Federalism, the state and the city: Explaining urban policy institutions in the United States and in the European Union

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Abstract

This thesis contributes to the growing EU-US literature by comparing and explaining the evolution of urban policy in these two federal systems. The thesis begins with a puzzle: after introducing two similar and equally short-lived regeneration schemes—Model Cities (MC) (1967) and URBAN (1994)—the US and the EU followed different paths: the former replaced MC with the durable Community Development Block Grant (CDBG) in 1974, while the latter ended urban policy by 'mainstreaming' URBAN in its regional policy in 2006. To solve the puzzle I formulate a two-part argument: first, I explain the similarities between MC and URBAN as resulting from three factors: a favourable political context, holistic urban policy ideas, and centre-periphery mistrust. I then explain subsequent trajectories by looking at the interplay of *policy* and *politico-constitutional* institutions. While both MC and URBAN were unable to 'stick' because of their inherent weaknesses, the result of their demise depended on the existence of a federal 'city welfare' state. In the US, the Housing and Urban Development Department (HUD) embodied this state, and channelled Nixon's attacks on MC into the creation of the structurally stronger CDBG. In the EU, conversely, DG Regio could not provide a comparable anchor for urban policy: when URBAN was attacked by regions and cities, the DG just reverted to its 'business as usual' by mainstreaming the programme.

I test my argument with a macro-historical comparison of the two cases and four in-depth city studies—Arlington, VA and Baltimore, MD on the US side, and Bristol, UK and Pescara, Italy on the EU side—aimed at analysing micro-level institutional dynamics. In both parts of the study I use a wide range of sources: secondary and grey literature, statistical sources and, especially, archival material and elite interviews. At both levels of analysis the test confirms my argument.

Well, sir, he raised one fine crop—he had good children and he raised them fine. All doing well—maybe except Joe. Joe—he's the youngest—they're talking about sending him to college, but all the rest are doing fine.

John Steinbeck, *East of Eden*

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Chapter 1

INTRODUCTION

Cities have faced enormous challenges in the past few decades. Economic phenomena such as deindustrialisation, restructuring and globalisation, and demographic transformations like immigration, suburbanisation and, more recently, gentrification, have taken a big toll on the social fabric, physical conditions and economic state of countless cities. Problems such as unemployment, poverty, crime, social exclusion, infrastructural decay and environmental degradation are today major threats to the welfare of cities and of entire social systems.

Creating and sustaining systems for the support of cities is hence a key challenge for democratic governments around the world—one that may even redefine the contemporary welfare state. In some places political authorities have responded to these challenges successfully, in others less so. Understanding the conditions in which cities can be helped tackle the many aspects of their decline in an effective way is the scholarly counterpart to this political challenge.

In this thesis I tackle these questions with respect to two polities in particular, namely the European Union and the United States. Beginning in the late 1980s, the EU increasingly extended its actions into the area of urban regeneration. It did so through a number of programmes, the most important of which was the URBAN Community Initiative, a grant scheme for the regeneration of deprived neighbourhoods which spanned two budgeting periods, from 1994 to 2006. Though small in monetary terms, URBAN achieved some important goals: it funded some successful regeneration programmes, it created for the first time a direct link between the Commission and cities and, finally, it promoted a set of governance and policy principles that soon came to be known as the 'urban acquis' of the Union. Then URBAN disappeared: in the negotiations for the 2007-13 financial framework EU institutions decided to 'mainstream' the initiative into the broader cohesion policy, a move that marked the end of an autonomous urban policy for the Union and the loss of many of the achievements of URBAN. Why did this happen?

Here I argue that to understand the EU's decision to abandon a successful policy initiative one should compare its experience with that of the United States. At first glance, the two do not have much to share: unlike the EU case, the US federal government has a long history of direct intervention in cities, where it has traditionally invested large amounts of money and where it has experimented with a wide range of policy instruments. A closer look at the history of urban policy in the US, however, reveals a number of interesting parallels with the EU case. One of the federal government's first initiatives in the field of urban policy was Model Cities, a grant programme launched in 1967 by the Johnson's Administration and designed in a strikingly similar way to URBAN, namely neighbourhood-based, competitive and prescriptive. Like URBAN, Model Cities did not last too long: it was terminated in 1974. Unlike the EU case, however, the end of this specific initiative did not bring about the end of urban policy as a whole. On the contrary, Model Cities was consolidated, together with other grant programmes, in the new Community Development Block Grant (CDBG), a regeneration scheme that exists to this day.

Reading the EU's brief experience with urban regeneration against the early history of US federal policy raises an interesting empirical puzzle that bears directly on the theoretical questions highlighted above: why did the EU and the US developed strikingly similar and equally short-lived urban policy initiatives thirty years apart, but followed very different trajectories after the demise of these early grant schemes, with the EU losing an autonomous urban policy and the US introducing what has turned out to be a durable programme?

In this thesis I argue that to answer this question one has to look at how ideas and institutions interacted in the creation of the two polities' early urban policy schemes. I posit that URBAN and Model Cities resulted from similar ideas about the conception of the city and urban policy being implemented in two analogous institutional contexts as to the relationship between centre and periphery. The two grant programmes, however, were by their nature both prone and vulnerable to a political attack which arrived after a short period. The different outcomes of the attack to URBAN and Model Cities, finally, depended on whether the urban regeneration ideas that had inspired the two programmes had been embedded in the institutional architecture of the multi-level polity: in the US, where urban policy had been enshrined in the federal system through a Department of Housing and Urban Development, Model Cities was replaced with a new urban regeneration instrument which, being very different from its predecessor, could crystallise and resist for over almost four decades. In the EU, where the early policy ideas and initiatives did not leave any significant institutional legacy, the Commission responded to the attack on URBAN by reverting to its 'normal' state of affairs which has the form of a regional rather than an urban policy.

In proposing this argument I aim to contribute to the scholarly tradition of historical institutionalism and to the more recent research programme investigating the connection between ideational and institutional factors in the explanation of political outcomes. Before expounding my theoretical argument and my empirical cases in greater detail, however, a closer look at the recent comparative literature on the European Union and the United States, in which my work is located, is in order.

The European Union, the United States and comparative federalism

The 'dual mission' of the EU-US comparative agenda

Comparisons of the European Union and the United States have multiplied rapidly in the past decade or so. Partly, this intellectual enterprise arose out of the EU's own deliberate attempt, in 2002-03, to frame its latest 'history-making' moment in terms reminiscent of American history by calling a 'Convention on the future of Europe' to draft a 'Constitutional treaty' for the Union. More generally, however, the EU-US literature is a product of a growing inclination on the part of EU scholars to replace the analytical tools of IR with those of comparative politics and federalism to interpret the integration project in the post-Maastricht era.[1] Once the Union is seen as a polity, the argument goes, what better match than the United States for making useful comparisons? The two share a considerable number of physical attributes (they both govern large territories and populations), institutional characteristics (both are liberal-democratic and compound polities), socioeconomic conditions (both are advanced capitalist systems with high levels of income, overall wealth and technology) and, finally, historical traits (both have been formed by peaceful covenant).[2] Ironically,

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[1] For some examples of this literature see Alberta M. Sbragia, ed., *Euro-Politics: Institutions and Policymaking in The "New" European Community*, (Washington, DC: Brookings Institution, 1992); "The European Community: a Balancing Act," *Publius: the Journal of Federalism* 23, no. 3 (1993): 23-38; Simon Hix, "The Study of the European Community: The Challenge to Comparative Politics," *West European Politics* 17, no. 1 (1994): 1-30; Rey Koslowski, "A Constructivist Approach to Understanding the European Union as a Federal Polity," *Journal of European Public Policy* 6, no. 4 (1999): 561-78; Michael Burgess, *Federalism and European Union: The Building of Europe, 1950-2000* (London: Routledge, 2000); Tanja A. Börzel and Madeleine O. Hosli, "Brussels between Bern and Berlin: Comparative Federalism Meets the European Union," *Governance* 16, no. 2 (2003): 179-202; Simon Hix, *The Political System of the European Union* (Basingstoke: Palgrave Macmillan, 2005); David Benson and Andrew Jordan, "Understanding Task Allocation in the European Union: Exploring the Value of Federal Theory," *Journal of European Public Policy* 15, no. 1 (2008): 78-97; and the Fall 1996 special issue of *Publius*: Michael Burgess, "Federalism and the European Union," *Publius: the Journal of Federalism* 26, no. 4 (1996).

[2] Alberta M. Sbragia, "The United States and the European Union: Comparing Two *Sui Generis* Systems," in *Comparative Federalism: The European Union and the United States in Comparative Perspective*, ed. A. Menon and M. Schain (Oxford: Oxford University Press, 2006); Sergio Fabbrini, *Compound Democracies: Why the United States and Europe Are Becoming Similar* (Oxford: Oxford

even the widespread belief that the EU is a *sui generis* political system has a counterpart in the time-honoured idea of American exceptionalism.[3]

In these years the EU-US comparative literature has covered a wide range of topics: from the historical development of the two polities to problems of institutional design; from the analysis of specific public policies to the role of the judiciary in the political process; and from the relationships between levels of government to issues of identity, legitimacy and democracy. Traditionally, these questions have preoccupied those European scholars trying to make sense of this strange beast that is the Union, and of its transformations. Increasingly, however, Americans and, most importantly, Americanists have joined these comparative efforts, so abandoning the intellectual isolationism that has traditionally characterised their subfield.

The proliferation of EU-US analyses has taken place in the context of a more general resurgence of the study of federalism among political scientists.[4] In fact, it is hardly an exaggeration to say that the evolution of the European integration project in a federal direction has played a crucial role in the renewed interest in this political form. Yet EU-US studies are not just a part among others in the research programme of comparative federalism. I want to argue that they occupy a special position—and hence can be seen as a literature in their own right—by virtue of their distinctive epistemological status.

Taking the comparative federalist literature, or at least the English speaking one, as a whole, it is fair to say that the objective—or the 'mission', so to speak—of

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University Press, 2007).

[3] Sbragia, "The United States and the European Union". Two broader analyses of the US and the EU's exceptional nature in relation to the problem of comparability are, respectively, in Byron E. Shafer, "American Exceptionalism," *Annual Review of Political Science* 2, no. 1 (1999): 445-63 and James A. Caporaso et al., "Does the European Union Represent an *N* of 1?," *ECSA Review* 10, no. 3 (1997): 1-5.

[4] For some overviews see Jan Erk, "Does Federalism Really Matter?," *Comparative Politics* 39, no. 1 (2006): 103-20; Erik Wibbels, "Madison in Baghdad? Decentralization and Federalism in Comparative Politics," *Annual Review of Political Science* 9 (2006): 165-88; and Jan Erk, "Comparative Federalism as a Growth Industry " *Publius: the Journal of Federalism* 37, no. 2 (2007): 262-78.

this body of research is to advance our general knowledge of federal political systems. In an article reviewing some literature on comparative federalism, Jan Erk has identified four benchmarks for the relevance of this subject which can be taken as delimiting the federalist area of inquiry. In order to justify its own existence as a distinct agenda in comparative politics, Erk argues, comparative federalism should be able to say something significant on general questions of representation, participation and accountability, on the accommodation and representation of territorially based differences, on public policy and governmental effectiveness and, finally, on issues of institutional design.[5] Erk's list might not be the most fine-grained imaginable, and one can certainly question to what extent knowledge has so far been cumulated within these broad categories. But the basic message remains that, differences in theoretical and methodological approaches notwithstanding, comparative federalism is to be seen as a perfect subset of comparative politics, ultimately aimed at producing testable causal statements on this type of political system.

The EU-US literature shares, at least in principle, the general mission of comparative federalism. To this, however, it adds a clear and explicit empirical interest in the two polities, which is at least as important as the theoretical goal. In EU-US studies, case selection is never fully subservient to the building or testing of theoretical arguments, but follows from a genuine intention to examine the two cases. Put differently, who studies the US and the EU in comparative perspective does not just want to learn something about federal systems. She also (and sometimes above all) wants to learn something about *those* two federal systems.

The 'dual mission' (theoretical and empirical) of the EU-US literature is a blessing and a curse. It is a blessing because it puts together two desirable goals of

[5] Erk, "Does Federalism Really Matter?".

political research, namely the search for cumulative theoretical knowledge and, on the other side, the study of cases that either possess what John Gerring calls 'analytic utility'—namely political or historical prominence with respect to some scholarly debate or theme[6]—or, in any case, are of great empirical relevance by virtue of their size and position in global political and economic affairs.

On the other hand, the dual mission can become a curse whenever the *a priori* commitment to the comparative study of the US and EU stands in the way of good theoretical work. There are three ways in which this can happen: the first is when case selection generates problems of variable control. Where the level of cultural homogeneity is a disturbing variable, for example, Mexico or Canada might be a better choice than the EU for a comparison with the United States. A second type of problem can occur when case selection leads to questions that are easily answered through common sense and hence do not warrant a full study: why is the US more centralised in military matters than the EU? Why is the EU Council of Ministers more powerful than the US Senate vis-à-vis their respective 'lower chambers'? Why does the US have a bigger federal budget than the EU?

However big in principle, in practice these first two problems do not detract too much from the value of EU-US analyses. For one thing, control problems are by no means unknown in the rest of comparative federalism, or in comparative politics for that matter. More so when the questions studied are macroscopic in nature and hence limit the population of cases available. All considered, the limits of EU-US studies in terms of control do not seem to be much bigger than those found in many other comparisons of federal systems. As for the second problem, it should be first of all noted that the amount of subjectivity involved in determining common sense

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[6] John Gerring, *Social Science Methodology: a Criterial Framework* (Cambridge: Cambridge University Press, 2001), pp. 192-93. The US in the context of federalism is, in fact, one of the examples used by Gerring.

should make one wary of quick judgements on this matter. What is common sense to one scholar can be quite an interesting question if considered from a different angle or after more careful analysis. But in any case, questions that one could safely dismiss as dull without too much controversy, such as the ones I have listed above, so far have been avoided by EU-US scholars.

The third and final way in which the empirical mission of the EU-US can work against the theoretical one is rooted less in methodology than in common practice: it is the tendency to conduct all-encompassing rather than specialised analyses. Since we have a primary interest in learning how the US and the EU work compared with one another, the argument goes, then it is better to have a complete picture, one that informs us on the two systems in their entirety. The result is studies that are broad and shallow rather than narrow and deep. This is the biggest problem of the EU-US literature because in its extreme manifestations it does not just weaken the theoretical side of the comparison, but eliminates it altogether, and with it the virtues of what I have called the dual mission. What is more, to a smaller or larger extent the vast majority of the EU-US literature has been guilty of this crime. In the remainder of this section I will examine this literature in greater detail.

Mapping the EU-US literature

The boundaries between different types of work—descriptive, prescriptive, theoretical, etc.—in political science are rarely as clear as many methodology textbooks present them. The EU-US literature reviewed here is no exception. However, keeping this limit in mind, and working with broad categories, it is possible to classify the EU-US literature in three groups based on their ‘theoretical intensity’, or the degree to which the comparison serves theoretical purposes in addition to empirical ones.

The 'descriptive' group: in this group are works comparing the two polities without any evident theoretical goal or guiding principle. Prominent in this category are two collective volumes edited, respectively, by the Maxwell EU Center of Syracuse University and by Anand Menon and Martin Schain.[7] Motivated primarily by an empirical interest in the evolution, working and policies of the US and the EU, these two books put together several authors with different areas of expertise to offer broad and mostly descriptive overviews where the two polities are explored, compared and contrasted in several aspects, institutions and sectors. That the volumes do not have too many ambitions beyond the comparison itself is also demonstrated by the purely empirical criteria they adopt to organise their contributions: the Maxwell book aims to explore two policy areas (regulation and social policy) and one type of institution (the judiciary), whilst Menon and Schain present their material under even broader headings: political development, institutions and public policies.

Not surprisingly, this part of the EU-US literature is the least useful for the theoretical purposes of comparative federalism. To the extent that single chapters present some conceptual analysis, this is usually not very original and often only sketched for reasons of space. These books are of limited value also from an empirical standpoint, since their choice of breadth over depth results in no more than cursory discussions of the various issues and policy area they cover. The main contribution of these volumes is, rather, to stimulate thought, provide ideas and, generally, lay the groundwork for further and deeper study. As Menon and Schain themselves

[7] Maxwell EU Center, *Evolving Federalisms: The Intergovernmental Balance of Power in America and Europe* (Syracuse, NY: Maxwell School of Syracuse University, 2003); Anand Menon and Martin A. Schain, eds., *Comparative Federalism: The European Union and the United States in Comparative Perspective*, (Oxford: Oxford University Press, 2006). For a minor example of this type of literature see Wen-Chen Chang, "Constructing Federalism—the EU and US Models in Comparison," *EurAmerica* 35, no. 4 (2005): 733-73.

acknowledge in their introduction, the intention of their book is 'to generate a systematic comparative exercise, the intention of which is to identify those elements of each system for which comparison will yield interesting broader insights, and thereby provide a useful basis for future comparative research efforts'.[8]

An additional function of this type of work is what is probably best defined as 'advocacy', as this is the part of the EU-US literature that is most clearly trying to make the case for the comparability of the two polities. This advocacy function has two sides. One is academic: the authors and editors invite their scholarly community to conduct research on the US and the EU in the framework of comparative federalism. The other is more political, as it feeds the cause of those supporters of the EU—within and without its institutions—who are keen to interpret the Union in federal terms. Seen in this light, it is no coincidence, for instance, that the Menon and Schain volume is the result of a project financed by a European Commission grant.

The 'conceptual' group: the largest, category contains studies that are informed, yet not dominated, by theory. While the interest here is still primarily in the two empirical cases and in the difference and similarities between them, comparisons of the US and the EU are conducted in the light of some overarching theoretical theme, proposition or question. Concepts and ideas here function as frameworks guiding the selection of aspects covered and determining the angle from which these are studied. At the same time, these concepts are usually so broad and abstract as to accommodate a wide range of topics and issues. The result is, usually, very comprehensive analyses where the empirical material retains significant autonomy with respect to the theoretical theme. This is confirmed, on the practical side, by the significant degree of mutual independence of the individual chapters or sections in

[8] Anand Menon and Martin Schain, "Introduction" in *Comparative Federalism*, ed. A. Menon and M. Schain, p. 3.

these works, and especially in edited ones.

One of the main examples in this second category is *The Federal Vision*, a volume edited by Nicolaidis and Howse that looks at the US and the EU to investigate the possibility and form of legitimate modes of multi-level governance for the 21st century.[9] A second example is the book edited by Ansell and Di Palma, which contains three EU-US comparative chapters within the broader theme of whether and to what extent the traditional territorial political order of Westphalia is being challenged.[10] Third, there is David McKay's book on the lessons that the EU can draw from the experience of five other federal systems, (among which the US) with regard to institutional adaptation and the centralisation/decentralisation debate.[11] Finally, Sergio Fabbrini has produced extensive work on the concept of 'compound democracy' and on the convergence of the politico-institutional trajectories of the United States and the European Union.[12]

Looking beyond political science, this second category could be extended to a number of more legally oriented comparative analyses of the US and the EU. Some prominent examples are Larry Catà Backer's study of centre-periphery relations in the European Union in the light of John Calhoun's theory of federalism,[13] George

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[9] Kalypso Nicolaidis and Robert Howse, eds., *The Federal Vision: Legitimacy and Levels of Governance in the United States and the European Union*, (Oxford: Oxford University Press, 2001).

[10] Christopher K. Ansell and Giuseppe Di Palma, eds., *Restructuring Territoriality: Europe and the United States Compared*, (New York: Cambridge University Press, 2004).

[11] David H. McKay, *Designing Europe: Comparative Lessons from the Federal Experience* (Oxford: Oxford University Press, 2001).

[12] Sergio Fabbrini, *The Puzzle of the Compound Republic: The EU, US and the Implications of Federalization* (Badia Fiesolana: European University Institute, 2002); "Transatlantic Constitutionalism: Comparing the United States and the European Union," *European Journal of Political Research* 43, no. 4 (2004): 547-69; *Democracy and Federalism in the European Union and the United States: Exploring Post-National Governance* (London: Routledge, 2004); "Madison in Brussels: The EU and the US as Compound Democracies," *European Political Science* 4 (2005): 188-98; *Compound Democracies: Why the United States and Europe Are Becoming Similar*; Sergio Fabbrini and Daniela Sicurelli, "The Federalization of the EU, the US and 'Compound Republic' Theory: The Convention's Debate," *Regional and Federal Studies* 14, no. 2 (2004): 232-54.

[13] Larry C. Backer, "The Extra-National State: American Confederate Federalism and the European Union," *Columbia Journal of European Law* 7 (2001): 173-240.

Bermann's comparative analysis of the principle and practice of subsidiarity[14] and, finally, the multi-volume project on the role of law in the process of European integration directed by Cappelletti, Seccombe and Weiler.[15]

This literature has the merit of reflecting and elaborating on a number of important and often original ideas, and it certainly brings some conceptual points home. Its value for empirically applicable theory, however, is more questionable. For one thing, it is not always clear to what extent some of the key concepts used in these books—such as the ideas of 'compoundness', or the 'unbundling (or rebundling) of territoriality' or even that of 'multi-level governance'—are applicable beyond the two cases analysed. But even when they are, their high level of abstraction means that their real world referents are often too many or, worse, unclear. Empirically, these studies are richer and more informative than those in the first category. On the whole, however, they still favour analytical breadth over depth. All considered, these studies are closer to the descriptive work examined above than to the theoretical and explanatory objectives of the comparative federalist research programme. Howse and Nicolaidis express this point quite well in their introduction to *The Federal Vision* when they remind us that '[i]n some very general sense, this exercise can be called 'comparative', but it is faithful neither to the methodologies nor the goals of the comparative traditions of scholarship, in either law or political science'.[16]

The 'explanatory' group: the last branch of the EU-US literature is the most theory-intensive of the three and refers to studies in which the comparison is not just generally guided by a conceptual framework but serves the specific purpose of

[14] George A. Bermann, "Taking Subsidiarity Seriously: Federalism in the European Community and the United States," *Columbia Law Review* 94, no. 2 (1994): 332-456.
[15] Mauro Cappelletti, Monica Seccombe, and Joseph Weiler, eds., *Integration through Law: Europe and the American Federal Experience*, (Berlin: Walter de Gruyter & Co., 1985).
[16] Robert Howse and Kalypso Nicolaidis, "Introduction: The Federal Vision, Levels of Governance, and Legitimacy" in *The Federal Vision,* ed. K. Nicolaidis and R. Howse, p. 5

substantiating a theoretical argument or answering precise causal questions. This is the part of the literature where the balance between the theoretical and the empirical mission described above is greatest: in addition to being interesting *per se*, here the two polities are studied as part of the broader federal *genus*, to be compared to learn something about the political dynamics of the *genus* itself and not just on the two cases. Granted, how immediately the findings of these studies can be translated into general statements depends on the theoretical and methodological approaches used, but the point to stress here is that all comparative work in this third category shares a focus on original explanation absent from the rest of the EU-US literature.

The most prominent examples of this third category are Leslie Goldstein's book on patterns of state resistance to centralisation in the early years of a federation and Daniel Kelemen's institutionalist work on regulatory federalism in the area of environmental policy.[17] More recently, Mendez and Mendez have proposed a comparative study of the factors and dynamics behind privacy regimes in the US and in the EU that can be included in this group.[18] Finally, some of the individual contributions to *The Federal Vision* can be seen as closer to this third model of research than to the previous category, in which the volume taken as a whole is located. This is particularly the case for Daniel Halberstam's analysis of the issue of federal commandeering, Majone's chapter on regulatory federalism and, finally, Peterson and O'Toole's exploration of federal governance in the light of the policy

[17] Leslie Friedman Goldstein, *Constituting Federal Sovereignty: The European Union in Comparative Context* (Baltimore, MD: Johns Hopkins University Press, 2001); R. Daniel Kelemen, *The Rules of Federalism: Institutions and Regulatory Politics in the EU and Beyond* (Cambridge, MA: Harvard University Press, 2004). See also Kelemen's "Regulatory Federalism: EU Environmental Policy in Comparative Perspective," *Journal of Public Policy* 20, no. 2 (2000): 133-67.

[18] Fernando Mendez and Mario Mendez, "Comparing Privacy Regimes: Federal Theory and the Politics of Privacy Regulation in the European Union and the United States," *Publius: the Journal of Federalism* 40, no. 4 (2010): 617-45.

network approach.[19]

The studies in this third category display a number of common features. Rather than trying to provide an all-encompassing analysis of the two federal systems, they pose narrow questions to which they respond through temporally and/or functionally focused empirical investigations exploring the issue at hand in some depth. Further, these studies are authored rather than edited, and are structured in an organic fashion, with the different parts serving different functions in the wider theoretical project instead of being substantially independent.[20] These characteristics make these studies less empirically inclusive than those in the other two categories, but also methodologically more sound. Above all, this type of EU-US literature is the one that enters dialogue most easily and immediately with the rest of the literature on comparative federalism, and hence the one best placed to generate cumulative knowledge of the sort invoked by the proponents of this research programme.

This type of comparative work is, I believe, the most laudable among the ones overviewed here, one that keeps together the virtues of EU-US research in the best possible way. However, analyses of this type are still a minority in the field, and it is not clear whether the literature is set to follow this direction. The study I present here is an attempt to contribute to this branch of the EU-US comparative agenda by extending it into the so far unexplored area of urban policy.

[19] Respectively Daniel Halberstam, "Levels of Governance in the United States and Europe: Reflections on EU Directives and the Anti-Commandeering Rule", Giandomenico Majone, "Regulatory Legitimacy in the United States and the European Union" and John Peterson and Laurence O'Toole, Jr, "Federal Governance in the United States and the European Union: A Policy Network Perspective", all in *The Federal Vision*, ed. K. Nicolaidis and R. Howse.

[20] In the case of Goldstein and Kelemen's books, this theoretical project is also immediately extended to cases other than the EU and the US, namely Switzerland and the Dutch Republic for the former and Germany, Australia and Canada for the latter.

The evolution of urban policy in the EU and in the US: two vignettes and a puzzle

'Decline', 'decay' or even 'crisis' have become familiar terms to describe the situation of many cities in the Western world in the past three to five decades. The terms refer to a set of interconnected problems affecting the many aspects of urban life. Socially, urban decline manifests itself through phenomena such as poverty, homelessness, deprivation, exclusion, segregation and crime: economically, through stagnation and unemployment; physically, through blight, housing deterioration and infrastructural decay.

Simplifying a bit, the roots of urban decline can be found in two classes of transformations: demographic and economic. The former include the several waves of immigration—first from the rural areas of the growing Western economies, and more recently from the surrounding developing countries—and the suburbanisation of the middle classes. Over time, the combination of these two trends has generated problems such as sprawl, housing decay and overcrowding, segregation (by race, ethnicity and socioeconomic position) and increased pressure on urban infrastructures and services. More recently, the gentrification of many neighbourhoods has added new dangers such as the lower class displacement and the creation of new ghettoes.

Compounding these problems are a number of economic transformations that have changed the productive structure of Western countries since the 1970s. The first one is the deindustrialisation of Western economies, favoured by macroeconomic factors such as the oil crises, by microeconomic factors like the improvements in transportation and communication technology and, finally, by politico-institutional factors like economic integration and, generally, the increasing globalisation of markets for goods and services. The second, and connected transformation has been the restructuring of these advanced economies as service and high-tech good producing ones. The transformation of the Western economies has brought about obvious economic and social problems in declining industrial areas, often worsened by inadequate or retrenching welfare states. Even those cities that have been able to thrive in the new post-industrial economy, however, have had their share of urban distress, mostly related to the bipolarisation of the labour market and the consequent creation of significant areas of near-poverty, economic insecurity and social exclusion.

To make the plight of many cities even worse, finally, is the fact that once in place, the problems associated with urban decline tend to reproduce themselves. They do so at the level of neighbourhoods (or even entire cities), where the deterioration of economic, social and physical conditions scares both people and investments away, so creating a vicious circle of decay and depriving local authorities of precious fiscal resources with which to tackle the problem. They do so also at the level of individuals and households in the weakest sectors of society, who most often lack both the incentives and the opportunities to escape the trap in which they find themselves, such as access to services and good education.

The challenges faced by many of their cities has prompted several governments to act by setting up systems for the alleviation of social distress, the regeneration of decaying areas and the revitalisation of urban economies. In part, governmental action is motivated by considerations of solidarity and social justice. More often than not, however, intervention by public authorities is driven by their realisation that the health and well-functioning of urban areas are key conditions for the prosperity of their national economies, for the vitality of their societies, and for the quality of their democratic systems. Either way, urban policy is today a relevant piece of governmental action in many Western countries.

Urban policy has been an important part of the US federal welfare architecture for at least the past five decades. The urban question gained national prominence shortly after the end of WWII, when massive migration of lower class people (mostly African American) from the countryside and the 'white flight' towards suburbia favoured by the diffusion of cars and highways combined to deteriorate the conditions of inner cities throughout the country and especially in the industrial Midwest and Northeast. The deindustrialisation of the Rust Belt and the transition to a service economy progressively added to these demographic trends, causing the deepening of problems such as economic stagnation, urban unemployment, inequality, physical decay, crime and social exclusion. Mostly structured along racial lines, the crisis of American cities reached a peak in the mid-1960s, when it mixed with the struggle for civil rights to produce a sequence of riots throughout the country. This eventually brought Congress to approve Johnson's proposal to establish a Department of Housing and Urban Development (HUD) in 1965. Shortly after its creation, the new department started a series of activities for the regeneration of urban areas that exist, albeit in different forms, to this day.

Although with different timing and to a different extent, Europe has faced similar challenges in the past few decades. Starting in the 1970s traditional manufacturing productions have increasingly moved out of old industrial cities to relocate elsewhere. This process has been accelerated by successive rounds of EC/EU enlargement, most recently the 2004-07 one, which has led to a significant movement of capital and business from Western Europe to former communist countries. At the same time, Western European cities have been the destination of large numbers of migrants from Eastern Europe as well as North Africa. More recently, this influx of people has been accompanied by a growing suburbanisation of the middle classes, traditionally more attached to city centres than their American counterparts. As a result of all these trends, European cities have experienced symptoms of distress and decline very similar to the ones seen by American cities a few decades earlier. The social and economic decline of many cities, finally, has been exacerbated by the retrenchment of the traditional welfare state in most European countries.

The policy response to the difficulties of European cities has been uneven. Some countries where the problem was experienced earlier and more acutely, like the Netherlands, France and the UK, have introduced a number of urban regeneration initiatives over the years, with mixed results. Others, like Italy, Spain or Portugal, have done little or nothing to deal with the urban problem directly, choosing instead to rely on other forms of welfare intervention. Beginning in the early 1990s, however, the EU has tried to carve a role for itself in tackling, or alleviating, the problems of European cities. It has done so mostly through a number of programmes within the broader structures of its regional policy. Although always limited in their reach and budget, these programmes have represented an important case in policy expansion and innovation in the European Union.

Not surprisingly, the emergence and subsequent evolution of urban policy actions in the post-industrial West has brought about an increasing effort on the part of scholars to study this area of public policy, to understand the dynamics and mechanisms governing it, and to appraise its implications and chances of success. Equally unsurprising is that the state of this scholarship on the two sides of the Atlantic reflects quite closely the policy situation just summarised. In the United States, the problems of cities and the solutions deployed by the various levels of government have been the subject of a vast intellectual production across practically all the social sciences. The study of urban political and policy issues, in particular, has motivated the establishment of university departments, research centres and specialised journals. Finally, scholarly networks and professional organisations have been created around the topic of urban studies. On the European side, a comparable level of scholarly activity exists in the countries more traditionally committed to urban policy, the United Kingdom in the first place. In other countries urban studies remains an underdeveloped field of political research. As for the EU, in recent years a small but interesting literature has emerged to analyse the features, challenges and trends of EU urban policy, thanks to the work of a number of urbanists and social scientists such as Michael Parkinson, Rob Atkinson and Susanne Frank among others.

Apart from a handful of purely empirical and usually superficial comparative policy reports, however, urban policy has been left out of the burgeoning EU-US literature.[21] To some extent, this is understandable, given the considerable differences between the two cases in terms of the history and stage of development of their urban policies. Seen in a different way, however, these asymmetries provide a unique opportunity to study a case still in the process of developing against one about which there is a wealth of historical information, and hence to reach conclusion which are relevant for political science as well as policy. More generally, a systematic comparative analysis of urban policy in the EU and in the US could highlight and explain aspects of the two cases which are not necessarily, or not entirely, evident when seen in isolation, and which could perhaps even improve our understanding of the working of multi-level polities in this policy area. It is exactly this sort of comparative analysis that I want to present here.

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[21] See for instance Marie-Hélène Bacqué et al., "Survol de quelques politiques de revitalisation urbaine," (INRS-Urbanisation, Culture et Société, March 2003) and Federation of Canadian Municipalities, "Early Warning: Will Canadian Cities Compete? A Comparative Overview of Municipal Government in Canada, the United States and Europe," (May 2001).

The European Union's biggest and most significant urban policy experience to date has been the so-called URBAN Community Initiative. Started in 1994 and administered by the Directorate General for Regional Policy (DG Regio), URBAN was a grant scheme distributing money on a competitive basis for the funding of integrated neighbourhood revitalisation programmes composed of economic, social and physical improvement projects. Partnerships between different levels of government and between public and private actors were key ingredients of URBAN, and so was the participation of citizens in the planning of the sponsored programmes. Beyond their immediate regeneration goals, the programmes funded by URBAN were also meant to serve as examples of innovative ways to promote urban development in the member states.

URBAN was initially designed for 50 cities, but it eventually funded projects in 118 cities between 1994 and 1999. The EU invested 600 million ECUs (1994 prices), which leveraged an additional 1.2 billion ECUs from national, regional and local governments and private contributors. A second round of the programme, URBAN 2, funded 70 new projects for the 2000-06 period, for a total investment of €1.58 billion, of which €728.3 million coming from the EU. By 2006 URBAN had supported integrated regeneration programmes in 165 cities, reached important regeneration goals and became the main pillar of what soon came to be known as the 'urban acquis' of the European Union, *i.e.* a set of principles for local governance and urban development promoted throughout the Union. Finally, URBAN had also inspired important spin-off initiatives in the field of urban policy, most notably URBACT, a programme for exchange of information and good practices among European cities.

Then URBAN disappeared: in the negotiations for the 2007-13 financial framework the European Commission, the Council and the European Parliament agreed on cancelling URBAN as a special scheme and on the ‘mainstreaming’ of the initiative in the main cohesion policy fund, the ERDF. This basically ended, after 12 years, the EU’s first experiment with an autonomous urban policy. Why did this happen? Why, in other words, did the EU institutions decide to end its only urban policy instrument, especially when it had proved to be a fairly successful initiative—particularly considering its small resources?

Comparing the EU’s experience with the US’ early urban policy history reveals a number of striking similarities and some equally interesting differences that can help us make sense of these questions. In the beginning of 1967 the recently established US Department of Housing and Urban Development (HUD) launched Model Cities, a programme for city regeneration meant to respond to the urban crisis of those years. Model Cities was a demonstration programme that allocated grants competitively to finance neighbourhood-based and integrated regeneration projects. The formulation and implementation of these projects rested on the ideas of citizens’ participation, multi-level cooperation and public-private partnership. Initially designed for a handful of projects, Model Cities eventually expanded to 150 cities—a significant increase in relative terms which, however, did not alter the overall nature of the programme as a small and targeted one. In 1974 Model Cities was terminated by the Nixon Administration, which decided to consolidate this grant scheme, together with a number of other so-called categorical grant programmes, in the new Community Development Block Grant (CDBG), a formula-based scheme for the support of urban development initiatives that exists to this day.

The two vignettes just presented raises an interesting puzzle: after structuring their early urban policies along virtually the same lines three decades and an ocean apart, and implementing equally short-lived programmes, the US and the EU followed paths which could hardly be more different, with the former creating a policy instrument—the CDBG—that has 'stuck' for almost forty years, while the latter did away with any distinctive and autonomous urban policy action with the absorption of URBAN into the mainstream structural funds. What explains these policy trajectories?

Answering this question would go a long way towards elucidating the dynamics behind the creation, transformations and sustainability of the urban policy of these two federal systems, and could perhaps contribute to the knowledge of multi-level systems beyond these two cases. In the next section, I advance an argument for the solution of my empirical puzzle inspired by the historical institutionalist paradigm.

A historical institutionalist explanation

An overview of historical institutionalism

One of the most important schools of thought in comparative politics, historical institutionalism (HI) acquired its current name only in the early 1990s, although its principal tenets had been expressed in a large number of analyses of politics. Perhaps the closest and main predecessor of HI was the movement to 'bring the state back in' the study of politics started in the 1980s by scholars such as Theda Skocpol, Peter Evans, Eric Nordlinger, Ira Katznelson and Stephen Krasner as a reaction to the neglect of the role of formal institutional structures by the then dominant pluralist and Marxist approaches.[22] In a recent introduction to this research programme, however,

[22] The most representative piece of work in this movement is the volume edited by Evans and colleagues, who coined the expression that later became the main slogan of the statist literature. See Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol, eds., *Bringing the State Back in*, (Cambridge: Cambridge University Press, 1985). Other foundational work is in Stephen D. Krasner,

Sven Steinmo goes much further, tracing the roots of contemporary institutional theory as far back as classics like Hobbes, Locke, Madison, and even Plato and Aristotle.[23]

HI's central idea is simple: institutions matter for the explanation of politics. Defined as the formal and informal rules structuring and ordering interactions in a political system, institutions influence political behaviour through two main channels: in the first place, they constitute strategic settings that shape the preferences of what are seen as rule-following political agents by defining feasible, desirable, or just 'normal' courses of action.[24] In the second place, institutions generate political actors (state actors such as executives, parliaments, bureaucracies, etc.) whose identity and preferences are distinct from societal ones such as classes, ethnic groups, and so on, and who in turn operate in rule-dense environments.[25]

Focusing on institutions means focusing on history: institutional systems result from the layering of past events and decisions which influence present politics in ways not always efficient in cost-benefit terms nor, for that matter, envisaged originally.[26] In this path dependent view of causation issues of timing and sequence

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Defending the National Interest: Raw Materials Investments and US Foreign Policy (Princeton, NJ: Princeton University Press, 1978); Theda Skocpol, *States and Social Revolutions: a Comparative Analysis of France, Russia, and China* (Cambridge: Cambridge University Press, 1979); Eric A. Nordlinger, *On the Autonomy of the Democratic State* (Cambridge, MA: Harvard University Press, 1981); and Joel S. Migdal, *Strong Societies and Weak States: State-Society Relations and State Capabilities in the Third World* (Princeton, NJ: Princeton University Press, 1988).

[23] Sven Steinmo, "Historical Institutionalism" in *Approaches and Methodologies in the Social Sciences: A Pluralist Perspective*, ed. D. Della Porta and M. Keating (Cambridge: Cambridge University Press, 2008).

[24] Kathleen Thelen and Sven Steinmo, "Historical Institutionalism in Comparative Politics" in *Structuring Politics: Historical Institutionalism in Comparative Analysis*, ed. S. Steinmo, K. Thelen, and F. Longstreth (Cambridge: Cambridge University Press, 1992); Kathleen Thelen, "Historical Institutionalism in Comparative Politics," *Annual Review of Political Science* 2 (1999): 369-404.

[25] Edwin Amenta, "Institutionalist and State-Centric Theories of Political Sociology" in *The Handbook of Political Sociology: States, Civil Societies, and Globalization*, ed. T. Janoski, et al. (Cambridge: Cambridge University Press, 2005).

[26] Colin Hay and Daniel Wincott, "Structure, Agency and Historical Institutionalism," *Political Studies* 46, no. 5 (1998): 951-57; Paul Pierson and Theda Skocpol, "Historical Institutionalism in Contemporary Political Science" in *Political Science: The State of the Discipline*, ed. I. Katznelson and H.V. Milner (New York: W. W. Norton, 2002); G. John Ikenberry, "History's Heavy Hand: Institutions

are crucial for understanding political outcomes, and so is the analysis of those critical historical junctures when institutions change and new ‘developmental pathways’ are established.[27]

Methodologically, HI scholars privilege small-n comparisons or single case studies with a macro focus. This allows them to concentrate on entire institutional configurations rather than isolated settings, to trace temporal processes and, finally, to strike a balance between formulating generalisable arguments and conducting historically grounded and contextualised analyses.[28] Finally, historical institutionalist explanations often espouse an eclectic rather than dogmatic view of causation, where other types of variables (primarily material and/or ideational) are added to institutions for a full comprehension of political phenomena. Understanding the interplay of different causal factors is, therefore, an additional objective of this research programme.[29]

An important recent development in HI scholarship is the attempt to integrate institutional analysis with the study of ideational factors in order to obviate some of the problems inherent in ‘traditional’ HI, most notably its limited ability to explain institutional formation and change.[30] Initially applied to specific empirical

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and the Politics of the State" (paper presented at the conference 'New Perspectives on Institutions', University of Maryland, October 1994).

[27] See Hay and Wincott, "Structure, Agency and Historical Institutionalism"; Thelen, "Historical Institutionalism in Comparative Politics"; Pierson and Skocpol, "Historical Institutionalism in Contemporary Political Science"; Ikenberry, "History's Heavy Hand"; Paul Pierson, *Politics in Time: History, Institutions, and Social Analysis* (Princeton, NJ: Princeton University Press, 2004).

[28] Thelen and Steinmo, "Historical Institutionalism in Comparative Politics"; Pierson and Skocpol, "Historical Institutionalism in Contemporary Political Science"; Ikenberry, "History's Heavy Hand".

[29] Thelen and Steinmo, "Historical Institutionalism in Comparative Politics"; Ikenberry, "History's Heavy Hand"; Peter A. Hall and Rosemary C. R. Taylor, "Political Science and the Three New Institutionalisms," *Political Studies* 44, no. 5 (1996): 936-57.

[30] The explanation of institutional change, in particular, is a longstanding problem which several HI scholars have tried to solve from within the paradigm. However, on the whole these efforts have been more successful in describing and categorising institutional change than in explaining it. See especially Wolfgang Streeck and Kathleen A. Thelen, eds., *Beyond Continuity: Institutional Change in Advanced Political Economies*, (Oxford: Oxford University Press, 2005) and James Mahoney and Kathleen A. Thelen, eds., *Explaining Institutional Change: Ambiguity, Agency, and Power*, (Cambridge: Cambridge University Press, 2010).

questions,[31] lately these eclectic approaches have become more theoretical and explicit. Probably the most advanced attempt in this trend is Vivien Schmidt's 'discursive institutionalism' (DI), a conceptual framework combining the institutional focus on constraints and continuity with the analysis of ideas and discourse, with the ultimate aim to provide a richer and more dynamic view of politics, in which the structure provided by institutions and the agency motivated by ideas interact and influence one another, rather than being mutually exclusive.[32]

Schmidt's DI is at the same time an elaborate and comprehensive framework—as she puts it, an 'umbrella concept' that covers the study of many different political phenomena.[33] The area in which it so far has sparked more controversy is—perhaps unsurprisingly—the analysis of institutional change.[34] Here I want to apply it to the less controversial but equally important area of institutional formation. More precisely, three key notions of DI are useful for my purposes: one is the distinction between different categories of ideas, *i.e.* philosophical, programmatic and policy ones. These categories correspond to the different levels of abstraction at which the social constructions embodied by (normative and cognitive) ideas operate

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[31] See for example Kathleen R. McNamara, *The Currency of Ideas: Monetary Politics in the European Union* (Cambridge: Cambridge University Press, 1998); Mark Blyth, *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century* (Cambridge: Cambridge University Press, 2002) and Robert C. Lieberman, "Ideas, Institutions, and Political Order: Explaining Political Change," *American Political Science Review* 96, no. 4 (2002): 697-712.

[32] See for all Vivien A. Schmidt, "Discursive Institutionalism: The Explanatory Power of Ideas and Discourse," *Annual Review of Political Science* 11 (2008): 303-26; Schmidt, "Taking Ideas and Discourse Seriously: Explaining Change through Discursive Institutionalism as the Fourth New 'Institutionalism'," *European Political Science Review* 2, no. 1 (2010): 1-25; Schmidt, "Analyzing Ideas and Tracing Discursive Interactions in Institutional Change: From Historical Institutionalism to Discursive Institutionalism". Open Forum - CES Papers, January 2011 and Vivien A. Schmidt and Claudio M. Radaelli, "Policy Change and Discourse in Europe: Conceptual and Methodological Issues," *West European Politics* 27, no. 2 (2004): 183-210.

[33] Vivien A. Schmidt, "Speaking of Change: Why Discourse Is Key to the Dynamics of Policy Transformation," *Critical Policy Studies* 5, no. 2 (2011): 106-26.

[34] In particular see the recent exchange between Schmidt and Stephen Bell in Stephen Bell, "Do We Really Need a New Constructivist Institutionalism to Explain Institutional Change?," *British Journal of Political Science* 41, no. 4 (2011): 883-906; Vivien A. Schmidt, "A Curious Constructivism: A Response to Professor Bell," *British Journal of Political Science* FirstView (2012): 1-9; and Bell, "Where Are the Institutions? The Limits of Vivien Schmidt's Constructivism," *British Journal of Political Science* FirstView (2012): 1-6.

in affecting institutional outcomes: ideas as worldviews, political agendas or specific problem-solving measures.[35]

The 'transmission belt' between ideas and institutional outcomes is discourse, which includes the ideational content itself plus the process of transmitting it from ideational agents to relevant political actors. For Schmidt discursive interactions take place in two realms: the 'coordinative' one among policy-makers and the 'communicative' one between the political and societal level. However—and this is the final key notion—regardless of the discursive realm and the type of idea, ideas and discourse can never be analysed in a vacuum even when they are creating new institutions, but must instead be studied in their interactions with the political and especially institutional context in which they occur. Depending on this context, the same ideas can have very different end results.[36]

In what follows I hence adopt an approach that is halfway between traditional HI and its more recent amendments. The core part of my argument relies on an 'orthodox' view of institutions as taking precedence over agency in structuring politics and influencing outcomes. In those parts of the argument dealing with institutional creation, in which the constraints of institutions are by definition weaker, I will turn to the more eclectic and dynamic framework offered by DI.

The argument summarised

It is my contention that the evolution of urban policy in the US and in the EU can be interpreted essentially as a question of realised and missed critical junctures, and of crystallisation—or lack thereof—of certain political configurations.[37] More precisely,

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[35] Schmidt, "Discursive Institutionalism"; "Taking Ideas and Discourse Seriously".
[36] Ibid..
[37] As Capoccia and Kelemen note, a juncture is 'critical' based on the *possibility* of change, even though change might not actually materialise eventually. Giovanni Capoccia and R. Daniel Kelemen,

here I adopt a model in which junctures occur at two levels, the *politico-constitutional* and the *policy*. The former refers to the inclusion of urban policy as one of the missions of the federal polity. This is often reflected in the establishment of a politico-administrative body (commonly a ministry or equivalent) devoted to the task and hence embodying what one can call a 'city welfare' state—a state fostering the well-being of cities. The latter concerns the specific instruments formulated for the implementation of city welfare measures.[38] In principle, the policy level need not be subordinated to the politico-constitutional one: institutional crystallisation could happen in the instruments used to foster city welfare even in the absence of a clear federal competence in this area. In practice, however, events at the politico-constitutional level or the urban field proved crucial for the chances of institutionalisation of the urban policy measures deployed by the US and the EU, and ultimately for the fate of urban policy in these two political systems.

With the creation of HUD in 1965 by the Johnson Administration, the US added to its federal architecture a cabinet level agency and a bureaucracy devoted solely, as its name suggested, to issues of housing and urban development. The new department represented an unprecedented commitment on the part of the federal government to take care of its cities in a systematic fashion and at the highest possible institutional level. Put differently, the creation of HUD marked a politico-constitutional critical juncture and the creation of an American city welfare state. To the 'whether' of urban policy, HUD added the 'how' in 1967 by introducing Model Cities as the first significant initiative of the new era of US urban policy.

The European Union had a similar opportunity to embed urban policy in its

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"The Study of Critical Junctures: Theory, Narrative, and Counterfactuals in Historical Institutionalism," *World Politics* 59, no. 3 (2007): 341-69.

[38] On policy instruments as institutions see Pierre Lascoumes and Patrick Le Galès, "Understanding Public Policy through Its Instruments—from the Nature of Instruments to the Sociology of Public Policy Instrumentation," *Governance* 20, no. 1 (2007): 1-21.

politico-constitutional system during the Maastricht negotiations of the early 1990s, when the Commission proposed introducing the goal of countering urban decline in the wording of the new treaty. The Commission's proposal aimed to consolidate the experience and achievements of a number of pilot projects for urban regeneration run in the previous few years. Preoccupied with negotiations for monetary integration and mostly sceptical about the idea of a common urban policy, the member states eventually rejected the proposal. Missing this juncture, however, did not prevent the Commission from intervening further in the area of urban policy: using the tool of the Community Initiatives (CIs), in 1994 DG Regio introduced URBAN, a regeneration programme which, as shown, shared many of the traits of its older counterpart in the US.

The many similarities between Model Cities and URBAN—competitive allocation, neighbourhood targeting, co-financing, public-private partnership, integrated approach, and so on—resulted from the convergence of three factors in action in both multi-level polities. The first was a favourable political climate, in the form of political actors interested—on the basis of programmatic ideas and/or for electoral reasons—in some kind of policy intervention for the welfare of cities, with particular attention to the social side of the urban challenge, which thus far had been the most neglected. In the US, this climate was represented by President Lyndon Johnson with his ambitious welfare agenda, and by a supportive Congress. In the EU, the climate was provided by a combination of urban policy supporters in key positions within DG Regio, a Commission leadership—most notably President Delors and Regional Policy Commissioner Bruce Millan—who looked favourably to an increased EU activism on this front and, finally, a supportive European Parliament.

The favourable political climate provided the background against which the remaining two factors shaped the early urban initiatives of the US and the EU. One was the role of ideas on urban regeneration and, more generally, on the conception of the city, promoted in both polities by expert groups recruited largely from outside existing bureaucracies with the task of defining central intervention in cities. In both cases, these expert groups advocated a new idea of urban policy, which should be place- rather than sector-based, and most importantly should be multi-faceted and integrated, tackling all the aspects of urban decline: economic, physical, infrastructural and social. In the US, these policy ideas were being pioneered by the creators of Model Cities. In the European context three decades later, experts played a crucial role in activating ideas on integrated urban development which had already been applied in several national contexts—the UK in the first place—a the level of the Union.

The other factor was the institutional context in which the policy ideas were being promoted, and more precisely centre-periphery relations: in both cases central political actors found themselves promoting these new urban policy principles among peripheral actors (mainly cities) who were in large part unwilling or unable to implement them. Both HUD and DG Regio responded to this situation by acting prescriptively, through conditionality clauses, targeting—both within cities and in terms of cities involved—and competition. By doing so, the federal agencies aimed to ensure consistency between central policy and its implementation, maximise the local impact of the grants and, finally, educate peripheral actors by showing the way for future interventions, whether centrally or locally-funded.

The elements that made the Model Cities and URBAN similar made them also unstable programmes. Concentration, competition, targeting and prescriptiveness militated against the formation of a constituency wide and strong enough to protect them against the attacks of the opponents of that sort of urban policy. What is more, the characteristics of the two grant schemes had the effect of causing opposition even among many of their beneficiaries, who asked for federal intervention on more congenial terms. In other words, both Model Cities and URBAN were policy instruments unable to 'stick' due to their own features. As a result, both were attacked after a short period of time. In the US, this attack came mostly from the President Richard Nixon and his white, middle class and suburban constituency. In the EU, it came primarily from a coalition of unsatisfied cities and regions.

Here, however, trajectories diverged significantly. In the US, the existence of a city welfare state embodied by HUD meant that Nixon could attack the *shape* but not the *existence* of a federal urban policy. Nixon's most extreme plans for resource decentralisation were strongly opposed by HUD's leadership which, although sympathetic to the general programmatic agenda of New Federalism, was firmly committed to the idea of federally-promoted community development. The result of these different pressures was the CDBG, a diluted and decentralised grant scheme which could in many ways be seen as a 'Republicanised' version of Model Cities. Immediately, the 1974 reform set the new urban policy instrument on a path of increasing crystallisation and stickiness as the CDBG could do exactly what MC could not, namely generate a vast, homogeneously distributed and bipartisan coalition of stakeholders interested in the continuation of the programme. The creation of the CDBG can hence be seen as a policy level critical juncture that added a 'bottom' institutional anchor to the 'top' one represented by HUD, and locked in the US's main tool of federal urban policy to this day.

In the European Union, conversely, the urban policy activism of the late 1980s and early 1990s and the ideas that characterised it, had left no institutional legacy at the politico-constitutional level—no federal city welfare state, in other words. With the protagonists of EU urban policy gone or marginalised, DG Regio became substantially agnostic as to the fate of URBAN during the negotiations for the 2007-13 financial framework. Faced with the opposition of regions, states and big cities to the continuation or even expansion of the programme, the DG was left with no choice but to turn to the mainstream funds for support of urban development measures. However, fears of a conflict with the regions and member states, who had traditionally dominated programming and implementation of cohesion policy, and the DG's own traditional views and alliances with regional actors, led the Commission to propose very weak and ineffective safeguards for urban actions in the new regulations. What resulted was the end of a role for the Commission in cities and the disappearance of any significant and distinctive EU-wide urban policy.

A digression on the state

The argument presented above interprets the United States and the European Union in state-like terms. It does so from an 'output' point of view—seeing the centres of the two federal systems as structures able to produce and deliver public goods—and from an 'input' point of view, positing central actors as acting according to preferences that either reflect the self-preservation of their institutions or come from some conception of the general interest, but that in any case are distinct from societal preferences. This is a point that deserves further discussion as both the US and the EU have traditionally had a problematic relationship with the concept of the state.

The view of the United States as a 'stateless' society, or at best a society with an extremely weak state, has traditionally been at the centre of the discourse of American exceptionalism. This discourse probably reached its zenith during the two or so decades after WWII, during which the state was all but deleted from American political thought.[39] Typical was the characterisation of the US as a 'Tudor' polity, still carrying most of the marks of its medieval English heritage, such as the lack of a strong and independent political centre and the pre-eminence of local authorities in its system.[40] More generally, the US's statelessness was attributed to a wide number of features of its political system which set it apart from the typical European Weberian counterpart and made the American state invisible to the scholar and the layperson alike, in the first place its horizontal and vertical division of power, its strong localism, the *laissez faire* style of its political economy, the vibrancy and prominence of its civil society in social and political life and, finally, the lack of a monopolist of legitimate violence.[41]

From the early 1980s, in connection with the project to 'bring the state back in', a growing movement in the subfield of American political development (APD) began to question the dominant statelessness account.[42] More often than not, however, the analyses of these early APD scholars remained trapped in the categories of the Weberian model, compared to which the American state appeared as weak and 'anaemic', ironically confirming much of the account they wanted to attack.[43] Over

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[39] Desmond King and Marc Stears, "The Missing State in Postwar American Political Thought" in *The Unsustainable American State*, ed. L. Jacobs and D. King (Oxford: Oxford University Press, 2009).
[40] Samuel P. Huntington, *Political Order in Changing Societies* (New Haven, CT: Yale University Press, 1968).
[41] See Adam Sheingate, "Why Can't Americans See the State?," *The Forum* 7, no. 4 (2009): 1-14 and King and Stears, "The Missing State in Postwar American Political Thought." King and Stears, however, offer a more complex account of the genealogy of this statelessness account, which emerged, they argue, out of scholars' efforts to emphasise society over the state as a way to caution the American public about the potential threats to their liberal-democracy coming from the former rather than the latter.
[42] See for instance Stephen Skowronek, *Building a New American State: The Expansion of National Administrative Capacities, 1877-1920* (Cambridge: Cambridge University Press, 1982).
[43] Desmond King and Robert C. Lieberman, "American State Building: The Theoretical Challenge" in

the past three decades the literature on the American state has grown in size and sophistication, gaining prominence among Americanists in recent years. Central among the claims of this new scholarship is the need to abandon the continental European state as an absolute benchmark against which to assess American institutions, as well as the simplistic debates arising from that, most notably the one between weak and strong states.[44] In their place, these scholars put forward a whole reconceptualisation of the American state in the light of the peculiarities in its historical development and institutional setup. Read through these non-Weberian lenses, the American state will appear as a much more powerful player in political, social and economic life than commonly assumed, and able to perform typical functions of regulation, policy standardisation, public good provision as effectively as—and in some cases perhaps better than—its European counterparts.[45]

The stateness debate in the European Union is a much younger and less developed one, but it presents interesting parallels to the American one. The defeat of the European federalist agenda in early post-war Europe meant the abandonment of any utopian 'big bang' approach to continental unification and of the hope to create a United States of Europe from the ashes of the war.[46] Instead, the founders of the European project chose to proceed along the tracks of traditional diplomacy, adopting

The Unsustainable American State, ed. L. Jacobs and D. King (Oxford: Oxford University Press, 2009).

[44] Peter Baldwin, "Beyond Weak and Strong: Rethinking the State in Comparative Policy History," *Journal of Policy History* 17, no. 1 (2005): 12-33; King and Lieberman, "American State Building".

[45] Some of the most recent examples of this literature are Kimberley S. Johnson, *Governing the American State: Congress and the New Federalism, 1877-1929* (Princeton, NJ: Princeton University Press, 2007); Desmond King and Robert C. Lieberman, "Finding the American State: Transcending The "Statelessness" Account," *Polity* 40, no. 3 (2008): 368-78; William J. Novak, "The Myth of The "Weak" American State," *American Historical Review* 113, no. 3 (2008): 752-72; King and Lieberman, "American State Building", Desmond S. King and Robert C. Lieberman, "Ironies of State Building: A Comparative Perspective on the American State," *World Politics* 61, no. 3 (2009): 547-88; and Suzanne Mettler, *The Submerged State: How Invisible Government Policies Undermine American Democracy* (Chicago: University of Chicago Press, 2011).

[46] The classic text of postwar European federalism is the so-called Ventotene Manifesto, written by Italian antifascist activists Altiero Spinelli and Ernesto Rossi during the early 1940s. See Altiero Spinelli and Ernesto Rossi, *Il Manifesto di Ventotene* (Milan: Mondadori, 2006 (1944)).

treaties as their instrument and gradualism and sectoralism as their modes of integration. After more than sixty years of European integration, many an observer still questions whether the European Union is anything more than an intergovernmental organisation—a sophisticated one, granted, but still understandable through the concepts, categories and theories of international politics. Among the evidence these authors mention to make their case are the EU's lack of legal statehood, the low degree of integration in traditional state areas such as foreign policy and military affairs, the pre-eminence of member state governments in the Union's decision-making system and, finally, the small size of the EU's bureaucratic structures.[47]

But also those who reject this conservative approach in favour of a supranational reading of the Union shun, for the most part, the language of the state, preferring instead to describe the EU by means of alternative and often *ad hoc* labels such as 'multi-level governance',[48] 'supranational polity',[49] 'political system'[50] or even 'neo-medieval empire'.[51] Interestingly, even most of those who are comfortable with a federal interpretation of the European Union have been very careful to point out their adherence to an Elazarian notion of federalism, one which does not necessarily have to be expressed within the politico-institutional framework of the

[47] The intergovernmentalist camp in EU studies is large and theoretically diverse. The most fortunate version, however, is Andrew Moravcsik's liberal intergovernmentalism. See Andrew Moravcsik, "Preferences and Power in the European-Community - a Liberal Intergovernmentalist Approach," *Journal of Common Market Studies* 31, no. 4 (1993): 473-524 and *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht* (London: UCL Press, 1998).
[48] Markus Jachtenfuchs, "Theoretical Perspectives on European Governance," *European Law Journal* 1, no. 2 (1995): 115-33; Liesbet Hooghe and Gary Marks, "Unraveling the Central State, but How? Types of Multi-Level Governance," *American Political Science Review* 97, no. 2 (2003): 233-43.
[49] Wayne Sandholtz and Alec Stone Sweet, eds., *European Integration and Supranational Governance*, (Oxford: Oxford University Press, 1998).
[50] Hix, *The Political System of the European Union*.
[51] Jan Zielonka, *Europe as Empire: The Nature of the Enlarged European Union* (Oxford: Oxford University Press, 2006).

state.[52]

Yet it is hard to ignore how today the European Union possesses many attributes that are similar and close to, if not the same as, those of a state. Unlike any other regional organisation, the EU extends its action practically in all areas of public policy; it is the primary policy-maker in a number of fields traditionally considered the remit of nation-states, most notably monetary affairs; it produces legislation that prevails over that of member states and regulations that are directly applicable throughout Union territory; it is represented in a number of international organisations (such as the WTO); finally, it is developing a governmental structure along the lines of a democratic state, with an executive, a bicameral legislature, and a judiciary.

Accordingly, in the past couple of decades some scholars have chosen to use the concept and language of the state to capture the 'nature of the beast'. In what is now a classic analysis, Giandomenico Majone has described the EU as a 'regulatory state', one that specialises in rule-making rather than distribution or redistribution, and is primarily driven to expand its competences rather than its budgetary resources.[53] Shortly thereafter, Caporaso proposed to assess the EU against three ideal-types of state. To Majone's regulatory model and the traditional Westphalian state, he added the 'postmodern' state, one whose main characteristics are to be polycentric and polymorphous. A full comprehension of the European project, Caporaso argued, cannot be reduced to any one of these models but requires combining elements of all three.[54] Finally, and most recently, Schmidt has put

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[52] See for instance Sbragia, "The European Community: a Balancing Act"; Koslowski, "A Constructivist Approach to Understanding the European Union as a Federal Polity"; Börzel and Hosli, "Brussels between Bern and Berlin"; and Kalypso Nicolaidis, ""We, the Peoples of Europe..."," *Foreign Affairs* 83, no. 6 (2004): 97-110. Elazar's views on federalism are expressed mainly in Daniel J. Elazar, *Exploring Federalism* (Tuscaloosa, AL: University of Alabama Press, 1987).

[53] Giandomenico Majone, "The Rise of the Regulatory State in Europe," *West European Politics* 17, no. 3 (1994): 77-101.

[54] James A. Caporaso, "The European Union and Forms of State: Westphalian, Regulatory or Post-Modern?," *Journal of Common Market Studies* 34, no. 1 (1996): 29-52.

forward the idea of the EU as a 'regional state', one that is characterised by variable boundaries, composite identity and shared sovereignty among different levels of government.[55]

While I am clearly sympathetic to these 'statist' accounts of the US and the EU, I think that they have done too little and too much at the same time. They have done too little because they have developed mostly in an insular fashion, with scholars in both APD and EU studies hardly making any attempt to compare the two polities with one another or, for that matter, with other cases. At least partly, however, this is the result of APD and EU scholars doing too much in their conceptual and theoretical analyses. By proposing novel, non-Weberian versions of the state, they succeed in capturing all or some of the peculiarities of the two cases, but at the same time they often end up formulating state types with a range of applicability that does not go much farther than the borders of the polities themselves. EU scholars, with their many adjectives for their specific kind of state (regulatory, postmodern, regional) are particularly guilty of this. The end result of putting too much emphasis on the idiosyncrasies of the two cases may be to inhibit comparison, ultimately perpetuating the discourse and mentality of exceptionalism that these authors criticise in the first place.

These problems reflect an inherent tension in statist interpretations of the US and the EU between the aim to read the two polities through the lenses of a standard political concept such as the state and the need to avoid artificially flattening the two cases into a single form. At a closer look, this is just a variant of the more general

[55] Vivien A. Schmidt, "The European Union: Democratic Legitimacy in a Regional State?," *Journal of Common Market Studies* 42, no. 5 (2004): 975-97.

problem of concept formation and comparability.[56] Being a true dilemma, I do not pretend to solve this tension. Nor do I think that there is necessarily any gain in trying to pit two equally legitimate and fruitful approaches one against the other. However, what I propose to do with the study and the argument presented here is to redress the balance of the existing literature in favour of a 'normalised'—and hence conducive to comparison—view of the United States and the European Union as states.

The methods used, their virtues and their limits

The macro level: comparative historical analysis

To substantiate my argument, I conduct an empirical analysis divided in two parts. In the first part I adopt a polity-level approach and examine my two cases through what sociologists and political scientists call 'comparative historical analysis' (CHA). More precisely, I use the variant of CHA that Skocpol and Somers call 'macro-causal analysis.'[57] This method has three distinctive characteristics: the use of comparison for hypothesis testing (as opposed to theory-informed analysis or simple description); a focus on macro-level variables, processes and political dynamics; finally, an explicit attention to history, whereby variables and causal processes are observed as they appear, unfold and operate over time.[58]

In the next two chapters I present a parallel longitudinal analysis of the evolution of urban policy in the US and in the EU focusing, first, on the rise of urban policy in the two federal systems and the creation of their early regeneration initiatives, and then on the political attacks on these initiatives and on their different

[56] On this point see Sartori's classic analyses. Giovanni Sartori, "Concept Misformation in Comparative Politics," *American Political Science Review* 64, no. 4 (1970): 1033-53; "Comparing and Miscomparing," *Journal of Theoretical Politics* 3, no. 3 (1991): 243-57.
[57] Theda Skocpol and Margaret Somers, "The Uses of Comparative History in Macrosocial Inquiry," *Comparative studies in society and history* 22, no. 2 (1980): 174-97.
[58] Ibid..

outcomes. While I present my analysis in narrative form, I will use the empirical material to test the following four key propositions, into which my theoretical argument can be broken down:

1. The creation of Model Cities and URBAN was caused by a similar combination of factors—a favourable political climate, ideas about integrated urban regeneration, and the centre's distrust of peripheral actors—which produced policy resemblance between the two cases;

2. The characteristics of the two grant schemes made them prone and vulnerable to attack by hindering the creation of wide and motivated coalitions of beneficiaries in their defence;

3. The attacks on Model Cities and URBAN resulted in different outcomes because of the existence of a 'city welfare' state (embodied by HUD) in the US and the lack of such as state in the EU;

4. The characteristics of the CDBG had the effect of generating a wide coalition of stakeholders in its favour that has protected and 'locked in' the programme to this day.

The last three propositions are the most important in my argument because they most directly highlight the different effects of institutions and critical junctures at the two levels outlined in the model. Accordingly, I concentrate primarily on them, structuring my historical analysis as a 'most similar' comparison, in which two (or a small number of) similar cases that nonetheless differ in a political outcome of interest are compared to discover the causes of the divergent outcome.[59]

[59] Adam Przeworski and Henry Teune, *The Logic of Comparative Social Inquiry* (New York: Wiley-Interscience, 1970), pp. 32-34. The original version of this method is Mill's 'method of difference' in John Stuart Mill, *A System of Logic, Ratiocinative and Inductive* (London: John W. Parker, 1843).

The most straightforward part of my analysis is the one based on the third proposition. Here the comparison is mostly across the two cases: on one side, the United States, where HUD's defence of the principle and practice of city welfare diluted the attack on Model Cities and led to its replacement with its 'Republicanised' version, the CDBG. On the other side, the EU, where the lack of a city welfare state led to the disappearance of an autonomous urban policy with the demise of the URBAN Community Initiative.

The fourth and second propositions are each other's reverse and can hence be tested together. The test here will be synchronic and diachronic at the same time and be based on three points of observation: the EU with URBAN, the US with Model Cities and the US with the CDBG. In the first two cases, the urban programmes' characteristics invited and were vulnerable to political attacks. The structure of the CDBG, conversely, has made it dissuade and resist attacks for almost four decades.

The first proposition is the most problematic methodologically because of the lack of variation on the dependent variable in my two cases.[60] On the other hand, this part of the analysis could be regarded, at least loosely, as a 'most different' comparison, where cases with different sets of conditions, but displaying a similar outcome of interest, are compared to identify the common causes behind the outcome.[61] In addition, here as in the rest of my study I strengthen the purely correlational analysis with process tracing—on which I will say more below.

In this part of my empirical analysis I make large use of secondary sources. In the United States urban policy and its transformations are the subject of a wealth of published sources as well as 'grey literature' produced by a number of prominent research bodies, such as the Urban Institute or HUD's Office for Policy Development

[60] Gerring, *Social Science Methodology*, pp. 212-14.
[61] Przeworski and Teune, *The Logic of Comparative Social Inquiry*, pp. 34-39.

and Research. The latter type of sources is particularly useful for the analysis of the characteristics and effects of the CDBG. On the EU side, I base my analysis on a smaller, but very informative, published literature covering the evolution of common urban policy and reflecting the main debates in it, and on a considerable range of grey literature. Finally, for both cases I integrate the available secondary sources with many legal and official documents and elite interviews.

CHA has a number of important advantages. Concentrating on a small number of cases will give me the space to provide a rich empirical account of each of them. This is particularly valuable for the EU case where the secondary literature is still embryonic. More importantly for the argument testing functions of the comparison, greater depth means also greater precision in the analysis and measurement of the variables under exam, which in turn results from the sheer amount of time and energies spent on each case as well as the opportunity to triangulate different sources of information. This opportunity is particularly precious for those qualitative causal factors—such as the role of experts and central institutional actors—to which quickly measurable indicators are hard to apply.[62]

Perhaps more crucially, concentrating only on two cases will allow me to trace the causal processes and mechanisms that I posit in my argument. By establishing stricter criteria for hypothesis testing, whereby entire chains of variables (independent, intervening and dependent) are observed, process tracing not only strengthens the internal validity of the explanation compared with purely correlational analyses, but also mitigates some of the control problems that may arise from small-n

[62] On the issue of precision of measurement in qualitative studies see Alexander L. George and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences* (Cambridge, MA: MIT Press, 2005), pp. 220-22.

studies like this one.[63] Finally, tracing political processes through time is valuable as a way to analyse the emergence of the critical junctures and institutions at the centre of historical institutionalist arguments like the one I propose.[64]

The advantages of a small-n study come at some cost. The main problem, as mentioned, is that of control, which arises when the number of cases analysed is too small compared with that of the variables potentially disturbing the test. As explained above, process tracing solves, at least partly, this problem. In addition, it should be noted that the problem of control is reduced in the longitudinal part of my study—and more precisely the one testing the second and fourth proposition—where some of the observations are made within the same political system, hence with fewer confounding variables.[65]

Another potential weakness of my research design is low external validity: because I test my propositions on a small (and statistically irrelevant) number of cases, I have no way to assess whether and to what extent my theoretical argument is applicable to multi-level systems beyond the US and the EU. [66] This is probably the biggest drawback of my study but also one that is inherent in CHA and which cannot be eliminated without relinquishing all the advantages of this method. There are, moreover, a couple of elements that alleviate the problem in this work. One is the empirical relevance of my two cases: while the US and the EU are only two among many federal systems, they are very important cases by virtue of their position in world economic and political affairs. There is, therefore, some value added in studying these rather than other multi-level polities. A second 'redeeming' aspect of

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[63] Ibid., ch. 10 and John Gerring, *Case Study Research: Principles and Practices* (Cambridge: Cambridge University Press, 2007), pp. 178-84.
[64] On this point see Capoccia and Kelemen, "The Study of Critical Junctures".
[65] Gerring, *Social Science Methodology*, pp. 222-25.
[66] Gary King, Robert O. Keohane, and Sidney Verba, *Designing Social Inquiry: Scientific Inference in Qualitative Research* (Princeton, NJ: Princeton University Press, 1994), ch. 6.

the study is that mine being an original theoretical argument, it is more important at this stage to evaluate its internal validity (along its causal chains and in all its empirical implications) with an in-depth analysis, and test it on a larger number of cases in a further study.

The micro level: four cities

While crucial for testing my argument in its entirety, the comparative historical analysis just described cannot, by its nature, fully capture certain elements and dynamics that take place at the level of single cities and that are very important in my institutionalist account. These are, in the first place, the interests, preferences and reactions engendered by the implementation of federal regeneration initiatives among the relevant city-level actors, which in turn influence, taken in the aggregate, the chances of crystallisation and survival of the policy initiatives themselves. In the second part of my empirical analysis I integrate the macro-level study with an in-depth examination of four cities—two for each federal polity—in relation to the main or most recent federal urban policy initiative. For the United States, I will look at the experience of Arlington, VA and Baltimore, MD with the CDBG programme. The former is a small, tertiary-oriented city in the suburban ring of Washington, DC, while the latter is one of the main old industrial centres of the American Rust Belt with a long, and recently partly reversed, history of decline. On the EU side I will analyse the cases of Pescara, Italy and Bristol, UK. One is a small city in the central Italian region of Abruzzo which participated in the second round of URBAN. The other is a medium-sized city in South-West England—traditionally a port and a manufacturing centre, now mainly resting on the high tech and services sectors—which took part in both rounds of URBAN.

For each of the four city cases I will focus on two aspects. The first is the implementation of the respective urban policy programmes. The objective is to get a picture as detailed and deep as possible of how the urban policy instrument is or was translated and applied on the ground—in other words, to study federal action in the way it is manifest 'there and then.' To put it like Laura Jensen, 'if we are to understand them adequately, we can and must study governments and states empirically, *through the lens of actual governance* in specific locations at specific times in history.'[67] The second, and connected aspect, is the set of political consequences generated by the policy initiative at the local level, which are relevant for the institutional dynamics described in my argument: what actors does the policy initiative empower? What preferences does it engender? To what coalitions does it give rise?

This part of my empirical study is most directly connected with the second (for the two URBAN cities) and fourth (for the CDBG cases) proposition listed above, and is intended to add depth to the polity-wide analysis by presenting a 'thick description' of federal action in each of the four cities—whereby the 'raw' information about urban policy implementation is read in a conceptually and theoretically meaningful light[68]—and, above all, a 'microscopic process analysis', which examines as closely as possible those parts of the CDBG and URBAN's policy level institutional mechanisms that occur(red) within the participating cities.

Why four cases, and why these? Given the high level of empirical accuracy entailed by the 'process analysis' function of these city studies, only a limited number of cases can be examined satisfactorily within the space of this thesis. At the same

[67] Laura Jensen, "Government, the State, and Governance," *Polity* 40, no. 3 (2008): 379-85, p. 382. (Emphasis in the original).
[68] On thick description see Clifford Geertz, *The Interpretation of Cultures: Selected Essays* (New York: Basic Books, 1975), ch. 1.

time, since cities are studied mainly to highlight certain local dynamics engendered by the CDBG and URBAN *throughout* their respective territories, it is necessary to look at more than one case per polity so as to distinguish, for each city, between idosyncratic and general aspects. Analysing two cities per polity achieves a fairly good balance between these two opposing methodological needs.

The way I propose to structure the city studies—namely using them as part of a broader process tracing exercise that refers to the CDBG and URBAN in their entirety—implies that, within each of the two polities I will examine a pair of cases presenting no variation on the explanatory variables (the formal features of the policy instrument) and the expected outcomes (dynamics of policy crystallisation or instability). In these conditions, the best way to maximise the usefulness and reliability of my study is to select pairs of 'most different' cases, *i.e.* cities with divergent values on other variables that might affect the stability, or lack thereof, of the policy instrument in question. Such a setting increases the likelihood that if similar outcomes are observed across cities, these are produced by the variable kept constant, namely policy structure.[69]

The large number and variety of CDBG entitlement communities facilitated the selection of the two US cases. Given this 'case abundance' I made practical considerations in addition to the methodological ones just described and selected Arlington and Baltimore, two cities that could hardly be more different from the social, economic, institutional and historical standpoint but which share the proximity to Washington, DC. Selecting European cases, conversely, presented more problems due to the smaller number of URBAN grantees, lower variation on some important dimensions such as the amount of funds received, primary source scarcity and, finally,

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[69] Przeworski and Teune, *The Logic of Comparative Social Inquiry*, pp. 34-39; King, Keohane, and Verba, *Designing Social Inquiry*, pp.128-41.

my own language limitations. Within these constraints, however, I eventually managed to select two cases, Bristol and Pescara, which display at least as much variation as the US pair—with additional differences in national jurisdiction and urban policy tradition—and for which enough data and information was available to conduct a comprehensive study. Below is a table comparing the four cities on a few key dimensions.

Table 1: The four city cases – selected characteristics

	CDBG		URBAN	
	Arlington	**Baltimore**	**Bristol**	**Pescara**
Yearly federal grant amount (Appr. $)	2 million	21 million	1.5 million	1 million
Area (km^2)	66.5	238.4	110	33.6
Population	211,700	620,961	441,300	123,088
Minorities/non-white population	35.5%	67.9%	5.2%	5.4%
Per capita income ($)	78,086	22,911	42,291	16,269
Unemployment rate	4%	10%	7%	10%
Government	Elected board appoints county manager	Elected council and mayor	Elected council appoints council leader	Elected council and mayor

I selected my cases also with an eye to the possibility of making significant comparisons across the two polities. The best way to do this would be to select 'most similar' cases: US-EU pairs of cities that share as many relevant traits as possible so as to isolate the different dynamics produced by the CDBG and URBAN.[70] Having prioritised the 'most different' part of the study, and facing the constraints I have described above, I was not able to make such perfect cross-polity pairings. However, if the method is interpreted more flexibly, useful comparisons can still be made by switching pairs around. So, pairing Arlington/Pescara and Baltimore/Bristol controls for the cities' population, area and historical trajectory (younger and rapidly grown cities vs. restructured trading and industrial centres), while the comparisons Arlington/Bristol and Baltimore/Pescara control for government model, income and

[70] Przeworski and Teune, *The Logic of Comparative Social Inquiry*, pp. 32-34.

unemployment rate. In the thesis I keep these comparisons mostly implicit for reasons of space and because the within-polity analysis has priority in this part of the study. However, the material presented in the city chapters certainly lends itself to being read in a cross-polity fashion, thus adding further strength to my empirical test.

This part of my study is the most empirically original and hence the one for which the smallest number of secondary (published and unpublished) sources are available. For all the four cases I use secondary literature mostly for background information on the historical development of the cities and on the type of economic, social and physical problems faced by them. In a few cases I supplement these sources with material from local archives and with grey literature such as think tank reports. The most substantive parts on the local implementation of federal urban programmes are based mainly on primary sources, and more precisely a wide range of legal documents describing local goals, decision-making and implementation rules for the urban programmes examined, and a number of elite interviews with local legislators, administrators, experts and non-profit representatives. As will be explained below, these interviews are a precious source of firsthand information on how the central state operates in the urban policy area, on the limits and strengths of the programmes examined and, above all, on the political dynamics between the various actors involved.

A note on primary sources

A significant part of my empirical study relies on the use of primary sources. Of these, three are particularly important and deserve further comments: elite interviews, legal and official documents and archival documents.

Interviews

Interviews with urban policy practitioners and experts are the single most important primary source in this thesis. For the most part, my interviews focused on the CDBG and URBAN (as opposed to Model Cities) and had a threefold function in my research: in the first place, I used interviews for gauging the ideas, perceptions and preferences of those among my respondents who have or had a direct involvement in the two policy initiatives. Interviews were most precious whenever these variables were difficult to measure with other means, or had not been measured before. Prominent examples are DG Regio officials' views on the role of urban policy in the overall mission of their directorate, or the opinions and preferences of local administrative and civil society actors vis-à-vis the implementation of the CDBG and URBAN in the four cities analysed. In other cases—a minority—where alternative sources and modes of measurement existed, I used my interviews also to triangulate this additional evidence.[71]

In the second place, I used interviews to obtain information about the working and evolution of the urban policy initiatives examined here. The firsthand accounts I gathered from my respondents were crucial for several aspects of my empirical research, such as exploring the mechanisms governing the CDBG and the nation-wide incentives and effects this grant creates, understanding the working of URBAN and tracing the political process that led to its mainstreaming and, finally, getting a full picture of the local dynamics of crystallisation and instability generated by the CDBG and URBAN respectively.[72]

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[71] On interviews as instruments of direct variable measurement see Philip H.J. Davies, "Spies as Informants: Triangulation and the Interpretation of Elite Interview Data in the Study of the Intelligence and Security Services," *Politics* 21, no. 1 (2001): 73-80.
[72] This function of elite interviews is discussed in Anthony Seldon and Joanna Pappworth, *By Word of Mouth: Elite Oral History* (London: Methuen & Co., 1983), ch. 3 and Oisin Tansey, "Process Tracing

Third, and finally, my interactions with practitioners and other experts were an occasion to learn about new and additional sources of information (primarily official documents and other individuals) that I ignored at the beginning of the project.

In the initial stages of my selection of interviewees I followed a positional criterion: for each of my units of analysis (the US, the EU and the four cities) I identified a few people in current or past key positions (usually administrative ones) in the policy in question.[73] From that point on, I proceeded primarily through 'snowballing', asking each of my interviewees to indicate additional respondents, whom I later contacted.[74] By the end of my fieldwork I had interviewed 65 people, 49 in the US and 16 in Europe. The difference in numbers is due, for the most part, to the smaller size and shorter duration of URBAN, which is reflected in the fewer people involved in this policy initiative compared to the CDBG. In addition, US respondents proved somewhat more accessible than European ones. On the whole, however, I was able to gather a big enough number of interviews to avoid biases and incompleteness on either side of my study.[75] The only exceptions might be the Bristol and Pescara case, for which I only conducted three and two interviews respectively. However, the high degree of consistency between interviews and the availability of additional evidence (mainly reports and legal documents) with which to validate my respondents' answers make me confident as to the reliability of the information collected.

and Elite Interviewing: A Case for Non-Probability Sampling," *PS: Political Science and Politics* 40, no. 4 (2007): 765-72.

[73] Tansey, "Process Tracing and Elite Interviewing".

[74] On interview snowballing see Patrick Biernacki and Dan Waldorf, "Snowball Sampling," *Sociological methods and research* 10, no. 2 (1981): 141-63 and Tansey, "Process Tracing and Elite Interviewing."

[75] On the issue of reliability in elite interviewing see Anthony Seldon and Joanna Pappworth, *By Word of Mouth*, ch. 2, Jeffrey M Berry, "Validity and Reliability Issues in Elite Interviewing," *PS: Political Science and Politics* 35, no. 04 (2002): 679-82 and George and Bennett, *Case Studies and Theory Development in the Social Sciences*, ch. 5.

All my interviews were semi-structured: apart from a small number of standard questions (which varied in part across units of analysis) I left my respondents free to expand in the directions they deemed appropriate, calibrating my subsequent questions accordingly. Interviews lasted usually between 45 and 60 minutes, and in almost all cases were conducted in person, recorded and transcribed verbatim. All interview citations in the thesis have been authorised. In the very few cases in which authorisation was denied, respondents appear as 'anonymous', usually with information as to position and date, place and mode of interview removed to eliminate identifiability. A complete list of interviewees is included in the bibliography.

Legal and official documents

As with elite interviews, I used legal and official documents mainly (though not only) in the analysis of the CDBG and URBAN. The specific source types used varied with the unit of analysis. For the federal level I used primarily legislative documents, (mainly acts and bills for the US, and regulations for the EU), administrative documents (HUD regulations, DG Regio guidelines, and the like), policy documents (for instance Commission green papers), and official studies and reports. In most cases these documents helped me put together an accurate picture of the structure and provisions of the policy initiatives under exam—a fundamental step in an institutionalist study like this one. In some cases, however, I used these sources also for other purposes, such as identifying the preferences of the institutional actors analysed.

At the city level I used implementation documents (such as CDBG consolidated and action plans and URBAN programme complements), programme reports (primarily CDBG annual reports and URBAN final reports) and a number of more general sources documenting the policies or the socioeconomic conditions of the four cities (city budgets, official studies and reports, etc.). Generally speaking, I used these documents to detail the local implementation of the CDBG and URBAN in all its aspects but also, in some cases, as sources of evidence to support some of my city-level institutional claims. Two cases in point are the comparison of CDBG action plans from various years to show the stability of sub-granting patterns, and the analysis of URBAN reports to identify the problems encountered by city administrations in managing this programme.

On the whole, I did not encounter problems of accessibility with this type of source. I was able to access most of the documents I needed either from institutional websites or from a number of libraries (primarily the HUD and DG Regio libraries, the Arlington Public Library and the Enoch Pratt Library in Baltimore). In some instances, my interviewees provided me with documentation. In the isolated cases in which I was unable to find relevant documents—a problem that I encountered mostly for Bristol—I managed to obtain the needed information elsewhere, such as through interviews, in related official documents or in secondary sources.

Archival sources

Archival sources play a less extensive but not less important role in this study. Of the various documents I was able to access[76] by far the most relevant for my work—and the most represented in my bibliography—were a number of pieces of correspondence and HUD internal memoranda included in the files of Richard Van Dusen and Floyd Hyde (respectively HUD Under Secretary and Assistant Secretary for Model Cities in

[76] Over the course of my fieldwork I visited the US National Archives at College Park, MD, and Washington, DC, the European Commission Historical Archives in Brussels, the Arlington County Archives, the Virginia Room of the Arlington Public Library and the Maryland Department of the Enoch Pratt Library, Baltimore. In addition, I had remote access to some document collections from the Archives of the Council of the European Union.

the first Nixon Administration) held at the US National Archives at College Park, MD. These documents allowed me to reconstruct the various steps in the transition from Model Cities to the CDBG with greater detail than found in the existing secondary literature on Nixon's urban policy. Above all, archival sources enabled me to trace the role that the HUD leadership and its ideas of what I call 'city welfare' played in this transition—an aspect virtually ignored by the existing literature.

On the European side, my access to relevant documents for the period under exam was minimal due to the 30-year classification rule of EU institutions. One notable exception was a collection of unclassified documents related to the Maastricht Treaty negotiations, which I was able to access remotely through the Council Archives services. Among these I found one of the Commission memoranda advocating the insertion of an urban policy provision in the new treaty, which I have used to document what I describe as the EU's 1991 'missed critical juncture'.

The way ahead

The rest of the thesis is structured as follows: the first part, composed of Chapters Two and Three, presents the macro-historical comparison of federal urban policy in the US and in the EU. Chapter Two covers the origins and creation of the two early urban policy regimes—Model Cities and URBAN—while Chapter Three analyses the political attacks on these initiatives and the different results they produced in the two polities. The second part contains the study of the two American cities: in Chapters Four and Five I present an in-depth examination of the CDBG in Arlington County and Baltimore respectively, and build on this 'raw' data in Chapter Six to make a more systematic comparison of the two cases and highlight the local mechanisms of crystallisation generated by the CDBG. In the third part I propose an analogous study of the two European cities: in Chapters Seven and Eight I examine Bristol and Pescara's experience with the URBAN Community Initiative, while in Chapter Nine I focus on the differences and similarities between these two cases and on the main micro-level dynamics of instability created by URBAN. I conclude the thesis in Chapter Ten by summarising the study and my key findings, and reflecting on the latest urban policy developments in the US and in the EU in the light of my theory.

Chapter 2

THE GENESIS OF FEDERAL URBAN POLICY IN THE US AND IN THE EU: MODEL CITIES AND URBAN

Introduction

Economic transformations such as deindustrialisation and restructuring, and demographic phenomena like suburbanisation and migration flows posed serious challenges to American and European cities in the decades following WWII. Although unfolding with different speed and varying intensity on the two sides of the Atlantic, these forces nonetheless generated equally multifaceted patterns of urban decline, which in turn required a response at the highest institutional level. In both the US and the EU, this response developed gradually and over many years, and culminated in two comprehensive federal grant schemes for urban revitalisation: Model Cities and URBAN.

Created almost three decades apart—respectively in 1967 and 1994—Model Cities and URBAN nonetheless shared many traits: both supported neighbourhood-targeted and sectorally integrated regeneration plans, rewarded innovative governance methods such as partnerships and citizen participation, and distributed funds competitively rather than by entitlement. These similarities resulted from the convergence of three factors at work in both cases: the first was a favourable political climate generated by legislative and especially executive actors concerned about the plight of cities and especially its socio-economic dimension, which had been neglected in previous federal interventions. The second was the influence of holist ideas about the city and its problems carried by a number of experts involved in the design of the two grant schemes. The third factor was the federal centre's mistrust of peripheral institutional actors' ability or willingness to implement federal policies correctly, and its consequent decision to act in a paternalistic and didactic fashion.

Despite their similarities, Model Cities and URBAN were developed in very different politico-constitutional contexts. Model Cities was launched two years after the establishment of the US Department of Housing and Urban Development (HUD), an agency which not only took charge of the new grant scheme but, more generally, came to embody the federal administration's commitment to the well-being of American cities. The EU, conversely, had missed its opportunity to create a federal 'city welfare' state during the Maastricht negotiations. As a result, URBAN was developed and administered by an agency, DG Regio, the main focus of which remained on states and regions rather than cities. The different politico-constitutional settings of the US and the EU would subsequently play a central role in determining the trajectory of their respective urban policies once both Model Cities and URBAN came under political attack as a result of their inherent institutional weaknesses.

In this chapter I test the first part of my theoretical argument by tracing the historical processes leading the US and the EU to establish their early urban regeneration schemes. The chapter is divided in two parts, presenting a narrative of the American and the European case respectively. In these accounts I will show how both Model Cities and URBAN resulted from the interaction between the three causal factors I have identified here: political/programmatic context, policy ideas and centre-periphery relationships.

The origins of the American 'city welfare' state: HUD and Model Cities

A short prehistory of the American 'city welfare' state

'Municipal corporations owe their origin to, and derive their powers and rights wholly from, the legislature. It breathes into them the breath of life, without which they cannot exist. As it creates, so may it destroy. If it may destroy, it may abridge and control.'[1] With these words Supreme Court Judge John F. Dillon stated, in 1868, the legal supremacy of states over municipal governments. The doctrine established by that ruling, known as Dillon's rule, is commonly taken as establishing exclusive state competence over city matters in the US federal system.[2] The Dillon rule notwithstanding, the federal government has a long history of relationships with municipal and other local governments. For the most part, these relationships have been pecuniary in nature and have, more precisely, involved the transfer of fiscal resources from the centre to cities and counties in order to finance urban development initiatives.[3]

The federal government's involvement in cities dates back at least to the New Deal years, when many of the economic initiatives of the Roosevelt administration

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[1] *City of Clinton V. Cedar Rapids and the Missouri River Railroad Company* 24 Iowa 455 (1868).

[2] More precisely, the core of the Dillon rule establishes that 'a municipal corporation possesses and can exercise the following powers, and no others: first, those granted in express words; second, those necessarily or fairly implied in or incident to the powers expressly granted; third, those essential to the accomplishment of the declared objects and purposes of the corporation—not simply convenient, but indispensable. Any fair, reasonable, substantial doubt concerning the existence of power is resolved by the courts against the corporation, and the power is denied.' Ibid. Since Dillon's times, several states have adopted the so-called home rule system for at least some of their local governments. In a nutshell, home rule gives counties and municipalities constitutional status in the state and greater legislative freedom. However, most states still apply the Dillon rule for all or part of their territory. For a list of Dillon and home rule states see Jesse J. Richardson Jr, "Dillon's Rule Is from Mars, Home Rule Is from Venus: Local Government Autonomy and the Rules of Statutory Construction," *Publius: The Journal of Federalism* 41, no. 4 (2011): 662-85.

[3] Legally, the financial connection between cities and the federal administration has been favoured by another fundamental principle of the American political system that has often provided the basis for federal expansion in tension with the Dillon rule and to the detriment of states, *i.e.* the 'general welfare clause' contained in Article I, section 8 of the US constitution. For a discussion of the general welfare clause, its interpretations and consequences see Robert G. Natelson, "The General Welfare Clause and the Public Trust: An Essay in Original Understanding," *University of Kansas Law Review* 52 (2003): 1-56.

were aimed at relieving urbanites from the effects of the Great Depression. A number of agencies established in that period—such as the Federal Housing Administration (FHA), the United States Housing Authority (USHA) and the Federal National Mortgage Association (FNMA)—focused on activities commonly included in the urban policy rubric, in the first place homeownership support.[4] On the whole, however, federal action in these years focused mainly on people rather than places, so it could be seen as 'urban' only in an indirect sense.[5] Above all, these measures were part of an economic emergency response and hence seen as temporary, a view confirmed by the fact that most of these programmes were terminated once the crisis was over.[6]

To be sure, some ideas for the creation of a more coherent and stable urban policy were advanced in this period. For instance, the Urbanism Committee of the National Resources Planning Board laid out proposals for a federal urban policy agenda and for the establishment of a department of urban affairs at least twice between the New Deal and the WWII years. Although the times were not ripe for this sort of plans to materialise, the work of the Committee had the merit of establishing policy ideas and setting important goals for the future.[7]

Between the end of WWII and the early 1960s the relevance of the urban question for the federal agenda grew rapidly. In these years a coalition of urban experts, mayors and left of centre Congressmen formed around the opinion that federal-city links needed to be strengthened in order to tackle more effectively the

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[4] Mark I. Gelfand, *A Nation of Cities: The Federal Government and Urban America, 1933-1965* (Oxford: Oxford University Press, 1975), ch. 2; Raymond A. Mohl, "Shifting Patterns of American Urban Policy since 1900" in *Urban Policy in Twentieth-Century America*, ed. A.R. Hirsch and R.A. Mohl (New Brunswick, NJ: Rutgers University Press, 1993).
[5] Gelfand, *A Nation of Cities*, ch. 2.
[6] Marshall Kaplan, "National Urban Policy: Where Are We Now? Where Are We Going?," in *The Future of National Urban Policy*, ed. M. Kaplan and F.J. James (Durham, NC: Duke University Press, 1990); H.V. Savitch and Jeffrey L Osgood Jr, "Bulpitt in America: Presidential Approaches, Territorial Politics and the Field of Urban Policy," *Government and Opposition* 45, no. 3 (2010): 406-35.
[7] Mohl, "Shifting Patterns".

urban problems coming from the demographic and economic transformations of American society. For these early reformers, phenomena such as rapid suburbanisation, urban sprawl, the proliferation of slums and the decay of many city centres threatened not only the economic, social and physical health of cities, but also the cohesion and the economic development of the nation as a whole. The intervention of the federal government with its wider reach and superior fiscal capabilities, they continued, was the best recipe to break the vicious circle of distress and resourcelessness in which more and more American cities were trapped.[8]

In the late 1940s Congress and the administration began to react to these calls with a number of explicit urban policy measures. Although partial, these early responses signalled acknowledgement of the problem on the part of federal institutions and their willingness to play a bigger role in cities. A notable measure was the 1949 Taft-Wagner-Ellender Act, which provided funds for urban redevelopment and slum removal, public housing and incentives for the housing industry. The act was an initial attempt to catch up on public housing, which had been lagging behind to that point, and to counteract the perverse effects of incentives on loans and mortgages, which had thus far favoured suburbanisation and the social and physical decline of inner cities.[9]

Anther important initiative was the establishment of Urban Renewal in 1949. One of the most longstanding federal categorical grant programmes for cities, Urban Renewal had as its primary objective the removal of inner city slums. Soon after its creation, however, this programme became the object of harsh criticism from experts and politicians alike, who denounced how local administrators would often divert federal funds from activities to help disadvantaged people and neighbourhoods

[8] Ibid. and Kenneth Fox, *Metropolitan America: Urban Life and Urban Policy in the United States, 1940-1980* (Basingstoke: Macmillan, 1985), ch. 3.
[9] Mohl, "Shifting Patterns".

towards more electorally and fiscally rewarding projects favouring the better off sectors of the population. Instead of creating better living conditions for slum dwellers, a significant part of Urban Renewal money ended up supporting the building of middle and upper classes housing and the construction and refurbishment of business districts and housing. These activities not only did not help the poor, but usually harmed them by ejecting them from renewed areas without making any substantial efforts to relocate them.[10]

This sort of distortion was not the only fault in the federal government's early urban actions. A more general complaint expressed by experts and practitioners throughout the 1950s and until the mid-1960s concerned the fragmentation and lack of coordination characterising federal initiatives for cities. As Frieden and Kaplan note, by 1965 there were some 300 federal grant-in-aid programmes devoted to different aspects of urban development, involving at least a dozen agencies and in many cases expressing contradictory goals and priorities.[11] What resulted from this was a piecemeal mode of intervention in which federal authorities were unable to formulate a unified and coherent strategy for the solution of the multifaceted problem of urban decline.[12] The fix most often invoked by the proponents of urban policy was the creation of a cabinet level agency for urban affairs. The forty-five bills introduced in Congress between 1955 and 1963 to create a new department were a testament to many politicians' sympathy for this idea.[13] At the same time, however, these numbers

[10] Wendell E. Pritchett, "Which Urban Crisis? Regionalism, Race, and Urban Policy, 1960–1974," *Journal of Urban History* 34, no. 2 (2008): 266-86; Bernard J. Frieden and Marshall Kaplan, *The Politics of Neglect: Urban Aid from Model Cities to Revenue Sharing*, 2nd ed. (Cambridge, MA: The MIT Press, 1977), pp. 22-27. A classic indictment of urban renewal policies is in Jane Jacobs, *The Death and Life of Great American Cities*, 3rd ed. (New York: Random House, 1993).
[11] Frieden and Kaplan, *The Politics of Neglect*, pp. 4-5.
[12] Ibid.; Paul Kantor, "A Case for a National Urban Policy: The Governmentalization of Economic Dependency," *Urban Affairs Quarterly* 26, no. 3 (1991): 394-415.
[13] Pritchett, "Which Urban Crisis?".

also demonstrated how much hostility such a potential increase of federal intervention in urban matters still aroused among the majority of lawmakers.

The creation of an organic federal urban policy and a department of urban affairs were key elements in the agenda of the Kennedy Administration. After appointing African American economist Robert C. Weaver to head the Housing and Home Finance Agency (HHFA)—an agency in charge of a number of national urban-oriented programmes—Kennedy started a political and legislative initiative to upgrade the HFAA to department status so as to give the federal involvement in cities a higher profile and more coordination.[14] Weaver himself was quite active in this campaign, advocating the creation of an urban affairs department not only on the basis of the many tasks accumulated by the HFAA, for which the agency needed more resources and authority, but also to compensate for what he saw as state inaction in the field of urban development.[15]

Weaver's activism confirmed the assumption, made by most Congressmen, that he would be chosen by Kennedy to run the new department. This scenario unsettled many Southern Democrats, who feared the anti-discrimination initiatives—especially in the area of housing—that Weaver could have taken from a cabinet position. This fear, together with the traditional conservative distaste for big government, pushed together Republicans and Southern Democrats in a coalition that eventually killed Kennedy's bill in spite of the president's and Weaver's determination and the support of many mayors around the country.[16]

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[14] Pritchett, "Which Urban Crisis?".
[15] See for instance "Weaver Explains Need for Urban Department," *New Jersey Times*, 1 February 1962 and "Weaver Explains Urban Proposal," *Christian Science Monitor*, 1 February 1962.
[16] Pritchett, "Which Urban Crisis?".

Embedding urban policy in the federal system: Johnson and the origins of HUD

What JFK could not accomplish, LBJ obtained only a few years later. The creation, under the Johnson administration, of a fully institutionalised urban policy directed by a cabinet level department resulted from the convergence of several social, economic and political factors. The first was the rapid deterioration of the conditions of American cities. The flight of the white middle classes towards suburbia, favoured by increasing car ownership and by the development of the highway system, and the inflow of poor, blacks, Latinos, Asians and other minorities, rapidly aggravated the predicament of inner cities, which more and more became segregated receptacles for social ills like economic and cultural exclusion, poverty, homelessness and crime.[17] This was especially the case in old industrial centres such as Detroit, Pittsburgh, Cleveland, Boston, Philadelphia and Baltimore. In these cities, migration patterns combined with the economic transformations that gradually shifted the economic axis of the country from the Northeast and Midwest to Sun Belt cities (like Houston, San Diego and Phoenix) to create the conditions for acute cases of urban decay.[18]

The socioeconomic problems of America's inner cities had a marked racial dimension. Minorities, and in the first place blacks, were predominant in the most disadvantaged neighbourhoods and social groups. This became painfully evident to the country when the rising discontent among these communities of these groups mixed with the growing social and political awareness that accompanied the civil rights movement to deflagrate in the chain of urban riots of the mid-1960s. Violence erupted in Philadelphia and Chicago in 1963, in New York, Rochester, Jersey City, Paterson, Chicago, Elizabeth and Philadelphia in 1964, in Los Angeles in 1965—a

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[17] Fox, *Metropolitan America*, ch. 4; Mohl, "Shifting Patterns".
[18] Ibid..

riot which left 34 dead and some 4,000 injured, and required the National Guard to quell—in Chicago, Cleveland, San Francisco, Atlanta and Los Angeles in 1966.[19]

According to Baumgartner and Jones black riots were an 'attributed trigger' for Johnson's urban policy: they did not, by themselves, cause the President's initiatives—or the Administration's attention on cities for that matter—but were crucial in catalysing the process that led to the formation of a systematic policy for cities.[20] For the media and for the American public, urban violence became, all of a sudden, the symbol of all the problems affecting cities, and it provided precious ammunition to politicians and social activists calling for federal action.[21] But the riots were not just a wake up call for Johnson: they added, in the eyes of the Administration as well as the public opinion, a new dimension to the urban crisis, which now was no longer just a social and economic issue but a public order problem for the American state to solve.[22]

Electoral, party and presidential politics were important additional factors behind the origins of Johnson's urban policy. Like his predecessor Kennedy, Johnson was a president particularly focused on domestic and social issues. Tackling the problems of America's most vulnerable social categories was the trademark of his administration, and the Great Society was the main product of this political mission. Urban relief fit perfectly in this picture, and the overwhelming majority that both Johnson and the Democratic Party obtained in the 1964 elections rendered the use of federal resources for solving cities' problems much easier from the legislative point of

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[19] Robert M Fogelson, "Violence as Protest," *Proceedings of the Academy of Political Science* 29, no. 1 (1968): 25-41; Frieden and Kaplan, *The Politics of Neglect*, pp. 33-34.
[20] Frank R Baumgartner and Bryan D Jones, *Agendas and Instability in American Politics*, 2nd ed. (University of Chicago Press, 2009), p. 130.
[21] Ibid., pp. 127-30 and Joshua Sapotichne, "The Evolution of National Urban Policy: Congressional Agendas, Presidential Power, and Public Opinion" (paper presented at the Seminar 'National Urban Policy: Is a New Day Dawning?', Washington, DC, 25 January 2010).
[22] Frieden and Kaplan, *The Politics of Neglect*, pp. 33-34. Baumgartner and Jones, *Agendas and Instability*, pp. 127-29; Ted Robert Gurr and Desmond S. King, *The State and the City* (Chicago: The University of Chicago Press, 1987), pp. 30-33.

view.[23] Granted, Johnson's platform and actions were not led just by ideological motives and personal convictions. A more direct electoral connection existed between the president and cities, since it was in the latter that most of the 'Rooseveltian' coalition of blacks, white liberals and leftist unionist that supported him was based.[24] Johnson's activism for the cities was also favoured by a general and long-term shift of attention, both among the public opinion and in the academic world, from security and foreign policy to domestic economic and social issues.[25]

Finally, the Johnson administration's urban initiatives were facilitated by a favourable fiscal situation at the federal level, which made financial transfers to cities easier and, more generally, favoured a 'positive sum' view of the country's political economy among the American electorate, and especially among the middle and upper classes, who would have to finance most of the adminisration's redistributive policies.[26]

Johnson's first significant move in the field of urban policy was the appointment, in 1964, of a Task Force on Metropolitan and Urban Issues, chaired by MIT political scientist Robert Wood and charged with finding solutions to the increasing plight of cities. Among the Task Force's recommendations were a call for political and institutional coordination in the form of regional governments, and an increase of the federal funding for housing and urban renewal activities. Johnson supported these recommendations in front of Congress and the following year he proposed the creation of a Department of Housing and Urban Development (HUD).[27] The new agency proposed by Johnson was essentially the same as the one previously

[23] Frieden and Kaplan, *The Politics of Neglect*, pp. 35-36; Savitch and Osgood Jr, "Bulpitt in America".
[24] Fox, *Metropolitan America*, ch. 7; Savitch and Osgood Jr, "Bulpitt in America".
[25] Frieden and Kaplan, *The Politics of Neglect*, pp. 35-36; Pritchett, "Which Urban Crisis?".
[26] Gelfand, *A Nation of Cities*, pp. 387-88; Anthony Downs, "HUD's Basic Missions and Some of Their Key Implications," *Cityscape: A Journal of Policy Development and Research* 1, no. 3 (1995): 125-41.
[27] Pritchett, "Which Urban Crisis?".

envisaged by Kennedy. An upgraded and expanded version of the HHFA, the department was to achieve maximum coordination in the urban activities of the federal government and to encourage the solution of problems of housing and urban development. As with Kennedy, the proposal was opposed by Republicans and Southern Democrats in Congress, but this time even the opponents recognised the need to do something more for the American cities and proposed the establishment of an office for urban affairs in the White House as a cheaper alternative to the creation of a departmental bureaucracy. The times, however, were ripe for a more substantial initiative, and in the summer of 1965 both houses passed the Housing and Urban Development Act establishing HUD with large majorities. The president signed the act into law on September 9, 1965.[28]

The 1965 Act was a crucial stage in the evolution of the US federal urban policy because it marked the consolidation of the American 'city welfare' state. Intervention in cities was not a novelty before that date. The creation of HUD, however, took the federal government's role in cities to a qualitatively new level because it established urban policy as one of its missions beyond any doubt and in a way not seen before, and generated an institutional actor who could defend the reasons of urban policy at the highest political level. To the extent that these two changes influenced subsequent events in the area of urban policy, the HUD Act can hence be regarded as a critical juncture for the politico-constitutional system of the United States.

[28] Mohl, "Shifting Patterns"; Pritchett, "Which Urban Crisis?". See also Lawrence L Thompson, "A History of HUD," (2006) (available at http://www.hudnlha.com/housing_news/hud_history.pdf).

Moulding US urban policy: the creation of Model Cities

Historian Wendell Pritchett notes that Johnson initially expected his administration's urban policy to take shape slowly, but that events forced him to accelerate on this path. The riots in many major cities—and most notably the one that left 34 people dead in Watts, Los Angeles in that same summer—left no doubt about the bad state of inner city neighbourhoods. Furthermore, many commentators started to criticise the administration for not acting decisively enough. Some, like the secretary of AFL-CIO Walter Reuther, called for the creation of a 'Marshall Plan' for cities.[29] Johnson's response to all this was to appoint a new task force on which Reuther himself sat together with Wood and other experts and practitioners, among whom Harvard Law Professor Charles Haar, Whitney Young of the Urban League, Kermit Gordon of the Bureau of Budget, William Rafsky of the Philadephia Redevelopment Authority and the mayor of Detroit Jerome Kavanaugh.[30] The task force's mission was to formulate guidelines for a new urban policy initiative to be undertaken by the new department. To ensure the freshness and independence of the task force proposals, Johnson made a point not to include anybody with a direct involvement in federal urban policy—although Weaver was regularly briefed on the task force's work—and demanded that the group have as little contacts with the existing bureaucracy as possible.[31]

In December 1965 the task force gave the president its final report. After opening with an overview of the problems facing American cities, the document presented a critical analysis of existing federal urban policies. The ineffectiveness of those measures and their failure in helping the poor, the authors argued, was due to a number of shortcomings among which their sectoral and fragmented approach, which

[29] Pritchett, "Which Urban Crisis?"; Charles M. Haar, *Between the Idea and the Reality: a Study in the Origin, Fate, and Legacy of the Model Cities Program* (Boston: Little, Brown & Co., 1975), pp. 35-36.
[30] Fox, *Metropolitan America*, pp. 198-201; Pritchett, "Which Urban Crisis?".
[31] Frieden and Kaplan, *The Politics of Neglect*, pp. 36-39; Haar, *Between the Idea and the Reality*, pp. 36-37.

produced gaps in public action, the dispersion of funds among too many cities, overregulation and, finally, organisational inadequacies in local implementing agencies. To overcome these problems, the task force suggested a new approach to urban policy based on the principles of concentration and adequate magnitude of the resources employed, integrated and synergic action targeting all aspects of urban decline, and maximum involvement of citizens.[32]

More practically, the task force proposed the establishment of a demonstration programme investing significant amounts of money on a small number of projects for the revitalisation of distressed neighbourhoods, which could then serve as an example for future local and federal initiative. The projects should be integrated, with a focus on the social, economic and physical improvement of the areas involved, and would be selected by a special commission among proposals received by cities. In particular, the commission should reward projects demonstrating the possibility for significant improvements of the conditions of the targeted populations, primarily in the field of affordable housing, but also in terms of availability of public facilities, employment opportunities, community vitality and, in general, satisfaction of human needs.[33]

As for figures, the report suggested including 66 cities in the first round of the programme—6 cities with more than 500,000 inhabitants, 10 between 250,000 and 500,000 and 50 with less than 250,000 people—for a duration of five years plus possible extensions. The total investment proposed was \$2.3 billion, of which \$1.9 billion in federal funds. The latter, the report explained, would come mostly from existing grants, which the administration would channel towards demonstration

[32] Task Force on Urban Affairs and Housing, "Proposed Programs for the Department of Housing and Urban Development," (December 1965).
[33] Ibid..

projects, and partly from new funds. Federal representatives assigned to the various cities would coordinate these streams of funding.[34]

The task force's proposal departed from existing policy in two important, and partly contradictory ways: on the one hand, in promoting holistic rather than sectoral projects, it would give cities more freedom in deciding the appropriate mix of activities for their demonstration neighbourhoods. In doing so the new programme would empower cities' general governmental actors—mainly mayors—instead of the specialised agencies handling categorical grants. On the other hand, however, the proposed programme limited mayoral action from the top, by introducing a set of national criteria and a central adjudicating role for the federal commission, and from the bottom through the requirement of citizen participation in local planning.

Intellectually, the task force's recommendations built on some principles in vogue among urban specialists, most notably the focus on entire neighbourhoods and the preference for a 'total' approach to revitalisation efforts.[35] More generally, the report reflected, for better or worse, an academic and pedagogic approach to urban development, based on faith in social science's ability to solve complex problems and intended to teach local actors the 'right way' to treat cities' issues. This approach was very much in tune with the reformist agenda of the Johnson presidency.[36] Politically, the report reflected a general mistrust—shared by Johnson—in local authorities' willingness or ability to channel federal funds towards activities for the dispossessed, which for the most part came from the negative experience of previous programs like

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[34] Ibid.. In the first draft of the report, the number of cities was 36. The increase to 66 was suggested by Senator Ribicoff—a member of the task force—to make the programme more palatable to the Senate by giving each state at least one demonstration grant. Frieden and Kaplan, *The Politics of Neglect*, p. 47.

[35] These principles had also been tested successfully in private programmes, most notably the Ford Foundation's 'grey areas' grant. Frieden and Kaplan, *The Politics of Neglect*, pp. 27-29.

[36] Haar, *Between the Idea and the Reality*, pp. 52-54; Gelfand, *A Nation of Cities*, pp. 387-88; Christopher Walker and Patrick Boxall, "Economic Development" in *Reality and Research: Social Science and US Urban Policy since 1960*, ed. G.C. Galster (Washington, DC: The Urban Institute Press, 1996).

Urban Renewal. Giving both the federal selecting commission and local communities a central role in the new programme was a way to limit local elected officials' room for manoeuvre and avoid distortions in the implementation of the new grant scheme.[37]

Johnson took these ideas fully on board. In January 1966, after some hesitation, he finally appointed HUD's leadership. As expected, Weaver became the department's secretary. However, to ensure continuity between the task force and HUD's work, Johnson also appointed Wood as undersecretary and Haar as assistant secretary for metropolitan development.[38] Shortly after these appointments, on January 16, the president went to Congress to present a $2.3 billion package which included a demonstration grant programme for neighbourhood revitalisation. In translating the task force's report into a bill, the president's staff had introduced a few changes to facilitate passage in Congress. Among these were the substitution of HUD for the independent commission as the final adjudicator between competing projects and the replacement of co-financing with a full federal funding rule. On the whole, however, the substance of the task force's recommendations remained unaltered.[39]

Surprisingly, given the ample Democratic majority, the bill met quite some resistance in Congress. The main problems identified by Congressmen, and especially the conservative ones, were the expensiveness of the new programme—the repeated calls for increasing the programme's funding that were coming from many mayors did not help on this front—the limited number of cities covered, HUD's prominent role in selecting the winning projects, the diversion of dollars from other grant programmes and, finally, the establishment of national criteria, which would have

[37] Frieden and Kaplan, *The Politics of Neglect*, ch. 3.
[38] Ibid..
[39] Ibid..

allowed the federal administration to use of the new programme to impose certain behaviours on cities, especially in the area of housing desegregation.[40]

Congress's objections almost killed the bill twice during its discussion. Eventually, thanks to additional changes made to the programme and to Johnson's commitment to the demonstration programme, the bill was approved and signed into law on November 3, 1966. Among the changes that the renamed 'Model Cities' programme presented were the dilution of some housing provisions favouring African Americans, the elimination of federal coordinators—who, it was feared, would have diverted federal funding for cities to favour the demonstration programme—the reduction of funding to $900 million for two years (instead of the proposed $2.3 billion for five or six years) and, finally, the elimination of population ranges for the eligible projects, which resulted from Congress's desire to expand the basis of programme beneficiaries.[41]

To ensure fast implementation of the programme, during Congressional discussion of the bill HUD had appointed an advisory committee to translate the anticipated legislation into administrative regulations. The committee's guidelines of December 1966 established that local administrations would have to submit multiannual plans plus more detailed annual action plans for the model neighbourhoods. Projects had to be comprehensive in their outlook, contain a detailed analysis of the specific problems of the city, the solutions proposed and the administrative procedures and structures that would be used and, finally, demonstrate

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[40] Ibid. and Pritchett, "Which Urban Crisis?".

[41] Judson L. James, "Federalism and the Model Cities Experiment," *Publius: the Journal of Federalism* 2, no. 1 (1972): 69-94; Haar, *Between the Idea and the Reality*, pp. 99-103; Frieden and Kaplan, *The Politics of Neglect*, pp. 58-64.

a commitment to helping the poor. In preparing their plans, cities were required to ensure ample participation by the citizenry.[42]

Many of the early applications received by HUD's newly established Model Cities Administration (MCA) contained projects affecting quite extended central city areas. Federal officials saw this as another manifestation of mayors' preference for electorally rewarding spending over the need for targeting and concentration of funds. To counter this tendency, HUD reintroduced some of the restrictions previously eliminated by Congress at the regulatory level, in the first place a ceiling of 15,000 people or 10% of the city population (whichever was larger) for the model neighbourhoods.[43] Applications so modified began to arrive in the following spring. Eventually, the MCA received applications from 193 cities, among which it selected 63 projects in November.[44] Keeping Congress in mind, HUD tried to ensure wide distribution: the projects selected covered 60% of the cities with over 500,000 inhabitants and all cities with more than 1 million except Los Angeles, which presented a particularly bad project.[45] To this initial batch, in March 1968 HUD added 12 more cities, partly as a result of pressures from Congressmen.[46] In January 1968 HUD was ready to receive a new round of applications, and in late 1968, after having received an additional 168 applications, the department selected a second batch of 75 projects, this time mostly in small and medium sized cities.[47]

[42] Frieden and Kaplan, *The Politics of Neglect*, pp. 128-31; Fox, *Metropolitan America*, pp. 198-205.
[43] Haar, *Between the Idea and the Reality*, p. 156-57; Frieden and Kaplan, *The Politics of Neglect*, pp. 131-40.
[44] Haar, *Between the Idea and the Reality*, p. 144-45.
[45] Ibid., p. 145 and Frieden and Kaplan, *The Politics of Neglect*, pp. 214-17.
[46] Haar, *Between the Idea and the Reality*, pp. 145-146.
[47] Frieden and Kaplan, *The Politics of Neglect*, pp. 140-44.

The strengths and weaknesses of Model Cities

Reflecting on the experience of Model Cities, Charles Haar observed that the ambition of the programme, designed to generate deep and lasting change in America's worst off neighbourhoods, was in a way a major shortcoming, because it set objective for Model Cities that were hard to achieve.[48] While never fully meeting the idealistic goals set by its creators, Model Cities nonetheless achieved some important results in terms of channelling urban policy money towards areas and people that had been neglected until then, promoting their integration in the social mainstream and increasing their participation in public life.[49] The bad name Model Cities acquired after its termination—and which lasts to this day in HUD's discourse[50]—is hence not entirely deserved.

That said, the programme did suffer from a number of handicaps that undermined it right from the start. Some of these came from ambiguities on some important implementation points that had remained unresolved by Congress and HUD's advisory committee. One such point was the form and extent of citizen participation in the local decision-making process. This was no secondary issue, since neighbourhood groups and local elected officials often conflicted in their preferences on how to spend federal money. Lacking clear rules, the solution of this conflict depended on the federal administration's political stance on the issue. Under Johnson, HUD tried to strike a balance between mayors' accountability and the input of the citizens in which, however, the latter had a prominent role.[51]

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[48] Haar, *Between the Idea and the Reality*, pp. 193-95. See also Fox, *Metropolitan America*, pp. 201-05.
[49] Fox, *Metropolitan America*, pp. 201-05.
[50] Anonymous. Interview by author. See also Otto J Hetzel, "Some Historical Lessons for Implementing the Clinton Administration's Empowerment Zones and Enterprise Communities Program: Experiences from the Model Cities Program," *The Urban Lawyer* 26, no. 1 (1994): 63-82.
[51] Haar, *Between the Idea and the Reality*, pp. 135-40.

A second source of confusion concerned the relation between Model Cities grants and other federal streams of funding available to cities, and more precisely whether the latter were to be directed towards projects in the Model Cities neighbourhoods wherever possible. While in spirit, this would have been the preferred course of action for the creators of Model Cities, the letter of the law did not justify Model Cities' primacy over other federal programmes. In any case, the ambiguity of this point caused conflicts between administrators of different federal programmes and impaired the effectiveness of Model Cities.[52]

More importantly, Model Cities was a politically weak programme, as it attracted from its outset the criticism of conservative politicians and many mayors alike. The former accused the Johnson administration of adopting a paternalistic approach to urban policy, which unduly expanded the role of the federal government in cities and violated the freedom of local communities. The latter, for their part, disliked the decision-making straightjacket in which they found themselves—having to share power with citizen groups and limited in their action by the programme's provisions on targeting and expenditure eligibility—and lamented both the excessive federal red tape entailed by Model Cities procedures and the mode of allocation, which forced them to go through great planning efforts with no assurance of funding beyond the demonstration period.[53]

Many of these points had been raised in Congress during the legislative phases of Model Cities. With the implementation of the programme, however, these 'shortcomings' became more visible and concrete. Finally, the lack of substantial improvements in American inner cities despite federal efforts, and the outbreak of more riots in the late 1960s in cities like Cleveland, Newark, Chicago, Baltimore,

[52] Frieden and Kaplan, *The Politics of Neglect*, p. 167.
[53] James, "Federalism and the Model Cities Experiment", Savitch and Osgood Jr, "Bulpitt in America".

Detroit and Washington, DC among others, gave additional ammunition to the political enemies of Model Cities and of the Johnson administration.[54] Among these was Richard Nixon, who made changing the system of urban development financing one of the priorities of his presidency, which began in January 1969.

Urban policy in the European Union: out the door, back through the window

Europe meets the cities

European institutions have been in the business of territorial policy at least since 1975 when, as a direct consequence of the 1973 enlargement, the European Regional Development Fund (ERDF) was established to assist less developed areas of the Community.[55] From the beginning, however, the main focus of European redistributive policies has been regional—and more recently, with the creation of the Cohesion Fund, national—rather than urban. In addition, programmes have more often than not been biased towards economic development. Cities and their problems have traditionally been viewed as a member state issue. Accordingly, they were left out of the treaties and of the original formulation of regional policy.

As in the US case, however, the lack of a clear legal competence on cities has not prevented the federal centre from being involved in urban matters. Starting in the second half of the 1970s, the European Commission showed increasing interest in the conditions of European cities and in the possibility of an active role for the Community in the area of urban policy.[56] Like their American counterparts one or two

[54] Pritchett, "Which Urban Crisis?".

[55] To be sure, the creation of the ERDF had to do less with humanitarian reasons than with the very pragmatic need to compensate the newly entered UK for its little share in the Community's agricultural funds. There is no doubt, however, that the EC/EU's regional policy has later acquired a rationale of its own that goes well beyond the immediate reasons for its establishment.

[56] Laura Grazi traces the beginning of the Commission's interest in cities back to the early 1960s, when the Commission set up three expert groups on the problems of urban concentration and deindustrialisation. It was not until the following decade, however, that the Commission's activism in

decades earlier, European cities were experiencing the adverse effects of demographic and economic transformations such as immigration, suburbanisation, deindustrialisation and economic restructuring. In the European case, moreover, these dynamics originated in part from the process of economic integration itself, which lowered barriers between countries causing shifts in patterns of production and economic peripheralisation. Unemployment, poverty, social exclusion, physical decay and the deterioration of the historic and cultural fabric became familiar ills in a growing number of cities and had, in a few cases, extreme consequences as in the riots of Lyon and Liverpool in the early 1980s. In this context it was little consolation that some cities could instead thrive in the changing economic environment and urban hierarchy of the continent.[57]

In the eyes of the Commission, the decline of many European cities undermined some of the core principles and objectives of the Community: it was a threat to the cohesion and the 'social model' of the continent and a peril for the cultural vitality and well-being of European societies. Furthermore, social and economic stagnation in cities threatened the viability and dynamism of the single market.[58] At a more practical level, the concern of the Commission stemmed also from its direct involvement in a number of areas that overlapped substantially with the urban problem, such as employment, education and environmental issues.[59]

The Commission's growing interest in cities took several forms when translated into practice. One was the repeated calls to member states for using a quota

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the urban policy field became more concrete and systematic. Laura Grazi, *L'Europa e le città: la questione urbana nel processo di integrazione europea, 1957-1999* (Bologna: Il Mulino, 2006), ch. 1.

[57] Peter Hall, "Forces Shaping Urban Europe," *Urban Studies* 30, no. 6 (1993): 883-98.

[58] Rob Atkinson, "The Emerging Urban Agenda and the European Spatial Development Perspective: Towards an EU Urban Policy?," *European Planning Studies* 9, no. 3 (2001): 385-406; Patrick Le Galès, *European Cities* (Oxford: Oxford University Press, 2002); Leo van den Berg et al., "The Urban Dimension in European Policy: History, Actors and Programmes" in *National Policy Responses to Urban Challenges in Europe*, ed. L. van den Berg, E. Braun, and J. van der Meer (Aldershot: Ashgate, 2007).

[59] van den Berg et al., "The Urban Dimension in European Policy".

of their structural funds for urban revitalisation projects and, in general, for more decisive action against urban decline. Another was the creation, in 1976, of a Consultative Committee of Local and Regional Authorities (CCLRA), through which the Commission established a regular communication channel with cities and other local actors. A third, and more substantial, initiative was the launch of a few experimental projects for urban regeneration supported by the structural funds: the first two were launched in Naples and in Belfast respectively in 1978 and 1981 and received money until 1985. In 1986, two analogous projects were started in Birmingham and Bradford.[60]

The Commission's urban activism owed a lot to the commitment of some of its leaders. Roy Jenkins, President from 1978 to 1981, was one of these. Jenkins was influenced by what the UK was doing in the field of urban policy, most notably the Inner Urban Areas Act passed by the Callaghan government in 1978.[61] Outside the Commission, the idea of a bigger urban policy role for the Community was supported by the European Parliament (EP), which established an inter-group on urban affairs right after its first election in 1979, and by a growing coalition of mayors from the main European cities.[62]

In its actions and advocacy, the Commission exercised caution, trying to strike a balance between its willingness to cut a greater role for European institutions in cities and, on the other hand, the need not to irritate member states with what could be seen as attempts to expand the role of the Community beyond the letter of the treaties. To be sure, not all member states were on the same side on this issue. A few, like the UK and the Netherlands—where, not coincidentally, many of the old European

[60] Charlotte Halpern and Patrick Le Galès, "Europeanisation of Policy Instruments" NEWGOV Working Paper, August 2008.
[61] Grazi, *L'Europa e le città*, pp. 192-202.
[62] Halpern and Le Galès, "Europeanisation of Policy Instruments".

industrial cities were located—liked the idea of a European urban policy. The majority, however, tended to see this possibility as an intrusion by the Commission in their competences. In part, this divergence of positions was also the result of the different policy traditions and degrees of urban activism that coexisted in Europe, ranging from interventionist countries where explicit urban policies were in place, like the UK, the Netherlands and France, to countries where little or nothing had thus far been done expressly for cities, like Italy, Spain or Portugal.[63]

Caution notwithstanding, by the late 1980s the urban issue had entered the agenda of the Commission and had become a common topic of debate at the European level. A central role in these debates was played by a number of reports produced by and for the Commission in those years. Prominent among these were two studies by a group of scholars led by economic geographer Paul Cheshire: *Regional policy and urban decline* (1986) and *Urban problems and regional policy in the European community* (1988).[64] In the latter report, in particular, the authors conducted a thorough analysis of the rapidly spreading and multifaceted phenomenon of urban decline in Western Europe, of its demographic and economic causes and, finally, of the differences between EC member states with respect to the magnitude of their urban crisis and to the measures taken to tackle the issue. More importantly, the report contained a strong call for Community action to counter the decline of European cities. The case for supranational intervention was, the authors argued, 'irresistible' and based on a threefold rationale: promoting equity among the peoples and territories of the Community, relieving cities from the painful adjustments of demographic

[63] Rob Atkinson, "Combating Social Exclusion in Europe: The New Urban Policy Challenge," *Urban Studies* 37, no. 5 (2000): 1037-55; van den Berg et al., "The Urban Dimension in European Policy".
[64] Paul Cheshire, Dennis Hay, and Gianni Carbonaro, *Regional Policy and Urban Decline: The Community's Role in Tackling Urban Decline and Problems of Urban Growth* (Luxembourg: Office for Official Publications of the European Communities, 1986); Paul Cheshire et al., *Urban Problems and Regional Policy in the European Community* (Luxembourg: Office for Official Publications of the European Communities, 1988).

changes and economic restructuring and, finally, eliminating market failures. More practically, the report called for the modification of existing policy instruments, and especially the ERDF, to allow the financing of urban revitalisation projects both inside and outside areas already reached by the structural funds. Projects, the report continued, should be integrated and include a number of activities not currently supported by the structural funds, such as housing and environmental improvements, social actions or industrial land recycling measures. Local task forces should have a central role in the planning and implementation of urban projects. Finally, the report called for a systematic effort to collect relevant Community-wide data and information on the health of cities and for the creation of an urban unit in DG Regio to promote, implement and monitor the Community's urban programmes.[65]

Expert reports like the Cheshire ones had for the Commission not only a technical function—namely analysing the urban problem and suggesting efficient solutions—but were also an important political instrument for promoting awareness of the urban issue and, especially, for building and mobilising support for Community-wide action. At the same time, the peripheral supporters of a European urban policy were acquiring more organisational strength with the creation of a number of networks and alliances, most notably Eurocities, a network of major European cities established in 1986 and operational from 1989, and *Quartiers en crise* (QeC), a coalition of local authorities and private stakeholders (like non-profit organisations) interested in neighbourhood regeneration issues launched in 1989. More generally, in these years many cities increased their presence in Brussels with offices and lobbying representations.[66]

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[65] Cheshire et al., *Urban Problems and Regional Policy in the European Community*, section 9.
[66] Maria Tofarides, *Urban Policy in the European Union: a Multi-Level Gatekeeper System* (Aldershot: Ashgate, 2003), pp. 61-64.

The Commission, it must be noted, was far from unequivocal in its position on urban policy. Generally supportive of a bigger Community role in cities, DG Regio was wary of the potential rivalry between a European urban policy and the goals and resources of regional policy, to which the institution was primarily committed by mission and tradition.[67] In this context of institutional ambiguity the role of individuals was particularly important for the advancement of the Community's urban agenda. It was certainly the case of Jacques Delors, one of the foremost proponents of the European social model who, as President of the Commission, played a crucial part in the 1988 reform of the structural funds.

Besides increasing the overall powers of the Commission in the targeting and implementation of regional policy, the new rules included among the objectives of the structural funds that of countering the effects of industrial decline (Objective 2), so officially recognising, for the first time, one of the main causes of urban decline as grounds for EC intervention.[68] This change was definitely favoured by a substantial increase of the money available for structural intervention during this budget period: between 1988 and 1992 the quota of the EC budget devoted to the structural funds increased from 18% to 30%.[69] In addition, a number of other programmes targeting primarily urban social problems were launched or strengthened in these years. An example is Poverty 3, an initiative against poverty and social exclusion launched in 1989.[70]

More importantly for cities, in this period the Commission launched the so-called Urban Pilot Projects (UPPs). The UPP concept was created by the Commission

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[67] Charlotte Halpern and Patrick Le Galès, "Pas d'action publique autonome sans instrument propres: analyse comparée et longitudinale des politiques environnementales et urbaines de l'Union européenne," *Revue française de science politique* 61, no. 1 (2011): 51-78; Halpern and Le Galès. "Europeanisation of Policy Instruments."
[68] Tofarides, *Urban Policy in the European Union*, pp 64-65.
[69] Halpern and Le Galès. "Europeanisation of Policy Instruments".
[70] Atkinson, "Combating Social Exclusion in Europe".

with special reference to London and Marseille, two cities with areas of great distress but that did not qualify for mainstream funds under Objective 1 or 2. To help them tackle their problems, the Commission gave London and Marseille 5.1 million and 4 million ECUs respectively for neighbourhood-based revitalisation programmes to be implemented over the period 1990-93. The programmes were sectorally integrated and placed special emphasis on social exclusion, unemployment and competitiveness.[71] Here too, policy innovation was mostly due to the initiative of some key individuals within DG Regio. One was Commissioner Bruce Millan, a Scottish Labour politician sympathetic to the urban cause who, against the scepticism of many of his directors, promoted a creative and city-friendly reading of Article 10 of the ERDF regulations, which allowed the Commission to use up to 10% of the structural funds for innovative projects and that had thus far been used for regionally-targeted measures. Another was Marios Camhis, a Greek urban planner who headed the directorate's division in charge of innovative actions and who had a central role in the design of the first two UPPs.[72]

The European Parliament welcomed the idea of UPPs, and so did cities all around the Community, who saw the initiative as the embryo of a European urban policy.[73] Soon after the launch of the first two projects, the Commission started receiving requests for funds from more cities. As a result, the programme was eventually extended to 31 additional cities for a total investment of 101 million

[71] Tofarides, *Urban Policy in the European Union*, pp. 55-61; Halpern and Le Galès. "Europeanisation of Policy Instruments."
[72] Parkinson, Michael, Director, European Institute for Urban Affairs at Liverpool John Moores University. Telephone interview by author, 13 July 2011. See also Tofarides, *Urban Policy in the European Union*, pp. 55-61.
[73] Throughout the previous decade, the EP had continued its campaign in favour of a European urban policy. In 1989, for instance, MEP Collins wrote a report in which he expressed criticism for the anti-urban bias of the Community's structural funds and called for greater European involvement in countering the decline of cities. Halpern and Le Galès. "Europeanisation of Policy Instruments."

ECUs.[74] The significance of the UPPs can hardly be overestimated: for the first time, a significant number of cities became official beneficiaries of the ERDF and could establish a direct link with Commission. At the same time, however, the UPPs were still quite limited from the financial point of view (they used some 1% of the structural funds) and were characterized by a significant amount of *ad hoc*ness in their genesis and structure.[75]

The missed opportunity of Maastricht

The success of the UPPs and the support they received all around Europe galvanised the proponents of a European urban policy. As Tofarides notes, support for an autonomous urban policy within DG Regio increased in these years. Among other things, this led the DG to call for increased structural action for cities beyond the mainstream funds in its publication *Europe 2000*.[76] The Commission also continued its strategy of intellectual mobilisation by commissioning another major study on the urban question from urbanist Michael Parkinson and his team in 1989. Finally, although DG Regio remained the most involved in urban issues, other DGs expressed their interest in the conditions and future of cities in these years. A case in point was DG Environment, which in 1990 produced a green paper focusing on the environmental situation in urban areas and calling for a European strategy for cities.[77]

All considered, the urban policy cause seemed to have gained significant momentum by the early 1990s: it had supporters among the institutions—primarily

[74] European Commission, "Urban Pilot Projects." http://ec.europa.eu/regional_policy/urban2/urban/upp/src/frame1.htm (accessed July 9 2010); Tofarides, *Urban Policy in the European Union*, pp. 55-61; van den Berg et al., "The Urban Dimension in European Policy".
[75] Tofarides, *Urban Policy in the European Union*, pp. 61-66.
[76] Ibid. pp. 61-63; European Commission, *Europe 2000: Outlook for the Development of the Community's Territory: a Preliminary Overview* (Luxembourg: Office for Official Publications of the European Communities, 1991).
[77] Halpern and Le Galès, "Europeanisation of Policy Instruments".

the Commission and the EP—it was proposed by a growing alliance of cities and other local stakeholders, it could count on its own community of experts and, finally, it had proven able to produce effective and useful projects. In these favourable conditions, the Commission decided to take advantage of the opportunity offered by the negotiations on the European Union to try and include a clear urban policy provision in the new treaty.[78] It did so initially in a memorandum contributing to the intergovernmental debate on economic and social cohesion in the Union, in which the Commission urged member states to write the priorities of structural policy in the treaty and proposed four such priority objectives, among which promoting 'the conversion of industrial regions and urban areas in decline'.[79] Having produced no effect in the preparatory negotiations, the proposal was restated by regional policy Commissioner Bruce Millan at the European Council meeting held in Maastricht in December 1991.[80]

The amendment proposed by the Commission was ambitious: not only would it have made, for the first time, urban regeneration an official goal of the structural funds with the same importance as regional development, but it would also have embedded the idea and principle of urban policy in the legal architecture of the new European Union. In the last analysis, the amendment would have determined an official expansion of the EU to the new area of urban policy, so configuring what I have called here a politico-constitutional critical juncture.

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[78] Tofarides, *Urban Policy in the European Union*, pp. 62-63; van den Berg et al., "The Urban Dimension in European Policy".

[79] Williamson, D.F., Explanatory memorandum to N. Ersbøll on economic and social cohesion, 10 April 1991. European Council Archives. File no. St 1790/91. The remaining three priority objectives to be included in Article 130c of the treaty were regional development, employment and rural development.

[80] Marios Camhis, "The Approach of the EC on the Urban Future" in *Planification et Stratégies de Développement dans Les Capitales Européennes*, ed. C. Vandermotten (Bruxelles: Editions de l'Université de Bruxelles, 1994).

Unfortunately, however, for the most part member states were not ready to expand Community competences in the direction advocated by the Commission and its allies. States' different interests, experiences and politico-administrative settings in the area of urban policy remained the main obstacle to the official establishment of a EU role in cities. Despite the successes of the Community urban programmes thus far, the idea of embedding urban policy in the treaties did not convince those states that were traditionally against it, in the first place Germany. In addition, the urban policy question was not given enough priority by more sympathetic states like France and the UK to divert their attention from the other issues discussed at Maastricht, most notably institutional reform and the monetary union. In these circumstances Millan found himself isolated and the Commission proposal was rejected by the Council.[81] The only—questionable—concession in the way of urban policy was the creation of a Committee of the Regions (CoR) which established its own committee on urban affairs soon afterwards. But this was very little consolation for the proponents of an EU urban policy, who had missed their main opportunity for the creation of a European city welfare state.

The EU's experience with urban policy: the URBAN Community Initiative

The 1991 setback did not extinguish the interest in a more systematic and comprehensive European role in urban regeneration. The Commission kept studying the matter and exploring possibilities for intervention. In 1992 the Parkinson report came out.[82] The study expanded on many of the themes covered by the Cheshire reports. It looked at the urban problem in Europe in all its dimensions (economic, social, physical and environmental), causes and diversity, and presented an interesting

[81] Tofarides, *Urban Policy in the European Union*, pp. 63-64; Grazi, *L'Europa e le città*, pp. 321-22.
[82] Michael Parkinson et al., *Urbanisation and the Functions of Cities in the European Community* (Luxembourg: Office for Official Publications of the European Communities, 1992).

analysis of the shifting urban hierarchy in the continent. Old industrial centres of the Ruhr, southern Belgium, northern France and the UK, the report argued, were losing ground to southern cities developing around niche economic sectors like Montpellier and Valencia, to service-oriented cities like Frankfurt and, more recently, to a number of post-Communist Eastern European cities that could count on lower factor prices. Not all the periphery, however, benefited from these shifts in the economic geography of Europe: cities like Naples and Tessaloniki, for instance, remained at the margins of the urban system. On the other side, not all the traditional central cities declined: internationally-oriented and services-centred cities like London and Amsterdam, for instance, retained an important place in the new economic structure of the continent. The report devoted considerable space to examining the social and demographic transformations happening in Europe, like the new phenomenon of suburbanisation, the feminisation of the workforce, the polarisation of the labour market, the growing challenges of immigration and the new social vulnerabilities it created. Finally, it warned about the pernicious consequences that the social and economic decline in cities could produce when combined with the lack of basic social services and affordable housing. The riots British and French cities during the 1980s had demonstrated this danger quite clearly.[83]

The growing problems of cities, the study contended, could not be seen as simply a national issue anymore. Both the causes and the consequences of the decline of cities were of continental scope, and warranted European solutions in addition to state-level ones. The measures already taken, like the UPPs, were to be praised for the results they were producing, especially where complemented by administrative abilities and dynamism at the local level. But more needed to be done to extend the

[83] Ibid., chs. 1 and 4.

scale and impact of this type of initiative. In particular, the report suggested to promote more networks and joint ventures across state borders and especially to redesign eligibility criteria for the mainstream structural funds so as to re-orient some of them more clearly towards cities and their problems. Finally, the report renewed the call for more systematic collection of EU-wide data on urban conditions.[84]

The preparations for a new multi-annual budget for 1994-99 and hence for a new reform of the structural funds provided an occasion to implement some of the changes advocated in the Parkinson report. The Edinburgh Council of December 1992 went somewhat in this direction by expanding Objective 2 to cover some urban areas previously not funded by the ERDF.[85] However, given the scepticism of most member states towards a European urban policy it was unlikely that any major change in this direction would come from the mainstream structural funds. A better entry point was provided by the so-called Community Initiatives (CIs), which allowed the Commission to spend up to 9% of the money allocated to structural funds in 1994-99 for projects of special interest to the EU. CIs provided a flexible policy tool for the Commission, which could decide how to use those funds autonomously and without going through the intergovernmental procedures of the mainstream structural funds.[86]

To be sure, the idea of an urban CI did not appear straight away. Right after the Maastricht rejection, many in the Commission were reluctant to push the urban policy issue too far, and those who proposed to extend the UPP mechanism in some way were a minority in DG Regio.[87] As a result, in drafting its green paper on Community Initiatives to circulate in preparation for the new budgetary period, the Commission did not include any urban measure in its proposed list. The paper was

[84] Ibid., chs. 8 and 9.
[85] Tofarides, *Urban Policy in the European Union*, pp. 61-63.
[86] Ibid., pp. 61-69.
[87] Ibid..

sent to a number of interested parties, among which the CCLRA, local authorities, social partners, the European Parliament and the European Economic and Social Committee (EESC). All of them responded by asking that the urban issue be placed in the immediate agenda of the Commission. In particular, they highlighted the need to establish substantial measures for the economic, social and physical regeneration that would combat urban ills like exclusion and unemployment by using a bottom-up, society-based approach.[88] In early 1994 the European Parliament (and in particular its socialist component) restated the same ideas while also criticising the Council for its inaction during the Maastricht negotiations. Finally, the criticism of the fragmentation and dispersion of European funds that was coming in the same period from the Court of Auditors was seen by many as providing further support for the sort of coordinated action promoted by the urban policy coalition.[89]

These reactions and requests emboldened the more urban-friendly camp within DG Regio, and especially Marios Camhis who, encouraged by some proactive MEPs asked Parkinson himself to draft a new urban regeneration scheme to be included in the upcoming financial framework.[90] As Parkinson recalls:

> [b]eing quite a good communicator meant that I gave them some of the ideas and evidence, and so on. When they wanted an urban initiative—I remember it was 1992, they were then talking about revising the structural funds—a German MEP called Doris Pack came to DG Regio and said [to Marios Camhis] "if we are going to have these [Community] Initiatives, I want an urban initiative, and I want you to write it". Marios [Camhis] came to me and said "listen, I have to write this, go in this office and write it".[91]

Parkinson's draft was incorporated with virtually no changes into a communication of March 1994, with which the Commission proposed the establishment of a new Community Initiative for cities. Three months later, the

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[88] European Commission, "Community Initiative Concerning Urban Areas (URBAN)," (20 April 1994), Tofarides, *Urban Policy in the European Union*, pp. 67-69.
[89] Halpern and Le Galès "Europeanisation of Policy Instruments".
[90] Parkinson, Michael. Telephone interview by author.
[91] Ibid..

Commission acted on its proposal by officially launching the 'URBAN' CI for the budget period 1994-99.[92]

The URBAN Community Initiative was the sum of a number of ideas already in circulation among the community of urbanists and of some previous policy experiences like the UPPs and, especially, the UK's City Challenge program on which Parkinson had worked previously. URBAN was a demonstration initiative supporting a small number of neighborhood revitalization programs that combined measures for economic development, physical and infrastructural improvement and social integration—so transcending the traditional developmental focus of the structural funds—and aimed at reconnecting the targeted areas to the main socioeconomic fabric of the city. The projects were selected through a mixed system that combined quotas for each member state and, within them, competitions among cities based on a number of urban distress indicators and the merits of the specific proposals, as adjudicated by both member states and DG Regio.[93]

While Objective 1 areas were given priority, URBAN financed a number of projects outside the traditional cohesion policy regions. In each case, European funds came from the ERDF as well as the European Social Fund (ESF), but the projects were also required to integrate EU funding with additional public and private resources. Further, multi-level and public-private partnerships were emphasised for both the planning and implementation phases of each city programme. Initially designed for 50 cities, URBAN eventually funded 118 projects involving 3.2 million people. The EU invested 600 million ECUs (1994 prices), which leveraged an

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[92] Tofarides, *Urban Policy in the European Union*, pp. 67-69.
[93] European Commission, "Community Initiative Concerning Urban Areas (URBAN)".

additional 1.2 billion ECUs from national, regional and local governments and private contributors.[94]

Although smaller than its older American counterpart, URBAN was structured in a way strikingly similar to Model Cities. In part, this was the result of the two initiatives originating from similar ideas about functional integration and neighbourhood targeting.[95] URBAN and Model Cities, however, reflected also a similar relationship between centre and periphery in the two cases. Like the US federal administration three decades earlier, the Commission was faced with many local authorities who were unable or, in some cases, unwilling to plan and implement urban development in a holistic and participatory way for lack of know-how, capacities or politico-administrative will. This was especially the case in those member states without a tradition of urban policy, like those on the Southern flank of the EU. The Commission's response to this situation was to act in a 'paternalistic' way, attaching a number of conditions of substance as well as governance to its money. In doing so, the Commission hoped to educate local actors, maximise the impact of its intervention and, finally, demonstrate the goodness of its approach.[96]

URBAN established a direct political and administrative link between the Commission and European cities to a much larger scale than the UPPs, in terms of both resources employed and geographic coverage. Consequently, many viewed the new programme as a score for the proponents of a European urban policy after the

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[94] Ibid.; van den Berg et al., "The Urban Dimension in European Policy".
[95] In fact, one can even trace a more direct link between the two initiatives via the City Challenge programme which, according to some, drew on the experience of Model Cities. See Mary K. Nenno, *Ending the Stalemate: Moving Housing and Urban Development into the Mainstream of America's Future* (Lanham, MD: University Press of America, 1996), p. 34.
[96] Susanne Frank, "The European Union and the European Cities: Three Phases of the European Urban Policy" in *Spatial Planning and Urban Development in the New EU Member States: From Adjustment to Reinvention*, ed. U. Altrock, et al. (Aldershot: Ashgate, 2006). Thea Dukes, "The URBAN Programme and the European Urban Policy Discourse: Successful Instruments to Europeanize the Urban Level?," *GeoJournal* 72, no. 1 (2008): 105-19.

1991 setback.[97] Granted, compared with the mainstream structural actions URBAN was still a rather limited initiative in financial terms. But its significance extended beyond the sums involved: with URBAN the Commission—and the EU—made an unmistakable move into the area of urban policy. It did so not through a 'history-making' episode but rather by using the policy leeway afforded by the 'ordinary' rules for Community Initiatives, ultimately expanding its competences in a 'creeping' fashion.[98]

URBAN renewed the enthusiasm and optimism of the supporters of a European urban policy. In two communications produced, respectively, in 1997 and 1998, the Commission spelled out its vision for the future of the EU's role in cities. Taken together, the two communications expressed an all-encompassing view of urban policy, which included issues as diverse as crime, transport, education, infrastructures, employment and the environment. In all these areas, the Commission argued, the EU needed to re-orient its policies to make them more urban-sensitive and to promote integrated urban development. Targeting, exchange of governance experiences and coordination among policy areas and levels of government were keys for success in cities. Local community empowerment was seen as a means as well as an important end of future urban policies. As for the structural actions already in place, like URBAN, these needed to be included in the main architecture of EU policies in the context of an increased importance given to urban development as a priority axis.[99]

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[97] Halpern and Le Galès "Europeanisation of Policy Instruments".
[98] Mark A Pollack, "Creeping Competence: The Expanding Agenda of the European Community," *Journal of Public Policy* 14, no. 2 (1994): 95-145.
[99] European Commission, "Towards an Urban Agenda in the European Union," (6 May 1997); "Sustainable Urban Development in the European Union: A Framework for Action," (23 October 1998).

The documents, however, once again manifested ambiguities of the Commission on the issue of urban policy: while eager to increase the urban relevance of EU policies, the Commission insisted that it was not seeking new supranational competences and that EU action could only be seen as complementing, rather than replacing, measures by other levels of government. At the same time, it is undeniable that the two communications represented a victory for cities and other supporters of a European urban policy in the 'battle' for the inclusion of cities and the urban question as legitimate components of the policy discourse of the EU together with such ideas as competitiveness, growth and cohesion.[100]

Events were moving also at the intergovernmental level in those years. In November 1998, representatives of all member states met in Vienna in an urban forum promoted by the Commission to discuss its proposals and, more generally, the future of the EU's urban actions. The following year the EU ministers responsible for spatial planning produced the final version of the European Spatial Development Perspective (ESDP), a document promoting member state coordination in the urban development area.[101] Finally, the Lille summit of 2000 launched a European Urban Initiative (EUI) for cooperation and exchanges in the field of urban planning and development.[102] While none of them were binding, all these initiatives definitely showed an increasing awareness among member states of the relevance of cities' health for the future of the Union and of the need of more coordination on these issues.

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[100] Atkinson, "The Emerging Urban Agenda and the European Spatial Development Perspective" and "EU Urban Policy, European Urban Policies and the Neighbourhood: An Overview of Concepts, Programmes and Strategies" (paper presented at the EURA Conference: The Vital City, Glasgow, September 12-14 2007).
[101] Committee on Spatial Development, "European Spatial Development Perspective: Towards Balanced and Sustainable Development of the Territory of the European Union," (May 1999). See also van den Berg et al., "The Urban Dimension in European Policy".
[102] Michael Parkinson. "Urban Policy in Europe: Where Have We Been and Where Are We Going?" NODE Project working paper, 2005.

On the policy side, the Commission kept working. In 1997 26 new Urban Pilot Projects were started in the following two years with a total investment of 63.6 million.[103] In June of the same year the Commission launched Urban Audit, a project for the systematic collection of statistical data on European cities which put in practice prescriptions contained in the recent communications as well as the recommendations of the Cheshire and Parkinson reports. Finally, the URBACT programme for learning and exchange of good practices in urban development was created in 2002. The Commission would launch a second round of URBACT projects in 2007.

More importantly, the Commission launched a second round of URBAN for the budget period 2000-06. URBAN 2 kept most of the objectives and features of its predecessor but it also introduced a few important changes. One of them was in the targeting criteria, which in the new round took into account the size of the specific neighbourhoods where the projects were implemented rather than that of the city as a whole. Another relevant change was the elimination of the ESF from the sources of funding and the consequent simplification of the bureaucracy of the programme. Finally, the preference for cities in Objective 1 areas was eliminated.[104] Like its predecessor, URBAN 2 was initially designed for a small number of cities and later expanded to finance 70 projects for a total investment of €1.58 billion of which €728.3 million coming from the EU.[105]

While it eventually reaffirmed and even strengthened the main principles of the Commission's urban action, the preparation and launch of URBAN 2 nonetheless

[103] Tofarides, *Urban Policy in the European Union*, pp. 250-52.
[104] European Commission, "The Programming of the Structural Funds 2000-2006: An Initial Assessment of the Urban Initiative," (14 June 2002); "Communication Laying Down Guidelines for a Community Initiative Concerning Economic and Social Regeneration of Cities and of Neighbourhoods in Crisis in Order to Promote Sustainable Urban Development (URBAN II)" (28 April 2000).
[105] European Commission - DG Regio, "URBAN II: Financing." http://ec.europa.eu/regional_policy/urban2/budget_en.htm (accessed 12 December 2010).

occurred in a political climate that had changed compared to first half of the 1990s. For one thing, from its initial enthusiasm the Commission had moved towards a somewhat agnostic position. Though not hostile to the cause of cities, the new Regional Policy Commissioner Monika Wulf-Mathies—a former German trade unionist—was definitely not as sympathetic to urban policy as her predecessor Bruce Millan.[106] One visible sign of this was that URBAN 2 was introduced in the new structural funds regulations only after an explicit request from the Parliament. For another, the position of some cities on the URBAN initiative was changing. During consultations for the new financial framework, some of the bigger cities, through their network Eurocities, had expressed dissatisfaction with what they saw as a limited programme, which imposed too many limits on both the activities to be financed through European funds and the methods applicable by local authorities.[107] Both the Commission's change of attitude towards URBAN and the cities' discontent would come back in a few years to influence the negotiations for the next financial framework.

Conclusion

This parallel historical account has shown the value of an eclectic approach to institutional formation of the sort advocated by discursive institutionalism. One cannot understand why the US and the EU adopted such similar urban policy initiatives as Model Cities and URBAN three decades apart if not by looking at how analogous sets of causal factors converged in the two cases. First, a conducive political climate, created by central executive and legislative actors carrying programmatic ideas—and sometimes having interests—in favour of a federal

[106] Parkinson, Michael. Telephone interview by author.
[107] Niessler, Rudolph. Director of Policy coordination, DG Regio. Personal interview by author, Brussels, 11 July 2011.

involvement in cities. In both cases, these programmatic views were narrowed down to specific measures by the combined action of two additional factors: one was the role of groups of experts who articulated holistic urban policy ideas coherent with the broader political climate, and were in a privileged position to fully transmit these ideas to the relevant policy-makers at the coordinative stage. The other was the institutional context in which these ideational and political processes took place, and more precisely the federal centre's distrust of peripheral actors, which led the experts to envisage and the central political actors to implement the two early urban policy initiatives in a paternalistic and intrusive fashion.

The three causal factors were all equally necessary to produce the early urban policy initiatives. What was not necessary, on the other hand, was for Model Cities and URBAN to be placed in a similar politico-constitutional context: of the two grant schemes, only the former was implemented within the context of a proper city welfare state. As we shall see in the next chapter, this difference proved crucial in determining the fate of federal urban policy in the two cases once Model Cities and URBAN revealed their inherent limitations.

Chapter 3

THE ATTACKS ON FEDERAL URBAN POLICY AND THEIR DIFFERENT OUTCOMES

Introduction

Due to their institutional weaknesses, both Model Cities and URBAN came under political attack not too long after their inception. In the US the attack came primarily from president Nixon, who opposed the programme on ideological as well as electoral grounds. In the EU, URBAN was attacked during the negotiations for the 2007-13 financial framework by cities, who took issue with this initiative's limited and intrusive approach to urban development, as well as states and regions who, on the other hand, wanted to regain control of that portion of the structural funds.

The attacks on Model Cities and URBAN opened a phase of policy fluidity which was resolved differently in the two polities, depending on their existing politico-institutional configuration. In the US, where HUD had come to embody the federal commitment to city welfare, the department's leadership responded to the White House's offensive on urban policy by channelling it into the creation of the Community Development Block Grant, a 'Republicanised' version of Model Cities. Due to its characteristics—most notably decentralisation and an entitlement mode of distribution—the CDBG in turn generated from the start a wide and bipartisan coalition of stakeholders which has crystallised the grant scheme to this day.

In the European Union, conversely, the urban policy activism that had produced URBAN left no significant politico-constitutional legacy in the form of a city-oriented policy paradigm or powerful administrative structure in DG Regio. As a result, when URBAN came under attack and was brought into the mainstream structural funds, the directorate reverted to 'business as usual' and delegated the urban dimension in the new cohesion policy entirely to regions, so effectively ending the Union's urban policy.

The aim of this chapter is twofold: first, I complete my comparative historical analysis by tracing the processes by which the US and the EU's different politico-institutional settings channelled the attacks on Model Cities and URBAN into two divergent outcomes: policy juncture and entrenchment on one side and policy disappearance on the other. Second, I conduct an in-depth study of both the CDBG and URBAN which will not only serve as a first elucidation of the different institutional effects of the two instruments—crystallisation vs. instability—but also describe the broader policy context in which the city cases presented in the next two parts of the thesis are situated.

New Federalism in urban policy: the CDBG and its effects

HUD vs. Nixon

Despite its shortcomings and the political opposition it generated, Model Cities acquired a significance for federal urban policy that went well beyond the grant scheme itself. With its 'total' attack on urban problems, Model Cities represented and summarised the mission and ambition of HUD better than any other program run by the department. The message with which Johnson recommended Model Cities to Congress made this link very clear: HUD, the president noted, had been created with the intention of tackling the various aspects of the urban plight with a level of authority, coordination and leadership which had not been possible under its predecessor, the HHFA. The secretary of the new department, Johnson continued, will be able to 'mesh together all our social and physical efforts to improve urban living' so as to meet effectively 'modern urban needs—rather than fitting new programs into old and outworn patterns'.[1] Johnson's word, in sum, left no doubt as to the fact that HUD and Model Cities were to be seen as two products—one politico-constitutional, the other policy-instrumental—of the same new interpretation of the city, its problems and solutions, in a holistic way.

These ideas on the identity and mission of HUD, and on the central role of Model Cities in it, outlasted Johnson and Weaver. A number of documents show how these views remained ingrained at several levels of HUD during the Nixon administration. In a memo to the president on the 'HUD inheritance', for instance, George Romney, a liberal Republican chosen by Nixon to head the department, praised the role of HUD as a coordinating agency for urban issues but noted that much had yet to be made to strengthen its structure, overcome the fragmentation inherited by the HHFA, and develop a well-rounded strategy for urban development. A similar assessment was made of Model Cities, which was seen as a promising programme that had nonetheless been inadequately understood and implemented in an unsatisfactory way.[2] To follow up concretely on these observations, shortly thereafter Romney merged a number of sectoral offices, including the Urban Renewal and the Model Cities administrations, into a comprehensive Department of Community Development as part of a wider reorganisation of HUD.[3]

Other HUD documents link the rationale of Model Cities and HUD's overall mission as perceived by its leadership even more explicitly. In a memo requesting posture statements from the Assistant Secretaries, HUD Under Secretary Richard Van Dusen listed inter-sectoral coordination and integration as the first objectives of

[1] Lyndon B. Johnson, "Message from the President of the United States Transmiting Recommendations for City Demonstration Programs," (26 January 1966).
[2] Romney, George, Memorandum to Richard Nixon, 14 February 1969. US National Archives, RG 207, Subject Files of Richard C. Van Dusen, 1969-72, Box 74.
[3] "Second Stage of Organizational Alignment Announced by Romney," *HUD News*, 29 January 1971. See also Nenno, *Ending the Stalemate*, pp. 10-14.

Model Cities, and then pointed out that these were among the main priorities of HUD as an agency, with the ultimate goal of fostering and encouraging 'the creation of desirable living environments—both physical and social—for all Americans'.[4] In a document setting the agenda for a Model Cities staff meeting, Floyd Hyde, a former Fresno mayor and Assistant Secretary for Model Cities (and later for Community Development), lamented the fact that the department had not yet fully accepted its 'urban development mandate' and that it was still too obsessed with (housing) 'volume production', a strategy which could be 'destructive rather than constructive', if not 'joined with schools, streets, sewers, etc.'. The need, he claimed, was for HUD to implement a single, integrated 'community development or urban development focus', as opposed to sectoral interventions. As he put it, the solution to HUD's problems was to 'Model Citiesise' the department, if not 'the entire spectrum of Federal Agencies'.[5] These objectives were reaffirmed in a policy statement circulated to all executive staff the following year, which listed among the top goals of Hyde's tenure that of providing '[f]ederal assistance in comprehensive development of communities serving the needs and interests of all their people'.[6]

President Nixon's views on the federal role in fostering the well-being of American cities contrasted sharply with those of HUD's leadership. The 'New Federalism' platform on which Nixon had won the 1968 elections argued that the federal government's intervention in economic and social matters had grown out of proportion over the previous four decades, and that the United States was in need of a radically new political bargain, in which the size and scope of the federal government

[4] Van Dusen, Richard, Memorandum to the Assistant Secretaries of HUD, 20 March 1970. US National Archives, RG 207, Office Files of Floyd H. Hyde, 1969-72, Box 1.
[5] Hyde, Floyd, Agenda for the MC Executive Staff Meeting, July 1, 1970. US National Archives, RG 207, Office Files of Floyd H. Hyde 1969-72, Box 1.
[6] Boyle, Ross, Memorandum to all executive staff, 30 August 1971. US National Archives, RG 207, Office Files of Floyd H. Hyde, 1969-72, Box 2.

vis-à-vis individuals as well as states and local governments would be drastically reduced. Unsurprisingly, the social programmes begun by Johnson as part of his Great Society were a central target in Nixon's battle against federal intrusiveness. Among these, Model Cities was seen as a prominent example of that excessive bureaucratic growth and governmental paternalism that treated local officials 'like children, [who are] given an allowance, told precisely how to spend it, and then scolded for not being self-reliant enough to handle more responsibility'.[7] For Nixon, programmes like Model Cities were nothing less than an 'abomination' of which his administration would soon rid the country.[8]

Nixon's position on federal urban policy was ideological as well as electoral: for one thing, his ideas reflected the traditional Republican's distrust of big government and a loss of confidence in the Keynesian welfare state's abilities to tackle economic issues such as deindustrialisation, competition and stagflation.[9] Electorally, Nixon represented the grievances of a powerful conservative coalition centred on the suburban white middle classes, who were bearing the economic burden of the programmes created from the New Deal onwards, without receiving the benefits of them.[10]

The differences between Nixon and the HUD leadership gave rise to a tug of war over the fate of Model Cities which began right after Nixon's election. Unfolded primarily over a number of meetings and discussions to establish the new

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[7] Richard M. Nixon: "Statement Announcing Participation of 20 Cities in the New Planned Variation Program," 29 July 1971. Online by Gerhard Peters and John T. Woolley, *The American Presidency Project*. http://www.presidency.ucsb.edu/ws/?pid=3090 (accessed 1 June 2012).
[8] John Ehrlichman, *Witness to Power: The Nixon Years* (New York: Simon and Schuster, 1982), p 105. On Nixon's opposition to Model Cities see also Rowland Evans and Robert D. Novak, *Nixon in the White House: The Frustration of Power* (New York: Random House, 1971), pp. 37-43; Frieden and Kaplan, *The Politics of Neglect*, ch. 9; Fox, *Metropolitan America*, pp. 206-19.
[9] Frank Gaffikin and Barney Warf, "Urban Policy and the Post-Keynesian State in the United Kingdom and the United States," *International Journal of Urban and Regional Research* 17, no. 3 (1993): 67-84.
[10] Evans and Novak, *Nixon in the White House*, pp. 37-42; Gaffikin and Warf, "Urban Policy and the Post-Keynesian State"; Savitch and Osgood Jr, "Bulpitt in America".

administration's strategy on cities, this dispute nonetheless turned into open confrontation whenever the White House tried to get its way unilaterally.[11] In the spring of 1970, for example, Floyd Hyde and some other top HUD officials, supported by a number of mayors around the country, went as far as publicly criticising Nixon's plan—later withdrawn—to cut Model Cities funding by $500 million in order to divert funds to a school desegregation programme.[12] In another instance, George Romney wrote a furious letter to the president lambasting the White House's Office of Management and Budget's proposal to terminate Model Cities and halve HUD's budget for fiscal year 1972 in favour of general revenue sharing (GRS), a system that would have automatically transferred fiscal revenues to nearly 30,000 units of local government without any string attached. A supporter of New Federalism and administrative decentralisation, Romney nonetheless considered ill-advised any proposal to close down Model Cities precipitously and without a ready alternative to fund community development in American cities—in the same way, he claimed, it would be 'foolish' for a manufacturer to 'discontinue production of existing models until his new model had been thoroughly engineered, designed, road-tested, and put into production'. Simple revenue sharing, Romney continued, could not perform that development function due to the lack of 'state and community capacities for dealing with their own local problems'. He therefore recommended the adoption of a different and 'two-pronged' strategy, in which the growth of GRS would proceed in parallel with an orderly transition from Model Cities to a special 'community development

[11] The urban policy rift between the White House and the HUD leadership is well documented in a number of accounts by members of the Nixon administration as well as other close observers. See Evans and Novak, *Nixon in the White House*, pp. 37-43; Frieden and Kaplan, *The Politics of Neglect*, ch. 9; Ehrlichman, *Witness to Power*, pp. 104-10; Richard P. Nathan, *The Plot That Failed: Nixon and the Administrative Presidency* (New York: John Wiley & Sons, 1975), ch. 3.

[12] James K. Batten, "Model Cities Officials Fearful of Fund Cut," *The Philadelphia Inquirer*, 3 May 1970. See also Frieden and Kaplan, *The Politics of Neglect*, pp. 207-09.

revenue sharing program' that would combine local flexibility with the setting of certain community development goals and priorities at the national level.[13]

Generally speaking, these episodes revealed a fundamental difference of priorities between HUD's leadership and the White House. While both sides were unsatisfied with Model Cities as inherited from the Johnson administration, the former thought that the federal government should not, in any case, be left without an urban development policy and that (a preferably modified) Model Cities should be kept until a better funding system, combining the comprehensiveness of the existing grant-in-aid programme with the Republican ideas on decentralisation, was available. Conversely, for Nixon and his closest advisers—in the first place John Ehrlichman—the principle of federally promoted city welfare did not have nearly as much importance, and could be sacrificed, together with its current policy expression Model Cities, for other goals, whether they be school desegregation or revenue sharing.

An unexpected source of support to HUD's views on Model Cities came from a number of independent studies commissioned by the White House in the hope of lending some scientific evidence to its position.[14] Almost invariably, these reports commended Model Cities's holistic approach to urban development and the fact that it empowered mayors and general-purpose agencies as opposed to specialised local agencies. At the same time, they signalled the need to push this grant scheme even further from the categorical model by extending the number of cities involved, relaxing or even eliminating spatial targeting provisions, expanding the list of eligible projects and, generally, devolving more powers to mayors and perhaps states. So

[13] Romney, George, Letter to Richard Nixon, 30 December 1970. US National Archives, RG 207, Subject Files of Richard C. Van Dusen, 1969-72, Box 74.
[14] Haar, *Between the Idea and the Reality*, pp. 151-56.

modified, the studies concluded, Model Cities could and should be made a central instrument in the new administration's urban strategy.[15]

Nixon's newly created Urban Affairs Council, chaired by Daniel Patrick Moynihan, expressed analogous views on the need to continue but modify Model Cities.[16] Interestingly, Moynihan's position was based on an assessment of the merits of Model Cities as much as it resulted from political considerations consistent with the argument presented here. As Evans and Novak note, whereas as an academic 'in the ivied isolation of Harvard' Moynihan did not think much of the programme (especially as bequeathed by the Johnson administration), '[a]rriving in Washington, he was amazed to find that Model Cities had been transmogrified into a symbol of federal commitment to saving the cities'. This led him to conclude that cancelling the programme would have been a political mistake.[17]

In its dispute with the White House, HUD could also count on a number of political allies, in the first place cities—represented primarily by the National League of Cities (NLC) and the US Conference of Mayors (USCM)—which were alarmed by the possibility of losing federal funds following the cancellation of Model Cities, and the Democratic-dominated Congress.[18] However, while the role of these additional players should not be underestimated, it is safe to argue that HUD remained central in this pro-urban policy alliance: for one thing, the department's leadership played a key role in mobilising both cities and Congressmen in support of Model Cities.[19] For another, HUD's allies were somewhat ambiguous about whether they supported the

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[15] The most famous among these studies was conducted by a presidential commission chaired by conservative social scientist Edward Banfield and published in December 1970. A summary of the several Model Cities appraisals conducted in this period is in Frieden and Kaplan, *The Politics of Neglect*, pp. 201-07.
[16] Ibid., pp. 201-02 and Pritchett, "Which Urban Crisis?".
[17] Evans and Novak, *Nixon in the White House*, p. 42.
[18] Haar, *Between the Idea and the Reality*, pp. 157-58; Frieden and Kaplan, *The Politics of Neglect*, pp. 207-12.
[19] Frieden and Kaplan, *The Politics of Neglect*, pp. 207-08.

grant-in-aid programme as the main existing expression of a federal city welfare state—like the department was doing—or merely as a source of federal dollars for their constituencies.[20] This was particularly true for Congress, where by the late 1960s general revenue sharing had become a rather popular idea among Republicans as well as Democrats, and where Nixon's GRS scheme would be endorsed in 1972 and confirmed and expanded in later years.[21]

Eventually, Nixon gave in: when Congress re-authorised Model Cities in 1970 (and funded it at the same level planned by the previous administration) the president abstained from using his veto, and continued to do so until 1973. Meanwhile, HUD worked on the administrative end of the programme by introducing 'planned variations' in a number of cities which, as a whole, gave more powers to local elected officials to the detriment of citizen groups on one side, and federal authorities on the other. In the first place, selection procedures and concentration criteria such as population ceilings for targeted neighbourhoods were relaxed, so giving mayors the ability to spread federal dollars more widely, and allowing them to fund projects in better off and white areas. Second, the balance of power in local decision-making was tilted towards mayors and away from citizens groups, which were relegated to a purely advisory role. Finally, and connected to the foregoing, the general focus of the programme was shifted from redistribution to minorities and the poor to economic development and local capacity building.[22] Taken together, these variations were intended to test the new and decentralised approach to urban development advocated

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[20] Haar, *Between the Idea and the Reality*, pp. 157-58; Frieden and Kaplan, *The Politics of Neglect*, pp. 207-12.

[21] Robert L Lineberry and Ira Sharkansky, *Urban Politics and Public Policy* (New York: Harper & Row, 1978, pp. 146-51; Joan Hoff, *Nixon Reconsidered* (New York: Basic Books, 1995), pp. 66-73.

[22] Haar, *Between the Idea and the Reality*, pp. 157-58; Frieden and Kaplan, *The Politics of Neglect*, pp. 208-12.

by HUD and, more generally, to indicate the direction that federal urban policy would take in the following years.

'Republicanising' city welfare: the Community Development Block Grant

To complete the kind of orderly transition to a new community development funding system called for by Romney, in the early 1970s the administration began a legislative initiative to consolidate a number of categorical grant programs into an Urban Community Development Revenue Sharing scheme (UCDRS) which would distribute federal funds according to a formula rather than competitively, support a wide range of urban development activities and give cities a great degree of flexibility as to how to spend federal dollars. Democrats in both the House and Senate responded to the Republican initiative by presenting a counter-proposal for a Community Development Block Grant (CDBG) that included, among other things, slightly different formulas, some more powers for HUD in reviewing fund applications and more provisions for citizen participation and redistributive spending.[23] While by no means trivial, these differences should, however, not be overstated. On the whole, Congress's stance vis-à-vis the administration was remarkably cooperative, and the two schemes being proposed were not so much alternative models as two variants of the same basic paradigm, *i.e.* a system for comprehensive urban development decentralised and simplified consistently with the principles of New Federalism.[24] This was confirmed by the conciliatory attitude of both HUD and Congress throughout the legislative process and by the department's optimism as to the possibilities of reaching a compromise text.[25]

[23] Frieden and Kaplan, *The Politics of Neglect*, pp. 250-52.
[24] Fox, *Metropolitan America*, pp. 213-19.
[25] Attachment to Van Dusen, Richard, Memorandum to John Ehrlichman and Richard Nathan, 29 June 1971. US National Archives, RG 207, Subject Files of Richard C. Van Dusen, 1969-72, Box 74. These

As for the cities, while initially sceptical about the administration's plans for fear of losing federal funds, both the NLC and the USCM soon moved towards a cooperative stance and started to work through Congress to improve on HUD's proposal rather than opposing it. Partly, the mayors' position resulted from the realisation that any fight in defence of the old grants, among which Model Cities, would have been unsustainable and doomed to fail given the administration's determination. In part, however—and connected to the foregoing—there was on the part of the NLC and the USCM a genuine liking of the idea of community development revenue sharing project which, once amended according to their suggestions, could even be considered a victory for the cities.[26]

With Nixon's re-election by a landslide in 1972 the administration efforts to complete the transition to a new community development system were stepped up. In the 1973 State of the Union Address, the president announced the impoundment of funds for a number of urban development and housing programmes, including Model Cities, as part of the 1974 budget process. These programmes, the president stated, had proven expensive, inefficient, and often counterproductive for the health of cities. In their place, Nixon announced the creation of a big, multi-purpose block grant distributed through a formula system and with the only provision that the money be used for community development activities. Responsibility for local development decisions, Nixon argued, should be taken away from the hands of planners and bureaucrats located far away and 'accountable only to an office in Washington'. 'The time has come', he continued, 'to reject the patronizing notion that Federal planners,

positions are confirmed in other documents of the period, such as the memorandum from Richard Van Dusen to John Ehrlichman and Richard Nathan of 13 July 1971 and the memorandum from Richard Nathan to George Shultz and John Ehrilchman of 23 July 1971. Both in US National Archives, RG 207, Subject Files of Richard C. Van Dusen, 1969-72, Box 74.

[26] These views were expressed, for instance, in Pritchard, Allen, Message to the members of the NLC board of directors, 1 March 1973. US National Archives, RG 207, Office Files of Floyd H. Hyde, 1969-72, Box 1.

peering over the point of a pencil in Washington, can guide your lives better than you can'. Under the new programme, control over federal funds would be devolved to local leaders, who could 'go on spending it the way Washington was spending it if they like. But they would also be free to work out better plans without having to get Washington's approval'. Named Better Communities Act, Nixon's proposal would expand on the recent experience of general revenue sharing, which the president went as far as calling a 'new Declaration of Independence for state and local governments'.[27]

Nixon's announcement was a way to force the new Congress to act swiftly on the block grant legislation. To follow up on the president's words, HUD re-introduced a previously reached compromise text on the CDBG in the Senate. When it landed on the Senate floor in February 1974, the renamed Housing and Community Development Act was approved by a large and bipartisan majority.[28] After receiving the same sort of support in the House, the bill was signed into law on August 22, 1974—only a few days after Nixon's resignation—by the new president Gerald Ford.[29]

The new Community Development Block Grant consolidated Model Cities and six more grant programmes—Urban Renewal, Water and Sewers, Open Space, Urban Beautification, Historic Preservation and Neighborhood Facilities—into a new comprehensive grant with very few strings attached and distributed through a statutory formula. From Model Cities, the CDBG took the holistic approach to urban development (which included physical, social and economic interventions) and its empowerment of elected bodies over specialised agencies. However, the block grant

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[27] Richard M. Nixon: "Radio Address About the State of the Union Message on Community Development," 4 March 1973. Online by Gerhard Peters and John T. Woolley, *The American Presidency Project*. http://www.presidency.ucsb.edu/ws/?pid=4128 (accessed 20 April 2012).
[28] Pritchett, "Which Urban Crisis?".
[29] Fox, *Metropolitan America*, pp. 213-15; Pritchett, "Which Urban Crisis?".

'Republicanised' this approach by 'entitling' cities to annual allocations, giving them ample freedom in deciding where, how and for what activities to spend federal dollars, diluting the emphasis on social spending and, finally, eliminating any requirement to use the funds in a strictly synergic fashion—hence making the CDBG an integrated programme in a rather loose sense. Under the new system, finally, HUD would have a much reduced role: it would no longer approve or decide how cities were to use urban development money, but just pass the funds on to local governments and make sure they would follow the quite permissive regulations of the grant. From a crucial decision-maker, in sum, the department became a mere administrator.[30]

The CDBG was activated in 1975 and produced a number of important effects from its start. The most obvious was that it multiplied the number of recipients of federal community development dollars, and for these it established stable streams of funding. While the initial 606 grantees were roughly the same as the recipients of the previous seven consolidated grants combined, with the CDBG these local communities were for the first time united in the same system, and hence brought together from a policy as well as political standpoint.

Grant consolidation and formula distribution also entailed the extension of the new federal community development system to a number of communities that were not strictly speaking in need, most notably those in white suburbia. To some extent, this was consistent with another and more general effect of the CDBG, namely the reorientation of spending within the recipient cities from the more redistributive actions promoted by Model Cities to economic growth measures.[31] More often than

[30] Frieden and Kaplan, *The Politics of Neglect*, pp. 259-61.
[31] Ibid. Also, Michael J. Rich, "Distributive Politics and the Allocation of Federal Grants," *American Political Science Review* 83, no. 1 (1989): 193-213; Margaret Weir, "Power, Money, and Politics in

not, this shift of focus was driven by mayors, who used their increased powers to promote more visible and electorally rewarding downtown development initiatives and massive bricks and mortar projects which, in many cases, not only did not help the most distressed urban sectors, but damaged them in a way similar to what had happened with Urban Renewal.[32] Needless to say, to a great degree these effects were predicted and intended by the Republican administration, which wanted to direct federal funds towards its constituencies throughout the country.[33]

Of course, the autonomy granted by the CDBG to its 'entitlement communities' was not all bad. The new system introduced greater political responsibility at the local level and it did allow many communities to better tailor urban development initiatives around their needs.[34] Moreover, the reliance on formulas rather than competition to allocate the funds broke the link between a city's ability to put together a good application and its level of funding. While no doubt politically advantageous for the Republican administration and party—bigger and more resourceful cities tended to be Democratic—this shift nonetheless allowed a number of smaller cities with more modest administrative capacities, but with sometime serious problems, to benefit from federal funds.[35]

Community Development" in *Urban Problems and Community Development*, ed. R.F. Ferguson and W.T. Dickens (Washington, DC: Brookings Institution Press, 1999).

[32] Paul Kantor, "The Dependent City: The Changing Political Economy of Urban Economic Development in the United States," *Urban Affairs Review* 22, no. 4 (1987): 493-520; Gaffikin and Warf, "Urban Policy and the Post-Keynesian State". In some extreme cases, mayors used their newly acquired powers to blatantly divert community development money from real needs to services for the richest sectors of the population such as golf courses. See Savitch and Osgood Jr, "Bulpitt in America".

[33] Frieden and Kaplan, *The Politics of Neglect*, pp. 261-68.

[34] Fox, *Metropolitan America*, pp. 213-20; Mohl, "Shifting Patterns".

[35] Richard Florida and Andrew Jonas, "US Urban Policy: The Postwar State and Capitalist Regulation," *Antipode* 23, no. 4 (1991): 349-84.

The legacy of Nixon's reform

Regardless of one's judgement of it, there is no doubt that the Nixon administration's reform has had a profound and lasting impact on urban policy in the United States. Since 1975 the Community Development Block Grant has remained at the centre of the federal urban funding system, if not always in terms of the absolute amounts of dollars distributed, certainly for its stability and reliability as a source of money for cities. In many respects, the CDBG has hence been the 'workhorse' of urban and community development in the United States to this day. It should not surprise, then, that all the administrations that have succeeded Nixon's have, for better or worse, placed this programme at the centre of their urban policy actions.

Clearly, there have been important differences in the way successive presidents have acted towards urban policy and the CDBG. To make a rough distinction, Democrats have tended to regard the block grant as a solid basis for helping cities on which, however, they have often tried to add further and sometimes more centrally guided policy instruments. Carter's Urban Development Action Grant (UDAG) is probably the foremost example of this strategy. Introduced in 1977 and in force until 1988, UDAG was a competitive grant system distributing money for economic development projects mostly in the old industrial cities of the Rust Belt.[36] Under Clinton, the Democratic 'policy of addition' was articulated in a more market-friendly (as opposed to redistributive) fashion with the 1993 Federal Empowerment Zones Act, which started a system of tax credits and deregulation measures to stimulate local economic development.[37] More recently the Obama administration has

[36] Ingrid W Reed, "The Life and Death of UDAG: An Assessment Based on Eight Projects in Five New Jersey Cities," *Publius: the Journal of Federalism* 19, no. 3 (1989): 93-109.

[37] Downs, "HUD's Basic Missions and Some of Their Key Implications"; Marshall Kaplan, "Urban Policy: An Uneven Past, an Uncertain Future," *Urban Affairs Review* 30, no. 5 (1995): 662-80. Quite tellingly, the idea of Empowerment Zones had been previously put forward, unsuccessfully, by Republicans.

partly returned to the Johnsonian tradition of redistributive urban policies, combining it with a more direct focus on the CDBG. For one thing, in 2010 he brought the level of block grant funding from $3.6 to $4 billion—the first substantial increase in several years—and added a further $1 billion of stimulus money.[38] For another, the administration chose to use the well-oiled administrative structure of the CDBG to manage other programmes in favour of the poor, in the first place its Neighborhood Stabilization Program (NSP).[39]

Republicans, conversely, have usually made the CDBG the primary target in their attacks on federal urban policy. The most prominent case was Ronald Reagan, who cut CDBG funding by more than half over his two terms in the name of a *laissez faire* economic policy based on the idea that cities that could not fare well in a free market environment could and should not be artificially kept alive trough federal aid.[40] Of course, seen from a different angle, it is quite remarkable that the CDBG resisted outright cancellation in the face of Reagan's radical conservative agenda and decided attack on the American welfare state.[41] In part, the CDBG's survival in these years was due to a series of changes that made the programme even more palatable to Republican constituents, such as a further reduction of HUD's role in approving local development plans, the relaxation of national criteria favouring redistribution and,

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[38] Neil Lee, "Obama's Urban Policy," *Journal of Urban Regeneration and Renewal* 3, no. 4 (2010): 349-56; Savitch and Osgood Jr, "Bulpitt in America". Although it must be noted that this was only a small fraction of the $10 billion originally promised to and eagerly anticipated by mayors. Lowe, Eugene T., Assistant executive director, US Conference of Mayors. Personal interview by author. Washington, DC, 3 August 2010.

[39] Duhaney, Cassandra, Counsel, House of Representatives Committee on Financial Services. Personal interview by author. Washington, DC, 4 August 2010.

[40] Myron A Levine, "The Reagan Urban Policy: Efficient National Economic Growth and Public Sector Minimizaton," *Journal of Urban Affairs* 5, no. 1 (1983): 17-28; Demetrios Caraley, "Washington Abandons the Cities," *Political Science Quarterly* 107, no. 1 (1992): 1-30; Gaffikin and Warf, "Urban Policy and the Post-Keynesian State". These positions were most clearly expressed in the 1982 *President's National Urban Policy Report*.

[41] Gillian Peele, "The Agenda of the New Right" in *The Reagan Presidency: An Incomplete Revolution?*, ed. D.M. Hill, R.A. Moore, and P. Williams (1990).

finally, the devolution of control over the ‘small cities’ portion of the grant to state governments.[42]

Bush Sr followed restrictive policies very similar to his predecessor’s, and reinforced by the need to absorb the huge deficit accumulated by Reagan.[43] Perhaps the biggest test for the block grant existence, however, came with G.W. Bush, who in 2005 proposed to consolidate the CDBG, along with 17 other grants, into a new programme named Strengthening America’s Communities Initiatives (SACI) and run by the more market-friendly Department of Commerce. If passed, Bush’s reform would have eliminated federal urban policy as we know it. However, a wide and cohesive coalition of mayors, local administrators, Congressmen, non-profits and business groups mobilised in favour of the CDBG, eventually forcing the administration to backtrack.[44] On the quantitative front, however, Bush did succeed in reducing CDBG funding by a billion between 2000 and 2006.[45]

All considered, it seems that Nixon’s 1974 reform put the newly created CDBG on a track that, although with highs and lows, has shown remarkable stability and resistance over time. A number of reasons might explain this stability, but the main one seems to be that from its beginning the CDBG has done what Model Cities could never do, namely generate a wide and bipartisan constituency interested in its continuation, and ready to mobilise when the programme is threatened. This, in turn is primarily the product of the block grant’s institutional setup, and most notably of its

[42] Levine, "The Reagan Urban Policy"; Kaplan, "Urban Policy".
[43] Caraley, "Washington Abandons the Cities". See also Savitch and Osgood Jr, "Bulpitt in America".
[44] Josh J. Fecht, "US Cities Say Elimination of Block Grant Will Threaten Economies in Many Communities" http://www.citymayors.com/economics/cdbg_cut.html (accessed 14 September 2010). Murphy, John C., Executive director, National Association for County Community and Economic Development (NACCED). Personal interview by author. Washington, DC, 28 July 2010. As for HUD, Buss notes that while senior management was giving limited public support for SACI, it was actively undermining the project in private. See Terry F. Buss, "Reforming CDBG: An Illusive Quest" in *Reengineering Community Development for the 21st Century*, ed. D. Fabiani and T.F. Buss (New York: M.E. Sharpe, 2008).
[45] Savitch and Osgood Jr, "Bulpitt in America".

entitlement system and great flexibility of use. Taken together, these two elements produce not only obvious polity-wide effects—in the first place the creation of a very wide beneficiary base—but also within-city ones, such as the establishment and entrenchment of patterns of spending and webs of clienteles in which none of the main stakeholders has an interest in change and which, as a result, contribute to 'lock in' the block grant as it is. In the last analysis, if the birth of HUD in 1965 can be interpreted as a politico-constitutional critical juncture, which embedded the *existence* of urban policy in the federal system, the creation of the CDBG in 1974 can be seen as a policy level critical juncture, which added a bottom institutional 'anchor' to the top one provided by HUD and crystallised the primary *form* of urban assistance in the way we can still observe today. To fully comprehend the various aspects and mechanisms of this policy level anchor a closer look at how the CDBG works is in order.

A closer look at the Community Development Block Grant

Rules and procedures

Over its 38 years of existence, the CDBG has undergone some changes and updates which, however, have left its central features unaltered. The grant is financed annually by Congress through the normal budgetary appropriation procedures. CDBG appropriations have fluctuated historically and gravitated around $4 billion in the past few years, with the latest figure at $3 billion. As the table below shows, however, in real terms the grant has suffered a rather steady decline over time, which has brought its recent value to be between one half and one third of what it was in its first year. The only exceptions to this decline have been the Carter and Clinton administrations, under which the real value of the CDBG increased. In both cases, however, these gains were nullified by the sharp decreases of the Reagan and G.W. Bush years respectively.

Table 2: Annual nominal and real CDBG appropriations 1975-2012 (million $)

Year	Nominal	Real (1975=100)	Year	Nominal	Real (1975=100)
1975	2,550	2,550	1994	3,700	1,343
1976	2,802	2,649	1995	4,622	1,632
1977	3,248	2,884	1996	4,650	1,595
1978	3,600	2,971	1997	4,600	1,542
1979	3,750	2,779	1998	4,674	1,543
1980	3,752	2,450	1999	4,750	1,534
1981	3,695	2,187	2000	4,781	1,494
1982	3,456	1,927	2001	5,112	1,553
1983	4,456	2,407	2002	5,000	1,495
1984	3,468	1,796	2003	4,732	1,384
1985	3,472	1,736	2004	4,934	1,405
1986	2,990	1,468	2005	4,618	1,272
1987	3,000	1,421	2006	4,178	1,115
1988	2,880	1,310	2007	3,772	979
1989	3,000	1,302	2008	3,866	966
1990	2,915	1,200	2009	3,900	978
1991	3,207	1,267	2010	4,450	1,098
1992	3,419	1,311	2011	3,501	837
1993	3,200	1,191	2012	3,008	n/a

Source: Author's calculations on Urban Institute (1995), HUD, GAO and Bureau of Labor Statistics data
Note: Figures from 1981 include the non-entitlement portion of the CDBG administered by the states.

Once appropriated, CDBG funds are administered by the Community Planning and Development (CPD) office of HUD, whose first step is to divide the grant by allocating each grantee the highest of the amounts resulting from the application of two alternative formulas: formula A based on population, housing overcrowding and poverty, and formula B based on population growth lag, poverty and pre-1940 housing.[46] It is important to note that the formulas are congressionally rather than administratively set and have remained unchanged since the inception of the programme.

[46] Todd Richardson, "CDBG Formula Targeting to Community Development Need," (Washington, DC: HUD, Office of Policy Development and Research, February 2005).

Since the 1981 reform introducing the state-administered small cities portion of the CDBG, there are three types of grantees: cities, urban counties and states.[47] Cities of more than 50,000 inhabitants, counties of more than 200,000 inhabitants and the main cities of metropolitan statistical areas (MSAs) are 'entitlement communities'. The law reserves 70% of the CDBG budget for these communities, which receive their funds directly by HUD. Due to the expansion of many suburban centres, over the past four decades the number of entitlement communities has grown almost uninterruptedly, bringing the current total to 1,251—more than a twofold increase from the original 606.

Table 3: CDBG entitlement communities 1975-2012

Year	Communities	Year	Communities	Year	Communities
1975	606	1988	857	2001	1,013
1976	608	1989	858	2002	1,024
1977	624	1990	866	2003	1,034
1978	640	1991	882	2004	1,105
1979	646	1992	889	2005	1,181
1980	664	1993	889	2006	1,200
1981	669	1994	937	2007	1,203
1982	732	1995	946	2008	1,216
1983	735	1996	954	2009	1,224
1984	795	1997	975	2010	1,237
1985	814	1998	986	2011	1,240
1986	827	1999	989	2012	1,251
1987	827	2000	1,008		

Source: Richardson (2005) and HUD Website

The remaining 30% of the block grant goes to states, which allocate the money to their non-entitlement communities (*i.e.* cities and counties that do not meet the

[47] Before 1981 HUD allocated grants to small cities through a competition which followed a quota allocation for each state. The 1981 reform resulted from Reagan's broader resizing of the federal government but also from pressures coming from a number of rural Congressmen. Johnson, Steve, Director, Entitlement Communities Division, Office of Block Grant Assistance, HUD. Personal interview by author. Washington, DC, 19 March 2010.

above population criteria) as they see fit.[48] Every year, states service roughly 5,000 communities through their 'small cities' CDBG allocations.[49]

Once the grant is allocated, recipients are invited to submit an application for the funds, which takes the form of an 'action plan' describing the activities that will be funded over the next fiscal year.[50] This application is largely a *pro forma* exercise, in which HUD's task is little more than a consistency check between the action plan and the CDBG's loose requirements.[51] In addition, and as a background to the annual action plans, grantees prepare three to five-year 'consolidated plans' describing their medium-term housing and community development strategy and explaining how the CDBG and the other HUD grants will contribute to these goals.[52]

The CDBG has three broad national objectives: benefiting low and moderate income (LMI) persons (defined as people earning less than 80% of the area median income); preventing or eliminating slums and blight; and helping communities in need of urgent assistance due to emergencies. Within these three goals there is a vast range of eligible activities that grantees can pursue with their CDBG dollars, with very few restrictions. Prominent among the latter are the requirement that at least 70%

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[48] Some states distribute the funds through their own formulas, while others allocate funds through a competitive system. Lobasso, Diane, Director, State and Small Cities Division, Office of Block Grant Assistance, HUD. Telephone interview by author. 23 March 2010.

[49] Naomi Cytron, "Strengthening Community Development Infrastructure," *Community Investments* (Winter 2008): 20-21. There are some exceptions to the 30-70 rule just described. One is Hawaii, which chose not to take over funding for non-entitlement communities and is now covered by a small programme run by HUD and serving three counties. Another is represented by the Insular Areas (American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands) for which there is a separate Congress appropriation of some $7 million a year. Finally, HUD has an 'Indian CDBG' programme making grants directly to Indian tribes for a total of some $70 million. Johnson, Steve. Personal interview by author. See also US Department of Housing and Urban Development, "Community Development Block Grant Program - CDBG" http://www.hud.gov/offices/cpd/communitydevelopment/programs/index.cfm (accessed 24 July 2009).

[50] In the rest of this section I will focus primarily on the entitlement communities programme, which is the larger and more properly 'urban' part of the CDBG.

[51] Johnson, Steve. Personal interview by author.

[52] US Department of Housing and Urban Development - Office of Block Grant Assistance, "Basically CDBG," (November 2007).

of the CDBG money is directed to LMI persons and the ceilings set for some expenditure categories such as administration (20%) and public services (15%).[53]

The list of CDBG eligible activities is long. As one official put it, it is much easier to talk about what one cannot do with the money than about what one can do.[54] In the former category are government buildings and expenses, and lobbying and political activities. A few other activities, such as purchase of personal property or new housing construction, are ineligible unless classified as economic development activities. On the other side, among what can be done with CDBG funds one finds activities as diverse as housing acquisition and rehabilitation, homeownership assistance, clearance and demolition, code enforcement, historic preservation, public infrastructure, homeless services, job training, health care services, child care, crime prevention, microenterprise assistance and, finally, planning and administration.[55]

CDBG recipients have great discretion not only in deciding what to fund but also on the decision-making process for the action plan. The main formal distinction here is between dominance by the executive (usually a mayor) or by the local council or board. Unsurprisingly, however, in both cases it is often local bureaucracies that play a key role in deciding how to allocate the money. HUD's only substantial requirement concerning local decision-making is that some form of 'citizen participation' be part of it. This requirement is implemented locally in different ways (such as public hearings or advisory committees) and with varying results as to the real influence afforded to citizens.[56]

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[53] Ibid..
[54] Gimont, Stanley, Director, Office of Block Grant Assistance, HUD. Personal interview by author. Washington, DC, 18 March 2010.
[55] US Department of Housing and Urban Development - Office of Block Grant Assistance, "Basically CDBG."
[56] Ibid..

Another dimension of variation concerns the mode and agents of local CDBG implementation. The main distinction in this case is between local government agencies (such as housing or public works departments) and non-public (mainly, but not only, non-profit) organisations. Generally speaking, while the former are usually predominant in 'bricks and mortar' activities, the latter have a strong presence in the area of public services.[57]

For a flexible grant programme, the CDBG comes with a rather intense reporting regime. Reporting takes place through two instruments: the first is the Consolidated Annual Performance and Evaluation Report (CAPER), a report submitted by grantees at the end of each programme year and which documents all aspects of the CDBG activities carried out compared to initial goals.[58] The second is the Integrated Disbursement Information System (IDIS), a centralised electronic database on which grantees upload information on output and outcomes of the various activities every time they draw down funds for them.[59]

Besides the 'bottom-up' system of grantee reporting, HUD performs 'top-down' monitoring through its 43 field offices. Personnel constraints—field offices employ some 600 people in total—make it impossible for HUD to monitor all

[57] This, however, is quite a rough distinction that does little justice to a very diverse picture throughout the country. Consider, for example, the cases of Arlington and Alexandria, two Northern Virginia cities in the metropolitan area of Washington, DC that share many traits—size, location, per capita GDP, CDBG allocation—but whose implementation of the block grant could not me more different: while Arlington spends almost all its grant through private sub-recipients, Alexandria controls most of its funds through a number of city departments. See respectively Arlington County - Department of Community Planning Housing & Development, "FY 2011 Annual Action Plan," (27 April 2010) and City of Alexandria - Office of Housing, "Consolidated Annual Performance and Evaluation Report for the Period July 1, 2009 –June 30, 2010".

[58] Like the consolidated and the action plan, the CAPER covers not only CDBG but also the other HUD formula grants, such as the HOME Investment Partnerships programme and HOPWA (Housing Opportunities for people with AIDS). Information obtained from CAPERs is politically important for HUD as it is often used by the department to report to Congress on the effectiveness of the CDBG and other grants.

[59] The IDIS was introduced by HUD in 2007 partly as a response to the criticisms levelled against HUD and its programmes by the Office for Management and Budget (OMB) and the Government Accountability Office (GAO). The CDBG, in particular, has often been accused of being too vague in its objectives, ineffective and prone to waste, fraud and mismanagement. Buss, "Reforming CDBG". Also, Gimont, Stanley. Personal interview by author.

grantees on a yearly basis. The selection of grantees to be monitored each year—usually around one quarter of the total—follows a risk analysis that takes into account factors such as the presence of 'high risk' activities, the number of sub-recipients, and the most recent monitoring visit received. For the most part, monitoring involves the review of financial, administrative and programme documentation to check consistency with federal laws, HUD regulations and programme objectives.[60] In addition to this 'paperwork-oriented' monitoring—but much more rarely—HUD field offices can also perform on-site visits to the locations where CDBG-financed activities are actually carried out.[61]

Episodes of irregularities and non-compliance are treated according to the gravity of the offence. In most cases, the field office just requests some corrections to the action plan or to the administrative and financial procedures followed by the grantee. In worse cases of mismanagements, HUD can go as far as taking the funds back and/or ask its Office of Inspector General (OIG) to carry out a deeper inspection. However, even when funds are withdrawn, this usually does not prejudice the grantee's ability to obtain funds the following year. It is only in some extreme cases, where the grantee is deemed unable to manage a functioning community development programme, that HUD may decide to suspend funding for longer periods of time.[62]

The CDBG monitoring system is reproduced at lower levels, where local governments perform both paperwork controls and, occasionally, on-site visits of their sub-recipients. Clearly, the details and frequency of local monitoring varies

[60] Recordkeeping requirements imposed by HUD are quite heavy. Grantees are required to keep practically every document or other piece of information that has to do with the CDBG for four years after the end of each programme year. US Department of Housing and Urban Development - Office of Block Grant Assistance, "Basically CDBG".
[61] As an alternative to direct monitoring HUD can also execute 'remote monitoring', which entails the same procedures as the traditional visits (except, obviously, the on-site visits) only done from the field office. Albaari, Tasleem. Senior CPD representative, Washington, DC field office, HUD. Personal interview by author. Washington, DC, 29 July 2010.
[62] Gimont, Stanley. Personal interview by author. Hall, John, Director, Washington, DC field office, HUD. Personal interview by author. Washington, DC, 29 July 2010.

according to several factors, such as the number of sub-recipients, the type of activities financed and the administrative capacities of the local government.

Analysing the CDBG

What is CDBG used for? Given the flexibility of the programme only rough generalisations are possible. Of the three national objectives, the first, benefiting LMI people, is by far the dominant one, accounting for around 95% of total funds. To say something concrete, however, this statistic needs to be read together with data on the various expenditure categories. Emerging from this data is a difference in spending patterns between entitlement and non-entitlement communities. The latter spend a significant portion of CDBG funds on infrastructure like water and sewer systems (55%), and little (17%) on housing activities. Finally, they spend a considerable portion (14%) on economic development. This breakdown is mainly due to physical factors, such as the inadequacy of basic infrastructures in many rural communities, and administrative ones such as the lack of capacities to sustain local economic development activities.[63]

On the entitlement side there is more balance between public improvements and housing spending, which account for 24% and 29% of the funds respectively. Also, entitlement communities spend more than non-entitlement ones on public services (14% vs. 2%) and little on economic development (6%).[64] But again, these are aggregate figures. When counties are isolated, for instance, one can see that they spend money in a way often more similar to non-entitlement communities (*e.g.* for basic infrastructures like water and sewers, streets and roads) than to cities.[65]

[63] These percentages are a close approximation of spending patterns between 2001 and 2008. The data was kindly provided by Steve Johnson of HUD.
[64] Gimont, Stanley. Personal interview by author.
[65] Murphy, John. Personal interview by author.

A more important question is whether CDBG so far has been successful. At the simplest level—namely whether the grant realises something useful for the recipient communities—the answer is a qualified yes. On the one hand, the steady increase of entitlement communities and the nominal and real shrinkage of CDBG appropriations have thinned the grant quite substantially, with some communities now receiving almost inconsequential sums.[66] On the other hand, thanks to its flexibility, this money is often used to fill gaps left by other, more rigid sources.[67] As a result, even little amounts of CDBG dollars can, and often do, become pivotal in multi-source projects.

The analysis becomes more complex when the CDBG's success is measured against real or ideal benchmarks for the grant's goals. Opinions here depend on how one interprets the programme and, ultimately, on political or even philosophical positions. A few themes, however, seem to recur in assessments of the CDBG. One is the adequacy of the formulas, which were established in 1974 and have not been substantially revised since. Many today question not only the ability of certain factors—pre-1940 housing, for instance—to target today's urban needs, but also how justifiable it is to exclude from the formulas such useful indicators as local fiscal capacity.[68] In general, the risk of having inadequate formulas is, at best, to under-support areas in need, and at worst to generate perverse situations where poorer communities subsidise wealthier ones.

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[66] While big cities still receive substantial grants—for 2012 New York City has received $149.7 million, Chicago $71.9 million, Los Angeles $52.7 million, Philadelphia $38.3 million, Detroit $33.3 million and Houston $24.2 million—some communities receive as little as $100,000 per year. US Department of Housing and Urban Development - Community Planning and Development, "Community Planning and Development Program Formula Allocations for FY 2012" http://www.hud.gov/offices/cpd/about/budget/budget12/ (accessed 10 April 2012).

[67] A case in point is the CDBG's ability to cover administrative expenses, which other sources, especially foundations, are not always willing to support. Anonymous. Interview by author.

[68] Buss, "Reforming CDBG".

That the formulas are obsolete is common knowledge in the CDBG community. In 2005, HUD's Office for Policy Development and Research prepared a study on existing formulas and their alternatives,[69] which formed the basis for a reform bill prepared by the department the following year.[70] Congress, however, preferred not to act on HUD' proposal, thus confirming a longstanding immobility which results from the difficulty to build reforming coalitions in what is essentially a zero-sum game and, more generally, from a widespread unwillingness to open the Pandora's box of CDBG legislation for fear of unforeseen consequences on aspects relating to the control of the funds.[71]

Another theme highlighted by CDBG critics is that of local targeting. Targeting is, most obviously, people-based: as explained, CDBG regulations contain safeguards for LMI people who, as a result, benefit in one way or the other from the vast majority of grant funds. The reality beyond official figures, however, is not always so straightforward. For one thing, CDBG regulations allow communities to count certain activities—for instance multi-family housing projects—as entirely in the first national objective even if only half of each project benefits LMI people directly. For another, many activities, like infrastructural ones, are by definition collective and hence hard to link to clear beneficiaries.[72] These problems have existed since the beginnings of the CDBG and are to be attributed not only to the vagueness of CDBG

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[69] Richardson, "CDBG Formula Targeting to Community Development Need".

[70] US Department of Housing and Urban Development, "CDBG Reform," (Washington, DC: June 2006). Generally speaking, the result of the reform would have been a shift of resources from the Northeast and upper Midwest to the South and West of the country.

[71] Lowe, Eugene T.. Personal interview by author. Johnson, Steve. Personal interview by author.

[72] HUD's solution in these cases is the so-called area-wide benefit test, which looks at the census tract where the piece of infastructure is located. Even this method, however, can easily lead to abuse. Consider the example, mentioned by a long-time community development advocate, of a brand new concrete road built in the middle of a decrepit neighbourhood of Benton Arbor, MI. Although the road was located in a low-income tract, its real function, as it was widely known in the community, was to connect the nearby highway to the lakeshore on the other side of the neighbourhood so as to speed up passage for the out of town motorboat owners. Gramlich, Ed, Policy analyst, National Low Income Housing Coalition (NLIHC). Personal interview by author. Washington, DC, 3 August 2010.

regulations but also to monitoring shortcomings on the part of HUD, which some observers see as too often obsequious to local officials.[73]

Targeting can also be geographic: in the past couple of decades HUD has introduced measures to incentivise the concentration of resources in the most distressed neighbourhoods of the recipient communities. One of these measures is the Neighborhood Revitalization Strategy Area (NRSA) concept introduced in 1995, which grants communities some benefits (such as relaxing their public services spending ceiling) when they target their funds to certain areas. Overall, however, grantees have not been too enthusiastic about NRSAs. In part, this is because of the added layer of staff and bureaucracy required to implement them. In addition, communities are often unwilling to deviate resources from other, more traditional destinations.

The final theme recurring in critical analyses of the CDBG is the clientelistic use of grant dollars at the local level. The loose requirements of the grant, critics argue, provide elected officials with a strong incentive to put electoral objectives above community development ones when deciding what to fund. Although with many exceptions, this is certainly one of the most problematic aspects of CDBG. The patronage logic is mostly territorial, with the funds being dispersed among wards in a way that reproduces, in scale, much of what happens at the national level. Clientelism, however, can apply also to sub-recipient organisations, whose ability to secure grant money often depends greatly on their political connections.

[73] See for example The Working Group for Community Development Reform, ""Community Development" Versus Poor People's Needs: Tension in CDBG," (Washington, DC: September 1981).

Four factors of policy stickiness

The above criticisms are interesting because they relate, at least partly, to some changes in the direction of a bigger federal role which have proven—and still prove—as hard to introduce as diametrically opposite reforms such as Bush's 2005 SACI proposal. So, in a way the foregoing arguments provide further evidence for the stickiness of the CDBG argued in this thesis and, more generally, confirm the trade-off that I have posited here between federal guidance and stability as two characteristics of an urban policy instrument: when the Nixon administration eventually succeeded in cancelling the 'intrusive' Model Cities inherited by Johnson it left, probably unintendedly, future administrations with a policy tool extremely difficult to modify in most directions. Many of the factors behind the CDBG's institutional stickiness have already been mentioned in the foregoing analysis. It is worth, however, spelling them out here.

Formula distribution: the substitution of formulas for competitive allocation in 1974 not only resulted in the immediate multiplication of the community development funds recipients, but has also produced a steady expansion of the number of entitlement communities—and hence of the CDBG-supporting coalition—over time. Formula distribution also means that these communities are allocated annual grants virtually effortlessly and are guaranteed stable streams of funding with an indefinite temporal horizon. As it will be shown in the second part of the thesis, this funding stability benefits not just city governments, but also their sub-grantees, who often become dependent on the CDBG for the delivery of certain services, if not for their entire existence. Finally, formula distribution tends to create a 'taken-for-granted' mentality among grant recipients, which is only reinforced by HUD's discourse of 'entitlement'. One of my respondents captured this idea very well:

> [the CDBG] is such a well-grounded program. It has been around so long and its roots are so deep that it has become almost an American way of life I would say. …[E]liminating the CDBG would never happen because it affects too many people. The same people who talked about cutting it would find in the afternoon that their mother or aunt were affected by the program in some way. This program goes really into the fabric of our life because it does so many things. I know we will have to do some review at some point. But something like it will always exist.[74]

The statutory nature of the formulas: a connected yet distinct element of institutional resistance is the fact that formulas are set by Congress. This places decision-making power over the CDBG in hands that are much closer than those of HUD officials to the grant beneficiaries, thus rendering change much harder than it would be the case were the formulas set by administrative regulations. In addition, and related to this, Congressmen from both parties have a direct interest in defending the current decision-making system, which allows them to easily (although wrongly) claim the merit of having directed funds to their constituencies.

Decentralisation of control and spending flexibility: whether they desire freedom for clientelistic reasons or to better tailor development plans around the specific needs of their communities, by and large local officials and politicians prefer the CDBG status quo, which gives them almost total control over federal dollars, to an increase in HUD's—or for that matter other actors'—powers over the funds. A representative of mayors confirmed this quite candidly:

> [w]e typically oppose changing the way CDBG works. The reason why is that we are afraid that if we start making changes…we might end up losing some control of the programme. So we try to protect the integrity [of the programme]. Then there might be smaller regulatory changes where we go to HUD from time to time. But the calls for big changes are basically coming from outside of us, from other groups that would like to take bigger control of the programme, like non-profits.[75]

More generally, and as it will be shown in the city chapters, flexibility is liked by entitlement communities because it allows the block grant to support whatever

[74] Lowe, Eugene T.. Personal interview by author.
[75] Ibid.

political dynamics and institutional balance of power are in place at the local level by beefing them up with a string-free pot of money.

Standardised bureaucratic requirements: being rather demanding, the bureaucratic and paperwork requirements attached to the CDBG impose high entry costs on recipient communities in terms of time and administrative resources. At the same time, the standardised nature of the CDBG paperwork regime decreases its costs dramatically once this initial investment is done, so giving local administrators a strong incentive to support the system once they are in:

> [t]he CDBG is very popular among mayors. …You get some complaints here and there but in general rules are few and known. When a program has been around for a while with the same rules, people know how to run it. We don't get many complaints today. It is only when we do something that changes rules.[76]

In the two city chapters I will expand on this aspect by showing how this logic is reproduced among sub-grantees within each entitlement community, thus multiplying the points of support for the block grant and contributing to its crystallisation.

Taken together, these four factors have generated, from the beginning of the CDBG, a wide and growing bipartisan base of stakeholders supporting the programme and opposing change even when it could, in principle, favour some of them individually. The system so created is, to use an engineering metaphor, a sort of 'hyperstatic structure', which is anchored in a multitude of points and hence very difficult to move in any direction. In such a system, substantial change can only occur if, as in the case of Reagan's 1981 reforms, it is Pareto-optimal for most stakeholders. The main result of this sort of change, however, is often to further increase the

[76] Richardson, Todd, Director, Program Evaluation Division, Office of Policy, Development and Research, HUD. Personal interview by author. Washington, DC, 25 March 2010.

benefits that the stakeholders receive from the system, augment the intensity of their preference for the status quo and, ultimately, reinforce the factors of policy stability.

The EU: urban policy mainstreaming and the current situation

The mainstreaming of URBAN

At the end of each URBAN round, the Commission asked independent agencies to conduct ex-post evaluations of the Community Initiative, the results which were summarised in two reports. The first, published in 2003, gave a generally positive assessment of URBAN. While the initiative had presented a few weaknesses, such as its complex procedures, inadequate monitoring systems, a lower than expected involvement of the private sector, and the more general limits imposed on it by the structural funds regulations—the exclusion housing activities was indicated as one of the most problematic issues—it nonetheless succeeded in improving the quality of life, economic conditions and attractiveness of the targeted neighbourhoods, ameliorating the prospects of their most disadvantaged residents, and increasing overall social cohesion in the cities involved. Above all, URBAN had served the demonstration purposes for which it had been created, by supporting visible programmes which promoted a multifaceted and synergic approach to urban development, encouraged a multi-level and partnership-based method of governance, and built local knowledge and capacities to sustain these type of practices in the future. To ensure sustainability, however, these capacities would need some sort of institutional underpinning coming from the European Union. The report hence concluded with a call for the creation of a more systematic urban policy earmarking process in the future configuration of the structural funds.[77] The URBAN 2 ex-post evaluation, published in 2010, would reaffirm most of these conclusions.[78]

Notwithstanding the positive experience of URBAN, at the time of the negotiations for the 2007-13 financial framework the Commission's attitude towards the Community Initiative, and towards urban policy in general, had changed. In the first place, the presidency of José Barroso, begun in 2004, had marked a clear shift of the Commission from the advocacy of a European social model and an integrationist stance towards a more neoliberal and intergovernmentalist orientation. In the area of regional policy, and connected with the EU's new economic strategy, this orientation translated into the 'Lisbonisation' of the structural funds, whereby more emphasis would be placed on growth and competitiveness and less on social actions of the kind sponsored by URBAN.[79]

In the second place, much of the enthusiasm for urban actions that had characterised DG Regio in the previous fifteen years or so had been lost. For one thing, some of the protagonists of the Union's urban activism, such as Marios Camhis, had been marginalised in the directorate.[80] For another, those intellectuals who had previously contributed to shaping the EU's urban agenda—in the first place Michael Parkinson—had ceased to play an active role in DG Regio's policy development, largely as a result of frustration with the lack of urban policy leadership in the new Commission.[81] Finally, many in the DG Regio bureaucracy expressed scepticism about the way URBAN had been structured and managed. In particular,

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[77] GHK, "Ex-Post Evaluation - URBAN Community Initiative (1994-1999)," (August 2003).
[78] ECOTEC, "Ex-Post Evaluation of the URBAN Community Initiative 2001-2006," (June 2010).
[79] David Allen, "Cohesion and the Structural Funds" in *Policy-Making in the European Union*, ed. H. Wallace, W. Wallace, and M.A. Pollack (Oxford: Oxford University Press, 2005), Frank, "The European Union and the European Cities".
[80] After falling out with many in DG Regio, Camhis was transferred to the directorate's press office where he remained until his retirement a few months ago. Anonymous. Interview by author.
[81] Anonymous. Interview by author.

the Community Initiative's micro-management model was seen as too administratively onerous for the limited funds it distributed, and too taxing on the directorate's limited infrastructure.[82] Also, URBAN's competitive and exclusive mode of allocation caused some concern in a bureaucracy accustomed to distributing funds on the basis of entitlements, for it was perceived as causing as many political headaches as the solutions it offered.[83]

On the whole, however, DG Regio's position vis-à-vis URBAN was less hostile than agnostic, and although not dominant in the directorate's internal debate, the possibility of having something along the lines of the Community Initiative was still open for the new financial framework. At the occasion of a conference on the new cohesion policy, for instance, the new Commissioner Michel Barnier (who was seen by many as somewhat sympathetic to the urban cause) suggested several options for developing future urban actions, one of which was continuing and expanding URBAN with an earmarked budget of up to €5 billion—a figure still small in the wider context of the structural funds, but a significant increase from the previous rounds of the Community Initiative.[84]

Surprisingly, the idea of an URBAN 3 met the fierce opposition of many cities, and most notably the big ones represented by Eurocities.[85] Among Eurocities's concerns was that URBAN's neighbourhood-based method tended to 'ghettoise' the problem of and the solution to urban decline and, more generally, imposed too many restrictions on how and where the EU funds should be spent, so preventing cities—especially the most administratively sophisticated ones—from adopting a functionally

[82] Orani, Marco, former Head of unit, Urban Development and Territorial Cohesion Unit, DG Regio. Personal interview by author. Brussels, 20 May 2011. Saad, Haroon, Director, Local Urban Development European Network (LUDEN). Telephone interview by author. 23 May 2011.
[83] Orani, Marco. Personal interview by author.
[84] Niessler, Rudolph. Personal interview by author.
[85] Ibid. and Anonymous. Interview by author.

and geographically broader approach to urban development.[86] In addition, and perhaps more importantly, cities were afraid that having a special programme for urban development would impair their chances to obtain regular structural funds for bigger infrastructural projects and, generally, undermine their ability to play on equal terms as states and regions in the 'main game' of regional policy. As one of my respondents summarised it, mayors were afraid that regions 'would use another URBAN programme as an excuse not to give more money to the cities'.[87] What cities asked DG Regio, instead of an URBAN 3, was a broader reform of cohesion policy, which would place them in a prominent position in the elaboration of operational programmes and in the management of the EU money.[88] In the words of a DG Regio official, mayors' ultimate aim was to get 'a bigger share of the bigger cake' of the structural funds.[89]

To be sure, not all urban actors were against a third round of URBAN. Barnier's proposal found support among organisations more traditionally concerned with the social side of urban development, most notably *Quartiers en crise*. However, these organisations could do very little to counter the opposition of the much bigger and politically influential Eurocities. This was even more so as the latter was joined in its criticism of URBAN by many regions, who disliked the idea of losing control of a substantial chunk of the structural funds, and member states, many of which had had reservations about the idea of a European urban policy all along.[90]

Faced with this large (albeit very differently motivated) coalition against URBAN, and no longer particularly committed to that type of initiative, DG Regio

[86] Parkinson, Michael. Telephone interview by author. Anonymous. Interview by author.
[87] Anonymous. Interview by author.
[88] Niessler, Rudolph. Personal interview by author. Saad, Haroon. Telephone interview by author. Orani, Marco. Personal interview by author.
[89] Niessler, Rudolph. Personal interview by author.
[90] Saad, Haroon. Telephone interview by author. Niessler, Rudolph. Personal interview by author.

was left with the only option of taking the urban portion of regional policy back into the mainstream structural funds. At this point, however, the DG had a range of options as to how decidedly it wanted to safeguard urban measures within the ERDF. At one end, the Commission could have accepted the requests of Eurocities and compelled states and regions to share control of the operational programmes and funds with cities. At the other end, states and regions could have been left practically in charge of deciding how and where to spend the funds. A debate ensued within the directorate, in which fairly quickly the supporters of cities were prevailed over, and a position very close to the latter end emerged as the dominant one. In the new ERDF regulations drafted by the Commission, states and regions were left free to decide whether and how much money to spend in cities, and 'URBAN-type' actions were simply recommended where 'appropriate', with no sanction for those who decided not to implement them.[91]

For the most part, DG Regio's rather passive stance on urban policy was due to its desire to avoid tensions with regions and states, the majority of which objected to the inclusion of any sort of urban policy obligation in the wording of the new ERDF regulations.[92] In part, however, the 'voluntary road' in urban policy mainstreaming was taken in the hope that states and regions would be keen to act on the Commission's exhortation and devote a significant part of their structural funds to urban development actions building on the knowledge and capacities acquired with URBAN.[93] Based on this expectation, in presenting the new regulations to the Parliament the Commission argued that the urban dimension of cohesion policy could

[91] EC Regulation 1080/2006, art. 8.
[92] Saad, Haroon. Telephone interview by author. Niessler, Rudolph. Personal interview by author.
[93] Niessler, Rudolph. Personal interview by author. Orani, Marco. Personal interview by author. Anonymous. Interview by author.

be properly protected in the new regulatory framework.[94] Even so, few in DG Regio doubted that the Parliament would take issue with this weak version of mainstreaming, consistently with its traditionally strong support for an autonomous EU urban policy.[95] As the Parliament bought the Commission's argument and decided not to amend the text of the regulations, many in DG Regio hence were surprised. Equally, if not more surprised was the Council of Ministers, where the Austrian presidency had preventively prepared a compromise position to solve what it saw as a sure conflict with the Parliament.[96] With the anticipated obstacle failing to materialise, the Council proceeded simply to approve, and turn into law, the version of mainstreaming proposed by the Commission.

The end of a EU urban policy

Mainstreaming is a tricky concept from a discursive as well as quantitative point of view. Discursively, it indicates the integration of a previously demonstrative and experimental initiative like URBAN into the ordinary structures and rules of the structural funds, so somehow implying the success of the pilot and the acceptance of its practices, principles and goals into the functionally and financially larger context of the EU's cohesion policy. Sheer numbers seem to confirm this interpretation: according to DG Regio states and regions have devoted as much as much as €10 billion to urban measures for the period 2007-13.[97] Spending for cities, however, does not necessarily equal having an urban policy, and indeed the gulf between the two

[94] Orani, Marco. Personal interview by author. Olbrycht, Jan, President, Urban Intergroup, European Parliament. Personal interview by author. Brussels, 28 June 2011. Ferstl, Alexander, former Policy advisor, Urban Development and Territorial Cohesion Unit. Personal interview by author. Brussels, 28 June 2011.
[95] Orani, Marco. Personal interview by author. Ferstl, Alexander. Personal interview by author.
[96] Ferstl, Alexander. Personal interview by author.
[97] European Commission - DG Regio, "Promoting Sustainable Urban Development in Europe: Achievements and Opportunities," (April 2009).

notions can be quite big. When all is taken into account, it emerges clearly that although European cities might now have access to a larger pool of structural funds, with mainstreaming the European Union has effectively lost its urban policy.

Mainstreaming ended the Union's urban policy in three respects. It ended it *legally* as it gave states and regions full control over the structural funds, with no obligation or threshold to formally safeguard urban actions. This not only has left states and regions free to establish whether, how much and for what to fund cities, but it has also undermined the symbolic connection between urban actions and the Union, so that measures focused on cities in current cohesion policy appear as emanating in the first place from national and regional political choices, and only indirectly from the EU.[98]

Mainstreaming marked also the *political* end of the Union's urban policy because it broke, or at least weakened, the links that the Commission had established with cities during the two URBAN rounds. These links were articulated through the formal channels of the Community Initiative itself—for instance with the Commission participating in the monitoring committees of the various local programmes—but also more informally through the contacts and communication between DG Regio and organizations such as Eurocities, which have suffered with the demise of URBAN.[99]

Finally, mainstreaming ended EU urban policy *objectively* as it has not produced the results that DG Regio anticipated when drafting the new regulations. In the first place, emerging from the 2007-13 Operational Programmes is a very unequal picture, in which some states and regions have involved cities in the management of structural funds and promoted integrated urban development programmes, while in

[98] Halpern and Le Galès. "Europeanisation of Policy Instruments"; Orani, Marco. Personal interview by author.
[99] Niessler, Rudolph Personal interview by author. Anonymous. Interview by author.

others sectoral and fragmentary interventions are the rule, and cities are more often than not treated as clients among many rather than policy-making partners. With some exceptions, countries that had an urban policy—and hence the administrative capacities and legal structures for it—before and regardless of the URBAN Community Initiative tend to be in the former category, while the latter group is populated by states without a tradition of urban policy, among which the East European members, which were never involved in URBAN.[100] To complicate matters further, even where Operational Programmes include integrated urban actions, these are in many cases less the result of a truly holistic approach of the sort promoted by URBAN than exercises in 'window dressing' to disguise what are actually very traditional silo-structured operations. The conclusion, many observers argue, is that much of the URBAN experience has been dispersed, if not lost, in the current financial framework.[101] Jan Olbrycht, chair of the European Parliament Urban Integroup, summarised the current situation in these terms:

> [y]ou can hear from the defenders of the mainstreaming that when you look at the money that went to cities, this is high. But it is not about money, it is about the methods, the learning, the creation of an integrated approach. This is why mainstreaming was not efficient, not in terms of money, but in terms of transferring ways of thinking. …When [the Commission] had the CIs by definitions these were initiatives, sort of pilots. There were not many of them. They were designed to create new methodologies. They did this but then [the Commission] resigned from having a role in urban matters. With mainstreaming they destroyed something they had built.[102]

As mentioned above, to some extent the demise of the Union's urban policy can be attributed to an 'honest mistake' on the part of the Commission about the power that the example set by URBAN could have in the then unknown context of the mainstreaming regime. Many of the DG Regio officials involved in the drafting of the

[100] European Commission - DG Regio, "Fostering the Urban Dimension: Analysis of the Operational Programmes Co-Financed by the European Regional Development Fund (2007-2013)," (November 2008). Also Niessler, Rudolph. Personal interview by author.
[101] Parkinson, Michael. Telephone interview by author. Saad, Haroon. Telephone interview by author.
[102] Olbrycht, Jan. Personal interview by author.

2007-13 ERDF regulations genuinely believed that urban policy could be protected if not expanded under the new rules.[103] Ignorance, however, only tells half of the story. Far from being an exogenous condition, uncertainty was something DG Regio brought upon itself by choosing the weak version of mainstreaming and hence consciously accepting the risk that states and regions—who were traditionally focused on economic cohesion in a broad sense and at a wider scale—might not be as keen on urban policy as expected.[104] In addition, and regardless of the eventual outcome of mainstreaming, the legal and political implications of the new regulations discussed above were mostly clear and known to DG Regio right from the start. In this respect, the directorate's decision to withdraw from urban policy vas very much a deliberate one.

Looking back, DG Regio's decision on weak mainstreaming, and its consequences for the Union's urban policy, can be attributed to a number of aspects of its institutional design, which in turn point to the absence of a EU-level city welfare state. The most important of these aspects is that urban policy was never seen by the DG Regio's relevant actors as one of the core missions of the directorate. Ever since its inception, the official and perceived *raison d'être* of DG Regio had been to help states and regions overcome their structural deficiencies. In this broad mandate, fostering the well-being of cities was seen as a goal worthy of attention, but one that nonetheless remained secondary to regional development, or ancillary to it.[105] In the words of one observer: '[t]here are differences between directors and differences within DG Regio…[but] in a sense DG Regio sees regions. Many people inside that DG historically think that it is not the place where to do urban policy'.[106]

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[103] Orani, Marco. Personal interview by author. Ferstl, Alexander. Personal interview by author.
[104] Ferstl, Alexander. Personal interview by author.
[105] Ibid. and Parkinson, Michael. Telephone interview by author.
[106] Parkinson, Michael. Telephone interview by author

Granted, this was the same directorate that had previously created URBAN. But as Michael Parkinson nicely put it, URBAN, as well as the broader urban policy activism that culminated in that Community Initiative, resulted less from any institutional drive within the DG than from a 'happy accident' of policy entrepreneurs and experts in the right place at the right time.[107] More importantly, urban policy activism did not generate any significant structural change in the directorate. Consequently, when the proponents of a EU role in cities left they did not leave much behind in terms of an institutionalised safeguard for urban policy.

The primacy of regions in the policy-making of the directorate had an important political counterpart in its strong alliance with regions, which gave the latter a special place in the eyes of the DG vis-à-vis other local actors. As one official put it quite bluntly, it was regions, not cities, that dominated the agenda of cohesion policy.[108] When the political attack on URBAN forced DG Regio to take the urban dimension out of the special and 'protected' context of the Community Initiative and into the *mainstream* structural funds, it hence became natural for the directorate to favour the preferences of states and regions over the demands of cities, and opt for a rather weak form of mainstreaming: for one thing, the DG saw the structural funds as something that 'belonged' to the former rather than the latter. For another, people in the directorate knew that states and especially regions in turn shared this view, and preferred not to upset them by appearing to intrude into their turf.[109] A high level official who participated in DG Regio's internal debate on the mode of URBAN mainstreaming summarised this mixture of ideational and political factors quite well:

> [w]ithin the DG there was a spectrum of opinions, [but] there was always one very important aspect which was taken care of. This was

[107] Ibid..
[108] Niessler, Rudolph. Personal interview by author.
[109] Atkinson, "EU Urban Policy, European Urban Policies and the Neighbourhood"; Halpern and Le Galès. "Europeanisation of Policy Instruments."

> that we cannot suggest anything that would create a conflict between the regional and the city level. This was a precarious balance. We wanted the cities to come in our policy as a partner. We wanted the direct link with them but this could not go in the direction of weakening the regional level. … [R]egions are our clients.[110]

DG Regio's unassertiveness on urban policy could not contrast more with the actions taken almost four decades earlier by HUD, whose focus on city welfare as its core institutional mission led it to protect and preserve a federal urban policy system (however flawed) in the face of Nixon's attacks.

To be sure, there were in DG Regio people working primarily on cities who would have liked to see the Union's urban policy better safeguarded under mainstreaming. This was especially—although not only—the case of the URBAN unit in the directorate. However, the secondary status of urban actions, and the scarce resources devoted to it prevented this politico-administrative structure from ever becoming an effective bastion of urban policy. Even at the apex of the URBAN experience, the URBAN unit never had more than a dozen members or so—a minuscule number even for the notoriously slim EU bureaucracies.[111] What is more, personnel turnover in the unit was always high, with the result that, as one respondent put it, 'you wipe[d] out the institutional knowledge and capacities on urban issues within a year, easily'.[112] Finally, throughout its existence the URBAN unit was widely perceived as extraneous to the rest of the directorate, and hence easily overpowered on the central issues of cohesion policy.[113] As one of my respondents put it:

> [t]he URBAN unit in DG Regio had always been quite detached from the rest of the DG. First because they had their own initiatives, and second because our main institutional interlocutor are the regions. That

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[110] Niessler, Rudolph. Personal interview by author.
[111] Ferstl, Alexander. Personal interview by author.
[112] Ibid..
[113] For 2007-13 the URBAN unit was disbanded and replaced with a unit for 'urban development and territorial cohesion' in which no more than three or four people work full time on urban development. Ibid..

> was the only unit with an institutionalised link with cities, so it remained outside of the DG's main work.[114]

Needless to say, the URBAN unit never had any chance to acquire the sort of influence, authority and political connections on which Floyd Hyde's Model Cities Administration (and later the DCD) could count to advocate the cause of US federal urban policy in moments of political and policy fluidity.

The fate of EU urban policy could have been different if DG Regio had somehow internalised the ideas and principles promoted by URBAN (and the UPPs before that) as part of its core mission, or if it at least had built stronger structures administering and protecting urban policy. In such circumstances the directorate could have acted as a top institutional anchor able to defend a federal city welfare system in a situation of uncertainty the way HUD did within the Nixon administration. Counterfactuals are always risky, but it seems safe to argue that the missed opportunity of Maastricht would have gone a long way in this direction. By placing urban policy firmly at the centre of the structural funds' objectives, the treaty amendment proposed in 1991 would have realistically altered DG Regio's policy paradigm, rebalanced its political alliances in favour of cities, and strengthened its internal urban policy structures. This, in turn, probably would have given the directorate the willingness (if not obligation) and the political strength to preserve part or all of the Union's urban agenda even after its initial momentum was gone, ultimately setting EU urban policy on a very different course.

[114] Orani, Marco. Personal interview by author. (Author's translation).

A closer look at the URBAN Community Initiative

The main traits of URBAN

A closer analysis of URBAN is warranted on two accounts. The first is self-evident: URBAN has been to date the EU's major experiment in the field of urban policy and the most recent for which significant data and results are available. Fully understanding the URBAN Community Initiative is hence an essential prerequisite in any analysis of the EU's actions in cities. Second, and more importantly, examining URBAN will help me elucidate the causal link between the shape of this policy instrument and its instability which I have posited in the first chapter. In the third part of the thesis I will complement the polity-wide institutional analysis presented here by looking at the implementation of URBAN in two cities.

As noted above, for the two URBAN rounds the EU spent, respectively, 600 million ECUs and €728.3 million taken from the quota of structural funds allocated to the Community Initiatives in those two budget periods. In the first round, URBAN's resources came from both the ERDF and the ESF, while in the second round the programme became 'monofund' and was supported only by the ERDF (although a certain number of ESF-type activities continued to be eligible under the new regime). The allocation procedures for the funds were a mixture of quotas and competition: in both rounds, the Commission established quotas for participating member states (15 for the first round and 14 for the second) proportional to their size and budget contribution, and asked national authorities to select revitalisation projects through a method of their choice. In the first round, the Commission established as only allocation restriction that two thirds of the funds (400 of the 600 million ECUs) be directed to Objective 1 areas. In the second round this restriction was dropped.[115]

Procedures to select projects varied from state to state, but can be grouped in three categories: open competitions, in which any city could participate; restricted competitions, in which only the cities pre-selected by state authorities were allowed to participate; finally, closed calls, where the central government decided what cities to include in URBAN based on some statistical criterion. In both rounds, the vast majority of states opted for some type of competition.[116] Eventually, 118 projects were selected in the first round, and 70 projects in the second. The total number of cities involved was 165, revealing minimal overlap between the two rounds.

Whatever the mode of funds allocation, all revitalisation projects were subject to the final approval of DG Regio, which also set a number of criteria for them. Projects had to target neighbourhoods or other well defined areas of cities suffering from distress. Urban distress was defined in a broad and multidimensional way, including high unemployment, lack of social amenities, low levels of economic activity and education, high levels of immigration and high levels of crime. DG Regio's guidelines also included minimum population thresholds as an eligibility criterion: in the first round, the threshold was 100,000 inhabitants. In the second, the

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[115] European Commission, "Communication Laying Down Guidelines for a Community Initiative Concerning Economic and Social Regeneration of Cities and of Neighbourhoods in Crisis in Order to Promote Sustainable Urban Development (URBAN II)."

[116] More precisely, in the first round Austria, Belgium (Wallonia), Finland, Greece, Portugal and Spain adopted an open competition, Germany, Belgium (Brussels and Flanders), Italy, France, the UK, Denmark and Ireland adopted a restricted competition, Luxembourg, the Netherlands and Sweden adopted a closed call. For URBAN II Germany, Spain, Portugal and Finland adopted an open competition, Belgium, Denmark, France, Italy, The Netherlands, Ireland and the UK had a restricted competition and Greece, Austria and Sweden had a closed call GHK, "Ex-Post Evaluation - URBAN Community Initiative (1994-1999).", ECOTEC, "Ex-Post Evaluation of the URBAN Community Initiative 2001-2006." Needless to say, in many cases a role was also played by factors other than merit or need, such as lobbying, local authorities' public relations capacities and, finally, the existence of political links between cities and national government officials. GHK, "Ex-Post Evaluation - URBAN Community Initiative (1994-1999)."

threshold was changed to 20,000 people for the targeted neighbourhoods.[117] For URBAN 2 DG Regio also set a minimum funding intensity of €500 per inhabitant of the targeted neighbourhoods, so as to ensure maximum effectiveness for the supported projects.[118]

URBAN's main goal was to revitalise the selected neighbourhoods by reconnecting them to the social and economic fabric of the city. For this purpose, projects needed to intervene on three main axes—infrastructures and the environment, social actions, and entrepreneurship and economic development—and create synergies among them. The Commission also asked for the projects to be 'innovative'—although it never defined this concept in detail. As for the specific activities to be funded through URBAN, their range was quite broad: the Commission's indicative lists included, among others, the rehabilitation of public spaces and buildings, the preservation of historic and cultural heritage, measures to increase security such as improving street lighting and promoting citizens' watches, new technology training programmes, support of business centres, creation of care facilities, counselling and training for minorities, and transport system reorganisation. Small portions of the projects could be devoted to strategic planning, networking, technical assistance and information diffusion.[119] Perhaps more notable than the eligible activities were the non-eligible ones, which included a number of administrative expenditures (for instance utilities), projects lacking clear innovative

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117 European Commission, "Community Initiative Concerning Urban Areas (URBAN)"; "Communication Laying Down Guidelines for a Community Initiative Concerning Economic and Social Regeneration of Cities and of Neighbourhoods in Crisis in Order to Promote Sustainable Urban Development (URBAN II)". In both cases, however, the Commission mentioned the possibility of some exceptions.

118 European Commission - DG Regio, "Fostering the Urban Dimension: Analysis of the Operational Programmes Co-Financed by the European Regional Development Fund (2007-2013)".

119 European Commission, "Community Initiative Concerning Urban Areas (URBAN)"; "Communication Laying Down Guidelines for a Community Initiative Concerning Economic and Social Regeneration of Cities and of Neighbourhoods in Crisis in Order to Promote Sustainable Urban Development (URBAN II)".

aspects and, most notably, housing. Needless to say, the latter was the most notable absence the EU's approach to urban revitalisation.[120]

Another criterion of URBAN was co-financing: all projects needed to find additional public or private sources of funding. For both rounds, the rate of ERDF assistance was 75% in Objective 1 areas and 50% in other areas. As for planning and implementation, the Commission generally promoted the participation of citizens and civil society partners at both stages.[121] Other than that, however, states and cities were left free to choose their preferred models and procedures in the respect of their political and administrative rules and traditions. The two ex-post evaluation reports observe that in the vast majority of cases, city authorities had a central role in the administration of projects, reflecting a higher degree of local empowerment than in the rest of the structural funds. For URBAN 2, for instance, 80% of the project activities were implemented either by city authorities or by mainstream partners such as the police, healthcare structures or housing authorities. Implementation by non-profit organisations was much lower, at only 10% of the activities.[122] In terms of activity type, non-governmental partners were prominent in the social regeneration axes of the projects, while city administrations dominated the infrastructural side.[123]

Within the criteria set by the Commission, URBAN projects varied substantially and on several dimensions. One of these was the size of the projects and of the targeted population. In the first round variance was great, ranging from the 1,500 people of Cordoba to the 130,000 of Vienna. The average figure was around 25,000, for a funding intensity of €280 per person in EU funds and twice as much

[120] Ibid..
[121] Ibid..
[122] ECOTEC, "Ex-Post Evaluation of the URBAN Community Initiative 2001-2006". These figures, however, do not fully represent participation by non-governmental partners, which in many cases played a role in project implementation although not as primary actors.
[123] Ibid..

counting additional resources.[124] By introducing neighbourhood-based thresholds, the second round limited variance on this dimension: the biggest targeted area, in Amsterdam, contained 62,000 people, while the smallest (Amadora, in Portugal) had 10,000 inhabitants.[125] The type of targeted neighbourhoods also varied: in the first round, 43% of the funds were spent in inner city areas, 20% in historic centres and a third or so in peripheral areas.[126] In URBAN 2, 44% (31 out of 70) of the projects targeted peripheral neighbourhoods and 39% (27) involved central areas. The rest were mixed or city-wide projects.[127]

As for the axes of intervention, the aggregate split for the first round was 38%, 32% and 23% respectively for physical regeneration, entrepreneurship and social actions. Figures by country, however, reveal an extremely diverse picture. Just to take the extremes for each axis, the quota spent on physical regeneration ranged from 13% in Germany to 61% in Italy, that for entrepreneurship and employment ranged between 14% in Luxembourg and 68% in Germany and, finally, the quota for social inclusion ranged from 6% in the Netherlands to 41% in Luxembourg and Portugal.[128] URBAN 2 statistics are analogous: the quota for physical regeneration ranged from zero in Sweden to 68.4% in Spain, that for economic regeneration from 10.4% in Portugal to 34.3 in Belgium and, finally, the quota for social inclusion ranged from 7.2% in Spain to 65.2% in Denmark.[129] Variability was substantial also within each

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[124] European Commission, "Communication Laying Down Guidelines for a Community Initiative Concerning Economic and Social Regeneration of Cities and of Neighbourhoods in Crisis in Order to Promote Sustainable Urban Development (URBAN II)"; GHK, "Ex-Post Evaluation - URBAN Community Initiative (1994-1999)."

[125] ECOTEC, "Ex-Post Evaluation of the URBAN Community Initiative 2001-2006". Clearly, the Amadora project was one of the exceptions the Commission made with respect to the 20,000-inhabitant rule.

[126] European Commission - DG Regio, "Community Initiative URBAN 1994-99: An Initial Evaluation," (January 2000).

[127] ECOTEC, "Ex-Post Evaluation of the URBAN Community Initiative 2001-2006".

[128] GHK, "Ex-Post Evaluation - URBAN Community Initiative (1994-1999)".

[129] ECOTEC, "Ex-Post Evaluation of the URBAN Community Initiative 2001-2006".

member states, with cities privileging certain types of intervention according to their specific needs.

Monitoring arrangements varied from state to state, but they were generally structured on three levels: the first, and most immediate, was local. Monitoring by city administration was particularly important for those activities where sub-grantees were involved. Member state authorities performed a second-level of monitoring, often complemented by independent auditors. DG Regio performed a third, although weak, level of direct monitoring, by sending representatives to each of the project monitoring committees. Monitoring became more effective in the second round of URBAN, during which the Commission had its unit dedicated to urban affairs.[130] In addition to that the Commission requested—and had to approve—annual and final reports from each of the projects.

Three factors of policy instability

As I have done for the CDBG, I will examine here a number of institutional aspects of the URBAN Community Initiative that undermined, directly or indirectly, the stability of this policy instrument and contributed to its eventual demise. As in the CDBG case, for the most part these factors have already been mentioned in the foregoing analysis. In addition, many of the dynamics to which these institutional factors gave rise will be analysed in greater detail in the two city level studies presented in the third part of the thesis. Consequently, what follows should be taken as just an initial and broad sketch.

The initiative's limited dimensions: the most obvious part of this factor was URBAN's limited financial resources. However, this aspect is relevant here only in a

[130] GHK, "Ex-Post Evaluation - URBAN Community Initiative (1994-1999)".

partial and indirect sense: for one thing, limited resources were not themselves an institutional element of the programme. For another, as explained in the CDBG case, thinly distributed resources do not necessarily undermine the stability of an urban policy instrument. More important here is that URBAN's small financial resources resulted in its limited geographic scope. The total number of participating cities in the two rounds was 165. That this was too small a number to form a strong stakeholder alliance in support of the programme can be seen not only by considering the total number of cities in Europe but also, and especially, by comparing the scope of URBAN with the much wider reach of the regular structural funds, which cities regarded as the main alternative for the distribution of urban development grants when they rejected the option of an URBAN 3 for 2007-13.

Competitive distribution: the small number of stakeholders generated by URBAN needs to be read together with this policy instrument's second factor of instability, *i.e.* its largely competitive mode of funds allocation. Competitiveness undermined the strength and stability of the potential URBAN alliance as it made the continued benefits of the grant scheme uncertain for the recipient cities, hence diminishing their incentive to support the policy. The minimal overlap between the beneficiaries of the first and second URBAN round confirms this point. Once again, this dynamic was all the stronger considering the concrete alternative of the entitlement-based mainstream structural funds to which most cities aspired at the time of the ERDF renegotiation:

> [cities] were happy to receive funds. Moreover, participating in a European programme gave them visibility. But one of the problems [with URBAN] was that European cities are many, and for each city we funded there were another two hundred we had to disappoint. …There was a problem of picking one programme over another…[and] merit is only partly objective. …With mainstreaming, on the other hand, all cities can find their space.[131]

[131] Orani, Marco. Personal interview by author. (Author's translation).

Competitiveness undermined the stability of URBAN also by imposing significant planning costs on cities before, and with no assurance of, receiving the money. Planning was all the more onerous as it had to abide by URBAN's functionally integrated approach to urban regeneration, with which many European cities had little or no experience. As I will show in the third part of the thesis, one way in which cities tackled this problem was by virtually outsourcing programme planning to external actors.

The requirements of the grants: the most obvious string attached to URBAN grants was neighbourhood targeting. While it certainly maximised the impact of the programmes on their specific focus areas, targeting had several shortcomings, the most notable of which was that it prevented cities from pursuing more comprehensive regeneration and development plans. As explained, this was a central argument in Eurocities's rejection of a third round of URBAN. Perhaps less obviously, targeting was disadvantageous also from a political point of view, as it forced city officials to channel funds towards the most distressed, and hence least politically active and electorally rewarding areas. Finally, as I will show more clearly in my city level studies, the rigidity of geographic targeting often generated more than a few headaches and difficulties at the implementation stage of the URBAN programmes.

Two additional rules attached to URBAN by virtue of its incorporation in the broader structural funds regulations were co-financing and the ineligibility of a number of classes of expenditures. The latter aspect was often disliked by local political and administrative actors, who were forced to exclude from their programmes types of projects that naturally belonged in the area of urban regeneration, such as housing or health care ones. As for co-financing, this rule not only created difficulties for many administrators and participating non-profits, who had a hard time finding additional sources funding for their projects, but could more generally be seen by cities as an intrusive constraint imposed by the EU on the use of local resources. As in the case of geographic targeting, the implications of these institutional aspects of the URBAN Community Initiative will be examined in greater detail in the third part of the thesis.

Conclusion

Despite their empirical complexities, the trajectories followed by US and EU urban policy after the establishment of Model Cities and URBAN can be boiled down to the effects of institutional configurations at the policy and politico-constitutional level. The institutional characteristics of Model Cities and URBAN—primarily competitiveness and intrusiveness—undermined these policy instruments' ability to 'stick' as they generated opposition and prevented the formation of stakeholder coalitions wide enough to defend the grant schemes against their detractors. Accordingly, both Model Cities and URBAN were attacked not too long after their inception, opening a phase of policy uncertainty which was solved differently depending on the presence of a federal city welfare state. In the US such a state existed and was embodied by HUD, whose leadership used its clout to defend the existence of a federal urban policy and channel Nixon's attack into the creation of the CDBG. Conversely, in the EU, where URBAN was administered by the regionally-oriented DG Regio, the principle of federally-promoted city welfare had no comparable institutional anchor. As a result, the attacks on URBAN coming from member states, regions and especially cities had the ultimate effect of ending EU urban policy altogether.

The creation of HUD in 1965 and the 1991 Maastricht negotiations—when the EU had the opportunity to embed urban policy in its institutional architecture—can hence be interpreted as politico-constitutional critical junctures, the outcome of which affected the path subsequently followed by federal urban policy in the two cases. What is more, the existence of a city welfare state in the US set the conditions for the occurrence of an additional, policy level juncture with the introduction of the CDBG in 1974. With its formula-based and decentralised approach, the new grant scheme generated, from the beginning, a wide coalition of supporters that have 'locked in' this policy instrument to this day, thus adding a 'bottom' institutional anchor for US urban policy to the 'top' one provided by HUD.

Part II
The CDBG in Arlington and Baltimore

From the perspective of American cities, the introduction of the CDBG had two divergent effects on the action of the federal 'city welfare' state. On the one hand, it diversified state action: with the passage from the categorical to the block grant system, cities were given freedom to use federal dollars for the objectives and in the way they preferred. The result was an increase in policy variety, with the new grant 'translated' locally according to the history, institutions, preferences and socioeconomic setting of each specific city. Ultimately, the CDBG had the effect of multiplying local 'state models' within the same federal programme.

On the other hand, while it diversified state action, the CDBG generated a number of unifying political dynamics and mechanisms within cities. In particular, its structure as an entitlement, almost string-free grant encouraged certain configurations of preferences and relationships among local actors which over time have generated and solidified coalitions in support of the grant itself. These city-level dynamics have played a crucial role in the overall crystallisation of the CDBG.

This part of the thesis examines these two aspects—divergence and unity—with respect to two specific CDBG entitlement communities: Arlington, VA and Baltimore, MD. Located at the extremes of the urban spectrum—Arlington is a rich, medium-sized and service-based city, while Baltimore is a large post-industrial city with a long and painful history of decline—these two cities have set up very different 'CDBG state' models. At the same time, the vast distance between these two cases makes the presence of common underlying political mechanisms all the more remarkable.

The following analysis is structured in three chapters. The first two present the CDBG in Arlington and Baltimore respectively. For each city, I will first go over historical development and current urban setting, and then conduct a detailed analysis of the local goals, rules and procedures of the block grant. In the third chapter I present a more explicit comparison that explores the main components of the Arlington and Baltimore state models and examines the principal common mechanisms of policy crystallisation.

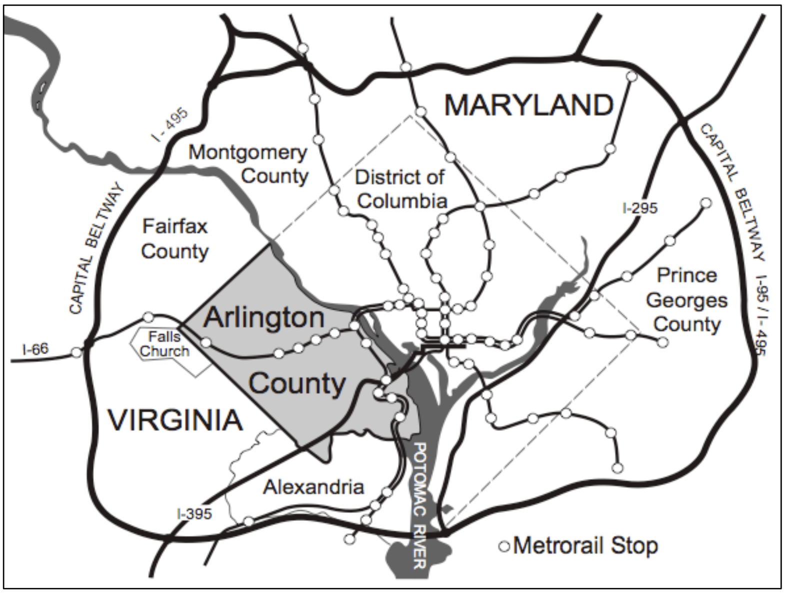
Chapter 4

WORKING AT THE MARGIN: THE CDBG IN ARLINGTON COUNTY

Introduction

One of the main centres in the metropolitan ring of Washington, DC, Arlington is a thriving city of some 210,000 inhabitants.[1] It scores high in most or all of the traditional development indicators—income, employment, health and education—and spearheads advanced urban planning principles. It affords its residents the perks of being next to the federal capital—access to services, culture, entertainment and a cosmopolitan lifestyle—without many of the downsides of big city life such as violent crime, congestion and pollution. It has high quality public services and a political system generally regarded as honest and efficient.

Figure 1: Arlington County in the DC metropolitan area



Source: Arlington County website

[1] While formally a county, Arlington has all the social, economic and physical characteristics of a city. Further, the territorial exclusiveness between counties and independent cities in force in Virginia, whereby a place cannot be part of a county and a city and the same time, means that Arlington has the same range of competences—and hence possibilities to allocate CDBG funds—as a municipal government.

These, however, are traits that Arlington has enjoyed for a short time. Not too long ago, the county was little more than an empty piece of land, the settlement of which went hand in hand with the rapid expansion of Washington. As is typical of suburbs, for most of its history the county has attracted people from the most privileged sectors of the DC metropolitan area. Unlike many other suburbs, however, Arlington gradually shed its status of a wealthy satellite community to acquire a life, identity and problems of its own.

Granted, Arlington's urban issues are not comparable to those of neighbouring Washington or other big American cities. Accordingly, its share of federal resources, in the first place CDBG, has always been limited. Nonetheless problems do exist in the county, and the block grant plays an important role in the authorities' attempts to tackle them. What is more, Arlington's historical, institutional and economic characteristics have generated a peculiar model of CDBG implementation which is worth examining closely. Before doing this, however, a brief overview of the historical evolution of Arlington and of its current characteristics is in order.

The trajectory of Arlington's development – an American microcosm

The birth of a community

Unlike many cities, Arlington owes its birth and early development less to economic and demographic factors than to a series of political events. The first of these was a 1801 act of the the Commonwealth of Virginia ceding 34 square miles of land on the eastern corner of Fairfax County to the newly established District of Columbia. Organised as the new County of Alexandria, the territory included the eponymous port town and a virtually uninhabited area in the north referred to as 'the country part' of the county.[2] When the cession was reversed and the land 'retroceded' to Virginia in 1846, Alexandria County retained its autonomous status and recently acquired name.[3] It continued to do so even after 1870, when the town of Alexandria gained independence and city status, leaving only the 'country part' and its 3,000-odd inhabitants in the county.[4]

Alexandria City's departure marked the beginning of a steady suburban development for the remaining part of the county. Growth was driven by the expansion of neighbouring Washington and favoured by the development of road and rail links, which facilitated the settlement of some of the District's population across the Potomac. By 1900 the county had doubled its population to 6,430 inhabitants, distributed among a number of small commuter villages.[5] Washington's continuous growth and the diffusion of the automobile accelerated the county's demographic expansion after the turn of the century. Population reached 16,040 in 1920 and 22,000 in 1930, causing a growth in the built environment which rapidly filled the gaps between existing villages, turning the county into a single agglomeration that soon became known as 'the bedroom of DC'.[6]

With expansion came a growing sense of local identity which, in turn, was both a cause and an effect of some important social and administrative transformations, such as the organization of local services (*e.g.* police, schools and

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[2] Arlington Historical Society, "Arlington County - Snapshots of History." http://www.arlingtonhistoricalsociety.org/learn/snapshots/index.html (accessed 31 January 2011); Amos B. Casselman, "The Virginia Portion of the District of Columbia," *Records of the Columbia Historical Society, Washington, DC* 12 (1909): 115-41; Cornelia B. Rose, *Arlington County, Virginia: A History* (Arlington, VA: Arlington Historical Society, 1976), ch. 5.

[3] Alexandria County was returned to Virginia following a local referendum in which, interestingly, most 'country part' residents voted against the retrocession. Casselman, "The Virginia Portion of the District of Columbia"; "Discovering the Decades," *Alexandria Archaeology Volunteer News* (1999).

[4] Rose, *Arlington County, Virginia: A History*, pp. 79-85. See also Arlington Historical Society, "Arlington County - Snapshots of History".

[5] Arlington Historical Society, "Arlington County - Snapshots of History"; Rose, *Arlington County, Virginia: A History*, ch. 7.

[6] Rose, *Arlington County, Virginia: A History*, ch. 8.

firefighting), the emergence of citizen associations and the establishment of local newspapers. Above all, in 1920 the county finally shed its old name and replaced it with Arlington, marking a clear break with the past and with neighbouring Alexandria.[7] Social transformations were accompanied by institutional changes: in 1912 Arlington acquired full administrative autonomy and the powers of a city, and in 1924 it established a representation in the Virginia House of Delegates. State representation helped Arlington obtain, in 1930, a ban on further land annexations by Alexandria, which stabilised its territory on the current 25.7 square miles. More importantly, in the early 1930s the county changed its main government institutions, substituting a county manager model for the old board-centred system and replacing magisterial districts for board elections with a single county-wide electoral district which is still in place today.[8]

From suburb to city

Federal government expansion during the New Deal and WWII turned Arlington's extraordinary growth into a demographic explosion. The county's population doubled between 1930 and 1940 (57,000) and then again between 1940 and 1944, when it reached 120,000.[9] Infrastructural expansion followed the demographic one: those decades saw the building of water and sewage systems, and the completion of several road arteries through the county. In 1932 the Memorial Bridge linking the National Cemetery area to the Washington Mall was opened.

[7] Ibid.. The name Arlington was chosen to honour General Robert Lee, who had lived in the Arlington estate, located where the National Cemetery is today.
[8] Although never seriously challenged politically, the at-large electoral system has generated criticism over the years, primarily from those who see it as systematically under-representing certain sectors of the population such as minorities—originally African Americans, but today also other groups—and residents of southern Arlington, where many of the county's problems are located but which remained unrepresented in the board for quite long periods of time. Sherman W Pratt, *Arlington County Virginia: a Modern History* (Arlington, VA: 1997), ch. 3.
[9] Arlington Historical Society, "Arlington County - Snapshots of History"; Rose, *Arlington County, Virginia: A History*, p. 206.

What was a largely rural place three decades earlier had, by the end of the war, become a densely populated city. Arlington's population was predominantly young and affluent, and for the most part employed in government and related services. Once dominant industries such as dairy and truck farming had practically disappeared, and the secondary sector was limited to those industries linked to the ongoing housing expansion, such as brick-making.[10] Arlington's appearance also changed in the 1930s and 1940s. Strong demand for housing pushed land and real estate prices up—an aspect that persists to this day—and forced private developers to respond as rapidly and extensively as they could. Multi-family dwellings began to replace single-family ones and eventually became the dominant housing type in the county by the early 1950s.[11] To regulate and harmonise this rapid growth in 1930 Arlington adopted its first zoning system.[12]

Arlington's general affluence did not mean there were no poor in the county. Along with the private housing expansion of the 1930s and 1940s the federal government built a number of affordable housing projects in the southern half of the county.[13] This contributed to shape a north-south social and economic divide that still exists to a large extent.[14] Socioeconomic separation was compounded by the further layer of racial segregation, which in Arlington (as in the rest of Virginia) lasted

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[10] Rose, *Arlington County, Virginia: A History*, ch. 9; Pratt, *Arlington County Virginia: a Modern History*, ch. 2.
[11] Density problems were aggravated by the considerable amount of land used by the federal government for non-housing purposes, such as in the case of the National Airport and the Pentagon (both built in the early 1940s), the existing National Cemetery and the many other government buildings established over the years. Ibid..
[12] Rose, *Arlington County, Virginia: A History*, ch. 9.
[13] In the 1970s the federal government offered to transfer its properties to the county, on condition that a local housing authority would be established to manage this real estate. Arlington, however, opted not to constitute its own housing authority and rejected Washington's offer.
[14] Rose, *Arlington County, Virginia: A History*, ch. 9; Pratt, *Arlington County Virginia: a Modern History*, ch. 2.

officially until the late 1950s but which has since remained a relevant aspect of the county's social geography.[15]

Arlington's transition from rural to urban transformed its politics too. After WWII political sympathies in the county shifted rapidly from the socially conservative Southern Democrats to the local liberal organization Arlingtonians for a Better County (ABC), and later to the new, left-of-centre Democrats. From the 1950s onwards, liberal politics became virtually the only 'game in town', and the ABC and the Democrats—which in the 1980s began to operate practically as one—dominated the county board with only a couple of short-lived exceptions.[16] On the social side, a large number of interest groups and citizen associations grew in the post-war decades, structuring what was an extraordinary level of civic engagement even for American standards.[17]

Beginning in the 1960s and 1970s, Arlington has undergone some important transformations that have contributed to the county's current shape. One is the extension of the Washington DC Metro system, which began in 1968 and has so far brought one third of the total number of stations to Arlington's territory. Over the years the Metro has contributed enormously to strengthen connections with the District and to keep property prices high as a consequence.[18] Partly as a result, since the 1960s authorities have moved even more decidedly towards a high-density mode

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[15] Arlington Historical Society, "Arlington County - Snapshots of History"; Rose, *Arlington County, Virginia: A History*, chs. 9 and 10.

[16] Pratt, *Arlington County Virginia: a Modern History*, ch. 3.

[17] A few examples of these groups—some of which are still active and quite influential—were the Committee of 100, a local think tank to study and recommend solutions for county problems founded in 1954, the Citizens Committee for School Improvement (CCSI) started in 1946, the Arlington Taxpayers Association (ACTA) created in 1974, the Tenants of Arlington County (TOAC) established in 1978 by residents of Colonial Village with the aim to preserve affordable housing, and the Organized Women Voter of Arlington County, created as early as 1923. In addition to these sectoral organisations there were—and still are—a large number of neighbourhood civic associations. On the civil rights front, finally, the most prominent organisation was the Arlington chapter of the National Association for the Advancement of Colored People (NAACP). Ibid., ch. 4.

[18] Arlington County - Department of Community Planning Housing & Development, "Fast Facts." http://www.arlingtonva.us/departments/cphd/planning/data_maps/Census/CensusFacts.aspx (accessed 4 February 2011); Pratt, *Arlington County Virginia: a Modern History*, ch. 6.

of development which, unsurprisingly, has been particularly intense around the two Metro corridors.[19] At the same time authorities have tried, with varying success, to preserve and promote mixed-income and mixed-purpose neighbourhoods in the county to counter housing price pressures.[20]

A further transformation has regarded the ethnic makeup of the county population, which has changed in the past few decades as a result of the rise in foreign immigration, particularly from Southeast Asia and, more recently, Central America. Needless to say, while immigration has increased Arlington's cultural diversity, in many cases it has also added further dimensions of social distress and segregation.

Arlington County today

Arlington's population has continued to grow at a steady rate in recent decades, reaching 211,700 in 2012.[21] Although the links with Washington are still crucial for its economy, Arlington has long outgrown its status as bedroom community: since the 1970s the daytime population has been bigger than the rest, and the county has increasingly acquired an 'urban life' of its own. Arlington can be considered a healthy city in many respects: its population is young and well educated—70% of the adult population had a bachelor's or higher degree in 2010[22]—and its level of income high: current per capita income is currently $78,086 (156% of the US average) and the

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[19] Pratt, *Arlington County Virginia: a Modern History*, ch. 6; Tejada, Walter, County Board member, Arlington County. Personal interview by author, Arlington County, VA, 5 October 2010. Of course, this model of development has also intensified problems of congestion and generated more demand for local services.

[20] Zimmerman, Christopher, County board member, Arlington County. Personal interview by author, Arlington County, VA, 5 October 2010. Opposite incentives towards spatial specialization are in Arlington as strong as anywhere else, and especially around the Metro: for instance, Rosslyn developing into an office centre, Court House as the governmental and administrative area, Clarendon as an urban village and Virginia Square as a cultural and educational area. See Pratt, *Arlington County Virginia: a Modern History*, ch. 6.

[21] Arlington County - Department of Community Planning Housing & Development, "2012 Major Statistics." http://www.arlingtonva.us/departments/CPHD/planning/data_maps/pdf/file85762.pdf (accessed 3 June 2012).

[22] "Arlington, Virginia: Profile 2012".

median household income is $99,641 (roughly twice as much as the nation-wide figure).[23] While tertiary still has the lion's share of the occupational breakdown, government is not as dominant as it used to be, as it employs today 'only' one Arlingtonian out of four. Private sector services, on the other hand, are well above 50%.[24]

Arlington is an intensely built and densely populated community—8,237 people per square mile—which is at the forefront of 'smart growth' policies.[25] The attractiveness of this urban model, combined with the county's high income and the virtual exhaustion of developable land, keeps real estate and rental prices high, as the figures below show. The best available comparable figures for the entire US are, respectively, $216,700 (overall median sales price in 2009)[26] and $1,067.00 (median asking rent in 2009).[27]

Figure 2: Arlington County median sales prices 2006-09

Source: Arlington County 2011-15 Consolidated Plan

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[23] "2012 Major Statistics"; International Monetary Fund, "World Economic Outlook." http://www.imf.org/external/pubs/ft/weo/2010/02/weodata/index.aspx (accessed 9 June 2012); US Census Bureau, "Household Income for States: 2009 and 2010," (September 2011).

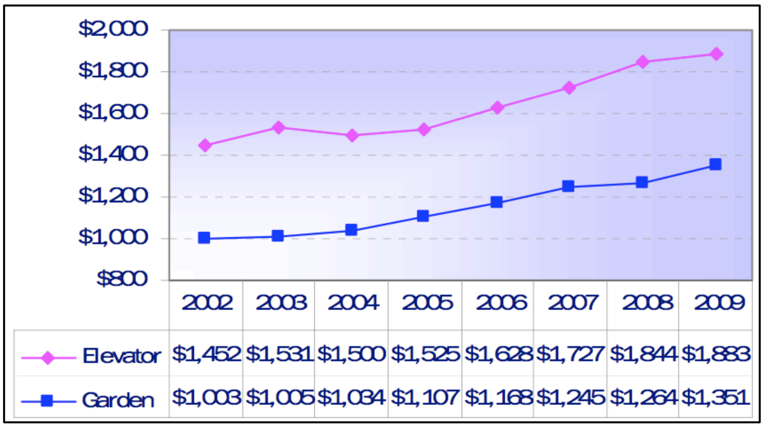
[24] Arlington County - Department of Community Planning Housing & Development, "Arlington, Virginia: Profile 2012."

[25] 'Smart growth' is a planning model that combines compact and mixed-use development with public transportation and pedestrian- and cycle-friendly streets.

[26] US Census Bureau, "Median and Average Sales Prices of New Homes Sold in United States - Annual Data," (2010).

[27] US Department of Housing and Urban Development, "US Housing Market Conditions - Historical Data," (2010).

Figure 3: Arlington County average rent increase 2002-09



Source: Arlington County 2011-15 Consolidated Plan

Socially, Arlington is a fairly diverse community, especially for Virginian standards: 36% of its population is non-white (see table below) and as of 2010, around a fourth of the county population was born outside the United States.[28]

Table 4: Arlington's ethnic breakdown

Ethnic group	2000		2010	
White	114,489	60.4%	132,961	64.0%
Black/African American	17,244	9.1%	17,088	8.2%
Hispanic	35,268	18.6%	31,382	15.1%
Asian/Pacific islander	16,346	8.6%	19,895	9.6%
Other/multiracial	6,106	3.2%	6,301	3.0%
Total population	189,453	100%	207,627	100%

Source: Arlington Profile 2012

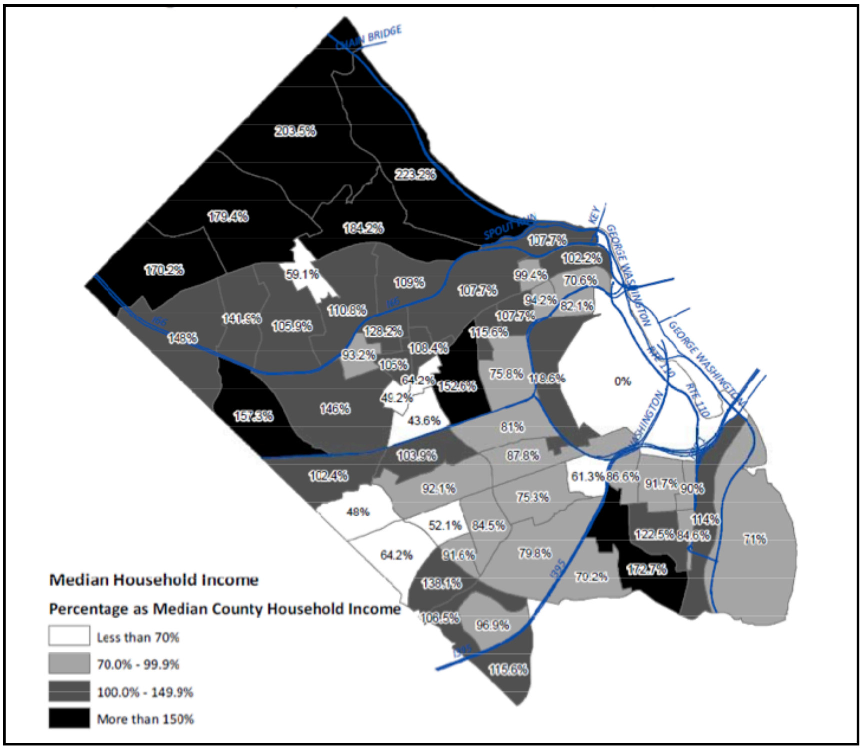
Arlington's upper middle class profile, however, should not distract one's attention from the presence of a substantial degree of economic inequality in the county, which at one end of the spectrum reaches conditions of extreme deprivation. Unemployment is traditionally low—3.9% in March 2011[29]—but as any service-

[28] Arlington County - Department of Community Planning Housing & Development, "Arlington, Virginia: Profile 2012".
[29] Ibid..

dominated community, Arlington has a bipolar labour market where, next to a considerable number of skilled and high earning workers, there are large chunks of the population working in low-end services with wages that might keep them barely above the poverty line. The absence of halfway job solutions also means that many who might have the skills to step up in the employment ladder in a different context find themselves under-employed in Arlington.[30] The county's hostile housing market, finally, further worsens conditions for these sectors of the population.

Economic distress tends to be concentrated in the southern half of the county and affects minorities more than the rest of the population. The figures below show the territorial distribution of income, poverty and minorities.

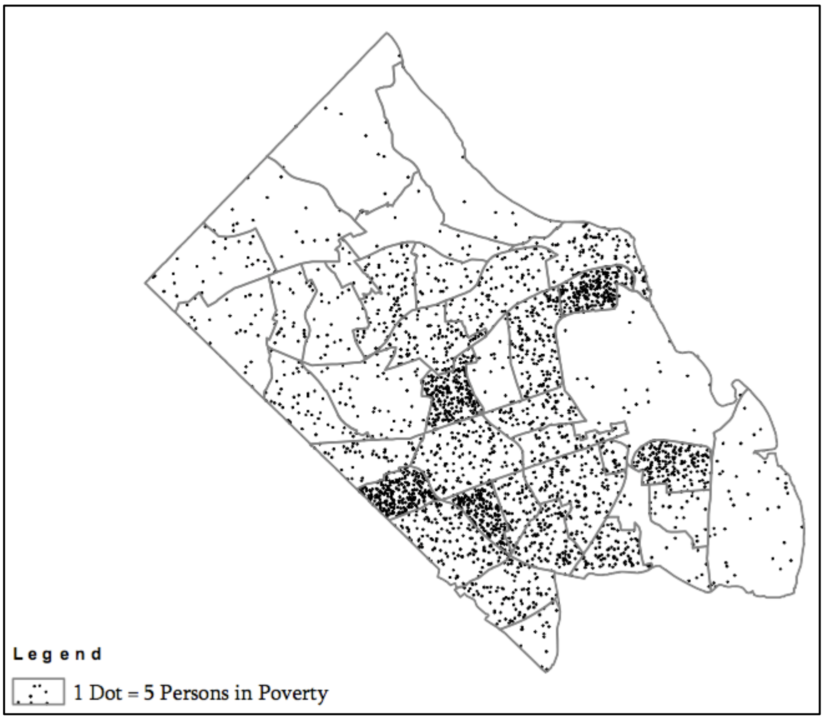
Figure 4: Arlington County census tract median income, 2006-10 average



Source: Arlington County 2011-15 Consolidated Plan

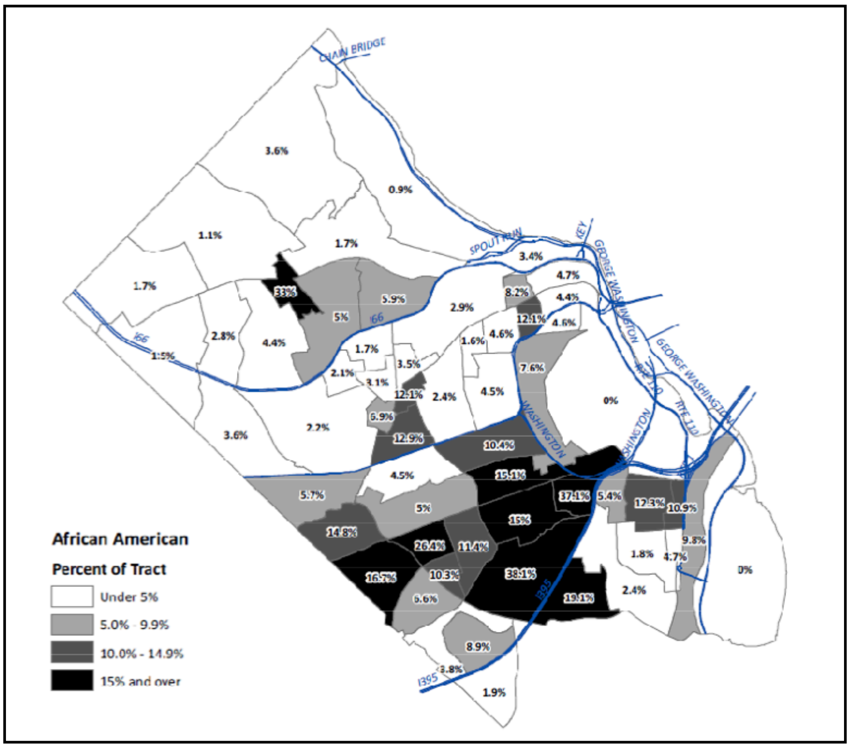
[30] "FY 2011-2015 Consolidated Plan," (27 April 2010).

Figure 5: Arlington County – concentration of persons in poverty, 2000[31]



Source: Arlington County 2011-15 Consolidated Plan

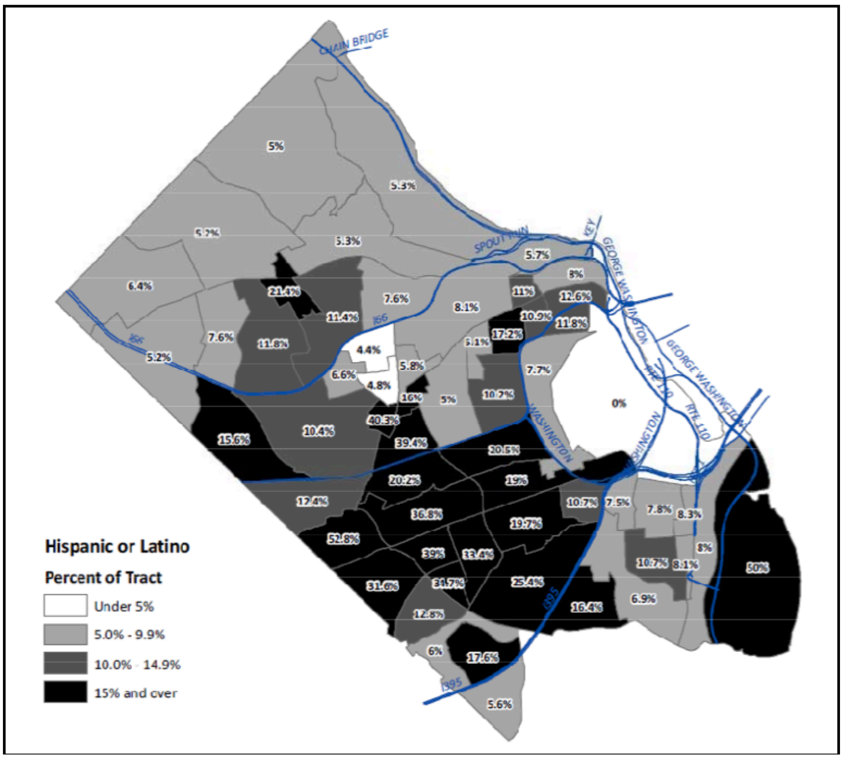
Figure 6: Arlington County – African American population by census tract, 2010



Source: Arlington County 2011-15 Consolidated Plan

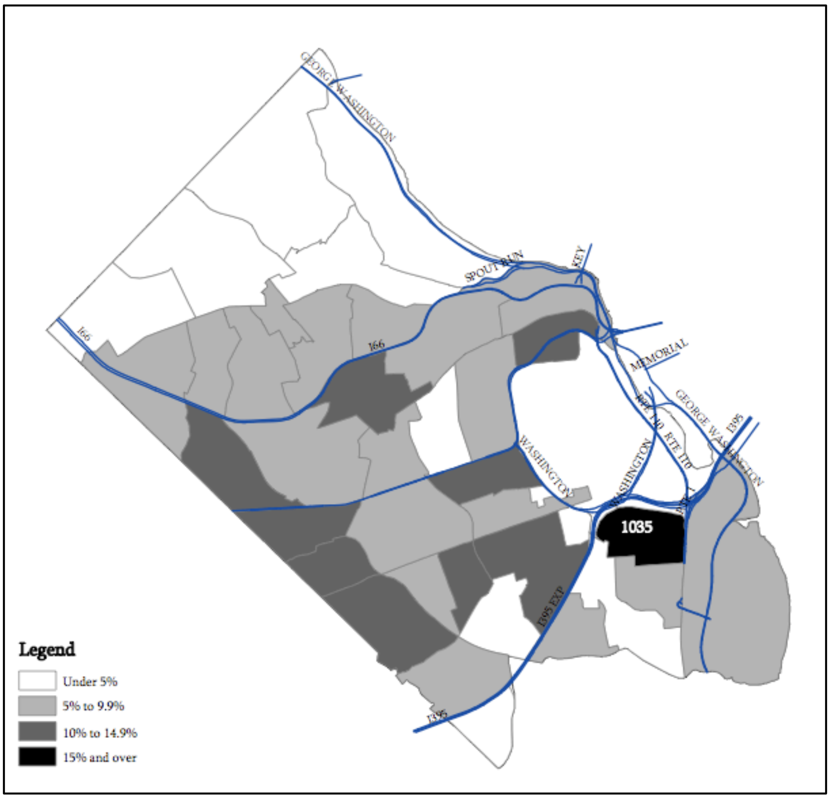
[31] In 2008 6.6% of Arlington's population was below the poverty line. Ibid..

Figure 7: Arlington County – Hispanic population by census tract, 2010



Source: Arlington County 2011-15 Consolidated Plan

Figure 8: Arlington County – Asian population by census tract, 2000



Source: Arlington County 2011-15 Consolidated Plan

Taken together, these maps show a pattern of clear social and economic separation in the county, with a number of pockets of serious economic distress. In these areas one finds most if not all of the typical manifestations of urban decay: blight, deteriorated infrastructure, housing overcrowding and generally poor living conditions. Although far from the levels of bigger urban centres in the United States, these areas also contain a number of social problems such as crime, homelessness, health problems and vulnerability.[32] These are also the areas where civic and political participation tend to be lower than average, with clear repercussions on the political clout and representation of these sectors of the population. In the last analysis, while in the aggregate Arlington's socioeconomic problems are far from reaching the scale and intensity seen in many of the US's biggest cities, the county does have cases and dimensions of urban distress that are as serious as anywhere else. What is worse in Arlington than in many other cities, perhaps, is that these problems are often obfuscated by a generally rosy picture.

If one had to summarise Arlington's urban situation in a slogan, this would probably be 'an American microcosm': an affluent and, by all standards, advanced society built through immigration (from within and outside the US) and proud of its openness and diversity. A society, however, where inequality and social distress exist to an extent that is very much at odds with the socioeconomic context and the resources that public authorities could, at least in principle, mobilise. To be sure, the county authorities have done much to tackle Arlington's problems, especially when compared with the rest of the country, let alone Virginia. For many critics, however, this is still not enough, and in any case much remains to be done. A role in the county social and economic intervention is played by federal aid, mainly in the form of the

[32] Ibid.. For instance, approximately 22,000 Arlingtonians are currently uninsured—a number which is low in national terms but still quite significant considering the general economic context of the county.

CDBG. In the next section I will look more closely at the priorities set at the county level for the use of the federal dollars as well as the mechanisms through which the CDBG is put into action.

The CDBG in Arlington: priorities and mechanisms

The goals of the grant

Arlington County is one of the 'urban counties' that qualify as entitlement communities under CDBG rules, and has received block grant money since 1978.[33] Given its advantageous social, economic and physical conditions, Arlington has never been entitled to a very big grant. In the past decade the county has received an annual nominal sum between $1.6 and $2.4 million (see table below). The allocation for 2011 was $1,609,959, a ten-year low point consistent with the national trend.[34]

Table 5: Arlington County CDBG formula allocation 2001-11

Year	Grant amount ($)	Year	Grant amount ($)
2001	2,428,000	2007	1,809,216
2002	2,222,000	2008	1,753,768
2003	2,243,000	2009	1,761,533
2004	2,248,000	2010	1,914,758
2005	2,172,472	2011	1,609,959
2006	1,816,925		

Sources: National Association of Counties; HUD – Office for Community Planning and Development

[33] Arlington County - Department of Community Affairs, "Making a Good Thing Better," (October 1978). According to HUD regulations, the general criterion to qualify as an urban county is a population of 200,000 or more outside the central city. HUD made an exception and used a special density criterion for the case of Arlington County, which did not meet the population threshold when the CDBG was created but was a city in all respects.

[34] It must be noted that Arlington County has a cooperation agreement with the neighbouring independent city of Falls Church, whereby the two local governments are considered together by HUD for purposes of grant allocation—Falls Church would not qualify on its own—and Arlington then treat Falls Church in a manner similar to a sub-grantee, *i.e.* giving it a portion of the grant, conducting monitoring, reporting data and providing technical assistance. In the rest of this section I will ignore Falls Church's part of the grant as it does not add any relevant elements to my analysis—not least because of its negligible size: some 5% of the Arlington grant ($104,938 in 2010). See City of Falls Church - Housing and Human Services Division, "Draft Consolidated Plan, Action Plan - FY 2012," (2011).

To the annual amount received from HUD one should add the so-called programme income, *i.e.* incoming sums generated by non-grant uses of CDBG, primarily in the form of returning loans. The latest figures for Arlington's CDBG programme income are close to $700,000. This money is mostly set aside from the annual grant and re-used for what are practically revolving loans.[35]

The agency handling the CDBG (and the rest of housing and community development funds) in Arlington is the Housing Division of the Department of Community Planning, Housing and Development (CPHD). As mandated by HUD, the Housing Division structures its management of the CDBG and other funds on two temporal cycles, corresponding to two policy-making levels. The first is that of the Consolidated Plan, a quinquennial document outlining the county's housing and community development strategy and its spending priorities with respect to the CDBG and all the other funds received by HUD. In preparing the Plan, the Housing Division coordinates with other county agencies and seeks the input of county citizens, who have a number of ways to acquire information and who participate in this policy-making stage mainly through the citizen surveys and community forums.

The current Consolidated Plan covers the 2011-2015 period and covers three broad themes: the foremost one is is affordable housing. As explained, Arlington has a difficult housing market due to strong and rising demand for dwellings, the area's high income levels, and the depletion of available land. These trends have been particularly strong in the 2000s—the median home cost increased 124%, from 262,400 to 587,900, between 2000 and 2008—and are projected to continue in the

[35] Arlington's main initiative in this area is the Moderate Income Purchase Assistance Program (MIPAP) assisting low and moderate income first time homebuyers. Arlington County - Department of Community Planning Housing & Development, "FY 2011 Annual Action Plan"; "Consolidated Annual Performance and Evaluation Report - FY 2010," (September 2010); Eboch, Jane, Community development coordinator, Department of Community Planning, Housing and Development, Arlington County. Interview with author. Arlington County, VA, 26 July 2010. To this amount one could then add the income captured by sub-grantees who use part of their CDBG allocation for revolving loans.

next five years when, according to county estimates, 23,100 jobs will be created but only 9,791 new housing units will be added to the stock. Considering that an average of one unit is needed for every 1.6 jobs, these figures indicate a further shortage of almost 5,000 housing units over the period covered by the Consolidated Plan.[36] These housing market conditions generate not only a situation of scarcity of housing affordable to the lowest economic strata of the population,[37] but also a series of connected problems, such as housing overcrowding—which in Arlington is diffused among Hispanics—and job market gaps in a number of service sectors (like public safety, child care, health care, and the like) where potential workers are dissuaded from moving to the county due to the high rents and house prices.[38]

Arlington County has no housing authority, nor does it have the legal power to establish one, which would have to be conferred on the county by the state of Virginia. This has a number of implications on the local politics of affordable housing. One is that unlike many other American cities, Arlington does not have an inherited stock of publicly owned land and real estate for affordable housing purposes. To some extent, this can be seen as a sort of 'initial disadvantage' for the county.[39] Another implication is that the county cannot—and, for that matter, does not want to—intervene in filling the affordable housing gap through direct acquisitions of property. Instead, Arlington operates through a number of alternative instruments, most notably the already mentioned MIPAP, a revolving loan for low and moderate income first time homebuyers, a local housing grant scheme (which often serves as

[36] Arlington County - Department of Community Planning Housing & Development, "FY 2011-2015 Consolidated Plan."
[37] HUD defines affordable housing as costing up to 30% of a household's income. US Department of Housing and Urban Development, "Affordable Housing" http://www.hud.gov/offices/cpd/affordablehousing/ (accessed 6 February 2011).
[38] Arlington County - Department of Community Planning Housing & Development, "FY 2011-2015 Consolidated Plan".
[39] On the other hand, many note how where it exists, the public housing stock is often kept in quite bad conditions due to the scarcity of public funds for its maintenance.

‘bridge’ for the federal section 8 vouchers, for which demand far exceeds available funds), a set of construction regulations that incentivise private developers to build low cost housing along higher end projects and, finally, partnership agreement with a number of non-profit actors for the development of affordable units. All in all, the county’s goal is to add 400 affordable units per year in the county.[40]

In tackling the issue of affordable housing, Arlington faces not only a number of problems that are specific to its economic situation, such as the extended portions of county land used for office space and the high levels of subsidy required for projects (which results from the high housing prices in the county), but also a number of more diffused obstacles like the increasing gentrification of many of its neighbourhoods, pervasive NIMBYism, and the poor creditworthiness of the many of the beneficiaries of these county policies.[41]

It must be noted that only a portion of what the county does in the field of affordable housing is supported by federal funds, and an even smaller part uses CDBG dollars. As shall be clearer below, however, block grant money is more often than not used in synergy with other public and private funds in the same projects. Moreover, given the type of expenses they cover, CDBG dollars often have a relevance that goes beyond the sheer grant amount.

A second broad theme of the Consolidated Plan is homelessness. According to the recent calculations, there are now some 530 homeless in Arlington County, namely 0.25% of the total population.[42] This number is quite high when compared to the latest nation-wide figures, according to which there are 656,129 in the US, equal

[40] Arlington County - Department of Community Planning Housing & Development, "FY 2011-2015 Consolidated Plan".
[41] Ibid..
[42] Ibid..

to 0.21% of the entire American population.[43] This is even more striking if one considers the affluent context of Arlington County. Furthermore, current figures indicate a substantial increase of homeless Arlingtonians in the past few years.[44] The scarcity of affordable housing solutions is one of the main causes of homelessness in the county. Like anywhere else, however, homelessness is also closely connected to a series of problems that go beyond the availability of housing, in the first place health problems and mental illness.

County authorities take the homelessness problem quite seriously. Their overall strategy is expressed in a '10-year plan to end homelessness' published a few years ago and outlining a strategy based on a variety of public and private actors and structured on four different fronts: housing, prevention, supporting services and employment.[45] This strategy is closely connected to, yet distinct from the activities covered by the Consolidated Plan. As far as the latter, goes, the county uses federal funds, and specifically CDBG, to support a number of anti-homeless activities, such as housing counselling, meals on wheels, and a winter shelter. Finally, a crucial objective for the near future—in which, however, the CDBG should play a minor role at best—is the expansion of the current emergency winter shelter into a year round one, planned to be completed in the next couple of years.[46]

The final theme of the Consolidated Plan is 'community development', intended mainly as social services and economic development. Here Arlington's priorities are expressed in territorial rather than functional terms. Practically since the

[43] National Alliance to End Homelessness, "State of Homelessness in America," (January 2011). It must be noted that while this figure refers to the number of homeless people at any given night in the whole country, the Arlington data results from a point-in-time survey. The data, however, remain generally comparable.
[44] Arlington County - Department of Community Planning Housing & Development, "FY 2011-2015 Consolidated Plan"; Arlington County - Department of Human Services, "A Passageway Home: A 10-Year Plan to End Homelessness in Arlington County, Virginia," (April 2006).
[45] Arlington County - Department of Human Services, "A Passageway Home".
[46] Arlington County - Department of Community Planning Housing & Development, "FY 2011 Annual Action Plan".

beginning of its involvement in the CDBG, Arlington County has adopted a targeting system based on the identification of so-called Neighborhood Strategy Areas (NSAs), namely neighbourhoods or block groups in difficult social and economic conditions and where most community development activities are concentrated. NSAs are not mandated by HUD and do not require any approval by the federal government.[47] On the other hand, the county targeting system does respond to federal recommendations and defines NSAs by using the HUD concept of 'area benefit', whereby at least 51% of the residents in these areas are in the low and moderate income bracket.[48] All NSAs suffer, to varying degrees, from a number of problems such as substandard housing, overcrowding, poverty, unemployment or underemployment, lack of skills and linguistic and cultural barriers preventing full participation of the area residents in society.[49]

Despite the strong economy (until 2008), the number of eligible NSAs has increased in the past decade or so.[50] This has recently led the county to adopt a three-tier system that classifies areas on the basis of the gravity and urgency of their needs and, accordingly, of the level of public intervention. The first tier includes the so-called Neighborhood Focus Areas (NFAs). These are the parts of the county with the greatest needs in terms of housing, human services, code enforcement activities and public safety, and where most CDBG and local funds for community development are spent, supporting activities such as employment services, youth programmes, economic development and educational services. There are currently four NFAs:

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[47] NSAs are not to be confused with Neighborhood Revitalization Strategy Areas (NRSAs), which were a more strictly regulated tool for territorial targeting introduced by HUD in the late 1970s. NRSAs offered more flexibility especially in public services spending, but also some requirements like an added layer of administration devoted to these areas. Arlington County adopted this system for a few years but it eventually decided that the conditions attached to it were not worth its benefits. Eboch, Jane. Personal interview by author.

[48] Arlington County - Department of Community Planning Housing & Development, "FY 2011-2015 Consolidated Plan".

[49] Ibid..

[50] Ibid..

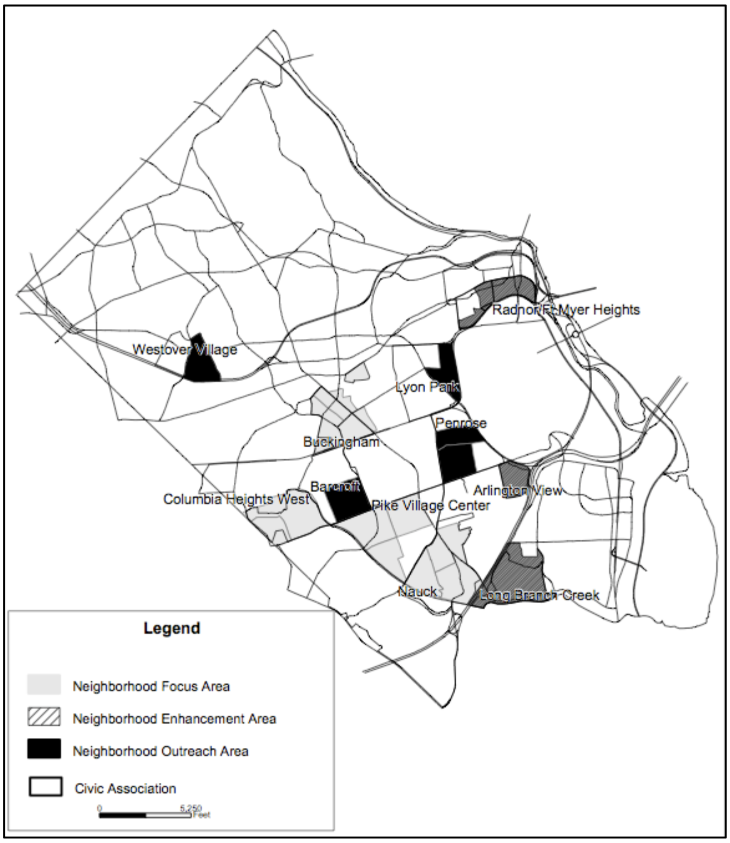
Nauck, Columbia Heights West, Buckingham and Pike Village Center. All these neighbourhoods have high concentrations of minorities: Nauck is predominantly black (over 60% of the population), while the remaining three are around 50% Hispanic.[51]

The second tier is that of Neighborhood Enhancement Areas (NEAs). Need here is defined as moderate and community development activities are limited to one or two areas of intervention and are supported primarily by county funds. The NEAs are Arlington View, Long Branch Creek and Radnor/Ft Mayer Heights. The third and final tier is that of Neighborhood Outreach Areas (NOAs): areas of low levels of need where the county conducts outreach activities to encourage the population to participate in existing programmes and monitors housing and community development trends for early signs of socioeconomic distress. The NOAs are Lyon Park, Barcroft, Westover Village and Penrose.[52] Below is a map of the Neighborhood Strategy Areas showing clearly how all but one of them (the NOA of Westover Village) are located in the southern half of the County.

[51] "Neighborhood Strategy Area Program" http://www.arlingtonva.us/Departments/CPHD/ons/strategy_area/CPHDOnsStrategy_areaMain.aspx (accessed 12 January 2011); "FY 2011-2015 Consolidated Plan".

[52] Arlington County - Department of Community Planning Housing & Development, "Neighborhood Strategy Area Program"; "Neighborhood Classification System - Attachment to the FY 2011-2015 Consolidated Plan," (27 April 2010). Note that one block group in Glencarlyn refused NSAs designation although it was eligible for it.

Figure 9: Arlington County – NSAs classification



Source: Arlington County 2011-15 Consolidated Plan

The yearly policy cycle – rules and procedures

The second policy-making level, and cycle, is the yearly one, which culminates with the preparation of the Action Plan, an annual document detailing how the CDBG allocation and the other HUD funds are spent in order to attain the goals described in the Consolidated Plan. To increase coordination between federal and local funds, Arlington County has recently created a global Community Development Fund (CDF), which includes three main components: the CDBG, the Community Services Block Grant (CSBG) distributed by the US Department of Health and Human Services, and the Affordable Housing Investment Fund (AHIF), which in turn combines HUD's HOME Investment Partnership Program grant for housing development and a local housing revolving loan fund.[53] The county includes all the CDF financial components in its Action Plan and adopts a single set of decision-making rules for them. In what follows, therefore, I will look mostly at the shared CDF procedures, and make explicit reference to the CDBG when needed.

One of the peculiarities of Arlington County is the small portion of CDBG spent on services delivered directly by its housing and community development authorities. This is a direct consequence of the absence of a housing authority, which compels the county to deliver its housing services through private partners. Besides planning and administration, which takes the biggest slice of the dollars spent directly (approximately $420,000 for 2011), the Housing Division's only other expenses are for a small home ownership programme and housing services outreach and code enforcement activities, totalling less than $300,000 in 2011.[54]

The remainder of the CDBG—and, in general, most of the CDF—is spent through sub-grantees, the vast majority of which are private non-profit organisations.[55] More precisely, Arlington's CDBG allocation supports every year approximately 15 projects—out of a total of 30-35 for the whole CDF—divided in two groups procedures-wise. The first group is composed of all affordable housing-programmes, which collectively take the biggest chunk of the grant (usually around 50%) and which are run every year by a small number of longstanding partners, primarily AHC Inc., the Arlington Partnership for Affordable Housing (APAH) and RPJ Housing.[56]

[53] Arlington County - Department of Community Planning Housing & Development, "FY 2011 Annual Action Plan".
[54] Ibid. and Eboch, Jane. Personal interview by author.
[55] The only public CDBG sub-recipient is currently the Arlington Employment Center, which received $120,774 for 2011 Ibid..
[56] Ibid and "Consolidated Annual Performance and Evaluation Report - FY 2010".

The remaining part (approximately one quarter of the grant) is sub-granted through an open competition. Each year in September, the Housing Division publishes a Notice of Funding Availability (NOFA) soliciting applications for projects to be funded with the CDBG and the other CDF components. Projects can last for one or two years and need to be consistent with the priorities set in Consolidated Plan, in the first place location of the activities in one of more NSAs. The amount of money awarded by the county, finally, usually varies between $10,000 and $50,000. This range is believed to strike a good balance between ensuring significance and impact of the CDF/CDBG contribution on the one hand, and promoting a range of activities as wide as possible.[57]

Once applications reach the Housing Division, staff examine them and provide technical advice where necessary. It then passes them to the Community Development Citizen Advisory Committee (CDCAC), a citizen body in charge of evaluating the applications and give advice, together with the Housing Division staff, on the allocation of the CDF. The CDCAC examines applications between October and November and interviews representatives of the applicant organisations as part of this process. In the same period, the CDCAC also reviews the activities and performance of the non-competitive awards recipients, meets with representatives of the housing services providers and reviews the Housing Division staff's evaluation of these services. If unsatisfied, the CDCAC can, at least in principle, recommend that an agency or activity be moved to the competitive part of the CDF.[58]

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[57] Eboch, Jane. Personal interview by author.

[58] Ibid.. For housing-related projects funded from the CDF, the CDCAC operates in conjunction with the Housing Commission, another citizen body. At least as far the CDBG part goes, however, the CDCAC always takes the lead in the evaluation process. Bondi, Melissa, former member of the CDCAC and former Chair of the Housing Commission, Arlington County. Personal interview by author. Arlington County, VA, 30 July 2010.

On the basis of the CDCAC's opinion and its own evaluation of the applications, the Housing Division drafts recommendations on CDF allocation for the County Manager, who is formally responsible for proposing the Action Plan to the County Board for approval as part of the annual budget process.[59] The exam and approval of the county budget usually takes place between March and April. At this time, citizens have a further opportunity to participate in the decision-making process in the form of budget hearings. After the annual budget and the attached Action Plan are approved, the CDBG funds become available from the beginning of the fiscal year on July 1.

In FY 2011-12, approximately half of Arlington's CDBG quota has been allocated for affordable housing and related services, mostly provided by the three organisations mentioned above. Housing development, housing rehabilitation and homeownership counselling are the foremost headings in this expenditure category. To these figures one should add the CDBG programme income spent in the form of revolving loans. Economic development is the second biggest category, with a little more than $400,000 divided between employment services (the biggest part), microenterprise loans and small business technical services. Social services take quite a small chunk of the block grant (less than 60,000) divided among three groups: the Greenbrier Learning Centre, CARE and BuGATA. All these provide services in NFAs and oriented towards the youth. Thirty thousand dollars, finally, is devoted to non-profit capacity building.[60]

As explained in the previous chapter, the CDBG works on a reimbursement basis both between HUD and local authorities and between the latter and sub-

[59] As part of the budget process, the county board also performs an annual review of the five-year Consolidated Plan.
[60] Arlington County - Department of Community Planning Housing & Development, "FY 2011 Annual Action Plan".

recipients. In Arlington County, CDBG sub-recipients submit monthly or quarterly reports to the Housing Division in order to update county staff on their progress and claim reimbursement for the activities carried out. In addition to this first level of control, the Housing Division performs on-site monitoring of all sub-recipients: every year for the recent ones and every two years for the longstanding ones, as mandated by HUD. Monitoring is both financial and programmatic and takes the form of a series of activities like site visits, review of programme progress, audit of client files, staff interviews, and so on. Sanctions for non-compliance with the terms of the grant contract range, as usual, from simple demands for correction to withdrawal of funds, depending on the gravity of the case.[61] The Housing Division, in turn, is subject to routine controls by the DC field office of HUD, which visits Arlington County on average every two or three years for a very similar type of monitoring. In addition, HUD monitors can, at least in principle, carry out on-site controls of the various CDBG sub-recipients.[62] Finally, as in any other entitlement community, Arlington County prepares a CAPER at the end of every year which is submitted to HUD after being published for citizens' comments and reviewed by the CDCAC.

The yearly policy cycle – some analytical observations

Beyond the procedural level of the CDBG/CDF there are a number of elements that are not necessarily visible from a rule-based analysis but that contribute greatly to defining the characteristics of community development in Arlington County and hence are important for our analysis. The most important of these is the high degree of stability in the pattern of CDBG use and, more importantly, in the organisations funded. To a great extent, this is Arlington's official policy: as shown, the county

[61] Eboch, Jane. Personal interview by author.
[62] Albaari, Tasleem. Personal interview by author.

chooses to run its affordable housing activities through a small number of longstanding private partners which are awarded portions of CDBG without any competition and which would be replaced only in grave cases of non-compliance.

Stability, however, is also present in the remaining part of the grant: if one moves from a snapshot view of the current Action Plan to a historical analysis of CDBG use, it is evident that certain groups and activities have received funding for long periods of time. As a consequence, and as county staff openly acknowledge, while around $3-400,000 is formally open for competition (this should be at least the 15% allowed for public services), the amount that is really obtainable by new groups is usually much lower than that.[63] In sum, the Housing Division seems to have a strong preference for the status quo in allocating CDBG funds.

Another interesting element is the form that citizen participation in CDBG decisions takes in Arlington. Arlington citizens have a number of ways to contribute their views at the various stages of the CDBG decision-making process. By far the most important instrument of citizen participation, however, is the CDCAC. Created in 1978, the CDCAC is one of the several manifestations of the so-called 'Arlington way', namely a model of local government in which citizens are directly and intensely involved, mainly through advisory committees that often hold significant power. The CDCAC is currently composed of 19 members divided in three categories: 6 elected public officials from several community development-related institutions, appointed by the County Board; 7 NSAs representatives selected by the respective civic associations through democratic procedures; 6 representatives of the private sector broadly defined (non-profit sector, business, minorities, newcomers and the public at

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[63] Eboch, Jane. Personal interview by author. This also applies to the CDF as a whole.

large) who are appointed by the Board upon nomination. All members can serve for up to two terms of two and a half year each.[64]

The composition of the CDCAC places this committee halfway between a mini-parliament and a 'committee of wise men'. The latter connotation is all the stronger in a context like Arlington, where it is not unusual for people sitting in citizen committees to have, or have had a governmental or private career in the policy area in question.[65] The CDCAC selection rules, however, also entail a strong potential for political cooptation, as the County Board appoints, at least formally, the majority of members. In addition, it should be noted that the CDCAC can, and usually does, include representatives of private organisations and neighbourhood groups that are also recipients of CDBG/CDF funds. The possibility of conflict of interests arising from this is evident.

On the substantive side of Arlington's CDBG, one aspect that stands out is the absence, at least in recent years, of bricks and mortar projects not directly, or obviously, aimed at low and moderate income people, such as pavements, roads, and the like. This might indicate a choice on the part of county authorities not to use CDBG dollars to replace more ordinary local expenditures for public goods and physical infrastructure.

Finally, one should note the high relative weight of programme income in the community development funds available to the county every year. As shown, in 2010 the CDBG generated almost $700,000 of income, almost a third of Arlington's average annual allocation. If one adds the income captured by non-profits but

[64] Arlington County - Department of Community Planning Housing & Development, "Community Participation Plan," (April 2009).
[65] Eboch, Jane. Personal interview by author and Bondi, Melissa. Personal interview by author.

originally generated by CDBG awards, the figure passes the million.[66] In general, depending on the year, CDBG programme income can be anywhere between 50% and 100% of the annual allocation.[67] As we will see in Chapter Six, the large size of Arlington's programme income is a key aspect of its local 'CDBG state' model.

[66] Arlington County - Department of Community Planning Housing & Development, "Consolidated Annual Performance and Evaluation Report - FY 2010".
[67] Eboch, Jane. Personal interview by author.

Chapter 5

LIMITING THE DAMAGE: THE CDBG IN BALTIMORE

Introduction

If looked at in the middle of the day, the north-eastern corner of Light and East Redwood Street, in downtown Baltimore, offers a scene that captures the attention of the first time visitor: an abandoned and dilapidated small red brick building whose four storeys stand in the shadow cast by two cutting edge skyscrapers located right behind it and hosting the offices of Wachovia and SunTrust respectively. To the untrained eye, this is a puzzling contrast, and perhaps an interesting photo opportunity. To the expert, however, this image—and the many similar sights in central Baltimore—speaks volumes about the vicissitudes of this city.

To a large extent, the history of Baltimore is the history of the American Rust Belt, namely one of uninterrupted industry-led urban growth through the end of WWII followed by a fast and painful decline under the blows of suburbanisation and deindustrialisation and, more recently, by attempts to relaunch the city around a new economic vocation. The evolution of Baltimore's population is probably the best summary of this historical trajectory:

Table 6: Baltimore City population 1800-2010

Year	Population	Year	Population	Year	Population
1800	26,514	1880	332,313	1960	939,024
1810	46,555	1890	434,439	1970	905,759
1820	62,738	1900	508,957	1980	786,775
1830	80,620	1910	558,485	1990	736,014
1840	102,313	1920	733,826	2000	651,155
1850	169,054	1930	804,874	2010	620,961
1860	212,418	1940	859,100		
1870	267,354	1950	949,708		

Source: US Census Bureau

Yet similarities only extend so far. At the end of the day each city has its own story, and Baltimore's is special in at least two respects: first, because its renaissance as a tertiary-based city has not yet been able to completely mend the social scars left by past decline, or to eliminate visual contradictions such as the one described above. Second, Baltimore is special, very simply, because it is a black city. With a concentration of African Americans second only to Detroit among large cities, Baltimore's economic problems overlap with racial issues to an extent rarely seen elsewhere, and which aggravates the predicament of this city.

In such a context, public intervention is, at the same time, badly needed and limited in what it can accomplish. In the past five decades Baltimore has been targeted by huge federal investments and development programmes which, however, more often than not have either just scraped the surface of this city's problems or caused more troubles than solutions. With its long history, the CDBG has had the time to do a bit of both. In this chapter I take a close look at the characteristics of the block grant in Baltimore. As in the previous chapter, my analysis will be preceded by an overview of the history if the city and of its current state.

The trajectory of Baltimore's development – the story of a Rust Belt city

Birth and consolidation: 1750-1900

Founded in the 1730s as a centre of wheat and iron production and trade, from the outset Baltimore owed its development to three factors which would recur throughout its history: wartime demand, immigration, and the influx of outside capital.[1] The Seven Years' War first, and then the American Revolution stimulated the rapid growth of Baltimore over the rest of the century, soon making it Maryland's main

[1] Sherry H. Olson, *Baltimore: The Building of an American City*, 2nd ed. (Baltimore, MD: The Johns Hopkins University Press, 1997).

centre—a position consolidated in 1796 when Baltimore's was incorporated as a city. Expansion continued steadily into the new century: the 1812 war and the construction of the Baltimore and Ohio railroad in the late 1820s made the city a strategic node in the transatlantic shipping web, and one of the US's main steelmaking and shipbuilding centres.[2] Increasing demand and technological advances also led to the emergence and expansion of new industrial sectors—most notably food processing—which, along with the traditional sectors, attracted scores of immigrants into the city, increasing Baltimore population fourfold in the first half of the century: from 25,000 in the 1790s to 103,000 in 1840.[3]

The Civil War further accelerated Baltimore's industrial expansion and its demographic growth: southern (mostly African American) and European immigration brought the city population to 332,000 in 1880, intensifying the pressure on space and exacerbating existing overcrowding and sanitary issues.[4] In response, in 1888 authorities expanded Baltimore's boundaries, increasing its territory threefold and spurring the centrifugal movement of the most privileged strata of the population—another phenomenon that will occur time and again in the city's history.[5]

The great expansion: 1900-1950

What was already one of the main East Coast centres at the turn of the century became, in the following five decades, one of the US's main industrial poles and biggest cities, with almost a million inhabitants. In those years, Baltimore's economy expanded rapidly and across the board, but once again growth was driven by war-related industries, especially steelmaking, shipbuilding and aircraft manufacturing, in

[2] Ibid., pp. 102-12.
[3] Ibid..
[4] Ibid., pp. 198-244.
[5] Ibid., pp. 212-21.

which Baltimore became a national leader. At the same time, much of this expansion happened on the basis of outside rather than local capital, reinforcing Baltimore's character as a 'branch city'.[6]

As before, the war-induced job bonanza brought many southern African Americans into the city. Baltimore's black population went from 80,000 (16% of the total) in 1900 to 204,000, (21%) in 1949.[7] Segregated—*de jure* or *de facto*—in a few areas in West, East and South Baltimore, more often than not African Americans lived in overcrowded houses and poor sanitary and health conditions. The only exception to this rule was an embryonic black middle class which gradually moved outwards to traditionally white areas—a movement facilitated by a second boundary expansion in 1918, which led many whites to leave the centre as it had happened before.[8] The plight of African Americans became particularly acute during the Great Depression, when the City began to take systematic measures to counter these problems, most notably the construction of several housing projects. From the beginning, however, political calculations led authorities to concentrate public housing in already distressed neighbourhoods, so reinforcing the segregation and decay of these areas.[9]

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[6] Ibid., pp. 302-46.

[7] Maryland State Planning Commission, "Population of Maryland - Baltimore City and Counties 1790-1949," (July 1949).

[8] Olson notes that shortly after the second annex blacks were 20% in the original limits of the city, 10% in the 1888 annex and only 4% in the 1918 annex. Olson, *Baltimore*, p. 304. The dynamics of Baltimore's residential transformations and the practices associated with them, in the first place 'blockbusting', are described in Antero Pietila, *Not in My Neighborhood: How Bigotry Shaped a Great American City* (Chicago: Ivan R. Dee, 2010), part 2.

[9] The creation of Baltimore's first housing projects and the political conflicts they generated are documented in Jo Ann E. Argersinger, *Toward a New Deal in Baltimore: People and Government in the Great Depression* (Chapel Hill, NC: University of North Carolina Press, 1988), ch. 4.

Racial change, decline and attempts at renaissance: 1950-2000

After peaking in the late 1940s Baltimore began a decline that has continued until recently. In its initial phase, this decline took the form of an economic and racial metamorphosis that turned Baltimore from a rich white city into a poor and black one in the space of two decades. This transformation resulted from a rapid suburbanisation of the white middle classes in search of better living conditions, and an equally rapid influx of African Americans attracted by the job opportunities that the city still offered.[10] Between 1950 and 1970 Baltimore lost 243,800 whites and gained 200,000 blacks. This practically equalised the weight of the two communities in the city: 420,210 African Americans and 479,837 whites.[11]

Demographic changes reshaped segregation at the metropolitan level, with blacks increasingly concentrated in the inner city and whites in the suburbs. This 'resegregation' had also socioeconomic and generational aspects—as the city became a place for the poor and the elderly—and a political one as clout and tax base moved to the suburbs. Unable to further expand its limits, the city was left without the resources to tackle quickly escalating problems such as a deteriorating housing stock and public infrastructure, declining public schools, increasing poverty, crime and substance abuse. Like other cities, Baltimore tried to make up for its resourcelessness with federally-funded urban renewal.[12] More often than not, however, these projects

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[10] Two factors containing Baltimore's industrial decline in post-war years were the city's participation in Marshall plan shipping operations and the emergence of some new sectors like aerospace. Olson, *Baltimore*, pp. 347-62.

[11] The Johns Hopkins University - Sheridan Libraries, "Historical Census for Baltimore City." http://webapps.jhu.edu/census/index.cfm (accessed 29 April 2011). Baltimore City Task Force on Population Migration, "The Impact of Population Decline on Baltimore," (May 1978). To a significant extent, Baltimore's racial shift was self-reinforcing: whites left to suburbia scared by the black 'invasion' of traditionally white neighbourhoods and recently desegregated schools, while African Americans were attracted into the city by the availability of residential space and the depression of property prices created by white flight. On this aspect see Pietila, *Not in My Neighborhood*, part 2.

[12] Some of this period's main renewal projects were the redevelopment of the Harlem Park area in West Baltimore in the mid-50s, and the redevelopment of the Charles Center and the Inner Harbor begun in 1959 and 1964 respectively. Olson, *Baltimore*, pp. 372-77.

just moved the problem rather than solving it, as they simply relocated the poor inhabiting targeted areas in what quickly became new ghettoes.[13]

The situation deteriorated further from the 1970s, when the deindustrialisation of the Rust Belt hit Baltimore particularly hard given the outside origin of much of its capital and the rapid loss of competitiveness of its port. In the 1970s and 1980s Most of the city's big employers such as GM, Bethlehem and Grace downsized or closed their local branches to relocate elsewhere.[14] Granted, the growth of other sectors such as government and health care made up for some of these losses. Overall, however gains in the tertiary were not enough to nullify the effects of Baltimore's shrinking industrial base. As a result, between 1970 and the mid-1990s the city lost 90,000 jobs and almost a third of its population.[15]

As usual, it was mostly white middle class residents who left the city, making the percentage of African Americans in Baltimore rise to 55% in 1980 and 64% in 2000.[16] For those who remained trapped in the city economic conditions worsened dramatically: unemployment grew from 4.6% in 1970 to 9-11% between 1980 and the mid-2000s.[17] In the same period poverty rates reached alarming levels, oscillating between 18% and 26%.[18] In the 1980s and 1990s Baltimore hit a social low point, with extremely high levels of crime, heroin abuse, homelessness, venereal diseases and infant mortality. All this was compounded and amplified by the pitiful physical state of vast areas of the city. The situation was particularly bad in some areas of East

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[13] Between 1949 and 1963 10,000 families—90% of which black—had their homes bulldozed and were relocated as part of urban renewal activities. See Zlatko Barovic, "Postindustrial City Development in the United States: The Case of South Baltimore," (Baltimore: Institute for Policy Studies - The Johns Hopkins University, 1990).
[14] Olson, *Baltimore*, pp. 387-99.
[15] Baltimore City Task Force on Population Migration, "The Impact of Population Decline on Baltimore".
[16] The Johns Hopkins University - Sheridan Libraries, "Historical Census for Baltimore City".
[17] US Department of Housing and Urban Development, "State of the Cities Data Systems." http://www.huduser.org/portal/datasets/socds.html (accessed 30 April 2011).
[18] Ibid. In 2000 Baltimore City had 58% of the poverty in the whole metropolitan region. See CUERE, "The State of the Baltimore Region: A Baseline Report for a New Century," (October 2002).

and West Baltimore, where blight, poverty, drugs and crime combined to form what some observers described as 'third world' sceneries.[19]

Authorities' response was more urban renewal: under longstanding Mayor William Schaefer (1971-86) and with the help of federal funds—among which the CDBG—the City undertook a series of redevelopment projects in the Inner Harbor area aimed at relaunching Baltimore around the sectors of tourism and entertainment.[20] While these initiatives did revitalise the once derelict Inner Harbor, on the whole they failed to spur the promised 'renaissance' of Baltimore.[21] More importantly, they produced little benefit for the poorest strata of the population, who at best were relegated to the low skill and low paying jobs generated by the revitalisation projects, and at worst found themselves displaiced from nearby areas, once again just moving the problems that renewal was instead supposed to solve.[22]

Baltimore today

After four decades of deindustrialisation, today's Baltimore is a far cry from the economic centre that it once was. While some of the traditional industries, such as food processing, steelmaking, chemicals and clothing have retained some activities in the area, most of Baltimore's industrial base is long gone. In 1970 manufacturing

[19] Antero Pietila, "A Third World City in the First World," *The Baltimore Sun*, 14 September 1996.
[20] Olson, *Baltimore*, pp. 388-92.
[21] Among the main products of this redevelopment effort were the Acquarium, the World Trade Center, the Convention Center, Camden Yards, and a number of office buildings in the Inner Harbor area. Kenneth K. Wong and Paul E. Peterson, "Urban Response to Federal Program Flexibility," *Urban Affairs Review* 21, no. 3 (1986): 293-309, Jieming Zhu, "Commercial Real Estate Capital in the Restructuring of Downtown Baltimore," *Review of Urban & Regional Development Studies* 13, no. 1 (2001): 73-81.
[22] CUERE, "The State of the Baltimore Region". On the displacement produced by Schaefer's policies see Marc V. Levine, "Downtown Redevelopment as an Urban Growth Strategy: A Critical Appraisal of the Baltimore Renaissance," *Journal of Urban Affairs* 9, no. 2 (1987): 103-23; Barovic, "Postindustrial City Development in the United States"; Andrew Merrifield, "The Struggle over Place: Redeveloping American Can in Southeast Baltimore," *Transactions of the Institute of British Geographers* 18, no. 1 (1993): 102-21.

employed one fourth of the population in the city and its surroundings.[23] At the end of 2010 the percentage was 6.8% for Baltimore city and 10% for the metropolitan statistical area (MSA) as a whole.[24] As in the rest of the Rust Belt, the service sector now dominates the city's economy. At the end of 2010 private sector services—trade, financial services, business and professional services, education and health care, leisure and tourism—employed 70.6% of residents in the MSA and 68.7% in the city, while government employed 18.9% of residents in the MSA and 24.5% in the city.[25]

Although Baltimore hosts some of the most prestigious services institutions in the country—such as Johns Hopkins and the University of Maryland for health care, and Legg Mason and T. Rowe Price for financial services—generally the tertiary sector is still not able to fully replace Baltimore's old economic base.[26] In addition the service sector's bipolarising effects have increased inequality both in the city and between city and suburbs.[27] All in all, Baltimore remains distressed, and this is all the more disturbing as the city is located in one of the country's richest regions. Unemployment in the city remains quite stable at around 10% (10% in March 2012) while it is significantly lower in the suburbs (7.1% in the same month).[28] Income figures paint an even clearer picture of the divergence between the city and its wider context, as the table below shows.

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[23] US Department of Housing and Urban Development, "State of the Cities Data Systems".

[24] Licensing and Regulation Maryland Department of Labor, "Employment and Payrolls - Fourth Quarter 2010." The Baltimore MSA includes Baltimore City, Baltimore County, Anne Arundel County, Carroll County, Hartford County, Howard County and Queen Anne's County.

[25] Ibid..

[26] Zhu, "Commercial Real Estate Capital".

[27] CUERE, "The State of the Baltimore Region".

[28] US Bureau of Labor Statistics, "Employment Statistics for Selected Cities and Their Metropolitan Areas," (March 2012).

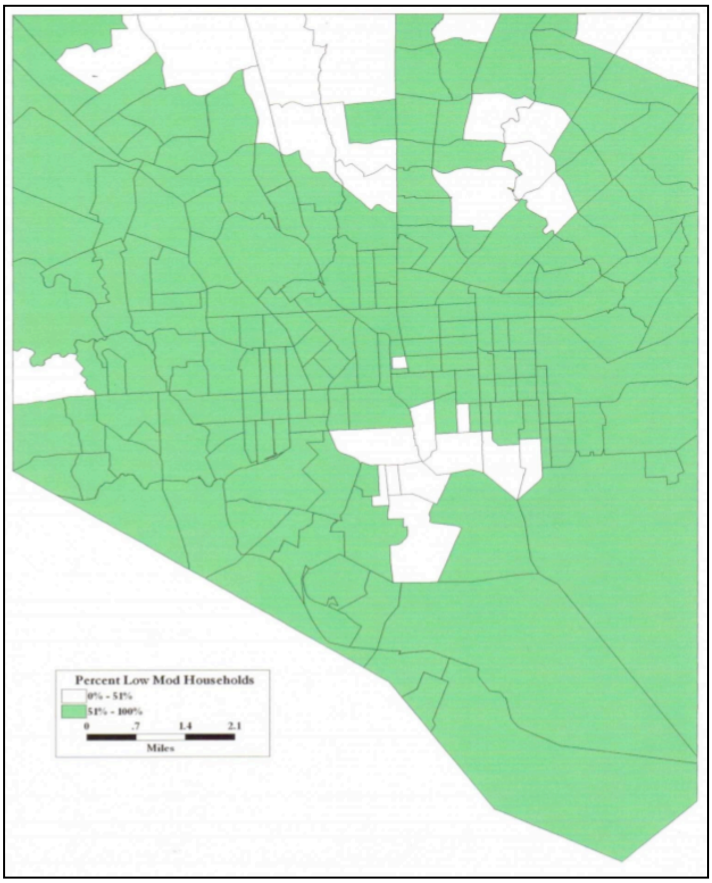
Table 7: Baltimore City's income relative to region and state (2005-09 average – 2009 dollars)

	Baltimore City	Baltimore County	Anne Arundel County	Howard County	Maryland
Per capita income ($)	22,911	33,158	37,823	44,120	34,236
Household median income ($)	38,738	64,629	79,843	101,417	69,475

Source: US Census Bureau

Given these figures it should not surprise that economic distress is spread rather evenly across space. The map below shows the geographic distribution of low and moderate income households in the city.

Figure 10: Baltimore – Geographic distribution of low and moderate income households, 2010



Source: Baltimore 2010-15 Consolidated Plan

Poverty figures give an equally dismal picture. Below are poverty rates for Baltimore City, its region and state.[29]

[29] It must be noted, however, that poverty has recently begun to move to the suburbs. As Elizabeth Kneebone observes in a recent study, the Baltimore metro area ranks third in the country in the rate of

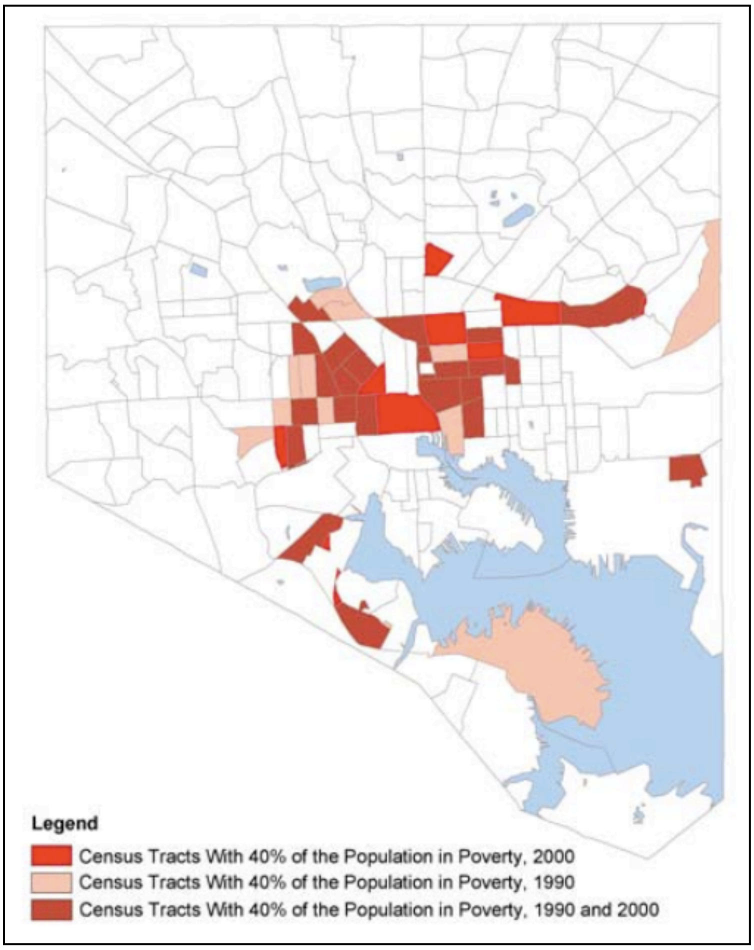
Table 8: Poverty rate in Baltimore City compared to region and state (2009)

	Baltimore City	Baltimore County	Anne Arundel County	Howard County	Maryland
People in poverty (%)	20.9	8.3	6.8	4.5	9.2

Source: US Census Bureau

Geographically, poverty is mostly located in the inner part of the city, as shown in the figure below.

Figure 11: Baltimore – Geographic distribution of poverty (1990 and 2000)



Source: CUERE (2002)

change of the share of metropolitan poor living in the suburbs. This share went from 41.1% in 2000 to 50.4% in 2008. Elizabeth Kneebone and Emily Garr, "The Suburbanization of Poverty: Trends in Metropolitan America, 2000 to 2008," (The Brookings Institution, January 2010).

Income differences between Baltimore City and its surroundings overlap with racial separation. As the next table shows, Baltimore remains a black city in a predominantly white region and state.

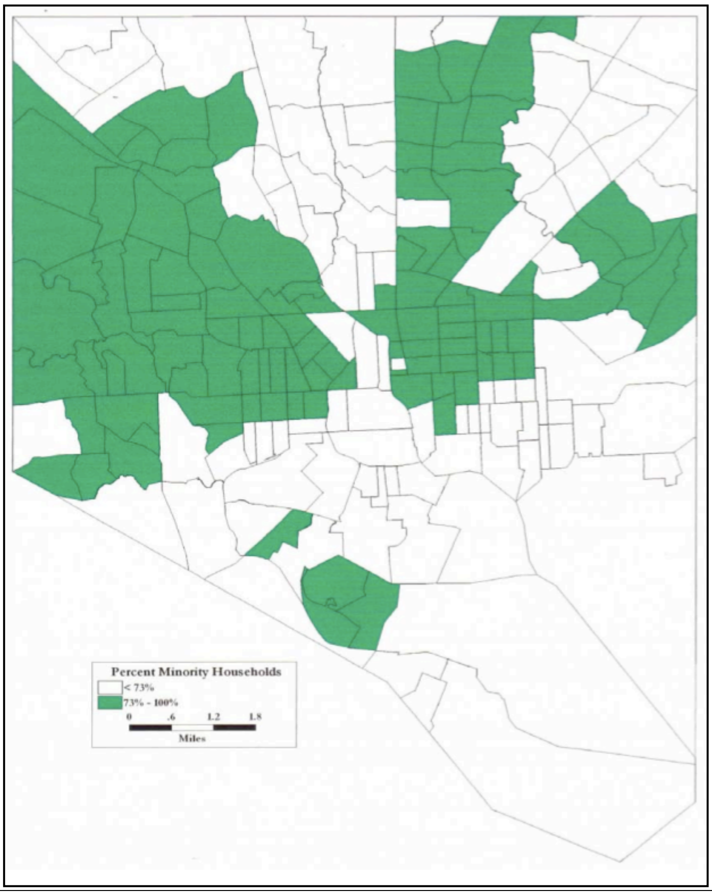
Table 9: Baltimore City's racial breakdown compared to region and state (2010)

	Baltimore City	Baltimore County	Anne Arundel County	Howard County	Maryland
Non-Hispanic White (%)	28.0	62.7	72.4	59.2	54.7
Black (%)	63.7	26.1	3.4	17.5	29.4
Hispanic (%)	4.2	4.2	6.1	5.8	8.2
Asian (%)	2.3	5.0	15.5	14.4	5.5

Source: US Census Bureau

As the figure below shows, African American and other minority households prevail in a large part of the city territory, and in particular in the eastern and western sectors. Comparing this map with the previous one it is also easy to see how poverty concentrates in areas dominated by minorities.

Figure 12: Baltimore – Distribution of minority households



Source: Baltimore 2010-15 Consolidated Plan

All this data depicts a problematic urban situation. Baltimore remains one of the most socially distressed cities in the United States: it ranks high for crime rates, homelessness, substance abuse, sexually transmitted diseases, teenage pregnancies, infant mortality and single parent households. Physical infrastructure is in bad shape and vast areas of the city are blighted. Finally, the high vacancy rate (around 15%) is still a huge obstacle to the stabilisation, let alone revitalisation, of many neighbourhoods. All in all, much of the city still fits Pietila's third world epithet quite well. Needless to say, the recent economic crisis has been an additional source of economic difficulties and social distress.

There are a couple of positive notes in this otherwise gloomy picture. One is the presence of some evidence that Baltimore's downward trajectory might be close to an end. One of these is the city's population, which decreased 'only' by 30,000 units in the past decade. While significant, this figure is very far from those of the 1970s and 1980s, and might indicate that Baltimore is finally finding a new demographic equilibrium. Also encouraging is the improvement in some of the city's basic services. A case in point is the school system, which has recently shown signs of recovery from a situation of almost total collapse.[30] While by no means enough to attract suburbanites back into the city, improvements in education will certainly help those who are 'trapped' in the city to get better prospects in the local service-based economy.

A final good note is that Baltimore has recently been looking for new avenues for its economic development. Perhaps the main one is the city's efforts to fashion itself as a destination for what sociologist Richard Florida calls the 'creative class'. In the past decade or so, local authorities have tried to take advantage of Baltimore's educational institutions—the traditional ones as well as young but thriving ones like the Maryland Institute College of Art—its low rents and favourable location to attract young childless people. An important product of these initiatives was the recent revitalisation of the Station North area, which was turned into a district devoted to the arts.[31] Of course, whether this will prove to be a viable developmental strategy for the city as a whole only time will tell.

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[30] Sabrina Tavernise, "A Mission to Transform Baltimore's Beaten Schools," *The New York Times*, 1 December 2010.

[31] Richard Florida, *The Rise of the Creative Class* (New York: Basic Books, 2004); Zoltan Acs and Monika I. Megyesi, "Creativity and Industrial Cities: A Case Study of Baltimore," *Entrepreneurship and Regional Development* 21, no. 4 (2009): 421-39. Of course, these policies are not immune to the general problems of redevelopment. For instance, Ponzini and Rossi point to the gentrification effects of Baltimore's creative class policies and question the extent to which local low income communities have benefited from them. See Davide Ponzini and Ugo Rossi, "Becoming a Creative City: The Entrepreneurial Mayor, Network Politics and the Promise of an Urban Renaissance," *Urban Studies* 47, no. 5 (2010): 1037-57.

The CDBG in Baltimore: priorities and mechanisms

The goals of the grant

Baltimore's level of physical decay and socioeconomic distress make it one of the nation's top receivers of CDBG dollars in both aggregate and per capita terms. In nominal terms its annual allocation since the inception of the grant has ranged between \$21 and \$30 million, with an isolated peak of \$43.7 million in 1978.[32] In real terms however, the allocation has declined greatly over time, consistently with the decline of the CDBG as a whole. Baltimore's 2011 allocation is little more than \$21 million, with a decrease of \$4 million, or 16.5%, from the previous year.[33]

Table 10: Baltimore City CDBG formula allocation 1976-2011

Year	Grant amount (\$)	Year	Grant amount (\$)	Year	Grant amount (\$)
1976	30,637,000	1988	23,052,000	2000	29,713,000
1977	30,895,000	1989	21,894,000	2001	30,906,000
1978	43,663,000	1990	21,628,000	2002	30,483,000
1979	28,240,000	1991	24,043,000	2003	28,811,000
1980	31,185,000	1992	25,493,000	2004	28,469,000
1981	33,808,000	1993	27,815,000	2005	27,004,139
1982	33,178,000	1994	30,709,000	2006	23,983,546
1983	28,393,000	1995	30,715,000	2007	23,915,715
1984	27,497,000	1996	30,050,000	2008	22,931,714
1985	26,851,000	1997	29,721,000	2009	23,212,111
1986	26,814,000	1998	29,153,000	2010	25,179,425
1987	22,968,000	1999	29,331,000	2011	21,039,294

Sources: Baltimore DHCD; HUD – Office for Community Planning and Development

As always, to the annual allocation one should add the CDBG programme income. In the past three fiscal years, this income has been, respectively, \$2,797,703, \$2,117,703

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32 To this one should add a one off CDBG-R grant of \$6,226,574 received in 2009 as part of the American Recovery and Reinvestment Act. Baltimore Housing, "Consolidated Annual Performance & Evaluation Report, July 1, 2009 - June 30, 2010".

33 Note that Baltimore's latest allocation has decreased by a higher percentage than the CDBG as a whole: congressional CDBG appropriations for 2011 are down by 11% from 2010 (from \$4.5 to £3.99 billion).

and $1,133,000, or 12%, 8.4% and 5.4% of the annual allocation.[34] The difference between Baltimore and the Arlington case, where programme income is a much more significant percentage of the annual grant, is obvious.

Unsurprisingly, the administrative structure administering the CDBG in Baltimore City is bigger and more complex than Arlington's. The body responsible for housing and community development activities is Baltimore Housing, an agency that combines the Department of Housing and Community Development (DHCD) and the Housing Authority of Baltimore City (HABC). As far as the CDBG is concerned, one can roughly distinguish between two levels: the strategic one, embodied by the five-year Consolidated Plan, is dealt with mostly by the DHCD. Baltimore Housing—and the DHCD in particular—are also formally responsible for the yearly process culminating in the Annual Action plan. However, being the latter a much more hands-on document, lower agencies have a more direct role in its formulation. This is specifically the case for the CDBG office of the DHCD, which is in charge of all the block grant-specific aspects of the Action Plan and of the day-to-day administration of the CDBG. As in the previous chapter, I will expound the main traits of Baltimore's CDBG by analysing the two policy cycles—quinquennial and annual—separately.

The current overall objectives of Baltimore's CDBG are illustrated in the Consolidated Plan for 2010-15. The Plan develops an urban and community development strategy structured in five priorities and based on two premises. The first premise is structural and regards the level of need in the city, which is both extremely high and geographically spread. Faced with this situation, and with a scarce pool of public resources to tackle the city's problems, the DHCD expresses a somewhat

[34] Baltimore Housing, "Annual Action Plan - FFY 2009/CFY 2010" (May 2009)"; Annual Action Plan - FFY 2010/CFY 2011" (2010); "Annual Action Plan - FFY 2011/CFY 2012" (June 2011).

ambiguous—if not contradictory—twofold need, namely covering a wide range of functional and geographic areas and, on the other hand, adopting a clear strategy that prioritises among possible resource destinations.[35] As will be clear in the following pages, this basic ambiguity is never fully solved in the Plan.

The second premise is more conjunctural in nature and regards the recent financial crisis. The Plan highlights how housing prices in Baltimore rose between 2000 and 2008—signalling some speculation but also a renewed vitality in the local housing market—only to collapse with the bursting of the housing bubble. Baltimore was hit hard by the crisis, as demonstrated by the increase in the number of foreclosures (6,000 filed only in 2009) and 'underwater' buyers. The most direct effect of the crisis has been a further increase in the vacancy rate, often due to banks being unwilling or unable to put the foreclosed properties back on the market. More generally, the crisis cancelled the few economic gains made by the city in the previous years and resulted in a deteriorated overall situation. Perhaps the best indicators of this are the unemployment rate, which went back to around 10% in 2009 after having decreased to 8% in the previous couple of years, and the poverty rate, which went from 19.6% in 2008 to 20.9% the following year.[36]

On the basis of these two premises, the Plan outlines its five priority objectives. As in Arlington, Baltimore's number one priority is affordable housing. The comparison between the two cases is quite interesting: while in the two cities the lack of affordable housing manifests itself through similar symptoms—economic difficulties for overburdened tenants or owners, overcrowding, poor housing conditions and homelessness—the roots of the problem are very different. In Arlington these roots are in a very hostile housing market generated by high demand

[35] Baltimore Housing, "Consolidated Plan July 2010 – June 2015".
[36] Ibid, US Census Bureau, "State & County Quickfacts - Baltimore City, Maryland." http://quickfacts.census.gov/qfd/states/24/24510.html (accessed 19 September 2011).

and scarce supply. In Baltimore, conversely, the mismatch between demand and supply of affordable housing originates from an income problem, whereby low income residents have a hard time finding decent housing even in the presence of a large number of vacant units.[37]

The bulk of the housing problem in Baltimore is tackled with Section 8 vouchers and public housing. However, both solutions have their limits: the former faces a chronic scarcity problem. As for public housing, its main limits are its deteriorating stock—the Consolidated Plan includes, among other things, funds to renovate HABC properties—and the residential segregation to which it often leads. The CDBG is used to complement these two instruments (and the smaller HOME grant) by assisting housing rehabilitation activities—this aspect is important in a place like Baltimore which has a huge vacant and decaying housing stock—and by supporting a wide range of homeownership and renting support activities such as down payment assistance, homeownership consulting and loan programmes.[38]

The second priority area is homelessness. According to the latest available survey, on any given night Baltimore has an average of 3,419 homeless persons, or 0.55% of the city's population. This figure is alarming not only because it is more than twice the national average, but also because Baltimore's homeless population has increased in recent years: current figures are 12% higher than the 2007 level.[39] Of Baltimore's homeless, four in five are African American, two thirds are men and half are between 36 and 50 years of age. Moreover, 625 meet the federal definition of 'chronically homeless' and 649 are unsheltered.[40] The causes of homelessness in Baltimore are many, but the main ones are the scarcity of affordable housing, low

[37] Baltimore Housing, "Consolidated Plan July 2010 – June 2015".
[38] Ibid..
[39] Ibid. and City of Baltimore, "The Journey Home: Baltimore city's 10-Year Plan to End Homelessness," (January 2008).
[40] Baltimore Housing, "Consolidated Plan July 2010 – June 2015".

income and unemployment, and the lack of affordable health care and comprehensive services.[41] Finally, as elsewhere the homelessness problem is often mixed with other issues such as mental illness and substance abuse.

As in Arlington, the Consolidated Plan operates in synergy with a distinct ten-year plan formulated by city authorities.[42] Taken together, the two documents outline a strategy the main components of which are affordable housing, increased employment opportunities, the provision of better health care services, outreach activities, the expansion of the shelter system and, finally, the improvement of opportunities for permanent supportive housing (*i.e.* housing combined with continuous care).[43] The CDBG is employed in virtually all of these areas.

The third Consolidated Plan priority area is that of the so-called 'non-homeless special needs'. Four categories of people are under this heading: the elderly, people with disabilities, HIV patients and people with substance abuse problems. The last three are particularly prominent in Baltimore. Even using HUD's conservative definition, Baltimore currently has 33,400 households with at least one disabled person. This figure amounts to 14% of the city total. In addition, there are 13,155 people with HIV, *i.e.* the 2.12% of the population. This percentage (which is likely to underestimate the city's HIV population due to the surveying technique adopted) is almost six times higher than the national figure. Finally, some 70,000 people are estimated to need drug—primarily heroin—or alcohol abuse treatment. Of these, less than a third has access to proper care.[44] The picture resulting from these number is a striking contrast to the Arlington case, where the population is generally young and where disabilities and substance abuse are secondary problems.

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[41] City of Baltimore, "The Journey Home".
[42] Ibid..
[43] Baltimore Housing, "Consolidated Plan July 2010 – June 2015"; City of Baltimore, "The Journey Home".
[44] Baltimore Housing, "Consolidated Plan July 2010 – June 2015".

The fourth CDBG priority is ‘community development’, which in Baltimore’s Consolidated Plan is defined broadly as the set of measures aimed at improving living conditions in neighbourhoods. Community development includes three categories of actions: 1) physical redevelopment, which in turn includes large and wholesale redevelopment activities in highly distressed areas (where market forces by themselves do not work at all) and smaller and more targeted interventions in neighbourhoods located ‘in the middle’, where private initiative needs to be stimulated and facilitated. Activities of the latter kind include boarding and clearing vacant properties, improve public facilities, code enforcement and rehabilitation. 2) Public services, which are provided by a large number of local government entities as well as non-profit groups. 3) Economic development activities. Taken together, community development actions are aimed at revitalizing and stabilising neighbourhoods by attracting people and investments, incentivising homeownership, and creating mixed income and mixed race areas.[45]

The final priority area is poverty. Approximately one person in five in Baltimore lives under the poverty threshold. Although this percentage has decreased in the past decade (it was 22% in 2000) it is still very high compared to the national average of 15.1%.[46] Moreover, in some of the most distressed areas of the city, the poverty rate easily reaches 30% or even 40%. To tackle and prevent poverty, Baltimore’s DHCD carries out a wide range of services, many of which channelled through the city’s Community Action Centers and using, among other sources, CDBG dollars. Examples of these activities include education and employment referrals, literacy classes, free tax preparation, pharmacy assistance, emergency food and

[45] Ibid..

[46] US Census Bureau, "September Income, Poverty, and Health Insurance Coverage in the United States: 2010," (September 2011).

clothing, substance abuse referrals, crisis intervention, and eviction and homeless services.

Implementing the strategy: CDBG rules and procedures

One of the key characteristics of the CDBG is the great amount of flexibility allowed by HUD regulations as to the yearly implementation of the grant. The case of Baltimore presents both similarities and differences compared to Arlington. As usual, the annual CDBG process starts in early autumn, when Baltimore Housing's CDBG office is communicated by HUD the city's exact allocation for the following fiscal year. The CDBG office divides this allocation between a part directly managed by the DHCD—roughly half of the grant—and a part sub-granted to other city agencies and private actors, primarily non-profits.

Sub-granting begins with the CDBG office publishing a request for proposal which describes the sort of activities that the grant is intended to fund, consistently with the priorities set out in the Consolidated Plan. To meet HUD's public participation requirement, at this stage the CDBG office also holds a first public hearing to inform interested people and organisations about the grant and its procedures. Predictably, while both the call and the hearing are, in principle, open to everybody, in practice already from this early phase the CDBG office works more closely with a selected groups of individuals and organisations who are more directly involved in housing and community development activities and interested in the grant.[47]

Applications for funding arrive in November-December. It is usual for the funding requested to total up to three times Baltimore's CDBG entitlement. This

[47] Taylor, Susan, Director of CDBG contracts, Baltimore Housing, City of Baltimore. Personal interview by author. Baltimore, MD, 5 August 2010.

makes substantial cuts and adjustments necessary. A first selection occurs on the basis of three objective factors, namely the compatibility of the proposed project with the regulations of the grant, the applicant's possession of adequate administrative capacities (this is an especially important criterion for small non-profits and/or first applicants), and the amount of funding requested (the office prefers not to fund an activity in its entirety). If the requests remaining after this first filter still exceed the available funds—as it is often the case—a second reduction is necessary. More often than not, this is done by trimming requests across the board.[48] What is perhaps most interesting in this overall selection process is that it all happens within the CDBG office and with no input from external bodies committee. This contrasts sharply with the Arlington case where the CDCAC plays a crucial role in funding decisions.

The figures resulting from the CDBG office's selection are submitted to the mayor and city council for approval. Although the council and the mayor can offer their input anywhere in the CDBG process—for instance, it is not unusual for a councillor to send a letter to the CDBG office preventively recommending a particular project or non-profit provider—it is at this stage that any intervention from the political level will most likely take place. Overall, the council is not too intrusive in CDBG funding decisions. However, it can—and it does—happen that councilmembers explicitly request the inclusion of some projects in the block grant budget. Of course, in these cases considerations of need and electoral calculations are often indistinguishable. As one respondent noted: 'our councilpersons are interested in making sure that their community needs are addressed. If there is a project and that project meets the CDBG requirements the relevant councilperson would be interested

[48] Ibid..

to see if that project can be funded'.[49] Similar ambiguities characterise mayoral requests, which are perhaps less frequent, but certainly not less effective.[50] On the other hand, punitive interventions, aimed at eliminating projects or groups from the CDBG list, hardly ever happen.[51]

Based on the results of the above stages, the CDBG office prepares a draft Action Plan (usually in early or mid-spring) which is opened to public consultation and comments for a month, and subsequently presented in a second public hearing. The hearing is a largely a *pro forma* matter and often not well attended. One exception is non-profits who wish to object the exclusion of a project from the Action Plan or ask for increased funding. While these protests never lead to radical amendments, marginal—but nonetheless important for the groups in questions—changes to the CDBG budget are not uncommon.[52]

The final passage is for the Action Plan to be formally approved by the Board of Estimates—a body in charge of approving all city contracts in Baltimore and headed by the mayor—and sent to HUD (around May). Once it passes HUD's checks, a line of credit is set up, contracts with the sub-recipients (and memoranda of understanding with city agencies) are finalised, and the Action Plan becomes operative.[53] Throughout the year the CDBG office monitors its sub-grantees through a rather intense regime, with quarterly visits on both the programme and financial

[49] Ibid..
[50] A case of mayoral intervention happened in the latest CDBG funding round when Mayor Stephanie Rawlings-Blake requested, and obtained, the funding of a mural programme run by the Office of Promotion and the Arts which had initially been excluded from the list of CDBG-supported activities. Vega, Randi, Director of cultural affairs, Baltimore Office of Promotion and the Arts. Personal interview by author. Baltimore, MD, 28 September 2010.
[51] Taylor, Susan. Personal interview by author. Also, Janes, Stephen, Assistant commissioner for research, Baltimore Housing, City of Baltimore. Personal interview by author. Baltimore, MD, 29 September 2010.
[52] Taylor, Susan. Personal interview by author.
[53] Taylor, Susan. Personal interview by author. Janes, Stephen. Personal interview by author. An additional formal passage is the inclusion of CDBG figures in the annual city budget. However, as the budget is approved before the Action Plan procedures are completed, such figures are normally based on estimates.

side.[54] As in the case of Arlington, however, monitoring is for the most part predictable, routinised and paperwork-oriented. Visits to the sites of programme delivery are the exception rather than the rule, and unannounced visits never happen.[55]

For 2011, Baltimore Housing has divided its CDBG allocation among 89 activities carried out by 71 providers. The division is hardly even. The DHCD retains a little more than 11 million for its own activities, while the remaining part of the grant is divided between a small number of public agencies—mainly the Department of Planning, Parks and Recreation, Public Works and the Mayor's office of Human Services—which usually get sizeable grants, and a large number of non-profit groups who receive grants typically under $100,000. All considered, this year's six public providers manage approximately 65% of the block grant, while the remaining 35% supports 65 non-profits.[56] The figure below shows the breakdown of the 2011 CDBG activities by category of expenditure.

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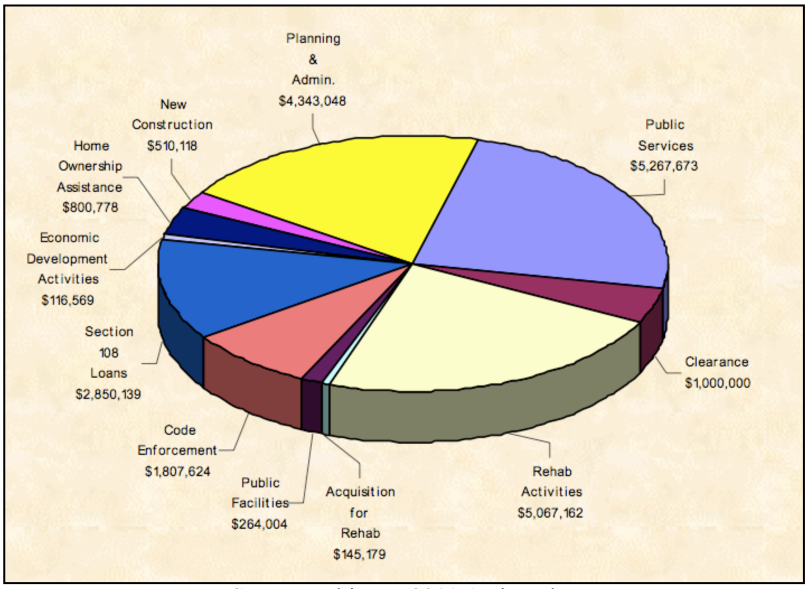
[54] For groups with a longstanding relationship with Baltimore Housing the visits go down to two per year. Taylor, Susan. Personal interview by author.
[55] Ibid..
[56] Baltimore Housing, "Annual Action Plan - FFY 2011/CFY 2012".

Figure 13: Baltimore – Breakdown of CDBG-funded activities by category (2011)



Source: Baltimore 2011 Action Plan

A number of interesting aspects emerge from this chart. The most immediately visible is the wide range of activities supported by Baltimore's block grant. This is striking in comparison with Arlington, where most of the grant is used, in one way or another, for affordable housing. The difference between the two cases, in turn, results from the size of Baltimore's grant (which is over ten times bigger than Arlington's) but also from the different needs of the two cities. Perhaps the most obvious difference here regards interventions on the physical infrastructure of the city (mainly through clearance, public works and rehab activities), which take a big chunk of the grant in Baltimore but are much less needed in a place like Arlington where private initiative is more likely to play a leading role.

Another interesting aspect is the negligible portion of the Baltimore grant allocated to economic development activities. This marks a clear break with the city's past experience with the CDBG: as shown, especially under Schaefer a big part of the grant was spent on purely developmental interventions on the city centre. The contrast with the past remains true even if one combines figures for the economic development category with those relating to other expenditures that might be classified as developmental, such as new construction and public facilities.

One portion of the chart that stands out is that devoted to Section 108 loan repayment: $2,850,139, or around a fourth of the part of grant retained by the DHCD. This sum returns to HUD as partial repayment for CDBG advanced in the past, and is important because it qualifies the DCHD's role as a direct provider of services, which holds only for three quarters of its grant portion. It is also interesting to contrast Baltimore's net position as a borrower of CDBG with the case of Arlington where a sizeable part of CDBG is lent.

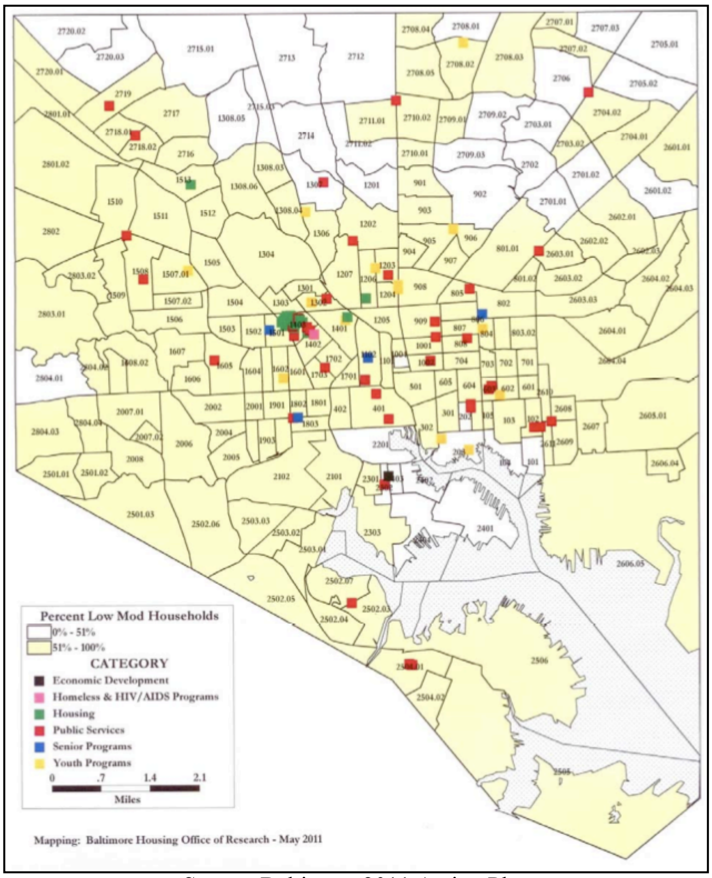
The above chart also shows that the amount Baltimore spends on public services exceeds the 15% ceiling set by HUD. Baltimore is among the cities that received a special dispensation in this area when the CDBG was introduced. Back then HUD set for Baltimore a higher ceiling for services (around 24%) in accordance with the high level of federally funded services in place at the time. By and large, the higher ceiling is still justified by the significant needs Baltimore has in this area.[57] Consistent with national trends, public services are the spending category where most of the non-profit sub-grantees are concentrated.

Moving from the functional to the geographic distribution of the grant, it should be note that Baltimore, unlike Arlington, does not adopt any formal principle of targeting as part of its CDBG strategy. The grant is not targeted informally either, with the result, as the figure below shows, that federal dollars are spread quite widely across the city's territory. Geographic spread compounds functional one, and sits quite uncomfortably with the prioritisation principles declared in the Consolidated Plan. Confirming the ambiguities and contradictions noted above, Baltimore officials

[57] Janes, Stephen. Personal interview by author.

indicate the level of need in the city as the primary cause for this 'thin' distribution of CDBG dollars.[58] There is certainly a lot of truth in these statements, as demonstrated also by the fact that CDBG activities do not even get close to covering all eligible areas. However, as we shall see in the next chapter, other factors, in the first place electoral logics, are likely to play a role in the spreading of block grant funds alongside the objective conditions of the city.

Figure 14: Baltimore - Geographic distribution of CDBG activities



Source: Baltimore 2011 Action Plan

Some analytical observations

As in the case of Arlington, there are a few interesting elements in the way Baltimore implements its CDBG which are not necessarily obvious from a rule- and documents-based analysis, but which are worth examining nonetheless, as they contribute to

[58] Ibid. and Taylor, Susan. Personal interview by author.

define the specific local 'CDBG state' model. One is the historical stability of the types of activities funded by the CDBG, their number and, more importantly of the identity of CDBG sub-recipients. In the past three years, for instance, Baltimore has used its CDBG to support 89, 96 and 88 activities respectively, with a turnover among providers not higher than 10%.[59] Continuity is confirmed by local officials, who openly acknowledge that, bar cases of major fund mismanagement, sub-grantees can, as a rule, expect to be funded quite regularly from one year to the other.[60] This stability is an aspect that Baltimore shares with Arlington, and indicates the existence of a sort of symbiotic relationship between the local authorities and non-profit providers which I will analyse in the next chapter.

The other aspect to notice here is one of divergence between the two cities. Unlike Arlington, where various sources of funding are combined in the global Community Development Fund, Baltimore's DHCD has no mechanism in place to systematically coordinate the different federal—let alone local—grants it administers. The CDBG office operates with great autonomy, and coordination between the block grant and other programmes (in the first place HOME) is done on a case-by-case rather than continuous basis.[61] This mode of implementation carries the risk of more conflict and contradictions between different sources of funding, and lower overall spending efficiency. Granted, to a large extent Baltimore's administrative model results from the size of its grant and the management issues this generates. Fragmentation, however is not entirely inevitable, and among the points highlighted in the city's Consolidated Plan there is the recognition of the limits of an

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[59] Baltimore Housing, "Summary of Activities - FFY 2009/CFY 2010"; "Summary of Activities - FFY 2010/CFY 2011"; "Summary of Activities - FFY 2011/CFY 2012".
[60] Taylor, Susan. Personal interview by author. Janes, Stephen. Personal interview by author.
[61] Taylor, Susan. Personal interview by author.

uncoordinated approach to urban and community development, and a commitment to streamlining the DHCD's administrative process in the future.[62]

[62] Baltimore Housing, "Consolidated Plan July 2010 – June 2015".

Chapter 6

UNITY IN DIVERSITY: A COMPARATIVE ANALYSIS OF ARLINGTON AND BALTIMORE

Introduction

One could hardly find two cities more distant in their history, economic fortunes and politico-administrative systems than Arlington and Baltimore. Accordingly, one could hardly analyse two cases in which the CDBG has been used more differently as to the goals it pursues and the way it is implemented. Taken together, the characteristics of the two cases can be synthesised in two distinct 'CDBG state' models which, juxtaposed, provide a telling picture of the range of local diversity allowed, for better or worse, within this grant programme. Yet even these two vastly divergent models have some traits in common. The most remarkable among these regard certain configurations of incentives, interests, perceptions and relationships among the main actors of the CDBG game which are encouraged by the particular structure and rules of the block grant and, in turn, are crucial factors behind the entrenchment of this programme. This contrast between the elements of divergence and similarity promoted by the CDBG is the focus of this chapter. Building on the 'raw' data presented previously, here I conduct a detailed 'thick description' of the Arlington and Baltimore CDBG state models and a systematic analysis of the city-level mechanisms favouring the crystallisation of the grant.

One state, different states

The Arlington CDBG state: supplemental, technocratic, entrepreneurial and privatised

Governing a well-off community, Arlington local authorities can count on a large tax base, and hence plentiful resources to be used, at least in principle, for community development. At the same time, Arlington's prosperity limits the amount of CDBG to which the county is entitled every year. All things considered, one should hence expect the block grant to be quite a small chapter in the greater scheme of the county's finances. This is not necessarily apparent by looking at the budget of the Housing Division's parent department, Community Planning, Housing and Development, whose total expenditures (excluding the CDF) for 2011 amount to $9,081,220, almost half of which, moreover, are used for activities not necessarily connected with community development, such as planning and administration.[1] However, the nature of the CDBG is such as to elude quick and simple comparisons like this one: as shown in the previous chapter, the mission of the grant goes well beyond activities directly connected with housing. If one looks at the budget of all Arlington departments germane to CDBG activities, proportions change: for 2011, the Department of Human Services has been allocated $108,533,884, the Economic Development Department $3,051,585, and the Environmental Services Department $70,561,877, 10% to 15% of which for public works of the kind supported by CDBG.[2]

Going beyond local governmental expenditures, one could add a comparison between CDBG and other federal programmes in related fields, in the first place the Section 8 housing assistance vouchers programme, which in FY 2011 amounts to

[1]Arlington County, "Adopted Budget - FY 2011".
[2] Ibid..

$15,054,940 for the county.[3] Finally, all these figures obviously exclude the resources mobilized by the non-profit sector, which is a significant actor in Arlington's community development universe.

Measured against a number of benchmarks, in sum, Arlington's CDBG allocation appears as quite small, if not tiny. But does this quantitative assessment translate into marginality or even irrelevance? Not necessarily: as explained above, the CDBG often acquires a role and importance for local community development activities that are much greater than the sheer size of the grant, thanks to the flexibility of the programme and its ability to pay for certain items. Arlington is no exception: in the county, the CDBG support several expenditure headings that are not easily covered with other public or private sources, such as non-profit organisation overhead costs, and a considerable number of projects which would not exist—in some cases because they are pilot and experimental projects—were it not for their federal grant. In addition, even a small CDBG award often works as a sort of 'stamp of credibility' for a project and an organisation as a whole, so increasing the latter's ability to leverage funds from other sources.

What results from these two elements is a type of public action which is small and important at the same time. I call this model of federal/local state intervention a 'supplemental' one. The CDBG is very far from being at the centre of Arlington's public policy picture and can by no means solve any of the county's problems by itself. At the same time, in most cases the block grant is not just an extension of policies and activities that already exist—and that would exist without federal assistance—but it 'supplements' them by adding elements that are distinct and often new.

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[3] Ibid..

The small size of Arlington's CDBG allocation also keeps its political salience quite low. Although information on the block grant and the activities financed with it is widely available in the county—among other things, the Housing Division regularly publishes a CDBG Bulletin—it is safe to say that, save for those who participate directly in the decision-making and management of the grant—Arlingtonians are mostly uninterested in—and sometimes unaware of—the CDBG. Practically the same can be said about the County Manager and the County Board who, as a rule, do little more than rubber-stamp the spending recommendations coming from the Housing Division and the CDCAC, and do not seem too interested in increasing their decision-making role in the future. The CDBG is, in sum, by and large removed from the wider political process and dynamics of the county. To put it like senior Board member Christopher Zimmerman, community development action through the block grant is mostly 'a creature of the federal and local bureaucracies'.[4]

This has favoured a rather technocratic style of policy-making, one in which decisions pertaining to the CDBG are *de facto* made by a small group of people, located in the Housing Division and in the CDCAC who are experts on the matter, have an interest in the grant and, in some cases, have a stake in it. This type of policy-making, I posit, prioritises questions of effectiveness and rationalisation over the distributional logics often seen in other cities, where the pressures of electoral districts, community leaders and legislators to have a share of the pie is much stronger. Perhaps two of the most obvious products of Arlington's technocratic style are the NSA system and the CDF itself. The latter is an administrative tool through which local authorities can maximise the rationalisation and coordination of the various housing and community development resources at their disposal, and generate

[4] Zimmerman, Christopher. Personal interview by author.

synergies among them. The former provides the CDBG a structure and goals that have very little to do with politics and very much with objective measures of need.[5]

To be sure, the size of Arlington's CDBG allocation is not the only factor behind its substantial insulation from politics. At least as important is the at large electoral system, which reduces incentives towards parochial and short-termist decision-making in the County Board. To this, one could also add the longstanding dominance of liberal ideas in the Board as well as among the Arlingtonian population, which can be seen as eliminating a further dimension of political debate—the ideological one—from much of public policy-making, including the CDBG/CDF part.

One peculiar aspect of Arlington's technocratic CDBG management is the high amount of grant invested by the county and its sub-grantees (primarily AHC Inc.) as revolving loans rather than given away in the form of sub-grants, subsidies, and the like. In the area of community development, loans are a double-edged sword: on the one hand, they multiply the resources available to the local government—as shown, in the Arlington case programme income can go as far as doubling the annual CDBG allocation—so allowing it to support more projects and people every year and to prolong the 'life' and the effects of these funds. On the other hand, loans have to be repaid, so they come, by definition, with harsher terms than grants or subsidies. This could also imply that loans target parts of the population that are in better economic conditions than the potential recipients of other forms of assistance.

In principle, neither choice is necessarily more effective or justifiable than the other. Whether a community decides to use part of its CDBG for loans or some other

[5] This, of course, is not to see that the NSA system is free from problems. A criticisms that is sometimes made against this way of targeting is that it stigmatizes the target areas, so creating 'underdevelopment mentalities' among the residents of the NSAs and, more importantly, scaring private resources and investments away from them. Dorsey, Christian, Co-founder of the Bonder and Amanda Johnson Community Development Corporation, Arlington County. Personal interview by author. Washington, DC, 2 August 2010.

initiative can depend on a number of factors, including the authorities' principles and priorities, local conditions and constraints. What is important to note here is that Arlington seems to have made a clear choice in the direction of the maximisation and sustainability of its block grant resources.[6] However, doing so implies, at least for CDBG loaned out, a move away from a welfare-type relationship between the county and its clients, and towards a sort of connection which is more business-like, and in which the local state acts as an 'entrepreneur' at least as much as a protector. Nobody has summarised this idea more incisively than a long-time local activist and NGO leader who observed, with a tone of resignation, that at the end of the day 'Arlington is a tough, tough banker'.[7]

Perhaps what is most striking in the Arlington 'CDBG state' model, however, is its high degree of 'privatisation'. The privatised local state results from Arlington's almost total reliance on private partners for its housing and community development work and from the county's strong bias—official and unofficial—in favour of the funding status quo. This latter aspect makes it hard for outsiders (especially those in the field of housing) to enter the 'CDBG club' and renders the 'insider' organisations *de facto* substitutes for the county's administrative infrastructure.

Judging from outside, one might attribute the permanence of the CDBG sub-granting arrangements to either of two causes: one is the (often personal) connections that may exist between local bureaucratic actors (primarily the Housing Division) and the funded organisations. The other is the self-perpetuating dynamics of these public-private partnerships, whereby the more one group works with the county, the better it will be at doing the job as well as writing applications, and the greater opportunity it will have to be funded again in the future.

[6] A choice reaffirmed through the creation and support of other loan instruments, primarily the AHIF.
[7] Athey, Lois, Executive director, BU-GATA, Arlington County. Personal interview by author. Arlington County, VA, 29 July 2010.

While both these factors are part of the story they are by no means the only ones. Above all, the role they play in explaining the Arlington privatised state is much more complex and nuanced than it may appear at a first glance. What exists in Arlington is a multifaceted convergence of the preferences of the three main players in the CDBG/CDF process—Housing Division, sub-recipients and the CDCAC—in favour of funding continuity. The easiest part of the triad to explain is the grant-receiving end, namely the sub-recipients. For them, remaining in the CDBG funding system does not only guarantee a stable and prestigious stream of funding, which can also help them leverage other resources, but it is also a good way to maintain their contacts and connections with the Housing Division and the county authorities in general. As for the bureaucratic burden added to their work by HUD rules, as it happens for entitlement communities, this is a cost that decreases significantly over time as the organisations acquire expertise on how to handle the quite standardised CDBG paperwork.

The Housing Division has an interest in continuity as it allows it to build stable relationships with trusted and reliable partners who know how to deliver certain services, have proven that in the past and are expected to present no surprises for the authorities.[8] Further, the fact that a group has already been familiarised with the CDBG rules and requirements minimises the chances of bureaucratic hassle as well as the risk of incurring some problems with HUD. The Division's views were summarised quite well in Arlington's main CDBG administrator's candid admission that 'we have some very dependable partners that we are not looking to change'.[9]

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[8] These expectations are particularly strong with respect to AHC Inc., the major housing partner of the Housing Division and one that the county authorities themselves helped set up in the late 1970s to channel CDBG funds money. Smith, Stephen, Senior vice president, AHC Inc., Arlington County. Personal interview by author. Arlington County, VA, 2 August 2010.
[9] Eboch, Jane. Personal interview by author.

The CDCAC, finally, has a more variegated set of preferences, partly reflecting its diverse membership. In the first place, the Committee shares some of the Housing Division's concerns with issues of trust and reliability. Second, those members with a more direct stake in the CDBG distribution, such as the non-profits and the neighbourhood association representatives, have also a more direct interest in both supporting themselves or their preferred activities, and in engaging in mutually supporting vote-trading.[10] Finally, there is among CDCAC members a general tendency towards inertia and conformism with regard to the funding status quo. This conformism is at work between the CDCAC and the Housing Division—with the former usually accepting the views of the latter and being a reactive rather than a proactive body—but also within the CDCAC itself, with new members being socialised into the consensual views of the committee. As a former member put it:

> [t]he good thing about the CDCAC is that if you sit on it for a year or two you really do learn a lot about how the federal programmes are implemented. … The downside, I think, is that it is very easy for biases to be apparent—and people definitely have biases. And because of that we are having some kind of difficulties in saying "should we let new providers in the CDBG programme or should we stay with the people we know and who are our friends?" So there was definitely a tension, and when I came on board and proposed to turn over some money to new activities somebody else told me it was obvious that I had not done this for very long.[11]

The one just described is a system in which personal and institutional connections are crucial, but not because they establish corruption or patronage relationships.[12] Rather, these connections provide the basis on which the trust that this system needs is built. In the same way, doing a good job is necessary to remain in the system, but the system cannot guarantee that the *best* job will be done because it is biased against new, and potentially better, entrants. In sum, the relationship between

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[10] Athey, Lois. Personal interview by author. Dorsey, Christian. Personal interview by author.
[11] Bondi, Melissa. Personal interview by author.
[12] The relevance of connections in the Arlington CDBG/CDF system is a factor highlighted practically by al my interviewees.

decision-makers and executors is neither collusive nor, on the other end of the spectrum, fully open and meritocratic. Rather, it is a 'cosy' relationship, which keeps everybody satisfied, maximises safety and minimises costs and uncertainties. Significant disruptions of this system are likely only in extreme circumstances, such as serious underperformance or major non-compliance.

The cosy relationships of the CDBG privatised state certainly has a number of advantages, the main ones being provider reliability, continuity of services, a high level of know-how in the system, predictability and, finally, the ability for providers to plan ahead. On the other hand, this model also presents a number of dangers and possible distortions. The most immediate one is the lack of incentives towards and openness to innovation.[13] Another drawback is the creation of relationships of dependence between non-profits (especially small ones) and the county authorities, which can have serious consequences on the former's freedom of action, advocacy and criticism.[14]

The final, and perhaps biggest, danger is that of complacency and/or inefficiency on the part of the private partners. This can be problematic at several levels. In the first place, when dysfunctions or irregularities are spotted, the Housing division's bias towards organisations in the system—and also the low political salience of the CDBG—might lead it to be quite tolerant towards the culprit, taking effective action only in extreme circumstances.[15] Even more problematic, however, is the fact that the Housing Division might not be able to recognise mistakes, problems or even frauds in the provision of certain services, due to the limits of its administrative capacity and, especially, to the nature of CDBG monitoring, which is

[13] Athey, Lois. Personal interview by author. Bondi, Melissa. Personal interview by author.
[14] Ibid..
[15] A good example is LULA, a Latino group for leadership which failed to use its small CDBG award for two years before county authorities eventually took action to forced them to spend the money. Athey, Lois. Personal interview by author.

paperwork-oriented, standardised and, above all, predictable.[16] This is compounded by the fact that HUD practically never visits projects on the ground. When asked if he was aware of any mistakes or irregularities being overlooked or tolerated by the authorities, one of my respondents gave a telling answer:

> I am not aware of any specific examples, but you have your suspicions. There are certain groups that promise to provide certain services that are easy to verify through quantitative measures. You would expect that a few visits to these groups would raise a flag but they don't. I see those groups getting funded all the time. … I have never done more than think ironically about them but for some of these groups a back of the envelop calculation was enough to see that there was no way that what they say they do is true. They might be exaggerating by a factor of ten. But you know, they have a seat in the CDCAC.[17]

An additional and more basic problem is that county authorities often lack benchmarks against which to evaluate existing services and providers. This is true at a general and theoretical level, because objective criteria of community development are quite difficult to determine,[18] but also at the more practical level of assessing the performance of alternative providers, which might never have had the chance of being tried.

The Baltimore CDBG state: insufficient, redistributive, politicised and assisted

Baltimore is clearly in a very different economic situation than Arlington. The fiscal resources on which local authorities can rely to tackle the city's problems are therefore limited. At the same time, as shown above Baltimore receives an annual CDBG allocation among the highest in the country in aggregate terms, and probably

[16] Dorsey, Christian. Personal interview by author.
[17] Ibid..
[18] A case in point emerged from my interviews—although not specifically related to the CDBG—is the redevelopment of the Gates of Ballston affordable housing complex a few years ago, where approximately 40% of the original residents were eventually retained. For AHC Inc., which managed the project, this was an excellent result in the light of Arlington's natural turnover rates and the limits imposed by regulations against overcrowding. Some NGOs like BU-GATA, on the other hand, considers this a failure and think that AHC Inc. should have done much more to retain the—mainly Latinos—families that ended up leaving. Smith, Stephen. Personal interview by author, Athey, Lois. Personal interview by author.

the highest in per capita terms. The block grant has hence a much bigger role to play in the context of Baltimore's urban regeneration efforts than it is the case for Arlington. Here too, a quick look at some numbers from the city's latest available budget can help assess the CDBG's relative weight. The first figures to consider are the DHCD ones. In the 2010 budget total appropriations for the DHCD amounted to $128.6 million.[19] While this marks an increase from the past—in 2009 the department's budget was one tenth lower—the CDBG remains an important part of the DHCD's operations. The comparison, however becomes more striking when isolates the portion of the DHCD's budget coming from city resources. In 2009 and 2010 this portion amounted to $35 and $38 million respectively, *i.e.* only approximately 1.5 times the city's annual CDBG.[20]

As in the Arlington case, a complete assessment of the CDBG's role requires looking at figures across all the main areas in which the grant operates. One of these is health, for which the city of Baltimore spent $118,936,836 in 2010 and 115,635,996 in 2009.[21] The contrast with Arlington, where the county spends only marginally less on health and has a CDBG allocation which is less than one tenth that of Baltimore, is obvious. Other relevant headings are recreation and parks, for which the city spent $31,163,833 in 2010 and employment development which was allocated $31,077,805 (coming from the most part from federal sources). Public works, finally, received a sizeable allocation of $381,949,652. At a closer look, however, this money is spent almost totally in activities that are not commensurable with the ones supported by the CDBG, such as waste services and the ordinary maintenance of water and other infrastructure.[22]

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[19] City of Baltimore, "Fiscal 2010 - Summary of the Adopted Budget".
[20] Ibid..
[21] Ibid..
[22] Ibid..

What emerges from this picture is that the CDBG is a very relevant part of the city's efforts towards regeneration. Rather than marginal or supplemental, Baltimore's CDBG is an essential instrument that increases the city's resources significantly. As one official euphemistically put it, 'if the CDBG were not there, the city would definitely notice it.'[23]

The CDBG's relevance, however, does not necessarily translate into impact. Baltimore's problems are so many and so big that there is only so much public intervention—no matter where it comes from—can achieve. Compared with the devastation caused by half a century of decline, the CDBG is little more than a band-aid solution which can limit damages here and there but cannot, by itself, turn around neighbourhoods or, in many cases even start those virtuous circles of urban regeneration that the city badly needs. In these conditions public intervention—and the local CDBG state model—can only be termed insufficient.

This was not always the case: in the past, and in particular under Mayor Schaefer, the CDBG was used in the context of large scale projects aimed to the overall economic relaunch of the city. More recently, one could see analogous developmental ambitions in a number of big projects financed from the early 1990s through Section 108 loans, which still have an effect on CDBG budgets in the form of annual repayments.[24] However, as a result of the shrinking of Baltimore's CDBG allocation and of the questionable results of past developmental projects (especially those carried out in the 1970s and 1980s) in the past few years local authorities have shifted to a different strategy, one made of smaller and more diffused initiatives—*e.g.*

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[23] Janes, Stephen Personal interview by author.

[24] The more recent redevelopment projects financed with Section 108 loans are Historic East Baltimore Community Action Coalition (HEBCAC), Public Housing, East Baltimore Biotech Project, Montgomery Park and Warner-Acme Project. For all but the last two repayments are being made using the annual CDBG allocation. Baltimore Housing, "Consolidated Annual Performance & Evaluation Report, July 1, 2009 - June 30, 2010".

row house rehabilitation as opposed to big infrastructural projects—which are perhaps less ambitious but also certainly less disruptive for the communities involved and, in general, much closer to the people the CDBG is supposed to serve. In this sense the city's use of its limited CDBG resources has recently been predominantly redistributive.[25]

The redistributive orientation of Baltimore's CDBG seems to be confirmed by the negligible programme income, which indicates that most of the block grant is 'consumed' rather than invested through loans, and which sets this case apart from that of Arlington. Granted, a small programme income is not a perfect indicator of redistribution: after all, CDBG-financed loans do ultimately benefit low and moderate income people. But as explained above, a CDBG strategy centred on loans tends to benefit the upper parts of low income communities—those who are in the condition of repaying the loans—and places public institutions in the position of entrepreneurs rather than protectors vis-à-vis the ultimate beneficiaries of CDBG dollars. Faced with a particularly bad socioeconomic setting, Baltimore's choice to play the latter rather than the former role is quite clear.

One of the main characteristics of the way in which Baltimore spends its CDBG is the geographic diffusion of funded activities. Given the foregoing, this is hardly surprising: faced with such a high level of need and with no money to spare, redistributively-minded local authorities should be expected to try and reach wherever possible, giving a little bit to everybody so to speak. This idea is stated in the main CDBG documents—in the first place the Consolidated Plan, which opens by stating that its priorities are 'broad in scope, both in terms of geographical areas and the

[25] The tiny amount of CDBG spent on activities labelled as 'economic development' can be seen as a further confirmation of this.

number of categories of need addressed'[26]—and confirmed by several local officials and practitioners, who also point out, rightly, how CDBG activities do not even get close to covering all the eligible low and moderate income areas in Baltimore.[27]

While I do not doubt that the geographic spread of the CDBG is to a significant extent logical or even inevitable given the conditions, I posit that there are also less noble and more directly political reasons behind the pattern of CDBG distribution in Baltimore. This, in turn, is the consequence of two factors which differentiate Baltimore from the Arlington model. The first is a political and electoral system based on wards, which incentivises the promotion of parochial interests in the city council and increases pressures towards a pork-barrel model of spending. The second factor is the sheer size of Baltimore's grant which, although not massive, is enough to attract the appetites of politicians and their constituents to a much larger extent than in Arlington.

The CDBG decision-making process offers evidence to support this argument. While it is true that the political level, and especially the council, is mostly unintrusive in the decisions of the CDBG office, it is also true that politicians do intervene from time to time, especially to protect projects that risk being discontinued or receiving lower funding. Combining this fact with the substantial continuity in CDBG funding choices, one could conclude that the political level's non-interventionism is more apparent than real: the paucity of open political intereference in the CDBG office's work results from the latter being able to pre-empt politicians' complaints by distributing the grant widely and not challenging the spending status quo. In other words, politicians do not intervene often in the bureaucracy's decision not because they do not want to but rather because they do not need to. In the last

[26] Baltimore Housing, "Consolidated Plan July 2010 – June 2015", p. 2.
[27] Taylor, Susan. Personal interview by author. Janes, Stephen. Personal interview by author.

analysis, the Baltimore CDBG state model can be seen, to a significant extent, as a politicised one.[28]

The last aspect of the Baltimore CDBG state concerns the role of private actors, and mainly non-profits, vis-à-vis the CDBG. In Baltimore, as elsewhere, a significant amount of CDBG is sub-granted to non-profit groups to deliver mostly (but not only) public services to the most disadvantaged strata of the population. As in Arlington, for the most part these groups have established longstanding and even symbiotic relationships with local authorities, in which the latter avail themselves of the services of trusted organisations who know the rules of the grant and can deliver a satisfactory service in those functional and geographic areas where the City lacks the necessary capacities, while the non-profits benefit from the flexibility of the grant, its 'stamp of credibility' and consequent leveraging effects, and the political and bureaucratic communication channels that being part of the CDBG circle opens for them. Baltimore's chief CDBG administrator explained this symbiotic relationship in terms very similar to those I heard in Arlington:

> [one] thing to keep in mind…is that it takes time to build good and solid relationships with the non-profits. You have to think of this as a partnership between the City and organisations that are trying to build their communities and that need to have a certain level of mutual confidence to create a win-win situation for everybody: us, them, HUD, and so on. So there are payoffs in having longstanding relationships.[29]

And as in Arlington, this state of affairs causes some complaints among practitioners:

> I think [the static character of sub-granting] is a problem. I think ultimately it comes down to the city having the courage to not fund a group that isn't doing very well or has become dependent. …[I]f an organisation is well run I don't mind that the taxpayers' money is used

[28] To some extent, one could even argue that the lack of coordination mechanisms between the CDBG and other urban and community development instruments is another sign of the politicisation of the Baltimore system (in the same way the CDF is a trait of Arlington's more technocratic model): if distribution to wards is more important than efficiency and effectives, coordination among funds is less of a priority.

[29] Taylor, Susan. Personal interview by author.

> on them. The problem is that many Community Development Corporations are not well run and it is a problem when you are giving a significant amount of money to these. But it ultimately is a political decision.[30]

The case of Baltimore, however, presents some important differences compared to Arlington's 'privatised' state model: for one thing, in Baltimore non-profits manage a portion of the grant that, however big in absolute terms, is only a third or so of the total. This difference results from the bigger administrative capacities that the City of Baltimore has compared with Arlington County (most notably in the housing sector) but also to the bigger presence of certain expenditure headings, like public works, which see a more direct participation of public authorities. For another, in Baltimore non-profits do not play any official role in the CDBG decision-making process comparable to the one that some Arlington groups play through the CDCAC. The overall picture resulting from these differences is one in which non-profits play a very important role in the community development activities of the city, but local authorities remain in control of funding decisions and of most of the implementation of the grant. In the last analysis, while in the Arlington model the state outsources most of its operations to the civil society, in Baltimore the state is only 'assisted' by it.

The microfoundations of policy crystallisation

Despite their many differences, the Arlington and Baltimore CDBG state models share a considerable number of traits. The most important and interesting among these traits regard configurations of preferences, incentives and relationships among the main actors of the CDBG process which result directly from the institutional characteristics of the block grant. In turn, these elements favour the formation of pro-

[30] Mitchell, Mike. CEO, Habitat for Humanity of the Chesapeake, Baltimore. Personal interview by author. Baltimore, MD, 1 October 2010.

CDBG socio-political coalitions within each entitlement community which help explain, together with the federal-level mechanisms expounded in the first part of the thesis, the crystallisation and resistance of this grant programme. Five such micro-level factors are noteworthy. These are all connected to one another, partly overlapping and yet distinct.

The grant's adaptability to local practices: obviously enough, the fact that cities can do what they want with their CDBG is a good reason for local authorities to like the grant. But what is important about the CDBG is that it adapts itself to the institutional mechanisms, preferences and habits existing at the local level, and just adds a pot of money to them. This is true not only with regard to policy-making systems—such as the 'Arlington way'—but also, and more generally, to the wider policy processes in place, such as a technocratic vs. a more politicised one. Local authorities, in sum, find the CDBG congenial because it does not require them to change the game they want to play or are already playing. In other words it is largely money for free.

The grant's low public salience: if they are scarcely challenged from above, local authorities are even less challenged from below. While HUD has a series of requirements for citizen participation in the CDBG decision-making process, in the first place the holding of public hearing, these are weak and by no means enough to engage citizens. To be sure, it would probably be hard to engage citizens with any participation system: the limited size of even the biggest CDBG grant in the greater scheme of local finances, and the fact that the money does not come from local taxes means that the only citizens with a real interest in the grant are always likely to be the ones who work with it. As a result, the CDBG remains a matter exclusively for the political and/or the bureaucratic level. Combined with the previous aspect, this makes for a very status quo-friendly policy instrument, one for which local authorities have to pay little or no price and which therefore they strongly support.

Funding predictability and grant dependence: this mechanism of stability is a direct consequence of the entitlement principle and system on which the CDBG is based. At its most superficial level, the entitlement system favours policy crystallisation simply because it distributes free dollars which the cities have an interest in keeping and defending. Looking inside cities, however, there is at least another crystallisation mechanism generated by the entitlement system and reinforcing the 'superficial' one. The main effect of an entitlement is to create predictability: cities know that they can count on a regular stream of funding, with instalments which remain mostly stable from one year to the next. This allows local authorities to plan on the basis of estimates and projections—the whole five-year consolidated plan process is based on this idea. Above all, predictability encourages the spending of CDBG funds for services provided on a regular rather than exceptional basis. As shown both for Arlington and Baltimore, for a large, if not the most part, the CDBG is used to finance routinised initiatives—from employment training to rehab loans, to homeownership consultancy, and so on—requiring quite stable funding, which the grant provides. The positive aspect of this equation is, quite clearly, the stability of service provision. The negative aspect is that it generates the dependence of the services in question on the grant. Needless to say, this is especially true when the CDBG is the main or only source of funding for a given activity. The end result of all this is to strengthen the preferences of both public authorities and non-profit service providers in favour of the continuation of the grant, as any interruption would be much more disruptive than it would be case if the CDBG funded exceptional or one-off activities. It is easy to see, finally, how the regular continuation of the grant programme and the preferences it generates feed each other in a circular relationship.

Sub-grantee clique formation: the fourth mechanism regards the relationships between local authorities and non-profit providers, and results from the entitlement system as well as the loose requirements of the CDBG. Regardless of their differences, both Arlington and Baltimore sub-grant significant portions of their annual grant—almost all of it in the case of Arlington—to non-profits to deliver services or conduct other sorts of activities in areas in which public authorities cannot or do not want to operate. Being free to sub-grant federal dollars as they please, and having a regular stream of revenue at their disposal, both Arlington and Baltimore have opted for establishing longstanding relationships with most of the funded groups, who receive money year in and year out. As I have demonstrated for both cases, the relationship between local authorities and non-profits is often a 'symbiotic' one, in which both parties benefit from being associated with one another on a long term basis. Moreover, the relationship is largely self-reinforcing over time. What is more interesting to note here is that this relationship ends up creating 'cliques' of CDBG sub-recipients who know each other and the authorities very well, are familiar with the rules of the grant—and of the game they play—are accustomed to receiving grant dollars and are often dependent on them. Whether small or large, these cliques have the effect of multiplying the number of people and organisations working with the grant on a regular basis and therefore interested in the continuation of the system.[31] To some extent, this can be seen as a within-city counterpart to the multiplication of stakeholders which took place with the passage from Model Cities to

[31] What is more, while all of the non-profits are able to advocate in favour of the grant through local authorities, many of them have also access to direct and independent channels to the federal political level—often through Congress—through which they can exert a significant amount of influence.

the CDBG. Clearly enough, this additional micro-level logic is a further reinforcement to the stability of the grant.

Clique strengthening through the bureaucratic cost structure: an almost invariable complaint among the CDBG sub-recipients I have interviewed is the heavy paperwork load involved in the application, reporting and monitoring processes which, it is often argued, is disproportionate compared to the small grants these groups often receive. An equally invariable fact, however, is that the people who complain are the same people who apply for the grant, receive it and comply with all its requirements every year.[32] This apparent paradox is solved if one considers the type of paperwork and other requirements attached to the CDBG. While it is true that the amount of rules and requirements have increased from the inception of the CDBG to our days, for the most part both the procedures and paperwork of the CDBG are highly standardised. This entails that non-profits who want to participate in the CDBG for the first time face significant costs in terms of time and energies spent to learn the ins and outs of the grant. But once the initial effort is done, the cost of participation drops dramatically, and the bureaucracy around the grant becomes largely a repetitive exercise. This participation cost structure has two effects. For the insiders, who joined the CDBG club in the past for any reason, it produces an incentive to remain in the system as the money becomes easier and easier to obtain (this, of course, feeds into the symbiotic relationships described above). For the outsiders, it creates an incentive

[32] True, sometimes it happens that a non-profit chooses to voluntarily give up CDBG funding for some or all their activities. But these are a tiny minority in the (sometimes vast) universe of CDBG-funded groups, and moreover CDBG paperwork is often only a secondary motivation for their decision. The only examples emerging from my interviews are AHC Inc. in Arlington, which decided to discontinue CDBG funding for a multi-family housing programme and Downtown Partnership in Baltimore, who chose to give up the CDBG it used to support a street cleaning service. In both cases, the service providers thought that the restrictions and requirements attached to the CDBG were too onerous for the amount of money they received, and decided to replace the block grant with alternative sources of funding, to which they had easy access. Smith, Stephen. Personal interview by author. Fowler, Kirby, President, Downtown Partnership of Baltimore, Inc., Baltimore. Personal interview by author. Baltimore, MD, 14 October 2010.

to stay out, as the effort they would have to undergo to apply and keep CDBG dollars is often judged too big for the money. The end result is a situation in which everybody is generally satisfied with the status quo: the outsiders do not have an interest in challenging the system, while the insiders are secure in their position. This adds to and reinforces the clique mechanisms described above and, ultimately, contributes to the crystallisation of the grant programme.

Conclusion

The effects of an urban policy instrument cannot be fully comprehended and tested without looking at its implementation at the level of the city, where many of the policy-level institutional mechanisms I have posited here take place. This and the previous two chapters have presented such a city-level analysis with respect to the CDBG and its logic of crystallisation. Analysing two recipients as different as Arlington and Baltimore has allowed me to isolate a number of micro-level political dynamics originating from the characteristics of the block grant, and which in turn favour the preservation of the policy status quo, so contributing to explaining the permanence of the CDBG. This analysis hence corroborates my institutionalist reading of the block grant and confirms the interpretation of its introduction in 1974 as a policy level critical juncture.

Part III

URBAN in Bristol and Pescara

In its participating cities, the URBAN Community Initiative did something very different from the CDBG, and similar to its predecessor Model Cities: it promoted a common policy model containing a number of specific instructions about the substance as well as the method of governance of urban regeneration. Of course, URBAN's prescriptions should not be caricatured as ironclad and all-embracing: different cities implemented the Commission's aims differently, according to their local needs, institutions and traditions. But on the whole these remained variants of a single and identifiable blueprint rather than expressions of different 'local states' as in the CDBG.

URBAN's prescriptive approach to urban development went a long way towards 'educating' local authorities—an achievement all the more remarkable considering the almost total lack of experience of many participating cities in the area of integrated regeneration. At the same time, the institutional setup of this Community Initiative ended up being self-defeating, as it generated hostility among many city-level actors and, more generally, prevented the emergence of local configurations of interests, incentives and alliances able to defend and sustain this policy instrument in the long run. Taken together, these micro-level factors played an important causal role in the eventual mainstreaming of URBAN.

This part of the thesis takes the analysis of URBAN down to the level of the city in order to examine in detail how the Community Initiative was implemented on the ground and, more importantly, to conduct an empirical analysis of the micro-level institutional mechanisms that militated against its stability. As in the CDBG case, to emphasise the homogeneity of these mechanisms across local settings, the study is conducted as a 'most different case' analysis, namely covering two cities that have little in common beyond their participation in the federally funded scheme. These cases are Bristol, UK and Pescara, Italy, two cities that differed not only in their size, socioeconomic conditions and historical development, but also, and perhaps more interestingly, in their degree of institutional fit with the URBAN model.

As in the previous part, I structure my analysis in three chapters: the first two will present an in-depth analysis of the URBAN programmes in Bristol and Pescara respectively. Unlike the CDBG, URBAN is by now a closed policy experience. Therefore, the next two chapters are structured in a more explicitly chronological fashion—following the URBAN programmes from their beginning to their end—than it was the case for Arlington and Baltimore, and will include a more explicit reflection on the legacy of the Community Initiative in the two cities. In the third chapter I will build on the information presented thus far to compare more systematically the urban policy models embodied by URBAN in Bristol and Pescara and explore the 'microfoundations' of this policy initiative's instability.

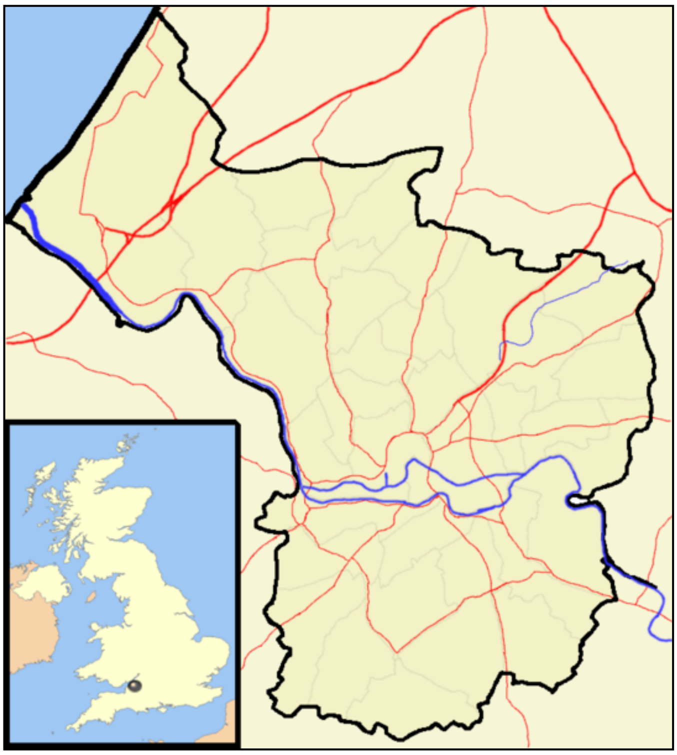
Chapter 7

THE LIMITS OF EXPERIENCE: URBAN IN BRISTOL

Introduction

With more than 440,000 inhabitants, a Gross Value Added of some £13 billion a year, two large universities and a number of major cultural institutions, Bristol is indisputably the economic, political and cultural heart of the South West of England. It is also one of the most successful cities in the whole UK, one that combines a fast growing and knowledge-intensive economy with pleasant sights and a high quality of living, and that keeps attracting people from all over the country.

Figure 15: Bristol's territory and location



Source: Bristol City Council website

Today's Bristol is the result of a series of economic transformation that have taken the city from being a trade and industrial centre to a tertiary-based economy, mostly avoiding the extremes of other British cities. While Bristol industrialised later and more slowly than the big cities in the Midlands and North of England, a number of historical, geographic and political circumstances have made its recent transition to services more gradual, less painful, and eventually more successful than cities such as Liverpool, Manchester or Birmingham.

Yet the picture is not all rosy. Bristol's deindustrialisation and transition to a high-skills economy has left a significant portion of the population unable to share in the prosperity of the city and detached from the socioeconomic mainstream. Distress is concentrated in a few areas of the city, producing a number of pockets of serious deprivation that could not contrast more with the surrounding landscape.

In a way, the existence of 'islands' of distress makes Bristol an ideal setting for a targeted initiative like URBAN—and it is probably no coincidence that the city was one of the few to participate in both rounds of the programme, each time using the EU funds in coordination with other regeneration programmes already in place. Yet, despite being a 'good fit' for the politico-administrative environment of Bristol, in some respect URBAN proved quite problematic for its administrators . In the rest of this chapter I will explore Bristol's URBAN experience in detail, highlighting the genesis and goals of the two programmes implemented in the city, their administrative structures and the challenges posed by their implementation. Before doing this, however, a brief overview of the development of Bristol is in order.

The trajectory of Bristol's development – a city of contrasts

From port town to industrial city

In its general traits, Bristol's historical trajectory parallels Baltimore's: an urban nucleus built around a port, later expanded on manufacturing, and eventually restructured into a service-oriented city. Compared with its American counterpart, however, Bristol's roots go much farther back in time, and precisely to early Norman times when the local port was founded and soon placed in a central position in the trade network connecting England with the rest of Europe, and later with the Americas. Stimulated by expanding maritime trade, Bristol grew rapidly to become one of Medieval England's biggest towns—a position consolidated in 1542, when it acquired city status.[1]

Bristol's expansion continued steadily in the 17th century and accelerated in the 18th, when its port became a crucial node in the 'slave trade triangle' between England, Africa and America. More importantly, the industrial revolution brought about the expansion of existing industries such as shipbuilding and emergence of new ones (like glass making, brass and copper manufacturing, paper and chemicals), quickly establishing Bristol as a manufacturing centre in addition to a commercial one.[2] Over the following century Bristol underwent impressive industrial growth and a fivefold demographic increase, going from nearly 70,000 in 1801 to 324,000 in 1901.[3] This led to an unprecedented expansion of the city's built environment which in turn supurred the development of physical infrastructure such as water and sewer systems and the establishment of services and social institutions such as schools and charities to tackle the inceasing needs of the poorer strata of the population.[4]

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[1] Peter Aughton, *Bristol: a People's History* (Lancaster: Carnegie Publishing, 2000), chs 1-2; Brian S. Smith and Elizabeth Ralph, *A History of Bristol and Gloucestershire*, 3rd ed. (Chichester: Phillimore, 1996), pp. 36-56.

[2] Smith and Ralph, *A History of Bristol and Gloucestershire*, chs 14,17-18; Aughton, *Bristol*, pp. 99-108.

[3] University of Portsmouth, "A vision of Britain through time: Bristol City - total population" http://www.visionofbritain.org.uk/data_cube_page.jsp?data_theme=T_POP&data_cube=N_TOT_POP&u_id=10056676&c_id=10001043&add=N (accessed 4 June 2012).

[4] Population growth also brought about political turmoil: in 1831 unsatisfied claims for a bigger weight in the politics of the country led to a series of riots which eventually led the national government to increase Bristol's parliamentary representation and expand the city limits to include the neighbourhoods of Clifton, St Pauls, St Philip, St James and parts of Bedminster and Westbury. Ibid. and Aughton, *Bristol*, pp. 149-54.

Alhough remarkable, Bristol's 19th century growth was not enough to keep pace with booming industrial cities such as Liverpool, Manchester or Birmingham. Limiting Bristol's competitiveness were, in particular, the war with France and the 1807 abolition of slavery—both of which impacted on the city's commercial activities—and especially the old harbour's inability to accommodate newer and larger ships. Authorities responded to these infrastructural limits in several ways: in 1804-9 and again in 1877-9 port facilities were moved and enlarged,[5] and in the 1860s Bristol's land infrastructure was expanded with the opening of the Clifton suspension bridge and the Great Western Railway to London.[6] While sufficient to maintain Bristol on a path of growth these improvements were, however, not enough to prevent the city from losing its place at the top of England's urban hierarchy.

1900-1960: industrial consolidation

Bristol continued to grow in the first half of the 20th century thanks to the expansion of new industries such as car and aircraft manufacturing. The latter became central in defining the city's economic fortunes as it linked them to Great Britain's military needs and government contracts.[7] Between 1900 and 1950 the city acquired an additional 100,000 residents, reaching 423,000. This exacerbated a number of already existing social problems, such as housing overcrowding and the multiplication of slums. In response, both in the interwar period and in the years immediately after WWII the City Council embarked on numerous slum removal programmes and built several social housing estates near the industrial areas located north and south of the

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[5] The first of these expansions took place with the construction of the city's 'floating harbour', while for the second the city built new docks at Avonmouth and Portishead.
[6] Aughton, *Bristol*, pp. 167-80.
[7] Bristol's position in the country's industrial system, however, was a curse as much as a blessing, as it became clear in WWII when the city suffered a series of German bombings that killed 1,300 people, destroyed 3,000 buildings and damaged another 90,000. Aughton, *Bristol*, pp. 230-41.

city. As will be shown later, these initiatives would be crucial in determining the geography of Bristol's urban problems in later years.[8]

Along with many other British cities, in the two decades after WWII Bristol enjoyed a period of growth and prosperity based on expansion of all its main economic sectors: car and aircraft making, cigarette manufacturing, packaging, shipbuilding, and of course trade. The 1960s also saw the emergence of some tertiary sectors, most notably business and financial services, which will become the foundations of Bristol's economy in later decades.[9] Partly as a result of its economic performance, in these years Bristol also experienced substantial immigration from the colonies. While this influx of minorities never altered Bristol's profile as a predominantly white city, it did change the ethnic composition of some inner city neighbourhoods, like St Pauls. As a result, immigration posed some new social and political challenges for the city—in the first place residential segregation—and, more generally, added a racial dimension to the deprivation of some city areas.[10]

1970-2000: economic restructuring and partial decline

From the 1970s, the combined forces of globalisation, recession and Thatcherism caused a rapid decline of Britain's traditional manufacturing, in which Bristol was no exception.[11] A few factors, however, contributed to spare this city the massive damages that deindustrialisation produced elsewhere. One was the relevance of the aircraft and connected industries, which were protected from the pressures of the

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[8] Patrick Dunleavy, *The Politics of Mass Housing in Britain 1945-1975: a Study of Corporate Power and Professional Influence in the Welfare State* (Oxford: Clarendon Press, 1981), ch. 9.
[9] Martin Boddy, John Lovering, and Keith Bassett, *Sunbelt City? A Study of Economic Change in Britain's M4 Growth Corridor* (Oxford: Clarendon Press, 1986), ch. 2.
[10] Office of the Deputy Prime Minister, "State of English Cities - a Research Study," (March 2006).
[11] Keith Bassett, "Partnerships, Business Elites and Urban Politics: New Forms of Governance in an English City?," *Urban Studies* 33, no. 3 (1996): 539-55; Martin Boddy et al., "Competitiveness and Cohesion in a Prosperous City-Region: The Case of Bristol" in *City Matters: Competitiveness, Cohesion and Urban Governance*, ed. M. Boddy and M. Parkinson (Bristol: The Policy Press, 2004).

markets thanks to their reliance on public contracts.[12] Another was Bristol's ability to transition to the tertiary sector more completely and successfully than other cities.[13] In restructuring its economic base, Bristol was helped not only by having a smaller industrial sector than cities like Liverpool or Manchester, but also by its proximity to London and Heathrow airport, which made the city a favourite destination for financial companies relocating from the capital.[14]

Finally, starting from the 1970s and especially the 1980s a number of new sectors have grown along mainstream business and financial services to sustain Bristol's economy. The main ones are media and audiovisuals, high tech (partly connected to the Filton aerospace industry) and IT and communications—the rapid development of which has led some observers to dub Bristol a British 'Sunbelt city'.[15] Together with the previous two, this factor has contributed to contain Bristol's economic and demographic decline in the last part of the century, as demonstrated by a population loss between 1961 and 1989 contained to 40,000 people—a figure that pales in comparison to the demographic bleeding that happened elsewhere.[16]

At the same time, deindustrialisation did take its toll on the city. In 1981, one of the city's worst years, 11.2% of Bristolians were out of work, and almost one in

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[12] Granted, this sector too took a hit between the 1980s and the 1990s as a result of the end of the Cold War. Even so, its special position in the British industrial system helped Bristol have a more gradual and less painful transition to the tertiary sector. Keith Bassett, "Economic Restructuring, Spatial Coalitions and Local Economic Development Strategies: A Case Study of Bristol," *Political Geography Quarterly* 5, no. 4 (1986): 163-78; Boddy, Lovering, and Bassett, *Sunbelt City?*, pp. 120-23.

[13] For instance, the 23,663 manufacturing jobs lost between 1971 and 1981 were matched by the 21,799 gained in services in the same decade. Similarly, between 1991 and 2003 manufacturing lost 19.8% of its employment, and public and financial services gained 32.6% and 21.2% respectively. See respectively Bassett, "Economic Restructuring" and Office of the Deputy Prime Minister, "State of English Cities".

[14] Bassett, "Partnerships, Business Elites and Urban Politics"; Boddy et al., "Competitiveness and Cohesion in a Prosperous City-Region".

[15] Christine Lambert and Ian Smith, "Reshaping the City" in *Urban Transformation and Urban Governance: Shaping the Competitive City of the Future*, ed. M. Boddy (Bristol: The Policy Press, 2003); Boddy et al., "Competitiveness and Cohesion in a Prosperous City-Region". The expression Sunbelt City is taken from Boddy, Lovering, and Bassett, *Sunbelt City?*.

[16] UK Office for national statistics, "Nomis - Labour Market Profile Bristol".

two was unemployed in some of the most distressed neighbourhoods.[17] This highlights an even more important aspect, namely that the costs of Bristol's restructuring were distributed unevenly among its population, leaving certain areas and social sectors unable to integrate in the new economic system.[18] This was particularly true of the southern social housing estates, which lost their connection with traditional manufacturing, and the inner city, where discrimination and racial tensions added to economic distress to produce a very dangerous mix, as the 1980 St Pauls riots demonstrated. Taken together, these two areas formed a geographic pattern of deprivation which has remained largely unchanged to this day.

Bristol today

In the past decade, Bristol has succeeded in reversing the trend of decline on which it had embarked in the 1970s. Services, high-tech, media and the other new economic sectors have continued to grow very rapidly in recent years, more than completing their replacement of traditional manufacturing as the economic base of the city. Services of various kind (primarily financial, business, professional, scientific, educational, and health) employ over three quarters of the population, while traditional sectors like manufacturing and construction are down to 5.1% and 3% respectively, against national averages of 8.8% and 4.4%.[19] With a per capita income of around £27,000,[20] and a low unemployment rate—5% between 2004 and 2009, and around 7% in the past couple of years due to the economic downturn[21]—Bristol is

[17] Bassett, "Economic Restructuring".
[18] Ibid..
[19] UK Office for national statistics, "Nomis - Labour Market Profile Bristol"; Bristol City Council - Economic Development Team, "Major Employers in Bristol & South Gloucestershire," (March 2010).
[20] Bristol City Council, "Bristol Local Economic Assessment," (March 2011).
[21] UK Office for national statistics, "Nomis - Labour Market Profile Bristol".

currently one of the wealthiest cities in the UK. Above all, it is a city on a trajectory of growth, adding new jobs to its economy every year.[22]

Equally remarkably, the city has completely reversed the demographic trends of the past decades, so much so that it currently has more inhabitants—441,300—than it did at its historic peak in the 1960s.[23] This recent population increase is due not only to the city's thriving economy, but also to a number of public and private redevelopment efforts—including the £400 million Harbourside project—which have regenerated and increased the attractiveness of many central areas.[24] Bristol's profile today is that of a white-collar mid-size city which offers its inhabitants a pleasant environment, good services and generally a high quality of living.[25]

Yet Bristol's recent renaissance has not been enough to solve some of the city's problems. Hidden in the averages are significant sectors of the population whose lack of skills and education relegates them to the low end of the service job market when it does not exclude them altogether from employment. As noted, economic distress tend to be concentrated in inner city and southern neighbourhoods. The map below shows quite clearly the location and permanence of distress by indicating the amount of time during which unemployment was over 25% in the various areas of the city between 1999 and 2009.

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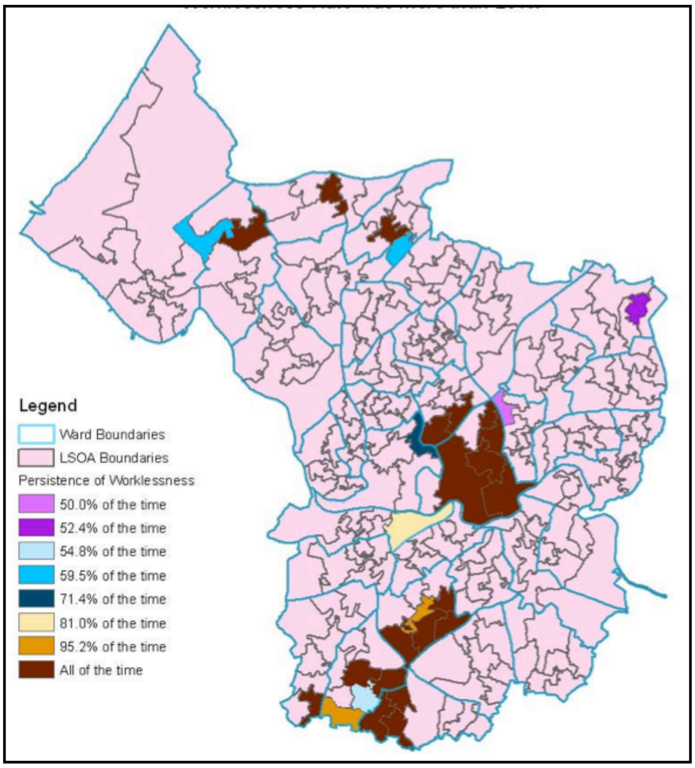
[22] Boddy et al., "Competitiveness and Cohesion in a Prosperous City-Region"; Bristol City Council, "Bristol Local Economic Assessment."

[23] UK Office for national statistics, "Nomis - Labour Market Profile Bristol".

[24] Keith Bassett, "Urban Cultural Strategies and Urban Regeneration: a Case Study and Critique," *Environment and Planning A* 25 (1993): 1773-73; Bassett, "Partnerships, Business Elites and Urban Politics".

[25] Bassett, "Urban Cultural Strategies and Urban Regeneration"; Boddy et al., "Competitiveness and Cohesion in a Prosperous City-Region"; Ron Griffiths, Keith Bassett, and Ian Smith, "Cultural Policy and the Cultural Economy in Bristol," *Local economy* 14, no. 3 (November 1999): 257-64.

Figure 16: Bristol – Permanence of unemployment by area (1999-2009)



Source: Bristol City Council

High unemployment in these areas is accompanied by a number of other social, economic and infrastructural issues—such as poverty, substance abuse, crime, low educational attainment, blight and environmental degradation—which form circles of decay and deprivation that are hard to break. The English Multiple Deprivation Index (MDI) is perhaps the best indicator of this multi-dimensional urban distress.[26] The map below shows the Bristol wards falling in the most deprived 10% of England's wards. In 2010 the city had 32 such areas, and 60,665 Bristolians, or 14% of the total, lived in them.[27]

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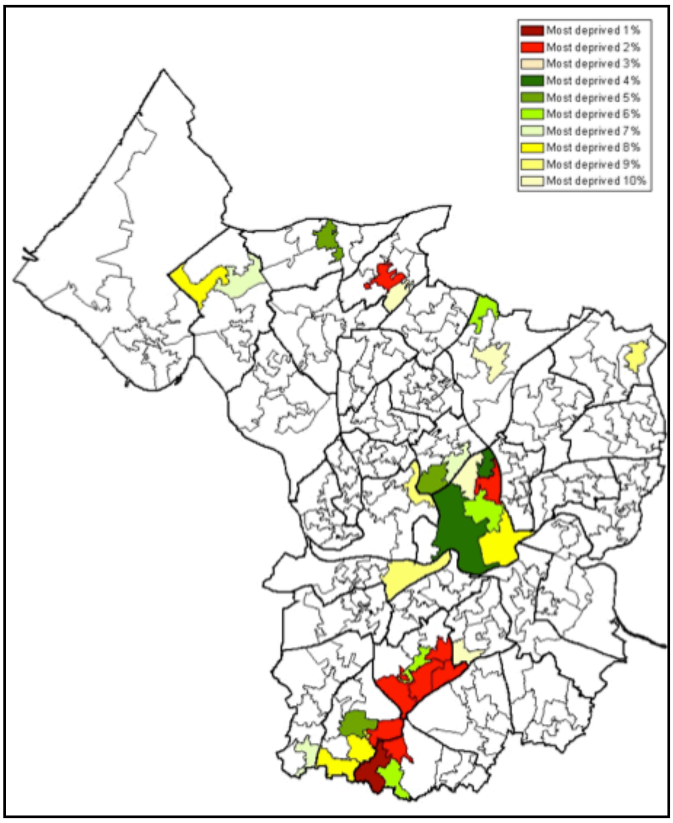
[26] More precisely, the MDI combines indicators of deprivation in the following areas: income, employment, health and disability, education, skills and training, housing and services access, living environment, crime.

[27] Bristol City Council, "Bristol: State of the City 2010," (May 2011).

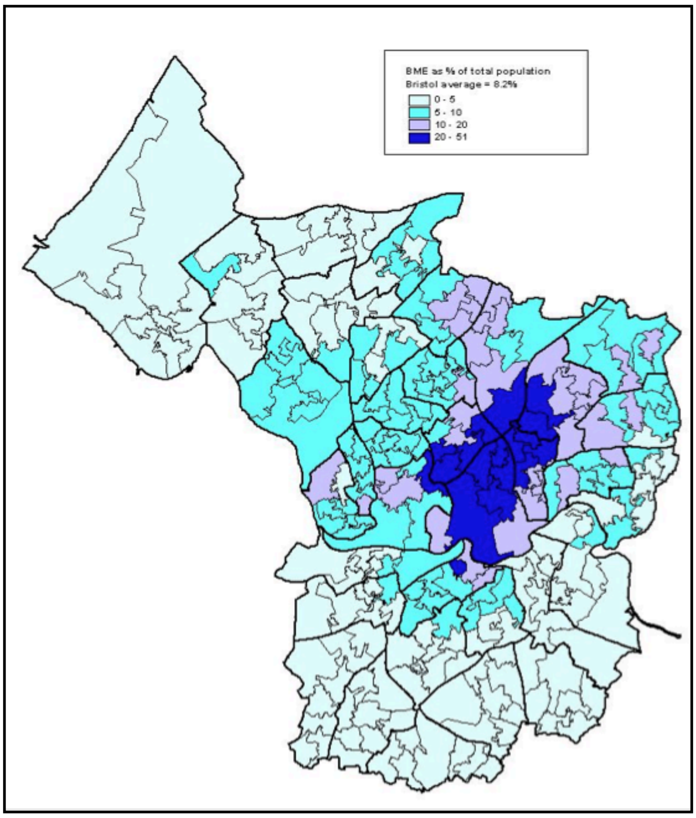
Figure 17: Bristol – Multiple deprivation by ward (2010)



Source: Bristol City Council

Finally, it is interesting to compare these two maps with a third showing the distribution of blacks and other minorities in the city.

Figure 18: Bristol – Concentration of minorities (2010)



Source: Bristol City Council

Taken together, the maps confirm the persistence of two types of deprivation in Bristol. The first, concentrated in the inner city and involving mostly minorities, echoes the pattern in the major American cities. The second, concentrated in the council housing estates of the south, involves traditional white working class people who have remained at the margins of Bristol's new economic order.

The picture emerging from the foregoing is, in sum, one of great contrasts, in which one of the richest and most dynamic cities in the country contains some of the most persistently deprived and stagnant areas nation-wide, and entirely different worlds coexist sometimes within very short distances.[28] In the past couple of decades authorities have made many efforts—and achieved a few results—to eliminate, or at least reduce these pockets of deprivation. For the most part, and in line with

[28] Boddy et al., "Competitiveness and Cohesion in a Prosperous City-Region".

developments in the rest of the country, these initiatives have departed from the physical renewal approach of the 1970s and 1980s to embrace a more community-friendly idea of urban policy, aiming to integrate the disadvantaged sectors of society to the socioeconomic mainstream. Bristol's participation in the two rounds of URBAN can be read in this broader context.[29]

The URBAN experience in Bristol

Genesis of the programme

In many ways, Bristol constituted a near ideal setting for the URBAN Community Initiative. For one thing, multiple deprivation of the sort tackled by the programme was (and is) concentrated in a number of small 'islands' located primarily in the inner and southern part of the city. This rendered Bristol a very good fit for URBAN not just because of its geographically targeted approach, but also in the light of its broad goal of reconnecting distressed areas with the wider socioeconomic fabric of the city, which, at least in theory, is easier in a context where the urban mainstream is within reach.

By the time Bristol applied for the first URBAN round, the City Council (BCC) had also acquired experience with planning and administering area-based and integrated regeneration programmes, primarily through participation in national schemes among which the Single Regeneration Budget (SRB).[30] In addition, some of the policy-making instruments that the Commission deemed crucial for the delivery of URBAN had already been tested in place in Bristol. This was particularly the case for the concept of partnership between the public sector and civil society, which was articulated in the city primarily through the Bristol Regeneration Partnership (BRP)—

[29] Carla Tedesco, *Una politica europea per la città? L'implementazione di URBAN a Bari, Bristol, Londra e Roma* (Milan: FrancoAngeli, 2005), pp. 61-66.
[30] Bristol City Council, "Bristol URBAN Programme - Action Plan," (September 1999).

several members of which, including the chair Helen Holland, later joined the partnership implementing URBAN.[31]

All these elements played a role in Bristol's application for and participation in the two URBAN rounds. In both cases, the BCC took the lead in initiating the application process and drafting the programme proposals due to its ability to capture funds—Bristol has an international office and is represented in Brussels by a South West representation office—its administrative resources and expertise in the area of urban regeneration and legal issues. For both rounds, however, the BCC sought the help and contribution of a wide range of partners, primarily from the local non-profit universe, for the identification of the areas to target and the priorities of the proposed programmes.[32]

The two programmes resulting from these consultations ended up matching Bristol's two types of deprivation described above. For the first URBAN round, the City Council and its partners opted straight away for an inner city programme focusing, as will be expounded below, on the areas of Lawrence Hill, Ashley and Easton and on their minority residents. For URBAN 2 the partnership elaborated a programme covering the southern part of the city, but only after considering it along two alternatives targeting a northern and a central area respectively.[33] Bristol's URBAN and URBAN 2 programmes were selected by the UK government, and

[31] In fact, the BRP had been established as a response to Bristol's failure to secure City Challenge funds in the early 1990s which, according to many, resulted from the scarce participation of civil society groups in the proposed regeneration plans. Holland, Helen. City councillor, former Council leader and former member of the URBAN and URBAN 2 Partnership Groups, Bristol. Telephone interview by author. 2 February 2012.

[32] In both cases, during the application stage the partnerships remained rather informal and fluid, and included a large number of actors, among whom regional representatives, local constabularies, charities, community groups, universities, schools, churches, unions, foundations and business associations. Bristol City Council, "Bristol URBAN II Draft Community Initiative Programme.", "Bristol URBAN Programme - Action Plan".

[33] Owens, Paul, former URBAN programme manager, Bristol. Personal interview by author. Bristol, 26 May 2011. See also Tedesco, *Una politica europea per la città?*, p. 120. It is important to note that even if need alone could have justified the choice of the two areas, in both rounds the BCC and its partners also considered the target areas' potential for successful and lasting regeneration as a crucial criterion for selection. As will be seen later, this lasting regeneration was only partially achieved.

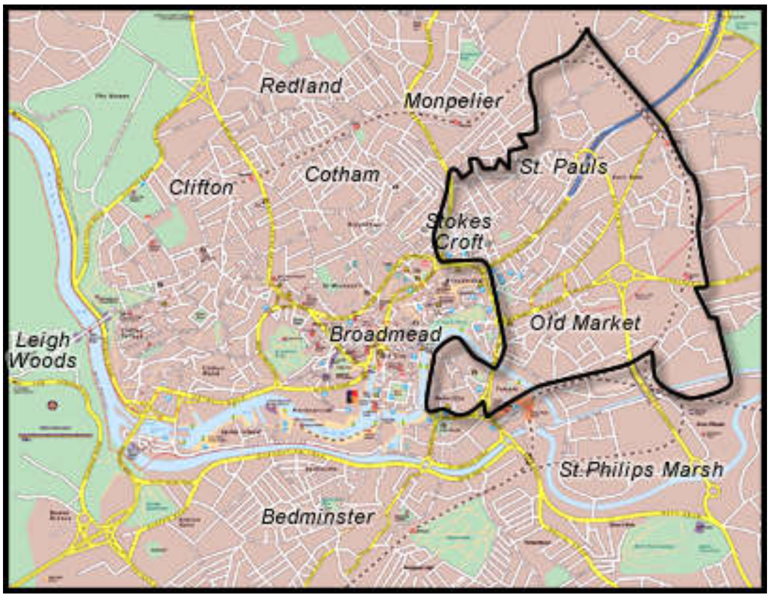
eventually approved for funding by the Commission, in May 1998 and December 2001 respectively.[34]

The target areas and structure of the programmes

<u>URBAN</u>

As mentioned in the previous section, Bristol's first URBAN was designed as an inner city regeneration programme. More precisely, URBAN targeted a rather small area that included parts of three central wards: roughly three quarters of Lawrence Hill on the south, half of Ashley (including the St Pauls neighbourhood) on the north, and a small portion of Easton on the east. At the time of application, in 1997, the area had approximately 17,000 residents.[35]

Figure 19: URBAN-Bristol target area



Source: URBAN-Bristol website

[34] Bristol City Council, "Bristol URBAN Programme 98/99". The UK government divided the first round of URBAN into two tranches. Bristol applied for the first unsuccessfully, but then obtained funding in the second tranche. It should also be noted that in both rounds the competitiveness of the UK's URBAN was mitigated by the government's decision to assign at least one grant for each reagion. Tedesco, *Una politica europea per la città?*, pp. 69-70.
[35] Bristol City Council, "Bristol URBAN Programme - Action Plan".

The URBAN area contained some of the most distressed neighbourhoods of Bristol's inner city, which presented social characteristics and aspects of deprivation in many ways similar to those found in many cities of the American Rust Belt. In the first place, these were—and still are—immigrant and minority areas. At the time of application, approximately one fourth of the target area population belonged to black and minority ethnic groups (BME), as opposed to a citywide percentage of around 5%. The most represented groups were African Caribbean, Indian, Sikh, Pakistani, Gujarati, Bangladeshi and Chinese.[36] In a fashion similar to many American cities, these minority groups had flowed into these central neighbourhoods over several decades, replacing many whites who were relocating elsewhere, and establishing ever stronger patterns of residential segregation.

Economically, the area suffered from a high unemployment rate—20% according to a City Council conservative estimate—and a higher than average incidence of low-end jobs and low-income households. This was due primarily to the residents' lack of skills and low levels of educational attainment, which prevented them from participating fully in the opportunities offered by the rest of the city, but often also to their lack of information and the scarcity of networks effectively connecting job seekers with businesses.[37]

Not surprisingly, the target area was also plagued by a number of social problems, most notably high levels of crime, violence and substance abuse, and a high incidence of single parent households.[38] Finally, the area presented many physical and infrastructural deficiencies, in the first place poor housing conditions, scarce and

[36] Ibid. It must be noted, however, that the ethnic composition of the area has been quite fluid over time. For instance, since the end of the URBAN the Somali presence has developed to a small group to a significant presence. Holland, Helen. Telephone interview by author.
[37] Bristol City Council, "Bristol URBAN Programme - Action Plan".
[38] Ibid..

dilapidated public spaces, general environmental degradation, and a road system cutting off individuals and communities and separating the area from the city centre.[39]

The table below summarises the conditions of the target area at the time of application compared to the city as a whole.

Table 11: URBAN-Bristol target area – selected indicators (July 1997)

Indicator (%)	Target area	Bristol
Registered unemployment claimants	18.6	7.1
Registered youth unemployment (16-24)	21.3	9.2
Households claiming council tax benefit	51.2	25.3
Pupils on free school meals	51.2	28.8
Black and minority ethnic groups	25.7	5.2
Lone parent households	10.3	4.2
Total rented accommodations	63.5	36.4
Local authority rented accommodations	39.1	22.1

Source: URBAN-Bristol Action Plan

As it often happens, the various problems of the area targeted by URBAN tended to reinforce each other. In this case, the vicious circle of urban distress was also compounded by the inadequate coverage of a number of needed public services (such as employment centres and childcare facilities) and the limited reach of the area's voluntary sector and existing regeneration initiatives, in the first place the Single Regeneration Budget.[40]

At the same time, the area presented many opportunities for future development by virtue of its proximity to the city centre. Perhaps the most significant of these opportunities were offered by a number of redevelopment projects, such as Harbourside and Temple Quay, which would continue generating jobs in future years

[39] Ibid..
[40] Ibid..

both directly, given big construction investments involved, and indirectly thanks to their effects on the commercial and tourist development of the area.[41]

URBAN's main goal was hence to build on and extend existing public and voluntary sector to reconnect the target area to the rest of the city economically as well as socially, and ultimately foster its overall improvement. To this aim, the programme was given a budget of £6,618,096, almost half of which financed by the European Union. The table below details the funding breakdown for URBAN-Bristol.[42]

Table 12: URBAN-Bristol funding sources

Source	Amount (£)
EDRF	2,215,296
ESF	673,050
Public and voluntary sector[43]	3,037,032
Private sector	692,718
TOTAL	6,618,096

Source: author's calculations on URBAN-Bristol Action Plan data

To achieve URBAN's goals, the BCC and its partners elaborated a programme divided in three substantive priorities and a technical assistance one. The table below summarises the structure of URBAN-Bristol.

[41] Ibid..
[42] Figures refer to the exchange rate at the time of URBAN's approval: £1 = €0.641.
[43] The public sector contribution included a variety of sources, most notably the City Council, the national lottery, the SRB, the New Deal for Communities and the Further Education Funding Council Bristol City Council, "Bristol URBAN Programme 98/99".

Table 13: URBAN-Bristol programme structure

Priority	Funds (£)	%	Measures
1. Launching new economic activities	3,418,147	51.65	1.1 Build business capacity 1.2 Recruitment guidance for local enterprises 1.3 Enterprise workshops 1.4 Linking community and employers
2. Developing local capacity	783,924	11.85	2.1 Support of small community groups 2.2 Increase participation in URBAN 2.3 Develop information and support network
3. Improving prospects for local employment	1,612,262	24.36	3.1 Link communities to employment and training 3.2 Develop integrated employment services offering
4. Technical assistance	803,763	12.14	4.1 Identify and disseminate good practices 4.2 Establish an accessible and flexible funding source for groups
TOTAL	6,618,096	100	

Source: Author's elaboration on URBAN-Bristol Action Plan data

As its name suggests, the first priority of URBAN was an economic development one. This part of the programme was built on the idea that one of the main shortcomings of the target area was its inability to develop and sustain a sufficient level of business activity, let alone attract investments from other parts of town. To expand and strengthen the economic base of the area, URBAN devoted over half of its funding to fund activities to increase the business abilities of its residents, render the area more attractive for investments as well as people, and improve the local business infrastructure. Prominent in this priority were the development of networks of local traders, the establishment of workshops and other forms of assistance for new businesses, the creation of more systematic links between businesses and job seekers and, finally, a number of measures to promote the ethnic traits of the area and improve their ‘marketability’ in the form of ethnic restaurants and food shops, festivals, and so on.[44]

Closely connected to these measures was the third priority of URBAN, ‘Improving prospects for local employment’, which took approximately one fourth of the total budget. More directly focused on the poorer strata of the local population—as opposed to the first priority, which relied mostly on a ‘trickle down’ logic—this part of the programme aimed to improve the level and quality of local employment primarily through activities that would raise the skills level in the area (most notably in the area of IT), remove other barriers to employment (such as language difficulties and the lack of self confidence), and improve networks, information, and referral systems to connect supply and demand of labour. Vulnerable or disadvantaged categories, such as minorities, women, and people with young children, received particular attention in this priority.[45]

In between these two key axes, URBAN-Bristol included a priority for local capacity building. This part of the programme focused on the local voluntary sector to improve its ability to participate not only in URBAN itself, but also, and more importantly, in future regeneration programmes targeting this or other areas. Actions to disseminate information on URBAN, train local and community groups, connect URBAN and other regeneration schemes, and establish voluntary sector networks were funded under this priority.[46]

The fourth and final priority was technical assistance. Mostly covering administrative costs, this priority is nonetheless worth noting here as it included a few types of activities which followed directly from the highly prescriptive nature of URBAN, in the first place measures to disseminate good practices in regeneration (in

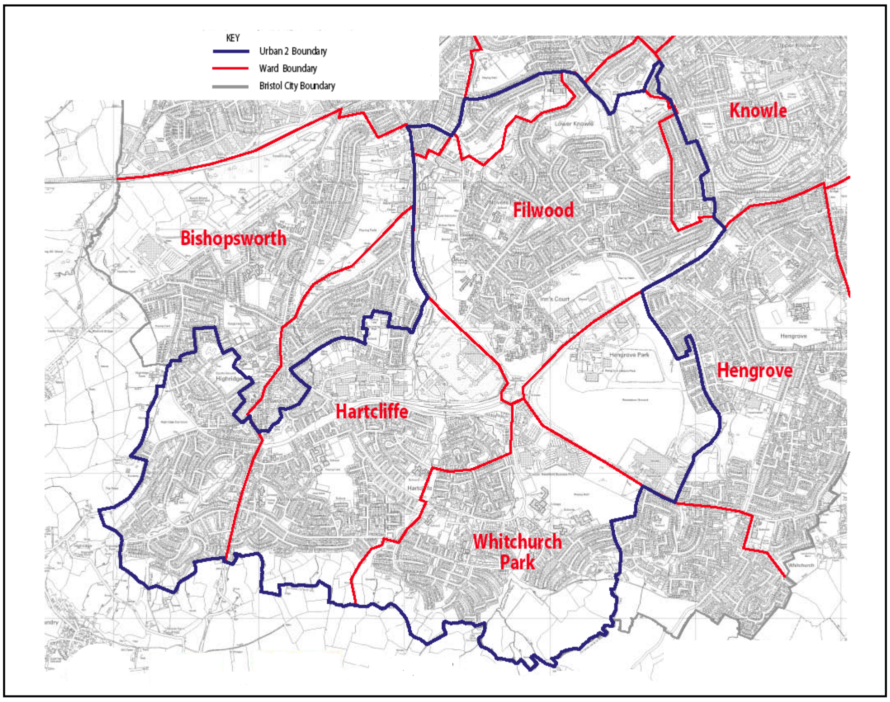
[44] "Bristol URBAN Programme - Action Plan".
[45] Ibid..
[46] Ibid..

the city and beyond, through networks like URBAN-UK and Eurocities) and initiatives to increase the visibility of the programme among the population and the institutions. Finally, URBAN-Bristol included in this priority also a 'Key Fund' aimed to help partner voluntary groups in need of matching funds.[47]

URBAN 2

For URBAN 2, the City Council and its partners selected a wider area covering parts of seven wards located in the southern end of the city: significant portions of Hartcliffe, Filwood and Whitchurch Park, and smaller parts of Hengrove, Bishopsworth, Knowle and Windmill Hill. At the time of application, 37,041 people resided in the area.[48]

Figure 20: URBAN 2-Bristol target area



Source: adapted from the URBAN 2-Bristol Final Report

[47] As will be clear in the next section, the key fund was added after the initial elaboration of the programme as a response to the difficulties experienced by many groups with finding matching funds for their projects. "Bristol URBAN I Community Initiative: Closure Report".
[48] "Bristol URBAN II Draft Community Initiative Programme".

While suffering from similar levels of deprivation, this area had a markedly different social profile from the first URBAN target area. As mentioned earlier, the urbanisation of this area of Bristol can be traced back for the most part to the interwar and early post-WWII period, when the Council built a number of housing estates to accommodate the workers of the nearby factories. A typical white working class area from its inception, this part of town was the worst hit by Bristol's deindustrialisation. Starting in the 1970s, the departure of traditional manufacturing (most notably cigarette making) gradually took away what had been for decades the residents' natural channels into the urban economic system, determining ever worsening economic decline and higher levels of (often long-term) unemployment than the rest of the city.[49]

Similarly to the inner city case, low levels of educational attainment, lack of skills and the scarcity of employers in the area were seen as the main obstacles to the residents' participation in the city's thriving tertiary and high tech sectors. In addition to this, the URBAN 2 area suffered from a more tangible physical separation from Bristol's more prosperous areas due to bigger distances and insufficient transport connections.[50]

Here too, the economic decline of the area had brought about, and was reinforced by a series of social and infrastructural problems. Among the former, alcohol and drug abuse, high levels of personal and property crime (especially in Filwood), and a general lack of safety were the most notable. On the infrastructural side, the main issues were a decaying housing stock and, generally, poor housing conditions, deteriorated public spaces and poor air and water quality.[51]

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[49] Bristol City Council, "South Bristol URBAN II Programme - Action Plan"; "Bristol URBAN II Draft Community Initiative Programme".
[50] Ibid..
[51] Ibid..

As in the previous case, it is useful to summarise the state of the area compared with the rest of the city through some selected indicators.

Table 14: URBAN 2-Bristol target area – selected indicators

Indicator (%)	Target area	Bristol
Registered unemployment claimants (2000)	6.4	4.7
Economically inactive population (1991)	41	38.3
Youth unemployment (men/women 16-24) (2000)	29/44	21/32
Population aged 0-24 (1991)	39.9	32.5
Homeownership rate (1991)	36.1	63.6
Local authority rented accommodation (1991)	58.5	22.1
Black and ethnic minorities (1991)	1.7	5.1
People attaining 5 + GCSE A* - C (2000)	15.5	32
Residents with higher education qualifications (2000)	1.5	15.6
Residents under pension age with long term illness (2000)	9.4	6.9
Single parent households (over households with dependent children) (2000)	23.7	15.8

Source: URBAN 2-Bristol Programme and Action Plan

One of the aspects on which the BCC and its partners focused in selecting the target area and designing the programme for URBAN 2 was the presence of higher than average proportions of young and very young people. Young people were relevant for the state and the fortunes of the target area in several respects: they were among the main victims of the area's deprivation, as they suffered from the highest rates of unemployment and found themselves exposed to an unhealthy social environment.[52] At the same time, and partly as a result of the foregoing, young people and their behaviour were also perceived by many as one of the main causes of the area's bad reputation and economic misfortunes.[53]

To these two 'traditional' views the URBAN 2 partners group added a third, namely that of young people as an opportunity for the regeneration of the area. Based on this principle, the partners group designed a programme revolving especially

[52] The problem was even bigger in the light of demographic projections, which forecasted a growth of the young population in the south of the city in the following years. Ibid..
[53] Ibid..

around them as the main targets of the city's action but also, on the opposite end of the relationship, as key actors in the implementation of the programme.[54]

In funding terms, URBAN 2-Bristol was twice as big as the first round, with a total budget of £13,748,052,[55] approximately half of which came, like previously, from EU funds.

Table 15: URBAN 2-Bristol funding sources

Source	Amount (£)
ERDF	6,527,130
Public sources	6,528,232
Private sources	692,690
TOTAL	13,748,052

Source: author's calculations on URBAN 2-Bristol Action Plan data

As in the first round, the total budget of URBAN 2-Bristol was divided into four priorities. The first three were substantive and corresponded to the three elements in the slogan chosen for the programme: 'Our work, our place, our future'. The fourth was, as usual, technical assistance. Below is a table summarising the structure of URBAN 2-Bristol.

Table 16: URBAN 2-Bristol programme structure

Priority	Funds (£)	%	Measures
1. 'Our work'	3,347,768	24.35	1.1 Jobs
2. 'Our place'	5,981,090	43.51	2.1 Improving the environment 2.2 Tackling crime and drugs
3. 'Our future'	3,374,173	24.54	3.1 Getting together
4. Technical assistance	1,045,021	7.6	4.1 Basic assistance 4.2 Complementary assistance
TOTAL	13,748,052	100	

Source: author's elaboration on URBAN 2-Bristol Programme and Action Plan data

[54] Ibid..
[55] £1 = €0.613.

Obviously enough, the first priority was about jobs and employment. As in the first round of URBAN. This priority used one fourth of the programme's funds to target the weakest sectors of the area residents with measures to improve their employment prospects. Unlike the first round, URBAN 2 had an additional focus on people between the age of 10 and 30, and in particular the 'status zero' among them, *i.e.* those not working, not in school, and generally out of the social mainstream. These were seen as not only the most vulnerable part of the local society, but also the key target for breaking the vicious circle of urban distress.[56] To improve young people's present and future position in the city and regional job market, this priority aimed to fund activities to improve their skills and educational level, increase their self esteem and the existence of positive role models, facilitate contacts between employers and job seekers, and improve the physical connections between the target area and the rest of the city.[57]

The second priority, 'our place', was aimed at improving the quality of living, attractiveness and safety of the area. It aimed to do so mainly by intervening on the use, appearance and quality of public spaces. In doing so, the programme wanted to take advantage of a few opportunities offered by the target area, such as the presence of several brownfield sites, the availability of space—this was, and is, a low density area—and the presence of parks and wildlife in the surroundings. Accordingly, this priority included activities to redevelop derelict land, improve and maintain common facilities such as courts, shelters and youth centres, clean up parks and streams, and so on.[58]

The area was to be safer and more attractive also by diminishing the level of crime and drug use. The goal here was not only to tackle present problems, by

[56] Ibid..
[57] Ibid..
[58] Ibid..

reducing drugs and crime, and the level of tolerance of them, but also to act on the future, by doing preventive work to keep young people away from these activities. Initiatives for drug prevention, bullying prevention, neighbourhood watch, but also diversionary activities such as social, sport and cultural events were included in this measure.[59]

The third priority, 'our future', aimed to support capacity development among the young people in the target area. As in the first round of URBAN, the goal here was not just to ensure a full and effective participation of local groups in the planning and delivery of the programme, but also to equip them to play a role in future regeneration efforts and, more generally, in the future social and economic life of the area. In practice, this priority funded activities such as small grants, training, organisational support for voluntary groups, network building, and so on.[60]

The fourth priority was technical assistance. Exactly as in the first URBAN, this priority included traditional administration as well as more specific activities like dissemination of best practices and publicity. In line with the rest of the programme, however, here too young people were given a central role.[61]

Some common analytical observations

Before examining the implementation of URBAN in Bristol, and the challenges arising from it, it is worth making some observations about the structure of the two programmes. The most obvious aspect emerging from the above analysis is the marked difference in the nature of the two URBAN programmes: as shown above, the first URBAN was mainly a people-oriented programme, where the vast majority of funds was devoted to improving the economic conditions of the area, either from the

[59] Ibid..
[60] Ibid..
[61] Ibid..

side of labour or from the side of business. URBAN 2, on the other hand, was a much more diverse regeneration programme, combining a focus on economic issues (this time mostly from the side of employment and employability) with measures to improve the area socially and physically.

There are several reasons for the differences between the two URBAN programmes. One is that the sort of physical interventions that the more densely populated URBAN target area might have needed—housing measures in the first place—were simply ineligible under EU structural funds rules. Another has to do with the UK government which, in the first round of URBAN, encouraged beneficiary cities to prioritise activities aimed at improving the human and social capital of the areas involved, and the business environment.[62] Furthermore, it is likely the case that many of the social and infrastructural needs of the URBAN area were being covered by other regeneration programmes (such as the SRB, the NDC, the Inner City Lifeline and a few neighbourhood renewal programmes) in a more complete way than it was the case for URBAN 2.[63] Finally, there might have been a deliberate choice on the part of the URBAN partners group, to design a mostly economic programme, on the belief that the key to the area's revival was in the first place in its economic prosperity. Whatever the combination of the above reasons, it is certainly interesting to note how two profoundly different programmes were applied to two areas whose deprivation was equally multifaceted.

A characteristic shared by the two Bristol URBAN programmes, on the other hand, was the big space given to capacity building measures for the voluntary sector, which were devoted around 12% and 25% of the two programme budgets respectively. At its simplest level the choice to devote significant resources to

[62] Bristol City Council, "Bristol URBAN I Community Initiative: Closure Report".
[63] "Bristol URBAN Programme - Action Plan".

capacity building within a regeneration programme implies a trade-off: on the one hand, it takes away funds from more substantive regeneration activities, but on the other hand it puts civil society in the condition of contributing to regeneration at a later date by capturing and administering funds. Put differently, capacity building sacrifices immediate regeneration to make an investment on the future.

Looking at Bristol's two URBAN programmes, it is quite clear that the BCC and its partners made a deliberate choice in favour of this investment on the future. This was important in the context of a fixed-time programme like URBAN where capacity building provided the BCC with an 'exit strategy' to prolong some of the measures and the effects of the URBAN programme once the public funds would be withdrawn.[64] As will be seen below, to what extent this exit strategy has been successful is open to question.

Implementing URBAN: mechanisms and challenges

Bristol's two URBAN programmes were implemented through a rather complex set of mechanisms and institutional actors. To a large extent, this followed from the administrative rules imposed by the EU structural funds. To these, however, the UK government added its own layer of regulations, which contributed to make the URBAN administrative process even more intricate. The URBAN implementing structure remained for the most part unchanged from the first to the second round, and can be roughly divided into two functions, namely management and monitoring. In the UK, managing responsibilities for the URBAN programme remained formally with the central government,[65] which acted through its various regional offices—in

[64] "South Bristol URBAN II Programme - Action Plan.", "Bristol URBAN Programme - Action Plan".
[65] More precisely, the Department of the Environment, Transport and Regions (DETR) was responsible for the first round of URBAN, while its successor, the Department for Transport, Local Government and the Regions (DTLR) formally managed URBAN 2.

this case the Government Office for the South West (GOSW). However, given the nature of the programme, and the existence of administrative capacities in Bristol, the GOSW in turn delegated most of the URBAN managing tasks to city authorities.[66]

Consistent with URBAN-UK rules, the central actor in the implementation of Bristol's two programmes was an Urban Partnership Group (UPG), a collective body composed of representatives of the BCC (usually councillors), the civil society (primarily the voluntary sector and the business community) and local residents. Each of the two URBAN rounds had its own UPG—with 15 and 16 members respectively—which met monthly and was in charge of steering the programme in accordance with the approved plan and EU rules.[67] For day-to-day administration, support and for ensuring the general progress of the programme, the UPG was complemented by a small team of full time administrators, led by a Programme Officer. Consistent with EU additionality rules, the latter was recruited from outside the City Council and, like the UPG, changed from the first to the second round of URBAN.[68]

Perhaps the main decisions that the URBAN UPGs had to make was the selection of projects to fund. In the Bristol case this was an important task, as both URBAN programmes were implemented for the most part through sub-granting to non-profit groups. In both rounds, project selection was done through a two-stage process, whereby groups would first present an outline application and then, based on the UPG and Programme Officer's feedback, submit a full application, on which the

[66] Owens, Paul. Personal interview by author. See also Bristol City Council, "South Bristol URBAN II Programme - Action Plan"; "Bristol URBAN Programme - Action Plan".
[67] In URBAN 2, UPG membership was designed so as to include a significant number of people under 25. Bristol City Council, "South Bristol URBAN II Programme - Action Plan".
[68] Owens, Paul. Personal interview by author.

UPG would decide upon recommendation of the Programme Officer.[69] In addition to the ability to contribute to URBAN's goals, key requirements for funding were the sustainability of the project past the period of URBAN funding and the availability of matching funds from other public or private sources.[70] After approval of their projects, groups signed contracts with the BCC and began their work, financed mostly on a reimbursement basis.

On top of this managing structure, URBAN had a monitoring structure at the centre of which was the Programme Monitoring Committee (PMC), a body including representatives of the BCC, the UK government and the European Commission who met quarterly to evaluate implementation of the programme and ensure its compliance with the regulations and consistency with the approved plan.[71] The PMC did so mostly based on quarterly and annual reports prepared by the URBAN Programme Officer. Needless to say, the latter, and the UPG exercised an analogous type of monitoring on the sub-grantees of the programme.[72]

URBAN and URBAN 2 ran from 1998 to 2001 and from 2001 to 2008 respectively, supporting 27 and 59 projects.[73] As will be clearer in the next section, both programmes eventually met their targets to a satisfactory degree. Both, however, encountered a number of obstacles and challenges which hindered their implementation at various stages. The most obvious of these challenges came from

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[69] Bristol City Council, "South Bristol URBAN II Programme - Action Plan"; "Bristol URBAN Programme - Action Plan". The two-stage procedure was meant to minimise abortive work by applicants whose proposals were unlikely to be funded, and make sure that the groups invited to the second stage stood good chances of success. Owens, Paul. Personal interview by author.

[70] Bristol City Council, "South Bristol URBAN II Programme - Action Plan"; "Bristol URBAN Programme - Action Plan".

[71] The PMC was also in charge of formally approving all URBAN projects—a task which was, however, largely *pro forma*. Anonymous. Interview by author. It should also be noted that the initial monitoring structure of the first URBAN programme included an URBAN Monitoring Committee (UMC). However, this body was absorbed by the PMC immediately after the beginning of the programme, and omitted altogether in URBAN 2. Bristol City Council, "Bristol URBAN I Community Initiative: Closure Report"; "South Bristol URBAN II Programme - Action Plan".

[72] Owens, Paul. Personal interview by author.

[73] While the programmes officially ended in 1999 and 2006 respectively, project spending was allowed to continue past those dates.

having to implement the programme through a new and distinct structure from those of the BCC. This caused delays in the implementation of URBAN, as a considerable amount of work on governance was required before actual delivery could take place. Kelvin Blake, a former Councillor and member of the URBAN 2 UPG, put it quite simply when he recalled that it took a substantial amount of time for the members of the Partnership Group to figure out exactly 'who was responsible for what'.[74]

In both URBAN rounds, setting up the programme managing and monitoring structures ended up taking more than one year. This caused the spending of funds to be quite slow at the beginning and rushed in the end of the funding periods, and the latter to be extended beyond the formal end of the programmes.[75] Additionally, the creation of new forms of cooperation between the voluntary and the public sector generated some initial mistrust and difficulties between the two, which however faded away as the programme proceeded.[76]

A related yet distinct challenge was the unfamiliarity of the various URBAN actors with the rules of the programme. This was particularly true for the voluntary groups participating as sub-grantees as well as those sitting on the UPGs, which required a substantial amount of training from the BCC personnel. The high turnover in the UPG membership, especially for URBAN 2, made the whole enterprise even harder.[77] However, the City Council people too faced quite a steep learning curve, given the city's relative lack of experience with the management of EU funds.[78]

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[74] Blake, Kelvin, Former member, URBAN 2 Partnership Group, Bristol. Telephone interview by author. 3 February 2012.

[75] Bristol City Council, "Bristol URBAN I Community Initiative: Closure Report"; "Final Annual Implementation Report for the Bristol South URBAN II Programme, 2000-2006," (2008).

[76] EKOS, "URBAN Interim Evaluation - Final Report," (January 2000).

[77] Holland, Helen. Telephone interview by author. Blake, Kelvin. Telephone interview by author.

[78] Bristol City Council, "Final Annual Implementation Report for the Bristol South URBAN II Programme, 2000-2006"; "Bristol URBAN Programme - Action Plan". The first URBAN programme presented particularly big difficulties due to the participation of the European Social Fund, which had rather complex management and monitoring requirements. See "Bristol URBAN I Community Initiative: Closure Report".

Finally, the existence of two different managing structures between URBAN and URBAN 2 rendered institutional memory between rounds minimal if existent at all.

EU funding rules were not only new, they were also very complex. the highly bureaucratic, jargon-heavy and complicated EU approach to regeneration funding posed an additional problem for the local authorities and especially for non-profits, which more often than not possessed only limited administrative capacities.[79] Time and the arrival of dedicated staff soon after the beginning of the programmes mitigated this problem, but did not eliminate it.[80]

The rigid geographic targeting rules of URBAN posed additional implementation problems: for one thing, they led the BCC and its partners to design the areas of intervention somewhat artificially to satisfy a number of criteria imposed by the EU (such as population thresholds) in addition to more directly relevant indicators of distress.[81] For another they added rather inflexible geographic criteria for project eligibility, which not only complicated the management and monitoring of the programmes even further, but also prevented the financing of activities which might have been quite valuable for the regeneration of the target areas, but nonetheless had spillovers outside their limits. As the programme manager for the first URBAN recalls:

> [w]e have also had amazing problems with the ESF regulation especially as to the beneficiaries having to be resident of the area. That was tricky. The infrastructure-type projects were not so bad, but we still had to demonstrate that the benefits were in the area without leakage. We had some problems with that as there might be a fantastic opportunity of investment which we could not exploit because it was out of the URBAN area.[82]

[79] EKOS, "URBAN Interim Evaluation - Final Report".
[80] Ibid. Also Owens, Paul. Personal interview by author.
[81] This was especially true for URBAN 2, the eligibility criteria for which referred more directly to the target area than the city as a whole.
[82] Owens, Paul. Personal interview by author.

Analogous consequences followed from the ineligibility of a number of expenditure categories commonly associated with—and sometimes needed in—urban regeneration policies. Two prominent cases were housing and health-related projects, the exclusion of which left the two URBAN programmes somewhat 'truncated' and many local groups puzzled and disappointed.[83] Strict eligibility rules also eliminated all those initiatives which, although potentially beneficial to the target areas, had components lying outside the range of traditional regeneration activities. Once again, Paul Owens's own words are quite clear:

> [i]t is absolutely fine that funds are focused in some way. But there are areas where we have a difficulty in interpretation. We have, for instance, a lot of tricky issues about retail, which is not eligible. … Retail activities might in some cases provide vocational opportunities for people. So there should be in some cases some relaxation of rules. Also with housing, there is a strong correlation between housing families, employment and infrastructure. For instance, … [u]sing the latest technologies for insulation of homes would contribute to the environmental targets of the EU, but we cannot do it because it is housing. … [S]ome relaxation of the rules would [allow us to] capture [these] areas where benefits are mixed.[84]

The co-financing requirements of URBAN were a final source of implementation problems. As explained above, Bristol adopted a 'bottom up' approach to the issue, which shifted most of the co-financing burden onto participating groups by posing availability of matching funds as a condition for their participation in the URBAN programmes. Granted, from the beginning, BCC authorities and the Programme Officers assisted groups by providing information on potential funding sources and facilitating contacts between funders and non-profits. In spite of this, finding matching funds remained quite a big obstacle for many groups, and especially small ones. Eventually the UPGs relaxed some of the co-financing requirements and stepped in more directly in helping voluntary groups with matching

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[83] Ibid. and EKOS, "URBAN Interim Evaluation - Final Report".
[84] Owens, Paul. Personal interview by author.

funds—the 'Key Fund' in the first URBAN programme, for instance, was established to support weaker groups.[85] This alleviated the problem but did not solve it completely: the difficulty for sub-grantees to find matching funds remained one of the most critical aspects of URBAN highlighted in the programme final reports.[86] Here too, in sum, one can say that EU requirements somehow detracted from the overall efficiency of the programmes, and maybe even prevented some worthwhile regeneration activities from being undertaken.

Output, outcomes and the legacy of URBAN

In planning the two URBAN programmes, the BCC and its partners included a set of output targets for each of the priorities and measures. At the end of their programme periods, both URBAN and URBAN 2 had spent virtually all their funds, met almost all output targets, and outdone expectation for many of them.[87] Judged according to these standards the two URBAN programmes provided very good value for money.[88]

Perhaps more interesting than hard outputs, however, are the outcomes of the two programmes. Measurement and assessment here are much trickier. The data presented above show that overall distress in the two areas targeted by URBAN has not changed much. However, given URBAN's limited funds and the difficult starting conditions of the two areas, nobody expected the neighbourhoods involved to turn around as a result of the programme. One should also add that, especially for URBAN 2, some of the effects of the programme might be felt in the long run, and hence not

[85] The Key Fund was financed mostly by diverting money from the programme's first priority. Bristol City Council, "Bristol URBAN I Community Initiative: Closure Report".
[86] Ibid. and "Final Annual Implementation Report for the Bristol South URBAN II Programme, 2000-2006".
[87] Bristol City Council, "Bristol URBAN I Community Initiative: Closure Report"; "Final Annual Implementation Report for the Bristol South URBAN II Programme, 2000-2006".
[88] As it often happens, however, it is not entirely clear to what extent such results were the consequence of good performance as opposed to initial conservative estimates.

be observable yet.[89] Finally, some of the neighbourhoods included in the programmes—most notably inner city ones—still suffer from being transition areas, which people tend to leave once their economic conditions improve.[90]

That said, the two programmes did achieve a number of visible and smaller scale results. Both programmes could claim some success in diminishing unemployment, increasing the skills level and self-esteem of residents, and improving the outside perception of the areas.[91] In addition, the first URBAN programme can be credited with having stimulated the economic and entrepreneurial activity of the neighbourhoods involved,[92] while URBAN 2 was more successful on the infrastructural side—supporting, among other projects, the redevelopment of Symes Avenue in Hartcliffe, the Archimedia project in Knowle West, a Community hub in Wiuthywood and Room 13 in Hartcliffe—and with crime reduction.[93] The impact of these achievements on the wider regeneration of the areas is, of course, much harder to judge. Most of the actors involved in the two programmes, however, express satisfaction with these results, and see URBAN as an overall success story.[94]

A closely related question is that of sustainability. In implementing its two URBAN programmes, Bristol put great emphasis on this aspect, focusing on the sustainability of URBAN's results as well as that of actions for regeneration in the target areas and beyond. The latter side, on which the UPGs had more direct control,

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[89] Bristol City Council, "Final Annual Implementation Report for the Bristol South URBAN II Programme, 2000-2006".
[90] "Bristol URBAN I Community Initiative: Closure Report".
[91] Ibid.; "Final Annual Implementation Report for the Bristol South URBAN II Programme, 2000-2006". Needless to say, the overall growth of Bristol's economy from the early 1990s also contributed to these results.
[92] Bristol City Council, "Bristol URBAN I Community Initiative: Closure Report". Also Holland, Helen. Telephone interview by author.
[93] "Final Annual Implementation Report for the Bristol South URBAN II Programme, 2000-2006"; ECOTEC, "Ex-Post Evaluation of the URBAN Community Initiative 2001-2006"; Holland, Helen. Telephone interview by author.
[94] Owens, Paul. Personal interview by author. Holland, Helen. Telephone interview by author. Blake, Kelvin. Telephone interview by author.

received particular care in the two programmes.[95] Capacity building was the main element of Bristol's strategy. To this, authorities added the absorption of a number of URBAN projects in the city's mainstream policies and the continuation of some others within later externally funded programmes, such as the SRB and Objective 2, which ran at the same time of URBAN 2 and supported some measures similar to those funded with the first URBAN.[96] However this strategy still left a number of valuable programmes uncovered and hence unsustainable after URBAN. This is seen by many as one of the main downsides of the URBAN programme.[97]

The final point to note concerns governance. One of URBAN's main goals as a Community Initiative was to encourage a certain mode of action in urban policy, the main components of which were functional holism and the concept of partnership. As shown previously, Bristol—like other British cities—joined the URBAN initiative with a substantial amount of experience with both these aspects. This certainly helped the city manage not only URBAN itself but also later programmes, like Objective 2, which adopted a mode of governance very similar to URBAN.[98] However, one should not underestimate the role of external constraints such as the EU or the UK government here. With those constraints gone, some observers do lament a tendency to revert to a top down and silo-type mentality in more recent regeneration work:

> [s]ome of the good practices were taken forward and we kept networking with other European cities and regions. But my criticism of Bristol is that over the years we—some politicians have wanted this to happen but somehow the offices have not been able to deliver—have not been able to 'mainstream' the activities or the learning from some of the regeneration programmes which provided additional funding. …There were things that we wanted to do and we were able to do more of them…through the use of the programme. But then we didn't think

[95] EKOS, "URBAN Community Initiative - Best Practice Handbook" (January 2000).
[96] Owens, Paul. Personal interview by author.
[97] Ibid. and Holland, Helen. Telephone interview by author.
[98] The fact that Paul Owens, the Programme Officer for URBAN, later went on to lead the Objective 2 management team played a significant role in this respect. Owens, Paul. Personal interview by author.

> hard enough about what would happen when the money ran out. …It is about embedding the learning from programmes.[99]

This difficulty to make the URBAN lessons stick in the city's 'normal' policy process has the potential to jeopardise the governance gains made with the Community Initiative for future years.

[99] Holland, Helen. Telephone interview by author.

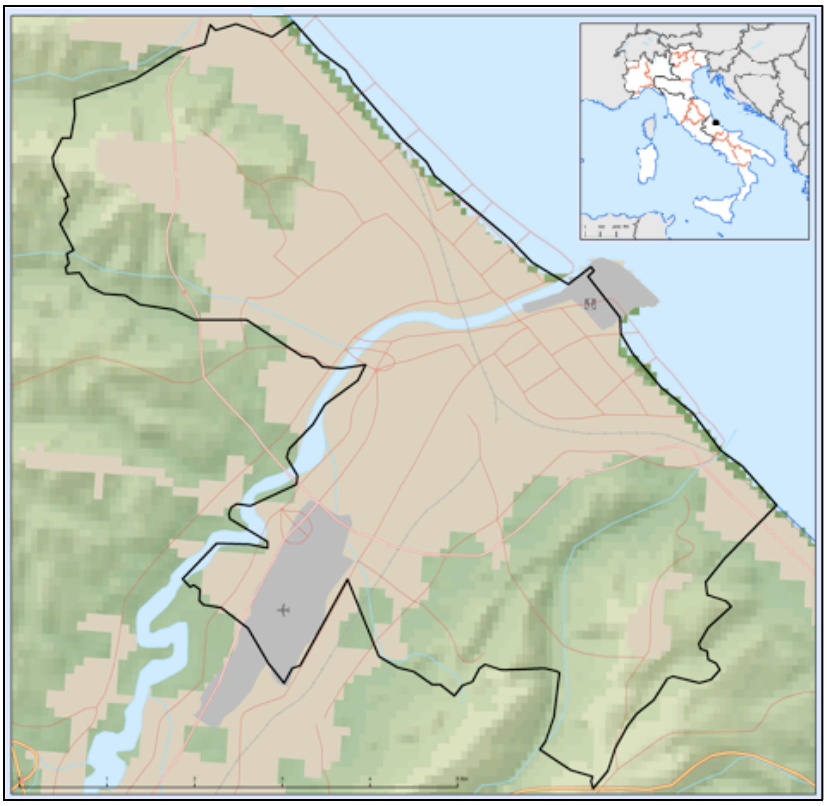
Chapter 8

QUICK TO LEARN, QUICK TO FORGET: URBAN 2 IN PESCARA

Introduction

Little known outside Italy, Pescara is a mid-size city located in the coastal area of the small Abruzzo region, of which it is one of the four province seats. With a population of around 123,000 and a metropolitan area of over 350,000 people, Pescara is also the region's economic, cultural and political centre of gravity.

Figure 21: Pescara's territory and location



Source: adapted from the Urban Audit website

Compared to many of its counterparts in Italy and elsewhere, the history of Pescara as a city is rather recent. Founded in pre-Roman times, Pescara remained a small port until the mid-19th century, when it began a steady growth which turned into an economic and demographic explosion in the four decades after WWII. As it transitioned from town to city, Pescara experienced a number of problems connected with urbanisation. Many of these were infrastructural, environmental and aesthetic in nature, and resulted from the largely uncontrolled expansion of the city's built environment. Others were social and followed from the rapid emergence of isolated peripheries where Pescara's economic distress concentrated. For the most part, these problems have remained ever since, worsening in the past three decades due to an ageing infrastructure, the rise of new social challenges such as immigration and drug abuse, and an economic decline that, although contained, has taken its toll on the city's fringes.

In recent years, local authorities have stepped up efforts to tackle Pescara longstanding issues. Consistent with the Italian tradition, they have done so primarily by improving and expanding the city's physical infrastructure. Lately, however, more attention has been paid to the socioeconomic side of the urban problem. Pescara's participation in the second URBAN was the main product of this wider focus. URBAN was an important challenge for Pescara as it exposed the city, for the first time, to the principles of integrated urban development. For its part, the city passed the test, executing an original and successful programme. On the other hand, authorities encountered more than a few hurdles in implementing the programme. Also, and more importantly, they have not been able to internalise the ideas promoted by URBAN in the ordinary administrative structures and practices of the city. As a result, the lessons that Pescara learnt so quickly are now being lost with equal rapidity.

The trajectory of Pescara's development – late growth and its consequences

Division and modernisation

The beginning of Pescara's life as a modern city coincided, oddly enough, with its division. One of the Kingdom of Naples's medieval *universitates* reformed by Joseph Bonaparte in 1807, Pescara had then two parts: Portanuova, a port with pre-Roman roots on the south bank of the Aterno-Pescara river, and Castellammare, a more recent rural settlement on the north bank.[1] The socioeconomic differences of Pescara's two halves were compounded by a deep and mutual animosity, which led them to split with the advent of the Napoleonic reform, and begin their new life as municipalities on their own.[2]

Under the restored Bourbons, both Portanuova and Castellammare experienced slow and steady growth. It was Italy's unification, however, that gave the two towns the first important impulse to expansion. The opening of the Adriatic railway line in 1863 put Pescara at the centre of the coastal traffic and, together with the Roman road *Tiburtina Valeria*, placed it in a strategic position in the transport network of the new state.[3] The new connections stimulated tourism and trade in the area. Castellammare, in particular, quickly expanded into coastal land to become a sea resort.[4] Economic development stimulated demographic growth in both towns, whose combined population went from 9,449 in 1861 to 16,165 in 1901.[5]

Pescara's growth continued after the turn of the century thanks to the expansion of its canal harbour and the concomitant development of some industrial activities in addition to the traditional trade, fishing and tourism sectors.

[1] Cristina Bianchetti, *Pescara* (Bari: Laterza, 1997), pp. 1-15; Giuseppe Quieti, *Pescara antica città* (Pescara: Carsa, 2010), ch. 1.
[2] Bianchetti, *Pescara*, pp. 21-23.
[3] Raffaele Colapietra, *Pescara, 1860-1960* (Pescara: Costantini, 1980), pp. 45-60.
[4] Alessandra Bulgarelli Lukacs, "Commercio e distribuzione (1861-1914)" in *Storia d'Italia. Le regioni dall'unità a oggi: Abruzzo*, ed. M. Costantini and C. Felice (Torino: Einaudi, 2000).
[5] ISTAT, "Statistiche demografiche".

Castellammare and Portanuova entered the 1920s with a combined population of some 26,000 and an evolving social structure, in which an urban middle class was emerging. Accompanying these transformations were changes in the physical appearance and infrastructure of the area, most notably the redevelopment of Portanuova's centre and the construction of a water system in 1923.[6]

Unification, growth and war

In 1927 the Italian government merged Castellammare and Portanuova after 120 years of separation, and created the new Pescara province. Now an important administrative centre, Pescara grew to 45,000 inhabitants in the mid-30s.[7] Concurrently, the city experienced rapid and profound changes in its built environment, becoming one of the centres of Fascist architecture.[8] Pescara's transport infrastructure was also expanded in these years with the upgrade of the small airport built during WWI.[9]

Fascism affected Pescara also in a different and more tragic way. In 1943, soon after Italy's armistice, the Nazis occupied the city and established the Adriatic end of the Gustav line just outside its southern limits. The allied bombings that followed razed the area north of the river, and destroyed some of the city's vital infrastructure, such as the railway, the port and much of the road system. The final blow was dealt by the Germans themselves, who destroyed most of the remaining infrastructure while fleeing what had by then become a ghost city.[10]

[6] Quieti, *Pescara antica città*, pp. 34-37.
[7] Pescara's unification and growth under Fascism owed much to the political influence of two of the area's natives: poet Gabriele D'Annunzio and minister Giacomo Acerbo. Giampaolo Amodei, "La periferia devota: Pescara e il fascismo," *Diacronie: Studi di Storia Contemporanea* (2009): 1-24.
[8] Some of Pescara's landmarks, many of which still exist, were built under Fascism: the City and Province halls, the Prefecture, the *Littorio* bridge, the FIAT plant, and several banks, schools and other public buildings. Bianchetti, *Pescara*, pp. 83-92.
[9] Giampaolo Amodei, "La periferia devota".
[10] Colapietra, *Pescara, 1860-1960*, pp. 490-95.

Post-war boom and recent decline

The post-war years were for Pescara a period of economic boom and fast expansion. While all traditional sectors (trade, fishing and tourism) grew, it was the industrialisation of the Aterno-Pescara valley that drove most of the city's development. Both public and private investments were made in the food, textile, mechanics and consumer goods industries.[11] Industrial growth was also spurred by major improvements to the area's infrastructure, most notably the opening, in the early 1960s, of the A25 and A14 motorways, which connected Pescara with Rome and the rest of the Adriatic coast respectively, thus consolidating the city's strategic position.[12]

Industrialisation brought into the city large swathes of people from Abruzzo's rural areas. Between 1951 and 1981 Pescara doubled its population, going from 65,466 to 131,330 inhabitants.[13] The rate of demographic growth nullified local authorities' initial plans to govern the physical expansion of the city, which hence proceeded largely uncontrolled. In those three decades vast residential areas were erected along the coast and the riverbanks, forming a T-shaped pattern of urbanisation. Infrastructural development often could not keep up with residential development, leaving many peripheral areas poorly connected with the rest of the city. This was especially the case for some southwestern neighbourhoods, where the municipality and the local Housing Authority concentrated social housing estates between the 1950s and 1980s, and which soon became receptacles for most of Pescara's social and economic ills.[14]

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[11] Costantino Felice, "Da "obliosa contrada" a laboratorio per l'Europa: industria e agricoltura dall'unità ai nostri giorni" in *Storia d'Italia*, ed. M. Costantini and C. Felice.
[12] The canal harbour, on the other hand, remained marginal in Pescara's industrial development, given its unsuitability for large-scale operations. Colapietra, *Pescara, 1860-1960*, pp. 678-81.
[13] ISTAT, "Statistiche Demografiche".
[14] Comune di Pescara - Osservatorio sociale, "Rapporto sociale URBAN 2".

Beginning in the 1980s and until recently, Pescara has suffered a limited, yet steady decline. The area's secondary sector has gone through a phase of stagnation connected to local problems of competitiveness. To be sure, Pescara, like other Italian cities, has avoided the extremes of deindustrialisation seen elsewhere, as it has been able to retain a good part of its industrial base while it replaced many of the lost jobs with service sector employment. Even so, the city has not been immune to economic problems, such as rising unemployment, which have concentrated particularly in its historically disadvantaged peripheries.

For the first time in its history, the city has also suffered demographic decline due to economic stagnation as well as recent centrifugal population movements that have favoured the growth of surrounding towns.[15] While foreign immigration has partly made up for suburbanisation, the balance is still negative: in the past two decades the population of Pescara has stabilised around 125,000.[16] Finally, the city has encountered some problems relating to the ageing of its infrastructure—much of which traces back to the Fascist and post-war periods—and faced a number of environmental issues resulting from high population density and poor planning, such as traffic congestion, air pollution and the lack of green spaces.

In the past couple of decades local authorities have responded to Pescara's decline with a number of initiatives aimed to solve its infrastructural and environmental problems, increase its attractiveness and stimulate economic activity. In 1988 a new elevated central station was open to decongest the city. More recently, a number of walk and bicycle trails have been built, and a trolley line connecting Pescara with its hinterland has been under discussion. On the economic front, the city has stimulated its tourism sector by opening a large marina in 1989, renovating much

[15] Comune di Pescara, "Rapporto Pescara 2008 - La città infinita," (2008).
[16] ISTAT, "Statistiche Demografiche".

of its historic centre and financing a number of cutting edge projects like the new Sea Bridge.[17] Finally, the municipality has recently undertaken a major redevelopment project in south Pescara for the creation of a new administrative and educational quarter. With this planning effort—the biggest since its post-war expansion—the city is trying to restyle itself polycentrically to increase its quality of living and its competitiveness in the central Italy macro-region.[18] The extent of the project's success, however, remains to be seen.

Pescara today

With all its limits, Pescara remains the economic heart of Abruzzo and its only proper city. It currently has a population of 123,088 and is at the centre of a metropolitan area of 357,000 inhabitants, and a wider functional region of some 450,000—roughly a third of Abruzzo's population.[19] The city's economy revolves around the tertiary, which accounts for 84% of employment across financial and business services, tourism, education, government and commerce. The secondary sector, however, is still an important part of Pescara's economic base, employing 15% of its residents in a mix of international companies such as Procter & Gamble and Kimberly-Clark, and a number of successful small and medium enterprises in the areas of construction, food, textiles, engineering and consumer goods, which make Pescara one of the gateways to what sociologist Arnaldo Bagnasco famously dubbed the 'third Italy'.[20] A per capita income of €13,000 and an unemployment rate gravitating around 10% in the past few

[17] Comune di Pescara, "Rapporto Pescara 2008".
[18] Ibid..
[19] ISTAT, "Statistiche Demografiche"; Urban Audit, "City Profiles: Pescara." http://www.urbanaudit.org/CityProfiles.aspx (accessed 23 February 2012).
[20] Arnaldo Bagnasco, *Tre Italie. La problematica territoriale dello sviluppo italiano* (Bologna: Il Mulino, 1977).

years, make Pescara a mid-ranking city for Italy's standards, and one of the best performers in the southern half of the country.[21]

Unsurprisingly, Pescara is also the cultural centre of the region—hosting an important university, several museums, cultural events and a number of media institutions—and its nightlife and entertainment hub. Finally, the recent move of several regional government offices from the less accessible capital L'Aquila, has made Pescara ever more prominent in the political life of Abruzzo.

Being the region's main city, Pescara is also the place where urban problems such as social exclusion, crime and drug abuse are most acute and visible. Distress is traditionally concentrated in the southwest, where most of Pescara's social housing is located, and where some neighbourhoods, like Rancitelli, have become infamous for their decay and danger. Social distress in this area has also a very peculiar racial dimension due to the presence of a sizeable and longstanding Roma community which has largely avoided integration with the rest of the population and is often associated, rightly or wrongly, with the criminal activities of the city.[22] To this, recent immigration (mainly from Romania, Albania, Ukraine, Senegal, Pakistan and China) into the area has added a newer dimension of exclusion and a number of typical problems like racism and racial tensions.[23]

For the most part, Pescara's authorities have acted *around* rather than *on* the city's social distress issues, both geographically, concentrating many of their renewal efforts in areas adjacent to the southwestern ones, and functionally, interpreting regeneration mainly in a physical and infrastructural way. While redevelopment

[21] "Urbistat - Statistiche Economiche Comune di Pescara" http://www.urbistat.it/it/economia/dati-sintesi/pescara/68028/4 (accessed 23 February 2012); Il sole 24 ore, "Il reddito medio di tutti i comuni italiani," (2010). (28 March 2011). http://www.ilsole24ore.com/art/notizie/2011-03-26/milano-stacca-tutti-classifica-132221.shtml?pdfsfogliabile (accessed 23 February 2012).
[22] Comune di Pescara - Osservatorio sociale, "Rapporto sociale URBAN 2".
[23] Comune di Pescara, "Rapporto Pescara 2008".

efforts in south Pescara might have beneficial effects spilling over to the west in future years, this is by no means certain, and in any case even the best results will most likely not be enough for curing the ills of the area. In recent years, local authorities have reflected more systematically on the limits of their strategy, and on the need to tackle Pescara's urban distress more directly. It was in this context that the city decided to participate in the second round of the URBAN Community Initiative.

URBAN 2 in Pescara

Genesis of the programme

If Bristol was perhaps as close as it gets to an ideal environment for URBAN, Pescara could hardly be farther. At the time of its application, the city—like most of its Italian counterparts—had had no significant experience with integrated urban development, which meant it had neither the know-how nor the structures for this sort of policies.[24] In this light, it is not surprising that Pescara's involvement in the Community Initiative was initiated largely outside the city administration, and almost by chance. More precisely, Pescara's programme originated in the Faculty of Architecture of D'Annunzio University, where a group of urban planners headed by faculty chair Alberto Clementi was collaborating on an inter-university research project on URBAN commissioned by the *Dipartimento per il coordinamento dello sviluppo del territorio* (DICOTER) of the Ministry of Infrastructure and Transport. The project was mainly aimed at improving on Italy's experience with the first URBAN in view

[24] To be sure, during the 1990s Pescara did participate in some of the policy experiments conducted by the Italian Ministry for infrastructure and transport (MIT) to make up for the country's urban policy deficiencies, such as the *programmi complessi, programmi integrati di intervento, programmi di riqualificazione urbana, programmi di recupero urbano* and the *contratti di quartiere.* For the most part, however, these programmes were biased towards physical, infrastructural and environmental actions, hence remaining halfway between traditional urban planning and a truly integrated approach. Pier Carlo Palermo, ed., *Prove di innovazione. Nuove forme ed esperienze di governo del territorio in Italia*, (Milan: FrancoAngeli, 2002), part 2; Tedesco, *Una politica europea per la città?*, pp. 54-60.

of the upcoming second round and included, in Pescara, the formulation of some hypothetical regeneration plans for the city.[25]

The University's interest in URBAN in the late 1990s coincided with an increased concern on the part of the city administration for the situation of some neighbourhoods—most notably Rancitelli—which had produced some debates but no concrete plan of action. Thus, when the university research unit approached local authorities to propose some of their ideas, they found a very receptive audience. The administration and the university then began working together to develop an application for URBAN 2 based on the research group's proposal. After a few months of work, and two open councils in July 2000 to consult the citizenry, Pescara submitted its application to the Commission via the DICOTER. The programme was approved at the end of September 2000, ranking third among all applications presented by non-Objective 1 cities.[26]

The target area

URBAN 2-Pescara targeted an area covering three southwestern wards—San Donato, Porta Nuova and Villa del Fuoco (which includes Rancitelli)—plus a small portion of the Colli neighbourhood, located across the river, and a strip of land going from this area to the river mouth. All in all, the target area had a surface of 5.48 km^2 and a population of 21,769 at the time of application.[27]

[25] Giammarini, Michela, URBAN 2 Programme manager, Pescara. Personal interview by author. Pescara, 17 June 2010. Clementi, Alberto, Chair, D'Annunzio University Faculty of Architecture. Telephone interview by author. 10 January 2012.
[26] Comune di Pescara, "URBAN II - Complemento di programma," (16 February 2002); "Graduatoria URBAN 2 Italia", "URBAN 2 Pescara." http://www.urban2pescara.it/Pescara/Pescara.aspx (accessed 20 November 2011). Pescara's result was all the more remarkable considering that only the much more resourceful Milan and Genoa ranked above it.
[27] Comune di Pescara, "URBAN II - Complemento di programma".

Figure 22: URBAN 2-Pescara target area

Source: adapted from the URBAN 2-Pescara Programme Complement

Save for a small portion of the historic centre of Portanuova, the target area was all peripheral, and covered most of the social housing estates built during the expansion of Pescara between the 1950s and the 1980s. Mostly inhabited by low and moderate income families, Roma and a growing number of new immigrants, these parts of the city suffered the most from Pescara's recent economic stagnation and transition to services, as demonstrated by an unemployment rate of 12.31%, a considerable part of which was long-term. To a large extent, joblessness resulted from the generally low skill levels among the resident population, which in turn was connected with the area's high rates of school abandonment—a serious problem among Roma. In part, however, economic distress was also due to the scarcity of economic activity and lack of investments in the area compared with the rest of the city.[28]

The area suffered from a number of serious social ills: first, a high level of crime against property and persons in a number of neighbourhoods, most notably Rancitelli, which had made these parts of town rather unsafe and feared by the rest of the population.[29] Second, substance abuse: in 2004, shortly after the beginning of URBAN 2, the local substance abuse service (*Servizio per le tossicodipendenze*, SERT) estimated that 36.65% of the city's drug addicts were resident of URBAN area, with the biggest concentrations in San Donato and Villa del Fuoco.[30] Needless to say, drug abuse was closely connected with the area's high levels of crime, and with its high incidence of physical and mental health issues. Finally, most of Pescara's social integration problems concentrated in the URBAN target area. While immigration was a growing concern in this respect, by far the most important side of the problem regarded Pescara's Roma—most of which resided in the URBAN area—and their longstanding refusal to integrate into the social and cultural mainstream of the city.[31] Together with the widespread perception of the Roma as a lawless community, this lack of integration accounted for much of the social tensions in these neighbourhoods. The table below summarises the socioeconomic state of the URBAN target area at the time of application.

[28] Comune di Pescara - Osservatorio sociale, "Rapporto sociale URBAN 2"; Comune di Pescara, "URBAN II - Complemento di programma".
[29] Comune di Pescara, "URBAN II - Complemento di programma".
[30] Comune di Pescara - Osservatorio sociale, "Rapporto sociale URBAN 2".
[31] Ibid..

Table 17: URBAN 2-Pescara target area – selected indicators (2000)

Indicator (%)	Value
Unemployment	12.31
Families on benefits	17.4
Immigrants	1.59
Roma	8.8
University educated population	1.2
School dropouts	30.18
Crime ($^0\!/_{000}$)	224

Source: URBAN 2-Pescara Programme Complement

Several physical and infrastructural issues compounded the area's socioeconomic predicament. One was the inadequatecy and decay of its public and green spaces, which not only deprived local residents of places and opportunities of socialisation, but also diminished the attractiveness of the area and reinforced its real and perceived insecurity. Similar effects were produced by the presence of some abandoned buildings and brownfield sites due to the recent closure of nearby industrial plants. Environmental degradation was another problem plaguing the area, primarily in the form of air and water pollution, and a number of improvised and illegal dumping sites.[32]

Perhaps the main infrastructural problem of the target area, however, was its isolation from the rest of the city, caused by a number of major physical barriers: the river on the north, the railway track on the east and the beltway on the south. Originating from Pescara's wild post-war expansion, this infrastructural isolation had, over time, amplified the area's social and economic ills by limiting its permeability by outside people and investments, hindering its residents' participation in the economic opportunities emerging in other parts of the city—the most recent of which were the redevelopment projects south of the river—favouring the proliferation of criminal

[32] Ibid.; Comune di Pescara, "URBAN II - Complemento di programma".

activities and, finally, increasing the sense of isolation and exclusion among the local population.[33]

Programme structure

To tackle the target area's economic, social and infrastructural problems, URBAN 2 Pescara could count on a budget of €12,703,160, of which €5.072.354 from the ERDF and €7,630,806 of matching funds, contributed primarily by the City and the Ministry of Infrastructure and Transport.

Table 18: URBAN 2-Pescara funding sources

Source	Contribution (€)
ERDF	5,072,354
Public match	7.630.806
TOTAL	12,703,160

Source: URBAN 2-Pescara Programme Complement

The funds were to be used to implement a strategy of 'reconnection' of the target area with the rest of the city structured in four substantive 'axes'—infrastructure, environment, social cohesion, entrepreneurship and employment—plus a fifth axis for technical assistance. The table below shows Pescara's programme in detail.

[33] Comune di Pescara, "URBAN II - Complemento di programma"; Ministero delle infrastrutture e dei trasporti, "URBAN Pescara," (2009).

Table 19: URBAN 2-Pescara programme structure

Axis	Funds (€)	%	Measures
1. Infrastructure	6,050,000	47.63	1.1 Road network 1.2 Public space improvements 1.3 Walking and bicycle trails
2. Environment	1,830,000	14.4	2.1 Brownfield redevelopment 2.2 Solar panels
3. Social cohesion	2,136,160	16.82	3.1 Social assistance 3.2 Integration of minorities 3.3 Information society
4. Entrepreneurship and employment	1,850,000	14.56	4.1 Business networks 4.2 Employment
5. Technical assistance	837,000	6.59	5.1 Local technical assistance 5.2 Central technical assistance 5.3 Publicity and information
TOTAL	12,703,160	100	

Source: author's calculations on URBAN 2-Pescara Programme Complement data

The infrastructural axis took up almost half of the programme's resources for the attainment of two broad goals: 1) physical reconnection of the target area, to be realised through the construction of walk and bicycle trails, most notably along the southern bank of the river, and the expansion of the road network linking the area and the rest of the city. Prominent in the latter measure was the construction of the so-called *Strada Pendolo*, a major artery connecting the northern part of Pescara with the southeast, and passing through the target area. The idea behind this type of intervention was to foster the regeneration of the area indirectly, by opening it to outside traffic so making it safer and more attractive.[34] 2) Improvement of the area's public spaces, such as squares, parks and sport courts. Here the approach to regeneration was much more direct, and the ultimate objectives were to provide local residents with more opportunities for socialisation and common activities, promote a sense of ownership and respect for public spaces and facilities—which had more

[34] Comune di Pescara, "URBAN II - Complemento di programma".

often than not been vandalised in the past—and improve the overall quality of living in the area.[35]

Physical-type actions were central also in the environmental axis of the programme, which in turn was composed of two measures: the redevelopment of brownfield sites and the installation of solar panels on a number of public buildings. The former measure was important as it included a major contribution to a project for the conversion of the city's old incinerator, located on the western corner of the target area, into a multi-purpose 'Music City' which, according to the programme authors, was to be come one of the hubs of Pescara's cultural, artistic and entertainment activities.[36]

The third, social axis aimed to attack some of the area's problems, such as exclusion, discrimination, violence and drug abuse, by financing activities that would target certain vulnerable categories—children, elderly, poor, immigrants, Roma, prostitute, addicts—to re-establish links to the social mainstream or prevent these links from being broken. Among the projects envisaged in this axis were the establishment of workshops and immigrant training centres (with a focus on IT skills), the creation of libraries, the provision of legal assistance and anti-drug services, actions for the integration of minorities, the establishment of an antiviolence centre and initiatives for the assistance of the elderly.[37]

The fourth axis was devoted to the economic revitalisation and reconnection of the target area. This was to be done mainly through economic development measures, including initiatives to support the start or expansion of businesses as well

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[35] Ibid..

[36] More precisely, the €2.3 million 'Music City' project included a recording studio, a concert hall, a school of music, a bookstore, a music archive, a media library and a restaurant. See Manuela Rosa, "Le scandalose dissonanze della Città della Musica: sogno svanito con i fondi?," *PrimaDaNoi.it*, 24 June 2009.

[37] Comune di Pescara, "URBAN II - Complemento di programma".

as the promotion of networks that would allow local enterprises to join forces and strengthen their market position. The other measure in this axis focused on employment and included primarily measures to improve and update the skills of the local population, facilitate contacts with potential employers and, more generally, the availability of employment-related information. Women were to receive particular attention in this axis.[38]

The fifth axis covered technical assistance. As in the two Bristol programmes, this axis covered not only traditional administrative expenses—in the first place the salaries of the personnel implementing URBAN—but also a number of activities related to the character of URBAN as a pilot and prescriptive initiative, such as the dissemination and exchange of good practices, and publicity and information activities.

Some analytical observations

One aspect emerging clearly from the foregoing account is the high degree of integration of URBAN 2-Pescara. Integration was, first of all, functional: by attacking the problems of the target area through a complete economic, social and infrastructural approach, the Pescara programme was a very faithful translation on the ground of the urban policy holism promoted by the Commission. This is all the more remarkable if one compares Pescara with Bristol, a city with much more experience in the area of integrated urban policy but where URBAN, especially in its first round, was rather biased in favour of interventions on people as opposed to the built environment. A crucial factor in explaining these differences was the role of the member state government in the two cases: while the UK filtered URBAN to a

[38] Ibid..

significant extent, channelling it towards social, economic and capacity building measures, in Italy, the Ministry of infrastructure's DICOTER opted for a more hands-off approach, both in the definition of the guidelines for URBAN-Italy and for the selection of the various programmes, in which the Commission played a central role.[39]

URBAN 2-Pescara, however, displayed a significant degree of integration also at a more microscopic and tangible level, between its various components and projects. One example was the connection between the walk and bicycle trail along the river with the Music City project. Another was the installation on solar panels on buildings renewed with URBAN funds. Taken together, these examples probably indicate a deliberate effort on the part of the authors of the programme to add to the instructions coming from the Commission and DICOTER and to formulate a truly organic regeneration programme—one which, considered as a whole, would amount to more than the sum of its parts.

Another notable aspect of URBAN 2-Pescara was the prominence of its infrastructural component (especially the triad of the *Pendolo*, the walk/bicycle trail and Music City), which could be seen as the 'pillar' of the programme, around which the remaining projects were thought. At one level, this certainly betrayed the influence of Italy's traditionally physical approach to urban regeneration—which, it should not be forgotten, played a role also on the academic side where urban planning was, and still is, the remit of architects and engineers rather than social scientists. At another level, the role of physical interventions on Pescara's programme had a

[39] It is important to note, however, that this hands-off approach resulted less from the Italian authorities' passivity than from a deliberate choice on the part of DICOTER, and especially its head Gaetano Fontana, who was a staunch proponent of a reform of Italy's urban policies in the sense indicated by the EU. Clementi, Alberto. Telephone interview by author. See also Gabriele Pasqui, "Un ciclo al tramonto: perché l'innovazione delle politiche urbane in Italia non ha funzionato," *Territorio* 57 (2011): 147-54.

specific function vis-à-vis the specificities of URBAN as infrastructural projects were the main means for the projection of the programme and its effects beyond its official lifetime. In a way, in sum, Pescara's focus on infrastructure could be seen as its own particular response to the same problem of sustainability that Bristol tried to tackle by means of capacity building.

Finally, one cannot help noticing the greater amount of detail in the Pescara programme as to the projects to fund compared to the Bristol ones, where the definition of the specific actions to support was left mostly to the implementation phase on the basis of the proposals and applications coming from civil society. In part, this difference followed from the relevance of infrastructural projects in the Pescara programme that has just been discussed: by their nature, these projects do not lend themselves to the kind of flexibility that characterises the social and economic side of urban regeneration. In part, however, the greater precision of Pescara's programme could be attributed to the generally more top-down policy-making approach of Italian local authorities compared to British ones—an approach that extended beyond infrastructural projects and which was manifest also in the implementation of URBAN 2-Pescara.[40]

Implementing the programme

As in Bristol, the implementation of URBAN 2 in Pescara took place through a complex set of rules and structures, only the main parts of which need to be described here. In Pescara, as in all Italian cases, the Managing Authority (MA) for URBAN 2 was the municipality itself, which carried out this task through an office created specially for the programme and placed under the supervision of the municipality's

[40] Clementi, Alberto. Telephone interview by author.

Director General. The URBAN 2 Office was in charge of administering the programme, drawing payments and preparing the programme's regular reports. In its day-to-day tasks, the MA was supported by an external technical staff of four people, which soon established itself as an important administrative player, with a key role in all the above tasks.[41]

Above the managing authority was a paying authority—in this case the Ministry of Infrastructure and Transport—in charge of the financial side of the programme, and the usual Monitoring Committee (MC) responsible for monitoring and troubleshooting the programme. In the Pescara case, as elsewhere in Italy, the MC had a wide membership, including not only representatives of all government levels involved (city, province, region, member state and EU) but also a number of other public bodies (such as the state railway company and the Treasury) and social ones, like unions and business associations. The MC met twice a year over the course of the programme and performed its monitoring functions mainly based on the quarterly and annual reports submitted by the MA.[42] The latter, in turn, was responsible for monitoring the parts of the programme that were sub-granted. To the controls conducted by the MA (and in particular by its technical staff) the Ministry also added a second-level of project monitoring which it outsourced to the external consultant KPMG.[43]

Unlike Bristol, where most of the programme was implemented by means of calls for proposals and subsequent sub-granting to non-profit organisations, the implementation of URBAN 2-Pescara took place through a threefold approach: the first type of procedure was tendering, which was done for a number of already

[41] Comune di Pescara, "URBAN II - Rapporto finale di esecuzione," (20 January 2010). It is relevant to note that two of the four components of the technical staff, including its head, Michela Giammarini, came from the team of urban planners who designed the programme.
[42] "URBAN II - Complemento di programma".
[43] Ibid..

established projects, most notably the infrastructural ones like the *Strada Pendolo* and Music City. The second approach was direct implementation on the part of the MA, which was used for the economic development part of the programme, and more precisely for the small business subsidy scheme.[44]

Finally, projects in the employment, social cohesion and public space parts of the programme were implemented with greater participation of residents and civil society. More precisely, employment and social cohesion projects were, for the most part, selected and carried out in a fashion similar to the Bristol case, *i.e.* through calls for proposals and sub-granting to non-profits. As for the projects for the improvement of public and green spaces, here local residents and various social actors—such as voluntary groups, schools, churches, social cooperatives, businesses—participated with the MA in the definition of the specific projects, which were then implemented through tendering in a way similar to the bigger infrastructural ones. One notable case in this category of project was the renewal of the *Parco della speranza*, for which the MA promoted a special consultation with the neighbourhood's children.[45]

Over its course, from 2000 to 2009, URBAN 2-Pescara supported 100 projects across the four substantive axes and selected with the three methods just described.[46] While the programme was eventually seen as successful, as will be shown below, in its implementation the MA nonetheless encountered a number of problems and obstacles which are worth noting here. Some of these obstacles were not too dissimilar from those experienced in Bristol, while others were more specific to the Pescara case. Among the latter were two court cases which suspended works for the *Pendolo* and Music City for a couple of years and led the MA first to apply for an extension of the programme time, and subsequently to scrap the Music City project

[44] Ibid.. Also Giammarini, Michela. Personal interview by author.
[45] "URBAN II - Rapporto finale di esecuzione".
[46] Ibid. Like Bristol, Pescara applied for and obtained an extension for project spending.

from URBAN 2, shifting funds to other projects.[47] While not created by the URBAN process *per se*—the court cases would have probably happened also as a result of ordinary tendering—this problem nonetheless caused quite a few headaches among the technical staff due to the complex procedures through which they had to go to extend the programme and, especially, to obtain the Commission's approval for the replacement of Music City.[48]

This points to the more general problem of the complexity and rigidity of the administrative rules and procedures attached to URBAN, which required a rather big learning investment on the part of the MA, and especially its technical staff. This was true not only of the structural funds reporting regime—which was especially demanding for the axes 3 and 4, with which the technical staff and the whole city administration were least familiar[49]—but also of the monitoring of sub-grantees, which the MA managed to carry out in full accordance with EU rules only by the end of the programme.[50] As the programme manager noted:

> Our main problems concerned the management of axis 4 on business subsidies because that was something new for the City. It was difficult to start this axis and we had to hire external consultants for it. Both the writing of the call for applications and the administration of the axis (for instance monitoring and reporting) were taxing. More so since it was never more than six of us taking care of all the programme aspects: liaising with the Ministry, preparing quarterly and annual reports, monitoring, and so on. …Axis 3 presented similar problems. …The amount of red tape imposed by the Commission is quite large. On the other hand, this forces one to follow the rules, meet tight deadlines and build administrative capacities.[51]

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[47] Both court cases were initiated by a disgruntled contractor who had participated, unsuccessfully, in the tenders, and who eventually lost the cases. As for Music City, the project was moved into the ordinary budget of the municipality and it is currently being completed. Ibid..

[48] Giammarini, Michela. Personal interview by author.

[49] Ibid..

[50] During the first part of the programme, second level controls carried out by KPMG on behalf of the Ministry consistently found technical irregularities in several projects, which were for the most part attributable to the inadequacy of the MA's first-level monitoring. These problems were eventually fixed with the tightening and extension of first-level controls. Comune di Pescara, "URBAN II - Rapporto finale di esecuzione".

[51] Giammarini, Michela. Personal interview by author. (Author's translation).

Two additional challenges came from some inconsistencies between the URBAN procedures and the ordinary policy process of the municipality. One concerned the accounting of supported projects, which were initially set to be entered in the general budget separately and year by year but, as a result of administrative difficulties, were subsequently turned into instalments of a single budget item corresponding to the whole programme. The second issue had to do with the city master plan, parts of which had to be amended to accommodate some projects financed by the Community Initiative.[52]

Of the policy-making innovations promoted by the URBAN Community Initiative, functional integration and citizen participation were the most problematic for Pescara. For one thing, the URBAN 2 technical staff encountered a number of difficulties and resistances in ensuring cooperation and coordination between different city agencies when these were directly involved in projects.[53] For another, the absence of pre-existing mechanisms for—and for that matter a culture of—consulting residents and civil society actors meant that a considerable amount of time was spent setting up and running these decision-making structures. While both issues were eventually sorted out, they did account for some initial delays in the implementation of the programme—the third axis, for instance, became fully operational only in 2003—which, as in Bristol, in turn caused some spending haste in the final phases.[54]

As for the two remaining key aspects of the URBAN approach, namely co-financing and geographic targeting, while by no means problem-free for Pescara's authorities, on the whole they generated less friction than in the Bristol case. By

[52] Comune di Pescara, "URBAN II - Rapporto finale di esecuzione".
[53] Ibid..
[54] Ibid.. On the positive side, the actors involved in consultations with residents and civil society note how this method eventually produced more democratic decisions, reinforced local residents' sense of ownership of the projects involved, and prevented problems such as public space vandalism. Giammarini, Michela. Personal interview by author.

adopting a top-down approach to co-financing, whereby matching funds were provided directly by state and local authorities, Pescara avoided the sort of funding troubles experienced by many of the groups participating in the Bristol programme.[55] Geographic targeting, finally, created far fewer project eligibility and monitoring problems than in Bristol because of the larger weight of infrastructural projects in the Pescara programme, which made it more geographically predetermined than its British counterpart. On the other hand, one should not forget that much of this situation was achieved by designing the target area partly around some projects, as it was most evident for the strip of land along the river, largely justified by the walk and bicycle trail. Also, and more importantly, for those activities that spilled outside the target area—most notably the construction of the *Strada Pendolo*—the Managing Authority did experience a number of administrative difficulties related to the increased complication of reporting and the multiplication of funding regimes and lines of authority over the same project.[56]

Outputs and outcomes

Measured in terms of its outputs, URBAN 2-Pescara was a successful programme, having achieved at its closure 189% of the goals predicted in the Programme Complement.[57] This figure, however, needs to be read in the light of two other facts. One is that, as in Bristol, the *ex ante* output indicators for the Pescara programme were likely to be rather conservative in the first place. The other, more important, is that URBAN 2-Pescara ended up overspending by 33.8% of its total budget, for a

[55] From a certain point of view, however, even this solution might be seen as problematic as it implies an imposition on the part of the Commission on how state and local authorities should spend their money.
[56] Comune di Pescara, "URBAN II - Rapporto finale di esecuzione"; Giammarini, Michela. Personal interview by author.
[57] "URBAN II - Complemento di programma"; ECOTEC, "Ex-Post Evaluation of the URBAN Community Initiative 2001-2006".

final cost of €16,994,349. Not surprisingly, excess costs were mostly caused by the programme's infrastructural projects (which were more expensive and less divisible than others), and more precisely by measure 1.1 and 2.1, which cost, respectively, 215.45% and 195.89% of their predicted figures. Programme overspending was covered by the city's own resources.[58]

That said, URBAN 2-Pescara achieved a number of important results in its target area. From the physical point of view, in addition to the important *Pendolo* artery, the programme supported the expansion of the Freedom Bridge, the construction of a 1.3-km walk and bicycle trail, the creation or regeneration of 70,000 m^2 of multi-equipped public space and the creation of 10 new parks. URBAN 2 also funded a range of social services reaching some 6,000 individuals and 30 families, supported a training programme for immigrants, and financed a number of public facilities such as a human services centre, a media library and a toy library. On the economic development front, finally, the programme subsidised 57 local businesses, 36 of which newly created.[59]

As shown in the case of Bristol, assessing the outcomes of the URBAN is a more arduous task, not only because it is hard to isolate the full effects of the programme outputs on the overall welfare of the target area, but also because of the difficulty to establish clear thresholds of success for such a small programme. With these limits in mind, the views expressed by the official documents as well as the people involved in the programme are generally positive. URBAN 2-Pescara did contribute to reduce the isolation of the target area, improve its aspect, increase its safety and attractiveness for businesses and people, and ameliorate its economic

[58] Comune di Pescara, "URBAN II - Rapporto finale di esecuzione".
[59] Ibid.; "Rapporto Pescara 2008 - La città infinita".

conditions.[60] Some hard data support these positive assessments: in its final report, for instance, the Managing Authority calculated that URBAN 2 generated 136 new jobs in the target area, reducing overall unemployment by 1.6%, and female unemployment by 0.97%.[61] A number of distinct facts seem to point in the same direction. One of these is that the target area population increased in the first years of URBAN 2, going to 23,695 in 2005.[62] Another was the decision by FATER, one of the city's big employers, to move its new cutting-edge headquarters in Porta Nuova right after the conclusion of the programme.[63] The final fact was the high degree of satisfaction among the target area residents with the results as well as the method of URBAN 2.[64]

At the same time, local observers note that the Pescara programme was too limited to stimulate market forces—primarily in the field of housing and real estate—to the point of starting a full virtuous circle of regeneration in the target area.[65] As in the Bristol case, URBAN's limited ability to generate totally self-sustaining results raises the connected issue of the sustainability of the public interventions supported by the programme. As explained above, in part Pescara tackled this problem in the URBAN 2 programme itself by giving prominence to a number of physical projects which would outlast the programme period. To these 'built-in' provisions, the municipality added the mainstreaming of a number of projects at the end of URBAN 2—primarily the toy library, the antiviolence centre, and several activities of the human services centre, all of which are currently financed through the city's ordinary

[60] Giammarini, Michela. Personal interview by author. Clementi, Alberto. Telephone interview by author.
[61] Comune di Pescara, "URBAN II - Rapporto finale di esecuzione".
[62] Comune di Pescara - Osservatorio sociale, "Rapporto sociale URBAN 2".
[63] Giammarini, Michela. Personal interview by author.
[64] Giammarini, Michela. Personal interview by author.
[65] Clementi, Alberto. Telephone interview by author.

budget[66]—and a limited amount of civil society activation, most notably in the case of a linear park built with URBAN 2 funds and now maintained by a residents association.[67] As in the Bristol case, however, this combination of measures has not been enough to ensure the continuation of the whole range of activities covered by URBAN 2. The result is that the regeneration effort in the target area has somewhat lost momentum in the past few years, and many of the gains of URBAN 2 are now being lost.[68]

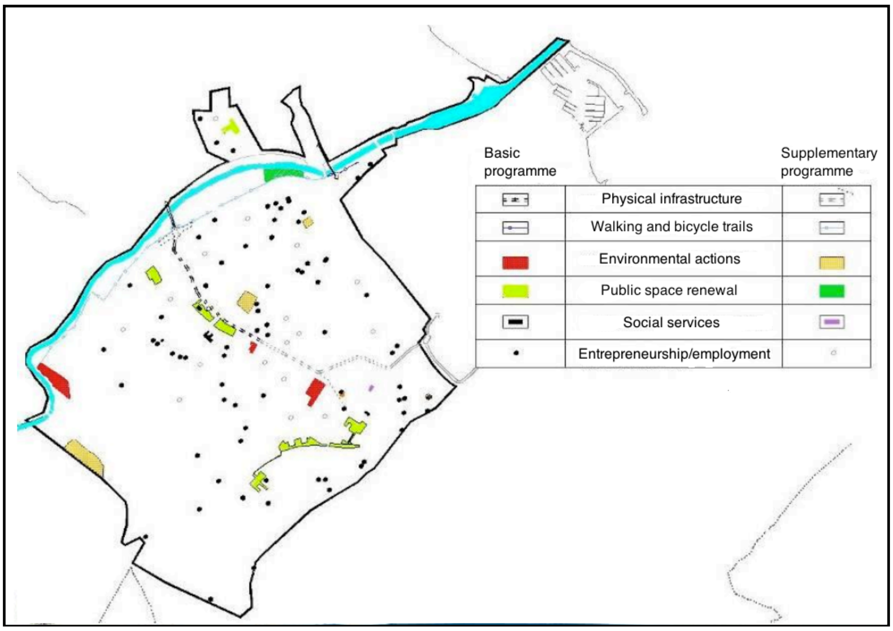
Beyond URBAN

Probably the most important facet of the URBAN legacy in the case of Pescara was the one relating to the urban policy *method* promoted by the Community Initiative. Before URBAN 2 the city had had little or no experience with such key concepts as geographic concentration, functional integration, partnership or citizen participation. It was hence a perfect ground to test the possibility for local policy practices to change and, perhaps more importantly, the EU's ability to instil such change. In the short-term, Pescara's response was encouraging. Right after the start of URBAN 2, and as a result of the positive reactions to the programme on the part of local businesses and civil society, the city administration took the initiative of expanding its action in the target area by adding a 'supplementary' regeneration programme to the 'basic' one supported by the EU. The supplementary programme amounted to €13.3—of which €10.25 million from the city coffers and the rest co-financed by the region—and was fully blended with URBAN 2 proper, operating within the same perimeter, being administered through the same structures and procedures (save for the bureaucratic obligation attached to the structural funds), and supporting similar—

[66] Comune di Pescara, "URBAN II - Rapporto finale di esecuzione".
[67] Ibid..
[68] Clementi, Alberto. Telephone interview by author.

and sometimes the same—projects.[69] The map below shows the combination of basic and supplementary programme activities in the area.

Figure 23: URBAN 2-Pescara basic and supplementary programme



Source: adapted from the URBAN 2-Pescara Final Report

The supplementary programme was a very important initiative as it represented a deliberate choice by the city administration to confirm and consolidate the URBAN approach by injecting its own resources into it. The initiative was all the more remarkable if one considers that the supplementary programme more than doubled the total sums invested and that the funds were channelled into an area where no significant regeneration effort was being planned before URBAN 2.[70] On the other hand, precisely because it built on an existing plan, and used the same structures as the basic URBAN 2 programme, Pescara's supplementary programme was probably not the best piece of evidence for the prescriptive power of the Community Initiative,

[69] Giammarini, Michela. Personal interview by author. See also Comune di Pescara, "Rapporto Pescara 2008 - La città infinita".
[70] Giammarini, Michela. Personal interview by author. Clementi, Alberto. Telephone interview by author.

which would have needed a much more autonomous effort on the part of the city administration to be proven.

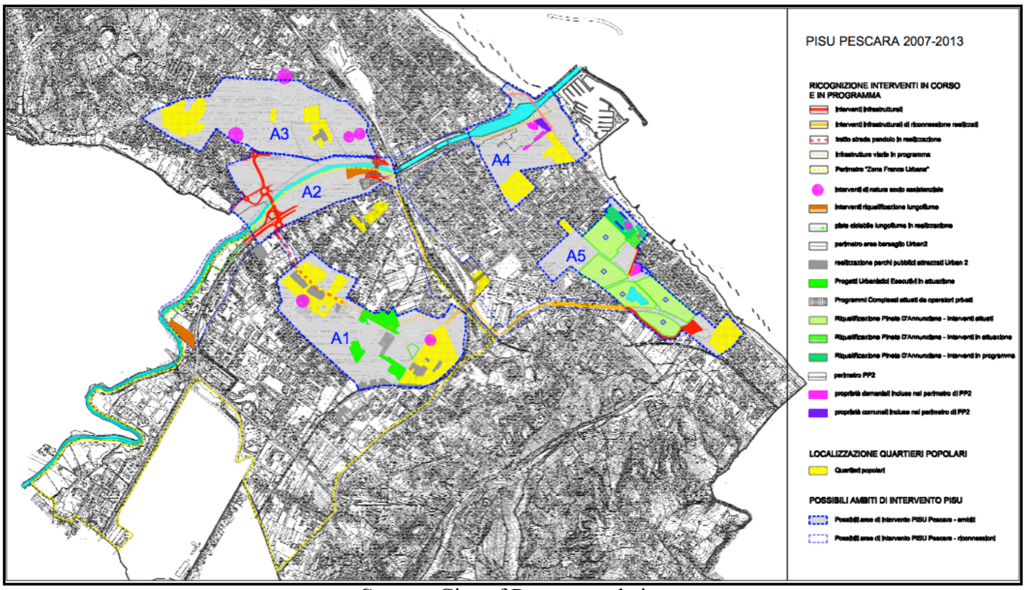
A better occasion for such a test came with the programming of the structural funds for 2007-13. Following the mainstreaming of URBAN, the resources for urban development in this period passed under the control of the Abruzzo region, which decided to establish a territorial development axis in its Operational Programme and invest €40.773 million for the regeneration of cities. The region, however, adopted a rather hands-off approach to urban development, distributing the funds almost equally between the four province towns—L'Aquila, Chieti, Teramo and Pescara—and asking each of them to submit an 'Integrated urban development plan' (*Piano integrato di sviluppo urbano*, PISU) that had to be informed by the URBAN experience, but for which city administrations received few additional instructions. For its PISU, Pescara was allocated €9.5 million.[71]

With its 'liberal' approach to urban regeneration, the region placed the onus of integrated planning entirely on cities, and Pescara's response to this challenge was mixed at best. On the one hand, the city formulated by far the best among the region's four PISUs, focusing on a small number of areas where it combined interventions of different types. In producing its PISU, the city was certainly inspired by the lessons of URBAN, and helped by the fact that a number of people involved in the Community Initiative, most notably the head of the technical staff, worked on the new plan. Pescara's URBAN 2 and PISU were linked also in a more tangible way, as the latter included a number of activities meant to extend the projects previously financed by the Community Initiative, most notably the connection of the *Strada Pendolo* to the *asse attrezzato* that links the city with the motorway network, in order to improve the

[71] Regione Abruzzo, "Programma operativo regionale FESR 2007-2013".

accessibility of the URBAN 2 target area.[72] The map below shows the target areas of Pescara's PISU.

Figure 24: Pescara's PISU 2007-13 – Target areas



Source: City of Pescara website

The map, however, is also eloquent of the limits of the PISU. The most visible of these is that the concentration principle contained in the URBAN method has been greatly relaxed, with the funds spread across five areas, only two of which are adjacent. It is not too clear to what extent this dispersion of funds is due to technical choices as opposed to political logics. What is certain, however, is that the benefits of an intensive and synergic territorial approach to regeneration have been largely lost—more so since the PISU is financially smaller than URBAN 2.

Compounding territorial dispersion in the PISU is a significant degree of functional fragmentation. While not denying the fertilisation effects of URBAN 2, some local observers caution against overstating such effects, noting that for the most part PISU planning and management was taken over by the ordinary structures of the

[72] Giammarini, Michela. Personal interview by author.

city and conducted according to a traditional silo fashion, with little or no cooperation between functional areas. The result is a façade of integration—manifest in the presence of different types of action in the target areas—which, however, is not supported by real the sort of coordination and mutually reinforcing effects between sectors previously promoted by URBAN.[73]

What is true of PISU is even more true of the city's ordinary planning, where the fertilisation of URBAN 2 has been minimal and work is conducted according to the old sectorial and 'hardware-oriented' logics. In Pescara—as elsewhere in Italy—this return to urban policy conformism after the URBAN experience is often attributed to the failure on the part of the Commission and, especially, the Italian government to supplement the policy innovation represented by URBAN with real incentives for the transformation of local institutional forms that would make them more consistent to the type of actions being promoted.[74] As one respondent noted:

> local administrative structures have huge problems in renewing their behaviour and way of operating. So whenever there is an exogenous constraint that forces them to [act in a coordinated and integrated manner], they do it. But afterwards they go back to their usual setup whereby each *assessore* [A/N: city executive member] does her policies…everybody does her own thing, and they cannot manage to get together.[75]

In the absence of politico-administrative structures able to consolidate the ideas coming from the EU, capture know-how and perpetuate certain policy principles, the lessons of URBAN have been ephemeral at the local level, and even in places like Pescara, which were capable of remarkable policy transformations, what had been learnt so quickly is being equally quickly forgotten.

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[73] Clementi, Alberto. Telephone interview by author.
[74] Pasqui, "Un ciclo al tramonto".
[75] Clementi, Alberto. Telephone interview by author. (Author's translation).

Chapter 9

FRAGILE INSTITUTIONS: A COMPARATIVE ANALYSIS OF BRISTOL AND PESCARA

Introduction

Emerging from the previous two chapters is a different picture from the one offered by the two American cities. Compared to the CDBG, URBAN was a more intrusive policy instrument, which required participating cities to abide by a number of common prescriptions on the substance as well as the methods of urban regeneration. Of course, the prescriptiveness of URBAN was never total, and cities did have some room to shape their programmes according to local needs, preferences and policy traditions. With their many differences, Bristol and Pescara show how much this range of policy variation could extend. In addition, and perhaps more importantly, the two cities are good examples of the different degree of 'fit' between local institutions and the policy criteria mandated by the URBAN, and hence of the variable weight of this policy instrument's intrusiveness at the city level. This makes Bristol and Pescara excellent grounds for identifying and analysing the political forces generated by URBAN across different local contexts. Unlike the CDBG, these forces undermined, rather than supporting, the grant scheme at the micro-level, and in so doing they were an important factor in the eventual demise of URBAN.

Building on the information provided in the previous two chapters, here I conduct a more systematic and theoretically informed comparison of the Bristol and Pescara URBAN experiences. Similarly to the American cases, I will proceed in two stages: in the first, I will summarise the characteristics of URBAN in the two cities in a 'thick' account of the EU-sponsored urban regeneration at the local level. Consistent with the overall argument of this thesis, in my analysis I will refer to Bristol and

Pescara simply as two 'policy' or 'public intervention' (rather than 'state') models. Also, given the hands-on nature of URBAN, before describing the specific traits of the two local variants I will examine a number of characteristics of the URBAN policy model that followed directly from EU rules and did not vary across cities. In the second stage I will extend my analysis to look more directly at the main city-level institutional mechanisms that contributed to the instability and eventual disappearance of the URBAN Community Initiative.

Europeanisation and its limits: the EU urban policy model and its local variants

The EU model in six traits

Probably the most evident of URBAN's cross-city characteristics was the limited size of its local budgets: for each year of operation, the two URBAN programmes in Bristol spent approximately £2 million, while in Pescara this figure was around €1.5 million. The quantitative weight of URBAN was even lower if one isolates the EU contribution which, as shown above, for each programme was approximately half of the total budget. To have a rough and ready indication of URBAN's significance in the overall context of Bristol and Pescara's public finances, one can compare these figures with the two cities' budgets, which in the past few years have gravitated around £360 million and €330 million respectively.[1] This made Bristol and Pescara's annual URBAN budgets (inclusive of the matching part) some 0.55% and 0.45% of their overall city budgets respectively.

As explained in the analysis of the two American cities, however, it would be incorrect to draw conclusions about the public intervention model promoted by a grant scheme from its raw budget data alone. Equally important is the way in which

[1] See Bristol City Council, "Council Budgets and Spending" http://www.bristol.gov.uk/page/council-budgets-and-spending (accessed 13 March 2012) and Comune di Pescara, "Bilancio" http://www.comune.pescara.it/internet/index.php?codice=123 (accessed 13 March 2012).

the money is spent, and in the URBAN case the main aspect defining the latter was the presence of rigid targeting rules mandating local administrations to concentrate programme funds in small and precisely defined areas. These targeting provisions were for the most part the result of a deliberate policy choice. It is undeniable, however, that such choices were also made on the basis of purely quantitative considerations, namely to make up for URBAN's limited funds by concentrating them geographically. What is important to note here is that the end result of URBAN's targeting rules was a highly uneven mode of local public intervention, in which most city areas—including some needy ones—were ignored by the programme while others received a level of financial support which, judged by their standards, could be quite significant. A case in point was the Pescara target area where virtually no regeneration effort had been carried out by the local administration before URBAN, and probably none would have been made without the EU programme. Taking a normative stance, one could characterise this unevenly distributed policy as discriminatory. Here I am less interested in value judgements than in the essence of this model of public intervention, which could be seen as neither central nor marginal with respect to local regeneration efforts, but should rather be described as 'selective'.

By being selective, the URBAN policy model not only prevented the thinning down of the programme's scarce funds to the point of irrelevance, but also eliminated the possibility of the grant being distributed according to pork barrel logics—a phenomenon that very often undermines the effectiveness of the CDBG in American cities, as partly seen in the case of Baltimore. In this respect URBAN was thus closer to a 'technocratic' model of public intervention, where allocative choices are made according to impartial criteria of need and efficiency, than to a politicised one where such choices follow from power relationships and electoral dynamics in the local polity. As the URBAN-Bristol programme manager recalls:

> [URBAN] would be technically-led, officers would come up with proposals which we waved in front of key politicians for endorsement. Politicians would usually agree with the officers and that would form the basis for the application. So there is relatively little involvement by politicians in URBAN. Of course, we would have to go through the appropriate committee responsible for regeneration for endorsement, but there were no significant pressures. …[A] couple of the ward-elected councillors would be on the [Urban Partnership] Group. But they were not like "you must fund this project" etc.. It doesn't work like that around here.[2]

Pescara's programme manager made similar comments:

> [I am happy with the results of URBAN 2] because we succeeded in carrying out projects linked by a well defined planning and regeneration strategy. Of course, one can always do better, but on the whole I am satisfied. It was quite a big job because we were few and we also changed the city management in the middle of the programme. [But there were no major problems or conflicts] even with the change of [city] administration. …I must say that the new governing majority was responsible and clever not to discredit the old administration's work, and to maintain support for what were useful and innovative projects.[3]

These passages reveal three additional factors, besides targeting rules, favouring technocracy over politicisation in the implementation of URBAN. The first was the competitive mode of allocation of URBAN grants: the fact that cities had to present a competitive project and, once approved, had to stick to it—save for exceptional cases—dramatically reduced any room for political manoeuvring of the sort often seen with the CDBG. This was all the more so since it was usually bureaucrats or external experts who designed the programmes. The second factor was the location of most decision-making power over the implementation of the programme in largely or entirely unelected bodies such as the UPG in Bristol and the URBAN Office in Pescara, which in turn delegated many of the crucial decisions to their professional and technical staff. Finally, politicisation was discouraged by the

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[2] Owens, Paul. Personal interview by author.
[3] Giammarini, Michela. Personal interview by author. (Author's translation)

small size of the URBAN overall budget, which greatly reduced the political payoffs of diverting URBAN funds just for electoral purposes, so eliminating local politicians' incentives to interfere in the implementation of the grant not only informally but also in those passages when they had a formal say in the allocation of funds, such as in the incorporation of URBAN in the city general budget.[4]

The third key trait of the public intervention mode embodied by URBAN was its temporary character. Being a competitive grant scheme, URBAN funded temporally limited regeneration programmes, with a clear beginning and, more importantly, a clear end. To be sure, cities could participate in more than one round, as Bristol did and as Pescara could have done had there been an URBAN 3. But even in these cases successive programmes were to be seen as mutually independent units, located in different areas and completely unrelated to each other. More importantly, the Community Initiative's funding system gave rise to no expectation of funding continuity, as participation in one round did not, by itself, guarantee participation in the next. All this created a substantially different type of public intervention from the CDBG model, where cities are entitled to their share of federal dollars, and administrations, sub-grantees and city residents can therefore count on a very long 'shadow of the future' funding-wise. In the previous chapters I have explored many of the consequences of URBAN's temporary character on the type of activities this grant scheme financed and on the sustainability challenges it posed for local administrations. Below I will integrate that analysis by showing how URBAN's temporariness affected the chances of crystallisation of this policy instrument.

[4] The absence of political interferences in the allocation of URBAN funds is an aspect confirmed by all my interviewees in Bristol and Pescara. An additional piece of evidence on this point, and on the general lack of politicisation in URBAN, is that the political alternation through which both city governments went during the implementation of their programmes had virtually no effect on the priority structure and fund allocation of URBAN. Owens, Paul. Personal interview by author. Giammarini, Michela. Personal interview by author.

The URBAN public intervention model was also ‘developmental’ rather than redistributive, *i.e.* it prioritised the overall economic development of the targeted areas and the trickling down of wealth over direct measures to improve the lot of low and moderate-income residents. Clearly, this distinction between the developmental and redistributive aspects of urban regeneration should not be taken too rigidly, not only because urban regeneration packages usually include more than one type of action—which is especially true for the type integrated programmes promoted by URBAN—but also because in many types of projects the line between the two aspects is blurred to say the least.[5] That said, on the whole URBAN leaned towards the developmental side of the continuum when compared to the CDBG in several respects: first, because of the higher incidence of measures of economic development proper—such as business subsidies, entrepreneurship workshops, the creation of business networks and the like—and of purely public infrastructure investments such as roads construction and public spaces improvements. Second, for the total absence of some predominantly redistributive classes of expenditures such as housing and health services which, on the other hand, featured prominently in the CDBG. Third, and related to the foregoing, because even those parts of the URBAN programmes that were more directly aimed at improving the conditions of disadvantaged groups were closely tied to the overall economic development of the target area. The prominence of job training and skills improving projects in both Bristol and Pescara was a case in point.

The different nature—developmental and redistributive—of URBAN and the CDBG followed from a number of factors. The most evident was the different types of regulations behind the two grant schemes. On the CDBG side, the most

[5] Paul E. Peterson, *City Limits* (Chicago: University of Chicago Press, 1981), ch. 3.

consequential rule in this sense is the provision reserving the lion's share of the funding for actions directly benefiting low and moderate-income residents. On the side of URBAN the main culprit were the eligibility rules eliminating housing and other redistributive measures from the funded programmes. URBAN's odd eligibility rules in turn resulted from this regeneration programme having been designed in the broader legal and ideational context of the developmentally-oriented structural funds, and hence were a direct consequence of the lack of a proper 'city welfare' state in the EU which I have argued more generally in Chapter One. Finally, the developmental orientation of URBAN could also be seen as resulting from the selectiveness of its policy model, as the concentration of funding in a small and well defined area made the link between overall economic development and the trickling down of wealth much more direct and justifiable than in the case of the CDBG where, conversely, the absence of specific targeting provisions needs to be compensated with an explicit reference to the low and moderate-income population.

The fifth trait of the URBAN public intervention model was its 'complementarity', namely the recognition on the part of the main funder—the EU—of its inability to solve urban problems on its own, and its consequent request of assistance by other actors, whether public or societal. Partnership and co-financing provisions were the principal manifestations of URBAN's complementarity. To be sure, these aspects are present in the CDBG as well: for one thing, local authorities are often reluctant to support sub-grantees which have not secured other sources of funding for their projects. For another, as the Arlington CDF demonstrates, in some cases city administrations create multi-level partnership instruments analogous to the ones promoted by URBAN. In the CDBG, however, decisions about the presence and extent of complementarity are left entirely to the receiving cities, which in turn mould it according to their needs and preferences. The situation was substantially different in URBAN, where complementarity was for the most part imposed on recipients and hence could be regarded as an invariable defining feature of the CI's policy approach.

Finally, the public intervention model embodied by URBAN was 'participatory' since it reserved a role for residents and civil society in its decision-making structures. On this point too the differences between URBAN and the CDBG need some more elaboration. While CDBG regulations mandate citizen participation in local decisions about the grant, the two city cases analysed above have shown that this participation is more often than not just *pro forma* and rather inconsequential. It is only when structured within smaller groups with a more systematic role in decision-making, such as Arlington's CDCAC, that citizen participation becomes more effective. A similar distinction between an initial and more diffuse phase, and a later and more restricted phase of citizen participation can be made in the URBAN case: in Bristol as well as in Pescara, citizens first participated in the formulation of the programmes through loose arrangements like informal consultations and open city council meetings, and subsequently took part more systematically in programme implementation through such instruments as the UPG and restricted consultation tables. What set URBAN apart from the CDBG, however, was that it mandated citizen participation in both forms, and not just in the first one. In so doing, URBAN ensured that civil society actors and local residents would have a real say at least at some stages and/or for some parts of programme implementation.

The Bristol variant: competent but privatised, and people-oriented

The Bristol variant of the URBAN model differed from the Pescara one in two areas. One was the relationship between local authorities and other actors (primarily civil society ones) and, more precisely, the way this relationship evolved over time. The first thing that set the Bristol case apart from the Pescara one was the level of competence present in the City Council before its participation in the programme, which in turn came from the BCC's experience, expertise and administrative resources in the area of integrated urban planning. This competence put the Council in the conditions of being the initiator of the process that led to the city's participation in URBAN, and having a clear and undisputed leadership role in the partners groups that formulated the two programmes:

> [t]he reality is that the Council is one of the few organisations with the capacities to do the preparation work: preparing the bids, etc.. So it would be the Council officers who would identify funding opportunities and prepare the application. You need an organisation with expertise and capacity to be able to do that. Then the partnership would agree to that.[6]

Once the programmes were approved and transitioned to the implementation stage, however, the relationship between public authorities and civil society changed profoundly, and the balance between them shifted in favour of the latter. This can be seen in several aspects of the two Bristol programmes, one of which was the central role of their respective UPGs in their decision-making structure and procedures. Granted, the professional staff (who were formally employed by the BCC) played a big role in informing and guiding UPG decisions. Even so, civil society groups remained central in URBAN decision-making—more so than in most other British cities, where the UPG rules established by the UK government were interpreted more favourably to the city administrations.[7]

Even more important than the UPG's role were two additional aspects, namely the fact that the two Bristol programmes were implemented almost entirely through sub-granting to non-profit groups—which in turn meant that the voluntary sector

[6] Owens, Paul. Personal interview by author.
[7] EKOS, "URBAN Interim Evaluation - Final Report".

played a crucial role in proposing what projects to fund as well as delivering them on the ground—and Bristol's bottom-up and decentralised approach to matching funding, which relied to a great extent on the participation of co-financers coming from the civil society. Taken together, all these elements form an interesting parallel between the Bristol case and the CDBG in Arlington County, where non-profits are central in the decision-making of the grant (through the CDCAC) and have a virtually exclusive role in implementing CDBG-funded projects. In that case I used the term 'privatised' to capture this state of affairs as well as the fixity of the coalition of sub-grantees deciding on and implementing the grant. Bearing in mind that the same level of permanence would have been impossible in a temporary programme like URBAN, I believe that the use of the same adjective is warranted in the Bristol case.

Another area of divergence between the Bristol and Pescara models was the content of their URBAN programmes. Within the frame of the area-targeted approach mandated by the EU, Bristol decided to take a very specific approach to urban regeneration, one that identified areas of need mainly through socioeconomic indicators such as unemployment, and focused primarily on improving these socioeconomic conditions through actions such as training programmes, workshops, business promotion and capacity building.[8] In URBAN 2 some infrastructural projects were introduced, but on the whole it is safe to assert that the URBAN experience in Bristol was characterised by the pre-eminence of 'software' over 'hardware' actions. This is not to be read as a total neglect of the latter issues. In Bristol, as elsewhere, there was full appreciation of the relevance of actions for the built environment and, more generally, of the complexity of urban problems. Rather, Bristol chose to take a particular approach to countering urban decay, one that attacked the problem mainly

[8] Tedesco, *Una politica europea per la città?*, pp. 105-09.

from its socioeconomic side and hoped to tackle the rest indirectly. The causes behind this approach were a mixture of local rules, needs and tradition. Similarly, this mode of action had several consequences, one of which was certainly the 'privatisation' of urban regeneration described above, and more precisely the central role of the voluntary sector in delivering the programme. What is more relevant here is to note that Bristol's approach defined a very specific model of public intervention in urban regeneration, one that was distinctly 'people-oriented'.

The Pescara variant: inexperienced but hierarchical, and place-oriented

In Pescara the relationship between public administration and external actors followed a trajectory opposite to the Bristol one. Due to the lack of information, know-how and resources in the municipality, both the initiative and the formulation of the URBAN 2 programme came primarily from the local university, which had the required intellectual resources as well as the advantage of a closer relationship with the Ministry of Infrastructure through which the grant passed. True, the municipality's general concern about the social problems of the southwest area in the late 1990s provided a fertile ground for the proposals coming from the university, and a necessary condition for URBAN 2 to happen. But there is no doubt that when it came to translating this concern into a concrete initiative, local authorities acted much more as followers than leaders. Reflecting on the experience of Pescara and other Italian cities, urban planner Alberto Clementi noted that:

> [t]he URBAN concept was too advanced for the practices of local administrations. The idea behind URBAN was that in order to solve the problems of distressed neighbourhoods it was necessary to combine local policies for public works, housing, the environment, employment and social integration. This idea of sectoral convergence had never been implemented in Italy. Nobody had ever managed to do it.[9]

[9] Clemeti, Alberto. Telephone interview by author. (Author's translation).

Things changed at the implementation stage of URBAN 2, when the municipality took most of the control over the programme, establishing what one can call a 'hierarchical' model of public action. This shift can be observed in all three areas explored for the Bristol case. In the first place, after 'internalising' the know-how and the administrative resources to run URBAN 2 with the establishment of the URBAN Office, the Pescara administration retained most of the decision-making power on how to enact the programme. To be sure, civil society actors and target area resident did play a role in decision-making, in accordance with EU regulations. But as recounted in the previous chapter, this role was limited to very specific parts of the programme rather than general and systematic as in Bristol's UPG. Moreover, even in the areas of greatest civil society participation, most of the actors involved tended to see non-profits and resident less as real co-deciders in the British fashion than junior partners which were consulted on proposals coming primarily from the municipality.[10]

Private and voluntary sector actors had a bigger role in the actual delivery of the programme. Here too, however, the overall extent of outsourcing to societal actors remained significantly smaller than in Bristol: for one thing, the Pescara administration retained control over the delivery of a much bigger portion of the programme than was the case in Bristol. This was especially true for the economic development part of URBAN 2-Pescara. For another, even when outsourcing, Pescara often preferred to do so through tendering and contracting rather than calls for project proposals. While this resulted largely from the greater weight of infrastructural projects in Pescara, it should be noted that tendering was also adopted for a number of

[10] Ibid.. See also Tedesco, *Una politica europea per la città?*, pp. 105-09.

social projects. All in all, the administration hence retained a much larger 'agenda setting' role in the implementation of the programme than it was the case in Bristol.

The final aspect of Pescara's hierarchical policy model was its approach to the co-financing of the programme, in which local authorities played a much more immediate and proactive role than Bristol's ones not only in finding matching funds for the various projects but also, and perhaps especially, in contributing them from the city's coffers.

Compared with Bristol, the Pescara public intervention model was also more directly 'place-oriented', as it prioritised actions on the infrastructure and built environment of the target area. As in the Bristol case, this preference should not be seen as a negation of the multi-faceted nature of the target area's issues—a view which would be particularly misplaced for Pescara's programme—but rather as the choice of a particular line of attack on the complex urban problem. The integrated approach of URBAN notwithstanding, in Pescara it was clear that the infrastructural actions, and especially those aimed at physically reconnecting the target area with the rest of the city, constituted the 'pillars' of the programme, around which the remaining axes of the programme were structured, and on which the administration had placed most of its hopes for the regeneration of the area even after the URBAN period.

The microfoundations of policy instability

From the foregoing analysis of the Bristol and Pescara cases it is possible to isolate a number of institutional forces operating at the level of the city and which added to URBAN's macro dynamics—primarily its inability to generate a wide enough coalition of cities—in determining the grant scheme's inability to stick and its eventual demise. If in the CDBG case crystallisation is favoured by dynamics originating in the entitlement system and its loose regulations, the micro-level forces of instability in URBAN were generated primarily by its competitive mode of allocation and its intrusive nature. Unlike the CDBG, however, the institutional characteristic of URBAN brought about the Community Initiative's instability through two conceptually distinct—though often empirically coincident—channels: in the first place, they generated local hostility to the EU-sponsored regeneration programmes. In the second place, they hindered the formation of coalitions of local actors able to support the policy, defend it from EU-wide political attacks and, ultimately, perpetuate it in a way similar to what happens with the CDBG in American cities.

Local aversion to programme requirements: at the most general level, URBAN undermined its own stability by imposing a number of rigid constraints on local spending decisions. This basic logic has already been touched on in the third chapter, but it is worth exploring it here in the light of the two city cases. Perhaps the most intrusive of the strings attached to URBAN were its geographic targeting rules. Targeting posed two types of problems for local administrations: on the policy-making side, it could divert the direction of regeneration funding quite substantially from where purely local choices would have brought it. On the implementation side, its rigidity could cause more than a headache for the administrators of the grant. The best example of the latter problem is provided by the many difficulties and frustration through which the Bristol URBAN administrators went in order to ensure that funded projects would not spill outside the target areas. The former problem, on the other hand, is best evidenced by the case of Pescara, where URBAN 2 targeted an area where no significant regeneration expenditures were being planned before URBAN, and where probably no significant regeneration efforts would have arrived any time soon had it not been for the EU programme. An excellent example of additionality if seen from the EU standpoint, from the point of view of the Pescara local administration the concentration of URBAN 2 in the southwest of the city could nonetheless be seen as an imposition from above. This seems further demonstrated by the city's PISU 2007-13, in which the relaxation of the targeting rules brought about a much more spread out distribution of spending, in which only some of the funds were directed to the formerly URBAN 2 area. Taken together, this evidence seems to indicate that, although on the whole they were appreciative of URBAN, political as well as administrative actors at the local level would have preferred a more geographically flexible approach to regeneration funding.

The problems created by the geographic selectiveness of the URBAN approach were compounded by some other traits of the Community Initiative, especially its complementarity (which forced cities and/or sub-grantees to find and commit additional money to the programmes funded by the EU) and its developmental nature, which added functional constraints to the geographic ones, so creating further frustration and friction—especially visible in the URBAN-Bristol case, where several good projects had to be discarded because of these constraints. Finally, the fact that city administrations had to compete for the grants, and hence spend a significant amount of time and energies up front with no assurance of obtaining the funds, added another source of annoyance for the local level.

URBAN's disruption of local practices: the second micro-level dynamic of instability related more directly to the administrative structures of the participating cities, which found their authority and *modus operandi* challenged by the Community Initiative. The challenge was twofold: for one thing, URBAN compelled different branches of the local administration to coordinate and cooperate to an extent that was often at odds with their normal way of working. This point is demonstrated most clearly by the way in which local administrations returned to a more compartmentalised way of governing regeneration after the URBAN experience both in Pescara and, more surprisingly, in Bristol.[11] For another, URBAN undermined traditional bureaucracies by taking power and control away from them and giving it to other administrative and societal actors such as the UPG and its professional staff in Bristol and the URBAN office, its technical staff and the participating civil society groups in Pescara. By posing these two challenges, URBAN engendered a local bureaucratic response that was diametrically opposite to that generated in American cities by the CDBG: while the latter accommodates and strengthens local administrative structures, thus incentivising them to support the grant, URBAN generated tepid or indifferent responses among local bureaucracies. If one adds that the administrative structures supported by URBAN were for the most part provisional in nature, it is easy to see how this grant scheme could not generate the sort of local bureaucratic coalitions that contribute to the crystallisation of the CDBG in the US.

Project short-termism: the temporary nature of the URBAN model gave rise to an additional force of policy instability. As shown above, in both the Bristol and Pescara case the ending of URBAN funding posed quite some challenges to city administrations and sub-grantees alike, who found it difficult to sustain certain projects beyond the programme period. While this was an important problem of URBAN, which exposed the limits of fixed-time grant programmes, what is probably more important to note here is that this problem only concerned a minority of the URBAN-funded projects in the two cities, since for the most part URBAN supported

[11] A more general analysis of this aspect in the UK cases is in Michael Parkinson, *Combating Social Exclusion Lessons from Area-Based Programmes in Europe* (Bristol: Policy Press, 1998).

short-term or one-off projects that did not create too many sustainability issues. This followed from URBAN's temporary nature in two ways: for one thing, many of the URBAN-funded projects simply did not have the time to become ingrained in the local society, substitute public services and become 'expected' among recipients. For another, and more importantly, the temporary nature of URBAN had an *ex ante* effect, as the knowledge that the programme would end after a certain period of time incentivised the proposing and funding of projects that were either short-term in nature or even designed to tackle the problem of temporariness themselves, as it was the case for Pescara's infrastructural projects and Bristol's capacity building measures. As in the previous case, the final outcomes of these dynamics were opposite to the CDBG ones: on the one hand, the prevalence of short-term projects eliminated most of the disruptive potential of URBAN termination. At the same time, however, this diminished the value of URBAN in the eyes of both local administrations and sub-grantees, and hence their need and willingness to support it.

URBAN's prevention of sub-grantee cliques and electoral coalitions: a closely related point is that URBAN was not conducive to the formation of those permanent and cosy coalitions of sub-grantees that play a role in the crystallisation of the CDBG. This was a consequence of the temporariness of the URBAN model as well as its geographic selectiveness. Taken together, these two traits meant that even where the grant was in place for more than a round, as in Bristol, the configuration of sub-grantees and residents associations benefiting from it would change from one round to the other. This, in turn, prevented the formation of networks and links of mutual trust between groups and grant administrators and, ultimately, the emergence of coalitions of regular and expected beneficiaries of the grant who had an interest in maintaining the programme.

The factors that prevented the creation of sub-grantee networks also worked against the formation of strong electoral coalitions behind the grant. As it targeted very small portions of the recipient cities, URBAN was unable to generate the sort of wide, pork barrel-type distribution of funds among wards that contributes to explain the popularity and support of the CDBG among elected politicians in many American cities. What is more, by its nature URBAN focused on the most deprived areas and lowest socioeconomic strata of participant cities, which often are also the weakest and least active in city politics. Finally, even bracketing off the different political weight of various wards within the city, the temporary character of URBAN made it rather unlikely for residents and politicians of the beneficiary areas to feel too much of an urge to lobby in favour of the grant scheme once the programme was over.

The absence of rewards from administrative learning: a final reflection should be made on the bureaucratic and procedural complexity of URBAN, and the costs this imposed on both its administrators and the sub-grantees delivering its various projects. A common trait of the CDBG and URBAN, this aspect nonetheless had very different effects in the two grant schemes. In the CDBG case, the permanence of the personnel and offices administering the grant and of most sub-grantees, causes the bureaucratic cost-benefit structure of the grant to be distributed unevenly over time: participants are asked to pay significant costs and face a steep learning curve initially, but once these initial costs are paid, and the rules and procedures are learnt, participation in the grant becomes rather undemanding. This, in turn, reinforces the crystallisation of the CDBG in two ways: it reinforces support for its continuation among administrators and sub-grantees and it feeds back into the fixity of the sub-grantee coalition by discouraging new groups from entering the competition for funds. In the URBAN case, the transient nature of both administrators and groups of sub-grantees had the effect of eliminating the medium and long run from the picture: as documented in the previous two chapters, the grant imposed high costs in terms of time, energies and intellectual resources on its main actors, while it offered little or no reward coming from their accumulation of administrative knowledge. This in turn prevented the two mechanisms described above from taking place, hence adding another factor against the stability of this grant scheme.

Conclusion

Like crystallisation, policy instability is a mechanism that takes place—and needs to be analysed—at the microscopic level of the city as much as the aggregate level of the federal polity. Following the same 'most different' method adopted for the American cases, these last three chapters have analysed two cities, Bristol and Pescara, which had very little in common besides their participation in the URBAN Community Initiative, in order to identify the local political effects of the grant scheme itself. Here too, the analysis has confirmed the institutionalist interpretation put forward in this thesis: for the most part, the local dynamics produced by the design of URBAN worked against the stability and continuation of the policy initiative. Together with the macro-level mechanisms examined previously, these city-level institutional effects were hence key factors in the political attacks on the Community Initiative and its eventual demise.

Chapter 10

CONCLUSIONS

In her foreword to the 1993 edition of *The death and life of great American cities* Jane Jacobs reminded us that:

> [c]ities are in a sense natural ecosystems…for us. They are not disposable. Whenever and wherever societies have flourished and prospered rather than stagnated and decayed, creative and workable cities have been at the core of the phenomenon; they have pulled their weight and more. It is the same still. Decaying cities, declining economies, and mounting social troubles travel together. The combination is not coincidental.[1]

Jacobs's words ring particularly true in the midst of the worst crisis that developed economies have experienced since the Great Depression. In Europe as well as in America, cities bear the brunt of decline not only as a statistical result of these societies' level of urbanisation but also, and especially, because urbanites suffer disproportionately from some of the most odious economic aspects of this recession—foreclosures and vast youth unemployment in the first place—and are the most exposed to its social consequences. Similarly, any future recovery is hard to imagine without placing cities at its forefront as beneficiaries and, most importantly, as containers and producers of new economic, social and cultural dynamism.

Yet cities cannot be left on their own in this task. Hands-off, neoliberal urban policies of the sort culminated with Reaganism and its each-city-for-itself philosophy do not seem a viable option today—if they ever were. Cities are not disposable, as Jacobs rightly warns us. At the same time, not just any intervention will do. *Death and life* remains above all a denunciation of the scientific hubris and damages of formulaic and one-sided modes of urban policy, epitomised in Jacobs's times by Urban Renewal but still in action in many a city in the US and in Europe alike. By

[1] Jacobs, *The Death and Life of Great American Cities*, p. xviii.

ignoring the way in which the various parts of an urban ecosystem have come together over decades if not centuries of trial and error, these ‘high modernist’ schemes—as James Scott dubs them[2]—more often than not end up disrupting the social relationships and equilibria holding the city and its neighbourhoods together, eventually creating more problems than the ones they fix. Cities may be renewed in their physical infrastructure, but at the cost of breaking up entire communities and local economies. Needless to say, in the long run the perverse effects of this mode of public intervention often end up nullifying even the few gains it may have achieved.

The main lesson to be drawn here is that to be successful an urban policy should be aware of the complex ‘physical-economic-ethical processes’ that make up cities, build on—not despite—them and operate on urban systems in their entirety.[3] It should, in sum, place at its centre what I have called in this thesis ‘city welfare’. Five decades after Jacobs’s classic, this lesson seems to have been learnt among social scientists. Putting it into practice, however, is a different story. The problem of city welfare today is hence not so much ‘technical’ as it is political: it concerns less the validity of the concept than the question of whether and how this idea is translated in the political and policy spheres. It is exactly this question that my study has tried to elucidate.

The remainder of this concluding chapter will serve two purposes: first I will briefly summarise the study and recap its key theoretical findings; then I will use the conceptual framework developed in the thesis to comment on the latest urban policy developments in the United States and in the European Union. As I will show, while the former case we have substantially seen ‘more of the usual’ at least as far as the CDBG is concerned, the EU is currently in a fluid and uncertain situation, in which

[2] James C. Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed* (New Haven, CT: Yale University Press, 1998), chs. 3 and 4.
[3] Jacobs, *The Death and Life of Great American Cities*, p. xvi.

the choices that its main political actors will make in the next few months will be crucial to determine the future of a common urban policy.

A summary of the study

This study was motivated by an empirical puzzle: why did the US and the EU develop similar and equally short-lived urban policy instruments three decades apart, only to follow completely different trajectories—the introduction of a new and durable federal grant scheme in the US and the end of a common urban policy in the EU—after the demise of their early initiatives? To answer this question I have advanced a historical institutionalist argument centred on the interactions between institutional configurations at the policy and politico-constitutional level. As in all HI scholarship, issues of timing and sequence of political events are central in my argument and in the empirical analysis I have presented. It is, therefore, around a chronological criterion that this study is best summarised.

Table 20: The three urban policy phases in the US and in the EU

Polity / Historical phase	United States	European Union
Politico-constitutional juncture	Creation of HUD (1965)	TEU negotiations (1991)
Policy resemblance and instability	Model Cities (1967-74)	URBAN (1994-2006)
Policy juncture/policy disappearance	CDBG (1974)	Mainstreaming (2006)

The politico-constitutional juncture was the central historical passage in the evolution of urban policy in the US and in the EU. This was a moment in which the two polities had the opportunity of embedding the principle of urban policy in their federal architecture, thus establishing what I have named 'city welfare' state. Whether or not they took this opportunity determined the direction subsequently taken by urban policy. More precisely, it determined the outcome of the attacks that the two early policy instruments—representing the second historical phase in the table—engendered not too long after their creation due to their own institutional characteristics, primarily competitiveness and intrusiveness. In the US, where the politico-constitutional juncture had been realised and a city welfare state established, the result of the attack was the replacement of Model Cities with another instrument, the CDBG, which was able to stick and hence marked a policy-level critical juncture and the beginning of a third historical phase of policy stability. In the EU, where the politico-constitutional juncture had been missed, the attacks on URBAN resulted in its absorption into regional policy and, as a consequence, in the end of the Union's urban policy.

What the foregoing leaves out is an account of institutional formation, a question that by its nature often remains outside HI's explanatory scope. In particular, the above narrative does not explain the striking similarities between Model Cities and URBAN, which are part of the puzzle I set out to solve. To make up for HI's limits, I have used 'discursive institutionalism', a more recent and eclectic theoretical framework that has allowed me to analyse policy resemblance between the two cases as resulting from the convergence of similar sets of causal factors: a favourable political context; holistic urban policy ideas carried by experts close to the political level; finally, an institutional context of distrust between federal centre and peripheral actors.

A study of this scope inevitably intersects a number of literatures. I have located my work primarily in the growing EU-US research programme, to which this thesis gives the greatest and most immediate contributions. The most obvious of these is substantive, as this is the first systematic comparison of urban policy and its evolution in the two multi-level systems. This study also extends the literature theoretically by using HI in a research programme where institutions are central, but are often examined in the descriptive fashion of 'old institutionalism' rather than in a thick and causal perspective. My main contribution to the EU-US literature, however, is methodological: most of this research programme so far has been articulated in what I have called 'descriptive' and 'conceptual' work, where empirical concerns take precedence over theoretical ones to produce analyses that are, at best, non-applicable beyond the two cases, and at worst just plain shallow. Here I have tried to redress the balance in favour of the 'explanatory' branch of the EU-US literature, which places the study of the two systems in a more explicitly theoretical framework, the ultimate goal of which is to formulate and test theories of comparative federalism and comparative politics.

Clearly enough, this methodological approach implies that the arguments one makes be generalisable. This has not been my primary concern here, mainly because of the originality of the theoretical argument, which makes this an exploratory as much as a confirmatory study. Keeping this in mind, however, it is certainly possible to spell out the main findings of this thesis in a more general fashion and clarify my causal claims for further study.

Theorising city welfare

This study can be summarised in three key findings which, put together, form what can be seen as a preliminary theory of city welfare. These findings are about: 1) the paternalism of early city welfare regimes; 2) the urban policy dilemma; and 3) the anchoring role of the city welfare state. I will analyse each of them individually.

The paternalism of early city welfare regimes

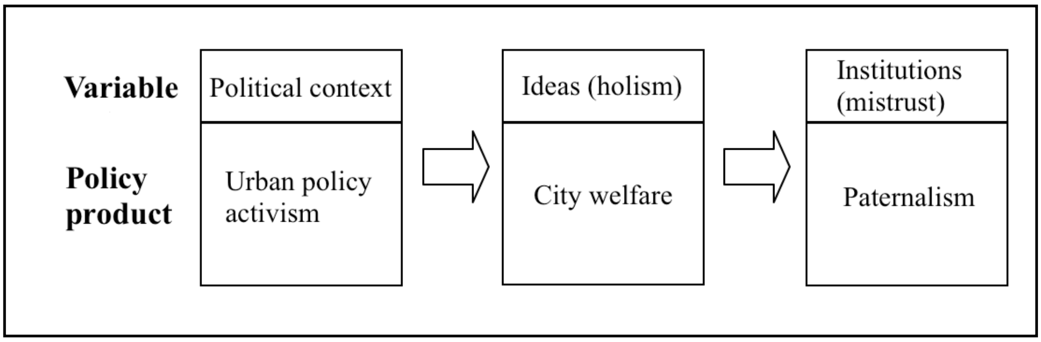
In the first place, there seems to be a recognisable type of scheme adopted by multi-level polities in their early phases of city welfare promotion. This 'early city welfare regime' has a number of traits which, taken together, can be characterised as paternalistic: most notably a competitive mode of funds allocation, a number of strings attached to the grants (primarily, but not only, geographic targeting) and a focus on the functional integration of projects. In the preceding chapters I have shown how this model was adopted by the United States (with Model Cities) and the European Union (with URBAN) in substantially different political, institutional and historical contexts. In both cases, the central government's aim was not only to indicate desirable ways of urban regeneration and development, but also to induce local actors to adhere to these principles by rewarding conforming plans and punishing those that deviated from centrally-set principles.

In Chapter Two I have also shown how the paternalistic early city welfare regime results from the convergence of three factors: first, a favourable political context produced primarily by progressive political actors in executive and sometime legislative positions. This favourable political context was produced primarily by the Johnson administration in the US case and by an urban-friendly Commission in the EU one. The second factor is the activation at the federal executive level of holistic ideas about the city and its problems. These ideas, in turn, are often carried by urban policy experts that are partially or completely independent from the existing bureaucracies, as it was the case for Johnson's Task Force and for the various contributors to the EU's urban agenda, from Paul Cheshire to Michael Parkinson. The third factor is a relationship of distrust between central and local actors, whereby the former deem the latter unable or unwilling to properly carry out federal prescriptions on urban policy. This institutional context exerts effects at the political level, making policy-makers design and implement paternalistic policy instruments, but also at the ideational level, as it often leads the experts to advocate intrusive urban policy measures in the first place.

What I have just described is an eclectic view of the policy-making process, where ideational and institutional factors play an equally important role and, at least in the US case, even specific societal interests enter the calculation via the electoral link. At work in many, if not most, decision-making processes, multi-causality is all the more important in cases like the one analysed here, where policy-makers navigate uncharted waters. In these instances, the structural elements of the political system offer less guidance on the course to follow, and ideas become crucial in shaping decisions. While this is probably no news to most student of public policy-making, a distinctive contribution of this thesis is to have broken down the particular case of the early city welfare regime into its main components.

The interactions between the three causal factors follow a logical chain in which each step corresponds to a specific policy product that refines the outcome of the previous step and/or is refined in the next step, as illustrated below.

Figure 25: The early city welfare regime's policy steps



The political context produces general urban policy activism, which is channelled by policy-level ideational factors into the more specific notion of holistic city welfare. The latter, in turn, is formulated and implemented in a paternalistic fashion as a result of the centre's mistrust of peripheral actors. To be sure, the correspondence between causal factors and policy products should not be read in an overly rigid way. This is especially true for the ideational factors in the model which, as explained, can and often do play a role in causing urban policy activism more generally defined and, on the other side of the model, can contain prescriptions as to the structuring of the city welfare scheme. What matters, however, is that for each step of the chain the corresponding causal factor is necessary for the specific policy outcome to be produced. A final remark should be made on the third and last step in the chain, which is the most closely and directly associated with the 'early' character of the federal urban policy described here, and is hence particularly important in distinguishing this from other possible types of city welfare regimes.

The urban policy dilemma

The second key finding of this thesis is that there is a trade-off between the stability of a city welfare regime and the amount of federal control over it. At one end of this trade-off there are centralised urban policy schemes which are unable to create and sustain a strong supporting constituency, and are hence both prone and vulnerable to political attacks. At the other end there are hands-off regimes which engender enough support to protract their existence over time to the point of policy stickiness. The urban policy schemes analysed in the preceding chapters approximate these two ideal types quite closely: on one side, the centralised yet unstable Model Cities and URBAN; on the other side the decentralised and sticky Community Development Block Grant.

The urban policy trade-off has two important implications. First, considering it together with the previous finding, one needs to conclude that early city welfare regimes tend to be unstable because of their paternalism. The empirical analysis presented in this thesis has shown how this was the case for Model Cities as well as URBAN, both of which suffered political attacks which lead to their termination not too long after their inception. The second implication is the asymmetrical nature of the trade-off: while passage from the centralised to the decentralised model is rather easy, as demonstrated by the transition from Model Cities to the CDBG in the US, the opposite trajectory is much less likely due to the permanence of the hands-off model which, once introduced, tends to configure a critical juncture and lock in urban policy at the instrumental level. Both the CDBG's historical resistance to centralising changes documented in Chapter Three and the micro-level mechanisms of crystallisation explored in Part II seem to confirm this, as does the Obama administration's inaction on the CDBG in the face of calls for increased federal control on the grant, on which I will touch below.

What the trade-off does not imply, on the other hand, is a normative judgement on its components. This is not only because the trade-off can be presented as a dilemma, in which both sides have some desirable aspects, but also because the horns of this dilemma are multi-faceted in several ways: the two policy types are made of many parts, can be translated in more than one way on the ground, and can be judged differently by different observers and at different times. Centralisation can mean efficiency and meritocracy as well as intrusiveness, while decentralisation can promote democracy as much as local clientelism. Equally, stability can easily degenerate into sclerosis, while instability may imply flexibility. At the end of the day, the dilemma can only be solved with reference to concrete situations. In the US, the CDBG can probably be credited with having safeguarded—although with highs and lows—federal involvement in cities for almost forty years, but leans more and more towards the negative side of its equation as updating its rules seems a Herculean task. Conversely, the EU's current noncommittal stance on urban policy has also the effect of leaving its options open for the future. As I will show below, to the extent that the Commission will re-establish a true presence in cities, this flexibility might leave it, ironically, able to mould its policy instruments around today's urban needs in a way that is precluded to HUD.

The anchoring role of the city welfare state

One of the recurring themes in this thesis is that a city welfare regime does not automatically imply a city welfare state. While the former is a set of rules and procedures regulating the distribution of federal funds to cities and the use of these funds, the latter has been defined here as the embedding of the principle of city welfare promotion in the federal political system and its embodiment by a ministry or an equivalent politico-administrative structure. That a city welfare regime can exist without a city welfare state was clearly demonstrated by the case of URBAN, which was created and managed within the European Commission's DG Regio, a body devoted, as its names suggests, primarily to regional development rather than urban policy.

The distinction between the sphere of specific public policies and what I have called here the politico-constitutional level, which refers to the basic rules of the polity, is hardly a discovery for institutionalist scholars. My contribution in this thesis—the third key finding—is to have uncovered the peculiar relationship between these two institutional levels in the particular case of city welfare promotion. Given the inherent instability of early city welfare regimes, the presence of a city welfare state plays a crucial role in determining the fate of federal urban policy after its initial phases. Where this state exists, it protects the existence of city welfare promotion in the face of political attacks which may or may not change the shape of federal policy. On the other hand, absent a city welfare state, federal urban policy cannot count on a politico-constitutional safeguard, and attacks on the early regime can end up cancelling city welfare promotion from the policy landscape of the federal system. In the thesis I have summarised these dynamics by referring to the city welfare state as a 'top institutional anchor' able to secure the survival of federal urban policy in turbulent times.

I have explored the empirical workings of this institutional anchor primarily in Chapter Three, where I have shown how the US Department of Housing and Urban Development reacted to Nixon's attack on Model Cities by channelling it into the creation of the CDBG, a grant scheme which later became crystallised to the point of adding a 'bottom' urban policy anchor to the top one provided by HUD. In the EU, conversely, the mainly regional focus of DG Regio led it to respond to cities' and regions' attacks on URBAN by opting for a weak mainstreaming of the Community Initiative into the structural funds, so effectively ending the Union's urban policy.

Looking at the way the politico-constitutional level affected the direction taken by federal urban policy in both cases, in my historical analysis I have found it appropriate to use the language and framework of institutional path dependence. In the US's case I have located the main critical juncture in 1965, when HUD was established. For the EU, on the other hand, I have focused on the 'missed' juncture of the Maastricht negotiations, when the Commission put forward a treaty amendment which, if passed, would have embedded the notion of city welfare in the Union's constitutional architecture and, likely, set its urban policy on a very different course.

Which way forward? The future of urban policy in the US and in the EU

The generalisability of my findings notwithstanding, this remains first and foremost a study of the US and the EU's experiences with the idea and practice of city welfare. In this last section I will hence take the level of abstraction back down and briefly reflect on the latest urban policy developments on the two sides of the Atlantic in the light of the conceptual framework built in the thesis. Since it finds itself in a more fluid situation, the European Union offers a more interesting debate but also a great deal of uncertainty as to how the new ideas recently put forward by the Commission will eventually be translated into actual policy. In the US, conversely, the existing debate on urban policy tends to be framed in more incrementalist terms, and policy, at least as far as the CDBG is concerned, has recently shown continuity more than anything else. At the same time, one should not underestimate the importance of some block grant reform proposals currently in circulation which, if adopted, could go a long way towards reviving what is increasingly seen as a stagnant policy instrument.

The United States: waiting for better times?

Among the changes promised by Barack Obama in his 2008 presidential campaign was that of expanding and reinvigorating the federal government's urban role in the context of a new paradigm which would cease to consider American cities as receptacles of social problems to be fixed, but would see them instead as places of opportunity and growth for the country. To follow up on this promise, soon after the election Obama's transition team sponsored a major review of HUD and its programmes, which was published in early 2009 as a report to the new secretary Shaun Donovan.[4] Prepared by a large team of experts and practitioners, the report is a rich and ambitious study which presents a thorough critical analysis of the department and remains the single most important document on urban policy reform produced under the Obama administration. A quick look at its most pertinent parts to this thesis is hence in order.

Taken as a whole, the report is a call for HUD to be put back at the centre of federal action in domestic affairs, and recover the power, prestige and initiative that the department lost from the second half of the 1970s, and especially during the Reagan years.[5] To this aim, the report makes several suggestions, two of which are relevant here. The first is, unsurprisingly, expanding the housing and urban development chapter of the federal budget. To be effective, however, financial strengthening needs to be accompanied by a set of qualitative changes in the department's action aimed at reinforcing its urban development functions—putting the 'UD' back into HUD, to use the report's words—thus creating the conditions for it to regain true leadership for American cities.[6]

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[4] Penn Institute for Urban Research, "Retooling HUD for a Catalytic Federal Government: A Report to Secretary Shaun Donovan," (February 2009).
[5] On this point see Nenno, *Ending the Stalemate*, ch. 1.
[6] Penn Institute for Urban Research, "Retooling HUD", pp. 189-201.

The CDBG is a central target in the report's appraisal of HUD. Currently the main vehicle for federally funded urban development, the block grant suffers from a number of inherent and acquired problems that have significantly undermined its effectiveness over time. The main criticsm levelled at the CDBG is that the steady decline in its funding has gradually turned the grant from a tool for regeneration and development into a 'fiscal equalisation' instrument, which cities—especially cash strapped ones—use just to fill their various financial gaps. This point goes hand in hand with the grant's excessive decentralisation, which deprives HUD of any real guidance function and reduces its role to one of processing payments and monitoring fraud. Another problem is the CDBG's focus on low and moderate-income residents, which too often makes the grant prioritise mere redistribution over development, and poses an obstacle to more helpful mixed-income projects. Finally, the grant has an excessively limited range of action, usually covering neighbourhood-level and 'tactical' issues rather than broader urban questions.[7]

To improve the CDBG's usefulness the report suggests several types of action. One of these is that the grant should be given an additional regional dimension, which would allow the financing of projects at the level of functional—rather than administrative—urban areas, and provide a framework for cooperation among local jurisdictions. In addition, CDBG activities should be re-oriented towards the promotion of economic development, possibly earmarking a part of the grant for this objective. The grant should also promote 'green' actions in cities, such as projects increasing energy and water efficiency. Finally, HUD should do more to encourage planning and coordination of CDBG activities functionally but also temporally by replacing the inefficient Section 108 loans with new instruments for multiyear

[7] Ibid., pp. 141-45.

projects.[8] While some of these changes require amending the CDBG regulations, the report concludes, for the most part HUD should try—and be given the means—to promote its new urban development approach through 'soft power', by regaining a central role in stimulating innovation and disseminating best practices. Needless to say, one of the prerequisites for this approach to work is a substantial increase in the CDBG's appropriations.[9]

Those proposed in the report are overall marginal changes from a formal standpoint—nowhere does the document challenge the basic architecture of the CDBG, most notably the entitlement system—which nonetheless contain several substantial innovations. Some of the ideas in the report have found their way into HUD's new strategic plan which, for instance, stresses the relevance of developmental and environmentally-friendly projects in the department's doctrine.[10] The plan, however is by its nature a general document, which contains little in terms of concrete proposals. Even less in the way of actual reform can be seen by looking at the practice of the CDBG: for one thing, none of the centralising changes advocated in the 2009 report so far has been seriously attempted by HUD. For another, after Obama's initial increase and the extra $1 billion of the stimulus package, block grant funding has dropped to a new low in the past two years, and it is not predicted to rise in 2013.[11]

Stagnation on the CDBG's front is to be attributed largely to the economic circumstances in which the Obama administration has found itself. From the

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[8] Ibid.. The CDBG's limits in the area of planning are an old issue, which was raised also in the last comprehensive review of the grant conducted nearly two decades ago. See The Urban Institute, *Federal Funds, Local Choices: An Evaluation of the Community Development Block Grant Program*, vol. 1 (Washington, DC: Urban Institute, 1995).

[9] Penn Institute for Urban Research, "Retooling HUD", pp. 141-45.

[10] US Department of Housing and Urban Development, "HUD Strategic Plan FY 2010-2015," (May 2010).

[11] US Department of Housing and Urban Development, "FY 2013 Budget: Housing and Communities Built to Last".

beginning, Obama's HUD has had to tackle a number of pressing problems—in the first place the foreclosure crisis—which have not left too much space for more forward looking reform. Similarly, the currently limited funding of the CDBG is a manifestation of the wider post-stimulus cuts to the federal budget. To these contingent causes, however, one should probably add the role played by the structure of the block grant, which hinders changes in normal times and makes it even less likely in a context of austerity, when the additional resources that might be needed to attenuate local resistance to change are harder to come by. To be sure, direct evidence on this statement is scarce: after all, the variations advocated in the 2009 report have not really been tried. But forty years of policy stickiness make this a fairly safe argument. In the same way, it is safe to say that the next few months, beginning with the upcoming presidential election, will be crucial to determine whether the return to a Johnsonian spirit in US urban policy of the sort advocated in the report is truly possible.

The European Union: urban policy redux?

Following the disillusionment with the experience of mainstreaming, and partly as a result of it, the urban policy debate within the European Union has revived in the past five years or so. Roughly speaking, this debate has developed along two tracks. The first is intergovernmental and is represented primarily by the regular meetings that the member states' ministers responsible for urban development have continued to hold in recent years. In the latest of these meetings, held in Toledo in 2010, member states restated the importance of reaching a shared understanding of integrated urban development and establishing a common European urban agenda, and their commitment to promote this agenda individually as well as through common institutions.[12] While important for promoting the idea of a common urban policy, however, ministerial meetings and the documents they produce are usually set in terms that are far too broad and rhetorical to contain any clear indication of concrete initiatives. Further, the effectiveness of their conclusions is generally weakened by the rotating presidency system, which makes the Council's enthusiasm for a EU urban policy variable over time.[13]

A more consequential development on the intergovernmental front has been the recent embrace of the principle of 'territorial cohesion' by EU member states. Broadly speaking, territorial cohesion aims to achieve a more balanced and harmonious development of the territory of the Union by adding an explicit geographic dimension to the traditional economic and social focus of the EU's structural policy. While it does not speak exclusively to urban areas, territorial cohesion is widely regarded as having important implications in terms of EU interventions for disadvantaged cities and neighbourhoods. In this sense, the enshrinement of this principle in the 2009 Lisbon Treaty and its subsequent integration in the new developmental agenda of the Union constitute important moments in the evolution of the EU's urban role.[14]

Even more importantly, and concretely, the inclusion of territorial cohesion among the central goals of the Union has reinvigorated the urban policy debate among common institutions, and especially the Commission, in relation to the new cohesion policy for 2014-20. As in a *déjà-vu*, several ideational and politico-institutional elements have come together in this second track of the EU urban debate. Intellectually, the agenda is set by a considerable body of research on territorial

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[12] "Toledo Informal Ministerial Meeting on Urban Development - Declaration," (22 June 2010).
[13] Paweł Swianiewicz, Rob Atkinson, and Anna Baucz, "Background Report on the Urban Dimension of the Cohesion Policy Post-2013," (July 2011).
[14] EU Informal Council of Ministers, "Territorial agenda of the european union 2020," (19 May 2011).

cohesion, and most notably by the so-called Barca report, a 2009 study clarifying the rationale, content and objectives of place-based initiatives in the new cohesion policy.[15] On the political side, the EU urban policy cause now benefits from an urban-friendly DG Regio leadership in the person of commissioner Johannes Hahn (who himself has a local politics background), and a European Parliament strongly determined to avoid the mistakes of the past.[16] Finally, and more surprisingly, the Committee of Regions has recently adopted a more positive stance towards the idea of a stronger urban dimension in cohesion policy.[17]

The current focal points of the EU urban policy debate are the Commission's proposals for the new multi-annual financial framework and structural funds regulations, published in June and October 2011 respectively. The latter, in particular, contain a number of important innovations for cities. The main one is the introduction of 'Integrated Territorial Investments' (ITIs), namely global (as opposed to project-based) grants for the financing of holistic urban development programmes. The grants are to be included in the regions' Operational Programmes and allocated at least 5% of each member state's ERDF quota. Beyond that, states and regions are left free to channel additional funds into ITIs, whether from the ERDF or the other funds. In addition to the quota for ITIs, the Commission proposes to reserve up to 0.2% of the total ERDF for a special fund which would distribute money competitively among innovative projects for sustainable urban development. Finally, the draft regulations contain the creation of an 'urban development platform' for capacity building and

[15] Fabrizio Barca, "An Agenda for a Reformed Cohesion Policy: A Place-Based Approach to Meeting European Union Challenges and Expectations," (April 2009).
[16] See for instance European Parliament - Committee on Regional Development, "Report on European Urban Agenda and Its Future in Cohesion Policy," (1 June 2011).
[17] Committee of the Regions, "Opinion on the Role of Urban Regeneration in the Future of Urban Development in Europe," (10 June 2010).

best practices exchange, which would complement and reinforce the action of existing networks, URBACT in the first place.[18]

From the point of view of establishing a full-fledged common urban policy, the Commission's proposals have several limits. For the most part, these stem from the insertion of the ITIs in the regional Operational Programmes, which would not only subordinate urban development projects to the strategic priorities set by the regions, but would also give regions the last word about how to distribute their urban global grants. That DG Regio eventually chose this regulatory framework over a number of available alternatives which would have given cities more powers—such as creating separate OPs for cities or having them share control of OPs with regions[19]—definitely indicates the resistance of a certain regional bias in the directorate.

That said, it would be dishonest not to recognise the many merits of the Commission's proposals. The introduction of an earmarking process would eliminate the uncertainties of the current regime and guarantee the distribution of a certain amount of funds for urban development programmes. The earmarking concept is all the more notable if one considers the estimated figures for the 2014-20 cohesion policy, which set the ERDF at €183.3 billion and hence the quota for ITIs at €9.165 billion—a significant improvement compared to the past. To this, one should add up to €366.6 million for the innovative actions fund, which would allow the Commission to promote a number of important goals in cities, primarily in the area of environmental protection. Finally, and more generally, the proposals signal a willingness on the part of DG Regio to re-establish a policy and political connection

[18] European Commission, "Proposal for a Regulation on Specific Provisions Concerning the European Regional Development Fund and the Investment for Growth and Jobs Goal and Repealing Regulation (EC) No 1080/2006," (6 October 2011).
[19] Anonymous. Interview by author.

with cities as stakeholders of cohesion policy. Of course, whether that connection will develop virtuously for future policy development or, on the contrary, cities will become a force of conservation (as it is often the case for the US's CDBG) will depend largely on how the urban measures proposed by the Commission will be implemented in practice.

At the time of this writing, the Council has yet to begin negotiations on either the financial framework or the cohesion policy regulations. The Commission's proposals are, therefore, still just a scenario—and probably the best case one, as member states are unlikely to be more ambitious than DG Regio on urban policy, their proclaims notwithstanding. Whether and to what extent the proposals will be watered down is a matter of pure speculation at this point, more so in the current context of pervasive austerity. At the same time, the general atmosphere seems positive, and the threshold set by the current urban funding regime quite low. When all is considered, whatever the final result, it is hence quite likely to be an improvement for European cities.

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