



# Are America's Inner Cities Competitive Again? Evidence from the 2000s

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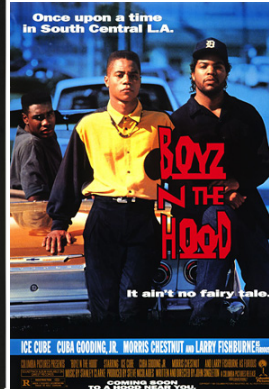
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# Question/Motivation

- The late 1990s was the zenith of academic and policy attention on diagnosing inner city problems, but national attention has waned.
- New datasets allow for fine tuned look at inner-city employment trends in the 2000s.

# The view of the “Inner City” in the 1990s



# Literature Review

- “The Problem of the Inner City”
  - Huge amount of ink spilled to diagnose and solve
  - Lack of **jobs** seen as major causal factor (Wilson, 1987, 1996)
- Empirical Fact: Inner city job losses extensive during 1970s-1990s.

# Extent of Inner City Job Losses

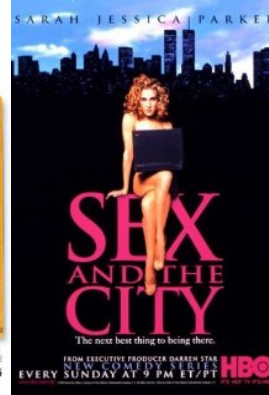
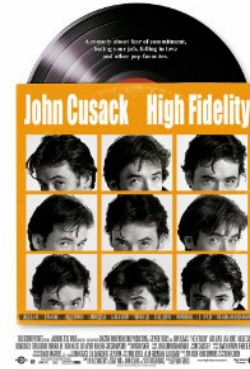
**Employment change in Chicago's neighborhood planning districts, 1975-1991.**

	Manufacturing Emp.			Non-Manufacturing Emp.		
	1975	1991	% chg.	1975	1991	% chg.
Central Loop	11,798	11,673	-1	203,110	208,706	3
Outer Business Ring	71,506	35,478	-50	199,690	242,519	21
Northwest	56,896	34,993	-38	59,197	96,731	63
Southwest	36,692	27,180	-26	45,015	66,057	47
North	58,601	29,047	-50	109,205	132,537	21
South	48,420	26,387	-46	105,447	87,493	-17
West Central	44,395	23,501	-47	69,719	44,720	-36
Far South	46,963	17,302	-63	40,398	42,574	5
City of Chicago	375,876	205,974	-45	864,057	938,824	9

Source: Lester (2009) From: Illinois Department of Employment Security (IDES). Where Workers Work files, 1975-1991.

# Shifting Narratives in the 2000s

- Rise of downtown and central city as reside location
- From space of production to space of consumption
- Rise of Gentrification Literature
  - Once considered “islands of renewal” (Wily and Hamel, 1994)
  - Now a prominent demographic trend
  - Linked to changing employment structure (Lester and Hartley, 2014)



# Research Questions

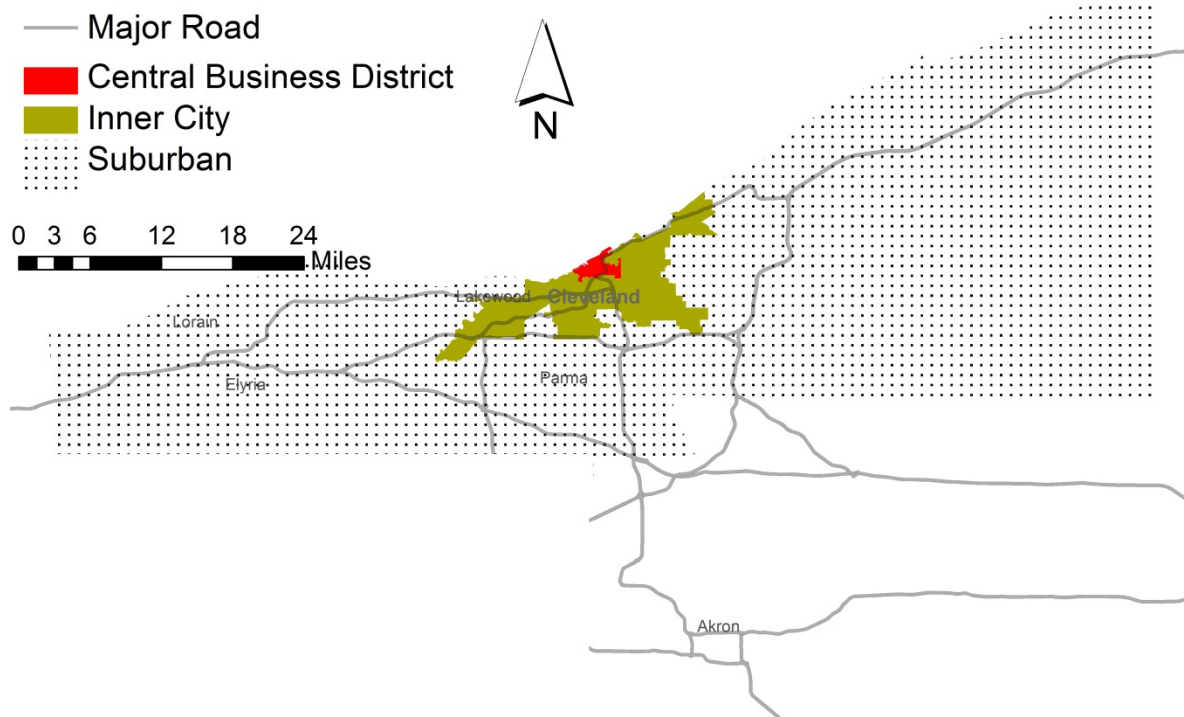
- What is the extent and nature of inner city job growth during the 2000s?
- How competitive are America's inner cities?
- What factors are associated with inner city growth at the census tract level?

# Methods

- Broad Definition of “Inner-City”
  - Located in the largest principle city/cities in a MSA
  - Outside CBD
- Defining CBDs
  - Defined employment subcenters following McMillen (2003), used all subcenter tracts that included CBD point.
- New data source: Census LEHD’s Local Origin-Destination Employment Statistics (LODES), 2002-11.
- Full data available for most states.



# Final Tract Definitions



# Empirical Results

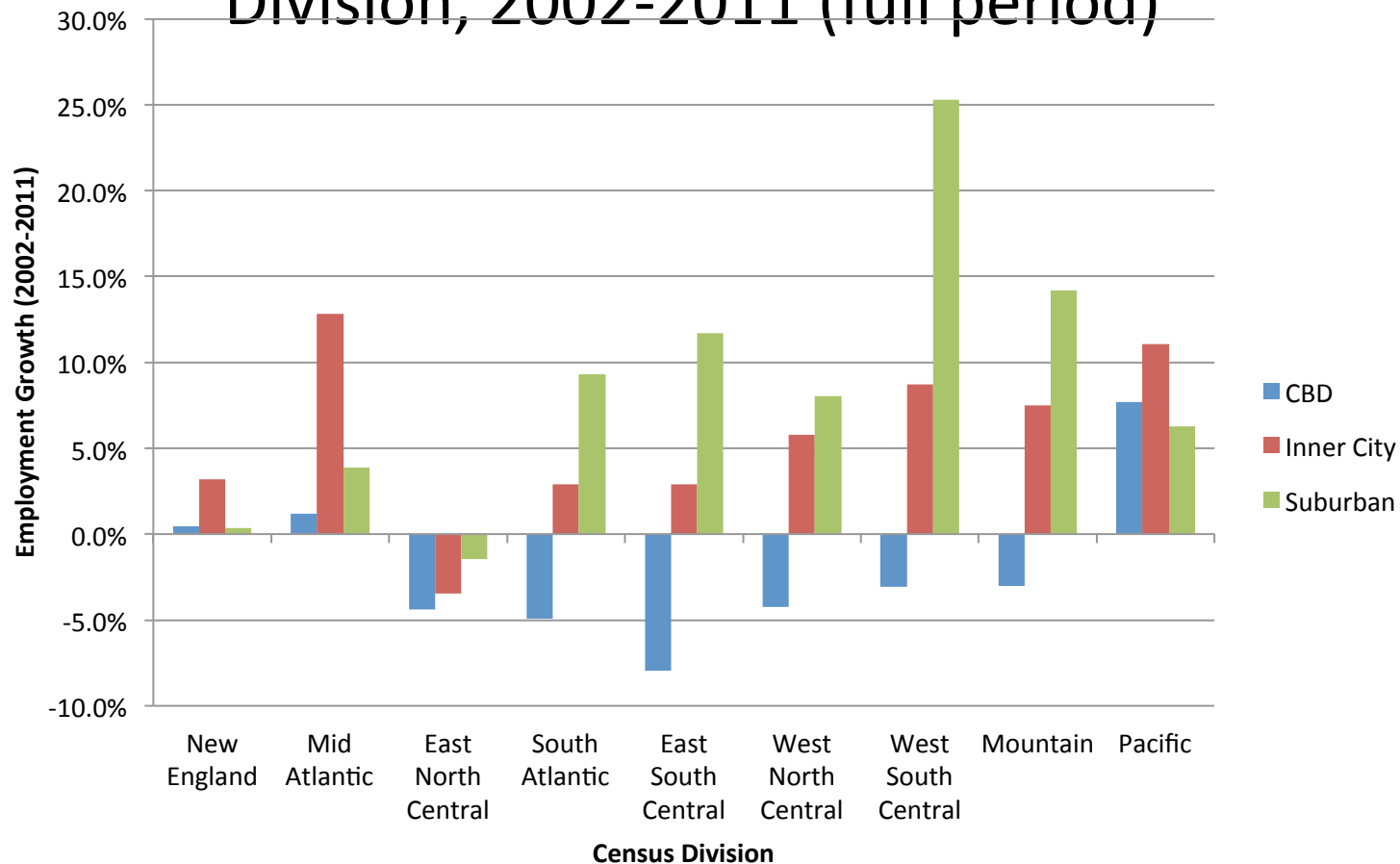
- Descriptive Findings
- Regional Competitiveness
- Local indicators of Inner City Growth

**Table 1. Employment Change in CBD, Inner City, Suburban and Non-metro tracts, 2002-11.**

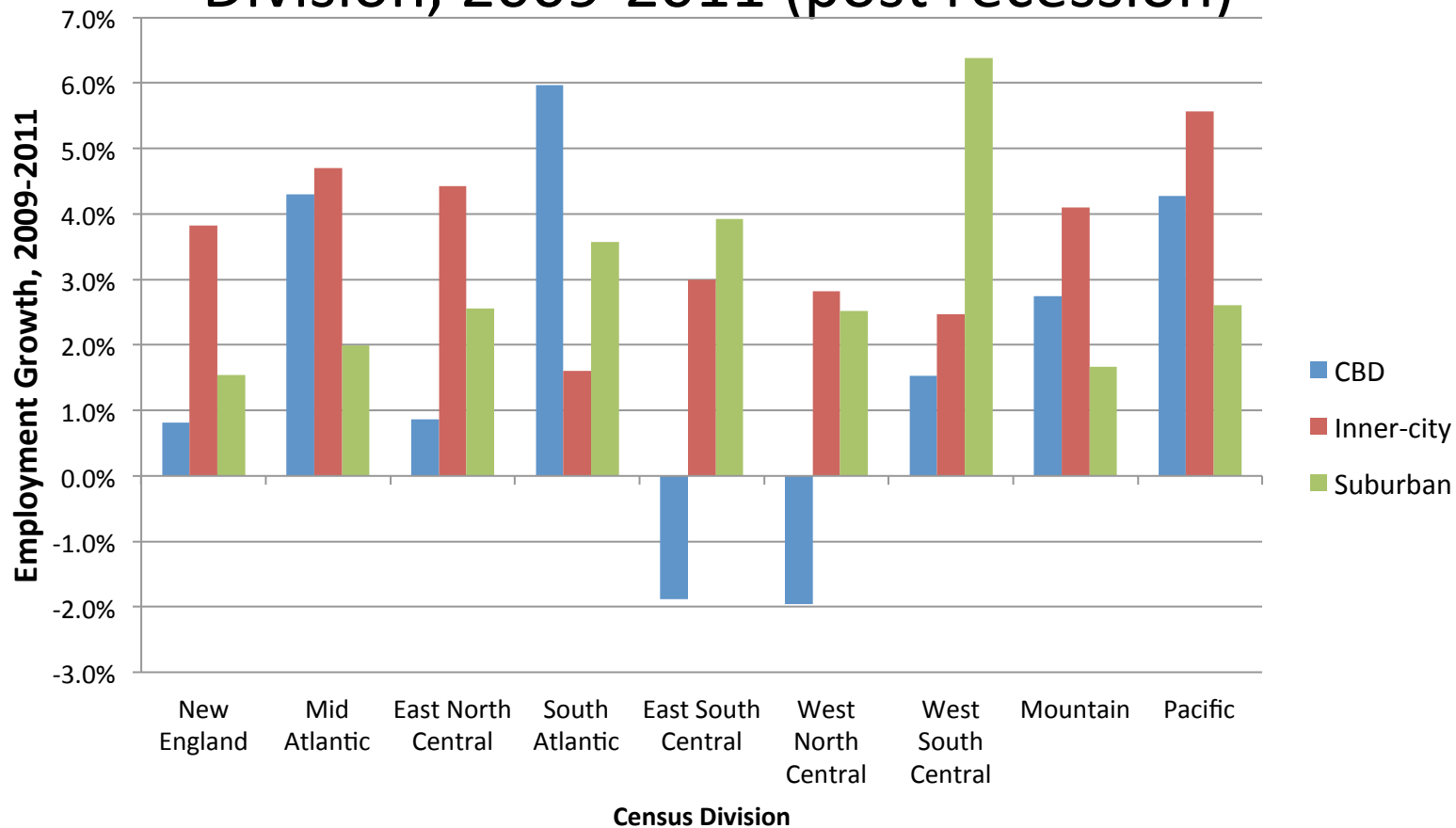
Note: Authors analysis of LODS data by tract-type for states with full sample (2002-11).

Year	CBD	Inner City	Suburban	Non-Metro	Total
<b>Total Employment</b>					
2002	9,806,579	29,699,043	59,207,009	15,401,902	114,114,533
2011	9,654,338	31,521,499	63,296,946	15,758,332	120,231,115
<b>Net Employment Change (2002-11)</b>	(152,241)	1,822,456	4,089,937	356,430	6,116,582
<b>% Change</b>	-1.6%	6.1%	6.9%	2.3%	5.4%
<b>Post-Recession Net Change (2009-11)</b>	248,888	1,096,382	1,836,555	332,101	3,513,926
<b>% Change</b>	2.6%	3.6%	3.0%	2.2%	3.0%
<b>Share of US Emp., 2002</b>	9.9%	30.1%	60.0%	15.6%	
<b>Share of US Emp., 2011</b>	9.2%	30.0%	60.3%	15.7%	

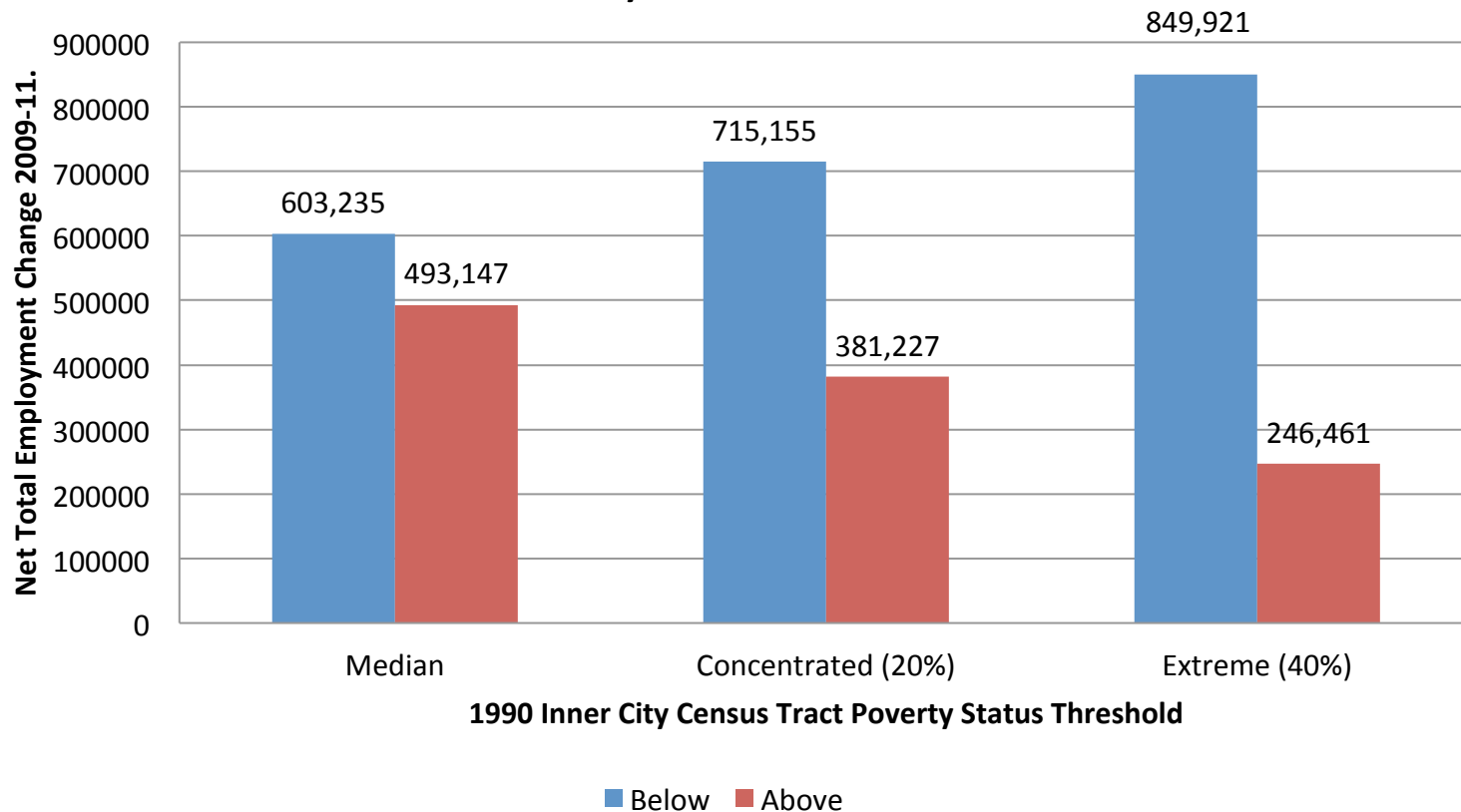
# Employment Change by Tract Type and Census Division, 2002-2011 (full period)



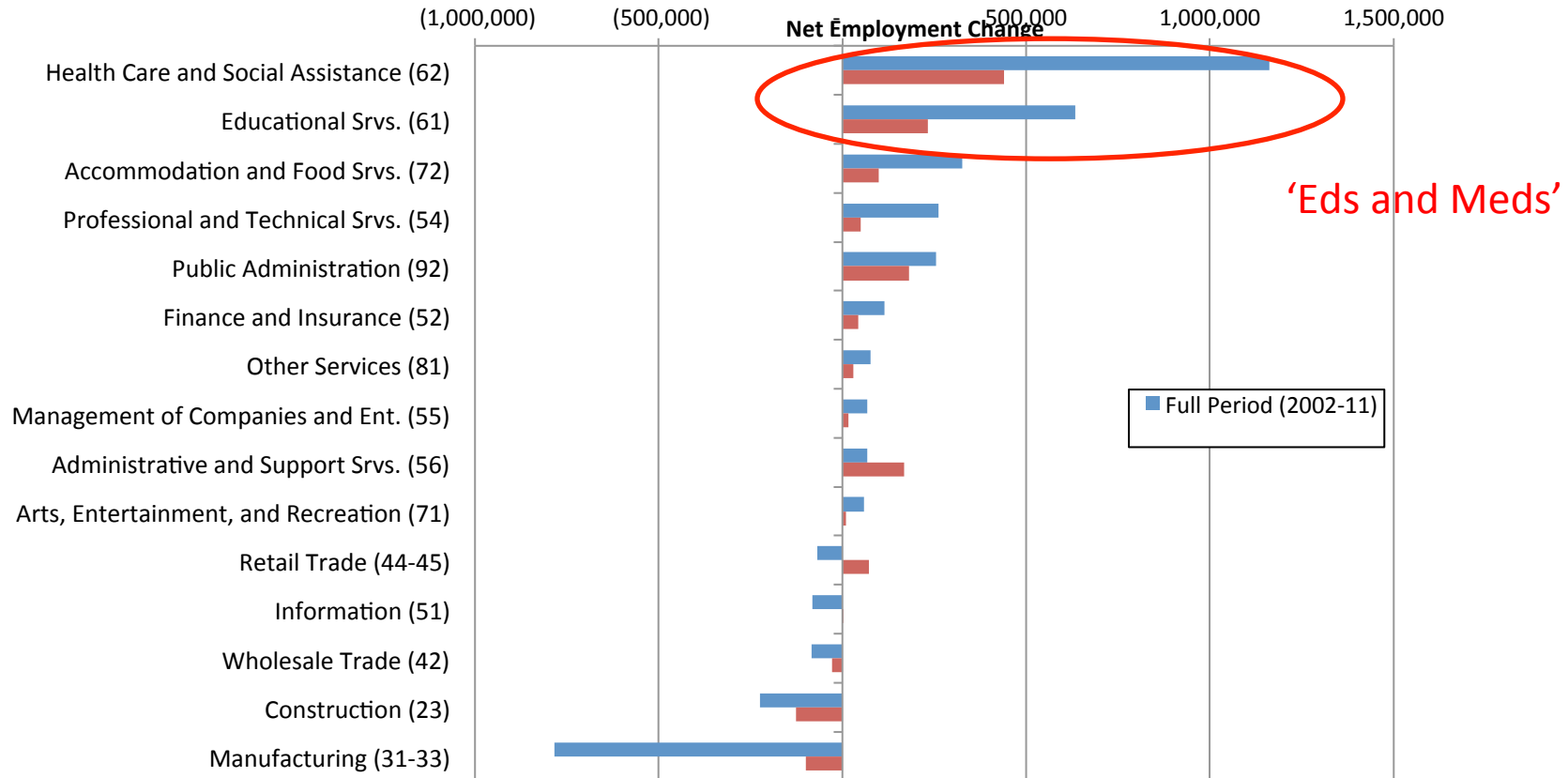
# Employment Change by Tract Type and Census Division, 2009-2011 (post recession)



# Post Recession Net Inner City Employment Change (2009-11) by 1990 Tract Poverty Status Threshold



# Industry Restructuring in Inner Cities



# Are Inner Cities Competitive Again?

- We define regions with “competitive” inner cities.
- Then look at characteristics of MSAs with competitive inner cities versus all other MSAs.



# Are Inner Cities Competitive Again?

Defining  
Competitiveness:  
Increasing Share of  
metro jobs  
in growing MSAs  
-120/280 Yes!



# What are the determinants of job growth within the inner city?

- Tract level OLS regression using all inner city tracts.
- Dependent Variable: Net Change in Jobs
- Predictors: Location factors, poverty rate, accessibility and policy factors.

$$\Delta empl_{i,c} = \alpha_c + \beta_d distCBD_{i,c} + \beta_e empl_{i,c} + \beta_r res_{i,c} + \beta_l loc_{i,c} + \beta_p pol_{i,c}$$

# What are the determinants of job growth within the inner city?

Dependent Variable: Change in log tract employment

Variable	Association	Significant
log Distance to CBD	-	Y
log Employment 2002	-	Y
log Population 2000	+	Y
Change in log pop in neighboring tracts, 2000-2010	+	Y
Poverty Rate, 2000	-	Y
Change in Share with College Degree, 2000-2010	+	N
Share of occupied housing with new residents, 2000-2010	+	Y
Share of housing units built between 2000 and 2010	+	Y
Residential density (Units/Acre)	-	N
Industrial diversity index (5 category entropy index)	+	Y
Automobile Accessibility (links per square mile)	+	Y
Pedestrian Accessibility (links per square mile)	-	Y
Public transit stop in tract?	+	Y
Low Income Housing Tax Credit Development in Tract?	+	N
Empowerment Zone/Renewal Community?	+	Y
R <sup>2</sup>	0.2309	
N	11,837	

# Conclusions

- Significant Net Employment Growth In Inner Cities between 2002 and 2011
- Significant number of metros have competitive inner cities
- Eds and Meds Drive Growth
- Employment growth associated with indicators of gentrification
- High poverty areas still a barrier
- Suggests ongoing need for targeting ED policy to areas of highest need.

# Extra Slide

