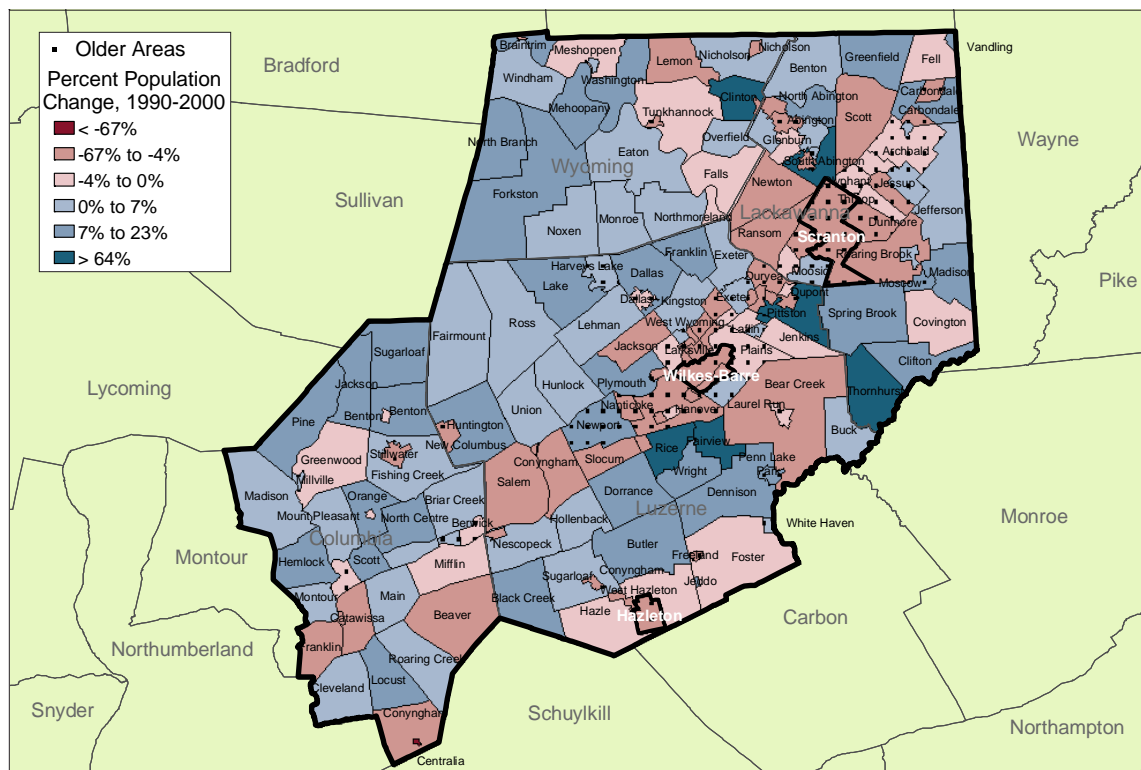


BACK TO

Prosperity:

A COMPETITIVE AGENDA FOR *Renewing Pennsylvania*



Source: U.S. Census Bureau

A Profile of *Scranton/Wilkes-Barre/Hazleton*

Pennsylvania's cities, towns, and older suburbs are declining as the state continues to sprawl. Pennsylvania's economy is drifting as it responds incoherently to continued industrial restructuring.

Unfortunately, the Scranton/Wilkes-Barre/Hazleton area knows first-hand both of these trends, which are examined in depth in *Back to Prosperity: A Competitive Agenda for Renewing Pennsylvania*, a new statewide report by the Brookings Institution Center on Urban and Metropolitan Policy. Intended to inform the Commonwealth at a pivotal moment, *Back to Prosperity* speaks to the simultaneous desire of Pennsylvanians for vibrant communities and economic revival by offering a sober assessment of the state's current status, some suggestions of how it arrived there, and a policy agenda for renewal. In keeping with that objective, this region-specific profile suggests how trends identified in the statewide report are affecting the greater Scranton/Wilkes-Barre/Hazleton area. It also synthesizes key findings about the causes of those trends and ways to respond to them.

THE TRENDS:

Metropolitan Scranton/Wilkes-Barre/Hazleton continues to recover from earlier catastrophic losses but is still losing population

The Scranton/Wilkes-Barre/Hazleton area lost population in the 1990s, but much less than in the 1980s. Overall, the metropolitan area lost 13,690 residents during the decade to reach a 2000 population of 624,780. Only metro Johnstown exceeded that 2.1 percent slippage in a decade when the state as whole grew by 3.4 percent. Still, the 1990s decline improved significantly on past performance. During the 1980s the region gave up 3.2 percent of its population, or 21,000 residents. And from a broader perspective the decades' modest losses represent a kind of recovery from the disastrous 11 percent and 8.4 percent losses suffered as the anthracite economy collapsed in the 1940s and 1950s.

The Scranton/Wilkes-Barre/Hazleton area also experienced a dramatic decline in its population of young adults. Overall, the region's cohort of 25- to 34-year-olds declined by a disturbing 17.7 percent as the economic blows of mid-century continued to limit opportunity decades later. This exodus more than doubled the statewide loss of 7.2 percent. Meanwhile, the region's elderly population reached 18.9 percent of the population—the highest figure among the nine largest metropolitan areas. Contributing to this aging has been the return “home” to the region of many retirees who had left the region to work.

Both population and economic activity in the region continue to decentralize

The vast majority of what population growth occurred in the Scranton/Wilkes-Barre/Hazleton region took place in the outer suburbs during the 1990s.

Between 1990 and 2000, the region's second-class townships grew by 5.2 percent, adding 10,241 new residents. South Abington and Thurnhurst townships in Lackawanna County saw the fastest growth, as they increased in population by 35.5 percent and 64.2 percent. This fast development reflected affluent suburbanization, on the one hand, and Pocono-driven growth moving westward from New Jersey on the other.

At the same time, further older-community decline accompanied Scranton/Wilkes-Barre/Hazleton's outer-ring growth. Specifically, Scranton/Wilkes-Barre/Hazleton's cities, boroughs, and more established townships lost about 23,900 residents, or about 5.4 percent of their population during the 1990s. The region's six cities led this decline, as they collectively lost 7.9 percent of their population during the 1990s, or 14,650 residents. In part, this ebbing may reflect the continued aftereffects of the Agnes flood of 1972, which wiped entire older neighborhoods off the map, jump-starting suburbanization.

Meanwhile, employment in the Scranton/Wilkes-Barre/Hazleton region remains highly decentralized, although job sprawl also begun to stabilize. Most notably, by 2001 86 percent of the area's jobs were located more than 10 miles from the area's multiple central business districts (CBDs), making northeast Pennsylvania one of the most dispersed economic regions in the state. At the same time, though, jobs may be re-converging. Between 1994 and 2001, more than two-thirds (69 percent) of the area's new jobs were created within five miles of the CBDs.

Greater Scranton/Wilkes-Barre/Hazleton's economy remains soft but signs of recovery have appeared

Scranton/Wilkes-Barre/Hazleton saw the slowest employment growth of any of the nine largest metro areas between 1992 and 2002. During this period, the Scranton/

Wilkes-Barre/Hazleton region added 16,900 jobs to increase its employment base just 6.4 percent. This sluggish growth trailed the state's 11.4 percent job growth—and represented the weakest performance among Pennsylvania's large metropolitan areas. And yet, the region's growth in the 1990s represents progress, given the wrenching losses of past decades.

Today's sluggishness is partly explained by the significant structural shifts that have been convulsing the area's economy since the 1940s—but diversification appears underway.

No region in the Commonwealth was more affected by vast economic shifts earlier than northeastern Pennsylvania—and change has continued. But again, stability appears in sight. For example, the region lost nearly half (48.2 percent) of its remaining manufacturing jobs between 1970 and 2000—a percentage loss

exceeded by only Philadelphia and Pittsburgh among the Commonwealth's largest metropolitan areas. But northeast Pennsylvania's losses were not as devastating as those that have occurred elsewhere. Many of the lost positions were in the garment industry, and consisted of jobs with low pay and low benefits. At the same time, jobs in services and retail have increased by 148 percent and 41 percent,

respectively—and frequently these jobs represent a genuine improvement over the low-end jobs that have been eliminated. In this fashion, the recent growth of the service sector from 16 percent of the region's jobs in 1970 to 32 percent today represents a much-needed diversification of its economy.

Improvements in the region's low average household income also bode well.

Greater Scranton/Wilkes-Barre/Hazleton's average household income of \$44,189 remains the lowest of the state's largest nine regions. However, incomes are on the rise. Between 1989 and 1999, average household income in the Scranton/Wilkes-Barre/Hazleton area grew by \$2,290 (or 5.5 percent). That progress surpassed the state's 5.1 percent income growth and outpaced that in every Pennsylvania metropolitan area except Sharon, Pittsburgh, and Harrisburg. Northeastern Pennsylvania at last appears to be rejoining the national economy.

Mediocre educational attainment levels remain a problem, however.

About 81.5 percent of Scranton/Wilkes-Barre/Hazleton area residents possess a high school degree—about average among the Commonwealth's metropolitan regions. The percentage of area residents holding a bachelor's degree, meanwhile, lingers at only 17.4 percent—significantly lower than the respective state and national averages of 22.4 and 24.4 percent and lower than all other large metropolitan areas in Pennsylvania.

Most of the Scranton/Wilkes-Barre/Hazleton area's growth took place in its outer townships in the 1990s

	1990 Population	2000 Population	Absolute Change	Percent Change
Older Area	442,267	418,339	-23,928	-5.4%
Cities	186,378	171,730	-14,648	-7.9%
Boroughs	224,686	215,974	-8,712	-3.9%
1st-Class Townships	31,203	30,635	-568	-1.8%
2nd-Class Townships	196,196	206,437	10,241	5.2%
Metro Total	638,463	624,776	-13,687	-2.1%

Source: U.S. Census Bureau

THE CONSEQUENCES:

Metropolitan Scranton/Wilkes-Barre/Hazleton possesses many advantages, including a striking valley setting, proximity to New

York and New Jersey, distinctive old neighborhoods and buildings, and an array of educational institutions. Nevertheless, the area’s decentralizing development patterns are bringing with them negative impacts that could prevent the area from developing the kind of diversified, knowledge-based economy it desires.

Scranton/Wilkes-Barre/Hazleton is consuming a lot of land and becoming much less dense. The onset of mass suburbanization beyond the mountain ridges bounding the valley has seen the region’s once-high density plummet as, between 1982 and 1997, the region consumed a whopping six acres of land to accommodate each new household. Overall, the region converted 67,000 acres of land to urban uses during those years. That meant the area increased its urban footprint by almost 47 percent, during years when the number of households grew by only 4.6 percent. Along the way the area lost 12,500 acres of prime farmland.

Urban decline is weakening many of Scranton/Wilkes-Barre/Hazleton’s older neighborhoods. As households move outwards, vacant housing units are left behind. Consequently, vacancy rates in the region’s cities, boroughs and first-class townships increased from 5.9 to 8.7 percent during the 1990s, compared to a rise of only 4.6 to 4.7 percent in outer suburban areas. Not surprisingly, housing values in older areas lag significantly behind those in newer ones: In 2000, the average home value in the region’s older communities was \$92,235 compared to \$125,546 in newer second-class townships.

Cities and first-class townships in the Scranton/Wilkes-Barre/Hazleton area were especially hard-hit by declines in their capacity to raise tax revenue

	Tax Capacity per Household		
	1993*	2000	Percent Change*
Older Scranton/Wilkes-Barre/Hazleton	\$330	\$323	-2.1%
Cities	\$291	\$271	-6.8%
Boroughs	\$353	\$358	1.3%
1st-Class Townships	\$397	\$369	-7.0%
2nd-Class Townships	\$504	\$503	-0.3%
Metro Total	\$380	\$378	-0.5%

Source: Ameregis, Inc. tabulation of data from the Governor’s Center for Local Government Services
*Adjusted for inflation

Sprawl and decline of core areas are each burdening taxpayers. Low-density sprawl raises tax bills because it frequently costs more to provide infrastructure and services to far-flung communities. But urban decay is imposing even more painful costs, as decline depresses property values and therefore reduces communities’ ability to raise tax revenues. For example, market-rate property values in Scranton/Wilkes-Barre/Hazleton’s older communities depreciated by an inflation-adjusted 11.2 percent from 1993 to 2000, compared to the 3 percent appreciation experienced in newer suburban areas. This gap contributed to significant disparities between different areas’ ability to raise revenues off of the available property and income tax bases using average rates. Second-class townships saw a modest 0.3 percent decrease in their tax capacity per household, compared to a 2.1 percent drop in older communities. The area’s cities took some

of the worst hits in the state, as they collectively absorbed a massive 6.8 percent decrease in their ability to generate revenue. First-class townships were also hard hit.

Scranton/Wilkes-Barre/Hazleton’s patterns of sprawl and disinvestment erode the choices, opportunities, and amenities attractive to young workers. According to Carnegie Mellon University/Brookings Institution economic development expert Richard Florida, lively downtowns, charming traditional neighborhoods, and a vibrant nighttime scene are critical to attracting the young, educated workers and innovative companies that are the base of the new economy. Unfortunately, the Scranton/Wilkes-Barre/Hazleton region struggles with hollowing-out downtowns, cities that are losing population and jobs, and rampant suburban development instead of reinvestment in older, more established areas. These trends threaten the Scranton/Wilkes-Barre/Hazleton region’s efforts to foster a new economy.

Decentralization has left poor and minorities concentrated in the region’s core. In 2000, 15.6 percent of city residents and 12.9 percent of those living in older areas scrimped along below the poverty line, compared to only 7.4 percent of those in the area’s outer suburbs. Scranton/Wilkes-Barre/Hazleton’s minority population is also becoming more segregated: By 2000, the region’s cities together lost 20,833 white residents, or 11.5 percent of their 1990 white populations, while their total minority population grew by 6,185. By 2000, 75 percent of the region’s black and 79 percent of the region’s Hispanic residents lived in the area’s older cities, boroughs, or first class townships.

BEHIND THE TRENDS:

How Scranton/Wilkes-Barre/Hazleton is growing partly reflects broad national trends. The widespread preference for low-density, suburban living, the relative decline of cities, and a shifting economy all parallel such trends. However, a number of state-specific policies and characteristics have also influenced the region’s growth.

- **Governmental fragmentation:** Like regions throughout the Commonwealth, Scranton/Wilkes-Barre/Hazleton’s large number of 176 general purpose governments—some 28 per 100,000 people compared to 6.1 per 100,000 nationally—complicates coordination, exacerbates its unbalanced and sprawling growth patterns, and undercuts the area’s economic development.
- **Weak planning:** Most Scranton/Wilkes-Barre/Hazleton-area municipalities have a comprehensive plan and zoning ordinance. However, nothing in the Commonwealth’s planning policies and statutes requires the area’s numerous municipalities to plan cooperatively. Consequently, only a handful of municipalities such as those comprising the Back Mountain area are planning jointly. A common result is redundant, uncoordinated development and sprawl.
- **Non-strategic investment policy:** Three of the state’s major economic development programs—the Pennsylvania Industrial Development Authority (PIDA), Opportunity Grant Program

(OGP), and Infrastructure Development Program (IDP)—allocated more money on a per capita basis to the region than to any other of the largest nine. This record confirms the region's great need as well as the effectiveness of the region's cohesive economic development efforts. Moreover, the subsidies were relatively well targeted. Between 1998 and 2003, projects in older urban areas received \$94 per capita from the three programs compared to the \$84 outlying projects received. This pattern reflects appropriately greater investment in Scranton/Wilkes-Barre/Hazleton's older communities, although it also suggests that significant subsidies are

supporting development in sprawling fringe areas.

- **Barriers to reinvestment:** Notwithstanding attempts to amend relevant laws, significant regulatory and financial barriers remain to the redevelopment of vacant, dilapidated, or abandoned land and structures. These barriers are inhibiting the rehabilitation or reuse of historic assets and much abandoned mine land in Scranton/Wilkes-Barre/Hazleton's older communities, and so help to keep residents and businesses locating in outer suburban areas where development remains easier.

A COMPETITIVE AGENDA FOR GETTING BACK TO PROSPERITY

Scranton/Wilkes-Barre/Hazleton, like Pennsylvania's other regions, has the potential to build a very different future—if the state helps it focus its efforts; leverage the assets of its cities, towns, and older townships; and overhaul its most outdated and counterproductive practices. To that end, **Back to Prosperity** concludes that the Commonwealth should embrace five major strategies to bolster Scranton/Wilkes-Barre/Hazleton's and its other regions' capacity to grow and successfully compete:

- **Plan for a more competitive, higher-quality future.** The Commonwealth should improve Pennsylvania's state-local planning systems to enable its regions to promote sound land use and economic competitiveness on a more coherent basis.
- **Focus the state's investment policies.** Pennsylvania should make the most of its significant infrastructure and economic

development spending by targeting its resources on the state's older, already-established places.

- **Invest in a high-road economy.** Pennsylvania should invest in the workers and industries that will help its regions produce a more competitive, higher-wage future.
- **Promote large-scale reinvestment in older urban areas.** Pennsylvania should make itself a world-leader in devising policies and programs to encourage wholesale land reclamation and redevelopment in the regions' cities, towns, and older suburbs.
- **Renew the state's and regional governance.** Pennsylvania should promote much more regional collaboration and cohesion.

Pennsylvania, in sum, should turn its focus back to its towns, cities, and older townships as a way of re-energizing its future.

ABOUT *BACK TO PROSPERITY*

Funded by The Heinz Endowments and the William Penn Foundation, **Back to Prosperity: A Competitive Agenda for Renewing Pennsylvania** provides an extensive statewide examination of the interrelated growth and economic challenges facing the Keystone State just now. The report focuses on the following eight key metropolitan areas: Erie, Harrisburg, Lancaster, the Lehigh Valley, Philadelphia, Pittsburgh, Scranton/Wilkes-Barre/Hazleton, and York.

Please visit www.brookings.edu/pennsylvania to read the full report, other regional profiles, and additional supporting materials.



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