

Panel – The Suburban Downtown
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Good morning. It's a pleasure to be here. I should confess I am not talking about suburban downtowns. I am not talking about suburban downtowns. Moreover, I do not have any cute pictures to present. What I'm going to share are ideas and issues related to suburban revitalization.

My argument is very simple, that the success of suburban revitalization hinges on two factors: Quality of life issues and uniformity; and prudent land management.

I identified some of the challenges confronting suburban regions and have organized this presentation around the following themes: First, I ask the question whether cities and suburbs are really becoming more alike; second, I assess original disparities with respect to jobs, income, scales, land use, housing, and housing affordability; third, I discuss what is currently working in suburbia or for suburbia and what might be done. That's the primary question in the end.

And in the end, I present examples of revitalization at the local level in the City of San Bernardino, the Norton Air Force Base revitalization, and a manufacturing project in Colton. These are not

necessarily the best practices. These are projects with good intent. However, they present public/private partnerships with original impact.

As a methodology, I have compared urban Los Angeles County to suburban San Bernardino County at the regional level. At the local level, I have drawn comparisons from the City of Los Angeles to the City of San Bernardino to better understand similarities and differences or possible convergence within urban and suburban characteristics. I recognize that this is a rather small sample, but this is deliberate, as I intend to develop targeted economic development strategies.

It is important to understand the size and scale of the urban and suburban areas. And just for your reference, most of the slides are organized this way. What I have is the urban county, urban Los Angeles, urban city -- that is, Los Angeles as a city -- suburban San Bernardino County, and the City of San Bernardino. I don't want you to focus too much on the numbers. I know you will glaze over quickly. You will say, "Now, what is this?" I am just going to try to give you some narrative on that.

Los Angeles County, with nearly 10,000,000 people, is the most populous county west of the Mississippi, if not the nation. And San Bernardino County is the largest county in the United States, nearly five times the size of L.A. County.

The population and housing density of L.A. County is nearly 25 times that of San Bernardino County. So urban county is nearly 25 times in population density and housing density as compared to

San Bernardino County.

Yet a more meaningful comparison is between urban and suburban cities. The City of L.A. is more than twice as dense as the City of San Bernardino in both population and housing density.

The interesting trend is that suburbs are growing at a much faster rate than urban areas and consequently increasing in density. Riverside and San Bernardino are among the fastest-growing counties in the nation. Between 1990 and 2000, L.A. County grew by only 8 percent, Riverside grew by 30 percent, and San Bernardino increased by 20 percent. So there's a phenomenal surge in population growth in this area.

According to the California Department of Finance, 69 percent of the growth during the '90s in San Bernardino County can be actually contributed due to natural increase, and 30 percent to migration, 24 percent from immigration, and 10 percent from domestic migration. This robust growth fueled by a combination of natural increase and migration is likely to continue and converge the suburban/urban density gap.

The next point I want to make is the person foreign born, the immigrants of this area. Urban areas are much more diverse than suburban areas. More than one-third of L.A. County residents are foreign born, 36 percent of L.A. County, 40 percent in the City of L.A. However, if you look at San Bernardino, only 21 percent are foreign born, only one-fifth are foreign born. But, again, we observe an increasing share of immigrants in suburban areas. So a traditional native-born suburban population is now increasingly becoming more diverse.

Suburbs. This is an important issue that we are dealing with, the jobs/housing balance. Suburbs are traditionally housing rich, whereas urban areas have concentration of jobs. That's traditionally the role of suburbs and urban areas. Only in recent years we have seen a major thrust to bring new housing in urban areas. Compared to the demand for more affordable housing in Southern California, supply has been rather sluggish in urban areas. Yet the suburbs, I should point out, have traditionally been the pressure release valve relieving urban growth pressures by developing housing in their backyard. So the suburbs have become the backyard for new housing development.

What we see in this table is a ratio of jobs to housing. And what I want to point out is, as you can see, urban L.A. County and the city both have high jobs/housing ratio. Basically, the jobs are in the numerator, housing is in the denominator. 1.35 going up to 1.37. Yes. Jobs are increasing. There is a job concentration in urban L.A. County. But the interesting trend is -- and a point related to this is so that there is this kind of job/housing balance out to urban areas. But the dependency on jobs in urban areas, I believe is one of the leading causes for transportation and mobility problems that we see in our region.

So the interesting twist to this is that between 2000 and 2005, suburban job growth actually is increasing at a very rapid pace. It was nearly five times the job growth in urban areas. Jobs grew by 16 percent in suburban county and city, but only by 3 percent in urban areas.

So the job/housing balance, as I would say, is improving in suburban areas, so suburbs are becoming more job-centric. But the question is, what kinds of jobs are increasing here? We will examine this a little later. First we examine how this job/housing balance manifests itself physically.

In the table, I am showing the residence county to workplace county flows. And nearly 190,000 commuters travel to three neighboring counties for work from San Bernardino County. And only 110,000 commuters come back to San Bernardino County. We observe an outflow of 80,000 commuters on a weekday. And the largest share of outflow is to Los Angeles County. That accounts for 55 percent of all workers flow from San Bernardino.

Clearly, one of the most vexing problems and challenging problems facing this region is mobility and transportation. Even though I take Metrolink, which works well, but can be significantly improved, and an infrastructure that's the most single-occupancy vehicles, residents are on a daily basis confronted with congestion, bad air quality, gridlock, and health-related problems, not to mention asthma, obesity, and diabetes. Studies have shown repeatedly that health indicators in suburbia are well below urban levels.

I want to talk a little bit about the regional disparities between urban and suburban areas and, as I mentioned, analyze jobs here. But I want to point out one of the quotes from Nobel Prize-winning economist, Amartya Sen. He says something which is very apropos to this kind of urban/suburban divide and

how these regional disparities might express themselves. "A regional disparity is a variation from which something can be learned by the backward regions about what to do and what to avoid. But there is manifest evidence of a disinclination or an inability to learn from the high performers." And I think that's what's happening here.

Let's look at the jobs here. Suburbs have become increasingly region- and service-oriented. It seems a new mall or a mega shopping center is popping up every day. There is retail. If you look at retail trade, it's among the leading industrial sectors in suburbia. As a nation, we are experiencing a decline in manufacturing jobs, and suburbs have not been spared either.

So replacing these jobs are transportation, logistics, and warehousing-related jobs, which have become a dominant factor in the suburban economy. Jobs in the high-paying industries, such as professional and medical services, constitute a very low share. If you look at the share in city of L.A., 12.7 percent in L.A. versus 20.6 percent in the city of San Bernardino.

IT jobs, information technology center jobs, a growth sector that pays very well, account for only 1 percent of jobs in suburbia. And that's pathetic.

Urban areas have on average 5 to 6 times jobs in the IT sector. Although job growth has been rapid in suburbia, the nature of jobs that have been created do not create the lifestyle that attract. The question is why. Earnings in the professional and IT sector are much higher than retail or warehousing or

social assistance service jobs. Look at the social assistance service jobs. Twenty percent of the economy is depending on social assistance service sector jobs.

Let's look at the occupations. Here are the 10 occupations with the largest job growth projected in San Bernardino County. Who is growing during the last seven years, 2001 to 2008? Truck drivers, carpenters, cashiers, and janitors are among the top-growing occupations in the county. This is from the California Labor Market Information. Pass to the future and it doesn't look pretty.

So let's look at some of the occupations and their income distribution. This is what's happening. And I give you one number only. On average, suburban residents on a per capita basis are earning 81 cents on the dollar. That's a huge differential. Nearly 70 percent of the households in San Bernardino earn less than \$50,000. The question is why? What are some of the underlying causes? What are some of the underlying reasons of this divide? And it's, again, very clear, right stark in our face. Education and skill level of residents is rather low. Again, look at this number. Approximately 82 percent of the suburban residents 25 years and above, 82 percent, I repeat, of the residents 25 years and above have less than a bachelor's education. Low education attainment negatively impacts the region's labor force as more and more students fail to complete high school inhibit the ability to attain higher skill and higher paying jobs. You cannot compete in a regional economy, let alone a global economy, without a skilled and trained labor force.

I want to switch gears. Let's look at land

use. There's a fundamental difference between land use and housing in suburbia and urban areas. Seventy percent of the residential development is single-family, detached housing in San Bernardino County compared to 50 percent for L.A. County. Only 6 percent of the units in San Bernardino -- and that's county -- are housing with 20 or more units. Clearly, it is a very low density pattern of development. I am just talking about the residential pattern of development.

Commercial developments are equally low density. I am not going to bore you with those numbers, but you can see them. They are surrounded by a sea of parking. The level of equalization to commercial, those endless miles of strip retail, is mind-boggling. No. It borders on abuse. That's what I call it. Land abuse. Because we don't value land. It's not sacred enough. And we continue to perpetrate these patterns of development. The sprawl that we claim to be a problem becomes a natural outcome of our deliberate actions.

Next, nearly two-thirds of the housing is owner occupied in suburbs, 65 percent, versus 50 percent for L.A. County. These sentiments are strong towards any higher density developments in such neighborhoods, so forget about it. If you want to do higher density, forget about it in suburbia. Things are changing. I am being a little harsh.

Okay. Not surprisingly, suburbs are more affordable than urban areas, but just for the homeowner. This is a very interesting point. It's a mixed bag. There were 44 percent of owner households who are paying 30 percent or more of monthly owner

cost as a percentage of household income. In comparison, half of the owners, 50 percent of the owners in L.A. County, paid 30 percent of their monthly owner costs. So urban areas are distinctly more expensive than suburban areas. Renters, however, suffer equally in both markets. More than half of the renters pay 30 percent or more of their gross rent as a percentage of household income.

So some summary findings. Despite the seeming convergence with urban areas, suburbs exhibit lower density, lower diversity, and a jobs/housing imbalance. Yet there is some convergence that we see with urban areas. However, we see a divergence of these things: Longer commutes, congested freeways, poor infrastructure, air quality and health issues, lower skill levels. Dropout rate is increasing. In my conversations in San Bernardino and many other cities, the dropout rate is very high, the attrition rates are very high, and it's not under control. High economic distress, lower quality jobs are being created. Warehousing, distribution, logistics oriented. Low income levels, which is just a consequence of that. And chronic poverty levels. I did not even show you those numbers, but in some areas there is deep and entrenched poverty.

So what works? Of course, location and climate. We are blessed with that. Except for the exceptional freeze.

Population growth. I think this is the key to our -- should be a key to our success. We are seeing phenomenal growth in our areas, suburban areas, and that should be a development stimulus. We are among the fastest-growing counties in the nation. We

are home to the largest markets, not only the domestic market because it is growing in further demand for goods and services. That should be an opportunity for new business development and diversity. The new immigrants that are bringing in new opportunities for entrepreneurial business and international trade. So great opportunities here.

Even though we bad-mouth the freeway infrastructure, still it is one of the best infrastructures in the world. We have the Ontario International Airport, the commuter lane, you know, and other education infrastructure. It's all here.

Land availability. We have ample opportunities to recycle land at higher densities for commercial and residential development.

Here are some ideas. And it goes down to downtown. Downtowns will thrive only when you have underlying prosperity to the job base steadily anchored in a global economy. That's what I believe. But you will need a quantum leap in development approach and in the quality of jobs created. Suburbia has to attract developments in clean industrial jobs. R&D, business and IT parts, biotech parts. It has to shift away from the single-family detached pattern to a more mixed-income diverse housing choice pattern of development. We cannot have the gated communities, because therein lies the problem.

The other part is ramping up skills base and improving educational outcome. I think that's a key to economic development. Without increased operator skills base and a retrained labor force, we cannot compete in a global economy.

Older suburbs -- there's a difference. Older suburbs will have to concentrate in existing areas, while newer suburbs need prudent fiscal and land management. And here we are talking about growth management and smart growth practices.

Some further talks -- and I should wrap up pretty soon. I put the onus on developers to be bold in their approach. Recycled land, reduced dependence on energy. I give you one example. I also live in suburbia. I am enjoying three years of suburban life after spending 10 years in urban areas. My neighbor's energy bill for the summer months, in June, was \$1,200 cooling bill. We have to do something better in terms of reduced dependence on energy. We have to build smarter houses. We have to use green technologies. We have to use better building materials. We have to use passive burning, slower burning techniques. Since we are the repository for new housing, we better do it better.

Public transportation infrastructure investments are needed to improve mobility, and regional cooperation and collaboration is needed. It's imperative to achieving environmental, energy, and technology objectives.

I leave you with some final thoughts. This is my hometown of Chandigarh, India. Showing you an image of the open land. It was designed by Le Corbusier, Swiss architect.

Just some other images. That's the assembly building. This is something that has been done. It's a rock garden there. This was a sleepy bureaucratic

town, capital of state of Punjab and Haryana, and also center for the central government.

Chandigarh exurbs have just come to life. I have just come back from India. And, in fact, Chandigarh now has the highest per capita income in India. Who would have thought? What you are just seeing is just an example of the IT park that has been developed.

Another example. And foreign institution investments in technology and biotech are changing the landscape literally. You can see a person carrying firewood, and then you have an IT park. The whole country is in a renaissance. Chandigarh is just one small microcosm. The jobs that work, the jobs that are being created are in the information economy sector. It's not only business processing. It's knowledge processing.

I think if we have to compete, we better get our act together and realize our priorities.

Thank you.

(Applause.)