

2003

Michigan Metropatterns Part II

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Flint Region

THE FLINT REGION continues to expand physically even without significant changes in its population. Between 1970 and 2000, population in the region—consisting of Genesee County—declined slightly, while the amount of land in urban uses increased by more than 70 percent.

In the 1990s, population in the city of Flint and many inner suburbs continued to decline, while cities and townships in southern Genesee County grew rapidly, in part due to middle-class migrants from the Detroit area seeking cheaper housing and more open space.²² The region's increasing economic ties to greater Detroit were also reflected in the large increase in Genesee County residents commuting to the Detroit region. During the 1990s, the number of Genesee County residents commuting to Oakland County, for example, rose 134 percent, while the number commuting to jobs within Genesee county actually fell by 6 percent.²³

Such patterns reflect the weakness of the region's economy, which continued to struggle during the 1990s in spite of strong growth in the national economy. The region lost jobs during the 1990s—as it had in the 1980s—especially in its already hard-hit manufacturing sector, which experienced a 40 percent drop.

Economic stress is also reflected in the region's tax base and poverty levels. Although there are pockets of property wealth, property tax base per household in the Flint region was just \$47,946 in 2000, compared with an average of over \$64,500 in the other metropolitan areas included in this work. In the neighboring Detroit region the comparable figure was \$68,286. In the Saginaw area it was \$58,150.

Among the seven metro areas, the Flint region also has the highest share of elementary students eligible for free or reduced-price lunch, a common proxy for poverty. Nearly half of the region's elementary students—46 percent—are eligible for these programs.



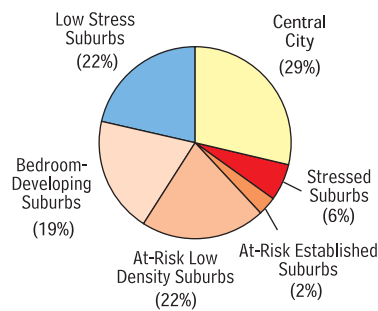
Declining enrollment has forced school districts in the core of the region to shutter school buildings.

Levels of racial and income segregation in Flint-area schools are high as well—second only to Detroit. In 2001, 51 percent of free-lunch-eligible children in Genesee County schools would have had to change schools to achieve an identical mix of poor and non-poor children in each building. That's up one point from 1995. Fully 74 percent of non-Asian minority students would have had to move to achieve an identical racial mix in each school in 2001, up two percentage points from 1995.

Race and poverty remain highly correlated. In 2001, 85 percent of non-Asian minority elementary students attended high-poverty schools (schools with free- and reduced-price-lunch eligibility rates above 40 percent), while only 19 percent of white students attended those schools.

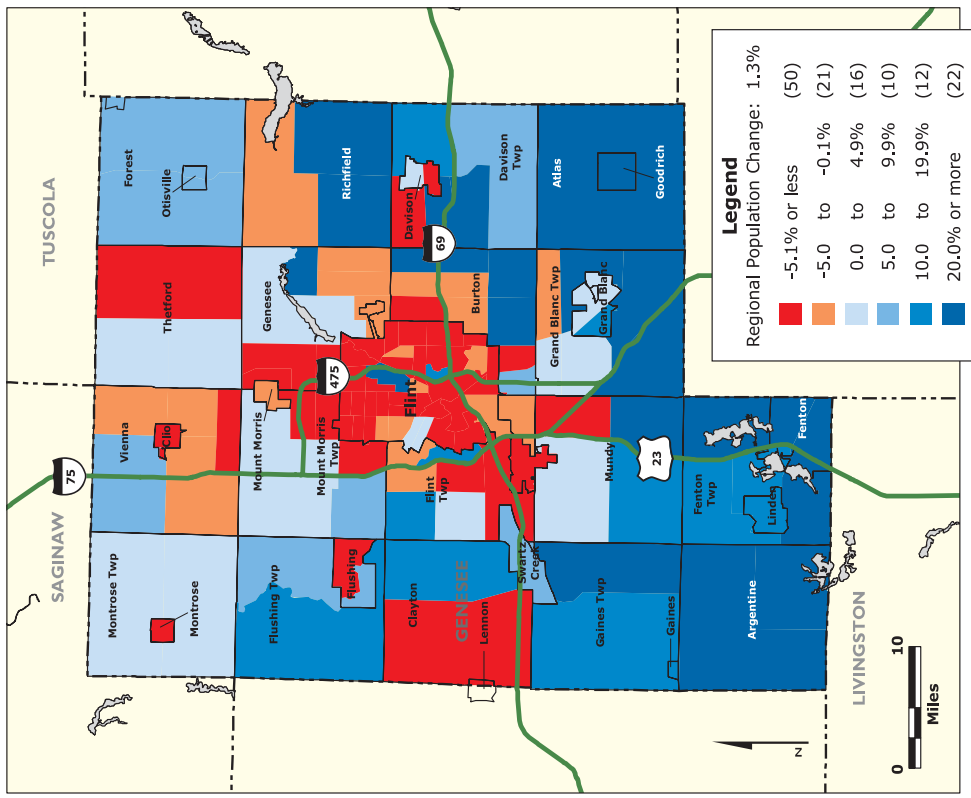
The region's unbalanced growth increases educational costs. Half of all students in the region are enrolled in school districts with at least one high-cost characteristic—a high rate of student poverty, significant enrollment decline or rapid enrollment growth. And over one-third of those are in districts relying on low-to-moderate fiscal resources to pay for their significant needs.

Population Share by Community Type



Population Change & Housing Development

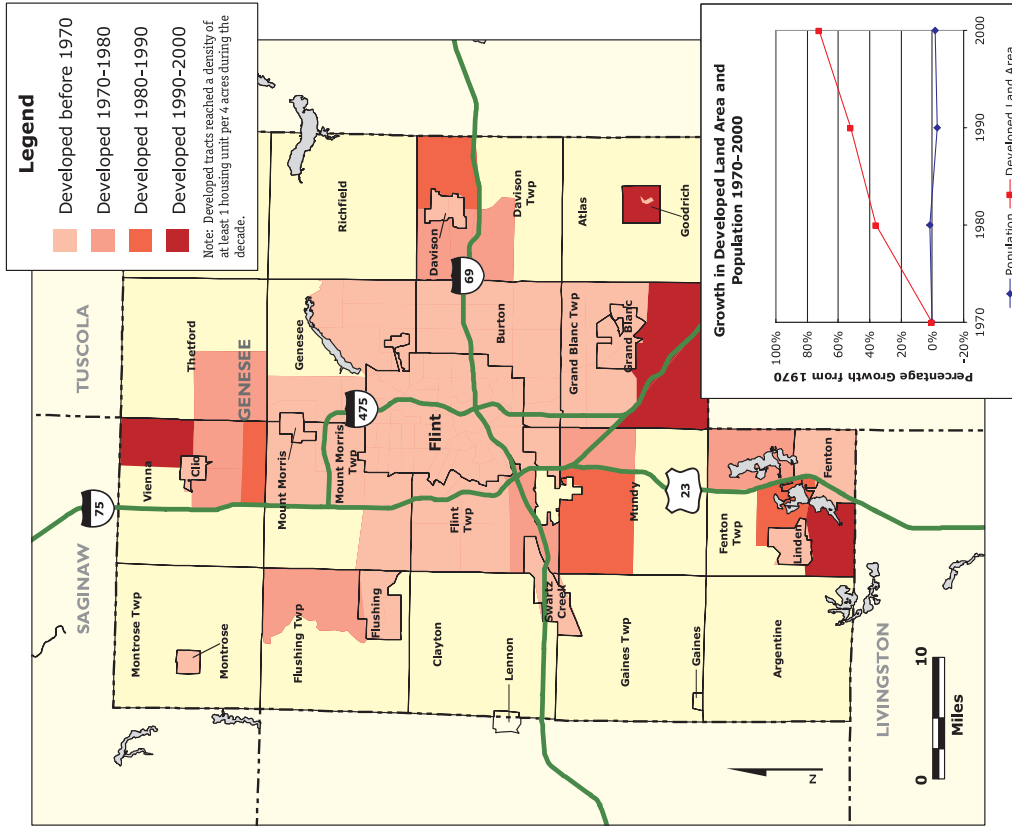
MAP 31. PERCENTAGE CHANGE IN POPULATION BY CENSUS TRACT, 1990-2000.



Data Source: U.S. Census Bureau

FLINT AND MANY ADJACENT suburbs experienced population declines during the 1990s, while the region's fastest population growth took place on the fringes of the region. The biggest gains were in southern Genesee County, in an area ranging from Argentine Township in the southwest, through southern Genesee County, to southern Richfield Township in the northeast.

MAP 32. HOUSING DEVELOPMENT BY CENSUS TRACT, 1970-2000

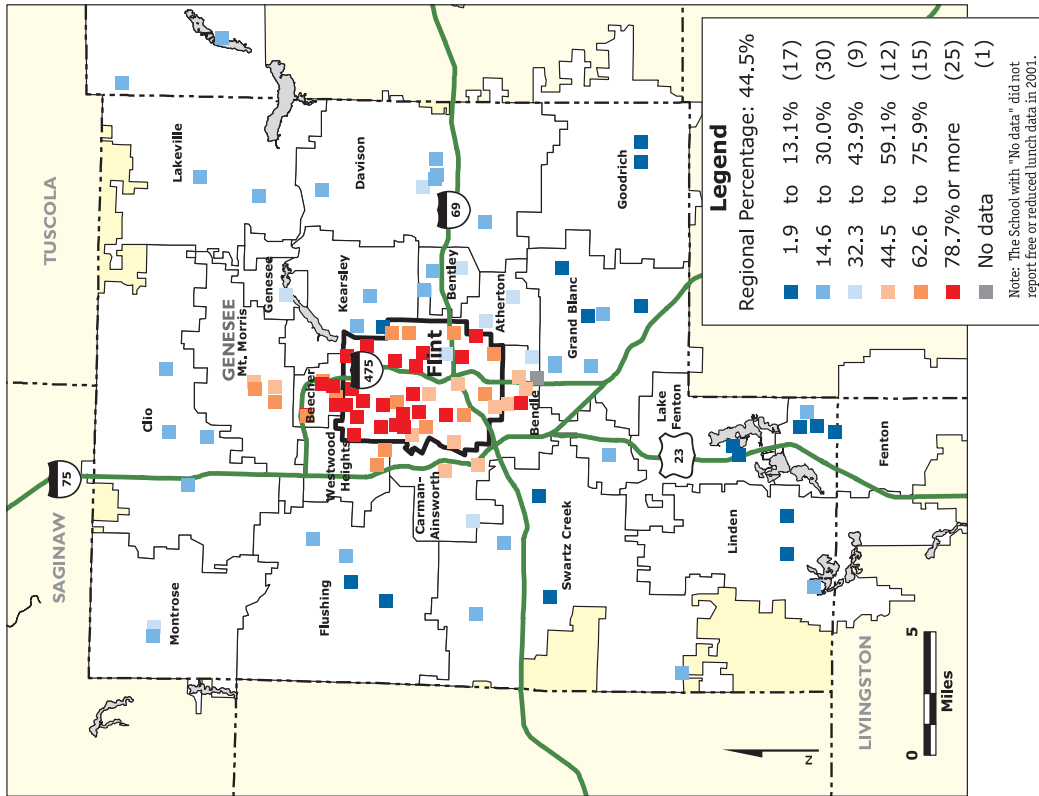


Data Source: U.S. Census Bureau

HOUSING DEVELOPMENT in Genesee County expanded outward from 1970 to 2000, even as the region's population fell. Growth during the 1990s was concentrated in several outlying areas, mostly in the southern portion of the county and

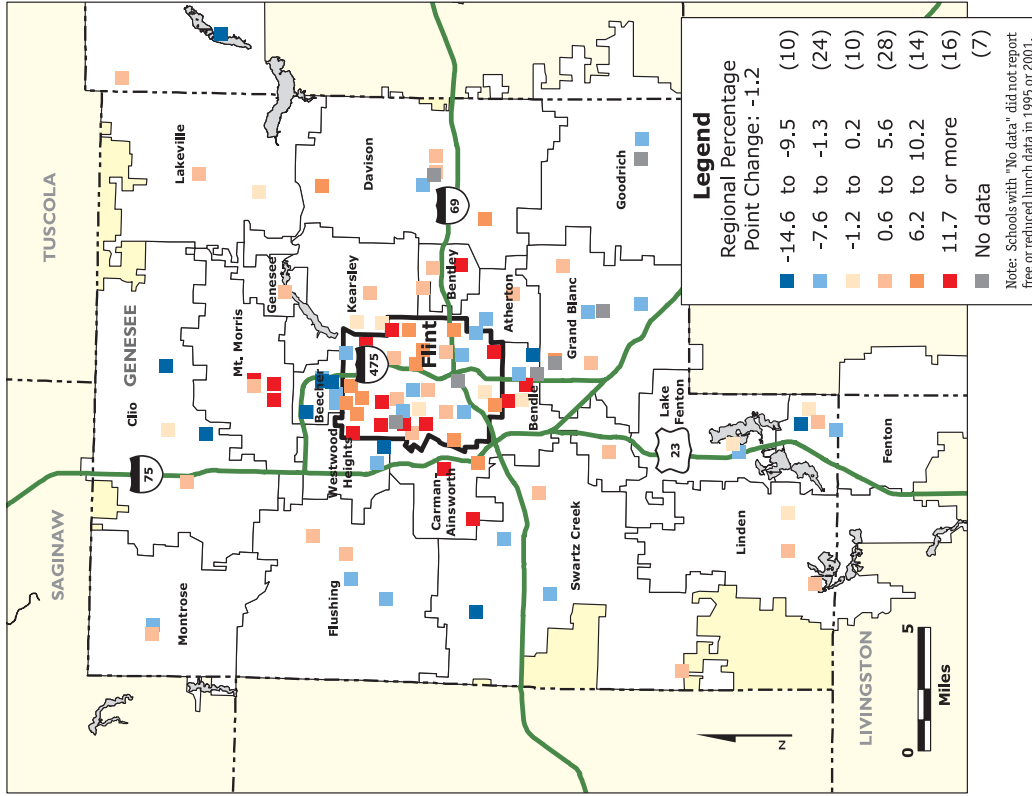
one tract in the north. Flint and most of its inner suburbs were already developed by 1970, although they contain numerous brownfield sites available for redevelopment.

MAP 33. PERCENTAGE OF ELEMENTARY STUDENTS ELIGIBLE FOR FREE AND REDUCED-PRICE LUNCH BY SCHOOL, 2001



Data Source: Michigan Department of Education

MAP 34. PERCENTAGE POINT CHANGE IN ELEMENTARY STUDENTS ELIGIBLE FOR FREE AND REDUCED-PRICE LUNCH BY SCHOOL, 1995-2001

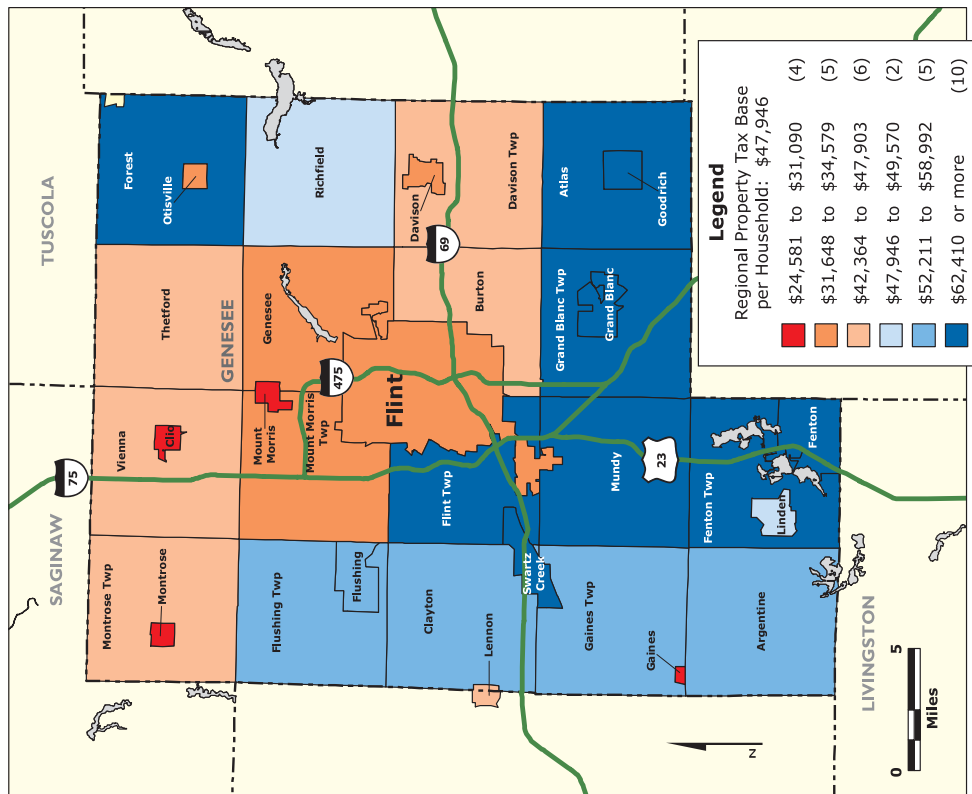


Data Source: Michigan Department of Education

PATTERNS OF INCOME SEGREGATION in Flint-area schools reflect broader community trends. Student poverty is highly concentrated within Flint, where 77 percent of students are eligible for free and reduced-price lunches, but it is significant in a number of suburban districts as well. In fact, in Beecher the overall student poverty rate is even higher than in Flint. The outward expansion of poverty was evident in the region from 1995 to 2001. During that period, several suburban districts saw much faster rising poverty than Flint. The

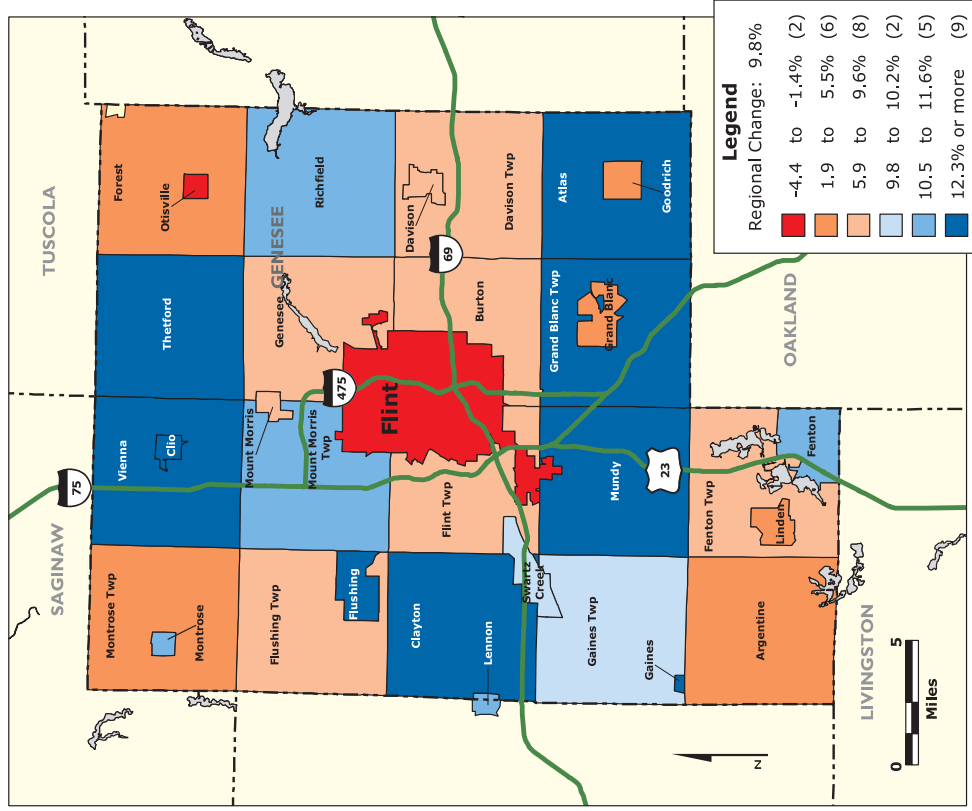
Mt. Morris school district experienced the most substantial increase—16 percentage points—while school poverty actually fell slightly in the region as a whole.

MAP 35. PROPERTY TAX BASE PER HOUSEHOLD BY MUNICIPALITY, 2000



Data Source: Michigan Department of Treasury

MAP 36. PERCENTAGE CHANGE IN PROPERTY TAX BASE PER HOUSEHOLD BY MUNICIPALITY, 1995-2000

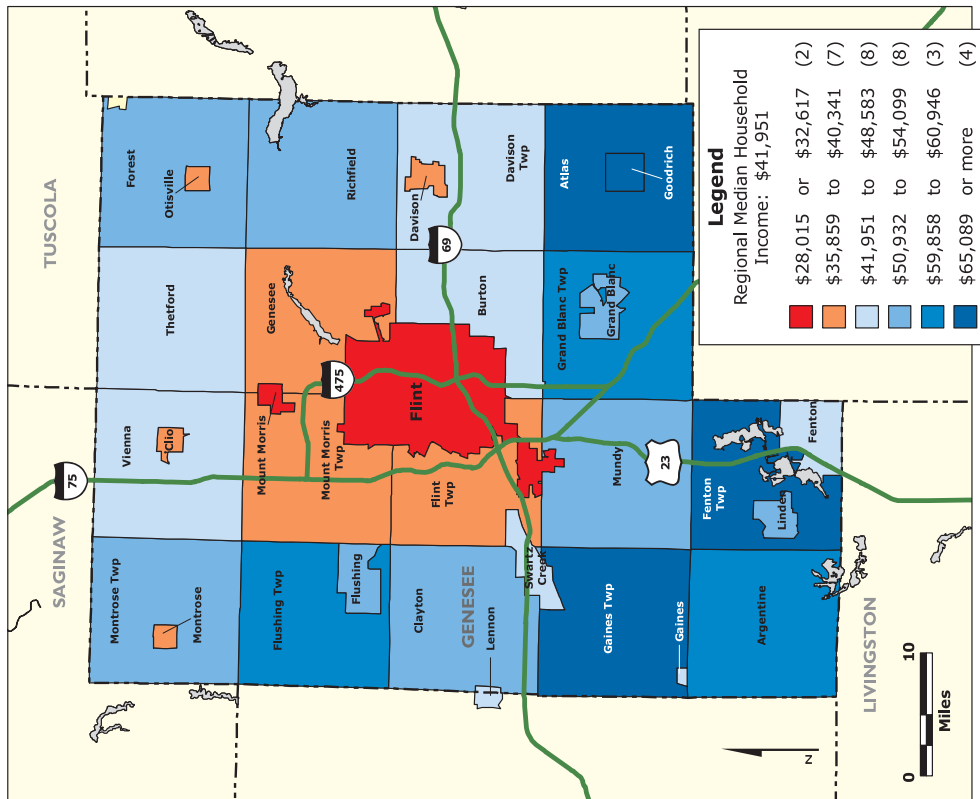


Data Source: Michigan Department of Treasury

THESE MAPS SHOW the disparate fiscal conditions of Genesee County local governments. The city of Flint bears the bulk of the region's social strains, along with a low tax base that was the region's slowest growing during the late 1990s. Many small outlying towns also must provide public services with very low tax bases. Many of Flint's inner suburbs are facing increasing social strains with slow-growing tax bases, despite their above-average tax bases in 2000. For example, although still above average in 2000, Flint Townships tax base grew by less than 8

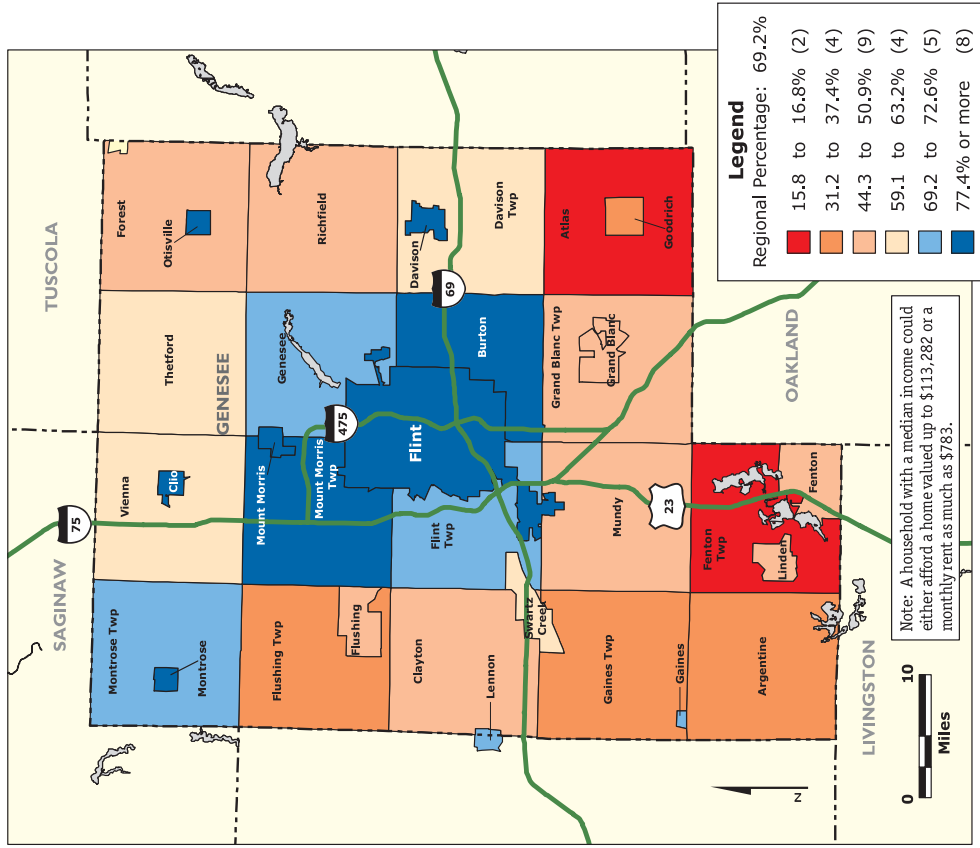
percent in the preceding years, slower than the region as a whole. The big gains took place in the next tier of suburbs, including Mundy and Grand Blanc townships.

MAP 37. MEDIAN HOUSEHOLD INCOME BY MUNICIPALITY, 1999



Data Source: U.S. Census Bureau

MAP 38. PERCENTAGE OF HOUSING AFFORDABLE TO HOUSEHOLDS WITH 80% OF THE REGIONAL MEDIAN INCOME BY MUNICIPALITY, 2000



Data Source: U.S. Census Bureau

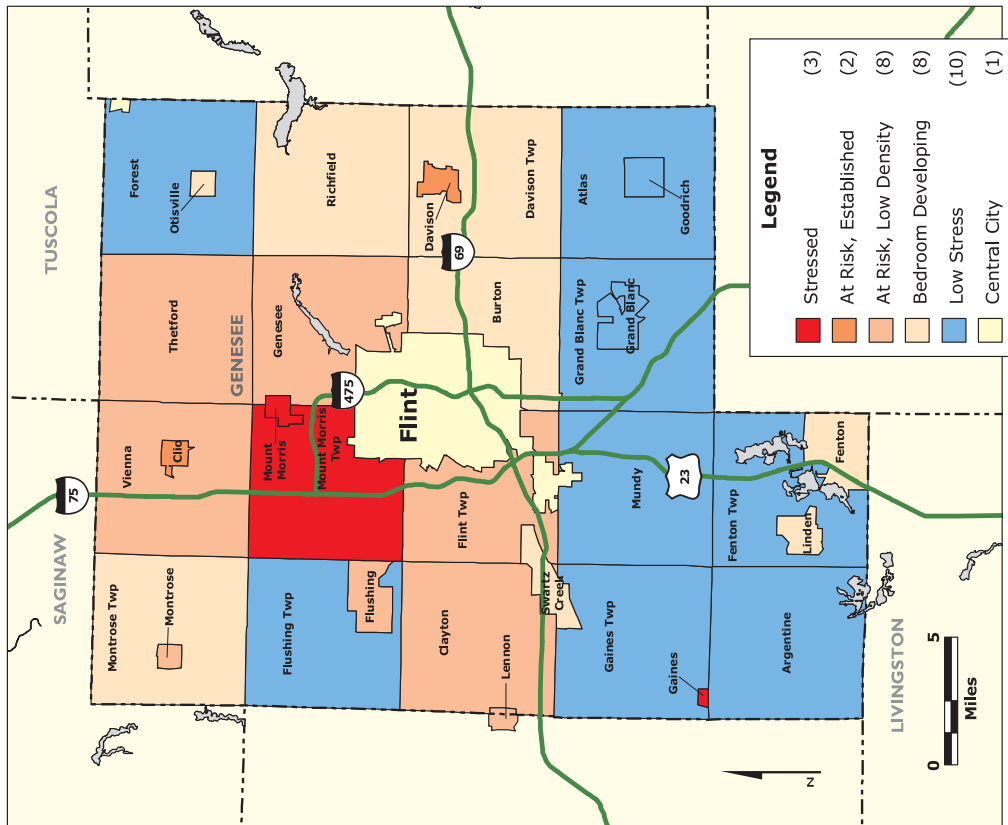
AFFORDABLE HOUSING in the Flint region is very unevenly distributed. Such a pattern reduces the abilities of people of all incomes to choose where they live. For the most part, communities with considerable shares of

affordable housing are the same as those with low median incomes—those in the core of the region and outlying small towns in the county's north half. Most of the region's outlying townships have relatively few affordable

homes and apartments and relatively high median incomes (see footnote 20 for a summary of how affordable housing was calculated).

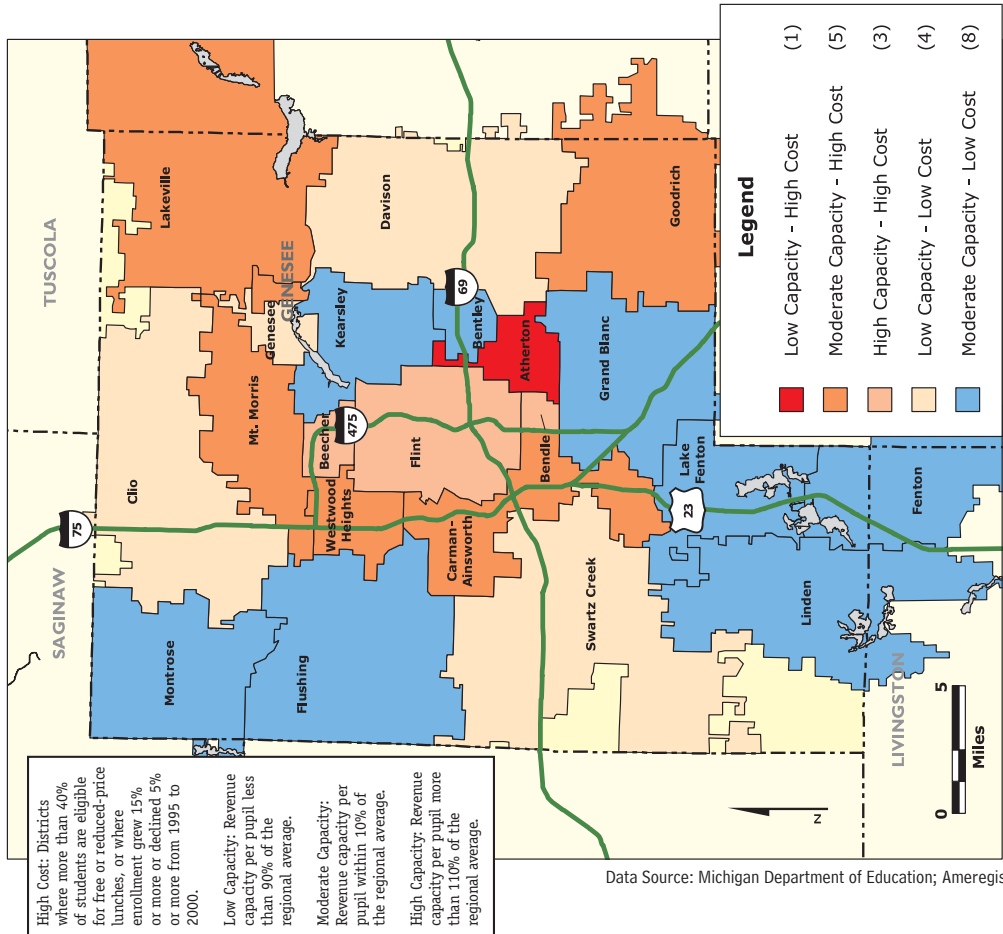
Community Classification

MAP 39. COMMUNITY CLASSIFICATION



Data Source: Ameregis

MAP 40. SCHOOL DISTRICT CLASSIFICATION



low-to-moderate revenue capacities or high costs—indicated by high rates of student poverty, significant enrollment growth or serious decline—and over a quarter of those students are in districts experiencing both.

fiscal stress, marked by low or slow-growing tax bases, or social stress, denoted by low or slow-growing income or population (see page 58 for a summary of characteristics of each community type). In addition, 72 percent of Flint-area students were enrolled in school districts with either

CLASSIFYING LOCAL GOVERNMENTS shows the combined effects of their fiscal capacities and the costs they face in providing services. Such an exercise demonstrates that three out of four area residents—those in the city of Flint and its at-risk suburbs—live in communities facing

Kalamazoo Region

SOCIAL AND ECONOMIC POLARIZATION and sprawling development threaten the greater Kalamazoo region. Although social and fiscal stresses are greatest in the region's largest cities—Kalamazoo and Battle Creek—other parts of the region also show clear signs of stress.

Nearly 60 percent of households living outside the two major cities are in communities also coping with low or slow-growing tax bases, high poverty, or all of these problems. Even the region's fast-growing bedroom-developing suburbs are struggling to pay for growth. The strain is evident in their tax bases, which grew more slowly than in any other community type in the late 1990s.

Overall, population in the Kalamazoo region grew by 5 percent during the 1990s. But that average rate disguises great variation. At the county level, the fastest growth was in Van Buren County, 9 percent, followed by Kalamazoo County, 7 percent. By contrast, Calhoun County grew by just 1.5 percent, and many of its communities experienced population losses. The cities of Kalamazoo, Springfield, Battle Creek and South Haven also lost population, while many Kalamazoo County suburbs grew rapidly. Texas Township, for example, grew by 42 percent.

This unbalanced growth has contributed to the sprawling development that is claiming large amounts of the region's productive farmland.²⁴ The costs of sprawl-related infrastructure, including roads and sewer facilities, are challenging the finances of local governments even in low-stress communities like Brady Township.²⁵

Total employment growth in the Kalamazoo region, 11 percent, remained below the statewide 18 percent total employment growth rate during the 1990s. The composition of employment changed to some extent: the region lost 6 percent of its manufacturing jobs while non-manufacturing jobs grew at a rate of 18 percent. Again, that was slightly slower than the statewide non-manufacturing rate of 22 percent.

The region's employment record did little to improve its social and economic polarization. The percentage of students eligible for free and reduced-price lunches in the region increased from 40 percent in 1995 to 43 percent in 2001. Poor students in greater

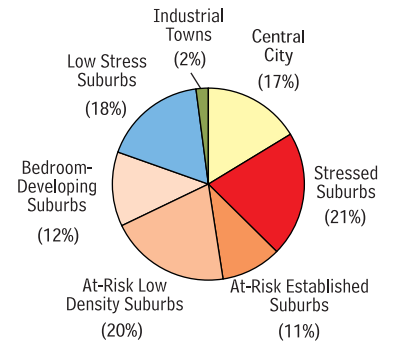
Kalamazoo also became more segregated in this period. The share of poor students who would need to change schools to achieve an identical mix of poor and non-poor students in each building jumped four points from 1995 to 2001, from 42 percent to 46 percent.

The region became more racially diverse in the late 1990s, as the share of non-Asian minority students in the region's schools rose from 19 percent in 1995 to 24 percent in 2001. Segregation remained high—in both years 57 percent of non-Asian minority students would have had to change schools to achieve a balanced enrollment in each building.

The region also displays relatively large disparities in per-household tax base among municipalities compared to other Michigan regions. Its 95th-to-5th percentile ratio, 3.9, means that if all places in the area levied the same property tax rate, the place with the property tax base at the 95th percentile would generate nearly four times the revenue per household of the place with tax base at the 5th percentile.

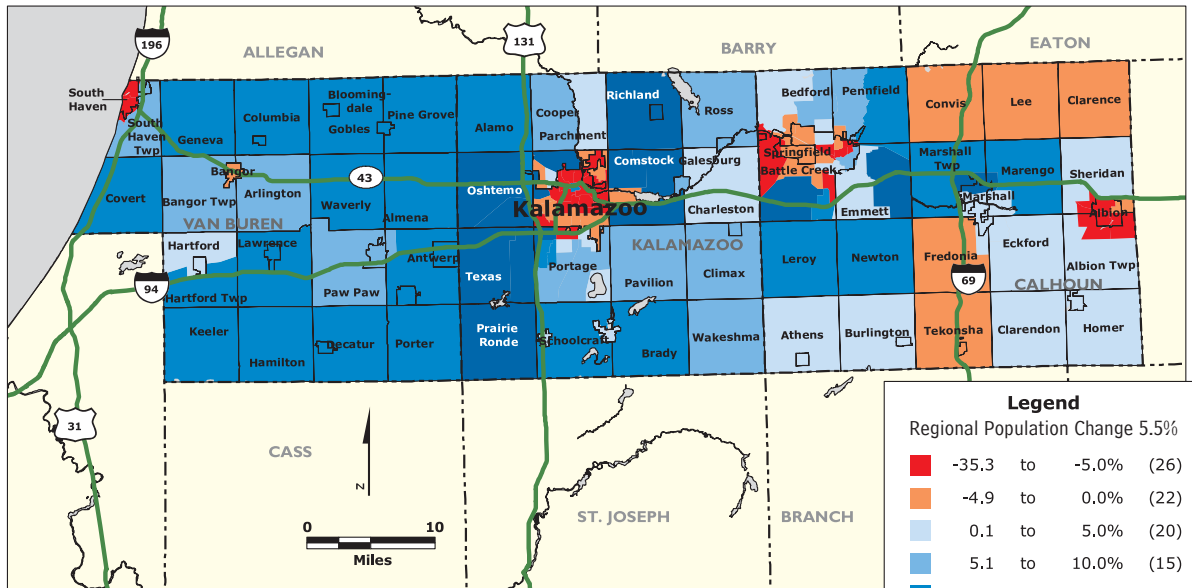
Development threatens much of the region's productive farmland.

Population Share by Community Type



Population Change & Affordable Housing

MAP 41. PERCENTAGE CHANGE IN POPULATION BY CENSUS TRACT, 1990-2000

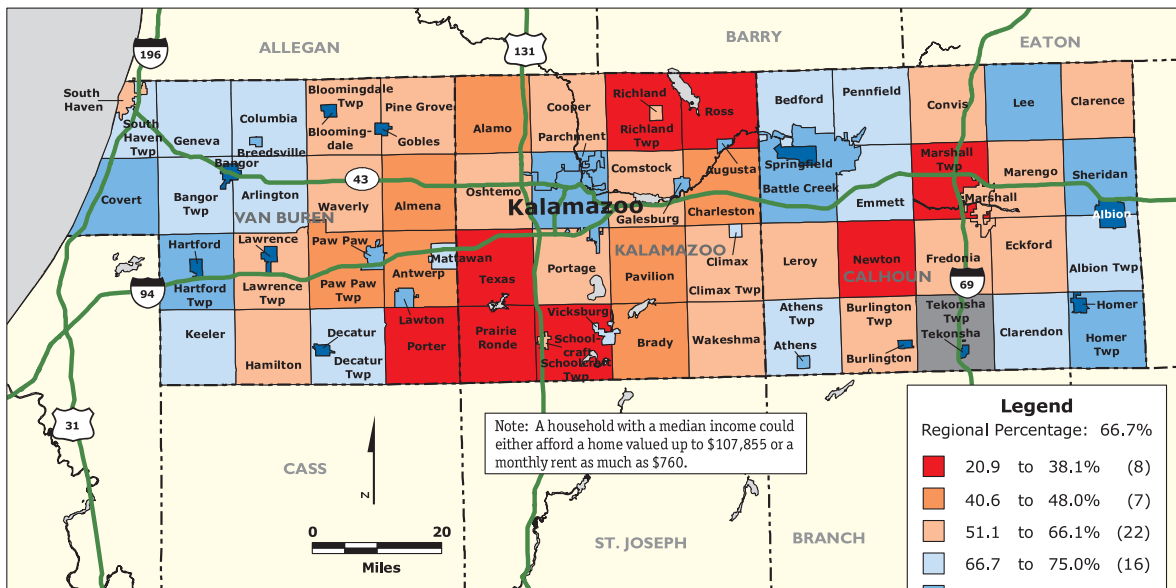


Data Source: U.S. Census Bureau

POPULATION CHANGE helps show which of the region's communities are burdened with the costs of rapid growth. Outlying communities in the western half of the Kalamazoo region saw the biggest popula-

tion gains during the 1990s. Many communities in outlying Calhoun County, as well as Kalamazoo and Battle Creek, lost residents during the decade.

MAP 42. PERCENTAGE OF HOUSING AFFORDABLE TO HOUSEHOLDS WITH 80% OF THE REGIONAL MEDIAN INCOME BY MUNICIPALITY, 2000

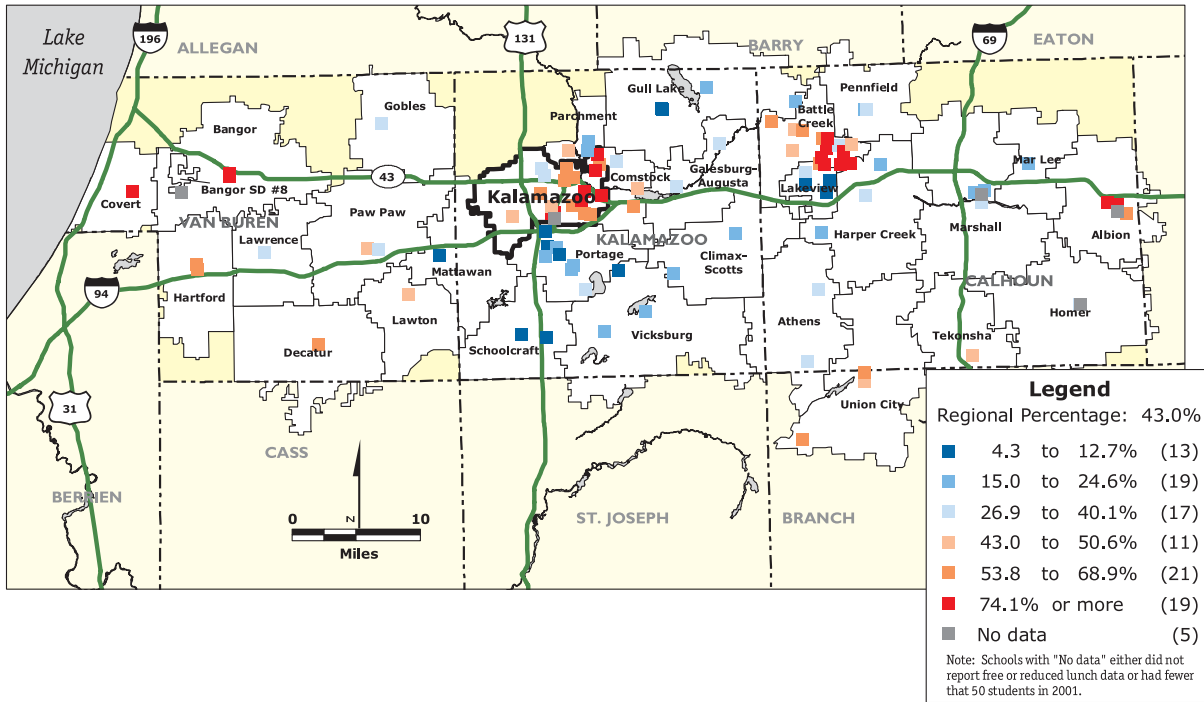


Data Source: U.S. Census Bureau

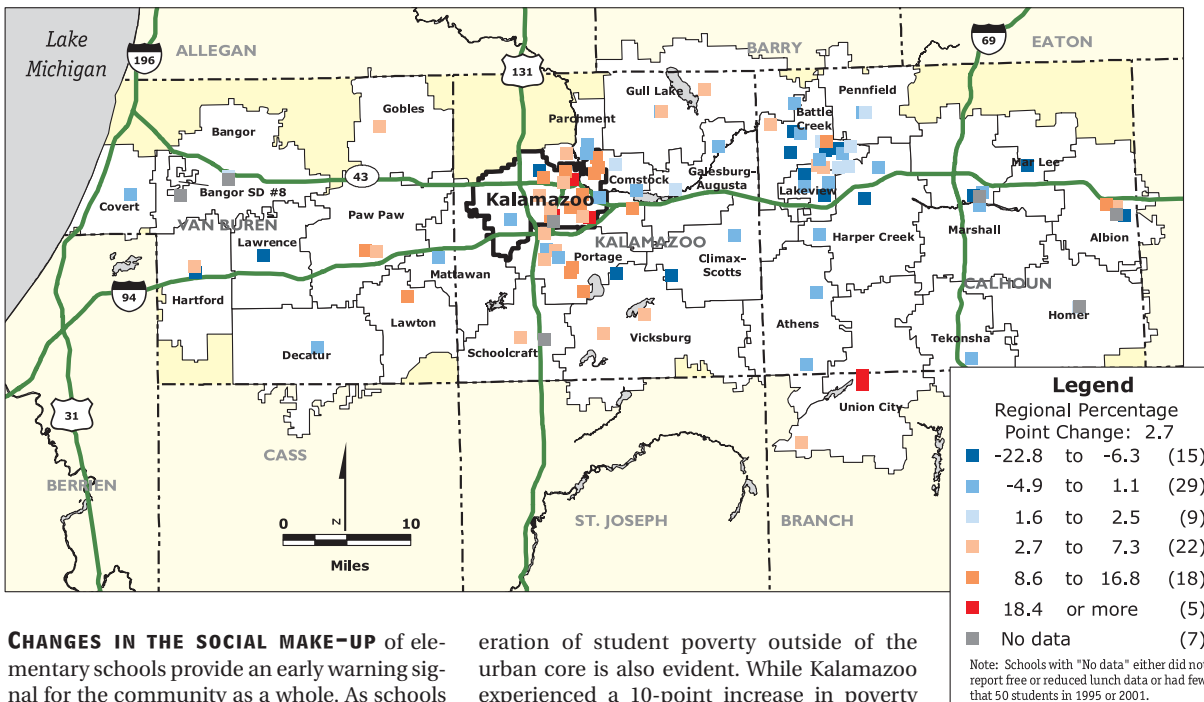
THE ABILITY TO REDUCE racial and economic segregation in a region depends on the availability of affordable housing units in all communities. The distribution of affordable housing in the Kalamazoo region demonstrates the difficulty of meeting that challenge. The highest shares of affordable units are found in many of the region's out-

lying towns, as well as in Kalamazoo, Kalamazoo Township and Battle Creek. Communities with large shares of expensive housing include many suburban townships, including clusters southwest and northeast of Kalamazoo proper (see footnote 20 for a summary of how affordable housing was calculated).

MAP 43. PERCENTAGE OF ELEMENTARY STUDENTS ELIGIBLE FOR FREE AND REDUCED-PRICE LUNCH BY SCHOOL, 2001



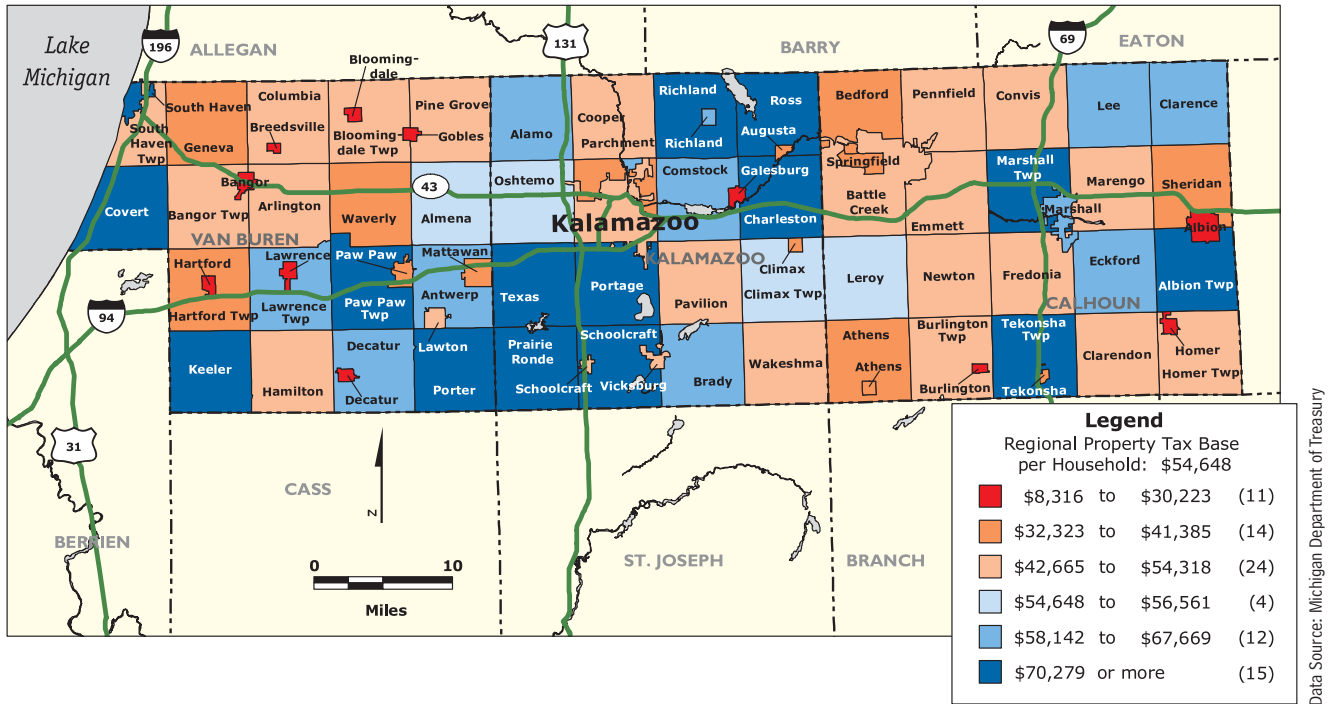
MAP 44. PERCENTAGE POINT CHANGE IN ELEMENTARY STUDENTS ELIGIBLE FOR FREE AND REDUCED-PRICE LUNCH BY SCHOOL, 1995-2001



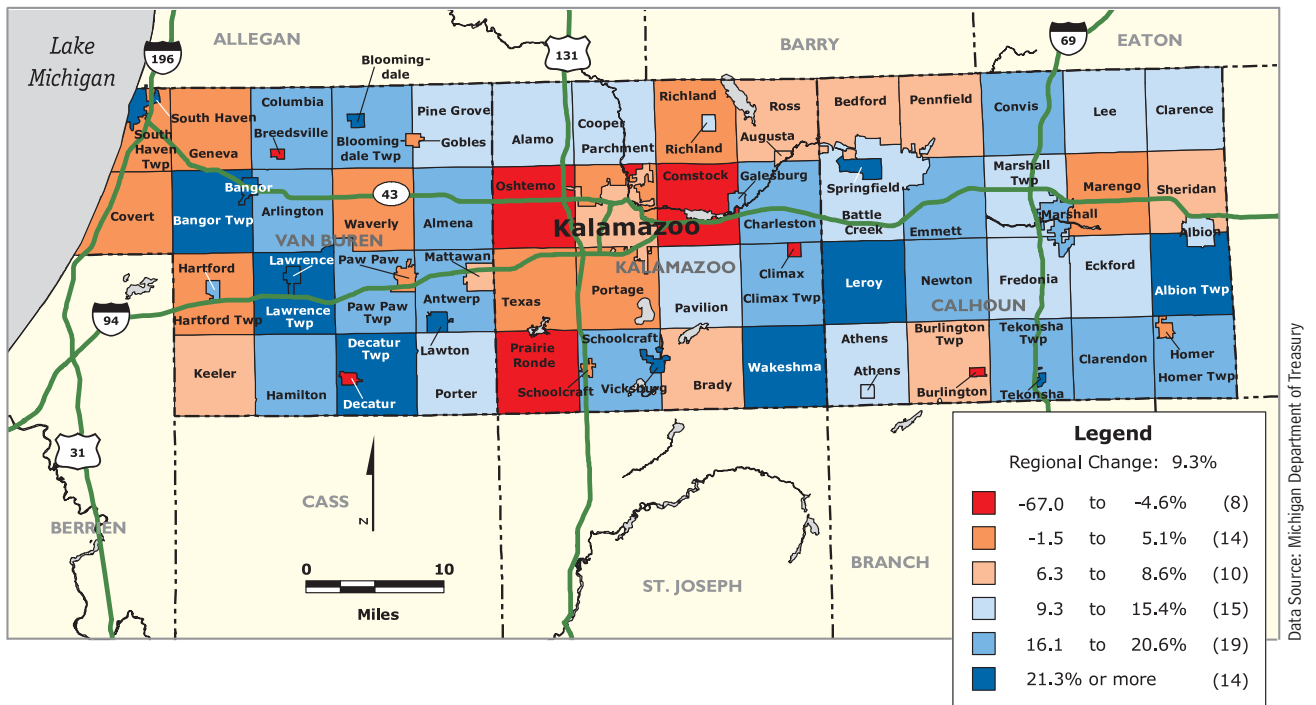
CHANGES IN THE SOCIAL MAKE-UP of elementary schools provide an early warning signal for the community as a whole. As schools grow poor, whole communities may follow. Student poverty levels are very high in both Kalamazoo and Battle Creek, as well as in many Van Buren County districts. The proliferation of student poverty outside of the urban core is also evident. While Kalamazoo experienced a 10-point increase in poverty from 1995 to 2001, schools in suburban districts, including Union City, Portage and Comstock, have themselves seen notable increases, ranging from five to 18 points.

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MAP 45. PROPERTY TAX BASE PER HOUSEHOLD BY MUNICIPALITY, 2000



MAP 46. PERCENTAGE CHANGE IN PROPERTY TAX BASE HOUSEHOLD BY MUNICIPALITY, 1995-2000

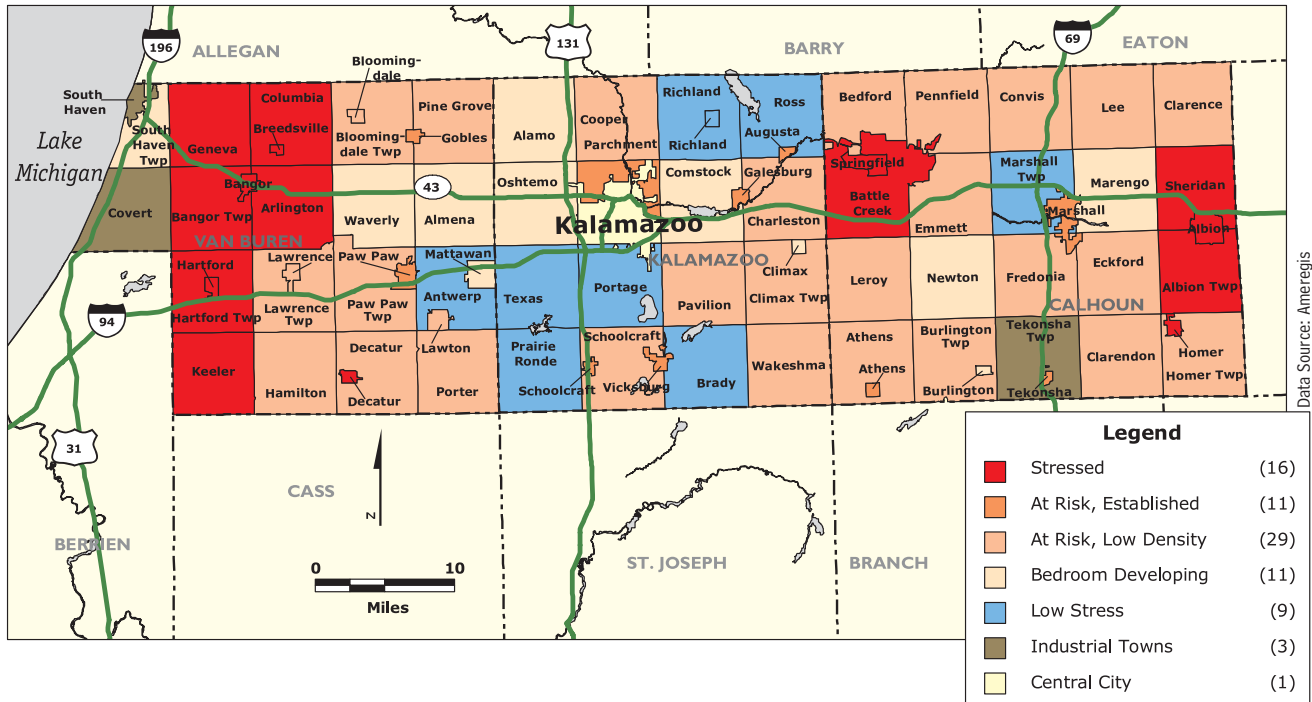


WHEN A MUNICIPALITY'S TAX BASE stagnates or shrinks, officials must choose either to provide fewer, or lower quality, services or raise taxes in order to maintain services. Either choice puts them at a disadvantage in the regional competition for jobs and residents. This dilemma is in play in Kalamazoo and growing numbers of sub-

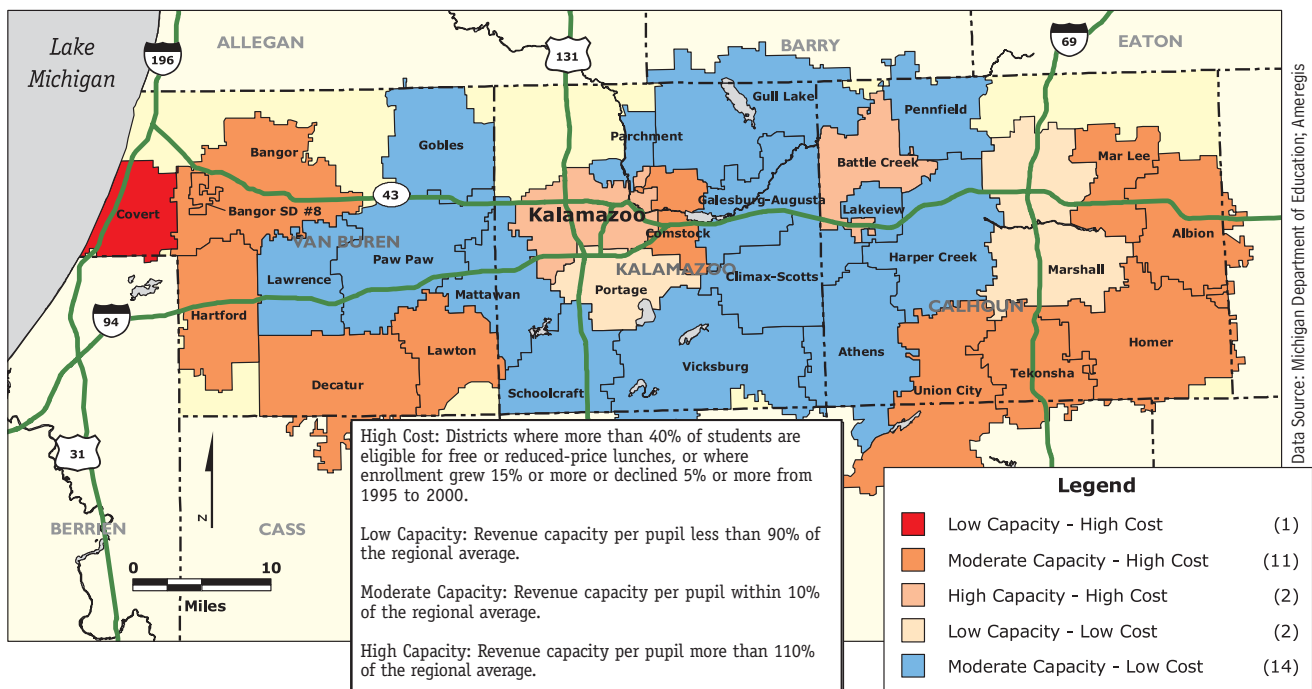
urbs with low and slow-growing tax bases, including Kalamazoo and Bedford townships. Meanwhile, places with big and fast-growing tax bases, like Charleston and Schoolcraft townships, on the other hand, are more able to maintain or improve public services without raising tax rates.

Community Classification

MAP 47. COMMUNITY CLASSIFICATION



MAP 48. SCHOOL DISTRICT CLASSIFICATION



A LOOK AT KALAMAZOO-AREA municipalities and school districts shows that “the suburbs” are not an affluent monolith. Instead, many of them are facing fiscal or social stress. In fact, 63 percent of suburban residents—those in the two at-risk suburban categories—live in communities facing fiscal stress, social stress or both (see the summary table on page 58 for characteristics of the community

types). Another 17 percent of the region’s residents live in the city of Kalamazoo, which is struggling with significant fiscal strain and growing poverty. Similar strains are evident in the region’s schools. Over 40 percent of area students attended school districts exhibiting at least one high-cost stressor—either high rates of student poverty, significant enrollment growth or serious decline.

Saginaw Region

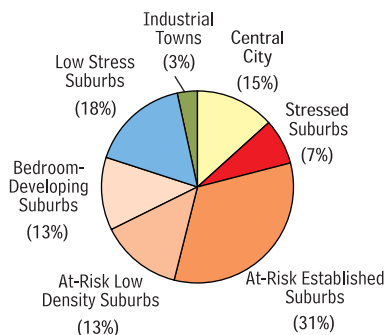
THE SAGINAW REGION continued to expand outward during the 1990s, while the area's population grew by less than 1 percent.

At the county level, Saginaw and Bay counties each lost about 1 percent of their population during the decade, while Midland County grew by nearly 10 percent. Individual communities experienced a far greater range of changes—at the extremes, Tittabawassee Township grew by 67 percent, while the city of Saginaw lost 11 percent of its residents and Spaulding Township lost 10 percent.

The way the region is growing stresses both the “winners” and “losers.” For example, nearly half the region's students are enrolled in school districts stressed by either social strains—high poverty or enrollment declines—or rapid enrollment growth. Although total enrollment declined 2 percent overall from 1995 to 2001, several districts experienced significant growth—for example, Freeland grew by 18 percent and Carrollton by 11 percent. In that same period, 10 districts, including Saginaw Township, experienced significant enrollment declines.

Uneven growth generates high costs, as growing districts strain to keep up with needed facilities, and declining districts struggle to manage growing social need and increasingly empty buildings. That's a particular concern in greater Saginaw, where tax base per household grew more slowly than in any other region in this report.

Population Share by Community Type



In addition to fiscal and enrollment stress, the region's schools are also suffering from deepening income and racial segregation. Although the percentage of free- or reduced-price-lunch eligible students changed little from 1995



Population loss in the city of Saginaw is contributing to housing abandonment.

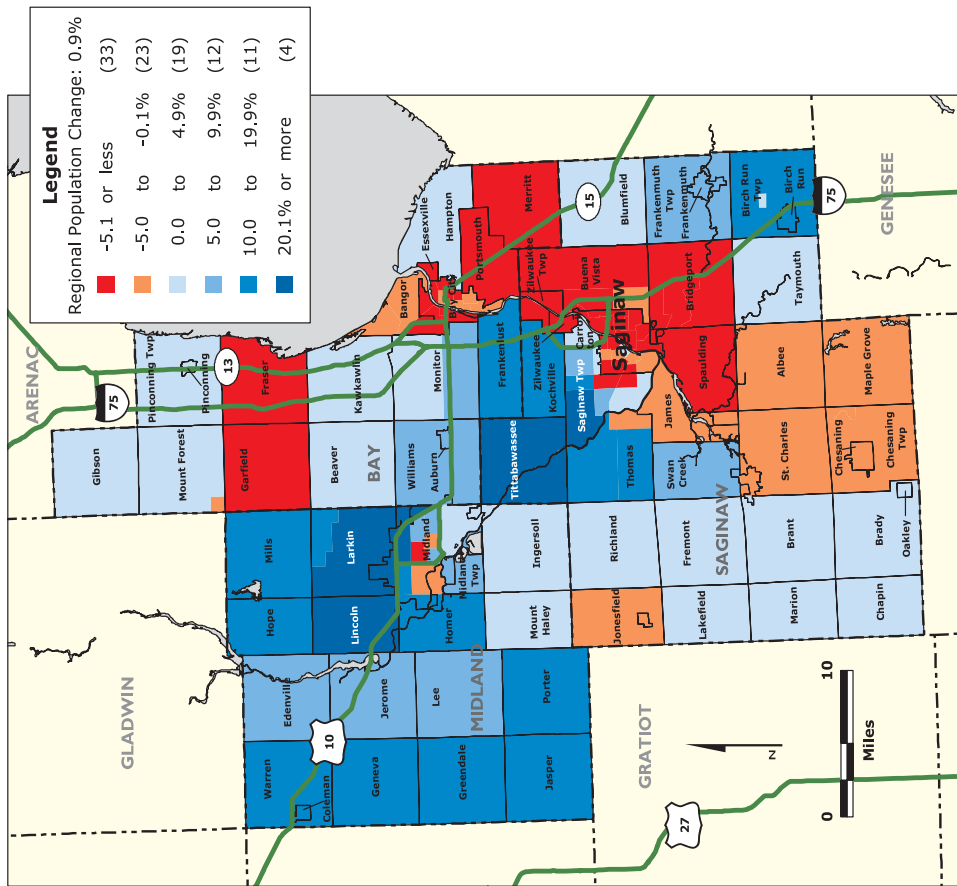
to 2001, the percentage of students who would have to change schools to achieve an identical balance of poor and non-poor kids in each school jumped from 41 percent in 1995 to 47 percent in 2001—the highest increase among all the regions examined in this study. Schools also become more racially segregated. The share of non-Asian minority students who would have to change schools to achieve the same racial mix in each building rose from 68 percent in 1995 to 70 percent in 2001.

Tax base disparities are also evident in the area. In 2000, the community with per-household tax base at the region's 95th percentile could have generated 3.5 times the revenue of the 5th percentile community, a measure that places the Saginaw area in the middle of the pack compared to disparities in other Michigan regions.

All told, 67 percent of Saginaw-area households live in communities experiencing either social or physical stress, compared to 62 percent in all seven regions. The largest community type in greater Saginaw, home to nearly one-third of the region's residents, is the at-risk established group, which includes Saginaw Township, Bay City, Bangor and several older, outlying towns. On average they have the lowest tax bases outside of the city of Saginaw and their populations are growing more slowly than average.

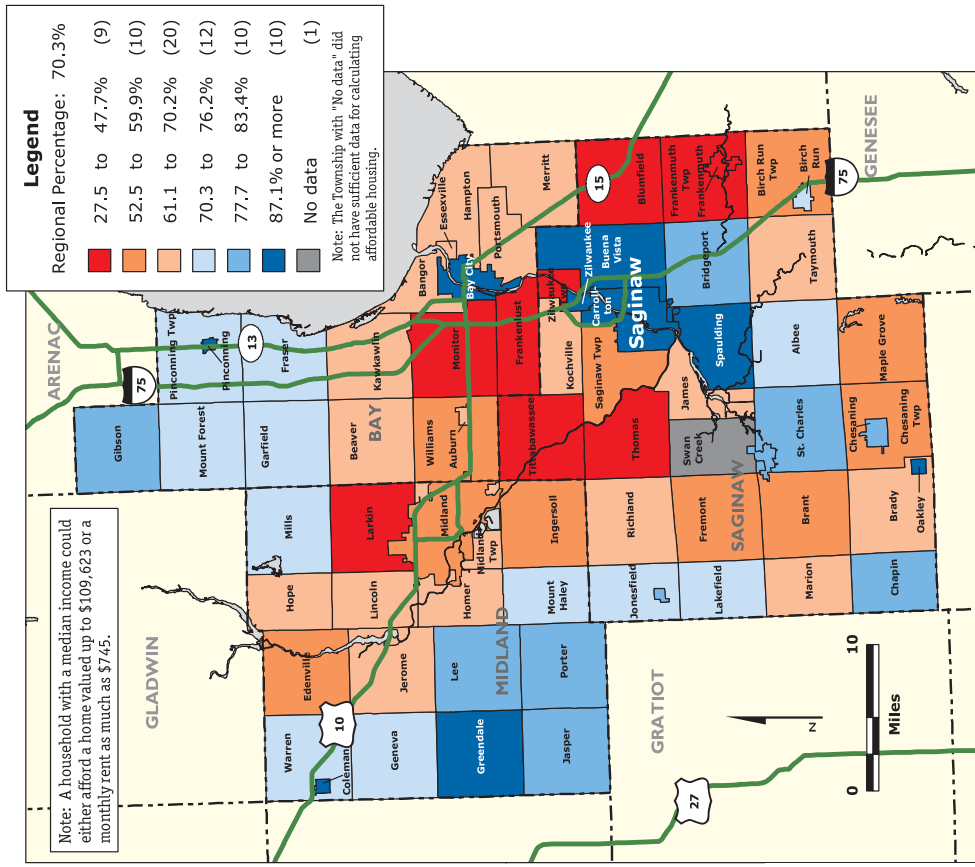
Population Change & Affordable Housing

MAP 49. PERCENTAGE CHANGE IN POPULATION BY CENSUS TRACT, 1990-2000



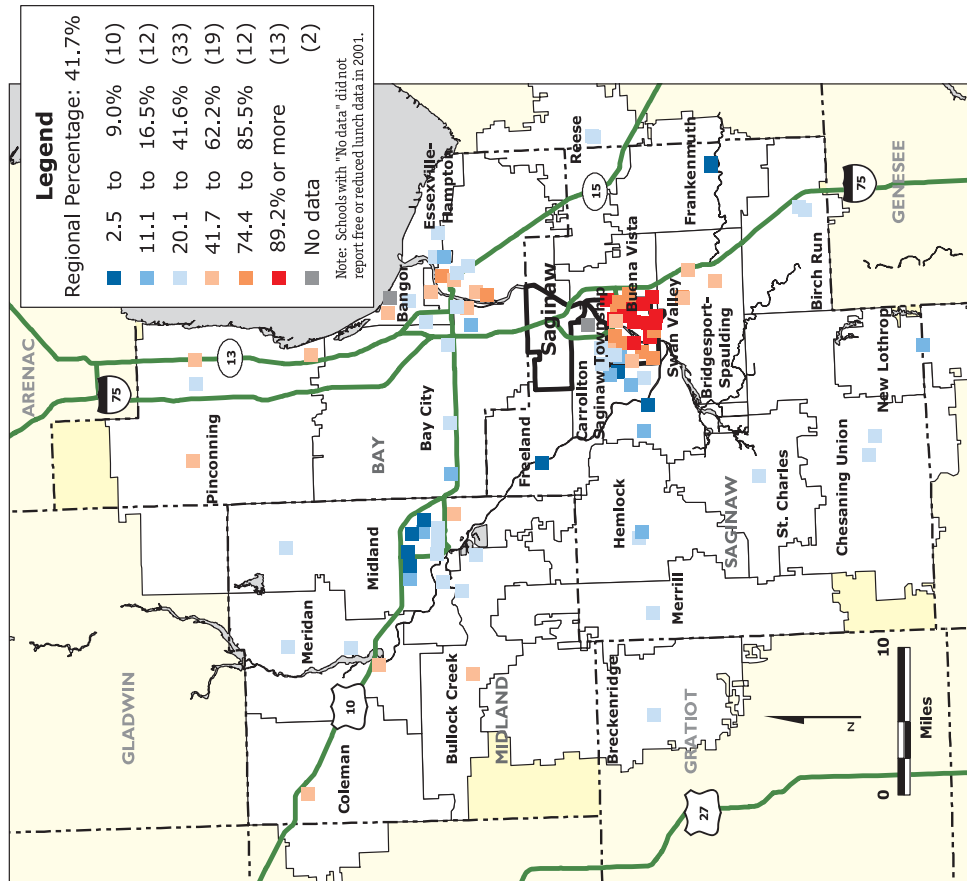
OVERALL POPULATION LEVELS in the Saginaw area remained about the same between 1990 and 2000, increasing by less than 1 percent. But there was actually great variation in population growth among the region's municipalities and townships. Saginaw, and many suburbs to its east and south, saw population declines, while many communities northwest of Saginaw saw their populations grow rapidly.

MAP 50. PERCENTAGE OF HOUSING AFFORDABLE TO HOUSEHOLDS WITH 80% OF THE REGIONAL MEDIAN INCOME BY MUNICIPALITY, 2000



AFFORDABLE HOUSING in the region is largely concentrated in the city of Saginaw, Bay City and several inner suburbs and means that low- and moderate-income residents are largely locked out of suburban communities with growing tax and job bases (see footnote 20 for a summary of how affordable housing was calculated).

MAP 51. PERCENTAGE OF ELEMENTARY STUDENTS ELIGIBLE FOR FREE AND REDUCED-PRICE LUNCH BY SCHOOL, 2001



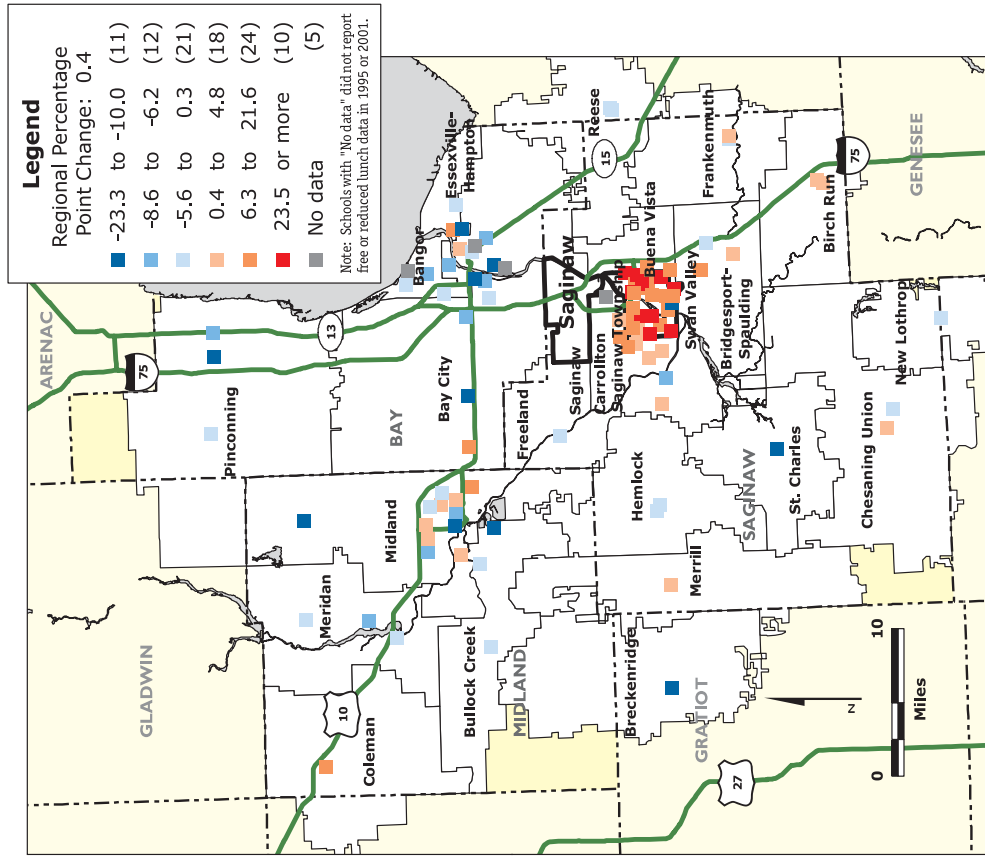
Data Source: Michigan Department of Education

PROBLEMS ASSOCIATED with concentrated poverty—everything from high crime to poor health—dramatically limit the opportunities of residents, discourage investment in neighborhoods, and place a burden on local government resources. Patterns of income segregation in

Saginaw-area schools reflect broader community trends: student poverty is largely concentrated within the cities of Saginaw and Bay City, some of Saginaw's inner suburbs, and scattered outlying districts. Changes in free-lunch eligibility from 1993 to 2000 illustrate that poverty

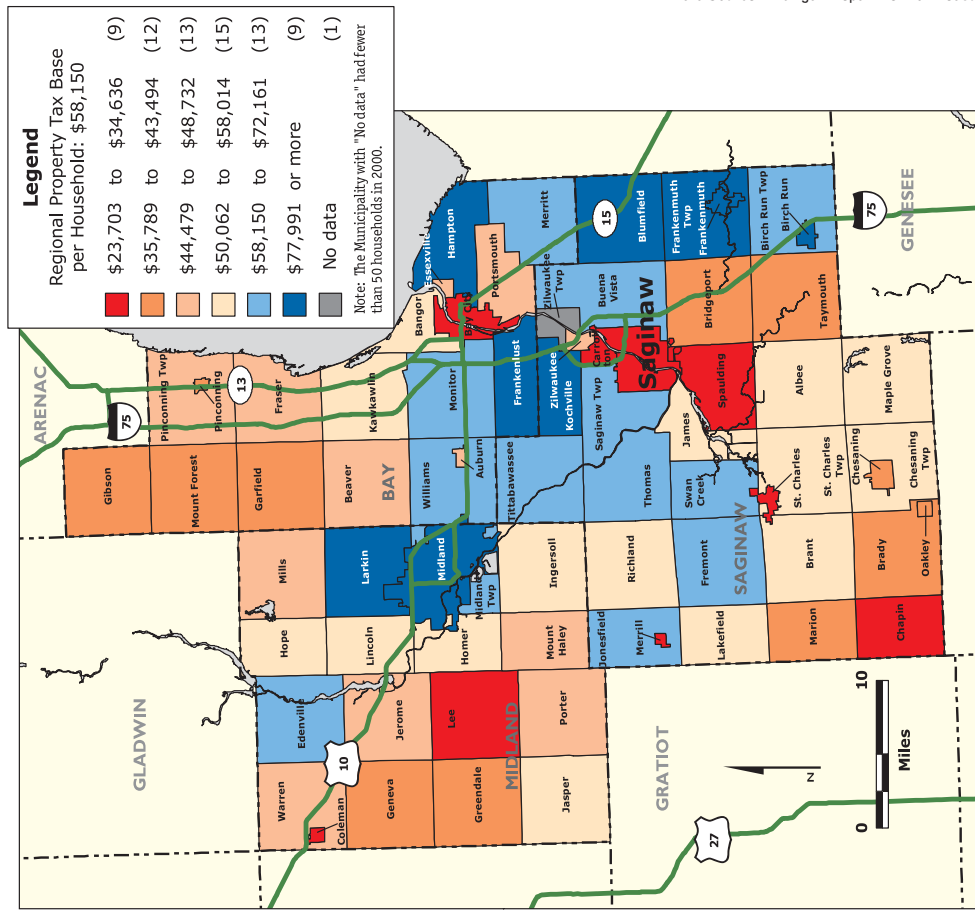
is no longer constrained to central cities—the inner-suburban districts of Buena Vista and Bridgeport-Spaulling and the outlying Coleman district all experienced substantial increases in poverty.

MAP 52. PERCENTAGE POINT CHANGE IN ELEMENTARY STUDENTS ELIGIBLE FOR FREE AND REDUCED-PRICE LUNCH BY SCHOOL, 1995-2001

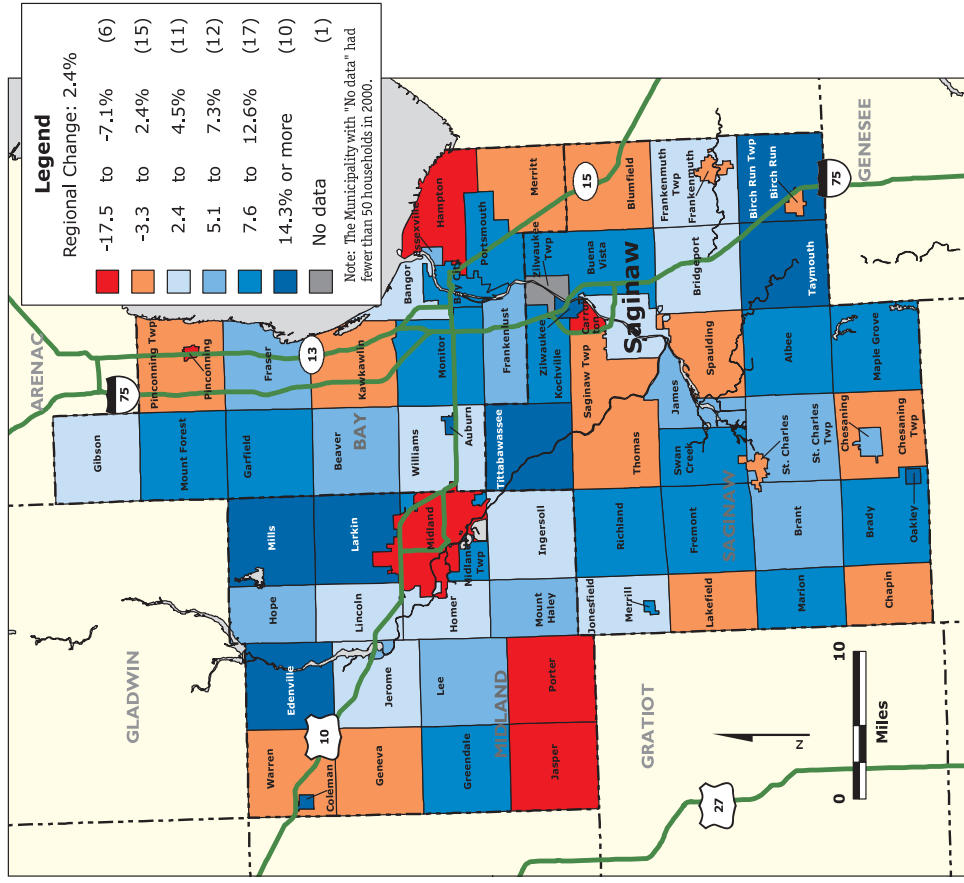


Data Source: Michigan Department of Education

MAP 53. PROPERTY TAX BASE PER HOUSEHOLD BY MUNICIPALITY, 2000



MAP 54. PERCENTAGE CHANGE IN PROPERTY TAX BASE PER HOUSEHOLD BY MUNICIPALITY, 1995-2000



IN THE SAGINAW REGION, the tax bases communities depend on to support public services vary widely from place to place. High tax bases were concentrated around Saginaw and along the region's eastern edge. The smallest

per-household tax bases were found in Saginaw, Bay City, the adjacent communities of Spaulding and Carrollton and many outlying towns and townships. Communities experiencing slow-growing, and in some cases even

declining, tax bases in the late 1990s (adjusted for inflation) were scattered throughout the region, and included Midland, Carrollton and Saginaw Township.

Traverse City Region

THE TRAVERSE CITY AREA faces unique issues compared to other regions in this report. Unlike the others, it is not a metropolitan area as defined by the U.S. Census Bureau. It is smaller and less sparsely settled than the other regions. Because of the scale of the region, there is not the typical city-suburb relationship between Traverse City and many of the region's outlying communities. Its economic base is also far more reliant on tourism.

Although distinct in several ways, the Traverse City region does share characteristics with many metropolitan areas. The region is clearly struggling with the strains of rapid growth. Its population grew nearly 24 percent during the 1990s, more than three times faster than the state as a whole. The area has seen an influx both of full-time residents, including many who have retired to the area, and part-time residents with vacation homes. This influx has underscored tension between the need to provide the services desired by new residents and to preserve the "north woods" feel that attracted many of them to begin with.

With its large supply of expensive homes, Traverse City has by far the highest tax base per household of any of the regions in this study. Its tax base also grew the most in the late 1990s. But reflecting the differences between part-time and year-round residents, it also has a very high level of fiscal inequality. The ratio of tax base in the municipality at the 95th percentile to that in the 5th percentile—7.9—means that if all municipalities assessed the same property tax rate, the high tax-base place would raise almost eight times the revenue of the low-base municipality. That's a notable decline from 1995, when the ratio was 9.9, but it is still by far the highest level of fiscal inequality among the regions in this study.

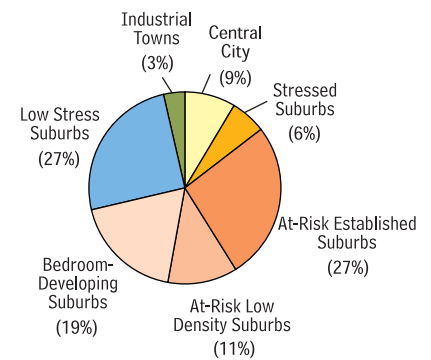
Again due to its unique characteristics, the area has the lowest levels of school segregation of any of the regions in this study, but in a troubling trend, segregation is increasing, particularly for students of color. Although they represented just 5 percent of all students in 2001, 40 percent of non-Asian minority students would

The scenic Boardman River Valley is threatened by sprawling development.

have had to change schools to achieve a perfectly integrated enrollment. That's an increase of six percentage points from 1995, and the largest change of the seven regions. The share of poor students who would have to change schools to achieve an identical balance of poor and non-poor kids in each school increased by one percentage point, to 27 percent, in the same period.

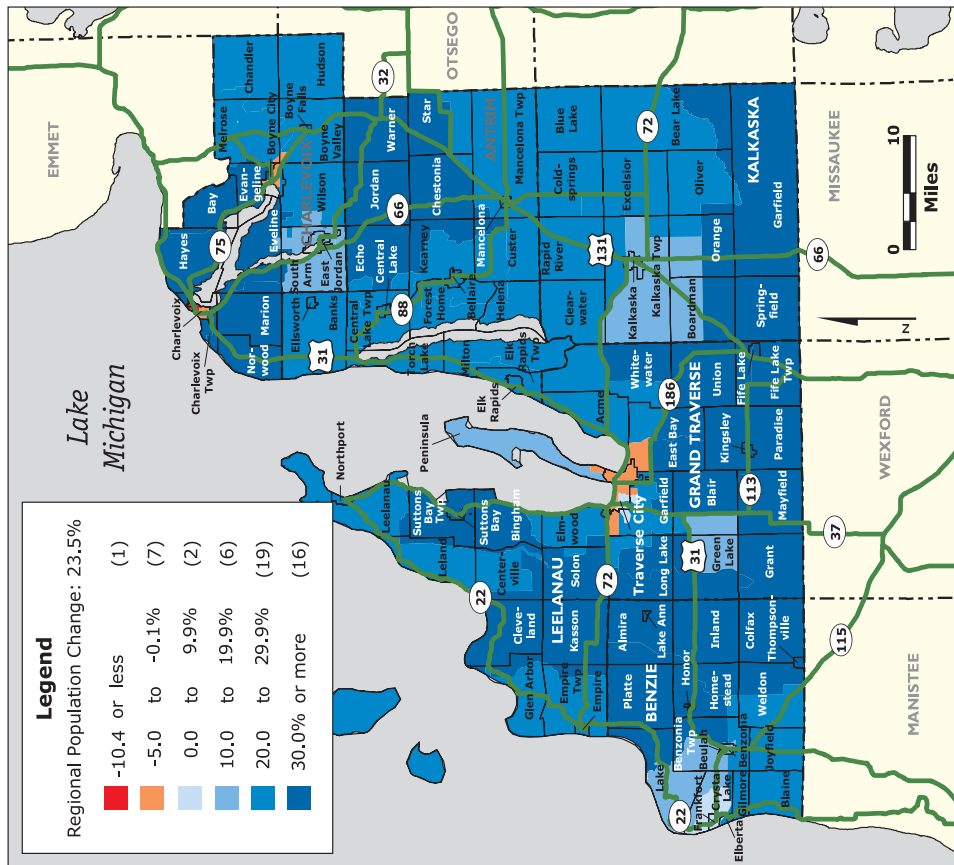
Adding to the region's disparities is a very uneven distribution of affordable housing. Communities with the lowest shares of affordable housing are those lining Lake Michigan and Grand Traverse Bay. Most of the affordable housing is concentrated in the east and south of the region, where median income tends to be lower than the regional average. This disparity contributes to growing traffic congestion because many low- and moderate-wage workers must live some distance from jobs in the region's primary employment centers, Traverse City and Garfield and East Bay townships.

Population Share by Community Type

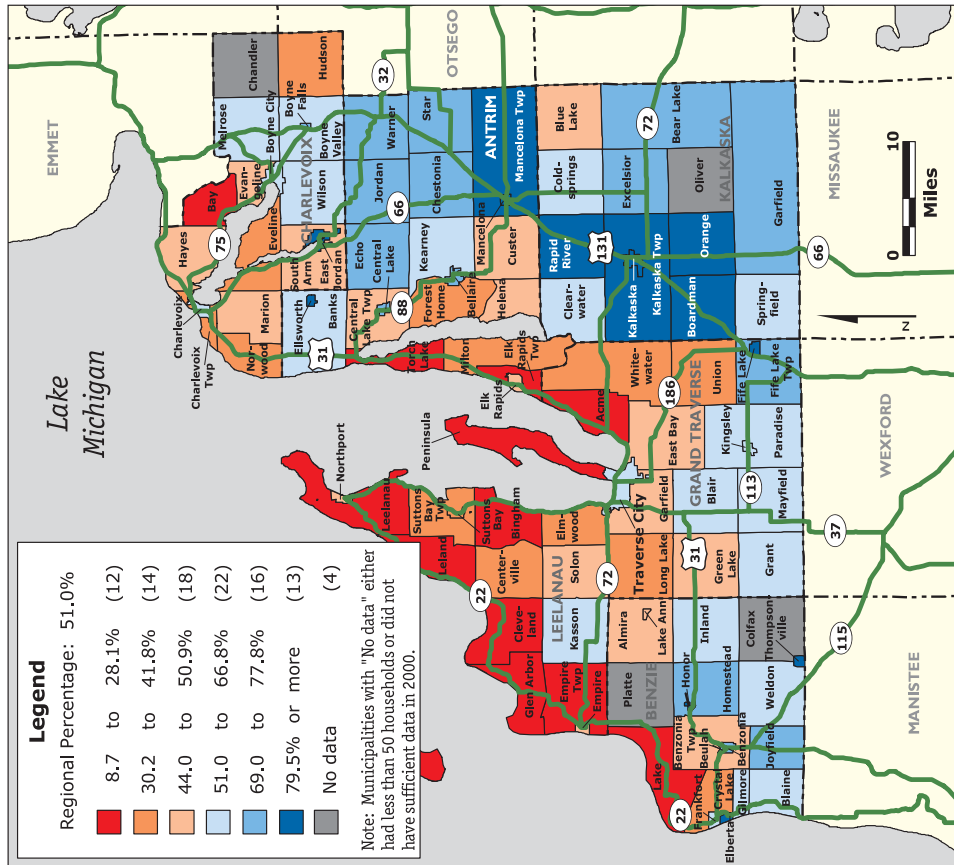


Population Change & Affordable Housing

MAP 57. PERCENTAGE CHANGE IN POPULATION BY CENSUS TRACT, 1990-2000.



MAP 58. PERCENTAGE OF HOUSING AFFORDABLE TO HOUSEHOLDS WITH 80% OF THE REGIONAL MEDIAN INCOME BY MUNICIPALITY, 2000



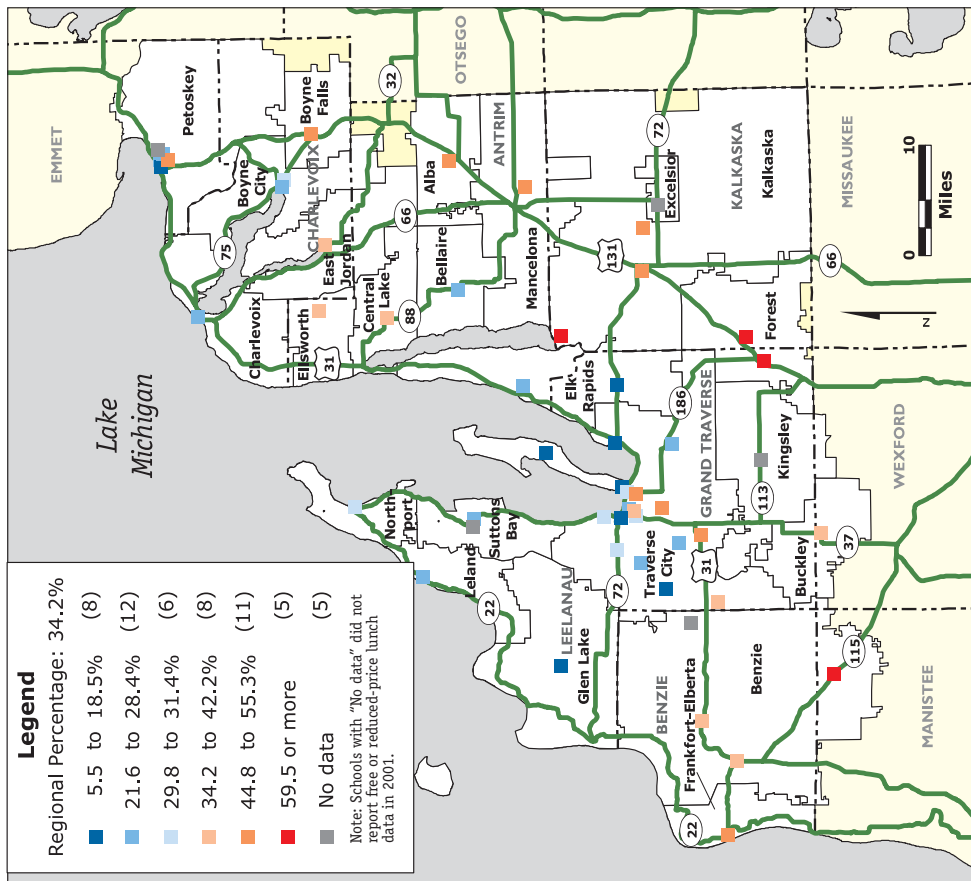
Data Source: U.S. Census Bureau

RAPID POPULATION GROWTH places considerable strain on communities that must provide the schools, roads and other public services desired by residents. Nearly all areas of the region saw rising population during the 1990s, and many grew considerably. Population in portions of Traverse City, Charlevoix and Boyne City fell during the period.

THE DISTRIBUTION of affordable housing in the Traverse City area is very uneven. Communities with low shares of affordable housing in the Traverse City region tend to be those located on lakes or near other attractive natural features. Areas with

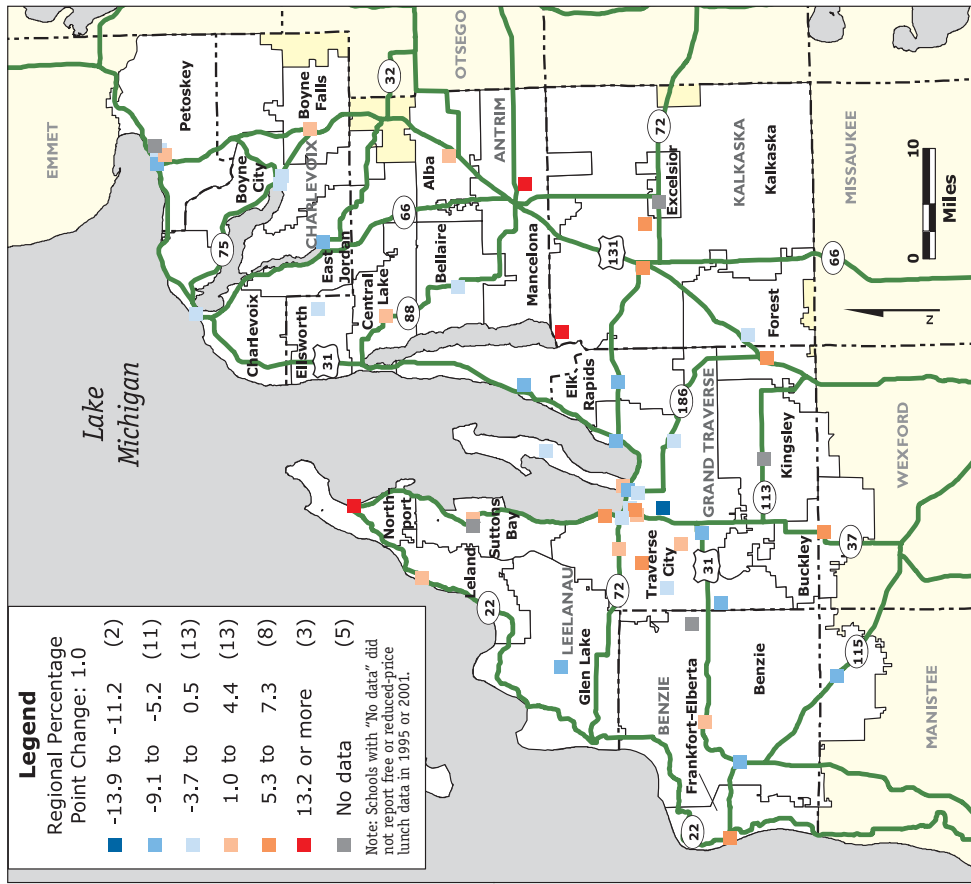
greater shares of affordable houses are largely located in inland areas, particularly those in the southeast corner of the region. (See footnote 20 for a description of the affordable-housing calculation.)

MAP 59. PERCENTAGE OF ELEMENTARY STUDENTS ELIGIBLE FOR FREE AND REDUCED-PRICE LUNCH BY SCHOOL, 2001



Data Source: Michigan Department of Education

MAP 60. PERCENTAGE POINT CHANGE IN ELEMENTARY STUDENTS ELIGIBLE FOR FREE AND REDUCED-PRICE LUNCH BY SCHOOL, 1995-2001



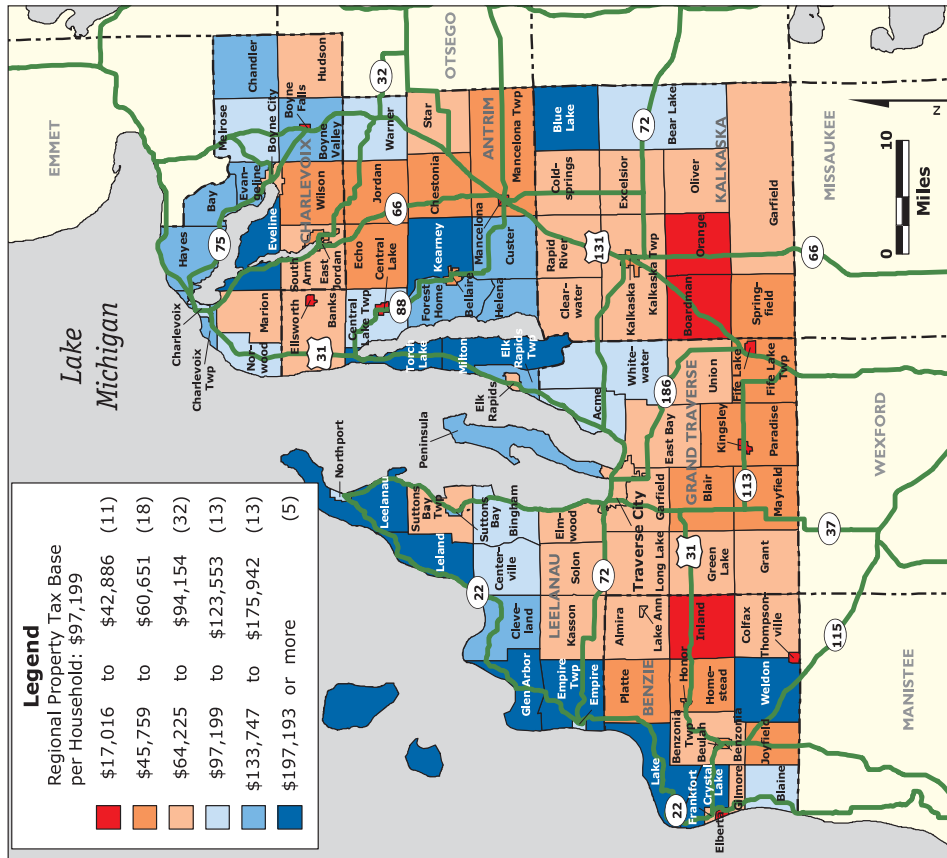
Data Source: Michigan Department of Education

THERE IS A GREAT RANGE in poverty levels in Traverse City-area school buildings. Schools with high poverty levels serve many of the inland portions of the region, while many

areas along the lake and bay have low rates. As schools grow poor, they must provide for a series of special, and sometimes costly, needs. Schools with growing poverty are scat-

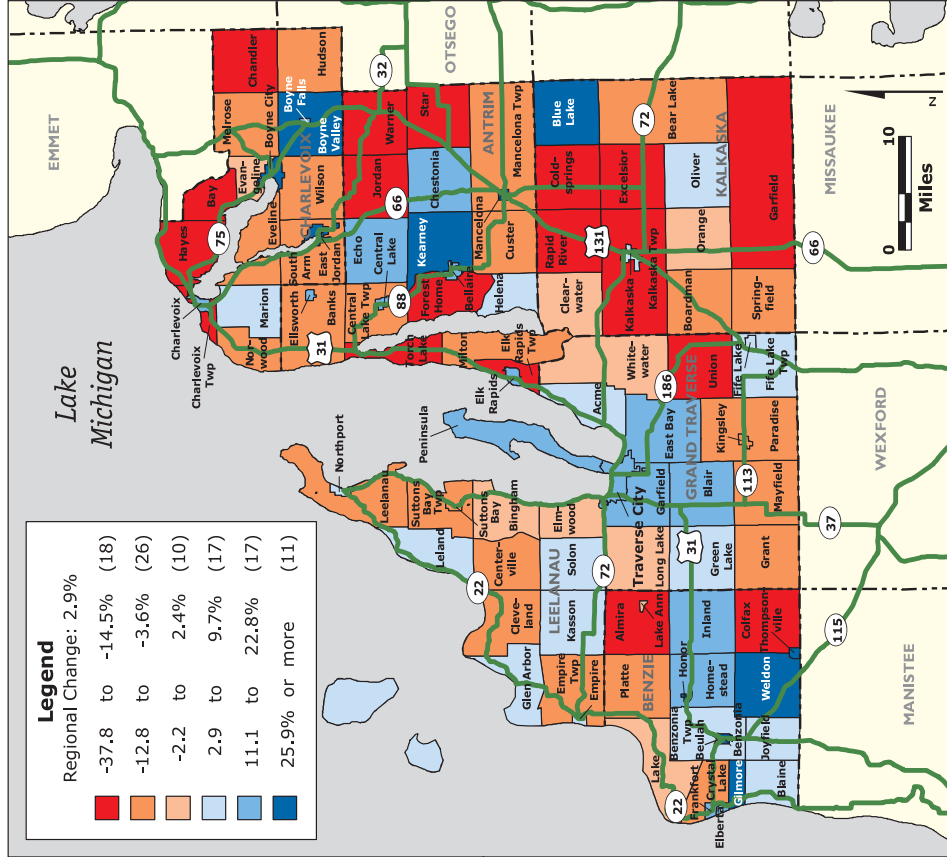
tered across the region and include some with rates that are already relatively high.

MAP 61. PROPERTY TAX BASE PER HOUSEHOLD BY MUNICIPALITY, 2000



Data Source: Michigan Department of Treasury

MAP 62. PERCENTAGE CHANGE IN PROPERTY TAX BASE PER HOUSEHOLD BY MUNICIPALITY, 1995-2000



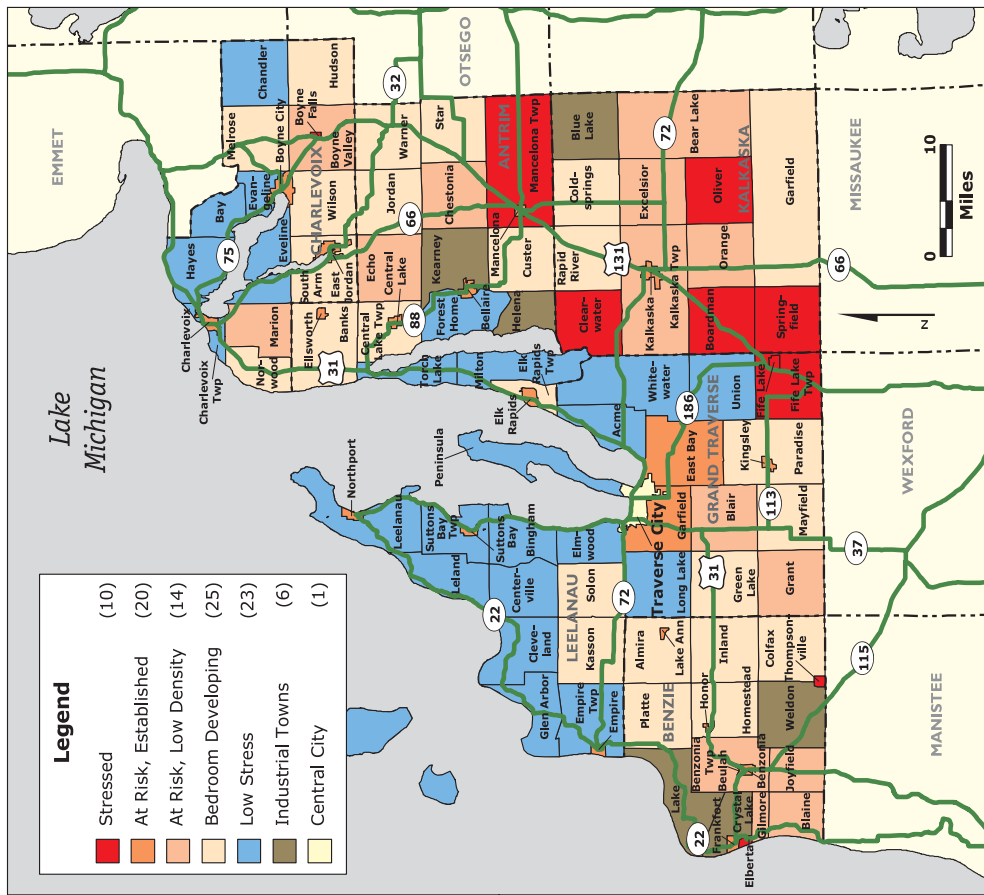
Data Source: Michigan Department of Treasury

A COMMUNITY'S ABILITY to provide the public services desired by residents depends on its ability to raise revenues from its tax base. Communities in the Traverse City region

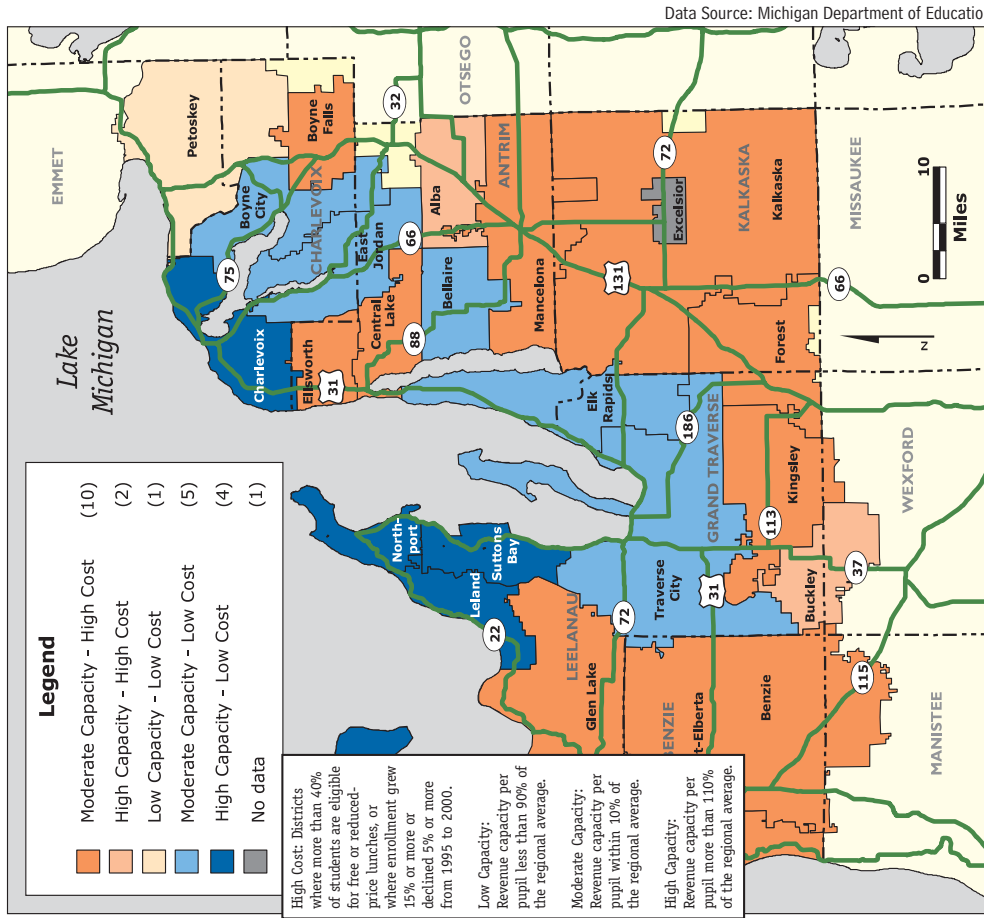
exhibit widely varying abilities in this area. Most communities along Lake Michigan and Grand Traverse Bay have very high property tax bases per household, while many inland commu-

nities have relatively low tax bases. Places with slow-growing tax bases are distributed throughout the region, with a somewhat higher concentration in the eastern half.

MAP 63. COMMUNITY CLASSIFICATION



MAP 64. SCHOOL DISTRICT CLASSIFICATION



BY CLASSIFYING MUNICIPALITIES and school districts, we can see the combined effects of a local government's fiscal capacity and the costs it faces in providing services. This exercise demonstrates that over half of area residents live in communities facing fiscal stresses—low or slow-growing tax

bases—or social stresses, including low or slow-growing income or population (see page 58 for the characteristics of the community types). In addition, over 40 percent of the region's students were enrolled in school districts with either low-to-moderate revenue capacities or high costs—indicated

by high rates of student poverty, significant enrollment growth or serious decline.

Looking Forward:

Strategies for Regional Reform

REGIONAL COMPETITION for tax base and uncoordinated growth are hurting almost every city, village and township in Michigan's metropolitan areas—leading to concentrated poverty and abandoned public facilities in central cities; growing social and fiscal strain in at-risk suburbs; and traffic snarls, overcrowded schools and degraded natural resources in communities on the urban fringe.

These problems diminish the quality of life throughout the state. Public policies contribute to them, and public policies can help solve them. But they must be implemented on a regional scale. Broad policy areas where reforms are most needed to combat social separation and wasteful sprawl include:

- **Tax reforms** to reduce fiscal disparities among local governments.
- **Regional land-use planning** to support more sustainable development practices.
- **Metropolitan partnerships** to ensure efficient public services and to give all communities a voice in regional decision-making.

In addition to addressing individual problems, the strategies suggested in this report, representing both short- and long-term approaches, are mutually reinforcing. Successfully implementing one makes implementing the others much easier, both substantively and politically.

Finally, at a time of severe fiscal crisis in the state, regional approaches support fiscal responsibility. They can help rein in spending that adds to costly, sprawling development and encourage communities to work together to provide public services in the most efficient manner.

Tax Reforms

In Michigan, residential and commercial development largely determine a community's local tax base. As a result, there is wide variation in the ability of local governments to generate revenue from their tax bases. Among the seven regions in this report, the high-tax-base

communities—those with tax bases at the 95th percentile in their regions—can raise anywhere from three to eight times the revenue of the lowest-tax-base communities—those at the 5th percentile—with the same effort.

Reducing fiscal disparities among local governments is important because it helps reduce the incentives for communities to compete against their neighbors for tax-generating developments, regardless of how they fit into regional land-use patterns. It also provides a boost to places struggling with weak tax bases and great social and physical needs, and it assures that all residents enjoy at least a minimum level of important local public services.

PROTECT REVENUE-SHARING

Historically, the Michigan revenue-sharing system—a means of distributing state revenues to local governments—has been one of the best in the country at narrowing fiscal disparities. But recent changes to the program are endangering its record.

In fiscal year 2001, the system distributed about \$1.5 billion to cities, townships and counties.²⁶ About 45 percent of the total was distributed on a per capita basis in conformance with requirements in the state constitution (“Constitutional Aid”). The remainder is distributed by formula (“Formula Aid”). The Formula Aid program is targeted specifically to help communities facing fiscal stress—either on the revenue or expenditure sides of local budgets.

In 2000, revenue sharing to municipalities significantly reduced fiscal disparities. The 95th-to-5th percentile ratios declined by more than a third in each of the metropolitan areas when aid was included in the calculation (see page 60).

However, recent state budgets have significantly reduced funding for the revenue-sharing program beginning with fiscal year 2002. For instance, Formula Aid in ten inner suburbs in Oakland County is scheduled to decline by more than 15 percent from fiscal year 2001 to fiscal year 2003.²⁷ During the same period, Constitutional Aid (which is much less targeted toward fiscally stressed communities than Formula Aid) is scheduled to increase, but only by 6 percent.



Older neighborhoods benefit from new developments that increase housing choices and tax base.

This mix of changes means that the revenue-sharing system will become progressively less supportive of the kinds of places targeted by the Formula Aid programs, with older suburbs being prime losers. Minimizing cuts to the existing revenue-sharing program, especially Formula Aid, is an important step to maintain and improve fiscal equity in Michigan.

IMPLEMENT TAX-BASE SHARING

There are also regional policies that can both reduce the inequalities among local governments and decrease the incentives for them to engage in wasteful competition for tax base. In a tax-base-sharing program, each community contributes to a regional pool based on the growth in its property tax base. Resources in the pool are then redistributed back to communities based on population, tax base or some other local characteristic.

Tax-base sharing is a mechanism for local governments to share the benefits and the responsibilities of economic development and growth. The process improves both the equity and efficiency of the regional fiscal system. On one hand, tax-base-poor communities get back more than they paid into the pool, while tax-base-rich communities get back less. On the other hand, because all communities keep a majority (but not all) of the growth in tax base within their borders, the program reduces the incentives for inefficient competition for tax base while still allowing communities to cover the local costs of development.

Simulations of tax-base sharing in Michigan's regions show that such a program would increase the

tax base available to municipalities serving over two-thirds of the population and reduce tax-base disparities in each metropolitan area. In Grand Rapids and Detroit, for instance, the ratio between the 95th and 5th percentile places dropped by more than 15 percent after sharing. This was achieved by using a pool that, after six years, equaled just 10 percent of the total tax base in those regions (see maps 65 and 66).

OTHER POLICY ALTERNATIVES

Revenue and tax-base sharing are just some of the ways to create more equitable fiscal relationships among local governments. In areas where development is desired, the property tax can be improved by allowing for differential taxation of land and what is built on it. Used most extensively in Pennsylvania, the "two-tier" property tax can encourage more intensive use of land by taxing land more heavily than improvements.²⁸ By shifting the tax burden from the improvements to the land itself, this type of tax encourages development of abandoned or underdeveloped land in already developed areas. In addition, when combined with other measures to protect farmland or open space, it encourages more efficient use of land in developing areas.

Regional Land-Use Planning

In addition to the great disparities in the fiscal capacity of local governments, there are many other costs associated with the inequitable and inefficient growth occurring in Michigan. Valuable agricultural land and

sensitive open space are destroyed. Traffic congestion increases. Expensive public infrastructure is built on the urban edge, while existing facilities in cities are underutilized, poorly maintained and sometimes shut down altogether.

The localized nature of planning in the state—with power fragmented among hundreds of governments—contributes to unbalanced growth patterns. This arrangement makes it very difficult to implement coherent policies in areas with regional implications, such as housing, transportation or environmental protection.

INCREASE STATE INVOLVEMENT IN SMART GROWTH

Developing a cooperative land-use planning framework that encourages places to consider the regional consequences of local decisions is an essential aspect of a regional reform agenda. Increasingly officials are turning to smart growth, an efficient and environmentally friendly development pattern that aims to preserve open space and agricultural lands, ease traffic congestion by creating a balanced transportation system, and make more efficient use of public investments.

Ensuring that all communities strengthen their commitment to affordable housing is an essential component of smart-growth planning. Regional affordable housing initiatives help to reduce the consequences of concentrated poverty on core communities and provide people with real choices concerning where they want to live. In addition, given their robust tax bases, it is clear that most Michigan communities with little affordable housing could absorb significantly more affordable housing with little effect on their fiscal well-being.

In addition to its other benefits, reducing sprawl can save money. For instance, an analysis of the potential fiscal impact of smart growth patterns in 18 communities in the Detroit area found that by pursuing smart growth policies, local governments could save over 3 percent on annual local public-sector service costs.²⁹

When aggregated across the state, such savings can be very significant, especially at times like these, when the state and local governments face hard fiscal times. An analysis of New Jersey's State Development and Redevelopment Plan, which emphasizes smart growth, found that implementing the plan would reduce the fiscal deficits of local governments caused by growth by an estimated \$160 million over 20 years, and save an



Many of Michigan's existing roads and bridges are deteriorating, while new infrastructure is built on the urban edge.

estimated \$1.45 billion in water and sewer infrastructure statewide.³⁰

At least 15 other states have already adopted comprehensive smart growth acts, and their ranks are growing. Regional land-use planning efforts, like those required in Oregon's statewide program, help officials coordinate investments in roads, highways, sewers and utilities. Concurrency requirements like those in Florida mandate that infrastructure be online by the time development takes place. In addition, there are also a variety of agricultural and open-space preservation programs available.³¹

It is time for Michigan to join this group. A number of bills proposing smart-growth-oriented programs have been introduced in the Michigan legislature in recent years, but, lacking support of the former governor and a majority of legislators, few have made it into law.³² The recent establishment of the Michigan Land Use Leadership Council by Governor Jennifer Granholm and legislative leaders is an important step in the right direction.

There are any number of worthy policies this group might consider, including developing a series of statewide goals that support sustainable development and requiring state agencies to follow them. The state also has a number of tools at its disposal to encourage municipalities to enact planning and zoning rules consistent with the statewide goals, such as technical assistance, streamlined permitting and an array of spending initiatives. Any



of these could be dispensed on a priority basis to ensure that local development policies take into account the costs and benefits they impose on the entire region.

ADOPT A “FIX IT FIRST” POLICY ON INFRASTRUCTURE

Land-use policies cannot be separated from decisions on infrastructure investments—sewers, roads, bridges and schools. These facilities have powerful effects on development patterns. State subsidies of such facilities in previously undeveloped areas have encouraged low-density sprawling development at the expense of existing communities.

The continual addition of new facilities is especially questionable given the condition of existing facilities. For example, more than a quarter of the state’s urban highways were considered in poor or mediocre condition in the late 1990s.³³

Particularly in an era of tight budgets, state officials should focus limited dollars on existing facilities. In addition, local governments should be able to require developers to cover the full cost of water and sewer extensions to their developments. Such policies would help assure that new facilities are not built at the expense of existing communities.

REUSE URBAN LAND

Managing growth on the urban edge isn’t enough to stabilize a region experiencing unbalanced growth. Such efforts must be accompanied by revitalization of the core. Michigan’s industrial history means it has a significant supply of former industrial sites available for redevelopment. Continuing the thoughtful reuti-

lization of abandoned property is an important component of a smart growth strategy in the state. Cleaning up these brownfield sites can encourage businesses to build on land already served by infrastructure, rather than on undeveloped “greenfields” at the urban edge where new infrastructure investments are required. This can save open space while directing jobs to communities that sorely need them.

PROMOTE EDUCATION

Insufficient education of local elected and appointed officials is another barrier to good planning. Efforts such as Michigan State University’s Citizen Planner Program, which provides planning and zoning training to local officials, are valuable endeavors. Having

knowledgeable decision-makers at the local level goes a long way toward implementing positive land-use decisions.

Metropolitan Partnerships

As in most places, the fragmented nature of governance in Michigan has discouraged coordinated strategies for dealing with the problems described in this report. That’s unfortunate because many of the state’s challenges are simply too large for any one local government to address alone.

Effective, efficient regional efforts strike a balance by allowing local control over issues best addressed by local governments, while promoting cooperation on larger issues affecting the entire region, such as highway and sewer investments, affordable housing, transit, land-use planning, air and water quality and economic development.

ENCOURAGE LOCAL GOVERNMENTS TO COOPERATE

There is much local communities can accomplish without state action. Communities with similar interests can band together for advocacy efforts. One of the most extensive examples of this kind in the nation is the First Suburbs Consortium in Ohio. This coalition of older suburbs in Cleveland, Columbus and Cincinnati has undertaken a variety of activities to improve their communities—including lobbying for state laws that emphasize maintaining existing infrastructure instead of building new facilities. They have also collaborated on special programs, such as a low-interest home improvement loan program for residents of member communities.³⁴



Public transportation helps support balanced regional growth.

Similar efforts to organize older suburbs are underway in Michigan. The Michigan Suburbs Alliance in the Detroit area is advocating a series of reforms to meet the needs of member communities, such as full funding of Michigan's revenue-sharing program and the establishment of a regional transit authority to oversee public transportation in greater Detroit.³⁵

There are already laws in place in Michigan that allow communities to cooperate on planning and public-service provision. For example, recent amendments to Michigan's planning and zoning laws require townships and municipalities to notify and solicit reviews from their neighbors and the county government regarding local plans.³⁶ Although local governments are under no legal obligation to redraft their plans in response to the reviews, the process represents a useful first step toward better regional coordination.

There are also more substantive examples of cooperation. All 16 local governmental units in Grand Traverse County have banded together under Michigan's Urban Cooperation Act to form a common recycling-service system. Likewise, the City of Traverse City and five nearby townships all participate with the county in a regional wastewater-treatment system. In Genesee County, the city-county authority oversees Bishop International Airport. While these arrangements are sometimes difficult to develop and administer, they offer an efficient way to provide services valued by citizens.

STRENGTHEN REGIONAL ENTITIES

Existing regional organizations already have some power to undertake planning functions in Michigan. One useful example is the Grand Valley Metropolitan Council, a partnership of the city of Grand Rapids and surrounding communities. The council employs several smart-growth-oriented policies, including an urban-services boundary for water and sewer services and other land-use incentives to manage sprawl, preserve open lands, protect natural areas and encourage viable public transit services.³⁷ Elsewhere in the state, regional organizations, including the Southeast Michigan Council of Governments in greater Detroit and the Tri-County Regional Planning Commission in Lansing, are also engaged in a range of regional initiatives, including land-use and economic-development planning.

Many of these organizations also serve as metropolitan planning organizations, bodies empowered by the federal government to make planning and funding decisions on regional transportation systems.

These kinds of organizations have many accomplishments to their credit, but their power to enact significant regional reforms—and in some cases, their interest in doing so—are limited. Empowered with better tools, they could make greater headway on a whole host of regional issues, such as land-use planning, housing and redevelopment efforts, and the protection of farmland and other open spaces.

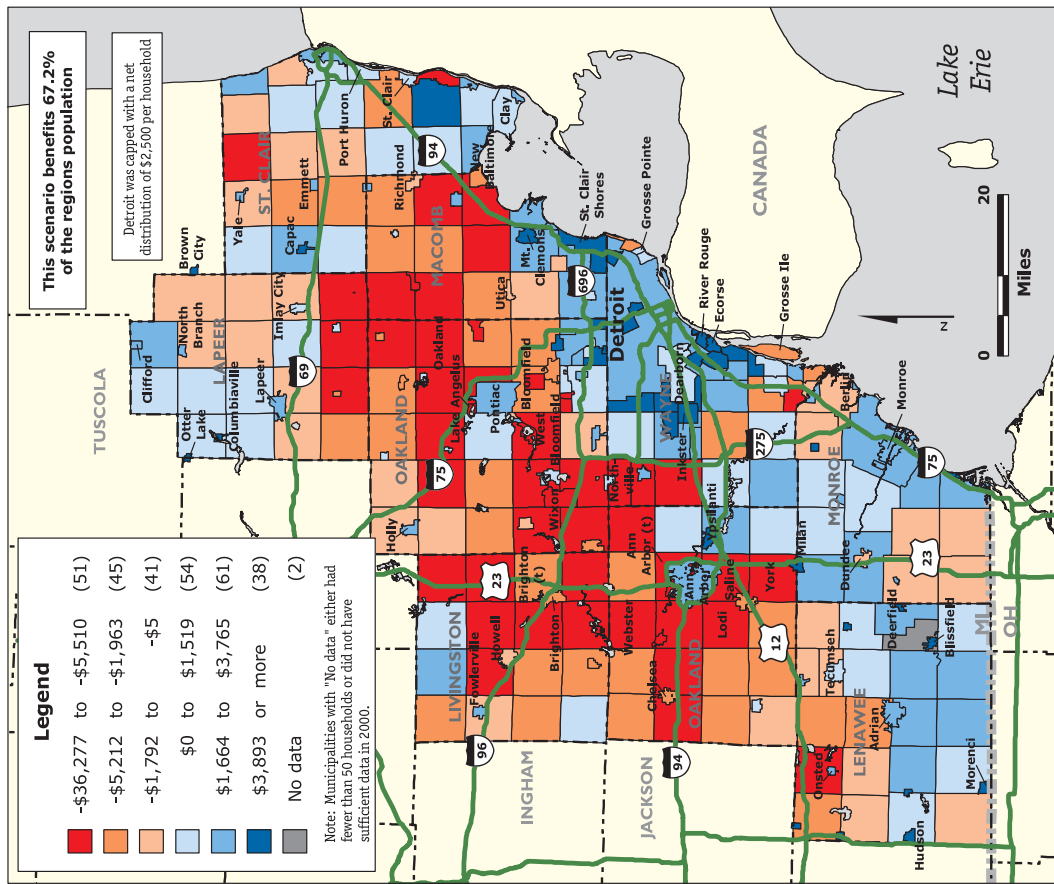
Conclusion

Michigan has the opportunity to enact powerful initiatives to stem the tide of social separation, fiscal inequality and sprawl in its metropolitan areas.

Regional reforms offer relief to all types of communities. For central cities, regionalism means enhanced opportunities for redevelopment and for low-income people. For stressed and at-risk established suburbs, it means stability, community renewal, lower taxes and better services. For at-risk low-density and bedroom-developing communities, it means sufficient spending on schools, infrastructure and clean water. Affluent suburban communities also stand to gain from regional efforts that preserve open space and reduce traffic congestion. In addition to benefiting individual communities, a regional approach can maximize the economic potential in entire regions and enhance the quality of life enjoyed by the people who live in them.

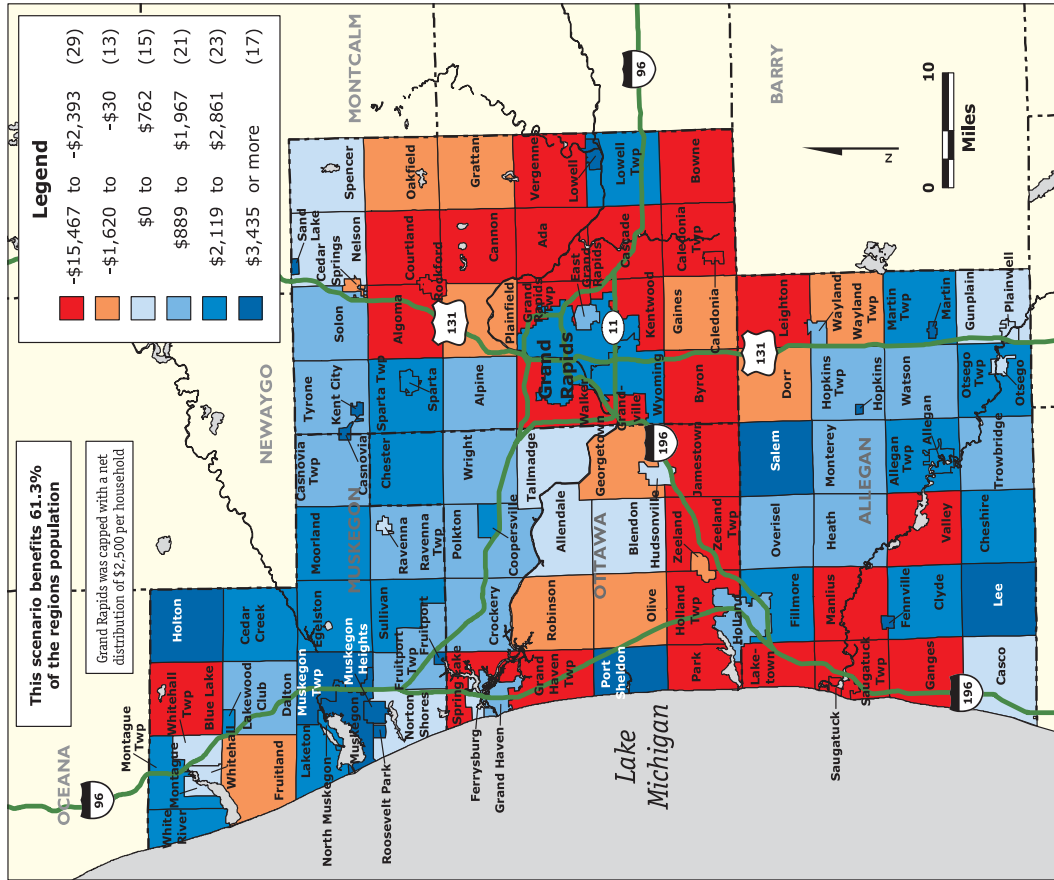
SIMULATED CHANGE IN TAX-BASE PER HOUSEHOLD RESULTING FROM TAX-BASE SHARING, 1995-2000

MAP 65



TAX-BASE SHARING is a highly effective way to narrow fiscal inequalities among communities, reduce wasteful competition for tax base and share some of the benefits of economic growth. In this hypothetical tax-base sharing

MAP 66



program in the state's two largest metropolitan areas, 40 percent of the growth in property tax base from 1995 to 2000 was collected and redistributed back to communities based on their population. Communities kept 60

percent of their tax base growth. In both regions, an overwhelming majority of residents lived in communities benefiting from tax-base sharing.

Community Classification

CHARACTERISTICS OF THE COMMUNITY TYPES BY METROPOLITAN AREA

	Number	1995-2000		1999 Median Income	1995-2000		2000 H'Hold Density	2001		1995-2001		2001 Pct of Non-Asian Minority Elem Students	2000		2000 Pct of Affordable Hsg Units	2000		2000 Pct Alone	2000 Avg Tax Rate
		Share of Region's H'Hold	Pct Chg in Prop Tax Base per HH		H'Hold Growth	H'Hold Density		Pct of Elem Students Eligible for Free Lunch	Pct Pt Chg in Students Eligible for Free Lunch	2000 Pct of Non-Asian Minority Elem Students	2000 Pct of Affordable Hsg Units		2000 Avg. Commute (minutes)	2000 Pct Alone		2000 Avg Tax Rate			
ALL REGIONS																			
Central City	6	19	28,710	26	31,212	-5	1,860	71	2	87	5	48	89	21	72	2.4			
Stressed	70	11	46,477	23	36,776	2	315	60	4	45	8	43	82	24	79	1.8			
AR - Established	89	23	60,430	20	45,479	4	1,296	26	1	12	4	43	63	23	86	1.6			
AR - Low Density	206	10	59,308	28	47,727	4	58	27	-3	7	1	38	57	28	86	0.6			
Bedroom-Dev	180	20	72,495	23	53,577	20	122	19	-2	6	1	29	43	28	88	0.7			
Low Stress	100	15	111,679	20	73,270	12	174	12	-1	9	2	30	29	25	89	0.8			
Industrial Towns	17	3	119,587	26	42,390	6	223	42	1	12	1	31	58	25	87	1.7			
TOTAL	668	100	64,576	26	51,396	6	199	33	-1	23	3	35	61	26	84	1.2			
DETROIT																			
Central City	1	18	21,546	35	29,526	-8	2,349	70	0	96	3	52	90	28	69	3.5			
Stressed	27	10	46,945	25	37,806	0	867	60	4	48	11	46	83	24	80	2.1			
AR - Established	35	26	61,552	20	51,868	3	1,696	24	1	13	5	42	60	24	86	1.7			
AR - Low Density	76	8	64,215	28	50,045	6	88	23	-4	7	1	39	52	30	87	0.8			
Bedroom-Dev	95	21	78,832	25	59,083	20	157	14	-2	5	1	30	36	30	89	0.9			
Low Stress	49	14	129,137	22	84,866	10	251	11	-1	11	2	31	20	27	89	0.8			
Industrial Towns	8	3	121,947	28	46,453	7	464	38	1	7	1	34	57	25	87	1.5			
TOTAL	291	100	68,286	27	57,773	5	316	35	-3	32	0	35	57	28	84	1.3			
GRAND RAPIDS																			
Central City	1	18	47,035	16	37,224	6	1,616	73	5	69	16	48	81	19	77	0.9			
Stressed	15	12	47,397	18	37,673	8	167	54	2	33	4	37	85	23	79	1.2			
AR - Established	16	19	71,143	26	45,147	6	859	29	4	14	6	41	73	20	85	1.2			
AR - Low Density	35	13	61,500	33	47,117	2	50	26	-2	6	1	35	63	25	85	0.5			
Bedroom-Dev	34	24	65,825	21	49,645	23	100	25	0	8	3	26	59	24	86	0.4			
Low Stress	14	14	104,179	21	66,681	18	125	11	0	6	2	25	34	22	89	0.3			
Industrial Towns	3	1	109,772	35	43,113	8	77	53	13	35	10	35	45	24	79	1.4			
TOTAL	118	100	66,016	24	48,513	11	141	37	1	24	6	32	67	23	84	0.7			
LANSING																			
Central City	1	29	37,431	19	34,833	-3	1,405	62	3	56	9	44	89	20	79	2.0			
Stressed	4	9	43,423	4	37,180	17	1,044	28	1	11	1	43	61	30	61	2.0			
AR - Established	14	14	46,427	18	40,896	7	653	23	1	6	2	46	76	25	81	1.3			
AR - Low Density	31	13	57,353	26	50,639	7	25	23	-2	4	0	40	52	28	83	0.4			
Bedroom-Dev	12	13	53,244	24	52,355	17	66	24	1	5	1	30	53	26	84	0.5			
Low Stress	11	23	74,619	18	63,350	12	114	13	0	8	2	31	46	23	86	0.7			
Industrial Towns	2	0	89,754	43	42,132	14	11	26	-6	3	-1	16	33	30	81	0.0			
TOTAL	75	100	52,427	21	49,804	7	101	30	-1	20	3	38	67	27	80	1.2			

FLINT																	
Central City	1	29	32,704	11	28,015	-7	1,429	77	6	6	n.a.	78	48	92	24	75	1.8
Stressed	3	6	32,836	25	37,687	-1	311	65	-2	46	1	50	46	83	27	82	1.1
AR - Established	2	2	33,125	25	36,671	0	1,221	24	1	40	0	5	40	79	26	86	1.7
AR - Low Density	8	22	50,379	23	45,690	3	232	34	-1	36	2	14	36	65	26	86	0.7
Bedroom-Dev	8	19	50,339	22	46,627	16	226	26	1	32	2	6	32	65	28	87	0.7
Low Stress	10	22	69,090	24	61,692	17	135	12	0	28	0	5	28	38	29	90	0.6
TOTAL	32	100	47,946	23	49,059	4	261	46	-1	34	0	34	34	69	27	84	0.9

KALAMAZOO																	
Central City	1	17	43,895	21	31,189	3	1,166	71	12	12	12	58	44	76	17	74	2.6
Stressed	16	21	45,670	28	34,280	0	111	64	0	42	9	39	42	82	23	80	1.3
AR - Established	11	11	42,926	19	39,325	6	632	31	1	45	1	13	45	76	23	84	1.4
AR - Low Density	29	20	51,763	31	43,441	2	38	30	0	38	1	7	38	61	25	85	0.3
Bedroom-Dev	11	12	53,797	10	44,610	19	79	32	3	32	2	8	32	57	22	86	0.4
Low Stress	9	18	78,483	18	56,976	14	114	16	3	30	2	6	30	46	23	88	0.9
Industrial Towns	3	2	125,869	29	33,612	-7	45	68	-6	27	3	40	27	69	22	82	1.6
TOTAL	80	100	54,648	23	42,205	6	91	43	3	38	5	24	38	67	23	83	1.2

SAGINAW																	
Central City	1	15	28,524	17	26,485	-6	1,275	79	17	17	6	75	52	93	18	81	1.5
Stressed	5	7	53,973	23	35,638	1	91	72	13	40	7	65	40	85	22	84	0.7
AR - Established	11	31	47,791	17	39,224	6	729	34	-4	42	2	12	42	70	23	87	0.9
AR - Low Density	27	14	50,933	23	43,854	4	31	36	-6	37	1	8	37	67	27	87	0.3
Bedroom-Dev	20	12	54,520	16	42,547	14	32	37	-3	31	1	6	31	60	27	86	0.2
Low Stress	7	18	105,153	7	58,356	8	120	16	-2	32	0	5	32	54	21	89	1.0
Industrial Towns	1	3	88,023	-7	34,579	8	147	33	-3	33	3	5	33	66	21	90	0.6
TOTAL	72	100	58,150	15	43,253	5	87	42	1	25	2	25	36	70	25	86	0.8

TRAVERSE CITY																	
Central City	1	9	73,580	27	37,330	4	731	28	0	4	1	4	51	54	16	76	0.9
Stressed	10	6	50,267	12	33,119	19	16	57	15	39	0	3	39	78	28	76	0.4
AR - Established	20	27	75,904	31	35,789	7	190	36	-1	42	1	6	42	56	20	81	0.6
AR - Low Density	14	11	70,735	16	36,896	13	16	52	-1	33	-1	3	33	67	25	79	0.4
Bedroom-Dev	25	19	77,462	3	39,864	34	14	27	-9	29	-1	3	29	56	26	81	0.6
Low Stress	23	27	147,208	7	47,532	24	26	21	1	30	1	9	30	30	23	82	0.2
Industrial Towns	6	3	247,698	20	38,305	6	10	47	0	35	n.a.	n.a.	49	49	25	78	0.2
TOTAL	99	100	97,199	15	39,601	17	27	34	1	5	-1	5	34	51	24	80	0.4

SOCIAL AND FISCAL CHARACTERISTICS BY METROPOLITAN AREA

SOCIAL SEPARATION	Percentage of Elementary Students Eligible for Free or Reduced-Price Lunch		Percentage of Poor Students Required to Move to Achieve Balanced Enrollment		Percentage of Non-Asian Minority Elementary Students		Percentage of Non-Asian Minority Students Required to Move to Achieve Balanced Enrollment	
	1995	2001	1995	2001	1995	2001	1995	2001
	Detroit	38	35	54	57	32	32	83
Grand Rapids	36	37	45	49	18	24	64	64
Lansing	31	30	31	32	17	20	45	50
Flint	47	46	50	51	34	34	72	74
Kalamazoo	40	43	42	46	19	24	57	57
Saginaw	41	42	41	47	23	25	68	70
Traverse City	33	34	25	27	6	5	34	40

FISCAL INEQUALITY	Property Tax Base per Household		Property Tax Base per Household		Property Tax Capacity per Household Plus State Aid	
	2000	Percentage Change 1995-2000	95th to 5th Percentile Ratios		95th to 5th Percentile Ratios	
			1995	2000	1995	2000
Detroit	68,425	13.6	5.3	4.8	3.4	3.1
Grand Rapids	66,145	10.8	3.4	3.1	2.2	2.1
Lansing	52,427	7.4	3.0	3.1	2.1	2.1
Flint	47,946	9.8	3.4	3.3	1.9	1.8
Kalamazoo	54,213	8.9	4.2	3.9	2.3	2.4
Saginaw	58,150	2.4	3.8	3.5	2.4	2.1
Traverse City	97,199	15.1	9.9	7.9	4.3	3.9

ENDNOTES

- In most instances, the regions in this report are defined as U.S. Census Bureau metropolitan areas. But there are several exceptions. The Flint primary metropolitan statistical area, a portion of the Detroit consolidated metropolitan statistical area consisting of Genesee County, is considered its own region in this report, while the Detroit CMSA's other nine counties are considered part of the Detroit region. The Traverse City region consists of the six counties serviced by the Michigan Department of Transportation's Traverse City service center—Grand Traverse, Antrim, Benzie, Charlevoix, Kalkaska and Leelanau counties.
- 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); and William R. Barnes and Larry C. Ledebur, *City Distress, Metropolitan Disparities, and Economic Growth* (Washington, D.C.: National League of Cities, 1992).
- Richard Voith, "Do Suburbs Need Cities?" *Journal of Regional Science* 38(8) 445-464, 1998.
- For the purposes of this work, tax resources are measured by property tax base. Property tax base, in turn, is represented by "taxable value" per household as reported by the State Tax Commission, Department of Treasury. Taxable value is the measure that best captures the capacity of the local tax base to generate property-tax revenues because it includes the effects of state laws that limit the extent to which the assessed value of individual properties can increase over time. Local income taxes are not included in the measure of tax resources. Since just 17 of the 665 municipalities included in this work use a local income tax, it is not possible to calculate the effective income tax base available to all municipalities in the study areas. The municipalities in the seven metropolitan areas that use the tax are Detroit, Hamtramck, Highland Park, Hudson, Lapeer, Pontiac, Port Huron, Flint, Grand Rapids, Muskegon, Muskegon Heights, Walker, Albion, Battle Creek, Springfield, Lansing and Saginaw. In a strict sense, property tax base alone therefore understates the capacity of these places to raise revenues. However, as a group these places also face greater-than-average demands for local services—15 of the 17 are classified as either central cities or stressed suburbs. As a result, despite the availability of income-tax revenues, they are still heavily dependent on the property tax. The effective municipal property-tax rate in these 17 municipalities is more than twice the average rate in the other 648 municipalities.
- See Bob Wheaton, "School redistricting in Grand Blanc will move about 254 kids," *The Flint Journal*, December 3, 2002; Corey Mitchell, "Closed schools, altered lives," *The Saginaw News*, February 3, 2003; Dave Murray, "GR school closings set, 'hard work is just beginning,'" *The Grand Rapids Press*, February 19, 2003; and Matt Bach, "Flint panel votes to close 7 schools," *The Flint Journal*, March 4, 2003.
- "Lake St. Clair: Its Current State and Future Prospects: Conference Summary Report," Port Huron, 1999, available at www.deq.state.mi.us/documents/deq-ead-P2-StClairsummary.pdf
- Grouping was accomplished using the K-means clustering procedure in SPSS. All variables were calculated as percentages of the regional average and standardized by the number of standard deviations from the mean so that the effects of variables with very wide variations did not overwhelm the effects of variables with narrower variations. For more on cluster analysis in general, and K-means clustering in particular, see *StatSoft, Inc. Electronic Statistics Textbook* (Tulsa, OK: StatSoft, 2002) at www.statsoft.com/textbook/stathome.html.
- "Investing in Southeast Michigan's Quality of Life: Sewer Infrastructure Needs," (Detroit: Southeast Michigan Council of Governments, April 2001).
- U.S. Census, 2000.
- Ibid.

- 11 See James S. Coleman, *Equality of Educational Opportunity* (Washington, D.C.: Government Printing Office, 1966); Gary Burtless, ed., *Does Money Matter? The Effect of School Resources on Student Achievement and Adult Success* (Washington, D.C.: Brookings, 1996); James Traub, "What No School Can Do," *New York Times Magazine*, January 16, 2000.
- 12 For a general discussion of housing discrimination, see John Yinger, "Testing for Discrimination in Housing and Related Markets," *A National Report Card on Discrimination in America*, ed. Michael Fix and Margery Austin Turner (Washington D.C.: The Urban Institute, 1998).
- 13 High-poverty schools are those with free- and reduced-price-lunch eligibility rates of 40 percent or greater.
- 14 Asians were not included in the analysis of racial segregation because research has shown that they tend to experience less educational and housing segregation than blacks, Latinos and Native Americans. See Douglas Massey, "The Residential Segregation of Blacks, Hispanics, and Asians: 1970 to 1990," in Gerald D. Jaynes, Ed., *Immigration and Race: New Challenges for American Democracy* (New Haven: Yale University Press, 2000); and Gary Orfield and John T. Yun, "Resegregation in American Schools" (Cambridge, Mass.: The Civil Rights Project, Harvard University, 1999).
- 15 These percentages are dissimilarity indexes, commonly used statistics to measure the degree to which two groups are evenly distributed in a given geographic area. In this case, they can be interpreted as the percentage of one of the groups that would have to change schools to achieve a perfectly integrated enrollment—an identical mix of black and non-black students, or poor and non-poor students, in each school building. For more information on school and residential segregation in U.S. metropolitan areas, see John R. Logan, "Choosing Segregation: Racial Imbalance in American Public Schools, 1990-2000" (Albany: Lewis Mumford Center for Comparative Urban and Regional Research, University at Albany, 2002). It is available at www.albany.edu/mumford/census/.
- 16 Myron Orfield, *American Metropolitcs: The New Suburban Reality* (Washington D.C.: Brookings Institution Press, 2002).
- 17 Orfield, 2002. See Table 3-2, page 52.
- 18 Detroit's municipal property tax rate is more than 2.5 times the regional average, while those in stressed communities are 60 percent above average. This is true despite the fact that, unlike most municipalities, Detroit and several suburbs classified as stressed have access to local income taxes.
- 19 One housing unit per four acres is a degree of density that approximately corresponds to the density cutoff used by the U.S. Census Bureau in determining urbanized area, 500 people per square mile.
- 20 A housing unit is considered affordable to a household with the region's average income if the household had no other debt, made a 10 percent down payment, had closing costs of 5 percent, a mortgage rate of 7 percent, faced statewide average property taxes, and was spending 28 percent of gross income on mortgage, taxes and home insurance (the cut-off normally used by realtors and lenders to determine affordability). Calculations were made using the Fannie Mae's Mortgage Calculator at www.homepath.com.
- 21 See Murray, 2003; "New School in West Ottawa: Crowding, growth, justify tax for a second high school," *The Grand Rapids Press*, June 5, 2002; "Bond proposals in T-K, Allendale: Growth has school districts planning for the future," *The Grand Rapids Press*, September 21, 2002; and Brian J. Bowe, "Board asks for new school; A \$47.7 million proposal eliminating 'all but essential needs' will go on the June ballot," *The Grand Rapids Press*, February 19, 2002.
- 22 See Chris Christoff, "Metro Detroit sprawl: Suburban transplants alter landscape, identity of Fenton," *Detroit Free Press*, April 16, 2001.
- 23 U.S. Census Bureau, County-to-County Worker Flow Files, 1990 and 2000, available at <http://www.census.gov/population/www/socdemo/journey.html>
- 24 See Table 1 in Kiran Cunningham and Hannah McKinney, "Smarter Growth for Kalamazoo County," (Kalamazoo, MI: Kalamazoo College, 2003).
- 25 Ibid, p. 22.
- 26 Michigan Department of Treasury, http://www.michigan.gov/treasury/0,1607,7-121-1751_2197--,00.html.
- 27 These are the cities of Madison Heights, Clawson, Berkley, Huntington Woods, Lathrup Village, Southfield, Oak Park, Royal Oak, Hazel Park and Ferndale. Revenue sharing estimates are from www.michigan.gov/treasury.
- 28 See "Pennsylvania's Success with Local Property Tax Reform: The Split Rate Tax," available at www.earthrights.net/docs/success.html and Wallace E. Oates and Robert M Schwab, "The Pittsburgh Experience with Land Value Taxation," in Helen F. Ladd, *Local Government Tax and Land Use Policies in the United States: Understanding the Links*, (Northampton: Edward Elgar Publishing, 1998).
- 29 "Fiscal Impacts of Alternative Land Development Patterns in Michigan," (Detroit, MI: Southeast Michigan Council of Governments, 1997).
- 30 "The Costs and Benefits of Alternative Growth Patterns: The Impact Assessment of the New Jersey State Plan," (New Brunswick, NJ: Center for Urban Policy Research, Edward J. Bloustein School of Planning and Public Policy, September 2000).
- 31 See Orfield 2002 for more discussion of land-use planning tools.
- 32 Mark A. Wyckoff, "Unfinished Business: Needed Land Use Reforms," *Planning and Zoning News* (Lansing: Planning and Zoning Center, December 2002).
- 33 "Potholes and Politics: How Congress Can Fix Michigan's Roads" (Washington D.C.: Environmental Working Group/The Tides Center, September 1997).
- 34 See www.firstsuburbs.org.
- 35 See www.michigansa.org for more on the Michigan Suburbs Alliance.
- 36 Gary D. Taylor, Kurt H. Schindler and Rod Cortright, "Bringing Knowledge to Life: Recent Amendments to Michigan's Planning and Zoning Laws," February 2002, available at <http://www.msue.msu.edu/wexford/pamphlet/2001ProgramSlides.PDF>.
- 37 Eric DeLong and James Hatch, "New Water and Sewer Partnership Creates a Platform for Key Regional Issues," *Getting Smart*, vol. 3, no. 1, February 2000 and Andrew Guy, "As Election Ends, Grand Rapids Readies for Land Use Leap," *Great Lakes Bulletin News Service*, November 7, 2002.

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