

CAPITAL PERSPECTIVE

HARRISBURG OFFICE Pennsylvania Economy League, Inc. www.pelcapital.org

A REPORT TO LEAGUE MEMBERS ON SIGNIFICANT STATE GOVERNMENT ISSUES

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Changing Patterns of Population and Wealth As They Affect Land Use

Introduction

The movement of wealth and population within regions of Pennsylvania is attracting the interest of a wide variety of groups and individuals from across the Commonwealth. The reasons for concern are not the same everywhere. In some parts of the state the concern is preserving open space and limiting traffic congestion. In other regions, the opposite view surfaces. Citizens and local leadership in many of those communities would welcome the “growth” problems experienced by their fellow Pennsylvanians.

Because of these diverse viewpoints, the debate on what should be done is not always based on a common understanding of the facts. The Pennsylvania Economy League recently completed a report, sponsored by the Growing Together Consortium of Berks County, which lays the groundwork for the formulation of public policy. Those policies should serve as a basis for promoting economic growth and improving the quality of life for Pennsylvania’s citizens. This *Capital Perspective* summarizes that study.

Methodology

The study used six economic regions of Pennsylvania as the basis of comparison, using measures of population, market value of real estate and personal income from 1970 to 1996. Data was aggregated at the school district level. The study measured relative change in each school district from the following three perspectives:

- absolute changes compared to the region and the state as a whole;

- share of the region’s population and wealth;
- comparisons on a per capita basis of market value of real estate and personal income.

The focus in presenting the data was on relative change over time. Since the findings describe net changes, they do not explain movements within the regions or movements in and out of regions.

PEL selected six regions for analysis. The selection process targeted regions that are different in their population densities and economic and population growth patterns. That process resulted in the following selection of regions of Pennsylvania:

- North West (Erie County)
- West Central (Cambria and Northern Somerset Counties)
- South Central (Dauphin, Cumberland and Perry Counties)
- East Central (Berks County)
- North East (Lackawanna, Luzerne and Wyoming Counties)
- South East (Philadelphia, Bucks, Montgomery, Chester and Delaware Counties)

Summary of Findings and Conclusions

Pennsylvania, like many other states, is continuing to experience movement of its population and wealth both within the state and across its borders. This constant shifting can result from changes in personal circumstances such as new employment, a rise or fall in income, an interest in better educational opportunities for family members, or the adoption of different lifestyles.

Findings

The following summarizes the overall findings for the six selected regions in Pennsylvania. A specific analysis of each region is found in the report.

Cities of all sizes continue to lose population rapidly. Without exception, every city in the selected regions lost population in both the short (1990 to 1996) and long time frames (1970 to 1996). In absolute and in percentage terms, the central urban areas are losing the greatest numbers of people. The largest city in each region lost the most people and often lost citizens at one of the highest rates.

Many “first ring” suburbs are losing population. In addition to central city population declines, many municipalities bordering the central population center are seeing a drop in the share of the region’s population. In some cases, the second ring is also showing signs of a decrease in share. This is most evident in more highly populated regions such as the South East.

The second and third “rings” are the fastest growing in population. The primary beneficiaries of population gains as measured by the percent of the region’s total population have been the second and third rings - the third (the fourth ring in the South East) in more urbanized areas and the second in lesser urbanized areas. This trend is especially evident since 1990.

The population of boroughs is declining. A significant portion of boroughs also experienced a declining share of regional population counts as well as actual numbers. Over two-thirds of the boroughs in the selected regions lost population. In the West Central region, all but one borough lost population. In the fast growing Berks region, one-half of the boroughs lost population.

Townships experienced a disproportionate increase in population. In contrast to cities and boroughs, townships increased in population in most instances. In every region except one, at least 84% of the townships experienced a growing population. Only in the West Central region did a significant number of townships lose population (50%). It should be noted that in the West Central region 75% of all municipalities lost population.

Changes in wealth generally follow changes in population, but not always proportionately. Most of the school districts that gained relative share of population also experienced increases in the share of market value of real estate and personal income. Some clear exceptions include:

- districts in transition from residential to commercial;
- several affluent school districts that lost wealth when compared to the region as a whole, but gained on a per capita basis;
- “outer” ring districts growing in population and market value of real estate but not in income, indicating that moderate income people are moving to these areas while higher income people are moving to the second and third rings.

In addition, the degree of change stands out when measuring on a per capita basis. School districts with high per capita market values and personal incomes usually gained at a faster rate than less affluent districts. Districts with relatively low per capita wealth lost at a greater rate.

Loss of population and wealth in a relatively few school districts fueled the growth of many. In almost every region, the number of districts gaining share far outnumbered the number losing share. Most

often the losers included the central city school districts and one or more of their adjacent neighbors. In a few cases, rural districts contributed to the loss in share totals. The results do not change significantly when looking at changes in wealth on a per capita basis.

Conclusions

The population trend is often an indicator of an area’s economic health and the desired lifestyle of its citizens as people “vote with their feet.” Therefore, trends in population movements can foretell changing economic and/or lifestyle conditions.

The trends in Pennsylvania are clear. Populations are vacating the most urbanized areas, which are not limited to the largest cities, and to a lesser extent the most rural areas, for the space in between.

The movement of population has an impact on wealth, including commercial, industrial, and residential real property and incomes. Most often, the areas growing in real estate values and personal income are the areas also growing in population.

The above findings apply to all regions, although the regional results vary in degree. Since the purpose of this research was not to establish causes for the findings, it is appropriate to note that the methodology used in this study did eliminate certain causes. Because each region is geographically and economically different from the others, and the results are generally the same, changing growth patterns are not the result of the level of wealth of a region’s citizens, the health of the regional economy, or the geography of the region.

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