

Cities on a Hill

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Manhattan Institute Recognizes Social Entrepreneurs Transforming America's Civil Society



Millard Fuller relates his vision of social entrepreneurship.

The Manhattan Institute held its third annual Social Entrepreneurship Award dinner at the Princeton Club in Manhattan on October 23. This award honors non-profit leaders who have found innovative, private solutions for America's most pressing social problems. The keynote speaker at this year's dinner was Millard Fuller, one of the nation's leading social entrepreneurs and Founder and CEO of Habitat for Humanity International. Habitat is a non-profit ecumenical Christian housing ministry dedicated to eliminating poverty housing. Now in its 27th year, Habitat has built more than 150,000 houses around the world, providing 750,000 people in more than 3,000 communities with safe, decent, affordable shelter.



Left to right: Jim Killoran, Executive Dir., Habitat for Humanity, Westchester; Howard Husock, Millard Fuller, and CCI Executive Dir. Henry Olsen.

Fuller praised the Manhattan Institute for recognizing the next generation of social entrepreneurs, adding that "[my] definition of social entrepreneurship is seeing a need that's not being addressed and deciding that maybe you are the person that ought to do something about it."

Howard Husock, the director of case studies at Harvard University's Kennedy School of Government and director of the Manhattan Institute's Social Entrepreneurship Initiative, served as the award presenter. This year's winners were Amy Lemley, *The First Place Fund for Youth* (Oakland, CA);

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Los Angeles Police Chief Bill Bratton Imports Gotham Reforms to LAPD



Right to left: Los Angeles Police Chief Bill Bratton, James Q. Wilson, George Kelling, Rev. Eugene Rivers and Peter Cove.

On December 4, the Manhattan Institute and the California-based Milken Institute hosted a conference with Los Angeles Police Chief Bill Bratton and a panel of crime reduction experts to discuss the reforms that Chief Bratton is employing to rein in crime.

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Social Entrepreneurship Awards *continued from page 1*

Chad Pregracke, *Living Lands and Waters* (East Moline, IL); Michael Tenbusch and Daniel Varner, *Think Detroit* (Detroit, MI); Sara Horowitz, *Working Today* (Brooklyn, NY); and Gerald Chertavian, *Year Up* (Boston, MA).

Amy Lemley founded *The First Place Fund* to offer young people who are “aging out” of foster care homes a two-year program of life-skills classes and partially subsidized housing that prepares them to become self-sufficient, productive commu-



nity members. *Living Lands and Waters*, founded by Chad Pregracke, is an environmental organization dedicated to cleaning up America's great historic rivers. Using three donated barges that act as “floating recycling centers”, Pregracke and his team collect debris from riverbanks with the aid of volunteers, as well as conducting seminars on river history and ecology.

Think Detroit, organized by Michael Tenbusch and Daniel Varner, is a youth sports organization that enrolls some 4,000 inner city Detroit youth in baseball and soccer leagues, along with 500 local community members who serve as team coaches. *Think Detroit* has raised more than \$1 million to renovate five dilapidated baseball diamonds and provide Detroit's most important resource—its children—with safe and productive recreational activities.

Working Today was started by Sara Horowitz and is a pathbreaking organization that provides low-cost health insurance to freelance employees that fall outside of traditional employer-based health plans. *Working Today* uses contracts with union-funded health clinics to supply some 3,000 professional freelancers with basic health coverage for just \$235 a month, about \$200 less than the cost of other private insurance.

Year Up is a Boston based organization that seeks to “close the urban digital divide” by providing a year-long intensive vocational program for inner-city youth who have graduated high school or have GEDs, but lack the necessary



Clockwise from top left: the award recipients; Howard Husock and Chad Pregracke; Millard Fuller and Elizabeth Fonseca; Michael Tenbusch, Daniel Varner and Howard Husock; Millard Fuller, Michael Tenbusch, and Daniel Varner.

skills to secure the high quality jobs that America's technology economy can deliver. *Year Up* provides the students it accepts with computer training and paid internships, along with coaching on the social skills needed to succeed in real-world office environments. Program results after three years have been impressive: 85% of students who have completed the program have secured full-time jobs after graduation, and 65% have gone on to apply to college.

The brochure detailing the 2003 Social Entrepreneurship award winners is available on the Manhattan Institute website at: <http://www.manhattan-institute.org/se>

Chief Bratton opened the conference with an overview of his “broken windows”, or order maintenance, crime-fighting philosophy, along with a progress report on the LAPD’s efforts to institute policing reforms. James Q. Wilson, professor emeritus at the Anderson School at UCLA, followed the Chief and discussed the factors that led to his formulation (with George Kelling) of the broken windows theory of policing, and how the theory operates in principle. Kelling, a Manhattan Institute Senior Fellow and Director of the Police Institute at Rutgers University, then explained how broken windows policing had originally been implemented by Chief Bratton in New York City and how it, along with other reforms, had achieved unheard of crime reduction. Kelling concluded by discussing the LAPD “Skid Row” project that he and Chief Bratton are implementing in Los Angeles.



Left to Right: George Kelling, James Q. Wilson, and Chief Bill Bratton.

Reverend Eugene Rivers, President of the National Ten Points Leadership Foundation, addressed the issue of police-clergy partnerships. Reverend Rivers’ remarks were based on his creation, in Boston, of police-clergy partnerships that have been extremely effective in reducing crime, particularly among urban youth. Reverend Rivers is currently working with Chief Bratton to create similar partnerships through the LAPD. Peter Cove, founder and CEO of America Works, concluded the conference by illustrating the next frontier in crime reduction: reducing the high recidivism rates of paroled offenders. The best way to prevent recidivism, Cove explained, was to reintegrate parolees into community life through productive employment. Cove noted that welfare to work programs provided an excellent model of how to structure work programs for parolees, and encouraged policymakers to learn from the wealth of experience available in this area.

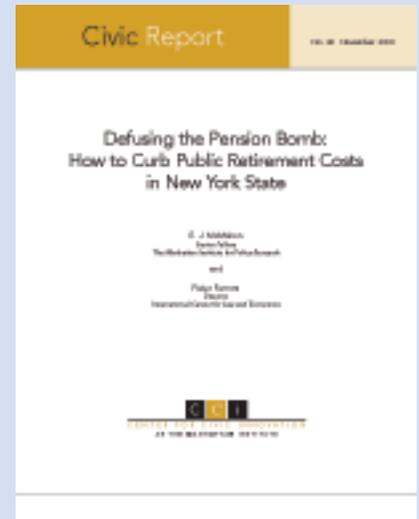
Manhattan Institute Calls for Reform of Public Employee Pension System

Taxpayer financed public pension contributions have soared by more than \$2.3 billion dollars over the past two years and, in New York City alone, the rise in pension costs will consume nearly every dollar raised by the city’s recent property tax increase.

On December 18, the Center for Civic Innovation released a new report by Senior Fellow E.J. McMahon examining New York’s expensive pension system for public employees, *Defusing the Pension Bomb: How to Curb Public Retirement Costs in New York State*. In this report, McMahon documents how skyrocketing state and local employee pension costs have been a major factor in the fiscal crisis affecting every level of government in New York State and what can be done about it.

The defined benefit (DB) pension plans used by state and local governments guarantee employees a fixed percentage of retirement income based on their peak salaries and career longevity. This requires those governments to invest money each year to cover future pension payments. But contributions vary depending on complex actuarial assumptions and market fluctuations. As a result, the DB system is crisis prone because earnings during bull markets cover employer contributions, while losses during bear markets force governments to drastically increase contributions. Since bear markets usually coincide with recessions, DB pension plans force governments to spend more when they are least able to afford it.

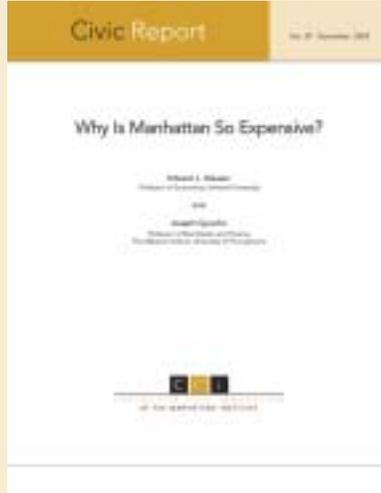
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http://www.manhattan-institute.org/html/cr_40.htm



McMahon argues that greater fairness for New York taxpayers and better retirement benefits for the majority of government employees can be achieved by switching from the current defined benefit (DB) pension plan to the defined contribution (DC) model used by the vast majority of private companies. A DC plan differs from a DB plan by requiring employers to contribute the same amount in bear and bull markets and by giving employees ownership of, and investment responsibility for, their own pension funds. His study found that a DC plan offers increased retirement equity and flexibility for the majority of public employees while providing predictable costs for taxpayers and government employers. McMahon notes that, by switching to a DC model, taxpayers would no longer bear the risks associated with market downturns and public pension costs would become both predictable and easily understandable, rather than obscured by complex actuarial calculations.

Excessive Regulations Drive Up Manhattan Real Estate Prices, Study Finds

The Center for Civic Innovation released a new report on November 12, *Why is Manhattan So Expensive?*, documenting the impact New York state and city regulations have on real estate prices in Manhattan. The report, by Edward Glaeser, Department of Economics, Harvard University, and Joseph Gyourko, Wharton School of Business, finds that from 1980 onwards, there has been a marked drop off in the number of new apartments built in Manhattan—despite a growing economy, robust demand, and escalating prices. Indeed, over the past 20 years, the price of apartments in Manhattan has increased twice as fast as the rest of the nation. The authors argue that the difference between pre-1980 Manhattan and today is vastly increased regulatory constraints on housing supply. By restricting the supply of new apartments, regulations exert a “zoning tax” on housing prices that is responsible for much of the high cost of housing in Manhattan.



This study estimates the amount of the zoning tax by measuring the gap between real estate prices and housing construction costs. It finds that the physical cost of construction for high-rise apartment buildings in Manhattan ranges from \$150 to \$200 per square foot (ft²). However, prices for both owner-occupied and rental units in Manhattan are two to three times above construction costs. Between 1984 and 2002, the mean and median condominium sales prices in Manhattan were about \$468/ft² and \$455/ft², respectively (in 2002 dollars). Overall, 50% or more of the total price of the median Manhattan condominium—or \$200+/ft²—is attributable to the zoning tax. For cooperative units the median zoning tax was 25%.

The authors observed that some restrictions on development could be beneficial, since regulations can limit overcrowding or traffic congestion. Nonetheless, their analysis found that the impact of current regulations on Manhattan housing prices far exceeded any benefits that they might confer to the city.

Access this report at: http://www.manhattan-institute.org/html/cr_39.htm

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