

Book Review

Urban Regional Policy and Its Effects
edited by Margery Austin Turner, Howard Wial,
and Harold Wolman
(Brookings Institution Press, 2008, 256 pp., \$26.95)

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Inadequate low-income housing, school achievement disparities, socioeconomic segregation—these are some of today’s common urban and metropolitan policy problems. While such issues have been thoroughly researched, the editors of *Urban Regional Policy and Its Effects* contend that more efforts need to be made to research the effects of policies that aim to address these problems. This will allow local policy decisions on issues ranging from homeownership, education, economic development, land use, and tax limitations to be driven by empirical evidence, rather than the eloquence of policy design or advocacy.

The intent of this text—a compilation of six essays presented at a joint conference of the Brookings Institution, the Urban Institute, the George Washington Institute of Public Policy, and the Trachtenberg School of Public Policy and Public Administration—is to present scholars, practitioners, and policymakers with the “state of knowledge” of the effects of policies on well-known problems and identify areas where further research is needed. It is intended to be the first in a series of books and conferences on the subject. As a student of public policy who worked with some of the editors and authors but is unfamiliar with much of the field-specific literature reviewed in this volume, I found that the chapters collectively succeeded in

bringing the reader up to speed on current knowledge (in some cases with original research) on key urban challenges.

The synthesis of these issues reveals several cross-cutting themes. The editors identify common challenges across policy areas, such as inconsistent methodologies for tracking mobility, outcome measures, policy costs and benefits, and differential effects (i.e., between population subgroups, geography, and market conditions). They also discuss the gap between policy design and region-specific implementation, which makes it difficult to apply predicted policy effects to actual jurisdictions.

In light of the subprime mortgage crisis and the current economic recession, George Galster and Anna Santiago's discussion of homeownership as a wealth-creating tool is particularly pertinent. As the authors point out, since the New Deal, federal housing policies have sought to expand homeownership to ever lower income groups under the assumption that owning homes creates positive externalities in terms of civic participation and orderliness, and that homes function as merit goods that allow individuals to build assets and wealth.

The authors examine the validity of these assumptions. They review the low-income housing literature and data on a Denver program to show that, while homeownership can increase wealth and correlate with improved educational achievement, it does not necessarily help families weather financial setbacks. In addition, mortgage terms and conditions can lead to further financial distress, particularly for minorities. Galster and Santiago, perhaps because their article was written before the current financial crisis, do not question the assumption that homeownership is an unqualified good. I would be interested to see whether their opinions have changed given the now well-known effects that irresponsible lending and borrowing practices have had on the U.S. economy. Here, the authors conclude that the United States should continue to pursue its current array of policies to expand homeownership, with more emphasis on financial education programs. Whether such a policy would have prevented the mass foreclosures due to the current crisis is unclear.

While homeownership is largely a federal policy issue that affects local communities, the outcomes of homeownership, namely property tax

and education, are distinctly urban and metropolitan issues. In a study of Tax and Expenditure Limitations (TEs), David Burnori, Michael Bell, Joseph Cordes, and Bing Yuan, review how the increase in voter-imposed tax limits has diminished the ability of local governments to raise their own revenues and shifted the responsibility of important functions to the state, thereby eroding the autonomy of local governments to pursue their own policy preferences. The proliferation of TEs began in 1978 with California's Proposition 13, which dramatically scaled back assessment limits and capped the property tax rate at 1 percent. Since that time, nearly all states have experimented with some combination of TEs. The authors include useful appendices that detail the existence and type of assessment limits, property rate limits, and revenue and expenditure limits across states—a dataset that has subsequently been used in other local autonomy research (see Wolman et al. 2008; Connelly et al. 2009).

Two essays examine potential effects of education policies. Cleve Belfield promotes investment in urban preschools as a means to improve education levels and human capital. Ingrid Gould Ellen, Amy Ellen Schwartz, and Leanna Stiefel evaluate whether economically integrated neighborhoods and schools improve education. Both chapters draw extensively from existing literature to outline the benefits. For example, Belfield reviews a cost-benefit study finding that a \$7,000 investment in preschool education could produce \$120,000 of benefits in the form of savings on health, crime, special education, and welfare expenses. He also uses a case study of Washington, D.C. to argue for a focus on inner-city children who would otherwise not receive a preschool education.

Ellen and her colleagues outline the presumed sociological benefits such as “peer effects, access to social networks, enhanced parental involvement, and additional school resources” of neighborhood integration (184). However, they note the problems they encountered defining “integration” and inferring causality. Their analysis shows large differences in school-based poverty and neighborhood-based poverty in New York City, primarily because of school choice and private schools, but this finding seems out of place because it does not consider any policy intervention, nor does it explain education attainment. Belfield's preschool investment argument is

more convincing.

The remaining two chapters utilize datasets and modeling to predict how local urban policy intervention could improve local land use, air quality, and income outputs. Timothy Bartik and George Erickcek use a model to analyze how institutions of higher education and hospitals, what they call “Eds and Meds,” affect economic development. Rather than focusing on the traditional economic development outcome of growth and job creation, the authors measure how investments in hospitals and universities would affect the earnings of the original residents. The authors find that investment in higher education generally increases the earnings of local residents by about twice the amount as the same investment in hospitals over a 10-year period, but the magnitude depends on the nature of the local economies.

Finally, Elena Safirova, Sebastien Houde, and Winston Harrington examine how local governments can control local energy and land use, and income outputs through transportation and development policies. They build a model of three growth scenarios in Washington, D.C. and test how a live-near-your-work incentive program, inclusionary zoning for low-income housing, and a 10-cent vehicle mile tax would improve road congestion, housing density, and commuting distance. While the model finds that most policies would not substantially alleviate increasing urban congestion, the vehicle mile tax had a more pronounced effect.

Of the two modeling exercises, the land-use project may be of the most interest to policymakers. While the “Eds and Meds” study is based on a sound economic development methodology, it uses several assumptions to predict specific returns for investments in those institutions. In reality, all metropolitan locations have different proximity and demand for education and medical institutions, so there is little utility in making generalized predictions about the benefits of investment in one or the other. But by modeling the architecture of Washington, D.C., policymakers can show Mayor Fenty that a vehicle mile tax may be the optimal congestion mitigation policy. This is precisely the type of research that meets the editors’ objective of taking into account the “normative and factual assumptions about the economic and political environments in which policies are intended to

operate" (19). This may explain why Google Scholar indicates the article is the most cited piece.

While not a comprehensive almanac, *Urban and Regional Policy and Its Effects* covers most of the prominent policy areas where local governments have discretion. The authors seem most concerned with advancing the well-being of local residents, rather than outcomes such as economic growth. The introduction might benefit from a discussion of the implications of this theme. An updated edition could also include more region-specific case study analysis and fewer technical methodologies. Finally, returning to the federal role in homeownership policies, next year's edition may benefit from a discussion of how urban and metropolitan policies are affected by intergovernmental relations, particularly if we see more federal influence in housing, education, energy, and other policies.

References

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