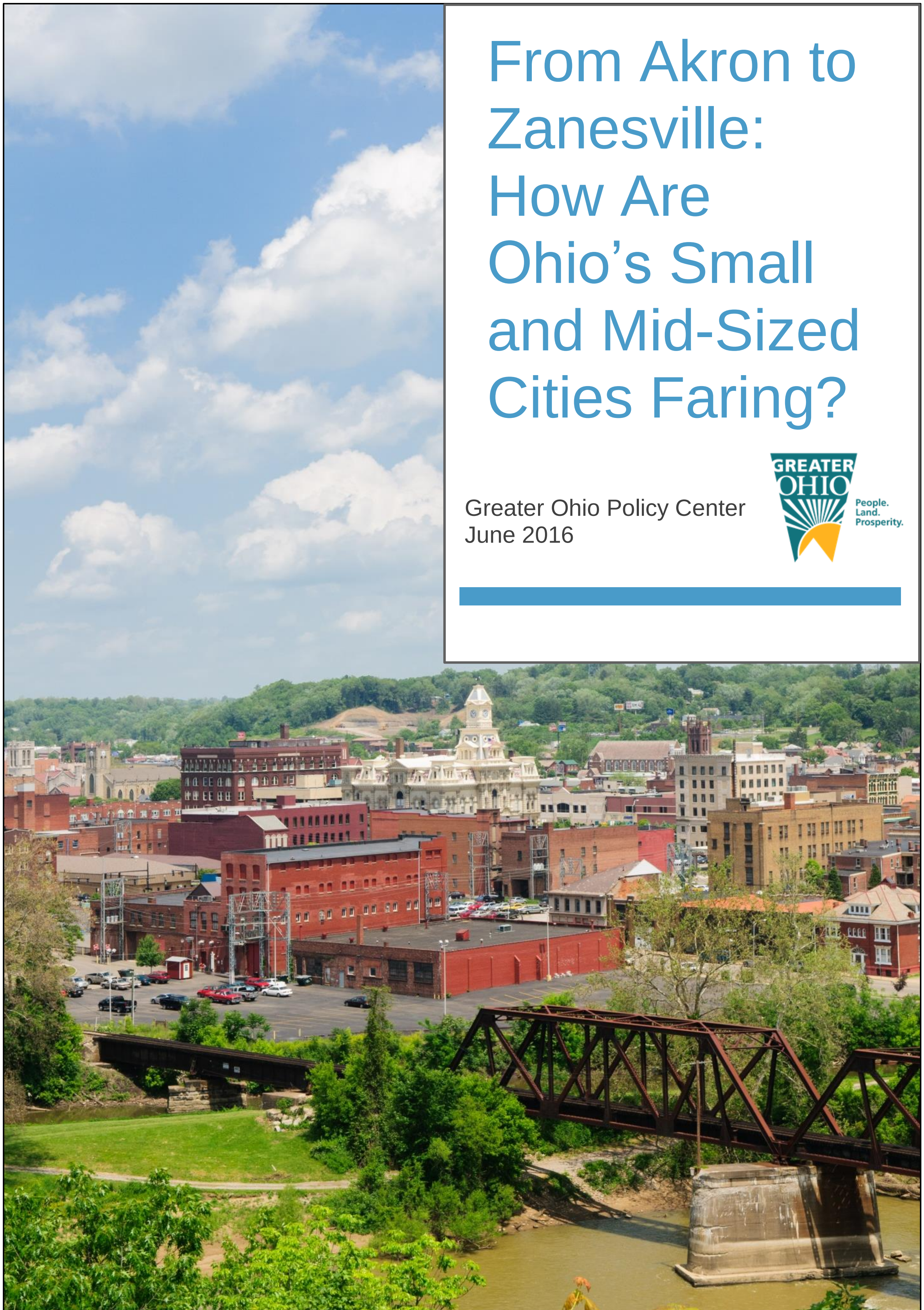


From Akron to Zanesville: How Are Ohio’s Small and Mid-Sized Cities Faring?

Greater Ohio Policy Center
June 2016

GREATER OHIO
People. Land. Prosperity.

Executive Summary

Ohio's small and mid-sized legacy cities[*] are central to the state's heritage of innovation and manufacturing. Today, cities like Akron, Dayton, Toledo, and Youngtown remain foundational to the state's overall economic strength. Along with Canton, Lima, Springfield, and Mansfield, these cities' regions accounted for nearly 30 percent of the state's Gross Domestic Product in 2014.[i] Additionally, smaller cities like Marion, Zanesville, Portsmouth and Sandusky serve as economic and service anchors for more rural portions of the state. Many of these small and medium-sized legacy cities have experienced severe, decades-long economic and population declines similar to larger legacy cities like Cleveland and Cincinnati, but the current condition of these cities and their surrounding regions as compared to their larger counterparts is less explored.

Greater Ohio Policy Center (GOPC) undertook an investigation into the current condition of Ohio's small and mid-sized legacy cities to gain a better understanding of how these cities are faring as a group and relative to Columbus and larger legacy cities in the state. Analysis of economic health, population, and housing-related data from 2000 to 2014 paints a sobering picture of the condition of all of Ohio's older industrial cities, with particular challenges for small and mid-sized places. Key findings include:

- All of Ohio's cities and the communities surrounding them have struggled to recover from the 2007-2009 recession. An examination of trends from 2000 to 2009 compared to trends from 2009 to 2014 shows continued decline in the latter period, albeit at a slower pace than in the lead-up to the Recession.

- The trajectory of Columbus – the state's capital and only major non-legacy city – diverged dramatically from legacy cities of all sizes. In many ways, Columbus' economic and population growth masked some of the challenges facing much of the state when looking at state-level trends.

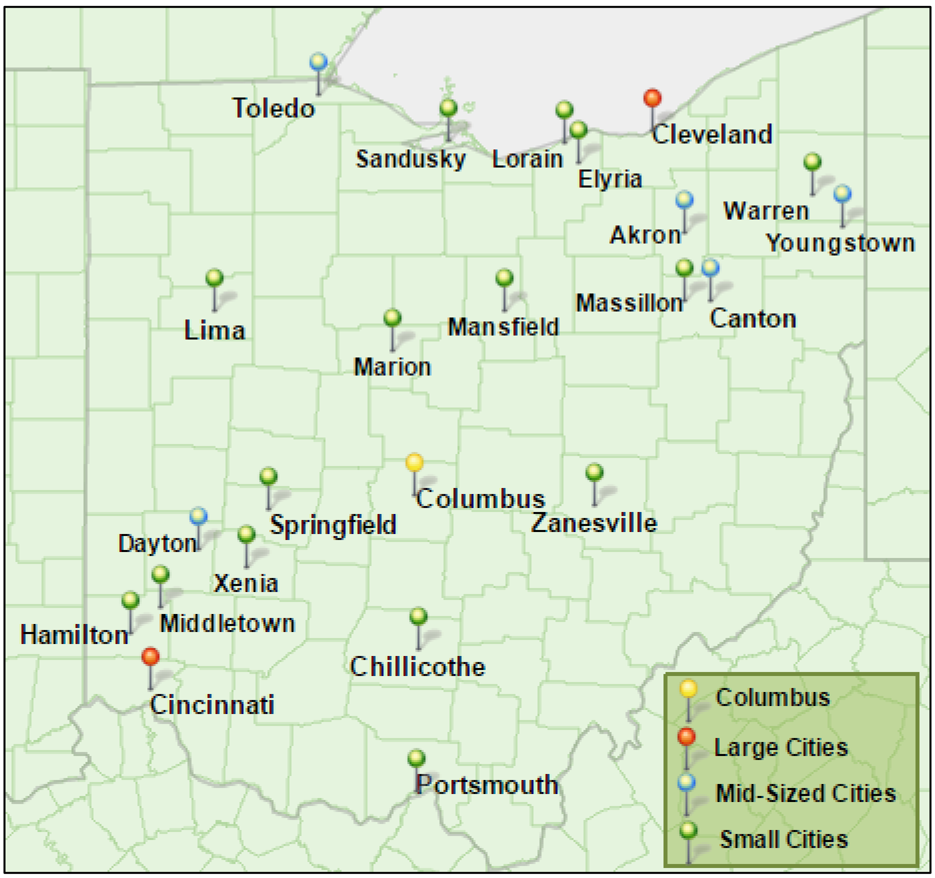
- For legacy cities of all sizes, population loss remains a significant problem. Large and mid-sized legacy cities saw double-digit population decreases on average, while small cities saw smaller declines. Troublingly, population declines are bleeding into the suburban areas and surrounding counties of medium and small cities, while large city regional populations remained stagnant.

- While Ohio's large legacy cities – Cleveland and Cincinnati – continued to experience real challenges related to persistent poverty and struggling housing markets, signs like increases in workforce participation and slowing poverty growth point to the possibility that revitalization strategies and recent rebuilding programs in these places are beginning to take root.

[*] This report defines small and medium-sized legacy cities as those cities with a population of at least 20,000 people, situated in metropolitan areas with populations of less than one million with industrial economy. While a number of Ohio cities meet the population threshold of over 20,000 people, for purposes of this report, GOPC limited its analysis to cities that meet the following definition of a legacy city: the city has an industrial past, has lost significant population since its peak, and is not a college town or strictly a suburb of a larger city.

- Mid-sized cities like Dayton, Canton, and Toledo face many of the same challenges related to poverty and housing markets as their larger peers, but are not seeing the same signs of potential recovery. In fact, these cities experienced the steepest drops in incomes from 2000, as well as the largest growth in vacant housing units. These cities' surrounding suburban areas also experienced worrisome declines, including significant poverty growth.

- Conditions in small legacy cities like Chillicothe, Lorain, and Middletown vary more than in their larger peers, but on the whole these cities saw the greatest declines in economic health of any city type from 2000 to 2014. Of greatest concern in small cities are staggering declines in labor force participation rates – or the percentage of adults currently working or looking for jobs. In three small legacy cities – Mansfield, Portsmouth, and Marion, the rate of adults in the labor force is a full 20 percentage points lower than Columbus, which has the highest rates in the state.



Columbus and Ohio's Legacy Cities

These findings demonstrate the critical need for intervention to secure the health of Ohio's small and mid-sized legacy cities and the suburban, exurban and rural communities that surround them. Despite creative strategies and strong leadership, the economic and demographic headwinds in these places have proved challenging to overcome. While the features of larger legacy cities like major corporate headquarters, greater public transportation infrastructure, and a more urban "feel" may be helping to draw new residents and investments to these cities, most small and mid-sized places lack a critical mass of these inherent assets and their powerful potential. The absence of a focused urban agenda at the state level compounds the issues facing cities of all sizes, with particular challenges for cities whose problems may be more dire but not as high profile as their larger counterparts. To remain economically competitive, Ohio must adopt creative policy solutions to support its urban places of all sizes. GOPC recommends that state and local governments work together to undertake the following strategies to promote the health of small and mid-sized legacy cities and their regions:

- ***Implement short- and long-term strategies focused on sustaining stable and strong neighborhoods.*** To rebuild stable communities, local governments require stronger tools to combat the challenges related to widespread housing vacancy and abandonment. Additionally, the state should explore ways that Ohio's assets can be leveraged to retain and rebuild population.

- ***Build on cities' place-based assets to promote economic development.*** Creating and promoting places where highly-skilled workers want to live and play is an increasingly important strategy in promoting economic development in places of all sizes. Statewide adoption of active transportation policies and a renewed brownfield remediation program are important first steps in building vibrant, economically competitive cities.

- ***Encourage regional collaborations that promote investments in downtown cores.*** Strong regions are built around strong downtowns and central cities. State policy promoting regional efforts to revitalize downtowns can help make regional economies more efficient and competitive through local collaboration.

- ***Tailor state interventions to account for differing local conditions and avoid "one size fits all" policies.*** Different kinds of cities in Ohio have different needs and state policies interventions will be more effective if they are tailored to the cities that need them most. Carefully constructed city-type designations that tailor interventions to cities by population size or distress level can help counter the tendency to spread resources around the state in a way that has maximum reach but minimum impact.

Introduction

Recent explorations into Ohio's overall economic health have turned up some troubling results. An article in the *Cincinnati Enquirer*, "5 things to know about Ohio's economy" laid out the ways that the state – once an economic powerhouse – has fallen behind.[ii] Ohioans' incomes, which used to be higher than the national average, are now substantially below the U.S. as a whole. While the number of jobs lost to the Recession has recovered on the national level, Ohio is still 300,000 jobs short of its 2000 jobs number. Poverty and inequality have grown, and employers have struggled to find workers with the skills they need to fill local jobs.

A mural in Middletown, Ohio nods to the city's history on the Miami and Erie Canal.

Ohio's cities, particularly its older industrial or "legacy" cities, have long been the driver of the state's economic trajectory. Ohio legacy cities like Akron and Dayton have rich and well-known histories of technological innovation, and manufacturing powerhouses like Cleveland and Toledo provided stable, well-paying jobs that built a substantial middle class. Smaller cities like Mansfield and Lima became thriving centers of opportunity for migrants from rural Ohio and around the country. Even as the economic headwinds have changed, Ohio is still one of the most urban states in the country, with more than 80 percent of the state's residents living in a metropolitan area – meaning they either live in a city or a suburban, exurban, or rural community centered around one. Ohio's economy relies on the strength of these metropolitan areas – with 84 percent of jobs and 87 percent of statewide Gross Domestic Product originating from the state's metros.[iii] While Columbus – Ohio's largest and only major non-legacy city – has experienced significant growth and revitalization in recent decades, one growing city among many in decline is not a sustainable path toward economic growth in the state. As such, turning around Ohio's economic trajectory will require an approach focused on economic growth in Ohio's legacy cities.

Beyond the impacts on Ohio's economic growth, the declines in Ohio's legacy cities are made more troubling by recent national research showing the growing divide between economically distressed and prosperous places and the impact of that divide on residents' well-being. The Economic Innovation Group's "2016 Distressed Communities Index" found that economic conditions in the country's most economically distressed places – including Ohio legacy cities – either did not improve or continued to decline after the Recession.[iv] This is in sharp contrast to wealthier places, where the post-Recession years have brought increased prosperity. Additional research finds that the implications of inequality of place go beyond economic conditions, and can impact the life expectancy of a city's poorest residents. A recent study published by researchers from Stanford and Harvard found that the overall prosperity of a city was closely linked to health outcomes for that city's poorest residents. More distressed cities, again including a number of Ohio legacy cities, saw lower life expectancies for low-income residents than in wealthier places.[v] The growing gaps between wealthy and distressed places is playing out on a smaller level in Ohio, as Columbus grows in prosperity and opportunity and legacy cities – particularly smaller and less high-profile places – continue to decline.

Non-Legacy City

- Columbus - 811,943

Large Legacy City

- Cleveland - 392,114
- Cincinnati - 297,117

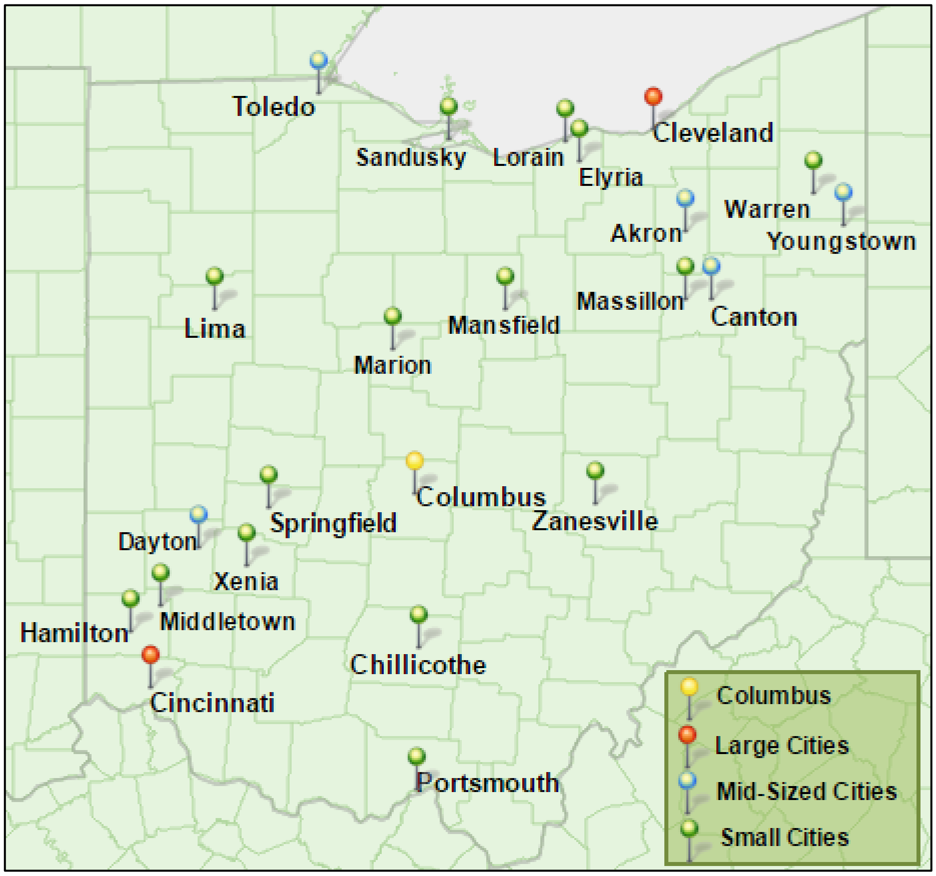
Mid-Size Legacy City

- Toledo - 283,932
- Akron - 198,492
- Dayton - 141,775
- Canton - 72,668
- Youngstown - 66,013

Small Legacy City

- Lorain - 63,885
- Hamilton - 62,366
- Springfield - 60,216
- Elyria - 54,216
- Middletown - 48,256
- Mansfield - 47,150
- Warren - 40,925
- Lima - 38,432
- Marion - 36,791
- Massillon - 32,224
- Xenia - 25,903
- Sandusky - 25,626
- Zanesville - 25,444
- Chillicothe - 21,802
- Portsmouth - 20,320

Efforts to revitalize Ohio's legacy cities will be most successful if they do not treat these cities monolithically. Ohio's cities have significant regional, economic, and demographic differences that require sensitivity in designing strategies for revitalization. Perhaps the most important – and often overlooked – variable among Ohio's legacy cities is the size of their central cities and regions. Many conversations about legacy city revitalization focus on large cities, but just two of Ohio's legacy cities, Cincinnati and Cleveland, have metropolitan area populations of more than one million people. The other 20 cities – referred to in this report as small and mid-sized legacy cities – hold 65 percent of the population of the state's legacy city population. Moreover, residents of small- and medium-sized cities and their surrounding communities account for nearly a third of the state's residents.



Nearly one-third of Ohio residents live in a small or mid-sized legacy city or surrounding metropolitan area.

Overall, GOPC's research found a sobering picture of long-term economic challenges and continued decline - over and above the impact of the Great Recession. On the whole, all cities in Ohio and their metros, regardless of size, saw negative trends on nearly all indicators between 2000 and 2014. In nearly every data category examined, decline continued in the second half of the period from 2009 to 2014, albeit at a slower rate. While most of these negative post-Recession trends hold true for Columbus and the large legacy cites as well, small and mid-sized cities lost significant ground in comparison to their larger peers. Additionally, the large legacy cities began to see some signs of turnaround, potentially indicating that local revitalization programs and strategies may be taking hold. While small and mid-sized cities have also made efforts to revitalize, many of these cities lack the critical mass of inherent assets of larger places –such as major employers, significant cultural institutions, and a substantial philanthropic community – that can help kick start reinvestment and growth. This report surveys the condition of Ohio's cities and their connected metropolitan regions to gain greater perspective on the path forward to revitalization for all of Ohio's urban communities, regardless of size.

Methodology

To assess the trajectories of different kind of cities, GOPC split cities in Ohio into four categories based on their metropolitan area and central city population sizes and their historic population trajectories.[vi] These categories were:

1. **Columbus** – The only large city in Ohio that does not meet the definition of a legacy city; i.e., a post-industrial city that has experienced significant population decline.
2. **Large Legacy City** - Legacy cities with metropolitan populations more than 1,000,000 as of 2013.
3. **Medium Legacy City** – Legacy cities with metropolitan populations less than 1,000,000 and center city populations over 65,000 in 2013.
4. **Small Legacy City** – Legacy cities with populations between 20,000 and 65,000 in the central city in 2013.

To analyze the performance of these places, GOPC collected city and metropolitan or micropolitan statistical area (MSA) level [vii] data from the U.S. Census, American Community Survey, and Business Patterns survey in the years 2000, 2009, and 2014 on the following indicators:

- Population
- Unemployment
- Labor force participation
- Median household income
- Per capita income
- Poverty rate
- Long-term housing vacancy rate[viii]
- Median housing value
- New business starts (MSA level only)
- Change in employees (MSA level only)

Vacant and abandoned housing remains a serious challenge in many Ohio legacy cities.

Changes in condition were calculated from 2000 to 2014 and for two shorter periods within: 2000-2009 and 2009 to 2014. The data were split into two periods both to get a sense of whether or not patterns remained similar over the entire 15-year period and to assess the impact of the 2007-2009 Recession on Ohio's cities.

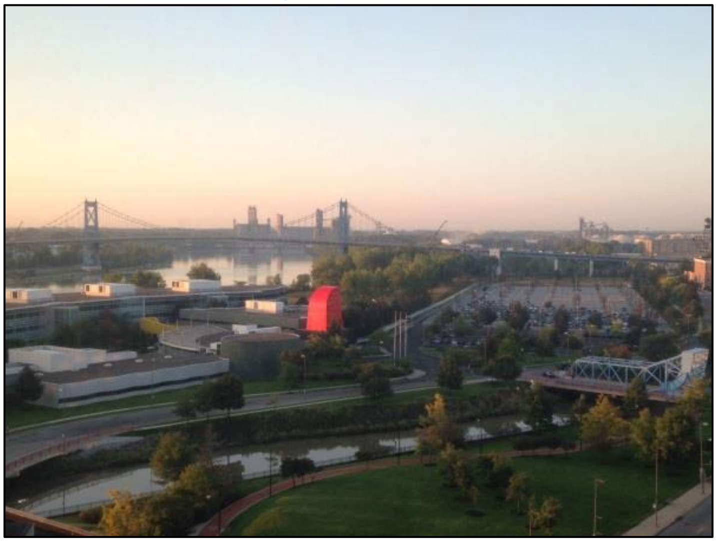
Trends over time and current conditions were then compiled for each city type, and metropolitan-level data were compiled based on city size as well.[ix] Averages of conditions and trends were created for the large-city, medium-city, and small-city category by weighting each city's or MSA's indicator by its population size. These averages by indicator formed the main unit of analysis for this report, although some individual city and MSA data were also consulted to more closely explore trends within geography types.

Cities by Metropolitan Area Type

	Metro Name	Cities in Metro
Non-Legacy City Metros	Columbus, OH	Columbus
Large Legacy City Metros	Cincinnati, OH	Cincinnati, Hamilton, Middletown
	Cleveland-Elyria, OH	Cleveland, Elyria, Lorain
Mid- Sized Legacy City Metros	Akron, OH	Akron
	Canton- Massillon, OH	Canton, Massillon
	Dayton, OH	Dayton, Xenia
	Toledo, OH	Toledo
	Youngstown-Warren-Boardman, OH	Warren, Youngstown
Small Legacy City Metros	Chillicothe, OH	Chillicothe
	Lima, OH	Lima
	Mansfield, OH	Mansfield
	Marion, OH	Marion
	Portsmouth, OH	Portsmouth
	Sandusky, OH	Sandusky
	Springfield, OH	Springfield
	Zanesville, OH	Zanesville

Findings

Stunted Recovery from the Great Recession



Toledo saw continued economic challenges in the years after the Great Recession.

In general, cities and metros in Ohio struggled to recover from the Great Recession. Across nearly all indicators, both cities and metros saw negative trends over the 15-year period from 2000 to 2014. Every city type experienced change, and Figures 1 and 2 below depict the trajectory for each indicator by geography type. A blue square above the axis indicates positive change – such as population growth or shrinking unemployment, while a red square below the axis represents negative change – such as growing housing vacancy or declining median incomes. On both the city and metropolitan level, few trends point toward positive change. Unfortunately, only the annual job growth rate, which is not available at the city level, moved in a positive direction across all geographies. These negative trends are to be somewhat expected, however, given the impacts of the Great Recession on individuals' economic well-being and housing markets.

Figure 1. Overall Trajectory of Change by Indicator, 2000-2014 – Cities

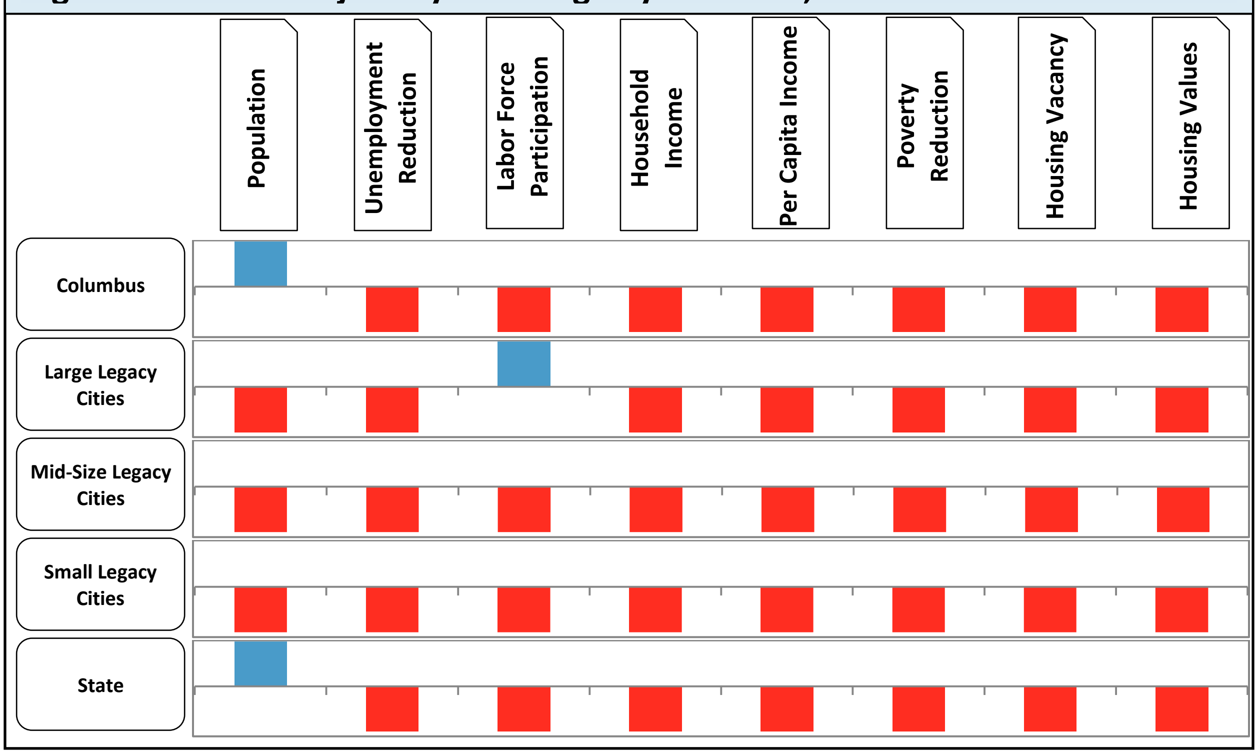
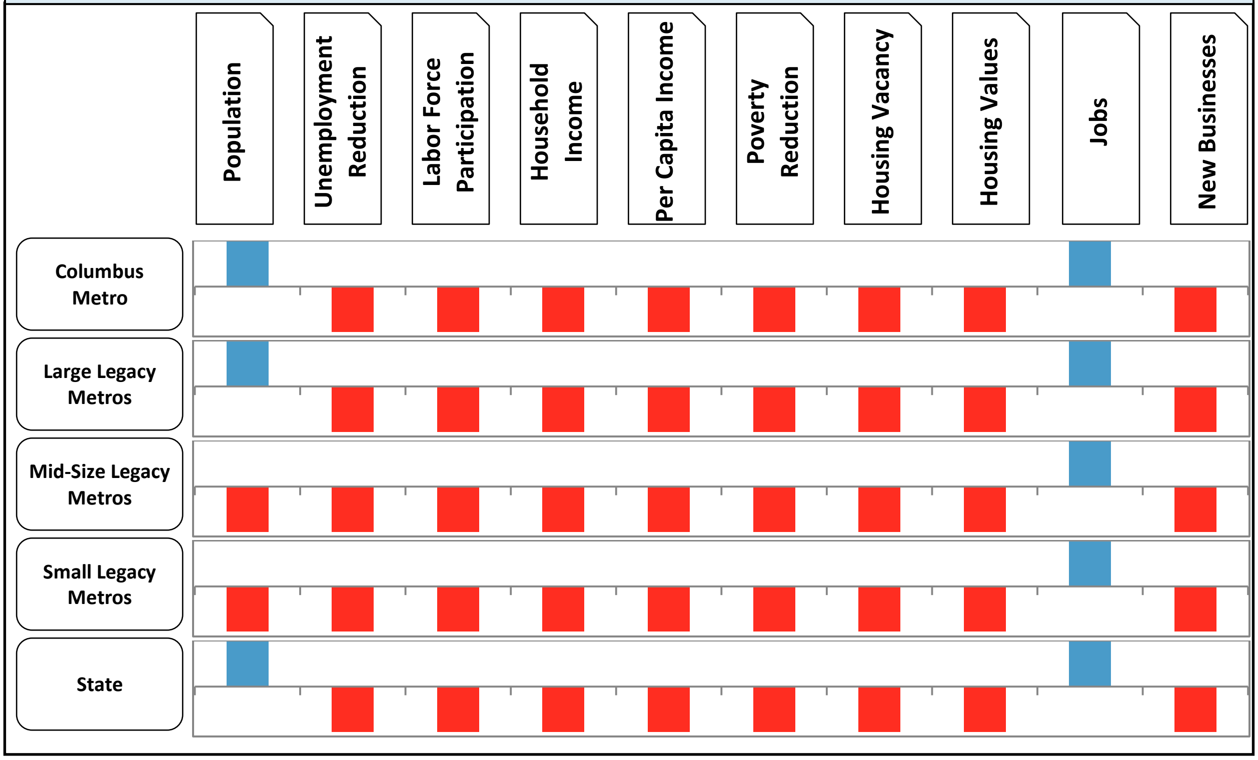


Figure 2. Overall Trajectory of Change by Indicator, 2000-2014 – Metros



What is of greater concern than the general trajectories over this period is the extent to which these negative trends continued or even worsened in the years after the official end of the Recession. Across nearly every indicator and geographic level, conditions continued to decline from 2009 to 2014, indicating not only a lack of recovery, but continued deterioration. Instead of trends indicating growth, such as decreased unemployment rates or real gains in housing values, these indicators continued in a negative direction, albeit at a slower rate than from 2000 to 2009.

Figures 3 - 6 on the following two pages show the rate of change for selected indicators from 2000 to 2009 and from 2009 to 2014. Many trends on the city level pointed to continued decline, although at a lower rate than before 2009. Specifically, the trends in unemployment, poverty, long-term housing vacancy and income measures continued to weaken after 2009, but the rates of decline were less steep than in before 2009 in most geographies. A degree of recovery is obscured in some cases, such as unemployment, because the indicator hit its weakest point after 2009. For instance, the unemployment rate for the state of Ohio peaked at 6.8 percent in 2013 and dropped to 5.8 percent in 2014.

Patterns of growth and decline are generally similar at the metropolitan level. The negative and worsening trends in labor force participation and housing values are especially apparent at the metro level, where both indicators saw worsening trajectories in every geography type. Some positive trends are visible at this level, however, mostly because data showing growth in jobs and new business starts are only available on the metropolitan level. In many geographies, jobs-related indicators actually switched from decline in the first period to growth in the second period, indicating the potential for recovery.

Figure 3. Relative Change in Population Pre- and Post-2009

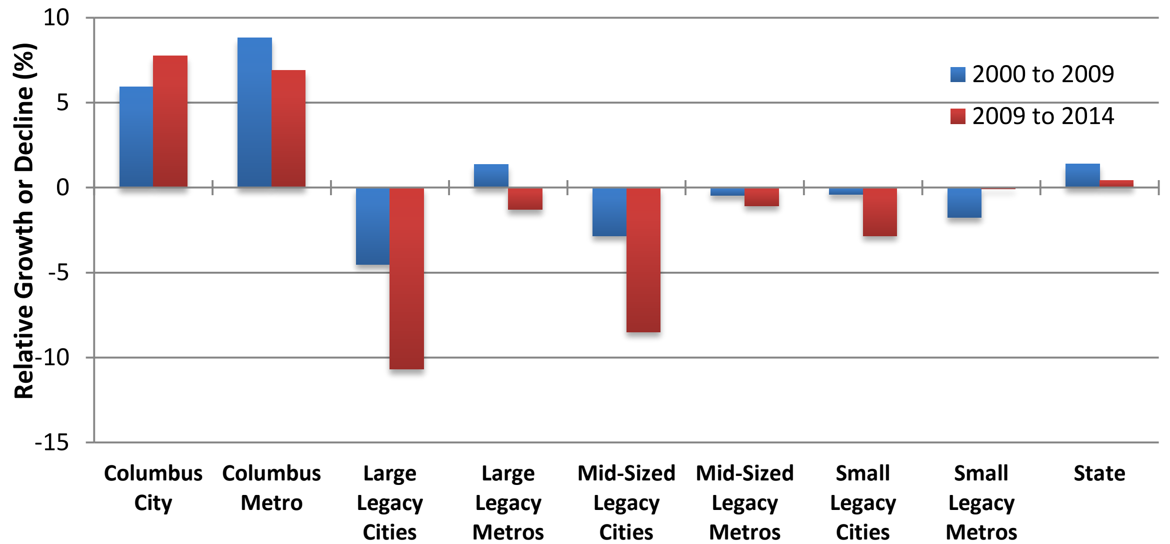


Figure 4. Relative Change in Labor Force Participation Rates Pre- and Post-2009

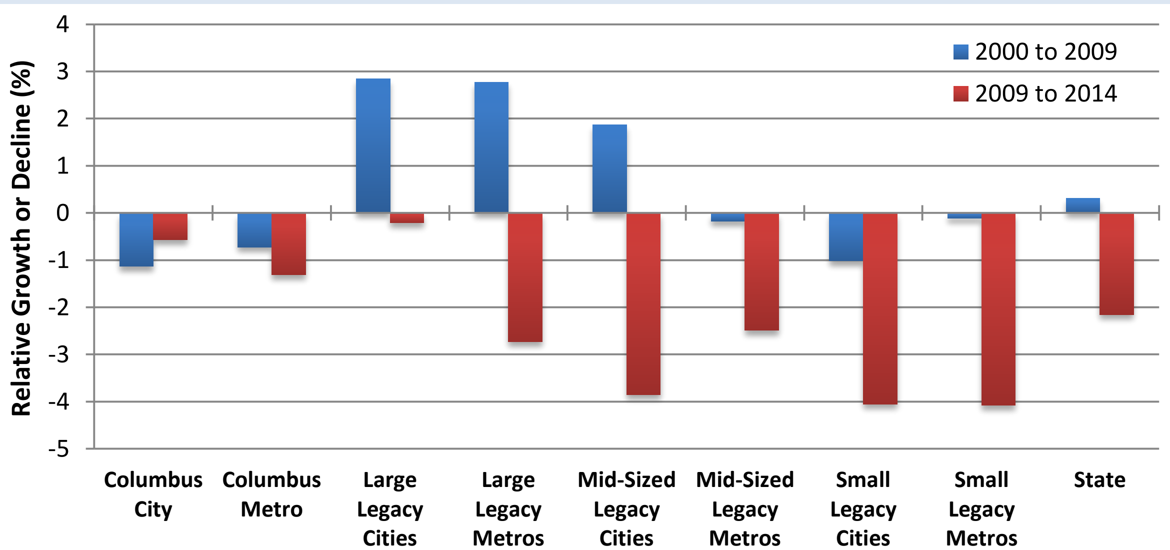


Figure 5. Relative Change in Housing Values Pre- and Post-2009

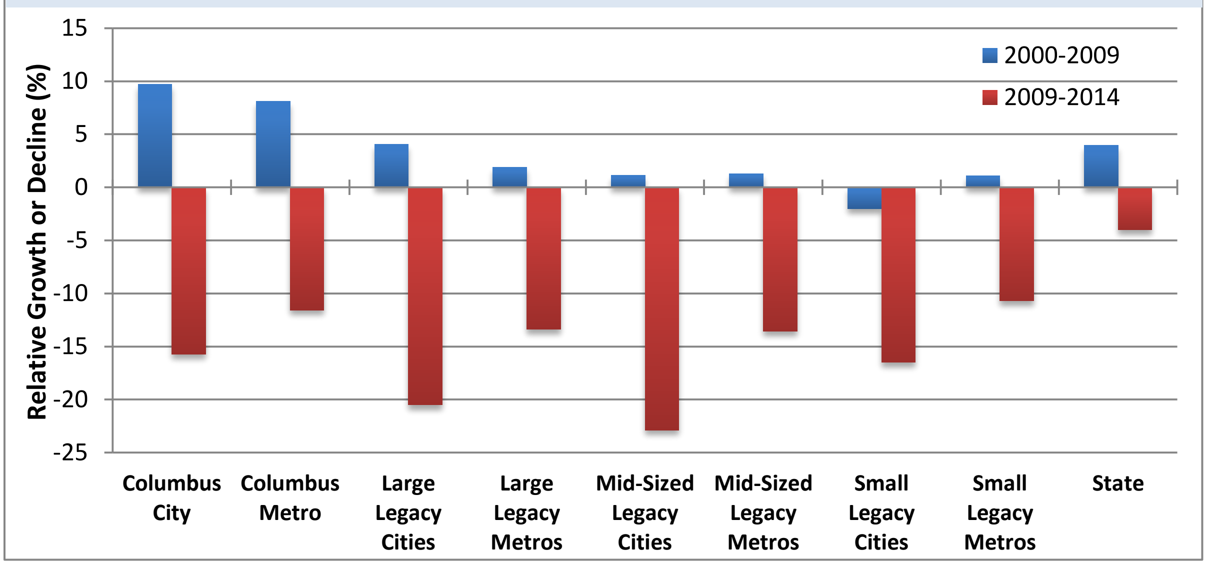
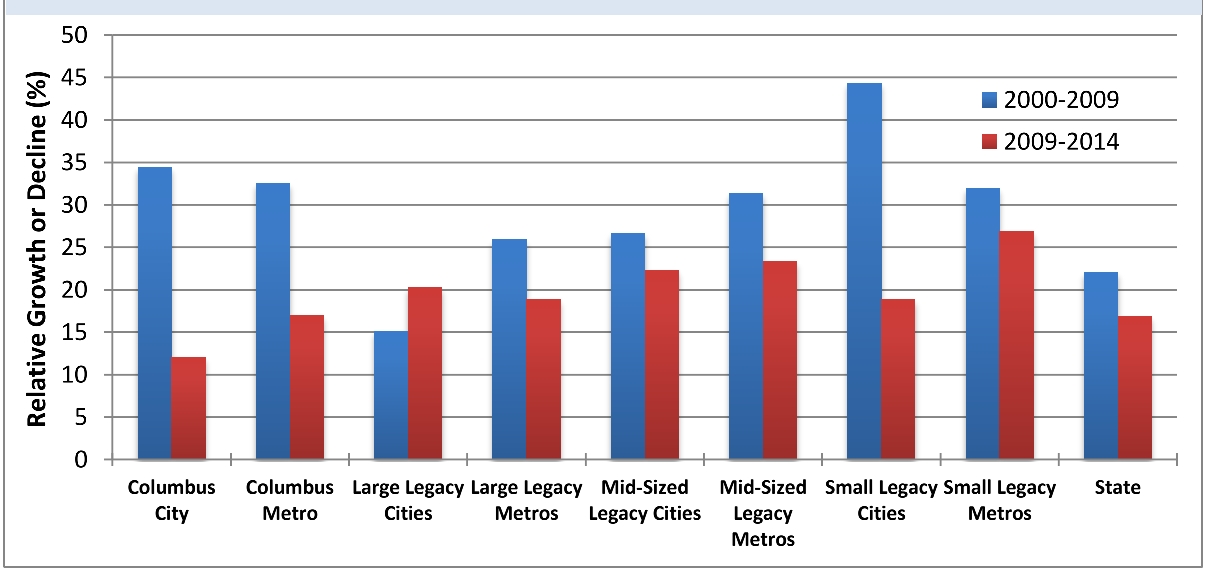


Figure 6. Relative Change in Poverty Rates Pre- and Post-2009



Columbus' Growth Masks Other Geographies' Challenges

Although Columbus saw declines related to the Recession like other cities, the capital city experienced an economic and population surge over the last 15 years. Young professionals lured by a strong economy have been steadily moving into the central city, aiding in the revitalization of some of the city's neighborhoods. And while the success of Columbus is a strong point for the state, the city's stronger position has often eclipsed the challenges of the state's legacy cities in conversations about urban Ohio.

Columbus' strong relative performance on many economic indicators skews the overall picture of Ohio cities' health. When averaging the performance of Ohio's cities on the examined indicators, Columbus boosted the collective cities' performance by an average of 10 percent in 2014. This is up from 2000, when the boost was closer to 7 percent. A similar pattern plays out on the metro level, albeit to a smaller degree. When aggregating metropolitan area data on each indicator in 2000, the Columbus MSA raised the overall statewide performance of metros by about 1.5 percent. By 2014, the boost increased to closer to 3 percent. The growing effect of Columbus on overall statewide city or metro performance between 2000 and 2014 demonstrates the divergence between Ohio's capital and its legacy cities and their regions.

Legacy City Challenges Vary According to Size

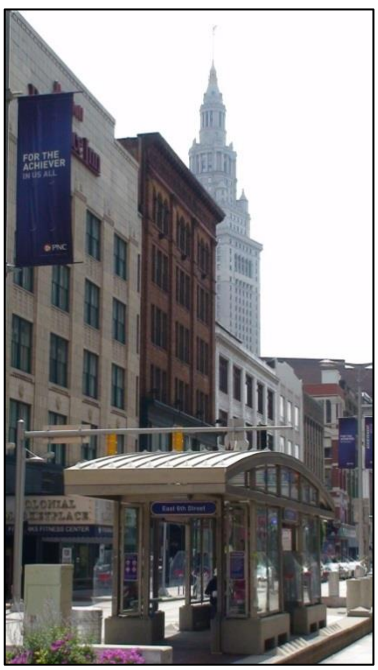
It is clear that Columbus and its region are on a different path to growth than Ohio's legacy cities. But even among legacy cities in the state, current conditions and trends over the past 15 years vary by the population size of the central city and region, pointing to the need for different tools to promote growth in different places. For small and mid-sized cities in particular, the period between 2000 and 2014 showed few bright spots as the Recession compounded longer-standing issues related to employment, housing values, and population decline. The next portion of this report will explore the trends and conditions by legacy city size.

Large Legacy Cities: Deep challenges and small, promising signs of recovery

Ohio's two large legacy cities, Cleveland and Cincinnati, are long-time bedrocks of Ohio's economy and cultural life. The decline of manufacturing and flight of wealthier residents to the suburbs are well-documented in these places, as is the resulting rise in entrenched poverty and neighborhood disinvestment. These cities are still facing a number of difficulties, including the highest rates of poverty and unemployment of all city types, as well as the lowest median household incomes (Figure 7).

Yet trends over the last 15 years show that some of these long-term challenges in the large cities may be stabilizing, even given the Great Recession (Figure 8). Poverty rates grew in all city types between 2000 and 2014, but they grew by the lowest rate in the two large legacy cities. Statewide, the poverty rate increased by 50 percent, but it only grew by 39 percent in the large legacy cities. This is substantially less than even in the city of Columbus, where the poverty rate grew at about the rate of the state as a whole, at 50.7 percent. In comparison to medium-sized legacy cities, large legacy cities also saw lower growth rates of long-term housing vacancy. While both city types have average housing vacancy rates around 8 percent, the growth of long-term vacancy from 2000 to 2014 in large cities was nearly half as large as in the mid-sized geographies. Although the cause of this lower level of vacancy growth is beyond the scope of this report, early robust interventions may have played a role in the lower growth in vacant housing.

Figure 7. Conditions in 2014 by City Type							
	Unemployment Rate	Labor Force Participation Rate	Median Household Income	Per Capita Income	Poverty Rate	Long-Term Housing Vacancy Rate	Median Housing Value
Columbus	6.2%	69.8%	$44,774	$24,721	22.3%	3.4%	$128,900
Large Legacy Cities	10.1%	61.4%	$29,551	$20,807	33.7%	7.7%	$94,137
Mid-Sized Cities	9.3%	60.3%	$31,545	$18,353	30.1%	8.1%	$75,170
Small Cities	7.7%	57.5%	$34,710	$19,175	26.4%	5.2%	$85,803
State	5.8%	63.6%	$48,849	$26,520	15.9%	3.7%	$129,600



Amenities like public transportation options may help larger legacy cities like Cleveland regain a competitive edge.

The brightest spot for large legacy cities is the growth in the labor force participation rate between 2000 and 2014. This rate measures the percentage of working age adults—meaning people aged 16 and up—that are either employed or are actively looking for a job. While all other Ohio cities, including Columbus, experienced a decline in the labor force participation rate over this time period, the percentage of working-age adults employed or looking for work increased by 2.6 percent in Ohio's large legacy cities. There is evidence that the Recession may have stunted even higher growth in this rate, as well. In Cincinnati, the labor force participation rate grew in both the first and second half of the study period, resulting in an overall growth of 2.6 percent. Cleveland, however, saw significant growth of nearly 5 percent in the first half, and a decline of 2.2 percent during the second half, indicating that the Recession may have slowed the growth rate.

While the increase in labor force participation may be attributable to a number of factors, one likely cause is the increased migration of highly-skilled residents into the larger cities. The increases in labor force participation as well as the lower rates of increase in poverty jointly indicate the presence of wealthier residents who are better able to find employment. The assets of these larger cities, including major corporate headquarters, significant cultural resources, more robust public transportation systems and an urban "feel" are attractions for a young professional demographic that may be contributing to the growing workforce. Additionally, revitalization efforts in these larger places benefit from their scale and the existing assets of the city. The bright spots in the performance of larger legacy cities indicate that these efforts may be beginning to pay dividends.

Figure 8. Trends 2000-2014 by City Type
Percent Change

	Population Change	Unemployment Rate Change	Labor Force Participation Rate Change	Median Household Income Change	Per Capita Income Change	Poverty Rate Change	Long-Term Vacant Change	Median Housing Value Change
Columbus	14.1%	77.1%	-1.7%	-14.1%	-12.1%	50.7%	104.2%	-7.5%
Large Legacy Cities	-14.7%	80.1%	2.6%	-22.1%	-9.8%	38.5%	124.5%	-16.9%
Mid-Sized Cities	-11.1%	85.6%	-2.1%	-24.4%	-19.6%	54.9%	229.1%	-22.1%
Small Cities	-3.2%	96.1%	-5.0%	-22.7%	-18.7%	70.9%	168.2%	-18.1%
State	1.8%	81.3%	-1.9%	-13.2%	-8.2%	50.0%	213.2%	-9.4%

Large legacy cities saw less steep declines than other Ohio city types in a number of economic indicators between 2000 and 2014. They also were the only city type to experience an overall gain in labor force participation over this period.

Mid-Sized Legacy Cities: Held back by housing markets and shrinking workforces

Unfortunately, the signs of turnaround seen in the large legacy cities are not visible in their mid-sized counterparts. The data indicate that mid-sized cities are facing many of the same challenges – including persistent poverty and population loss – but may not have the same local assets to generate large-scale revitalization. In fact, medium-sized cities saw some of the most significant declines over the last 15 years, particularly in terms of incomes and housing markets. Troublingly, the suburban and exurban areas around mid-sized cities also saw signs of decline, including slight population loss and substantial growth in poverty rates.

In many ways, mid-sized cities visibly and demographically resemble the larger legacy cities more than they do their smaller counterparts. Like the larger legacy cities, most medium cities have urban central business districts, a mixture of stable and heavily disinvested neighborhoods, and expansive suburban and exurban areas ringing the core city. Additionally, mid-sized cities in Ohio feature many of the assets of larger legacy cities on a smaller scale, including cultural institutions, local philanthropic partners, highly specialized healthcare systems, and multiple college or university campuses. Unemployment and poverty rates are also similar, and persistently high, in both types of city. Additionally, rates of population decline over the last 15 years are similar, with both city types losing more than 10 percent of their populations between 2000 and 2014 (Figure 9).

Figure 9. Conditions in 2000 and 2014 in Large and Mid-Sized Legacy Cities

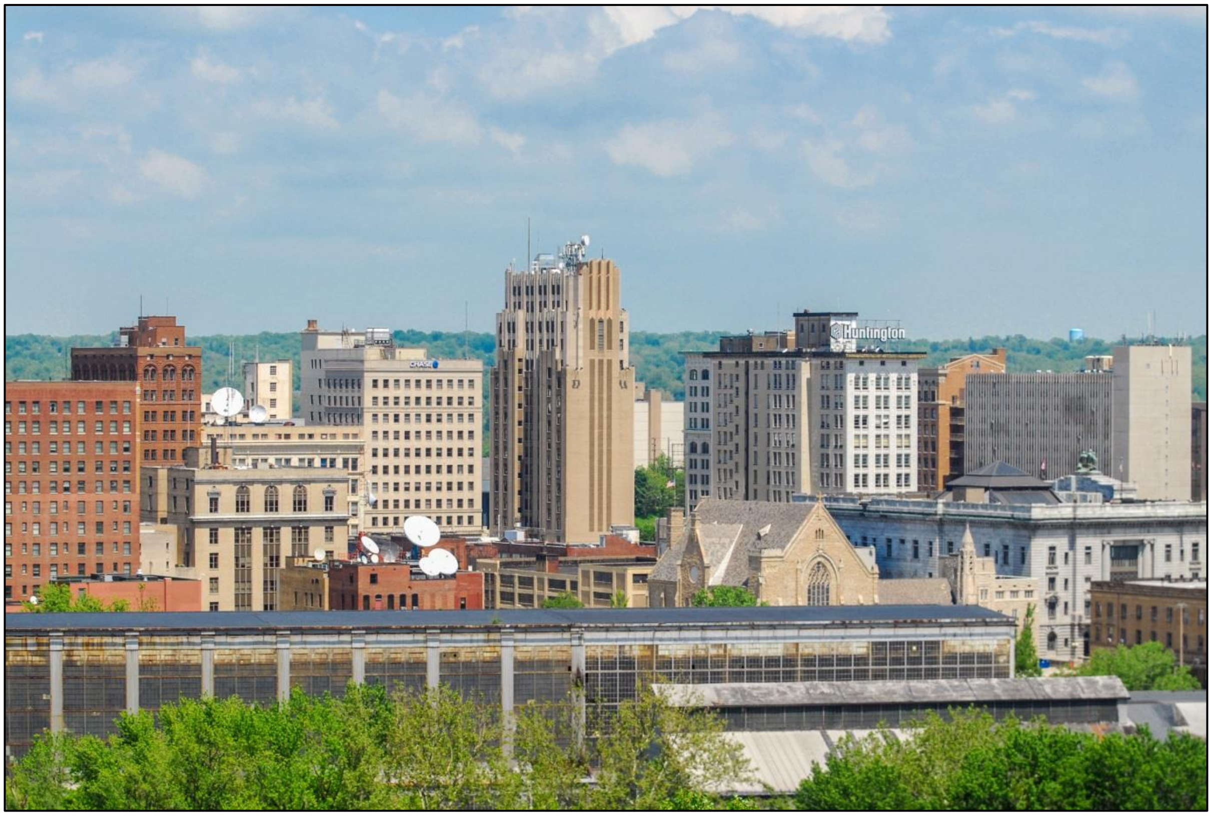
Year	City Type	Unemployment Rate	Labor Force Participation	Median Household Income*	Per Capita Income*	Poverty Rate	Long-Term Vacancy	Median Housing Value*
2000	Large Legacy Cities	5.7%	59.7%	$37,650	$22,837	24.5%	3.40%	$110,877
	Mid-Sized Legacy Cities	5.0%	61.4%	$41,547	$22,712	19.6%	2.53%	$96,136
2014	Large Legacy Cities	10.1%	61.4%	$29,551	$20,807	33.7%	7.73%	$94,137
	Mid-Sized Legacy Cities	9.3%	60.3%	$31,545	$18,353	30.1%	8.12%	$75,170

*All amounts in 2014 dollars

While mid-sized and large legacy cities share many similar characteristics, mid-sized cities suffered greater losses relative to their larger peers in the time between 2000 and 2014. Notably, mid-sized cities lost their slight edge in labor force participation and housing vacancy over this period.

Akron, which remained economically robust for many years after the decline of the rubber industry, has experienced significant challenges in more recent years.

Yet there are ways in which the performance of mid-sized cities diverged from larger places over the study period. On the whole, mid-sized cities did not see the gains in labor force participation that occurred in the larger cities. Although mid-sized legacy cities saw some growth in labor force participation from 2000 to 2009, all of these cities except Canton experienced declines in the later five years that eclipsed the earlier gains. Only Toledo and Akron had labor force participation rates approaching the U.S. average of nearly 64 percent, while Youngstown fell far from this mark with just 50 percent of working age adults participating in the workforce. From 2000 to 2014, mid-sized cities saw a net loss of approximately two percent in the percentage of adults in the labor force. Canton was the only mid-sized legacy city to see gains over the whole period, with the rate of participation growing around 1.5 percent. While mid-sized cities had a slightly higher labor force participation rate than their larger counterparts in 2000, they lost this edge by 2014 due to their labor force losses and the larger cities' gains. A similar reversal occurred in terms of long-term housing vacancy – although both city types saw dramatic rises in vacancy between 2000 and 2014, the growth rate in mid-sized cities was close to double that of the larger cities.



Incomes in Youngstown are among the lowest in the state, contributing to the city's very high poverty rates.

The meteoric rise in long-term housing vacancy in mid-sized cities points to one of their most significant challenges – their housing markets. In aggregate, eight out of every 100 houses in these cities were sitting vacant and potentially blighting in 2014. Within some of the individual cities, the numbers are staggeringly high – 13 out of every 100 homes in Dayton and Youngtown are vacant according to Census estimates. These rates outpace Cleveland, the poster child of Ohio's abandonment and foreclosure crisis, where an estimated 9.5 out of every 100 homes are vacant. The growth in long-term housing vacancy after 2009 varied significantly between mid-sized cities, with vacancy rates nearly stabilizing in Youngstown while growing by more than 100 percent in Akron. Housing values in mid-sized cities were the lowest of all city types at $75,170 in 2014, reflecting the destabilization of neighborhoods. Not surprisingly, medium cities saw the steepest declines in values from 2000 to 2014 at more than 20 percent.

Mid-sized cities also saw the steepest declines in incomes of all city types from 2000 to 2014. Real per capita and median household incomes fell by 20 percent or more. Real income in all city types declined over this period, but some cities saw significantly less steep declines. Large legacy cities saw an aggregate rate of per-capita income decline that was a full ten percentage points less than their mid-sized peers.

Figure 10. Population Change in Metros 2000-2014

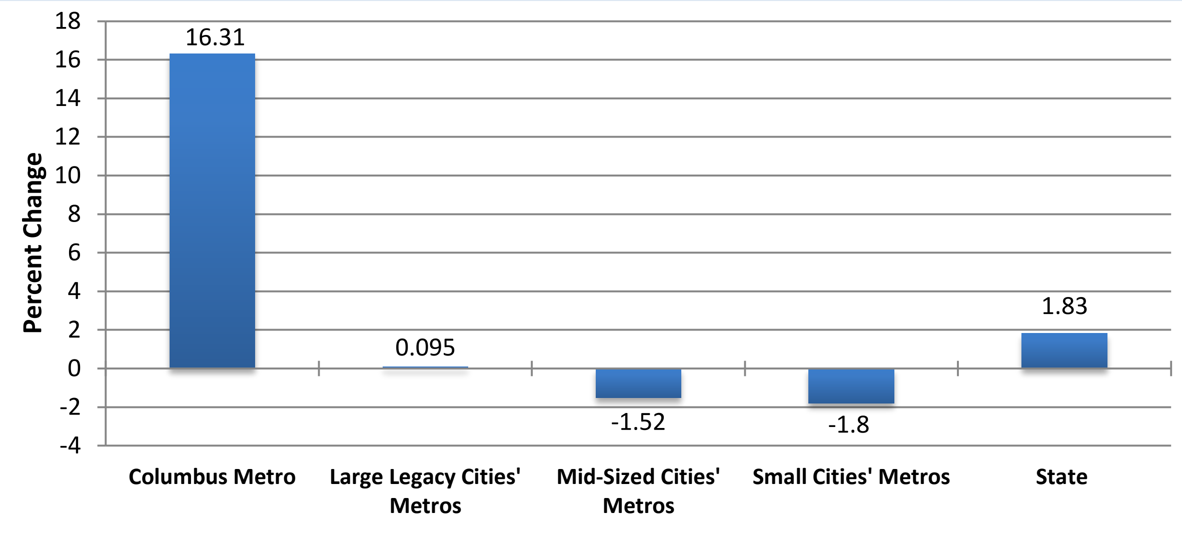
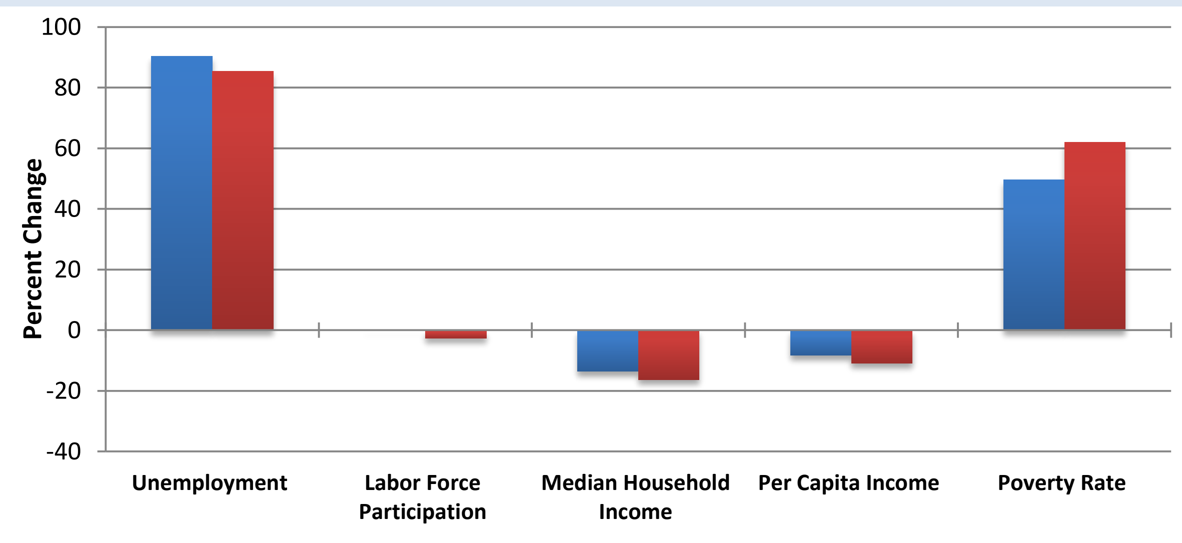
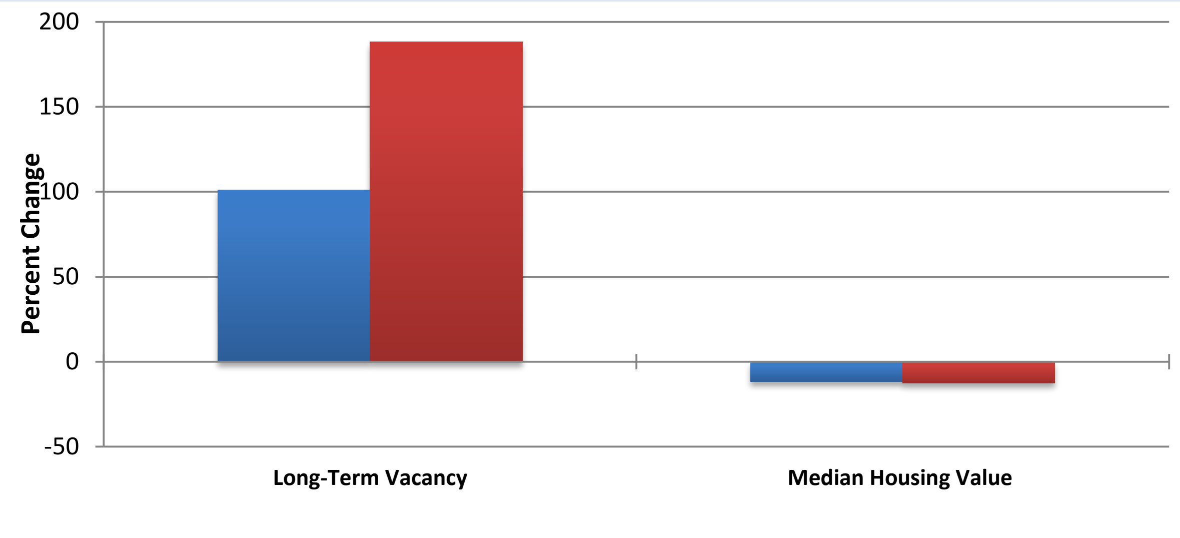


Figure 11. Change in Economic Health Mid-Sized vs. Large Legacy Metros, 2000-2014



For decades, suburban and exurban growth insulated legacy cities from some of the worst effects of decline. As central cities hollowed out, continued suburban growth presented job opportunities for regional residents. Troublingly, mid-sized metros in Ohio are starting to see signs of their own decline, particularly in comparison to larger legacy city metros. One of the most disconcerting trends is overall population loss for these metros from 2000 to 2014 (Figure 10). Only Akron saw slight population growth, while its neighbor to the east – Youngstown – saw a startling decline of eight percent over the time period. By comparison, large city metros remained approximately stable, and the Columbus metro grew by 16 percent. The unfavorable disparities between mid-size and large metros are not limited to population change. Mid-sized metros also outpaced large metros in terms of labor force participation rate decline, income loss, and the growth of poverty and housing vacancy (Figures 11 and 12). These signs of instability in the medium-city metros indicate that the suburban and exurban areas' ability to protect the overall region from following their central cities' decline may be waning.

Figure 12. Changes in Housing Markets
Mid-Sized vs. Large Legacy Metros, 2000-2014



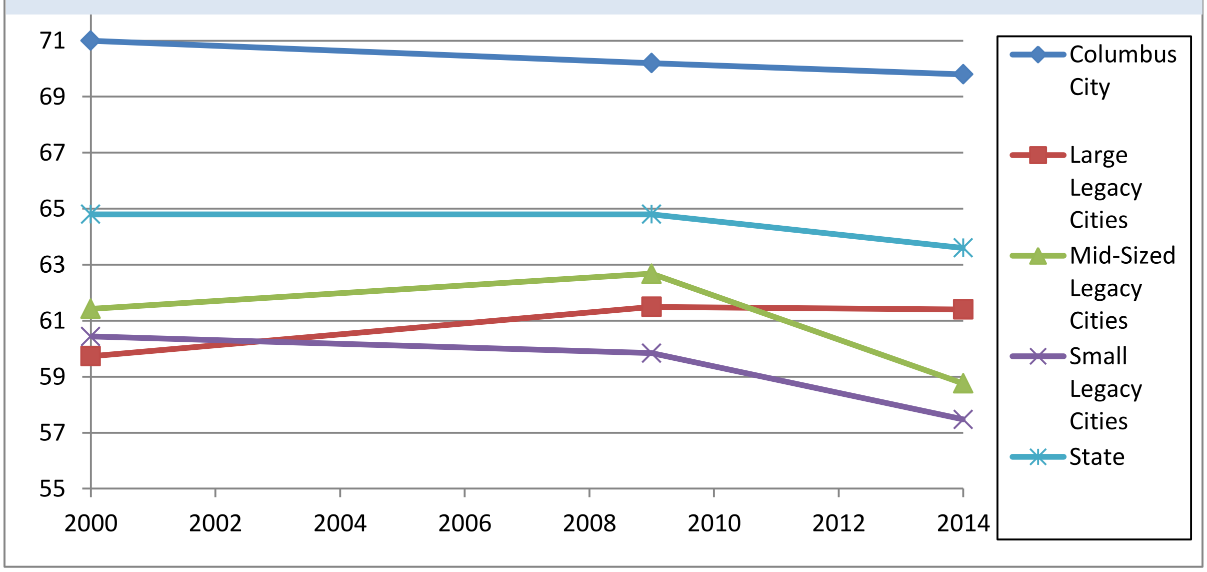
Small Legacy Cities: Growing Workforce and Poverty Challenges

Small legacy cities in Ohio face a slightly different set of challenges from their large and mid-sized neighbors. They are fundamentally distinguished from their larger and even medium-sized counterparts, as few of these cities have assets such as corporate headquarters, multiple (or even single) college or university campuses, or major cultural institutions. Most have few, if any, traditional suburbs. The regions surrounding small cities are more likely to be primarily rural, presenting a different set of challenges and opportunities for renewal. Even more so than among large or mid-sized cities, the condition and trajectory of different small cities in Ohio varies significantly. Some of these cities are located within or on the outskirts of larger metropolitan areas, and in some cases have benefited from the growth of exurban development. In fact, five out of the 15 small legacy cities - Xenia, Marion, Massillon, Hamilton, and Chillicothe - saw some level of population gain between 2000 and 2014, although small cities in aggregate saw a three percent decline. These five cities are the only cities outside of Columbus included in this study to experience overall population growth over the last fifteen years. No Ohio city type should be treated monolithically, but this is particularly true for small legacy cities, which experience very different regional, geographical, and demographic factors.

Marion, Ohio saw serious declines in workforce participation rates between 2000 and 2014.

Small legacy cities do not face the same kinds of persistent challenges related to poverty and population loss as their larger counterparts. In 2014, small cities had lower rates of unemployment, poverty, and long-term housing vacancy than in large and mid-sized legacy cities. These cities also had higher median household incomes than both larger legacy city types. Although unexplored in this report, the economies producing these conditions may be particularly complex. Residents in some small legacy cities may commute to larger cities for work, while in other places an informal economy may be a significant driver. For example, the median household income and labor force participation rates in Elyria, situated outside of Cleveland, are second only to Columbus for cities throughout the state. On the other hand, the extremely low rates of labor force participation in Marion suggest that a substantial number of people may be taking part in the informal economy. Marion has received national attention as a center of the state's heroin epidemic, a situation that may be exacerbated by the area's extremely challenging economic conditions.[x] A deeper understanding of what has created the unique conditions in small legacy cities is important to helping shape policy solutions for these places. This is particularly important given the growing challenges present in most small legacy cities, exacerbated by the economic contraction of recent years.

Figure 13. Labor Force Participation Rates Over Time



The most pressing of the issues facing small legacy cities is the precipitous decline in the labor force participation rate over the last 15 years. By 2014, the average rate of labor force participation in small legacy cities was 57.5 percent – more than six percentage points below the U.S. average of 63.9 percent and more than 10 points less than Columbus' rate. On average, the rate of adults in the labor force decreased by 5 percent from 2000 to 2014 (Figure 13). While the average rate declined in both the first and second period, the decline was much steeper from 2009 to 2014. Some cities saw massive declines over this second period – with seven cities seeing losses of five percent or greater. The steepest decline was in Xenia, which saw a loss of 12 percent (Figure 14).

Figure 14. Change in Unemployment and Labor Force Participation in Small Legacy Cities, 2009-2014

	Unemployment Rate Change	Labor Force Participation Rate Change
Chillicothe	22.9%	-5.2%
Elyria	18.0%	-1.5%
Hamilton	23.3%	-5.0%
Lima	17.5%	-3.9%
Lorain	3.3%	-3.1%
Mansfield	10.3%	-7.8%
Marion	11.3%	-6.2%
Massillon	14.8%	-1.8%
Middletown	49.2%	-0.8%
Portsmouth	-35.6%	-8.6%
Sandusky	27.6%	1.5%
Springfield	19.4%	-0.3%
Warren	-7.8%	-4.0%
Xenia	3.4%	-12.7%
Zanesville	-22.2%	-9.8%
Average Trend	**13.1%**	**-4.1%**

A decrease in the labor force participation rate could indicate that working age adults are dropping out of the workforce, or it could be a sign that an aging workforce is not being replaced by younger workers as older workers retire. In either case, the precipitous drop in this rate in many small legacy cities is cause for alarm. Adding to this dire picture is the dramatic average increase in unemployment rates. From 2000 to 2014, the average unemployment rate suffered a net increase of nearly 100 percent in small legacy cities – a steeper increase than all other city types by far. Paired together, these two indicators paint a picture of severely distressed job markets in Ohio's small cities. Not surprisingly, small cities also saw the greatest increases in poverty rates of all city types. The poverty rate in small legacy cities grew by 70 percent from 2000 to 2014, outpacing all other city types by at least 15 percentage points. Although the challenges of persistently high poverty rates are less severe than in larger legacy cities, this substantial growth in poverty and the challenges of joblessness point to a worrying economic trajectory for small cities if there is not significant intervention.

Mansfield also experienced severe losses in workforce participation over the last 15 years.

Recommendations

All of Ohio's cities are facing significant challenges in the wake of the Great Recession. For Ohio's legacy cities, the Recession compounded the issues caused by decades of job and population loss. In small and mid-sized cities, some indicators of economic and market health took troubling turns for the worse. Efforts to combat further decline and fuel an eventual turn-around will need to come from both the local and state levels. With that in mind, GOPC is proposing a series of preliminary policy strategies that can be undertaken at the state level to drive economic growth throughout the state, with particular benefits for small and mid-sized legacy cities.

Implement short- and long-term strategies focused on sustaining stable and strong neighborhoods

Many once-thriving neighborhoods in Ohio's small and mid-sized cities experienced significant decline due to the destabilizing effects of the Great Recession and decades of population loss. Some neighborhoods still find themselves at a tipping point, where strategic intervention could stem further decline and promote regeneration. Many legacy cities have wisely focused their limited resources on sustaining these neighborhoods to some success. State policy can supplement these strategies by giving cities more tools. For example, state policy could provide even more support to local governments as they work to take control of nuisance properties or track down unscrupulous, absentee landlords. Improving the mortgage foreclosure process on abandoned residential properties, and allowing local governments to charge blighted industrial and commercial properties as public nuisances will help stabilize neighborhoods and hasten revitalization.[xi]

While these types of short-term tools are critical in preventing further decline, the state's intervention in turning around neighborhoods should also focus on long-term strategies to rebuild population. Most small- and mid-sized legacy cities still face major challenges related to population decline, both from continued migration to the suburbs and loss of residents to other states. While the state should focus on attracting new residents of all types, programs specifically targeting younger Ohioans (who are far more mobile than other groups) that have left the state could pay significant dividends, both in bolstering the population and capitalizing on the experience these young people gained while living elsewhere.

The current gubernatorial administration has already made investments in drawing young people back to the state through its Forever Buckeye program, an initiative that allows Ohio high school graduates who now live outside of the state to qualify for immediate in-state tuition for undergraduate or graduate programs. The state should consider similar kinds of incentives to help repopulate struggling neighborhoods. For example, the state's relatively low cost of living and abundance of housing could be a draw for returning Ohioans if paired with downpayment assistance or special home rehabilitation loans.[xii]

Build on cities' place-based assets to stimulate economic development

Creating unique places that people want to live, work, and play is gaining traction as a strategy for economic development in other states and in select communities in Ohio. This approach to economic development focuses on creating vibrant neighborhoods and commercial areas with a mix of shops, restaurants, offices, and housing as well as pedestrian and transit-friendly streetscapes. This strategy is based on the premise that talented workers, who may have many employment opportunities, will first choose where they want to live, and will then choose their job. Businesses looking to expand or relocate will go where there are talented workers, and talented workers with an entrepreneurial spirit will start businesses in the places they have chosen to live. In this model, economic development happens by building or sustaining interesting places that people want to be, and jobs and investments will follow.

One easy lift is to establish a statewide "active transportation" or "complete streets" policy so that all users can safely access and utilize Ohio's roadways. Thirty-one other states have such policies, which require roadways to be designed with sidewalks, bike lanes, protected transit stops, and traffic calming features in densely populated areas and wider shoulders in more rural and less populated areas. In states and cities where active transportation policies exist, communities have saved money by eliminating costly retrofit projects; attracted new businesses, especially to older communities with walkable neighborhoods; and improved safety by reducing accidents involving motorists and bicyclists or pedestrians. Such a policy in Ohio would improve its economic competitiveness and would position the state and its regions to fully leverage existing transportation assets.

Ohio can continue to position itself as a great place to live and work, start a business, or raise a family. A place-focused economic development strategy is compatible with the state's current emphasis on employer attraction, and could even bolster those efforts. For example, a renewed brownfield redevelopment program could help weave these two forms of economic development together by creating hundreds of new acres of developable land in urban cores. Ohio has hundreds of acres of brownfields with latent opportunity waiting to be unlocked. Past brownfields programming has assisted in the creation of entire residential neighborhoods in Cleveland and Columbus, new manufacturing facilities and commercial activity in rural areas, small towns and urban corners of the state, the retention of existing, high value companies, and beautiful parks and recreation sites enjoyed by all Ohioans.

Michigan, potentially Ohio's closest economic analogue, has embraced place-focused economic development as a strategy for moving its economy into the new era. The state, with enthusiastic support of its Republican governor, targets resources to place-based initiatives in communities around the state. Different state agencies, led by the housing finance agency, are coordinating their investments in community development, working to target areas where they believe they can have maximum impact. These efforts are coordinated with stakeholders on the ground to make sure local residents are engaged in envisioning a more vibrant future for their communities. Building and marketing vibrant places in Michigan has become a coordinated effort within the state government, and one with substantial promise to bear fruit.

To remain competitive, Ohio will need to ensure that it can attract the kind of talented workers looking for interesting, vibrant places to live. Many of Ohio's small and mid-sized legacy cities have the intrinsic assets to attract these workers, including walkable neighborhoods, historic downtowns, and a clear sense of place – they just need a boost to help turn those assets into economic drivers.

Encourage regional collaborations that promote investments in downtown cores

Investments in Dayton's downtown riverfront have drawn more energy and activity to the urban core.

The data for mid-sized legacy cities in particular show a troubling decline in the condition of these cities' surrounding suburban and exurban areas. The fates of Ohio's small and mid-sized cities and the regions around them are inextricably linked, and securing a vibrant future for all regional communities will require concerted efforts to draw population and grow the economy. The declines in the central cities themselves are likely contributing to metro area declines, as hollowed out downtowns and urban neighborhoods do little to draw new businesses or residents to the region. Too often, the physical and geographic growth of metropolitan regions is conflated with economic or population growth. Unfortunately, economic development strategies in some Ohio cities are exacerbating this issue, as new suburban developments cannibalize residential and office tenants from the urban core and incentive structures for attracting new businesses do little to encourage employers to pick downtown sites. Beyond the challenges of vacancy and a shrinking tax base for the central city, these policies also create regional transportation challenges as transit-dependent workers have difficulty reaching jobs on the urban fringes and transportation resources are stretched even more thinly by building out infrastructure to exurban office and industrial parks. For resource-constrained communities – and particularly communities experiencing population loss – the current, spatially-agnostic approach to regional investment is only compounding these problems.

New York's Regional Economic Development Councils streamline state funding requests for economic development by requiring regions to submit joint applications based on regional economic development plans. This funding method requires cities, suburbs, and rural communities to work together to envision a common plan for growing their regional economy. While this required collaboration may lead to some challenges, it requires that regional actors at least coordinate their activities if they want to be successful in pursuing state funding. Some of the most successful regions, including the Mohawk Valley that encompasses Syracuse, have focused their efforts on investments in their regional downtowns.

For Ohio's cities and metro regions, particularly its small and mid-sized ones, to thrive, regional actors will need to work together to build and sustain strong urban cores. The state has already supported regional efforts at economic development through JobsOhio, and new efforts to strengthen urban cores could build on this approach by helping to ensure that investments in downtowns and central cities benefit the entire region.

In a related and current concern, Ohio's central cities must maintain and modernize their aging water and sewer infrastructure for the health, safety and economic competitiveness of the region. This update is expensive and Ohio's cities will need help with financing. The state should create new, innovative financing programs that support infrastructure modernization and that equitably distributes burden across all users. Additionally, state policies could better support the utilization of integrated infrastructure (i.e. "green" and "grey") to reduce costs and leverage existing vacant land.

Tailor state interventions to avoid "one size fits all" policies

In a state like Ohio with many populous, diverse regions, allocating state resources is particularly challenging. To ensure no region feels left out the practice of spreading funds around the state "like peanut butter" – making sure each place gets a little taste – has been common for decades. While this may reflect a political reality, it is rarely the most effective or efficient way to allocate resources.

Ohio policymakers should consider combating this urge by creating place-related designations that guide the allocation of resources. Such designations could group cities by size ranges or conditions to ensure that resource types and amounts are tailored to the types of city that need them. Any state funding model based on a city-type designation would require careful planning to ensure its compatibility with the state's strong

Other states with geographic diversity similar to Ohio use place-type designations to help guide resources to the places that need them most. While these exact classification systems may not be entirely appropriate for or replicable in Ohio, they offer an example of ways to tailor policies to cities with differing sizes or conditions.

Pennsylvania designates cities within a class based on their population size. This classification system allows the General Assembly to craft laws that are specific to large, small, or mid-sized cities.

New Jersey focuses on distress levels as a way of apportioning state resources to where they are most needed. The New Jersey Economic Opportunity Act of 2013, passed by a Democratic legislature and signed by a Republican governor, designated the most economically distressed cities as Garden State Growth Zones. These areas, which largely comprise smaller legacy cities, are eligible for additional employer-focused economic development incentives from the state. While this policy is not without its critics, smaller legacy cities like Camden have already seen substantial results, including the single largest private-sector investment in the city's history.

culture of home rule and would have to ensure it does not penalize cities that are in distress. Done wisely, however, consideration of the effects of population size or economic conditions could help lawmakers tailor solutions to boost economic growth in differently-situated places.

Conclusion

Ohio's small and mid-sized legacy cities face distinct challenges that will require creativity and collaboration to confront. While larger legacy cities have a number of assets that have helped them make small gains over the past 15 years, small and mid-sized cities continued to see precipitous declines in economic health, housing markets, and population that were only compounded by the Great Recession. In some cases, these negative trends are bleeding over into surrounding regions, meaning that suburban growth is no longer insulating these regions from their central cities' declines. Talented leadership and resourceful thinking on the city and regional level has made some important contributions in stemming even further decline, but the economic and demographic challenges in these cities cannot be turned around on the local level alone. Real opportunities for growth will require an investment of attention and resources from the state level and a rethinking of how these cities fit into their broader regions. Ohio's smaller legacy cities played critical roles in Ohio's past, and with the right leadership and investments, are sure to meaningfully contribute to the state's future.

Notes and Citations

This report was researched and written by Torey Hollingsworth, GOPC Researcher. Thanks go to Bill LaFayette for his input and review. GOPC also gratefully acknowledges the Lincoln Institute of Land Policy and the Nord Family Foundation for their support of this research.

Photo Credits

GOPC is grateful to the following organizations for the use of their photos:

Cover, Zanesville, Ohio. Ohio Stock Photography.

Page 3, Middletown, Ohio. Ohio Stock Photography.

Page 4 from left to right, Columbus, Ohio; Cincinnati, Ohio; Dayton, Ohio; and Portsmouth, Ohio. Greater Ohio Policy Center.

Page 5. Map created in ArcGIS Online with information from Esri, HERE, DeLorme, NGA, USGS, NPS.

Page 6, Greater Ohio Policy Center.

Page 13, Cleveland, Ohio. Greater Ohio Policy Center.

Page 15, Akron, Ohio. Shane Wynn, AkronStock.

Page 16, Youngstown, Ohio. Ohio Stock Photography.

Page 19, Marion, Ohio. Ohio Stock Photography.

Page 21, Mansfield, Ohio. Greater Ohio Policy Center.

Page 24, Dayton, Ohio. Ohio Stock Photography.

Notes

[i] Bureau of Economic Analysis, "Current-Dollar Gross Domestic Product (GDP) by Metropolitan Area," 2014.

[ii] http://www.cincinnati.com/story/news/politics/elections/2016/03/06/5-things-know-ohios-economy/80934736/

[iii] http://greaterohio.org/files/quick-downloads/restoring-prosperity-report.pdf

[iv] http://eig.org/dci/report

[v] https://healthinequality.org/

[vi] Quite a few Ohio cities fall within the population threshold of over 20,000 people, but for the purposes of this report GOPC limited its analysis to cities that meet the following definition of a legacy city: the city has an industrial past, has lost significant population since its peak, and is not a college town or strictly a suburb of a larger city.

[vii] For 2000 and 2009, metropolitan statistical area data were compiled from county-level data to account for changes in MSA definitions after 2013. Only Ohio counties were included if the MSA is located in multiple states. To account for county-level aggregation, median household income and median housing values are approximated on the metro level for multi-county MSAs (Akron, Canton, Cincinnati, Cleveland, Columbus, Dayton, Toledo, and Youngstown) by weighting each county median by population to create an MSA-wide value.

[viii] The long-term housing vacancy rate is calculated by finding the percent of all housing units that are classified as "Other Vacant" by the U.S. Census Bureau. These are homes that are vacant for a reason other than being for sale or rent or because they are temporary housing. The rate of "Other Vacant" housing units is calculated differently between the U.S. Census and the American Community Survey, meaning that comparison between data collected by each method must be corrected to create an accurate comparison. To correct the American Community Survey data in 2014, GOPC calculated the 2012 American Community Survey rate for each city and compared it to the 2010 U.S. Census rate. The 2014 rate was then multiplied by the percent difference between these two rates to calculate the corrected value.

[ix] If a metropolitan area contains multiple cities that may correspond to different geography types, the metropolitan area was only included with the largest city. For instance, although the Cleveland-Elyria MSA contains the legacy cities Cleveland, Elyria, and Lorain, MSA level data were only compiled into the large legacy city category. Similarly, the Youngstown-Warren MSA was only included in the medium legacy city category.

[x] http://www.npr.org/2015/08/23/433575293/ravages-of-heroin-addiction-haunt-friends-families-and-whole-towns

[xi] http://greaterohio.org/issues/2015-2016-policy-platform

[xii] The Ohio Housing Finance Agency has a program for recent college graduates; expanding the program's eligibility to include returning Ohioans or residents who may have graduated up to ten years ago would further encourage attraction and retention of "young professionals."

399 E. Main Street, Suite 220 Columbus, Ohio 43215
614-224-0187 | GreaterOhio.org

Greater Ohio Policy Center (GOPC) is a non-profit, non-partisan organization with a mission to champion revitalization and sustainable growth in Ohio. We use education, research, and outreach to develop and advance policies and practices that create revitalized communities, strengthen regional cooperation, and preserve Ohio's open space and farmland. We are based in Columbus, Ohio and operate statewide.