



GEORGE W. BUSH
PRESIDENTIAL CENTER

BUILDING CITIES OF OPPORTUNITY

Thoughts on why some cities outperform, how
Laredo is positioned, & how all American cities
can do better

*Presentation for the Laredo Housing Authority's
Laredo Inner City Housing Summit 2021*



September 2021



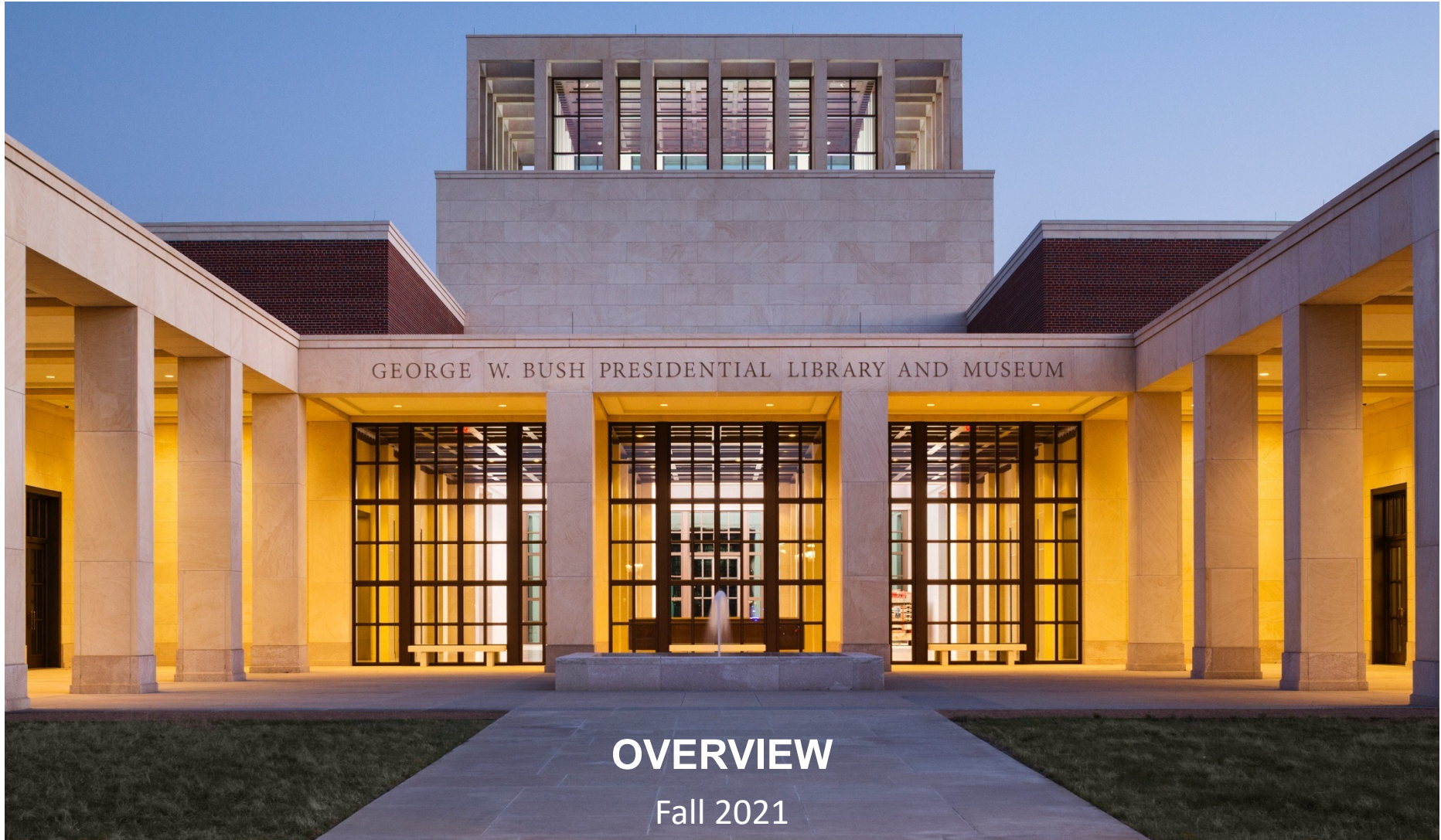
AGENDA

- George W. Bush Presidential Center: Overview
- Cities of Opportunity: Why some cities outperform
- Thoughts on Laredo
- How all American cities can do better





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OVERVIEW

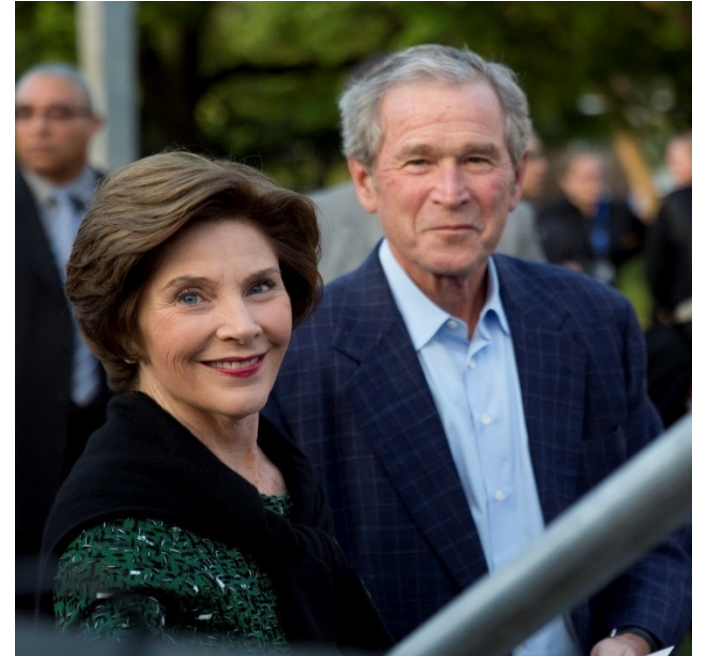
Fall 2021

WHAT DRIVES US

Principles in Action

Advancing ideals that sustain this great country

- A strong and compassionate country
- Economic and political freedom
- Less government dependency



“We believe in open societies ordered by moral conviction. We believe in private markets humanized by compassionate government. We believe in economies that reward effort, communities that protect the weak, and the duty of nations to respect the dignity and the rights of all.”

- President George W. Bush
November 13, 2003

CITIES OF OPPORTUNITY, I

Cities exist because they ...

- Make people & businesses more productive, and ...
- Offer a good quality of life ...
- At a manageable cost



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CITIES OF OPPORTUNITY, II

Some cities are more productive than others due to ...

- Education & skill levels
- Local knowledge generation & technologies
- Commerce-friendliness & ease of starting a business
- Welcoming attitudes towards newcomers
- Quality-of-life amenities (to attract & retain people)
- Built environment
- Social capital
- Size & location



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CITIES OF OPPORTUNITY, III

High-opportunity cities are ...

- Especially productive & prosperous, but also ...
- Relatively accessible, affordable, & welcoming

And ordinary people there have good opportunities to learn & achieve economic mobility through ...

- Formal education
- Interacting with other skilled people
- Experience

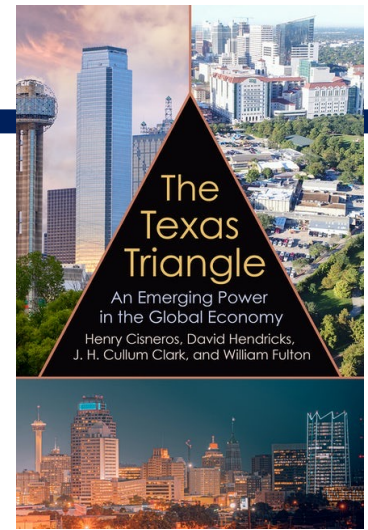


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CITIES OF OPPORTUNITY, IV

George W. Bush Institute-SMU research on cities:

- *Blueprint for Opportunity Series:*
 - “Cities and Opportunity in 21st Century America” (2020)
 - “The Evolving Geography of Opportunity: Leading Cities of the Past, Present, and Future” (to be released in OCT)
- Anchor institutions:
 - “The Innovation Impact of U.S. Universities” (2020)
 - “Eds and Meds: The Economic Role of Anchor Institutions in Dallas and Other Cities” (2020)
- Texas cities:
 - “Promoting Inclusive Urban Growth: The Dallas Experience” (2019)
 - Texas Metropolitan Blueprint (2021, with U.T. LBJ School Urban Lab & Rice University Kinder Institute for Urban Studies)
 - *The Texas Triangle: An Emerging Power in the Global Economy* (2021, with Cisneros, Hendricks, and Fulton)



CITIES OF OPPORTUNITY, V

George W. Bush Institute-SMU approach:

- Measure economic mobility by --
 - Living standards: Median household income adjusted for local costs of living (2018)
 - Homegrown upward mobility, as measured by Opportunity Insights group at Harvard University
 - Net domestic migration: Cumulative net inbound migration from elsewhere in the USA, as % of 2010 population (2010-18)
- Learn from outperformers -- & also from urban economics & planning literature, history, data of all kinds



CITIES OF OPPORTUNITY, VI ---

What are the key factors driving living standards?

- All the factors that account for how **PRODUCTIVE** a city is, plus ...
- **AFFORDABILITY**, which is a function of ...
 - Housing supply & demand



CITIES OF OPPORTUNITY, VI

What are the key factors driving upward mobility?

- Simple model explains 45% of variation across metros –
 - Yes, current income level matters, but also ...
 - Social capital (Joint Economic Cmmtte measure)
 - Anchor institutions
 - Foreign-born population
 - AND: NOT population size (contrary to a common narrative)



CITIES OF OPPORTUNITY, VII

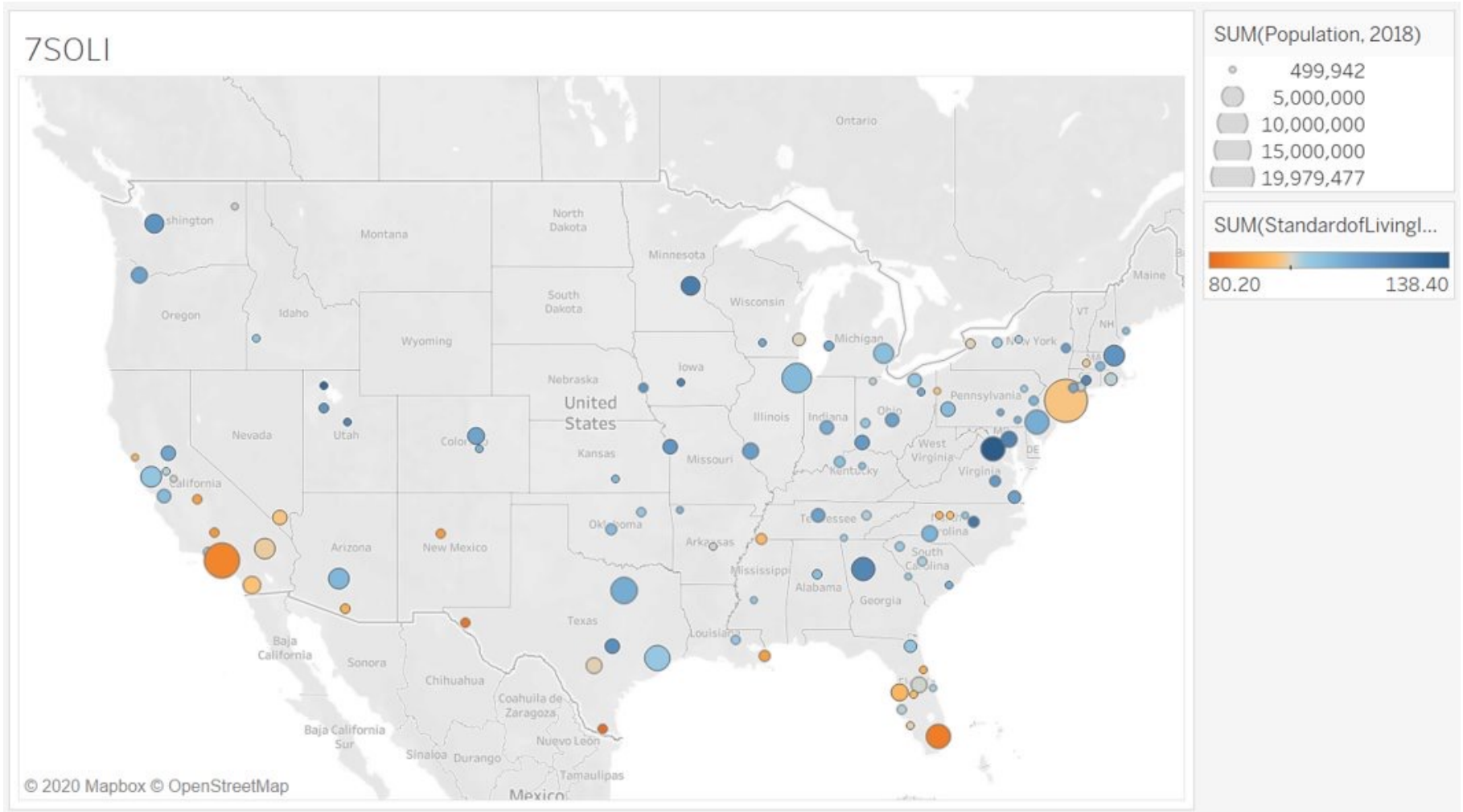
What are the key factors driving domestic migration?

- 2010-18: Simple model explains 60% of variation across metros –
 - Living standards
 - Economic freedom (SMU measure)
 - Social capital (JEC measure)
 - Housing supply & affordability
 - AND: NOT population size (again contrary to a common narrative)
- What's new? Pandemic accelerates trends long underway –
 - Growing importance of quality of life
 - Remote working – hybrid models look likely to prevail



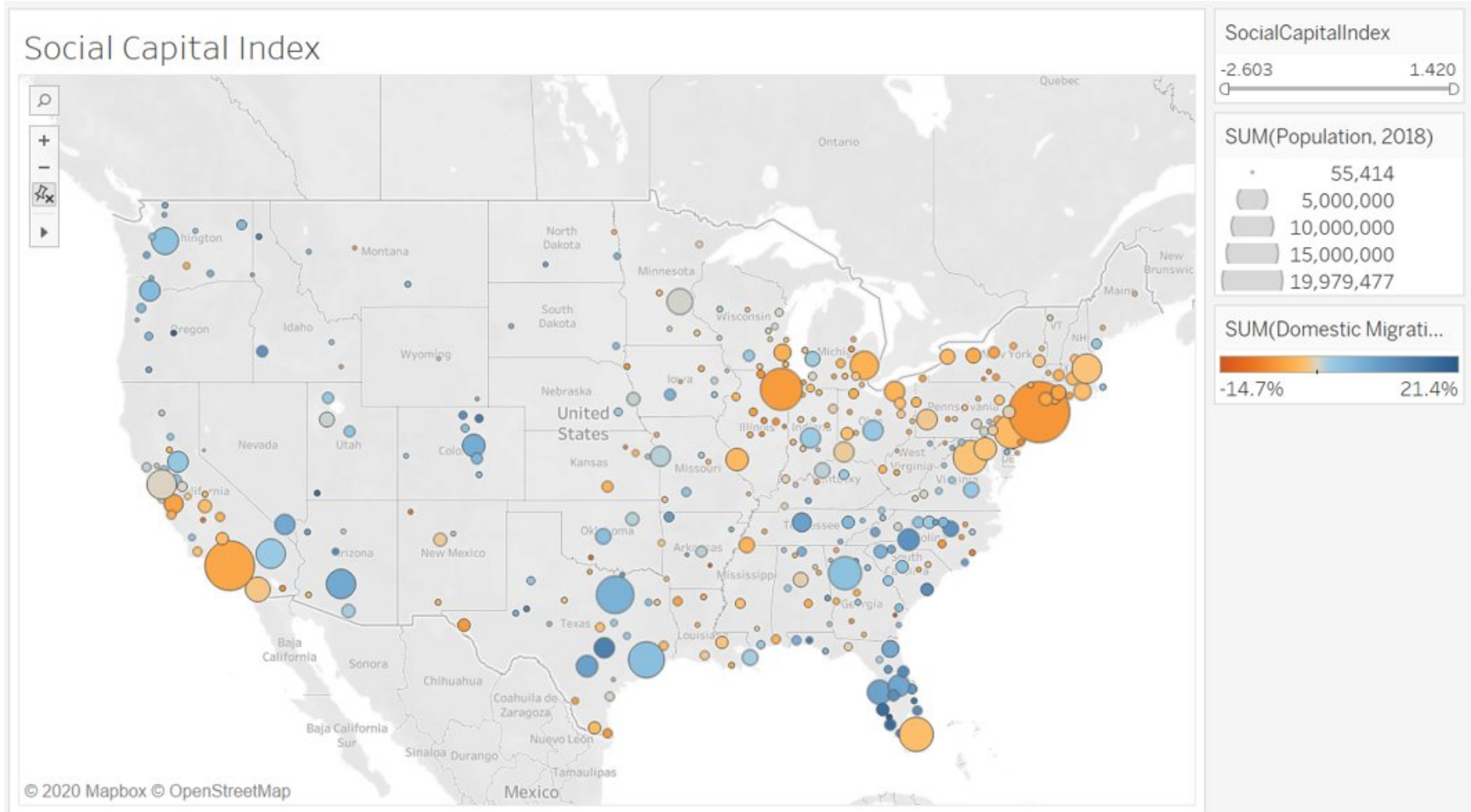
CITIES OF OPPORTUNITY, VIII

Standards of Living



CITIES OF OPPORTUNITY, IX

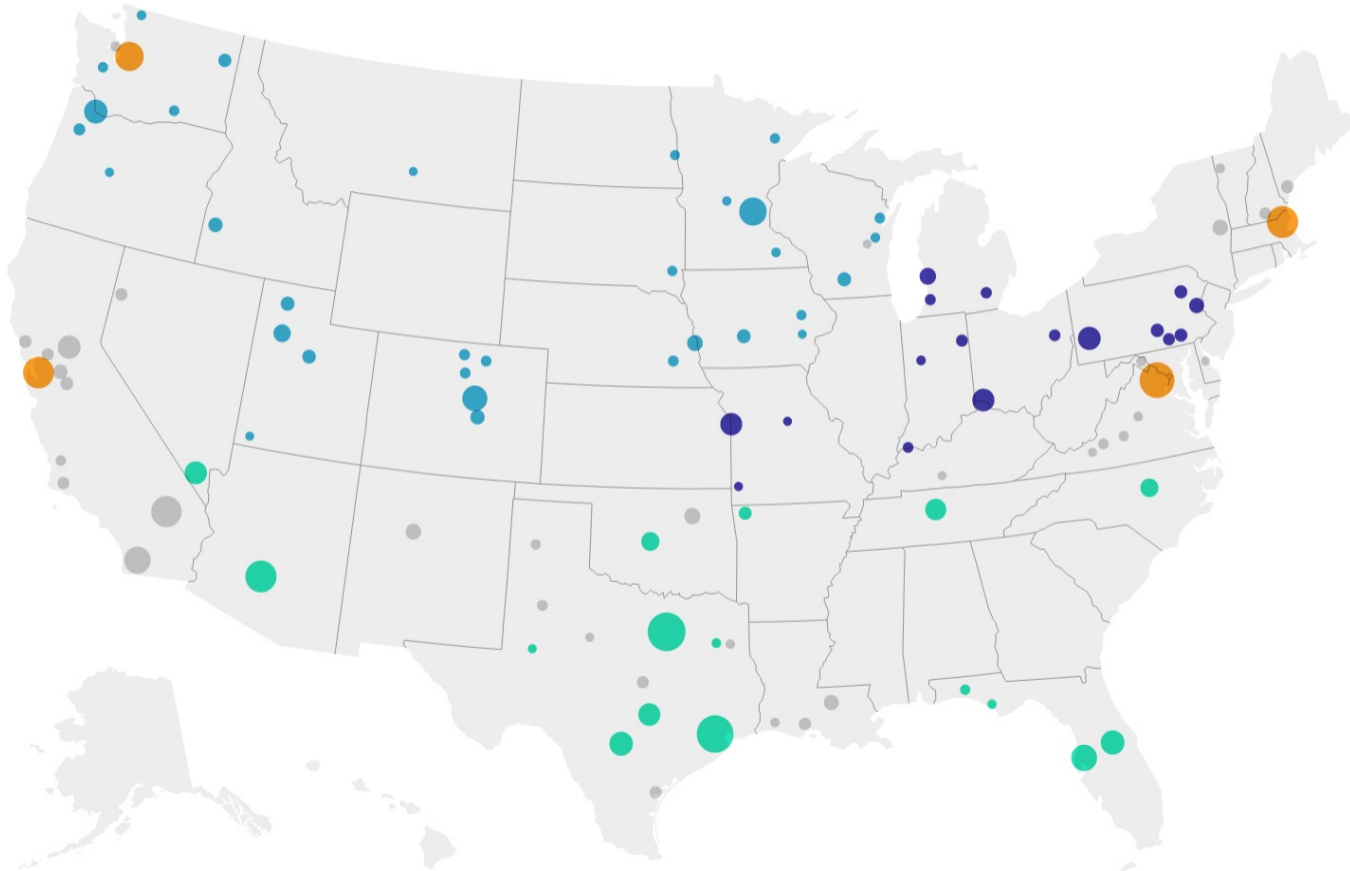
Net Domestic Migration



CITIES OF OPPORTUNITY, X

Cities of Opportunity

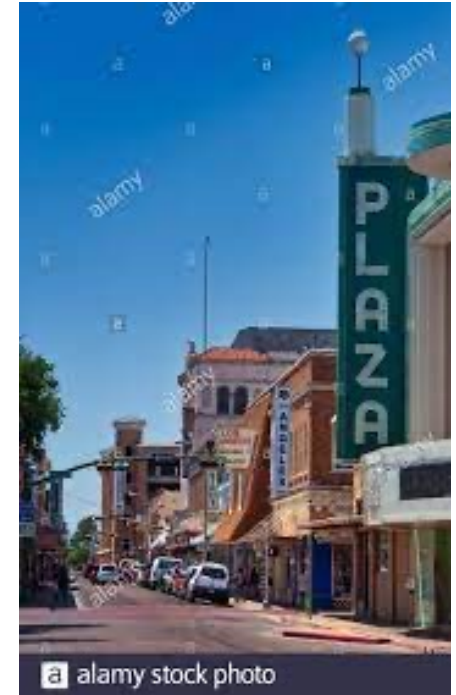
Star Coastal Northwest 13 Sun Belt Turnarounds No Group



THOUGHTS ON LAREDO, I

Economic mobility in Laredo:

- Living standards, 2018:
 - Overall: 78.9 (vs. U.S. average of 100)
 - Hispanic: 76.8 (vs. US avg of 77.4)
- Homegrown upward mobility:
 - Overall: 104 (vs. U.S. average of 100)
 - Hispanic: 114 (vs. U.S. average for Hispanics)
- Net domestic migration, 2010-18:
 - Overall migration rate: -7.7% (vs. avg of +2.1% for Top 250 metros)
 - Hispanic pop. growth: 9.4% (vs. U.S. metro-area average of 22.9%)



THOUGHTS ON LAREDO, II

Laredo productivity measures:

- Median household income, 2018: \$46,862 (vs US metro avg of \$57,816)
- Median income, by education level, 2018:
 - Associate / some college: \$32,260 (vs. US metro avg of \$34,959)
 - Bachelor's or higher: \$47,965 (vs. US metro avg of \$49,064)
- Median income, Hispanics, 2018: \$41,197 (vs. \$44,707)



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THOUGHTS ON LAREDO, III

Factors underlying Productivity & Living Standards:

- Education levels:
 - Overall Bach+ %: 18.4% (vs US metro avg 28.2%)
 - Hispanic: 17.1% (vs. 16.7%)
 - TAMIU, Laredo College
- Commerce-friendliness:
 - WalletHub on starting a business, 2021: #1
 - SMU Eco Freedom: 99 (vs. US avg of 100)
- Foreign-born pop share: 26.2% (vs. 8.1%)
 - BUT: ratio declined 3.0% 2010-18
- Social capital:
 - 357th of 382 (US Congress Joint Econ Cmmte index)
- Size & location:
 - 177th (with 278,000)
 - 150 miles from San Antonio
 - BUT: border cities have unusual assets
- Housing:
 - Permits per pop, 2010-18: 0.0037 (vs. 0.0027)
 - % of units built since 2000: 33.0% (vs. 21.0%)
 - Median home price to income: 2.6 (vs. 3.6)



THOUGHTS ON LAREDO, IV ---

Mid-sized metros that outperform for Hispanic communities:

Midland TX	Bremerton WA	Omaha NE	Charlottesville VA
Odessa TX	Provo UT	Des Moines IA	Crestview FL
Beaumont TX	Greeley CO	Cedar Rapids IA	
Killeen TX		Sioux City IA	



THOUGHTS ON LAREDO, V

	Economic Mobility Measures:					
	Overall			Hispanic:		
	Std of Living	Upward Mobility	Net Dom Migration	Std of Living	Upward Mobility	Pop Growth
Laredo	78.9	104	-7.7%	76.8	114	9.4%
Midland	133.6	126	14.1%	112.4	136	50.6%
Odessa	109.0	129	7.9%	99.9	136	33.3%
Beaumont	98.0	101	-4.2%	93.4	123	22.2%
Killeen	98.4	95	0.3%	85.2	101	24.7%

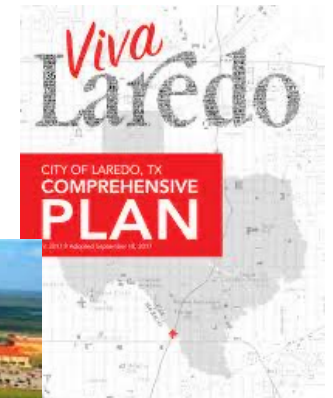
	Pop (000s)	Median Income			Underlying Factors:			
		Overall	Assoc /	Bach	Bach+	JEC	Permits /	Med Home
		Median HH	Some Coll		%	Soc Cap	Pop	Price to Inc
Laredo	278	\$46,682	\$32.26	\$47,965	18.4%	89	0.0037	2.6
Midland	184	\$80,747	\$48,863	\$61,899	27.1%	99	0.0162	2.7
Odessa	168	\$64,165	\$40,958	\$52,700	15.5%	81	0.0107	2.3
Beaumont	391	\$50,378	\$38,941	\$53,117	17.7%	90	0.0027	2.4
Killeen	468	\$53,686	\$34,456	\$48,929	22.8%	93	0.0049	2.8



THOUGHTS ON LAREDO, VI

Assets to build on:

- No. 4 port -- & No. 1 on TX-MEX border
 - Better than oil, long term
- Shared community w/ Nuevo Laredo
- Anchor institutions
- Historic, culturally interesting downtown
- Distinctive outdoor assets
 - Bird watching & fishing
- Affordability
- Proximity to the Texas Triangle



GOOD TRENDS: Faster-than-avg income growth



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A WAY FORWARD, I

Principles for building more cities of opportunity:

- Education, above all
- Strengthen anchor institutions
- Invest in an opportunity-rich built environment
- Invest in quality-of-life amenities
- Become more friendly to commerce
- Welcome newcomers of all kinds
- Ensure reasonable affordability



A WAY FORWARD, II

Education, above all:

- Quality universal preK
- School leaders & teacher pipelines (see GWB Institute work)
- Early College / P-Tech / schools of choice
- College & career guidance
- Increase college attainment levels
- Better pathways from education to the workforce, esp. in community colleges



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A WAY FORWARD, III

Strengthen anchor institutions as engines of opportunity:

- Expand programming; improve pathways for local young people; increase persistence & completion rates
- Strengthen research & technology transfer
- Extend physical footprint into downtowns & other underinvested neighborhoods

AN IDEA: A TAMIU campus in Downtown Laredo

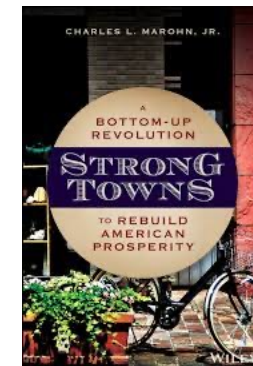
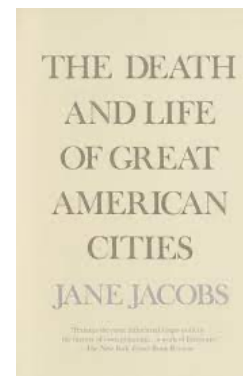


A WAY FORWARD, IV

Invest in an opportunity-rich built environment:

- The Jane Jacobs principle: Fine-grained diversity of land uses, economic functions, structures, & people
 - Build walkable, mixed-use downtowns – in traditional as well as new locations
- Creating prosperity & wealth in hyper-local ways
 - Slow the cars down; reduce the parking; create interesting places where people want to work, learn, play, & gather
- Ensure connectivity between nodes – physical & digital

AN IDEA: More quality-of-life investments, more homes, & less parking in Downtown Laredo



A WAY FORWARD, V

Invest in quality-of-life amenities:

- Key principle: If people want to be there, employers will too
- Outdoor amenities:
 - Beautiful urban plazas & greenspace
 - Lively river and lake fronts

AN IDEA: Beautify & activate Laredo's historic downtown plazas & riverfront



Santa Fe, New Mexico

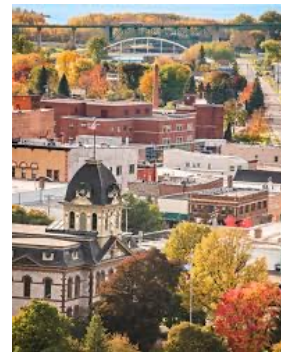


A WAY FORWARD, VI

Become more commerce-friendly:

- Eliminate excessive occupation licensing rules
- Eliminate excessive regulatory barriers to new housing & land use changes
- Promote trade – with Nuevo Laredo & with the Texas Triangle metros

IDEAS: Eliminate parking requirements in Downtown Laredo; petition Washington to ease rules on small-scale cross-border commerce



A WAY FORWARD, VII

Welcome newcomers of all kinds:

- Welcome immigrants – look at recommendations for city governments from Welcoming America and New American Economy
- Welcome remote workers – consider co-working spaces to enable remote / hybrid workers to function effectively

IDEAS: A coworking & new business space Downtown



A WAY FORWARD, VII

Ensure reasonable housing affordability:

- Market rate: Streamline development process; eliminate parking minimums; allow small homes & lot sizes; modernize zoning rules
- Affordable: Deploy the whole affordable housing toolkit (see NYU Furman Center website)

IDEAS: Voluntary inclusive zoning rules; a community land trust; more tiny homes





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