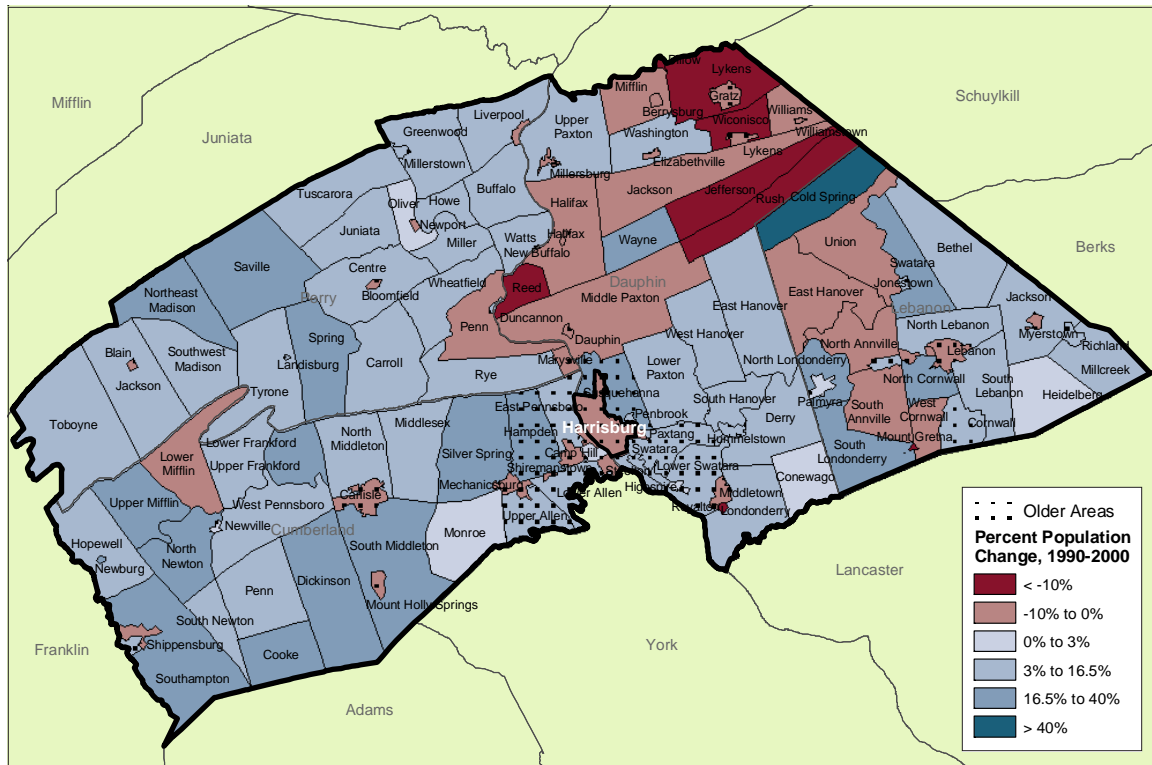


BACK TO

Prosperity:

A COMPETITIVE AGENDA FOR *Renewing Pennsylvania*



Source: U.S. Census Bureau

A Profile of the *Harrisburg* Area

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

Unfortunately, residents of the Harrisburg area know 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

metropolitan Harrisburg. It also summarizes key findings about the causes of those trends and ways to respond to them.

THE TRENDS:

Metropolitan Harrisburg experienced moderate population growth during the 1990s

Harrisburg's population growth rate ranked fifth among Pennsylvania's largest metro areas. From 1990 to 2000, Harrisburg grew by 7 percent, trailing York, Lancaster, Reading, and the Lehigh Valley among the nine largest metropolitan areas in the state. The region added about 42,000 residents during the decade—one-quarter of them from in-migration—bringing the population to 629,400. Harrisburg's 2000 population was the fourth-largest among all Pennsylvania metro regions.

The region lost young adults and gained seniors during the 1990s. Harrisburg’s cohort of 25- to 34- year-olds decreased 3 percent during the decade. Meanwhile, Harrisburg’s 65 and over population increased by 13.3 percent, surpassing the elderly growth of every metropolitan area except Lancaster and York.

Population and jobs in the region are shifting outward

Seventy percent of the region’s population growth took place in Harrisburg’s outer suburbs during the 1990s. The region’s outermost second-class townships grew by 10.7 percent during the decade, adding almost 29,000 new residents. Wayne and Upper Merion townships grew especially rapidly, increasing in population by 40 percent and 33 percent, respectively.

At the same time, Harrisburg’s cities and boroughs lost population.

The City of Harrisburg and Lebanon City, for example, lost 6.5 percent and 1.4 percent of their populations respectively during the 1990s. That ensured that the area’s cities and boroughs declined 5 percent and 0.6 percent, respectively.

However, the region’s first-class townships grew by a collective 15 percent (although 70 percent of the regions’ absolute gain still flowed to the second-class townships). All but one of the more established suburbs gained population, with Susquehanna, Hampden, and Lower Swatara townships growing at rates in excess of 15 percent. These more established townships entirely accounted for the region’s 4 percent population increase in older areas.

Employment also decentralized during the 1990s. Over 70 percent of the metro area’s jobs are located 10 miles or more from the region’s central business districts (CBDs). Between 1994 and 2001, the share of jobs within 5 miles of the region’s CBDs decreased from 41 percent to 38.7 percent. By 2000, 68.4 percent of Harrisburg-area residents commuted to jobs located in suburban areas.

Harrisburg’s economic performance ranks high among Pennsylvania metropolitan areas but trails national averages

Only Lancaster saw greater employment growth among the state’s larger regions. Overall, the region added 48,900 jobs between 1992 and 2002, to increase its job base by 15.4 percent. That rate outpaced the state’s overall job growth of 11.4 percent, but lagged the nation’s 20 percent job-growth rate. Among the state’s nine largest metro areas, only Harrisburg and Lancaster continued to add employment between 2001 and 2002.

Harrisburg’s economy has shifted over the last three decades, as the service sector has grown rapidly. From 1970 to 2000, Harrisburg lost more than 20 percent of its manufacturing

jobs, while jobs in the retail and service sectors grew by 83 percent and 199 percent, respectively. The share of the region’s jobs in services has nearly doubled from 17 percent in 1970 to 30 percent in 2000.

The region maintained relatively high income levels but only average income growth rates. In 1999 Harrisburg’s average household income of \$54,070 exceeded that in all Pennsylvania regions except Lancaster, Philadelphia, and Reading. However, the region’s \$2,848 (5.6 percent) 1989–1999 household income growth only barely surpassed the state’s growth improvement of 5 percent and trailed the nation’s 7.8 percent increase. Household income in the City of Harrisburg remained below \$37,000.

Most of the Harrisburg region's growth took place in its outer townships during the 1990s

	1990 Population	2000 Population	Absolute Change	Percent Change
Older Harrisburg	317,457	330,051	12,594	4.0%
Cities	77,176	73,411	-3,765	-4.9%
Boroughs	124,173	123,467	-706	-0.6%
1st-Class Townships	116,108	133,173	17,065	14.7%
2nd-Class Townships	270,529	299,350	28,821	10.7%
Metro Total	587,986	629,401	41,415	7.0%

Source: U.S. Census Bureau

Harrisburg ranks relatively high on high-school graduation rates but quite low on higher education. In 2000, 83 percent of Harrisburg residents had a high school degree, the third-highest share among the nine largest metropolitan areas. However, just 23 percent of Harrisburg-area residents hold a bachelor degree (although educational opportunities are increasing

rapidly in the region). This relatively low educational attainment matches state levels but lags the nation’s 24-percent rate. Only 12.3 percent of those living within the region’s cities have graduated from college.

THE CONSEQUENCES:

Metropolitan Harrisburg’s above-average population growth during the 1990s reflects its solid assets—not least those of a compact riverside downtown, charming neighborhoods, and the state capital. Nevertheless, the area’s decentralizing growth pattern is at once consuming farmland and undermining the health of established communities.

Greater Harrisburg is consuming a lot of land and becoming less dense. From 1982 to 1997, metro Harrisburg developed about 2.1 acres of land for every added household compared to the national average of 1.3. The region converted 74,500 acres to urban uses, while the number of households grew by less than 36,000. As a result, density decreased by 32 percent and metropolitan Harrisburg lost 20,600 acres of prime farmland, one of the larger regional losses in the state.

Despite improvement in some areas, urban decline is weakening many of greater Harrisburg’s older neighborhoods. As households move away from the urban core, housing units are left vacant. Vacancy rates are consequently three times higher in the City of Harrisburg than in Harrisburg’s outer-suburban areas. From 1990 to 2000, vacancy rates in older areas increased from 5.7 to 6.8 percent. By 2000 homes in Harrisburg’s

older communities were valued at \$112,797 on average, compared to \$134,156 in second-class townships. Homes in the region's cities were valued at just \$68,100.

Sprawl and core decline 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 further reduces older communities' ability to raise tax revenues. For example, market-rate property values in Harrisburg's older communities appreciated by just 5.3 percent from 1993 to 2000, compared to the 14.7 percent gain enjoyed by suburban areas. This contributed to significant disparities between different areas' ability to raise revenues from available property and earned income tax bases using average rates. For example, communities' overall tax capacity increased by 7.3 percent in first-class townships and 6.5 percent in the outer townships. By contrast, tax-capacity growth ran at only 2.2 percent in the cities and 0.9 percent in the boroughs. Even factoring in the first-class townships' appreciation, the 5.8 percent aggregate tax capacity growth in Harrisburg's older areas lagged the 6.5 percent-growth in the newer developing areas.

Harrisburg-area cities' and boroughs' capacity to raise tax revenue lagged townships' in the 1990s

Harrisburg Metropolitan Area	Tax Capacity per Household		
	1993*	2000	Percent Change*
Older Harrisburg	\$491	\$519	5.8%
Cities	\$314	\$321	2.2%
Boroughs	\$446	\$450	0.9%
1st-Class Townships	\$663	\$711	7.3%
2nd-Class Townships	\$601	\$639	6.5%
Metro Total	\$540	\$574	6.3%

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

Greater Harrisburg's patterns of sprawl and disinvestment may be reducing the area's appeal to young workers.

According to Carnegie Mellon University/Brookings Institution economic development expert Richard Florida and others, vibrant downtowns, charming neighborhoods, and a lively arts scene are critical to attracting the educated workers new economy firms require. Unfortunately, the region's declining cities, dispersed low-quality development, and fraying older neighborhoods do not bode well for the region's future economic competitiveness (although signs of progress can be seen along "Restaurant Row" downtown). Despite population and employment growth, the region's overall growth patterns threaten to perpetuate its losses of young workers.

Sprawl has left poor people and minorities concentrated in the region's core. In 2000, 22 percent of the population living in the cities of Harrisburg and Lebanon lived below the poverty line, compared to 5.5 percent of those living in the outer suburbs. Harrisburg's minority population is also becoming more segregated.

During the 1990s, 10,600 white residents left Harrisburg and Lebanon cities, while the minority populations there grew by 6,800. By 2000, 88 percent and 78 percent of the region's black and Hispanic residents, respectively, resided in Harrisburg's older communities, compared to only 48 percent of whites. Harrisburg's decentralizing employment patterns are isolating minorities from regional job opportunities.

BEHIND THE TRENDS:

How the Harrisburg area is growing in part reflects vast national currents. A general preference for newness and low-density living by certain population segments, the relative decline of cities, and a shifting economy all parallel broader American trends. However, a number of state-specific policies and characteristics have also influenced the region's development patterns and competitiveness.

- **Governmental fragmentation:** Similar to regions throughout the Commonwealth, Harrisburg's large number of 133 general purpose governments—about 21 per 100,000 people compared to 6.1 per 100,000 nationally—complicates coordination, exacerbates unbalanced growth patterns, and undercuts the region's economic competitiveness. Numerous school districts and authorities further complicate collaboration.
- **Weak planning:** Most of the region's localities have a comprehensive plan and zoning ordinance. The Commonwealth's planning system, however, does not require Harrisburg's numerous municipalities to plan cooperatively. Frequently this results in chaotic, low-quality sprawl and wasted existing capacity.
- **Non-strategic investment policy:** Three of the state's major economic development programs—the Pennsylvania Industrial Development Authority (PIDA), the Opportunity Grant Program (OGP), and the Infrastructure Development Program (IDP)—allocated \$41 per capita to older areas and \$31 to suburban areas. Despite this relatively high spending in older areas, the state continues to subsidize significant investment in outer areas.
- **A shifting economy:** The proliferation of lower-paying retail and service-sector jobs, employment decentralization, and sprawling development at the region's fringe all threaten the area's future employment growth and income progress.
- **Barriers to reinvestment:** Regulatory and financial barriers that prevent the redevelopment of vacant, contaminated, or dilapidated land and structures inhibit the revitalization of Harrisburg's older communities. These barriers make it hard to leverage Harrisburg's available land and historic assets and ultimately drive residential and commercial development into outer suburban areas, perpetuating the current cycle of disinvestment.

A COMPETITIVE AGENDA FOR GETTING BACK TO PROSPERITY

Greater Harrisburg, 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 Harrisburg'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 cities, boroughs, and older townships as a way of reenergizing 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.



CENTER ON URBAN AND METROPOLITAN POLICY
1775 Massachusetts Avenue, NW • Washington, DC 20036-2103
Phone: (202) 797-6139 • Fax: (202) 797-2965
www.brookings.edu/urban