

## Bad News for PA Cities

By Gerald Cross

There was mostly bad news for Commonwealth cities in a new research brief recently released by the Pennsylvania Data Center.

The grim statistics illustrate why so many Pennsylvania cities are experiencing fiscal distress. And while the research brief focused on cities, the Pennsylvania Economy League is seeing similar issues with many boroughs and townships. The numbers in the research brief should have everyone concerned, regardless of where you live or work.

The data center looked at statistically significant change in Pennsylvania cities for income levels, housing values and poverty rates, comparing 2005-2009 to 2010-2014. During that time, many more cities experienced declines in those areas than saw improvements.

For instance, only two cities, Jeannette in Westmoreland County and Aliquippa in Beaver County, experienced growth in household income since 2005. That is particularly good news for Aliquippa, which is an Act 47 distressed city. However, significant drops occurred in 13 cities, with the greatest loss in Duquesne, also an Act 47 city. The other large declines were in Lancaster, Philadelphia, York, Allentown, Erie, Reading (Act 47), Greensburg, Sunbury, Beaver Falls, Hazleton, New Castle (Act 47) and Sharon.

The story was similar for housing values. Williamsport and Lancaster were the only Commonwealth cities with significant increases in the median value of owner-occupied housing at \$7,100 and \$6,497, respectively. In contrast, 19 cities saw their housing values substantially deteriorate: Erie, Johnstown (Act 47), Jeannette, Bethlehem, Arnold, Carbondale, Sharon, Beaver Falls, New Kensington, Aliquippa, St. Marys, Hermitage, Connellsville, Easton, Coatesville, Hazleton, Bethlehem, Parker and Allentown.

Allentown's decrease was the greatest. Median home values there declined from \$151,718 to \$128,700, a 17.9 percent drop. Notice also that while household income rose in Jeannette and Aliquippa, housing values still fell.

Meanwhile, only one city of the 24 that experienced a significant change in poverty rates during the review period saw an improvement — Jeannette. Four cities, New Kensington, Hazleton, Nanticoke and Duquesne, experienced hikes in poverty of over 50 percent. Others with considerable growth in poverty were Coatesville, Sharon, Beaver Falls, Bradford, Greensburg, New Castle, Lock Haven, Lebanon, Butler, Bethlehem, Wilkes-Barre, Erie, York, Reading, Harrisburg, Johnstown, Scranton (Act 47), Philadelphia and Pittsburgh (Act 47).

The figures demonstrate one reason that it is so difficult for cities to make ends meet. Real estate and earned income taxes, the main sources of revenue for most, rely on the wealth of local properties and the value of local wages. The data center figures clearly indicate that there is less wealth to tax. But the ongoing financial demands on our core cities to provide basic and critical public services continue to rise. Despite municipal population losses or increases in residential poverty, the miles of road to maintain and streets to patrol remain the same.

The financial plight of our municipalities is a problem for all state residents and businesses regardless of their location. That's because municipalities are responsible for basic services like fixing roads and plowing streets. Map your daily commute. How many municipal lines do you cross everyday as you go to work, school or the store? How will it impact you if the municipality that you pass through can't afford local police and the car accident that you were just in wasn't serious enough to warrant attention from the state police? Or if there is no money in the core city where the hospital is located to fill the pothole that just swallowed your car?

The Pennsylvania Economy League for years has maintained that the ability of local governments to pay for critical local public services is broken. This new information bolsters that argument. PEL renews its call for those in state government to consider a comprehensive reform package for how public services are provided and funded. Piecemeal attempts merely place a bandage on a gaping problem. Antiquated local government laws that govern taxes, reassessment, service provision and more should all be examined and modernized to provide the best system for today's residents and businesses.

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