Anchor Institutions, Neighborhood Involvement and the Innovation Economy

THIRD CRCOG WORKSHOP ON NEXT GENERATION ECONOMIC DEVELOPMENT

LEGISLATIVE OFFICE BUILDING, HARTFORD, CT.

JUNE 17, 2016

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Overview: Anchors and Urban Institutions of Higher Education

Universities and their Neighborhoods

Research: Eds and Meds – Legacy Cities’ Industries

Universities and Innovation Districts
What is an anchor institution?

**Anchor institutions are**
- entities having a large stake in a city,
  - usually through a combination of internal missions and landownership.

**Anchor institutions have important economic impacts due to their**
- employment,
- revenue-garnering and
- spending patterns.

**Anchor institutions consume sizable amounts of land**
- they have an important presence in cities and their neighborhoods.

**Anchor institutions encompass**
- universities,
- hospitals,
- cultural institutions (including museums, libraries, performing arts facilities),
- sports facilities
- churches,
- military installations and
- occasionally large corporations.
Of the 7,473 institutions of postsecondary education in the United States, **4,961 (68 percent)** are located in urban areas and **educate over 67 percent of all postsecondary students in the United States**.

**Urban institutions of higher education** are key generators of human capital, **educating about 20 million students annually**.

In the 2010–11 academic year, **urban institutions of higher education granted 63 percent of all bachelor’s degrees, 75 percent of all master’s degrees, and over 72 percent of all PhDs among universities in the United States**. Furthermore, urban universities educate more than 80 percent of all the doctors and dentists.

*FewismN, Perry and Menendez, The Foundational Role of Universities as Anchor Institutions in Urban Development, 2014*
Megan Ehlenz: National Survey
22 universities (34% response)

SAMPLE KEY (N=65)

- Yellow Circle: Respondents (n=22)
- Gray Circle: Non-Respondent
Key Survey Findings: What?

All universities reported neighborhood revitalization

Neighborhood Revitalization Initiatives
(n = 22)

Source: Megan Ehlenz, 2015

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Key Survey Findings: Who?

- Major research universities + large universities are primary drivers of revitalization activity

- Private universities = most active + most diversified

<table>
<thead>
<tr>
<th>Category</th>
<th>Public, 4-yr (n=11)</th>
<th>Private, not-for-profit, 4-yr (n=9)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
<td>100%</td>
<td>45%</td>
</tr>
<tr>
<td>Commercial Development</td>
<td>78%</td>
<td>55%</td>
</tr>
<tr>
<td>Economic Development</td>
<td>89%</td>
<td>64%</td>
</tr>
<tr>
<td>Public Amenities</td>
<td>82%</td>
<td>78%</td>
</tr>
<tr>
<td>Public Safety</td>
<td>89%</td>
<td>64%</td>
</tr>
<tr>
<td>Neighborhood K-12</td>
<td>91%</td>
<td>78%</td>
</tr>
<tr>
<td>Other Community Service</td>
<td>78%</td>
<td>78%</td>
</tr>
<tr>
<td>Other</td>
<td>27%</td>
<td>11%</td>
</tr>
</tbody>
</table>

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Key Survey Findings: Why?

NEIGHBORHOOD REVITALIZATION MOTIVATIONS

**Deteriorating** neighborhood conditions.

Address student, faculty, and staff **attraction/retention**.

**Community support** for engagement.

**University valued** as institution by community + legislative bodies.

**Tradition** of university-community engagement.

**Leadership**: individuals + institutional mission.

Demonstrating **commitment** to the community.

**Civic mission** within the community (implied)
**Physical development**
Finance, Campus Planning, Facilities, Real Estate

**Administrative leadership**
Office of the President, Chancellor, Executive Vice President, Vice President

**Community relations**
Government Relations, Community Engagement

**Community outreach**
Community partnerships, community/neighborhood institutes or centers

**University Relations**

**University Colleges/Departments**

**Public Affairs and Communications**

**Public Safety**

**Academic Innovation**

**Applied Research/Practice Centers or Institutes**

**City Government:** Elected Officials

**City Government:** Departments of Economic Development, Planning, Neighborhood Services, Police, Education

**Other Community Anchors:** Libraries, Schools, Museums

**Neighborhood Associations**
CDCs, other CBOs

**Commercial / Business Districts**

**Philanthropic organizations**
The West Philadelphia Initiatives

Creating safe and secure neighborhoods

Stimulating the housing market

Increasing capacity for economic development

Investing in public education

Integrating campus into urban fabric
Local Investment 1985 to 2013: $1.4 Billion

**Home Ownership:**
$5.5 million for closing costs & home improvements in West Philadelphia (since 2000)

**Municipal Services:**
$30 million to support the University City District (since 1997)

**Public Education:**
Over $7.5 M to Sadie Tanner Mossell Alexander School (since 2003)

**Commercial Development:**
$165M to kick start real estate renaissance. (Circa 2000)

**Local Purchasing/Small Business Development:**
$1.2 B (Since 1985)
## Neighborhood Initiatives Dashboard

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Priority Tactics</th>
<th>Prior Status</th>
<th>Recent Status</th>
<th>% Change</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Neighborhood Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crime Incidents ’96 - ‘12</td>
<td></td>
<td>1,589</td>
<td>797</td>
<td>(50%)</td>
<td>↓</td>
</tr>
<tr>
<td>Safety Personnel ‘96-’10 (UPPD and Allied Barton)</td>
<td></td>
<td>269</td>
<td>618</td>
<td>129%</td>
<td>↑</td>
</tr>
<tr>
<td><strong>University City Housing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owner Occupancy as % of All Housing Units ’00 -’10</td>
<td></td>
<td>17%</td>
<td>19%</td>
<td>2%</td>
<td>↑</td>
</tr>
<tr>
<td>Penn Home Ownership Services Cumulative Participants ’98-’10</td>
<td></td>
<td>61</td>
<td>987</td>
<td>1,518%</td>
<td>↑</td>
</tr>
<tr>
<td><strong>Economic Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minority Construction Hiring ’99-’12</td>
<td></td>
<td>26.9%</td>
<td>25.3%</td>
<td>(1.6%)</td>
<td>↔</td>
</tr>
<tr>
<td>Minority Contracting: Construction ’99-’12</td>
<td></td>
<td>33%</td>
<td>39%</td>
<td>6%</td>
<td>↑</td>
</tr>
<tr>
<td>Local Purchasing Spend as % of Total Spend ’98 – ’11</td>
<td></td>
<td>11.7%</td>
<td>13.3%</td>
<td>1.6%</td>
<td>↔</td>
</tr>
<tr>
<td><strong>Commercial Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail Sq. Ft. ’99 – ‘10</td>
<td></td>
<td>300,000</td>
<td>412,000</td>
<td>37%</td>
<td>↑</td>
</tr>
<tr>
<td>Retail Sales per Sq Ft. ’99 – ‘10</td>
<td></td>
<td>$260</td>
<td>$400</td>
<td>54%</td>
<td>↑</td>
</tr>
<tr>
<td><strong>Public Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>K-8 Schools</td>
<td></td>
<td>3</td>
<td>4</td>
<td>33%</td>
<td>↑</td>
</tr>
<tr>
<td>Pupil/Teacher Ratio ’00 -’11 (National Ctr for Educ Statistics)</td>
<td></td>
<td>17.3</td>
<td>14.8</td>
<td>(14.7%)</td>
<td>↓</td>
</tr>
</tbody>
</table>
Research: Eds and Meds are Legacy City “Industries”
Share of US R&D Expenditures by Performing Sector and by Funding Sector
Source: National Science Foundation 2013, Figure 2
2013 FEDERAL FUNDING FOR R&D BY AGENCY: TOTAL $132 BILLION


Note:  
1955 DOD: 85% HHS: 3%  
1973 DOD: 54% HHS: 9%  
1993 DOD:59% HHS 23%
Federal government grants: $40 billion, 836 universities; 20% to top ten (2011)

<table>
<thead>
<tr>
<th>University</th>
<th>Total R&amp;D</th>
<th>R&amp;D from federal government</th>
<th>Agency (primary funders)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Johns Hopkins</td>
<td>$1.88 billion</td>
<td>88%</td>
<td>DOD, NASA</td>
</tr>
<tr>
<td>University of Washington, Seattle</td>
<td>$949 million</td>
<td>83%</td>
<td>HHS, NSF</td>
</tr>
<tr>
<td>University of Michigan</td>
<td>$820 million</td>
<td>64%</td>
<td>NA</td>
</tr>
<tr>
<td>University of Pennsylvania</td>
<td>$814 million</td>
<td>79.8%</td>
<td>HHS</td>
</tr>
<tr>
<td>University of Pittsburgh</td>
<td>$662 million</td>
<td>73.7%</td>
<td>HHS</td>
</tr>
<tr>
<td>Stanford University</td>
<td>$656 million</td>
<td>72.3%</td>
<td>DOD, HHS, NASA, NSF, DOE</td>
</tr>
<tr>
<td>Columbia University</td>
<td>$645 million</td>
<td>73.4%</td>
<td>NSF, NASA</td>
</tr>
<tr>
<td>University of California, San Diego</td>
<td>$637 million</td>
<td>63.1%</td>
<td></td>
</tr>
<tr>
<td>University of Wisconsin, Madison</td>
<td>$594 million</td>
<td>53.4%</td>
<td>HHS, NSF</td>
</tr>
<tr>
<td>Duke University</td>
<td>$585 million</td>
<td>57.3%</td>
<td>HHS</td>
</tr>
</tbody>
</table>

Megaregional Patterns for Eds and Meds
Northeast Megaregion
12 states + DC
142 county area
(Contiguous Core Based Statistical Areas)

Two Parts
Urban Core
Support Zone

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Northeast Megaregion

Today:
- $2.6 trillion (20%) U.S. GDP
- 52.3 million (17%) U.S. population
- 60,000 sq. mi. (2%) U.S. land area

Tomorrow (2050):
- $7 trillion to GDP
- 70 million population
Northeast Megaregion

Employment:

Highest Location Quotient: Education and Health Services

Location quotients: The Northeast’s specialized economy.
University - Medical Center Employment

2010
One million jobs
$100 billion operating budgets

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Knowledge workers

2010

62,000 faculty

Average salary

$ 85,000
Universities and outside funding

2010

Total $28 billion

MIT $1.2 billion
Students
1.5 million overall
Important clusters
Five major cities
  Boston
  New York
  Philadelphia
  Baltimore
  Washington
73% aggregated operating budgets
59% outside funding
65% employees
49% students
Anchor Development Patterns

Embedded Neighborhood

Downtown

Large Scale Conversion

Quasi-Suburban

Specialized District
Downtown
Large Scale Conversion
Quasi- Suburban
Special Districts

Longwood Academic and Medical Center/ MASCO

Beth Israel Deaconess Medical Center
Brigham and Women’s Hospital
Children’s Hospital
The Colleges of the Fenway
Dana-Farber Cancer Institute
Emmanuel College
Harvard University:
Medical School
School of Dental Medicine
School of Public Health
Joslin Diabetes Center
Judge Baker Children’s Center
Massachusetts College of Art
Simmons College
Temple Israel
Wentworth Institute of Technology
Wheelock College
The Winsor School

MASCO: 1972
Employment 43,600

(Medical Academic and Scientific Community Organization, Inc.)
Special District: University Circle Cleveland

550 acres/30,000 jobs/
2.5 million visitors per year

Five miles from DT
Linked with transit
Case Western Reserve
University Hospitals of Cleveland
Cleveland Museum of Art
Cleveland Botanical Garden
Cleveland Institute of Art
Cleveland Orchestra
The Church of the Covenant
Cleveland Hearing and Speech Center
Cleveland Medical Library Association

University Circle Inc (1957)

District Heating (since 1932)

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Special District: SINA and NINA

The Learning Corridor, an educational campus constructed between the SINA institutions, consists of four magnet schools and other community facilities. Credit: SINA
Universities and Innovation Districts
Conceptual View of Types of Tech District Types in a Metro

Source: Forsythe, 2014
The Concept

In combining economic, physical and networking assets in urban, not suburban locations, they “focus extensively on creating a dynamic physical realm that strengthens proximity and knowledge spillovers.

Rather than focus on discrete industries, innovation districts represent an intentional effort to create new products, technologies and market solutions through the convergence of disparate sectors and specializations (e.g., information technology and bioscience, energy or education).

Source: Katz and Wagner,, Rise of Innovation Districts, 2014
Boston/Cambridge: Harvard University
New York: Columbia University
More than Physical Space

CASES
Arizona State University
Emory University
University of California, San Francisco
University of Chicago
University of Pennsylvania
Yale University

http://penniur.upenn.edu/uploads/media/Lessons_Learned_from_PRAI-web.pdf

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Eds and Meds: Judging Impact

Direct
- Payments in Lieu of Taxes (PILOT)
- Regular taxes on Profit Making Activities
- Neighborhood improvements/city growth

Indirect
- Payroll
- Purchases
- Capital Expenditures

Other
- “Import” capital: research, tuition/service payments, donations

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