

Appendix B

Setting the Land Use Context

SETTING THE CONTEXT: CAPTURING THE DEMOGRAPHIC, ECONOMIC, AND INVESTMENT TRENDS SHAPING REGION CENTRAL TODAY

Prepared for:
GBNRTC

In partnership with:
Stantec



**REGION
CENTRAL**

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April 28, 2021 Strategic Economics

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Key Findings

While Region Central has historically supported a diverse range of jobs and people, this diversity is starting to go away. These changes could impact the region's ability to foster inclusive economic growth and industry innovation.

Region Central is Becoming a Higher-End Residential Area

- *Existing housing prices are rapidly increasing.*
- *Median incomes are inching up in neighborhoods that have historically served low- and moderate-income households.*
- *Future projections show continued household growth primarily in what are now some of Region Central's lowest income neighborhoods.*

Region Central is an important employment area for Buffalo and the Region, but the job-mix is changing.

- *Historically, Region Central's business mix has been as diverse as its neighborhood residents.*
- *Future employment projections show this mix as declining while favoring more highly educated workers.*
- *Changes in the area's job mix could help the regional economy but could also accelerate displacement for low- and moderate-income households.*

Infrastructure and "placemaking" improvements will continue pushing up real estate values.

- *With appropriate policy interventions and investment strategies, these improvements can be made without accelerating residential displacement or losing future household diversity.*
- *A focused effort to increase educational opportunities for current Region Central residents will help these people find a place in the area's future economy.*
- *Without early and proactive interventions, changes driven by current trends could exacerbate "reserve sprawl," forcing lower-income households away from this regionally important employment node.*

Impact Area

What “Defines” Region Central

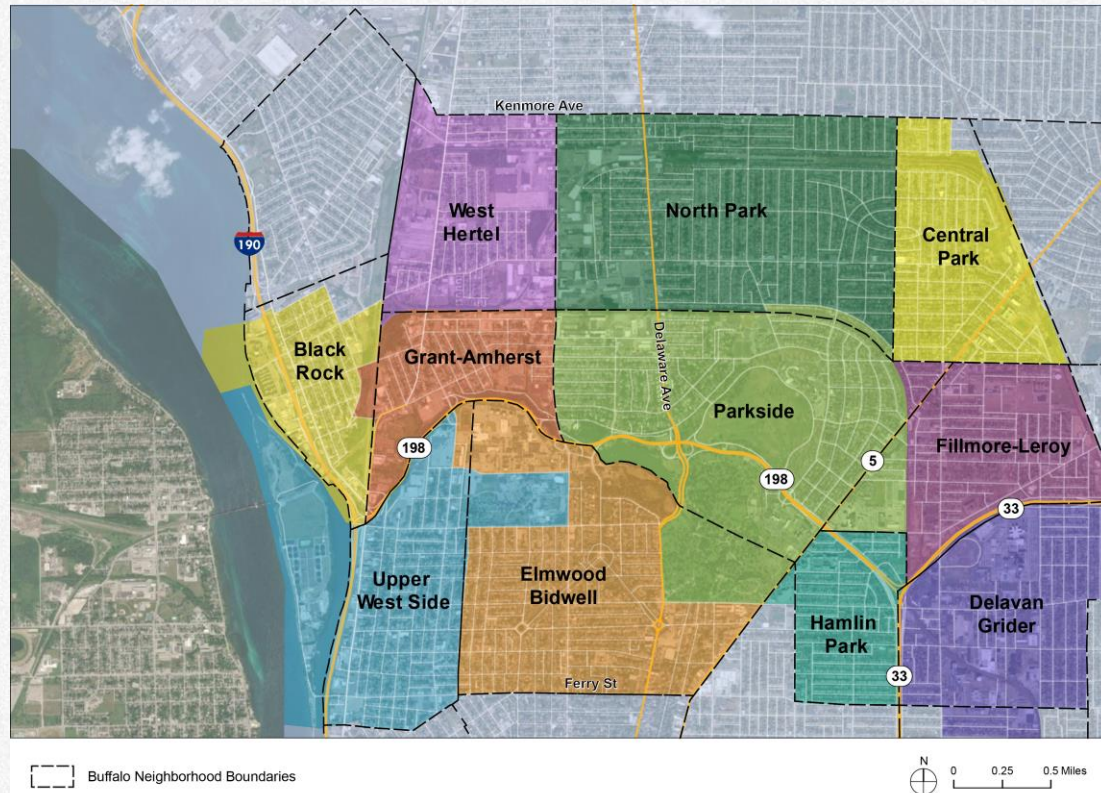
Region Central is composed of a unique set of assets. This combination demonstrates that the wealthy can live in proximity to the less fortunate; and that world renowned cultural amenities can co-exist with manufacturing businesses and big box store. While white flight and urban sprawl emptied so many of America’s historic urban neighborhoods, Region Central has never been left behind.

On the one hand, the area includes the Parkside neighborhood, the region’s premier historic neighborhood which grew up around Delaware Park, the largest and most important park in the system designed for Buffalo by Fredrick Law Olmsted. Parkside is home to some of the wealthiest households in the City, if not the region. Delaware Park is a major cultural destination in the region, with the country’s third oldest zoo, and the world renown Albright-Knox Art Gallery. Rounding out the area’s institutional assets is Buffalo State College serving almost 10,000 students.

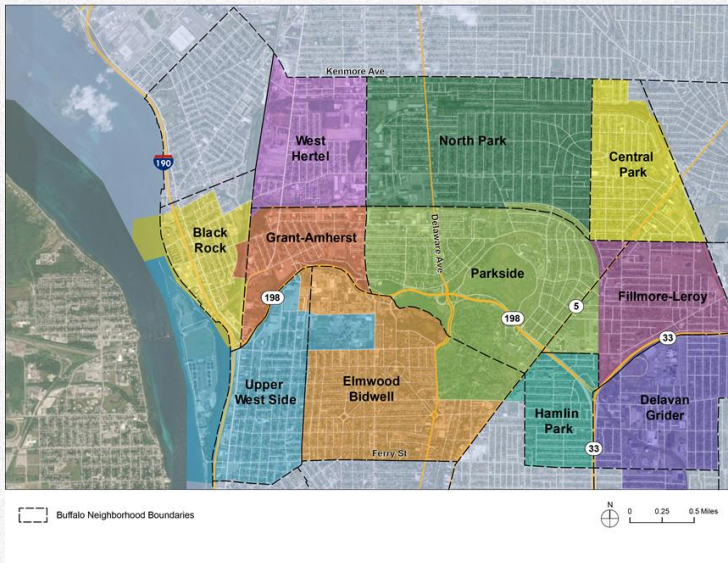
In contrast, Region Central also includes major legacy factories, including the former Pierce Arrow factory complex. And although many of these factories were shuttered long ago, this area still supports approximately 5,000 manufacturing jobs. And with these jobs are residential neighborhoods where many low-wage workers moved to take these jobs once Urban Renewal cleared many working-class neighborhoods on the City’s south side.

Why This Economic Impact Area?

The Scajaquada Expressway facilitates people moving into and out of neighborhoods and commercial areas to its north and south. Therefore, this analysis considers population, employment and real estate investment trends for the neighborhoods shown below. These neighborhoods were constructed to match both the City of Buffalo's designated neighborhoods and with census block groups. For purposes of this analysis, these neighborhoods will be referred to as "Region Central"



Who Lives in These Neighborhoods Today and How are They Changing?



Region Central has 84,000 residents.

In 2019, this area accounted for 33 percent of Buffalo's total population. There are 11 individual neighborhoods within Region Central and each neighborhood has its own history and distinct characteristics.

Although Buffalo has lost population for many years, over half of the Region Central neighborhoods have grown over the past ten years.

Except for Parkside, all neighborhoods that have added population are also low- or moderate-income neighborhoods such as Fillmore-Leroy, Upper West Side, and West Hertel.

High income neighborhoods in Region Central have remained stable, but low- and moderate-income neighborhoods have seen their median incomes increase.

The biggest increases in median incomes have happened in neighborhoods on Region Central's west side including Upper West Side, West Hertel, Grant-Amherst, and Black Rock.

Some Neighborhoods with rapidly increasing incomes are also seeing a decline in African American

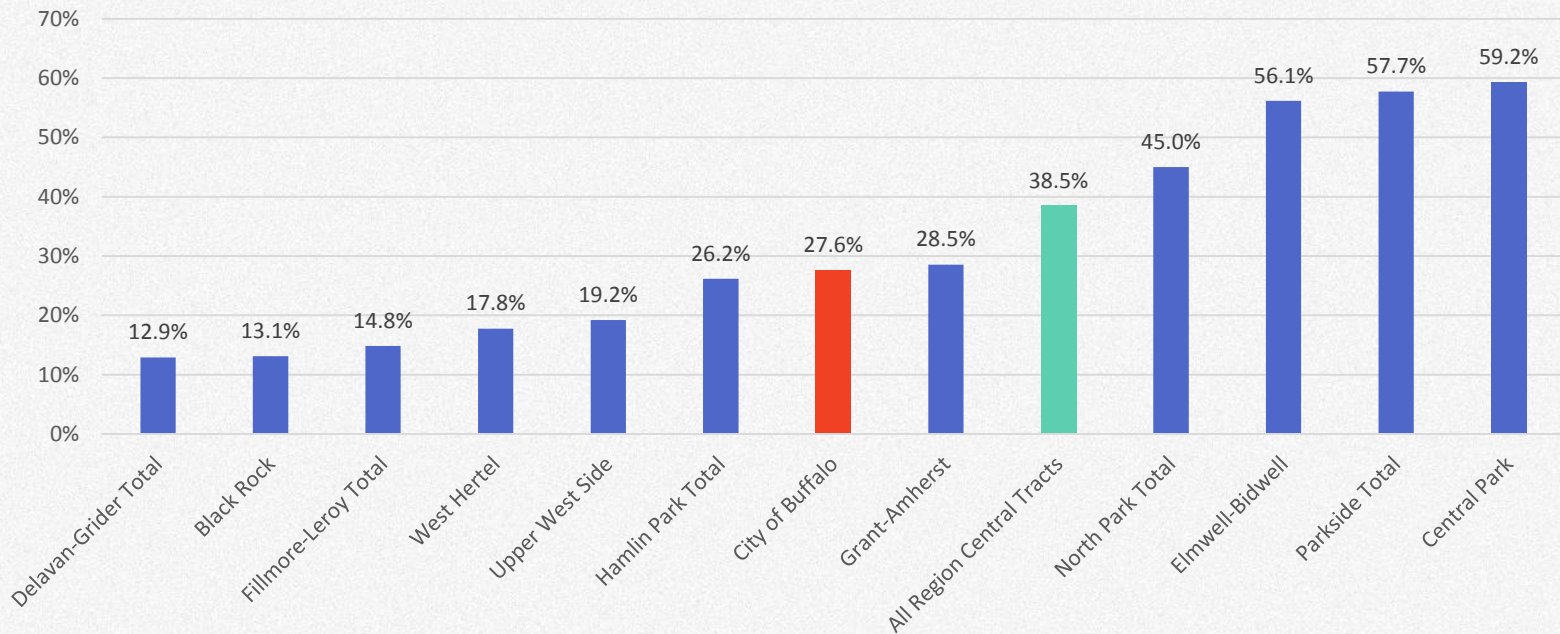
households. Some traditionally African American neighborhoods on the east side or Region Central, including Fillmore-Leroy, Hamlin Park, and Delavan-Grider. In contrast, Upper West Side and West Hertel both gained African American population, and most neighborhoods gained Latinx population.

Many households in Region Central pay a disproportionately high percentage of their income for rent. Seven out of 11 neighborhoods in Region Central pay well over one-third of their incomes for housing.

The greatest difference across neighborhoods is in the level of education residents have received.

The presence of people with college degrees or higher indicates a work force that contributes to a knowledge-based economy. According to the Federal Bank of New York, 32.8 percent of the region's population has a BA+, as compared to 33.1 percent nationally. The City of Buffalo is below both the regional and the national average, but four neighborhoods in Region Central are well over this average, while others are very much below. However, there are tangible "knowledge spillover benefits" from having people at both ends of this spectrum living in proximity to each other.

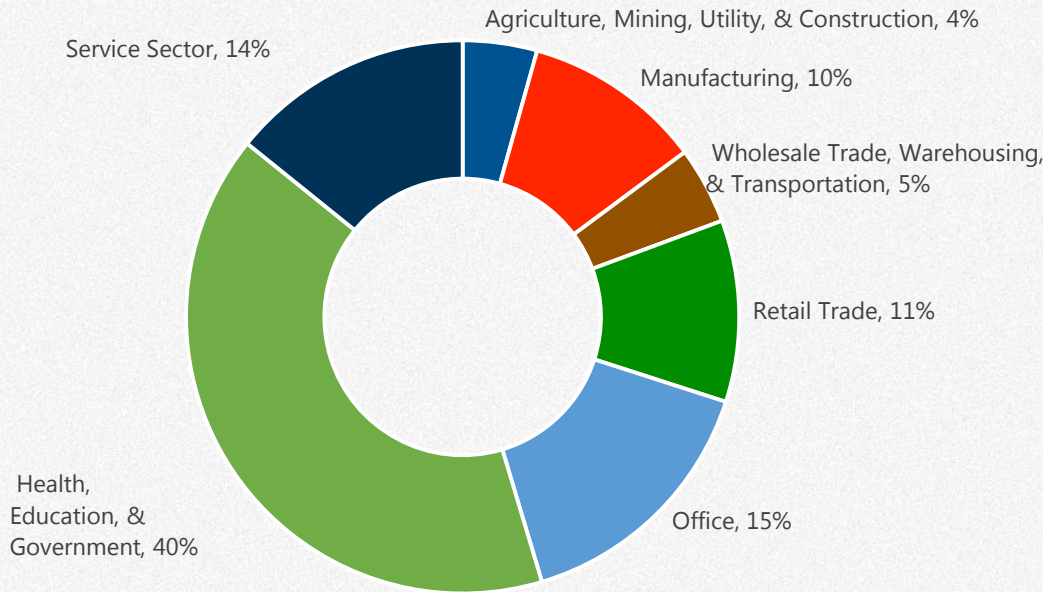
Educational Attainment for Population 25 Years and Over -- Share of Population with Bachelor's Degree or Higher



Source: American Community Survey 2019 (5 Year Estimates), Strategic Economics, 2021.

Who Works in Region Central?

Region Central Job by Industry Share: 2015



Source: GBNRTC, Strategic Economics

Note: 2015 is the most recent year for which detailed employment data by sector are available.

In 2015, Region Central had 45,453 jobs. These jobs comprised 28 percent of the City's jobs.

Region Central Accounts for almost 40 percent of the City's manufacturing jobs. Manufacturing accounts for a significant share of jobs loss both in Buffalo, and in the region.

Health, Education, and Government is the largest employment group in Region Central, with over 18,000 jobs. This represents about one-third of the total jobs in these industries within the City.

While Wholesale Trade and Logistics is a relatively small sector in Region Central, this industry uses similar buildings and needs similar infrastructure support as manufacturing. Logistics related jobs are also growing nationally and offer a range of employment opportunities, especially for those without a college degree.

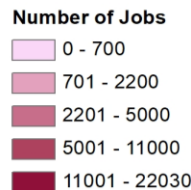
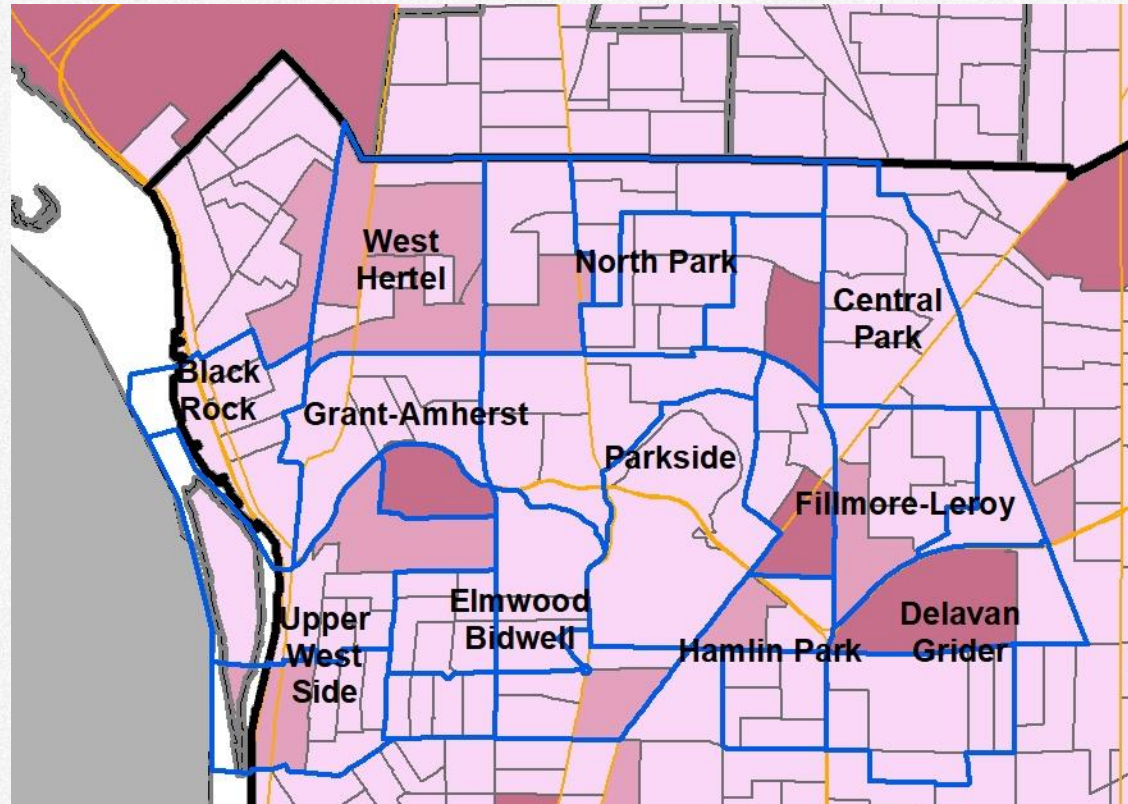
Office based jobs are underrepresented in Region Central today, but this could be changing as historic industrial buildings are renovated.

Demand for office space in Buffalo has primarily concentrated in downtown, but it is likely that if the City is able to nurture more small creative businesses, Region Central could become a very desirable location for these uses.

Where are Region Central's Basic or Export Based Jobs Concentrated?

Basic, or export related jobs are in industries that bring dollars into the region. The spending these businesses do by buying local goods and services and paying workers support many other industries in what is called the "multiplier" effect.

For this analysis, basic sectors are defined as: mining, construction, manufacturing, wholesale trade, logistics, office, health, education, and government. ***In 2015, Region Central represented 28 percent of the City's total jobs and 26 percent of its Basic jobs.***



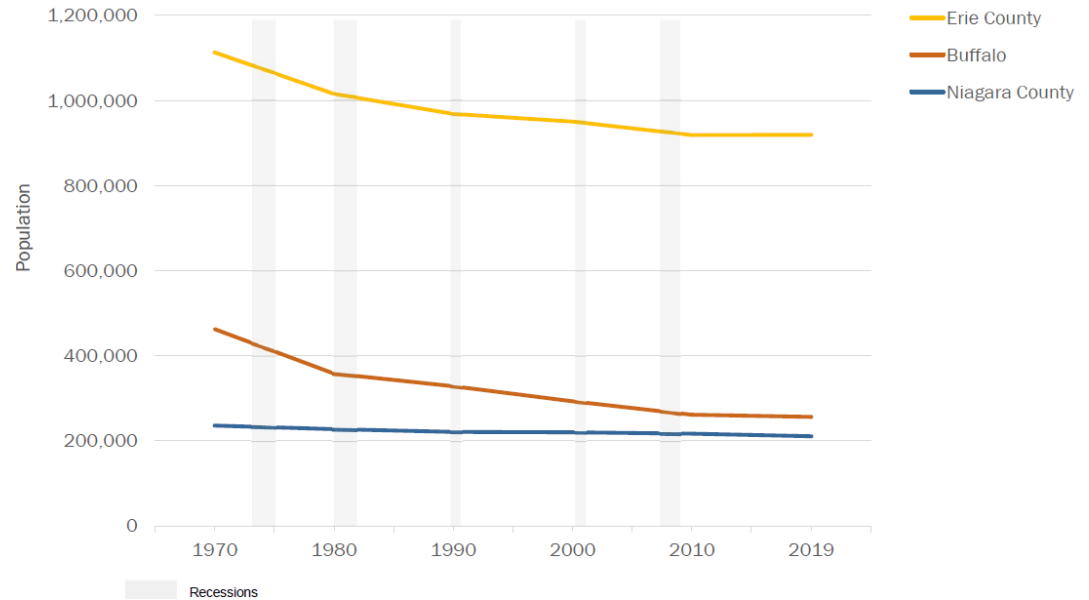
Sources: GBNTRC, 2021; Strategic Economics, 2021.

**Regional Growth Trends
and Projections
Impacting
Region Central
Today and Suggesting
One Potential Future**

The Region's steep population decline leveled off in 2000, but Buffalo continued to lose population through 2010

Some of Buffalo's population decline was captured by Niagara County, reflecting the region's sprawling growth patterns, as documented in One Region Forward.

Population: Erie County, Buffalo County, and City of Buffalo, 1970-2019

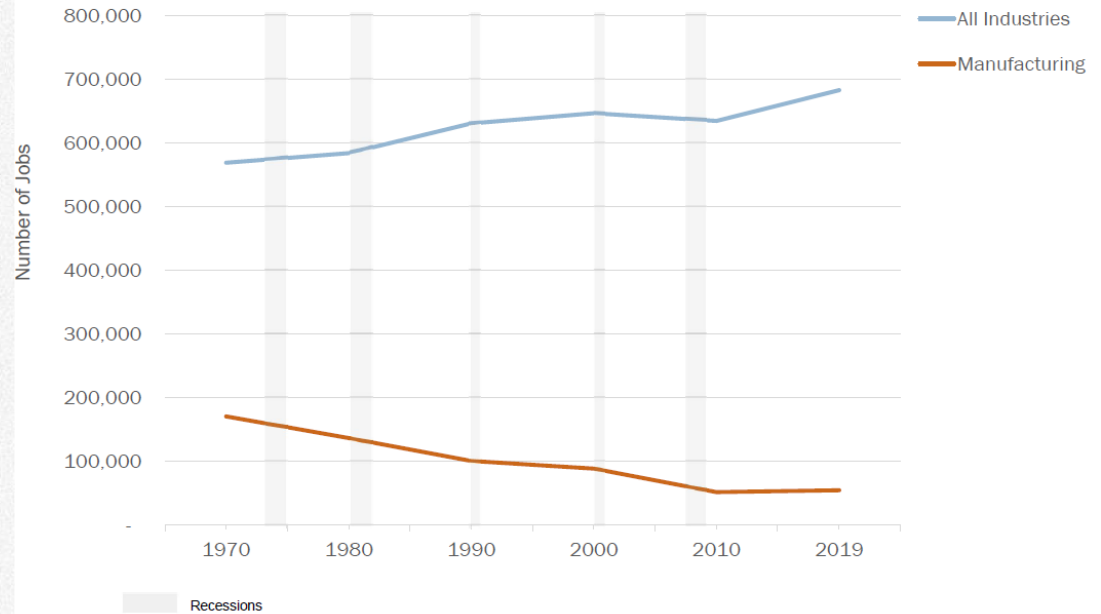


Source: IPUMS National Historical Geographic Information System, 2021; Strategic Economics, 2021.

Despite the population loss, the Region has steadily added jobs since 1970.

While the data are not available to fully disaggregate this growth by industry, it is possible to show the decline in manufacturing jobs, which has been precipitous and only leveled out after 2010.

Employment: Buffalo-Niagara Falls MSA, 1970-2019

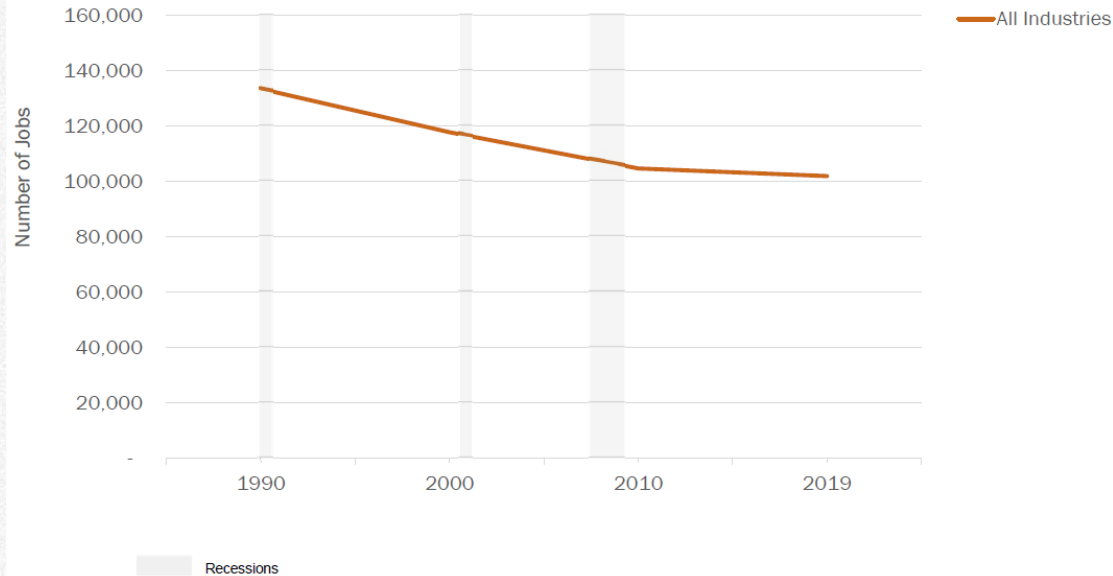


Source: Bureau of Economic Analysis, 2021; Strategic Economics, 2021.

The City's employment trends diverge from regional trends.

Although data are not available to disaggregate this trend by industry, there are two likely explanations for Buffalo's employment decline. One is the suburbanization of employment. The other is that manufacturing jobs have been overly concentrated in Buffalo, so the City has been harder hit by restructuring in these industries than the region.

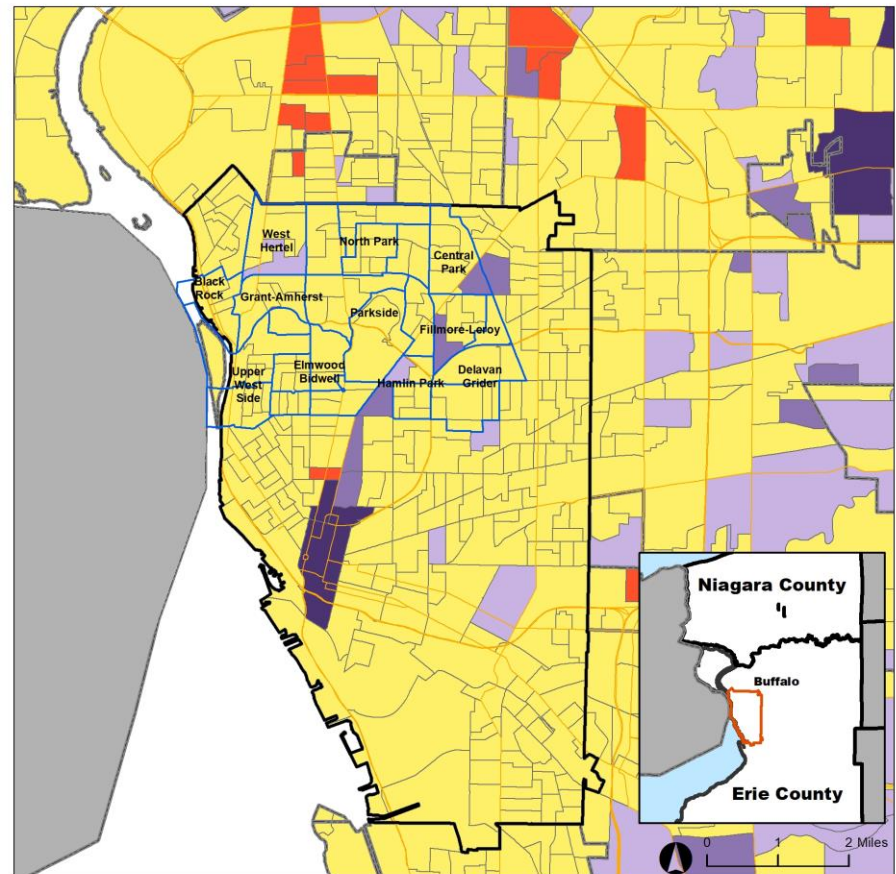
Employment: City of Buffalo 1990-2019



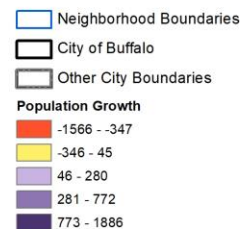
Source: Bureau of Labor Statistics, 2021; Strategic Economics, 2021; Strategic Economics, 2021.

Between 2015 and 2050, GBNRTC projects that the Region's population will continue growing but very slowly.

This projected growth pattern would be distributed unequally across the region, with Buffalo expecting to grow at twice the rate as the region, primarily along the Metro Rail line. However, Region Central is expected to add population as well.

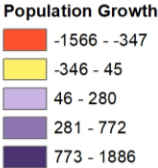
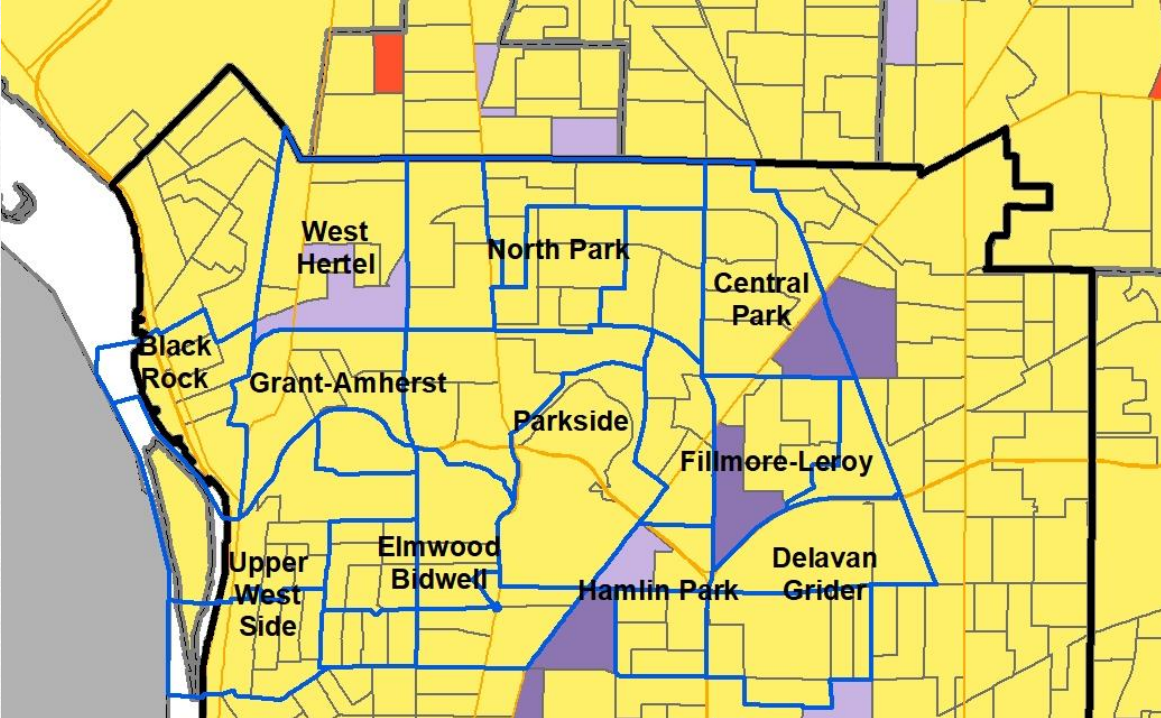


Population Growth: Buffalo and Surrounding Areas, 2015 to 2050



Sources: GBNTRC, 2021; Strategic Economics, 2021.

The neighborhoods within Region Central that are projected to capture the most growth are also the low- or moderate-income neighborhoods today.



Sources: GBNTRC, 2021; Strategic Economics, 2021.



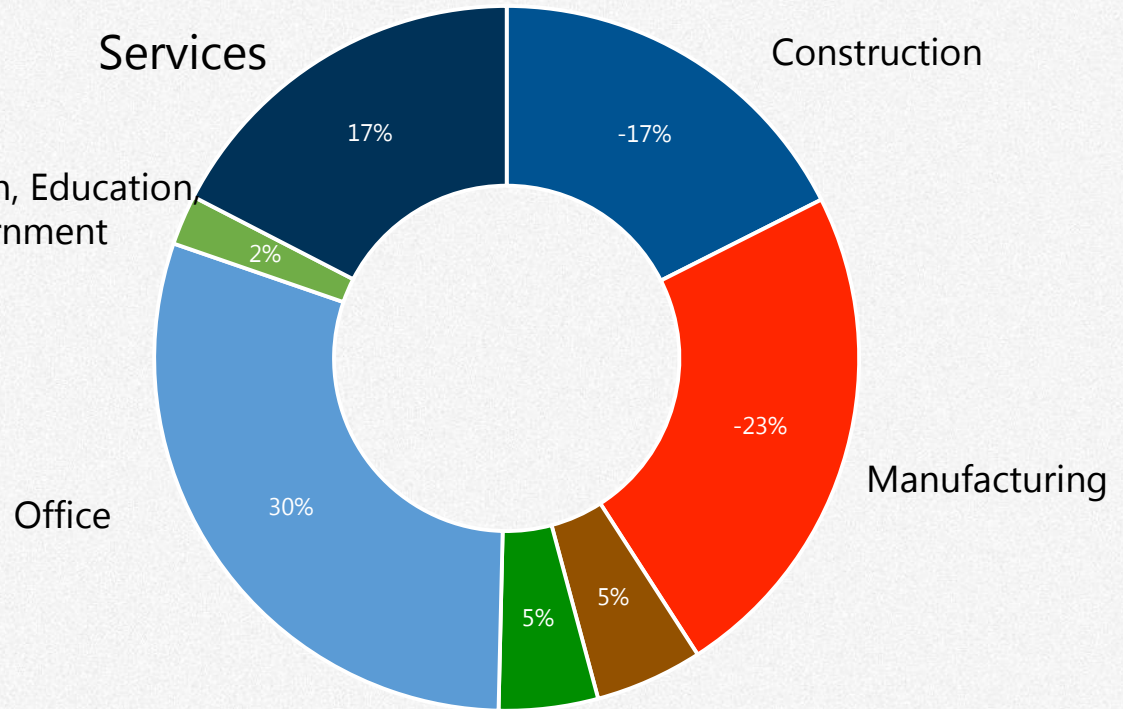
The Region is Projected to add over 100,000 new jobs by 2050

Reversing past trends, Buffalo is expected add jobs more quickly than the region, and an increasing share of those jobs are expected to be in “knowledge-based industries.” However, Region Central, despite its employment assets, is assumed to grow much more slowly. Region Central is also projected to capture a smaller share of the City’s basic industries.

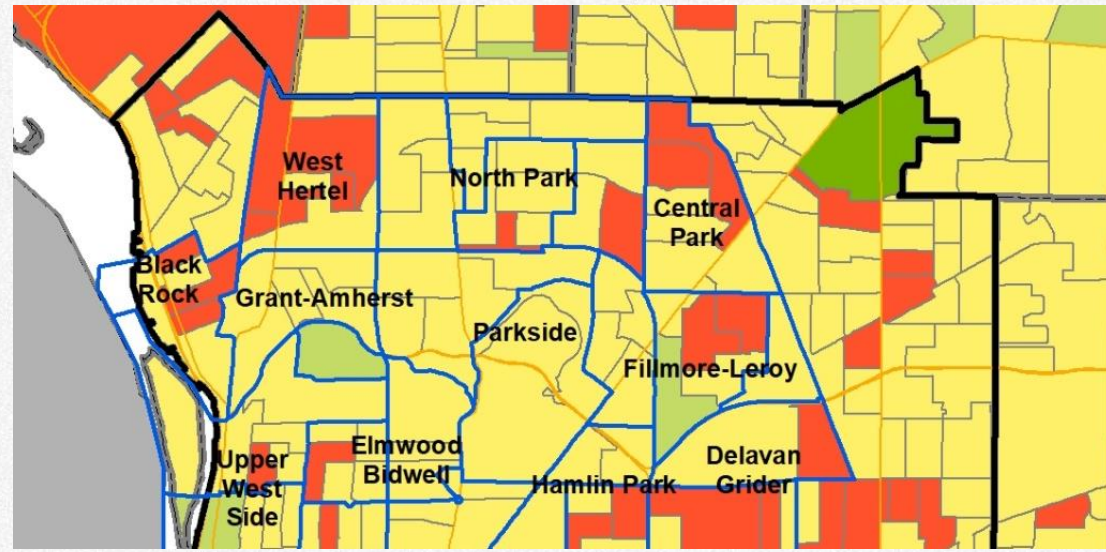
Employment Change by Location 2015-2050				
Area	2015	2050	Change 2015-2050	
	Number	Number	Number	Percent Change
Region Central	45,453	49,352	3,899	8%
Buffalo	163,550	201,799	38,249	19%
Region	665,613	771,842	106,229	14%

The biggest job declines in Region Central are projected to be in manufacturing and construction. The biggest gains could be in office and service jobs. Health, education, and government would grow very slightly.

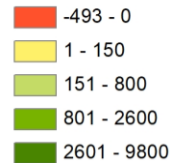
Region Central Percent Change in Jobs by Industry 2015-2050



Only certain neighborhoods in Region Central could see growth in “basic” or regionally significant jobs.

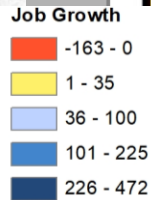
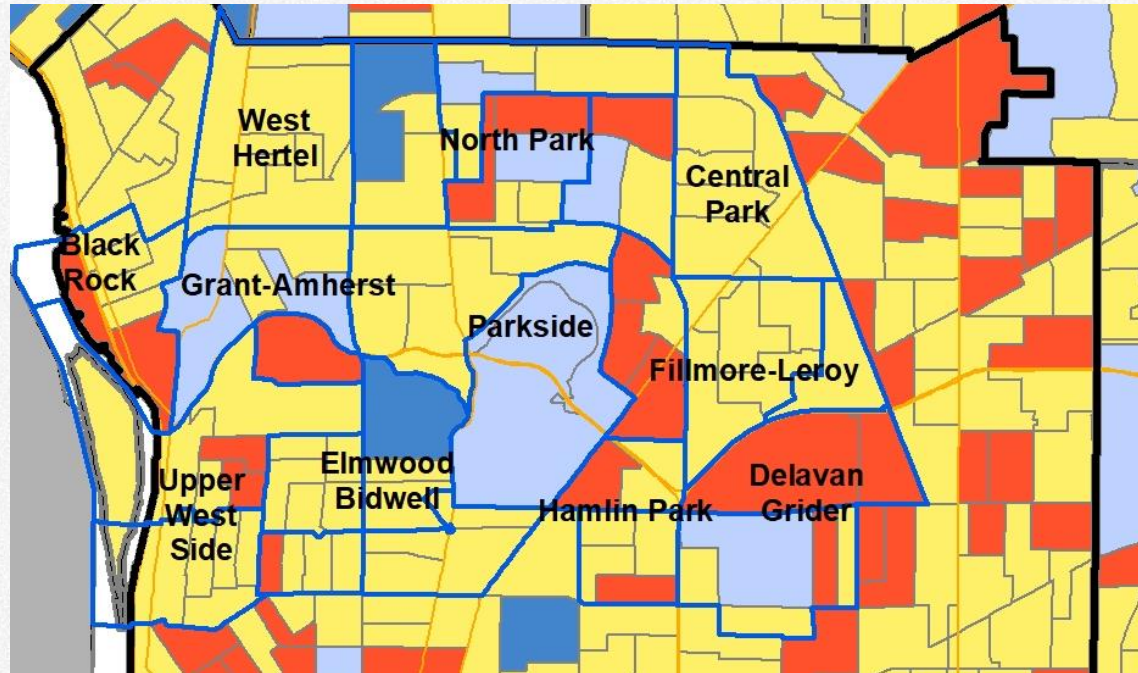


Job Growth



Sources: GBNTRC, 2021; Strategic Economics, 2021.

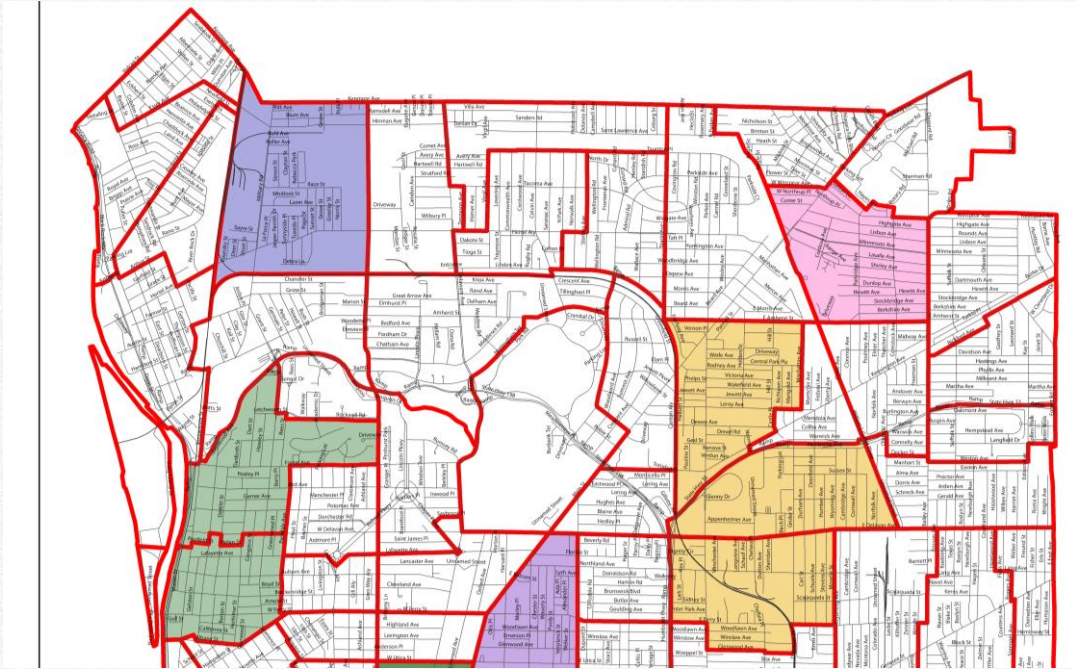
Other Region
Central
neighborhoods
could see more
growth in
“household”, or
local-serving jobs



Sources: Fisher Associates, 2021; Strategic Economics, 2021.



Region Centra's Existing Assets and Opportunities Could be Critical to Advancing Existing City and Regional Economic Development Goals and Priorities



City of Buffalo Equal Opportunity Zones, 2019

- Region Central includes all or part of five of the City's ten Equal Opportunity Zone clusters.

But GBNRTC's employment projections may fail to recognize the full economic potential in Region Central given the area's assets and its ability to address the City and the Region's current economic development goals.



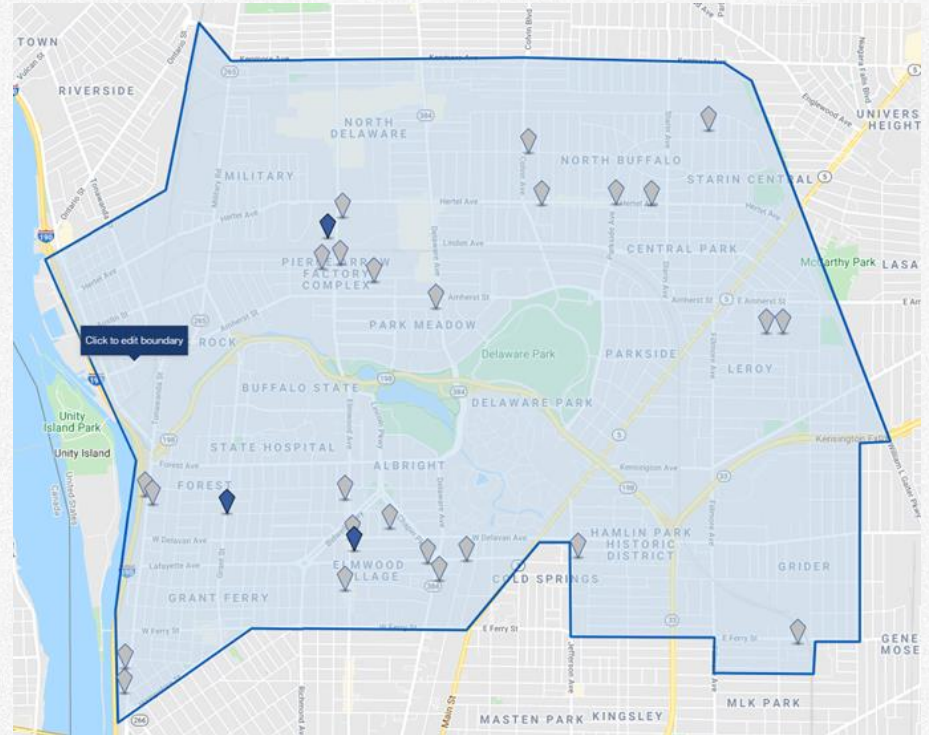
Buffalo Niagara Blueprint for Prosperity, 2017

- Region Central already includes clusters and/or anchors for all three key regional traded sectors

Recent Region Central Real Estate Investment Trends

Since 2010, Region Central has added 21 new multifamily buildings which account for 584 new units.

Region Central apartment rents have increased by 35 percent since 2010. Over the same time period, apartment rents in Buffalo increased by 33 percent.



For-sale housing prices in Region Central have skyrocketed over the past nine years.

Every neighborhood in Region Central had bigger housing prices increases for for-sale housing than the City.

Change in Existing Housing Prices: 2012-2020

Neighborhood	2012	2020	Change 2012 to 2020	
			Number	Percent
Parkside	\$187,818	\$376,333	\$188,515	100%
Elmwood Bidwell	\$157,091	\$306,667	\$149,576	95%
Central Park	\$125,455	\$235,750	\$110,295	88%
North Park	\$115,455	\$215,417	\$99,962	87%
City of Buffalo	\$108,909	\$163,750	\$54,841	50%
West Hertel	\$62,455	\$130,417	\$67,962	109%
Hamlin Park	\$47,091	\$123,167	\$76,076	162%
Upper West Side	\$30,727	\$121,500	\$90,773	295%
Black Rock	\$31,909	\$94,583	\$62,674	196%
Grant-Amherst	\$33,364	\$94,250	\$60,886	182%
Fillmore-Leroy	\$21,545	\$82,636	\$61,091	284%
Delavan Grider	\$24,455	\$59,167	\$34,712	142%

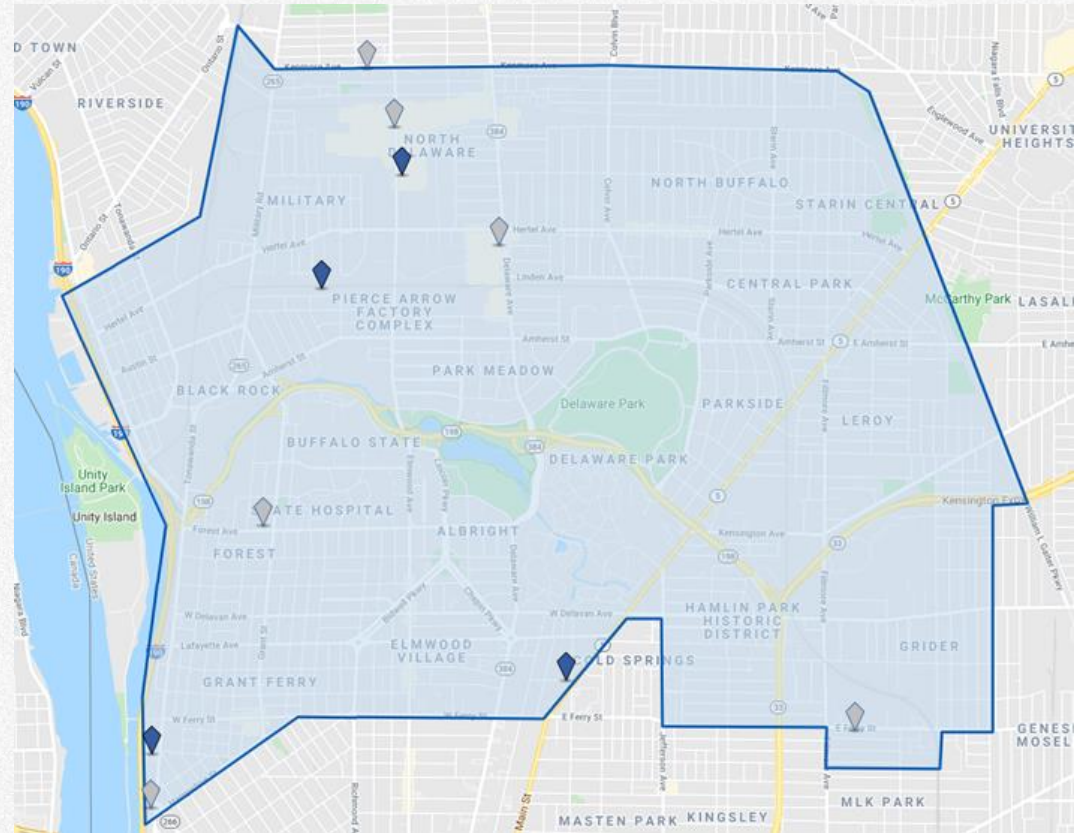
Note: Central Park is listed as "Starin Central" in Redfin, but uses the same geographic boundaries.

Source: Redfin, 2021; Strategic Economics, 2021.

Commercial construction in Region Central has been very limited and dominated by retail projects.

Office rents have only increased slightly and remain well below the City's total average rents and the total inventory of office buildings in the area has declined slightly, demonstrating limited demand for new office space in the area. The inventory of industrial buildings has also declined, but rents have jump by 60 percent since 2010, showing ongoing demand for industrial space in Region Central.

New Retail Construction 2010-20201 TYD



**What These Trends
and Projections Tell
Us about Region's
Central Potential
Future**

Today, Region Central is a Unique Place. But past trends and future projections indicate that the area could lose much of what makes it special.

While Region Central has historically supported a diverse range of jobs and people, this diversity is starting to go away.

The upward pressure on housing prices has already begun to displace many lower income residents.

Today, Region Central is becoming less of a "mixed-use" area and more of a bedroom community for downtown, with jobs and development trends reflecting this pattern.

Current projections for future employment growth reinforce an assumption that the area "gentrify."

Existing employment projections could be underestimating Region Central's future role in rebuilding the regional economy given the area's existing assets and opportunities.

Foreseeing a different outcome for Region Central will require focused policy changes and investment commitments from many players relating to maintaining and expanding the supply of housing for all incomes; supporting and growing Buffalo State College as an anchor institution that has a focus on getting young people from the area into college; redoubling workforce development efforts to create a stronger link between people currently living in the area and the region's growing knowledge-based industries.

Physical changes to the Scajaquada Expressway will provide the kinds of community improvements that can benefit everybody living in the area, but these improvements can also accelerate increased in home values and continue to contribute to Region Central's transition into a higher income bedroom community. If this happens, the region could be creating a second generation of "sprawl" but this time forcing low-income people away from where jobs are growing.