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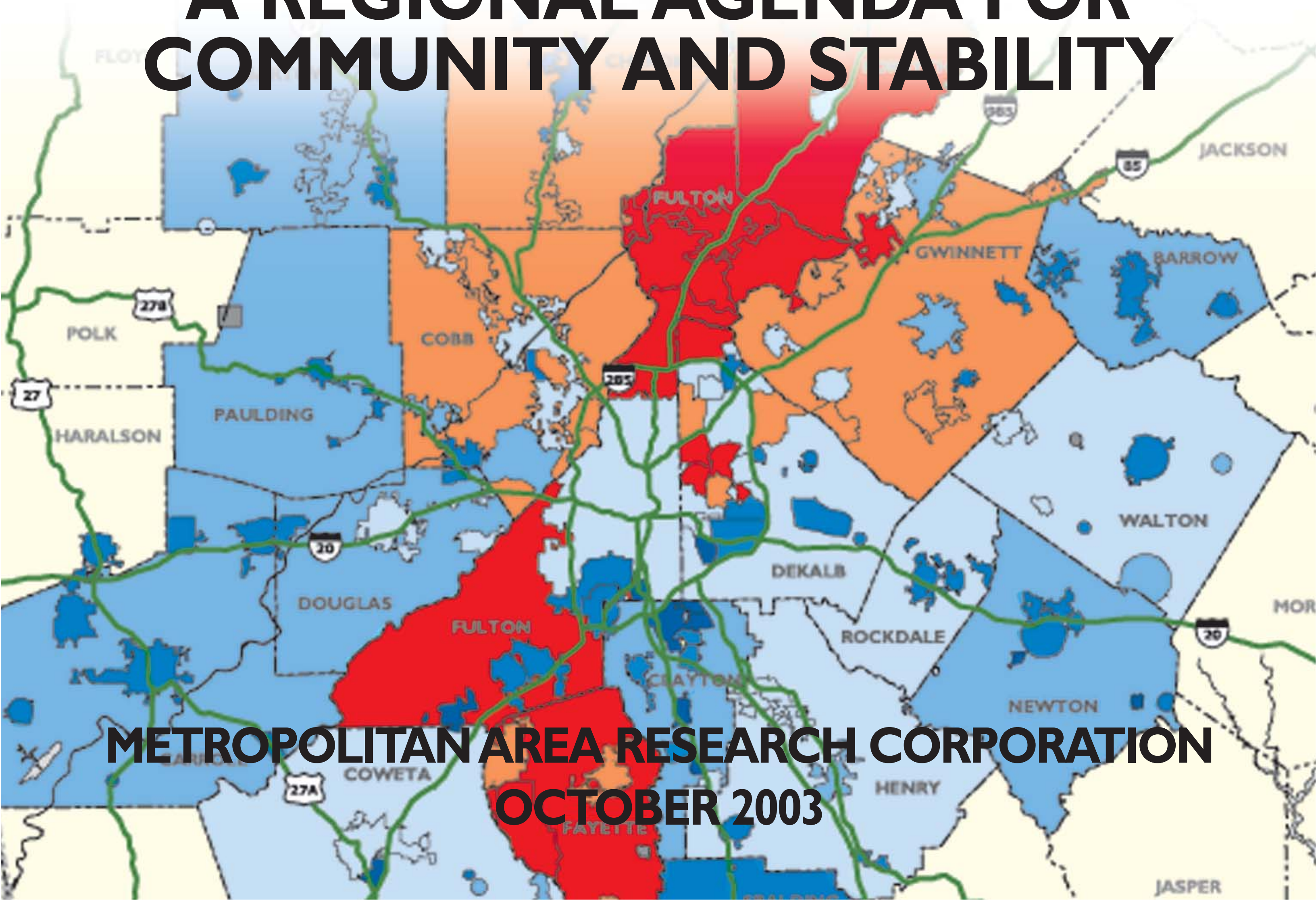
Atlanta Metropatterns

Institute on Metropolitan Opportunity
University of Minnesota Law School

ATLANTA METRO PATTERNS

A REGIONAL AGENDA FOR COMMUNITY AND STABILITY



METROPOLITAN AREA RESEARCH CORPORATION

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Ameregis is a research and geographic information systems (GIS) firm that documents evolving development patterns in U.S. metropolitan regions, and the growing social and economic disparities within them. Ameregis is dedicated to integrating GIS mapping and traditional research methods to inform decision-making. **Metropolitan Area Research Corporation** is a research and advocacy organization that participated in this project. These two organizations assist individuals and groups in fashioning local remedies that address these concerns. Both were founded by Myron Orfield, a nationally recognized leader in promoting reform around issues of land use, social and fiscal equity and regional governance.

Atlanta Neighborhood Development Partnership(ANDP) is a non-profit organization established in 1991 to develop and rehabilitate very low and low-to-moderate income housing, develop other neighborhood services and empower Community Development Corporations (CDCs). The Partnership is among a select group of housing intermediary organizations in the United States that leads and supports grassroots efforts by connecting community residents with resources, funding opportunities, expertise, training and other services to stabilize and revitalize neighborhoods.

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Executive Summary

ATLANTA HAS BEEN one of the fastest-growing regions in the nation in recent years, accommodating great population growth—three times the national average—and even faster job growth. However, the benefits of that growth have not been very unevenly spread within the region, reinforcing existing inequality across people and places.

Despite a strong economy, the way the Atlanta metropolitan area is growing is hurting all types of communities.

Large areas of the city of Atlanta remain troubled, and a group of suburbs is experiencing similar strains.

In these areas, the problems associated with concentrated poverty—everything from high crime to poor health—place a significant burden on municipal resources, discourage investment and dramatically limit the opportunities of residents. For example, Atlanta's Pittsburgh neighborhood is still struggling to recover from a dramatic downturn in the neighborhood's fortunes that first occurred in the 1970s. It still faces poverty levels more than five times the regional average, household income less than a third of the average and unemployment more than three times the average.

On the region's fringes, the region's rapid population growth has bred a pattern of low-density development that is taxing the fiscal resources of local governments as they struggle to keep up with needed schools, roads and sewer systems.

Even the most affluent suburbs—many located on the region's north and northeast—are witnessing disappearing open space and growing traffic congestion that threaten their quality of life.

High levels of racial and income segregation continue to drastically limit the opportunities available to large segments of the population.

The Atlanta metropolitan area is highly segregated by income and race. The degree of segregation by income in the region's schools actually increased during the 1990s and it remains difficult to separate poverty from race and ethnicity. Despite the region's growing black middle class, minority students are seven times more likely to attend high poverty schools than white students.

Even as many people of color move to the suburbs, particularly those of Gwinnett, Cobb and Douglas counties, racial segregation in the region remains high. In 2000, 65 percent of minority students in elementary schools would have had to change schools in order to achieve an identical racial mix in each building—the same level as in 1990.

There are wide disparities in the ability of local governments to raise revenues to meet basic public needs.

Georgia's state and local finance system makes local governments in the Atlanta region highly dependent on property taxes to pay for public services. This pits the region's local governments against one another in a competition for the kind of development that enhances tax base.

Tax base is distributed very unevenly across the region. In fact, for all localities in the region to generate the same revenue from their local bases, municipalities with the lowest tax bases would have to tax residents at over five times the rate of those with the highest tax bases.

Fiscal disparities extend to schools as well. Over half of the region's school children are enrolled in districts facing high costs—stemming from rapid growth or high poverty—with low or moderate fiscal resources. These disparities hurt not only older communities in the region's core, but also fast-growing bedroom communities at the region's edge.

Large segments of the area's population cannot afford to live in the region's growing job centers.

Competition among local governments for tax base creates strong incentives for them to limit their supply of affordable housing in order to attract high-end residential and commercial developments that generate more in revenue than they require in service costs. Aggregated over the entire region, this process generates a very uneven distribution of affordable housing and an overall shortage for the region's lowest income households.

The availability of housing affordable to low- and moderate-income households in the Atlanta area declined during the 1990s. The problem is most severe for low-income households, but even at higher income levels, the spatial distribution of affordable housing is very uneven. The fastest growing job centers, located in the north and northeast of the region, have disproportionately severe shortages of affordable housing. Most affordable housing is in the city of Atlanta, the communities immediately to its south and older, incorporated communities on the region's outskirts.

The distribution of affordable housing in the Atlanta region reinforces inequalities and hurts the economy.

The uneven distribution of affordable housing across the region reinforces existing patterns of racial and income segregation. The spatial mismatch between jobs and affordable housing contributes to the socio-economic isolation of many minority residents, who find it increasingly hard to access the job centers of the north and the northeast due to limited affordable housing alternatives and lack of public transportation.

The mismatch also exacerbates the problems of traffic congestion and lengthy commutes, which not only reduce the quality of life of all the region's residents but also create additional costs for the region's economy. In 2000, the Atlanta metropolitan area ranked third among U.S. metropolitan areas in terms of the median travel time to work, and during the 1990s it experienced the greatest increase in median travel time in the entire country.

Atlanta's affordable housing shortage is a regional problem.

Affordable housing shortfalls tend to be greatest in the areas of the region with the highest tax bases, greatest job growth and lowest poverty in schools. These areas could therefore absorb significant amounts of affordable housing without risking damage to their fiscal condition. The clear implication is that the region is in a position to reap the significant economic and social benefits from distributing affordable housing more evenly—including shorter commutes and lower costs of dealing with the effects of highly concentrated poverty— without serious injury to areas that accept more affordable housing.

All types of places in the Atlanta region would benefit from regional reforms.

Broad policy areas where regional reforms are most needed to combat the uneven development of the region include:

• Greater tax equity to equalize resources among local governments

• Smarter land-use planning to support more sustainable development practices

• New affordable housing initiatives to expand opportunities for low- and moderate-income residents and promote integrated schools and neighborhoods

• Strengthened metropolitan governance to give all communities a voice in regional decision-making

Change is possible.

Cooperative efforts like these can reduce inequalities among communities, encourage regional economic development efforts, promote environmentally sensitive development and expand the opportunities of the state's most vulnerable residents. Such endeavors are already in effect throughout the country, and have impassioned, thoughtful advocates in the Atlanta region.

Metropatterns

ATLANTA HAS BEEN one of the most dynamic regions in the U.S. in recent years. It gained more than 640,000 new jobs during the 1990s—representing a 42 percent increase in employment in one decade. Its population grew by nearly 40 percent, three times faster than the nation as a whole.[1] However, the benefits of this growth have not been spread evenly across the region. Gains in jobs and population have occurred disproportionately in the northern and northeastern suburbs.[2] Concentrated poverty, on the other hand, continued to destabilize schools and neighborhoods in Atlanta, nearby suburbs to the south and further afield in places like Douglasville and Conyers. Even parts of relatively well-off counties like Gwinnett and Cobb, including Marietta, Norcross and Lilburn, experienced growing poverty in the last decade (See Maps 2, 4 and 6).

The social, educational and economic needs associated with concentrated poverty dramatically limit the life opportunities of residents, discourage investment by families and businesses in these neighborhoods, and place a significant burden on the resources of these areas. Ultimately, people living in these high-poverty neighborhoods become isolated from the educational, employment and social opportunities available to residents in other parts of the region—a trend that makes it extremely difficult for them to participate fully in the metropolitan economy.

A related consequence of uneven population and job growth in the Atlanta region is sprawl. Concentrations of poverty in the inner part of the region contribute to sprawling development patterns at the edges of the region, as the core communities become less desirable places to live or to locate businesses. The resulting pressure to accommodate population growth elsewhere introduces a host of social and fiscal pressures. In the 1990s, population grew by more than 50 percent in nine of the region's 20 counties.[3] All are on the fringes of the region where infrastructure is least likely to already exist. Many of these areas must accommodate this growth with only modest fiscal resources.

The same patterns of metropolitan growth that lead to especially poor and isolated neighborhoods in the central city are also creating significant fiscal and social stress in some inner suburbs and in older incorporated towns on the urban edge. While the social problems in these areas are generally not as severe as in the poorest city neighborhoods, they reflect growing instability that could lead to rapid social decline.

In particular, inner suburbs—lacking a central business district, older neighborhoods with strong housing stock capable of gentrification and arts and cultural amenities—can be even more vulnerable than the central city. For this reason, as poverty and social instability cross the city limits, problems often accelerate and intensify. Increasing social stress in schools and neighborhoods, the loss of local businesses and jobs, and the erosion or slower-than-average growth of the local tax bases are symptoms of this decline. Parts of DeKalb, Clayton and south Fulton counties show signs of these stresses.

Many outer suburban communities in the region are also struggling with lower than average fiscal resources. In places like Spalding, Carroll, Bartow and Newton counties, this problem is combined with pockets of poverty to create significant stress. In others, including places like Henry, Paulding, Coweta, Barrow, Gwinnett, Fayette and Walton counties, low or modest fiscal capacity combined with high growth rates creates a different kind of stress. As these suburbs grow, they initially seem to offer an alternative to the distressed and declining communities at the core of the region. Still allowing relatively easy access to the jobs and cultural amenities of the central city, they can also offer higher-achieving schools, lower land costs, new homes, more space, less congested streets, and lower taxes.

Eventually, however, the costs of growth can exceed the ability of local taxpayers to pay for it. Many communities experience fiscal stress as they struggle to keep up with the demand and the costs of new schools, roads, sewers, parks, and many other public services. The fiscal stress associated with the costs of rapid, low-density residential growth frequently forces local governments to engage in wasteful competition with one another, as each attempts to add lucrative residential, commercial and industrial properties to its local tax base. Generally, only a few communities are successful in this competition, while most fall further and further behind in their attempts to get ahead.

The winners of this competition, which include communities in Forsyth and north Fulton counties, enjoy plentiful local resources and bear few of the region's social costs. It is in these places where the most expensive homes are built, where commercial and industrial development is most lucrative, and where the social strains associated with poverty are practically nonexistent. Eventually, however, these winners become victims of their own success. Open spaces that first drew people are soon lost to development and traffic congestion rises as the concentration of regional shopping and employment centers increases. These communities soon resemble the urban centers that its residents and businesses were attempting to avoid. Further, many employees of the businesses in these new employment centers cannot afford to live in expensive local housing, forcing them to drive long distances or look elsewhere for work. In fact, in 2001, residents of the region had the longest daily vehicle-miles traveled per capita after the residents of Houston—35.6 miles.[4] Moreover, the Atlanta metropolitan area experienced the highest increase in median travel time in the entire country – a jump from 24.8 minutes in 1990 to 29.5 minutes in 2000.[5] As a result, an increasing number of businesses in these areas are finding it difficult to fill positions as they grow.

Competition for tax base creates incentives for local governments to limit affordable housing.

Competition among cities and counties for a larger tax base also creates strong incentives for local governments to limit their supply of affordable housing. In their attempt to attract high-end residential and commercial developments, many local governments resort to exclusionary zoning practices that limit affordable housing within their borders.[6] Aggregated over the entire region, this process creates very uneven distributions of affordable housing and often results in absolute shortages.

Both problems are evident in the Atlanta region. The distribution of affordable housing is very uneven. The fastest growing job centers in the northern and northeastern parts of the region contain little affordable housing, even for moderate-income households. Most of the existing stock of affordable housing is clustered around the city of Atlanta, the communities to the immediate south of the city, and in a few parts of the outermost suburbs. This distribution reinforces existing patterns of racial and income segregation.

The spatial mismatch between jobs and affordable housing contributes to the growing socio-economic isolation of many minority residents, who find it increasingly hard to access the job centers of the north and the northeast due to limited affordable housing alternatives and lack of public transportation. The mismatch also exacerbates the problems of traffic congestion and lengthy commutes— problems that reduce the quality of life of all the region's residents.

Uneven growth also hurts the overall performance of the regional economy. A growing body of research shows the interconnectedness of central cities and suburban areas within metropolitan economies. One study of 78 metropolitan areas, for instance, found that median household incomes of central cities and suburbs move up and down together in most U. S. metropolitan areas and that the strength of this relationship appears to be increasing.[7] Another study of 48 metropolitan areas found that metropolitan areas with the smallest gap between city and suburban incomes had the greatest regional job growth.[8] These and other studies argue that cities and suburbs within a metropolitan area are interdependent and that when social and economic disparities are minimized, the region is stronger.

The Local Effects of Unbalanced Regional Growth: The Pittsburgh Neighborhood

Atlanta's historic Pittsburgh neighborhood, located just south of downtown, is the quintessential loser of regional patterns that concentrate poverty and fiscal stress in core areas. Despite pockets of stability, the neighborhood faces a variety of challenges, including high levels of poverty, low incomes and deteriorating housing stock. These indicators help illustrate how even impressive local efforts to revitalize struggling core communities have limited long-term success unless they are accompanied by regional policies that break the pattern of economic and physical decentralization.

Population and poverty

Decline in the Pittsburgh neighborhood goes back decades. The neighborhood was hardest hit in the 1970s, when it lost 44 percent of its population and the poverty rate skyrocketed from 29 to 48 percent (Table 1). (The regional poverty rate was steady at about 12 percent during the 1970s.)

Despite more favorable regional economic conditions in the 1980s and 1990s, the neighborhood continued to decline. Population continued to shrink, though at a slower rate. The losses were especially significant in a period when the population of the Atlanta metropolitan area boomed. In the 1990s, for example, the neighborhood lost 10 percent of its population, while the region grew by 40 percent. During the same period, the city of Atlanta grew by 6 percent.

Likewise, the neighborhood's poverty rate dipped slightly during the 1980s and 1990s, but still remained above 40 percent, a common threshold for extreme poverty.[9] The problems associated with concentrated poverty make it difficult for residents to interact with mainstream society, undermine their employment opportunities and limit their educational achievements.

Reflecting trends in the neighborhood as a whole, Pittsburgh's remaining elementary school shows a disproportionately high share of poor students. The percentage of elementary school students who qualified for free lunches—82 percent—was almost 2.5 times the percentage for the entire Atlanta metro area in 2000, and slightly higher than in the city of Atlanta as a whole.

Concentrated poverty in Pittsburgh disproportionately harms people of color, who have made up more than 95 of students enrolled in the neighborhood's elementary school since the 1990s and more than 97 percent of the neighborhood population since the 1970s.

Educational attainment and employment

Along with high levels of poverty have come low levels of educational attainment and employment. In fact, in 1990, the percentage of people in the Pittsburgh neighborhood with less than ninth-grade education—22 percent—was more than twice the corresponding percentage in the city of Atlanta, and almost three times the percentage in the entire metropolitan area. The discrepancy remained in 2000. Similarly, the percentages of people with high school and college degrees in the city of Atlanta and the Atlanta metropolitan area far exceeded the percentages of people with similar degrees in the Pittsburgh neighborhood in both years (Table 1). As a result of these and other factors, by 2000, the unemployment rate in Pittsburgh was almost four times higher than the regional unemployment rate.

The decentralization of jobs in the metro area exacerbates these patterns. From 1990 to 2000, the neighborhood lost 22 percent of its jobs, and the number of jobs in the city of Atlanta grew by just 3.6 percent. Once again, these changes in the core came in a decade when the Atlanta metro area as a whole gained jobs at an impressive rate of 37 percent.

The employment opportunities of Pittsburgh residents are further restricted by their limited access to suburban job centers. Residents of the Pittsburgh neighborhood are almost 10 times more likely to use public transportation to go to work than the average resident of the Atlanta metro area.[10] However, the public transit network in the Atlanta metropolitan area does not quite extend to the growing job centers in the outlying suburbs of Atlanta.[11] The limited scope of the public transit network thus makes it harder or even impossible for Pittsburgh residents to access suburban jobs.

Revitalization efforts

The Pittsburgh neighborhood's struggles in recent decades come despite significant revitalization efforts. Recently, for example, the Pittsburgh Community Redevelopment Plan laid out 27 redevelopment projects including civic and transportation improvements. The plan also included economic-development, land-use and rezoning plans.[12] In addition, the neighborhood has been included in a variety of other government and philanthropic efforts.

These efforts—many well designed and executed—are important steps in improving social and physical conditions in the neighborhood. But they are simply not enough to fundamentally change its prospects because they do not address the regional imbalances that put core communities at a competitive disadvantage. For example, local efforts to attract businesses to the neighborhood are undermined by city-suburb tax rate differentials. Efforts to revitalize the neighborhood's housing stock are hurt by a fragmented system of local governance that creates incentives for growth on the urban edge rather than the reuse of previously developed land. Difficulties in obtaining employment are exacerbated by regional transportation policies that provide few opportunities for inner-city residents to reach growing suburban job centers and by struggling local schools. Local efforts to improve the performance of the neighborhood's schools and increase local job opportunities for residents are hindered, in turn, by concentrated poverty that makes education much more difficult to provide while depressing local demand for the products of local businesses.

Local efforts to revitalize struggling core communities have limited success unless they are accompanied by regional policies that address the pattern of economic and physical decentralization.

Table 1. Pittsburgh Neighborhood Characteristics Compared to the City of Atlanta and the metropolitan area

	Pittsburgh					City of Atlanta			Atlanta Metropolitan Area		
	1970	1980	1990	2000	% Change 1990-2000	1990	2000	% Change 1990-2000	1990	2000	% Change 1990-2000
Population	7,430	4,199	3,624	3,261	-10	394,017	416,474	6	2,959,954	4,112,198	39
White	361	155	70	37	-47	122,363	138,352	13	2,136,171	2,616,482	22
Black	7,063	4,044	3,554	3,167	-11	264,213	255,689	-3	746,441	1,216,230	63
Jobs	-	-	1,699	1,328	-22	422,295	437,572	4	1,545,505	2,099,499	36
% of Workers Using											
Public Transportation	-	-	40	34	-14	20	15	-25	5	4	-19
Unemployment Rate	4	-	15	19	26	9	14	53	5	5	6
Median Household Income	-	5,366	10,095	16,759	66	22,275	34,770	56	35,646	51,948	46
Poverty Rate	29	48	43	41	-5	27	24	-11	10	9	-6
% of Housing Units Vacant	5	13	18	24	32	15	10	-32	10	5	-47
% of Population With:											
Less than 9th Grade	58	50	22	14	-35	11	7	-34	8	5	-30
High School or higher	21	29	42	55	31	70	77	10	79	84	7
College Degree or higher	-	3	2	4	122	27	35	30	26	32	22
Elementary School Data*											
% of Students Eligible for Free or Reduced Lunch	-	-	86	82	-5	72	78	7	30	34	12
% of Students Non-Asian Minority	-	-	100	96	-4	89	91	3	36	46	25

Sources: Atlanta Regional Commission (job data); National Center for Education Statistics (elementary school data); US Census Bureau.

*: Elementary school data are for 1992 and 2000.

Social Separation and Sprawl

ATLANTA'S POPULATION HAS almost tripled since 1970.[13] As in most American metropolitan areas, much of the growth is occurring in the region's outer suburbs. Population grew by more than 50 percent during the 1990s in nine of the region's outermost counties—including Forsyth, Henry, Paulding, Gwinnett, Coweta, Pickens, Walton, Cherokee and Barrow. In contrast, the core of the region, including the city of Atlanta and the counties to the south of the city, lagged behind other parts of the region (See Table 2).

Job growth in the region also showed a highly decentralized pattern during the 1990s. Although the job densities (jobs per square mile) remained high in the core areas, these areas experienced the lowest rates of growth in the entire region. A snapshot of job density in the region in 2000 shows a clustering of jobs around major highways and reveals the extent to which transportation choices impact the distribution of jobs in the region (See Maps 1 and 1a). However, many neighborhoods in the city of Atlanta and Fulton, DeKalb and Clayton counties lost jobs while the region as a whole was gaining jobs at an average rate of 36 percent (See Maps 2 and 2a).

Job growth was greatest in outer areas, especially in the suburbs to the north of I-20.[14] During the 1990s, employment more than doubled in Forsyth (215 percent), Paulding (130 percent), and Cherokee (123 percent) counties (See Map 2a and Table 1).

Fueled by the decentralized growth of jobs and population, the physical bounds of the region have been expanding rapidly for decades. Low-density development has been a defining characteristic of the Atlanta region since the 1970s. Between 1970 and 2000, the amount of urbanized land in the Atlanta region grew by 316 percent, while the region's population grew by just 182 percent (See Map 3). Measured another way, the region doubled in size during the 1990s alone—from 65 miles measured north to south to an astounding 110 miles.[15]

These patterns meant that population density in the urbanized portions of the region declined by 32 percent, from 4.1 people per acre in 1970 to 2.8 people per acre in 2000. Compared to moderate-and high-density development, lowdensity development intensifies the need for roads and other infrastructure, provides few opportunities for effective mass transit, and threatens air and water quality. It is also associated with increased per-person costs for some public services including schools, police and fire, and often, with higher housing prices.

The growth of population and jobs in low-density outer suburbs has other important implications. Rapid growth often burdens growing communities with significant public costs. The flight of jobs to outer suburbs undermines the core areas, further reducing their ability to fund public services and support local businesses. Growing discrepancies between the core and the outer suburbs deepen regional patterns of social stratification.

Racial and income segregation

One of the most harmful consequences of this sprawling development is a devastating pattern of social stratification that divides the region by income and race. Communities in the Atlanta area are highly segregated, with poor households and people of color disproportionately located in the city of Atlanta and south Fulton, Clayton and DeKalb counties.[16] This divide is most clearly reflected in the region's schools.

School demographics are a powerful prophecy for communities. Deepening poverty and other socioeconomic changes show up in schools before they do in neighborhoods and in elementary schools before junior and senior high schools. When the perceived quality of a school declines, it can set in motion a vicious cycle of middle-class flight and disinvestment.[17]

Schools in the Atlanta region are highly segregated by income. In 2000, 52 percent of poor students in the Atlanta region would have had to change schools to achieve an identical mix of poor and non-poor students in each building in the region. That's up two percentage points from 1992.[18] Moreover, poor students are disproportionately concentrated in the core areas (See Maps 4 and 4a). Most of the schools in the city of Atlanta have extremely high percentages of elementary students eligible for free lunch. The district's average free-lunch rate, 78 percent, is more than twice the regional average. Similarly, inner suburban school districts such as those in DeKalb and Clayton counties house higher than average rates of poor students—51.2 percent and 48.7 percent, respectively. These core areas also have the highest concentrations of child poverty in the region (See Map 6). However, even school districts in the outer suburbs such as those in Spalding County are not exempt from student poverty in schools. For example, Spalding school district had the region's third highest rate of poverty in its schools, 49.5 percent, after the Atlanta and DeKalb county school districts.

Concentrated poverty constitutes a serious social problem because schools enrolling many poor students often suffer from risk factors—everything from inexperienced teachers to unstable enrollment—that lower educational achievement among students and diminish their prospects for the future.[19]

This pattern of concentration especially harms people of color, as racial segregation interacts with prevailing patterns of income segregation to further widen social discrepancies in the region. In part due to subtle discrimination in the housing market, people of color are much more likely than whites to live in high-poverty areas and to attend high poverty schools (See Maps 4a and 7a).[20] The percentage of white students in the region who attended high-poverty schools was only 9 percent in 2000, while the corresponding percentage for non-Asian minority students was 66 percent—seven times higher. The concentration of minority children in poor schools and poor neighborhoods deepens the socioeconomic gulf dividing the Atlanta region.

Racial segregation in the region remains quite high. In 1990, 65 percent of the non-Asian minority students in elementary schools would have had to change schools in order to achieve a balanced racial distribution in the region's schools. This percentage remained the same in 2000, reflecting the persistence of racial segregation despite rapidly changing demographics in the region. This degree of racial segregation compares poorly to those of other metropolitan areas—in 1997, Atlanta was the 10th most segregated region among the 25 largest metropolitan areas.[21]

Many schools in older suburbs such as those in Cobb, Douglas and Gwinnett counties, for example, are now starting to show the same patterns of social change that occurred a generation ago in the core areas of the region (See Maps 5 and 5a). This socioeconomic shift has serious effects. Eventually, when schools reach certain thresholds of poverty, middle-class families with children—those of all races—will leave the community, and they will eventually be followed by other middle-class segments of the housing market.

The departure of the middle class from a neighborhood strains both old and new communities. In fast-growing communities at the edge of the region, the middle class is streaming into increasingly overcrowded schools. For example, Gwinnett County suffers from the worst student-overcrowding problem in the state. Over 80 percent of the county's schools are overcrowded, and the school system can only accommodate its students with the additional capacity of 850 mobile classrooms.[22] The outward flight of middle-class families strain fiscal resources and disrupt lives.

But the more powerful harms of this flight accrue to the people left behind in communities of concentrated poverty. High concentrations of poverty affect individual residents and their families as well as the community as a whole. Studies have found that poor individuals living in concentrated poverty are far more likely to become pregnant as teenagers,[23] drop out of high school, and remain jobless[24] than if they lived in socio-economically mixed neighborhoods. These types of outcomes dramatically diminish the quality of life and opportunity.

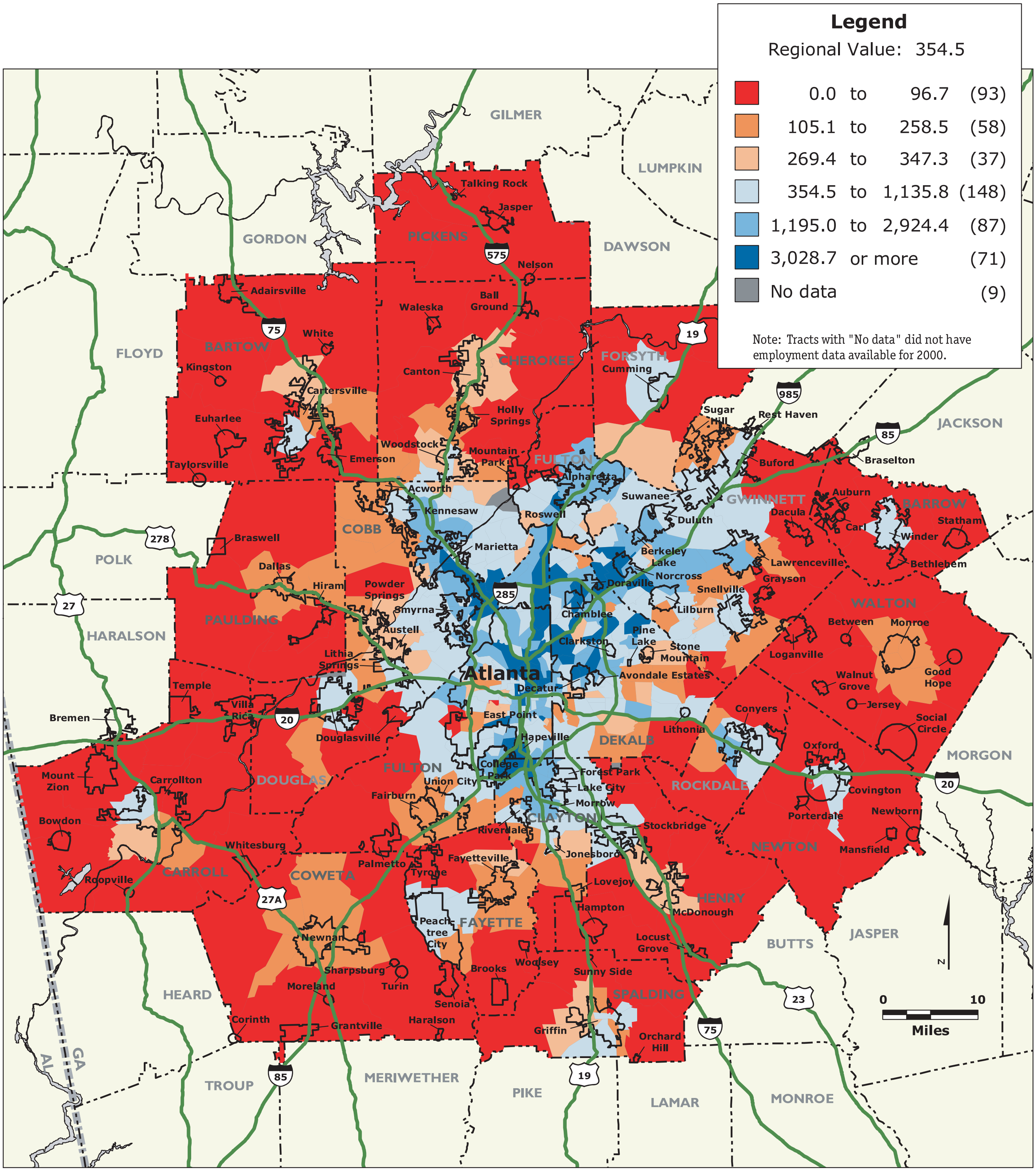
Similarly, the concentration of poverty and its attendant social isolation make education, job search, and general interaction with mainstream society difficult. The impact of concentrated poverty also extends into the larger regional economy by reducing the regional pool of skilled workers and otherwise creating a less attractive environment for economic growth and development.

Table 2. Population and Jobs by county, 1990 and 2000

	Population			Jobs		
County	2000	1990	Percentage Change 1990-2000	2000	1990	Percentage Change 1990-2000
City of Atlanta	416,474	394,017	5.7 %	437,572	422,295	3.6 %
Barrow County	46,144	29,721	55.3	11,612	8,538	36.0
Bartow County	76,019	55,911	36.0	30,627	20,078	52.5
Carroll County	87,268	71,422	22.2	31,714	27,128	16.9
Cherokee County	141,903	90,204	57.3	33,161	16,041	106.7
Clayton County	236,517	182,052	29.9	135,900	102,794	32.2
Cobb County	607,751	447,745	35.7	312,092	207,663	50.3
Coweta County	89,215	53,853	65.7	26,906	17,579	53.1
DeKalb County	665,865	545,837	22.0	346,900	290,768	19.3
Douglas County	92,174	71,120	29.6	33,650	19,672	71.1
Fayette County	91,263	62,415	46.2	32,882	18,246	80.2
Forsyth County	98,407	44,083	123.2	33,987	11,268	201.6
Fulton County (excl. Atlanta)	399,532	254,934	56.7	204,440	148,427	37.7
Gwinnett County	588,448	352,910	66.7	292,000	151,725	92.5
Henry County	119,341	58,741	103.2	31,424	13,423	134.1
Newton County	62,001	41,808	48.3	17,561	11,348	54.7
Paulding County	81,678	41,611	96.3	11,869	5,440	118.2
Pickens County	22,983	14,432	59.3	5,387	3,922	37.4
Rockdale County	70,111	54,091	29.6	34,600	21,369	61.9
Spalding County	58,417	54,457	7.3	21,651	18,861	14.8
Walton County	60,687	38,586	57.3	13,564	8,920	52.1
Regional Total	4,112,198	2,959,950	38.9	2,099,499	1,545,505	35.8

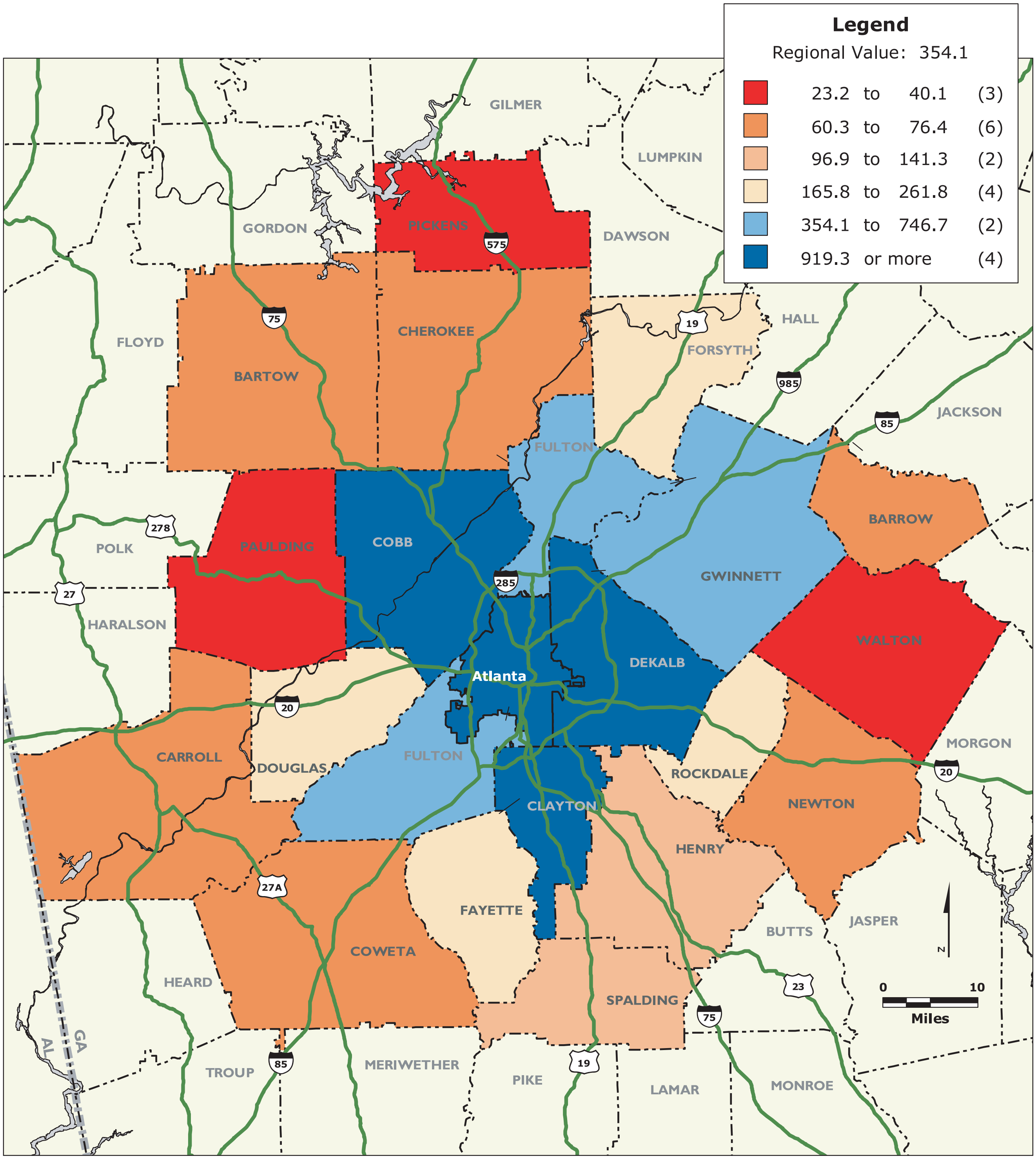
Sources: U.S. Census Bureau.

Map 1. Atlanta Region: Total Jobs per Square Mile by Census Tract, 2000



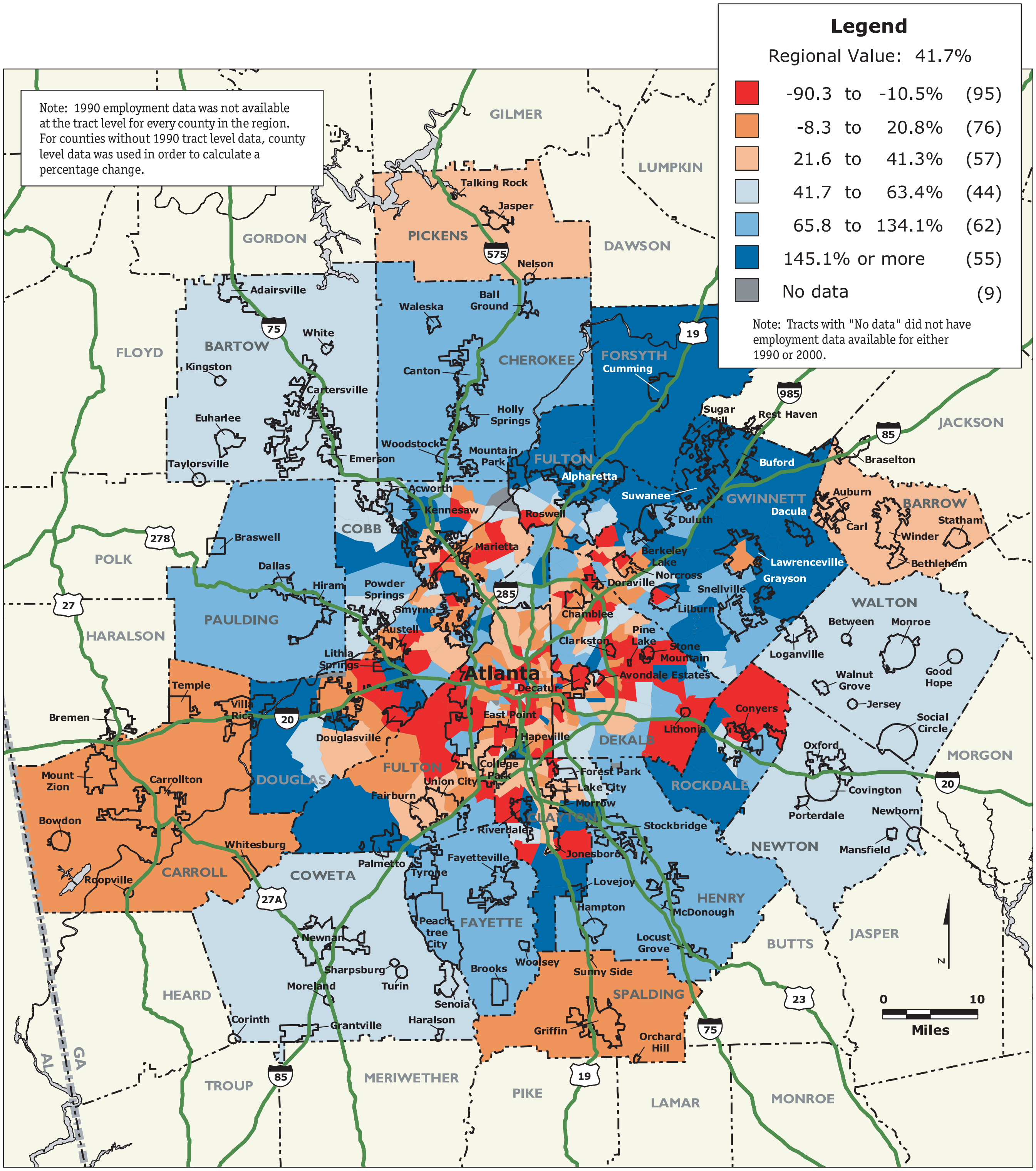
Data Source: Atlanta Regional Commission.

Map 1a. Atlanta Region: Total Jobs per Square Mile by County and the City of Atlanta, 2000



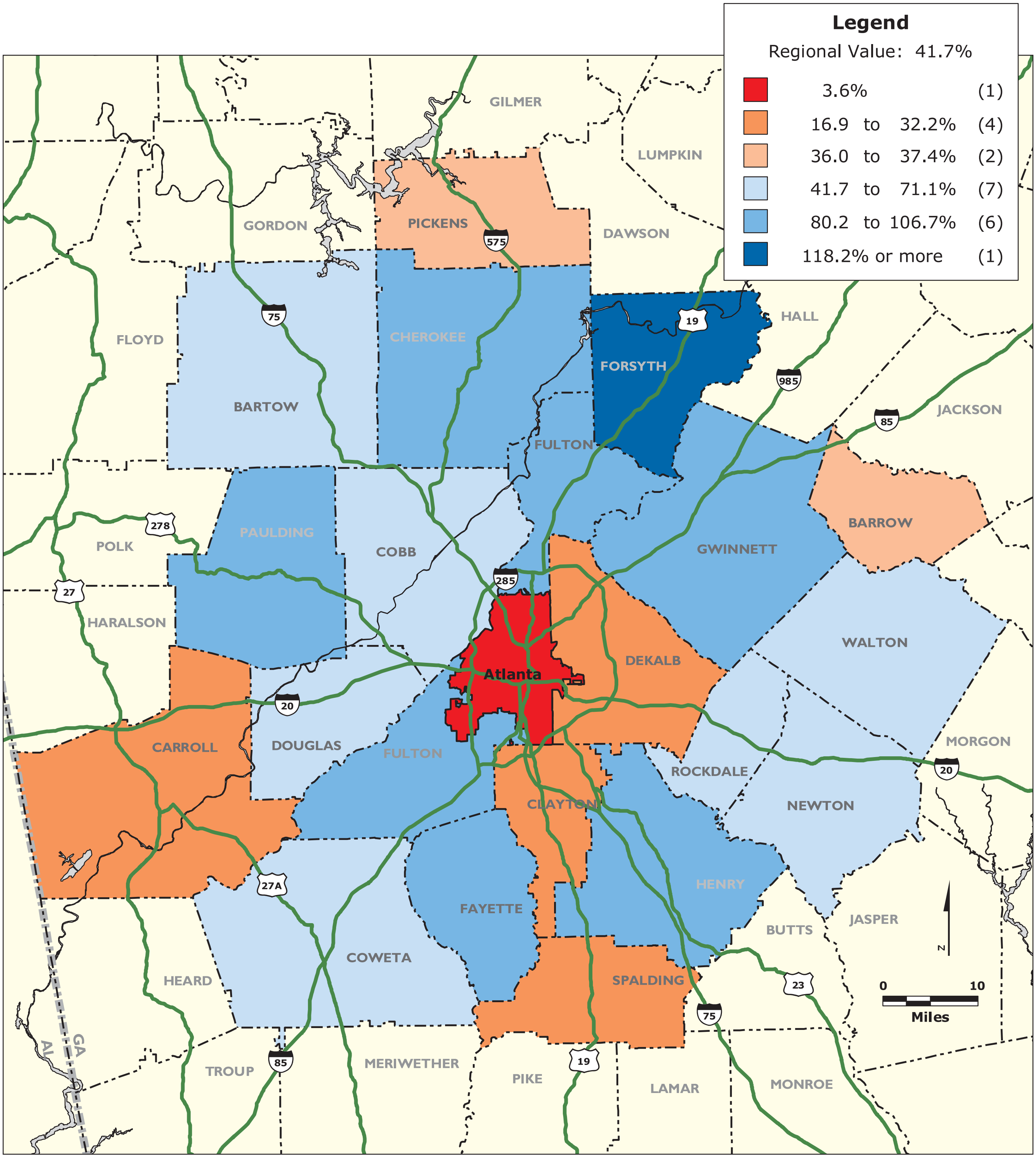
Data Source: Atlanta Regional Commission; Department of Labor.

Map 2. Atlanta Region: Percentage Change in Total Jobs per Square Mile by Census Tract, 1990–2000



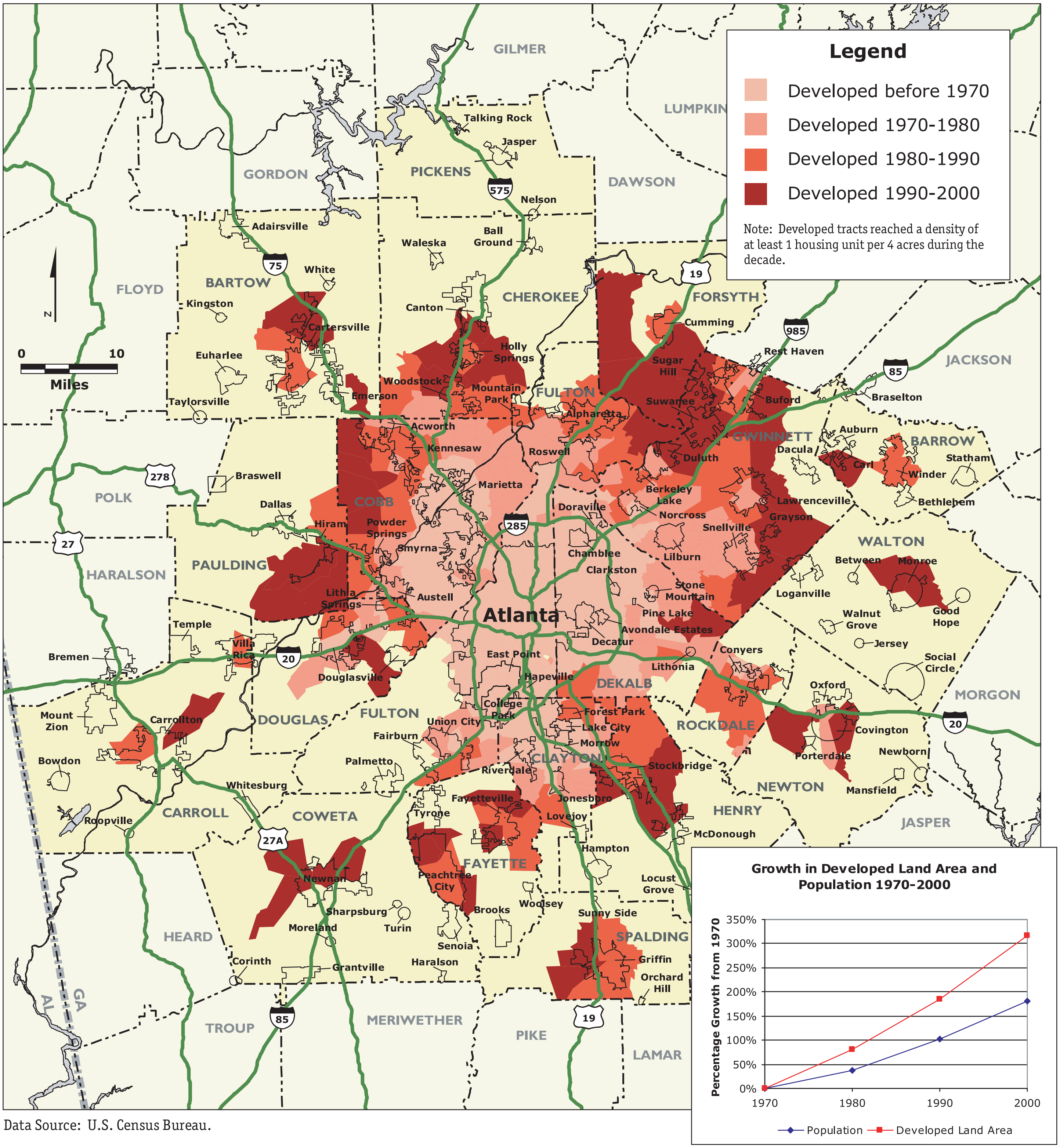
Data Source: Atlanta Regional Commission.

MAP 2A. ATLANTA REGION: PERCENTAGE CHANGE IN TOTAL JOBS PER SQUARE MILE BY COUNTY AND THE CITY OF ATLANTA, 1990–2000



Data Sources: Atlanta Regional Commission; Department of Labor.

Map 3. Atlanta Region: Housing Development by Census Tract, 1970–2000



Data Source: U.S. Census Bureau.

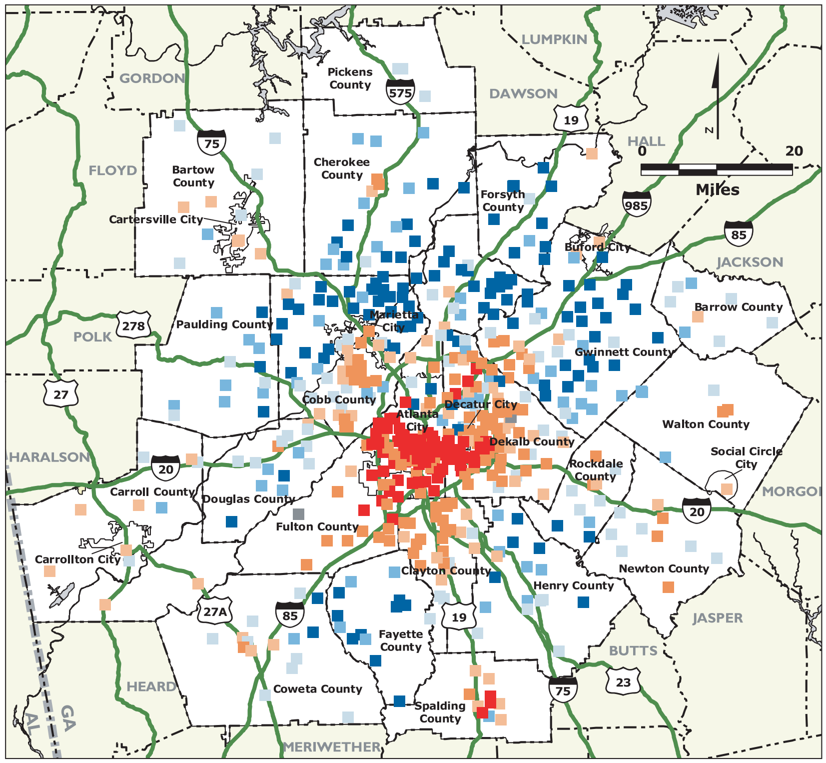
Map 4. Atlanta Region: Percentage of Elementary Students Eligible for Free Lunch by School, 2000

Legend

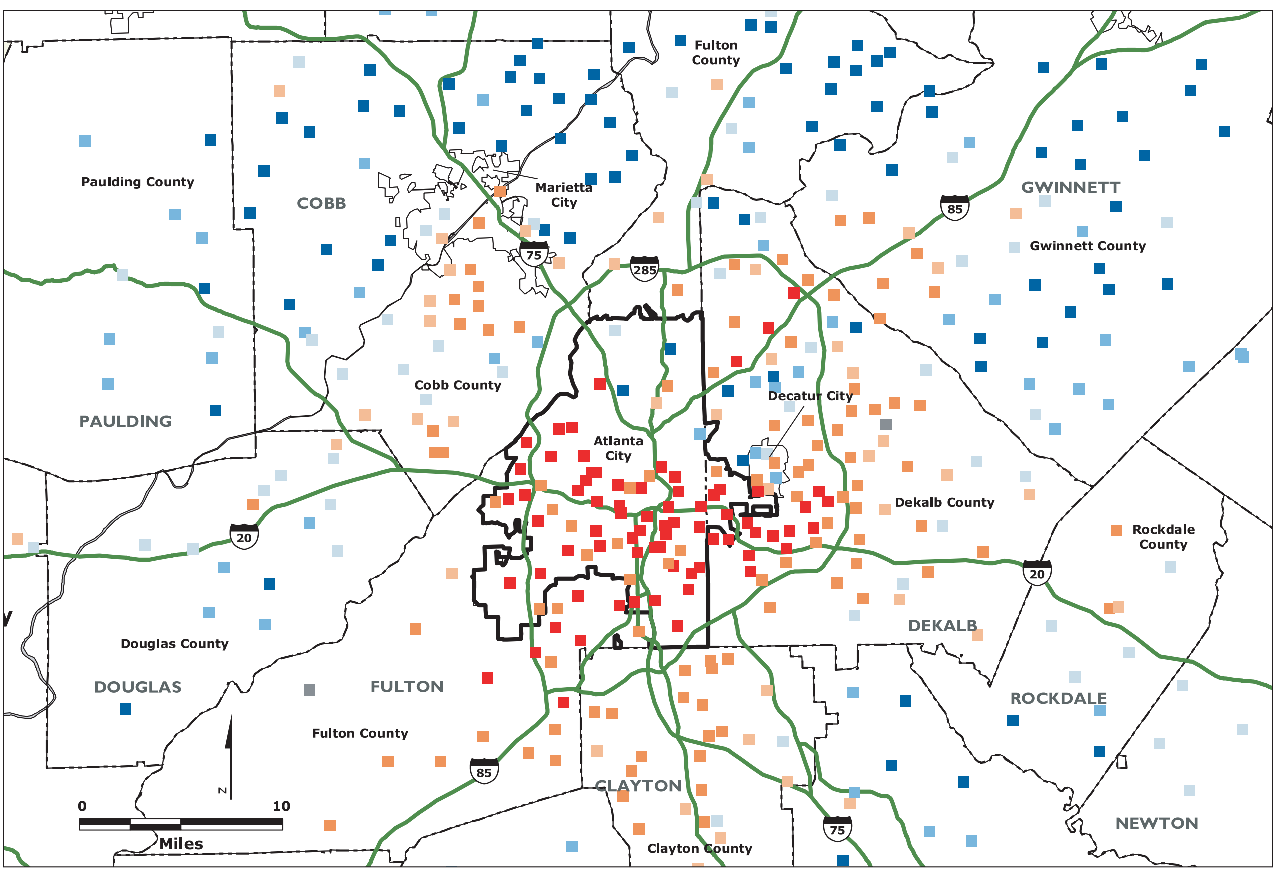
Regional Value: 33.6%

■	0.0 to 10.5%	(119)
■	11.0 to 19.9%	(69)
■	20.6 to 33.3%	(91)
■	33.6 to 44.8%	(70)
■	45.8 to 76.7%	(114)
■	77.0% or more	(76)
■	No data	(3)

Note: Schools with "No data" did not report free lunch data for 2000.

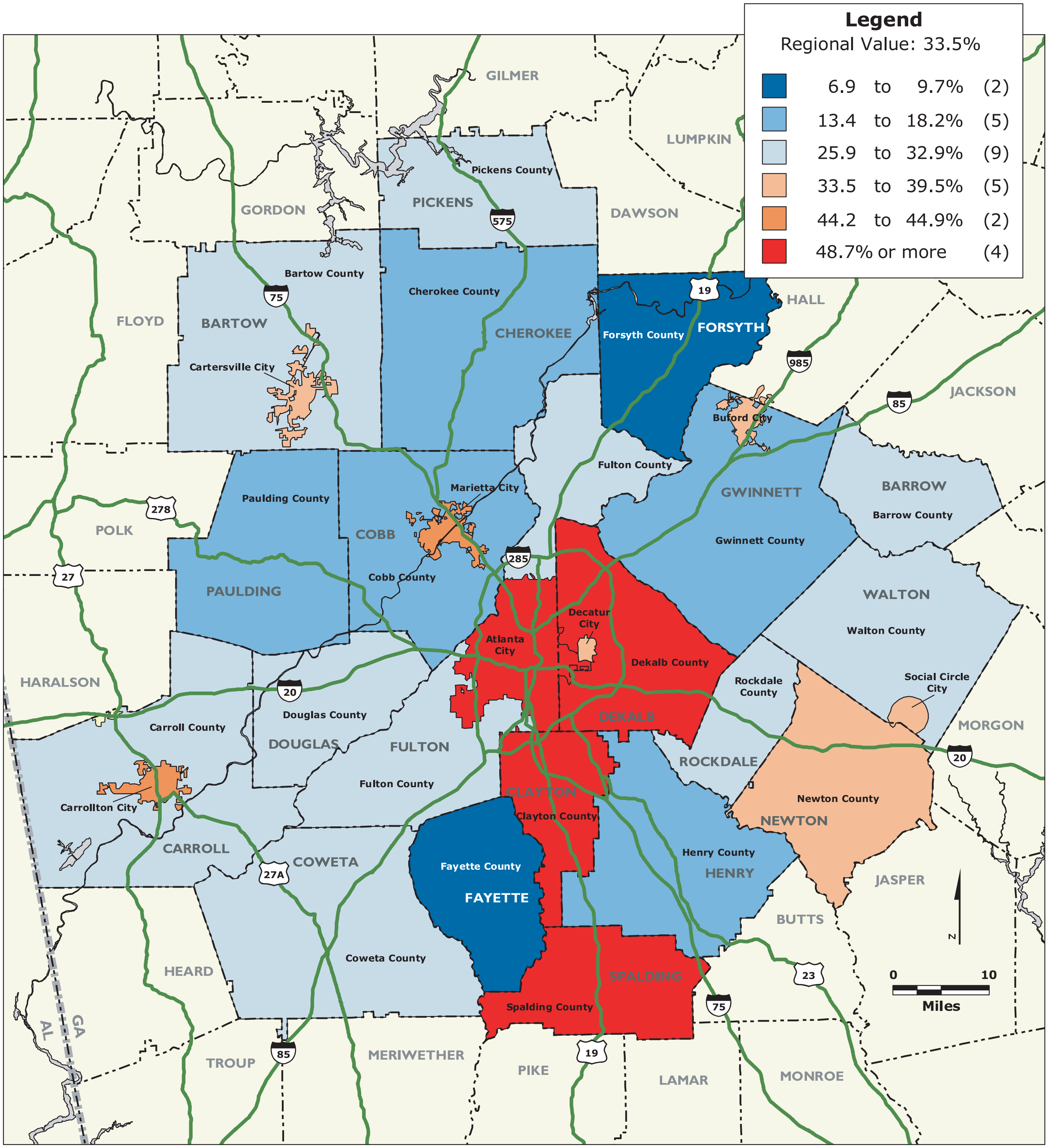


Central Area



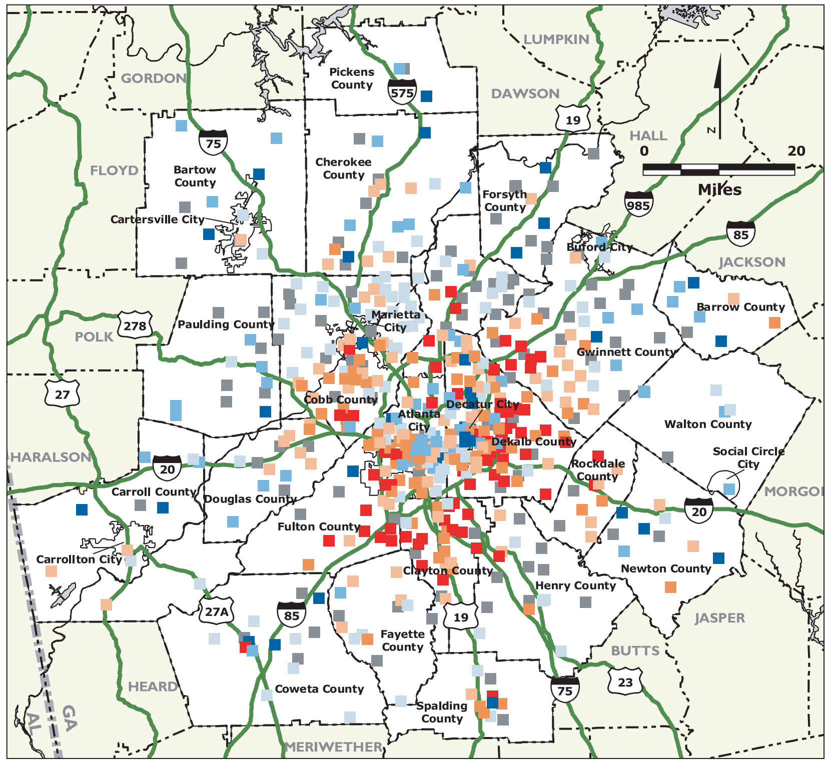
Data Source: National Center for Education Statistics.

Map 4a. Atlanta Region: Percentage of Elementary Students Eligible for Free Lunch by School District, 2000



Data Source: National Center for Education Statistics.

Map 5. Atlanta Region: Change in Percentage of Elementary Students Eligible for Free Lunch by School, 1993–2000



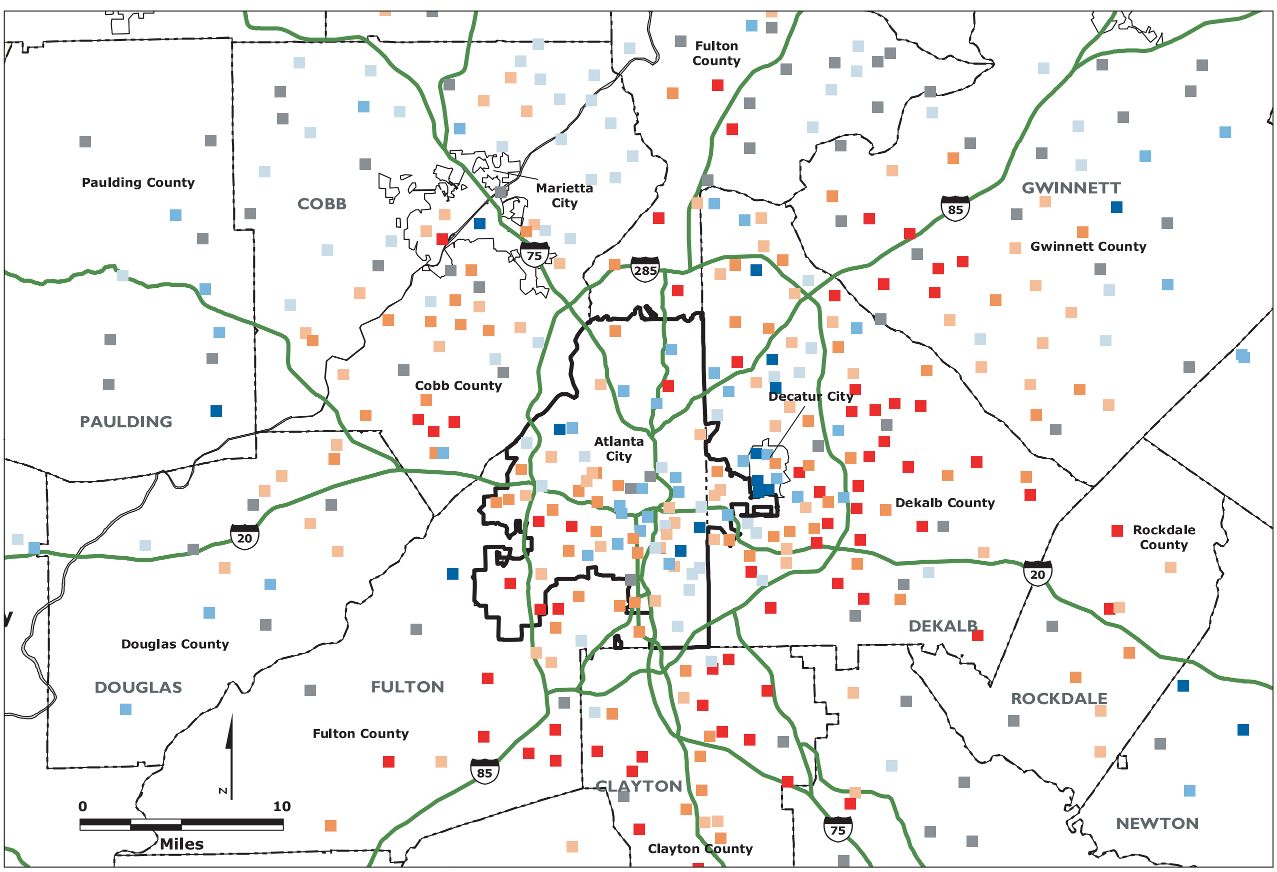
Legend

Regional Value: 3.6

-39.3	to	-9.2	(33)
-8.4	to	-1.7	(63)
-1.3	to	3.5	(92)
3.6	to	10.2	(95)
10.5	to	17.7	(78)
18.2	or more		(68)
No data			(113)

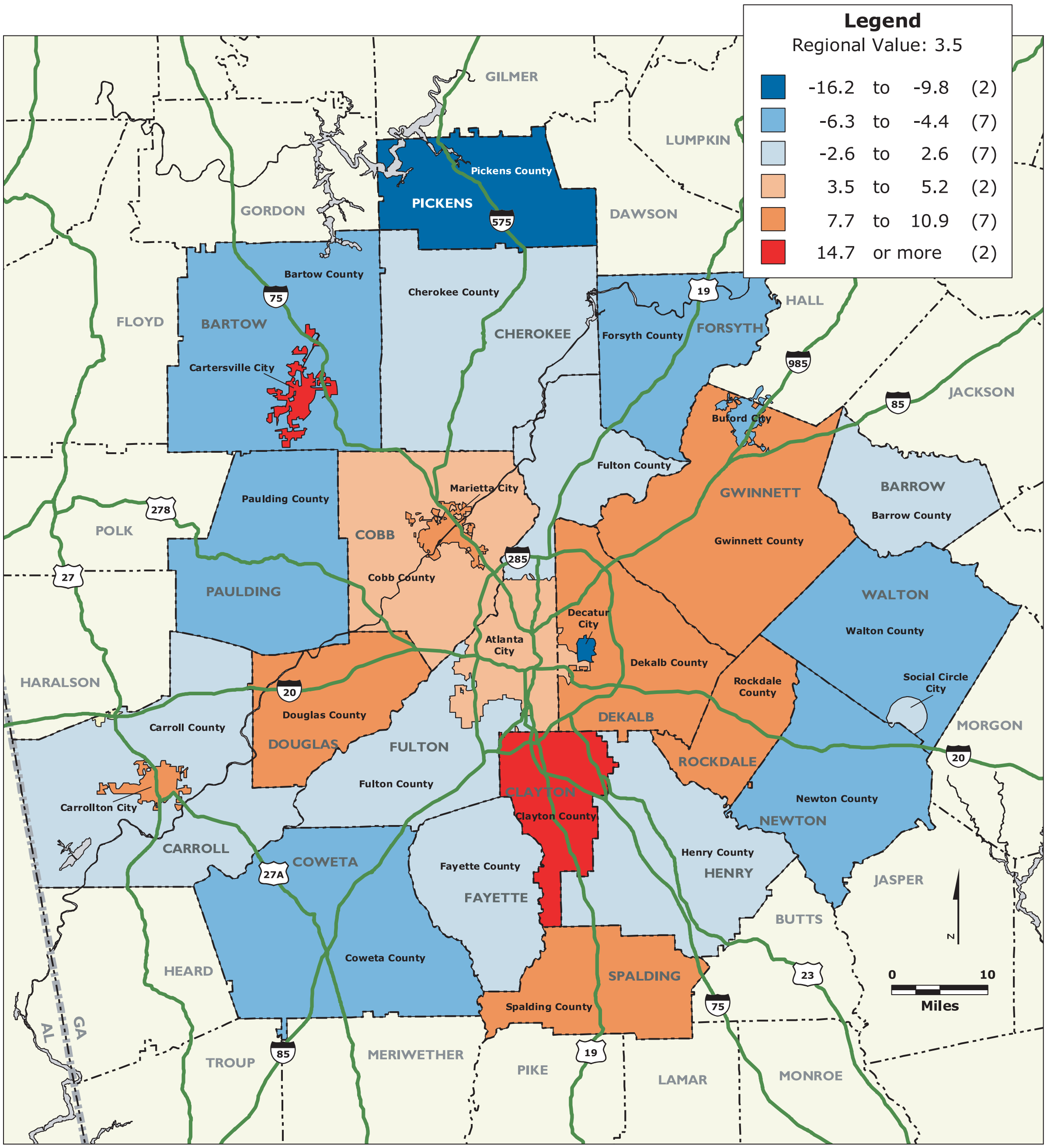
Note: Schools with "No data" either did not exist in 1993 or did not report free lunch data for 1993 or 2000.

Central Area



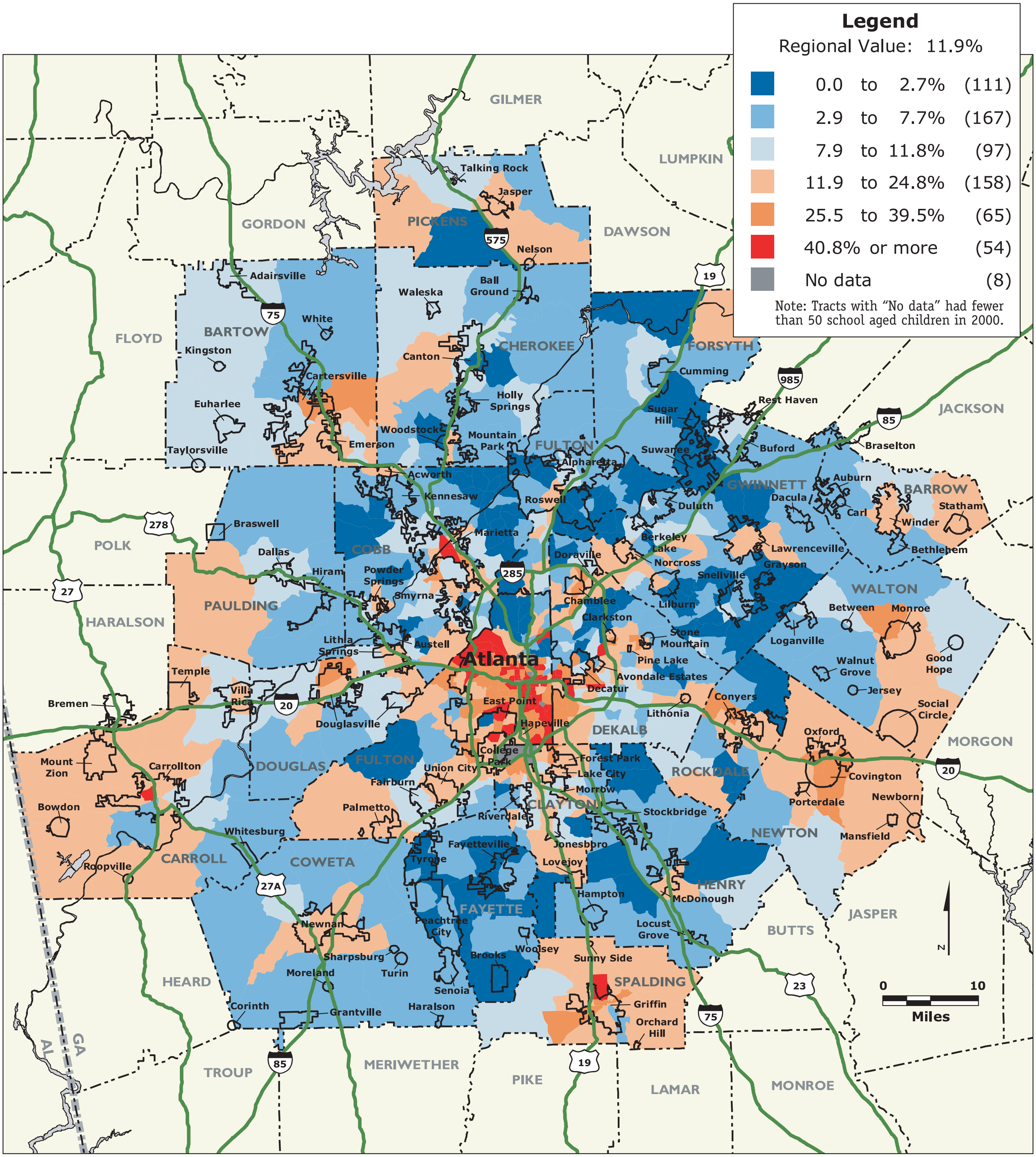
Data Source: National Center for Education Statistics.

Map 5A. Atlanta Region: Change in Percentage of Elementary Students Eligible for Free Lunch by School District, 1993–2000



Data Source: National Center for Education Statistics.

Map 6. Atlanta Region: Percentage of Children Ages 5-17 in Poverty by Census Tract, 2000



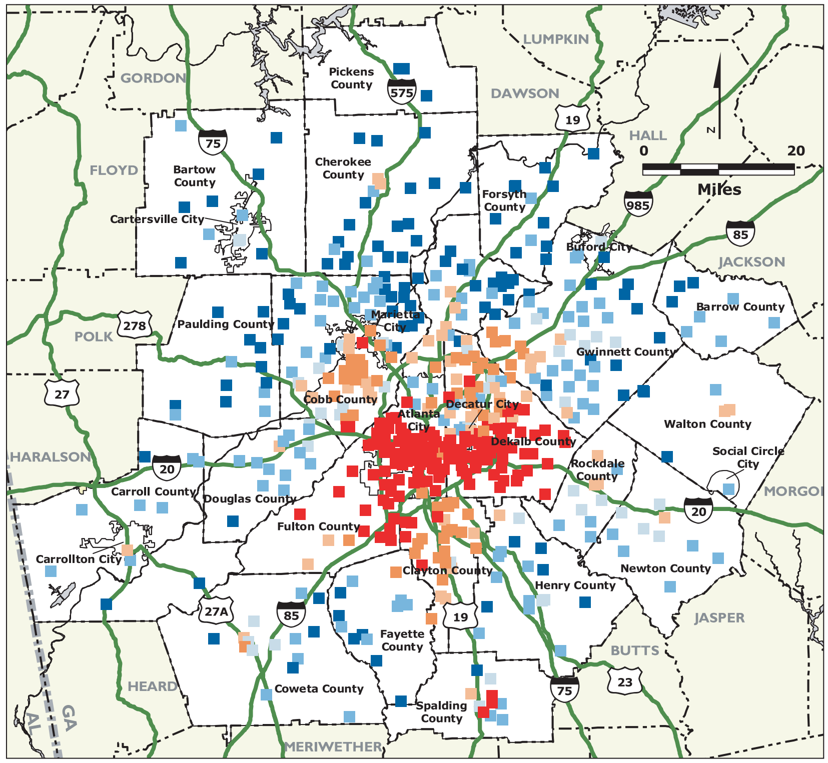
Data Source: U.S. Census Bureau.

Map 7. Atlanta Region: Percentage of Non-Asian Minority Elementary Students by School, 2000

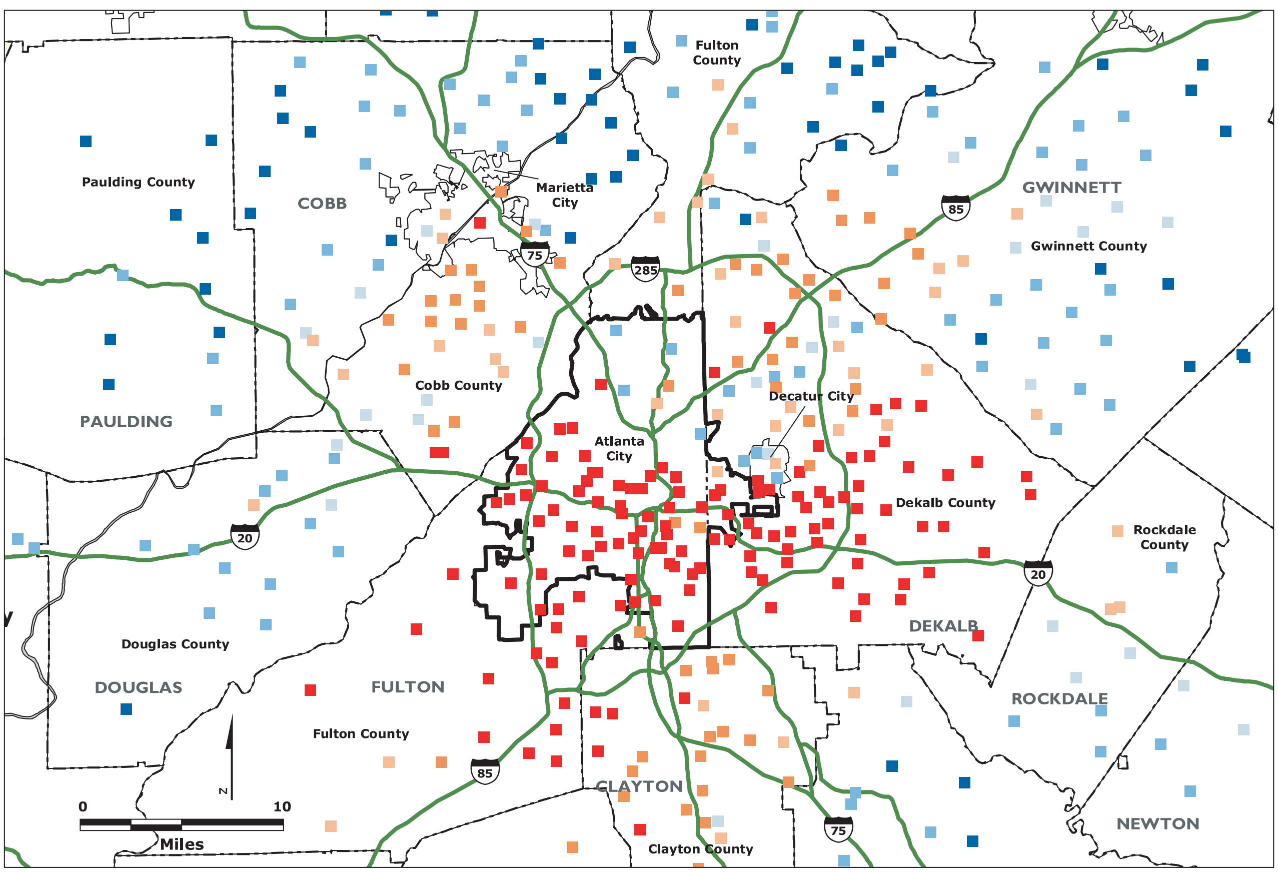
Legend

Regional Value: 45.6%

- 0.5 to 12.0% (115)
- 12.5 to 30.9% (126)
- 32.2 to 44.3% (43)
- 45.6 to 63.2% (54)
- 64.5 to 86.1% (63)
- 87.8% or more (141)

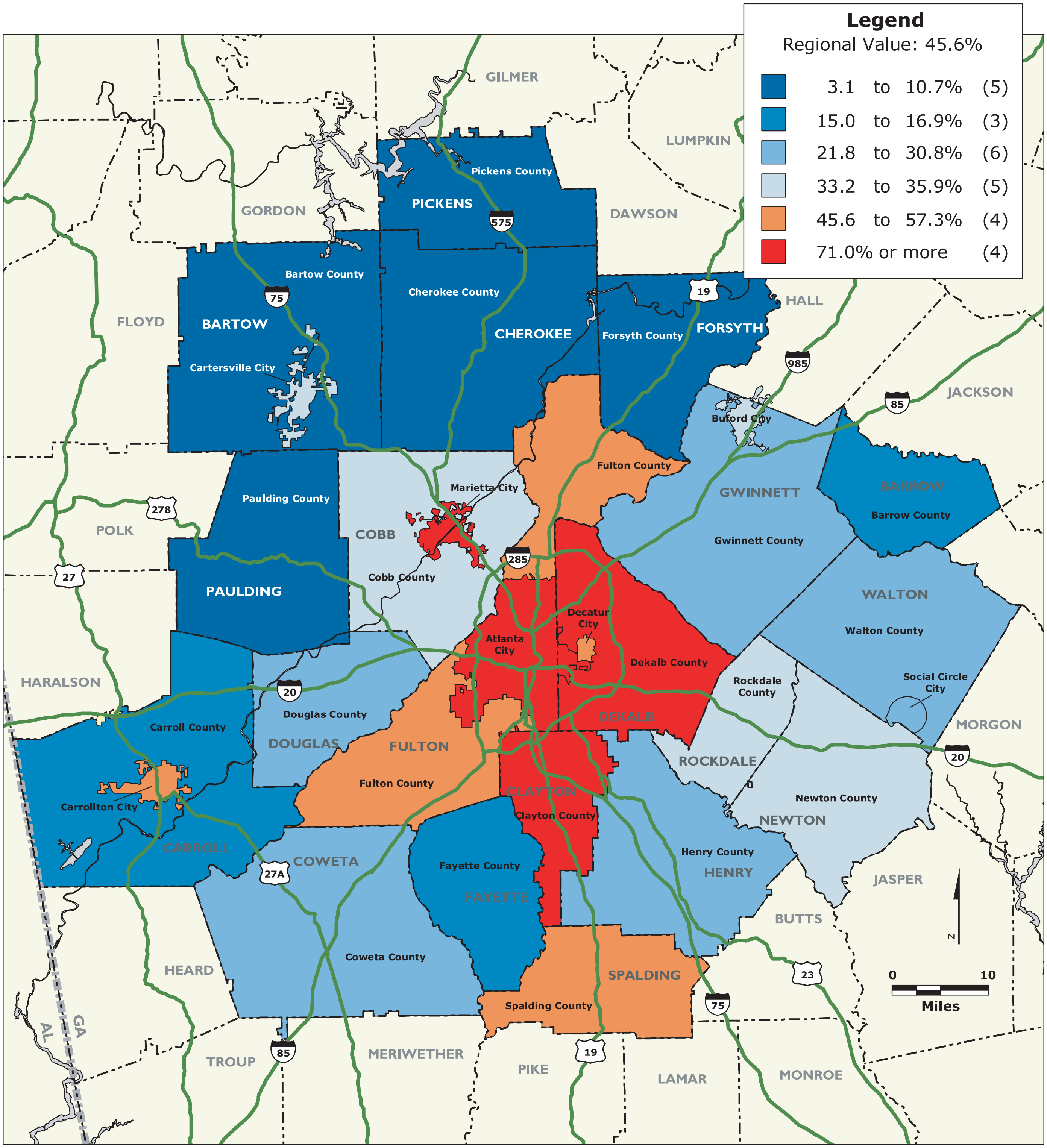


Central Area



Data Source: National Center for Education Statistics.

Map 7a. Atlanta Region: Percentage of Non-Asian Minority Elementary Students by School District, 2000



Data Source: National Center for Education Statistics.

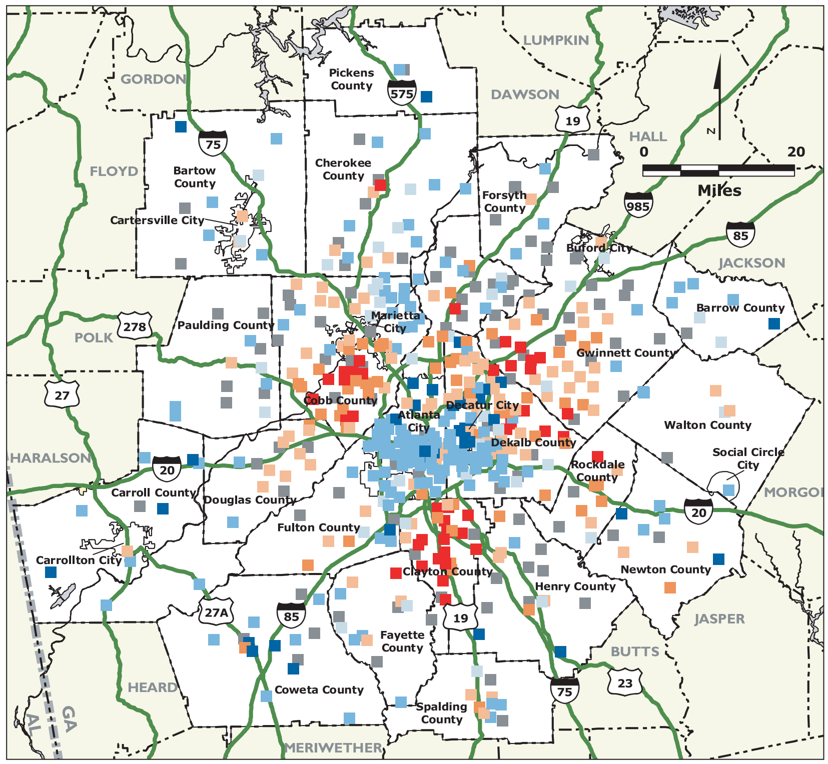
Map 8. Atlanta Region: Change in Percentage of Non-Asian Minority Elementary Students by School, 1993–2000

Legend

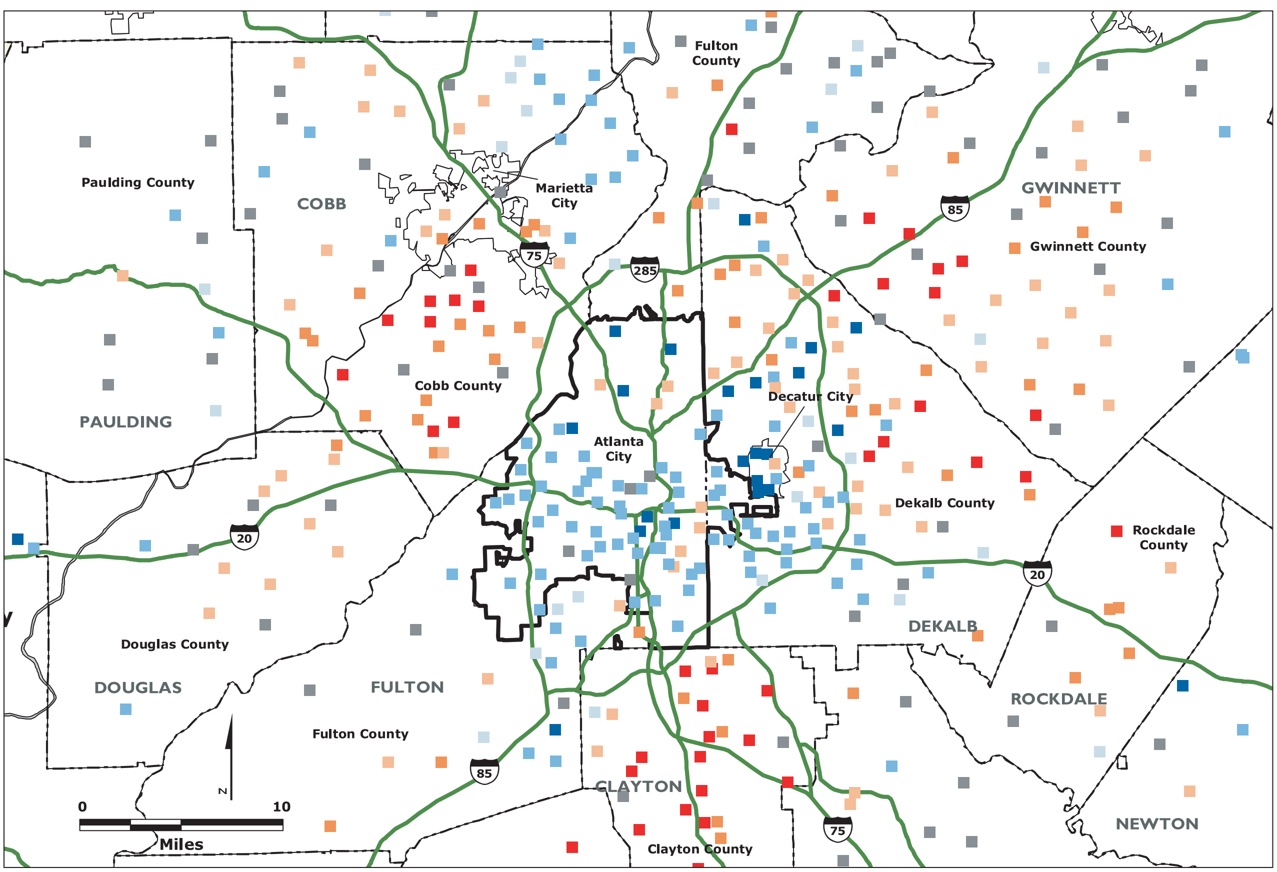
Regional Value: 9.0

■	-25.7	to	-2.0	(35)
■	-1.6	to	5.6	(158)
■	6.0	to	8.9	(38)
■	9.0	to	19.4	(98)
■	20.5	to	34.5	(59)
■	35.8	or more		(42)
■	No data			(112)

Note: Schools with "No data" either did not exist in 1993 or did not report racial data for 1993.

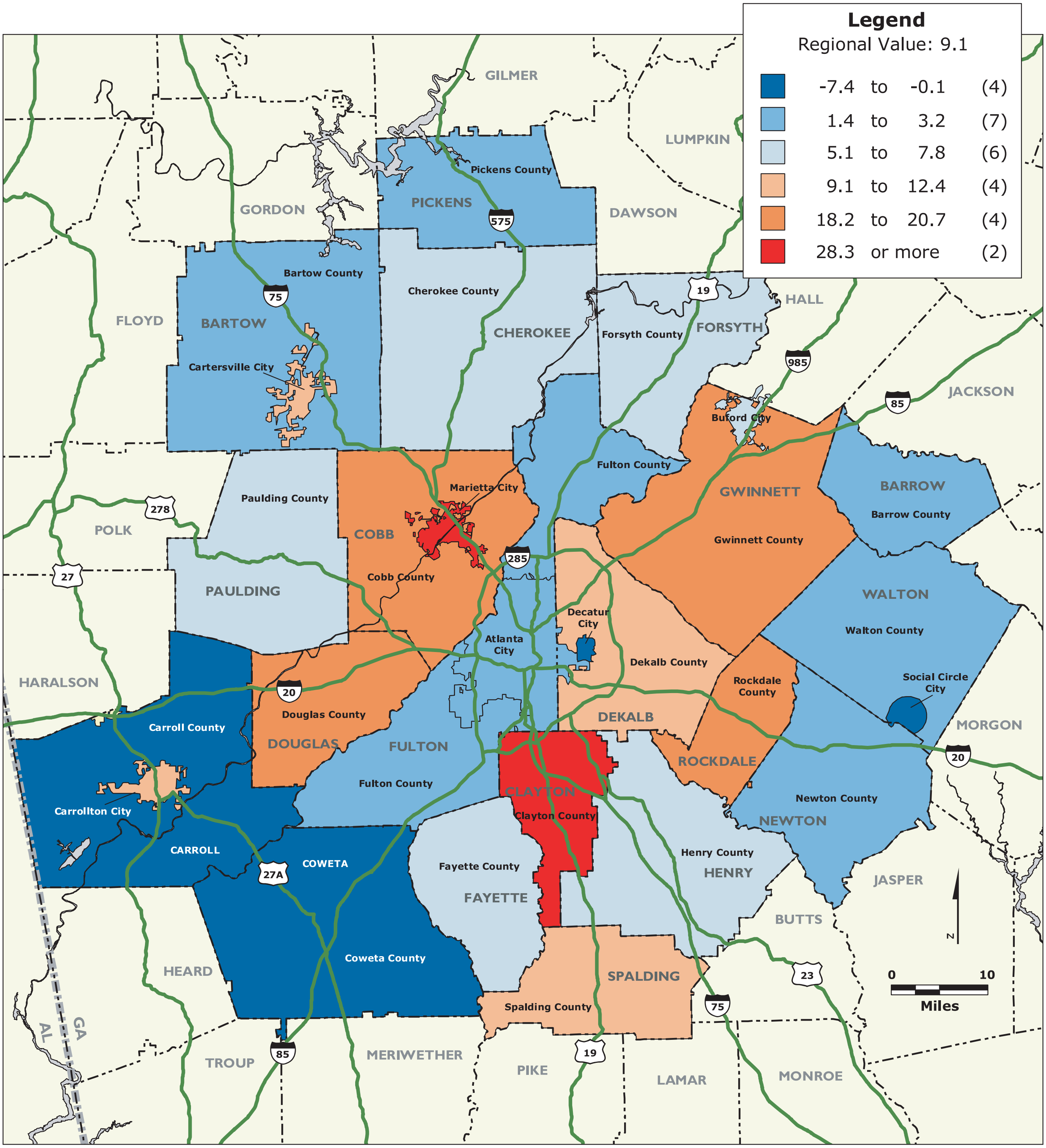


Central Area



Data Source: National Center for Education Statistics.

Map 8a. Atlanta Region: Change in Percentage of Non-Asian Minority Elementary Students by School District, 1993-2000



Data Source: National Center for Education Statistics.

Fiscal Inequality

THE ATLANTA METROPOLITAN area has a highly fragmented system of local government, and its municipal governments rely very heavily on locally generated revenues to pay for public services.[26] Together, these factors place tremendous pressure on most communities to compete for development that will expand their property tax bases.

This can drive local land-use planning decisions, encourage sprawl and increase economic and social stratification. Much of this competition simply shifts economic activity from one part of the region to another, contributing no net gains to the region as a whole.

To win the most profitable land uses, local governments may offer public subsidies or infrastructure improvements. But perhaps the most common approach is "fiscal zoning"—making land-use decisions based not on the intrinsic suitability of the land or the long-term needs of the region, but on the tax revenue development can generate right away. For example, a region as a whole benefits when most communities contain a mix of housing choices because workers have a choice of communities to live in.[27] But individual localities can reap short-term fiscal benefits by severely limiting the land zoned for multifamily development or by requiring very large (and therefore more expensive) homes and lots.

The competition for tax base among local governments creates the potential for a vicious, self-reinforcing cycle of decline in places that "lose" the competition early in the game. As a municipality loses tax base, it faces a choice—it can levy high tax rates in order to provide competitive public services or provide relatively few, or low quality, services at competitive tax rates. Either choice puts it at a disadvantage in the competition for jobs and residents, leading to further losses and further declines in its ability to compete.

Older communities in the region are doubly hurt by these trends. These places must contend with aging infrastructure, high concentrations of poverty, higher crime rates, and other factors that strain their limited resources. With their modest property values, they have few resources to provide for their great needs. The city of Atlanta, for example, has to deal with disproportionate costs of poverty—78 percent of the city's elementary students were poor in 2000 compared to a regional average of 33 percent—with a tax base that is less than 1 percent greater than the regional average.

Communities that face high social needs with low or moderate tax resources cannot reinvest to rebuild sewer systems and roads, rehabilitate housing, maintain parks or clean up polluted land without state or federal aid. Those burdens make it even more difficult for these communities to remain competitive with newer communities that offer cheaper land, newer homes and more open space. In addition, the resulting concentration of public services most necessary for low-income populations—public transit or homeless shelters, for instance—encourages further concentration of poverty in a few areas. This increases the total regional costs of dealing with concentrated poverty.

Meanwhile, places that "win" the most lucrative homes and businesses can provide high-quality services at more reasonable rates, in turn attracting even more economic activity. But there are actually few winners in this competition.

For many communities on the urban edge, all is not well, either. The same patterns that hurt older, struggling communities also discourage long-term planning that would allow growing communities to develop in an orderly and efficient way. Because competition for certain land uses can be so intense—and the impact of losing so severe—communities often feel they have to grab all the development they can before it leaves for another place. That is especially true in newly developing communities, trying to build an adequate tax base to pay for their growing needs and to pay off debts on new infrastructure. But these low-capacity places are rarely in a good position to win the competition for the most “profitable” land uses, ending up instead with moderately priced single-family housing that generates more costs—for schools, roads and sewers—than they produce in revenues.

These challenges are evident in many of the outlying suburbs, such as those in Bartow, Barrow, Paulding, Carroll, Coweta, Spalding, Newton, and Walton counties, which have to deal with booming population with lower than average property tax bases (See Map 9).

The overall result of fiscal zoning and the other strategies communities embrace to attract tax base is the concentration of households with the greatest need for public services in communities that are the least able to generate the revenue to provide them.

Municipal Finance

The effects of this competition are evident in the dramatically different abilities of Atlanta’s local governments to finance public services. The strongest tax bases in the region are concentrated in rapidly growing job centers such as Forsyth and suburban Fulton counties. The weakest tax bases on the other hand are concentrated in outlying counties and older incorporated suburbs across the region (See Map 9).

One way to measure the disparities among communities is to calculate the ratio of tax base in a high-capacity place (the one at the 95th percentile) to the tax base in a low-capacity community (the one at the 5th percentile). In 2000, if all the municipalities in the region had levied the same tax rate, the revenues (per household) coming to the 95th percentile municipality would have been 5.6 times the revenue of the 5th percentile municipality. Put another way, for all residents of the region to receive equal levels of public services, municipalities with the lowest tax bases would have to tax residents at nearly six times the rate of those with the highest tax bases—something that no place can afford to do if it hopes to succeed in the competition for businesses and residents.[28]

State and federal aid does little to reduce these disparities. For municipal services, the ratio stays roughly the same when state aid is included. Federal aid actually worsens these disparities, as the 95th-to-5th percentile ratio increases from 5.6 to 5.9 when federal aid is included.

The pattern of change in tax bases shows a clear pattern of relative decline in the core of the region (See Map 10). Tax base grew more slowly than average in much of Clayton, Fulton and DeKalb counties.

School Finance

Schools are another very important component of greater Atlanta’s local fiscal landscape. In fact, the bulk of local property taxes go to school districts—72 percent of municipal and school property-tax revenues in 2000. The state of Georgia also contributes much more aid to local school districts than to municipalities. State funds represented 52 percent of total school financing in the late 1990s, compared with just 3 percent of municipal expenditures.[29]

Together, state and federal aid in Georgia also do a much better job of equalizing resources available for schools than for municipalities. In 2000, the 95th-to-5th ratio of local tax base per pupil for public schools was 3.2, compared with 5.6 for municipalities. State and federal aid reduced the ratio for school districts to just 1.4, meaning that fiscal capacity in the 95th percentile district exceeded that in the 5th percentile district by 40 percent. The equivalent ratio for municipal services was 5.9, meaning that fiscal capacity in the 95th percentile municipality exceeded that in the 5th percentile place by 490 percent.

However, the fiscal story for schools is not all positive. Districts’ fiscal conditions are decided not just by their financial resources, but also by the costs they face in providing a given level of service. To examine the rela-

Competition between local governments for tax base results in the concentration of households with the greatest need for public services in communities that are the least able to generate the revenue to provide them.

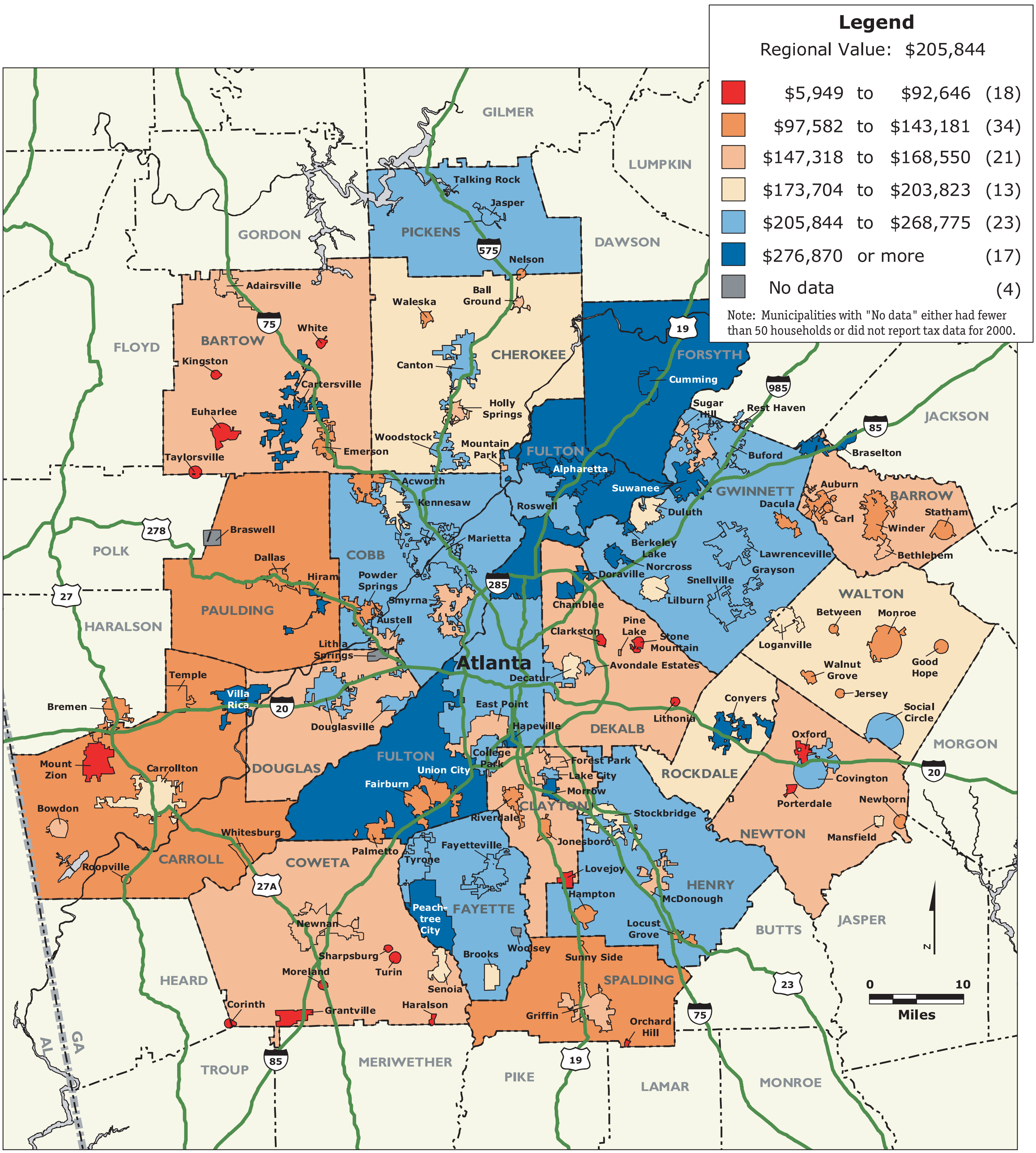
tionship between fiscal condition and service costs in public schools, this study first grouped districts by revenue capacity per pupil. That is the revenue a district would generate for each student if it assessed the state's average tax rate on its own tax base, plus state and federal aid. Districts with capacities per pupil at least 10 percent above the region-wide average were classified as high capacity. Those with capacities at least 10 percent below average were classified as low capacity. The remaining districts were considered moderate capacity.

School districts were then categorized as either low- or high-cost. High-cost districts fit at least one of three criteria—a free-lunch-eligibility rate among elementary students greater than 40 percent, enrollment growth exceeding 30 percent (about 4 percent per year) over a seven-year period, or an enrollment decline of any size during the period (See Map 11).[30]

The analysis reveals that 56 percent of students in the Atlanta region are enrolled in districts facing high costs (from high poverty or rapid enrollment growth) with only low or moderate fiscal resources. The Clayton, Coweta and Paulding school districts are the most stressed districts in this group, facing both low fiscal capacity and high costs.

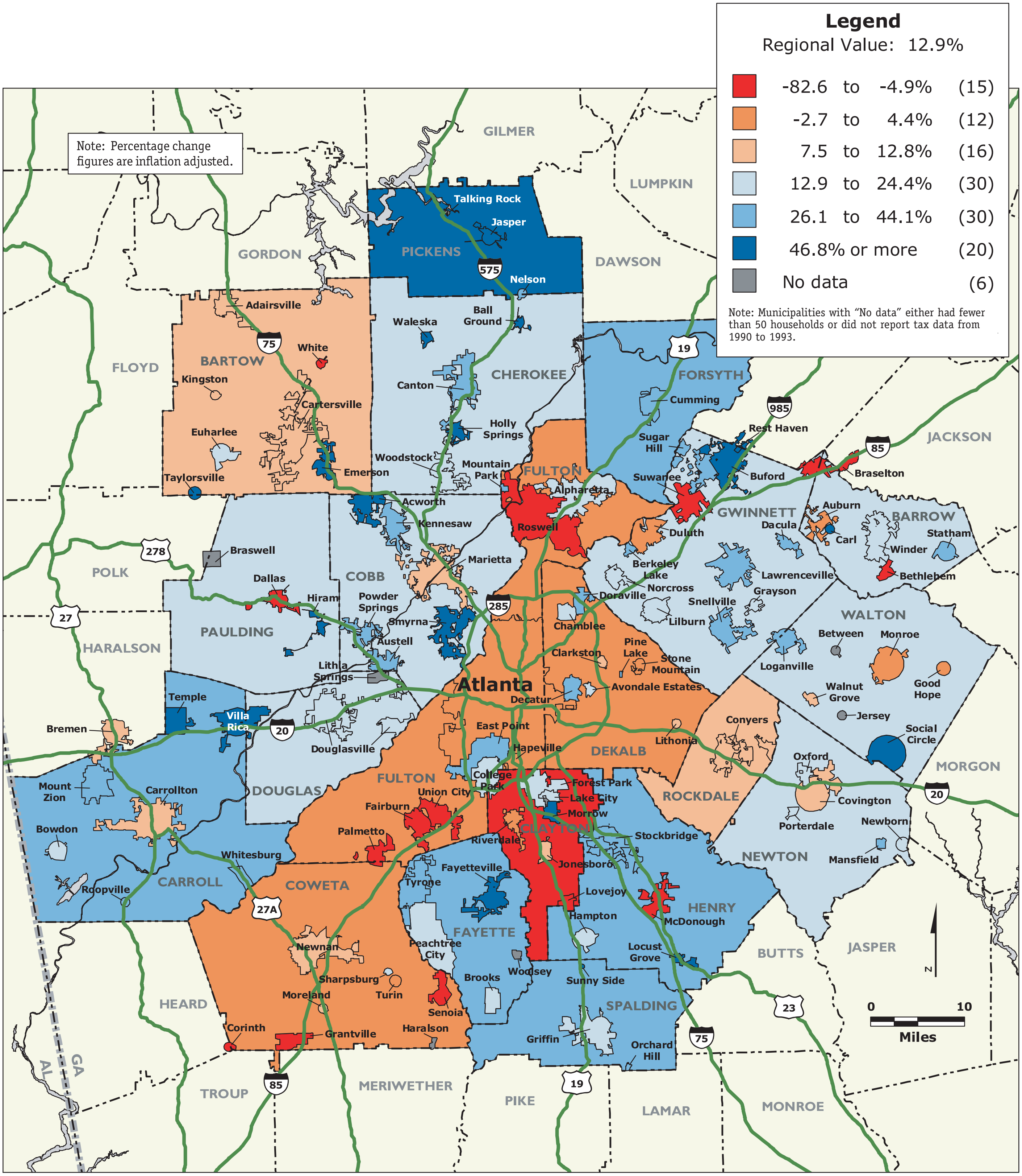
An additional 22 percent of students are enrolled in districts with both high costs and high revenue capacity. Although these districts have above-average fiscal resources, some show even greater signs of stress. For instance, the Atlanta School District has revenue capacity that is 17 percent greater than the regional average, but its poverty rate (measured by eligibility for free lunch) is 132 percent greater than the average, and the districts must cope with the extra costs associated with declining enrollment as well.

Map 9. Atlanta Region: Property tax Base per Household by Municipality and County Unincorporated Area, 2000



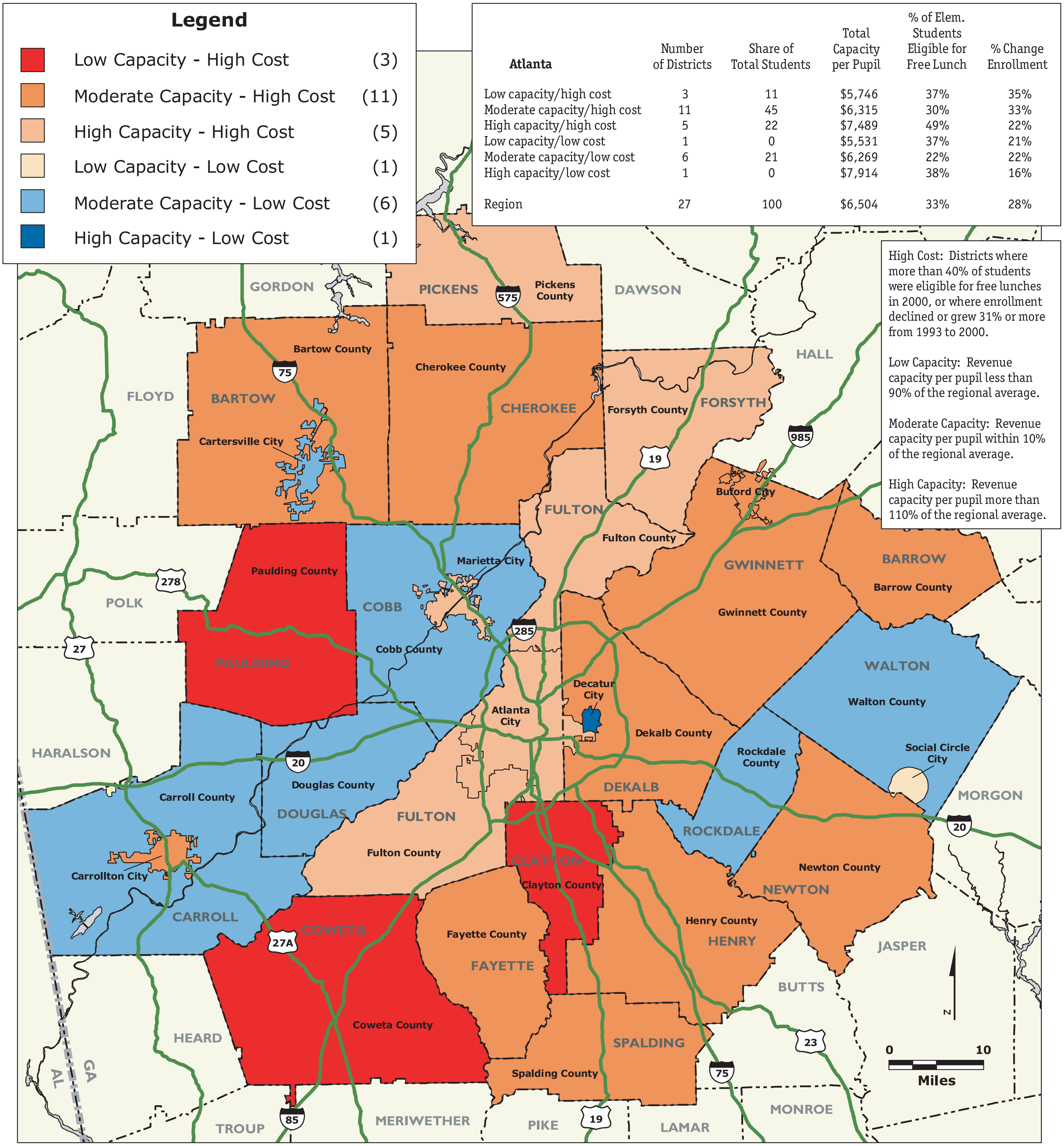
Data Source: Georgia Department of Revenue, Property Tax Division.

Map 10. Atlanta Region: Percentage Change in Property tax Base per Household by Municipality and County Unincorporated Area, 1993–2000



Data Source: Georgia Department of Revenue, Property Tax Division.

Map 11. Atlanta Region: School district Classification



Atlanta	Number of Districts	Share of Total Students	Total Capacity per Pupil	% of Elem. Students Eligible for Free Lunch	% Change Enrollment
Low capacity/high cost	3	11	$5,746	37%	35%
Moderate capacity/high cost	11	45	$6,315	30%	33%
High capacity/high cost	5	22	$7,489	49%	22%
Low capacity/low cost	1	0	$5,531	37%	21%
Moderate capacity/low cost	6	21	$6,269	22%	22%
High capacity/low cost	1	0	$7,914	38%	16%
Region	27	100	$6,504	33%	28%

Data Source: Ameregis.

Affordable Housing

THE REALITIES OF local-government finance create strong incentives for local governments to limit the amount of affordable housing within their jurisdiction. Localities must pay attention to the net effect that any new development will have on local revenues and expenditures—on whether the proposed development "pays its way."

The amount of revenue that local governments can generate on their own depends largely on the value and types of land uses within their boundaries. When the property tax is the primary source of local revenues, as is the case in Georgia, localities have a strong incentive to maximize the value of property by limiting development to high-end residential or commercial developments that augment tax base by more than the cost of the local services they require.

In their attempt to attract high-end residential and commercial developments, many local governments resort to exclusionary zoning practices that limit the amount of affordable housing within their borders. When aggregated over the entire region, this process often results in regionwide shortages of affordable housing and distributions of affordable housing that hurt the regional economy—creating mismatches, for instance, between where workers can afford to live and where new jobs are being created.

Atlanta is known as a relatively affordable housing market. In fact, the region was ranked fourth most affordable among large metropolitan areas according to U.S. Census data in 2000.[31] However, such a general measure of housing affordability—one that is based on a simple comparison of the region's median household income with its median house value—suffers from three shortcomings. First, it fails to capture the geographic distribution of affordable housing and how this relates to other factors like the regional distribution of jobs. Second, it masks the wide disparities that exist in the amount of affordable housing available to people at different income levels. Third, it doesn't reveal how the availability of affordable housing across the region has changed over the last decade.

For this work, the availability of affordable housing in the Atlanta region was examined in 1990 and 2000 for households at three income levels—30 percent, 50 percent and 80 percent of the regional median income. The price of a home affordable to a household at each income level was calculated using a formula developed by Fannie Mae, a nonprofit corporation established to help moderate- and low-income households achieve homeownership.[32] The percentage of affordable housing units (owner- and renter-occupied) was calculated for each place using 1990 and 2000 census data that details the distribution of homes by market value and apartments by monthly rent. The combined cost of a monthly mortgage and property taxes associated with a home at the affordability cutoff was considered to be the amount a household at that income level could afford to pay in monthly rent.

Maps 12 through 14 show that affordability problems in the Atlanta region are most severe at lower income levels. At 30 percent of the regional median income, the region suffers from an overall affordable housing shortage—11 percent of households have incomes in this range but only 6 percent of the region's housing units are affordable to them.[33] In addition, most affordable housing at this income level is concentrated in just a few places—the city of Atlanta, a few inner suburbs and the older, incorporated centers of the outlying suburbs. The problem is exacerbated by the fact that shortages are most dramatic in the region's most economically active areas. Areas in and around the region's fastest-growing job centers in the northeast (parts of Cobb, Forsyth, Gwinnett, Cherokee and north Fulton counties) and the southwest (south Fulton and Fayette counties) are largely unaffordable to low-income households.

Although the region does not suffer from an overall shortage of affordable housing at higher income levels, the distribution of housing affordable to these households is very uneven. In 2000, 21 percent of households in the region had incomes less than 50 percent of the regional median, and 25 percent of the region's housing units were affordable to them. For households at 80 percent of the median, the equivalent figures were 39 percent and 63 percent. However, as with the low-income group, housing for these groups is most limited in the region's fastest growing job centers. As a result, even many people with moderate incomes—police, firefighters and teachers among them—have difficulty finding affordable housing in the areas of the region with the strongest local economies.

The costs associated with mismatches between where new jobs are being created and where low- and moderate-wage workers can afford to live hurts businesses as well as workers. Workers who cannot afford to live near their jobs face longer commutes, increasing costs to themselves and to other users of the region's congested highway system. This is clearly a significant problem in the Atlanta region, where 79. 8 percent of the region's workers in 2000 drove to work alone in their cars.[34] By 2000, workers in the region experienced a median commute of 29.5 minutes, up 19 percent from a median of 24.8 minutes in 1990.[35] One recent study found that the time penalty paid by rush hour commuters increased during the 1990s more in Atlanta than in any other American metropolitan area.[36]

Businesses in areas with little housing suitable for their workforce are also hurt by the wage premiums they must pay to compensate workers for the extra commuting costs associated with working in their location rather than in areas closer to home.

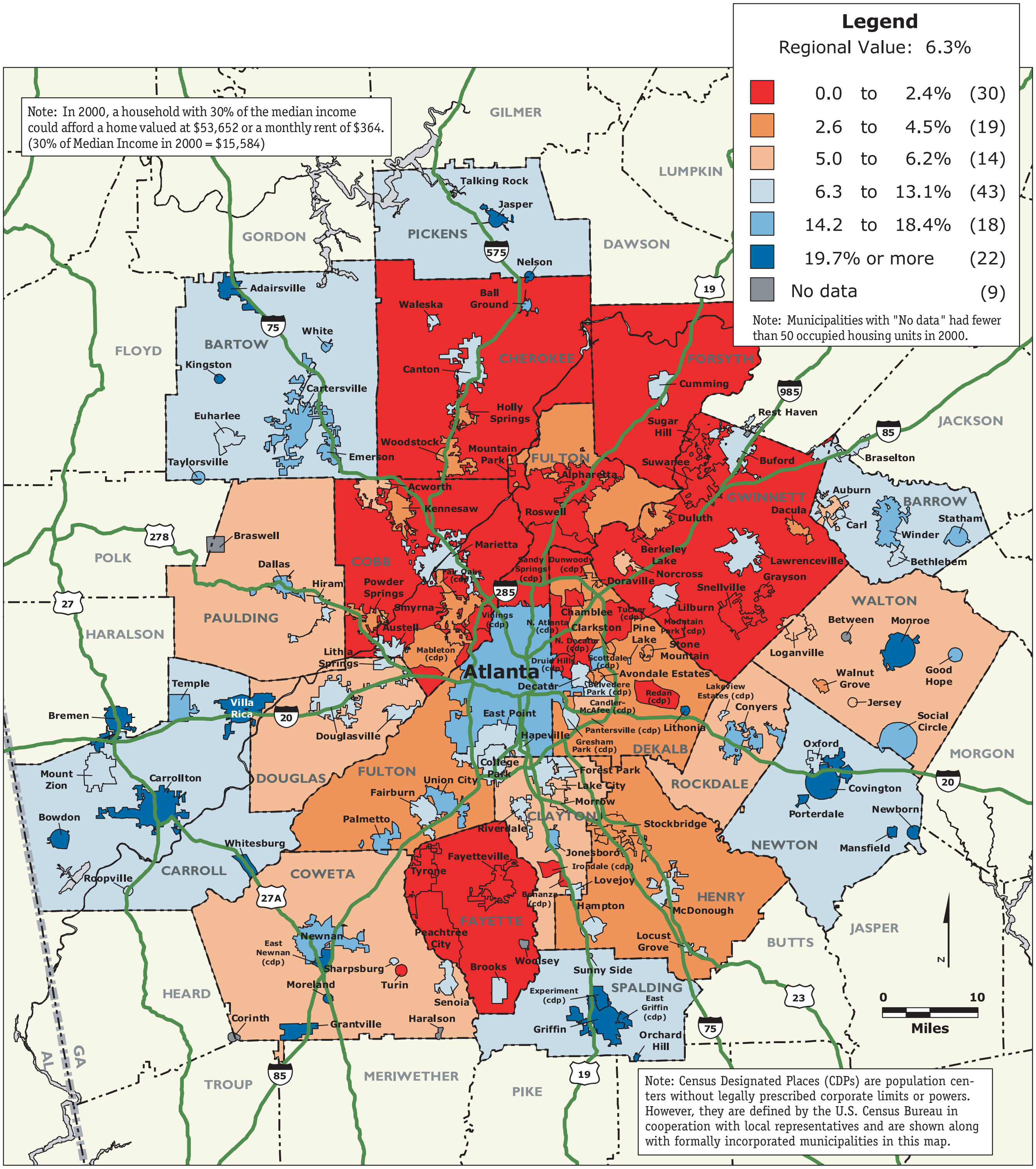
Maps 15 through 17 show that affordability problems increased during the 1990s. The region-wide availability of affordable housing declined for each of the three income groups during the 1990s. The decline was greatest (3.5 percentage points) for moderate-income households (those with incomes at or below 80 percent of the regional median income). The percentage of housing stock affordable to people with 30 percent of the regional median income declined by nearly as much—3 percentage points. The declines were widespread, with no parts of the region showing consistent gains across the income categories.

Map 18 summarizes the distribution of affordable housing shortfalls for the three income levels. A place is considered to have a shortfall of housing affordable to households of a particular income if the share of its housing stock that is affordable to that group is less than the portion of the region's households that fall in that income range. For instance, 11 percent of the region's households had incomes below 30 percent of the regional median income in 2000. A place was therefore considered to have a housing shortfall for that income range if less than 11 percent of its housing stock was affordable to households in that group. (The equivalent cutoffs for 50 percent and 80 percent of the median income were 21 percent and 39 percent, respectively.)

Overall, affordable housing shortfalls are greatest in Forsyth, Fulton and Fayette counties. Large tracts of these counties show shortfalls for all three income categories. The unincorporated portion of Cherokee County and a few other municipalities east of Atlanta show shortages in both of the lower income categories while much of the rest of the region has shortfalls for the lowest income category. Only the city of Atlanta, a few inner suburbs and outlying incorporated areas meet the affordability standard for each income group.

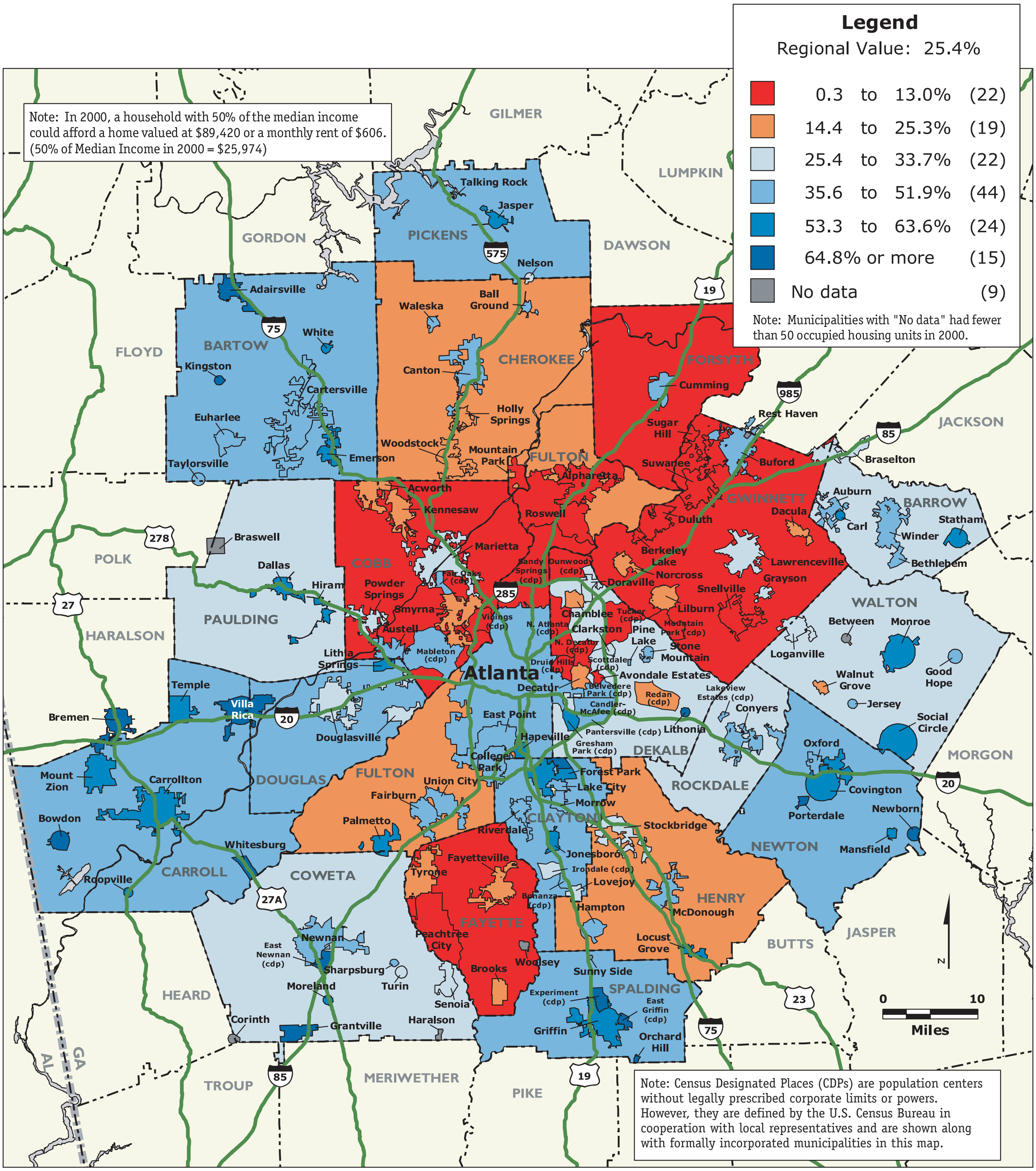
Not surprisingly, these patterns correspond with many of the other trends revealed elsewhere in this work. In particular, affordable housing shortfalls tend to be greatest in areas with the highest tax bases, greatest job growth and lowest poverty in schools. These areas could therefore absorb significant amounts of affordable housing without risking damage to their fiscal condition. The clear implication is that the region is in a position to reap the significant economic and social benefits from distributing affordable housing more evenly—including shorter commutes and lower costs of dealing with the effects of highly concentrated poverty—without injury to areas that accept more affordable housing.

Map 12. Atlanta Region: Percentage of Housing Units Affordable to Households at 30% of the Regional Median Income by Municipality and County Unincorporated Area, 2000



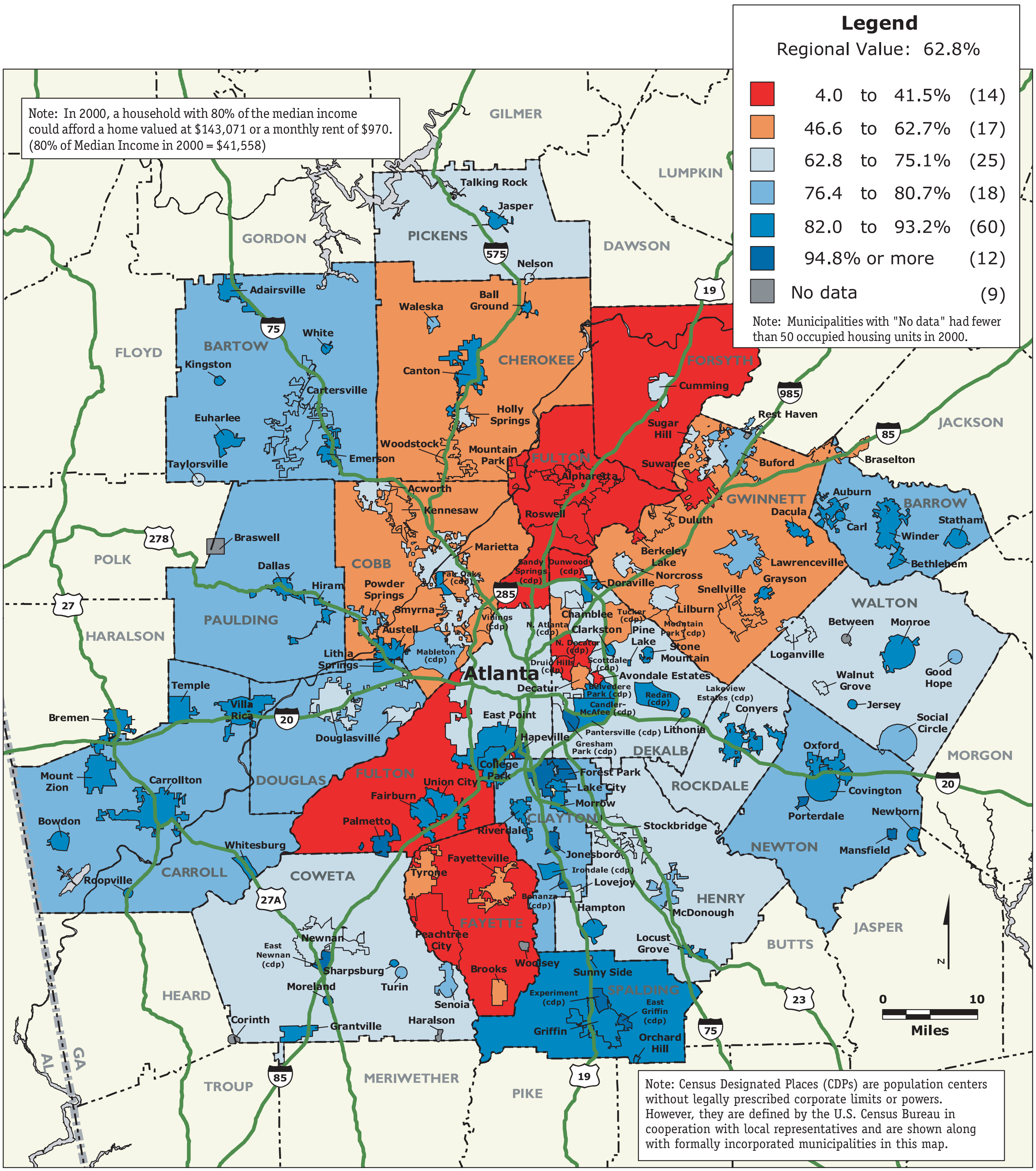
Data Source: U.S. Census Bureau.

Map 13. Atlanta Region: Percentage of Housing Units Affordable to Households at 50% of the Regional Median Income by Municipality and County Unincorporated Area, 2000



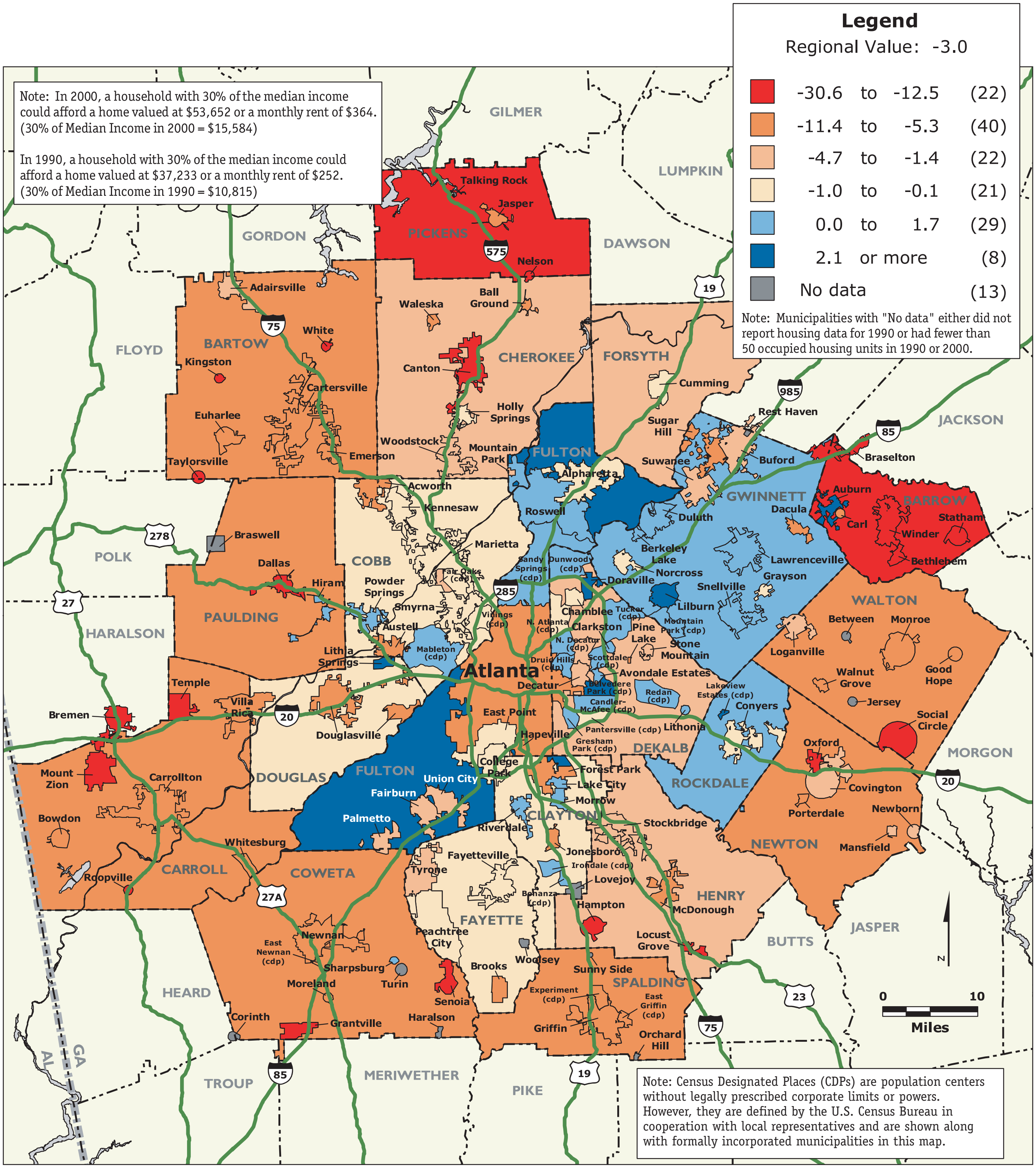
Data Source: U.S. Census Bureau.

Map 14. Atlanta Region: Percentage of Housing Units Affordable to Households at 80% of the Regional Median Income by Municipality and County Unincorporated Area, 2000



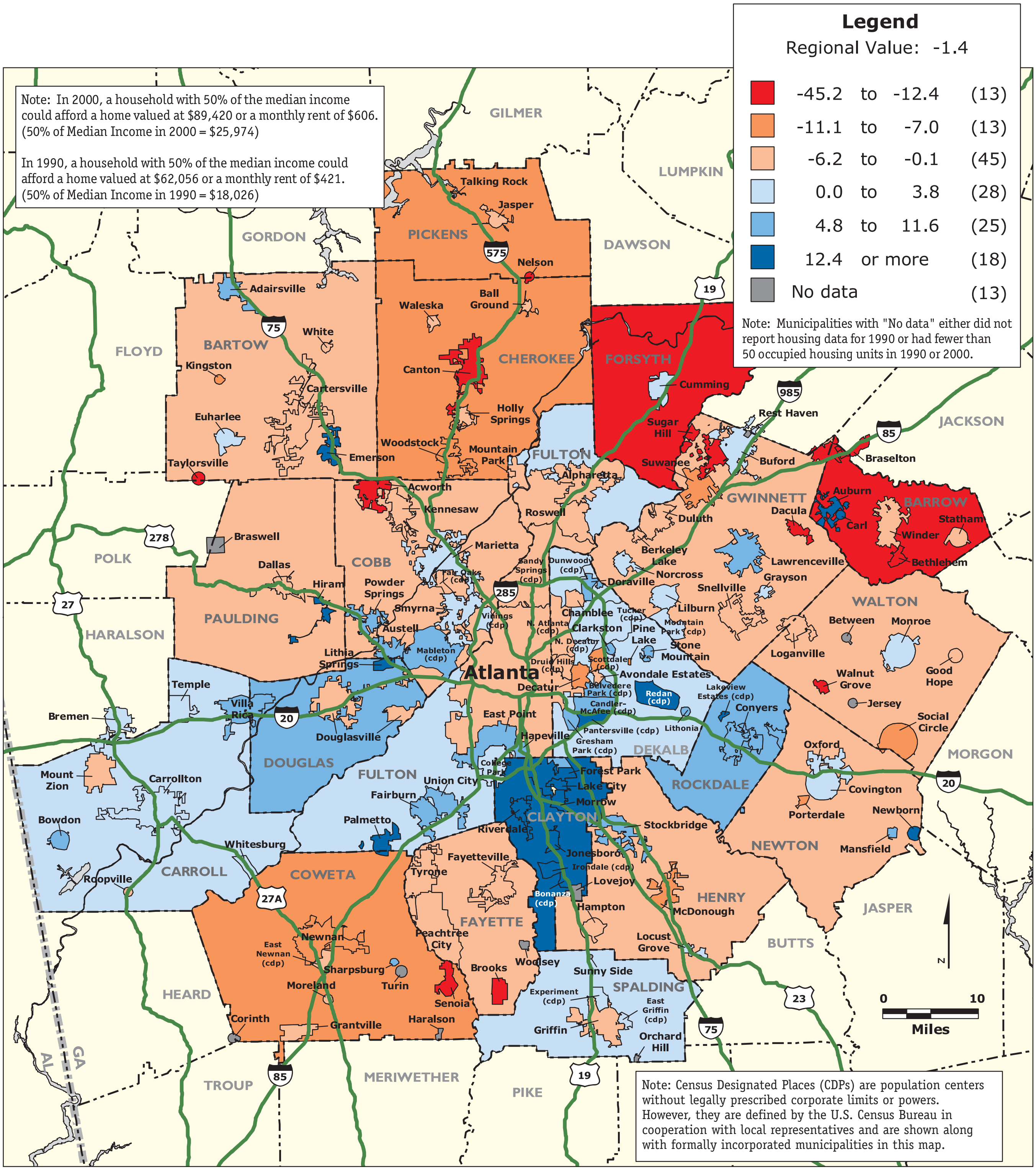
Data Source: U.S. Census Bureau.

Map 15. Atlanta Region: Change in Percentage of Housing Units Affordable to Households at 30% of the Regional Income by Municipality and County Unincorporated Area, 1990–2000



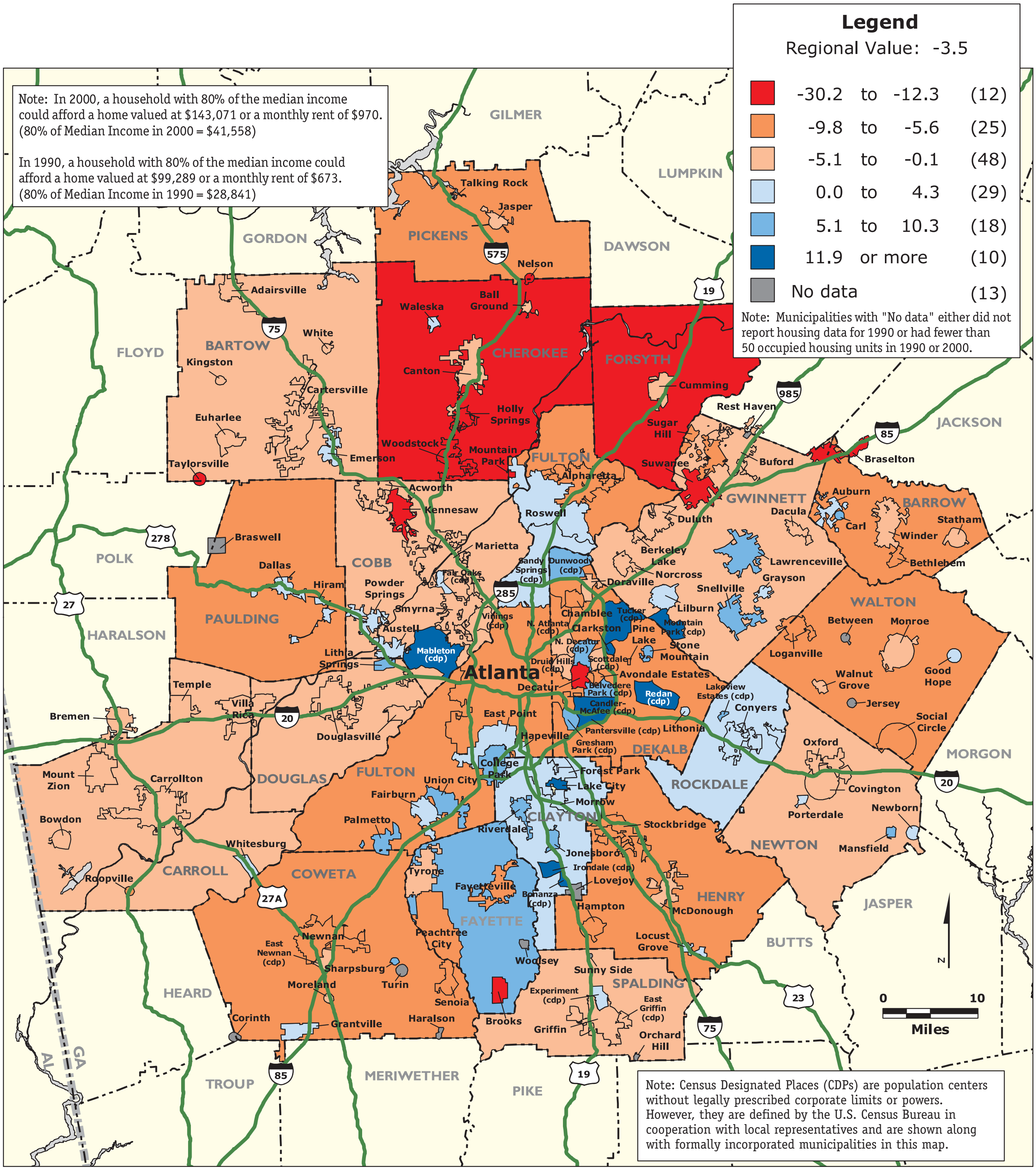
Data Source: U.S. Census Bureau.

Map 16. Atlanta Region: Change in Percentage of Housing Units Affordable to Households at 50% of the Regional Income by Municipality and County Unincorporated Area, 1990–2000



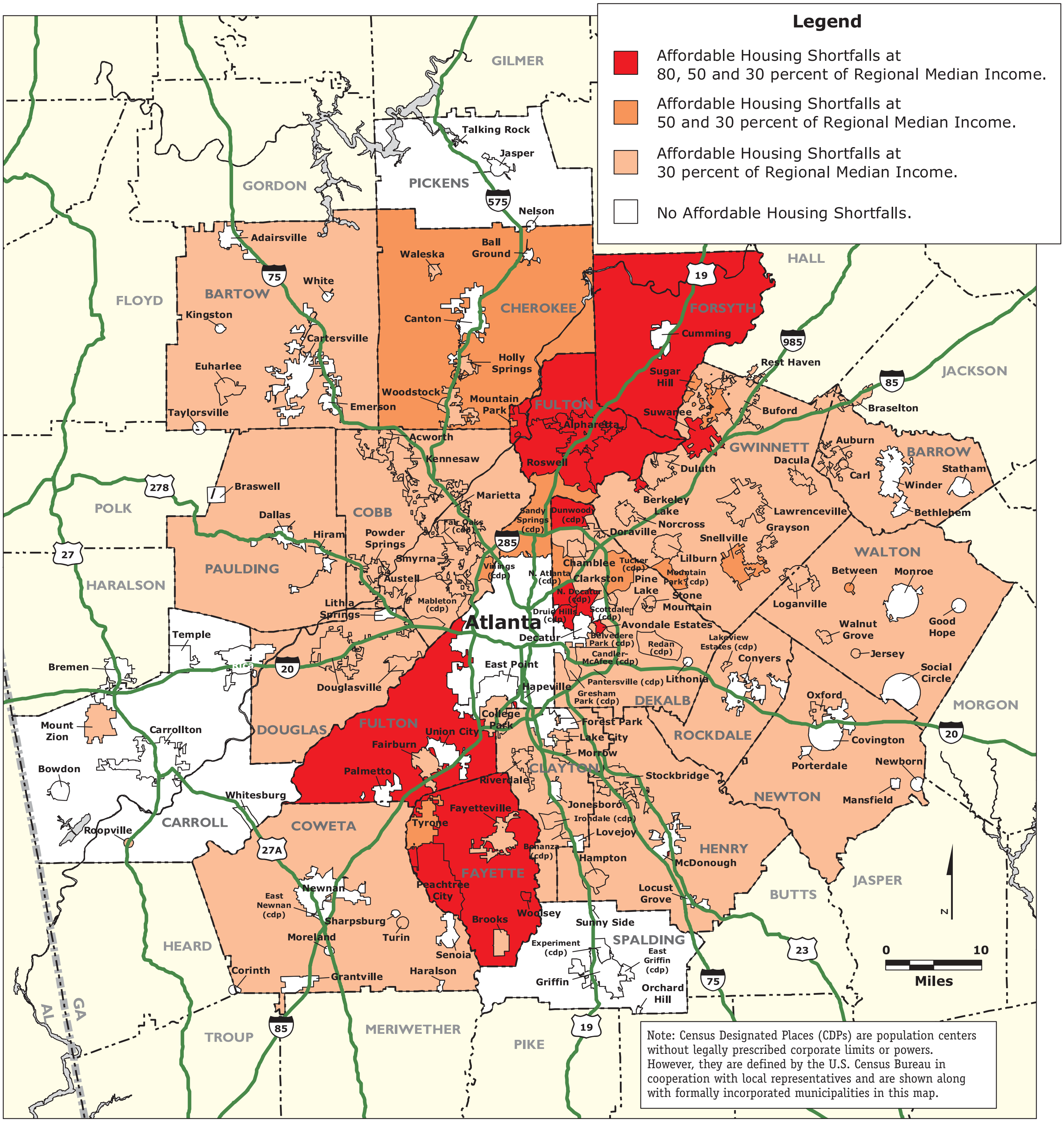
Data Source: U.S. Census Bureau.

Map 17. Atlanta Region: Change in Percentage of Housing Units Affordable to Households at 80% of the Regional Income by Municipality and County Unincorporated Area, 1990–2000



Data Source: U.S. Census Bureau.

Map 18. Atlanta Region: Affordable Housing Shortfalls by Municipality and County Unincorporated Area, 2000



Data Source: U.S. Census Bureau.

Looking Forward: Strategies for Reform

REGIONAL COMPETITION for tax base and uncoordinated growth are hurting almost every city and suburb in the Atlanta region—leading to concentrated poverty and abandoned public facilities in the central city; growing social and fiscal strain in older suburbs; and traffic snarls, overcrowded schools and degraded natural resources on the urban fringe.

The fragmented nature of the region's political system—20 counties, 129 municipalities and 29 school districts—makes it unlikely that reform at the local level will solve these complex problems. Solutions must focus on regional initiatives. Broad policy areas where regional reforms are most needed to combat social separation and wasteful sprawl include:

- Greater tax equity to equalize resources among local governments
- Smarter land-use planning to support more sustainable development practices
- New affordable housing initiatives to expand opportunities for low- and moderate-income residents and promote integrated schools and neighborhoods
- Strengthened metropolitan governance to give all communities a voice in regional decision-making

In addition to addressing individual problems, these strategies are mutually reinforcing. Successfully implementing one makes implementing others much easier, both substantively and politically.

Tax Equity

One area ripe for reform is Georgia's local government tax system. In the state's system, 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.

Reducing 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 would best 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 standard of service for important local public services.

There are regional policies that can both reduce the inequalities between local governments and decrease the incentives for them to engage in wasteful competition for tax base.

Implement tax-base sharing

One possible strategy involves moving from reliance on locally generated tax revenues toward a form of tax-base sharing. In such a system, a portion of regional tax base is pooled and redistributed on a more equitable basis.

Since the early 1970s, the Minneapolis-St. Paul region and the New Jersey Meadowlands have had tax-base sharing programs. Each year, the Twin Cities program collects 40 percent of the growth in commercial-industrial property-tax revenues from the region's local governments. This pool of funds is then redistributed based on local percapita tax base.

Another program in New Jersey, the Meadowlands program, operates on a smaller scale. It collects 40 per cent of growth in all property tax revenues in the Meadowlands district, which encompasses portions of 14 communities, and redistributes the funds based on the share of the area's property value that falls in each of the communities.[37]

In both cases, this process has a redistributive effect—tax-base-poor communities get back more than they paid into the pool, while tax-base-rich communities get back less. Because all communities keep a majority (but not all) of the growth within their borders, the program also reduces the incentives to compete for tax base while still allowing communities to cover the local costs of development.

Other policy alternatives

Tax-base sharing is just one way to create more equitable fiscal relationships among local governments. Disparities can also be significantly reduced by reforming the state's municipal-aid program. In its current form, the program does little to ease disparities among local governments. A reformed state-aid program could be modeled after Georgia's school-aid program, which is designed to increase equity among school districts. State aid for municipalities can ensure that all places have the resources to support services that, like education, many would consider essential—among them public safety, streets and sanitation services.

In addition, 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.[38] 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

Tax policies are only part of the reason for the inequitable and inefficient growth occurring in the Atlanta area. The localized nature of planning also contributes to unbalanced growth. This arrangement makes it very difficult to implement coherent policies in areas with regional implications, such as housing, transportation, economic development or environmental protection. A variety of reforms are possible in this area.

Strengthen the Georgia Planning Act

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 around the country 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. Smart growth provides people choice in where they live and work and how they get around.

The Georgia Planning Act, adopted by the state General Assembly in 1989, embraces smart growth principles, but lacks ways to enforce its goals. The state has a variety of tools at its disposal to give the plan more teeth: technical assistance, streamlined permitting and, most importantly, a broad spectrum of state spending and monetary aid. Any of these could be dispensed on a priority basis, favoring municipalities that enact planning and zoning rules consistent with the planning act. Such incentives would encourage local governments to consider more of the costs and benefits to the entire region when making development decisions.

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.[39]

In addition to its social and environmental benefits, emphasizing compact development and community reinvestment can save money. 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 estimated $1.45 billion in water and sewer infrastructure.[40]

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 lowdensity sprawling development at the expense of existing communities.

Particularly in an era of tight budgets, Georgia officials should focus limited dollars on existing facilities. Lawmakers could, for instance, follow the lead of New Jersey legislators, who in 2000 approved a “fix it first” policy that gives funding priority to maintaining roads and bridges in existing communities. In Michigan, officials are considering a similar policy that would reserve 90 percent of state infrastructure funding for existing facilities and would require developers to pay impact fees to cover the full cost of water and sewer extensions to their developments.

Affordable Housing

Ensuring that all communities in greater Atlanta, particularly those fast-growing suburbs with new jobs and good schools, strengthen their commitment to affordable housing is an essential component of a reform agenda because it helps reduce the consequences of concentrated poverty and racial segregation on core communities. It allows people to live closer to work and provides them with real choices concerning where they live.

There are several types of fair-share housing efforts that may have a place in greater Atlanta.[41] New Jersey’s Mount Laurel program is perhaps the most developed and best known. Based on decisions issued by the New Jersey Supreme Court, Mount Laurel requires all communities in the state to provide “realistic opportunities” for affordable housing. A state agency calculates the number of units each community must allow using a complex formula that takes into account the community’s existing housing stock, median income, availability of land and other factors. Participation is voluntary, but communities that submit a plan for meeting their housing goals are protected from Mount Laurel-related lawsuits by developers.

Massachusetts’ fair-housing act, referred to as the Anti-Snob Zoning Act, allows affordable-housing developers to appeal the denial of a local zoning application to a statewide appeals committee. This committee may overrule the decision of the local board if subsidized affordable housing represents less than 10 percent of the community’s housing stock or covers less than 1.5 percent of land zoned for residential, commercial or industrial use; or if the proposed development remains within certain size limits. This appeals process is combined with finance programs to encourage affordable housing construction.

Other states have enacted other strategies. In the Portland, Oregon area regional officials aim to reduce the cost of land by requiring local communities to zone residential land using minimum, instead of maximum, density requirements. In Connecticut, the state offered incentives that encouraged local governments in the Hartford region to negotiate an affordable housing compact that established affordable housing goals for each community.

Each of these models has both strengths and weaknesses. For example, the New Jersey program defines the number of affordable units needed in each community based on a complex formula that takes into account a wide array of community characteristics, but requires a team of employees to calculate. Massachusetts’ program uses a much simpler formula to decide whether a community has met its affordable housing obligation, but the uniform requirement does not take into account the breadth of factors the New Jersey program does.

Other methods to expand the supply of affordable housing in economically stable communities include a state multifamily housing tax credit and a “moving to opportunity” program that assists low-income families relocating to low-poverty communities. Programs like these can help reduce housing segregation and increase opportunities for very low-income people.

An expedient way of introducing affordable housing to areas that lack such housing is building developments that are heterogeneous in terms of income. These mixed-income communities are less likely to elicit NIMBY reactions from communities and local governments and tend to make zoning approvals more politically feasible.[42]

Moreover, mixed-income communities create a number of economic and social benefits that make them attractive.[43] Because they also enable higher-quality housing with smaller amounts of public subsidy, they make affordable housing more viable, and, thus, can be important in getting additional affordable units built. In addition, mixed-income communities help alleviate the social ills associated with concentrated poverty by offering role-modeling to children of poor families and job-networking opportunities for adults.

Although mixed-income communities can also present unique managing and marketing challenges to developers,[44] these communities could be an effective way to address the skewed regional distribution of affordable housing in the Atlanta region.

Metropolitan Governance

As in most places, the fragmented nature of local government in greater Atlanta has discouraged coordinated strategies for dealing with regional problems. That is unfortunate, because many of the 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.

Intergovernmental cooperation in the Atlanta area can be improved both by strengthening existing regional bodies and by creating incentives for communities to cooperate on planning efforts and service provision.

Strengthen regional institutions

The Atlanta region already has two important regional bodies, the Atlanta Regional Commission (ARC) and the Georgia Regional Transportation Authority (GRTA). GRTA has fairly broad powers to improve transportation in the region, including the ability to finance projects that alleviate air pollution, to approve land transportation plans and to operate transit systems. ARC oversees a variety of regional activities, including land-use, water supply and transportation planning, employment services and regional data analysis. In addition, ARC serves as the region's metropolitan planning organization, a body empowered by the federal government to make planning and funding decisions for the region's transportation systems.

These organizations have many accomplishments to their credit, but their powers to enact significant regional reforms are still limited. Armed with greater powers, they could make more 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. Greater powers should be accompanied by reforms making these organizations directly accountable to constituents.[45]

In addition, these bodies must be appropriately scaled. While the legislation that created GRTA allows it to expand its jurisdiction to new counties if they exceed certain air quality measures, ARC's boundaries have remained static as the region has grown considerably. The agency serves only 10 counties within a metropolitan area that, based on its housing and labor markets, now covers 20 counties. For ARC to become a more effective regional body, its jurisdiction should be expanded to cover the entire metropolitan area.

If not crafted carefully, regional efforts like these can potentially dilute the political power of minority and other underrepresented communities.[46] To avoid such an undemocratic outcome, elements of local and regional governance should be balanced very carefully to ensure fair representation for all communities. Specific institutional arrangements to achieve such a balance have already been suggested by numerous scholars.[47]

It is also important to remember that local and regional governance are not mutually exclusive. Indeed, examples of fruitful cooperation in Atlanta demonstrate that local and regional entities can successfully reinforce each other in dealing with regional problems. One example is the cooperation between the Atlanta Neighborhood Development Partnership, Inc. (ANDP)—a local advocacy group—and the Atlanta Regional Commission. Thanks to efforts by ANDP, ARC made the distribution of regional transportation funds to local governments contingent on their accommodation of mixed-income housing developments.

Encourage municipal cooperation

There are many opportunities for local governments to participate in alliances and joint planning activities without changes in regional governance structures. In Pennsylvania, for example, "smart growth" legislation passed in 2000 authorizes local governments to work together to plan and to implement plans, and provides several tools to help, including transfer of development rights and tax-base sharing programs. It also authorizes state agencies to provide funding priority to these cooperative efforts.[48]

Montgomery County, Ohio, home to Dayton and 29 other localities, has established a program to share some of the benefits of new economic development.[49] The ED/GE program provides both a countywide funding pool for economic development projects and a "government equity" fund that shares a portion of growth in municipal property-and income-tax revenues. Although small in scale, the voluntary program is a mechanism for local governments to share the benefits and the responsibilities of economic development and growth.

There are also examples of communities banding together around shared interests. The First Suburbs Consortium—an organization of older suburbs in several Ohio metropolitan areas—has undertaken a variety of activities to improve their health, including lobbying for changes to state laws that currently emphasize building new infrastructure instead of maintaining existing facilities. They also established a low-interest home-improvement loan program for residents of member communities.[50]

Organize and Mobilize

Meaningful regional reform will not occur by releasing a report. Nor will it will be achieved simply by the goodwill of politicians. Real change will require a broad coalition of elected officials who are motivated by political self-interest and the social and fiscal health of the communities they represent.

But there are communities where opponents—waving the banner of local control—are sure to resist reform. In these places, reformers can help counter resistance by mobilizing support from the religious community and civil-rights, environmental, labor and business organizations—groups that can appeal to both self-interest and ideals.

Such changes will offer relief to all communities. For cities, they mean enhanced opportunities for redevelopment and for the poor. For fiscally stressed suburbs, they mean stability, community renewal, lower taxes and better services. For developing bedroom communities, they offer sufficient spending on schools and clean air and water. Affluent suburban communities also stand to gain from regional efforts that preserve open space and reduce traffic congestion.

NOTES

1 In this study the Atlanta region is defined as the Atlanta Metropolitan Statistical Area. It currently includes the following 20 counties: Barrow, Bartow, Carroll, Cherokee, Clayton, Cobb, Coweta, De Kalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Henry, Newton, Paulding, Pickens, Spalding, Rockdale and Walton.

2 Only three of the existing 18 job centers in the Atlanta region are located to the south of I-20—a freeway that historically divided the region racially and geographically. Similarly, only one of the five newly emerging job centers in the region is located to the south of I-20. For a map illustrating the geography of employment centers in the Atlanta region, see Figure 2 in Robert D. Bullard et al., *Sprawl Atlanta: Social Equity Dimensions of Uneven Growth and Development*. (Clark Atlanta University: The Environmental Justice Resource Center, January 1999), available at http://www.ejrc.cau.edu/sprlatlexcsum.html.

3 See Table PHC-T-4 in U.S. Census Data, 2000.

4 Computed from the U.S. Department of Transportation, Federal Highway Administration, Highway Statistics Table HM-72, October 2002. The table is available at http://www.fhwa.dot.gov/ohim/hs01/hm72.htm.

5 Computed from U. S. Census Data 1990 and 2000.

6 For examples of such exclusionary zoning practices in Henry and Fayette counties, see Janet Frankston, "Sprawl linked back to lack of affordable housing," *The Atlanta Journal-Constitution*, September 30, 2002.

7 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).

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

9 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, 1991), pp. 235-273; John D. Kasarda, "Inner-City Concentrated Poverty and Neighborhood Distress: 1970 to 1990," *Housing Policy Debate* 4, no. 3: 253-302.

10 In 2000, 34 percent of Pittsburgh residents in the workforce used public transportation to get to work, while only 3.7 percent of the workforce in the Atlanta metro area went to work by public transit.

11 *Moving Beyond Sprawl: The Challenge for Metropolitan Atlanta* (Washington, D. C.: The Brookings Institution), available at http://www.brook.edu/dybdocroot/es/urban/atlanta/consequences1.htm.

12 Urban Collage, Inc., Huntley & Associates, Altamira Design and Common Sense, CHJP and Associates, *Pittsburgh Community Redevelopment Plan*, September 2001.

13 U.S. Census Data 2000.

14 See Figure 2 in Robert D. Bullard et al., *Sprawl Atlanta: Social Equity Dimensions of Uneven Growth and Development*. (Clark Atlanta University: The Environmental Justice Resource Center, January 1999), available at http://www.ejrc.cau.edu/sprlatlexcsum.html.

15 See www.sierraclub.org/sprawl/whitepaper.asp

16 In 2000, the percentage of non-whites in the overall population of the Atlanta region averaged 40.2 percent. The corresponding percentages were 65.1 in Clayton, 67.8 in DeKalb, 54.7 in Fulton, and 68.7 in the City of Atlanta in the same year. U.S. Census Data, 2000.

17 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," *The New York Times Magazine*, January 16, 2000.

18 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 for all schools to have the same racial or income mix. 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, NY: Lewis Mumford Center for Comparative Urban and Regional Research, State University of New York at Albany, 2002), available at www.albany.edu/mumford/census/.

19 Gary Orfield and John T. Yun, "Resegregation in American Schools," (Cambridge, MA: The Civil Rights Project, Harvard University, 1999).

20 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). High poverty schools are those with free lunch eligibility rates of 40 percent or greater.

21 See Table 3-2 in Myron Orfield, *American Metropolitics: The New Suburban Reality* (Washington, D.C.: Brookings Institute Press, 2002), p. 52.

22 Richard W. Williamson, "Busting at the seams: Gwinnett schools are overcrowded and getting worse," *Creative Loafing*, January 27, 2001, available at ttp://atlanta.creativeloafing.com/2001-01-27/comment.html.

23 Jonathan Crane, "The Effects of Neighborhoods on Dropping Out of School and Teenage Childbearing," in *The Urban Underclass*, C. Jencks and P. Peterson. eds. (Washington, D.C.: Brookings Institution, 1991), pp. 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*, pp. 321-41; Massey and Denton, *American Apartheid*, pp. 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*, pp. 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.

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

25 Massey and Denton, *American Apartheid*, pp. 180-82.

26 Among the 25 largest metropolitan areas in the country, Atlanta was the 9th most politically fragmented region in 1997. Georgia ranked 49th out of 50 states in the percentage of municipal expenditures financed by state aid. See Myron Orfield, *American Metropolitics: The New Suburban Reality* (Washington, D.C.: Brookings Institute Press, 2002), Tables 5-1 and 7-2.

27 See this report's Affordable Housing section, starting on page 32, for a further discussion of why this is the case.

28 This assumes that a dollar of spending generates the same amount of services in all parts of the region. In reality, however, the areas with the lowest capacities are also likely to be the places with the highest service costs, implying that the actual disparities are even greater than this simple comparison indicates.

29 See Myron Orfield, *American Metropolitics: The New Suburban Reality* (Washington, D.C.: Brookings Institute Press, 2002), p. 87.

30 These measures reflect a range of factors that increase costs. A high rate of free-lunch eligibility, a commonly used proxy for poverty, generates greater needs for services and increases the cost of reaching a given level of service. Enrollment declines increase costs per pupil because fixed costs are spread over fewer students and because some variable costs are often difficult to reduce over relatively short time periods. Quickly growing enrollments increase costs because it is often difficult to spread the associated capital costs over the full lifetime of the assets.

31 Tinah Saunders, "Atlanta ranked as fourth most-affordable housing market," *The Atlanta Journal-Constitution*, July 1, 2002.

32 The formula assumes that housing costs should not exceed 28 percent of gross income. A calculator available at www.fanniemae.com was used to calculate the affordability cut-offs assuming an mortgage rate of 7 percent, a 10 percent down payment and local property taxes equal to the region-wide average in the relevant years.

33 U.S. Census Data 2000.

34 This percentage is slightly higher than the percentage of commuters who drove to work alone in Georgia, which had the 15th highest share of commuters driving to work alone in the nation in 2000. U.S. Census Data, 2000.

35 Computed from U.S. Census Data 1999 and 2000.

36 David Schrank and Tim Lomax, *2001 Urban Mobility Report* (Texas Transportation Institute, Texas A&M University 2001), Table A-3, p. 39.

37 See Thomas Luce, "Regional Tax Base Sharing: The Twin Cities Experience," in Helen F. Ladd, *Local Government Tax and Land Use Policies in the United States*, (Northhampton: Elgar Publishing, 1998) and New Jersey Meadowlands Commission, "Tax Sharing in the Meadowlands District," available at www.hmdc.state.nj.us/tax.html

38 See Alanna Hartzok, "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*, (Northhampton: Edward Elgar Publishing, 1998).

39 See Orfield 2002 for more discussion of land-use planning tools.

40 "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).

41 This summary of state fair-share housing policies is from Charles E. Connerly and Marc Smith, "Developing a Fair Share Housing Policy for Florida," *Journal of Land Use and Environmental Law*," Vol. 12:1, 1996.

42 Charles S. Wilkins, Jr., "Concept Paper: Mixed-Income Rental Housing," (Millennial Housing Commission Preservation and Production Task Forces), available at www.mhc.gov/papers/cpmirh.doc.

43 The following discussion of the positive social and economic externalities associated with mixed-income communities is based on Alastair Smith, "Mixed-Income Housing Developments: Promise and Reality," (Joint Center for Housing Studies of Harvard University Neighborhood Reinvestment Corporation, October 2002) and on Charles S. Wilkins, Jr., "Concept Paper: Mixed-Income Rental Housing," (Millennial Housing Commission Preservation and Production Task Forces), available at www.mhc.gov/papers/cpmirh.doc.

44 Alastair Smith, "Mixed-Income Housing Developments: Promise and Reality," (Joint Center for Housing Studies of Harvard University Neighborhood Reinvestment Corporation, October 2002).

45 See, for example, footnote 46.

46 john powell, "Racism and Metropolitan Dynamics: The Civil Rights Challenge of the 21st Century," (Minneapolis, MN: Institute on Race and Poverty, August 2002), p. 25, available at http://www1.umn.edu/irp/publications/racis mandmetrodynamics.pdf.

47 An important concept that focuses on protecting minority interests within a regionalist agenda is john powell's notion of "federated regionalism." For an elaboration of this concept, see john powell, "Race and Space," *Poverty and Race*, January/February 1999, available at http://www.prrac.org/topics/jan99/powell.htm; and john powell, "Racism and Metropolitan Dynamics: The Civil Rights Challenge of the 21st Century," (Minneapolis, MN: Institute on Race and Poverty, August 2002), available at http://www1.umn.edu/irp/publications/racis mandmetro-dynamics.pdf.

48 See Joanne R. Denworth, "Growing Smarter Legislation – New Options for Multi-Municipal Planning and Implementation," (Philadelphia: 10,000 Friends of Pennsylvania, May 2001), available at www.10000friends.org.

49 Montgomery County Economic Development/Government Equity (Ed/Ge) Handbook: 2001-2010.

50 See www.firstsuburbs.org.