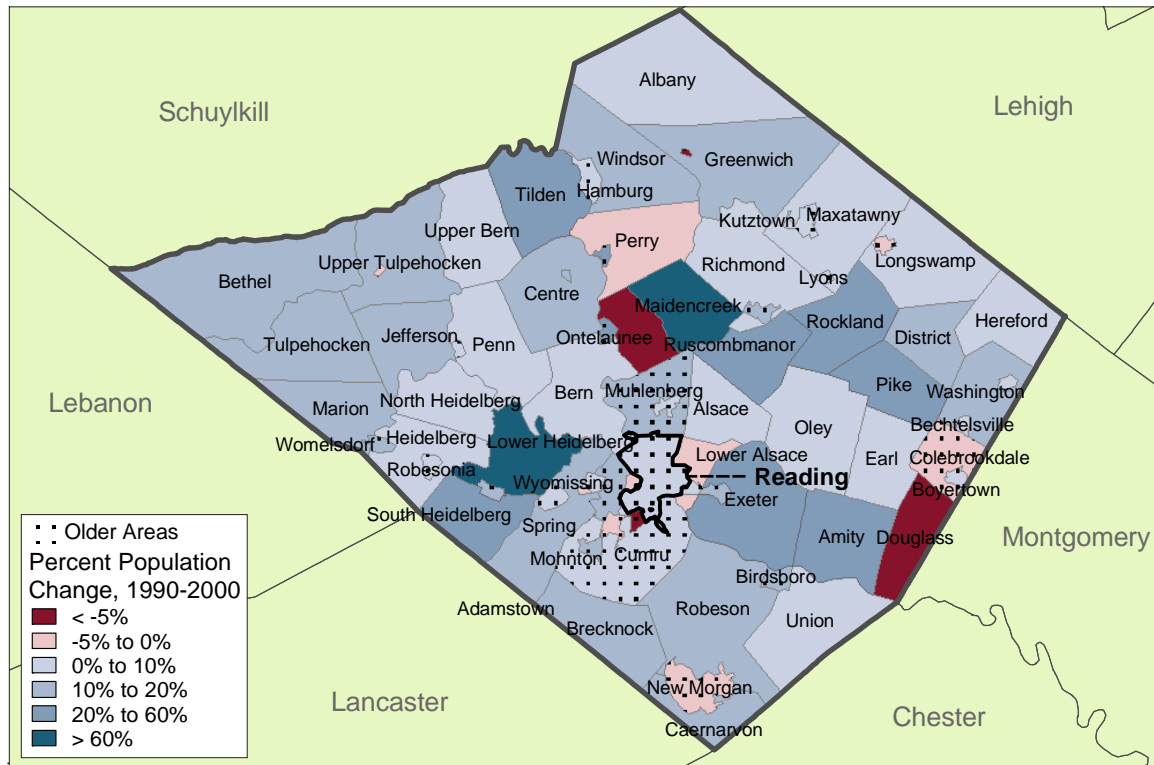


BACK TO

Prosperity:

A COMPETITIVE AGENDA FOR *Renewing Pennsylvania*



Source: U.S. Census Bureau

A Profile of the *Reading* Area

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

Unfortunately, Berks County residents 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 greater Reading. It also synthesizes key findings about the causes of those trends and ways to respond to them.

THE TRENDS:

Metropolitan Reading grew robustly during the 1990s

Greater Reading's population growth outstripped that of most Pennsylvania metropolitan areas during the 1990s.

From 1990 to 2000, Berks County grew by 11 percent, a rate significantly higher than the state average of 3.4 percent and greater than all other Pennsylvania metropolitan areas except York and Lancaster. Overall, the region added 37,115 residents and by 2000 was home to 373,638 people, making it the eighth-largest metro area in the state. Even so, the Reading area's solid growth lagged the nation's 13.2 percent increase in the 1990s.

The region experienced a modest gain of young adults during the 1990s, while its share of seniors remained about average. Berks County's population of 25–34 year olds increased by 2.8 percent during the decade, even as every other

metro area except York lost ground in this demographic. At the same time, 15 percent of the region's residents were over 65, a share typical among Pennsylvania's largest metro areas.

Population and jobs in the Reading region are moving outwards

Sixty-eight percent of the region's population growth took place in greater Reading's outer suburbs.

Second-class townships in the area grew by 16.5 percent during the 1990s, adding a total of 25,410 new residents. Lower Heidelberg and Maiden Creek townships exemplified this suburbanization. These municipalities grew by 88 and 93 percent, respectively.

Berks County's older areas also grew, but at a more modest pace.

Together, the region's city, boroughs, and older townships gained 11,705 residents to grow by 6.4 percent between 1990 and 2000. Growth rates varied in these municipalities, but in aggregate only nine out of 35 older communities lost population, while still the City of Reading added 2,287 new residents, growing by about 3.6 percent. It should be noted, however, that enrollment in the Reading Public School System suggests that urban populations may be growing substantially faster than the Census indicates. These data registered a 29.4 percent K-12 enrollment spike between the 1990-91 and 2000-01 school years driven in part by a 116 percent growth in Hispanic enrollment. More recent figures suggest continued growth.

Employment patterns in the Reading region decentralized during the 1990s.

Between 1994 and 2001, nearly half (49 percent) of the area's new jobs were created more than five miles from the area's central business district. By 2001, 85 percent of private sector jobs in the region were located 10 miles from Reading's downtown. In 2000, only 20.3 percent of metro area residents were commuting to jobs in Reading City, while 20.8 percent were commuting to jobs located outside the metro area altogether.

Berks County's economic performance remains only average among Pennsylvania metropolitan areas

The region's 1992-2002 job growth mirrored that of other state metropolitan areas.

During this period, the region gained 15,500 jobs to increase its job base about 10.2 percent—a figure that slightly lagged the statewide 11.4 percent expansion. Meanwhile, all of Pennsylvania's metropolitan regions lagged the national growth average of 20 percent.

The region's economy has undergone significant shifts over the last three decades.

Between 1970 and 2000, Reading lost 25 percent of its manufacturing jobs, while employment in services and retail grew by 173 percent and 92 percent, respectively.

During this time, the region's manufacturing-sector job base shrank from 40 percent of the economy to 20 percent, while the share of service jobs almost doubled from 15 percent to 28 percent.

Reading's average household income remains comparatively high but growth during the 1990s just matched the state norm.

In 1999, the region's average household income of \$54,873 exceeded the state average of \$52,681, as well as that in every metropolitan area in the state except Lancaster and Philadelphia. Household income growth, however, remained only ordinary.

Reading's \$2,861, or 5.5 percent, gain on this measure barely exceeded the state's 5.1 percent progress, and lagged the nation's 7.8 percent growth in income.

Greater Reading's educational attainment levels are weak, both within the region and amongst metros.

Only 78 percent of Reading-area residents possess a high school degree—a figure noticeably lower than the statewide average of about 82 percent. Meanwhile, only 18.5 percent of the area's residents hold a bachelor's degree—a level of attainment that significantly trails both the state average of 22.4 and the national average of 24.4 percent. Only the York and Scranton/Wilkes-Barre/Hazleton areas fare worse on this indicator among Pennsylvania's other large metropolitan areas. Particularly low is the percentage of Reading City residents with a B.A. Just 8.6 percent of city residents have graduated from college, compared to 21.3 percent of the residents in Reading's second-class townships.

Most of Berks County's growth took place in its outer townships in the 1990s

	1990 Population	2000 Population	Absolute Change	Percent Change
Older Metro Reading	182,724	194,429	11,705	6.4%
City	78,380	81,207	2,827	3.6%
Boroughs	71,606	77,831	6,225	8.7%
1st-Class Townships	32,738	35,391	2,653	8.1%
2nd-Class Townships	153,799	179,209	25,410	16.5%
Metro Total	336,523	373,638	37,115	11.0%

Source: U.S. Census Bureau

THE CONSEQUENCES:

Berks County's population growth during the 1990s reflects its strategic location, variety of distinctive places to live, and the area's particular economic mix. At the same time, though, the decentralizing pattern of development in the region is cutting into its farmland and undermining the vitality of its core communities as well as the region's overall economic health.

Greater Reading is consuming a lot of land and becoming less dense.

From 1982 to 1997, land consumption in Berks County outpaced household growth by a rate of more than 1.7 to 1—one of the state's more efficient rates. Still, the region converted 34,900 acres of land to urban uses (an increase of 50.4 percent during those 15 years), while the number of households grew by just 17.3 percent, or 20,230. Consequently, density in the region fell by 24 percent between 1982 and 1997.

Urban decline is weakening many of greater Reading's older neighborhoods.

As households move outwards, vacant housing units are left behind. Vacancy rates in metropolitan Reading's older communities increased from 5.4 to 7.1 percent during the 1990s, as compared to outer suburban areas' decline from 3.9 to 3.1 percent. Not surprisingly, housing values in older areas lag those in newer

Berks County cities' and boroughs' capacity to raise tax revenue slipped as outer townships' grew in the 1990s

	Tax Capacity per Household		Percent Change*
	1993*	2000	
Older Metro Reading	\$471	\$460	-2.3%
City	\$322	\$269	-16.4%
Boroughs	\$551	\$544	-1.2%
1st-Class Townships	\$642	\$675	5.1%
2nd-Class Townships	\$602	\$632	5.0%
Metro Total	\$530	\$540	1.9%

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

ones: In 2000, the average home value in older areas of Berks County was only \$97,706, compared to \$137,119 in newer second-class townships.

Sprawl and 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 therefore reduces older communities' ability to raise tax revenues. For example, total inflation-adjusted market-rate property value in Berks County's older communities appreciated just 0.5 percent from 1993 to 2000, compared to a 14.8 percent growth in suburban areas. This 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 5 percent increase in their tax capacity per household. By contrast, older communities saw a 2.3 percent *decline* in their ability to raise revenue, with the City of Reading absorbing a 16.4 percent erosion—one of the worst hits in the state.

Reading's patterns of sprawl and disinvestment threaten to reduce the choices, opportunities, and amenities attractive to young workers. According to Carnegie Mellon University/Brookings Institution economic development expert Richard Florida and others, lively downtowns, a diverse ethnic population and a vibrant cultural scene are just some of the attributes essential to attracting the young, educated workers and innovative companies that are the base of the new economy. Unfortunately, the Reading region lacks a vibrant downtown, displays only average job growth, and has been sprawling instead of reinvesting in older, more established areas. Those realities threaten to stall the region's modest population growth and small gains of young college-educated workers and bode poorly for the region's future economic competitiveness.

Decentralization has left poor and minority residents concentrated in the region's core. In 2000, 14.3 percent of residents in greater Reading's older areas (including 26 percent in Reading City) lived below the poverty line, compared to only 4 percent of those living in the area's outer suburbs. Berks County's minority population is also becoming more segregated: During the 1990s, Reading City lost 17,000 white residents, or 30.4 percent of that population, while the total minority population there grew

by over 19,900. And it likely grew more than that, given the strong growth of Hispanic school enrollment. As a result, 80 percent of the region's black and fully 91 percent of the region's Hispanic residents lived in Reading City, the region's boroughs, or its first-class townships in 2000, while only 46 percent of the area's white residents did. Reading's decentralizing employment pattern ensures that minority groups are increasingly isolated from regional job opportunities due to residential segregation.

BEHIND THE TRENDS:

How Berks County 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 broader national trends. However, a number of state-specific policies and characteristics have also influenced the region's development path and competitiveness.

- **Governmental fragmentation:** As in other Commonwealth regions, the Reading area's large number of 76 general purpose governments—about 20 per 100,000 people compared to just 6.1 per 100,000 nationally—complicates coordination, exacerbates unbalanced and sprawling growth patterns, and undercuts the region's economic competitiveness.
- **Weak planning:** Berk's County is one of Pennsylvania's most advanced counties in terms of multi-municipal planning, multi-municipal zoning, and other efforts to coordinate development policies. Still, the lack of a state requirement that localities plan cooperatively frequently leads to redundant, low-quality sprawl and ineffective economic development.
- **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 about \$66 per capita to projects in Berks County's older areas and about \$54 to developments in outer townships. This reflects appropriately greater state investment in Berks County's older areas but it also suggests significant subsidies are supporting development in sprawling outer-fringe areas.
- **A shifting economy:** Reflecting broader national economic trends, a shift away from manufacturing, a rise in generally lower-paying service and retail jobs, and a concurrent general decentralization of employment patterns have all contributed to Berks County's lackluster economic growth, deterioration of older communities, and sprawling fringe development.
- **Barriers to reinvestment:** Regulatory and financial barriers to the redevelopment of vacant, contaminated, or dilapidated land and structures inhibit the revitalization of greater Reading's older communities. These barriers make it hard to leverage the region'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 Reading, like Pennsylvania's other regions, has the potential to build a very different future—if the state helps its 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 Berks County's and 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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