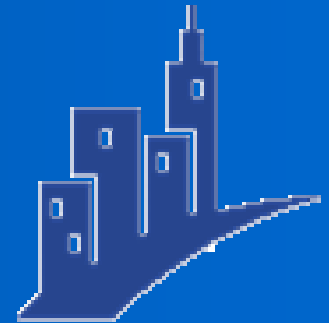


The Brookings Institution

Metropolitan Policy Program
Bruce Katz, Director



The Broader Context for Vacant Land

Presentation to the Flint Land Bank Authority Forum
April 7, 2005

The Broader Context for Vacant Land

- Vacant land is a product of broad demographic, market, development, social and policy forces
- States, in particular, set “the rules of the development game” that facilitate sprawl, undermine cities and older suburbs and fuel housing abandonment and vacant land
- This presentation will focus on the broader forces and rules in one state – Pennsylvania



BACK TO *Prosperity*



A COMPETITIVE AGENDA FOR
Renewing Pennsylvania

THE BROOKINGS INSTITUTION CENTER ON URBAN AND METROPOLITAN POLICY

The Broader Context for Vacant Land

I

What are the major demographic, market, and development trends affecting Pennsylvania?

II

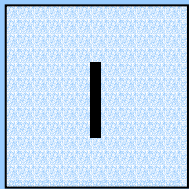
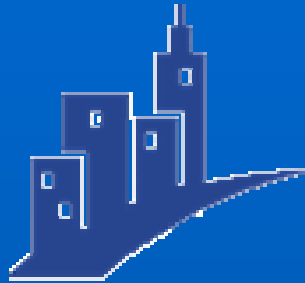
What do these trends mean for Pennsylvania?

III

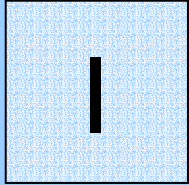
Why is this happening?

IV

How can Pennsylvania build a competitive future?

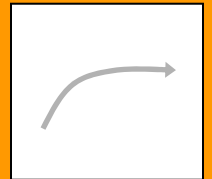


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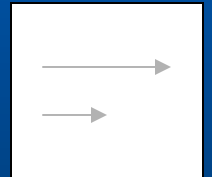


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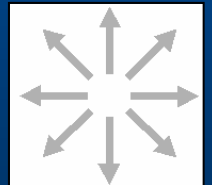
Pennsylvania is barely growing
and it's aging fast



Pennsylvania's transitioning
economy is lagging



Pennsylvania is spreading out
and hollowing out

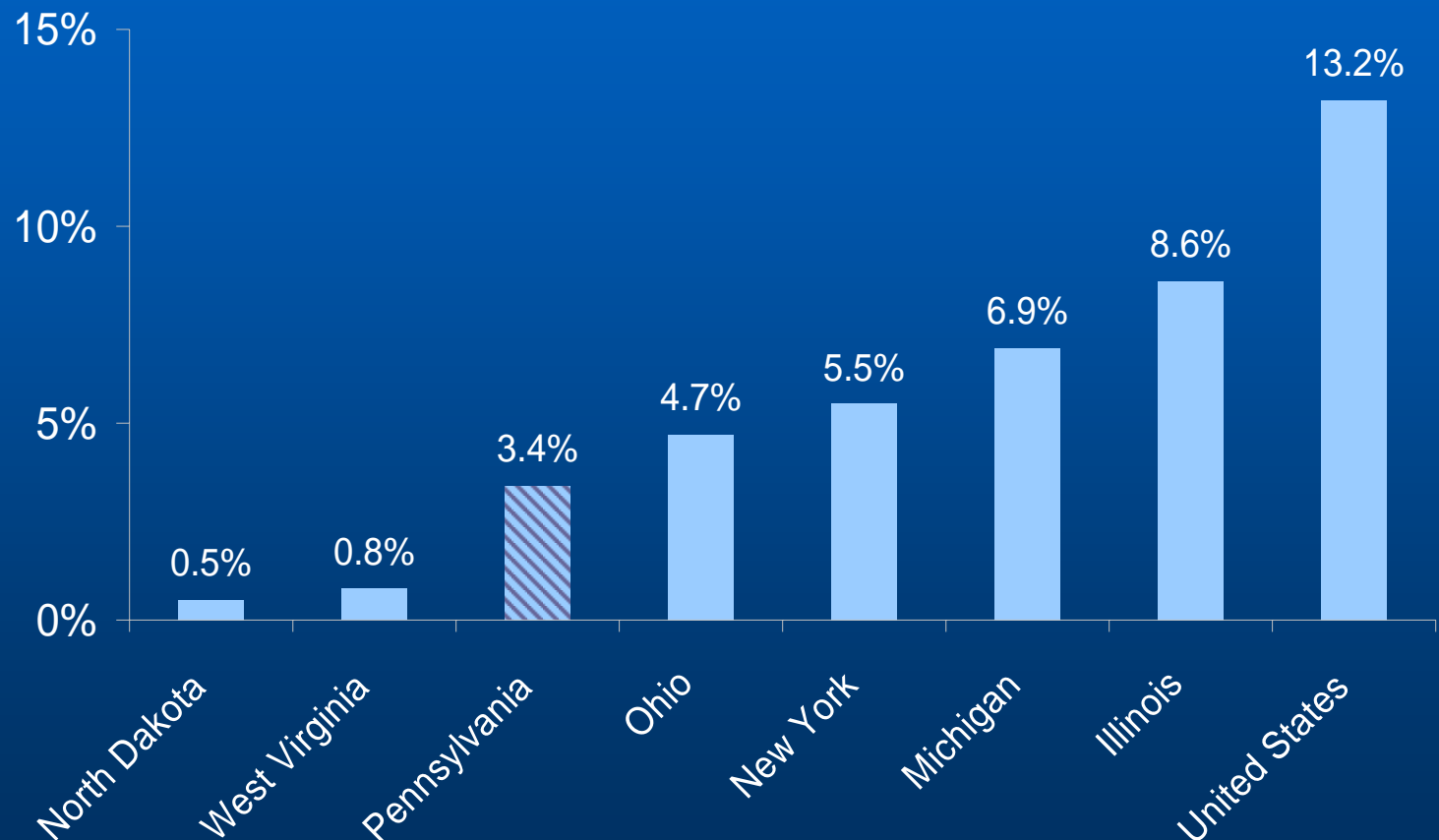




Pennsylvania was the third-slowest growing state during the 1990s

Percent population
change,
1990-2000

Source:
U.S. Census Bureau





And the Commonwealth's foreign-born population grew only modestly compared to the nation

Percent change in
foreign born,
1990 - 2000

Source:
U.S. Census Bureau

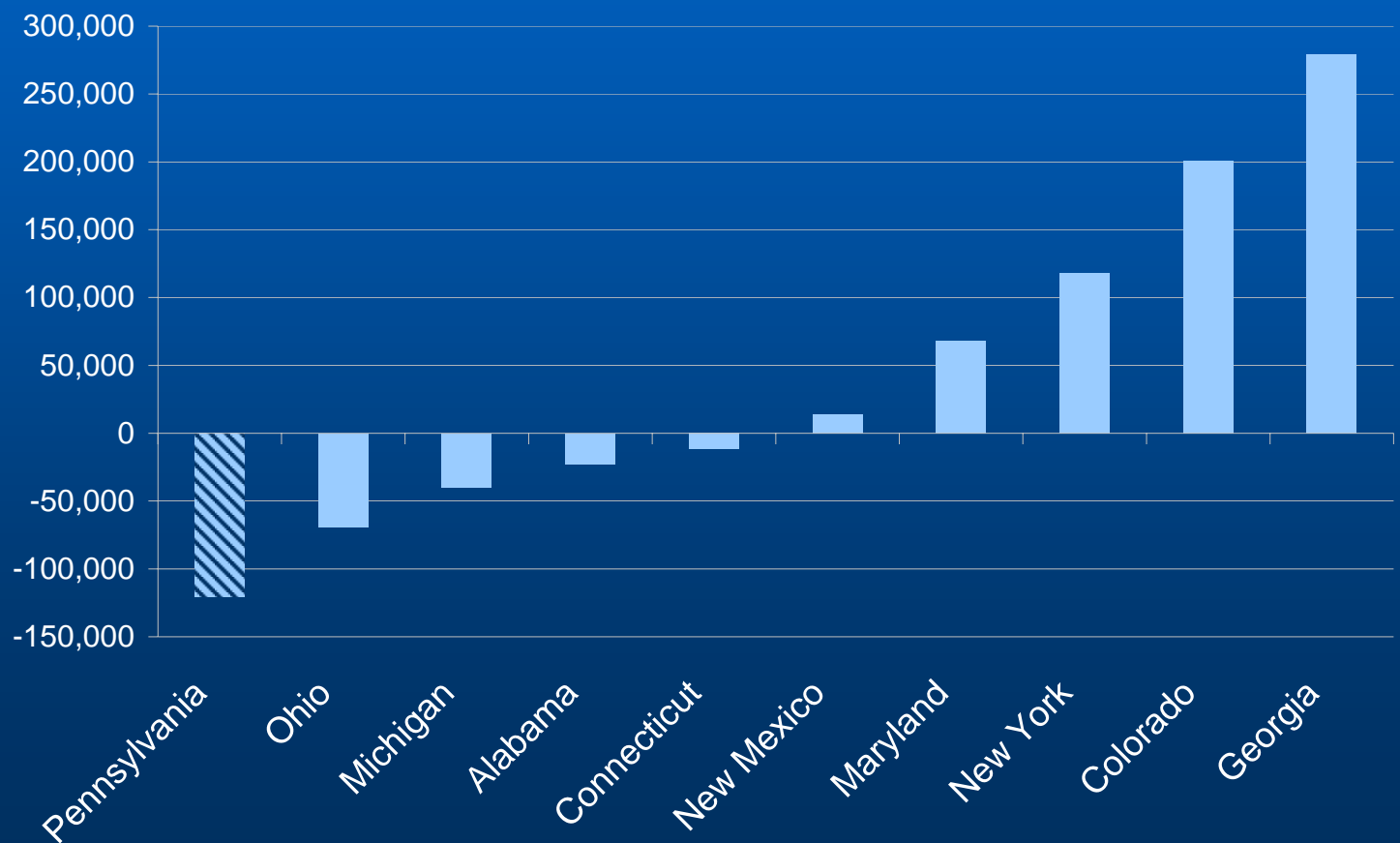
	Foreign Born	
	Percent Change	Rank
New Jersey	52.7%	32
Alaska	49.8%	33
Michigan	47.3%	34
Wyoming	46.5%	35
Pennsylvania	37.6%	36
California	37.2%	37
New York	35.6%	38
Massachusetts	34.7%	39
Louisiana	32.6%	40
United States	57.4%	



Pennsylvania also suffered the largest absolute loss of young people among states

Change age 25 - 34 cohort,
1990 - 2000

Source:
U.S. Census Bureau





Pennsylvania's share of elderly residents meanwhile ranks second only to Florida

Share of
population 65+,
2000

Source:
U.S. Census Bureau

Population over 65

	Share	Rank
Florida	17.6%	1
Pennsylvania	15.6%	2
West Virginia	15.3%	3
Iowa	14.9%	4
North Dakota	14.7%	5
Rhode Island	14.5%	6
Maine	14.4%	7
South Dakota	14.3%	8
Arkansas	14.0%	9
Connecticut	13.8%	10

United States **12.4%**



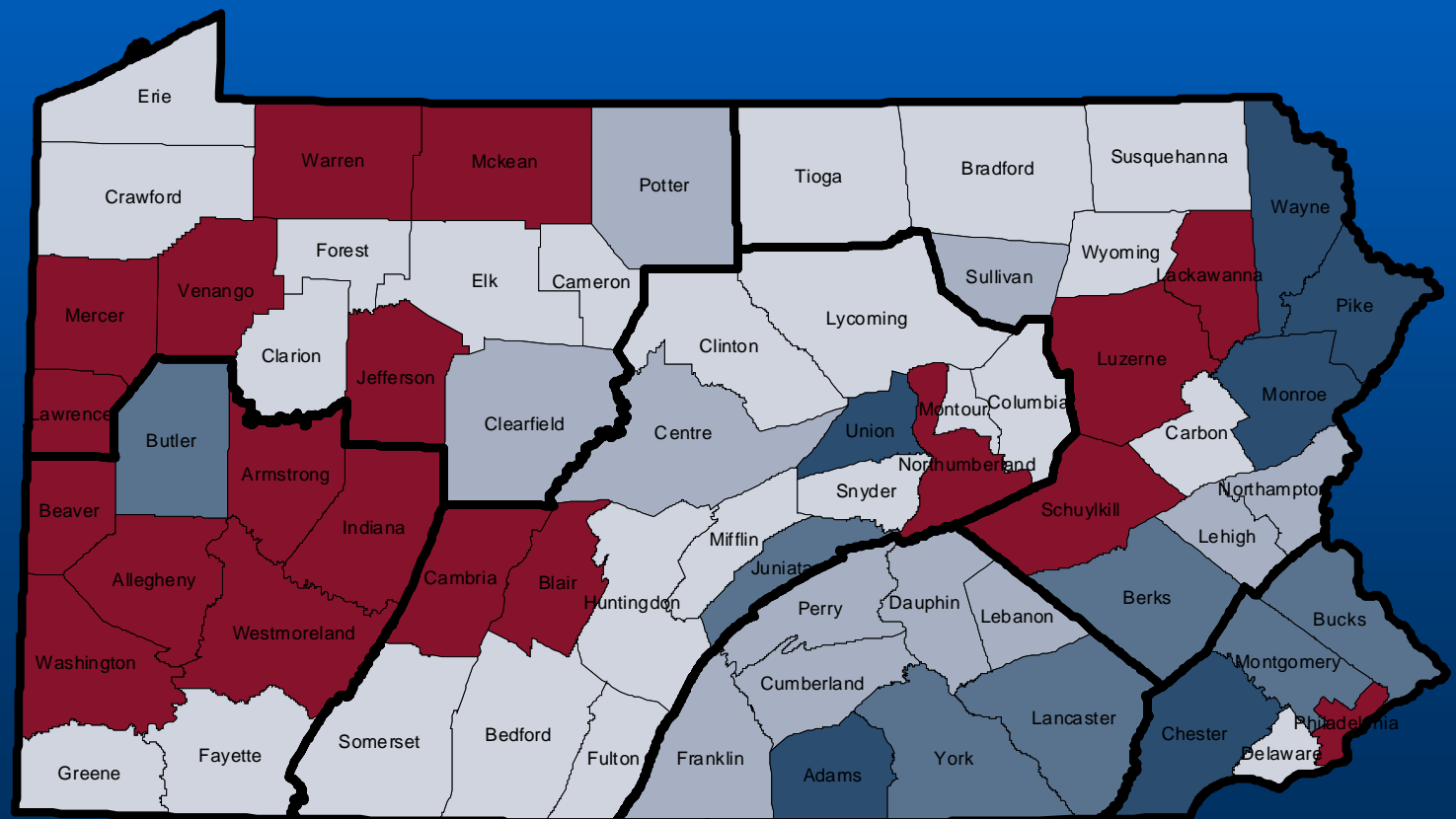
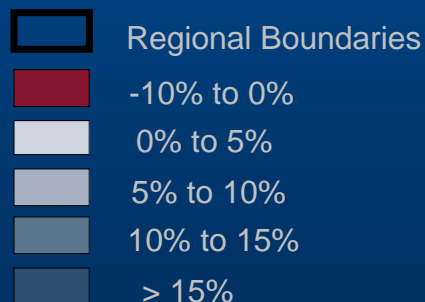
Barely Growing and Aging

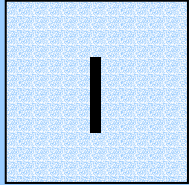


Regionally, Pennsylvania's growth took place in the eastern and south-central regions; western and central counties lost population

Percent population change,
1990-2000

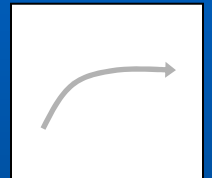
Source:
U.S. Census Bureau



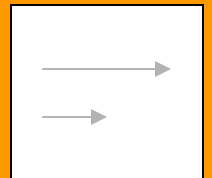


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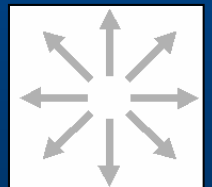
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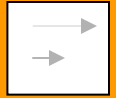


Pennsylvania's transitioning
economy is lagging



Pennsylvania is spreading out
and hollowing out



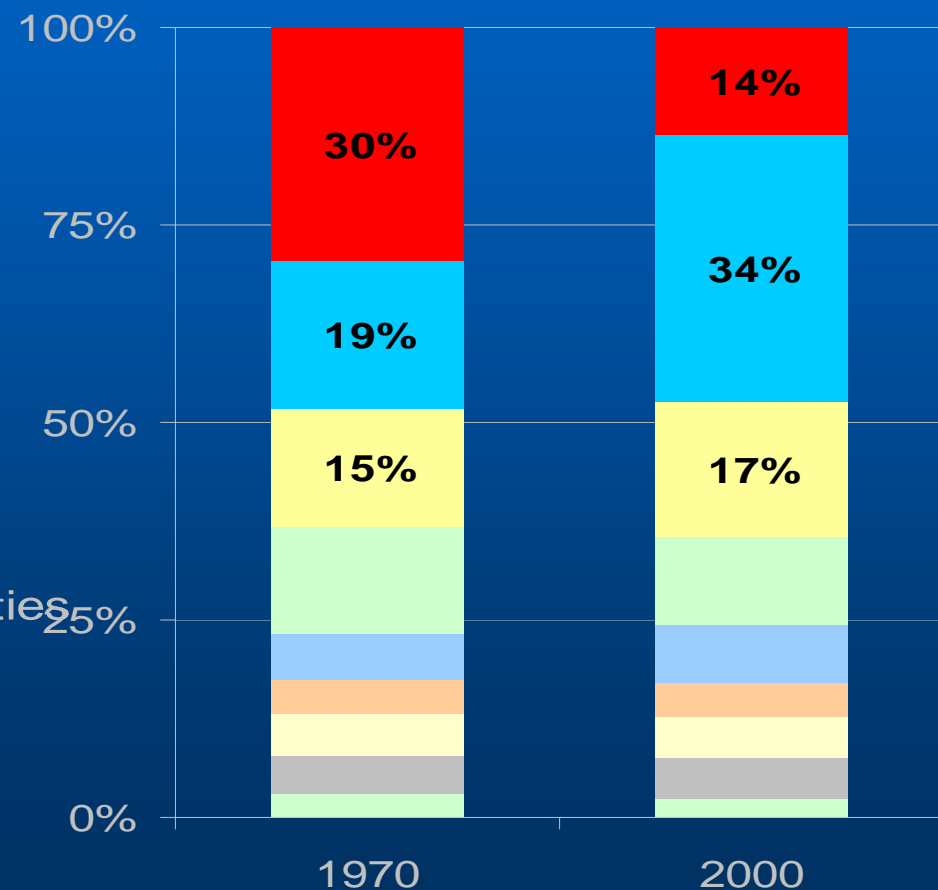


The transition to a service economy is well underway in Pennsylvania

Employment share
by industry,
1970 - 2000



Source:
U.S. Census Bureau

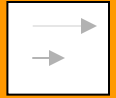




The transition could be positive for Pennsylvania because of its traction in desirable service sectors ...

→ Pennsylvania ranks 5th among states in its share of service jobs in education

→ Pennsylvania ranks 6th among states in its share of service jobs in healthcare



But the transition appears to be overly oriented towards low wage sectors

→ Wal-Mart is now the largest private employer in the state

→ In 2000, over 61 percent of Pennsylvania's workers were employed in occupations with average wages of less than \$27,000 per year compared to 50 percent nationally

→ For example, 1.6 million people are employed in either administrative support or sales

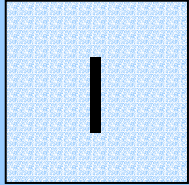


The leap to a high-road economy will be difficult since the state ranks 31st on educational attainment

25+ with a BA
diploma or higher,
1990-2000

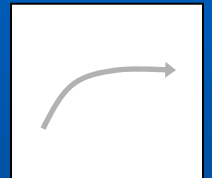
Source:
U.S. Census Bureau

	BA Attainment	
	Share	Rank
New Mexico	23.5%	26
Texas	23.2%	27
Maine	22.9%	28
North Carolina	22.5%	29
Wisconsin	22.4%	30
Pennsylvania	22.4%	31
Florida	22.3%	32
North Dakota	22.0%	33
Wyoming	21.9%	34
Michigan	21.8%	35
UNITED STATES	24.4%	

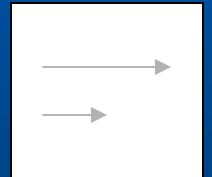


What are the major demographic, market, and development trends affecting Pennsylvania?

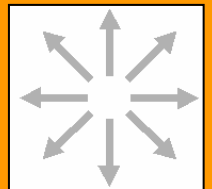
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Here's how we looked at this: We divided Pennsylvania's 2,566 municipalities into "older," more established areas, and "outer," more rural areas.

OLDER

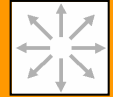
Cities	56
--------	----

Boroughs	962
----------	-----

1st Class Townships	91
---------------------	----

OUTER

<u>2nd Class Townships</u>	<u>1,457</u>
	2,566



Compared to older municipalities, second-class townships are larger in land mass and lower in residential density

	Average Area (Sq. Mi.)	Average Density (People per Sq. Mi.)
Older Pennsylvania	2.6	2,500
Cities	8.3	6,621
Boroughs*	1.5	1,733
1st-Class Townships	10.1	1,621
2nd-Class Townships	28.3	124
State Total	17.1	278

Source:

U.S. Census Bureau

*Includes one "town"

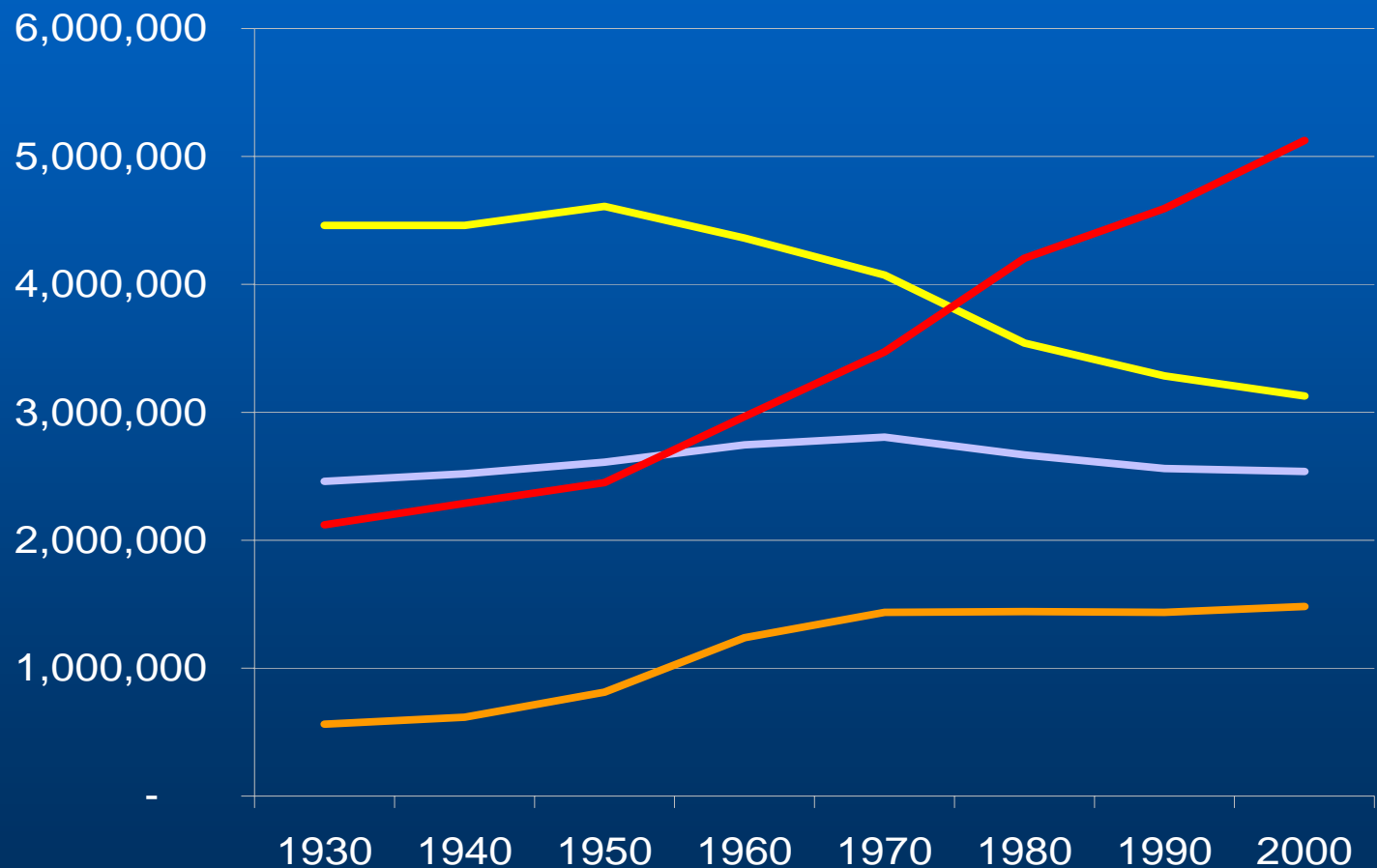


The outer townships have dominated the state's population growth for decades

Population,
1930 - 2000

Source:
Center for rural
Pennsylvania

- Cities
- Boroughs
- 1st Twp
- 2nd Twp

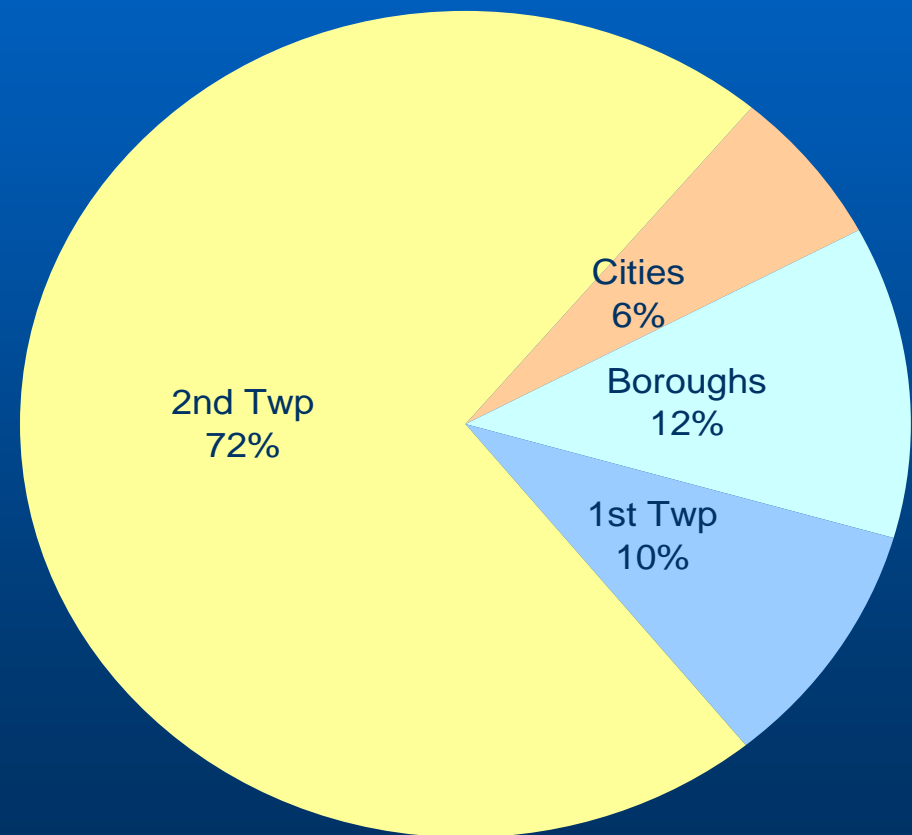


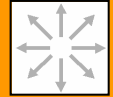


Second-class townships captured the lion's-share of new housing units . . .

Share of new housing units by municipality type, 2000

Source:
U.S. Census Bureau

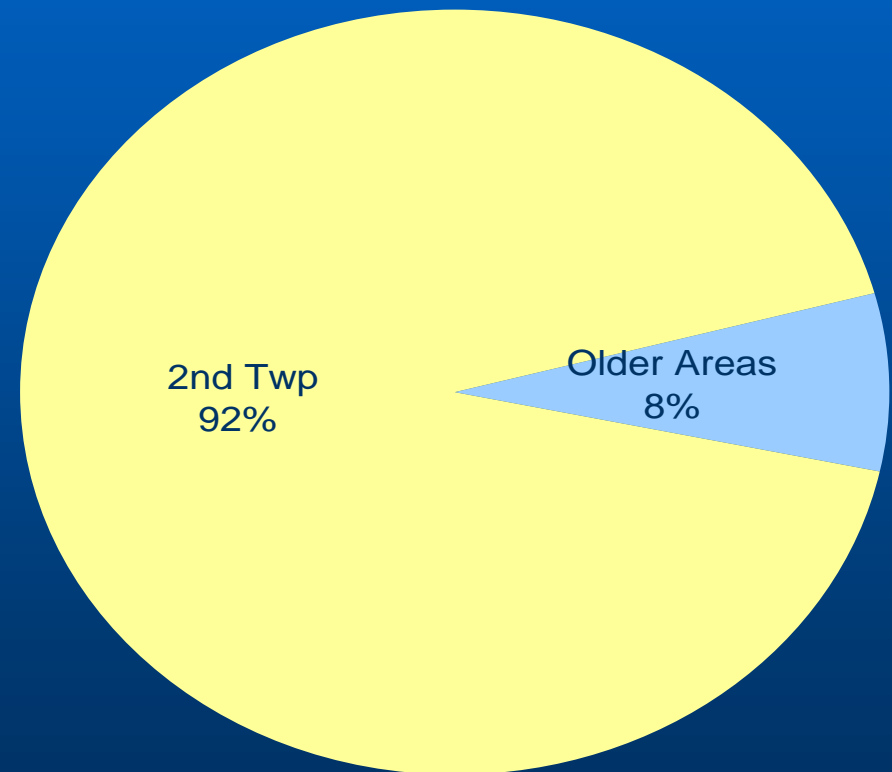




And almost all of the household growth in the state

Share of household
growth,
1990-2000

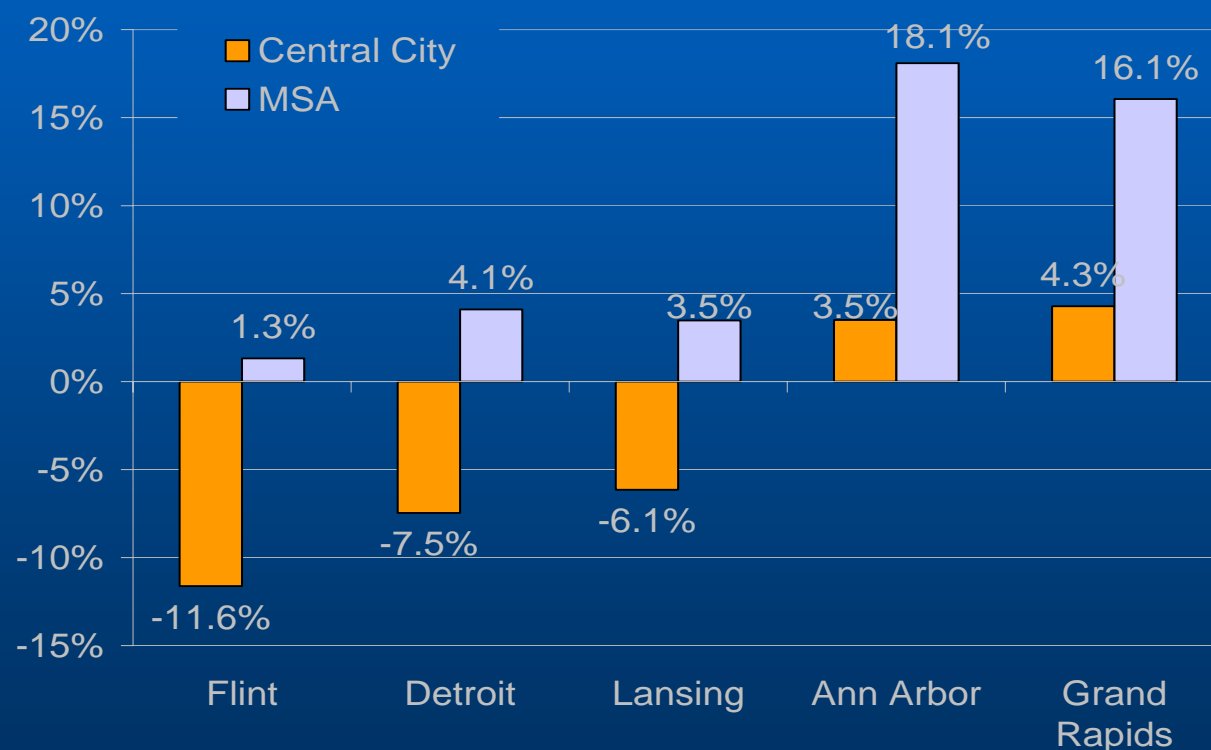
Source:
U.S. Census Bureau



And the trends of sprawl and abandonment are similar in Michigan...

In Michigan, strong suburban growth during the 1990s contrasts with particularly weak growth in central cities

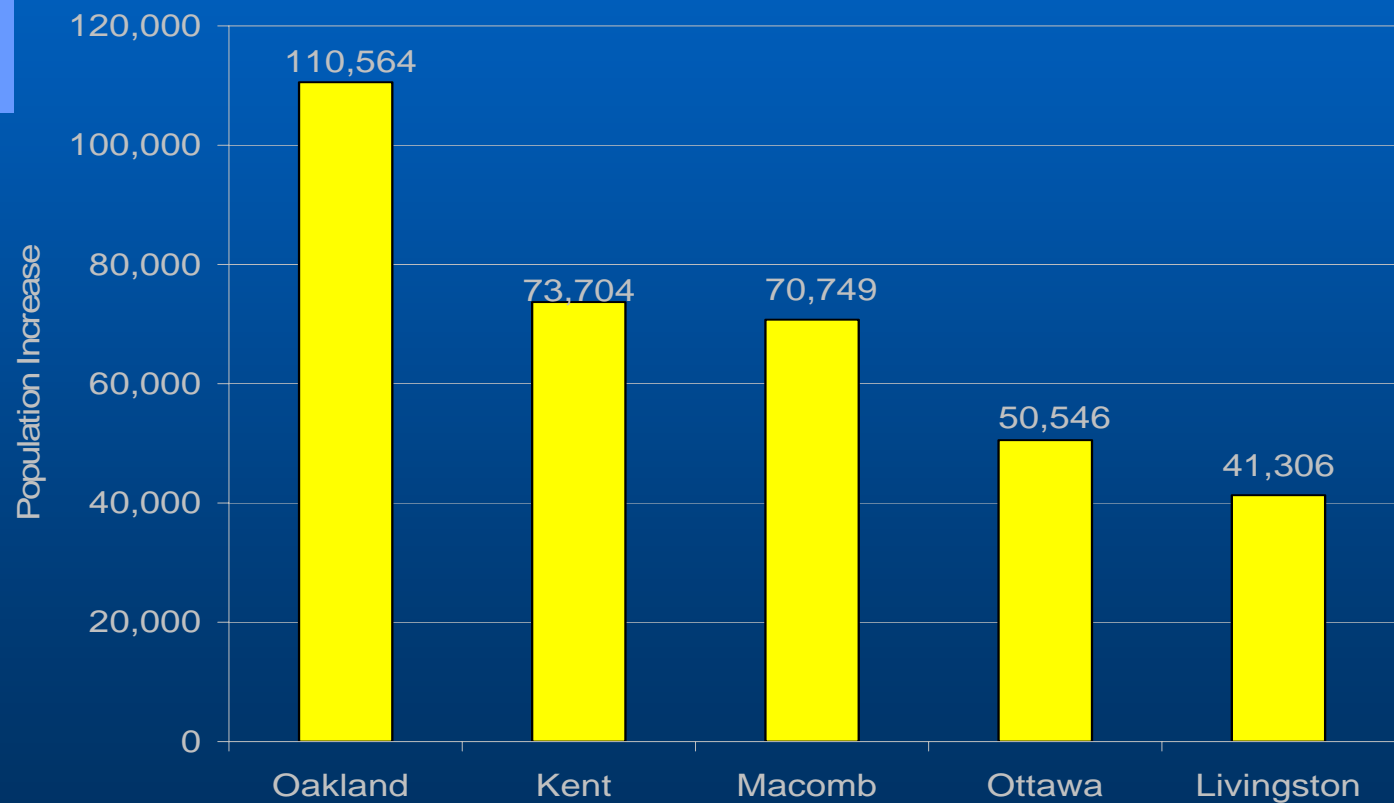
Population Growth Rates, 1990-2000



Source: US Census Bureau

The five counties with the largest growth in the 1990s were all located on the fringes of Michigan's metro areas

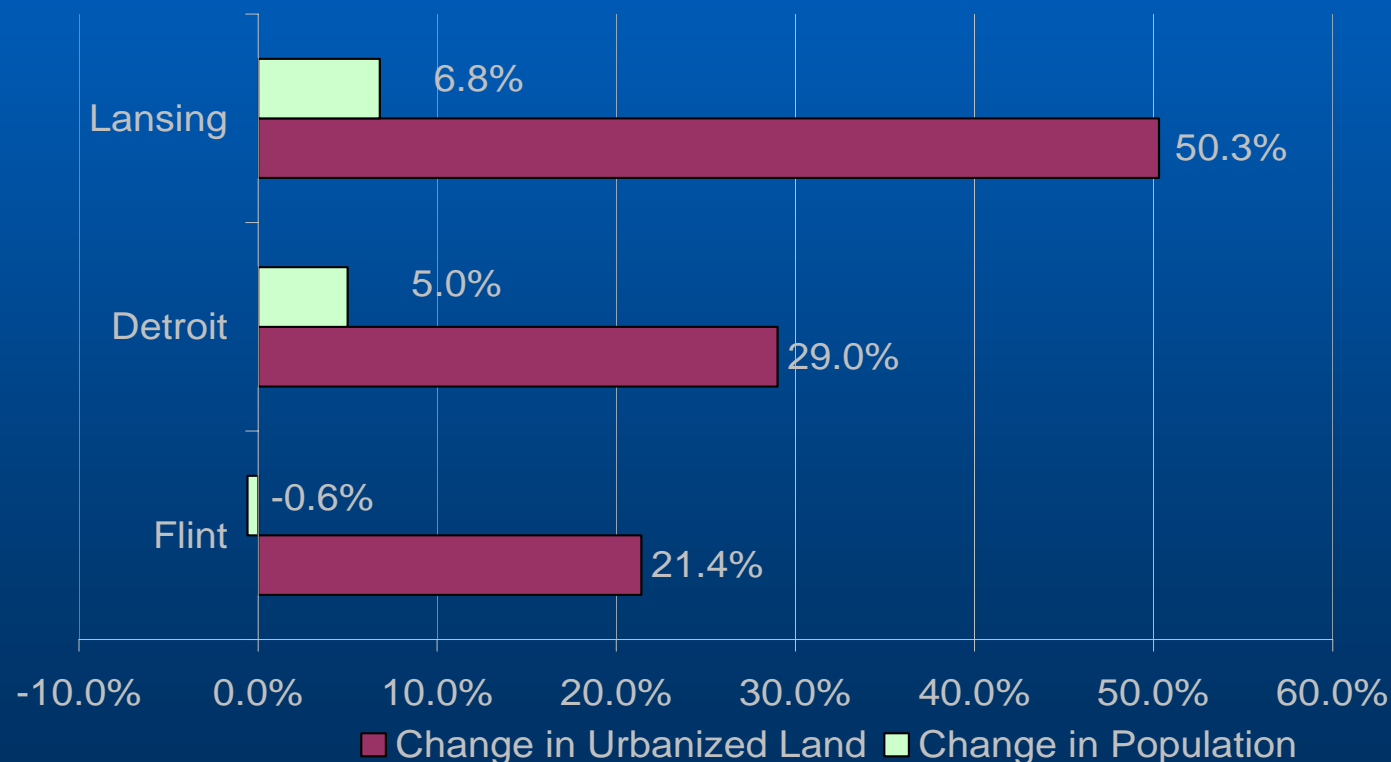
Population increase,
1990-2000



Source: U.S.
Census Bureau

Michigan's metropolitan areas “de-densified” rapidly during the 1980s and 1990s

Change in urbanized land and change in population, 1982-1997

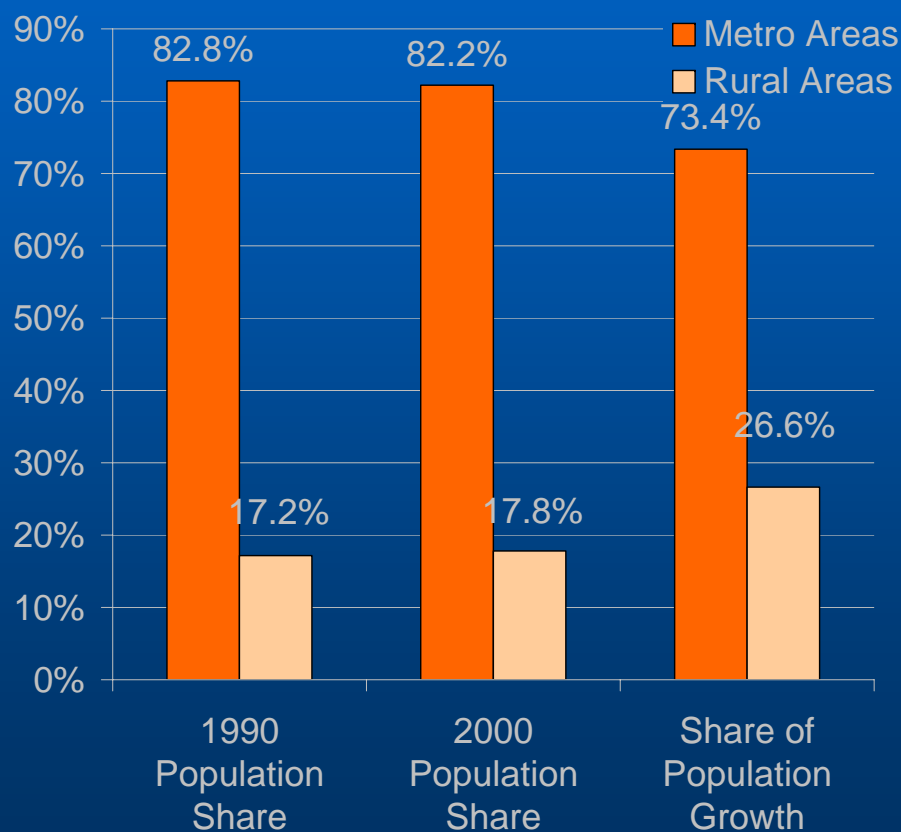


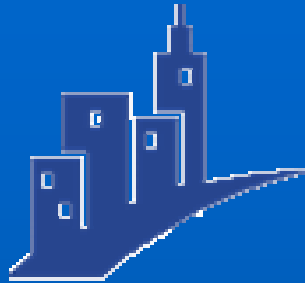
Source: Fulton et al., “Who Sprawls Most? How Growth Patterns Differ Across the U.S.,” 2001

Michigan's rural areas make up 18% of the state's population but garnered 25% of the population growth during the 1990s

Share of population growth

Source: U.S.
Census Bureau





II

What do these trends mean for Pennsylvania?

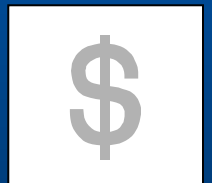
II

What do these trends mean for Pennsylvania?

Sprawl and urban decline hinder the state's ability to compete for educated workers



Sprawl and urban decline are burdening taxpayers





Economic success increasingly turns on attracting and retaining highly-educated people

→ Ideas, innovation, and creativity now drive the economy

→ Success requires large numbers of people with a college education and high skills

→ Income grew about 1% for every 2% growth in a metro's share of college graduates, during the 1990s

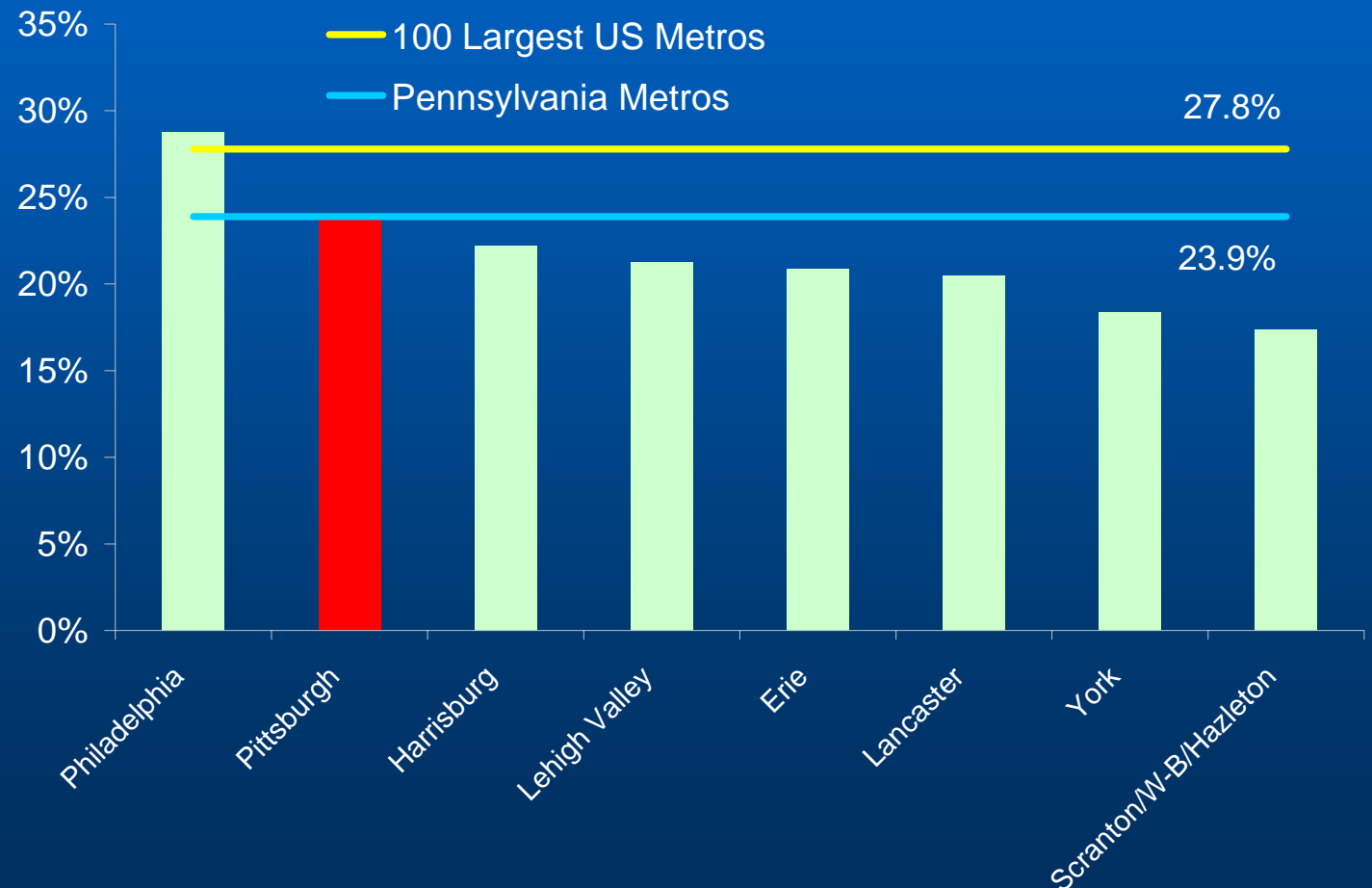


Workforce

Unfortunately, Pennsylvania's metropolitan areas lag the national metro average in educational attainment, with Philadelphia being the exception

Metropolitan population 25+ with a BA degree or higher, 2000

Source:
U.S. Census Bureau





A serious “BA gap” also holds back Pennsylvania cities

City population
25+ with a BA
degree or higher
by Metro,
2000

Source:
U.S. Census Bureau





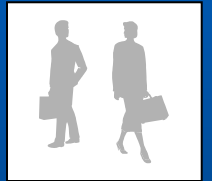
Across the nation, the cities and metros with the highest shares of educated workers have common qualities:

- Thick labor markets
- Vibrant and distinctive downtowns
- Plentiful amenities
- A positive, tolerant culture

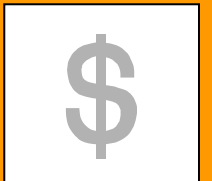
II

What do these trends mean for Pennsylvania?

Sprawl and urban decline hinder the state's ability to compete for educated workers



Sprawl and urban decline are burdening taxpayers





The costs of sprawl are well-researched and well-recognized

Low density development increases demand for:

- New schools
- New roads
- New public facilities
- Sewer and water extensions

Low density development increases the costs of key services:

- Police
- Fire
- Emergency medical

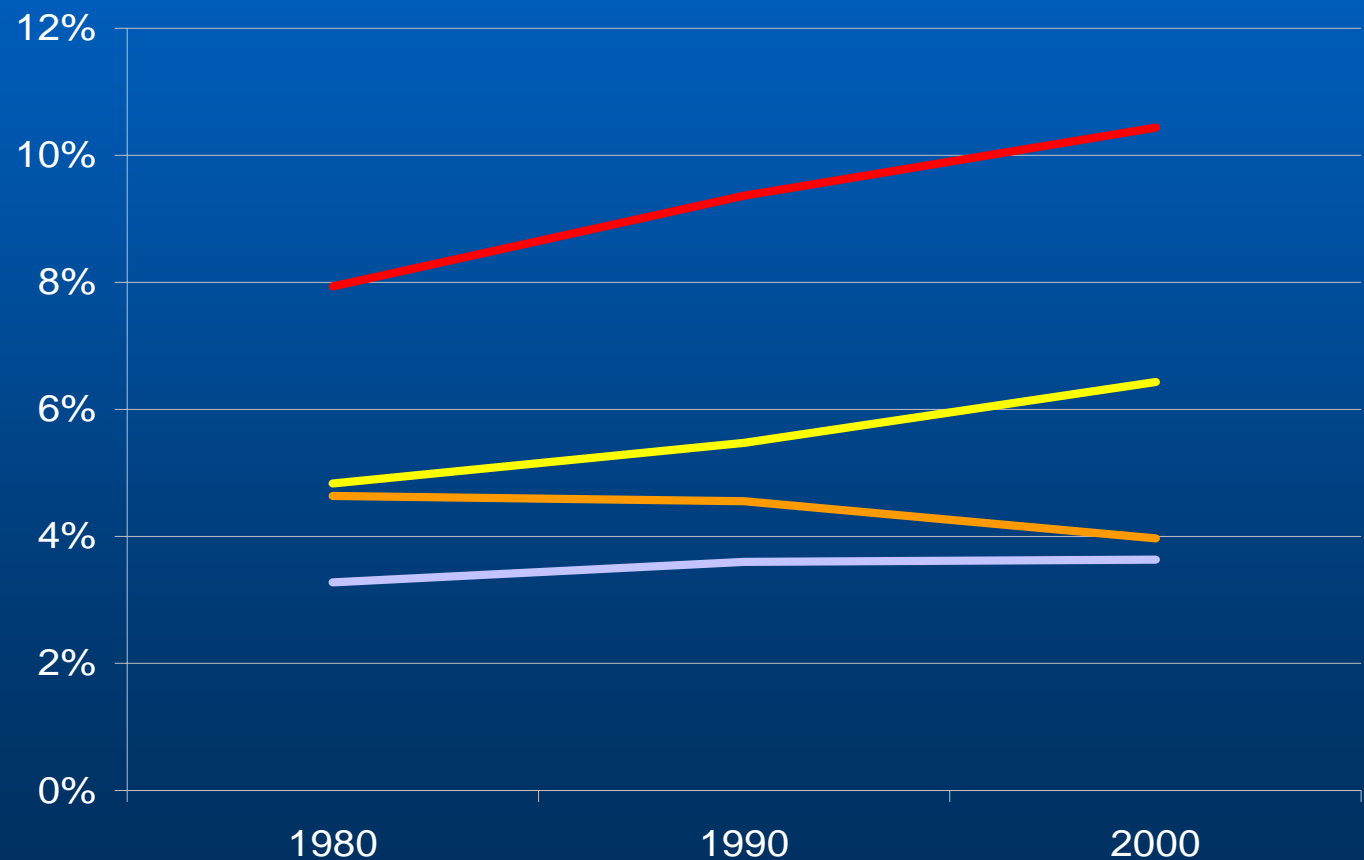


In Pennsylvania, though, another cost of sprawl is urban decline; for example, vacancy rates in older municipalities have worsened over the last two decades

Vacancy rates, 1980-2000

Source:
U.S. Census Bureau

- Cities
- Boroughs
- 1st-Class Townships
- 2nd-Class Townships





Tax Burden

As a consequence, home values in older municipalities generally trail those in outer townships

Average home
value,
2000

Source:
U.S. Census Bureau

	2000 Average Home Value
Older	\$102,775.72
Cities	\$73,479.03
Boroughs	\$99,410.47
1st-Class Townships	\$153,170.52
2nd-Class Townships	\$145,183.17
State Total	\$120,741.27

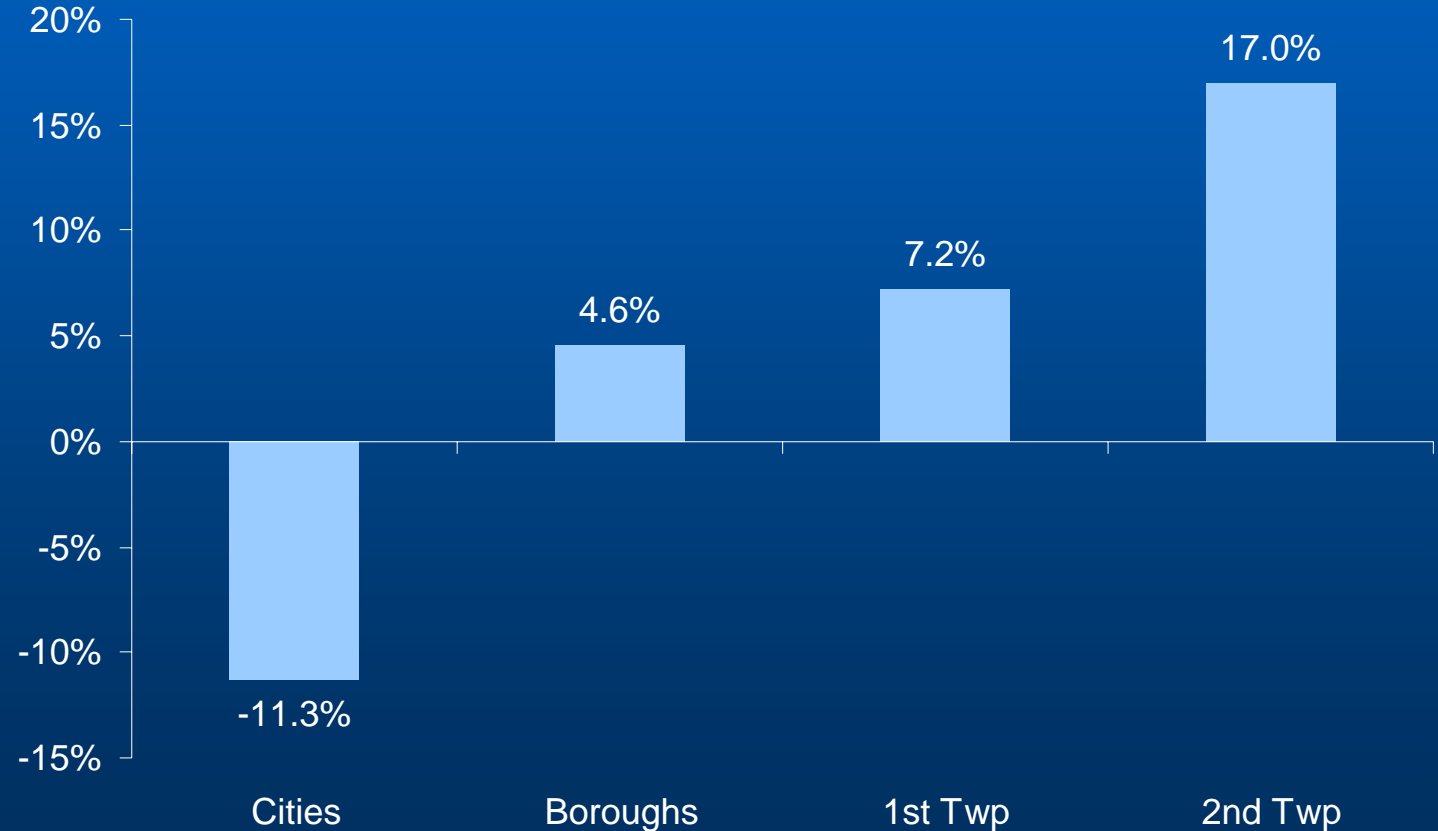


Tax Burden

In fact, deterioration in older areas slowed appreciation and even eroded property values in the 1990s, especially in Pennsylvania's cities

Percent change in
market value
property,
1993-2000

Source:
Ameregis Inc. tabulation
of data from the
Governor's Center for
Local Government
Services

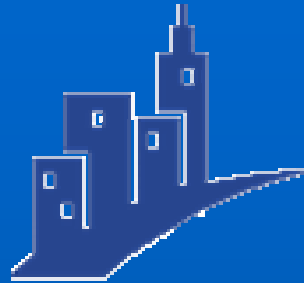




Tax Burden



Ultimately, these factors lead to reduced revenues and higher tax rates for older municipalities



Why is this happening?

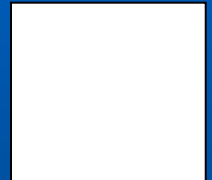
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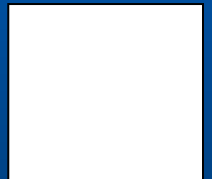
Haphazard Investments



Weak Planning



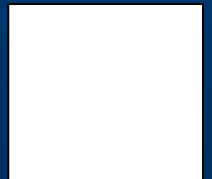
Barriers to Reinvestment



Governmental Fragmentation




Unlevel tax system





Haphazard Investments



Major state spending programs have either skewed funding to outer townships or failed to follow a strategic, competitive vision

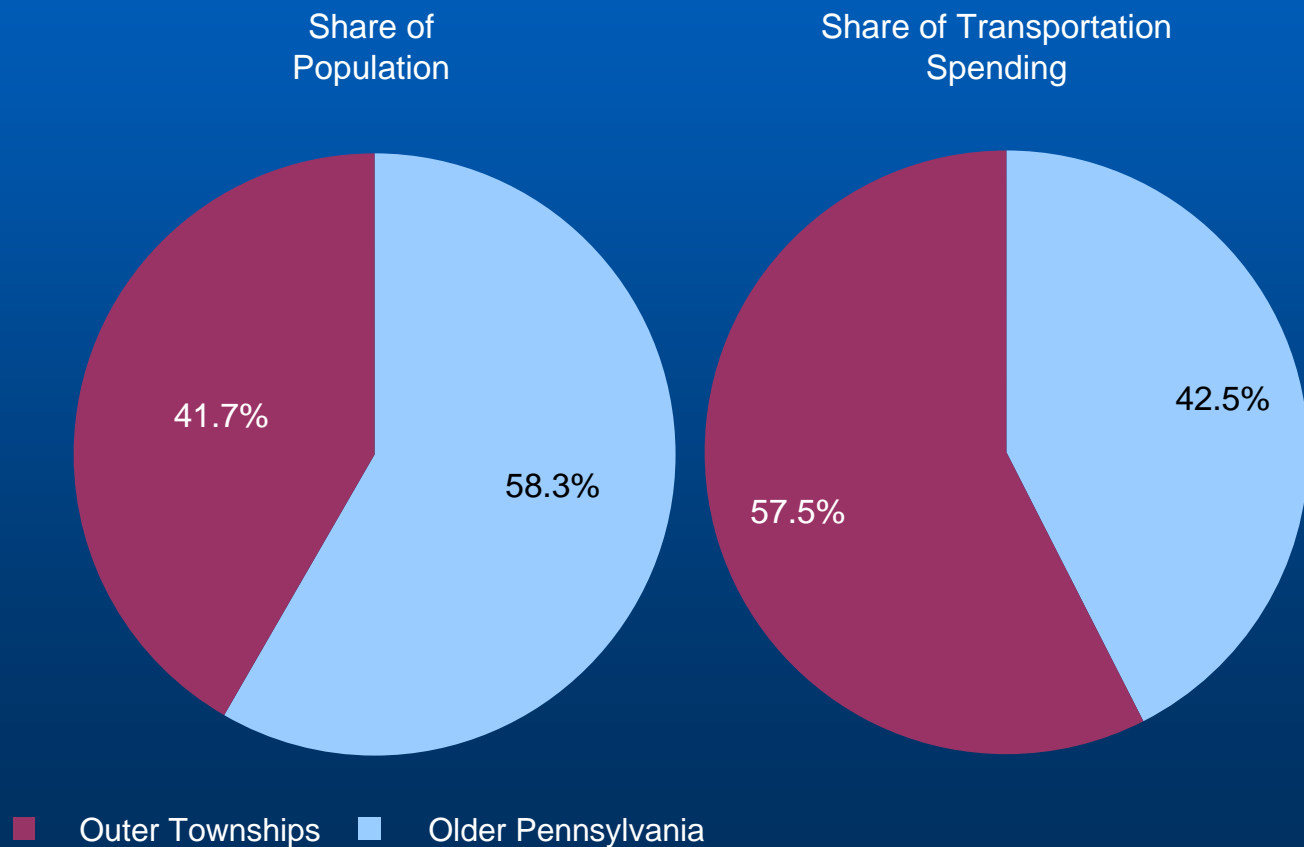


Haphazard Investments

As a consequence, outer townships received 58 percent of classifiable spending during this period, although they represent only 42 percent of the state's population

Share of population versus share of transportation investment, 1999-2002

Source:
U.S. Census Bureau,
Anne Canby and James
Bickford, 10,000 Friends
of Pennsylvania





Haphazard Investments

At the same time, Pennsylvania is spreading its economic development money “all across the map”

PIDA, OFP, and
IDP investments,
1998-2003

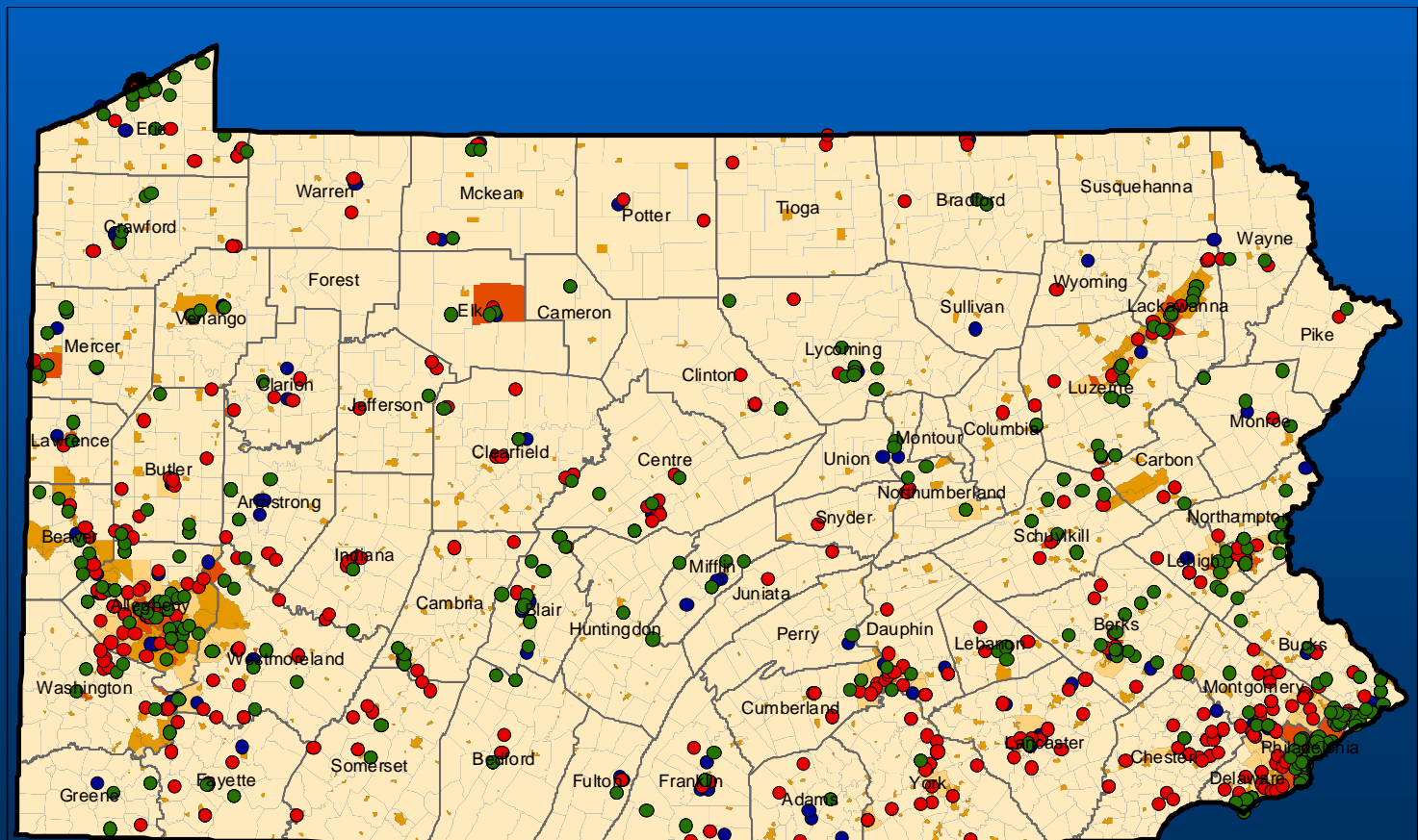
Source:
Keystone Research
Center

DCED Programs

- PIDA Recipients
- OGP Recipients
- IDP Recipients

Municipal Type

- City
- Borough
- 1st-class township
- 2nd-class township



III

Why is this happening?

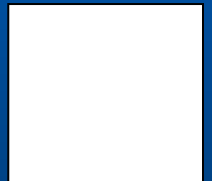
Haphazard Investments



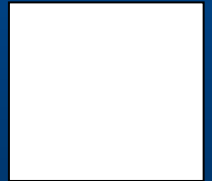
Weak Planning



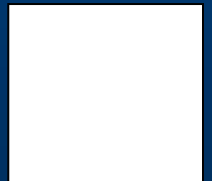
Barriers to Reinvestment



Governmental Fragmentation



Unlevel tax system





The Commonwealth lacks effective state-level planning, strategizing, and coordination capacity

- Disparate state agencies do not plan in accordance with a coherent, unified vision
- Disparate state agencies plan separately and often act at cross-purposes
- As a consequence, there is a lost opportunity to use policies to generate markets and create wealth



A lack of consistency requirements ensures land use planning remains essentially optional and frequently uncoordinated

- Municipalities Planning Code does not yet require zoning ordinances to conform to local or regional plans
- Required county plans remain advisory

III

Why is this happening?

Haphazard Investments



Weak Planning



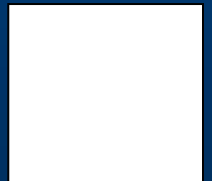
Barriers to Reinvestment



Governmental Fragmentation



Unlevel tax system





Barriers to reinvestment

- Barriers to brownfield development hinder their productive reuse
- Information gaps, limited marketability, and ineffective acquisition processes keep many vacant and abandoned industrial properties idle
- Barriers to the rehabilitation of older buildings perpetuate their deterioration

III

Why is this happening?

Haphazard Investments



Weak Planning



Barriers to Reinvestment



Governmental Fragmentation



Unlevel tax system





Pennsylvania has the third-largest number of general governments in the country

Total local
governments,
2002

General Governments* Rank

Illinois	2,824	1
Minnesota	2,734	2
Pennsylvania	2,633	3
Ohio	2,338	4
Kansas	2,030	5
Wisconsin	1,922	6
Michigan	1,858	7
North Dakota	1,745	8
Indiana	1,666	9
New York	1,602	10

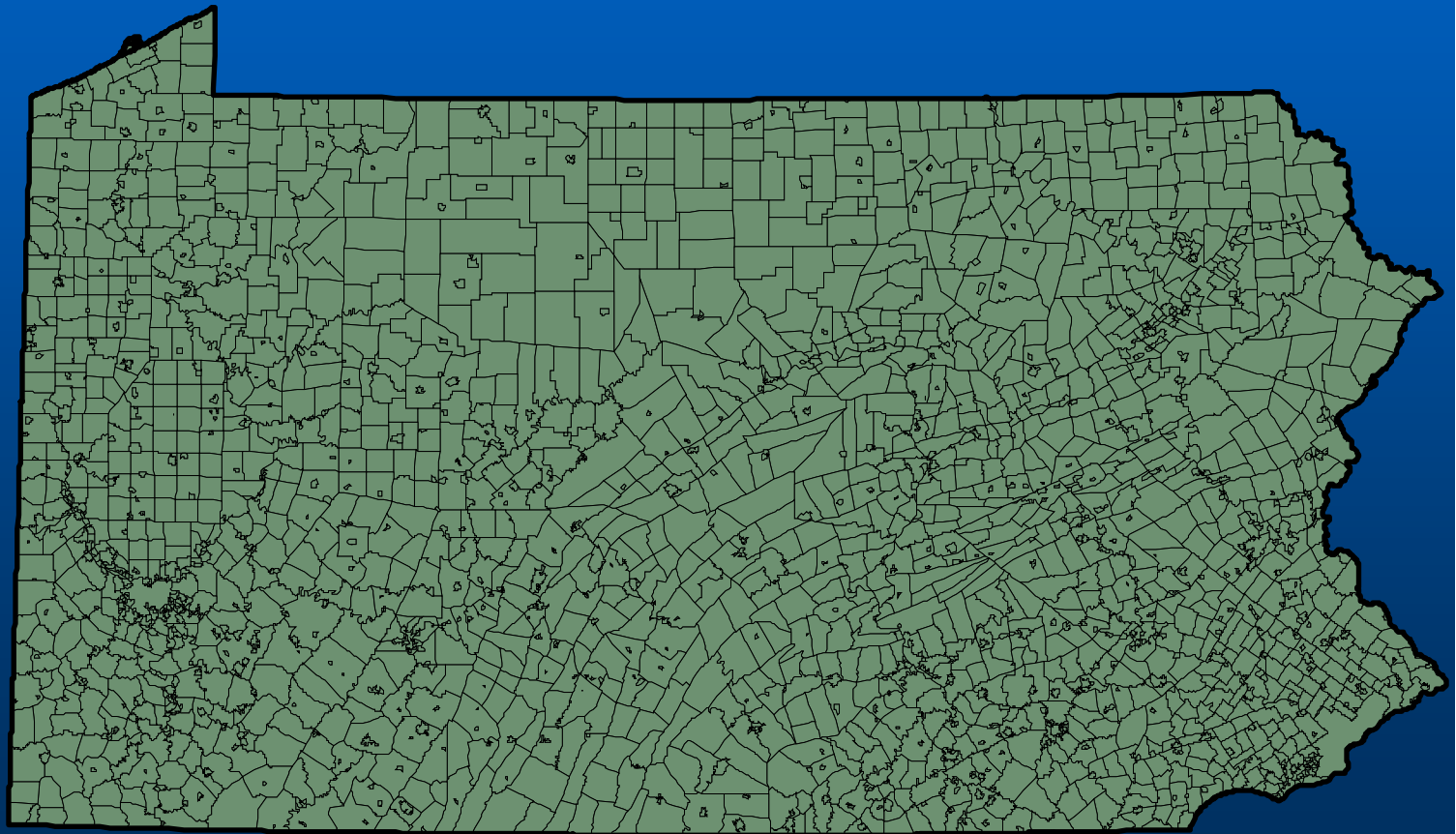
Source:
U.S. Census Bureau,
2002 Census of
Governments

*Includes county
governments



Pennsylvania's municipal fragmentation is completely inconsistent with today's economic realities

Municipal
Boundaries,
2003





Pennsylvania's profusion of local governments hobbles the state's competitiveness in several ways

- CMU's Jerry Paytas concludes that fragmented regions saw their share of the total income generated in 285 metro areas slip between 1972 and 1997
- Paul Lewis concludes fragmentation results in decreased shares of office space in central business districts, less "centrality," longer commute times, more "edge cities," and more sprawl

III

Why is this happening?

Haphazard Investments



Weak Planning



Barriers to Reinvestment



Governmental Fragmentation



Unlevel tax system





State tax systems are biased
against cities

City revenue bases are small
(e.g., large numbers of tax exempt properties)

City expenses are high
(e.g., concentrated poverty, union contracts)

IV

How can Pennsylvania build a competitive future?



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Redefining the challenges facing metropolitan America and promoting innovative solutions to help communities grow in more inclusive, competitive, and sustainable ways.

ANNOUNCEMENT

Urban Center Becomes Metropolitan Program

In a major promotion, the Center on Urban and Metropolitan Policy this month became the Brookings Metropolitan Policy Program—and the first new Brookings department established since 1948. The new status reflects the rising importance of metropolitan issues to the domestic and global challenges Brookings seeks to address.

read an open letter from Brookings President Strobe Talbott

METROVIEW

Deficits by Design Plague Metro
by Robert Puentes
The Washington Times
June 21, 2004

[News Index](#)

METROPOLITAN GROWTH

Mechanisms for Market-Based Land Use Control

Using case studies and a national survey, this paper examines transfers of development rights (TDRs) and other market-based land preservation techniques like mitigation banking and density transfer fees.

IMMIGRATION

Washington Goes Polyglot

Metro Washington's "limited English proficient" (LEP) population

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