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Projecting the Impact of Demographic Change in Pittsburgh's Labor Force

■ *By Christopher Briem*

Aging in the labor force is a major factor impacting the size of the workforce in the United States. As with many other factors related to aging, the baby boom cohort significantly affects the American workforce today. This article focuses on key changes aging baby boomers play in shaping today's American workforce and these concern both the size of the workforce and the labor participation rates of the population.

Generally, labor force participation rates decline precipitously after age 50 for both men and women. For this reason, the prime working-age population is typically defined as the population between the ages of 25 and 54. Population changes within this age range have a disproportionate impact on labor supply.

As the baby boom generation has been aging out of the prime working-age population for over a decade, the proportion of the national population made of up prime working-age cohorts has been and will continue to decline.

While demographic changes affect labor force issues nationally, similarly in Pittsburgh, demographic factors have long played a major role in the changing characteristics of the regional labor market.

For instance, when Pittsburgh's economy was dominated by employment in heavy manufacturing industries, women in the region had much lower labor force participation rates compared to women nationally, and this trend trailed national averages throughout most of the 20th century. The loss of manufacturing jobs in the 1980s moved more women to enter the region's labor force and pushed up the region's labor supply. Only over the last decade and a half has the labor force participation of younger working-age women reached rates comparable to their cohorts in the nation.

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Who Moves to Lawrenceville and Why?

■ *By Bob Gradeck*

UCSUR has recently completed a report for the Urban Redevelopment Authority of Pittsburgh (URA) on movers to and from Pittsburgh's Lawrenceville neighborhood. Working with community leaders in Lawrenceville, the URA was interested in learning what has made parts of Lawrenceville attractive to new residents, and what factors can spur revitalization in other parts of the neighborhood, including Upper Lawrenceville.

Lawrenceville lies along the southern shore of the Allegheny River, just past Pittsburgh's Strip District. The community has benefitted from the active engagement of community organizations aimed at reducing blight and crime and improving quality of life in the neighborhood.

The report uses an exciting data source that UCSUR's Pittsburgh Neighborhood and Community Information System has employed, the Zenit Solutions, LLC change of address data source. In the summer 2011, UCSUR conducted a survey of Lawrenceville residents who had recently moved to the neighborhood and former residents who left the neighborhood.

People move for a variety of reasons, and these moves are often tied to different events or stages of a person's life. Whatever drives the decision, movers have a strong impact on neighborhoods and housing markets.

Similar to many Pittsburgh neighborhoods, Lawrenceville has lost population for at least 70 years. In parts of Lawrenceville, as people moved out, those who stayed aged in place. By 1990, these patterns made much of Lawrenceville a Naturally Occurring Retirement Community, or NORC, as over a quarter of all residents were aged 65 and older, or twice the national average. In 2010, Lawrenceville had 9,492 residents, including a mix of younger newcomers.

Through the survey, new residents cited many reasons for moving to Lawrenceville. Those most-frequently mentioned include the cost of living and a desire to live closer to work or school (Table 1). Being closer to family and friends was also an important factor for about one-third of respondents. Among open-ended reasons for moving to Lawrenceville, the Main Street business district and the sense of community were commonly cited.

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The aging of the workforce also marks a significant factor in the changing labor supply within Southwestern Pennsylvania. Here, we estimate some of the effects of those shifts with the Pittsburgh REMI model.

UCSUR maintains the Pittsburgh REMI model for economic and demographic forecasting of the Pittsburgh region. The REMI model incorporates a detailed demographic module which forecasts anticipated changes to both the population and labor force by age, race, and gender. The model can be used to compare both historical and projected trends in the region's working-age population and labor force, with the labor force defined as the population employed or actively seeking work.

In the seven-county Pittsburgh Metropolitan Statistical Area, which includes Allegheny, Armstrong, Beaver, Butler, Fayette, Washington, and Westmoreland counties, the working-age population aged 25 through 54 increased through the first half of the 1990s, as the oldest of the baby boom generation neared 50.

Beginning in 1997, the population in the Pittsburgh region in the 25-54 prime working-age cohort began to decline. Over subsequent years, the decline in that population accelerated as more and more baby boom workers aged through their middle years.

Between 2002 and 2006, the fastest rates of decline for the prime working-age cohort occurred, when the population aged 25-54 was declining by nearly 10,000 people per year, on average. With an average labor force participation rate of 85 percent for those ages, the prime aged workforce in the Pittsburgh region was declining by an estimated 8,500 workers per year.

The Pittsburgh REMI model can also provide projections of future demographic characteristics of the labor force. Looking into the future, that working-age population is projected to continue to decline, but at decreasing rates. Meanwhile, the number of older workers in the labor force is projected to increase.

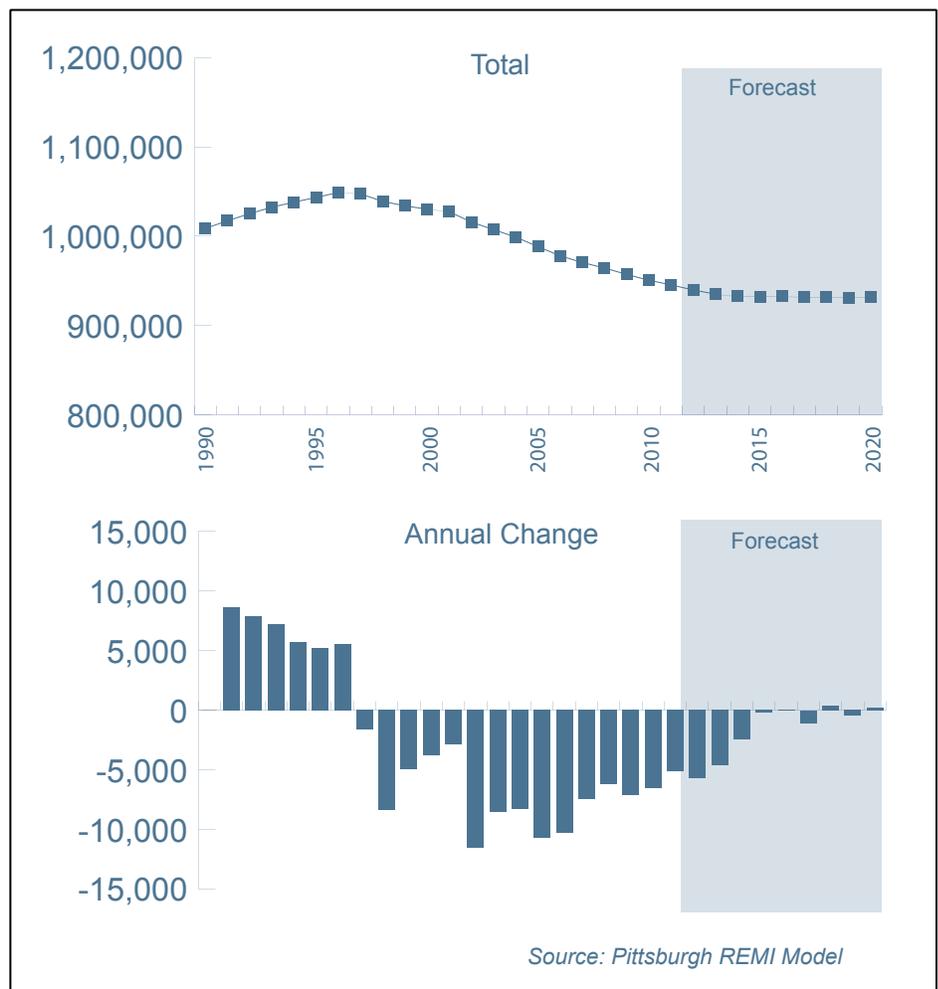
The size of the region's population between the ages of 25 and 54 is projected to stabilize beginning in 2016. The region's labor force is projected to increase over the next decade, but most of the increase is expected to come from older age cohorts.

Table 1. Projection of Pittsburgh Region's Labor Force by Major Age Group

	2000	2010	2020 (projected)	Change	
				2000-10	2010-20
Under 25	168,566	163,567	149,365	-4,999	-14,202
25-54	850,434	800,022	801,619	-50,412	1,597
55-64	130,918	203,636	251,987	72,718	48,351
65 and over	41,667	56,229	104,914	14,562	48,685
Total	1,191,585	1,223,454	1,307,885	31,869	84,431

Source: Pittsburgh REMI Model

Figure 1. Prime Working Age Population (Ages 25-54) – Pittsburgh MSA – 1990 to 2020



Source: Pittsburgh REMI Model

Between 2010 and 2020, the Pittsburgh region's labor force between the ages of 55 and 64 is projected to increase by 48,000 workers, or an increase of 23 percent. Workers aged 65 and over are projected to be the Pittsburgh region's fastest growing cohort over the coming decade. Elderly workers are also projected to increase by over 48,000 between 2010 and 2020, an increase of over 86 percent from current levels.

Workers aged 65 and over represented just 3.4 percent of Pittsburgh labor force in 2000 and rose to 4.6 percent in 2010. That share is projected to nearly double by 2020 to 8.0 percent of the region's labor force. Consequently, prime

working-age Pittsburghers, who represented 71.4 percent of the region's workforce in 2000 will decline both in number and share to 61.3 percent of the workforce in 2020, by the projections of the REMI model. Across regions in the country, similar shifts in labor forces will also occur.

Pittsburgh's unique demographic characteristics continue to affect the region's labor force. Past demographic changes are an important part of interpreting recent employment and labor force trends. In the coming years, demographic shifts will continue to exert a major impact on the supply of labor in the Pittsburgh region.

For more on the impact of demographic changes in the national labor force, see B. Fallick and J. Pingle, "The effect of population aging on aggregate labor supply in the United States," in Labor in the New Economy (Abraham, Spletzer and Harper, eds.), National Bureau of Economic Research, 2010.

For more on the changing role of women in the Pittsburgh regional labor force, see UCSUR's report "Gender Wage Disparity in the Pittsburgh Region: Analyzing Causes and Differences in the Gender Wage Gap" (www.ucsur.pitt.edu/files/frp/DeitrickGenderWageDisparity12-07.pdf). ■■■

UCSUR's Quality of Life Survey

■ *By Scott Beach*

The University Center for Social and Urban Research (UCSUR) conducted the 2011 Pittsburgh Regional Quality of Life (QOL) Survey in collaboration with the Regional Indicators Project. A quality of life survey is used to understand residents' life satisfaction and how physical, social, and economic conditions can affect their satisfaction and happiness.

The 2011 Pittsburgh Quality of Life survey asked questions about a broad range of topics related to quality of life in the Pittsburgh region, including both perceptions/attitudes and behaviors. Topics included local neighborhoods, the environment, government, the arts, transportation, education, public safety, housing, the economy, health, demographics, overall satisfaction with the region, and overall life satisfaction and happiness.

UCSUR's Survey Research Center conducted the survey by telephone using random digit dialing (RDD) sampling of both landline and cellular telephones between July and November 2011. In coming issues, PEQ will include articles on analysis and results from UCSUR's Quality of Life Survey.

The Region.

Results for the survey will be analyzed by different definitions of the "Pittsburgh region," including the seven county Pittsburgh Metropolitan Statistical Area (MSA) and the broad "Power of 32" definition, which includes counties in Eastern Ohio and the West Virginia panhandle (the "tri-state area") plus two Maryland counties and additional Pennsylvania counties stretching east to Blair and Bedford counties. Results will also be available for the city of Pittsburgh and Allegheny County.

Sample Design.

The target population was English-speaking adults, age 18 and older, living in private residences in the 32-county "Power of 32" region. A disproportionate stratified sample design was used with the goal of obtaining approximately 500 interviews from each of the following geographic strata: (1) Allegheny County (population 1,223,348 in 2010 Decennial Census); (2) the 6 counties making up the remainder of the Pittsburgh MSA (Armstrong, Beaver, Butler, Fayette, Washington, Westmoreland; population 1,132,495); and (3) the remaining 25 counties making up the "Power of 32" geography (population 1,753,495).

The design also called for over-sampling of African American residents, who live primarily in Allegheny County and the city of Pittsburgh. The goal was to obtain a total of 400 African American respondents.

RDD telephone samples of both landline and cellular telephones were drawn to conduct the survey. Research has shown that cell-only households tend to be younger, minority, more mobile, more likely to be employed, and more likely to rent rather than own their home. The goal was to complete 30 percent of the interviews by cell phone. The final survey found 1,377 of the interviews conducted on landlines (76 percent) and 428 on cell phones (24 percent), falling somewhat below the cell phone goal.

Data Collection and Response Rates.

Data were collected in UCSUR's computer-assisted telephone interviewing (CATI) lab by trained telephone interviewers between July 11, 2011, and November 10, 2011. A total of 1,805 interviews were completed,

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**Table 1. Lawrenceville new resident survey:
Reasons for choosing to live in Lawrenceville**

Reason	Number	Percent
Cost of living	99	52.9
Live closer to work/school	82	43.9
Live closer to family/friends	57	30.5
Seek better housing	41	21.9
Seek safer neighborhood	18	9.6
Other (open-ended)	114	70.0
Total respondents	187	100.0

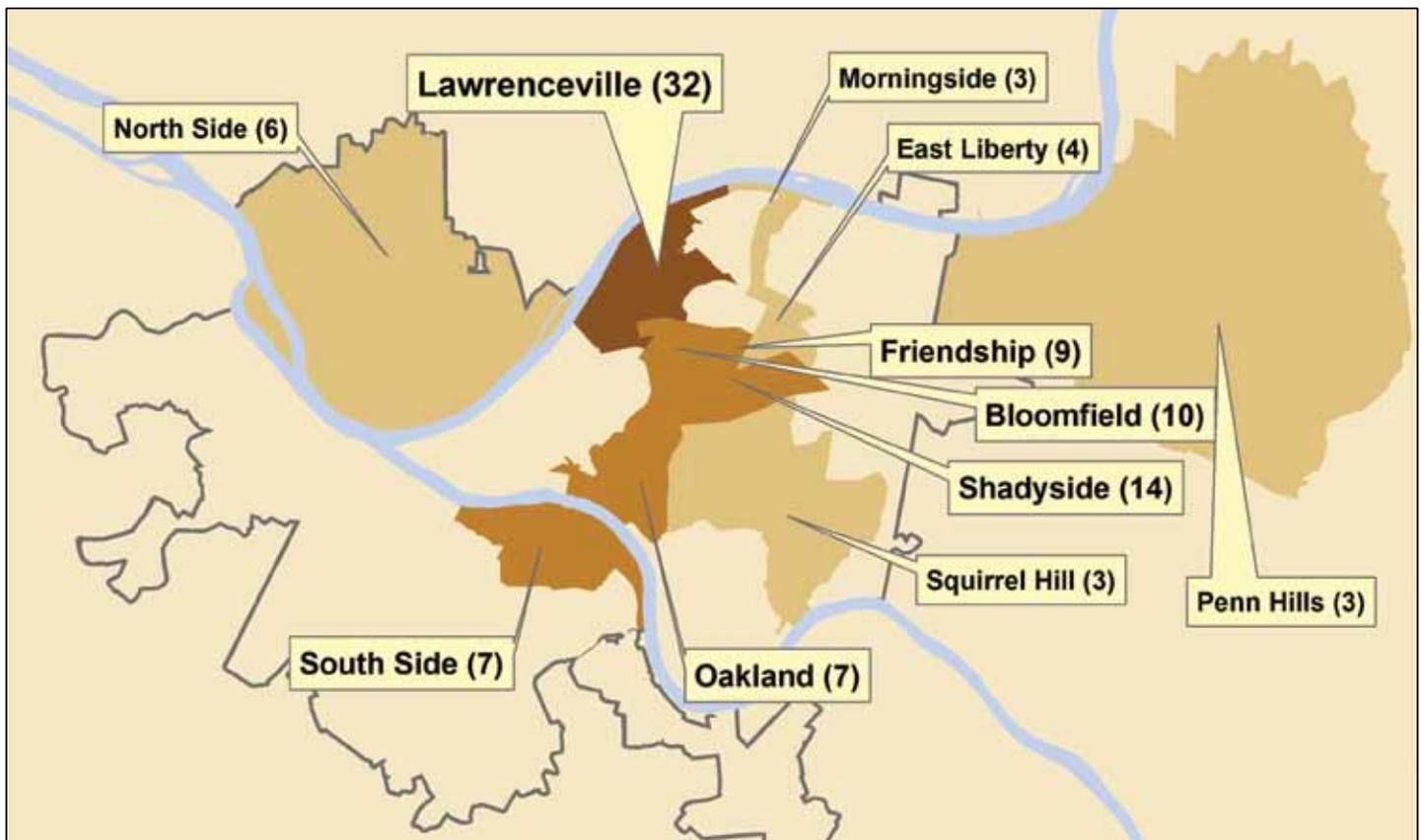
Respondents able to select multiple reasons

Lawrenceville has attracted many newcomers to the city of Pittsburgh. About two in every five new residents surveyed moved from a non-city community, with about half of them coming from the Pittsburgh region and half from outside the region.

Those that moved from another Pittsburgh neighborhood most often came from the nearby East End, especially Shadyside, Bloomfield, Friendship, and Oakland, along with the South Side (Figure 1). Many of these same communities were also included in the housing searches of these new Lawrenceville residents.

The survey found that a number of activities promoted by the community organizations have introduced and served to attract new residents to the neighborhood. From Art All Night to the Joy of Cookies Tour, two-thirds of survey respondents attended community events or frequented Lawrenceville businesses before moving in.

**Figure 1. Lawrenceville new resident survey:
Most-common origin communities**



Number of movers in parenthesis

Nearly half of all new residents used the Internet for their housing search, with friends, family, and word of mouth also prominent resources. Real estate professionals also played a role in the home search process, especially among homeowners.

The Upper Lawrenceville part of the neighborhood has higher poverty rates and more distressed properties than the rest of the neighborhood. Community development organizations were interested in how this part of the neighborhood was perceived in comparison to Lower and Central Lawrenceville. Among survey respondents, over half of new Lawrenceville residents—55 percent—did not consider Upper Lawrenceville in their housing search. Among these newcomers, the primary reasons involved were a perception of safety, blight, housing quality, and distance from the rest of Lawrenceville.

As prices for housing have doubled in other parts of Lawrenceville between 2000 and 2010, the affordability of housing in Upper Lawrenceville can demonstrate a competitive advantage. For those who did move to Upper Lawrenceville, according to our survey results, housing affordability and a perception of Upper Lawrenceville as an up-and-coming neighborhood were the prime reasons for their decision to move there.

Nearly half of all former residents of Lawrenceville moved to a Pittsburgh suburb, while one-third stayed in the city, and nearly a fifth percent left the region. The main reasons cited by respondents for leaving Lawrenceville included a desire to find a safer neighborhood and better housing, along with a desire to be closer to family and friends.

Lawrenceville’s rising sales prices and the numbers of new residents moving in from outside the city of Pittsburgh are strong evidence of the neighborhood’s growing popularity, especially among young singles and couples without children.

This report demonstrates an important application that UCSUR can conduct with its Zenit Solution change-of-address database. These survey results help to understand how residents’ moves and decisions to move affect housing market and community dynamics. The mover survey shows that the appeal of Lawrenceville is rooted in the quality of its walkable business district, its arts-friendly activities, and its location near Downtown and other neighborhoods. The new mover survey demonstrates key features driving housing dynamics and affecting neighborhood change in Lawrenceville.

The final report “Who Moves to Lawrenceville and Why” is available on the UCSUR Web site. ■ ■ ■

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with 799 in Allegheny County (including 337 African Americans), 502 in the 6-county remainder of the Pittsburgh MSA (14 African Americans), and 504 in the 25 outlying/remaining counties of the “Power of 32” geography (16 African Americans). Thus, a total of 367 African Americans were surveyed, falling slightly short of the goal of 400. The overall response rate was 12 percent, somewhat low but common for current cell-landline RDD surveys of this length (20–30 minutes). However, the survey estimates on available benchmark indicators, such as the unemployment rate, health insurance coverage, and the smoking rate were very close to “gold standard” population estimates, increasing confidence in the survey estimates.

Preliminary Results:

- Residents of the Pittsburgh MSA rated regional quality of life higher than residents from the surrounding 25 counties.
- In terms of perceived change in regional QOL over the past few years, city of Pittsburgh residents perceived most improvement, and this is the only geographic group in which more residents saw improvement (32 percent) than decline (21 percent).
- Respondents in the city of Pittsburgh were also more likely to report that their household’s financial situation had improved in the last three years than residents in the rest of the survey regions, with one third of city residents reporting an improvement in their household’s financial situation.
- Non-African Americans (primarily non-Hispanic Whites) rated regional QOL higher than African Americans.
- Residents with higher education levels and higher household incomes rated regional QOL higher and their neighborhoods as better places to live than their less educated and lower income counterparts. They also were more likely to perceive improving rather than declining regional QOL.
- Younger residents (18-44) were more likely to perceive improvements than declines in regional QOL, while those 45 and older were more likely to see declining QOL.
- Non-African Americans tended to rate their neighborhoods as better places to live than African Americans, while residents aged 65 and older generally rated their neighborhoods the highest among demographic groups.
- Younger residents (18-44) were more likely to perceive improvements rather than declines in regional QOL, while those 45 and older were more likely to see declining QOL.
- City of Pittsburgh respondents were, by far, the most optimistic about the regional economy, with 45.3 percent expecting the region’s economy to get better in the coming year, compared to just about one fifth of the respondents outside of Allegheny County.

See more on the Pittsburgh Quality of Life Survey in Pittsburgh Today & Tomorrow at the Regional Indicators Project at pittsburghtoday.org. ■ ■ ■

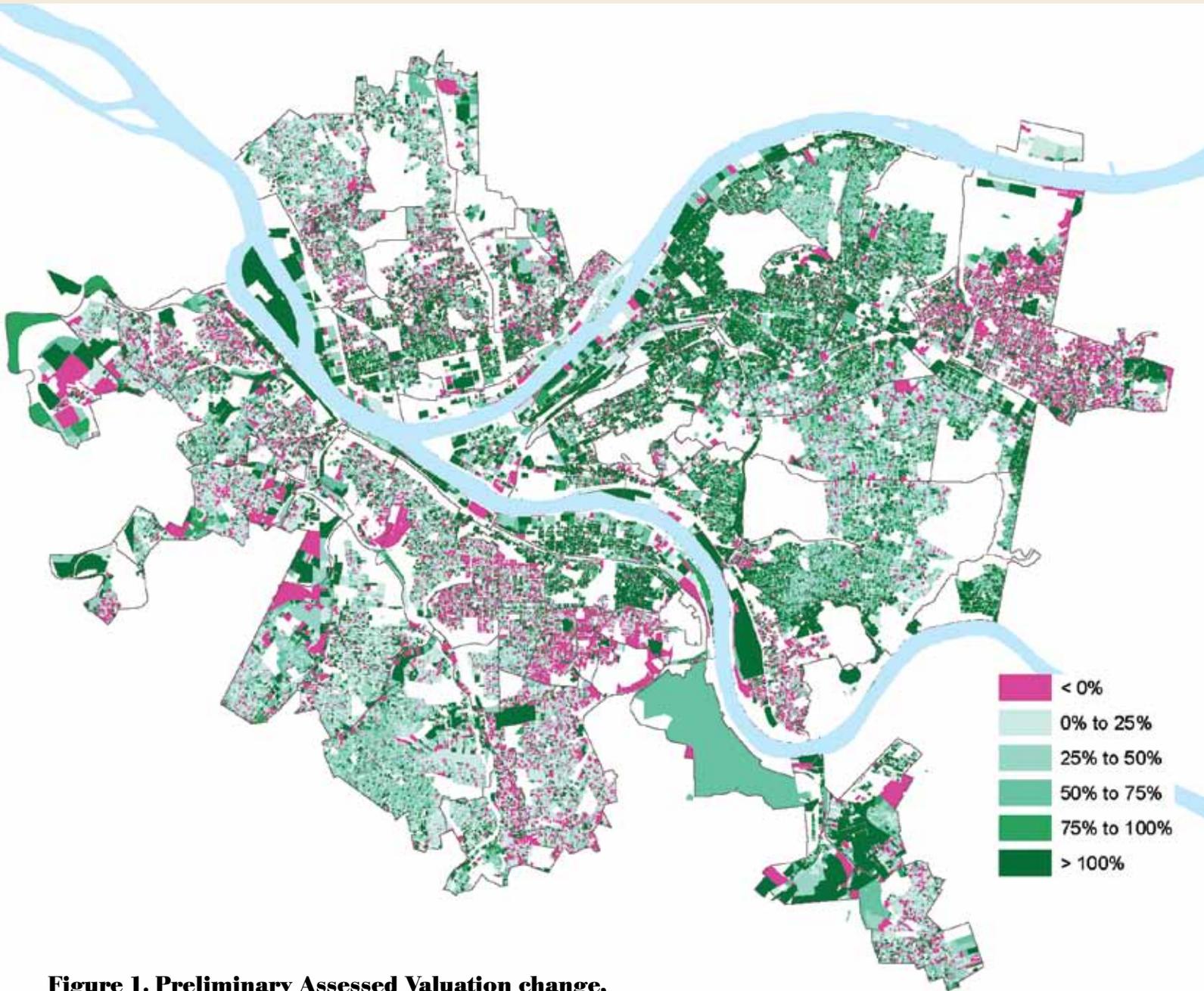


Figure 1. Preliminary Assessed Valuation change, Taxable Properties, City of Pittsburgh

City of Pittsburgh Property Assessment Impacts

UCSUR has compiled a map depicting the parcel by parcel impacts of new property values for all residential property located within the Pittsburgh School District. The map was created by matching individual property records with their locations to provide a detailed picture of the change in assessment values.

New assessments for all real estate in the Pittsburgh Public School District were the first property values released in December 2011 by Allegheny County as part of its ongoing reassessment of county property.

The map depicts the valuation changes for all residential properties located within the city of Pittsburgh and Mount Oliver Borough, the two municipalities that form the Pittsburgh Public School District.

Current property valuations used for tax purposes reflect values set in Allegheny County's 2002 reassessment. Since that time, the 2002 values have been used as "base year" for property valuation, but as a result of litigation and a 2009 court ruling, Allegheny County is in the process of reassessing all property values for use in calculating taxes in 2013.

Decreases in assessment values were concentrated in a subset of city neighborhoods, with Homewood, Lincoln-Lemington-Belmar, Beltzhoover, and Allentown all seeing significant concentrations of properties with lower new assessment values than the currently used 2002 base year values.

Valuation increases were common across the city, but the highest percentage increases were found in Lower and Central Lawrenceville, the South Side Flats, and parts of the North Side, including East Allegheny and Central Northside.

A change in the assessment value for a particular property does not directly correspond to a change in the tax bill the property owner would pay. Taxing bodies are expected to change property tax rates once the reassessment process has certified new values for all properties.

Note that these values reflect the initial values produced by Allegheny County as part of its ongoing property reassessment process. The final values set for individual properties may reflect adjustments resulting from either the informal or formal appeals processes that are ongoing.

Any updates to the map, or extensions to other regions of the county will be posted on UCSUR's *Pittsburgh Urban Blog* (PUB) at www.ucsur.pitt.edu/thepub.php. ■■■

Urban Affairs Association

The Urban Affairs Association will be held in Pittsburgh, April 18-21, at the Wyndham Grand Downtown. The University of Pittsburgh and UCSUR are proud to co-sponsor with our partners UAA's conference "Rethinking the Future of Urbanism: Cities and Regions in the Post-Industrial Era."

Save the Date!

Pittsburgh Neighborhood and Community Information System

Third Annual Users' Conference

Friday, June 8, 2012

1–5 p.m.

University Club

121 University Place

University of Pittsburgh

FEATURED SPEAKER: Chris Walker,
Director of Research and Assessment,
Local Initiatives Support Corporation (LISC)

The Local Initiatives Support Coalition's Building Sustainable Communities Initiative promotes comprehensive community-driven, place-based change in nearly 100 neighborhoods in 25 cities around the United States and serves as a model in part for the Pittsburgh Partnership for Neighborhood Development's (PPND) Champion Neighborhoods Program. PPND is LISC's partner in providing community development programs and financing in Southwestern Pennsylvania.

An important part of the Sustainable Communities Initiative involves monitoring community trends using national and local data on housing and labor markets, education, crime, and other neighborhood indicators. These indicators help support community-level decision making, assessments of performance, and communications with residents, stakeholders, and funders. Chris Walker will discuss these important efforts to analyze community information and affect neighborhood change in LISC's Sustainable Communities.

This conference is sponsored by PPND and UCSUR.
RSVP: pncis@pitt.edu or 412-624-9177.



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