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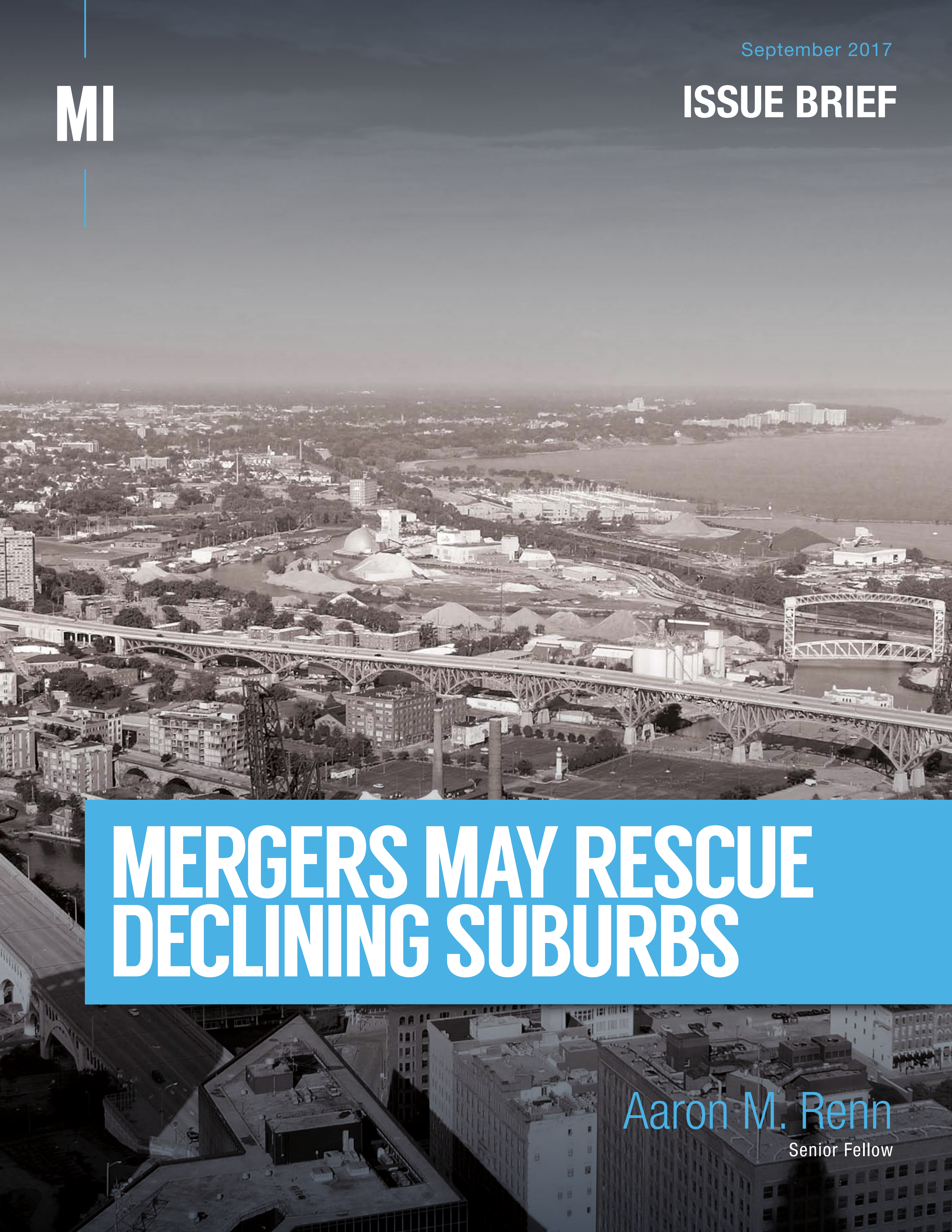

# MERGERS MAY RESCUE DECLINING SUBURBS

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According to the 2012 census of governments, there are 19,522 municipalities in the U.S.[1] They all have their own budgets that are largely funded from their own tax base. Many are prosperous and successful, but many others, particularly the so-called inner-ring or first-tier suburbs next to central cities, are in trouble. As one study noted, "older suburbs, particularly those built in the 1950s and 1960s, no longer attract new development or new residents" and "exhibit the very symptoms of decline that US cities experienced some three decades ago."[2]

As inner-ring suburbs become progressively poorer, they are less able to finance public services without tax increases, which drives away people and business, which further reduces the tax base. If these fiscal conditions are paired with poor governance and corruption, a turnaround can be especially difficult.

Virtually all options for addressing inner-ring-suburb challenges—neglect, state subsidies, state intervention—come with major drawbacks. However, one option has not received the attention it deserves: merger with the adjacent central city.

A merger is a fraught undertaking. To overcome political challenges, including resistance by a suburb's residents, state government would need to finance transition costs, potentially absorb some legacy costs, and provide funding for a capital-improvement program. Mergers should improve services in the suburb but not at the expense of reducing them in the central city.

Nor should local and state leaders necessarily wait until an inner-ring suburb's financial situation is dire before pursuing this option. Rather, states should step forward to assist with mergers of those suburbs that are in decline prior to reaching a crisis state. This paper provides data on all contiguous suburbs of select northeastern and midwestern cities: Buffalo, Chicago, Cincinnati, Cleveland, Detroit, Kansas City, Milwaukee, New York, Pittsburgh, and St. Louis. These cities were selected because they are postindustrial regions with significant municipal fragmentation and numerous troubled suburbs. (See **Appendix.**) From this list, the following 10 suburbs, selected from various metro regions, depict the kinds of troubles that make them, and others similarly situated, candidates for mergers.

**East Cleveland, Ohio (central city: Cleveland).** This municipality, contiguous to Cleveland, has lost 36.7% of its population since 2000.[3] Ninety-three percent of its current 17,220 residents are black,[4] and the poverty rate is 42.6%.[5] The city is classified as fiscally distressed by the state of Ohio. Its budget has fallen from $16 million to $10 million in about six years, and nearly half the city's workforce was laid off during that time.[6] In 2016, East Cleveland petitioned the state to be allowed to file for Chapter 9 bankruptcy.[7] The city is unable to provide basic services to its citizens. Last winter, the state department of transportation had to lend the city two salt trucks because its own fleet was inoperable.[8] The nearby community of Oakwood Village donated an ambulance to East Cleveland, whose last ambulance broke down.[9]

East Cleveland was in discussions with the city of Cleveland about a merger when its mayor was recalled in a special election. The recall effectively killed merger talks. As of now, no further action is being taken to advance a merger, though East Cleveland remains a prime candidate for it.

**Newburgh Heights, Ohio (Cleveland).** The population of this small, predominantly white village, 2,079, is down 13% since 2000, and its poverty rate over the same period is up 15.3 percentage points, to 27.3%. The inflation-adjusted median household has declined by 34.6%—to $23,789—since 2000. Newburgh Heights has been a prolific writer of traffic tickets—about 300 per week even after the state of Ohio passed reforms to curb the practice.[10]

**Lackawanna, New York (Buffalo).** Lackawanna is the former home of a major Bethlehem Steel mill, which ceased most operations in 1983. The city's population, 17,868, has dropped 6.3% since 2000, but its poverty rate, 24.4%, is up 7.6 percentage points over the same period. The city's inflation-adjusted median household income, $24,896, declined by 15.2%.[11] Lackawanna is not experiencing a fiscal crisis but is in a metropolitan region with declining population that continues to build new housing on the fringes—which will lower demand for housing in inner-ring locations such as Lackawanna.

**Calumet City, Illinois (Chicago).** This blue-collar suburb, immediately south of Chicago, is the site of the fictional orphanage where Jake and Elwood were raised in the film *The Blues Brothers*. Calumet City's fiscal anchor is River Oaks Mall, a 50-year-old enclosed facility that is in decline. Two of its four anchor-store locations are empty. Macy's and J. C. Penney, two shrinking chains, occupy the other two.[12] The suburb has also lost car dealerships. Retailers are important to the suburb's fiscal health because Calumet City collects a 1% local sales tax.[13]

Calumet City's population, 36,732, is down 6% since 2000, and its poverty rate is up 10.1 percentage points, to 22.2%. Inflation-adjusted median household income, $27,153, has fallen by 30.2% since 2000. The suburb is not yet truly distressed but is trending in the wrong direction. Should the River Oaks Mall fail, outside capital assistance here might involve state help in redeveloping failed retail sites with some sort of replacement.

**Dolton, Illinois (Chicago).** Dolton is directly west of Calumet City. It is also losing population—down 10.6% since 2000, to 22,891, and its poverty rate is 24.8%, up 16.5 percentage points since 2000. In 2015, *The Bond Buyer* listed Dolton as one of five candidates for municipal bankruptcy in Illinois.[14]

Black residents leaving Chicago have often landed in suburbs like Dolton, whose current population is 91% black.[15] As with the previous move into urban neighborhoods that were once off-limits, the suburban dream has often turned into a mirage, as these aging communities have serious challenges. Unlike those urban neighborhoods, however, separate municipalities like Dolton have no access to the tax base of the thriving Chicago Loop and North Side. Consolidation of Dolton, Calumet City, and other similar communities with Chicago would correct this. True, Chicago has severe fiscal problems of its own, but the city is much better resourced economically to respond to them than most of its struggling suburbs.

**Elmwood Place, Ohio (Cincinnati).** Like other river cities such as St. Louis and Pittsburgh, the Cincinnati area has numerous small, independent municipalities. Elmwood Place is a small suburb of Cincinnati (population 2,180) that is losing people (down 18.7% since 2000). Its poverty rate is 31.2%, up 12.2 percentage points since 2000. The town's inflation-adjusted median household income, $19,450, has declined

33.0% since 2000. In 2013, the *Cincinnati Enquirer* declared that Elmwood Place was "facing a grim future" and questioned its viability.[16]

**Norwood, Ohio (Cincinnati).** Norwood is entirely surrounded by the city of Cincinnati. Enclave suburbs such as Norwood may prove especially politically challenging to merge, as their identity in part comes from having resisted historical annexation attempts. Norwood is losing population (down 8.3% since 2000, to 19,876) and its poverty rate, 22%, is up 9.1 percentage points. Inflation-adjusted median household income ($27,270) has declined by 15.4% since 2000. Last year, the state auditor declared a state of fiscal emergency in Norwood, after 12 years on fiscal watch.[17] The tax base was once supported by a General Motors plant, with payroll tax revenues providing 28% of Norwood's budget in 1987, the year the plant closed. Since then, the city has struggled.[18] The city's financial condition is not dire, but it is finding it hard to provide services.[19]

**Ferrelview, Missouri (Kansas City).** Ferrelview is a tiny enclave, population 633, and its population has grown modestly since 2000. But its poverty rate, too, has grown considerably, and is now up to 29%. A significant share of the population is in a mobile-home park inside the municipal limits.[20] Last year, the town's police chief was embroiled in controversy over accusations of abusive behavior, and citizens for the town have petitioned for the state to audit its finances.[21] These disputes remain ongoing.

**Wilkinsburg, Pennsylvania (Pittsburgh).** This suburb, immediately east of Pittsburgh, is losing population—down 18.8% since 2000, to 15,586. Wilkinsburg's high poverty rate, 24.1%, is up 5.4 percentage points since 2000, and its inflation-adjusted median household income, $22,763, has declined by 14.5%. Located in one of America's whitest metropolitan areas, Wilkinsburg's population is two-thirds black.[22] Wilkinsburg is a candidate for merger with Pittsburgh.

**Pine Lawn, Missouri (St. Louis).** Pine Lawn's population, 3,592, is down 14.6% since 2000. Its poverty rate has not increased substantially since 2000 but is very high, at 37.6%. The small suburb made national news in the wake of the Michael Brown shooting in Ferguson, for its municipal court, which generates nearly half the city's revenues.[23] In 2015, former mayor Sylvester Caldwell was sentenced to 33 months in prison for extortion.[24] In 2016, a Pine Lawn police officer was sentenced to prison for falsely arresting a mayoral candidate.[25] That year, the city voted to dissolve its police department and contract for policing with a regional agency.[26] Pine Lawn, in short, is one of many small St. Louis suburbs whose continued existence as a municipality should be questioned.

# Suburban Challenges

The problems that plague many American cities have proved difficult to address, but troubled suburbs often face unique issues that can make them even more difficult to turn around. These issues include:

*Lack of visibility and accountability*. A central city is home to the region's major media organizations, such as the daily newspaper read by top regional and state leaders. These media organizations focus on the central city itself, along with state and national issues. They are far less likely to be performing their watchdog role for suburbs, simply because, affluent suburbs excepted, they have neither the staff nor the audience to do so. So, too, a central city is more typically the focus of national attention than most suburbs. The murder crisis in Chicago is global news. The problems in suburban Harvey are not.

Central cities are often viewed as too big or too important to fail. State governments and their officials are keenly aware of the biggest cities in the state and what is happening in them. But someone like a governor can give attention only to a limited number of places.

It is much easier for suburban communities than a central city to persist in dysfunction without attracting outside attention that would prompt corrective action. This generally happens only when some extreme event causes people to start paying attention, such as the controversy over the shooting of Michael Brown in Ferguson, Missouri, or the pay scandal in Bell, California.

*Concentrated poverty and racial isolation*. A suburb that becomes heavily poor and minority can face severe economic, service-delivery, and fiscal problems. But unlike similar city neighborhoods, which can draw on citywide resources to help provide services, these suburbs have only their own resources. In effect, municipal boundaries can isolate poor or marginalized communities. This is the case in East Cleveland, which is almost entirely black and has a very high poverty rate. There are 1.2 million suburban residents living in census tracts with concentrated poverty (with a poverty rate in excess of 40%), up from about 400,000 in 2000. Many of these tracts are located in inner-ring suburbs.[27]

*Lack of housing-stock diversity*. Many inner suburbs have predominantly older Cape Cod or ranch-style housing that is dated and smaller than current market standards. The limited range of housing types limits the number of potential buyers. Examples of these types of towns would be Lakewood, California, and Park Forest, Illinois, both of which were fully developed in a bit over a decade. Park Forest began as a planned community that was announced in 1946; by 1960, it was effectively built out. A single type of housing hardly means that a suburb will become troubled; but if the suburb does become troubled, a turnaround is more difficult if the dominant housing type is out of favor in the market.

What's more, the housing and commercial development in the older, inner-ring suburbs was largely produced turnkey by developers who also built most of the roads and installed other infrastructure. These municipalities never had to develop expertise in the much more complex task of redevelopment, such as land acquisition from multiple owners or establishing public/private partnerships.

*Lack of assets around which to revitalize*. Suburban communities are often "bedroom" or postindustrial communities that lack the types of assets around which central cities have rebuilt. For example, central cities are frequently the regional seat of government, either a county seat or state capital; they have major institutions like universities and hospitals; they contain regional attractions such as zoos, museums, and sports teams; and often they have legacy corporate headquarters. Consider the impact of the world-renowned Cleveland Clinic on that city. Many suburbs have few major assets, apart from retail centers or malls that are themselves often troubled.

Former East Cleveland mayor Gary Norton made this very comparison. Cleveland, he said in an interview:

> *has all of the assets and income-generating centers that a big city has. Think about the tall office buildings and types of businesses that operate in those buildings. Law firms, professional services, professional sports teams, airports, all those things. Each one of those highrise buildings generates millions of dollars in tax revenue for Cleveland. It is diverse enough to weather the storm of a tough economy, even a tough 50 years. A smaller place can do very, very well if the right elements are within its borders, or it can do very, very poorly if the right elements leave. The right elements left our borders, and without all the assets that a big city has, without the diversification, that's a bad situation.*[28]

## What Are the Options?

When suburbs become troubled, the layer of government with oversight responsibility is the state because municipalities are the creations of state government. What happens—or doesn't happen—next?

The default action is to take no action and allow troubled municipalities, particularly ones that are not yet suffering an acute fiscal crisis, to continue without material assistance. To be fair, states rightly want to let local governments function as designed and address their problems as locally elected officials decide best. Given the risks of intervention, this can be a viable political strategy unless some crisis occurs, as in Ferguson. However, if troubles persist and worsen, or there are indications of local government corruption or dysfunction, such deference can cross the line into neglect.

Rather than simple neglect, states can provide some form of financial or other assistance. Indiana gave the city of Gary a temporary exemption from property tax caps via the state's Distressed Unit Appeals Board.[29] This type of assistance may deal with short-term fiscal problems but not serious structural challenges.

Another possible state intervention might be a financial control board or an emergency manager. That could assist in resolving a crisis, but a control board doesn't have the means to address poverty, crime, and vacant housing and commercial structures. In Flint, Michigan, a state-appointed emergency manager oversaw a change in the city's water system that resulted in lead contamination. This extreme failure will make any future governor highly reluctant to order a state takeover via emergency manager or similar method.

The Flint experience also reveals that states and municipalities have fundamentally different competencies. There's no reason to believe that a state government will be effective at delivering local services, which differ substantially from what a state does.

Nevertheless, if a community's problems are purely financial, such as a heavy debt or unfunded pension burden, or staffing levels that are too high relative to reduced population, some type of state-assisted or mandated restructuring can potentially solve them. For example, small Central Falls, Rhode Island, had an $80 million unfunded pension and liability for retiree health care. The state intervened and placed the city in bankruptcy, reducing this liability, albeit at the cost of significant reductions to retiree pensions (including fully vested pensions of existing retirees).[30] Downsizing services, on the other hand, can be a challenge because many services are based on geographic extent more than population.

If a suburb's tax base cannot support minimum equitable levels of public services, state intervention is unlikely to fix the problem. What's needed in this case is an increase in the tax base—an inflow of investment and higher-income residents. Many criticize this inflow as "gentrification," but an invidious label cannot evade the reality: communities losing the population and tax base that allow them to exist.

## Mergers as a Solution for Insolvency

Given the limits of other intervention options, state governments should consider merging failing suburbs with a stronger nearby government. A merger could be initiated voluntarily at the local level where state-enabling legislation exists. For suburban areas, one potential method is to disincorporate the failing municipality. This would de facto merge the government with the larger county government. This option is not applicable in New England, where county governments often do not exist.

If a full merger is not possible for political or other reasons, specific public services of neighboring communities could be merged (e.g., fire protection) without merging overall governments. One example of this was the elimination of the police department of Camden, New Jersey, in favor of police protection from the county. This was done while Camden was under state control.[31]

Where deeply distressed or structurally challenged suburbs are contiguous to a central city, states should consider encouraging a merger. Ideally, this step would be undertaken voluntarily by both governments, with state incentives as the encouragement. A merger is not intended as a one-size-fits-all solution but rather as one tool among others.

Municipal consolidations in the form of city-county mergers have often been viewed as positives in the planning world. Examples such as Indianapolis–Marion County, Indiana, and Nashville–Davidson County, Tennessee, are held up as having been instrumental in the subsequent growth of those regions. But they may not be ideal for the problems afflicting troubled suburbs. Typically, city-county mergers exclude existing municipalities; only the unincorporated county territory is merged into the consolidated governmental entity. For example, in the merger of Louisville and Jefferson County, Kentucky, all the pre-consolidation Jefferson County suburbs still exist as independent municipalities.[32]

Moreover, city-county mergers typically do not deliver the benefits promised. For example, they are touted as reducing costs because of efficiencies from economies of scale. But unlike in a corporate merger, public employees are highly unlikely to lose their jobs or take a pay cut in any merger. In Indianapolis, fire service was originally excluded from its city-county merger; subsequently, the Lawrence Township Fire Department merged with the Indianapolis Fire Department. Nobody lost his job, and some Lawrence Township firefighters received raises.[33] City-county mergers probably are not ideal for troubled suburbs. Smaller-scale mergers with their contiguous center cities may be more promising for a number of reasons, including:

*Improved visibility and accountability*. Perhaps the least appreciated and most important benefit of merging inner-ring suburbs into the central city is aligning the fate of the community with a high-profile political leader who is under significant scrutiny from the media and other important community leaders.

Consider Chicago. The murder challenges in select city neighborhoods are national and international news. Mayor Rahm Emanuel's entire legacy depends on his ability to successfully address these challenges. Emanuel is held accountable not just by the large newspapers and TV stations of a major media market; state and even national political figures are providing a political check and balance. President Trump, a politician of the opposite political party, has commented on Chicago's crime problems.[34] The federal government is also providing assistance to Chicago in addressing these problems, including sending in extra ATF agents.[35]

This level of scrutiny and assistance is much less likely to occur for a troubled and dysfunctional inner-ring suburb. In Harvey, Illinois, aldermen collected 1,000 signatures on a petition asking for state help in reigning in corruption back in 2015, but little action was taken.[36]

While a merger does not guarantee that a suburb's problems will be solved—poverty, crime, and so on are very difficult challenges—it does provide much more likelihood that attention will be focused on them.

*Service delivery alignment and expertise*. Unlike with direct state intervention, a municipal merger involves entities that deliver largely the same collection of services. Central-city mayors understand how to manage fire departments, plow streets, maintain parks, and other services. So while integrating a newly merged suburb would not be effortless, there's much more compatibility than there would be with state intervention.

*Demographic and housing-stock diversity and superior assets*. Because central-city neighborhoods were developed in different eras, they feature different types of housing and commercial buildings. They also are more likely to have both affluent and poor neighborhoods. This provides increased potential for overall stability as different types of housing and neighborhoods come in and out of favor. Cities also possess painfully acquired expertise in redeveloping struggling areas.

For example, after the Indianapolis city-county merger of 1970, the area that would now be classified as "inner suburban" provided a strong tax base to support a struggling inner city. Today, as thousands of new apartments are being built downtown, city leaders hope that a resurgent urban core will provide tax-base support for those same now-aging inner suburban areas. The same effect would be in play in smaller-scale mergers.

The central city is again also likely home to critical high-economic-value assets like a major central business district, university, or medical center. A merger allows these truly regional assets to benefit a larger geography.

## Overcoming Political Obstacles

The merger of any governments is typically politically difficult to achieve and often evokes fierce opposition; it would be naïve to suggest that merging suburbs into a central city would be easy. The recall of the mayor and city council president in East Cleveland after they initiated merger discussions testifies to that.

History suggests a potential route to gaining public acceptance for mergers. Independent suburbs have tended to vote in favor of a merger when it is seen as the best or only alternative for obtaining the public services that residents desire. For example, Chicago historically grew partly by annexing suburbs. These suburbs were unable to provide emerging public services such as sewerage, partly because they were at their statutory debt limit of 5% of assessed valuation.[37] In Morgan Park, residents approved annexation into Chicago to obtain a new high school, along with better police and fire services.[38] Low-quality street infrastructure was another motivator in some cases. The Ravenswood neighborhood in Chicago was originally built without sidewalks, which were added after Lake View Township, an unincorporated area, was annexed into the city.[39]

Infrastructure today remains a critical factor in why unincorporated areas agree to be annexed by expanding municipalities. Columbus became the largest city in Ohio partly because it refused to extend water service to new areas unless they agreed to be annexed.[40] In recent years, the Indianapolis suburb of Carmel was promised $40 million in capital improvements as the lure for an 8.3-square-mile annexation.[41]

Previous experience suggests that the most important incentive to make mergers politically acceptable is improved public services, including some type of substantial capital investment. Capital investment is not likely to be forthcoming from central cities that have huge unfunded capital needs. Hence the state needs to provide the funding where appropriate, as well as to finance the transition costs. If a city has lower aggregate taxes than the suburb in question, lower taxes may be a lure.

In East Cleveland, state auditor Dave Yost proposed a $10 million state capital grant to be awarded upon merger with Cleveland.[42] This was not approved by the legislature, however, so it did not represent a concrete offer. Merger talks between the cities had not advanced to the point where specific service improvements in East Cleveland were detailed when the mayor was recalled. This episode suggests that some type of state aid and guarantee of service improvements is likely to be required to win over suburban residents.

What would a merger provide the central city such that it would also agree? Central cities in many regions where this type of merger would be applicable—for example, Chicago and Cleveland—are far below their population peak. The addition of former suburban territory would increase the central city's population heft and scale. Many central-city leaders prefer some type of regional governance, and mergers are a form of building that governance incrementally. Some voices are already calling for exactly this sort of merger.[43]

Some central-city mayors may be hesitant to take on troubled suburbs. But central cities often receive special-purpose assistance from the state that other communities do not routinely obtain, such as provisions for stadium or transit taxes. To the extent that central cities want to be perceived as good regional citizens, they have an incentive to agree to a merger, particularly when the merger is strongly supported by the state government. As an additional incentive, the state may need to absorb some legacy costs such as unfunded suburban pensions or debt, to avoid loading the burden onto the central city.

This is a broad outline. Specifics of the benefits case for both the central city and the merging suburb would need to be created and sold to the public to generate support for the merger.

Historically, the merger of suburbs into a central city was common. Not today. There are several contemporary examples of city-county consolidation—Indianapolis and Nashville, among others. Also, many communities have merged or share fire or police services, including the examples above. In Indiana, the town of Zionsville successfully and voluntarily merged with two surrounding townships in 2010. This was not a municipal merger per se since Indiana townships are not general-purpose governments, but it does show that a voluntary merger can occur when conditions are right.

# Conclusion

Structurally challenged suburban municipalities that are physically contiguous to the central city of a region should consider merging with that central city.

State governments should pass enabling legislation to allow municipalities to voluntarily plan and execute mergers. The Indiana Government Modernization Act of 2006 is an example.[44]

Proposed mergers should clearly result in superior public-service levels in the suburban municipality and no reduction of services in the central city. The specifics of improved services need to be documented and disseminated broadly in the community.

The state needs to provide an incentive in the form of a state-financed capital-improvement program in the suburban municipality to be merged, contingent on the merger taking place.

The state may need to absorb some suburban legacy costs (pensions and debt) to ensure central-city participation.

The merger would ideally be done voluntarily, but an involuntary merger could be considered where state receivership, bankruptcy, or other extreme failure would otherwise occur.

## Appendix: Contiguous Suburbs of Select Midwestern and Northeastern Cities

| Suburb | State | Central city | Population change since 2000 | Poverty rate | Change in poverty rate since 2000 | Change in real median household income since 2000 |
|---|---|---|---|---|---|---|
| **Kenmore** | NY | Buffalo | -7.8% | 8.6% | 3.5% | -13.9% |
| **Lackawanna** | NY | Buffalo | -6.3% | 24.4% | 7.6% | -15.2% |
| **Sloan** | NY | Buffalo | -5.4% | 11.3% | -0.2% | 0.2% |
| **Tonawanda** | NY | Buffalo | -75.9% | 10.1% | 2.8% | -7.4% |
| **Alsip** | IL | Chicago | -2.9% | 10.2% | 3.6% | -21.4% |
| **Bedford Park** | IL | Chicago | 1.4% | 11.9% | 9.8% | -23.2% |
| **Bensenville** | IL | Chicago | -11.3% | 13.9% | 7.4% | -20.7% |
| **Blue Island** | IL | Chicago | -0.3% | 23.3% | 10.0% | -27.4% |
| **Burbank** | IL | Chicago | 3.5% | 13.2% | 8.0% | -24.3% |
| **Burnham** | IL | Chicago | 0.0% | 20.8% | 11.0% | -17.7% |
| **Calumet City** | IL | Chicago | -6.0% | 22.2% | 10.1% | -30.2% |
| **Calumet Park** | IL | Chicago | -8.6% | 17.4% | 5.8% | -26.9% |
| **Cicero** | IL | Chicago | -3.1% | 21.4% | 5.9% | -22.5% |
| **Des Plaines** | IL | Chicago | -1.0% | 7.4% | 2.9% | -14.5% |
| **Dolton** | IL | Chicago | -10.6% | 24.8% | 16.5% | -33.5% |
| **Elk Grove Village** | IL | Chicago | -5.2% | 4.8% | 2.8% | -22.3% |
| **Elmwood Park** | IL | Chicago | -3.1% | 9.2% | 4.0% | -16.4% |
| **Evanston** | IL | Chicago | 0.9% | 13.4% | 2.4% | -12.4% |
| **Evergreen Park** | IL | Chicago | -5.7% | 8.2% | 4.0% | -15.3% |
| **Forest View** | IL | Chicago | -12.1% | 2.8% | -2.3% | -19.6% |
| **Franklin Park** | IL | Chicago | -6.8% | 10.8% | 3.7% | -15.6% |
| **Harwood Heights** | IL | Chicago | 3.0% | 9.8% | 5.1% | -21.6% |
| **Hometown** | IL | Chicago | -3.8% | 6.7% | 3.7% | -19.0% |
| **Lincolnwood** | IL | Chicago | 1.4% | 6.0% | 3.1% | -6.7% |
| **Merrionette Park** | IL | Chicago | -6.7% | 7.1% | -0.4% | -10.7% |
| **Niles** | IL | Chicago | -1.5% | 11.6% | 6.2% | -25.2% |
| **Norridge** | IL | Chicago | -0.6% | 10.7% | 6.8% | -14.2% |
| **Oak Lawn** | IL | Chicago | 1.8% | 10.8% | 5.4% | -16.9% |
| **Oak Park** | IL | Chicago | -1.4% | 8.9% | 3.4% | -4.6% |
| **Park Ridge** | IL | Chicago | -0.7% | 4.4% | 1.9% | -12.9% |
| **River Forest** | IL | Chicago | -4.7% | 4.4% | 1.7% | -21.7% |
| **River Grove** | IL | Chicago | -5.0% | 13.0% | 7.1% | -18.2% |
| **Riverdale** | IL | Chicago | -11.0% | 28.2% | 9.8% | -40.6% |
| **Rosemont** | IL | Chicago | -1.3% | 24.6% | 9.6% | -2.3% |
| **Schiller Park** | IL | Chicago | -1.3% | 11.6% | 2.4% | -16.8% |
| **Skokie** | IL | Chicago | 1.5% | 11.3% | 5.9% | -17.8% |
| **Stickney** | IL | Chicago | 9.3% | 7.6% | 1.8% | -15.2% |

| Suburb | State | Central city | Population change since 2000 | Poverty rate | Change in poverty rate since 2000 | Change in real median household income since 2000 |
|---|---|---|---|---|---|---|
| **Summit** | IL | Chicago | 6.4% | 20.5% | 4.3% | -22.3% |
| **Addyston** | OH | Cincinnati | -7.3% | 16.0% | 4.4% | -23.6% |
| **Amberley** | OH | Cincinnati | 5.2% | 3.6% | 0.1% | 0.2% |
| **Arlington Heights** | OH | Cincinnati | -17.8% | 15.3% | 2.2% | -9.9% |
| **Cheviot** | OH | Cincinnati | -8.1% | 23.6% | 16.0% | -20.8% |
| **Elmwood Place** | OH | Cincinnati | -18.7% | 31.2% | 12.2% | -33.0% |
| **Fairfax** | OH | Cincinnati | -12.2% | 7.3% | 2.3% | -11.0% |
| **Golf Manor** | OH | Cincinnati | -10.5% | 16.2% | 5.5% | -28.4% |
| **Lockland** | OH | Cincinnati | -7.5% | 27.0% | 9.9% | -15.9% |
| **Madeira** | OH | Cincinnati | 1.4% | 4.2% | 2.9% | -1.9% |
| **Mariemont** | OH | Cincinnati | 0.6% | 2.4% | -2.6% | 11.5% |
| **North College Hill** | OH | Cincinnati | -7.5% | 18.9% | 10.2% | -26.0% |
| **Norwood** | OH | Cincinnati | -8.3% | 22.0% | 9.1% | -15.4% |
| **Reading** | OH | Cincinnati | -8.6% | 16.2% | 8.9% | -25.0% |
| **Silverton** | OH | Cincinnati | -8.1% | 13.1% | 3.5% | -27.0% |
| **St. Bernard** | OH | Cincinnati | -11.7% | 19.2% | 10.5% | -12.5% |
| **The Village of Indian Hill** | OH | Cincinnati | -1.4% | 1.2% | -1.2% | -8.5% |
| **Wyoming** | OH | Cincinnati | 3.1% | 2.2% | 0.9% | -11.8% |
| **Bratenahl** | OH | Cleveland | -12.9% | 7.5% | 3.3% | -24.8% |
| **Brook Park** | OH | Cleveland | -11.9% | 9.5% | 4.9% | -27.2% |
| **Brooklyn** | OH | Cleveland | -6.5% | 13.4% | 6.8% | -17.3% |
| **Brooklyn Heights** | OH | Cleveland | -2.4% | 5.2% | 3.0% | -11.2% |
| **Cleveland Heights** | OH | Cleveland | -10.7% | 19.3% | 8.7% | -20.1% |
| **Cuyahoga Heights** | OH | Cleveland | 2.2% | 17.5% | 11.8% | -18.1% |
| **East Cleveland** | OH | Cleveland | -36.7% | 42.6% | 10.6% | -32.8% |
| **Euclid** | OH | Cleveland | -10.2% | 20.9% | 11.2% | -28.9% |
| **Fairview Park** | OH | Cleveland | -7.1% | 9.2% | 5.1% | -24.5% |
| **Garfield Heights** | OH | Cleveland | -9.2% | 18.7% | 10.1% | -29.6% |
| **Lakewood** | OH | Cleveland | -11.2% | 16.5% | 7.6% | -21.1% |
| **Linndale** | OH | Cleveland | 50.4% | 31.4% | 15.7% | 9.9% |
| **Maple Heights** | OH | Cleveland | -14.1% | 20.8% | 14.9% | -35.9% |
| **Newburgh Heights** | OH | Cleveland | -13.0% | 27.3% | 15.3% | -36.4% |
| **Parma** | OH | Cleveland | -7.3% | 11.2% | 6.2% | -19.1% |
| **Shaker Heights** | OH | Cleveland | -6.7% | 8.6% | 1.8% | -14.4% |
| **South Euclid** | OH | Cleveland | -8.0% | 8.4% | 3.9% | -13.1% |
| **Warrensville Heights** | OH | Cleveland | -12.4% | 19.8% | 8.4% | -33.4% |
| **Dearborn** | MI | Detroit | -3.4% | 28.9% | 12.8% | -25.1% |
| **Dearborn Heights** | MI | Detroit | -4.3% | 20.1% | 14.0% | -34.8% |

| Suburb | State | Central city | Population change since 2000 | Poverty rate | Change in poverty rate since 2000 | Change in real median household income since 2000 |
|---|---|---|---|---|---|---|
| **Eastpointe** | MI | Detroit | -4.1% | 22.1% | 15.7% | -36.4% |
| **Ecorse** | MI | Detroit | -18.2% | 33.1% | 10.5% | -27.0% |
| **Ferndale** | MI | Detroit | -9.1% | 17.0% | 8.8% | -20.8% |
| **Grosse Pointe** | MI | Detroit | -8.5% | 2.8% | 0.3% | -14.4% |
| **Grosse Pointe Farms** | MI | Detroit | -6.2% | 3.8% | 1.7% | -18.5% |
| **Grosse Pointe Park** | MI | Detroit | -10.6% | 6.1% | 2.1% | -16.7% |
| **Grosse Pointe Woods** | MI | Detroit | -8.4% | 4.6% | 2.2% | -17.5% |
| **Hamtramck** | MI | Detroit | -5.3% | 47.3% | 20.4% | -37.1% |
| **Harper Woods** | MI | Detroit | -3.7% | 13.5% | 8.4% | -26.5% |
| **Hazel Park** | MI | Detroit | -12.8% | 27.1% | 14.8% | -34.9% |
| **Highland Park** | MI | Detroit | -35.0% | 49.3% | 10.9% | -31.5% |
| **Lincoln Park** | MI | Detroit | -8.2% | 19.9% | 12.2% | -31.9% |
| **Melvindale** | MI | Detroit | -3.8% | 27.1% | 15.6% | -38.6% |
| **Oak Park** | MI | Detroit | -0.5% | 16.2% | 6.9% | -31.4% |
| **River Rouge** | MI | Detroit | -24.6% | 41.4% | 19.4% | -36.8% |
| **Southfield** | MI | Detroit | -6.6% | 15.2% | 7.8% | -33.1% |
| **Warren** | MI | Detroit | -2.3% | 19.7% | 12.3% | -31.3% |
| **Avondale** | MO | Kansas City | -12.9% | 12.6% | 2.4% | 0.0% |
| **Belton** | MO | Kansas City | 7.2% | 14.7% | 6.8% | -15.6% |
| **Birmingham** | MO | Kansas City | -8.4% | 8.0% | 2.9% | 34.3% |
| **Claycomo** | MO | Kansas City | 16.1% | 25.6% | 20.9% | -34.4% |
| **Ferrelview** | MO | Kansas City | 6.7% | 29.0% | 23.4% | -36.3% |
| **Gladstone** | MO | Kansas City | 2.8% | 12.1% | 7.3% | -20.3% |
| **Grandview** | MO | Kansas City | 1.2% | 18.3% | 9.9% | -27.3% |
| **Houston Lake** | MO | Kansas City | -13.4% | 6.9% | 3.0% | 4.8% |
| **Independence** | MO | Kansas City | 3.3% | 17.9% | 9.3% | -19.5% |
| **Lake Waukomis** | MO | Kansas City | -0.8% | 4.6% | 3.6% | -8.4% |
| **Lee's Summit** | MO | Kansas City | 35.9% | 6.5% | 2.6% | -9.4% |
| **Liberty** | MO | Kansas City | 16.7% | 8.8% | 3.8% | -12.9% |
| **Loch Lloyd** | MO | Kansas City | N/A | 0.8% | N/A | N/A |
| **North Kansas City** | MO | Kansas City | -7.2% | 7.4% | -5.2% | -4.4% |
| **Northmoor** | MO | Kansas City | -17.8% | 16.8% | 3.4% | 11.4% |
| **Oaks** | MO | Kansas City | -0.7% | 21.1% | 19.0% | -16.8% |
| **Oakwood** | MO | Kansas City | -0.5% | 11.8% | 11.8% | -19.8% |
| **Parkville** | MO | Kansas City | 60.5% | 11.5% | 5.0% | 21.1% |
| **Platte City** | MO | Kansas City | 26.0% | 14.1% | 7.8% | -12.9% |
| **Platte Woods** | MO | Kansas City | -14.8% | 4.1% | 2.4% | -18.0% |
| **Pleasant Valley** | MO | Kansas City | -7.6% | 12.2% | 7.6% | -20.2% |

| Suburb | State | Central city | Population change since 2000 | Poverty rate | Change in poverty rate since 2000 | Change in real median household income since 2000 |
|---|---|---|---|---|---|---|
| **Randolph** | MO | Kansas City | 17.0% | 10.7% | 10.7% | N/A |
| **Raymore** | MO | Kansas City | 87.0% | 3.9% | 0.7% | -6.6% |
| **Raytown** | MO | Kansas City | -3.7% | 13.9% | 8.9% | -17.5% |
| **River Bend** | MO | Kansas City | 0.0% | 0.0% | 0.0% | N/A |
| **Riverside** | MO | Kansas City | 8.3% | 19.6% | 9.3% | -34.3% |
| **Smithville** | MO | Kansas City | 71.5% | 5.3% | 1.4% | -3.8% |
| **Sugar Creek** | MO | Kansas City | -13.9% | 15.5% | 4.7% | -37.0% |
| **Unity Village** | MO | Kansas City | -42.9% | 22.4% | 10.5% | -13.0% |
| **Weatherby Lake** | MO | Kansas City | 2.7% | 3.9% | 2.3% | -11.5% |
| **Brown Deer** | WI | Milwaukee | -1.3% | 8.4% | 4.8% | -23.5% |
| **Butler** | WI | Milwaukee | -3.2% | 10.2% | 7.7% | -12.9% |
| **Cudahy** | WI | Milwaukee | -1.2% | 16.2% | 8.0% | -18.5% |
| **Franklin** | WI | Milwaukee | 22.5% | 6.1% | 3.4% | -19.9% |
| **Germantown** | WI | Milwaukee | 9.7% | 4.8% | 2.3% | -10.8% |
| **Glendale** | WI | Milwaukee | -4.4% | 9.6% | 5.6% | -20.9% |
| **Greenfield** | WI | Milwaukee | 3.9% | 9.8% | 5.1% | -18.6% |
| **Menomonee Falls** | WI | Milwaukee | 12.6% | 3.7% | 1.5% | -10.9% |
| **Mequon** | WI | Milwaukee | 10.4% | 3.6% | 1.9% | -20.8% |
| **Oak Creek** | WI | Milwaukee | 26.1% | 6.8% | 3.8% | -14.5% |
| **River Hills** | WI | Milwaukee | -2.4% | 1.6% | -0.1% | -31.8% |
| **Shorewood** | WI | Milwaukee | -2.9% | 10.2% | 3.5% | -3.8% |
| **St. Francis** | WI | Milwaukee | 9.3% | 11.9% | 5.4% | -17.9% |
| **Wauwatosa** | WI | Milwaukee | 1.4% | 6.4% | 2.6% | -10.3% |
| **West Allis** | WI | Milwaukee | -1.9% | 14.3% | 7.8% | -19.2% |
| **West Milwaukee** | WI | Milwaukee | -0.6% | 24.2% | 12.7% | -33.4% |
| **Whitefish Bay** | WI | Milwaukee | -1.3% | 4.2% | 1.0% | -10.2% |
| **Atlantic Beach** | NY | New York | -3.9% | 3.2% | -2.4% | -8.4% |
| **Bellerose** | NY | New York | -0.2% | 2.7% | 1.7% | 24.7% |
| **Floral Park** | NY | New York | -0.1% | 2.7% | -0.4% | -3.7% |
| **Great Neck Estates** | NY | New York | 2.9% | 0.6% | -1.7% | -12.6% |
| **Lake Success** | NY | New York | 11.1% | 5.7% | 3.8% | -9.1% |
| **Lawrence** | NY | New York | 0.6% | 1.6% | -4.6% | -5.7% |
| **Mount Vernon** | NY | New York | -0.1% | 15.3% | 1.0% | -12.8% |
| **New Rochelle** | NY | New York | 10.2% | 11.1% | 0.7% | -11.2% |
| **Pelham Manor** | NY | New York | 1.8% | 2.8% | -1.5% | 18.0% |
| **Valley Stream** | NY | New York | 3.6% | 7.5% | 4.0% | 0.2% |
| **Yonkers** | NY | New York | 2.4% | 16.7% | 1.2% | -6.9% |
| **Aspinwall** | PA | Pittsburgh | -7.5% | 6.1% | 0.1% | 7.5% |

| Suburb | State | Central city | Population change since 2000 | Poverty rate | Change in poverty rate since 2000 | Change in real median household income since 2000 |
|---|---|---|---|---|---|---|
| **Baldwin** | PA | Pittsburgh | -1.3% | 8.1% | 2.8% | -7.3% |
| **Bellevue** | PA | Pittsburgh | -6.8% | 15.8% | 3.6% | -10.8% |
| **Brentwood** | PA | Pittsburgh | -10.0% | 8.3% | 2.2% | -1.7% |
| **Castle Shannon** | PA | Pittsburgh | -3.8% | 15.0% | 7.3% | -12.2% |
| **Crafton** | PA | Pittsburgh | -13.2% | 4.3% | -2.7% | -3.2% |
| **Dormont** | PA | Pittsburgh | -9.9% | 6.6% | -1.5% | 1.2% |
| **Etna** | PA | Pittsburgh | -14.2% | 11.5% | 2.3% | 1.6% |
| **Fox Chapel** | PA | Pittsburgh | -1.8% | 4.5% | -0.3% | -26.0% |
| **Green Tree** | PA | Pittsburgh | 4.4% | 4.6% | 1.8% | -14.1% |
| **Homestead** | PA | Pittsburgh | -11.4% | 24.0% | -2.6% | 9.7% |
| **Ingram** | PA | Pittsburgh | -12.5% | 12.3% | 4.1% | -5.8% |
| **McKees Rocks** | PA | Pittsburgh | -10.1% | 21.9% | -3.4% | -8.4% |
| **Millvale** | PA | Pittsburgh | -9.3% | 26.1% | 12.9% | -19.3% |
| **Mount Oliver** | PA | Pittsburgh | -16.3% | 36.6% | 17.3% | -29.2% |
| **Munhall** | PA | Pittsburgh | -8.9% | 8.7% | -3.2% | 2.4% |
| **Rosslyn Farms** | PA | Pittsburgh | -8.6% | 3.2% | -2.6% | 1.6% |
| **Sharpsburg** | PA | Pittsburgh | -6.4% | 27.2% | 10.6% | -3.6% |
| **Swissvale** | PA | Pittsburgh | -9.2% | 19.8% | 4.5% | -17.1% |
| **West Homestead** | PA | Pittsburgh | -13.2% | 9.0% | -4.7% | 5.8% |
| **West Mifflin** | PA | Pittsburgh | -11.3% | 13.1% | 2.9% | -1.9% |
| **Whitehall** | PA | Pittsburgh | -4.8% | 10.2% | 3.8% | -8.6% |
| **Wilkinsburg** | PA | Pittsburgh | -18.8% | 24.1% | 5.4% | -14.5% |
| **Bellefontaine Neighbors** | MO | St. Louis | -5.0% | 26.8% | 20.3% | -37.4% |
| **Clayton** | MO | St. Louis | 29.6% | 8.2% | 0.6% | 2.0% |
| **Hillsdale** | MO | St. Louis | 5.6% | 41.2% | 10.5% | -26.0% |
| **Jennings** | MO | St. Louis | -4.6% | 29.9% | 10.9% | -29.1% |
| **Mackenzie** | MO | St. Louis | -3.6% | 3.3% | -1.9% | 18.0% |
| **Maplewood** | MO | St. Louis | -14.7% | 19.6% | 5.5% | -14.7% |
| **Pine Lawn** | MO | St. Louis | -14.6% | 37.6% | 0.7% | -14.8% |
| **Richmond Heights** | MO | St. Louis | -12.6% | 8.3% | 1.0% | -4.8% |
| **Riverview** | MO | St. Louis | -10.9% | 22.1% | 4.8% | -24.4% |
| **Shrewsbury** | MO | St. Louis | -7.5% | 9.5% | 0.8% | -14.0% |
| **University City** | MO | St. Louis | -7.3% | 17.6% | 2.9% | -10.6% |
| **Wellston** | MO | St. Louis | -6.8% | 55.3% | 16.2% | -45.2% |

Source: Population figures and changes calculated from Census 2000 and the 2016 Census Population Estimates Program Release. Poverty rates and changes calculated from total individual poverty in Census 2000 SF3 Table QT-P34 and American Community Survey 2011–2015 5-Year Survey Table S1701. Real median income and changes calculated from Census 2000 SF3 Table P53 (1999 calendar year income) and American Community Survey 2011–15 5-Year Survey Table S1901, inflation adjusted using the Consumer Price Index.

# Endnotes

*Research assistance provided by Connor Harris.*

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# Abstract

Many of the so-called inner-ring, or first-tier, suburbs next to America's central cities are in trouble, with declining population and development, and rising rates of poverty. As these municipalities become progressively poorer, they are less able to finance public services without tax increases, which drives away people and business, which further reduces the tax base. If these fiscal conditions are paired with poor governance and corruption, a turnaround can be especially difficult.

Virtually all options for addressing inner-ring-suburb challenges—neglect, state subsidies, state intervention—come with major drawbacks. However, one option has not received the attention it deserves: a merger with the adjacent central city.

Local and state leaders should not wait until an inner-ring suburb's financial situation reaches a crisis state before pursuing this option. Instead:

- State governments should pass enabling legislation to allow municipalities to voluntarily plan and execute mergers. The Indiana Government Modernization Act of 2006 is an example.
- Proposed mergers should clearly result in superior public-service levels in the suburban municipality and no reduction of services in the central city.
- State governments need to provide an incentive in the form of a state-financed capital-improvement program in the suburban municipality to be merged, contingent on the merger taking place.
- The state may need to absorb some suburban legacy costs (pensions and debt) to ensure central-city participation.
- The merger would ideally be done voluntarily, but an involuntary merger could be considered where state receivership, bankruptcy, or other extreme failure would otherwise occur.



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