

National Indicators System

Report on

THE CONDITION OF CENTRAL CITIES

June 1981



Report on THE CONDITION OF CENTRAL CITIES

Briefer's Notes

This briefing book provides an overview of the condition of America's central cities in social, economic, and fiscal terms, particularly in relation to the suburbs.

Central city refers to the portion of a standard metropolitan statistical area within the boundaries of the major city or cities of the area, with suburbs comprising the remainder of the SMSA. An SMSA is a county or group of contiguous counties which contain at least one city of 50,000 inhabitants or more or "twin cities" with a combined population of at least 50,000. Contiguous counties are included in the SMSA if they are socially and economically integrated with the central city. Nonmetropolitan areas are all counties outside SMSA's.

Overall, central cities are substantially worse off than their suburbs and this disparity is increasing. Despite this general condition, considerable variation is found among central cities. In the South and West, for example, many large central cities are growing and manifest vigorous performance characteristics markedly different from those of central cities in the Northeast and Midwest.

SOCIAL INDICATORS

The problems in America's central cities which surfaced in the 1950's and 1960's have become more acute in the past decade. Population loss, "white flight," poverty, and crime have combined to exacerbate the cities' plight.

POPULATION AND HOUSEHOLDS

In the aggregate, central cities have experienced limited population growth over the past 30 years. Whereas central cities accounted for 36 percent of the nation's population in 1950, by 1980 they constituted only 29 percent of the total U.S. population--66.7 million out of 226.5 million. During the same period population in the suburbs has grown dramatically, increasing from 27 percent of the total in 1950 to 43 percent or 98.3 million in 1980. In a number of cases--New York, Philadelphia, Detroit, Cleveland--the population of the entire Standard Metropolitan Statistical Area (SMSA), not just the central city, declined. Despite these general trends, many of the largest central cities continue to grow, often at substantial rates, a fact which underscores the great diversity existing among larger central cities.

Central cities also reflect an increasingly large population of Black residents. In 1950 approximately 12 percent of the population in central cities was Black; by 1980 this proportion had risen to about 23 percent. In the suburbs there has been only a nominal increase in the proportion of Black Americans, from about 5 percent in 1970 to 6 percent in 1980.

While central city population has stagnated since 1970, the number of households continued to grow slowly from 21.4 million in 1970 to 23.7 million in 1979. This growth is part of a national trend toward more but smaller households and different household composition (such as single adults). The growth in households represents more demand for housing, services, employment, and consumption goods as well as a different type of demand than one might expect from looking at population trends alone.

With regard to crimes against persons, the pattern is different. During the 1967-1973 period, violent crime increased 56 percent in central cities above 250,000--from 632 to 984 per 100,000 population. For 1973-1977, however, the rate of increase in violent crime slowed significantly--from 984 to 1,237 per 100,000, representing a 17 percent rise.

ECONOMIC INDICATORS

As with social conditions, economic issues and problems surfacing in central cities have become more pronounced in recent years.

Over the past 20 years, the central cities' share of SMSA retail trade has declined significantly. In 1958 the central city share was 62 percent; by 1977 this share had slipped to 42 percent. Similarly, central city employment as a proportion of SMSA employment continues to drop, going from 41 percent in 1970 to 37 percent in 1975--a ten percent decrease in its share in five years.

Central cities continued to lose a significant share of manufacturing. In 1960 central city manufacturing employment constituted 33 percent of all U.S. manufacturing employment. By 1978 this figure was only 26 percent. At the same time, central cities have experienced relative growth in service related employment. Thus the economic function of the large central city is changing from that of a manufacturing center to a government and service center.

Central cities are characterized by consistently higher unemployment than either the suburbs or nonmetropolitan areas. For example, in 1973 central city unemployment was approximately 5.9 percent while the suburban and nonmetropolitan figures were 4.6 and 4.4 percent respectively. In 1980 central city unemployment stood at about 8.4 percent, two percentage points higher than the suburbs and one point higher than nonmetropolitan areas. In addition, central cities are hurt more than other areas by economic recessions. In the "frostbelt" cities unemployment averaged 8.8 percent in 1980, compared to 5.7 percent for the large "sunbelt" central cities, a fact which again demonstrates the diversity among the nation's central cities.

ECONOMIC STATUS OF CITY RESIDENTS

Homeownership rates are much lower among central city households than among suburban households--50 percent as against 71 percent. Despite widely varying growth rates in the number of households in central cities and suburbs, these proportions have remained fairly constant since 1960, with the proportion of owners increasing slightly in central cities and declining marginally in suburbs.

Both homeowners and renters in the suburbs have considerably more household income than their central city counterparts. The median household income of suburban homeowners is \$21,400 compared to \$18,000 for central city homeowners. Suburban renters have a median income of \$11,800 compared to \$9,100 for central city renters. This gap continues to widen.

Poverty is a chronic problem in the central cities. The percentage of persons in poverty in the central cities went from 18 percent in 1959 to 13 percent in 1969 and climbed back to 15 percent in 1978. By contrast, from 1959 to 1978 suburban poverty dropped from 12 to 7 percent and in nonmetropolitan areas from 33 to 14 percent.

HOUSING STOCK

During the 1950-1980 period, the bulk of new housing was constructed in the suburbs. The result is that the housing stock in central cities is substantially older and is being replaced at a much slower rate than suburban housing.

A five percent vacancy rate has traditionally been considered a minimum adequate supply of rental housing. Rental vacancy rates in the central cities were 5.3 percent in 1970, rose to 6.8 percent in 1974 and dropped back to 5.3 percent in 1979 and 1980, indicating that an adequate supply of rental housing stock is available.

CRIME RATES

Crimes against both persons and property are on the rise in all areas. In central cities above 250,000 population, the increase in property related crime has been dramatic, growing from 4,675 per 100,000 population in 1967 to 5,580 in 1973 and 7,218 in 1979. This translates into an increase of 19 percent from 1967 to 1973, and a 29 percent increase for 1973-1977.

FISCAL INDICATORS

The fiscal condition of America's central cities shows increasing strain. Declining tax bases and loss of population have taken a major toll in many cities.

Residents of larger cities (over 50,000 population) pay considerably more local taxes than residents of smaller cities. In 1967 large city residents paid an average per capita local tax of \$225 and their small city counterparts paid only \$92; by 1977 these figures had risen to \$622 and \$240, respectively.

During this same period, larger cities showed a dramatic increase in Federal and State grant-in-aid assistance. In 1967 cities above 50,000 population received an average of \$65 per capita; in 1979 this number had increased to \$258. Smaller cities showed a similar pronounced increase, going from \$18 in 1967 to \$81 in 1977.

SOCIAL INDICATORS

How has the share of population located in central cities changed?

What proportion of the population of the largest central cities is composed of minorities?

How has household composition in the cities changed since 1960?

How do income levels in the central cities compare to those in the suburbs?

How does the housing stock of central cities compare to that of the suburbs?

How has the rate of increase in reported violent crimes and property crimes changed in recent years?

LESS THAN THIRTY PERCENT OF THE U.S. POPULATION LIVES IN CENTRAL CITIES

- Population has grown at a slower rate inside central cities than in suburbs but faster than in nonmetropolitan areas.

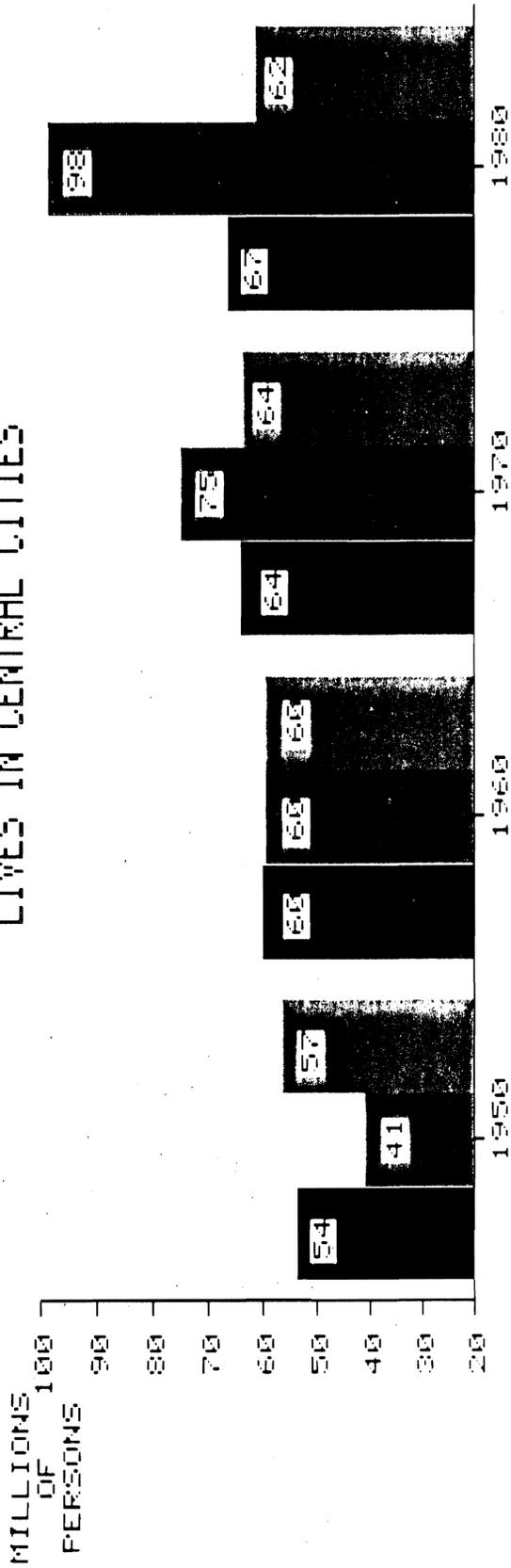
From 1950 to 1980

- Central city population increased 24 percent
 - Suburban population increased 140 percent
 - Nonmetropolitan population increased 8 percent.
- As a result of these differing growth rates, the proportion of the total U.S. population in central cities declined from almost 36 percent in 1950 to under 30 percent in 1980.

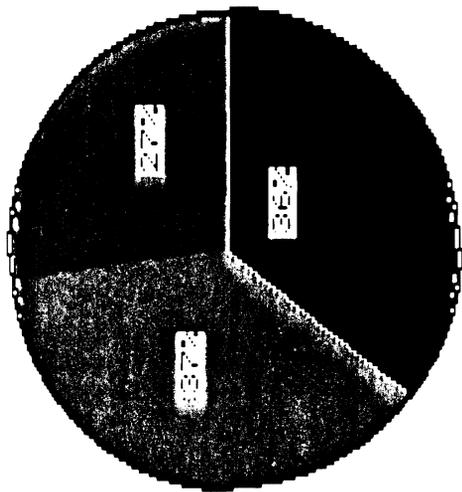
NOTE: Despite the apparent population decline between 1970 and 1980 in nonmetropolitan areas, in fact many of these areas are growing and becoming part of existing metropolitan areas or forming new metropolitan areas.

THROUGHOUT THE GRAPHICS, THE COLORS RED, GREEN AND LIGHT BLUE REPRESENT CENTRAL CITIES, SUBURBS AND NONMETROPOLITAN AREAS, RESPECTIVELY.

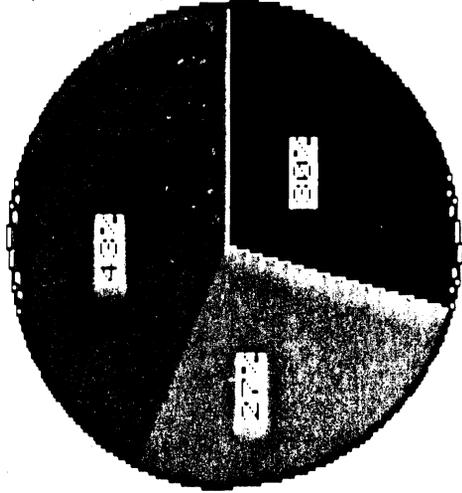
LESS THAN THIRTY PERCENT OF THE U.S. POPULATION LIVES IN CENTRAL CITIES



■ CENTRAL CITIES
 ■ SUBURBS
 ■ RURAL POPULATION



1950



1980

MANY LARGE CENTRAL CITIES IN NORTHEAST AND MIDWEST LOST POPULATION

- The direction and rate of central city and suburban population change varies substantially among metropolitan areas.
- Of the 25 largest central cities:
 - Those with declining populations are concentrated in the Northeast and Midwest. The one exception is Columbus, Ohio where population increased.
 - Those with growing populations are concentrated in the West and South. Exceptions are New Orleans, San Francisco/Oakland, Seattle, and Denver/Boulder, where population declined.
- Suburbs of all of the 25 largest central cities grew between 1970 and 1980.
- Faster growing cities in the South and West often grow as a result of annexation. Older cities of the Northeast and Midwest are frequently precluded from annexation because surrounding areas are already incorporated.

MANY LARGE CENTRAL CITIES IN NORTHEAST AND MIDWEST LOST POPULATION

5

25 LARGEST CITIES	POPULATION (in thousands)					
	1970		1980		Percent Change 1970-1980	
	Central City	Suburb	Central City	Suburb	Central City	Suburb
NORTHEAST	12,149	10,253	10,747	11,087	- 11.6%	+ 8.1%
New York*	7,895	2,002	7,071	2,049	- 10.4	+ 2.3
Philadelphia	1,950	2,869	1,688	3,029	- 13.4	+ 5.6
Baltimore	906	1,165	787	1,387	- 13.1	+ 19.1
Washington, D.C.*	757	2,104	638	2,422	- 15.7	+ 15.1
Boston	641	2,113	563	2,200	- 12.2	+ 4.1
MIDWEST	8,250	10,781	7,137	12,229	- 13.5%	+ 13.4%
Chicago	3,369	3,608	3,005	4,097	- 10.8	+ 13.6
Detroit*	1,514	2,689	1,203	3,150	- 20.5	+ 17.1
Indianapolis	737	367	701	466	- 4.9	+ 27.0
Milwaukee	717	687	636	761	- 11.3	+ 10.8
Cleveland	751	1,313	574	1,325	- 23.6	+ 0.9
Columbus*	540	376	565	528	+ 4.6	+ 40.4
St. Louis	622	1,741	453	1,902	- 27.2	+ 9.2
SOUTH	4,453	3,039	5,027	4,763	+ 12.9%	+ 56.7%
Houston*	1,234	754	1,594	1,311	+ 29.2	+ 73.9
Dallas* - Ft. Worth	844	1,474	904	2,071	+ 7.1	+ 40.5
San Antonio*	654	210	785	287	+ 20.1	+ 36.7
Memphis	624	147	646	267	+ 3.6	+ 81.6
New Orleans	593	454	557	630	- 6.1	+ 38.8
Jacksonville	504	--	541	197	+ 7.3	--
WEST	6,315	9,885	6,934	11,689	+ 9.8%	+ 18.2%
Los Angeles - Long Beach	2,812	4,216	2,967	4,511	+ 5.5	+ 7.0
San Diego	697	664	876	986	+ 25.5	+ 48.5
Phoenix	584	386	790	718	+ 35.2	+ 86.0
San Francisco - Oakland	716	2,394	679	2,574	- 5.1	+ 7.5
San Jose	460	621	637	658	+ 38.4	+ 5.9
Seattle	531	891	494	1,113	- 7.0	+ 24.9
Denver* - Boulder	515	713	491	1,129	- 4.5	+ 58.3

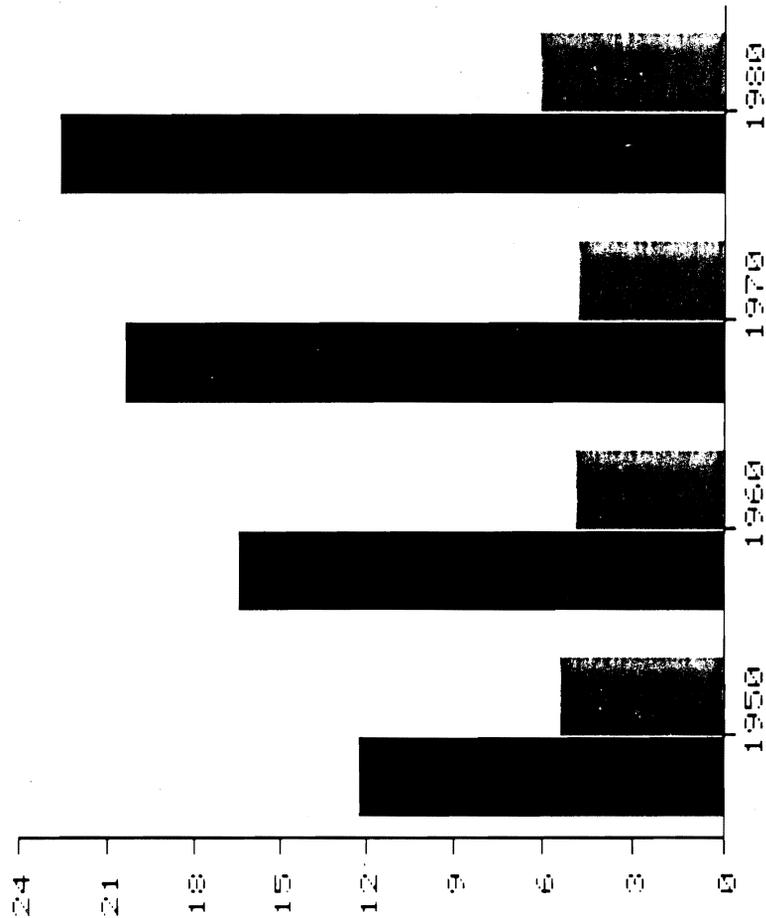
* Denotes metropolitan areas to which counties were added after the 1970 Census because the spread of population into these areas came within the cities' influence.

CENTRAL CITIES CONTAIN INCREASING PROPORTIONS OF BLACK AMERICANS

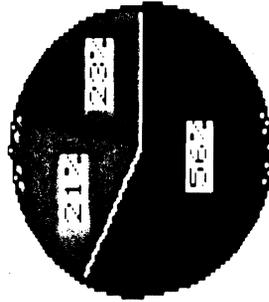
- In 1980, Blacks were almost 23 percent of the population in central cities. This proportion has increased steadily from 12 percent in 1950.
- The proportion of Blacks in suburbs has remained at 5 to 6 percent since 1950.
- In nonmetropolitan areas the proportion of Blacks has declined slowly but steadily since 1950.
- The majority of Black Americans live in central cities today.

CENTRAL CITIES CONTAIN INCREASING PROPORTIONS OF BLACK AMERICANS

PERCENT BLACK IN SPECIFIED AREA



LOCATION OF U.S. BLACK POPULATION



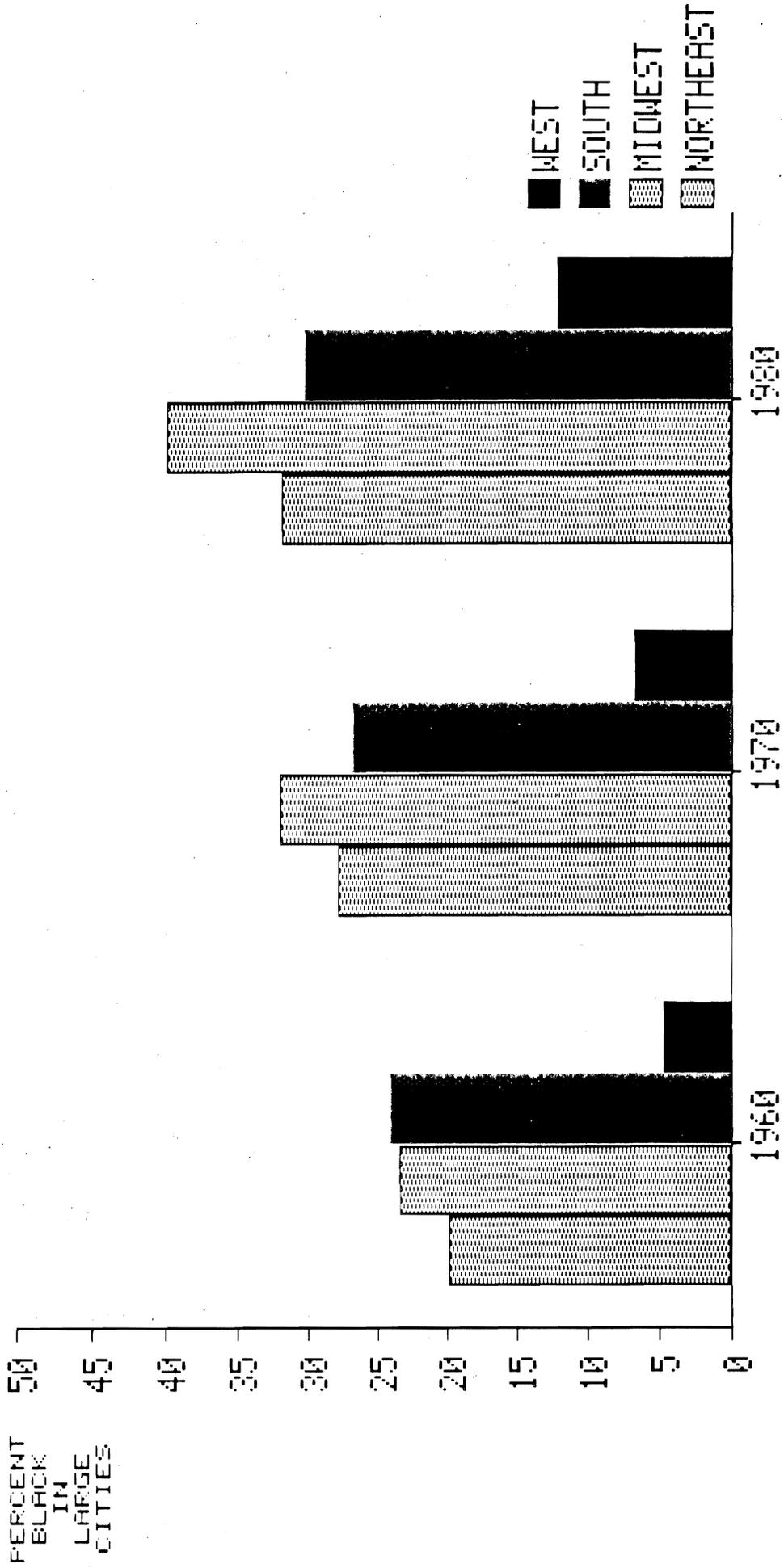
1980

- CENTRAL CITIES
- SUBURBS
- AREAS BEYOND METROPOLITAN AREAS

LARGE MIDWESTERN CITIES HAVE THE HIGHEST PROPORTION OF BLACK RESIDENTS

- The concentration of Black population varies considerably among cities.
- Of the 25 largest cities:
 - Those in the Midwest have the highest proportion of Black population, followed by the Northeast and South.
 - The rate of growth in the Black population has been greatest in the West, but in 1980 the proportion of Blacks in large western central cities was less than one-third that of large Midwestern central cities.
 - In the Northeast and South, for the first time (1980) the largest central cities as a group were more than 30 percent Black.

LARGE MIDWESTERN CITIES HAVE THE HIGHEST PROPORTION OF BLACK RESIDENTS



THE LARGEST CENTRAL CITIES VARY IN THE EXTENT AND TYPE OF MINORITY CONCENTRATION

- One-fifth of the 25 largest central cities have a minority group comprising more than half the total population--Black Americans in four cities and Hispanic Americans in one city.
- Another eight cities have combined Black and Hispanic populations making up between 40 and 55 percent of the city's total population.
- Among all central city residents, Blacks make up almost 23 percent, Hispanics almost 11 percent, and White and other races about 66 percent.

THE LARGEST CENTRAL CITIES VARY IN THE EXTENT AND TYPE OF MINORITY CONCENTRATION

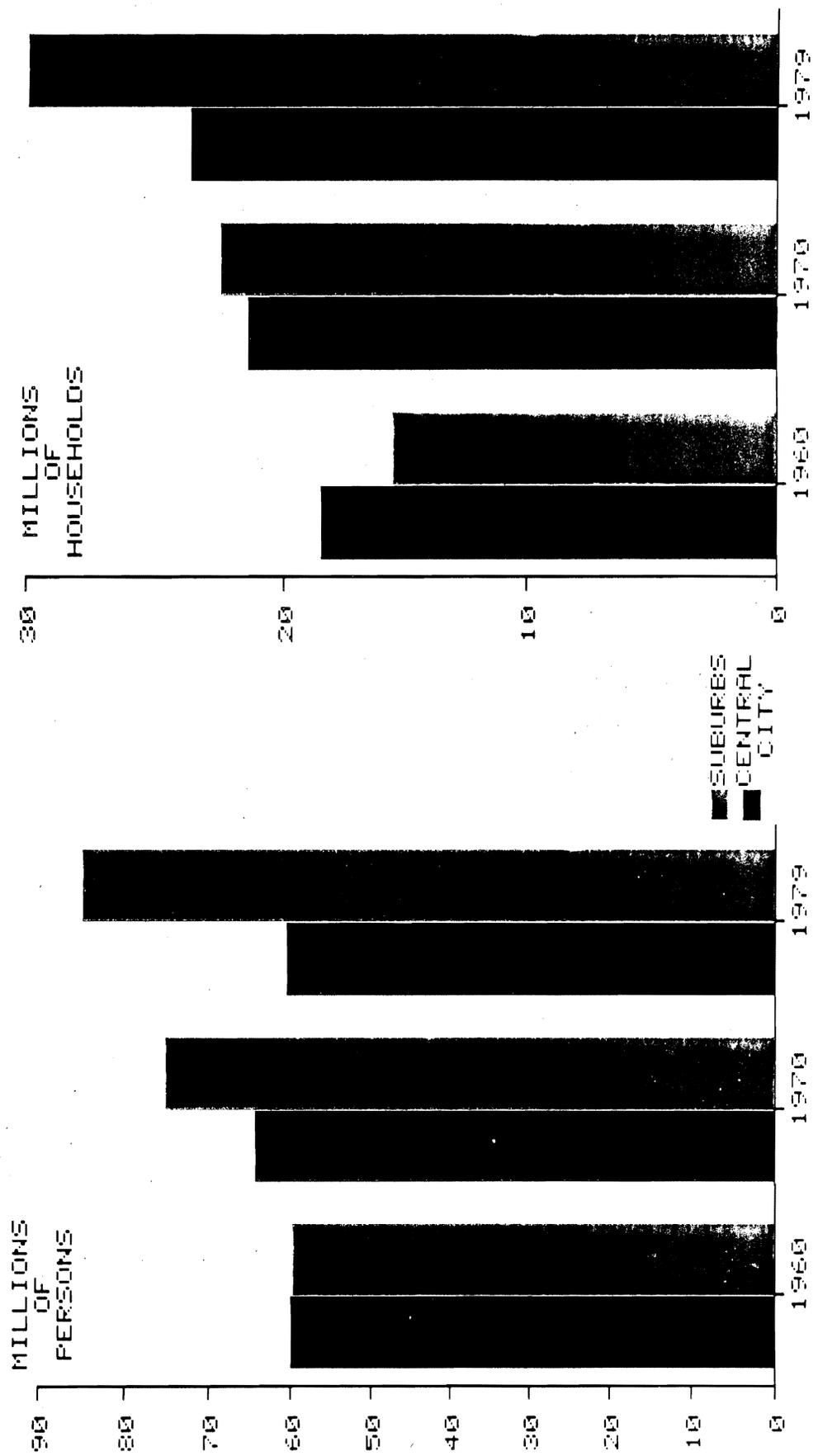
25 LARGEST CITIES	PROPORTION OF POPULATION IN 1980		
	Black	Hispanic	White & Other
<i>UNITED STATES - All Central Cities</i>	22.7%	10.9%	66.4%
<i>NORTHEAST</i>			
New York	25.2%	19.9%	54.9%
Philadelphia	37.8	3.8	58.4
Baltimore	54.8	1.0	44.2
Washington, D.C.	70.3	2.8	26.9
Boston	22.4	6.4	71.2
<i>MIDWEST</i>			
Chicago	39.8%	14.0%	46.2%
Detroit	63.1	2.4	34.5
Indianapolis	21.8	0.9	77.3
Milwaukee	23.1	4.1	72.8
Cleveland	43.8	3.1	53.1
Columbus	22.1	0.8	77.1
St. Louis	45.6	1.2	53.2
<i>SOUTH</i>			
Houston	27.6%	17.6%	54.8%
Dallas	29.4	12.3	58.3
San Antonio	7.3	53.7	39.0
Memphis	47.6	0.8	51.6
New Orleans	55.3	3.4	41.3
Jacksonville	25.4	1.8	72.8
<i>WEST</i>			
Los Angeles	17.0%	27.5%	55.5%
San Diego	8.9	14.9	76.2
Phoenix	4.9	15.1	80.0
San Francisco	12.7	12.3	75.0
San Jose	4.6	22.1	73.3
Seattle	9.5	2.6	87.9
Denver	12.1	18.7	69.2

Boldface type denotes those cities where minority groups constitute more than 50% of the population.

THE NUMBER OF HOUSEHOLDS IS INCREASING FASTER THAN POPULATION

- The number of households in central cities has increased steadily since 1950 despite slow growth in central city population.
- Important reasons for this disparity are:
 - Average household size has decreased from 3.2 persons per household in 1960 to 2.6 persons in 1979
 - The numbers and proportions of single-person households and single-parent households have increased as a result of later marriage or no marriage, longer life, and more divorce.
- These trends have important implications for the size and type of housing stock required, and the nature and type of public services demanded.

THE NUMBER OF HOUSEHOLDS IS INCREASING FASTER THAN POPULATION



LARGE CITIES FARED BETTER IN HOUSEHOLD GROWTH THAN IN POPULATION GROWTH

- The number of households in central cities has increased steadily since 1950 despite slow growth in central city population. Reasons for this are that average household size has decreased from 3.2 persons per household in 1960 to 2.6 persons in 1979 and the numbers and proportions of single-person households and single-parent households have increased as a result of later marriage or no marriage, longer life, and more divorce.
- Population and household growth or decline varies among central cities.
- Among the 25 largest cities:
 - Those in the Northeast and Midwest generally have experienced population and household declines, but households are declining at a slower rate than population.
 - Those in the South and West reflect a more varied experience, some declining in population and growing in households while some have grown in both and others have declined in both.

THE PROPORTION OF HOMEOWNERS IN THE SUBURBS IS GREATER AND RISING MORE RAPIDLY THAN IN CENTRAL CITIES

- The proportion of households which are homeowners is smaller in central cities than in suburbs or in nonmetropolitan areas.
- The higher proportion of renters in central cities and the lower household incomes of renters result in lower aggregate income, purchasing power, and tax base in central cities compared to suburbs.
- In 1979, for the first time the number of central city homeowners was almost equal to the number of central city renters.

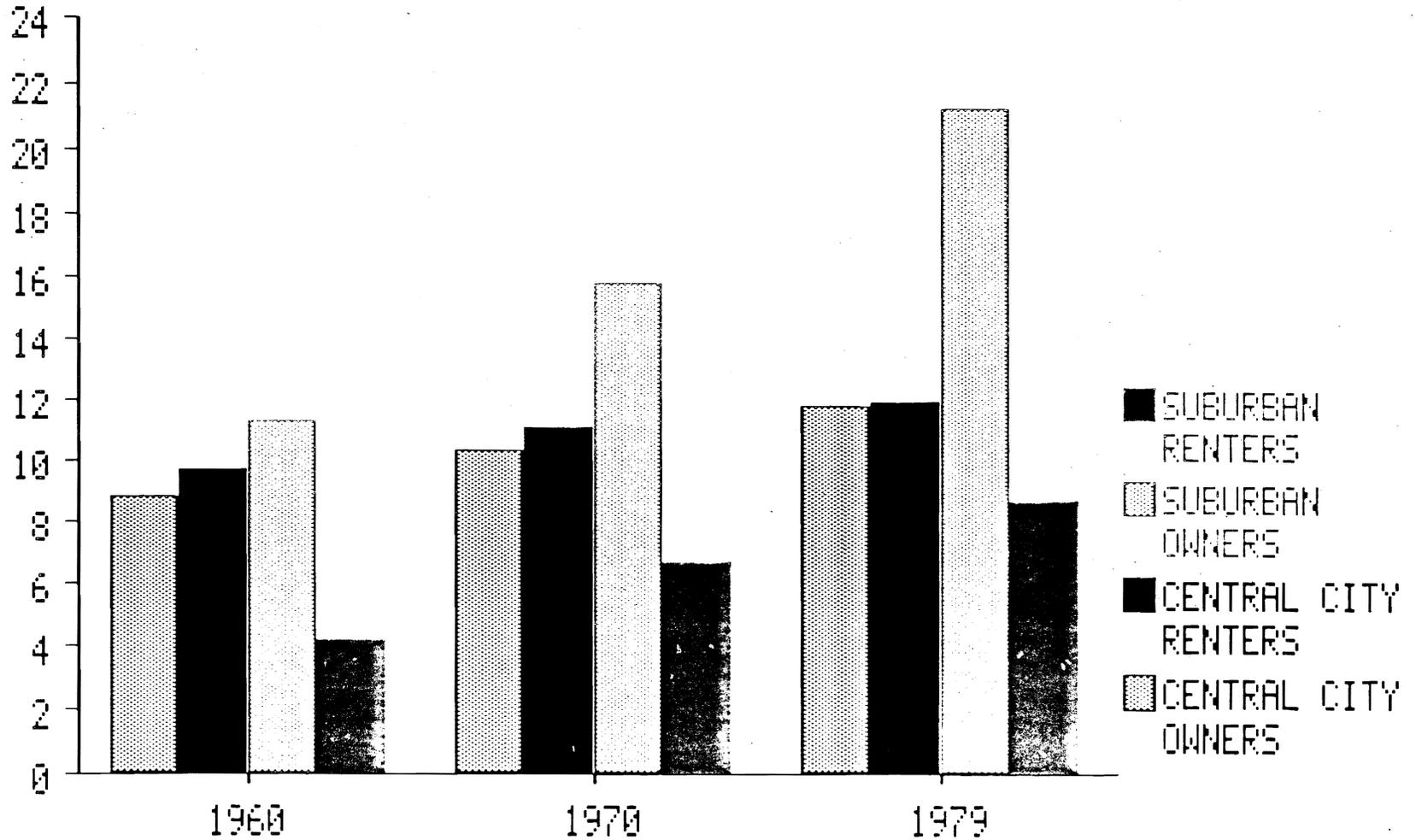
LARGE CITIES FARED BETTER IN HOUSEHOLD GROWTH THAN IN POPULATION GROWTH

23 OF 25 LARGEST CITIES	POPULATION Average Annual Change 1970 - 1977	HOUSEHOLDS Average Annual Change 1970 - 1975, 1976 or 1977
<i>NORTHEAST</i>		
New York	-1.12%	-1.05%
Philadelphia	-1.30	-1.18
Baltimore	-1.69	-1.25
Washington, D.C.	-1.42	-0.33
Boston	-0.52	-0.67
<i>MIDWEST</i>		
Chicago	-1.34%	-1.21%
Detroit	-2.23	-1.88
Indianapolis	-0.75	+ 0.90
Milwaukee	-1.33	NA
Cleveland	-2.95	-1.24
Columbus	-0.21	NA
St. Louis	-2.58	-2.56
<i>SOUTH</i>		
Houston	+ 3.39%	+ 2.81%
Dallas	0.00	+ 2.14
San Antonio	+ 2.79	NA
Memphis	+ 1.00	+ 1.23
New Orleans	-0.77	NA
<i>WEST</i>		
Los Angeles - Long Beach	-0.35%	+ 0.63%
San Diego	+ 2.05	NA
Phoenix	+ 2.36	+ 3.21
San Francisco - Oakland	-1.23	-0.60
Seattle - Everett	-1.17	-0.15
Denver	-1.15	+ 1.14

Cities in boldface type showed a decline in population but an increase in households.

THE PROPORTION OF HOMEOWNERS IN THE SUBURBS IS GREATER
AND RISING MORE RAPIDLY THAN IN CENTRAL CITIES

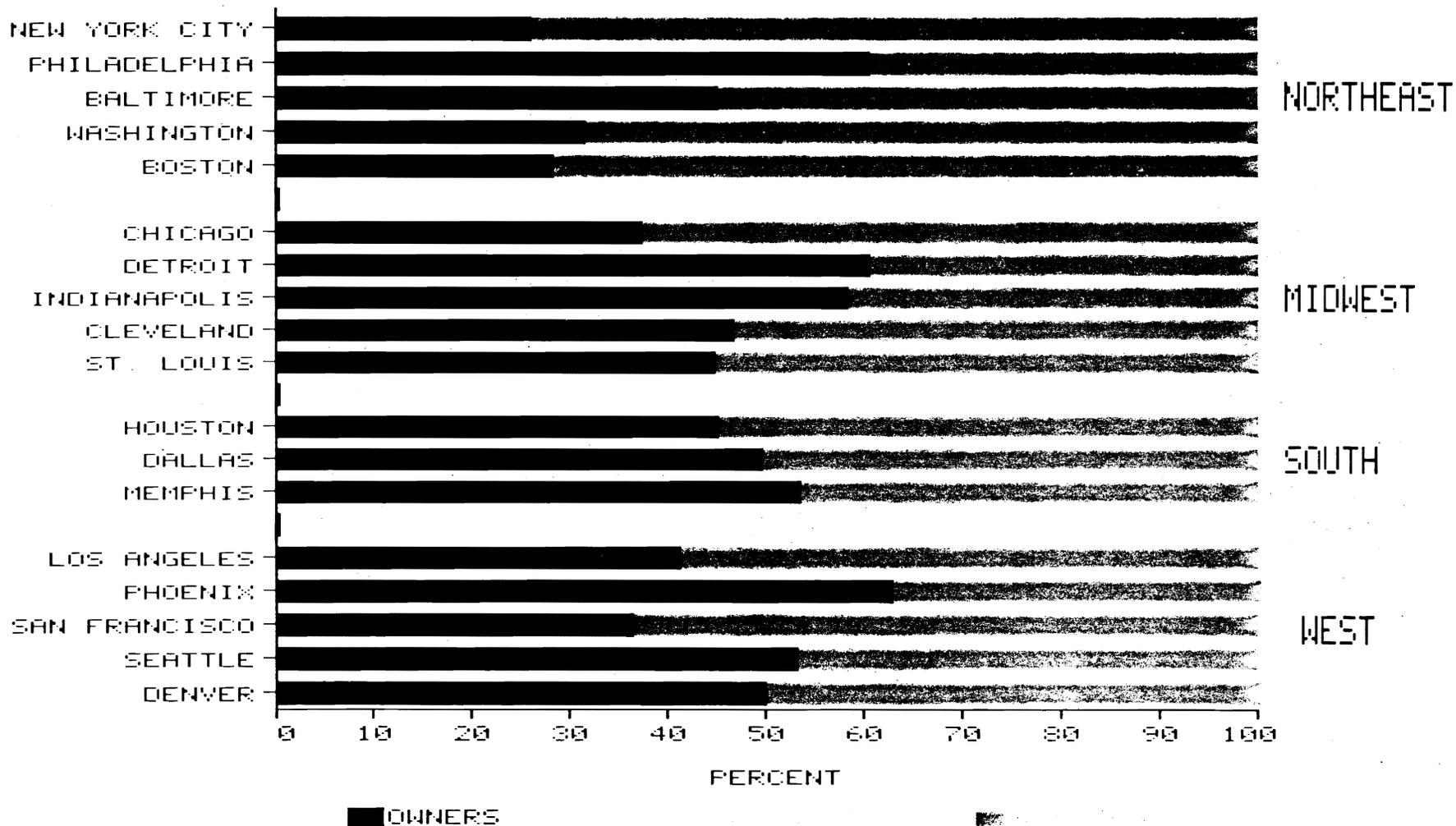
OCCUPIED
HOUSING
UNITS
OF
MILLIONS



GREAT DIVERSITY EXISTS IN HOMEOWNERSHIP RATES IN LARGE CITIES

- The proportion of households which are homeowners is smaller in central cities than in suburbs or in nonmetropolitan areas.
- The higher proportion of renters in central cities and the lower household incomes of renters result in lower aggregate income, purchasing power and tax base in central cities as compared to suburbs.
- Homeownership rates vary among central cities, but there is no clear-cut regional pattern. Among 18 selected large cities, homeownership was highest in Phoenix, Detroit and Philadelphia, and lowest in New York, Boston, and Washington, D.C.
- Differing homeownership rates have implications for the way citizens think about controversial issues such as taxes, services, rent control and condominium conversions.
- High homeownership rates alone do not guarantee fiscal stability for city governments. For example, Detroit and Philadelphia have high homeownership rates but their city governments have experienced fiscal difficulties.
- National policy has encouraged homeownership to promote neighborhood stability, citizen involvement in local government and improved housing conditions.

GREAT DIVERSITY EXISTS IN HOMEOWNERSHIP RATES IN LARGE CITIES



CENTRAL CITY RESIDENTS GENERALLY HAVE LOWER PER CAPITA INCOME THAN SUBURBAN RESIDENTS

- Among individual metropolitan areas there is considerable variation in the relationship between per capita income in the central city and its suburbs.
- Of the twenty-five largest central cities:
 - Central city income is substantially lower than suburban income in all cities located in the Northeast and Midwest.
 - In the South and West, central city income is the same as suburban income in three of the 13 cities and greater than suburban income in six cities.

CENTRAL CITY RESIDENTS GENERALLY HAVE LOWER PER CAPITA INCOME THAN SUBURBAN RESIDENTS

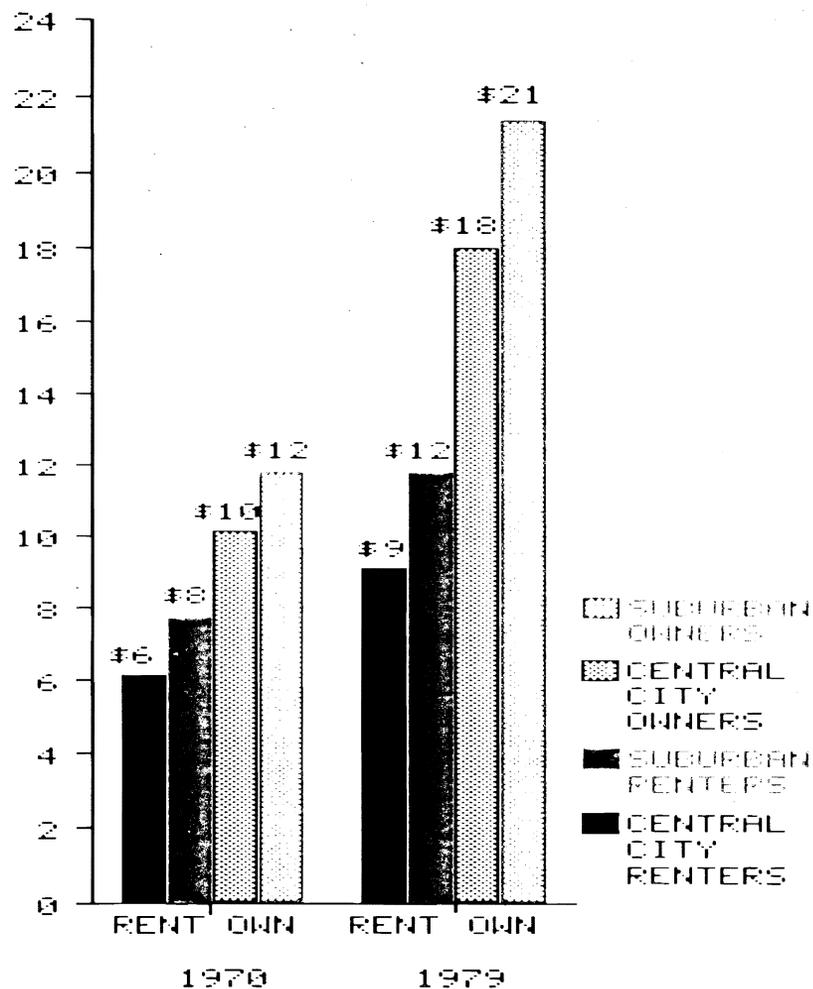
25 LARGEST CITIES	CENTRAL CITY	SUBURB	CENTRAL CITY AS PERCENT OF SUBURBAN PER CAPITA INCOME
<i>NORTHEAST</i>			
New York	\$4,939	\$5,867	88%
Philadelphia	4,330	5,211	83
Baltimore	4,330	5,442	80
Washington, D.C.	5,659	6,712	84
Boston	4,157	5,257	79
<i>MIDWEST</i>			
Chicago	\$4,689	\$5,977	78%
Detroit	4,462	5,715	78
Indianapolis	4,843	5,323	91
Milwaukee	4,680	5,628	83
Cleveland	3,925	5,722	69
Columbus	4,333	5,169	84
St. Louis	4,006	5,245	76
<i>SOUTH</i>			
Houston	\$5,110	\$5,079	101%
Dallas	5,285	4,932	107
San Antonio	3,601	4,971	72
Memphis	4,283	4,033	109
New Orleans	4,029	4,361	92
Jacksonville	4,615	..	100
<i>WEST</i>			
Los Angeles	\$5,277	\$5,252	100%
San Diego	5,016	4,663	108
Phoenix	4,942	4,933	100
San Francisco	5,990	6,066	99
San Jose	4,970	6,120	81
Seattle	5,800	5,235	111
Denver	5,585	5,370	104

WEALTHIER HOUSEHOLDS RESIDE IN SUBURBS; POVERTY INCREASES IN CENTRAL CITIES

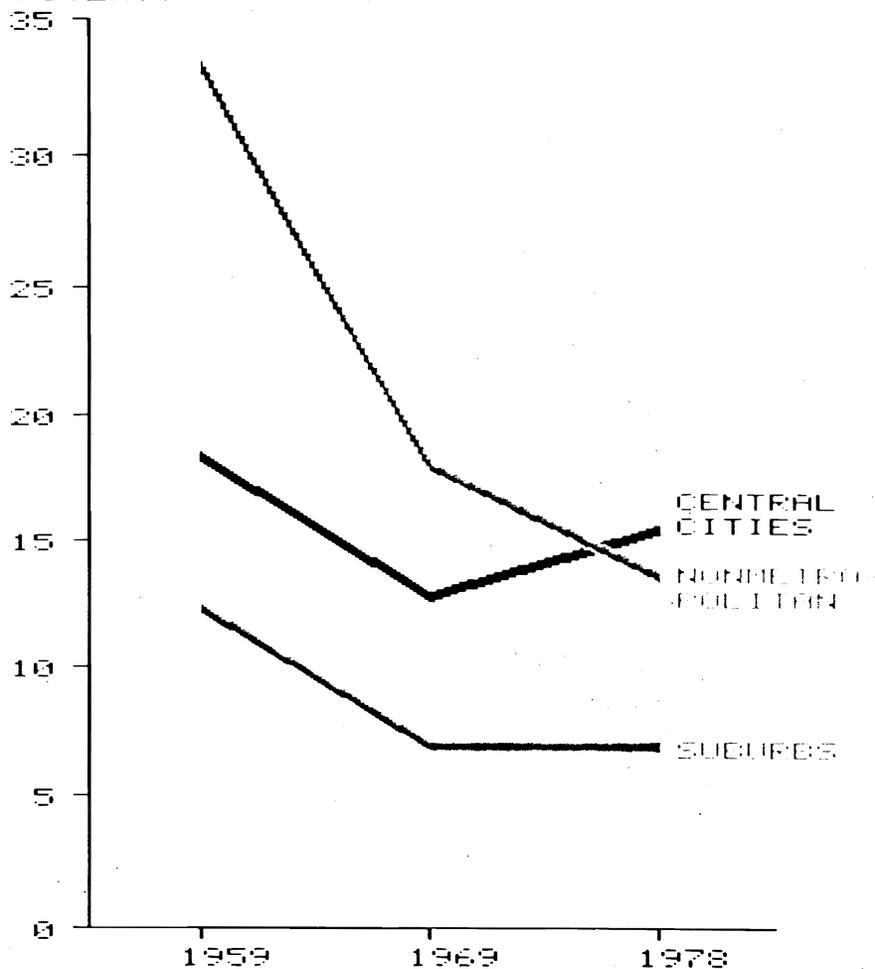
- Median incomes of owners and renters in 1979 were 16 to 23 percent lower in central cities than in suburbs, but were higher than in nonmetropolitan areas. Income growth from 1970 to 1979 was slower in central cities than in suburbs or nonmetropolitan areas. Regardless of location, owners have substantially higher incomes than renters and have enjoyed much greater rates of income growth since 1970.
- The proportion of those living in poverty is greater in central cities than in suburbs and is becoming larger.
 - Middle and upper income residents have settled in the suburbs, leaving lower income residents in the central cities.
 - The continued loss of business and jobs to the suburbs further restricts opportunities for central city residents and thereby exacerbates poverty.
- In 1978 , 38 percent of all poor people lived in central cities.

WEALTHIER HOUSEHOLDS RESIDE IN SUBURBS; POVERTY INCREASES IN CENTRAL CITIES

MEDIAN HOUSEHOLD INCOME IN THOUSANDS



PERCENT OF POPULATION IN POVERTY



SUBURBS CONTAIN THE BULK OF NEWER HOUSING

- The housing stock in central cities is older than in suburban or nonmetropolitan areas.
- In 1979:
 - 52 percent of central city housing was built before 1950
 - 30 percent of suburban housing was built before 1950
 - 42 percent of nonmetropolitan housing was built before 1950
- The average age of central city housing stock and its supporting infrastructure--streets, water and sewer lines, etc.--is increasing at a faster rate than the average age of the housing stock and infrastructure of the suburbs.

SUBURBS CONTAIN THE BULK OF NEWER HOUSING

HOUSING UNITS
LESS THAN
30 YEARS OLD
(IN MILLIONS)

25

20

15

10

5

0

1970

PERCENT OF HOUSING
BUILT BEFORE
1950

60

50

40

30

20

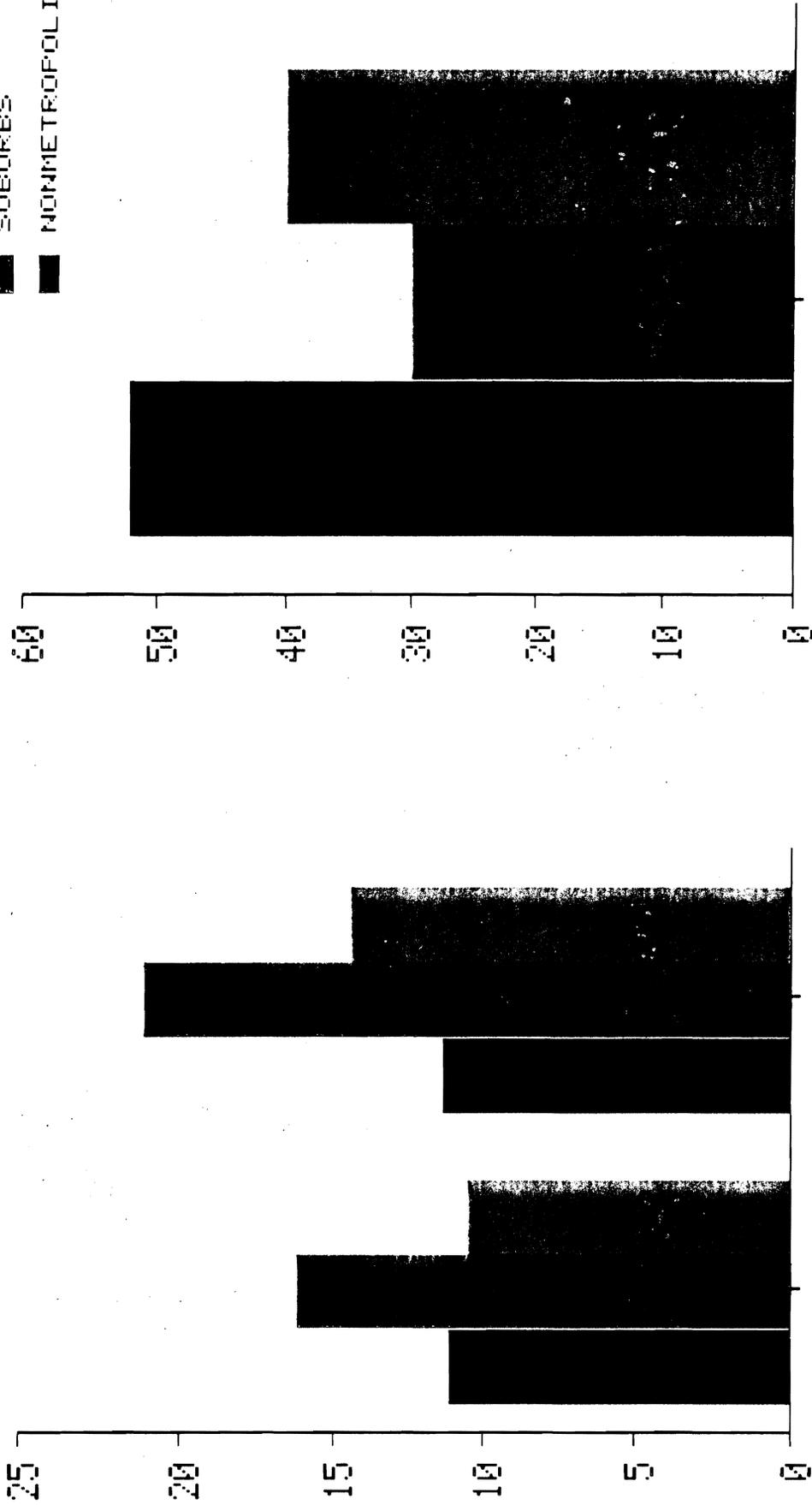
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0

1979

1979

- CENTRAL CITIES
- SUBURBS
- NONMETROPOLITAN



FROSTBELT CITIES GENERALLY HAVE OLDER HOUSING THAN SUNBELT CITIES

- The age of the housing stock varies among cities.
- In 18 of the largest central cities:
 - Those with the highest proportion of units built before 1950 are concentrated in the Northeast and Midwest
 - Those in the South and West have the highest proportion of housing built since 1950.
 - Exceptions to this generalization are Indianapolis in the Midwest with a newer stock, and San Francisco-Oakland in the West with an older stock.

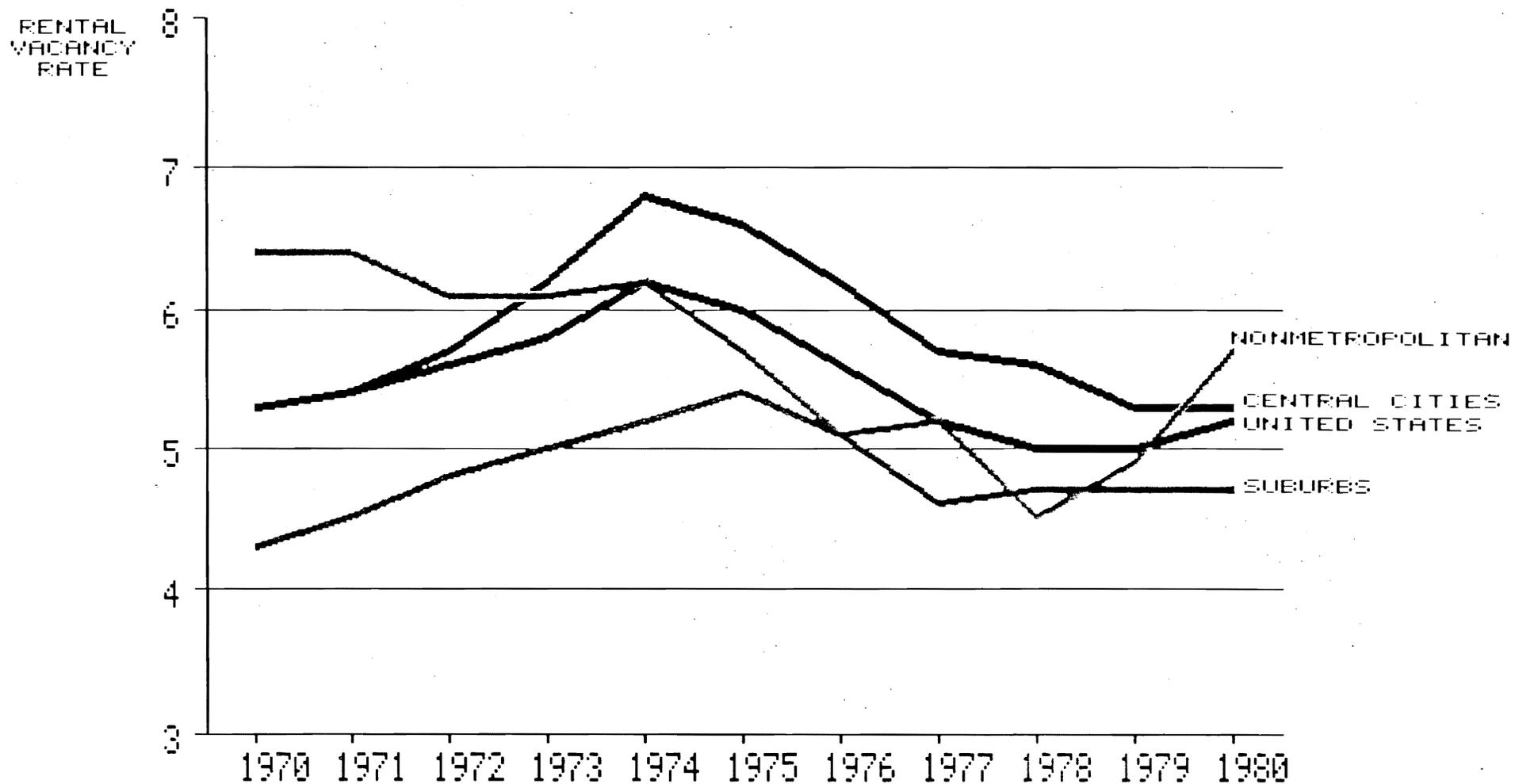
FROSTBELT CITIES GENERALLY HAVE OLDER HOUSING THAN SUNBELT CITIES

18 OF 25 LARGEST CITIES	HOUSING UNITS BUILT PRIOR TO 1950		HOUSING UNITS BUILT SINCE 1950	
	Number	Percent	Number	Percent
<i>NORTHEAST</i>	3,109	72%	1,184	28%
New York	2,004	71	837	29
Philadelphia	499	77	153	23
Baltimore	219	76	69	24
Washington, D.C.	194	71	82	29
Boston	193	82	43	18
<i>MIDWEST</i>	1,790	75%	591	25%
Chicago	872	76	272	24
Detroit	403	79	105	21
Indianapolis	127	47	143	53
Cleveland	212	84	40	16
St. Louis	176	85	31	15
<i>SOUTH</i>	335	31%	758	69%
Houston	155	31	353	69
Dallas	96	27	266	73
Memphis	84	38	139	62
<i>WEST</i>	1,289	52%	1,174	48%
Los Angeles - Long Beach	637	49	658	51
Phoenix	45	18	207	82
San Francisco - Oakland	351	76	113	24
Seattle - Everett	152	64	85	36
Denver	104	48	111	52

CENTRAL CITIES POSSESS AN ADEQUATE SUPPLY OF RENTAL HOUSING

- Rental vacancy rates in central cities indicate that there is no national urban rental housing crisis due to a shortage of available units.
- Rental vacancy rates since 1970 have been higher in central cities than in suburbs, but in 1980 were highest in nonmetropolitan areas.
- Rental vacancy rates have stabilized recently above the five percent minimally adequate level.
- If the gradual decline in rental vacancy rates of the last few years resumes, rental shortages could become widespread.
- Although there is no national shortage of available rental units in central cities, rental vacancy rates may vary greatly among individual cities with loose markets in some places and very tight markets in others.

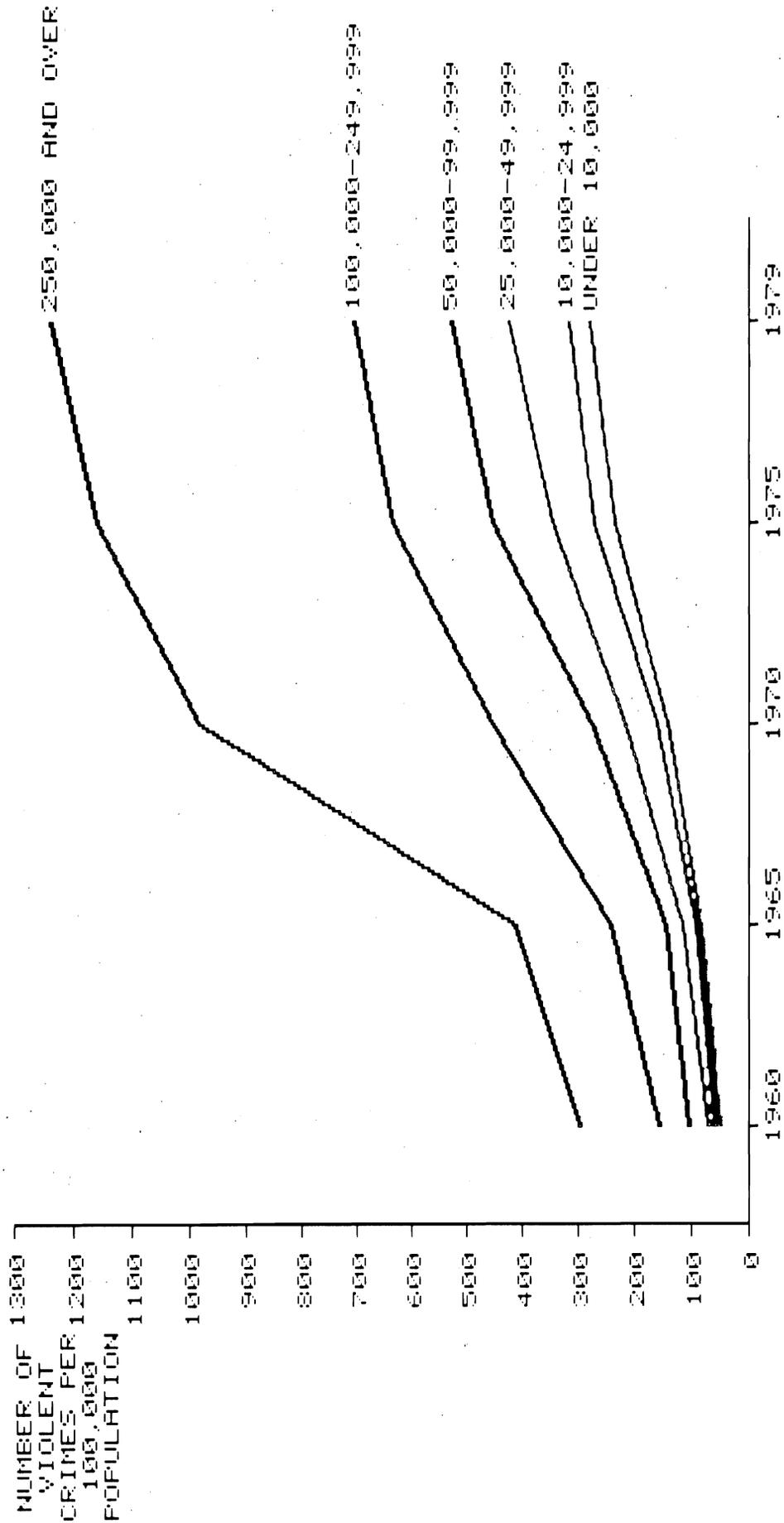
CENTRAL CITIES POSSESS AN ADEQUATE SUPPLY OF RENTAL HOUSING



LARGER CITIES HAVE HIGHER VIOLENT CRIME RATES

- Violent crimes known to the police are increasing in cities of all sizes but crime rates are consistently higher the larger the city.
 - The greatest increase in rates of violent crime occurred in the late 1960's, particularly in cities with 250,000 people or more.
 - Many smaller cities have had significant increases in violent crime rates during the 1970's but their rates are still well below those of larger cities.

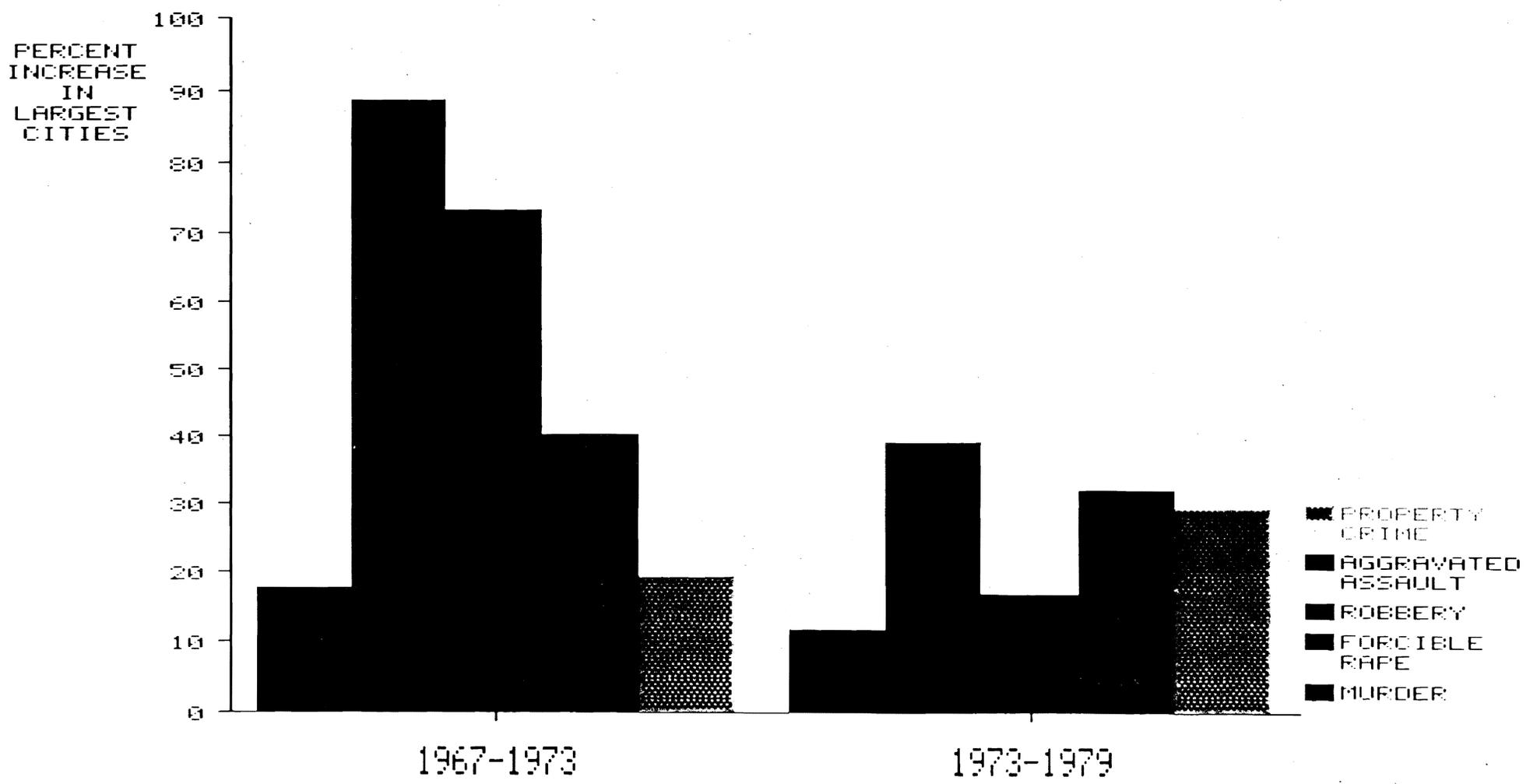
LARGER CITIES HAVE HIGHER VIOLENT CRIME RATES



IN LARGE CITIES THE RATE OF INCREASE IN VIOLENT CRIMES DECLINES WHILE IT RISES IN PROPERTY CRIMES

- The greatest increase in violent crime inside large cities during recent years has been forcible rape, followed by aggravated assault.
- Violent crime rates have increased less rapidly since 1973, compared to the 1967 to 1973 period.
- The incidence of property crime is increasing at a faster rate than in the 1967 to 1973 period.
- Crime--both violent and property--is significantly higher in central cities than in suburbs. Violent crime is highest in Northeastern central cities and lowest in Midwestern suburbs. Property crime is highest in Western central cities and lowest in Southern suburbs.

IN LARGE CITIES THE RATE OF INCREASE IN VIOLENT CRIMES DECLINES
WHILE IT RISES IN PROPERTY CRIMES

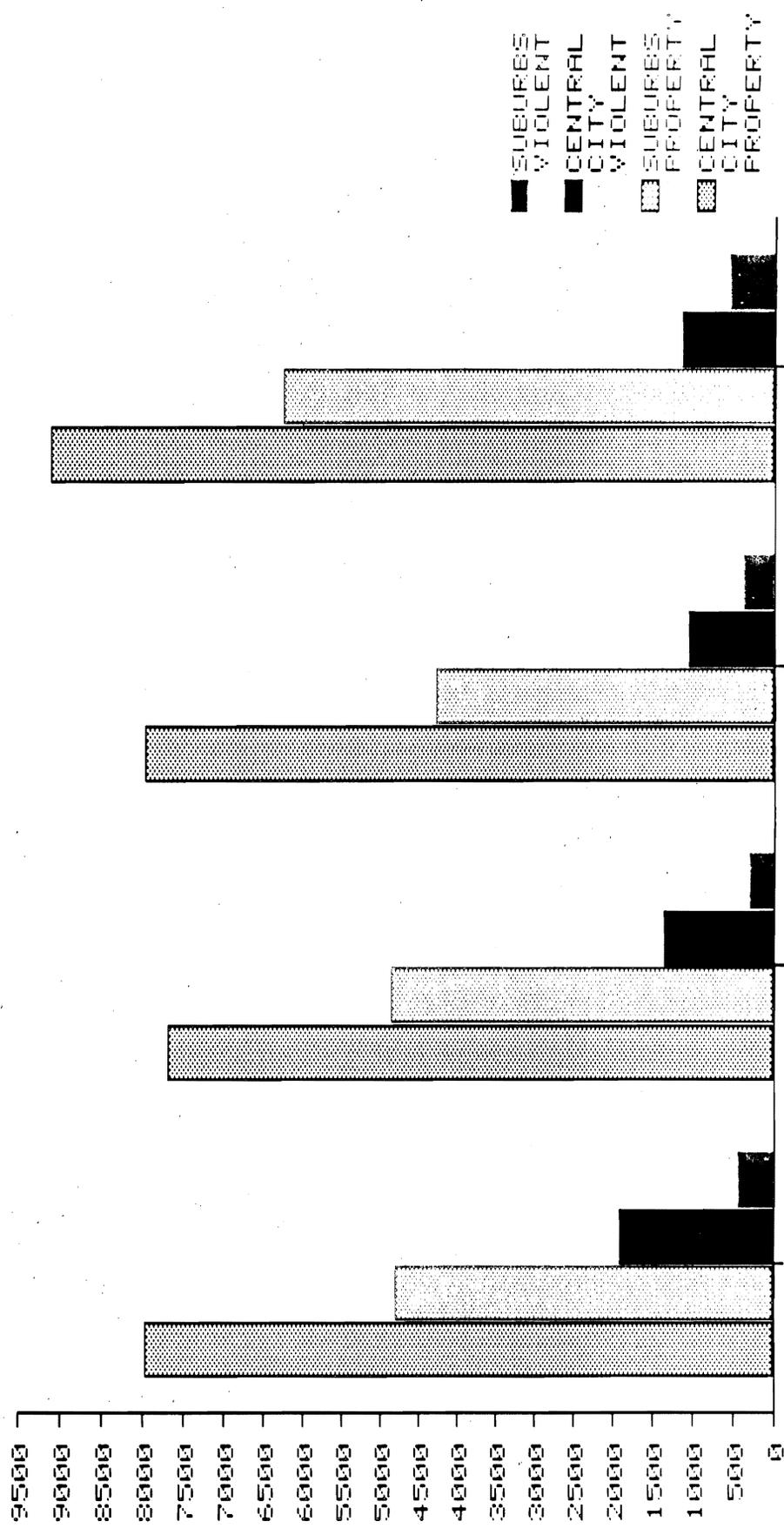


**NORTHEASTERN CITIES GENERALLY HAVE MORE
VIOLENT CRIMES WHILE WESTERN CITIES HAVE
MORE PROPERTY CRIMES**

- Crime--both violent and property--is significantly higher in central cities than in suburbs.
- Violent crime is highest in Northeastern central cities and lowest in Midwestern suburbs.
- Property crime is highest in Western central cities and lowest in Southern suburbs.

NORTHEASTERN CITIES GENERALLY HAVE MORE VIOLENT CRIME
 WHILE WESTERN CITIES HAVE MORE PROPERTY CRIME

NUMBER OF
 CRIMES
 PER 100,000
 POPULATION



1980

ECONOMIC INDICATORS

How have central cities fared in relation to suburbs in terms of:

- **Total employment?**
- **Manufacturing employment?**
- **Service employment?**
- **Government employment?**
- **Wholesale and retail trade employment?**
- **Central city share of SMSA retail trade?**

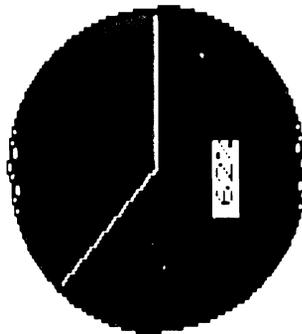
How has the function of the city changed?

How serious is unemployment in the central cities?

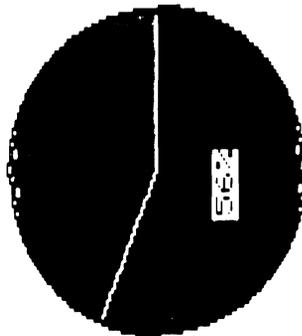
LARGEST CENTRAL CITIES' SHARE OF METROPOLITAN RETAIL TRADE STEADILY DECLINES

- Central cities are no longer the retail trade centers of metropolitan areas. Retail trade has followed population to the suburbs.
 - In 1958, central cities dominated with nearly two-thirds of SMSA retail sales.
 - In 1967, central cities still retained over one half of SMSA retail sales.
 - By 1977, central cities' share of SMSA retail sales had dwindled to 42 percent.
- Since 1958 growth in retail sales has occurred disproportionately in the suburbs of SMSA's, especially in the South.

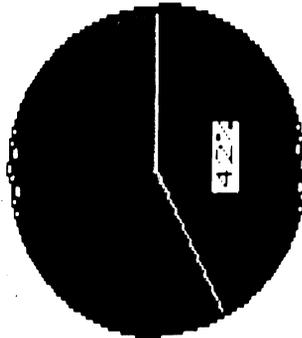
LARGEST CENTRAL CITIES' SHARE OF METROPOLITAN RETAIL TRADE
STEADILY DECLINES



1958



1967



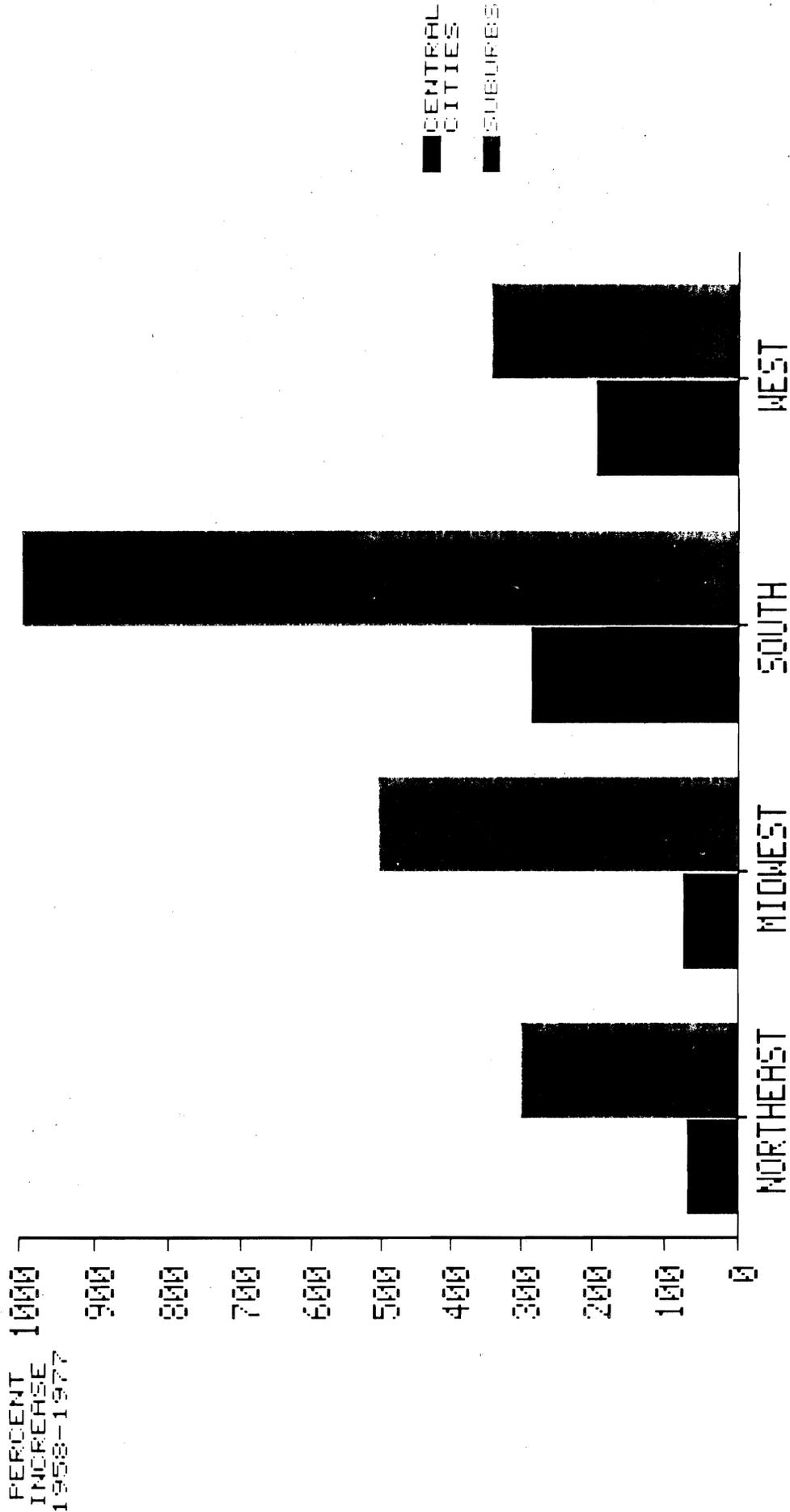
1977

- CENTRAL CITIES
- SUBURBS

SUBURBS OUTSTRIP CENTRAL CITIES IN RETAIL SALES GROWTH

- Since 1958 growth in retail sales has occurred disproportionately in the suburbs of SMSA's, especially in the South.
 - In the Northeast, central cities have lagged far behind suburban growth--68 to 299 percent.
 - In the Midwest, central cities fared even worse relative to their suburbs--73 percent growth compared to 505 percent .
 - In the South, central cities' retail sales increased by 285 percent while suburban sales increased by 997 percent.
 - In the West, central cities' retail sales grew by 194 percent while suburban sales rose by 343 percent.

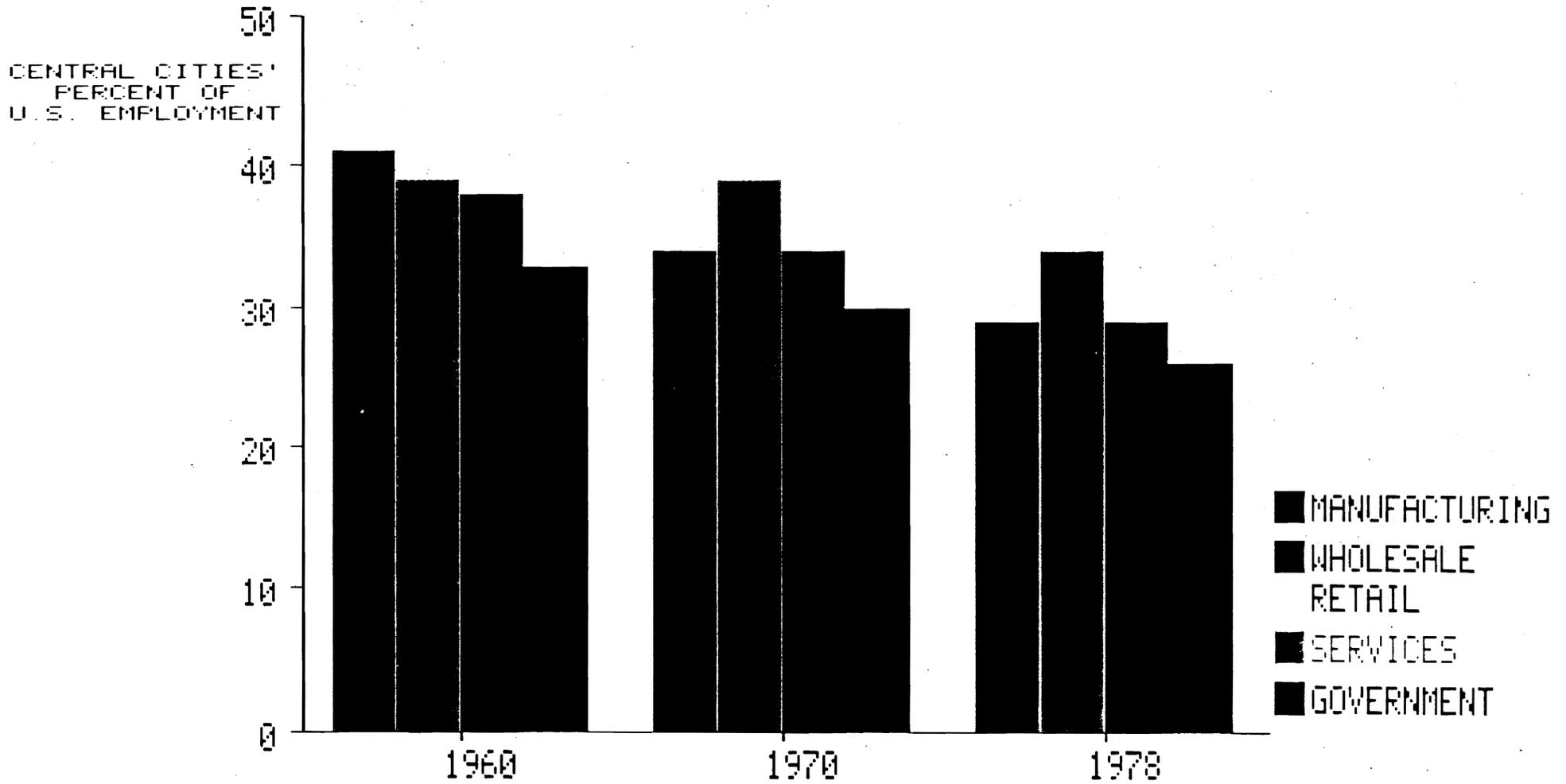
SUBURBS OUTSTRIP CENTRAL CITIES IN RETAIL SALES GROWTH



CENTRAL CITIES' SHARE OF NATIONAL EMPLOYMENT DECLINES IN MAJOR SECTORS

- Central cities are no longer the primary centers of employment that they were in the past. Like the population generally, industry and commerce have increasingly located in the suburbs.
- The central cities' share of national employment in the manufacturing, wholesale and retail trade, services, and government sectors is declining.

CENTRAL CITIES' SHARE OF NATIONAL EMPLOYMENT DECLINES IN MAJOR SECTORS



SOUTHERN CITIES HAVE LARGEST SHARE OF METROPOLITAN EMPLOYMENT

- Generally, cities in the Northeast have fewer jobs than their suburbs while cities in the Midwest and West still have a little more than half of their SMSA totals.
- In the South, over two-thirds of all jobs in the SMSA are found in central cities. This is in large part a result of annexation policies in the South which have allowed cities to expand their boundaries.

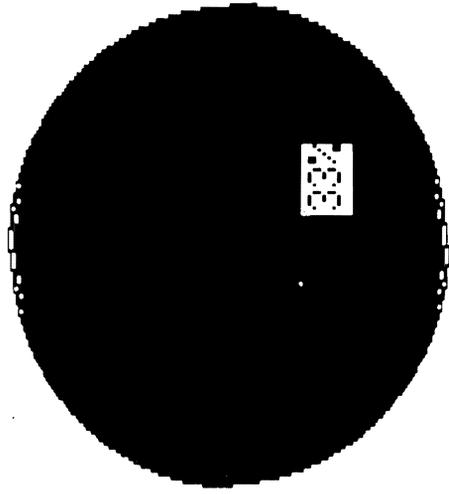
SOUTHERN CITIES HAVE LARGEST SHARE OF METROPOLITAN EMPLOYMENT



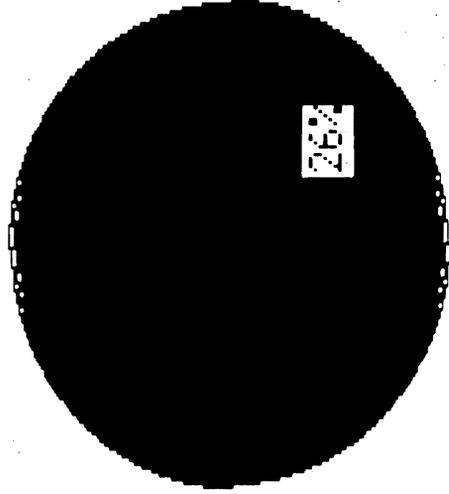
CENTRAL CITIES HAVE STEADILY LOST MANUFACTURING JOBS

- The central cities of metropolitan areas are no longer the centers of manufacturing. Cheaper and more plentiful land as well as advances in transportation and the presence of a skilled workforce in the suburbs have made industrial location outside central cities desirable.
- Between 1960 and 1978, the central city share of U.S. manufacturing employment dropped from 33 to 26 percent..

CENTRAL CITIES HAVE STEADILY LOST MANUFACTURING JOBS



1960



1978

■ CENTRAL CITIES

■ REST OF U.S.

SERVICES REPLACE MANUFACTURING IN CENTRAL CITIES

- Central cities are increasingly becoming service economies.
- While their share of manufacturing has steadily diminished, central cities have shown some growth in finance, insurance, real estate, and a variety of other service industries.

SERVICES REPLACE MANUFACTURING IN CENTRAL CITIES

NORTHEAST

NEW YORK CITY
 PHILADELPHIA
 BALTIMORE
 WASHINGTON
 BOSTON

MIDWEST

CHICAGO
 DETROIT
 MILWAUKEE
 CLEVELAND
 COLUMBUS
 ST. LOUIS

SOUTH

HOUSTON
 DALLAS
 SAN ANTONIO
 MEMPHIS
 NEW ORLEANS

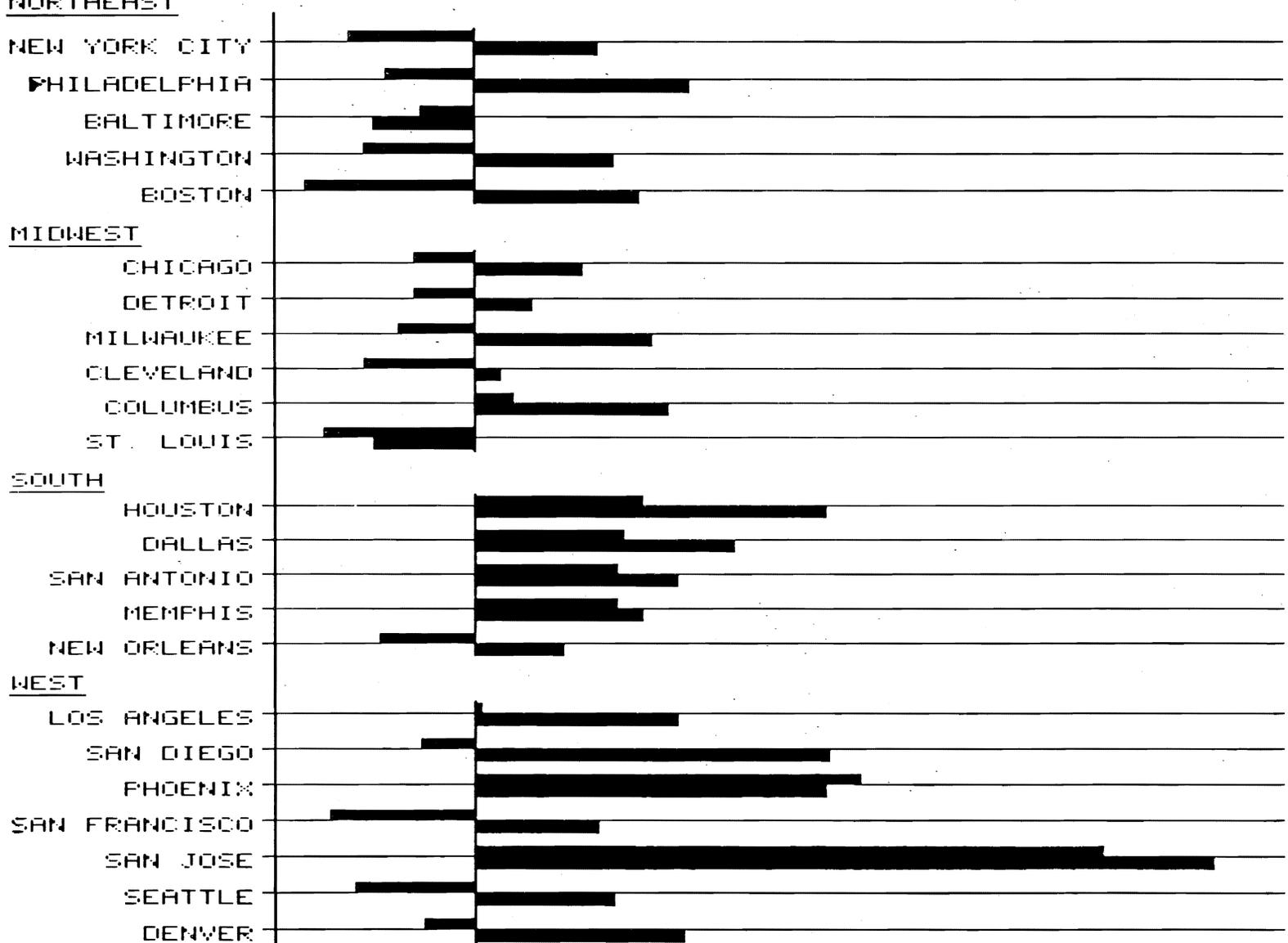
WEST

LOS ANGELES
 SAN DIEGO
 PHOENIX
 SAN FRANCISCO
 SAN JOSE
 SEATTLE
 DENVER

■ MANUFACTURING
 EMPLOYMENT
 ■ SERVICE
 EMPLOYMENT

-40 -20 0 20 40 60 80 100 120 140 160

PERCENT CHANGE
 1960 - 1970

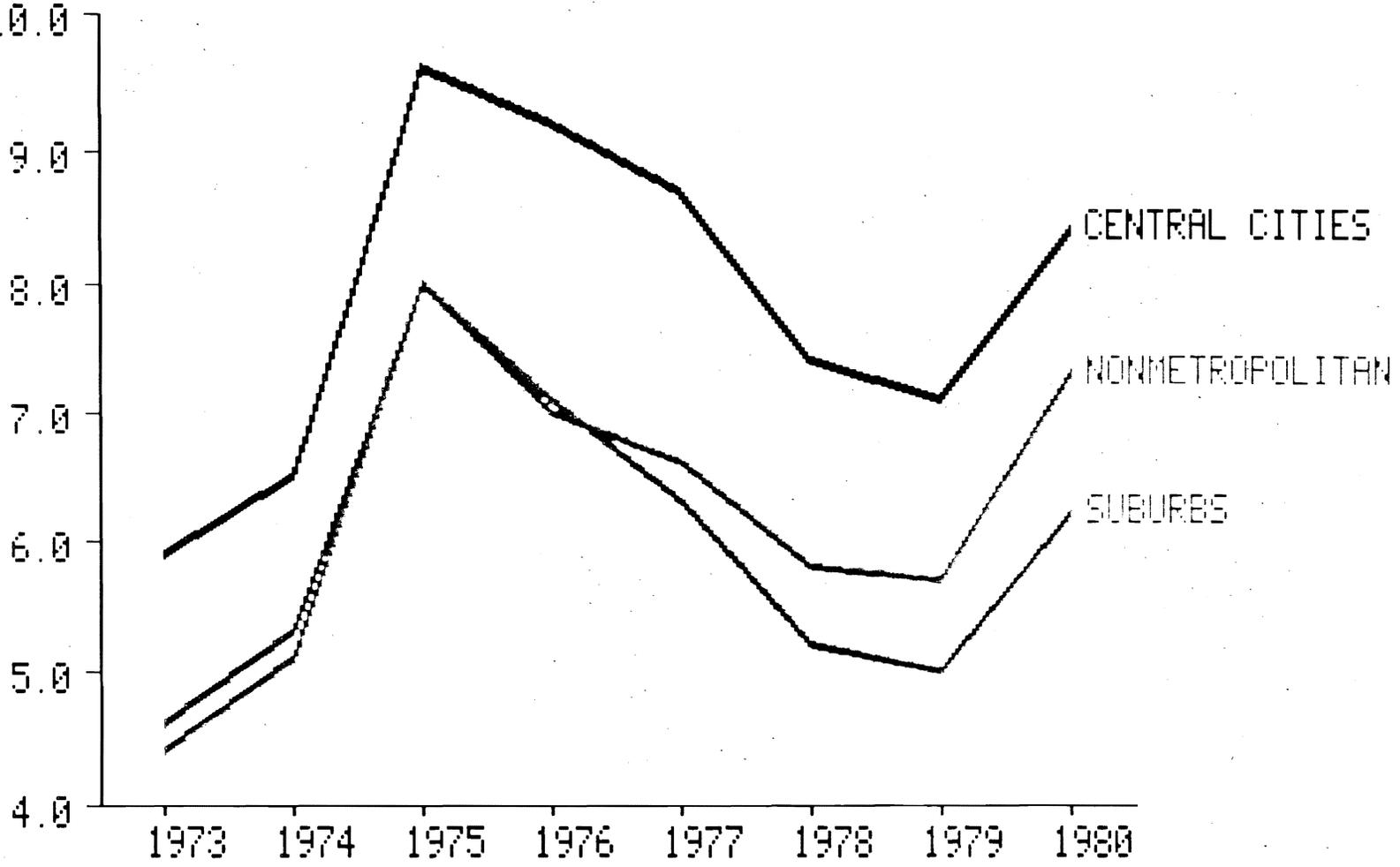


CENTRAL CITIES SUFFER CHRONICALLY HIGHER UNEMPLOYMENT

- Central city unemployment is severe. Central cities suffer most from recessions and bounce back more slowly.
 - The lower skilled central city worker is often the "last hired" and "first fired."
 - Jobs are increasingly located in the suburbs, thus becoming less accessible to central city residents.

CENTRAL CITIES SUFFER CHRONICALLY HIGHER UNEMPLOYMENT

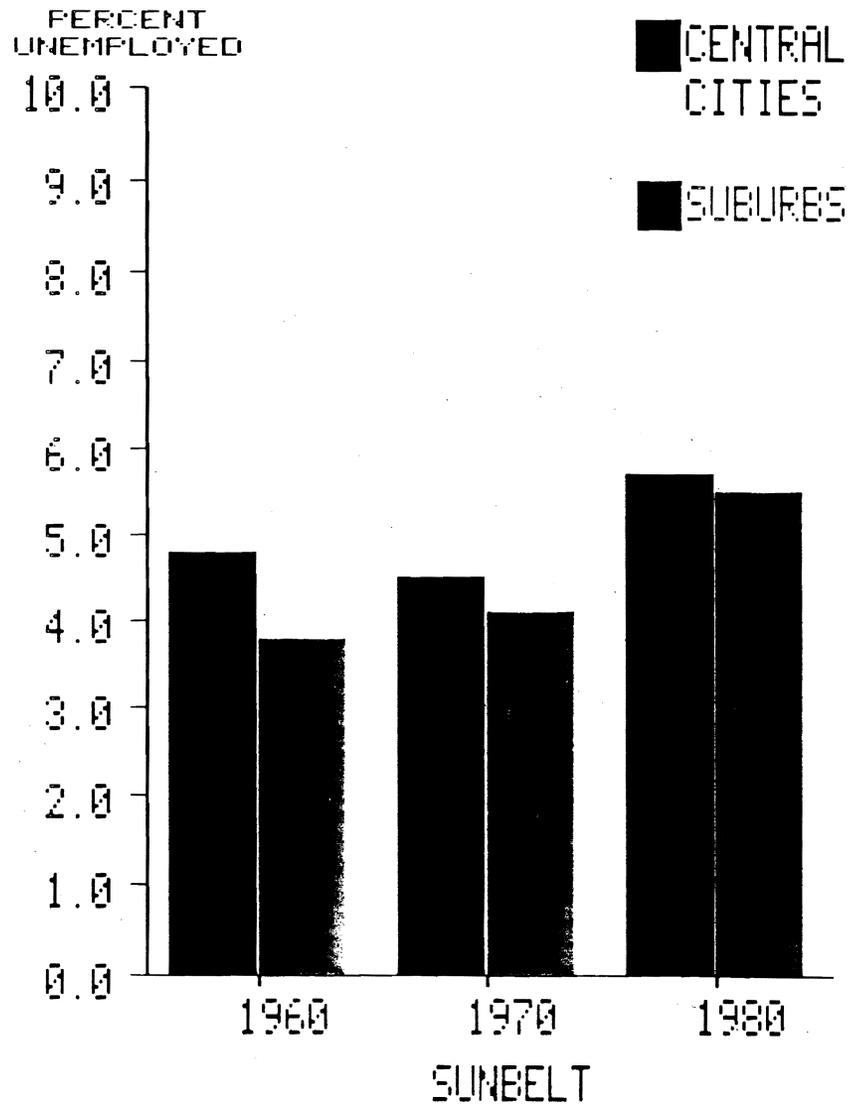
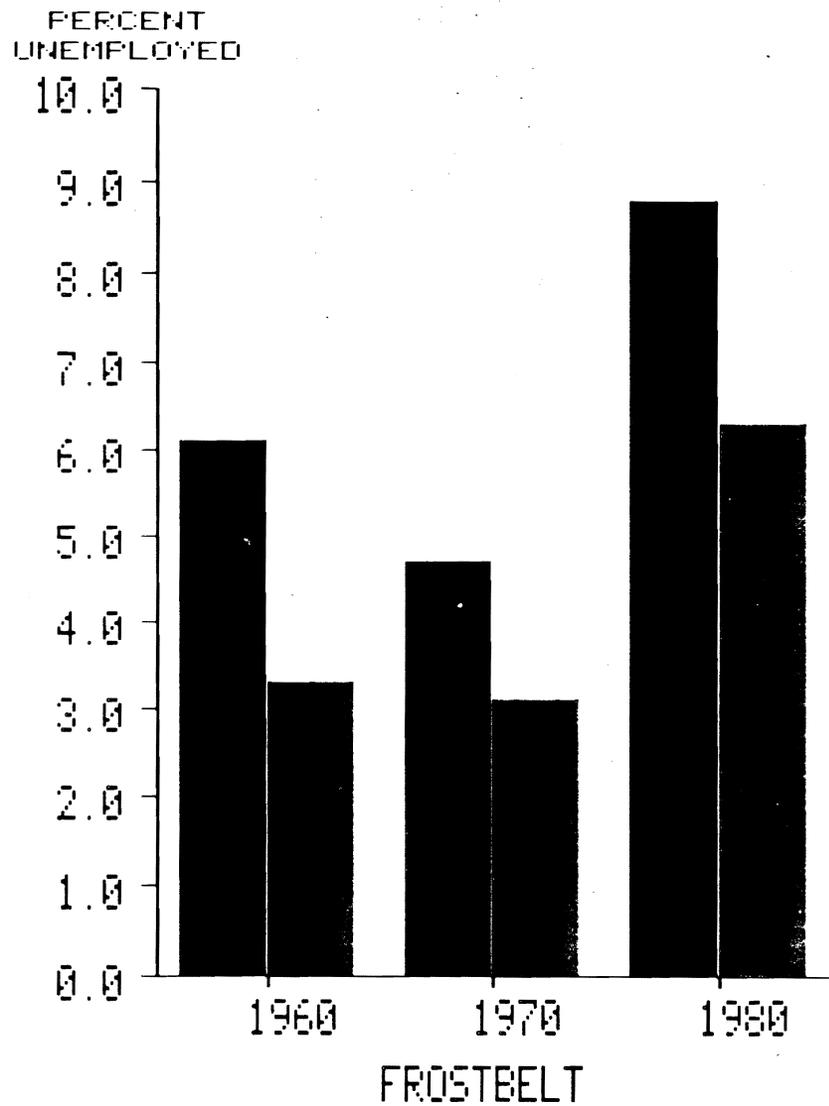
PERCENT UNEMPLOYED 10.0



UNEMPLOYMENT WORST IN FROSTBELT CENTRAL CITIES

- Unemployment in central cities varies considerably from city to city.
- Unemployment is highest in older central cities of the Northeast and Midwest and least severe in "sunbelt" central cities.

UNEMPLOYMENT WORST IN FROSTBELT CENTRAL CITIES





FISCAL INDICATORS

Do people pay the same level of local taxes in different sized cities?

Do larger cities receive a level of Federal and State assistance similar to smaller communities?

Are large cities more dependent upon Federal and State financial help than smaller cities?

To what extent have the credit ratings of central cities changed over time?

PEOPLE IN LARGER CITIES PAY HIGHER LOCAL TAXES

- Residents in larger cities--above 50,000--pay more taxes than those in smaller communities --below 50,000.
- This is a result of:
 - Aging infrastructure
 - Poorer population
 - Declining tax base which in turn results in greater fiscal strain upon remaining residents and businesses.

PEOPLE IN LARGER CITIES PAY HIGHER LOCAL TAXES

CITIES BELOW 50,000

\$92

\$138

\$240

FY1967

FY1972

FY1977

\$225

\$368

\$622

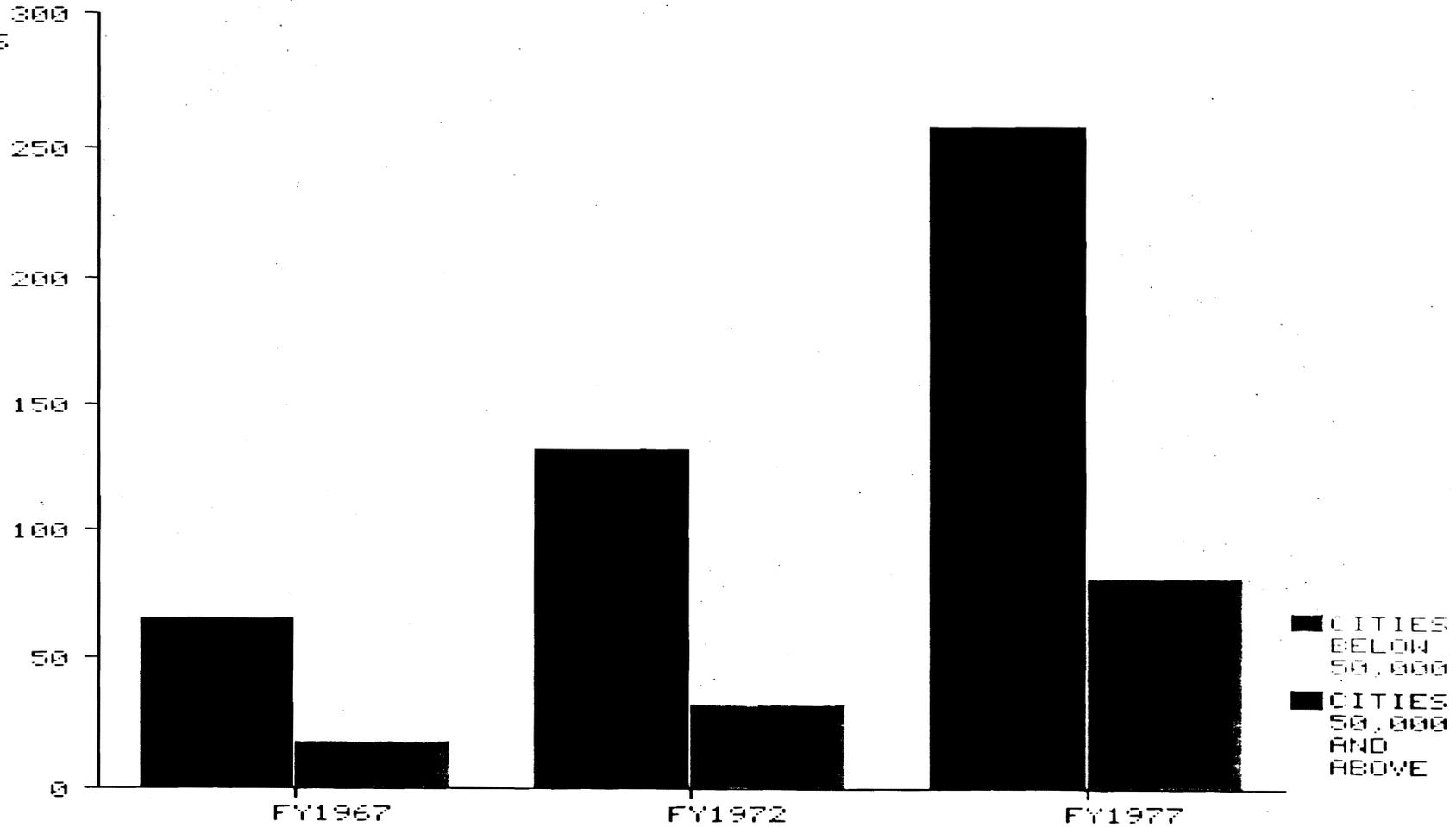
CITIES 50,000 AND ABOVE

LARGER CITIES DEPEND MORE ON FEDERAL AND STATE GRANTS-IN-AID

- Larger cities--above 50,000--receive significantly more intergovernmental grants-in-aid than smaller ones--below 50,000.
 - Much of this assistance is the result of distribution formulas based upon need.
 - Some is the result of skilled grantsmanship, often found in larger city governments.

LARGER CITIES DEPEND MORE ON FEDERAL AND STATE GRANTS-IN-AID

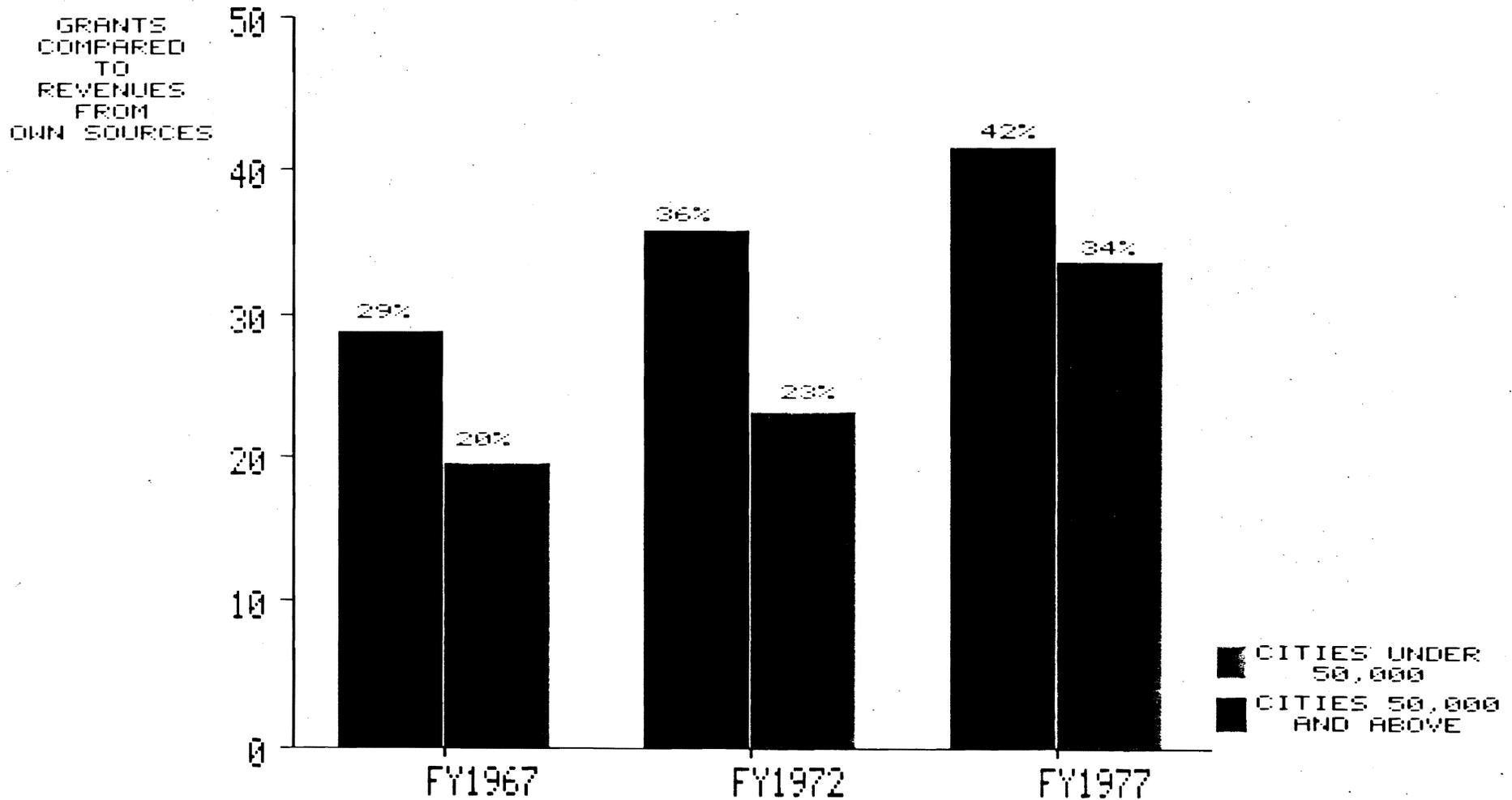
GRANT
DOLLARS
PER
CAPITA



FEDERAL AND STATE AID BECOMES MORE IMPORTANT FOR CITIES OF ALL SIZES

- Both large and small cities are becoming increasingly dependent upon Federal and State grants-in-aid.
- From 1967 to 1977, the amount of dollars of Federal and State aid received by cities increased by more than one-third.
- By 1977, for every dollar raised locally by larger cities, Federal and State grants-in-aid totalled 42 cents. For every dollar raised locally by smaller cities, Federal and State grants-in-aid amounted to 34 cents. These figures are increases from 29 cents and 20 cents in 1967, respectively.

FEDERAL AND STATE AID BECOMES MORE IMPORTANT FOR CITIES OF ALL SIZES



FROSTBELT CITIES GENERALLY HAVE LOWER BOND RATINGS THAN SUNBELT CITIES

- All of the Southern and Western large cities have either maintained or improved their general obligation bond ratings.
- All four Northeastern large cities (Washington, D.C., has no bond rating) have lower bond ratings in 1981 than in 1960, and only Baltimore has improved from 1975.
- In the Midwest, Cleveland, Detroit and St. Louis have much lower bond ratings in 1981 than in 1960, and no large Midwestern city has improved its rating since 1960.
- Lower ratings mean a city has to pay more to borrow money, thereby compounding its financial problems.

FROSTBELT CITIES GENERALLY HAVE LOWER BOND RATINGS THAN SUNBELT CITIES

CITY BOND RATINGS 1960 - 1981

General Obligation

CITY	RATING SERVICE	RATING				
		Jan. 1960	Jan. 1970	Jan. 1975	Jan. 1980	June 1981
NORTHEAST						
Baltimore	Moody's	Aa	A	A	A	A
	S & P	AA	AA	A	A	A
Boston	Moody's	Baa	Baa	A	Baa	Suspended
	S & P	A	A	A	A-	BBB+
New York	Moody's	Baa	A	A	B	B
	S & P	A	BBB	A	BBB	BBB
Philadelphia	Moody's	A	Baa	A	Baa	Baa
	S & P	A	BBB	A	BBB+	BBB+
MIDWEST						
Chicago	Moody's	A	A	Aa	A	A
	S & P	A	AA	AA	A+	A-
Cleveland	Moody's	Aa	A	A	Caa	Caa
	S & P	AA	A	NR	NR	NR
Columbus	Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
	S & P	AA	AA	AA	AA	AA
Detroit	Moody's	A	Baa	Baa	Ba	Ba
	S & P	A	A	A	BBB-	BB
Indianapolis	Moody's	Aaa	Aa	Aaa	Aaa	Aaa
	S & P	AAA	AAA	NR	NR	NR
Milwaukee	Moody's	Aaa	Aaa	Aaa	Aa	Aa
	S & P	AAA	NR	AAA	AAA	AAA
St. Louis	Moody's	Aa	Aa	A	Baa	Baa
	S & P	AAA	--	A	A-	A-
SOUTH						
Dallas	Moody's	A	Aa	Aaa	Aaa	Aaa
	S & P	AA	AA	AA	AAA	AAA
Houston	Moody's	A	A	Aaa	Aaa	Aaa
	S & P	A	AA	AA	AAA	AAA
Jacksonville	Moody's	A	A	A	A	A
	S & P	AA	AA	AA	AA	AA
Memphis	Moody's	Aa	Aa	Aa	Aa	Aa
	S & P	AA	AA	AA	AA	AA
New Orleans	Moody's	A	A	A	A	A
	S & P	A	A	A	A+	A+
San Antonio	Moody's	A	Aa	Aa	Aa	Aa
	S & P	A	--	AA	AA	AA
WEST						
Denver	Moody's	Aa	Aa	Aa	Aa	Aa
	S & P	AA	AAA	AAA	AAA	AAA
Los Angeles	Moody's	Aa	Aa	Aaa	Aaa	Aaa
	S & P	AA	AA	AA	AA	AA
Phoenix	Moody's	A	A	Aa	Aa	Aa
	S & P	A	NR	AA	AAA	AAA
San Diego	Moody's	A	A	Aa	Aa	Aa
	S & P	AA	AA	AA	AA	AA
San Jose	Moody's	Aa	A	Aa	Aa	Aa
	S & P	A	A	AA	AA	AA
San Francisco	Moody's	Aa	Aa	Aaa	Aaa	Aa
	S & P	AAA	--	AA	NR	NR
Seattle	Moody's	A	A	Aa	Aa	Aa
	S & P	AA	AA	AA	AA	AA

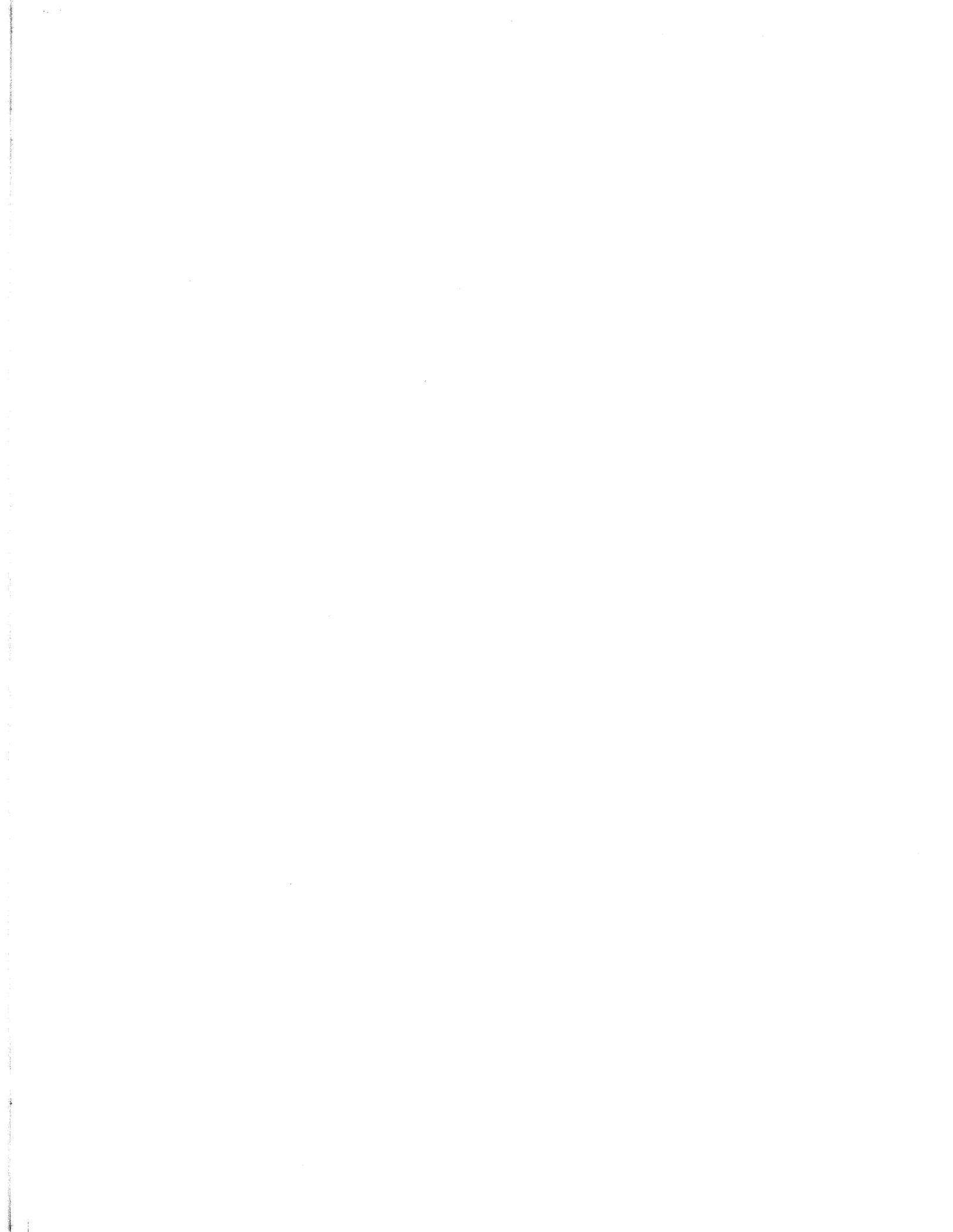
BOND RATING LEGEND

MOODY'S

Aaa = highest quality
 Aa = high quality
 A = generally high quality
 Baa = medium quality
 Ba = somewhat speculative quality
 B = undesirable investment quality
 Caa = poor quality
 Ca = highly speculative quality
 C = extremely poor quality
 NR = not rated

STANDARD & POOR

AAA = highest quality
 AA = high quality
 A = generally favorable quality
 BBB = adequate quality
 BB = lowest degree of speculation
 B = higher degree of speculation
 CCC = high degree of speculation
 CC = highest degree of speculation
 D = in default
 NR = not rated



CONCLUSIONS

- **Central cities are worse off than their suburbs.**
- **The disparity in terms of social, economic and fiscal conditions between central cities and suburbs is increasing.**
- **Within this general condition, there is great diversity in the situation of central cities.**
- **Many central cities in the South and West are growing and generally better off than their counterparts in the Northeast and Midwest.**

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