Peterson (Washington, D.C.: Brookings Institution, 1991), 299-320; Susan E. Mayer, "How Much Does a High School's Racial and Socioeconomic Mix Affect Graduation and Teenage Fertility Rates?" in *The Urban Underclass*, 321-41; Massey and Denton, *American Apartheid* 169-70; Dennis P. Hogan and Evelyn Kitagawa, "The Impact of Social Status, Family Structure, and Neighborhood on the Fertility of Black Adolescents," *American Journal of Sociology* 90, no. 4 (1985): 825-55; Frank F. Furstenburg, Jr., S. Philip Morgan, Kristen A. Moore, and James Peterson, "Race Differences in the Timing of Adolescent Intercourse," *American Sociological Review* 52 (1987): 511-18; Elijah Anderson, "Neighborhood Effects on Teenage Pregnancy," in *The Urban Underclass*, 375-98; Sara McLanahan and Irwin Garfinkel, "Single Mothers, the Underclass, and Social Policy," *The Annals of the American Academy of Political and Social Science* 501 (1989): 92.

[30] Crane, "The Effects of Neighborhoods," 274-320; Mayer, "Graduation and Teenage Fertility Rates," 321-41; Massey and Denton, *American Apartheid*, 169-70.

[31] Massey and Denton, *American Apartheid*, 180-82.

[32] John Baugh, *Black Street Speech: Its History, Structure and Survival* (Austin: University of Texas Press, 1983): 11-22; William Labov, *Language in the Inner City: Studies in the Black English Vernacular* (Philadelphia: University of Pennsylvania Press, 1972); Id., "The Logic of Nonstandard English" in *Black American English: Its Background and its Usage in the Schools and in Literature*, ed. Paul Stroller (New York: Dell Publishing Company, 1975); William Labov and Wendell Harris, "De Facto Segregation of Black and White Vernaculars," in *Diversity and Diachrony*, ed. David Sankoff, Current Issues in Linguistic Theory Series, vol. 53 (Philadelphia: Benjamins, 1986), 1-24; William Labov, *Locating Language in Space and Time* (New York: Academic Press, 1980).

[33] Joleen Kirschmen and Kathryn M. Neckerman, "'We'd Love to Hire Them, But...': The Meaning of Race for Employers" in *The Urban Underclass*, eds. C. Jenks and P. Peterson (Washington, D.C.: Brookings Institution, 1991): 203-32; Roger Shuy, "Teacher Training and Urban Language Problems," in *Black American English: Its*

The effects of concentrated poverty can also be seen by comparing the experience of the poor living in concentrated poverty to that of poor individuals living in mixed-income communities. At least one large social experiment demonstrates that when poor individuals are freed from poor neighborhoods and provided with opportunities, their lives can change quite dramatically. Under a 1976 court order in the case of *Hills v. Gautreaux*,[34] thousands of single-parent black families living in Chicago public housing have been provided housing opportunities in predominantly white middle-class suburbs. Under the consent decree in a fair housing lawsuit originally brought in 1966, more than 5,000 low-income households have been given housing opportunities in the Chicago area. By random assignment more than half of these households moved to affluent suburbs that were more than 96 percent white, while the other participants moved to neighborhoods that were poor and more than 90 percent black. The pool of *Gautreaux* families thus provides a strong sample to study the effects of suburban housing opportunities on very poor city residents.

James Rosenbaum and colleagues from Northwestern University have intensively studied the *Gautreaux* families.[35] His research established that the low-income women who moved to the suburbs "clearly experienced improved employment and earnings, even though the program provided no job training or placement services."[36] Very rapidly after the moves, the suburbanites were about 15 percent more likely to be employed.[37] Rosenbaum found that the children of the suburban movers dropped out of high school less frequently than the city movers (5 percent vs. 20 percent).[38] Second, they maintained similar grades despite higher standards in suburban schools. Third, the children who moved to the suburbs were significantly more likely to be on a college track (40.3 percent vs. 23.5 percent[39]) and went to college at a rate of 54 percent,

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Background and Its Usage in the Schools and in Literature, ed. Paul Stoller (New York: Dell Publishing Company, 1975): 168-85.

[34] *Hills v Gautreaux*, 425 US 284 (1976).

[35] James Rosenbaum and Susan Popkin, "Employment and Earnings of Low-Income Blacks Who Move to Middle-Class Suburbs," in *The Urban Underclass* eds. C. Jencks and P. Peterson (Washington, D.C.: Brookings Institution, 1991); Rosenbaum, Popkin, Kaufman, and Rustin, "Social Integration of Low-Income Black Adults in Middle-Class White Suburbs," *Social Problems* 38, no. 4 (1991): 448-61; James E. Rosenbaum, Marilyn J. Kulieke, and Leonard S. Rubinowitz, "White Suburban Schools' Responses to Low-Income Black Children: Sources of Successes and Problems," *The Urban Review* 20, no. 1 (1988): 28-41; James E. Rosenbaum and Susan Popkin, "Black Pioneers: Do Their Moves to the Suburbs Increase Economic Opportunity for Mothers and Children?" *Housing Policy Debate* 2, no. 4 (1991): 1179-1213; James E. Rosenbaum and Julie Kaufman, "Educational and Occupational Achievements of Low Income Black Youth in White Suburbs" (paper presented at the annual meeting of the American Sociological Association, Cincinnati, Oh., 18 October 1991).

[36] Rosenbaum and Popkin, "Employment and Earnings."

[37] Ibid.

[38] Rosenbaum and Kaufman, "Educational and Occupational Achievements," 4.

[39] Ibid., 5.

compared with 21 percent who stayed in the city.[40] In terms of employment, 75 percent of the suburban youth had jobs compared to 41 percent in the city.[41] Moreover, the suburban youth had a significant advantage in job pay and were more likely to have a prestigious job with benefits.[42] Finally, 90 percent of the suburban youth were either working or in school compared with 74 percent of the city youth.[43]

As poverty concentrates in central and satellite cities and social disorganization increases, crime grows, and waves of middle-class flight, business disinvestment, and declining property values surrounding the area of decline intensify. As the middle class leave, there are fewer customers for local retailers and the value of local housing declines precipitously. In the poorest metropolitan neighborhoods, basic private services, even grocery stores, disappear.[44] Social needs and hence property taxes begin to accelerate on a declining base of values. These cities become pressed to provide more with less. Often they must choose between increasing tax rates or providing fewer services of poorer quality, thereby further burdening poor residents and further alienating any remaining middle-class residents.[45] As local property taxes become highest in the least desirable parts of the region, the flight of the middle class and the private economy increases. Larger industrial and service businesses are disadvantaged by high taxes, deteriorating public infrastructure, crime, loss of property value, lack of room for expansion or parking, lack of rapid access to radial highways, and the cost of urban environmental issues.[46] In addition, urban employers increasingly believe that the work force in distressed and ghetto neighborhoods is unsuitable.

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[40] Ibid., 5-6.

[41] Ibid., 6-7.

[42] Ibid.

[43] Ibid. The acceptance of these poor black families in affluent, predominantly white suburbs was not painless or immediate. At the outset, about 52 percent of the suburban movers reported incidence of racial harassment, compared to 23 percent in the city. However, the incidence of harassment rapidly decreased over time. Interestingly, both the suburban and city movers reported similar amounts of neighbor assistance and support (24.8 percent suburban v. 25.0 percent city) and essentially no difference in terms of their degree of contact with neighbors. When asked, the suburban movers were actually slightly more likely to have friends in their new neighborhoods than the city movers did. In terms of interracial friendships, the suburban movers had more than two times the number of white friends that the city movers had and slightly fewer black friends. Further, over time, the degree of integration continued for suburban movers, and re-segregation did not occur.

[44] Gary Orfield, "Ghettoization and Its Alternatives," in ed. Paul Peterson, *The New Urban Reality* (Washington, D.C.: Brookings Institution, 1985): 163.

[45] George Sternlieb and Robert W. Burchell, *Residential Abandonment: The Tenement Landlord Revisited.* (New Brunswick: Center of Urban Policy Research, Rutgers University, 1977), cited in: Robert W. Burchell, et. al., *Costs of Sprawl Revisited: The Evidence of Sprawl's Negative and Positive Impacts.* (Transportation Research Board, National Research Council).

[46] John D. Kasarda, "Urban Change and Minority Opportunities," in *The New Urban Reality*, ed. P. Peterson (Washington, D.C.: Brookings Institution, 1985): 33-68; John D. Kasarda, "Urban Industrial Transition and the Underclass," *The Annals of the American Academy of Political and Social Science* 501 (1989): 26-47.

At the same time, the zoning policies of many suburban jurisdictions help to ensure that the region's poorest residents remain in poor neighborhoods of the central and satellite cities. By requiring low maximum building densities, the zoning codes of many suburban jurisdictions allow for little or no multi-family housing. These codes also include requirements for single-family housing such as large minimum lot sizes, two car garages, and high minimum square footage. Such requirements raise the cost of development, effectively excluding poor (or even middle-class) persons.

In the clearest sense, the increase of property wealth in affluent suburbs and the stagnation of decline of central city, satellite city, and inner-suburban values represents, in part, an interregional transfer of tax base. As such, the loss of value and increased fiscal stress in older, poorer communities is a cost of regional polarization and urban sprawl.

In the end, the lack of a social mortar necessary to hold neighborhoods together and build communities makes community development in concentrated poverty neighborhoods difficult. Programs geared at job training or creation must struggle to incorporate the diversity of human resources and experiences of a social group that has been isolated from the functioning economy and jobs, from adequate nutrition and schools that succeed, and from a supportive and economically stable family structure. To the extent such programs succeed, individuals—even if they are employed in the neighborhood—often move to less poor areas.[47] Physical rehabilitation programs, while they improve the quality of shelter and neighborhood appearance, do little to attack the underlying "tangle of pathology"[48] associated with concentrated poverty.

In terms of business development, areas of concentrated poverty have great difficulty competing with developing suburbs that offer middle-class customers, low taxes, low crime rates, cheap land with increasing values, room for expansion and parking, new highways, and few contaminated industrial sites. Thus, it is not surprising that even when enormous financial resources have been devoted to enterprise zones or inner-city tax abatements, it has been very difficult to stimulate viable business opportunities that employ poor residents.[49]

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[47] Nicholas Lemann, "The Myth of Community Development," *The New York Times Sunday Magazine* (2 January 1994); Ibid., "The Promised Land," 109-222; Rusk, *Cities Without Suburbs*, 44-47.

[48] See Wilson, *The Truly Disadvantaged*, 21.

[49] See generally Roy E. Green, ed., *Enterprise Zones: New Directions in Economic Development* (Newbury Park, CA: Sage Publications, 1991); Thomas Donlan, "Danger Zones: The Required Ingredient in an Enterprise Zone is Enterprise," *Barron's* (22 June 1992): 10; Glenda Glover and J. Paul Brownridge, "Enterprise Zones as an Instrument of Urban Policy: A Review of the Zones in South Central Los Angeles," *Government Finance Review* (June 1993): 15-17; Neal Peirce, "Enterprise Zones - No Great Shakes," *National Journal* (17 July 1993): 1828; Elizabeth Larson, "Network News: Enterprise Zones Ignore the Importance of Social Networks," *Reason* (April 1994): 17; Richard Pomp, Sandra Kanter, Kenneth Simonson, and Roger Vaughan, "Can Tax Policy be Used to Stimulate Economic Development?" *The American University Law Review* 29 no. 207 (1979-80): 207-33; Paul Kantor and H. V. Savitch, "Can Politicians Bargain with Business: A Theoretical and Comparative Perspective on Urban Development," *Urban Affairs Quarterly* 29 no. 2 (1993): 230-255; Elizabeth Gunn, "The Growth of Enterprise Zones: A Policy Transformation," *Policy Studies Journal* 21 no. 3 (1993): 432-49; Otto Hetzel, "Some Historical Lessons for Implementing the Clinton Administration's Empowerment Zones and Enterprise Community Programs: Experiences from the Model Cities Program," *The Urban Lawyer* 26 no. 1 (1994): 63-81; Jeffrey Katz "Enterprise Zones Struggle To Make Their Mark," *CQ* (17 July 1993): 1880-83; Timothy Bartik, *Who Benefits From State and Local Economic Development Policies?* (Kalamazoo, MI: W.E. Upjohn Institute for Employment

David Rusk recently studied the effects of several of the largest and most successful Community Development Corporation (CDC) initiatives in the country. In virtually all of these areas of massive CDC investment, family and individual poverty rates substantially increased and moved further from metropolitan norms, the median household income declined and moved further away from the metro average, and the communities grew more segregated (see Table 1).

In response, it is possible that CDC efforts have made these communities better than they might otherwise have been; it is impossible to know how they would have fared without CDC investment. Moreover, these figures do not reflect individuals who have been empowered by CDC programs and have left poor neighborhoods. It is also true that CDCs have often represented the only available response to concentrated poverty. However, in the end, these figures do indicate that CDC efforts are woefully inadequate in face of the enormous force of metropolitan polarization.

Proposed solutions to the problem of concentrations of poverty differ widely in approach. The debate which is most central to this report focuses on the relative value of creating housing opportunities throughout the region for low-income working and poor people versus investing in the communities in which they now live. It is clear that both strategies are necessary. It is fundamentally important for low-income people to have access to high quality education, good jobs, services, loans, and other amenities a mixed-income community provides and for low-income families to be able to choose where they want to live based on a wide variety of factors. A metropolitan development agenda should address barriers to low income people, particularly people of color, moving closer to jobs and schools located in the affluent suburbs east of Seattle and, at the same time, the revitalization of existing low-income Seattle neighborhoods and satellite cities in ways that benefit (rather than simply displace) the incumbent residents. In the end, the goal of regional reform is to create thriving, mixed-income neighborhoods in all communities of the region.

Research, 1991): 17-62; Laura McClure, “Enterprise Zones Have Negligible History of Success,” *National Catholic Reporter* (13 November 1992); Glenda Glover, “Enterprise Zones: Incentives are Not Attracting Minority Firms,” *The Review of Black Political Economy* (Summer 1993): 73-99.

TABLE 1: Socioeconomic Change in CDC Neighborhoods and the Metropolitan Areas in Which They are Located	Bedford Stuyvesant Restoration Corp., Brooklyn, NY (1967)			Marshall Heights Community Development Corp., Washington, DC (1979)			Eastside Community Investments, Inc., Indianapolis, IN (1976)			Walnut Hills Redevelopment Foundation, Cincinnati, OH (1977)			Detroit Shoreway Community Development Corp., Cleveland, OH (1973)			Anacostia Community Development Corp., Washington, DC (1969)		
	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990
CDC Area Family Poverty Rate	24%		34%	13%	19%	17%	11%	19%	26%		35%	37%	13%		37%	13%		24%
CDC Area Individual Poverty Rate	28%		34%	13%	17%	20%	14%	22%	28%		39%	41%	16%		39%	15%		24%
CDC Mean Hsehold Income as % of Metro Mean	48%		50%	74%	63%	56%	73%	62%	56%		43%	44%	59%		46%	69%		49%
CDC Area Total Households	121,767	94,879		35,080	30,981	27,976	14,295	14,161	13,051		4,511	4,229	8,412		6,261			
CDC Area % Black Population	81%		86%	92%		97%	3%	5%	13%		90%	88%	0%		8%	85%		91%
Metro Family Poverty Rate	11%	14%	9%	6%	6%	6%	7%	7%	7%	8%	8%	9%	7%	8%	9%	6%	6%	4%
Metro Individual Poverty Rate	14%	17%	12%	8%	8%	6%	9%	9%	10%	11%	10%	11%	9%	10%	12%	8%	8%	6%
CDC Area Change in Tot Real Income (1970-90)	-7%			-15%			-20%						-49%			-19%		
CDC Area Change in Tot Real Income (1980-90)					-4%			-11%			-3%							
Metro Area Change in Tot Real Income (1970-90)																		
Metro Area Change in Tot Real Income (1980-90)																		

	New Community Corporation, Newark, NJ (1968)			Community Development Corp. of Kansas City, Kansas City, MO (1970)			Project for Pride in Living, Minneapolis, MN (1972)			Bethel Housing, Inc., Chicago, IL (1978)			Urban Edge Housing Corp., Roxbury, MA (1974)		
	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990
CDC Area Family Poverty Rate	30%		30%	17%		26%	11%		25%		35%	37%	14%	23%	25%
CDC Area Individual Poverty Rate	33%		31%	23%		30%	15%		26%		36%	40%	17%	24%	24%
CDC Mean Hsehold Income as % of Metro Mean	44%		40%	62%		52%	65%		58%		57%	48%	79%	73%	76%
CDC Area Total Households	7,107		3,613	45,227		29,214	79,081		63,487		16,192	11,852	16,061	13,744	14,375
CDC Area % Black Population	88%		90%	48%		52%	8%		23%		98%	99%	20%	26%	29%
Metro Family Poverty Rate	7%		7%	7%		7%	7%		6%		9%	10%	6%	7%	6%
Metro Individual Poverty Rate	9%		9%	9%		9%	9%		8%		11%	12%	9%	9%	8%
CDC Area Change in Tot Real Income (1970-90)	-36%			-37%			-11%						-24%		
CDC Area Change in Tot Real Income (1980-90)											-34%			-44%	
Metro Area Change in Tot Real Income (1970-90)				59%			50%								
Metro Area Change in Tot Real Income (1980-90)					26%										

Source: David Rusk, research sponsored by the Twentieth Century Fund.

B. Racial Segregation

Those who live in concentrated poverty areas are largely black and Hispanic. This is as true in regions with a small minority population as it is in regions with a large minority population. Nationwide, in 1990 there were almost as many poor white persons in the country's metropolitan areas as blacks and Hispanics combined (10.8 million poor whites, 6.9 million poor blacks, and 4.8 million poor Hispanics), yet three-quarters of these poor whites lived in middle-class neighborhoods (mostly suburban) while three-quarters of poor blacks and one half of poor Hispanics lived in neighborhoods with 20 percent or more persons in poverty.[50] Jargowsky found that the number of African Americans living in high poverty neighborhoods, mostly highly segregated ghettos, climbed from 2.4 million to 4.2 million between 1970 and 1990 and that the number of Hispanics living in high poverty neighborhoods increased from 729,000 to 2.0 million during this period.[51]

Despite the fact that poor members of minority groups continue to be far more likely to live in concentrated poverty than are poor whites, the discussion of racial segregation has long left our nation's political radar screen—the discussion of social separation never really got there. There appears to be a broadly shared illusion that we had a period of substantial civil rights reform in the 1960's and that the problem of segregation has largely been solved. This clearly is not the case. Raising public awareness about regional socioeconomic polarization, also means renewing the discussion of race and segregation.

The segregation of blacks in American cities and metropolitan areas is unique in its intensity and longevity. Comparing black residential segregation to the segregation of ethnic European immigrants in this century (*e.g.*, Italians, Poles, Jews), we find that black segregation has steadily increased since 1910, while European ethnics have integrated into mainstream white society. The highest level of spatial isolation ever measured for European ethnic groups was experienced by Milwaukee's Italians in 1910; their level of segregation reached an index of 56, where 100 equals total segregation.[52] Thereafter, the degree of isolation for all European ethnic groups fell steadily as children and grandchildren moved out of poverty and into mainstream white society.[53]

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[50] David Rusk, *Inside Game Outside Game: Winning Strategies for Saving Urban America* (Washington, D.C.: Brookings Institution Press, 1999).

[51] Paul A. Jargowsky and Mary Jo Bane, "Ghetto Poverty in the United States, 1970 to 1980".

[52] Stanley Lieberson, *A Piece of the Pie: Blacks and White Immigrants since 1880* (Berkeley: University of California Press, 1980), cited in Massey and Denton, *American Apartheid*.

Using racial and ethnic data for city ward populations, this index was developed by computing the percentage of a given racial or ethnic population living in the ward of the average citizen of that racial or ethnic group. This average, or *isolation index*, measures the extent to which a group lives in neighborhoods that are primarily of their race or ethnicity. For example, a value of 50 percent for blacks means that blacks are equally likely to have whites and blacks as neighbors; a value of 100 percent means that blacks live in totally black areas.

[53] Massey and Denton, *American Apartheid*.

Yet for blacks—poor or not—the opposite is true. In 1910 the average isolation index for blacks was 9.7, but by 1970 it had climbed to 73.5 in northern cities and 76.4 in southern cities.[54] Further, in 1980, Douglas Massey and Nancy Denton found that a rise in socioeconomic status for some blacks had virtually no affect on their level of segregation—black segregation was almost as high for affluent and middle-class blacks as it was for poor blacks, and was higher than for any other racial group, regardless of income. For example, in the Los Angeles metropolitan area, affluent blacks were more segregated than poor Hispanics (indices of 78.9 and 64, respectively), and in the San Francisco-Oakland region, affluent blacks were more segregated than poor Asians (indices of 72.1 and 64 respectively).[55] Massey and Denton also found that average black isolation in U.S. metropolitan areas was ten times higher than for Asians, and while Hispanics are more segregated than Asians, blacks are still 2.5 times more isolated than Hispanics.[56]

Moreover, the level of black isolation has dropped slightly since 1970, but still remains higher than the highest level ever reached by any other group. Using another measure of segregation (the Taeuber index), Massey and Denton show that the average index of black segregation in 1970 in northern metropolitan areas was 84.5 and in southern areas, 75.3. In 1990, this segregation index measured blacks at 77.8 in the north and 66.5 in the south.[57]

Discriminatory housing practices are a significant contributing factor to racial segregation in metropolitan regions. In his book *Closed Doors, Opportunities Lost*, John Yinger analyzed discrimination against blacks and Hispanics in the housing market. In studies as recent as 1991 and 1993, he found that discrimination takes place at every point of the home-buying (or renting) process, from the time a black or Hispanic calls a real estate agent to the time he is denied a mortgage. Examples of housing market discrimination include: a real estate agent indicating that an advertised unit is sold, when it is not; an agent showing only the advertised unit and no others; a lender denying a mortgage to a minority person when he would give the same mortgage to a white person; or an agent *steering* his customers—be they whites, minorities, rich or poor—to neighborhoods dominated by their race.[58] All told, Yinger calculates that a black person has a 60

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[54] Lieberson, *A Piece of the Pie;* Massey and Denton, *American Apartheid.*

[55] Douglas S. Massey and Nancy A. Denton, "Trends in the Residential Segregation of Blacks, Hispanics, and Asians: 1970 and 1980," *American Sociological Review* 52 (1987): 815-16; cited in Massey and Denton, *American Apartheid*.

[56] Douglas S. Massey and Nancy A. Denton Trends in the Residential Segregation of Blacks, Hispanics, and Asians: 1970 and 1980".

U.S. metropolitan areas refers here to the 50 largest Standard Metropolitan Statistical Areas.

[57] Ibid.; and Roderick J. Harrison and Daniel H. Weinberg, "Racial and Ethnic Segregation in 1990," presented at the annual meetings of the Population Association of America, April 20–May 2, 1992, Denver, CO; cited in Massey and Denton, *American Apartheid*.

These indices of racial segregation measure the relative percentage of blacks who would have to move their place of residence to a different census tract in order to achieve an integrated, *i.e.* even racial residential pattern.

[58] John Yinger, *Closed Doors, Opportunities Lost: The Continuing Costs of Housing Discrimination* (New York: Russell Sage Foundation, 1995).

percent chance of being discriminated against when he seeks to buy a home and visits one real estate agent; this increases to 90 percent when he visits three agents.

C. Fiscal Stress and High Development Costs on the Region's Fringe

Not only does regional polarization negatively impact the central and satellite cities of a region and the people who live there, but it also creates serious problems on the region's fringe—both for the communities that are developing there and for the natural environment.

As social and economic decline moves outward from the older parts of the region, tides of middle-class families—often young families with children—sweep into fringe communities where local governments compete for limited tax base to cover their growing infrastructure costs. Different types of land uses require different levels of public services (*e.g.*, schools, sewer and water treatment, roads, social services) and generate varying levels of tax revenue for a city. Understandably, from a local government standpoint, those uses that generate the most tax revenue and cost the least in terms of public services, are the most desirable. Generally, non-residential uses are more profitable than residential uses with variable levels of return within each of these categories.[59] As the most profitable uses leave the compact confines of the central city, they become diluted in the vast expanse of the suburbs: there simply are not enough research office parks for every community to have one. Usually, only the wealthiest cities are able to attract the types of development that provide the most tax base and require the fewest city resources.[60] Other cities are left with miles of townhomes and strip malls that don't pay the cost of the schools, sewer lines, and other infrastructure the new residents require.

Further, the cost of infrastructure on a region's fringe is more than in the compact, carefully planned older communities of the region. The seminal study on the costs of suburban growth was published by the Real Estate Research Corporation (RERC) in 1974. *The Costs of Sprawl* compared five different community prototypes for development: "low-density sprawl", "low-density planned", "sprawl mix", "planned mix", and "high-density planned". The study found that public infrastructure costs (including recreation facilities, schools, public facilities, roads, utilities) were highest under the "low-density sprawl" ($9,777 per unit) growth pattern and

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[59] Typically the least profitable use are mobile home parks and the most profitable are research office parks, with garden apartments, inexpensive single-family homes, 3-4 bedroom townhomes, expensive single-family homes, 2-3 bedroom townhomes, retail facilities, open space, garden condominiums, age-restricted housing, 1 bedroom/studio high-rise apartments, industrial development, and office parks in between (moving from least to most desirable). In a very simple analysis, the break even point for school districts is somewhere between 3-4 bedroom townhomes and expensive single-family homes and the break-even point for municipalities is about at open space.

From Robert W. Burchell, "Fiscal Impact Analysis: State of the Art and State of the Practice," in Susan G. Robinson, ed. *Financing Growth: Who Benefits? Who Pays? And How Much?* (Government Finance Officers Association, 1990).

[60] Burchell, et. al., *Costs of Sprawl Revisited*.

were lowest under the "high-density planned" ($5,167 per unit) pattern.[61] Thus, according to RERC, the cost to the public of high-density planned development is about 53 percent of the cost of low-density unplanned development. Although the RERC study has been criticized for, among other things, not taking into consideration the greater number of people requiring services in high-density development,[62] many studies conducted since then by other well-respected researchers have had very similar, albeit not as dramatic, results. Most of these found that public infrastructure costs for compact, planned development were 75 to 95 percent of the cost for unplanned, sprawl-type development.[63] Similarly, these studies found that the cost of land under compact, urban development is less than under sprawl-type development.[64]

Studies have also found that development that utilizes existing capacity costs cities less over time than does new development. For example, in a study comparing potential costs that would be incurred and revenues that would be generated under low-density, sprawl-type development versus compact, planned development in the state of New Jersey, Robert Burchell found that directing population and job growth to already developed areas and using existing infrastructure, would save municipalities $112 million annually and school districts $286 million annually in maintenance costs and debt service.[65]

D. Environmental and Transportation Impacts

The vast supply of developmental infrastructure put into communities on the region's fringe—many of which are restrictively zoned, allowing little affordable housing—creates land-use patterns that are low density, economically inefficient, and environmentally harmful. Growing communities that face tremendous service and infrastructure needs (as described above)

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[61] Real Estate Research Corporation (RERC), *The Costs of Sprawl: Environmental and Economic Costs of Alternative Residential Development Patterns at the Urban Fringe*. (Washington DC: U.S. Government Printing Office, 1974), cited in: Burchell, et. al., *Costs of Sprawl Revisited*. Dollar figures are in 1973 dollars.

[62] Alan Altshuler, "Review of *The Costs of Sprawl*", *Journal of the American Planning Association* 43, 2: 207-9 (1977) cited in: Burchell, et. al., *Costs of Sprawl Revisited*.

[63] James E. Frank, *The Costs of Alternative Development Patterns: A Review of the Literature* (1989); James E. Duncan, et. al, *The Search for Efficient Urban Growth Patterns* (1989); Robert W. Burchell, *Impact Assessment of the New Jersey Interim State Development and Redevelopment Plan* (1992); Robert W. Burchell, *Fiscal Impacts of Alternative Land Development Patterns in Michigan: The Costs of Current Development Versus Compact Growth* (1997); Robert W. Burchell, *South Carolina Infrastructure Study: Projection of Statewide Infrastructure Costs 1995-2015* (1997); Robert W. Burchell and David Listokin, *Land, Infrastructure, Housing Costs, and Fiscal Impacts Associated with Growth: The Literature on the Impacts of Traditional versus Managed Growth* (1995); cited in Burchell, et. al., *Costs of Sprawl Revisited*.

[64] Burchell, *Impact Assessment of the New Jersey Interim State Development and Redevelopment Plan*; Burchell, *Fiscal Impacts of Alternative Land Development Patterns in Michigan*; Burchell, *South Carolina Infrastructure Study*; John D. Landis, "Imagining Land Use Futures: Applying the California Urban Futures Model", *Journal of the American Planning Association*, 61, 4 (Autumn): 438-457 (1995); cited in: Robert W. Burchell, et. al., *Costs of Sprawl Revisited*.

[65] Burchell, *Impact Assessment of the New Jersey Interim State Development and Redevelopment Plan*.

offer development incentives and zone in ways that allow them to capture the most tax base.[66] In so doing, they lock the region into low-density development patterns that needlessly destroy tens of thousands of acres of forest and farmland, destabilize environmentally sensitive areas, and greatly increase vehicle miles traveled and number of automobile trips made.

In *Costs of Sprawl Revisited,* Robert Burchell and colleagues synthesized the findings of approximately 500 studies that in one way or another, measured the costs of sprawl. They identified in the literature forty-one alleged impacts of sprawl (both positive and negative) and reported on whether or not there was general agreement among the researchers as to the existence of the condition and to whether it is strongly linked to sprawl. The impacts that Burchell and colleagues identified that had the highest level of agreement on both questions, were 1) that sprawl development generates more miles of vehicle travel than compact development, 2) that sprawl development generates more automobile trips (and fewer trips using other modes of transportation) than compact development, 3) that more agricultural lands are lost under sprawl development than under any other type of development, and 4) that more fragile lands are lost under sprawl development than under any other type of development.[67]

The first two of these impacts of sprawl, both transportation issues, are due to much lower levels of density and more segregated land uses under sprawl. In communities developing on the region's fringe, the places where people live, work, play, go to school, and shop are spread over a much greater land area and are rarely integrated, essentially requiring travel by car and requiring many miles of such travel. Ultimately this can mean increased air and water pollution, noise, parking costs, and accident costs, although Burchell found slightly less agreement on the relationship between sprawl development and these factors. When homes, shops, and workplaces are clustered together, as under higher-density, planned forms of development, fewer trips by automobile are necessary as some trips can be combined, and other modes of travel become more efficient and feasible, such as transit, walking, and bicycling.

The second two impacts of sprawl for which Burchell found a high level agreement—the loss of agricultural lands and the loss of fragile lands—are both issues of land stewardship. Very simply, because most development on the fringe is low density, more land is needed. Land just beyond the developed area of the region becomes highly sought after and those who own it are under tremendous pressure to sell. As a result, an estimated 1-2 million acres of farmland are lost in America each year.[68] Further, because land on the edge of the region is so valuable—both to the seller and to the city once it is developed—and because development there often lacks coordinated planning, it is likely that sensitive areas such as wetlands, flood plains, and steeply

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[66] D. Winsor, *Fiscal Zoning in Suburban Communities* (1979); B. Rolleston, "Determinants of Restrictive Suburban Zoning: An Empirical Analysis," *Journal of Urban Economics* 21 (1987): 1-21; M. Wasylenko, "Evidence of Fiscal Differentials and Intrametropolitan Firm Relocation," *Land Economics* 56 (1980): 339-56.

[67] Burchell, et. al., *Costs of Sprawl Revisited.*

[68] Henry R. Richmond, "A Land Use Policy Agenda for 21st Century America", a report to the Steering Committee, American Land Institute, October 15, 1996.

sloped and unstable coastal areas will be developed. As an example of this, one study estimates that 110 million acres of wetlands have been lost in the U.S. since colonial times, or 55 percent of originally documented wetlands.[69] When these fragile lands are developed and later fail, the damage—to people, homes, and communities—is devastating and the costs exorbitant.

Probably the most intensive effort to protect agricultural and fragile lands in the U.S. from development has been the establishment of over 1,300 land trusts, some dating to the 1950s. However, while these efforts have been well-intentioned, they have been extremely costly and terribly ineffective. In order to purchase potentially developable land from land owners, these trusts secure large amounts of money from public and private sources—funds that could be used for research or policy advocacy of mandatory planning legislation. But, despite intense investment in land trusts by government agencies and foundations, sprawl development continues to consume more land on the edge of metropolitan regions each year than all of these land trusts have saved in twenty years.[70] According to the American Farmland Trust, only about 36,000 acres of farmland are saved from development each year by the fourteen largest state land trusts.[71] The Trust for Public Land, one of the largest land trusts in the nation, has protected nearly 40,000 acres of land per year since 1976 (both farmland and environmentally sensitive lands).[72] These numbers, while large, are not nearly enough to make up for the millions of acres of agricultural and fragile lands lost each year that could have been protected by legislation like the Oregon Land Use Act and by the evolving Washington Growth Management Act (GMA).

III. The Diversity of Metropolitan Areas

A. The Sectoral Development of American Metropolitan Areas

Students of American metropolitan housing markets, from Homer Hoyt through John Adams, have demonstrated that American metropolitan areas develop in socioeconomic sectors, or wedges, that reach out from central city neighborhoods deep into suburbia.[73] As cities come into being, neighborhoods segment along class lines in sectors surrounding a growing central

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[69] Thomas E. Dahl, *Wetlands Losses in the United States: 1780s - 1980s* (1990).

[70] Henry R. Richmond, "Program Design: The American Land Institute". a report to the Steering Committee, American Land Institute, August 29, 1997.

[71] Trust for Public Land newsletter, September 22, 1996.

[72] Richmond, "A Land Use Policy Agenda for 21st Century America".

[73] John S. Adams, "Housing Submarkets in an American Metropolis," in *Our Changing Cities*, ed. John Fraser, (Baltimore: Johns Hopkins University Press, 1991): 108-26; Homer Hoyt, *The Structure and Growth of Residential Neighborhoods in American Cities* (Washington D.C.: US Government Printing Office, 1939) reprinted in 1966 with analysis of the 1960 census data; Ronald F. Abler and John S. Adams, *A Comparative Atlas of America's Great Cities: Twenty Metropolitan Regions* (University of Minnesota Press: Association of American Geographers, 1976); John Adams, *Housing America in the 1980s* (New York: Russell Sage Foundation, 1987); John S. Adams, "The Sectoral Dynamic of Housing Markets within Midwestern Cities of the United States," in *The Geographic Evolution of the United States Urban System*, ed. John Adams.

business district. The working class settle within walking distance of industrial sites. The middle class form neighborhoods "upwind (or at least not downwind)"[74] from heavy transport and manufacturing areas on sites close to white-collar, downtown jobs. The upper class settle in neighborhoods removed from the other two groups, often on land with attractive topographical features. Over time, these three distinct neighborhoods grow in pie-shaped wedges into the expanding city.

Historically, as these sectors filled out city boundaries, working-class neighborhoods extended into working-class first- and second-tier suburbs, middle-class neighborhoods into middle-class suburbs, and upper-class neighborhoods into upper-class suburbs. These patterns followed street car lines and radial access roads beyond the city into the first-tier suburbs.

In the city of Seattle, the central and southeast neighborhoods have historically been the poor and working class neighborhoods, southwest Seattle was primarily middle-class, and northern Seattle, particularly the Capital Hill, Queen Anne, and northeast neighborhoods, has always been quite affluent. As Seattle's population grew, these sectors extended into the rest of the Puget Sound region. While northern Seattle continues to be very affluent, this upper class sector has extended east to communities such as Redmond, Bellevue, and unincorporated King County; and north into unincorporated Snohomish County. Meanwhile, the poor and working class has been pushed further south and southwest into places like Burien, Des Moines, Kent, and on into Tacoma and Olympia. Much of the middle class has also moved south and southwest to places like Tukwila, Renton, and unincorporated Pierce and Kitsap Counties.

The same sort of patterns have been occurring in and around Tacoma. Here, poverty spread from the Hilltop area south and west into communities such as Fircrest and Lakewood, while the city's small affluent neighborhood on its northern point extended across the sound into Artondale, Gig Harbor, and the unincorporated areas surrounding those cities.

B. Puget Sound Metropolitan Subregions

The Puget Sound region consists of six counties—Island, King, Kitsap, Pierce, Snohomish, and Thurston. In 1997 the estimated total population of the region was 3,370,300 and there were 88 incorporated municipalities. We have divided all of the municipalities and the unincorporated parts of the six counties into three subregions of the Puget Sound region: (1) High Need Communities; (2) Stressed Communities; and (3) Affluent Communities (Figure 1).[75] The jurisdictions were divided into these subregions based on their ratings in four areas: total tax

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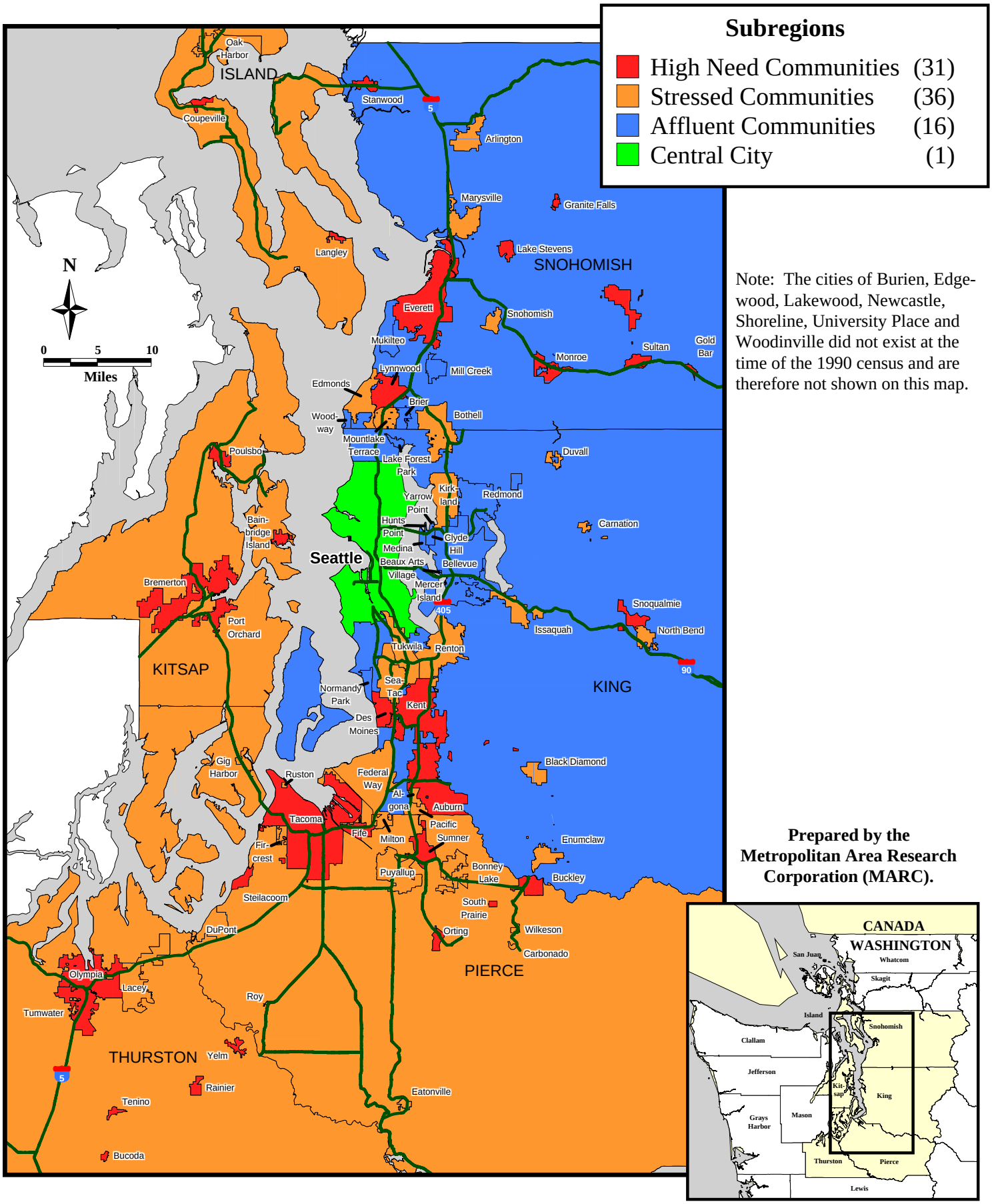
[74] Adams, "Sectoral Dynamic."

[75] The city of Seattle was put in its own category and not included in this subregions analysis. Because the cities of Burien, Edgewood, Lakewood, Newcastle, Shoreline, University Place, and Woodinville did not incorporate until after 1990, the data for each of these places was included in this analysis as part of the unincorporated county in which it was located in 1990. Also, a number of cities have annexed new territory since 1990. Census data for annexed parcels were included as part of the jurisdiction in which they were located in 1990. Tax base data for the annexed parcels were included as part of the jurisdiction in which they were located in 1997 (see next footnote for data sources). Three cities far to the east in the Cascade Mountains and outside the urbanized area (Darrington, Skykomish, and Index) were also included as part of the county in which they are located.

Figure 1: Seattle Subregions



Note: The cities of Burien, Edgewood, Lakewood, Newcastle, Shoreline, University Place and Woodinville did not exist at the time of the 1990 census and are therefore not shown on this map.

Prepared by the Metropolitan Area Research Corporation (MARC).

base per household, female-headed households with children as a percentage of total households with children, percentage of children under five below poverty, and median household income (see Appendix A for the z-scores used to determine these subregions).[76] Where possible, the maps in this report are described in terms of these subregions. Table 2 shows statistics for each subregion category, with separate statistics for the central city.

We do this analysis by municipality and county unincorporated area for two primary reasons: 1) because these jurisdictions are political units with land-use planning powers and are the true units of regional competition (see discussion in the Introduction of this report), and 2) because this is the level at which tax-base data are available. However, because approximately 40 percent of the region live in unincorporated areas that are much more diverse than county-level maps indicate, in addition to the municipality and county-level maps we include maps by census tract and census designated place (CDP).[77] These maps help illustrate what is happing inside these large and diverse political constituencies. Where data are not available by municipality and county, they are presented at the level at which they are available, such as school district and police jurisdiction.

[76] First, for each municipality z-scores were determined for each of the four factors. A z-score is the distance from average. So, for example, a city whose median household income fell at exactly average for the region, would have a median household income z-score of zero. The z-scores for female-headed households and children under five in poverty were multiplied by –1 resulting in a positive number for a socioeconomically healthy place and a negative number for a distressed place. Then, the four z-scores were averaged together to arrive at a final score for the municipality. Each jurisdiction was then assigned to one of the three subregion categories based on a method that uses natural breaks to separate the final scores into groups. With this method the data are split at places where gaps in the data naturally occur. This method helps to ensure that the places in a particular subregion category have values that are closer to each other than they are to the values for places in other categories.

Female-headed household, children under five below poverty, and median household income data are from the 1990 US Census Summary Tape File 3A. 1997 total assessed property value data are from the Assessors' Offices of Island, King, Kitsap, Pierce, Snohomish, and Thurston Counties.

[77] Census designated places (CDPs) are areas delineated by the U.S. Census Bureau to be the "statistical counterparts of incorporated places". According to the *1990 Census of Population and Housing: Summary Tape File 3, Technical Documentation*: A-10, CDPs "comprise densely settled concentrations of population (2,500 persons or more) that are identifiable by name, but are not legally incorporated places." We use this level of data to illustrate what is happening in unincorporated communities because unlike census tracts, they are not, by definition, designed to be homogenous areas. CDPs are more like municipalities in terms of diversity and feeling like a community. CDPs often correspond closely with actual communities or neighborhoods and, therefore, people who live in them are more likely to be able to identify with them than they are with census tracts. In 1990 the Census Bureau identified sixty-five CDP's in the Puget Sound region that had populations of at least 2,500.

TABLE 2: Summary Subregion Statistics	Total	High Need Communities	Stressed Communities	Affluent Communities	Seattle
Persons, 1990	2,408,565	502,128	994,953	956,955	516,259
Households, 1990	1,156,790	202,742	369,520	347,620	236,908
Estimated Persons, 1997	3,370,300	610,114	1,188,543	1,035,043	536,600
Estimated Households, 1997	1,315,881	244,782	447,327	378,246	245,526
% of Region's Total Population, 1997	100	18.1	35.2	30.7	15.9
Median Household Income, 1989	$34,546	$27,394	$33,912	$42,932	$29,353
% Change in Median Household Income, 1979-1989	2.6	3.5	0.4	-0.6	8.6
% Children under 5 in Poverty, 1990	12.9	22.6	12.4	6.9	15.9
Change in % Points of Children under 5 in Poverty, 1980-1990	0.0	2.8	-1.0	-0.6	-0.9
Female-Headed HHs with Children as a % of Total HHs with Children, 1990	17.3	25.7	15.9	12.5	23.8
Change in % Points of Female-Headed HHs with Children, 1980-1990	1.2	3.4	2.5	0.4	-1.6
Tax Base per Household, 1997	$174,906	$153,473	$154,338	$212,062	$176,507
Change in Real Tax Base per Household, 1990-1997*	6.2	9.6	16.0	9.7	-8.7

Sources: 1980 US Census Summary Tape File 3A; 1990 US Census Summary Tape File 3A; Assessors' Offices of Island, King, Kitsap, Pierce, Snohomish, and Thurston Counties.

* See Fiscal Disparities section for discussion on change in tax base per household in the Puget Sound region.

1. High Need Communities

High Need Communities are distressed places that are fully developed and have experienced negative socioeconomic change since 1980 or are beginning to experience such change. In the Puget Sound region, this category includes the area's historic regional urban centers of Tacoma, Everett, Bremerton, and Olympia, as well as a number of smaller satellite cities and places like Kent and Auburn. These communities are defined by a combination of high social needs and/or comparatively low tax base. These communities often do not have sufficient property tax base to respond to growing social challenges. It is important to note that in older metropolitan areas of the country, as poverty and social instability crossed city/suburban lines or began to grow in older satellite cities, it actually began to accelerate and intensify. Many older transitioning suburbs on the south and west sides of Chicago and in communities such as

Camden, New Jersey, Compton, California, and East St. Louis, Illinois suffer much more severe segregation, deprivation, and intense levels of crime than the cities they adjoin.[78]

There are several reasons that central cities are often better equipped to deal with high levels of poverty and social distress than are older suburbs and satellite cities:

1) Central cities have a comparatively stable resource base. While central cities feel the first body-blows of social and economic change and decline, their central business districts and stable/gentrifying neighborhoods provide some tax base to respond to socioeconomic change. Older suburbs and satellite cities often lack a strong commercial-industrial base and stable housing values. Thus, as poverty and instability arrive, the relatively few available resources in these places rapidly evaporate.[79]

2) Central cities have strong social-governmental systems in place to cope with poverty and social change. Most metropolitan social networks, such as welfare and large well-equipped police forces, are located in central cities and provide vital assistance in containing and lessening the severity of social distress. Older suburbs and many satellite cities without tax base or ability to provide such services are often "hit like a freight train" by social problems as they cross city/suburban borders.

3) Central cities have institutions and social amenities ranging from universities that provide stable, related communities, to the fine arts and more popular entertainment, to a wide variety of restaurants, to a well-landscaped urban park system. These attractions interact well with unique housing stock to foster diverse stable communities. Older suburbs, and sometimes satellite cities, have inexpensive housing on grid patterns that is seldom accompanied by entertainment, amenities, or parks.

4) Central cities are heterogeneous and retain pockets of stability and gentrification. American central cities initially developed as the entire social and economic mix of their respective metropolitan areas, having elite, middle-class, and working-class neighborhoods. Upper-class neighborhoods retain appeal to older elites and young urban professionals. Middle- and working-class suburbs and satellite cities are usually more homogenous and usually do not have elite or gentrifying neighborhoods.

In this light, the housing stock in central cities, particularly in elite and middle-class neighborhoods, is durable and has amenities such as stone or brick exteriors, hardwood floors, and built-in cabinetry that remain fashionable and are expensive to duplicate.

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[78] Orfield and Monfort, "School Desegregation," 30; Rob Gurwitt, "Saving the Aging Suburb," *Governing* 6, no. 8 (1993): 36; Paul Glastris and Dorian Friedman, "A Tale of Two Suburbias," *US News and World Report* (9 November 1993): 32-36; Massey and Denton, *American Apartheid*, 67-74. See also Schools section below.

[79] As this dynamic has run its course in larger metropolitan areas, the consequences can be extreme. For example, the property wealth of East St. Louis, Illinois can only cover the expenses of its school system for one month a year—the rest is provided by emergency state aid. It can no longer afford public garbage collection, and this function is performed by a group of volunteer nuns for a city of over 40,000 people. (David Rusk, lecture at Landmark Center, St. Paul, 17 September 1993.)

Most post-World War II expansion suburbs are a collection of rapidly assembled and inexpensively constructed homes. They are not unique, and are in direct competition with more modern housing in outer-edge cities without social stress.

2. Stressed Communities

Stressed Communities are cities that have few local resources for schools and public services but whose social problems are not quite as severe as those of the High Need Communities. Stressed Communities are often fast-growing, middle-income places that are developing too quickly to accumulate the resources necessary to meet their high service and infrastructure needs. They are often found very near High Need Communities. In the Puget Sound region, these communities are mainly found ringing Seattle along the I-405 corridor and continuing south along I-5 into Pierce and Thurston Counties. They also include unincorporated Pierce, Thurston, Kitsap, and Island Counties, and many small, outlying communities located throughout the region. While these cities and counties do not presently have as deep social problems as the High Need Communities, they are often tomorrow's troubled places. As the narrative below indicates, many of these communities have experienced increasing childhood poverty, declining income, increasing female-headed households, increasing crime, and a declining tax base in recent years.

3. Affluent Communities

The communities with the highest fiscal capacity and the fewest social needs in the Puget Sound region are primarily located directly east Seattle—places like Redmond, Mercer Island, Bellevue, and unincorporated King County—but also include some communities just north and northeast of the city, such as Mill Creek and unincorporated Snohomish County. These places are often recently developed communities, with wealthy residential subdivisions and modern office parks, but also include some older, established, wealthy suburbs. When people speak of "the suburbs", that monolith with common needs and resources, they are usually referring to these places, which, in the Puget Sound region, actually represent only about 30 percent of the total regional population. These areas would be in the running to be labeled by Christopher Leinberger as the "favored quarter."

Christopher Leinberger and his colleagues at Robert Charles Lesser and Co. (RCL & Co.), one of the most successful real estate consulting firms in the country, are often asked to identify the favored quarter for businesses seeking to locate in a given metropolitan area.[80] RCL & Co. look for areas with concentrations of housing valued above $200,000, high-end regional malls, and the best freeway capacity. As these communities grow affluent and their tax base expands, their high-end housing market actually causes their relatively small local social needs to

[80] Robert Charles Lesser & Co. calls certain economically successful metropolitan subareas "favored quarters." When advising major clients to locate facilities, they systematically search for subregions with the greatest presence of executive housing, high-end local retail malls, recent highway improvements, employment growth, low commercial real estate vacancy rates, and high share of regional economic growth. They judge these areas the most viable for a wide variety of business endeavors. See Christopher Leinberger, Managing Partner, Robert Charles Lesser & Co., memorandum to author, Re: Robert Charles Lesser & Co. Metropolitan Opportunity Analysis (MOA) Methodology, 16 August 1994.

decline. In many ways these communities receive all the benefits of a metropolitan association—access to labor and product markets, regional highway systems, airports and rail hubs—but externalize the cost of the region's social and economic needs in an increasingly low wage economy on the less affluent cities and suburbs.

In the Puget Sound region, Leinberger has identified the crescent of suburbs to the east of Seattle as the region that dominates job growth and upper-income residential development—the same area that we have identified as the Affluent Communities. These high tax base suburbs have a broad, rich property tax base and comparatively few socioeconomic needs. These suburbs have dominated metropolitan commercial growth over the last two decades.[81]

IV. Demographic Findings

Here we examine social, economic, and urbanization trends in the Puget Sound region to determine whether regional polarization and sprawl is occurring. The patterns revealed through comparing these maps will help to identify local governments with common needs and resources in the Puget Sound region.[82] The first few maps depict social and economic trends in the region between the 1980 and 1990 census periods (later in the report we will look at more recent trends). These data show that while Seattle and most of the communities south of there, in the I-5 corridor to Olympia, improved slightly over the decade, they still had the highest rates of childhood poverty and female-headed households and the lowest median household incomes in 1990. Further, poverty continued to be concentrated in Seattle and Tacoma in 1990, with increasing concentrations in Bremerton and Olympia. On the other hand, communities to the north and east of Seattle, saw their already low rates of childhood poverty and female-headed households decline even further, while incomes in those places increased.

A. Concentrated Poverty

As discussed in Section II of this report, the effects of concentrated poverty are devastating—both to individuals and to communities. Although, the most severe concentrations of poverty are located in older industrial cities of the mid-west and eastern part of the U.S., such as in Detroit, Chicago, Philadelphia, Cleveland, Milwaukee, with much smaller concentrations in western cities such as Seattle, Portland, and Denver, the effects of concentration of poverty on those who live in such neighborhoods, and on the region as a whole, are the same. Further, western cities are showing consistent increases in levels of concentration.

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[81] Robert Charles Lesser & Co., "Regional Economic Development and Office Market Trend Analyses; Seattle, Washington" (prepared for Rockefeller & Associates Realty, L.P., December 13, 1994).

[82] The maps presented in this section were created using geographic information system (GIS) software. This software attaches data stored in a separate database to a geographic base map. The data source for each map is noted on the map. The break points for the data were determined using a method of natural breaks. With this method the data are split at places where a gap in the data naturally occurs. This method helps to insure that the places in a particular color category have values that are closer to each other than they are to the values for places in other categories.

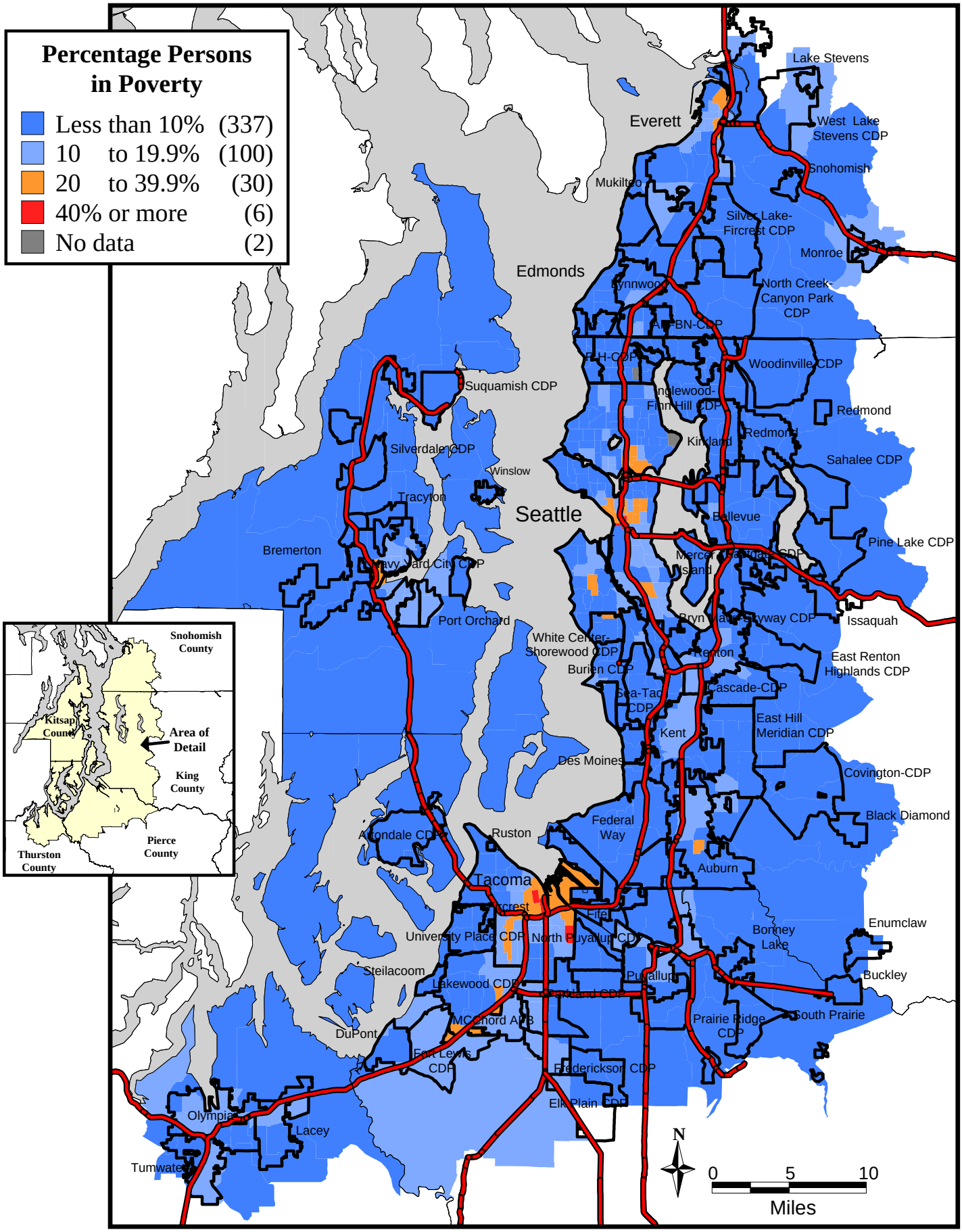
Within the cities of Seattle and Tacoma there are a number of distressed census tracts with more than 40 percent of their population below the federal poverty line.[83] According to sociologists, such neighborhoods are extreme poverty tracts or ghettos.[84] Surrounding these severely distressed neighborhoods and in other declining parts of the region are transitional neighborhoods with 20 to 40 percent of their population in poverty.[85]

[83] In 1990 the poverty line for a single mother with a child was $8,420; for a family of three it was $10,560; for a family of four, $12,700. (Federal Register 1990, vol. 55, no. 33: 5665). While it could be argued that the Federal poverty line is a rather conservative measure of poverty—not so much measure of poverty, but of desperate poverty or welfare dependency—we use it here for reasons of data availability and to be able to compare poverty levels in this region to other metropolitan areas of the U.S. Another measure of poverty is student eligibility for the Federal Free and Reduced-cost Meal program—130% of the Federal poverty line for free lunches and 185% of the poverty line for reduced-cost lunches. This measure will be used later in this study.

[84] Ibid.

[85] Ibid.

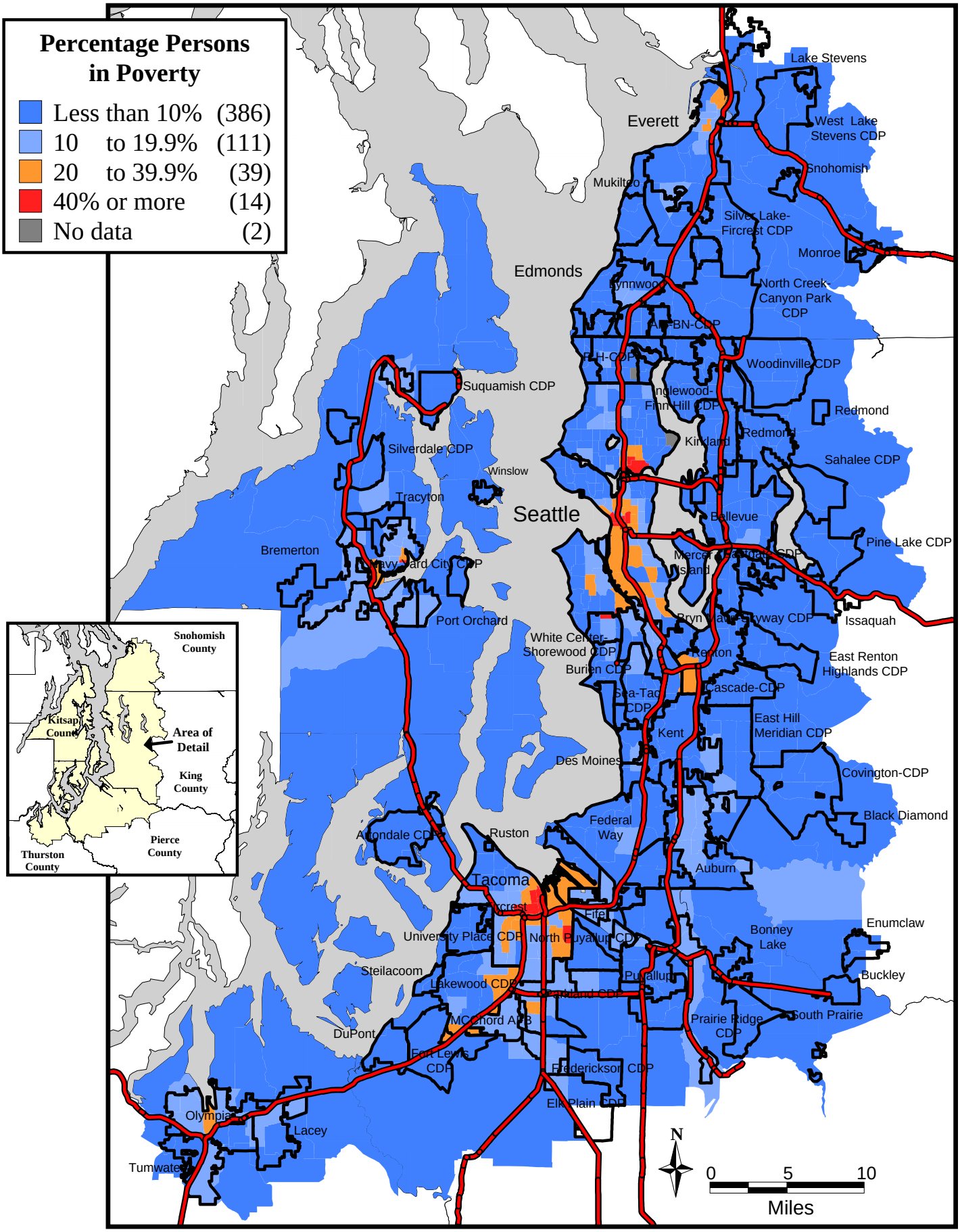
Figure 2: Percentage Persons in Poverty by Census Tract, 1979



DATA SOURCE: 1980 Census of Population & Housing Summary Tape File 3A.

Prepared by the Metropolitan Area Research Corporation (MARC).

Figure 3: Percentage Persons in Poverty by Census Tract, 1989



DATA SOURCE: 1990 Census of Population & Housing Summary Tape File 3A.

Prepared by the Metropolitan Area Research Corporation (MARC).

In the central city of Seattle in 1980, there were three extreme poverty tracts (tracts in which at least 40 percent of residents lived in poverty), all straddling I-5 in the southeastern section of downtown (Figure 2).[86] The city of Tacoma, which had a third the number of people as Seattle in 1980, also had three extreme poverty tracts in that census year. In fact, the two highest poverty tracts in the region were in Tacoma: one with 60 percent of the residents in living below the poverty line and one with 79 percent. By 1990, Seattle had added four extreme poverty tracts for a total of seven and Tacoma had added two for a total of five (Figure 3).[87] Again, the highest poverty tract was in Tacoma at 67 percent. Also by 1990, Bremerton and White Center (an unincorporated community on Seattle's southern border) each had one extreme poverty tract. Thus, the Puget Sound region as a whole increased from six to fourteen extreme poverty tracts during the 1980s.

Between 1980 and 1990 the total number of transitional poverty tracts in the region (tracts with between 20 and 40 percent of their residents in poverty) also increased—from thirty to thirty-nine. Seattle and Tacoma each added three such tracts during this period: Seattle went from sixteen to nineteen transitional tracts and Tacoma from seven to ten. By 1990, Bremerton and Everett each had two transitional tracts; Lakewood (an unincorporated area south of Tacoma) had three; and Renton, Olympia, and Parkland (also an unincorporated area south of Tacoma) each had one.[88]

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[86] *Census of Population and Housing, 1980: Summary Tape File 3A*, [machine-readable data files] / prepared by the Bureau of the Census. –Washington: The Bureau [producer and distributor], 1981. For reasons of data availability, maps 1-15, 23, and 28 (seventeen maps) in this report are based on 1980 and 1990 census data. The other eighteen maps are based on more recent data and projections.

[87] *Census of Population and Housing, 1990: Summary Tape File 3A*, CD ROM/ prepared by the Bureau of the Census. –Washington: The Bureau [producer and distributor], 1991. The growing poverty area in Seattle's Northeast neighborhood is due to the large student population in that part of the city. Upwardly mobile students often rely on grants and loans to support themselves and cannot be considered in the same light as other poor adults in the general population.

[88] The area south of Tacoma in Pierce County is largely populated by military personnel and their families (e.g., in and around Fort Lewis, McChord Air Force Base, and the community of Lakewood). While military personnel generally receive very low wages compared to workers in the general public, they also receive rather generous benefits (e.g., housing assistance, medical care, and access to the Post Exchange where all purchases are at cost and exempt from sales tax). Like students, this population cannot be considered in the same light as other poor adults in the general population.

Poverty Tracts, 1980-1990

	1980		1990	
	20-40 %	**40% +**	**20-40 %**	**40% +**
Seattle	16	3	19	7
Tacoma	7	3	10	5
Bremerton	1	-	2	1
White Center	1	-	-	1
Everett	2	-	2	-
Olympia	-	-	1	-
Renton	-	-	1	-
Lakewood	2	-	3	-
Parkland	-	-	1	-
Auburn	1	-	-	-
Total	30	6	39	14

Source: 1980 US Census Summary Tape File 3A; 1990 US Census Summary Tape File 3A.

B. Poor Children

During the 1980s, the federal poverty line did not keep up with inflation. By 1990, a single mother and her child were not poor unless they had an income of less than $8,420.[89] Most social scientists do not think this is a measure of poverty, but of desperate poverty.

In 1990, 12.9 percent of all children under 5 years old in the Puget Sound region fell below the federal poverty line (Figure 4). The childhood poverty rate in the city of Seattle was 15.9, but was considerably higher in the High Need Communities at 22.6 percent. The childhood poverty rate in the Stressed Communities was not far behind that of the city of Seattle at 12.4 percent. The Affluent Communities, on the other hand, did not have many children in poverty at all, with a rate of 6.9 percent.

Percent Children Under 5 in Poverty, 1990

Region	**High Need Communities**	**Stressed Communities**	**Affluent Communities**	**Seattle**
12.9	**22.6**	**12.4**	**6.9**	**15.9**

While the childhood poverty rate in Seattle was quite high, the rate of childhood poverty in thirty-four communities was higher than in Seattle, including Olympia (19.2 percent), Everett (20.1 percent), Tacoma (26.3 percent), Bremerton (31.4 percent), and White Center (31.7 percent). There were eight communities with more than 30 percent and twenty-two with more than 20 percent of their children under 5 in poverty.

[89] Family of three: $10,560; family of four: $12,700. (Federal Register 1990, vol. 55, no. 33: 5665)

A look at the tract-level map shows the diversity within the unincorporated areas and within larger cities such as Seattle and Tacoma (Figure 5). Unincorporated King and Snohomish Counties had rather low childhood poverty rates, except for the area around Monroe in Snohomish County, south of Seattle and west of I-5 in King County, and east of Auburn in King County. These tracts had more than 20 percent of their children in poverty in 1990. Likewise, most of western unincorporated Kitsap County had very low childhood poverty rates, while the east side was relatively high. Unincorporated Pierce and Thurston Counties also had very high child poverty rates. The tract map clearly shows a concentration of childhood poverty in the southern part of Seattle with very low rates in northern Seattle.

As childhood poverty swept across city/suburban borders and expanded in many older, satellite cities, it tended to grow more rapidly than in the central city. Overall, the Puget Sound region did not change at all in percent of children under five in poverty between 1980 to 1990—remaining stable at 12.9 percent (Figure 6). However, during this period, the High Need Communities as a whole increased by 2.8 percentage points (from 19.8 to 22.6 percent), while the city of Seattle and the other two subregions decreased slightly.

Change in Percentage Points Children Under 5 in Poverty, 1980-1990

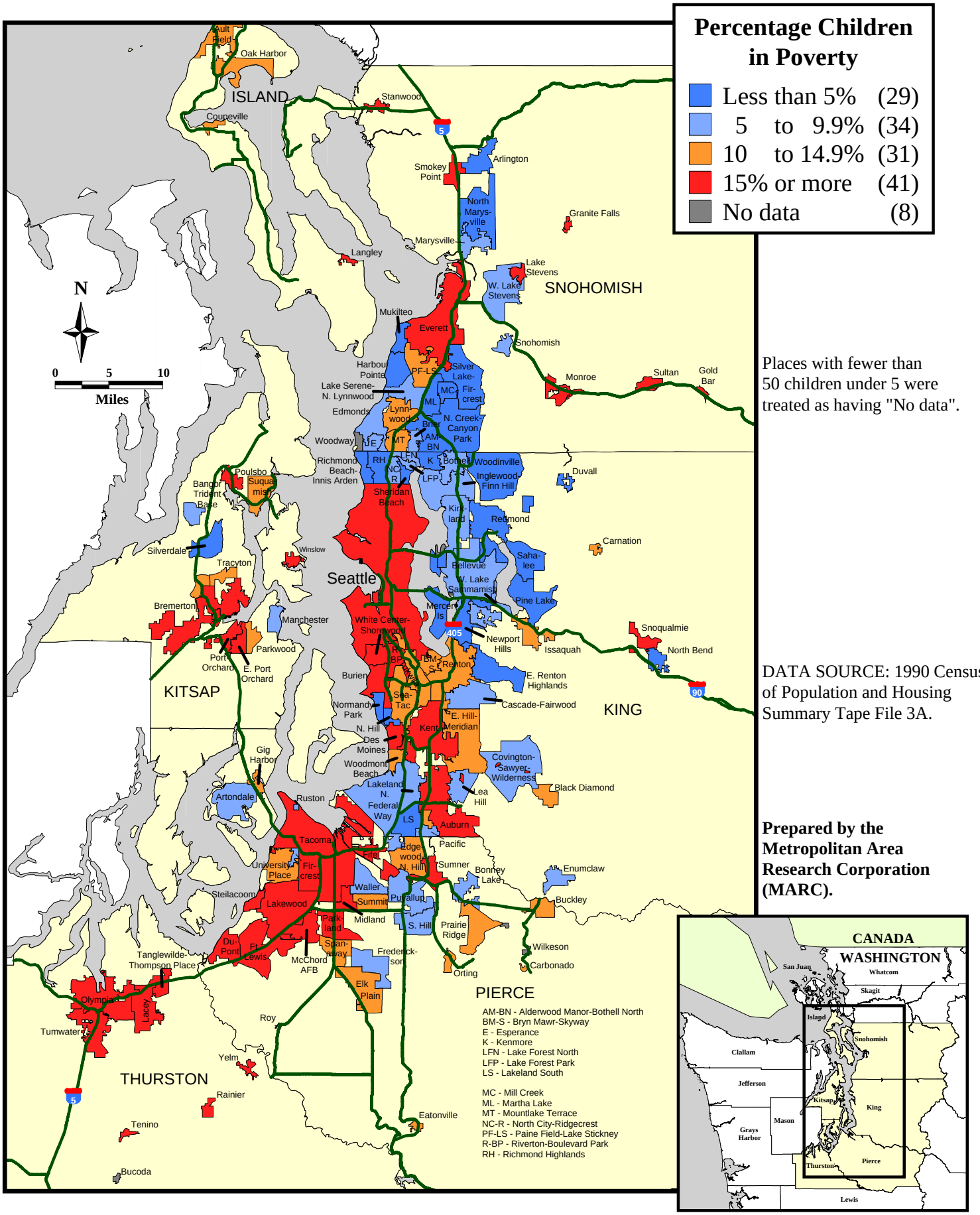
Region	High Need Communities	Stressed Communities	Affluent Communities	Seattle
0.0	2.8	-1.0	-0.6	-0.1

Among the places that experienced the greatest increases in childhood poverty during the 1980s were Bremerton, which went from 21.6 to 31.4 percent poor children (9.8 percentage points), and the unincorporated communities of Burien and White Center just south of Seattle. Burien went from 10.2 to 17.5 percent poor children (7.3 percentage points) and White Center went from 19.7 to 31.7 percent poor children (12 percentage points). Although the Stressed Communities as a whole actually saw a decrease of 1.0 percentage point (from 11.7 to 10.6 percent), many individual communities in this subregion, as in the High Need subregion, experienced very rapid increases. For example, DuPont went from 7.3 to 27.0 percent poor children (19.7 percentage points) and Tukwila went from 8.3 to 14.1 percent poor children (5.8 percentage points). In general, the places that increased the most in childhood poverty were primarily located south of Seattle along the I-5 corridor to Olympia, while the places with the greatest decreases were clustered just to the east and northeast of Seattle. Again, the tract-level map shows considerable diversity within the large cities and unincorporated areas (Figure 7).

C. Female-Headed Households

We use percent female-headed households as a measure of a city's social and economic stress because it allows us to include a portion of the population that may not necessarily have poverty-level incomes, but nevertheless do have very low incomes and have additional challenges and needs that two-parent families often do not have. Children in homes with one parent have only one adult to care for them and to bear the emotional and interpersonal responsibilities of raising children—a daunting enough task for two people. Further, single-parent households are simply much poorer than two-parent households and hence pay less taxes

Figure 4: Percentage of Children Under 5 Years in Poverty by Place, 1990

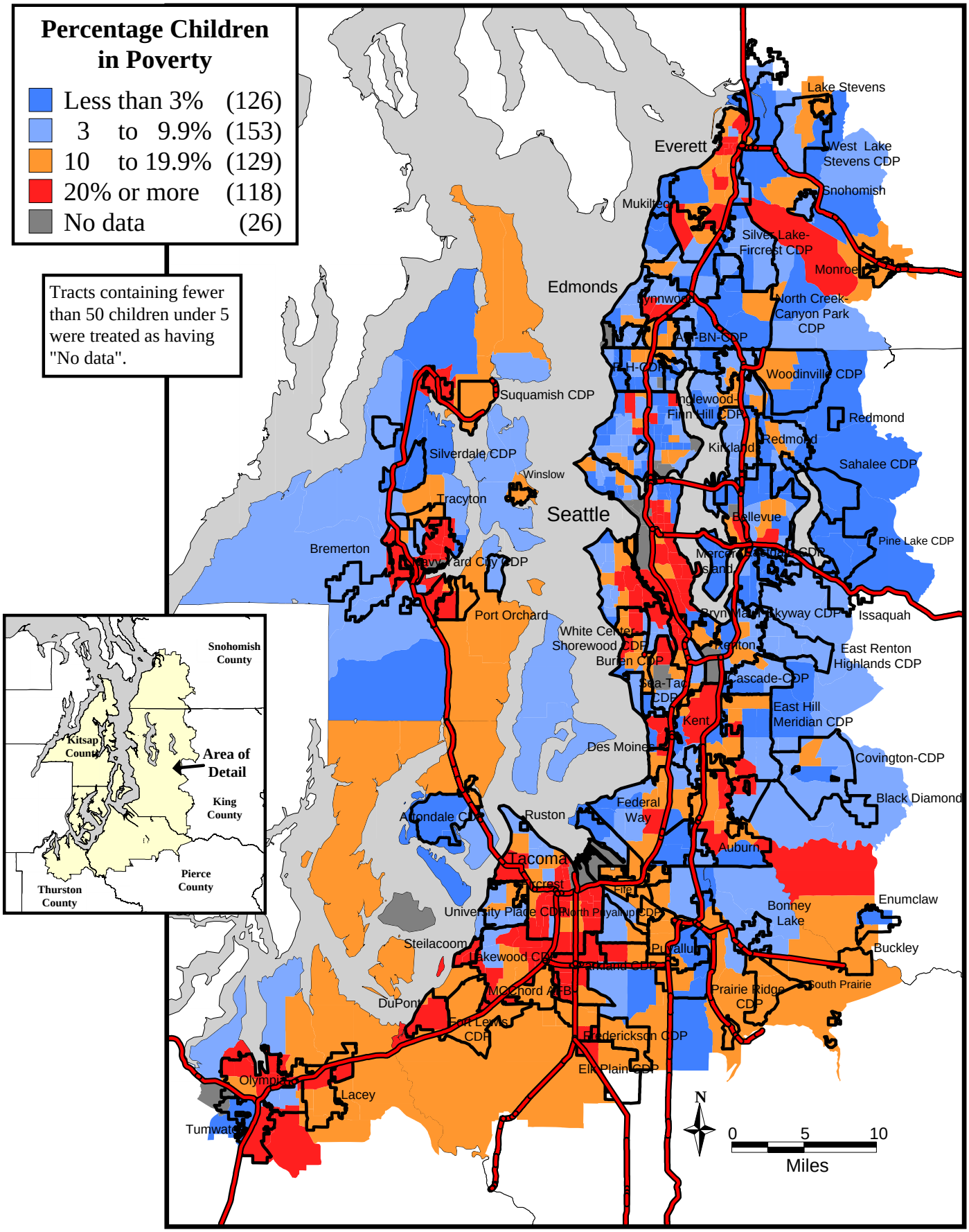


Places with fewer than 50 children under 5 were treated as having "No data".

DATA SOURCE: 1990 Census of Population and Housing Summary Tape File 3A.

Prepared by the Metropolitan Area Research Corporation (MARC).

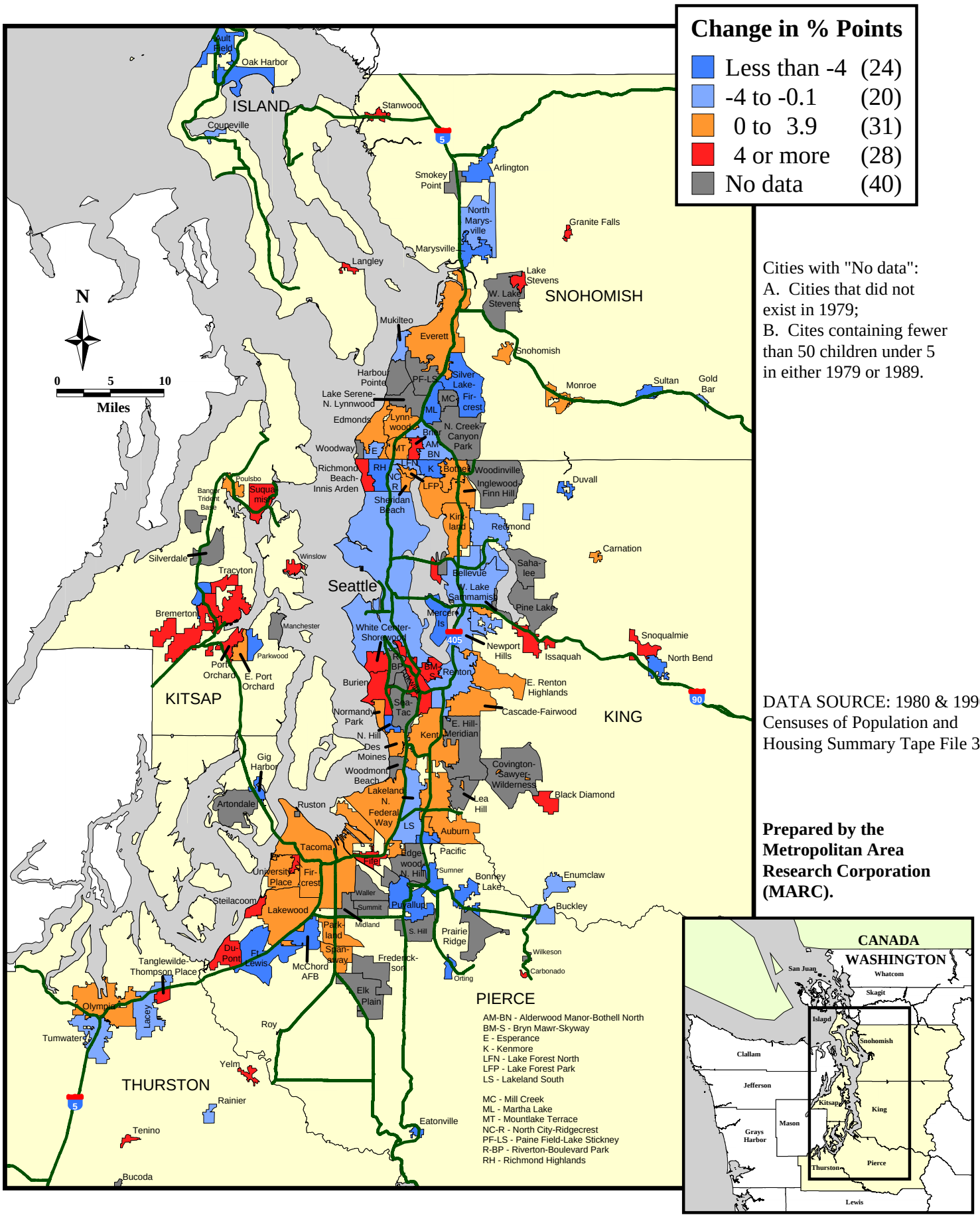
Figure 5: Percentage Children Under 5 Years in Poverty by Census Tract, 1989



DATA SOURCE: 1990 Census of Population & Housing Summary Tape File 3A.

Prepared by the Metropolitan Area Research Corporation (MARC).

Figure 6: Change in Percentage Points of Children in Poverty by Place, 1980-1990

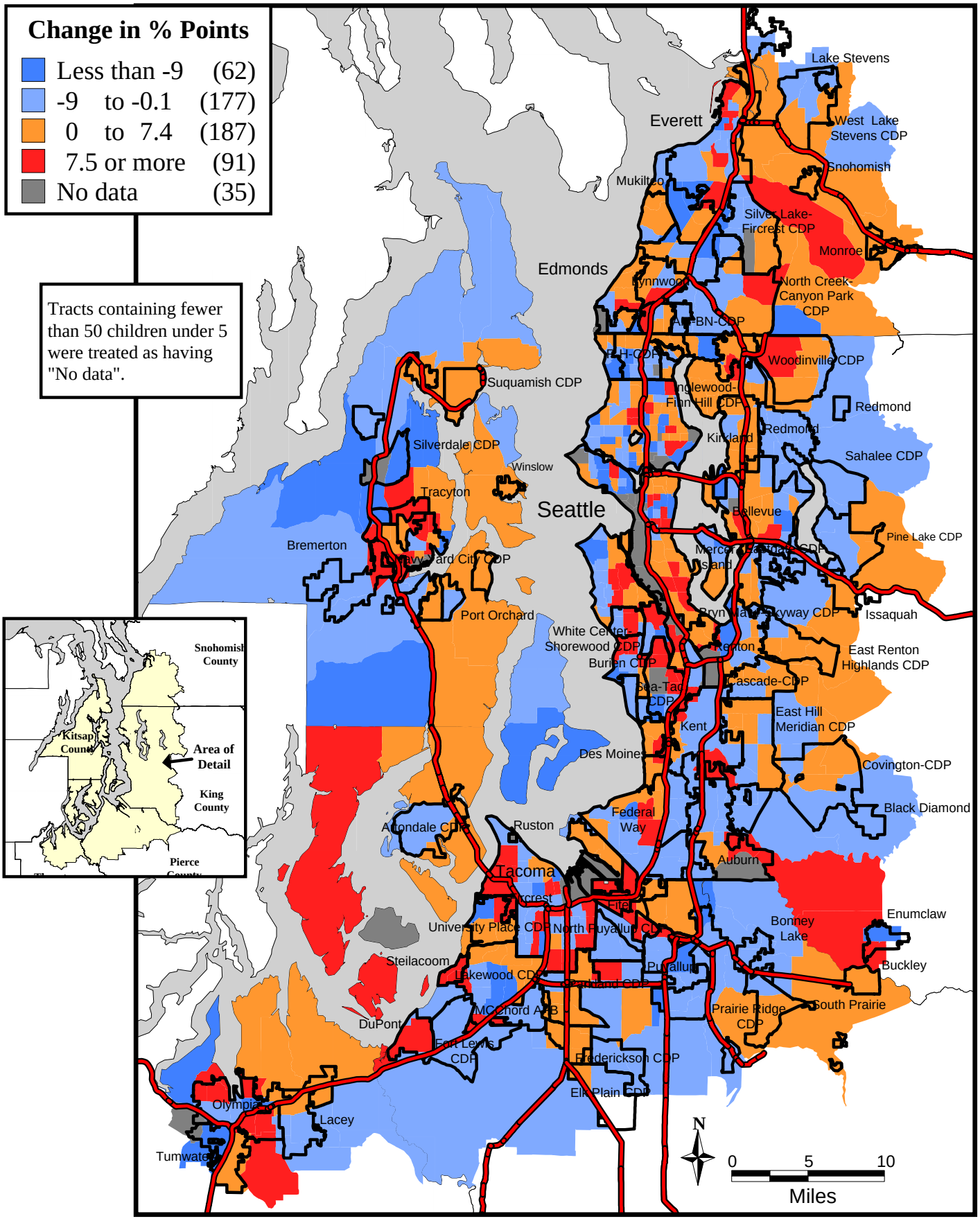


Cities with "No data":
A. Cities that did not exist in 1979;
B. Cites containing fewer than 50 children under 5 in either 1979 or 1989.

DATA SOURCE: 1980 & 1990 Censuses of Population and Housing Summary Tape File 3A.

Prepared by the Metropolitan Area Research Corporation (MARC).

Figure 7: Change in Percentage Points - Children Under 5 Years in Poverty by Census Tract, 1979-1989



DATA SOURCE: 1980 & 1990 Censuses of Population & Housing Summary Tape File 3A.

Prepared by the Metropolitan Area Research Corporation (MARC).

and are likely to require more services in terms of local school and social welfare expenditures. The Statistical Abstract of the United States shows that in 1995 the nationwide median household income for a married couple with children under 18 was $47,129, for a single father it was $33,534, and for a single mother it was only $21,348.[90] Thus, half of all households headed by single mothers in the U.S. in 1995 made less than $21,348 per year. Further, while nearly 75 percent of single mothers with children had household incomes below $35,000, only 34 percent of married families with children did.

In 1990, 17.3 percent of all households with children in the Puget Sound region were headed by single mothers (Figure 8). In the city of Seattle, 23.8 percent of all households with children were female-headed. However, in the High Need Communities the rate was even higher, at 25.7 percent. In the Stressed Communities, 15.9 percent of all households with children with headed by single mothers and in the Affluent Communities, only 12.5 percent of households were female headed.

Percent Female-headed Households, 1990

Region	High Need Communities	Stressed Communities	Affluent Communities	Seattle
17.3	25.7	15.9	12.5	23.8

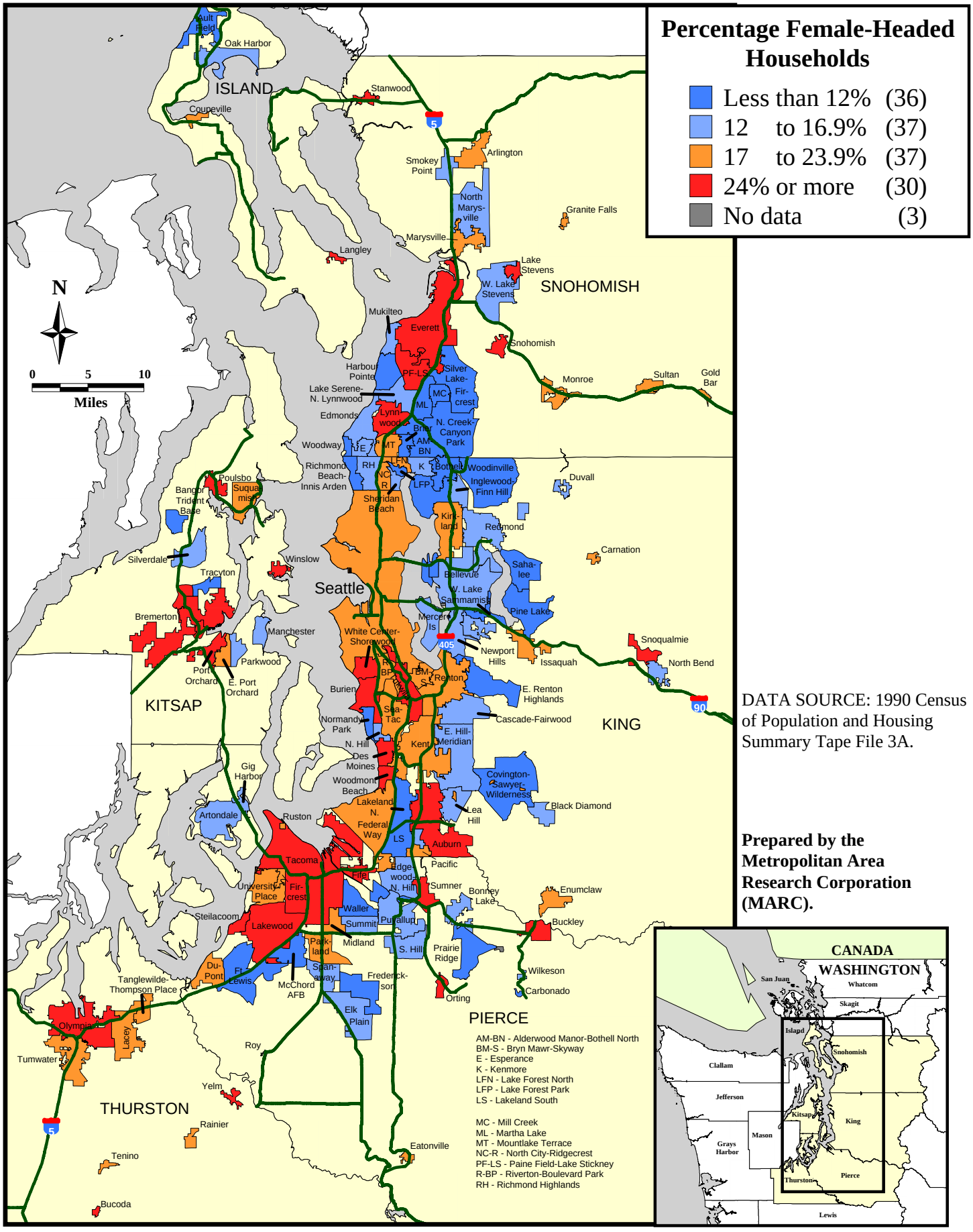
In all, there were thirty communities with higher rates of female-headed households than Seattle. Many of these were located in the southern part of the region between Seattle and Olympia. For example, Auburn (24.6 percent), Lakewood (26.7 percent), Tacoma (27.0 percent), and White Center (30.7 percent) were all higher in this figure than Seattle. Most of the places with the smallest percentage of female-headed households were located to the east and northeast of Seattle, for example, Silver Lake-Fircrest (7.6 percent), Woodinville (7.4 percent), Brier (7.2 percent), and Pine Lake (4.4 percent) all had less than 12 percent of their household with children headed by single mothers.

The tract-level map shows high rates of female-headed households in Seattle's southside neighborhoods, with very low rates in the north (Figure 9). Most of the unincorporated areas east of I-5 had very few households headed by single mothers, while to the west of this corridor there were very high rates.

Over the decade, the percentage of households headed by single mothers in the region as a whole increased by 1.2 percentage points (from 16.1 to 17.3 percent) (Figure 10). Seattle's percentage of households with children headed by females decreased somewhat (-1.6 percentage points—from 25.4 to 23.8 percent), while the High Need Communities (3.4 percentage points—from 22.3 to 25.7 percent) and the Stressed Communities (2.4 percentage points—from 13.4 to 15.9 percent) increased. The Affluent Communities remained relatively stable over the decade, right around 12 percent.

[90] U.S. Bureau of the Census, *Statistical Abstract of the United States: 1997* (117th edition.) Washington, DC, 1997.

Figure 8: Female-Headed Households with Children as a Percentage of Total Households with Children by Place, 1990



DATA SOURCE: 1990 Census of Population and Housing Summary Tape File 3A.

Prepared by the Metropolitan Area Research Corporation (MARC).

Figure 9: Female-Headed Households with Children as a Percentage of Total Households with Children by Census Tract, 1990

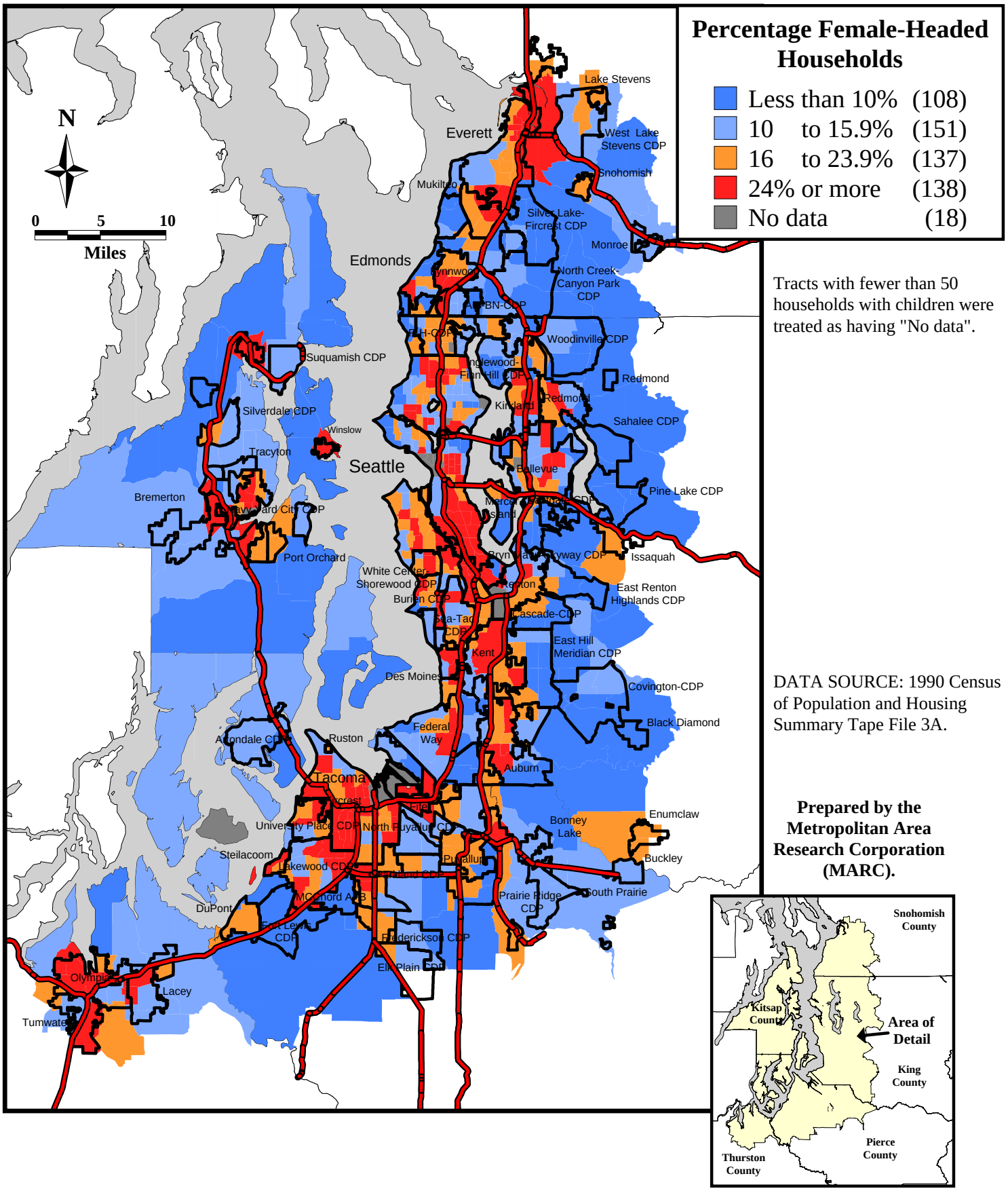
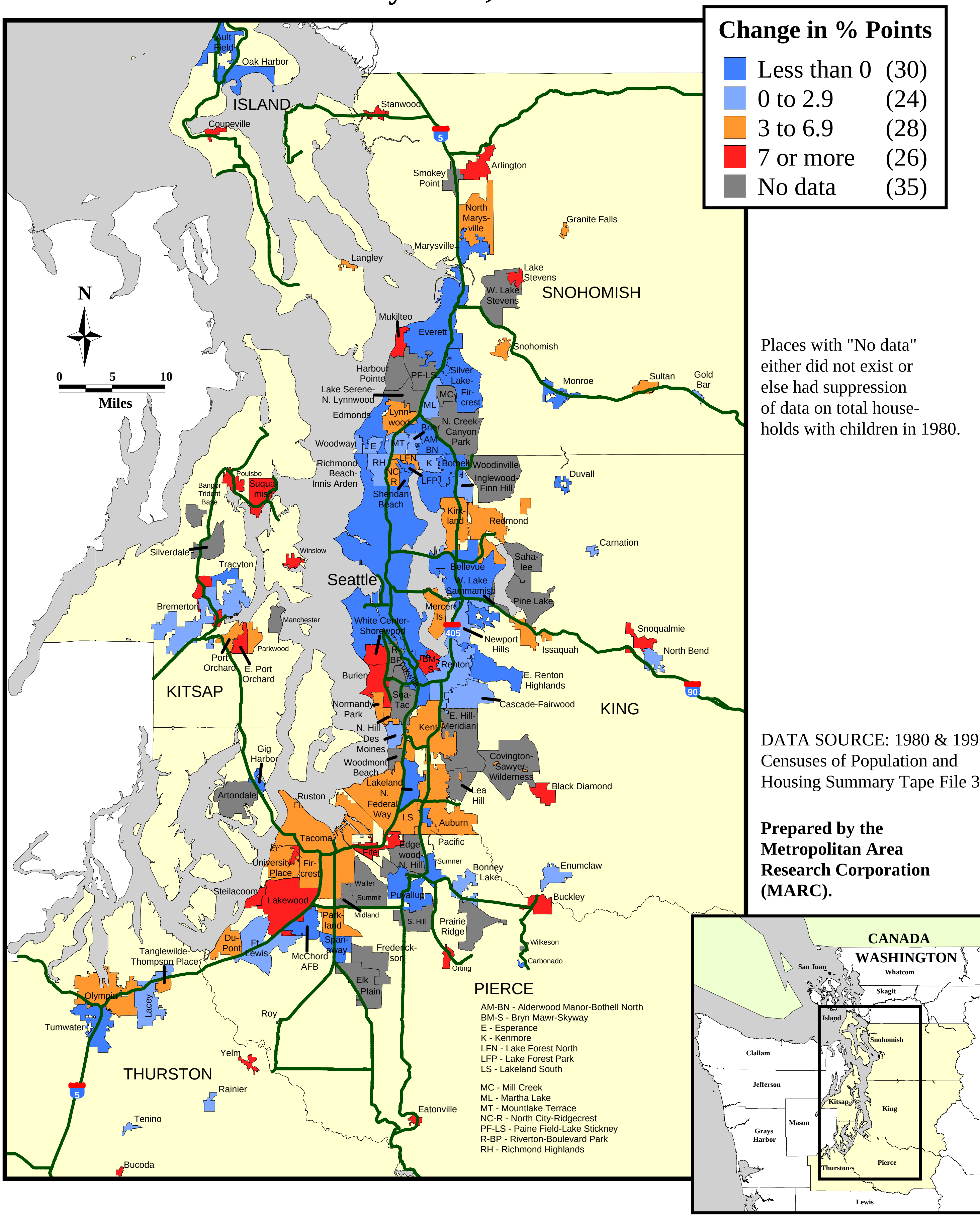


Figure 10: Change in Percentage Points - Female-Headed Households with Children as a Percentage of Total households with Children by Place, 1980-1990

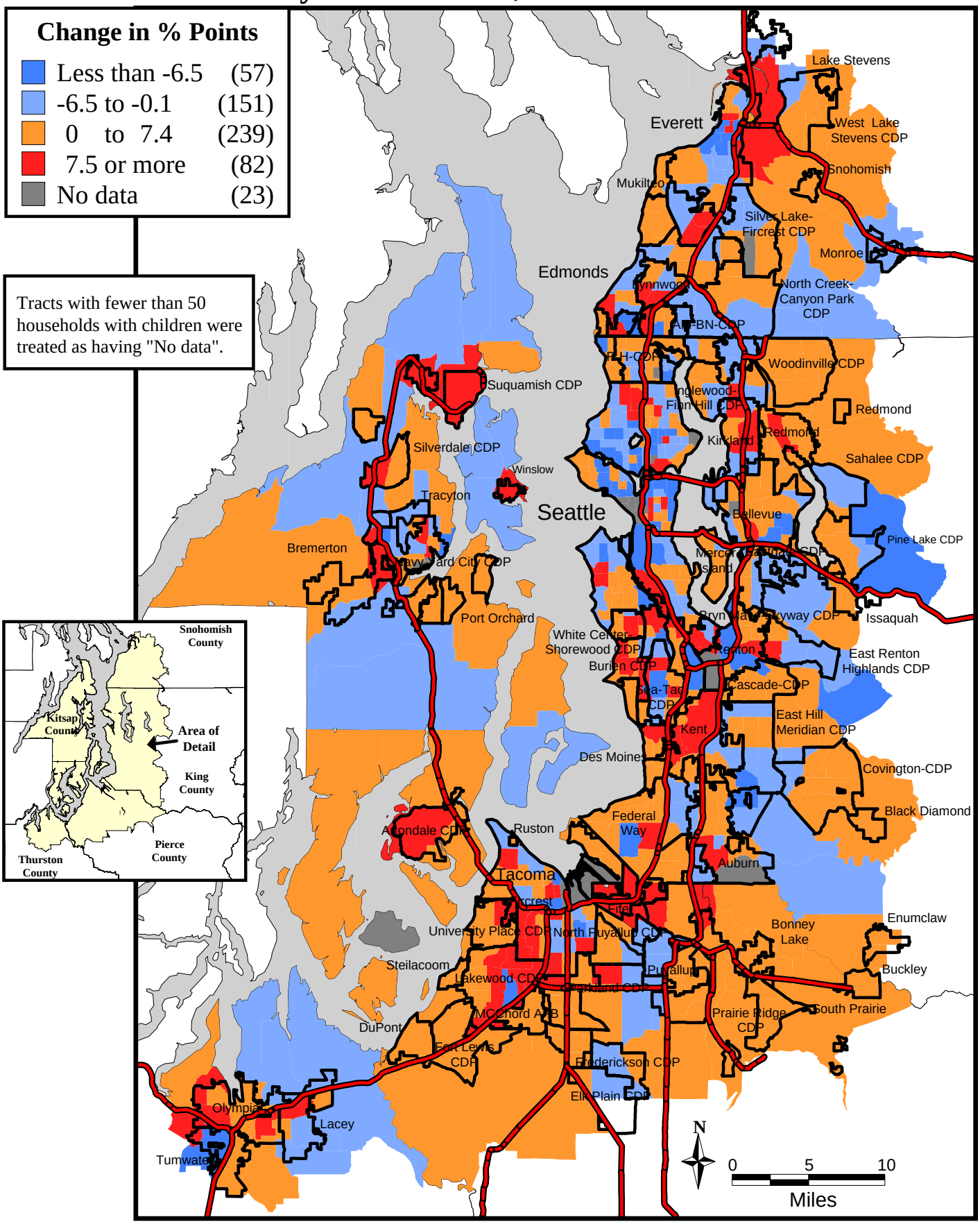


Places with "No data" either did not exist or else had suppression of data on total households with children in 1980.

DATA SOURCE: 1980 & 1990 Censuses of Population and Housing Summary Tape File 3A.

Prepared by the Metropolitan Area Research Corporation (MARC).

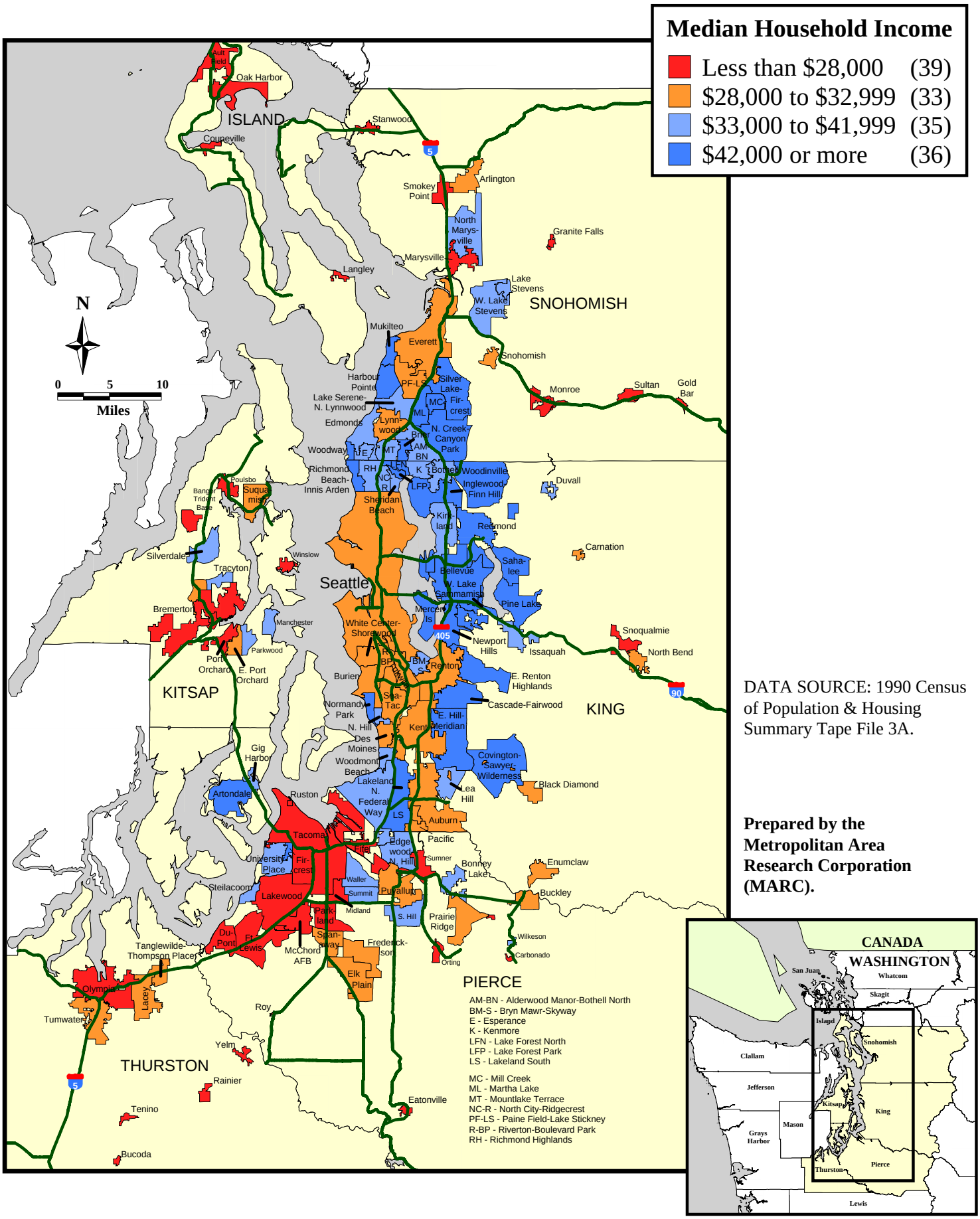
Figure 11: Change in Percentage Points - Female-Headed Households with Children as a Percentage of Total Households with Children by Census Tract, 1980-1990



DATA SOURCE: 1980 & 1990 Censuses of Population & Housing Summary Tape File 3A.

Prepared by the Metropolitan Area Research Corporation (MARC).

Figure 12: Median Household Income by Place, 1989



DATA SOURCE: 1990 Census of Population & Housing Summary Tape File 3A.

Prepared by the Metropolitan Area Research Corporation (MARC).

Change in Percentage Points Female-headed Households, 1980-1990

Region	High Need Communities	Stressed Communities	Affluent Communities	Seattle
1.2	3.4	2.5	0.4	-1.6

Most of the region's decreases in female-headed households during the 1980s were clearly in the northern part of the region: from Tukwila and Renton north through Seattle and Bellevue to Everett. The greatest decreases were in the south: from White Center and Burien through Kent and Tacoma to Olympia. Some of the most rapidly increasing communities included the High Need city of Fife (26.9 percentage points—5.7 to 32.4 percent) and Stressed Buckley (17.7 percentage points—6.6 to 24.3 percent) and Fircrest (13.0 percentage points—7.8 to 20.8 percent). Clyde Hill is an example of an Affluent Community already low in this figure in 1980 that declined over the decade (4.4 percentage points—from 8.2 to 3.8 percent).

The tract-level maps shows that there were large unincorporated tracts in every county with significant increases in female-headed households during the 1980s (Figure 11). This map also shows that the decreases in female-headed households in the city of Seattle were as prevalent in the southern part of the city as in the northern part.

D. Median Household Income

The 1990 median household income for the Puget Sound region was $34,678 (Figure 12). The city of Seattle's median household income was $29,353 and in the High Need Communities it was even lower: $27,394. The Stressed Communities were slightly higher than the central city at $33,912, while the Affluent Communities towered above the rest of the region at $42,932.

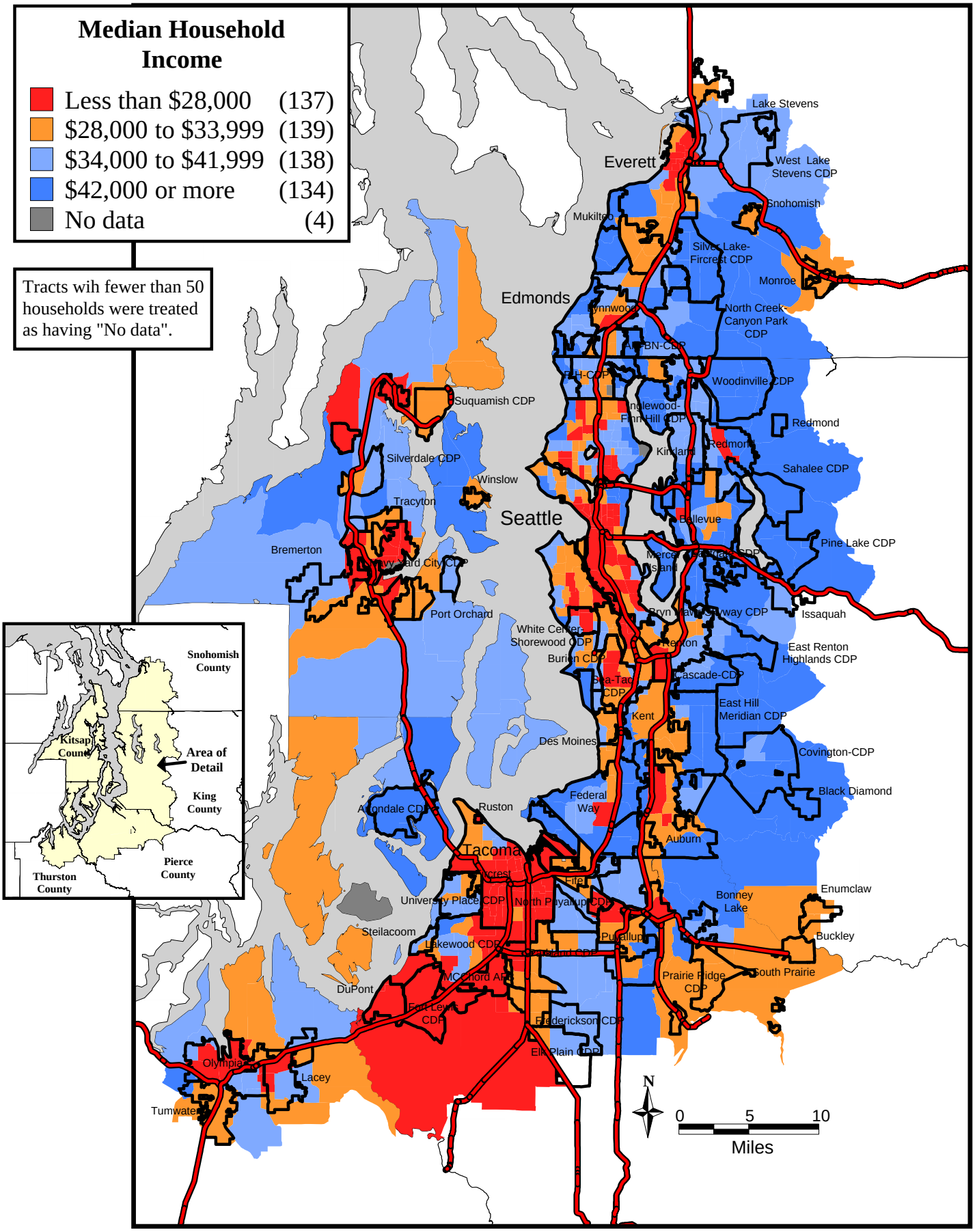
Median Household Income, 1990

Region	High Need Communities	Stressed Communities	Affluent Communities	Seattle
$34,678	$27,394	$33,912	$42,932	$29,353

In 1990, there was a clear pattern of high income communities to the east and north of Seattle—from Covington and East Hill-Meridan north through Bellevue and Woodinville to Silver Creek-Fircrest—and low income communities in the south—from Tacoma to DuPont and Olympia. In all there were forty-six communities with lower median household incomes than the central city and seventy-nine, other than Seattle, that were below the six-county median. Examples Tacoma ($25,333) and Bremerton ($22,610). On the other hand, there were sixteen communities with median incomes above $50,000 and nine above $60,000. Among the highest were Sahalee ($61,524), West Lake Sammamish ($63,255), and Hunts Point ($96,691).

The tract-level map shows very high household incomes in the unincorporated parts of King and Snohomish Counties east of I-5 and very low incomes in unincorporated Pierce County

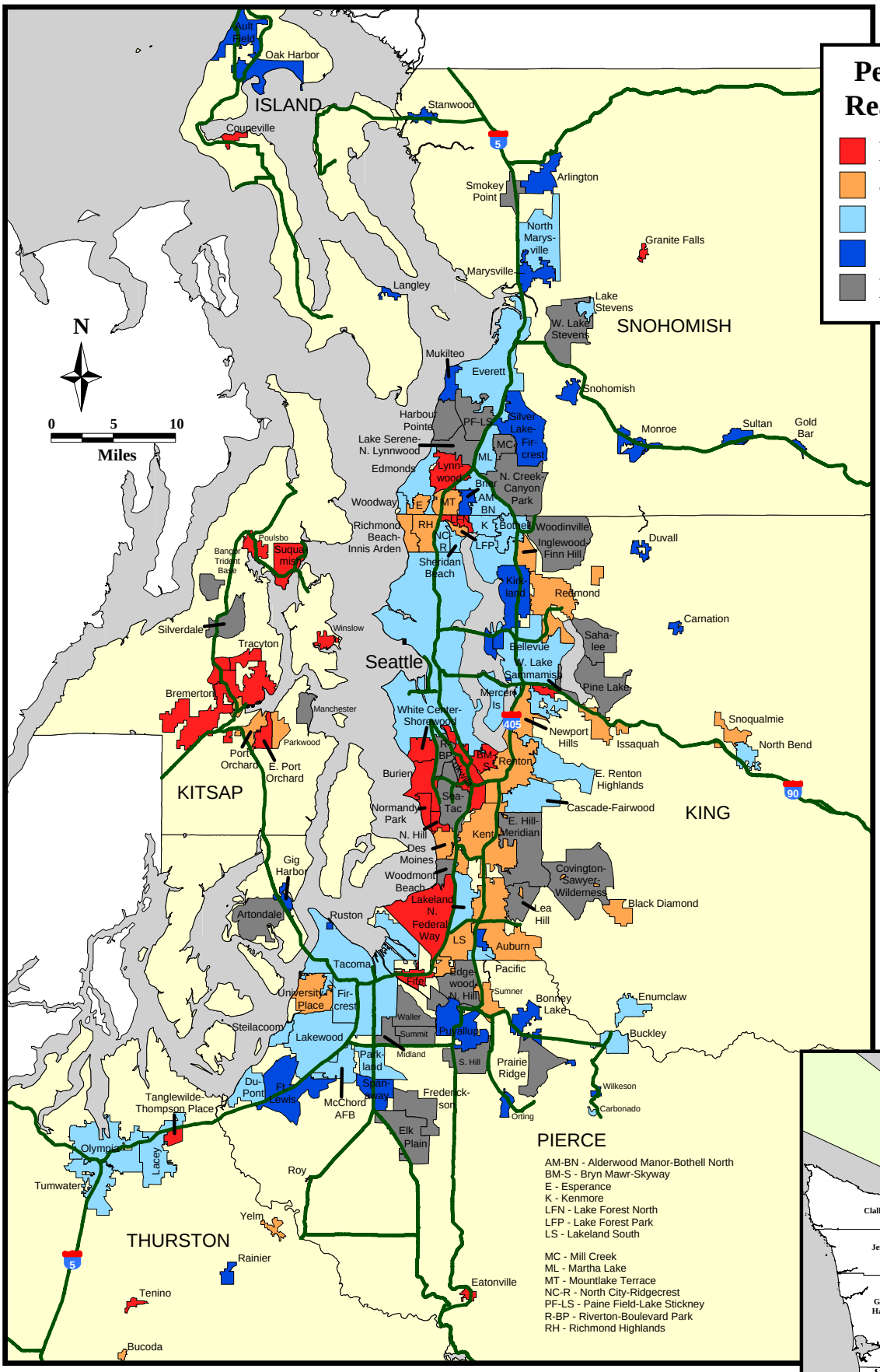
Map 13: Median Household Income by Census Tract, 1989



DATA SOURCE: 1990 Census of Population & Housing Summary Tape File 3A.

Prepared by the Metropolitan Area Research Corporation (MARC).

Figure 14: Percentage Change in Real Median Household Income by Place, 1979-1989



Places with "No data" are primarily places that did not exist in 1980.

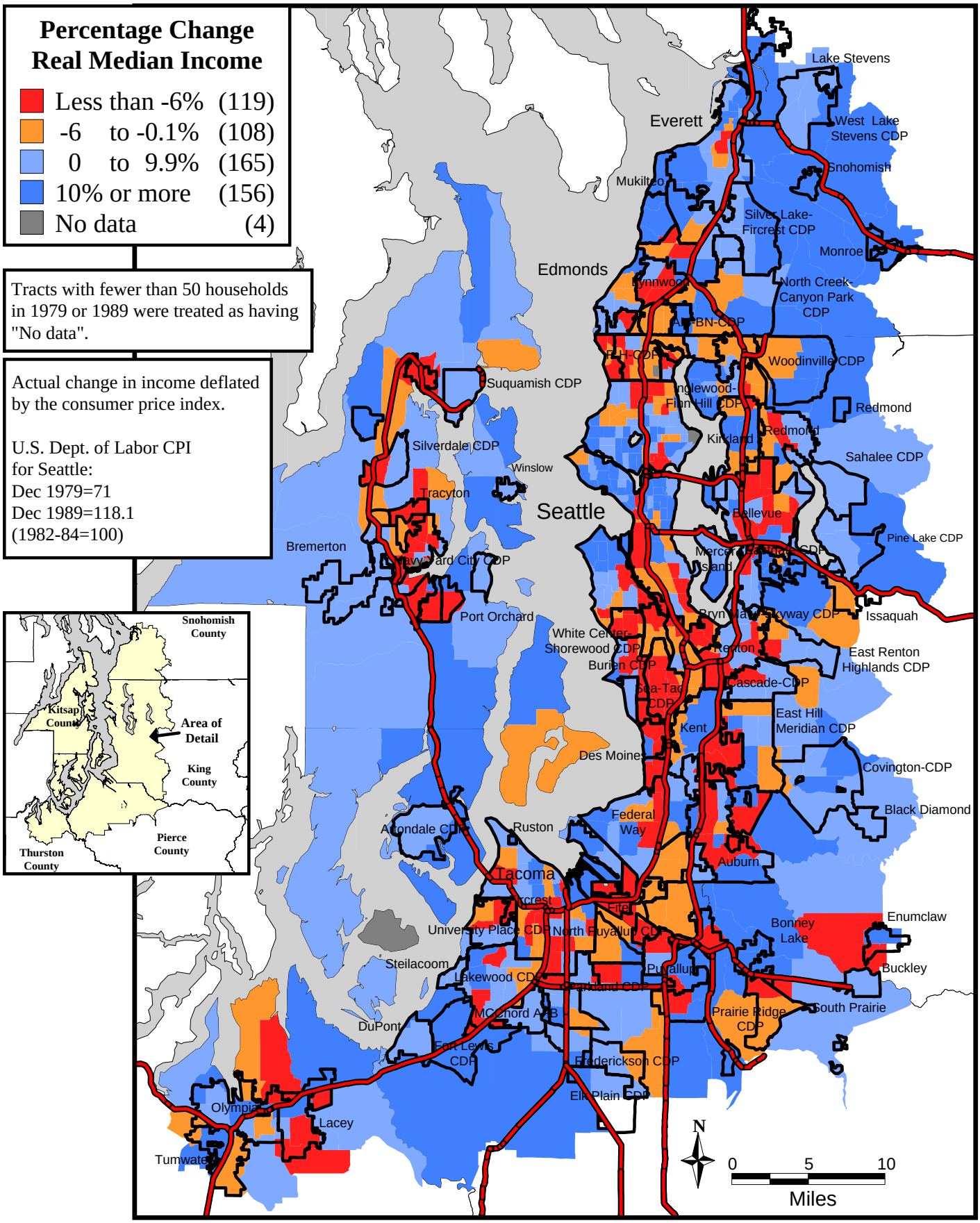
Actual change in income deflated by the consumer price index.

U.S. Dept. of Labor CPI for Seattle:
Dec 1979=71
Dec 1989=118.1
(1982-84=100)

DATA SOURCE: 1980 & 1990 Censuses of Population & Housing Summary Tape File 3A.

marc
Metropolitan Area Research Corporation

Figure 15: Percentage Change in Real Median Household Income by Census Tract, 1979-1989



DATA SOURCE: 1980 & 1990 Censuses of Population & Housing Summary Tape File 3A.

Prepared by the Metropolitan Area Research Corporation (MARC).

(Figure 13). This map also shows that household incomes were very low in most of Seattle, especially the southern part, with a few very high tracts in the northern part of the city.

During the 1980s, the median household income in the Puget Sound region, adjusted for inflation, increased by 2.6 percent (from $33,678 to $34,546) (Figure 14). The city of Seattle increased by more than the regional value, by 8.6 percent (from $27,037 to $29,353), and the High Need Communities increased by 3.5 percent (from $26,476 to $27,419). Both the Stressed and the Affluent Communities remained relatively stable over the decade (the former around $34,000 and the latter around $43,000).

Percent Change Median Household Income, 1980-1990

Region	High Need Communities	Stressed Communities	Affluent Communities	Seattle
2.6	3.5	0.4	-0.6	8.6

The greatest decreases in median household income during the 1980s were primarily in communities just south of Seattle, from White Center and Renton to Federal Way and Auburn, as well as across the sound in and around Bremerton. Increases were found north and east of Seattle and south of Tacoma. Many individual High Need and Stressed Communities that had rather low median households to begin with in 1980 lost substantial ground over the decade. For example, Poulsbo went from $28,512 to $25,385 (-11 percent) and Tenino went from $22,256 to $19,545 (-12.2 percent). Conversely, some Affluent Communities that already had very high median household incomes in 1980, increased in this figure over the decade. For example, Mukilteo went from $39,572 to $46,993 (18.8 percent) and Brier went from $40,545 to $49,547 (22.2 percent).

The tract-level map shows considerable increases in median household incomes in northern Seattle tracts and some southern Seattle tracts (Figure 15). Most of the unincorporated parts of the region also increased in median household income. Interestingly, there was considerable decline in the affluent tracts just east of I-405 in King County.

E. Public Schools

Public schools are the first victim and the most powerful perpetuator of metropolitan polarization. Local schools become socioeconomically distressed before neighborhoods themselves become poor. Hence, increasing poverty in a city's public schools is a prophecy for the city. First, the city's children often become its adults. Second, middle-class families, who form the bedrock of stable communities, will not tolerate high concentrations of poverty in their public schools.

When the public schools reach a certain threshold of poor and minority students, white and middle-class parents who can afford to, will choose to remove their children from the public schools and send them to private schools, leaving the poorest students—who require the most in terms of school resources—behind. This is becoming an increasing problem for the Seattle Public Schools. In 1990 in Seattle, 21.4 percent of school-age children (elementary through high-

school) attended private schools.[91] Ultimately, because the level of social distress in the public schools significantly affects the attractiveness of a neighborhood or city and influences the decisions of middle-class families to live there, the exodus of middle-class children from the public schools negatively impacts the neighborhood and city in which those schools are located.

As the schools become increasingly poorer, many parents who cannot afford to or do not desire to send their children to private schools, will depart in search of other educational opportunities for their children. Thus, because middle-class flight from the central city is strongly influenced by growing poverty in the local public schools, the focus in this report is on public rather than private schools. In this light, this section will show that there is a rapid and dangerous social and economic polarization occurring among the school districts of the Puget Sound region. Here, the central and satellite cities are struggling under a disproportionate share of concentrated poverty and segregation.

Just as concentrated poverty in schools destabilizes communities, it has a very negative effect on individual access and achievement. Schools are not just instruction and textbooks, but, like neighborhoods, represent a series of reinforcing social networks that contribute to success or failure.[92] Fast-track, well-funded schools that have a high percentage of students from stable middle- and upper-class families are streams moving in the direction of success, with currents that value hard work, goal setting, and academic achievement.[93] Monolithically poor central city, inner-suburban, or satellite-city schools that have a large number of students in poverty are streams moving toward failure, with currents that reinforce anti-social behavior, drifting, teenage pregnancy and dropping out.[94]

In the mid 1980s in Minneapolis, a city ethnically much like Seattle with a tax base and a pattern of residential gentrification similar to Seattle's, had schools with poverty and racial diversity numbers much like Seattle's. Minneapolis then implemented neighborhood schools as a panacea to the problems of school quality and middle-class flight from the city. However, while this did not increase the problem of flight, the percentage of poor students in the schools did not decrease either. Indeed, the slow decline became more rapid as poor and minority student

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91 *Census of Population and Housing, 1990.*

92 Jomills Braddock II and James McPartland, "The Social and Academic Consequence of School Desegregation," *Equity & Choice* (February 1988): 5; see also Gary Orfield and Carole Ashkinaze, *The Closing Door: Conservative Policy and Black Opportunity* (Chicago: University of Chicago Press, 1991): 131; James Rosenbaum, Marilyn Kulieke, and Leonard Rubinowitz, "Low-Income Black Children in White Suburban Schools: A Study of School and Student Responses," *Journal of Negro Education* 56, no. 1 (1987): 35; Rosenbaum, Kulieke, and Rubinowitz, "White Suburban Schools."

93 Ibid.

94 Ibid.; Susan E. Mayer, "How Much Does a High School's Racial and Socioeconomic Mix Affect Graduation and Teenage Fertility Rates?" 321-41 in *The Urban Underclass*, eds. C. Jencks and P. Peterson (Washington, D.C.: Brookings Institution, 1991); Jonathon Kozol, *Savage Inequalities: Children in America's Schools* (New York: Harper Perennial, 1991); Robert Crain and Rita Mahard, "School Racial Composition and Black College Attendance and Achievement Test Performance," *Sociology of Education* 51 no. 2, (1978): 81-101; Peter Scheirer, "Poverty, Not Bureaucracy: Poverty, Segregation, and Inequality in Metropolitan Chicago Schools," (Metropolitan Opportunity Project, University of Chicago, 1989).

statistics crossed the 50 percent threshold in 1992. Today, the schools are more than 70 percent poor and minority children and present a large obstacle toward significant middle-class resettlement. Denver has also had a similar experience. Thus, as the statistics below suggest, Seattle, which stopped busing students for purposes of racial integration in 1991, should not be too sanguine in its renewed schools. Since 1989, Seattle's schools have grown increasingly poorer and more segregated. This is one of the most serious danger signs of urban decline and should be of deep concern to anyone who cares about the Puget Sound region.

1. Free and Reduced-cost Lunch

Most social scientists use free and reduced-cost lunch statistics to measure children in poverty. They believe that it is more realistic than federal poverty standards. Children are eligible for reduced-cost lunch if their families' income is not above 185 percent of the federal poverty level, and they are eligible for free lunch if their income is not above 130 percent of the poverty level.

At the school district level, the overall percentage of school children eligible for free or reduced-cost lunch in the Puget Sound region in 1997 was 25.8 percent (Figure 16), ranging from 52.5 percent in Tacoma to 0 percent in Coupeville.[95] The Seattle School District had 44.9 percent of its students eligible for the program, the third highest rate in the region. In addition to the Tacoma District, the Clover Park District at 49.7 percent, also had a higher rate than the Seattle District. There were eight other school districts with more than a third of their students applying for free or reduced-cost lunch. These included Franklin (40.7 percent), Bremerton (41.6 percent), and Highline (41.6 percent). On the other hand, there were eleven school districts with less than 10 percent poor children. In addition to Coupeville, districts with low percentages of children eligible for the reduced-cost meals program include the affluent districts of Northshore (6.7 percent), Issaquah (4.6 percent), and Mercer Island (1.8 percent).

A closer look at the Seattle School District shows that the elementary schools with the poorest students were all located in the southern part of the city (ten schools with more than 70 percent eligible students), while most of the schools in the northern part of the city had less than a third poor students (Figure 17).[96]

As far as change in percentage of students eligible for the reduced-cost meal program, three districts in the Puget Sound region increased by more than 17 percentage points between 1989 and 1997 (Figure 18). They were Highline (17.7 percentage points—from 23.9 to 41.6 percent poor students), Clover Park (21.2 percentage points—from 28.5 to 49.7 percent poor children), and South Central (33.7 percentage points—from 24.2 to 57.9 percent poor children). Two of these schools were located in the declining unincorporated area on Seattle's southern border and one in the struggling area just south of Tacoma. The Seattle and Tacoma districts also

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[95] All free and reduced-cost lunch statistics by school district from the Washington Office of the Superintendent of Public Instruction. Here data are included for sixty-one of the Seattle region’s districts. Districts with fewer than fifty students in 1997 were not included. The South Central district did not report data.

[96] Free and reduced-cost lunch data for Seattle elementary schools are from Seattle Public Schools Information Services.

Figure 16: Percentage of Students Eligible for Free and Reduced-Cost Meals by School District, 1997

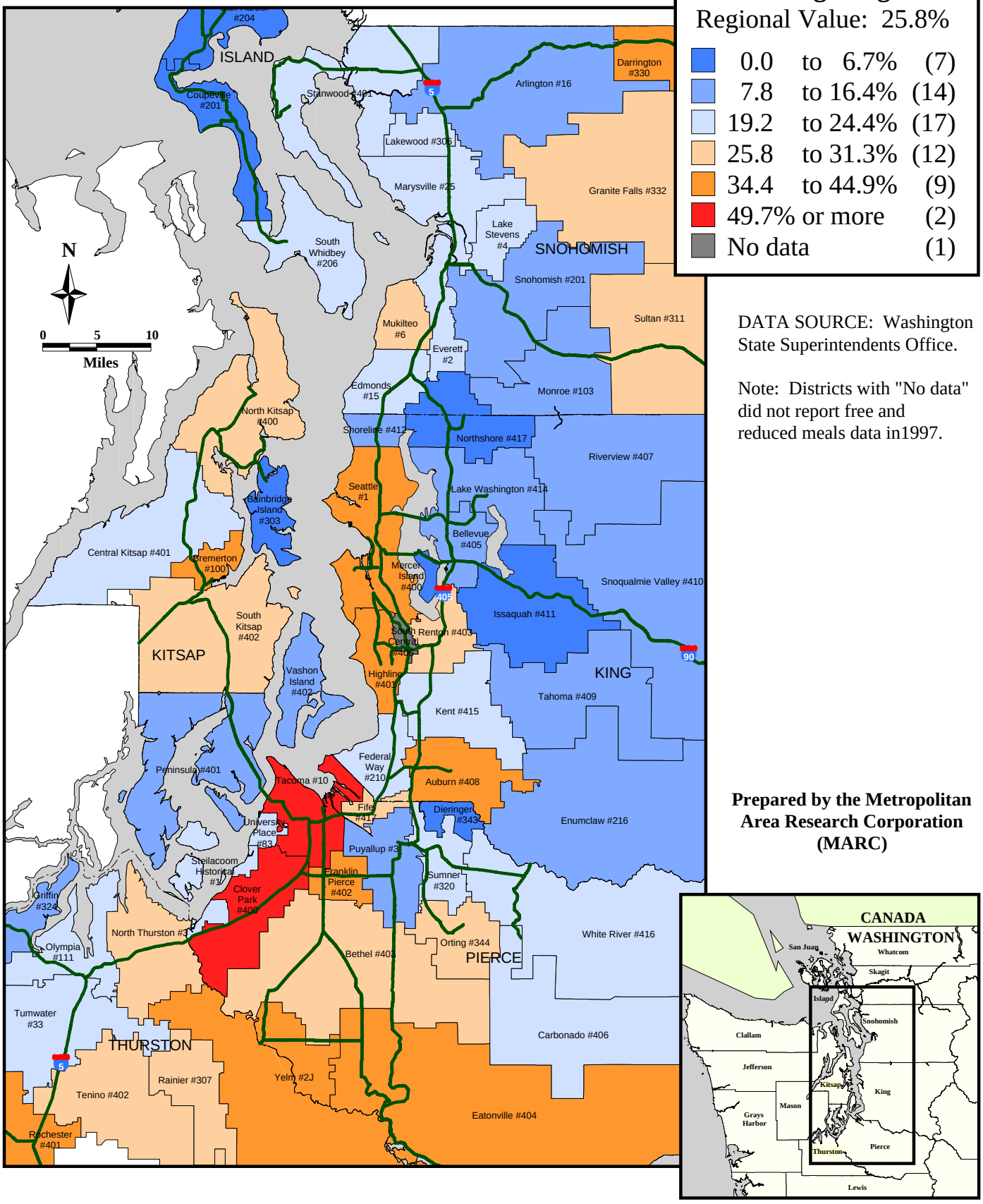
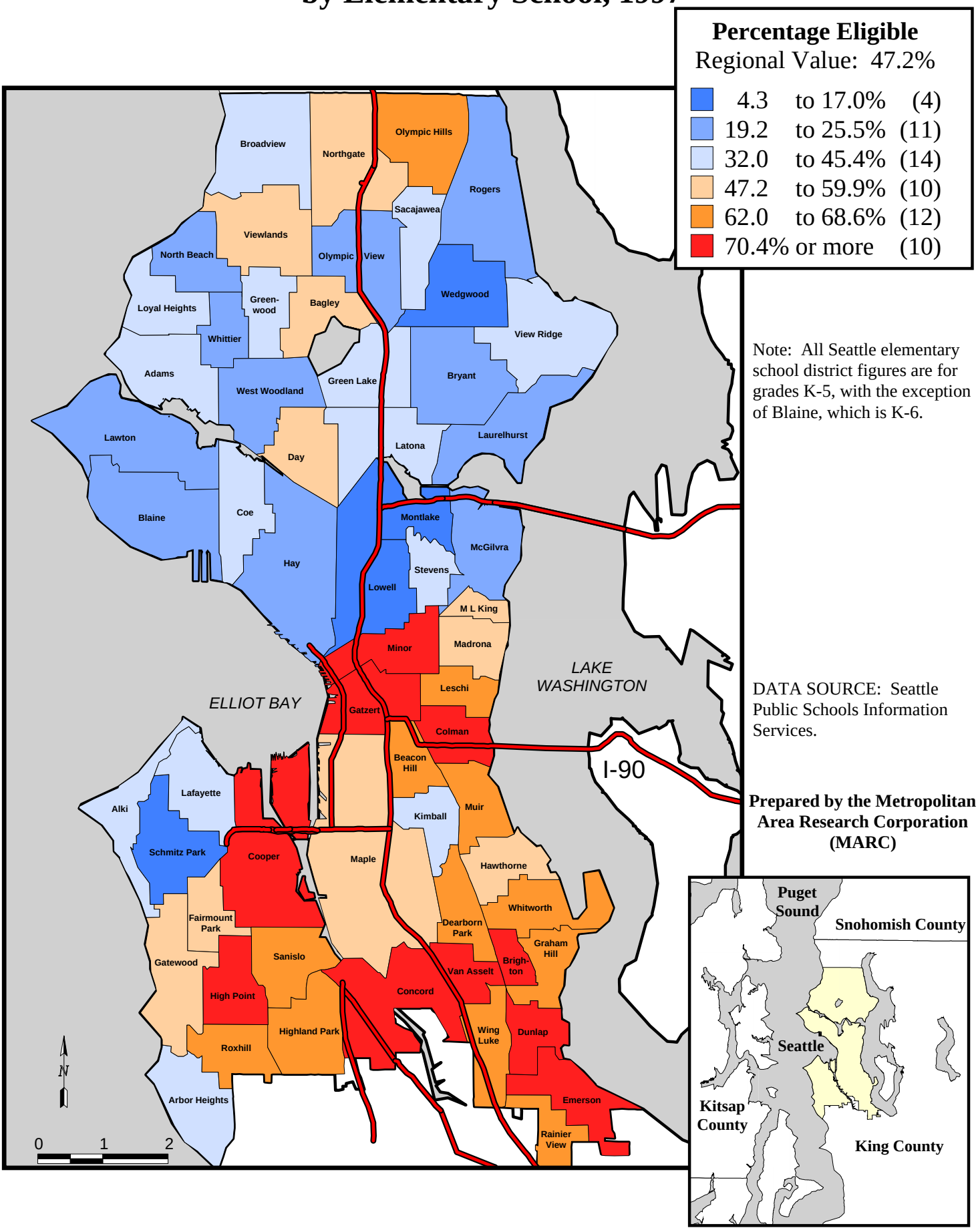


Figure 17: Percentage of Students Eligible for Free and Reduced Meals by Elementary School, 1997

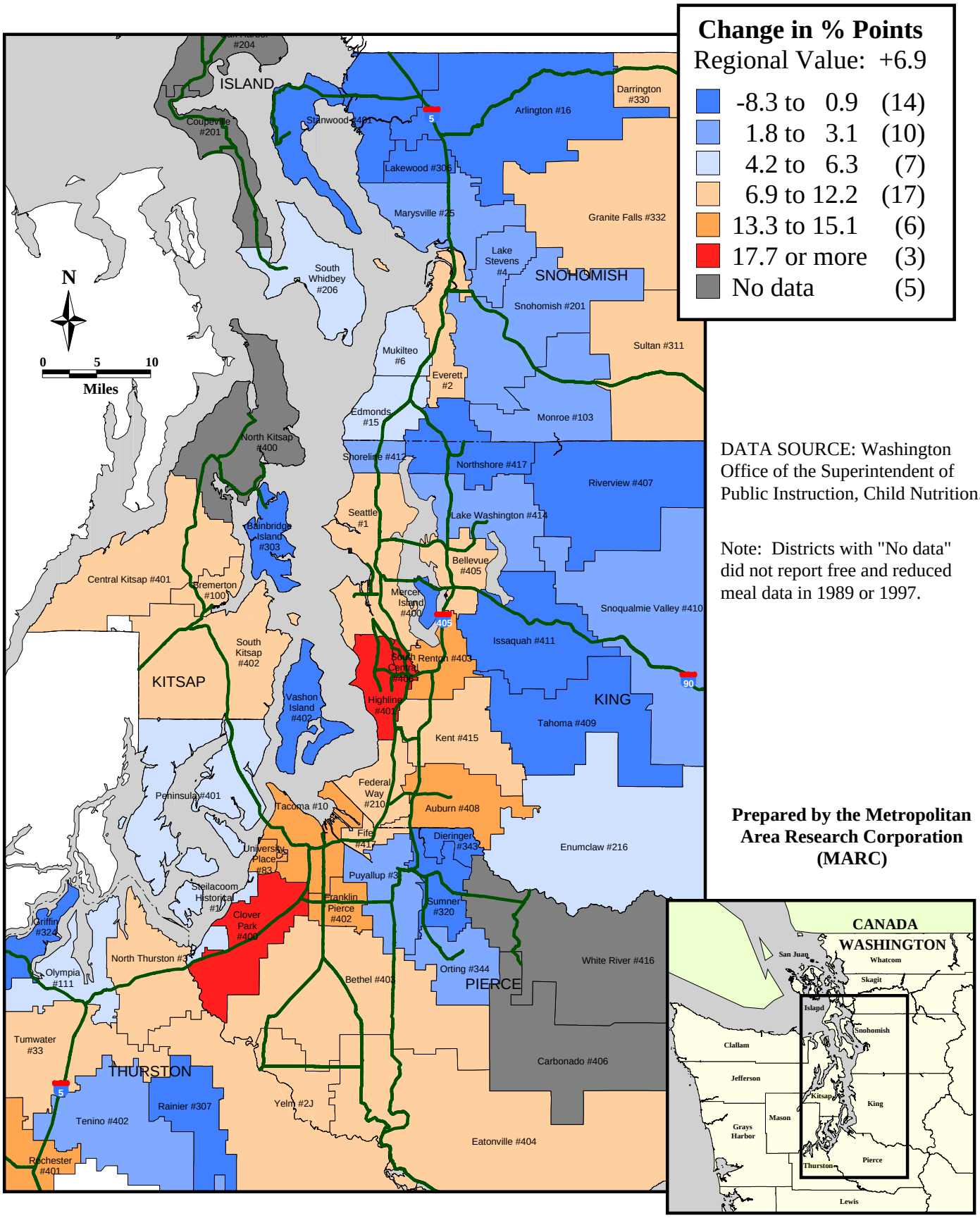


Note: All Seattle elementary school district figures are for grades K-5, with the exception of Blaine, which is K-6.

DATA SOURCE: Seattle Public Schools Information Services.

Prepared by the Metropolitan Area Research Corporation (MARC)

Figure 18: Change in Percentage Points - Students Eligible for Free and Reduced Meals by School District, 1989-1997



increased considerably during this period in percentage of students eligible for the program. The former by 8.7 percentage points (from 36.2 to 44.9 percent) and the latter by 14.9 percentage points (from 37.6 to 52.5 percent). Also in the declining southern part of the region were two other suburban Tacoma districts (Franklin Pierce and University Place), Auburn, and the suburban Seattle district of Renton that increased by more than 13 percentage points. At the other end, the large majority of school districts that either declined in poor students or increased very little were located to the north and east of Seattle. Most of the places had very low rates of poor students to begin with in 1989. These were places like Northshore (1.8 percentage points—from 4.9 to 6.7 percent), Issaquah (0.2 percentage points—from 4.4 to 4.6 percent), and Arlington (-3.9 percentage points—from 18.6 to 14.7 percent).

2. Non-Asian Minority Students

As poverty concentrates, so does the segregation of students in the region's schools, particularly in terms of African American and Hispanic students. In 1997 the Puget Sound region as a whole had 20.7 percent non-Asian minority elementary students (Figure 19).[97] At 49.3 percent, the Seattle School District had the highest percentage of non-Asian minority students in the region. Other than Seattle there were six districts with more 25 percent non-Asian minority elementary students, and thirty districts with more than 10 percent non-Asian minority students. Districts with the largest percentage of non-Asian minority students included Highline (32.8 percent), Tacoma (34.6 percent), Renton (35.3 percent), and Clover Park (35.4 percent). The most sharply defined corridor of non-Asian minority students stretches along the Sound from just north of Seattle (the Shoreline District) through Tacoma to the North Thurston District just east of Olympia. On the other hand, there were fifteen districts with less than 5 percent non-Asian minority students, including seven districts with less than 3 percent non-Asian minority elementary students. These were mostly outlying districts such as Enumclaw (3.3 percent) and Stanwood (3.2 percent).

Within the Seattle School District itself, there is a cluster of segregated elementary schools with high percentages of non-Asian minority students in the central part of the city between Elliott Bay and Lake Washington (Figure 20).[98] The five elementary schools with the highest percentage of non-Asian minority students in the district, all lie within this corridor, led by Minor (77.8 percent) and Madrona (75.1 percent). Otherwise, most of the elementary schools in the northern part of the city and nine in the southern part were less than a third non-Asian minority.

Between 1984 and 1997, non-Asian minority students became increasingly concentrated in the older districts of the I-5 corridor from north of Seattle to just east of Olympia (Figure 21). The greatest increases in non-Asian minority students were in the districts just south and southeast of Seattle: Highline (22.8 percentage points—from 10.0 to 32.8 percent), Renton (23.8

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[97] All minority statistics by school district are from the Washington Office of the Superintendent of Public Instruction. Here data are included for sixty-one of the Seattle region's districts. Districts with fewer than fifty students in 1997 were not included. The South Central district did not report data.

[98] All Seattle elementary school minority statistics are from the Seattle Public Schools Information Services.

Figure 19: Percentage Non-Asian Minority Elementary Students by School District, 1997

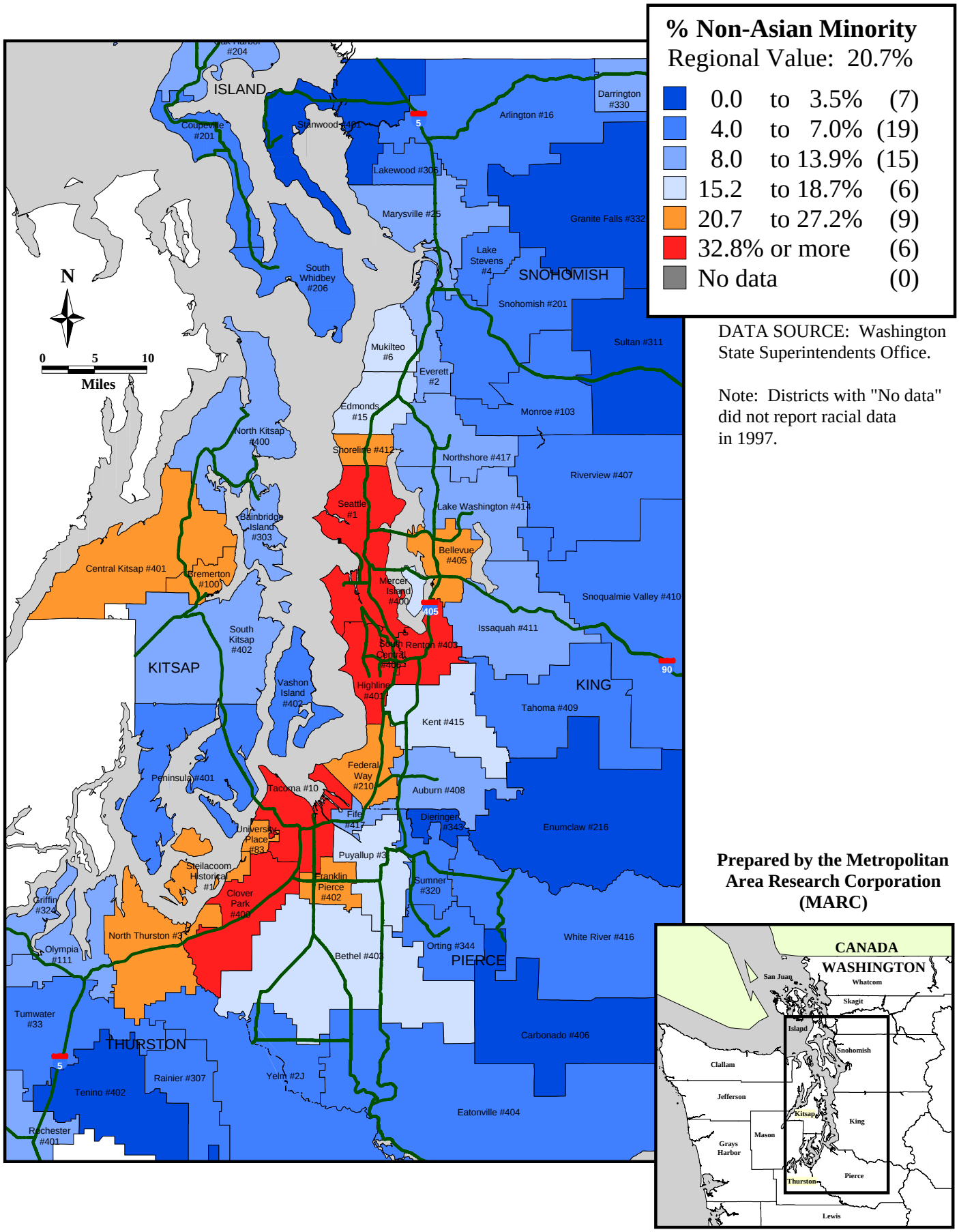


Figure 20: Percentage Non-Asian Minority Elementary Students by Elementary School, 1997

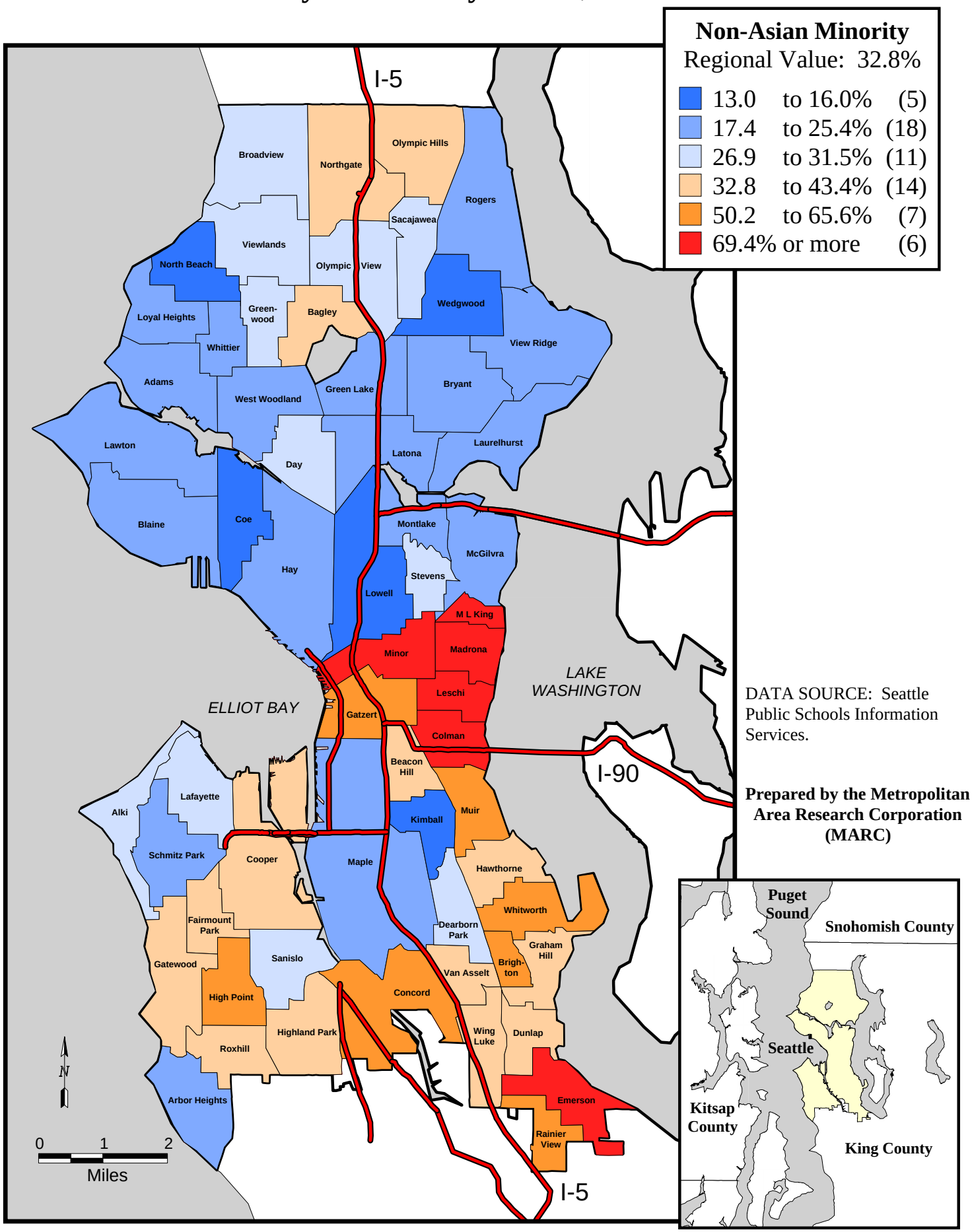
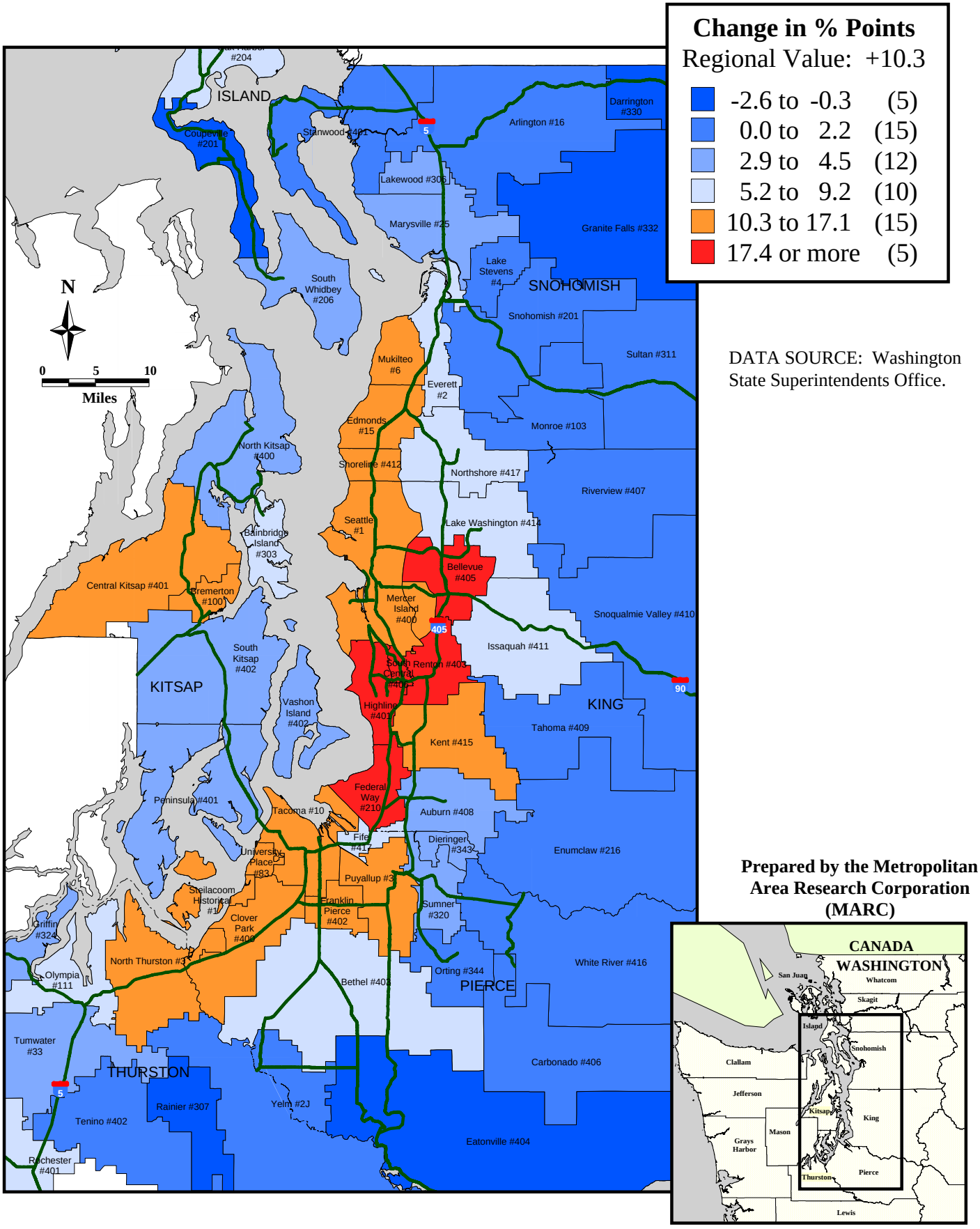


Figure 21: Change in Percentage Points - Non-Asian Minority Elementary Students by School District, 1984-1997



percentage points—from 11.5 to 35.3 percent), South Central (28.9 percentage points—from 10.7 to 39.6 percent). The Seattle and Tacoma School Districts increased by 17.1 and 13.8 percentage points respectively. Seattle went from 32.2 to 49.3 percent minority and Tacoma went from 20.8 to 34.6 percent. The school districts that either showed a decrease in percent non-Asian minority or increased only slightly were all located in unincorporated parts of the region.

Within the Seattle School District during this period, two central city elementary schools increased by more than 25 percentage points: Gatzert (by 26.5 percent—from 38.5 to 65.0 percent) and Madrona (by 29.8 percent—from 45.3 to 75.1 percent) (Figure 22). Just north of there, however, were a number of schools that decreased in non-Asian minority students by more than 13 percentage points. The most dramatic decreases were in Wedgewood (-13.4 percentage points—from 26.4 to 13.0 percent minority), Bryant (-13.9 percentage points—from 36.0 to 22.1 percent minority), Montlake (-14.1 percentage points—from 34.4 to 20.3 percent minority), and Lowell (-42.3 percent—from 56.9 to 14.6 percent minority). Most elementary schools in the southern part of the city, on the other hand, experienced increases in non-Asian minority students of between 8.4 and 16.8 percentage points.

3. The Flight of White Preschool Children

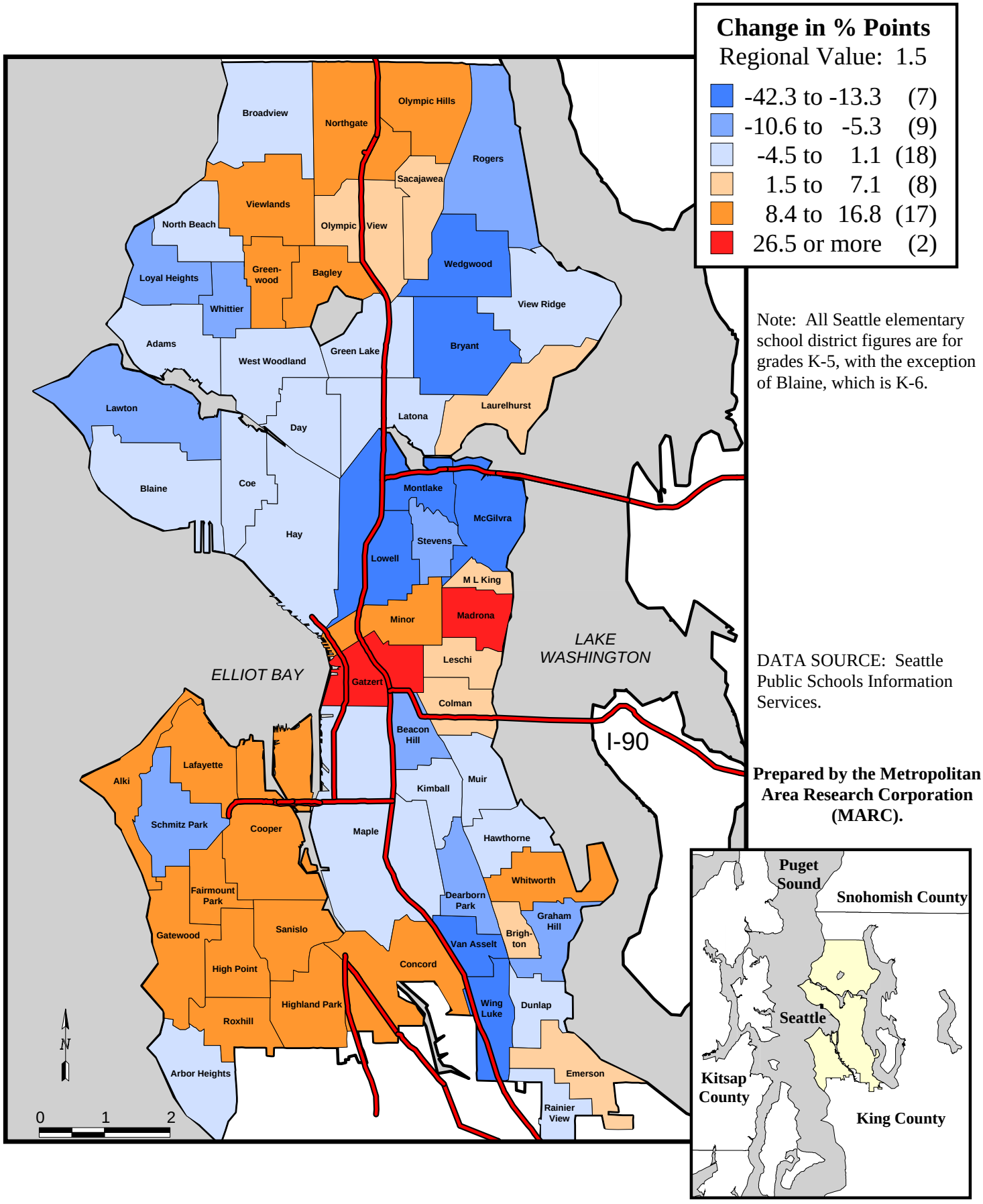
The above public school trends are most apparent in and around places where there is a significant loss of white and middle-class families. The best available method to track white, school-related flight on the census tract level is to calculate the net loss of preschool white children between census periods. Because of the high correlation between being white and middle-class, it is also a reasonably good surrogate for middle-class family flight.

Between 1980 and 1990, the Puget Sound region as a whole increased in white children by 10.5 percent (from 127,578 white children between 0 and 4 years old in 1980 to 149,912 white children between 10 and 14 years old in 1990). Despite this overall increase in white children, a number of tracts lost a considerable number of white children during this period, particularly in Seattle and Tacoma and in the communities to the south of each of those cities (Figure 23). Areas that were hardest hit by the loss of white children included White Center, which had two tracts with at least 50 percent losses, and the cities of Renton, Tukwila, and Sea-Tac, all of which had tracts losing at least 40 percent of their 1980 white children. Kent and Bryn Mawr-Skyway each had tracts with 30 percent losses.

As a whole, the city of Tacoma lost 16.7 percent of its 1980 white children (from 8,888 white preschool children in 1980 to 7,400 white children between 10 and 14 in 1990). Five census tracts in that city lost at least 50 percent of their 1980 white children. The satellite cites of Bremerton and Everett also had tracts that lost many white children over the decade.

In the city of Seattle in 1980 there were 16,290 white preschool children from 0 to 4 years old. Ten years later, there were only 11,390 white children remaining between 10 to 14 years old, even taking into account the additional area that Seattle annexed during the 1980s. Thus, during the 1980s, Seattle experienced a net loss of 30.1 percent of its 1980 white preschool children. There were only eleven out of ninety-seven census tracts in the city of Seattle that were able to retain their white preschool children of 1980. The tracts that lost the most white children, not

Figure 22: Change in Percentage Points - Non-Asian Minority Students by Elementary School, 1989-1997

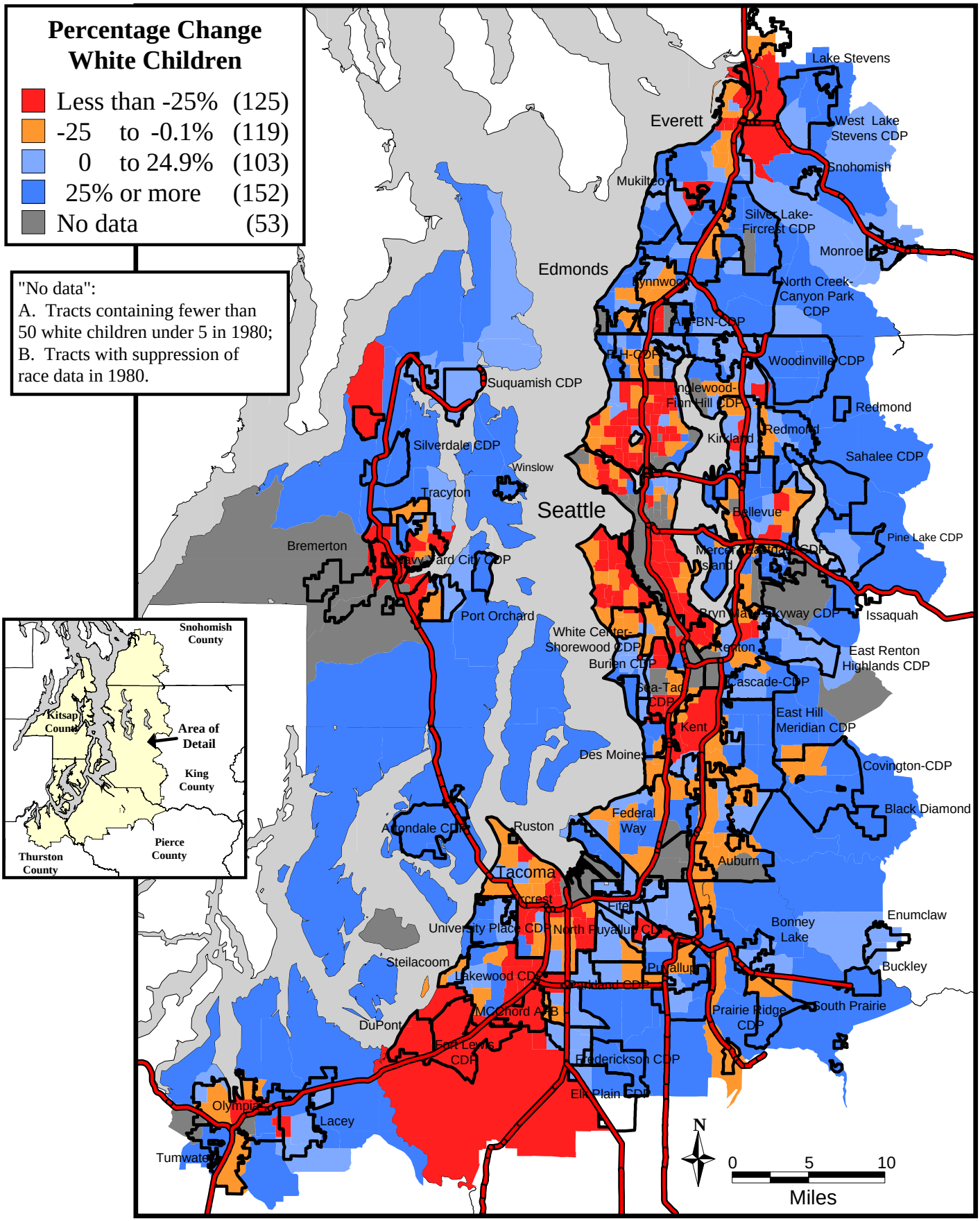


Note: All Seattle elementary school district figures are for grades K-5, with the exception of Blaine, which is K-6.

DATA SOURCE: Seattle Public Schools Information Services.

Prepared by the Metropolitan Area Research Corporation (MARC).

Figure 23: Migration of White Children by Census Tract, 1980-1990 (Percentage Change from White Children 0-4 in 1980 to 10-14 in 1990)



DATA SOURCE: 1980 & 1990 Censuses of Population & Housing Summary Tape File 3A.

Prepared by the Metropolitan Area Research Corporation (MARC).

coincidentally, correspond closely with those areas that have high numbers of non-Asian minority students. It is also notable that these tracts are located in the areas surrounding the core poverty tracts. This is most apparent in the southern half of the Queen Anne neighborhood, where some tracts lost as much as 75 percent of their white children. Other areas which were especially hard hit by the loss of white children were tracts in the Lake Union, Ballard, and Northwest neighborhoods in northern Seattle, and also in the Southeast and Duwamish neighborhoods in the southern half of the city. All of these neighborhoods contain tracts that lost at least 60 percent of their white children.

To where did all of these white children and their families move? It appears many moved to the growing Affluent Communities east of Seattle. In 1990 there were twenty-five census tracts that gained 100 percent or more white children than had been there a decade previous. These census tracts were found primarily in the affluent areas to the east of Seattle, in places like Sahalee, Clyde Hill, Redmond, and Woodinville.

It is important to note that not all of the growth that occurred in these communities during this period was due to people leaving the central and satellite cities and their inner suburbs. Growth in developing communities is due to a combination of people relocating from other parts of the region; people migrating from outside of the region; and resident children growing up and buying their first homes in the community rather than moving to another part of the region or out of the region altogether. However, where people come from when they move to the developing communities is not as important as the fact that they *are* moving there—in large numbers—and they are *not* moving to places like Tacoma, White Center, and Bremerton.

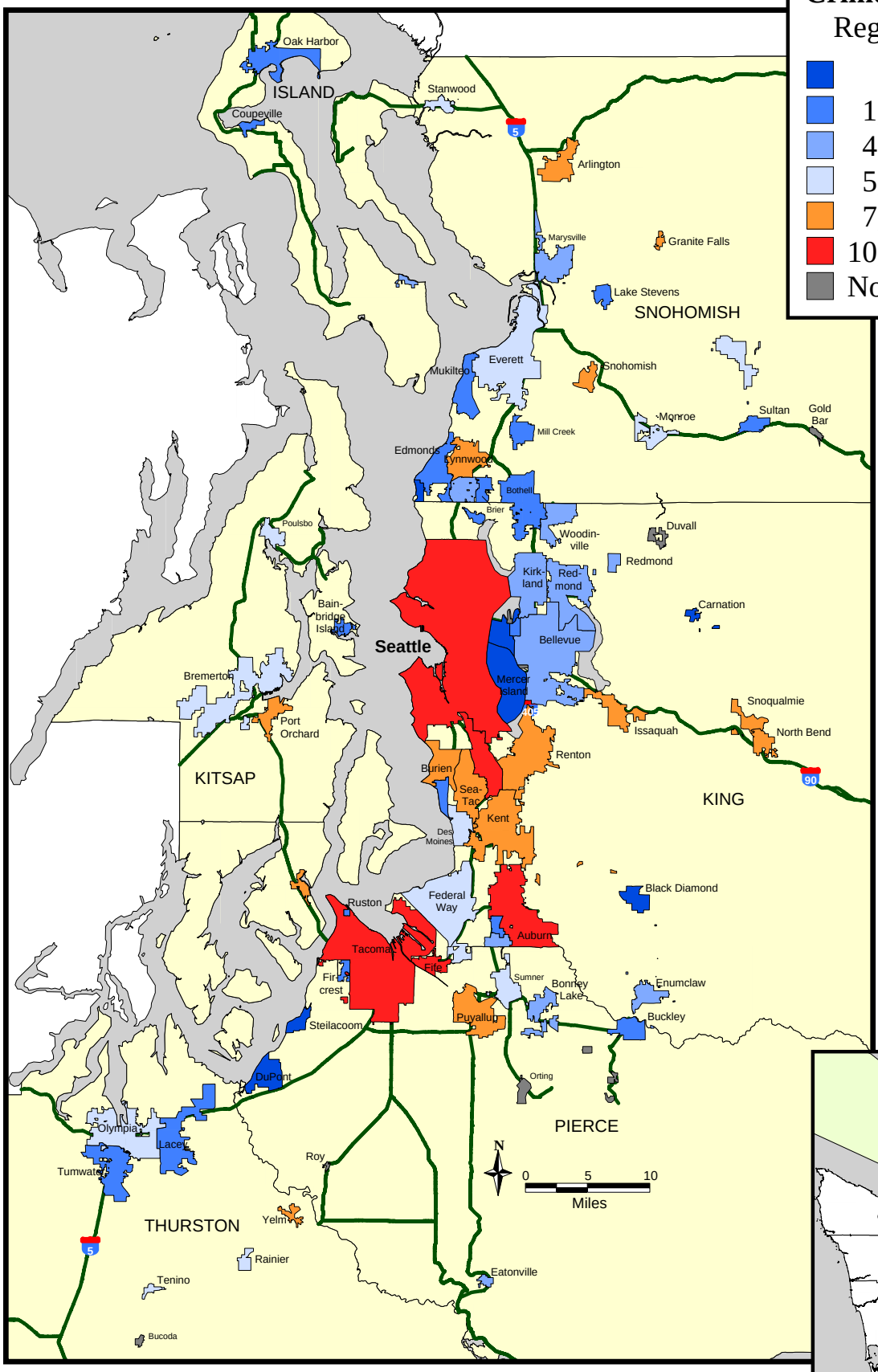
F. Crime

In 1997, the overall crime rate in the Seattle region was 7,990 Part I crimes per 100,000 persons (Figure 24).[99] The Seattle crime rate was 10,596 Part I crimes per 100,000 residents. However, three communities were more crime-ridden than the central city: Tukwila (24,823 Part I crimes per 100,000 persons), Fife (13,729 Part I crimes per 100,000 persons), and Tacoma (11,196 Part I crimes per 100,000 persons). Compare this with the other extreme, places with the lowest crime rates included Affluent Communities such as Yarrow Point (1,374 Part I crimes per 100,000 persons), Mercer Island (1,309 Part I crimes per 100,000 persons), and Woodway (406 Part I crimes per 100,000 persons).

Within the city of Seattle, the highest Part I crime areas were located in the heart of the city, precisely in those areas that make up the core of poverty (Figure 25). The eastern part of the Duwamish industrial area and the Downtown area lying to the west of I-5 both have census tracts with very high Part I crime rates, ranging from 40,000 to 174,000 crimes per 100,000 residents. Higher than average rates were also located in the Northeast neighborhood, especially in the tracts on its eastern side and around the University of Washington campus. Crimes rates in the

[99] The part-one crime category includes murder, rape, robbery, aggravated assault, burglary, theft, motor vehicle theft, and arson (*Uniform Crime Reports for the United States 1991*, U.S. Department of Justice, Federal Bureau of Investigation: 376). All crime statistics in this report from the Seattle Police Department and the Washington Association of Sheriffs and Police Chiefs.

Figure 24: Part I Crimes Per 100,000 Population by Police Jurisdiction, 1997



Crimes Per 100,000 Persons

Regional Value: 7,990.2

218.6 to	1,608.9	(8)
1,902.7 to	3,908.1	(19)
4,091.6 to	5,135.5	(11)
5,574.7 to	7,730.9	(12)
7,990.2 to	10,122.0	(15)
10,484.7 or more		(5)
No data		(10)

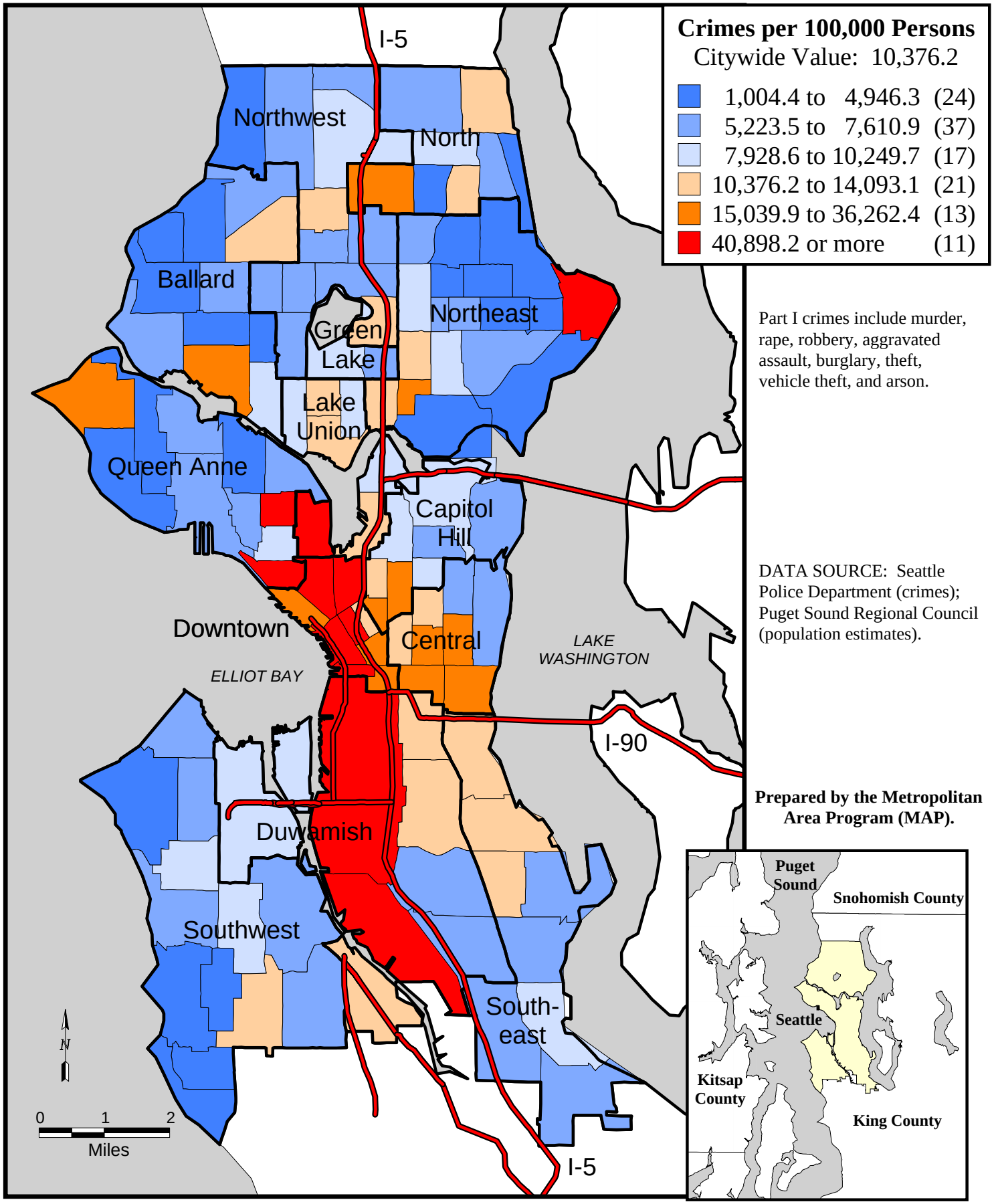
Part I crimes include murder, rape, robbery, aggravated assault, burglary, theft, vehicle theft, and arson.

Note: Police Jurisdictions without data did not report crime statistics in 1997.

DATA SOURCE: Washington Association of Sheriffs and Police Chiefs.

Prepared by the Metropolitan Area Research Corporation (MARC)

Figure 25: Part I Crimes per 100,000 Population by Census Tract, 1997



Central neighborhood, especially in those census tracts adjoining the downtown area, also had high rates (in the 15,000-36,000,000 crimes per 100,000 range). The lowest crime tracts in Seattle were the Northeast, Ballard, Queen Anne, and Southwest neighborhoods. Many of the census tracts in these areas had crime rates in the 1,000 to 5,000 per 100,000 residents range. Many of these inner-city tracts had lower Part I crime rates in 1997 than such affluent places as Bellevue, Woodinville, and Mukilteo.

G. Infrastructure

Pundits say regionalism is impossible in America. But in terms of transportation spending, regionalism has been going on for at least twenty years. Money for highways comes from federal, state, and local coffers. Everyone contributes through their taxes and, theoretically, everyone shares this highway money in the form of highway improvements. But where is the money actually spent? In many regions, a majority of transportation dollars go to developing communities on the edges of the region. The new infrastructure lures homebuilders, industries, and people who work in all parts of the region. Soon the new highways are over-crowded and there is an outcry for even more capacity. Inevitably, lanes and new routes are added—enough to meet projected need for 20 years or more. But within a very short period (sometimes just a few months) congestion levels are as high as they were prior to the new additions.

This is because, often, other nearby routes are also congested and drivers start taking the improved route, expecting a faster, less congested commute. Likewise, many who previously used other modes of transportation to speed their commute, return to their cars expecting less congestion on the new route. Indeed, the Surface Transportation Policy Project analyzed highway congestion data from the Texas Transportation Institute for 70 metropolitan areas between 1985 and 1996 and found that large investments in highway capacity did not result in easing congestion.[100] The STPP study compared metropolitan regions that have added significant new highway capacity in an effort to ease congestion to those that added little new capacity and found no difference in traffic congestion by 1996. Moreover, the study found that regions that increased road capacity spent approximately $22 billion more than those that did not increase capacity, but ended up with higher congestion costs per person, more wasted fuel, and increased travel delay.

Further, the continual increase in highway capacity in the growing outer communities intensifies the mismatch between the location of jobs and workers, and exacerbates the overall socioeconomic polarization occurring between central and growing outer communities.[101] In many regions, homeowners who choose to buy in communities developing on the fringes of urbanized areas sometimes have very long commutes to their places of work in the city or in other growing suburbs, increasing the strain on the transportation system.

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[100] Surface Transportation Policy Project, "An Analysis of the Relationship Between Highway Expansion and Congestion in Metropolitan Areas: Lessons from the 15-Year Texas Transportation Institute Study", November 1998.

[101] Yale Rabin, “Highways as a Barrier to Equal Access,” *Annals of the American Academy of Political Science* (1974). See generally Metropolitan Planning Council of Chicago, “Trouble in the Core.”

Meanwhile, for many people the opposite problem holds true: their place of work moves to the suburbs, but the community's restrictions on affordable housing development prevents them from moving there as well. The urban planner Robert Cervero at Berkeley has shown that upwards of forty percent of the automobiles that clog highways at rush hour are driven by people who cannot afford to live close to their work.[102] Cervero suggests fair housing, including barrier removal, as one of the most important ways to reduce freeway congestion.[103] Although the effectiveness of jobs-housing balance in reducing freeway congestion has been debated in recent years, a 1996 study by Cervero found that without coordinated regional planning, the imbalance between location of jobs and workers is more acute.[104]

In addition, new highway capacity does not necessarily serve the city in which the highway construction actually occurs. Freeway lane widenings mean increased traffic, pollution, and encroachment of noise on communities. These neighborhoods must choose between soundwalls and noise, both of which lower property values and quality of life. Instead, the areas that actually benefit from increased new capacity are the areas to which traffic is being directed, improving access for commuters both into and out of the community.

With that in mind, we examined past and projected highway spending in the Puget Sound region. Between 1985 and 1995 state and federal highway construction costs totaled $3.3 billion (Figure 26).[105] A little more than a third of this amount was spent on I-90 between downtown Seattle and I-405 in Bellevue ($1.3 billion). The next most expensive stretch of new construction was from that point in Bellevue north on I-405 through Kirkland ($137 million). These projects help to improve access to and from the central downtown business district to the Affluent Communities east and north of Seattle.

An examination of the projected spending on highway improvements in the Puget Sound region also shows an emphasis on building new roads that serve the Affluent Communities (Figure 27). According to the 1995 Metropolitan Transportation Plan published by the Puget Sound Regional Council, an estimated $1.24 billion worth of highway improvement projects has been approved by the Washington State Department of Transportation for the existing Puget Sound region's highway system between 1995 and 2015. Of this amount, nearly $895 million is targeted for spending in affluent parts of the region. In King County, State Highway 18 through Covington-Sawyer-Wilderness will be turned into a four-lane freeway. State Highway 202, running through Redmond, will be widened to five lanes. State Highway 520, running through Redmond, Bellevue, and Medina, will be widened to six lanes. In Snohomish County, State Highway 522, connecting State Highway 2 to the Affluent Communities, will be turned into a four-lane freeway. In addition, major improvements will be done to I-405 as it passes through

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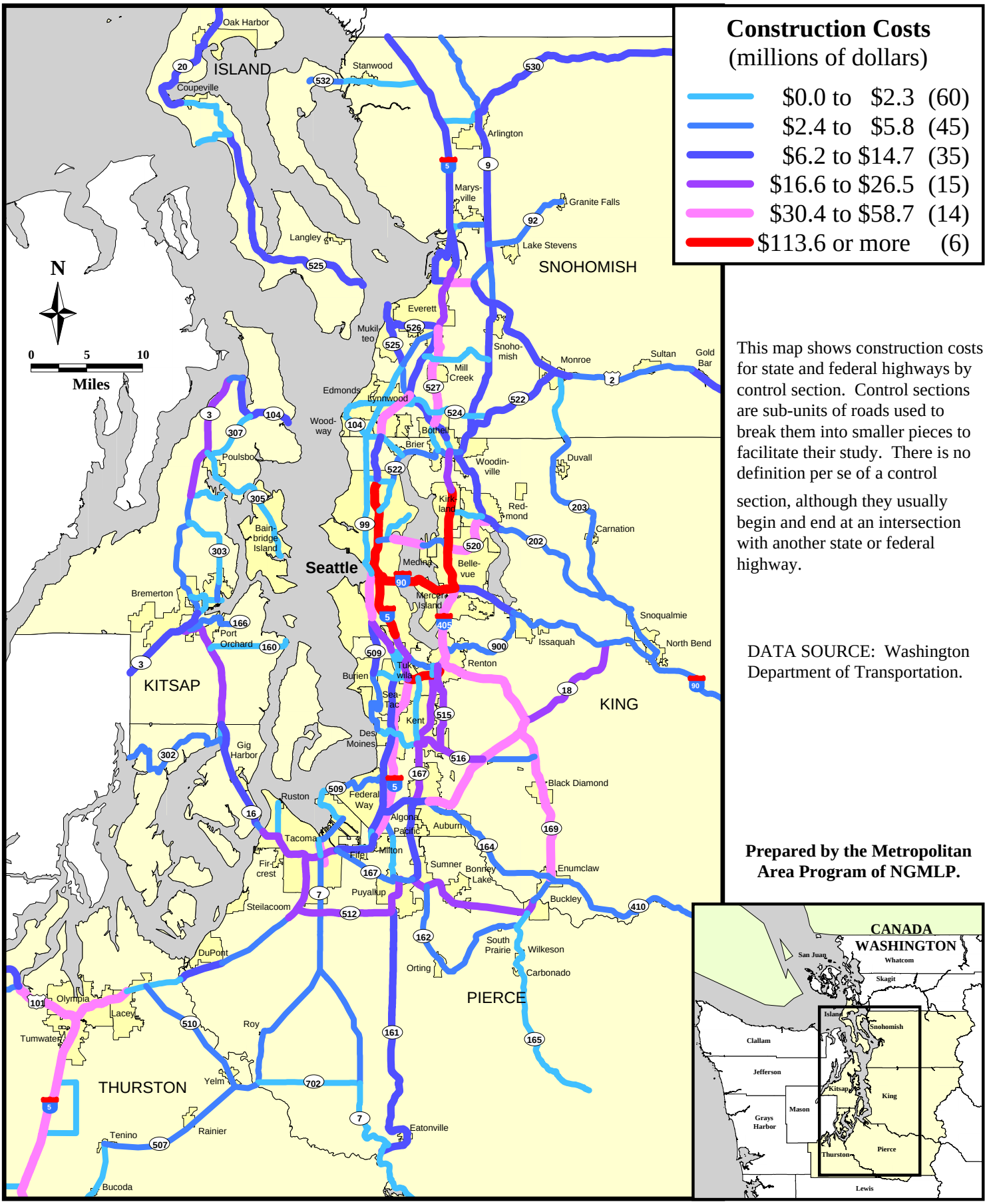
[102] Robert Cervero, "Jobs-Housing Balance and Regional Mobility," *American Planning Association Journal* (Spring 1989).

[103] Ibid.

[104] Robert Cervero, "Jobs-Housing Balance Revisited," *American Planning Association Journal* (Autumn 1996).

[105] Highway construction cost data are from the Washington Department of Transportation.

Figure 26: Past Highway Construction Spending, 1985-1995

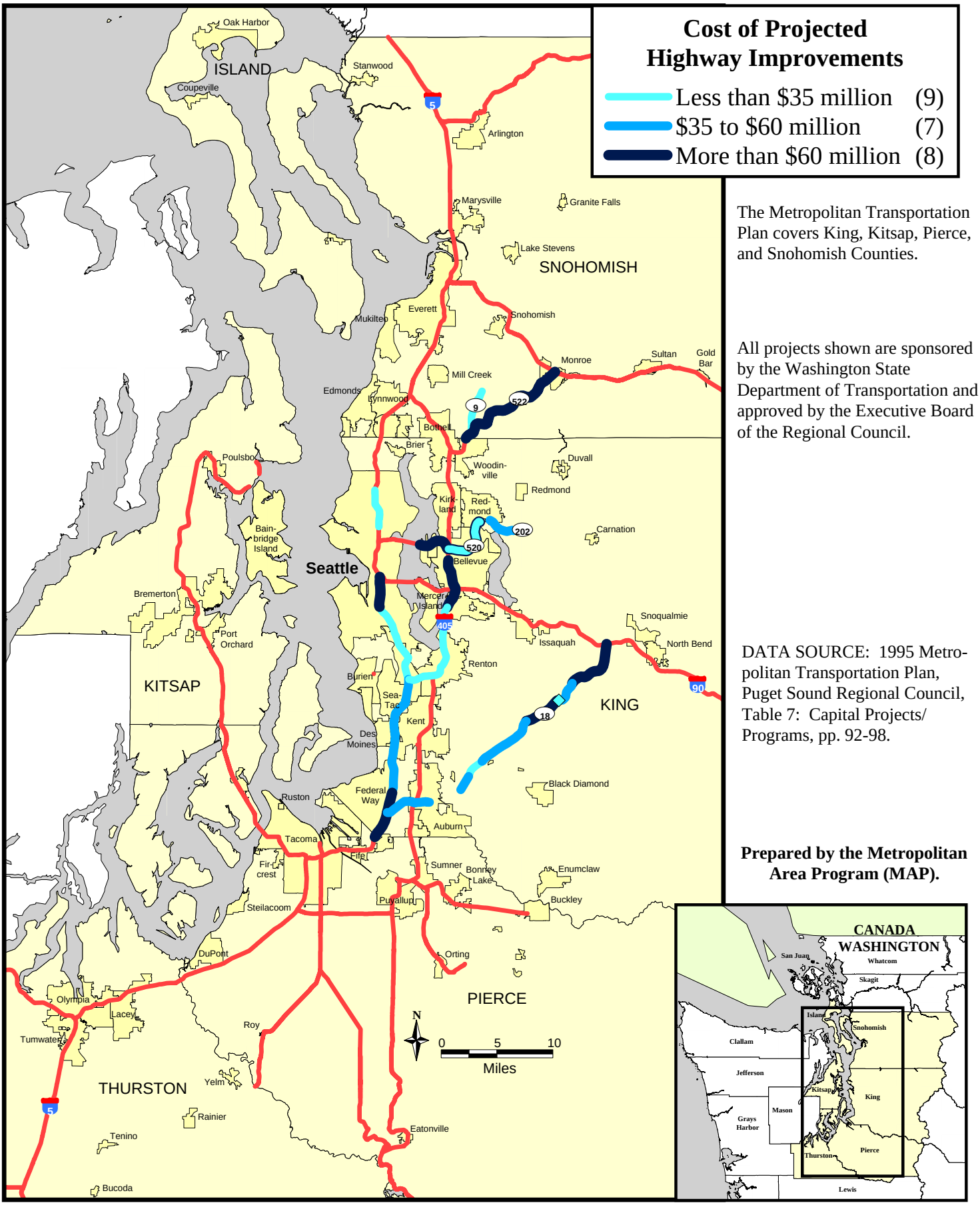


This map shows construction costs for state and federal highways by control section. Control sections are sub-units of roads used to break them into smaller pieces to facilitate their study. There is no definition per se of a control section, although they usually begin and end at an intersection with another state or federal highway.

DATA SOURCE: Washington Department of Transportation.

Prepared by the Metropolitan Area Program of NGMLP.

Figure 27: Projected Highway Improvements, 1995-2015



The Metropolitan Transportation Plan covers King, Kitsap, Pierce, and Snohomish Counties.

All projects shown are sponsored by the Washington State Department of Transportation and approved by the Executive Board of the Regional Council.

DATA SOURCE: 1995 Metropolitan Transportation Plan, Puget Sound Regional Council, Table 7: Capital Projects/ Programs, pp. 92-98.

Prepared by the Metropolitan Area Program (MAP).

Bellevue into Renton. The only long stretch of highway work scheduled to be done in a part of the region that is largely poor with little tax base, is a project on I-5 starting in southern Seattle and continuing south to the King County-Pierce County border. This work will consist primarily of adding high-occupancy vehicle (HOV) lanes and improving bridges, underpasses, and interchanges.

The Puget Sound region's commitment to other modes of transportation should not be overlooked. On November 5, 1996 the people of this region approved a $3.9 billion, ten-year regional transit system plan: Sound Move (also called Sound Transit).[106] Sound Move is a multi-modal transportation plan designed to increase system capacity through the use of HOV lanes, regional express bus routes, commuter and light rail. The plan includes twenty-five miles of electric light rail to connect SeaTac, the Rainier Valley, downtown Seattle, First Hill, Capitol Hill, and the University District. A separate 1.6 mile line is planned to connect downtown Tacoma and the Tacoma Dome. The commuter rail service will run south from Everett through Seattle to Kent, Auburn, and Sumner, then west to Tacoma, and south again to Lakewood.

H. Regional Sprawl

According to the U.S. Census Bureau, a city's urbanized area consists of the central city and its adjacent urban fringe, including all contiguous territory settled at the density of at least 1,000 persons per square mile.[107] In the Puget Sound region, there were four areas designated by the Census Bureau in 1990 as urbanized: the Seattle-Everett area, the Tacoma area, the Olympia area, and the Bremerton area (Figure 28). Two of these, the Olympia and Bremerton areas, were not designated in 1970 and therefore will not be discussed here in terms of change between 1970 and 1990. In 1990 the Bremerton area was settled at a density of 2,046.7 persons per square mile and the Olympia area was settled at a density of 1,723.3 persons per square mile.

The other two urbanized areas, Seattle-Everett and Tacoma, cover all of the incorporated cities from Marysville, north of Everett, to DuPont, south of Tacoma, and some of the unincorporated area just east of those cities as well as south of Puyllup. By comparing the change in population between census periods within these designated urbanized areas and the change in the size of the land area that is defined as urbanized, we can determine whether these areas have become more compact or have sprawled as they developed.

In 1990 the Seattle-Everett and the Tacoma urbanized areas combined were settled at a density of 2,731 persons per square mile.[108] This was a decrease in population density from 1970 of 5.8 percent. In that year, the population density for these two combined urbanized areas was 2,899 persons per square mile. Put another way, the number of people living in the Seattle-

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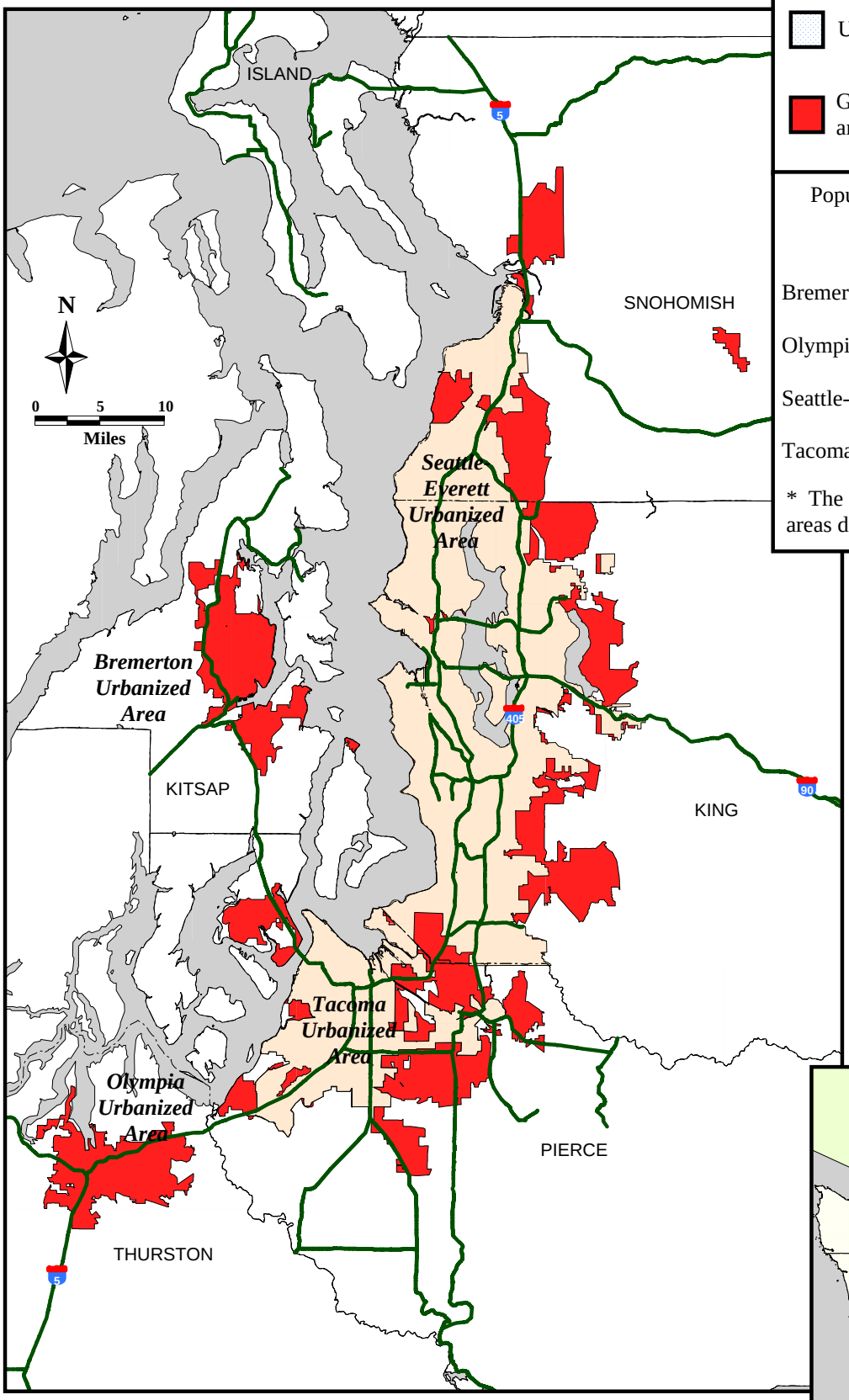
[106] From the Puget Sound Regional Council and the web page, "Sound Moves Online", August 18, 1998.

[107] Also included in the urbanized area are large concentrations of non-residential urban area, such as industrial parks, office areas, and airports.

[108] Population and land area data from the "1990 Census of Population and Housing Supplementary Reports Urbanized Areas of the United States and Puerto Rico" (December 1993), and the "1970 Census of Population Supplementary Report, Population and Land Area of Urbanized Areas: 1970 and 1960" (February 1972).

Figure 28: Change in Urbanized Area, 1970-1990



LEGEND

Urbanized area in both 1970 and 1990.

Growth - Change from non-urbanized area in 1970 to urbanized area in 1990.

Population Density in Urbanized Area (per sqaure miles)

	1970	1990	% Change
Bremerton*	-	2,046.7	-
Olympia*	-	1,723.3	-
Seattle-Everett	2,997.0	2,966.6	-1.0%
Tacoma	2,584.0	2,135.8	-17.3%

* The Bremerton and Olympia urbanized areas did not exist in 1970.

Data Sources: 1995 U.S. Census Bureau Tiger Files (1990 map); 1990 CPH-S-1-2 "1990 Census of Population and Housing Supplementary Reports Urbanized Areas of the United States and Puerto Rico", dated 12/93 (1990 data); "1970 Census of Population, Volume 1, Characteristics of the Population, Part A, Number of Inhabitants, Section 1, United States, Missouri-Wyoming" dated 2/72 (1970 data and maps).

Prepared by the Metropolitan Area Program of NGMLP.

Everett and Tacoma urbanized areas increased by 42.7 percent (from 1,570,628 to 2,241,296), while the land area they occupied increased by 51.5 percent (from 541.8 to 820.7 square miles).

I. Fiscal Disparities

1. Overview

When the property tax is a basic revenue source for local governments with land-planning powers, fiscal zoning occurs as jurisdictions compete for property wealth. Through fiscal zoning, cities deliberately develop predominantly expensive homes and commercial-industrial properties with low service needs.[109] In such a way, they keep out social needs associated with low-cost housing and keep demands on tax base low. Taxes are further reduced by spreading these controlled needs over a broad rich property tax base.

The dynamic of fiscal zoning creates three sets of mutually reinforcing relationships. First, the communities with high tax resources, low tax rates, and little affordable housing and continue to attract more and more business, the presence of which continually keeps the overall tax rate comparatively low and increases revenues. Because of low social needs, these cities can provide a few high-quality local services.

A second reinforcing relationship involves those cities that have increasing social needs on small and often declining property tax base. This combination leads to both declining consumer demographics and increased property tax rates often chasing a declining level of services All of these factors are large negatives in terms of business location and retention. Often, central and satellite cities and older suburbs spend a great deal on unsuccessful efforts to become more socio-economically stable, as their tax base stagnates or even evaporates out from under them.

The third relationship concerns developing suburbs that lose the battle of fiscal zoning. These are fast-growing suburbs that have not attracted business or executive housing. They must pay for their schools, police, parks, curbs, and gutters with fewer resources. To keep taxes from exploding, they are forced to abandon long-range thinking and build the lower-valued homes and multi-family units rejected by the wealthier suburbs As they develop, they frequently do not address the expensive issues of sewer systems and road construction. Hence, in addition to low valued homes and business, they often develop on septic systems that will soon have to be remediated at very high cost. Similarly, the narrow country roads soon will have to be widened in an already developed community at far greater expense. These decisions, in the long run, catch up with low fiscal capacity developing suburbs, as their wells fail and congestion increases, they ultimately become the declining suburbs of tomorrow. Further, in a perhaps futile attempt to remain competitive in terms of property taxes, working-class developing communities often suppress local expenditures on public services, particularly on schools.

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[109] D. Winsor, *Fiscal Zoning in Suburban Communities* (1979); B. Rolleston, "Determinants of Restrictive Suburban Zoning: An Empirical Analysis," *Journal of Urban Economics* 21 (1987): 1-21; M. Wasylenko, "Evidence of Fiscal Differentials and Intrametropolitan Firm Relocation," *Land Economics* 56 (1980): 339-56; Cervero, "Regional Mobility."

The increase of property wealth in some affluent communities and the stagnancy or decline of value in central and satellite cities and older suburbs represents an interregional transfer of tax base. As such, the loss of value in older poorer communities is one of the costs of economic polarization and urban sprawl. Federal, state, and local governments spend billions of dollars building infrastructure such as schools, freeways, and sewers which add enormous value to growing parts of the region. To the extent that these public expenditures serve to transfer value, they are wasted. Adding to this dysfunction, the infrastructure of new cities is paid for by taxes and fees levied on the residents and businesses of the older parts of the region.

2. Tax Base per Household

The 1997 tax base per household for the Puget Sound region was $176,162 (Figure 29).[110]. Both the High Need and Stressed subregions, however, were well below the regional value at $153,473 and $154,338 respectively. The former at 87.7 percent of the regional value and the latter at 88.2 percent of the regional value. The Affluent Communities, on the other hand, had an average tax base per household of $212,062, or 121.2 percent of the regional value.

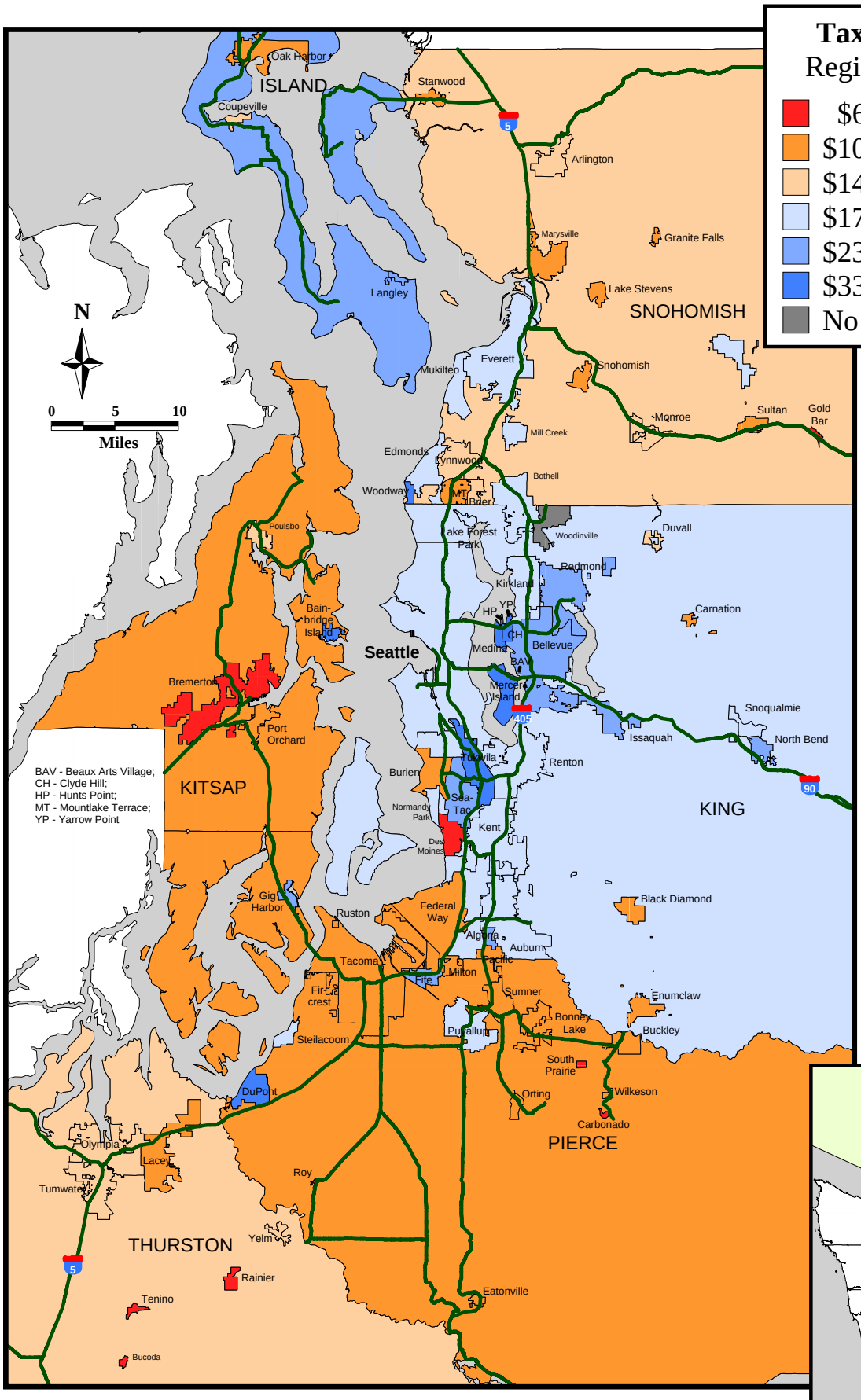
Tax Base per Household, 1997

	Region	High Need Communities	Stressed Communities	Affluent Communities	Seattle
Value	$174,906	$153,473	$154,338	$212,062	$176,507
% of Reg Val	100	87.7	88.2	121.2	100.9

The city of Seattle's tax base per household in 1997, at $176,507, was almost equal the Puget Sound regional value. This is the largest central city tax base relative to the regional base that we have seen in all of the studies we have completed thus far (see table below).

[110] All tax-base figures from the tax assessors' offices of the six counties. It should be noted that because in many parts of this region, property values in recent years have increased rapidly and continue to increase, tax-base data quickly becomes old. While at the time of this study, the data we obtained was the most up-to-date, the values have since increased. The figures presented here represent only a snapshot in time, but in general, the regional trends remain the same.

Figure 29: Taxbase per Household by Municipality and County Unincorporated Area, 1997



Taxbase per Household

Regional Value: $176,162

$61,242 to $90,384	(9)
$102,409 to $142,784	(28)
$148,130 to $168,477	(12)
$176,162 to $217,039	(16)
$232,261 to $292,861	(11)
$331,681 or more	(9)
No data	(1)

DATA SOURCE: 1997 taxation reports from the Assessors' Offices of Island, King, Kitsap, Pierce, Snohomish, & Thurston Counties (1997 tax base); 1990 Census of Population & Housing STF3A (1990 households and population); Puget Sound Regional Council (1997 population estimates).

Note: Household estimates were not available for Woodinville.

Prepared by the Metropolitan Area Program of NGMLP.

Central City Property Value As a Percentage of Regional Value

City	Percent of Regional Value
Detroit	31.7
Philadelphia	36.9
St. Louis	47.5
Milwaukee	52.1
Baltimore	54.4
Oakland	58.9
Chicago	69.3
Grand Rapids	71.9
Pittsburgh	87.4
Washington, DC	87.4
Los Angeles	87.5
Miami	88.2
San Francisco	88.2
Portland	91.2
Denver	91.7
Atlanta	100.7
Seattle	100.9

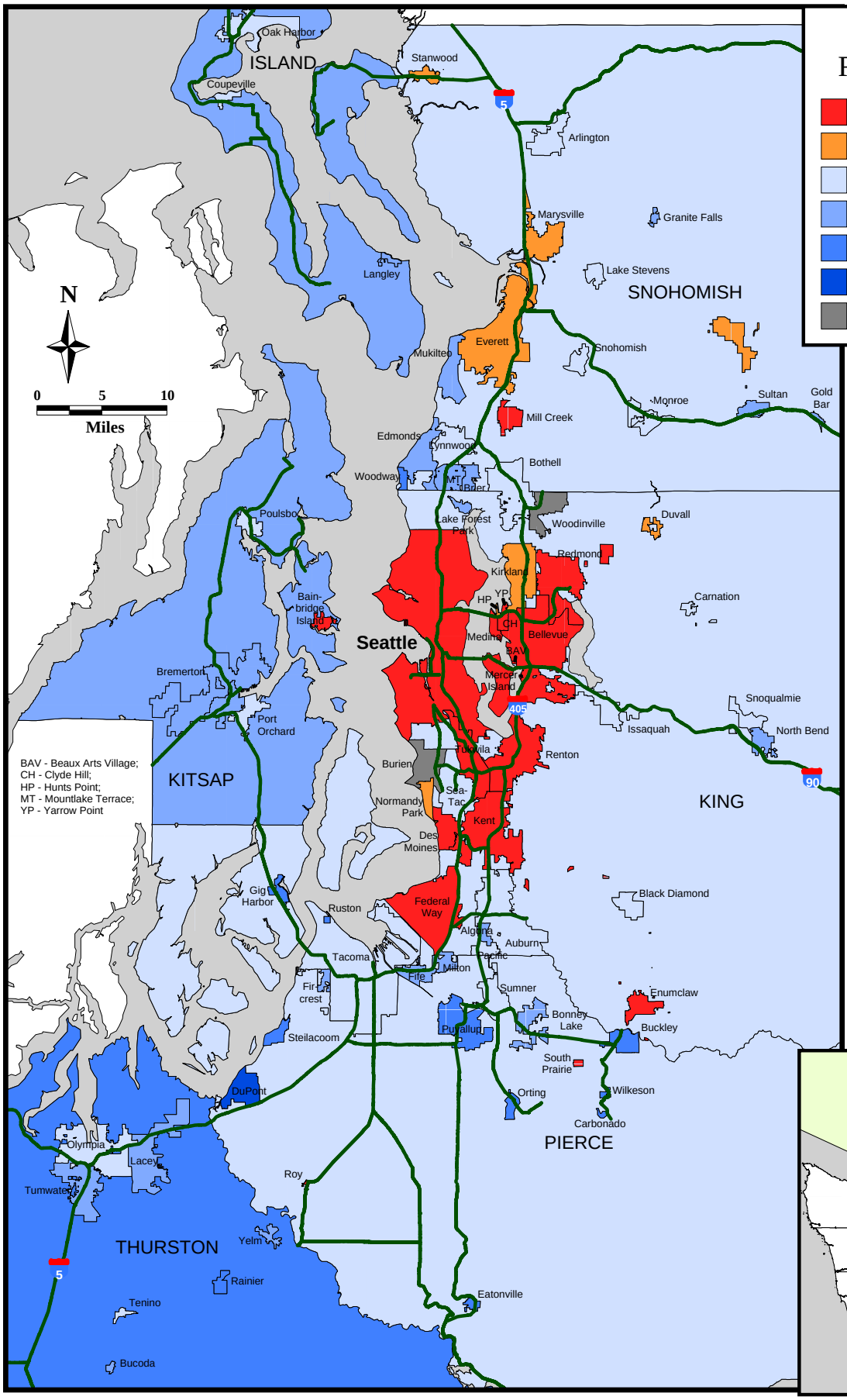
In this region, the central city is relatively strong in terms of tax base, while the communities in the southern and western parts of the region, particularly in Pierce and Kitsap Counties, have very small tax bases. In 1997 in the Puget Sound region tax bases per household were lower in forty-five cities and in the unincorporated areas of four counties than in the city of Seattle. Among the lowest in tax base per household were the cities of Bremerton ($89,027) and Des Moines ($88,852). These cities face rapidly growing social needs with few tax-base resources. Also low were places like Federal Way ($136,999), Tacoma ($125,240), and unincorporated Pierce County ($122,987). On the other hand, communities such as Mercer Island ($359,011), Clyde Hill ($441,459), Medina ($732,808), and the small and exclusive community of Hunts Point ($1,515,382) had property tax bases that were many times the regional value and had few, if any, poor and needy residents.

Between 1990 and 1997 the Puget Sound region experienced an increase in property tax base per household of 6.2 percent (Figure 30). The city of Seattle, however, saw a decrease during this period in tax base per household of -8.7 percent, going from $193,253 to $176,507. Each of the three subregion groups increased in tax base per household during this period: the High Need Communities by 9.6 percent (from $140,063 to $153,473), the Stressed Communities by 16.0 percent (from $133,068 to $154,338), and the Affluent Communities by 9.7 percent (from $193,276 to $212,062).

Percent Change in Tax Base per Household, 1990-1997

Region	High Need Communities	Stressed Communities	Affluent Communities	Seattle
6.2	9.6	16.0	9.7	-8.7

Figure 30: Percentage Change in Taxbase per Household by Municipality and County Unincorporated Area, 1990-1997 (Adjusted by CPI)



Percentage Change

Regional Value: 6.9%

-65.8	to -2.2%	(18)
0.4	to 6.2%	(7)
6.9	to 22.5%	(24)
24.7	to 41.7%	(22)
44.5	to 67.3%	(12)
99.1% or more		(1)
No data		(2)

DATA SOURCE: 1990 & 1997 taxation reports from the Assessors' Offices of Island, King, Kitsap, Pierce, Snohomish, & Thurston Counties (1990 & 1997 tax base); 1990 Census of Population & Housing STF3A (1990 households and population); Puget Sound Regional Council (1990 & 1997 population estimates).

Note: Household estimates were not available for Woodinville; 1990 tax base data were not available for Burien & Woodinville.

Note: 1990 taxbase figures were adjusted upwards by a factor of 1.2280 to convert to 1997 dollars.
1990 Consumer Price Index: 130.7
1997 Consumer Price Index: 160.5
(Base Year: 82-84 = 100)

Prepared by the Metropolitan Area Program of NGMLP.

Individually, seventeen cities, other than Seattle, experienced decreases in tax base per household during this period. Almost all of these were inner suburbs to the south and east of Seattle and included High Need, Stressed, and Affluent Communities. Some of the greatest decreases in tax base per household during this period were in Federal Way (-7.4 percent—from $147,872 to $136,999), Renton (-11.1 percent—from $205,727 to $182,899), Des Moines (-13.9 percent—from $103,245 to $88,852), Mercer Island (-14.4 percent—from $419,165 to $359,011), Bellevue (-16.2 percent—from $311,786 to $261,208), and Kent (-30.3 percent—from $259,071 to $180,515).[111] The unincorporated parts of each of the six counties increased in tax base per household during this period, with Thurston County experiencing one of the greatest increases in the region (46.4 percent), going from $101,230 to $148,155. Most of the places that experienced considerable increases in their tax base per household were high need and middle-class communities, such as Bremerton (25.0 percent—from $71,239 to $89,027), Lacey (41.7 percent—from $94,487 to $133,859), and Puyallup (48.4 percent—from $123,701 to $183,528).

It is important to note that although places like Bellevue, Mercer Island and the other small and affluent communities just east of Seattle experienced the largest decreases in tax base per household between 1990 and 1997, they still ended this period with the largest tax bases per household in the region. Likewise, although places like Thurston County, Lacey, and Bremerton, and most of the communities in the southern part of the region, increased in tax base per household during this period, they still had the lowest tax bases in the region in 1997.

We speculate that the tremendous increase in tax base per household in High Need and Stressed Communities—particularly in the southern part of the Puget Sound region—is due to the unusually hot real-estate market that the Puget Sound region has experienced in the past decade. Perhaps during the recent real-estate boom, market prices in the gentrifying urban and high-end suburban neighborhoods were bid up into a speculative bubble that burst or at least deflated somewhat. Correspondingly, as these markets grew increasingly out of reach of the average homebuyer, the more affordable, and even depressed, markets were bid up as they became the only affordable markets open to meet the increasing demand in a rapidly growing and increasingly popular region. It is important to note, however, that while these trends are beneficial to the fiscal capacity of these older cities, the basic patterns of regional fiscal disparity are not changing. These places still have the lowest property values per household in the region and, because their social needs remain high, continue to be at a disadvantage in terms of competition for tax base. The affluent areas continue to draw off the most expensive homes and commercial properties.

[111] Many cities in the region annexed new territory during this period, which would have influenced their change in tax base per household. Some of the most significant annexations between 1990 and 1998 were in Bellevue, Des Moines, Kent, and Bainbridge Island.

J. Jobs

1. The Spatial Mismatch Hypothesis

Twenty-five years ago, John Kain, an economist at Harvard, argued for the existence of a "spatial mismatch" between affordable housing and available jobs.[112] The theory posits that American cities are undergoing transformations from centers of goods and production to centers of information processing. The blue-collar jobs that once made up the economic backbone of cities have either vanished or moved to the developing suburbs, if not overseas. Central-city low-skilled manufacturing jobs are no longer available. In addition, neighborhood retail businesses that served the middle class have also to a large extent relocated to the suburbs.[113] The spatial mismatch theory states that it is not lack of jobs per se that is the problem, since central-city population growth has been as slow as central-city job growth. The problem is that the percentage of central-city jobs with high educational requirements is increasing, while the average education level of central-city residents is dropping.[114] In addition, essentially all of the net growth in jobs with low educational requirements is occurring in the suburbs and exurbs.[115] This low-skilled jobs exodus to the suburbs disproportionately affects central-city poor people, particularly minorities, who often face more limited choice of housing location in job growth areas and a lack of transit services from the urban core to those suburbs.[116]

2. Jobs per Capita

Because we are interested in where the jobs are located in relation to those who need them, in looking at employment in the region, we look at where the jobs are located, rather than how many employed people live in each jurisdiction. Number of jobs per capita is also a measure of a jurisdiction's relative strength in the regional economy and in competition for tax base.

On average, the Puget Sound metropolitan area had 56.8 jobs per 100 persons in 1997 (Figure 31).[117] The city of Seattle had 98.8 jobs per 100 persons, among the highest in the region.

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[112] John Kain, "Housing Segregation, Negro Unemployment, and Metropolitan Decentralization," *Quarterly Journal of Economics* 82 (May 1968): 175-97.

[113] John D. Kasarda, "Urban Industrial Transition and the Underclass," *Annals of the American Academy of Political and Social Sciences* 501 (January 1989): 36.

[114] Ibid.

[115] Ibid.

[116] For further discussion of the pros and cons of the spatial mismatch hypothesis, see Joseph Mooney, "Housing Segregation, Negro Employment and Metropolitan Decentralization: An Alternative Perspective," *Quarterly Journal of Economics* (May 1969): 299-311. See Hutchinson (1974); Farley (1987); Inlanfedt and Sjoquist (1990-2); Offner and Saks (1971) Friedlander (1972); Harrison (1974), Leonard (1986); all in Kathy Novak, "Jobs and Housing: Policy Options for Metropolitan Development," (Research Department: Minnesota House of Representatives February 1994); David Elwood, "The Spatial Mismatch Hypothesis: Are the Teenage Jobs Missing in the Ghetto?" in *The Black Youth Employment Crisis* eds. Richard B. Freeman and Harry J. Holzer (1986): 147-90.

[117] All jobs data are from the Puget Sound Regional Council, and do not include Island and Thurston Counties.

Other than the very small and affluent bedroom communities on Lake Washington, places with very few jobs per capita included Burien (44.0 jobs per 100 persons), Federal Way (37.1 jobs per 100 persons), Des Moines (19.9 jobs per 100 persons), Bonney Lake (15.8 jobs per 100 persons), and Fircrest (12.2 jobs per 100 persons). On the other hand, the greatest concentration of jobs was in the fast-growing, mostly affluent, communities east of the city, particularly just east of I-405. These job centers included Woodinville (108.0 jobs per 100 persons), Bellevue (115.7 jobs per 100 persons), Issaquah (126.9 jobs per 100 persons), Redmond (146.3 jobs per 100 persons), and Tukwila (361.4 jobs per 100 persons).

Between 1994 and 1997 the Puget Sound region experienced a 23.7 percent increase in jobs per capita (Figure 32). During this period, the city of Seattle gained jobs per capita at the rate of 30.3 percent. Despite the overall regional increase in jobs per capita, there were thirteen cities that actually lost jobs, including high need Buckley, which went from 66.4 to 62.8 jobs per 100 persons (-5.4 percent); Des Moines, which went from 22.2 to 19.9 jobs per 100 persons (-10.4 percent); and Kent, which went from 114.5 to 97.9 jobs per 100 persons (-14.5 percent). Cities that experienced the most job growth per capita included Everett, which went from 53.9 to 97.4 jobs per 100 persons (80.7 percent) and Kirkland, which went from 52.7 to 85.4 jobs per 100 persons (62.0 percent).

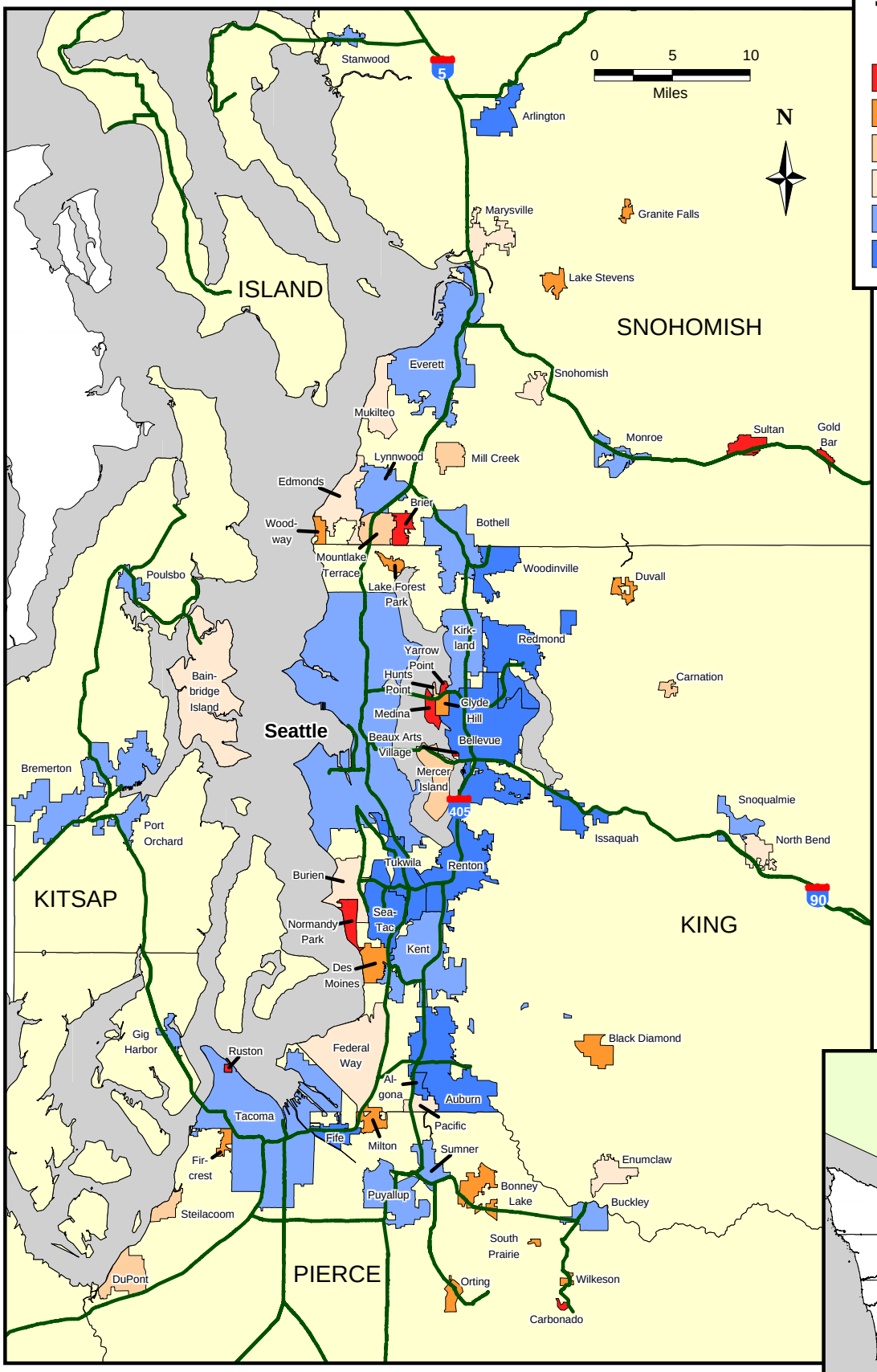
Another way to look at employment patterns in a metropolitan region is to compare growth in office space in major employment centers of a region relative to the regional average growth. The real estate advising company, Robert Charles Lesser & Company (RCL & Co.) studies population, employment, and job location trends in metropolitan areas. One of their central indicators is the “fair share growth index” (FSGI) which is used to determine whether a subarea of a region is gaining or losing office market share relative to the regional average.[118] It is important to pay attention to private market measures such as this because, since companies like RCL & Co. advise businesses on where to locate, their prophecies for the region are often self-fulfilling.

In 1994, RCL & Co. calculated an office space absorption FSGI for the Puget Sound region and assigned fair share scores to eleven subareas within the region based on 1989 to 1994 trends (Figure 33).[119] In their analysis, RCL & Co. found that the office cores directly east of Seattle gained the largest share of the Puget Sound region's office space growth. The Redmond, and Kirkland subareas had the highest speculative office space absorption FSGI's—both at 5.04. This means that these employment centers added office space at five times the regional average. The next highest rate of office space absorption was in the I-90 corridor in Bellevue with a 3.60 FSGI, or three and one-half the regional fair share of office space absorption. The SR-520 corridor (2.25 FSGI), the I-405 corridor (1.67 FSGI), and the Bel-Red Road corridor (1.08 FSGI)

[118] According to RCL & Co., “the fair share index is a means to compare the relative growth of various metro cores (in terms of employment, office space absorption, or other factors), regardless of their absolute size. The metropolitan area is assigned a fair share index of 1.0, by definition. A core with a fair share index of 0.5 is growing half as fast as the metropolitan area as a whole is growing. A fair share index of 2.0 indicates that a core is growing twice as fast as the metropolitan area as a whole.”

[119] Robert Charles Lesser & Co., *Regional Economic Development and Office Market Trend Analyses; Seattle, Washington*, prepared for Rockefeller & Associates Realty, December 13, 1994: Exhibit 23.

Figure 31: Employment per 100 Persons by Municipality, 1997



Jobs per 100 Persons
Regional Value: 56.8

2.2 to 10.6	(9)
12.1 to 24.6	(15)
26.9 to 33.4	(7)
37.1 to 55.0	(11)
56.8 to 98.8	(17)
106.8 or more	(11)

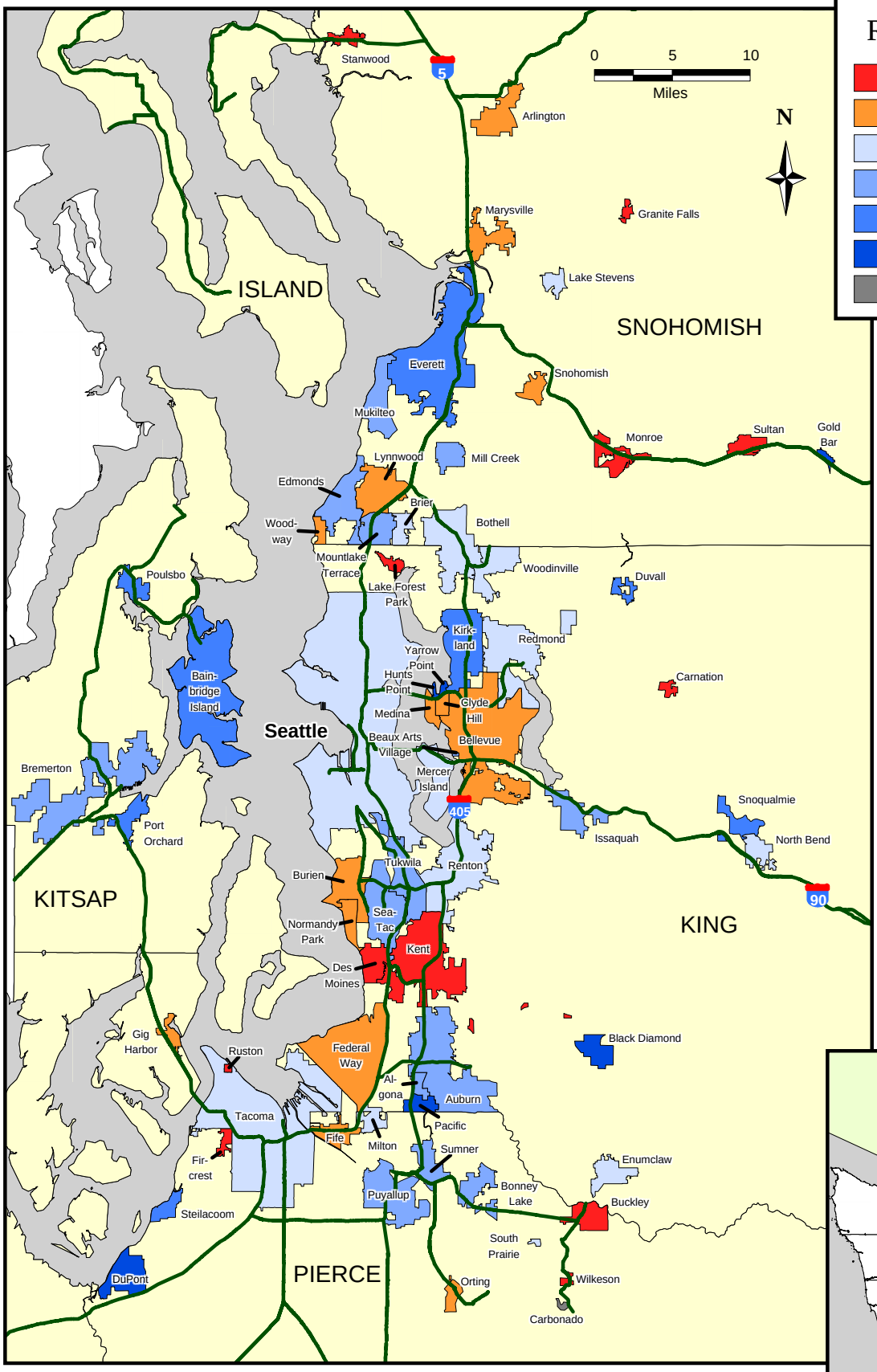
DATA SOURCE: Puget Sound Regional Council.

Note: The city of Roy (21.4) and the town of Eatonville (42.7) in Pierce County are accounted for in the legend but are not shown on the map.

Note: Employment data was unavailable for the municipalities in Island and Thurston counties.

Prepared by the Metropolitan Area Program of NGMLP.

Figure 32: Percentage Change in Employment per Capita by Municipality, 1994-1997



Percentage Change

Regional Value: 23.7%

	-74.7	to -3.2%	(13)
	3.3	to 23.5%	(15)
	23.7	to 31.3%	(13)
	33.5	to 45.3%	(14)
	50.3	to 98.2%	(8)
	135.8% or more		(6)
	No data		(1)

DATA SOURCE: Puget Sound Regional Council.

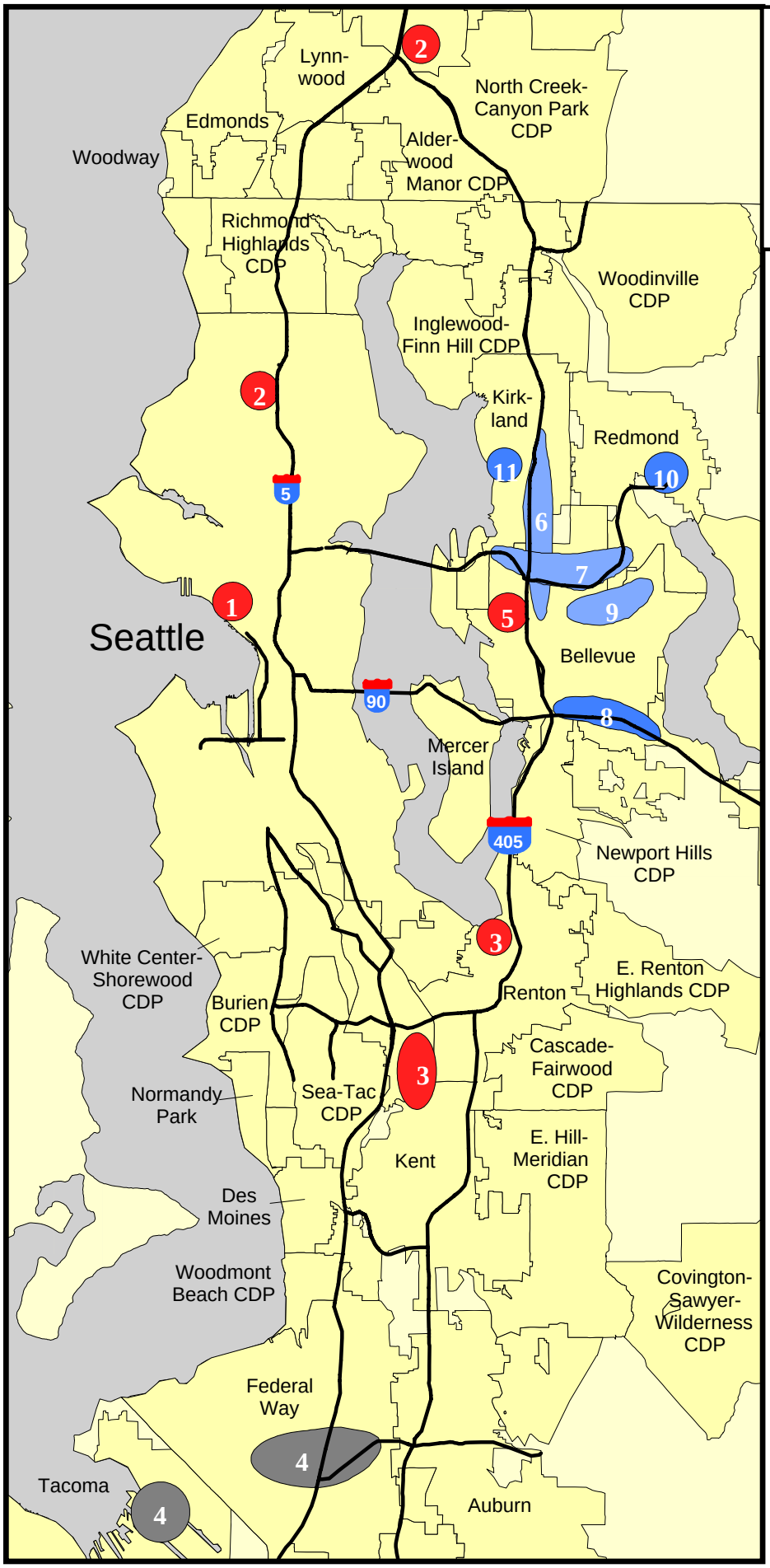
Note: The city of Roy (-3.2%) and the town of Eatonville (6.5%) in Pierce County are accounted for in the legend but are not shown on the map.

Note: Employment data was unavailable for the municipalities in Island and Thurston counties.

Note: Municipalities with "No data" had their employment data suppressed because of too few employers in 1994.

Prepared by the Metropolitan Area Program of NGMLP.

Figure 33: Office Space Absorption, 1989 to 1994



Office Space Absorption FSGI

Fair Share = 1.00

-1 to 0.99	(4)
1 to 2.99	(3)
3 or more	(3)
No data	(1)

These figures represent the multi-tenant office space absorption fair share growth index from 1989 through the second quarter of 1994 for the various metro cores identified by Robert Charles Lesser & Co.

Metro Cores:

1. Seattle CBD
2. Lynnwood/Northgate
3. Renton/Tukwila
4. Tacoma/Federal Way
5. Bellevue CBD
6. I-405 Corridor
7. SR-520 Corridor
8. I-90 Corridor
9. Bel-Red Road Corridor
10. Redmond
11. Kirkland

DATA SOURCE: Robert Charles Lesser & Co., "Regional Economic Development and Office Market Trend Analyses; Seattle, Washington", Exhibit 15: Metro Cores, Seattle/Tacoma PMSA (map), and Exhibit 23: Multi-Tenant Office Absorption Fair Share Growth Index, 1989-1994 2nd Quarter (data).

Prepared by the Metropolitan Area Program (MAP).

also absorbed office space between 1989 and 1994 at a greater rate than the regional average. All of these business cores were in the eastern, affluent suburbs. This is in great contrast to Renton/Tukwila metro core south of the central city that had an office space absorption FSGI of -0.33. Thus, while office space was being absorbed in the areas east of Seattle at more than five times the average rate, office space was actually being abandoned in the Renton/Tukwila area. Places like the Seattle central business district (0.73 FSGI), downtown Bellevue (0.88 FSGI), and Lynnwood/Northgate (0.91 FSGI) gained less than their fair share of office space.

V. Metropolitan Solutions

The foregoing patterns demonstrate, if nothing else, the need for a metropolitan approach to stabilizing the central and satellite cities and older suburbs and the need for creating equity throughout the Puget Sound region. If the people of the Puget Sound region allow social needs to further concentrate on the declining tax base of places like Tacoma, Bremerton, Kent, and Everett, these communities can do little to stabilize fundamentally. Similarly, as long as parts of the region can exclude the costs and effects of social responsibilities, the region's resources will naturally flow there. As polarization continues, the concentration of poverty intensifies and creates an increasingly rapid socioeconomic decline that rolls outward from the central and satellite cities. Further, fragmented land-use patterns and competition for tax base lead to wasteful, low-density sprawl, institutionalize polarization, and squander valuable natural resources.

The Metropolitan Area Research Corporation and a growing core of urban scholars believe that regional polarization needs a strong, multifaceted, regional response. In order to stabilize the central and satellite cities and older suburbs and prevent metropolitan polarization, there are three areas of reform that must be accomplished on a metropolitan scale: 1) greater fiscal equity among jurisdictions of a region, 2) smarter growth through better planning practices, 3) structural reform of metropolitan governance structures to allow for fair and efficient implementation of their present task and ultimately of the other reform measures. The areas of reform are inter-related and reinforce each other substantively and politically.

A. Equity

Some parts of the nation have progressive school equity systems which eliminate much of the burden of local schools from the central and satellite cities and older suburbs. For example, the state of Washington's Basic Education Act of 1977 was designed to equalize, among other things, financial resources for education among school districts, without dependence on local property
tax levies.[120] Through a formula that takes into consideration student enrollment, state-recognized salary levels for staff, and non-employee related costs, the state allocates to each district, funding for basic education from its general fund. In addition, the legislature appropriates general fund monies biannually to education-related areas such as special education, pupil transportation, and

[120] Judith Billings, "Organization and Financing of Washington Public Schools", November 1996. From the Office of Superintendent of Public Instruction web site: www.k12.wa.us.

bilingual education. One such additional fund is Local Effort Assistance (LEA). LEA, established in 1989, provides additional funds to school districts that, because of low property valuations, have a tax rate that is above the statewide average rate. For these districts, LEA matches the local levy. As a result of the Basic Education Act and other funding programs, in the 1994-1995 school year 76 percent of school district general fund revenues came from the state and about 14 percent were raised through local maintenance and operation levies. The remaining 10 percent came from the state-collected timber tax, cooperative arrangements between districts, and other local receipts.

School equity systems, such as the one in Washington, help to reduce disparities among school districts, lessen the tax burden on low property-value communities, and equalize educational opportunity, but they do not affect equity among local units of government with land-use powers—cities and counties. An equity system among cities and counties reduces disparities among local communities, reduces competition among local communities for businesses that have already opted to locate in a given region, and by lessening the direct fiscal consequences for zoning decisions, makes regional land-use planning more possible. The idea certainly is not completely foreign to most states and metropolitan areas, as it is essentially an extension of their (usually popular and often long-established) school equity system.

1. Tax-base Sharing

An important first step in creating equity among metropolitan jurisdictions with land-use planning powers is some form of tax equity between the jurisdictions with land-use powers. Minnesota has pioneered a system that, through the sharing of a portion of the local property tax base, creates greater regional equity among cities and counties in the provision of public services, while preserving local autonomy. Tax equity among jurisdictions is often an appropriate entry point for regional discussions, because it does not threaten local autonomy, it does not require difficult discussions of race, class, and housing, and it creates a scenario where the majority of citizens live in areas which will immediately receive lower taxes and better services.

As long as basic local services are dependent on local property wealth, tax-base sharing is a critical component of metropolitan stability. Its purposes, all interrelated, are threefold. Tax-base sharing: (a) creates equity in tax rates and in the ability of local governments to provide public services; (b) diminishes intra-metropolitan competition for tax base; and (c) makes land-use planning easier, both substantively and politically.

a. Tax-base Sharing Creates Equity

The equity argument states that basic public services such as police and fire, local infrastructure, and parks should be equitable on a metropolitan level. People of moderate means should not have inferior public services because they cannot afford to live in property-rich communities. The equity problem is usually most critical in the central and satellite cities as concentrated poverty multiplies needs exponentially in the face of relatively weak, often evaporating local tax base and declining state and federal support for urban programs. Virtually everywhere in a metropolitan region where social needs are growing rapidly, the tax base is uncertain or declining; everywhere in a given region where the tax base is accelerating dramatically, social needs are stable or declining. By regionalizing the tax base, the growing property wealth in the region will be available to meet the region's growing social needs.

b. Tax-base Sharing Reduces Competition for Tax Base

Proponents of tax-base sharing argue that intra-metropolitan competition for tax base is detrimental to a region. First, it is bad for cities to engage in bidding wars for businesses that have already chosen to locate in a given region. In such situations, public monies are used to improve the fiscal position and services of one community at the expense of another, while business takes advantage of the competition to unfairly reduce its social responsibilities. Even the threat of leaving can induce large public subsidies from troubled communities. These arguments are reinforced by the large use of Tax Increment Financing (TIF), which allows cities to compete—some might say gamble—for tax base not only with their own resources but with those of the local school district, county, and state.

Opponents respond that competition among communities encourages efficient use of government funds and teaches local officials that successful cities are lean, mean, and competitive. In response, more often than not, those who benefit from intra-metropolitan competition are developing, high tax-capacity areas with room to expand, no social problems, and comparatively low taxes; the losers, low tax-capacity, fully-developed areas with considerable social problems and high taxes. In the end, affluent expanding suburbs dominate the market and grow increasingly stronger while the poor suburbs, saddled with the debts of unfair social burdens, are over-leveraged and cannot compete.

c. Tax-base Sharing Supports Land-use Planning

The fragmented nature of a metropolitan tax base worsens at least two aspects of urban sprawl: unnecessary outward movement and low-density development patterns. Unnecessary outward movement occurs when the growth of new units on the metropolitan fringe exceeds the growth of new regional households and the fully-developed parts of the region (places with existing infrastructure) become seriously under utilized. This type of sprawl is fueled in part by the push of community decline in the older, developed areas and its attendant fiscal crisis and the pull of rapidly growing communities that need tax base to pay for infrastructure.

As new communities develop, they face large debt burdens in terms of infrastructure such as streets, sewers, parks, and schools. As the debt comes due, and potential property tax increases threaten, there is tremendous pressure on these communities to spread these costs through

growth. Low tax base developing communities often frantically build low valued properties—sometimes on inadequate septic lots—simply to accumulate enough tax base to pay yesterday's bills. They do this without considering the long term infrastructure cost associated with later sewer and other infrastructure remediation.

Unnecessary low-density development occurs when communities are built at densities that cannot be served by public transit and create infrastructure costs that are unsustainable by the existing tax base.[121] In this light, the same local fiscal pressures that encourage low-density development to enrich property tax base also contribute to unnecessary low-density sprawl. When communities can increase their tax base and limit their local social responsibilities and costs through fiscal zoning (zoning in such a way as to capture the most tax base), they will do so. One only has to look at the great disparities in tax base per household on a metropolitan level to understand the potentially large local fiscal incentives for fiscal zoning. Requiring large lot sizes is a sure way to ensure that expensive housing will be built.

For these reasons, tax-base sharing is especially important for the Puget Sound region and other regions like it that have established urban growth boundaries or implemented similar policies to redirect growth to already developed communities. Washington's GMA, passed in 1990 and amended in 1991, requires all growing cities and counties in the state to develop comprehensive plans that comply with thirteen state planning goals, including, limiting outward growth and directing development into already areas with existing infrastructure, reducing low-density, sprawling development, encouraging transit, and encouraging the availability of affordable housing. The success of the GMA is compromised by the very real need of communities on the fringe to generate resources to pay for services and infrastructure. Indeed, in its 1998 Progress Report, the Puget Sound Regional Council noted that the GMA has been undermined by competition for tax base among the region's jurisdictions. If the region's tax base were shared, or at least a portion of it, competition could be minimized and pressure for expansion of the boundary lessened.

Minnesota's experience with passing tax-base sharing legislation provides a clear example of how tax-base sharing makes land-use planning more possible. In the Twin Cities region in the early 1970's reformers attempting to pass legislation for metropolitan land-use planning used tax-base sharing as a quid pro quo to gain political support in the low fiscal capacity developing suburbs.[122] When low tax base communities were told that an urban service line was going to be drawn through the middle of their cities and that land outside that boundary would be zoned at agricultural densities, they cried foul. They argued that they desperately needed the land for the development of tax base to keep rising taxes down and to pay for overcrowded schools. Compromise and acceptance was reached when they were shown the potential benefits of a tax-base sharing system, *i.e.* that they would receive new tax base and would actually gain fiscal capacity per capita faster than they would solely through the development of lower-valued residential property. In the end, in Minnesota the low tax base communities accepted land-use planning in exchange for tax-base sharing.

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[121] American Farmland Trust. "Density-Related Public Costs," (Washington, D.C., 1986).

[122] Alan Dale Albert, "Sharing Suburbia's Wealth: The Political Economy of Tax Base Sharing in the Twin Cities," BA Thesis, Harvard University, March, 1979.

2. Reinvestment in Older Communities

Reinvestment in older core communities and satellite cities also helps to create fiscal equity. Central and satellite cities and older suburbs, already fiscally stressed with low tax bases, high taxes, and minimal services, cannot begin the process of reinvestment that is necessary to remain competitive. Regional funds must be created to clean up older industrial parks and polluted areas (brownfields), rebuild infrastructure such as sewers and roads, rehabilitate housing, replenish and augment urban parks and amenities. These programs cannot be geared only to the central city, but must involve the satellite cities and older suburbs as well, where such problems are often very severe. Part of the reinvestment strategy includes equitable geographic allocation of transportation investment, which involves a more publicly accountable distribution and balance of highway and transit resources. In conjunction with the rebuilding of the older communities in the region, significant public and private employment intended for individuals emerging from the welfare roles should be directed to those parts of the region.

B. Smart Growth

Unless we begin to manage the process of growth at the edge, we will undermine any remediative efforts happening in the fully developed parts of the region. If local governments representing 30 percent of a region can continue to develop only expensive homes and jobs, without worker housing, they will rapidly draw off all the wealth and economic growth of the region. At the same time, the growing parts of the region will commit the entire region to sprawling land use vastly disproportionate to population increases, worsening congestion, worsening consumption of energy, worsening pollution, and growing social separation. Land-use planning requires setting outward limits for growth in the form of an urban growth boundary, staging new infrastructure, such as roads and adequate sewer, together with new housing, developing at a density that will support some minimal form of public transportation, and assuring the provision in all subdivisions of a fair share of affordable housing. Oregon leads the nation in regional land-use planning. Washington's Growth Management Act follows much the same model as Oregon's statewide planning framework, but gives the state less power to enforce its mandates and gives local jurisdictions more control. The GMA is still too new to be able to evaluate its effectiveness. Minnesota has adopted a structure to do much of what is outlined in the Oregon model, but has often failed to implement its statutes. Maryland, Florida, Georgia, Tennessee, and many smaller regions have also adopted smart growth land-use plans, although some have been more effective than others and some are too new to evaluate. An underlying debate on this issue is growing in more than half of U.S. state legislatures.

1. The Oregon Model

In the early 1970s under the leadership of moderate Republican Governor Tom McCall, Oregon instituted the nation’s most thoughtful, comprehensive land-use planning system. At the heart of Oregon's system are 19 planning goals that are achieved through comprehensive planning at the city and county level. While we believe that the debate about land-use planning throughout the country is extremely positive and that the various solutions that are being created will provide new models and new evidence about how growth management can work, in the long run the Oregon model described below remains the most effective effort to date. It involves the

following elements, all of which are the necessary components for the most effective land-use planning framework: (a) community-wide planning goals; (b) locally developed land-use plans addressing these goals; (c) review of these plans by a regional entity; (d) an adjudication process; and (e) periodic effectiveness evaluation by an independent entity.[123]

a. Planning Goals and Guidelines

Under the Oregon system, the state promulgates a statement of planning goals applicable to all jurisdictions. The goals include the creation of an urban growth boundary around every city and county (a regional boundary in the Portland metropolitan area), affordable housing (including overall density goals), and coherence with regional plans for transportation, sewerage, parks, and school infrastructure. Any local plans and policies inconsistent with these goals are challengeable in court or in special forums created for such adjudication. In conjunction with these reforms, building standards and maximum turnaround time for local development decisions are then made uniform. These reforms help builders make long-term plans to maximize their resources and foster patterns of region-wide sustainable development.

In terms of the development of a regional or urban growth boundary, the region or city is required to plan for growth at present absorption rates and to draw a line around the area that would accommodate such growth over a set period of time, perhaps twenty years. Growth is deflected from sensitive environmental areas and highly productive farmland and toward areas where urban services were present or could most easily be provided.

The density and affordable housing goals reinforce the barrier-reduction component of fair housing, as discussed below. In Oregon, the housing rules promulgated under this goal require Portland's metropolitan cities to allow for a construction mix that includes at least 50 percent multifamily development and allows development at certain minimum target densities. In the city of Portland, the target density is ten units per buildable acre; in most Portland suburbs, it is six to eight units.[124]

In Washington County, Oregon, the most affluent of the Portland region's three metropolitan counties, 11,110 multifamily units approved in five years nearly equaled the 13,893 units that were planned to be built over twenty years under the pre-housing rule plans. Multiple family housing now makes up 54 percent of new development.[125] Before the housing rule, average lots sizes were 13,000 square feet. Since the rule, two-thirds of the homes are built on

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[123] Downs, *New Visions,* pp. 180--81.

[124] 1000 Friends of Oregon and the Home Builders Association of Metropolitan Portland, Managing Growth to Promote Affordable Housing: Revisiting Oregon's Goal 10, executive summary (Portland, Ore., September 1991), p. 3.

[125] Ibid.

lots smaller than 9,000 square feet.[126] Without the growth boundary and housing rule, the same number of housing units would have consumed an additional 1,500 acres of land.[127] Because of the density savings already realized, there will be space for 14,000 additional units within the Portland urban growth boundary. While the price of land has gone up within Portland's urban growth boundary, the housing rule has lowered the cost of housing on a regional basis, and Portland's average housing costs are lower than those of comparable West Coast cities. Seventy-seven percent of the region's households can afford to rent the median-priced two-bedroom apartment, and 67 percent can afford mortgage payments on the median-priced two-bedroom home.[128]

In addition, increasing building density and housing-type diversity makes mass transit economically and physically possible. Density also saves local infrastructure costs for building new highways and sewer extensions.

b. Local Land-use Plans

If local governments are to be required to develop a comprehensive land-use plan that addresses the regional goals, citizen participation should be required in formulating these plans as is required under Oregon's system. Planning and revision would remain in the hands of local governments, which helps preserve local autonomy, but within the context of a broader regional framework.

c. Plan Review

Under Oregon's plan, a special state land-use agency reviews all local plans to ensure consistency with the goals and suggest revisions of any inconsistencies. This entity has the power to withhold approval from local plans, which prevents the municipality from receiving beneficial services such as regional roads, sewers, or other aid from state and federal governments. The same entity coordinates local transportation, utility regulation, environmental protection, and activities of other governmental units that have a regional significance. This ensures that all actions of state agencies within the region are consistent with regional plans, local plans, and other agency decisions.

Transportation is particularly important in this regard. Land-use policy needs to govern decisions about new infrastructure. All land use and infrastructural decisions must be coordinated in a way that maximizes the use of existing roads, sewerage, and other infrastructure. Today, in transportation planning, congestion and demand (perhaps also political power) are the main criteria for providing new infrastructure. This means that a growing community receives new sewers or roads even if an adjacent community has excess paid-for capacity. Infrastructure-on-demand, costs less for the new community, perpetuates leapfrogging, low-density patterns at the

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126 1000 Friends and Home Builders, "Managing Growth"; Robert Liberty, *Oregon's Comprehensive Growth Management*.

127 1000 Friends and Home Builders, "Managing Growth".

128 Ibid.

periphery, and the entire metropolitan region pays. Moreover, affordable housing near new jobs can relieve commuter congestion on regional roads.

d. Adjudication Process

The Oregon system includes an adjudication process to settle disputes between the local governments and the state land-use agency and between developers and local governments. A special court, or a quasi-judicial administrative agency is designed to do this, without resorting to state and federal courts. This allows localities to develop an expertise in these matters and be more efficient, it also costs less and renders faster decisions than the courts.

e. Independent Review

Finally, an independent entity, not the state structure, periodically evaluates the effectiveness of the coordinated plan.

In the end, such a system does not involve a prohibition on growth or even growth control, but is a system of sustainable, planned growth. It recognizes the new housing needs of a growing regional population, but also that growth must be anticipated and planned. Through planning, the region maximizes the use of existing public infrastructure, reduces stress on highways and sewers, allows individuals access to opportunity in communities where it is plentiful, reduces regulation and its costs for the building industry, and stabilizes the region's core communities.

2. Affordable Housing

Another component of smart regional land-use planning is ensuring that housing that is affordable to families of all income levels is available in all parts of the region. The provision of affordable housing throughout the region helps to reduce the concentration of poverty, reduce racial segregation, and stem the polarization occurring among the region's communities. Regional affordable housing gets workers closer to new jobs, helps reduce congestion on roadways, and allows older people and young divorced mothers and fathers to remain in their communities as their financial and physical conditions change. There are three components to fair housing: (a) reducing non-rational barriers in zoning codes, development agreements, and development practices; (b) creating a regional funding source to provide subsidies for housing throughout the region; and (c) providing a system of testing to first understand, then eliminate, the pattern of housing discrimination in the region. Montgomery County has been a national leader along the first two steps through its moderately-priced dwelling unit program. Oregon, Massachusetts, Minnesota, and New Jersey have taken important steps here as well. Social science data exist on the third problem, but no state has actively taken steps in this direction.

3. Transportation and Transit Planning

Coordinated transportation and transit planning helps the region grow smarter. At the federal level, with the implementation of the 1991 Intermodal Surface Transportation and Efficiency Act (ISTEA), and more recently, the 1998 Transportation Equity Act for the 21st Century (TEA-21), large federal resources were made available for transit and other forms of

investment which would strengthen the viability of the fully developed core of many U.S. regions. ISTEA has been a significant help to places with a strong commitment to public transportation and, if properly implemented, TEA-21 could be an equally important piece of legislation. Of particular importance to regional stability, TEA-21 includes an increase in funds for highway system improvements and a decrease in new capacity funds. TEA-21 includes a job access program which is intended to help people coming off welfare get to their new jobs located throughout a metro area. TEA-21 also includes a community preservation pilot program that addresses the integration of transportation and land use. A significant part of a regional agenda in any metropolitan area includes making sure that state legislation conform to take full advantage of the flexibility of TEA-21, making regional decision makers that allocate TEA-21 funds more accountable to all the citizens of a given region, and allowing representatives from the older, fully-developed communities—places that have very different transportation/transit needs than those living on the region's fringe—to be full participants in decisions involving the allocation of transportation dollars.

C. Metropolitan Structural Reform

Metropolitan planning organizations (MPO's), already set up to develop regional transportation plans and allocate enormous federal and state transportation resources, should be made more representative and accountable to the regions they serve—particularly regional bodies that are charged with managing growth in the region or managing large regional systems such as sewer, water, and transportation. Presently, these MPO's make region-shaping decisions without detailed discussion concerning the impact of their decision on the social health of the fully developed part of the region. One criticism of Washington's GMA has been that too much authority has been given to boards that are not elected and are not accountable to the public. A directly elected MPO, or one that was apportioned so that all the different types of metropolitan communities would be proportionately represented, would have more legitimacy and a broader perspective for making major decisions concerning the region's future.

Another problem with powerful regional bodies that are not elected is that there is often not significant public input in their decisions. Part of this is because older core communities have never thought these decisions were relevant to their future. Ultimately, MPO's should evolve into bodies that much more explicitly weigh the effects of their decisions on the social health of the older parts of the region and into structures in which all of the sub-regional groups discussed above are fairly represented at the table. It is our belief that they should evolve into directly elected structures and should assume growing responsibility for implementing the initiatives discussed above.

VI. A Closer Look at Tax-base Sharing

The state of Washington and the Puget Sound region have already taken important steps along the second area of reform discussed above, Smart Growth. A logical next step would be tax-base sharing as it would help to ensure the success of the GMA by reducing competition for tax base and pressure for growth boundary expansion (as discussed above), and it would help to build relationships and coalitions which will serve to advance other regional reforms. In fact, in

Minnesota we found that when we could unite the central city and older suburban areas on common shared fiscal interests, we could overcome some of the more intense barriers created by race and class that had long divided these subregions. The regionalism effort in the Puget Sound region would be greatly advanced if Seattle and its struggling suburbs to the south could unite with Tacoma, Bremerton, and the other declining satellite cities.

Further, tax-base sharing could actually serve to simplify Washington's very complex and fragmented tax system. Currently, in King County alone there are over 650 tax code areas and over 240 different property tax rates.[129] Not only is this system confusing, but it is also expensive to administer and inefficient. Regional tax-base sharing that would unite the tax base of cities and counties under one area-wide rate, if properly designed, could greatly simplify this arrangement.[130]

A. The Politics of Tax-base Sharing

1. The Twin Cities Fiscal Disparities System

In 1971, the Minnesota Legislature adopted a regional tax-base sharing system for the Twin Cities metropolitan area, commonly referred to as "the fiscal disparities program."[131] Under this program, each city in the region contributes forty percent of the growth of its commercial and industrial property tax base acquired after 1971 to a regional pool. Tax base is then distributed from this pool to each city on the basis of inverse net commercial tax capacity. A highly equalizing system, the fiscal disparities program reduces tax base disparities on a regional level from 50-to-1 to roughly 12-to-1. Presently about 393 million dollars, or about 20 percent of the regional tax base, is shared annually.

While Minnesota's fiscal disparities program produces powerful equalizing effects, the formula is still not perfect. Fiscal zoning and competition for tax base continues. In this light, while a partial tax-base sharing system like the Minnesota program does not end regional competition, it does make it marginally more fair. A system that shares a larger percent of the regional tax base would be much more effective in reducing competition.

There are also some inequities. Communities in the Twin Cities metropolitan area with a higher than average commercial base, but with low-valued homes and increasing social need,

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129 From the King County Department of Assessments.

130 While the runs described below involve only the cities and counties of the Puget Sound region, such a system would also benefit the many junior taxing districts of the region, such as schools, sewer, water, etc. Because the tax base of the cities in which these districts are located would be aggregated, the total base against which the junior districts have to levy is affected.

131 Many states have a statewide general revenue sharing system and many have school equity systems that eliminate much of the burden of local schools from the central city and older suburbs, but do not affect local units of government—cities and counties—with land-use powers. Currently the State of Minnesota is the only state in the nation that has a tax-base sharing system in place to provide fiscal equity among cities and counties in a metropolitan region, although this policy is currently being debated in a number of state legislatures across the county. In addition to its tax-base sharing system, Minnesota also has a statewide general revenue system and an school equity system.

contribute tax base. On the other hand, cities dominated by high-valued homes that have eschewed commercial development, but have large per-household tax bases, receive money from the system. A system that shares high-valued residential tax base as well as commercial and industrial tax base would reduce this problem.

In the 1995 session, the Minnesota legislature passed, but the governor vetoed, Fiscal Disparities II: The Metro Area Tax Cut Act. Under this bill, metropolitan jurisdictions would share the growth on the increment of value above $200,000 on high-valued homes. Short of total sharing, this expanded fiscal disparities system would have counterbalanced the inequities of the present system, undermined fiscal zoning and competition for tax base, and greatly expanded the tax-base sharing system. In addition, with only 17 percent of the region contributing tax base and fully 83 percent receiving, it was a most popular proposal among local governments.

The bill was called the Metro Tax Cut Act, because its provisions required communities receiving new tax base under it, for the first two years, to use half of this new tax base for a property tax cut. The bill was "sold" as the largest single property tax cut offered by the legislature this year. The northern low tax base suburbs strongly supported the bill and it passed with bipartisan support.

2. Is Tax-base Sharing Possible Only in Minnesota?

There is a broadly shared belief that tax-base sharing came out of some cosmic consensualism in progressive Minnesota that cannot be duplicated elsewhere in the nation. This is not true.

First, tax-base sharing in Minnesota has always been controversial. Many suburban governments at first feared loss of tax base and local control. But legislative leaders realized the high degree to which property wealth was concentrated. To help convince other elected officials of the benefits of sharing the tax base, they developed computer runs that showed the projected amount of tax base cities would actually gain. Most of the inner and developing middle-class suburbs were potential recipients. When officials from these suburbs realized that tax-base sharing was likely to substantially increase their tax base and stabilize their future fiscal situation, they became supporters. As one legislator put it, "before the (simulated tax-base sharing) runs, tax-base sharing was communism, afterwards it was 'pretty good policy.'"

The legislative debate surrounding the fiscal disparities program was hardly consensual. Legislators from recipient communities supported tax-base sharing and legislators from contributing communities opposed it. When the bill became law, contributing communities brought suit against the state and litigated unsuccessfully all the way to the United States Supreme Court.[132] Contributors remain opposed, and every session, their representatives introduce bills to either limit their contribution to the system or abolish the program entirely. Thus the Minnesota experience with tax-base sharing should not be viewed as a rarefied consensus, but as a strategy model for creating political coalitions to influence regional reform.

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[132] *Burnsville v Onischuk*, 301 Minn. 137, 22 N.W.2d 523 cert. denied 420 U.S. 916 (1974).

It is often said that Minnesota is different from the rest of the nation because it does not have any social or racial divisions. In response, Minnesota and the Twin Cities can be placed on a continuum. While the social and economic declines and polarization are clearly not as severe as New York, Chicago, or Detroit, they are worse than most younger and smaller regions and even than some of similar size, age, and complexity. The public schools of the central cities of Minneapolis and Saint Paul have 60 percent poor and non-white/non-Asian students in their public schools—only ten points behind Chicago—and more rapidly growing concentrated poverty. A recent regional debate on fair housing was marred by divisive discussions of race and class. Further, while the Twin Cities has the rudiments of regional cooperation, it has an unusually high number of local governments with land-use powers (187) and school districts (49) that must cooperate. In the end, the same basic dynamics that have divided and conquered older, larger regions are firmly rooted in the Twin Cities. On the other hand, the local coalitions that are beginning to take action in the Twin Cities in response to regional polarization can be built elsewhere.

B. Tax-base Sharing in the Puget Sound Region

At the outset, clearly the numbers add up to a viable coalition for tax-base sharing in the Puget Sound region. Nearly 60 percent of the Puget Sound region live in cities that would gain new tax base under a properly structured proposal. While the region is divided like most regions across a variety of issues, proponents of tax-base sharing have to remember that all they are asking of the majority of communities is support for an arrangement that would give them both better levels of service and lower property taxes.

The coalescence of these groups into a unified force of high social need suburbs and satellite cities is tremendously important not only in terms of creating sufficient power for reform but in terms of the statewide balance of power in the legislature. While central cities are perennially Democratic and affluent suburbs Republican, these high social need suburban and satellite areas are the swing voters and the swing districts. And as such, as a unified force they could exercise very significant political power. In the last election, the southern high social need suburban areas and satellite cities were home to some of the closest legislative races. Because of this swing power, if these communities were unified behind the tax-base sharing banner, both parties would be forced to pay close attention to the idea.

Equity mechanisms must be forged in the give and take of each local community. They must ultimately reflect the political situation and the balance of political power present in a given place at a given time. We have created models of several possible regional property tax-base sharing scenarios for the Puget Sound region. Most of the scenarios produced positive results for at least 50 percent of the region’s population. In other words more than half of the regional population would be the recipients of new property tax base, thus receiving lower taxes and better local services at the same time.

While there are countless formulas that could be used in a tax-base sharing system, we present here just one example. This run shares 15 percent of the region's total 1997 tax base

among the six counties and seventy-eight municipalities that existed in the region in 1990 and redistributes the pool according to need. Because the assessors in the Puget Sound region do not separate classes of property to be taxed at different rates we have modeled tax-base sharing based on total property value, rather than on residential value only which could potentially produce more equitable results with a greater percentage of winners.

In this run, each municipality and county unincorporated area contributes 15 percent of its 1997 tax base into the tax-base sharing pool. This pool is then redistributed back out to the jurisdictions based on level of poverty. Thus, those places with high poverty rates receive additional tax base from the pool, while those places with low poverty rates contribute to the worse-off areas. This particular model run produced new tax base for 55.6 percent of the region's population (Figure 34). The places that gained the most new tax base were primarily high need satellite cities, including Tacoma ($13,816 per capita), Port Orchard ($14,024), Bremerton ($17,499 per capita), and Tenino ($19,400). Indeed, thirty-three cities and county unincorporated areas received more new tax base per capita than the city of Seattle, which received $3,435 per capita. Unincorporated Thurston County received $3,689 per capita in new tax base, unincorporated Pierce County received $2,807 per capita, and unincorporated Kitsap County received $1,197 per capita. See Appendix B for a spreadsheet that gives a complete description of how this tax-base sharing model was calculated and shows how much each jurisdiction contributed to or received from the pool.

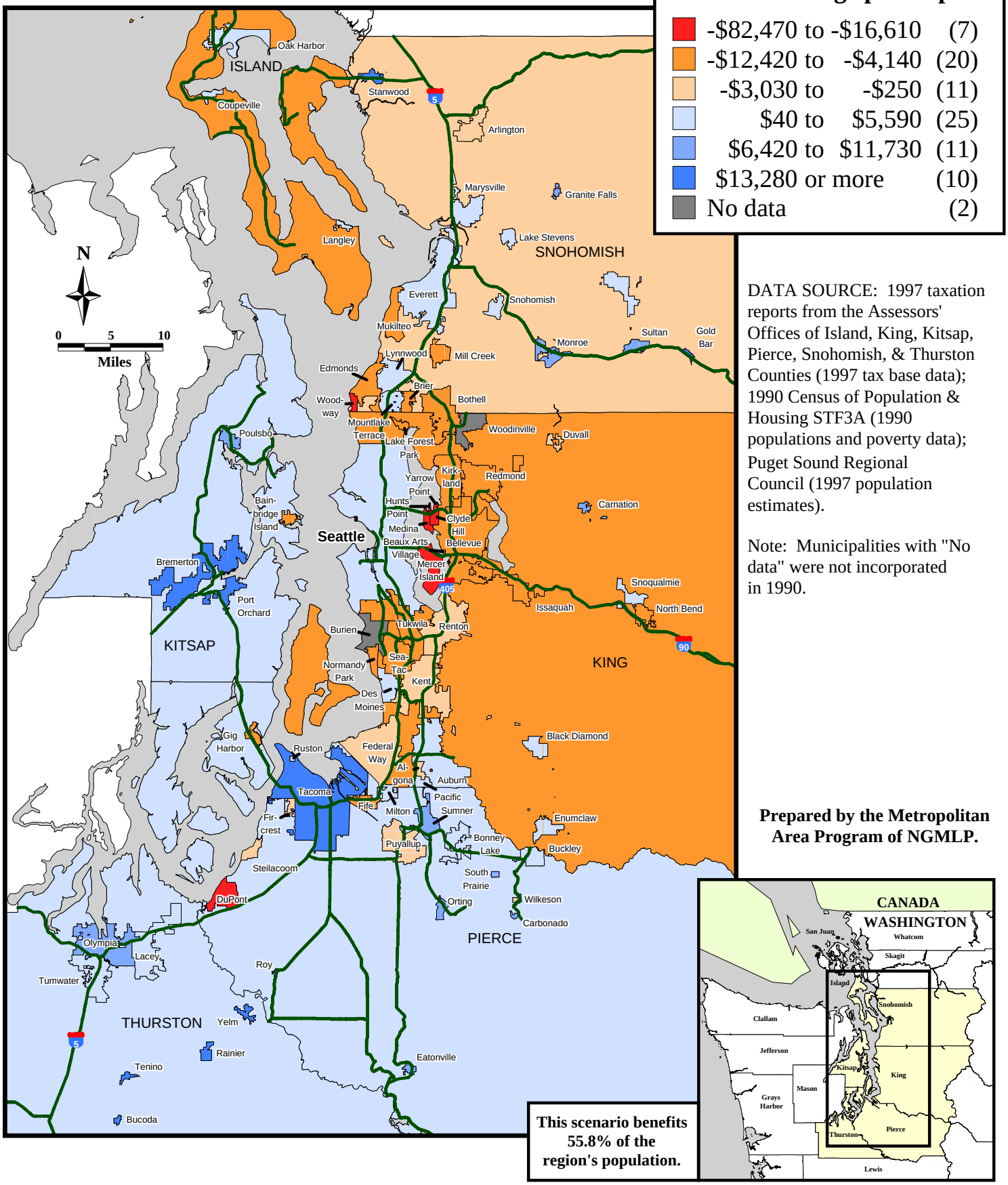
VII. Conclusion

The foregoing represents a pattern of metropolitan development—of social and economic polarization—that the Puget Sound region cannot afford to continue. Despite its relatively strong tax base, Seattle's schools are growing poorer and more diverse, poverty continues to concentrate there, and it has gained less than its regional share of office space in the past decade. In a fragmented world of unhindered local competition, if Seattle is to remain strong it will do so at the expense of the poor satellite cities and other communities to the south and west, and Everett to the north. Poverty has become increasingly concentrated in Tacoma and Bremerton and the schools in those cities have as many (or more) poor children as Seattle's—and are getting poorer. While the tax base in these cities—indeed in the entire southern and western part of the region—has increased somewhat in recent years, these places remain the poorest in the region in terms of tax resources. Thus, they are forced to do more with less and to compete with comparatively high taxes and low spending on services

At the same time, the places with few, if any, poor and minority children in their schools, that are becoming less poor and less diverse, and have the highest tax base resources in the region, are attracting the most jobs and the largest share of office space in the region—fueled by government highway investment. These places, that are able to entice affluent families and new business with high service levels and relatively low tax rates, will only continue to grow and to zone in ways that capture the most tax base.

The state of Washington and the Puget Sound region have made significant strides in land-use planning through the Growth Management Act. The school equity system has made the

Figure 34: Redistribution of 15% of 1997 Tax Base According to Poverty Level by Municipality and County Unincorporated Area



property tax system much more fair. However, competition for tax base among the units of government with land-use planning powers creates unhealthy pressure for growth boundary expansion. Moreover, the declining older parts of the region—where infrastructure is already in place and is under-utilized—have to be competitive places with schools and other public services that retain and attract the middle-class if they are to draw in significant re-development and renewal. Finally, the tasks entrusted to the region's MPO are more than just easing congestion and the movement of goods and people around the region. The MPO is already making decisions that are shaping the region's land use and its future social and economic well-being. Social and economic polarization and land-use form and function must become more explicitly part of its deliberations. In the end, the MPO's tasks are already too large and significant for a body that is not elected, or at least is not fully representative.

The problems (and potential problems) that the Puget sound region faces can be mitigated first, through the implementation of some form of local fiscal equity among the units of government with land-use planning powers, and second, through a restructuring of the MPO which will bring more of the issue of land use and social health of the fully-developed portion of the region into its deliberations. Directly electing the MPO, or at least making its membership fully reflective of the different types of regional communities would also ease the decision making process.

This report represents the beginnings of an agenda designed to deal with growing regional instability and disparities. While it is controversial, it represents only a best first effort, subject to the negotiation, reformation, and synthesis that occurs in all political progress. While the issues will be difficult, it is our hope that this region can work together—reason together—to solve its mutual problems.

The real importance of this discussion is the realization that the Puget Sound metropolitan area is suffering from a series of problems that are too massive for an individual local government to confront alone, that they are the same problems that have caused the decline and death of other urban centers, and that unless the people of this region concentrate their efforts on finding new solutions, they can expect no better outcome.

Appendix A: Z-Score Calculations Used to Determine Subregions

Municipality / County Unincorporated Area	Subregion	% Children Under 5 in Poverty, 1990	Z-Score: % Children Under 5 in Poverty, 1990	% Female-headed Households with Children, 1990	Z-Score: % Female-headed Households with Children, 1990	Median Household Income, 1989	Z-Score: Median Household Income, 1989	Tax Base per Household, 1997	Z-Score: Tax Base per Household, 1997	Composite Z-Score
Bucoda town	High Need	42.1%	-3.12034	29.7%	-1.43239	$20,167	-1.00958	$61,243	-0.75929	-1.58040
Yelm town	High Need	37.6%	-2.63523	34.4%	-2.06944	$19,053	-1.08412	$166,200	-0.22159	-1.50260
Port Orchard city	High Need	35.6%	-2.41963	31.6%	-1.68992	$22,984	-0.82110	$109,242	-0.51339	-1.36101
Stanwood city	High Need	31.7%	-1.99920	31.1%	-1.62215	$25,670	-0.64137	$136,283	-0.37486	-1.15940
Tenino town	High Need	31.9%	-2.02076	22.4%	-0.44293	$19,545	-1.05120	$80,826	-0.65896	-1.04347
Bremerton city	High Need	31.4%	-1.96686	24.2%	-0.68691	$22,610	-0.84612	$89,027	-0.61695	-1.02921
Poulsbo city	High Need	28.6%	-1.66502	29.5%	-1.40528	$25,385	-0.66044	$154,176	-0.28319	-1.00348
Tacoma city	High Need	26.3%	-1.41708	27.0%	-1.06643	$25,333	-0.66392	$125,240	-0.43143	-0.89471
Langley city	High Need	22.9%	-1.05055	30.9%	-1.59504	$23,523	-0.78503	$234,572	0.12867	-0.82549
Sumner city	High Need	21.2%	-0.86729	26.0%	-0.93088	$26,038	-0.61675	$139,723	-0.35723	-0.69304
Rainier town	High Need	20.5%	-0.79183	23.5%	-0.59203	$24,500	-0.71966	$90,277	-0.61055	-0.67852
Granite Falls town	High Need	20.9%	-0.83495	23.6%	-0.60558	$23,073	-0.81514	$124,930	-0.43302	-0.67217
Des Moines city	High Need	19.0%	-0.63013	28.0%	-1.20197	$32,145	-0.20812	$88,852	-0.61785	-0.66452
Monroe city	High Need	26.5%	-1.43864	21.3%	-0.29384	$26,027	-0.61749	$150,937	-0.29979	-0.66244
Snoqualmie city	High Need	19.7%	-0.70559	26.8%	-1.03932	$26,678	-0.57393	$198,875	-0.05420	-0.59326
Sultan town	High Need	19.6%	-0.69481	23.0%	-0.52426	$26,296	-0.59949	$129,235	-0.41096	-0.55738
Steilacoom town	High Need	19.5%	-0.68403	29.0%	-1.33751	$34,456	-0.05349	$184,565	-0.12751	-0.55063
Fife city	High Need	15.3%	-0.23126	32.4%	-1.79835	$26,700	-0.57245	$292,847	0.42722	-0.54371
Olympia city	High Need	19.2%	-0.65169	24.2%	-0.68691	$27,785	-0.49986	$148,131	-0.31416	-0.53815
Everett city	High Need	20.1%	-0.74871	25.0%	-0.79534	$28,415	-0.45770	$189,649	-0.10147	-0.52580
Orting city	High Need	14.7%	-0.16658	24.0%	-0.65980	$26,250	-0.60256	$102,409	-0.54839	-0.49433
Bainbridge Island city	High Need	16.1%	-0.31750	31.9%	-1.73058	$26,958	-0.55519	$349,140	0.71560	-0.47192
Auburn city	High Need	19.5%	-0.68403	24.6%	-0.74113	$30,007	-0.35118	$192,823	-0.08520	-0.46538
Gold Bar town	High Need	16.2%	-0.32828	18.9%	0.03147	$23,828	-0.76462	$76,515	-0.68105	-0.43562
Buckley city	High Need	14.6%	-0.15580	24.3%	-0.70046	$29,631	-0.37634	$116,022	-0.47865	-0.42781
South Prairie town	High Need	0.0%	1.41810	32.1%	-1.75769	$26,932	-0.55693	$73,120	-0.69844	-0.39874
Lake Stevens city	High Need	16.3%	-0.33906	25.6%	-0.87667	$35,580	0.02172	$132,538	-0.39404	-0.39701
Seattle city	**Central City**	**15.9%**	**-0.29594**	**23.8%**	**-0.63269**	**$29,353**	**-0.39494**	**$176,507**	**-0.16879**	**-0.37309**
Lynnwood city	High Need	12.7%	0.04902	25.1%	-0.80890	$30,512	-0.31739	$163,127	-0.23734	-0.32865
Coupeville town	High Need	13.9%	-0.08034	18.8%	0.04502	$20,758	-0.97004	$156,839	-0.26955	-0.31873
Kent city	High Need	16.3%	-0.33906	23.2%	-0.55137	$32,341	-0.19501	$180,515	-0.14826	-0.30842

Municipality / County Unincorporated Area	Subregion	% Children Under 5 in Poverty, 1990	Z-Score: % Children Under 5 in Poverty, 1990	% Female-headed Households with Children, 1990	Z-Score: % Female-headed Households with Children, 1990	Median Household Income, 1989	Z-Score: Median Household Income, 1989	Tax Base per Household, 1997	Z-Score: Tax Base per Household, 1997	Composite Z-Score
Tumwater city	High Need	15.6%	-0.26360	21.3%	-0.29384	$29,326	-0.39675	$158,582	-0.26062	-0.30370
Eatonville town	Stressed	10.2%	0.31853	18.0%	0.15345	$20,463	-0.98978	$120,595	-0.45523	-0.24326
Lacey city	Stressed	15.5%	-0.25282	18.4%	0.09924	$29,426	-0.39005	$133,859	-0.38728	-0.23273
Marysville city	Stressed	9.5%	0.39399	20.2%	-0.14474	$26,107	-0.61213	$126,495	-0.42500	-0.19697
Snohomish city	Stressed	6.5%	0.71739	24.2%	-0.68691	$29,607	-0.37794	$139,570	-0.35802	-0.17637
Carnation city	Stressed	14.5%	-0.14502	17.5%	0.22122	$30,341	-0.32883	$133,349	-0.38989	-0.16063
Black Diamond city	Stressed	14.3%	-0.12346	16.0%	0.42454	$28,155	-0.47510	$122,147	-0.44728	-0.15532
Tukwila city	Stressed	14.1%	-0.10190	24.6%	-0.74113	$30,141	-0.34221	$331,682	0.62617	-0.13977
Pierce uninc.	Stressed	15.9%	-0.29594	16.0%	0.42454	$32,819	-0.16303	$122,987	-0.44297	-0.11935
Renton city	Stressed	11.6%	0.16761	21.2%	-0.28028	$32,393	-0.19153	$182,899	-0.13605	-0.11006
Enumclaw city	Stressed	8.0%	0.55569	19.2%	-0.00920	$28,200	-0.47209	$111,413	-0.50227	-0.10697
Oak Harbor city	Stressed	13.4%	-0.02644	13.1%	0.81761	$25,556	-0.64900	$104,101	-0.53973	-0.09939
Milton city	Stressed	9.4%	0.40477	21.8%	-0.36161	$35,757	0.03356	$118,288	-0.46705	-0.09758
Ruston town	Stressed	5.2%	0.85753	20.2%	-0.14474	$27,500	-0.51893	$116,210	-0.47769	-0.07096
Thurston uninc.	Stressed	15.8%	-0.28516	15.4%	0.50586	$33,417	-0.12301	$148,155	-0.31404	-0.05409
Pacific city	Stressed	5.4%	0.83597	21.0%	-0.25317	$32,468	-0.18651	$104,207	-0.53918	-0.03572
Issaquah city	Stressed	10.9%	0.24307	23.5%	-0.59203	$35,422	0.01114	$253,670	0.22651	-0.02783
Mountlake Terrace city	Stressed	10.0%	0.34009	17.2%	0.26189	$35,391	0.00907	$115,495	-0.48135	0.03242
Roy city	Stressed	16.0%	-0.30672	4.9%	1.92906	$24,375	-0.72802	$83,691	-0.64429	0.06251
Sea-Tac CDP	Stressed	10.2%	0.31853	18.5%	0.08568	$32,437	-0.18859	$247,975	0.19734	0.10324
Kirkland city	Stressed	7.6%	0.59881	22.0%	-0.38872	$38,437	0.21288	$214,064	0.02361	0.11165
Federal Way CDP	Stressed	9.1%	0.43711	17.7%	0.19412	$38,311	0.20445	$136,999	-0.37119	0.11612
Carbonado town	Stressed	11.5%	0.17839	7.5%	1.57665	$25,938	-0.62344	$90,383	-0.61000	0.13040
Fircrest town	Stressed	6.2%	0.74973	20.8%	-0.22606	$43,438	0.54750	$127,996	-0.41731	0.16347
Arlington city	Stressed	0.0%	1.41810	20.3%	-0.15829	$30,382	-0.32609	$168,477	-0.20993	0.18095
Gig Harbor city	Stressed	14.0%	-0.09112	12.3%	0.92604	$33,321	-0.12944	$232,261	0.11684	0.20558
North Bend city	Stressed	4.9%	0.88988	16.8%	0.31610	$29,020	-0.41722	$233,595	0.12367	0.22811
Kitsap uninc.	Stressed	9.9%	0.35087	11.8%	0.99381	$35,666	0.02747	$137,803	-0.36707	0.25127
Puyallup city	Stressed	5.8%	0.79285	14.9%	0.57363	$32,849	-0.16102	$183,528	-0.13282	0.26816
Algona city	Stressed	10.3%	0.30775	13.3%	0.79050	$32,798	-0.16443	$262,421	0.27134	0.30129
Bonney Lake city	Stressed	6.3%	0.73895	15.4%	0.50586	$41,028	0.38625	$142,784	-0.34155	0.32238
Edmonds city	Stressed	7.7%	0.58803	14.7%	0.60074	$40,515	0.35192	$180,215	-0.14980	0.34773
Island uninc.	Stressed	10.8%	0.25385	10.5%	1.17002	$31,088	-0.27885	$260,469	0.26134	0.35159

Duvall city	Stressed	4.9%	0.88988	13.5%	0.76339	$37,537	0.15266	$159,831	-0.25422	0.38793

Municipality / County Unincorporated Area	Subregion	% Children Under 5 in Poverty, 1990	Z-Score: % Children Under 5 in Poverty, 1990	% Female-headed Households with Children, 1990	Z-Score: % Female-headed Households with Children, 1990	Median Household Income, 1989	Z-Score: Median Household Income, 1989	Tax Base per Household, 1997	Z-Score: Tax Base per Household, 1997	Composite Z-Score
DuPont city	Stressed	27.0%	-1.49254	17.3%	0.24833	$27,222	-0.53753	$863,015	3.34817	0.39161
Wilkeson town	Stressed	0.0%	1.41810	12.5%	0.89894	$33,125	-0.14255	$107,885	-0.52034	0.41354
Bothell city	Stressed	7.8%	0.57725	11.2%	1.07514	$37,159	0.12737	$207,233	-0.01138	0.44209
King uninc.	Affluent	7.8%	0.57725	12.8%	0.85827	$42,281	0.47009	$210,730	0.00653	0.47804
Bellevue city	Affluent	6.6%	0.70661	16.2%	0.39743	$43,800	0.57173	$261,208	0.26513	0.48522
Snohomish uninc.	Affluent	6.3%	0.73895	10.7%	1.14291	$40,166	0.32857	$159,429	-0.25628	0.48854
Redmond city	Affluent	4.8%	0.90066	16.1%	0.41098	$42,299	0.47129	$266,031	0.28984	0.51819
Lake Forest Park city	Affluent	7.1%	0.65271	10.8%	1.12936	$47,653	0.82953	$193,718	-0.08062	0.63275
Mukilteo city	Affluent	0.0%	1.41810	16.1%	0.41098	$46,993	0.78537	$217,039	0.03885	0.66333
Brier city	Affluent	7.8%	0.57725	7.2%	1.61731	$49,547	0.95626	$166,736	-0.21885	0.73299
Mill Creek city	Affluent	3.6%	1.03002	11.6%	1.02092	$50,250	1.00330	$188,748	-0.10608	0.73704
Normandy Park city	Affluent	3.6%	1.03002	10.8%	1.12936	$53,856	1.24458	$213,133	0.01884	0.85570
Mercer Island city	Affluent	0.0%	1.41810	13.0%	0.83116	$61,572	1.76087	$359,011	0.76617	1.19408
Woodway city	Affluent	10.9%	0.24307	5.8%	1.80707	$62,439	1.81888	$469,877	1.33414	1.30079
Beaux Arts Village town	Affluent	0.0%	1.41810	5.4%	1.86128	$79,358	2.95095	$292,860	0.42728	1.66441
Yarrow Point town	Affluent	0.0%	1.41810	11.5%	1.03448	$76,196	2.73938	$607,328	2.03829	1.80756
Medina city	Affluent	4.9%	0.88988	11.8%	0.99381	$81,896	3.12077	$732,808	2.68113	1.92140
Clyde Hill town	Affluent	0.0%	1.41810	3.8%	2.07815	$80,792	3.04690	$441,459	1.18855	1.93293
Hunts Point town	Affluent	0.0%	1.41810	2.9%	2.20014	$96,691	4.11072	$1,515,382	6.69023	3.60480
Average:		13.2%		19.1%		35255.4		209454.9		
Standard Deviation:		9.3%		7.4%		14945.2		195199.0		

Data Sources: 1990 U.S. Census of Population and Housing Summary Tape File 3A (1990 population, household, poverty, and income data); 1997 taxation reports from Assessors' Offices of Island, King, Kitsap, Pierce, Snohomish, and Thurston Counties (taxbase data); and Puget Sound Regional Council (1997 population estimates).

Note: Municipalities that did not exist in 1990 were not included as municipalities but were included as part of their respective unincorporated county areas. This was because not enough data were available to accurately calculate a composite z-score value.

Appendix B: Hypothetical Property Tax-base Sharing Run 1. Redistribution of 15% of 1997 Tax Base According to Poverty Level by Municipality & County Unincorporated Area

	Municipality / County Unincorporated Area	Subregion	Net Distribution	Estimated Population, 1997	Per Capita Gain / Contribute
1	Bucoda	High Need	$16,284,548	625	$26,055
2	Tenino	High Need	$30,458,665	1,570	$19,400
3	Bremerton	High Need	$675,466,068	38,600	$17,499
4	Rainier	High Need	$26,462,754	1,530	$17,296
5	Yelm	High Need	$40,297,916	2,395	$16,826
6	Roy	Middle-class	$5,635,666	360	$15,655
7	Stanwood	High Need	$43,473,892	3,054	$14,235
8	Port Orchard	High Need	$97,676,600	6,965	$14,024
9	Tacoma	High Need	$2,564,171,521	185,600	$13,816
10	Gold Bar	High Need	$20,149,422	1,520	$13,256
11	Orting	High Need	$39,590,159	3,385	$11,696
12	Sultan	High Need	$27,400,527	2,684	$10,209
13	Granite Falls	High Need	$18,469,044	1,830	$10,092
14	Monroe	High Need	$83,164,082	8,670	$9,592
15	South Prairie	High Need	$4,769,070	535	$8,914
16	Sumner	High Need	$63,322,476	8,070	$7,847
17	Eatonville	Middle-class	$13,966,701	1,780	$7,846
18	Poulsbo	High Need	$44,693,438	6,175	$7,238
19	Carbonado	Middle-class	$4,418,097	629	$7,024
20	Carnation	Middle-class	$10,649,304	1,650	$6,454
21	Olympia	High Need	$247,582,438	38,650	$6,406
22	Pacific	Middle-class	$31,383,233	5,640	$5,564
23	Enumclaw	Middle-class	$54,912,482	10,484	$5,238
24	Snoqualmie	High Need	$8,425,952	1,610	$5,234
25	Oak Harbor	Middle-class	$101,026,047	20,190	$5,004
26	Lake Stevens	High Need	$24,847,822	5,290	$4,697
27	Langley	High Need	$4,971,470	1,090	$4,561
28	Coupeville	High Need	$6,630,292	1,610	$4,118
29	Des Moines	High Need	$102,762,942	27,030	$3,802
30	Black Diamond	Middle-class	$7,827,918	2,085	$3,754
31	Unincorporated Thurston	Middle-class	$417,323,176	113,130	$3,689
32	Buckley	High Need	$14,432,249	3,920	$3,682
33	Everett	High Need	$294,902,820	84,130	$3,505
34	**Seattle**	**Central City**	**$1,843,441,173**	**536,600**	**$3,435**
35	Ruston	Middle-class	$2,440,421	740	$3,298
36	Unincorporated Pierce	Middle-class	$845,327,072	301,196	$2,807
37	Lacey	Middle-class	$56,119,191	27,570	$2,036
38	Lynnwood	High Need	$65,924,448	33,070	$1,993
39	Auburn	High Need	$62,710,124	36,720	$1,708
40	Mountlake Terrace	Middle-class	$32,593,667	20,366	$1,600
41	Bonney Lake	Middle-class	$13,250,392	9,590	$1,382
42	Unincorporated Kitsap	Middle-class	$189,970,845	158,740	$1,197
43	Tumwater	High Need	$14,166,509	12,130	$1,168
44	Snohomish	Middle-class	$5,724,353	7,850	$729
45	Marysville	Middle-class	$11,720,057	18,770	$624
46	Milton	Middle-class	$208,884	5,495	$38
47	Wilkeson	Middle-class	-$111,066	430	-$258
48	Federal Way	Middle-class	-$32,559,194	75,960	-$429
49	Kent	High Need	-$45,420,230	62,006	-$733
50	Puyallup	Middle-class	-$44,976,320	29,490	-$1,525
51	Arlington	Middle-class	-$11,128,971	6,010	-$1,852
52	Unincorporated Snohomish	Affluent	-$612,583,885	275,810	-$2,221
53	Steilacoom	High Need	-$14,177,185	6,185	-$2,292
54	Fircrest	Middle-class	-$14,028,403	5,895	-$2,380
55	Algona	Middle-class	-$6,142,910	2,070	-$2,968

56	Renton	Middle-class	-$139,088,234	45,920	-$3,029

	Municipality / County Unincorporated Area	Subregion	Net Distribution	Estimated Population, 1997	Per Capita Gain / Contribute
57	Duvall	Middle-class	-$11,555,154	3,813	-$3,030
58	Brier	Affluent	-$25,665,184	6,180	-$4,153
59	Lake Forest Park	Affluent	-$64,665,582	12,521	-$5,165
60	Edmonds	Middle-class	-$188,639,915	35,470	-$5,318
61	Sea-Tac	Middle-class	-$135,485,158	23,320	-$5,810
62	North Bend	Middle-class	-$19,442,381	3,280	-$5,928
63	Gig Harbor	Middle-class	-$25,590,318	4,130	-$6,196
64	Unincorporated Island	Middle-class	-$303,322,614	48,710	-$6,227
65	Issaquah	Middle-class	-$63,113,046	9,610	-$6,567
66	Kirkland	Middle-class	-$287,703,963	43,720	-$6,581
67	Fife	High Need	-$32,775,359	4,545	-$7,211
68	Unincorporated King	Affluent	-$3,216,925,903	432,084	-$7,445
69	Bothell	Middle-class	-$205,016,645	26,350	-$7,781
70	Bellevue	Affluent	-$966,814,664	104,800	-$9,225
71	Mill Creek	Affluent	-$90,845,890	9,798	-$9,272
72	Normandy Park	Affluent	-$66,900,795	7,122	-$9,394
73	Bainbridge Island	High Need	-$179,592,457	18,920	-$9,492
74	Mukilteo	Affluent	-$166,898,495	15,898	-$10,498
75	Redmond	Affluent	-$475,319,452	42,230	-$11,255
76	Tukwila	Middle-class	-$177,490,764	14,930	-$11,888
77	Beaux Arts Village	Affluent	-$3,577,377	288	-$12,421
78	Woodway	Affluent	-$16,882,879	989	-$17,071
79	Mercer Island	Affluent	-$382,292,600	21,550	-$17,740
80	Clyde Hill	Affluent	-$59,888,405	3,019	-$19,837
81	Yarrow Point	Affluent	-$33,308,951	1,019	-$32,688
82	Dupont	Middle-class	-$32,791,749	915	-$35,838
83	Medina	Affluent	-$120,018,873	3,082	-$38,942
84	Hunts Point	Affluent	-$43,131,137	523	-$82,469

Percentage of regional population living in winning municipalities: 55.6%

Data Sources: 1997 taxation reports from the Assessors' Offices of Island, King, Kitsap, Pierce, Snohomish,
& Thurston Counties (1997 taxable value data); 1990 U.S. Census of Population and Housing Summary Tape File 3A (1990 population and poverty figures); Puget Sound Regional Council (1997 population estimates).

Note: The cities of Burien, Edgewood, Lakewood, Newcastle, Shoreline, University Place and
Woodinville did not exist at the time of the 1990 census and therefore were not included in this run.

Methodology:

Each municipality is required to contribute 15% of its 1997 tax base into a tax-base pool. (For the purposes of these taxbase sharing run calculations, the unincorporated areas within each county were treated as if they were municipalities; therefore, the terms "municipality" and "municipal" should be taken to refer to both the actual incorporated municipalities and the surrounding county unincorporated areas.) Then, a "distribution index" is calculated to determine what percentage share each municipality will get back out of the pool. This distribution index is equal to the municipality's population multiplied by the ratio of the municipality's poverty rate to the metropolitan region's poverty rate. Each municipality's distribution index is then divided by the sum of all the distribution indexes to
arrive at each municipality's percentage share of the tax-base pool. This percentage is then
multiplied by the tax-base pool amount to determine the actual amount the municipality receives back. Finally, the amount the municipality contributes is subtracted from the amount the municipality receives to arrive at the net distribution to the municipality.

Step 1: 1997 municipal tax base * 0.15 = Municipal Contribution
Step 2: municipal population * ((municipal population in poverty / municipal population) /
(region's population in poverty / region's population)) = Distribution Index

Step 3: Distribution Index/sum of Distribution Indexes = Municipal Share of tax base to be distributed
Step 4: Municipal Share * sum of Municipal Contributions = Municipal Distribution
Step 5: Municipal Distribution - Municipal Contribution = Municipal Net Distribution