Ohio Metropatterns Part I

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Overview

More than four out of every five Ohioans live in one of the state’s metropolitan areas. Nearly three out of four Ohioans live in the six metropolitan areas included in this study — Cleveland, Cincinnati, Columbus, Dayton, Toledo and Youngstown. Ohio Metropatterns finds that the way the state’s metropolitan regions are growing is hurting all communities — from the most impoverished to the most affluent. Here are the report’s main findings:

- The idea of an affluent suburban monoculture is a myth. Nearly two-thirds of suburban residents live in communities that are struggling with social or fiscal stress. One group of suburbs has problems typically associated with large cities, including weak tax bases and significant and growing poverty in their schools. Another group of outlying places has fewer social needs, but is facing growth-related costs with low tax bases and modest household incomes. Even a group of middle-class suburbs struggles to provide needed schools and infrastructure with largely residential tax bases. Just a small share of the population lives in affluent suburbs with expensive housing, plentiful commercial development and strong tax bases.

All communities in Ohio’s metropolitan areas are hurt by the way the regions are growing. Ohio’s regions are increasingly segregated by income and race. Central cities remain troubled, and a growing group of suburbs is experiencing similar social strains. Despite slow population growth in most of the metropolitan areas, they continue to sprawl outwards. Low-density development is threatening valuable farmland and natural habitat. Growing traffic congestion is threatening the quality of life for many residents.

Across the state, Ohio’s state and local finance system is pitting local governments against one another in a competition for tax base and depriving many of its neediest schools of adequate funding.

Without changes to the development policies shaping the state, there is no reason to believe these patterns will not continue, with a core of stressed communities growing larger, and a ring of sprawl devouring even more land around it.

All places would benefit from regional reforms. Regional cooperation offers the best hope for strengthening communities, preserving the environment and increasing quality of life for all citizens:

- Cooperative land-use planning can help communities coordinate development, revitalize stressed neighborhoods and conserve open space.
- Tax and state-aid reforms can stabilize fiscally stressed schools and help communities pay for needed public services.
- Metropolitan governance can address issues that cross municipal boundaries and ensure that all communities have a voice in regional decision-making.
- Change is possible. Cooperative strategies like these can encourage environmentally sensitive development, reduce inequalities among communities, encourage regional economic development efforts and expand the opportunities of the state’s most vulnerable residents.

These endeavors are already in effect in various forms throughout the country, and have impressed, thoughtful advocates in Ohio. They offer a powerful path for Ohio regions to follow to meet the state’s great challenges.
Ohio Metropatterns

Ohio metropolitan areas are home to the vast majority of the state's residents. Analysis of demographic and fiscal trends in six of them — greater Cleveland, Cincinnati, Columbus, Dayton, Toledo and Youngstown — shows how poorly planned, inefficient development and competition for tax base are hurting almost every city and suburb — wasting resources, harming the environment and undermining the nation's promise of equal opportunity for all.

The idea of an affluent suburban monolith is a myth. Analysis of six regions in the state dispels the myth of uniformly affluent suburbs. The reality is far more complex. In fact, nearly two-thirds of all suburban residents in these regions live in places facing stress — meager tax resources, high public service needs or both.

This report relied on cluster analysis to classify communities according to their fiscal, social and physical characteristics. See sidebar on page 5 for a description of the clustering technique and page 39 for a summary of characteristics of each group and region.1 The analysis revealed not only significant disparities within regions, but among them. In particular, the city of Columbus, with a healthy economy and aggressive annexation policy, is also notably healthier than its central-city counterparts elsewhere in Ohio. In Ohio, groups of suburbs in the Toledo region, which has a high share of residents — among half — living in the central city, are healthier than their counterparts in other regions of the state.

Here are the types of communities within Ohio regions:

**Central cities** boast attributes — downtowns, attractive older homes and central locations — that have helped them revitalize themselves and maintain neighborhoods of stability. But despite these strengths, they remain severely stressed overall, with high and growing poverty, severe racial segregation and aging infrastructure. Home to 31 percent of the population in the six regions, these places must provide for great social need with tax bases significantly below average and growing at slower-than-average rates, factors that discourage investment and dramatically limit the opportunities of residents.

**At-risk developed suburbs**, home to 30 percent of the metro areas' residents, were once at the edge of metropolitan growth. But now densely developed, these communities are losing ground to even more outlying places. Although there is considerable variation, on average, these communities have below-average property tax bases growing more slowly than average. Despite the advantage of relatively close-in locations and a relatively efficient use of land, in most cases their populations are growing slowly or declining. Overall, residents' incomes are below average.

Some, like Cleveland Heights, are already experiencing strains traditionally associated with cities, such as very high school poverty rates and low tax bases. Others, like Upper Arlington near Columbus or Sylvania near Toledo, are still outwardly healthy, with little poverty in their schools and relatively high average household incomes. But they too exhibit signs, most notably slow-growing tax bases, that foreshadow future problems given a continuation of Ohio's current development practices.

At-risk developing suburbs, with their higher-achieving schools, lower land costs and wide-open spaces, are trying to offer an alternative to declining communities. But over time the cost of growth — new schools, roads, parks and police — can exceed the modest fiscal resources of local taxpayers. At-risk low-density places, home to 14 percent of metropolitan residents, include Medina County's Liverpool Township, and Champion Township in Trumbull County.

**Affluent suburbs** are home to just 5 percent of the region's populations, but a large share of its expensive homes and commercial activity. In fact, as a group, their residential-agricultural property tax bases are over three times the average and their per-capita commercial-industrial tax bases are seven times the regional average. These factors help them provide high quality public services at low tax rates. But the opportunities of these places are limited to a lucky few — just 5 percent of their housing stock is affordable to people making average incomes. These mostly fast-growing communities include Dublin, Ottawa Hills, Canfield Township, Blue Ash and Beachwood.

**All types of communities** are hurt by the way their regions are growing. The wide diversity of community types in metropolitan Ohio reflects the fact that its communities are highly, and increasingly, divided by income, race and fiscal condition. This segregation occurs for many reasons, but in part because local governments in Ohio are highly dependent on locally generated tax revenues to pay for the public services — everything from schools and parks to police and fire. That reliance has led to a fierce competition for developments that generate more in taxes than they cost in services. That usually means trying to attract big commercial projects and high-end housing, while limiting the land available for other needed land uses like affordable housing. But in the end, only a few places "win" this race.

Among the results of the wasteful competition is great variation in tax base among communities, and great inequalities in level of services they can provide. While tax-base rich communities can provide high-quality services at reasonable rates, fast-growing places with low tax bases often struggle to keep up with the onslaught of new residents and the schools, roads and sewers they require.

Older at-risk communities, burdened with stagnant tax bases, must cut services or raise taxes to provide the level of service desired by residents. Either choice puts them at a disadvantage in the regional competition for jobs and residents.

These pressures shape the state's physical development, encouraging communities to develop land that may be more appropriately preserved for habitat or farming. Further, the intense pressure to grab tax-generating developments leaves no incentive for communities to cooperate on land-use planning or other efforts that can help rein in sprawling development. These pressures help drive the outward growth of Ohio's regions. Across the six metros in this report, over 40 percent of household growth from 1990 to 2000 happened not in municipalities, but in unincorporated townships. Development in these communities often "leapfrog" far beyond the established urban edge. In fact, during the 1990s, population growth was faster in Ohio townships located between 10 and 20 miles from major urban areas than in those located within 10 miles.2 Peremeal development in these places, which often lack adequate planning capacity, adds to public service costs and hastens the decline of farming. It also helps explain why the Akron, Cincinnati and Cleveland areas are among the Sierra Club's "Most Sprawl-Threatened Cities."
The effects of unbalanced growth harm entire regions, not just individual low-tax base communities. A recent study by the U.S. Geological Survey, for example, showed that high levels of bacteria and viruses in the Cuyahoga River were largely due to sewage overflows in Akron’s combined sanitary and stormwater sewers—a problem that limits recreational use of the river in a large number of downstream communities, and one leader of tax-strapped Akron say they simply can’t afford to fix.5

Inequalities also have serious repercussions for the state’s schoolchildren. In rulings in 1997 and 2000, the Ohio Supreme Court ruled that the state’s system for financing education fails to provide a “thorough and efficient system of common schools throughout the state.”6 The court cited continued over-reliance on local property taxes for funding, as well as structural deficiencies in the state’s basic aid formula and inadequate funding for school facilities. Ohio’s unbalanced school finance system hurts many communities, including developing suburbs that depend primarily on residential properties for tax base, and older communities serving large shares of low-income students.

The well-being of schools is so important because they are leading indicators of community health. When the perceived quality of a school declines, it can set in motion a vicious cycle of middle-class flight and disinvestment. Many schools in older suburbs are now showing the same patterns of social change that occurred a generation ago in central cities. Decline in the core helps drive rapid growth on the edge, a pattern that stresses both places. In fact, across the six regions, more than one in three suburban elementary students are enrolled in districts experiencing signs of social stress—high poverty, rapid enrollment growth or decline—combined with either low or moderate fiscal capacities. Add in central city districts, and the share of students in fiscally or socially stressed districts rises to over half (see school district classification discussion in sidebar).

These patterns have especially harmful effects on people of color. In part due to subtle discrimination in the housing market, they are much more likely than whites to live in high-poverty areas.7 That means that segregated schools are very likely to be poor schools. For example, 82 percent of non-Asian minority students in the Youngstown region attend high-poverty schools, while only 13 percent of white students attend them. Across the regions, minority students are anywhere from 5 to 7 times more likely than white students to attend such schools.8

These facts help demonstrate that, for better or worse, the well-being of different parts of metropolitan areas are linked.9 In fact, the problems of declining neighborhoods, congested highways and degraded natural resources cannot be solved by communities working alone. Rather, they are regional problems requiring regional solutions.

Over half of elementary students are enrolled in school districts experiencing social or fiscal stress. Despite their troubles, Ohio’s central cities also have strengths on which to build. Community Classification

Because there are 869 municipalities and townships included in this study, it is impossible to individually measure each one against the others. Instead this study relies on a statistical procedure called cluster analysis to assign places to groups that are as internally homogeneous and as distinct from one another as possible, based on specified social, fiscal and physical characteristics.

The characteristics used to cluster Ohio communities were: total property tax base per household, growth in residential-agricultural and commercial-industrial tax base per household, income per household, population growth, and population density. Single-year variables were from 2000; change variables were from 1993 to 2000.10 These variables provide a snapshot of a community in two dimensions—in its ability to raise revenues from its local tax base and the costs associated with its social and physical needs. Fiscal capabilities are measured by tax base and the change in tax base.

“Need” measures were selected to capture a range of local characteristics that affect public service costs. Household income is a proxy for several factors that can affect public service costs. Low incomes are associated with greater needs for services and increased costs of reaching a given level of service. Density is another important predictor of cost. Very low densities can increase per-person costs for public services involving transportation—schools, police and fire protection—and for infrastructure—roads and sewers. Moderate to high densities, on the other hand, can help limit them. Similarly, population declines and large population increases tend to increase the per-person costs of long-lived assets like sewers, streets or buildings. When population declines the costs of these assets must be spread across fewer taxpayers. When population is growing rapidly, the costs of new infrastructure tend to fall disproportionately on current residents (compared to future residents) because of the difficulty of spreading the costs over the full lifetime of the assets. These variables also capture a cross-section of the socioeconomic characteristics that define a place’s political character. Density, income and growth are among the factors people examine when deciding if a community is “their kind of place.”

Because of their unique characteristics and internal heterogeneity, the nine central cities were placed in their own group. In this system, districts were first grouped by revenue capacity per pupil. That’s the revenue a district would generate for each student if it assessed the state’s average tax rate to its own tax base, plus state and federal aid. Aid is included because it is a significant share of most districts’ revenues. Districts with capacities per pupil at least 110 percent of the statewide average were classified as high capacity. Those with capacities of 90 percent of the average or less were classified as low capacity. The remaining districts were considered moderate capacity.

The 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 20 percent, or enrollment growth or decline exceeding 15 percent from 1993 to 2000. Districts not meeting any of these criteria were considered low-cost. 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 some variable costs are often difficult to reduce in a relatively short period. Quickly growing enrollments increase costs because it is often difficult to spread associated capital costs over the full lifetime of the assets.

School District Classification

School districts comprise another important part of Ohio’s local fiscal landscape. To measure the combined effects of districts’ fiscal capacities and service needs, this study created a classification system for suburban school districts. As with community classification, central city districts were placed in their own group. In this system, districts were first grouped by revenue capacity per pupil. That’s the revenue a district would generate for each student if it assessed the state’s average tax rate to its own tax base, plus state and federal aid. Aid is included because it is a significant share of most districts’ revenues. Districts with capacities per pupil at least 110 percent of the statewide average were classified as high capacity. Those with capacities of 90 percent of the average or less were classified as low capacity. The remaining districts were considered moderate capacity.

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Classification systems provide a snapshot of local governments in two dimensions—their ability to raise revenues and their social and physical needs.
Cleveland

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ocial and fiscal strain is casting an increasingly wide net in the Cleveland region. With a 3 percent gain in population during the 1990s, Ohio’s largest metropolitan area grew more slowly than the state as a whole, and more slowly than all other large U.S. metropolitan areas except Pittsburgh. Between the late 1980s and late 1990s, the region saw a net decline of 12,500 jobs in manufacturing, or 4 percent.

Despite some revitalization successes in Cleveland and inner suburbs, the overwhelming movement of opportunity in the region is outward. Gains in population, tax base, household income and jobs are occurring in outlying communities, at the expense of the core. For example, Cuyahoga County, home to Cleveland and its inner suburbs, lost 1 percent of its population in the 1990s and experienced the slowest employment growth of any metro county. It lost almost 21,800 manufacturing jobs. Meanwhile, Medina County’s population grew by 24 percent, and its employment base grew by 61 percent in that period, beating regional averages in all industries.

This “hollowing out” of the region stresses both losing and gaining communities. For example, nearly half of the region’s students are enrolled in districts with at least one high-cost characteristic — a high rate of student poverty, significant enrollment decline or rapid enrollment growth. And 80 percent of those are in districts relying on low to moderate fiscal resources. All types of communities feel the effects of unbalanced growth:

Central cities: Despite some signs of stability, including overall school free-lunch eligibility rates that remained relatively stable, Cleveland and Akron are still struggling with poverty, low incomes, small and slow-growing tax bases and population decreases. Of the 14 schools with free-lunch rates of 90 percent or more, 13 of them were in Cleveland, and the 14th was in Akron. With residential tax bases less than half the regional average, these two cities are home to less than 20 percent of the region’s housing units, but provide nearly 40 percent of affordable units.

At-risk developing: These places, home to the largest population share of any community type, 34 percent, have limited fiscal resources and growing social needs. Among the more dramatic examples, the East Cleveland schools experienced a 14 point jump in free-lunch eligibility from 1993 to 2000. By the end of that period, the free-lunch rate was 77 percent, just two points lower than the neighboring Cleveland. At-risk developing: These places have below-average tax bases and incomes and are experiencing notable population growth. About 35 percent of their housing units are affordable to households with the region’s median income, comparable to the region as a whole.

Bedroom-developing suburbs: These outlying, largely residential communities are experiencing rapid population gains that threaten agricultural and other open space. These places have small commercial-industrial bases, but due to their new, expensive homes still have above-average tax bases overall.

At-risk developing: These communities, home to just 8 percent of the region’s residents, contain much of the region’s expensive housing and plentiful commercial-development. On average, these communities enjoy property tax bases over 2.5 times the regional average. But these places are accessible to just a small share of the region’s citizens — only 4 percent of their housing is affordable to households with the region’s average income. They also bear the costs associated with growth. For instance, in Bainbridge and Auburn townships, a Kenston school district group recently proposed spending more than $41 million to address rapid enrollment increases, including building a new high school.

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The lack of regional cooperation in metropolitan Cleveland helps create great extremes in wealth among places. Problems associated with concentrated poverty dramatically limit the opportunities of residents, discourage investment in neighborhoods, and place a burden on city resources. Patterns in Cleveland-area schools reflect broader community trends: poverty is highly concentrated in Cleveland and Akron, and growing quickly in many inner suburbs, especially those on Cleveland’s eastern border. In Maple Heights, for example, student poverty increased 11 percentage points from 1993 to 2000, 15 times faster than the region as a whole.

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Map 1: Percentage of Elementary Students Eligible for Free Lunch by School, 2000

Map 2: Change in Percentage Points of Elementary Students Eligible for Free Lunch by School, 1993-2000
The distribution of income and of expensive housing in the Cleveland region nearly mirror each other, in a pattern that keeps most low and moderate wage earners out of communities with high levels of public services. A set of suburbs east of Cleveland has the highest incomes, with another set of high-income places forming an arc through the suburbs from Avon and Bay Village in the west to Concord and Kirtland in the east. Most of these places offer very little in the way of affordable home ownership. Affordable housing is concentrated in many of the same places with low average household incomes — in and adjacent to Cleveland and Akron and in Ashtabula County.

Tax bases in the Cleveland area reflect the outward movement of wealth in the region. Cleveland and Akron, both exhibit low and slow-growing tax bases, as do many inner suburbs. High tax-base communities were concentrated in a ring of mid-range suburbs, with clusters on the east, including Beachwood, and on the south, including Independence and Medina Township. Inner suburbs suffered the slowest growth, with many showing decreases in tax base when adjusted for inflation.
Ohio standards, greater Cincinnati’s overall health has been good. In 2000, the region enjoyed the biggest average property tax base per capita and highest average household income of any of the six regions in this study. It had the lowest share of students eligible for free lunches. Its population growth of 7 percent during the 1990s was second only to Columbus.

But those figures disguised great extremes in the well-being of individual communities within the region. Population growth, for example, was very uneven. The region’s suburban counties all grew significantly during the 1990s, but their gains were partially offset by decreases in Hamilton County, home to the city of Cincinnati and its inner suburbs, which lost nearly 21,000 residents.

In fact, the region’s fastest growth during the 1990s — an average of 17 percent — actually occurred in northern Kentucky and southeastern Indiana counties included in the U.S. Census Bureau’s definition of the Cincinnati metropolitan area but not in this analysis. In addition, the Cincinnati region displayed the greatest degree of segregation of poor and minority students in its schools of any of the regions in this report. In 2000, 61 percent of free-lunch eligible children in Cincinnati-area schools would have had to change schools to achieve an even mix of poor and non-poor children in each building. Fully 78 percent of non-Asian minority students would have had to move to achieve an identical mix in each school. Among the 25 largest U.S. metropolitan areas, comparable figures for 1997 were 51 percent and 61 percent.

Inequalities like these affect all of the region’s communities:

Central city: The city of Cincinnati continues to struggle with social and fiscal stress. Its population dropped by 9 percent between 1990 and 2000, and its tax base in 2000 was just three-quarters of the regional average. The free-lunch eligibility rates in its schools top 63 percent, the schools are highly segregated — 74 percent of students are non-Asian minorities, compared with just 8 percent elsewhere in the region.

Greater Cincinnati schools are highly segregated by race and income.
THE WAY THE CINCINNATI REGION IS GROWING produces great disparities in the fiscal capacity of its communities. The city of Cincinnati, the outlying cities of Hamilton and Middletown, and increasing number of older suburbs, such as Springfield Township and North College Hill, are all straining to cover the costs of social and physical decline with low and slow-growing property tax bases. In addition, many outlying communities, such as those in much of Brown County, are also struggling, in their case to accommodate rapid growth with modest tax bases. Meanwhile, the most tax base-rich areas — concentrated to the north and northeast of Cincinnati proper — can more easily provide the public services desired by residents.

THE PERCENTAGE OF STUDENTS ELIGIBLE FOR FREE LUNCHES serves as a useful proxy for a community’s overall economic conditions. Schools with the greatest shares of poor students are primarily found in Cincinnati, adjacent suburbs and several outlying districts, including Hamilton and Middletown. For example, in 2000, 70 percent of students in the Lockland district were eligible, an even greater share than Cincinnati’s 63 percent. Changes in free-lunch eligibility over the 1990s confirm the outward movement of poverty — at-risk inner suburban school districts experienced the region’s greatest increases in free-lunch eligibility, in some cases as much as six times the regional average.
SUBURBAN MUNICIPALITIES AND SCHOOL DISTRICTS IN GREATER CINCINNATI ARE NOT AN AFFLUENT MONOLITH. Instead, many of them are facing fiscal or social stress. Just 6 percent of Cincinnati-area residents live in affluent communities with plentiful tax bases and few social needs. Another 18 percent live in middle-class bedroom communities with above-average tax bases. The majority of people live in communities facing fiscal or social stresses (see pages 4-5 and table on page 46 for a summary of their characteristics). In addition, nearly one-third of Cincinnati-area students attend school in districts exhibiting either high rates of student poverty, significant enrollment growth or serious decline — combined with low or moderate fiscal capacities.

A LACK OF AFFORDABLE HOUSING in high-income communities contributes to extreme social segregation in the Cincinnati region. The distribution of high incomes and expensive housing in the Cincinnati region follow very similar patterns, with affluent communities concentrated in northeast Hamilton, Butler and Warren counties. The region’s affordable housing is concentrated in many of the same places that have low average household incomes — Cincinnati, its inner suburbs, the outlying cities of Middletown and Hamilton, and Clermont and Brown counties (see footnote 18 for an explanation of affordable housing calculations).