

**Cincinnati Metropatterns:
A Regional Agenda for Community and Stability
in the Cincinnati Region**

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The Metropolitan Area Research Corporation (MARC) was created in 1995 by Myron Orfield, a Minnesota legislator and law professor, who is a nationally recognized leader in promoting reform around the issues of land use, social and fiscal equity, and regional governance. MARC's objective is to study the relationship between common regional development patterns and growing social and economic disparities in regions throughout the country, and to assist individuals and groups in fashioning local remedies that address these concerns. Since its inception, MARC has studied more than 30 U.S. regions, including the 25 largest metropolitan areas in the country.

Citizens for Civic Renewal, Lead Local Partner in Cincinnati Metropatterns

Citizens for Civic Renewal (CCR) is comprised of concerned citizens from civic, corporate, non-profit and academic sectors who work together to arrive at practical solutions to pressing regional issues. Built on the belief that an informed citizenry is essential to a healthy democracy, CCR provides a safe forum to bring any issue to a wider public view, and offers resources for citizens to examine important regional issues.

In the Fall of 2000, CCR received a grant from the Regional Initiatives Fund to commission Myron Orfield of the Metropolitan Area Research Corporation to study the socioeconomic and land use trends that are shaping our region. CCR will use data from this study, titled *Cincinnati Metropatterns*, to generate public, private and civic sector consensus towards reversing development practices that are detrimental to the socioeconomic and environmental health of the region. In the process, we will form new alliances in pursuit of regional policies that will enhance our quality of life. Please call CCR staff at (513) 381-1034 or by email at ccrcinn@juno.com if you would like us to present to your religious congregation, civic club, neighborhood association, alumni group, etc. CCR also welcomes those who would like to volunteer in the public outreach of this study.

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CINCINNATI METROPATTERNS

Pronounced social separation, inequitable fiscal policies and inefficient development patterns are threatening the long-term social and economic strength of the Greater Cincinnati region.¹ These patterns threaten the entire region, not just Cincinnati. The region's older areas face increasing poverty and declining tax bases; many of its outer areas struggle to accommodate growth with low or modest fiscal resources; and even the most prosperous areas face increasing congestion and loss of valuable open space.

Despite a strong regional economy over the past decade, sustained regional population growth and significant reinvestment in the city of Cincinnati, the region is still highly polarized compared to other large metropolitan areas. Concentrated poverty persists in many of its core areas, destabilizing schools and neighborhoods not only in Cincinnati itself but also in a growing number of municipalities surrounding Cincinnati. The social, educational, and economic need associated with this concentrated poverty dramatically limits the life opportunities of residents, discourages investment by families and businesses in those neighborhoods, and places a significant burden on these cities' resources. 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, making it extremely difficult for them to fully participate in the metropolitan economy.

These trends present problems not only for Cincinnati, but also for the region as a whole. Poverty concentrations in the inner part of the region contribute to sprawling development patterns at the edges of the region as the affected communities become less desirable places to live or locate businesses—increasing the pressure to accommodate population growth elsewhere. A growing body of research shows the interconnectedness of 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.² 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.³ 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 same patterns of metropolitan growth that lead to especially poor and isolated neighborhoods are also beginning to create significant fiscal and social stresses in communities throughout the region—both in inner suburbs found just beyond areas with the highest concentrations of poverty in the central city and outer suburbs attempting to manage growth with limited fiscal resources. While the social problems are generally not as severe in these areas as in the poorest neighborhoods, these communities show signs of growing instability that could lead to rapid social decline.

Lacking Cincinnati's central business district, older neighborhoods with strong housing stock capable of gentrification, arts, culture and amenities, inner suburbs can be more vulnerable than the central city. For this reason, as poverty and social instability cross the city/suburban border the problems often accelerate and intensify. Increasing social stresses in schools and neighborhoods, comparatively less valuable homes, the loss of local businesses and jobs, and the erosion or slower than average growth of the local tax base are symptoms of this decline. Examples in the Cincinnati region include Covington and Dayton in Kentucky and Silverton, Mt. Healthy and Lockland in Ohio.

Many outer suburban communities are also struggling with lower than average fiscal resources. In some, this problem is combined with pockets of poverty to create significant stress—including places like Hamilton, Middletown, and unincorporated areas in Brown, Hamilton, Grant, Kenton and Pendleton Counties. In many others, low or modest fiscal capacity combined with high growth rates creates a different kind of stress—including places like Alexandria, Taylor Mill and unincorporated areas in several counties. Much of the population growth occurring in the Greater Cincinnati region has occurred in these areas. As they grow, these places 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 find themselves struggling to keep up with the demand and costs of new schools, roads, sewers, parks, and many other public services. In many cases, the struggle to keep pace with the costs of rapid, low-density residential growth forces local governments to compete with each other in an attempt to add lucrative residential, commercial, and industrial properties to their local tax base. Generally, only a few cities are successful in this competition, while others fall further and further behind in their attempts to get ahead.

The relatively few winners in this competition enjoy high local resources with few of the regions social costs. It is in these places where the most expensive homes are built, where commercial and industrial development is most lucrative, and where social strains associated with poverty are practically non-existent. At first glance, these places appear to be reaping all of the benefits from their metropolitan location with few of the social or economic costs.

In many ways, however, these communities actually 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 large regional shopping and employment centers increases. As Joel Garreau suggests in his book *Edge Cities*,⁴ these communities soon become as “urban” as those that its residents and businesses were attempting to avoid. Further, many employees of these new employment centers cannot afford to live in expensive local housing, forcing them to drive long distances or look elsewhere for work. As a result, an increasing number of businesses in these areas are finding it difficult to fill positions as they grow. To complicate matters, Ohio and Kentucky laws permit municipalities to levy earnings taxes, increasing the exodus of businesses leaving cities for unincorporated suburbs.

There is a growing recognition that the problems of racial and economic separation, congested highways, degradation of the region’s valuable natural resources, and wasteful intra-regional competition cannot be addressed through the actions of individual local governments working alone. Stabilizing struggling communities and minimizing unplanned sprawling development will require that local government leaders, the business community, concerned citizens, and the many organizations interested in creating a stronger region work together to develop comprehensive, coordinated strategies for addressing regional problems with regional solutions.

It is MARC’s hope that the information provided in this report will assist regional efforts toward policy reform and ultimately lead to a more socially, economically and environmentally sustainable future. The purpose of this report is threefold: 1) to document social separation and wasteful development patterns in the Cincinnati region; 2) to identify the effects of these patterns on local governments and the region as a whole; and 3) to establish a base for community discussion and the identification of strategies to respond to the patterns.

SOCIAL SEPARATION

The Cincinnati region shows some of the most pronounced patterns of separation by race and income in the nation. It is often assumed that the effects of poverty and social instability in the Greater Cincinnati region can be confined to a few small neighborhoods. In reality, however, concentrated poverty affects the entire region. As poverty intensifies in any particular neighborhood, those who can afford to will often choose to move away. This shift has the effect of depressing local property values not only in the immediate area but also in surrounding communities. Coupled with ample land for new housing and expanding transportation networks in other parts of the region, the socioeconomic decline of communities in the core of the Greater Cincinnati region contributes to a self-reinforcing pattern that threatens even greater disinvestments in the future.

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,⁵ drop out of high school,⁶ and remain jobless⁷ than if they lived in socioeconomically 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.⁸ 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.

The threat of decline facing many communities in the Greater Cincinnati region on the brink of concentrated poverty is foreshadowed most clearly when local elementary schools experience growing poverty in their enrollment. 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 high and high schools. Elementary school poverty patterns (as indicated by the numbers of students eligible for free lunches) therefore sound an early warning of impending flight by the middle class, the first group to leave a neighborhood when schools fail. Perceived school quality is a key factor in attracting or retaining middle-class residents (and the businesses that cater to them), and thus in maintaining property values, which in turn create the tax base to fund schools. When the perception of a school declines, it can set in motion a potentially vicious cycle that ultimately affects the entire community.

Greater Cincinnati schools show a high degree of segregation by income. Although just 20 percent of all elementary students in the region attended schools in the Cincinnati School District, 60 percent of students eligible for free lunches attended Cincinnati schools. The problem is not limited to Cincinnati, however. Several suburban school districts, some adjacent to the central city and some in the outer parts of the region, serve student populations with much greater than average poverty rates.

In MARC's comparative study of the 25 largest metropolitan areas, the Greater Cincinnati region's schools displayed the seventh worst degree of segregation by income. In 1997, 57 percent of students eligible for free lunches in the region's elementary schools would have had to change schools in order to achieve a balanced distribution of poor children across regional schools.⁹

The Cincinnati region experiences an even greater degree of segregation by race in its schools. In 1997, 72 percent of all non-Asian minority elementary students in the region attended schools in

just one of the region's 77 districts—the Cincinnati School District. Overall, racial segregation in the region's elementary schools was greater than all but one of the 25 largest metropolitan areas in MARC's comparative study. In 1997, 77 percent of the region's non-Asian minority students would have had to change schools in order to achieve balance—a proportion more than 25 percent higher than the average for the 25 largest areas.¹⁰

All too often, racial segregation patterns mirror poverty concentration patterns. Resulting partly from subtle discrimination in the housing market,¹¹ income and racial segregation remain persistent challenges in the Greater Cincinnati region. This is evidenced in the region's elementary schools, where high poverty schools almost always also have high percentages of students of color. Overall, two-thirds of all non-Asian minority elementary students in the region attended high poverty schools (schools with free lunch eligibility rates over 50 percent higher than the regional average) in 1997, compared to just 13 percent of other students.¹² The concentration of minority children in poor schools and poor neighborhoods deepens the socioeconomic gulf dividing the Greater Cincinnati region.

Crime patterns also mirror poverty patterns. Communities with the highest crime rates are located in the center of the region for the most part. The average crime rate in the region's 10 highest crime communities was about 90 percent greater than the regional average; the average school poverty rate in those same communities was about 70 percent greater than the regional average.

Table 1
Comparative Data for the 25 Largest U.S. Metropolitan Areas

Metropolitan Area	Dissimilarity Indexes		95th to 5th Percentile Ratio: Tax Capacity per Household	% Change in Urbanized Area Population Density 1970 - 1990	Percentage of 1990 Central City Population in High Poverty Census Tracts
	School Poverty 1997	School Race 1997			
Atlanta	52	67	6	-30	22
Boston	55	66	4	-22	5
Chicago	95	75	12	-18	14
Cincinnati	57	77	32	-28	18
Cleveland	64	76	17	-13	20
Dallas	51	58	7	18	8
Washington D.C.	51	65	6	-32	3
Denver	55	55	16	-8	5
Detroit	60	82	4	-27	37
Houston	39	45	17	-21	10
Kansas City	53	70	11	-25	6
Los Angeles	57	57	8	9	6
Miami	50	60	11	15	24
Milwaukee	63	69	3	-13	22
Mpls.- St. Paul	48	53	4	-17	15
New York	66	71	9	-19	13
Philadelphia	51	67	9	-32	12
Phoenix	n.a.	56	13	22	5
Pittsburgh	39	69	6	-30	15
Portland	50	40	3	-8	3
St. Louis	60	69	6	8	15
San Diego	51	46	4	-5	4
San Francisco	53	48	8	1	2
Seattle	38	39	20	-35	3
Tampa	36	35	32	-7	10
25 Metropolitan Area Average	54	61	11	-18	12

Dissimilarity indexes show the percentage of students eligible for free lunch and the percentage of non-asian minority students that would have to change schools to achieve perfectly balanced enrollments in the region's elementary schools.

Source: *American Metropolitics*, Myron Orfield.

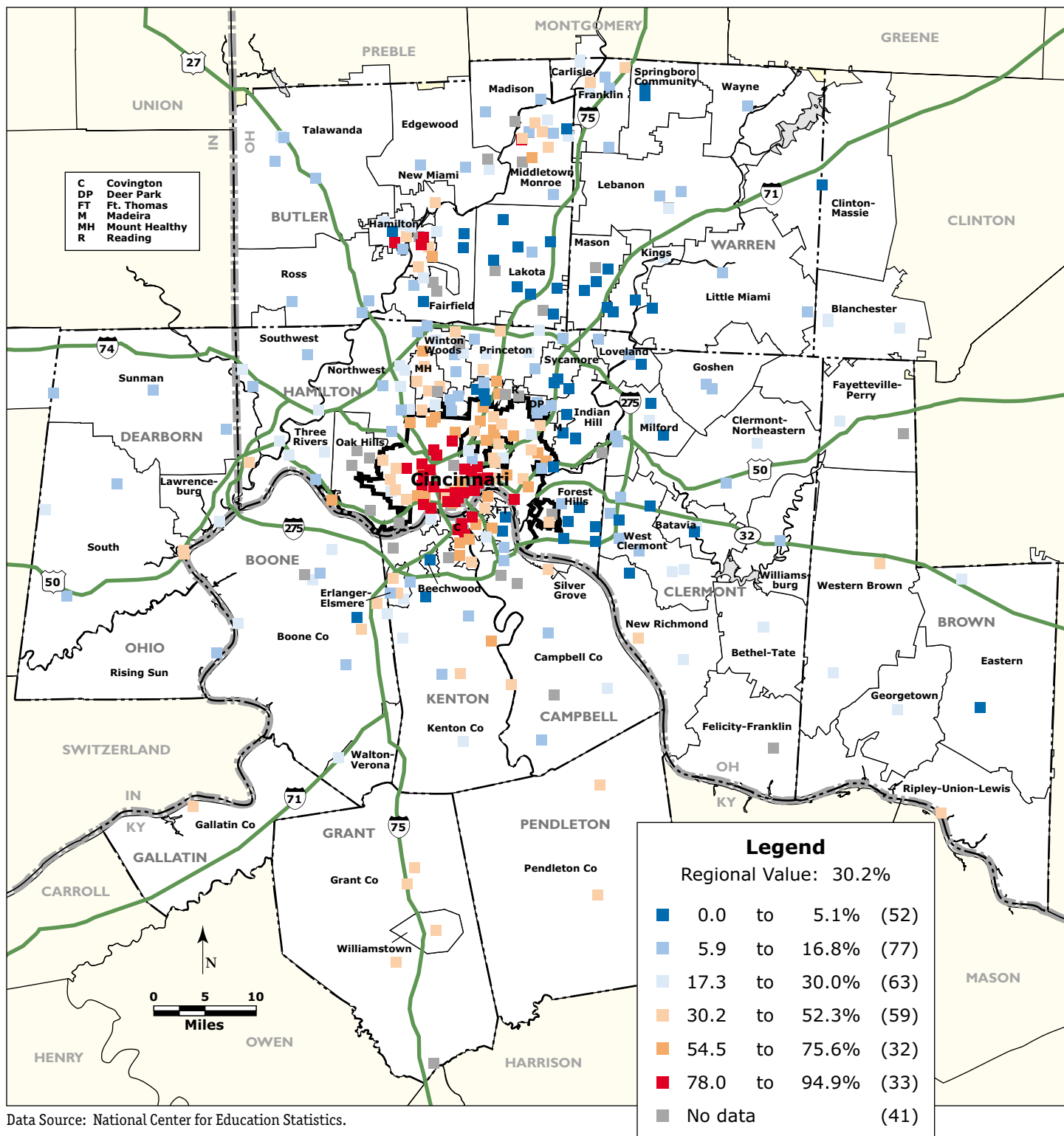
Poverty Map Caption

The most significant concentrations of poverty in the Greater Cincinnati region are in Cincinnati itself. In 1990, more than 18 percent of the city's population lived in high poverty census tracts (census tracts where at least 40 percent of the population is living in poverty) compared to an average of 12 percent in the 25 largest metropolitan areas.¹⁴

FLE Map Caption

Student poverty (measured by the percentage of elementary students eligible for free lunches) in the Cincinnati area is heavily concentrated in a few school districts primarily in Cincinnati and its neighboring suburbs. Sixty percent of elementary students were eligible for free lunches in the Cincinnati School District, roughly twice the regional average.¹⁵ Other districts with high percentages of poor students included areas adjacent to Cincinnati—Covington (77 percent free lunch eligible), Newport (74 percent) and Dayton, (69 percent) in Kentucky; and Lockland (66 percent) and St. Bernard/Elmwood (41 percent) in Ohio—as well as some outlying towns and rural districts—Hamilton (43 percent), Williamstown (42 percent) and Grant County (41 percent).

**CINCINNATI REGION:
Percentage of Elementary Students Eligible for Free Lunch
by School, 1997**

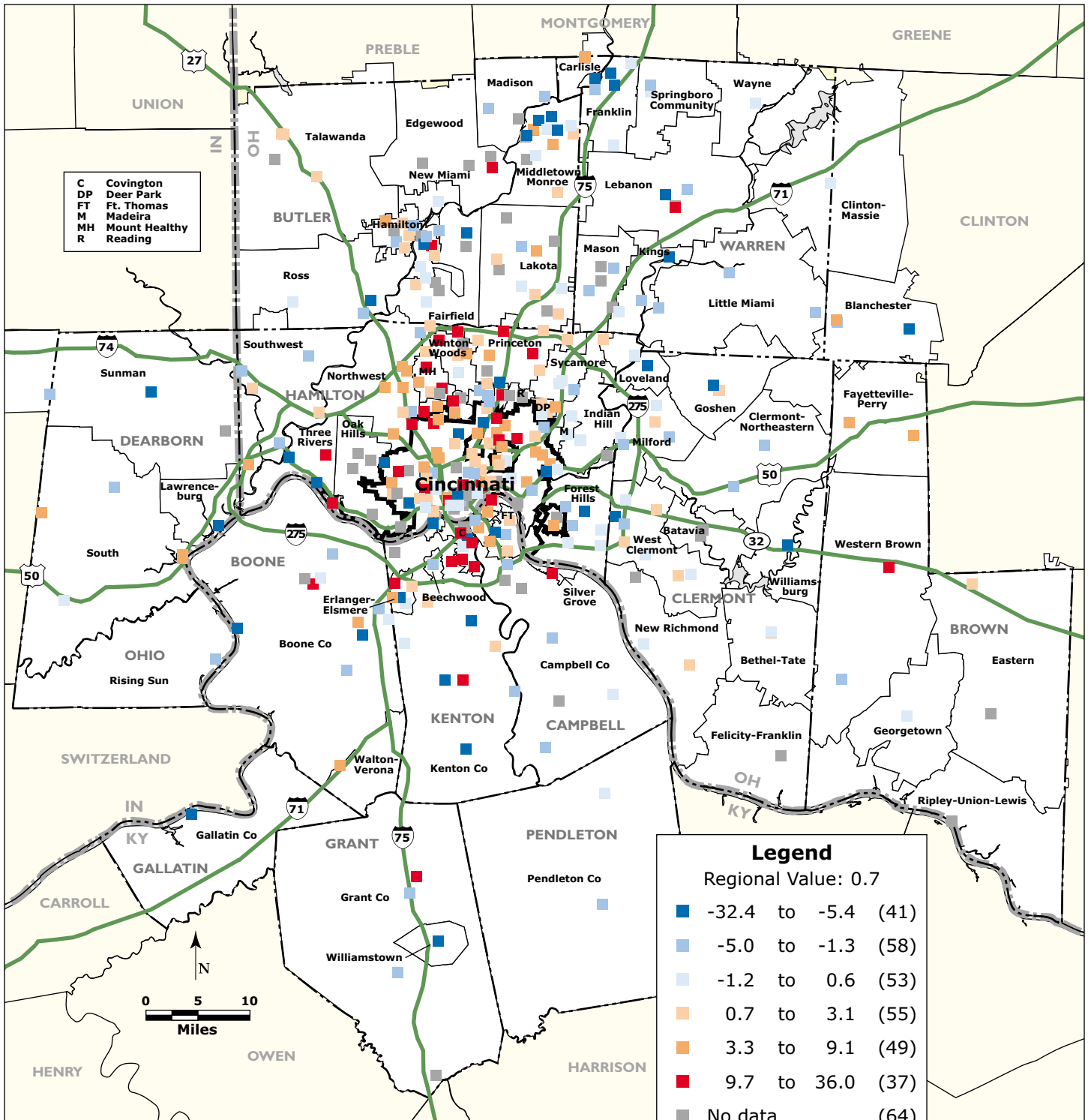


Data Source: National Center for Education Statistics.

FLE Change Map Caption

Poverty is growing relatively rapidly in many inner-suburban school districts. Between 1992 and 1997, the overall percentage of students eligible for free meals in the Greater Cincinnati region grew by less than one percentage point. However, schools that had moderately high levels of student poverty in 1992 (between 25 and 50 percent of students eligible for free lunches) saw their poverty rate grow at an average of about three percentage points through 1997—more than three times the regional average. Districts where the majority of schools experienced increasing poverty included Finneytown, North College Hill, Norwood, Mount Healthy, Northwest, Princeton, Erlanger-Elsmere, Covington and Cincinnati (where the overall percentage increased by four percentage points).

CINCINNATI REGION: Change in Percentage Points of Elementary Students Eligible for Free Lunch by School, 1992-1997



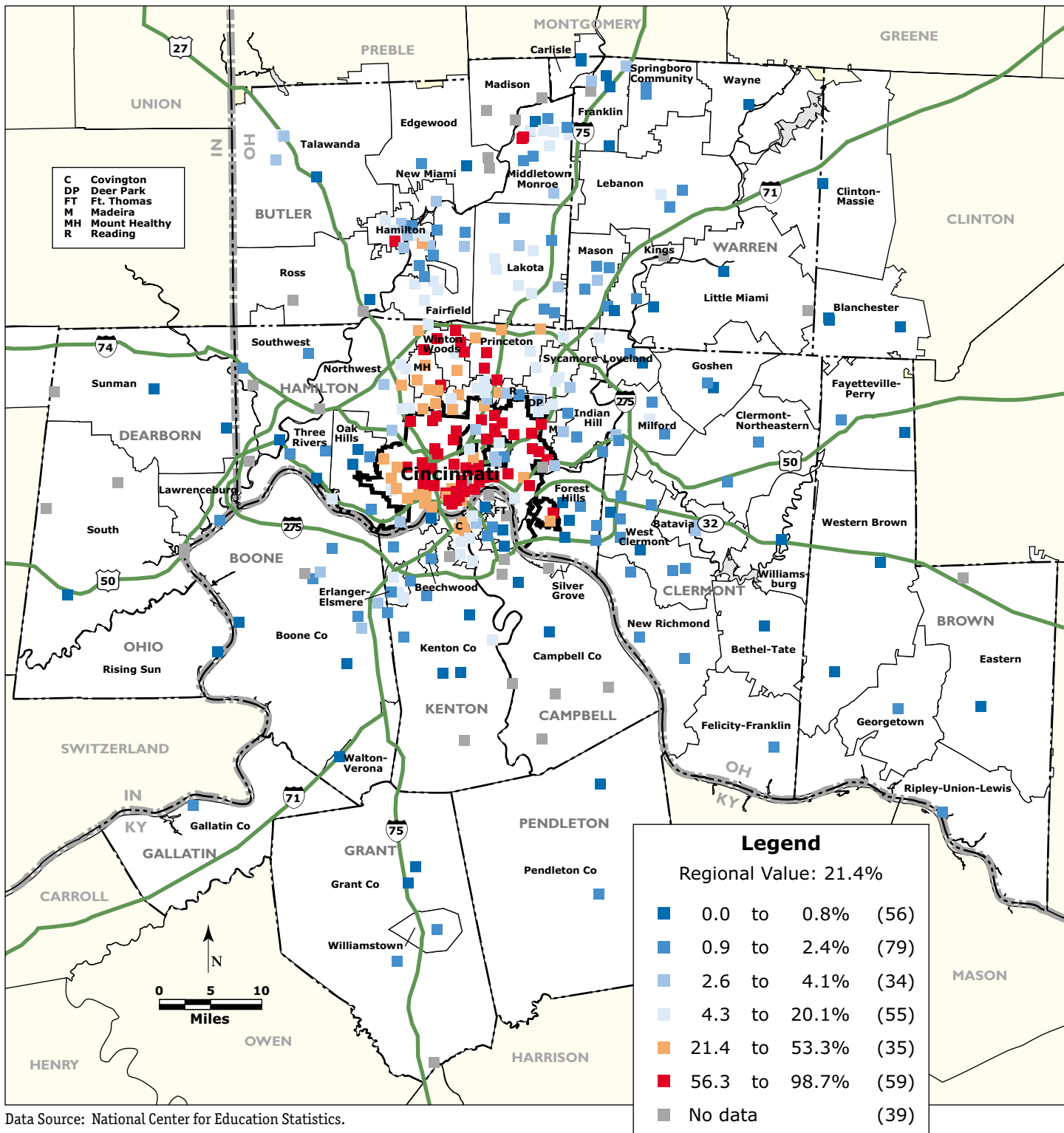
Data Sources: National Center for Education Statistics; Kentucky Department of Education.

NAM Map Caption

Racial segregation is very pronounced in Cincinnati area schools. In 1997, the vast majority of non-Asian minority elementary students were clustered in just a few schools and school districts. Just 19 percent of the schools in the region served 72 percent of non-Asian minority students. Schools with the highest percentages of non-Asian minority students were heavily concentrated in Cincinnati, where 69 percent of elementary students were non-Asian minorities. In addition, nearly three-fourths of all schools in the region with greater than 50 percent minority enrollment were located in Cincinnati. Other communities with above average non-Asian minority enrollment included Lockland (35 percent¹⁶), Mount Healthy (56 percent), North College Hill (47 percent), Winton-Woods (55 percent), Princeton (43 percent), and Finneytown (25 percent).



CINCINNATI REGION: Percentage of Non-Asian Minority Elementary Students by School, 1997

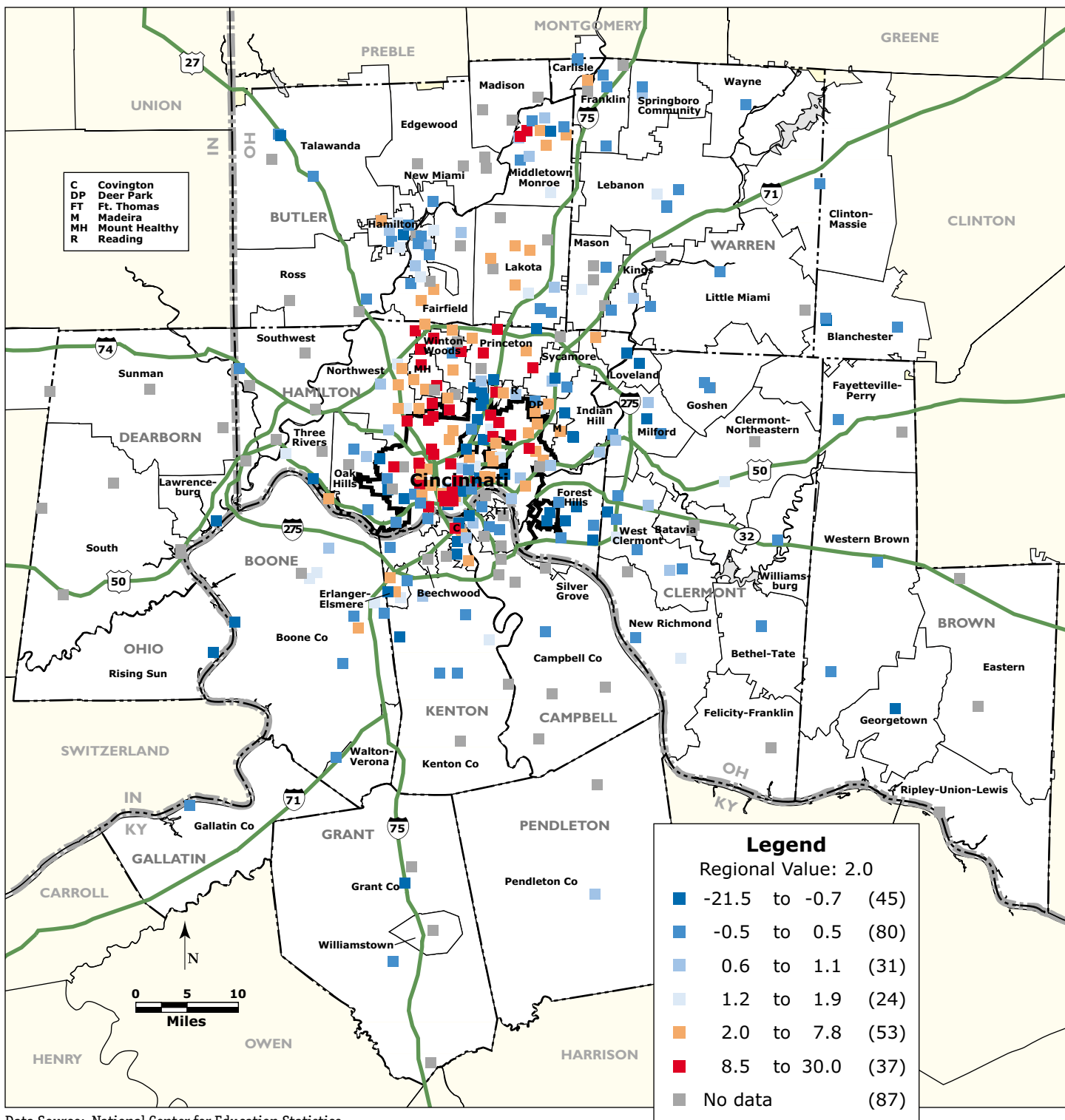


NAM Change Map Caption

Significant increases in the percentage of minority students between 1992 and 1997 occurred mostly in Cincinnati and surrounding communities, including Lockland (+9 points), Norwood (+3 points), and Reading (+2 points). Many of the individual schools in these districts experienced increases of 10 percentage points or more. Overall, the degree of racial segregation in the region's schools increased during the period.¹⁷



CINCINNATI REGION: Change in Percentage Points of Non-Asian Minority Elementary Students by School, 1992-1997



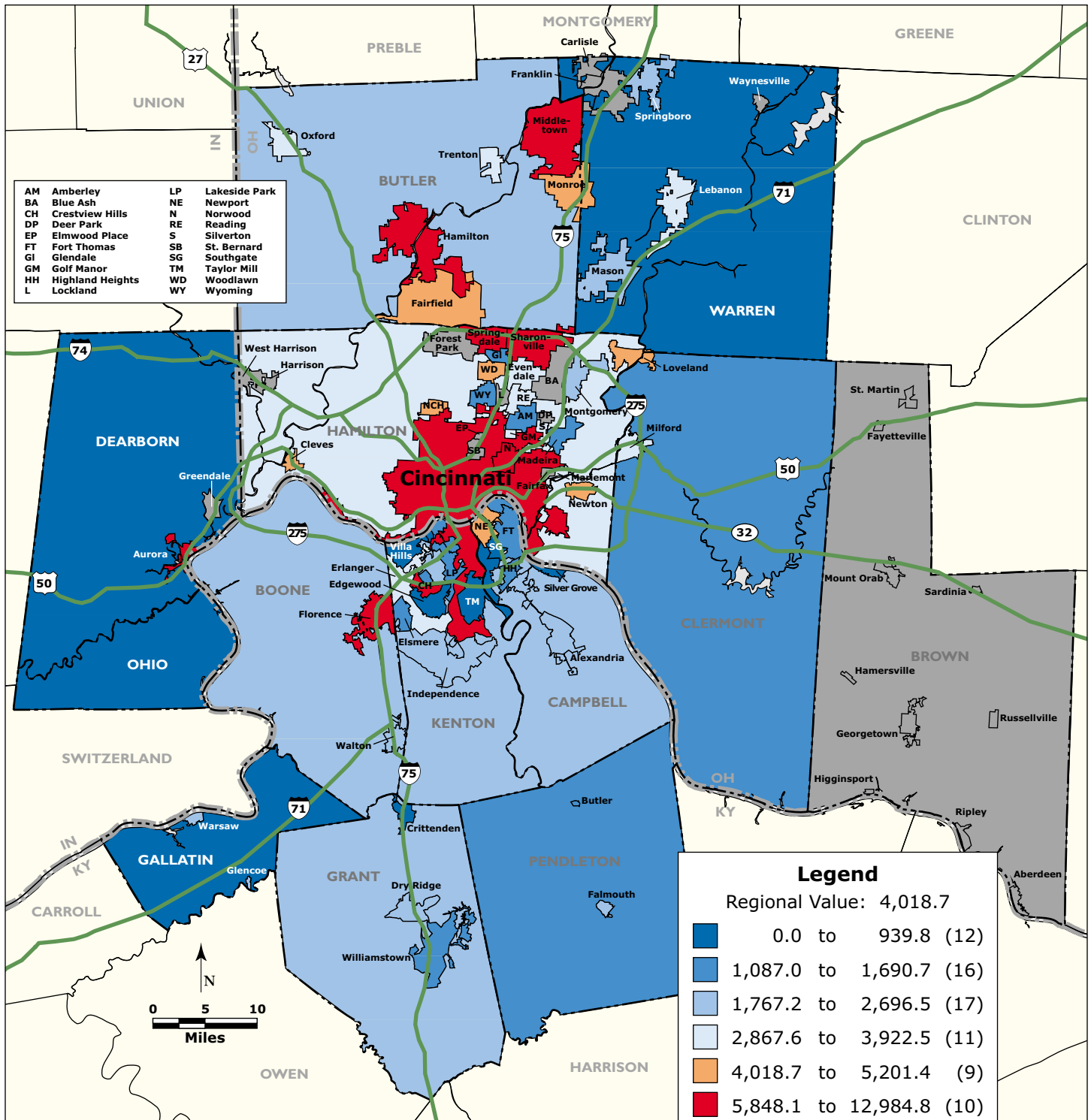
Data Source: National Center for Education Statistics.

Crime Map Caption

A relatively high crime rate is one sign of the social strains associated with concentrated poverty. In 1998, high crime rates could be found both in the core of the region, including Covington (9,186 crimes per 100,000 people), Norwood (7,790), and Cincinnati (7,536), and in satellite cities like Hamilton (8,151) and Middletown (6,631).



CINCINNATI REGION: Part 1 Crimes per 100,000 Population by Police Jurisdiction, 1998



Data Sources: Federal Bureau of Investigation (Indiana and Kentucky); Office of Criminal Justice Services (Ohio); Kentucky Police Department, Cincinnati Police Division.

FISCAL INEQUALITY

The fiscal condition of a municipality or school district is broadly determined by two factors—its capacity to raise revenues and the demands and costs it faces in providing public services. When high costs and low capacities occur together—as they often do—economic development patterns tend to increase disparities over time. High cost/low capacity places must choose between raising tax rates above the average in order to provide services commensurate with other places or holding the line on tax rates by providing fewer, or lower quality, services.

The social and fiscal stress caused by development patterns in the Greater Cincinnati region are felt most profoundly in the core of the region where public service needs and costs are especially high and development has either slowed or reversed due to disinvestment. However, many fast-growing communities at the edge of the region are also experiencing fiscal strains. This stress occurs because rapid population growth requires large public expenditures to provide needed roads, schools, parks, public safety services, and all of the other services and infrastructure required to support a new community.

Fast-growing areas in the region most likely to experience fiscal stress are mainly in Boone, Butler, Clermont, Grant, and Warren counties. Many communities in these counties are developing primarily as bedroom communities, without a strong commercial or industrial tax base. In addition, most of the fastest growing areas cannot tax earnings—a taxing power that is very important in much of the already developed portion of the region. As a result, they depend primarily on residential property taxes to pay for the services their growing populations require. Often, they are only able to maintain a fragile balance between their revenue sources and their expenditure needs.

The fiscal capacity of municipalities is measured in two ways. First, many of the incorporated areas in the region have access to two local tax bases—property and earnings. One measure combines these two sources to measure total tax capacity.¹⁸ Second, the large unincorporated areas in the region, some of the smaller incorporated areas, and school districts can only access property tax revenues. To reflect this difference, property tax base per household is also measured for municipalities and unincorporated areas. In Ohio and Indiana, the property tax base measure for unincorporated areas is provided at the township level.¹⁹

The metropolitan area shows a very high degree of inequality in total tax capacities. The ratio of the total tax capacity per household in the 95th percentile city in the region, (Springdale, Hamilton County, which is the city with tax capacity per household greater than 95 percent of cities in the region) to the tax capacity per household in the 5th percentile city (Butler, Warren County) was 32 to 1 in 1997. This ratio ranked Cincinnati 24th out of the 25 largest metropolitan areas and compares poorly with the 25 metropolitan area average of 11 to 1.²⁰ The 95th (Terrace Park, Hamilton County) to 5th (Clay Township, Ohio County) percentile ratio in Cincinnati for property tax base per household was 12 to 1. Although not as dramatic as the combined earnings and property tax capacity ratio, this implies that if all parts of the region assessed the same property tax rate, the 95th percentile place would generate 12 times more revenue per household than the 5th percentile place.

State governments can reduce these inequalities with targeted state aid. However, the states in the Cincinnati region rank relatively low in such funding. In 1997, Ohio provided aid to municipalities adequate to finance just 13 percent of municipal expenditures on average

(compared to 18 percent nationwide) while Kentucky and Indiana provided enough for just eight percent and 19 percent, respectively.

Large disparities in local tax capacities imply that low capacity places must assess relatively high tax rates in order to generate the revenues needed to finance local services on a par with other, higher capacity places. This disadvantage is amplified where low capacity places also have characteristics that increase the costs of providing a given level of public services. For instance, a given level of safety (measured perhaps as an average crime rate) is likely to be much more expensive to achieve in a very high poverty/high density neighborhood than in a low poverty/moderate density neighborhood. Similarly, older infrastructure may be more expensive to maintain than newer infrastructure.

Fiscal stress may also result from quickly growing enrollments in local school districts. In any given year, many school districts in the region must hire new teachers, expand transportation services, and purchase new materials to accommodate enrollment growth—oftentimes with very limited resources. This has frequently resulted in overcrowded buildings and rushed construction of portable classrooms to ease the crunch. In an attempt to increase the revenues available to them, school districts are often forced to ask local taxpayers repeatedly to pass operating levies and bond issues to cover capital costs. Such requests can prove difficult and controversial since the relatively low levels of taxation in these areas is one of the principle reasons for their rapid growth.

The amount of money that school districts spend per student on educational costs can be used as an indicator of the financial resources available to each school district. School districts with low spending may struggle to keep class sizes small, pay competitive teacher salaries, fund academic and athletic programs, provide after-school care, or purchase adequate supplies and textbooks. Districts that face high costs (as a result of high poverty rates and/or high rates of enrollment growth or decline for instance) face similar problems. These districts will be unable to provide the same quality of education as higher-spending districts facing lower costs.²¹

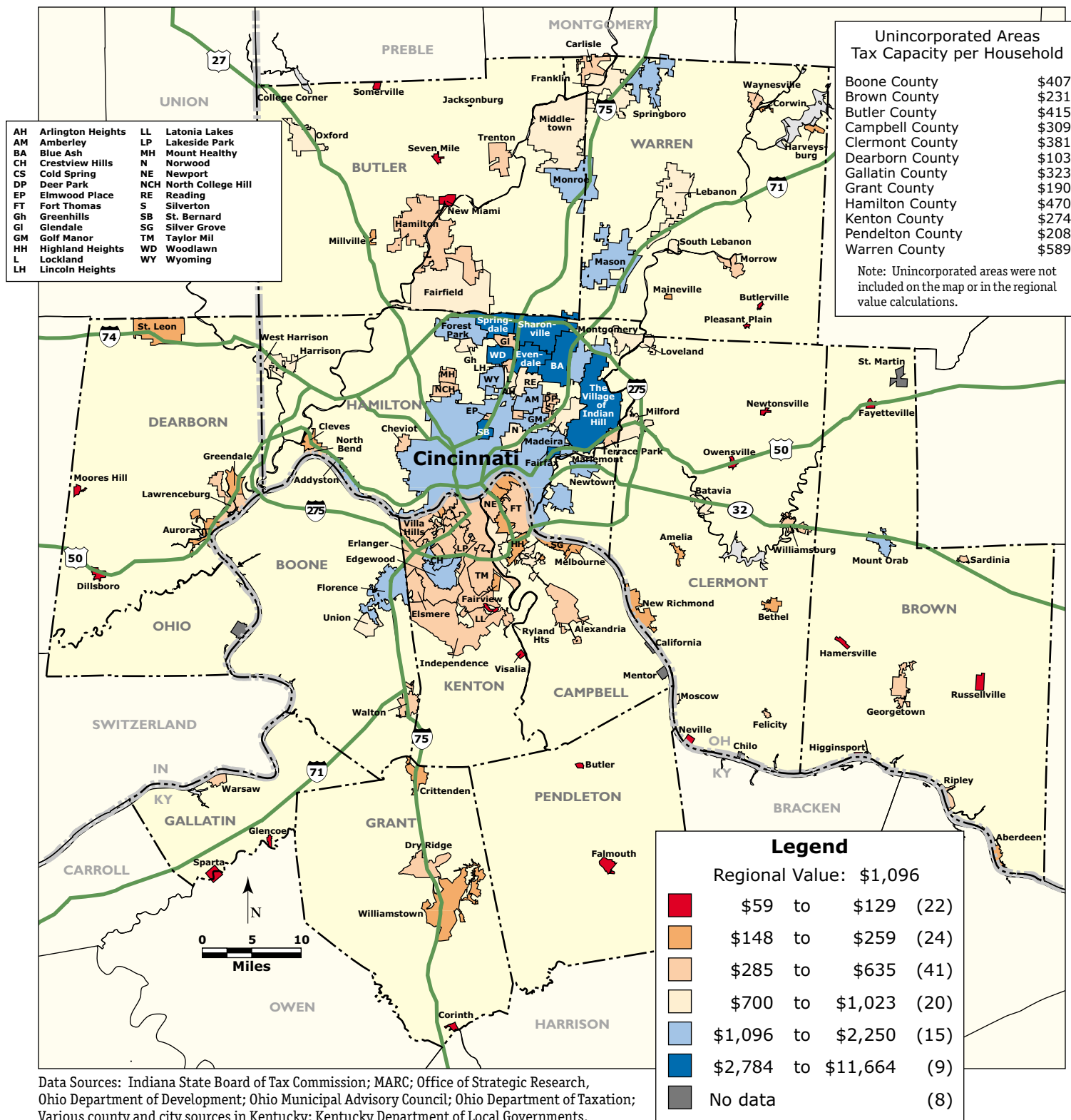
Fiscally stressed school districts tend to be of two types: those that are experiencing very high or growing social needs and those where enrollments are growing rapidly. In the core, higher than average per pupil spending tends to be combined with cost factors that are even further above the norm. In fast-growing bedroom communities in counties at the edges of the Greater Cincinnati region, a low base of property values is often combined with a much higher number of children per household. Without a strong school equity system, these districts will have a very difficult time providing quality education while keeping local taxes affordable.

Because of the fiscal connection between local land use policy and tax capacity, communities have an obvious incentive to attract or limit development to uses that generate greater revenues than costs. With only a limited amount of such development to go around, the result is often fierce competition between local governments—a process that wastes public resources and often results in even greater disparities that hurt the entire region. By concentrating poverty and social problems in just a few areas of the region, there is a marked increase in the overall costs of dealing with them.

Total Tax Capacity Map Caption

Tax capacities—the ability to raise revenues from local property and earnings taxes—vary dramatically across the region. Communities with lower-than-average capacity tend to be concentrated in core areas, particularly in Northern Kentucky. These communities include places like Newport (\$346 per household), Highland Heights (\$201) and Silver Grove (\$195). Communities with access to much greater than average resources cluster to the northeast of Cincinnati in places such as Indian Hill (\$11,372 per household), Blue Ash (\$5,986), and Sharonville (\$2,784). Much of the variation in capacities is the result of access to the earnings tax. With their ability to levy such taxes, most municipalities have greater tax capacities than neighboring unincorporated areas. However, many municipalities also face greater than average service costs. Cincinnati, for instance, has a tax capacity about 10 percent above the average, but its school poverty exceeds the regional average by about 100 percent. Townships and unincorporated parts of Kentucky receive many of their local public services from counties that tap countywide tax resources, including those in incorporated areas.

CINCINNATI REGION: Tax Capacity per Household by Municipality, 1998

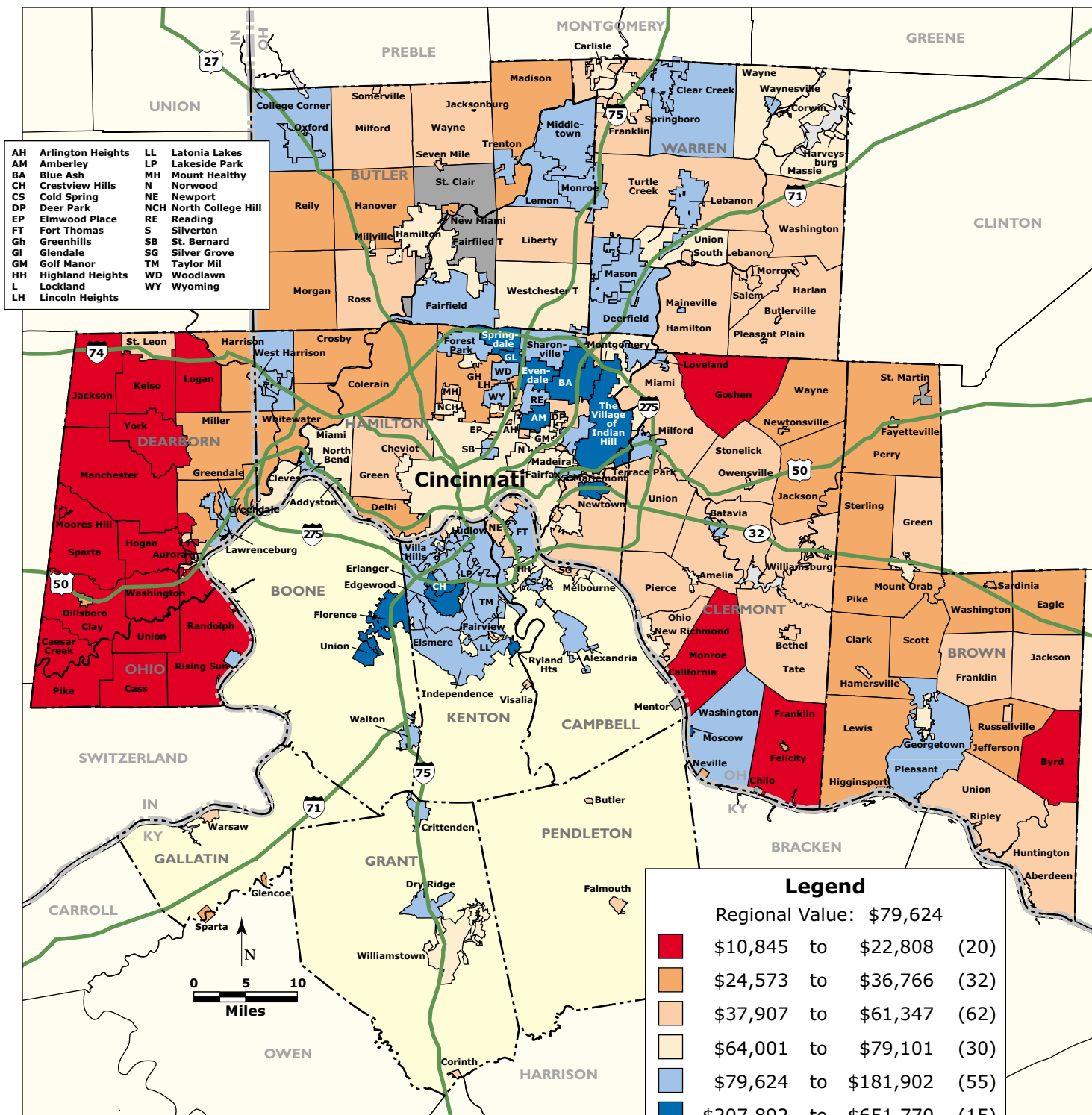


Property Tax Capacity Map Caption

In many parts of the region, the only available local tax is the property tax. Property tax bases per household vary a great deal, although not as much as total tax capacities. The communities with the highest property tax bases per household cluster to the northeast of Cincinnati in Ohio and to the south in Boone County, Kentucky. Many rural townships show property tax bases well below the regional average.



CINCINNATI REGION: Property Tax Base per Household by Municipality and Township, 1998

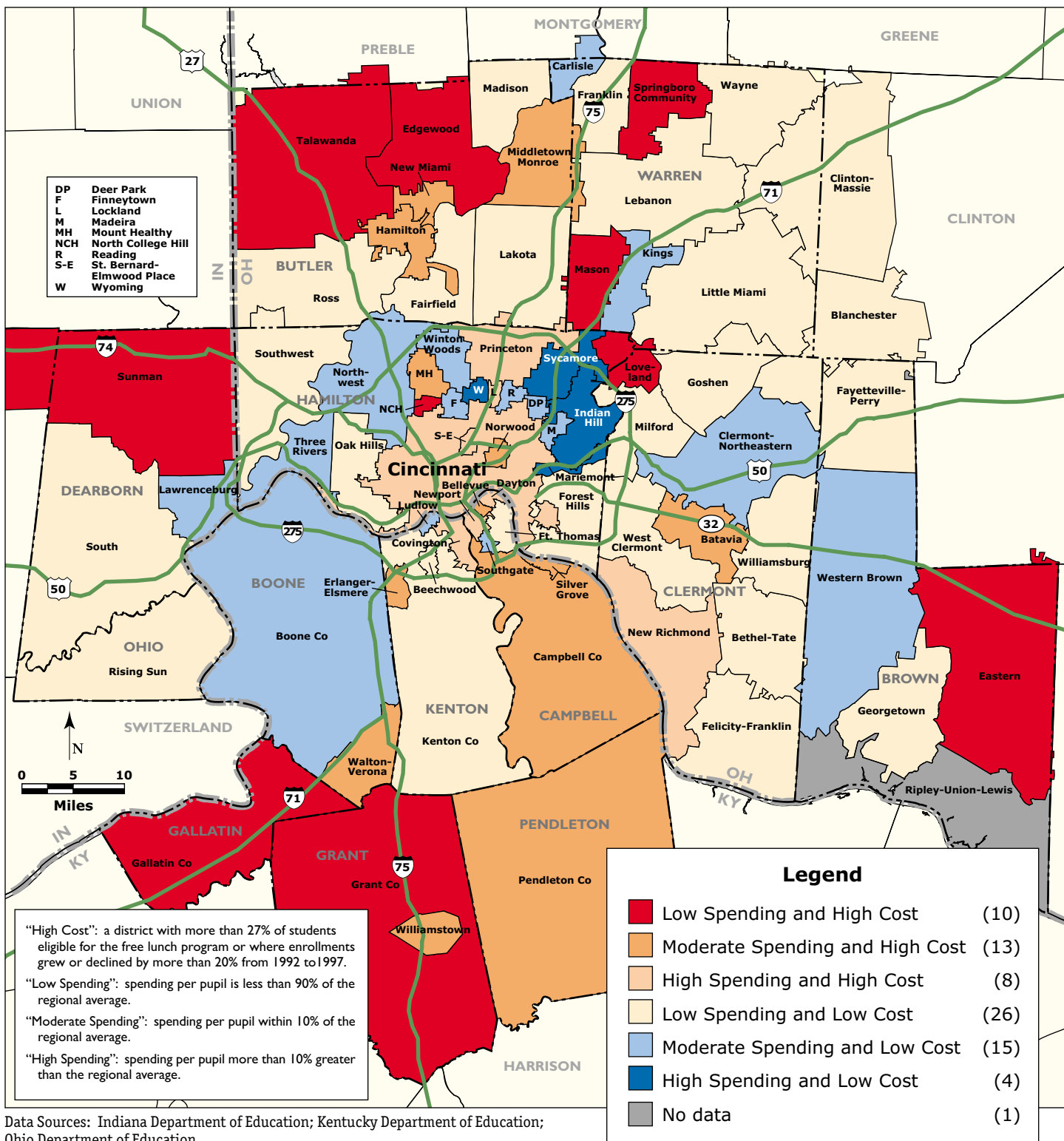


Data Sources: Indiana State Board of Tax Commission; MARC; Office of Strategic Research, Ohio Department of Development; Ohio Municipal Advisory Council; Various county and city sources in Kentucky.

Map Caption: School Districts Grouped by Spending and Costs

Fiscal stress in school systems is important because schools are so significant to prospective homebuyers. School districts in the inner- and outer-most parts of the region are most likely to show strong signs of stress (low or average spending combined with higher than average cost factors). Many other districts in the core of the region show higher than average spending per pupil but even higher cost factors. Spending per pupil in the Cincinnati, Covington, and Newport School Districts, for instance, exceeds the regional average by 25 to 30 percent but their student poverty rates are 100 to 160 percent greater than average. In some other high spending districts such as Indian Hill and Sycamore much greater than average spending per student is coupled with much lower than average costs. A large number of other suburban districts benefit from low-cost factors but spend significantly less than average per pupil.

CINCINNATI REGION: School Districts Grouped by Expenditures and Costs, 1997



SPRAWL

The negative effects of social and economic polarization are not limited to the central city, older suburbs and older satellite cities (such as Hamilton) of the region. Polarization also creates problems on the region's fringes—both for communities that are developing there and for the natural environment. As social and economic problems move outward from Cincinnati into surrounding suburbs, tides of middle-class families—often young families with children—sweep into the rapidly developing communities at the edges of the region where local governments compete for limited tax base to cover their growing infrastructure costs.

Like most metropolitan areas, the bulk of growth in the Cincinnati area is occurring in the outer ring suburbs. During the 1990's Hamilton County lost population while Kenton and Campbell Counties grew by less than five percent. At the same time Butler, Pendleton, Brown and Clermont Counties grew between 10 and 20 percent while Dearborn, Warren, Grant, Gallatin and Boone Counties grew between 20 and 40 percent. If the way that this growth occurs is not consistent with long-term environmental concerns, the needs of regional housing and labor markets, or existing transportation capacity, then the long run costs of growth will be greater than necessary. It costs more to retrofit or expand infrastructure such as sewers and roads to low density, sprawling communities after the houses are built than it does to provide such infrastructure to well planned neighborhoods as they develop. Recent news coverage makes it clear that the Cincinnati region's growth is straining both its natural and service infrastructures.²²

Changes in the amount of urbanized land and the density at which the Greater Cincinnati region is settled provides some evidence of these sprawling development patterns. Between 1970 and 1990, the amount of urbanized land in the Cincinnati and Hamilton areas increased at a rate nearly five times faster than the growth in the regional population—51 percent compared to 11 percent. This means that population density in the urbanized portions of the region declined by 27 percent. This rate of decline is significantly greater than the average for large metropolitan areas—in MARC's 25 metropolitan area comparative study, Cincinnati showed the sixth greatest decline in population density in urbanized areas.²⁴ This low density growth pattern places significant strains on the natural environment, threatens air and water quality, and puts greater financial pressures on developing communities to keep up with the costs of growth.

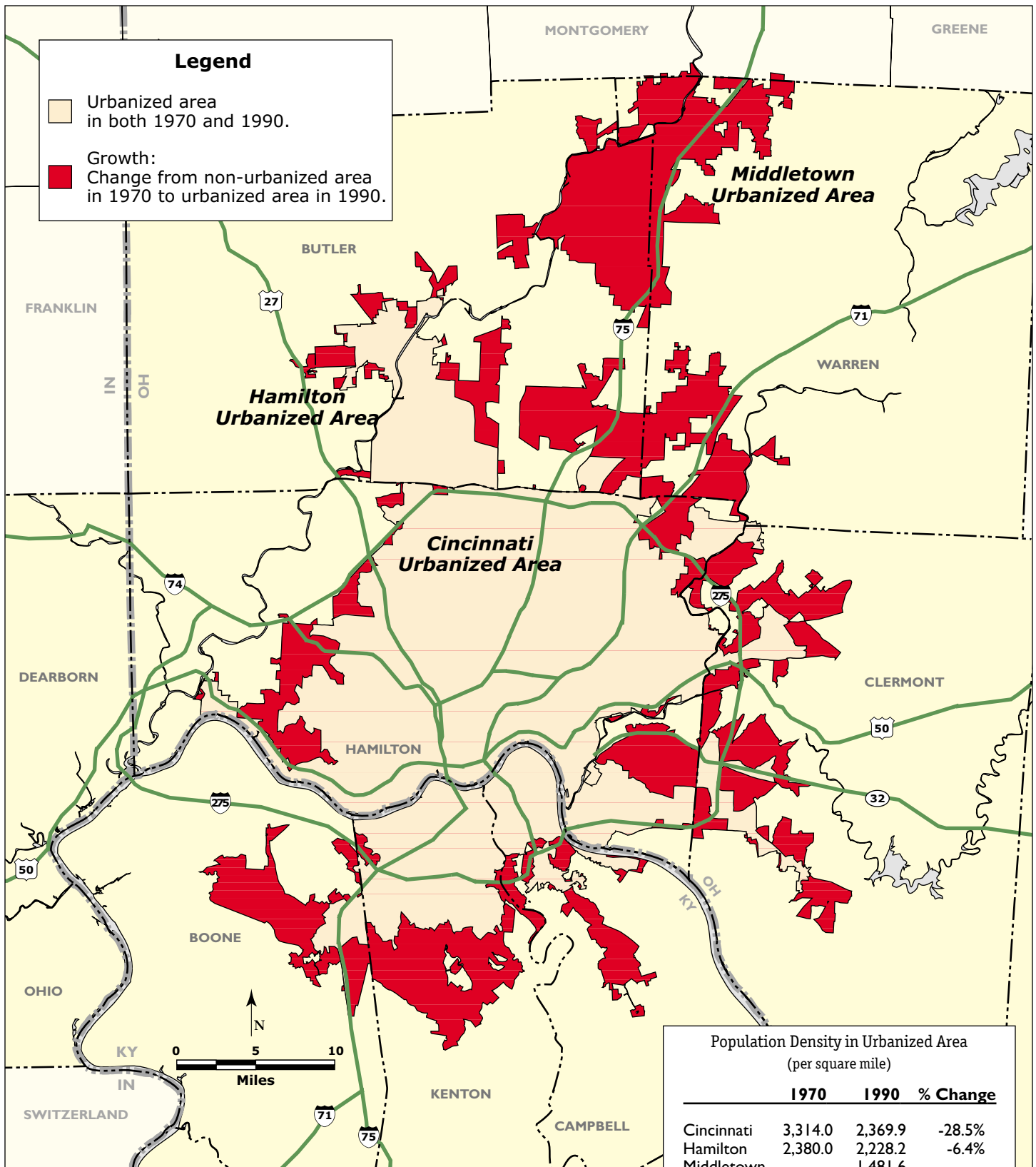
The sprawling growth of the Greater Cincinnati region is not limited to housing. In recent years, the region's suburban office parks and retail centers have been absorbing a greater share of employment than has the traditional central business district. Many of these jobs are relatively low-paying and low-skilled jobs, especially among retail employers. Since many of the employees who fill these jobs cannot afford to live in the relatively expensive housing that often surrounds these suburban employment centers, they must commute from other areas of the region. For those who are the poorest and most in need of the jobs, it is difficult or impossible to find dependable transportation to these employment centers. The decentralization of employment disproportionately affects poor, inner-city residents and further isolates them from employment opportunities.²⁵

To the extent that workers can get to their jobs, the mismatch between affordable housing and employment opportunities often contributes to congestion on regional freeways and roads at the peak hours of commuting. Further, as development intensifies in the vicinity of suburban employment centers, traffic congestion caused by commuters and shoppers increases very quickly.

Urbanized Area Map Caption

The sprawling growth of the Greater Cincinnati region between 1970 and 1990 was particularly pronounced in the Cincinnati urbanized area (defined by the Bureau of the Census as contiguous developed territory surrounding cities of 50,000 or more with population density of at least 1,000 persons per square mile), where the amount of urbanized land increased by 51 percent and population density declined by more than 28 percent. In the already less-densely settled Hamilton area, urbanized land increased by 30 percent while population density fell by about six percent. The population density in the Middletown urbanized area was only about two-thirds that of the Cincinnati and Hamilton areas.

CINCINNATI REGION: Change in Urbanized Area, 1970-1990



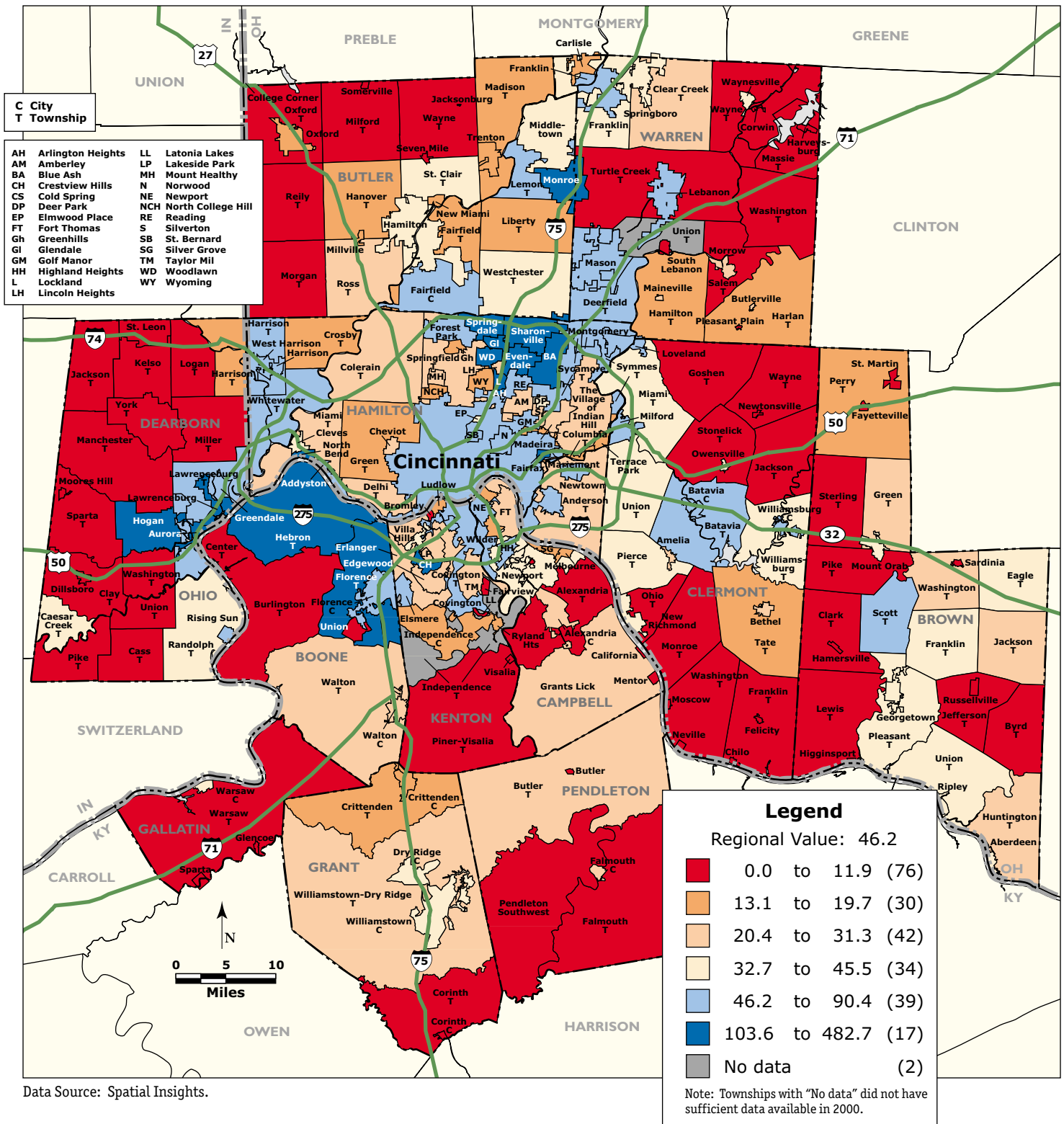
Data Source: U.S. Census Bureau.

Jobs Map Caption

While Cincinnati continues to be the major commuting center in the region, its ratio of jobs to population is only a bit above the average for the region as a whole (57 jobs per 100 persons compared to 46 for the region as a whole). Suburban commuting centers are increasing in importance especially northeast and southwest of Cincinnati—places such as Sharonville (202 jobs per 100 persons), Springdale (249) and Evendale (199), the Hebron section of Boone County (114) and the unincorporated areas around Florence (104). These suburban areas actually have more jobs within their boundaries than residents. Inner suburbs and the outermost parts of the region show the lowest ratios of jobs to residents, meaning that greater than average proportions of those who live in these communities must commute to other areas of the region for work.



CINCINNATI REGION: Jobs per 100 persons by Municipality and Township, 2000



Data Source: Spatial Insights.

REGIONAL STRATEGIES FOR BALANCED GROWTH

The information presented in this report outlines three issues for the Cincinnati region where policy discussion might be effectively focused: fiscal equity, land use planning and regional governance. There is need to discuss regional approaches to stabilize communities struggling with social and economic disinvestments, reduce fiscal disparities and dependence on the local tax base to fund basic public services, and discourage sprawling development patterns. In addition to addressing individual challenges, these strategies are mutually reinforcing. Successfully implementing one strategy makes implementing the others much easier, both substantively and politically.

Financing Public Services

Reducing the disparities that exist in the ability of local governments to generate revenue would require a shift away from dependence on local fiscal resources and land-use decisions and toward a more equitable distribution of the costs and benefits of regional growth. This shift would create the potential for improving services and lowering taxes for a majority of citizens in the region. It would also help to create equity, reduce wasteful competition, foster cooperation and make regional land-use planning more feasible.

Equalization programs are already being used in nearly every state, primarily through state funding of basic educational costs. For instance, Kentucky has recently implemented an equity system called "Support Education Excellence in Kentucky" (SEEK) as part of the 1990 Kentucky Education Reform Act (KERA). Through KERA, which has received national acclaim, a base level of funding is defined for each school district that guarantees a certain amount of revenue per pupil. Ohio and Indiana also have programs that provide some form of equalization aid to school districts. However, where the percentage of state aid in per pupil spending has grown to 56 percent in Kentucky and 62 percent in Indiana, it remains at 41 percent in Ohio.

A number of states have implemented the equalization concept by creating programs that share the tax resources available to local governments. For instance, in Wisconsin and Michigan, shared state revenues are distributed based on formulas that account for differences in population and the local tax base. Such formulas help to equalize fiscal disparities among cities. The Twin Cities region of Minnesota has taken fiscal equity a step further, pooling a percentage of the regional commercial/industrial tax base and distributing it back to communities based on the tax base of every community.²⁷ In Ohio, the Housing Policy Research Program has advocated for programs similar to those in the Twin Cities to reduce disparities.²⁸

Land Use Planning

There are many costs associated with the inequitable, inefficient, sprawling growth seen in the Greater Cincinnati region and so many other regions throughout the country. By placing responsibility for land use planning and a wide range of important local public services in the hands of fragmented local governments, the current system creates overwhelming incentives for fiscal issues to dominate local land use planning in the region. Rather than encouraging coordinated planning, this system encourages municipalities to compete for revenue-generating land uses. This makes it very difficult to implement coherent regional policies in other important policy areas, such as housing, transportation, or reinvestment in declining areas. Developing a more cooperative framework for land use planning that encourages places to plan together for their common future and to consider the regional consequences of local decisions is an essential aspect of a regional reform agenda.

This kind of thinking has been implemented and refined in several states over the last 25 years and is gaining increasing attention across the country. Often referred to as “smart growth,” at its core, it means local planning with a regional perspective. It implies that regions can make more efficient use of their land through cooperation rather than competition. Its goals are to reduce the destruction of woodlands, hillsides, floodplains, wetlands, natural systems, agricultural land, and open spaces; ease traffic congestion by creating an accessible and balanced transportation system; ensure that housing is accessible for all income levels; and make more efficient use of public investments.

Ensuring that all the communities in the region, particularly those with new jobs and good schools, strengthen their commitment to affordable housing, is an essential component of smart growth planning because it helps to reduce the stress on core communities and the consequences of concentrated poverty. It also allows people to live closer to work and provides them with real choices concerning where they want to live in the region. Oregon, Minnesota, Maryland, Florida, Georgia, Tennessee, and many smaller sub-state regions have adopted smart growth land-use plans using various strategies to better manage land use. A number of state legislatures throughout the country are just beginning to discuss ways in which they can better deal with growth and development.

Metropolitan Governance

A primary theme of this study is that social separation and sprawling development patterns are having an impact not just in a few cities, but also throughout the region. As in most metropolitan areas, however, the fragmented nature of land-use planning and local governance has meant that there are few if any coordinated strategies for dealing with these problems on a region-wide scale. Absent a community commitment and a governance structure that provides the power to shape regional land use and public investment patterns, the ability to effectively address regional problems is greatly reduced.

Some community leaders have asserted that effective, long-term regional cooperation is impossible. However, multi-jurisdictional governance of some sort occurs in virtually every metropolitan area in the country. Every metropolitan region with a population of at least 50,000 people has in place a Metropolitan Planning Organization (MPO) that was created to allocate federal resources and plan for the construction and maintenance of the regional transportation system.

The Greater Cincinnati region’s MPO, the Ohio-Kentucky-Indiana Regional Council of Governments (OKI), produced pieces of a regional growth plan in the late 1970’s addressing water quality, open spaces and development policies, but has not been able to keep these up to date due to decreased federal funding levels and changes in their priorities. Despite its ability to approve billion-dollar highway and transportation plans, OKI does not have the power to coordinate these investments with land use and economic development decisions made by the many local governments in the region. This is a key area for reform if the Greater Cincinnati region is to address regional issues more comprehensively. If OKI were to be granted more power to address regional issues however, it would need to be held directly accountable for its actions to ensure that all residents of the region are represented. Over time, a fairly apportioned, accountable, directly elected regional body could help to ensure that the OKI represents the best interests of the entire region as it coordinates strategies to address regional issues.

Appendix: Cincinnati Region Fact Sheet

The late local historian and activist Iola Hessler appropriately termed Cincinnati “a patchwork quilt,” to describe the many jurisdictions that make up the region. In addition to the inevitable lack of communication and coordination that stems from development spread across three states and thirteen counties, there is perhaps a larger problem in the great proliferation of local governments. At last count, there are 222 local general purpose jurisdictions in the region, including 138 municipalities and 84 townships.³⁰ The following is a brief explanation of the different terms used throughout this study and how institutions and policies vary among the three states in the region.

Municipalities

A municipality is best described as a political unit having corporate status and powers of self-government. Most have their own police and fire departments, including other municipal departments such as public works, parks and recreation. In Ohio, municipalities with 5,000 or more people are known as cities; if they have less than 5,000, they are considered villages. In Indiana, municipalities with a mayor/council form of government are cities; those with a town council/clerk-treasurer are towns. In Kentucky, all municipalities are known as cities. In Ohio and Kentucky, municipalities have a very powerful taxing authority in addition to the property tax—the earnings tax. This gives these cities and villages the power to tax people who work, but do not necessarily live, within their boundaries. This creates a great incentive for municipalities in these states to lure commercial and industrial development from adjacent areas, cannibalizing the local economy.

Townships

Townships are unincorporated subdivisions of counties found in Ohio, Indiana, and many other Northeastern and Midwestern states. When Ohio and Indiana were first laid out, townships covered the entire states. But, as communities developed, they incorporated as villages or cities and annexed the surrounding territory. Thus, townships slowly disappeared as municipalities grew. After World War II, with the rapid growth of the suburbs, laws were passed in Indiana and Ohio that made it more difficult for municipalities to annex and enabled townships to provide the urban services that had previously only been provided by municipalities. Since then, more and more Ohioans have moved to townships and either voted against annexation by other municipalities or incorporated into their own municipal entity. Thus, the Cincinnati region is ringed by several townships with populations larger than most municipalities.

Counties

With the tremendous growth in the region’s unincorporated areas, counties have taken on the role of general purpose government for many citizens. With the restraints placed on cities’ abilities to annex surrounding territory, Indiana, Ohio, and Kentucky gave their counties the powers to provide services that had previously only been provided by municipalities. Ohio counties have the ability to levy sales taxes but cannot tax earnings. The opposite is the case in Kentucky. In Indiana, counties may tax both sales and earnings.

School Districts

In all three states covered by this study, school districts are independent of municipal and county government. Indeed, most school districts in the region do not align perfectly with other

boundaries. Thus, school districts represent another taxing authority. Property taxes are the only local revenue source available to school districts in the study area, with one exception—the Wyoming City School District, which has access to an earnings tax.

ENDNOTES

- ¹ In this study the Cincinnati region is defined as the Cincinnati-Hamilton Consolidated Metropolitan Statistical Area. It includes 13 counties in three states: Dearborn and Ohio counties (Indiana); Boone, Campbell, Gallatin, Grant, Kenton, and Pendleton counties (Kentucky); Brown, Clermont, Hamilton, Warren, and Butler counties (Ohio).
- ² 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).
- ³ William R. Barnes and Larry C. Ledebur, *City Distress, Metropolitan Disparities, and Economic Growth* (Washington, D. C.: National League of Cities, 1992).
- ⁴ Joel Garreau, *Edge City: Life on the New Frontier* (New York: Doubleday, 1991)
- ⁵ 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), 299-320; Susan E. Mayer, "How Much Does a High School's Racial and Socioeconomic Mix Affect Graduation and Teenage Fertility Rates?" in *The Urban Underclass*, 321-41; Massey and Denton, *American Apartheid* 169-70; Dennis P. Hogan and Evelyn Kitagawa, "The Impact of Social Status, Family Structure, and Neighborhood on the Fertility of Black Adolescents," *American Journal of Sociology* 90, no. 4 (1985): 825-55; Frank F. Furstenburg, Jr., S. Philip Morgan, Kristen A. Moore, and James Peterson, "Race Differences in the Timing of Adolescent Intercourse," *American Sociological Review* 52 (1987): 511-18; Elijah Anderson, "Neighborhood Effects on Teenage Pregnancy," in *The Urban Underclass*, 375-98; Sara McLanahan and Irwin Garfinkel, "Single Mothers, the Underclass, and Social Policy," *The Annals of the American Academy of Political and Social Science* 501 (1989): 92.
- ⁶ Crane, "The Effects of Neighborhoods," 274-320; Mayer, "Graduation and Teenage Fertility Rates," 321-41; Massey and Denton, *American Apartheid*, 169-70.
- ⁷ Massey and Denton, *American Apartheid*, 180-82.
- ⁸ Joleen Kirschmen and Kathryn M. Neckerman, "'We'd Love to Hire Them, But...': The Meaning of Race for Employers" in *The Urban Underclass*, eds. C. Jenks and P. Peterson (Washington, D.C.: Brookings Institution, 1991): 203-32; Roger Shuy, "Teacher Training and Urban Language Problems," in *Black American English: Its Background and Its Usage in the Schools and in Literature*, ed. Paul Stoller (New York: Dell Publishing Company, 1975): 168-85.
- ⁹ Myron Orfield, *American Metropolitcs* (Washington, D.C.: Brookings Institution, 2001, forthcoming), Table 2.1. The segregation measure used in the analysis was the Dissimilarity Index.
- ¹⁰ Myron Orfield, *American Metropolitcs* (Washington, D.C.: Brookings Institution, 2001, forthcoming), Table 2.2.
- ¹¹ 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)
- ¹² Only non-Asian minority students are considered here because national studies show that other minority populations, Blacks and Hispanics in particular, experience much higher and more persistent levels of racial segregation both in terms of housing and schools than do people of Asian backgrounds. Data is from the National Center for Education Statistics.
- ¹⁴ Myron Orfield, *American Metropolitcs* (Washington, D.C.: Brookings Institution, 2001, forthcoming), Table 4.2.
- ¹⁵ Percentages given for individual cities reflect the percentage of all students that attend schools located within those cities that are eligible for free lunches.

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- 16 Percentages given for individual cities reflect the percentage of all students that attend schools located
17 within those cities that are eligible for free lunches.
- 18 The dissimilarity index increased from 76 to 77.
- 19 The tax capacity for a municipality is defined as the revenue forthcoming if regional average tax rates are
20 applied to the actual local tax base for each tax (property and earnings in Ohio and Kentucky and property
21 only in Indiana). To control for the fact that only a portion of the communities have access to the earnings
22 tax, earnings tax revenues are assumed to displace some property tax revenues in places that use the
23 earnings tax. Based on a revenue model estimated for the municipalities in the 25 largest metropolitan
24 areas, it is assumed that, all else equal, each dollar of earnings tax revenue displaces \$.31 of property taxes
that would have been collected in the absence of the earnings tax option. In places that use the earnings
tax, property tax capacity is adjusted downward to reflect this displacement.
- 25 These measures work well for the majority of places in the region but they fail to capture the effects of a
26 revenue source that is important in two Indiana communities. Lawrenceburg and Rising Sun each collect
27 very substantial revenues from a gaming tax, revenues that exceed property tax revenues in Rising Sun and
28 roughly equal property tax revenues in Lawrenceburg. In those places, the two tax capacity measures
should be used with caution.
- 29 Cincinnati also ranked 24th out of 25 in a comparison using a more general measure of inequality, the Gini
30 Coefficient. See Myron Orfield, *American Metropolitcs*, (Washington, D.C.: Brookings Institution, 2001,
31 forthcoming), Table 3.2.
- 32 A recent ruling by the Ohio Supreme Court has declared the state's education funding system to be
33 unconstitutional for the second time since 1997. In their ruling, the justices cited continued over-reliance on
34 local property taxes as a funding source, structural deficiencies in the state's basic aid formula, and the
35 need to give greater attention to mechanisms for funding school facilities, among other issues, as part of its
36 failure to provide "a thorough and efficient system of common schools throughout the state." (*DeRolph v.*
37 *State* (2000), 88 Ohio St.3d).
- 38 See, for instance, Steve Kemme, "West Chester's Boom Strains Roads, Services," *The Cincinnati Enquirer*,
39 May 23, 2001; Dan Klepal, "Use of Green Space Opposed: Hamilton County Prepares to Develop Western
40 Site", *The Cincinnati Enquirer*, March 26, 2001; Shelley Whitehead, "Growth Strains Walton Fire
41 Protection", *Kentucky Post*, February 21, 2001; Jenny Callison, "Clermont Watches Water: Annual Study
42 Tracks Aquatic Life, Finds Problems", and Cindi Andrews, "Aquifer's Future a Concern: Lebanon Plan
43 Seen as Threat", *The Cincinnati Enquirer*, January 31, 2001.
- 44 See Yale Rabin, "Highways as a Barrier to Equal Access," *Annals of the American Academy of Political
45 Science* (1974). See generally, Metropolitan Planning Council of Chicago, "Trouble in the Core."
- 46 A recent study using data from 1982 to 1997 shows a slightly smaller decrease in population density in the
47 urbanized portion of the region of about 21 percent. However, the Cincinnati region still fared poorly in
48 comparison to other large metropolitan areas, showing the fifth greatest decline among the 25 largest
49 metropolitan areas.
- 50 See Yale Rabin, "Highways as a Barrier to Equal Access," *Annals of the American Academy of Political
51 Science* (1974). See generally, Metropolitan Planning Council of Chicago, "Trouble in the Core."
- 52 The population figures used here include people of all ages, including children and senior citizens who may
53 have retired.
- 54 Adopted in 1971, this equity system requires each city and county in the region to contribute 40 percent of
55 the growth of its commercial and industrial property tax base since 1971 to a regional pool. This 'regional'
56 tax base is then distributed back to each city and county based on their net commercial tax capacity, with
57 low tax capacity communities receiving a higher percentage of the tax base. As a result of this program,
58 fiscal disparities in the Twin Cities have been reduced for cities with a population of over 9,000 from 15:1
59 to less than 5:1 (Citizens League, "26th Annual Tax Base Sharing Analysis", *Minnesota Journal*, January
60 2000. Available at: http://www.citizensleague.net/mj/2000/01/fiscal_disparities.htm)
- 61 See, for instance, The Housing Policy Research Program, "Tax Base Disparity: Development of Greater
62 Cleveland's Sapphire Necklace," The Maxine Goodman Levin College of Urban Affairs, Cleveland State
63 University, December 5, 1997

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- ²⁹ Citizens League, “26th Annual Tax Base Sharing Analysis”, Minnesota Journal, January 2000. Available at: http://www.citizensleague.net/mj/2000/01/fiscal_disparities.htm
- ³⁰ All municipality, township and school district boundaries shown on maps for this study are from the 1990 Census Tiger Files. 2000 boundaries were not available at the time that the maps were created. In a few cases, such as Monroe, Butler County, the boundaries have changed. Although the maps do not reflect this, the underlying data were collected based on the boundaries in place in the relevant years.