The University and the City

The NYUSPS Urban Lab at the Schack Institute of Real Estate develops new understanding of the economic and real estate trends that are shaping our cities.

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At the end of the 20th century, Pittsburgh was headed for a decline. The city's steel industry —once the source of widespread economic growth—was verging on collapse as foreign competitors began to undercut demand with lower overhead and labor costs. In the wake of a national recession, steel mills throughout the Rustbelt began to close, and more than 150,000 of Pittsburgh's steel workers lost their jobs. The events triggered a mass exodus from the city, with longtime residents setting their sights on suburban prosperity.

Prior to the steel industry's decline, major universities like Carnegie Mellon and the University of Pittsburgh had tailored their curriculums to the city's industrial prowess. By the 1980s, they were forced to redefine their priorities to attract new talent—or appeal to those who had fled the city. With time, Pittsburgh's universities shifted their focus to scientific and technological research, creating new opportunities for economic expansion.

More than four decades after the onset of deindustrialization, the University of Pittsburgh and Carnegie Mellon now rank among the city's largest and most prominent universities and employers. While the University of Pittsburgh is known for its health sciences program, Carnegie Mellon has become a world leader in technology, computer science, and robotics. But their work is far from over.

In today's increasingly global economy, universities form an incomparable link between urban areas and the international market. And yet, few of them have developed a clear strategy for partnering with their local communities. To aid in this dilemma, the NYUSPS Urban Lab at the Schack Institute of Real Estate convened a group of university leaders, advisors, practitioners, and researchers to discuss the university's role in urban redevelopment. After reviewing current strategies and outlining major challenges, the experts offered prescriptive solutions for leveraging local assets, scaling university initiatives, engaging communities and university faculty, and developing a new model for university-city partnerships.

Balance vision and capital.

In 2016, Drexel University partnered with local real estate developer Brandywine Reality to construct a massive mixed-use neighborhood in downtown Philadelphia. The project, known as Schuylkill Yards, builds on the previous work of the University of Pennsylvania, whose West Philadelphia Initiative has been developing in the area for decades. The new neighborhood plans to covert 14 acres of industrial land into a seven-million-square-foot

hub for technology and life science companies, featuring office, laboratory, retail, and residential space.

At the heart of the $3.5 billion public-private initiative is a desire to make Philadelphia more inclusive by investing in job training, affordable housing, and employment opportunities for low-income residents. Drexel has also focused on encouraging its students to become more civically engaged through community-based volunteer opportunities, as well as academic programs that allow students to interact with neighboring schools, community service agencies, and cultural institutions.

For Jeremy Nowak, a Distinguished Visiting Fellow at Drexel's Lindy Institute for Urban Innovation, the university's biggest challenge is balancing its vision and capital. "A planner in the U.K. once said all big comprehensive plans start with a great vision and end in a real estate deal," Nowak recalls. In order for universities to achieve their goals for community revitalization, they must learn to work with those around them. In the case of Drexel, the university's partnership with Brandywine allows them to take development risks while sticking to their design principles.

Rather than waiting on top-down changes from the national or state government, Nowak argues, universities and cities can drive their own transformation. It's all part of what he calls "the new localism"—a term coined in his book with fellow urban expert Bruce Katz. The most effective method of decision-making, Nowak finds, is horizontal networks between public, private, and civic institutions. While the origin of these collaborations is local, their impact is far-reaching: By pioneering change in their own communities, universities (and their partners) can spur innovation and capital worldwide.

Prioritize incentives over subsidies.

Decades of research have demonstrated a clear link between universities, regional innovation, and economic development. But not all universities have the same local impact. According to Ruben Gaetani, an Assistant Professor of Strategic Management at the University of Toronto, universities that add the most value to their communities tend to be located in major tech centers with a variety of residential services.

In recent years, university presidents like Drexel's John Fry and ASU's Michael Crow have taken this information to heart by investing in the cultural vibrancy and economic dynamism of their downtown areas. And yet, universities cannot rely on the vision of their presidents alone. As Nowak sees it, strong leadership is the "catalyst" for new development, but can rarely sustain a project long term. So how can universities attract new faculty, or encourage their existing faculty to become more engaged?

According to Duke Reiter, the Senior Advisor to the President at Arizona State University, the answer lies in investments in the built environment. In order for universities to incentivize new talent, they must make their communities more enticing places to live and work. "Imagine [Arizona State is] trying to recruit [NYU Distinguished Visiting Fellow] Richard Florida or a faculty member … and the tumbleweeds are rolling down central avenue," says Reiter. "That [wouldn't work] for us."

Instead, universities looking to recruit the best and brightest must advertise themselves as innovation capitals. In Nowak's view, this goal cannot be achieved through massive university endowments or subsidies from the local government. In order to improve their local impact, universities must incentivize creative talent—the key drivers of innovation and economic growth.

Locate unexpected partners.

University-city partnerships are about more than the relationship between developers and academic institutions. According to Valerie Piper, the Vice President of Engaged Practice at Democracy Collaborative, the ability to quickly scale a project requires intermediaries as well. By convening local philanthropies, community organizations, and anchor institutions like tech companies or medical centers, universities can reduce costs while limiting the negative impacts of new development.

While today's academic partnerships are often limited to community colleges, four-year institutions have slowly begun to build their networks. In 2015, NYU's School of Professional Studies joined forces with the National Science Foundation and Department of Homeland Security to launch the Aspire Program, a two-year college prep and mentoring program that provides scholarships for high school juniors and seniors from underrepresented communities.

Meanwhile, some of NYU's peer universities have identified more unorthodox partners. In 2014, ASU launched The Starbucks College Achievement Plan, which allows local Starbucks employees to earn full tuition coverage for their bachelor's degree. Three years later, the university expanded the initiative to grant admission to 15,000 Starbucks baristas.

Now more than ever, cities require a broad coalition of anchor institutions, who agree to participate in a shared mission of redevelopment. In Cleveland, for instance, the Greater University Circle Initiative—run by the Cleveland Foundation, along with local philanthropies, financial institutions, community groups, and the city itself—has helped combat issues of poverty and disinvestment. By offering housing incentives, mixed-use spaces, job training

programs, and after-school arts and tech activities for at-risk youth, the member organizations have transformed University Circle into a coveted place to live and work.

"An organization that can act on behalf of and in partnership with a city is vital," says Alex Feldman, Vice President at U3 Advisors, a consulting practice that connects universities, anchors, developers, and local government. "If the neighborhood is failing, the institution has the risk of failing as well."

Cater to the community.

Beyond identifying an influential partner, universities must consider the specific needs of their local community. According to Feldman, problems of inequality arise when an institution begins to ignore the land it owns. Universities like Harvard, for instance, have long been criticized for driving up housing prices in their surrounding neighborhoods. At the same time, institutions like Drexel are expanding their housing capacity in response to a shortage of on-campus options. In Drexel's case, students are now being deterred from displacing longtime residents in Philadelphia's residential areas. "If the university takes an intentional approach to how it's integrated, dorms can have a positive impact on the community," Feldman says.

Another major concern for universities is retaining students after they graduate. Often, this "brain drain," or loss of talent, is the result of a lack of job opportunities or affordable living options. In 2011, Wayne State University, along with the Detroit Medical Center and Henry Ford Health System, realized that only five percent of Detroit employees lived in the city's Midtown neighborhood. In response, they launched a program called Live Midtown, which offered $2,500 in annual rent assistance or a $20,000 down payment on a home to more than 2,000 residents. Three years after the initiative began, the neighborhood achieved a 97 percent residential occupancy rate. Upon the program's end, Wayne State and its fellow institutions launched Stay Midtown, a rental assistance program for low-income residents whose financial burdens increased due to rising rents. According to Feldman, who helped conceptualize and manage the Live Midtown project, the majority of neighborhood residents—around 70 percent—are now choosing to stay in the area.

This type of community engagement benefits the university as well. While Reiter says that ASU "felt an obligation to participate in every aspect of benefiting the [Phoenix] community," the university was deliberate about relocating colleges that would thrive in an urban environment. The same goes for NYU, which recently expanded its Center for Urban Science and Progress (CUSP) to Downtown Brooklyn. By transforming a dilapidated former MTA headquarters into a center for technology and emerging media, the university hopes to leverage Brooklyn's strengths while benefitting from them firsthand.

Deliver clear metrics based on a university's role.

A clear set of metrics is vital to university-city partnerships. On the one hand, presenting stakeholders and institutional leaders with concrete data helps secure funding for new developments or community initiatives. On the other, collecting internal data allows an organization or partnership to clearly define its goals and outcomes. In New Jersey, for instance, the Newark 2020 initiative calls on companies to hire 2,020 local residents by the year 2020. The specificity of these metrics allows partners to have a clear understanding of whether their target has been met.

Perhaps the most important role of metrics, however, is to develop a shared language between the university and the city. In Baltimore, for instance, the city government partnered with seven local universities and one additional anchor institution to form a comprehensive strategy for improving quality of life, business growth, and public safety. While the result of their efforts—the Baltimore City Anchor Plan—assigns different responsibilities to each organization, it creates a shared method for monitoring their progress.

According to a 2017 report by Democracy Collaborative, tracking a university's impact on the financial and social well-being of its surrounding neighborhood makes for stronger community initiatives and more inclusive local economies. Without firm milestones in place, universities cannot fully identify the important work to be done.

Author Bio

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The NYU School of Professional Studies Schack Institute of Real Estate was founded in 1967 at the initiative of prominent members of the New York City real estate community, who encouraged NYU to establish an academic center that would provide a world-class education for industry professionals. Nearly 50 years later, the Schack Institute is at the forefront of real estate education and is recognized globally as one of the world's leading centers of real estate research and pedagogy. Across the Institute's graduate degree programs—notably the MS in Real Estate, the MS in Construction Management, and the MS in Real Estate Development—as well as a rapidly expanding undergraduate degree program, enrollment has grown to nearly 1,000 full- and part-time students from across the United States and nearly 50 other countries. In addition to its flagship degree programs, thousands of working professionals enroll in the Schack Institute's executive education, diploma, and career advancement programs each year.

An anchor of real estate academia's engagement with industry, the Institute is home to the REIT Center, the Center for the Sustainable Built Environment (SBE), and the newly established Urban Lab. In addition, the Institute hosts national industry events, including annual conferences on real estate capital markets and the REIT sector. Under the direction of the Schack Institute's faculty members, on-going applied research at the Institute spans an exceptional range of issues in real estate development and investment, urban economics, and market structure and regulation. For more information about the NYUSPS Schack Institute of Real Estate, visit **sps.nyu.edu/schack**.

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