

Statement of Mayor Jack W. Bradley
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“Renewing Prosperity in the Industrial Heartland: An Economic Agenda for Forgotten Communities”
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Thank you, Chair Himes for the invitation to give testimony before your sub-committee today on the issue of an Economic Agenda for forgotten communities. As the Mayor of Lorain I am honored to offer this testimony on behalf of the international city.

The traditional and most widely referenced definition of economic development has been one that is primarily concerned with wealth creation. The fundamental by products of which were primarily concerned with increasing the tax bases and creating jobs. Necessarily speaking there is nothing wrong with creating jobs and increasing a local tax base, however, it is a great mistake to confuse economic development and economic growth. An economic agenda for “forgotten communities” must fundamentally shift our construct from one of economic development to one of economic growth. Economic development based on exhaustible natural resource supplies will eventually grind to a halt. Moreover, cities who’ve cast their lot on a single industry are extremely susceptible to shifts in the larger economy over which they have very little control and those communities are often “forgotten”. When an economy inevitably evolves, cities like Lorain, Ohio are left “holding the bag” and the scars of industry are laid bare for all to see.

Like many cities in the Industrial Heartland, Lorain is a historic legacy city, characterized by a robust industrial/manufacturing past, and more recent population loss, job loss, and disinvestment. At its peak in 1970, the City’s population was 78,000. Since then, the flight of wealthier and White residents to the suburbs (and in Lorain’s case, the western half of the City) has compounded the loss of population due to the reduction of the industrial base, leaving behind a concentration of people in central neighborhoods who are poorer, predominantly minority, living in blighted neighborhoods. The city has seen much of the same impact of the Great Recession of 2008-9 as other cities in the region, with areas of vacancy and abandonment, of residential and commercial property alike. Many remaining residents,

especially seniors, are finding it difficult to maintain their aging homes and potential residents are left with a very limited supply of quality housing for middle income wage earners.

While Republic steel has recently re-started operations and even added a second shift to support its current demand it is a far cry from the thousands of workers that were once employed at our mills. Many other legacy manufacturers no longer operate in the city, Ford Motor Company, National Gypsum, Johnson metals, Lorain Products, American Crucible, American Stove works as well as the Shipyards are all gone.

This committee is here to understand what an economic agenda for the industrial heartland might look like. In Lorain, Ohio it means that we pursue *economic development* and a byproduct of which will be economic growth. A new construct of economic development is achieved when a community's standard of living can be preserved and increased through a process of human and physical development that is based on the principles of sustainability and equity.

In Lorain that means we must first stabilize our neighborhoods. Over the last 30 years the City of Lorain has built over 3,000 single family homes with a shrinking population. As was mentioned previously, many Lorain residents left the center of the city for the periphery. This housing abandonment is coupled with shuttered neighborhood level manufacturing facilities wreak havoc on once stable middle class communities. These "forgotten" brownfields and abandoned homes are situated in the middle of neighborhoods that are consisting of poorer and predominately minority residents that are more often than not renters. As the data indicates, many social issues stem from unstable, unaffordable and poor quality housing. In Lorain, at the median, the rents are unaffordable and home ownership is nearly unattainable for those living at the median. Even the most basic low-income housing program, like the proposed expansion of the Low Income Housing Tax Credit Program, is an economic development program essential to a "new economic agenda". For families in Lorain to access economic opportunities, housing matters. To more fully realize the American Dream home ownership matters. Home equity provides Americans with the ability to send their children to college with less student loan debt and is the primary source of funds for retirement. Half of the assets of Americans over age 55 is in their home. If homeownership rates continue to decline poverty rates among seniors and student loan debt among young adults can be expected to rise.

Without affordable rents, families are unable to save for homeownership. And without new homebuyers, current owners are unable to sell and access their home equity. The housing ecosystem only works when all of the pieces work, and it is clear that for some parts of our City the current system is not working. It is therefore imperative that a new economic agenda must provide communities like Lorain the resources necessary to combat blight and abandonment head on.

More often than not the residents of the neighborhoods that have been victimized by blight and abandonment are the ones that are least able to improve their circumstances. Any economic agenda must not leave behind the workers that built this country. There must be significant investments in retooling our workforce for the new economy. An economy that is greener and more sustainable. We are so blessed to have Lorain County Community College right here in our back yard. They are the anchor institution that many of our employers look to when they have training needs and workforce shortages. For cities like Lorain to be competitive in the new, green economy, we must ensure that we have the workforce to meet the needs of the new economic landscape. Congress must invest in training the transitioning workforce, apprenticeship programs, community college partnerships for in-demand job training as well as child care for those displaced workers with children that need to learn new skills to return back to the workforce.

Over the last decade the City of Lorain has been working with the USEPA on the reclamation of the Black River Area of Concern. The Black River, for over a century, was subjected to the environmental externalities associated with its proximity to the steel mills. At one time it was considered functionally “dead”. Last year the director of The EPA was here to tour the work our City has done to bring that area back from the brink to create a livable, sustainable ecosystem for the marine and wildlife. The second core principle for the “economic agenda” must be one of that is environmentally and ecologically sustainable. The City of Lorain is blessed with a world class waterfront. Our future is dependent on a healthy Lake Erie. While we have made a lot of progress in navigating an unfunded mandate from the EPA there is still much more work to do. The legacy Cities of the Industrial heartland, for the most part, were built over a century ago with aging and failing infrastructure. The City of Lorain is still working to prevent and mitigate combined sewer overflow events as well as replace lead service lines in our drinking water infrastructure. I would urge all members present today to support legislation that expands funding opportunities for the Cities like Lorain to rebuilds our infrastructure and protects our greatest asset, Lake Erie.

In the years since the great recession the City of Lorain's economy has fundamentally shifted to one that is based on the Arts and Tourism. On any given Friday night in the summer the City of Lorain welcomes 5,000 to 12,000 tourists to our city to enjoy the "Rocking on the River" concert series. This has spurred investment in our central business district with at least a dozen small businesses opening up in the 2 years. However, because of years of disinvestment and sprawl many of the buildings that make up our downtown district are in need of significant resources to bring them back to life. To that end, I am calling on the members present today to support legislation that expands the New Markets Tax Credit as well as the Federal Historic Rehabilitation Tax Credit programs. These tax credit programs are critically important to the redevelopment of real estate located in Downtown business districts across the industrial heartland. Additionally, the Congress should consider legislation that expands the Opportunity Zone program to direct more funding to small businesses. Congress should give consideration to amending the program such that opportunity zone funds could be hybrid debt or equity products, rather than just a pure equity investment that expects a market rate of return. This shift would have a tremendous impact on small businesses in Lorain.

In closing I would like to thank the members of this committee for their time today. It is my pleasure to welcome you to the City of Lorain and I am happy to answer any questions.