



U.S. Department of Housing and Urban Development
Office of Policy Development and Research

Rediscovering Urban America

Perspectives
on the 1980s



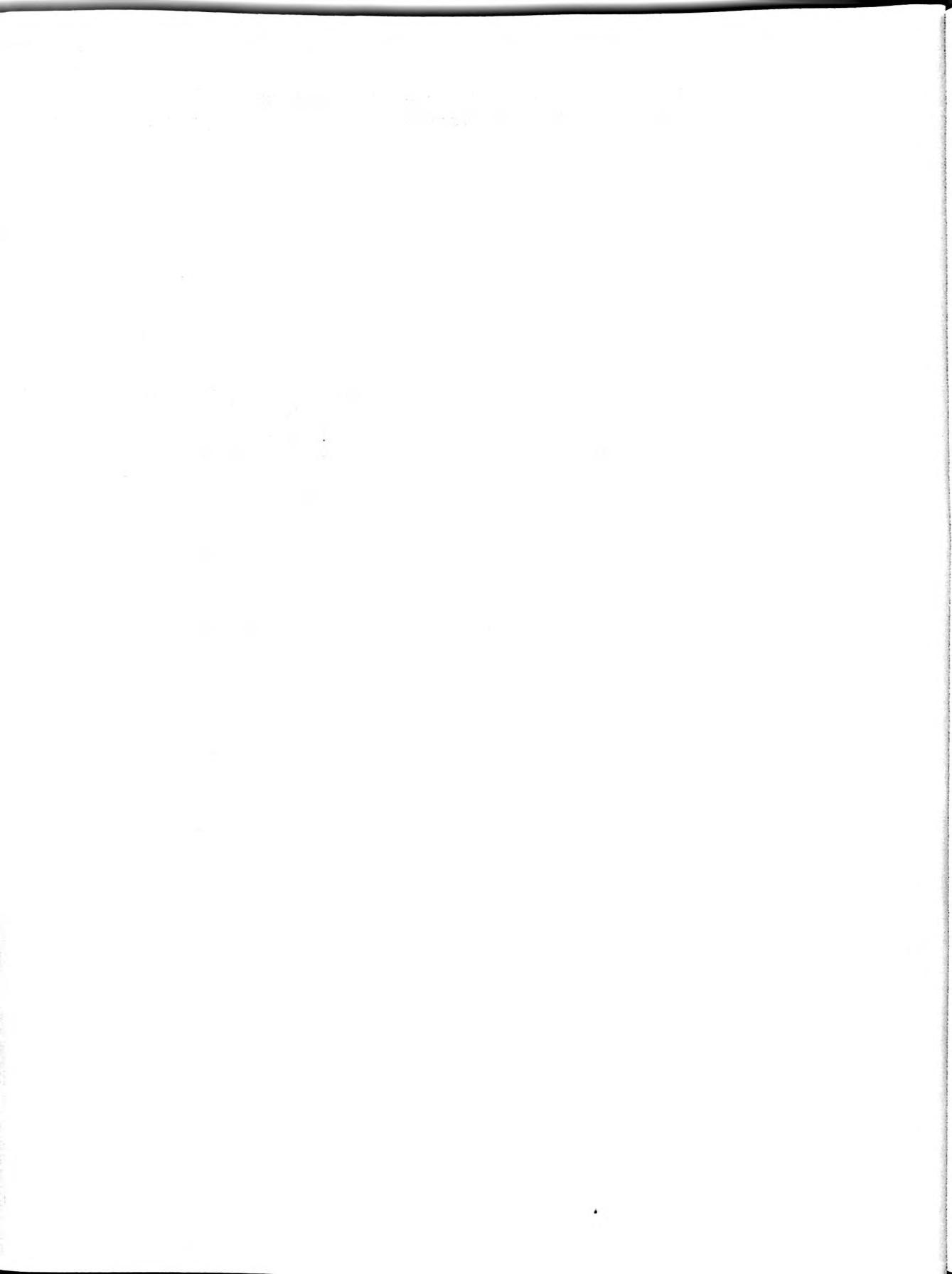
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Rediscovering Urban America

Perspectives on the 1980s

Edited by Jack Sommer
and Donald A. Hicks

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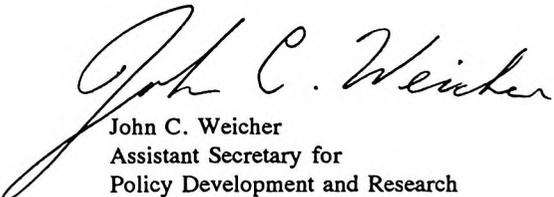
PREFACE

The papers in this volume were originally prepared at the request of the U.S. Department of Housing and Urban Development to serve as the basis for the President's National Urban Policy Report for 1992. The authors were asked to review trends in urban areas during the 1980s. The papers cover a number of the most important aspects of urban areas: population and growth change, employment patterns, housing conditions, and new directions in policy by governments at all levels. The occasion of the 1992 report appeared to be an appropriate point for such a review because the first data from the 1990 census would be available, and it would be possible to review various urban trends, both nationally and regionally, as well as for individual urban areas.

For several reasons, however, the administration has decided not to prepare such a report. Data from the 1990 census have become available in the course of 1992, as anticipated when the report was planned, and the authors of these papers have worked hard on an accelerated schedule to understand and interpret the data and prepare these papers. It was understood when the plan for the report was developed that the schedule would be ambitious, but it was thought that the opportunity to provide the first systematic review of data for the 1980s justified the undertaking. However, it has not been possible to prepare a full, formal National Urban Policy Report in the time available before the conclusion of the Bush administration.

In addition, the 1992 Housing and Community Development Act—passed by Congress and signed by the President in October 1992—has changed both the form and the schedule for the President's National Urban Policy Report. Congress has added a number of subjects that it wishes to have covered by the report. It is not possible to include these additional topics in a report that could be completed by the end of the administration of President Bush. Perhaps recognizing this problem, Congress also established a new date for the report. It is now to be submitted by June 1 of odd-numbered years. The first report under the new schedule is therefore due on June 1, 1993. It seems clear from these changes that Congress intends for the next President's National Urban Policy Report to be prepared by the incoming administration. Accordingly, the present volume has been produced to provide as much information as possible, both to the incoming administration as a basis for the 1993 report and to the public in general to facilitate understanding and discussion of urban trends during the 1980s as a basis for policy development during the 1990s.

The papers in this volume thus serve a somewhat different purpose than originally intended. In their present form, it should be clear that they represent the opinions of the individual authors and not those of the Department of Housing and Urban Development. They are, however, thoughtful, informative, and challenging interpretations of urban trends during the 1980s, and as such deserve study by anyone interested in urban affairs.



John C. Weicher
Assistant Secretary for
Policy Development and Research

READER'S GUIDE

This document is a collection of policy-relevant essays based on analyses of data from various sources. In order to ensure the integrity of the data, most of the charts and graphs are presented in their original formats; therefore the presentation of the data differs throughout the document. It also should be noted that the numerical totals and percentages in the tables may not be exact due to rounding.

The expository information in each Chapter is presented first, followed by source notes and bibliographic citations. For convenient reference, the data tables, figures, graphic representations of statistical information, and relevant maps appear at the end of each Chapter and are in the order of their textual reference.

TABLE OF CONTENTS

	Preface	i
	Reader's Guide	ii
Chapter 1	Renewing a Dialogue on Urban America Jack Sommer	1-1
Chapter 2	Cities and Beyond: A New Look at the Nation's Urban Economy Donald A. Hicks and John Rees	2-1
Chapter 3	People in Places: Demographic Trends in Urban America William H. Frey	3-1
Chapter 4	Inner-City Poverty and Economic Access John D. Kasarda	4-1
Chapter 5	Housing Markets and Patterns Richard Peiser, William C. Baer, and Lee Fairman	5-1
Chapter 6	Policy Perspectives and Possibilities Robert W. Poole, Jr., and P. Lynn Scarlett	6-1

CHAPTER 1
RENEWING A DIALOGUE ON URBAN AMERICA

Jack Sommer

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REDISCOVERY IN OUR OWN TIME

Five centuries ago Columbus set sail for the New World and was credited with a discovery of immense consequence. We have learned through the years that the interpretation of this voyage and its implications can be viewed in a variety of new ways. Events can look very different depending on one's perspective. Yet there is a lesson in all of this that is relevant to those who would seek to stimulate a new dialogue on America's cities. Too often, Columbus' journey has been hailed for all the wrong reasons. After all, by 1492 the notion of the world being round was already widely held, and the journey to the Americas may well have been made by others centuries before. Indeed, there were already an estimated 1 million inhabitants of this New World, and their perspective on "the Discovery," and that of their heirs has differed markedly from those of European descent. As a result, it is misleading to suggest that Columbus somehow "discovered" America. More accurately, Columbus' journey symbolizes a dramatic reorientation of the European frame of reference of the world in which they lived. Henceforth, Europeans would view themselves differently. The European world view would now be defined by its relation to destinations—trade routes and new frontiers—both east and west. In a fundamental sense, then, 1492 might better be used as a landmark of a different kind. It symbolizes more an era of fundamental self-discovery for Europe than of the discovery of America.

It is in this same spirit, five centuries later, that we invoke the notion of rediscovery as we explore urban America. What we stand to gain is broader and deeper knowledge about our own settlements, our Nation, and ourselves. In so doing, we draw attention to the fact that by examining shifts and continuities on key dimensions of demographic and economic change, we can detect the outlines of new relationships within and among the urban areas of this Nation and beyond. Taken together these perspectives offer a view of what amounts to the emergence of a new urban system in the United States. How these changes have unfolded can tell us much about our Nation's social and economic capacity to adjust to changing circumstances in a world that is simultaneously expanding its possibilities and shrinking the time required to respond to them. And for our purposes, the promise of rediscovery of urban America opens us to the possibilities of thinking more clearly about what the central issues of a national dialogue might be which have important implications for people and places and people in places.

Confronting the Present

Rediscovering Urban America is a report on the state of contemporary America which reaches across the Nation to incorporate all of the United States' major metropolitan areas in a systematic framework for analysis. By undertaking an extraordinarily intensive study of the 1990 Census of Population and Housing, and other vital data sources, a team of urban scholars has fashioned a set of coherent, data-regarding chapters which provide the empirical foundations for a national dialogue on our cities. In these chapters the authors have

established the salient features of current economic, demographic, social, and housing conditions in the United States, and have set the past decade in the context of previous decades. They have provided a storehouse of fundamental information in the tables, graphs, and maps, as well as a critical analytical guide to consideration of the data.

One characteristic of this report that will become apparent to the reader, but which is important to identify at the outset, is the steadfast effort by the authors not to regard "change" as being equivalent to "problem," or worse, "crisis." Much of the urban analysis literature during the past quarter century and more has been centered on one or another complex issues whose exposition begins with the premise that some place, or more precisely, the individuals living in some place, have been victimized by circumstances beyond their control. The corollary to this victimization has been the petitioning of government to restore more comfortable past arrangements, forestall change, or at least insulate the victims from its consequences. This report eschews the notion that America is a nation of victims, waiting for redress, even as it identifies aspects of the human condition in some of our cities that are deplorable from any vantage point.

At issue before us as a nation is the challenge of confronting the present so that a future of improved well-being will emerge for all Americans. That challenge implies the primacy of a search for opportunities among the assembled facts rather than seeking to mine them for evidence of received wisdom of an "urban problematique." This report contains few judgments because the editors and authors believe that their efforts are best made in establishing the bases for debate rather than steering the debate.

The main units of analysis of the report are the nearly 300 Metropolitan Statistical Areas distributed across the country and concentrated on both the Atlantic and the Pacific seaboards. These are major centers of urban life in the United States, but their choice related more to the availability of data and of time to perform analyses than it did to a desire to ignore the smaller urban places which contribute so much to the vitality of this country. To fulfill the promise of a full systemic view of urban America, these smaller centers should be examined in future reports.

At certain points in the report the authors shift attention to the 100 largest urban centers to facilitate comparisons among specific kinds of places. For still more detailed discussion and characterization of urban dynamics a tableau of 10 major cities (at least 2 from each of the 4 Census Regions) was chosen to provide common reference points among the chapters. These 10 cities are: New York and Philadelphia in the Northeast; Chicago and Detroit in the Midwest; Atlanta, Dallas, and Miami in the South; and Denver, Los Angeles, and Seattle in the West. Apart from their intrinsic importance as gateways to the rest of the world or as regional command and control centers, these 10 cities provide the venues for invaluable, in-depth treatment of inner-city issues in one of the chapters. The choice of these different

sets of cities is an important means of focussing attention on issues of importance at different scales of human interaction.

At this point in history, more than in any other, vastly expanded communication systems and flows of trade link American cities to the rest of the world, providing a new, and daily-increasing, global context to our lives. This context is inescapable, and the consequence of international competitive forces is visited upon us at all times. It is one of the aspects of the present that we must confront so as better to develop the flexibility to respond effectively. Regrettably, this perspective could not be treated in this report. The authors of this report would, however, agree such a global perspective should also be a specific focus of future analyses. This is clearly an area that requires serious attention to augment the bases of evaluation of the United States urban system.

The State of the System

An assessment of the state of America's urban system is the central purpose of this report so that those who would deliberate on the future of our cities can have a purview broad enough to be aware of the limitations of arguments generalized from more narrow frameworks. To do this the report extends beyond conventional data treatments in several respects. It seeks to assess the state of the entire urban system and to differentiate the results from those derived from a simple inventory of the conditions of hundreds of individual urban areas. In the analyses that follow, urban arrangements are regarded as key features of a larger national economy, and attention is directed to how this economy is organized within, among, and outside cities and broader urban areas. It employs new methods for measuring urban economic structure, performance, and outcomes in order to augment more conventional approaches. The report, then, extends beyond the considerations of how individual cities are doing (with specific exception of the 10 cities mentioned in the tableau) in order to illuminate how well, or not, the country's larger urban system is adjusting to the circumstances that influence America's economic and social well-being.

Because we know the maxim, "All politics is local," we understand that the advocates of conventional urban policies are likely to have a specific place or group in mind to receive support. This perspective is one which emphasizes uniqueness, and it stands in contrast to those who adopt a systems view and who know that the economy reflects the linkages between people and places rather than a polka-dot quilt of self-contained economies. When adjustments are made in any part of the system, we recognize that other parts are affected. Over the long haul the changes wrought in our economy have been positive on virtually any indicator of human welfare, but that reality does not exempt specific places, and the people who live in them, from feeling the effects of change and wishing to have them mitigated. There is no enduring remedy for the real differences between what we believe we know of our own locale and hope for its future and its place among many other locales, except to increase the knowledge individuals have about the larger system. By doing so a wider set of

opportunities may be identified, and any mitigating measures undertaken can be informed so as not to condemn individuals to remain in places economic fortune has bypassed.

The urban systems perspective developed in this report does not involve an arithmetic that merely sums the scores of the problems of local communities; it also involves the kind of subtraction reflected in developments wherein growth in one part of the system precludes comparable growth elsewhere. The emergence of Los Angeles as a financial center may have come, to some degree, at the expense of New York, or Dallas' success in advanced manufacturing may have drained some of the economic vitality of Detroit, but it is in the broader diffusion of the systems view that more opportunities for investment will be found for lagging cities, or for individuals from lagging cities. Understanding this viewpoint will enable us to confront the present more effectively and to prepare for the future with less trepidation.

Urban Economic Organization and Development

In Chapter 2, "Cities and Beyond: A New Look at the Nation's Urban Economy," authors Donald Hicks and John Rees amplify the system concept just discussed by pointing out how uneven rates of change on key indicators between economic sectors and metropolitan regions drive the development process and ultimately promote shifting of economic activities and population among settlements of different size. The authors present an analytic "overview" of urban America by extending trend analyses for several conventional indicators and discover that there have been dramatic changes during the 1970s and 1980s. Local and regional economies of individual urban areas have been challenged by the global economy, technological development, and shifting population composition and redistribution. They also present an "underview" of how the urban economies of the United States undergo substantial change through a process of economic "churn," essentially showing how the dynamics of job loss and job replacement reflect these forces.

Despairing of some of the conventional indicators of urban economic change, which they say obscure the details of urban transformations, they have utilized an important data source to calculate shifting shares of employment earnings across the urban system and by sector. Their results present an extraordinarily interesting picture of extended and complex linkages between urban areas at different spatial scales. Similarly, they creatively advance some measures of urban "productivity" using non-governmental data. Their valuable analyses lead to a picture of a complex and turbulent economy in urban areas that generates new jobs as it destroys others, and the message they communicate is that interventions with policy instruments should proceed cautiously.

Demographic Organization and Redistribution

In Chapter 3, "People in Places: Demographic Trends in Urban America," William Frey discusses a new urbanization of the 1980s that is emergent from the "rural renaissance" of the 1970s when there was a detected movement away from the metropolis. The new urbanization of the 1980s (and evidently continuing in the 1990s) is unique, less for the geographic patterns of growth than for the pace at which these patterns change. Demographic mobility and commuting patterns have become more flexible and responsive to changes in the spatial structure of employment, much of which is concentrated in the suburban areas. Nevertheless there has been a rediscovery of the allure of major metropolitan areas.

There has been an explosive growth of minority populations in America's cities, fueled by rising immigration from Latin America and Asia, along with new redistribution patterns of the black population. Although the national population has certainly become much more diverse as a result of the new immigration and minority growth, the preferences of most minority groups are directing them to particular metropolitan areas and regions. During the 1980s, just 9 metropolitan areas accounted for 54 percent of all minority growth, while more than one-third of the Nation's metropolitan areas remained more than 90 percent white. Although minorities continue to filter in to all parts of the United States, Frey observes that the sharp disparity between concentrations of white population and concentrations of minority populations are likely to be enduring.

Finally, Frey points out that according to the 1990 Census, central-city populations comprise only 23 percent of the U.S. population—down from 37 percent in 1960. Moreover, most of the "statistical" central-city population is not comprised of classic industrial centers like Detroit or Akron, but includes many smaller-sized, low-density central cities with suburban character. Most of the Nation's urban population now lives in the suburbs, however defined, with an extremely heterogeneous mix according to race, class, and age.

Chapter 3 provides invaluable background information on the demography of the new urbanization of the 1980s and 1990s. It portrays the changing population dynamics of growth and decline, the racial and ethnic diversity across regions, and the new distinctions that are arising within the metropolitan area, as the historic central city fades in significance.

Inner-City Conditions and Challenges

The historic central city may have faded in its significance as a focal point for the majority population and many major businesses, but it has hardly disappeared as a locale that demands the attention of all who would debate the future of urban America. In Chapter 4, "Inner-City Poverty and Economic Access," John Kasarda shifts the analytical focus from the broad urban system to the central cities, especially to their neighborhoods experiencing the most severe social and economic conditions.

Kasarda reviews the experience of the past 2 decades with respect to the spatial distribution of poverty populations, and documents and compares the growth and concentration of the underclass population in major cities during the 1980s with the prior decade. His work shows that the Nation's poverty population, once chiefly a rural phenomenon, has become increasingly urbanized. Whereas in 1959 only 27 percent of America's poor resided in metropolitan central cities, the poor increased to 43 percent in 1985 and remain at that level today. And, following the general contours of Frey's demographic depiction, Kasarda shows that selective "black flight" from inner-city ghettos accelerated, resulting in a split in the black community and leaving behind individuals with few skills to offer in rapidly transforming local job markets.

The economic base of the tableau of the 10 cities is examined over the past 30 years, and the consequences of these changes for employment prospects of inner-city residents with limited education appear grave. Blue-collar jobs have evaporated, particularly in places like Philadelphia, where, for example, in 1959 approximately 40 percent of the workers were employed in manufacturing; by 1989 the figure was reduced to only 15 percent. White-collar jobs, on the other hand, increased from 19 percent to 49 percent during the same period. The spatial mismatch between labor with certain skills and jobs requiring those skills has widened.

The demographic and economic changes are related to several serious social ills: poverty, joblessness, homelessness, crime and violence, health problems, drugs, and school dropouts. For each of these issues data are adduced that point to the inner cities as the most clearly afflicted part of the urban landscape. The school dropout rates in central cities are over 16 percent, whereas in suburban schools they are closer to 10 percent. This differential, combined with the ascendance of white-collar jobs, contributes to the differential employment patterns among and between inner-city blacks and suburban whites. In a group of major Midwestern metropolitan areas, Kasarda found the unemployment rate for out-of-school black males ages 16 to 64 was 58 percent in 1988.

Even though inner-city residents make up a small part of the U.S. urban population, they present some daunting challenges for those who seek to improve the quality of human capital to meet the changed economic structure of America in the last decade of the twentieth century.

Residential Markets and Housing Conditions

Chapter 5, "Housing Markets and Patterns," by Richard Peiser et al., reveals that the physical quality of the Nation's housing stock has improved dramatically since the 1950s. The rapid increase in new construction, along with elimination of most substandard stock through market processes and government action, have drastically reduced the supply of substandard housing as it was defined during the first half of the century. One of the

unintended consequences of these well-intentioned efforts has been to increase the incidence of homelessness. He finds that overcrowding conditions have also improved. Even with the barriers to affordable housing we will consider, most American households saw improvements in the quality of their housing during the 1980s. The vast majority of Americans enjoy one of the highest standards of housing in the world.

New construction provided some 16 million housing units during the 1980s. The housing stock increased by nearly 14 million units in all by 1990, after accounting for removals of old stock during the decade. These changes were driven by the baby boom and the demand for housing. After a slow start during the recession of the early 1980s, strong household formation combined with a robust economy to fuel a boom in both apartments and entry-level housing during the period 1983-1986. Household formation has dropped in the 1990s as baby-boomers have begun to enter middle age, but the number of high-income households increased rapidly and helped to fuel tradeup, renovation, and repair markets.

During the 1980s, housing trends were influenced by tax policies and mortgage markets. The 1981 Economic Recovery Tax Act provided substantial incentives for building multi-family housing, and the Tax Reform Act of 1986 dramatically changed incentives for rental housing and contributed to the collapse of the real estate industry which followed. During the 1970s and 1980s the mortgage markets expanded rapidly; at the beginning of the 1980s, mortgage rates were at historically high levels, but by the end of the decade they had fallen back to the lowest levels since the 1970s.

The major change in Federal housing policy in the 1980s was the shift from supply-side subsidies for new housing construction to demand-side housing assistance, primarily in the form of vouchers and certificates. Accompanying this shift was the more careful targeting of assistance to households at the lowest end of the income scale.

Peiser et al. cite increasing barriers to affordable housing as a disturbing trend in the 1980s, noting that such practices as exclusionary zoning in wealthy neighborhoods, building restrictions and other measures to insure that property values will not fall, redlining in the mortgage market, and vastly increased environmental and other regulations all have contributed to the increase in the cost and availability of housing.

Opportunity, Ownership, and Urban Systems

The final chapter of this report was prepared by Robert Poole and Lynn Scarlett, and is called "Policy Perspectives and Possibilities." This chapter presents an agenda of policy ideas for empowering individuals and revitalizing America's urban areas. Nearly all of the ideas have been tried in one or more communities in our 50-State laboratory, but they have never before been assembled into an overall agenda for debate. The previous chapters of the report focused on the fundamental condition of America's urban people and places; here

Poole and Scarlett describe how a variety of novel, principally private, local-scale actions are improving the lives of urban inhabitants in different parts of the country.

They begin by showing that enterprise zones offer opportunities for rediscovering economic gains in inner-city investments, but they caution that even with tax breaks, many firms hesitate to invest in rundown, crime-prone areas. There are enterprise zones in 36 States, and there are thousands of free trade zones—a related concept—operating throughout the world. In time there should be little problem in evaluating fully the conditions that lead to success or failure of these promising entities.

An allied concept to enterprise zones is that of “enterprise associations,” which combine the features of community development associations and homeowners’ associations, to create an entity with the resources and incentives to upgrade rundown neighborhoods. Whereas enterprise zones offer the possibility of increased jobs, enterprise associations offer the possibility of improved living conditions.

Such approaches can be complemented by actions to link inner-city residents to outside sources of employment. One way is to encourage the formation of small-scale transit businesses operating light vehicles to meet the needs of individuals not well served by public transit. Conversely, inner-city individuals can be linked to the outer world through telecommunication. Third World employees with less formal education than some American high school dropouts are currently “hooked up” to firms in the United States and are delivering first class services.

Other kinds of privatization, particularly urban service contracting, are discussed as ways of easing the fiscal plight of the cities. A number of empirical studies have documented the significant cost savings for municipalities thanks to the competition across a wide range of municipal services. A second form of privatization is the provision of vouchers, the portability of which induces competition and savings among both public and private service providers.

Asset management, or the transforming of physical capital into financial capital via selling or leasing various assets to private owners or operators, is a genuine opportunity to reduce debt or to provide capital for investment in more urgent needs. Among the candidates they identify for sale or lease are airports, municipal waste facilities, parking facilities, and various utilities.

Finally, Poole and Scarlett address the problem of affordable housing and point to the need to rethink growth controls and regulations so as to permit greater innovation and flexibility in providing housing and community development. Flexible zoning, for example, permits mixes of land uses as long as these “ensembles” meet certain performance criteria. Flexible building codes that permit single-room-occupancy hotels or modest secondary housing units

("mother-in-law bungalows") can make housing more affordable for lower income individuals. Environmental regulation can also be made more flexible through now-familiar programs of emission trading.

In no sense do the authors suggest that what they have found is a complete formula for addressing urban circumstances defined as deficient. They urge that these are ideas in progress, but they are ideas which deserve wider consideration and critique.

SUMMARY

The several chapters of this report are responsive to the need to renew an authentic national discussion on America's cities. The data and ideas presented here are not the answers—they are bases for asking the questions that must be asked if new consensuses are to be formed in the American polity out of contending visions of the future and reinterpretations of the past. We recognize that other paths may be cut through this data by other "discoverers" who bring their individual insights to the task. Naturally, we hope their results will merge with ours into broad avenues of understanding, but if they do not, as is surely possible, we know that the American people will be better served by more paths across this intellectual terrain than fewer. The challenge to others is to create better paths by clearing away any debris we may inadvertently have left behind or by cutting new, and cleaner, ones with sharper tools.

When work on this report began in earnest in the summer of 1992, it was not evident that the goal of its completion before the end of the calendar year could be achieved; the fact that it has been achieved is testimony to the skill and endurance of the authors and to the good offices of Assistant Secretary John C. Weicher and many individuals within the U.S. Department of Housing and Urban Development's Office of Policy Development and Research who responded to requests for data and who eventually shepherded the report through the publication process.

With these prefatory remarks, the following chapters will unfold an array of ideas and data which should be suggestive of new ways to appraise current urban conditions, and which we hope will lead, ultimately, to a rediscovery of urban America.

CHAPTER 2

**CITIES AND BEYOND:
A NEW LOOK AT THE NATION'S URBAN ECONOMY**

Donald A. Hicks and John Rees

Donald A. Hicks, Ph.D., is Professor of Political Economy and Vice Chair of the Bruton Center for Development Studies, University of Texas at Dallas. John Rees, Ph.D., is Professor and Chairman of the Department of Geography, University of North Carolina at Greensboro.

INTRODUCTION

To see something in a new light often requires new tools—brighter lights or a wider lens—and a different line of sight. This Chapter presents America's urban economy in a new light. It does so by reaching beyond conventional indicators to try out new metrics and new methodologies. In so doing it offers a broader—and deeper—empirical accounting of the patterns of U.S. urban economic change during the 1980–90 decade.

As indicated in the preceding Chapter, urban America can be appreciated as more than the sum of its parts. Beyond the development patterns of individual cities is evidence of an entire *system* of urban economies that functions as an integral part of the Nation's macro-economy and society. This system's reach extends well beyond the heavily populated urban centers that anchor it to profoundly shape activities that take place in what we know as rural America. Moreover, increasingly the U.S. urban system projects our diverse commercial and cultural influences through Nation-spanning urban economic networks that serve as a key infrastructure of the emerging global economy. This system, then, reveals patterns of change that cannot be completely appreciated by taking stock city by city. Historically, because cities as legal and jurisdictional entities are institutionally wired to broadcast the details of their individual circumstances, it has not been easy to communicate the detailed structures and shifts that define the broader reality and significance of the U.S. urban system. This Chapter seeks to do that.

A Hierarchy of Urban Places

The United States has long been characterized by a hierarchy among its major settlements. This has been so for more than 400 years since the beginning of the European settlement era. The locations of these settlements on the economic landscape are not random, and the resulting economic ties that link them to each other are related to these locational patterns. The organization of these settlements one to another reflects historical patterns of broad regional, national, and global economic development. Yet the continuous relative rerankings evident during the past decade in the United States also illustrate the ways in which the country's larger economy retains the flexibility to rework itself based on what happens in specific places.

Ultimately, the driver of the development process is *uneven rates of change* on key indicators between metro regions and the industrial sectors that compose metro regional economies. At the core of this kind of national—and global—development process have been changes in the way patterns of living and working are organized. As these patterns have changed over time, the character of U.S. population settlements, from small towns to very large cities, has changed. And it is to those changes in urban economic *organization*—and their consequences—that this report now turns.

From Overview to "Underview"

In the sections that follow, an analytic *overview* of urban America is offered by extending up to the present selected trend analyses on a variety of conventional indicators of urban economic performance. These indicators include patterns of employment and earnings change, as well as of restructuring of the industrial bases of urban economies across the country during the past two decades. It will be apparent that the local and regional economies of individual urban areas have registered dramatic changes as the larger Nation has encountered the challenges of increased integration into a global economy, widespread technological developments in the workplace and beyond, and the relentless forces of shifting population composition and redistribution.

This report also reaches beyond conventional urban analyses to illustrate the deeper processes of economic "churn" in urban business and employment bases that account for the net effects of changes detected over time. In effect, this will amount to supplementing conventional overviews with an *underview* of how the Nation's urban economies—and thereby the larger national economy—undergo substantial and continuous change.

NATIONAL AND GLOBAL ECONOMIC CONTEXTS

Urban America can no longer be regarded as an internal or domestic phenomenon. Much of the capacity of the United States—or any other nation—to deliver a rising standard of living and to compete in specific industries rests ever less on the volume of a nation's resources (understood at the level of U.S., German, or Japanese national aggregates) and increasingly on how those resources are organized spatially and leveraged in places like Detroit, Stuttgart, and Yokohama. Moreover, the ongoing economic and social transformations under way in U.S. urban areas reflect the changing composition of those resources.

What are the primary dimensions of these economic contexts? While the longest peacetime expansion of the century began in 1982, growth turned sluggish in 1989, and the Nation settled into a recession in mid-1990. Relatively short and shallow growth resumed by mid-1991, although at a much lower rate than normally accompanies a recovery (Figure 2-1).¹ During the 8-year period of economic expansion, the Nation's gross domestic product (GDP) grew by nearly a third (31.1 percent). This extended national economic expansion was accompanied not only by the addition to the Nation's employment base of millions of new jobs (Figure 2-2), but it also enabled real GDP per capita to rise from \$18,718 in 1980 to \$22,056 in 1990, an increase of 17.8 percent (Figure 2-3). This performance enabled us to keep well ahead of our nearest competitors.²

The national unemployment rate dropped from a high of 10.8 percent in December 1982 to 6.1 percent in December 1990, rising again to 7.6 percent during spring 1992 (Figure 2-4). At the same time throughout this period of economic expansion, inflation remained relatively

low and stable, particularly compared with the 1970s (Figure 2-5). Nonetheless, employment growth remained stagnant until the very end of 1992, reflecting both the more immediate influence of a decline (Figure 2-6) in new business formation—the source of the vast majority of new job growth in an economy—as well as the more distant influence of a cautious and chastised banking sector whose impulse has been to refrain from making the commercial and industrial loans (Figure 2-7) necessary to accommodate new business formation and ultimately new job growth.

URBAN ECONOMIC PERFORMANCE (1980–1990): AN OVERVIEW³

Selecting a Geoeconomic Unit of Analysis

A nation's economy is ever and only the sum total of its people and the places in which they live and work. If we begin by searching for the “real” boundaries that define the activities of people in places, we can quickly see that these boundaries—in sharp contrast to largely rigid and static government jurisdictional boundaries—are remarkably fluid over time. They fluctuate year to year and even between day and night.⁴ While the analyses presented in this Chapter cannot recreate the full range of geoeconomic patterns that characterize urban America, a methodological compromise is offered. Primacy is given to groupings of counties that contain the Nation's major central city-suburban population concentrations. These groupings are commonly known as metropolitan areas.

While the country's nearly 300 metropolitan areas include only 19.7 percent⁵ of the Nation's land area, 77.7 percent of the Nation's residents lived in them in 1990. This figure is up slightly from 76.4 percent in 1980 and 76.8 percent in 1970. In addition, during the 1980–90 decade, fully 90.1 percent of the Nation's population *growth* took place inside U.S. metropolitan areas, up sharply from the 73.4 percent share during the 1970–80 decade. This suggests that the 1980s were a period during which the spatial features of the Nation's larger urban system were under considerable demographic pressure to accommodate the growth directed toward it. The determinants of America's economic growth can only be understood by analyzing the trends and changes that took place inside and among its urban areas. In this section evidence is presented that indicates how the Nation's larger urban system accommodated the events of this period during which the bulk of the Nation's demographic growth was turned inward.

Metro Regional Analysis Methodology

Before proceeding to discuss changes in urban economic performance over the last decade, it is important to clarify the methodology used. This report uses the three basic types of metropolitan areas recognized by the Office of Management and Budget (OMB) for Federal statistical purposes. Most of these areas are classified simply as Metropolitan Statistical Areas (MSAs). If such an area has more than 1 million residents and meets other OMB

criteria, it is termed a Consolidated Metropolitan Statistical Area (CMSA) consisting of two or more Primary Metropolitan Statistical Areas (PMSAs). These areas are defined in terms of counties in all regions except New England, where OMB recognizes alternative county-based definitions, termed New England County Metropolitan Areas (NECMAs). In most of this report, we will discuss trends in 282 metropolitan (metro) regions: 250 MSAs, 15 NECMAs and 17 CMSAs.⁶ The component counties of each of the MSAs, PMSAs, CMSAs and NECMAs are listed in the appendix at the end of this Chapter.

The geographic definition of each metropolitan area is held constant over the entire study period. That is, the same counties included in a given metropolitan area as of June 1990 are also included in earlier years, even though they may not have been officially part of that metropolitan area at an earlier date. This standardized concept is deemed appropriate because one major objective of this Chapter is to define and interpret changes in employment, income, and output over time in a given area.⁷

Selecting Indicators of Urban Economic Change

Generally, urban analyses rely on a relatively small number of conventional indicators to measure economic changes in America's urban areas. These indicators typically involve trend data on net employment, per capita income, and earnings of people employed in the various sectors that make up the economic bases of our urban areas. While the trends charted by movements from one level to another on these indicators provide valuable insights into the patterns of urban economic change, they are woefully incomplete. Obscured are the details of the transits made by individual urban areas as their economies moved between industry mixes and size categories in the larger urban system. Available Government economic data often do not correspond well to the concepts that analysts need to measure. Moreover, changes in the structure of the economy can alter the relationships among various economic indicators and may render certain measures increasingly incomplete and misleading.⁸

The employment indicator: A closer look. Certain conventional indicators are perceived today as major barometers of national and urban economic change. Consider employment. Because of its enormous social and local political significance, great importance is routinely, if often uncritically, assigned to employment levels and patterns of change. However, in an economic context in which the relationship between rising living standards and the prospects for productivity growth is increasingly appreciated, our traditional concern for the simple *volume* of employment growth is joined by a building concern for the quality and composition of that growth.⁹

As this report suggests below, simple employment growth may not prove to be much of an economic elixir for an urban area. Indeed, under certain circumstances, *simple employment growth may well slowly impoverish a region. To the extent that job creation occurs without a concern for the changing composition of skills, that growth may actually exacerbate the*

difficulties of a region. More and more, the overall vitality of urban economies across the Nation depends on employment growth that comes in increasingly efficient and competitive industries, especially those that are productive enough to offer high wages in return for high levels of added value. And so there is considerable justification not only to devise new and more appropriate indicators of urban system change but also to reconsider the readings taken on conventional indicators.

Beyond employment levels. Alternative urban economic indicators such as output, productivity, and per capita income are important to consider today because they reflect the increasing influence of new product, process, and organizational technologies on the Nation's economic structure and long-term development. Technological change, broadly defined, represents the essence of economic development at any scale of analysis—whether national or local-urban—because it can lead to productivity improvements that enhance a nation's or an urban region's competitive advantage. Such productivity improvements that result in economic growth, and are reflected in rising real income and output levels over time, can take place without increases in employment. Therefore, employment trends by themselves can be deceiving.

Consequently, this Chapter presents a broader array of indicators of urban economic change that venture well beyond the familiar and conventional. The resulting analysis not only presents data organized at the level of U.S. metropolitan areas on trends in estimated levels of metro regional output, but it also derives indicators of metro regional "productivity" trends that reflect primarily underlying shifts in local industry mix. In addition, it probes beneath conventional indicators of net employment levels and describes the broader range of turnover and replacement dynamics that rework both business and employment bases of an economy and that, taken together, determine resulting net levels on conventional indicators.

The Nation's Urban Economy: State of the System

This section reports on the patterns defining the continuing development of the Nation's coherent and unified urban system. In a companion section that follows, the focus of analysis shifts to patterns of change across the country's individual metro regions. While the primary focus is economic change evident in the overall urban system during the 1980-90 decade, it is difficult to interpret such evidence in isolation. Therefore, companion data for the 1970-80 decade are also reported for comparative purposes.

Rates of Employment Change and Shifting Shares

During the 1980s, more than 19 million new jobs were added to the Nation's employment base. The vast majority of the Nation's employment—and employment creation—took place inside the geographical bounds of the U.S. *urban* economy. During the 1980-90 decade,

87.2 percent of the Nation's overall employment *growth* occurred inside the larger urban system; this represents an increase from the 80.8 percent share during the 1970–80 decade. U.S. total employment (full-time and part-time) expanded 22.2 percent during the 1980–90 decade, down from the 25.1 percent growth rate during the 1970s (Table 2–1). Inside the U.S. urban system, during both the 1980–90 decade (24.4 percent) and the 1970–80 decade (25.7 percent), the employment change rate was somewhat higher than the respective rate for the Nation as a whole.¹⁰

Employment Change by Sector and Industry Group

Shifting rates. While the sheer volume of employment growth is of considerable significance, the *distribution* of that growth throughout the total U.S. economy and the kinds of economic growth and development those jobs represent are potentially of even greater significance. In Table 2–2 U.S. total employment is reported by sector and industry group. Shaded values indicate those categories in which the employment growth performance of the entire Nation was exceeded by that of a specific industrial sector or group.

Shifting shares. As a result of the variable patterns of employment growth across different parts of the economy, the larger employment base of the U.S. economy has been substantially restructured in recent decades. Whereas in 1970 more than three-fourths (79 percent) of the Nation's employment was located in urban areas, that share increased to 79.3 percent in 1980 and to 80.8 percent in 1990. As a result, this pattern clearly indicates a continuation of the longer-term historical trend whereby the larger urban economy accounts for increasing shares of total U.S. employment.

Table 2–3 offers evidence of long-term structural changes indicated by shifting shares among sectors of metro regional employment. Let us turn to a closer examination of these differing rates and shifting shares across sectors and industry groups for the 1970–90 period.

The first comparison involves employment change patterns in the dominant *private* sector relative to those in the much smaller *public* sector. This first level of sectoral comparisons reflects the widespread acknowledgment of the priority the United States assigns to employment growth directly tied to the expansion and development of private sector markets. While much private sector employment creation during the 1980s can be traced to increased levels of public spending—especially via Federal procurement originating from the defense industrial base—the employment grouped in the private sector reflects the sectoral location of the resulting jobs rather than the source of the demand responsible for creating or sustaining them.

The second comparison focuses on the *goods-producing* sector, a collection of industries—manufacturing, construction, and mining—whose outputs are tangible goods and the larger and more diverse *services-providing* sector, a collection of industries whose outputs are

largely intangible. Finally, a third level of comparison reports changes individually for the nine industry categories defined at the one-digit level in the Standard Industrial Classification (SIC) system.

Private vs. public sector. Using total U.S. employment growth as a standard of comparison, Table 2-2 indicates that private sector employment expanded by 24.1 percent during the 1980s, a rate nearly twice that of the public sector (12.5 percent). These growth rates are both lower than those that characterized the 1970s, 27.3 percent and 15.2 percent, respectively.

In Table 2-3, shares of total U.S. metro regional employment are categorized by sector and follow shifts in each sector's share of total U.S. employment over time. Indicative of the way in which the U.S. economy is dominated by the performance of the private sector, 84.6 percent of total urban employment in 1990 was in the private sector. This represents a steady rise from 81.8 percent in 1970 and 83.3 percent in 1980.

Goods-producing vs. services-providing. In recent years considerable attention has been devoted to the trend involving an employment shift to services in the U.S. economy.¹¹ A summary of employment changes in urban America during the 1980s reveals the dominance of growth in this trade and services sector—often called the “tertiary” sector—to an extent far greater than any other decade in recent American history. The services-providing sector accounted for 97.0 percent of the total employment growth in America's urban system during the 1980s.

This relatively rapid shift of employment growth to services-providing industries has attracted attention for a number of reasons. Not only has it marked the transit of this Nation's economy to a stage of development at which considerable wealth is tied directly to the provision of services to individuals and to organizations in the form of intermediate inputs, but it also has underscored the rapid transformation of the Nation's industrial moorings and urban employment and earnings opportunities.¹²

Table 2-2 indicates that services-providing industries expanded their U.S. employment base by nearly a third (31.1 percent) during the 1980s. While services employment expansion was equally high (32.1 percent) in the previous decade, the decline in goods-production employment growth from 11.4 percent during the 1970s to only 1.1 percent during the 1980s represents a remarkable break from the past.

While the U.S. economy still derives a substantial and generally steady share of its total output from the goods-production sector via its manufacturing, construction, and mining industry groups, the rising productivity of industries within these sectors indicates that their outputs are no longer solely dependent on ever rising levels of employment. Since these efficiencies translate into goods of ever higher quality and sophistication at stable or

declining prices, goods consumption accounts for steadily declining shares of national wealth. As a consequence, because declining shares of the value added in goods-production takes place in factories, mines, and at countless scattered construction sites, and instead can be traced to both upstream and downstream activities such as product design and development, marketing, finance, and after-sale services and repair, when measured on several conventional indicators, the goods-production sector of the Nation's economy appears to be receding. Nonetheless, it is far from clear that this process necessarily constitutes either industrial deterioration or decline as opposed to a more benign form of economic transformation.

Therefore, despite the fact that many U.S. industries are facing enormous challenges as their technology bases evolve, as the structures of both demand and supply that they face continue to shift, and as they encounter stiff competition from worthy competitors, the employment shift to services can be seen as part of a larger transformation of the Nation's economy whose implications may well differ across metro regions.

This continuing restructuring of the Nation's larger economy in ways that reduce the labor requirements of goods production and free labor for providing services to consumers and to other producers of goods and providers of services is readily apparent within the Nation's urban economies. As indicated in Table 2-3, in 1970 the broad and diverse services sector accounted for approximately two-thirds (67.4 percent) of the urban employment base. Over the next two decades, this share rose rapidly, reaching 71.2 percent in 1980 and 76.4 percent in 1990. Meanwhile, over the same two decades, the share of urban employment centered in goods production declined from more than one job in four (27.6 percent) in 1970 to only one job in five (20.3 percent) in 1990. The remainder of the job base can be traced to agriculture.

Industry group-specific rates of change. Finally, in examining individual industry groups we encounter evidence of specific industry group performances that took place during the 1980-90 decade. During this period, rates of employment growth in four industry groups—construction, the FIRE group (finance, insurance, and real estate), retail, and general business and consumer services—surpassed that of the larger U.S. economy (see Table 2-2). During the previous decade, the expansion of employment in these same four groups, in addition to both mining and wholesale, also grew at rates exceeding the national rate.

Most of this growth was broadly distributed across U.S. metro regions. Indeed, only 13 of the Nation's 282 metro regions experienced net employment loss in the FIRE group during the 1980s. The flow of foreign and domestic capital into U.S. banking centers during the decade was partially responsible for these broad employment gains, with an especially large "Manhattan effect" of stimulation in the major growth centers of the East (New York) and West (Los Angeles) coasts. During the same period, only seven metro regions lost retail jobs. Finally, the ascendance of medium-size metro regions into the top ranks of regions

experiencing rapid employment growth in specific industry groups illustrates not only how smaller metro regions can aspire to leadership in selected services industry functions, but also how opportunities for such performances were able to filter down into lower size strata of the larger urban system during the 1980s. In the transportation and public utilities (TPU) sector alone, for example, Charlotte, North Carolina, emerged as an air distribution hub for USAir, with Memphis, Tennessee, playing a similar role for Federal Express. And with these new economic roles came substantial metro regional employment gains.

At the same time, however, in nearly all cases employment growth in individual industry groups during the 1980s was slower than during the 1970s. In the case of manufacturing, slow growth (5.5 percent) during the 1970s actually slipped into absolute employment contraction (4.9 percent) during the 1980s. Moreover, reflecting the rapid adjustments to global energy shocks during the 1970s, rapid employment growth (71.8 percent) registered in mining during that decade was a precursor to substantial employment contraction (22.6 percent) during the 1980s. In only the case of the services industry group—a diverse collection of specific consumer and business services—did the rate of employment growth *increase* between decades from 46.8 percent in the 1970s to 54.0 percent in the 1980s.

Table 2-3 also reports shifts in employment shares by individual industry group. Of particular interest is the rapidly declining share of urban employment in manufacturing. Whereas 21.9 percent of the Nation's jobs were in manufacturing in 1970, only 14.4 percent were by 1990. This rapid shift is of inestimable social consequence for metro regions, as will be indicated below. As the Nation's city-based economies transform from centers of goods production to centers of services provision, a series of mismatches—both skill-based and spatial—present themselves as barriers between different social groups residing in central city (and suburban) areas and opportunities for present and future employment. This report will examine the circumstances surrounding this shift in more detail in Chapter 4.

Urban System Employment Change by Sector and Size of Urban Area, 1980-1990

The growth and development of the Nation's urban system involves much more than extending the industrial contours of the existing economy out into the future. Indeed, the development of the Nation's larger urban system is inevitably characterized by *uneven* rates of growth in different parts of the system. One way of illustrating this is to examine how employment gains (and losses) have been distributed across different sectors and industry groups and to identify how they have been distributed throughout the size categories of the Nation's urban system during the past two decades.¹³

Table 2-4 is composed of a collection of sector-specific analyses which report rates of employment change for specific economic sectors and industry groups broadly and narrowly defined in the larger urban system over time. Once again, shaded areas indicate in which

(population) size categories in the larger urban system the performance of the entire Nation was surpassed.

Total employment change rates. In the first panel (upper left) of Table 2-4, rates of growth of U.S. total employment growth during the 1970s and 1980s are used as the standards against which to compare the performances of other parts of the urban system. Not only did overall employment growth slow somewhat from the 1970s (25.1 percent) through the 1980s (22.2 percent), but nationwide employment growth rates also declined across all sectors between the 1970s and 1980s, albeit at quite different rates. As noted above, the inter-decade slowdown in employment growth was most marked for the goods-producing sector while it was barely detectable for the services-providing sector.

Now let us continue to compare growth rates within sectors (rows) and across time periods (columns). Employment growth across metro regions in the two largest size categories actually moved in a direction opposite to that of the Nation as a whole. In the New York and Los Angeles CMSAs, the only two metro regions in the largest size category, within fixed 1990 geographic boundaries, employment grew at 15.9 percent across the 1970-80 period, rising to 22.4 percent across the 1980-90 period. Of course, because it is difficult to extrapolate larger national urban system tendencies from the performance of these two sprawling megalopoli, attention must shift to those metro regions closest to them in size. Between 1970 and 1990, the rate of employment growth between decades in the 1-10 million stratum of the U.S. urban system also increased slightly—31.0 percent to 31.7 percent.¹⁴ In the three smaller size categories, inclusive of individual metro regions whose populations were smaller than 1 million, the patterns of slowing rates of employment growth from the 1970s to the 1980s are marked and mirror the experience of the larger U.S. economy with rates of employment growth slowing between decades.

Now let us compare sectoral growth rates to the national rate within time periods. When the focus is shifted to those size categories that experienced aggregate rates of growth exceeding the national rate for each decade, an equally clear pattern emerges. As indicated by the shaded entries, within the context of widespread slowing of employment growth rates throughout the urban system outside the Nation's largest urban areas, between the two decades relatively rapid employment growth shifted from smaller to larger urban areas. By 1990, in only the size categories including the 38 urban areas with populations over 1 million did employment growth exceed that of the larger Nation.

Private sector employment change rates. Between the 1970s and 1980s, the country's rate of private sector employment growth declined slightly from 27.3 percent to 24.1 percent. Following the pattern above, this decline was mirrored in all urban size categories except for those metro regions whose populations exceeded 1 million or were smaller than 100,000. As before, rates of private sector employment growth in the largest metro regions increased over

time, while the rate of private sector employment contraction slowed among the smallest metro regions.

Meanwhile, whereas employment growth rates during the 1970s in all metro regions—save the largest and smallest—exceeded that for the United States at large, by the 1980s, in only those metro regions with populations between 1 and 10 million did employment growth exceed the national rate. This represents a very marked shift in the distribution of employment growth within the larger U.S. urban system. And, as indicated below, this pattern, whereby relatively rapid employment growth was concentrated in the parts of the urban system composed of the largest metro regions, characterized a variety of sectors and industry groups during the 1980s.

Public sector employment change rates. Patterns of public sector employment change differed only slightly from those associated with the private sector. Overall the rate of public sector employment growth declined from 15.2 percent during the 1970s to 12.5 percent during the 1980s. However, this decline was evident in all urban size categories except for the largest, which includes only Greater New York and Greater Los Angeles. For these two megalopoli, the rate of public sector employment expansion actually doubled from 7 percent during the 1970s to 13.8 percent during the 1980s.

Meanwhile, as indicated in the inter-decade shifts, it is apparent once again that employment growth shifted upward in the U.S. urban system, especially in the country's largest metro regions. In only the categories composed of 75 metro regions with populations exceeding one-half million did public sector employment growth rates exceed that for the larger Nation during the 1980s.

Goods-producing sector employment change rates. Employment growth across the broad U.S. goods-producing sector effectively ceased by the 1980-90 decade, declining from 11.4 percent in the 1970s to only 1.1 percent for the 1980s. In general, a pattern whereby growth slowed or employment even contracted between the decades is replicated across all the size categories of the larger urban system. Indeed, in sharp contrast with the 1970s, during the 1980s goods-production employment actually contracted in all size categories except the 1-10 million category. Doubtless, this reflects several forces at work. During this period the bulk of manufacturing employment growth came in technology-intensive sectors, and more and more was being understood about the affinity of those industries for the well-developed skill pools and related urban service and skill infrastructures generally found in larger metro regions. Moreover, the shifting tax treatment of construction investment fueled massive commercial, office, industrial, and residential investments in America's major central and satellite business districts, thereby accelerating the emergence of multinodal urban areas. In the broadest sense, however, widespread employment loss was at least partly reflective of a productivity dynamic at work within goods production itself—and especially

manufacturing—rather than any shifts in the capacities of different size strata within the larger urban system to host employment growth in this sector.

During the 1970s, goods-production employment growth expanded in the broad size categories between 250,000 and 1 million. Nonetheless, following the pattern evident across other employment growth performances, during the 1980s such goods-production employment growth as was experienced had increasingly filtered to nonmetropolitan rural and exurban locations outside the Nation's urban system altogether.

Services-providing sector employment change rates. The last panel of Table 2-4 reveals the comparable patterns for the broad services-providing—trade, consumer, and business services—sector. As noted above, U.S. employment growth in this broad sector, which by 1990 accounted for more than three-quarters (76.4 percent) of the total U.S. employment (see Table 2-3), proceeded at relatively high and steady rates during both the 1970s (32.1 percent) and 1980s (31.1 percent). Nevertheless, outside metro regions with populations less than 1 million, rates of growth actually slowed substantially across decades. The Nation's largest population centers constituted that portion of the U.S. urban system that served as the strongest magnet for employment growth in this sector.

Variable rates of employment change by industry group and size of urban area, 1970-1990. Table 2-5 is presented as a collection of tables that report employment growth rate shifts for eight specific private sector nonagricultural industry groups that compose the broader goods-producing and services-providing sectors. While it is difficult to summarize such a broad array of data, two pervasive patterns can be observed.

For the most part, it is apparent that the urban size dimension continues to channel employment growth within and between decades. Overall, the largest metro regions have followed growth trajectories different from those of smaller metro regions in five of the eight industry groups. Only for manufacturing, wholesale trade, and mining were the patterns of employment growth/contraction between decades registered for the Nation at large replicated across all size categories.

In manufacturing (and mining) by the 1980s, throughout the U.S. urban system, metro regions had either moved from slow growth to absolute decline or were shedding manufacturing and mining employment at an accelerated rate. Only 136 of the 282 U.S. metro regions experienced increases in manufacturing jobs during the 1980s. The top three gainers were Seattle, San Francisco-Oakland, and the Greater Los Angeles areas. All are located on the West Coast, with industrial structures dominated by aircraft production and electronics-based industries, the primary beneficiaries of the defense buildup of the early 1980s. Only 19 metro regions experienced job gains exceeding 10,000 in manufacturing. While only one metro region gained as many as 50,000 manufacturing jobs, seven other metro regions lost that many jobs over the period. Indeed, Greater New York lost more than

300,000 manufacturing jobs, while the Chicago and Pittsburgh metro regions lost nearly 200,000 and more than 120,000 manufacturing jobs, respectively, during the 1980s.

Moreover, for the most part, the evidence suggests that industry group employment growth rates exceeding the U.S. average characterized a broader array of size categories during the 1970s than during the 1980s, with growth tending to filter especially into the narrower ranks of the country's largest metro regions. This pattern is evident in the construction, FIRE, TPU, retail, wholesale, and services groups as well as the total U.S. employment panel. In manufacturing, rates of employment contraction exceeding the national rate were distributed across the largest, smallest, and medium size urban categories, while the brunt of mining employment contraction was borne by metro regions in the smaller size categories.

Sectoral Restructuring in the U.S. Urban System

What were the effects of these uneven employment change rates on the economic structures of the U.S. urban system and its size strata? Table 2-6 is composed of a collection of sector-specific analyses that report the total employment shares of a specific economic sector in the larger urban system across the 1970-90 period.

Private and public sector shares shifts. In 1990, 84.6 percent of U.S. employment was in the private sector, up from 81.8 percent in 1970. At the same time, however, this employment can also be "located" in a variety of other senses, including the possibility of sectoral shares varying considerably across urban size strata.

The first two panels of Table 2-6 show shifts in private and public sector employment shares in U.S. metro regions by population size. Across each size category, the private sector share of total urban employment increased during the past two decades. Another clear pattern is also evident. In 1990, there was a positive relationship between private sector share of total U.S. employment and urban size category. This indicates that within a relatively narrow range of variation, the strata composed of larger metro regions tended to host a mix of employment more tilted toward the private sector than did the strata composed of smaller metro regions. For the most part this same pattern held for both 1980 and 1970. While there were doubtless certain efficiencies to be sought by both State and Federal government in concentrating public employment in common urban locations, it also appears that across ever larger size categories those resulting efficiencies were such that public sector employment did not expand apace with private sector employment.

Goods-producing and services-providing share shifts. In the second two panels of Table 2-6 the goods-producing sector and services-providing sector shares of total urban employment by size of metro region are reported. In 1990, the larger the size category, the smaller was the goods-production share of total employment. This indicates that the broad shift-to-services dynamic found an especially supportive context in the country's largest

metro regions. In both 1980 and 1970, the pattern was somewhat different with goods-production employment shares rising with urban area size until the 500,000 to 1 million category and falling thereafter. This is consistent with the evidence that the largest metro regions, in particular, are shifting to economies tied increasingly to the provision of a wide variety of services and away from goods production. And over time this transformation has set the stage for the growing skill mismatches between those who work in and those who live in the largest U.S. metro regions. By 1990, a goods production employment share equal to or exceeding that of the larger U.S. economy is not encountered until one moves down through the urban size hierarchy from the very largest metro regions to those in the 250,000–500,000 size range.

The shifts in services providing sector employment shares follow a reverse-image pattern with the composition of urban employment increasingly tilted toward services provision as one rises through the urban size hierarchy.

Manufacturing and services share shifts. Finally, let us focus on the same kind of shifts within the narrower manufacturing and services industry groups. In 1970, the significance of manufacturing to the largest U.S. metro regions was still quite clear. The manufacturing share of total employment exceeded that of the larger Nation in all size categories but the smallest. Over time, however, the largest metro regions gradually surrendered this function to smaller ones as well as to areas outside the Nation's urban system altogether. By 1990, only metro regions in the size categories below one-half million had manufacturing shares of total employment that exceeded that of the Nation as a whole. Meanwhile, the share of all manufacturing employment in U.S. metro regions had declined to 76.8 percent, down from 80.6 percent in 1970. These trends reflect a continuing long-term restructuring of the larger U.S. urban economy away from hosting manufacturing employment in the largest metro regions.

Within the larger and more diverse consumer and business services group, not only did shares of total employment increase across the two decades in all urban size categories, but in both 1980 and 1990 moving up through the urban size hierarchy one encounters steadily increasing services shares of total employment.

Regional Economic Diversity: The Dynamics of Nation Building¹⁵

The United States did not emerge full-blown with its economic activity or demography distributed on a continent-spanning scale. Rather, the bulk of early development began in the New England area more than three centuries ago, radiated outward through the Northeast and down the Atlantic Coast, and in due time was drawn westward. It was not until early in this century that the essential outer bounds of the Nation's economy were set. Within those bounds, and reflecting ongoing industrial transformation and accompanying demographic shifts, the Nation's *urban* economy continued to emerge and evolve.

The legacies of these nation-building spatial dynamics continue to be evident today. And, more recently, new ones have begun to emerge. They can be seen in the persistent multi-State regional differences that characterize the continuing development and distributional features of the Nation's demography and economic activities both inside and outside U.S. metropolitan-scale regions. This section draws attention to the continuing significance of multi-State regions, the differences that define them, and the dynamics their differing development experiences set in motion in the larger U.S. urban system.

Are employment changes for the country replicated across major multi-State census regions? In Tables 2-7 a-m, total and sectoral employment change patterns are reported by four census regions-Northeast, North Central, South, and West (see Map 2-1). Where larger national patterns are replicated within these regions, the changes indicated are so fundamental that any other differences by region are overwhelmed. However, the evidence indicates that this is seldom the case. In fact, on most indicators of urban economic change, *regions do make a difference*.

Performance and development patterns tend to unfold differently across census regions. Doubtless, such things as industry mix, structural and spatial features of individual metro regions, demography-related social characteristics, and related governance trends all have the capacity to channel urban economic changes differently within different census regions. Let us examine the evidence for total and sectoral employment changes.

Total employment. Table 2-7a reports total employment change patterns by census region. As before, a shading technique is used as an aid to table reading. The leftmost panel in each table reports employment change rates for the entire Nation and its urban size categories. At the top of each column is the rate for the Nation at large. In each case the cell value is shaded, indicating that it is to be used as a standard against which total regional change rates are to be compared. Moving left to right across the panels for each respective region, where a change rate exceeds that for the Nation at large during a specific period, it is shaded. Within all five panels, change rates by urban size category are reported in columns. Where a cell value below exceeds the value at the top of a respective column, it too is shaded. In the few instances where we encounter employment contraction, a cell value is shaded if it indicates either employment expansion or a rate of employment contraction less than that of the national rate.

Three broad trends are evident in the data for total employment change across regions. First, during both decades employment grew at rates faster than the national rate in both the South and the West. Rates in the Northeast and North Central regions lagged markedly. This pattern is consistent with the widely observed evidence of regional development lags frequently reported during this period between the Northeast and Midwest ("Snowbelt") and the once-peripheral regions of the South and West ("Sunbelt").

A second pattern, however, follows from the first. Some limits to this convergence process appear to have been encountered during the 1980s. Indeed, while the South and the West each experienced employment expansion at rates faster than the Northeast and North Central regions, in both the South and the West the 1980s growth rates are markedly *lower* than those of the 1970s. Meanwhile, in the Northeast and North Central regions, the 1980s rates are *higher* than those that prevailed during the 1970s. In this respect, then, the 1980s constitute a period generally characterized by broad regional convergence. *It is systemwide evidence of this kind that cannot go unappreciated in devising an appropriate Federal stance regarding economic and social changes in the Nation's urban areas. The data reported here indicate that the resumption of a long period of extended economic growth during the 1980s had the systemwide effect of narrowing broad regional differences.* As this report indicates below, the implications of extended economic growth reached far beneath the *plate tectonics* of broad economic regions and registered their complex impacts on the Nation's communities and households across the land. These extended and complex linkages across spatial scales must not be obscured when taking stock of changes in America's urban areas.

Finally, a third trend involves the patterns of distribution of employment growth across metro regions categorized by population size. During the 1970s, relatively rapid employment growth characterized the middle-size categories of the Nation's urban system. By the 1980s, that relative growth had migrated into the largest size categories. In this shift is rudimentary evidence of the increased importance of urban size and scale as magnets for employment growth.

Meanwhile, it appears that the larger national pattern is not clearly evident in any of the four census regions. During the 1970s, relatively rapid employment growth was widely distributed across all but the largest and smallest metro regions throughout the Northeast. By the 1980s, however, that broad growth had fragmented into a pattern whereby growth was distributed to nonadjacent size categories. In the North Central region, whereas growth was generally concentrated in the smaller metro regions during the 1970s, by the 1980s the more important patterns involved the relatively even distribution of growth across all size categories except that which included metro regions of between one-half and 1 million population. In the South, across both decades growth generally remained concentrated in the larger urban areas. Meanwhile in the West, growth differentials across size categories generated during the 1970s lessened dramatically during the 1980s, with the more moderate growth that continued shifting into larger metro regions.

In sum, these differing patterns amount to evidence of a continuing redivision of labor being imposed among broad census regions. In the older industrial—Northeast and North Central—regions during the 1980s, as employment growth rebounded from the lower levels of the previous decade, it was generally the smaller metro regions that led the regions' responses. By contrast, in the South—although less so in the West—it was the larger metro regions that

served as the economic locomotives for the broader regional adjustments in the context of overall national economic expansion.

Regional patterns by sector and industry group. To what extent were these Nation-scale employment change patterns replicated across different sectors and industry groups? The remaining tables (Table 2-7 b-m) are devoted to reporting employment change rates for the United States and its four major census regions by paired sectors—private vs. public sectors and goods-producing vs. services-providing sectors—as well as by individual one-digit industry groups as defined by the Standard Industrial Classification (SIC) system.

Are the larger trends described above generally replicated across sectors and industry groups? For the most part, the evidence indicates that total employment growth in the South and West exceeded that for the larger national economy—and thereby for the Northeast and North Central regions. Not surprisingly, then, this suggests that the once-peripheral regions of the country continued a decades-long process of being drawn into the country's economic mainstream. Most clearly seen in this pattern is the continuing nationwide development process as the South and West sustain more rapid growth rates than the older industrial Northeast and North Central regions. The only notable exception to this larger pattern involves manufacturing. During the 1980s, the flow of massive amounts of multiyear defense funding to the West enabled this region alone to remain insulated from the widespread employment contraction being experienced by the rest of the country.

Reflective of the larger national pattern, across the massive private sector, the broad services-providing sector, as well as the construction and retail industry groups, employment growth rates rose between decades in the Northeast and North Central regions while they declined between decades in the South and West. Public (government) sector employment growth rates accelerated across decades in the Northeast and West, while slowing in the North Central and South regions. In the manufacturing, mining, and wholesale industry groups, rates of employment growth either declined or slipped into actual contraction between decades in all four regions. Meanwhile, in the FIRE group, employment growth accelerated across decades only in the Northeast, while slowing in all other regions. Finally, growth of business and consumer services employment actually accelerated between decades in all regions except the West where it continued across the 1980s at the same high rates recorded during the 1970s. Therefore, an economic restructuring which included an employment "shift-to-services" is clearly evident across all quadrants of the Nation's economic landscape. A closer examination of this geographically broad shift and its implications follows in a later section.

Finally, and again reflective of what was found in the larger U.S. context, it is apparent that the patterns of distribution of employment growth across urban size categories are replicated across most sectors and industry groups. For the entire urban system, relatively rapid growth tended both to shift in the direction of—and to become somewhat more concentrated

in—categories composed of larger metro regions between decades. For the most part, this pattern was replicated in the Northeast. In the North Central region, the urban development dynamics both within and across decades were such that the smaller metro regions tended to be characterized by relatively more rapid employment growth across most sectors and industry groups. In the South, by contrast, it was the larger urban areas that recorded the more rapid employment expansion during both decades. Finally, in the West the tendency was for a more size-dispersed growth pattern during the 1970s to yield to a pattern during the 1980s in which relatively rapid growth either shifted upward through the system to larger metro regions or concentrated in adjacent middle-size categories, or both.

LOCAL ECONOMIC RESTRUCTURING: DIVERSIFICATION AND SPECIALIZATION TRENDS¹⁶

An urban systems perspective directs attention to key features of both the compositions of the local economies and the larger contexts within which their performances can be interpreted. One of those contexts in recent years has been that defined by the dominance of particular economic development policy perspectives as public officials have sought ways to influence the ongoing evolutions of their State and local economies.

During the 1980s, one of the touchstones of economic development debates across the country was the conviction that States and localities highly dependent on a single industry or a small number of linked industries could become less vulnerable to cyclical downturns by diversifying their economies. Powerful momentum for this prescription was provided by the images of distressed communities broadcast in the popular media through the decade; for a half-century or more they had been dominated by highly concentrated industries like automobile, glass, tire/rubber, textile, and steel production. The consequences of such vulnerabilities were often illustrated by the high-profile role of energy production in the Southwestern States, low-wage manufacturing across the South, and standardized metal-bending production across the industrial Midwest.

The salvation held out to these communities was that by finding ways of reorienting their local economic bases toward higher value-added activities in the same or linked industries and in the advanced services, as well as by nurturing entirely new industries, they could become less vulnerable to the shifting fortunes of a historically dominant industry or sector. Therefore, a strategy of targeting opportunities and channeling growth so as to spread economic dependence over a broader base of local industries was widely viewed as a local economic insurance policy and therefore a salutary goal of economic development policies and programs.

Recently, evidence seeming to confirm the wisdom of this goal has become available. Research on patterns of employment growth in the Nation's largest cities since mid-century

reveals that the more a city's economy specializes in a specific industry, the slower its employment and wage growth.¹⁷ Economic specialization in which a specific industry is overrepresented in a local economy was found to reduce the prospects for overall employment growth. Therefore, by implication, urban economic diversity can be judged to promote growth through the knowledge flows among industries in a common location. Local industrial diversity, rather than specialization, sets in motion a chain of economic events leading to new process and product technology innovations and ultimately to new sources of local economic growth.

But how do these shifts take place? As change across economic sectors, regions, skill pools, and labor demands unfold at differing rates throughout local economic systems, a restructuring dynamic is energized. Over a long time, these dynamics can rework the structure of an economy. Often overlooked, however, is that recovery phases of the business cycle can accelerate this restructuring by shifting the mix of sectors in a local economy rather than simply restoring a local economy to its prerecessionary form. Where this expansion resulted in employment being distributed less equally across sectors, such as when the gaps between lead sectors and secondary sectors in an economy widen, this can be interpreted as evidence of increased economic *specialization* of a metro regional economy. By contrast, where employment comes to be distributed more equally across sectors, such as when the greatest net employment change is captured by historically less dominant sectors, this is considered evidence of a increased economic *diversification*.

In what ways did the cyclical shifts of the 1980s register their impacts on the restructuring of the Nation's major metro regions? By using employment data for an eight-sector model of a metro region's economy, relative employment changes across the 1984–88 period were developed. This time span corresponds to the relatively less propulsive phase of the business cycle where the initial "rebound" of the recovery stage has already settled into a subsequent expansion phase.

The postrecovery expansion period of the last decade had markedly different impacts throughout the Nation's urban system. While the dominant tendency was in the direction of greater diversification, a sizable share of metro regions became increasingly specialized. The results indicate that 227 (70.3 percent) of the Nation's 323 metro regions either retained their basic economic structures or grew more diversified during the 1984–1988 period.¹⁸ Only 96 (29.7 percent) of these metro regions grew more specialized—that is, experienced their most rapid growth in already dominant sectors. In Map 2-2 the differing development outcomes for the Nation's largest metro regions whose populations exceeded 1 million in 1980 are displayed.

Figures 2-8 a-j report restructuring shifts among a variety of groupings of U.S. metro regions. Shifts in each case are measured using an index of economic restructuring that measures the direction and degree of distribution of employment across sectors.¹⁹ Figures

2-8 a-d report the results for the four major census regions. In each figure the restructuring within the major metro regions ranked by size is indicated. Figures 2-9 a-i report the details of the economic restructuring experienced by the United States at large and eight selected metro regions representing each of the four census regions.

In the Northeast (Figure 2-8a), the general trend involved increased diversification, with the most dramatic shifts exacted from Nassau-Suffolk Counties (Long Island) and Pittsburgh. Hartford was the only major metro region to experience (slightly) increased specialization, an outcome that appears to be the result of substantial employment contraction in manufacturing, its dominant sector, and rapid expansion in producer services. While New York was the most diversified metro region in the Northeast at both points in time, along with Philadelphia and Boston it displayed very little evidence of economic restructuring over the period.

In the North Central census region (Figure 2-8b), Milwaukee, Cleveland, Indianapolis, and Cincinnati experienced the most dramatic restructuring over the period. Like Hartford above, and for the same reasons, only St. Louis experienced a shift toward greater specialization. Moreover, it appears that the recovery-expansion phase of the business cycle had the effect of eroding certain employment structural differences across the major North Central metro regions. Indeed, by 1988 a greater degree of equality on this index existed than was the case in 1984.

In the South (Figure 2-8c), by contrast with older industrial regions, the largest metro regions (Washington, D.C., and Dallas) began the period considerably more specialized than other metro regions in the census region. Yet the route each took to increased diversification was quite different. In 1984 the dominant sector in Washington, D.C., was producer services (29.8 percent); by 1988 that sector's share of total employment had increased (31.9 percent) while shares of four other sectors had declined. By contrast, in Dallas in 1984, goods production was the dominant employment sector (28.6 percent); by 1988 its trek toward increased diversification involved a declining share in its lead sector (25.0 percent) and increased shares in four other sectors. Atlanta was the sole major metro region in the South to become increasingly specialized, while Miami's shift to diversification was by far the most dramatic in the census region over this period.

In the West (Figure 2-8d), we see evidence of relatively great heterogeneity across metro regions, but relatively less evidence of restructuring shifts over the period. The diversification experience in Anaheim-Santa Ana was the most vigorous restructuring experienced by a major metro region in the West. At the same time, the impressive industrial credentials exhibited by San Jose are the most remarkable structural feature in the West during this period. While San Jose experienced some slight diversification, it remained a manufacturing mecca all through the period.

The universal experience of the Nation's most specialized metro regional economies in 1984 was a shift toward increased diversification (Figure 2-8e), while those metro regions that began the period as the Nation's most diversified metro regions remained largely stable (Figure 2-8f). Figures 2-8g and 2-8h report the fastest diversifying and specializing metro regional economies, respectively, throughout the U.S. urban system. These illustrate the outer bounds in each direction for the restructuring processes at work during the mid-1980s. Moreover, each of these two graphics illustrate the extent to which individual metro regions experienced restructuring relative to the more modest diversification experienced for the United States at large.

As the transition of metro regions from a heavy goods-production orientation to one increasingly oriented to services is the more visible pattern of restructuring, Figures 2-8i and 2-8j report the mid-decade experiences of the Nation's most specialized and largest goods-production centers, respectively. While metro regional goods-production specialists uniformly experienced substantial increased diversification, the experiences of the Nation's largest good-production centers involved considerably more stability. This pattern is consistent with the tendency for the Nation's leading manufacturing centers to be able to retain their special status. Industrial concentration appears to have become a strong dynamic within advanced goods production, and as a result the Nation's leading manufacturing centers enjoyed relatively large returns on size and scale and were thereby able to insulate themselves from economic restructuring to a degree far greater than lower order manufacturing centers.

In the end, there is no claim made here that these shifts were in any way permanent or definitive. Rather, and more important, they illustrate the way in which the expansion phase of a national business cycle, in conjunction with other region-specific circumstances, can shape the economic evolution of metro regions throughout the U.S. urban system. It is very likely that in ensuing years some of these shifts were extended while others were reversed as the expansion slowed and a new recession took hold early in 1990. The larger point here is that such fundamental economic adjustments are both continuous and often synchronous with similar—or countervailing—adjustments being made elsewhere inside census regions, the larger U.S. urban system, the Nation at large, and doubtless even the larger global economy.

URBAN SYSTEM TRENDS IN EARNINGS AND INCOME

Employment distribution patterns and change rates are valuable indicators of continuing urban system development and performance. But increasingly the story they tell has the potential to mislead because it is incomplete. The returns to work in the form of *total earnings*, how those earnings are distributed throughout the larger urban system, and especially how those distributions change over time, are also important indicators of U.S. urban economic analysis. In addition, how earnings are distributed across workers in places, as indicated by spatial patterns of *per capita income*, permits us to link the aggregate wealth creation activity of the larger urban system to the shifting demography of employment. In

this section urban wealth is linked to urban workers and in so doing draws attention to another critical dimension of how the U.S. economy and society are related and how those relationships change over time.

Employment-earnings linkages. The linkage between employment and earnings has come to be particularly important as the Nation's demographics change, integration with the larger global economy accelerates, and the technology bases of goods and services sectors broaden and deepen. Both population and labor force growth have been steadily slowing to rates not seen before this century, and the composition of labor force entrants for the rest of this century and on into the next is shifting markedly toward women and racial and ethnic minorities. This trend is on a collision course with the upgrading of skill repertoires associated with projected employment growth. At a time when the educational credentials of increasing portions of the potential work force are deficient, the current income and lifetime earnings returns to education have never been higher. Taken together, these represent forces well beyond the "reach" of more narrow place-oriented conceptions of urban policy.

With overall productivity gains now entering its third decade of slow growth, its most deleterious effect has been the stagnation of real wages and salaries, especially for young male labor force entrants. As a result, we have begun to see a changing relationship between economic growth and income inequality. These broad consequences help underscore the importance of larger structural forces accounting for the returns to individuals and households—and in aggregate to entire communities—in an economy that is rapidly transforming around them.

During such times of rapid changes in product and process technology, income and earnings can increase more rapidly than employment, and indeed in some parts of the urban system they appear to have done so precisely *because* productivity gains reflect output expansion uncoupled from employment growth. While the substitution of productivity-enhancing capital proceeds, it has the potential to displace labor in the diverse recipes for local and national economic growth. Inevitably, these processes register on the larger U.S. urban system as well as on individual communities across the land.

Total earnings. In Table 2-8a are reported earnings change rates for the 1970s and 1980s for the United States (and the four census regions) as well as for individual urban size strata within the larger U.S. urban system. In nominal dollars, total earnings growth slowed during the 1980s (100.6 percent) in comparison to the 1970s (156.2 percent), although the rate for the 1970s is substantially influenced by the prevailing higher rates of inflation.²⁰ The degree of slowdown well exceeded that found when using employment growth as an indicator (see Table 2-7a). Moreover, other ancillary evidence indicates a considerable degree of earnings growth stability throughout the larger U.S. urban system. Of the top 10 metro regions ranked

by earnings gains during the 1980s, 7 of them (New York, Los Angeles, San Francisco-Oakland, Chicago, Boston, Philadelphia, and Detroit) were also among the top 10 gainers during the 1970s.

The slowdown in earnings growth is reflected throughout the U.S. urban hierarchy. The pattern of substantial, if uneven, deceleration across decades was such that while during the 1970s relatively greater earnings expansion was evident in medium-size regions, by the 1980s it was the relatively larger urban areas that were able to host the fastest rates of earnings growth. Indeed, by the 1980s, a clear positive relationship emerged between urban size and earnings growth.²¹ As we move from smaller to the largest urban size categories, the rate of earnings growth increased. This constitutes a reversal of the relationship between urban size and earnings growth since the 1970s.

Per capita income. A series of recent studies has documented an increasing divergence in regional wages since approximately 1978.²² Moreover, the bulk of increasing inequality in wages among census regions can be traced to the increased inequality of wages *within* census regions. This points to the increased significance of the rising income returns to higher education and advanced occupational skills as forces capable of unleashing a restructuring dynamic within metro regions throughout the U.S. urban system.

A related general barometer of economic health from the scale of the Nation and down to those of individual communities and households is the level of per capita income (pci). Per capita income is measured as total personal income of the residents of a given metro region divided by its total population. Total personal income in the United States is made up of three basic components: (1) earned income, which consists of wages, salaries, and other forms of labor income; (2) dividends, interest, and rent (DIR); and (3) transfer payments. While the total of these three components exceeded \$4 trillion for the United States in 1990, worker earnings accounted for 76.0 percent of this total and unearned income accounted for the rest, with DIR accounting for 13.0 percent and transfer payments 11 percent.

The metropolitan portion of total personal income accounted for 83 percent of U.S. total income in 1990. Earned income accounted for less than the national proportion (71.0 percent), and both interest income (16 percent) and transfer payments (13.0 percent) accounted for more than the national proportion. In other words, today metropolitan area economies rely more on both interest income (DIR) and transfer payments than do nonmetropolitan areas.²³

Expressed in values *unadjusted* for inflation, the per capita income level for the Nation at large was \$15,695 in 1990; the average for the Nation's metro regions was \$18,696, up from \$9,919 in 1980 and \$4,051 in 1970. In 1990 this level ranged from a high of \$26,798 for West Palm Beach-Boca Raton, Florida, to a low of \$8,899 for the border community of McAllen, Texas. Of the 10 metro regions with the greatest 1980-90 gains in per capita

income, 5 are located in the Northeast and 3 in Florida. In general terms, this pattern reflects the enormous employment gains in the advanced services (including law, health, and financial services) and relatively high wages associated with them. During the same period, 8 of the 10 metro regions with the smallest gains on this indicator were located in the mineral and energy-dependent States of the Southwest: Texas, Louisiana, and New Mexico.

Data on per capita income (pci) throughout the U.S. urban system are reported in Table 2-8b. As before, several patterns stand out. First, during the 1970s, the pattern of per capita income growth's more than doubling (144.9 percent) was generally replicated across regions and size categories with relatively more rapid growth evident in smaller size categories of the U.S. urban system. During the 1980s, however, as overall U.S. per capita income growth slowed substantially (88.5 percent), the relationship between urban size and per capita income growth reversed, with the larger size categories having experienced the more rapid rates of growth. This same pattern, however, is nowhere as clear for any of the four census regions as it is for the Nation at large.

During the 1970s, pci growth rates for the South and West exceeded the overall national rate; the rates for the Northeast and North Central regions trailed the U.S. rate. By the 1980s, however, the pci growth rates for all census regions except the Northeast trailed the U.S. rate. Finally, as was noted above, there is repeated evidence across regions that while the more rapid rates of pci growth during the 1970s tended to be in smaller size categories of the U.S. urban system, during the 1980s the more rapid rates of growth tended to be in the larger size categories.

By the 1980s, this general pattern had emerged across all regions. Any such sustained pattern of growth flowing to large areas would doubtless reflect a variety of shifting macroeconomic policy and demographic, trade, and technology factors at work during the period. Moreover, this pattern may well be evidence of an emerging structural feature within the U.S. economy that could profoundly shape the larger Nation during the rest of the century. It appears, then, that on both input (employment) and outcome (earnings and per capita income) indicators, the economic returns to urban size have increased markedly since 1970. While the development dynamics that have driven larger scale regional adjustments continue to be evident in the data, in the future the source of conditions long and widely lamented as "urban problems" may be more dramatically the consequence of our economy (and society) deriving the greatest employment and earnings gains in its larger settlements, while lack of sheer size becomes an impediment to smaller regions. In one respect at least, it seems sensible to expect that just as in other realms—banks, insurance, and airlines, for example—as a global-scale economy continues to take shape, increasingly large size and scale have survival value.

ECONOMIC PERFORMANCES OF THE 100 LARGEST METRO REGIONS IN THE U.S. URBAN SYSTEM²⁴

By placing the entire U.S. urban economy under review, we have been able to demonstrate that structural changes have reworked the U.S. urban system over the past two decades. Not only have employment, earnings, and per capita income growth slowed between the 1970s and 1980s, but different size strata within the larger urban system are seen to mirror only imperfectly the pace and pattern of changes evident in data for the Nation at large. In general, the evidence indicates that between the 1970s and 1980s relatively rapid growth rates on these indicators tended to shift within the U.S. urban system from the medium-size stratum to the largest size stratum. These general patterns, together with the diversity of economic restructuring experiences reviewed above, give added impetus to turning now to more detailed analyses of the varied economic performances of the Nation's major metro regional economies.

In this section, patterns of urban economic performance among the Nation's 100 largest population centers are developed and interpreted. The analysis focuses on the 12-year period between 1980 and 1991. From a nominal *historical* perspective, of course, the decade of the 1980s is included completely. From a perspective more oriented to the timing and duration of economic cycles, moreover, this 12-year period has the virtue of capturing one complete business cycle demarcated from a year (1980) that preceded the 1982 trough of what was a deep double-dip recession—the most severe recession since the Great Depression—to a year (1991) that was the trough of a far less severe recession, which brought an end to the century's longest peacetime expansion. Therefore, the analysis that follows locates the United States in the cross-hairs of both special historical and cyclical sets of circumstances. Through this lens we can view in greater detail the range of influences registered in the Nation's major metro regions and consider how they came to reflect—and occasionally to require—a reworking of the larger U.S. economy.

Metro Regional Economy Size Rankings

An analysis of the development patterns and individual performances of the largest U.S. population centers begins with a focus on the total output—the dollar value of all goods produced and services provided— of each of these large metro regional economies. While no direct measures of “gross regional product” are available, estimates were derived from measures of Gross Domestic Product (GDP) for the entire U.S. economy.²⁵

In 1980, the three largest U.S. metro regional economies were the New York-Northern New Jersey-Long Island CMSA, the Los Angeles-Anaheim-Riverside CMSA, and the Chicago-Gary-Lake County CMSA (see Table 2-9). Greater New York, the world's leading financial center, has mediated the long-standing transatlantic commercial and demographic

relationships between Europe and North America for more than three centuries. Chicago is the Nation's leading economy in the center of the continent and has for more than a century functioned as a centerpiece of both the Nation's industrial and agricultural heartlands. Finally, Los Angeles' ascendance has been largely a 20th century phenomenon. Today, in much the same way as New York did before the Nation's independence, Los Angeles functions as an emerging global financial center oriented toward the rapidly expanding nations across the Pacific Ocean.

By 1991, the evidence indicates that the Nation's urban economy continued to adjust to changing global and domestic circumstances. The San Francisco-Oakland-San Jose region in northern California had displaced Greater Chicago as the third largest U.S. metro regional economy. Metro regional succession of this kind reflects the relative growth and development experiences of major metro regional economies and registers these effects on the leadership ranks of the larger U.S. urban economy. Indeed, this particular reordering illustrates clearly the power of incessant development amid economic expansion and its capacity to rework even the top tier of the Nation's urban economic hierarchy.

Below this top tier, there is further evidence that continuous adjustments are commonplace among the rest of the Nation's largest metro regions. Largely reflecting the wrenching effects of world energy price shocks in the late 1970s, the Houston metro region tumbled from 7th to 9th place in the ranking of the top 10 largest U.S. metro regional economies. Moreover, symbolic of the steady rise in the significance of high-order services to the Nation's economy, Washington, D.C., overtook Greater Cleveland, an older, industrial era metro region that spent the period redeploying its assets as the 10th largest metro regional economy. The ascendance of Washington, D.C.—whose economic base is heavily dominated by advanced public and private producer services—into the ranks of the top 10 metro regions is symbolic of the relative gains made by producer services at the expense of consumer services within the rapidly transforming services-providing sectors of metro regional economies throughout the Nation.

Metro Region Output and Employment Growth

Output expansion. Figure 2-10 reports rates of economic expansion across the Nation's 10 largest metro regional economies. During the 1980s, while the Nation's aggregate economy expanded by nearly a third (31.1 percent), the performances of its major metro regions varied considerably. Only 4 of the 10 largest metro regions outpaced the Nation as a whole.

While the most rapid rate of economic expansion (66.4 percent) took place in the San Francisco-Oakland-San Jose area of Northern California, an aggregate indicator even at this level can obscure dramatic variation within such a diverse metro regional economy. Indeed, the range of these performance disparities is clearly illustrated by the fact that during this period Oakland's economy grew at a 60.1 percent rate, while San Francisco's actually

contracted 4.6 percent. Moreover, anchoring the now legendary Silicon Valley to the south, San Jose's economy more than doubled (163.6 percent) over the same period. Consequently, while the entire metro region rose within the Nation's urban hierarchy, it was principally the San Jose and to a lesser extent Oakland areas that served as the locomotives for that rise.

The second fastest-growing metro regional economy was in the Boston-Lawrence-Salem area in New England. Anchored by the equally legendary Route 128 complex composed of advanced technology production, industry and university research and development centers, and a deep support base of advanced business services, this region's economy expanded 54.8 percent between 1980 and 1991. Closely behind were Dallas-Fort Worth (47.7 percent) in North Texas and Los Angeles-Anaheim-Riverside (43.4 percent) in Southern California. Taken together, these centers of exceptional metro regional economic expansion reflect the rapid growth of advanced manufacturing and the deepening and broadening base of supporting services such as finance, management consulting, medical, legal, and educational services required to sustain them. Each nurturing a major industrial center, the three metro regions derived substantial shares of their growth from technology-intensive commercial and defense-oriented manufacturing as well as from local sources of higher-order services on which they are heavily dependent.

The slowest rates of economic expansion among the 10 largest metro regional economies were registered in Greater New York, Chicago, Houston, and Cleveland. The economies of each of these regions expanded at rates less than half that of the Nation at large (31.1 percent). Once again, however, such summary statistics can obscure as much as they reveal. As we shall see below, while Greater New York's economy shared in the Nation's long economic expansion (24.0 percent) between 1982 and 1989, a severe contraction set in afterward, thereby blunting the region's performance over the 12-year period. Meanwhile, the Houston area's development was noticeably counter-cyclical to that of the Nation at large. With its energy sector dependence constraining its longer term expansion, the region's economy *contracted* 9.1 percent during the 1982-87 period. The region experienced a modest recovery by 1989 followed by an even stronger expansion thereafter. Together, these diverse expansion experiences across the Nation's largest settlements illustrate the power of specific subnational circumstances to shape the economic performance of the entire U.S. urban system.

Employment growth. All but 13 of the Nation's 282 metro regions experienced employment expansion during this period. Figure 2-11 exhibits the 1980-91 employment growth rates for the Nation and the 10 largest metro regions. While the Nation's overall employment expanded by a fifth (20.0 percent) over the 12-year period, 7 of the 10 largest metro regions experienced lower rates of employment growth over the 12-year period. Nonetheless, the degree to which employment growth was concentrated in a relatively few metro regions is instructive. Greater Los Angeles alone, with its gain of 1.9 million jobs over the 1980s, was responsible for nearly 1 job in 10 added to the Nation's employment base during the period.

Moreover, while the top 10 metro areas accounted for 44 percent of the Nation's employment growth, the 5 fastest growing metro regions accounted for nearly one-third.

The geography of relative growth is quite distinct from that of absolute growth. Florida alone accounted for 8 of the 10—and 13 of the 20—fastest growing metro regions in the country during the 1980s. Other metro regions in the ranks of the top 20 were located in California, Nevada, Arizona, Texas, Georgia, and North Carolina, a broad band of States commonly referred to as the Sunbelt.

This employment growth in large urban areas may be especially remarkable to the extent that it is likely that the Nation's largest metro regions nurtured economic growth as much through gradually redeploying their assets into mixes of higher value-added and more productive industries as through simply putting more people to work. In short, their local economies tended to evolve in ways that raised new labor requirements. Eventually, the redistribution of labor among regions and the more subtle transformations of what constitutes "work" itself within them has the power to rework slowly the Nation's overall system of urban and rural economies and even blur the boundaries between them.

Finally, the remarkable performance of the Dallas-Fort Worth area reflects the enormous potential of selected pivotal metro regions to lead entire economic quadrants like the Southwest along a path of ever closer convergence with the rest of the Nation. Part of this transit reflected here involves massive immigration from surrounding States in the Southwest as well as the resulting expansion of the region's employment base by more than a third (36.2 percent). Meanwhile, the Los Angeles metro region was the destination of continuing transcontinental population in-migration, immigration from abroad, and natural expansion, as well as massive defense and nondefense Federal spending flows during the decade. As a result, its employment base grew 28.4 percent over the period.

Economic Growth Trajectories

Figure 2-12 follows the economic trajectories of the 10 largest metro regional economies in 1980 across the period through 1991. This group includes metro regions whose economies range from New York, the Nation's largest, to Cleveland whose economy was less than one-fifth its size. Further indicative of the fact that even the very top tier of urban economies can be reranked as metro regions follow different development paths, Greater New York was more than a third (37.0 percent) larger than second-ranked Greater Los Angeles in 1980, but by 1991 that gap had narrowed to less than 10 percent.

The transits of all the major metro regional economies reflect the broader domestic economic expansion underway by 1982. Moreover, as indicated in Figure 2-12, Los Angeles' performance was such that it succeeded in widening its lead over other major regions by 1991 even as New York's contraction caused a narrowing of its lead over Los Angeles.

Meanwhile, it appears that Greater San Francisco spent the better part of the decade converging on Chicago, a region that had the least robust performance of the three largest metro regional economies.

Beneath the top three positions, the 1980–91 period saw several nominal rerankings in a field of metro regions of nearly equal size. The impetus for each of these rerankings can be traced to special combinations of national and global economic circumstances and to individual mixes of local economic assets. Greater Houston further illustrates the importance of subnational economic analysis, inasmuch as under special circumstances an individual metro region can remain markedly insulated from broader national cyclical developments. Let us examine three different scenarios:

- **Regional industry mix and domestic expansion.** In 1980, Detroit hosted the Nation's sixth largest metro regional economy. Presiding over one of the Nation's most recession-sensitive industry mixes, Detroit was overtaken by Houston by 1982 and remained in seventh position until regaining its sixth-place ranking in 1984. Detroit's rebound illustrates the way in which the region's specific industry strengths—especially motor vehicle and parts manufacturing—were able to benefit from the long period of domestic economic expansion that commenced at the end of 1982. That it was able to displace Houston in 1983, only to be displaced itself by Greater Boston in 1990, serves to illustrate the importance of differing industry mixes as economic vehicles for raising or reducing the fortunes of entire regions in a dynamic macroeconomy.
- **Regional industry mix and global industrial adjustment.** By contrast, the collapse of oil prices in the early 1980s nudged Houston, the leading global energy center from a sixth-place rank in 1981–83 to an eighth-place rank during 1984–85, a ninth place rank during 1986–90, and then finally to rebound one rank by 1991. In contrast, Dallas, despite being caught by mid-decade in its own regional downdraft as troubles mounted in the real estate, banking, and energy sectors, ranked in ninth place during 1980–85, was actually *lifted* to eighth place for the rest of the decade only because of the even more rapid descent of Greater Houston during the period.
- **Economic incubation and takeoff.** By far the most dramatic performance, however, belonged to San Jose, California, the southern portion of the Greater San Francisco metro region. In 1980, San Jose was the 22nd largest metro regional (PMSA) economy in the Nation. In the course of a single decade, its special technology-intensive industry mix catapulted it to a ninth-place ranking by 1990. A somewhat less vigorous upward thrust was exhibited by the Boston PMSA over the decade, although because it moved in the company of other peer regions its ranking only improved from seventh to sixth by 1990.

In each instance, then, there is evidence of complex interactions between Nation-scale (and global) economic circumstances and the individual endowments of specific regional economies. No examination of patterns of national urban development can afford to overlook these powerful geospatial relationships.

Employment Growth Trajectories

Figure 2-13 exhibits patterns of employment growth for the 10 largest metro regional economies across the period. The data illustrate the relative stability of the rankings of the Nation's lead employment regions all through this extended period.

A Closer Examination of Metro Regional Economic Growth Trajectories: Average Annual Rates of Change

Conventional analyses of shifting *levels* of regional output and employment can describe the trajectories of metro regional economic development. At the same time, however, they tend to obscure the change processes which drove them to unfold as they did. By examining annual change *rates*, we can see more clearly the specific change sequences that either reinforced or reworked the original rankings.

Metro regional output changes. Figure 2-14 reports average annual rates of economic expansion for the 10 largest metro regions. As we can see, evidence that these regions taken together constitute a national *system* of leading metro regional economies is clearly seen in the common pattern of responses to changing national circumstances. The larger Nation's transit into a deep recession during 1980-81 followed by a strong recovery/expansion phase during 1981-84 is evident in the change patterns for the majority of the metro regions.

Of course, some regions spent the period adjusting to an even more potent mix of localized influences. For example, Houston, which led these regions in growth during 1980 lagged well behind all of them through 1985. Houston's recovery gathered momentum just as the Nation's slowdown carried the other major metro regions to even lower levels of growth. Yet by the end of the decade, Houston once again led the pack.

During 1984-86, the pace of the Nation's rebound slowed substantially. As the economy experienced a second growth surge at mid-decade, it is clear that by this time first Dallas-Fort Worth and then New York were being left behind. While the 1980s began with six metro regional economies experiencing net expansion, by 1990 eight of them were contracting.

Leaders and laggards. Let us return to Houston. No major urban region experienced a sharper economic contraction during this period than did Houston. During 1980-82, the Houston economy was in a virtual free fall. Even after the national economic expansion

began, Houston continued to experience sharp economic contraction for most of the first half of the decade. By 1986, however, as the Southwest was gripped by its own recession, Houston's longer term recovery commenced in earnest. Even as growth declined among other large regions, Houston's resurgence enabled it to finish the 1987-90 period with rates of economic expansion higher than those for all other large regions except San Francisco.

At the same time, no major metro region experienced a steeper decline after mid-decade than Greater Detroit. During the 1980-82 double-dip recession, its output contraction, along with that for Cleveland, was the most severe among all the largest metro regions. However, the Nation's domestic rebound in 1982 propelled Detroit to the top ranks of expanding regions by 1984. Indeed, during 1983, Detroit's rate of economic expansion nearly equaled that for booming Boston. This stands as powerful testimony to the way in which the characteristics of a region's industry mix can take on remarkably different implications depending on whether the Nation's larger economy is growing rapidly or not.

Metro regional employment changes. Figure 2-15 reports average annual employment rates of change for the 10 largest U.S. metro regions over the 12-year period. Once again, the wrenching swings in Houston's economic performance across the period are evident. Yet, despite a tortuous transit in between, Houston led the Nation's largest metro regions in employment expansion both during 1980 and 1981 and for the entire period after 1986.

"Productivity" Trends via Shifting Industry Mix

Across the decade, two related shifts have powerfully shaped metro regional economic fortunes. First, shifting localized industry mixes have influenced larger aggregate economic development trends. As we have seen in the previous section, evidence of both patterns of industrial specialization and diversification are evident in individual metro regions throughout the U.S. urban system. Second, specific industries differ with respect to their ability to generate output with given levels of specific inputs such as human, physical, and financial capital investment. In the present analysis, we restrict the focus on such inputs to employment only.

What development trends present themselves when we account for output and employment change patterns simultaneously? By dividing estimated total output by total employment, we can obtain a crude measure of a metro region's "productivity." As some industries were able to generate increases in output per employee at rates well in excess of others, we are able to make visible an economic adjustment mechanism capable of carrying selected metro regions to higher or lower levels of productivity depending on the compositional changes in a metro region's overall industry mix. The "productivity" performance of a given metro regional economy, then, is powered by shifts in its industry mix. During the period under study, metro regions shifted either into or out of industry mixes able to generate greater wealth per employee. The following section focuses on the overall patterns describing these shifts.²⁶

Table 2-10 exhibits rankings for 1980 and 1991 of the Nation's 10 largest metro regions by regional productivity: total regional output estimates divided by total regional employment. In 1980, the high-flying energy sector established Houston as the Nation's leader on this indicator. Detroit, on the strength of its dominance over the Nation's high value-added motor vehicle and parts manufacturing sector, ranked second. And the Greater San Francisco metro region, on the strength of its microcomputer, semiconductor, and related technology-intensive industry mix, ranked third. By 1991, however, Greater Houston and Greater San Francisco traded places as they followed the fortunes of the leading industrial sectors on which they were based.

Figure 2-16 displays the year-to-year productivity trends for the 10 largest metro regions. For a majority of these metro regions, productivity rose modestly over the period, following the national average productivity performance. But there are also exceptions worth noting. Greater Detroit registered the steepest rise between 1982 and mid-decade and led all other large metro regions until 1989. Meanwhile, Greater Boston's trajectory was less steep; yet on the strength of its shift into an industry mix heavily weighted toward technology-intensive manufacturing and advanced services, it was carried from 10th place in 1980 to 4th place in 1991. In similar fashion, Greater San Francisco moved up steadily from third place to first across the 12-year period. In sharp contrast to the productivity surges staged by these leading goods-producing regions, Greater New York's commitment to higher order producer services in the private sector exhibited the lowest levels—and among the slowest rises—of overall metro regional productivity across the period.

Selected Metro Regional Productivity Performances

Looking beyond the ranks of the 10 largest metro regions one can appreciate the fuller significance of longer term productivity trends that together shape the economic performances of the larger Nation and doubtless of other global regions beyond. Expanding our focus permits us to monitor how successfully today's leading metro regions were able to retain their relative positions and even where tomorrow's leading metro regions are likely to come from.

Figure 2-17 offers a ranking of the performances of several selected metro regions across the period. Each productivity performance is ranked relative to that of the Nation as a whole. Together they illustrate several distinct and very different performance patterns. The section that follows seeks to make those distinctions explicit and thereby underscore the diversity of urban economic experiences.

High and in transition. Houston and Greater San Francisco reveal clearly opposite trajectories over the period. These patterns are consistent with the fact that the heaviest job losses sustained in the Houston area tended to be in the high-wage energy sector, while the

heaviest job gains in the Bay Area, especially around San Jose (see below), were similarly in high value-added advanced manufacturing industries.

Shooting star. Once again we can see that San Jose, the major growth corridor of the Greater San Francisco metro area, performed on this indicator like a virtual shooting star among urban economies. In 1980, the region's productivity level was only 3 percent above that for the United States. By 1990, however, it had soared to a level more than twice (106 percent) that of the larger Nation. This soaring performance was the direct consequence of the metro region's expansion being centered in high-productivity advanced technology manufacturing and allied sectors.

Low and in transition. Like Houston, but at a lower level, Pittsburgh's performance indicates that this older industrial region never fully recovered from the losses sustained by its heavy industry base early in the decade and most likely over the past quarter-century. The result was a steady decline which by 1991 found Pittsburgh's productivity level to have slipped to a level 9 percent below the U.S. level. Boston, too, crossed the national productivity threshold, but on its way up. Beginning 15 percent below the U.S. level in 1980, Boston rose to 8 percent above by 1991.

Low and steady. A final pattern is evident in the experience of Washington, D.C. This metro region, of course, is one of the Nation's leading centers of advanced services (public and private). Yet, despite a 57.1 percent rate of output expansion and a 34.4 percent rate of employment expansion across the period, the growth was distributed relatively evenly across major sectors. As a result, the metro region experienced only a very modest rise on this indicator. In comparative terms, in 1980 the region's productivity level was fully 29 percent below the U.S. level; by 1991 it had risen slightly but only to a level still 24 percent below the national level. For a metro regional economy tethered to an industry mix in which productivity gains are either difficult to generate or difficult to conceptualize and measure—or both—that region may well have to resign itself to underperforming the Nation at large. However, to the extent that earnings and income are set by a public political calculus rather than being determined in private markets alone, such regions can be largely insulated from the socioeconomic consequences of their relatively lower productivity performances.

Fastest Expanding Metro Regional Economies

Among the Nation's 100 largest metro regions analyzed here, there is great diversity in rates of economic expansion. Table 2-11 reports the 10 fastest expanding metro regional economies from these ranks. While the Nation's aggregate economy expanded by a third (31.1 percent) over the 1980-91 period, Austin's (Texas) economy more than tripled (222.9 percent). In addition to being a center of State government and higher education—and, indeed, partly because of these roles—Austin was remarkably successful during the decade in

both attracting outside investment and hosting new business startups in computer manufacturing and related industries. Part of this recipe for such remarkable growth included being selected as the site for two of the Nation's premier industrial consortia: the Microelectronics and Computer Technology Corporation and Sematech.

Figure 2-18 displays the productivity levels of the 10 fastest expanding metro regional economies across the 12-year period. What were the dominant features of their productivity performances, and what were their implications for longer term development? The data indicate clearly that *the Nation's fastest expanding metro regional economies all started from productivity levels below that of the Nation as a whole*. For some of these metro regions, the ensuing rapid economic expansion propelled relatively small and secondary urban economies along a path leading to higher productivity levels, even though they may have failed to outpace the Nation's slowly rising level of productivity.

Three regions—Austin, Texas; West Palm Beach, Florida; and Raleigh-Durham, North Carolina—all staged remarkable absolute and relative rises over the period as they succeeded in having large portions of their growth centered in high value-added and technology-intensive industries.

In contrast, Orlando, Florida, whose economic output nearly doubled over the period, actually experienced a decline in regional productivity. A more detailed discussion of the implications of this pattern for national urban policy discussions is included below. Meanwhile, Sacramento's productivity remained steady and at a level significantly below that of the Nation at large.

Fastest Contracting/Slowest Expanding Metro Regions

Table 2-12 focuses on those metro regions with the fastest contracting (or slowest expanding) economies. Of the 100 largest metro regions, only 7 experienced absolute economic contraction during the 1980-91 period. This evidence is consistent with the view that among urban economies, size has survival value.²⁷

Figure 2-19 follows the productivity trends for these same metro regions over time. What were the productivity consequences for these metro regions enduring either absolute contraction or relatively slow expansion across the 1980-91 period? In general, the metro regions that experienced the fastest economic contraction during the 1980s were ones whose productivity levels originally exceeded the Nation's as a whole. This indicates that metro regions highly specialized in volatile, high value-added industries can experience periods of contraction as marked as prior periods of growth might have been. As market conditions and therefore the bases for competitiveness shift to other factors, metro regions closely tied to these industries can experience rapid declines. Across the 10 metro regions ranked here, we can see that as dominant industries on which their productivity performances depended took

leave of these regions, their productivity fell to levels even with or below that of the Nation as a whole.

In this listing we see the pronounced effects of the declining fortunes of the energy sector on Beaumont-Port Arthur, Texas, and both New Orleans and Shreveport, Louisiana; of the primary metals industry on Pittsburgh, Pennsylvania, and Youngstown, Ohio; of agriculture-related manufacturing on Peoria, Illinois, and Davenport, Iowa; and of automobile-related manufacturing on Flint, Michigan. Moreover, as the trajectory of Flint, Michigan, indicates, even regions able temporarily to accompany an entire industrial sector to ever higher levels of productivity may not be able to retain their historical relationships to that sector over time. In these cases, the spatial restructuring of the U.S. motor vehicle and parts manufacturing (and energy) industries inflicted heavy consequences on smaller regional production centers from which the larger industries were forced to disinvest as global market conditions changed and domestic production was reorganized on scales as broad as among nations and as small as within factories. In the end, by the early 1990s places like Flint, Michigan, and many other smaller places outside the ranks of major metro regions had lost much of their industrial *raison d'être* and had little else to fall back on when their core industries were forced to regroup, restructure, or retreat.

Fastest Growing Metro Regional Employment Centers

Let us now shift from a focus on output to employment. Table 2-13 ranks the 10 fastest growing metro regional employment centers during the 1980-91 period. Once again there is evidence of great diversity among employment growth experiences. While the Nation's employment expanded by 20 percent across the period, Orlando's employment expanded at a rate more than four times higher (85.7 percent).

All 10 high-growth centers are located in the South and West, thus doubtless reflecting the relatively heavier population gains through interstate migration in those census regions during the period. Moreover, in these rankings there is further evidence of the way in which long-term historical patterns of national economic development, whereby multi-State regional growth has shifted from the Northeast and Midwest to the South and the West, can set the stage for newly emergent patterns of metro-scale regional growth.

Figure 2-20 reports productivity trends among the Nation's fastest growing metro regional employment centers. Once again, *all 10 metro regions began the decade with industry mixes associated with productivity levels that placed them below the national average*. All else being equal then, these metro regions were ideally poised to experience relatively greater productivity gains than other metro regions that did not start from such relatively low levels. However, as we can see, regional recipes for growth can vary dramatically. For West Palm Beach, Florida, Raleigh, North Carolina, and Austin, Texas, regional employment expansion

was centered substantially in technology-intensive goods-producing industries, thereby carrying these once-secondary regions to productivity levels well above the national level.

Three marked and instructive exceptions exist, however. First, both Orlando and Tampa-St. Petersburg, Florida, were able to absorb substantial employment growth across the period without altering their below-average productivity rankings. This suggests that the jobs that were added in such abundance were simply more of what they already had. And what they already had was a distribution of employment heavily oriented toward relatively low-productivity consumer services industries. However, an even more sobering conclusion can be drawn from the experience of Las Vegas, Nevada. This metro region's rapid employment growth during the period was actually accompanied by a marked *decline* in its overall regional productivity. This instance likewise indicates that the large volume of new jobs gained over the period were in relatively low-productivity consumer services sectors of the economy such as the lodging, leisure, and recreational industries. These three outcomes underscore the prospect that in certain circumstances *employment growth in and of itself may not necessarily constitute much of an economic elixir for a region or much a foundation for healthy regional development.*

In these instances, even very rapid job growth was uncoupled from rising economic prospects generally associated with productivity gains. Ultimately, no U.S. metro regions illustrate as clearly as these booming Florida and Nevada metro regions the substance of "tertiary shock," whereby rapid employment growth in lower order services can yield few economic development gains. While there is no claim that this phenomenon is necessarily likely to be even more widespread in the future, these examples do underscore the wisdom of reorienting national urban policy thinking away from its past relatively uncritical concern for employment growth. Instead, there needs to be a more conscious concern for nurturing the kinds of development that produce jobs that can express the rising productivity of underlying local industries. In the future, overall productivity gains throughout the entire U.S. urban system, and not place-regarding employment gains alone, might well be considered equally compelling objectives of any development initiatives promoted in national urban policy discussions.

Ten Fastest Contracting Regional Employment Centers

Table 2-14 ranks the 10 metro regions that experienced the deepest losses in their employment bases. In reality, actual employment base contraction was quite rare during the period. Only 7 of the Nation's 100 largest metro regions experienced net employment losses during a time that was for the larger Nation a period of remarkable and extended output and employment growth. Yet, as before, one can see the impact of the declining fortunes of key industries on selected metro regions.

Net employment loss is never abided easily in a metro region. Yet, it is also apparent that in some cases actual employment loss can accompany an *improving* regional productivity performance. As indicated in Figure 2-21, *nearly all the metro regions experiencing the greatest employment losses across the period began the 1980s at productivity levels well above the national average*. This indicates clearly the vulnerability to job loss faced even—if not especially—by regional economies composed primarily of high-productivity industries. As jobs were shed, these losses not only did not necessarily translate into further or sustained declines in levels of regional productivity, but rather they were the vehicles by which these regions rose to even higher productivity levels.²⁸

In this subset of regions, only Beaumont-Port Arthur, Texas (from 1980), and Flint, Michigan (from 1984), sank to markedly lower productivity levels as their employment bases contracted. This indicates that their employment losses came disproportionately from the ranks of local industries whose capacities for efficient production were relatively high and rising. At the same time the fact that most job-shedding metro regions experienced little change in their overall productivity levels may well indicate that apart from the regrettable social consequence that local residents lost their jobs, once the jobs were lost the region's overall prospects for providing a high and rising quality of life for its citizens were not necessarily diminished. This, then, may suggest that the kinds of investments that make the most sense in an overall national urban policy framework are those that raise the levels of workers' own investments in themselves and increase the prospects of linking upgraded worker skills with local employment opportunities. This strategy may well offer the best prospect of raising the overall economic opportunities for the larger region. In the end, attempting to make a metro region an incubator of low-productivity industries or a safe haven for low-wage/low-skill jobs just for the sake of job growth does little to enhance the economic prospects of either that region, its residents, or the Nation at large.

URBAN ECONOMIC PERFORMANCE AND DEVELOPMENT: NEW PERSPECTIVES...NEW METRICS²⁹

To this point this Chapter has emphasized relative rates of change as well as relative rankings on selected change indicators. For the most part, however, this permits an analysis identifying and describing the development paths of individual metro regions or characterizing patterns of restructuring within the larger U.S. urban system. But economic growth and development involve far more than this. There are relentless processes of turnover and replacement that have the effect of powering an economic "churn" beneath the surface described by net values on conventional indicators.

Aggregate analysis not only does not tell the whole tale but necessarily obliterates the main point of the tale.³⁰

To date, however, very little effort has been invested in measuring and describing the components of this economic churn, and virtually nothing of its existence has found its way into statements of national urban policy objectives. This is especially unfortunate because it is precisely these hidden turnover and replacement dynamics that permit an economy at any scale to compensate for incessant losses within industries, firms, and forms of work experiencing new rounds of industry and enterprise formation and eventual employment creation. These accompaniments of Schumpeter's "creative destruction" can lead to the restructuring and transformation of an entire urban economy, its component parts, and ultimately the full range of social and psychic consequences that derive from them.

This section illustrates the value of this "churn" perspective as a powerful supplement to reigning perspectives and methodologies of urban economic analysis. Because of the scarcity of developed data with which to gain a broader view of how U.S. urban economies have been reworked during the 1980s, this section relies on data developed in a recent case study designed to measure the economic churn in the Greater Dallas area over the 3-year period of 1986-89.

Components of Urban Economic Change

The economic indicators used thus far, whether conventional or more novel, only permit one to address urban economic change at a relatively high level of aggregation. Informative though these indicators may be in their own right, they do not pay careful attention to the nature of the development processes underway *beneath* the aggregate—net—patterns.³¹ As a result, we cannot infer from these metrics how an urban economy changes as a consequence of the expansion of existing businesses, the creation of new ones, the impulses of entrepreneurs, or the role of firm acquisition and relocation. Conventional indicators, then, do not permit us to identify the underlying processes about which we need to know more if we are to achieve a more complete understanding of urban economic change.

In recent years, the development and use of selected private sector databases have begun to permit assessments of the underlying components of urban economic change. Perhaps the best known database used for these purposes is Dun and Bradstreet's Market Identifier Files, which now provide information on more than 8 million existing business establishments and 12 million establishments that have ever existed in the past two decades in the United States. It was this database that was first used to show that the primary cause of declining employment in Northern cities in the 1970s was not firm relocation to the Sunbelt but rather the death or closure of existing firms.³² The same database was later used to show that more jobs in the U.S. economy were generated by small companies than large ones, and that the formation of small firms provided the basic propulsion for economic growth in various regions of the U.S. in the 1970s and 1980s.³³ During the 1980s, the U.S. Small Business Administration (SBA) used sparingly an enhanced version of these Dun and Bradstreet files to monitor the performance of the U.S. small business sector. As a result of the private

sector's initiating database cross-checks with the confidential files of the Internal Revenue Service (IRS), SBA was recently able to report in detail the continued growth of small businesses throughout the 1980s.³⁴

THE ANATOMY OF URBAN ECONOMIC CHANGE: AN "UNDERVIEW" OF RESTRUCTURING AND REBOUND IN GREATER DALLAS³⁵

At the end of 1985, a "rolling" regional recession swept through Texas. The State was confronted abruptly with another reality: being closely tied to global-scale markets. Plunging oil prices triggered an economic chain reaction from sector to sector and from one end of the State to the other. Texas spent the entire year of 1986 in an economic free fall, and net job losses approached a quarter-million by the end of the year. By early 1987, however, the recession had bottomed out and a slow recovery began to take hold. By early 1989, the employment level stood once again where it was at the end of 1985.

Lost in these aggregate indicators, however, is the reality that not all parts of the State experienced this wrenching downturn in precisely the same way. Moreover, the ensuing recovery did not herald a restoration in fine detail of the pre-1986 economy. There was a detectable difference between the State economy that went into the recession and the one that came out. And it is these differences, and the dynamics that shaped them, that command attention in this section.

Extended Development Dynamics: Depth and Breadth

How did the Greater Dallas area—the city of Dallas and its suburbs—experience this downturn? How did the recession exact its economic toll on this metro region and its central city and the changing relationships between the two? Which if any longer term trends did this recessionary period accelerate or retard? What can we discover about the scope and scale—volume and velocity—of metro regional economic impacts that lay hidden beneath summary indicators of *net* change? And, finally, what can be learned about the more fundamental processes by which an entire metro region's—or central city's—economy is continuously created and recreated, both in response to abrupt short-term shocks and cycles and in the context of longer term structural changes?

A conventional analysis of a region's economic development assigns great importance to comparisons of present and past indicator levels. Is employment up or down? Which sectors are growing; which are stable or declining? How successful have local efforts been in attracting new businesses into the region? And, ultimately, is growth expanding the local tax base and raising personal income, or must tax increases or budget cuts be considered so as not to dampen overall regional spending? As valuable as these indicators may be, they miss

the heart of the matter. The dimensions of analysis must be both widened and deepened in order to make sense of how a regional economy is shaped in a broader economic context.

Measuring net changes in business and employment levels offers little guidance in interpreting what actually accounted for Dallas' development experience. To remedy this, we probe deep below the surface of the net change figures to look at the incessant churning—gross gains and losses—that yield measures of net change. The full volume of business and employment gains and losses are compared so as to understand more completely the degree to which the gains may have succeeded or failed in compensating fully for the losses.

Vertical Development Accounting

Conventional evidence suggests that in this region the 3-year (1986–1989) period was a period of lingering economic stagnation. The six-county Greater Dallas regional economy lost an estimated 3.1 percent of its private-sector job base. These losses were not equally shared by the city of Dallas and the suburbs. While the city of Dallas lost 10.4 percent of its private-sector job base, the region's suburbs lost an estimated 0.8 percent of their combined job bases (Table 2–15).

While these losses constituted a sobering erosion of the region's business and employment bases, such net indicators obscure a far more vigorous economic churn that can only be seen in the interplay of *gross* levels of business births, deaths, expansions, contractions, and relocations, and associated employment change. Indeed, exploring beneath the surface we discover that *the Greater Dallas metro regional economy actually spent the 3-year period creating (and recruiting for) hundreds of thousands of new jobs, only to fall short of fully compensating for the simultaneous loss of hundreds of thousands of existing jobs.* Meanwhile, the city of Dallas spent the same period likewise creating (and recruiting for) tens of thousands of new jobs, thereby largely—if not completely—compensating for the simultaneous loss of tens of thousands of others.

As Table 2–15 reports and Figure 2–22 illustrates, more than one job in every four (26.7 percent) that existed in Greater Dallas in January 1986 no longer existed in January 1989. But at the same time, an almost equal portion (24.3 percent) of the region's employment base in January 1989 had not existed 3 years earlier. For the city of Dallas, the figures are almost as striking. Between January 1986 and January 1989, 35.1 percent of the city's jobs were lost. Moreover, 27.6 percent of the jobs that existed in January 1989 were not there 3 years earlier. These dynamics were responsible for generating the gap of 3.1 percent between the number of jobs lost in the larger region and the number of jobs gained over the same 3-year period. And it is the measure of this gap—as net employment change—on which conventional “horizontal” analyses place such enormous weight. Yet it is the “vertical” dimensions of these urban economic dynamics that offer the fuller accounting of them. In this case, they

demonstrate how volatile—simultaneously destructive and creative—the Dallas regional economy was during the depth of its mid-decade cyclical interlude.

This evidence suggests the Greater Dallas regional economy possessed a continuing capacity to regenerate itself. It also sheds light on the evolution of the city of Dallas economy and the narrower, more specialized, yet no less important roles it continued to perform for the rest of the regional economy. From this perspective, we can understand that *simultaneous and incessant job loss and business failure are integral to the overall processes of growth and development—and restructuring—of an economy.*

In many respects a recession may not so much set back the development of a region as accelerate it. The effects of a recession's impacts are not distributed randomly. Business and employment losses are the costs exacted from a regional or city economy by countless interrelated processes including incessant internal adjustments necessitated by external price shocks, reshaped demand factors facing selected industries and sectors, transformed skill requirements for changed job definitions, declining costs and rising competitive pressures that draw new product and process technologies into use, and the changing ways in which industries relate to one another within a region and beyond. And to the extent that location itself is an important ingredient in the ability of a business to produce a product or provide a service, these costs are likely to be accompanied by the gradual relinquishment by a central city like the city of Dallas of its broader historical roles—and the assignment of more specialized new ones—as the urban core economy evolves together with its suburban counterparts.

Ultimately, *it is this capacity for response—to compensate for such losses via new business formation and new employment creation—that signifies the true test of a healthy economy.* Central to this response capacity are the quality and diversity of the resources available to a region with which it can stage its continuing adjustment response. Taken together, these resources constitute a critical “*economic infrastructure*” whose quality and composition place outer bounds on how well a region as an economic entity, or a city as a political one, can adjust to—and derive benefits from—participation in an ever renewable national—and even globe-spanning—economy.

Economic Development as Turnover and Replacement

Accounting for employment destruction. How were jobs lost from the Dallas regional economy during the 3-year period? Losses from a region's or city's job base can be traced to three distinct processes consisting of businesses that:

- Fail and take jobs with them.
- Survive and scale back their employment.
- Relocate from inside a region or a city to an outside location.

For both the Greater Dallas region (69.7 percent) and the city of Dallas (54.4 percent), the greatest portion of lost jobs can be traced to businesses that failed. Beyond this, there are important differences that distinguish job losses in the metro region from those in the central city. Surviving Dallas area businesses that adapted to a weakened economy by laying off workers were the second most frequent cause of job loss for the region, accounting for 28.7 percent of total employment losses. Outmigration—leaving the area—as we saw above, was quite rare for the metro region as a whole (1.6 percent). In the city of Dallas, however, outmigration to the suburbs (22.7 percent) and employment contraction by surviving business (19.5 percent) were of nearly equal importance.

In this case nearly all jobs lost from the Greater Dallas economy between 1986 and 1989 can be traced to in-place “deaths,” that is, the first two paths. As Table 2-16 indicates, only very tiny shares of all lost jobs are accounted for by businesses actually relocating to a place outside the region. This pattern was generally uniform across industry sectors. Against this backdrop, the relatively greater vulnerability of a region’s employment base to the outmigration of manufacturing plants—especially in high-technology industries—also becomes apparent.

For the city of Dallas, however, the pattern is quite different (see Table 2-16). Overall, more than a quarter (26.0 percent) of the job loss experienced by the city can be traced to businesses that physically abandoned their pre-1986 locations for some other place outside the city (22.7 percent) or the region (3.3 percent) itself. This pattern varied considerably by industry group. Indeed, more than 7 in 10 high-technology job losses by the city are attributable to outmigration. This pattern may indicate that the central city’s hold on such production activities is increasingly tenuous.

While we do not yet know precisely which “push” and “pull” factors are relatively more influential in this particular case study, other studies have shown that access to concentrations of critical assets—especially skilled labor pools—is a compelling “pull” factor for businesses in this sector and that more and more of those skills are concentrated in suburban locations around the Nation.³⁶ Leaving the central city, then, might well be considered a competitive adjustment that actually has survival value for these businesses. By contrast, restaurant (eat/drink) services illustrate a more stable dependence on spatially dispersed patterns of market demand and therefore reveal a much lesser propensity to abandon one location inside the city for another outside it.

Accounting for employment creation. How did jobs enter the regional economy? Gains to a region’s or city’s job base may also be traced to three distinct sources consisting of businesses that:

- Are newly formed and bring jobs into the economy with them.
- Expand their employment.

-
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- Relocate from outside a region or a city to someplace inside.

Nearly all jobs gained by the Greater Dallas economy can be traced to in-place additions—new business formation or expansion of existing businesses (61.2 percent). (See Table 2-17.) Another 35.5 percent of new jobs involve the expansion of existing businesses. Only small shares (3.3 percent) of all job gains are accounted for by businesses relocating into the region from someplace outside it. This pattern, too, is generally uniform across sectors with but a few exceptions. In the FIRE services, fully 7.4 percent of new jobs entered the region's economy via in-migration.³⁷

For the city of Dallas, however, the pattern is again very different (see Table 2-17). Overall, a sizable share (13.2 percent) of the city's job growth can be traced to businesses that physically moved into the city from their pre-1986 locations outside the city or the region itself. This pattern also varied considerably by industry group. The goods-producing sectors of construction and non-high-tech manufacturing, as well as the leading advanced services sectors of FIRE and wholesale trade services, were much more likely to derive job growth from businesses drawn into the city of Dallas from outside. This appears so even though these gains were not sufficient to offset the losses from outmigration.³⁸

Reexamining the Small Business Contribution to Employment Creation

How important is the small business sector to regional employment? All during the 1980s evidence accumulated indicating that the small business sector has been the dominant source of new employment growth. Generally this evidence took the form of an accounting of employment gains classified by the employment size of business establishments. In these data, a gradual shift of total net employment gains toward smaller establishments was routinely indicated. As a result, a form of secular reverence for small private enterprise has arisen. Add to this the widely shared view that the dexterity and flexibility that small size bestows are presumed to enhance survival prospects in increasingly competitive business environments, and it is easy to understand how the regenerative capacity of an economy has so often come to be attributed to the small business sector.

When seeking to account for job creation, however, one must proceed with caution. The casual assumption that the small business sector per se constitutes some sort of economic fountain of youth deserves careful reconsideration. Indeed, the evidence developed in this case study and displayed in Table 2-18 indicates clearly that new business formations—the activities of entrepreneurs—account for the bulk of all new jobs entering the Greater Dallas (61.0 percent) and city of Dallas (70.2 percent) economies during the 1986-89 period.³⁹ *To this extent, these jobs are contributions to the small business sector, not contributions of it.* The sector composed of existing small business establishments accounted for only an estimated one in four new jobs (25.0 percent) created in the entire metro region and 21.9 percent of the new jobs created in the city of Dallas during the period. The smallest

employment contributions to metro regional (14.0 percent) and central city (7.9 percent) employment gains could be traced to the expansion of large business sector employment.

CONCLUSION

This Chapter has assigned primacy to the development experiences of the larger U.S. urban system. In so doing, it has been able to assess in more meaningful contexts the economic performances of individual urban areas. By examining patterns of change in metro regional output, employment, and “productivity,” we have been able to illustrate patterns of regional rise and fall—stability and succession—during the 1980s throughout the entire U.S. urban system. By examining patterns of business and employment base turnover and replacement in a single metro region, we have been able to supplement the overview provided by more conventional analyses with an illustrative “underview” of urban economic changes responsible for propelling metro regions along their respective development paths. In the end, we see clear evidence of a larger U.S. urban system delicately responsive to forces originating both from within and from outside. As a result, the U.S. urban system—because of the organization and order evident among individual urban areas—reveals itself to be an infrastructure that makes a critical contribution both to this Nation’s prosperity and to the evolving global community of nations and peoples.

The flexibility exhibited by this infrastructure as it is confronted with changing internal and external circumstances enables the larger U.S. economy and society to offer to those who have unobstructed access to it the means of securing expanded economic opportunities and of wresting from their efforts rising standards of living. However, the specific distributional features of people and opportunities throughout the entire U.S. urban system also sets the stage for myriad larger structural conditions that many have come to view uncritically as failures of our urban areas. In the chapters that follow, demographic patterns, social circumstances, housing trends, and emerging opportunities are treated as consequences of individual urban economies in transition as well as of the continuing transformation of the larger U.S. urban system.

NOTES

1. Figures 2-1 to 2-7 are from the Office of the Council of Economic Advisers. See the annual versions of the *Economic Report of the President* (various years) for further background discussions.
2. GDP per capita figures are expressed in 1990 dollars.
3. This section is adapted from Rees (October 1992) and Hicks and Holland (Fall 1992). Dr. Hicks wishes to thank Dr. Keith Debbage of the Geography Department of the University of North Carolina at Greensboro for his assistance with part of the analysis.
4. See Coyne (1992).
5. In 1990 the Nation's metropolitan areas covered 580,784.7 square miles, 19.7 percent of the Nation's 2,955,547 square miles.
6. This section encounters the U.S. urban economy as it existed in 1990. Our methodology proceeds by fixing the geographic boundaries of each of these metro regions and then looking backward so that the development of each can be measured with fixed boundaries from 1970 to 1990. While the geographical boundaries of the system and the individual metropolitan areas are fixed using 1990 definitions, individual metro regions are permitted to move up or down through size categories. Indeed, shifts of these kinds are precisely what we want to observe so as to describe accurately overall urban system change.
7. The importance of the consistency of these metropolitan area definitions is underscored when one considers the findings of the Bureau of Economic Analysis (1991) that metropolitan areas defined in terms of 1940 criteria accounted for only 64 percent of the Nation's total personal income in 1984, whereas metropolitan areas as defined here accounted for 82 percent of total personal income in that same year.
8. In part because of growing concern over these issues, economic statistics have been under review by the Bush Administration since November 1989 when the President signed the Economic Statistics Initiative to upgrade the Federal statistical system.
9. We should avoid overemphasis on growth without careful attention to the extent and nature of the developmental processes at work (Noyelle & Stanback, 1983, p. 5).

10. The data analyzed in this section are from the Regional Economic Information System of the Bureau of Economic Analysis. National aggregate employment totals are known to be somewhat inflated. However, as our focus will be on comparative rates of change and shifts in shares across U.S. metropolitan areas, this is not expected to affect materially the analysis offered.

11. This shift is by no means an American phenomenon but rather appears to accompany the development of advanced industrial economies around the world. Indeed, during the past quarter century the same shift has proceeded in Japan and major European economies at rates even faster than in the United States (Baumol and Wolff, 1992).

12. In so doing, the employment shift to services has kindled a broader development debate concerning how much services growth is too much. From one perspective, rapid services growth is the *cause* of rising living standards. This view emphasizes that continued productivity gains and the deepening of the capital base of the goods-producing sector frees labor to migrate to the broad services sector. As these same upgrading processes take place, services industries are transformed in and of themselves, and the boundaries between goods and services become blurred. The resulting shifts in skill mixes and rising services productivity sustain rising real wages and, more broadly, rising per capita incomes (Quinn, 1986, 1987). From a contrasting perspective, however, relatively rapid services growth is only a *consequence* of high per capita income levels. To the extent that high per capita income levels reflect primarily goods-production prowess, relatively rapid services employment growth can set the stage for an incipient stagnation or even decline in per capita incomes (Harris, 1952, Fourastie, 1947, 1950). More recent evidence suggests that the outcome of this debate may well depend on local circumstances (Coomes, 1992).

13. For this analysis, the Nation's 282 CMSAs, MSAs, and NECMAs have first been categorized by the size of their 1990 populations. Once categorized by size, their economic histories were reconstructed back to 1970 so that we can follow sectoral patterns of employment shifts in them over time.

14. In part, growth in this category is attributable both to the actual employment gains made by urban areas in this stratum as well as to the composition gains of the category itself, as the ranks of this stratum of the larger urban system expanded from 29 to 36 urban areas between 1970 and 1990.

15. In this section, the scale of regional patterns explored are those of multi-State regions as defined by the U.S. Bureau of the Census.

16. This section is adapted from Hicks (Spring 1991). The analyses reported in this section are based on ES-202 employment data maintained by the Bureau of Labor Statistics. For the time period covered, it was possible to develop complete employment trend data for all U.S.

metro regions unencumbered by the definitional changes in the Standard Industrial Classification (SIC) system which took effect in 1988. The eight-sector models are based on the reworked industrial classification taxonomy offered by Stanback et al. (1981).

17. See Glaeser, Kallal, Scheinkman, and Schleifer (1990). In this study, employment growth in the Nation's 168 largest cities during the 1956-87 period is explored.

18. In this section metro regions are defined at the level of Metropolitan Statistical Areas (MSAs), Primary Metropolitan Statistical Areas (PMSAs), and New England County Metropolitan Areas (NECMAs).

19. The index is based on the idea of "entropy" wherein diversification is indicated by employment being distributed more evenly across sectors and specialization is indicated by employment being distributed less equally across sectors in a metro region. The index construction technique follows Harris (May 1990).

20. All earnings and income data trends reported in this section reflect current rather than constant dollars. For the analyses reported in this section alone, we have decided against the use of a general national deflator because of its uneven applicability to the individual metro-regions areas that compose the Nation's urban system. Moreover, to date we do not have good indicators of metro regional or census regional differences in inflation. Despite the fact that the Bureau of Labor Statistics collects accurate data in a small number of large metropolitan areas, these data are intended to reflect trends in these areas alone and do not allow us to infer what inflation rates might be in other, often smaller, metropolitan areas.

21. Services-providing industries were responsible for between 55 and 90 percent of the total earnings growth in the Nation's top 50 metro regions during the 1980s. The manufacturing sector was responsible for a much smaller share.

22. Since at least mid-century, there has been a steady convergence among census regions as measured by per capita earnings. However, this convergence ceased by the end of the 1970s. See Coughlin and Mandelbaum (September/October 1988) and Loveman and Tilly (January/February 1988, pp. 46-65). See also Carlino (March-April 1992, pp. 3-12). Carlino suggests that this cessation of convergence is probably only temporary and reflects a series of region-specific shocks that in the past have not been able to derail the longer term momentum toward increasing income convergence across regions.

23. Of course, per capita income does have limitations when used to examine changes in the economic structure of the U.S. urban system or the economic performances of individual urban areas. In order to obtain a more accurate picture of changes in different types of metropolitan areas and to examine the structural change questions discussed above, more needs to be known about the structure of personal income across sub-State and multi-State

regions. In addition, in disaggregating earnings by source, much more needs to be known about patterns of receipt of investment income and transfer payments throughout the U.S. urban system.

24. Adapted from Hicks (October 1992).

25. Estimates of total output for each metro regional economy were obtained from DRI/McGraw-Hill, an operating unit of Standard & Poor's Corporation, a subsidiary of McGraw-Hill, Inc. Total output estimates for metro regional economies were developed by weighting measures of employment by sector productivity estimates for each sector. This procedure assumes no subnational differences in labor quality.

26. Dividing an estimate (in 1990 dollars) of the Nation's total output by total employment for a given year yields what can be considered a crude estimate of the Nation's labor productivity. Specifically, the calculation estimates the dollar value of the contribution to the Nation's total output made by the average worker. Over time, rising real dollar values indicate rising levels of worker productivity. The same calculation, however, does not lend itself to the same sort of interpretation at the level of metro regional economies. This is because total metro-regional output estimates are largely artifacts of sectoral employment patterns. Therefore, dividing a metro region's total output by its total employment yields a number that is better interpreted as the extent to which a metro region's employment has been redeployed in more or less productive ways either within or among local industries. This is achieved by a metro region's becoming more or less constituted of industries associated with estimated levels of productivity at the level of the national economy. What this methodology cannot do is offer a reliable "bottom-up" estimate of the real dollar value added incrementally to the metro region's total output on average by each employed person in the metro region. However, assuming that this estimation procedure does not disadvantage any individual metro region more or less than any other, what the procedure does offer is a relative indicator of how metro regional economies have changed over time and how they compare to one another with respect to their mixes of high- and low-productivity industries. By themselves, these can be critically important dimensions of both a metro region's economic performance and its longer term development experience that have heretofore not been made visible in empirical analyses supporting national urban policy statements.

27. For a discussion of what has been called the "urban size ratchet" effect, see Thompson (1975, p. 189). See also Noyelle and Stanback (1983, p. 30).

28. Of course, this illustrates very well that some routes to productivity gain are more socially valued than others. All else being equal, expanding the numerator (output) is always likely to be more valued after than shrinking the denominator (employment) in this development indicator.

29. Adapted from Rees (October 1992).

30. Quoted from Barnes and Ledebur (1991) p. 129. This quotation is a paraphrase of the classic Schumpeterian perspective. See Schumpeter (1934, pp. 134 and 153).

31. This is largely because of the way indicators are conceptualized and data are developed and reported by the agencies responsible for maintaining Federal Government economic statistics. These agencies include especially the Bureau of the Census, the Bureau of Economic Analysis, and the Bureau of Labor Statistics. In addition, because rules of confidentiality often do not permit the identification of individual business establishments, the exact role of industrial organization is difficult to identify and follow over time.

32. See Allaman and Birch (1975).

33. See Birch (1979).

34. SBA found that in 1989 an estimated 20 million business tax returns were filed with the IRS, an increase of 5 percent from 1988 and more than 50 percent from 1980. These returns included more than 13 million nonfarm sole proprietorships, nearly 2 million partnerships, 4.3 million corporations, but fewer than 7,000 large companies employing more than 500 employees, the SBA cutoff for defining a small business. See SBA (1990).

35. This section is adapted from Hicks, "Beneath the Surface and Beyond the Borders: New Dimensions of Dallas Area Economic Development," (1992). The findings of this study are not the first evidence offered of the continued stability and creativity underlying a complex and diverse urban area. Rees (1979) showed that the expansion of existing companies and the birth of new ones were the most common components of change during a time of relative economic boom in the Dallas area between 1960 and 1975.

36. See Carlton (1985, pp. 440-449); O'Connor (1985, pp. 616-634). See also Office of Technology Assessment (1983).

37. The changing ownership of the region's FIRE services firms, so widespread during this period, are registered as employment gains through in-migration.

38. Beyond this Chapter's focus on multi-State census regions and metropolitan-scale regions lie the politically bounded State economies. Similar inferences have been drawn from a study of State-level job creation in North Carolina between 1983 and 1987 by Kasarda and Birch (1988). Not unlike the pattern found by Hicks, "Recession and Recovery" (1990), and Rees (1979) in the Dallas area, the largest source of job creation in metropolitan North Carolina in the mid 1980s was startups or births of firms, followed by the expansion of existing businesses and a small gain due to company relocation. Over this 4-year period, 398,000 net

new jobs were added in the private sector, reflecting a total of 763,000 new jobs and the loss of 365,000. Fully 520,000 of these new jobs came from startups, 233,000 from the expansion of existing business, and almost 10,000 from existing companies relocating to North Carolina. Companies contributing the most new jobs were (again) small, independently owned, and concentrated in the services sector. Most of the nearly 400,000 jobs created in North Carolina were located in the Central Piedmont region of the State, an area made up of three adjacent metropolitan areas: Charlotte, Greensboro-High Point-Winston Salem, and Raleigh-Durham.

39. The evidence in this study, using business establishments as the units of analysis, points to the importance of new business startups and supportive local business environments in the economic regeneration of an economy. Nonetheless, although we could not test this directly with the data available to us, this finding should in no way be viewed as inconsistent with the weight of evidence from selected other studies, which suggests that in many cases these establishments are part of larger multilocational enterprises. This is yet another way in which the enthusiasm over the job-creation role of the small business sector needs to be tempered.

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Data Source: Regional Economic Information System (REIS), Bureau of Economic Analysis (BEA)

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Tables 2-1 through 2-6
Tables 2-7 a-c, d-e, f-h
Table 2-8

Data Source: ES-202 Files, Bureau of Labor Statistics

Bruton Center for Development Studies, University of Texas at Dallas

Map 2-2
Figures 2-8 a-j
Figures 2-9 a-i

Data Source: DRI/McGraw Hill

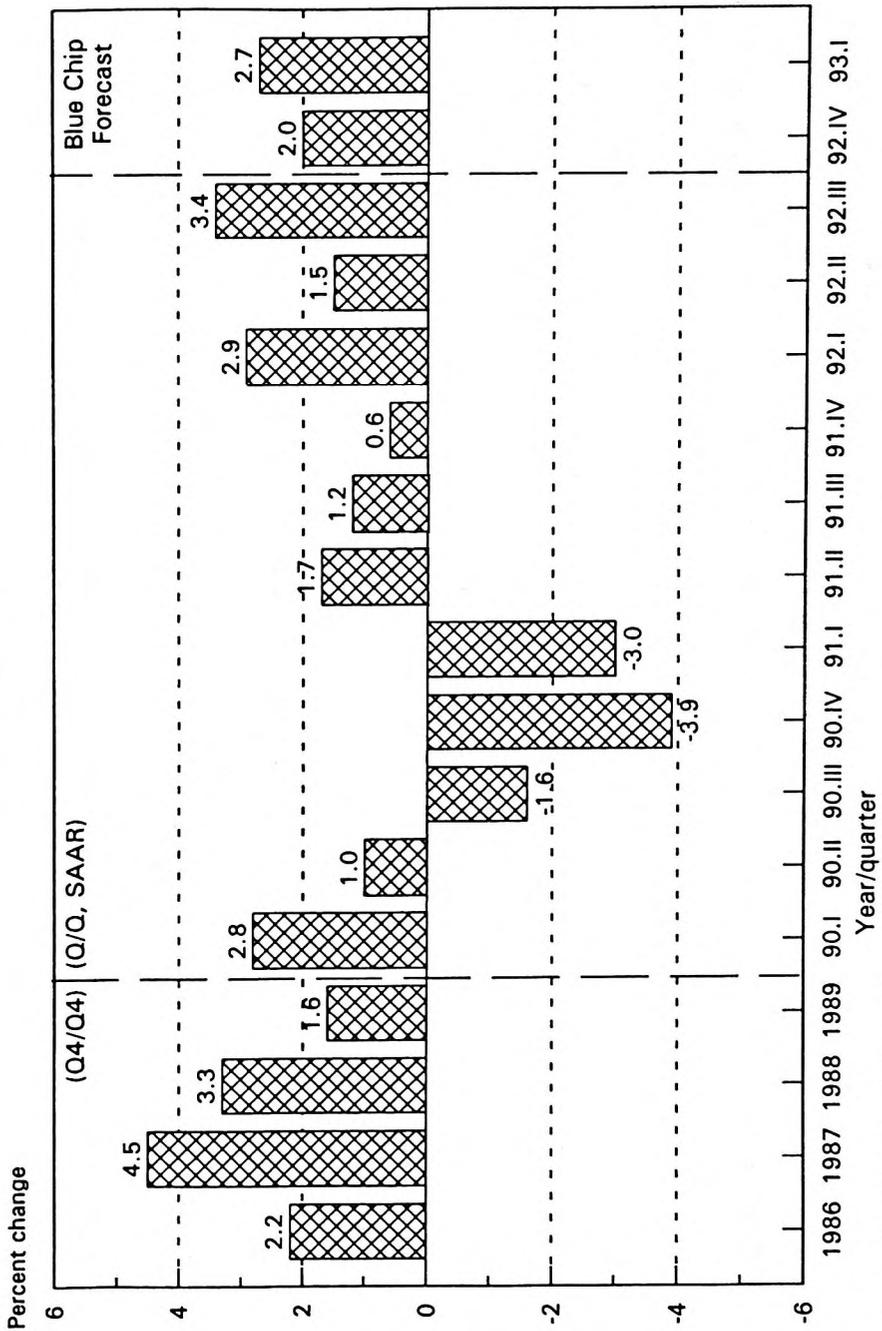
Bruton Center for Development Studies, University of Texas at Dallas

Table 2-9	Table 2-12
Figures 2-10 through 2-15	Figure 2-19
Table 2-10	Table 2-13
Figures 2-16 and 2-17	Figure 2-20
Table 2-11	Table 2-14
Figure 2-18	Figure 2-21

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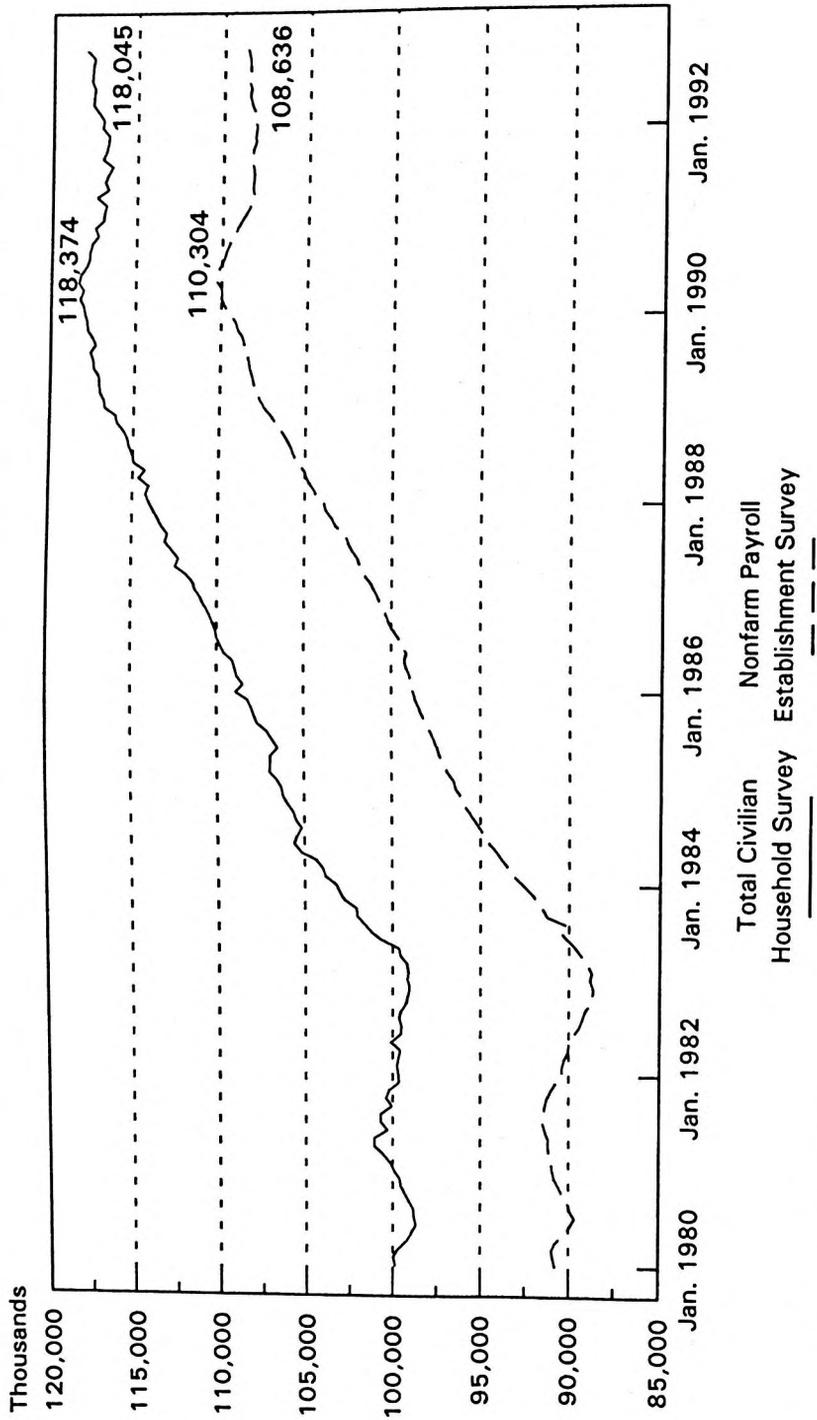
Table 2-15
Figure 2-22
Table 2-16
Table 2-17
Table 2-18

Figure 2-1
Real Gross Domestic Product Growth
1986-1993.I



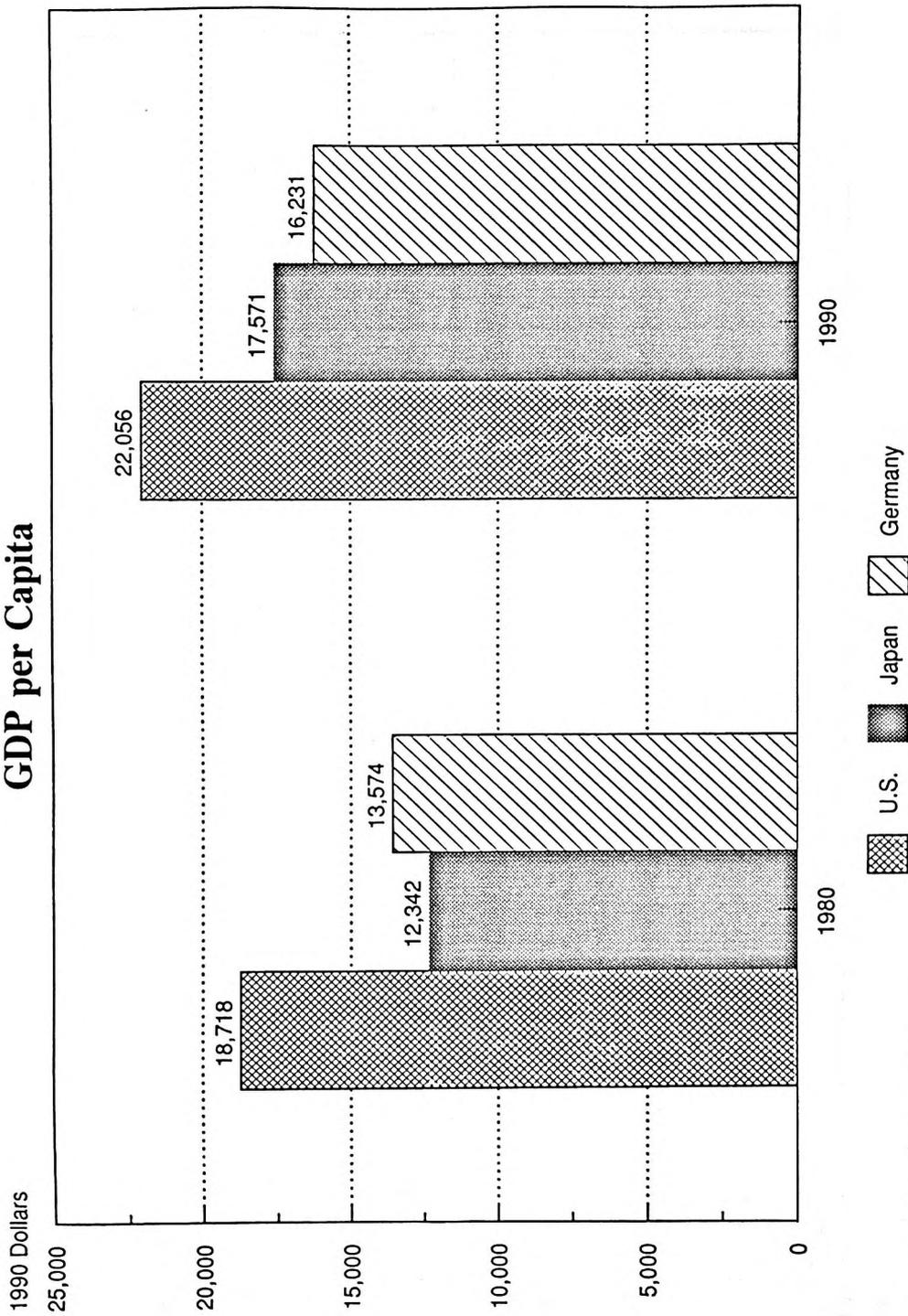
Source: Department of Commerce.

Figure 2-2
Employment: Total Civilian and Nonfarm Payroll
January 1980–November 1992



Source: Department of Labor.

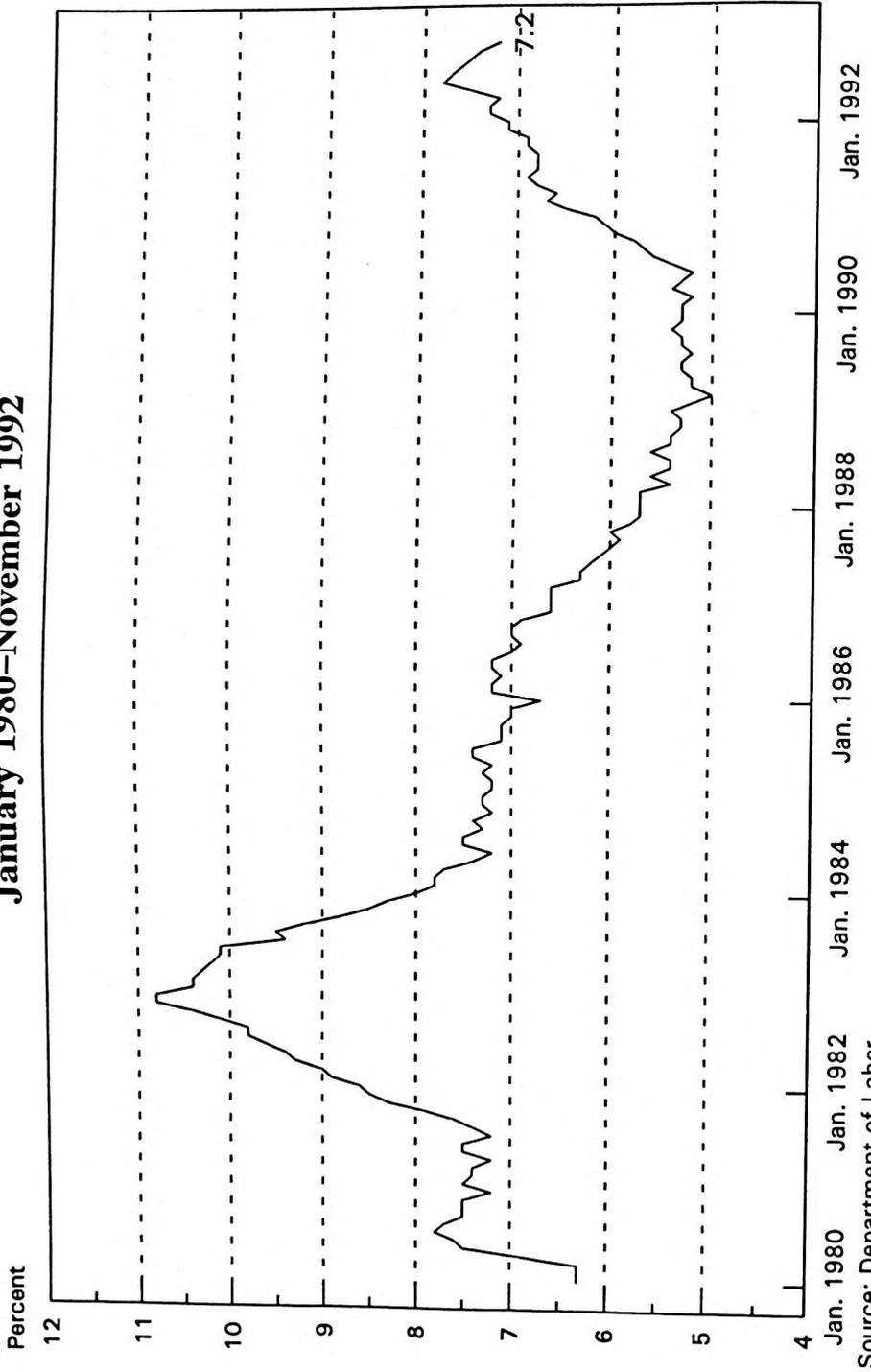
Figure 2-3
GDP per Capita



Source: Department of Labor.

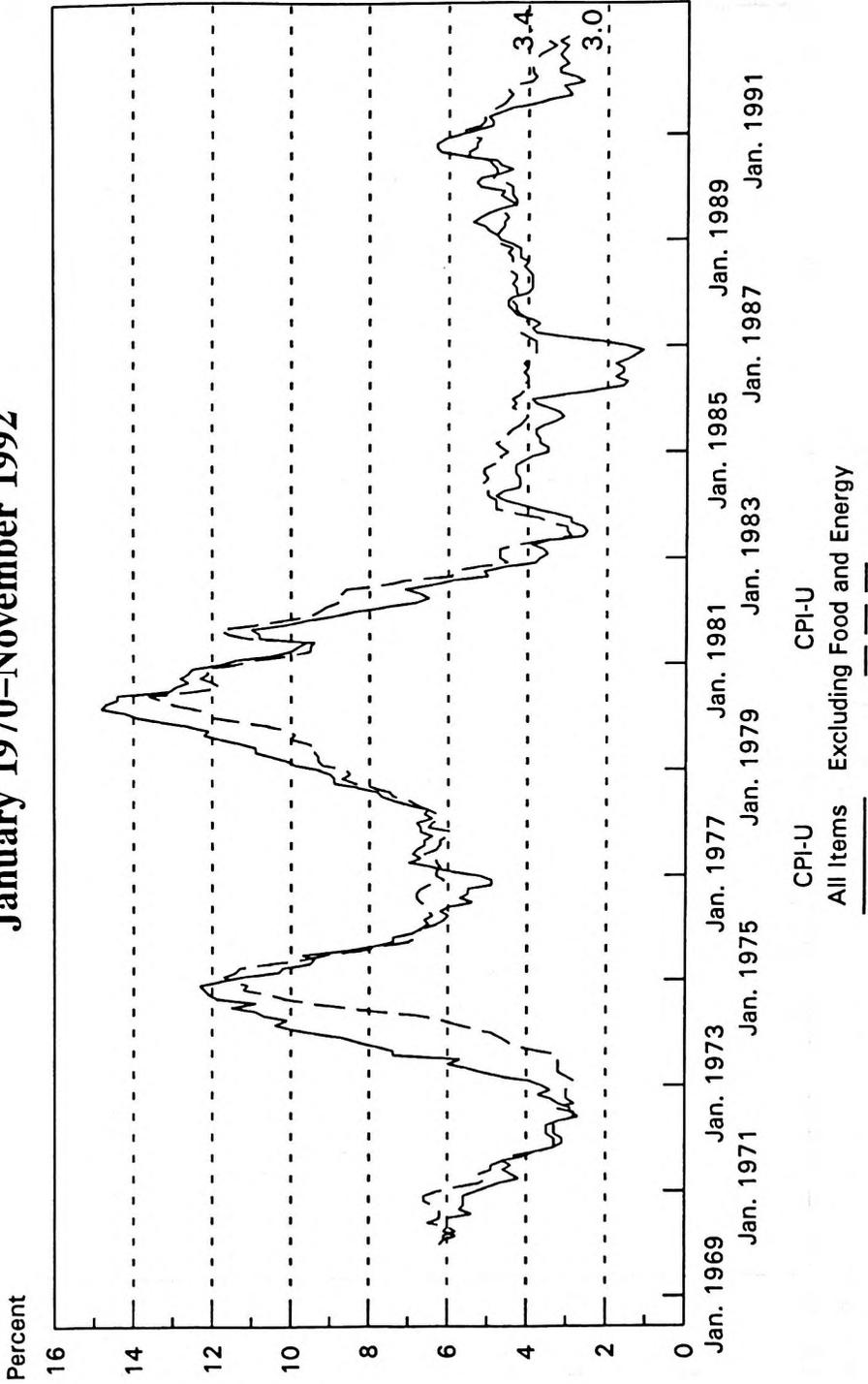
Note: Adjusted with PPP exchange rates.

Figure 2-4
Civilian Unemployment Rate
January 1980–November 1992



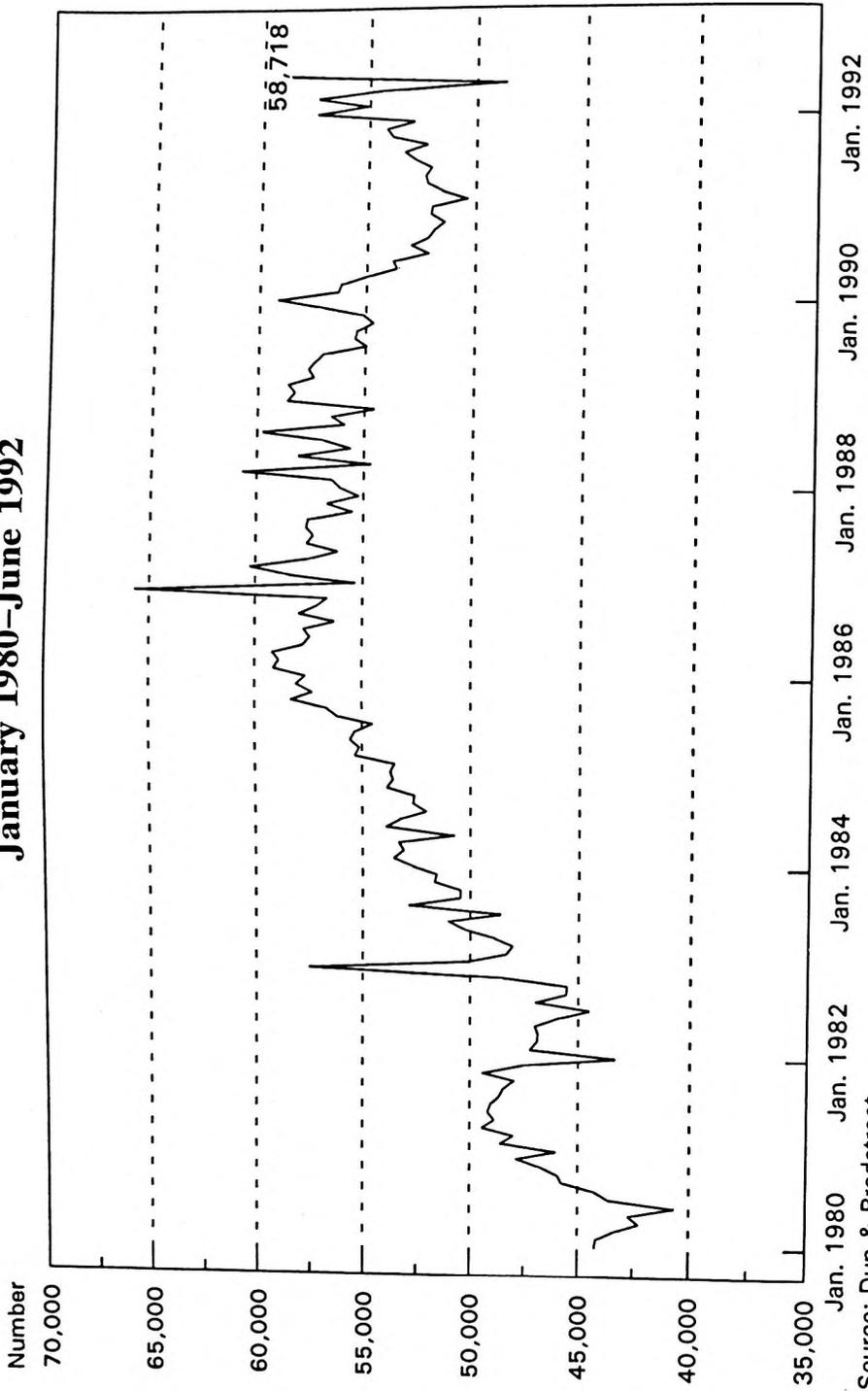
Source: Department of Labor.

Figure 2-5
Consumer Price Inflation
January 1970–November 1992



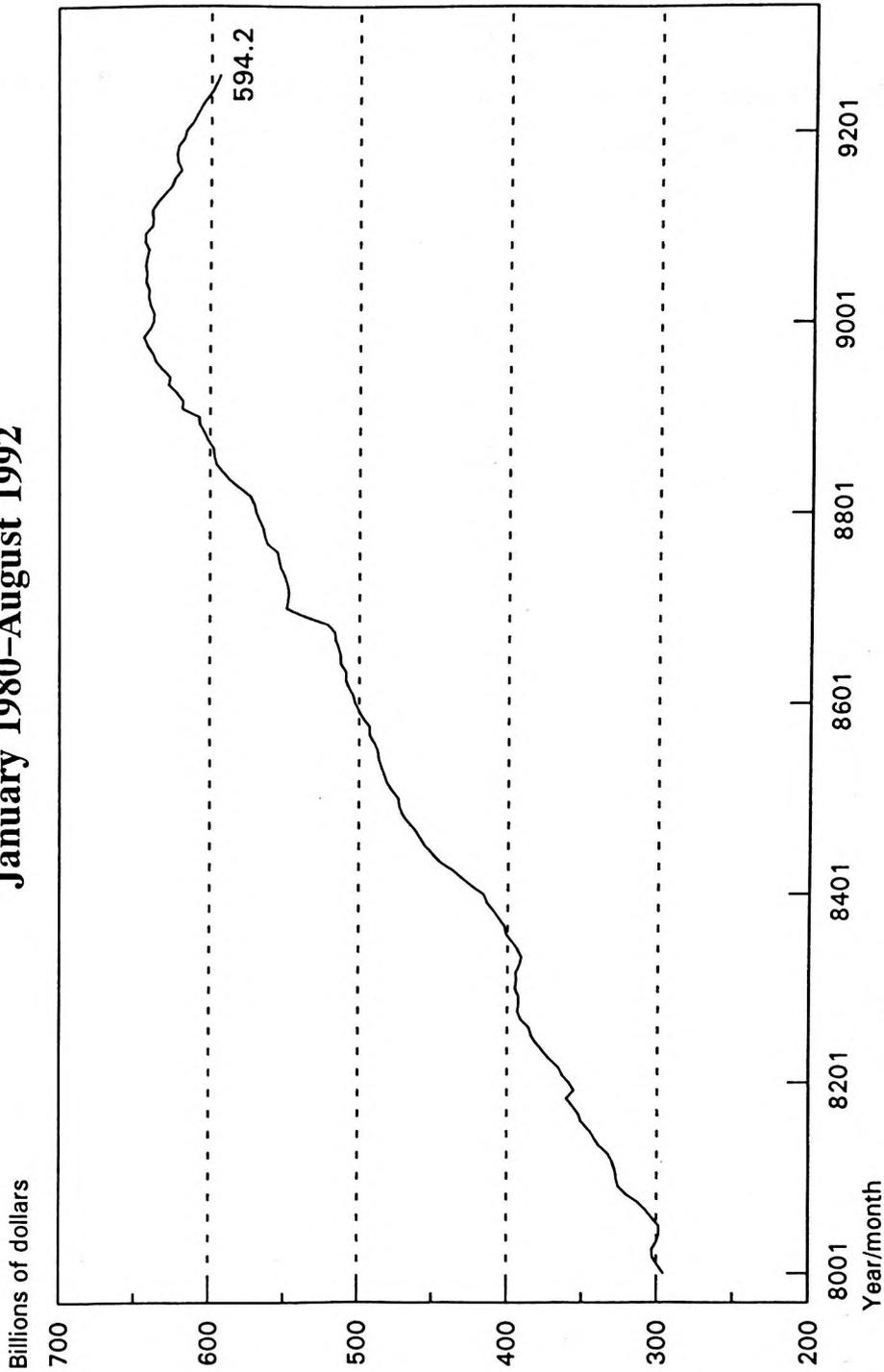
Percent change over previous year.
 Source: Department of Labor.

Figure 2-6
New Business Incorporations
January 1980-June 1992



Source: Dun & Bradstreet.

Figure 2-7
Commercial and Industrial Loans
January 1980-August 1992



Source: Board of Governors of the Federal Reserve System.

Table 2-1
U.S. Total and Urban System Employment Change
Patterns: 1970-80 and 1980-90

	Employment Change (%)	
	1970-80	1980-90
U.S. Total	25.1	22.2
U.S. Urban System	25.7	24.4

Table 2-2
U.S. Total Employment Change Patterns by Sector
and Industry Group: 1970-80 and 1980-90

	Employment Change (%)	
	1970-80	1980-90
U.S. TOTAL	25.1	22.2
Private Sector	27.3	24.1
Public Sector	15.2	12.5
Goods-Producing	11.4	1.1
Services-Providing	32.1	31.1
Manufacturing	5.5	-4.9
Construction	28.3	28.2
Mining	71.8	-22.6
FIRE	53.8	34.8
Trans/Public Util.	16.4	16.3
Retail	30.7	27.5
Wholesale	37.7	15.5
Services	46.8	54.0
Government	15.2	12.5

Table 2-3
Metro Regional Employment Shares by Sector
1970, 1980, and 1990

	U.S. Total Employment (%)		
	1970	1980	1990
U.S. TOTAL	100.0	100.0	100.0
Private Sector	81.8	83.3	84.6
Public Sector	18.2	16.7	15.4
Goods-Producing	27.6	24.6	20.3
Services-Providing	67.4	71.2	76.4
Manufacturing	21.9	18.5	14.4
Construction	4.9	5.0	5.3
Mining	0.8	1.1	0.7
FIRE	5.5	6.7	7.4
Trans/Public Util.	5.4	5.0	4.8
Retail	15.2	15.9	16.6
Wholesale	4.6	5.1	4.8
Services	18.5	21.7	27.4
Government	18.2	16.7	15.4
Nonagricultural	95.0	95.7	96.8
Agricultural	5.0	4.3	3.2

Table 2-4
Metro Regional Employment Change Patterns by Sector
1970-80 and 1980-90

	Total Employment (%)	Private Sector Employment (%)	Public Sector Employment (%)
U.S. TOTAL	1970-80 1980-90 25.1 22.2	1970-80 1980-90 27.3 24.1	1970-80 1980-90 15.2 12.5
>10M	15.9 22.4	17.5 23.8	7.0 13.8
1-10M	31.0 31.7	33.2 34.5	21.0 17.1
500K-1M	31.7 21.1	35.0 22.2	17.4 15.6
250K-500K	29.5 17.0	30.5 19.5	25.4 6.0
<250K	25.7 24.4	15.6 12.4	-1.9 0.6
	Goods-Producing Employment (%)	Services-Providing Employment (%)	
U.S. TOTAL	1970-80 1980-90 11.4 1.1	1970-80 1980-90 32.1 31.1	
>10M	-0.8 -2.0	21.8 29.8	
1-10M	10.6 5.5	38.9 40.0	
500K-1M	13.3 -6.7	39.9 30.8	
250K-500K	12.7 -3.1	37.5 23.3	
<250K	5.0 -4.4	15.6 16.8	

Table 2-5
Metro Regional Employment Growth Rate Shifts by Eight
Industry Groups: 1970-80 and 1980-90

	Total Employment (%)		Manufacturing Employment (%)		Construction Employment (%)	
	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90
U.S. TOTAL	25.1	22.2	5.5	-4.9	28.3	28.2
>10M	15.9	22.4	-2.3	-12.6	5.8	53.2
1-10M	31.0	31.7	4.3	-2.8	31.3	35.9
500K-1M	31.7	21.1	8.2	-16.9	30.3	33.2
250K-500K	29.5	17.0	7.8	-6.7	26.8	16.5
<250K	11.6	10.0	-2.2	-6.4	20.6	3.8

	Mining Employment (%)		FIRE Employment (%)		Trans./Public Utilities Employment (%)	
	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90
U.S. TOTAL	71.8	-22.6	53.8	34.8	16.4	16.3
>10M	30.9	-15.9	28.5	34.1	3.2	10.6
1-10M	116.5	-8.7	59.6	43.7	16.0	26.5
500K-1M	75.1	-11.7	63.0	29.6	17.9	20.9
250K-500K	50.9	-44.2	62.4	28.9	22.4	0.9
<250K	88.9	-13.1	45.1	15.9	10.6	6.7

	Retail Employment (%)		Wholesale Employment (%)		Services Employment (%)	
	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90
U.S. TOTAL	30.7	27.5	37.7	15.5	46.8	54.0
>10M	15.3	19.6	24.7	16.4	38.7	50.1
1-10M	36.9	34.4	36.1	24.2	57.9	65.4
500K-1M	39.8	27.7	37.8	10.4	65.0	52.8
250K-500K	39.2	26.4	34.1	8.7	46.8	42.6
<250K	20.8	18.1	28.6	4.1	25.1	37.6

Table 2-6
Share of U.S. Total Employment

Private Sector Share (%)
of U.S. Total Employment

	<u>1970</u>	<u>1980</u>	<u>1990</u>
>10M	85.0	86.1	87.1
1-10M	82.4	83.7	85.5
500K-1M	81.2	83.2	84.0
250K-500K	81.1	81.7	83.5
<250K	77.2	80.0	81.7
Metro Total	81.8	83.4	84.9
U.S. TOTAL	81.8	83.3	84.6

Public Sector Share (%)
of U.S. Total Employment

	<u>1970</u>	<u>1980</u>	<u>1990</u>
>10M	15.0	13.9	12.9
1-10M	17.6	16.3	14.5
500K-1M	18.8	16.8	16.0
250K-500K	18.9	18.3	16.5
<250K	22.8	20.0	18.3
Metro Total	18.2	16.6	15.1
U.S. TOTAL	18.2	16.7	15.4

Goods-Producing Sector Share (%)
of U.S. Total Employment

	<u>1970</u>	<u>1980</u>	<u>1990</u>
>10M	26.9	23.0	18.4
1-10M	27.8	23.5	18.8
500K-1M	29.9	25.7	19.8
250K-500K	29.1	25.3	20.9
<250K	25.9	24.4	21.2
Metro Total	27.8	24.0	19.4
U.S. TOTAL	27.6	24.6	20.3

Services-Providing Sector Share (%)
of U.S. Total Employment

	<u>1970</u>	<u>1980</u>	<u>1990</u>
>10M	72.2	75.9	80.5
1-10M	70.8	75.1	79.8
500K-1M	67.2	71.4	77.1
250K-500K	66.7	70.8	74.6
<250K	68.3	70.7	75.1
Metro Total	69.8	73.7	78.5
U.S. TOTAL	67.4	71.2	76.4

Table 2-6 (continued)
Share of U.S. Total Employment

Manufacturing Share (%) of U.S. Total Employment			
	<u>1970</u>	<u>1980</u>	<u>1990</u>
>10M	22.6	19.1	13.6
1-10M	22.4	17.8	13.2
500K-1M	24.1	19.8	13.6
250K-500K	22.6	18.8	15.0
<250K	20.0	17.5	14.9
Metro Total	22.4	18.4	13.7
U.S. TOTAL	21.9	18.5	14.4

Services Share (%) of U.S. Total Employment			
	<u>1970</u>	<u>1980</u>	<u>1990</u>
>10M	21.8	26.1	32.0
1-10M	19.6	23.7	29.7
500K-1M	17.2	21.5	27.1
250K-500K	18.3	20.8	25.3
<250K	17.5	19.6	24.5
Metro Total	19.3	22.9	28.7
U.S. TOTAL	18.5	21.7	27.4

Table 2-7 a-c
Employment Change (%) Patterns in U.S. Metro Regions
Using Fixed (1990) Boundaries

TOTAL	U.S. Total		Northeast		North Central		South		West	
	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90
TOTAL	25.1	22.2	9.0	16.6	16.4	17.8	38.0	30.0	45.9	32.9
>10 Million	15.9	22.4	3.6	16.1					39.2	31.4
1-10 Million	31.0	31.7	10.2	23.3	14.3	18.1	48.8	45.1	73.2	42.8
500K-1 Million	31.7	21.1	13.6	8.0	14.2	5.3	64.8	29.4	-1.6	34.7
250K-500K	29.5	17.0	52.2	17.3	22.5	18.2	13.1	14.3	72.3	21.0
<250K	11.6	10.0	-12.5	2.3	21.9	22.7	13.4	6.3	7.3	1.3

PRIVATE SECTOR	U.S. Total		Northeast		North Central		South		West	
	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90
TOTAL	27.3	24.1	9.7	18.2	16.6	19.5	42.6	33.2	54.5	36.3
>10 Million	17.5	23.8	3.9	16.9					43.6	33.4
1-10 Million	33.2	34.5	11.5	25.7	14.4	19.9	54.4	49.8	84.7	47.2
500K-1 Million	35.0	22.2	14.4	9.5	13.7	7.0	69.1	29.3	7.0	41.7
250K-500K	30.5	19.5	52.3	17.8	23.9	20.1	12.7	17.6	76.8	24.2
<250K	15.6	12.4	-12.7	6.3	22.7	24.3	18.4	9.3	18.3	1.1

PUBLIC SECTOR	U.S. Total		Northeast		North Central		South		West	
	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90
TOTAL	15.2	12.5	5.1	7.3	15.1	7.2	21.8	16.4	15.9	17.2
>10 Million	7.0	13.8	1.8	11.1					16.0	18.0
1-10 Million	21.0	17.1	3.2	9.1	14.1	6.8	28.8	25.2	35.6	23.6
500K-1 Million	17.4	15.6	9.6	0.3	16.6	-4.7	45.9	29.6	-22.3	11.6
250K-500K	25.4	6.0	51.8	13.7	15.2	6.8	14.4	2.4	56.6	8.7
<250K	-1.9	0.6	-11.8	-16.2	18.0	14.7	-1.0	-4.2	-19.8	2.3

Table 2-7 d-e
Employment Change (%) Patterns in U.S. Metro Regions
Using Fixed (1990) Boundaries

GOODS-PRODUCING	U.S. Total		Northeast		North Central		South		West	
	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90
TOTAL	11.4	1.1	-9.1	-11.8	-3.7	-4.2	28.3	4.7	40.5	16.6
>10 Million	-0.8	-2.0	-15.9	-12.3					26.8	10.3
1-10 Million	10.6	5.5	-8.2	-6.2	-6.2	-5.9	39.3	18.1	69.3	26.7
500K-1 Million	13.3	-6.7	-4.6	-19.5	-9.1	-14.1	48.2	2.0	-9.0	7.0
250K-500K	12.7	-3.1	21.3	-9.9	7.3	-1.6	0.7	-7.9	79.9	21.2
<250K	5.0	-4.4	-24.2	-20.0	2.0	6.5	15.9	-7.4	14.3	-7.8

SERVICES-PROVIDING	U.S. Total		Northeast		North Central		South		West	
	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90
TOTAL	32.1	31.1	17.0	25.6	26.8	26.9	42.6	38.3	47.9	38.0
>10 Million	21.8	29.8	10.6	23.8					44.0	38.8
1-10 Million	38.9	40.0	18.4	33.5	24.6	27.5	51.6	51.9	74.0	47.6
500K-1 Million	39.9	30.8	23.8	19.0	27.3	13.4	75.0	39.7	-2.3	38.2
250K-500K	37.5	23.3	77.6	22.0	31.6	27.8	18.7	22.0	72.4	21.5
<250 K	15.6	16.6	-6.9	12.3	32.7	30.5	14.3	12.9	8.5	5.4

Table 2-7 f-h
Employment Change (%) Patterns in U.S. Metro Regions
Using Fixed (1990) Boundaries

MANUFACTURING	U.S. Total		Northeast		North Central		South		West	
	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90
TOTAL	5.5	-4.9	-9.4	-22.1	-6.1	-10.1	17.6	0.0	34.1	10.3
>10 Million	-2.3	-12.6	-16.3	-24.5					23.5	2.4
1-10 Million	4.3	-2.8	-8.8	-15.7	-8.4	-12.7	26.1	14.2	59.9	20.4
500K-1 Million	8.2	-16.9	-4.1	-29.7	-11.4	-18.2	36.8	-5.8	-18.1	-23.1
250K-500K	7.8	-6.7	18.0	-15.5	4.9	-4.8	-7.5	-12.8	93.9	32.1
<250K	-2.2	-6.4	-23.5	-32.0	-0.5	2.0	5.8	-6.3	-4.5	-2.4

CONSTRUCTION	U.S. Total		Northeast		North Central		South		West	
	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90
TOTAL	28.3	28.2	-8.3	47.4	8.7	26.9	45.4	20.5	61.3	38.9
>10 Million	5.8	53.2	-15.4	54.4					45.9	51.8
1-10 Million	31.3	35.9	-6.5	45.1	6.2	30.6	54.6	30.3	95.6	46.5
500K-1 Million	30.3	33.2	-6.4	47.1	6.6	7.2	73.8	29.5	0.0	50.9
250K-500K	26.8	16.5	44.7	33.7	15.8	23.8	14.4	8.1	81.2	16.2
<250K	20.6	3.8	-30.3	42.1	14.7	24.7	29.1	-5.6	46.5	-13.3

MINING	U.S. Total		Northeast		North Central		South		West	
	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90
TOTAL	71.8	-22.6	20.4	-25.5	37.1	-14.5	116.8	-15.8	61.1	-15.9
>10 Million	30.0	-15.9	40.5	2.0					27.1	-23.8
1-10 Million	116.5	-8.7	27.3	-37.0	43.8	-8.4	144.9	-7.0	171.5	-1.8
500K-1 Million	75.1	-11.7	-37.7	-18.6	23.6	-31.5	101.3	-18.7	70.6	27.3
250K-500K	50.9	-44.2	32.2	-71.5	38.9	-40.9	106.5	-31.8	-0.7	-66.5
<250K	88.9	-13.1	66.3	119.0	16.1	69.0	97.8	-20.1	85.6	-21.3

Table 2-7 i-k
Employment Change (%) Patterns in U.S. Metro Regions
Using Fixed (1990) Boundaries

FIRE	U.S. Total		Northeast		North Central		South		West	
	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90
TOTAL	53.8	34.8	22.8	34.9	42.7	27.1	72.4	42.2	81.6	38.1
>10 Million	28.5	34.1	11.7	30.3					70.6	40.4
1-10 Million	59.6	43.7	29.9	45.6	39.1	28.3	78.9	57.7	110.2	46.5
500K-1 Million	63.0	29.6	40.9	27.3	46.3	12.5	98.6	36.4	20.0	21.2
250K-500K	62.4	28.9	117.5	34.0	55.7	27.3	38.0	28.8	109.1	27.9
<250K	45.1	15.9	0.0	29.7	50.2	28.4	51.9	10.5	50.0	0.5

TRANS/PUB. UTILITIES	U.S. Total		Northeast		North Central		South		West	
	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90
TOTAL	16.4	16.3	-1.9	5.5	5.0	13.2	28.5	28.9	29.2	23.4
>10 Million	3.2	10.6	-5.8	5.1					27.1	21.3
1-10 Million	16.0	26.5	-0.7	12.0	0.7	15.9	34.5	39.8	39.7	34.6
500K-1 Million	17.9	20.9	4.4	-3.3	9.8	-9.9	38.2	41.6	-5.2	20.8
250K-500K	22.4	0.9	37.0	0.3	16.9	7.0	13.4	-5.5	48.1	8.1
<250K	10.6	6.7	-19.8	0.0	16.9	17.8	14.1	6.4	14.8	-10.0

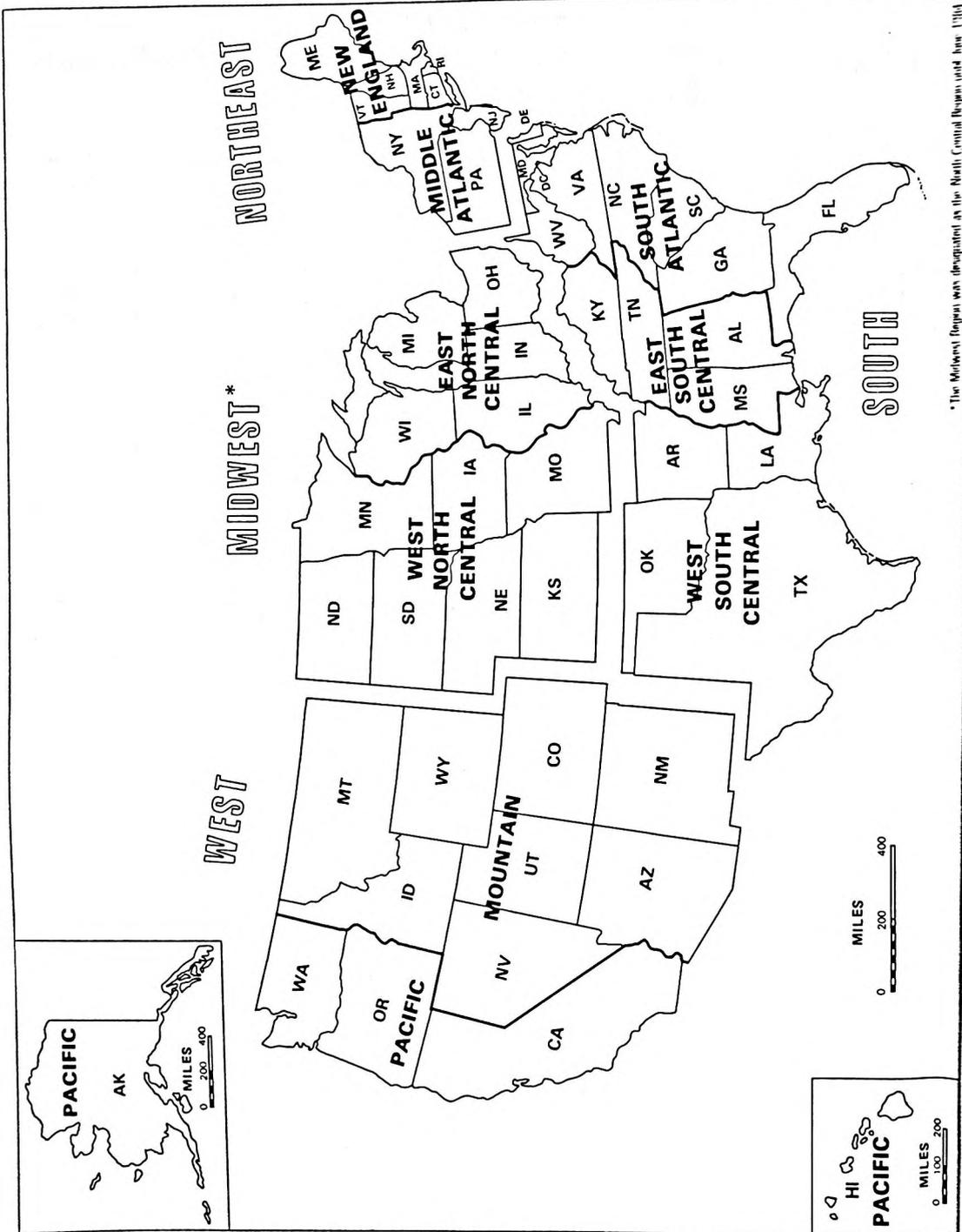
SERVICES	U.S. Total		Northeast		North Central		South		West	
	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90
TOTAL	46.8	54.0	33.9	45.0	44.4	49.2	55.6	65.4	72.1	62.7
>10 Million	38.7	50.1	25.9	42.7					63.2	61.0
1-10 Million	57.9	65.4	36.5	55.6	43.0	50.1	67.6	82.2	105.7	75.3
500K-1 Million	65.0	52.8	43.4	37.7	43.2	35.2	111.8	57.4	16.7	91.7
250K-500K	46.8	42.6	107.3	28.8	48.9	50.5	16.2	48.8	83.8	33.8
<250K	25.1	37.6	3.4	32.2	48.5	51.5	15.2	38.1	30.3	14.6

Table 2-7 1-m
Employment Change (%) Patterns in U.S. Metro Regions
Using Fixed (1990) Boundaries

RETAIL	U.S. Total		Northeast		North Central		South		West	
	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90
TOTAL	30.7	27.5	10.4	19.1	22.4	22.9	48.4	37.3	52.4	31.5
>10 Million	15.3	19.6	1.7	12.8					37.9	27.9
1-10 Million	36.9	34.4	11.7	25.3	19.6	22.6	54.7	48.9	89.2	41.9
500K-1 Million	39.8	27.7	16.6	17.8	22.9	7.8	81.4	37.5	3.2	31.8
250K-500K	39.2	26.4	71.8	23.9	27.2	28.1	23.8	29.7	75.8	19.3
<250K	20.8	18.1	-12.7	17.4	30.6	28.1	25.9	15.0	16.4	7.0

WHOLESALE	U.S. Total		Northeast		North Central		South		West	
	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90
TOTAL	37.7	15.5	18.7	12.7	19.3	13.9	48.9	17.3	53.3	28.1
>10 Million	24.7	16.4	14.0	8.4					48.9	30.1
1-10 Million	36.1	24.2	17.7	21.5	15.8	12.7	60.9	30.6	74.8	38.4
500K-1 Million	37.8	10.4	26.6	9.1	17.0	16.1	60.7	12.4	1.9	-3.6
250K-500K	34.1	8.7	89.1	14.3	27.8	16.1	17.4	-4.1	61.7	23.0
<250K	28.6	4.1	2.4	7.4	37.5	18.4	28.2	-2.3	33.8	-8.2

Map 2-1 Census Regions and Divisions of the United States



U.S. DEPARTMENT OF COMMERCE Economics and Statistics Administration Bureau of the Census

*The Midwest Region was designated as the North Central Region until June 1984

Figure 2-8a
Restructuring in Major Metro Regions: Northeast, 1984-88

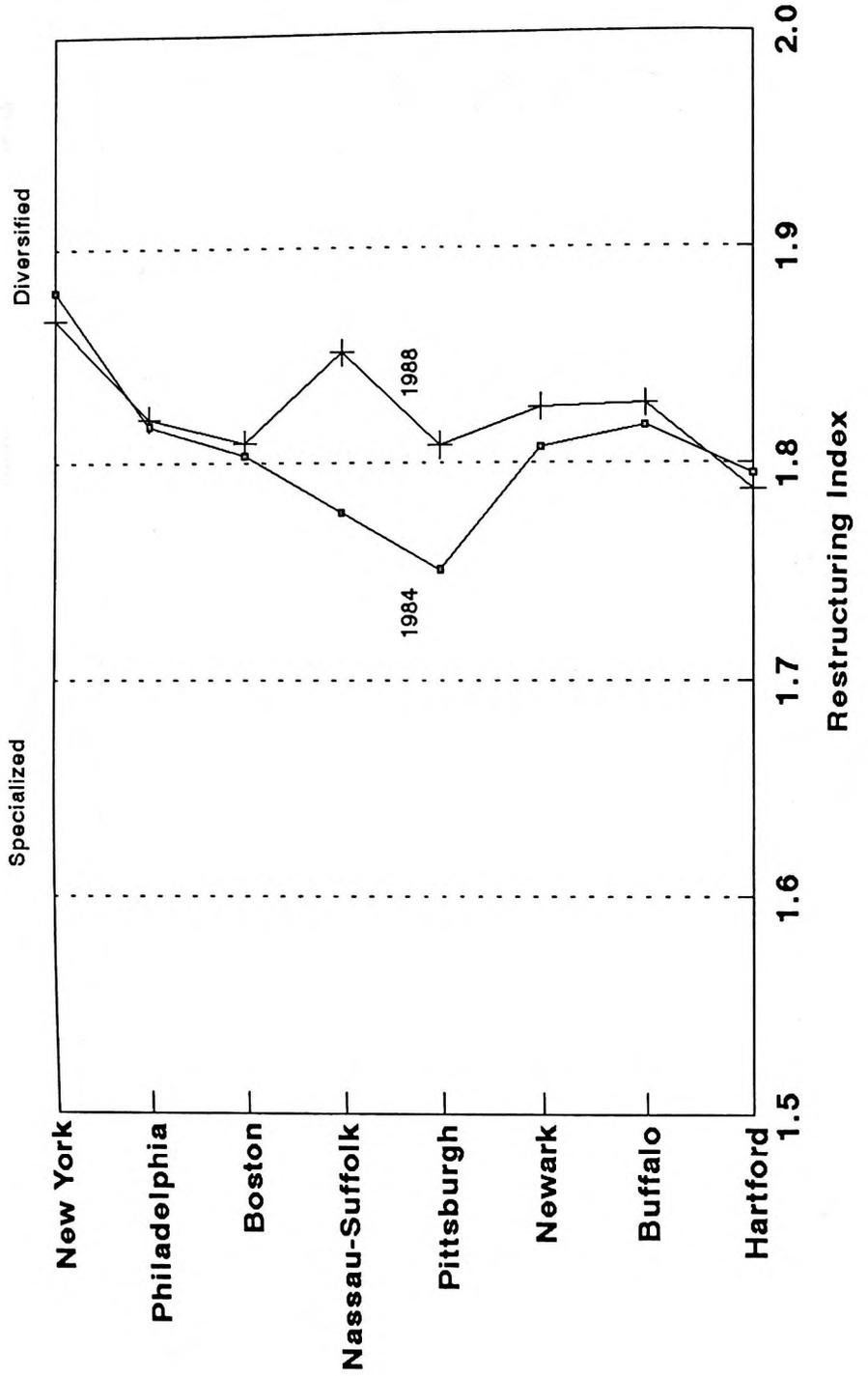


Figure 2-8b
Restructuring in Major Metro Regions: North Central,
1984-88

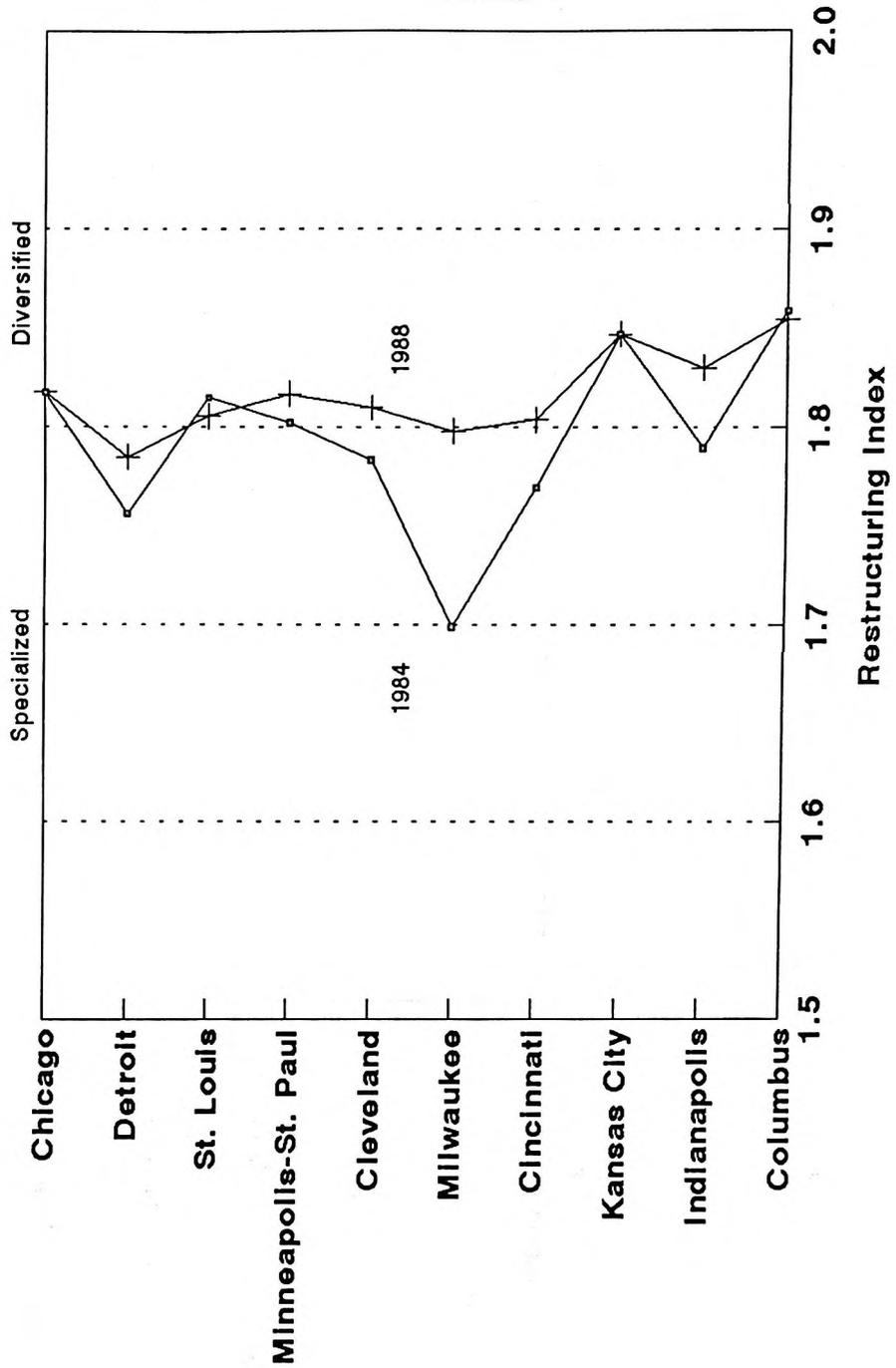


Figure 2-8c
Restructuring in Major Metro Regions: South, 1984-88

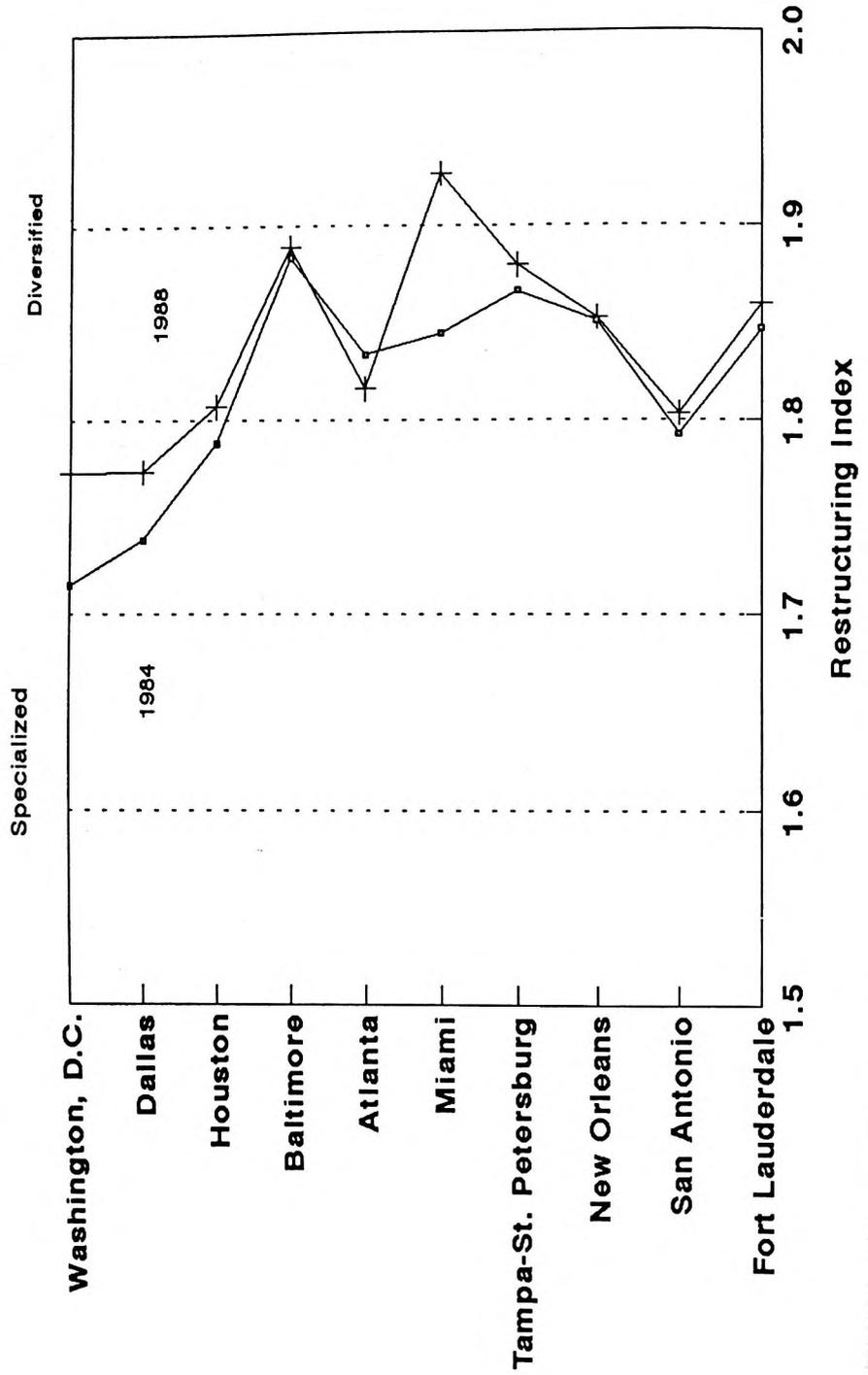


Figure 2-8d
Restructuring in Major Metro Regions: West, 1984-88

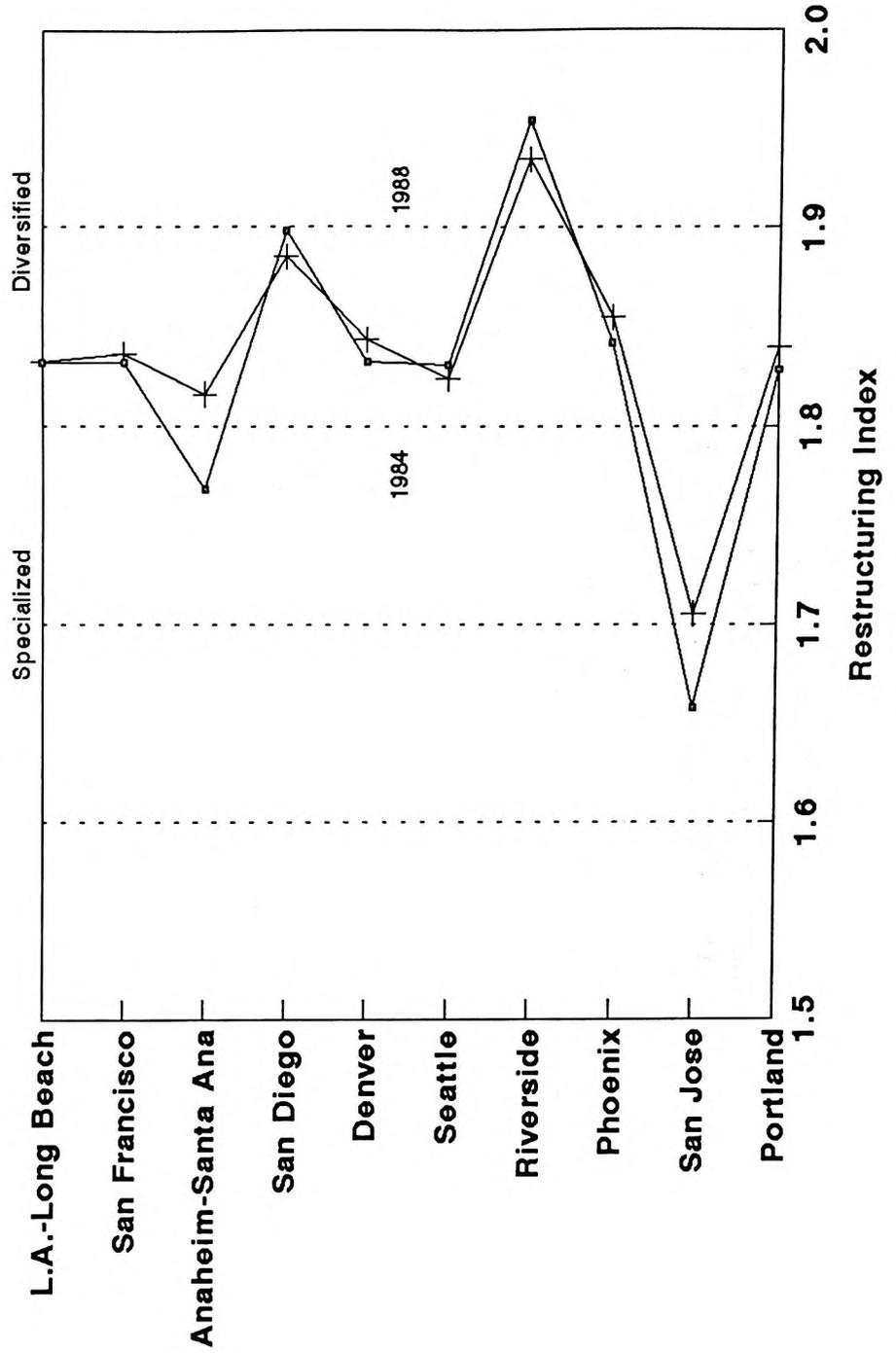


Figure 2-8e
Most Specialized Metro Economies, 1984
What Happened to Them by 1988?

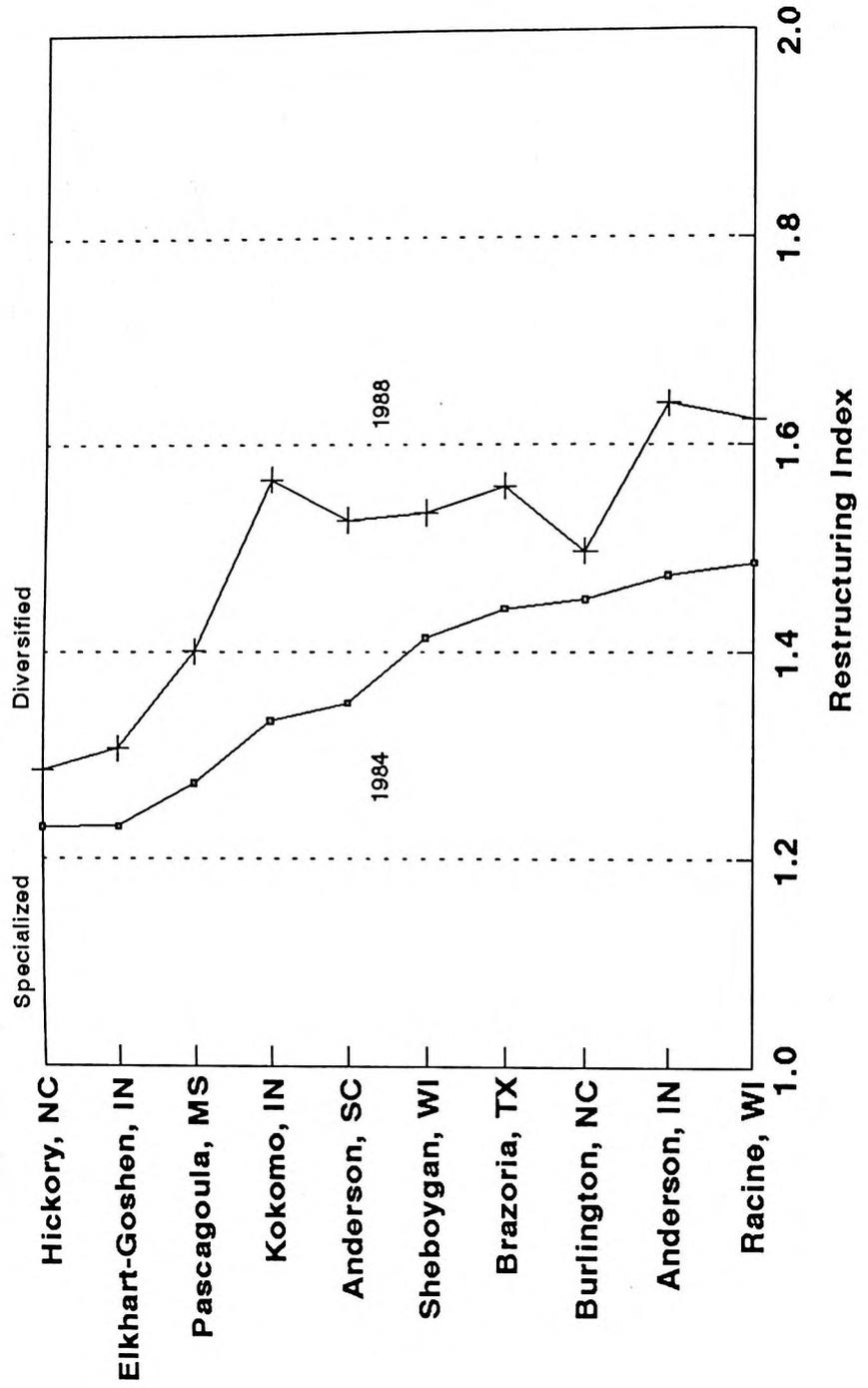


Figure 2-8f
Most Diversified Metro Economies, 1984
What Happened to Them by 1988?

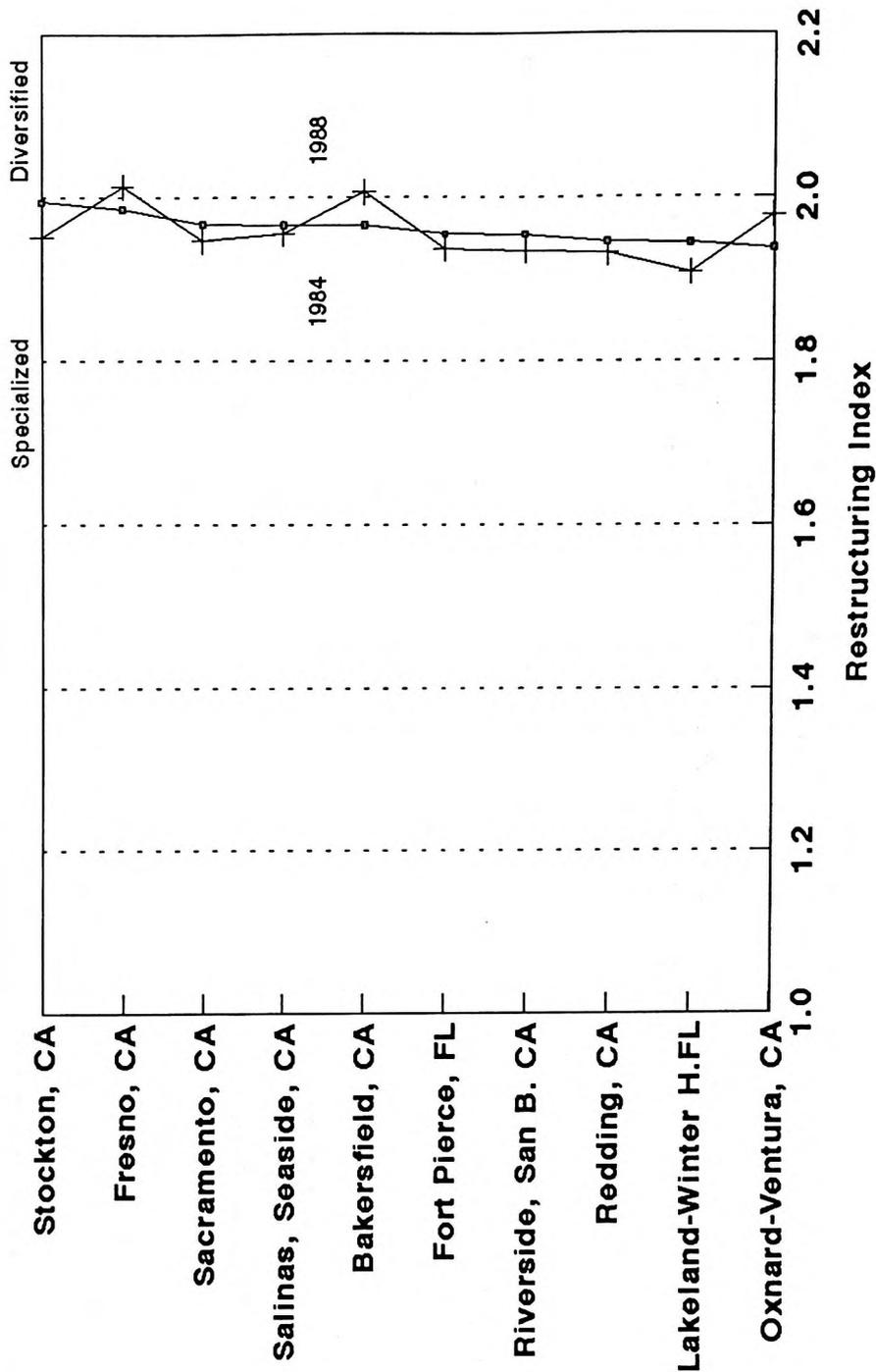


Figure 2-8g
Fastest Diversifying Metro Areas: Top 10, 1984-88

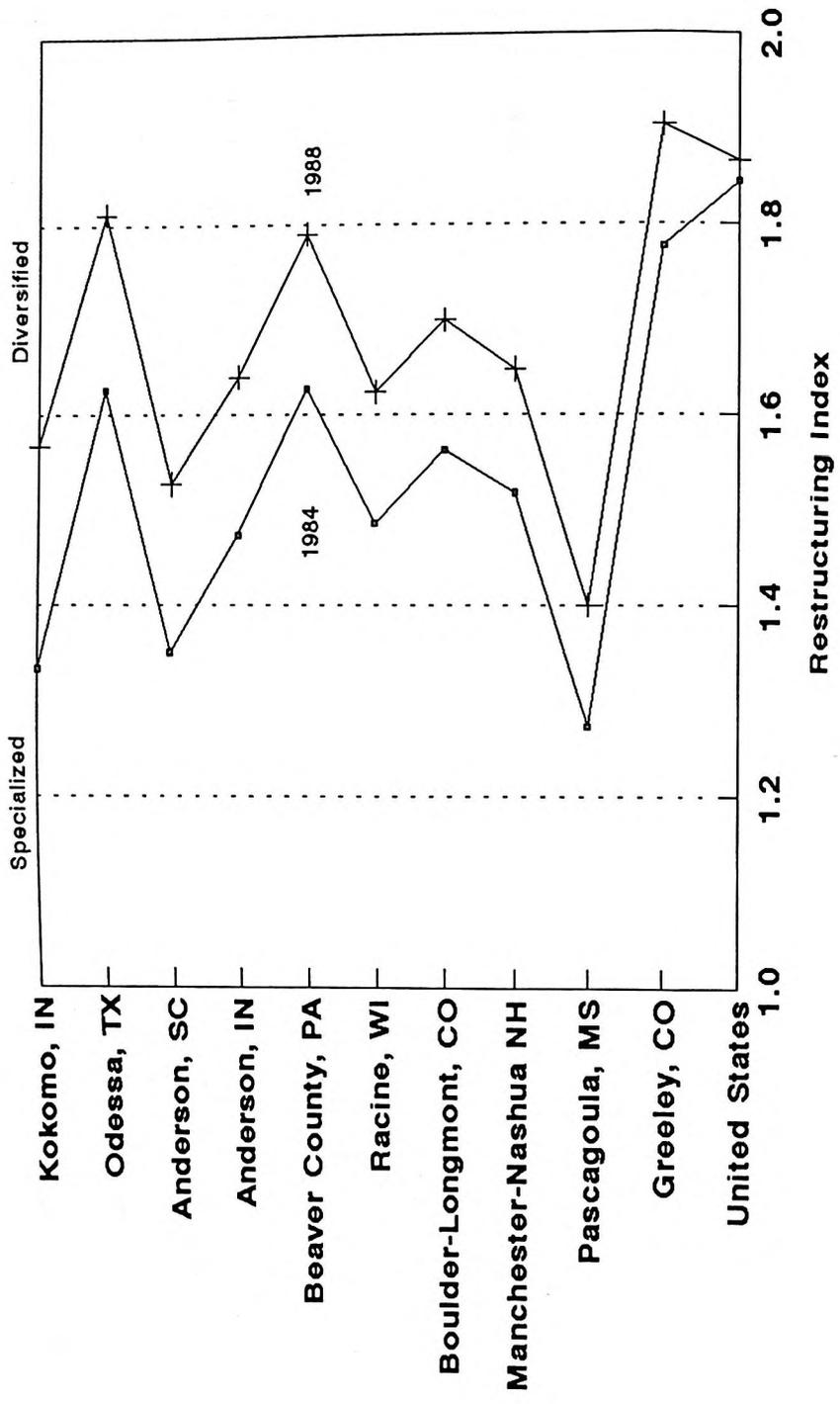


Figure 2-8h
Fastest Specializing Metro Areas: Top 10, 1984-88

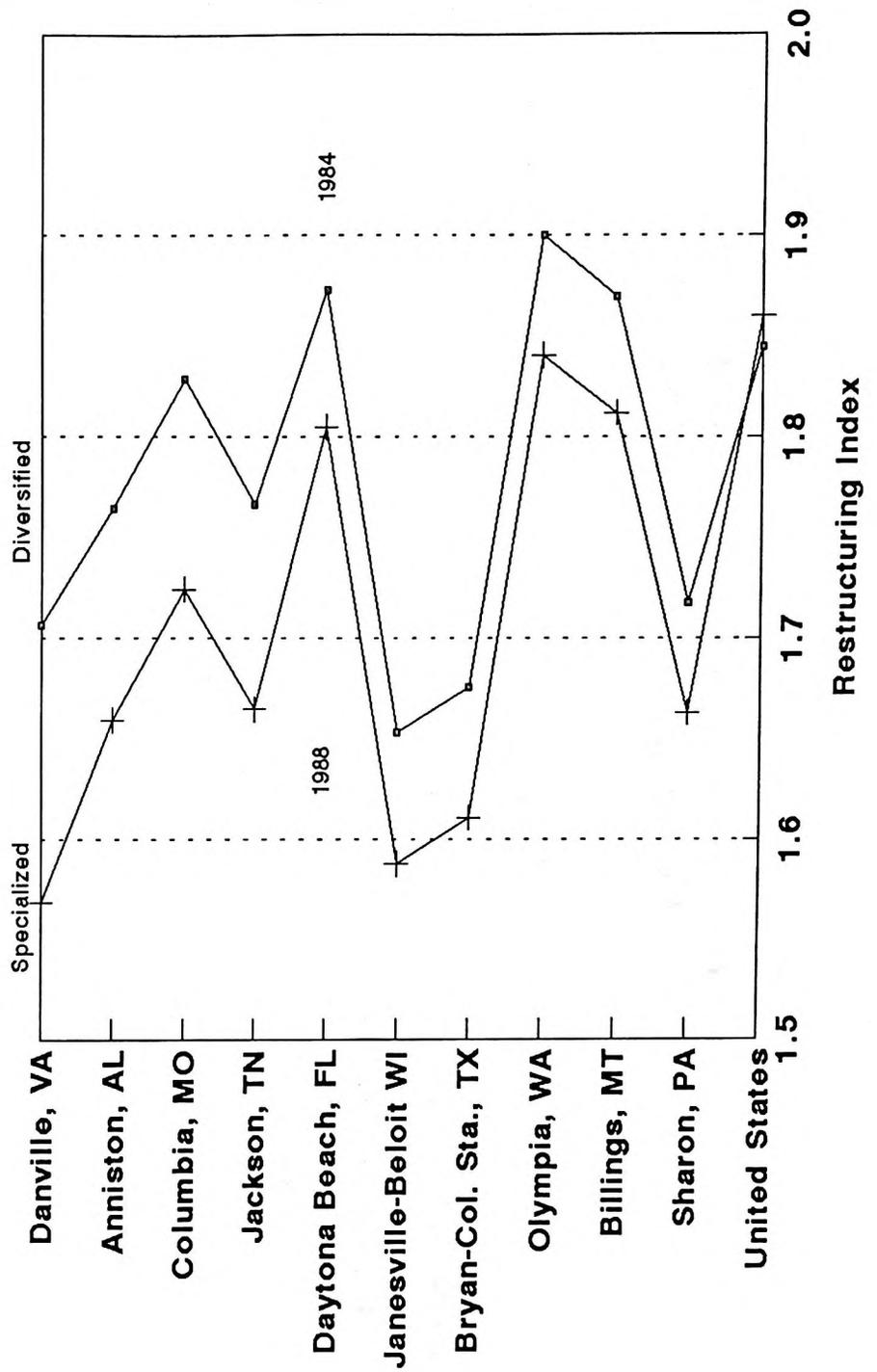


Figure 2-8i
Goods Production Specialists, 1984
How Did Their Economies Change by 1988?

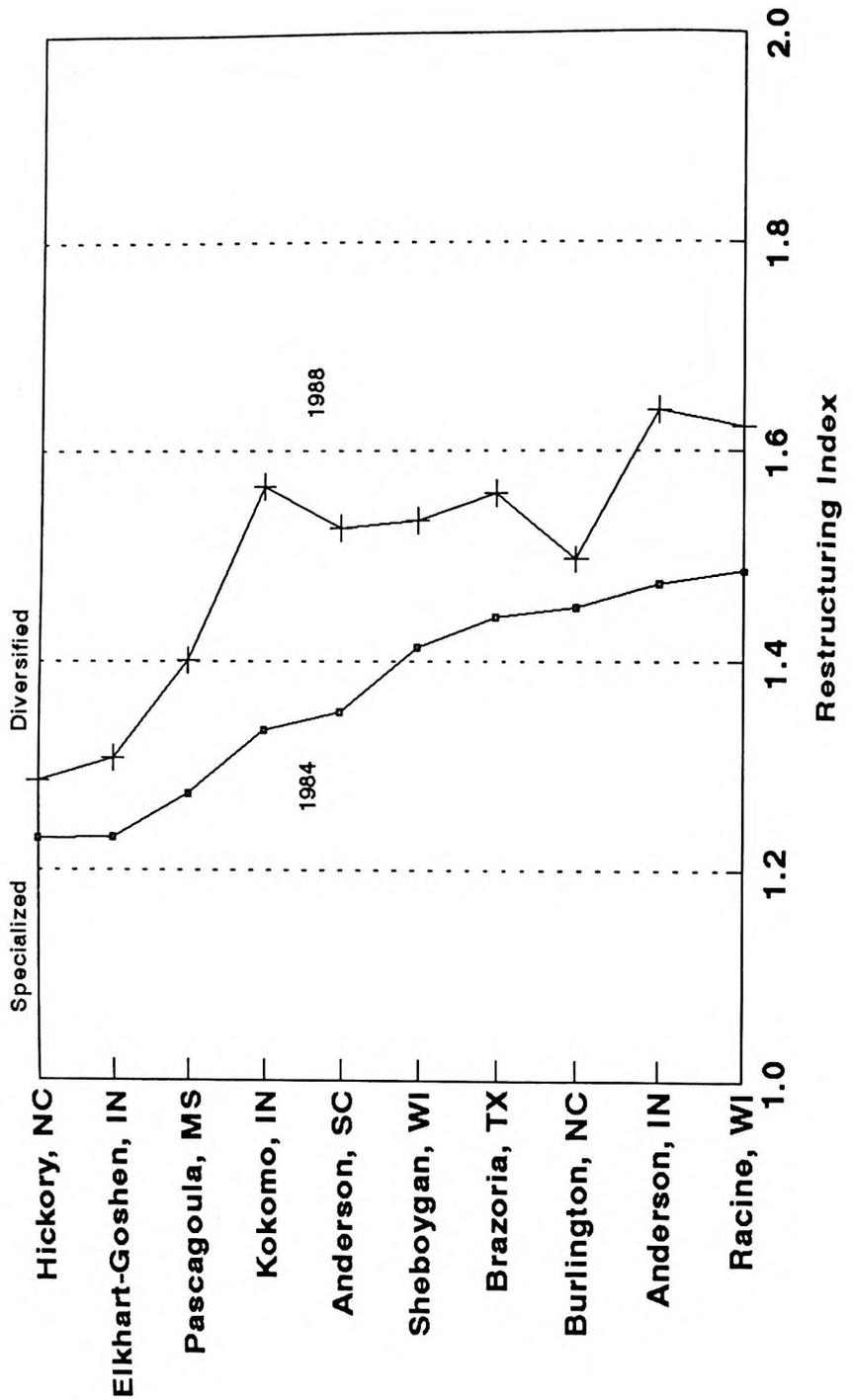


Figure 2-8j
Largest Goods Production Centers, 1984
How Did Their Economies Change by 1988?

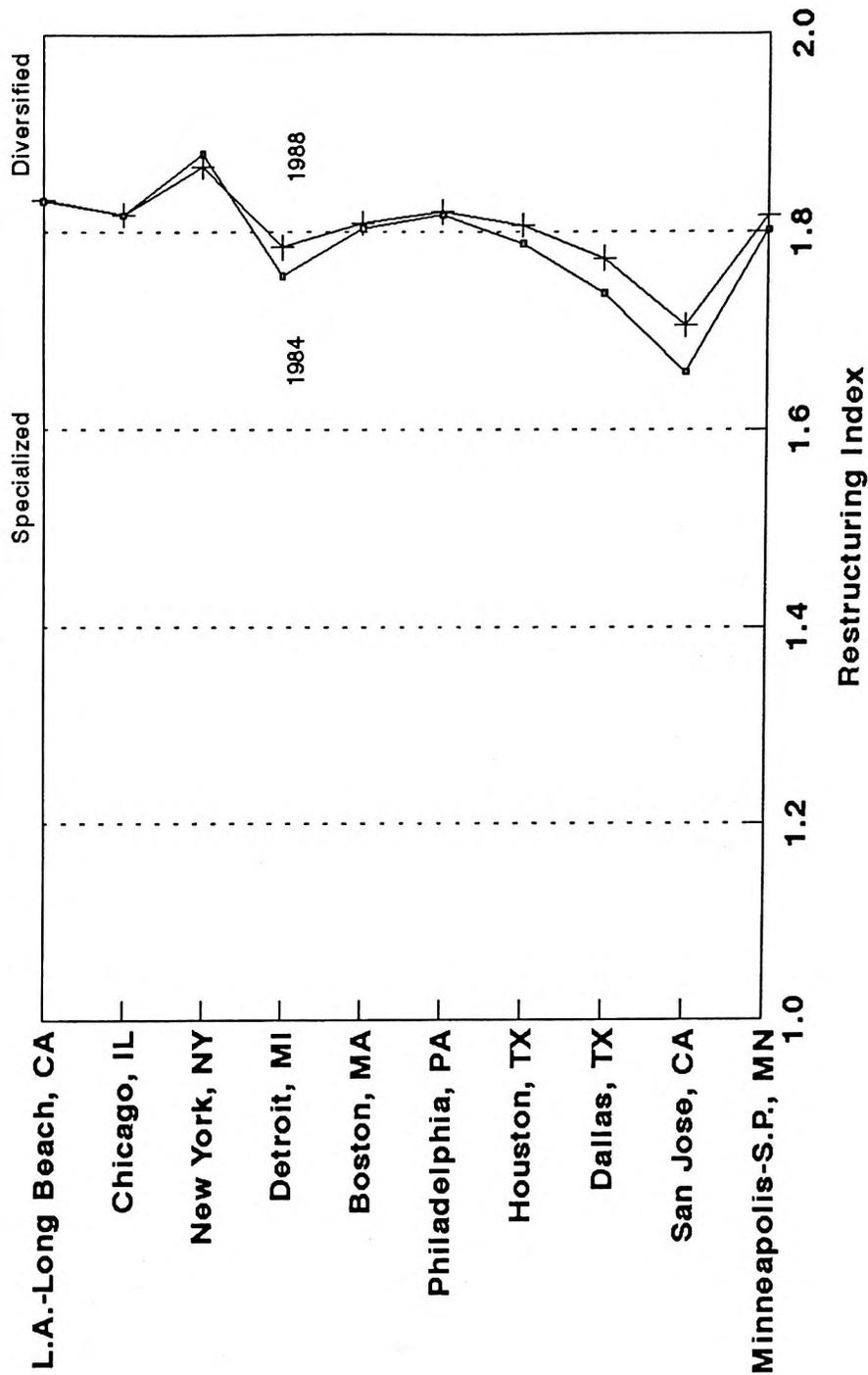


Figure 2-9a
Economic Restructuring: New York PMSA, 1984-88

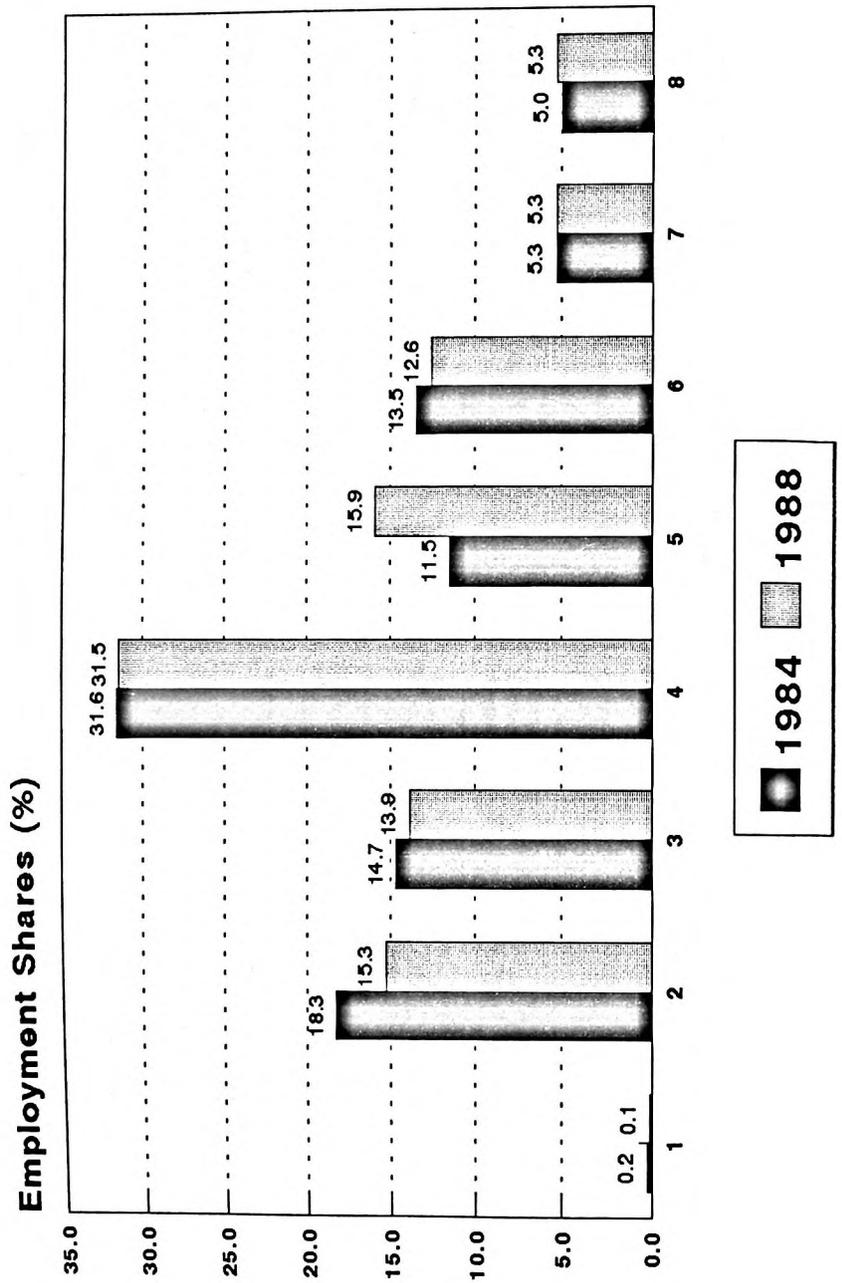


Figure 2-9b
Economic Restructuring: Philadelphia MSA, 1984-88

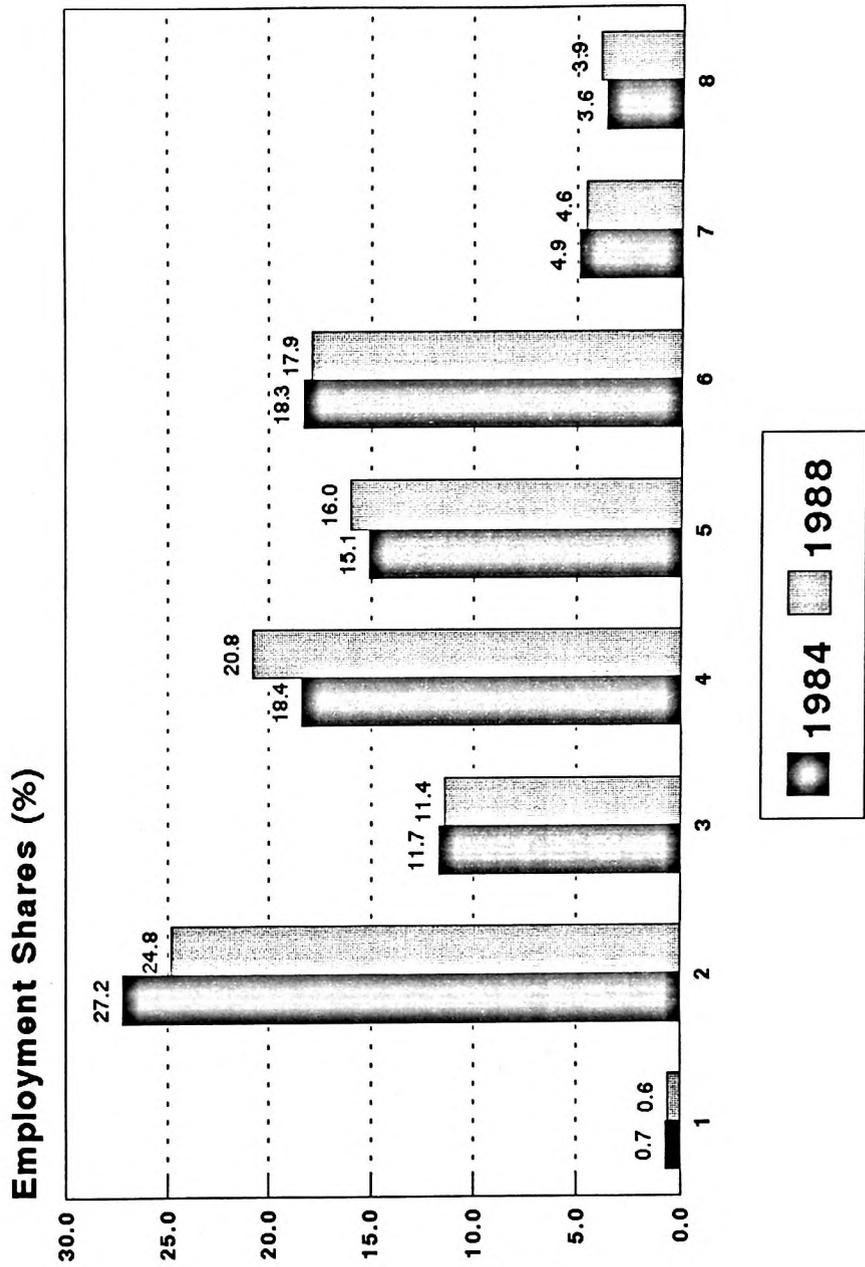


Figure 2-9c
Economic Restructuring: Chicago, 1984-88

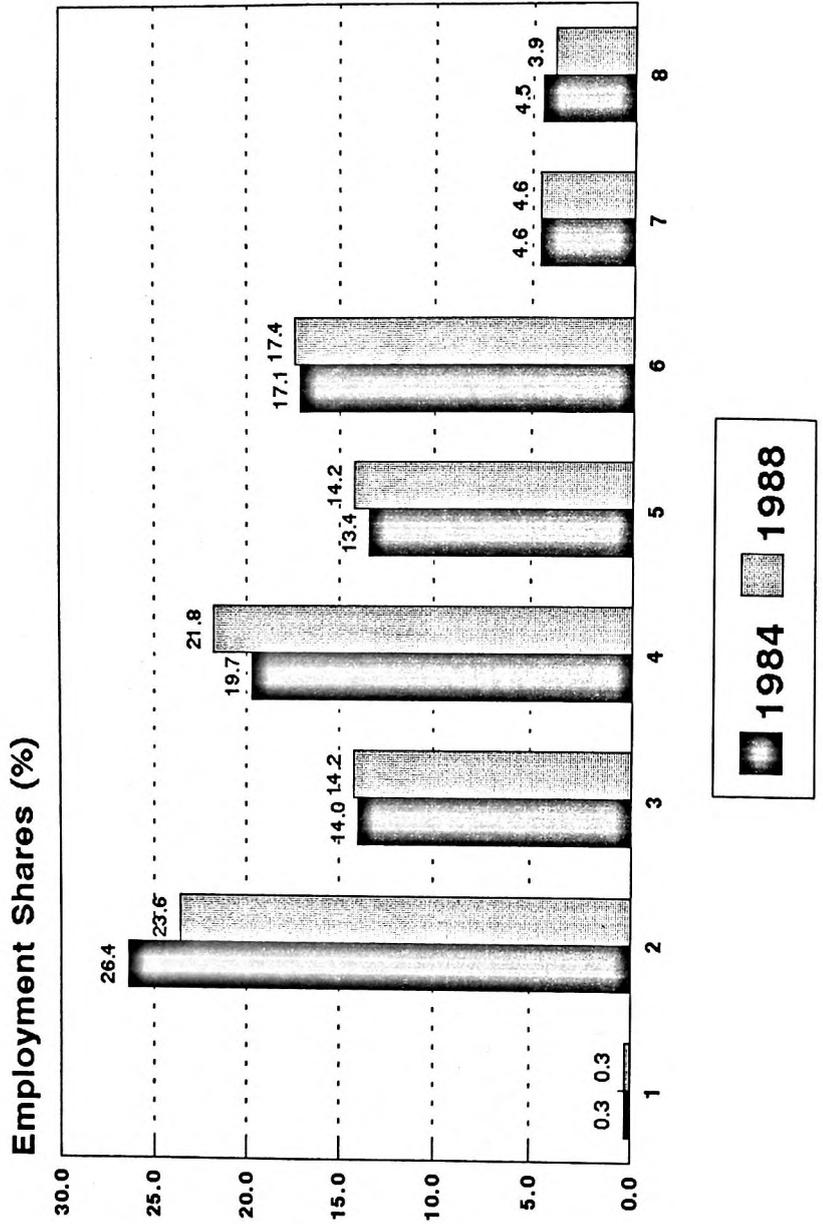


Figure 2-9d
Economic Restructuring: Detroit, 1984-88

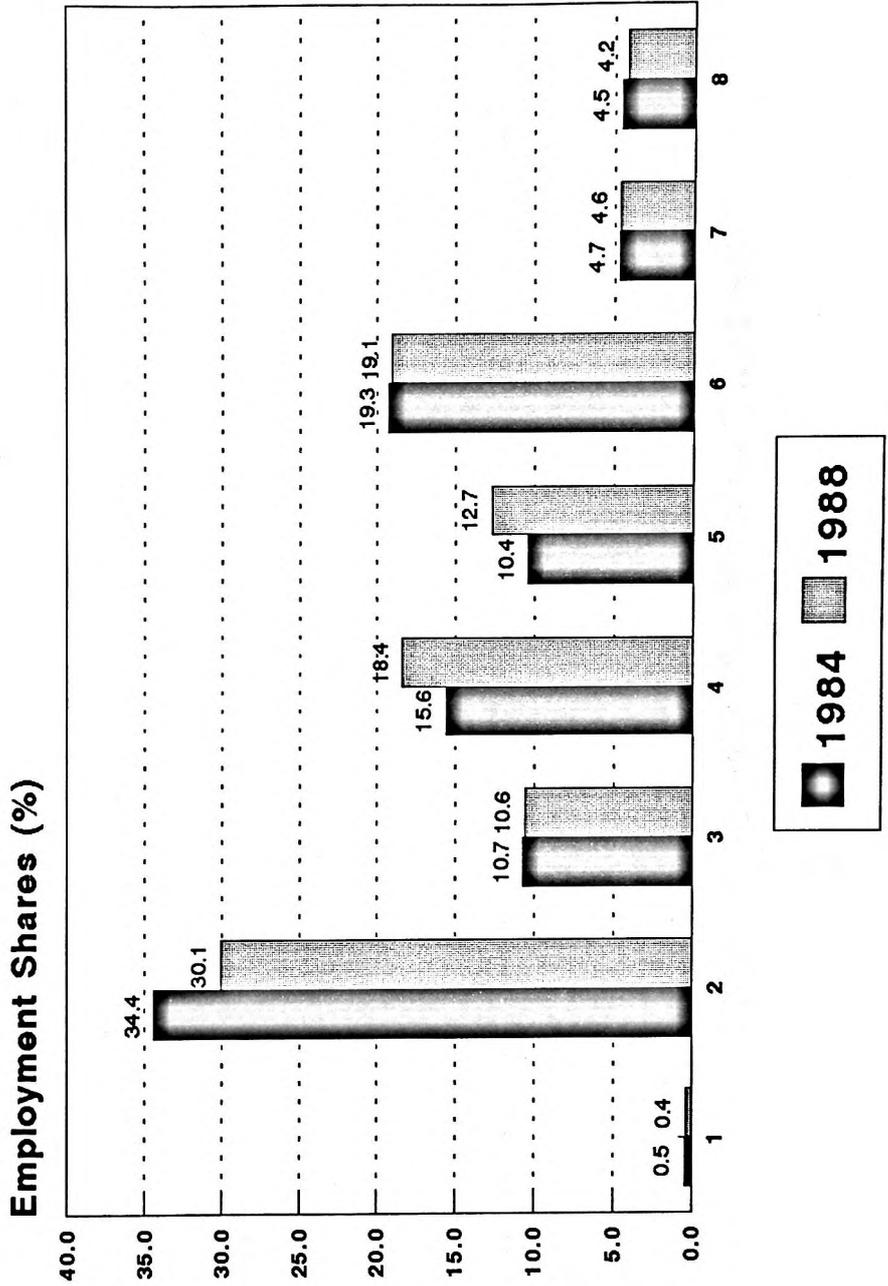


Figure 2-9e
Economic Restructuring: Atlanta, 1984-88

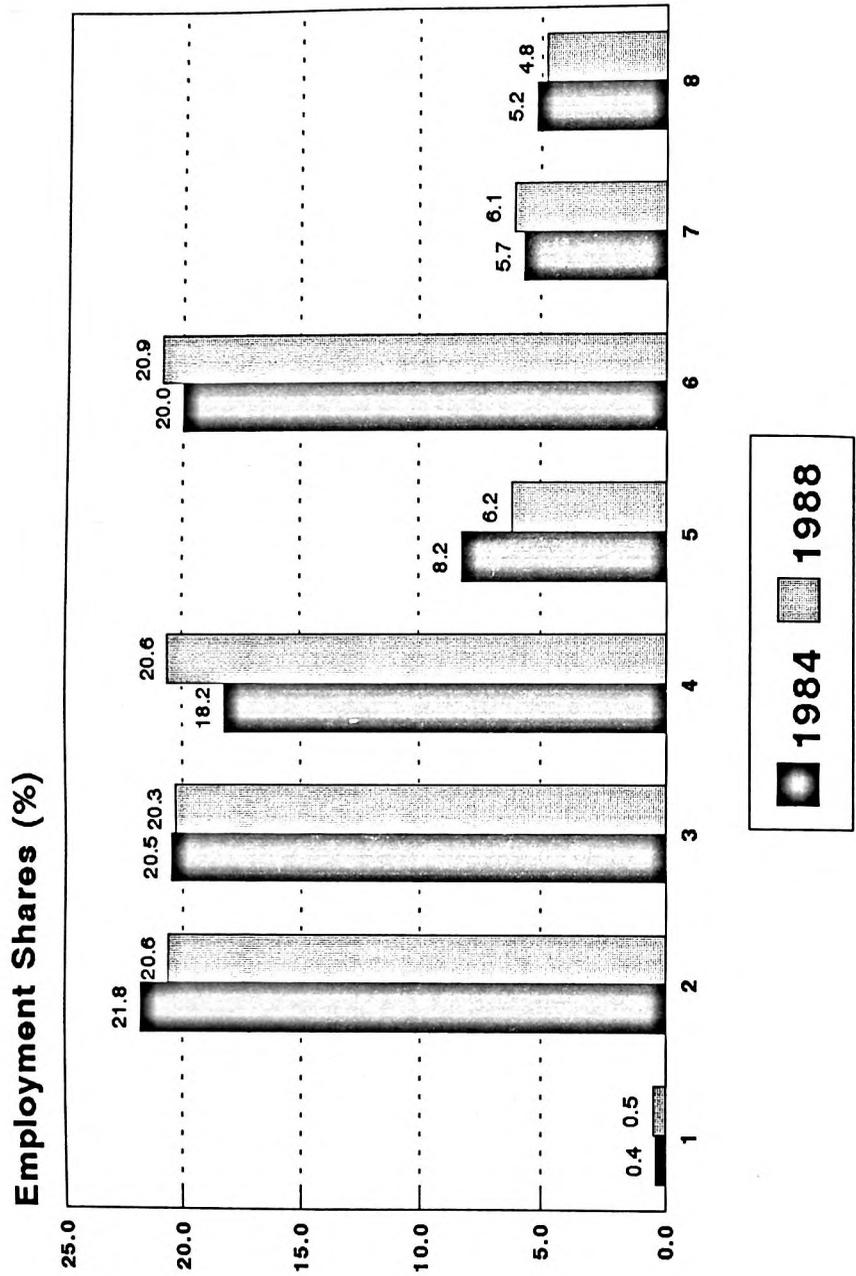


Figure 2-9f
Economic Restructuring: Dallas, 1984-88

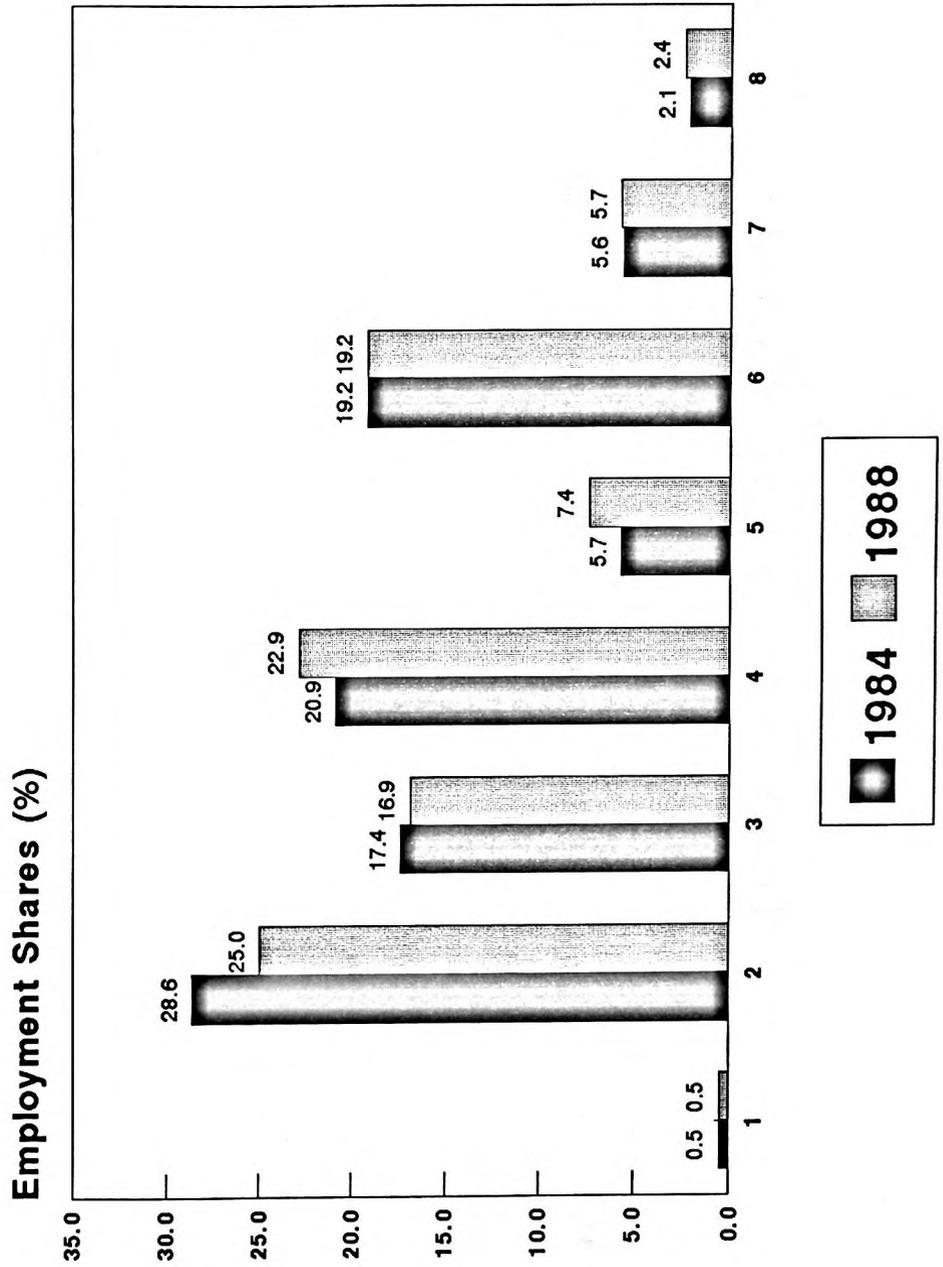


Figure 2-9g
Economic Restructuring: Denver, 1984-88

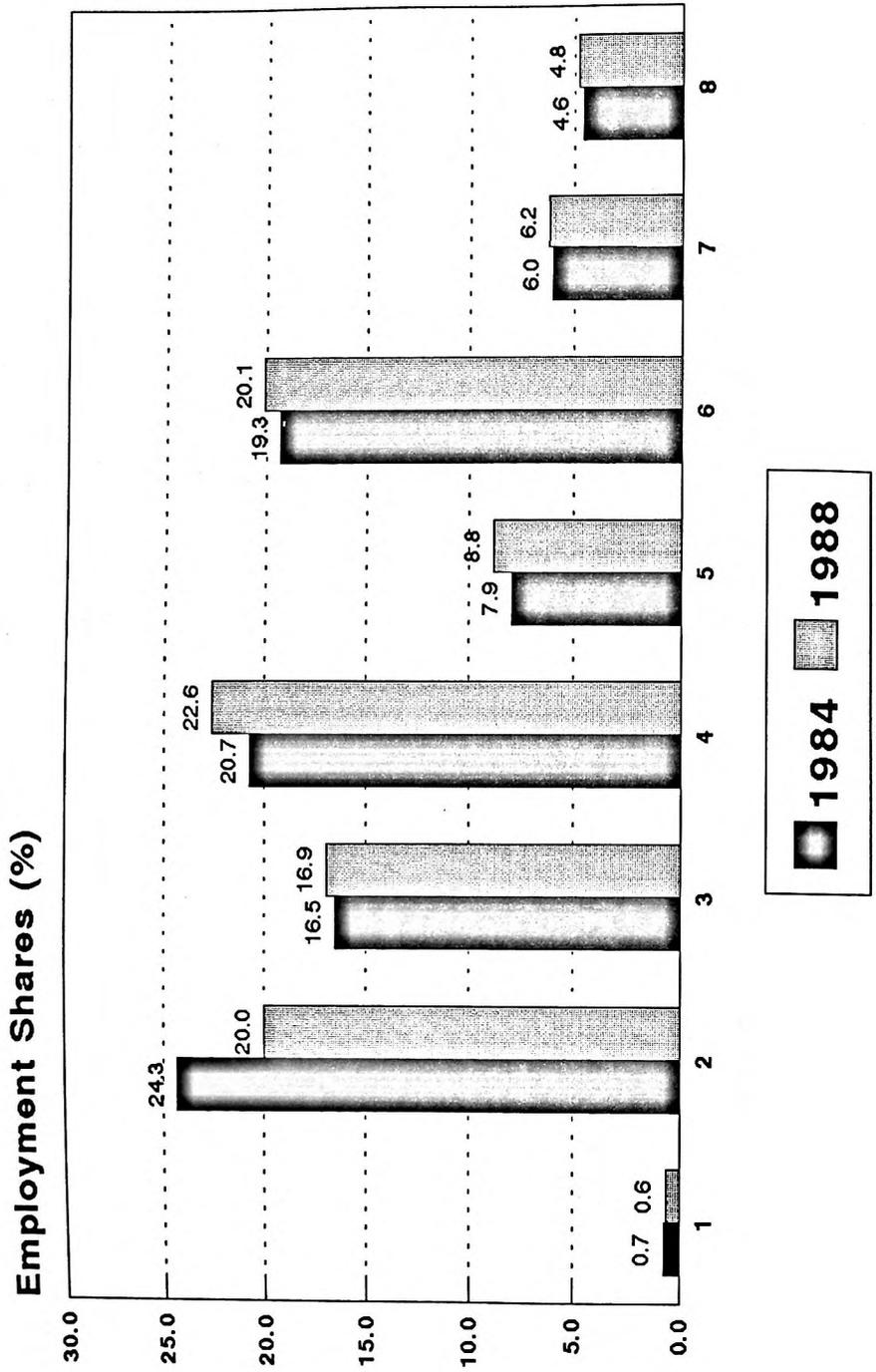


Figure 2-9h
Economic Restructuring: Los Angeles-Long Beach, 1984-88

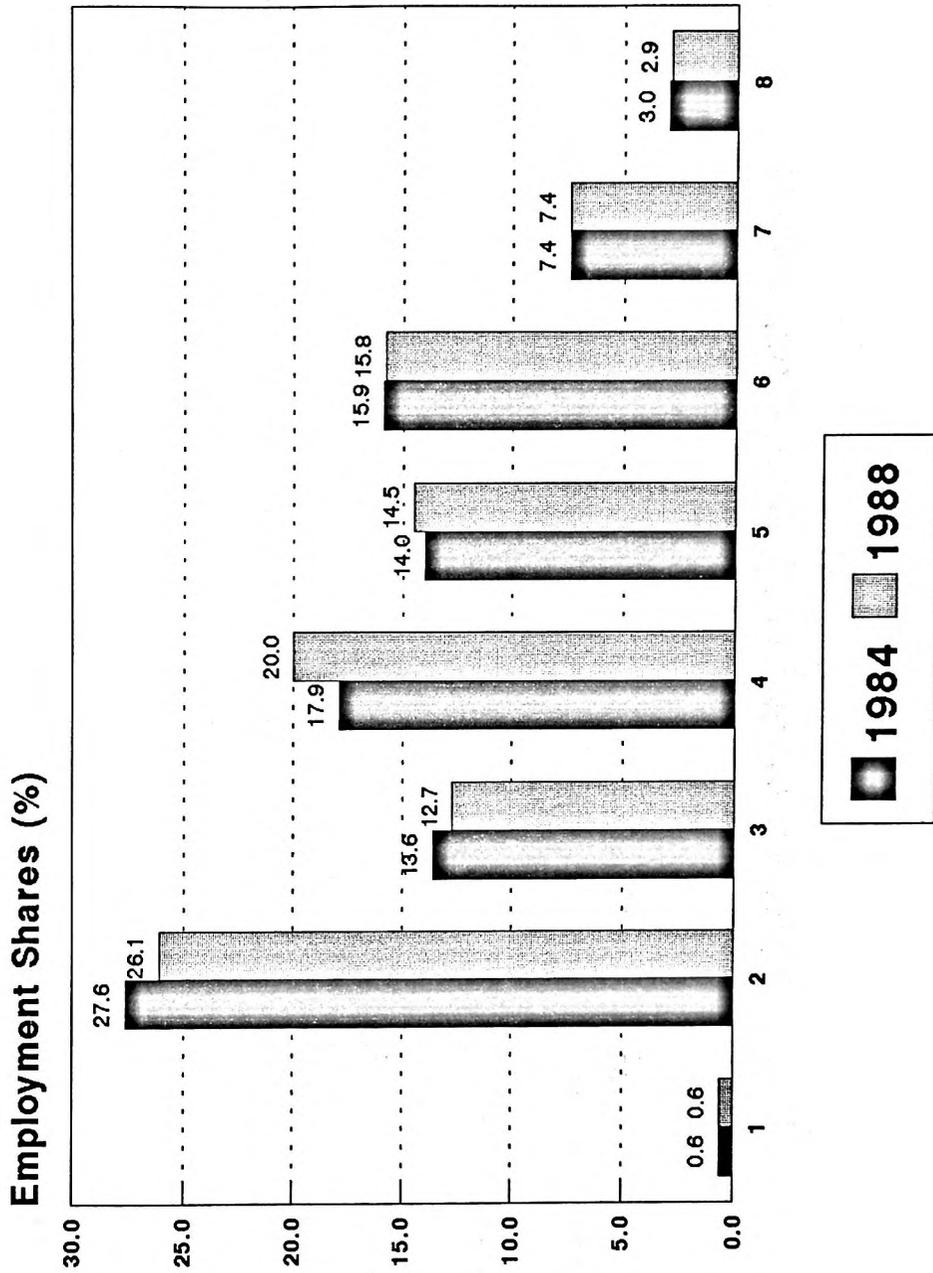


Figure 2-9i
Economic Restructuring: United States Total, 1984-88

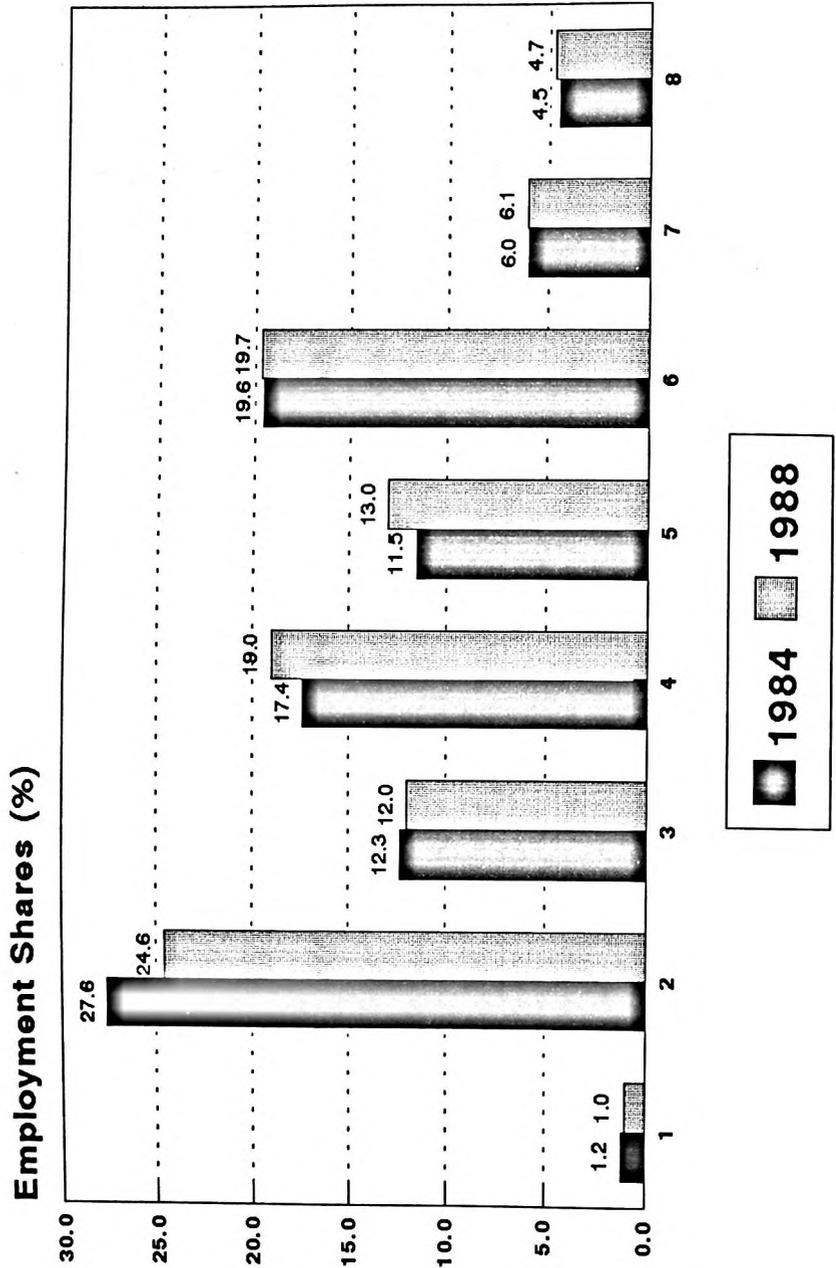


Table 2-8a
Earnings Change (%) Patterns in U.S. Metro Regions
Using Fixed (1990) Boundaries

TOTAL EARNINGS	U.S. Total		Northeast		North Central		South		West	
	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90
TOTAL	156.2	100.6	118.4	109.1	137.4	82.3	195.6	110.4	182.1	117.6
>10 Million	128.2	121.3	105.4	120.2					172.2	123.0
1-10 Million	166.7	113.9	122.5	114.2	132.6	85.9	212.7	136.3	245.1	132.1
500K-1 Million	166.0	95.2	123.1	79.4	129.3	57.3	251.0	108.6	90.7	123.6
250K-500K	171.9	80.9	200.4	105.5	160.2	74.1	144.3	74.9	245.4	82.0
<250K	135.0	69.8	76.3	61.1	149.0	85.7	144.4	67.6	132.1	50.8

Table 2-8b
Per Capita Income Change (%) Patterns in U.S. Metro
Regions Using Fixed (1990) Boundaries

PER CAPITA INCOME	U.S. Total		Northeast		North Central		South		West	
	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90	1970-80	1980-90
TOTAL	144.9	88.5	132.9	105.7	144.8	84.2	155.7	87.0	145.3	78.5
>10 Million	134.8	94.5	125.9	114.4					142.2	76.8
1-10 Million	145.3	86.6	140.1	101.6	143.1	86.6	150.8	82.5	144.7	80.2
500K-1 Million	143.2	88.7	136.4	93.5	141.5	84.3	158.9	88.6	126.4	84.4
250K-500K	151.2	82.6	149.5	102.3	156.8	75.2	144.8	87.1	150.0	67.4
<250K	154.1	79.1	134.8	85.5	148.2	80.3	160.3	83.6	152.5	70.2

Table 2-9
Ten Largest U.S. Metro Regional Economies
(Ranked by Gross Regional Output)

1980	1991
New York-Northern New Jersey	New York-Northern New Jersey
Los Angeles-Anaheim-Riverside	Los Angeles-Anaheim-Riverside
Chicago-Gary-Lake County	San Francisco-Oakland-San Jose
San Francisco-Oakland-San Jose	Chicago-Gary-Lake County
Philadelphia-Wilmington-Trenton	Philadelphia-Wilmington-Trenton
Detroit-Ann Arbor	Detroit-Ann Arbor
Houston-Galveston-Brazoria	Boston-Lawrence-Salem
Boston-Lawrence-Salem	Dallas-Fort Worth
Dallas-Fort Worth	Houston-Galveston-Brazoria
Cleveland-Akron-Lorain	Washington, D.C.

Figure 2-10
Metro Regional Economic Growth Performances
Ten Largest Metro Regional Economies, 1980-91

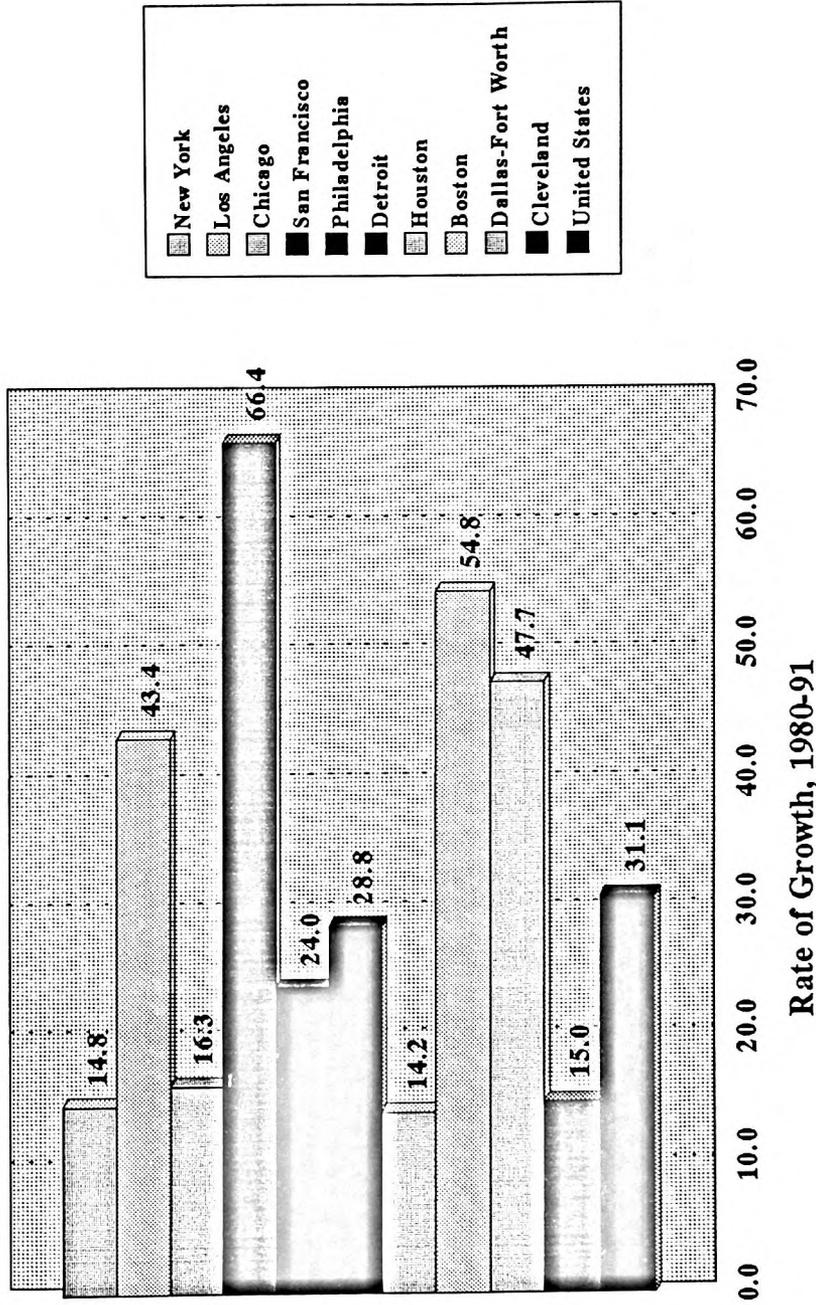


Figure 2-11
Metro Regional Employment Growth Performances
Ten Largest Metro Regional Economies, 1980-81

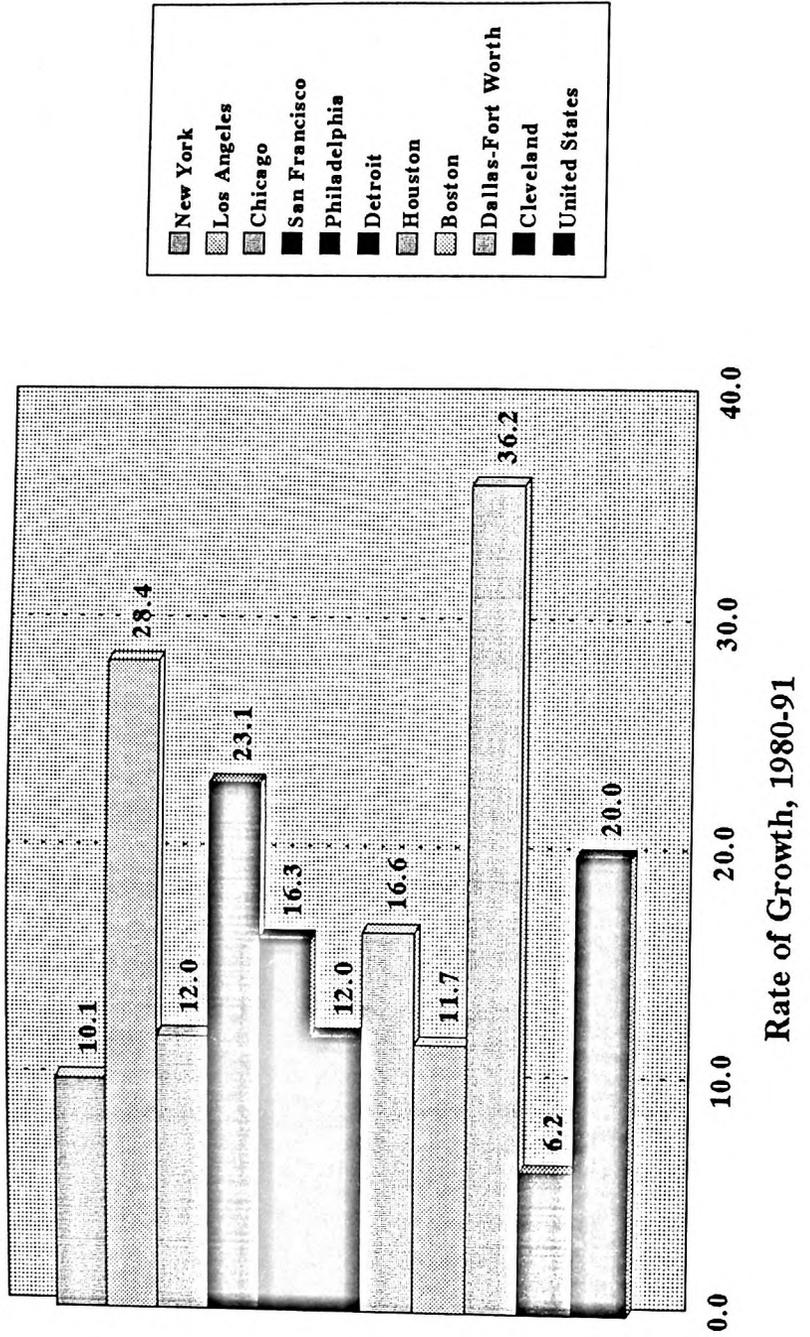


Figure 2-12
Total Metro Regional Output Trends
Ten Largest Metro Regional Economies, 1980-91

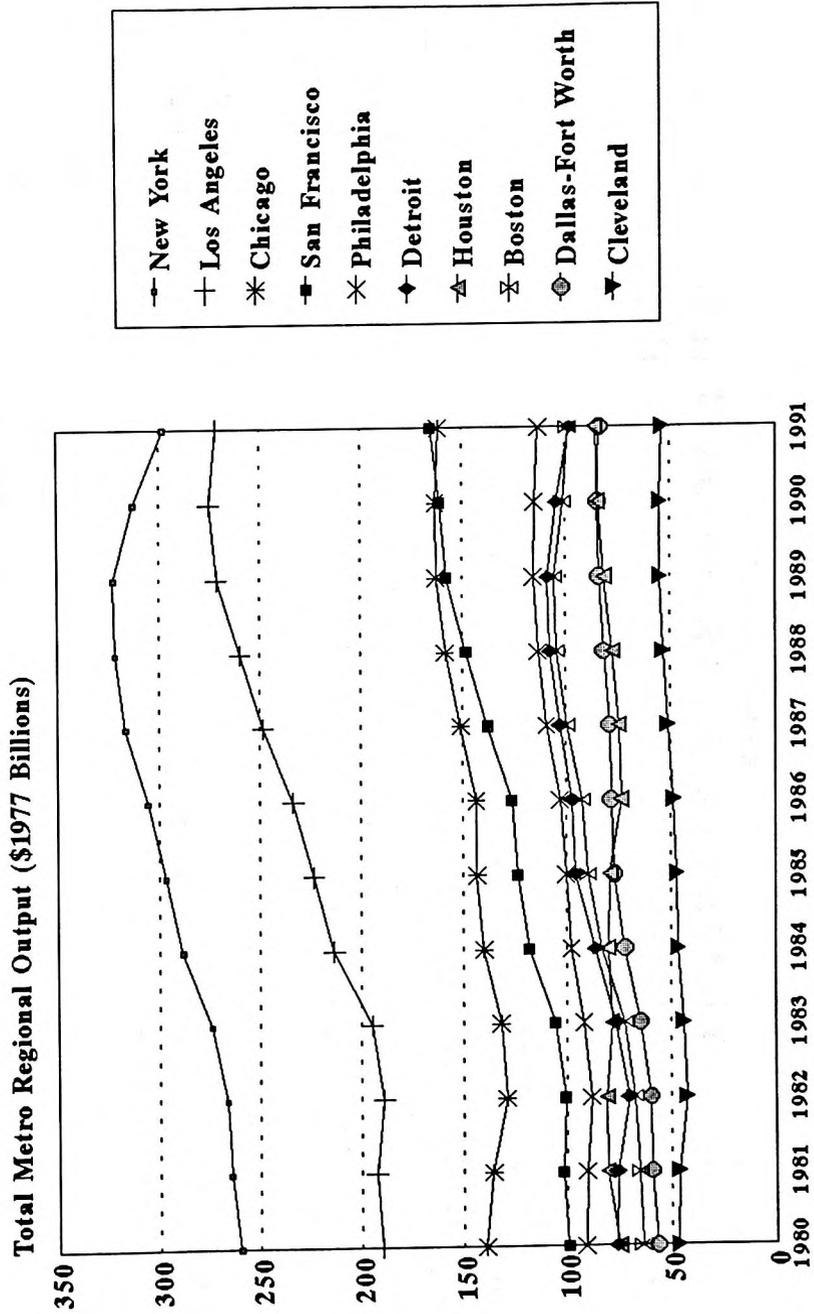


Figure 2-13
Total Metro Regional Employment Trends
Ten Largest Metro Regional Economies, 1980-91

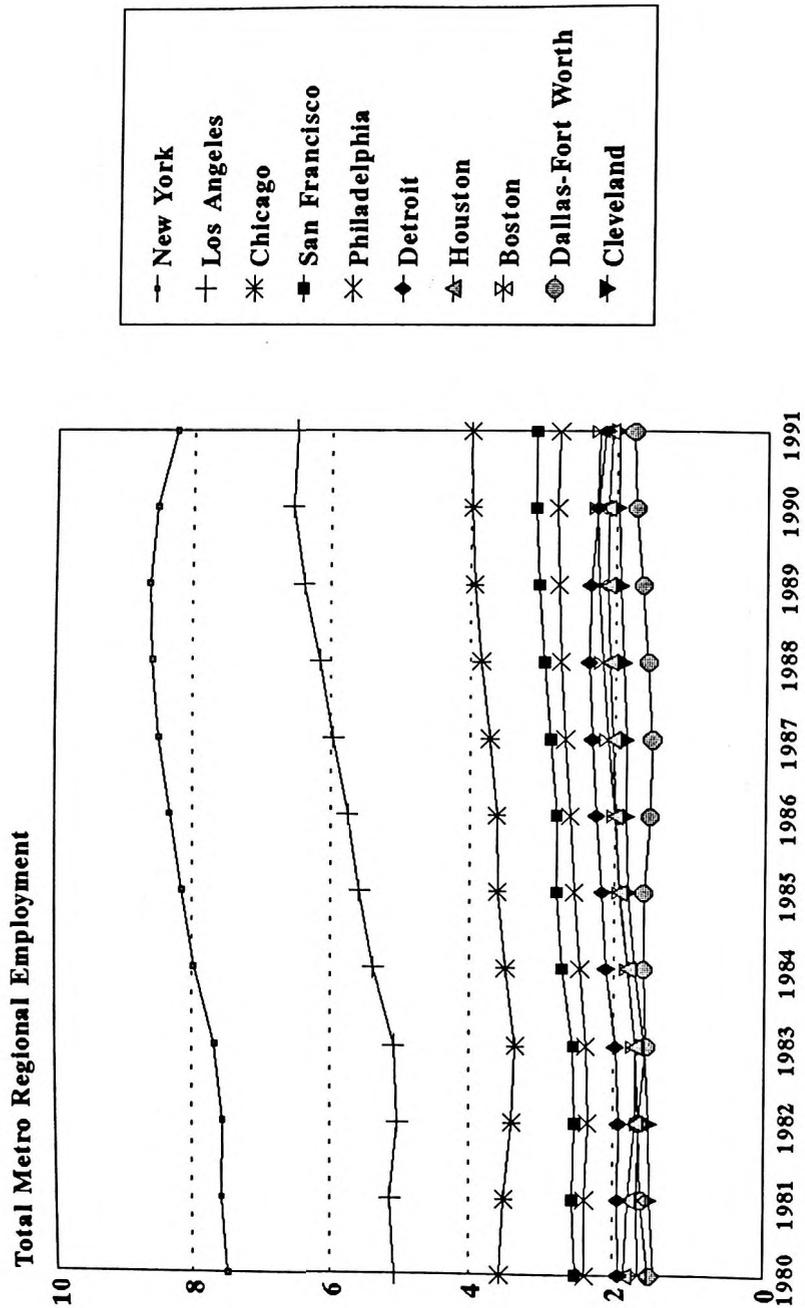


Figure 2-14
Total Output Growth Trends
Ten Largest Metro Regional Economies, 1980-91

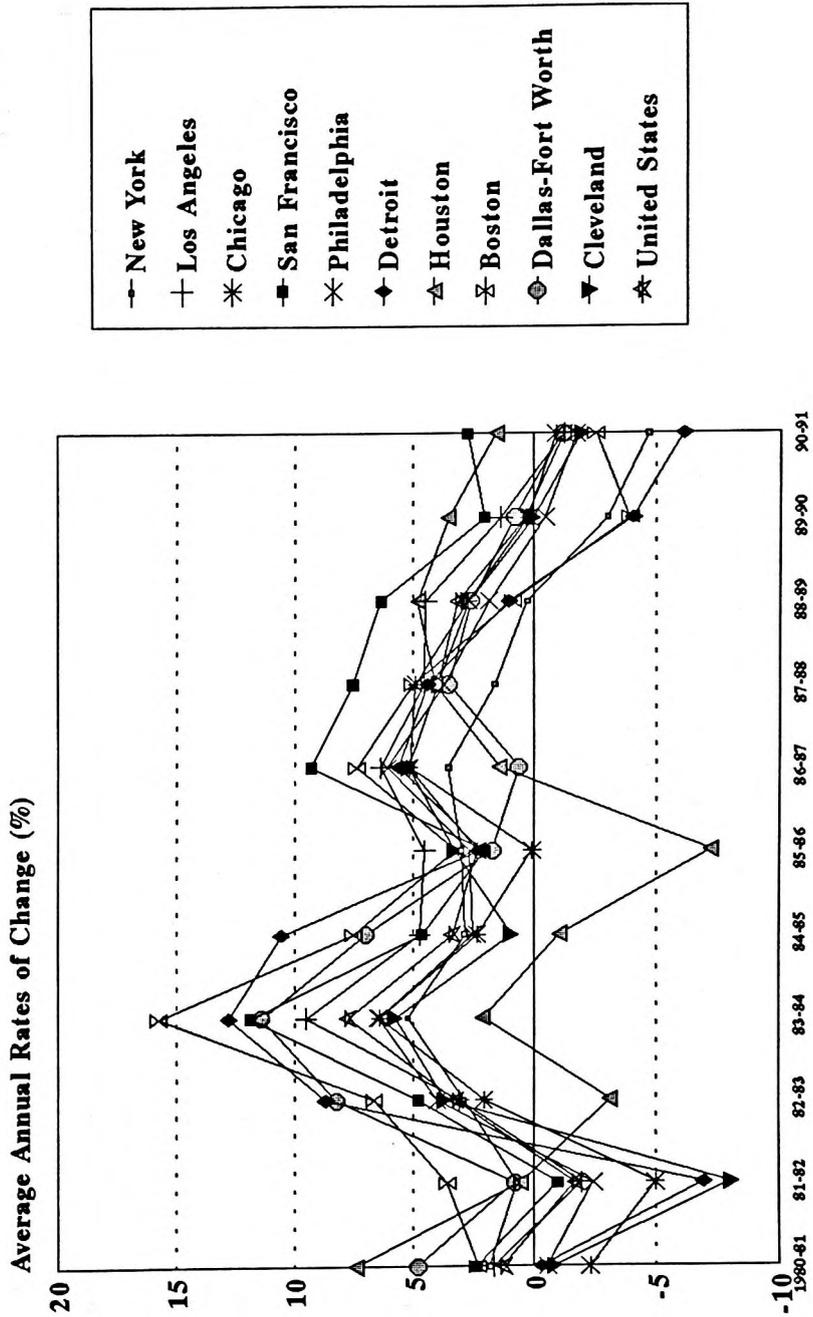


Figure 2-15
Total Employment Growth Trends
Ten Largest Metro Regional Economies, 1980-91

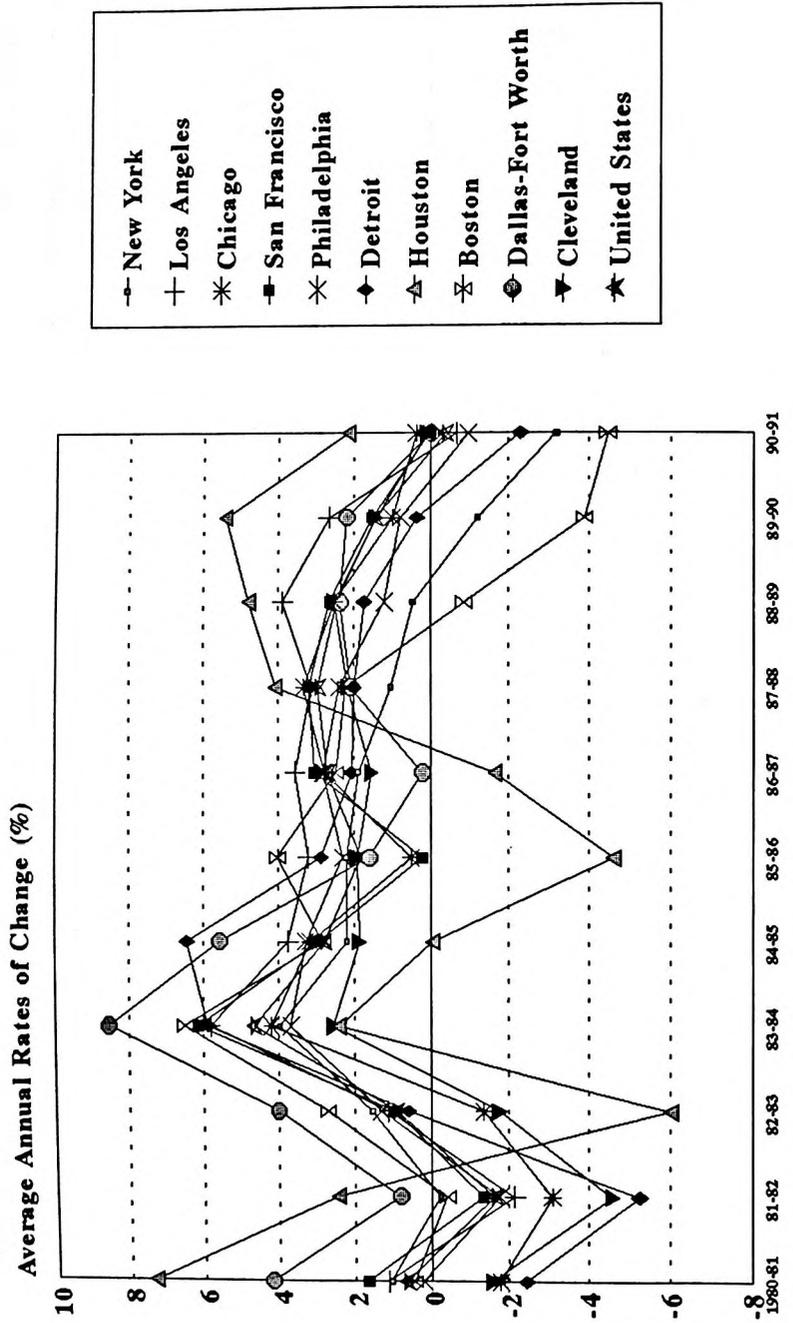


Table 2-10
Ten Largest U.S. Metro Regional Economies
(Ranked by Output per Employee)

1980	1991
HOUSTON-GALVESTON-BRAZORIA	SAN FRANCISCO-OAKLAND-SAN JOSE
DETROIT-ANN ARBOR	DETROIT-ANN ARBOR
SAN FRANCISCO-OAKLAND-SAN JOSE	HOUSTON-GALVESTON-BRAZORIA
DALLAS-FORT WORTH	BOSTON-LAWRENCE-SALEM
CHICAGO-GARY-LAKE COUNTY	DALLAS-FORT WORTH
PHILADELPHIA-WILMINGTON-TRENTON	LOS ANGELES-ANAHEIM-RIVERSIDE
LOS ANGELES-ANAHEIM-RIVERSIDE	PHILADELPHIA-WILMINGTON-TRENTON
CLEVELAND-AKRON-LORAIN	CHICAGO-GARY-LAKE COUNTY
NEW YORK-NORTHERN N.J.-LONG ISLAND	NEW YORK-NORTHERN N.J.-LONG ISLAND
BOSTON-LAWRENCE-SALEM	WASHINGTON, D.C.

Figure 2-16
Metro Regional Economic Development Trends
Ten Largest Metro Regional Economies, 1980-91

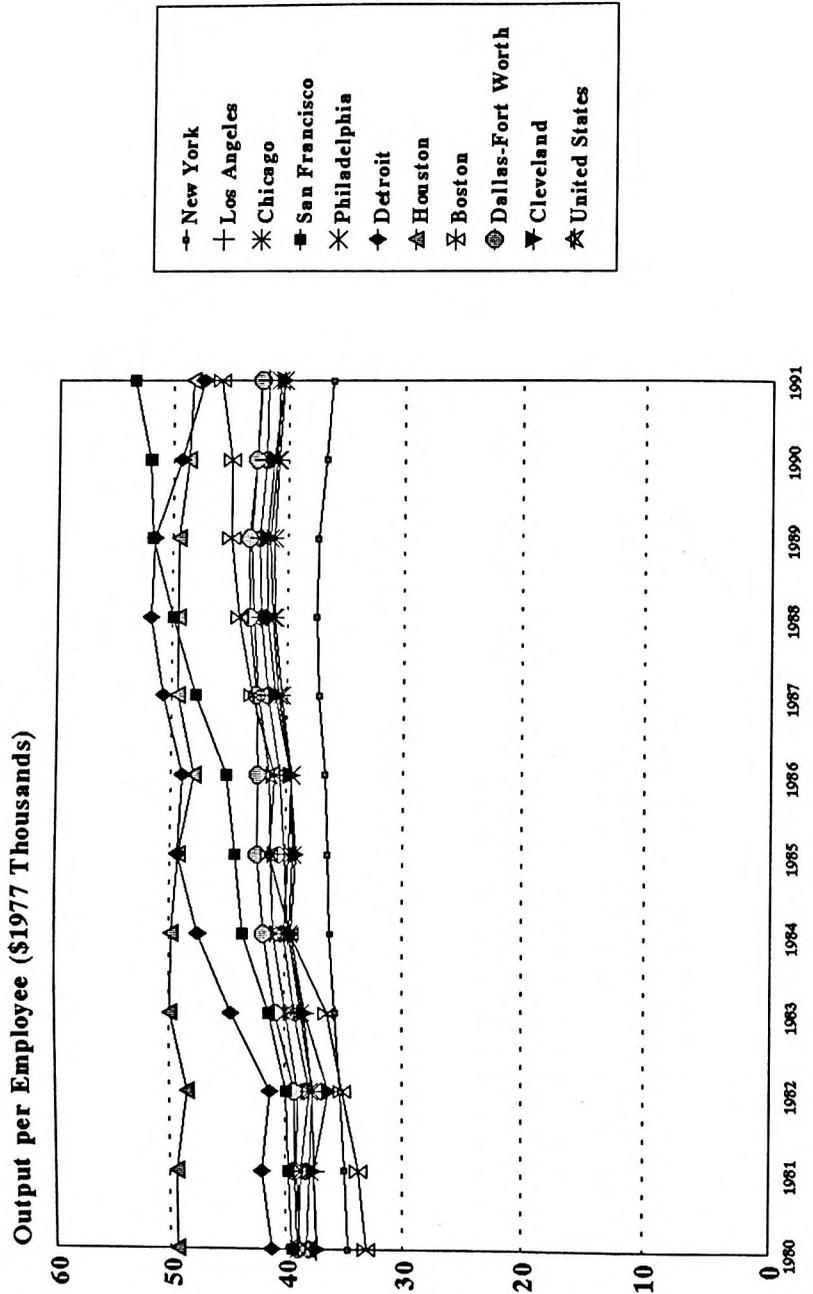


Figure 2-17
Selected Metro Regional Development Performances
Relative to the U.S. Performance

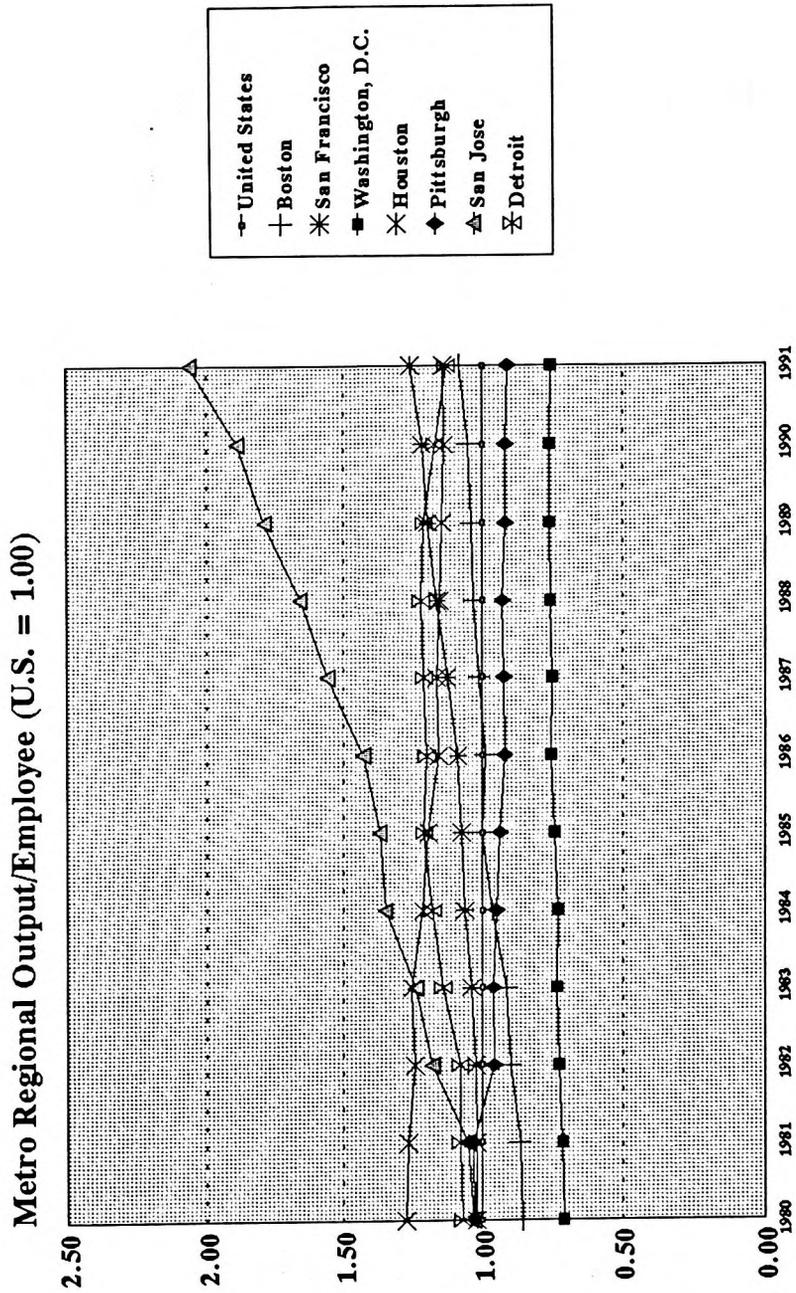


Table 2-11
Ten Fastest Expanding Metro Regional Economies:
Fastest Expansion, 1980-91
(Ranked by 1980-91 Rate of Output Change)

Region	Rate of Expansion	
	1980-91	%
Austin, TX	222.9	
West Palm Beach, FL	155.0	
Raleigh-Durham, NC	140.2	
Orlando, FL	95.8	
Tucson, AZ	95.2	
Phoenix, AZ	90.0	
San Diego, CA	83.4	
Augusta, GA	83.1	
Sacramento, CA	79.0	
Minneapolis-St. Paul, MN	68.7	
UNITED STATES	31.1	

Figure 2-18
Fastest Expanding Metro Regional Economies
1980-91 Development Performances Relative to the U.S.
Performance
(Ranked by Rate of Metro Regional Output Growth)

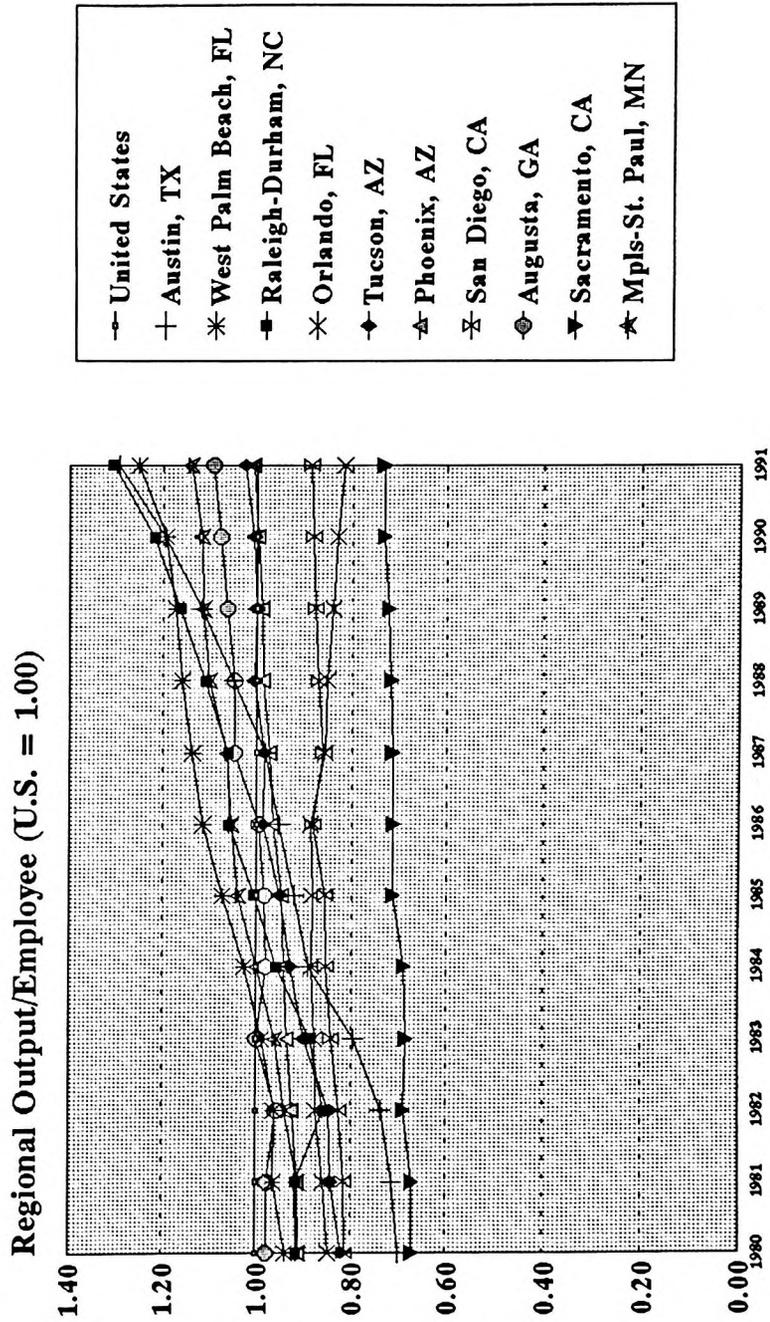


Table 2-12
Ten Fastest Contracting Metro Regional Economies
Fastest Contraction/Slowest Expansion
(Ranked by 1980-91 Metro Regional Output Change)

Region	Rate of Contraction	
	1980-91	%
Beaumont-Port Arthur, TX		-17.5
Peoria, IL		-13.7
Davenport-Rock Island-Moline, IA		-9.4
Flint, MI		-7.0
New Orleans, LA		-5.9
Pittsburgh-Beaver Valley, PA		-3.3
Youngstown-Warren, OH		-2.9
Shreveport, LA		0.7
Buffalo-Niagra Falls, NY		1.8
Corpus Christi, TX		3.7
UNITED STATES		31.1

Figure 2-19
Fastest Contracting Metro Regional Economies
1980-91 Development Performances Relative to the U.S.
Performance
(Ranked by 1980-91 Metro Regional Output Rate)

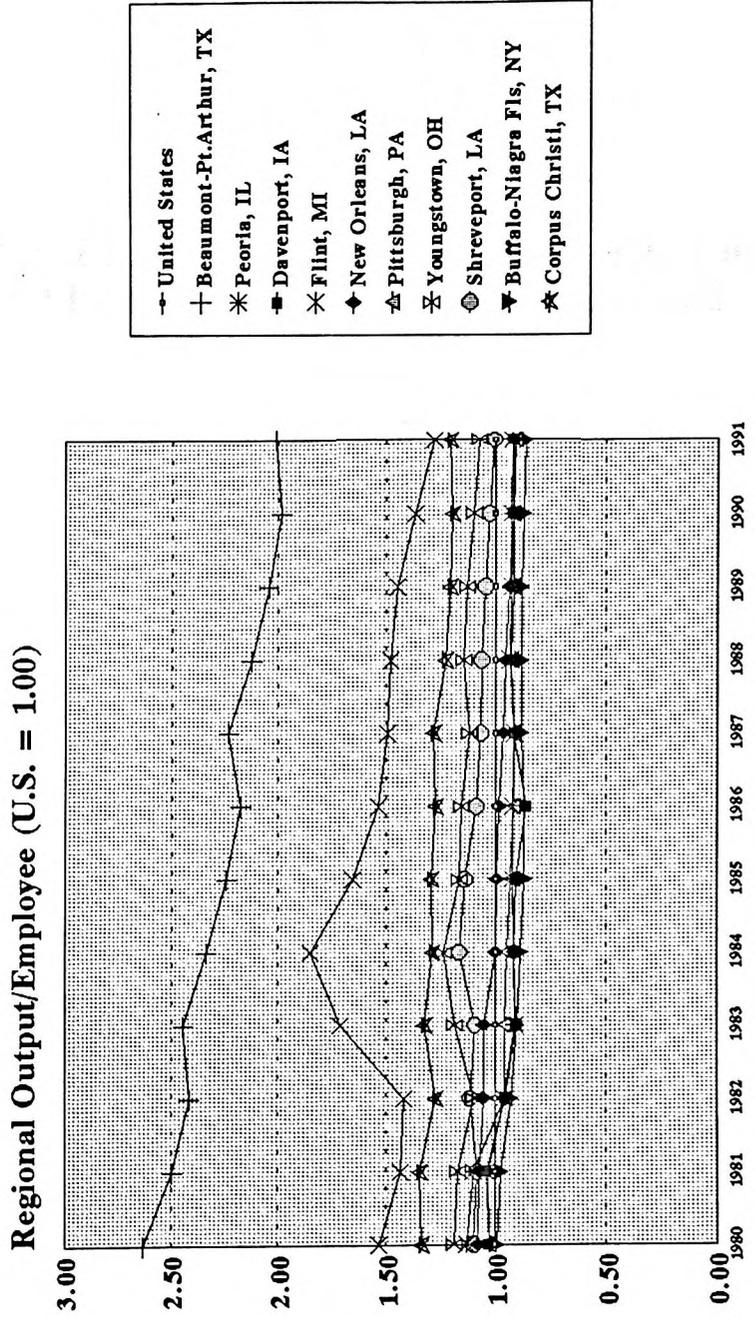


Table 2-13
Ten Fastest Growing Metro Regional Employment Centers
(Ranked by 1980-91 Metro Regional Output Change)

Region	Rate of Expansion	
	1980-91	%
Orlando, FL		85.7
Las Vegas, NV		75.3
West Palm Beach, FL		74.7
Austin, TX		59.8
Phoenix, AZ		56.8
Raleigh-Durham, NC		53.7
Tampa, FL		53.7
San Diego, CA		53.6
Sacramento, CA		50.1
Augusta, GA		49.8
UNITED STATES		20.0

Figure 2-20
Fastest Growing Metro Regional Employment Centers
1980-91 Development Performances Relative to the U.S.
Performance
(Ranked by 1980-91 Metro Regional Employment Growth)

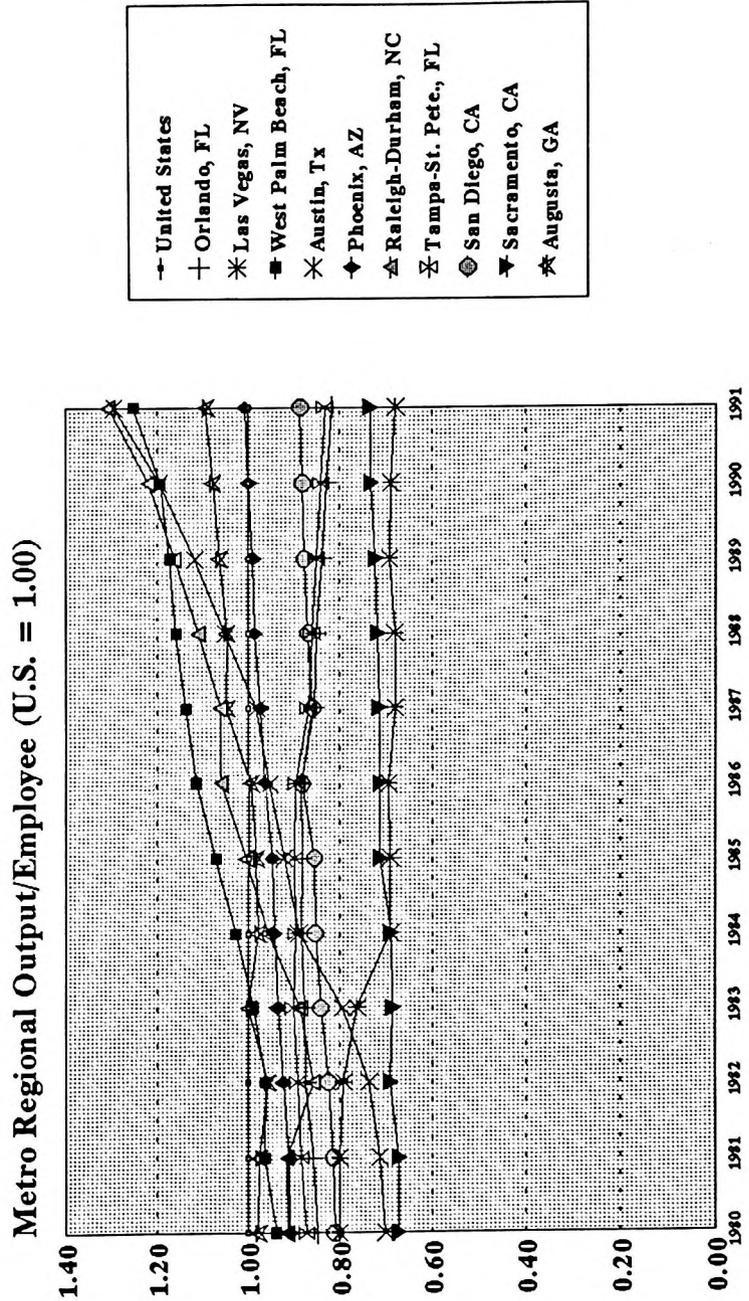


Table 2-14
Ten Fastest Contracting Metro Regional
Employment Centers
(Ranked by 1980-91 Metro Regional Employment Loss)

Region	Rate of Decline	
	1980-91	%
Davenport, IA		-7.3
Worcester, MA		-6.1
Peoria, IL		-3.5
Youngstown, OH		-1.8
Beaumont-Port Arthur, TX		-1.4
Huntington, WV		-1.3
Pittsburgh-Beaver Valley, PA		-0.2
Shreveport, LA		0.5
New Orleans, LA		0.9
Flint, MI		1.7
UNITED STATES		20.0

Figure 2-21
Fastest Declining Metro Regional Employment Centers
1980-91 Development Performances Relative to the U.S.
Performance
(Ranked by 1980-91 Metro Regional Employment
Contraction)

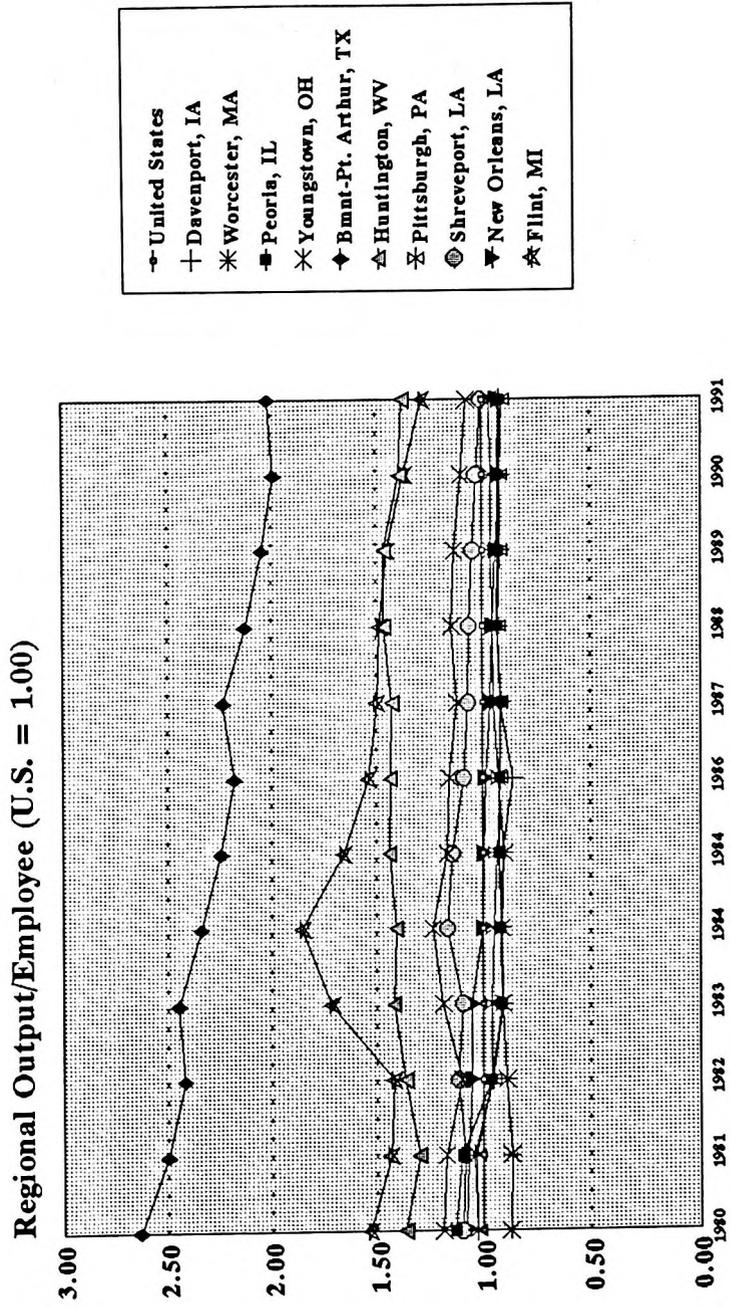


Table 2-15

Two Perspectives on Urban Economic Development

A. Conventional Macroeconomic "Surface" View

Employment Change (%), 1986-1989

Dallas
PMSA

-3.1

City of
Dallas

-10.4

B. "Beneath the Surface" View

Share of 1986 Job Base (%) Lost Over Next 3 Years

Dallas
PMSA

-26.7

City of
Dallas

-35.1

Share of 1989 Job Base (%) Added in Previous 3 Years

Dallas
PMSA

+24.4

City of
Dallas

+27.6

Figure 2-22
Urban Economic Change Beneath the Surface

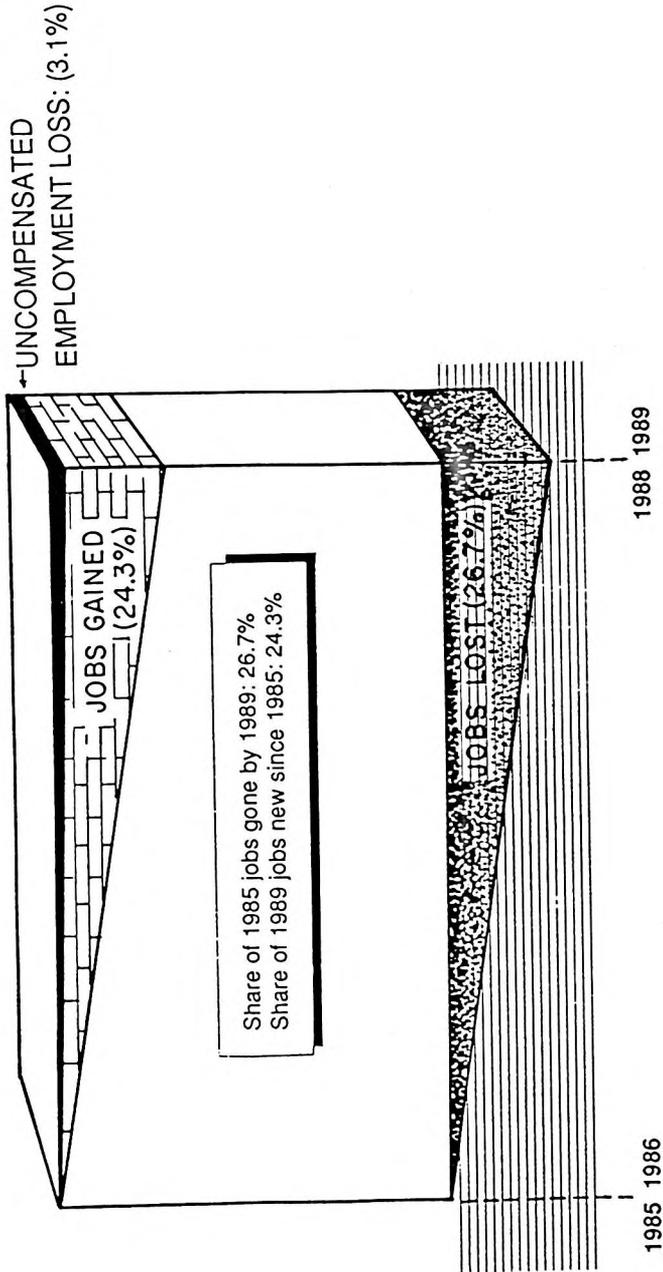


Table 2-16 Employment Loss: 1986-89

Greater Dallas

EMPLOYMENT LEAVING BY REASON SHARE (%)	Business	Existing	Business	Totals
	Failure	Business Contraction	Out-Migration	
RESOURCE-DEPENDENT SECTOR				
Agriculture/Mining	46.6	52.3	1.1	100.0
GOODS-PRODUCING SECTOR				
Construction	61.6	37.3	1.0	99.9
High-Tech Manufacturing	42.9	54.8	2.3	100.0
Other Manufacturing	69.7	27.8	2.5	100.0
SERVICES-PRODUCING SECTOR				
T C P U	79.2	19.4	1.3	99.9
Wholesale	75.7	22.6	1.7	100.0
Eat/Drink	74.1	25.0	0.9	100.0
Other Retail	78.6	20.9	0.5	100.0
Fin. Ins., Real Est.	73.1	25.6	1.3	100.0
Business/Professional	74.2	23.6	2.2	100.0
Other Services	73.7	25.4	0.9	100.0
TOTAL	69.7	28.7	1.6	100.0

City of Dallas

EMPLOYMENT LEAVING BY REASON SHARE (%)	Business	Existing	Out-Migration	Out-Migration	Totals
	Failure	Business Contraction	to Outside the Region	to the Dallas Suburbs	
RESOURCE-DEPENDENT SECTOR					
Agriculture/Mining	43.0	28.4	2.6	26.0	100.0
GOODS-PRODUCING SECTOR					
Construction	47.9	25.7	2.4	23.9	99.9
High-Tech Manufacturing	14.0	14.7	5.8	65.5	100.0
Other Manufacturing	51.5	17.6	7.4	23.5	100.0
SERVICES-PRODUCING SECTOR					
T C P U	56.9	18.6	2.6	21.9	100.0
Wholesale	55.8	14.2	3.5	26.5	100.0
Eat/Drink	76.6	16.1	1.8	5.4	99.9
Other Retail	74.4	14.7	1.4	9.6	100.1
Fin. Ins., Real Est.	49.2	20.5	2.2	28.1	100.0
Business/Professional	61.7	20.3	3.8	14.1	99.9
Other Services	63.1	24.4	1.7	10.8	100.0
TOTAL	54.4	19.5	3.3	22.7	99.9

Table 2-17

Employment Replacement: 1986-89

Greater Dallas

EMPLOYMENT ENTERING BY SOURCE SHARE (%)	New Business	Existing	Business	Totals
	Formation	Business Expansion	In-Migration	
RESOURCE-DEPENDENT SECTOR				
Agriculture/Mining	45.5	49.3	5.2	100.0
GOODS-PRODUCING SECTOR				
Construction	54.0	43.4	2.5	99.9
High-Tech Manufacturing	25.5	73.7	0.9	100.1
Other Manufacturing	56.3	39.9	3.7	99.9
SERVICES-PRODUCING SECTOR				
T.C.P.U.	66.9	28.7	4.4	100.0
Wholesale	63.3	32.9	3.8	100.0
Eat/Drink	85.4	11.9	2.7	100.0
Other Retail	75.7	22.0	2.3	100.0
Fin., Ins., Real Est.	61.8	30.7	7.4	99.9
Business/Professional	60.5	37.2	2.2	99.9
Other Services	74.3	23.3	2.4	100.0
TOTAL	61.2	35.5	3.3	100.0

City of Dallas

EMPLOYMENT ENTERING BY SOURCE SHARE (%)	New Business	Existing	In-Migration	In-Migration	Totals
	Formation	Business Expansion	from Outside the Region	from Dallas Suburbs	
RESOURCE-DEPENDENT SECTOR					
Agriculture/Mining	49.8	42.0	8.2	0.0	100.0
GOODS-PRODUCING SECTOR					
Construction	51.6	31.4	6.6	10.4	100.0
High-Tech Manufacturing	39.7	48.6	9.1	2.6	100.0
Other Manufacturing	56.0	25.5	10.4	8.1	100.0
SERVICES-PRODUCING SECTOR					
T.C.P.U.	72.0	18.3	9.7	0.0	100.0
Wholesale	53.5	34.4	11.1	0.9	99.9
Eat/Drink	75.7	14.4	6.6	3.3	100.0
Other Retail	71.3	18.3	7.0	3.4	100.0
Fin., Ins., Real Est.	61.1	22.0	14.1	2.8	100.0
Business/Professional	51.8	34.9	5.3	8.1	100.1
Other Services	69.8	23.2	5.6	1.5	100.1
TOTAL	60.1	26.7	9.1	4.1	100.0

Table 2-18
New Versus Small Business Contributions
Accounting for Employment Creation, 1986-89

New Job Source	Dallas PMSA	City of Dallas
New Formation	61.0%	70.2%
Expansion of Existing Business		
Small Business	25.0	21.9
Large Business	14.0	7.9
Total	100.0	100.0

Appendix

Metropolitan Statistical Areas and Consolidated Metropolitan Statistical Areas

Abitene, TX [MSA-0040] Taylor, Texas	Gwinnett, Georgia Henry, Georgia Newton, Georgia Paulding, Georgia Rockdale, Georgia Spalding, Georgia Walton, Georgia	St. Clair, Alabama Shelby, Alabama Walker, Alabama	Rowan, North Carolina Union, North Carolina York, South Carolina
Akron, OH [PMSA-0080] Portage, Ohio Summit, Ohio	Atlanta City, NJ [MSA-0560] Atlantic, New Jersey Cape May, New Jersey	Bismarck, ND [MSA-1010] Burleigh, North Dakota Morton, North Dakota	Charlottesville, VA [MSA-1540] Fluvanna, Virginia Greene, Virginia Albemarle + Charlottesville, Virginia
Albany, GA [MSA-0120] Dougherty, Georgia Lee, Georgia	Augusta, GA-SC [MSA-0600] Columbia, Georgia McDuffie, Georgia Richmond, Georgia Aiken, South Carolina	Bloomington, IN [MSA-1020] Monroe, Indiana	Chattanooga, TN-GA [MSA-1560] Caloosa, Georgia Dade, Georgia Walker, Georgia Hamilton, Tennessee Marion, Tennessee Sequatchie, Tennessee
Albany-Schenectady-Troy, NY [MSA-0160] Albany, New York Greene, New York Montgomery, New York Rensselaer, New York Saratoga, New York Schenectady, New York	Aurora-Elgin, IL [PMSA-0620] Kane, Illinois Kendall, Illinois	Bloomington-Normal, IL [MSA-1040] McLean, Illinois	Cheyenne, WY [MSA-1580] Laramie, Wyoming
Albuquerque, NM [MSA-0200] Bernalillo, New Mexico	Austin, TX [MSA-0640] Hays, Texas Travis, Texas Williamson, Texas	Boise City, ID [MSA-1080] Ada, Idaho	Chicago, IL [PMSA-1600] Cook, Illinois Du Page, Illinois McHenry, Illinois
Alexandria, LA [MSA-0220] Rapides, Louisiana	Bakersfield, CA [MSA-0680] Kern, California	Boston-Lawrence-Salem-Lowell-Brockton, MA [NECMA-1123] Essex, Massachusetts Middlesex, Massachusetts Norfolk, Massachusetts Plymouth, Massachusetts Suffolk, Massachusetts	Chico, CA [MSA-1620] Butte, California
Allentown-Bethlehem-Easton, PA-NJ [MSA-0240] Warren, New Jersey Carbon, Pennsylvania Lehigh, Pennsylvania Northampton, Pennsylvania	Baltimore, MD [MSA-0720] Anne Arundel, Maryland Baltimore, Maryland Carroll, Maryland Harford, Maryland Howard, Maryland Queen Anne's, Maryland Baltimore City, Maryland	Boulder-Longmont, CO [PMSA-1125] Boulder, Colorado	Cincinnati, OH-KY-IN [PMSA-1640] Dearborn, Indiana Boone, Kentucky Campbell, Kentucky Kenton, Kentucky Clermont, Ohio Hamilton, Ohio Warren, Ohio
Alltoona, PA [MSA-0280] Blair, Pennsylvania	Bangor, ME [NECMA-0733] Penobscot, Maine	Bradenton, FL [MSA-1140] Manatee, Florida	Clarksville-Hopkinsville, TN-KY [MSA-1660] Christian, Kentucky Montgomery, Tennessee
Amarillo, TX [MSA-0320] Potter, Texas Randall, Texas	Baton Rouge, LA [MSA-0760] Ascension, Louisiana East Baton Rouge, Louisiana Livingston, Louisiana West Baton Rouge, Louisiana	Brazoria, TX [PMSA-1145] Brazoria, Texas	Cleveland, OH [PMSA-1680] Cuyahoga, Ohio Geauga, Ohio Lake, Ohio Madina, Ohio
Anaheim-Santa Ana, CA [PMSA-0360] Orange, California	Battle Creek, MI [MSA-0780] Calhoun, Michigan	Bremerton, WA [MSA-1150] Kitsap, Washington	Colorado Springs, CO [MSA-1720] El Paso, Colorado
Anchorage, AK [MSA-0380] Anchorage Borough, Alaska	Beaumont-Port Arthur, TX [MSA-0840] Hardin, Texas Jefferson, Texas Orange, Texas	Bridgeport-Stamford-Norwalk-Danbury, CT [PMSA-1169] Fairfield, Connecticut	Columbia, MO [MSA-1740] Boone, Missouri
Anderson, IN [MSA-0400] Madison, Indiana	Beaver County, PA [PMSA-0845] Beaver, Pennsylvania	Brownsville-Harlingen, TX [MSA-1240] Cameron, Texas	Columbia, SC [MSA-1760] Laxington, South Carolina Richland, South Carolina
Anderson, SC [MSA-0405] Anderson, South Carolina	Bellingham, WA [MSA-0860] Whatcom, Washington	Bryan-College Station, TX [MSA-1260] Brazos, Texas	Columbus, GA-AL [MSA-1800] Russell, Alabama Chattahoochee, Georgia Muscogee, Georgia
Ann Arbor, MI [PMSA-0440] Washtenaw, Michigan	Benton Harbor, MI [MSA-0870] Berrien, Michigan	Buffalo, NY [PMSA-1280] Erie, New York	Columbus, OH [MSA-1840] Delaware, Ohio Fairfield, Ohio Franklin, Ohio Licking, Ohio Madison, Ohio Pickaway, Ohio Union, Ohio
Anniston, AL [MSA-0450] Calhoun, Alabama	Bergen-Passaic, NJ [PMSA-0875] Bergen, New Jersey Passaic, New Jersey	Burlington, NC [MSA-1300] Alamance, North Carolina	Corpus Christi, TX [MSA-1880] Nueces, Texas San Patricio, Texas
Appleton-Oshkosh-Neenah, WI [MSA-0460] Calumet, Wisconsin Outagamie, Wisconsin Winnebago, Wisconsin	Billings, MT [MSA-0880] Yellowstone, Montana	Burlington, VT [NECMA-1303] Chittenden, Vermont Grand Isle, Vermont	Cumberland, MD-WV [MSA-1900] Allegany, Maryland Mineral, West Virginia
Asheville, NC [MSA-0480] Buncombe, North Carolina	Biloxi-Gulfport, MS [MSA-0920] Hancock, Mississippi Harrison, Mississippi	Canton, OH [MSA-1320] Carroll, Ohio Stark, Ohio	Dallas, TX [PMSA-1920] Collin, Texas Dallas, Texas
Athens, GA [MSA-0500] Clarke, Georgia Jackson, Georgia Madison, Georgia Oconee, Georgia	Binghamton, NY [MSA-0960] Broome, New York Tioga, New York	Cedar Rapids, IA [MSA-1360] Linn, Iowa	
Atlanta, GA [MSA-0520] Barrow, Georgia Butts, Georgia Cherokee, Georgia Clayton, Georgia Cobb, Georgia Coweta, Georgia De Kalb, Georgia Douglas, Georgia Fayette, Georgia Forsyth, Georgia Fulton, Georgia	Birmingham, AL [MSA-1000] Blount, Alabama Jefferson, Alabama	Champaign-Urbana-Rantoul, IL [MSA-1400] Champaign, Illinois	
		Charleston, SC [MSA-1440] Berkeley, South Carolina Charleston, South Carolina Dorchester, South Carolina	
		Charleston, WV [MSA-1480] Kanawha, West Virginia Putnam, West Virginia	
		Charlotte-Gastonia-Rock Hill, NC-SC [MSA-1520] Cabarrus, North Carolina Gaston, North Carolina Lincoln, North Carolina Mecklenburg, North Carolina	

Denton, Texas
 Ellis, Texas
 Kaulman, Texas
 Rockwall, Texas

Danville, VA [MSA-1950]
 Pitsylvania + Danville, Virginia

Davenport-Rock Island-Moline, IA-IL [MSA-1960]
 Henry, Illinois
 Rock Island, Illinois
 Scott, Iowa

Dayton-Springfield, OH [MSA-2000]
 Clark, Ohio
 Greene, Ohio
 Miami, Ohio
 Montgomery, Ohio

Daytona Beach, FL [MSA-2020]
 Volusia, Florida

Decatur, AL [MSA-2030]
 Lawrence, Alabama
 Morgan, Alabama

Decatur, IL [MSA-2040]
 Macon, Illinois

Denver, CO [PMSA-2080]
 Adams, Colorado
 Arapahoe, Colorado
 Denver, Colorado
 Douglas, Colorado
 Jefferson, Colorado

Des Moines, IA [MSA-2120]
 Dallas, Iowa
 Polk, Iowa
 Warren, Iowa

Detroit, MI [PMSA-2160]
 Lapeer, Michigan
 Livingston, Michigan
 Macomb, Michigan
 Monroe, Michigan
 Oakland, Michigan
 St. Clair, Michigan
 Wayne, Michigan

Dothan, AL [MSA-2180]
 Dale, Alabama
 Houston, Alabama

Dubuque, IA [MSA-2200]
 Dubuque, Iowa

Duluth, MN-WI [MSA-2240]
 St. Louis, Minnesota
 Douglas, Wisconsin

Eau Claire, WI [MSA-2290]
 Chippewa, Wisconsin
 Eau Claire, Wisconsin

El Paso, TX [MSA-2320]
 El Paso, Texas

Elkhart-Goshen, IN [MSA-2330]
 Elkhart, Indiana

Elmira, NY [MSA-2335]
 Chemung, New York

Enid, OK [MSA-2340]
 Garfield, Oklahoma

Erie, PA [MSA-2360]
 Erie, Pennsylvania

Eugene-Springfield, OR [MSA-2400]
 Lane, Oregon

Evansville, IN-KY [MSA-2440]
 Posey, Indiana
 Vanderburgh, Indiana
 Warrick, Indiana
 Henderson, Kentucky

Fargo-Moorhead, ND-MN [MSA-2520]
 Clay, Minnesota
 Cass, North Dakota

Fayetteville, NC [MSA-2560]
 Cumberland, North Carolina

Fayetteville-Springdale, AR [MSA-2580]
 Washington, Arkansas

Flint, MI [MSA-2640]
 Genesee, Michigan

Florence, AL [MSA-2650]
 Colbert, Alabama
 Lauderdale, Alabama

Florence, SC [MSA-2655]
 Florence, South Carolina

Fort Collins-Loveland, CO [MSA-2670]
 Larimer, Colorado

Fort Lauderdale-Hollywood-Pompano Beach, FL [MSA-2680]
 Broward, Florida

Fort Myers-Cape Coral, FL [MSA-2700]
 Lee, Florida

Fort Pierce, FL [MSA-2710]
 Martin, Florida
 St. Lucie, Florida

Fort Smith, AR-OK [MSA-2720]
 Crawford, Arkansas
 Sebastian, Arkansas
 Sequoyah, Oklahoma

Fort Walton Beach, FL [MSA-2750]
 Okaloosa, Florida

Fort Wayne, IN [MSA-2760]
 Allen, Indiana
 De Kalb, Indiana
 Whitley, Indiana

Fort Worth-Arlington, TX [PMSA-2800]
 Johnson, Texas
 Parker, Texas
 Tarrant, Texas

Fresno, CA [MSA-2840]
 Fresno, California

Gadsden, AL [MSA-2880]
 Etowah, Alabama

Gainesville, FL [MSA-2900]
 Alachua, Florida
 Bradford, Florida

Galveston-Texas City, TX [PMSA-2920]
 Galveston, Texas

Gary-Hammond, IN [PMSA-2960]
 Lake, Indiana
 Porter, Indiana

Glens Falls, NY [MSA-2975]
 Warren, New York
 Washington, New York

Grand Forks, ND [MSA-2985]
 Grand Forks, North Dakota

Grand Rapids, MI [MSA-3000]
 Kent, Michigan
 Ottawa, Michigan

Great Falls, MT [MSA-3040]
 Cascade, Montana

Greeley, CO [MSA-3060]
 Weld, Colorado

Green Bay, WI [MSA-3080]
 Brown, Wisconsin

Greensboro-Winston-Salem-High Point, NC [MSA-3120]
 Davidson, North Carolina
 Davie, North Carolina
 Forsyth, North Carolina
 Guilford, North Carolina
 Randolph, North Carolina
 Stokes, North Carolina
 Yadkin, North Carolina

Greenville-Spartanburg, SC [MSA-3160]
 Greenville, South Carolina

Pickens, South Carolina
 Spartanburg, South Carolina

Hagerstown, MD [MSA-3180]
 Washington, Maryland

Hamilton-Middletown, OH [PMSA-3200]
 Butler, Ohio

Harrisburg-Lebanon-Carlisle, PA [MSA-3240]
 Cumberland, Pennsylvania
 Dauphin, Pennsylvania
 Lebanon, Pennsylvania
 Perry, Pennsylvania

Hartford-New Britain-Middletown-Bristol, CT [NECMA-3283]
 Hartford, Connecticut
 Middlesex, Connecticut
 Tolland, Connecticut

Hickory-Margantou, NC [MSA-3290]
 Alexander, North Carolina
 Burke, North Carolina
 Catawba, North Carolina

Honolulu, HI [MSA-3320]
 Honolulu, Hawaii

Houma-Thibodaux, LA [MSA-3350]
 Lafourche, Louisiana
 Terrebonne, Louisiana

Houston, TX [PMSA-3360]
 Fort Bend, Texas
 Harris, Texas
 Liberty, Texas
 Montgomery, Texas
 Waller, Texas

Huntington-Ashland, WV-KY-OH [MSA-3400]
 Boyd, Kentucky
 Carter, Kentucky
 Greenup, Kentucky
 Lawrence, Ohio
 Cabell, West Virginia
 Wayne, West Virginia

Huntville, AL [MSA-3440]
 Madison, Alabama

Indianapolis, IN [MSA-3480]
 Boone, Indiana
 Hamilton, Indiana
 Hancock, Indiana
 Hendricks, Indiana
 Johnson, Indiana
 Marion, Indiana
 Morgan, Indiana
 Shelby, Indiana

Iowa City, IA [MSA-3500]
 Johnson, Iowa

Jackson, MI [MSA-3520]
 Jackson, Michigan

Jackson, MS [MSA-3560]
 Hinds, Mississippi
 Madison, Mississippi
 Rankin, Mississippi

Jackson, TN [MSA-3580]
 Madison, Tennessee

Jacksonville, FL [MSA-3600]
 Clay, Florida
 Duval, Florida
 Nassau, Florida
 St. Johns, Florida

Jacksonville, NC [MSA-3605]
 Onslow, North Carolina

Jameson-Dunkirk, NY [MSA-3610]
 Chautauque, New York

Janesville-Beloit, WI [MSA-3620]
 Rock, Wisconsin

Jersey City, NJ [PMSA-3640]
 Hudson, New Jersey

Johnson City-Kingsport-Bristol, TN-VA [MSA-3660]
 Carter, Tennessee
 Hawkins, Tennessee
 Sullivan, Tennessee
 Unicoi, Tennessee
 Washington, Tennessee
 Scott, Virginia
 Washington + Bristol, Virginia

Johnstown, PA [MSA-3680]
 Cambria, Pennsylvania
 Somerset, Pennsylvania

Joliet, IL [PMSA-3690]
 Grundy, Illinois
 Will, Illinois

Joplin, MO [MSA-3710]
 Jasper, Missouri
 Newton, Missouri

Kalamazoo, MI [MSA-3720]
 Kalamazoo, Michigan

Kankakee, IL [MSA-3740]
 Kankakee, Illinois

Kansas City, MO-KS [MSA-3760]
 Johnson, Kansas
 Leavenworth, Kansas
 Miami, Kansas
 Wyandotte, Kansas
 Cass, Missouri
 Clay, Missouri
 Jackson, Missouri
 Lafayette, Missouri
 Platte, Missouri
 Ray, Missouri

Kenosha, WI [PMSA-3800]
 Kenosha, Wisconsin

Killeen-Temple, TX [MSA-3810]
 Bell, Texas
 Coryell, Texas

Knoxville, TN [MSA-3840]
 Anderson, Tennessee
 Blount, Tennessee
 Grainger, Tennessee
 Jefferson, Tennessee
 Knox, Tennessee
 Sevier, Tennessee
 Union, Tennessee

Kokomo, IN [MSA-3850]
 Howard, Indiana
 Tipton, Indiana

La Crosse, WI [MSA-3870]
 La Crosse, Wisconsin

Lafayette, LA [MSA-3880]
 Lafayette, Louisiana
 St. Martin, Louisiana

Lafayette, IN [MSA-3920]
 Tippecanoe, Indiana

Lake Charles, LA [MSA-3960]
 Calcasieu, Louisiana

Lake County, IL [PMSA-3965]
 Lake, Illinois

Lakeland-Winter Haven, FL [MSA-3980]
 Polk, Florida

Lancaster, PA [MSA-4000]
 Lancaster, Pennsylvania

Lansing-East Lansing, MI [MSA-4040]
 Clinton, Michigan
 Eaton, Michigan
 Ingham, Michigan

Laredo, TX [MSA-4080]
 Webb, Texas

Las Cruces, NM [MSA-4100]
 Dona Ana, New Mexico

Las Vegas, NV [MSA-4120]
 Clark, Nevada

Lawrence, KS [MSA-4150]
Douglas, Kansas

Lawton, OK [MSA-4200]
Comanche, Oklahoma

Lewiston-Auburn, ME [NECMA-4243]
Androscoggin, Maine

Lexington-Fayette, KY [MSA-4280]
Bourbon, Kentucky
Clark, Kentucky
Fayette, Kentucky
Jessamine, Kentucky
Scott, Kentucky
Woodford, Kentucky

Lima, OH [MSA-4320]
Allen, Ohio
Auglaize, Ohio

Lincoln, NE [MSA-4360]
Lancaster, Nebraska

Little Rock-North Little Rock, AR [MSA-4400]
Faulkner, Arkansas
Lonoke, Arkansas
Pulaski, Arkansas
Saline, Arkansas

Longview-Marshall, TX [MSA-4420]
Gregg, Texas
Harrison, Texas

Lorain-Elyria, OH [PMSA-4440]
Lorain, Ohio

Los Angeles-Long Beach, CA [PMSA-4460]
Los Angeles, California

Louisville, KY-IN [MSA-4520]
Clark, Indiana
Floyd, Indiana
Harrison, Indiana
Bullitt, Kentucky
Jellerson, Kentucky
Oldham, Kentucky
Shelby, Kentucky

Lubbock, TX [MSA-4600]
Lubbock, Texas

Lynchburg, VA [MSA-4640]
Amherst, Virginia
Campbell + Lynchburg, Virginia

Macon-Warner Robins, GA [MSA-4680]
Bibb, Georgia
Houston, Georgia
Jones, Georgia
Peach, Georgia

Madison, WI [MSA-4720]
Dane, Wisconsin

Manchester-Nashua, NH [NECMA-4763]
Hillsborough, New Hampshire

Mansfield, OH [MSA-4800]
Richland, Ohio

McAllen-Edinburg-Mission, TX [MSA-4880]
Hidalgo, Texas

Medford, OR [MSA-4890]
Jackson, Oregon

Melbourne-Titusville-Palm Bay, FL [MSA-4900]
Brevard, Florida

Memphis, TN-AR-MS [MSA-4920]
Crittenden, Arkansas
De Soto, Mississippi
Shelby, Tennessee
Tipton, Tennessee

Merced, CA [MSA-4940]
Merced, California

Miami-Hialeah, FL [PMSA-5000]
Dade, Florida

Middlesex-Somerset-Hunterdon, NJ [PMSA-5015]
Hunterdon, New Jersey
Middlesex, New Jersey

Somerset, New Jersey

Midland, TX [MSA-5040]
Midland, Texas

Milwaukee, WI [PMSA-5080]
Milwaukee, Wisconsin
Ozaukee, Wisconsin
Washington, Wisconsin
Waukesha, Wisconsin

Minneapolis-St. Paul, MN-WI [MSA-5120]
Anoka, Minnesota
Carver, Minnesota
Chisago, Minnesota
Dakota, Minnesota
Hennepin, Minnesota
Isanti, Minnesota
Ramsey, Minnesota
Scott, Minnesota
Washington, Minnesota
Wright, Minnesota
St. Croix, Wisconsin

Mobile, AL [MSA-5160]
Baldwin, Alabama
Mobile, Alabama

Modesto, CA [MSA-5170]
Stanislaus, California

Monmouth-Ocean, NJ [PMSA-5190]
Monmouth, New Jersey
Ocean, New Jersey

Monroe, LA [MSA-5200]
Ouachita, Louisiana

Montgomery, AL [MSA-5240]
Autauga, Alabama
Elmore, Alabama
Montgomery, Alabama

Muncie, IN [MSA-5280]
Delaware, Indiana

Muskegon, MI [MSA-5320]
Muskegon, Michigan

Naples, FL [MSA-5345]
Collier, Florida

Nashville, TN [MSA-5360]
Cheatham, Tennessee
Davidson, Tennessee
Dickson, Tennessee
Robertson, Tennessee
Rutherford, Tennessee
Sumner, Tennessee
Williamson, Tennessee
Wilson, Tennessee

Nassau-Suffolk, NY [PMSA-5380]
Nassau, New York
Suffolk, New York

New Bedford-Fall River-Attleboro, MA [NECMA-5403]
Bristol, Massachusetts

New Haven-Waterbury-Meriden, CT [NECMA-5483]
New Haven, Connecticut

New London-Norwich, CT [NECMA-5523]
New London, Connecticut

New Orleans, LA [MSA-5560]
Jellerson, Louisiana
Orleans, Louisiana
St. Bernard, Louisiana
St. Charles, Louisiana
St. John the Baptist, Louisiana
St. Tammany, Louisiana

New York, NY [PMSA-5600]
Bronx, New York
Kings, New York
New York, New York
Putnam, New York
Queens, New York
Richmond, New York
Rockland, New York

Westchester, New York

Newark, NJ [PMSA-5640]
Essex, New Jersey
Morris, New Jersey
Sussex, New Jersey
Union, New Jersey

Niagara Falls, NY [PMSA-5700]
Niagara, New York

Norfolk-Virginia Beach-Newport News, VA [MSA-5720]
Gloucester, Virginia
Chesapeake, Virginia
Hampton, Virginia
Newport News, Virginia
Norfolk, Virginia
Portsmouth, Virginia
Suffolk, Virginia
Virginia Beach, Virginia
James City + Williamsburg, Virginia
York + Poquoson, Virginia

Oakland, CA [PMSA-5775]
Alameda, California
Contra Costa, California

Ocala, FL [MSA-5790]
Marion, Florida

Odessa, TX [MSA-5800]
Ector, Texas

Oklahoma City, OK [MSA-5880]
Canadian, Oklahoma
Cleveland, Oklahoma
Logan, Oklahoma
McClain, Oklahoma
Oklahoma, Oklahoma
Pottawatomie, Oklahoma

Olympia, WA [MSA-5910]
Thurston, Washington

Omaha, NE-IA [MSA-5920]
Pottawattamie, Iowa
Douglas, Nebraska
Sarpy, Nebraska
Washington, Nebraska

Orange County, NY [PMSA-5950]
Orange, New York

Orlando, FL [MSA-5960]
Orange, Florida
Osceola, Florida
Seminole, Florida

Owensboro, KY [MSA-5990]
Davies, Kentucky

Oxnard-Ventura, CA [PMSA-6000]
Ventura, California

Panama City, FL [MSA-6015]
Bay, Florida

Parkersburg-Marietta, WV-OH [MSA-6020]
Washington, Ohio
Wood, West Virginia

Pascagoula, MS [MSA-6025]
Jackson, Mississippi

Pensacola, FL [MSA-6080]
Escambia, Florida
Santa Rosa, Florida

Peoria, IL [MSA-6120]
Peoria, Illinois
Tazewell, Illinois
Woodford, Illinois

Philadelphia, PA-NJ [PMSA-6160]
Burlington, New Jersey
Camden, New Jersey
Gloucester, New Jersey
Bucks, Pennsylvania
Chester, Pennsylvania
Delaware, Pennsylvania
Montgomery, Pennsylvania
Philadelphia, Pennsylvania

Phoenix, AZ [MSA-6200]
Maricopa, Arizona

Pine Bluff, AR [MSA-6240]
Jefferson, Arkansas

Pittsburgh, PA [PMSA-6280]
Allegheny, Pennsylvania
Fayette, Pennsylvania
Washington, Pennsylvania
Westmoreland, Pennsylvania

Pittsfield, MA [NECMA-6322]
Berkshire, Massachusetts

Portland, ME [NECMA-6403]
Cumberland, Maine

Portland, OR [PMSA-6440]
Clackamas, Oregon
Multnomah, Oregon
Washington, Oregon
Yamhill, Oregon

Portsmouth-Dover-Rochester, NH [NECMA-6453]
Rockingham, New Hampshire
Strafford, New Hampshire

Poughkeepsie, NY [MSA-6460]
Dutchess, New York

Providence-Pawtucket-Woonsocket, RI [NECMA-6483]
Bristol, Rhode Island
Kent, Rhode Island
Providence, Rhode Island
Washington, Rhode Island

Provo-Orem, UT [MSA-6520]
Utah, Utah

Pueblo, CO [MSA-6560]
Pueblo, Colorado

Racine, WI [PMSA-6600]
Racine, Wisconsin

Raleigh-Durham, NC [MSA-6640]
Durham, North Carolina
Franklin, North Carolina
Orange, North Carolina
Wake, North Carolina

Rapid City, SD [MSA-6660]
Pennington, South Dakota

Reading, PA [MSA-6680]
Berks, Pennsylvania

Redding, CA [MSA-6690]
Shasta, California

Reno, NV [MSA-6720]
Washoe, Nevada

Richland-Kennewick-Pasco, WA [MSA-6740]
Benton, Washington
Franklin, Washington

Richmond-Petersburg, VA [MSA-6760]
Charles City, Virginia
Chesterfield, Virginia
Goochland, Virginia
Hanover, Virginia
Henrico, Virginia
New Kent, Virginia
Powhatan, Virginia
Richmond, Virginia
Dinwiddie, Colonial Heights + Petersburg, Virginia
Prince George + Hopewell, Virginia

Riverside-San Bernardino, CA [PMSA-6780]
Riverside, California
San Bernardino, California

Roanoke, VA [MSA-6800]
Botetourt, Virginia
Roanoke City, Virginia
Roanoke + Salem, Virginia

Rochester, MN [MSA-6820]
Olmsted, Minnesota

- Rochester, NY [MSA-6840]**
Livingston, New York
Monroe, New York
Ontario, New York
Orleans, New York
Wayne, New York
- Rockford, IL [MSA-6880]**
Boone, Illinois
Winnebago, Illinois
- Sacramento, CA [MSA-6920]**
El Dorado, California
Placer, California
Sacramento, California
Yolo, California
- Saginaw-Bay City-Midland, MI [MSA-6960]**
Bay, Michigan
Midland, Michigan
Saginaw, Michigan
- St. Cloud, MN [MSA-6980]**
Benton, Minnesota
Sherburne, Minnesota
Stearns, Minnesota
- St. Joseph, MO [MSA-7000]**
Buchanan, Missouri
- St. Louis, MO-IL [MSA-7040]**
Clinton, Illinois
Jersey, Illinois
Madison, Illinois
Monroe, Illinois
St. Clair, Illinois
Franklin, Missouri
Jefferson, Missouri
St. Charles, Missouri
St. Louis, Missouri
St. Louis City, Missouri
- Salem, OR [MSA-7080]**
Marion, Oregon
Polk, Oregon
- Salinas-Seaside-Monterey, CA [MSA-7120]**
Monterey, California
- Salt Lake City-Ogden, UT [MSA-7160]**
Davis, Utah
Salt Lake, Utah
Weber, Utah
- San Angelo, TX [MSA-7200]**
Tom Green, Texas
- San Antonio, TX [MSA-7240]**
Bexar, Texas
Comal, Texas
Guadalupe, Texas
- San Diego, CA [MSA-7320]**
San Diego, California
- San Francisco, CA [PMSA-7360]**
Mann, California
San Francisco, California
San Mateo, California
- San Jose, CA [PMSA-7400]**
Santa Clara, California
- Santa Barbara-Santa Maria-Lompoc, CA [MSA-7480]**
Santa Barbara, California
- Santa Cruz, CA [PMSA-7485]**
Santa Cruz, California
- Santa Fe, NM [MSA-7490]**
Los Alamos, New Mexico
Santa Fe, New Mexico
- Santa Rosa-Petaluma, CA [PMSA-7500]**
Sonoma, California
- Sarasota, FL [MSA-7510]**
Sarasota, Florida
- Savannah, GA [MSA-7520]**
Chatham, Georgia
Ettingham, Georgia
- Scranton-Wilkes-Barre, PA [MSA-7560]**
Columbia, Pennsylvania
Lackawanna, Pennsylvania
Luzerne, Pennsylvania
Monroe, Pennsylvania
Wyoming, Pennsylvania
- Seattle, WA [PMSA-7600]**
King, Washington
Snohomish, Washington
- Sharon, PA [MSA-7610]**
Mercer, Pennsylvania
- Sheboygan, WI [MSA-7620]**
Sheboygan, Wisconsin
- Sherman-Denison, TX [MSA-7640]**
Grayson, Texas
- Shreveport, LA [MSA-7680]**
Bossier, Louisiana
Caddo, Louisiana
- Sioux City, IA-NE [MSA-7720]**
Woodbury, Iowa
Dakota, Nebraska
- Sioux Falls, SD [MSA-7760]**
Minnehaha, South Dakota
- South Bend-Mishawaka, IN [MSA-7800]**
St. Joseph, Indiana
- Spokane, WA [MSA-7840]**
Spokane, Washington
- Springfield, IL [MSA-7880]**
Menard, Illinois
Sangamon, Illinois
- Springfield, MO [MSA-7920]**
Christian, Missouri
Greene, Missouri
- Springfield, MA [NECMA-8003]**
Hampden, Massachusetts
Hampshire, Massachusetts
- State College, PA [MSA-8050]**
Centre, Pennsylvania
- Staubenville-Wellton, OH-WV [MSA-8080]**
Jefferson, Ohio
Brooke, West Virginia
Hancock, West Virginia
- Stockton, CA [MSA-8120]**
San Joaquin, California
- Syracuse, NY [MSA-8160]**
Madison, New York
Onondaga, New York
Oswego, New York
- Tacoma, WA [PMSA-8200]**
Pierce, Washington
- Tallahassee, FL [MSA-8240]**
Gadsden, Florida
Leon, Florida
- Tampa-St. Petersburg-Clearwater, FL [MSA-8280]**
Hernando, Florida
Hillsborough, Florida
Pasco, Florida
Pinellas, Florida
- Terre Haute, IN [MSA-8320]**
Clay, Indiana
Vigo, Indiana
- Texarkana, TX-Texarkana, AR [MSA-8360]**
Miller, Arkansas
Bowie, Texas
- Toledo, OH [MSA-8400]**
Fulton, Ohio
Lucas, Ohio
Wood, Ohio
- Topeka, KS [MSA-8440]**
Shawnee, Kansas
- Trenton, NJ [PMSA-8480]**
Mercer, New Jersey
- Tucson, AZ [MSA-8520]**
Pima, Arizona
- Tulsa, OK [MSA-8560]**
Creek, Oklahoma
Osage, Oklahoma
Rogers, Oklahoma
Tulsa, Oklahoma
Wagoner, Oklahoma
- Tuscaloosa, AL [MSA-8600]**
Tuscaloosa, Alabama
- Tyler, TX [MSA-8640]**
Smith, Texas
- Ulster-Rome, NY [MSA-8680]**
Herkimer, New York
Oneida, New York
- Vallejo-Fairfield-Napa, CA [PMSA-8720]**
Napa, California
Solano, California
- Vancouver, WA [PMSA-8725]**
Clark, Washington
- Victoria, TX [MSA-8750]**
Victoria, Texas
- Vineland-Millville-Bridgeton, NJ [PMSA-8760]**
Cumberland, New Jersey
- Visalia-Tulare-Porterville, CA [MSA-8780]**
Tulare, California
- Waco, TX [MSA-8800]**
McLennan, Texas
- Washington, DC-MD-VA [MSA-8840]**
District of Columbia
Calvert, Maryland
Charles, Maryland
Frederick, Maryland
Montgomery, Maryland
Prince George's, Maryland
Arlington, Virginia
Loudoun, Virginia
Stafford, Virginia
Alexandria, Virginia
Fairfax, Fairfax City + Falls Church, Va
Prince William, Manassas + Manassas
Virginia
- Waterloo-Cedar Falls, IA [MSA-8920]**
Black Hawk, Iowa
Bremer, Iowa
- Wausau, WI [MSA-8940]**
Marathon, Wisconsin
- West Palm Beach-Boca Raton-DeLray Beach [MSA-8960]**
Palm Beach, Florida
- Wheeling, WV-OH [MSA-9000]**
Belmont, Ohio
Marshall, West Virginia
Ohio, West Virginia
- Wichita, KS [MSA-9040]**
Butler, Kansas
Harvey, Kansas
Sedgwick, Kansas
- Wichita Falls, TX [MSA-9080]**
Wichita, Texas
- Willamport, PA [MSA-9140]**
Lycoming, Pennsylvania
- Wilmington, DE-NJ-MD [PMSA-9160]**
New Castle, Delaware
Cecil, Maryland
Salem, New Jersey
- Wilmington, NC [MSA-9200]**
New Hanover, North Carolina
- Worcester-Fitchburg-Leominster, MA [NECMA-9243]**
Worcester, Massachusetts
- Yakima, WA [MSA-9260]**
Yakima, Washington
- York, PA [MSA-9280]**
Adams, Pennsylvania
York, Pennsylvania
- Youngstown-Warren, OH [MSA-9320]**
Mahoning, Ohio
Trumbull, Ohio
- Yuba City, CA [MSA-9340]**
Sutter, California
Yuba, California
- Yuma, AZ [MSA-9360]**
Yuma, Arizona

Consolidated Metropolitan Statistical Areas

- Buffalo-Niagara Falls, NY [CMSA-10]**
Buffalo, NY [PMSA-1280]
Niagara Falls, NY [PMSA-5700]
- Chicago-Gary-Lake County, IL-IN-WI [CMSA-14]**
Aurora-Evanston, IL [PMSA-0620]
Chicago, IL [PMSA-1600]
Gary-Hammond, IN [PMSA-2960]
- Joliet, IL [PMSA-3690]**
- Kenosha, WI [PMSA-3800]**
- Lake County, IL [PMSA-3965]**
- Cincinnati-Hamilton, OH-KY-IN [CMSA-21]**
Cincinnati, OH-KY-IN [PMSA-1640]
Hamilton-Middletown, OH [PMSA-3100]
- Cleveland-Akron-Lorain, OH [CMSA-28]**
Akron, OH [PMSA-0080]
Cleveland, OH [PMSA-1680]
Lorain-Elyria, OH [PMSA-4440]
- Dallas-Fort Worth, TX [CMSA-31]**
Dallas, TX [PMSA-1920]
Fort Worth-Arlington, TX [PMSA-2800]
- Denver-Boulder, CO [CMSA-34]**
Boulder-Longmont, CO [PMSA-1125]
Denver, CO [PMSA-2080]
- Detroit-Ann Arbor, MI [CMSA-38]**
Ann Arbor, MI [PMSA-0440]
Detroit, MI [PMSA-2160]

Houston-Galveston-Brazoria, TX [CMSA-42]
Brazoria, TX [PMSA-1145]
Galveston-Texas City, TX [PMSA-2920]
Houston, TX [PMSA-3360]

Los Angeles-Anaheim-Riverside, CA
[CMSA-49]
Anaheim-Santa Ana, CA [PMSA-0360]
Los Angeles-Long Beach, CA [PMSA-4480]
Oxnard-Ventura, CA [PMSA-6000]
Riverside-San Bernardino, CA [PMSA-6780]

Miami-Fort Lauderdale, FL [CMSA-56]
Fort Lauderdale-Hollywood-Pompano Beach,
FL [PMSA-2680]
Miami-Hialeah, FL [PMSA-5000]

Milwaukee-Racine, WI [CMSA-63]
Milwaukee, WI [PMSA-5080]
Racine, WI [PMSA-6600]

New York-Northern New Jersey-Long Island,
NY-NJ-CT [CMSA-70]
Bergen-Passaic, NJ [PMSA-0875]
Bridgeport-Stamford-Norwalk-Danbury, CT
[PMSA-1169]

Jersey City, NJ [PMSA-3640]
Middlesex-Somerset-Hunterdon, NJ
[PMSA-5015]
Monmouth-Ocean, NJ [PMSA-5190]
Nassau-Suffolk, NY [PMSA-5380]
New York, NY [PMSA-5600]

Newark, NJ [PMSA-5640]
Orange County, NY [PMSA-5950]

Philadelphia-Wilmington-Trenton,
PA-NJ-DE-MD [CMSA-77]
Philadelphia, PA-NJ [PMSA-6160]
Trenton, NJ [PMSA-6480]
Vineland-Milville-Bridgeton, NJ
[PMSA-8760]
Wilmington, DE-NJ-MD [PMSA-9160]

Pittsburgh-Beaver Valley, PA [CMSA-78]
Beaver County, PA [PMSA-0845]
Pittsburgh, PA [PMSA-6280]

Portland-Vancouver, OR-WA [CMSA-79]
Portland, OR [PMSA-6440]
Vancouver, WA [PMSA-8725]

San Francisco-Oakland-San Jose, CA
[CMSA-84]
Oakland, CA [PMSA-5775]
San Francisco, CA [PMSA-7360]
San Jose, CA [PMSA-7400]
Santa Cruz, CA [PMSA-7485]
Santa Rosa-Petaluma, CA [PMSA-7500]
Vallejo-Fairfield-Napa, CA [PMSA-8720]

Seattle-Tacoma, WA [CMSA-91]
Seattle, WA [PMSA-7600]
Tacoma, WA [PMSA-8200]

Source: Bureau of Economic Analysis, 1991



CHAPTER 3

PEOPLE IN PLACES: DEMOGRAPHIC TRENDS IN URBAN AMERICA

William H. Frey

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NATIONAL CONTEXT

Introduction

The contexts of urban growth in the United States have altered considerably during the past quarter century. This became evident during the 1970s when a series of unprecedented redistribution reversals forced urban demographers to reevaluate conventional wisdom pertaining to regional and metropolitan population shifts. This was the decade of the “rural renaissance,” when nonmetropolitan communities in most parts of the country grew faster than metropolitan areas (Fuguitt, Brown, and Beale, 1989). A detailed evaluation of this period’s reversals concluded that the 1970s were a “transition decade” in the recent history of U.S. population redistribution (Frey and Speare, 1988). The “transition” characterization refers not only to the altered *pattern* of metropolitan growth and decline but also to the new *social* and economic contexts for redistribution that emerged during the decade. The transition that has taken place is really the change to a new redistribution process rather than to a specific geographic pattern. Improvements in communication and production technologies, the diffusion of “urban” amenities throughout the country, and the rise of a global economy have created new distribution dynamics (Frey, 1990). As a result, the successes of metropolitan areas and smaller communities are increasingly determined by how effectively areas can adapt to rapidly changing economic conditions.

Since 1980 the contexts for U.S. urban redistribution have changed in three significant ways. First, there has been a return to urbanization—countering the various redistribution reversals of the 1970s (see Figure 3-1). No longer considered a “rural renaissance,” the 1970s redistribution reversals are now viewed as the product of period economic and demographic forces that favored selected small and nonmetropolitan area growth and an industrial restructuring that reduced the job-generating capacities of many northern manufacturing centers. The new metropolitan growth patterns of the 1980s, however, are not a return to the past. They reflect continuing industrial structure shifts and favor areas with diversified economies—in particular those engaged in advanced services and knowledge-based industries. Recreation and retirement centers also fared well. Yet many small and nonmetropolitan areas, especially in the Nation’s interior, fared poorly as a result of the adverse 1980s economic influences as well as their current dependence on less than competitive industrial bases. In short, the new urbanization has created sharp economic and demographic growth distinctions across regions and places.

A second important distribution influence that gained greater force in the 1980s was the expansion of minority populations. The increased immigration from Latin America and Asia, as well as the population gains among native-born minorities, has led to a strong nationwide growth advantage for minority *viz* majority non-Hispanic white population (see Figure 3-2). Yet these national growth disparities play out quite differently across regions, metropolitan areas, and places. Although minorities (Hispanics, blacks, Asians, American Indians, and

others) have dispersed to a greater degree than in earlier decades, the bulk of minority growth is still heavily concentrated in the South and West and in select metropolitan areas. Only nine metropolitan areas accounted for 54 percent of 1980s minority growth, with the Los Angeles Consolidated Statistical Metropolitan Area (CSMA)—a “majority-minority area”—representing 20 percent. In contrast, more than two-thirds of the Nation’s 284 metropolitan areas have lower minority percentages than the Nation as a whole (24.4 percent), and 96 metropolitan areas are more than 90 percent non-Hispanic white. While each minority group exhibits different distribution tendencies, the sharp majority-minority distinction across broad regions and metropolitan areas will affect the social and political character of these areas. It also gives rise to new patterns of racial change at the community and neighborhood levels within metropolitan areas that experience sharp minority gains.

A third important distribution-related development of the 1980s is the continued outward spread of population and jobs away from the historically dominant central cities of metropolitan areas. While the “urbanization of the suburbs” is not a new theme and the suburban office boom was already noticeable in the 1970s, available evidence suggests that the broad expanse of territory outside of central cities has now become the primary activity space for the majority of metropolitan residents (Cervero, 1989). The growth of the noncentral city portion of the metropolitan area (or suburbs) resulted both from the relocation of activities outside of central cities in older northern and eastern metropolitan areas, as well as the recent growth within suburban areas of southern and western metropolitan areas where central cities never dominated, as completely, their areas’ economic and residential landscapes (see Figure 3–3). Although a journalistic account, *Edge City: Life on the New Frontier*, has popularized the existence of suburban office and commercial complexes (Garreau, 1991), available empirical research supports the view that suburban areas have captured the bulk of employment and residential growth in the 1980s, that the modal commuter both lives and works in the suburbs, and that several suburban cities have begun to rival their historically dominant central cities in the production of export goods and services (Pisarski, 1987; Stanback, 1991). This does not devalue the study of central city demographic dynamics, because these areas continue to serve specialized economic roles and house a plurality of the Nation’s minority population. America’s suburbs, themselves, however, have become more differentiated by race, class, and economic function and are worthy of more focused attention.

Each of these three broad trends—the new geography of urban growth, the increased importance of minorities, and the suburban dominance of metropolitan activities—will be emphasized in this chapter on demographic trends.

Recent National Growth

The Nation’s population continues to grow at a rate of about 1 percent a year. What is significant for future demographic change are recent shifts in the components of national

growth. The most pronounced shift is linked to the greater role of international migration (see Table 3-1). During the 1980s, well more than 8 million immigrants entered the United States as either legal aliens, undocumented aliens, or refugees. This represents the largest numeric increase via the immigration route since the 1900-1910 decade, and accounts for more than one-third of national population growth.

The greater immigration component of national population growth can, to a large degree, be attributed to high numbers of undocumented illegal aliens from Mexico and Central and South America, as well as from refugees who immigrated here from Southeast Asia, Cuba, and other countries. It is not likely, however, that this higher rate of immigration during the 1980s will taper off. Although the Immigration Reform and Control Act of 1986 (IRCA) was intended to stem further undocumented immigration, it is estimated that between 100,000 to 300,000 illegal aliens will continue to immigrate annually. Moreover, the Immigration Reform Act of 1990 will have the effect of increasing the number of legal immigrants, as well. The immigration experience of the 1980s has led the Census Bureau to revise its projections for future population growth. Primarily because of new immigration assumptions, the projected year-2000 population was revised from 268 million to 275 million. This projection, compiled in December 1992, assumes a net annual immigration of 880,000 (including 200,000 illegal aliens) for each year of the projection. The earlier 1989-based projection assumed an annual net immigration of 500,000.

The second component of demographic change that has implications for future growth is a slightly higher level of fertility. Although the 1980s' fertility levels were far below those of the 1950s and 1960s, they did not dip, as expected, when the large baby boom cohorts graduated out of their younger childbearing years. This is due to the unexpected increase in fertility among women in their late thirties. This trend is expected to continue. Moreover, the new projections assign higher fertility rates to blacks, Hispanics, and Asians than to the white population. As a consequence, the previously forecasted "zero population growth" scenario is no longer anticipated.

Beyond their significance for total population growth, the baby boom cohorts continue to make their imprint on the Nation's population age structure. Born between 1946 and 1964, these large cohorts moved into their 30s and 40s during the 1970-1980 decade. As the 1990s decade wears on, they will vacate the young adult ages—leaving behind much smaller "baby bust" cohorts to occupy the labor force entry and early homebuying ages as well as years of peak childbearing. Immigration will add, somewhat, to the population at these ages. In selected parts of the country, this will affect the size and skill levels of the young adult labor force.

At the upper end of the age distribution, the 1980s, the last of two decades showed significant increases in the retirement-aged population. The 65-and-over population grew 22 percent during the 1980s to 31.1 million in 1990, or 12.5 percent of the total population.

This has important consequences for housing, living arrangements, and medical services. The elderly population, as a whole, will not grow dramatically over the next 20 years because the smaller Depression cohorts will be entering elderhood. However, the senior population will grow dramatically between the years 2010 and 2030 when the baby-boomers enter these ages.

Another significant change in the Nation's population composition is the increase in its minority populations. There are two sources for this growth. First, the generally higher fertility rates observed for blacks, Hispanics, and Asians than for the non-Hispanic white population. Yet the dominant engine that will continue to generate significant minority population growth is immigration. This can be traced to the 1965 immigration legislation that effectively decreased immigration allotments from Europe and Canada and increased allotments for developing countries, particularly in Asia. As a result, the share of legal immigrants originating in Asian countries increased from 13 percent during the 1960s to about 44 percent during the 1980s (see Table 3-2). Latin American countries, especially Mexico, continue to account for 40 percent of legal immigrants, and almost again as many illegal immigrants. As a consequence, the expanded immigration anticipated during the 1990s will be disproportionately from Latin American and Asian origins.

The disparity between minority and majority growth rates during the past two decades can be seen in Table 3-3. During both decades, each of the primary minority groups increased its population growth with significantly higher rates than whites. If one disallows whites who are Hispanics (not shown in the table), then the white "majority" population grew by only 4.4 percent during the 1980s—in contrast to a 30.9-percent rate of growth for the combined minority populations. About three-quarters of the Asian populations' 108-percent growth can be attributed to immigration during the decade. Once heavily dominated by Japan, China, and the Philippines as countries of origin, recent Asian growth encompasses a much wider array of national origin populations (including India, Korea, and Vietnam, among others). About one-half of the Hispanic population's 53-percent growth can be attributed to immigration with the remainder accounted for by natural increase (the surplus of fertility over mortality). Mexicans made up 13.4 million of the 22.3 million Hispanic population in 1990. The remainder consist of Puerto Ricans (2.7 million), Cubans (1 million), and other Central and South American origins (about 5 million).

Although Asians and Hispanics represent the fastest-growing minorities, the black population remains the most dominant—comprising about 30 million and 12.1 percent of the 1990 U.S. population. Black fertility has declined during the most recent decade, but its natural increase is still sufficiently large to account for most of the 13-percent growth in the black population. (About one-sixth of this growth is attributable to immigration from Africa and the Caribbean). This continued sharp disparity between the growth rate for blacks, and higher immigration-generated rates for Asians and Hispanics, however, will lead to an increasingly smaller representation of blacks among both the minority and total populations. For the first

time, in 1990, blacks comprise less than half of the combined minority populations. In fact, the Census Bureau's projections for the year 2050 portray a population that is 21 percent Hispanic, 15 percent black, 10 percent Asian, and 1 percent Native American. In this scenario "majority" non-Hispanic whites would constitute only 53 percent of the total population.

Sharp differences remain among minority groups in measures of income and socioeconomic status that have triggered debates about the wisdom of current immigration practices. Blacks continue to fare worse than other major minority groups despite continued improvements. In 1990, the median household income for blacks was only 58 percent of that reported for the majority white population. The comparable percentages for Hispanics and Asians were 69 percent and 118 percent, respectively. On measures of poverty, the 1990 statistics show that 29.5 percent of blacks live below the poverty line in comparison to 25.3 percent for Hispanics and 9.8 percent for non-Hispanic whites. Although the Asian population showed higher median household incomes than the majority white population, its poverty rate was slightly higher at 14.1 percent.

Yet these comparisons camouflage the important underlying shifts emerging within each minority group. Within the black population, one finds an emerging affluent population. Black households with incomes of \$50,000 or more have grown by 73 percent during the 1980-1990 period. Such households now comprise about 12 percent of all black households—in comparison to 8.3 percent in 1980. A similar but less dramatic rise in affluent households is also observed within the Hispanic population. Moreover, the Hispanic and Asian populations are highly diverse in their socioeconomic characteristics. Cubans fare much better than Mexicans on measures of income and poverty, while Puerto Ricans fare worse than either Mexicans or the black population. The Asian population is just as diverse. While, on average, Japanese, Filipinos, Indians, Chinese, and Koreans fare as well or better than non-Hispanic whites, this is certainly not the case with many recently arrived immigrants from Southeast Asia (Vietnam, Cambodia, and Laos, for example). Immigration from Asia and Latin America will continue to make important contributions to the U.S. labor force. Taking note of this, the Immigration Reform Act of 1990 has placed greater emphasis on economic criteria, such as admitting more immigrants with needed occupational skills.

A final noteworthy national trend is the growth and composition changes of U.S. households. The 1970s trend away from traditional husband-and-wife-with-child households has continued through the 1980s (see Table 3-4). Married-couple households now represent only 56 percent of all households; married-couple households with children represent only 26 percent of all households. During the 1980s female-headed family households and nonfamily households registered the greatest numerical gains. While these trends will probably continue, the 1980s shifts were not quite as dramatic as those of the 1970s. This is due to the fact that the large baby boom cohorts have largely passed through their household formation stages. Moreover, some boomers have begun to settle into more "traditional" households as they aged into their

30s and 40s. It is anticipated that succeeding cohorts of young adults will follow the boomer patterns of delayed marriage, independent living, and single parenthood. However, the smaller size of these cohorts will contribute to slower household growth. Nonetheless, the growth in households outpaced the growth in population by 50 percent during the 1980s. Mean household size became reduced from 2.75 to 2.63 persons per household.

An important aspect of changing household composition is its link to household socioeconomic status. For many Americans, the shift away from traditional households has meant reduced incomes and higher rates of poverty. Female-headed family households have fared the worst in this transition, and the trend is most accentuated within the black population. In 1991, female-headed families had a poverty rate of 35.6 percent—in contrast to 6 percent for married-couple families and 11.5 percent for all families. Among black families, 51.2 percent of those with female heads were in poverty. The poverty rate for Hispanic female-headed families was almost as high—49.7 percent. Yet the impact of female-headed family poverty is much more severe among the black population because a far larger share of black households is included in this category—and this share continues to increase (see Table 3-5). In the total population, female-headed families account for 55 percent of all poverty families. Hence, more than one-fifth of all children live in households below the poverty level. This is the case for 45.6 percent of all black children. The links between household composition, race, and poverty are complex and will be covered in more detail in a later section. However, the demographic trends are unmistakable and portend continuing sharp inequalities across household types.

The national demographic trends discussed in this section reveal a Nation of continuing population growth, increasing diversity, and marked segmentation on measures of socioeconomic status. The sections that follow will discuss how these trends play out across the Nation's broad regions, metropolitan areas, and cities and suburbs.

URBAN POPULATION TRENDS

Trends by Population Size

National growth trends by metropolitan category provide a preliminary view of the way urbanization patterns are evolving. The data presented in Table 3-6 suggest a re-emergence of a more traditional urbanization. During the decade, the largest metropolitan areas (exceeding 1 million in population) grew at a faster rate than metropolitan areas as a whole and significantly faster than the much-reduced growth rate registered for nonmetropolitan territory (see Figure 3-4). These metropolitan category differences become even more accentuated for the 1985-1990 period when nonmetropolitan area growth is shown to be barely positive.

The recent poor performance of small metropolitan areas is confirmed when one examines the trend for individual areas that lose population. During the “rural renaissance” of the 1970s, only 23 of the Nation’s metropolitan areas actually lost population. Yet, eight of these were among the Nation’s largest industrial metropolises (with at least 1 million in population) that contributed heavily to the 1970s redistribution reversal. The number of losing metropolitan areas increased to 59 during the 1980–1985 period and again to 82 during the 1985–1990 period. However, the vast majority of these areas—36 in 1980–1985 and 59 in 1985–1990—were small metropolitan areas with populations not exceeding 250,000.

Of the eight large metropolitan areas that lost population in the 1970s, three (New York, Philadelphia, and St. Louis) began gaining again in 1980–1985, and an additional three (Detroit, Milwaukee, and Buffalo) showed gains in 1985–1990. Of the eight only Pittsburgh and Cleveland continued to lose population in the late 1980s, and their level of loss was minimal. This suggests that the deindustrialization-driven losses for these areas have run their course—lending support to the period industrial restructuring explanations of urban growth. This matter is taken up further in the later discussion of large metropolitan areas.

If metropolitan declines are becoming less pervasive among large areas and more pervasive among small ones, what about areas experiencing strong gains? If we define “fast-growing” metropolitan areas as those that grow 2 1/2 times the national growth rate, we find 59, 47, and 49 areas classed as fast-growing for the 1970s, early 1980s, and late 1980s, respectively. The number of large metropolitan statistical areas (MSAs) classed as fast-growing areas has increased from seven in the 1970s to 12 in the late 1980s:

<u>1970–1980</u>	<u>1980–1985</u>	<u>1985–1990</u>
Phoenix MSA	Phoenix MSA	Orlando MSA
Tampa-St. Pete. MSA	Dallas-Ft. Worth CMSA	Sacramento MSA
Houston CMSA	Houston CMSA	San Diego MSA
Miami MSA	Tampa-St. Pete. MSA	Phoenix MSA
San Diego MSA	Atlanta MSA	Atlanta MSA
Denver CMSA	San Antonio MSA	Los Angeles CMSA
Sacramento MSA	San Diego MSA	Seattle CMSA
	Sacramento MSA	Washington MSA
		Miami CMSA
		Charlotte MSA
		Tampa-St. Pete. MSA
		Dallas-Ft. Worth CMSA

During the same period the number of small metropolitan areas that qualified for “fast-growing” status became reduced from 38 in 1970–1980, to 22 in 1980–1985, to 14 in 1985–1990.

What the above evidence indicates is that two major redistribution reversals in the 1970s—the nonmetropolitan growth advantage and the tendency of smaller metropolitan areas to gain population at the expense of large areas—have reverted to seemingly more traditional urbanization patterns, particularly in the late 1980s. For the Nation as a whole, the largest metropolitan areas hold a strong growth advantage over those in smaller size categories, and the booming nonmetropolitan area growth of the 1970s has become almost negligible. This evidence is consistent with explanations that saw the 1970s reversals as part of a broader industrial restructuring of the American economy. The period’s deindustrialization-related declines are symptomatic of the transformation to a global economy—increasingly dominated by the multinational corporation. Within the United States traditional “heavy industries” became less labor-intensive as production jobs were phased out or exported to other nations.

Proponents of this view anticipated the re-emergence of urbanization but in different locations than in the past. Growing metropolitan areas would be those that successfully transformed their economies toward advanced services; finance, insurance, and real estate; high-tech research and development; and growing new industries. Less stable growth prospects were foreseen for smaller “subordinate cities” and nonmetropolitan areas engaged in peripheral, routine production activity that could be phased out by decisionmakers located in corporate or (in the case of defense activities) Government centers. Difficult growth prospects were predicted for areas heavily invested in “old line” manufacturing. This scenario foresaw strong growth prospects for those northern metropolises that already hold strong profiles as centers of corporate headquarters and financial services. Yet increasing South and West growth is seen for large areas that hold similar functions, specialize in new industries, and serve as recreation centers. In short, this “regional restructuring” perspective forecasted a return to population clustering in large areas constituting specific economic niches.

Nevertheless, there were strong “period effects” that had an impact on redistribution in the 1980–1990 decade, but economic dislocations were most severe during the decade’s first 5 years. The decade began with two severe recessions, an overvalued dollar, a worldwide decline in food prices, and—later on—a decline in oil prices. Our review of the entire

decade, particularly for the more tranquil 1985–1990 period, indicates that the 1980s metropolitan changes are consistent with the urbanization tendencies, foreseen by this industrial restructuring perspective.

Trends by Region

A better understanding of the redistribution reversals of the 1970s and the new reurbanization patterns of the 1980s can be gained from observing their dynamics across the four broad regions—Northeast, Midwest, South, and West. As Table 3–7 indicates, the Snowbelt-to-Sunbelt redistribution was most accentuated during the 1970s when Midwest and Northeast manufacturing sustained sharp employment cutbacks and new “homegrown” industries developed in the South and West. During this period, the two Sunbelt regions captured a majority of the Nation’s population. The trend continued through the 1980s but was less accentuated. The South no longer registered the greatest numerical population increase as the West’s gains accelerated. And while the Snowbelt (Northeast and Midwest) region’s gains lagged far behind, the Northeast showed some rebound in population growth following its dismal performance of the 1970s.

Table 3–8 permits a finer-grained analysis of the 1980s by separating the redistribution patterns into two 5-year periods and disentangling the impacts of internal migration from immigration. Internal migration patterns show that the Midwest’s net migration losses were most pronounced in the first half of the decade while the Northeast fared worse in the second half. The South’s first half net migration gain occurred largely at the expense of the Midwest. These gains became reduced in the late 1980s as the Midwest attracted back some of its early 1980s’ migrants. These data also make plain that immigration acts to “pad” gains and “cushion” losses in each of the four regions. The large overall net migration gains to the West are mostly attributable to immigration from abroad. Likewise, the Northeast would exhibit much greater net migration losses were it not for this immigration cushion. Although the South also gains from immigration, its overall net migration increase was aided, significantly, by the internal migration exchanges with other regions.

Snowbelt-Sunbelt Urban Shifts in the 1980s

The data in Table 3–9 make it plain that there was a strong linkage between the national counterurbanization shifts that occurred between the 1960s and 1970s and the accelerated

redistribution toward the Sunbelt (South and West) regions. Although large metropolitan areas in all four regions experienced lower gains or greater losses in the 1970s than in the 1960s, significant declines in large Northeast and Midwest metropolises dominated the national pattern. Similarly, the bulk of the Nation's small metropolitan area and nonmetropolitan area population gains was concentrated in the South and West.

Yet, when examined from a 30-year perspective, the national trend toward 1980s reurbanization has been coupled with a *deceleration* of redistribution to the Sunbelt. While 1980s south and west regional growth continued to outpace northern growth by a wide margin, the differential has become reduced—particularly for the South and particularly for 1985–1990. Indeed, the data in Table 3-9 and Figures 3-5-A and 3-5-B suggest a reversal of the “counterurbanization-Sunbelt growth” link that characterized the accelerated Sunbelt gains of the 1970s.

The greatest reductions in Sunbelt growth levels during the 1970s and 1980s are seen for the smaller and nonmetropolitan areas of the southern and western regions. These are the areas that contributed most substantially to Sunbelt gains in the 1970s. While nonmetropolitan areas also showed growth slowdowns in the Northeast and Midwest, these regions' largest metropolitan areas have rebounded somewhat from their 1970s declines—leading to a slight increase in the Northeast's decade-wide growth.

Patterns for individual metropolitan areas confirm these regional and urbanization shifts. Of the 85 small metropolitan areas (with populations less than 250,000) located in the South and West, 59 showed higher rates of growth in the 1970s than in the 1960s. However, only 12 of these 85 areas grew faster in the 1980s than in the 1970s, and just 15 of them grew more rapidly in the 1985–1990 period than in the early 1980s. At the other extreme, none of the 18 large Northern metropolitan areas grew faster in the 1970s than in the 1960s, but 15 showed increased growth in the 1980s and 14 of the 18 grew faster in 1985–1989 than in 1980–1985.

These shifts suggest that some of the strong period-related draws of small Sunbelt places have diminished during the 1980s and that several large Snowbelt metropolises benefited from restructuring or better economic times. Those shifts appear to become accentuated in the late 1980s and are characteristic of particular locations within the Nation's three broad

regions. A more detailed assessment of the geography of these shifts sheds light on their underlying explanations.

A Coastal-Interior Dichotomy. The Snowbelt-Sunbelt (or Northeast and Midwest-South and West) dichotomy continues to be useful for distinguishing large absolute differences in population decline and growth between these two broad regions. Yet an additional geographic distinction is useful for analyzing the recent *changes* in urbanization patterns for these regions. This distinction separates the “interior” portion of each region from its “coastal” portion. (These are approximated by combinations of census divisions listed in the Footnote to Table 3-10.)

This new geographic distinction makes plain that the observed growth declines in both the South and the West are concentrated heavily in their interior sections. These growth slowdowns are most severe for 1985-1990 in the interior South, where small metropolitan areas grew negligibly and nonmetropolitan areas declined. (See Table 3-10 and Figures 3-6-A, 3-6-B, and 3-6-C.) These shifts, along with declines in this section’s large metropolitan areas, led to a negligible level of growth (0.6 percent) for the interior South the last half of the 1980s.

Small and nonmetropolitan areas also declined in the Sunbelt’s coastal sections, although these declines were far less severe than in the interior sections. Indeed, smaller sized metropolitan areas in the southern and western coastal regions show fairly consistent levels of growth during the three-decade period. This stands in sharp contrast to the boom then bust experiences of small areas in these regions’ interior sections.

Small and nonmetropolitan areas in the northern part of the country also display disparate patterns for interior (Midwest) and coastal (Northeast) regions. While these areas showed lower levels of 1970s growth than their counterparts in the Sunbelt, Midwest small areas fared even worse in the 1980s—particularly in the early part of the decade. Nonmetropolitan areas in this section registered negligible—then negative—growth as the decade wore on. In contrast Northeast small and nonmetropolitan areas showed increased growth in the 1985-1990 period. These categories of North coastal areas grew faster than the large metropolises of the region.

The interior growth slowdowns of small and nonmetropolitan areas in both the Sunbelt and Snowbelt are strongly linked to economic period influences. The worldwide and cyclical forces that stimulated the sharp 1970s growth increases in the Nation's smaller interior areas served to turn this growth on its head in the 1980s. The weak early 1970s dollar served to stimulate labor-intensive manufacturing in the South's eastern interior region and many small Rustbelt areas. But the dollar became stronger in the early 1980s with a change in the balance of trade. This, combined with the recessions, led to reduced demand and hence, increased unemployment and disinvestment in these activities and areas. Likewise the worldwide agricultural shortages that stemmed the decline of farming areas in the 1970s turned into an agricultural surplus in the 1980s—effecting widespread declines in the rural and small-town Midwest and selected parts of the South.

Still, it was the changing fortunes of the mining and petroleum industries that had the most severe impact on communities of all sizes—in Appalachia, the mountain West, and—in particular—the Southwest. Many of these areas grew at exceptionally high rates during portions of the 1970s and early 1980s. However, with the fall of worldwide petroleum prices toward mid-decade, boom turned to bust fairly quickly in selected large metropolitan areas (to be discussed), as well as many small and nonmetropolitan areas.

The generally higher levels of growth for smaller and nonmetropolitan areas in the coastal sections of their respective regions draw from particular economic specialties such as the recreation and retirement industry in Florida, New England, and the Pacific Northwest. It is also explained by the more diversified economies these areas possess because they are more strongly linked to broader urban networks that exist in the coastal portions of their regions. Some of these areas (such as the Allentown, Lancaster, and Reading MSAs in eastern Pennsylvania) lie at arm's length from major metropolises and were able to attract both employers and residents in search of somewhat lower labor and housing costs. The growth prospects for large coastal metropolises in all three regions improved considerably during the 1980s. We will return to this point in the section on large metropolitan areas.

Individual Metropolitan Areas

The growth and decline experiences of individual metropolitan areas, like the broad patterns just discussed, reflect 1980s trends toward reurbanization, slower Sunbelt growth, and greater coastal growth within regions. Once again these trends become accentuated with the

1985–1990 period after the early decade economic shocks subsided. Table 3–11 displays the geographic location and size category of the Nation’s fastest growing metropolitan areas and declining metropolitan areas for selected periods between 1960 and 1990. Chart 3–1 lists the 20 fastest growing and declining areas for the periods 1970–1980, 1980–1985, and 1985–1990.

Declining Areas. Although the number of declining areas has increased from 21 in the 1960s to 82 in the late 1980s, the characteristics of declining areas seem to have come full circle during this period. That is, in both the 1960s and the late 1980s, the majority of declining areas were located in the Sunbelt, in the interior part of the country, and were small areas with populations less than 250,000. Of the four periods shown, the 1970s were the most distinct—when the majority of declining areas were medium or large sized and located in the Snowbelt. The latter reflects the variety of period, restructuring, and deconcentration influences that operated during the 1970s. The composition of declining areas in the 1980–1985 period reflects a spreading of Northern deindustrialization to smaller sized areas and the period-induced manufacturing declines in small Sunbelt areas.

The changing composition of declining areas between the early and late 1980s is more complex. It reflects both the later decade adaptations of Rustbelt areas to the early 1980s economic shocks and the responses of many Southwest and mountain areas to the petroleum-price declines of mid-decade. The shift of the geography of metropolitan declines was dramatic. The number of declining metropolitan areas located in the North decreased from 47 in 1980–1985 to 34 in 1985–1990, while the number of Sunbelt decliners increases from 12 to 48.

The changing composition of declining areas between the early and late 1980s points out the danger in generalizing from an area’s decade-wide growth. While the number of declining areas increased from 59 to 82 during the two 5-year periods, only 38 areas were included on both lists. The majority of these 38 areas are located in the Rustbelt, including western Pennsylvania, New York, and West Virginia, and in agricultural areas of the Midwest. Only 9 of these areas have populations greater than 250,000 and only two—Cleveland and Pittsburgh—are large metropolises. (See Chart 3–2.)

In contrast, the majority (11) of the 21 areas that shifted from decline to growth during the 1980s had populations of more than 250,000 including the three industrial metropolises of

Buffalo, Detroit, and Milwaukee. Most of these areas lie within Rustbelt and other Midwest locations—though the growth of two (Eugene, Oregon and Lansing-East Lansing, Michigan) may be related to increased student enrollments at universities.

As a group, those areas that shifted from growth to decline during the 1980s differ substantially from either the constant decliners or declining areas shifting to growth. A total of 39 of these 44 areas are located in the Sunbelt, 26 of these in the states of Texas, Oklahoma, Louisiana, Mississippi, and Alabama. Thirty-three have populations under 250,000 and only two (New Orleans and Chicago) exceed 1 million. Some of these areas showed exceptional changes in growth levels between the early and late 1980s: Anchorage, Alaska MSA shifted from +35.2-percent growth in 1980–1985 to -4.1-percent growth in 1985–1989; Odessa, Texas MSA shifted from +16.8 percent to -11.7 percent.

The shifts in declining metropolitan areas during the early 1980s to late 1980s appear to reflect, in large measure, the volatility of response of single economy areas to shifting economic circumstances. This is consistent with longer term urbanization patterns but is a departure of the “metropolis decline” pattern from the 1970s.

Fast-growing areas. The changing composition of “fast-growing” metropolitan areas over the 30-year period suggests something of a mirror image of the declining areas. Over the 1970s decade, declining areas were less likely to be small or located in interior portions of the country—while the opposite occurred for fast-growing metropolitan areas. During the 1960s and the 1970s, the number of very small areas classed as “fast-growing” increased from 24 to 38, and the number of interior region areas increased from 16 to 30. These small area gains reflected the “period” attractions associated with manufacturing, extractive industries, and large cohorts of potential baby boom and elderly migrators.

As the 1980s wore on, the growth of many small boom areas declined. The number of small areas classed as fast-growing reduced to 22 in 1980–1985 and to 18 in 1985–90—with most of this decline located in the interior Sunbelt. As with the “declining” metropolitan area category, there were significant shifts into and out of the “fast-growing” category between 1980–1985 and 1985–1990. Although 47 metropolitan areas were classed as fast-growing in the early half of the decade, 20 of these dropped below the fast-growing category for the latter half. Another 22 areas, not yet classed as fast-growing in 1980–1985, graduated into this category in 1985–1990 (see Chart 3-3).

Twenty-seven areas classed as fast-growing during *both* halves of the 1980s are located primarily in the coastal areas of the Sunbelt. Eleven are located in Florida and 7 in California. Three of the 6 interior fast growers, for both periods, are located in Texas. There is also a fair representation of large (million population and over) metropolitan areas among this group, including Orlando, Phoenix, Sacramento, San Diego, Dallas-Fort Worth, Atlanta, and Tampa-St. Petersburg.

A profile of areas that moved out of the fast-growing category in the late 1980s differs sharply from that of the stable fast-growers. Among the former a majority (13 of 20) are located in the interior portion of the Sunbelt. These include 10 metropolitan areas located in Texas and the large metropolitan areas of Houston and San Antonio. Still, most of these areas are moderate or small-sized metropolitan areas that bore the brunt of mining and petroleum downturns during mid-decade. Four such areas (Anchorage, Alaska; Lafayette, Louisiana; and Midland and Odessa, Texas) shifted from the fast-growing category in 1980-1985 to population decline in 1985-1990. Midland, Texas, for example, registered a +32.2 percent in the earlier part of the decade to a -2.4 percent over the past 5 years.

Finally, the 22 areas that moved into the fast-growing class between 1980-1985 and 1985-1990 tend to take on the profile of the consistent fast gainers discussed above. They are disproportionately located in the coastal areas of the Sunbelt and tend to be medium or large-sized areas. The large metropolitan areas, new to this category, include Los Angeles, California; Seattle, Washington; Miami, Florida; Washington, D.C.; and Charlotte, North Carolina. Two additional North Carolina areas are included in this group, reflecting research center and defense-related employment in this State. Five of the interior Sunbelt areas in this group are located in the mountain western States of Arizona, New Mexico, Nevada and Utah—areas reflecting recreation and retirement and the development of new industries. It is noteworthy that two small Midwest metropolitan areas—Lawrence, Kansas and Iowa City, Iowa—moved into the fast-growing metropolitan category in the late 1980s. Their growth, as with several other small areas on this list, reflects the presence of large universities and increased enrollments during this more prosperous part of the decade.

Large metropolitan areas. The previous discussion has emphasized how various period influences have affected the 1970s growth and late 1980s declines in many small interior region metropolitan areas. However, the changing fortunes of the Nation's largest metropolises served to shape these redistribution patterns. The heavy disinvestment in

manufacturing in many northern areas during the 1970s led to high rates of unemployment and unprecedented population declines or growth slow-downs.

Some observers saw these developments as simply short-term responses to recessionary times, aging infrastructures, and stiffer worldwide competition. They suggested that these areas would return to population gains, or at least a steady state, after the “shaking out process” had run its course. Other writers adopting the regional restructuring explanation forecasted that a metropolitan area’s recovery prospects depended on its ability to survive in an increasingly global economy where cities that hold niches as corporate headquarter areas, advanced service centers, or growing “knowledge-based” industries will benefit from agglomeration economies, in the same way that production centers and trade centers attracted population in the past. Better growth prospects were seen for areas with more diversified industrial structures than those that were heavily tied to old line industries.

The 1980s population changes for each of the 13 large Northeast and Midwest metropolitan areas, shown in Table 3-12 and Figure 3-7, tend to support the regional restructuring perspective’s scenario—though their growth is generally higher (or declines slower) than was the case in the 1970s. While most of these areas possess broadly diversified service economies according to a typology developed by Noyelle and Stanback (1984), the Nation’s premiere corporate headquarter city—New York—reversed its 1970s decline to a 1980s decade-wide gain (see Figure 3-8). Much of this can be linked to the growth in its financial services industry in the earlier parts of the decade. Similar gains or reversals are displayed for Philadelphia and Boston—areas with strong “knowledge-based” industries. Minneapolis and Kansas City did not lose population in the 1970s but, as strong service centers for their regions, experienced healthy 1980s growth.

Three areas with historically high concentrations of heavy industry—Detroit, Cleveland, and Pittsburgh—continued to register declines in their 1980s decade-wide growth. However, for the former two areas, these declines are concentrated in the early part of the decade. In the case of Detroit, the early 1980s represented the nadir of the industrial “shake-out”—coincident with the rising dollar and reduced exports (see Figure 3-8). This suggests local efforts toward restructuring have begun to pay off. Similar efforts have been undertaken within the Pittsburgh metropolitan area, but they have not yet served to stem the area’s population decline.

Within the southern and western regions, something of a paradox emerges. Those large areas that experienced the fastest 1970s growth encountered the sharpest growth slowdowns in the 1980s. One example is Denver, which benefited from 1970s and early 1980s gains extractive industry-related growth. Yet like many specialized smaller metropolitan areas in the Nation's interior, this area's growth levels plummeted in the latter part of the decade (see Figure 3-9). Other areas with high overall growth levels are tied to particular specialties (such as recreation and retirement or defense-related production) and show a great fluctuation in those levels.

On balance the most consistent population gainers in the Sunbelt are those that possess large diversified service area functions. These include areas with large international trading and financial service connections such as Los Angeles and San Francisco-Oakland and those that serve as regional and national advanced service centers, such as Atlanta, Dallas-Fort Worth, and Seattle. Many of these areas bore the brunt of recessionary- and deindustrialization-related growth slowdowns in the 1970s and followed steady—if not spectacular—growth trajectories as the 1980s wore on.

For the most part, the Sunbelt and the Snowbelt areas that possessed the most diversified economies, including large advanced service components or “knowledge-based” industries, showed the most consistent population gains over the 1980s. Many areas specializing in recreation and retirement have shown higher levels of growth for some periods but also sharp fluctuations in growth. These 1980 shifts are consistent with the forecasts of the regional restructuring perspective.

This review of large metropolitan growth shifts in the 1980s suggests that the regional restructuring perspective of large area gains has credence. Areas that serve as national or regional advanced service centers have shown the most steady population gains over the 1980s. Other more specialized metropolitan areas with spectacular but fluctuating growth levels (such as Miami, Tampa-St. Petersburg, and San Diego) are also located in coastal regions. Together, both types of areas help to account for the steadily rising 1980s growth levels in the Nation's coastal regions.

Race and Ethnic Dimensions

The Nation's racial and ethnic minority groups are becoming an increasingly strong influence on population redistribution patterns. A combined minority population (including Hispanics and races other than white) grew more than seven times as fast as the non-Hispanic white "majority" population more than the 1980s. The Asian population more than doubled from 3.5 million to more than 7 million. Hispanics grew by more than half—from 14.6 million to 22.3. Blacks, the numerically largest minority, increased their numbers by 3.5 million during the 1980s to reach a total count of almost 30 million people.

Because of these increases the minority population now comprises 60.5 million people—almost a quarter (24.4 percent) of the total population. Yet, the minorities are distributed far from evenly across the national landscape. Historically, immigrants have tended to locate in traditional "port-of-entry" areas or areas with already large concentrations of their ethnic group. Native born minorities have tended to travel well-worn migration paths, where friends and family attachments took precedence over economic opportunities. While these stereotypes have shifted slightly during the 1980s, minority redistribution patterns are quite distinct from those of the white majority. These different minority-majority patterns are likely to continue during the 1990s and lead to widening disparities in the racial and ethnic compositions of regions, metropolitan areas, and communities.

Regional and metropolitan patterns. Differences in the majority-minority compositions of broad regions and metropolitan categories are evident from the results of the 1990 census. Whites make up about three quarters of the Nation's population and represent close to that share (72 percent) in the South. Yet, the white share increases to 83 percent in the North (northeast and midwest regions) and drops to 67 percent in the West. In large metropolitan areas (with greater than 1 million population) in the West, the white share sinks to only 63 percent. This stands in sharp contrast to the nonmetropolitan North where 96 percent of the population is composed of whites. These broad patterns camouflage even greater disparities among individual metropolitan areas and nonmetropolitan communities. What is significant about the 1980s is that the minority-majority growth patterns served to accentuate these differences. Minority gains are most heavily concentrated in the rapidly growing western region and in large metropolitan areas (see Figures 3-10 and 3-11). In fact, minority populations in large metropolitan areas in the West grew by 59 percent—almost twice the national minority rate.

Each of the Nation's three largest minority groups are contributing to this pattern. Blacks and Hispanics show highest rates of gain in the West, and all three minorities show their greatest gains in large metropolitan areas. (See Figures 3-12 and 3-13 and Table 3-13.) There are some differences among the three, however. Hispanic gains are most heavily concentrated in the largest Sunbelt metropolitan areas—representing the dominant destinations for Mexican immigrants. Asian gains are most directed to large metropolitan areas in all three regions—reflecting destinations of more educated, skilled Asian immigrants who are responding to mainstream employment opportunities. Blacks, departing from past patterns, are relocating away from large northeastern and midwestern metropolises to large metropolitan areas in the South and to communities of all sizes in the West. These patterns represent the ascendancy of more blacks into the middle class, where they are following migration paths more consistent with those of the white majority. Still, there is also a strong element of return migration among both well-off and less well-off blacks relocating toward the South.

Despite these distribution differences among blacks, Hispanics, and Asians, the three minorities, together, differ sharply from the majority white population in its distribution across regions and metropolitan area categories. (See Figures 3-14 and 3-15.) Almost half of the white population is located in the Northeast and Midwest, and more than half are located outside of the Nation's largest metropolitan areas. Among minorities, less than a third are located in the northern regions, and almost two-thirds are located in large metropolitan areas. These majority-minority disparities increased over the course of the 1980s.

These disparities increased because the white population grew more slowly and with fewer disparities across geographic categories. The 1980s saw a modest shift of whites from the Snowbelt to the Sunbelt. That resulted largely from employment dislocations associated with various boom and bust areas. Sharply directed flows of elderly whites to selected retirement communities also occurred. Growth gains for U.S. whites were thus more modest and more evenly distributed across the South and West than minority gains.

Individual metropolitan areas. The minority and majority growth patterns observed across regions and metropolitan categories are even more accentuated across individual metropolitan areas. This is apparent when one contrasts those areas with the greatest absolute increases among the white majority population over the 1980s with those that show the greatest increases among minorities (see Chart 3-4). The former areas represent strong economic magnets of the 1980s—attracting whites in search of employment opportunities. The latter

areas represent the Nation's largest "port-of-entry" metropolitan areas for immigrants, and areas with very strong concentrations of minorities. Two other items to note: there is no overlap among the five metros on each list; and all five of the top minority gainers show greater increases than the top white gainer.

To make another kind of comparison, Table 3-14 shows the minority compositions of the Nation's largest 25 metropolitan areas in 1990. These range from 52.2 percent minority for Miami to 8.7 percent for Minneapolis-St. Paul. An examination of the majority and minority population change contributions shows those with large minority gains exhibit sharp changes in their ethnic makeups.

These large metropolitan area patterns serve to emphasize broader redistribution tendencies across all of the Nation's metropolitan areas. Important features of these patterns for whites and minorities will now be reviewed.

Moderate gains and declines for whites. Because the white population was not infused by a large immigration from abroad, internal migration resulted in gains for some metropolitan areas and declines for others. Five metropolitan areas increased their white population by more than 300,000 (shown in Chart 3-4), and an additional 21 showed increases of 100,000 or more. Among these 26 large gainers are retirement and recreation centers (6 Florida cities, Phoenix, and Las Vegas), large regional centers (Dallas-Ft. Worth, Seattle, Minneapolis-St. Paul, Denver), Washington, D.C., and other South Atlantic cities (Charlotte, Norfolk, Raleigh-Durham, Baltimore). Some of the latter are "high-tech" magnets as well as Austin, Texas, which is also on the list.

It is significant that only three of the 26 large white gainers are California metropolitan areas (San Diego, Los Angeles, Sacramento) and only four gained more minorities than majorities (Washington, D.C.; San Diego; Los Angeles; and Houston). Many white gainers have very small minority concentrations (Minneapolis-St. Paul; Salt Lake City; Portland, Oregon) and only one of the large white gainers (Minneapolis-St. Paul) is located in the North.

Of the 89 metropolitan areas that lost majority whites, 5 lost more than 100,000 and 31 lost more than 10,000. New York was the biggest loser (-856,000), followed by Chicago (-190,000), Pittsburgh (-182,000), Detroit (-173,000) and Cleveland (-107,000). Other large metropolitan areas (Miami, Milwaukee, and Boston) also lost white population. Most of the

smaller areas where the white population declined were located in the "Rustbelt" or "Oilpatch," midwest farming areas, and western mining areas. Still, 32 of the 89 metropolitan areas that lost majority whites gained in total population. The most dramatic example is New York, where a gain of 1.4 million majorities more than compensated for its white losses.

Patterns of white metropolitan growth and decline are, in large measure, consistent with the Snowbelt-Sunbelt, interior-coastal patterns for the total population discussed earlier. The white population, more so than the minority population, responds to economic pushes and pulls across labor markets.

Concentrated minority gains. All but eight of the Nation's metropolitan areas gained in minority populations over the 1980s, but the bulk of this growth remains heavily concentrated in a handful of areas.

The Los Angeles metropolitan area, which houses 12 percent of the Nation's total minority population, garnered 20 percent of its 1980s population growth—representing a 2.8 million minority gain. Indeed, the five top gainers (shown in Chart 3-4) accounted for 43 percent of national minority growth. Four additional metropolitan areas—Dallas-Ft. Worth; Washington, D.C.; San Diego; and Chicago each incremented their minority populations by more than 300,000, over the 1980s. Eight of these nine (excepting San Diego) are among the areas that house the top minority *total* populations in 1990. Together, these nine accounted for 43 percent of the Nation's total population, and 54 percent of the Nation's 1980s growth in that population. Each served as port-of-entry areas for new immigrants or were traditional areas for blacks. In all except one (Dallas-Ft. Worth), minorities accounted for more than half of their overall population gain in the 1980s; and in all, the minority proportions of their total 1990 populations lie well above the national average.

Still there exists a second echelon of 11 areas that gained between 100,000 and 300,000 minorities in the 1980s. Several of these (Atlanta, Phoenix, Sacramento, Seattle, Orlando, and Tampa-St. Petersburg have a smaller minority presence than the nine largest gainers, with most of their total gain coming from nonminority whites. Despite the increasing spread of the minority population over the 1980s, the bulk of minority growth is still concentrated in those areas that housed large numbers of minorities more than a decade ago.

Because of the concentrated nature of minority growth, minority composition varies widely across U.S. areas. Ten metropolitan areas have “minority-majorities” (where the “minority” population exceeds one-half). These include five small and moderate-sized metros near the Mexican border, as well as Honolulu, Las Cruces, San Antonio, Miami, and Los Angeles. An additional 69 metropolitan areas with minority shares exceeding one quarter are located largely in the Southeast, Southwest, and the Pacific Coast States, along with a few large metropolitan areas in the North and the Eastern Seaboard.

Yet the vast majority (201) of the Nation’s metropolitan areas house minority shares below 25 percent. In 97 of these, the minority share is less than 10 percent. These majority-dominant metropolitan areas are located primarily in the Northeast—west of the Eastern Seaboard, Midwest, and the upper mountain and Pacific States.

Concentrations of blacks, Hispanics and Asians. Although the three largest minority groups have spread to virtually all metropolitan areas, each remains heavily concentrated in only a few (see Chart 3-5). While recent migration patterns have directed blacks away from traditional northern metropolitan destinations, New York, Chicago, Philadelphia, and Detroit still rank among the top six black metropolitan concentrations. These traditional destinations still house almost a quarter of the Nation’s black population, and the 12 metropolitan areas with more than a half million blacks are home to 43 percent of the black population.

The black growth rates among these 12 demonstrate a distinct shift toward the Sunbelt. It is significant that Chicago’s black population actually decreased over the 1980s and black growth in Philadelphia and Detroit stood well below the national growth rate for blacks (13.2 percent). On the other hand, Miami, Atlanta, and Dallas proved to be exceptionally attractive to blacks. Other fast-growing areas, not on the list, include the southern areas: Orlando, Raleigh-Durham, and Tampa-St. Petersburg; western areas: Sacramento, San Diego, and Seattle; and northern areas: Boston and Milwaukee. The latter areas represent “second tier” northern destinations for blacks relocating away from Chicago, Detroit, or New York.

Those metropolitan areas with large black populations are generally not the ones with the greatest black percentages. While most of the top 12 areas, in Chart 3-5, house greater than the nation-wide black percentage (12.1 percent), only three—Baltimore, Washington, and Atlanta—have total populations that are more than a quarter black. There are 30 metropolitan areas with greater than a quarter of their populations black in 1990. All are located in the

South and most are small in size. Some of the larger areas in this category include Memphis, New Orleans, and Charleston.

In contrast to blacks, both Hispanics and Asians are much more heavily concentrated in large metropolitan areas. The nine metropolitan areas, with the largest numbers of Hispanics, house 58 percent of the Nation's Hispanic population (Los Angeles, alone, houses 21 percent). The four areas with more than one-half million Asians contain just over half of the Nation's Asian population. Moreover, the port-of-entry status of Los Angeles, Miami, Houston, and Dallas (for Hispanics) and Los Angeles, San Francisco, and New York (for Asians) ensures them continued high growth and concentration.

Still, the spread of these groups is evident in the fact that 29 metropolitan areas have more than 100,000 Hispanics in 1990 (up from 22 in 1980), with high levels of growth displayed in areas like Washington, D.C.; Boston; Phoenix; Orlando; and Tampa-St. Petersburg. Areas with Asian populations of greater than 100,000 have grown to 12 in 1990 (up from 5 in 1980). High Asian growth rates are seen in the majority of the Nation's metropolitan areas (from small population bases). Hence, there is both concentration and some spread of these populations. The areas with high percentages of Hispanics tend to be located in the West and in Texas. Only two metropolitan areas have Asian populations that exceed 10 percent—Honolulu (62.9 percent) and San Francisco (14.8 percent).

The explosion of minority populations—both homegrown and immigrant—is leading to a much more diverse national population. However, the trends for regions and metropolitan areas point up the sharp disparities that have emerged. Some parts of the country—smaller sized communities in the North and Midwest—are becoming “whiter” and older than the national population. At the same time, growing multicultural “port-of-entry” metropolitan areas are taking on a much different demographic character. If current trends continue, the majority-minority polarization across regions, areas, and communities will intensify. Moreover, intrametropolitan concerns associated with residential segregation, multilingual education, and political representation will be heightened in those parts of the country that have served as magnets for minorities.

Socioeconomic Characteristics

The socioeconomic characteristics of a metropolitan area are strongly influenced by its economic structure as well as other aspects of its demographic composition, such as its racial and ethnic makeup or age structure. One economic indicator, relevant to an area's socioeconomic status, is the occupation structure of its work force. The data in Table 3-15 provide a workers' occupation profile of the Nation's broad regions, metropolitan categories, and selected metropolitan areas. It distinguishes work-force shares in occupations that can be classed as: upper white collar (managerial and professional specialty occupations), lower white collar (technical, sales, and administrative support occupations), service (all service occupations), blue collar (precision production, craft, and repair occupations, as well as operators, fabricators, and laborers), and farm (farming, forestry, and fishing occupations).

The industrial restructuring patterns during the 1980s led to nationwide increases in occupations at the upper end of the hierarchy. Upper white collar jobs now represent 26 percent of the work force compared with 22 percent in 1980 and only 19 percent in 1970. Some of these gains were associated with advanced services, information processing, and high-tech industries that are proportionately located in larger metropolitan areas and the coastal regions. The 1990 profiles corroborate this pattern. Metropolitan areas over 1 million have significantly larger shares of their work force in these occupations than smaller metropolitan areas or the nonmetropolitan territory. These workers make up a particularly large share of the work force in the "world gateway" area of New York and are also well represented in the other large metropolitan areas shown in Table 3-15.

The geographic locations of lower white-collar workers tend to follow those just discussed, since they complement the activities of upper white-collar workers in similar industries. However, because they can also be found in smaller-sized distribution centers, their labor-force shares do not differ quite as sharply across size-of-place categories. At the other extreme, most classes of blue-collar occupations declined during the 1980s with the further "shaking out" of manufacturing and other labor-intensive industries. In 1990 these occupations are most heavily represented in the nonmetropolitan territory of each region and in smaller-sized metropolitan areas in the Northeast, Midwest, and South.

While no two metropolitan areas' economic makeups are exactly alike, the region and size category occupational profiles show that the largest metropolitan areas hold more favorable

mixes of growing versus declining occupations. Larger metropolitan areas are the sites of more dynamic industries and occupations, while nonmetropolitan areas are stagnating. The profiles suggest regional differences as well. However, these are not nearly as significant as metropolitan-area size distinctions. With these distinctions in mind, we will proceed to evaluate the regional and metropolitan system with respect to dimensions of human capital, income, and poverty. Because of the impact of minority populations, which is particularly pronounced in selected parts of the country, we examine separately how blacks, Hispanics, and Asians are faring in each part of the regional system.

The percent of college graduates in a population provides a good indicator of the pool of skilled labor force participants who are available in a metropolitan area. The data in Table 3-16 show how widely regions and metropolitan categories differ on this indicator. Nationally, about 20 percent of the population graduated from college in 1990. (The educational attainment statistics cited here pertain to the population aged 25 and above.) Yet within each region, the percentages are greater for large metropolitan areas and significantly lower for nonmetropolitan residents. The latter low levels are attributable to both selective out-migration, and an older population. (Higher levels of education are more characteristic of the most recent birth cohorts). Large metropolitan areas located in the Northeast and West show greater education levels than those of the Midwest and South. These regional and metropolitan size differences in educational attainment are generally consistent with the geographic variations in occupations discussed above. They are also shared, generally, by the white population.

Each of the three minority groups show different national levels of educational attainment. Thirty-seven percent of Asians aged 25 and above graduated from college in 1990—well above the figure for whites. The respective statistics for blacks and Hispanics are 11.4 percent and 9.2 percent, respectively. However, the regional-metropolitan size variations in educational attainment do not exactly replicate those of the total population. West-region blacks show a higher percentage of college graduates than the other regions for all size categories of metropolitan and nonmetropolitan residence. This is attributable, in part, to the selective migration of blacks to the West in recent decades, away from more traditional metropolitan communities in the South and metropolitan northeastern and midwestern areas. In contrast, both Hispanics and Asians displayed lower overall educational attainment levels in the West than in each of the other three regions. This is attributable to a higher percentage of less-educated recent immigrants to this region. Asians, in particular, show an appreciably

higher representation of college graduates in the Northeast and Midwest. For both of these groups, the relationship between metropolitan-area size and educational attainment does not hold in the two northern regions.

Most of the eight selected metropolitan areas shown in Table 3-16 display a higher representation of college graduates than the national average, with a few exceptions. One of these is Detroit for whites, blacks, and the total population. This is attributable, in part, to selective migration in response to declining employment opportunities in recent decades. In contrast, Denver shows the highest college-graduate percentages, largely for the opposite reason. As with the broad patterns, black educational levels are uniformly higher in the four southern and western metropolitan areas than in those of the Northeast and Midwest. The reverse is true for the Asian population. Among Hispanics, there is wide variation across the metropolitan areas. Chicago, Dallas-Fort Worth, and Los Angeles representation of college graduates lies well below the national percentage for Hispanics. The other extreme, Atlanta's small Hispanic population, is among the most educated in the country.

While national educational levels improved considerably over the past two decades, it is important to isolate areas that lag behind. Table 3-17 shows geographical variations in the percent of population aged 25 and above that has not obtained a high school education. Patterns are, generally, the reverse of those just discussed. However, it is important to emphasize the significantly low levels of educational attainment associated with nonmetropolitan territory in the South. This is the case for the total population as well as for whites, blacks, and Hispanics. In general, Hispanic education attainment levels are appreciably lower than the other races—slightly more than half, nationally, have not graduated from high school in 1990. This can be attributable to the recent immigration status of Hispanics, and low levels are most pronounced in the nonmetropolitan South and in the metropolitan West. They also can be found in selected large port-of-entry metropolitan areas. For example, well over half of Hispanic adults in Los Angeles, Dallas-Fort Worth, and Chicago have not completed high school.

Overall patterns of per capita income, across regional and metropolitan-area size categories, tend to follow the geographic variations of occupation and education. That is, areas with high shares of upper white collar jobs and well-educated populations have greatest levels of per capita income. The 1990 per capita income of the U.S. total population is \$14,420. This is exceeded by large metropolitan areas in each of the four regions as well as by smaller

metropolitan areas in the northeast region (See Table 3-18). Within each region it is the nonmetropolitan territory that displays lowest income. However, there are systematic differences in these patterns across regions: northeastern and western region per capita incomes are somewhat higher than those of the Midwest and South. Among the eight selected areas shown in Table 3-18, New York's per capita income lies well above the others.

Geographic variations in per capita income, for each race and ethnic group, do not always follow the patterns for occupation and educational attainment. For whites, as with the total population, income increases with metropolitan-area size category and is highest in the Northeast and West. Among blacks, Hispanics, and Asians, national per capita income levels are not as disparate as were their measures of educational attainment. The 1990 national per capita incomes of blacks and Hispanics are nearly identical, and Asian income lies below that for the white population. The minority group's regional and metropolitan size variations also conform, more closely, with those of the total population. That is, for each group, incomes for the South and Midwest are lower than those for the West and Northeast. (Unlike the other groups, the western region's incomes are highest for blacks). Also, each minority's income is highest in large metropolitan areas within each region. These metropolitan area size-income relationships are much more consistent than those shown for metropolitan size and educational attainment. Nevertheless, New York does not exhibit the highest per capita income (among our selected metropolitan areas) for each minority group. For blacks, per capita incomes were greatest in the Los Angeles metropolitan area. For Hispanics and Asians, incomes were greatest in Atlanta and Detroit, respectively—areas that housed relatively small numbers of Hispanics and Asians.

The poverty level of a population represents, perhaps, a more meaningful policy dimension of its socioeconomic status. Defined as the percent of persons living in poverty, Table 3-19 displays geographical variations on this measure. Nationally, 13.1 percent of the 1990 population lives in poverty situations. This represents a decline from the 1980's decade poverty peak of 15.2 percent in 1983, although there has been a slight increase in the poverty level since the 1990 census. What is significant in the data in Table 3-19 are the sharp geographic variations in the incidence of poverty. The only areas with poverty levels greater than the national rate are smaller and nonmetropolitan areas of the South and West. With more than one-fifth of its population classed at the poverty level, the nonmetropolitan South presents the area of greatest concern. It is also the area (shown in earlier tables) with lowest per capita income, lowest education attainment, and the highest percentage of blue collar

representation in the work force. While several metropolitan central cities display even higher poverty levels than this (to be discussed later), the nonmetropolitan South is an area with great structural difficulties. Although less severe, the nonmetropolitan West and small metropolitan areas of both the South and West represent similar situations. At the other extreme, it is noteworthy that large metropolitan areas in all regions and the Northeast, in general, display poverty levels that are below the national average. Some individual metropolitan areas are exceptions. For example, Los Angeles displays a 1990 poverty level of 13.1 percent—the national level.

While the white population tends to follow national variations across region and metropolitan area groupings, there are some differences among minority groups. Black poverty levels tend to be highest in the Midwest as well as in the small and nonmetropolitan South. The high Midwest poverty levels are exacerbated by manufacturing job losses in recent decades. On the other hand, blacks residing in the West show lower poverty levels below their national 29.5 percent. Hispanics, displaying a national poverty level of 25.3 percent, show greatest incidences of poverty in the nonmetropolitan South and in small metropolitan areas of the South and Northeast. (Poverty levels are particularly high among Puerto Ricans in the latter region.) The national poverty level for Asians (at 14.1 percent) is greater than the national poverty rate or that for whites. This can be explained by the recent immigration of less-well-off immigrants and refugees from Southeast Asia who have tended to settle in smaller and nonmetropolitan areas in all parts of the country. Poverty levels associated with these groups are particularly high in the Midwest. Hence, the poverty variations in the broad minority groups—blacks, Hispanics, and Asians—do not vary in uniform ways across national geographic categories.

INTRA-METROPOLITAN PATTERNS

The demographic dynamics between central cities and their suburbs have altered over the past 20 years. Just as the 1970s represented a “transition decade” for the Nation’s regional and metropolitan population shifts, there was also a transition in the central city-suburb redistribution dynamic *within* metropolitan areas (Frey and Speare, 1988). The slowdown in metropolitan-wide growth led to lower rates of suburbanization than in the 1950s and 1960s (see Table 3–20.) The central cities of these areas bore the brunt of much of the metropolitan-wide decline. Several central cities—St. Louis, Buffalo, Cleveland, and Detroit—lost more than one-fifth of their population during that decade. The impact of these

patterns on central cities has been mixed. The strong racial and social status selectivity that characterized the massive immediate post-war suburbanization started to dissipate as black suburbanization began in earnest and as pockets of white gentrification evolved in some of our more cosmopolitan cities. The “black city-white suburb” image showed some signs of fading, though not enough to curtail the emergence of other kinds of pockets—ghetto poverty.

The experience of the 1980s shows a continuing slowdown in the rate of overall suburban growth. However, the majority of the Nation’s metropolitan population (63 percent) already resides in the suburbs where some of our fastest growing individual communities are located. What will become of central cities, particularly in some of our older, larger metropolitan areas? Recent patterns suggest that some will become specialized, gentrified “nodes” within larger multicentered metropolitan areas. Yet, many central cities will become more racially diverse as they house growing concentrations of the new immigrant and minority groups.

City-Suburban Trends

The 1980s rises in metropolitan growth served to attenuate the declines and growth slowdowns many large cities sustained during the 1970s. This is evident from Tables 3-21 and 3-22, which shows trends for the dominant central cities and surrounding areas (suburbs) of the Nation’s metropolitan areas. (The central city-suburb comparisons in this section pertain to central cities and metropolitan balances of 320 MSAs, Primary Metropolitan Statistical Areas (PMSAs), and New England County Metropolitan Areas (NECMAs) defined by the Office of Management and Budget as of June 30, 1990.)

Patterns among the 25 largest metropolitan areas that are particularly noteworthy are shown in Table 3-21. Of the 18 central cities that lost population during the 1970s, six (New York, Boston, Minneapolis-St. Paul, Kansas City, San Francisco-Oakland, and Seattle) displayed gains in the 1980s, and all but one (Denver) of the remaining 14 displayed reduced losses. On the other hand, four of the growing 1970s central cities showed smaller gains in the 1980s (Houston, Miami, Tampa-St. Petersburg, and Phoenix). Each of these are located in Sunbelt areas that sustained reduced metropolitan-wide 1980s growth.

There are two primary reasons why the larger central cities have rebounded from their 1970s losses. One has to do with the economic functions some of these cities possess, which

dovetailed with secular patterns of corporate growth and related advanced service industries during the 1980s. Cities that serve as headquarters of corporations and related finance, insurance, and real estate (FIRE) industries tended to grow in employment and population. A case in point is New York, where the metropolitan area's population growth became strongly concentrated within the central city (particularly within Manhattan) where many of these employment opportunities grew. On the other hand, those cities located within metropolitan areas where such industries are less prominent or less centralized did not rebound as well. (Detroit's experience is a good case in point.)

A second continuing source of large city growth accrues from the accelerated immigration to prominent "port-of-entry" cities. Immigrant minorities to the United States are more likely to locate in the central city than the general population. As a result, large immigrant streams to areas like Los Angeles, New York, San Francisco, and Miami contributed to the central cities' growth as well as their diversity.

Race and Ethnic Patterns

The "black city-white suburbs" image of many metropolitan areas was fostered during the 1950s and 1960s by the substantial "white flight" of the period, coupled with the continued black migration to largely city-only destinations. Today's city-suburb racial compositions are far more diverse than in those decades for two reasons.

First, the rising infusion of new immigrant populations, particularly Hispanics and Asians, have added considerable racial and ethnic diversity to many of our largest central cities and their suburbs. As just discussed, these groups tend to locate heavily in selected metropolitan areas and are more likely to reside in the central cities of those areas than only in the majority white population.

Second, a small but detectable black suburbanization movement began in the 1970s. This was facilitated by the improved economic circumstances of blacks and some reduction in the levels of racial discrimination in the housing market affected by provisions of the Civil Rights Act of 1968. This small suburbanization has not been sufficient to erase decades of racial residential separation, and high levels of community and neighborhood segregation between blacks and whites still exist. Still, the black suburbanization phenomenon has taken root, though to a greater degree in some areas than in others.

The city-suburb dynamic of majority-minority shifts within the Nation's largest metropolitan areas can be seen in Table 3-23. These data make plain that "white flight" is alive and well in the 1980s. All but four of these central cities lost majority whites during the decade, though the losses were most accentuated in northern and selected central and southern cities. Detroit's and Miami's losses of whites led all other cities by a wide margin.

These data also make plain that minority populations were primarily responsible for the improved central city showings in the 1980s. All but five central cities of these large metropolitan areas gained minorities over the 1980s. The substantial gain accruing to Los Angeles, San Francisco, New York, Boston, Dallas-Ft. Worth, Houston, and Seattle altered these cities' demographic growth patterns considerably.

However, it is also significant that the rate of minority growth in the suburbs is substantially higher than in the city. While these higher suburban growth rates represent smaller aggregate numbers (due to the often tiny suburban minority population bases), they signal a continued suburbanization of minorities in large metropolitan areas.

The overall impact of these selective majority and minority population changes has been to perpetuate the difference between the central cities' minority composition and that of the remainder of the metropolitan area. (See panel 1 in Table 3-23.) The minority of central city populations is generally much higher than those of their surrounding suburbs. This is less the case in western metropolises, owing to the more sprawling, over-bounded central cities, but it is quite distinct in most northern and southern metropolitan areas. Eleven of these metropolitan central cities have populations comprising "majority-minorities"—led by Miami (83 percent), Detroit (70 percent), and Atlanta (65 percent). None of the surrounding suburbs have minority shares that high, though the multi-ethnic suburban areas surrounding Miami and Los Angeles have approached "majority-minority" status.

Have the redistribution patterns of the 1980s made central cities even more distinct from their suburbs? The data shown in the last panel of Table 3-23 show mixed patterns across metropolitan areas. The experience of metropolitan areas in the West is different than the other regions (see Table 3-24). Their absolute dissimilarity indexes are much lower than those for the North, and the changes, over the 1980s, are relatively modest.

The decade shifts among large southern metropolitan areas are most interesting. Most of these areas show modest changes in their dissimilarity indexes, resulting from both white suburban flight and minority city gains. Yet Washington, D.C., and Atlanta represent notable exceptions. These areas displayed some of the highest disparities in 1980 and showed sharp declines since that time. Washington, D.C.'s decline resulted from its continued attraction of middle class whites to already gentrified parts of this government city. At the same time, the city's minority population decreased, largely through black suburbanization into neighboring Prince George County, but also dispersed relocation of all minorities to different parts of the metropolitan area. By gaining central city whites and losing minorities, Washington, D.C., is unique among all large central cities.

The majority-minority shifts just reviewed camouflage somewhat different patterns among different racial and ethnic groups. The patterns for the specific groups—Hispanics, blacks, and Asians—can be found in Table 3-25 for 25 large individual metropolitan areas. In general, they show that blacks are much more concentrated in central cities than are Hispanics and Asians, and that Asians are the least concentrated of the three groups. It is also clear that city-suburb separation by race and ethnicity is much lower in the West than in the other three regions. Because northeastern and midwestern metropolitan minority populations are most heavily composed of blacks, overall majority-minority disparities are highest in northern metropolitan areas and have increased most since 1980. City-suburb majority-minority disparities are lowest in western metropolitan areas and have not increased much over the 1980s. This is significant because western metropolitan areas have grown most substantially as a result of recent immigration from Latin America and Asia.

Although city-suburb racial disparities deserve emphasis, it is also important to note that all three major minorities—blacks, Hispanics, and Asians—are suburbanizing in all regions of the country. Because of different mixes of minorities and different historical growth patterns, minority residential changes across communities and neighborhoods *within* the suburbs take different forms in different regions. New evidence from the 1990 census (not shown) points up the following suburban scenarios:

- Older metropolitan areas, with suburbanizing blacks, and new minority groups, showing further redistribution of whites to outer suburbs (examples: New York, Philadelphia).

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- Western and southwestern metropolitan areas, with multiracial mixes, exhibit lower levels of neighborhood segregation during new dynamic transition patterns and “majority-minority” suburban cities (example: Los Angeles).
 - Minority (largely black) growth and suburbanization in several southern metropolitan areas (example: Atlanta).
 - Extreme patterns for individual areas: 1950s style black city concentration, white suburban flight (example: Detroit); white city gains coupled with suburban dispersal of minorities (example: Washington, D.C.).

These different scenarios suggest that the new contexts for suburban racial change will emerge within the suburbs of our Nation’s sprawling metropolises. The way they get played out will have a long term effect on the economic, social, and political development in communities that are now just evolving.

Socioeconomic Characteristics

The continued suburbanization of whites and the new suburbanization of minorities suggests that the socioeconomic status gap between central cities and suburbs should be increasing. This section reviews the current state of this gap for metropolitan areas in different regions and of different sizes. The status dimensions to be evaluated are educational attainment, per capita income, and poverty level.

The data in Table 3-26 display city-suburb disparities measured by percent of college graduates of their respective populations that are aged 25 and above. The typical stereotype of high-status suburbs contrasted with low status central cities may be accurate for some measures, but does not uniformly apply for percent-college-graduates. Nationally, only a slightly higher percentage of suburbanites (22.8 percent) are college graduates than are central-city residents (21.9 percent) However, this camouflages more distinct patterns that are evident for specific regions, size classes, and racial groups.

The stereotypic pattern, with the suburban advantage, is sharpest in the Northeast and Midwest, in large metropolitan areas, and for minority groups. However, for areas that tend to be smaller, located in the South and West, and among whites, there is a tendency for the

central city to show a greater college graduate percentage. These regional and size class distinctions are consistent with historical patterns of urban development. Older, larger areas in the North have a history of sharper city-suburb disparities owing to decades of suburban development and selective population movement. In smaller and newer areas, central cities encompass a greater share of the metropolitan population and, often, annex territories as development expands outward.

The reverse status gap, shown for whites in most categories, can be explained by both gentrification and the aging of suburban populations. That is, as in earlier decades, well-educated white young professionals tend to locate in central city residences during their early adult years. This, compounded with the selective "flight" for a cross-section of whites increases the percentage of college graduates in the central city (as well as the percent of poorly educated whites who are unable to move out). Within the suburbs, older typically less well-educated cohorts of whites take up an increasing share of the population and serve to reduce college graduate representation in the suburban population. Still another factor is involved in many smaller and nonmetropolitan areas. Here, much of the "suburban" territory includes broad stretches of semi-rural communities. The socioeconomic characteristics for whites in these suburbs are weighted down by the residents of these communities. This explanation also accounts for the reverse status gap shown for blacks, Hispanics, and Asians in these smaller places.

Aside from these places, all three minorities tend to display the stereotypic positive suburban-central city status gap which represents a recent, selective movement of well-educated minorities to suburban communities. This tendency, for each minority group, is most evident in large metropolitan areas. A good example of the disparate racial patterns can be seen in Chicago. Here, the suburbs hold the advantage with college graduates overall (27.9 percent versus 20.5 percent). This represents patterns of blacks, Hispanics, and Asians in the metropolitan area. Among whites, there is a central city advantage in the representation of college graduates.

While suburbs do not always hold the advantage over central cities with respect to college graduate representation, generally they do have a much smaller percent of the population that did not graduate from high school (see Table 3-27). The most extreme differences occur in large metropolitan areas in the Northeast. Here, almost a third of central city adults (aged 25 and above) have not completed high school in comparison to 17.5 percent in the suburbs.

Nationally, 27 percent of central city adults and 20.4 percent of suburban adults attained less than a high school education. Although this city-suburb gap is larger for the three broad minority groups than it is for whites, whites show a disparity in the same direction.

Major exceptions to this general pattern occur in many medium and small-sized metropolitan areas in the South and West. Again, because of the semi-rural and sometimes agricultural tradition of these suburban territories, suburban educational attainment is often lower than in the central cities. This is the case for whites as well as minorities. However, some of the lowest minority levels of education attainment can be found in the suburban portions of smaller metropolitan areas of the South (for all three minorities) and West (for Hispanics and Asians). In fact, the types of areas with lowest education attainment levels tend to be the central cities of large metropolitan areas and the suburbs of smaller southern and western areas. Among the individual metropolitan areas displayed in Table 3-27, Los Angeles shows the highest suburban level of non-high school graduates. This is the result of its fairly heterogeneous suburban community which includes a high percentage of minority populations.

The central city-suburb status gap on the measure, per capita income, conforms much more closely to conventional stereotype than was the case with education attainment (see Table 3-28). Nationally, suburban per capita income is \$16,507 as compared with \$13,840 in the central city. The gap is larger in the Northeast and Midwest than in the South and West, increases with metropolitan-area size, and is more pronounced for minorities than for whites. Yet it is evident for most comparisons and in most individual metropolitan areas. A major exception, worthy of note, occurs for whites in several southern and western metropolitan areas. This reflects a traditional tendency for wealthy whites, in large metropolitan areas for these regions, to reside in prestigious central-city neighborhoods at the same time that more middle-class families tend to suburbanize. Within the smaller metropolitan areas of these regions, lower white suburban incomes are another reflection of the rural character than often exists there. Overall, however, the "reverse" city-suburb status gap is much less evident for minorities than for whites with respect to income.

An even more consistent city-suburb status gap across regions, metropolitan-area sizes, and races involves the relative rates of poverty incidence. For virtually all comparisons shown in Table 3-29, the central-city poverty rate exceeds that for the suburbs. Nationally, 18 percent of the central city population is classed in poverty, compared with 8.1 percent in the suburbs.

Unlike the other status measures discussed here, the city-suburb status gap on the poverty dimension results largely from the variations in suburban poverty—as the higher central-city poverty levels hover within a narrower range. Nevertheless, cities do vary in their poverty levels as a result of their region, size category, and racial compositions. The poverty level for Detroit's central-city population is a relatively high 30.2 percent. While indicative of the difficult economic conditions in the city, it also reflects the high levels of poverty that exist within Detroit's large black population.

Poverty gaps between central cities and suburbs tend to be larger in the industrial North than in the Sunbelt, as well as for the largest metropolitan areas in each region. These patterns can be attributed to the generally higher suburban poverty levels in the South and West and in smaller metropolitan areas. While these broad patterns are also evident for the white population, they are not replicated in the same way for each of the three minorities.

Black poverty levels tend to be highest in the central cities of the Midwest and South and for small metropolitan areas in the Northeast. Their city-suburb poverty gaps are highest for larger metropolitan areas in the two northern regions and for large southern metropolitan areas. Hispanic central-city poverty levels are greatest in the Northeast and small metropolitan southern areas. Their city-suburb poverty gap is most extreme in the large and medium-sized metropolitan areas of the Northeast. Asian poverty levels are highest in central cities of the Midwest and smaller metropolitan areas of all regions (the latter reflecting destinations for recent Southeast Asian immigrants). Their city-suburb poverty gap is sharpest in the Midwest and smallest in the West.

Despite variations by geographic category and race, it is clear that the metropolitan poverty population is more heavily concentrated in central cities than in suburbs. As was discussed earlier, poverty concentration is also prevalent in selected nonmetropolitan parts of the country. The connection between poverty, race, and location is an important one that has implications for individual communities and entire metropolitan areas. These linkages are taken up in a later chapter of this volume.

The Suburban Metropolis

A plurality of the Nation's urban population now lives in the suburbs. While the central city-suburban growth dynamic has been reduced in recent decades, redistribution across

communities within the suburbs has intensified. Suburbs continue to grow through both spatial and demographic change. Spatial change occurs with the outward spread of population, leading to a reclassification of territory from rural to urban. At the same time, many of the individual suburban communities have experienced phenomenal rates of growth. Over the 1980s, 17 of the 25 fastest growing places (with populations greater than 100,000) were suburban communities (see Table 3-30). The suburbs—as currently classed by Federal statistical definitions—now represent much more than adjunct clusters of bedroom communities. Over the past two decades in particular, these areas have evolved into the primary activity space for metropolitan populations and are fast becoming dominant locations for metropolitan economies.

Clearly since 1970, employment suburbanization, which followed residential suburbanization, accelerated in both scope and character. It was during the 1970s that the balance of metropolitan jobs shifted from the central city to the suburbs in many older metropolitan areas. It was also during this decade that the suburbanization of nonmanufacturing jobs outpaced those for manufacturing jobs in these older areas (Frey and Speare, 1988). This included many white collar office and service industry jobs that heralded the beginning of the “suburban office boom” (Cervero, 1989).

The suburban employment gains of the past two decades have been associated with a new area of metropolitan economic development where suburban employment centers have begun to compete with historical central cities. In a recent study of selected large metropolitan areas, Stanback (1991) finds that many communities have taken on service activities such as wholesaling and business-related services that were previously concentrated in the central city. Still other suburbs, labeled “suburban magnet” areas, house high-tech and office complexes, divisional offices, sales centers, and, sometimes, headquarters for large corporations. They are surrounded by a complement of hotel, retail, and entertainment complexes that are located within ready highway access to other parts of the metropolitan area. (A list of suburban magnet counties, identified by Stanback, is shown in Table 3-31.)

Recent studies taken in a variety of metropolitan areas point up the rise of “suburb-only” activity spaces resulting from the post-1970 suburban spread of employment and development (Hartshorn and Muller, 1986; Cervero, 1989; Garreau, 1991). In many large metropolitan areas, the majority of residents both live and work in the suburbs (Pisarski, 1987; Frey and Speare, 1988). At the same time, central city employers are becoming more dependent than

ever on suburban in-commuters to fill jobs that require higher education and skills (Stanback, 1991).

The continued suburban spread of population, the post-1970 spread of employment, and the new suburban relocation of large numbers of minorities is leading to an increasingly heterogeneous suburban territory that has become the more dominant portion of the metropolitan area. Suburban communities, within this territory, are displaying disparate patterns of growth and decline, land use mixes, racial and ethnic transition patterns, and accompanying planning and governance issues which argue for a focus on *intrasuburban* demographic changes over the next decade. These changes are especially complex for expansive suburban communities encompassed within our largest metropolitan areas. This is illustrated by recent demographic shifts occurring in the suburban portions of the greater New York metropolitan region (see Maps 3-1, 3-2, and 3-3 and Table 3-32).

The New York CMSA (Consolidated Metropolitan Statistical Area) can be seen as the combination of 12 component PMSAs that represent the broader commuting field of the New York metropolitan region. Demographic patterns show that those PMSAs with greatest population growth are located on the periphery of the metropolitan region. These include the Orange County, New York, PMSA, the Danbury, Connecticut, PMSA, and the New Jersey PMSAs (Middlesex-Somerset-Hunterdon and Monmouth-Ocean). Map 3-2 shows that the very highest rates of growth occurred in the outer counties of these PMSAs—indicating increasing gradient of outer population growth. This growth has even begun to spill into adjacent metropolitan areas ranging from New Haven-Meriden, Connecticut, to Allentown-Bethlehem, Pennsylvania, (see lower portion of Table 3-32).

The minority spread across the more suburban PMSAs of the New York region is also evident here. Of the 19 counties that lie outside the city of New York, 11 showed a pattern of minority gain coupled with nonminority white loss. These are located within the inner PMSAs including Jersey City, Newark, and Bergen-Passaic, New Jersey, and Stamford, Connecticut, as well as two suburban counties (Weschester and Rockland) within the New York PMSA. The remaining suburban counties showed growth in both minority and majority populations, where the former was always higher. Still, more dramatic shifts in the inner counties lead to the outward gradient in minority composition shown in Map 3-3.

The other selected characteristics of households and housing for the New York region's PMSAs point up the fact that only the very outer portions of this region conform to the earlier stereotypes of suburbia. As of 1990, these outer areas have high rates of growth, low percentages of minorities, and greater than average shares of children, married couples, and owned homes. Yet, the much larger part of New York's regional population that lies outside the central city represents a wide range of demographic and housing characteristics.

Similar patterns of suburban growth are occurring within all of our major metropolitan areas. Indeed, the pace and nature of these changes are even more dramatic in areas which are receiving large numbers of minority and majority populations through both immigration and internal migration (such as Los Angeles or San Francisco). In contrast to the situation in many of our central cities, there is still the opportunity to influence the direction of suburban development in these fast growing areas. Hence, close attention needs to be paid to the emerging dynamics of demographic change across the Nation's suburban territory.

CONCLUSION

Three demographic trends that defined urban distribution patterns in the 1980s, should continue through the next decade. The first of these trends was the new geography of urban growth, which saw a re-emergence of gains to large metropolitan areas and selected geographic locations, tied to particular industrial specialties. The second trend involved a sharp division between regions and areas that attracted large shares of the Nation's growing minority populations and the areas which remained predominantly white. A third dominant trend of the 1980s involved redistribution within metropolitan areas. The suburban portion of these areas is becoming the more dominant location for residences, jobs, and daily activity patterns. Within old larger metropolitan areas, in particular, central cities are playing a smaller economic role, while they continue to have disproportionate shares of metropolitan minority populations.

Associated with these trends are the following specific changes:

- In contrast to the previous decade, nonmetropolitan growth during the 1980s dropped considerably while metropolitan gains increased. Large metropolitan areas, as a group, registered higher gains than smaller sized metro areas.

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- These trends toward reurbanization became more accentuated in the late 1980s. Twenty-four of the 39 areas with populations exceeding 1 million grew at a higher rate in the late 1980s than in the early 1980s, and the nonmetropolitan population grew only negligibly.
 - Sunbelt region growth slowed modestly during the 1980s, particularly in small interior areas and in the South. However, this interior growth slowdown is countered by continued strong growth of large and moderate-sized metropolitan areas in the coastal portions of the Sunbelt.
 - The shift to slower Sunbelt growth was also accentuated in the latter part of the 1980s. Only 12 of the Nation's declining metropolitan areas were located in the Sunbelt during the first half of the 1980s. That number quadrupled to 48 in the 1985-1990 period. Most of these declining areas were located in the interior portions of the South and West.
 - The late 1980s showed a small revival of growth for some small midwestern metropolitan areas that sustained declines in the 1970s and early 1980s. Other moderate-sized northern metropolitan areas, at arm's length from the Eastern Seaboard's metropolises, registered increased gains in the late 1980s.
 - Boom and bust growth experiences of nonmetropolitan and small communities over the past two decades can be explained by economic cycles and worldwide shifts in the demand for raw materials and natural resources.
 - The growth patterns for moderate and large-sized metropolitan areas have been linked to industrial transformations in the Nation's economy. The most consistent 1980s growth occurred in areas that served as advanced service and corporate headquarters centers that specialized in knowledge-based industries and in specific "high-tech" activities. Slower growth and declines were observed in areas that were tied to old-line manufacturing, to declining industries, or were heavily specialized in activities that were subject to cyclical influences.
 - Nonminority whites show different distribution patterns that are distinct from new fast-growing minorities. They are more heavily concentrated in the North, in smaller and nonmetropolitan areas, and in suburban rings. Small shifts from their earlier distributions

were motivated by economic dislocations associated with various boom and bust areas, and sharply directed flows of the elderly to selected retirement communities.

- The bulk of minority population growth is heavily concentrated in a few port-of-entry metropolitan areas with already large minority populations. This concentration serves to accentuate the minority-majority distribution disparities across regions and metropolitan areas. One group deviating from this pattern is blacks, who are continuing their movement away from traditional northern metropolitan area destinations of earlier south-to-north black migrants.
- Minorities compose about a quarter (24.4 percent) of the total population, but they make up a greater share of populations in large metropolitan areas and in the South and West. Smaller and nonmetropolitan areas in the North have larger shares of nonminority whites. Most of the Nation's metropolitan areas have majority white shares that lie well above the national average.
- The prognosis is one of continued disparity between minority and majority populations. This could lead to wide differences across regions and demographic characteristics ranging from age structure, dominant racial and ethnic identification, and income levels. These extremes might range from aging, white nonmetropolitan and small communities in the Midwest versus young, vibrant, multicultural metropolitan areas in the West and South.
- Within metropolitan areas, the 1980s saw a moderation of the central city declines and growth slowdowns that characterized the 1970s. However, the plurality of the Nation's metropolitan areas has already relocated to the suburbs. Within large metropolitan areas, city gains are almost totally attributable to the growth of minority populations.
- America's suburbs are becoming the predominant "locus of activity" for residents and workers. With the increased spread of jobs and the rise in minority suburbanization the Nation's suburban territory has become more heterogeneous than its central cities.

Many of the trends reviewed here should continue during the 1990s. There will be sharper distinctions in rates of growth and decline across communities, regions, and metropolitan areas. These distinctions will be compounded by disparities in the racial and ethnic character

of these areas, which is linked to their age structure, labor force composition, and consumption behavior. The continued viability of each metropolitan area is dependent on how its industrial base relates to emerging changes in the national and global economy. Within metropolitan areas there will continued to be concern about equity in access to jobs, housing, and community services. However, these concerns no longer involve a simple central-city suburban distinction. The increasing dominance, both economically and geographically, of America's suburbs requires that greater attention be paid to issues related to community growth, decline, and diversity *within* the suburbs, as well as the central city.

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SOURCE FOR FIGURES AND TABLES

Unless otherwise noted, the source for all the tables, charts, figures, and maps in Chapter 3 is the Population Studies Center, The University of Michigan.



Figure 3-1
U.S. Metropolitan Growth Trends, 1960-1990

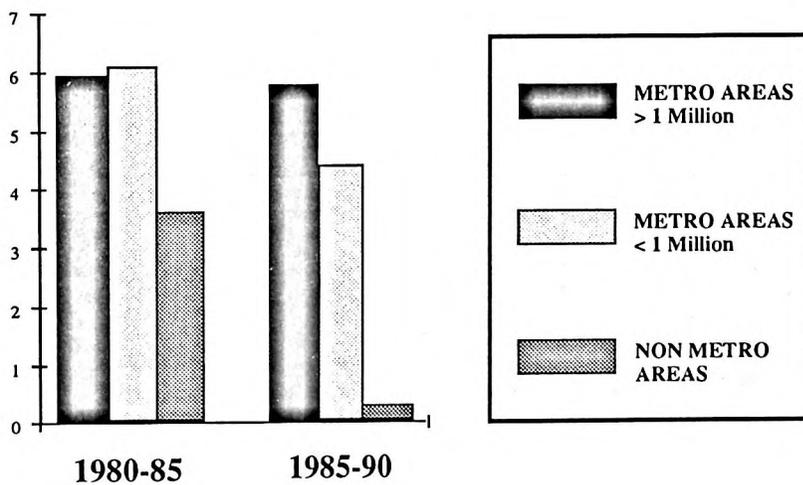
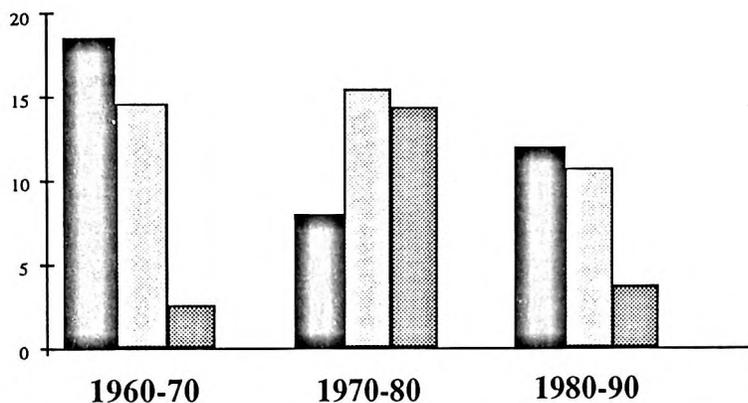


Figure 3-2
1980-90 Percent Change for Total Population,
Non-Hispanic Whites and Minorities

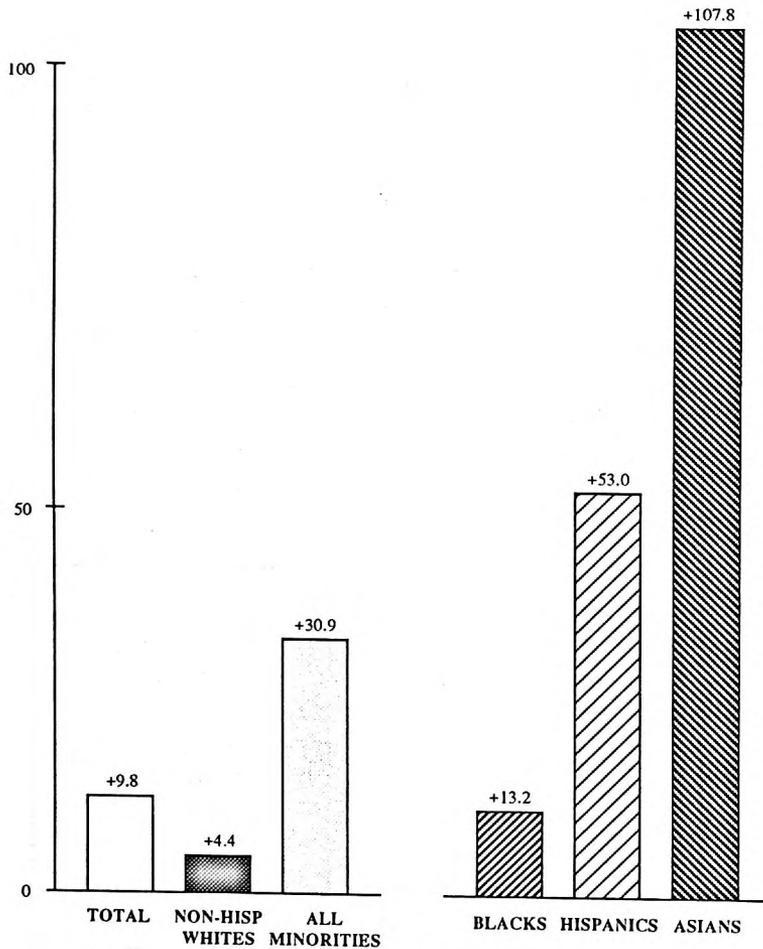
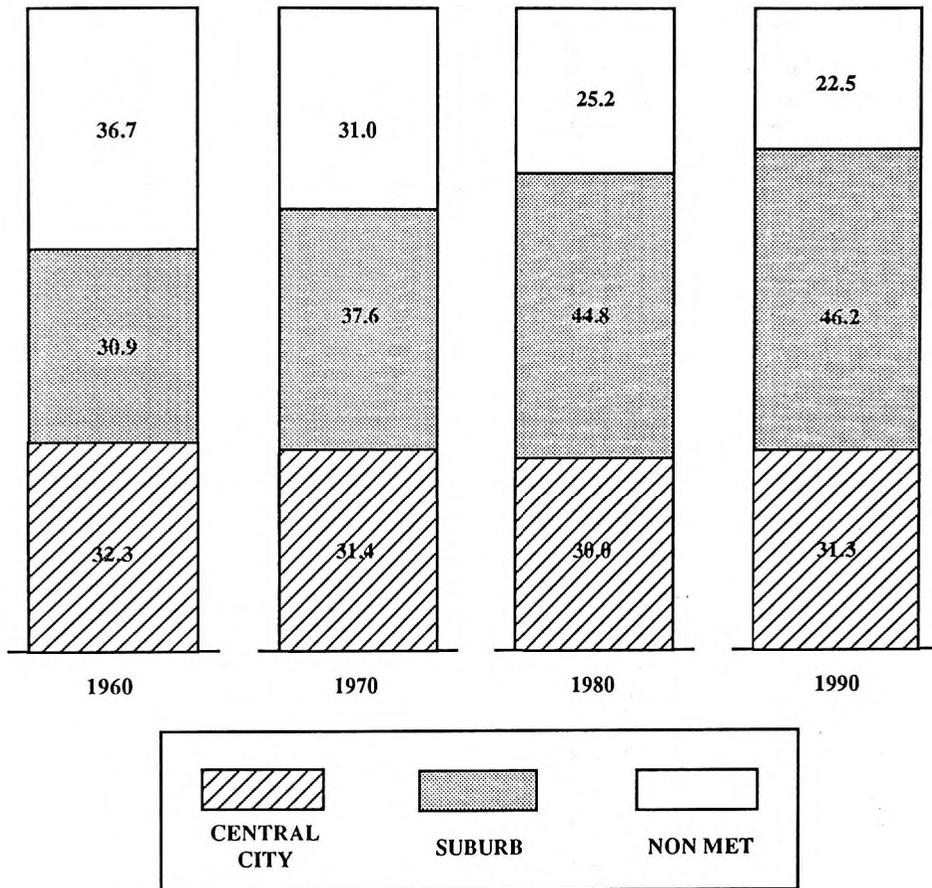


Figure 3-3
Distribution of U.S. Population by Central City, Suburb,
and Nonmetropolitan Status, 1960-1990*



*Categories consistent with definitions in effect at each census

Source: US Decennial Censuses

Table 3-1
Components of U.S. Population Change, 1960-1990

Period	Population at Start of Period (1000s)*	Net Growth	Annual Average Rate per 1000					Net Civilian Immigration Rate
			Natural Increase		Birth Rate	Death Rate	Net Civilian Immigration Rate	
			Rate	Rate				
1960-64	179,386	14.8	13.2	22.6	9.4	1.9		
1965-69	193,223	10.7	8.8	18.3	9.5	2.1		
1970-74	203,849	10.6	6.8	16.1	9.3	1.7		
1975-79	214,931	10.5	6.3	14.9	8.7	2.0		
1980-84	226,451	10.1	7.1	15.7	8.6	2.9		
1985-89	238,207	9.8	7.0	15.8	8.7	2.7		

Source: US Bureau of Census, Current Population Reports, Series P-25, Nos. 1045 and 1057.

* Includes overseas admissions into, less discharges from, Armed Forces and includes for 1960-1980 errors of closure (the amount necessary to make components of change add to the net change between censuses).

Table 3-2
Legal Immigration by World Region, 1961-1970,
1971-1980, 1981-1990

World Region	1961-70	1971-80	1981-90
Europe and Canada	46	22	14
Asia	13	35	44
Latin America	40	40	40
All Other	1	3	2
	<hr style="width: 50%; margin: auto;"/> 100%	<hr style="width: 50%; margin: auto;"/> 100%	<hr style="width: 50%; margin: auto;"/> 100%
Total (millions)	3.3	4.5	6.0

Source: INS and estimates by the Urban Institute (Fix and Passel, 1991)

Table 3-3
Race and Ethnic Change in the U.S., 1970-1990

Race Ethnic Groups	1990 Population (1000s)	Percent of US Population			Percent Change		
		1970	1980	1990	1970-1980	1980-1990	1970-1990
Whites	199,686	87.5	83.1	80.3	6.0	6.0	6.0
Blacks	29,986	11.1	11.7	12.1	17.3	13.2	13.2
Asians or Pacific Islanders	7,274	0.7	1.5	2.9	127.5	107.8	107.8
American Indians, Eskimos or Aleuts	1,959	0.4	0.6	0.8	71.7	37.9	37.9
Hispanics *	22,354	4.5	6.4	9.0	61.0	53.0	53.0
Total *	248,710	100.0	100.0	100.0	11.5	9.8	9.8

* Total does not equal sum of groups because Hispanics can be of any race, and "other" races are not shown.

Source: US Bureau of the Census

Table 3-4
Household Change in the U.S., 1970-1990

Type of Household	Total Households 1990 (1000s)	Percent of US Households			Percent Change	
		1970	1980	1990	1970-1980	1980-1990
Family Households	66,090	81.1	73.8	70.8	15.7	11.0
Married Couples	52,317	70.5	60.8	56.0	9.8	6.5
Male Householders	2,884	1.9	2.2	3.1	41.1	66.4
Female Householders	10,890	8.7	10.8	11.7	58.3	25.1
Nonfamily Households	27,257	18.8	26.3	29.2	77.7	28.4
Male Householders	11,606	6.4	10.9	12.4	116.8	31.8
Female Householders	15,651	12.4	15.3	16.8	57.6	26.0
Total	93,347	100.0	100.0	100.0	27.4	15.6

Source: US Bureau of the Census, Current Population Reports series P-20, No. 447.

**Table 3-5
Household Composition Trends for Whites, Blacks,
and Hispanics, 1970-1990**

Type of Household	White		Blacks		Hispanics	
	1970	1980	1970	1980	1970	1990
Family Households	81.6	73.8	78.0	72.0	87.0	81.6
Married Couples	72.5	63.2	53.3	40.0	70.1	57.2
Male Householders	1.8	2.0	2.9	3.0	3.6	5.5
Female Householders	7.2	8.6	21.8	29.1	13.3	18.8
Nonfamily Households	18.4	26.2	22.0	28.0	13.0	18.4
Male Householders	6.0	10.6	9.1	13.3	6.5	9.9
Female Householders	12.4	15.6	12.9	14.6	6.4	8.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: US Bureau of Census

Table 3-6
Population Growth Trends for Metropolitan Areas by Size

Metropolitan size category (1000s)	Total 1990 Population	Share of Total Population			Rate of Change	
		1970	1980	1990	1970-80	1980-90
10,000+	32,484,901	13.8	12.8	13.1	3.1	12.4
1,000-10,000	92,424,001	36.8	36.5	37.2	9.9	11.9
500-1,000	25,963,024	9.8	10.1	10.4	15.0	13.1
250-500	21,706,278	8.2	8.6	8.7	16.5	11.1
100-250	18,721,730	7.3	7.6	7.5	15.5	8.4
less than 100	1,856,692	0.8	0.8	0.7	10.8	1.8
Metropolitan Total	193,156,626	76.8	76.4	77.7	10.6	11.6
US Total	248,709,000	100.0	100.0	100.0	11.1	9.8

Source: US Bureau of Census

Figure 3-4
Total U.S. Annual Percent Change

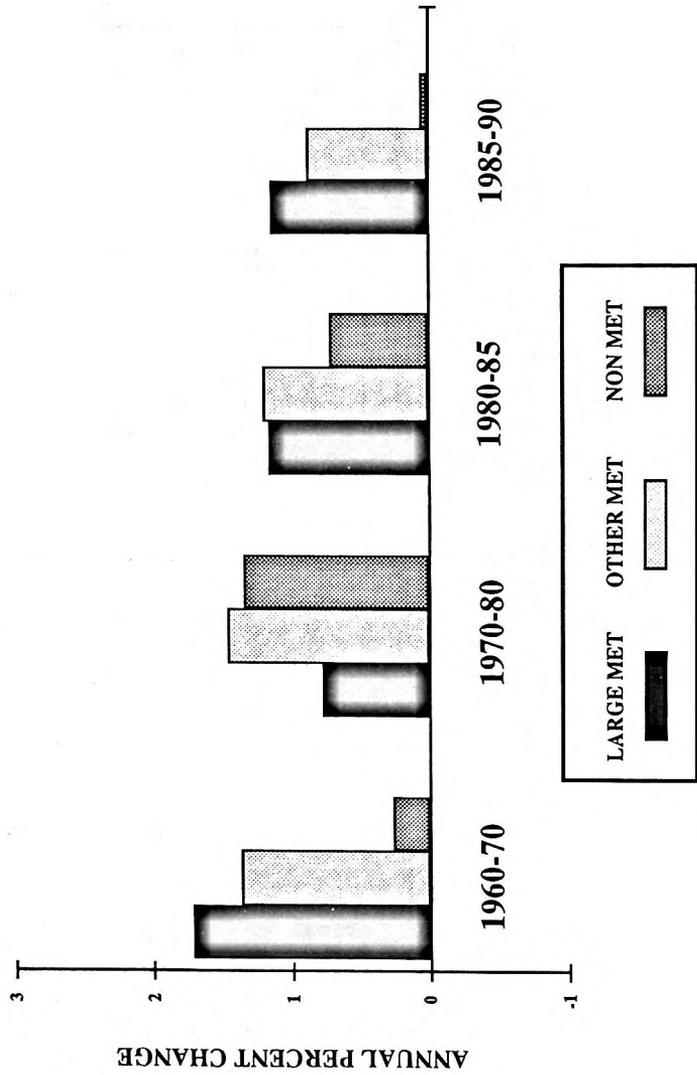


Table 3-7
Shares of Population in Four Census Regions
and Changes, 1960-1990

Region	Share of US Total				Population Change (1000s)		
	1960	1970	1980	1990	1960-70	1970-80	1980-90
Northeast	24.9	24.1	21.7	20.4	+4,383	+74	+1,674
Midwest	28.8	27.9	26.0	24.0	+4,970	+2,227	+803
South	30.7	30.9	33.3	34.4	+7,839	+12,560	+10,074
West	15.6	17.1	19.1	21.2	+6,785	+8,334	+9,614
Total	100.0	100.0	100.0	100.0	+23,977	+23,245	+22,165

Source: US Bureau of the Census

Table 3-8
Gross Migration Components of Regional Change,
1980-1984 and 1985-1990

Migrant Component* (1000s)	1980-84				1985-90			
	Northeast	Midwest	South	West	Northeast	Midwest	South	West
In-migrants	2,345	3,766	6,798	4,510	2161	4,269	6,813	4,194
Out-migrants	3,285	5,321	5,017	3,795	3627	4,510	5,570	3,599
Net Internal Migrants	-940	-1,555	1,781	715	-1,466	-241	1,243	595
Migrants from Abroad	1,069	772	2,051	1,993	1293	836	1,908	2,530
Net migration (incl migrants from Abroad)	129	-783	3,832	2,708	-173	595	3,151	3,125

* Based on Annual Mobility reported for one year periods, 1980-81 through 1989-90

Source: US Bureau of Census Current Population Reports Series P-20, No. 456

Table 3-9
Percent Population Change for Region and
Metropolitan Categories, 1960-1990

Region & Metropolitan Category*	1990 Size (millions)	Percent 10-Yr. Change		
		1960- 1970	1970- 1980	1980- 1990
NORTHEAST				
Large Met	35.0	10.8	-2.6	2.6
Other Met	10.8	9.0	5.2	5.6
Nonmetro	5.6	5.5	10.1	5.0
MIDWEST				
Large Met	27.9	13.3	1.2	3.1
Other Met	14.8	12.9	5.5	2.1
Nonmetro	17.0	1.7	7.3	-1.8
SOUTH				
Large Met	28.2	30.9	23.4	22.3
Other Met	31.9	15.5	20.9	13.4
Nonmetro	24.9	1.1	16.3	4.6
WEST				
Large Met	33.8	29.1	20.0	24.2
Other Met	10.8	24.8	32.2	22.9
Nonmetro	8.1	8.9	30.6	13.9
REGION TOTALS				
Northeast	51.3	9.9	0.2	3.5
Midwest	59.7	9.6	4.0	1.4
South	84.9	14.2	20.1	13.3
West	52.8	24.6	24.0	22.2
U.S. TOTALS				
Large Met	124.9	18.5	8.1	12.1
Other Met	68.2	14.7	15.5	10.8
Nonmet	55.6	2.6	14.3	3.8
TOTAL	248.7	13.4	11.4	9.8

*Large metropolitan areas have 1990 populations exceeding 1 million

Figure 3-5-A
South Region Annual Percent Change

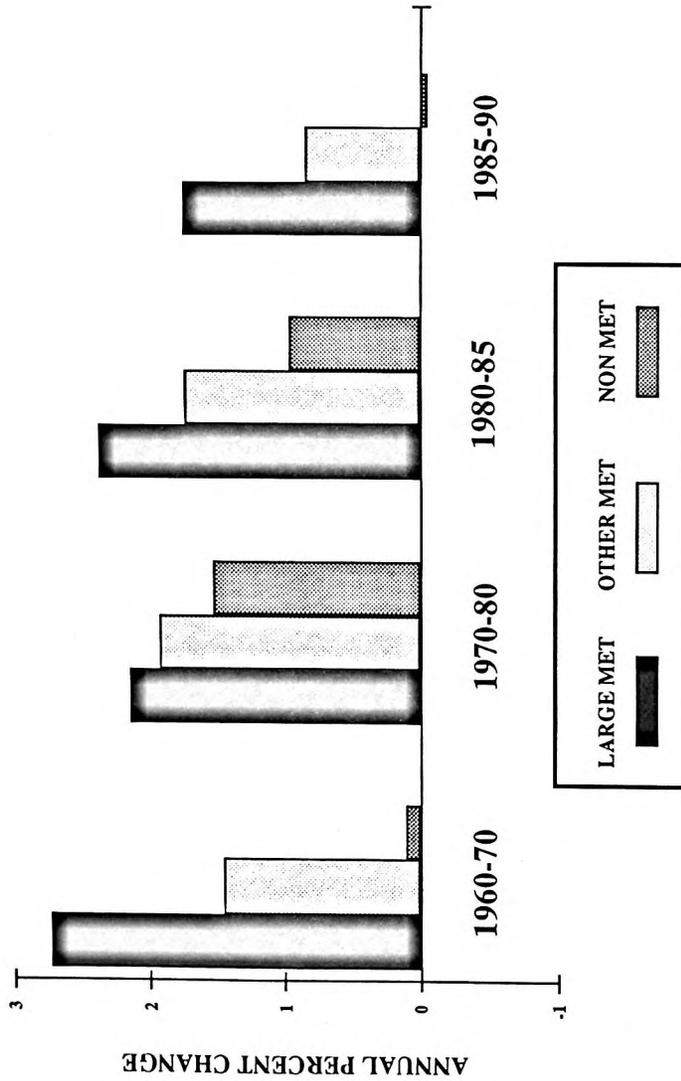


Figure 3-5-B
West Region Annual Percent Change

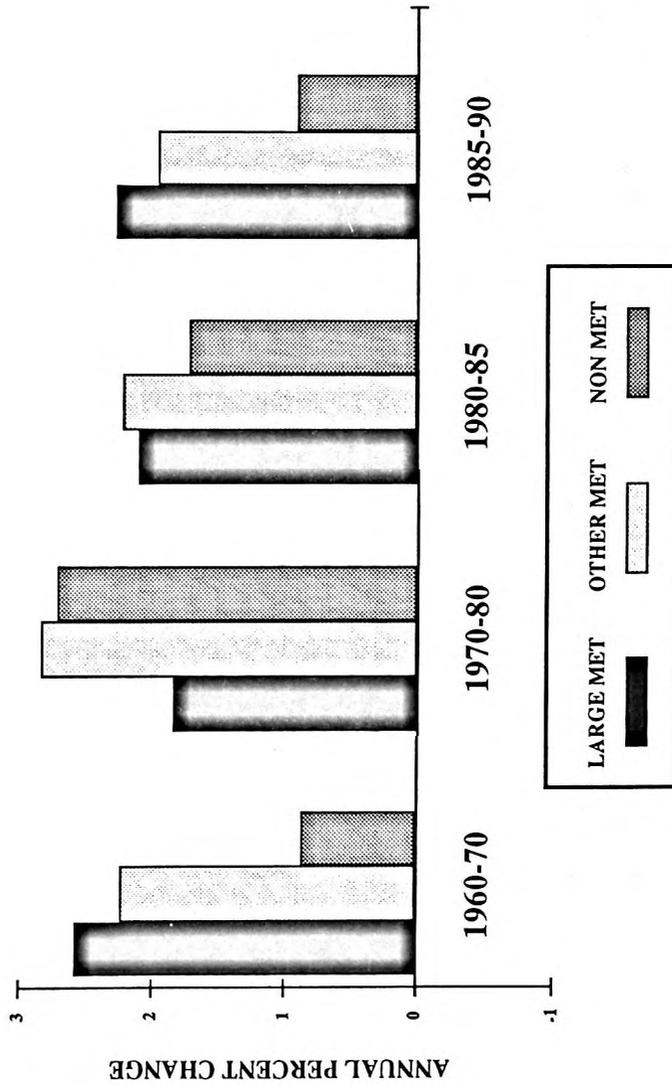


Figure 3-6-A
Annual Percent Change, 1970-1990

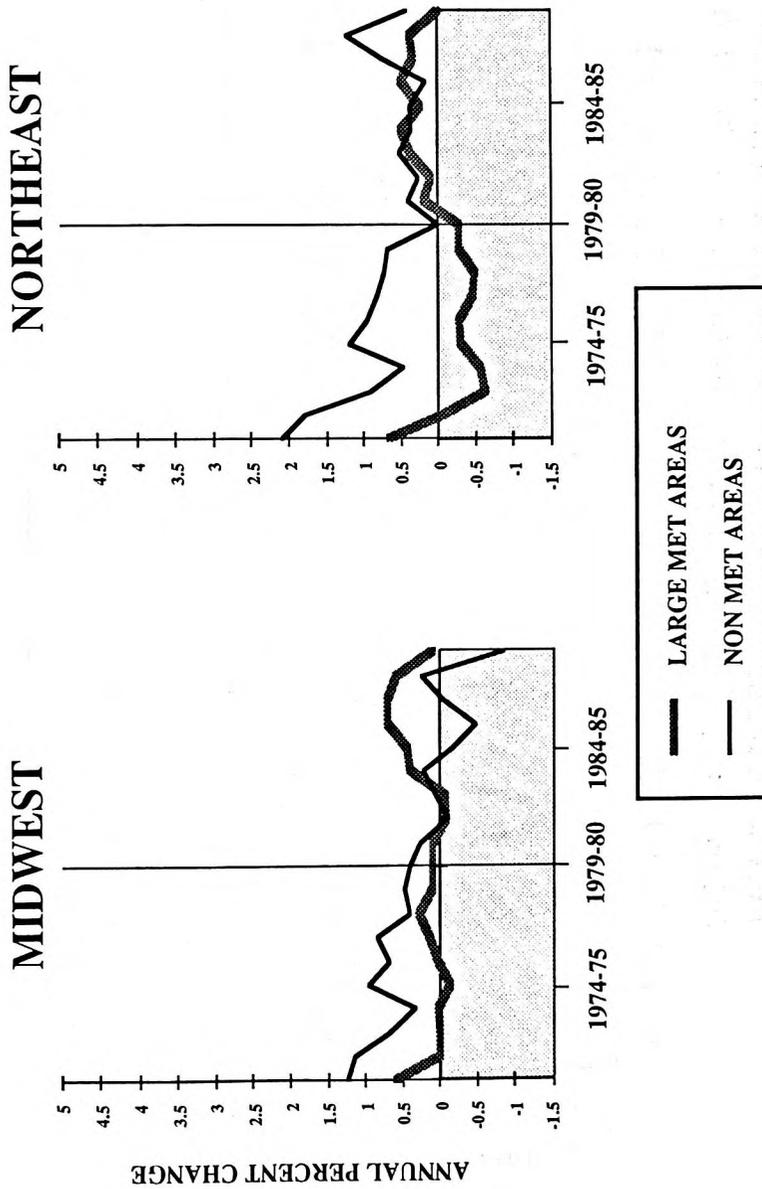


Figure 3-6-B
Annual Percent Change, 1970-1990

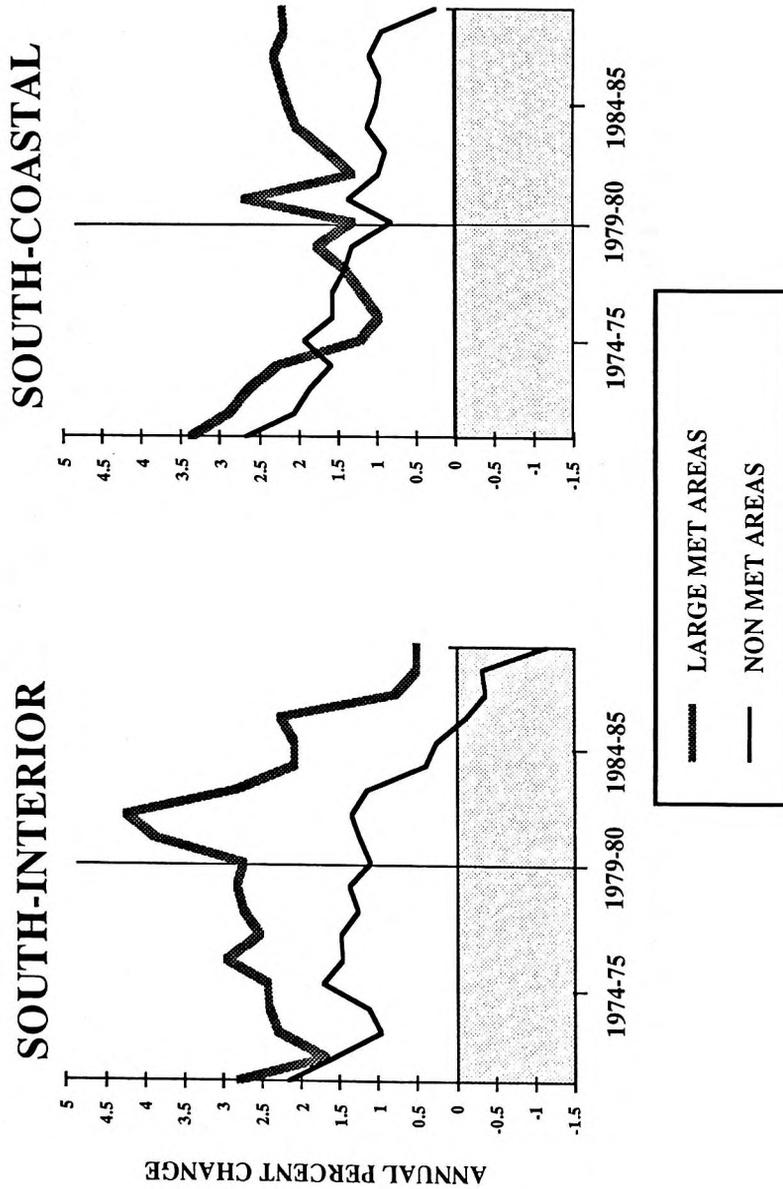


Figure 3-6-C
Annual Percent Change, 1970-1990

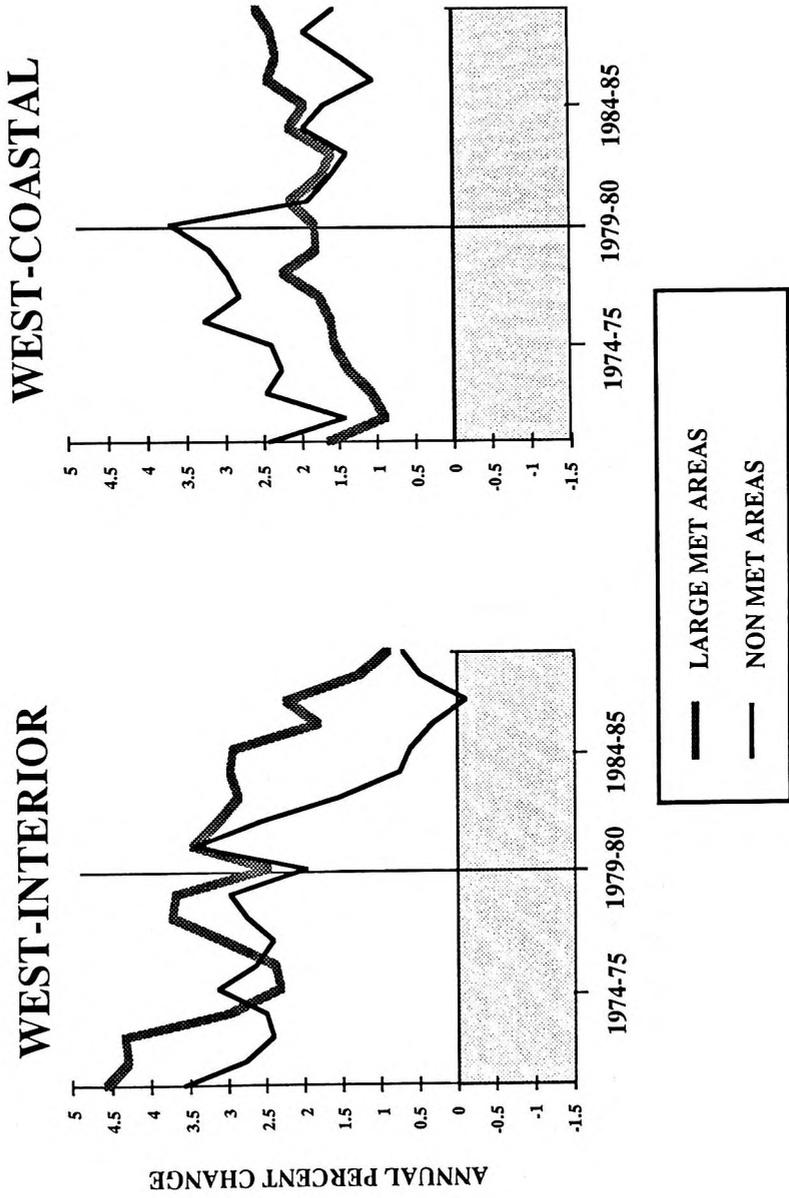


Table 3-11
Fast-Growing and Declining Individual Metropolitan Areas
Classed by Region and Size Category, 1960-1990

Region/ Metropolitan Category ^c	Fast-growing Met Areas ^a					Declining Met Areas ^b				
	1960	1970	1980	1985	1985	1960	1970	1980	1985	1985
	-70	-80	-85	-90	-90	-70	-80	-85	-90	-90
NE and MIDWEST LARGE MET	0	0	0	0	0	1	8	5	3	3
NE and MIDWEST MEDIUM MET	0	0	0	0	0	2	5	14	9	9
NE and MIDWEST SMALL MET	3	1	0	2	2	6	9	28	22	22
SOUTH and WEST LARGE MET	6	7	8	12	12	0	0	0	1	1
SOUTH and WEST MEDIUM MET	6	14	17	19	19	1	0	4	10	10
SOUTH and WEST SMALL MET	21	37	22	16	16	11	1	8	37	37
NE and MIDWEST COASTAL	0	0	0	0	0	5	10	13	8	8
NE and MIDWEST INTERIOR	3	1	0	2	2	4	12	34	26	26
SOUTH and WEST COASTAL	20	29	28	34	34	2	0	8	11	11
SOUTH and WEST INTERIOR	13	19	21	13	13	10	1	4	37	37
TOTAL	36	59	47	49	49	21	23	59	82	82

^aFast-growing Metropolitan Areas register period population growth exceeding 2.5 times the national growth rate.

^bDeclining Metropolitan Areas register negative population growth for period.

^cLarge Metropolitan Areas have end of period populations exceeding 1 million; Medium Metropolitan Areas have populations between 250,000 and 1 million; and Small Metropolitan Areas have populations under 250,000.

Chart 3-1

Twenty Fastest Declining Metropolitan Areas and 20 Fastest Growing Metropolitan Areas, 1970-1980, 1980-1985, and 1985-1990

Key: ** denotes area with population areas of 1 million at end of period
 + denotes area with population below 250,000 at end of period

Typeface indicates regional location: Northeast and Midwest Coastal, Northwest Coastal, Northeast and Midwest Interior, South and West Coastal, South and West Interior

1970-80

1980-85

1985-90

20 FASTEST DECLINING METROPOLITAN AREAS

1.	-7.9	**BUFFALO, NY CMSA	1.	-16.0	+CASPER, WY MSA
2.	-6.0	**UTICA-ROME, NY MSA	2.	-12.2	+ENID, OK MSA
3.	-5.5	**CLEVELAND, OH MSA	3.	-11.7	+ODESSA, TX MSA
4.	-5.2	+PITTSFIELD, MA MSA	4.	-11.4	+WHEELING, WV-OR MSA
5.	-5.2	**PITTSBURGH, PA CMSA	5.	-8.6	+DECATUR, IL MSA
6.	-5.0	**ELMHURST, IL MSA	6.	-8.6	+STUEBENVILLE-WEILTON, OH-WV MSA
7.	-4.8	**NEW YORK CMSA	7.	-8.3	+PASCAGOULA, MS MSA
8.	-4.4	+SPRINGFIELD, OH MSA	8.	-7.8	+SHREVEPORT, LA MSA
9.	-3.4	+SPRINGFIELD, MA MSA	9.	-7.0	+DUBOUE, IA MSA
10.	-2.2	+ST. LOUIS, MO MSA	10.	-7.0	+DAVENPORT, NC MSA
11.	-2.0	+STUEBENVILLE-WEILTON, OH-WV MSA	11.	-6.9	+CHATEAUNEAU, IA MSA
12.	-1.8	+BANGOR, ME MSA	12.	-6.9	+WATERLOO-CEDAR FALLS, IA MSA
13.	-1.4	+BOSTON, MA MSA	13.	-6.9	+ANNISTON, AL MSA
14.	-1.3	+GREAT FALLS, MT MSA	14.	-6.5	**BIRMINGHAM, AL MSA
15.	-1.1	+SOUTH BEND-MISHAWAKA, IN MSA	15.	-6.0	+WILLINGS, MT MSA
16.	-1.1	+PHILADELPHIA, PA CMSA	16.	-5.9	+JOHNSTON, PA MSA
17.	-0.9	+YOUNGSTOWN-WAREN, OH MSA	17.	-5.9	+EDMONTON-AGRI, WY-KY-OR MSA
18.	-0.7	+TERRE HAUTE, IN MSA	18.	-5.5	+PARKERSBURG-WAR, WV-OR MSA
19.	-0.5	**DETROIT CMSA	19.	-5.3	+ALEXANDRIA, LA MSA
20.	-0.3	+BATTLE CREEK, MI MSA	20.	-5.3	+BEAUMONT-PORT ARTHUR, TX MSA

20 FASTEST GROWING METROPOLITAN AREAS

1.	126.0	+NAPLES, FL MSA	1.	33.2	LAS VEGAS, NV MSA
2.	95.1	PORT MEYERS-CAPE CORAL, FL MSA	2.	30.1	+NAPLES, FL MSA
3.	91.7	PORT PIERCE, FL MSA	3.	26.7	+YUHA, AZ
4.	77.4	+OCALA, FL MSA	4.	25.4	PORT PIERCE, FL MSA
5.	69.5	LAS VEGAS, NV MSA	5.	25.4	PORT MEYERS-CAPE CORAL, FL MSA
6.	68.0	SARASOTA, FL MSA	6.	23.8	**ORLANDO, FL MSA
7.	65.9	+FORT COLLINS-LOV, CO MSA	7.	22.3	+BRADENTON, FL MSA
8.	65.3	WEST PALM BEACH, FL MSA	8.	21.2	MODESTO, CA MSA
9.	61.6	+OLYMPIA, WA MSA	9.	21.1	+JACKSONVILLE, NC MSA
10.	61.4	+BRYAN-COLLEGE STA, TX MSA	10.	20.2	+OCALA, FL MSA
11.	59.9	RENO, NV MSA	11.	19.4	WEST PALM BEACH, FL MSA
12.	58.3	PROVO, UT MSA	12.	19.4	DAYTONA BEACH, FL MSA
13.	56.0	+MC-ALLEN-EDINB-MISS, TX MSA	13.	17.7	+SACRAMENTO, CA MSA
14.	55.4	**PHOENIX, AZ MSA	14.	17.4	+IOWA CITY, IA MSA
15.	54.8	+RICHLAND-KENN-PASCO, WA MSA	15.	17.2	+RENO, NV MSA
16.	54.5	**ORLANDO, FL MSA	16.	17.1	**SAN DIEGO, CA MSA
17.	54.2	+BOISE CITY, ID MSA	17.	16.4	+RALEIGH-DURHAM, NC MSA
18.	52.9	+BRADENTON, FL MSA	18.	15.4	+MELBOURNE-TITUSVILLE, FL MSA
19.	52.7	DAYTONA BEACH, FL MSA	19.	15.1	+PESNNO, CA MSA
20.	51.1	TUCSON, AZ MSA	20.	14.9	**PHOENIX, AZ MSA

Chart 3-2 Declining Metropolitan Areas, 1980-1985 and 1985-1990

Key: ** denotes area with population areas of 1 million in 1990
 + denotes area with population below 250,000 in 1990

Typeface indicates regional location: Northeast and Midwest Coastal, Northeast and Midwest Interior, South and West Coastal, South and West Interior

Declining Metropolitan Area		Declining in 1980-85	Growing in 1980-85	Declining in 1985-90 ^a	Growing in 1985-90 ^a
Both 1980-85 and 1985-90 ^a					
1.	+WHEELING, WV-OR MSA			1.	+CASPER, WY MSA
2.	**STUBENVILLE-WEIR, OH-WV MSA			2.	+ENID, OK MSA
3.	+DECATUR, IL MSA			3.	BEAUMONT-PORT ARTHUR, TX MSA
4.	+DULUTH, MN-WI MSA			4.	+GADSDEN, AL MSA
5.	+WATERLOO-CEDAR FALLS, IA MSA			5.	+ANNISTON, AL MSA
6.	+JOHNSTOWN, PA MSA			6.	+FLORENCE, AL MSA
7.	+WILSON-ROCK IS-HOL, IA-IL MSA			7.	+ALEXANDRIA, LA MSA
8.	+DUBUQUE, IA MSA			8.	+PASCAGOULA, MS MSA
9.	**PITTSBURGH, PA MSA			9.	ERIE, PA MSA
10.	+YOUNGSTOWN-WARREN, OH MSA			10.	**NEW ORLEANS, LA MSA
11.	CHARLESTON, WV MSA			11.	+LAWTON, OK MSA
12.	+BURLINGTON, VT MSA			12.	LOUISVILLE, KY-IN MSA
13.	+BURLINGTON, MA, WV-KY-OR MSA			13.	+ALBANY, GA MSA
14.	+MORCIE, IN MSA			14.	SHREVEPORT, LA MSA
15.	+KOKOMO, IN MSA			15.	+LAKE CHARLES, LA MSA
16.	+KANKAKEE, IL MSA			16.	JOHNSON CITY-KING-BRI, TN-VA
17.	+ANDERSON, IN MSA			17.	+LYNCHBURG, VA MSA
18.	+BENTON HARBOR, MI MSA			18.	+SPRINGFIELD, IL MSA
19.	+PINE BLUFF, AR MSA			19.	EVANSVILLE, IN-KY MSA
20.	+CUMBERLAND, MD-WV MSA			20.	WICHITA FALLS, TX MSA
21.	+SHARON, PA MSA			21.	**ONEHONORO, KY MSA
22.	+PARKERSBURG-MAR, WV-OR MSA			22.	CHICAGO, IL CHSA
23.	+ST. JOSEPH, MO MSA			23.	+COLONBUS, GA-AL MSA
24.	+SAGINAW-B C-MID, MI MSA			24.	+MORROE, LA MSA
25.	+PITTSFIELD, MA MSA			25.	+ODESSA, TX MSA
26.	+TERRE HAUTE, IN MSA			26.	+ROUNA-TRIBODAUD, LA MSA
27.	+ALTOONA, PA MSA			27.	+FLORENCE, SC MSA
28.	+FLINT, MI MSA			28.	+BISHARCK, ND MSA
29.	+BATTLE CREEK, MI MSA			29.	+BILLINGS, MT MSA
30.	+MANSFIELD, OH MSA			30.	+LUBBOCK, TX MSA
31.	+GREAT FALLS, MT MSA			31.	+SHERMAN-DENISON, TX MSA
32.	+JAMESTOWN-DUNKIRK, NY MSA			32.	+GREELEY, CO MSA
33.	**DANVILLE, VA MSA			33.	BATON ROUGE, LA MSA
34.	+CLEVELAND, OH CHSA			34.	+LONGVIEW-MARSHALL, TX MSA
35.	+CANTON, OH MSA			35.	CORPUS CHRISTI, TX MSA
36.	+FUEBLO, CO MSA			36.	+ALILENE, TX MSA
37.	+SIOUX CITY, IA-NE MSA			37.	+TULSA, OK MSA
38.	UTICA-ROME, NY MSA			38.	+AMARILLO, TX MSA
				39.	+VICTORIA, TX MSA
				40.	+BILOXI-GULFPORT, MS MSA
				41.	+LAFAYETTE, LA MSA
				42.	OKLAHOMA CITY, OK MSA
				43.	+MIDLAND, TX MSA
				44.	+ANCHORAGE, AK MSA

^aAreas listed in ascending order

Chart 3-3

Fast-Growing Metropolitan Areas, 1980-85 and 1985-90¹

Key: ** denotes area with population areas of 1 million in 1990
 + denotes area with population below 250,000 in 1990

Typeface indicates regional location: Northeast and Midwest Coastal, Northeast and Midwest Interior, South and West Coastal, South and West Interior

Fast Growing Metropolitan Area		Fast Growing Metropolitan Area	
Both 1980-85 and 1985-90 ²		Not in 1980-85, Not in 1985-90 ²	
1. +NAPLES, FL MSA	1. MC ALLEN-EDINB-MISSION, TX MSA	1. +YUMA, AZ MSA	1. +JACKSONVILLE, NC MSA
2. FORT PIERCE, FL MSA	2. *FORT WALTON BEACH, FL MSA	2. RENO, NV MSA	2. RENO, NV MSA
3. FT MYERS-CAPE CORAL, FL MSA	3. +BRYAN COLLEGE STATION, TX MSA	3. RALPHIGH-DURHAM, NC MSA	3. RALPHIGH-DURHAM, NC MSA
4. LAS VEGAS, NV MSA	4. +PANAMA CITY, FL MSA	4. FRESNO, CA MSA	4. FRESNO, CA MSA
5. +OCALA, FL MSA	5. +ANCHORAGE, AK MSA	5. +REDDING, CA MSA	5. +REDDING, CA MSA
6. **ORLANDO, FL MSA	6. +MIDLAND, TX MSA	6. +CHICO, CA MSA	6. +CHICO, CA MSA
7. WEST PALM BEACH, FL MSA	7. COLORADO SPRINGS, CO MSA	7. +LOS ANGELES-RIVERSIDE, CA MSA	7. +LOS ANGELES-RIVERSIDE, CA MSA
8. MELBOURNE-TITUSVILLE-PALM BAY, FL MSA	8. LAKELAND-WINTER HAVEN, FL MSA	8. +SANTA FE, NM MSA	8. +SANTA FE, NM MSA
9. AUSTIN, TX MSA	9. JACKSONVILLE, FL MSA	9. TUCSON, AZ MSA	9. TUCSON, AZ MSA
10. DAYTON, OH MSA	10. +FORT COLLINS-LAKELAND, CO MSA	10. SANTA BARBARA, CA MSA	10. SANTA BARBARA, CA MSA
11. +BRANDTOWN, IN MSA	11. BROWNSVILLE-HARLINGEN, TX MSA	11. **SEATTLE-TACOMA, WA MSA	11. **SEATTLE-TACOMA, WA MSA
12. +LAS CRUCES, NM MSA	12. EL PASO, TX MSA	12. +LAWRENCE, KS MSA	12. +LAWRENCE, KS MSA
13. **PHOENIX, AZ MSA	13. SALINAS-SEASIDE-MONTEREY, CA MSA	13. +PROVO-OREM, UT MSA	13. +PROVO-OREM, UT MSA
14. +MARIETTA, GA MSA	14. **SAN ANTONIO, TX MSA	14. **MIAMI-FT LAUD, FL MSA	14. **MIAMI-FT LAUD, FL MSA
15. STOCKTON, CA MSA	15. +GAINESVILLE, FL MSA	15. +WASHINGTON, DC MD-VA MSA	15. +WASHINGTON, DC MD-VA MSA
16. BAKERSFIELD, CA MSA	16. +TYLER, TX MSA	16. +ATHEMS, GA MSA	16. +ATHEMS, GA MSA
17. SACRAMENTO, CA MSA	17. +SAN ANGELO, TX MSA	17. +BELLINGHAM, WA MSA	17. +BELLINGHAM, WA MSA
18. +SACRAMENTO, CA MSA	18. +SAN ANGELO, TX MSA	18. **CHARLOTTE-GAS-ROCK HILL, NC-SC MSA	18. **CHARLOTTE-GAS-ROCK HILL, NC-SC MSA
19. +SAN DIEGO, CA MSA	19. +LAFAYETTE, LA MSA	19. KILLEEN-TEMPLE, TX MSA	19. KILLEEN-TEMPLE, TX MSA
20. +MERCED, CA MSA	20. +ODESSA, TX MSA	20. +IOWA CITY, IA MSA	20. +IOWA CITY, IA MSA
21. +DALLAS-FORT WORTH, TX MSA		21. +CLARKSVILLE, HOPKINSVILLE, TN-KY MSA	21. +CLARKSVILLE, HOPKINSVILLE, TN-KY MSA
22. +ATLANTA, GA MSA			
23. +OLYMPIA, WA MSA			
24. +BREMERTON, WA MSA			
25. **TAMPA-ST PETERSBURG, FL MSA			
26. VISALIA-TULARE-PORTERVILLE, CA MSA			
27.			

¹Fast-Growing Metropolitan Areas register period growth that exceeds 2.5 times the national growth rate

²Areas listed in descending order by 1980-90 growth

Table 3-12
Percent Change in the 25 Largest Metropolitan Areas in
Northeast, Midwest, South, and West Regions, 1960-1990

Region and Metropolitan Area ^b	1990 Size (millions)	Percent 10-yr. Changes				Percent 5-yr. Changes		
		1960 -70	1970 -80	1980 -90	1980 -85	1985 -90	1985 -90	
NORTHEAST								
New York	18.1	11.8	-3.6	3.1	2.9	0.2		
Philadelphia	5.9	12.1	-1.2	3.9	1.7	2.1		
Boston	4.2	12.7	0.8	5.0	2.0	3.0		
Pittsburgh	2.2	-0.7	-5.2	-7.5	-3.6	-4.1		
MIDWEST								
Chicago	8.1	12.2	2.0	1.6	1.9	-0.2		
Detroit	4.7	13.4	-0.7	-1.8	-3.6	1.8		
Cleveland	2.8	9.8	-5.5	-2.6	-2.0	-0.6		
Minneapolis-St. Paul	2.5	23.0	7.8	15.3	5.9	8.9		
St. Louis	2.4	12.4	-2.2	2.8	1.5	1.3		
Cincinnati	1.7	9.9	2.9	5.1	1.2	3.8		
Milwaukee	1.6	10.9	-0.3	2.4	-1.3	3.7		
Kansas City	1.6	14.2	4.4	9.3	4.2	4.8		
SOUTH								
Washington	3.9	37.3	6.9	20.7	7.3	12.5		
Dallas-Fort Worth	3.9	37.1	24.6	32.6	19.8	10.7		
Houston	3.7	38.1	43.0	19.7	16.8	2.4		
Miami	3.2	48.8	40.1	20.8	8.9	10.9		
Atlanta	2.8	35.0	27.0	32.5	15.6	14.6		
Baltimore	2.4	14.8	5.3	8.3	2.4	5.7		
Tampa-St. Petersburg	2.1	34.8	46.0	28.2	15.8	10.7		
WEST								
Los Angeles	14.5	28.8	15.2	26.4	10.8	14.1		
San Francisco-Oakland	6.3	27.7	12.9	16.5	8.2	7.6		
Seattle	2.6	28.6	14.0	22.3	7.4	13.9		
San Diego	2.5	31.5	37.1	34.2	14.6	17.1		
Phoenix	2.1	46.4	55.4	40.6	22.4	14.9		
Denver	1.8	32.6	30.7	14.2	12.9	1.2		

Source: Compiled at University of Michigan Population Studies Center from decennial census data prepared by the US Census Bureau Population Division.

Figure 3-7
Average Annual Change for Largest Metropolitan Areas,
1980-1990 as compared to 1970-1980

NORTHEAST AREAS

- New York
- Philadelphia
- Boston
- Pittsburgh

MIDWEST AREAS

- Chicago
- Cleveland
- Minneapolis-St. Paul
- St. Louis
- Detroit
- Cincinnati
- Milwaukee
- Kansas City

SOUTH AREAS

- Washington
- Dallas-Ft. Worth
- Houston
- Miami
- Atlanta
- Baltimore
- Tampa-St. Petersburg

WEST AREAS

- Los Angeles
- San Francisco-Oakland
- Seattle
- San Diego
- Phoenix
- Denver

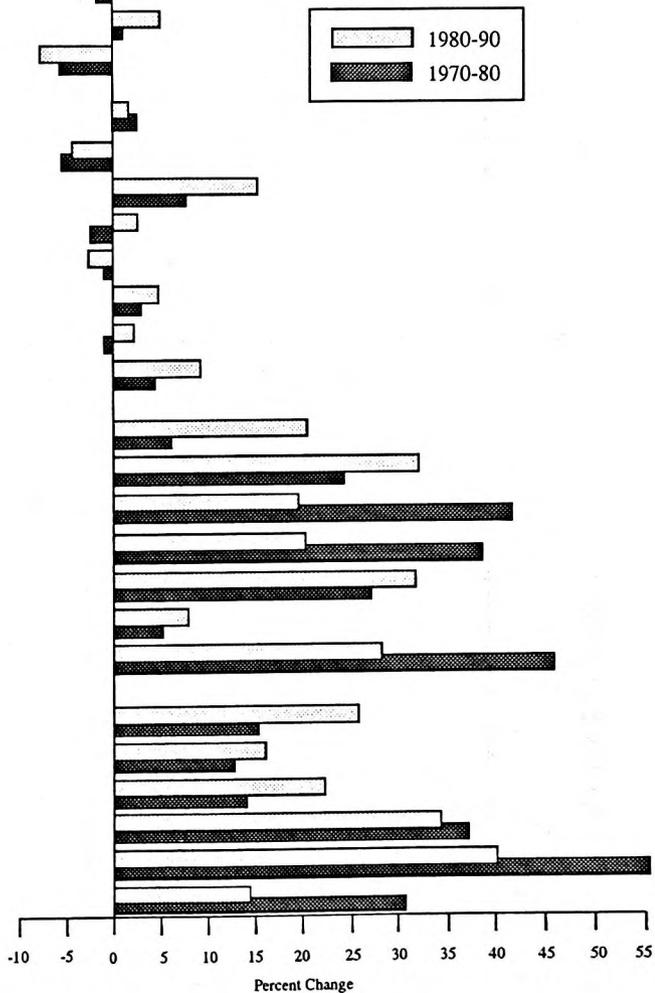
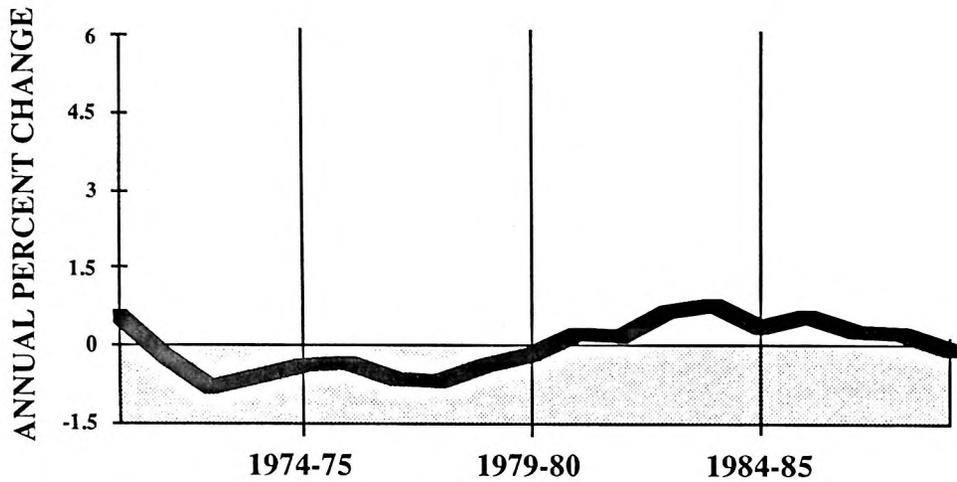


Figure 3-8
Annual Percent Change, 1970-1990,
New York CMSA, Detroit CMSA

NEW YORK CMSA



DETROIT CMSA

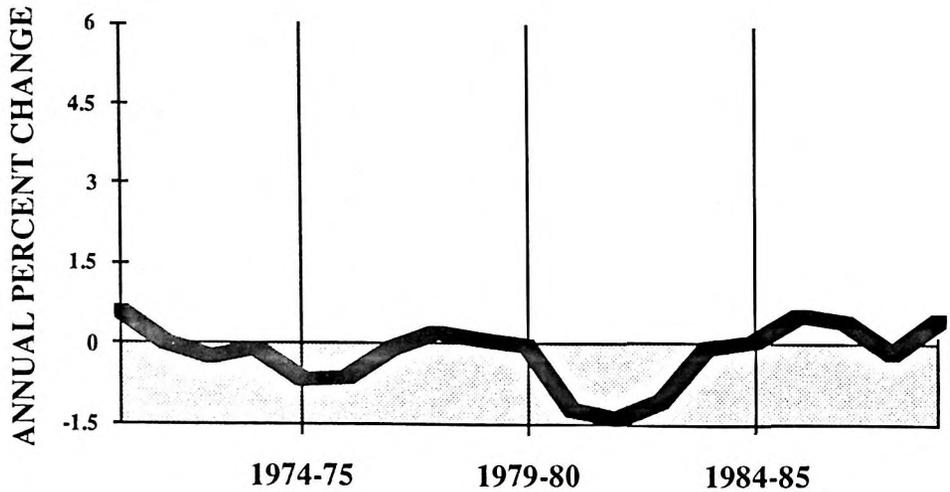


Figure 3-9
Annual Percent Change, 1970-1990,
Atlanta MSA, Denver CMSA

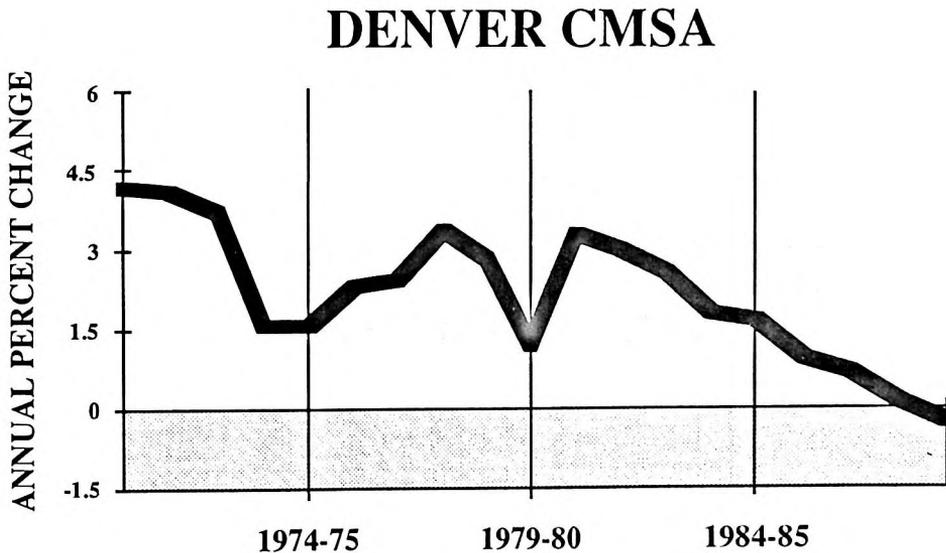
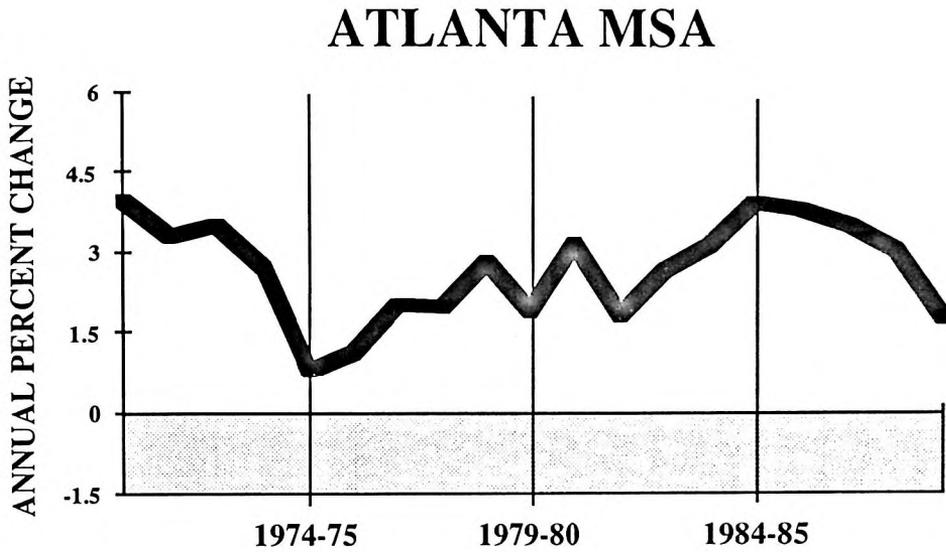


Figure 3-10
1980-1990 Percent Change by Region

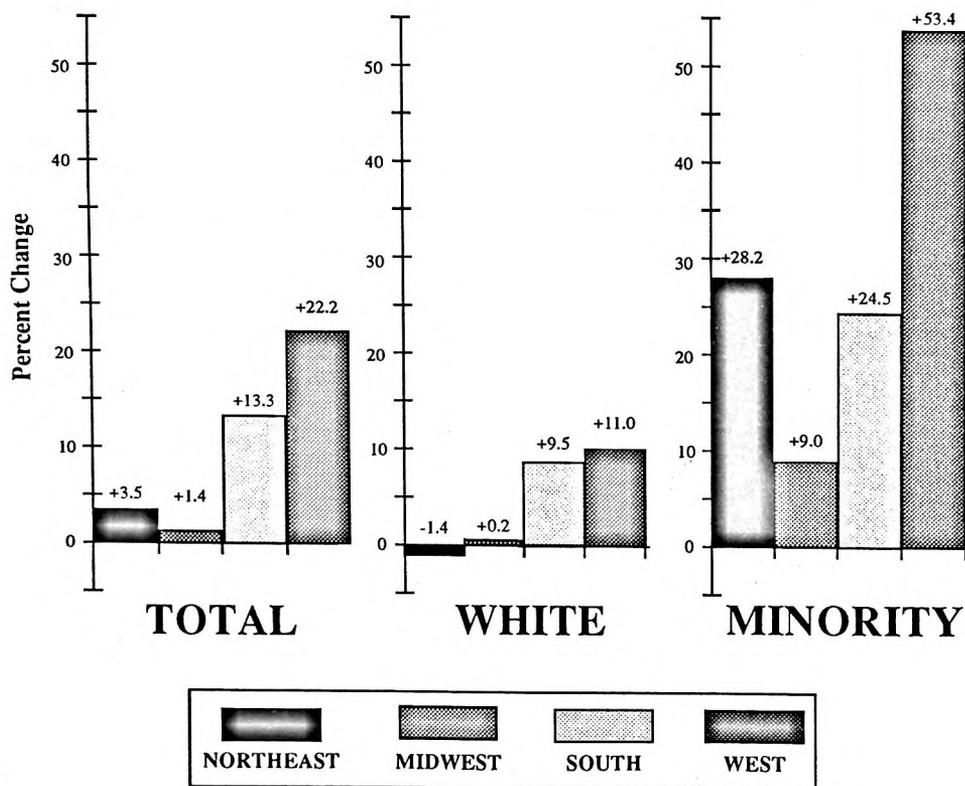


Figure 3-11
1980-1990 Percent Change by Metropolitan Status

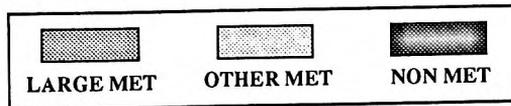
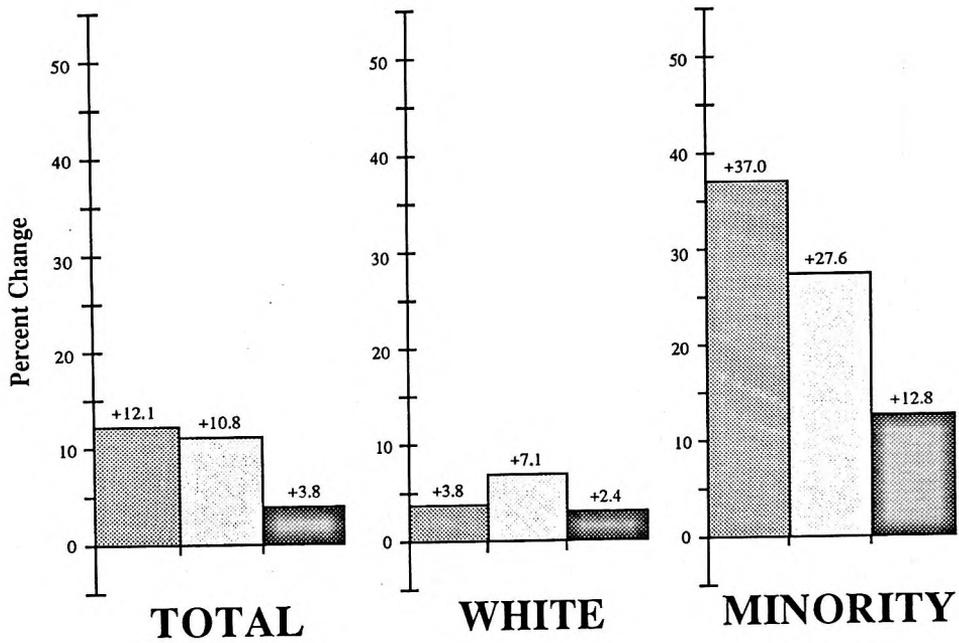


Figure 3-12
1980-1990 Percent Change by Region

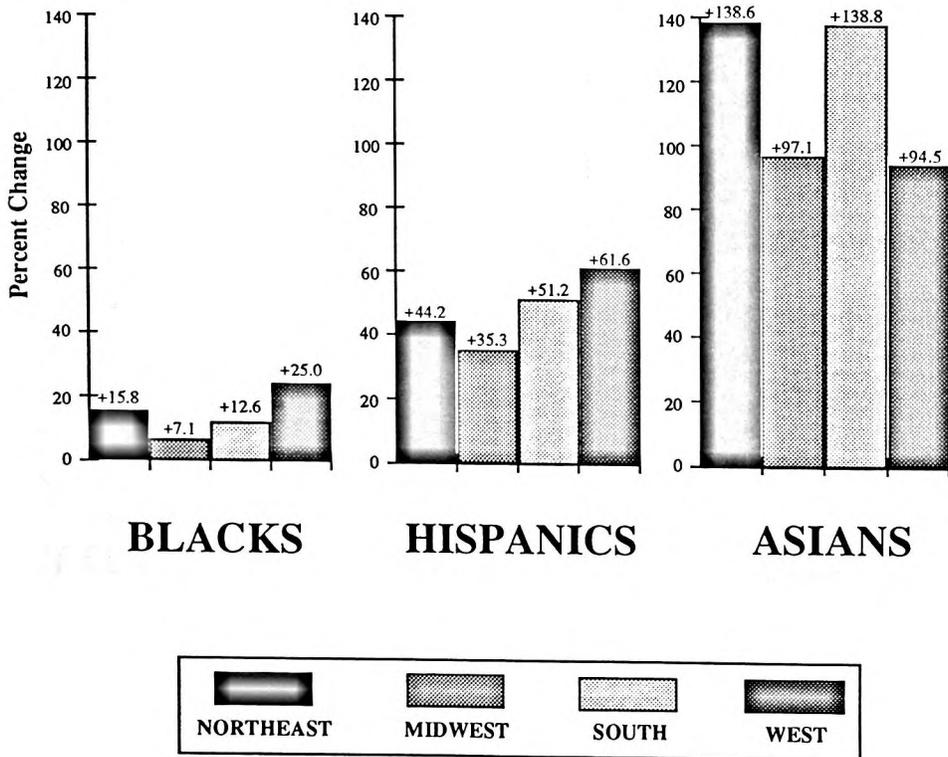


Figure 3-13
1980-1990 Percent Change by Metropolitan Status

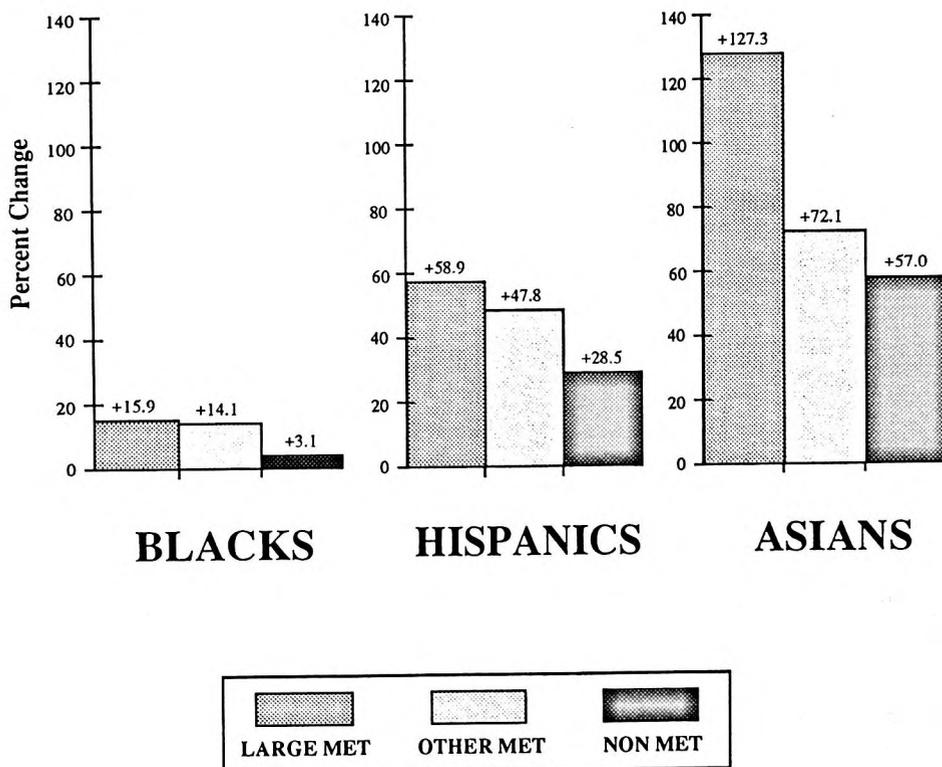


Table 3-13
1990 Population and 1980-1990 Percent Change of Total Population, Non-Hispanic Whites, All Minorities, Blacks, Hispanics, and Asians by Region and Metropolitan Category

Region & Metropolitan Category	Total Population			Non-Hispanic Whites			All Minorities			Blacks			Hispanics			Asians		
	1990 Pop.	1980-90 % Change	1990 Pop.	1980-90 % Change	1990 Pop.	1980-90 % Change	1990 Pop.	1980-90 % Change	1990 Pop.	1980-90 % Change	1990 Pop.	1980-90 % Change	1990 Pop.	1980-90 % Change	1990 Pop.	1980-90 % Change		
NORTHEAST																		
Large Met	34953	2.6	25488	-4.1	9466	26.4	5158	14.5	3396	40.9	1196	139.4						
Other Met	10768	5.6	9883	2.9	885	48.1	453	27.7	312	88.2	115	138.6						
Nonmet	5601	5.0	5414	4.1	187	43.0	78	54.8	59	64.2	31	110.7						
MIDWEST																		
Large Met	27944	3.1	21697	0.3	6247	14.0	4433	5.9	1238	37.8	525	94.1						
Other Met	14756	2.1	13225	0.4	1531	18.9	1020	10.9	275	31.2	166	119.8						
Nonmet	16980	-1.8	16266	0.0	714	-30.3	261	15.4	213	27.4	77	76.5						
SOUTH																		
Large Met	28168	22.3	18211	13.8	9957	41.5	5673	24.0	3617	70.4	687	159.3						
Other Met	31895	13.4	23553	10.9	8342	21.3	5646	12.3	2217	41.1	326	120.9						
Nonmet	24858	4.6	19166	4.2	5692	6.0	4435	1.3	920	19.1	91	81.5						
WEST																		
Large Met	33844	24.2	21351	10.1	12493	59.0	2376	21.9	7192	67.8	2900	123.0						
Other Met	10828	22.9	7492	14.9	3337	45.9	368	42.2	1970	53.6	904	49.0						
Nonmet	8114	13.9	6385	10.7	1729	27.1	84	58.8	944	37.8	244	40.4						
REGION TOTALS																		
Northeast	51323	3.5	40784	-1.4	10538	28.2	5689	15.8	3767	44.2	1343	138.6						
Midwest	59680	1.4	51188	0.2	8493	9.0	5714	7.1	1727	35.3	769	97.1						
South	84921	13.3	60929	9.5	23992	24.4	15754	12.7	6754	51.2	1114	138.8						
West	52786	22.2	35227	11.2	17559	52.6	2828	25.1	10106	61.6	4048	94.5						
U.S. TOTALS																		
Large Met	124909	12.1	86746	3.8	38163	37.0	17640	15.9	15443	58.9	5318	127.3						
Other Met	68248	10.8	54152	7.1	14096	27.6	7488	14.1	4775	47.8	1512	72.1						
Nonmet	55553	3.8	47230	3.5	8323	5.5	4858	3.2	2136	28.6	444	57.0						
TOTAL	248710	9.8	188128	4.7	60582	29.4	29986	13.2	22354	53.0	7274	107.8						

Figure 3-14
Distribution of Whites, Blacks, Hispanics,
and Asians Across Regions

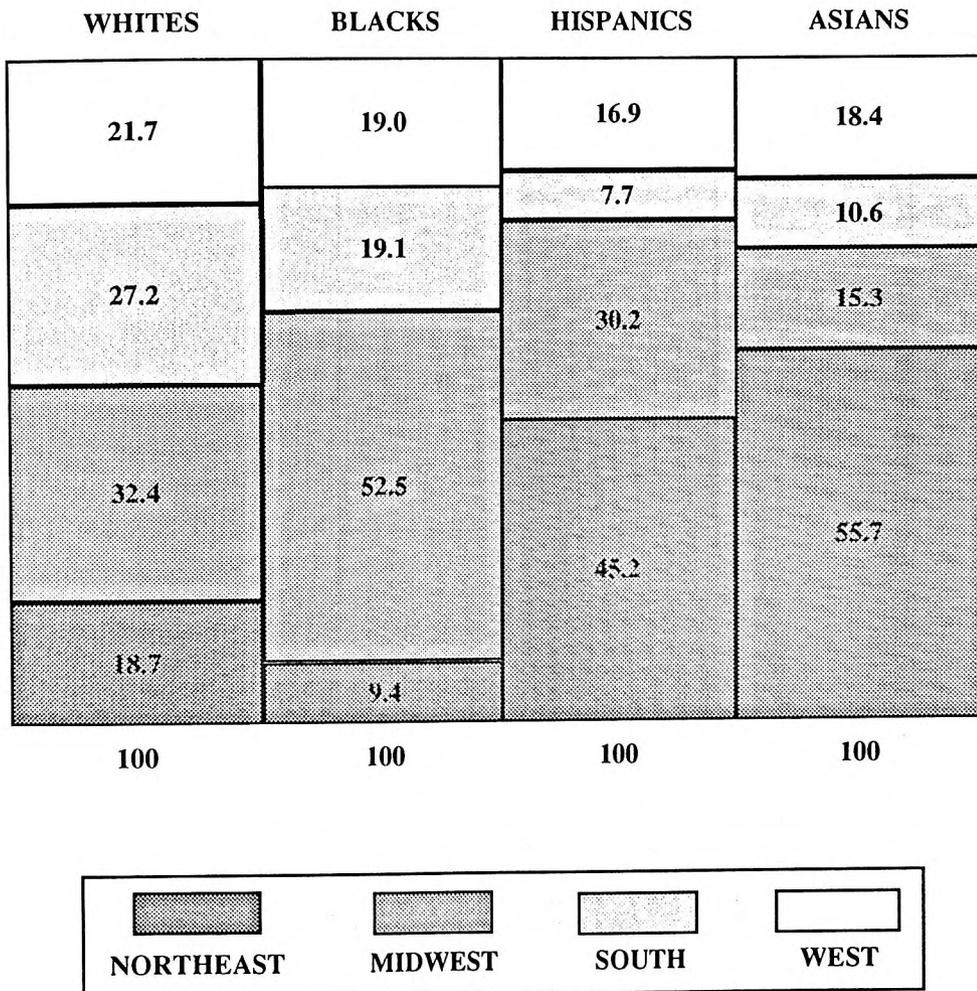


Figure 3-15
Distribution of Whites, Blacks, Hispanics,
and Asians Across Metro Areas

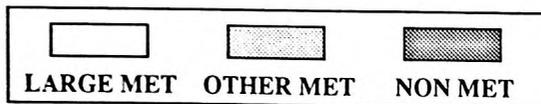
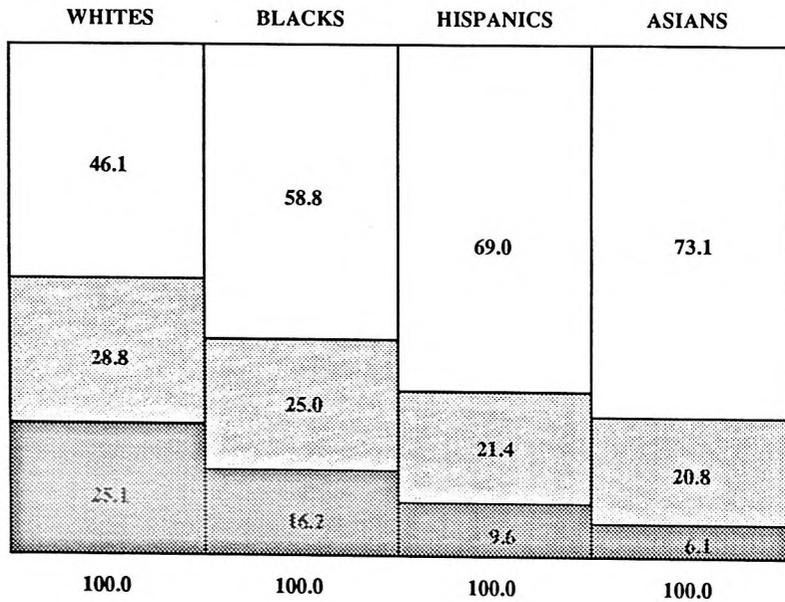


Chart 3-4
Metropolitan Areas With Greatest 1980-1990 Increases
for Total Population of Non-Hispanic Whites
and Minorities

Metro Area	Increase (1000s)
I. AREAS WITH GREATEST TOTAL INCREASE	
1. Los Angeles CMSA	+3,034
2. Dallas-Fort Worth CMSA	+ 955
3. San Francisco CMSA	+ 885
4. Atlanta MSA	+ 695
5. Washington DC MSA	+ 673
II. AREAS WITH GREATEST WHITE INCREASE	
1. Dallas-Fort Worth CMSA	+ 487
2. Atlanta MSA	+ 414
3. Phoenix MSA	+ 412
4. Tampa-St. Petersburg MSA	+ 345
5. Seattle CMSA	+ 324
III. AREAS WITH GREATEST MINORITY INCREASE	
1. Los Angeles CMSA	+2,795
2. New York CMSA	+1,398*
3. San Francisco CMSA	+ 787
4. Miami CMSA	+ 635*
5. Houston CMSA	+ 484

*Area experienced gain in minority population and loss in white population

Table 3-14
1990 Minority Composition and 1980-1990 Change in Non-Hispanic Whites and Minority Population in 25 Largest Metropolitan Areas

<i>REGION</i> and Met Areas	<u>Percent Minority</u>	<u>1980-90 Population Change (1000s)</u>	
	1990	Non-Hisp White	Minority
<i>NORTHEAST</i>			
New York CMSA	37.0	-856	+1,398
Philadelphia CMSA	24.4	+ 26	+ 193
Boston CMSA	13.3	- 40	+ 220
Pittsburgh CMSA	9.4	-182	+ 2
<i>MIDWEST</i>			
Chicago CMSA	33.3	-191	+ 319
Detroit CMSA	24.6	-173	+ 86
Cleveland CMSA	19.1	-108	+ 34
Minneapolis-St. Paul MSA	8.7	+232	+ 95
St. Louis MSA	19.5	+ 38	+ 29
Cincinnati CMSA	13.2	+ 59	+ 25
Milwaukee CMSA	18.7	- 40	+ 77
Kansas City MSA	17.2	+ 94	+ 39
<i>SOUTH</i>			
Washington MSA	37.3	+277	+ 396
Dallas-Fort Worth CMSA	30.3	+487	+ 468
Houston CMSA	42.1	+126	+ 484
Miami CMSA	52.2	- 87	+ 636
Atlanta MSA	29.9	+414	+ 282
Baltimore MSA	29.0	+101	+ 82
Tampa-St. Petersburg MSA	16.9	+345	+ 109
<i>WEST</i>			
Los Angeles CMSA	50.3	+239	+2,795
San Francisco-Oakland CMSA	38.8	+ 99	+ 787
Seattle CMSA	15.1	+324	+ 142
San Diego MSA	34.6	+259	+ 378
Phoenix MSA	22.9	+413	+ 201
Denver CMSA	20.3	+144	+ 86

Source: Compiled at University of Michigan Population Studies Center from Decennial Censuses

Chart 3-5

Metropolitan Areas With Populations of Blacks, Hispanics, and Asians Exceeding 500,000, 1990

Metropolitan Area	1990 Pop. (1,000s)	Percent Change 1980-90	Minority Proportion of Total Pop.
<i>Blacks</i>			
1. New York CMSA	3289	+ 16.4	18.1
2. Chicago CMSA	1548	- 0.6	19.2
3. Los Angeles CMSA	1230	+ 16.1	8.5
4. Philadelphia CMSA	1100	+ 6.5	18.6
5. Washington, DC MSA	1042	+ 19.7	26.5
6. Detroit CMSA	975	+ 5.9	20.9
7. Atlanta MSA	736	+ 40.0	25.9
8. Houston CMSA	665	+ 17.8	17.9
9. Baltimore MSA	616	+ 9.8	26.7
10. Miami CMSA	591	+ 50.1	18.5
11. Dallas-Ft. Worth CMSA	555	+ 32.4	14.2
12. San Francisco CMSA	538	+ 14.8	8.6
<i>Hispanics</i>			
1. Los Angeles CMSA	4779	+ 73.4	32.9
2. New York CMSA	2778	+ 35.4	15.4
3. Miami CMSA	1062	+ 70.9	33.3
4. San Francisco CMSA	970	+ 47.0	15.5
5. Chicago CMSA	893	+ 41.3	11.1
6. Houston CMSA	772	+ 70.2	20.8
7. San Antonio MSA	620	+ 28.8	47.6
8. Dallas CMSA	519	+109.4	13.4
9. San Diego MSA	511	+ 85.6	20.5
<i>Asians</i>			
1. Los Angeles CMSA	1339	+138.3	9.2
2. San Francisco CMSA	927	+103.9	14.8
3. New York CMSA	873	+135.5	4.8
4. Honolulu MSA	526	+ 15.9	62.9

Source: Compiled at University of Michigan Population Studies Center from Decennial Censuses

Table 3-15
1990 Percent of Workers in Different Occupations for
Region, Metropolitan Categories, and Selected
Metropolitan Areas

Metro Areas, Regions & Metropolitan Categories	Upper White Collar	Lower White Collar	Service	Blue Collar	Farm
Selected Metro Areas					
New York	31.6%	34.4%	13.0%	20.3%	0.7%
Philadelphia	29.4%	34.8%	12.0%	22.7%	1.1%
Chicago	28.1%	34.5%	11.7%	25.0%	0.7%
Detroit	26.9%	32.5%	13.0%	26.8%	0.8%
Dallas-Ft. Worth	28.6%	35.6%	11.8%	22.9%	1.2%
Atlanta	29.2%	36.4%	10.9%	22.4%	1.1%
Los Angeles	27.7%	32.5%	12.1%	26.0%	1.7%
Denver	32.2%	35.4%	12.2%	19.2%	1.0%
NORTHEAST					
Large Met	30.8%	34.1%	12.8%	21.5%	0.8%
Other Met	25.9%	31.5%	13.6%	27.5%	1.6%
Nonmetro	23.4%	27.1%	14.5%	31.4%	3.6%
MIDWEST					
Large Met	27.6%	34.0%	12.4%	25.0%	0.9%
Other Met	25.0%	31.6%	13.9%	27.6%	1.9%
Nonmetro	18.9%	25.3%	14.9%	33.3%	7.7%
SOUTH					
Large Met	29.6%	34.4%	12.7%	22.0%	1.3%
Other Met	25.4%	32.4%	13.4%	26.9%	1.9%
Nonmetro	18.6%	25.5%	13.1%	37.8%	5.0%
WEST					
Large Met	29.5%	33.3%	12.2%	23.4%	1.7%
Other Met	25.7%	31.4%	15.3%	23.0%	4.6%
Nonmetro	22.7%	26.9%	15.9%	27.4%	7.2%
REGION TOTALS					
Northeast	29.0%	32.8%	13.1%	23.8%	1.3%
Midwest	24.6%	31.1%	13.4%	27.9%	3.0%
South	25.1%	31.3%	13.1%	28.0%	2.5%
West	27.8%	32.0%	13.3%	23.8%	3.0%
U.S. TOTALS					
Large Met	29.5%	33.9%	12.5%	22.9%	1.2%
Other Met	25.4%	31.9%	13.8%	26.5%	2.3%
Nonmetro	19.8%	25.8%	14.2%	34.2%	6.0%
TOTAL	26.3%	32.0%	13.2%	26.1%	2.4%

Table 3-16
1990 Percent College Graduates by Race and Ethnicity*
for Region, Metropolitan Categories, and Selected
Metropolitan Areas

Metro Areas, Regions & Metropolitan Categories	Total Population	Whites	Blacks	Hispanics	Asians
Selected Metro Areas					
New York	25.8%	28.9%	13.1%	9.5%	42.8%
Philadelphia	22.8%	25.1%	10.8%	11.3%	45.8%
Chicago	23.5%	26.2%	11.6%	7.6%	49.2%
Detroit	19.1%	20.6%	10.2%	15.1%	57.1%
Dallas-Ft. Worth	25.8%	28.9%	13.3%	9.0%	42.5%
Atlanta	26.8%	29.7%	16.6%	24.5%	40.7%
Los Angeles	22.0%	24.1%	14.9%	6.3%	37.1%
Denver	30.5%	32.2%	17.5%	10.2%	34.1%
NORTHEAST					
Large Met	24.8%	26.8%	12.6%	10.0%	43.8%
Other Met	19.4%	19.5%	11.5%	11.7%	48.8%
Nonmetro	16.7%	16.7%	10.8%	15.1%	47.0%
MIDWEST					
Large Met	21.9%	23.6%	10.7%	9.9%	49.2%
Other Met	19.1%	19.5%	9.9%	13.2%	49.8%
Nonmetro	12.1%	12.2%	7.2%	7.3%	37.7%
SOUTH					
Large Met	24.5%	27.2%	14.2%	12.4%	41.8%
Other Met	19.1%	20.8%	10.8%	9.9%	39.1%
Nonmetro	11.4%	12.5%	5.8%	5.4%	34.1%
WEST					
Large Met	25.0%	26.9%	15.3%	7.8%	35.1%
Other Met	20.0%	21.6%	11.8%	6.8%	21.5%
Nonmetro	16.2%	17.4%	9.9%	6.0%	17.7%
REGION TOTALS					
Northeast	22.8%	23.9%	12.5%	10.2%	44.2%
Midwest	18.4%	19.0%	10.4%	10.1%	48.3%
South	18.7%	20.4%	10.7%	10.7%	40.4%
West	22.7%	24.2%	14.8%	7.4%	31.1%
U.S. TOTALS					
Large Met	24.2%	26.2%	13.0%	9.6%	39.2%
Other Met	19.3%	20.4%	10.7%	8.9%	29.8%
Nonmetro	12.9%	13.6%	6.0%	6.1%	25.8%
TOTAL	20.3%	21.5%	11.4%	9.2%	36.6%

*In Tables 16, 17, 18 and 19, the categories, whites, blacks, and Asians include Hispanics of those races.

Table 3-17
1990 Percent With Less Than High School Education by
Race and Ethnicity for Region, Metropolitan Categories,
and Selected Metropolitan Areas

Metro Areas, Regions & Metropolitan Categories	Total Population	Whites	Blacks	Hispanics	Asians
Selected Metro Areas					
New York	25.1%	21.1%	34.5%	48.9%	24.4%
Philadelphia	24.0%	20.8%	36.3%	49.2%	21.3%
Chicago	23.5%	19.2%	34.0%	55.2%	16.3%
Detroit	23.7%	20.9%	35.3%	35.9%	15.6%
Dallas-Ft. Worth	21.0%	16.5%	30.1%	56.5%	20.1%
Atlanta	20.5%	17.4%	29.7%	30.2%	22.4%
Los Angeles	26.8%	21.1%	25.0%	58.5%	20.0%
Denver	13.8%	11.8%	20.6%	39.7%	22.0%
NORTHEAST					
Large Met	23.8%	20.8%	34.7%	48.7%	24.1%
Other Met	23.4%	22.7%	34.1%	46.4%	19.9%
Nonmetro	23.9%	23.7%	36.2%	37.2%	18.1%
MIDWEST					
Large Met	22.0%	19.2%	34.7%	49.5%	17.8%
Other Met	20.4%	19.3%	33.8%	35.9%	19.8%
Nonmetro	26.4%	26.0%	39.1%	45.3%	24.0%
SOUTH					
Large Met	23.1%	19.4%	33.4%	46.3%	19.4%
Other Met	26.6%	23.7%	39.5%	49.8%	22.6%
Nonmetro	38.1%	34.9%	53.0%	60.8%	25.4%
WEST					
Large Met	20.7%	16.5%	23.5%	53.0%	21.5%
Other Met	22.4%	18.7%	24.7%	50.5%	27.3%
Nonmetro	23.1%	20.5%	30.8%	49.5%	28.0%
REGION TOTALS					
Northeast	23.7%	21.6%	34.7%	48.4%	23.7%
Midwest	22.9%	21.4%	34.7%	47.0%	18.8%
South	28.8%	25.7%	41.0%	49.2%	20.7%
West	21.4%	17.6%	23.8%	52.2%	23.1%
U.S. TOTALS					
Large Met	22.4%	19.0%	32.8%	50.0%	21.5%
Other Met	24.1%	21.8%	37.7%	49.2%	25.1%
Nonmetro	30.9%	28.7%	51.6%	53.7%	26.2%
TOTAL	24.8%	22.1%	36.9%	50.2%	22.5%

Table 3-18
1990 Per Capita Income by Race and Ethnicity for Region, Metropolitan Categories, and Selected Metropolitan Areas

Metro Areas, Regions & Metropolitan Categories	Total Population	Whites	Blacks	Hispanics	Asians
Selected Metro Areas					
New York	\$18,955	\$22,299	\$11,130	\$9,518	\$15,470
Philadelphia	\$16,464	\$18,410	\$9,885	\$8,265	\$13,714
Chicago	\$16,404	\$19,119	\$9,218	\$8,383	\$15,076
Detroit	\$15,779	\$17,546	\$9,559	\$11,270	\$16,548
Dallas-Ft. Worth	\$15,902	\$18,225	\$8,916	\$7,909	\$12,485
Atlanta	\$16,896	\$19,560	\$10,073	\$12,966	\$13,114
Los Angeles	\$16,443	\$19,685	\$11,976	\$8,297	\$14,522
Denver	\$16,638	\$17,640	\$11,151	\$9,199	\$11,452
NORTHEAST					
Large Met	\$17,687	\$19,724	\$10,645	\$9,303	\$14,973
Other Met	\$14,437	\$14,796	\$9,627	\$7,736	\$13,257
Nonmetro	\$12,490	\$12,584	\$8,199	\$8,520	\$13,023
MIDWEST					
Large Met	\$15,589	\$17,161	\$9,023	\$8,776	\$14,217
Other Met	\$13,425	\$13,925	\$8,170	\$8,462	\$11,722
Nonmetro	\$11,024	\$11,175	\$6,878	\$6,899	\$10,128
SOUTH					
Large Met	\$15,917	\$18,184	\$9,823	\$9,308	\$13,693
Other Met	\$13,001	\$14,499	\$7,465	\$6,894	\$11,316
Nonmetro	\$10,217	\$11,337	\$5,857	\$5,863	\$11,279
WEST					
Large Met	\$16,723	\$18,860	\$11,622	\$8,757	\$13,963
Other Met	\$13,378	\$14,497	\$9,372	\$7,517	\$12,797
Nonmetro	\$11,580	\$12,311	\$8,298	\$6,861	\$11,543
REGION TOTALS					
Northeast	\$16,438	\$17,646	\$10,531	\$9,162	\$14,780
Midwest	\$13,755	\$14,446	\$8,773	\$8,496	\$13,271
South	\$13,153	\$14,705	\$7,862	\$8,048	\$12,804
West	\$15,246	\$16,816	\$11,234	\$8,337	\$13,557
U.S. TOTALS					
Large Met	\$16,557	\$18,560	\$10,104	\$9,007	\$14,179
Other Met	\$13,379	\$14,416	\$7,784	\$7,292	\$12,400
Nonmetro	\$10,892	\$11,561	\$5,991	\$6,483	\$11,353
TOTAL	\$14,420	\$15,687	\$8,859	\$8,399	\$13,638

Table 3-19
1990 Percent in Poverty by Race and Ethnicity for Region, Metropolitan Categories, and Selected Metropolitan Areas

Metro Areas, Regions & Metropolitan Categories		Total Population	Whites	Blacks	Hispanics	Asians
Selected Metro Areas						
New York		11.7%	6.9%	22.6%	27.4%	11.9%
Philadelphia		10.1%	5.5%	24.9%	32.3%	16.0%
Chicago		11.3%	5.6%	29.7%	19.8%	9.7%
Detroit		12.8%	7.3%	32.7%	20.5%	13.4%
Dallas-Ft. Worth		11.7%	7.4%	26.8%	23.5%	13.1%
Atlanta		10.0%	5.4%	22.4%	16.2%	11.4%
Los Angeles		13.1%	9.4%	20.5%	21.6%	13.1%
Denver		9.9%	7.8%	24.6%	22.3%	15.5%
NORTHEAST						
Large Met		10.8%	6.9%	24.0%	28.4%	13.4%
Other Met		9.3%	8.0%	27.2%	34.6%	15.3%
Nonmetro		11.3%	11.0%	24.1%	21.2%	18.1%
MIDWEST						
Large Met		11.2%	6.7%	31.4%	20.2%	14.7%
Other Met		11.8%	9.6%	35.3%	22.6%	27.4%
Nonmetro		13.5%	12.8%	35.5%	25.2%	23.3%
SOUTH						
Large Met		12.0%	7.8%	24.6%	22.2%	11.3%
Other Met		15.4%	11.0%	32.2%	33.4%	18.5%
Nonmetro		20.6%	15.7%	40.2%	38.9%	18.1%
WEST						
Large Met		11.3%	8.3%	21.2%	20.9%	12.9%
Other Met		14.2%	11.5%	23.9%	26.6%	15.7%
Nonmetro		16.2%	13.5%	27.3%	28.9%	12.8%
REGION TOTALS						
Northeast		10.5%	7.7%	24.3%	28.8%	13.7%
Midwest		12.0%	9.4%	32.2%	21.2%	18.2%
South		15.8%	11.4%	31.7%	28.1%	13.9%
West		12.6%	9.9%	21.7%	22.8%	13.5%
U.S. TOTALS						
Large Met		11.3%	7.4%	25.7%	22.8%	13.0%
Other Met		13.5%	10.2%	31.9%	30.1%	17.5%
Nonmetro		16.8%	13.9%	39.6%	32.7%	16.0%
TOTAL		13.1%	9.8%	29.5%	25.3%	14.1%

Table 3-20
Average Annual Percent Change, Central Cities and
Suburbs, for U.S. and Regions, 1960-1990*

<i>REGION</i>				
	Central City			
	Suburb	1960-70	1970-80	1980-90
<hr/>				
<i>TOTAL US</i>				
	Central City	+ .78	+ .09	+ .64
	Suburb	+2.33	+1.73	+1.42
<i>NORTHEAST</i>				
	Central City	- .18	- 1.09	+ .03
	Suburb	+1.92	+ .57	+ .47
<i>MIDWEST</i>				
	Central City	+ .24	- .88	- .22
	Suburb	+2.26	+1.23	+ .62
<i>SOUTH</i>				
	Central City	+1.57	+ .91	+ .77
	Suburb	+2.39	+2.87	+2.21
<i>WEST</i>				
	Central City	+1.84	+1.53	+1.95
	Suburb	+3.00	+2.44	+2.27

*Central Cities and Suburbs (remainder of metropolitan territory) as defined by OMB, June 30, 1990

Source: US Decennial Censuses reported by Forstall (1991)

Table 3-21
Percent Change in Central Cities and Suburbs
of the 25 Largest Metropolitan Areas in Northeast,
Midwest, South, and West Regions, 1960-1990

Region & Metropolitan Area*	1990 Size (1000s)		Central City			Suburbs		
	Metro. Area	Central City	Percent 10-Yr. Change			Percent 10-Yr. Change		
			1960-1970	1970-1980	1980-1990	1960-1970	1970-1980	1980-1990
NORTHEAST								
New York	8547	7371	1.4	-10.4	3.5	22.0	2.3	1.7
Philadelphia	4857	1704	-3.1	-13.5	-5.8	25.1	6.4	8.4
Boston-Lawrence Salem	3784	1259	1.5	-7.4	2.9	16.1	2.2	3.5
Pittsburgh	2057	396	-14.1	-18.5	-13.0	4.2	-1.4	-5.8
MIDWEST								
Chicago	6070	2920	-4.7	-10.7	-6.7	39.8	13.1	7.4
Detroit	4382	1222	-8.5	-19.2	-13.0	30.9	9.5	2.5
Cleveland	1831	506	-14.3	-23.6	-11.9	27.0	0.9	0.0
Minneapolis-St. Paul	2464	727	-2.4	-12.5	0.5	51.2	22.4	22.8
St. Louis	2444	601	-10.9	-22.4	-8.7	30.8	8.7	7.2
Cincinnati	1453	364	-9.8	-15.0	-5.6	21.9	8.8	7.1
Milwaukee	1432	685	-1.8	-9.3	-0.2	27.4	9.9	5.1
Kansas City	1566	687	20.1	-6.9	1.0	8.2	17.3	16.8
SOUTH								
Washington, DC	3924	818	0.6	-14.2	-0.1	64.9	16.6	27.7
Dallas	2553	1228	30.6	8.0	15.6	56.2	56.2	48.0
Houston	3302	1694	34.3	27.3	2.6	53.0	82.6	48.3
Miami-Hialeah	1937	639	24.3	12.2	8.6	44.8	39.5	25.1
Atlanta	2834	438	1.8	-12.7	-3.9	58.1	44.8	42.4
Baltimore	2382	769	-2.8	-12.5	-6.0	34.5	19.7	16.8
Tampa-St. Petersburg	2068	617	11.5	8.8	3.6	69.4	82.4	42.5
WEST								
Los Angeles-Long Beach	8863	4272	11.8	4.7	17.9	21.7	7.7	19.2
San Francisco	1604	724	-3.3	-5.1	6.6	29.6	5.7	8.6
Seattle	1973	619	-0.5	-5.2	7.8	64.4	26.2	31.1
San Diego	2498	1219	28.0	28.1	29.7	35.7	47.7	38.7
Phoenix	2122	1543	66.9	44.1	35.7	-4.6	104.4	55.7
Denver	1623	468	4.2	-4.3	-5.0	61.6	58.3	23.4

*Metropolitan areas, central cities and suburbs are based on MSA, PMSA and NECMA definitions as designated on June 30, 1990

Table 3-22
Percent Change in Central Cities and Suburbs in
Northeast, Midwest, South, and West Regions, 1960-1990

Region & Metropolitan Categories*	1990 Size (1000s)		Central City			Surrounding Area		
	Metro. Area	Central City	Percent 10-Year Change			Percent 10-Year Change		
			1960-1970	1970-1980	1980-1990	1960-1970	1970-1980	1980-1990
NORTHEAST								
Large Met	28102	11890	10.2	-3.8	2.0	21.4	2.4	2.9
Med. Met	15625	4259	12.0	4.8	6.6	22.9	11.5	9.3
Small Met	2159	612	3.1	2.7	-0.8	4.1	7.1	0.4
MIDWEST								
Large Met	24270	9155	12.6	0.2	2.8	28.4	11.9	7.8
Med. Met	11290	4630	15.5	5.4	2.7	20.9	17.5	6.4
Small Met	6861	3613	11.8	6.9	2.5	8.9	13.8	0.9
SOUTH								
Large Met	27759	10515	31.0	23.3	22.4	48.9	41.3	33.4
Med. Met	22934	9785	16.3	21.7	14.7	4.6	37.6	20.0
Small Met	9649	4464	13.8	19.0	10.1	6.3	30.5	12.9
WEST								
Large Met	31056	12367	27.9	18.7	24.0	36.9	25.8	27.1
Med. Met	9757	4743	30.4	31.2	25.4	19.7	32.2	23.1
Small Met	3845	1783	23.5	37.5	18.4	3.8	49.4	17.8
REGION TOTALS								
Northeast	45886	16761	10.4	-0.8	3.3	20.8	5.9	5.2
Midwest	42421	17398	13.2	2.6	2.7	23.4	13.6	6.5
South	60342	24765	21.8	21.9	17.3	20.9	38.0	24.9
West	44658	18894	28.1	22.7	23.8	30.2	28.8	25.5
U.S. TOTALS								
Large Met	111187	43927	18.4	7.8	12.5	31.3	17.7	17.1
Med. Met	59605	23417	16.4	14.2	11.6	15.9	23.3	14.2
Small Met	22515	10473	12.9	15.3	7.8	6.4	24.0	8.4
TOTAL	193307	77817	17.1	10.6	11.6	23.2	20.1	15.3

*Classed by 1990 populations: Large - 1 million or more; Medium - 250,000 - 1 million; Small - less than 250,000.

Table 3-23
1990 Percent Minorities and 1980-1990 Percent Change
for Non-Hispanic (N-H) Whites and Minorities in Central
Cities and Suburbs of the 25 Largest Metropolitan Areas
in Northeast, Midwest, South, and West Regions

Region & Metropolitan Area	1990 Percent Minorities			% Change N-H Whites			% Change Minorities			City-Suburb Dissimilarity Index		
	Central City	Suburbs	Diff.*	Central City	Suburbs	Diff.	Central City	Suburbs	Diff.	1990	1980	
NORTHEAST												
New York	56.7	23.3	-33.3	-13.7	-6.5	7.2	22.3	42.7	20.4	16	15	1
Philadelphia	49.5	11.3	-38.2	-15.1	5.7	20.8	6.2	35.8	29.6	47	47	-1
Boston	30.2	6.1	-24.2	-10.3	0.4	10.7	55.7	100.3	44.7	44	47	-3
Pittsburgh	27.8	5.3	-22.5	-16.2	-6.5	9.7	-3.3	8.0	11.3	40	41	-1
MIDWEST												
Chicago	60.8	16.2	-44.6	-17.5	-0.1	17.4	2.0	76.2	74.2	47	51	-4
Detroit	70.4	7.5	-62.9	-35.8	0.7	36.4	2.2	31.7	29.5	67	66	1
Cleveland	52.2	11.1	-41.1	-19.5	-2.1	16.9	-3.6	27.9	31.5	47	51	-3
Minneapolis-St. Paul	19.5	4.2	-15.3	-8.5	20.8	29.3	70.5	102.8	32.4	40	38	2
St. Louis	42.2	12.1	-30.1	-8.8	4.6	13.4	-8.7	31.5	40.2	36	42	-7
Cincinnati	39.8	6.1	-33.7	-12.3	6.2	18.4	6.8	24.8	18.1	51	51	0
Milwaukee	36.6	3.0	-33.7	-10.8	4.4	15.2	25.5	35.5	10.0	54	50	5
Kansas City	32.4	5.3	-27.1	-2.9	14.8	17.7	10.1	66.1	56.0	47	48	-1
SOUTH												
Washington, DC	61.1	31.1	-30.0	3.2	14.3	11.0	-2.2	72.9	75.0	21	34	-12
Dallas	47.7	19.9	-27.8	-1.4	35.3	36.7	42.7	138.5	95.8	31	33	-2
Houston	58.5	27.9	-30.6	-19.7	31.8	51.5	27.7	119.4	91.8	31	29	2
Miami-Hialeah	82.9	63.3	-19.7	-37.8	-17.7	20.1	28.4	79.2	50.9	21	24	-4
Atlanta	65.3	23.4	-41.9	-5.4	29.9	35.3	-3.1	108.0	111.0	26	42	-16
Baltimore	60.3	14.1	-46.2	-15.5	12.8	28.3	1.5	49.4	47.9	49	52	-3
Tampa-St. Petersburg	29.9	11.3	-18.6	-1.2	37.4	38.6	17.1	100.9	83.7	28	34	-6
WEST												
Los Angeles-Long Beach	60.8	57.7	-3.1	-8.9	-8.1	0.8	45.5	52.3	6.8	3	4	-1
San Francisco	53.4	33.3	-20.1	-5.1	-4.7	0.4	19.5	50.8	31.3	20	26	-6
Seattle	23.5	10.6	-12.9	2.3	25.4	23.1	30.3	111.2	80.9	22	30	-8
San Diego	40.2	29.3	-10.9	11.4	25.6	14.2	71.8	85.5	13.6	12	11	1
Phoenix	23.2	22.0	-1.2	27.8	52.2	24.5	70.9	69.2	-1.7	1	-2	4
Denver	38.6	14.7	-23.9	-12.1	18.7	30.8	8.8	59.8	51.0	29	33	-4

*Difference equals suburbs minus central city.

Table 3-24
1990 Percent Minorities and 1980-1990 Percent Change
for Non-Hispanic (N-H) Whites and Minorities in Central
Cities and Suburbs in Northeast, Midwest, South,
and West Regions

Region & Metropolitan Area	1990 Percent Minorities				% Change N-H Whites				% Change Minorities				City-Suburb Dissimilarity/Index		
	Central		Suburbs		Diff		Central		Suburbs		Diff		1990	1980	Diff.
	City	Suburbs	City	Suburbs	City	Suburbs	City	Suburbs	City	Suburbs	City	Suburbs	Diff.		
NORTHEAST															
Large Met.	52.0	13.0	-39.1	-14.0	-1.5	12.5	19.6	47.9	28.3	46	47	-1			
Med. Met.	27.1	6.9	-20.2	-8.5	7.1	15.6	32.5	49.9	17.4	37	37	0			
Small Met.	12.2	3.8	-8.4	-7.1	-0.3	6.8	27.6	22.2	-5.4	30	27	2			
MIDWEST															
Large Met.	46.6	9.1	-37.5	-14.1	6.1	20.2	9.6	28.1	18.5	49	48	2			
Med. Met.	24.8	6.1	-18.7	-6.1	5.0	11.1	11.8	33.8	22.0	38	39	-1			
Small Met.	12.0	4.1	-7.9	0.6	1.1	0.5	37.5	-4.6	-42.1	26	19	7			
SOUTH															
Large Met.	51.9	25.3	-26.6	-2.7	22.1	24.8	20.0	83.1	63.2	27	33	-5			
Med. Met.	39.7	17.5	-22.2	2.0	18.6	16.6	19.3	26.9	7.7	28	26	2			
Small Met.	33.1	16.0	-17.2	1.2	12.1	10.8	20.7	17.5	-3.2	23	20	3			
WEST															
Large Met.	46.3	32.8	-13.5	2.6	13.2	10.6	48.6	68.7	21.1	14	15	-1			
Med. Met.	36.1	29.9	-6.2	17.3	16.1	-1.2	52.3	43.6	-8.7	7	6	1			
Small Met.	19.9	19.5	-0.4	13.7	11.9	-1.7	47.4	49.8	2.4	1	1	-1			
REGION TOTALS															
Northeast	44.2	10.1	-34.1	-11.9	1.9	13.7	21.5	47.8	26.3	45	46	-1			
Midwest	33.6	7.6	-26.0	-8.0	5.1	13.2	11.7	26.2	14.5	42	41	1			
South	43.7	21.1	-22.6	0.1	19.1	19.0	19.8	53.0	33.1	26	28	-2			
West	41.3	31.2	-10.1	7.6	13.6	6.0	49.3	63.1	13.7	11	12	-1			
U.S. TOTALS															
Large Met.	49.3	20.8	-28.5	-7.1	8.9	16.0	23.9	64.6	40.7	31	34	-3			
Med. Met.	33.7	13.8	-20.0	0.3	11.4	11.1	25.8	35.5	9.7	28	27	1			
Small Met.	22.4	11.8	-10.6	2.3	6.8	4.5	27.3	22.5	-4.8	19	17	2			
TOTAL	41.0	17.6	-23.3	-3.1	9.5	12.6	24.6	52.9	28.3	28	30	-2			

Table 3-25
1990 Percent of Blacks, Hispanics, and Asians in Central
Cities and Suburbs of the 25 Largest Metropolitan Areas
in Northeast, Midwest, South, and West Regions

Region & Metropolitan Area	1990 Percent Black			1990 Percent Hispanic			1990 Percent Asian		
	Central City	Suburbs	Diff.	Central City	Suburbs	Diff.	Central City	Suburbs	Diff.
NORTHEAST									
New York	28.6	11.8	-16.9	24.3	8.4	-15.8	7.0	3.6	-3.4
Philadelphia	40.5	7.6	-32.8	6.9	1.8	-5.1	2.7	1.9	-0.8
Boston	15.2	1.7	-13.6	10.8	2.0	-8.7	4.8	2.2	-2.6
Pittsburgh	25.2	4.1	-21.1	1.0	0.5	-0.5	1.5	0.6	-0.9
MIDWEST									
Chicago	38.3	6.8	-31.5	19.2	5.6	-13.6	3.7	3.8	0.1
Detroit	66.3	4.2	-62.1	3.1	1.5	-1.6	0.9	1.5	0.6
Cleveland	46.6	9.1	-37.5	4.6	0.8	-3.8	1.0	1.2	0.2
Minneapolis-St. Paul	9.6	1.2	-8.4	2.8	1.0	-1.8	5.2	1.6	-3.6
St. Louis	40.1	9.9	-30.2	1.2	1.0	-0.2	0.8	1.0	0.2
Cincinnati	37.9	4.8	-33.1	0.7	0.5	-0.1	1.1	0.7	-0.4
Milwaukee	28.0	0.8	-27.2	6.2	1.1	-5.1	1.8	0.8	-1.0
Kansas City	26.3	2.3	-24.0	4.5	1.7	-2.8	1.3	1.0	-0.3
SOUTH									
Washington, DC	51.7	19.9	-31.7	6.9	5.4	-1.5	2.9	5.8	2.9
Dallas	25.6	7.2	-18.4	19.7	9.6	-10.0	2.5	2.7	0.2
Houston	27.5	9.1	-18.4	27.5	15.1	-12.4	4.0	3.7	-0.3
Miami-Hialeah	16.7	22.4	5.8	67.6	40.2	-27.4	0.7	1.7	1.0
Atlanta	62.4	19.3	-43.1	2.0	2.0	0.0	1.0	2.0	1.0
Baltimore	58.1	10.5	-47.6	1.1	1.4	0.3	1.1	2.1	1.0
Tampa-St. Petersburg	20.4	4.1	-16.2	8.3	6.1	-2.2	1.4	1.0	-0.4
WEST									
Los Angeles-Long Beach	13.9	8.7	-5.1	37.9	37.8	-0.1	10.0	11.5	1.5
San Francisco	10.9	4.9	-6.0	13.9	15.1	1.2	29.1	13.5	-15.6
Seattle	8.6	2.0	-6.6	3.4	2.5	-1.0	10.4	5.2	-5.2
San Diego	8.7	4.2	-4.5	20.9	20.0	-0.9	11.1	5.0	-6.1
Phoenix	4.0	2.1	-1.9	16.2	16.5	0.3	1.8	1.4	-0.4
Denver	12.8	3.1	-9.7	23.0	9.0	-14.0	2.4	2.3	-0.1

Table 3-26
1990 Percent College Graduates by Race and Ethnicity*
for Central Cities and Suburbs by Region, Metropolitan
Categories, and Selected Metropolitan Areas

Metro Areas, Regions & Metropolitan Categories	Total		Whites		Blacks		Hispanics		Asians		Diff.	
	City	Suburbs	City	Suburbs	City	Suburbs	City	Suburbs	City	Suburbs		
Selected Metro Area												
New York	23.1%	34.2%	28.4%	35.9%	12.4%	17.1%	4.7%	15.9%	8.2%	33.5%	60.2%	26.7%
Philadelphia	14.8%	26.9%	18.6%	27.3%	9.0%	16.5%	7.6%	6.9%	6.9%	31.1%	51.5%	20.3%
Chicago	20.5%	27.9%	28.0%	27.8%	10.6%	18.5%	7.9%	6.8%	11.8%	40.9%	57.2%	16.3%
Detroit	10.5%	20.3%	13.9%	19.9%	8.4%	18.7%	10.3%	6.8%	18.1%	39.5%	56.6%	17.0%
Dallas	27.4%	27.7%	35.3%	28.7%	11.7%	20.0%	8.3%	7.7%	11.1%	43.1%	44.2%	1.1%
Atlanta	26.8%	26.8%	47.6%	28.1%	11.3%	19.8%	8.5%	20.7%	25.3%	54.7%	39.5%	-15.3%
Los Angeles	23.2%	21.5%	28.6%	23.0%	13.5%	16.8%	3.3%	6.0%	6.1%	34.5%	39.4%	5.0%
Denver	29.0%	28.9%	33.9%	29.6%	14.5%	22.4%	7.9%	6.9%	12.5%	32.1%	30.4%	-1.7%
NORTHEAST												
Large Met	21.3%	28.4%	26.6%	28.6%	11.3%	17.4%	6.1%	8.1%	16.9%	34.0%	57.3%	23.3%
Med Met	18.6%	22.1%	20.0%	21.9%	9.5%	16.1%	6.3%	8.2%	14.1%	42.4%	55.6%	13.2%
Small Met	15.8%	15.5%	16.2%	15.6%	7.4%	6.1%	-1.3%	7.0%	12.5%	56.8%	52.0%	-4.9%
MIDWEST												
Large Met	18.9%	23.9%	24.0%	23.8%	9.2%	17.4%	8.2%	7.8%	16.2%	40.2%	55.2%	15.0%
Med Met	18.7%	20.4%	20.5%	20.3%	8.4%	18.3%	9.8%	8.0%	12.5%	47.4%	52.4%	5.0%
Small Met	22.3%	16.1%	22.9%	16.0%	8.9%	12.3%	3.4%	16.0%	12.5%	55.5%	52.2%	-3.3%
SOUTH												
Large Met	22.9%	25.6%	28.9%	26.6%	11.5%	18.2%	6.7%	9.2%	16.6%	39.4%	43.1%	3.7%
Med Met	22.4%	17.8%	26.3%	18.5%	11.6%	10.8%	-0.8%	10.7%	9.0%	43.3%	35.5%	-7.8%
Small Met	20.9%	14.7%	24.0%	15.5%	9.8%	7.9%	-1.8%	9.1%	8.4%	42.4%	28.5%	-13.8%
WEST												
Large Met	25.9%	24.7%	28.8%	25.6%	14.2%	17.1%	3.0%	7.9%	8.0%	31.1%	39.0%	7.9%
Med Met	21.5%	18.7%	23.5%	20.1%	11.8%	13.2%	1.3%	8.1%	5.8%	23.6%	20.8%	-3.1%
Small Met	23.5%	19.3%	26.5%	20.2%	15.2%	15.0%	-0.1%	9.7%	6.2%	23.1%	22.6%	-0.4%
REGION TOTALS												
Northeast	20.5%	25.3%	24.1%	25.2%	11.0%	16.8%	5.8%	8.1%	15.8%	35.1%	56.9%	21.7%
Midwest	19.5%	22.0%	22.7%	21.8%	9.0%	17.2%	8.2%	8.3%	14.9%	43.9%	54.5%	10.6%
South	22.4%	21.2%	26.9%	21.9%	11.3%	14.4%	3.1%	9.6%	14.1%	41.0%	41.0%	0.0%
West	24.8%	23.1%	27.9%	24.1%	13.9%	16.5%	2.7%	7.6%	7.5%	29.0%	34.7%	5.7%
US TOTALS												
Large Met	22.5%	25.7%	27.6%	26.2%	11.1%	17.7%	6.6%	8.1%	11.7%	33.5%	44.1%	10.6%
Med Met	20.8%	19.7%	23.3%	20.2%	10.5%	12.4%	1.6%	9.2%	8.8%	30.4%	31.6%	1.2%
Small Met	21.9%	15.9%	23.6%	16.4%	9.7%	8.5%	-1.2%	9.8%	7.5%	43.4%	31.3%	-12.1%
TOTAL	21.9%	22.8%	25.6%	23.2%	10.9%	15.5%	4.6%	8.4%	10.8%	33.2%	41.2%	8.0%

*In Tables 26, 27, 28 and 29, the categories, whites, blacks, and Asians include Hispanics of those races

Table 3-27
1990 Percent With Less Than High School Education
by Race and Ethnicity for Central Cities and Suburbs
by Region, Metropolitan Categories, and Selected
Metropolitan Areas

Metro Areas, Regions & Metropolitan Categories	Total			Whites			Blacks			Hispanics			Asians		
	City	Suburbs	Diff.*	City	Suburbs	Diff.	City	Suburbs	Diff.	City	Suburbs	Diff.	City	Suburbs	Diff.
Selected Metro Areas															
New York	31.6%	18.1%	13.5%	25.7%	16.2%	9.5%	35.9%	30.5%	5.5%	52.1%	39.2%	12.9%	31.8%	10.2%	21.6%
Philadelphia	36.2%	17.7%	18.6%	32.2%	17.1%	15.1%	40.1%	24.9%	15.3%	57.8%	30.6%	27.2%	35.9%	13.9%	21.9%
Chicago	33.2%	16.5%	16.6%	26.7%	15.7%	11.0%	36.8%	21.8%	15.0%	59.0%	45.7%	13.4%	22.9%	10.3%	12.6%
Detroit	36.4%	20.0%	16.4%	34.4%	19.8%	14.6%	37.3%	25.9%	11.4%	52.4%	24.9%	27.5%	29.3%	14.9%	14.4%
Dallas	25.3%	17.0%	8.3%	17.2%	15.0%	2.3%	32.1%	22.1%	10.0%	64.2%	46.9%	17.3%	21.4%	16.8%	4.7%
Atlanta	29.0%	18.9%	10.0%	13.9%	17.7%	-3.9%	39.8%	23.5%	16.3%	42.7%	27.8%	14.9%	19.3%	22.7%	-3.3%
Los Angeles	31.7%	28.9%	3.4%	23.4%	23.1%	0.3%	28.9%	22.0%	7.0%	65.8%	56.2%	9.5%	23.2%	17.9%	5.3%
Denver	20.8%	11.7%	9.1%	16.5%	10.9%	5.6%	25.0%	13.0%	12.0%	49.6%	29.5%	20.1%	30.2%	20.5%	9.7%
NORTHEAST															
Large Met	32.1%	17.5%	14.6%	26.9%	16.8%	10.1%	37.2%	26.4%	10.8%	52.7%	34.3%	18.4%	32.0%	12.8%	19.2%
Med Met	30.8%	21.4%	9.4%	28.6%	21.1%	7.5%	37.4%	28.6%	8.8%	53.4%	41.1%	12.3%	26.8%	14.4%	12.4%
Small Met	28.0%	23.5%	4.6%	26.9%	23.1%	3.8%	38.9%	39.6%	-0.6%	53.8%	37.2%	16.5%	15.4%	13.4%	2.0%
MIDWEST															
Large Met	29.7%	17.7%	12.0%	24.2%	17.3%	6.9%	37.4%	24.5%	12.9%	55.5%	35.6%	19.9%	25.9%	12.6%	12.7%
Med Met	24.1%	17.8%	6.2%	21.3%	17.6%	3.7%	34.9%	22.6%	12.3%	48.9%	35.0%	13.8%	21.8%	14.5%	7.1%
Small Met	20.4%	20.7%	-0.3%	19.1%	20.4%	-1.3%	36.3%	32.1%	4.2%	35.4%	32.4%	3.0%	18.7%	16.5%	2.2%
SOUTH															
Large Met	28.6%	19.8%	8.9%	22.0%	18.2%	3.7%	38.2%	26.5%	11.7%	54.1%	36.5%	17.6%	22.2%	17.9%	4.3%
Med Met	25.9%	26.1%	-0.2%	20.9%	24.4%	-3.4%	38.2%	38.9%	-0.7%	47.5%	52.8%	-5.4%	21.4%	22.1%	-0.7%
Small Met	27.2%	28.7%	-1.5%	22.5%	26.7%	-4.2%	41.3%	43.8%	-2.5%	51.5%	47.7%	3.8%	23.3%	26.9%	-3.6%
WEST															
Large Met	24.3%	18.9%	5.4%	18.2%	15.8%	2.5%	26.7%	19.3%	7.3%	58.4%	48.8%	9.6%	26.8%	17.0%	9.9%
Med Met	21.7%	22.5%	-0.8%	17.4%	18.8%	-1.4%	25.4%	20.4%	4.9%	46.6%	44.5%	2.1%	28.4%	23.3%	5.1%
Small Met	16.6%	21.6%	-5.0%	14.8%	19.1%	-4.4%	18.1%	19.4%	-1.2%	41.7%	55.5%	-13.8%	26.6%	30.0%	-3.3%
REGION TOTALS															
Northeast	31.6%	19.3%	12.3%	27.4%	18.8%	8.6%	37.2%	27.2%	10.0%	52.8%	36.7%	16.1%	31.3%	13.2%	18.1%
Midwest	26.3%	18.1%	8.2%	22.1%	17.8%	4.3%	36.9%	24.6%	12.2%	52.9%	35.3%	17.6%	23.6%	13.1%	10.5%
South	27.3%	23.4%	3.9%	21.6%	21.3%	-0.2%	38.6%	32.8%	5.8%	51.9%	41.3%	10.6%	22.1%	19.1%	3.0%
West	23.0%	19.8%	3.2%	17.6%	16.6%	1.0%	26.3%	19.5%	6.8%	55.0%	50.2%	4.7%	27.3%	18.6%	8.7%
U.S. TOTALS															
Large Met	28.6%	18.5%	10.1%	22.5%	17.0%	5.5%	36.3%	24.9%	11.4%	55.3%	43.2%	12.1%	27.7%	16.1%	11.7%
Med Met	25.6%	22.6%	3.0%	21.8%	21.3%	0.5%	36.7%	34.5%	2.2%	48.1%	50.3%	-2.2%	26.6%	20.8%	5.9%
Small Met	23.1%	24.6%	-1.5%	20.1%	23.1%	-3.0%	39.6%	41.7%	-2.2%	47.1%	51.0%	-4.0%	22.5%	25.7%	-3.2%
TOTAL	27.0%	20.4%	6.6%	21.9%	19.0%	2.9%	36.6%	28.9%	7.8%	53.3%	45.3%	8.0%	27.2%	17.3%	9.9%

* Difference equals central city minus suburbs.

Table 3-28

1990 Per Capita Income by Race and Ethnicity for Central Cities and Suburbs by Region, Metropolitan Categories, and Selected Metropolitan Areas

Regions & Metropolitan Categories	Total		Whites		Blacks		Hispanics		Asians	
	City	Suburbs	City	Suburbs	City	Suburbs	City	Suburbs	City	Suburbs
Selected Metro Areas										
New York	\$16,334	\$24,056	\$7,722	\$22,027	\$20,140	\$4,113	\$10,519	\$13,057	\$2,538	\$3,654
Philadelphia	\$11,869	\$18,827	\$6,958	\$14,922	\$19,478	\$4,556	\$8,927	\$12,431	\$3,504	\$5,918
Chicago	\$13,158	\$19,496	\$6,338	\$18,525	\$20,399	\$1,874	\$8,602	\$12,342	\$3,740	\$3,353
Detroit	\$10,056	\$17,873	\$7,817	\$12,971	\$18,078	\$5,107	\$8,812	\$13,680	\$4,868	\$8,041
Dallas	\$16,084	\$16,799	\$715	\$21,387	\$17,962	(\$3,425)	\$8,535	\$10,447	\$1,912	\$1,798
Atlanta	\$15,332	\$17,182	\$1,850	\$28,321	\$18,827	(\$9,494)	\$6,089	\$11,245	\$3,156	\$1,919
Los Angeles	\$16,128	\$16,168	\$40	\$21,707	\$19,525	(\$2,182)	\$11,204	\$13,217	\$2,013	\$1,591
Denver	\$15,590	\$16,923	\$1,333	\$18,191	\$17,427	(\$764)	\$10,442	\$12,314	\$1,872	\$2,952
NORTHEAST										
Large Met	\$14,939	\$20,066	\$5,067	\$19,359	\$20,629	\$1,270	\$9,938	\$13,115	\$3,177	\$4,610
Med Met	\$13,305	\$16,639	\$3,334	\$14,673	\$16,639	\$1,966	\$9,101	\$12,271	\$3,170	\$4,037
Small Met	\$11,702	\$12,532	\$830	\$12,176	\$12,628	\$452	\$7,907	\$8,687	\$780	\$2,180
MIDWEST										
Large Met	\$12,461	\$17,523	\$5,042	\$15,598	\$17,901	\$2,203	\$8,322	\$11,959	\$3,637	\$4,085
Med Met	\$12,473	\$15,742	\$2,535	\$13,728	\$15,253	\$1,526	\$7,859	\$11,774	\$3,775	\$2,514
Small Met	\$12,364	\$13,289	\$705	\$13,168	\$13,343	\$175	\$7,391	\$8,655	\$1,264	\$409
SOUTH										
Large Met	\$14,224	\$17,000	\$2,776	\$17,670	\$18,222	\$552	\$8,666	\$11,489	\$2,823	\$3,132
Med Met	\$12,998	\$13,675	\$677	\$15,807	\$14,571	(\$1,236)	\$7,464	\$9,085	\$621	(\$358)
Small Met	\$12,083	\$12,161	\$78	\$14,303	\$12,990	(\$1,313)	\$6,631	\$7,132	\$501	\$685
WEST										
Large Met	\$15,930	\$17,348	\$1,418	\$19,158	\$18,985	(\$173)	\$10,928	\$12,651	\$1,723	\$1,627
Med Met	\$13,649	\$14,466	\$817	\$15,026	\$15,886	\$860	\$9,581	\$10,274	\$693	\$8,099
Small Met	\$13,973	\$13,240	(\$733)	\$14,692	\$13,473	(\$1,219)	\$10,440	\$9,079	(\$1,361)	(\$1,139)
REGION TOTALS										
Northeast	\$14,449	\$18,338	\$3,870	\$17,505	\$18,709	\$1,204	\$9,786	\$12,860	\$3,074	\$4,257
Midwest	\$12,466	\$16,468	\$3,092	\$14,459	\$16,748	\$2,277	\$8,209	\$11,719	\$3,513	\$3,429
South	\$13,534	\$13,068	\$1,182	\$16,208	\$16,056	(\$150)	\$7,923	\$9,793	\$1,870	\$2,045
West	\$16,172	\$16,458	\$1,286	\$17,334	\$17,393	(\$59)	\$10,703	\$12,226	\$1,521	\$1,129
U.S. TOTALS										
Large Met	\$14,551	\$17,953	\$3,402	\$18,156	\$18,977	\$821	\$9,219	\$12,122	\$2,903	\$2,387
Med Met	\$13,082	\$15,091	\$2,009	\$14,976	\$15,645	\$669	\$7,923	\$9,091	\$1,168	\$603
Small Met	\$12,548	\$12,692	\$144	\$13,795	\$13,116	(\$679)	\$6,948	\$7,419	\$471	(\$258)
TOTAL	\$13,840	\$16,507	\$2,667	\$16,426	\$17,300	\$874	\$8,713	\$10,930	\$2,217	\$1,833

*Difference equals suburbs minus central city.

Table 3-29
1990 Percent in Poverty by Race and Ethnicity
for Central Cities and Suburbs by Region, Metropolitan
Categories, and Selected Metropolitan Areas

Metro Areas, Regions & Metropolitan Categories	Total		Whites		Blacks		Hispanics		Asians	
	City	Suburbs	City	Suburbs	City	Suburbs	City	Suburbs	City	Suburbs
Selected Metro Areas										
New York	19.2%	6.5%	12.3%	4.8%	25.3%	16.5%	33.2%	16.4%	16.1%	4.5%
Philadelphia	20.9%	4.8%	11.2%	3.9%	29.3%	14.1%	45.4%	13.3%	29.2%	8.6%
Chicago	21.2%	4.3%	10.7%	3.3%	33.0%	14.5%	24.1%	9.9%	17.3%	3.9%
Detroit	30.2%	6.2%	19.1%	5.6%	35.1%	19.7%	33.5%	10.0%	30.2%	6.3%
Dallas	17.2%	7.4%	9.8%	5.5%	28.8%	19.6%	27.2%	17.8%	18.0%	6.8%
Atlanta	25.9%	7.2%	10.0%	5.1%	34.7%	15.3%	28.1%	13.9%	30.7%	9.8%
Los Angeles	18.3%	12.1%	12.6%	8.9%	24.6%	16.0%	27.6%	18.5%	16.2%	10.8%
Denver	17.1%	6.8%	12.4%	5.9%	27.0%	20.5%	30.6%	13.6%	26.2%	9.8%
NORTHEAST										
Large Met	19.3%	5.3%	14.1%	4.5%	26.8%	14.1%	33.5%	12.7%	18.4%	5.0%
Med Met	16.3%	6.0%	10.3%	5.6%	28.4%	15.6%	36.4%	16.1%	21.8%	7.9%
Small Met	18.0%	10.1%	11.9%	9.6%	35.3%	34.7%	30.1%	22.2%	24.3%	9.5%
MIDWEST										
Large Met	21.1%	5.6%	11.6%	4.8%	34.6%	18.0%	25.3%	10.0%	26.2%	5.7%
Med Met	17.3%	6.4%	12.4%	5.9%	35.8%	19.1%	22.5%	13.2%	28.6%	8.5%
Small Met	16.0%	8.2%	13.3%	7.7%	38.5%	27.5%	27.0%	17.4%	39.5%	13.1%
SOUTH										
Large Met	18.7%	8.0%	11.4%	6.2%	30.2%	16.8%	27.5%	15.6%	17.5%	8.2%
Med Met	19.0%	11.9%	12.3%	9.6%	33.3%	26.7%	32.5%	35.7%	21.8%	11.0%
Small Met	20.2%	13.2%	13.8%	10.7%	37.8%	30.8%	33.1%	25.9%	25.9%	14.7%
WEST										
Large Met	15.2%	9.0%	10.9%	7.0%	24.8%	16.4%	25.3%	17.6%	16.4%	10.1%
Med Met	14.7%	11.2%	11.5%	9.0%	24.9%	17.3%	24.0%	23.7%	18.3%	9.1%
Small Met	14.9%	12.5%	12.9%	10.6%	23.0%	21.3%	29.0%	28.4%	26.5%	20.1%
REGION TOTALS										
Northeast	18.5%	5.8%	12.7%	5.2%	27.3%	14.8%	33.8%	14.0%	18.9%	6.5%
Midwest	19.1%	6.1%	12.9%	5.5%	35.1%	18.7%	24.8%	11.4%	28.9%	6.6%
South	19.1%	10.2%	12.2%	8.1%	32.5%	21.8%	29.6%	21.9%	20.0%	9.0%
West	15.1%	9.7%	11.3%	7.7%	24.8%	16.6%	25.3%	19.4%	17.3%	10.1%
U.S. TOTALS										
Large Met	18.4%	7.1%	11.3%	5.6%	29.8%	16.3%	28.1%	16.3%	18.0%	8.7%
Med Met	17.3%	8.9%	12.1%	7.5%	32.7%	23.9%	29.2%	25.8%	20.1%	9.1%
Small Met	17.8%	11.3%	13.6%	9.7%	37.5%	30.4%	31.2%	26.8%	30.6%	16.6%
TOTAL	18.0%	8.1%	12.0%	6.6%	31.1%	19.5%	28.6%	19.1%	19.1%	9.0%

*Difference equals suburbs minus central city.

Table 3-30
Twenty-Five Fastest Growing Places With Populations
of 100,000 or More by Central City or Suburb Location

Place	1980-90 Percent Change	1990 Size (1000s)	Central City/Suburb Location*
1. Mesa, AZ	89%	288	Suburb
2. Rancho Cucamonga, CA	84%	101	Suburb
3. Plano, TX	78%	129	Suburb
4. Irvine, CA	78%	110	Suburb
5. Escondido, CA	69%	109	Suburb
6. Oceanside, CA	67%	128	Suburb
7. Bakersfield, CA	66%	175	Central City
8. Arlington, TX	63%	262	Suburb
9. Fresno, CA	62%	354	Central City
10. Chula Vista, CA	61%	135	Suburb
11. Las Vegas, NV	57%	258	Central City
12. Modesto, CA	55%	165	Central City
13. Tallahassee, FL	53%	125	Central City
14. Glendale, AZ	52%	148	Suburb
15. Mesquite, TX	51%	101	Suburb
16. Ontario, CA	50%	133	Suburb
17. Virginia Beach, VA	50%	393	Suburb
18. Scottsdale, AZ	47%	130	Suburb
19. Santa Ana, CA	44%	294	Suburb
20. Pomona, CA	42%	132	Suburb
21. Irving, TX	41%	155	Suburb
22. Stockton, CA	41%	211	Central City
23. Aurora, CO	40%	222	Suburb
24. San Bernadino, CA	40%	164	Central City
25. Raleigh, NC	38%	208	Central City

*Central cities are dominant central cities of metropolitan areas.

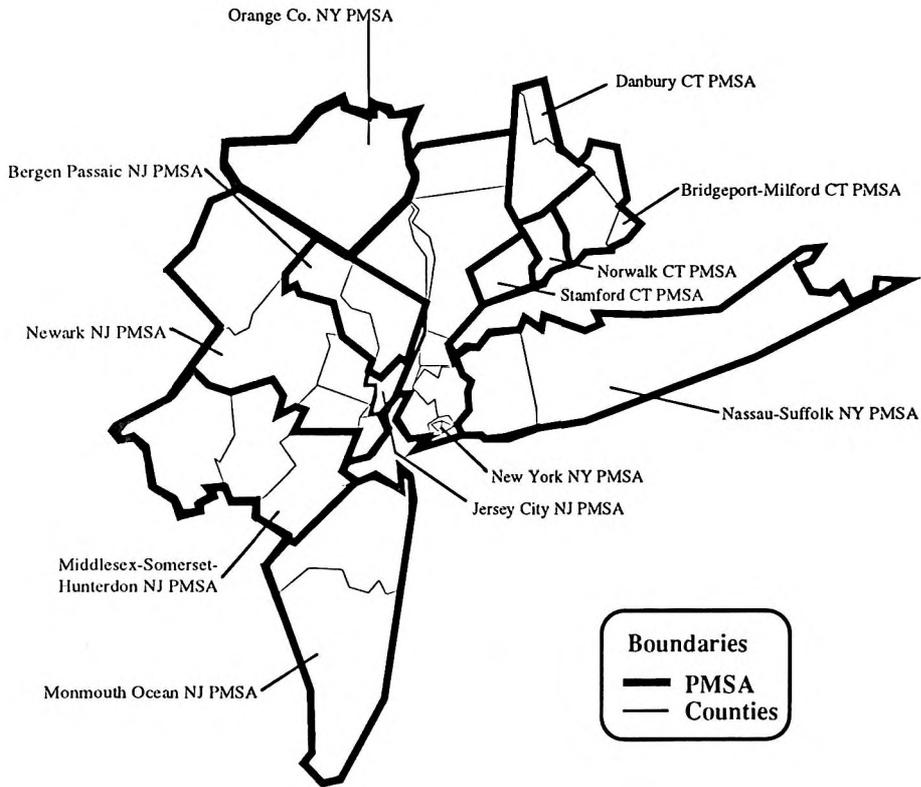
Source: 1990 Decennial Censuses

Table 3-31
1987 Employment and Employment-to-Population (E/P) Ratios for Suburban Magnet Counties^a in Selected Metropolitan Areas, 1969 and 1987

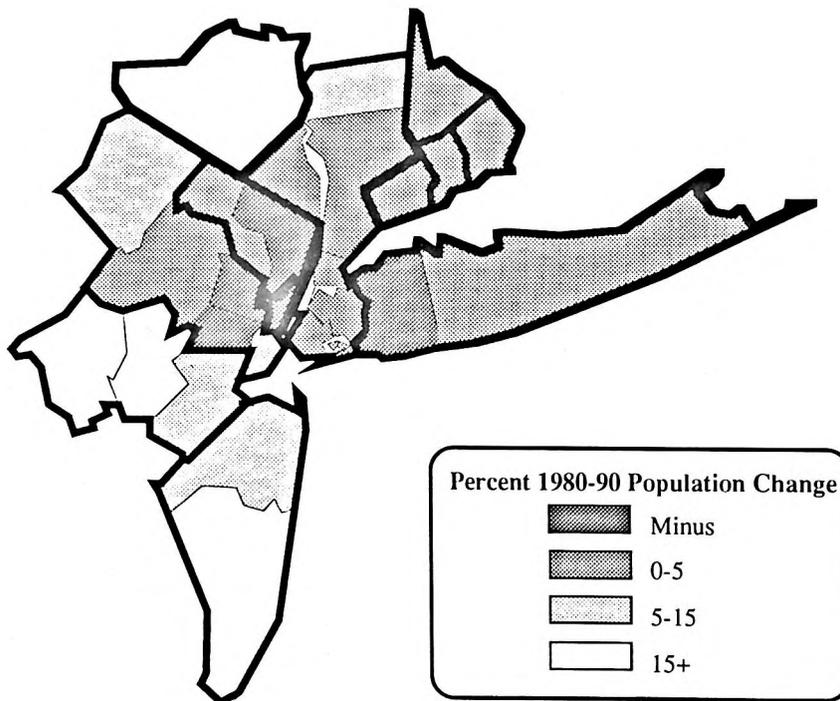
Metro Area/ Magnet Counties	1987 Employment	Percentage of Central City County		E/P Ratio	
		1969	1987	1969	1987
New York	2,679,977	100.0			
Westchester	507,162	18.9		.42	.59
Nassau	784,494	29.3		.38	.60
Bergen	558,580	20.8		.41	.67
Chicago	1,330,029	100.0			
Du Page	430,318	32.4		.31	.58
Philadelphia	869,654	100.0			
Montgomery	492,299	56.6		.51	.73
Camden	245,482	28.2			.50
Atlanta	685,290	100.0			
De Kalb	346,638	50.6		.35	.64
Cobb	224,083	32.7		.40	.55
Clayton	94,144	13.7		.26	.56
Boston	656,311	100.0			
Middlesex	962,718	146.7		.45	.70
Norfolk	373,374	56.9		.37	.61
Cincinnati	595,293	100.0			
Boone	34,558	5.8		.32	.66
Columbus	625,175	100.0			
Union	15,993	2.6		.45	.55
Detroit	1,021,050	100.0			
Oakland	648,638	63.5		.37	.62
Minneapolis	856,530	100.0			
Ramsey	341,464	39.9		.58	.72
St. Louis	330,240	100.0			
St. Louis	662,852	200.7		.39	.66
Washington	740,671	100.0			
Arlington	204,175	27.6		.80	1.28
Montgomery	460,593	62.2		.43	.67
Alexandria	112,915	15.2		.53	1.05
Fairfax	474,983	64.1		.30	.54

^aSource: Thomas M. Stanback, Jr. 1991. *The New Suburbanization: Challenge to the Central City*. Boulder, CO: Westview Press. Chapter 4. (Data compiled by Bureau of Economic Analysis)

Map 3-1 Component PMSAs of New York CMSA



Map 3-2
Percent 1980-1990 Population Change for Counties
Located in New York CMSA and Component PMSAs



Map 3-3
Percent Non-Hispanic Whites for Counties Located
in New York PMSA and Component PMSAs, 1990

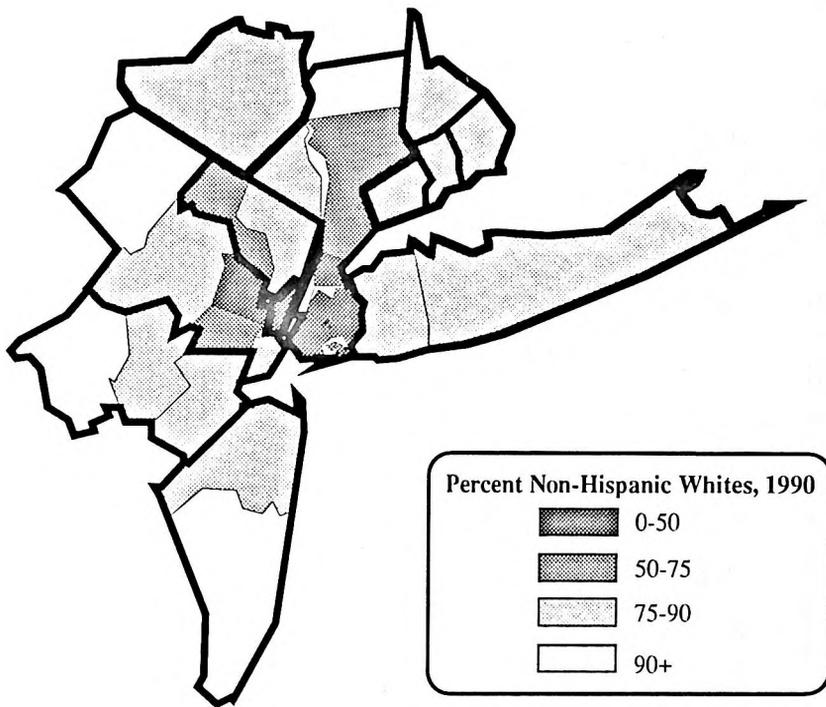


Table 3-32
Population and Housing Characteristics for PMSAs Within
New York CMSA and Surrounding MSAs

CMSA/PMSA MSA	1990		Percent of Pop.			Percent Married Couples ^b	Percent Nonfam HHs	Persons Per HH	Percent Owner Occ HHs	Median Home Value ^c
	Pop. (1000s)	Percent Change	Min- ority ^a	Age 0-17	Age 65+					
New York CMSA	18,087	+3.1	37.0	23.0	13.1	50.6	31.2	2.67	51.0	191.1
New York, NY PMSA	8,546	+3.3	52.1	23.0	13.0	41.6	36.9	2.56	33.3	59.4
Nassau-Suffolk, NY PMSA	2,609	+0.1	15.9	23.3	12.4	66.4	20.0	2.99	80.3	187.0
Stamford CT PMSA	202	+1.9	19.9	20.8	14.1	56.3	30.2	2.60	64.8	394.0
Norwalk CT PMSA	127	+0.5	18.1	21.1	12.3	58.4	28.2	2.60	70.6	315.8
Bridgeport-Milford CT PMSA	443	+1.2	22.1	23.2	14.2	55.3	28.0	2.67	67.6	190.1
Danbury CT PMSA	187	+10.3	9.2	24.4	9.9	63.5	25.3	2.75	74.9	221.2
Orange Co NY PMSA	307	+18.5	15.2	27.6	10.4	62.3	24.0	2.89	67.5	141.7
Bergen Passaic NJ PMSA	1,278	-1.1	24.4	21.7	14.5	58.4	26.7	2.71	63.9	214.4
Jersey City NJ PMSA	553	-0.7	52.6	22.1	12.7	43.4	34.8	2.62	32.5	157.0
Newark NJ PMSA	1,824	-2.9	35.8	23.5	12.5	54.2	27.7	2.74	59.1	191.4
Middlesex-Somerset-Hunterdon NJ PMSA	1,019	+15.1	19.2	21.9	11.3	61.6	26.0	2.71	70.7	173.5
Monmouth Ocean NJ PMSA	986	+16.1	11.5	23.6	17.3	60.9	27.1	2.65	77.4	150.6
New Haven-Heriden CT MSA	530	+5.9	20.1	22.6	14.1	52.6	31.7	2.55	62.4	171.9
Waterbury CT MSA	221	+8.1	15.3	23.4	15.6	54.9	29.7	2.58	63.3	148.0
Poughkeepsie NY MSA	259	+5.9	14.1	23.9	11.4	59.9	27.7	2.69	69.1	149.2
Allentown-Bethlehem PA NJ MSA	686	+8.1	7.2	23.9	15.2	59.7	27.9	2.57	71.6	102.4

^a Persons who are not classed as Non-Hispanic Whites.

^b Percent of all families that are married couple families.

^c Value in 1000s of dollars.

Source: Compiled at University of Michigan Population Studies Center from 1980 and 1990 U.S. Censuses.

CHAPTER 4
INNER-CITY POVERTY AND ECONOMIC ACCESS

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INTRODUCTION

The previous chapters treat metropolitan areas and the metropolitan system as primary analytical units. Yet, when one thinks of urban issues, the most pressing urban needs, and urban policy, the emphasis is typically on the central cities of metropolitan areas and, in particular, their economically distressed neighborhoods. Terms such as concentrated poverty, ghetto poverty, and the urban underclass are often used in describing those subareas of cities that pose the greatest challenges for urban revitalization. This orientation may be an artifact of historic political organization sustained by problem-oriented interest groups and news media, but the realities of the central cities are important, and they must be confronted now.

This chapter, therefore, focuses on the central cities and those neighborhoods experiencing the most severe social and economic distress. We begin with a brief overview of the spatial redistribution of poverty populations to our cities during the past two decades. Next, the growth and concentration of poverty and underclass populations in major cities between 1980 and 1990 are documented and compared with trends during the prior decade. The chapter then assesses changes that have occurred in the economic bases of these cities over the past 30 years and the consequences of these changes for employment prospects of city residents with limited educations. Next, we consider social outcomes of inner-city poverty and joblessness including homelessness, the decline of traditional family structures, infant mortality, crime and violence, health problems, drugs, and school dropout. The chapter concludes with a discussion of how poverty and lack of economic access have interacted with these social outcomes to create the conditions that many characterize as America's new urban predicament.

INNER-CITY POVERTY AND ECONOMIC ACCESS

The Nation's poverty population, once predominantly rural, has become increasingly urbanized. In 1959 only 27 percent of our poor resided in metropolitan central cities. By 1985 central cities housed 43 percent of the U.S. poverty population. During this same period, the percent of poor blacks living in the central cities rose from 38 percent to 61 percent.¹ Along with the shift of the Nation's poverty population from rural areas to major urban centers came a growth in its spatial concentration within these centers. Based on Bureau of the Census definitions of local poverty areas, it was reported that, of the Nation's population living in such poverty areas, central cities housed over half in 1985, up from just one-third in 1972.² It was also documented that the number of poor people living in extreme poverty tracts (that is, census tracts where more than 40 percent of the residents fall below the poverty line) expanded by 66 percent between 1970 and 1980, from 975,000 to 1,615,000.³ Moreover, four northern cities alone (New York, Chicago, Philadelphia, and Detroit) accounted for fully two-thirds of this increase.

Using an identical definition of extreme poverty tracts, 30 large American cities were found to have added 527 such tracts between 1970 and 1980.⁴ Similar to other studies, this study reported that 492 (or 91 percent) of these additional extreme poverty tracts were in 15 cities located in the Northeast and Midwest. Whereas 13 of the sampled large cities were in the South, they had a combined increase of only 36 extreme poverty tracts (17 percent), while the two large cities of the West, Los Angeles and Phoenix, together added only 9 extreme poverty tracts between 1970 and 1980. Clearly, then, the rise of concentrated poverty appears most severe in the older industrial cities of the North.

It has also been found that concentrated poverty is almost exclusively a minority problem. An analysis of extreme poverty tracts in the 100 largest central cities in 1980 showed that, of 1,834,384 poor people residing in these tracts, fewer than 10 percent were non-Hispanic white (175,178), while nearly 70 percent were black (1,248,151).⁵ Nearly all of the remainder were Hispanic.

THE URBAN UNDERCLASS AND GHETTO POVERTY

A term sometimes used interchangeably with concentrated urban poverty is the urban underclass. The underclass is not synonymous with poverty population, however. It is posited to incorporate certain behavioral characteristics conflicting with mainstream values such as persistent joblessness, out-of-wedlock births, welfare dependency, school dropout, and illicit activities. In addition, there is often a spatial criterion included. The underclass is thought to reside in segregated, deprived neighborhoods where social problems are highly concentrated, resulting in mutually reinforcing contagion effects through imitative behavior and peer pressure.

While considerable debate continues to surround definitions (or even the existence) of the underclass population, attempts have been made to measure its size by using "behavioral" indicators derived from census data. Ricketts and Sawhill measure the underclass as people living in neighborhoods whose residents in 1980 simultaneously exhibited disproportionately high rates of school dropout, joblessness, female-headed families, and welfare dependency.⁶ Using a composite definition where tracts must fall at least one standard deviation above the national mean on *all* four characteristics, they find that approximately 2.5 million people lived in such tracts and that these tracts are disproportionately located in major cities in the Northeast and Midwest. They report that in underclass tracts, on average, 63 percent of the resident adults had less than a high school education, that 60 percent of the families with children were headed by women, that 56 percent of the adult men were not regularly employed, and that 34 percent of the households were receiving public assistance. Their research also revealed that, although the total poverty population only grew by 8 percent between 1970 and 1980, the number of people living in the underclass areas grew by 230 percent, from 752,000 to 2,484,000.

Hughes likewise shows an enormous increase between 1970 and 1980 in the isolation and deprivation of ghetto neighborhoods in eight distressed cities.⁷ His mapping of the location and spread of predominantly black census tracts in these cities revealed a substantial growth in the number of poor black neighborhoods that did not border on integrated or nonblack neighborhoods. During the 1970s many black census tracts became surrounded by other black census tracts, limiting the potential for contact with nonblack residents by those who resided in increasingly isolated tracts at the ghetto core.

Hughes also compared absolute changes between 1970 and 1980 in the number of tracts with high coincident levels of adult male joblessness, mother-only families, and welfare reciprocity. He found that these tracts, which he labeled "deprivation neighborhoods," mushroomed over the 10-year period. In Chicago, for example, deprivation neighborhoods increased by 150 percent, from 120 tracts to 299 tracts, while the population living in these tracts expanded by 132 percent, from 445,000 to 1,034,000. Similarly, in Detroit, deprivation tracts expanded from 60 to 197 (228 percent), and the population residing in these tracts increased from 193,880 to 708,593. Just as remarkable, the ratio of black nondeprivation tracts to deprivation tracts completely reversed in both cities during the decade: in Chicago from 3:2 in 1970 to 2:5 in 1980, and in Detroit from 5:2 in 1970 to 1:4 in 1980.

In sum, a considerable range of definitions and measures gives an equally considerable range of estimates of the size of poverty and the underclass populations. The broadest definition and measure, that of all people who are persistently poor but excluding the elderly or disabled, yields a figure of 8 million in 1985. This upper bound constitutes 23.5 percent of the U.S. poverty population and 3.5 percent of the total U.S. population.⁸ When the underclass is measured as all black and Hispanic poor living in urban poverty areas—defined as census tracts with poverty rates above 20 percent in the 100 largest metropolitan areas in 1980—the size estimate is 4.1 million, or 15.1 percent of the U.S. poverty population.⁹ If the 40-percent "extreme poverty" cutoff is used, the size estimate drops to 1.8 million or 7.1 percent of the U.S. poverty population and 0.8 percent of the total U.S. population.¹⁰

The Ricketts and Sawhill composite behavioral measure of the urban underclass, while not without shortcomings, appears to come closest to tapping the multifaceted, complex, and incompletely understood concept and to deriving an estimate of its size.¹¹ Their measure, based on census tract deviations from statistically defined "mainstream" lifestyles, suggests that there are between 2 and 3 million persons living in urban neighborhoods where "deviant" lifestyles predominate. Of greater policy significance is the evidence that the size of the urban underclass grew substantially between 1970 and 1980 and that poverty populations became more concentrated. Moreover, underclass and poverty population growth and concentration have been especially acute in our older industrialized cities of the Northeast and Midwest.

URBAN POVERTY AND UNDERCLASS AREA GROWTH IN THE 1980s

The pertinent question becomes: what has happened to the size, composition, and concentration of urban poverty and underclass populations in cities since 1980? Utilizing 1990 Census of Population data, all census tracts in the Nation's 100 largest metropolitan central cities were classified into three categories: (1) whether 20 percent or more of the tract's households were in poverty; (2) whether 40 percent or more of the tract's households were in poverty; and (3) whether the tract would be categorized as underclass utilizing the Ricketts and Sawhill measure based on all of the following attributes being one standard deviation above the 1980 national tract mean:

- Female headed households: the proportion of families with children under 18 that are headed by a woman (spouse absent).
- Low education: the proportion of young persons (age 16-19) not enrolled in school and not high school graduates.
- Poor work history: the proportion of out-of-school males age 16 and older who worked less than 26 weeks a year.
- Public assistance reciprocity: the proportion of families receiving public assistance income.

Identical underclass area definitions, using 1980 standard deviation cut-off points, were applied to all tracts in the cities for 1970, 1980, and 1990 to monitor changes between 1970 and 1990 and to differentiate the 1970-to-1980 period from the 1980-to-1990 period in underclass and poverty area growth. To classify poverty and extreme poverty tracts in 1970, 1980, and 1990, the household poverty income level at the time of the respective census was applied.

Ten central cities were selected across the four census regions to illustrate and compare changes over the past two decades: New York, Philadelphia, Chicago, Detroit, Atlanta, Dallas, Miami, Denver, Los Angeles, and Seattle. Included are the four central cities in the Northeast and Midwest that produced the majority of the Nation's increase in extreme poverty populations between 1970 and 1980 (New York City, Philadelphia, Chicago, and Detroit) and the two Sunbelt cities that experienced severe urban disorders during the past decade (Miami and Los Angeles).

Table 4-1 presents the number and percent of each city's census tracts in 1970, 1980, and 1990 classified as: (1) poverty (at least 20 percent of the households in poverty), (2) extreme poverty (at least 40 percent of the households in poverty), and (3) underclass. Since the total number of tracts in each city at each census date are also shown, it is possible to trace the

complements of these numbers and percents (that is, number and percent of tracts *not* 20 percent or more poverty, *not* 40 percent or more poverty, and *not* underclass).

Previous studies showed that New York City led the Nation's cities by a wide margin in growth of poverty and underclass areas and populations between 1970 and 1980.¹² Table 4-1 reveals that between 1980 and 1990, New York City actually experienced a decrease in the number and percentage of its poverty and underclass census tracts, with surprisingly sharp drops in the number of its extreme poverty and underclass tracts.

Unfortunately, this is not the case for the other three national leaders in poverty and underclass tract growth between 1970 and 1980. During the 1980s Philadelphia increased marginally in the number of its poverty and underclass tracts, while Chicago and Detroit added considerably more poverty and underclass tracts to their tract mix. Hardest hit was Detroit, which added 88 extreme poverty tracts between 1980 and 1990. By 1990 three quarters of Detroit's census tracts had 20 percent or more of their households in poverty, while 41 percent of this city's tracts had at least 40 percent of their households below the poverty line. Moreover, nearly one out of every five (18.6 percent) of Detroit's census tracts was classified as underclass in 1990.

Looking at the 1990 percentages of tracts that are poverty, extreme poverty, and underclass, New York City appears considerably more favorable than Philadelphia, Chicago, and, especially, Detroit. Yet, in absolute numbers of poverty, extreme poverty, and underclass tracts, New York City (by its sheer size) still leads the Nation.

The major cities in the South and West present a somewhat mixed picture. Miami has shown an accelerated increase in its poverty, extreme poverty, and underclass tracts over the past two decades. By 1990 more than 70 percent of Miami's tracts had at least one in five households in poverty, while nearly one-third of its tracts had at least two in five households in poverty. Its percentage of tracts classified as underclass (6.2) also is considerably higher than the other southern and western cities, with the exception of Atlanta.

After considerable growth in poverty and underclass tracts between 1970 and 1980, Atlanta held steady in its number of poverty and extreme poverty tracts during the 1980s, while its underclass tracts declined. Still, nearly two-thirds of Atlanta's central city tracts had at least 20 percent of their households in poverty in 1990.

Dallas, Denver, and Seattle are cities that one does not typically associate with large concentrations of poverty and underclass areas. The figures presented in Table 4-1 lend support to this impression. All three cities had fewer than 3 percent of their census tracts classified as underclass, and only Dallas, with 11.9 percent of its tracts exhibiting extreme poverty, is in double digits on this distress indicator.

What about Los Angeles, where the most recent racial/ethnic turmoil occurred? While the city of Los Angeles' extreme poverty tracts increased by 15 between 1980 and 1990, such tracts still constituted just 6.2 percent of the city's tracts. Only Seattle (at 5.2 percent) has a lower percent of extreme poverty tracts. Moreover, Los Angeles added but one underclass tract between 1980 and 1990 (compared to nine underclass tracts added between 1970 and 1980), and its number and percent of underclass tracts (20 of 726 equals 2.8 percent) is much lower than the largest cities in the Northeast and Midwest.

Table 4-2 elaborates population characteristics of the poverty tracts and underclass tracts in the 10 cities over time in terms of the changing size and racial/ethnic composition of their residents. This table presents the absolute number of persons and percent of the city population residing in the poverty, extreme poverty, and underclass tracts in 1970, 1980, and 1990 by race and ethnicity. The racial/ethnic subgroups are non-Hispanic white, non-Hispanic black, and Hispanic. One can compute the residual racial/ethnic category figures (mostly Asians and Pacific Islanders) by subtracting the sum of the three racial/ethnic categories presented from the total.

The poverty area and underclass area population reversal taking place in New York City during the 1980s is illustrated by the numbers in the total column. Between 1970 and 1980, while the city's overall population was declining by 822,000, its population in extreme poverty tracts rose by nearly 700,000 and its population in underclass tracts rose by over 325,000. Conversely, between 1980 and 1990, while the city added 252,000 residents to its population base, the number of New York City's residents in extreme poverty areas declined by 45,000, while the number in underclass areas dropped by 116,000.

In terms of racial/ethnic changes, the number of non-Hispanic whites and blacks in extreme poverty and underclass tracts both declined considerably as did the number of Hispanics residing in underclass tracts. Whereas the absolute number of Hispanics residing in extreme poverty tracts did increase between 1980 and 1990, the percentage of Hispanics in extreme poverty tracts declined.

Led by sharp drops in the number of blacks residing in poverty tracts and extreme poverty tracts, Philadelphia showed overall population declines in these subareas between 1980 and 1990. Blacks did, however, increase in underclass areas during the 1980s. Following the demographic trends for the city, the number of non-Hispanic whites declined in poverty and underclass tracts, while the number of Hispanics increased in Philadelphia's poverty and underclass tracts. In 1990 over half of all Hispanics residing in Philadelphia were in extreme poverty tracts, while 36 percent were in underclass tracts.

In Chicago the number of blacks in extreme poverty tracts went down slightly in absolute numbers, but rose as a percent of all city black residents to 29 percent. Blacks in underclass tracts increased in number and as a percent of all black residents, the latter from 12.4

percent in 1980 to 14.7 percent in 1990. White residents in extreme poverty tracts account for slightly less than 2 percent of the white city population. Less than 1 percent of Chicago's whites were in underclass tracts in 1990. Hispanics in extreme poverty tracts went up during the 1980s, while those in underclass tracts went down slightly. For these two distressed subarea categories, Hispanic percentages are far less than black percentages.

Detroit's changing picture is grim, with absolute increases of all racial/ethnic groups in poverty tracts and underclass areas in the face of overall city population declines between 1980 and 1990. Most striking is the fact that blacks residing in extreme poverty tracts expanded by 218,000 between 1980 and 1990 compared to a growth of 52,000 in such poverty areas between 1970 and 1980. Just as striking is the rapidly increasing concentration of non-Hispanic whites and Hispanics in extreme poverty and underclass areas between 1970 and 1990, as illustrated by the percentages. In 1970 only 1.9 percent of Detroit's white population resided in extreme poverty tracts and less than 1 percent in underclass areas. By 1990 these percentages rose to 24.5 and 22.8, respectively. Likewise, the percent of Detroit's Hispanics in extreme poverty tracts rose from 2.4 percent in 1970 to 39.3 percent in 1990, while the percent of Detroit's Hispanics residing in underclass tracts rose from 0.6 percent to 51.1 percent.

With a few notable exceptions, concentrations of poverty and underclass populations are considerably less in southern and western cities. Atlanta's black population residing in poverty tracts and underclass areas declined during the 1980s, although the percent of blacks residing in extreme poverty tracts stayed at a relatively high 31 percent in 1990. In Miami, blacks in extreme poverty tracts rose markedly such that by 1990 over 60 percent of the city's black population resided in extreme poverty tracts compared to 14.3 percent of Miami's Hispanic population and 10.7 percent of its white population.

Dallas, Denver, Los Angeles, and Seattle experienced either modest or no growth in the concentration of their white and black populations in extreme poverty tracts or underclass areas. Dallas and Los Angeles did show significant increases in their Hispanic populations in extreme poverty tracts between 1980 and 1990, but much less increases in their underclass populations. In fact, both Dallas' and Los Angeles' percentage of Hispanics residing in underclass tracts declined during the 1980s.

Table 4-3 describes how the *poverty* population in each city has changed in its size, racial/ethnic composition, and internal spatial distribution among the city's poverty tracts and underclass areas during the past two decades. The percentages show marginally declining concentrations of poor persons between 1980 and 1990 in New York's poverty tracts and underclass areas for all racial/ethnic subgroups. This is contrary to the accelerated concentration of poor persons in poverty, extreme poverty, and underclass tracts that was experienced in New York during the 1970s. This declining *concentration* of poverty population, with a lower percentage of poor persons residing in poverty stricken areas,

potentially obscures an otherwise significant trend. Specifically, although the *concentration* of New York City's poor persons *in poverty tracts and underclass areas* is subsiding and the *total number* of poor persons has declined slightly, the absolute number of poor blacks and poor Hispanics in the city continued to rise during the 1980s.

Philadelphia experienced substantial growth during the 1970s in numbers and concentrations of persons in poverty. During the 1980s the total number of Philadelphians in poverty declined from 340,486 to 313,374. Whites and blacks accounted for all of this decline, with Hispanic poor expanding by nearly 9,000 between 1980 and 1990.

There has also been a notable decline or pattern of stability in the concentration of Philadelphia's poor persons in poverty or extreme poverty stricken areas. Unfortunately, the concentration of poor persons in tracts characterized as underclass areas has risen from 15.3 percent to 19.3 percent for the total population and from 15.3 percent to 21.7 percent for blacks between 1980 and 1990. In addition, Hispanic poor are especially concentrated in extreme poverty and underclass areas. By 1990 71 percent of the 37,364 poor Hispanics in Philadelphia resided in extreme poverty tracts and 51 percent in underclass tracts.

Chicago experienced a similar pattern to Philadelphia and New York with marginal declines in the total poverty population from 1980 to 1990, yet the number of Chicago's minorities in poverty (blacks and Hispanics) increased. Moreover, the concentration of black poor residing in poverty and underclass areas continued to increase in Chicago during the 1980s. At the same time, the number and proportion of Chicago's poor whites and poor Hispanics concentrated in underclass areas declined during the most recent decade. Chicago's Hispanic poor, in fact, are much less concentrated in extreme poverty and underclass tracts than is the case in the other northern cities.

Detroit's pattern is consistent and clear. The number of poor persons and the concentration of poor persons in poverty, extreme poverty, and underclass tracts increased from 1970 to 1980, and again from 1980 to 1990 in nearly every instance. While in 1970 the percent of poor persons residing in underclass tracts was only 5.9 percent, it increased to 23.1 percent in 1980 and to 25.2 percent in 1990. This concentration is even more severe among Hispanic poor, which in 1990 has 55.9 percent of its poor population residing in underclass tracts compared to 21.8 percent of poor blacks and 39.4 percent of poor whites. The most striking increases during the 1980s took place in Detroit's extreme poverty tracts where white poor expanded from 5,870 to 20,391; blacks from 40,298 to 153,254; and Hispanics from 698 to 5,002. In terms of concentration of poor in the extreme poverty areas, poor whites went from 11.9 percent in 1980 to 42.8 percent in 1990; poor blacks from 21.3 percent to 56.6 percent; and poor Hispanics from 11.1 percent to 52.1 percent.

The southern cities, by and large, experienced differential patterns of growth in the number of persons in poverty. Dallas and Miami saw their numbers of poor persons grow throughout

the 1970s and 1980s, while Atlanta experienced a slight decline between 1980 and 1990. As for the racial/ethnic distribution, there has been a steady decline in the number of white residents of Atlanta who are poor, while the number of blacks and Hispanics in poverty has steadily increased (from 72,480 poor blacks in 1970 to 88,718 poor blacks in 1990 and from 460 poor Hispanics in 1970 to 2,091 in 1990).

However, the changing concentration patterns of the various subgroups in poverty, extreme poverty, and underclass tracts have been remarkably similar. All groups experienced a growing concentration between 1970 and 1980 in each of these three subareas. However, there has been a considerable decline in the percentage of poor persons residing in underclass tracts over the past decade. This decline in concentration among underclass tracts is evident for all racial/ethnic subgroups with whites declining from 4.1 to 2.2 percent, blacks from 22.2 to 11.6 percent, and Hispanics from 12.6 to 5.3 percent between 1980 and 1990. There is also little evidence for a growing concentration of poor people in underclass tracts in the other southern cities (that is, Dallas and Miami) with the exception of whites and Hispanics in Miami.

Denver and Seattle remain anomalies. In Denver, which boomed in the 1970s, the number and concentration of poor people in poverty and extreme poverty tracts declined, yet a larger number and portion shifted to underclass tracts. However, the 1980s show a gradual reversal with poor residents of Denver showing a greater concentration in poverty and extreme poverty tracts and a lessening of concentration in underclass areas. Seattle portrays a slightly different version of the same story and continues to exhibit a growing concentration of poor persons in poverty and extreme poverty tracts. Nonetheless, the percent of poor in these areas in no way rivals those of the larger cities of the Northeast and Midwest.

An examination of Los Angeles and the changing features of its poverty population and concentration also reveals rather startling findings. Table 4-3 illustrates that the number of persons in poverty in Los Angeles has steadily risen since 1970 from 368,100 to 643,809. However, virtually all of this increase is directly attributed to the growing numbers of poor Hispanics, which expanded from 89,261 to 380,367. In fact the number of poor persons of Hispanic heritage has roughly doubled each of the past two decades, while the number of poor whites and blacks has stayed virtually the same as in 1970.

The overall concentration of poor persons residing in poverty and extreme poverty tracts in Los Angeles has markedly increased since 1980, while concentrations of poor persons in underclass tracts has remained fairly steady. This general increasing concentration of poor persons in poverty and extreme poverty tracts since 1980 has even occurred for poor white persons; the percent of poor whites in Los Angeles residing in extreme poverty tracts increased from 3.3 percent in 1980 to 10.1 percent in 1990.

Of course, the population subgroup of most interest, in light of the recent racial/ethnic turmoil, is non-Hispanic blacks. Table 4-3 documents that the 1980s was not a favorable decade for poverty concentration among L.A.'s poor blacks. Despite declining absolute numbers, there was a gradual shift toward greater proportions of poor blacks in extreme poverty tracts (17.2 to 23.7 percent) and underclass tracts (15.8 to 18.4 percent). Nonetheless, if one compares the number and proportion of poor blacks in extreme poverty tracts, L.A.'s numbers pale in comparison to New York, Philadelphia, Chicago, and Detroit.

URBAN ECONOMIC CHANGE AND SELECTIVE MOBILITY

Poverty areas and underclass populations expanded in many large northern cities despite targeted infusions of public assistance, affirmative action programs, and civil rights legislation reflective of Great Society liberal sentiments of an earlier era and despite national and urban economic recovery solutions espoused by many conservatives. It appears that one reason why urban poverty yielded to neither broad dynamic is that both were overwhelmed by fundamental changes in the structure of the economies of these cities affecting the employment prospects of their disadvantaged residents.

Modern advances in transportation, communication, and industrial technologies interacting with the changing structure of national and global economic organization have transformed major northern cities from centers of goods production and distribution to centers of information exchange and higher-order service provision.¹³ In the process many goods-processing establishments (for example, manufacturing, warehousing, retail trade), which once constituted their economic backbones and provided employment opportunities for lesser educated residents, either vanished or relocated elsewhere. Blue-collar and other lower education requisite jobs have been replaced, in part, by knowledge-intensive white-collar jobs which typically require education beyond high school and, hence, are not *functionally* accessible to most disadvantaged urban minorities, even though expanding white-collar jobs are relatively close to the core ghettos (that is, they are *spatially* accessible).

Aggravating blue-collar employment declines in the cities' traditional goods-producing industries was the urban exodus of white middle-income residents and the neighborhood business establishments that once served them. This exodus drained the city tax base and further diminished the number of blue-collar service jobs such as domestic workers, gas station attendants, and local delivery personnel. Concurrently, many secondary commercial areas of cities withered as the lower income levels of minority residential groups that replaced the suburbanizing whites could not economically sustain them.¹⁴

Economic distress created by urban industrial transformation and white-flight tells only part of the story, however. With important civil rights gains during the 1960s and 1970s and a growing black middle class, selective black out-migration from the ghettos accelerated, resulting in a socioeconomic and spatial bifurcation of urban black communities. The 1960s

black inner-city communities were far more heterogeneous in socioeconomic mix and family structure because de facto and de jure segregation bound together blacks of all income levels.¹⁵ The presence of working and middle-income blacks within or near the ghettos sustained essential local institutions such as neighborhood clubs, churches, schools, and organized recreational activities for youth. Working-class and middle-income black residents also provided community leadership, mainstream role models for youth, greater familial stability, and sanctions against deviant behavior.

Yet, it was these more economically stable blacks who disproportionately benefitted from civil rights gains such as affirmative action and open housing which removed artificial barriers to job access and facilitated their exodus from ghetto neighborhoods. Left behind in increasingly isolated concentrations were the most disadvantaged with the least to offer in terms of marketable skills, role models, and economic and familial stability. Under such conditions, ghetto problems became magnified and socialization of their younger residents to mainstream values and positive work ethics atrophied.

Let us consider four extensions to this thesis. With the flight of working- and middle-class blacks from the ghettos, not only were mainstream role models, normative guidance, and neighborhood leadership resources lost, but it also became extremely difficult for most small black-owned stores and shops that served ghetto residents to survive. It was often these locally-owned neighborhood establishments that provided ghetto youth with their initial job experience and in so doing also offered visible models of employed teenagers. When these establishments closed, both important functions were lost.

Second, prior to the 1960s, de jure and de facto racial segregation in business and shopping patterns resulted in "protected markets" with black earnings being expended primarily in black-owned establishments. Money earned by blacks who worked in white-owned businesses (or for whites) was much more likely to be funneled to black-owned neighborhood establishments or to local black professionals than was the case in the 1970s and 1980s. Black income thus was multiplied through black chains of exchange rather than flowing out of the black community, as is more likely the case today.¹⁶ As a result, not only was aggregate black community income diminished but, in turn, the number of blacks who could be employed in the neighborhood was substantially reduced.

Third, it is well documented that affirmative action programs were far more effective in the public sector than the private sector. Analysis of changes in white-collar employment in major northern cities between 1970 and 1980 using the Public Use Microdata Sample files shows that upper-echelon white-collar employment gains by central city blacks were skewed toward the public sector whereas such gains by non-Hispanic whites and others were almost exclusively in the private sector. By the mid-1970s administrative growth in the public sector had already begun to slow, especially in the major cities, and it slowed even further during the 1980s era of urban fiscal austerity.¹⁷ At the same time, a burst of entrepreneurship and

small business growth commenced that bypassed blacks. In contrast to dramatic gains by most other racial and ethnic groups, the number of black-owned firms with employees actually declined.¹⁸ It seems plausible that the differential success in affirmative action in the public sector disproportionately attracted better-educated, more talented blacks from private sector pursuits where most upper-income growth opportunities emerged in the past 15 years. Entering the more secure public sector may also reduce the prospects of these persons starting their own businesses and thereby economically bolstering the black community by providing additional employment opportunities for blacks.

Fourth, since the early 1970s, certain Federal policies have been guided by the reasonable principle that public assistance should be targeted to areas where the needs are the greatest as measured by such factors as job loss, poverty rate, and persistence of unemployment.¹⁹ The idea is that the most distressed areas should receive the largest allocation of government funds for subsistence and local support services for the economically displaced and others left behind. While these policies unquestionably helped relieve pressing problems such as the inability of the unemployed to afford private sector housing or obtain adequate nutrition and health care, they did nothing to reduce the skills mismatch between the resident labor force and available urban jobs. In fact, spatially concentrated assistance may have inadvertently increased the mismatch and the plight of educationally disadvantaged residents by binding them to inner-city areas of severe blue-collar job decline and in areas that, by program definition, are the most distressed.

For those individuals with some resources and for the fortunate proportion whose efforts to break the bonds of poverty succeed, spatially concentrated public assistance will not impede their mobility. But for many inner-city poor without skills and with few economic options, local concentrations of public assistance and community services can be "sticking" forces. Given their lack of skills, the opportunity cost of giving up their in-place assistance would be too high if they were to move. They may see themselves as better off with their marginal but secure in-place government assistance than taking a chance and moving in search of a minimum wage, entry-level job, often in an unknown environment.

Before returning to explore these issues, let us first document the nature and timing of the immense industrial restructuring that has occurred in our largest northern cities and then its implications for educational requirements for employment in these transforming cities.

THE NATURE AND TIMING OF URBAN INDUSTRIAL TRANSITION

Why did the growth of urban poverty areas and underclass populations since 1970 occur disproportionately in major cities in the Northeast and Midwest? One reason is suggested by data presented in Tables 4-4 and 4-5. These tables describe characteristics of employment change in the central counties of metropolitan areas that match the cities analyzed in Tables 4-1, 4-2, and 4-3. They reveal the substantial interregional differences in total urban

employment change since the late 1950s and, specifically, the dramatic losses of jobs since 1970 in goods-processing industries of northern cities that traditionally required less education. Table 4-4 shows that New York City, Chicago, Detroit, and Philadelphia each lost approximately half of their manufacturing jobs since 1970 and also experienced considerable declines in their retail and wholesale sectors, with the exception of Chicago (Cook County). Again, with the exception of Cook County (Chicago), which contains substantial suburban territory, absolute employment loss in the goods-processing industries of these northern cities overwhelmed rather remarkable growth in their white collar service industries, resulting in overall city employment declines between 1970 and 1989.

Conversely, the six major cities in the South and West all exhibited substantial total employment growth since 1970 and either relatively little job loss or actual job growth in manufacturing, retail, and wholesale trade. Thus, not only did white-collar service employment markedly increase in the six southern and western cities, but blue-collar service jobs typically expanded as well.

Comparison of trends since the late 1950s across cities in absolute employment change and their industrial mixes illustrates the much greater economic restructuring and job displacement that took place in northern cities. This restructuring and displacement occurred in the face of dramatic growth of their black labor forces, much of which migrated to these cities during the 1950s and 1960s in search of blue-collar work. Between 1959 and 1989, New York City shed more than 500,000 manufacturing jobs and more than 100,000 jobs in the retail and wholesale trades, while employment in the city's white-collar services industries expanded by more than 800,000. Likewise, while employment in manufacturing, retail, and wholesale trade in Philadelphia contracted by 255,000 since the late 1950s, the city added 160,000 employees in white-collar service industries. In 1959 approximately 40 percent of workers in Philadelphia were employed in manufacturing. By 1989 only 15 percent of employees in that city were in manufacturing, while those employed in white collar services had increased from 18.8 percent to 48.5 percent. It is of further interest to observe that, for every northern city shown, the majority of job losses in traditional goods-processing industries occurred *after* 1970, which would be expected to have a depressing effect on job prospects of lesser educated offspring of earlier migrants as well.

Table 4-5 provides an even more vivid depiction of the post-1970 restructuring of the employment bases of major northern cities. This table decomposes total city employment change between 1970 and 1989 for each city into that accounted for by (1) its service sector industries in which more than 60 percent of the employees in 1978 were classified as executive, managerial, professional, or clerical and (2) all other industries combined.²⁰ Observe that all four northern cities experienced substantial employment growth in their predominantly information-processing industries and with the exception of Cook County (Chicago) marked employment declines in their other combined industries. For example, New York City added 490,000 jobs between 1970 and 1989 in its predominantly information-

processing industries (a 52-percent increase) while losing 670,000 jobs in other industries (a 28-percent decrease). By 1989 45 percent of all jobs in New York City were in service industries in which executives, managers, professionals, and clerical workers constituted more than 60 percent of the industry's total employment.

For the two northern cities—Detroit and Philadelphia—job increases in their predominantly information-processing industries were overwhelmed by job losses in their more traditional industries. This is especially the case for Detroit, which Table 4-4 revealed had lost more than half of its manufacturing jobs between 1970 and 1989.

In contrast to larger, older cities in the North, Atlanta, Dallas, Denver, Los Angeles, Miami, and Seattle experienced employment gains in both their predominantly information-processing industries and in all other industries combined. Like larger cities in the North, however, the large cities in the South and West exhibited substantial absolute and proportional gains in their information-processing industries, revealing that they are industrially transforming from goods processing to information processing, as a whole.

A major difference, then, between large cities in the Frostbelt and Sunbelt is that since 1970 Sunbelt cities have added jobs in many other basic industries besides information-processing—jobs that have contributed to these cities' overall employment growth. Conversely, many Frostbelt cities have experienced overall employment decline since 1970 because growth in their predominantly information-processing industries could not numerically compensate for substantial losses in their more traditional industrial sectors, especially manufacturing. In this regard, we find a strong negative correlation between the percentage of the city's employment in manufacturing in prior decades and total job change since 1970.

RISING EDUCATION REQUIREMENTS FOR EMPLOYMENT

The functional transformation of major northern cities from centers of goods processing to centers of information processing during the past three decades corresponds to an important change in the education required for employment in these cities. Job losses have been greatest in those northern urban industries in which educational requirements for employment tend to be low (that is, a high-school degree typically is not required). Job growth has been primarily concentrated in urban industries in which education beyond a high-school degree is the norm.

To illustrate this phenomenon, Table 4-6 presents the employment changes from 1970 to 1989 in industries classified by the mean years of schooling completed by their jobholders in 1982. Two categories of industries were selected: (1) industries whose jobholder educational levels in 1982 averaged less than 12 years (that is, employees did not complete high school)

and (2) industries whose jobholders averaged more than 13 years of schooling (that is, employees, on average, acquired some higher education).²¹

The figures reveal that all major northern cities had consistent employment losses in industries with lower educational requisites. It is again important to note that, by far, the heaviest job losses occurred in these lower education requisite industries after 1970 when growth in urban underclass populations accelerated in northern cities. New York City, for instance, gained 101,000 jobs between 1959 and 1970 in those industries in which mean jobholder educational levels in 1982 were less than high school completion, but lost more than 500,000 jobs in these industries between 1970 and 1989. During the latter period, the city added 245,000 jobs in those industries in which mean employee educational levels exceeded 13 years of schooling. Philadelphia, Chicago, and Detroit have also lost substantial numbers of jobs since 1970 in industries typically requiring less education. In fact, Chicago has added more jobs in industries with higher educational levels than it lost in those with lower education levels, contributing to overall city job growth since 1970.

Employment growth in industries whose jobholders' educations averaged more than 13 years in 1982 was also marked in major cities in the South and West. Yet, in contrast to major cities in the North, each of the six cities in the South and West gained jobs in industries with low educational levels between 1959 and 1989. Even after 1970 these cities added jobs in industries with low educational levels, with the exception of Denver, although Seattle is the only city to experience a boom in jobs with low educational requisites during the 1970s and early 1980s that outpaces growth in jobs requiring higher education. These interregional city differences in losses of low-education requisite jobs after 1970 correspond to interregional differences in the growth of their poverty areas and underclass populations.

UNEMPLOYMENT GROWTH AMONG THE POORLY EDUCATED

If the loss of low-skilled jobs is at the heart of the urban joblessness problem, we should see corresponding rises in the unemployment rates of poorly educated white city residents as well as blacks over the past decades. Table 4-7, derived from the Current Population Survey machine readable files, documents that this is indeed the case. These jobless rates by education levels of out-of-school black and white males (aged 16 to 64) for the largest central cities and suburban rings in the Northeast and Midwest were constructed by pooling their data within four separate 3-year time periods between 1968 and 1988. Pooling of the within-region city and suburban data for 3-year time intervals (1968 to 1970, 1976 to 1978, 1980 to 1982, and 1986 to 1988) made possible the generation of sufficient sample sizes to obtain more reliable estimates of jobless rates by race, education, and intrametropolitan residential location.

Results show that, for every time period and residential location, blacks have higher rates of joblessness than whites. This supports long-standing arguments that race is a critical variable

in accounting for joblessness.²² Results also show that, for both whites and blacks, there is a strong relationship during each time period between education completed and joblessness. For the 1986 to 88 period, the *lowest* percentage not working among central-city residents who had not completed 12 years of education was 35.5 for whites in the Northeast, and the lowest percentage for suburban ring residents was 24.7 for whites in the Midwest. This confirms the instrumental role human capital factors play in metropolitan employment and the serious handicap of a limited education, regardless of race and residential location.

Apropos to the skills mismatch, jobless rates of central-city whites who have not completed high school have monotonically risen during the 1968 to 1988 pooled time periods. In fact, increases in white male joblessness since 1976 among the least educated are actually greater than they are for their black male counterparts in both northeastern and midwestern central cities. These results were replicated for non-Hispanic whites, with sharp increases in city jobless rates of those without a high-school degree during the past decade. The post-1982 economic recovery experienced by most of the cities included in Table 4-7 thus bypassed both poorly educated blacks and whites, lending empirical credence to the skills mismatch argument.

Apropos to the spatial mismatch, note that jobless rates for white and black males who did not complete 12 years of education and who resided in the suburban rings declined after 1982, although the declines are substantial only among blacks. For the least educated black males residing in suburban rings of large northeastern cities, jobless rates dropped from 40.7 percent to 32.5 percent between the 1980-to-1982 and 1986-to-1988 intervals. During the same period, jobless rates for those in the midwest suburbs declined from 42.2 percent to 30.5 percent.

Whereas suburban residential selectivity may account for some of the decline in joblessness among poorly educated suburban black males during the 1980s, such declines are consistent with the contention that less skilled blacks have better employment prospects in the suburbs than in the central cities.

ASSOCIATED SOCIAL DISTRESS

Clearly, high concentrations of inner-city poverty and joblessness cannot be without social consequence. Problems that accompany poverty and joblessness include homelessness, family dissolution, a rise in infant mortality, an increase in crime and violence, greater health problems, drug and alcohol abuse, and school dropout. Let us briefly look at these correlates.

Homelessness

The Urban Institute has estimated that 600,000 individuals are homeless on any given night.²³ The figure is derived from a probability-based national estimate of the number of homeless persons using shelters or soup kitchens. The Community for Creative Nonviolence has estimated that there are 2.2 million to 3 million homeless persons in the United States, based on "extrapolations from local estimates by knowledgeable persons."²⁴ Using data from the U.S. Department of Housing and Urban Development, others have estimated the homeless population to be around 700,000.²⁵ Regardless of the actual number of homeless persons, there is a wide perception that homelessness is a growing problem in the United States.

There is a particular concern over the adverse effects of homelessness on children. The National Coalition for the Homeless, an advocacy group, contends that 500,000 children are homeless each night.²⁶ Children are the poorest of all age groups in the United States, with 50 percent of all black children under age 6 estimated to be living in poverty. Further, the U.S. Conference of Mayors reports that in 27 large cities, requests for shelter by homeless families with children grew by nearly 30 percent between 1988 and 1989 and that one-parent families made up 75 percent of all homeless families.²⁷

Homeless children are at risk of inadequate health care, unsafe environments, and less effective schooling. This may in turn lead to future problems of rising welfare and medical costs as well as a less prepared workforce. Hence, many are looking at preventive measures that may aid in curbing the numbers and conditions of America's homeless children.

To implement effective measures, it is important to understand the underlying causes. Most authors attribute homelessness to one or both of two causes: (1) to mental health and social adjustment problems of the homeless²⁸ and (2) to worsening economic conditions and economic displacement.²⁹ Apropos to the latter, it is argued that at the same time that family incomes are declining so is the supply of low-cost housing.

There have been considerable efforts at both Federal and local levels to assist the homeless, including the provision of shelter, emergency food, and cash assistance, as well as workforce training. Examples include the Job Training and Partnership Act of 1982; the McKinney Homeless Assistance Act, which offers emergency shelter, food, health care, mental health care, housing, education, job training, and other community provisions; and the Job Training for the Homeless Demonstration Program, which is one specific provision of the McKinney Act. There have also been efforts to provide more affordable housing, including the Family Unification Program which authorizes \$35 million for new Section 8 housing certificates.³⁰

Numerous local communities have organized special programs to aid the homeless. For example, Job Resources has counseled and trained more than 7,000 individuals and has obtained permanent employment for more than 2,000 men and women since 1979. Single-

room-occupancy projects have provided furnished rooms at affordable rents to many low-income and homeless individuals. In addition, the Help Bronx apartments in New York provide shelter and day care and assist families to reenter the workforce. Help Bronx is operated with “prison-like discipline,” round-the-clock security, day care, and counseling offices—believed necessary by many for homeless poor to make successful transitions from environments of crime, drugs, and unemployment.³¹

The Decline of the Traditional Family

The two-parent married family, which had been central to American culture, has steadily been supplanted by single parenthood, divorced and step families, unmarried heterosexual and homosexual couples, and other non-traditional households. There is a significant correlation between male unemployment and indexes of family stability.³² The National Center for Children in Poverty contends that one preventive mechanism for both low-income status and homelessness is marriage.³³ Unfortunately, the institution of marriage has considerably weakened, with 50 percent of all marriages now ending in divorce and dramatic increases in the number of children living with only one parent.³⁴

Divorce has been found to have particularly detrimental economic effects on women. In fact, female-headed families account for 50 percent of all poor families, and half of these are headed by divorced or separated women. Furthermore, single parent heads of households are less likely to have completed 4 years of college, less likely to own their own homes, more likely to have significantly lower incomes, and more likely to be on welfare than comparable married individuals.³⁵

The collapse of marriage as an institution has especially impacted the black community. Currently, 44 percent of black men and women age 33 have never been married, yet have children, while the proportion of all black children born out of wedlock has risen to over 50 percent. Compounding the problem is the fact that the real median income level of female-headed black families continues to decline.³⁶

Infant Mortality

Poverty has also affected the rates of infant mortality in the United States. According to the National Commission to Prevent Infant Mortality:

“After two decades of steady improvement in infant mortality in the United States, the 1980s came as a shock. Progress in reducing the infant mortality rate stalled, resigning the United States to a rank behind 19 other developed countries in the rate of infant deaths. The gap between white and black infant death rates widened, leaving black infants twice as likely to die in infancy than white infants.”³⁷

This statement is supported by some rather striking numbers. First, the United States has an infant mortality rate of 10.1 per 1,000 live births, ranking it 20th among developed countries. The highest rates of infant deaths are concentrated in the South and in large urban areas. In 1987 of all major cities in the United States, Detroit had the highest rate of 19.7 infant deaths per 1,000 live births, while San Francisco had the lowest rate at 7.7. There is also an apparent rise in infant mortality rates in urban areas; the infant death rate rose from 8.2 to 9.6 in Los Angeles and from 19.6 to 23.2 in Washington, D.C., between 1987 and 1988. Some of this rise has been linked to maternal drug abuse and poor prenatal care among the poorest residents of these cities.³⁸

There is a significant gap between black and white infant mortality rates; the gap in 1987 was "the widest recorded since reporting of these data began in 1940."³⁹ To address this problem, the National Commission to Prevent Infant Mortality called attention to the various factors that contribute to the differentially high rate for blacks, including limited education, young maternal age, being unmarried, and, most significantly, poverty.

Crime and Violence

Crime—in particular violent crime—has reached epidemic proportions in many of our inner cities, with drug trafficking, homicide, robbery, burglary, rape, and assault pervasive. In 1991 at least 19 cities eclipsed their previous records for homicide.⁴⁰ Moreover, the average rate of violent crime in central cities increased by 33 percent from 1979 to 1989, led by Chicago, which experienced a 173-percent increase in violent crimes in the 10 year span.⁴¹

In 1989 three cities could be classified as having crime rates that were extremely severe (in excess of 3,000 violent crimes per 100,000 residents): Atlanta (3,951), Newark (3,295), and St. Louis (3,121). However, as may be observed in Table 4-8, not all cities are experiencing a breakdown in the social order. In fact, some cities experienced a decline in their violent crime rates from 1979 to 1989, including Cleveland, San Francisco-Oakland, Rochester, Sacramento, Denver, and Norfolk.

These figures stand in sharp contrast to the rate of increase in violent crime committed in outer city⁴² areas. On average outer cities experienced an increase in violent crime of 14 percent. However, a substantially larger number of outer city areas experienced a decrease in the rate of violent crime.⁴³

There are typically two views on how to address urban crime. One approach is to attack the roots of the problem such as joblessness, poverty, disintegrated community and family ties, and failing public schools. For example, commentaries on the Los Angeles riots often noted that underlying the rioting and subsequent crime spree was a perceived lack of jobs and economic opportunity by those who reacted so violently to the Rodney King verdict.⁴⁴

The second approach is through deterrence with increased police forces, greater arrest and conviction rates, and harsher punishment. In this regard, the Nation's prison population swelled by nearly 130 percent during the 1980s.⁴⁵ The increase in arrests and incarceration has had the strongest impact on the black community. Nationwide, on any given day, almost one in four black men between the ages of 20 and 29 is under the control of the criminal justice system. This contrasts to 1 in 16 for non-Hispanic white men of the same age and 1 in 10 for Hispanic men.⁴⁶

Health (Mortality, Tuberculosis, Lead Poisoning, Alcoholism, and AIDS)

Urban areas have been experiencing difficult health problems, including a resurgence of tuberculosis, lead poisoning (particularly among children), alcoholism, and AIDS. Concentrated poverty has exacerbated these problems. For example, tuberculosis, a contagious disease that was once thought under control, has recently reemerged in the inner cities with New York City alone recording 3,673 tuberculosis cases in 1991.⁴⁷ The disease has primarily affected poor immigrants, the homeless, and others enveloped by poverty. Unfortunately, these are the same people who tend to lack easy access to medical treatment.

Lead poisoning has become one of the most common child health problems among the poor, afflicting 3 to 4 million children each year. High levels of lead can cause mental retardation, learning disabilities, stunted growth, hearing loss, and behavioral problems. The Federal Government has taken action to combat the problem by requiring young children on Medicaid to be screened for lead poisoning.

Another health risk is alcoholism, which is especially high among the cities' homeless population. There are yearly expenditures of up to \$17 billion on the treatment of alcoholism. Nonetheless, the estimated economic costs of alcoholism and alcohol abuse amount to \$150 billion each year.⁴⁸ Approximately 18 million adults are estimated to experience at least some problems due to alcohol use. At any given time, 1 adult in 20 suffers symptoms of alcoholism, and males are 3 times more likely to suffer from alcoholism than females. Alcoholism causes productivity losses through earnings reductions, unemployment, and absenteeism, as well as societal losses in the forms of greater incidents of spousal and child abuses, and drunk driving accidents.

Finally, residents of our cities are increasingly affected by the AIDS epidemic. The course of the AIDS epidemic and the total number of victims it may consume are the subject of much debate. However, the general conclusion seems to be that the peak number of AIDS cases will occur in this decade.⁴⁹ As the number of AIDS patients rises in the near future, the expense and burden of care will fall overwhelmingly on urban hospitals where high-risk AIDS groups are concentrated. The stress on public assistance programs will intensify as new AIDS cases are increasingly inner-city intravenous drug users and minorities with less private

insurance coverage or personal savings than the typical white homosexual AIDS victim of the 1980s.

As can be seen in Table 4-9, the rate of reported AIDS cases continues to rise in most major cities throughout the country. The rate has been, and continues to be, extremely high for New York City (81.5 cases per 100,000 persons). The national metropolitan rate has also recently grown from 19.9 in 1989, to 24.6 in 1990, and to 25.3 in 1991. While it is obvious that the AIDS epidemic is not yet under control, it is now growing more slowly nationally than in the second half of the 1980s, with an actual slight decline in the AIDS rate experienced by New York City between 1990 and 1991.

There are a number of encouraging signs to indicate that further progress in the fight against AIDS will be made in the future. A highly reliable blood test for HIV antibodies has dropped to virtually zero the risk of contracting AIDS from transfusions. Particularly risky forms of homosexual behavior have been identified and condom use has increased. Needle sharing among intravenous drug users has been targeted. Finally, a number of new drugs may extend the lives of people infected with HIV, but the fact remains that there is no cure for AIDS. Most experts concur that significant future reductions in the spread of AIDS depends primarily on individual behavior modification.⁵⁰

Drugs

Data presented in Tables 4-10, 4-11, and 4-12 also provide encouraging signs regarding trends in drug abuse. Across the country, prevalence rates for current use (past month) of any illicit drug among 12 to 17 year olds declined by more than one-half between 1985 and 1991, dropping from 14.8 percent to 6.8 percent. The number of current cocaine users age 12 and older has decreased significantly from 5.8 million (2.9 percent) in 1985 to 1.6 million (0.8 percent) in 1990. Finally, despite media images of an exploding population of crack users, the number of crack cocaine users (used cocaine the past year) remained stable in both 1990 and 1991 at 1 million people.⁵¹

Despite these positive signs, certain population subgroups exhibit continuing high rates of drug involvement. Persons who are educationally or economically disadvantaged, for example, are at greater risk of drug abuse. In 1991 among 20 to 34 year olds who did not complete high school, 16.6 percent used an illicit drug in the past month compared to 9.9 percent of high school graduates. Among unemployed 18 to 34 year olds, 21.5 percent used illicit drugs compared to 9.7 percent who are employed full time.⁵²

Drug abuse is also part of the general health concerns of communities. A growing proportion of newly reported AIDS cases are among drug users, especially within inner-city minority areas.⁵³ Drug abuse by pregnant women, which has risen during the past decade, contributes

to infant morbidity and mortality and has been estimated to cause between 20 and 30 percent of premature births.⁵⁴

Finally, there is the important link between drugs and urban crime. Addicts are less likely to be able to hold employment and thus resort to robbery and burglary to support their habit. Moreover, the continual influx of illegal drugs to our cities has created a lucrative drug industry. As a result, most major cities have experienced a rise in drug-related street gangs and associated violence.⁵⁵

Dropout Trends

A critical problem traditionally associated with poverty is school dropout. The public perception is that the dropout rate is on the rise. In fact, the past decade shows a decline in the proportion of individuals leaving high school prior to graduation. The U.S. Department of Education recently reported to Congress that the national event dropout rate declined from 6.1 percent in 1980 to 4 percent in 1991. The event dropout rate is the proportion of enrolled high school students between the ages of 15 and 24 who drop out in a single year.⁵⁶ This is in addition to an earlier report that indicated the event dropout rate in 1978 was 6.6 percent and in 1988 was 4.8 percent.⁵⁷ Piecing these two reports together, we have a picture of steady decline in the national event dropout rate from 6.6 percent in 1978, to 6.1 percent in 1980, to 4.8 percent in 1988, to 4 percent in 1991.

Another measure of the incidence of dropping out is the status dropout rate, the proportion of the population who have not completed high school and are not enrolled in school at one point in time. A longitudinal picture of the status dropout rate is provided in Table 4-13 and shows a decline in the proportion of individuals failing to graduate from high school from 16 percent in 1968 to 12.5 percent in 1991.

This gradual decline in the dropout rate is also evident across various demographic subgroups: the dropout rate for males declines from 15.8 percent to 13.5 percent (in 1988), for females from 16.5 percent to 12.2 percent (in 1988), for whites from 14.7 percent to 8.9 percent, and for blacks from 27.4 percent to 13.6 percent. Furthermore, the gap between dropout rates for blacks and whites has also been closing. In 1968 the dropout rate for blacks was 12.7 percent higher than for whites (27.4 percent for blacks, 14.7 percent for whites). This gap declined to 2.2 percent in 1988 (14.9 percent for blacks, 12.7 percent for whites). However, the gap again increased in 1991 with a difference of 4.7 percent.

This new increase in the black-white gap may be attributed to two factors. First, the decline in the dropout rate for whites is partly, and perhaps mostly, a statistical artifact. The National Center for Educational Statistics in 1991 reported the dropout statistics by defining whites as Non-Hispanic whites for the first time. Thus, the dropout rate for whites in 1991 is not comparable to those figures reported in earlier years. Second, there may have been a

greater decline in the dropout rate for whites than there was for blacks. There may be detailed data released in 1993 that can be used to reconstruct a comparable dropout rate for whites for 1991. However, at this time it is impossible to tell which one of these two competing explanations is most accurate.

There are several other important points worth noting in Table 4-13. First is the decrease in the dropout rate for blacks by greater than 50 percent between 1968 and 1991. Second is the relatively stable, and extremely high, dropout rate for Hispanics (34.3 percent in 1968 and 35.3 percent in 1991). The latter no doubt is influenced by heavy Hispanic immigration rates during the past decade. Finally, there has been a slight upturn in the total dropout rate between 1986 and 1988 and a stagnation since 1988, which reflects the pattern for Hispanics.

As for the dropout rate across various age groups, a slightly different population (persons age 16 to 19) still shows a decline over time with the proportion who are high school dropouts falling from 13.4 percent in 1980 to 11.2 percent in 1990.⁵⁸ Kominski reports that on a State basis, all States reported a decline in the percent of the population that dropped out, with the exception of Hawaii and the District of Columbia. In fact, the District of Columbia falls from a ranking of 22nd in 1980 on the dropout measure to 46th in 1990.

Another measure provided by the Census Bureau is the proportion of the population age 25 and over who had attained at least a high school diploma. Here again the picture is substantially improved. The proportion completing high school rose from 66.5 percent in 1980 to 75.2 percent in 1990. This is particularly striking given the large numbers of people in the 25 and over category.

If the national dropout rate is improving over time, as most indicators show, then why is there so much concern regarding the dropout problem? The answer resides in two particular areas: the severe economic and social consequences associated with dropping out and the overwhelming concentration of inner-city minorities in the dropout population.

Indeed it has been found that higher dropout rates lead to lower tax revenues and increased expenditures for government assistance programs.⁵⁹ Additionally, higher dropout rates have been associated with foregone national income, increased crime rates, and reduced levels of political participation.⁶⁰

On a personal level, individuals who fail to complete high school have lower occupational and economic prospects, lower lifetime earnings, an increased probability of subsequent criminal behavior, and an increased likelihood of becoming a member of the underclass.⁶¹ Furthermore, dropouts have been shown to have lower rates of intergenerational mobility, lower academic skills, and poorer levels of mental and physical health than those who do not drop out.⁶²

The combination of these outcomes, at a societal and individual level, equates to lost income and wasted human capital. This translates to reduced economic competitiveness on a local and national basis. Particularly with the transformation of city economies from centers of goods processing to centers of information processing, it is essential that a greater number of inner-city individuals not only attain a high school diploma, but attain higher levels of education as well.

Who is most likely to drop out of high school? Research shows that students with low academic ability, from lower social classes, and from racial/ethnic minority groups all have an increased likelihood of dropping out of high school before graduation.⁶³ More specifically, minority and male students depart at greater rates than do white females.⁶⁴ However, there has been recent empirical evidence that illustrates a growing number of white middle class students are opting out of high school prior to graduation.⁶⁵

There are also family and household characteristics that significantly affect a student's likelihood of graduating. The most important include socioeconomic status, single-headed household status, and a language other than English being spoken at home.⁶⁶

As for the extent of this variation in dropout rate by demographic subgroup, Table 4-14 provides the breakdowns for the status dropout rate for 16 to 24 year olds in 1988. Here again, as with most previous research, there is a greater concentration of dropouts among the racial and ethnic minorities. Also, in both the South and the West, a disproportionate percentage of the population is dropouts. Furthermore, and important for urban policy, is the distinction between dropout rates by metropolitan status. The dropout rate for suburban areas is 10.5 percent, which is followed by 13.0 percent in nonmetropolitan areas and 16.1 percent in central cities. Obviously, dropping out is still a problem that more disproportionately affects those living in urban areas compared to residents of suburban or nonmetropolitan areas. This is indicative of more recent accounts that document minority schools in central cities with excessively large cohort dropout rates of 80 percent.⁶⁷

Obviously there is a dropout problem in America even if the national rate is declining over time. It is a problem due to the economic and social hardships associated with an inadequate education, most frequently manifested among our urban ghetto poor. As society in general, and our city economies in particular, become more information-based, the negative consequences of relatively high dropout rates of inner-city blacks and Hispanics will no doubt become more severe.

THE NEW URBAN PREDICAMENT

Today's inner-city economies may be divided into three components: (1) the mainstream economy consisting of traditional and new employing institutions ranging from manufacturing and trade to the full complement of blue- and white-collar service industries; (2) the

underground economy composed of drug trade, prostitution, and other illicit activities; and (3) the welfare economy based on a variety of cash and in-kind public assistance transfers.

Within the mainstream economy, the functional transformation of cities from centers of goods processing to centers of information processing and the suburbanization of low-skill jobs resulted in both skill and spatial mismatches for large numbers of inner-city minorities lacking the education to take advantage of new urban growth industries or unable to relocate near appropriate suburban jobs. These minorities, especially blacks and certain Hispanic groups such as Puerto Ricans, also appear to lack the social networks and familial solidarity to overcome their structurally disadvantaged positions in transforming urban economies. As a result, with the deterioration of their traditional blue-collar employment bases in the inner cities, many have increasingly relied on the two surrogate economies (the underground and the welfare economies) to stay afloat.

Given rising formal sector skills limiting their employment in new urban growth sectors as well as low hourly wages for jobs for which they are qualified, many of the disadvantaged see themselves better off in the underground economy where incomes are actually, or perceived to be, higher. The underground economy also provides substantially more temporal flexibility and personal autonomy than working in mainstream institutions. This may be particularly important to lifestyle choices of teenagers and young adults.

The spatial confluence of blue-collar job decline with rising illicit activities and welfare dependency in the inner cities generated a powerful spatial interaction of the three. Associated with this interaction were a plethora of concentrated social problems further aggravating the predicament of people and neighborhoods in distress, such as high rates of family dissolution, out-of-wedlock births, school dropout, joblessness, and violent crime. Negative stereotyping and distancing by outsiders (often with racial connotations) resulted in further spatial and social isolation of the severely distressed from mainstream institutions, magnifying their predicament.

No straightforward policy prescriptions exist for ameliorating this complex predicament. Programs that could reduce documented skill and spatial mismatches would be a good start. These include (1) educational upgrading and vocational training programs in the inner-city, (2) computerized job-opportunity information networks, (3) partial underwriting of more distant job searches by the ghetto unemployed, (4) tax incentives to promote affordable housing construction in the suburbs by the private sector, (5) need-based temporary relocation assistance for ghetto unemployed once a job has been secured, (6) housing vouchers as opposed to additional spatially fixed public housing complexes in the inner-city, (7) stricter enforcement of fair housing and fair hiring laws, (8) public-private cooperative efforts to van-pool unemployed inner-city residents to suburban businesses facing labor shortages, and (9) a thorough review of all spatially targeted low-income public assistance

programs to insure that they are not inadvertently anchoring the ghetto poor in areas where there are few prospects for permanent or meaningful employment.⁶⁸

NOTES

1. See U.S. Bureau of the Census, 1982; 1985a.
2. See Reischauer, 1987.
3. See Bane and Jargowsky, 1988.
4. See Green, 1988.
5. See Mincy, 1988.
6. See Ricketts and Sawhill, 1988.
7. See Hughes, 1988.
8. See Ricketts and Sawhill, 1988.
9. See Nathan, 1987.
10. See Sawhill, 1987.
11. See Ricketts and Sawhill, 1988.
12. See Bane and Jargowsky, 1988; Kasarda 1992.
13. See Kasarda, 1976; 1988.
14. See Kasarda, 1978.
15. See Wilson, 1987.
16. A San Francisco study found that a dollar turns over five to six times in the Chinese business community. In most inner-city black communities, dollars leave before they turn over even once (Kotkin, 1986; Wartzman, 1988).
17. See Moss, 1988.
18. See Boyd, 1989; U. S. Bureau of the Census, 1979, 1985b.
19. See U.S. Department of Housing and Urban Development, 1978, 1980; Swanson and Vogel, 1986.

20. See Bureau of Labor Statistics, 1981.

21. Industry employment changes in cities by average educational level of jobholders were estimated by synthesizing individual-level data on the schooling completed by jobholders in detailed classified industries with data on the aggregate job changes that have occurred within each industry in each city. To measure the average educational level of employees in detailed urban industries, the March 1982 *Current Population Survey* machine-readable files were used to compute the mean years of schooling completed by all central-city residents who were employed in two-, three-, and some four-digit Standard Industrial Classification (SIC)-coded industries. Mean educational levels were then assigned to industries classified in *County Business Patterns*. Aggregate job changes within each educationally classified industry were then traced between 1959 and 1989 for the nine major cities whose boundaries are either identical to or closely approximate to those for which place-specific industrial employment data are available in *County Business Patterns*.

22. See Ellwood, 1986; Holzer, 1989.

23. See Burt and Cohen, 1989.

24. See Hombs and Snyder, 1983.

25. See Tucker, 1987; National Alliance to End Homelessness, 1988.

26. See Children's Defense Fund, 1991.

27. See U.S. Conference of Mayors, 1989.

28. See Bassuk, 1984.

29. See Baxter and Hopper, 1982.

30. For further details of these programs see Children's Defense Fund, 1991.

31. These data are extracted from Rubenstein, 1992.

32. See Moynihan, 1990; Wilson, 1987.

33. See National Center for Children in Poverty, 1990.

34. See U.S. Bureau of the Census, 1992.

35. See U.S. Department of Commerce, 1992.

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36. Ibid.
 37. See National Commission to Prevent Infant Mortality, 1990, p. 1.
 38. Ibid.
 39. Ibid, p. 4.
 40. See Morgenthau et al., 1991.
 41. See Winsberg, 1991.
 42. Outer cities are defined as that area in the SMSA that falls outside of the city limits.
 43. See Winsberg, 1991.
 44. See Mydans, 1992.
 45. See Terry, 1992.
 46. Ibid.
 47. See U.S. Department of Health and Human Services, 1991.
 48. See Mullahy and Sindelar, 1990.
 49. See Brookmeyer, 1991; Sexton and Feinstein, 1991.
 50. See Sexton and Feinstein, 1991.
 51. See National Institute on Drug Abuse, December 1991.
 52. See National Institute on Drug Abuse, 1991b.
 53. See Centers for Disease Control and Prevention, HIV/AIDS Surveillance Report, 1992.
 54. See Feldman et al., 1992.
 55. See Fagan, 1992.
 56. See McMillan, 1992.

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57. See Frase, 1989.
58. See Kominski, 1992.
59. See Catterall, 1985; Levin, 1972; Rumberger, 1987; Steinberg et al., 1984.
60. See Catterall, 1985; Levin, 1972.
61. See Rumberger, 1987; Steinberg et al., 1984, for occupational and economic prospects. See Catterall, 1985; Rumberger, 1987; Steinberg et al., 1984, for earnings. See Thornberry et al., 1985, for criminal behavior. See Ricketts and Sawhill, 1988, for underclass related findings.
62. See Levin, 1972, for intergenerational mobility. See Alexander et al., 1985; McDill et al., 1986, for academic skills. See Levin, 1972; Rumberger, 1987, for mental health. See Rumberger, 1987, for physical health.
63. See Ekstrom et al., 1986; Frase, 1989; Rumberger, 1987; Wehlage and Rutter, 1986.
64. See Ekstrom et al., 1986; Frase, 1989; Rumberger, 1983; Wehlage and Rutter, 1986.
65. See National Center for Education Statistics, 1989.
66. See Ekstrom et al., 1986; Frase, 1989; Rumberger, 1983, 1987; Steinberg et al., 1984.
67. The cohort dropout rate is the percentage of a particular class that enters the ninth grade and fails to graduate (Fine, 1986).
68. The author would like to acknowledge the superb assistance of Andrea Bohlig, Peggy Lee, Ralph McNeal, and Kwok-Fai Ting in preparing this chapter.

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Table 4-1
City Census Tracts Classified by Poverty and Underclass Status,
1970 to 1990

City/Subarea	Census Tracts by City Subarea					
	1970		1980		1990	
	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total
Northeast						
New York	2156	100.0	2203	100.0	2194	100.0
Poverty	457	21.2	791	35.9	732	33.4
Extreme poverty	73	3.4	311	14.1	276	12.6
Underclass	27	1.3	140	6.4	98	4.5
Philadelphia	359	100.0	363	100.0	362	100.0
Poverty	101	28.1	146	40.2	152	42.0
Extreme poverty	23	6.4	51	14.0	53	14.6
Underclass	12	3.3	26	7.2	29	8.0
Midwest						
Chicago	860	100.0	875	100.0	859	100.0
Poverty	231	26.9	380	43.4	417	48.5
Extreme poverty	47	5.5	132	15.1	179	20.8
Underclass	17	2.0	62	7.1	73	8.5
Detroit	420	100.0	344	100.0	322	100.0
Poverty	146	34.8	179	52.0	244	75.8
Extreme poverty	23	5.5	45	13.1	133	41.3
Underclass	7	1.7	53	15.4	60	18.6
South						
Atlanta	119	100.0	117	100.0	118	100.0
Poverty	50	42.0	74	63.2	73	61.9
Extreme poverty	19	16.0	35	29.9	35	29.7
Underclass	4	3.4	16	13.7	9	7.6
Dallas	205	100.0	257	100.0	277	100.0
Poverty	49	23.9	66	25.7	97	35.0
Extreme poverty	11	5.4	18	7.0	33	11.9
Underclass	1	0.5	6	2.3	7	2.5
Miami	61	100.0	67	100.0	81	100.0
Poverty	30	49.2	35	52.2	59	72.8
Extreme poverty	4	6.6	8	11.9	26	32.1
Underclass	1	1.6	3	4.5	5	6.2

Table 4-1 (continued)
City Census Tracts Classified by Poverty and Underclass Status,
1970 to 1990

Census Tracts by City Subarea						
City/Subarea	1970		1980		1990	
	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total
West						
Denver	124	100.0	135	100.0	150	100.0
Poverty	30	24.2	31	23.0	42	28.0
Extreme poverty	9	7.3	7	5.2	10	6.7
Underclass	2	1.6	7	5.2	3	2.0
Los Angeles	742	100.0	744	100.0	726	100.0
Poverty	162	21.8	234	31.5	257	35.4
Extreme poverty	25	3.4	30	4.0	45	6.2
Underclass	10	1.3	19	2.6	20	2.8
Seattle	121	100.0	124	100.0	134	100.0
Poverty	13	10.7	19	15.3	28	20.9
Extreme poverty	2	1.7	3	2.4	7	5.2
Underclass	0	0.0	1	0.8	0	0.0

Table 4-2
Population in City Census Tracts by Poverty and Underclass Area Status by Race/Ethnicity, 1970 to 1990

City/Subarea	Population by Race/Ethnicity and Year											
	Total			Non-Hispanic White			Non-Hispanic Black			Hispanic		
	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990
Northeast												
New York	7,892,501 100.0	7,070,681 100.0	7,322,564 100.0	5,064,270 100.0	3,702,459 100.0	3,178,712 100.0	1,513,394 100.0	1,694,372 100.0	1,874,892 100.0	811,767 100.0	1,406,320 100.0	1,737,927 100.0
Poverty	2,111,486 26.8	2,773,520 39.2	2,733,603 37.3	396,996 7.8	553,771 15.0	401,742 12.6	952,037 62.9	1,169,623 69.0	1,074,190 57.3	588,137 72.5	957,938 68.1	1,113,035 64.0
Extreme poverty	299,961 3.8	997,654 14.1	952,484 13.0	37,281 0.7	78,642 2.1	63,766 2.0	124,394 8.2	483,073 28.5	409,271 21.8	118,616 14.6	421,231 30.0	459,099 26.4
Underclass	94,866 1.2	420,722 6.0	305,180 4.2	16,288 0.3	36,567 1.0	14,168 0.4	52,296 3.5	167,168 9.9	152,396 8.1	25,651 3.2	209,021 14.9	133,684 7.7
Philadelphia												
Poverty	1,947,852 100.0	1,687,249 100.0	1,585,577 100.0	1,246,213 100.0	965,871 100.0	827,703 100.0	645,381 100.0	633,472 100.0	626,782 100.0	26,665 100.0	64,245 100.0	84,186 100.0
Extreme poverty	505,837 26.0	731,487 43.4	657,484 41.5	136,619 11.0	182,720 18.9	154,904 18.7	338,386 52.4	485,728 76.7	415,976 66.4	20,999 78.8	50,517 78.6	64,410 76.5
Underclass	74,229 3.8	113,845 6.7	126,772 8.0	6,027 0.5	23,515 2.4	9,477 1.1	65,983 10.2	63,802 10.1	85,630 13.7	1,141 4.3	25,340 39.4	30,214 35.9
Midwest												
Chicago	3,408,947 100.0	3,004,924 100.0	2,783,726 100.0	2,043,802 100.0	1,311,677 100.0	1,063,281 100.0	1,075,297 100.0	1,187,145 100.0	1,076,099 100.0	248,088 100.0	423,357 100.0	535,315 100.0
Poverty	828,661 24.3	1,189,110 39.6	1,179,229 42.4	125,989 6.2	154,116 11.7	144,920 13.6	615,171 57.2	787,258 66.3	714,147 66.4	76,176 30.7	224,461 53.0	285,413 53.3
Extreme poverty	156,175 4.6	367,801 12.2	381,866 13.7	7,978 0.4	14,178 1.1	17,533 1.6	142,205 13.2	325,463 27.4	315,406 29.3	4,074 1.6	25,545 6.0	42,851 8.0
Underclass	72,491 2.1	189,853 6.3	184,689 6.6	2,521 0.1	17,197 1.3	5,786 0.5	68,171 6.3	147,739 12.4	157,692 14.7	662 0.3	21,820 5.2	20,290 3.8

Table 4-2 (continued)
Population in City Census Tracts by Poverty and Underclass Area Status by Race/Ethnicity, 1970 to 1990

City/Subarea	Population by Race/Ethnicity and Year											
	Total			Non-Hispanic White			Non-Hispanic Black			Hispanic		
	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990
Detroit	1,511,160	1,203,260	1,027,974	819,256	408,548	212,804	651,227	753,863	775,833	27,038	28,466	27,157
Poverty	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Extreme poverty	438,227	582,316	768,091	105,978	113,922	124,184	316,910	444,662	610,920	9,550	17,525	23,766
Underclass	29.0	48.4	74.7	12.9	27.9	58.4	48.7	59.0	78.7	35.3	61.6	87.5
	55,251	114,225	375,548	15,338	19,882	52,148	38,744	90,674	308,606	643	1,791	10,680
	3.7	9.5	36.5	1.9	4.9	24.5	5.9	12.0	39.8	2.4	6.3	39.3
	29,786	159,804	182,310	7,436	35,013	48,463	21,887	116,253	117,553	173	6,792	13,873
	2.0	13.3	17.7	0.9	8.6	22.8	3.4	15.4	15.2	0.6	23.9	51.1
South												
Atlanta	534,120	425,022	394,017	273,003	135,735	119,183	251,928	280,608	263,235	5,521	5,750	7,640
Poverty	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Extreme poverty	180,534	255,251	234,219	34,919	35,714	25,415	142,114	214,781	203,696	1,015	3,251	3,331
Underclass	33.8	60.1	59.4	12.8	26.3	21.3	56.4	76.5	77.4	18.4	56.5	43.6
	58,312	90,470	91,944	7,238	6,685	8,169	50,022	82,512	81,186	128	1,022	1,517
	10.9	21.3	23.3	2.7	4.9	6.9	19.9	29.4	30.8	2.3	17.8	19.9
	12,279	46,272	17,642	1,183	1,281	780	10,536	44,355	16,496	9	547	159
	2.3	10.9	4.5	0.4	0.9	0.7	4.2	15.8	6.3	0.2	9.5	2.1
Dallas	936,566	904,074	1,006,831	657,849	516,259	482,194	204,030	263,964	293,995	72,021	110,511	204,712
Poverty	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Extreme poverty	213,586	225,140	348,738	33,399	36,228	64,241	155,330	142,093	161,983	21,975	43,605	115,721
Underclass	22.8	24.9	34.6	5.1	7.0	13.3	76.1	53.8	55.1	30.5	39.5	56.5
	44,365	37,933	80,383	3,159	2,947	6,588	37,653	31,393	49,146	1,947	2,669	22,759
	4.7	4.2	8.0	0.5	0.6	1.4	18.5	11.9	16.7	2.7	2.4	11.1
	4,754	18,924	10,197	288	598	764	4,209	16,858	8,204	67	820	1,070
	0.5	2.1	1.0	0.0	0.1	0.2	2.1	6.4	2.8	0.1	0.7	0.5

Table 4-2 (continued)
 Population in City Census Tracts by Poverty and Underclass Area Status by
 Race/Ethnicity, 1970 to 1990

City/Subarea	Population by Race/Ethnicity and Year											
	Total			Non-Hispanic White			Non-Hispanic Black			Hispanic		
	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990
Miami	372,485	346,821	358,548	122,086	67,755	44,091	95,280	81,921	88,763	156,737	194,185	223,438
Poverty	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Extreme poverty	179,362	197,206	257,437	36,309	26,101	22,063	85,031	79,940	87,851	58,230	89,197	145,904
Underclass	48.2	56.9	71.8	29.7	38.5	50.0	39.5	37.2	45.9	37.2	45.9	65.3
	21,771	34,975	90,644	537	2,407	4,721	18,775	28,550	53,492	1,561	3,892	31,920
	5.8	10.1	25.3	0.4	3.6	10.7	19.7	34.9	60.3	1.0	2.0	14.3
	5,771	13,355	22,750	0	255	1,394	5,464	12,187	5,897	39	873	15,326
	1.5	3.9	6.3	0.0	0.4	3.2	5.7	14.9	6.6	0.0	0.4	6.9
West	514,678	492,365	467,610	392,796	328,440	287,864	45,905	58,183	58,401	86,345	92,257	106,554
Denver	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Poverty	120,873	104,617	146,972	62,358	36,990	50,093	18,150	22,534	26,871	42,790	40,890	64,475
Extreme poverty	23.5	21.2	31.4	15.9	11.3	17.4	39.5	38.7	46.0	49.6	44.3	60.5
Underclass	22,822	16,559	22,796	5,296	2,495	3,958	5,608	3,234	7,252	12,129	9,823	10,469
	4.4	3.4	4.9	1.3	0.8	1.4	12.2	5.6	12.4	14.0	10.6	9.8
	5,550	22,406	8,214	785	3,052	1,719	2,038	6,285	1,214	2,560	11,923	4,917
	1.1	4.6	1.8	0.2	0.9	0.6	4.4	10.8	2.1	3.0	12.9	4.6
Los Angeles	2,824,827	2,966,444	3,485,398	1,791,913	1,433,011	1,305,647	488,541	495,266	460,893	519,998	815,272	1,370,476
Poverty	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Extreme poverty	577,180	992,663	1,415,445	108,883	148,066	155,173	307,682	321,562	280,235	142,058	435,628	842,746
Underclass	20.4	33.5	40.6	6.1	10.3	11.9	63.0	64.9	60.8	27.3	53.4	61.5
	82,123	95,906	230,338	11,906	12,011	24,502	49,365	51,414	60,151	19,187	29,124	133,027
	2.9	3.2	6.6	0.7	0.8	1.9	10.1	10.4	13.1	3.7	3.6	9.7
	36,074	93,894	107,406	3,436	6,516	3,434	25,897	55,074	54,273	8,072	29,747	46,780
	1.3	3.2	3.1	0.2	0.5	0.3	5.3	11.1	11.8	1.6	3.6	3.4

Table 4-2 (continued)
Population in City Census Tracts by Poverty and Underclass Area Status by
Race/Ethnicity, 1970 to 1990

City/Subarea	Population by Race/Ethnicity and Year											
	Total			Non-Hispanic White			Non-Hispanic Black			Hispanic		
	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990
Seattle	530,232	490,359	516,259	456,464	387,540	381,033	36,446	45,695	50,751	10,802	12,545	17,058
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Poverty	44,340	67,763	105,055	28,470	41,643	57,457	8,960	13,679	19,534	996	2,665	5,070
	8.4	13.8	20.3	6.2	10.7	15.1	24.6	29.9	38.5	9.2	21.2	29.7
Extreme poverty	7,196	5,328	22,283	4,435	2,526	13,227	1,327	830	2,915	310	218	1,287
	1.4	1.1	4.3	1.0	0.7	3.5	3.6	1.8	5.7	2.9	1.7	7.5
Underclass	na	1,261	na	na	690	na	na	139	na	na	24	na
	na	0.3	na	na	0.2	na	na	0.3	na	na	0.2	na

Table 4-3
Total City Poverty Population and Its Population Residing in Poverty Tracts and
Underclass Tracts by Race/Ethnicity, 1970 to 1990

City/Subarea	Population in Poverty by Race/Ethnicity and Year											
	Total			Non-Hispanic White			Non-Hispanic Black			Hispanic		
	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990
Northeast												
New York	1,164,403	1,391,936	1,384,994	739,983	534,327	462,798	398,582	511,199	521,305	282,350	497,766	568,533
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Poverty	652,966	984,917	959,390	320,177	259,212	221,814	317,264	444,854	427,184	240,710	421,173	470,537
	56.1	70.8	69.3	43.3	48.5	47.9	79.6	87.0	81.9	85.3	84.6	82.8
Extreme poverty	133,894	476,161	454,908	71,676	96,842	83,796	60,311	229,826	217,473	62,838	220,961	239,082
	11.5	34.2	32.8	9.7	18.1	18.1	15.1	45.0	41.7	22.3	44.4	42.1
Underclass	38,699	190,544	129,315	15,961	44,321	19,771	22,262	74,310	67,507	13,756	108,325	65,256
	3.3	13.7	9.3	2.2	8.3	4.3	5.6	14.5	12.9	4.9	21.8	11.5
Philadelphia												
Poverty	294,418	340,486	313,374	126,924	107,184	91,891	165,004	198,608	179,191	9,888	28,692	37,364
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Extreme poverty	160,340	248,802	223,605	38,669	43,587	37,479	120,401	177,056	149,792	8,788	26,425	34,341
	54.5	73.1	71.4	30.5	40.7	40.8	73.0	89.1	83.6	88.9	92.1	91.9
Underclass	46,937	104,660	93,303	5,624	11,105	9,551	41,011	78,712	59,256	1,875	16,980	26,541
	15.9	30.7	29.8	4.4	10.4	10.4	24.9	39.6	33.1	19.0	59.2	71.0
	32,060	52,251	60,512	1,892	8,138	4,860	30,054	30,289	38,904	563	14,713	19,160
	10.9	15.3	19.3	1.5	7.6	5.3	18.2	15.3	21.7	5.7	51.3	51.3
Midwest												
Chicago	484,490	601,336	592,298	203,973	155,506	137,021	274,188	328,722	354,194	43,242	101,120	128,580
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Poverty	266,964	429,751	430,748	45,607	58,834	56,770	219,160	276,612	303,269	20,577	71,421	90,885
	55.1	71.5	72.7	22.4	37.8	41.4	79.9	84.1	85.6	47.6	70.6	70.7
Extreme poverty	74,328	194,094	205,733	4,267	8,203	11,456	69,855	148,010	179,511	1,377	12,536	19,603
	15.3	32.3	34.7	2.1	8.4	8.4	25.5	45.0	50.7	3.2	12.4	15.2
Underclass	34,960	86,474	94,817	1,101	9,057	3,647	33,787	54,366	84,693	254	9,688	9,129
	7.2	14.4	16.0	0.5	5.8	2.7	12.3	16.5	23.9	0.6	9.6	7.1

Table 4-3 (continued)
Total City Poverty Population and Its Population Residing in Poverty Tracts and
Underclass Tracts by Race/Ethnicity, 1970 to 1990

City/Subarea	Population in Poverty by Race/Ethnicity and Year											
	Total			Non-Hispanic White			Non-Hispanic Black			Hispanic		
	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990
Detroit	221,758	258,572	328,467	77,503	49,530	47,589	142,516	189,451	270,812	3,116	6,276	9,609
Poverty	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Extreme poverty	125,871	188,286	296,508	26,686	25,089	38,826	98,323	147,467	248,163	1,905	4,987	9,224
Underclass	56.8	72.8	90.3	34.4	50.7	81.6	69.0	77.8	91.6	61.1	79.5	96.0
	24,036	51,709	179,120	5,496	5,870	20,391	18,430	40,298	153,254	113	698	5,002
	10.8	20.0	54.5	7.1	11.9	42.8	12.9	21.3	56.6	3.6	11.1	52.1
	12,981	59,618	82,639	2,603	9,258	18,732	10,302	46,147	59,104	44	2,124	5,370
	5.9	23.1	25.2	3.4	18.7	39.4	7.2	24.4	21.8	1.4	33.8	55.9
South												
Atlanta	101,426	112,581	102,364	28,579	15,045	11,239	72,480	81,609	88,718	460	1,673	2,091
Poverty	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Extreme poverty	65,161	93,151	86,111	9,155	6,510	4,440	55,794	71,937	80,204	187	1,201	1,202
Underclass	64.2	82.7	84.1	32.0	43.3	39.5	77.0	88.1	90.4	40.7	71.8	57.5
	30,915	46,709	45,178	3,410	1,891	922	27,491	34,124	43,391	0	502	586
	30.5	41.5	44.1	11.9	12.6	8.2	37.9	41.8	48.9	0.0	30.0	28.0
	7,302	23,864	10,737	604	621	246	6,690	18,128	10,284	0	210	111
	7.2	21.2	10.5	2.1	4.1	2.2	9.2	22.2	11.6	0.0	12.6	5.3
Dallas	118,627	126,242	177,790	55,333	43,422	52,072	61,909	60,631	84,783	11,637	23,099	56,287
Poverty	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Extreme poverty	67,753	71,754	117,197	12,259	10,240	23,635	55,093	46,304	63,516	6,440	13,588	41,862
Underclass	57.1	56.8	65.9	22.2	23.6	45.4	89.0	76.4	74.9	55.3	58.8	74.4
	21,978	19,873	40,818	1,526	868	3,947	20,320	16,491	27,797	824	1,119	10,597
	18.5	15.7	23.0	2.8	2.0	7.6	32.8	27.2	32.8	7.1	4.8	18.8
	3,140	10,911	5,935	165	252	161	2,939	9,425	5,385	25	227	446
	2.6	8.6	3.3	0.3	0.6	0.3	4.7	15.5	6.4	0.2	1.0	0.8

Table 4-3 (continued)
Total City Poverty Population and Its Population Residing in Poverty Tracts and Underclass Tracts by Race/Ethnicity, 1970 to 1990

		Population in Poverty by Race/Ethnicity and Year											
City/Subarea	Total	Non-Hispanic White			Non-Hispanic Black			Hispanic					
		1970	1980	1990	1970	1980	1990	1970	1980	1990			
Miami	79,018	83,615	109,594	45,678	39,094	58,046	32,730	32,851	43,725	29,012	42,744	62,993	
Poverty	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Extreme poverty	52,989	64,811	94,431	22,054	22,485	44,880	30,724	32,313	43,220	14,871	28,144	49,980	
Underclass	67.1	77.5	86.2	48.3	57.5	77.3	93.9	98.4	98.8	51.3	65.8	79.3	
	9,572	16,972	43,177	519	1,652	11,893	9,049	14,909	29,158	397	1,447	13,927	
	12.1	20.3	39.4	1.1	4.2	20.5	27.6	45.4	66.7	1.4	3.4	22.1	
	2,840	6,504	8,912	0	291	5,354	2,840	6,124	2,925	0	349	5,947	
	3.6	7.8	8.1	0.0	0.7	9.2	8.7	18.6	6.7	0.0	0.8	9.4	
West													
Denver	69,264	65,829	78,515	55,855	37,367	41,072	11,810	13,402	15,866	20,767	21,726	32,100	
Poverty	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Extreme poverty	36,298	31,638	48,064	27,573	13,649	20,887	7,747	8,504	10,521	14,629	13,890	24,988	
Underclass	52.4	48.1	61.2	49.4	36.5	50.9	65.6	63.5	66.3	70.4	63.9	77.8	
	10,958	7,964	11,259	7,305	2,405	2,905	3,325	2,141	4,040	5,772	4,538	5,547	
	15.8	12.1	14.3	13.1	6.4	7.1	28.2	16.0	25.5	27.8	20.9	17.3	
	3,088	9,968	3,898	1,957	2,688	1,116	1,049	3,297	746	1,763	5,303	2,355	
	4.5	15.1	5.0	3.5	7.2	2.7	8.9	24.6	4.7	8.5	24.4	7.3	
Los Angeles													
Poverty	368,100	477,823	643,809	225,288	207,187	236,285	126,240	126,054	119,875	89,261	195,298	380,367	
Extreme poverty	166,355	290,093	439,761	58,058	87,260	131,304	101,667	102,063	95,300	37,731	136,497	288,665	
Underclass	45.2	60.7	68.3	25.8	42.1	55.6	80.5	81.0	79.5	42.3	69.9	75.9	
	35,784	41,444	100,945	9,943	6,741	23,953	24,839	21,620	28,361	7,860	12,754	60,049	
	9.7	8.7	15.7	4.4	3.3	10.1	19.7	17.2	23.7	8.8	6.5	15.8	
	16,153	33,316	42,735	3,148	6,076	5,492	12,828	19,977	22,002	3,286	11,362	20,002	
	4.4	7.0	6.6	1.4	2.9	2.3	10.2	15.8	18.4	3.7	5.8	5.3	

Table 4-3 (continued)
Total City Poverty Population and Its Population Residing in Poverty Tracts and Underclass Tracts by Race/Ethnicity, 1970 to 1990

City/Subarea	Population in Poverty by Race/Ethnicity and Year											
	Total			Non-Hispanic White			Non-Hispanic Black			Hispanic		
	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990
Seattle	53,183	52,936	61,681	41,602	34,558	33,817	7,842	9,991	12,531	965	2,249	3,659
Poverty	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	11,718	17,025	27,361	7,124	9,001	12,283	3,121	4,491	6,559	265	846	1,689
Extreme poverty	22.0	32.2	44.4	17.1	26.0	36.3	39.8	45.0	52.3	27.5	37.6	46.2
	3,171	2,259	6,360	1,827	1,088	3,194	747	404	999	108	77	517
Underclass*	6.0	4.3	10.3	4.4	3.1	9.4	9.5	4.0	8.0	11.2	3.4	14.1
	na	620	na	na	429	75	na	75	na	na	na	na
	na	1.2	na	na	1.2	na	na	0.8	na	na	na	na

* An "na" means there were no underclass tracts in Seattle in 1970 and 1990.

Table 4-4
Central County Employment (in Thousands) by Sector:
1959, 1970, and 1989

Central County/Sector	1959		1970		1989	
	Number	Percent	Number	Percent	Number	Percent
Northeast						
New York						
Total employment	2,957	100.0	3,350	100.0	3,143	100.0
Manufacturing	922	31.2	864	25.8	391	12.4
Retail/wholesale	743	25.1	779	23.3	620	19.7
White collar services	761	25.7	1,172	35.0	1,608	51.2
Blue collar services	410	13.9	424	12.6	377	12.0
Other	121	4.1	112	3.3	147	4.7
Philadelphia						
Total employment	722	100.0	772	100.0	610	100.0
Manufacturing	292	40.4	257	33.3	89	14.6
Retail/wholesale	187	25.9	180	23.3	136	22.3
White collar services	136	18.8	220	28.5	296	48.5
Blue collar services	75	10.4	81	10.5	63	10.3
Other	32	4.4	35	4.5	26	4.3
Midwest						
Chicago						
Total employment	1,842	100.0	2,222	100.0	2,338	100.0
Manufacturing	761	41.3	818	36.8	499	21.3
Retail/wholesale	454	24.7	579	26.1	654	28.0
White collar services	313	17.0	470	21.1	846	36.2
Blue collar services	227	12.3	256	11.5	259	11.1
Other	86	4.7	100	4.5	80	3.4
Detroit						
Total employment	813	100.0	921	100.0	740	100.0
Manufacturing	393	48.3	378	41.1	207	28.0
Retail/wholesale	186	22.9	221	24.0	187	25.3
White collar services	113	14.0	179	19.4	230	31.0
Blue collar services	90	11.1	102	11.1	86	11.6
Other	31	3.8	41	4.5	30	4.1
South						
Atlanta						
Total employment ^a	233	100.0	370	100.0	516	100.0
Manufacturing	58	24.8	72	19.4	58	11.3
Retail/wholesale	78	33.4	122	33.0	135	26.1
White collar services ^b	40	17.3	95	25.6	185	35.9
Blue collar services ^c	42	18.2	59	16.0	108	20.9
Other	15	6.3	23	6.1	30	5.8
Dallas						
Total employment	322	100.0	584	100.0	1,072	100.0
Manufacturing	99	30.6	171	29.2	185	17.2
Retail/wholesale	95	29.5	165	28.3	288	26.9
White collar services	55	17.2	123	21.0	364	33.9
Blue collar services	42	13.1	77	13.2	154	14.4
Other	31	9.6	48	8.2	82	7.6

Table 4-4 (continued)
Central County Employment (in Thousands) by Sector:
1959, 1970, and 1989

Central County/Sector	1959		1970		1989	
	Number	Percent	Number	Percent	Number	Percent
Miami						
Total employment	260	100.0	465	100.0	740	100.0
Manufacturing	39	14.9	75	16.2	90	12.1
Retail/wholesale	82	31.5	141	30.2	221	29.9
White collar services	44	17.1	110	23.7	253	34.2
Blue collar services	69	26.7	102	21.9	126	17.1
Other	26	9.9	37	8.0	49	6.7
West						
Denver						
Total employment	178	100.0	252	100.0	326	100.0
Manufacturing	36	20.5	48	19.0	33	10.1
Retail/wholesale	57	31.9	76	30.2	78	23.9
White collar services	38	21.5	74	29.3	130	39.9
Blue collar services	31	17.5	35	13.8	64	19.6
Other	15	8.6	19	7.7	21	6.4
Los Angeles						
Total employment	1,819	100.0	2,481	100.0	3,739	100.0
Manufacturing	719	39.5	854	34.4	910	24.3
Retail/wholesale	442	24.3	638	25.7	934	25.0
White collar services	324	17.8	551	22.2	1,282	34.3
Blue collar services	208	11.5	298	12.0	412	11.0
Other	126	6.9	139	5.6	202	5.4
Seattle						
Total employment	286	100.0	370	100.0	779	100.0
Manufacturing	116	40.5	103	27.7	175	22.5
Retail/wholesale	75	26.2	105	28.4	206	26.5
White collar services	43	15.1	82	22.3	240	30.8
Blue collar services	34	11.9	52	14.2	100	12.9
Other	18	6.3	28	7.5	57	7.3

SOURCE: Bureau of the Census, *County Business Patterns*, 1959, 1970, 1989; Bureau of Labor Statistics, *National Industry-Occupation Employment Matrix, 1970, 1978 and Projected 1990*, 1981.

* Total classified employment and industry subcategories excluding government employees and sole proprietors.

^b Services (excluding government, retail, and wholesale) in which more than half of the employees hold executive, managerial, professional, or clerical positions.

^c Services (excluding government, retail, and wholesale) in which less than half of the employees hold executive, managerial, professional, or clerical positions.

Table 4-5
Central-County Industrial Employment (in Thousands)
by Percentage of Jobs in Industry Classified as
Information Processors, 1970 to 1989

Central County/Industry Type ^a	1970		1989		Change 1970 to 1989	
	Number	Percent	Number	Percent	Number	Percent
Northeast						
New York						
Over 60 percent information processors	946	28.2	1,438	45.3	492	52.0
All other industries	2,404	71.8	1,733	54.7	-671	-27.9
Philadelphia						
Over 60 percent information processors	208	26.9	270	43.9	62	29.6
All other industries	564	73.1	344	56.1	-220	-39.0
Midwest						
Chicago						
Over 60 percent information processors	428	19.2	773	32.9	345	80.5
All other industries	1,799	80.8	1,578	67.1	-220	-12.2
Detroit						
Over 60 percent information processors	172	18.6	211	28.3	39	22.7
All other industries	751	81.4	534	71.7	-217	-28.9
South						
Atlanta						
Over 60 percent information processors	92	24.7	172	33.0	80	86.6
All other industries	280	75.3	348	67.0	68	24.4
Dallas						
Over 60 percent information processors	111	19.0	326	30.1	214	192.7
All other industries	475	81.0	755	69.9	280	59.0
Miami						
Over 60 percent information processors	93	19.8	233	31.2	141	152.3
All other industries	375	80.2	515	68.8	139	37.1
West						
Denver						
Over 60 percent information processors	70	27.7	119	36.3	49	70.3
All other industries	183	72.3	209	63.7	26	14.5
Los Angeles						
Over 60 percent information processors	499	20.0	1,092	28.9	593	118.8
All other industries	1,993	80.0	2,687	71.1	694	34.8
Seattle						
Over 60 percent information processors	77	20.6	213	27.2	137	178.7
All other industries	295	79.4	572	72.8	277	94.0

SOURCE: Bureau of the Census, *County Business Patterns*, 1959, 1970, 1989; Bureau of Labor Statistics, *National Industry-Occupation Employment Matrix*, 1970, 1978 and Projected 1990, 1981.

^a Information processors include executive, professional, managerial, and clerical occupations.

Table 4-6
Central-County Jobs in Selected Industries (in Thousands) by
Mean Education of Employees: 1959, 1970, and 1989

County and Education Mean of Industry	1959	1970	1989	Change 1959 to 1970		Change 1970 to 1989	
				Number	Percent	Number	Percent
New York							
Less than 12 years school	1,451	1,552	1,007	101	7.0	-545	-35.1
13 or more years school	592	1,002	1,247	410	69.3	245	24.5
Philadelphia							
Less than 12 years school	466	430	230	-36	-7.6	-200	-46.5
13 or more years school	109	205	228	96	88.5	23	11.2
Chicago							
Less than 12 years school	1,181	1,351	1,135	170	14.4	-217	-16.0
13 or more years school	248	378	695	130	52.2	317	83.7
Detroit							
Less than 12 years school	577	602	401	25	4.3	-201	-33.4
13 or more years school	98	158	193	60	61.5	36	22.7
Atlanta							
Less than 12 years school	131	179	185	48	36.8	6	3.5
13 or more years school	35	92	155	57	164.8	63	68.8
Dallas							
Less than 12 years school	194	337	464	142	73.1	128	37.9
13 or more years school	56	122	362	66	118.5	239	195.3
Miami							
Less than 12 years school	138	236	316	98	70.5	80	33.8
13 or more years school	32	79	200	47	147.3	121	153.8
Denver							
Less than 12 years school	91	120	107	29	32.4	-13	-11.0
13 or more years school	34	72	116	38	111.5	44	61.5
Los Angeles							
Less than 12 years school	1,204	1,511	1,843	307	25.5	332	21.9
13 or more years school	255	459	972	204	80.3	512	111.5
Seattle							
Less than 12 years school	189	212	396	23	12.2	185	87.2
13 or more years school	37	70	194	33	89.1	125	179.3

SOURCE: Bureau of the Census, *County Business Patterns*, 1959, 1970, 1989; *Current Population Survey*, March 1982 machine readable file.

Table 4-7
Percent Not Working of Out-of-School Males Aged 16-64
by Race, Education, Region, and Central City/Suburban
Residence for Selected Metropolitan Areas, 1968-70 to 1986-88

Region, Race, and Education	1986-88		1980-82		1976-78		1968-70	
	Central City	Suburb	Central City	Suburb	Central City	Suburb	Central City	Suburb
Northeast^a								
White								
Less than high school	35.5	27.5	32.4	27.9	27.8	23.9	15.1	11.3
High school graduate	16.7	13.4	18.0	13.0	17.3	12.6	6.6	4.6
Some college	10.2	8.6	11.3	9.0	13.4	9.1	7.4	4.6
College graduate	6.0	4.7	6.2	3.9	8.8	5.4	5.6	2.2
Black								
Less than high school	44.3	32.5	45.4	40.7	43.9	36.8	18.8	14.0
High school graduate	25.8	26.3	30.2	24.8	28.2	22.5	10.8	6.5
Some college	15.4	13.0	25.1	—	29.5	—	11.2	—
College graduate	14.7	—	15.4	—	11.8	—	8.7	—
Midwest^b								
White								
Less than high school	38.9	24.7	32.8	25.5	23.8	17.5	11.5	8.2
High school graduate	21.7	14.1	20.7	13.2	17.6	7.9	5.1	3.9
Some college	16.6	9.3	14.1	10.7	7.7	5.1	3.8	3.0
College graduate	5.3	5.7	7.1	3.8	4.0	2.5	2.6	2.5
Black								
Less than high school	58.0	30.5	51.5	42.2	42.4	29.0	23.5	10.8
High school graduate	36.4	24.7	35.3	26.8	29.1	13.6	9.8	10.7
Some college	27.3	12.2	26.8	—	18.7	—	6.9	—
College graduate	10.4	—	11.0	—	4.5	—	—	—

SOURCE: Bureau of the Census, *Current Population Survey*, Annual March Demographic Machine Readable Files, 1968 to 1988.

^a Metropolitan areas include Boston, Newark, New York City, Philadelphia, and Pittsburgh.

^b Metropolitan areas include Cleveland, Chicago, Detroit, Milwaukee, and St. Louis.

Table 4-8
Rates of Violent Crime, per 100,000: Central and
Outer Cities, 1979 to 1989

	Central City			Outer City		
	1979	1989	Percent Change	1979	1989	Percent Change
Atlanta, Georgia	2,532	3,951	56	393	504	28
Newark, New Jersey	3,054	3,295	8	432	618	43
St. Louis, Missouri	2,131	3,121	46	342	386	13
Miami, Florida	1,658	2,942	77	1,214	4,896	56
Chicago, Illinois	908	2,477	173	306	279	-9
Tampa-St. Petersburg, Florida	1,222	2,452	101	523	647	24
Detroit, Michigan	1,670	2,401	44	421	420	0
New York, New York	1,863	2,300	23	241	333	38
Boston, Massachusetts	1,900	2,227	17	371	430	16
Los Angeles, California	1,474	2,184	48	989	1,145	16
Washington, D.C.	1,608	2,142	33	437	451	3
Orlando, Florida	1,420	2,087	47	786	789	0
Baltimore, Maryland	1,962	2,047	4	579	643	11
Charlotte, North Carolina	857	1,961	129	423	431	2
New Orleans, Louisiana	1,567	1,930	23	641	710	11
Portland, Oregon	1,121	1,891	69	459	234	-49
Kansas City, Missouri	1,276	1,885	48	282	275	-2
Dallas-Ft. Worth, Texas	1,239	1,746	41	264	370	40
Dayton, Ohio	1,612	1,613	0	340	363	7
Cleveland, Ohio	1,619	1,520	-6	267	193	-28
Riverside, California	1,216	1,454	20	591	1,027	74
Birmingham, Alabama	1,154	1,446	25	250	508	103
Buffalo, New York	1,005	1,425	42	282	298	6
San Francisco-Oakland, California	1,704	1,369	-20	484	593	23
West Palm Beach, Florida	1,207	1,361	13	833	1,003	20
Richmond, Virginia	1,008	1,354	34	180	274	52
Fort Lauderdale, Florida	752	1,340	78	723	879	22
Seattle, Washington	931	1,337	44	306	260	-15
Minneapolis-St Paul, Minnesota	914	1,283	40	114	143	25
Memphis, Tennessee	848	1,233	45	410	455	11
Pittsburgh, Pennsylvania	1,058	1,216	15	197	212	8
Indianapolis, Indiana	813	1,210	49	224	222	-1
Greensboro, North Carolina	692	1,188	72	230	283	23
Houston, Texas	878	1,140	30	358	430	20
Philadelphia, Pennsylvania	822	1,093	33	354	365	3
Rochester, New York	1,128	1,077	-5	129	123	-5
Sacramento, California	1,171	1,054	-10	548	518	-5
Columbus, Ohio	794	1,046	32	242	343	42
Nashville, Tennessee	731	1,043	43	243	330	36
Oklahoma City, Oklahoma	1,000	997	-0	293	321	10

Table 4-8 (continued)
Rates of Violent Crime, per 100,000: Central and
Outer Cities, 1979 to 1989

	Central City			Outer City		
	1979	1989	Percent Change	1979	1989	Percent Change
Cincinnati, Ohio	941	991	5	276	262	-5
San Diego, California	655	921	41	507	620	22
Louisville, Kentucky	784	907	16	219	277	26
Phoenix, Arizona	808	900	11	521	385	-26
Anaheim, California	615	798	30	379	397	5
Denver, Colorado	963	655	-32	290	489	69
Milwaukee, Wisconsin	471	710	51	118	134	14
Salt Lake City, Utah	561	686	22	309	222	-28
San Jose, California	535	598	12	305	356	17
Albany, New York	402	582	45	183	245	34
San Antonio, Texas	493	553	12	283	417	47
Norfolk, Virginia	527	468	-11	413	463	12
Median	1,007	1,347	33	341	386	14

SOURCE: Morton Winsberg, "The Mean Streets Get Meaner: City and Suburb," 1991.

Table 4-9
Annual AIDS Cases and Rates for
Selected Metropolitan Areas, 1989 to 1992

Metropolitan Area	1989		1990		1991		Cumulative
	Number	Rate ^a	Number	Rate	Number	Rate	Total April 1992
Atlanta	860	30.6	941	32.6	1,092	37.6	4,583
Chicago	929	14.9	1,076	17.2	1,285	21.2	5,583
Dallas	540	21.3	794	30.5	712	27.2	3,690
Detroit	353	8.1	394	9.1	406	9.3	2,110
Los Angeles	2,351	26.9	2,372	26.8	2,642	29.3	14,567
New York	4,976	57.8	7,282	84.3	6,986	81.5	38,326
Total metropolitan ^b	29,044	19.9	36,288	24.6	37,621	25.3	184,938

SOURCE: Centers for Disease Control and Prevention, "HIV/AIDS Surveillance Report."

^a Rate per 100,000 population.

^b For all metropolitan areas with population of 500,000 or more.

Table 4-10
Past Month Drug Use by Drug and Age for Selected Year

Drug Used in Past Month	Percent of People								
	Aged 12-17			Aged 18-25			Aged 26 and Over		
	1979	1985	1991	1979	1985	1991	1979	1985	1991
Any illicit use	17.6	14.9	6.8	37.1	25.7	15.4	6.5	8.5	4.5
Marijuana	16.7	1.02	4.3	35.4	21.8	13.0	6.0	6.1	3.3
Hallucinogens	2.2	1.2	0.8	4.4	1.9	1.2	na	na	0.1
Cocaine	1.4	1.5	0.4	9.3	7.6	2.0	0.9	2.0	0.8
Heroin	na	na	0.1	na	na	.01	na	na	na
Nonmedical use of prescription drugs	2.9	3.2	1.3	8.4	6.9	2.0	0.5	1.0	0.9

SOURCE: *National Institute on Drug Abuse Capsules, C-83-1(a)*, December 1991.

Table 4-11
Trends in Past Month Use of Cocaine and Crack
by Young People, 1985 to 1990

Year	Percent of Graduating High School Seniors		Percent of College Students	
	Cocaine	Crack	Cocaine	Crack
1984	5.8	na	7.6	na
1985	6.7	na	6.9	na
1986	6.2	na	7.0	na
1987	4.3	1.3	4.6	0.4
1988	3.4	1.6	4.2	0.5
1989	2.8	1.4	na	na
1990	1.9	0.7	2.8	0.2

SOURCE: *National Institute on Drug Abuse Capsules*, C-84-04, December 1991.

Table 4-12
Hospital Emergency Room Mentions for Cocaine

Metropolitan Area	Emergency Room Mentions		
	1988	1989	1990
Atlanta	1,394	3,315	2,743
Chicago	6,413	6,509	4,904
Dallas	1,595	1,314	1,028
Detroit	6,463	6,324	3,888
Los Angeles	6,988	6,999	4,129
New York	16,927	14,926	12,633

SOURCE: Drug Abuse Warning Network, National Institute on Drug Abuse.

Table 4-13
Status Dropout Rate, Ages 16 to 24, by Sex and
Race/Ethnicity, 1968 to 1988

Year	Total	Sex		Race/Ethnicity		
		Male	Female	White	Black	Hispanic
1968	16.16	15.84	16.45	14.69	27.37	—
1970	14.96	14.18	15.65	13.17	27.86	—
1972	14.61	14.09	15.09	13.65	21.45	34.33
1974	14.27	14.19	14.35	13.24	21.28	33.03
1976	14.14	14.14	14.15	13.26	20.41	31.31
1978	14.23	14.63	13.85	13.39	20.22	33.13
1980	14.07	15.08	13.09	13.26	19.34	35.17
1982	13.87	14.50	13.26	13.12	18.40	31.68
1984	13.14	14.02	12.28	12.65	15.56	29.80
1986 ^{a,b}	12.09	12.93	11.27	11.92	13.68	30.04
1988 ^b	12.86	13.52	12.23	12.65	14.85	35.75
1991 ^c	12.50	—	—	8.90	13.60	35.30

SOURCE: Adapted from Frase, M. (1989), *Dropout Rates in the United States: 1988*. National Center for Education Statistics, Analysis Report.

^a Data revised from those previously published.

^b Rates for these years reflect revised CPS data editing procedures.

^c Dropout rates for 1991 were obtained from a report in the September 17th issue of *The New York Times* regarding the fourth annual dropout report to Congress (1992).

Table 4-14
Rate of Status Dropouts, Ages 16 to 24, by Sex,
Race/Ethnicity, Region, and Metropolitan Status, 1988

Status Dropout Rate (Percent)	
Total	12.86
Sex	
Male	13.52
Female	12.23
Race/ethnicity	
White	12.66
Black	14.87
Hispanic	35.78
Region	
Northeast	10.63
Midwest	9.27
South	14.99
West	16.03
Metropolitan status	
Central city	16.11
Suburban	10.47
Nonmetropolitan	13.04

SOURCE: Adapted from Frase, M. (1989), *Dropout Rates in the United States: 1988*. National Center for Education Statistics, Analysis Report.

CHAPTER 5

HOUSING MARKETS AND PATTERNS

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INTRODUCTION

During the 1980s, the quality of the American housing stock continued its long-term pattern of improvement. Although precisely comparable data are limited, and indeed a new definition of inadequate housing was adopted by Congress during the decade, nonetheless it seems clear that fewer households lived in inadequate housing at the end of the decade than at the beginning. This was true of low-income renters as well as households in general. At the same time, costs increased for low-income renters relative to their incomes.

The overall improvement in quality, however, occurred during a decade of extraordinary changes in the housing market. At the beginning of the decade, for example, mortgage rates were well into double digits; by 1992 they were at the lowest levels in 20 years. The housing finance system changed more than it has since the Great Depression. Tax policy and macroeconomic changes generated sharp shifts in the production of different types of housing. Differences in local policies affecting construction resulted in sharp differences in cost trends between regions of the United States. This chapter reviews a dramatic decade.

The chapter contains four main sections: (1) National Housing Trends, (2) Urban Housing Trends, (3) Factors Influencing Housing Trends, and (4) Housing Policy Issues.

NATIONAL HOUSING TRENDS

How Housing Conditions Changed

Physical Quality

Physical quality has improved so much that the traditional measures of inadequate housing—such as units lacking complete plumbing or overcrowding—are increasingly irrelevant. The current concept of inadequate housing was stated by Congress in the Housing Act of 1983. It is known as “worst case” housing needs. “Worst case” needs are defined technically as: (1) families and elderly households whose income does not exceed 50 percent of local median family income (adjusted for family size), (2) living in substandard housing (or homeless or living in a shelter for the homeless), (3) paying more than 50 percent of their income on housing [the maximum acceptable by government criteria is 30 percent], or (4) having been involuntarily displaced.¹ A complete count of households in this condition is difficult (e.g., the homeless are exceedingly difficult to count), but good approximations are possible.²

It should be noted that the concept of worst case needs is essentially a public policy concept. Developed as a guide to housing policy, the phenomenon of worst case needs is concentrated among very low-income households, particularly renters. Table 5-1 shows the number and

percentage of worst-case needs among households classified by income and tenure. Over half—56 percent of all worst-case needs—are very low-income renters.

Changes in samples, survey questions, and definitions in the best available data source (the American Housing Survey, or AHS) during the decade make it difficult to track this group over time precisely. Evidence suggests, however, that approximately 3.1 million renter families and elderly individuals (not households which is a more inclusive term) were in this category in 1980, rising to almost 4 million by 1985, but falling to about 3.6 renter families and elderly individuals by 1989. To these totals, another 1.5 million non-elderly, nonfamily households must be added for 1985, and about 1.4 million in 1989 (data are not available for 1980).³

Table 5-2 shows the trends in the housing conditions of very low-income family and elderly renters in more detail. The percent with the worst case housing problems, including severely inadequate housing, declined substantially, yet the percent with rent burdens of 50 percent or more increased in the first part of the decade and then declined. Overcrowding got worse and remained that way. The percent of families and households with less severe housing problems (or no housing problems) declined or remained constant. In short, while the number of families and elderly with worst case housing problems increased during the decade, the percent of families and households facing that problem decreased slightly during the second half of the decade. Moreover, the percent of all these families and elderly households in government-assisted housing increased during this same period.

Where were these persons with “worse case” housing needs located? Nationally, central cities had 51 percent of the worst case needs in 1989, the suburbs had 34 percent, and nonmetropolitan areas had 15 percent. (See Table 5-3.)

Over 40 percent of very low-income renters pay more than half of their reported income for rent, despite the fact that a quarter of this group receive housing assistance. Between 1986 and 1989 in selected metropolitan areas, Philadelphia had 47 percent of its very low-income renters suffering worst case problems; Detroit, 53 percent; Dallas, 37 percent; and Los Angeles, 49 percent.

Overcrowding

While worst case need has become the most commonly used measure of housing inadequacy and the incidence of inadequate plumbing has dropped to such a low level that differences from year to year appear to reflect differences in the wording of the survey questionnaire, data do exist on overcrowding trends over time, and the data reveal some interesting findings. Overcrowding now registers negligible percentages for the Nation as a whole. Table 5-4a shows that overcrowding for owners declined from 3 percent of the occupied housing stock in 1980 to 2 percent in 1989, and for renters declined from 6 percent in 1980 to 5

percent in 1989. However, the number of overcrowded renter households increased very slightly.

Table 5-4a also shows the changes for Blacks and Hispanics by tenure. Among blacks overcrowding declined both in percentage terms and absolute numbers. Among Hispanics overcrowding similarly declined for homeowners, but increased in number while declining in percentage terms for renters. The number of Hispanic renters increased by almost 40 percent, while the number of crowded Hispanic renters increased by 27 percent. It seems likely that the rapid growth of Hispanic households, arising from immigration, contributed to this pattern. Table 5-4b supports this interpretation. Hispanic households in Dallas, Texas, and Los Angeles, California, are revealed to be severely overcrowded—far more than for the Nation as a whole. These are areas that have experienced high in-migration of Hispanics. In Los Angeles the overcrowding is especially severe. Some 14 percent of Hispanic owner households are overcrowded in this metropolitan region, and a very high 36 percent of Hispanic renters are as well. The high degree of overcrowding is associated with the high percentage of income that renters devote to housing in this metropolitan area, as will be demonstrated later on.

How Affordability Changed

Changes in Owner Costs

Inflation-adjusted estimates of home value remained constant during the decade, although nominal median-priced single-family homes increased from \$62,200 in 1980, to \$93,100 in 1989, to \$95,500 by 1990. Table 5-5 provides additional detail. While high prices and high interest rates depressed home ownership rates at the beginning of the decade, they returned to a level near their 1980 peak by the end (64.2 percent of occupied units were owner-occupied in 1990).⁴

Changes in Renter Costs

Despite massive overbuilding and continued high rental vacancy rates in many market areas, there is no indication that renters are finding it any easier financially to meet their housing needs. Table 5-5 also shows rental costs. Renters faced a real increase in rents of 19 percent (after inflation adjustments) over the decade. This was an increase of 1.75 percent annually.

Affordability Indicators and Trends

One of the traditional housing indicators that has remained relevant for a wider portion of the Nation's households than are included by worst case indicators is the general concern of housing "affordability" (the percent of income devoted to housing).

“Affordability” is an elusive concept. It is commonly said that households paying in excess of 30 percent of their income on housing are paying “too much.” But “too much” depends on whether:

- The household is large or small, old or young, with children or without.
- The household voluntarily paid in excess of 30 percent of income on housing when “decent” housing was available at lower costs. (In the case of owners, for instance, the excess payments may be better construed as an investment.)

With these caveats in mind, one can turn to various data (although lacking these adjustments). One measure of the home buyers’ situation is the National Association of Realtors “affordability index” (measuring the “theoretical ability of the median income family to afford the purchase of a median price home nationwide”). The composite index (accounting for both fixed and adjustable mortgages) moved very favorably during the decade, rising from a mere 79.9 in 1980, to 108.1 in 1989, to 110.2 in 1990. (This data is shown in Table 5-5).

Another way to examine the affordability problem is to look at percentage of income devoted to housing. Table 5-6a shows these approximations of the affordability problem.

Two norms for affordability are shown for owners and renters and the percent of income they devote to housing. Table 5-6a shows those paying more than 30 percent of income on housing, which is the government standard for excessive percentages of income devoted to housing, and those paying over 50 percent, which is the generally agreed upon indicator of extreme percentages devoted to housing.⁵ In general, owners pay lower percentages than renters. As for the general trend, the differences between 1980 and 1989 are slight (although probably understated because of a change in income definition in 1989, which served to raise income slightly).

As shown in Table 5-6a, homeowners in general tended to incur higher percentage of income costs, while renters stayed about even. This finding is contrary to what one would expect where real costs of owner-occupied housing remained constant after inflation adjustments, while renters saw real increases. Table 5-6a also shows changes in black and Hispanic population groups. Here the evidence is mixed. Black owners fared slightly better over the decade; black renters experienced little change. Both Hispanic owners and renters did more poorly by the end of the decade. Both groups had to devote greater percentages of their incomes on housing, no matter the cut-off point used. These trends would be more pronounced if the definition of income used had not changed in 1989.

Table 5-6b compares selected metropolitan areas. In all, owners in these areas fared slightly better than the rest of the Nation; renters fared somewhat worse. Not so for black and

Hispanic owners and renters—there the pattern is mixed, depending upon the metropolitan area. In general, it appears that Hispanic owners and renters paid the highest percentages of income for housing—especially in the Philadelphia and Los Angeles–Long Beach metropolitan areas. The latter was an area that in general demanded higher percentages of income for housing regardless of race or ethnicity. This relationship is explained later on in Tables 5–12b and 5–13b, where households in the Los Angeles–Long Beach area had somewhat higher incomes than other metropolitan areas, but faced much steeper house values and rents.

Additional Considerations

This section provides a snapshot of how people were housed as of late 1989. This snapshot is actually a composite of several pictures: one showing the Nation's housing situation in aggregate, and then several showing how different groups of people such as blacks or the elderly were housed. The groups represent key vantage points from which to view and evaluate the American housing situation. A unique light is cast on the aggregate situation from each of their perspectives. Some of these groups—such as those living below the poverty level—are commonly believed to have housing problems more severe than the overall population. Others—such as recent movers—are highly active in the market and their decisions reflect change at the leading edge of the market. These vantage points also provide a view from which to reflect upon the relative success of past policies and to suggest directions for future emphasis.

That having been said, the surprise emerging from the separate items in the following four tables and two figures is, usually, how well all these groups have done. To be sure, the data are a summary, hiding pockets of severe housing problems by combining them with success stories.⁶ But overall, one can take cheer that the housing situation is quite good.

Household Characteristics

Table 5–7 presents information on the aggregate number of households in the United States. There were well over 93,000,000 households in the Nation in 1989. From the different vantage points, one can see that the smallest groups comprise about 6 million households (Hispanic), about 12 million households were below poverty, about 21 million were 65 years or older, but in no case did any of these groups comprise more than about 20 percent of the Nation's whole (there is some overlap in the categories, however).

Table 5–7 also shows the percent ownership for each group. Several comments are warranted. The 64-percent ownership for all occupants is well known, as is the higher (76 percent) rate of ownership for elderly households. Blacks, Hispanics, and households below poverty, not surprisingly, have lower rates of ownership. Even here, however, despite factors in these groups that mitigate against homeownership—such as lower incomes or

proportionately fewer elderly (and more young households)—the homeownership rate is 40 percent or slightly higher—two-thirds of the overall ownership rate. The only exception was the recent movers group, with a lower homeownership percentage of 27 percent. That lower rate is because recent movers tend to be young and have lower incomes and therefore tend to be renters.

Where do these groups live? The percent living in each region of the Nation is shown in the top panel of Table 5-8. (The way the Nation has been divided for analytic purposes results in a plurality of people living in the South.) These differences in proportion of households in each region carry over to the different groups, but with some variation. First, as is widely understood, blacks and the poor live disproportionately in the South; Hispanics live disproportionately in the West. So also it is widely understood that the West and South are growing faster than the Northeast and Midwest, and one finds, as expected, that a disproportionately higher percent of recent movers inhabit those first two areas.

The bottom panel of Table 5-8 shows the type of location in which the people live: (1) built-up central cities, (2) lower density suburbs, and (3) outside metropolitan areas at still lower density exurban living, or small town, or rural living. Over the country as a whole, a plurality of households (46 percent) enjoy suburban living. The next largest group of households live in central cities. However, the vantage points show decided differences in this regard. Blacks predominantly live in central cities as do Hispanics. A comparatively high percent of those below poverty also are found in central cities. Still, areas *outside* metropolitan areas also have a disproportionate share of households below poverty. The elderly and recent movers show opposite patterns of location. Recent movers tend to live disproportionately in central cities and the suburbs; the elderly live disproportionately in the suburbs and outside metropolitan areas.

Age of the Housing Stock

One can further examine the growth trends mentioned above by looking at the age of the stock in the different regions. Age of the stock will also indicate where problems and change will occur in the future as the older stock is modified to meet new needs or simply demolished as obsolete and deteriorated. Figure 5-1 shows the year built for housing units in the Nation's four regions. The higher recent growth rates occurred in the West and South. Conversely, the Midwest had a substantial proportion of its stock built before 1929. Indeed, the Northeast has an especially high amount of stock built prior to 1919—stock that is now 70 years old or older. Figure 5-2 shows that central cities and areas outside of metropolitan areas have a higher percentage and amounts of the older stock, while the suburbs are still comparatively young.

Age is a fair predictor of condition, style, cost, and so on (although remodeling and conversion over the years can negate the conditions usually associated with age). Given the

advanced age of much of their stock, the Midwest and especially the Northeast regions will have higher-than-normal demolition rates in years to come, and/or higher recycling/remodeling rates to modernize that now substantially aging stock. (Single-family units, for instance, typically last about 80 years; multifamily units last about 40 years, unless substantial remodeling takes place).

Remodeling, recycling, renovation, or demolition are all commonly expected housing activities in our central cities. These activities increase as the age of the stock increases. Figure 5-2, however, also suggests that these same kinds of activities are likely to occur outside metropolitan areas as well. Some of this is occurring in older rural stock that is undergoing change, but much of the change that can be expected in this location will occur in housing stock in rural or small-town areas in the path of exurban development. This change can be quite different in type and result than what occurs in the older stock in central city areas.

Housing Unit Conditions

Table 5-9 presents various characteristics of owner-occupied housing. In aggregate, the median age of the housing units in which people live is 26 years old. Blacks, Hispanics, people living below the poverty level, and especially the elderly live in units that are decidedly older. Since older units are more vulnerable to change or demolition, it is possible to assess which groups are most vulnerable to housing unit change by examining the percent of households occupying units constructed prior to 1940. Table 5-9 shows that the poor in particular occupy these units, and so are vulnerable to age-related change of the structure. The elderly also are apt to occupy these older units, but in many of these cases modification or removal will only occur after elderly homeowners move out.

Regardless of the unit's age, the amount of space per person is quite large. The overall median is 660 square feet of living space for each person—the size of a small one-bedroom apartment. The elderly enjoy 936 square feet per person—equivalent to an entire house built for a returning World War II veteran and his family in the late 1940s and early 1950s. Even Hispanics, who tend to have large families and to be more crowded, enjoy almost 400 square feet per person—a substantial amount of housing space by, for example, Western European standards.

The above are all *objective* measures of housing conditions—standards established by housing and health experts. As the Nation continues to improve by these objective standards, commentators have increasingly suggested that households' own perceptions about their housing quality become more important. How do the occupants *rate* their housing as compared to how housing experts evaluate it?

These data are found at the bottom of Table 5-9. (Households believing that they lived in the highest quality gave their housing a "10;" those feeling they lived in the worst housing rated it a "1;" most rated it somewhere in between.) The overall (weighted average) rating given to housing is shown for each group. The results were uniformly high. The elderly rated their housing highest in quality among the various groups, those living below the poverty level rated it lowest, but in neither event did even these extremes depart much from the rating of all households in the Nation.

Neighborhood Conditions

Finally, in this snapshot examination one can observe the larger residential environment extending beyond the housing unit—often referred to as the neighborhood. Commentators have suggested that as Americans' housing itself has improved over the last half century, people are increasingly concerned with the quality of their neighborhood. However, one must be cautious in interpreting neighborhood trends. Neighborhoods encompass a broad spectrum of societal problems. It is not clear that they should be treated simply as a wider scope of housing concerns. Other policy areas occupy the same turf. For instance, one measure of neighborhood quality is accessibility to neighborhood level goods and services. Accessibility in turn is related to neighborhood layout and design—and the availability of transportation. If residents have no personal vehicle, they are dependent upon walking or on public transportation to use neighborhood level services. There is no need here to dwell on America's love affair with the car or how the modern American neighborhood is laid out on the assumption that the great majority of people have automobiles. For some, however, this assumption does not apply. They must use public transportation (less available in the suburbs or outside metropolitan areas), or make other arrangements. Often such conveniences are dependent upon having a car.

Table 5-10 presents other pertinent neighborhood concerns. There were a number of surprises in the results as well as a number of implicit puzzles as to what might be done. One of these surprises is the perception of neighborhood problems. Over a third of the households overall report neighborhood problems. The percentages rise substantially for blacks and Hispanics. Even recent movers report a high percent of problems, and this after they had the opportunity to pick a neighborhood they felt would be most compatible with their needs.

Crime is typically regarded as the biggest single neighborhood problem in our society. (Presumably much of this is a police problem rather than a housing problem.) But in the large American Housing Survey (almost 50,000 respondents), occupants rated "people" (differences) as an even bigger problem in most cases, followed by crime and noise. By contrast, poor city or county services and undesired land uses—issues receiving considerable attention in the local media—nevertheless ranked extraordinarily low as a problem by the respondents.

Just as they were asked to rate their housing unit, so also households were asked to evaluate their neighborhood. Despite the complaints listed above, and the fact that over one-third of the respondents had a neighborhood-related complaint, people gave almost as high a rating to their neighborhood as they gave their structure. The neighborhood ratings for all households were 0.2 points lower than the structure rating. National policy has focused on the quality of the structure for a much longer period than it has on neighborhoods, but the neighborhood scores are close enough to suggest that even a modicum of increased attention to the neighborhood facet of the Nation's residential quality of life might bring up the neighborhood scores to be the equal of the structure scores.

Income Characteristics

This comparative success in achieving a good housing structure and neighborhood situation overall comes at a cost. People must pay for this quality. Are they able to do so easily? If so, they must have sufficient incomes to cover these costs. Table 5-11 examines some of these facets of housing existence. The top of the table shows median income of families and primary individuals (a householder who lives alone or with a nonrelative). Blacks have a substantially lower income than other groups, save for households below poverty who show a much lower income. Our concern here, however, is more with the *relationship* between income and housing. The next line in Table 5-11 shows this ratio. Here the differences are substantially less, save for the group living below the poverty level. Some 48 percent of their income goes to housing expenses (around 30 percent is considered tops before hardship occurs).

Next, Table 5-11 shows the sources of income. Wages and salaries are most important for all groups except the elderly, who depend on social security and pensions as their prime source of income. So also the elderly have a comparatively high percent of their income from interest and dividends from their life's savings. Blacks and households below poverty have higher percentages of their income from welfare or Social Security Income.

One mistake in reviewing housing affordability is to concentrate exclusively on income. Wealth also plays a role, particularly with homeowners who must come up with a down payment. (Even renters these days must often save substantial sums for first and last months rent and/or a cleaning deposit in order to gain entry to the rental market.) The bottom panel in Table 5-11 shows categories of savings and investments for households earning less than \$25,000. It is apparent that Hispanics are the worst off despite having higher incomes than blacks, for example. The elderly do quite well, comparatively, in this regard. Most surprising are those households below poverty. Despite a meager income, 22 percent of households nevertheless have some savings, and 5 percent have savings of more than \$25,000.

Changes in Physical Quality

Tables 5-14 and 5-15 provide an overview of how the housing stock has changed over the decade. Another cut at the issue is afforded by examining the location of these changes. Residential quality of life can be quite different depending upon, say, whether one is an owner or renter and whether one lives in a central city, a suburb, or outside a metropolitan area.

The previous two tables better detail those differences and show trends in physical quality between 1981 and 1989. Table 5-12a shows selected owner-occupied medians over the decade for three different locations. Beginning at the top of the table, one first sees how new construction (and demolitions and other permanent removals) during the decade influenced the overall age of the stock in each location. As shown above, removals of units built prior to 1940 were quite pronounced during the decade, but in general the stock grew older by the end of the decade, not younger. Central cities experienced much less change and net additions than did the other two locations, and the housing stock became older on average. But even the stock of the other two types of areas aged slightly, despite being the main focus of new construction. Just as the Nation's population is aging, so is its housing stock. And just as the Nation has had to devote increasing resources to its older population, so also this older stock will require increased investments in maintenance and repair in the decade to come.

Several indicators provide insight into the quality of the housing stock. Median rooms, for instance, grew slightly in each location. Number of bathrooms is another excellent indicator of quality. Here again, there was decided improvement in each location. (Recall that this improvement is accomplished both from new construction, which adds better quality units, and from removals, which remove worse quality units.) And each area showed a similar substantial increase.

Cost/income ratios provide a sense of how much a household must stretch to afford a certain degree of housing quality. The differences between 1985 and 1989 are minuscule overall for each area. More surprisingly, for it is contrary to other evidence reported here but using different breakdowns, cost/income ratios improved during the decade despite the rapid rise in prices.

Finally, the opinion surveys reflect these apparent housing gains for the most part. Households believing that they lived in the highest quality rated their housing as 10; those feeling they lived in the worst housing rated it as 1; most rated it somewhere in between. The overall (weighted average) rating is shown. The table shows remarkably high ratings for structures—about equivalent to a grade of B+. Save for the central city, where housing ratings rose in the first half of the decade but then fell slightly in the second half (consonant

with the increasing age of the stock indicated in the top panel), housing has been perceived to have improved over the decade.

The opinion ratings for owners about their neighborhoods show that conditions are better than many would expect. The suburbs and areas outside the metropolitan area in aggregate earned a strong B; the central cities gathered a lower score—a B-.

Table 5-12b shows selected characteristics for certain metropolitan areas (for the entire metropolitan area) for owner-occupied housing. Here one sees the difference that age makes. The newest of these metro areas, Dallas, has the largest housing, by far the greatest percent with two or more bathrooms. Yet because of the recession that Dallas had experienced, it was not the most expensive of housing, despite the median income being the second highest of these metropolitan areas. Note the very high median housing value for the Los Angeles-Long Beach area.

Table 5-13a shows similar information for renters. In aggregate, the trends for renters were similar to owners. Central city housing grew older as did rental housing in areas outside metropolitan areas. The quality of rental units is clearly lower than for owner-occupied units, but the trends were similar. Median number of rooms increased slightly for all areas, but there was the same marked increase in two or more bathrooms (although rental housing has a decidedly lower proportion of units with two or more bathrooms than do owner-occupied units). Cost/income ratios were substantially higher than for owner-occupied units, reflecting the generally higher income of homeowners (\$33,056 compared to \$18,124 for renters in 1989). This is not surprising. In general, the higher the income, the lower the percent (but not amount) spent on housing.

Renter's ratings of their structures and neighborhoods were lower than owners'—ranging from C- to B-. This no doubt reflects the lower quality that most renters at best can afford. Nevertheless, the trend in their opinions about their structures moved progressively upward throughout the decade—even for central city dwellers (unlike for homeowners). By contrast, their opinion of their neighborhoods was somewhat similar to owners: rising by mid-decade and then slipping back slightly at the end.

Table 5-13b shows selected renter median characteristics for certain metropolitan areas. The rental stock is older than the owner stock for Philadelphia and Detroit, but younger for Dallas and Los Angeles-Long Beach. Nevertheless, the older stock is larger than for owner-occupied units, but with a far lower percent with two or more bathrooms. In general, differences in the rental households and rental stock between these metropolitan areas are less than the owner households and owner-occupied units.

URBAN HOUSING TRENDS

How the Housing Stock Changed From 1980 to 1990

New construction provided some 16 million units during the 1980s, while overall the stock increased about 12 million units.⁷ The difference between total new construction and the actual stock increase is due to removals during the same period (some 2.1 million units). Nevertheless, the total inventory was pushed past the 100 million mark.

Tables 5-14 and 5-15 provide an overview of selected characteristics of new construction compared to the existing stock in 1981.⁸ Even though the single-family house on its own lot is still the most prevalent building type, there are nevertheless trends toward constructing units with higher densities and also mobile homes with lower densities. Although seemingly opposite trends, both are market responses to the higher prices experienced during the 1980s. Higher density spreads the cost of land over more units; mobile homes allow cost efficiencies in new construction.

The trend toward higher density is also reflected in the proportion of cooperative housing and condominium developments during the 1980s. Although virtually no coops were constructed, the percent of construction devoted to condominiums more than tripled. This move toward higher density owner-occupied units was even more pronounced in the rental stock. In 1981 some 39 percent of the stock was in structures of 5 or more units; but between 1986 and 1989, about 63 percent of the newly constructed rental stock was in this type of structure.

Yet there is also some evidence of a trend toward lower density among single-family units and mobile homes on their own lots. Table 5-14 shows that median square feet of the unit increased from 1,583 to 1,842. Median lot size increased from 0.36 of an acre to 0.50, an increase of 40 percent. Those who could afford this low-density style of development chose it even in the face of higher costs.

Table 5-15 provides some insight into the amenities offered in the new construction compared with the standing stock. The first half of the decade provided slightly smaller units overall (fewer rooms, bedrooms, and bathrooms) than were in the standing stock, while the last half provided somewhat larger units overall. This trend toward increased size at the end of the decade is echoed strongly in the quality level. Number of bathrooms is another excellent indicator of housing quality because the American penchant for technology and household devices (as well as bathrooms) makes it a good surrogate for other kinds of housing improvements such as foyers, kitchens with built-in appliances, tile, hardwood floors, fireplaces, air conditioning, and good coats of paint. The top category (two or more bathrooms) was selected as the best single indicator for the upper level of this quality. The improvement by this indicator is substantial, much of it occurring during the last part of the decade. The proportion of units with two or more bathrooms constructed by the end of the

decade was substantially more than double that in the standing stock at the beginning of the decade.

Table 5-15 also provides a glimpse of other amenities offered during the 1980s. Here one can observe a decided trend toward enhanced quality and amenities: higher percentages of porches, decks, balconies, and patios; usable fireplaces; separate dining rooms; and garage or carport. This trend toward amenities and increased quality will show up in latter tables as well. It represents one of the most distinctive trends of the 1980s.

Preliminary 1990 census data show vacant housing to number about 10.3 million, with a homeowner vacancy rate of 2.1 percent and a rental vacancy of 8.5 percent. The homeowner rate is roughly "normal" while the rental rate is "high" (5 to 7 percent is "normal"), providing substantial housing opportunities. (Note that these normative judgments assume that local housing market rules of thumb can be applied nationally.)

How Housing Preferences Changed

Housing preferences are measured in two ways: through the actual change in the housing stock as it gets built and remodeled over the years, and through the signals communicated to the market by the types of moves households make and the reasons for those moves.

Changes in Housing Amenities, Types, and Styles

In previous tables (5-14 and 5-15), the changes in new construction during the decade were presented as well as how those new units compared with the standing stock. Tables 5-12a and 5-13a presented information concerning the facets of changes in housing preferences as reflected in changing median characteristics of the stock by location, including central city and suburban housing, and the characteristics of those units outside of metropolitan areas.

Residential Location: Where People Are Moving and Why

An alternative way to indicate changes in housing preferences is to determine where people are moving to and why they choose to move. Young adults in their twenties are the most mobile. For example, one-third of the persons aged 20 to 29 moved between 1988 and 1989, but only 18 percent of the total households moved. Within this age group, mobility rates have been persistently lowest in the Northeast, followed by the Midwest, both of which nevertheless experienced net losses, while the South and West recorded net gains. Renters

were considerably more mobile than owners, especially in the West, where 43 percent of renters were recent movers compared with only 10 percent of owners.

Table 5-16 shows a different picture of mobility by revealing where the recent mover households came from and where they moved to. Even in the 1980s, the trend was still toward suburbanization—away from central cities and away from nonmetropolitan areas. In aggregate one can observe that there was a slight net loss from central cities (fewer households moved from them than to them), a large net gain to the suburbs, and a large net loss from nonmetropolitan areas. This trend was repeated—and magnified—in the case of black households, who left central cities and nonmetropolitan areas in larger proportions and moved to the suburbs in larger proportions than the overall population. By contrast, Hispanics showed a net gain in the central cities, a smaller gain in the suburbs, and a large net loss in nonmetropolitan areas. Hispanics are no doubt frequently replacing black households (who have moved to suburban areas) in the central cities.

In addition to *where* people moved, it is important to know *why* they moved. Table 5-17 shows basic reasons for moving for owners and renters during the periods from 1984 to 1985 and from 1988 to 1989. Data are divided into basic categories of “pull” (that is, attractive or positive reasons for moving such as for a job or finding better or more satisfying housing), and “push” (that is, negative reasons such as being displaced by private or government action or disaster). More personal reasons such as marriage, death of a spouse, divorce, or separation are shown as indeterminate: they could be either push or pull. Clearly the great majority of people moved because they wanted to; they were pulled by some positive attraction. Few were pushed out of their home for negative reasons. This was true for both periods.

Most surprising, in light of the complaint of unaffordable housing during the 1980s, was the remarkably small percent (3 percent of owners and 8 to 9 percent of renters) who said they moved to lower their housing cost (multiple answers were permitted). This was true for both periods. If housing costs were truly the problem they have been claimed to be, one would have expected a far higher percentage who gave as one of their reasons the need to lower their rent or housing payments and maintenance costs.

Involuntary Displacement

Table 5-17 shows the category of involuntary displacement as a “push” reason for moving. In general, as noted, few people gave this as a reason for a move. Nor did this reason change particularly over a 5-year period. The reasons comprising this category are: (1) private displacement (accounting for 3-percent owner and 6-percent renter displacement in 1989), (2) government displacement (accounting for 0.3-percent owner and 1-percent renter displacement), and (3) disaster displacement (accounting for 0.4-percent owner and 1-percent renter displacement). Renters are clearly more vulnerable to displacement than owners, and because they receive little cash for being forced to move they are further financially disadvantaged vis-a-vis owners in searching for new quarters. On the other hand, they tend to be more voluntarily footloose, moving more frequently as a rule than owners.

First-Time Home Buyers

Homeownership among all married-couple families in the prime home-buying age group of 25 to 34 in 1989 illustrate the relationship of income and tenure. Among married-couple households in the group aged 30 to 34, homeowners were predominant in income groups beginning at \$20,000 to \$29,999 and for all higher income groups.

First-time homeowners had higher monthly mortgage payments for principal and interest (\$541) than payments by all homeowners (\$447). Also, the percent of income spent for housing costs in mortgaged homes was higher among first-time homeowners (26 percent) than for all owners of mortgaged homes (21 percent).

Even with the recent retreat in house prices, homeownership remains out of reach for many potential first-time buyers. According to some analysts, the national price of a typical starter home rose 21 percent in real terms. All of this growth, however, occurred in the first half of the period. After soaring 31 percent during the 1970s, house prices actually fell 8 percent in the 1980s.

Of course, house prices are not the sole determinant of homeownership costs. Mortgage interest rates, fuel and utility costs, maintenance and repair costs, real estate taxes, and insurance costs all add to costs. The after-tax cash cost includes these continuing expenses, less the tax savings from owning a home. By this measurement, the annual cost of owning a typical starter home declined by \$258 in 1990. Also, expected appreciation provided a substantial offset to high out-of-pocket expenses in the late 1970s and early 1980s, but this investment incentive to purchase a home is now greatly reduced in today's climate of weak house price appreciation.

FACTORS INFLUENCING HOUSING TRENDS

Demographic Trends

Household Composition

Household formation is the key to demand for new housing, both ownership and rental. During the 1980s the baby boom generation was in their late twenties and thirties. Although new household formation was below the torrid years of the 1970s, when it averaged almost 2.5 million new households per year, it still remained well above earlier decades. After a slow start during the recession of the early 1980s, strong household formation combined with a robust economy to fuel a boom in both apartments and entry-level housing during the period from 1983 to 1986. Household formation dropped in the 1990s as baby boomers began to enter middle age. (See Figure 5-3.)

Changing marriage and divorce rates as well as age at first marriage have caused a shift in household composition. In 1970 married couples represented 71 percent of all households.⁹ By 1980 the share had dropped to 60 percent and continued to fall during the decade. Single-person households, meanwhile, increased from 18 percent of all households in 1970 to 24 percent in 1988. The percentage of single-person households should continue to increase in the 1990s due to the combination individuals who delayed or never married.

Declining household formation has more impact on demand for new apartments than for new housing. As baby boomers enter middle age, the trade-up market will remain strong, supported in part by the higher incomes associated with that stage of life. However, those who were able to enter the housing market in the 1970s and ride the wave of inflation during the 1980s will be in a much stronger position to afford trade-up housing than those who came later.

The demand for first-time, entry-level housing will shrink because of the contraction in the number of young adults in the 1990s. Demographics clash, however, with affordability constraints. Lower mortgage rates in the late 1980s have helped first-time home buyers even while their numbers shrink. While the majority of single-family detached and attached new homes are trade-up buyers, first-time buyers have increased for the third time in 4 years—from 29 percent in 1988 to 35 percent in 1991.¹⁰ While traditional households of husband and wife continue to dominate new home sales, 75 percent of single-family detached and 68 percent of single-family attached homes were sold to baby boomers between the ages of 25 and 44 in 1991.¹¹

Although nontraditional households represent an increasing share of new home buyers in 1991, 86 percent of the single-family detached homes were sold to married-couple households, 54 percent of whom had children. Among attached home buyers, 66 percent were sold to married couples, 33 percent of whom had children.

Age of Population

As the baby boom population moved through the twenties, thirties, and into the forties during the 1980s, the rates of change for population and householders were uneven for the 20-to-24 and 25-to-29 age groups, but more in balance for the 30-to-34 and 35-to-44 age groups. Population changes among age groups from 20 to 44 reflected primarily the aging of persons who were already in the United States in 1981. Differences in householder and population growth in those age groups, therefore, reflected prevailing social and economic conditions. (See Figure 5-4.)

The median age of single-family detached home buyers fell from 37.1 years in 1988 to 35.9 years in 1991. Median age of first-time buyers was 31.2 years, while median age for trade-

up buyers was 39.8 years (compared to 39.1 years in 1986). Other statistics about new home buyers are summarized in Table 5-18.¹²

Immigration

Immigration both from other States and from abroad was an important component of demand in certain States, notably Texas, Florida, the Southwest, and the West. Housing demand in Texas, for example, was strengthened by immigration from the Midwest during the late 1970s and early 1980s. Americans were more mobile than in previous decades, following job opportunities first to the Southwest and later to the Southeast and West. Foreign immigrants also contributed to housing demand. Wealthy immigrants from Asia helped to provide capital for real estate development on the West Coast. Immigrants from Mexico, Central America, and Asia placed enormous pressure on apartments and crowded into cities in the Southwest and West.

Case Illustration

*Immigrants, Race, and Housing in Los Angeles: How Residential Location Patterns Contributed to the Riots*¹³

The dilemmas of exploding immigration are illustrated by Los Angeles in the decade of the 1980s. Coming from Mexico, El Salvador, Korea, Taiwan, Hong Kong, Vietnam, and Cambodia and throughout the Pacific Rim, the new immigrants give Los Angeles a character similar to New York City at the turn of the century.

The burgeoning immigrant population strains housing, schools, and public facilities, while simultaneously adding vitality to rapidly changing neighborhoods and a willing, capable labor force. Nowhere have the strains been felt more so than in south-central Los Angeles, the flashpoint and focus of the riots that began on April 29, following the "not guilty" verdict of the four officers who beat Rodney King. The riots, which lasted 3 days and destroyed more than 1,300 structures, were a horrible reminder of the unsolved problems of the inner city.

Racial tensions are felt most keenly in south-central Los Angeles, where blacks, who have traditionally dominated the area, are being crowded out by Hispanic and other immigrant groups. New housing in this vast area costs \$150,000 or more to build because of high land costs, impact fees, and structured parking requirements in many areas.¹⁴ While some for-sale market-rate housing is being built in infill locations along the new Century Freeway, most new housing is heavily subsidized. Available subsidy funds fall short of

demand. The influx of immigrants, especially from Mexico and Latin America, leads to overcrowding and growing frustration by blacks, who see their traditional neighborhoods being transformed by the new immigrants. High land and building costs and lack of subsidy funds prevent much new housing from being built. High crime and other urban social problems are causing an exodus of single black professionals and black middle-class families to suburban communities. The influx of immigrants—combined with higher crime and lower public services such as police, parks, libraries, and education due to the recession—contributes to a growing sense of helplessness that fueled the riots among those who remain in south-central Los Angeles.

As devastating as the riots were, visitors to the area after the riots often commented on how surprisingly nice the housing stock appears—once one moves away from the main commercial streets, which suffered 95 percent of the damage. Unlike New York City with its miles of boarded-up apartment buildings in the South Bronx, south-central Los Angeles is predominantly single-family in character. Homeownership, while lower than the city average, is near 38 percent.

Many aspects of Los Angeles' unique urban environment contribute to the difficulties that immigrants have in finding housing, including a no-growth, "pull up-the-drawbridge" mentality in many neighborhoods; a post-Proposition 13 public finance environment that imposes up to \$30,000 per unit fees on new housing; a lack of buildable land within 60 miles of downtown Los Angeles; stringent building codes aimed at earthquake and environmental protection; and a population growth rate in the 1980s triple the rate of new housing production.

These factors severely constrain the supply of affordable housing. The greatest impact is felt by new immigrants, who double up in apartments and garages. More than 200,000 families live in illegally converted garages, some of which house entire families without a bathroom or a kitchen.

Unlike earlier periods of intense immigration to New York City and other destinations, Los Angeles' new immigrants are spread throughout many suburban communities, not just the central city. Immigrants from China, Hong Kong, and Taiwan have left Chinatown near downtown for Monterey Park and the wealthier suburb of Arcadia, 10 miles east of downtown. Koreans, Filipinos, Japanese, and Vietnamese occupy neighborhoods west of downtown. Israelis and Russians are concentrated in Hollywood and West Los Angeles. Hispanics occupy a vast stretch southeast of downtown, running from Pomona to Long Beach.

The dispersion of immigrants throughout so many communities creates many housing submarkets. Not all of the new immigrants are poor. Builders such as Lewis Homes have found large, profitable market niches by designing homes to meet the special preferences of immigrant groups such as the Chinese. Infill builders in south-central Los Angeles design apartments with extra bathrooms in recognition of the likelihood that families will double up. In sum, while the burgeoning immigrant population creates enormous strains on the entire urban system, it is a dynamic, forward-moving force without which the future of Los Angeles would be much more in doubt as it faces economic recession and the flight of many long-time residents and businesses. The ever stronger links to Asian and Latin American families promise a source of capital and future global economic integration that will be the lifeblood of Los Angeles in the 21st century.

New Trends in Home Construction

There is a continuing need to identify, encourage, and evaluate new building materials, systems, and methods and to ensure that those systems that can reduce the cost of housing or increase the productivity of the industry are put into practice. The price of framing lumber and plywood, for example, increased dramatically during 1991 and 1992. These increases have added almost \$3,000 to the cost of the average home during a depressed housing market. The anticipated rebound in home building plus the possibility of logging restrictions due to endangered species and the duty on Canadian lumber indicate that lumber price increases will continue at an accelerated rate.

The above factors contribute to problems of housing affordability and illustrate the need to investigate alternatives to wood for residential construction. With this in mind, the National Association of Home Builders Research Center recently initiated a project to explore alternatives to wood as the primary material in residential construction and to provide builders with how-to information so they can use new technologies. Alternatives currently in use include concrete, concrete block, light-gauge steel, load-bearing brick, and foam plastic panels. Rigid plastics are being investigated more closely as substitutes for wood, as was demonstrated in the General Electric plastics house in Pittsfield, Massachusetts. Concrete masonry units (block) for exterior wall construction is common in some parts of the country, especially Florida, where almost 40 percent of the single-family homes are built with concrete block.¹⁵

In new homes many features that were considered trend-setting in the 1980s will become standard in the 1990s. These include built-in security systems, better ventilation systems, more energy-efficient appliances and insulation, whirlpool baths, skylights, and large kitchens with central islands.¹⁶

The 1980s saw increasing use of factory-built components for roof trusses, wall systems, kitchens, and bathrooms. These modules, which are commonplace in Japan and Europe, will be used in more American homes and apartments. Computers, which are already commonplace for designing units and generating working drawings for tract homes, will become more so for custom homes, apartments, and smaller tract home subdivisions. Changes in housing technology will continue to evolve, driven primarily by regulation, concerns over worker safety, and shortages of skilled labor.¹⁷

Macroeconomic Factors

Business Cycles and Recessions in the Early and Late 1980s

Housing markets during the 1980s can be characterized by four main periods: recession in 1981 and 1982; boomtimes for housing, especially multifamily housing, from 1983 to 1986; the 1986 Tax Act that caused multifamily construction to fall sharply but that maintained privately owned housing starts at reasonable levels through 1988; and the rolling recession that began in Texas in 1985, moved to the East Coast in 1988, and engulfed the West Coast in the early 1990s.

Single-family and multifamily housing starts during the 1980s are tabulated in Table 5-19. Mortgage rates peaked in 1981 and started to come down in 1982. During the 1960s and 1970s, there was a strong relationship between interest rates and construction activity. As rates went up, construction went down. However, the decline in construction during the recession of 1981-1982 was matched by a decline in household formation.

High unemployment rates hit hard among young adults in the early 1980s. The unemployment rates for baby boom workers were higher in 1982 and 1983 than at any other time in the 1980s. While high interest rates are blamed for the slowdown in construction, unemployment and the poor economy probably had more impact on the decline in housing production.¹⁸ New households were not formed for economic reasons, creating less demand for new housing and apartments. The situation is similar during the current recession.

Construction during the mid-1980s was boosted by pent-up demand. Despite a steady decline in mortgage rates, however, homeownership rates did not increase. This is not surprising in light of the fact that buyers during the 1980s increasingly viewed homeownership as a consumption good rather than an investment. In fact, the high inflation rates of the late 1970s fueled home buyers' expectations that housing prices would continue to rise sharply. Although real housing prices declined nationally in the 1980s, regional disparities and barriers to new construction contributed to sharp increases in housing prices in certain regions, especially on the East and West Coasts.

Changes in Tax Policy That Affected Multifamily Housing in 1981 and 1986

Tax policy has always been critical to multifamily housing development, which historically has been granted very favorable tax status. The Economic Recovery Tax Act of 1981 (ERTA) provided substantial incentives for building multifamily housing. Multifamily housing starts recovered from the 1981–1982 recession slowly, but jumped from 117,000 units per year in 1982, to 191,000 units in 1983, to 313,000 units in 1984. Construction remained above 300,000 units until 1988. (See Table 5–19.)

ERTA gave apartments such favorable tax incentives that many analysts have concluded that tax breaks drove the development of rental housing in the mid-1980s.¹⁹ Projects were built because of tax benefits that could not be justified on economic grounds alone; expected rental income was too low to provide an economic return on the full cost of development.

It is usually hardest to raise equity for real estate development. Favorable tax treatment generated a burst of equity funding through private syndications.²⁰ Investors included many doctors, lawyers, and other professionals in addition to wealthier individuals. They were drawn to deals that offered a handsome profit on investment solely through tax deductions, regardless of how the project fared economically.

Apartment construction was fueled not only by tax incentives but also by fundamental factors in the real estate market. Apartment vacancies were low and real rents were rising. Money for development of apartments was plentiful in the years from 1982 to 1985, both for equity and debt. The result was an overbuilding of apartments in many markets. In addition to private mortgage sources, publicly subsidized tax-exempt housing revenue bonds also were an important factor, providing debt for almost 40 percent of the market. Between 1976 and 1985, tax-exempt housing bonds were used to finance more than 1.2 million apartment units.²¹ An entire industry that included investment bankers, developers, credit enhancers, mortgage bankers, lenders, title specialists, and multitudes of lawyers was created to build bond-financed housing. By 1985 virtually every State and many cities and counties had passed enabling legislation to create housing finance agencies empowered to issue tax-exempt bonds for qualifying projects.²² Housing revenue bonds were extremely inefficient because the intricate trustee, loan security, and credit enhancement documentation added 10 to 12 percent to the cost of developing low-income housing. Despite the high cost, however, bonds were extremely effective at generating large numbers of housing units because any developer could initiate a project and there was no limit on the dollar amount of bonds that could be sold. Rent reductions to tenants were modest, usually 10 to 20 percent below market rate for a portion of the units. Consequently, housing revenue bonds failed to deliver housing to those most in need—households with income below 80 percent of the median income for their city.

The Tax Reform Act of 1986 dramatically changed incentives for rental housing and in fact were a major factor in the collapse of the real estate industry that followed. Tax life for depreciation purposes was extended from 15 to 27.5 years, and accelerated depreciation was abolished except for historic buildings. More significant, however, was the overnight elimination of one's ability to write off real estate losses against other income. Many apartment syndications called for investors to make their total payment over a 5-to-7 years in order to maximize the tax advantages. When investors' ability to deduct real estate losses was abolished in 1986, many of them defaulted on their notes. These defaults almost invariably led to default on the permanent mortgage and loan foreclosure and contributed to the savings and loan (S&L) problems.

Impact on Low and Moderate-Income Housing

The 1986 Tax Act also changed completely the way in which the private sector participated in low- and moderate-income housing development. Prior to 1986, tax-exempt housing revenue bonds were the primary vehicle for building moderate-income apartments. While the Tax Act killed the incentives for equity investment in low- and moderate-income housing, at the same time the IRS revised the rules for tax-exemption governing housing revenue bonds. The new rules were much stricter than the pre-1986 rules in terms of the income limits that tenants had to meet in order for a project to qualify for tax-exempt status. Lower qualifying incomes translated into lower rents, which caused projects to generate too little income to support total construction costs through tax-exempt mortgages alone. Combined with the elimination of other tax benefits, suddenly low- and moderate-income apartments could no longer be built profitably by the private market without other subsidies.

What Congress took away with one hand it gave back with the other in the form of tax credits. This program, which is described in the following section, targets lower income tenants than housing revenue bonds. Housing production has been more modest than under the bond program, but lower income tenants are being served.

The Tax Reform Act of 1986 also reduced the incentives for homeownership. Standard deductions were raised, and marginal tax rates were reduced. Both factors lowered the tax advantages of homeownership, but the difference was not enough to have much impact.

Changes in Financing

The residential mortgage markets changed dramatically during the decade of the 1980s. The major innovation during the 1980s was the role of the capital markets in providing funds for mortgage lending by the securitization process. During the 1970s and the 1980s, the mortgage markets expanded rapidly. The growth occurred both in the single-family home loan area and in the broader mortgage markets (see Table 5-20). This growth was

in response to the rapid inflation of the 1970s, real estate's widely perceived role as an excellent hedge against that inflation, and the strong economic growth and subsequent overbuilding that occurred during the 1980s. Traditionally, S&Ls met the bulk of the demand for single-family home loan money required by borrowers (Table 5-21). The low levels of housing construction and home sales in the early 1980s coincided with high mortgage interest rates. Average mortgage interest rates were about 15 percent in 1981 and 1982. By the end of 1992, mortgage interest rates had fallen to their lowest level in several decades. (See Figure 5-5.)

Beyond the problems of oversupply and loss of tax incentives, upheaval in the financial markets has also taken its toll on the multifamily housing market. With the crisis in the banking industry and passage of the Financial Institutions Reform, Recovery, and Enforcement Act in 1989, as well as changes in banking regulations, commercial banks and savings and loan institutions retreated from real estate lending. This retrenchment has been particularly damaging to the prospects for multifamily construction because commercial banks and S&Ls have been the major originators and investors in long-term mortgages for rental housing. (See Figure 5-6.)

HOUSING POLICY ISSUES

The Shift From Project-Based to Tenant-Based Subsidies

Housing assistance programs have succeeded in upgrading the living conditions of millions of low-income households. According to the 1989 American Housing Survey, more than 5.4 million housing units received some form of public subsidy from Federal, State, or local governments. (See Table 5-22.) The Federal Government was the funding source for more than 4 million of these units.

Under the Reagan and Bush administrations, the mechanism of subsidy shifted from building new units with 30 to 40 year bonds to relying on the existing housing stock. Construction subsidies, including low-interest loan programs for building new units—called “project-based” subsidies—were replaced by rental assistance—called “tenant-based” subsidies—to tenants and rent subsidies to owners of units who agreed to hold rents below certain limits. Tenant-based assistance enables low-income households to rent apartments available in the private market. The tenant-based programs, notably Section 8 vouchers and certificates, give low-income households a choice for where they want to live. The shift in emphasis is shown in Table 5-23. Between 1985 and 1990, vouchers and certificates represented 335,000 out of the total 443,000 increase in subsidized units.

Another aspect of the shift in focus in the 1980s was much more careful targeting of assistance to households having the greatest need—that is, households at the lowest end of

the income distribution. From 1974 to 1989, the number of poverty-level households receiving housing assistance increased 161 percent to 2.4 million, while the number of households with incomes falling within HUD program standards but above the Federal poverty threshold rose 54 percent.

Even so, the growth of poor households outstripped the increase in housing assistance resources, boosting the population of unassisted poor renters from 4.2 million in 1974 to 5.5 million in 1985. Although, as discussed earlier in this report, there has been some reduction in the number of unassisted poor since 1985, two-thirds of all poor renter households remained outside the housing assistance network. (See Figure 5-7.) So despite the addition of an average of 300,000 units per year to the stock of federally supported rental housing units in the late 1970s and 80,000 to 100,000 units per year in the 1980s, several million households still need help with housing. Those households are concentrated at the lowest end of the income scale.

Vouchers and Certificates

Tenant-based housing assistance in the form of Section 8 vouchers and certificates was seen by the Reagan and Bush administrations as the best mechanism for serving the largest number of households with the greatest need. During the early 1990s, tenant-based Section 8 housing vouchers and certificates were, in fact, the only programs that were both tightly targeted by law to those with worst-case housing needs and affordable to the lowest income renters who were most likely to experience severe housing problems.²³ Housing vouchers differ from Section 8 certificates in the way in which they determine housing assistance payments and in their funding mechanisms.²⁴

The housing certificate program determines the amount that a family can pay from its own resources. The program assistance payment then makes up the difference between this amount and the gross rent charged by the landlord. Families usually pay 30 percent of their net income as the contribution to rent. The voucher program pays the difference between a locally determined payment standard and 30 percent of the family's net income, regardless of the rent of the unit actually chosen by the family.

In the certificate program, the tenant contribution is a fixed percentage of family income, and housing assistance payments to individual families vary depending on the rent. In the voucher program, assistance payments are essentially fixed, allowing for a wide variation in the percentage of income paid by the family for rent.

In the voucher program, households have the same incentive as other renters to pay as little as possible consistent with their housing needs since an extra dollar in rent means an extra dollar of out-of-pocket costs. Certificate holders have a strong incentive to find a

unit with a price low enough to qualify within program rent ceilings, but no incentive to find less expensive units than the ceiling allows.

HUD has sought to place scarce housing resources in the programs that will have the greatest benefit. Nearly all vouchers go to the low-income and very low-income groups with the highest worst case needs. According to Secretary Kemp:

The Community Development Block Grant [CDBG] Program has become essentially a substitute for revenue sharing.... The resources of the HOME program are slightly better focused than CDBG in solving worst case needs, but it will serve fewer people than it should have because Congress waived the state and local match requirement for 1992.... If the funding of these programs [HOME, CDBG, and Low-Income Housing Tax Credits] was put into the voucher program each year, we could help 1.5 million of the 5 million families with worst case needs find decent, safe, and affordable shelter almost immediately.²⁵

Low-Income Housing Tax Credits

In addition to the shift toward vouchers and certificates, there have also been changes in project-based programs. Low-Income Housing Tax Credits (LIHTC) are the current standard approach for increasing the supply of low-income housing. The other project-based program is the new housing block grant, the HOME program, created by the National Affordable Housing Act of 1990. Grants under the HOME program may be used to provide either tenant-based rental assistance or project-based support for new construction.²⁶ Both the LIHTC and HOME programs complement the tenant-based Section 8 housing voucher and certificate programs.

Under LIHTC, each State receives an allocation based on its population, set at \$1.25 per capita. Just over \$300 million in tax credits has been issued each of the last 3 years (Table 5-24). Each new authorization of \$300 million commits taxpayers to \$3 billion in credits over the next 10 years.

The tax credits give investors dollar-for-dollar tax reductions equal to 9 percent per year for 10 years of a project's qualifying cost (approximately 90 to 95 percent of the total cost). The program is available both for new construction and for rehabilitation. If a project receives other Federal subsidies or tax-exempt financing, the credit drops to 4 percent.

Investment bankers sell the tax credits to raise equity for low-income projects. To qualify, a project must agree to set rents at stringent levels such that 20 percent of the units are affordable to families who earn 50 percent (20/50) of the median income, or 40 percent of

the units to families who earn 60 percent (40/60) of the median income for the area. The vast majority of projects, 88.4 percent in 1987 and 91.7 percent in 1988, were electing to meet the 40/60 income restriction.²⁷

Tax Credit Inefficiencies

Low-income tax credits have been an effective but inefficient means for delivering low-income housing. The very low rents enable families to afford to live in low-income housing who have much lower incomes than under the housing revenue bond program discussed in the previous section. However, the rents are so low that most projects require multiple additional subsidies to cover all of the costs. For example, in one project in Santa Monica, California, the net operating income supported a mortgage that covered only 15 percent of the total project costs (Table 5-25).

Tax credits are even more intricate and esoteric than housing revenue bonds were, although some effort has been made to hold down legal costs through leverage exerted by nonprofit clients. They involve complicated deal structures and more parties to the transaction than one finds in a typical market rate apartment project. For example, in the project illustrated above, in addition to the developer and the primary lender, there are three other lenders, a nonprofit sponsor, and the city of Santa Monica. The complexity adds to the time and cost of doing a tax-credit project and reduces the number of experienced developers who are interested in participating.

Tax credit proceeds typically range between 40 and 50 cents per dollar of credit. Investors using the 9-percent tax credit receive implicit tax benefits equivalent to an estimated subsidy of 54 percent of total development costs.²⁸ Tax credits fail to offer more benefit for housing per dollar of effective government subsidy for several reasons: First, the cost of doing tax credit syndications is high. Syndicators typically receive 10 to 12 percent of the proceeds to cover sales commissions and legal expenses. Second, because tax credits are esoteric, the number of investors who want to buy them is relatively small. Those investors who do purchase tax credits expect returns in excess of 20 percent despite very low risk. In fact, the only real risk to investors in tax credits is if the project fails to qualify because rents are too high (something that should not happen unless the manager is incompetent). Investors bear *no* real estate risk. The credits survive even if the project goes into foreclosure.

How tax credits are administered also contributes to their inefficiency. Primarily because tax credits remain one of the few project-based programs available for building low-income housing, they are extremely competitive. Due to high demand and a lack of market mechanisms for allocating credits, they are rationed by each State. Applicants must submit 500 to 1,000 pages of documentation, including legal agreements, demonstrating site control and proof of financing, city approvals, environmental reports, and other "due

diligence.”²⁹ Compared to other multifamily housing projects, developers must commit significantly more at-risk money in the form of due-diligence work.

Low Rewards Cause Developers to Take Little Risk

All low-income housing development projects, whether they are financed using tax credits, housing revenue bonds, or direct subsidy from HUD, have a cap on the fee or profit that a developer can receive. Tax credits, for example, give developers a maximum of 15 percent of project cost. State “beauty contests,” which determine who receives tax credits, usually favor projects that show smaller development fees (4 percent is considered reasonable in California). In addition, there are usually restrictions on long-run residual benefits of ownership (such as the right to convert to market-rate housing after a given period of time). Thus, low-income housing financed by tax credits offers significantly lower rewards to developers than market-rate housing.

Because private developers cannot or will not assume the normal development risks, cities and nonprofit agencies end up doing so. The greatest risk is that of carrying the land. Thus, it is no accident that many low-income housing projects are located on land owned by government agencies, churches, or other groups that are willing to hold the land off the market during lengthy and uncertain approval processes.

Perhaps because there are no alternatives available, tax credits have been successful in providing sufficient incentive to attract developers. However, the production that has been realized has largely been achieved through the provision of additional operating and capital subsidies such as those previously discussed for Santa Monica. Compared to vouchers, the projected cost of the average tax credit unit over a 15-year period (\$37,627) is almost 2 1/2 times as high as the comparable cost of a housing voucher (\$15,516).³⁰

Projects relying only on tax credits tend to be concentrated in the low-cost housing market where costs are low in relation to household income. Because they require only one subsidy, low-cost areas have attracted a disproportionate share of tax credit projects. High-cost areas have received only about 40 percent of the number of projects that one would expect on a per capita basis.³¹ Tax credits work better in rural and small- to medium-sized areas such as Sacramento or Las Vegas than in large urban centers such as San Francisco, Los Angeles, or New York City.

High-cost areas require a combination of multiple subsidy programs. Consequently, projects typically require several years to put together all of the financing pieces. If one piece of financing falls out, then the project is stalled. The difficulty of assembling the multiple layers of financing greatly increases the risk to developers and the costs to government administrators. For example, projects may have to apply for tax credits three or four times before all of the other layers of financing are obtained. Since the credits

expire if not used in the current year, State tax allocation committees cannot reserve the credits for a project while it is assembling the other subsidy pieces. In California, for example, most inner-city projects have required both State housing subsidy grants and tax credits. Lack of coordination between different funding sources creates a situation in which developers must apply to each one independently, but both are required in order for the project to go ahead. As often happens, when developers receive money from one source but not the other, they must reapply to both again in the next funding cycle. The California State housing subsidy funds have been used up. With no more funds available due to the recession, projects in high-cost areas cannot be built.

Nonprofit and Volunteer Initiatives

Nonprofit organizations are playing an increasing role in the development of housing due, in part, to the absence of for-profit developers. Their involvement increases the role of the community in the development process, but often leads to higher costs compared to for-profit development due to inexperience and the absence of marketplace pressures to hold down costs. In some programs such as HOME, nonprofit participation is mandated. In other programs such as tax credits, they are not required by law, but city councils and other approval bodies find it much easier to give money for low-income housing to a nonprofit than a for-profit organization. As a consequence, nonprofit developers are proliferating.

Many private for-profit developers who want to build low-income housing are finding it advantageous to form partnerships with nonprofit organizations. The partnerships typically give the private developer day-to-day development responsibility, while the nonprofit agency is the owner and recipient of financing. In addition, many new nonprofit organizations are being established for the express purpose of building low-income housing. These organizations are developing inhouse capabilities to manage day-to-day activities. Nevertheless they often form partnerships with for-profit developers to leverage their delivery capacity or to jump start their inhouse expertise for developing the initial projects.

Nonprofit housing developers consist of two main groups: (1) community-based development corporations (CDCs), and (2) general purpose agencies that may or may not focus primarily on housing development. There is no formal definition of CDCs under the regulations, but equity funding sources such as Local Initiatives Support Corporation will lend money only to CDCs, giving them a decided advantage over other nonprofit agencies that are not community based.³²

Nonprofit developers in general and CDCs in particular have been criticized for being less efficient than their for-profit counterparts. Some CDCs that are supported directly by the local government of the community they serve have consumed large costs in overhead

relative to the number of units built. The proliferation of nonprofit developers is helping to build development and construction skills in a new population at a time when the development industry in general is going through its greatest downsizing since the Great Depression. Many nonprofits are capitalizing on available talent. Nevertheless, development is an extremely complicated business; low-income housing development is even more complicated than other forms because of the difficult financing arrangements. Every nonprofit organization must go through a steep learning curve before it is able to compete effectively. The cost of that learning curve is built into the price of every low-income housing unit.³³

Private volunteer initiatives are also vital for raising equity funding for low-income housing. Under one such initiative, a multimillion dollar program called the National Community Development Initiative was developed by a consortium of seven national foundations and one corporate funder to encourage the development of a secondary market for multifamily mortgages. The program expects to accelerate the pace, scale, and impact of neighborhood renewal in America's poorest central city communities.³⁴

Barriers to Affordable Housing

One of the most disturbing trends of the 1980s was the increase in barriers to affordable housing. The trend became so pervasive that a new term—NIMBY, which stands for “not in my back yard”—was coined. Affluent neighborhoods and suburbs employed exclusionary zoning, building restrictions, and other measures to ensure that new development did not depress property values in the community. To make matters worse, a perverse economic incentive exists for communities to engage in exclusionary practices. By passing size restrictions, impact fees, and other measures that increase the cost of new housing in a community, existing residents reap a windfall increase in the values of their homes as existing home prices rise in concert with new home prices.

The NIMBY syndrome is widespread, deeply ingrained, easily translatable into political actions, and intentionally exclusionary and growth inhibiting. NIMBY can reflect legitimate concerns about property values, or it can also reflect racial or ethnic prejudice masquerading under the guise of legitimate concerns.³⁵

The root causes of regulatory barriers to affordable housing have been in place for many years, and evidence is overwhelming that these barriers are unlikely to disappear, absent significant incentives and effort. In developing their Comprehensive Housing Affordability Strategies (CHAS), States and localities are directed by the National Affordable Housing Act to review whether housing costs are affected by public policies.³⁶ Jurisdictions are also directed to certify that they will take affirmative action to further fair housing. The process of developing a CHAS, therefore, offers new opportunities for jurisdictions to remove regulatory and discriminatory barriers to affordable housing.

One of the many ways that the NIMBY syndrome manifests itself in urban areas is in the form of prohibitions against types of housing that are "different." Examples include factory-built homes—that is, manufactured and modular housing—and accessory housing. These products are widely recognized as important components of a complete affordable housing strategy. Efforts to make them available, however, often encounter regulatory roadblocks. NIMBY attitudes account in large part for the fact that manufactured and accessory housing have yet to make a clear impact on the availability of affordable housing in urban areas.

Another barrier to affordable housing is often found in the mortgage credit market. Sources of mortgage credit often differ substantially for home buyers in suburban and inner-city neighborhoods. Conventional lenders have generally financed housing in stable, predominantly white communities to the exclusion of certain neighborhoods, usually with poorer or minority residents. This discriminatory process, called "red lining," was the catalyst for passage of the Community Reinvestment Act (CRA). CRA reinforces the responsibilities of lenders to serve both the depository and credit needs of their local communities by requiring an application each time an institution applies for a new branch, merger, or other structural change. As a result of subsequent challenges to these applications by community organizations, lenders have agreed to commit additional funds to mortgages in urban neighborhoods. Through 1990, there have been at least 195 CRA agreements in 63 different cities and in 10 States that have at least one statewide agreement. These activities have produced more than \$8 billion in private investment. Roughly 80 percent of these agreements have been negotiated since 1984.

Any government regulation that adds to the cost of urban housing is especially significant because of the concentration of low-income households in central cities. Chief among the urban regulatory barriers are building codes geared to new construction rather than to the rehabilitation of existing buildings. The codes often require state-of-the-art materials and methods that are inconsistent with those originally used. For example, introducing newer technologies sometimes requires the wholesale replacement of plumbing and electrical systems that are still quite serviceable.

Slow and overly burdensome permitting is another regulatory obstacle. In many jurisdictions the process involves multiple time-consuming steps that add unnecessarily to housing costs. Delays of 2 to 3 years are not uncommon. The Endangered Species Act (ESA) also affects housing affordability. Designed to help ensure the survival and well-being of existing species of plants and animals, ESA allows the Fish and Wildlife Service to ban or severely restrict development in thousands of acres for years at a time. Many experts feel that ESA does not take into account the socioeconomic impact of these restrictions on human activity. Housing affordability is, thus, becoming an inadvertent casualty of environmental protection.

Other regulations such as rent control that depress new multifamily construction hurt the availability of affordable housing, especially in large cities such as New York City or San Francisco. In the long run, the primary beneficiaries of rent control are frequently upper and middle-income groups rather than lower income households that most need the assistance.

The Advisory Commission on Regulatory Barriers to Affordable Housing found that many forces in addition to regulatory barriers affect the affordability of housing such as the housing finance system, tax structure, and poverty. However, even for very low-income households, regulatory barriers make matters worse. In areas with severe affordability problems, the Commission found evidence that 20 to 35 percent of the increase in housing prices was attributable to excessive regulation. There are limits to what the Federal Government can accomplish, however, because many of the most significant barriers are implemented at the local level. The Commission envisioned the Federal Government as a vehicle for stimulating State regulatory reforms while educating the public to convince policymakers to dismantle local regulatory barriers.

CONCLUSION

The vast majority of American households enjoy among the highest standards of housing in the world. Fifty percent of the renters and almost 90 percent of the owners have no housing problems at all.³⁷ Those who do have problems typically experience either too high a cost burden, inadequate physical facilities or crowding. Among middle-income households, which have incomes between 80 and 120 percent of median, over 75 percent of renters and 90 percent of homeowners have standard, uncrowded, affordable housing. Even among low-income households, which have incomes between 50 and 80 percent of median, as many as half of the renters and four-fifths of the owners also face no housing problems.

The 1980s were a time of enormous change in housing markets. The baby boom generation entered the housing market in force in the early 1980s. By the early 1990s, baby boomers were entering their trade-up housing years. Getting their equity out of their first house, however, depended on continued strength in the entry-level market. This was hampered by the recession in the early 1990s, which combined with the baby bust to slow down and even reverse the rise in housing prices.

Mortgage rates came down from the high teens at the beginning of the 1980s to the lowest rates in more than 20 years in 1992. Financial markets experienced a virtual revolution with a panoply of alternative mortgage instruments, mortgage and equity securitization, the entry of pension funds as significant investors, and a variety of innovative approaches to financing. At the same time, the S&L industry collapsed, and banks were under regulatory pressure to reduce their real estate holdings. Massive sales of foreclosed

apartments by the Resolution Trust Corporation and banks contributed to a drop in rents ranging from 20 to 30 percent in some areas. Lower rents were a boon to tenants, but contributed to a precipitous drop in new multifamily starts in the early 1990s.

Continuing decentralization of residential location patterns caused many suburban communities, especially in rapidly growing areas, to impose fees and restrictions on new development that raised the cost of housing for newcomers. In some cases, well-intended legislation protecting the environment, endangered species, and historic buildings was misused to stop housing development, especially for those who earned less than the current median income for the suburb. The result was a greater concentration of blight in the inner cities, greater pressure on those who could afford to move out to do so, and fewer housing opportunities for low- and moderate-income people.

The most significant change in Federal housing policy was a shift during the 1980s from new construction financed by long-term bonds to income and rental assistance through housing vouchers and certificates. These programs raised the number of households benefiting from Federal assistance to an all-time high and targeted the available monies to those who most needed it. On the construction side, housing bonds were replaced by Low Income Housing Tax Credits. The tax credits served households with lower incomes than housing bonds, but tended to raise the cost of construction due to their complexity.

In the debate between project-based and tenant-based subsidies for improving housing conditions for the poor, the young, the disabled, and the aged, the Bush administration has sought to increase funding for tenant-based subsidies such as certificates and vouchers rather than project-based subsidies such as the Urban Development Block Grant and tax credits. They have been less successful than they might hope, but have attempted to target available resources as much as possible to those most in need.

The homeless problem remains perhaps the most daunting. The Bush administration sought to expand the empowerment agenda embodied in the National Affordable Housing Act of 1990 by offering a new legislative agenda called the Opportunity and Empowerment Act of 1992. Rather than tinkering at the edges, Secretary Kemp has advocated reforming the system and giving low-income families an avenue to break the cycle of hopelessness and dependency. While much remains to be done, initial steps have been taken. Whether the system that works so well for housing the vast majority of the Nation's people can be made to work for those at the bottom depends on the commitment of everyone involved in housing—from the Federal Government to the local zoning board—to make scarce resources go as far as possible.

NOTES

1. Material in the following paragraphs are taken from the report by the U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Priority Housing Problems and "Worst Case" Needs in 1989: A Report to Congress* (Washington, D.C.: June 1991) and Kathryn P. Nelson, *Housing Problems and "Worst Case" Needs Among Very Low-Income Renters in the United States* (paper presented to the midyear meeting of the American Real Estate and Urban Economics Association, May 26, 1992).
2. Ibid.
3. Ibid., Table 5, p. 18, and Figure 4, p. 20.
4. National Association of Realtors, *Home Sales*, vol. 6, 8 (August 1992), Highlights.
5. The 1980 data for households paying more than 30 percent were interpolated between the published categories of more than 25 percent and more than 35 percent.
6. The categories we show are not mutually exclusive. That is, among blacks, some are elderly, some are recent movers, and some are below the poverty level. So also the category, "all households," includes the categories broken out separately.
7. The data from the American Housing Survey actually show a stock increase of 13.9 million units over the decade, but the Census Bureau estimates that 1.9 million units of the change result from corrections and redefinitions in the course of the 1985 redesign of the AHS (*American Housing Survey for the United States in 1985*, pp. ix-x).
8. For the 1981 base year, we have subtracted new construction 1981-1985 from the standing stock in 1985 (as presented in the 1985 AHS) instead of using the 1980 AHS data. A different sample in 1980, slightly differently phrased questions, and the more limited published responses suggest that our method has greater comparability to the 1989 data (the sample was the same in 1985 as in 1989). The removed units will not show up by this method, but their percentage is much smaller than for new units, and only for the first 4 years of the 8-year period.
9. Armijo, Berson, Obrinsky, and Valgeirsson, 1991, p. 24.
10. Ahluwalia, Gopal, "The 1991 Home Buyer," *Housing Economics*, National Association of Home Builders, January 1992, pp. 5-7.

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11. National Association of Home Builders, *Profile of the New Home Buyer*, 1992 edition, Washington, D.C. The study covers the period from July 1990 through June 1991.
 12. Ahluwalia, 1992, p. 5.
 13. The complexity of the Los Angeles riots is illustrated by the very name that people use to describe the events of April 1992. Whites call them "riots;" blacks call them "rebellion."
 14. Parking requirements of 2 cars per unit (or 1 car per bedroom) combine with high land costs of \$20,000 to \$50,000 per unit to force developers to build structured parking for any project having density greater than 15 or so units per acre. The parking typically is built underground or at subgrade level with housing above. In communities with lower land costs, one finds cheaper grade-level parking for projects up to 30 units per acre and even 40 units per acre if the units are predominantly one bedroom. Parking requirements are based on bedroom counts.
 15. NAHB Research Center, "Research Plan: Alternatives to Lumber and Plywood in Residential Construction," U.S. Department of Housing and Urban Development, Office of Policy Development and Research, William Freeborne interview.
 16. Belsky, 1992, p. 10.
 17. Belsky, 1992, p. 10.
 18. Michael Carliner, vice president for research at the National Association of Homebuilders, was the source for much of the material in this section.
 19. See DiPasquale and Cummings, 1992, p. 86.
 20. Tax incentives included 15-year depreciation (compared to 30 to 40 years previously), accelerated depreciation of 175 to 200 percent times that of straight line, and the ability for investors to write off all losses against other income on their tax returns.
 21. Peiser, 1988, p. 54.
 22. Bonds were sold by Salomon Brothers, Goldman Sachs, and other investment bankers to primarily institutional investors. The bonds had below-market interest rates since they were exempt from Federal income taxes.
 23. See Nelson and Khadduri, 1992, p. 32.

24. Robert Gray, Office of Policy Development and Research, U.S. Department of Housing and Urban Development, provided much of the information presented in this section.

25. Secretary Jack Kemp in a speech before the Subcommittee on VA, HUD, and Independent Agencies, Senate Committee on Appropriations, April 30, 1992.

26. The general purpose of HOME includes expanding the supply of affordable housing, particularly rental housing, for low- and very low-income families. Two of the key elements of the HOME program are: (1) the use of tenant-based rental subsidies, and (2) financial and technical assistance for State and local governments.

27. ICF, Inc., 1991, p. 3-2.

28. See Case, 1991.

29. "Due diligence" is a technical term referring to all of the predevelopment studies that developers must perform before they can begin a real estate project. Due diligence includes analyses for the market, site-conditions, engineering, financing, public approvals, and so forth. It typically involves more than 100 steps, takes 1 to 5 years to complete, and costs \$50,000 to \$200,000, not including land purchase and financing commitment fees. Larger projects (over 300 units, 100,000 square feet, or 100 acres) often require \$300,000 to \$1,000,000 or more in due diligence work.

30. ICF, 1991, p. 7-6.

31. ICF, 1991, p. 8.

32. CDCs may be formed either by a city or local citizens. They exist for the purpose of delivering low-income housing to the local community in which they are located.

33. While some nonprofits are run by volunteers, most have full-time administrators whose salaries are covered by local government or by grants from the church or agency with which they are affiliated. Some also by for-profit developers to act as fronts for them in dealing with government agencies and funding sources.

34. The consortium of funders has committed \$62.5 million in loans for 3 years of National Community Development Initiative (NCDI) core funding. In addition, Freddie Mac has committed to \$100 million mortgage financing that will be used over a 2-year period to purchase low-income rental housing mortgages from local lenders.

35. In tight housing markets, existing homes may be viewed as substitutes for new homes. As the price of new homes is pushed up by regulatory barriers, owners of existing homes are able to sell their homes for more money.

36. Section 105(b)(4) requires communities to include tax policies affecting property, land use controls, zoning ordinances, and other measures in their examination of local public policies that may have a negative impact on the availability of affordable housing.

37. See Nelson and Khadduri, 1992, p. 10.

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Table 5-1
Housing Problems, 1989, by Tenure and Relative Income

	Income* as percent of local median				Total
	Very low (<50%)	Low (51-80%)	Middle (81-120%)	Upper (121%+)	
Renters (in thousands)	13,150	6,860	7,040	6,720	33,770
Worst case need (WCN)	5,041	415	284	202	5,944
% of total WCN	56%	5%	3%	2%	66%
Owners (in thousands)	7,310	8,500	12,806	31,300	59,915
Worst case need	1,680	425	304	126	3,116
% of total WCN	18%	5%	4%	7%	34%
Total all households	20,460	15,360	19,846	38,020	93,686
Worst case need	6,671	837	666	828	9,060
% of total WCN	74%	10%	7%	9%	100%

SOURCE: Tabulations for the American Housing Survey, 1989, U.S. Department of Housing and Urban Development, Office of Policy Development and Research.

* Adjusted by household size; for owners, includes 5.5 percent of equity.

Table 5-2
Housing Conditions of Very Low-Income Family and
Elderly Renters, 1978-1989

	1978	1983	1989
FAMILIES & ELDERLY (000s)	8,431	9,721	10,312
WORST CASE HOUSING PROBLEMS	35%	39%	35%
Severely inadequate	9%	7%	4%
Rent burden 50%+	28%	34%	33%
Adequate, uncrowded	22%	26%	26%
OTHER HOUSING PROBLEMS	28%	24%	23%
Moderately inadequate	7%	5%	4%
Rent burden 30-49%	22%	20%	20%
Overcrowded	3%	5%	5%
NO HOUSING PROBLEMS	15%	12%	12%
IN ASSISTED HOUSING	22%	25%	29%
TOTAL	100%	100%	100%

SOURCE: U.S. Department of Housing and Urban Development, Office of Policy Development and Research,, PRIORITY HOUSING PROBLEMS AND "WORST CASE" NEEDS IN 1989 (Washington, D.C., June 1991) Table 6.

Table 5-3
Worst Case Needs

Northeast ^a	23%
Midwest	22%
South	29%
West	27%
Total United States	100%
Central city	51%
Suburb	34%
Nonmetropolitan	15%
Total	100%

SOURCE: "Priority Housing Problems and 'Worst Case' Needs in 1989," U.S. Department of Housing and Urban Development, Office of Policy Development and Research, June 1991.

^a Percent share of total U.S. worst case needs.

Table 5-4a
Overcrowded Housing Conditions, 1980-1989

	1980	1989	1980-89 Change
ALL OWNERS	52,516,000	59,916,000	12%
Overcrowded*	1,631	955	-41%
% overcrowded	3%	2%	
ALL RENTERS	27,556,000	33,767,000	18%
Overcrowded*	1,705	1,722	1%
% overcrowded	6%	5%	
BLACK OWNERS	3,776,000	4,563,000	17%
Overcrowded*	300	161	-46%
% overcrowded	8%	4%	
BLACK RENTERS	4,827,000	6,070,000	20%
Overcrowded*	432	369	-15%
% overcrowded	9%	6%	
HISPANIC OWNERS	1,732,000	2,503,000	31%
Overcrowded*	257	214	-17%
% overcrowded	15%	9%	
HISPANIC RENTERS	2,349,000	3,701,000	37%
Overcrowded*	505	691	27%
% overcrowded	22%	19%	

* More than 1.01 person per room

SOURCE: U.S. Bureau of the census, 1980 ANNUAL HOUSING SURVEY (Washington, D.C., 1983)
Tables A-1, A-7,A-9.

U.S. Bureau of the Census, AMERICAN HOUSING SURVEY FOR THE U.S. IN 1989
(Washington, D.C., 1992) Tables 1A-4, 3-3, 3-4, 4-3, 4-4.

Table 5-4b Metropolitan Comparison

OVERCROWDED HOUSING CONDITIONS, 1989

	SELECTED METROPOLITAN AREAS			
	Philadelphia	Detroit	Dallas	LA-LB
ALL OWNERS	1,264,500	534,000	534,000	1,457,900
% overcrowded*	0%	2%	2%	4%
ALL RENTERS	508,100	444,600	404,900	1,520,800
% overcrowded*	3%	2%	5%	15%
BLACK OWNERS	172,100	1,777,100	51,300	124,200
% overcrowded*	3%	3%	5%	3%
BLACK RENTERS	121,900	142,500	82,400	223,600
% overcrowded*	4%	2%	8%	6%
HISPANIC OWNERS	23,800	n.a.	33,100	296,700
% overcrowded*	5%	n.a.	15%	14%
HISPANIC RENTERS	30,900	n.a.	48,900	465,400
% overcrowded*	10%	n.a.	21%	36%

*1.01 persons or more

SOURCE: U.S. Bureau of the Census, AMERICAN HOUSING SURVEY FOR [metro area] IN 1989, (Washington, D.C. [various dates] Tables 2-3, 5-3, 6-3.

Table 5-5
Change in Housing Costs, 1980-1990

HOMEOWNERS*	1980	1985	1989	1990
Median-Priced existing single-family home	\$62,200	\$75,500	\$93,100	\$95,500
Mortgage Rate	12.95%	11.74%	10.11%	10.04%
Median family income	\$21,023	\$27,735	\$34,213	\$35,581
Qualifying income**	\$26,328	\$29,243	\$31,622	\$32,286
Affordability Index***	79.9	94.8	108.1	110.2
RENTERS*				
Median Gross Rent/Month <1>	\$241	\$364	\$424	AHS n.a.
Median household income	\$10,500	\$15,496	\$19,413	AHS n.a.

* Items unadjusted for inflation

** Based on current lending requirements for the Federal National Mortgage Association, using a 20 percent down payment.

*** Theoretical ability of the median income family to afford the purchase of a median price home, nationwide. Composite index of fixed and ARM loans.

<1> Includes subsidized units

SOURCE: National Association of Realtors, HOME SALES, 1991, 1992; 1980 AHS, Tables A-2, A-3; 1985 AHS, Tables 4-12, 4-13; 1989 AHS, Tables 4-12, 4-13.

Table 5-6a
“Affordable” Housing

OWNER OCCUPIED	1980	1989
Paying > 30% income on housing	18%*	20%**
Paying > 50% income on housing	6%*	7%**
RENTER OCCUPIED		
Paying > 30% income on housing	43%***	40%****
Paying > 50% income on housing	19%***	18%****
BLACK OWNER OCCUPIED		
Paying > 30% income on housing	30%*	28%**
Paying > 50% income on housing	11%*	11%**
BLACK RENTER OCCUPIED		
Paying > 30% income on housing	48%***	49%****
Paying > 50% income on housing	23%***	22%****
HISPANIC OWNER OCCUPIED		
Paying > 30% income on housing	20%*	28%**
Paying > 50% income on housing	5%*	10%**
HISPANIC RENTER OCCUPIED		
Paying > 30% income on housing	44%***	49%****
Paying > 50% income on housing	22%***	23%****

* Selected monthly costs, consisting of real estate taxes, property insurance, utilities, fuel, water, garbage and trash collection, and with or without mortgage.

** Monthly housing costs as a percent of current income, less mortgage payment not reported.

*** Gross rent as a percent of income (includes subsidized housing, and No Cash Rent)

**** Monthly housing costs as a percent of current income (includes No Cash Rent).

SOURCE: Annual Housing Survey: 1980 U.S. and Regions, Part A, TableS; A-2, A-8, A-10.
American Housing Survey for the United States in 1989, Table 2-13, 3-13, 4-13.

Table 5-6b
Metropolitan Comparison

	SELECTED METROPOLITAN AREAS			
	Philadelphia	Detroit	Dallas	LA-LB*
OWNER OCCUPIED				
Paying > 30% income	19%**	16%**	18%**	23%**
Paying > 50% income	7%**	6%**	5%**	9%**
RENTER OCCUPIED				
Paying > 30% income	45%***	45%***	37%***	50%****
Paying > 50% income	22%***	28%***	16%***	24%****
BLACK OWNER OCCUPIED				
Paying > 30% income	24%**	19%**	29%**	25%**
Paying > 50% income	11%**	8%**	13%**	12%**
BLACK RENTER OCCUPIED				
Paying > 30% income	48%****	57%****	39%****	56%****
Paying > 50% income	24%****	43%****	19%****	27%****
HISPANIC OWNER OCCUPIED				
Paying > 30% income	34%**	15%**	26%**	28%**
Paying > 50% income	16%**	7%**	04%**	12%**
HISPANIC RENTER OCCUPIED				
Paying > 30% income	55%****	52%****	40%****	55%****
Paying > 50% income	38%****	36%****	10%****	26%****

* Los Angeles - Long Beach metropolitan area.

** Monthly housing costs as a percent of current income, less mortgage payment not reported.

*** Gross rent as a percent of income (includes subsidized housing, and No Cash Rent)

**** Monthly housing costs as a percent of current income (includes No Cash Rent).

SOURCE: American Housing Survey for [area] in 1989, Tables 2-13, 5-13, 6-13.

Table 5-7
Snapshot of Occupied Housing, 1990,
by Population Group

ITEM	ALL HOUSEHOLDS -----	VANTAGE POINTS* (Households)				
		Black -----	Hispanic -----	Elderly (65+) -----	Recent Movers -----	Below Poverty** -----
Total	93,683,000	10,633,000	6,204,000	20,100,000	16,888,000	12,403,000
	100%	11%	7%	21%	18%	13%
% Owners	64%	43%	40%	76%	27%	40%

* Overlapping categories

** AHS estimates of poverty are conservative; they tend to show more people in poverty than do other reports, such as the Current Population Survey by the U.S. Bureau of the Census.

SOURCE: 1989 AHS, U.S., Table 2-1.

Table 5-8
Snapshot of Occupied Housing, 1990,
by Region and Location

ITEM	ALL HOUSEHOLDS	VANTAGE POINTS* (Households)				
		Black	Hispanic	Elderly (65+)	Recent Movers	Below Poverty**
Region						
Northeast	21%	17%	18%	23%	14%	17%
Midwest	24%	20%	9%	24%	22%	24%
South	35%	53%	32%	35%	38%	42%
West	20%	9%	42%	18%	26%	18%
Location						
Central Cities	32%	60%	52%	31%	38%	41%
Suburbs	46%	26%	38%	42%	44%	30%
Outside Metro areas	22%	14%	9%	27%	18%	29%

* Overlapping categories

** AHS estimates of poverty are conservative; they tend to show more people in poverty than do other reports, such as the Current Population Survey by the U.S. Bureau of the Census.

SOURCE: 1989 AHS, U.S., Table 2-1.

Figure 5-1
Number of Units in Housing Stock by Age and Region

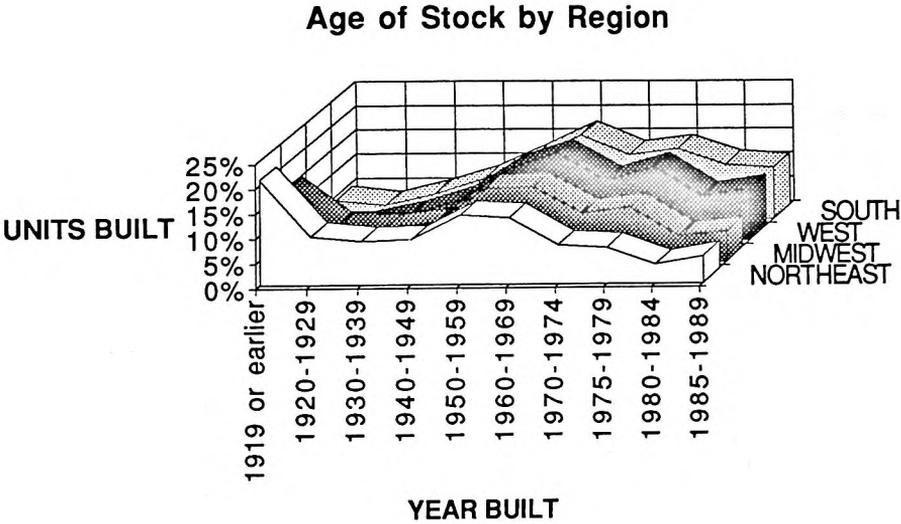


Figure 5-2
Age of Housing Stock by Location

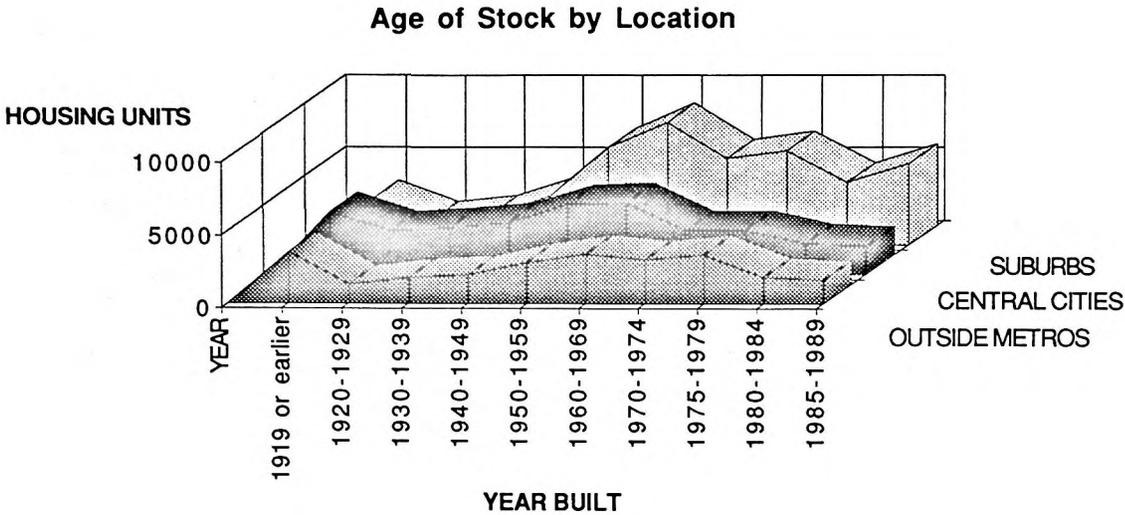


Table 5-9
Snapshot of Occupied Housing, 1990,
by Physical Characteristics

ITEM	ALL HOUSEHOLDS	VANTAGE POINTS* (Households)				
		Black	Hispanic	Elderly (65+)	Recent Movers	Below Poverty**
Median age of housing (yrs.)	26	34	33	36	18	35
% in units built prior to 1940	22%	27%	22%	29%	18%	30%
Sq. ft. of housing/person	660	527	399	936	542	606
Opinion of structure (10 is best)	8.3	7.8	7.8	8.7	7.8	7.7

* Overlapping categories

** AHS estimates of poverty are conservative; they tend to show more people in poverty than do other reports, such as the Current Population Survey by the U.S. Bureau of the Census.

SOURCE: 1989 AHS, U.S., Tables 2-1, 2-3, 2-4, 2-7.

Table 5-10
Snapshot of Occupied Housing, 1990,
by Reported Neighborhood Problem

ITEM	ALL HOUSEHOLDS	VANTAGE POINTS* (Households)				
		Black	Hispanic	Elderly (65+)	Recent Movers	Below Poverty**
No cars, truck, or van available	11%	29%	18%	22%	12%	37%
With neighborhood problems	38%	57%	59%	27%	40%	38%
Type of neighborhood problem						
Crime	12%	24%	18%	10%	15%	18%
Noise	14%	14%	15%	16%	18%	16%
Traffic	15%	8%	12%	14%	14%	11%
Litter or hsg. deterioration	9%	11%	10%	11%	6%	9%
Poor city or county services	3%	3%	3%	3%	2%	3%
Undesired land uses	3%	2%	3%	4%	3%	3%
People problems	24%	23%	25%	24%	27%	28%
Other	19%	15%	14%	19%	16%	12%
Opinion of neighbhd. (10 is best)	8.1	7.4	7.6	8.5	7.8	7.5

* Overlapping categories

** AHS estimates of poverty are conservative; they tend to show more people in poverty than do other reports, such as the Current Population Survey by the U.S. Bureau of the Census.

SOURCE: 1989 AHS, U.S., Tables 2-7, 2-8.

Table 5-11
Snapshot of Occupied Housing, 1990,
by Family Income

INCOME CHARACTERISTICS	ALL HOUSE- HOLDS	VANTAGE POINTS* (Households)				
		Black	Hispanic	Elderly (65+)	Recent Movers	Below Poverty**
Median Income of Families & Primary Individuals (\$/yr)	26832	16723	20563	14171	22084	5000
Monthly Hsg. cost as % of Income	21%	26%	27%	21%	27%	48%
Income sources of Family & Primary Individuals						
- Wages & salaries	45%	51%	56%	14%	58%	28%
- Bus., farm, or ranch	7%	2%	5%	4%	5%	5%
- Soc. Sec. or pension	17%	18%	11%	49%	7%	28%
- Interest or dividends	14%	3%	5%	23%	8%	6%
- Rental Income	5%	3%	4%	5%	4%	2%
- Welfare or SSI	4%	13%	9%	3%	6%	22%
- Alimony or child support	2%	3%	3%	0%	4%	4%
- Other	5%	6%	7%	2%	7%	6%
Total	100%	100%	100%	100%	100%	100%
Savings & Investments (income of \$25,000 or less)						
- None	47%	72%	69%	30%	61%	67%
- Between \$1 - \$25,000	34%	21%	23%	43%	27%	22%
- More than \$25,000	9%	1%	2%	18%	3%	5%
- Not reported	9%	7%	6%	9%	9%	7%
	100%	100%	100%	100%	100%	100%

* Overlapping categories

** AHS estimates of poverty are conservative; they tend to show more people in poverty than do other reports, such as the Current Population Survey by the U.S. Bureau of the Census.

SOURCE: 1989 AHS, U.S., Table 2-12.

Table 5-12a
Owner Medians by Location and Year

	1980*	1985	1989
MEDIAN AGE OF STOCK (yrs.)	-----	-----	-----
Central Cities	29	30	33
Suburbs	14	20	24
Outside Metro area	21	24	25
MEDIAN ROOMS			
Central Cities	5.8	6.0	6.0
Suburbs	6.0	6.1	6.2
Outside Metro area	5.6	5.8	5.8
% WITH 2 OR MORE BATHROOMS			
Central Cities	32%	35%	41%
Suburbs	40%	44%	51%
Outside Metro area	26%	28%	34%
MEDIAN VALUE			
Central Cities	\$48,000	\$62,126	\$74,667
Suburbs	\$62,700	\$73,359	\$93,620
Outside Metro area	\$41,100	\$43,535	\$49,670
MONTHLY COST/ INCOME**			
Central Cities	0.19	0.18	0.18
Suburbs	0.19	0.18	0.18
Outside Metro area	0.20	0.17	0.16
OPINION RATINGS (10 = best)			
- Structure			
Central Cities	8.30	8.62	8.56
Suburbs	8.58	8.68	8.47
Outside Metro area	8.14	8.47	8.48
- Neighborhood***			
Central Cities	7.76	8.09	7.98
Suburbs	8.24	8.53	8.50
Outside Metro area	8.07	8.60	8.53

* 1980 data from different survey sample; items and amounts may differ because of this.

** Includes households with no mortgage.

*** 1981 data, 1980 unavailable.

SOURCES: 1980 AHS, Part A, U.S. & Regions, Tables A-1, A-2; Part B, Table A-2;

1981 AHS, Table A-3; 1985 AHS, U.S., Tables 1-1, 1-3, 1-4, 1-7, 2-1, 2-3, 2-7, 2-8,

1989 AHS, U.S. Tables, 1A-1, 1A-3, 1A-4, 1A-7.

Table 5-12b
Metropolitan Comparisons

	OWNER MEDIANS			
	SELECTED METROPOLITAN AREAS			
	Philadelphia	Detroit	Dallas	LA-LB*
MEDIAN AGE OF STOCK (yrs.)	36	33	18	32
MEDIAN ROOMS	6	6	6.2	5.9
% WITH 2 OR MORE BATHROOMS	34%	27%	70%	51%
% WITH PLUMBING DEFICIENCY	n.a	n.a	n.a	n.a
MEDIAN INCOME	\$40,042	\$39,278	\$44,533	\$46,288
MEDIAN VALUE	\$103,686	\$64,771	\$84,809	\$212,860
MONTHLY COST/ INCOME*	18%	17%	19%	19%

* Includes households with no mortgage.

SOURCE: 1989 AHS [metro area] Tables 2-1, 2-3, 2-13, 2-17.

Table 5-13a
Renter Medians by Location and Year

	1980*	1985	1989
MEDIAN AGE OF STOCK (yrs.)	-----	-----	-----
Central Cities	34	29	33
Suburbs	23	18	20
Outside Metro area	32	27	31
MEDIAN ROOMS			
Central Cities	3.8	4.0	4.0
Suburbs	4.1	4.2	4.3
Outside Metro area	4.3	4.4	4.4
% WITH 2 OR MORE BATHROOMS			
Central Cities	7%	9%	12%
Suburbs	12%	16%	20%
Outside Metro area	12%	20%	10%
MEDIAN VALUE			
Central Cities	\$234	\$358	\$413
Suburbs	\$283	\$420	\$498
Outside Metro area	\$198	\$270	\$297
MONTHLY COST/ INCOME***			
Central Cities	0.28	0.29	0.28
Suburbs	0.26	0.26	0.27
Outside Metro area	0.25	0.26	0.26
OPINION RATINGS (10 = best)			
- Structure			
Central Cities	7.07	7.36	7.5
Suburbs	7.47	7.63	7.76
Outside Metro area	7.23	7.53	7.59
- Neighborhood****			
Central Cities	6.48	7.09	7.04
Suburbs	7.51	7.86	7.81
Outside Metro area	7.49	8.14	8.02

* 1980 data from different survey sample; items may differ slightly.

** Item was surveyed but results not published.

*** Gross Rent

**** 1981 data, 1980 unavailable

SOURCES: 1980 AHS, Part A, U.S. & Regions, Tables A-1, A-2; Part B, Table A-2;
1981 AHS, Table A-3; 1985 AHS, U.S., Tables 1-1, 1-3, 1-4, 1-7, 2-1, 2-3, 2-7, 2-8,
1989 AHS, U.S. Tables, 1A-1, 1A-3, 1A-4, 1A-7.

Table 5-13b
Metropolitan Comparisons

RENTER MEDIANS

	SELECTED METROPOLITAN AREAS			
	Philadelphia	Detroit	Dallas	LA-LB*
MEDIAN AGE OF STOCK (yrs.)	40	36	14	31
MEDIAN ROOMS	4.2	4.4	4.1	3.8
% WITH 2 OR MORE BATHROOMS	8%	9%	29%	16%
MEDIAN INCOME	\$21,313	\$18,410	\$22,786	\$24,085
MEDIAN RENT	\$477	\$433	\$436	\$577
MONTHLY COST/ INCOME*	29%	29%	25%	32%

SOURCE: 1989 AHS [area] Tables 2-1, 2-3, 2-12, 2-13.

1989 AHS, U.S. Tables, 1A-1, 1A-3, 1A-4, 1A-7.

Table 5-14
Characteristics of Standing Stock and New Construction,
1981-1989, by Type of Structure

	STANDING STOCK 1981	NEW CONSTRUCT. 1981-1985	NEW CONSTRUCT. 1986-1989
UNITS IN STRUCTURE			
Mobile home or trailer	5%	14%	12%
1, detached	62%	44%	52%
1, attached	4%	9%	9%
2-4	12%	8%	5%
5-9	5%	8%	7%
10-19	4%	9%	8%
20-49	3%	5%	4%
50 or more	4%	3%	4%
<i>(Total)</i>	100%	100%	100%
COOPERATIVE OR CONDOMINIUM			
Coop	1%	0%	0%
Condo	3%	11%	9%
SQUARE FEET*	1,583	1,544	1,842
LOT SIZE (acres)**	0.36	0.42	0.50
MONTHLY COSTS***	\$355	\$562	\$674

* Single-family and mobile homes only.

** Excludes two-or-more unit buildings and two-or-more unit mobile homes.

*** Owners and renters

SOURCE: American Housing Survey for the United States in 1985, Tables 1-1;
 American Housing Survey for the United States in 1989, Tables 1A-1.

Table 5-15
Characteristics of Standing Stock and New Construction,
1981-1989, by Rooms and Amenities

	STANDING STOCK 1981	NEW CONSTRUCT. 1981-1985	NEW CONSTRUCT. 1986-1989
MEDIAN ROOMS	5.20	5.00	5.40
BEDROOMS			
None	2%	1%	1%
1	14%	13%	12%
2	33%	40%	31%
3	37%	37%	40%
4 or more	14%	10%	16%
<i>Total</i>	100%	100%	100%
Median Bedrooms	2.50	2.40	2.70
COMPLETE BATHROOMS			
None	2%	0%	0%
1	56%	33%	24%
1.5	17%	11%	9%
2 or more	25%	56%	67%
<i>Total</i>	100%	100%	100%
SELECTED AMENITIES			
Porch, deck, balcony, patio	28%	32%	34%
Usable fireplace	11%	16%	19%
Separate dining room	15%	13%	18%
W/ 2 or more living or recre	12%	10%	14%
Garage or carpor included	21%	26%	24%
Not included	18%	19%	14%
Offstreet parking	13%	18%	13%
Offstreet pkgng not report	0%	0%	0%
	0%	1%	1%
<i>(No total due to multiple categories)</i>			

SOURCE: American Housing Survey for the United States in 1985, Tables 1-3, 1-6;
American Housing Survey for the United States in 1989, Tables 1A-3, 1A-6.

Table 5-16
Where People Are Moving

ALL RECENT MOVER HOUSEHOLDS (000s)				
LOCATION	Previous Residence*	Current Residence	Gain/ (Loss)	% Change
Central City	6539	6474	-65	-1%
Suburbs	6803	7466	663	10%
Outside (P)SMAs	3259	2968	-291	-9%
Different nation	287	0		
Total	16888	16908		

BLACK RECENT MOVER HOUSEHOLDS (000s)				
	Previous Residence*	Current Residence	Gain/ (Loss)	% Change
Central City	1395	1362	-33	-2%
Suburbs	578	689	111	19%
Outside (P)SMAs	297	246	-51	-17%
Different nation	28	0		
Total	2298	2297		

HISPANIC RECENT MOVER HOUSEHOLDS (000s)				
	Previous Residence*	Current Residence	Gain/ (Loss)	% Change
Central City	794	846	52	7%
Suburbs	549	592	43	8%
Outside (P)SMAs	190	171	-19	-10%
Different nation	74	0		
Total	1607	1609		

* Previous residence for a recent mover household now in the suburbs, for instance, could have been in a central city in a different metropolitan area in a different state.

SOURCE: 1989 AHS, Table 2-10; 5-10; 6-10.

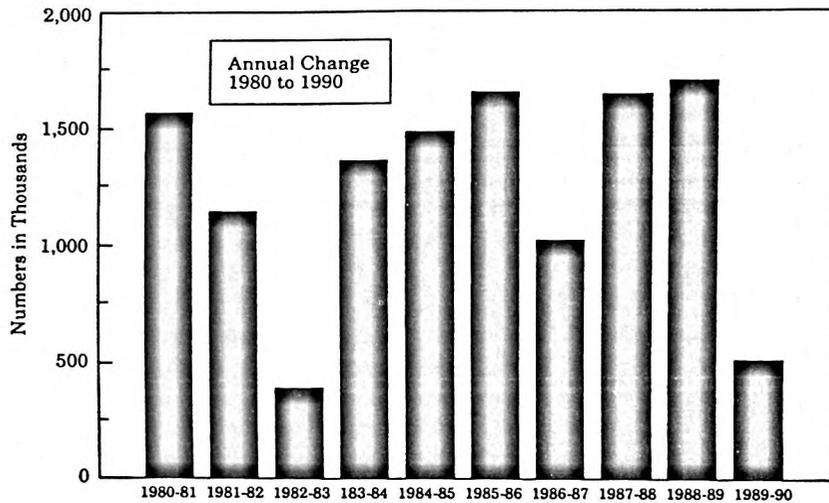
Table 5-17
Reasons for Moving Within the Last Year

	1985		1989	
	OWNER	RENTER	OWNER	RENTER
TOTAL (000s)	4,815	12,288	4,803	12,465
"PULL" REASONS				
Job related	22%	31%	20%	30%
Housing unit related	59%	33%	59%	32%
"PUSH" REASONS				
Involuntary Displacement	5%	9%	4%	7%
"PUSH" & "PULL"				
Personal reasons	30%	33%	31%	34%
Wanted lower housing costs	3%	9%	3%	8%
OTHER OR NOT REPORTED	16%	15%	19%	17%

* Percents may not add to 100% because more than one category was sometimes reported

SOURCE: 1985 AHS, Table 2-11; 1989 AHS, Table 2-11

Figure 5-3
Annual Household Change, 1980-1990



Sources: U.S. Bureau of the Census, Current Population Reports, series P-60, no. 168, *Money Income and Poverty Status in the United States: 1989* (Washington, DC: U.S. Government Printing Office, 1990); U.S. Bureau of the Census, Current Population Reports, series P-23, no. 150, *Population Profile of the United States 1984/85* (Washington, DC: U.S. Government Printing Office, 1987).

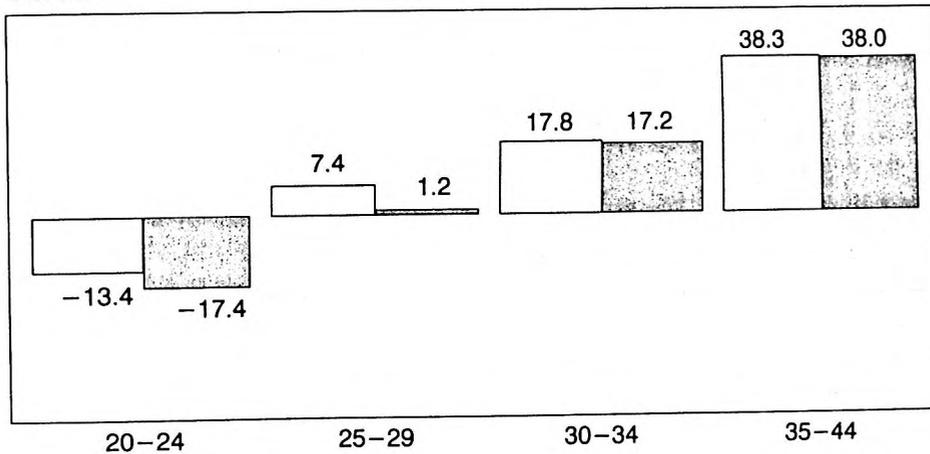
SOURCE: Figure 2, from Hughes 1991 article.

Figure 5-4
Percent Change in Population and Householders
Aged 20 to 44, 1981-1989

Percent Change in Population and Householders Aged 20 to 44: 1981 to 1989

Percent

Population
 Householders



SOURCE: U.S. Bureau of the Census, Housing and Household Economic Statistics Division, *Housing in America: 1989/90*, April, 1992, p. 44

Table 5-18
New Home Buyers, 1991

Homes sold for \$150,000 or more	Single-family detached	Single-family attached
Age of household head		
25-34	38%	23%
35-44	37%	28%
Median income		
1991	\$57,569	\$52,703
1990	\$52,210	\$48,204
Percent with two or more earners		
1991	68%	54%
1988	60%	—
1976	45%	—

Table 5-19
Single-Family and Multifamily Construction,
1980 to 1990

Year	Total new privately owned units ^a (in thousands)	Median sales price new single-family homes ^b	New apartments ^c (in thousands)
1980	1,292	\$ 64,600	196.1
1981	1,084	68,900	135.3
1982	1,062	69,300	117.0
1983	1,703	75,300	191.5
1984	1,750	79,900	313.2
1985	1,742	84,300	365.2
1986	1,804	92,000	407.6
1987	1,620	104,500	345.6
1988	1,488	112,500	284.5
1989	1,376	120,000	247.8
1990	1,193	123,000	214.3

^a U.S. Bureau of the Census, *Construction Reports*, series C20; *Characteristics of New Housing: 1991*, series C25.

^b U.S. Bureau of the Census, *Construction Reports*, series C25; and U.S. Department of Housing and Urban Development, *Characteristics of New Housing*, annual, and *New One-Family Houses Sold*, monthly.

^c U.S. Bureau of the Census, *Current Housing Reports*, series H-130. Privately financed, nonsubsidized, unfurnished apartments.

Table 5-20
Mortgage Market Growth, Year End 1969
to Year End 1989 (in billions)

	Year				
	1969	1974	1979	1984	1989
Single-family mortgage debt outstanding	\$280.2	437.4	861.0	1,336.2	2,331.2
Total mortgage debt outstanding	\$438.8	726.4	1,316.3	2,048.8	3,453.9
Total credit market debt outstanding	\$1,486.4	2,402.4	4,233.3	7,195.7	12,196.4
Single-family mortgage debt as a percentage of credit market debt	18.9%	18.2	20.3	18.6	19.1
Total mortgage debt as a percentage of credit market debt	29.5%	30.2	31.1	28.5	28.3

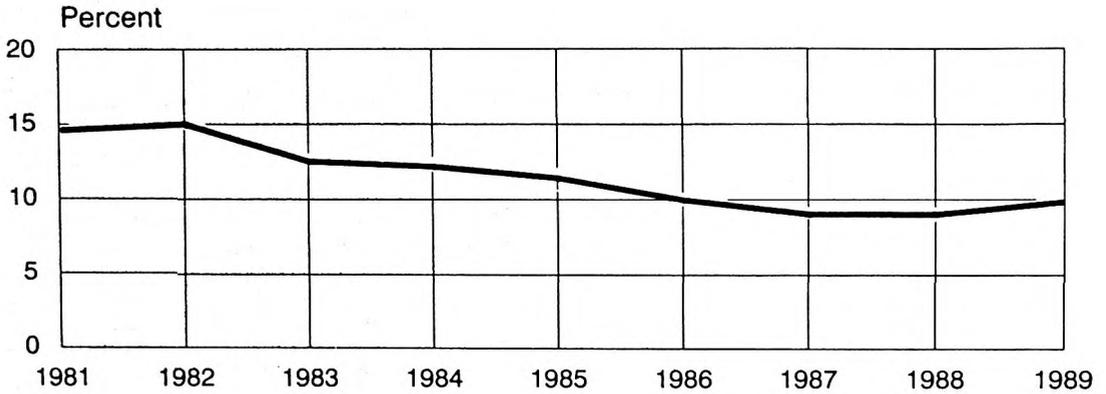
SOURCE: Rose, Peter and Richard Haney, Jr., "The Players in the Primary Mortgage Market," Journal of Housing Research, Vol. 1, No. 1, 1990, p. 92.

Table 5-21
Single-Family Loan Originations
by Type of Lender, 1970-1989

Lender	Year				
	1970	1975	1980	1985	1989
Savings and Loan Association					
Originations (\$B)	14.8	41.2	61.1	109.3	134.5
Percent of total	41.6%	52.9	45.7	44.3	38.2
Mutual Savings Bank					
Originations (\$B)	2.1	4.3	5.4	16.5	23.2
Percent of total	6.0%	5.6	4.1	6.7	6.6
Commercial Bank					
Originations (\$B)	7.8	14.5	28.8	51.7	123.2
Percent of total	21.9%	18.5	21.5	20.9	35.0
Mortgage Company					
Originations (\$B)	8.9	14.0	29.4	63.3	65.6
Percent of total	25.0%	18.0	22.0	25.6	18.6
Other Lender					
Originations (\$B)	1.9	3.9	9.0	6.0	5.6
Percent of total	5.4%	5.0	6.8	2.4	1.6
Total Single-family					
Loan Originations (\$B)	35.6	77.9	133.8	246.8	352.0

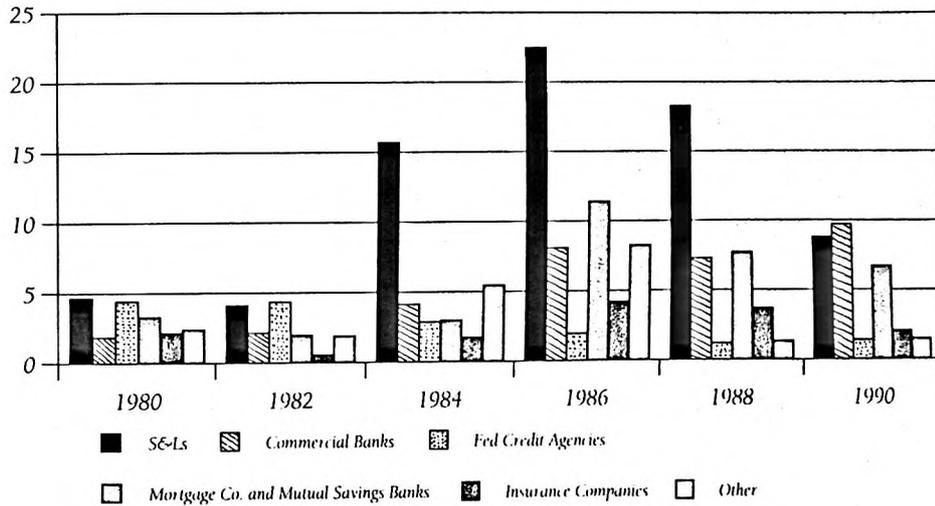
SOURCE: Rose, Peter and Richard Haney, Jr., "The Players in the Primary Mortgage Market," Journal of Housing Research, Vol. 1, No. 1, 1990, p. 93.

Figure 5-5
Effective Mortgage Interest Rates For All Homes,
1979-1989



SOURCE: U.S. Bureau of the Census, Housing and Household Economic Statistics Division, Housing in America: 1989/90, April, 1992, p. 52.

Figure 5-6
Multifamily Mortgage Originations (in billions
of 1989 dollars)



NOTE: "Other" includes pension and retirement funds, private MBS conduits, and state and local credit agencies.
 SOURCE: Table A-9.

SOURCE: Joint Center for Housing Studies, The State of the Nation's Housing, 1991, Cambridge, Mass: Harvard University, p. 7.

Table 5-22
Total Subsidized Units
(in thousands)

	Occupied	Vacant	Total
Owned by public housing authorities	2,466	99	2,565
Other, Federal subsidy	1,401	109	1,510
Other, State or local subsidy	475	28	503
Other, income verification	442	0	442
Subsidy or income verification not reported	361	76	437
Total	5,145	312	5,457

SOURCE: U.S. Department of Housing and Urban Development, Office of Policy Development and Research. Reprinted in U.S. Department of Commerce, Bureau of the Census, *American Housing Survey for the United States in 1989*, table 1A-7.

Table 5-23
Assisted Housing Units

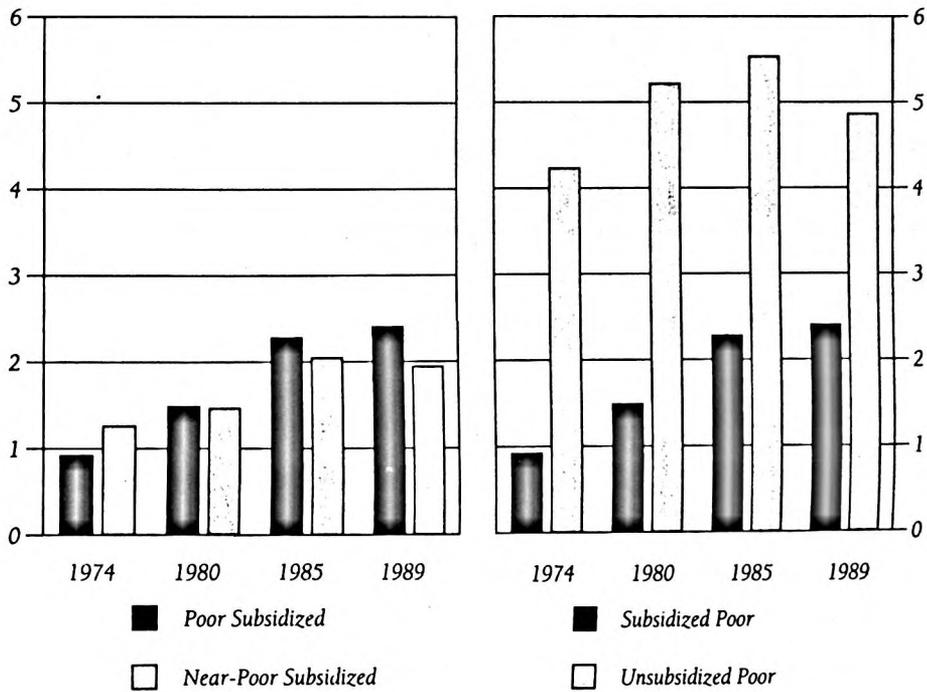
Year	Project-based ^a	Tenant-based ^b	Total
1970	932,349	0	932,349
1975	2,125,601	0	2,125,601
1980	2,532,535	574,535	3,107,070
1985	3,139,920	803,318	3,943,238
1990	3,247,776	1,138,589	4,386,365

SOURCE: Duane McGough, Office of Policy Development and Research, U.S. Department of Housing and Urban Development.

^a Represents Section 8 new construction and moderate rehab, project-based Section 8, public housing, Indian housing, Section 235, Section 236, and rent supplement housing.

^b Represents Section 8 vouchers and Section 8 existing certificates.

Figure 5-7
Number of Poor and Subsidized Renter Households
(in millions)



SOURCE: Joint Center tabulations of the 1974, 1980, 1985, and 1989 American Housing Survey.

SOURCE: Joint Center for Housing Studies, The State of the Nation's Housing, 1991, Cambridge, Mass: Harvard University, p. 16.

Table 5-24
Low-Income Tax Credits

Year	New authority (in millions)	Allocation used (in millions)	Number of projects	Number of units
1989	\$314.2	\$307.2	3,647	125,200
1990	\$317.8	\$218.1	1,764	74,029
1991	\$314.3	\$400.6	100,156	na

SOURCE: National Council of State Housing Agencies and John Ross, Director, Division of Economic Development and Public Finance, Office of Policy Development and Research, U.S. Department of Housing and Urban Development.

Table 5-25
**Financing for Tax-Credit Project
in Santa Monica, California**

CRA 1st mortgage*	\$ 1,500,000
Equity from sale of tax credit	3,500,000
City subsidy	2,000,000
State grant	3,000,000
Total project cost	\$10,000,000

* Under the Community Reinvestment Act, mortgage money was available at a below-market rate of 6 percent through a Fannie Mae program.

CHAPTER 6

POLICY PERSPECTIVES AND POSSIBILITIES

Robert W. Poole, Jr., and P. Lynn Scarlett

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INTRODUCTION

This Chapter differs from the previous contributions to this report in that it is less the product of intense plumbing of large databases than it is the presentation of policy ideas for empowering individuals and revitalizing America's urban areas. Nearly all of the ideas presented are being tried out somewhere in the United States at the present time, but in few instances have there been extensive databases developed from which full-scale evaluations can be made. The great value of the Chapter that follows is to assemble, in one place, a discussion of these ideas in the context of an agenda for discussion of urban America.

There are three main parts to the Chapter: the first part discusses new ways of increasing job opportunities for urban residents; the second part focuses on ways of easing the fiscal plight of the cities by making use of privatization techniques; the third part addresses the specific problem of affordable housing, so clearly set out in the previous Chapter. It is argued here that we must rethink growth controls and regulations in order to permit greater innovation and flexibility in providing housing and community development.

INFRASTRUCTURES FOR INNOVATION AND OPPORTUNITY

Economic Opportunity Through Enterprise Zones

Experience of the States

The basic idea of enterprise zones is that certain areas marked by high unemployment, large numbers of families living below the poverty level, high out-migration, or very low median incomes are designated as enterprise zones. Businesses operating in these zones are given special relief from taxes and from government regulation to make the cost of doing business in these areas lower. That is intended to facilitate the expansion of existing businesses, encourage other firms to relocate to the area, and make it easier to start new ventures within the enterprise zone.

This last objective is particularly important. By encouraging both entrepreneurship and the expansion of existing businesses, enterprise zone proponents hope to increase the area's employment and help residents lift themselves out of poverty.

Since Florida enacted the first enterprise zone legislation in 1981, 36 States and the District of Columbia have created some form of enterprise zones. Altogether, there are some 2,200 enterprise zones throughout the Nation, but 1,600 of those zones are located in just 4 States: Arkansas, Kansas, Louisiana, and Ohio. The other 600 enterprise zones spread across the remaining 32 States.

Arkansas, Kansas, Louisiana, and Ohio use a very broad standard for designating an area as an enterprise zone. In any of those four States, any census tract that is ranked in the bottom quartile of average family income is designated as an enterprise zone. Any business that invests in those areas receives special tax breaks. These four States based their policies on Florida's original 1981 legislation, which gave special tax breaks to businesses located in low-income census tracts.

However, most other States (including now Florida) have followed the lead of Connecticut, which enacted an enterprise zone program a year after Florida in 1982. The Connecticut model sets up strict standards for designation based upon some mixture of high poverty or high unemployment levels, low median family income, and high out-migration. It also creates a specific set of incentives for businesses to invest in or expand within enterprise zones: tax credits for new hires and new investment, property tax abatements for any new improvements done to property within an enterprise zone, sales tax rebates, and some form of regulatory relief. The programs also usually carry some sort of guarantee by the legislature that the benefits will continue for at least a minimum amount of time. This assures businesses that they will not have to worry about the benefits being revoked after they have started up, expanded, or relocated.

Assessments of the existing State enterprise zones are incomplete, but a number of studies indicate positive results. A U.S. Department of Housing and Urban Development (HUD) survey showed that by the end of 1991, State enterprise zone programs in 22 States reported capital investments of \$40 billion, and 26 States reported 663,885 new jobs created since their inception.¹ (See Table 6-1 for related job creation data for selected zones.) Twenty-five percent of current enterprise zones are performing better than the economy as a whole by most measures. This is a notable achievement since these areas were, by definition, high-poverty areas with high unemployment before implementing the enterprise zone measures.²

Moreover, enterprise zones seem to benefit most those small businesses that create the largest fraction of net new jobs. A U.S. Small Business Administration study of enterprise zones in 8 cities across the United States found that "small business establishments with fewer than 100 employees consistently emerged as the most important source of job growth in the enterprise zones."³ The same survey showed that in all eight surveyed areas, previously existing small businesses expanded employment. Six of the eight zones either experienced a net increase in employment or saw previously declining employment stabilize.⁴

A central dispute regarding enterprise zones is whether costs, in terms of lost tax dollars, exceed benefits. However, a 1989 study that reviewed 357 zones in 17 States concluded that costs per job gained in enterprise zones are low. In many instances, taxes lost due to tax incentives are offset by new taxes generated as a result of new economic activity.⁵ The same study found that a program's success is strongly tied to local private efforts to make an area livable. This study noted the importance of public-private cooperation in these efforts and

found that while the impact of enterprise zones on providing jobs to zone-area workers varies, most zones do significantly contribute to economic improvement.⁶

Another issue is whether jobs created in enterprise zones actually provide work for zone residents. One 1992 study reported that while zones do result in job creation, 15 percent of these are held by those living in the zone.⁷ The study also found a 19-percent reduction in annual unemployment insurance claims at offices in the proximity of zones.

One of the most interesting experiments with enterprise zones is occurring in New Jersey. The State has a sales tax of 7 percent, but within New Jersey enterprise zones, the tax is reduced to 3 percent. Moreover, revenues from sales taxes collected within a zone are targeted back to that zone for redevelopment. The enterprise zones have used the money to hire extra police, fix streets, repair street lights, and upgrade sidewalks.⁸

Enterprise Associations

Another concept that involves the private sector in revitalizing America's inner cities is the "enterprise association." Enterprise associations involve the marriage of two distinct types of community groups: neighborhood development organizations and community homeowners' associations.

Neighborhood development organizations have had success in taking care of those outside the mainstream. They provide shelter for the homeless, tutoring for both school children and illiterate adults, job training, and social services of all types for the disadvantaged. But these groups must depend upon the voluntary contributions of individuals, corporations, and foundations for support, which makes funding uncertain. And the groups usually don't have a noticeable impact on the business and investment climate of a community.

Community homeowners' groups, on the other hand, have strong financial resources. By contract, they can levy dues on all property owners in a community. These dues are used to contract out for private security services and to maintain common areas. Further, homeowners' associations usually augment their crime reduction efforts by forming community watch programs. Moreover, the association contracts usually require owners to maintain their property, and the association can impose fines on those who allow their property to deteriorate. Thus, homeowners' associations, by increasing safety and improving the appearance of inner-city locations, enhance the local business climate.

Homeowners' associations now finance and provide street repair, water and sewer systems, emergency services, day care, and recreational facilities. In 1984, there were some 25,000 homeowners' associations throughout the Nation. By 1992, that figure had surged to 150,000 such associations, serving one out of every eight Americans.⁹ (See Table 6-2.)

Enterprise associations combine attributes of the community development organization with that of the homeowners' association. They use the covenant-based funding mechanisms of homeowners' associations to provide all of the services that the homeowners' associations provide, plus the social services usually provided by community development groups.

One study reports that over a 25-year period, the number of covenant-backed self-assessing associations in the United States rose from 600 to more than 90,000 in 1988. This number includes homeowners' associations, along with broader neighborhood associations.¹⁰

One notable example of a residential community association is Waterman Place in St. Louis, formed in the 1970s in a low-income neighborhood. The association set property upkeep requirements and established block watch programs. Just one year after its creation, property values in the neighborhood had doubled for the typical owner-occupied home.¹¹

Government can contract with enterprise associations to provide a number of services. Some associations provide crime and arson prevention services, job training, in-home care for the elderly, transportation services, nutrition services, refuse collection, and other services.

Governments have also privatized publicly owned property by selling or giving it away to qualified enterprise associations. Some State and city governments have already enacted such programs on a modest scale.¹² In Louisville, Kentucky, for example, the State turned over several publicly owned buildings within that city's enterprise zone to a community development organization, which used revenues from rentals to pay for neighborhood cleanup. Because the buildings had little commercial value, the revenues were small.¹³

Incubator Projects

Another means of assisting small businesses is allocation of government property within depressed areas to start incubators for small businesses. By 1992, there were nearly 490 small business incubators in the United States and Canada, up from a dozen or so in 1980.¹⁴ (See Table 6-3.) Many are private, nonprofit operations run by regional development organizations. A 1992 report notes that 17 percent are operated by educational institutions, 14 percent by for-profit businesses, and 69 percent by economic development agencies, local governments, or consortia of several different organizations.¹⁵

Incubators allow small businesses to share office facilities and rent. But what distinguishes incubators from shared-office facilities is free inhouse management consulting and technical consulting. Some incubators provide access to marketing consultants, graphics designers, patent attorneys, accountants, and engineers.

Light manufacturing, research and development, and service firms are the usual tenants. Some incubators specialize, accepting only high-tech companies or architectural firms as tenants. Others house a variety of firms.

The impact of incubators on small businesses success can be significant. One estimate is that around 80 percent of companies aided through incubators are still operating. This compares with current Small Business Association figures showing that 62 percent of small businesses in general discontinue over a 5-year period.¹⁶ Naturally, the incubator cannot become a long-lasting subsidy, so most incubators encourage tenants to move out after 3 years or so by drastically raising rents or by putting a limit on office space one tenant can occupy.

A survey of 150 incubators in 1992 showed respondents reporting that 27.5 percent of firms in incubators "graduated" out of them since startup.¹⁷ The same survey reported that 60 percent of the incubators were in urban areas, 25 percent rural, and 12 percent suburban.

At least one State has incorporated incubators into a general plan for revitalizing distressed areas. Louisville, Kentucky, incorporated an incubator into its State enterprise zone by helping the owner of a vacant shopping center convert it into a 40,000-square-foot incubator facility.

One incubator in Chicago offers an example of what incubators can do. Established in 1980, the 416,000-square-foot incubator created, on average, 127 jobs per year between 1980 and 1991, putting total job creation at 1,523. Over that time, a portion—521 jobs—were lost due to firm failures or work force reductions, resulting in a net gain in jobs of 1,002. Around 80 percent of these jobs are for "disadvantaged" groups, and 41 percent of the firms are owned by these groups.¹⁸

Federal Opportunities

Rep. Jack Kemp (R-N.Y.) and Rep. Robert Garcia (D-N.Y.) introduced the first legislation for enterprise zones in 1980. Congress voted down enterprise zone bills every year until 1987, when an enterprise zone measure was passed as part of the Community Development Act. The law authorized HUD to designate 100 Federal enterprise zones and to waive or modify any HUD regulations in these zones.

The legislation offers some regulatory relief in these zones. Excessive regulation and the time required to obtain necessary permits discourages entrepreneurs from starting businesses and makes it difficult for existing businesses to expand. Though the Federal legislation offers relief from some Federal regulations, State and local regulations are not addressed.

Transportation Access for Inner Cities

Opportunities in Public Transit

The post-World War II suburbanization of both people and employment centers has left behind numerous low-skilled, low-income people in America's traditional urban cores. Although the shift to a service economy has altered the mix of jobs, there are still numerous entry-level jobs in the diverse American economy.¹⁹ Unfortunately for most inner-city residents, however, a great many of these jobs are located in the suburbs. For those living in inner cities, this poses particular problems, since many do not possess an automobile. One study reports that in New York 72 percent and in Chicago 45 percent of unemployed males lived in households with no automobile.²⁰ In Chicago areas with high unemployment, over 80 percent had no private vehicle.

Conventional public transit poorly serves the urban-core-to-suburbs commuter trip. Despite the vast changes in urban form, typified by the "Edge City" phenomenon,²¹ most public transit systems are still configured to collect commuters from the suburbs in the morning (often via park-and-ride facilities, presuming that the suburbanite uses a private auto to reach the transit stop) and return them there late in the day. Because of the way these systems are configured, they cannot easily be adapted for "reverse commutes" from urban cores to suburban job sites. In short, there is a growing locational mismatch between lower-skilled and entry-level jobs and people who need them.

A number of transportation economists have identified new forms of urban transit that are better suited to the needs of inner-city jobseekers.²² They point to the existence in many cities of illegal, black-market jitneys or gypsy vans which have sprung up to meet unfilled transit needs.

This research demonstrated that public transit systems equip themselves with personnel and equipment sized for peak loads, and that much of it goes underused most of the day—but still incurs major costs. Transit economists today are generally agreed that because of this, off-peak service comes closer to covering its costs than peak-load service.²³ Hence, the entry of additional providers (sometimes referred to as "paratransit") during peak commuter hours would actually skim losses, rather than skimming the cream, from the public transit system.

Much of the research on paratransit was funded by the Federal Transit Administration's (FTA) predecessor, the Urban Mass Transportation Administration (UMTA). Indeed, based in part on this research, UMTA announced a pro-paratransit policy in 1982. Under this policy, UMTA funded experiments with contracted private bus service and various specialized services for the elderly and disabled. Today, the term paratransit has come to be associated only with the latter types of services. But its original meaning included jitneys and

privately operated vans competing directly with both public transit systems and private taxicabs. These forms of transit are still outlawed in virtually every urban area.

For example, in New York City a large-scale "informal" commuter van industry exists. A 1986 Columbia University study identified over 1,000 daily inbound commuter van trips to Manhattan during the morning rush hour.²⁴ In addition, there are both licensed and unlicensed local feeder van services as well as a large-scale illegal jitney sector. A 1991 study by the Institute for Transportation Systems of City University of New York recommended that these services be legalized and seen as a valuable transportation resource.²⁵

Another city with a large underground jitney market is Miami. A 1992 study by FTA estimated that jitneys in Dade County carry 1 million passengers per month.²⁶ Public officials there have tried, with some success, to regulate these vans and minibuses out of existence. A federally sponsored study of the underground jitney market in Pittsburgh estimated that there were twice as many of these vehicles as legal taxicabs.²⁷

Transit as an Entrepreneurial Opportunity

Not only do these forms of paratransit provide needed mobility to lower-income residents. They are also, in themselves, a valuable source of entry-level jobs. The members of Miami's Minibus Drivers Association tend to be recent immigrants with few job skills. For a typical 10-hour day, the FTA study found, a driver will clear about \$50. Pittsburgh jitney owner/drivers tend to be middle-age black males who work between 4 and 6 days per week. In addition, some jitney drivers are men in their twenties and thirties who drive at night while searching for work during the day. New York van and jitney drivers are also typically minorities and/or immigrants.

Other Forms of Increased Access to Jobs

Skill-Competency Mismatches

Over the last two decades, American cities have undergone tremendous economic changes. They have been transformed from centers of goods processing to centers of information processing. This was accompanied by changes in their employment bases. The low-skill, blue-collar jobs that were the first rung in the ladders of success for urban residents disappeared. Unfortunately, the education and job training available to inner-city residents has failed to keep up with these changes. Most lack sufficient education to gain access to new urban growth industries.²⁸

Private groups have stepped in to help inner-city residents get the job training and education they need. In Chicago, for example, one community development organization trains and

places over 500 people a year in full-time jobs. About half of these people have been welfare recipients. In Minneapolis, another community group provides job training and referral services for residents of that city's enterprise zone. Because these organizations are closer to their communities than traditional public-sector programs, they tend to fare better in job training and referrals. Moreover, since they depend, in part, on business contributions for their operation, they tend to be more sensitive to the requirements of local employers.²⁹

Telecommuting

An estimated 26.6 million Americans—23 percent of the total labor force—now work at home.³⁰ Some 60 percent are engaged in white-collar work. Fueling the work-at-home trend is the increasing availability of low-cost, easily operated electronic devices such as personal computers, printers, modems, and fax machines that, for the first time, allow work to be performed as swiftly and as professionally at home as at the office. (See Table 6-4.) By 1989, while only 3 percent of the Nation's work force worked full time at home, 35 percent of respondents to a 1989 survey performed at least part of their jobs at home.³¹ Moreover, American firms now routinely send documents overseas for data entry to take advantage of low-wage foreign workers. Many of these facilities are staffed by people whose job skills and education are at about the same levels as the people living in inner cities.

MAKING USE OF PRIVATIZATION

Service Contracting

Privatization of some public services also offers urban opportunities. Privatization of city services and assets has emerged as a favored policy technique to substantially lower costs without cutting the essential public services and to offer job opportunities.

The most widespread form of privatization in cities is contracting out government services to the private sector. Fully 99 percent of respondents to a 1987 survey of 4,870 municipal officials reported that they contracted out at least one service.³²

The survey also found that 36 percent of cities and counties contract for refuse collection, 27 percent for building and grounds maintenance, 46 percent for street lighting, and 17 percent for child welfare programs. (See Table 6-5.) Respondents of the survey contracted out over \$100 billion a year worth of services.

A number of major cities and large counties rely extensively on contracting to deliver services in a more cost-effective and efficient manner. Newark, New Jersey, contracts out 20 percent of all municipal services (17 services) to the private sector, including one-third of its sanitation routes and all its data processing services. In Chicago, the city has saved millions

of dollars since 1989 by privatizing numerous services such as street towing, custodial work, security services, and drug treatment programs.³³

Los Angeles County has one of the most extensive contracting programs in the country. Over 12 percent of the county's \$10 billion budget is contracted out, saving the county over \$50 million in fiscal year 1991 alone.³⁴

Contracting out basic municipal services such as street repair, street light operation, maintenance functions, and solid waste collection is increasingly common in cities and counties in the United States. Contracting with private firms for these services can save 20 percent to 40 percent compared with inhouse provision and enables municipal governments to avoid many costly capital expenses for new equipment. (See Table 6-6.)

Public transit. A fast-growing area of contracting out in cities is public transit services. Over a dozen of the largest American cities contract out part of their bus service. Savings average 30 percent, and service and safety are generally equal to or better than public provision.³⁵ The largest transit contracting program is in Los Angeles where the Foothill Transit Zone (FTZ) has been established as a joint powers arrangement among 21 cities and part of the county. FTZ contracts with private bus contractors for transit service for the entire area, which was previously served by the Rapid Transit District. Cost savings are over 43 percent since the program was launched.³⁶

Public safety. Another expanding opportunity for privatization is public safety services such as fire, security, and emergency medical services. Private security firms, for instance, now employ 2.5 times as many people as police departments and spend over \$22 million more than the public sector. According to a 1991 study, 44 percent of police departments in the United States contract with private firms to protect private property.³⁷

Education. Some cities are now experimenting with contracting out a variety of services for schools, including bus transportation, specialized educational instruction, custodial services, and dropout education. Cost savings, efficiency gains, increased flexibility, and, in some cases, more specialized educational instruction are among the benefits that can be expected to be achieved by such contracting out efforts. Private contractors, for instance, bus 35 percent of American public school students.

A for-profit firm contracts with over 70 school districts to provide educational instruction for dropout students.³⁸ The company educates 2,000 dropout students in Illinois, Minnesota, and Arizona. Contracting for alternative education rather than running a district program can yield notable cost savings. The firm educates dropout students for 50 percent less per student than school district programs.

Some cities are turning to the private sector to manage schools or even entire school districts. Baltimore Public Schools, for instance, has contracted with a private consortium to administer eight of the city's elementary schools and one middle school.³⁹

Social services. In an effort to improve efficiency, cut costs, and obtain higher quality services, a few jurisdictions have privatized welfare programs. In 1987, Brown County, Wisconsin, began contracting with a nonprofit organization to administer its general relief program. In the first year, administrative costs were cut in half.⁴⁰ New York and Connecticut contract with a private organization to find jobs for over 700 hardcore unemployed, 68 percent of whom are permanently weaned from the welfare rolls.⁴¹ The firm saves New York and Connecticut taxpayers over \$4.5 million annually.

Some barriers to privatization currently constrain privatization opportunities in some U.S. cities. Following are some examples.

- In some States (such as Washington), State civil service law disallows contracting for services that have customarily and historically been provided by civil servants.
- Numerous States and municipalities restrict or prohibit contracting out various public services such as fire and emergency medical services.
- An article in the California procurement code allows contracting out only if the contractor's wages are at the industry's level and do not significantly undercut State pay rates. Many States and municipalities have similar restrictions.
- Very common are regulations that restrict the ability of governments to contract with volunteer-based community organizations for social service delivery.

Opportunities for startup firms. Surveys of State and local contracting have found that up to 80 percent of all government contracts go to small firms, amounting to between 40 percent and 50 percent of total contract dollars awarded to private firms.⁴² Many of these contracts, in turn, go to small, startup community-based companies, thereby providing a powerful way to empower communities and neighborhoods to help solve their own problems and provide their own services. The Commonwealth of Virginia found that small firms win about 70 percent of all contracts awarded by the State, with these contracts amounting to 50 percent of the dollar value of the State's awards.

Through privatization, citizens in the community have the opportunity to set up their own businesses that sweep their own streets, maintain their own parks, and collect local trash. Employees of community-based firms usually live and socialize in the same community. They therefore are more sensitive to the concerns of residents because they are held

accountable for the services they provide in ways that city units are not. Service quality has therefore often increased by contracting with community-based firms.

Some of the best contracting opportunities for startup firms are in service areas that generally do not require large up-front costs such as expensive capital equipment and large overhead costs. These services include administrative services, janitorial services, food services, street cleaning, road maintenance, solid waste collection, vehicle towing and storage, and park maintenance. Other opportunities are in social services such as adoption services, care for the elderly, rehabilitation of young offenders, and day care. In these areas, startup, community-based firms can be more effective than large professional providers.⁴³

Opportunities for Vouchers in Human Services

One of the key elements in successful contracting is that detailed contract specifications can be written about the service under consideration.⁴⁴ Outputs for typical public works services such as garbage collection and street cleaning are easy to specify in detail. Results are much harder to quantify for most human services, thereby making effective contract monitoring far more difficult.

Due to this problem, contracts for human service are often judged according to meeting input measures such as the number of "credentialed" employees, rather than on the basis of their performance effectiveness. Moreover, social service contracting is also often laden with regulation, and contracts are seldom competitively bid.

Due to these difficulties, other forms of social service privatization have sometimes been selected instead of contracting out. One option is vouchers, in which case government still pays for the service, but individuals are given redeemable certificates to purchase the service on the open market. Vouchers empower the clients by giving them freedom of choice in the marketplace, rather than forcing them to go to a designated service provider. They also bring consumer pressure to bear, thereby creating incentives for individuals to seek out low-cost, high-quality producers.⁴⁵

Vouchers have been employed by local governments for many different services, including day care, drug treatment programs, education, employment training, housing, paratransit service, programs for the elderly, and recreation services. Other areas where vouchers can be used in place of government service arrangements are health care, homelessness, and vocational training.

Housing vouchers provide a less costly approach to housing the poor than government built and operated public housing projects. Low-income households can use the vouchers to choose rental housing that best suits their needs, rather than having their housing options dictated by the government. Under the HUD Section 8 program, the New York City Housing

Administration provides housing vouchers to over 52,000 low-income households, thereby helping them to obtain housing in privately owned apartments.

Rather than running day care centers, governments have also used vouchers to assist low-income families with obtaining day care. Hennepin County, Minnesota, has, since 1982, given vouchers to eligible families to purchase day care from their choice of providers, including religious and family day care centers.⁴⁶ Three years into the program, the number of day care centers in the county had increased by 15 percent, and day care's average monthly cost had fallen by \$58.73 (in real dollars).⁴⁷

A private program in Denver, Colorado, provides disabled people with vouchers for the purchase of equipment and services that enable them to continue to live independently. The vouchers have been used to purchase a wide variety of goods and services, including orthopedic shoes, wheelchair repairs, home modifications, a wheelchair lift for a car, and daily specialty items that help the disabled dress themselves. The year-old, private program has already assisted over 140 disabled people.

Another private voucher program is in Berkeley, California, where people can buy 25-cent vouchers from local merchants; when approached by panhandlers, the voucher purchasers may then hand out the vouchers instead of cash. The vouchers can be redeemed at participating stores for goods and services ranging from groceries to laundry cleaning. This is an alternative to giving panhandlers cash.

Vouchers have also been used as an alternative to government operation of zoos, museums, and other cultural entities. Instead of subsidizing all visitors through government operation and below-market pricing or grants to private institutions, city governments can give vouchers to low-income people who may not be able to afford such activities otherwise. New York City, for instance, distributes vouchers to low-income residents that can be redeemed at museums, theaters, and other cultural institutions.

Tenant Management

Public housing projects have long evoked images of crime, drugs, decay, welfare dependency, and urban blight. In the 1980s, however, a movement by residents to retake control of the projects from criminals, drug addicts, and bureaucrats began to transform some of the country's worst housing projects.

The movement is termed "tenant management," and it means the residents of the housing projects, rather than government officials or professional managers, administer and control their projects and collect rent. Tenant management has had success in providing employment opportunities and improved management in public housing projects in the country.

For example, Cochran Gardens in St. Louis was turned into a model tenant management corporation.⁴⁸ Over 250 residents have been employed in the tenant management corporation's enterprises which include catering, janitorial service, child care center and a health clinic.

Tenant management also was used in the A. Harry Moore public housing development in Jersey City, New Jersey. Vacancy rates have been brought down to under 2 percent compared to 20 percent in 1973; delinquent rent payments have dropped from 20 percent to between 3 percent and 8 percent; and housing maintenance has greatly improved. Dissatisfied by slack public police protection, the tenant corporation formed resident patrols to combat crime in the project.⁴⁹

Notable Tenant Management Examples

LeClaire Courts
Cochran Gardens
Bromley-Heath

A. Harry Moore
Kenilworth-Parkside
Carr Square

Chicago, Illinois
St. Louis, Missouri
Jamaica Plain,
Massachusetts
Jersey City, New Jersey
Washington, D.C.
St. Louis, Missouri

Public Housing Privatization

The next phase in the tenant empowerment process is giving residents of public housing projects the opportunity to own their apartment units. Homeownership gives residents a greater stake than tenant management in developing and maintaining their communities.

A 3-year HUD experimental Public Housing Homeownership Demonstration Program launched in 1984 enabled public housing authorities to sell over 1,300 units to their tenants. A recent HUD survey found that most of the 320 public housing tenants who purchased their own units are pleased with their apartments.⁵⁰

Legislation enacted in 1987 set up the necessary procedures to open up homeownership opportunities to many more public housing tenants. The legislation allows public housing residents to buy their projects after 3 years of successful tenant management.⁵¹

The first tenant group to apply for ownership under the new law was the Kenilworth-Parkside Development in Washington, D.C. Some three-fourths of the units have now been rehabilitated. Once completed, residents will be able to purchase shares in the apartment units for sums starting at \$10,000. The sale of Kenilworth-Parkside is projected to save the Federal Government \$26 million over the next 40 years.⁵²

Asset Sales and Leasing

A fourth form of privatization, widely used abroad, is the sale of government assets and enterprises. Over the past decade, governments around the world have sold off some \$260 billion in state-owned enterprises, using the proceeds to reduce deficits, pay down debt, or for needed infrastructure investments.⁵³

The basic concept has been called "mining the government balance sheet." It recognizes that a city may be involved in certain business activities which could equally well be performed as self-supporting private enterprises—and for which investors would willingly pay. Selling the enterprise would convert a physical asset into a financial asset, which the city could use for other pressing needs. There are three alternative ways to use the proceeds that make long-term financial sense:

- Earmark the sale proceeds for a special fund that can only be used for investment purposes, rather than for operating expenses.
- Use the sale proceeds to create an endowment, either for the city as a whole or for some specific programs (e.g., public housing); only the annual investment earnings would be spent.
- Lease the enterprise, rather than selling it, and earmark the lease revenues for specific purposes.

Recognizing the potential of such asset sales and leases, President Bush issued Executive Order No. 12803 on April 30, 1992. It removes certain Federal barriers to the sale or lease of infrastructure assets and enterprises by State and municipal governments, and it directs the relevant Federal agencies to respond positively to requests to privatize from such governments.

Prior to the Executive order, if the asset in question had been acquired in part with Federal funds, Federal regulations required that the city or State repay the Federal Government a pro-rata share of the sales price. The order changes this rule significantly. It provides that the first claim on any privatization proceeds is by the city or State, to recover its initial capital investment in the facility. If there are funds left over, then the Federal Government is to receive a sum equal to the amount of its original grant less accumulated depreciation

(using Internal Revenue Service accelerated depreciation tables). If there are still funds remaining, then these additional funds may be used by the city or State for other infrastructure investment, for debt reduction, or for tax reduction.

A recent analysis identified some \$227 billion in "saleable" State and municipal enterprises.⁵⁴ Although the scope of the Executive order includes hospitals, jails and prisons, mass transit, public housing, and rail transportation, the study *excluded* all of these as being unlikely to be commercially viable enterprises. Included were commercial airports and major seaports, electric and gas utilities, parking structures, water and wastewater systems, and waste-to-energy plants at the municipal level; and highways, bridges, and turnpikes at the State level. All of these types of infrastructure are routinely owned and operated by the private sector, either in parts of the United States or in other countries. (Great Britain, for example, has privatized its major airports and water and gas utilities, Argentina is privatizing gas and electric utilities, and Mexico is privatizing major highways.) Table 6-7 breaks out the salable municipal enterprises, whose estimated value is \$124.4 billion.

RETHINKING GROWTH CONTROLS AND REGULATORY BARRIERS TO AFFORDABLE HOUSING AND ECONOMIC GROWTH

The American dream means different things to different people. But for most of us, homeownership figures prominently into that notion. The high cost of housing in our Nation's cities and suburbs has made the American dream more of a mirage than a reality for many people.

Growth-control policies and land-use regulations have stunted economic growth and increased housing costs far beyond their ordinary levels. A demonstration project by HUD showed that new homes could be built for up to a third less cost if local government regulations were relaxed.⁵⁵

Cast as an antidote to preserving community character and the quality of life, zoning and other control measures are readily embraced by established homeowners who desire to "shut the door behind them." Such measures have not, in fact, ensured a high quality of development, nor have they mitigated land-use controversies. Instead, growth-control policies and land-use regulations have served to block development in America's cities, depriving large numbers of Americans of adequate housing and the benefits that accompany economic growth.

Anti-growth policies include aspects of zoning, environmental, and building code regulations. Excessive and misapplied impact fees and the NIMBY (not-in-my-back-yard) syndrome, where communities attempt to lock out "undesirables," also inhibit economic growth.

All of these factors combine to keep affordable housing out of reach for too many Americans. It doesn't have to be this way. Across the Nation, innovative models can be found which are breaking the barriers to affordable housing in American cities. In these communities, young couples, single parents, older people living on fixed incomes, and people newly arrived to our country are once again finding the American dream within their grasp.

The following are five models for economic growth.

Flexible Zoning

Flexible zoning determines how land is used on the basis of performance standards, rather than with the predetermined land-use grids of conventional zoning methods. With flexible zoning, the community determines overall growth standards for traffic congestion, noise abatement, density, and so on, leaving developers to decide how best to meet those standards at least cost. Among the best known practitioners of flexible zoning is the city of Fort Collins, Colorado, which adopted flexible zoning in 1981.

In practice, the city or community sets certain guidelines based on goals and values derived from citizen input. These are quantified and weighted in a set of performance criteria used to assess a developer's plan. A development plan must satisfy a certain percentage (in Fort Collins it is 65 percent) of these criteria in order to get approval for the plan. The developers have the flexibility to meet those criteria in any way they choose.

If a development falls short of meeting the performance criteria percentage, it can try to make up the difference with bonus points. Bonus points are awarded for desirable attributes such as environmental conservation, historic preservation, or handicapped housing.

The hallmark of flexible zoning is mixed-use zoning. Combining homes, shopping, and industry in the same neighborhood is a radical departure from traditional planning. But in an era of white-collar industry, there is little need to separate non-polluting industrial areas from residential ones. Instead of lengthy commute times on congested roads, citizens of mixed-use communities can walk to and from work, shopping, school, and home.

Flexible zoning allows developers to make trade-offs. For example, they can design higher density housing if they locate near business centers or public transportation hubs, or if they build more low-income housing. Moreover, flexible zoning can involve no public costs for private development. Instead of making the city or county provide new roads, sewers, and water systems, the developers finance the infrastructure which directly supports the development.

By defining overall standards instead of regulating specific land uses, flexible zoning enables developers to make cost-effective decisions without sacrificing the quality of the community around them. Ultimately, these cost savings are passed on to their customers—home buyers, renters, and business owners. Lowering the costs of doing business and making housing affordable for the employees of local business and industry galvanizes economic growth.

The Fort Collins Example

As the home of Colorado State University and approximately 100,000 residents, Fort Collins has grown rapidly since the 1950s. Concerns about the deterioration of quality of life standards led to a no-growth movement in the late 1970s. However, instead of attempting to limit the quantity of development, city planners elected to improve its quality. The end result was the Land Development Guidance System, a flexible zoning plan.⁵⁶

Today, a typical neighborhood in Fort Collins might include homes priced to meet several income levels, a shopping center, and 10 acres of open space—all within walking distance of a factory employing 1,000 people.

Revised Building Codes and Zoning Ordinances

Disasters like 1992's Hurricane Andrew in Florida or the 1989 Loma Prieta earthquake in California underline the importance of sensible building codes to protect human safety. However, excessive building codes and zoning ordinances can significantly increase the cost of construction by imposing extra amenities or restricting a building's use. While some building codes are intended to assure safety, many act as caps on growth. For example, building codes which dictate property line set-backs limit building construction to a portion of the total available property. Off-street parking requirements can also reduce housing supply by forcing a developer to divert land use for parking lots. When the supply of housing, or other types of buildings, is artificially suppressed with respect to demand, the price goes up, and housing becomes less affordable for more people.

Similarly, zoning can limit growth by restricting residential buildings to single-family occupancy, for example, or setting height moratoriums that limit the number of apartment units built on a plot of land.

Across the Nation, communities have experimented with innovative housing designs, zoning, and code revisions to spur the construction of affordable housing. The HUD demonstration projects, New England's three-decker multifamily homes, single resident occupancy (SRO) units, and a revival of the "granny flat" have all been shown to reduce housing costs for low- and middle-income residents.

HUD Demonstration Projects

To test the notion that housing costs were inflated by government regulation, in the mid-1980s, HUD conducted a series of demonstration projects in which local housing authorities were instructed to modify their regulations to permit innovative building proposals. Local governments were also requested to expedite the review process so that construction could proceed as rapidly as possible and interest payments could be minimized.

In the Phoenix, Arizona, development of Cimarron, deviations in standards for streets, sidewalks, curbs, gutters, and lot sizes enabled the developers to increase the number of housing units in the development to 255. Under conventional regulations, the site would have accommodated only 195 homes. In addition, savings in construction costs (including administrative costs) on average amounted to 15 percent of the selling price of the homes which ranged from \$45,000 to \$63,000.⁵⁷

The selling price of demonstration project homes in Hayward, California, was 33 percent lower than comparable homes in the area.⁵⁸ In this case, cost savings were realized primarily by reducing processing time. Typically, the review process for development plans takes 1 to 2 years. Local government agencies accelerated the processing time, enabling site work to begin within 6 months.

Similar results were realized with demonstration projects in Louisiana, Pennsylvania, and Washington. A report detailing the results of the project concludes that these savings can be replicated in other communities. In order to succeed, it requires that governments develop performance-oriented building codes and ordinances and rapid project review, while the private sector must explore use of innovative designs and contemporary engineering standards.⁵⁹

SRO Housing in San Diego

Along Skid Row in almost any major city, one can usually spot the dilapidated residential hotels that are home to the poorest Americans. During the 1970s many of these buildings were torn down to make room for downtown redevelopment. More people, unable to afford more expensive alternatives, were made homeless as a result.

To redress this problem, the city of San Diego began a program in the mid-1980s to encourage private developers to construct, and profit from, affordable housing for low-income people. The program revised building codes—downsizing living space requirements, waiving parking requirements, and reducing sewer and water hook-up fees. SROs typically constitute a single room with 100 square feet of living space and no kitchen.

The city has estimated that the cost of building an SRO unit is half that for a conventional studio apartment. Because of these cost savings, individuals earning only 50 percent to 80 percent of San Diego's median income can afford the SRO rent without public subsidies.⁶⁰ Moreover, the program is sustained by the private-sector owners who freely set the rent to reflect market conditions.

New England's "Three-Deckers"

In turn-of-the-century New England, three-family houses, or "three-deckers" dotted the landscape, particularly in immigrant neighborhoods. Built by private-sector builders, three-deckers were miniature apartment houses where the occupant-landlord paid off the mortgage by renting out the other two units to families living on the floors below. Besides providing upward mobility for their owner-occupant, three-deckers also afforded relatively inexpensive rental housing to newly arrived immigrants.

By 1927, zoning and building regulations, thinly masking anti-immigrant sentiment, had all but eliminated the construction of three-deckers. One researcher has shown that the three-decker enabled lower-income households to purchase property and help pay for the purchase through rents charged on two of the units.⁶¹

In modern-day Boston, there is renewed interest in the three-decker. As of 1990, 54 new three-deckers had been constructed under a city-sponsored program which charged \$1 for the purchase of land used for three-decker construction.⁶² Despite city support, local zoning codes for single-family occupancy in Boston and elsewhere block construction of three-deckers in many areas.

Secondary Units

Secondary units, also known as granny flats, are add-ons or conversions to an existing housing structure. Well suited for single people, secondary units typically contain a separate entrance, bathroom, and mini-kitchen. Rents for secondary units are relatively affordable and generate a supplemental income for the owner-occupant of the primary building.

During the housing crunch of the 1940s, secondary units proliferated. Often they were built in place of basements or attics, or they were built as physical extensions into the back yard. Today, zoning regulations, density controls, parking space requirements, building code requirements, and the costs of permits and review processes discourage legal conversion to secondary units. As a result, a black market of secondary units, illegally converted, thrives in urban areas where the housing market is tight.

Secondary units are less expensive to construct than conventional apartments. Existing capital such as land, sewer and electrical systems, foundations, and roofs can be shared with

secondary units, eliminating the need to provide these items. Also, the homeowner may elect to perform part of the labor needed for the conversion, further minimizing construction costs.

A 1982 study of secondary units in San Francisco showed that the cost of conversion for secondary units was one-third the cost of building new apartment units.⁶³ Not surprisingly, rental costs in secondary units are lower than in comparable apartment buildings, making them more affordable for low- and middle-income renters.

Host-Community Benefits

Host-community benefits are inducements designed to counter the NIMBY syndrome. Low-income housing, waste disposal facilities, and prisons are often resisted by local residents. Zoning and other regulations are frequently enacted by local municipalities to exclude such "undesirable" developments.

Although empirical evidence suggests that developments such as low-income housing have little or no effect on property values of adjacent neighborhoods, the perception prevails that not only property values, but also the quality of life for current residents, will suffer.

Providing host-community benefits is one way to combat image problems and garner community support for an otherwise unwanted development. Such benefits have included cash payments to the host community, the construction of park and recreational facilities, road construction and maintenance, developing community recycling programs, and providing insurance programs to protect communities from potential future damage.

Among the municipalities that have engaged in host-community benefit arrangements in exchange for operating waste disposal facilities are Lisbon, Connecticut; Richland County, Ohio; Charles City County, Virginia; Gilliam County, Oregon; East Carbon City, Utah; and Westmoreland County, Pennsylvania.

Zoning and other local exclusionary policies can drive up the cost of housing and development and slow economic growth. Host-community benefits can break the logjam and bring economic growth to local communities.

Reformed Impact Fees

Ostensibly, the money raised from impact fees is supposed to pay for infrastructure that must be built or expanded to support the new development. For example, when a shopping mall is constructed, impact fees might be assessed to offset the costs associated with increased traffic on the roads leading to and from the mall. Schools are another common user of impact fee money because residential developments usually bring in new students.

Impact fees, however they are used, drive up the cost of new homes and commercial and industrial development because developers pass the fee costs on to the customers. The increases can be steep, sometimes adding tens of thousands of dollars to the selling price of a single new home. This is particularly true when impact fees are improperly applied by local government authorities who view impact fees as a source of “free money” for community improvements. For example, there have been cases where impact fees have been used to fund public art projects, child care, and landscaping inspection on private, not public, land.⁶⁴

The problem with this approach is that developers who will not or cannot pay the impact fees will take their projects—and the jobs, investment, and tax revenues that go with them—someplace else. Thus, impact fees, when they are misapplied, actually inhibit rather than enhance community development.

Environmental Protection

Most would agree that environmental protection is a top priority in the United States. Unfortunately, regulations designed to preserve the balance between environmental and economic quality are often used to delay or defeat economic growth, not to protect the environment.

Because of myriad Federal, State, and local environmental regulations covering everything from air and water quality to endangered species and archaeological preservation, developers frequently must perform multiple and redundant environmental impact reports. The cost of these reports can run into hundreds of thousands of dollars, yet obtaining approval is neither guaranteed nor predictable. The review and approval process can take years, further increasing the cost of development.

For example, construction of a multimillion-dollar recycling and waste reduction center in California was delayed an *entire decade* because of the permit application process and legal disputes. During the elapsed period, over 20 lawsuits, based on procedural problems, were filed by citizens groups and neighboring cities. Tremendous resources in time, money, and effort were expended by development proponents just to win approval, needlessly driving up the cost of the project.

Regional Clean Air Incentives Market (RECLAIM)

In southern California, local air quality regulators are developing a new approach to cleaning up the air at lower costs to businesses and consumers. Known as RECLAIM, this program regulates the overall level of air pollution, but leaves individual polluters to determine how best to meet the standard.

This is how it works. Businesses are allocated "pollution permits" which limit their emissions to a specified amount. These permits may be used, saved, or sold to other businesses. Businesses that can cheaply reduce their emissions—by switching to cleaner-burning fuel, for example—will do so and sell their permits to businesses that find it cost prohibitive to reduce emissions. Over time, the total level of pollution, aggregated across all emission sources under RECLAIM, is ratcheted down by regulators. The net result is that air pollution is reduced, and businesses are granted more flexibility in finding the most cost-effective means to meet air quality standards.

Programs which harmonize environmental values with economic considerations, such as RECLAIM, help reduce the regulatory burden on businesses, thereby enhancing economic growth.

CONCLUSION

New development has a strong positive impact on local economies through increased property tax revenues, employment, and economic activity. A 1990 report shows that the purchase of a \$100,000 home generates 1.4 person-years of employment, \$70,000 in construction activity, \$32,000 in annual income, and \$6,400 in Federal tax revenues.⁶⁵

The ripple effect from the infusion of new spending into the economy creates 3.5 jobs per year, \$175,000 in economic activity, \$80,000 in annual income, \$16,000 in Federal tax revenues, and \$14,000 in State and local tax revenues.

Experience with flexible zoning, host-community benefits, and sound environmental policies shows that the quality of life need not be jeopardized by residential and commercial development. By easing growth controls and other regulatory barriers to development, communities can enjoy the prosperity and vitality that come from economic growth.

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Table 6-1
Enterprise Zone Job Creation

State	New Jobs	Investment
New Jersey	9,000 (through 1988)	\$800 million
Minnesota	5,200 (through 1987)	N/A
Connecticut	6,600 (through 1986)	\$375 million

SOURCES: Rubin, *Administration's Enterprise Zone Proposal*, Hearings, p. 288; see also Rubin, "Urban Enterprise Zones in New Jersey: Have They Made a Difference?" *Enterprise Zones: New Directions in Economic Development*, Roy E. Green, ed., (Newbury Park: Sage Publications, 1991) pp. 105-21. Overall, including the indirect effects of enterprise zone tax benefits, the program created close to 43,000 jobs.

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Table 6-2
Homeowners' Associations in the United States

Year	Number of Associations
1964	500
1984	25,000
1992	150,000

SOURCE: United States Subcommittee on Monetary and Fiscal Policy of the Joint Economic Committee of the Congress of the United States, *Stimulating Community Enterprise: A Response to Fiscal Strains in the Public Sector*, Washington, D.C., December 31, 1984; and Community Association Institute, "Community Association Facts At-a-Glance," 1992.

Table 6-3
Incubators by State (1991)

State	Number	State	Number
Pennsylvania	48	Virginia	5
New York	31	Kansas	4
Wisconsin	29	New Mexico	4
Illinois	30	Kentucky	4
Texas	28	Mississippi	4
California	23	Arkansas	3
Ohio	20	Connecticut	3
North Carolina	20	Louisiana	3
Michigan	17	West Virginia	3
Oklahoma	16	Rhode Island	3
Minnesota	12	Utah	3
Georgia	11	Oregon	2
Iowa	9	Vermont	2
Florida	8	Puerto Rico	2
Washington	8	Hawaii	2
Massachusetts	7	Delaware	1
Alabama	7	District of Columbia	1
New Jersey	7	Maine	1
Maryland	7	Montana	1

SOURCE: National Business Incubation Association.

Table 6-4
Home Office Equipment Boom

Item	Average Price	Unit Sales 1989 (estimate)
Personal computers	\$1,420	1.5 million
Fax machines	\$ 860	79,000
Cellular phones	\$ 705	105,000
Home copiers	\$ 680	193,000

SOURCE: Link Resources as cited in *Newsweek*, April 24, 1989.

Table 6-5
Extent of Contracting for Services (1988)

Service	No. of Cities & Counties Reporting	Contracting With Private Firm (%)
Residential solid-waste collection	1,049	36
Street repair	1,541	36
Traffic signal installation/maintenance	1,406	27
Bus system operation/maintenance	306	26
Sludge disposal	847	19
Street light operation	975	46
Emergency medical service	998	18
Child welfare programs	368	17
Operation of mental health/retardation programs/facilities	315	35

SOURCE: E. Morley, "Patterns in the Use of Alternative Service Delivery Approaches." *Municipal Year Book*, International City Management, (Washington, D.C.: 1989, Table 4/17).