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Genesee County Metropatterns

A Regional Agenda for Community and Stability in Genesee County, Michigan

Myron Orfield
Thomas Luce

Ameregis
Metropolitan Area Research Corporation
April 2003
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. With its partner, Metropolitan Area Research Corporation, Ameregis assists individuals and groups in fashioning local remedies that address these concerns. Myron Orfield, a nationally recognized leader in land use, social and fiscal equity and regional governance reform, is the founder of Ameregis and MARC.

The Center for Applied Environmental Research (CAER) is a unit of the University of Michigan-Flint. It was established in 1990 as a Regional Groundwater Center with a grant from the W. K. Kellogg Foundation. The name was changed in 1998 to reflect the Center’s broader research interest on watershed management planning, land use and suburban sprawl, GIS, pollution prevention, groundwater susceptibility and environmental organization development issues.

Genesee County Metropatterns was produced with the generous support of the Charles Stewart Mott Foundation.
Analysis of demographic and fiscal trends in Genesee County shows how poorly planned, inefficient development and competition for tax base are hurting almost every city and suburb in the region—wasting resources, harming the environment and undermining the nation’s promise of equal opportunity for all. Here are the main findings of Genesee County Metropatterns:

The idea of an affluent suburban monolith is a myth

The majority of suburban residents in Genesee County live in communities struggling with social change, fiscal stress or significant population growth with low or modest resources. One group of suburbs has problems typically associated with central cities, including weak tax bases and significant poverty in their schools. Another group of places is making the transition from rural to urban land uses with only moderate tax base and income. Even a group of growing middle-class suburbs struggles to provide needed schools and infrastructure with largely residential tax bases. Less than a quarter of the population lives in low-stress suburbs with expensive housing and plentiful commercial development.

All communities in Genesee County are hurt by the way the region is growing

The city of Flint remains seriously troubled, and a growing group of suburbs is experiencing similar social strains. During the 1990s, the region continued to physically expand outward despite nearly flat population change—a pattern of low-density sprawl that is threatening valuable farmland and natural habitat on the urban edge. These trends are also straining municipal and school district budgets, worsening traffic congestion and increasing social separation.

Without changes to the development policies shaping the region, there is no reason to believe these patterns will not continue, with an ever-larger island of stress in the core, and a ring of sprawl devouring even more land around it.

All places would benefit from regional reforms

These facts help demonstrate that, for better or worse, the well-being of different parts of metropolitan areas are linked. 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. Regional cooperation offers the best hope for strengthening communities, preserving the environment, and fulfilling the promise of equal opportunity for all:

- **Tax reforms** can stabilize fiscally stressed schools and help communities pay for needed public services.
- **Cooperative land-use planning** can help communities coordinate development, revitalize stressed neighborhoods and conserve open space.
- **Coordinated economic development** efforts can make the entire region more competitive.
- **Metropolitan partnerships** can address issues that cross municipal boundaries and ensure that all communities have a voice in regional decision-making.

Change is possible

Cooperative efforts like these can encourage environmentally sensitive development, reduce inequalities among communities, assure sufficient public services 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 impassioned, thoughtful advocates in greater Genesee County. They offer a powerful path for the region to follow to meet its great challenges.
Genesee County has many strengths to build on, including a wealth of educational institutions, a strong healthcare industry, convenient access to major interstate highways, and a cadre of citizens committed to the region’s revitalization. But like other regions in Michigan and the U.S., the county struggles with growing segregation, income inequalities, fiscal disparities and sprawling development.

The county’s tenuous economic condition creates real challenges for the region. Total employment in the region fell by nearly 1 percent during the 1990s, and manufacturing employment, Genesee County’s historic economic base, fell by over 40 percent. By comparison, total employment in Michigan grew by nearly 18 percent during the period, and manufacturing jobs grew slightly as well.2

The economic turmoil of the 1990s followed decades of similar decline. From 1970 to 1990, total employment in the region grew at less than half the rate in Michigan as a whole, and manufacturing employment in Genesee County fell 70 percent faster than it did statewide. By 2000, manufacturing jobs represented just 18 percent of total employment in Genesee County, down from 30 percent in 1990 and 44 percent in 1970. General Motors employment alone—once the region’s economic mainstay—fell from 82,000 in 1970 to just 15,200 in 2002.4

Economic stress is reflected in the region’s tax base. Although there are pockets of property wealth, property tax base per household in Genesee County was just $47,919 in 2000, compared with over $64,500 in Michigan’s six major metropolitan areas. In the neighboring Detroit region, the comparable figure was $68,286. In the Saginaw area it was $58,150.

Among these metro areas, Genesee County also has the highest share of elementary students eligible for the federal free or reduced-price lunch programs, a common proxy for poverty. Nearly half of the region’s elementary students—46 percent—are eligible for these programs. And levels of racial and income segregation in Genesee County-area schools are high as well—second only to Detroit.7

Although the region as a whole is struggling, the fiscal and social health of the individual communities within it varies widely. For example, in the 1990s, most cities and townships in southern Genesee County grew rapidly, and many benefited fiscally from a growing inventory of expensive homes. But the city of Flint lost over 11 percent of its residents during the decade, and from 1995 to 2000 its tax base grew at less than half the region-wide rate. And Flint is not alone in feeling stress; several nearby suburban communities are also experiencing population decline, stagnant tax bases and high levels of poverty.

Community classification

This report relied on a statistical technique called cluster analysis to identify groups of communities sharing fiscal, social and physical characteristics (See page 4 for a description of the clustering process and a summary of the characteristics by cluster). The results contradict the idea that metropolitan areas can simply be divided into two distinct parts—the city and its suburbs. In fact, the clustering process revealed six types of communities in Genesee County, each with its own strengths and challenges (see Map 1 for the communities included in each group):
Central city: Home to 29 percent of the region’s population, Flint must provide for great social need with a tax base just two-thirds of the regional average and growing considerably more slowly than average. It suffers from high and growing poverty rates with a median income that is less than two thirds of the regional average. The city lost 7 percent of its households between 1995 and 2000 and its schools are severely segregated by race.

Fiscal and social strains have taken their toll. By spring 2002 the city was running a budget deficit of around $30 million. Citing the lack of a satisfactory plan to resolve the problem, the governor declared a financial emergency and appointed an emergency manager to take over city functions. The state takeover came just months after a racially divisive mayoral recall election that ousted long-time mayor Woodrow Stanley.

Stressed suburbs: Like the city, these places, home to 6 percent of the population, are facing aging infrastructure, serious social needs and tax bases that are below the regional average and growing slowly. They include communities experiencing the expansion of social stresses from adjacent Flint and communities struggling with rural poverty and declining population. Residents of these places have relatively low incomes and their schools face relatively high rates of poverty. And they must address these challenges with tax bases that are nearly as low as Flint’s.

At-risk established suburbs: At-risk established suburbs, home to 2 percent of the region’s people, still appear healthy, with little poverty in their schools and low unemployment. But they too exhibit signs, most notably low tax bases, below-average median incomes, older housing stock and infrastructure, and stagnant population growth, that foreshadow future problems.

At-risk low-density suburbs: On average this group of places, home to 22 percent of the region’s people, has higher-than-average tax bases than the region as a whole, and their tax bases are growing at an average rate. But there are signs of stress as well. As a group, their populations are growing slowly, their median incomes are below average and their housing stock and infrastructure is older than average. There is little racial diversity and free or reduced-price lunch rates in their schools are just slightly below the relatively high regional average.

Bedroom-developing suburbs: Home to 18 percent of the population, bedroom-developing suburbs are fast-growing, low-density, middle-class places. With higher-achieving schools, lower land costs and wide-open spaces, these places appear to offer an alternative to declining communities in the region’s core. But over time the cost of growth—new schools, roads, parks and police—can exceed the fiscal resources of local taxpayers. Indeed, although still slightly above average in 2000, tax base in this group grew more slowly than average in the preceding years. Median incomes in these places are also below the regional average, while population growth is among the fastest of any community type.

Low-stress suburbs: These communities are home to 22 percent of the region’s population, and an even larger share of its expensive homes. These communities have the region’s healthiest tax bases and low levels of poverty. Mostly located in southern Genesee County, these low-density suburbs have the region’s highest median incomes and are experiencing rapid population growth.

But the opportunities of these places are limited to a lucky few—less than 40 percent of their housing stock is affordable to even moderate-income households. This fact can make it hard for local employers to find the workers they need. Workers living in these places have the longest commutes, on average, of any community type and are least likely to take mass transit or carpool—nine in ten drive to work alone.

Reflecting Genesee County’s overall economic health, tax base in these places—although high relative to the Genesee County—is actually modest compared to many other Michigan regions. In fact, tax base per household in Genesee County’s low-stress communities is barely higher than the regionwide per-household tax base in greater Detroit, including the central city.
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 clustering procedure was originally carried out for a larger study of 668 communities from seven regions in Michigan, including Genesee County.

The characteristics used to cluster communities were:

- property tax base per household in 2000
- growth in property tax base per household from 1995 to 2000
- median household income in 1999
- share of elementary students eligible for free or reduced-price lunches in 2001
- household growth from 1995 to 2000
- household density in 2000

These variables provide a snapshot of a community in two dimensions—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. Income is a proxy for several factors that can affect public service costs. Low incomes and high poverty levels 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 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 histories and internal heterogeneity, the seven central cities—Detroit, Grand Rapids, Flint, Lansing, Kalamazoo, Saginaw and Traverse City—were placed in their own group before clustering.

### Characteristics of the Community Types

<table>
<thead>
<tr>
<th>Community Type</th>
<th>Number</th>
<th>Share of Region’s H’Holds</th>
<th>Prop Tax Base per HH</th>
<th>Pct Chg in Prop Tax Base per HH</th>
<th>Median Income</th>
<th>H’Hold Growth (Pct)</th>
<th>H’Hold Density</th>
<th>Pct of Elem Students Eligible for Free Lunch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central City</td>
<td>1</td>
<td>29</td>
<td>32,704</td>
<td>11</td>
<td>28,015</td>
<td>-7</td>
<td>1,429</td>
<td>77</td>
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<tr>
<td>Stressed Suburbs</td>
<td>3</td>
<td>6</td>
<td>32,836</td>
<td>25</td>
<td>37,687</td>
<td>-1</td>
<td>311</td>
<td>65</td>
</tr>
<tr>
<td>At-risk, Established Suburbs</td>
<td>2</td>
<td>2</td>
<td>33,125</td>
<td>25</td>
<td>36,671</td>
<td>0</td>
<td>1,221</td>
<td>24</td>
</tr>
<tr>
<td>At-risk, Low-Density Suburbs</td>
<td>8</td>
<td>22</td>
<td>50,379</td>
<td>23</td>
<td>45,690</td>
<td>3</td>
<td>232</td>
<td>34</td>
</tr>
<tr>
<td>Bedroom-Developing Suburbs</td>
<td>8</td>
<td>19</td>
<td>50,339</td>
<td>22</td>
<td>46,627</td>
<td>16</td>
<td>226</td>
<td>26</td>
</tr>
<tr>
<td>Low-Stress Suburbs</td>
<td>10</td>
<td>22</td>
<td>69,090</td>
<td>24</td>
<td>61,692</td>
<td>17</td>
<td>135</td>
<td>12</td>
</tr>
<tr>
<td>Genesee County</td>
<td>32</td>
<td>100</td>
<td>47,946</td>
<td>23</td>
<td>49,059</td>
<td>4</td>
<td>261</td>
<td>43</td>
</tr>
</tbody>
</table>
Classifying municipalities helps demonstrate the combined effects of a local government’s fiscal capacity and the costs it faces in providing services. Such an exercise demonstrates that three out of four area residents—those in the city of Flint and its at-risk suburbs—live in communities facing fiscal stresses—marked by low or slow-growing tax bases—or social stresses, denoted by low or slow-growing income or population (see page 4 for a summary of characteristics of each community type).
The way Genesee County is developing is responsible for many of the challenges it faces. The region is struggling with increasing segregation, environmental damage and fiscal stress that often forces communities to consider increasing taxes or cutting services.

Overall, population in Genesee County held steady during the 1990s. But the countywide figure hides great variation among individual municipalities. Many small cities and townships in southern Genesee County grew rapidly, in part due to middle-class migrants from the Detroit area seeking cheaper housing and more open space. But the city of Flint lost over 11 percent of its residents in this period. The adjacent communities of Mt. Morris and Flint townships also saw population declines, as did a number of outlying communities in the northern half of the county (see Map 2).

These shifts in the 1990s follow decades of similar low-density development on the edge, accompanied by decline in the core. From 1970 to 2000, the amount of developed land in Genesee County grew by 72 percent, even as the region’s population fell by nearly 2 percent (see Map 3). Although this disparity is partially explained by shrinking household sizes, its primary cause is the wasteful, low-density consumption of land.

Compared to moderate- and high-density development, low-density development exacerbates the need for roads and other infrastructure, provides few opportunities for effective mass transit and harms the environment. It is associated with increased per-person costs for services including schools, police and fire, and often, with higher housing prices.

The movement of population and jobs to low-density, recently rural communities of Genesee County has important implications. In the core, population decreases take their toll, leaving fewer people—and often those with fewer personal resources—to fund public services and support local businesses. And rapid growth in on the edge often brings with it significant public costs that that fall disproportionally on current residents.

In fact, the Genesee County Board of Commissioners recently approved borrowing $9 million to expand the county’s sewer system after the court rejected the commissioner’s previous attempts to make developers pay water and sewer tap-in fees that would help cover the costs associated with expanding the system to their developments.

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 Genesee County are highly segregated, with poor people of color disproportionately located in the city of Flint and several distressed suburbs—places with low and slow-growing tax bases. These places have the highest shares of affordable housing in the county while most of the outlying suburbs fall short of the regional average.

The social divide in the area is most clearly reflected in the region’s schools. The well-being of schools is 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.

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.
Declining enrollment has forced the Flint school district to shutter school buildings.

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. These changes tax fiscal resources and disrupt lives. For example, due to enrollment growth, the Grand Blanc school district is building one new school and expanding another. As a result, it recently announced new attendance boundaries that will force over 250 current students to change schools—a process the district expects to repeat in three to five years as growth requires even more classrooms. 14

But the more powerful harms of this middle class flight accrue to the people left behind in communities of concentrated poverty. 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. Ultimately people living in high-poverty neighborhoods become isolated from educational, employment and social opportunities available to residents in other areas, making it extremely difficult for them to participate fully in the regional economy.

Schools in Genesee County are highly segregated by income. In 2001, 51 percent of poor students in the 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 one percentage point from 1995. 15 Among major Michigan metropolitan areas, only in Detroit would a higher share of poor students have to move. In 2001, there were 23 school buildings in the region where at least 80 percent of students were eligible for free lunch. All but five of them are located in Flint; the remaining schools are in the inner-suburban Beecher and Carman-Ainsworth districts.

Concentrated poverty is so serious 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. 16

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. 17 That means that segregated schools are very likely to be poor schools. For example, 85 percent of non-Asian minority students in Genesee County attended high-poverty schools in 2000, while only 19 percent of white students attended them—a ratio of more than 4-to-1. 18

Fully 74 percent of non-Asian minority students would have had to move to achieve an identical racial mix in each school, up from 72 percent in 1995. That’s despite the fact that the overall share of minority students in the region remained constant, at 34 percent. As with the segregation of poor students, only Detroit, among Michigan’s major metropolitan areas, had a higher share of minority students who would have to move to achieve perfectly balanced integration of its schools. 19

Transportation and infrastructure

Other consequences of sprawling development apparent to area residents are strained roads and highways. By 2000, Genesee County workers experienced an average commute of 25.6 minutes, up 23 percent from 1990. 20 That’s more than 6 percent higher than the statewide average of 24.1 minutes and represents a faster rate of increase from 1990 as well.

These trends are straining the county’s road system and exposing the insufficiency of its public transportation. In fact, 84 percent of Genesee County residents drove alone in their cars to work. That’s one percentage point higher than in Michigan as a whole—and Michigan has the highest share of commuters driving to work alone in the nation. 21 The high repair costs resulting from heavy road use combined with growing fiscal strains among the county’s local governments is forcing many to resurface their roads with cheaper, lower-quality alternatives to conventional blacktopping.

![Percentage of Elementary Students Eligible for Free Lunch, 2001](image)
Changes in population help show which of the region’s communities are burdened with the costs of rapid growth, and which are struggling with the costs of decline.²² Flint and many adjacent suburbs saw their populations fall during the 1990s, as did several outlying small towns. The region’s fastest population growth took place on the fringes of the region. The biggest gains were in southern Genesee County, in an area ranging from Argentine Township in the southwest, through southern Genesee County, to southern Richfield Township in the northeast.
Housing development in Genesee County expanded outward from 1970 to 2000, even as the region’s population fell. Growth during the 1990s was concentrated in several outlying areas, mostly in the southern portion of the county and one tract in the north. Flint and most of its inner suburbs were already developed by 1970.
THE LACK OF REGIONAL COOPERATION in Genesee County helps create great extremes in wealth among places. Patterns of income segregation in area schools reflect broader community trends of segregation. Student poverty is highly concentrated within Flint, where 77 percent of students are eligible for free or reduced-price lunches, but is significant in a number of suburban districts as well. In fact, the overall student poverty rate in the Beecher district is higher than in Flint.
Changes in the social make-up of elementary schools provide an early warning signal for the community as a whole. As student poverty in schools rises, poverty in communities may follow. The outward expansion of poverty was evident in the region from 1995 to 2001. During that period, several suburban districts saw much faster rising poverty than Flint. The Mt. Morris school district experienced the most substantial increase—16 percentage points—while school poverty actually fell slightly in the region as a whole.
Racial Segregation in Schools

Minority students are concentrated in the city of Flint and several adjacent communities. They disproportionately suffer from the effects of concentrated poverty, a pattern often reinforced through subtle forms of housing discrimination. In fact, although the patterns tend to mirror one another, the degree of racial segregation is even more severe than the degree of segregation by income.

Map 6. Percentage of Non-Asian Minority Elementary Students by School, 2001

Schools in Genesee County are highly segregated by race. Minority students are concentrated in the city of Flint and several adjacent communities. They disproportionately suffer from the effects of concentrated poverty, a pattern often reinforced through subtle forms of housing discrimination. In fact, although the patterns tend to mirror one another, the degree of racial segregation is even more severe than the degree of segregation by income.

Legend

Regional Percentage: 32.3%

- 0.4 to 1.8% (9)
- 2.2 to 3.0% (10)
- 3.7 to 7.3% (22)
- 8.1 to 24.5% (23)
- 32.3 to 79.9% (19)
- 84.6% or more (22)
- No data (4)

Note: Schools with “No data” did not report race data in 2001.

Data Source: Michigan Department of Education
Changes in the enrollment of students of color from 1995 to 2001 were not evenly distributed across Genesee County. Schools throughout the region saw increasing shares of minority students, with many of the biggest increases occurring in Flint and inner-suburban districts. Most of the schools with decreasing shares of minority students were located in outlying areas. These patterns do little to ameliorate existing trends of racial segregation.


Legend

Regional Change in Percentage Points: −1.1%
-9.2 to −3.1 (5)
-2.5 to −1.2 (7)
-1.1 to 0.4 (26)
0.6 to 2.7 (23)
3.1 to 10.9 (25)
13.1 or more (14)
No data (9)

Note: Schools with "No data" did not report race data or had fewer than 50 students in

Data Source: Michigan Department of Education, National Center for Education Statistics
The distribution of affordable housing in Genesee County is very uneven. An even distribution of affordable housing gives people of all incomes greater choice in where they live, reduces the costs of dealing with poverty by ensuring that it is not concentrated in just a few places and increases the chances that people live close to their jobs. Communities with a lot of affordable housing are concentrated in the core of the region and in outlying small towns in the north half of the county. Most of the region's outlying townships have relatively few affordable homes and apartments.  

Map 8. Median Household Income by Municipality, 1999

Map 9. Percentage of Housing Affordable to Households with 80% of the Regional Median Income by Municipality, 2000

Legend

Regional Median Household Income: $41,951

- $28,015 or $32,617 (2)
- $35,859 to $40,341 (7)
- $41,951 to $48,583 (8)
- $50,932 to $54,099 (8)
- $59,858 to $60,946 (3)
- $65,089 or more (4)

Legend

Regional Percentage: 69.2%

- 15.8 to 16.8% (2)
- 31.2 to 37.4% (4)
- 44.3 to 50.9% (9)
- 59.1 to 63.2% (4)
- 69.2 to 72.6% (5)
- 77.4% or more (8)

Note: A household with a median income could either afford a home valued up to $113,282 or a monthly rent as much as $783.
Fiscal Inequality

Michigan’s local governments rely heavily on locally generated tax revenues to pay for public services—everything from libraries and parks to police and fire. That reliance places tremendous pressure on communities to attract development that will expand their property tax bases. This competition, in turn, drives local land-use planning decisions, encourages sprawl and increases economic and social stratification—all wasteful outcomes that hurt the regional economy.

Competition for tax base
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 not based on the intrinsic suitability of the land or the long-term needs of the region, but on the tax revenue it can generate right away. For example, many communities lay out great tracts of land for commercial development, regardless of whether it is the most appropriate use for the location. And although a region as a whole benefits when most communities contain a mix of housing choices, individual localities can reap fiscal benefits by severely limiting the land zoned for multifamily development or by requiring very large (and therefore more expensive) homes and lots. These policies effectively exclude low- and moderate people from these localities.25

In the end, just a few places “win” the region’s limited supply of very lucrative homes and businesses.

Local governments compete for developments that generate more in tax revenue than they require in services.

The communities that attract these land uses can provide high-quality services at more reasonable tax rates, in turn attracting even more economic activity. But the competition 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 declines in its ability to compete.

The result of these efforts 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. The city of Flint, for example, must contend with aging infrastructure, industrial pollution, concentrations of
poverty, high crime and other factors that strain its limited resources. With low property values, it has few resources to provide for its great needs. It cannot reinvest to rebuild sewer systems and roads, rehabilitate housing, maintain parks or clean up polluted land. Such burdens make it even more difficult for it to compete with newer places offering cheaper land, newer homes and more open space.

But contrary to common wisdom, all is not well for many communities on the urban edge, either. The same patterns that hurt many older communities also discourage long-term planning that would help growing communities develop in a cost-effective way.

Competition for certain land uses can be very intense, and the impact of losing very severe. As a result, newly developing communities, trying to build an adequate tax base to pay for their growing needs and pay off debts on new infrastructure, often feel they have to grab all the development they can before it leaves for another place. But low-capacity places are rarely in a good position to win the competition for the most “profitable” land uses. Instead, they usually end up with moderately priced single-family homes that generate more costs—for schools, roads and sewers—than they produce in revenues.

The effects of this competition are evident in the dramatically different abilities of local governments in Genesee County to finance services. One way to measure the disparity is the ratio of tax base in a high-capacity place (the one with tax base at the region’s 95th percentile) to the tax base in a low-capacity community (the one at the 5th percentile). The 95th-to-5th percentile ratio in Genesee County to 1.8—but recent changes to the program threaten to reduce its equalizing qualities. In fact, over one-third of Genesee County communities, including the city of Flint, were scheduled to experience net reductions in state aid between 2001 and 2003.

**School finance**

Decline in the core helps drive rapid school district growth on the edge, a pattern that stresses both places. More than 60 percent of the region’s suburban elementary students are enrolled in districts experiencing signs of stress—high poverty, enrollment declines or rapid growth—or low fiscal capacities. Over a quarter attend districts facing both high costs and low or moderate fiscal capacity. Due to state and federal aid, schools in the city of Flint have relatively generous fiscal resources per pupil. However, given the greater needs associated with poverty of students and aging school infrastructure, these resources are hardly sufficient.

When districts’ needs are compared to their revenue capacities, the effects of disparities are magnified. To measure the combined effects of districts’ fiscal capacities and service needs, districts were first grouped by revenue capacity per pupil. That’s the revenue a district would generate for each student if it assessed the region’s average tax rate to its own tax base, plus the state and federal aid it receives.

Districts with capacities per pupil at least 110 percent of the regional average were classified as high capacity. Those with capacities of 90 percent of average or less were classified as low capacity. The remaining districts were considered moderate capacity.

Districts were then categorized as either low- or high-cost. High-cost districts fit at least one of three criteria—a free or reduced-price lunch eligibility rate among elementary students greater than 40 percent, enrollment growth exceeding 15 percent from 1995 to 2001 or enrollment decline of 5 percent or more. 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 or reduced-price 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.
The ability of a community to pay for needed services depends on the costs of providing them and its capacity to raise revenues. Many of the communities with high tax bases are affluent ones with few social needs, like Grand Blanc and Fenton townships. Another group of places, including the city of Flint, Mt. Morris Township and outlying small towns, bear significant social strains with very low tax bases.

Although many of Genesee County's inner suburbs still enjoyed above-average bases in 2000, changes in the late 1990s foreshadow problems—many of them experienced slow-growing tax bases compared to their outlying neighbors. For example, although still above average in 2000, Flint Township's tax base grew less than 8 percent in the preceding years, slower than the region as a whole. The big gains took place in the next tier of suburbs, including Mundy and Grand Blanc townships. The city of Flint's tax base was the region's slowest growing tax base during the late 1990s.
In many cases there is a mismatch between the ability of school districts to raise revenue for public services and the level of needs they must address. In Genesee County, 72 percent of students were enrolled in school districts with either low-to-moderate revenue capacities or high costs—indicated by high rates of student poverty, significant enrollment growth or serious decline.

Over a quarter of those are in districts experiencing both high costs and limited fiscal capacities. Most districts facing relatively low costs are located on the region’s fringes.
REGIONAL COMPETITION for tax base and uncoordinated growth are hurting almost every city and suburb in Genesee County—leading to concentrated poverty and abandoned public facilities in the central city; growing social and fiscal strain in at-risk suburbs; and traffic snarls, overcrowded schools and degraded natural resources in communities on the urban fringe.

These problems diminish the quality of life throughout the region. They require regionwide solutions. Broad policy areas where reforms are most needed to combat social separation and wasteful sprawl include:

- **Tax reforms** to help communities pay for needed public services.
- **Cooperative land-use planning** to help communities coordinate development, revitalize stressed neighborhoods and conserve open space.
- **Coordinated economic development** efforts to make the entire region more competitive.
- **Metropolitan partnerships** to address issues that cross municipal boundaries and ensure that all communities have a voice in regional decision-making.

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

FISCAL EQUITY

In Michigan, residential and commercial development largely determines a community’s local tax base. As a result, there is wide variation in the ability of local governments in Genesee County to generate revenue from their tax bases. If every municipality in the region had assessed the same property tax rate in 2000, the places with the greatest tax bases would have received more than three times as much revenue as those with the lowest tax bases.

Reducing disparities among local governments is important because it provides a boost to places struggling with weak tax bases and great social or physical needs. It also reduces the incentives for places to compete against one another for tax-generating developments regardless of how they fit into regional land-use patterns.

Historically, Michigan has relied on its revenue-sharing system—a means of distributing state revenues to local governments—to narrow fiscal disparities. In fiscal year 2001, the system, considered one of the best in the country, distributed about $1.5 billion to cities, townships and counties and significantly reduced fiscal disparities among them.27

However, recent state budgets have significantly reduced future funding for the portion of revenue sharing targeted for places facing fiscal stress—either on
the revenue or expenditure sides of local budgets. As a result, the aid system is becoming progressively less effective in narrowing disparities among local governments. These changes increase the need for adopting regional initiatives to achieve this goal.

**Tax-base sharing**

Tax-base sharing can both reduce the inequalities among local governments and decrease the incentives for them to engage in wasteful competition for tax base. In a tax-base-sharing program, each community contributes to a regional pool based on the growth in its property tax base. Resources in the pool are then redistributed back to communities based on population or other local characteristics. Communities can use these funds to provide needed basic public services ranging from road repair to public safety.

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

In a simulation of such a program in Genesee County, tax-base sharing would increase the tax base available to municipalities serving over 60 percent of the population and reduce tax-base disparities among communities by 15 percent.

Tax-base sharing can also be combined with other initiatives to increase regional benefits. For example, the ED/GE program in Montgomery County, Ohio, combines a “government equity” fund—a form of tax-base sharing that redistributes a modest portion of the growth in municipal property- and income-tax revenues—with a countywide economic development funding pool. The county’s 30 localities, including the city of Dayton, have all chosen to participate in the voluntary program. Although small in scale, ED/GE represents a mechanism for local governments to share the benefits and the responsibilities of economic development and growth.

**Other policy alternatives**

Revenue- and tax-base sharing models are just some of the ways to improve the tax system. The property tax can also be designed to complement land-use planning objectives. For instance, farmland preservation programs can help to preserve open space. In Michigan, the Farmland and Open Space Preservation Program provides several means to compensate landowners who agree to keep land in agricultural uses or open space.

Another option focuses on the property tax. 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. This tax encourages development of abandoned or under-developed land in already developed areas and more intensive use of land in developing areas.

**COOPERATIVE LAND-USE PLANNING**

In addition to the great disparities in the fiscal capacity of local governments, there are many other costs associated with the inequitable and inefficient growth occurring in Genesee County. Valuable agricultural land and sensitive open space is destroyed. Expensive public infrastructure is built on the urban edge, while existing facilities in the core are underutilized, and sometimes abandoned. Traffic congestion increases.

The localized nature of planning in Genesee County—power is fragmented among more than 30 local governments—contributes to unbalanced growth. Such an arrangement makes it very difficult to implement coherent policies in areas with regional implications, such as housing, economic development, transportation or environmental protection.

**Smart growth**

Developing a cooperative framework for land-use planning that encourages places to consider the regional consequences of local decisions is an essential aspect of a regional reform agenda.

“Smart growth” is based on the premise that regions can make more efficient use of their land through cooperation rather than competition. It is an efficient and environmentally friendly pattern of development that focuses growth near existing public facilities. By promoting a wider distribution of affordable housing and by encouraging a larger network of public transit,
smart growth offers people choice in where they live and work and how they get around.

The number of communities adopting smart growth principles has been steadily increasing across the country. In Michigan, the Grand Valley Metropolitan Council, a partnership of city of Grand Rapids and surrounding communities, employs an urban services boundary for water and sewer services and other sustainable land use incentives to manage sprawl, preserve open lands, protect natural areas and encourage compact business centers and communities served by public transit. The success of this regional partnership makes it a viable model for other regions in Michigan.34

Ensuring that all communities in the region, particularly those with new jobs and good schools, strengthen their commitment to affordable housing is another essential component of smart-growth planning because it helps to reduce the consequences of concentrated poverty on core communities and the region as a whole. It allows people to live closer to work and provides them with real choices concerning where they want to live.

In addition to its other benefits, reducing sprawl can save money. For instance, an analysis of the potential fiscal impact of smart growth patterns in 18 communities in the Detroit area found that by pursuing smart growth policies local governments could save 3.2 percent on annual local public-sector service costs, such as water and sewer infrastructure expenses.35

When aggregated across the state, such savings can be very significant, especially when state and local governments face hard fiscal times like the present. An analysis of New Jersey’s State Development and Redevelopment Plan, which emphasizes smart growth, found that implementing the plan would reduce the fiscal deficits of local governments caused by growth by an estimated $160 million over 20 years, and save an estimated $1.45 billion in water and sewer infrastructure statewide.36

Brownfield cleanup
Genesee County’s industrial history means it has a significant supply of former industrial sites available for redevelopment. General Motor’s former Buick City plant, located in an economically distressed neighborhood of Flint represents 250 acres of land alone. Cleaning up these brownfield sites can encourage business to build on land already served by infrastructure,
instead of on undeveloped “greenfields” at the urban edge where new infrastructure investments are required. This can save open space while directing jobs to communities that sorely need them.

**ECONOMIC DEVELOPMENT**

Regional economies are the nation’s basic economic building blocks. The welfare of an individual locality is inextricably tied to the performance of its regional economy. Researchers have found, for example, that median household incomes of central cities and their suburbs move up and down together in most regions and that the strength of this relationship is increasing. They have also found that metropolitan areas with the smallest gap between city and suburban incomes had greater regional job growth. Another researcher found that in large metropolitan areas income growth in central cities results in income growth and house-value appreciation in the suburbs.\(^{37}\)

The clear implication is that all parts of Genesee County stand to gain from cooperative economic development strategies that encourage balanced growth. A fragmented approach—every town for itself—can lead to vicious cycles of decline, in which places that “lose” early in the competition must either raise taxes or reduce services to make up for a shrinking tax base. Either choice reduces their competitiveness in future rounds of the competition and serves as a drag on the entire region’s economic health.

**METROPOLITAN PARTNERSHIPS**

As in most places, the fragmented nature of local governance in Genesee County has discouraged coordinated strategies for dealing with regional problems. The ability of local governments to implement planned growth is further restricted by a lack of state-level guidance and coordination.\(^{38}\) Unfortunately, many of the region’s challenges are simply too large for any one local government to address alone.

Effective, efficient regionwide collaborative 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.

There are many opportunities for alliances and joint planning activities among local governments. For example, recent amendments to Michigan’s planning and zoning laws require townships and municipalities to notify and solicit reviews from their neighbors and the county government regarding local plans.\(^{39}\) Although local governments are under no legal obligation to redraft their plans in response to these reviews, the process is a first step toward better regional coordination.

There is also much local communities can accomplish without state action. A recent example of local communities working together is the Michigan Suburbs Alliance in the Detroit area.\(^{40}\) The Alliance advocates reforms to meet the needs of older suburbs, such as full funding of Michigan’s revenue-sharing program and the establishment of a regional transit authority.\(^{41}\)

At a regional scale, the powers of existing organizations can be enhanced as well. In Genesee County the Metropolitan Planning Commission already oversees some regional land-use, community development and transportation planning activities for the entire county. The Genesee, Lapeer and Shiawassee Planning and Development Commission serves a larger three-county area. However, these organizations have only limited power to enact significant regional reforms.

Elsewhere in Michigan, the Grand Valley Metropolitan Council in Grand Rapids (GVMC) and the Southeast Michigan Council of Governments (SEMCOG) provide possible models for doing more at a regional scale. GVMC is a partnership of two counties and 29 cities while SEMCOG includes 7 counties, 135 municipalities and 8 education agencies. Both organizations are active in environmental and land-use planning as well as serving as federally required Metropolitan Planning Organizations for transportation planning in their respective regions.

Some regions in other parts of the country have chosen to create new regional bodies with even broader powers. Portland, Oregon, and Minneapolis-St. Paul have created regional organizations that oversee a range of regional services, from land-use planning to regional transit systems. In the Twin Cities, members are appointed by the governor. In Portland, members are directly elected, an arrangement that gives them more autonomy and helps elevate regional planning issues in broader community decision-making.

**CONCLUSION**

Reforms in fiscal equity, land use, economic development and regional cooperation offer relief to all types of communities. For the central city, regionalism means enhanced opportunities for redevelopment and for the poor. For stressed and at-risk older suburbs, it means stability, community renewal, lower taxes and better services. For at-risk and bedroom-developing communities on the region’s outskirts, it means sufficient spending on schools, infrastructure and clean water. For low-stress suburban communities, regional cooperation offers the best hope for preserving open space and reducing congestion.
Tax-Base Sharing is a highly effective way to narrow fiscal inequalities among communities, reduce wasteful competition for tax base and share some of the benefits of economic growth. In this hypothetical tax-base sharing program in Genesee County, 40 percent of the growth in property tax base from 1995 to 2000 was collected and redistributed back to communities based on their population. Communities kept 60 percent of their tax base growth. In this scenario, an overwhelming majority of residents lived in communities benefiting from tax-base sharing.

These percentages are dissimilarity indexes, commonly used statistics to measure the degree to which two groups are evenly distributed in a given geographic area. In this case, they can be interpreted as the percentage of one of the groups that would have to change schools to achieve a perfectly integrated enrollment—an identical distribution of black and non-black students, or poor and non-poor students, in each school building. For more information on school and residential segregation in U.S. metropolitan areas, see John R. Logan, “Choosing Segregation: Racial Imbalance in American Public Schools, 1990-2000” (Albany: Lewis Mumford Center for Comparative Urban and Regional Research, University at Albany, 2002). It is available at www.albany.edu/mumford/census/.

Gary Orfield and John T. Yun, “Resegregation in American Schools” (Cambridge, Mass.: The Civil Rights Project, Harvard University, 1999).


Asians were not included in the analysis of racial segregation because research has shown that they tend to experience less educational and housing segregation than blacks, Latinos and Native Americans. See Douglas Massey, “The Residential Segregation of Blacks, Hispanics, and Asians: 1970 to 1990,” in Gerald D. Jaynes, ed., Immigration and Race: New Challenges for American Democracy (New Haven: Yale University Press, 2000); and Gary Orfield and John T. Yun, “Resegregation in American Schools” (Cambridge, Mass.: The Civil Rights Project, Harvard University, 1999).

Orfield and Luce 2003.


Ibid.

Ameregis uses the “natural breaks” method for determining the data ranges in its maps. This method divides the observations into natural groups—clusters of cases that are separated by relatively large gaps between consecutive observations—whenever possible. It is meant to minimize the number of cases where the value for a particular place is closer to the values in the next highest or next lowest category than to other observations in its assigned group. In most maps, the change from blue to red tones occurs at the region’s average value.

One housing unit per four acres is a degree of density that closely corresponds to the density cutoff used by the U.S. Census Bureau in determining urbanized area, 500 people per square mile.

A housing unit is considered affordable to a household with the region’s average income if the household had no other debt, made a 10 percent down payment, had closing costs of 5 percent, a mortgage rate of 7 percent, faced statewide average property taxes, and was spending 28 percent of gross income on mortgage, taxes and home insurance (the cut-off normally used by realtors and lenders to determine affordability). Calculations were made using the Fannie Mae Mortgage Calculator at www.homepath.com.

About 45 percent of the total was distributed on a per capita basis as required by the state constitution ("constitutional aid"). The remainder is distributed by formula ("formula aid"). The formula aid program is targeted specifically to help communities facing fiscal stress—either on the revenue or expenditure sides of local budgets.

For instance, formula aid in the 15 communities in Genesee County with below-average tax bases is scheduled to decline by 7 percent from fiscal year 2001 to fiscal year 2003. During the same period, constitutional aid (which is much less targeted toward fiscally stressed communities than formula aid) is scheduled to increase, but by only 6 percent. As a result, as a group these low tax-base communities will see a net decrease in state aid during the period. But, despite cuts to formula aid, Genesee County communities with above-average tax bases will see a slight increase in state aid overall because constitutional aid makes up a much larger share of their total aid package than it does in fiscally stressed places.

The tax-base sharing scenario reduces the ratio of the 95th percentile tax base per household to the 5th percentile tax base from 3.14 to 2.67.


See www.michigan.gov/mda/0,1607,7-125-1567_1599_2558-10301—,00.html for more information on this program.

Despite the fact that Genesee County’s population barely grew in the 1990’s. Census data show that the average time it took workers to drive to work increased by 20 percent, from 22.4 minutes in 1990 to 26.9 minutes in 2000.


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