



BEYOND

A Competitive Vision for the Regional City of Louisville

MERGER



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PREFACE

The City of Louisville and Jefferson County will consolidate to form the 16th largest city in America in less than six months. Starting now, a new leadership cadre will emerge from the ranks of the forthcoming Regional City of Louisville, and this cadre will guide a large new city into its inaugural era.

These leaders will require information, and they will need vision. Many of them will hail from the private and non-profit sectors and the neighborhoods—and may possess little formal government experience. All of them, including the professionals, will face a complicated array of challenges, some old and some very new, as they steer their freshly invented municipality forward. Louisville’s new leaders, in short, will need to think anew based on the best information available.

For this reason, The Community Foundation of Louisville organized a consortium of philanthropic foundations to create The Greater Louisville Project and underwrite an ambitious “research and development” project for the new consolidated government. Intended to make the most of the first major municipal consolidation in a generation, The Greater Louisville Project seeks to leverage this historic juncture by fostering a major new definition of the community’s needs and vision. Ultimately, the project is committed to ensuring that Louisville’s entry into the top tier of American cities truly does improve the quality of life and opportunities available to all residents of the new Regional City of Louisville.

Beyond Merger is the first component of the effort. Prepared by the Brookings Institution Center on Urban and Metropolitan Policy, *Beyond Merger* uses text, charts and graphics to give the new Regional City of Louisville its first complete look at itself as it begins its journey into the 21st century.

The report begins with a comprehensive review of ongoing population, land-use, housing, workforce, social, and economic trends in the region. Frequently, the discussion gauges the health of the new city in the context of its larger metropolitan area. At other times

the analysis adopts local researchers’ tradition of comparing the region’s progress to that of a number of similar competitor regions. Throughout these analyses, the assessment draws on a variety of federal data sources, including the invaluable 2000 Census. In addition, the discussion draws heavily on the guidance of dozens of business and community leaders who were interviewed for this project, as well as on the analyses of such outstanding local researchers as Paul Coomes, Ron Crouch, Michael Price, and the LOJIC staff at the Metropolitan Sewer District.

Ultimately, the report builds on this substantial synthesis of research to present a comprehensive policy vision for Louisville’s emergence among the nation’s most truly “competitive” cities. This vision presumes that the achievement of key economic growth and quality-of-life gains is inextricably related to the support of families and neighborhoods. A second phase of the project, organized by the National Academy of Public Administration, will present a more detailed survey of the best policy practices that the new Regional City can adopt to put this vision in place.

The pages that follow, in short, suggest an agenda of transformation to a changing community—one with a resilient economy and high quality of life that are increasingly imperiled by economic change, persistent racial divides, decentralization, and the relatively low education levels of its people. This agenda charts how a renewed Louisville can build on its assets, strengthen families, fix the basics, influence metropolitan growth, and sustain its neighborhoods in order to make itself a top-rank “competitive city.” In doing so, it takes a deliberately broad view of “competitiveness”—one that does not separate strategies to promote economic growth from those that enhance the overall health of the community in all its aspects. In the end, *Beyond Merger* offers nothing less than an integrated framework for thinking through what kind of city Louisvillians really want to live in as their hometown graduates from the 64th to the 16th largest municipality in America.

EXECUTIVE SUMMARY

The Louisville region stands poised at a moment of historic opportunity. With its vote to unite the governments of the City of Louisville and Jefferson County, a plurality of Louisvillians has expressed its desire to raise community aspirations and organize to achieve them.

Suddenly, new horizons are open to the region.

In less than six months, the city and county will consolidate to create the 16th largest city in America. Even better, the new Regional City of Louisville anticipates its new status at an opportune time—at a juncture when it rides an upswing that positions it well to seize the moment, “get it right,” and chart its destiny as one of the most distinctive, and competitive, of American cities. Now, in short, is the time for the true “builders” in the community, as *The Courier-Journal* called them recently, to ensure that Louisville’s ascent into the top tier of municipalities leads also to its emergence as one of the most progressive.

“In less than six months, the city and county will consolidate to create the 16th largest city in America.”

THE NEW REGIONAL CITY OF LOUISVILLE IS NOW THE 16TH LARGEST CITY IN THE U.S.

| | | 2000 |
|-----------|------------------------------------|----------------|
| Rank | City | Population |
| 10 | Detroit | 951,270 |
| 11 | San Jose | 894,943 |
| 12 | Indianapolis | 791,926 |
| 13 | San Francisco | 776,733 |
| 14 | Jacksonville | 735,617 |
| 15 | Columbus | 711,470 |
| 16 | Louisville-Jefferson County | 693,604 |
| 17 | Austin | 656,562 |
| 18 | Baltimore | 651,154 |
| 19 | Memphis | 650,100 |
| 20 | Milwaukee | 596,974 |
| 21 | Boston | 589,141 |
| 22 | Washington | 572,059 |
| 23 | Nashville-Davidson | 569,891 |
| 24 | El Paso | 563,662 |
| 25 | Seattle | 563,374 |

Source: U.S. Census Bureau

THE MERGER OF THE CITY OF LOUISVILLE AND JEFFERSON COUNTY

In November 2000, voters in the City of Louisville and Jefferson County approved a referendum to unify their two governments effective January 2003. On that date the new Louisville/Jefferson Metro Government will begin steering what will be referred to in this report as the “Regional City of Louisville.” The new government will operate under a single executive, the Louisville/Jefferson Metro Mayor, who will be elected countywide in November 2002. The legislative branch will consist of a 26-member Louisville/ Jefferson Metro Council, with each member being elected from a single district with about 25,000 residents.

A number of government functions will be unaffected by the merger, including Jefferson County Public Schools, which is overseen by an independent Board of Education. In addition, the roles of the county court clerk, the county attorney, and property valuation administrator will remain unchanged.

Small incorporated cities will not be affected by the merger either. All of their existing powers are preserved. All fire departments and other service districts will also continue to operate as separate entities with all their current powers.

The merger referendum does not specifically require the merger of the police or any other government departments. Decisions on consolidating these departments will be made by the Metro Mayor and the Metro Council after the new year.

A series of crosscurrents challenge the new municipality, however. To be sure, the new city approaches merger with substantial assets. It remains the dominant center of residential and economic life in the region. It competes well in several important industrial sectors. And as a community it offers current and future residents a solid downtown, an improving education

Economic, social, and racial divisions exist and may be worsening. And rapid low-density development is occurring around the urban edge and beyond—a dynamic that will further erode the fiscal, economic, neighborhood and social strengths of the core. Together, these disturbing crosscurrents could jeopardize the region’s drive to reach a new level of competitiveness in the race to attract new people, businesses, and opportunities to improve the quality of life for all Louisvillians.

This report probes these trends. Building on a superb body of local data-collection and analysis, the document seeks to present the new Regional City of Louisville with its first complete look at itself as it embarks on merger, in order to help it define a new vision of competitiveness. To that end, the report endeavors to provide a new map of the critical demographic, land use and economic trends altering the new city, and then follow up with an agenda of potential policy choices that will help the region shape the trends to its benefit. Implicit in all of this is an integrated approach that challenges the Louisville region to embrace an expansive vision of “competitiveness” that encompasses much more than just attracting and supporting businesses. Consequently, this report presumes

“In short, this report calls on Louisville to imagine a competitiveness that responds to a full array of needs.”

system and an enviable quality of life anchored by strong, vibrant, and diverse neighborhoods.

At the same time, the new Regional City of Louisville, like many American regions, faces multiple challenges. Its workforce is aging and not well equipped to gain ground in a rapidly evolving economy.

that to vault forward the new Regional City needs not just to provide new jobs, but to produce better jobs, lift the skill levels of all workers, and grow its neighborhoods and towns in smart, efficient, equitable, and environmentally sound ways. In short, this report calls on Louisville to imagine a competitiveness that responds to a full array of needs and “connects the dots” between a quality workforce, quality economic development, and a superior quality of life for all kinds of people throughout the region.

In mounting that call to action this report finds that:

1. **Overall, the new Regional City of Louisville faces its inaugural era from a position of strength.** Both the population and the economy of the new city are growing. Incomes are increasing thanks to the region’s focused economic development strategy of strengthening its traditional manufacturing sector while cultivating new strengths in the health-care and distribution sectors. Moreover, the new city remains relatively compact and the dominant center of residential and economic life in the wider region—a tremendous and rare advantage in today’s decentralizing economy. Finally, the region boasts a potentially magnificent historic downtown, a diversity of vibrant neighborhoods, and a pleasant quality of life—essential elements of competitiveness in an economy dominated more and more by the attraction of well-educated and foot-loose “knowledge workers.” All of these trends bode well for economic opportunity and development, and should enable the Regional City to maintain the fiscal capacity to provide high-quality services, enhance important infrastructure and amenities, and meet the needs of its diverse population.
2. **However, the emerging new city faces serious human-capital and quality-of-life challenges that threaten its future competitiveness.** On the human-capital side, the region’s aging, under-educated workforce clearly limits the Regional City’s prospects. Of most concern is the new city’s weakness in precisely the high-end technical pursuits and “knowledge” industries with the greatest potential for high-quality growth. At the same time, the

Regional City is beginning to grow in ways that will not help it retain and attract the highly educated workers it needs. The region, most notably, is decentralizing—“hollowing out” as the “hot zone” of new residential development shifts to the suburban subdivisions of eastern Jefferson County. This shift has seen modest population growth consume vast amounts of open land. And it has also exacerbated other counter-productive trends. An outward migration of employers is beginning to weaken the Regional City’s economic preeminence. A “thinning out” of population into smaller, farther-flung households may be increasing per capita housing demand and driving up the costs of service delivery. And finally, the spatial orientation of these movements has opened a rather stark social divide. To a large extent, lower-income and minority households reside in the western and southern sections of the new city (including the former City of Louisville), while higher-income and white families drive growth to the east. This pattern leaves in its wake concentrations of poverty, social isolation, and disinvestment near the core of the region, and may be hastening the middle-class exodus that can destabilize neighborhoods, lengthen commutes, and worsen traffic. Together, these unbalanced growth trends could seriously erode the Regional City’s livability—and hence its economic competitiveness—in the coming decades.

3. **The new Regional City of Louisville must seize the moment of merger to become one of America’s most distinctive, and competitive, cities.** The region, in sum, has before it the opportunity to “get it right”—to shape its metropolitan destiny at a crucial moment. Still compact, it can avoid the vast suburban “sprawl” that has “blown out” Raleigh-Durham and Atlanta. Still vital at the center, it need not “hollow out” in the catastrophic way that has hurt St. Louis and Baltimore. In short, the new Regional City of Louisville has an outstanding chance to gain strong traction in the national economy while maintaining its distinctiveness and its quality of life. In keeping with that, this report recommends that the new city organize its strategies and actions around an

ambitious new “competitive cities” agenda that recognizes the subtle interconnections between the economic vitality, physical form, and social wellbeing of the new Regional City, and plays to win. Five essential strategies make up the competitive cities agenda. These strategies call for the new municipality to:

■ **Fix the Basics:** The Regional City needs to recognize that the fundamentals drive businesses’ and families’ decisions about where to locate. The market will reward cities that provide great schools, good services, and superior workers . . . and punish those that do not. To that end, the new city must strive to vastly improve its K-12 school system, send more of its children on to post-secondary education and training, and sell itself on the need to upgrade skills and educational attainment at all levels.

■ **Build on Assets:** The new Regional City must leverage its quality of life and human-capital strengths to better position itself to compete in the knowledge-based economy. To do that, the region should make its downtown and its universities truly world-class, since 24-hour “living” downtowns and high-end research programs are increasingly potent draws to well-educated, highly productive workers.

■ **Create Quality Neighborhoods:** Quality neighborhoods are critical to the quality of life essential for city competitiveness. The new Regional City must work to ensure it fosters healthy, attractive neighborhoods in every district. Providing good services and a range of housing, transportation and recreational choices in every neighborhood, from the urban core to the new subdivision, is imperative.

■ **Invest in Working Families:** Strong families are also a precondition for competitive cities. The new city should therefore strive to lift all working families out of poverty and onto the path of self-sufficiency and wealth building. Creative



leveraging of federal investments in working families, like the federal Earned Income Tax Credit (EITC), will help.

■ **Influence Metropolitan Growth:** Finally, the new Regional City of Louisville needs to protect its centrality, livability and social health by leading a drive to manage growth on a metro-wide scale. Runaway decentralization can be fiscally, environmentally, and socially damaging. To stem that, the new government should take the lead in fully coordinating land-use, infrastructure, and affordable housing policy so as to bend each to a vision of orderly, focused development that benefits all.

In the end, the new Regional City of Louisville must organize for success around the broadest possible vision of “competitiveness” to catalyze its transformation into one of the nation’s truly great cities.

LOUISVILLE AT THE MERGER: EMERGING REGIONAL REALITIES

The Regional City of Louisville faces its future from a position of enviable strength. Nevertheless, a panoply of new realities challenges the new municipality as it comes into being.

This section probes these realities and explores what they mean for the new Regional City of Louisville as it emerges as a major American city. In doing that, the following discussions of population, employment, land-use, transportation, household, housing, economic, downtown, and neighborhood trends in the Louisville region present a clear picture of the “state of the Regional City” at its inception.

On balance, these data, charts, maps, and analyses depict a region that is on an upswing, yet with much still in the balance.



THE METROPOLITAN GEOGRAPHY OF LOUISVILLE: JURISDICTIONS AND DEFINITIONS

The changing map of the Louisville region encompasses a rather complex collection of jurisdictions and labels. Here is how this report names them:

The Regional City of Louisville: Effective January 2003, the governments of Jefferson County and the City of Louisville will consolidate to form the Louisville/Jefferson Metro Government. The new entity, coterminous with Jefferson County, is primarily referred to in this report as the “Regional City of Louisville” to help retire old stereotypes of city and county. This report also uses the terms “Regional City” and the “new city of Louisville.”

The report also analyzes trends in districts within the Regional City of Louisville, including those affecting:

The former City of Louisville—Refers to the area within the jurisdictional boundaries of the current City of Louisville, also sometimes referred to as the “former central city.”

Downtown—Refers to the Central Business District (CBD) of the former City of Louisville, as defined by the City of Louisville, not by the official and dated definition set by the U.S. Census Bureau. Louisville’s CBD covers an area of approximately 1.1 square miles.

The outer parts of Regional City—Includes incorporated and unincorporated areas of Jefferson County that are outside of the jurisdictional boundaries of the former City of Louisville. The report refers to this at times as the “outer Regional City” and “remainder of Regional City” (when compared to the areas inside the former City of Louisville).

Metro Louisville: Metro Louisville refers to the Louisville, KY-IN Metropolitan Statistical Area (MSA). The federal Office of Management and Budget defines the Louisville MSA as consisting of 7 Counties: 4 are in Indiana (Clark, Floyd, Harrison, Scott) and 3 are in Kentucky (Bullitt, Jefferson, Oldham). The report also uses the term “the region” to refer to this 7-county metro Louisville. It employs this level of analysis rather than the 23-county Louisville Economic Area commonly used by economist Paul Coomes to allow statistical comparisons to peer MSAs. The report also compares the Regional City to its neighboring counties.

Outer Counties—Refers to the 6 counties in the Louisville MSA external to the Regional City.

“Suburbs”—Refers generally to the non-central city portions of Jefferson County and beyond.

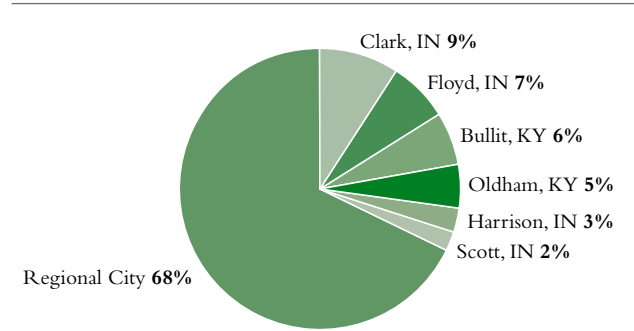


1. POPULATION

THE TREND: The new Regional City of Louisville remains the population hub of the Louisville region, but population is moving outward.

The Regional City of Louisville grew for the first time in decades during the 1990s, maintaining its dominant share of the region’s population. Between 1990 and 2000 the Regional City grew by 29,000 people, or 4.3 percent. This growth reversed a two-decade period of decline, and brought the Regional City’s total number of residents in 2000 to 693,604. This left the new Regional City of Louisville with 68 percent of the 7-county metropolitan area’s population, which had reached 1,025,598 by 2000.

THE NEW REGIONAL CITY OF LOUISVILLE MAINTAINS A DOMINANT SHARE OF THE REGION’S POPULATION



Source: U.S. Census Bureau 2000

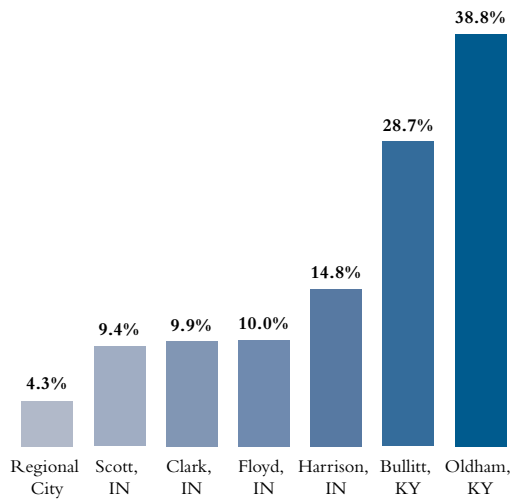
METRO LOUISVILLE HAS A RELATIVELY CENTRALIZED POPULATION

| Metropolitan Area | % of MSA Population Living in Core County (2000) | % of MSA Area Contained in Core County | Population Concentration Index |
|-------------------|--|--|--------------------------------|
| Omaha | 65% | 13% | 4.84 |
| Indianapolis | 54% | 11% | 4.76 |
| Cincinnati | 51% | 12% | 4.21 |
| Columbus | 69% | 17% | 4.04 |
| Nashville | 46% | 12% | 3.75 |
| Louisville | 68% | 19% | 3.58 |
| Kansas City | 37% | 11% | 3.30 |
| Memphis | 79% | 25% | 3.15 |
| Richmond | 20% | 7% | 3.05 |
| Charlotte | 46% | 16% | 2.98 |
| Jacksonville | 71% | 29% | 2.41 |
| Raleigh | 53% | 24% | 2.22 |
| Dayton | 59% | 27% | 2.14 |
| Birmingham | 72% | 35% | 2.06 |
| Greensboro | 34% | 17% | 2.01 |

Source: U.S. Census Bureau

The new Regional City’s share of the region’s total population slipped slightly in the decade, however, as the outlying counties grew faster. During the 1990s, every one of the outer counties more than doubled the Regional City of Louisville’s growth rate—albeit based on small initial populations. As a result, the Regional City’s share of the metro-area population declined from 70 percent in 1990 to 68 percent in 2000.

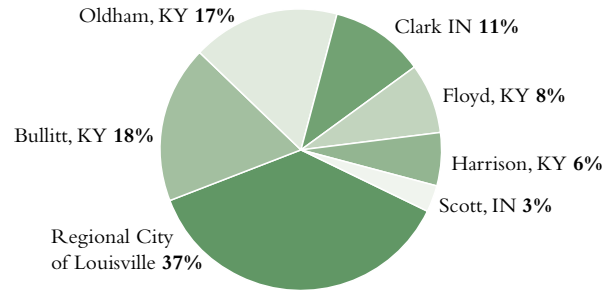
METRO LOUISVILLE’S OUTER COUNTIES GREW RAPIDLY DURING THE 1990S



Source: U.S. Census Bureau

Within the new Regional City of Louisville population is also moving outward from the core to the suburbs. Most notably, the population of the former City of Louisville fell by 12,800 people, or 4.8 percent, during the last decade, even as the remainder of the Regional City grew by 10 percent. This dwindling of the old city continued a slow “hollowing out” of the region that has seen the former city of Louisville lose about 100,000 residents since 1970. At the same time, the 10-percent growth of the “outer” Regional City means that more than half the entire metro area’s growth in the last decade occurred there. As the map shows, growth within the county was strongest in the Regional City’s eastern suburbs and in a few areas to the southwest.

OUTLYING COUNTIES CAPTURED THE MAJORITY OF METRO LOUISVILLE’S GROWTH IN THE 1990S

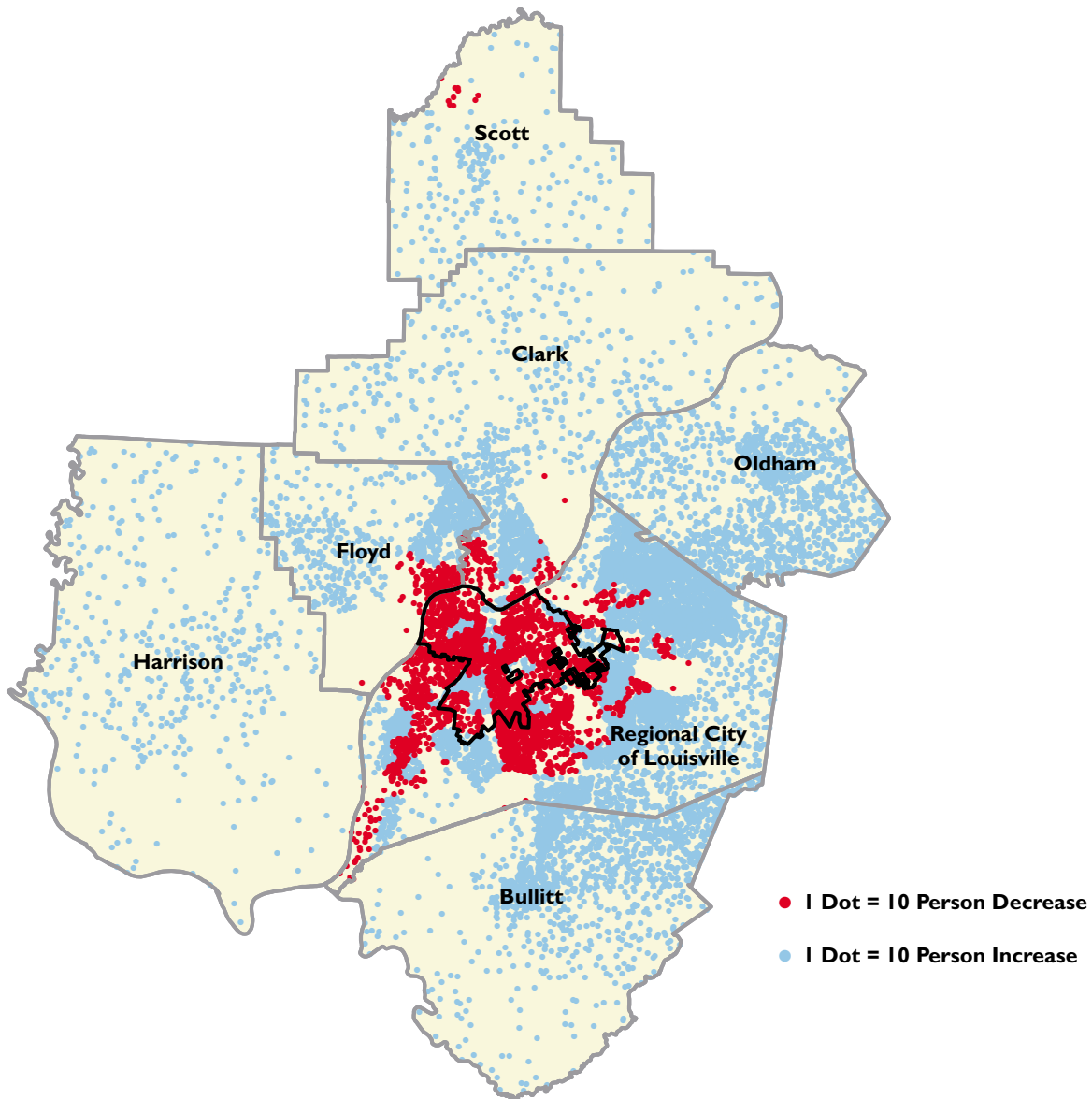


Source: U.S. Census Bureau

WHAT THIS MEANS:

The Regional City of Louisville remains the residential hub of the region and is thus positioned to maintain its centrality in the growing metropolitan area. The Regional City of Louisville retains a fairly robust downtown, displayed healthy population growth during the 1990s, and contains more than two-thirds of the region’s total population. This strength bodes well at a time of rapid suburbanization across the country. Indeed, the Louisville metropolitan area remains substantially more compact than many of its peer metro areas with similar geographies. For instance, the Regional City of Louisville physically comprises only 19 percent of the region, but it is home to 68 percent of its residents. Similar metro areas, such as Charlotte, Greensboro, and Raleigh-Durham, retain far smaller shares of their regions’ residents. This means the new City of Louisville and its larger region are well situated to manage growth and development patterns before they lead to suburban sprawl.

METRO LOUISVILLE: POPULATION CHANGE BY CENSUS TRACT, 1990-2000



Source: U.S. Census Bureau

However, the Regional City is decentralizing within its own borders, particularly to the east. As the map shows, the “hot zone” of population increase centers on the far eastern arc of the new municipality, while the former city of Louisville and its surrounding communities to the south and west lost residents. This eastward decentralization could, over time, have serious implications for the new city. It could lead to fiscal stress and disparities as central and suburban communities grapple with, respectively, too little or too much growth. It may lead to longer commutes and

more time spent in the car. And dispersal could widen the gap—both spatial and social—between races and economic groups. It should give leaders of the Regional City pause, in this respect, that Oldham and Bullitt counties grew by 39 percent and 29 percent respectively while most of the Regional City of Louisville lost population in the 1990s. At the same time, the containment of most of this decentralization within the Regional City means good possibilities remain for the new municipality to address these population growth disparities.