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ABSTRACT

This report, a special supplement to "Now is the Time," is part of an ongoing analysis of U.S. cities and their economic health. It focuses on one vital economic region, the Northeast. Data from a number of sources reveal some key findings about the nine states of this economic region. Most cities in the Northeast are doing quite well, and unemployment is down in all central cities in the area. There has been significant economic change over the last generation, with shifts of jobs from manufacturing and other traditional strengths of the economy. The region is left with two economies, a disparity that results in an opportunity gap. The area contains vital assets for addressing this economic gap. Among these assets is a concentration of educational institutions that can give all communities access to the knowledge community, and a renewed workforce that includes diverse ethnicities and recent immigrants. Unacceptable unemployment remains in nearly 1 in 5 cities in the region, and steady population loss affects 4 in 10 central cities. Persistently high poverty rates have been evident in nearly 4 in 10 Northeast cities, and 1 in 6 Northeast cities faces the double trouble of high unemployment linked with population loss or high poverty or both. (Contains 14 tables, 6 figures, and 4 endnotes.) (SLD)

NOW IS THE TIME:

Places Left Behind in the New Economy

AMERICA'S NORTHEAST

U.S. Department of Housing and Urban Development

November 1999

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SPECIAL SUPPLEMENT
AMERICA'S NORTHEAST

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NOW IS THE TIME: PLACES LEFT BEHIND IN THE NEW ECONOMY

SPECIAL SUPPLEMENT AMERICA'S NORTHEAST

EXECUTIVE SUMMARY

America continues to enjoy an extraordinary economic expansion and prosperity. Along with the confidence that comes with renewed prosperity, we face important challenges in many regions. On one hand, the current economic expansion has created a series of unprecedented economic milestones: the lowest peacetime unemployment and inflation rates in decades, the fastest and longest real wage growth in two decades, and an all-time high homeownership rate that reflects both economic strength and consumer confidence. Now this economic miracle presents us the opportunity to tackle our greatest challenge—extending our national prosperity to people and places still left behind.

In his 1999 State of the Union Address, President Clinton urged America not to forget the places that have not yet shared in the extraordinary economic expansion of the last 6 years. The President further urged all Americans, and especially those with capital to invest and businesses ready to expand, to recognize these places for the untapped markets they are—markets that can provide continued impetus to fuel further economic growth. This report examines the economic challenges as well as the untapped potential of a specific region of the country, the Northeast, focusing on its central cities. The nine States that comprise this region, which is often overlooked in discussions of economic distress, encompass a rich economic history and cultural heritage.

The nine States of this economic region—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont—are home to great economic success stories, such as Boston's high-technology and financial services renaissance and the renewed vigor of New York as an international city, but also to cities and communities with persistent and serious challenges. There are two geographies to the work ahead. First, even in the chronicled urban successes, pockets of persistent poverty and unemployment remain. Second, many other communities in the Northeast are still struggling to find their competitive niche in a changing global economy. States in the latter group are struggling to recover from the sweeping changes of de-industrialization that began decades ago, and these struggles are especially apparent in the region's 92 central cities (the principal cities of larger metropolitan areas). This study focuses on the communities that continue to experience economic distress and suggests ways that new markets in these areas can be tapped to contribute to growth in the region and in the Nation as a whole.

THIS STUDY HAS SEVEN (7) KEY FINDINGS:

FINDING #1: **Tracking the Nation's overall success on the economic front, most cities in the Northeast region are doing quite well, and unemployment is down in all central cities.** Unemployment in the region as a whole has fallen to 4.7 percent, the lowest rate in over 8 years and a dramatic drop from a pre-recovery 8.2 percent in 1992. Overall, unemployment in the central cities of the Northeast has declined by 35 percent since 1992. Many cities saw dramatic declines in unemployment between 1992 and 1998, including:

Hartford, Connecticut (from 12.6 percent to 6.7 percent)
Bridgeport, Connecticut (from 12.3 percent to 6.0 percent)
New Haven, Connecticut (from 8.5 percent to 4.1 percent)
Bangor, Maine (from 6.8 percent to 3.6 percent)
Lewiston, Maine (from 9.1 percent to 4.4 percent)
Manchester, New Hampshire (from 8.5 percent to 2.7 percent)
Rome, New York (from 7.3 percent to 4.4 percent)
Bethlehem, Pennsylvania (from 7.8 percent to 4.9 percent)
Pittsburgh, Pennsylvania (from 6.8 percent to 4.6 percent)
Woonsocket, Rhode Island (from 10.9 percent to 5.7 percent)
and **Burlington, Vermont** (from 5.2 percent to 2.8 percent).

FINDING #2: **The Northeast region has undergone significant economic change over the last generation, with major shifts of jobs away from manufacturing and other traditional strengths of the economy. While the overall economic trends are positive, the long-term effects of economic change remain, and the region is left with two economies—a disparity that has created a striking "opportunity gap" that must be addressed.** The region's economic transformation has resulted in an especially dramatic job decline in traditional manufacturing industries in cities both large and small. The Northeast saw slower employment growth (1.7 percent) than any other region of the country during the 1990s, although the growth rate increased during the 6-year period of economic expansion (to 5.7 percent). The Northeast's job losses in the traditional, high-wage manufacturing sector between 1980 and 1990 was highest in the Nation (a 21.2 percent drop)—lost ground that has not yet been regained in newer sectors, such as services.

Though some communities have begun to establish new roles for themselves in a competitive global economy, particularly as the economic turnaround took hold in the early 1990s, many other communities in the region are still struggling to establish a new role for themselves. In several cases, there is an opportunity gap—with States split between more prosperous areas and other areas that are ripe for new investments but still overlooked by the market. The success of the former group, especially of the economic giants, has eclipsed the struggles of the large, latter group of communities—many of them "one-industry" towns from which industry moved away. For example, while strategic investments such as HUD's successful Erie Canal Corridor Initiative have been made in upstate New York, large sections of that area have not fared as well as the region overall—for instance, Buffalo, Newburgh, and Niagara Falls all continue to register unemployment rates more than 50 percent higher than the national average and have poverty rates in excess of 20 percent. According to the Federal Reserve Bank of New York, the upstate region been ranked as a separate State, it would have ranked 49th in terms of job creation. A similar economic gulf exists between the rebounding Greater Boston Area and the small towns and former industrial centers in western Massachusetts. And there is the divide between developed and prospering areas in southern Maine and the rural areas of the northern part of that State, which have yet to fully recover from the losses in manufacturing jobs during the recession of the late 1980s and early 1990s.

FINDING #3: Alongside important challenges, the Northeast region boasts vital assets for organizing a comeback—an economic renewal that taps important traditions and leaves no community behind. These assets include an extraordinary concentration of educational institutions that can give all communities access to the "knowledge economy," a renewed workforce that includes increased ethnic diversity and a growing number of new immigrant workers and their families in new gateway cities, untapped consumer buying power in many of the region's inner-city communities, and established transportation and other infrastructure to support revitalized communities and competitive economies. An extraordinary example of the region's dynamism and potential is seen in Hartford, Connecticut, where, with support from the U.S. Department of Housing and Urban Development (HUD), Trinity College has organized innovative partnerships making a real difference in its community. Some cities in this study, such as Newark, have long been synonymous with urban distress. Now, after decades of grassroots innovation by community groups, stepped-up involvement by major businesses is helping Newark commit to tomorrow's workforce—the city's youth. But much more must be done there and elsewhere in the region, including those cities less often associated with the types of serious urban challenges that remain, to ensure that no one is left behind.

FINDING #4: **Despite the significant overall drop in unemployment in America's Northeast during the economic expansion of the last six years, unacceptably high unemployment remains in nearly one in five central cities in the region.** Tracking the still lagging employment growth of the region as a whole over this decade, seventeen central cities, or nearly one in five (19.3 percent of the regional total), in four States had unemployment rates 50 percent or more above the national rate of 4.5 percent last year. These cities include large urban centers, such as New York, New York (8.0 percent); Buffalo, New York (8.5 percent); and Newark, New Jersey (9.6 percent) and small and mid-sized communities, such as Lawrence, Massachusetts (8.5 percent); Atlantic City, New Jersey (13.4 percent); Trenton, New Jersey (8.8 percent); Vineland, New Jersey (8.7 percent); Millville, New Jersey (8.0 percent); Niagara Falls, New York (10.4 percent); and Johnstown, Pennsylvania (8.5 percent).

FINDING #5: **Steady population loss affects four in ten central cities in the Northeast.** Thirty-seven central cities (40 percent) in seven States lost more than 5 percent of their residents between 1980 and 1998. Such extraordinary loss, at a time when the Nation as a whole expanded at the rapid rate of 19.3 percent, amounts to a significant loss of consumer buying power, tax base, and workers to face the new economic reality and fuel new growth. Cities throughout the region experienced declining population, from Pittsburgh, Pennsylvania (19.7 percent) to Lewiston, Maine (10.6 percent) and other cities including New London, Connecticut (17.2 percent); Norwich, Connecticut (8.3 percent); Elmira, New York (11.2 percent); Binghamton, New York (16.3 percent); Altoona, Pennsylvania (13.8 percent); Pittsfield, Massachusetts (12.4 percent); and Woonsocket, Rhode Island (10.6 percent).

FINDING #6: **By the mid-1990s, persistently high poverty rates plagued nearly four in ten Northeastern central cities, reflecting structural challenges that tend to keep poverty at unacceptably high levels even during a strong economic recovery.** Thirty-six central cities (39.1 percent) in six States had estimated poverty rates in excess of 20 percent—50 percent higher than the national rate—as of 1995, the latest year for which local data are available. These cities include large urban centers, such as New York (23.7 percent) and Philadelphia (23.8 percent) and small and mid-sized cities, such as Lawrence, Massachusetts (30.3 percent); New Haven, Connecticut (26.4 percent); Hartford, Connecticut (35.2 percent); Newark, New Jersey (30.5 percent); Trenton, New Jersey (20.9 percent); Camden, New Jersey (44.2 percent); Rochester, New York (28.3 percent); Utica, New York (27.4 percent); Lancaster, Pennsylvania (22 percent); and Harrisburg, Pennsylvania (28.2 percent). Even within the economic successes of strong metropolitan areas, there remain pockets of distress that have not fully participated in the economic expansion. In these communities—New York City, Hartford, Boston, and elsewhere—persistent poverty exists side by side with prosperity.

FINDING #7: **One in six central cities in the region faces "double trouble."** Fifteen central cities, or one in six (16.3 percent), in four States face continued high unemployment relative to the Nation as a whole, plus either significant long-run population loss or persistently high poverty rates, or both. These cities include the large urban centers of Newark, New Jersey; New York, New York; and Buffalo, New York and smaller cities, such as Atlantic City, New Jersey; Camden, New Jersey; Jersey City, New Jersey; Trenton, New Jersey; Lawrence, Massachusetts; New Bedford, Massachusetts; Niagara Falls, New York; Newburgh, New York; Erie, Pennsylvania; Johnstown, Pennsylvania; Wilkes-Barre, Pennsylvania; and Williamsport, Pennsylvania.

This study is a special supplement to *Now Is the Time: Places Left Behind in the New Economy*. Together with *Now is the Time*, this study is part of an ongoing series in which HUD reports to the Nation on the state of its cities and regions. Previous reports in this series include: *The State of the Cities 1999* (June), *New Markets: The Untapped Retail Buying Power in America's Inner Cities* (July 1999), and *The Widening Gap: New Findings on Housing Affordability in America* (September 1999). This report on America's Northeast represents the next step in the series:

focusing on a particular geographic region to detail the challenges as well as the unique assets and potential of the region's people, institutions, and markets.

INTRODUCTION

Recent Evidence on the State of the Nation's Cities and Regions

Released in April of this year, HUD's *Now Is the Time: Places Left Behind in the New Economy* found that while most cities have benefited from the strong economy built under the leadership of President Clinton and Vice President Gore, many communities are still left behind, struggling against unacceptably high levels of unemployment, long-run population loss, and persistent poverty. *The State of the Cities 1999* detailed the success of most cities—where crime is dropping, fiscal conditions are improving, and employment is on the rise—but also observed that cities and older suburbs lack vital investments they need to remain strong in the new century. *The State of the Cities* reported that many newer suburbs are straining under the flip side of these growth-related problems, with long commutes and traffic gridlock, overcrowded schools, the loss of open space, and more. That report presented the Clinton Administration's 21st Century Agenda for Cities and Suburbs, which was designed to respond to the Nation's challenges and to seize new opportunities. Calling on Congress to work with the Administration on this forward-looking agenda, which outlined a recipe of efforts to spur continued job creation, expanded homeownership, affordable rental housing opportunities, and break-the-mold regional problem solving.

In *New Markets: The Untapped Retail Buying Power in America's Inner Cities*, HUD analyzed in detail the significant untapped retail purchasing power in many of America's inner-city neighborhoods and explained the economic potential for business growth. The report highlighted the leading retailers, from department stores to supermarkets, already taking advantage of the profit-making opportunities in, and contributing to the turnaround of, these new market communities.

In September, HUD released *The Widening Gap: New Findings on Housing Affordability in America*. This report found that, despite a period of robust economic expansion, the gap between the number of struggling renter families and the stock of housing affordable to them is large and growing.

This report represents the next step in this ongoing analysis of the Nation's cities and their economic health by focusing on one vital economic region—the American Northeast. Despite its still central role in the Nation's overall vitality, the Northeast is often overlooked in discussions of America's distressed communities. The image of highly successful sectors in the region's economy, such as finance and high technology, often overshadows the important story of communities, many of them small to mid-sized, which have gained strength during the recovery but are still struggling to find their place in a new economy.

A Look Back

Already reeling from the long-run loss of traditional industries such as manufacturing, the last two decades have presented new challenges to the Northeastern economy. As the Cold War came to a close, the Northeast was hit particularly hard by the decline in heavy industry and the loss of jobs in the defense sector. Many parts of the region continue to feel the effects of the move away from manufacturing, the primary economic engine that supplied and bolstered the region's economy for the first half of the twentieth century. This transition has been made more difficult by rising energy costs, the relocation of jobs to less expensive sites overseas and in the sunbelt, and corresponding population migration out of the area, as well as local barriers, including regulation and rising transportation costs. The effect of these larger trends is clearly reflected in the key indicators of the economic health of the region's central cities. Beyond diagnosing the symptoms of the challenge, this study recognizes that capitalizing on the region's many and varied assets is essential to forging a prosperous future.

KEY FINDINGS

FINDING #1: **Tracking the Nation's overall success on the economic front, most cities in the Northeast region are doing quite well, and unemployment is down in all central cities.** Unemployment in the region as a whole has fallen to 4.7 percent, the lowest rate in over 8 years, and a dramatic drop from a pre-recovery 8.2 percent in 1992. Overall, unemployment in the central cities of the Northeast has declined by 35 percent since 1992. Many cities saw dramatic declines in unemployment between 1992 and 1998, including:

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Pittsburgh, Pennsylvania (from 6.8 percent to 4.6 percent)
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and **Burlington, Vermont** (from 5.2 percent to 2.8 percent).

Earlier this year, updating our *State of the Cities 1999*, HUD reported on the remarkable improvement of the economic climate of American cities and their surrounding metropolitan areas across the country. This important study highlighted the fact that the strong job growth brought about by the current economic boom has helped cities to recover from the punishing effects of the recession of the late 1980s and early 1990s. From 1992 to 1998, many cities registered dramatic drops in unemployment, which fell overall in central cities from 8.5 percent to 5.1 percent.

Overall, the Northeast Region has shared in the Nation's unprecedented economic recovery. Since 1992, the unemployment rate has fallen from 8.2 percent to 4.7 percent and employment has increased by over 1.3 million. Led by a 13.7 percent increase in technology jobs, total jobs have increased by 6.0 percent from 1993 through 1997, the last year for which jobs data are available. The central cities of the region and their surrounding metropolitan areas have also shared in the Nation's economic expansion.

Overall, unemployment has declined by 35 percent since 1992 in the central cities of the Northeast. In 1992, these central cities had an average unemployment rate of 10.3 percent in 1992. By 1998, unemployment had declined to 6.7 percent. This decrease of over one-third of the total unemployment rate for these central cities has provided a tremendous boost for many local economies throughout the region. In fact, each of the 92 central cities of the region—100 percent—saw a decline in the rate of unemployment, most of them by large margins.

Among the cities that saw dramatic declines in the unemployment rate between 1992 and 1998 are the following: Hartford, Connecticut (from 12.3 percent to 6.0 percent); Bridgeport, Connecticut (from 12.3 percent to 6.0 percent); New Haven, Connecticut (from 8.5 percent to 4.1 percent); Bangor, Maine (from 6.8 percent to 3.6 percent); Lewiston, Maine (from 9.1 percent to 4.4 percent); Manchester, New Hampshire (from 8.5 percent to 2.7 percent); Rome, New York (from 7.3 percent to 4.4 percent); Bethlehem, Pennsylvania (from 7.8 percent to 4.9 percent); Pittsburgh, Pennsylvania (from 6.8 percent to 4.6 percent); Woonsocket, Rhode Island (from 10.9 percent to 5.7 percent); and Burlington, Vermont (from 5.2 percent to 2.8 percent).

A recent study, *U.S. Metropolitan Economies: The Engines of America's Growth*, prepared by Standard and Poors on behalf of the U.S. Conference of Mayors and the National Association of Counties, provides further evidence of the vital role that U.S. cities and their surrounding metropolitan areas have played in generating economic growth. This important study demonstrates that between 1992 and 1998, 14.3 million new jobs, 84 percent of the total, were created in cities and their surrounding metropolitan areas. The study also analyzed the "Gross Metropolitan Product," a concept analogous to Gross Domestic Product (the commonly accepted measure nations use to calculate the total annual value of goods and services they have produced), of the Nation's largest 317 metropolitan areas. By comparing the Gross Metropolitan Product of these centers of economic activity and growth, the study concluded that if metropolitan areas are ranked with nations, 46 of the world's 100 largest economies would be U.S. metropolitan areas. Cities in the Northeast have been indispensable partners in this economic growth—the metropolitan regions of New York City, Boston, Philadelphia, Long Island, Newark, New Haven, and Hartford—all rank within the world's 100 largest economies when the Gross Metropolitan Product of these areas is compared with GDP of the world's nations.

FINDING #2: **The Northeast region has undergone significant economic change over the last generation, with major shifts of jobs away from manufacturing and other traditional strengths of the economy. While the overall economic trends are positive, the long-term effects of economic change remain, and the region is left with two economies—a disparity that has created a striking "opportunity gap" that must be addressed.** The region's economic transformation has resulted in an especially dramatic job decline in traditional manufacturing industries in cities both large and small. The Northeast saw slower employment growth (1.7 percent) than any other region of the country during the 1990s, although the growth rate increased during the 6-year period of economic expansion (to 5.7 percent). The Northeast's job losses in the traditional, high-wage manufacturing sector between 1980 and 1990 was highest in the Nation (a 21.2 percent drop)—lost ground that has not yet been regained in newer sectors, such as services.

Though some communities have begun to establish new roles for themselves in a competitive global economy, particularly as the economic turnaround took hold in the early 1990s, many other communities in the region are still struggling to establish a new role for themselves. In several cases, there is an opportunity gap—with States split between more prosperous areas and other areas that are ripe for new investments but still overlooked by the market. The success of the former group, especially of the economic giants, has eclipsed the struggles of the large, latter group of communities—many of them "one-industry" towns from which industry moved away. For example, while strategic investments such as HUD's successful Erie Canal Corridor Initiative have been made in upstate New York, large sections of that area have not fared as well as the region overall—for instance, Buffalo, Newburgh, and Niagara Falls all continue to register unemployment rates more than 50 percent higher than the national average and have poverty rates in excess of 20 percent. According to the Federal Reserve Bank of New York, the upstate region been ranked as a separate State, it would have ranked 49th in terms of job creation. A similar economic gulf exists between the rebounding Greater Boston Area and the small towns and former industrial centers in western Massachusetts. And there is the divide between developed and prospering areas in southern Maine and the rural areas of the northern part of that State, which have yet to fully recover from the losses in manufacturing jobs during the recession of the late 1980s and early 1990s.

Much of the impact of the economic forces underway during the course of the past few decades is evident in data (for the Central Cities of the Northeast region) on jobs, unemployment, population, and poverty. This data, available from the Bureau of the Census, the Bureau of Labor Statistics, and HUD, presents a compelling picture of rapid and momentous change in the basic underpinnings of the Northeast region's economy during the last generation alone. Northeastern cities have undergone a fundamental transformation during this period as jobs and population have shifted away from key industries and communities. As a result, many cities have achieved great success during the economic turnaround that has taken place since 1992. In addition, many cities and communities are still struggling to join this comeback as they search for new competitive roles that will build sustainable growth in the future.

The current period of overall economic prosperity across America has benefited the region and helped to reverse many of the ill effects of the last recession and the long-term shift away from traditional key areas such as manufacturing, textiles, agriculture, fishing, and defense-related jobs. Nonetheless, the deep and lasting effects of the recession and longer-term forces can still be found in too many of the region's hard-hit cities and communities. Thus, while the region overall has experienced an increase of almost 6 percent in the total number of jobs, when the heavy effects of the recession are taken into account, many places have yet to regain their pre-recession peak employment levels.

In fact, the total number of jobs in the Northeast region grew only 1.7 percent between 1990 and 1998. This rate lagged far behind the nationwide 10 percent growth rate. Indeed, the figures for the Northeast region compare unfavorably with other regions of the country. For instance, the total number of jobs grew by 11 percent in the Midwest, 11.5 percent in the South, and 14.4 percent in the West between 1980 and 1998. Employment growth was significantly greater over the 6 years of the expansion (5.7 percent) but still lagged behind the other regions (see Appendix, Table 1).

These trends have deeper roots. Dramatic job losses in traditional strengths of the Northeast region during the 1980s were not compensated for by job gains in newer sectors. For example, the *drop* in manufacturing employment was sharpest in the Northeast between 1980 and 1990, while employment *growth* in the newer business service sector was slowest of any region. Between 1980 and 1990, the Northeast region lost nearly 1.15 million manufacturing jobs, a decline of over 21 percent.

What do these numbers translate into at the local level? For many communities, the development of exciting new competitive industries, including telecommunications, information technology, biotechnology, and health-related fields has opened up new opportunities for growth and prosperity. For too many other cities, including smaller urban centers and towns, this transformation has yet to take hold. For instance, in many smaller communities the loss of a single major employer can have a tremendous impact on the ability of the locality to stage a successful comeback. Central cities with loss of traditional, high wage manufacturing jobs, together with a declining population and tax base, can face a real challenge in successfully managing such an economic turnaround. How the overall economic figures affect the individual cities, towns, and communities of the region can best be judged by looking at the local stories, both of successes and of communities still left behind.

The Northeast region as a whole has greatly benefited from the current economic recovery, which continues to create jobs and reverse the losses of the recession that swept the region during the late 1980s and early 1990s. Nonetheless, many parts of the region have yet to make a full recovery from the economic downturn, which in many respects had a disproportionate impact in those areas. In addition, the long-term loss of manufacturing jobs and losses in such areas as the textile, defense, agriculture, and fishery industries have also had a deep and lasting impact on large parts of the region.

Though some communities have begun to establish new roles for themselves in a competitive global economy, particularly as the economic turnaround took hold in the early 1990s, many other communities in the region are still struggling to establish a new role for themselves. For example, while strategic investments such as HUD's successful Erie Canal Corridor Initiative have been made in upstate New York, large sections of that area have not fared as well as the region overall—for instance, Buffalo, Newburgh, and Niagara Falls all continue to register unemployment rates more than 50 percent higher than the national average and have poverty rates in excess of 20 percent. According to a report issued by the Federal Reserve Bank of New York in May 1999, had upstate New York been ranked as a separate State, it would have ranked 49th in terms of job creation.[1]

It is also important to note that, even within relatively more prosperous areas of that State, there remain pockets of persistent unemployment and poverty. For instance, within New York City, the Bronx actually saw a loss of jobs during 1998. While the unemployment rate in Manhattan had the city's lowest unemployment rate—7.3 percent—the Bronx registered an unemployment rate of 11.1 percent. Even on Long Island, which has experienced a relatively robust turnaround in comparison with other parts of the State, deep pockets of distress remain, and the area has yet to recover from losses in the defense and aircraft industries. Between 1988 and 1992, which saw the retreat of aircraft industry giants such as Fairchild-Republic and Grumman, Long Island lost some 9,000 jobs (with average wages of $55,000 per year) in this critical sector—far exceeding the modest wages in temporary and service-related jobs that often took their place. Since 1986, Long Island has lost over 49,000 jobs from this critical sector alone.

This pattern of uneven recovery is evident in New England as well. During the recession of the late 1980s and early 1990s, New England suffered more than most other regions of the country. Although New England has only 5 percent of the national population, over 20 percent of the jobs lost occurred in the region. Two States within the area, Maine and Massachusetts, are examples of uneven progress in the region's economic turnaround.

Like the other States of New England, Maine underwent a heavy economic battering by the recession of the late 1980s and early 1990s. In 1990 and 1991 alone, Maine lost 6 percent of its job base. However, following 1993, the State has staged an impressive and sustained comeback. By 1996, Maine, along with the other northern tier States of Vermont and New Hampshire, registered consistent job growth and recouped the number of jobs lost over the previous decade. Following the period of dislocation, the regional economy emerged with a stronger foundation for sustainable growth—new and existing companies were developing strategies to compete in a global economy and increase productivity, and financial institutions were healthy and able to finance further growth. In 1998 alone, over 5,000 new businesses were created in Maine. However, the bulk of the increase in new jobs and businesses has taken place in the more urbanized southern and coastal sections of the State. By contrast, large parts of the less densely populated rural northern portion of the State have yet to fully recover from the loss of manufacturing jobs during the 1980s and the recession. Job growth is primarily in nonmanufacturing sectors, particularly the service and health industries, and appears to be concentrated in urban areas.

Massachusetts has also experienced an uneven economic recovery. The greater Boston region has seen tremendous growth in knowledge industries, including software, financial services, management services, and private universities. In other areas, including the small towns and former industrial centers in the western and northern parts of the State, these sectors of the economy have had a smaller influence with proportionately fewer new jobs created.

In addition, the areas outside Boston have a longer way to go due to the disproportionate impact that the recession had there. In the Boston area, there was a significant decline in jobs during the late 1980s to early 1990s—a loss of 10 percent of the total number of jobs. But by 1997, this area had exceeded its pre-recession peak. Meanwhile, in other areas of the State, the recession had an even more profound effect, leaving fewer resources to stage a comeback. This part of the State suffered a severe depression between 1988 and 1991, resulting in a loss of 25 percent of its jobs. Despite steady increases in employment, the area has yet to regain its pre-recession employment levels.

In these communities, there is a continued need for capital investment, job training, education, and better strategies to coordinate growth across jurisdictions. The finding that the region's economic performance has lifted slower-growing communities far enough demonstrates the need for effective economic development initiatives that include these communities as full participants in the Nation's economic turnaround. The next section of this report highlights the extraordinary regional assets available to meet that objective.

FINDING #3: **Alongside important challenges, the Northeast region boasts vital assets for organizing a comeback—an economic renewal that taps important traditions and leaves no community behind.** These assets include an extraordinary concentration of educational institutions that can give all communities access to the "knowledge economy," a renewed workforce that includes increased ethnic diversity and a growing number of new immigrant workers and their families in new gateway cities, untapped consumer buying power in many of the region's inner-city communities, and established transportation and other infrastructure to support revitalized communities and competitive economies. An extraordinary example of the region's dynamism and potential is seen in Hartford, Connecticut, where, with support from the U.S. Department of Housing and Urban Development (HUD), Trinity College has organized innovative partnerships making a real difference in its community. Some cities in this study, such as Newark, have long been synonymous with urban distress. Now, after decades of grassroots innovation by community groups, stepped-up involvement by major businesses is helping Newark commit to tomorrow's workforce—the city's youth. But much more must be done there and elsewhere in the region, including those cities less often associated with the types of serious urban challenges that remain, to ensure that no one is left behind.

A. The Learning Region—Higher Education, Cities, and The New "Knowledge Economy"

The Northeast has always had the Nation's highest concentration of institutions of higher education and currently boasts a remarkable 489 colleges and universities. This includes more than 40 percent of all the 4-year institutions in America, despite having only 19 percent of the Nation's population.

Many of these colleges and universities are more than sources of learning; they are anchors of urban communities that are retooling to meet the demands of the new economy. Since an ever greater share of America's productivity is directly tied to the development and application of knowledge and requires a workforce that is continually learning new skills, the Northeast is extremely well-positioned.

There are three distinct ways in which the region's higher education assets can help to initiate and sustain community economic competitiveness:

1. *As centers of the basic and applied research so critical to innovation, increased productivity, and new economic growth;*
2. *As anchor institutions that offer local jobs, demand for local goods and services, and capital and technical assistance to invest in their communities; and*
3. *As skill builders ensuring the workforce to drive tomorrow's economy and make all cities and regions competitive.*

First, basic and applied research are essential ingredients for the development of new industries, products, services and ways of working, and colleges and universities are the key centers carrying out such research. Sub-regions in the Northeast, such as the Route 128 corridor outside Boston with its world-class concentration of electronics and information technology firms, have become synonymous with knowledge-based industries. In fact, Massachusetts and Connecticut are the States with the highest shares of jobs in information technology. Such geographic concentrations of high-tech employers and researchers, which are a prerequisite to continued innovation, higher labor productivity, and enhanced competitiveness, are dependent upon major colleges and universities as the seed beds for basic research as well as the application of new concepts to practical uses in the marketplace.

As biotechnology, medical instrumentation, software development, telecommunication, and other knowledge-based industries grow, the region is well positioned to enable its higher education institutions to act as hubs that create linkages among the fast-growing number of smaller firms with new ideas. Silicon Valley is one well-known example of a leading economic cluster built around well-supported, university-based research in its region; others include the Research Triangle region of North Carolina and the region anchored by Oxford and Cambridge Universities in England.

In addition to the vital research they provide, colleges and universities are anchor institutions that offer their communities a job base, demand for local goods and services, and capital and technical assistance to support revitalization. A number of higher education institutions in the Northeast are already providing substantial resources to revive the neighborhoods, school systems, and local economies of their home towns. Being an "anchor" means that the institution is there to stay, that it will not be leaving, as so many industrial firms left in the past three decades, to follow lower labor costs or other business advantages.

There are several facets to this anchor role. First, in many Northeast cities of all sizes, the so-called "eds and meds"—the universities, colleges, and teaching hospitals or medical centers—are by far the largest private or public employers. Second, such institutions are often the largest spenders in the local economy. Likewise, these institutions see their huge stake in community viability—they must offer their faculty and staff good places to live, shop, invest, and play.

This continuous presence and direct role as economic engines is being translated by colleges and universities into the Nation's densest concentration of university-community partnerships. New types of partnerships go far beyond the traditional "town and gown" community relations activity by higher education institutions. Colleges and universities are becoming much more strategic about their work in communities and more aware of the need to build lasting capacity rather than merely underwrite "one-shot" ventures or events. Furthermore, they are listening to their communities so as to work less in top-down (and more in bottom-up) fashion. Finally, institutions of higher education are becoming much more sophisticated at integrating their teaching, research, and direct community service activities.

Many of the partnerships that make up this newer, more sophisticated generation of university-community collaboration are being launched with support from HUD. Colleges and universities are rehabilitating houses, assisting small entrepreneurs, helping families move from welfare to work, reviving commercial districts, investing the colleges' own endowment funds in community development ventures, and creating new curricula to prepare inner-city high school students for the new economy.

Some higher education institutions are reorienting campus spending and hiring to maximize positive local impacts. Beyond the myriad individual projects that are being undertaken, they are creating an environment of constructive partnership that will help take these cities and neighborhoods forward. And many of the most effective partnerships are in the older, small and mid-sized cities of the region, such as Worcester, Lowell, Manchester, New London, Schenectady, and Hartford, where the colleges are especially critical to the health of their communities. Exhibit 1 lists the 33 campus-community partnerships that have been funded by HUD in the Northeast region since the start of this effort in 1994. They include private research universities, liberal arts colleges, urban State university campuses, and community colleges. The newest round of grantees, announced in September 1999, will continue the trend of partnerships in smaller industrial cities by starting work in Paterson, Camden, Lawrence, Springfield, and several other communities.

The partnership between Hartford and Trinity College is one of the most multi-faceted and effective in the Nation. In a city that epitomizes the economic challenges described in this report, the College has spent the better part of the decade building mutually beneficial working relationships with its neighbors. In the process, Trinity has improved not only its environment but its teaching, research capability, and public service. The impacts of the partners' efforts now extend beyond the immediate Southside neighborhood's families, schools, housing, stores, and community organizations. Trinity is a partner with HUD, the city, private investors, and residents in the economic revitalization of Hartford as a whole.

Acting in the third and final vital role, higher education is the key to ensuring the skilled workforce for the new economy. The Northeast has a highly educated workforce, second only to the West, for example, in the percentage of its labor force composed of technology workers, that is, those in electronic equipment manufacture, the manufacture of instruments and related products, communication, business services, or engineering and management services.[2]

The region's community colleges, liberal arts colleges, and major universities are, as a group, retooling their curricula and styles of teaching and outreach to address the needs of both traditional and new industries. For example, the region is home to many of the country's most highly developed school-to-career programs in cities such as Philadelphia and Boston. In these programs, high schools and community colleges dissolve the traditional dichotomy between vocational and academic learning to give students the necessary mix of skills and knowledge, the capacity and motivation to continue life-long learning, and direct pathways into well-paid careers as well as job mobility.

The universities of the region are building an increasing number of productive ties with major industries, and some are also working with organized labor to upgrade and diversify the skills of union members in increasingly competitive fields.

B. The New Work Force and New Entrepreneurs

In addition to its role as a center of learning, the Northeast was traditionally the primary immigrant gateway to the United States. The past two decades have seen a renewal of this role, with significant changes in the demographic make-up of "New Americans" and the patterns of their settlement in communities.

The largest cities, such as Boston and New York, remain important points of entry for a remarkably diverse array of immigrants, and eight of the nine Northeast States had at least 1,000 immigrants per million population in 1995, a level found in fewer than half of all other States in the Nation.[3]

The newer story is that many of the regions' smaller cities are now home to large communities of newcomers, particularly from Southeast Asia and Central and South America. Cities such as Lowell, Massachusetts, which is now the home of the country's second largest population of Cambodian immigrants, are experiencing the social service and educational demands associated with resettling families but are also enjoying a growing sector of successful immigrant-owned businesses. These firms typically start by employing family members, serving the consumer needs of their immediate ethnic community, and, in some cases, filling niches in the broader local service sector. From there, some firms grow well beyond the borders of the "ethnic enclave" economy. The size and make-up of the immigrant communities vary widely, of course, but many of them are characterized by high skill and education levels, the ability to mobilize capital and invest it wisely, close business and personal ties to the countries of origin (preserved in part through language access to those countries), and other assets on which larger firms, with more employment outside the owners' families, can eventually be built.

Beyond the businesses they start, new Americans will make up a larger and ever-more-important segment of the Nation's—and the region's—workforce over the next 25 years. Leaders in all sectors should invest accordingly.

C. Strengthening Infrastructure for Regional Competitiveness

Although the cities of the region are among the Nation's oldest, the dense pattern of urban development, the highly developed communications and transportation infrastructure, and the major commitments to expanding and upgrading that infrastructure are becoming very critical components for economic growth.

The compact cities and "systems of cities" in the Northeast offer important advantages in contrast to the rapidly increasing costs of low-density development in most other parts of the country. Many of the advantages will accrue to mid-sized cities near major metropolises, such as Jersey City, which is undergoing a massive expansion of jobs in the financial services sector due to its proximity to New York City, transit infrastructure, affordable land, and other assets. Completion of major new projects, such as the Central Artery in Boston and transit links to airports or growing job centers, will enhance the economic attractiveness of many of the region's cities. Many of the smaller industrial cities throughout the region will need to take advantage of the coming high speed rail links in New York State and New England, and the possibilities of the new telecommunication technology—where wise investments in information infrastructure are made—to redefine communities' economic niches in the changing global economy.

D. Unmet Consumer Demand as a Basis for Inner-City Economic Growth

In his State of the Union address early this year, President Clinton called attention both to the plight of those places left behind in today's prosperity and to their economic potential, calling these places "our greatest untapped markets." HUD's *New Markets: The Untapped Retail Buying Power in America's Inner Cities*, released earlier this year, explored the scale of retail buying power in areas that are often dismissed as unattractive markets. This section incorporates examples from *New Markets* and focuses on the extraordinary, largely untapped, buying power in many of the inner-city neighborhoods of Northeastern cities.

The basis of the significant buying power evident in many of the region's distressed neighborhoods, and in the gap between demand and actual sales for many areas, is simple. Wherever they live and whatever their income level, everyone needs to purchase certain items: groceries, pharmaceuticals, clothes, furniture, and other retail items. If there are no stores selling these things nearby—or if the close-in stores sell low-quality goods at high prices—most people, if they are able to do so, will go where the selections are wider and the bargains are better. For years, that has meant the suburbs. The phenomenon is so common that it has several names, one of which is "out-shopping."

Out-shopping happens in cities of all sizes and in all parts of the country. The Boston Consulting Group and the Initiative for a Competitive Inner City, for example, estimated that the purchasing power in inner-city ZIP codes amounts to nearly 7 percent of total retail spending in the country. "What has led to this dearth of retail supply?" asked the study authors. "Retailers, chains and independents alike have overlooked the promise of the inner-city markets. Some might consider it discrimination. We call it bad strategy."

As *New Markets* reported, significant untapped retail buying power exists in many central cities of the Northeast—and even in the low- and moderate-income "inner-city" neighborhoods within cities. For purposes of this report, "inner-city" is defined according to the eligibility criteria of the New Markets Initiative, namely census tracts in which 20 percent or more of the population was in poverty as of the latest census or in which the median family income for the tract was less than 80 percent of the greater of either: median family income for the surrounding metropolitan area or median family income for the state (as of the latest census).

Many communities had large gaps between their demonstrated retail purchasing power and the volume of retail sales that actually took place. Many inner-city areas, not listed in this study, do not show such a gap—and even had a surplus—by HUD's conservative estimates. But those areas could nonetheless benefit from increased private investment that pursues market niches. As detailed in *New Markets*, available data sources tend to understate real retail demand in inner-city communities. For now, only a handful of pioneering retailers are taking advantage of this largely undiscovered territory.

The income of an individual household is less important to retailers than the combined income of everyone in the neighborhood. In this vein, urban locations typically offer a critical advantage for retail businesses: density of demand. The higher population density of most inner-city neighborhoods compensates for—in many places more than compensates for—the higher household incomes in suburban areas that are more sparsely settled. For example:

- Retail demand per square mile in inner-city Boston is six times as great as in the Boston metropolitan area as a whole, and the Super Stop and Shop outlet in Boston's inner city is the highest grossing of that company's 186 supermarkets;

- Harlem has an estimated retail demand for food and apparel of $116 million per square mile versus $53 million for the rest of the New York metropolitan area. The Rite Aid outlet in Harlem fills more prescriptions per day than any other Rite Aid in New York City.

Business expansion into inner-city neighborhoods not only helps boost corporate bottom lines, however. It also increases the household income of local residents. Pathmark's Bedford-Stuyvesant supermarket employs 150 people, most of them from the Brooklyn area. Similarly, most of the 250 employees in the company's Newark outlet, which was developed in partnership with the community-based New Community Corporation, are from the surrounding community.

E. Historical and Natural Assets

The Northeast is already an area that celebrates its history and scenic natural assets, and these have long provided the basis for sizable tourism and cultural sectors of the region's economy. New opportunities in these sectors are appearing, however, and these will call for wise investments, both public and private. It is important that development based on scenic and cultural assets should be done carefully, with an eye toward sustainable development practices and creation of quality jobs.

There is substantial potential in many parts of the region, including areas that have lost much of their original industrial base. One such area which has begun to realize new growth based on tourism and sustainable development is the Erie Canal Corridor sector in upstate New York. While this area has been hard-hit by long-term losses in manufacturing, as well as other factors including closed military bases and loss of defense industry jobs, many cities, towns and communities in the area have begun to stage an economic comeback. These localities have made new economic gains by emphasizing heritage and cultural tourism, making targeted investments to redevelop former-industrial and manufacturing sites and linking waterfronts to central business districts. According to a recent report by Cornell University, several key indicators point to the tangible benefits of these strategic investments in sustainable development, including: increased tourism and business visitor expenditures; increases in taxable hotel sales (up 12 percent in the region between 1996 and 1998) and an increase in visitors at New York National Park sites between 1995 and 1998.[4]

FINDING #4: **Despite the significant overall drop in unemployment in America's Northeast during the economic expansion of the last six years, unacceptably high unemployment remains in nearly one in five central cities in the region.** Tracking the still lagging employment growth of the region as a whole over this decade, seventeen central cities, or nearly one in five (19.3 percent of the regional total), in four States had unemployment rates 50 percent or more above the national rate of 4.5 percent last year. These cities include large urban centers, such as New York, New York (8.0 percent); Buffalo, New York (8.5 percent); and Newark, New Jersey (9.6 percent) and small and mid-sized communities, such as Lawrence, Massachusetts (8.5 percent); Atlantic City, New Jersey (13.4 percent); Trenton, New Jersey (8.8 percent); Vineland, New Jersey (8.7 percent); Millville, New Jersey (7.7 percent); Niagara Falls, New York (10.2 percent); and Johnstown, Pennsylvania (8.9 percent).

High unemployment rates (50 percent or more above the national average rate of 4.5 percent last year) continue to trouble 17 core cities in the Northeast. Despite dramatic declines in the unemployment rate nationwide, central cities in the Northeast face unemployment rates higher than the national average more frequently than central cities in other regions. Over 60 percent of central cities in the Northeast have unemployment rates higher than the national rate of 4.5 percent, while in the rest of the Nation, not quite half of central cities had unemployment rates above the national rate.

Unacceptably high unemployment (rates not just higher than 50 percent or more above the national rate of 4.5 percent for 1998) is not restricted to large central cities—cities of all sizes in the region experience this pattern. These cities include large urban centers such as New York, New York (8.0 percent); Buffalo, New York (8.7 percent); and Atlantic City, New Jersey (13.7 percent) and smaller centers including Johnstown, Pennsylvania (8.5 percent); Lawrence, Massachusetts (8.5 percent); Niagara Falls, New York (10.4 percent); and Millville, New Jersey (8.0 percent).

Table 2 contains the complete list of central cities in the Northeast region with such unacceptably high unemployment rates, and Figure 1 is a map of these cities.

FINDING #5: **Steady population loss affects four in ten central cities in the Northeast. Thirty-seven central cities (40 percent) in seven States lost more than 5 percent of their residents between 1980 and 1998.** Such extraordinary loss, at a time when the Nation as a whole expanded at the rapid rate of 19.3 percent, amounts to a significant loss of consumer buying power, tax base, and workers to face the new economic reality and fuel new growth. Cities throughout the region experienced declining population, from Pittsburgh, Pennsylvania (19.7 percent) to Lewiston, Maine (10.6 percent) and other cities including New London, Connecticut (17.2 percent); Norwich, Connecticut (8.3 percent); Elmira, New York (11.2 percent); Binghamton, New York (16.3 percent); Altoona, Pennsylvania (13.8 percent); Pittsfield, Massachusetts (12.4 percent); and Woonsocket, Rhode Island (10.6 percent).

Rapid growth in population is a key factor driving the Nation's economy over the last two decades, but too many central cities have not shared in this growth. In fact, many cities have seen their population bases decline rapidly. Between 1980 and 1998 the U.S. population increased by 19.3 percent. But during the same two-decade period, 24.3 percent of central cities nationwide experienced population *declines* greater than 5 percent. Rapid declines in population have many effects on local communities. These declines mean a loss in workers and consumers who sustain and grow economies, with serious implications for local business conditions. Also, they involve a loss in the tax base that cities need to invest in infrastructure and high-quality services, which are necessary for a healthy business climate. Shrinking cities are thus often left with fewer resources to address issues of poverty and unemployment than cities with a growing or stable population base.

Long-run urban population loss was more pronounced and widespread in the Northeast than in other regions of the country, save the Midwest. Put differently, over the past two decades, an extraordinary number of America's population-losing cities were located in this region. Thirty-seven of the 92 central cities in the Northeast region lost more than 5 percent of their residents between 1980 and 1998. That figure—40 percent of all central cities in the region—compares to 19.6 percent in the South and less than 1 percent in the

West. Only the Midwest region had a comparable percentage of its central cities experiencing this rate of population loss—40.5 percent.

It is not only the big cities of the region that lost population over the period. In fact, small cities were more likely to experience steady population loss. Fully one-half of all small cities (less than 50,000 population) lost 5 percent or more of their population from 1980 to 1998. The 22 cities in this category with steady population loss include Norwich, Connecticut (8.3 percent); Lewiston, Maine (10.6 percent); Altoona, Pennsylvania (13.8 percent); New London, Connecticut (17.2 percent); Woonsocket, Rhode Island (10.6 percent); Elmira, New York (11.2 percent); Binghamton, New York (16.3 percent); and Pittsfield, Massachusetts (12.4 percent).

In addition, almost 30 percent of mid-sized cities (50,000 to 100,000 population) lost 5 percent or more of their population, including Scranton, Pennsylvania (15.2 percent); Utica, New York (21.5 percent); and Schenectady, New York (9.2 percent). One-third of larger cities (100,000 to 500,000 population) and the largest cities (over 500,000 population) also showed such long-run declines. The cities in these latter categories include Philadelphia, Pennsylvania (14.9 percent); Pittsburgh, Pennsylvania (19.7 percent); Erie, Pennsylvania (13.8 percent); Rochester, New York (10.3 percent); and Buffalo, New York (16 percent).

Table 3 contains the complete list of central cities in the Northeast region that have experienced steady population loss, and Figure 2 is a map of these cities.

FINDING #6: **By the mid-1990s, persistently high poverty rates plagued nearly four in ten Northeastern central cities, reflecting structural challenges that tend to keep poverty at unacceptably high levels even during a strong economic recovery.** Thirty-six central cities (39.1 percent) in six States had estimated poverty rates in excess of 20 percent—50 percent higher than the national rate—as of 1995, the latest year for which local data are available. These cities include large urban centers, such as New York (23.7 percent) and Philadelphia (23.8 percent) and small and mid-sized cities, such as Lawrence, Massachusetts (30.3 percent); New Haven, Connecticut (26.4 percent); Hartford, Connecticut (35.2 percent); Newark, New Jersey (30.5 percent); Trenton, New Jersey (20.9 percent); Camden, New Jersey (44.2 percent); Rochester, New York (28.3 percent); Utica, New York (27.4 percent); Lancaster, Pennsylvania (22 percent); and Harrisburg, Pennsylvania (28.2 percent). Even within the economic successes of strong metropolitan areas, there remain pockets of distress that have not fully participated in the economic expansion. In these communities—New York City, Hartford, Boston, and elsewhere—persistent poverty exists side by side with prosperity.

Taken as a whole, the central cities of the Northeast continue to struggle with poverty rates that are far higher than the nationwide average and, when regions are compared with one another, with rates second only to the South. In 1995, the most recent year for which data from the Bureau of the Census (showing poverty rates for specific cities) is available, the national poverty rate was 13.8 percent. But 61 Northeastern central cities, two-thirds (66.3 percent) of the total, had poverty rates at or above this national average. In addition, 36 Northeastern central cities (39.1 percent of the total) had poverty rates in excess of 20 percent. This frequency exceeded all other regions with the exception of the South, in which 42.6 percent of central cities had such high poverty rates.

Fully two-thirds of the region's larger central cities (100,000 to 500,000 population) and largest cities (over 500,000 population) had poverty rates in excess of 20 percent, but mid-sized and small central cities also struggled with these same excessive poverty rates. In 31.8 percent of small central cities and in

29.6 percent of the region's central cities, poverty rates exceeded 20 percent. These cities include large urban centers such as New York, New York (23.7 percent) and Philadelphia, Pennsylvania (23.8 percent) and smaller centers, such as Lawrence, Massachusetts (30.3 percent); New Haven, Connecticut (26.4 percent); Rochester, New York (28.3 percent); Utica, New York (27.4 percent); Lancaster, Pennsylvania (22 percent); and Harrisburg, Pennsylvania (28.2 percent).

Table 4 contains the complete list of central cities in the Northeast region with persistently high poverty rates, and Figure 3 is a map of these cities.

FINDING #7: **One in six central cities in the region faces "double trouble."** Fifteen central cities, or one in six (16.3 percent), in four States face continued high unemployment relative to the Nation as a whole, plus either significant long-run population loss or persistently high poverty rates, or both. These cities include the large urban centers of Newark, New Jersey; New York, New York; and Buffalo, New York and smaller cities, such as Atlantic City, New Jersey; Camden, New Jersey; Jersey City, New Jersey; Trenton, New Jersey; Lawrence, Massachusetts; New Bedford, Massachusetts; Niagara Falls, New York; Newburgh, New York; Erie, Pennsylvania; Johnstown, Pennsylvania; Wilkes-Barre, Pennsylvania; and Williamsport, Pennsylvania.

The incidence of "double burden" is higher for the Northeast than for the Nation as a whole and, among the regions, only the Midwest's rate of 16.0 percent doubly burdened comes close. These cities experience both high levels of distress *and*, in many cases, have enjoyed much more modest recovery than the Nation as a whole over the past 6 years.

Cities of all sizes in the region face a double burden of two or more indicators of distress. These include five small cities, five mid-sized cities, four larger cities, and one city of the largest size. Thus, two-thirds of the region's doubly burdened cities are not the major urban centers that typically come to mind as home to distress. Instead, they are places such as Johnstown, Pennsylvania; New London, Connecticut; Newburgh, New York; and Lawrence, Massachusetts.

Table 5 contains a list of central cities in the Northeast region that have a double burden , and Figure 4 is a map of these cities.

CONCLUSION

As this report demonstrates, much work lies ahead to ensure that the unparalleled economic expansion of the last 6 years finds its way into every community in the Northeast region. The expansion is the fruit of strong leadership—by President Clinton and Vice President Gore, working with Congress—and of the entrepreneurial drive of millions of hardworking Americans. The challenge now is to extend prosperity to those cities and communities that have yet to fully overcome the long-term legacy of earlier economic transitions, including persistent poverty and a still-retooling economic base. Focusing on America's regions, in this case the Northeast, allows us to detail the long-run trends and challenges but also to highlight many of the unique assets and success stories that we can build upon to extend opportunity to those relegated to the shadows of success.

The findings in this study suggest serious challenges along with exceptional assets to help the Northeast stage a comeback that is shared by all—whether upstate or downstate, whether in growing metropolises or recovering smaller cities and towns. The Clinton-Gore Administration is committed to finding innovative new ways to stimulate continued growth and to provide additional resources and tools that help local communities drive this effort.

Working with Congress, the Administration has achieved significant successes in recent weeks in enacting the President's priorities for economic development and affordable housing, among other key policy areas. HUD's budget for Fiscal Year 2000, which was signed into law by President Clinton in October, includes the following allocations.

- $70 million for a second round of **Urban and Rural Empowerment Zones.** This investment will build on the experience of the program's successful first round, which leveraged over $8 billion in private sector investments in designated communities around the country. Northeastern cities that will receive funds under the second round of Empowerment Zone designations include New Haven, Connecticut and Boston, Massachusetts. These cities join the first round Empowerment Zones in New York, New York and Philadelphia, Pennsylvania/Camden, New Jersey and the first round Enterprise Communities in Bridgeport, Connecticut; Lowell-Springfield, Massachusetts; Lewiston, Maine; Albany-Schenectady-Troy, New York; Buffalo, New York; Newburgh, New York; Rochester, New York; Harrisburg, Pennsylvania; Pittsburgh, Pennsylvania; Providence, Rhode Island; and Burlington, Vermont.

- $20 million for the President's bold **America's Private Investment Companies (APIC)** program proposal, an element of the broader New Markets Initiative that will expand the availability of investment capital in distressed urban and rural areas. This credit subsidy will leverage an estimated $40 million in privately issued, Federally guaranteed debt, plus $270 million in private equity capital. Over 15 million Northeasterners live in neighborhoods that would be eligible for the incentives underlying this break-the-mold private-capital-led program, which emphasizes equity investments in large-scale businesses expending or locating in low- and moderate-income neighborhoods. APIC is modeled after successful "venture capital" programs run by the Small Business Administration and Overseas Private Investment Corporation. Now the President is calling upon Congress to work with the Administration on authorizing the program's guiding legislation so that APIC can be launched (see Figures 5, 6, and 7, which show specific geographic areas in the Northeast region that would be eligible under the New Markets Initiative; for more information on APIC, visit www.hud.gov).

- $25 million for **Brownfields Redevelopment**. This funding will meet the need to clean up moderately-contaminated former commercial or industrial sites and will reclaim these areas as a resource for creating jobs and economic growth. This tool is especially vital in the Northeast, an area dense with brownfields because of the region's early development as an industrial center.

- $35 million for the **Economic Development Initiative** (EDI), which will provide competitive grants to local jurisdictions for innovative business and job creation activities that will generate millions of additional dollars from leveraged State, local, and private sources. Each dollar of EDI grant typically leverages $4 of privately-issued debt guaranteed by the Federal Government (see **Section 108**, below).

- $29 million in credit subsidy for the **Section 108 Loan Guarantee** program, which will leverage $1.2 billion in private debt capital for economic development activities through the use of Federal guarantees.

- $4.8 billion for the **Community Development Block Grant** program, which provides flexible funding for States and localities for a wide variety of economic development and affordable housing efforts to meet locally-identified needs.

- Landmark legislation to expand and preserve affordable housing in order to build a foundation for economic competitiveness, including: $1.6 billion for the **HOME block grant program**; 60,000 new **Section 8 vouchers** for struggling renters; a substantial increase in the volume cap for the **FHA Single Family Mortgage Insurance program** to expand the number of low-income and first-time homeowners; new legal authority to prevent Section 8 "opt-outs," including the use of market-based incentives and better protections for at-risk tenants; and the adoption of a **"Housing Security Plan for Older Americans,"** which will allow HUD to develop a continuum of housing options to meet the needs of our Nation's rapidly expanding elderly population.

The enactment of these Administration funding priorities will generate many thousands of jobs and leverage billions of dollars in additional private sector capital for distressed communities throughout the Nation. Taken together, these critical programs will allow HUD to build on its record of success in promoting economic opportunity—especially through job creation and decent, safe, affordable housing—for people and places that have fallen behind. While our successes are encouraging, much remains to be done.

The Administration will continue to work with Congress to secure additional initiatives that are vital to bringing economic opportunity to the Northeast region and the Nation as a whole. These additional priorities include the following:

- ***Enactment of final authorizing legislation to guide operations of the APIC program.*** This legislation has already been introduced in both Houses of Congress by Senator Paul Sarbanes (as S1565) and Representative John LaFalce (as HR2764).

- ***Enactment of a New Markets Tax Credit to promote equity capital investments in low- and moderate-income areas***—the same areas eligible for loan guarantees to private investment companies under APIC.

- ***Expansion of the Low-Income Housing Tax Credit to ensure the affordable rental housing the region needs to become more competitive.*** Increasing the per capita allocation for each State from $1.25 to $1.75 would produce an additional 150,000 to 180,000 affordable housing units over the next 5 years.

The new and enhanced initiatives put forth by the Administration will help stimulate investment in distressed areas and will help reinvigorate communities that continue to struggle. By focusing on existing assets, including significant untapped markets of land, labor, and buying power, government can act as a facilitator as the Nation enters a new century. We can help communities realize two key goals: first, to further extend the record-breaking economic expansion by building on current success and underutilized resources; and second, to extend the benefits of that expansion to all Americans, especially those who have yet to participate fully in America's extraordinary rising tide.

APPENDIX

Definition of "Central Cities" of Metropolitan Statistical Areas (MSAs)

Exhibits, Tables, and Figures

DEFINITION OF "CENTRAL CITIES" OF METROPOLITAN STATISTICAL AREAS (MSAS)

Source: The White House Office of Management and Budget, Notice "Revised Standards for Defining Metropolitan Areas in the 1990s," published at 55 FR 12154, March 30, 1990 (excerpt).

Section 4. Central Cities

The central city/cities of the MSA are:

A) The city with the largest population in the MSA;

B) Each additional city with a population of at least 250,000 or with at least 100,000 persons working within its limits;

C) Each additional city with a population of at least 25,000, an employment/residence ratio of at least 0.75, and at least 40 percent of its employed residents working in the city;

D) Each city of 15,000 to 24,999 population that is at least one-third as large as the largest central city, has an employment/residence ratio of at least 0.75, and has at least 40 percent of its employed residents working in the city;

E) The largest city in a secondary noncontiguous urbanized area, provided it has at least 15,000 population, an employment/residence ratio of at least 0.75, and has at least 40 percent of its employed residents working in the city;

Each additional city in a secondary noncontiguous urbanized area that is at least one-third as large as the largest central city of that urbanized area, that has at least 15,000 population and an employment/residence ratio of at least 0.75, and that has at least 40 percent of its employed residents working in the city.

Exhibit 1

HUD-Supported University-Community Partnerships* for Neighborhood Revitalization and Economic Development in the Northeast Region

City	College or University	Year Started
Hartford, CT	Trinity College	1994
Lawrence, MA	Merrimack College	
New Haven, CT	Yale University	
Pittsburgh, PA	Duquesne University	
Brooklyn, NY	Pratt Institute	
New York, NY	City College, Columbia University, and Barnard College	
Worcester, MA	Clark University	1995
Boston, MA	University of Massachusetts-Boston, Roxbury Community College, and Bunker Hill Community College	
New Britain, CT	Central Connecticut State University	1996
Lowell, MA	University of Massachusetts-Lowell	
Philadelphia, PA	Temple University	
Philadelphia, PA	University of Pennsylvania	
New York, NY	Hunter College	
Boston, MA	Northeastern University	
Fitchburg, MA	Fitchburg State College	1997
Pawtucket, RI	University of Rhode Island	
Manchester, NH	New Hampshire College	
Buffalo, NY	Buffalo State College	
Brooklyn, NY	Brooklyn College	

* Grantees of the following programs: Community Outreach Partnership Centers (1994–1999), Joint Community Development (1995), and Hispanic-Serving Institutions Assisting Communities (1999).

HUD-Supported University-Community Partnerships for Neighborhood Revitalization and Economic Development in the Northeast Region

City	College or University	Year Started
Newark, NJ	Rutgers University	1998
Elizabeth, NJ	Kean University	
Springfield, MA	Springfield College	1999
Cortland, NY	State University of NY at Cortland	
Camden, NJ	Rowan University	
Paterson, NJ	Passaic County Community College	
Lawrence, MA	Northern Essex Community College	
Burlington, VT	University of Vermont	
Bronx, NY	Bronx Community College	
Ithaca, NY	Cornell University	

Table 1: Regional Employment Data

	Northeast	Top 5* Northeast MAs	All Northeast but Top 5 MAs	Midwest	South	West	U.S. Total
Employed Persons							
1990	24,450,013	10,199,896	14,250,117	28,759,203	40,149,385	25,438,244	118,796,845
1991	23,798,544	9,873,193	13,925,351	28,643,170	40,122,549	25,171,877	117,736,140
1992	23,529,640	9,711,939	13,817,701	29,059,941	40,587,714	25,342,350	118,519,645
1993	23,680,232	9,769,258	13,910,974	29,563,921	41,384,223	25,652,655	120,281,031
1994	23,773,471	9,833,877	13,939,594	30,343,576	42,593,569	26,464,064	123,174,680
1995	23,934,172	9,836,810	14,097,362	30,897,709	43,312,751	26,982,402	125,127,034
1996	24,205,639	10,013,504	14,192,135	31,248,053	44,025,614	27,445,057	126,924,363
1997	24,697,406	10,264,569	14,432,837	31,618,137	44,871,783	28,329,838	129,517,164
1998	24,861,406	10,399,054	14,462,352	31,911,588	44,751,512	29,103,632	130,628,138
Employment growth							
1990-1991	-2.7%	-3.2%	-2.3%	-0.4%	-0.1%	-1.0%	-0.9%
1991-1992	-1.1%	-1.6%	-0.8%	1.5%	1.2%	0.7%	0.7%
1992-1993	0.6%	0.6%	0.7%	1.7%	2.0%	1.2%	1.5%
1993-1994	0.4%	0.7%	0.2%	2.6%	2.9%	3.2%	2.4%
1994-1995	0.7%	0.0%	1.1%	1.8%	1.7%	2.0%	1.6%
1995-1996	1.1%	1.8%	0.7%	1.1%	1.6%	1.7%	1.4%
1996-1997	2.0%	2.5%	1.7%	1.2%	1.9%	3.2%	2.0%
1997-1998	0.7%	1.3%	0.2%	0.9%	-0.3%	2.7%	0.9%
1992-1998	5.7%	7.1%	4.7%	9.8%	10.3%	14.8%	10.2%
1990-1998	1.7%	2.0%	1.5%	11.0%	11.5%	14.4%	10.0%
Unemployment Rate							
1990	5.4%	5.4%	5.4%	5.6%	5.7%	5.5%	5.6%
1991	7.3%	7.4%	7.3%	6.5%	6.7%	6.9%	6.8%
1992	8.2%	8.5%	8.0%	6.6%	7.3%	8.2%	7.5%
1993	7.3%	7.7%	7.0%	6.1%	6.6%	8.0%	6.9%
1994	6.5%	6.6%	6.3%	5.1%	5.9%	7.2%	6.1%
1995	6.0%	6.2%	5.9%	4.6%	5.4%	6.6%	5.6%
1996	5.6%	5.9%	5.5%	4.5%	5.2%	6.5%	5.4%
1997	5.4%	5.9%	5.0%	4.0%	4.9%	5.6%	4.9%
1998	4.7%	5.0%	4.4%	3.7%	4.4%	5.4%	4.5%

Source: Bureau of Labor Statistics

*NOTE: Top 5 Northeast MAs are the New York, NY PMSA, the Philadelphia, PA-NJ PMSA, the Boston, MA-NH PMSA, the Nassau-Suffolk, NY PMSA, and the Pittsburgh, PA MSA.

Table 2: Seventeen Northeast Central Cities Have Unacceptably High Unemployment.

Northeast Central Cities with 1998 Unemployment Rate of 6.8 Percent or More

		Avg. Ann. Unemployment Rate	
City	**State**	**1992**	**1998**
Lawrence	MA	14.4%	8.5%
New Bedford	MA	14.8%	8.1%
Atlantic City	NJ	17.4%	13.4%
Camden	NJ	24.3%	12.9%
Jersey City	NJ	13.7%	9.0%
Millville	NJ	10.6%	7.7%
Newark	NJ	16.6%	9.6%
Trenton	NJ	13.7%	8.8%
Vineland	NJ	11.8%	8.7%
Buffalo	NY	12.2%	8.5%
New York	NY	11.0%	8.0%
Newburgh	NY	13.4%	7.2%
Niagara Falls	NY	13.0%	10.2%
Erie	PA	9.7%	7.1%
Johnstown	PA	12.5%	8.9%
Wilkes-Barre	PA	9.9%	7.1%
Williamsport	PA	9.3%	7.0%

Source: Bureau of Labor Statistics

Table 3: Thirty-Eight Northeast Central Cities Had Significant Population Loss from 1980 to 1998.

Northeast Central Cities with Significant Population Decline 1980–1998

		Population			Change in Population		
City	State	1980	1990	1998	1980 to 1990	1990 to 1998	1980 to 1998
New London	CT	28,842	28,540	23,869	-1.0%	-16.4%	-17.2%
Norwich	CT	38,074	37,391	34,931	-1.8%	-6.6%	-8.3%
Lewiston	ME	40,481	39,757	36,186	-1.8%	-9.0%	-10.6%
Holyoke	MA	44,678	43,704	40,964	-2.2%	-6.3%	-8.3%
Pittsfield	MA	51,974	48,622	45,513	-6.4%	-6.4%	-12.4%
Atlantic City	NJ	40,199	37,986	38,063	-5.5%	0.2%	-5.3%
Bayonne	NJ	65,047	61,444	61,051	-5.5%	-0.6%	-6.1%
Newark	NJ	329,248	275,221	267,823	-16.4%	-2.7%	-18.7%
Trenton	NJ	92,124	88,675	84,494	-3.7%	-4.7%	-8.3%
Albany	NY	101,727	101,082	94,305	-0.6%	-6.7%	-7.3%
Auburn	NY	32,548	31,258	29,145	-4.0%	-6.8%	-10.5%
Binghamton	NY	55,860	53,008	46,760	-5.1%	-11.8%	-16.3%
Buffalo	NY	357,870	328,123	300,717	-8.3%	-8.4%	-16.0%
Elmira	NY	35,327	33,724	31,367	-4.5%	-7.0%	-11.2%
Glens Falls	NY	15,897	15,023	14,497	-5.5%	-3.5%	-8.8%
Jamestown	NY	35,775	34,681	32,166	-3.1%	-7.3%	-10.1%
Niagara Falls	NY	71,384	61,840	56,768	-13.4%	-8.2%	-20.5%
Poughkeepsie	NY	29,757	28,844	27,669	-3.1%	-4.1%	-7.0%
Rochester	NY	241,741	231,636	216,887	-4.2%	-6.4%	-10.3%
Rome	NY	43,826	44,350	39,792	1.2%	-10.3%	-9.2%
Schenectady	NY	67,972	65,566	61,698	-3.5%	-5.9%	-9.2%
Syracuse	NY	170,105	163,860	152,215	-3.7%	-7.1%	-10.5%
Troy	NY	56,638	54,269	51,320	-4.2%	-5.4%	-9.4%
Utica	NY	75,632	68,637	59,334	-9.2%	-13.6%	-21.5%
Altoona	PA	57,078	51,881	49,226	-9.1%	-5.1%	-13.8%
Erie	PA	119,123	108,718	102,640	-8.7%	-5.6%	-13.8%
Harrisburg	PA	53,264	52,376	49,502	-1.7%	-5.5%	-7.1%
Johnstown	PA	35,496	28,134	25,390	-20.7%	-9.8%	-28.5%
Lebanon	PA	25,711	24,800	23,442	-3.5%	-5.5%	-8.8%
Philadelphia	PA	1,688,210	1,585,577	1,436,287	-6.1%	-9.4%	-14.9%
Pittsburgh	PA	423,938	369,879	340,520	-12.8%	-7.9%	-19.7%
Reading	PA	78,686	78,380	74,762	-0.4%	-4.6%	-5.0%
Scranton	PA	88,117	81,805	74,683	-7.2%	-8.7%	-15.2%
Sharon	PA	19,057	17,493	16,373	-8.2%	-6.4%	-14.1%
Wilkes-Barre	PA	51,551	47,523	42,828	-7.8%	-9.9%	-16.9%
Williamsport	PA	33,401	31,933	29,891	-4.4%	-6.4%	-10.5%
York	PA	44,619	42,192	39,978	-5.4%	-5.2%	-10.4%
Woonsocket	RI	45,914	43,877	41,034	-4.4%	-6.5%	-10.6%

Source: Bureau of the Census

NOTE: These central cities had a population loss of 5 percent or greater between 1980–1998.

Table 4: Thirty-Six Central Cities in the Northeast Have High Poverty.

Poverty Rate 1989 and Poverty Rate Estimates 1993 and 1995 for
Northeast Central Cities with Estimated Poverty Rate 1995 >= 20 Percent

		Poverty	Estimated Poverty Rate	
City	State	Rate 1989	1993	1995
Hartford	CT	27.5%	38.3%	35.2%
New Haven	CT	21.3%	28.6%	26.4%
Holyoke	MA	25.7%	29.1%	28.7%
Lawrence	MA	27.5%	37.5%	30.3%
Lowell	MA	18.0%	25.2%	23.4%
New Bedford	MA	16.8%	21.8%	20.1%
Springfield	MA	20.1%	22.5%	22.0%
Atlantic City	NJ	25.0%	34.5%	29.9%
Bridgeton	NJ	25.1%	31.7%	29.5%
Camden	NJ	36.6%	49.2%	44.2%
Jersey City	NJ	18.9%	23.0%	21.8%
Newark	NJ	26.3%	35.3%	30.5%
Trenton	NJ	18.1%	23.2%	20.9%
Binghamton	NY	20.0%	24.3%	26.8%
Buffalo	NY	25.6%	32.8%	29.6%
Elmira	NY	22.2%	26.3%	25.4%
Jamestown	NY	18.7%	23.9%	22.9%
Newburgh	NY	26.2%	34.3%	31.5%
New York	NY	19.3%	24.4%	23.7%
Niagara Falls	NY	18.6%	22.9%	22.0%
Poughkeepsie	NY	14.7%	23.5%	23.6%
Rochester	NY	23.5%	27.3%	28.3%
Syracuse	NY	22.7%	26.5%	26.5%
Utica	NY	21.7%	27.2%	27.4%
Erie	PA	19.3%	21.3%	20.4%
Harrisburg	PA	27.0%	32.3%	28.2%
Johnstown	PA	26.9%	29.6%	27.4%
Lancaster	PA	20.9%	26.1%	22.0%
Philadelphia	PA	20.3%	26.5%	23.8%
Pittsburgh	PA	21.4%	23.3%	20.2%
Reading	PA	19.4%	28.3%	22.7%
Sharon	PA	18.8%	23.1%	21.3%
State College	PA	45.4%	23.5%	21.8%
Williamsport	PA	21.1%	25.6%	23.0%
York	PA	20.3%	28.0%	23.1%
Providence	RI	23.0%	29.5%	27.9%

Source: Bureau of the Census
NOTE: "High poverty" central cities had a 1989 poverty rate of 20 percent or more.

Table 5: List of Doubly-Burdened Northeast Cities

		Population				Average Unemployment Rate*		Poverty	Estimated Poverty Rate	
City	State	1998	Change 80–90	Change 90–98	Change 80–98	1992	1998	Rate 1989	1993	1995
Lawrence	MA	69,420	11.1%	-1.1%	9.9%	14.4%	8.5%	27.5%	37.5%	30.3%
New Bedford	MA	96,353	1.5%	-3.6%	-2.2%	14.8%	8.1%	16.8%	21.8%	20.1%
Atlantic City	NJ	38,063	-5.5%	0.2%	-5.3%	17.4%	13.4%	25.0%	34.5%	29.9%
Camden	NJ	83,546	3.0%	-4.5%	-1.6%	24.3%	12.9%	36.6%	49.2%	44.2%
Jersey City	NJ	232,429	2.2%	1.7%	4.0%	13.7%	9.0%	18.9%	23.0%	21.8%
Newark	NJ	267,823	-16.4%	-2.7%	-18.7%	16.6%	9.6%	26.3%	35.3%	30.5%
Trenton	NJ	84,494	-3.7%	-4.7%	-8.3%	13.7%	8.8%	18.1%	23.2%	20.9%
Buffalo	NY	300,717	-8.3%	-8.4%	-16.0%	12.2%	8.5%	25.6%	32.8%	29.6%
Newburgh	NY	26,114	12.9%	-1.3%	11.4%	13.4%	7.2%	26.2%	34.3%	31.5%
New York	NY	7,420,166	3.5%	1.3%	4.9%	11.0%	8.0%	19.3%	24.4%	23.7%
Niagara Falls	NY	56,768	-13.4%	-8.2%	-20.5%	13.0%	10.2%	18.6%	22.9%	22.0%
Erie	PA	102,640	-8.7%	-5.6%	-13.8%	9.7%	7.1%	19.3%	21.3%	20.4%
Johnstown	PA	25,390	-20.7%	-9.8%	-28.5%	12.5%	8.9%	26.9%	29.6%	27.4%
Wilkes-Barre	PA	42,828	-7.8%	-9.9%	-16.9%	9.9%	7.1%	15.4%	17.3%	15.1%
Williamsport	PA	29,891	-4.4%	-6.4%	-10.5%	9.3%	7.0%	21.1%	25.6%	23.0%

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Table 6: Most Central Cities in the Northeast Region that Show Unacceptably High Unemployment Are Small or Mid-Sized.

Northeast Central City Unemployment Rate by Population Size

	All Cities		Small Cities Less Than 50,000		Mid-Sized Cities 50,000 to 100,000		Larger Cities 100,000 to 500,000		Largest Cities 500,000 or More	
Unemployment Rate	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
6.8% or higher	17	19.3%	6	15.0%	6	22.2%	4	22.2%	1	33.3%
4.5% to 6.8%	36	40.9%	16	40.0%	10	37.0%	9	50.0%	1	33.3%
Less than 4.5%	35	39.8%	18	45.0%	11	40.7%	5	27.8%	1	33.3%
Total	88	100.0%	40	100.0%	27	100.0%	18	100.0%	3	100.0%

Source: Bureau of Labor Statistics
NOTE: "Unacceptably higher" is defined as 6.8 percent or higher (that is, 50 percent or more above the national average rate of 4.5 percent in 1998).

Table 7: Most Central Cities in the Northeast Region that Show Significant, Long-Run Population Loss Are Small or Mid-Sized.

Population Change in Northeast Central Cities by Population Size 1980–1998

	All Cities		Small Cities Less Than 50,000		Mid-Sized Cities 50,000 to 100,000		Larger Cities 100,000 to 500,000		Largest Cities 500,000 or More	
Population Change 1980–1998	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Decline 5% or More	37	40.2%	22	50.0%	8	29.6%	6	33.3%	1	33.3%
Decline Less Than 5%	24	26.1%	6	13.6%	11	40.7%	6	33.3%	1	33.3%
Increase	31	33.7%	16	36.4%	8	29.6%	6	33.3%	1	33.3%
Total	92	100.0%	44	100.0%	27	100.0%	18	100.0%	3	100.0%

Source: Bureau of the Census
NOTE: "Significant" is defined as a loss of 50 percent or more over the period.

Table 8: Most High-Poverty Central Cities in the Northeast Region are Small or Mid-Sized.

Number of High-Poverty Northeast Central Cities by Population Size

	All Cities		Small Cities Less Than 50,000		Mid-Sized Cities 50,000 to 100,000		Larger Cities 100,000 to 500,000		Largest Cities 500,000 or More	
Estimated Poverty Rate 1995										
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
20% or Higher	36	39.1%	14	31.8%	8	29.6%	12	66.7%	2	66.7%
13.8% to 20%	25	27.2%	12	27.3%	8	29.6%	4	22.2%	1	33.3%
Less than 13.8%	31	33.7%	18	40.9%	11	40.7%	2	11.1%	0	0.0%
Total	92	100.0%	44	100.0%	27	100.0%	18	100.0%	3	100.0%

Source: Bureau of the Census, Estimates by HUD
NOTE: "High poverty" is defined as 50 percent or more above the national rate for 1995—that is, a rate of 20 percent or higher.

Table 9: Among the Regions, the Northeast is Second Only to the West in Percentage of Central Cities with Unacceptably High Unemployment.

Central City Unemployment Rate 1998 by Region

	All Cities		Northeast		Midwest		South		West	
Unemployment Rate	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
6.8 % or higher	98	19.1%	17	19.3%	23	18.1%	32	16.9%	26	23.9%
4.5% to 6.8%	160	31.2%	36	40.9%	34	26.8%	51	27.0%	39	35.8%
Less than 4.5%	255	49.7%	35	39.8%	70	55.1%	106	56.1%	44	40.4%
Total	513	100.0%	88	100.0%	127	100.0%	189	100.0%	109	100.0%

Source: Bureau of Labor Statistics
NOTE: "Unacceptably high" is defined as 50 percent or more above the national average rate of 4.5 percent in 1998—that is, an unemployment rate of 6.8 percent or higher that year.

Table 10: Among the Regions, the Northeast is Second Only to the Midwest in Percentage of Central Cities with Significant, Long-Run Population Loss Over the Past Two Decades.

Population Change in Central Cities by Region 1980–1998

	All Cities		Northeast		Midwest		South		West	
Population Change 1980–1998	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Decline 5% or More	131	24.3%	37	40.2%	53	40.5%	40	19.6%	1	0.9%
Decline Less Than 5%	54	10.0%	24	26.1%	13	9.9%	16	7.8%	1	0.9%
Increase	354	65.7%	31	33.7%	65	49.6%	148	72.5%	112	98.2%
Total	539	100.0%	92	100.0%	131	100.0%	204	100.0%	114	100.0%

Source: Bureau of the Census
NOTE: "Significant" is defined as a loss of 5 percent or more during 1980–1998.

Table 11: Among the Regions, the Northeast is Second Only to the South in Percentage of Central Cities with High Poverty Rates.

Number of High-Poverty Central Cities by Region

	All Cities		Northeast		Midwest		South		West	
Estimated Poverty Rate 1995	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
20% or Higher	171	31.5%	36	39.1%	24	18.3%	87	42.6%	24	20.9%
13.8% to 20%	199	36.7%	25	27.2%	50	38.2%	77	37.7%	47	40.9%
Less than 13.8%	172	31.7%	31	33.7%	57	43.5%	40	19.6%	44	38.3%
Total	542	100.0%	92	100.0%	131	100.0%	204	100.0%	115	100.0%

Source: Bureau of the Census, City Estimates by HUD
NOTE: "High poverty" is defined as 50 percent or more above the national rate for 1995—that is, a rate of 20 percent or higher.

Table 12: The Northeast Leads the Nation's Regions in Percentage of Central Cities Facing "Double Trouble."

Number of Doubly-Burdened Central Cities by Region

	All Cities		Northeast		Midwest		South		West	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Doubly-Burdened Cities	75	13.8%	15	16.3%	21	16.0%	25	12.3%	14	12.2%
All Other Cities	467	86.2%	77	83.7%	110	84.0%	179	87.7%	101	87.8%
Total	542	100.0%	92	100.0%	131	100.0%	204	100.0%	115	100.0%

Sources: Bureau of Labor Statistics; Bureau of the Census
NOTE: "Double trouble" is defined as unacceptably high unemployment, plus either significant, long-run population loss or high poverty, or both.

Table 13: Although the Northeast Has Benefited Significantly from America's Economic Expansion, Long-run Trends Place It Among the Hardest Hit of America's Regions.

Selected Indicators for Central Cities and Remainder of Regions, by Region

	Northeast		Midwest		South		West	
	Central Cities	Remainder*	Central Cities	Remainder*	Central Cities	Remainder*	Central Cities	Remainder*
Population Change								
1980 to 1990	0.4%	4.9%	-2.2%	2.9%	8.2%	15.6%	22.0%	22.5%
1990 to 1998	-2.0%	3.6%	0.0%	7.6%	7.3%	13.5%	11.3%	15.8%
1980 to 1998	-1.7%	8.6%	-2.3%	10.7%	16.1%	31.2%	35.8%	41.8%
Poverty Rate								
1989	18.6%	6.8%	19.2%	9.1%	19.2%	14.3%	14.9%	11.2%
1993*	23.5%	8.4%	22.0%	9.5%	22.3%	15.3%	19.3%	13.6%
1995*	22.0%	7.6%	18.7%	8.2%	20.7%	14.3%	18.0%	12.8%
Unemployment Rate								
1992	10.3%	7.3%	8.1%	6.1%	7.7%	7.1%	8.4%	8.1%
1998	6.7%	3.8%	4.6%	3.4%	4.7%	4.2%	5.4%	5.3%

Sources: Bureau of the Census; Bureau of Labor Statistics
*NOTE: Poverty rates for 1993 and 1995 are estimated. "Remainder" includes suburbs and nonmetropolitan areas.

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Table 14: Northeast Central Cities, Selected Indicators

		Population			Change in Population			Avg. Ann. Unemployment Rate		Poverty	Estimated Poverty Rate	
City	State	1980	1990	1998	1980 to 1990	1990 to 1998	1980 to 1998	1992	1998	Rate 1989	1993	1995
Bridgeport	CT	142,546	141,686	137,425	-0.6%	-3.0%	-3.6%	12.3%	6.0%	17.1%	21.6%	19.6%
Danbury	CT	60,470	65,585	65,829	8.5%	0.4%	8.9%	7.4%	2.9%	5.8%	7.1%	6.4%
Hartford	CT	136,392	139,739	131,523	2.5%	-5.9%	-3.6%	12.6%	6.7%	27.5%	38.3%	35.2%
Meriden	CT	57,118	59,479	56,667	4.1%	-4.7%	-0.8%	9.4%	4.1%	7.3%	10.5%	9.6%
Middletown	CT	39,040	42,762	43,640	9.5%	2.1%	11.8%	7.5%	3.7%	7.0%	8.9%	7.9%
New Haven	CT	126,109	130,474	123,189	3.5%	-5.6%	-2.3%	8.5%	4.1%	21.3%	28.6%	26.4%
New London	CT	28,842	28,540	23,869	-1.0%	-16.4%	-17.2%	10.0%	5.7%	15.1%	19.0%	17.4%
Norwalk	CT	77,767	78,331	78,064	0.7%	-0.3%	0.4%	6.1%	2.7%	5.2%	6.6%	6.0%
Norwich	CT	38,074	37,391	34,931	-1.8%	-6.6%	-8.3%	8.5%	4.9%	11.9%	16.0%	14.3%
Stamford	CT	102,453	108,056	110,689	5.5%	2.4%	8.0%	6.5%	2.7%	6.3%	8.0%	7.1%
Waterbury	CT	103,266	108,961	105,346	5.5%	-3.3%	2.0%	11.3%	5.1%	12.1%	17.1%	15.7%
Auburn	ME	23,128	24,309	22,617	5.1%	-7.0%	-2.2%	8.7%	4.3%	10.9%	14.2%	12.0%
Bangor	ME	31,643	33,181	30,508	4.9%	-8.1%	-3.6%	6.8%	3.6%	15.0%	17.7%	17.4%
Lewiston	ME	40,481	39,757	36,186	-1.8%	-9.0%	-10.6%	9.1%	4.4%	13.9%	17.7%	15.2%
Portland	ME	61,572	64,358	62,786	4.5%	-2.4%	2.0%	6.3%	2.7%	14.0%	20.0%	17.0%
Attleboro	MA	34,196	38,383	39,557	12.2%	3.1%	15.7%	10.6%	3.9%	6.4%	8.2%	7.4%
Barnstable	MA	30,898	40,949	45,187	32.5%	10.3%	46.2%	10.2%	4.0%	6.8%	8.8%	7.3%
Boston	MA	562,994	574,283	555,447	2.0%	-3.3%	-1.3%	8.0%	3.4%	18.7%	19.9%	18.2%
Brockton	MA	95,172	92,788	93,173	-2.5%	0.4%	-2.1%	12.3%	4.4%	13.6%	20.8%	17.0%
Cambridge	MA	95,322	95,802	93,352	0.5%	-2.6%	-2.1%	5.4%	1.9%	10.7%	13.3%	12.4%
Fall River	MA	92,574	92,703	90,654	0.1%	-2.2%	-2.1%	15.1%	6.5%	14.3%	18.6%	17.0%
Fitchburg	MA	39,580	41,194	40,011	4.1%	-2.9%	1.1%	10.5%	4.5%	14.0%	19.3%	17.0%
Gloucester	MA	27,768	28,716	29,657	3.4%	3.3%	6.8%	14.2%	5.3%	7.5%	10.2%	8.1%
Holyoke	MA	44,678	43,704	40,964	-2.2%	-6.3%	-8.3%	10.8%	5.6%	25.7%	29.1%	28.7%
Lawrence	MA	63,175	70,207	69,420	11.1%	-1.1%	9.9%	14.4%	8.5%	27.5%	37.5%	30.3%
Leominster	MA	34,508	38,145	40,208	10.5%	5.4%	16.5%	8.6%	3.9%	7.2%	10.0%	8.6%

Table 14: Northeast Central Cities, Selected Indicators (continued)

		Population			Change in Population			Avg. Ann. Unemployment Rate		Poverty	Estimated Poverty Rate	
City	State	1980	1990	1998	1980 to 1990	1990 to 1998	1980 to 1998	1992	1998	Rate 1989	1993	1995
Lowell	MA	92,418	103,439	101,075	11.9%	-2.3%	9.4%	12.6%	4.4%	18.0%	25.2%	23.4%
Lynn	MA	78,471	81,245	81,075	3.5%	-0.2%	3.3%	10.8%	4.0%	15.9%	21.8%	17.5%
New Bedford	MA	98,478	99,922	96,353	1.5%	-3.6%	-2.2%	14.8%	8.1%	16.8%	21.8%	20.1%
Northampton	MA	29,286	29,289	28,680	0.0%	-2.1%	-2.1%	6.9%	2.5%	11.5%	9.4%	9.0%
Pittsfield	MA	51,974	48,622	45,513	-6.4%	-6.4%	-12.4%	11.4%	4.3%	9.7%	13.6%	11.4%
Springfield	MA	152,319	156,983	148,144	3.1%	-5.6%	-2.7%	10.9%	5.2%	20.1%	22.5%	22.0%
Waltham	MA	58,200	57,878	58,540	-0.6%	1.1%	0.6%	7.7%	2.6%	6.5%	8.2%	7.6%
Westfield	MA	36,465	38,372	37,570	5.2%	-2.1%	3.0%	8.1%	3.3%	8.0%	8.7%	8.4%
Worcester	MA	161,799	169,759	166,535	4.9%	-1.9%	2.9%	9.3%	3.6%	15.3%	20.5%	18.0%
Yarmouth	MA	18,449	21,174	22,797	14.8%	7.7%	23.6%	10.6%	4.8%	9.5%	12.6%	10.5%
Manchester	NH	90,936	99,567	102,524	9.5%	3.0%	12.7%	8.5%	2.7%	9.0%	13.5%	10.4%
Nashua	NH	67,865	79,662	82,169	17.4%	3.1%	21.1%	7.8%	2.9%	6.5%	10.0%	7.6%
Portsmouth	NH	26,254	25,925	25,388	-1.3%	-2.1%	-3.3%	6.7%	2.1%	6.7%	9.9%	8.3%
Rochester	NH	21,560	26,630	27,869	23.5%	4.7%	29.3%	9.7%	3.4%	6.3%	7.8%	6.9%
Atlantic City	NJ	40,199	37,986	38,063	-5.5%	0.2%	-5.3%	17.4%	13.4%	25.0%	34.5%	29.9%
Bayonne	NJ	65,047	61,444	61,051	-5.5%	-0.6%	-6.1%	7.6%	4.9%	8.8%	11.0%	10.5%
Bridgeton	NJ	18,795	18,942	18,096	0.8%	-4.5%	-3.7%			25.1%	31.7%	29.5%
Camden	NJ	84,910	87,492	83,546	3.0%	-4.5%	-1.6%	24.3%	12.9%	36.6%	49.2%	44.2%
Dover Township	NJ	14,681	15,115	15,462	3.0%	2.3%	5.3%	7.1%	4.1%	7.6%	11.3%	9.5%
Jersey City	NJ	223,532	228,537	232,429	2.2%	1.7%	4.0%	13.7%	9.0%	18.9%	23.0%	21.8%
Millville	NJ	24,815	25,992	26,359	4.7%	1.4%	6.2%	10.6%	7.7%	11.5%	14.5%	13.4%
Newark	NJ	329,248	275,221	267,823	-16.4%	-2.7%	-18.7%	16.6%	9.6%	26.3%	35.3%	30.5%
Trenton	NJ	92,124	88,675	84,494	-3.7%	-4.7%	-8.3%	13.7%	8.8%	18.1%	23.2%	20.9%
Vineland	NJ	53,753	54,780	55,484	1.9%	1.3%	3.2%	11.8%	8.7%	10.9%	13.5%	12.3%
Albany	NY	101,727	101,082	94,305	-0.6%	-6.7%	-7.3%	7.0%	4.2%	18.3%	20.4%	18.3%
Auburn	NY	32,548	31,258	29,145	-4.0%	-6.8%	-10.5%	10.0%	6.5%	13.8%	18.3%	17.1%

Table 14: Northeast Central Cities, Selected Indicators (continued)

		Population			Change in Population			Avg. Ann. Unemployment Rate		Poverty	Estimated Poverty Rate	
City	State	1980	1990	1998	1980 to 1990	1990 to 1998	1980 to 1998	1992	1998	Rate 1989	1993	1995
Binghamton	NY	55,860	53,008	46,760	-5.1%	-11.8%	-16.3%	9.7%	5.8%	20.0%	24.3%	26.8%
Buffalo	NY	357,870	328,123	300,717	-8.3%	-8.4%	-16.0%	12.2%	8.5%	25.6%	32.8%	29.6%
Elmira	NY	35,327	33,724	31,367	-4.5%	-7.0%	-11.2%	10.4%	6.4%	22.2%	26.3%	25.4%
Glens Falls	NY	15,897	15,023	14,497	-5.5%	-3.5%	-8.8%			11.0%	13.4%	13.6%
Jamestown	NY	35,775	34,681	32,166	-3.1%	-7.3%	-10.1%	9.2%	5.8%	18.7%	23.9%	22.9%
Newburgh	NY	23,438	26,454	26,114	12.9%	-1.3%	11.4%	13.4%	7.2%	26.2%	34.3%	31.5%
New York	NY	7,071,639	7,322,564	7,420,166	3.5%	1.3%	4.9%	11.0%	8.0%	19.3%	24.4%	23.7%
Niagara Falls	NY	71,384	61,840	56,768	-13.4%	-8.2%	-20.5%	13.0%	10.2%	18.6%	22.9%	22.0%
Poughkeepsie	NY	29,757	28,844	27,669	-3.1%	-4.1%	-7.0%	11.0%	5.6%	14.7%	23.5%	23.6%
Rochester	NY	241,741	231,636	216,887	-4.2%	-6.4%	-10.3%	8.7%	6.4%	23.5%	27.3%	28.3%
Rome	NY	43,826	44,350	39,792	1.2%	-10.3%	-9.2%	7.3%	4.4%	12.1%	13.8%	13.9%
Saratoga Springs	NY	23,906	25,001	25,140	4.6%	0.6%	5.2%	6.9%	4.1%	8.9%	11.1%	10.2%
Schenectady	NY	67,972	65,566	61,698	-3.5%	-5.9%	-9.2%	9.1%	5.7%	14.9%	17.6%	17.7%
Syracuse	NY	170,105	163,860	152,215	-3.7%	-7.1%	-10.5%	10.3%	5.5%	22.7%	26.5%	26.5%
Troy	NY	56,638	54,269	51,320	-4.2%	-5.4%	-9.4%	9.2%	5.7%	17.2%	21.2%	19.8%
Utica	NY	75,632	68,637	59,334	-9.2%	-13.6%	-21.5%	9.8%	6.0%	21.7%	27.2%	27.4%
White Plains	NY	46,999	48,718	49,944	3.7%	2.5%	6.3%	6.5%	3.4%	7.7%	9.9%	10.3%
Allentown	PA	103,758	105,090	100,757	1.3%	-4.1%	-2.9%	8.6%	5.5%	0.129	16.5%	15.2%
Altoona	PA	57,078	51,881	49,226	-9.1%	-5.1%	-13.8%	10.7%	6.1%	0.18	19.9%	19.2%
Bethlehem	PA	70,419	71,428	69,383	1.4%	-2.9%	-1.5%	7.8%	4.9%	0.13	15.0%	13.3%
Carlisle	PA	18,314	18,419	17,720	0.6%	-3.8%	-3.2%			0.099	10.7%	9.5%
Erie	PA	119,123	108,718	102,640	-8.7%	-5.6%	-13.8%	9.7%	7.1%	0.193	21.3%	20.4%
Harrisburg	PA	53,264	52,376	49,502	-1.7%	-5.5%	-7.1%	8.1%	4.6%	0.27	32.3%	28.2%
Johnstown	PA	35,496	28,134	25,390	-20.7%	-9.8%	-28.5%	12.5%	8.9%	0.269	29.6%	27.4%
Lancaster	PA	54,725	55,551	52,951	1.5%	-4.7%	-3.2%	9.1%	5.0%	0.209	26.1%	22.0%
Lebanon	PA	25,711	24,800	23,442	-3.5%	-5.5%	-8.8%	7.6%	4.9%	0.146	17.8%	16.9%

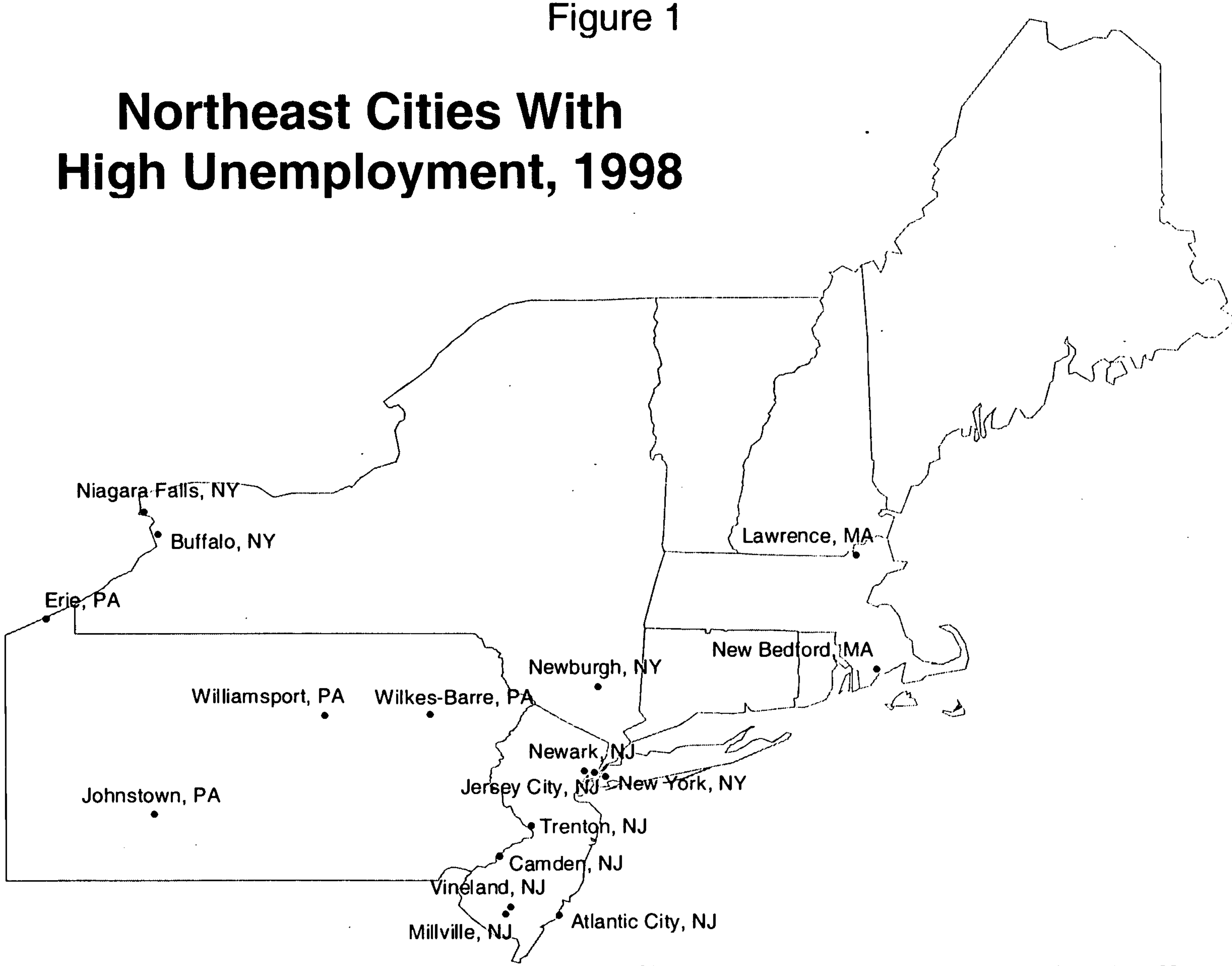
Table 14: Northeast Central Cities, Selected Indicators (continued)

		Population			Change in Population			Avg. Ann. Unemployment Rate		Poverty	Estimated Poverty Rate	
City	State	1980	1990	1998	1980 to 1990	1990 to 1998	1980 to 1998	1992	1998	Rate 1989	1993	1995
Philadelphia	PA	1,688,210	1,585,577	1,436,287	-6.1%	-9.4%	-14.9%	8.9%	6.2%	0.203	26.5%	23.8%
Pittsburgh	PA	423,938	369,879	340,520	-12.8%	-7.9%	-19.7%	6.8%	4.6%	0.214	23.3%	20.2%
Reading	PA	78,686	78,380	74,762	-0.4%	-4.6%	-5.0%	10.1%	6.4%	0.194	28.3%	22.7%
Scranton	PA	88,117	81,805	74,683	-7.2%	-8.7%	-15.2%	8.9%	5.8%	0.152	18.2%	15.9%
Sharon	PA	19,057	17,493	16,373	-8.2%	-6.4%	-14.1%			0.188	23.1%	21.3%
State College	PA	36,130	38,923	39,550	7.7%	1.6%	9.5%	2.2%	1.0%	0.454	23.5%	21.8%
Wilkes-Barre	PA	51,551	47,523	42,828	-7.8%	-9.9%	-16.9%	9.9%	7.1%	0.154	17.3%	15.1%
Williamsport	PA	33,401	31,933	29,891	-4.4%	-6.4%	-10.5%	9.3%	7.0%	0.211	25.6%	23.0%
York	PA	44,619	42,192	39,978	-5.4%	-5.2%	-10.4%	9.3%	5.9%	0.203	28.0%	23.1%
Pawtucket	RI	71,204	72,644	68,169	2.0%	-6.2%	-4.3%	10.0%	6.0%	0.106	14.6%	13.8%
Providence	RI	156,804	160,728	150,890	2.5%	-6.1%	-3.8%	9.9%	6.1%	0.23	29.5%	27.9%
Warwick	RI	87,123	85,427	84,094	-1.9%	-1.6%	-3.5%	8.9%	4.3%	0.048	6.5%	6.2%
Woonsocket	RI	45,914	43,877	41,034	-4.4%	-6.5%	-10.6%	10.9%	5.7%	0.139	19.0%	17.9%
Burlington	VT	37,712	39,127	38,453	3.8%	-1.7%	2.0%	5.2%	2.8%	0.193	20.9%	17.6%

Sources: Bureau of the Census; Bureau of Labor Statistics

Figure 1

Northeast Cities With High Unemployment, 1998



• City with 1998 Unemployment Rate of 6.8% or More

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Figure 2

Northeast Cities With Significant Population Loss, 1980 to 1998

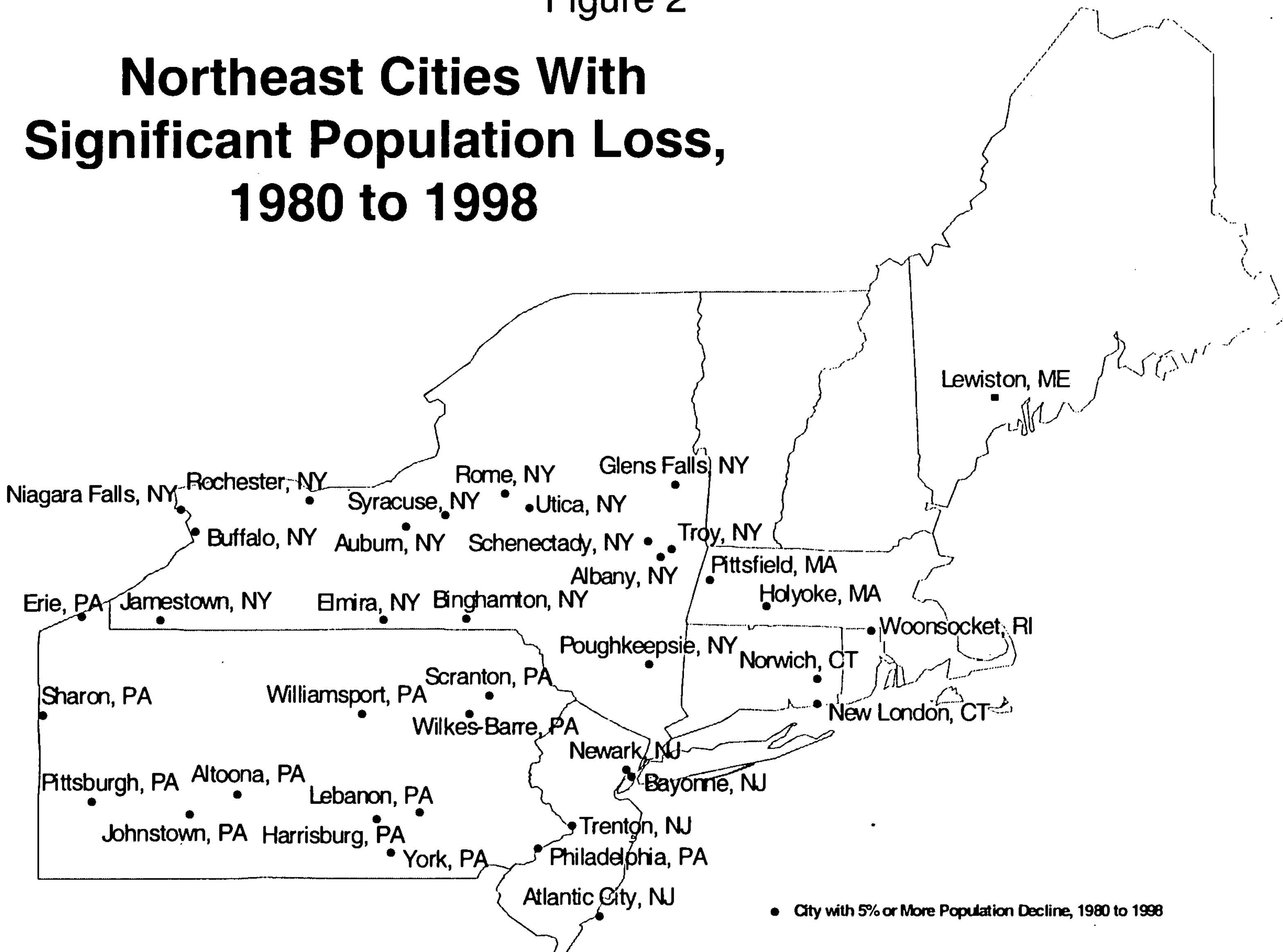

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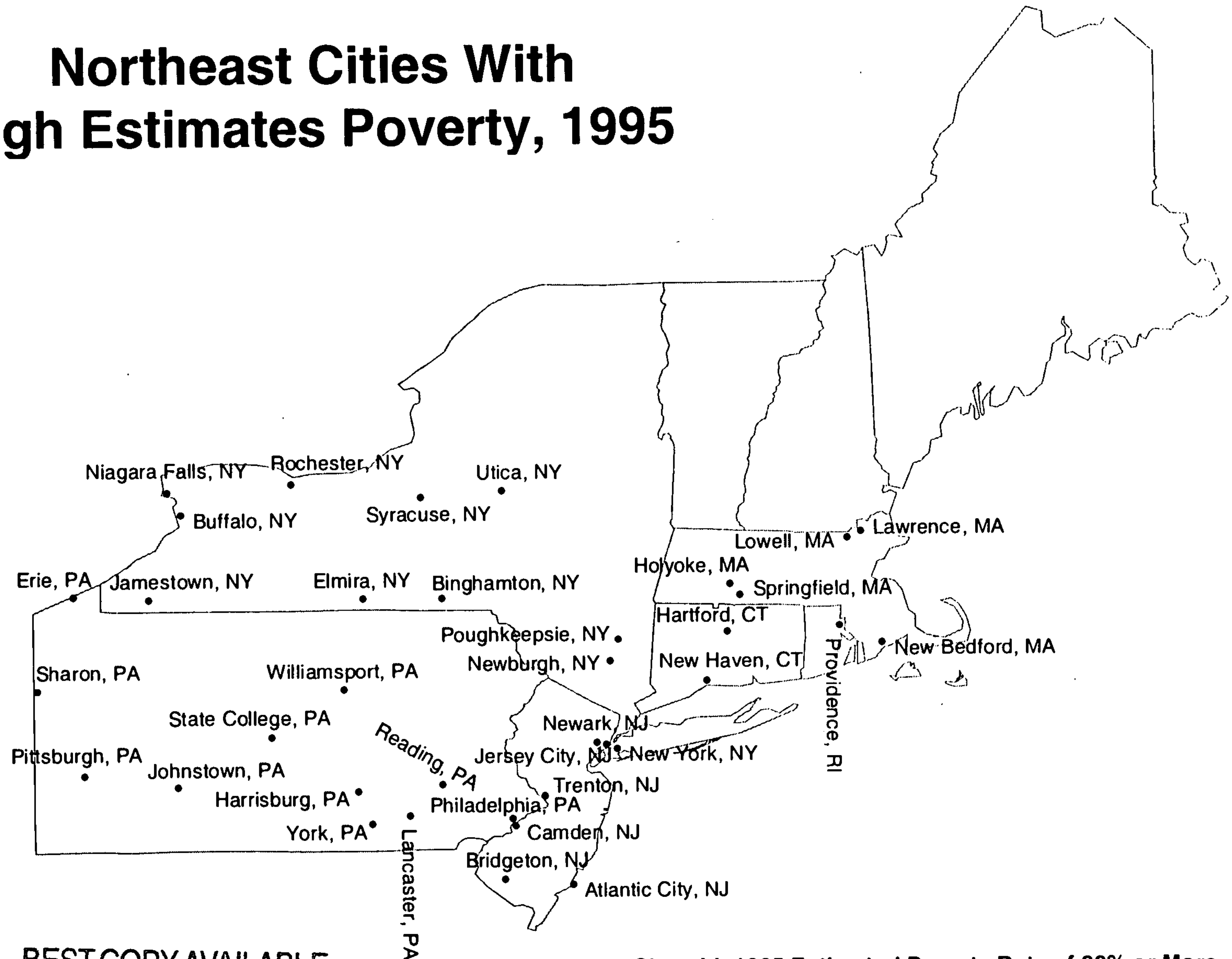
Figure 3

Northeast Cities With High Estimates Poverty, 1995



• City with 1995 Estimated Poverty Rate of 20% or More

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Figure 4

Doubly Burdened Northeast Cities

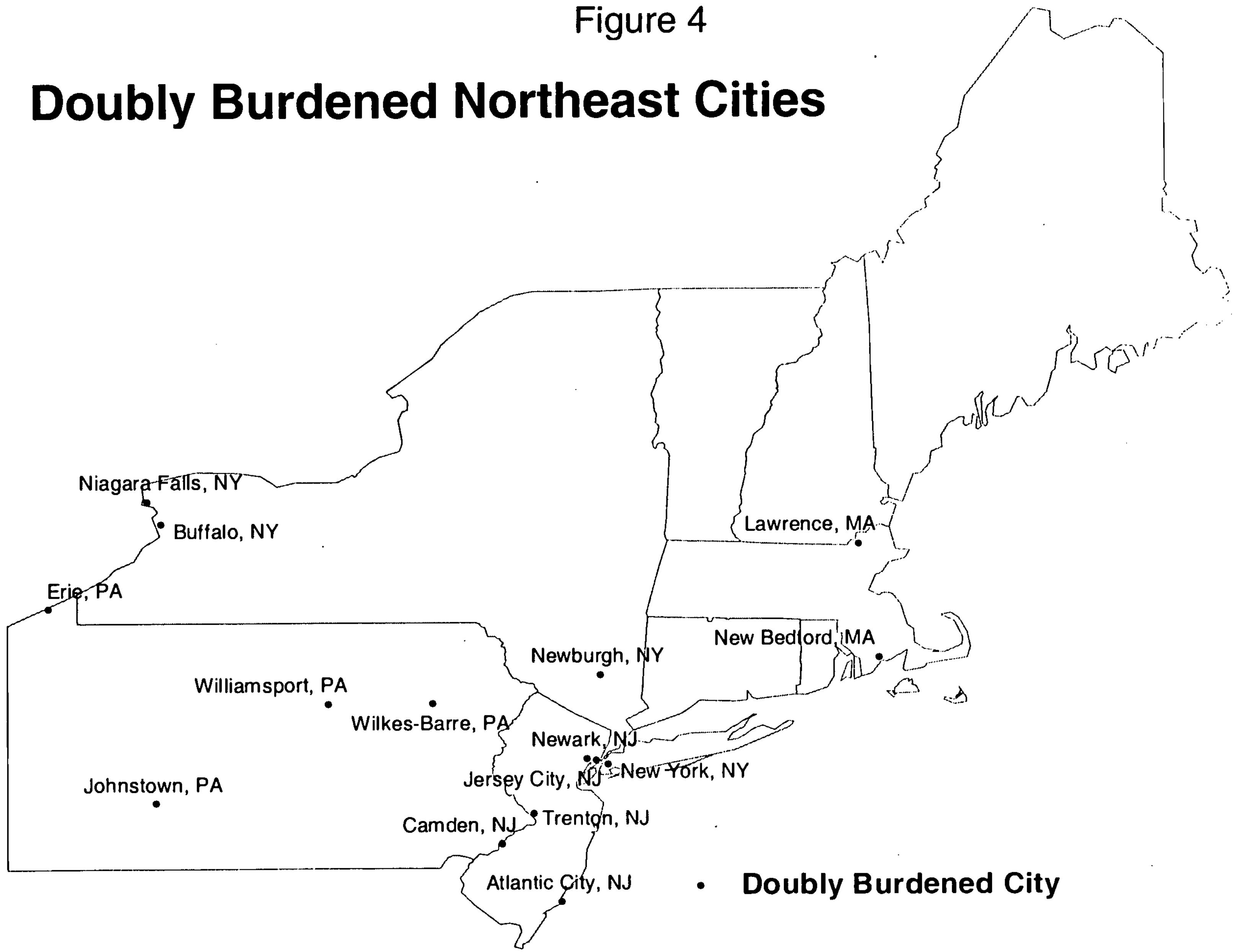

Figure 5

New Market Eligible Areas in the Newark, NJ PMSA

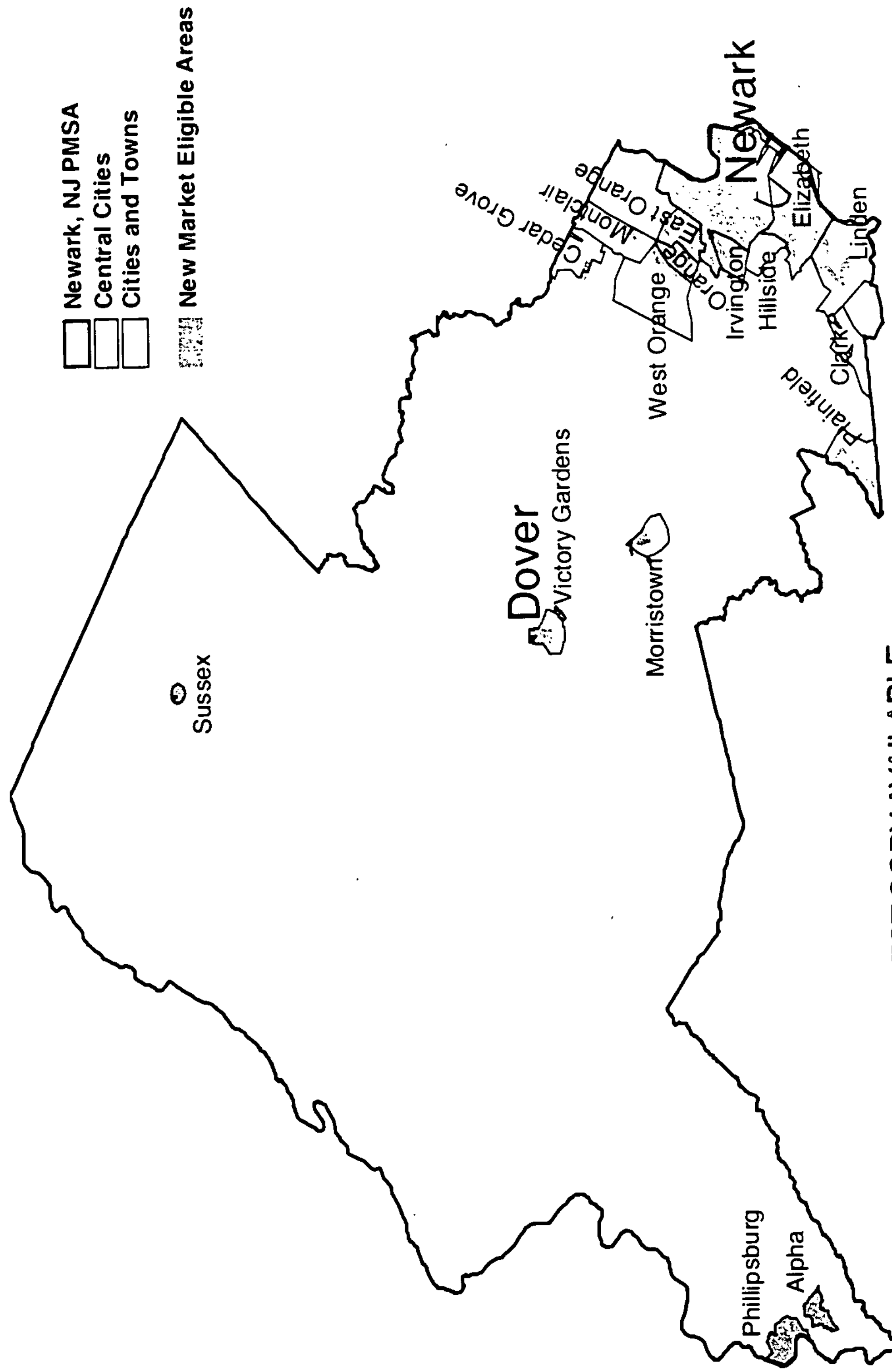

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Figure 6

New Market Eligibe Tracts in the Hartford, CT MSA

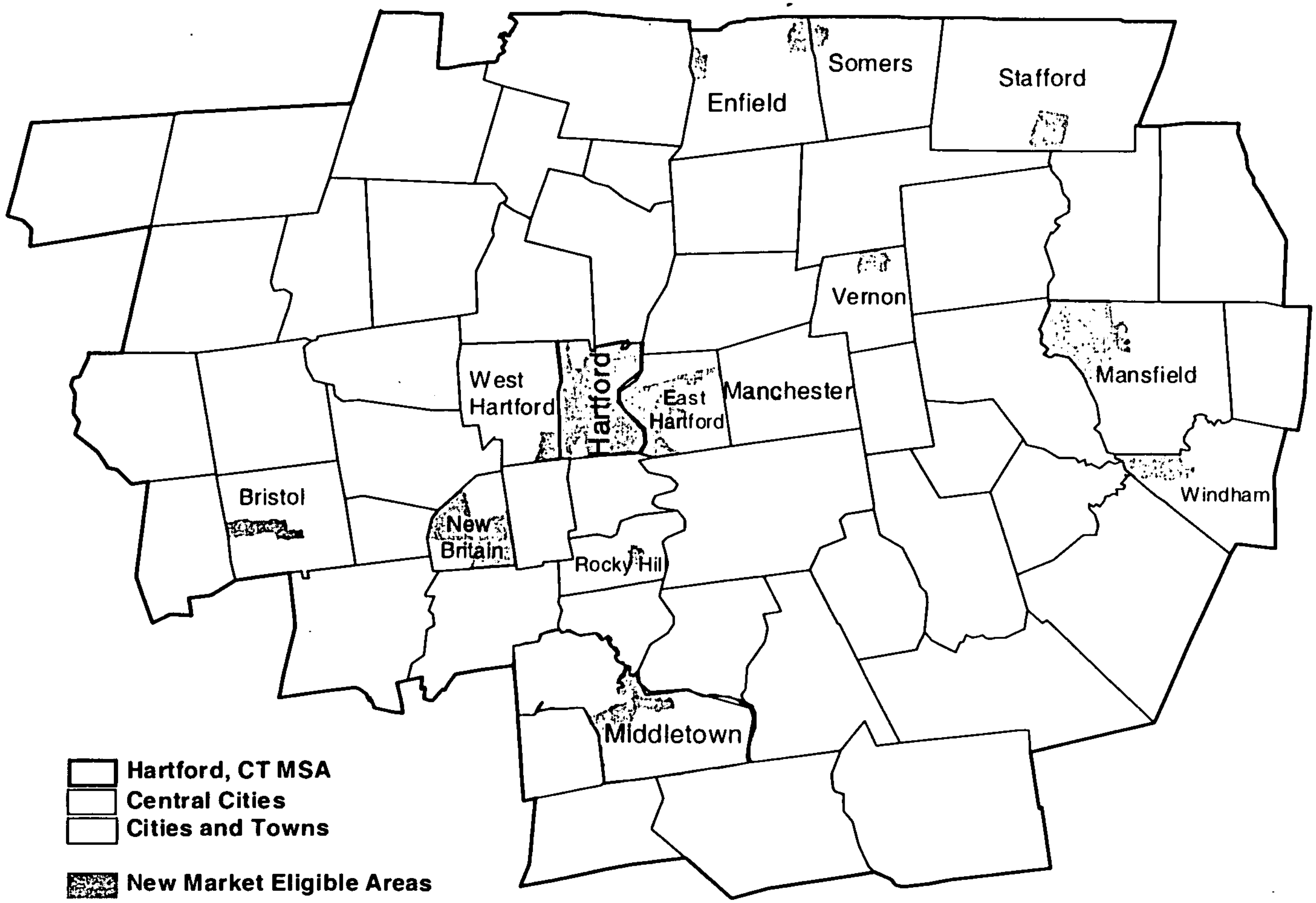

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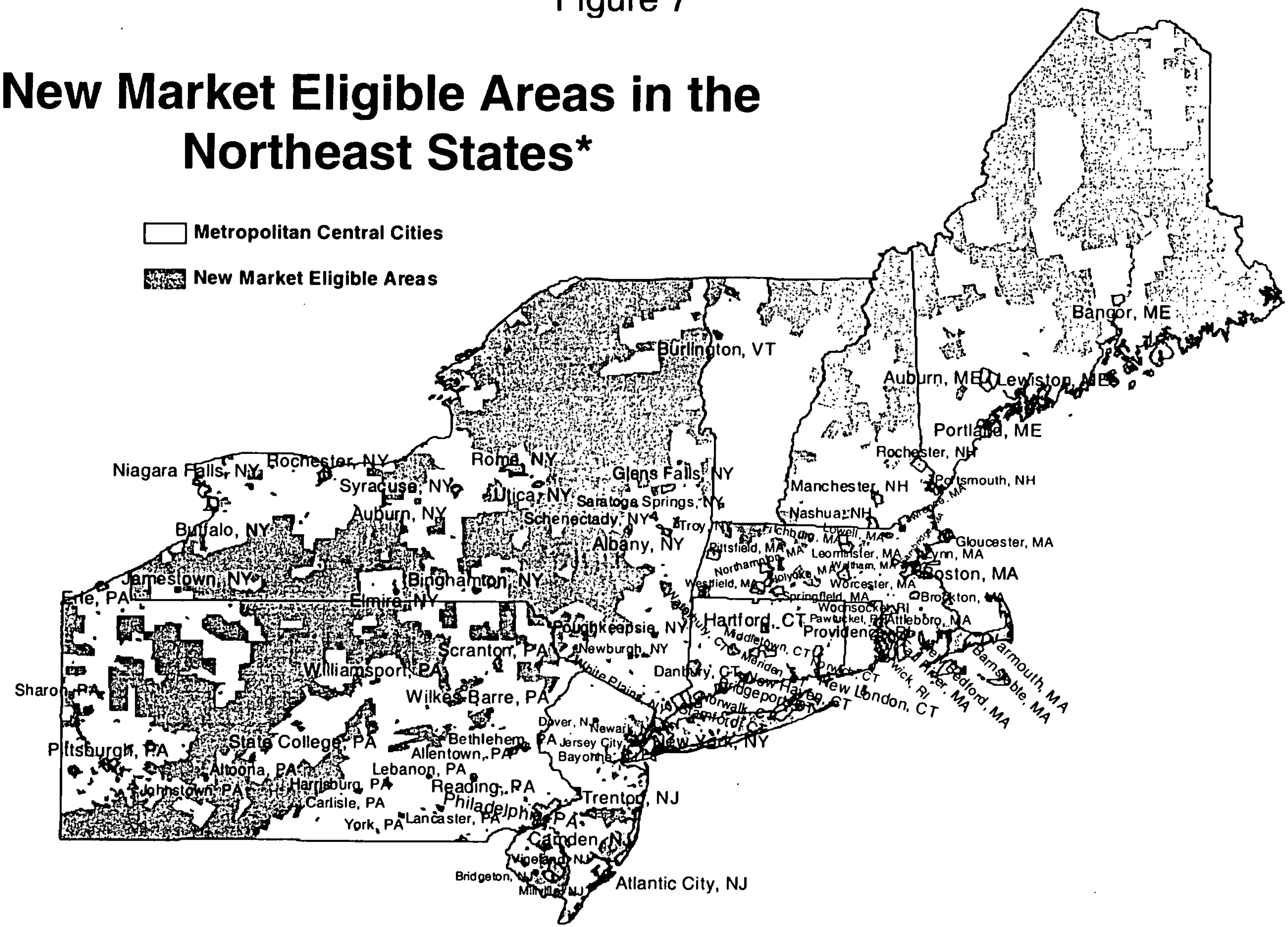
Figure 7

New Market Eligible Areas in the Northeast States*



* These areas include those census tracts in which 20% or more of the population was in poverty as of the latest census or in which the median family income for the tract was less than 80 percent of the greater of either: median family income for the surrounding metropolitan area <u>or</u> median family income for the state (as of the latest census).

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ENDNOTES

1 "Is Upstate New York Showing Signs of a Turnaround?" Current Issues in Economics and Finance, Second District Highlights, Volume 5, Number 6, May 1999.

2 County Business Patterns, Bureau of the Census.

3 Smith, James P. and Barry Edmonston, editors, The New Americans: Economic, Demographic, and Fiscal Effects of Immigration, Washington, National Research Council, 1997, page 60.

4 *Reclaiming a Regional Resource: A Progress Report on the U.S. Department of Housing and Urban Development's Canal Corridor Initiative*, Department of City and Regional Planning, Cornell University, September 1999.

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