

Is There A Suburban Market for Housing in the City of Buffalo?

Need to be able to break down demographics (Rena Data).

- Neighborhood conversations very important, etc. (p30) ^{See p22.} (p34)
- (Reinforced by Family Real Estate Survey)
- Deals only with City, not sub-districts.
- East Side is "hot" (p38)

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The Buffalo News

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Center for Urban Studies

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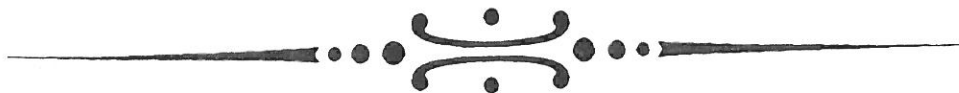


TABLE OF CONTENTS

Committee Members

Preface

Part I: The Regional Market for Middle-Income Housing Page 1

The People and places of Erie County.
Regional Demand for Housing.
Changes in Household Structure.
Changes in Age Structure.
Regional Supply of Housing.
Trends in Residential Construction.
Key Points: The Regional Market for Middle-Income Housing.

Part II: Can Suburban Residents be Attracted to Buffalo? Page 10

The Survey Instrument.
A Look At The Respondents.
Finding A Good Place To Live.
What Is The Ideal Neighborhood?
How Satisfied Are Suburban Residents With Their Current Locations?
How Do Suburban Residents View Buffalo?
What Are Buffalo's Strengths And Weaknesses?
Which Suburban Residents Might Be Attracted To Buffalo?
Key Points: Can Suburban residents Be Attracted To Buffalo?

Part III: Summary of the Realtors Roundtable Page 35

What Market Segments Does The City Have The Best Chance Of Attracting?
Households At What Income Levels Are Most Likely To Consider City Housing?
What City Neighborhoods Are Currently Attractive To Middle-Income Populations?
What Makes These Neighborhoods Attractive?
Does Race Have An Impact On Attracting Middle-Income People To The City?
Could An Aggressive Marketing Campaign Attract People To These Neighborhoods?
How Do Real Estate Agents Influence Residential Choice?
Are There Any Examples Of Successful Middle-Income Developments In The City?
Could Downtown Support Housing For Middle-Income. Upwardly Mobile Households?
Is There Demand For Upscale Rental Housing. And Could The City compete For This Market?
What Are The Up-And-Coming Neighborhoods In Buffalo And Western New York?
Miscellaneous Observations.

Part IV: Findings and Policy Recommendations Page 39

Findings.
Policy Recommendations.



PREFACE

In the opening decades of the 20th century, Buffalo was truly "The Queen City." More than 400,000 people lived in the city, accounting for 80 percent of the population of Erie County. Buffalo was a central city, with the surrounding suburbs functioning as mere satellites. Throughout the first half of the century, Buffalo served as the center of population growth and development in the region, and the suburbs remained small, dependent places.

This changed rapidly after 1950. As in most American cities after World War II, thousands of central city residents left Buffalo for the suburban region. By 1970, the face of the urban metropolis had radically changed. For the first time, the majority of Erie County residents were living in the suburbs. During this period of extraordinary suburban growth and development, virtually every suburban community in Erie County experienced growth. Population growth led to the suburbanization of business and industry, and the city fell further and further behind the suburban cities, towns, and villages.

Today, the city of Buffalo stands at a crossroads. Since 1950, it has lost more than 40 percent of its residents, and is now just one of several centers of population and commerce in the region. The city has not been able to reverse its decline, and it has failed to define its new role - especially as a residential center - within the evolving urban metropolis. Consequently, the city is rapidly becoming the region's repository for low-wage workers, people living below the poverty line, racial minorities, and dependent population groups.

Population and economic decline, combined with the concentration of low-income groups in the core, is responsible for the city's fiscal woes. As the exodus of middle-income residents continues, its fiscal and economic problems will intensify. In the 21st century, the greatest challenge facing Buffalo will be the formulation and implementation of a strategy to make it an attractive place to live and work.

The decline of central cities like Buffalo is partially a reflection of their inability to successfully compete for residents with the suburbs. To reverse this cycle of decline, cities must find a way to contend with suburban cities, towns, and villages for residents. Unless this happens, their future as vibrant places to live and work will be greatly jeopardized.

The purpose of this study is to determine if there is a suburban market for housing in Buffalo; and, if such a market exists, what the city can do to capture a greater share. The ultimate goal of the study is to outline an intervention strategy that will enable the city to increase its share of the region's middle-income housing market.

The report is divided into four parts. The first examines the regional market for middle-income housing; the second explores the attitude of suburban residents toward the city as a place to live; the third records impressions of the local housing market by a panel of real estate brokers; and the final section outlines findings and policy recommendations.

Map 1
Erie County Municipalities



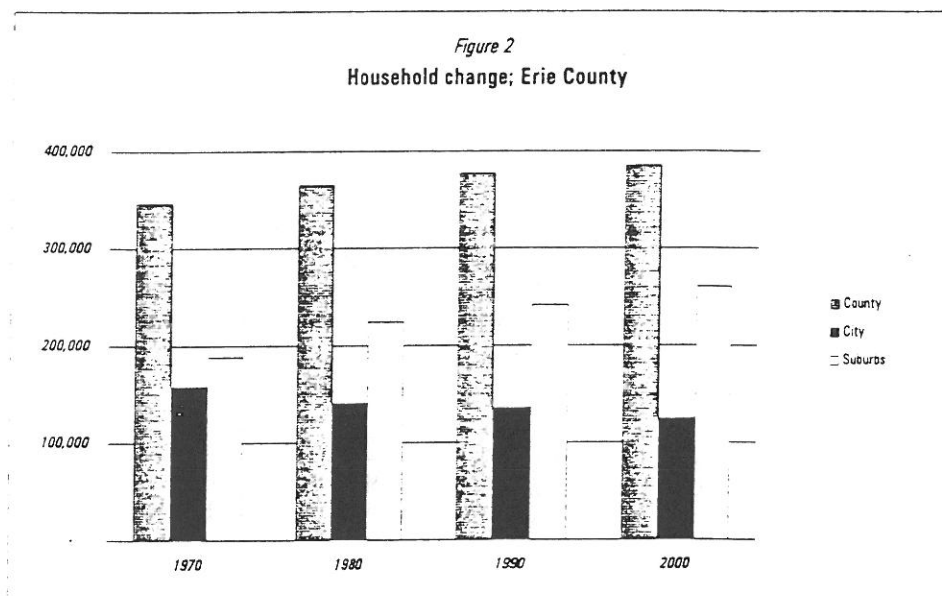


Figure 3
Household size; Erie County

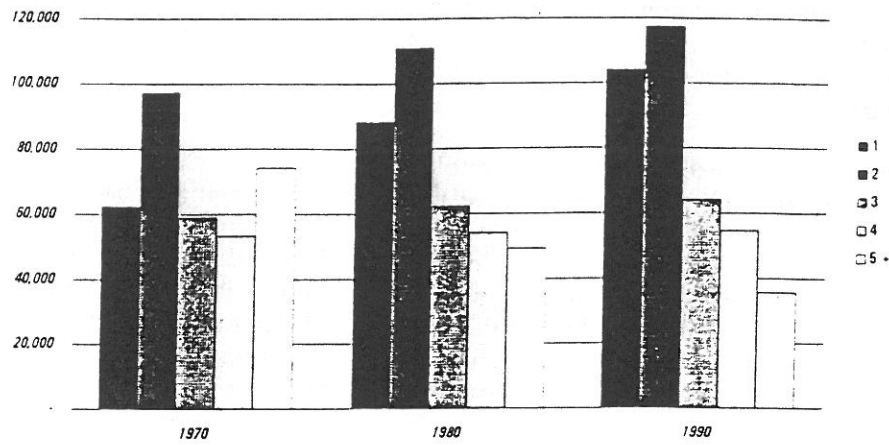


Figure 4
Household type; Erie County

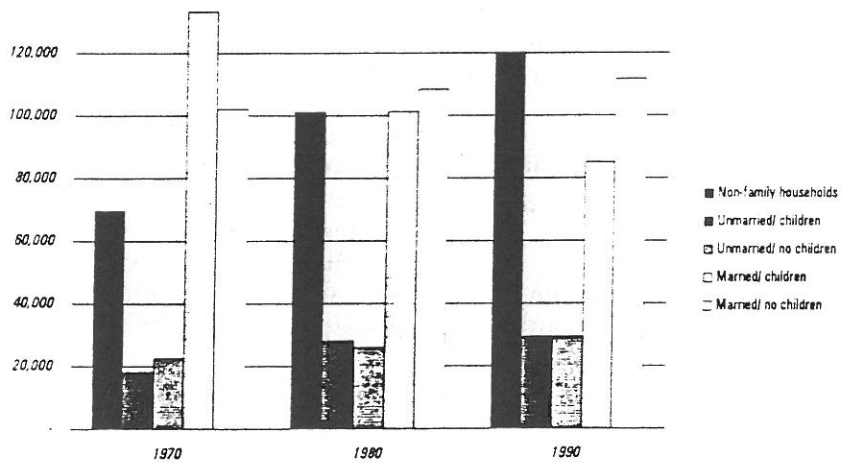


Figure 5
Household type; Erie County (1990)

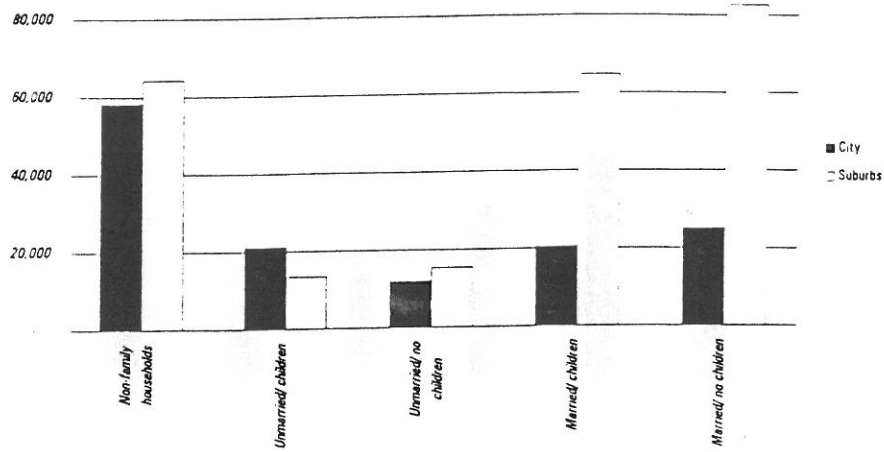
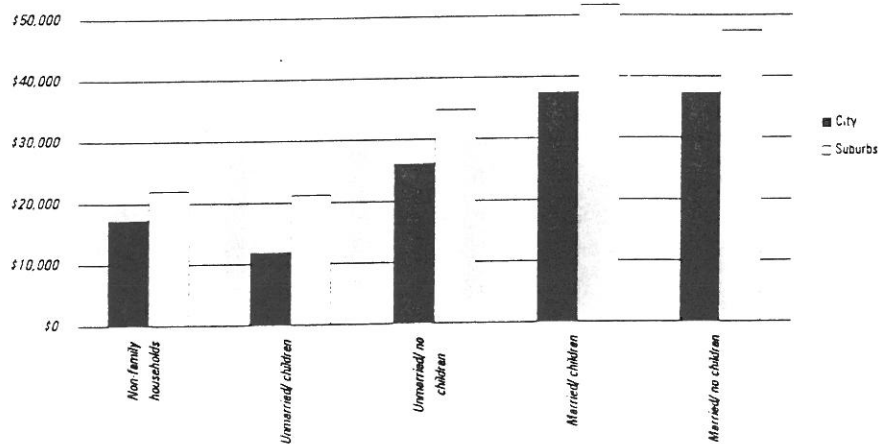


Figure 6
Mean annual income by household type; Erie County (1990)



age groups and among all household types, the city must increase its ability to attract residents with higher incomes.

REGIONAL SUPPLY OF HOUSING

While household growth stimulates housing construction on a regional level, housing construction captures growth (or in the case of Western New York, prevents further erosion of the population base) at the local level. An analysis of the housing supply in Erie County clearly indicates the trends that are underway in the city and its suburbs.

Between 1970 and 1990, Buffalo lost over 21,000 occupied housing units. During this same period, the suburbs gained almost 38,000 owner occupied units and over 14,000 renter occupied units. The city currently has 57 percent of all rental units in the county (down from 66 percent in 1970), and the suburbs have 75 percent of all owner occupied units (up from 67 percent in 1970). Although the suburbs have long been considered the domain of homeowners, these trends indicate that renters are also finding suburban locations increasingly attractive.

Vacancy rates throughout the county have risen substantially in the past two decades, going from five to ten percent in the city and two to four percent in the suburbs. In 1990, vacancies other than those listed for sale, rent, or seasonal use totaled 6,950 in the city and 2,100 in the county. Of these, 1,750 city properties and 250 suburban properties were identified as boarded up. This is a big concern, particularly in the city where many of the vacant properties are abandoned by their owners, creating a negative impact on the surrounding neighborhood.

There are also wide disparities in the age of the housing stock between the city and suburbs. Respondents to the 1990 census reported that over 75 percent of the city's owner occupied housing is 50 years or older; as is 60 percent of its rental stock. Since 1950, over 90 percent of the owner occupied stock and two-thirds of the renter occupied stock has been built in the suburbs. Almost 25 percent of the suburban rental stock in Erie County was built during the 1970s, a decade that witnessed a nation-wide boom in the construction of suburban rental units. In many ways, 1970 serves as a benchmark for a growing interest in the suburbs for going after the more upscale rental market.

Over half of the rental units in the city are in two-family structures; while in the suburbs, 30 percent of the rental units are doubles and 45 percent are in structures with three to 19 units. These differences reflect the periods in which the housing was built, with recently constructed rental units more likely to be located in apartment complexes, in contrast to the traditional two-family homes dominant in the city. In terms of size, the only significant differences between the city and suburbs are found among two bedroom units, where the suburbs have a higher percentage than the city (53 to 39 percent); and three bedroom units, where the city has a higher percentage than the suburbs (32 to 21 percent). This indicates that the city's rental stock was more likely to have been built for families; while the newer rental units in the suburbs appear designed to attract non-family households.

Housing values and rent levels show significant gaps between the city and suburbs. Less than 20 percent of the city's owner occupied housing stock was valued above the county median (\$74,000) in 1990; while 55 percent of the suburban stock was (Figure 9). The suburbs have over 13 times the number of owner occupied units valued above the median as the city does (82,400 to 6,300), and have more units than the city at all values except under \$50,000. Respondents to the 1990 census indicated that the median value of owner occupied housing in the city was \$45,000; while in the suburbs it was \$79,200.

With respect to rentals, only one-third of the units in the city were above the county-wide monthly median rent of \$292 in 1990; while two-thirds of the suburban units were above the median (Figure 10). At rent levels of \$400 and above, there are almost three times as many units located in the suburbs as in the city (19,700 to 7,200). Although a majority of renters live in the city, the upper end of the market is largely concentrated in the suburbs. In 1990, the median monthly contract rent in the city was \$255; while in the suburbs it was \$355.

TRENDS IN RESIDENTIAL CONSTRUCTION

While census data provides a rough outline concerning the age and value of the existing stock, an examination of building permits issued between 1980 and 1994 for new residential construction allows recent trends affecting the housing supply in Erie County to be more clearly identified. To aid in this analysis, the county has been divided into three sub-markets: the city of Buffalo; the inner suburbs, which includes the cities of Lackawanna and Tonawanda, and the towns of Amherst, Cheektowaga, Hamburg, Orchard Park, Tonawanda, and West Seneca; and the outer suburbs, which encompasses the remaining towns in Erie County. (MAP 1)

During the 1980s, the majority of building permits were issued in the inner suburbs (Figure 11). This was true for both single-family and multi-family housing. The city approved an average of less than 100 building permits annually, which was more than offset by the almost 500 demolition permits issued each year. During the first half of the 1990s, however, a significant change has occurred. The majority of building permits for single-family homes are now being issued in the outer suburbs, although the inner suburbs still hold an edge in multi-family permits. The inner suburbs provide an interesting contrast between the two decades, with gains in the numbers of multi-family permits approved coupled with losses in the numbers of single-family permits issued.

In addition, the differential between the inner and outer suburbs in the issuance of single family permits is growing (Figure 12). This trend may be related to many factors, including dwindling supplies and rising costs of land in suburbs such as Amherst and Orchard Park. Yet it also indicates that residential construction is moving further away from the historic core of the region, and that commercial and retail growth can be expected to follow. This shift reflects the population trends noted earlier. The city will become increasingly isolated if its housing supply is unable to compete for a larger share of the regional market; ultimately, so too will the inner suburbs.

With respect to permit activity in individual municipalities, the towns that comprise the farthest reaches of the outer suburbs issued the greatest number of single-family building permits between 1991 and 1993 (Figure 13). Two of the top three municipalities in terms of single-family permits approved were also in the outer suburbs. Complicating this matter is the fact that the inner suburban towns with the highest levels of permit activity are those that are contiguous to the outer suburbs. Although data on the location of permits issued within individual municipalities is not available, it is probable that most of the development occurring in the inner suburbs of Hamburg, Orchard Park, and Amherst is taking place in areas adjacent to their outer suburban neighbors.

In terms of value, Clarence approved single-family building permits averaging almost \$165,000 between 1991 and 1993 (Figure 14). Only Amherst and Orchard Park joined Clarence in averaging more than \$120,000 per permit issued. At the next level, between \$100,000 and \$120,000, were Hamburg, Grand Island, Lancaster, and the remainder of the outer suburbs. Falling between \$80,000 and \$100,000 were Cheektowaga, Tonawanda, and West Seneca. The value of single family building permits approved in both the cities of Buffalo and Lackawanna fell below \$80,000.

Figure 13
Average single-family permits issued: 1991 to 1993

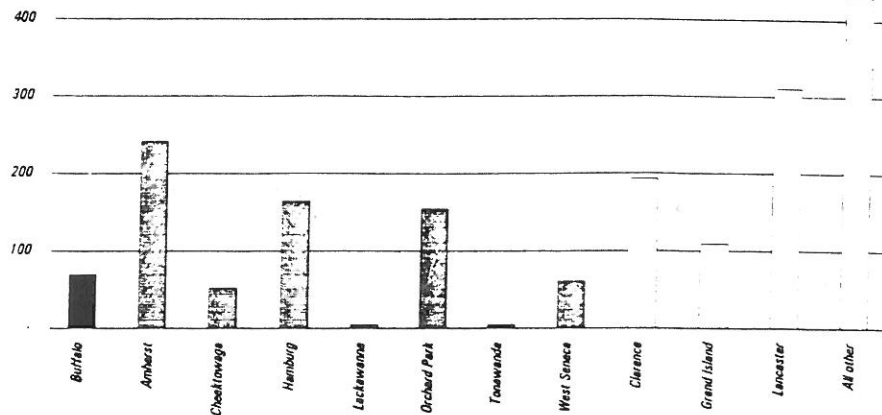


Figure 14
Average single-family permit value: 1991 to 1993

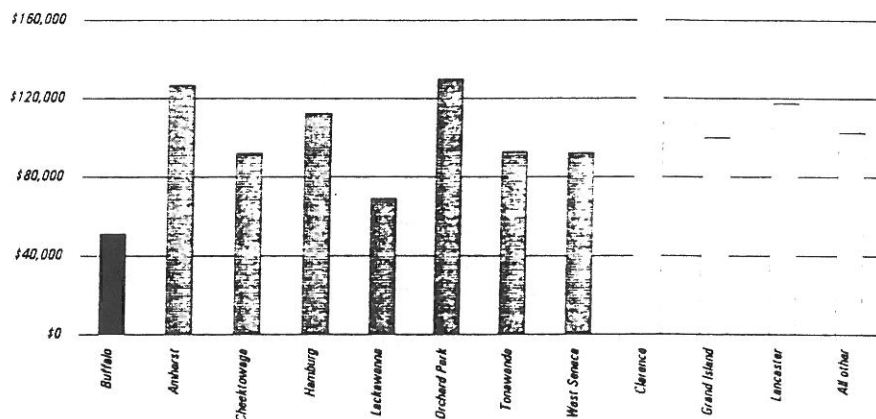


Figure 15
Average multi-family permits issued: 1991 to 1993

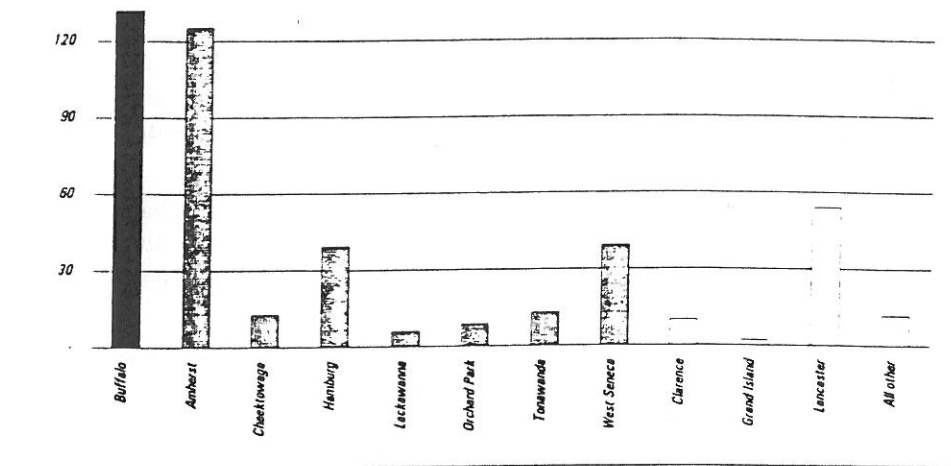
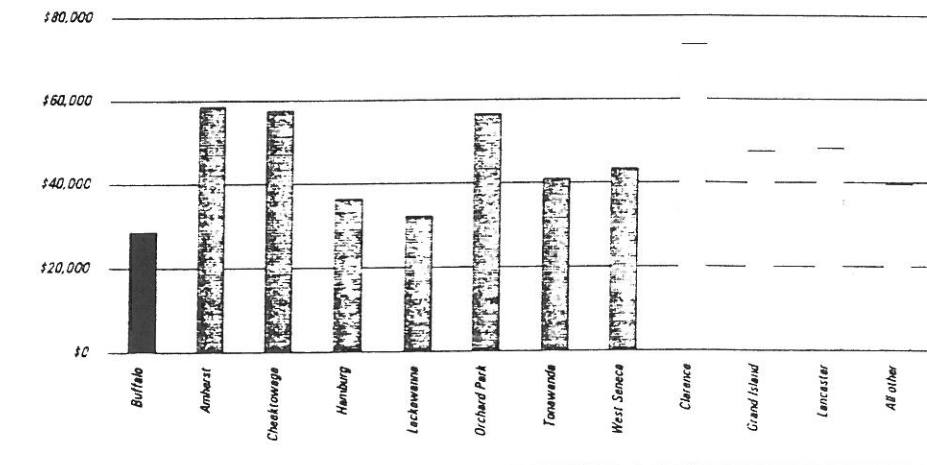


Figure 16
Average multi-family permit value: 1991 to 1993



PART II:

CAN SUBURBAN RESIDENTS BE ATTRACTED TO BUFFALO?

The huge question driving this study is: Can the city of Buffalo increase its share of the middle-income housing market? An examination of census data, building permits, and similar records can provide only part of the answer to why people choose to live and raise their families in certain parts of the region. To complete the narrative, the factors that influence the locational decisions of residents must be understood.

THE SURVEY INSTRUMENT

The survey was designed to determine the factors that are influencing residential choice among suburban households, and to gain insight into the attractiveness of the city as a place to live. A set of 20 factors were rated in terms of their importance in residential choice, their quality at the respondent's current location, and their perceived quality in the city of Buffalo.

Weighted means were calculated based upon a sliding scale of one to five, with one representing the lowest possible rating and five the highest. A rating below three indicates that the factor was of less than average quality or importance, while a rating above three indicates that the factor was considered above average in terms of quality or importance. The factors were ranked both individually and by category, and compared across geographies in terms of quality.

The survey was developed by the Center for Urban Studies and administered by M&T Bank. The survey sample was derived from a list of mortgagors within zip codes for the urbanized area of Erie County, excluding the cities of Buffalo and Lackawanna (Map 2). Telephone interviews were conducted over a period of seven days in March, 1997. Surveyors made 1,776 calls, reached 729 households with a member at least 18 years old, and administered 380 surveys. There were a total of 325 valid responses, for a response rate of about 45 percent.

A LOOK AT THE RESPONDENTS

The suburban residents who responded to the survey were primarily white (96 percent) homeowners (97 percent). Females represented slightly more than half of the respondents (56 percent). Most of the respondents were currently married (89 percent), with 3 percent separated or divorced, 3 percent widowed, and 6 percent never married.

The survey was dominated by "baby boomers" - persons born between 1946 and 1964 - with 77 percent between the ages of 35 and 54. Fifteen percent of the respondents were under 35 years of age, while only 8 percent were 55 years or older. Given the age of the respondents, it is not surprising that the majority (82 percent) live in households with children. Of these households, 23 percent have children under 5 years of age; 73 percent have children between 5 and 17 years of age; and 27 percent have children 18 years or older living with them.

Most of the respondents were working (90 percent); with just eight percent retired, and less than two percent unemployed. Approximately two-thirds of the female respondents were working, indicating that most households are dual income. More than 90 percent of the respondents reported that there were two or more vehicles in their household.

The respondents had a wide range of occupations, including teacher, secretary, clerk, nurse, truck driver, police officer, legal secretary, auto worker, mechanic, machine operator, steel worker, administrative assistant, carpenter, store manager, consultant, manager, small business owner, programmer, graphic designer, accountant, attorney, and engineer.

Because most of the households were dual income, household incomes were pushed into the middle-to upper-income ranges. Over 24 percent of the respondents reported annual household incomes above \$75,000; with 36 percent having annual incomes between \$50,000 and \$75,000; 36 percent between \$25,000 and \$50,000; and just 4 percent below \$25,000 annually.

Geographically, respondents were from both the inner and outer suburbs of Erie County, including Amherst (24 percent), Clarence (18 percent), Grand Island (17 percent), Lancaster (12 percent), Hamburg (11 percent), Depew (11 percent), and Cheektowaga, Orchard Park, and Tonawanda (7 percent). The sample provided a good cross-section of the county's suburbs. Only 23 percent of the respondents have lived at their current address for less than five years, with about 46 percent at their current address for ten or more years.

FINDING A GOOD PLACE TO LIVE

When looking for their current residence, the overwhelming majority of respondents (92 percent) did not consider neighborhoods in the city of Buffalo. While 45 percent received no outside advice on where to move, 48 percent received advice from family and friends, and about 30 percent relied on employers and Realtors. It is likely that many of those receiving advice from employers and Realtors were newcomers to the region, while those receiving no advice or relying on kinship and social networks were long-time residents.

An overwhelming majority of the respondents (86 percent) were not advised to avoid any specific locations. However, when people were told to avoid certain locations, the city of Buffalo was the most frequently mentioned area (90 percent). The remaining ten percent were advised to avoid particular suburban areas - Amherst, Clarence, the Harlem Road area, parts of Depew, the snow belt, and high tax areas.

Only a few of the respondents were steered to a particular location, with just 11 percent advised to look at a particular location. Most of these respondents were steered toward a combination of locations, including Amherst, Cheektowaga, Clarence, Depew, Grand Island, and Lancaster. No one was advised to consider the city of Buffalo.

Most of the respondents plan to remain in their current residence for at least ten years (69 percent); while another 12 percent plan to remain for five to ten years. When respondents who anticipated moving within five years were asked why, the most cited reasons given were better housing or more space (39 percent); job-related (16 percent); downsizing or less space (12 percent); life cycle factors such as divorce, retirement, or first home purchase (9 percent); and preferences for non-urban living (9 percent).

The most frequently mentioned destination for respondents who planned to move within five years was "out of the region" (31 percent), predominantly to the South. With respect to Western New

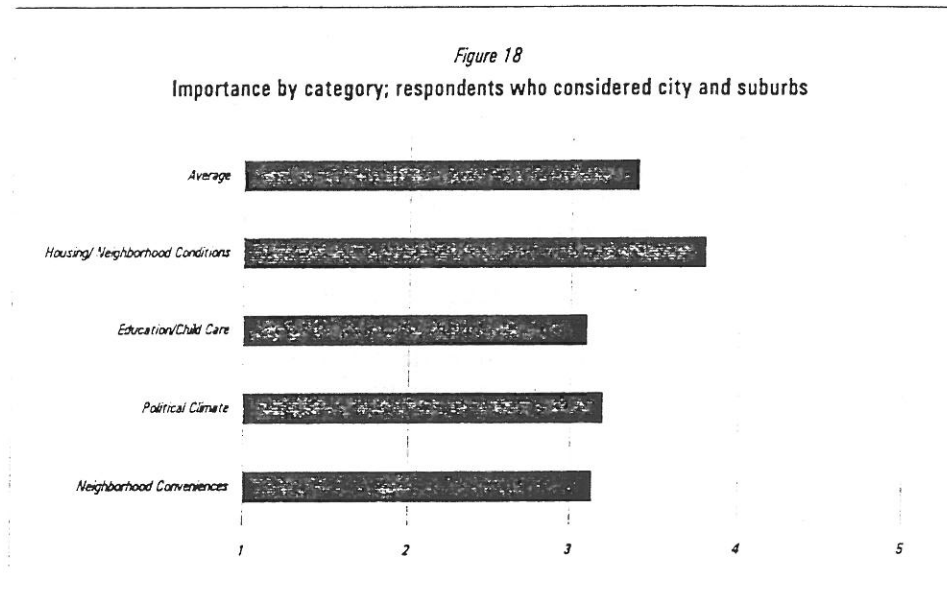
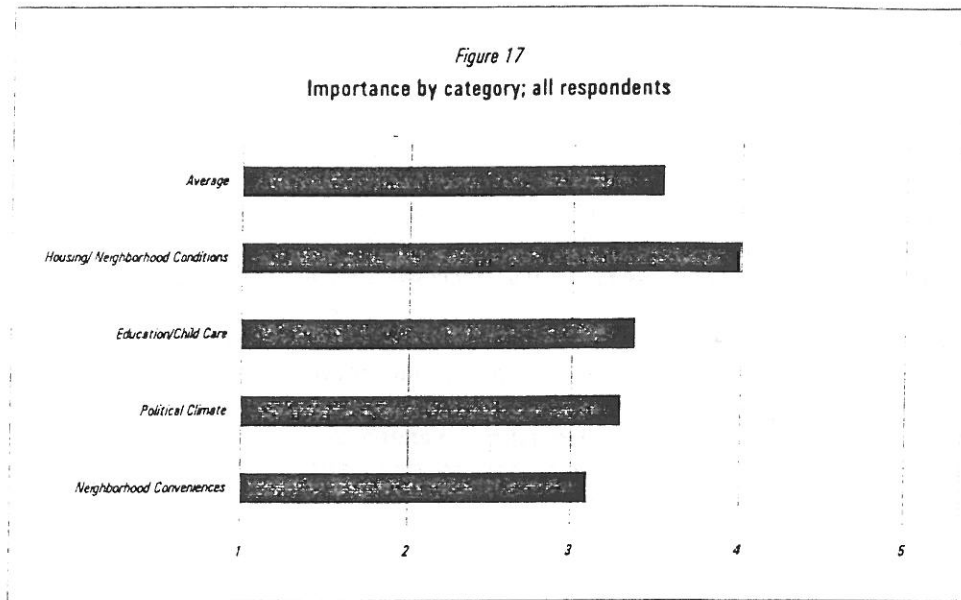


Figure 19
Rating of current location; all respondents

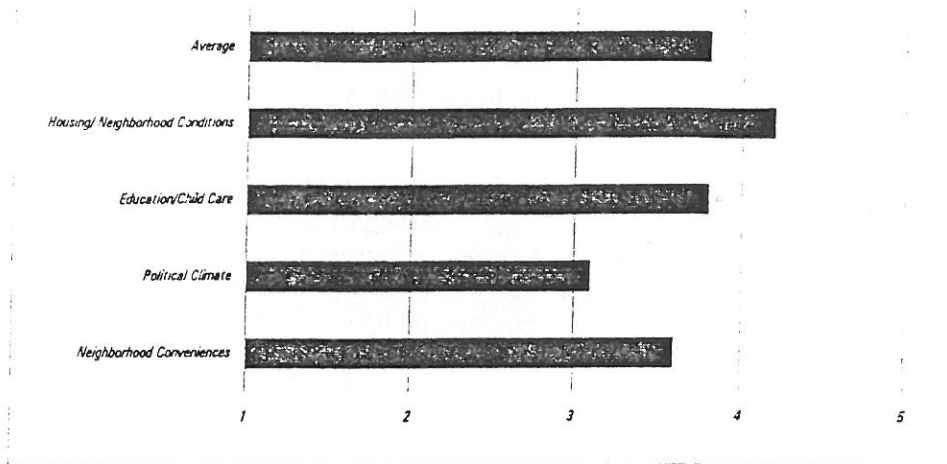


Figure 20
Rating of city; all respondents

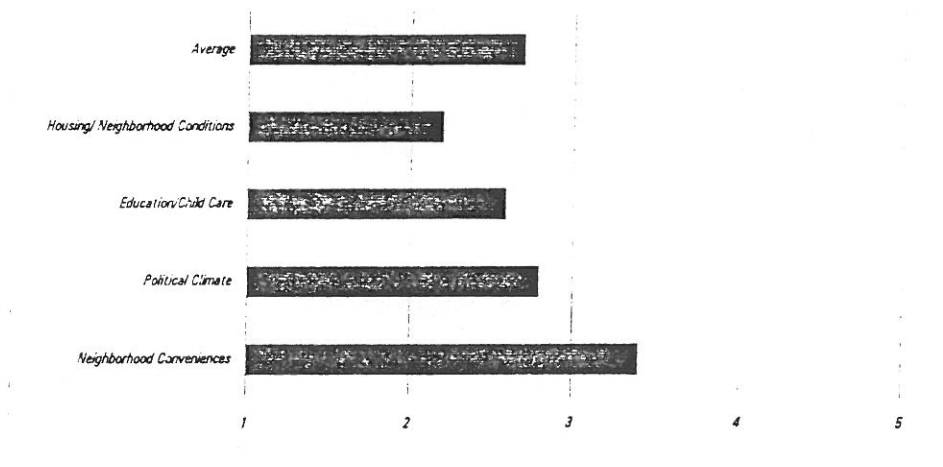


Figure 21
Rating of city; respondents who considered city and suburbs

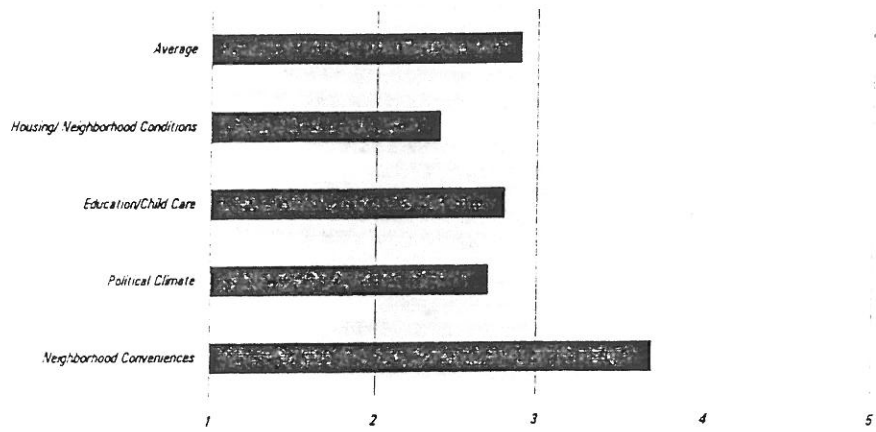
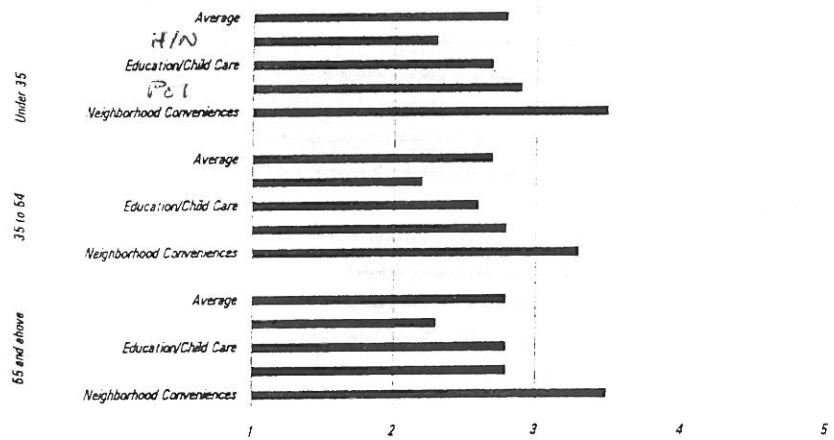


Figure 22
Rating of city by age of respondent



were access to public transportation (1.7) and proximity to entertainment and cultural institutions (0.6).

These results are not terribly surprising. The greatest differences are between those factors that respondents rated highest at their current locations. Factors where the ratings between current locations and the city are lowest are typically those that respondents considered unimportant in deciding where to live. However, the almost equal rating for property taxes at current locations and for Buffalo may be related to the perception of the city as having low property taxes in comparison to the suburbs. The low differences in ratings for quality of private or parochial schools may have to do with the level of importance placed on this factor by individual respondents; while the low rating for child care may be a function of the low number of respondents with children under the age of five.

The differences in ratings between current locations and the city were also examined for respondents who indicated that they would consider living in Buffalo. The differences here were similar, but not of the same magnitude as those of the general survey population. Again, the categories with the greatest differences were housing and neighborhood conditions and education and child care. With respect to individual factors, the greatest differences were for large lot size (-2.4) and availability of new housing (-2.2).

The lowest differences for respondents who had considered locations in the city were for proximity to work (0.0), proximity to parks and recreational facilities (-0.4), quality of private or parochial schools (-0.4), proximity to neighborhood stores and services (-0.6), proximity to shopping and malls and availability of after school programs (-0.8). The city was rated higher than current locations for access to public transportation (1.8), proximity to entertainment and cultural institutions (1.0), and property taxes (0.1).

What is encouraging is that the ratings for respondents who considered both city and suburban locations are higher in all respects than for respondents who considered only the suburbs. Specifically, the differences between current locations and the city for personal safety and security and quality of public schools are much lower, indicating that a small but significant percentage of suburban residents have favorable impressions of the city in these areas.

Another surprising result from those who considered both city and suburban locations is the number of factors in which the mean difference in ratings is almost the same: property taxes, proximity to work, proximity to parks and recreation, and quality of private or parochial schools. Two of these factors are among the top ten that respondents rated as important to their decision on where to live: property taxes and proximity to work.

Finally, for respondents who considered both city and suburban locations, the greatest positive difference is for access to public transportation, the factor that has been identified as least important in deciding where to live.

WHICH SUBURBAN RESIDENTS MIGHT BE ATTRACTED TO BUFFALO?

Of the 325 respondents to the survey, 22 percent indicated that they would consider living in the city in the future. This group served as a surrogate for determining the importance of the various factors for persons most likely to be attracted to the city. It was also able to provide a demographic profile that could be used to compare and contrast them to the total survey population.

With respect to the importance of the 20 factors on choice of residence, there was very little deviation from the total respondent pool (Figure 25). Respondents who indicated that they would consider the

Figure 25

Importance by category; respondents who would consider Buffalo

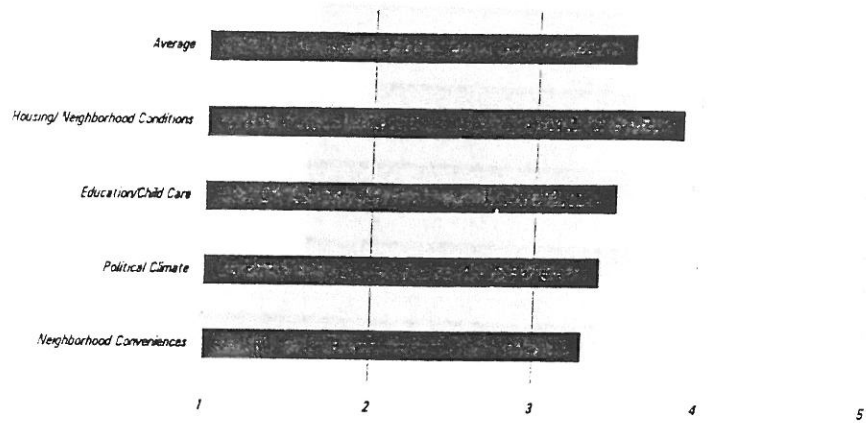
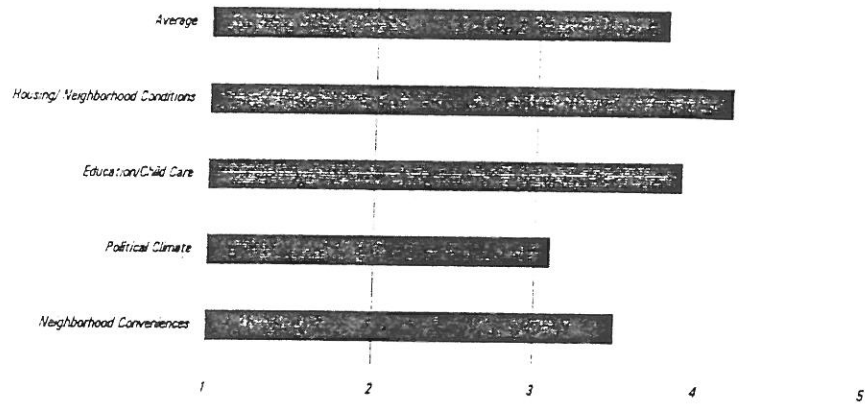


Figure 26

Rating of current location; respondents who would consider Buffalo



KEY POINTS: CAN SUBURBAN RESIDENTS BE ATTRACTED TO BUFFALO?

What is the ideal neighborhood?

- Most suburban residents did not consider Buffalo as a location when they were looking for a place to live.
- Suburban residents relied more on their experiences with a place than on advice from friends, relatives, employers, or Realtors when considering where to live.
- Overall, suburban residents view housing and neighborhood conditions and education and child care as more important than neighborhood conveniences and political conditions.
- Personal safety and security and the quality of public schools top suburban residents' list of the most important factors in terms of deciding where to live.

How satisfied are suburban residents with their current locations?

- Most suburban residents plan to remain in their current location.
- Overall, suburban residents are satisfied with their current location.
- Suburban residents rate their current housing and neighborhood conditions and education and child care as the best.

How do suburban residents view Buffalo?

- Suburban residents have a very unfavorable view of the city of Buffalo, especially in terms of those factors that they consider most important in deciding where to live.
- The factors that suburban residents rate the city as positive on are not considered as important in deciding where to live, particularly access to public transportation and proximity to entertainment and cultural institutions.
- Suburban residents view housing and neighborhood conditions and education and child care services in the city as very poor.
- Neighborhood conveniences in the city generally receive favorable ratings from suburban residents, except for proximity to shopping centers and malls.
- Suburban residents who considered living in the city generally held more favorable views than those who did not.
- Older suburban residents gave the city more favorable ratings than residents under the age of 55, but their overall rating was still not very favorable.
- Higher income suburban residents had a slightly more favorable view of the city than those households whose income was less than \$75,000; but again, all income groups had an unfavorable view of the city.

Which suburban residents might be attracted to Buffalo?

- Only 22 percent of the respondents would consider living in the city of Buffalo.
- Respondents who would consider living in the city gave it an overall rating of 3.0, compared to an overall rating of 2.7 by the total sample population.
- The generally more favorable impressions of the city by those who would consider living there indicates the existence of a base of persons who might be attracted to the city under the right conditions.
- The suburban residents with the most favorable impressions of the city tended to be female, married, under the age of 35, and with fewer children.
- Because most of the respondents who would consider living in the city plan to remain in their current residence for at least ten years, the process of reattracting residents will have to occur over an extended time.
- Of those respondents who currently plan to move, one-third plan to move out of the region altogether, while most of the rest plan to move either further out to another suburb, or near their current location.
- Life cycle factors dominate the reasons given by respondents who would consider living in the city (downsizing, change in employment, and change in marital status).

PART III: SUMMARY OF THE REALTORS ROUNDTABLE

Date

May 22, 1997

Participants

Connie Gerbush, *M.J. Peterson Corp.*
Carole Holcberg, *Holcberg Real Estate Brokerage*
Veronica Hughes, *M.J. Peterson Corp.*

M. Richard Mabee, *Gurney, Becker & Bourne*
Cleon Service, *Newton Real Estate*
John Yawney, *Hunt Real Estate Corp.*

What market segments does the city have the best chance of attracting?

- The perception of public education in the city makes it difficult to attract and retain people with school-age children. Unless they can afford private schools, few families with children are moving into Buffalo.
- There is not a great exodus from the city of people without children; and there are some people without children coming into Buffalo.
- Young people who grew up near downtown and want to return there to be near family and friends. (Note: this provided the first indication that there may be a racial dimension to this issue, as the majority of persons returning for these reasons are African-American.)
- The city may be best served by concentrating on the people who are already living there, and improving conditions so that they are more likely to remain.

Households at what income levels are most likely to consider city housing?

- People making over \$35,000 a year are an "endangered species."
- The majority of home sales in the city are priced at either under \$100,000 or over \$200,000. Recent statistics on home sales indicate that the city is selling better than the suburbs for homes priced over \$200,000. The danger is in Buffalo becoming a city of very rich and very poor.
- Persons with incomes above \$35,000 tend to buy and stay in the suburbs.
- People from the East Side (predominantly African-Americans) are not considering moving to the suburbs, or leaving for any reason. (Note: again, two different perspectives appear to be emerging.)

What city neighborhoods are currently attractive to middle-income populations?

- This has changed over the past ten years, with fewer neighborhoods now meeting these criteria.
- Central Park, the Delaware Park/Middlesex area, and parts of the Elmwood Strip.

- The old Delaware District – Delaware Park down through Allentown between Delaware and Elmwood Avenues – remains attractive, although some people now say that they don't want to go south of the park.
- Both Allentown and West Village, which were very attractive ten years ago, are no longer seen as desirable.

What makes these neighborhoods attractive?

- Diversity, architecture, trees, ethnicity, and a non-sterile environment that can't be found in the suburbs.
- The perception of safety is becoming key. Ten years ago, people didn't ask that question; now safety comes up first. People will choose North Buffalo, the areas around Delaware Park, and certain parts of the Elmwood Strip because they are still perceived as safe.
- Another factor leading to the attractiveness of these areas is the generally even maintenance of properties, and the similar economic status of the persons living there.
- Security of investment is also a concern. The market in Buffalo – and throughout the region – is no longer appreciating, which makes homebuyers more hesitant to invest.

Does race have an impact on attracting middle-income people to the city?

- This issue seems to cut both ways. Persons still ask about the "make-up" of neighborhoods, although to a lesser extent than in the past; and some people leave the city because they don't wish to be part of a melting pot. But the diversity also encourages some people to come to and remain in the city.
- The impact of the media on racial matters is critical. Crime in the city, typically associated with minorities, continues to receive a great deal of media attention. The issue is whether criminal incidents affecting individual persons really warrant such extensive media coverage.
- Someone at a local newspaper once noted that its readership is largely suburban, and suburban people like to hear bad things about the city because it makes them feel safe.

Could an aggressive marketing campaign attract people to these neighborhoods?

- Something should be done to counteract the negative perceptions given by the media. Many people living in the city are just as happy as they were 20 years ago, but the perception is that things are much worse.
- Block clubs and groups like Forever Elmwood should be supported and encouraged.
- The Board of Education should provide better information on city schools. In contrast to the suburbs, which have slick packages for parents to review, the city provides a few mimeographed sheets that real estate agents must cobble together. The city should be as aggressive in attracting students as they are in pursuing teachers.

How do real estate agents influence residential choice?

- The majority of agents live in the suburbs and work in the suburbs, and have certain perceptions regarding the city. There are sales people who have been in business for ten years and they've never been in the City of Buffalo.
- Native Western New Yorkers, who typically have an area in mind when looking for a home, are less likely to be influenced; but an agent can have a tremendous impact on out-of-towners. When they connect with an out-of-town prospect, one of the first things many agents tell them is "you don't want to live in the city."
- People from out-of-town no longer seem to have the urban attitude that was prevalent in the 1970s and 1980s, when they would ask to see what was available in the city. Now, they want to see it all, if the city is even included.

Are there any examples of successful middle-income developments in the city?

- Walden Heights has recently been able to sell unsubsidized units; but there is some concern regarding the future resale values of the subsidized housing that has been built in the city.
- There really haven't been any successful projects since the 1950s. Every project on the waterfront was initially in jeopardy, and today the waterfront is "dead." Georgia-Prospect, which did not have income restrictions, was successful at first, but homes now sell for less than when they were built over ten years ago.
- There may be a small population of middle-class people who want new construction in the city, but the best thing the city has going for it is its architecture. More should be done to maintain this asset.
- Middle-class people can't get grants to rehabilitate their homes anymore. Over the past 15 years, the middle-class has been cut out of incentives.
- People who grew up on the East Side or West Side may have a conception of an older house being in poor condition, and are more interested in new construction. But many middle-income and upwardly mobile people who want to be in the city want an older home with character and space.

Could downtown support housing for middle-income, upwardly mobile households?

- With little pressure on the market, and no people coming into the city or Western New York, there is too much existing housing to sell without developing something different.
- The loft concept never caught on in Buffalo, in part because building codes would make it economically impossible. New York state guidelines are a big issue with respect to housing, and the City of Buffalo is not a user-friendly place.
- The last new development marketed in downtown Buffalo was the Sterling, a low-rise condominium behind Sheas Theater. It was very clear early on that there were no buyers – no one wanted to be there. Fortunately, the developer pulled out rather than going forward and having an empty building.

Is there demand for upscale rental housing, and could the city compete for this market?

- Rental housing used to be a “for-sure” market for the city. Now young people are looking to the suburbs. People can live in the suburbs, work in the suburbs, be entertained in the suburbs, shop in the suburbs – people can exist without the city. That’s why those apartment complexes are being built, because there’s obviously a population that wants them.
- It’s uncertain whether the city can compete for this market. There are currently no successful examples of new, upscale apartment complexes in the city.
- It’s not clear whether people who choose to live in the city would be interested in that kind of housing, anyway. If the city wants to compete for this market, it may have to provide subsidies to lessen the risks for developers.

What are the up-and-coming neighborhoods in Buffalo and Western New York?

- The areas on the East Side adjacent to downtown are “hot” in terms of new housing; but this housing is largely targeted to moderate-income households.
- Beyond these pockets of subsidized housing, there are no city neighborhoods that could be considered “hot.” At best, some neighborhoods – such as Parkside and Central Park – are stable.
- The city is at pre-1989 (peak) prices. It can be argued that there has been a 20 to 30 percent reduction in the peak value of properties, although the city is trying to say it’s only 10 percent.
- In suburban Erie County, East Aurora, Lancaster, Hamburg, and Ransom Oaks (East Amherst) are all currently “hot.”

Miscellaneous observations

- On a regional level, the market is very depressed. Nonetheless, conditions in the city appear to be even worse.
- While a number of the participants lived in and were committed to the city, there was a sense of frustration with the direction things are moving.
- The consensus was that there is an increasing polarization of attitudes between the city and suburbs, and within the city as well. This was evident in the continuing discussion over concentrating efforts on subsidized new construction to the east of downtown (which is targeted primarily to moderate-income households) as opposed to existing middle-income neighborhoods in North Buffalo and along the Elmwood Strip.
- The city was criticized for its willingness to plan and inability to implement; for concentrating on new construction at the expense of preserving existing housing; and for not having a well-defined “battle strategy” that addresses the needs of its stronger neighborhoods and builds on previous successes.

PART IV: FINDINGS AND POLICY RECOMMENDATIONS

FINDINGS

If the city of Buffalo is to be stabilized, recreated, and rebuilt, it must be able to compete with the suburbs for residents. Today, and in the foreseeable future, the city's quest to secure its share of the middle-income housing market will occur in a setting shaped by the interplay of four forces: an unstable economic and job base; limited regional population growth; a shift in the center of population growth and residential development from the inner to the outer suburbs; and the growing concentration of low-wage workers, persons living below the poverty line, and racial minorities in the central city. The findings of this study, and the policy recommendations informed by them, must be viewed against this regional backdrop.

Regional demand for housing

- There is - and will continue to be - a strong market for middle-income housing in Erie County. Although the county's population is declining, the number of households is still increasing. The formation of new households will continue into the next century, but at a much slower rate than in the past.
- There are stark differences in the formation of households between the city and suburbs. In the city, both population and households are declining, while in the suburbs, population is declining but households are increasing. Most of the current demand for housing, especially middle-income housing, is concentrated in the suburbs.
- The demand for housing is affected by changes in the age structure and the types of households being formed. There are several trends underway in Erie County:
 - The baby boom generation will be the driving force behind development of the middle-income housing market, both in terms of existing housing and new construction. As they move through their peak earning years (35 to 54), the baby boomers will generate an increased demand for housing at the upper end of the market.
 - The 18 to 34 year old age group will diminish in size, but will still remain an important segment of the housing market. The rental market will be particularly strong among this group, as will the market for starter homes.
 - The seniors market will be stable over the next ten to fifteen years, but will begin to grow as baby boomers move into retirement. This market segment is a complex one that will require a variety of housing types, combined with the availability of amenities and social services.
 - Non-family households will remain a prime market in Erie County. Although the rate of growth among households of this type will slow, they will continue to comprise about one-third of all households in the county.
- Buffalo is currently not competitive in the middle-class housing market, and demographic trends affecting housing demand are working against the city. The population groups the city has been most successful in attracting are now being filled by the "baby bust" generation, and these numbers will decline substantially.

- Both population and households are declining in the city. Housing demand is driven by population growth, household formation, and lifestyle changes. Most people leaving Buffalo fall into the middle-income group. The persistence of these trends will adversely impact the demand for middle-class housing, both in existing structures and new construction.
- The city has been most successful in attracting households in the 18 to 24 and 25 to 34 age groups. But even that success has been restricted to the lower end of the housing market. For example, in 1989 the median income for 18 to 24 year olds in the city was \$10,000, and for 25 to 34 year olds it was \$20,000; while the medians for these two groups were \$19,000 and \$39,000 in the suburbs.

Regional supply of housing

- Buffalo is not producing a supply of housing that will enable it to compete with the suburbs for an increased share of the upwardly mobile and middle-income housing markets, both in terms of owner-occupied and rental units.
- The newest housing in Erie County is found in the suburbs, while Buffalo's housing stock is aging. In the city, 68 percent of the housing was built before 1940, while only 19 percent of suburban housing was built in that period.
- In terms of new construction, especially single-family units, the outer suburbs are outstripping both the city and inner suburbs. Buffalo lags far behind both the inner and outer suburbs in terms of new housing construction.
- Residential building permits issued in Erie County between 1990 and 1994 show that Buffalo is competitive with the suburbs in terms of multi-family units. However, the city is most active at the low-end of the market.
- Communities in both the inner and outer suburbs have geared up to capture the middle-income rental market, with the towns of Amherst, Cheektowaga, Hamburg, Orchard Park, Tonawanda, and West Seneca leading the way.
- The city has an aging housing stock in need of modernization and rehabilitation. Moreover, the predominant type of rental unit in the City of Buffalo - an apartment in a two-family house - cannot compete with the upscale suburban apartment units that often come with swimming pools, recreational facilities, and tennis courts.
- The presence of many suburban residents in the \$20,000 to \$35,000 income range suggests that the suburbs are also producing a supply of starter homes for the upwardly mobile. If this is true, then the city will find it increasingly difficult to market itself as the best place for upwardly mobile households, especially young married couples, to purchase starter homes.

Suburban perceptions of Buffalo

- Suburban residents have a very negative image of Buffalo and most do not consider it a good place to live. Even those suburban residents who say they would consider living in the city generally have negative views of it.
- The negative image of the city focuses on housing and neighborhood conditions and education. Within this context, survey respondents were most concerned about personal safety and security, the quality of public schools, and housing.

- In terms of their ideal neighborhood, housing and neighborhood conditions and education were considered most important in deciding where to live. Within this category, the highest ratings were for personal safety and security, quality of public schools, and quality of housing. The least important characteristics when considering a place to live were neighborhood convenience and political conditions.
- When looking for a place to live, most suburban residents were not advised to avoid the city or other specific locations in the metropolis. But those who were given such advice were most frequently told to avoid the city.
- The respondents were very satisfied with their current locations. In listing the characteristics they were most satisfied with, respondents mentioned personal safety and security, the quality of housing, and schools. Overall, housing and neighborhood conditions and education and child care ranked above neighborhood convenience and political conditions.
- Most respondents planned to remain at their current residence for at least ten years. But when those who planned to move within five years were asked where they would go, the most frequent response was out of the region. With respect to those who would stay within Western New York, most said they would move further out. This seems to reinforce the finding that the center of population growth and development has shifted to the outer suburbs.
- The respondents rated Buffalo very low for the characteristics they valued most in terms of residential location. They rated the city lowest in personal safety and security, quality of public schools, potential for housing appreciation, and the quality of the housing stock.
- The city did receive good marks for neighborhood conveniences, but the respondents ranked convenience behind housing and neighborhood conditions, education and child care, and political conditions in terms of importance when deciding where to live.
- The negative views of the city cut across gender, income, and age lines. All groups of respondents viewed the city as poor place to live.

Attracting suburban residents to Buffalo

- There is a potential suburban market for city housing, but it is small and very weak.
- Just 22 percent of all survey respondents would consider living in the city; while thirty percent of the respondents who would consider living in Buffalo view overall conditions there as very good or excellent.
- The more favorable impression of the city by those who would consider living there indicates that there is a base of persons who might be attracted to the city given the right conditions.
- The suburban residents with the most favorable impression of the city tended to be female, married, under 35 years of age, and with fewer children than the total sample population.
- The survey sample did not provide reliable information on the views of seniors and the 18 to 34 year age group. Although these groups probably share similar views, they should still be considered part of a market segment the city should target. Given the importance of convenience to seniors and the fact a disproportionate number of older residents already live in the inner suburbs, they represent a viable market.

POLICY RECOMMENDATIONS

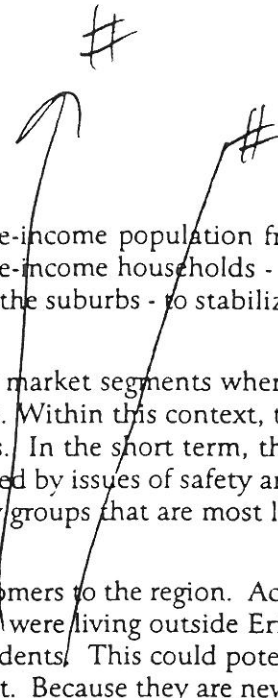
The findings of this study show that Buffalo faces formidable obstacles in its quest to stabilize, recreate, and rebuild itself. The city is currently not in a position to compete with the suburbs for middle-income residents. Unless this situation is addressed, residents with the ability to leave will continue to do so, and Buffalo's role as the repository for the region's low-wage workers, persons living below the poverty line, racial minorities, and dependent population groups will be solidified. This will perpetuate the city's fiscal crisis and deepen its economic woes. A declining and decaying central core also threatens the inner suburbs and, potentially, the stability of the entire region. It will take a daring, innovative, and imaginative plan to reverse the city's decline.

This study identifies and validates obstacles to living in the city. The next step is to develop and implement plans to overcome these obstacles and to promote the city's neighborhoods through a comprehensive marketing campaign. The policy recommendations focus on four areas that provide the foundation for a daring, innovative, and imaginative plan of action: identifying key market segments, reinventing urban neighborhoods, accelerating neighborhood development, and marketing city neighborhoods.

Of these recommendations, marketing city neighborhoods is the most critical. The survey indicates that suburban residents have an extremely negative image of Buffalo. Less than one quarter rated the city favorably overall, and only ten percent gave it a positive rating in the area of housing and neighborhood conditions. In addition, comments made by survey respondents on open-ended questions reinforce these impressions. To overcome this image, marketing efforts must begin immediately, and take place simultaneously with work in the other three areas. There are already a number of attractive neighborhoods and positive activities underway in the city. These should be acknowledged, celebrated, and promoted now, to support and bolster the long-term process of reinventing the city's neighborhoods.

Marketing city neighborhoods

- A marketing committee should be organized to include representatives from the media (print, radio, and television), local employers, Realtors, the Greater Buffalo Partnership, and community-based entities such as block clubs and neighborhood groups.
- Buffalo has a very poor image among suburban residents. Changing this image is the key to attracting new residents and retaining existing ones, and should become the top priority.
- The development of an aggressive marketing and promotional campaign designed to promote the image of specific neighborhoods and communities should be the centerpiece of a program to make the city attractive to middle-income residents.
- The marketing campaign should be carried out at two levels. At one level, the whole city should be marketed as an attractive place to live and work. At another level, specific neighborhoods and communities within the city should be independently marketed. It should be stressed that an important aspect to changing the image of the city is through the promotion of individual neighborhoods as great places to be.
- The marketing strategy should target local employers and Realtors, as these two groups are most likely to have contacts with newcomers to the area.
- A positive image of Buffalo needs to be cultivated among persons who will never live in the city, but who will influence the residential choices of friends, relatives, co-workers, and acquaintances. Suburban residents with a positive image of the city will be less likely to discourage others from living there.



Identifying key market segments

- In addition to keeping its current middle-income population from leaving, the city must attract a critical mass of new middle-income households - either newcomers to the region or residents currently living in the suburbs - to stabilize its population and reverse the cycle of decline.
- To reach this goal, the city must identify market segments where it can be competitive and aggressively pursue those groups. Within this context, the city should identify both primary and secondary markets. In the short term, the city is likely to be most successful among groups least affected by issues of safety and public education. At the same time, the city should identify groups that are most likely to place a high value on convenience.
- The city should aggressively pursue newcomers to the region. According to the 1990 census, about 10 percent of city residents were living outside Erie County five years earlier, as were 9 percent of suburban residents. This could potentially be the single most important population group to target. Because they are new to the region, they have not had an opportunity to develop negative views of the city.
- The city has been most successful in attracting households between the ages of 18 and 34. Within this group, its greatest success has been with non-family households, unmarried families with children under 18, and married families without children. The city should build on this strength by targeting the middle-income segment of this market.
- The city should also pursue the seniors market. Seniors are over-represented in the inner suburbs and are likely to place a high value on neighborhood convenience. If they can be made to feel safe and if the quality of housing is good, then they may be willing to set aside other negatives and move to the city.
- The city should also aggressively pursue baby boomers and middle-income homeowners. Although highly satisfied with their current locations, about 22 percent of the sample population indicated a willingness to at least consider living in the city. Among this group there may be many who would prefer an urban experience, but feel they have no real options for that in Erie County.
- The middle-income homeowner between 35 and 54 will drive the upper end of the housing market. To make the city a great place to live, it must attract and retain a segment of this population.

Reinventing urban neighborhoods

- The community, comprised of a series of neighborhoods, should be the smallest unit of development in the city. Neighborhoods are too small to provide residents with the diversity of services, recreational activities, parks, playgrounds, and greenspace required to produce a high quality of life.
- The notion of convenience should be built upon. The survey shows that convenience is a strength of the city. If housing and neighborhood conditions and public education can be improved, then convenience will give the city a competitive edge for some population groups. Each city neighborhood should be part of a "community of convenience."
- Strong personal safety and security programs must be developed. These programs should be designed in partnership with community residents and linked to the city's

overall policing strategy. The nature of the program will vary from place to place, but each should be community-based, and attack both the perception and reality of crime.

- Buffalo's current population is barely half of what it was at its peak level. Consequently, there is no longer a need for higher density housing within the city. Based upon the survey results, the city should resist efforts to reduce minimum lot sizes for new single-family housing and work towards improving neighborhood appeal to attract new residents and retain the existing population. As income increases, city residents have demonstrated a desire to move to homes with more space. The city should encourage homeowners to acquire adjacent lots to increase green space or parking accommodations.
- A major program of housing modernization and rehabilitation should be initiated in targeted communities. Without significantly improving the quality of the housing and neighborhood conditions, and without creating the type of real estate conditions that cause housing values to appreciate, the city will not be able to compete with the suburbs. Housing programs should include the creation of a supply of upscale rental properties, as well as owner-occupied units, and must be linked to a strategy to beautify and maintain the physical environment. Both housing and neighborhood conditions must be designed to appeal to specific market segments.
- Where possible, the city should develop "community magnet schools" for residents of specific areas. A select number of community magnets could complement the city's private and parochial schools, which already have a good reputation.
- Outsider's impressions of city neighborhoods are often based on the appearance of the physical environment, particularly major thoroughfares like Route 33 and entrances and exits to the expressway. Extensive landscaping and streetscaping should be done along the city's major commercial and residential arterials. The view of the city from these arterials should be a positive one.
- Keeping sidewalks, streets, and vacant lots and buildings clean and free of rubbish and graffiti should become a major priority. Within this context, efforts should be made to spruce up vacant houses and buildings and absentee landlords should be compelled to keep their properties landscaped during the spring and summer.

Accelerating neighborhood development

- The city should identify neighborhoods and communities with the greatest potential for attracting segments of the middle-income housing market and put these areas on a fast track for development.
- A pilot program should be launched in two or three communities to determine the best mix of projects and programs required for developing and marketing these areas.
- The city must focus resources on developing housing in the neighborhoods surrounding the downtown core. Forcing housing into the Theater District, where negligible demand has been demonstrated, wastes limited resources. A logical strategy is to direct efforts to the residential communities surrounding downtown: Willert Park Village, Fruitbelt Village, Allentown, and West Village. It is widely perceived that these neighborhoods are at a crossroads and could rapidly decline if not properly supported, and forced to compete with government subsidized housing downtown.
- The emphasis on building neighborhoods and communities that will be attractive to middle-income residents must not detract from the city's efforts to transform distressed neighborhoods. Much of the city's negative image is derived from these areas.

Many suburban residents are fearful that instability and decay in distressed neighborhoods will spread, and want to put physical distance between themselves and these areas. Therefore, redeveloping distressed communities and transforming them into vibrant cross-class residential areas must proceed in tandem with the development of communities with special appeal to middle-income residents.