

**Interrogating Urban Crisis: Governance Contestation and Critique**  
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**Urban governance when austerity is the norm:  
the role of philanthropic foundations in Baltimore**

***Abstract***

Attempts to govern urban crisis have a long heritage in the City of Baltimore in the US as austerity constitutes continuity rather than change in the City after decades of neo-liberal urbanism. Justificatory narratives about the need for the 'greater realism' of market-based approaches have had transformative effects on city-based collaborative processes. The City's collaborative governance is regime-like in structure, comprising City government working closely with private interests made up of 'non-profits', such as the City's 'ed and med' institutions, and private local, or locally-based, philanthropic foundations.

This paper focuses on these philanthropic interests and the role they play in the City's governance, with particular regard to spatial (neighbourhood) governance. Philanthropies have exerted significant influence in policy-setting, identifying priorities in terms of the spaces, actors and behaviours which gain the attention and resource of City elites. To what extent do philanthropies enhance, transform or undermine civil society leadership, action and innovation, how does this vary spatially across the City's neighbourhoods?

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## ***Introduction***

While not formally the policy of federal government, austerity conditions are politics as usual in Baltimore after decades of meagre resourcing, a dwindling local tax base and increased demands on services. Its population loss and concentration of poverty, exacerbated by the self-reliance of the federal system, has resulted in a constant 'fiscal squeeze' deepened by broader economic crisis.

This paper focuses on the role of philanthropies in the City's governance processes, and how these are spatially manifested. The city's neighbourhood revitalisation policy has long been governed by an informal regime-type coalition, dominated by the Mayor, the City Council and private (but non-corporate) organisations including the City's major education and medical anchor institutions and private local, or locally-based, philanthropic foundations (Davies and Pill, 2012a and 2012b). The regime's approach is underpinned by a 'survival of the fittest' ideology that is manifested spatially by eschewing investment in neighbourhoods classified as 'distressed'. There are comparative implications as Baltimore, with its established form of austerity governance, may be a harbinger of trends in urban governance elsewhere as state-market-civil society relationships are reformulated.

The next section reviews relevant literature, first setting out debates about urban network governance and reinforcing the relevance of regime analysis, particularly in a US context, before considering the uneven socio-spatial implications of such governance forms. The role of philanthropic foundation actors is then considered, both directly in policy setting, and indirectly through their support of non-profit organisations, specifically neighbourhood-based Community Development Corporations. The subsequent section comprises a case study of Baltimore, explaining development of its governance, and the role of foundations in this. Finally some conclusions are drawn and implications for further research set out.

## ***Literature review***

### ***Urban Network Governance***

The two broad interpretations of the empirical and normative shift from government to governance set the scene for debates about urban network governance. One perspective sees network governance as a way to overcome bureaucratic rigidity and market inequity by incorporating a wide range of groups into policy making (Rhodes, 1997; Stoker, 2004), enabling capacity to address complex urban problems (Rhodes, 1997) as well as enhancing democratic legitimacy (Newman, 2005; Stoker, 2004). The other sees network governance arrangements as reflecting the dominance of a 'neoliberal urban polity', dominated by co-operative relationships between economic and institutional urban elites (Geddes, 2006; Davies, 2011).

In the US, regime analysis has tended to be the predominant approach to examining urban governance, seen as applicable by Davies (2004: 31) given the 'comparative political autonomy' of its cities. Regime analysis assumes that where 'many activities and resources important for the wellbeing of society are nongovernmental' (Stone, 1993), the act of urban governance 'requires the cooperation of private actors and the mobilisation of private resources' which results in coalition formation. While the approach has tended to focus on patterns of collaboration between business and government, scope for variation in regime composition and agendas is recognised (Stone, 1993). If a coalition develops stable governing arrangements in the absence of a command system, it constitutes an urban regime

(Stone, 2001), so regime analysis has tended to focus on long-lasting governing coalitions (Mossberger and Stoker, 2001).

Blanco (2013) asserts the value of 'bringing urban regime analysis back in' to studies of urban governance, and not just in the US. He argues that the approach can enhance understanding of the varied participants in governance networks and their diverse agendas in different places, which can be subsumed by the (predominantly European) network paradigm. While debates have highlighted the approach's insufficient emphasis on the structural influences of the wider political economy (Davies 2002, 2003; Imbroscio, 2003), Blanco (2013) asserts that it does provide a framework for the interplay between structural and local factors. In a US context, Collins (2008) suggests that the scope for regime analysis to downplay extra-local effects on local governance can be assuaged by incorporating federal economic trends and policies into analysis. These can also help explain why similar governance arrangements (and similar conflicts regarding uneven social and spatial outcomes) may develop in different localities.

But regime analysis recognises local political agency as an essential element of the structuring process, related to local actors' values, beliefs, and interpretations of prevailing policy discourses. Stone (2004) recognises the importance of ideology in urban governance. In his study of Phoenix, Arizona, Collins (2008) identified the choices of public officials as the most important structuring influences for its governance. Because of the perceived need to raise the city's comparative metropolitan status, and the supposed success of sports-based downtown revitalisation elsewhere, local officials viewed it as a publicly defensible strategy, and, therefore, more feasible and less risky than alternative ones. As Stone explains, 'feasibility ... is a matter of shared perception' (Stone, 2005: 319).

### ***Spatial Outcomes***

Collins (2008) extends the application of urban regime analysis to examine the uneven social and spatial outcomes of urban governance. Case studies of regimes have documented the spatial nature of local governance and demonstrated that the capacity of coalitions to achieve desired outcomes depends on their strategic use of space (for example, MacLeod and Goodwin, 1999). Collins' (2008) own case study of Phoenix explores how the structure, interests, and goals of a coalition affect how it reproduces urban space. Newman and Ashton (2004) use their study of Newark, New Jersey to illustrate the spatial effects of a 'neoliberal urban policy regime emphasising local competitiveness and revitalising cities through poverty deconcentration and community reinvestment'. Broader policy shifts are interpreted by local actors. The pursuit of gentrification as a neighbourhood revitalisation strategy is linked to a 'transatlantic and neoliberal convergence of policy advice' (Rose et al, 2013) to address poverty by spatially deconcentrating it. Concentrated poverty has become regarded in policy communities as a spatial problem, supported by the 'neighbourhood effects' thesis, which has helped legitimate spatial solutions, such as the demolition of public housing and its replacement with mixed income housing, justified with a discourse emphasising the need for 'social mix'.

Collins (2008) finds that despite the relatively high degree of local autonomy in the US, 'cities do not operate in a political economic vacuum'. Despite the withdrawal of federal resources through devolution and welfare-state retrenchment, federal government has provided funding (such as block grants) and tools (such as tax credits) to local governments to influence local development. In a 'new federalist' context, local political contexts as well as local needs shape the neighbourhood strategies which result, which often tend to

emphasise 'social mix' (Goetz, 2000). Rose et al (2013) seek to refine this 'top-down' view of urban neoliberalism through an international (though not US) comparative examination of the agency of local governance actors in policy design and implementation. While they find that the meanings and effects attributed to social mix by local policy actors do reflect a neoliberal turn, a 'strong home-grown element persists' (page 430). Certainly in the US, city government plays a central role in neighbourhood revitalisation strategy due to the resources under its control (despite fiscal constraints), such as the supply of vacant land (accumulated through tax foreclosure and abandonment) and the distribution of (albeit declining) discretionary block grants from federal government.

Consensus within mainstream policy circles regarding poverty deconcentration and 'asset accumulation' by low-income households and neighbourhoods (Retsinas and Belsky, 2002) derives from the philanthropic as well as public sector. New approaches to philanthropy have cultivated a 'wealth-oriented' discourse (Harrow, 2010). National financial intermediaries (such as the Local Initiatives Support Corporation and Enterprise Community Partners) that fund Community Development Corporations (CDCs) also support the approach. It is to the role of philanthropies that we now turn.

### ***Philanthropies***

Philanthropy's role in urban governance relates to debates about its role in complementing or substituting for the state, its relationship with the market, and its role in public policy and in supporting civil society organisations. Daly (2011) identifies the scope for philanthropy to reinforce rather than address inequality in these relationships, not least due to the 'inherently unequal' relationships between donors and recipients. This has implications for philanthropy's 'transformative potential' in terms of citizen empowerment, initiative and action.

In the US, private foundations fall into three types: independent, family and corporate (Suarez and Lee, 2011<sup>1</sup>). Foundation grant making can be expressive (for example, humanitarian aid and basic service provision) or instrumental (Frumkin, 2006). Instrumental grant making is more strategic and capable of producing change, characterised by disseminating knowledge and contributing to public policy advocacy (Fleishman, 2007). Thus foundations can be regarded as policy actors in their own right, but are also an essential source of funding for non-profit organisations (such as CDCs) so by sponsoring projects can also influence - by seeking to change or indeed reinforce - the policy process.

Suarez and Lee (2011: 1119-20) summarise four perspectives within debates about the instrumental role of foundation grant making. The first sees foundations as elite actors seeking co-optation and the maintenance of the social order by providing palliative grants. The second considers foundations as activists, able to be so as they are subject to little oversight, are not subject to market forces, and have substantial resources to promote a policy agenda. The third, more subtle, view is that philanthropic grants tend to professionalise organisations, moving them away from grassroots approaches by favouring professional activity over civic engagement and community mobilisation. The fourth view recognises the potential for philanthropy to provide 'policy venture capital' through grant making, but sees

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<sup>1</sup> Independent foundations are not governed by a benefactor, a benefactor's family or a corporation. In family foundations, the donor or donor's relatives have a role in managing or governing the foundation. Corporate foundations derive their charitable funds directly from businesses. Public foundations (such as community foundations) are publicly supported grant-making institutions created to benefit the residents of a defined geographic area.

that foundations usually behave conservatively and support conventional services. However, some foundations have made it an explicit goal to support social change, whether via conservative or progressive causes. As Pharoah (2011: 74) explains, 'philanthropic support is partisan, part of a pluralist society but not inherently pluralistic'. More recently, the term 'social justice philanthropy' has been coined to describe foundation support for progressive causes intended to produce systemic change (Suarez and Lee, 2011). But they explain that there is ambivalence about foundation involvement in policy in the US, in contrast to 'a deep respect' for community organising and civic engagement.

This research, about urban spatial governance, focuses on what Karlström et al (2007) term 'embedded philanthropy', a place-based, engagement-oriented style of philanthropy distinguished by 'an unusually intimate and long-term engagement with communities'. This approach may be taken by all types of foundations if they are seeking a greater impact through focusing their efforts (within a city, and within specific neighbourhoods). Some seek to develop a pluralist approach by convening a variety of community actors and interests, others intervene more aggressively by incubating community-based organisations, nurturing local leadership, catalysing new processes of community mobilisation, or brokering relationships with institutions and political actors. Foundations who adopt this approach tend to stress their ambition to diminish the power differential with their 'community partners' that philanthropic relationships inevitably entail. As in regime theory, Karlstrom et al (2007) stress that 'local political ecology' plays a major role in shaping the opportunities, options, and constraints on embedded philanthropy.

### ***Community Development Corporations (CDCs)***

Finally it is useful to consider CDCs, which developed, encouraged by federal policy, as a locally-based response to local problems, spurred in particular by the US urban riots of 1968. They are constituted as tax-exempt 'non-profits'. CDCs are significant recipients of federal block funds distributed by city government, but philanthropic foundations are also an essential source of funding (Suarez and Lee, 2011), and the relationships entailed can 'steer' CDC activity as explained above.

While CDCs have potential as 'mediating institutions' that focus citizen interests and 'better prepare citizens for action in the larger political system' (Denhardt and Denhardt 2000: 553), they struggle to contest the futures of their communities (Sally, 2012). Place-bound, the local is their 'natural space of engagement'. Most work within a single community or city and focus on local development and service delivery, including building affordable housing and commercial space, and fostering local entrepreneurs and businesses (NACEDA, 2010). As development-focused entities dependent upon (if not co-opted by) capital (from city government and foundations, as well as financial intermediaries), CDCs are regarded as ineffective at advocacy, unable to 'rescale the contest' to modify their policy environment (Sally, 2012). CDCs are becoming more professionalised and are pursuing earned income, which has led to less emphasis on civic activity (Suarez and Lee, 2011). CDCs are critiqued regarding the extent to which they are legitimate representatives of their communities, suggesting that capital interests often override their community identity so they 'embrace the market' (DeFilippis, 2004). This can be manifested in two extremes: continued neighbourhood decline despite CDC efforts, where CDCs end up 'controlling their own slum' (Harvey, 2003); or displacement through gentrification as a result of CDC activities, which are steered by their funding and policy environment. In Newark, Newman and Ashton (2004: 1165) described CDCs as being in a 'clientist position' which meant that the local community development system could not implement 'alternative, resident-centred paths of

neighbourhood change' but were part of the poverty deconcentration strategy pursued by the urban regime (in turn framed by a broader policy consensus). These themes and debates set the scene for consideration of Baltimore.

## ***Baltimore Case Study***<sup>2</sup>

### **The City and its Urban Governance**

The City of Baltimore, State of Maryland, has a population of 621,000 (US Census 2010), which has undergone a 5% intercensal decline, and a 35% decline since its 1950 peak of 950,000. Its racial composition is 64% African American and 32% White (US Census 2010). 22% of the City's residents fall below the (federal government-defined) poverty level, compared to a 14% national rate (US Census Bureau, 2012, period estimate for 2007-11). Household median income is \$40,000, compared to \$72,000 for the State (ibid). The City is one of seven counties in the broader Metro Baltimore region, population 2.7m (US Census, 2010), but it is socially and economically isolated from its neighbouring suburban counties, reinforcing the city-based nature of governance processes. Its boundaries have been in place since 1918, and expansion was effectively prohibited in 1948 when a State constitutional amendment required a vote of support in any proposed suburban annexation area.

The City's high population loss and hyper-concentration of the poor has resulted in rising service needs and a shrinking tax base. The resultant constant 'fiscal squeeze' faced by City government provides an example of ongoing austerity conditions which have been exacerbated by broader economic crisis.

In the devolved federal government system of the US, the competencies of local (in this case city) government derive from the State via 'home rule' provisions, and therefore local government tends to be locus of authority and responsibility for city governance. The Baltimore City Council is made up of 14 single-member districts and an elected at-large council president, along with the city-wide, separately elected - and powerful - office of Mayor. The City is a longstanding Democratic party stronghold, which dominates City and State government. The current Mayor, Rawlings-Blake, assumed office in 2010, and was elected in 2011 for a (one-off) five-year term. In 2013 the Mayor proposed a major financial reform plan for the City.

### ***History***

Baltimore grew as an industrial and port city, its economic base comprising steel processing, shipping, and manufacturing. Post-war industrial decline resulted in federally-funded attempts at 'urban renewal' within the City (comprehensive redevelopment and construction of public housing projects), in a context of federally-subsidised rapid suburbanisation via highway construction and federally-guaranteed housing loans. The resultant depopulation, displacement and disruption in the City acted to concentrate deprivation and left a legacy of distrust of government. Such rapid demographic change and racial succession eroded civic life though federal funding via the Community Action and Model Cities programmes did assist the rise of advocacy neighbourhood organisations, a form of citizen-activist innovation

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<sup>2</sup> This case study draws from two studies. The first was conducted by Pill in 2008 (and is documented in Davies and Pill, 2012a and 2012b). It involved a qualitative, semi-structured interview-based methodology combined with documentary review of secondary data. The second is a desk-based review of secondary data, conducted by Pill in 2013 as part of preparation for a research proposal into 'Collaborative Governance Under Austerity'.

as a response to crisis (in particular the exodus of residents following the 1968 riots) as well as perceived governmental neglect. The legacy of state-civil society collaborations is partly captured by the City's CDCs. But the resultant institutions have since become more professionalised and to an extent co-opted into the City's regime-type governance arrangements (explained below). Federal government introduced the Community Development Block Grant (CDBG) for cities and urban counties in 1974 which the City of Baltimore continues to receive (\$21m for CFY 2012) which is a major source of funding for local CDCs, along with grants and other forms of support from local philanthropic foundations.

The 'de facto devolution' of federal retrenchment in the 1980s exacerbated the problem of the City's declining tax base with reductions in redistributive funding necessitating greater self-reliance. Though in some cities, such as San Francisco, urban populism prevailed, where mayors and community activists focused on creating participatory mechanisms that allowed for grassroots mobilisation in the governing process, Baltimore followed the general trend to more privatist urban regime-type modes of city governance. City government and business regime-style 'revitalisation' efforts focused on the central business district and Inner Harbor.

Mayor Schmoke, elected in 1987, sought to address the City's long-neglected neighbourhoods. Under the Clinton administration, the 1990s saw some modest, time-limited, neighbourhood-focused federal programmes based on leveraging the market. Baltimore gained a 10-year Empowerment Zone designation in 1994 that made \$250 million in federal tax incentives and a \$100 million federal grant available for areas pursuing 'economic opportunity and sustainable community development'. This programme required community participation to identify spending priorities for a flexible array of social services, economic development and housing, but tended to become dominated by local government redevelopment preferences (Gittell et al, 1998). The City also had a federal HOPE VI programme for public housing demolition and 'mixed-income' redevelopment. Another neighbourhood-targeted initiative was also attempted during this period, instigated by the Enterprise Foundation (now Enterprise Community Partners<sup>3</sup>). This innovative (for its time) comprehensive community initiative in West Baltimore was intended to promote comprehensive neighbourhood change through the development of increased neighbourhood capacity. However, it achieved only marginal neighbourhood improvement and became regarded as a lesson in the intractability of neighbourhood problems.

Since 2000 continued reductions in federal aid combined with the City's shrinking tax base have led to the justificatory narrative of a 'greater realism' of approach (explained below), with transformative effects on the City's governance processes. This has led to the constitution of the City's governance regime being made up of City government working closely with private - but non-corporate - interests. These private interests comprise major anchor institutions<sup>4</sup> such as the City's (and the State's) major employer, Johns Hopkins university (22,000 employed in the City) and its hospital and medical system (18,000 employed) - as well as private local, or locally-based, philanthropic interests.

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<sup>3</sup> Enterprise, founded in 1982, is actually a national financial intermediary rather than private foundation, and focuses on affordable housing development. However, it is locally-embedded as it is headquartered in Maryland and was founded by the developer James Rouse, who devised the 'festival marketplace' concept and was developer for Baltimore's version of it, Harborplace, opened in 1980 as part of the then regime's efforts to revitalise the central business district. See <http://www.enterprisecommunity.com/about/ourstory>

<sup>4</sup> Such educational and medical institutions are also 'non-profits' and therefore exempt from local property taxes.

## **Role of Foundations<sup>5</sup>**

As the City's corporate presence continued to shrink in the 1980s and 1990s, its philanthropic sector began to play an expanded role. The decline of its corporate population created a vacuum in the City's 'traditional' style of corporate-centred regime which other institutions, including philanthropies, have filled. Some actors operate nationally as well as having a base in Baltimore (such as the locally-headquartered, nationally-operating Annie E Casey Foundation). Others are purely local, such as the Goldseker Foundation. These foundations make grants to non-profits such as CDCs, but also engage in 'embedded philanthropy' practices, including more direct engagement in policy setting for the regime, in which they have played a formative role (with development of the 'asset-based' approach), and in attempts to deliver this, which illustrates the spatial implications of this strategy (East Baltimore Development Initiative). These are explored below.

### ***Asset-based resource allocation***

The crucial change was a shift in the strategy of the City's governance regime heralded by the adoption of an 'asset-based' mode of resource allocation to boost the City's housing market. This approach was developed and promoted by local philanthropic foundations, in particular the Goldseker Foundation, founded in 1975 with an initial bequest from a local real estate investor. It funds non-profits and projects in the Baltimore metropolitan area, seeking to 'serve the Baltimore community by investing in its institutions and people'<sup>6</sup>. The foundation commissioned the Reinvestment Fund<sup>7</sup> to reprise the 'market value analysis' methodology (developed in Philadelphia) in Baltimore which formed the basis of the approach. The approach was then adopted by the Mayor, Martin O'Malley, who was in office 1999-2007 and has been Governor of the State of Maryland since 2007 to date (it can be surmised that his support of the approach cannot harm its longevity).

The approach is manifested spatially via a typology of housing markets ranging from 'distressed' to 'competitive' neighbourhoods, each with a different policy prescription. 'Distressed' areas, defined as such given the scale of disinvestment, population loss and abandonment, are subject to demolition, ideally clustered to create potential for redevelopment. In the 'middle' categories, interventions are pursued which are perceived as helping the market, include supporting homeownership, marketing vacant homes and providing additional incentives for development and investment. According to a senior housing officer:

'We went from a needs-based approach to an asset-based approach. The model really wasn't working. We had unlimited need but fairly limited resources. So, it basically became an issue, well, how do we target our resources?'

Subsequently, policy discourse focused on the need to deconcentrate poverty by attracting the middle class to the City through better services, a better quality of life and less fiscal stress:

'As part of its larger, city-wide response to market forces, Baltimore will work with individual neighbourhoods to stabilise local real estate markets. This will focus City residents

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<sup>5</sup> The interviews that inform this section derive from the first study conducted by Pill in 2008 (documented in Davies and Pill, 2012a and 2012b).

<sup>6</sup> See [http://www.goldsekerfoundation.org/about\\_the\\_foundation](http://www.goldsekerfoundation.org/about_the_foundation)

<sup>7</sup> A community development financial institution (CDFI) which was originally a CDC in Philadelphia and is now also based in Washington DC as well as Baltimore. Its capital derives from private foundations, financial institutions, the public sector and individuals, religious and civic groups. See <http://www.trfund.com/about/>

and services on retaining existing residents while attracting new residents. Tailoring City action to the particular needs of each community will efficiently and effectively cut the constraints which can hinder neighbourhood stability, allowing more Baltimore neighbourhoods to compete with their suburban alternatives'.

*City of Baltimore Master Plan, 2006: 70.*

This confirms Newman and Ashton's (2004) assertion that a neoliberal urban policy regime which emphasises poverty deconcentration and asset accumulation has been 'incorporated into the imagination of local political leaders and policymakers'. The mainstream ideology of 'asset building' was championed by local foundations, and its adoption by the Mayor (which also indicated that it was regarded as publicly defensible) assured its broader adoption by the City's regime.

### ***Spatial Implications***

In turn, economic development policies since O'Malley's tenure have sought to exploit strategic assets in the City's education and medical anchor institutions. This is reflected in the East Baltimore Development Initiative (EBDI) megaproject, anchored by Johns Hopkins and covering a 30-block area for redevelopment as a bioscience cluster with the relocation of residents, which has occupied a significant place in the macro-politics of the City and has been the subject of citizen protest. According to a city councilperson:

'Basically, any administration...needs to put its capital where the people are or where the sympathies are...Hopkins has a lot of self-interest going on, and I don't say that in a negative way, I mean, if it weren't for Hopkins I don't know who'd have a job'.

Again, a national, privately-endowed philanthropic foundation headquartered in Baltimore, the Casey Foundation, has played a very significant role. It was established in 1948 by a founder of the delivery company UPS and his siblings. In general, its grant making is focused on US initiatives 'that have significant potential to demonstrate innovative policy, service delivery, and community supports for disadvantaged children and families'<sup>8</sup>. However, Baltimore is one of the foundation's three 'civic sites', cities where, in line with Karlstrom et al's (2007) notion of embedded philanthropy, 'we have close hometown connections, where our grant making is not restricted to specific initiatives, and where we anticipate maintaining significant leadership roles for years to come'<sup>3</sup>.

The EBDI strategy sought to tap into the economic vitality of the Hopkins complex. According to a respondent from the Casey Foundation, the 'advantage is that there's an economic engine to attach yourself to and to feed on the energy of, which is Johns Hopkins'. The foundation presented itself as advocating on behalf of EBDI residents, many of whom were displaced during clearance operations. The foundation was directly engaged, rather than operating through a CDC intermediary. According to a manager:

'We've absolutely tried to change programmes and organisations' orientation to listening to residents. What voice do residents have... at every step, someone has to fight for that space for them, because they don't have the power of the developer, the Mayor and everyone else. So the foundation is trying to make sure that they have skills to come to the table, have a presence at the table, and that they have some authority and some decision-making, they're participating'.

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<sup>8</sup> See <http://www.aecf.org/AboutUs.aspx>

However, as a leading foundation in the regime, Casey's approach was very much aligned with its strategy. Casey's role can be critiqued as co-opting residents into the prevailing discourse rather than challenging it, seeking to support existing resident 'capacity building' to foster the ability to negotiate the terms of their relocation. Any voice exercised by residents was therefore conditional on consent to the strategy. However, such 'network closure' did prompt citizen demonstrations. And since the onset of economic crisis in 2008, it has become clear that the bio-science jobs, on which fulfilling the EBDI vision depended, are not going to materialise, resulting in further citizen protest (Harvey, 2009: 329-330).

The example of EBDI shows where the regime has chosen to focus its energies and resources, resulting in the 'state-sanctioned exclusionary production of space' (Collins, 2008) rationalised by a discourse of redevelopment for universal benefit - which has not created the space for broad-based community development. The deconcentration of poverty which resulted from the relocation of residents also helped to justify the demolition of neighbourhoods to make way for capital investment (Crump, 2002). Under the housing typology, the neighbourhoods concerned were 'distressed' and thus earmarked for mass demolition and land assembly. However, other 'distressed' neighbourhoods lacking support from an economic anchor such as Johns Hopkins appear as 'ungoverned spaces' disregarded by the regime. The regime's approach has thus been termed a 'triage' system (Stoker et al., 2009), based on perceived market viability or the conditional benevolence of local foundations.

### ***Relationships with CDCs***

Supporting the City's non-profit organisations, including its CDCs, is a key role for foundations. In so doing, the foundations maintain the asset-based rationale for resource allocation and thus acculturate and co-opt the City's CDCs into the ethos of its governance regime. Assistance given by Baltimore's smaller, locally-based foundations focuses on the 'middle' neighbourhoods, regarded as places where there is scope for smaller-scale efforts, where the relatively low level of foundation funding can 'improve the market' - thus assuring the uneven spatial outcomes of the regime's approach and confirming its 'survival of the fittest' ethos.

Variance in how local foundations prioritise activities 'in the middle' capture a range of perspectives on working with communities. Some place more emphasis on the importance of resident needs and priorities; some regard themselves as having greater expertise. But it is generally required that activity matches 'local economic and political realities', reinforcing the asset-based notion of resource allocation. The organisations sought for funding were described by foundations as having a strong, committed leadership which has experience, expertise, and capacity, and a demonstrated track record. There was recognition that recipients should share foundation views on outcomes sought and ways of achieving these. The foundations also regard themselves as having an impact beyond grant-making, not only providing financial resources, expertise and technical assistance, but also networking, political clout and leadership.

While it is hard to ascribe motives, the relationships between the City's foundations and non-profit organisations do encapsulate to differing extents all four of the perspectives summarised by Suarez and Lee (2011) regarding the instrumental role of foundations. Foundations in Baltimore are indeed elite actors which can be seen as co-opting the CDCs they support, or more subtly at least professionalising them. Some can play an activist role, as Casey would argue it did regarding the needs of EBDI residents, but this is moderated by

and contained within their shared commitment to the asset-based discourse, which the City's philanthropic sector expended 'policy venture capital' to develop. Overall, these relationships imply that foundations' resource allocation process, as well as the City government's, keeps non-profit actors in a clientist position, constraining contestation and the development of 'resident-centred paths of neighbourhood change' (Newton and Ashton, 2004: 1165).

### **Current Situation in Baltimore<sup>9</sup>**

The US 'housing crisis' has drastically affected cities that were already struggling such as Baltimore, as well as the sunbelt boomtowns. Cities are under increasing fiscal pressure as local tax revenues dwindle. A number (such as Stockton, California in 2012, and Detroit in 2013 - the largest city ever to do so) have declared bankruptcy. Others (such as Miami, Philadelphia and Pittsburgh) have ceded financial oversight to state government. The ongoing 'fiscal crisis' makes it hard for city governments to resist the pressure to balance budgets. Some, including Baltimore's, are undertaking major reforms such as cutting pay and healthcare benefits for current public employees and retirees, amidst labour union protest. And citizen activism in the form of protest against cuts is also evident, such as the campaign in Baltimore against plans to cut or privatise some of the City's recreation centres.

The context for ongoing austerity governance in Baltimore is captured by the following extract from the most recent Mayoral annual 'State of the City' speech (2013<sup>10</sup>):

'For over 50 years, Baltimore's story has been dominated by a narrative of post-industrial decline. From 1950 to 2000, the city lost a third of its population. Jobs disappeared, crime rates rose, schools deteriorated, and many neighbourhoods destabilised. City government itself was left with a legacy of high taxes, growing liabilities, and crumbling infrastructure'.

*Mayor Rawlings-Blake (State of the City Address, 2013).*

Policy discourse centres on the notion that the City's needs are far greater than can be met with available resources, but that this is exacerbated by a national economy that is simultaneously increasing needs and reducing resources. The City's fiscal squeeze stems from erosion of its tax base and increasing expenditure, related to the City's longstanding challenges of a declining population, a low median income and high poverty rate, as well as its high vacant property rates. The City has the highest property taxes in Maryland (twice as high as neighbouring Baltimore County) and its local income taxes are the highest allowed under State law. The current Mayor's 'vision for growing Baltimore's population by 10,000 families in the next 10 years' highlights the continued policy discourse of attracting the middle class to live in the City.

The Mayor continues the emphasis of 'partnering closely with Baltimore's campuses of higher learning and medicine to reinvest in surrounding neighbourhoods' (Mayor's State of the City speech, 2013). The emphasis on site assembly and clearance for redevelopment is sustained, most recently with proposals to change the City's zoning code to make it easier to adapt land uses, with the examples cited of 'turning vacant lots into urban farms' as well as

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<sup>9</sup> This derives from the second study (desk-based review of secondary data sources), conducted by Pill 2013 to inform development of a research bid.

<sup>10</sup> [http://www.baltimorecity.gov/OfficeoftheMayor/NewsMedia/Speeches/tabid/997/ID/4174/Mayor\\_Rawlings-Blakes\\_State\\_of\\_the\\_City\\_Address.aspx](http://www.baltimorecity.gov/OfficeoftheMayor/NewsMedia/Speeches/tabid/997/ID/4174/Mayor_Rawlings-Blakes_State_of_the_City_Address.aspx)

'promoting bioscience manufacturing' (ibid). The City also continues to focus on 'the middle', with the Vacants to Value initiative providing City funding to encourage private rehabilitation of vacant properties, as well as providing homeownership grants.

Recognition of the City's heritage of citizen distrust is implicit in the Mayor's statement that 'rather than pitting neighbourhoods against each other, we believe in One City, because new downtown investment and new neighbourhood investment are not mutually exclusive' (ibid). However, harking back to prior downtown-focused revitalisation, City government efforts to boost tourism include giving approval in 2012 for construction of a downtown casino, as well as hosting major events such as the Baltimore Grand Prix - both the subject of community protest. City government's rather palliative neighbourhood-targeted measures include 'community job hubs' operated by the City in partnership with community groups (Mayor's State of the City speech, 2013).

The tactic of presenting the 'harsh realities', and 'the need to be realistic and honest about what we can afford and focus funding on the core services that we really need' (Mayor Rawlings-Blake, 2010) has continued. Major proposed reforms are set out in 'Change to Grow: A Ten-Year Financial Plan for Baltimore' (2013<sup>11</sup>). This is justified in terms of the need to move beyond one-time fixes such as local tax increases (cited as discouraging new residents and businesses, impeding the City's ability to compete for growth) to address the City's long-term structural imbalance between revenue and expenditure. Interestingly, the reforms also propose contributions from non-profits (such as its 'ed and med' anchor institutions) currently exempt from property taxes. \$4 billion of non-taxable property in non-profit use has been identified in the City. This may have destabilising consequences for the City's governance regime given the significant role played by the varied forms of non-profit institution in the City's governance regime.

If City Council approval is forthcoming for the reforms, it is envisaged that the City could afford to spend \$100 million over 10 years on a 'demolition surge' to tear down 4,000 (a quarter) of its vacant buildings. Noteworthy given ongoing citizen protest regarding closures, the Mayor also envisages the reforms enabling capital funding to rebuild 10 of the City's recreation centres. Overall, the discourse of the reform agenda is captured by:

'This plan doesn't solve all our problems... but it will show with greater confidence that Baltimore, more than any other city in America, is taking responsibility and getting its own house in order. It will send a message to residents that Baltimore will be a better place to live. It will show markets and businesses that Baltimore will be better place to invest. And it tells the state and federal governments that we're serious and deserving of increased support... It is born from a belief that if a public servant seeks to govern for the greater good - even difficult reforms will be accepted as the right choices for the future'.

*Mayor Rawlings-Blake (State of the City Address, 2013).*

## ***Conclusion***

Austerity governance has long been operating in Baltimore. Accompanying justificatory narratives of the need for the 'greater realism' of market-based approaches have had transformative effects on city-based governance processes. These have confirmed membership of the City's governance regime, with City government working closely with

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<sup>11</sup> <http://www.baltimorecity.gov/portals/0/agencies/finance/changetogrow.pdf>

private interests comprising the City's 'ed and med' institutions and its philanthropies. As elsewhere, city government is a key player in this process, but Baltimore's robust community of philanthropic foundations also plays an important role in the regime and has proved formative in its strategy development.

However, the significant shift in the City's governance processes in the mid-2000s with the adoption of an 'asset-based' approach predicated on housing market performance occurred when the economic context was very different. Indeed, the research which led Newman and Ashton (2004) to posit a new 'neoliberal policy regime' for neighbourhood change, such as is evident in Baltimore, was conducted when regional labour and property markets were expanding. This changed the decision environment within which space is evaluated and 'provided openings for local regimes to imagine and pursue development strategies previously beyond their capacity' (Newman and Ashton, 2004: 1165). Since this time the effects of the 2008 financial crisis that both caused and was caused by the housing bubble have manifested in Baltimore - but its governance processes appear (from secondary data source review) to continue to be predicated on the housing market and attracting new, middle class residents, as well as attracting bioscience to redevelopment sites. The Mayor's recent proposals for major fiscal reform continue this emphasis, though the inclusion of the intent to seek property tax contributions from the non-profits which have proved to be key actors within the City's regime may potentially have destabilising effects upon it.

Proposed further research in the City will consider how its governance arrangements facilitate and undermine civil society leadership, action and innovation, particularly in 'distressed' neighbourhoods, and temporal and spatial variations in this. Such an emphasis is important for comparative learnings, as economic crisis and austerity measures have heightened the imperatives for communities of place (or neighbourhoods) to engage in self-help activities, such as creating associations, gaining assets and engaging in service delivery; as well as raising the stakes for contestation and critique of the modes of governance affirmed by austerity.

Further comparative research also enables consideration of the extent to which Baltimore, with its long history of austerity governance, and its construction of a regime-like governance structure comprising City government and private, non-profit interests, provides a possible future for other cities. This has implications for the creation of more open and inclusive governance networks which tend to be more redistributive, sustainable, and empowering (Parés et al, 2012). Under austerity, network governance can be conceived of as a way of strengthening the capacity for collective action at the local level. However, as Blanco (2013) explains, and this examination of Baltimore reinforces, the urban regime approach - with its inherent recognition of imbalances in power - is a pertinent way of conceiving the network paradigm. How this is manifested in Baltimore points to the need for regime analysts to reengage with normative concerns in order to generate more socially inclusive governance arrangements (Stone, 2005; Blanco, 2013).

The role of philanthropies in Baltimore's regime also suggest consideration of whether philanthropies are playing a similar role in urban governance elsewhere (and not just in the US). There are certainly similarities in the nature of the philanthropic relationships emerging in the US and UK which suggest institutional and policy transfer (Daly, 2008; Stone, 2010). There are also questions about how philanthropy can become more open and accessible while still maintaining its private character (Ostrander, 1999: 260), enabling 'space for imagining social change' (Mooney-Nickel and Eikenberry, 2010: 977).

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