Designing Urban Policy for a Thriving New Jersey

NEW JERSEY URBAN MAYORS ASSOCIATION ADDRESSES POLICY PRIORITIES

Conducted by the John S. Watson Institute for Public Policy of Thomas Edison State University in partnership with the New Jersey Urban Mayors Association

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CITIES ARE THE SOLUTION, NOT THE PROBLEM:

While decades of suburban development might suggest otherwise, New Jersey is at its core an urban state. It is dense, covered by one of the largest transit networks in the country and incredibly diverse. Every region of the state has great livable cities, with small, midsized and large cities all represented — most states are lucky to have just a handful. But, for decades, New Jersey cities have too often been portrayed as problems that need to be fixed. As the economic and lifestyle preferences of future generations shift back toward cities and away from suburbs, New Jersey must embrace this core strength and invest in it in order to ensure it maintains its enviable place in the national economy.
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NJUMA AGENDA

While the next governor of New Jersey will immediately face challenges that threaten to slow or reverse the progress our cities have made since the Great Recession, she or he also has the chance to supercharge their progress and make each New Jersey city its own unique model of urban excellence.

While each city faces its own unique set of challenges, some are common to all cities across the Garden State. In consultation and in conversation with the members of the New Jersey Urban Mayors Association, this project will focus on three of the issues that mayors felt affected them the most and the issues that the next governor’s administration could play the greatest part in solving: school funding, host city issues and economic development.

There is also one more factor underlying each of these issues: declining funding. Although many mayors are concerned with the prospect of a continuing decline in state aid and what may be a sea change in federal funding, most budget challenges have roots in long structural processes, whether legacies of the late 19th century railroad age, the apex of New Jersey’s industrial heritage in the mid-20th century or the rapid suburban expansion of the 1960s, 70s and 80s. Each of our focus issues cannot be separated from the structures that made them and their solutions cannot be either. While the next governor could potentially address each of these issues with a new program or initiative, we hope that she or he will consider that a structural solution is the only way to move our cities forward. Yes, the state is not without its own challenges, but all must recognize that strong cities are perhaps the most important ingredient for New Jersey’s success in the 21st century.

This project is meant to spur a conversation and curate some of the better ideas happening in cities locally, regionally and around the country. Too often pockets of excellence, whether in New Jersey or elsewhere, remain just that — small, isolated pockets of change. Our goal is to make their successes known so others can share, grow and develop. We also traveled the state, asking our member mayors what they see as their top concerns and their greatest successes, and what they would like to see the next governor do for cities.

Four member mayors — Mayor Ras Baraka of Newark, Mayor Wilda Diaz of Perth Amboy, Mayor Eric Jackson of Trenton and Mayor Dana Redd of Camden — were interviewed in the first phase of the project. Some of the key takeaways from those conversations were:

USE THE FORMULAS:

Each mayor we interviewed had benefited from some state program that placed them in a particular group or targeted their city specifically. However, each demonstrated they would be willing to forgo those “carve outs” in exchange for fully-funded formulas and a fair, data-driven way for distributing state funds —
whether at the EDA or the DOE — so long as the underlying reasons those cities received “carve outs,” such as concentrations of tax exempt property, are properly weighted in the formulas.

DEVELOP CAREFULLY:
Tax abatements and PILOTs were recognized as important development tools by each mayor, but each recognized the limitations of the approach. More importantly, each mayor had implemented, or was in the process of implementing, a formal policy with regard to tax abatements, emphasizing the importance of approaching abatements in a systematic and uniform way, rather than allowing developers to dictate the terms and receive benefits for projects that do not share the policy goals of the city. In many cases, conditions on abatements helped advance policy goals, such as workforce and economic development.

FORMALIZE THE INFORMAL:
Every city has stakeholders. And every stakeholder knows the needs of the community he or she represent, whether it’s a neighborhood association, a business group, a church congregation or just a few interested citizens. Most mayors have their own connections to these groups, but many of the mayors we spoke to saw value in trying to create regular organized meetings of stakeholders in order to take the pulse of their communities, get ideas and determine whether or not there is community support for city initiatives.

EMBRACE YOUR HISTORY:
New Jersey and its cities are each blessed with their own unique and powerful histories emerging from how they were founded, built out and settled. While many cities have lost some of the industries that once existed, the infrastructure, skills and traditions that those industries fostered remain. Taking careful stock of the historic assets each city has — whether tangible assets like rail, water and roads or more intangible assets like history, skills and architectural beauty — can offer cities the clearest path to a bright future.

CITIES ARE THE SOLUTION, NOT THE PROBLEM:
While decades of suburban development and investment might suggest otherwise, New Jersey is at its core an urban state. It is dense, covered by one of the largest transit networks in the country and incredibly diverse. Every region of the state has great livable cities, with small, midsized and large cities all represented — most states are lucky to have just a handful. But, for decades, New Jersey cities have too often been portrayed as problems that need to be fixed. As the economic and lifestyle preferences of future generations shift back toward cities and away from suburbs New Jersey must embrace this core strength, and invest in it in order to ensure it maintains its enviable place in the national economy.
POLICY RECOMMENDATIONS

Each recommendation below captures elements of the conversations with each of the mayors that emerged as common themes. While the particular policy tools to achieve these goals will be left to the next governor and legislature, it is clear that these issues are among the highest priorities for New Jersey’s cities.

1. Provide funding, focus and technical expertise to brownfield remediation and redevelopment.

2. Distribute proceeds from future long-term tax abatements (payments in lieu of taxes or PILOTs) according to the same proportion as regular property taxes. Today, schools receive no revenue from PILOTs.

3. Eliminate Economic Development Authority and other state economic development incentive programs for particular municipalities and create a general incentive distribution formula that takes into account the same factors — such as poverty, concentration of tax exempt properties and need for redevelopment. Cities that were targeted will remain so, due to the factors used in the formula, but other cities will now not be excluded.

4. Reexamine bail reform. County and state government should absorb more of the associated costs and the criteria for release should be made more stringent.

5. Increase the weight of tax exempt property and the service needs of daytime population in the calculation of state formula aid (CMPTRA) to municipalities.

6. Provide municipalities with more options to raise revenue from tax exempt properties and commuters, such as local services taxes, fees and resident and nonresident payroll taxes, in order to offset the costs of supplying critical services to those properties and workers.

7. Fully fund the school funding formula and ensure that districts plan to meet the “local fair share” property tax calculation as mandated in the formula. When school districts get closer to meeting or meet their local fair share, the resulting state aid savings should be proportionately redistributed to districts that are underfunded.

8. Ensure that new funds are raised to support the Schools Development Authority or find another means to adequately fund school facilities in the former Abbott Districts, such as increased debt service aid.

9. Give cities and local school districts much more say in whether or not a charter school can open or expand in their city.

10. Allow for charter schools to serve as neighborhood schools and offer seats to students in the community.
CASE STUDIES

Three case studies are included below that attempt to put each of the subjects into focus and to demonstrate how each interact with each other and can come together to form solutions.

In northwest Indiana just outside Chicago, the largest corporations in the area, U.S. Steel and ArcelorMittal, have pioneered and reinvented workforce development programs to drive local economic development in Gary and the whole Northwest Indiana region for more than 100 years.

In Pittsburgh, Pa., a consortium of area nonprofits purchased the largest remaining brownfield in the city, now Almono/Hazelwood Green, in order to develop it into a premiere example of environmentally conscious, community-facing and mixed-use development, helping to bring the economic expansion of downtown into the neighborhood.

In Syracuse and Buffalo, N.Y., Say Yes to Education has leveraged philanthropic funds, local governments and community stakeholders to provide scholarships to all district high school graduates as well as wrap-around social and community support services in and out of school.

> NORTHWEST INDIANA
> SYRACUSE AND BUFFALO NEW YORK
> PITTSBURGH, PENNSYLVANIA
NORTHWEST INDIANA: THE STEELWORKER OF THE FUTURE, THE FUTURE OF A REGION

Three case studies are included below that attempt to put each of the subjects into focus and to demonstrate how each interact with each other and can come together to form solutions.

Northwest Indiana is a region of about 600,000 people just across the border from Chicago and, like New Jersey, has always been a place for innovative — if sometimes contentious — dynamics between its businesses and the people that make them possible. While Chicago boomed, northwest Indiana remained a rural region of sweeping lake-front sand dunes until the turn of the 20th century, much like New Jersey’s earlier status as the bucolic “Garden State” between New York and Philadelphia. U.S. Steel, looking for a site to build the largest steel mill in the world, selected a marshy flat land on the banks of Lake Michigan and named it Gary after company executive Judge Elbert Gary. The Gary Works needed workers, so the company planned “the City of the Century,” which managed to grow from a population of a couple thousand to 178,000 in just 50 years and whose street grid spanned 40 miles into Indiana farm country. Several other cities of industry — Hammond, Whiting, East Chicago, and Portage — sprung up in the region, too. Indeed, Gary itself may be considered a descendent of the United States’ first planned industrial city, Paterson, and a peer to cities like Camden and Trenton, which were dominated by companies like Campbell’s, RCA, Roebling and American Standard.

Still, Gary was planned as a factory first and a city second. After labor unrest in 1892 that resulted in the death of 12 people in the company’s Homestead mill outside of Pittsburgh, the company built the plant to be separate from the city’s neighborhoods by a wall of several rail lines, a major highway and a moat in the form of the Grand Calumet River. Company executives lived on one street, 5th Avenue; managers another; and workers in neighborhoods whose borders were not any less defined than those of the countries or American regions they came from.

The mill’s need for quality workers also led to some incredible innovations in and out of the workplace. The “Gary Plan,” developed by an acolyte of leading education theorist John Dewey, required that students in city schools spend about one third of their school day learning practical skills in industrial arts to prepare them for careers at U.S. Steel and other industrial employers. The Gary Plan became a national model, with New York City nearly adopting it in the 1910s. One of the main reasons New York City ultimately rejected the plan was that parents were concerned that corporate interests were sabotaging a critical public service by homogenizing the students’ to be malleable workers based on the needs of business and not on the needs of an educated citizenry and a diverse cultural tradition. Even after the New York defeat, 200 hundred cities had adopted the plan by 1930. Similar concerns developed in Gary, as well as issues with some of the practical aspects of the Plan — such as the cost of equipment and the availability of school facilities — and Gary itself dropped the Gary Plan a few decades after its founding.
Today, Gary is still home to the largest steel mill in North America and dozens of factories line the shore of the lake. Even though the mill is churning out more steel than ever, the plant’s need for 30,000 employees as late as the 1970s has declined to just around 5,000 today — mirroring the city’s own population decline to 76,000 and the national trend of a shrinking industrial workforce. While a statute of Judge Gary still stands in front of City Hall and the mill looms over the downtown, the company’s corporate presence has receded from the city almost entirely.

Nearly all of the plant’s workers now live outside the city, contributing to Gary’s decline from the home of one of the country’s sturdiest middle classes to one of the country’s poorest cities. Recent changes to the Indiana tax code, as well as a series of property tax settlements with the state, have sharply reduced the amount the city receives in taxes from U.S. Steel. And, sadly, there is no regular dialogue between city leaders and company executives leaving little room for successful community involvement and job training to support Gary’s own renaissance under Mayor Karen Freeman-Wilson.

Indeed, other manufacturers in northwest Indiana are taking a page out of U.S. Steel’s 100-year old playbook. European steelmaker ArcelorMittal, now the largest in the world with its North American headquarters in Chicago, bought several American steel companies in the region and continues to operate large mills on either side of Gary. Other than the mills themselves, ArcelorMittal is perhaps best known in the region for billboards on major highways advertising the “Steel Worker of the Future” program, which promise a job with a $90,000 salary — more than six-times the per capita income in Gary. European executives determined that heavy local advertising would be key to
building the employment base they needed, making large purchases on local TV and radio stations as well. The program was launched in 2008 and has graduated 48 with 24 more on the way. While 10,000 people apply to just one job available at ArcelorMittal, meaning they have an admission rate lower than Harvard (.01 percent versus 5.4 percent), 97 percent of Steel Worker of the Future graduates have gotten jobs at the company. The program is two and a half years old now and available at the local community colleges as well as branches of Indiana’s higher education institutions. With the program’s success, other industrial employers in the area are looking to partner with ArcelorMittal, including NIPSCO, BP, Pratt, Praxair and U.S. Gypsum.

Increasingly, ArcelorMittal is mirroring the strategy found in the Gary Plan. With half of ArcelorMittal’s workforce over 50 and the same percentage eligible for retirement, it’s clear why it makes sense for the company to emphasize job training. The program now allows college credit to be granted to high schoolers who enter it, for example. Executives decided to focus the company’s charitable program on STEM education, by underwriting the region’s Science Olympiads and providing $350,000 in funding for Project Lead the Way, which funds computer science and math curricula. These programs, moreover, are not clustered in areas that already possess high levels of wealth, but just those areas that suffered most when a high school diploma was no longer a guarantee for a high paying job at the mill.

Although many of New Jersey’s own large industrial employers have closed down or left the state, many do remain — and all require highly skilled workers. Industrial employment is actually growing in New Jersey, with 70 percent of employers in the $40 billion sector saying they are actually looking to recruit new employees. New Jersey still retains a premier position in the pharmaceutical sector in both management and manufacturing and could strengthen its position by offering, comprehensively, similar programs as the “Steel Worker of the Future” to students in Trenton (just outside the new Bristol-Myers Squibb complex in Lawrenceville) or in Elizabeth and Newark, just a few miles away from Merck’s new global hub in Kenilworth. Vocational-technical schools, too, have been forced to turn away 15,000 applicants due to lack of funding and space. A modern-day Gary Plan could make sense for New Jersey.
SYRACUSE AND BUFFALO, NEW YORK: SAY YES TO EDUCATION’S PATHWAY TO COLLEGE

In the late 1980s, cities across the United States were struggling to cope with the impact of crack cocaine, which viciously multiplied the already dire consequences of concentrated poverty. The response from Washington was, both in time and money, focused on a scaled-up mobilization of the “War on Drugs,” and the response to the first lady’s ubiquitous “Say No to Drugs” campaign was, in short, negative, with communities too often just hearing “no.”

One of the hardest hit communities was Philadelphia, which not only struggled with crack cocaine, but decades of generational poverty, dwindling industrial jobs and population loss to the suburbs. George Weiss, who grew up in Massachusetts but relocated to Philadelphia after his time at the Wharton School at the University of Pennsylvania, got sick of hearing “no.” So, he founded “Say Yes to Education” in 1987, underwriting the nonprofit with the wealth he accumulated in the financial sector.

Say Yes started small with the personal promise of its founder, who committed to then-6th graders that he would pay the college expenses of any student who completed high school. Now, the program has expanded to six cities: New York City (Harlem); Hartford; Philadelphia; Syracuse; Buffalo; and Greensboro-area, North Carolina. In the latter three, the program covers not just certain cohorts of students or schools, but the entire district; this is the model the organization is working to prefect today. In total, more than 130,000 students have access to the program; and, as of 2014, about 5,300 have both participated in the Say Yes program and gone on to one of the 140 colleges and universities that partner with it.

The program recognizes a general economic development principle that, perhaps, is even truer in New Jersey: a strong school district is,
in turn, one of the strongest drivers of home value and economic growth in a given community. That’s why some view Say Yes just as much as an economic development program as an education program. Cities know that if they have the program operating within their municipality they will have a clear competitive edge in attracting residents who want to take advantage of the program, who otherwise might have chosen another bordering municipality. It’s often the case that a municipal government’s border between the city and the suburb can make all the difference for businesses and families wishing to relocate. Due in large part to the concentration of poverty, a city often has higher taxes and, in some cases, fewer services than its suburban neighbors, which, in many cases, may only be separated by an invisible line down a street. The core vision of Say Yes reflects a fundamental attempt to realign and restore parity among a region’s urban and suburban communities.

The mechanics behind this vision rely on leveraging the central Say Yes organization’s philanthropic funding to realign the underlying incentives that have and do produce the sometimes challenging socioeconomic realities in cities — for both families and institutions. Using the fundamental tenets familiar to modern economic theory, it nullifies and counters those incentives that may be present in cities that limit student success. For example, higher education easily meets the classic definition of an investment: students, their families and their support networks need to make an upfront payment, then defer income either in time spent in school (as opposed to working) or through the repayment of student loan debt. If all goes well, the student and his or her family will then receive more income later in life through the types of jobs that higher education can provide access to. But, for poorer students and families, this option can be unavailable. The income of families and individuals living paycheck to paycheck can be so tight that there is a greater incentive to take a job or make some money today, even if they are not well paying and provide only just enough to get by.

With the promise to each student of 100 percent funding for college and the promise to each community of an extraordinary shot of funding, Say Yes introduces these new incentives to transform its communities and achieve the vision of the foundation. Recognizing that, too often, institutional actors within the same community are often driven by internal incentive and decision-making processes rather than the community’s interest, Say Yes makes it a prerequisite that all institutional stakeholders — the governments of the city and the board of education, the district administration, the labor unions, local nonprofits and higher education institutions — commit to supporting the program and its basic terms. In Buffalo, one of the top five poorest cities in the nation, the city’s community was able to raise $19 million in local funding from 30 partner organizations, which was likely only achieved because of the promise a $15 million supplemental grant from Say Yes. Corporations and labor unions who ordinarily wanted nothing to do with each other began operating in concert around this common goal. Indeed, it was a goal that they likely always shared, but never had the overriding macro incentive available to get people to the table.

Say Yes’ approach is not entirely novel, but rather an evolution of previous iterations of “universal scholarship” programs found in cities around the country. The first, and still perhaps the most famous, is the Kalamazoo Promise, which was made possible through funding from anonymous donors with strong roots in the community.
While successful in boosting graduation rates before making programmatic changes, students who went on to attend college had dropout rates similar to students who had not been part of the Kalamazoo Promise program. Indeed, the Say Yes of today is even an evolution of its earlier Philadelphia program as well as the “cohort-based” efforts in Hartford and Harlem. In the early Philadelphia program, teachers and administrators at the school felt that the program created two “classes” of students — those participating in the program and those who were not. And, like so many targeted philanthropic efforts in education, it did not directly address students’ challenges outside of school, like home life and healthcare access.

As the program grew and lessons learned were applied, the program shifted to a district-wide model and placed far more funding and emphasis on student and family support services in and out of school. The basic premise that the support programs are structured upon is an attempt to replace all the activities, programs and services that wealthier children are provided by their families and the traditionally wealthier districts they live in. For example, expanded school days, additional support staffing like social workers and psychologists, as well as community health and legal clinics, are predicates to host district-funding. Another key element of the program is the Summer Success Academy, which allows students to take courses in subjects that they need to complete prior to entering college. The Academy also helps with filling out forms, moving and packing, and financial planning. Similar to the experience in Kalamazoo, the emphasis on holistic support for students was added early in the program after noticing that, although high school graduation rates rose at participating schools, it did not create the broader social transformation the foundation expected and wanted to support. This insight provides a useful lesson for contemporary programming that use a single or small set of data indicators in order to determine success: too often a drive toward meeting those limited benchmarks can cause others to deteriorate, undermining the initial purpose of the program itself.

Community buy-in — literally and figuratively — is ultimately the lynchpin of the program, preventing it from being too top down and too underfunded. But sometimes there is a risk that this buy-in can become unaffordable for partner cities. Almost paradoxically, the very cities that Say Yes targets to help are often those with the least ability to provide local matching funds. In Syracuse, for example, the initial pledge from the local government fell as the financial needs of other operations grew. In much the same way as it affects individuals and their need to just get by, the immediate service demands that government must face limits its ability to finance and make investments in the future, which, in the long run, can have the greatest return. One of the solutions Say Yes developed to address this concern was to strongly encourage its partner institutions to provide some of these additional wraparound services when local government funding becomes scarce; Syracuse University, for
example, offers AP teacher training, and regular and special education professional development. In addition, mental health clinics have been provided in partnership with the state of New York. Furthermore, a significant component stemming from an outgrowth of funding needs is the willingness of higher education partners in and beyond the partner community to offer direct financial aid (grants) to students in order to ease the requirements for the local government and community funders.

The underresourcing of schools, and the under-availability of broader community support services in cities, is, more than anything, a result of concentrated poverty. The majority of services in most cities in the Northeast, and especially in New Jersey, are locally funded by property taxes. While the Abbott cases and their successor, the School Funding Reform Act (SFRA), have helped considerably, it cannot replace the billions in dollars of tax-base wealth that relocated from the cities and to the suburbs over the course of the 20th century. Moreover, SFRA primarily uses a formula to provide additional classroom funding to overcome the multiple challenges poverty presents. SFRA provides limited funds toward school support services — like security, facilities and transportation — and even more diminished funding for extracurricular activities and no funding for the “wraparound” health, recreation and academic enrichment programs found in wealthier communities outside of schools, whether publicly or privately funded. The district’s academic requirements for technical English and mathematics proficiency can sometimes supersede the requirements of the student as a whole person, who needs emotional support and intellectual enrichment beyond the classroom.

Say Yes itself has developed into an institution. In Syracuse, the mayor, superintendent and teacher’s union have all changed — and yet the program remains. However, the greatest danger to its continued institutional existence is its funding, which has been underwritten by the initial angel investor who began the project more than 30 years ago. While the program can continue off of the endowment itself, its expansion and long-term existence is dependent on expanding its funding sources. Still, the districtwide Say Yes model recently expanded to a third district: Guilford County, North Carolina. Now, it is looking for more. Say Yes is one of the many models that a new governor and administration can look to as they begin to grapple with the task of providing the constitutional standard of a “thorough and efficient” education to all of New Jersey’s children. The education of a society is the undergirding of that society. No matter the path the new administration takes as it confronts the challenges of New Jersey’s education system, it must be all encompassing and equally beneficial to urban and suburban youth.
PITTSBURGH, PENNSYLVANIA: NONPROFIT DRIVEN BROWNFIELD REDEVELOPMENT

Pittsburgh’s story of urban renaissance has become one of the clear leading examples of a city’s rebirth in the United States. Although famous for its mammoth steel industry, its economy was, in fact, incredibly diverse with some of the leading companies in the world, like banks (now PNC and BNY Mellon), food processing (Heinz) and natural resources (Gulf).

During its heyday, Pittsburgh was once home to more Fortune 500 companies than any other city, but for New York and Chicago, and was a top 10 largest city until the 1940s. When the steel industry collapsed, it created a “second Great Depression” in the region; the city’s population fell by 40 percent and, in mills where tens of thousands of people worked, all are now gone.

The last mill to close was the LTV Coke Plant in Pittsburgh’s Hazelwood neighborhood, which held on until 1998. After it left, the site quickly became the largest brownfield in the city at 178 acres. As other former massive mill sites were redeveloped, the Hazelwood site languished.

One of the first and most famous redevelopment sites in the region was Homestead, which was the site of one of Andrew Carnegie’s first huge steel mills — as well as one of the worst episodes of labor unrest in American history. While the Homestead development brought jobs and business activity back to the city, some say that it did not do the same for the community. Today, the mill site is a very large shopping complex, made up mostly of big box stores and their parking lots. The site is firmly on the other side of the city’s central business district, which is separated by a busy road. Other brownfields in the region, particularly those further from...
Pittsburgh’s downtown or more developed neighborhoods, remain unremediated and undeveloped.

Unfortunately, the Hazelwood site looked like it might be headed for such a fate. The neighborhood was declining at a faster rate than the region, falling from 12,800 people to approximately 4,300. The neighborhood’s last supermarket closed almost 10 years ago and the neighborhood as a whole remained isolated from the rapidly rebounding downtown as well as neighborhoods like Oakland and Squirrel Hill — despite how geographically close it is to them. And those neighborhoods rebounded for a reason. While the mills have all left Hazelwood, and every other neighborhood in Pittsburgh, Carnegie Mellon remains in Squirrel Hill, University of Pittsburgh anchors Oakland, and the tallest building in the downtown is capped by a huge “UPMC” sign (the University of Pittsburgh Medical Center) — on the same building once built by and for U.S. Steel.

Today, it is indeed the non-profits that — literally and figuratively — tower over the city. The for-profit concerns that created the city in the 19th and 20th centuries made a handful of families among the wealthiest that America has ever produced. Carnegie Mellon, for example, is named for two Andrews — Andrew Carnegie of US Steel and Andrew Mellon of what is now BNY Mellon — who became fabulously rich more than 100 years ago. Their fortunes collectively underwrote many of these now giant nonprofits, which comprise the bulk of jobs, research and economic activity in the city today. Similarly outsized foundations, such as the Heinz Endowment, still make Pittsburgh’s philanthropic giving nearly three times that of modern day boom towns like Orlando, Las Vegas and Austin. Given their history, presence and, most of all, their resources, the nonprofits have an enormous amount of influence on the city, its people and its politicians. They choose to exercise it.

Not wanting the Hazelwood site to languish or become a Homestead-style big box development, four nonprofits merged their resources and purchased the property in 2002 for just $10 million — with a plan for nearly $1 billion in redevelopment. The Heinz Endowment was the leading “shareholder,” with its investment comprising 45 percent of the total. The R.K. Mellon, Benecum and McCune Foundations making up the remaining (RK Mellon bought out McCune’s share in 2016 for $4 million). The site was renamed “Almono” a portmanteau of the Allegheny and Monongahela Rivers, which surround Pittsburgh. In the fall of 2017, it was renamed Hazelwood Green to make the tie to the community more explicit.

The Hazelwood Green development has a clear vision, which is primarily that of Teresa Heinz Kerry and her son, Andre Heinz. Both are steeped in today’s leading theories of urban planning and green design and, as such, have chosen to pursue a development that mirrors those ideals and to create a showcase of the project for other cities to take note of.
importantly, Hazelwood Green is meant to be not only in but of Hazelwood. The planning of the site is meant to seamlessly blend it in with the neighborhood and the funding made available for community development. But the project, having started with the 2002 purchase, is only now beginning to take concrete shape and enter the implementation phase. Although some point to far greater than expected environmental remediation costs and requirements, others believe that a lack of expertise in development, too limited development options and an inherent weakness of the site caused the more than 15-year timeline of project implementation.

Recently, two major development wins have come to Hazelwood Green. First, the most extensive “complete street” in Pittsburgh has been built in Hazelwood Green with a huge array of funding from local, state, federal and private sources that ultimately resulted in a $9.5 million loan to the three remaining nonprofit owners. The development is meant to serve
PITTSBURGH, PENNSYLVANIA

as the site’s primary artery and includes bike, walking and stormwater infrastructure along with the traditional roadway for cars. And, in what perhaps represents the culmination of the project’s founding vision, Carnegie Mellon’s Advanced Robotics Manufacturing Institute is likely going to become the site’s anchor tenant, specifically in the last gargantuan remnant of the old steel plant, Mill 19. More than 220 higher education institutions, nonprofits and businesses as well as city, county and state government, came together to win an $80 million grant from the United States Department of Defense to supplement the $173 million raised from other public and private sources.

In a city once dominated by industry and business that could build huge factories and skyscrapers with ease all across the city, universities, hospitals and foundations — all nonprofits — now fill an ever-increasing part of that role. Developments like Hazelwood Green likely never would have happened without the nonprofit sector’s unique resources and ability to respond to stakeholder vision, as opposed to shareholder pressure. However, for as many resources and jobs that these institutions bring to bear, many in the community are concerned about nonprofits’ ever-growing footprint in the city, which deprives a still-distressed city of much needed revenue. Moreover, with increasingly large executive compensation packages and huge account surpluses — UPMC earned half a billion in the last reporting year — the opacity of the nonprofit’s operations are raising questions about their increasingly public investment decisions, which have the potential to reshape whole swathes of a city’s community.

The Pittsburgh story is unique in that the scale and presence of nonprofit actors often far outweighs that of other cities; however, New Jersey’s cities have a present and growing footprint of medical, higher education and government institutions that have contributed and done much to remake its cities — often they are the largest employers and draw a great deal of visitors each day. Moreover, New Jersey has its own incredible legacy of businesses as well as the charitable foundations created by them. But the need to service nonprofit institutions, paired with their contributing to tax bases that are commonly more than 40 percent exempt in cities, can be a strain for already struggling cities. Many cities in Pennsylvania, like Pittsburgh, collect a “local services tax” and earned income taxes (resident and nonresident) to help offset the cost of providing services to the owners of exempt property. As New Jersey works on advancing policies that strengthen its urban core, it may look to borrow ideas from cities across the nation and globe who are working within and outside the lines of modern economic models to sustain and grow their urban cores with the help and leadership of nonprofits.
MAYOR RAS BARAKA
OF NEWARK

JSWIPP*: How would you describe the benefits of mayor-appointed and elected school boards?

“The more democracy the better. If people are engaged in it, they feel a part of it, responsible for it, that should be the overwhelming way [the board of education] is organized.”

JSWIPP: How should the state approach helping local school districts?

“The more [policymakers] are close to home, the more solvable [problems] will be and the less flaws will be in them. When you try to make things happen from 30,000 feet view, you miss a lot of pieces. It is important to have folks on the ground to inform policy on things particular to your municipality.”

JSWIPP: How did your experience as an educator inform your work as mayor; what role do schools play in the community?

“The dismantling of schools is almost like dismantling a neighborhood.”

JSWIPP: How would you describe the One Newark experience specifically and universal enrollment [parents in the school district can rank their enrollment preferences for both traditional public and charter schools together] more broadly?

 “[One Newark] started off as a disaster because it was imposed.”

“Some things are going to be disruptive, but you have to prepare for disruption.”

“You can’t give people a choice by taking away another.”

JSWIPP: Should the state authorize charter schools and in what way do you think charters can offer choice?

“On charters as a way to offer choice: We don’t want to replace the schools. We want an addition. Choice is an addition, it’s not a replacement. Or else we can’t use the word choice. Then, fundamentally, it is just not true. A replacement is just a replacement.”

“But if you close a school for a charter, then there’s no competition at all. There’s no incentive for them to get better.”

JSWIPP: Is there a more universal way for the state to provide economic development incentives?

“There has to be some kind of policy formula, criteria put in place, that we help specific cities based on poverty level, underdevelopment. There are specific projects that we need to invest in because there is a benefit to the state. There may be a project that is not in those cities [the Grow NJ cities] because the benefit to the state is great. It employs a certain amount of people. It provides transportation. Those cities that are in that should be in that because they have a particular need.”

*JSWIPP - The John S. Watson Institute for Public Policy of Thomas Edison State University
JSWIPP: What are your thoughts on proposed legislation for hospitals and higher education institutions to make payments to cities?

“I agree that there should be some kind of PILOT or in lieu of payment or some kind of agreement in kind, a community benefits agreement, that suggests they have to do some very particular and specific things as it relates to their industry for the city because we have to do all the stuff: our police, our fire, our water. It is important for them to pay their fair share, but it doesn’t have to be financially. Some of these people have a lot of money, some of them are not Prudential or United Airlines, but they should have some kind of benefit to the residents. Either a payment or a community benefits agreement in lieu of that payment.”

JSWIPP: Anything you would like to say to the next governor?

“Whoever is the governor needs to look at these cities as a part of the state. I think that has not been the case. They look at the state of New Jersey — then they see Newark. They look at the state of New Jersey — then they see Camden. I think they need to look at these cities as part of the state, not just a burden on the state, but to look at these cities as opportunities. Opportunities that have not been mined. You have a chance to mine these opportunities, to grow it so that you in turn grow the state itself. And to begin to not use a lot of money to address issues, but to invest so that those issues do not exist. That has not been the case and there has been very little representation from municipalities like Newark on these boards that make these decisions, whether you talk about the Local Finance Board, the EDA, the Port Authority, the Sports Authority all these boards that make decisions about how money is spent where it goes who gets it.”
JSWIPP*: In your time as mayor, how has your relationship evolved with the school board and the superintendent since you’ve been here?

“I have had an excellent working relationship with all the superintendents, and forged the same with the administration, down to the principals and the teachers. I believe that empowering teachers, letting them know that their mayor supports the work that they do, understands their challenge, should help. To that end, I went to annual convocations and addressed every district employee two years in a row. Every Friday, I go to two schools in the district to talk to administrators, principals and mainly to talk to students. I want to be engaged with what they’re doing. To remind them on an ongoing basis how important I believe excellent in education has to be. It’s a collective effort from the mayor, the superintendent, down to the maintenance providers. We have to push forward together.”

JSWIPP: You were talking about a resident who said she was unhappy with Trenton schools. What would you tell a resident about why they should have their kids in Trenton and begin the k-12 program here?

“I found I just had to talk to her more than anything else. She was telling me the good things, I didn’t have to convince her, in her own experience. But I think the perception overwhelms some of our residents, that there has to be something better. And nothing is wrong with that because we always should want the best for our children but this mother is still here, the child is still enrolled.”

“[I approach every parent and say] let’s make sure we connect you and make sure your child has access to some of the peripheral services we can provide to make sure you’re happy and your child is happy. That was one case, in one instance. I’m sure there are parents who have gone away because we didn’t engage them. But when we do, I find they talk their way into why they should be here themselves. And that was enlightening for me, it really was.”

*JSWIPP - The John S. Watson Institute for Public Policy of Thomas Edison State University
JSWIPP: How do you think the state could better fund cities and Trenton specifically?

“We have to be more creative in how we fund a city that state government occupies a huge portion of its land and you can’t tax that entity. For the amount of land that they sit on, which is about 2 square miles of 7 square miles, if we could tax and build rateables there, I wouldn’t need transitional aid, I wouldn’t need special aid, I could probably do a lot of great programming that I’d want to do."

“We have to find creative ways to find out how do we direct funding for a capital city where government uses so much of the space and draws on resources for police, fire, emergency services, water, that is consumed by the state. The dollars that we get don’t necessarily cover all of those costs.”

JSWIPP: One of the best things we’ve seen in Trenton is all the neighborhood businesses. There’s a lot of focus on getting giant projects done, but what do you think government’s role is in helping small businesses?

“On that level, I am excited because three months ago, someone was criticizing me saying I was only doing ribbon cuttings. I said: ‘Wow, really?’ She said: ‘Yeah, every time I look up you’re doing a ribbon cutting.’ ‘You probably don’t mean that well, but wow, thank you. That means we’re opening businesses in the city. That means people want to have the opportunity to create jobs, that they’re going to hire local people for.’”

“I’m excited by that, I’m excited by folks having the ability to see their future in Trenton, building a business here for them and their family in our city. And that’s great, because the restaurant’s going to hire people, it’s going to employ people from the neighborhood, give them a sense of purpose in having that job, bringing that community up.”

JSWIPP: Anything you would like to say to the next governor?

“I’m optimistic! I believe that we’re continuing to move in the right direction. We’re walking to resolutions, not necessarily running to them. That creates consequences, because folks will say that you’re not doing enough. But I think the way we’re approaching it, we’re doing it the right way, that we’re causing better and more sustainable solutions. I’m delighted with the number of stakeholders and supporters that are continuing to get on board the Trenton wagon as we move forward in all of our critical areas.”
**MAYORAL WISDOM**

**MAYOR WILDA DIAZ OF PERTH AMBOY**

*JSWIPP*: What can cities do to create an environment that promotes economic and workforce development?

“It is a fact that government can’t do everything for everyone, but inasmuch as good ideas exist, we need to implement them. Once successful strategy is to encourage new businesses to hire union workers and to make it easier for Perth Amboy resident to join a union. Members of a union, on average, earn more than their nonunion counterparts and are more likely to have health insurance, a pension, and a safe and just workplace. Employers and employees will reach their own agreements, which can be different in every case, but what will be similar is that working men and women will have a fair chance to realize the ‘American Dream’ and care for themselves and their families. Like so many other cities, Perth Amboy suffered greatly from the fallout of the global recession. At its worst, unemployment was a staggering 16 percent in Perth Amboy, but through targeted efforts to attract businesses and create jobs, we were able to cut the unemployment rate in half. That is good news but there is still much to do. We not only need to create more jobs, but we need policies in Perth Amboy that make sure these are good-paying, family-supporting jobs. An economic recovery isn’t a recovery unless it is felt by all of our residents. We will work with local businesses, schools, labor unions and churches, anyone who thinks that raising standards for working families and not lowering expectations is the best way to strengthen the community.”

“To that end, one of the greatest accomplishments this administration has seen is in the area of redevelopment and economic development. Also, this is one of our most awaited commitments: the redevelopment and financial agreements, provide for best efforts by the redeveloper and their tenants to hire local individuals and union workers.”

*JSWIPP*: Is there anything you’d like to say to the federal government?

“Yeah, that they should get their priorities straight! They need to look at urban settings. We’re the oldest, we already have the infrastructure in place even though we need to upgrade it. It would be more cost-effective for them to invest in the urban settings that are already set up. Spend your money in areas that are already established, that only need to upgrade infrastructure. Why reinvent the wheel?”

*JSWIPP*: What other techniques, conversations, thoughts have allowed you to leverage so much of Perth Amboy’s history and its position as one of the nation’s leading cities during the industrial revolution?

“You need to do an assessment on the areas. Take a look at what they had there in the past. Take a look at what is being proposed on the market. For us, we knew that we were going to use these industrial sites for industrial purposes. Some people say that they’d use

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*JSWIPP - The John S. Watson Institute for Public Policy of Thomas Edison State University*
industrial spots for housing. Sometimes, that's not feasible! Where do you get the best return for your investment? It's industry, in our case. If I want to help my tax base, the residents that are already living here, and create jobs, you have to look at what you current assets, even if they are blighted.”

JSWIPP: How did you know what strategies to use to move development project along as efficiently as possible? Was it feedback from developers?

“I think it was my experience in the banking industry. Customer service! You want to provide the best customer service for these developers, and always maintaining that you follow guidelines and procedures. But it’s easier to just get everyone in one room and just hash it out, rather than just going back and forth. Then, later on, you work with emails and phone calls. But the first conversations, everyone is in a room.”

JSWIPP: How do you think the next governor can help make the state more efficient in providing assistance to cities?

“I think the new governor needs to bring in all the departments, just like I do. Have them sit down, think about how they are going to help this developer and be able to meet the city’s objectives. They need to bring everyone in to have a conversation, make it a stronger ecosystem.”

JSWIPP: Are there any recent policies that you think the next governor should consider?

“Oh, bail reform! It started with the best of intentions, but they didn’t look at it closely. If you talk with the chief of police right now… an example: we had an incident here where an individual was put away three times for robbery. Because of bail reform, they kept letting him out. The fourth time, he was put away. But meanwhile, he was causing havoc, breaking windows. It was done with good intentions, but they need to go back to bail reform and speak with the chief of police. Someone needs to revisit this, see what’s best for our community.”

JSWIPP: Keep the intention behind it, but tweak it.

“I think now is the time to have that conversation. All the cities are going to have a hard time with this. You keep having the same guy back on the street doing the exact same crime. No different. They don’t change their MO. The bad part about that, that same individual shows up on crime statistics as five different reports. So it looks like crime went through the roof. And that has police bent out of shape. That escalates the stats because of that one individual. And that was never taken into account when they looked at bail reform.”
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The John S. Watson Institute for Public Policy

The John S. Watson Institute for Public Policy is dedicated to deepening the analysis around critical public policy challenges and broadening the range of policy ideas, perspectives and options. The Institute assists decision makers in enacting public policy in the interest of New Jersey’s residents by expanding the range of policy and political possibilities and positing new policy paradigms.

The Institute was created to respond to the practical needs of decision makers across New Jersey, and to honor the outstanding record of public service of the late N.J. Assemblyman John S. Watson, the nation’s first African American chairman of an appropriations committee. The University initially established The Institute as the Trenton Office of Policy Studies in 1991 and dedicated it as The John S. Watson Institute for Public Policy in 1997.

Today, The Institute serves as a vital resource for New Jersey decision makers through a practical, nonpartisan, hands-on approach that supports informed public policy linking people to policy. The Institute addresses the state’s most critical issues through practical research, technical assistance and comprehensive public policy solutions that are supported by the resources of higher education in a manner that reflects the University’s tradition of innovation and excellence. The John S. Watson Institute for Public Policy is comprised of integrated policy centers that respond to the needs of a diverse client base.

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The New Jersey Urban Mayors Association (NJUMA) was created as an outgrowth of the policy work of The John S. Watson Institute for Public Policy of Thomas Edison State University. The Institute coordinates all activities of the NJUMA and provides policy and legislative analysis.

Established in 1991, the New Jersey Urban Mayors Association is dedicated to working with state and federal lawmakers and officials to develop appropriate and effective public policy measures that benefit the state’s urban centers and to help lawmakers understand how public policy affects New Jersey’s cities and municipalities.

NJUMA is an organization comprised of 32 New Jersey urban municipalities. NJUMA serves its members through quarterly meetings and annual conferences, which keep them informed on issues affecting their ability to provide adequate services to their residents.

NJUMA also assists its members in interpreting legislation and state policy and has historically worked with the governor’s office to assist in defining an urban policy agenda.

NJUMA is a proactive organization that pursues opportunities from government and the private sector to advance the interest of its members.
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