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Struggling Suburb? Merge It With the Big City Next Door.

It wouldn't be a panacea, but it's an option that needs to be on the table.

Consolidation of city and county governments has long been in vogue with good-government advocates. But while the cost/benefit of these kinds of “big box” mergers is questionable, one kind of smaller-scale jurisdictional union makes a lot of sense: the merger of struggling inner-ring suburbs with adjacent central cities.

The problems facing inner-ring suburbs, which contain as much as 20 percent of the American population, have been getting increasing attention. While many of these communities are doing well or even thriving, others have encountered serious challenges with population loss, increasing poverty, declining household incomes, retail vacancies and dead shopping malls. As their tax bases shrink, these communities run into serious financial challenges, leaving them struggling to provide basic services to their residents.

Troubles in an inner-ring suburb can be more difficult, in a sense, than in a bigger city. These smaller communities are often off the public's radar, so problems there seldom get media or state-level attention until a crisis occurs, as with the turmoil following the police shooting in Ferguson, Mo., or the pay scandal in Bell, Calif.

Compared to cities, inner-ring suburbs have a limited range of housing and retail building types. Some of these, such as small ranch homes or simple strip malls, are now out of favor in the market. If a more monolithic suburb has these off-trend buildings, attracting residents and businesses can be challenging. What's more, many suburbs were built as bedroom communities. They lack the regional assets of big cities, such as powerful office-based central business districts, seats of government, cultural institutions, universities or hospitals. They have fewer assets to redevelop around.

These challenges often overlap with racial ones. In many regions, black city residents, along with members of other minority or ethnic groups, have been moving to the suburbs in search of the American dream of home ownership. While this often goes well, some of these inner-ring suburbs have proven to be similar to the troubled city neighborhoods that people have fled. When public pension costs, bond debt and other bills from the past come due in such declining places, suburban residents are unable to draw on the tax base of a larger, asset-rich central city.

A merger is not a panacea. Nobody should expect one to magically address poverty or segregation, for example. But when fiscal conditions make it impossible to fund basic public services, merging with an economically stronger municipality can help address that problem. The other options for struggling municipalities all come with their own sets of downsides. A financial control board or even a bankruptcy can potentially address debt or pension problems, but they won't help with a declining tax base. Neglect or simply providing life support through subsidies might be viable politically in the short term — until a crisis strikes. But temporary subsidies ignore underlying problems and allow them to continue to fester. And finally, a state takeover comes with its own risks. Just ask Flint, Mich.

I examined suburbs contiguous to several Midwestern and Northeastern post-industrial cities for my recent Manhattan Institute study, “Mergers May Rescue Declining Suburbs.” I found that a large number of these suburbs face negative indicators like falling populations and rising poverty. Many are potential candidates for a merger, and I highlight 10 of them as examples.

We haven’t seen this type of merger in the recent era, but there have been a few proposals. One case is East Cleveland, Ohio. The Cleveland suburb has lost 37 percent of its population since 2000 and has a poverty rate of almost 43 percent. Fiscal problems forced it to cut its budget by 38 percent and lay off almost half of the municipal workforce. It had to borrow salt trucks from the state and an ambulance from a neighboring town. Merging with Cleveland could help to ensure that good-quality basic public services can be delivered there.

But let’s not kid ourselves: Mergers are extremely challenging politically. East Cleveland is again the example. After starting the process of exploring a merger, the mayor and city council president were recalled by narrow vote margins in a special election in December, killing the merger proposal for now.

Nevertheless, local and state leaders should keep mergers in mind as a policy tool. Then they can look for opportunities where need and political reality align to use it. They can also start drawing lessons from annexation battles. Annexations typically require a carrot of some sort to sell the proposal, such as getting utility service or investments in other infrastructure. For mergers to happen, states will likely need to step up to fund transition costs, potentially absorb excessive suburban fiscal liabilities and put a capital improvement plan on the table as a sweetener. Ohio’s state auditor had suggested a \$10 million state infrastructure investment in East Cleveland contingent on a merger.

The challenges of helping economically declining and fiscally struggling inner-ring suburbs will not be easy ones to solve. There are no magic fixes, and the answers will vary by community. But merging with the adjacent central city is an option that needs to be on the table.

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By Aaron M. Renn | Columnist
Senior Fellow at the Manhattan Institute

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