# Erie Metropatterns: A Regional Agenda for Community and Stability in the Erie Region

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MARC was created in 1995 by Myron Orfield, a Minnesota legislator and law professor, who has been a nationally recognized leader in promoting reform around the issues of land use, social and fiscal equity, and regional governance. MARC's objective is to study the relationship between common regional development patterns and growing social and economic disparities in regions throughout the country, and to assist individuals and groups in fashioning local remedies that address these concerns. Since its inception, MARC has studied more than 30 U.S. regions, including the 25 largest metropolitan areas in the country.

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## INTRODUCTION

Social and economic polarization and wasteful development patterns threaten the Erie region.[1] These patterns threaten not just the City of Erie but the entire region. Poverty and economic and social need are most heavily concentrated in the City of Erie, the region's boroughs and a few outlying townships. However, some neighborhoods in otherwise prosperous inner suburbs (Millcreek in particular) also show signs of stress, such as population decline and increasing poverty in schools. Inner suburbs, lacking a central business district, housing stock capable of gentrification, and the arts, culture and amenities of central cities can be more vulnerable than central cities. For this reason, as poverty and social instability cross the city/suburban border, the problems often accelerate and intensify. Increasing social stresses in schools and neighborhoods, the loss of local businesses and jobs, and the erosion of or slower than average growth in the local tax base are symptoms of this decline.

Directly related to stress in the older parts of the region, the costs associated with providing infrastructure and other services to new residents strain the resources of growing areas. As they grow, these places initially seem to offer an alternative to the distressed and declining communities at the core of the region. Still allowing relatively easy access to the jobs and cultural amenities of the central city, they can also offer higher-achieving schools, lower land costs, new homes, more space, less congested streets, and lower taxes. Eventually, however, the costs of growth can exceed the ability of local taxpayers to pay for it. Many communities find themselves struggling to keep up with the demand and costs of new schools, roads, sewers, parks, and many other public services.

These trends present problems not only for Erie and other areas with poverty concentrations, but also for the region as a whole. Poverty concentrations in the inner part of the region contribute to sprawling development patterns at the edges of the region as the affected communities become less desirable places to live or locate businesses—increasing the pressure to accommodate population growth elsewhere. Despite the fact that long run population growth has been very limited, the region continues to expand spatially, consuming more and more land. Between 1970 and 1990, the region's population grew by just 1 percent, but its urbanized land area grew by nearly 32 percent. And these statistics include only those areas in the innermost portions of the region that are densely settled enough to be considered urbanized. The City of Erie saw its population drop 5 percent over the last decade. Population losses are also occurring in older suburban neighborhoods, including certain areas of Millcreek and Harborcreek Townships located close to Erie. Even at the outskirts of the region, population is shifting from more densely settled boroughs into surrounding townships. Erie is sprawling.

Wide disparities in the ability of local governments to raise revenues for important local services also characterize the region's uneven development. Tax base is distributed very unevenly across the Erie region with places with the greatest needs showing the lowest local tax capacities. The City of Erie stands out. Home to 39 percent of the region's population in 1999, Erie commanded just 26 percent of regional tax capacity—translating into a tax capacity of just 67 percent of the regional average. Its neighbor to the east, Wesleyville, stood at just 64 percent. The majority of the region's boroughs and some townships in the outermost parts of the region also controlled tax bases significantly below regional averages. The average tax capacity per household in the region's boroughs was just 81 percent of the regional average and Corry, Union City Borough, and Springfield Township stood at just 65, 53 and 85 percent of the regional average, respectively.

All of these patterns are predictable outcomes of the incentives embedded in the region's highly fragmented system of local governance. By placing responsibility for land use planning and a wide range of important local public services in the hands of the region's thirty-eight cities, boroughs, and townships, this system creates strong incentives for fiscal issues to dominate land use planning. Places with the greatest needs for public services are often the places least able to compete effectively for valuable residential and business tax base while those with the fewest needs flourish. The result is a regional mosaic of social and economic polarization and sprawling development that ultimately harms everyone in the region by exacting costs in terms of waste of human resources, deterioration of neighborhoods in Erie, inner suburbs, the City of Corry and satellite boroughs, fiscal stress in those places and in fast-developing, moderate tax base communities, increased infrastructure costs, loss of agricultural and fragile lands, and increased miles traveled and automobile trips. Policies that treat the symptoms (crime, poor economic growth, low educational attainment, high taxes, the loss of open spaces) without dealing with the underlying causes (a governance system that encourages social separation, sprawl and fiscal inequities) will inevitably fail in the long run.

Social and fiscal disparities of the magnitude found in the Erie region affect the entire regional economy. A growing body of research shows the interconnectedness of metropolitan economies. One study of 78 metropolitan areas, for instance, found that median household incomes of central cities and suburbs move up and down together in most U.S. metropolitan areas and that the strength of this relationship appears to be increasing.[2] Another study of 48 metropolitan areas found that metropolitan areas with the smallest gap between city and suburban incomes had the greatest regional job growth.[3] These and other studies argue that cities and suburbs within a metropolitan area are interdependent and that when social and economic disparities are minimized, the region is stronger.

The only way to deal with problems that have region-wide implications is with region-wide policies. Only through a strong, multifaceted, regional response can social and economic polarization and wasteful development patterns be countered. To stabilize central city neighborhoods, inner suburbs and satellite municipalities and to minimize unplanned outward development, there are three areas of reform that can be achieved only on a metropolitan scale: 1) greater fiscal equity among jurisdictions of the region, 2) smarter growth through better planning practices, and 3) structural reform of metropolitan governance to allow for fair and efficient implementation of other reform measures.

The purpose of this report is threefold: 1) to document social separation and wasteful development patterns in the Erie region; 2) to identify the effects of these patterns on local governments and the region as a whole; and 3) to introduce strategies for addressing the challenges facing the Erie region in a comprehensive manner. It is MARC's hope that the information provided in this report will assist regional efforts toward policy reform and ultimately lead to a more socially and economically sustainable future.

## SOCIAL SEPARATION

The Erie region shows relatively high levels of economic and racial segregation, especially for a region of such modest size. Income and race are also correlated in ways that significantly diminish the educational and economic opportunities available to racial minorities. It is often assumed that the effects of poverty and other social needs in a region can be confined to a few small neighborhoods. In reality, the concentration of poverty at the core of the Erie region serves as an important warning signal of declining health and stability—not only in the neighborhoods where the poverty is concentrated but also in nearby communities. As poverty intensifies in any particular neighborhood, those who can afford it will often choose to move away—depressing property values not only in the immediate neighborhood but in surrounding areas as well. Coupled with ample land for new housing and expanding transportation networks in other parts of the region, the socioeconomic decline of communities in the core of the Erie region contributes to a self-reinforcing pattern that threatens even greater disinvestments in the future. Examples of this type of decline in inner cities and older suburbs can be found in virtually every U.S. metropolitan area, whether large or small.

The social, educational, and economic need associated with concentrated poverty dramatically limits the life opportunities of residents, discourages investment by families and businesses in those neighborhoods, and places a significant burden on these cities' resources. Ultimately, people living in these high poverty neighborhoods become isolated from the educational, employment, and social opportunities available to residents in other parts of the region, making it extremely difficult for them to fully participate in the metropolitan economy. Studies have found that poor individuals living in concentrated poverty are far more likely to become pregnant as teenagers,[4] drop out of high school,[5] and remain jobless[6] than if they lived in socioeconomically mixed neighborhoods. These types of outcomes dramatically diminish the quality of life and opportunities. Similarly, the concentration of poverty and its attendant social isolation leads to the development of speech patterns increasingly distinct from mainstream English.[7] These speech differences make education, job search, and general interaction with mainstream society difficult.[8] Thus, the impact of concentrated poverty also extends into the larger regional economy by reducing the regional pool of skilled workers and otherwise creating a less attractive environment for economic growth and development.

Social and economic decline is often foreshadowed by trends in public schools. Schools are a powerful prophecy for communities. Deepening poverty and other socioeconomic changes show up in schools before they do in neighborhoods and in elementary schools before middle and high schools. Elementary school enrollment patterns therefore sound an early warning of impending flight by the middle class, the first group to leave a neighborhood when schools fail. Perceived school quality is a key factor in attracting or retaining middle-class residents (and the businesses that cater to them), and thus in maintaining property values and income, which in turn fund schools and municipal governments. When the perceived quality of a school declines, it can set in motion a potentially vicious cycle that ultimately affects the entire community. Once begun, the decline of these communities is extremely difficult to reverse, especially in suburban communities that are unable to offer the amenities found in central cities—such as unique housing or cultural activities—that might encourage reinvestment.

The most widely used measure of student poverty is eligibility for free or reduced lunch. Children in families with household incomes at or below 130 percent of the federal poverty line are eligible for free lunch and those in families below 185 percent of the poverty line are eligible for reduced cost lunch. In U.S. metropolitan areas, poverty is most evident in central cities and older suburbs—often near the core. Erie fits this pattern. The percentage of City of Erie students eligible for free or reduced lunch was more than twice that of the rest of the region (75 percent compared to 33 percent). School poverty also exceeded regional averages by significant amounts in some outlying areas like Corry and Albion. However, suburban areas cannot afford to be complacent—schools in some inner suburbs like Millcreek, Wesleyville and Harborcreek showed poverty increasing at greater than average rates in the 1990's.

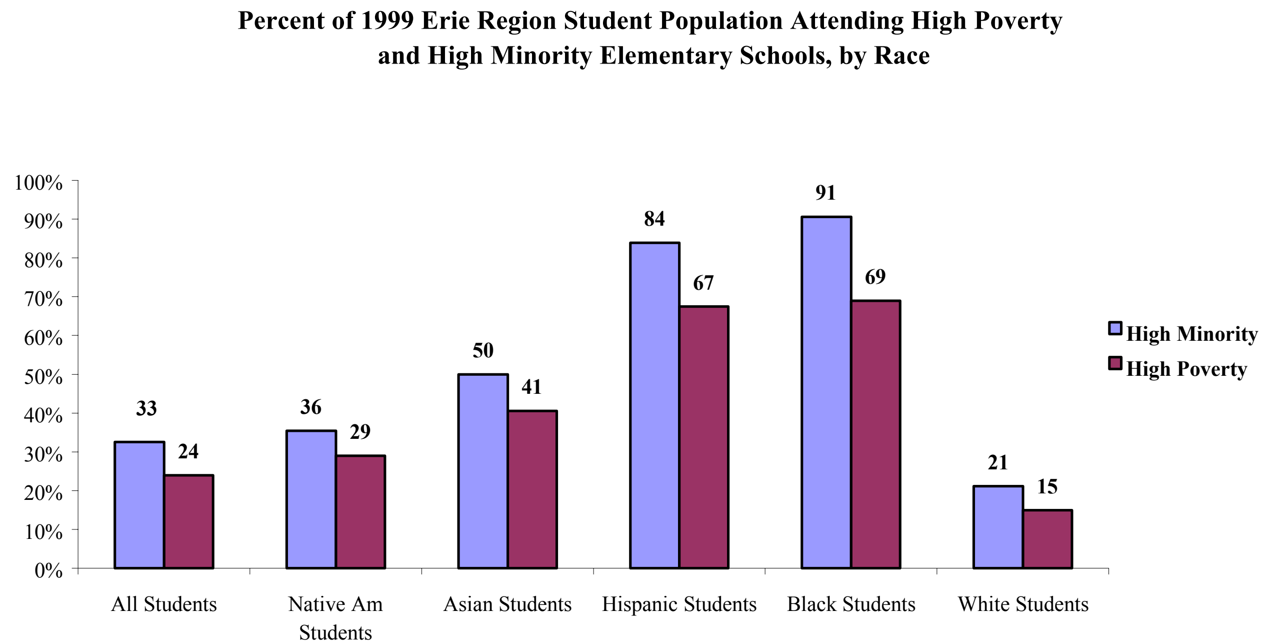
The dissimilarity index is a general measure of the extent to which poor students are segregated. The index shows the percentage of poor students who would have to change schools in order to achieve a perfectly even distribution of poverty among the region's schools. By this measure, the degree of segregation by income in Erie area schools is comparable to much larger metropolitan areas. In 1999, the dissimilarity index for poor elementary school children in the Erie metropolitan area was 43 compared to an average of 54 in the 25 largest metropolitan areas.[9] However, Erie's index worsened during the late 1990's while it was constant in the larger metropolitan areas—it increased from 41 to 43 in Erie County and remained constant at 54 in the largest metropolitan areas.

Regional schools are more highly segregated by race and Erie does not compare well to other areas in this dimension. In 1999, 92 percent of non-Asian minority elementary school students attended schools in the City of Erie (compared to just 35 percent of all students). The dissimilarity index for the region (the percentage of non-Asian minority students who would have to change schools to achieve an even distribution across the region) was constant at 68 in the late 1990's while the average for the 25 largest metropolitan areas was 60 in 1992 and 61 in 1998. Chart 1 shows the degree of segregation in another way. In 1999, 91 percent of Black students attended schools with high percentages of minority students while only 33 percent of all students attended such schools.

Further, poverty and race are related in ways that are very disadvantageous for minority students. Chart 1 also shows this very clearly. The percentage of Black students that attend high poverty schools (schools where more than 72 percent of students were poor in 1999) was nearly five times higher than the equivalent percentage for White students—69 percent compared to 15 percent. The percentages for other minority groups also compare poorly with that for White students.

Maps 1, 2 and 3 show the geography of poverty and race in more detail—at the school level. The City of Erie shows the greatest concentration, by far, of high poverty schools **(Map 1: Percentage of Students Receiving Free or Reduced-Cost Lunch by Elementary School, 1999).** Fourteen of the 18 elementary schools in the region with greater than average percentages of poor students were in Erie in 1999 and all city of Erie schools were above the average.[10] Seventy-six percent of students in the City's schools were eligible for free or reduced lunch compared to just 33 percent of students in the rest of the region. Put another way, 56 percent of the region's poorest students attended school in the Erie City School District even though its fourteen elementary schools served just 36 percent of the total regional enrollment. Districts in the outermost parts of the region also showed stress in this dimension. More than 50 percent of elementary students in the Union City and Corry School Districts were free or reduced lunch-eligible and the percentage was roughly 40 percent in the Girard and North East School Districts.

**Chart 1**

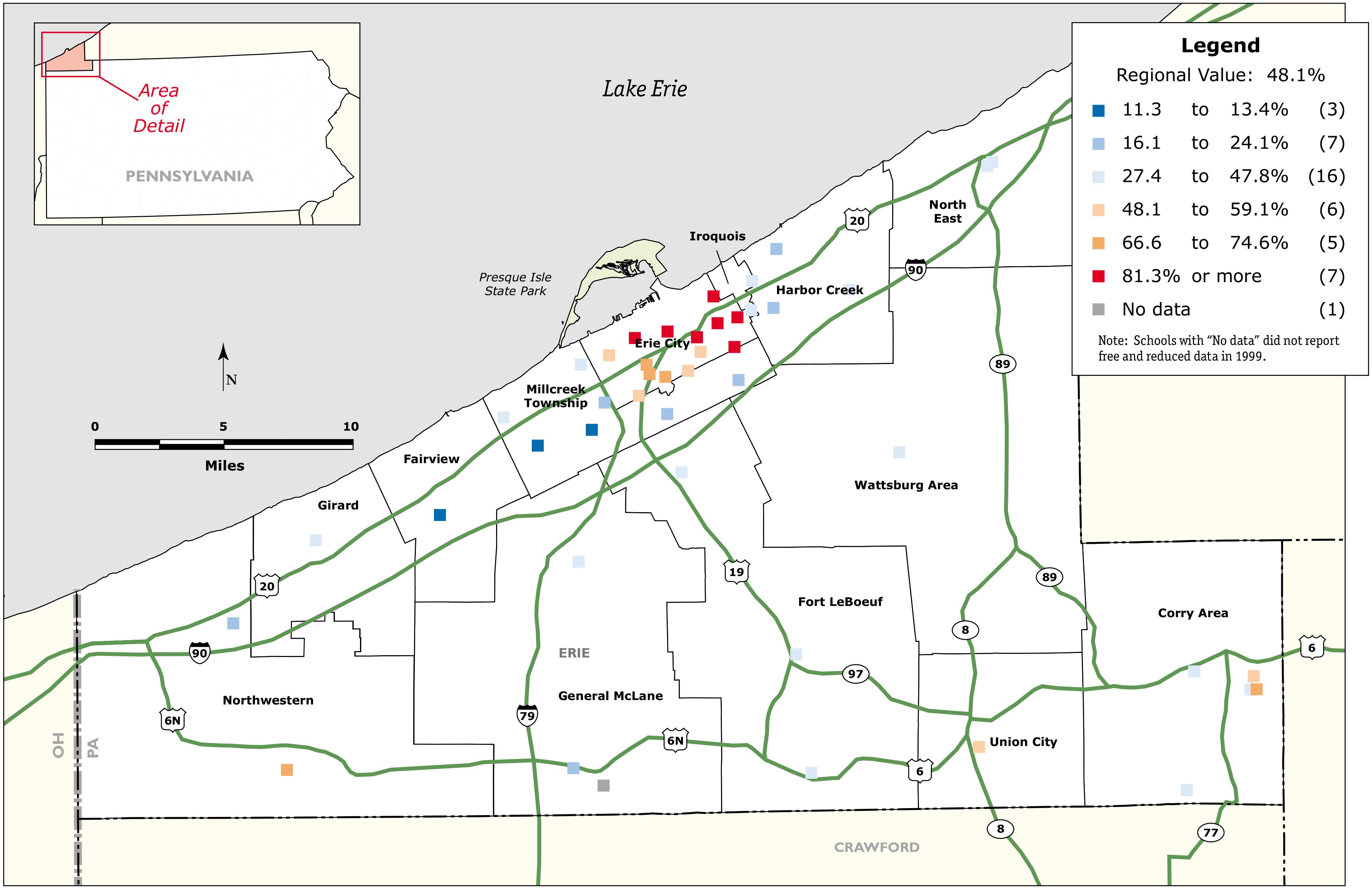



Note: High Minority and High Poverty Schools are defined as those with race and poverty percentages at least 150% of the regional average. Data is from the Pennsylvania Department of Education.

Most schools in Erie and many in inner suburbs and the outermost parts of the region were also getting poorer more quickly than in the rest of the region **(Map 2: Change in Percentage Points of Elementary Students Eligible for Free or Reduced-Cost Lunch, 1995-1999).** Nine of the 14 elementary schools in Erie showed higher than average percentage point increases in poverty between 1995 and 1999. Greater than average increases were evident in inner suburbs as well—in three of the seven schools in the Millcreek Township District, in the innermost school in the General McLane District, in one of the two schools in the Iroquois District and in one of three schools in the Harbor Creek School District. Similarly, two of the five schools in the Corry Area School District, the two outermost schools in the Fort LeBoeuf District and one of the two outermost schools in the General McLane District showed greater than average increases in poverty. Clearly, no part of the region is immune from the stresses associated with growing school poverty.

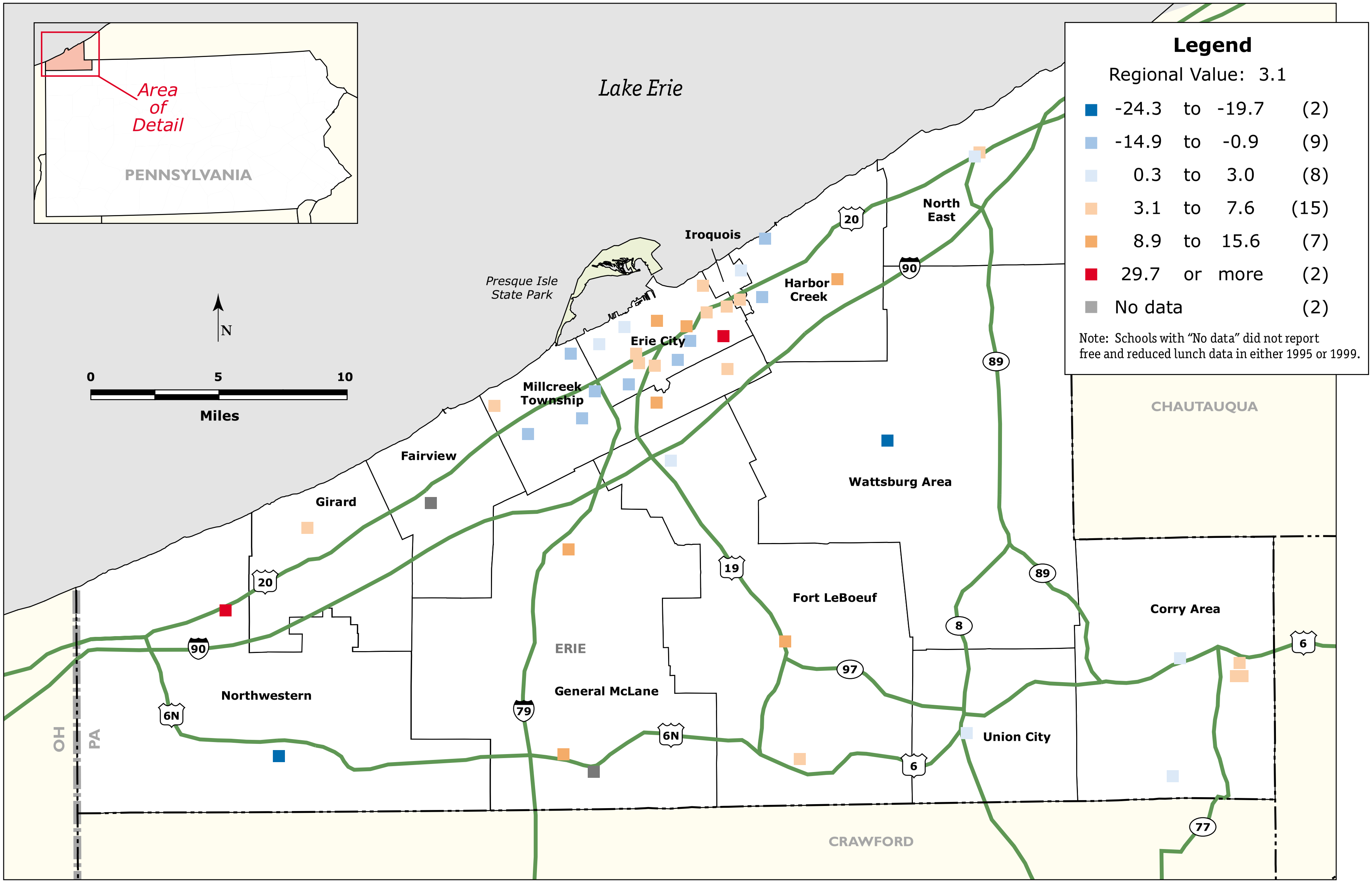
Students of color are even more concentrated in the core of the region **(Map 3: Percentage of Non-Asian Minority Students by Elementary School, 1999).** Indeed, every one of the 14 elementary schools with greater than average proportions of minority students are in the Erie City School District.[11] Overall, more than 90 percent of the region's minority elementary students attended schools in the City of Erie.

# Map 1 ERIE REGION:
# Percentage of Students Eligible for Free or Reduced-Cost Lunch by Elementary School, 1999



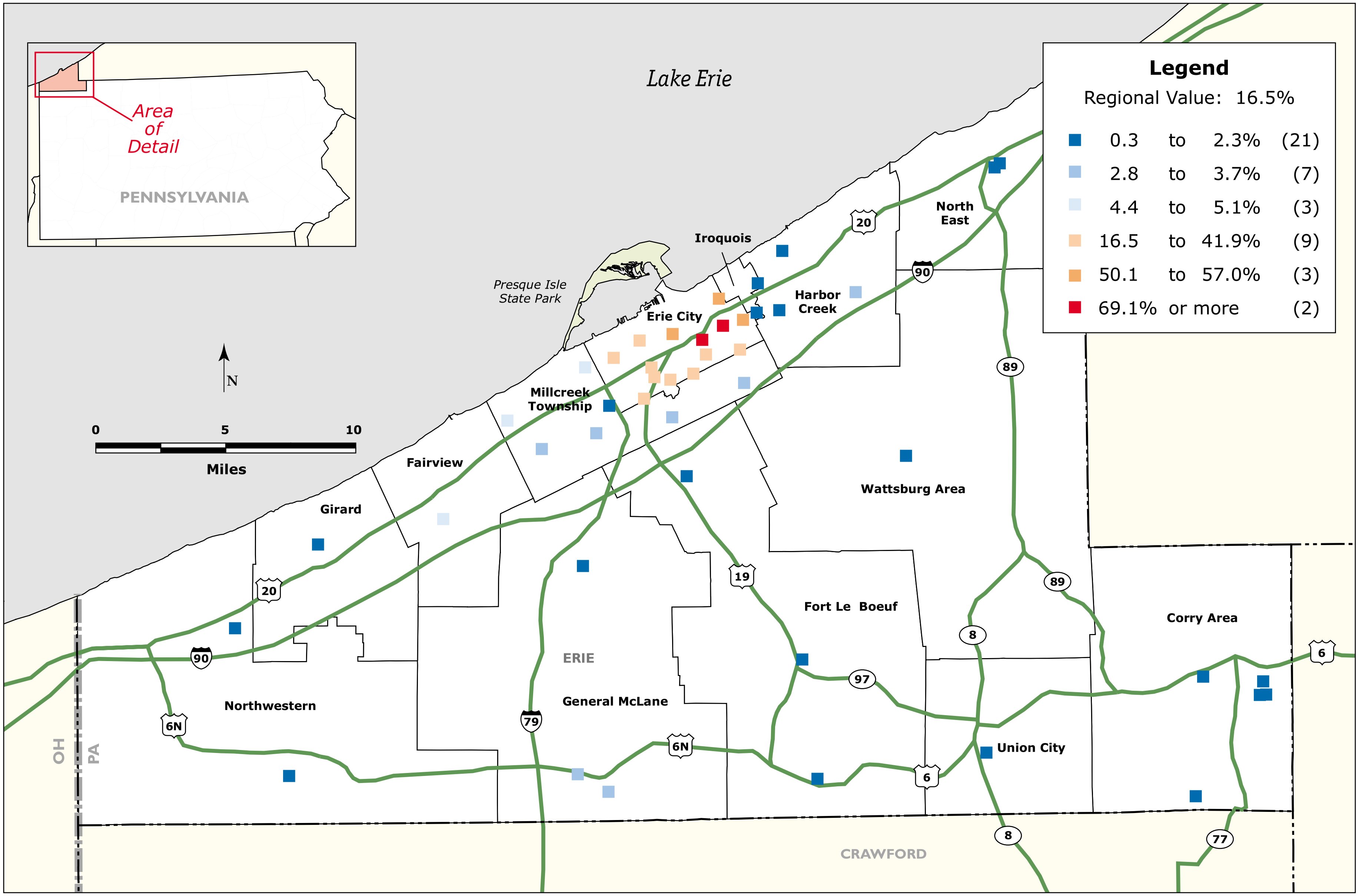

Data Source: Pennsylvania Department of Education.

# Map 2 ERIE REGION:
## Change in Percentage Points of Students Eligible for Free or Reduced-Cost Lunch by Elementary School, 1995-1999




Data Source: Pennsylvania Department of Education.

# Map 3 ERIE REGION:
# Percentage of Non-Asian Minority Students by Elementary School, 1999




Data Source: Pennsylvania Department of Education.

## SPRAWL

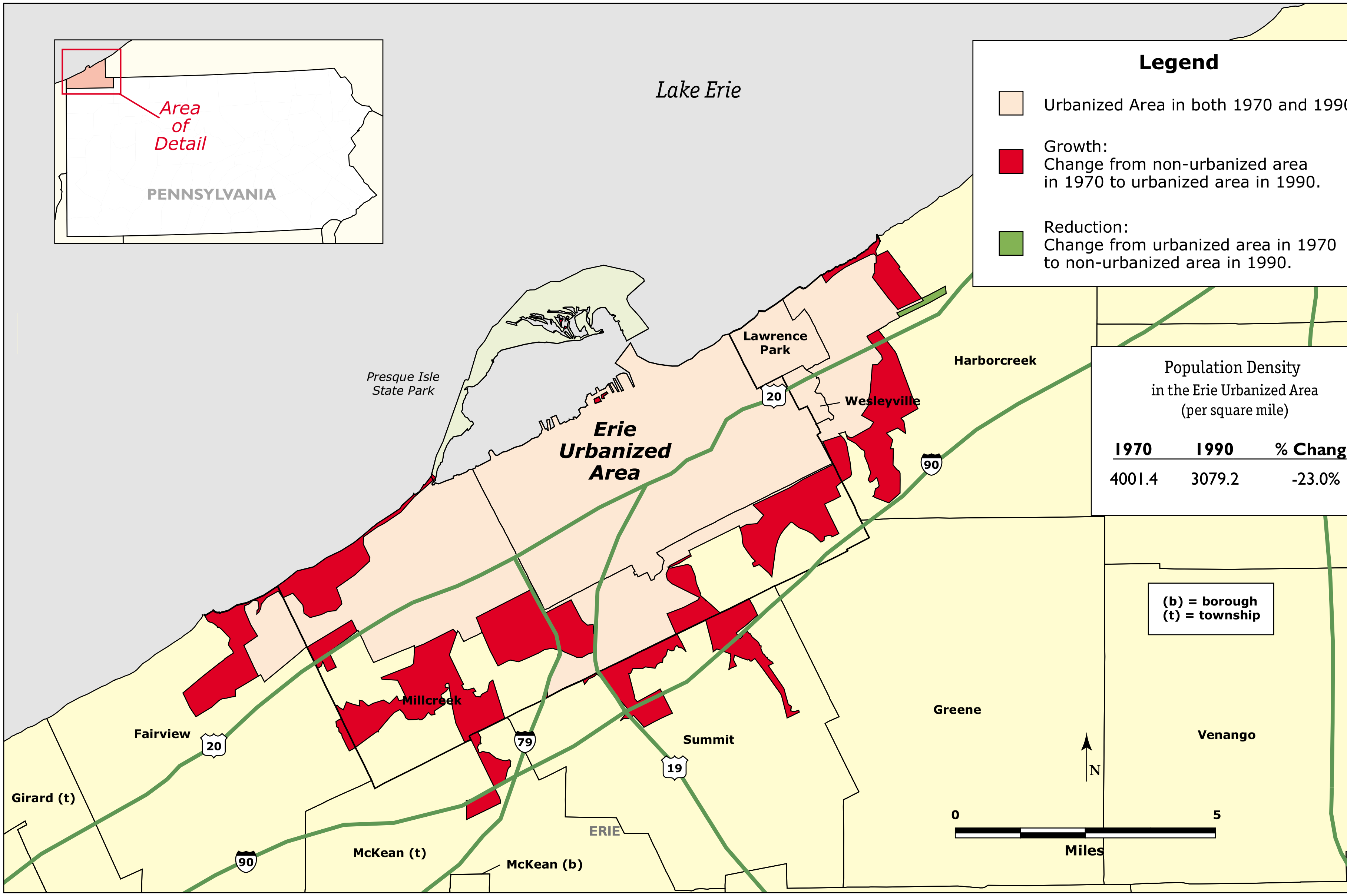
Despite the fact that the population of the Erie region has been stable for a relatively long period of time, the region's households continue to consume more and more land. The population of the urbanized portion of the Erie metropolitan area increased by only one percent between 1970 and 1990, rising from 175,263 to 177,688 by 1990.[12] At the same time however, the land area considered urbanized rose by 32 percent. The result was a decrease in the population density of the urbanized portion of the region of 23 percent— a decline from 4,001 people per square mile in 1970 to 3,079 in 1990. (**Map 4: Change in Urbanized Area, 1970-1990)** These numbers do not compare well with larger metropolitan areas. On average in the 25 largest metropolitan areas, population in urbanized areas grew by 20 percent, urbanized land area grew by 46 percent and population density fell by 18 percent.[13] Erie is sprawling, even compared to larger areas that are growing more quickly.

In addition to the overall decrease in population density for the urbanized portion of the region, regional population is shifting from the more densely settled center of the region to less densely settled outer areas. The City of Erie lost nearly 5 percent of its population between 1990 and 2000 while the rest of the region grew by more than 6 percent (**Map 5: Percentage Change in Population by Census Block Group, 1990-2000**) Only a few neighborhoods in Erie grew during the 1990's. Similarly, several neighborhoods in "Old" Millcreek and Harborcreek showed population declines during the period.[14]

Much of the outer portion of the region was growing in the 1990's but even in this part of the region, population shifted from more densely populated boroughs into more rural locations. Nearly every borough in the region lost population over the decade while nearby townships gained residents or remained stable. North East Borough's population declined by 0.3 percent while North East Township grew by 23 percent; Edinboro Borough declined by 10 percent while Washington Township grew by 10 percent; Mill Village Borough declined by 4 percent while Le Boeuf Township grew by 14 percent; the City of Corry declined by 5 percent while Wayne and Concord Townships combined were stable; McKean Borough declined by 7 percent while McKean Township grew by 2 percent. Overall, boroughs (including the City of Corry) grew by less than one-half of one percent during the decade while townships grew by nearly nine percent. These shifts, which in most cases involve decline where public infrastructure already exists and growth where it must be built, contribute to a number of regional problems—including higher costs associated with public infrastructure (such as roads, sewers, and school buildings), greater demands on roadways (especially in the outer portions of the region), and increasing pressure on the natural environment and open spaces.

These trends should be monitored on an ongoing basis by the Erie County Department of Planning. For instance, urbanized area data from the 2000 Census should be added to these figures as they become available—the expected release date is the 2nd quarter of 2002.

## Map 4 ERIE REGION:
## Change in Urbanized Area, 1970-1990




**Legend**

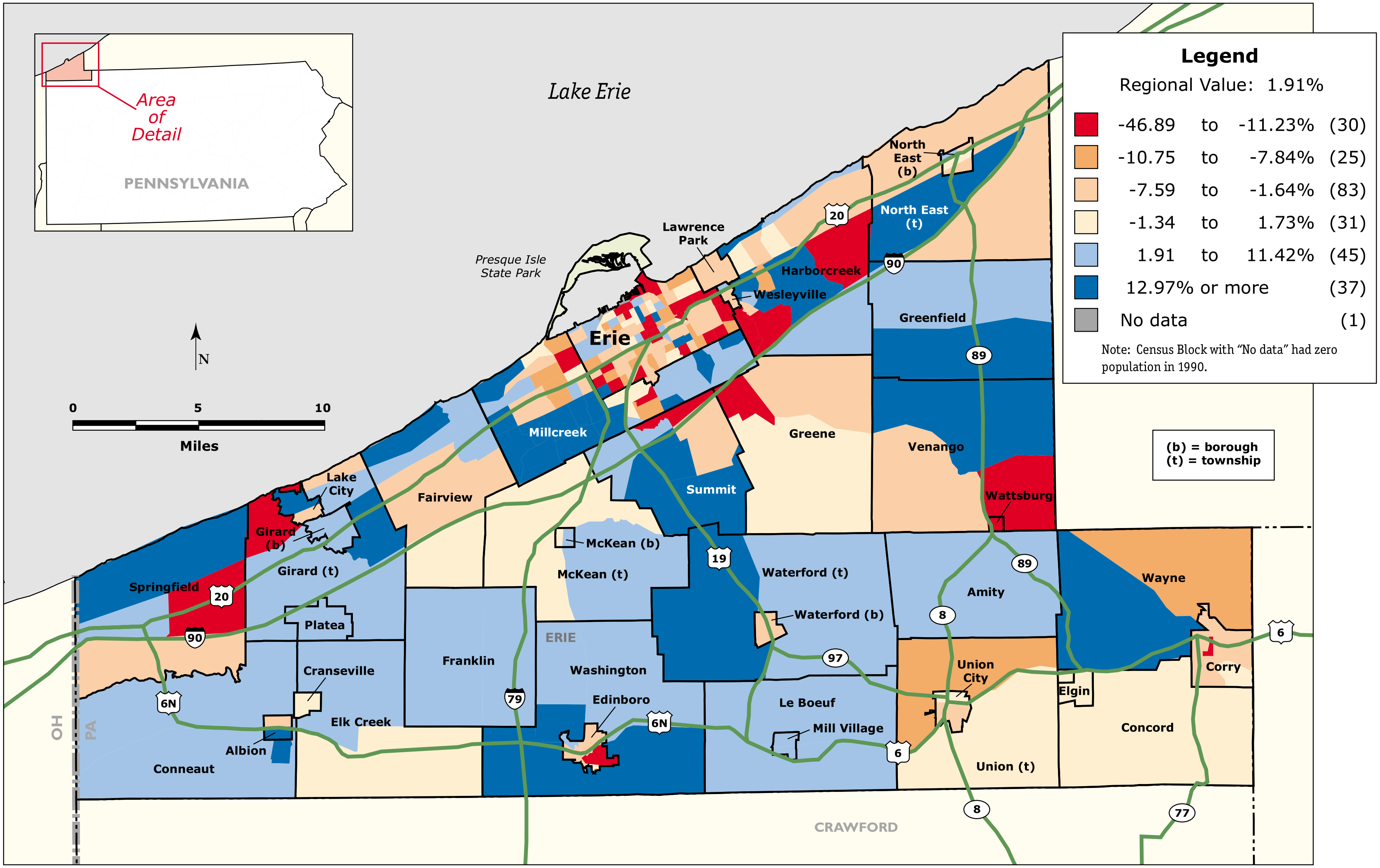
- Urbanized Area in both 1970 and 1990.
- Growth: Change from non-urbanized area in 1970 to urbanized area in 1990.
- Reduction: Change from urbanized area in 1970 to non-urbanized area in 1990.

Population Density
in the Erie Urbanized Area
(per square mile)

| 1970 | 1990 | % Change |
|---|---|---|
| 4001.4 | 3079.2 | -23.0% |

Data Source: U.S. Census Bureau.

# Map 5 ERIE REGION:
# Percentage Change in Population by Census Block Group, 1990-2000




Data Source: U.S. Census Bureau.

## FISCAL DISPARITIES

The fiscal condition of a municipality or school district is broadly determined by two factors—its capacity to raise revenues and the demands and costs it faces in providing public services. When high costs and low capacities occur together—as they often do—economic development patterns tend to increase disparities over time. High cost/low capacity places must assess very high tax rates in order to provide services competitive with those in low cost/high capacity places. The resulting tax rate disparities tend to push future development (and tax base) away from the low capacity places to the higher capacity places, widening the disparities and generating further pressures on tax rates in low capacity areas. From the regional point of view, in the short run one place's loss may be offset by another's gain, but in the longer run, vicious cycles of this sort hurt the entire region by concentrating poverty and social problems in just a few areas of the region, increasing the overall costs of dealing with them. The Erie region shows a very clear pattern of capacities and costs that is consistent with just this sort of vicious cycle—higher cost places show a strong tendency to command lower tax capacities and to impose higher tax rates.

Directly related to this decline in the older, poorer part of a region is another kind of stress that threatens communities that are expanding. In these fast-growing communities, fiscal stress results from relatively rapid population growth that requires large public expenditures to provide new roads, schools, parks, public safety services, and all of the other services and infrastructure required to support a growing community. Often, without a strong core of commercial or industrial tax base, these places are only able to maintain a fragile balance between their revenue sources and their expenditure needs. Eventually they must make the difficult choice between cutting needed services and raising tax rates to cover their new costs. In this way, the initial attraction of these places (low taxes, low poverty) can soon become lost to the high costs their development patterns create.

The preferred alternative to cutting services or raising taxes, of course, is to increase the local tax base and generate additional revenues. Communities thus have an obvious incentive to attract the commercial buildings, highly valued homes, or higher income families that generate greater revenues than they do costs. With only a limited amount of these types of developments to go around, communities in most regions engage in fierce competition with each other to attract such development. Even in regions where localities do not commit public resources to overt competition for tax base, the location of new infrastructure (such as roads and sewers) and underlying economic forces can generate much the same outcomes. Success in this competition depends largely on whether a community provides desirable conditions for wealthier homeowners and potential businesses—good schools, low tax rates, a stable community and sufficient buying power.

Recent decisions by two Millcreek employers to relocate in Summit Township are good examples of how this can happen even when the receiving community does not engage in explicit subsidization of the moving firms. The stated reasons for the relocations were a shift toward "discount stores [from] higher end retailers in…Millcreek" in one case, and the costs associated with chronic flooding resulting from Millcreek's rapid growth in the past in the other.[15] The fact that Summit has a tax capacity per household that is 42 percent greater than Millcreek's, enabling it to get by with a property tax rate that is less than one-half of Millcreek's, may also have been a contributing factor.

Municipal governments in the Erie region can use both the property tax and the earned income tax to raise revenues. A measure of a locality's capacity to raise revenues must therefore account for both types of tax. For the purposes of this study, local tax capacity is measured as the revenue that would be generated in a given municipality if the municipality taxed both property and earned income at regional average rates.[16] For instance, if the City of Erie had assessed the regional average earned income tax (.5 percent in 1999) on its actual earned income tax base and the regional average property tax rate (.45 percent of equalized value) to its actual property tax base, it would have generated roughly $13 million in revenues, or $328 per household in 1999. (Actual tax revenues in 1999 were considerably greater than this because the City's actual property tax rate was much greater than the regional average.) Tax capacity therefore measures the ability of a local government to generate revenues at "reasonable" local tax rates, where "reasonable" is defined by the actual practices of a representative municipality.

Growth processes in the Erie region have generated variations in tax capacities typical of those found in metropolitan areas around the country (**Map 6: Tax Capacity per Household by Municipality, 1999**). Tax capacity per household varies from $168 per household in Conneaut Township (33 percent of the regional average) to $952 per household in Summit Township (nearly 200 percent of the regional average).[17] The City of Erie, most of the region's boroughs, and five of the outermost townships in the region (Amity, Concord, Conneaut, Springfield, and Wayne) show below average tax capacities per household while the other suburban townships and four boroughs (Lake City, McKean, North East, and Waterford) show above average capacities per household.

The most striking feature of the tax capacity map is how closely lower than average capacities correspond to higher than average poverty rates in elementary schools (Map 1). The Erie region shows much the same pattern found across the country—the places with the greatest needs for and costs of public services have the least capacity to finance those services from local resources.[18]

This can be seen more clearly by dividing the municipalities in the region into four groups—the City of Erie which contains 39 percent of regional population; 15 boroughs (including Corry City) with 12 percent of regional population; 5 townships with lower than average tax capacity per household representing 3 percent of the region's population; and 17 townships with higher than average tax capacity per household and the remaining 45 percent of population (**Table 1: Tax Capacity and Need by Community Type**).

**Table 1**

**Tax Capacity, Tax Capacity Growth and Student Poverty by Community Type**

| Community Type | Munici-palities | 1999 Share of Regional Households | 1999 Tax Capacity per Household | Inflation-adjusted Growth in Tax Capacity per HH 1993 – 1999 | 1999 Percent Students Eligible for Free Lunch |
|---|---|---|---|---|---|
| City of Erie | 1 | 39% | 67% | -20% | 157% |
| Boroughs (including the City of Corry) | 15 | 12 | 81 | 1 | 88 |
| Low Tax Capacity Townships | 5 | 4 | 70 | 3 | 86 |
| High Tax Capacity Townships | 17 | 45 | 136 | 8 | 69 |

Tax capacity per household and students eligible for free lunch are reported as percentages of the regional average. Growth in tax capacity per household is expressed in real terms, assuming total inflation of 12.4 percent between 1993 and 1999.[19]

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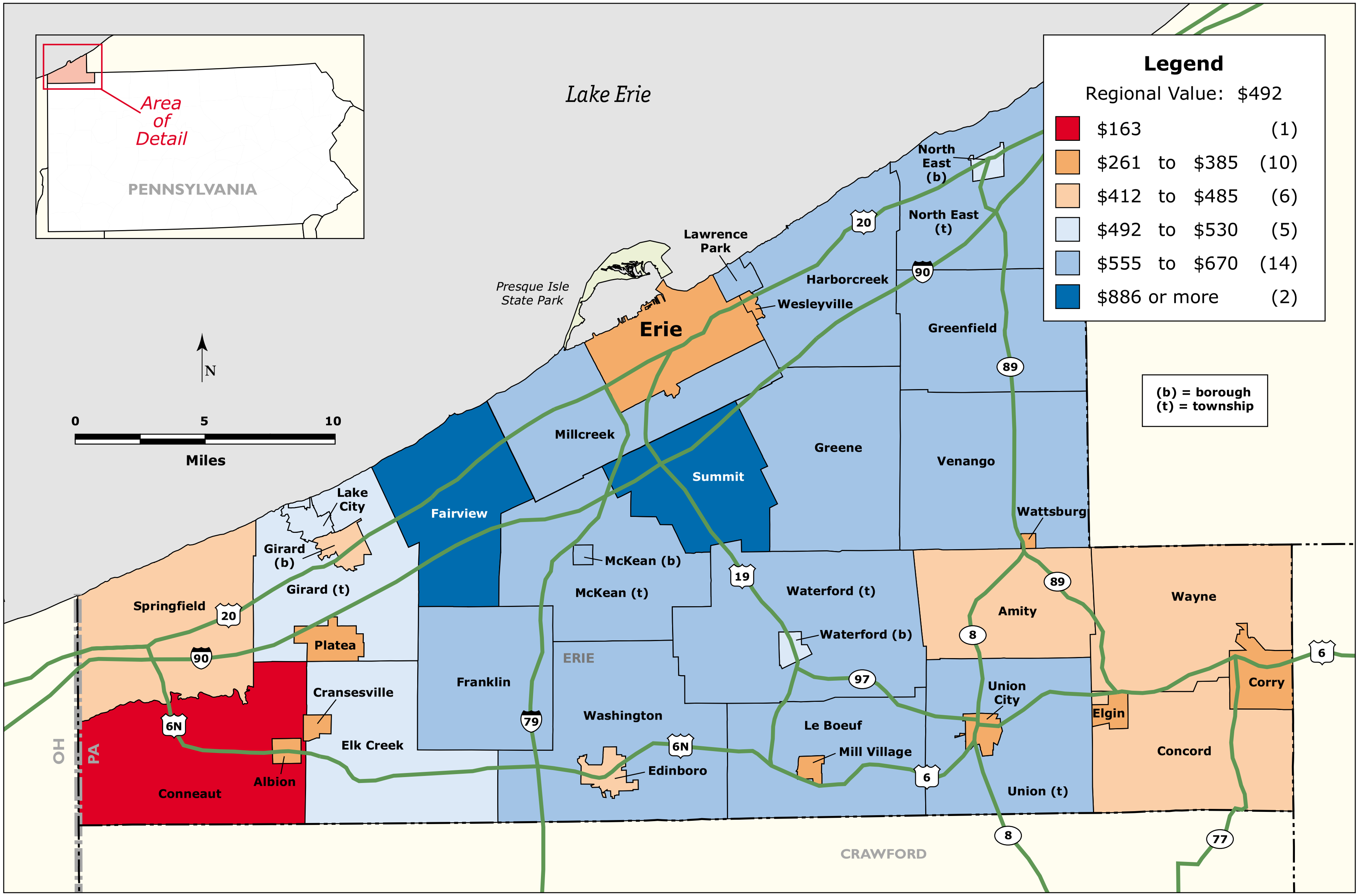
The City of Erie stands out dramatically when comparing the four groups. In 1999, its tax capacity was low (just 67 percent of the regional average) and declining (dropping by 20 percent in real terms in the prior six years) and its poverty rate was 57 percent higher than the regional average, or more than twice the rate for suburban areas alone.[20] A direct result of this combination of circumstances is much greater than average pressure on tax rates—Erie's actual municipal property tax rate in 1999 was more than 7 times greater than the average rate in the rest of the region, a difference with very serious implications for the city's competitiveness in the regional economy.

Erie's seriously disadvantaged position has implications for the entire region. Since it is the region's major employment and governmental center, many non-residents consume Erie City services and are directly affected by any deterioration in the City's amenities or living environment. Beyond the direct effects on commuters, the economic fortunes of cities and their suburbs are intertwined in other important ways. In separate studies, William Barnes and Larry Ledebur, Richard Voith and H. V. Savitch have found evidence of the strong interconnectedness of regional economies. In a study of 78 metropolitan areas, for example, Ledebur and Barnes

# Map 6 ERIE REGION:
# Tax Capacity per Household by Municipality, 1999




Data Sources: Pennsylvania Department of Community and Local Government and the Pennsylvania State Equalization Board.

found that median household incomes of central cities and suburbs moved up and down together in most U.S. metropolitan areas —and that the strength of this relationship appears to be increasing.[21] In an earlier study of 48 metropolitan areas, they also found that metropolitan areas with the smallest gap between city and suburban incomes had the greatest regional job growth.[22] These and other scholars argue that cities and suburbs within a metropolitan area are interdependent and that when social and economic separation is minimized, the region is stronger.

The boroughs as a group controlled tax capacities that were just 81 of the regional average while student poverty was 88 percent of the average (or 28 percent greater than the suburban average). Tax capacity per household grew by just one percent in real terms between 1993 and 1999. While the region's boroughs may not be showing the same degree of stress as Erie, they must deal with relatively high (and, in most cases, increasing) service needs or costs with relatively low (and, in many cases, decreasing) resource bases. Boroughs also face other costs not felt by most townships. Being fully developed and relatively densely settled, they often serve as regional employment sub-centers, which means that many non-residents consume local services during the work day. In addition, they face the extra costs associated with redevelopment (compared to green field development). Finally, like cities, boroughs provide for a substantial number of institutional land uses (e.g. churches, parks) which accommodate many non-city/non-borough users but which provide no tax base. As a result of all of these (and other) factors, the average municipal property tax rate in the region's boroughs was nearly 3 times the average for townships.

The low tax capacity townships show a profile similar to the boroughs. Tax capacities were even lower in 1999 than in the boroughs while school poverty was roughly the same. Although capacities were growing more quickly on average in these townships than in boroughs, actual growth rates were modest.

Finally, the 17 high capacity townships have tax capacities 36 percent above the regional average, poverty at just 69 percent of the average, and the greatest rate of increase in tax base of the four groups. Although these places, as a group, face considerably fewer obstacles than Erie and the low capacity suburbs, their situations are not trouble free. For instance, this group includes inner ring suburbs, such as Millcreek and Lawrence Park which are largely built out and where elementary schools have shown increasing poverty. In addition, many of the less densely settled, outlying townships in this group must deal with the fiscal stresses associated with rapidly growing populations.

Overall, Table 1 shows a very clear pattern—the greater the needs, the lower the capacity to generate revenues to meet those needs.[23] This is exactly the situation most likely to generate the vicious cycle of decline described at the beginning of this section. The fact that tax capacities either declined or grew more slowly than average in the highest cost groups suggests that this kind of process was indeed at work in the 1990's.

The fiscal condition of local school districts is another important indicator of local fiscal health. Fiscal stress in schools is a warning sign of decline because schools are so important to present and prospective homebuyers. The amount of money that school districts spend per student on educational costs can be used as an indicator of the financial resources available to each school district. However, resources alone are not the only source of stress. School districts facing higher costs—those serving high poverty student populations or which are experiencing very rapid increases or decreases in enrollments, for instance—need greater resources in order to provide services commensurate with low cost districts. Thus, simply equalizing the available resources per student across school districts will not truly equalize the educational opportunities available to students in a region like Erie where cost factors are very unevenly distributed.

There are not dramatic differences in spending per pupil across the region (**Map 7: Total Expenditures per Student by School District, 1999**). The lowest spending district (General McLane) is just 12 percent below the regional average, while the highest spending district (Fairview) exceeds the regional average by only 13 percent.[24]

Combining the expenditure data with cost measures provides a more realistic picture of stress. As Maps 1 and 2 show, costs are spread very unevenly across the region. The district facing the highest cost structure is clearly Erie, with very high poverty. Although Erie is able to spend more per pupil than average, its spending per pupil exceeds the regional average by only 9 percent. This rate is hardly commensurate with a poverty rate that exceeds the regional average by 57 percent. Erie's student population also results in higher needs for special education spending. In 1999, 22 percent of the district's instructional expenditures went for special education expenses, compared to just 14 percent in the rest of the region.[25]

Classifying school districts more systematically by spending and costs results in a clear pattern of stress. **(Map 8: School Districts Grouped by Spending and Costs)** School districts are divided into three spending categories—less than 90 percent of the regional average, within 10 percent of the average, and more than 10 percent above the average—and two cost categories—high cost districts where the free/reduced lunch eligibility rate was above 33 percent (the suburban average) and/or where enrollment grew or declined by more than 10 percent between 1995 and 1999.

The region's districts fall into four of the six possible groups. Seven districts, representing 63 percent of the region's elementary students, are in the moderate spending, high cost category. These include Erie and a group of districts in the outermost parts of the region. Spending per pupil is about average in this group but poverty is very high. Sixty-three percent of students in these seven districts were eligible for free or reduced lunch in 1999, a rate more than 30 percent above the regional average.

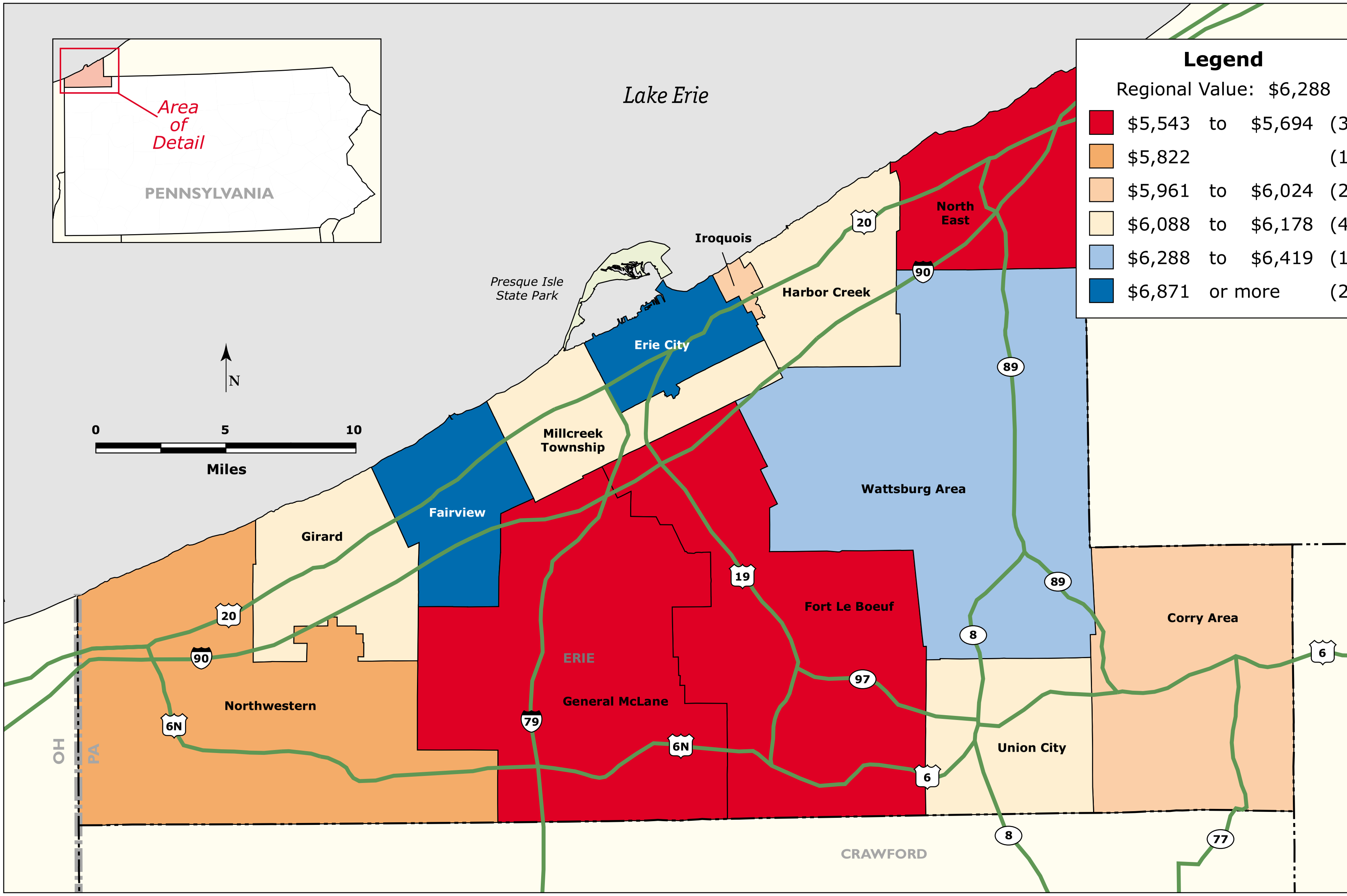
A group of three, second ring suburban districts fall into the low spending, low cost category. These districts serve about 13 percent of the region's elementary students. Although they face significantly less stress than the first group—the free lunch eligibility rate was 29 percent in these districts—enrollments were growing for the most part and spending per pupil was eight percent below the regional average.

The two districts that border the City of Erie (Millcreek and Harbor Creek) comprise the moderate spending, low cost group. Poverty was low overall in these districts—24 percent of students were eligible for free or reduced lunch—but it was increasing by greater-than-average rates in 4 of the districts' 10 elementary schools. The Millcreek District also showed the second highest special education spending rate in the region—17 percent of instructional expenditures in 1999—suggesting that stress may be growing in parts of these districts.

Only one district—the Fairview School District—fell into the high spending, low cost category. Fairview showed the highest spending per pupil ($7,097 or 13 percent above the average) and the lowest free and reduced lunch eligibility rate (13.4 percent) in the region. It clearly qualifies as the least stressed district in the region.

Overall, the region shows a troubling degree of fiscal inequality. Municipal tax capacities vary widely and do not correspond well with service needs or costs. An important outcome of this is much greater than average municipal tax rates in the region's cities and boroughs—a characteristic that puts them at a significant competitive disadvantage in the regional economy. There is significantly less variation in school spending per pupil. However, a majority of the region's elementary students attend schools in districts showing clear signs of stress. Further, in some districts where overall indicators of stress are relatively low, individual schools show clear signs of stress in the form of growing poverty. Schools are an important factor in household decisions about where to live. When school quality cannot be maintained at high levels, the regional economy suffers along with local housing and job markets.

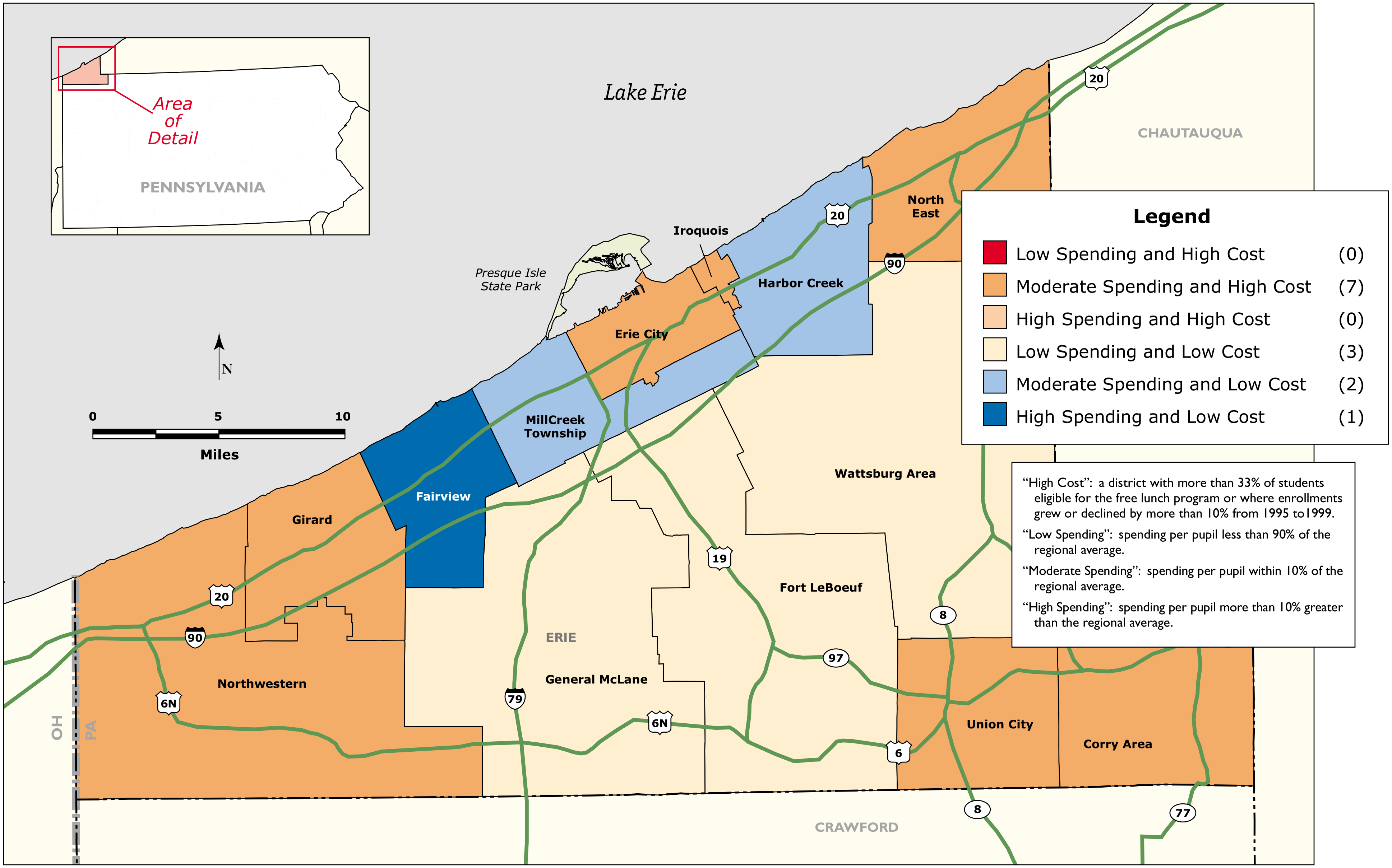
# Map 7 ERIE REGION:
# Total Expenditures per Student by School District, 1999




| Legend | |
|---|---|
| Regional Value: $6,288 | |
| $5,543 to $5,694 | (3) |
| $5,822 | (1) |
| $5,961 to $6,024 | (2) |
| $6,088 to $6,178 | (4) |
| $6,288 to $6,419 | (1) |
| $6,871 or more | (2) |

Data Source: Pennsylvania Department of Education.

# Map 8 ERIE REGION:
# School Districts Grouped by Expenditures per Pupil and Costs, 1999




Data Source: Pennsylvania Department of Education.

## STRATEGIES FOR REGIONAL REFORM

The information presented in this report demonstrates the need for a regional approach to stabilize communities struggling with social and economic disinvestments, reduce fiscal disparities and dependence on the local tax base to fund basic public services, and discourage sprawling development patterns. It is becoming increasingly clear that the problems facing the Erie region cannot be effectively addressed without revisiting the various policies and incentives that shape public and private investment decisions.

Researchers, public policy experts, and a number of local organizations in the Erie region are beginning to call for a strong, multifaceted, regional response to the challenges facing the region as it grows. The Erie region is not alone. Similar issues face regions across the country. Citizens, businesses, public officials, and policy leaders are working together to better address the negative impact of unplanned and inequitable growth. Many are reviewing existing public policies and reforming them as necessary to promote more equitable and sustainable growth patterns. Several regions have had policies addressing these issues in place for many years.

To combat the patterns that lead to social separation and wasteful sprawl, MARC has identified at least three broad policy areas where strategies and discussions are most needed: 1) financing local government services; 2) land use planning; and 3) regional or cooperative governance. In addition to addressing individual challenges, many strategies in these dimensions are mutually reinforcing. Successfully implementing reforms in one dimension makes implementing reforms in the others much easier, both substantively and politically.

***Financing Local Services***: Disparities in the abilities of local governments to generate revenue are among the primary causes of social separation and sprawling development patterns in the Erie region. When responsibility for land use planning and a wide range of important local public services are placed in the hands of the region's fragmented local governments, there are strong incentives for fiscal issues to dominate local land use planning and location decisions of local firms and households. Rather than encouraging coordinated local land use planning, this system encourages municipalities to compete for revenue-generating land uses. Further, the system magnifies local fiscal differences (in tax rates, for instance) that affect the distribution of business activity within the region. The places that are most in need of additional resources and stability because of high or increasing social stresses or rapidly growing population are those that are losing the fiscal "game" being played out throughout the region.

In order to reduce these disparities and create a more level playing field, there is need for reforms that reduce dependence on local fiscal resources and land-use decisions and create a more equitable distribution of the costs and benefits of regional growth. Not only do such reforms improve equity, reduce wasteful competition, and foster cooperation, but they also make regional land-use planning more possible and create the potential for both improving services *while lowering taxes* for a majority of citizens in the region.

Equalization programs are already in use in nearly every state, primarily through state funding of basic educational costs. Pennsylvania is among these, with a number of programs that distribute state revenues back to school districts based on wealth, enrollment and other factors. The Basic

Education program, for instance, distributes over $3.3 billion to school districts. Most of this money is distributed to poorer districts, as "the poorest one-half of school districts receive 63 percent of basic education funding even though they have less than 46 percent of the students."[26] However, Pennsylvania ranks relatively low in the level of state government support for public education. In the late 1990's state education aid in Pennsylvania supported just 40 percent of total state and local spending for public education compared to an average of 48 percent nationwide. (Just 11 states ranked lower than Pennsylvania.[27]) Even with the aid that does come into the region, the majority of students in the Erie region attend schools in districts forced to deal with higher than average costs with only average spending.

A number of states have taken the equalization concept further by creating programs that address inequities not just in education, but also in municipal finances. These include Wisconsin, Michigan, and Massachusetts. Using various redistribution formulas, these programs have helped communities with few local resources of their own provide the basic services and infrastructure they need. Pennsylvania compares more favorably to other states in this dimension. In 1997, state aid represented 20 percent of municipal budgets statewide, compared to 18 percent nationwide. However, adding state aid to the mix does not result in substantial reductions in inequality in the resources available to support municipal services in the Erie area.[28]

Constructive regional policies are also available. One of the most aggressive efforts to reduce fiscal inequality within a single metropolitan area is the Twin Cities Fiscal Disparities Program. Adopted in 1971, this program creates a regional pool of commercial industrial tax-base that is distributed to local taxing authorities, including municipalities, counties and school districts. Forty percent of the growth in commercial and industrial property tax base since 1971 goes into the regional pool. This 'regional' tax base is then distributed back to each taxing authority based on their total local property tax base (including the residential base). Low tax capacity communities tend to receive more tax base from the pool than they contribute, reducing fiscal inequity. As a result of this program, fiscal disparities in the Twin Cities have been reduced for cities with a population of over 9,000 from 15:1 to less than 5:1.[29] The program also reduces the incentives that fuel wasteful competition among local governments for revenue-generating development by reducing the fiscal reward accruing to the winners, while at the same time allowing municipalities to retain enough of the fiscal benefit to pay for the public costs of development.

A similar tax base sharing program in the Erie region could mean significant benefits for much of the regional population. MARC simulations of the outcomes of such programs across a large number of metropolitan areas typically result in municipalities with 60 to 65 percent of regional populations receiving net benefits from the program.

At the local level, Pennsylvania is a national leader in the use of the so-called "split-rate" property tax—a property tax system that taxes land more heavily than improvements to land (such as buildings). The split-rate tax encourages more intensive use of land and discourages land speculation or abandonment. Fifteen cities in Pennsylvania currently use the tax[30] and there is research suggesting that Pittsburgh's split-rate tax has had positive economic outcomes.[31] Local economic development imperatives have been used as the primary rationale for the use of the tax but, since it promotes more intensive use of land, it could also be a constructive component of a broader anti-sprawl program. A wide variety of other fiscal incentives to promote reinvestment or "smart growth" might also contribute to such a program. Tax incentives to encourage brownfield development and discourage greenfield development are one possibility. The use of federal and state aid funds to reward reinvestment or brownfield development is another.[32]

***Land Use Planning***: As has been shown throughout this report, there are many costs associated with the inequitable, inefficient, sprawling growth seen in the Erie region and so many other regions throughout the country. If the patterns that result in social separation, disinvestment in the central city, and growing fiscal stress in many parts of the region are allowed to continue, the economic and social stability of the region will be at risk. The Erie region is already struggling with some of the negative impacts—including worsening traffic congestion, loss of valuable open space and habitat, and increasing social separation.

Many states and regions are beginning to create a cooperative framework for land use planning that encourages regions to plan together for their common future and to consider the regional consequences of local decisions. The states of Oregon and Washington have developed the most comprehensive growth management frameworks. Other states, such as Maryland, Tennessee and Florida have developed frameworks to address the common problems involved in rapid growth and the need to stabilize older communities. The energy behind these efforts, and growing support across the country for similar efforts point to the need for a coordinated, regional approach for addressing local and regional land use issues.

Pennsylvania's recently passed "smart growth" legislation in June of 2000 is a strong step in the right direction. This bill, passed with overwhelming majorities in both the state House and Senate, enables municipalities and counties in the state to work together in regulating growth regionally and allows for the transfer of development rights in order to preserve agricultural and natural resources.[33] A preliminary discussion of such "multi-municipal" planning is occurring among some smaller communities within the Erie region. Such agreements to plan together could help growing townships in the region to share new or growing needs with partners (nearby townships or boroughs), while also allowing those partners to avoid serious service cutbacks resulting from declining population or tax base. Similarly, the legislation would be an excellent vehicle for cooperation among inner suburban communities with common interests. The First Suburbs Consortium in the Cleveland area is a good model of such efforts but the Pennsylvania legislation provides the legal basis for even more significant collaboration. For instance, a joint planning effort by the City of Erie, Millcreek Township, Lawrence Park Township and the Borough of Wesleyville (municipalities with many common interests) would be a very worthy, and feasible, short-term goal. Cooperation among these four municipalities alone would represent more than 60 percent of the region's population, a very significant step toward regional planning.

Erie's status as a single county metropolitan area is another (relatively unusual) characteristic that provides a potential vehicle for planning on a regional scale. Unlike most metropolitan areas, the region already has a well-established region-wide government with planning powers—the County of Erie. Counties in Pennsylvania are required to develop a comprehensive plan. To date the County has met part of that requirement—it has completed and approved the transportation and housing portions of the comprehensive plan—but the land use portion of the plan has not been approved and was last updated in 1978. A land use plan by a regionwide organization that has significant service responsibilities, as the County does, is an excellent vehicle for targeting government development activities to areas where blight, brownfields, infrastructure and transit exist. Completing the county comprehensive plan should be given high priority. Not only does the region need the plan, but the comprehensive planning process itself provides a vehicle for residents of the area to begin to think and act as a region.

***Metropolitan Governance***: Social separation and sprawling development patterns affect not just a few cities, but the entire region. However, the fragmented nature of land-use planning and local governance has meant that there are few if any coordinated strategies for dealing with these problems on a *region-wide* scale. Without a governance structure that provides the power to shape regional land use and public investment patterns, the ability to effectively address regional problems is greatly reduced.

Some analysts have asserted that effective, long-term regional cooperation is impossible. However, experience shows that multi-jurisdictional governance is not only possible but that it has been occurring in every metropolitan area of the country for more than 30 years. All metropolitan regions with a population of at least 50,000 people have in place a Metropolitan Planning Organization (MPO) that was created to allocate federal resources and plan for the construction and maintenance of the regional transportation system. Several metropolitan areas have either vested the MPO with additional powers or housed it within a larger organization with broader powers.

The development of regional institutions is not a simple task, of course. The process is politically and, in some states, legally difficult. However, the Erie area enters this process with some distinct advantages. As described above, recent changes to Pennsylvania state law have made inter-local cooperation easier. In addition, the region is already home to several organizations with powers and track records in inter-local cooperation or regional policy-making. The County of Erie is, in effect, a regional multi-purpose government whose taxing authority provides the region with a region-wide tax-base sharing system of sorts. The region's MPO, the Erie Area Transportation Study (administered by the Erie County Department of Planning) is responsible for transportation planning. Rural areas in the region are home to two Councils of Government (COGs). The Northwest Pennsylvania Tri-County COG, based in Corry City, was formed to coordinate transportation planning among its eight members. The East Erie County COG, based in Lawrence Park Township, manages a communication center serving seven municipalities in the eastern portion of the region. In addition, the Erie Area COG serves most of the urbanized portion of the region (including about 70 percent of the region's population) and is active in government purchasing (for its members and for other municipalities and school districts in the region), local tax reform efforts, and interactions with regional organizations. It is also attempting to expand into other areas such as building inspections and signage. Finally, the region is home to non-governmental organizations active in policy areas with regional implications. For instance, CALL, a local faith-based organization, is currently trying to pull together the city, county, state, and federal governments for redevelopment efforts in the Parade Street Corridor of Erie.

In short, the region is home to an impressive number of regional or multi-jurisdictional organizations. On the one hand, this provides the region with an abundance of platforms for inter-local cooperation, facilitating incremental steps toward regional cooperation. On the other hand, the large number of organizations means that the energy devoted to regional concerns is dispersed in many directions, making the task of coordinating efforts or consolidating roles into a single regional body with more comprehensive powers more difficult.

The development of a regional body with the authority to address regional concerns in a comprehensive manner is a key area for reform if the Erie region is to effectively address its regional challenges. In granting more power to address regional issues, however, it is important that such a regional body be held directly accountable for its actions to ensure that all residents of the region are represented. Over time, a fairly apportioned, accountable, directly elected regional body could help to ensure that the best interests of the entire region are represented as it coordinates strategies to address regional issues.

Obviously, any strategies to achieve these ends should be developed by those who live and work in the Erie region to ensure that they are tailored to its unique cultural, economic and political environment. To foster lasting regional prosperity however, these strategies must address the structural and economic realities that create the social and economic disparities that now exist in the region.

## ENDNOTES

[1] The Erie Region is defined as Erie County for the purposes of this work.

[2] Larry C. Ledebur and William R. Barnes, "All In It Together": *Cities, Suburbs and Local Economic Regions* (Washington, D. C.: National League of Cities, 1993).

[3] William R. Barnes and Larry C. Ledebur, "City Distress," *Metropolitan Disparities, and Economic Growth* (Washington, D. C.: National League of Cities, 1992).

[4] Jonathan Crane, "The Effects of Neighborhoods on Dropping Out of School and Teenage Childbearing," in *The Urban Underclass*, eds. C. Jencks and P. Peterson (Washington, D.C.: Brookings Institution, 1991), 299-320; Susan E. Mayer, "How Much Does a High School's Racial and Socioeconomic Mix Affect Graduation and Teenage Fertility Rates?" in *The Urban Underclass*, 321-41; Massey and Denton, *American Apartheid,* 169-70; Dennis P. Hogan and Evelyn Kitagawa, "The Impact of Social Status, Family Structure, and Neighborhood on the Fertility of Black Adolescents," *American Journal of Sociology* 90, no. 4 (1985): 825-55; Frank F. Furstenburg, Jr., S. Philip Morgan, Kristen A. Moore, and James Peterson, "Race Differences in the Timing of Adolescent Intercourse," *American Sociological Review* 52 (1987): 511-18; Elijah Anderson, "Neighborhood Effects on Teenage Pregnancy," in *The Urban Underclass*, 375-98; Sara McLanahan and Irwin Garfinkel, "Single Mothers, the Underclass, and Social Policy," *The Annals of the American Academy of Political and Social Science* 501 (1989): 92.

[5] Crane, "The Effects of Neighborhoods," 274-320; Mayer, "Graduation and Teenage Fertility Rates," 321-41; Massey and Denton, *American Apartheid*, 169-70.

[6] Massey and Denton, *American Apartheid*, 180-82.

[7] John Baugh, *Black Street Speech: Its History, Structure and Survival* (Austin: University of Texas Press, 1983): 11-22; William Labov, *Language in the Inner City: Studies in the Black English Vernacular* (Philadelphia: University of Pennsylvania Press, 1972); Id., "The Logic of Nonstandard English" in *Black American English: Its Background and its Usage in the Schools and in Literature*, ed. Paul Stroller (New York: Dell Publishing Company, 1975); William Labov and Wendell Harris, "De Facto Segregation of Black and White Vernaculars," in *Diversity and Diachrony*, ed. David Sankoff, *Current Issues in Linguistic Theory Series*, vol. 53 (Philadelphia: Benjamins, 1986), 1-24; William Labov, *Locating Language in Space and Time* (New York: Academic Press, 1980).

[8] Joleen Kirschmen and Kathryn M. Neckerman, "'We'd Love to Hire Them, But...': The Meaning of Race for Employers" in *The Urban Underclass*, eds. C. Jenks and P. Peterson (Washington, D.C.: Brookings Institution, 1991): 203-32; Roger Shuy, "Teacher Training and Urban Language Problems," in *Black American English: Its Background and Its Usage in the Schools and in Literature*, ed. Paul Stoller (New York: Dell Publishing Company, 1975): 168-85.

[9] Myron Orfield, *American Metropolitics*, (Washington D.C.: Brookings Institution, 2001, forthcoming), Table 2.1.

[10] Data on eligibility for free or reduced-cost lunches are from the Pennsylvania Department of Education. Elementary schools where data on free lunch were not available or where fewer than 50 students were enrolled were excluded from these calculations.

[11] Data on elementary student race are from the Pennsylvania Department of Education. Elementary schools where data on student race were not available or where fewer than 50 students were enrolled were excluded from these calculations.

[12] Urbanized area data is from the U.S. Census Bureau. The Erie region has one urbanized area, as designated by the U.S. Census Bureau. An urbanized area is defined as "a continuously built-up area with a population of 50,000 or more. It comprises one or more places—*central place(s)*—and the adjacent densely settled surrounding area—

*urban fringe*—consisting of other places and nonplace territory" (US Bureau of the Census (1994). Geographic Area Reference Manual. Washington, D.C., US Bureau of the Census**:** Chapter 12.) The Census Bureau defines a place as "densely settled" if it has a population density of at least 1,000 people per square mile.

[13] Orfield, *American Metropolitics*

[14] However, there is some debate about the accuracy of the measured declines in Harbor Creek. See George Miller, "Erie County Officials Question the Accuracy of Census Figures," *Erie Times-News*, March 31, 2001.

[15] See Pat Howard, "City-Style Troubles in Suburbs in Time Will Boost Regionalism," *Erie Times-News*, April 29 2001.

[16] Earned income tax rates do not vary much from place to place in the region—35 of 38 municipalities assess a .5 percent earned income tax, 2 municipalities assess a lower rate and one (Edinboro Borough) assesses a 1.5 percent tax. Property tax rates vary by much more around the average of .45 percent of equalized value—from a low of .03 percent of equalized value in Concord Township to a high of 1.3 percent of equalized value in Erie.

[17] Tax capacity data are from the Pennsylvania Department of Community and Economic Development and the Pennsylvania State Equalization Board. Property tax base estimates (equalized value) exclude property exempted from taxation by local actions or state law. Based on a general measure of inequality, the Gini coefficient, inequality in the distribution of tax capacities in Erie is roughly equal to the average in the 25 largest metropolitan areas. The Gini coefficient measures the difference between the actual distribution of capacities and a perfectly equal distribution. It varies between 0 and 1, taking on a value of 0 if the distribution is perfectly equal (all jurisdictions in the region have the same tax capacity per household) and 1 if the distribution is perfectly unequal (all tax capacity is in a single community with only one household). The Gini coefficient for the Erie region was .19 in 1999 compared to an average of .22 in the 25 largest areas.

[18] This picture changes very little if state aid is added to the mix. In general, state aid decreases inequality (lower than average capacity places tend to receive greater than average amounts of state aid per household). However, aid pushes only two places with lower than average tax capacities above the mean of tax capacity plus aid (Concord and Wayne Townships) and aid flows generally worsen the position of boroughs, places that generally show greater than average needs. Three of the four boroughs with higher than average tax capacities per household fall below the average for capacity plus aid and the relative position of 11 of the 14 boroughs in the region worsens when aid is added to the mix.

[19] Price data are not available for the Erie region. The inflation factor used in the analysis was derived from price data (the Consumer Price Index) for the Pittsburgh metropolitan area from the Bureau of the Census.

[20] Erie does receive more state aid than suburban areas. However, when aid is added to tax capacity, Erie's capacity per household still falls below the regional average by more than 22 percent.

[21] Larry C. Ledebur and William R. Barnes, "All In It Together": *Cities, Suburbs and Local Economic Regions* (Washington D. C.: National League of Cities, 1993).

[22] William R. Barnes and Larry C. Ledebur, City Distress, *Metropolitan Disparities, and Economic Growth* (Washington D. C.: National League of Cities, 1992).

[23] Again, adding state aid to the mix does not change these general relationships.

[24] Data on school district spending per student are from the Pennsylvania Department of Education.

[25] Pennsylvania Department of Education. Available at: http://www.pde.psu.edu.

[26] "Public School Finance Commission Report", Prepared for Governor Tom Ridge by The Governor's Advisory Commission on Public School Finance and the Pennsylvania Department of Education, 1996.

[27] Bureau of the Census, *1997 Census of Governments*. See Orfield, *American Metropolitics*, Table 7.1 for a listing of the 50 states.

[28] The relative position of one group of high need communities—boroughs—actually worsens when state aid is added to the tax capacity measure. See endnotes 17 and 19.

[29] Citizens League, "26th Annual Tax Base Sharing Analysis", *Minnesota Journal*, January 2000. Available at: http://www.citizensleague.net/mj/2000/01/fiscal_disparities.htm

[30] See "Pennsylvania's Success with Local Property Tax Reform: The Split Rate Tax," http://www.earthrights.net/docs/success.html.

[31] See Wallace E. Oates and Robert M. Schwab, "The Pittsburgh Experience with Land Value Taxation," in Helen F. Ladd, *Local Government Tax and Land Use Policies in the United States: Understanding the Links*, Edward Elgar Publishing: Northampton, 1998.

[32] See "Linking Brownfields Redevelopment and Greenfields Protection for Sustainable Development," the Great Lakes Commission, June 2001 for a catalog of potential incentive and regulatory programs to promote redevelopment.

[33] Pennsylvania Act 67 (House Bill 14) and Act 68 (Senate Bill 300) were signed into law by Governor Ridge in June of 2000. These acts amend the Municipalities Planning Code (MPC) that gives municipalities the authority to regular land use.