

# MAKING SMARTER STATE INVESTMENTS: A Metro Analysis of the Geographic Distribution of Business Subsidies Lehigh Valley, Pennsylvania



This Metro Analysis is being released in conjunction with a statewide report by Keystone Research Center (KRC), examining the extent to which state economic development funds are directed towards older urbanized areas and to outlying areas. Our hope is that this new localized information will offer new insights to the role of business subsidies locally and suggest opportunities for change in how they promote economic development. The report looks at three state-funded programs administered by the Department of Community and Economic Development: the Infrastructure Development Program (IDP), the Opportunity Grant Program (OGP), and the Pennsylvania Industrial Development Authority (PIDA) program. Covering grants and loans made between May 2003 and November 2008, the report defines cities, boroughs, and first-class townships as older urbanized areas and defines second-class townships as outer areas. Nine metropolitan areas are ranked based on their distribution of funds between older urbanized and outer areas. Those that distribute a greater share of funds to older urbanized areas receive a higher ranking in this analysis. The report and an interactive map, which identifies the location of each subsidy project, may be found at [keystoneresearchmap.org](http://keystoneresearchmap.org).

Keystone Research Center · 412 N. 3rd Street, Harrisburg, PA 17101 · 717-255-7181 · [keystoneresearch.org](http://keystoneresearch.org)

## Lehigh Valley region (including Carbon County) at a glance<sup>i</sup>

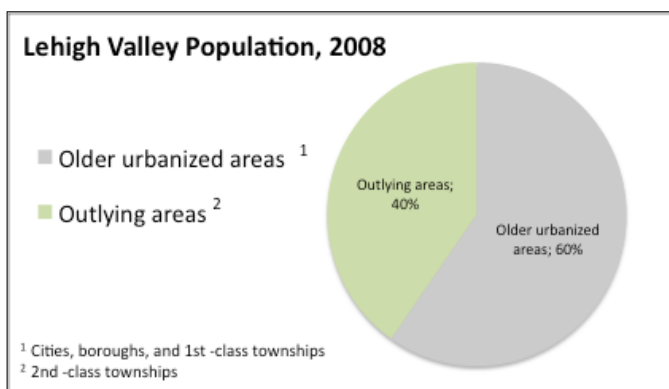
Location	Population 2008 <sup>ii</sup>	Population Change 2000–08
Older urbanized areas	416,987	-13.0%
Outlying areas	281,347	22.4%
Lehigh Valley Metro	698,334	-1.6%

Location	Poverty 2007
Cities of Allentown and Bethlehem*	19.1% <sup>iii</sup>
Rest of Lehigh Valley Metro	6.0% <sup>iv</sup>

\*Note. Poverty data exist for these two cities but not for all older urbanized areas.

**Older areas in the Lehigh Valley are losing population rapidly.** Since 2000, the Lehigh Valley—defined here as Carbon, Lehigh, and Northampton—has undergone a dramatic population shift. Since 2000, the older urbanized areas have lost 62,000 people, a 13% decrease, while outlying areas of the region have gained 51,000 people, a significant growth of 22.4%. Poverty is over three times higher in the cities of Allentown and Bethlehem than in the rest of the metro region.

## More than half of Lehigh Valley residents live in older urbanized areas



**Well over half of the population of the Lehigh Valley still lives in older urbanized areas.** These older urbanized areas include cities, boroughs, and 1<sup>st</sup>-class townships in the metro region. If business subsidies are targeted to older urbanized areas, they can help maintain the vitality and the health of the region as a whole. About 40% of residents live in outlying areas, which include 2<sup>nd</sup>-class townships in the metro region.

## Dollar for dollar, outlying areas in the Lehigh Valley receive more subsidies

On a per person basis, for every \$1 received by outlying areas from 2003 to 2008 . . .



older urbanized areas received just 58 cents.



In the 2010 statewide report, *Making Smarter State Investments: The Geographic Distribution of Business Subsidies in Pennsylvania*, KRC found that from May 2003 to November 2008, PIDA, OGP, and IDP contributed nearly \$34.5 million to the Lehigh Valley. On a per person basis, **for every \$1 that outlying areas received, the older urbanized areas received just 58 cents.** The graphic to the left illustrates the tilt of business subsidies toward outlying areas in the Lehigh Valley.

## Outlying areas in the Valley receive more subsidies than in most PA regions

The Lehigh Valley distributed **75% of the state average in business subsidies to older urbanized areas and 130% of the average to outlying areas from 2003–2008.** These subsidies come in the form of grants (OGP, IDP) and loans (PIDA). Lehigh Valley’s older urbanized areas received less than the state average in grants and loans compared to outlying areas, which received 171% of the state average in *grant* dollars and close to the state average in *loan* dollars.

*Business subsidies received per capita as a percentage of the Pennsylvania average: Lehigh Valley*

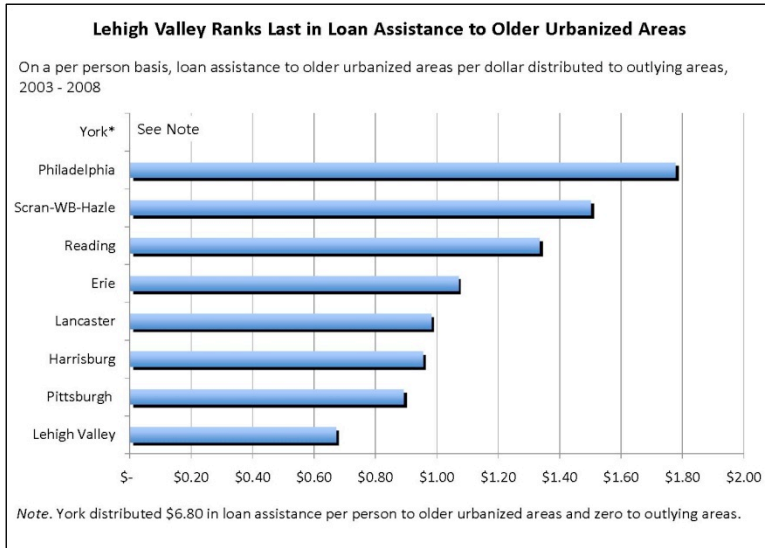
	<b>Total</b>	<b>Grant</b>	<b>Loan</b>
State average	100%	100%	100%
Older urbanized areas	75%	90%	64%
Outlying areas	130%	171%	96%

## Statewide, subsidies in the Lehigh Valley target older urbanized areas

<b>Business Subsidy Targeting to Older Communities</b>	
Erie	#1
Reading	#2
Harrisburg-Lebanon-Carlisle	#3
Philadelphia	#4
Scranton-Wilkes-Barre-Hazleton	#5
Pittsburgh (tie)	#6
Lancaster (tie)	#6
York	#8
<b>Lehigh Valley</b>	<b>#9</b>

Suburban sprawl consumes scarce land while endangering older communities by reducing jobs and population, weakening tax bases, and concentrating poverty. Targeting subsidies to older communities can combat sprawl by promoting well-planned, concentrated development using existing infrastructure. In a comparative ranking of business subsidy targeting in nine Pennsylvania metro regions, the Lehigh Valley ranked last. This ranking takes into account both the business subsidies that go to older urbanized areas versus outlying areas and the grant dollars received by outlying areas.<sup>v</sup> The rankings for the components of our subsidy targeting index follow on the next page.

## Compared to other metros, Lehigh Valley invests little in older urbanized areas

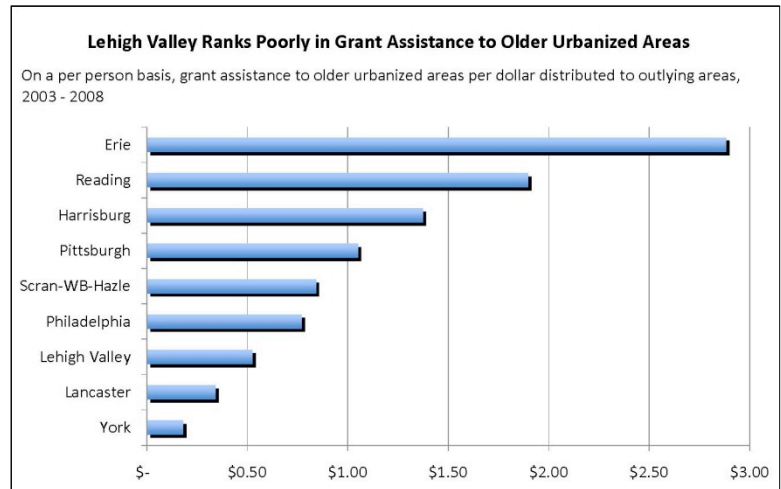


Lehigh Valley ranks last based on distribution of *loan assistance* to older urbanized areas versus outlying areas

In comparison to nine other Pennsylvania metro regions, the Lehigh Valley distributed the least assistance to its older urbanized areas *relative* to its outlying areas. On a per person basis, **older urbanized areas received 66 cents for every loan dollar received by outlying areas.**

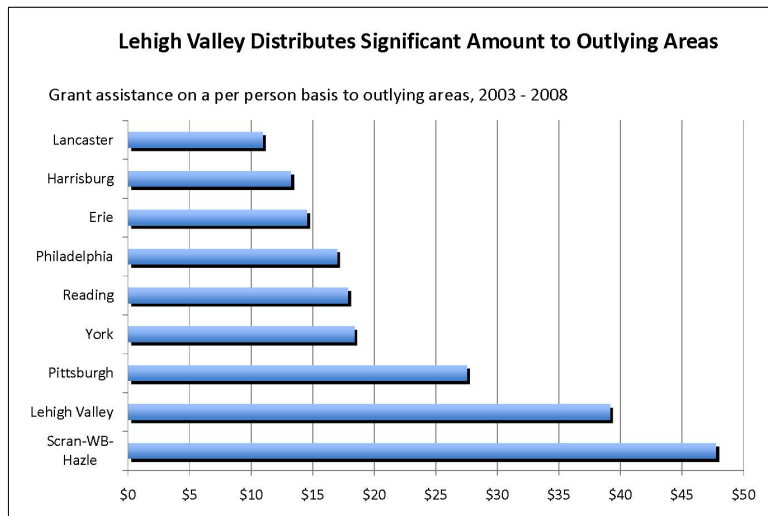
## Lehigh Valley ranks poorly: Distribution of grant assistance to older urbanized areas versus outlying areas

Grant assistance (as opposed to loan assistance) is the most valuable form of business subsidy because it does not have to be repaid. On a per person basis, **older urbanized areas in the Lehigh Valley received a little over half as many grant dollars as outlying areas.** Six other Pennsylvania metro regions distributed a higher ratio of grant dollars to older urbanized areas than the Lehigh Valley.

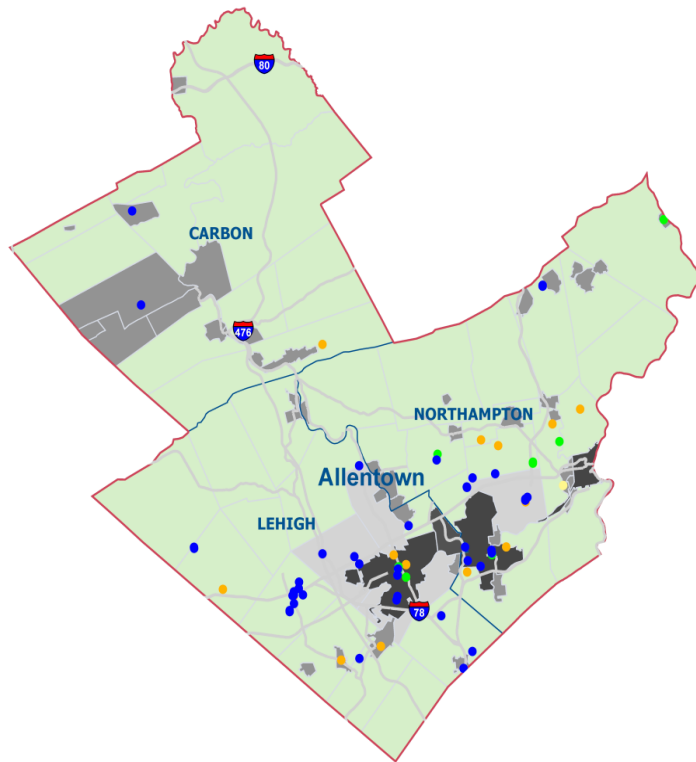
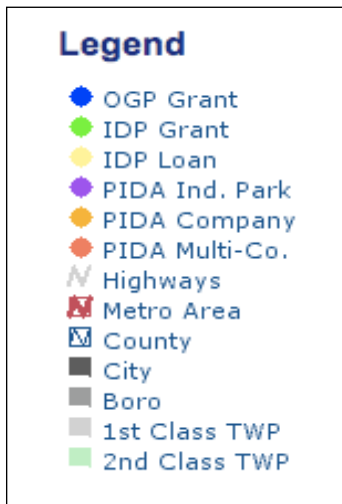


In the Lehigh Valley, outlying areas receive significant numbers of grant dollars

In comparison to nine other metro regions, the Lehigh Valley is second only to Scranton-Wilkes-Barre-Hazleton in how much grant assistance per person goes to outlying areas. **At \$39 per person, outer areas in the Lehigh Valley receive more than double what many do in other metro areas.**



## Lehigh Valley, Pennsylvania



The figure at the right represents the entire Lehigh Valley defined as Carbon, Lehigh, and Northampton counties. As the map indicates, business subsidies in the Lehigh Valley are not well targeted to older urbanized areas, represented here in three shades of gray.

**On a per person basis, older urbanized areas received \$8.19 as compared to in outlying areas, which received \$65.74.** To view the map in more detail and to leave feedback, please visit [www.keystoneresearchmap.org](http://www.keystoneresearchmap.org).

*As part of its data analysis of business subsidies in Pennsylvania, the Keystone Research Center has made its data available at [www.keystoneresearchmap.org](http://www.keystoneresearchmap.org) where viewers can see the location of all PIDA, OGP, and IDP business subsidies in the last 10 years by county, municipality, metro region, and school district. Viewers can also pull up summary reports with the name of each company receiving subsidies and the amount of each subsidy.*

**The Keystone Research Center is a nonprofit, nonpartisan research organization that promotes a more prosperous and equitable Pennsylvania economy. Learn more online: [keystoneresearch.org](http://keystoneresearch.org)**

<sup>i</sup> This metro analysis includes Carbon County within the definition of the Lehigh Valley. The Census Bureau name of the Carbon-Lehigh-Northampton metro area is Allentown-Bethlehem-Easton. A separate metro report presents data for the Lehigh Valley without Carbon County. The results are similar with and without Carbon County.

<sup>ii</sup> U.S. Census Data 2008 Estimate, <http://www.census.gov/popest/cities/SUB-EST2008-5.html>

<sup>iii</sup> *Source.* Poverty Status in the Past 12 Months, 2006-2008 American Community Survey 3-Year Estimates, [http://factfinder.census.gov/servlet/DatasetMainPageServlet?\\_lang=en&\\_ts=278606458090&\\_ds\\_name=ACS\\_2008\\_3YR\\_G00\\_&\\_program=>](http://factfinder.census.gov/servlet/DatasetMainPageServlet?_lang=en&_ts=278606458090&_ds_name=ACS_2008_3YR_G00_&_program=>). The poverty figure shown is of the cities of Allentown and Bethlehem only. No data exist for City of Easton or for the entire older urbanized areas of the Lehigh Valley.

<sup>iv</sup> *Source.* Keystone Research Center estimate for poverty in the Lehigh Valley *excluding* the cities of Allentown and Bethlehem

<sup>v</sup> *Note.* Methodology: The smart-growth ranking is a composite score based on three rankings: 1) ratio of loan assistance per capita to older urbanized areas versus outlying areas; 2) ratio of grant assistance per capita to older urbanized areas versus outlying areas; 3) grant assistance per capita to outlying areas. (For the third component, the area with the lowest amount of grant assistance per capita going to outlying areas received a rank of one.) Ranks based on the second measure (ratio of grant assistance per capita), were weighted double.