

Socio-Economic Trends Analysis

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



Methodology: Socio-Economic Trends Analysis

4ward Planning examined socio-economic trends for 2010, 2014 (estimated), and 2019 (forecasted), to comparatively analyze Southwest Pennsylvania and the surrounding region. The geographic areas studied include:

- Southwest Pennsylvania (10-County Region)
- Pittsburgh Metropolitan Statistical Area (MSA) (Seven-County Region)
- Commonwealth of Pennsylvania

The analysis and recommendations that follow are based on a combination of quantitative and qualitative techniques. Quantitative analysis is underpinned by both public and proprietary data sources, including U.S. Census-based data and Esri's Community Analyst – a socio-economic data analysis tool.

Specifically, demographic trends associated with elderly and likely transit-dependent populations (based on household automobile ownership and income levels) are analyzed. Key data variables such as number and share of households receiving Supplemental Security Income (SSI), households headed by persons 65 years of age and older, and lower-income households with incomes below 80 percent of county-area median household income (AMI), as prescribed by the U.S. Department of Housing and Urban Development (HUD), are identified and depicted graphically, where possible. A chief objective of this particular analysis is to identify current and future areas with high concentrations of likely transit-dependent residents.

Key Findings: Socio-Economic Trends Analysis

Families and Young Empty Nesters

Although the overall population in Southwest PA is expected to stabilize around 2.5 million persons over the next five years, housing and transportation demand in Southwest PA will likely shift to accommodate growth in Early- and Late-Stage Family cohorts, and Young Empty Nesters.

435,215 Lower-Income Households

According to 2007-2011 data provided by the American Community Survey (ACS), there are a total of 453,215 lower-income households in Southwest PA. Of these, 132,675 households qualified as extremely low-income (30 percent or less of the median family income); 134,830 households qualified as very low-income (30 to 50 percent); and 185,710 households qualified as low-income (50 to 80 percent).

288,890 Senior Households

According to data provided by the 2008-2012 ACS, there are approximately 288,890 Southwest PA households with members aged 65 or older. The median income for these households (\$31,546) was 36 percent less than the median income for all households in the region - suggesting that households would likely benefit from affordable transportation options.

282,900 Households with a Disabled Person

Approximately 282,900 Southwest PA households (26 percent of all households) have at least one person with a disability who may require specialized public transportation services.

Glossary of Terms: Socio-Economic Trends Analysis

Household Population Household population, as compared to total population, excludes persons living in dormitories, penal facilities, hospitals, and other institutional settings.

Family A family is a group of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people are considered as members of one family. The number of families is equal to the number of family households; however, the count of family members differs from the count of family household members, because family household members include any non-relatives living in the household.

Non-Family A non-family household consists of a householder living alone (a one-person household), or where the householder shares the home exclusively with people to whom he/she is not related.

Household A household consists of all the people who occupy a housing unit. A house, an apartment, or other group of rooms, or a single room, is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters. The count of households excludes group quarters and institutions.

Empty Nester Household A household in which one or more parents live after the children have left home, typically represented by ages 55 to 74.

Metropolitan Statistical Area (MSA) Metropolitan Statistical Areas (metro areas) are geographic entities defined by the Office of Management and Budget. A metro area contains a core urban area of 50,000 or more population. Each metro or micro area consists of one or more counties and includes the counties containing the core urban area, as well as any adjacent counties that have a high degree of social and economic integration (as measured by commuting to work) with the urban core.

Flat Growth Flat growth is defined as an annualized rate of change between -0.75 and 0.75 percent.

Socio-Economic Trends Analysis Study Areas – 2014 Summary

Southwest Pennsylvania
(10-County Region)

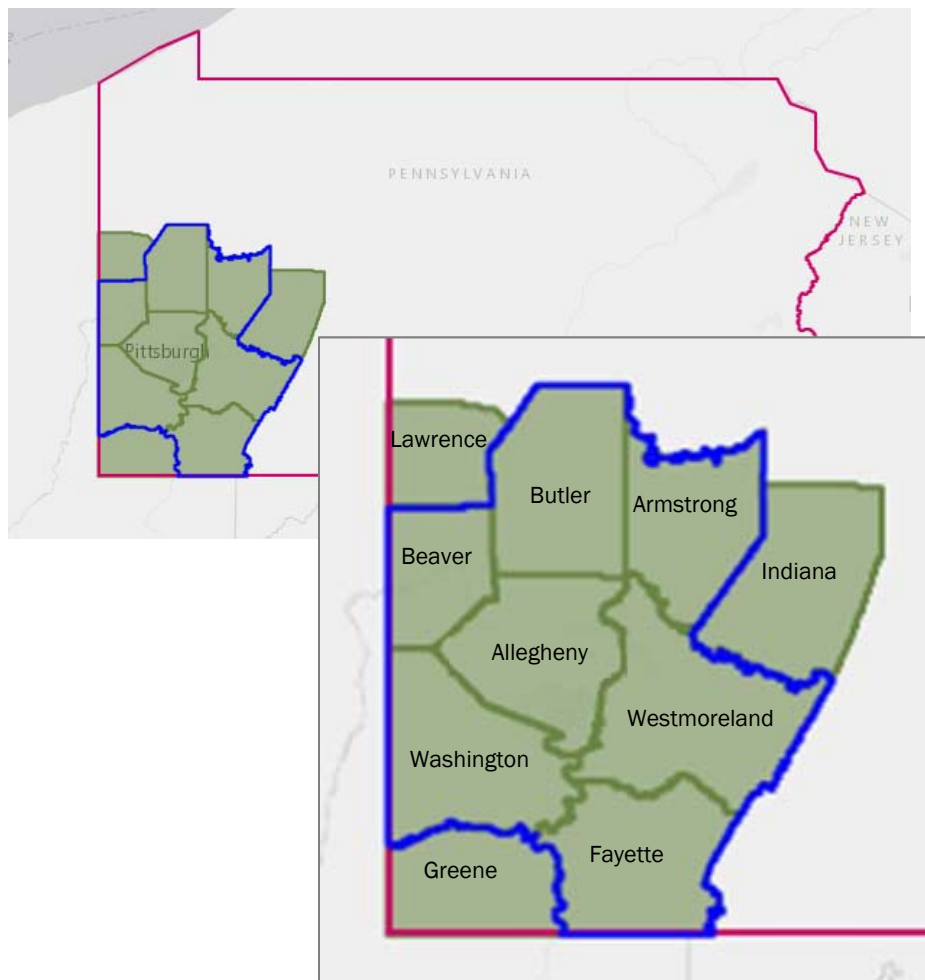
Population: 2,573,322
 Total Households: 1,098,861
 Median Age: 43
 Median Household Income: \$67,170
 Percent of Household Incomes >\$75,000: 31.5%
 Percent Owner-Occupied Housing: 62%

Pittsburgh MSA
(Seven-county region)

Population: 2,356,430
 Total Households: 1,011,821
 Median Age: 41
 Median Household Income: \$50,870
 Percent of Household Incomes >\$75,000: 32.0%
 Percent Owner-Occupied Housing: 61%

Commonwealth of Pennsylvania

Population: 12,817,894
 Total Households: 5,091,067
 Median Age: 42
 Median Household Income: \$52,222
 Percent of Household Incomes >\$75,000: 33.7%
 Percent Owner-Occupied Housing: 61%

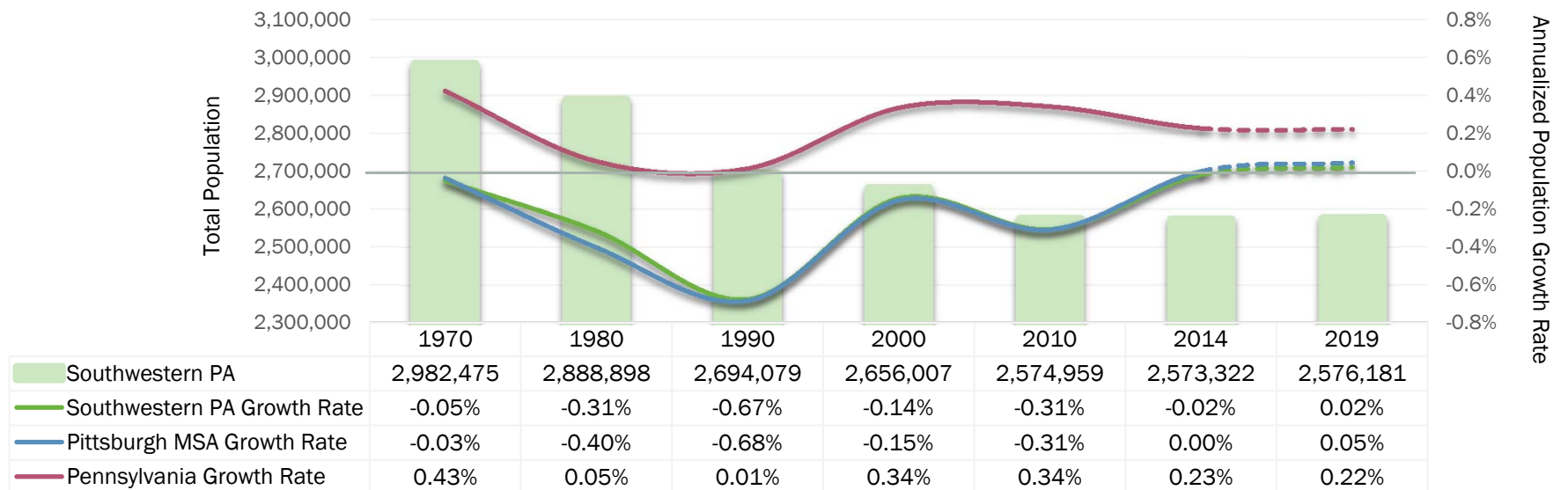


Source: US Census Bureau; Esri; 4ward Planning Inc., 2014

Total Population

Although the State of Pennsylvania has experienced weak population growth since 1990, Southwest PA and the Pittsburgh MSA have experienced weak population decline since before 1970. While the rate of decline within Southwest PA has slowed in recent years, the rate of growth within the region is projected to remain relatively flat through 2019. By comparison, Pennsylvania’s overall population growth will remain positive, but at a slower rate than in recent years. Southwest PA decreased by 81,000 residents from 2000 to 2010 (a three-percent decline). Total population for Southwest PA is projected to stabilize around 2.5 million persons over the next five years.

Total Population of Southwest PA and Annualized Growth Rates

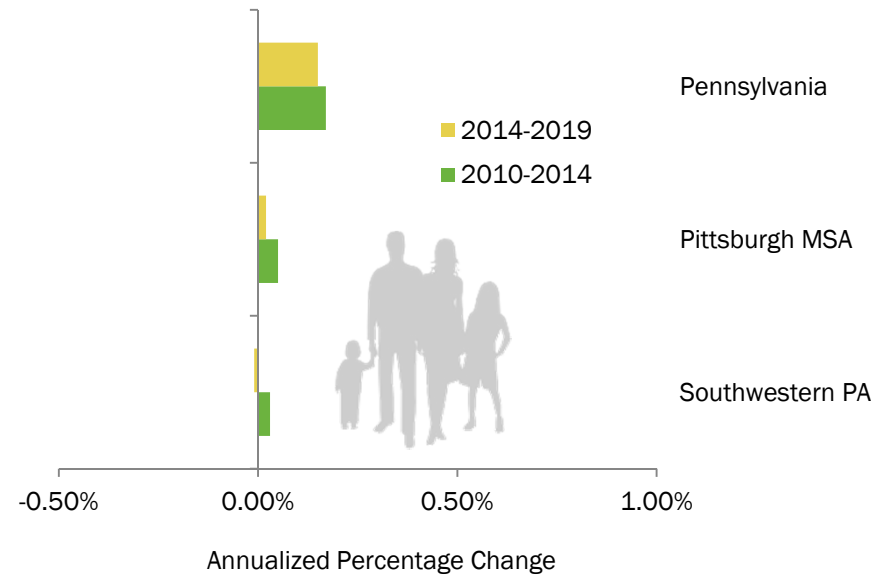


Source: US Census Bureau; Esri; 4ward Planning Inc., 2014

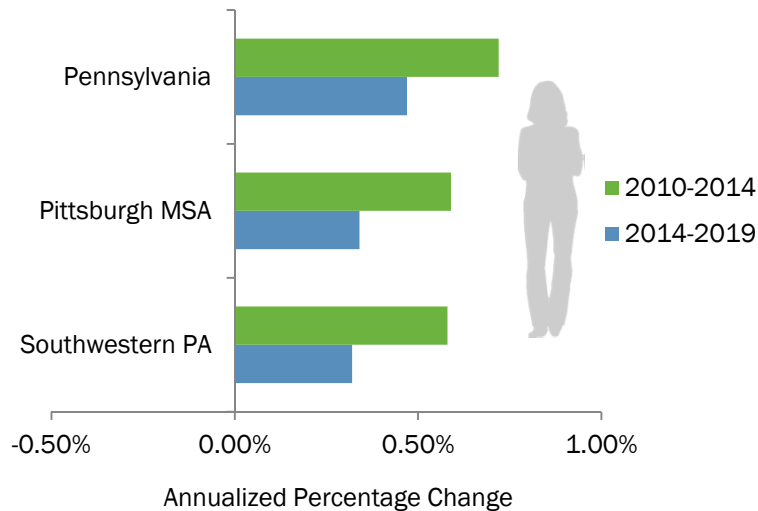
Household Formation

The figures to the right and below illustrate household formation trends and projections for all three study areas, by family and non-family households. While family households have been increasing slightly in all geographies, Southwest PA is expected to continue experiencing relatively flat growth in family households over the coming years. In all three study areas, flat family household growth is consistent with overall population trends.

Annualized Percentage Change: Family Households



Annualized Percentage Change: Non-Family Households



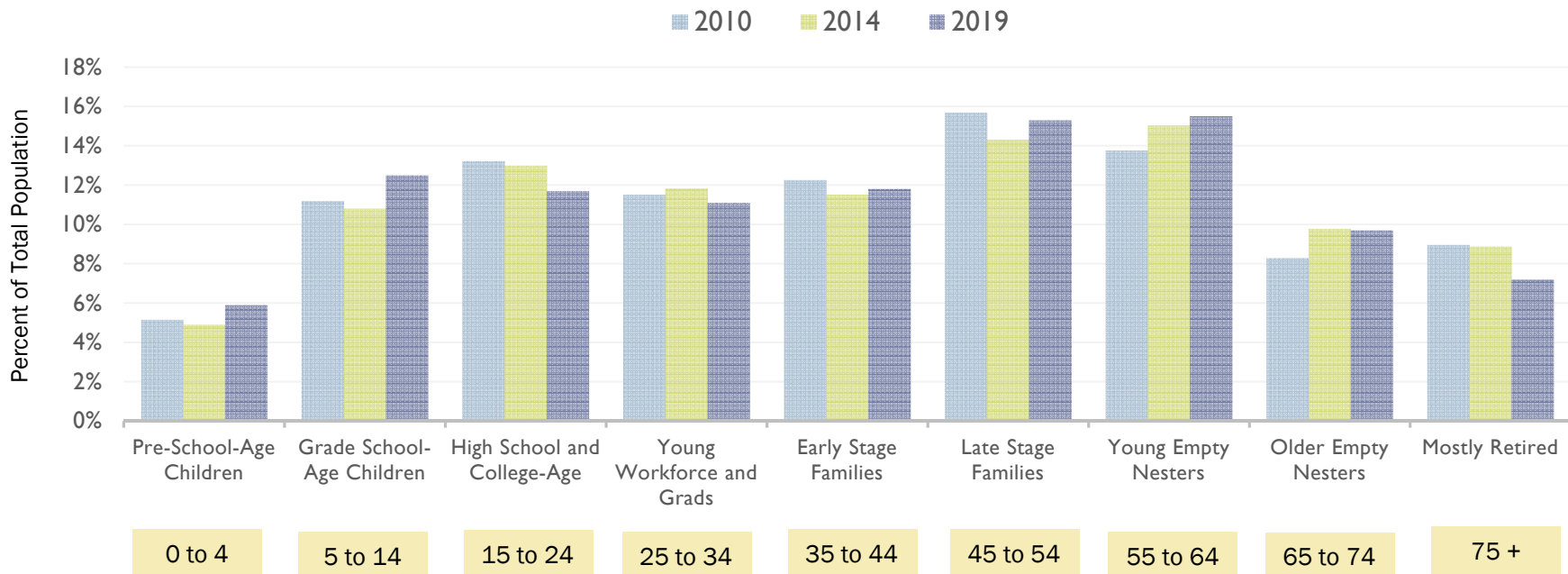
The relatively strong increase in non-family households is consistent with national demographic trends, as couples are choosing to marry and start families later, or not at all. This trend will continue to drive the increase in non-family households - influencing the rise in demand for smaller, multi-family units.

Sources: US Census Bureau; Esri; 4ward Planning Inc., 2014

Age Distribution

Despite overall flat population growth, Southwest PA is expected to experience growth in Pre-School-Age Children (from birth to four years old), Grade-School-Age Children (from five to 14 years old), and Young Empty Nesters (ages 55 to 64). The SPC should consider these population shifts when planning for future transportation needs.

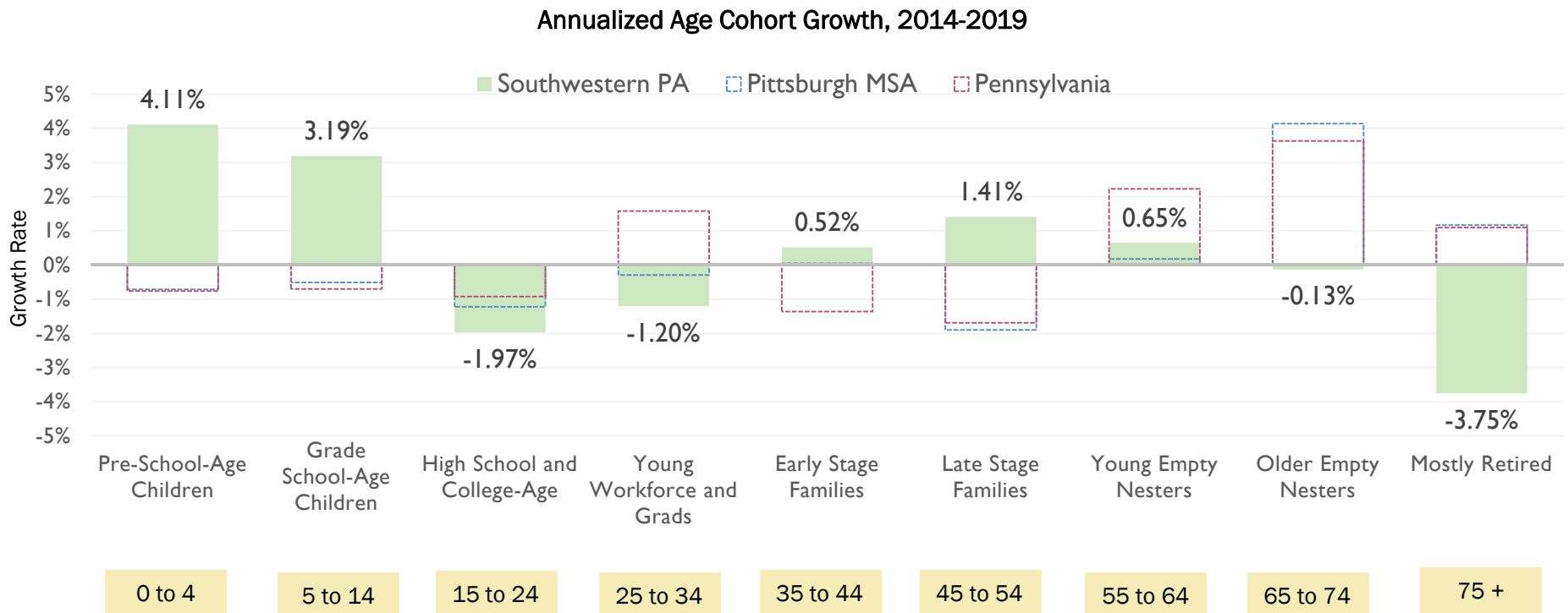
Age Cohorts as a Percentage of Total Population, Southwest PA



Source: US Census Bureau; Esri; 4ward Planning Inc., 2014

Age Cohort Growth

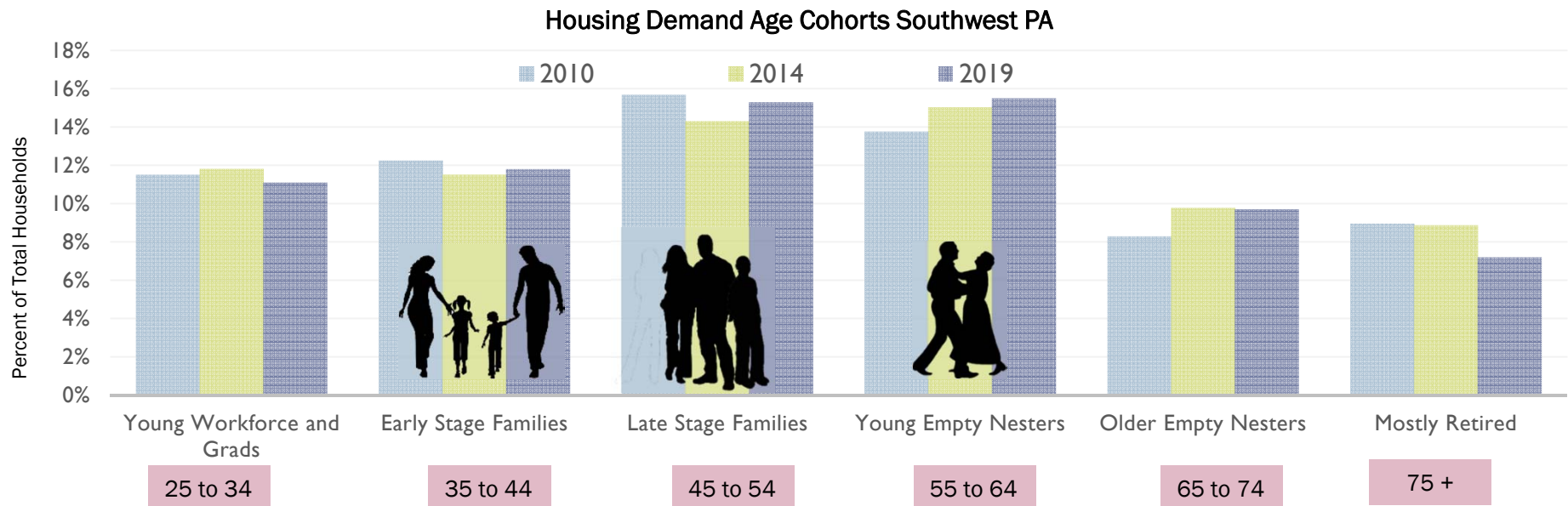
Over the next five years, Southwest PA will see a dramatic increase in annual growth rates of Pre-School- and Grade-School-Age Children, and Early- and Late-Stage Families, compared to the Pittsburgh MSA and the State of Pennsylvania. In contrast to the other two study areas, the Mostly Retired demographic cohort (aged 75 and above) will see a dramatic decline (at nearly four percent). Unlike the Pittsburgh MSA and Pennsylvania, the influx of older populations in Southwest PA will *not* be as significant.



Source: US Census Bureau; Esri; 4ward Planning Inc., 2014

Age and Housing Demand

In the near term (the next five years) and beyond, new transportation demand in Southwest PA will likely come from within the Early- and Late-Stage Family cohorts, as well as households classified as Young Empty Nesters. Access to affordable transportation for low- and moderate-income households is often critical in travelling to work, school, and medical appointments. Further, and in addition to providing a greater sense of independence, affordable and accessible transit benefits local economies through increased discretionary income among low- and moderate-income households.

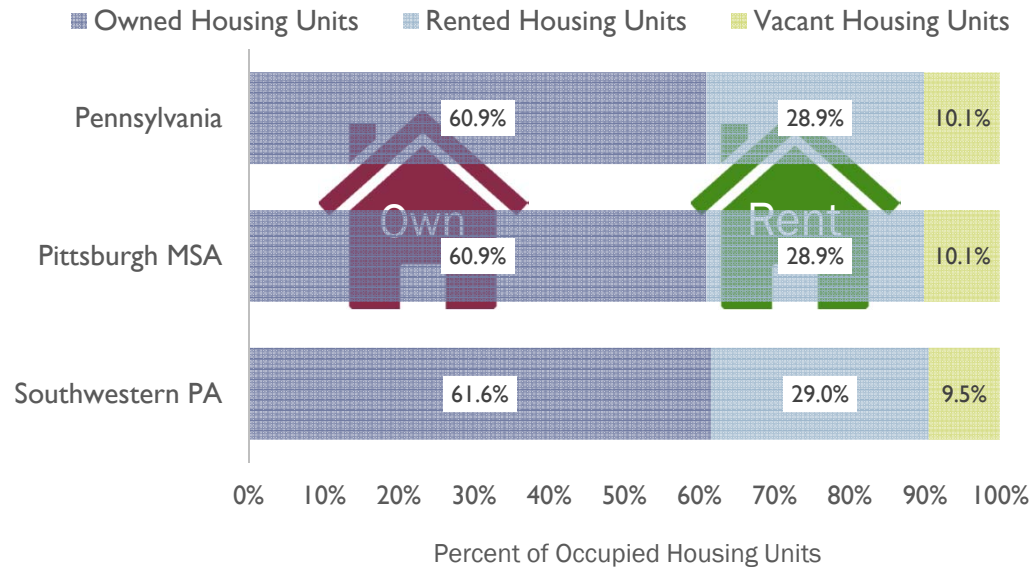


Source: US Census Bureau; Esri; 4ward Planning Inc., 2014

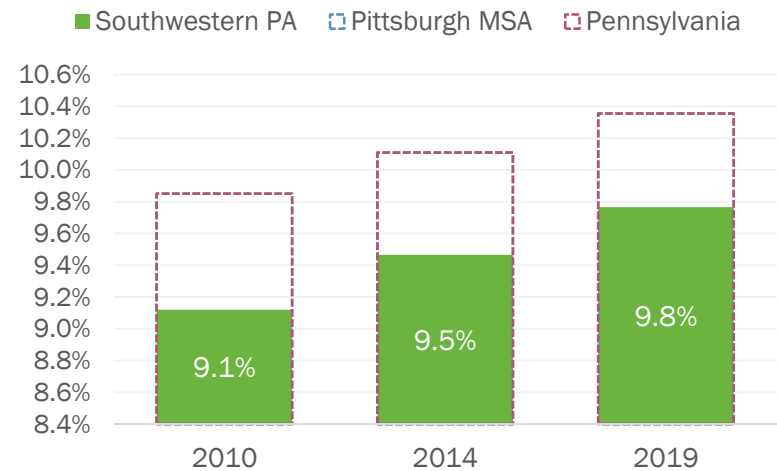
Housing Tenure Trends

The figures, below, comparatively illustrate trends in housing tenure for the three study geographies, indicating that ownership and rental rates are fairly comparable across all geographies. Housing vacancy rates in Southwest PA (currently 9.5 percent) have been consistently lower than residential vacancy rates in the Pittsburgh MSA and State, overall (both currently 10.1 percent). However, housing vacancies in Southwest PA are still relatively high (a vacancy rate of less than six percent typically indicates a healthy real estate market), and are projected to increase to 9.8 percent by 2019 – an outcome of an aging and declining population.

Housing Tenure Comparison



Housing Vacancy Tenure Trends

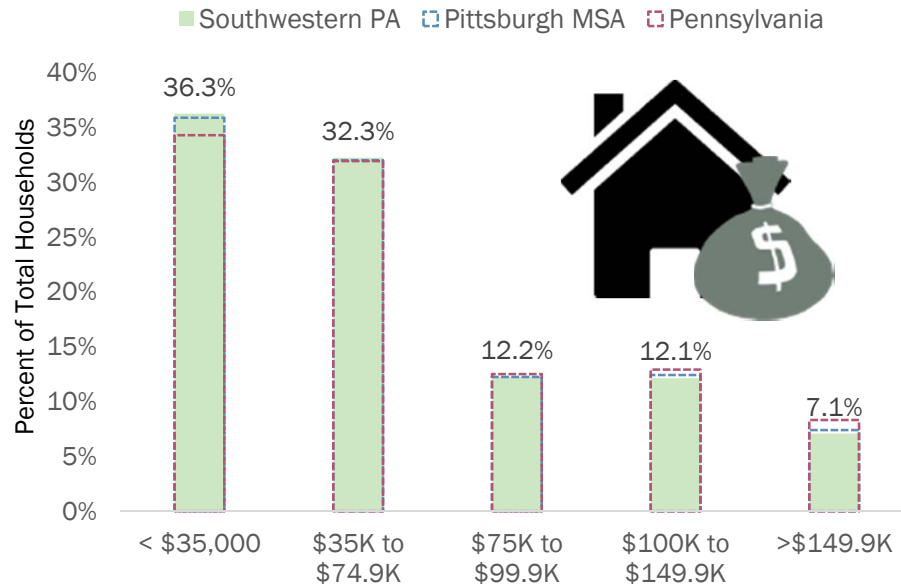


Source: US Census Bureau; Esri; 4ward Planning Inc., 2014

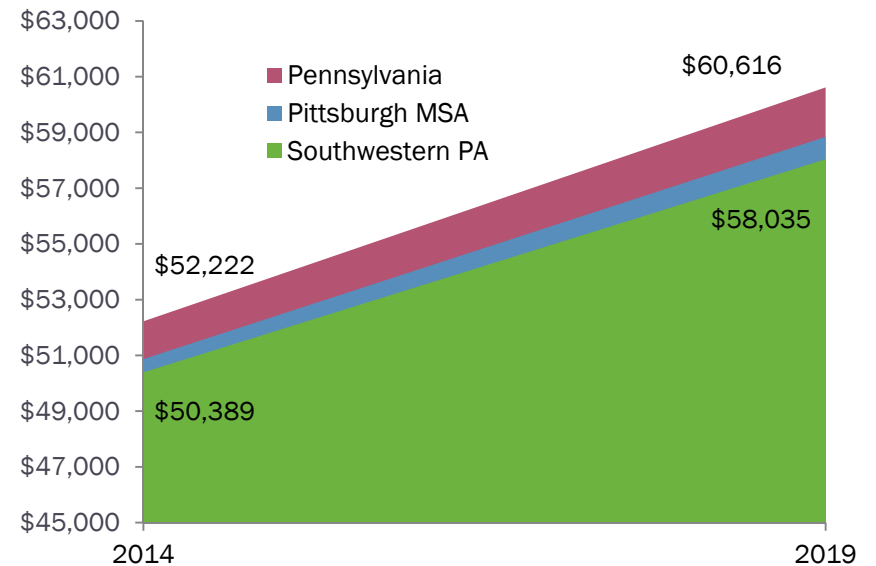
Median Household Income

Southwest PA has a larger share of lower-income households (more than 36 percent earn less than \$35K per year) than both the Pittsburgh MSA and the State, as a whole. Southwest PA also exhibits a much smaller share of higher-income households (just over 19 percent of households earn more than \$100K, annually). At nearly \$50,390, Southwest PA's median household income is just \$480 less than the Pittsburgh MSA, and approximately \$1,800 lower than the State. While median household income within Southwest PA is lower than that of the State, it should be recognized that the cost of living in the region, generally, is a good deal lower than that of the State.

Household Income Distribution by Geography (2014)



Median Household Income

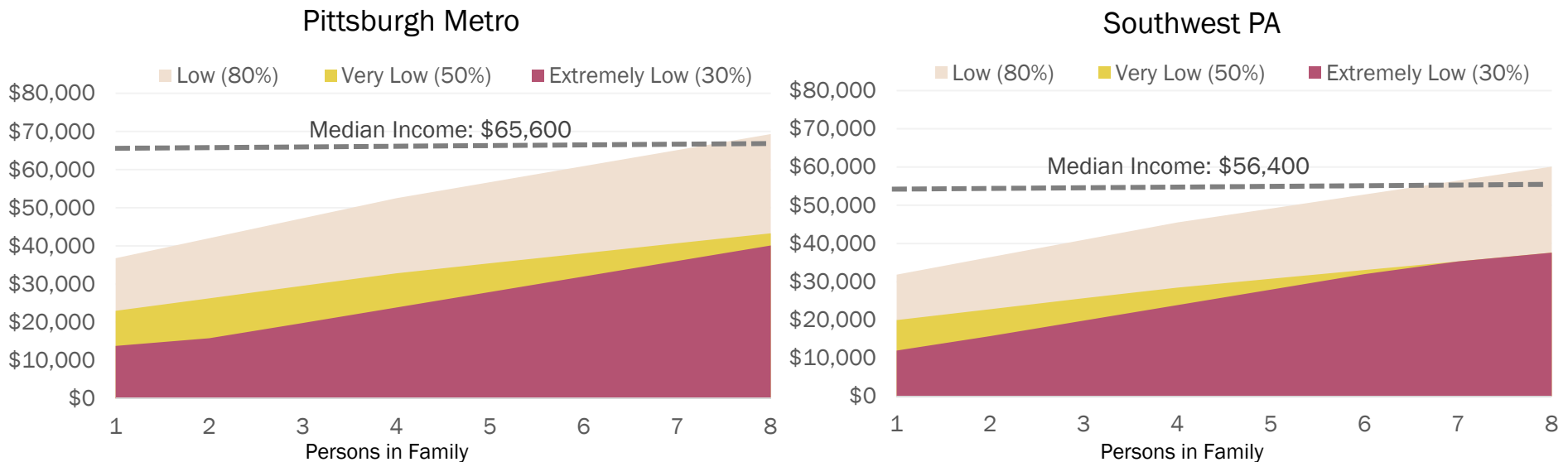


Sources: US Census Bureau; Esri; 4ward Planning Inc., 2014

HUD Income Limits by Family Size

According to HUD, 2014 median family income in the Pittsburgh MSA was \$65,600, while the median family income in Lawrence, Indiana, and Greene Counties was \$56,400. Income limits for lower-income households are based on median family income and adjusted for family size, so that larger families have higher income limits. For example, the income limit for a low-income one-person family in the Pittsburgh MSA is \$36,750, compared to \$52,500 for a four-person household. Due to lower median family incomes, the income limits in Lawrence, Indiana, and Green Counties are lower than those within the Pittsburgh MSA.

Income Limits by Family Size

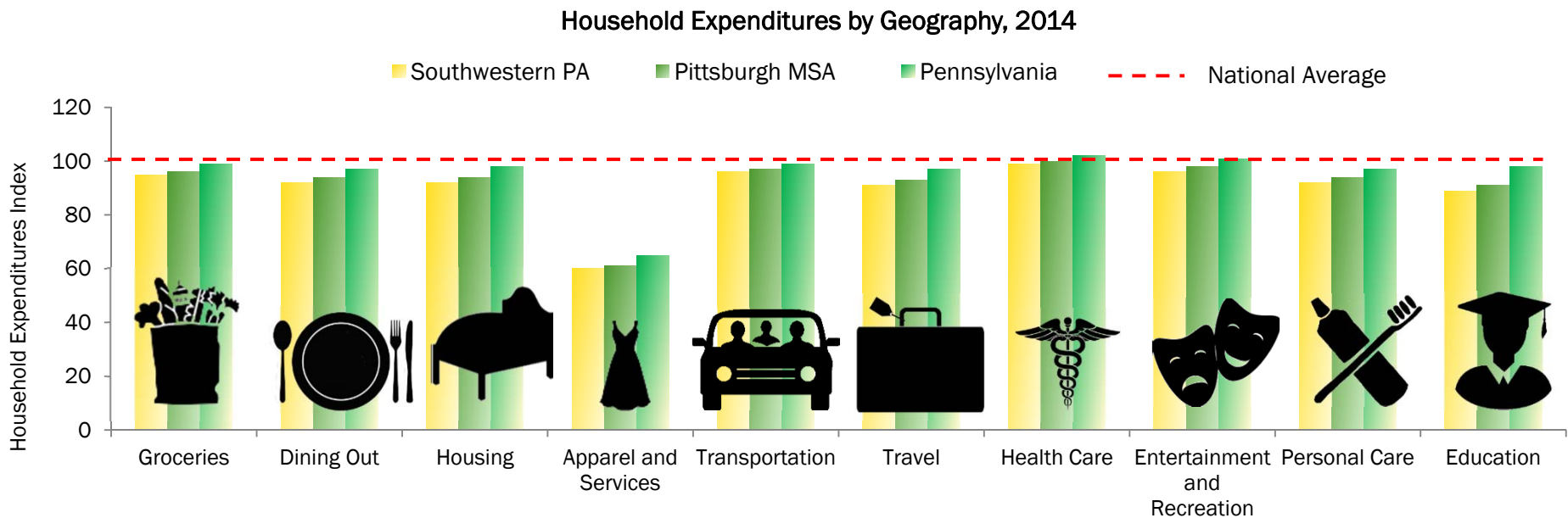


* The FY 2014 Consolidated Appropriations Act changed the definition of extremely low-income to be the greater of 30/50ths (60 percent) of the Section 8 very low-income limit or the poverty guideline as established by the Department of Health and Human Services (HHS), provided that this amount is not greater than the Section 8 50% very low-income limit. Consequently, the extremely low (30%) income limits may equal the very low (50%) income limits.

Source: U.S. Census Bureau, 2007-2011 American Community Survey; 4ward Planning Inc., 2014

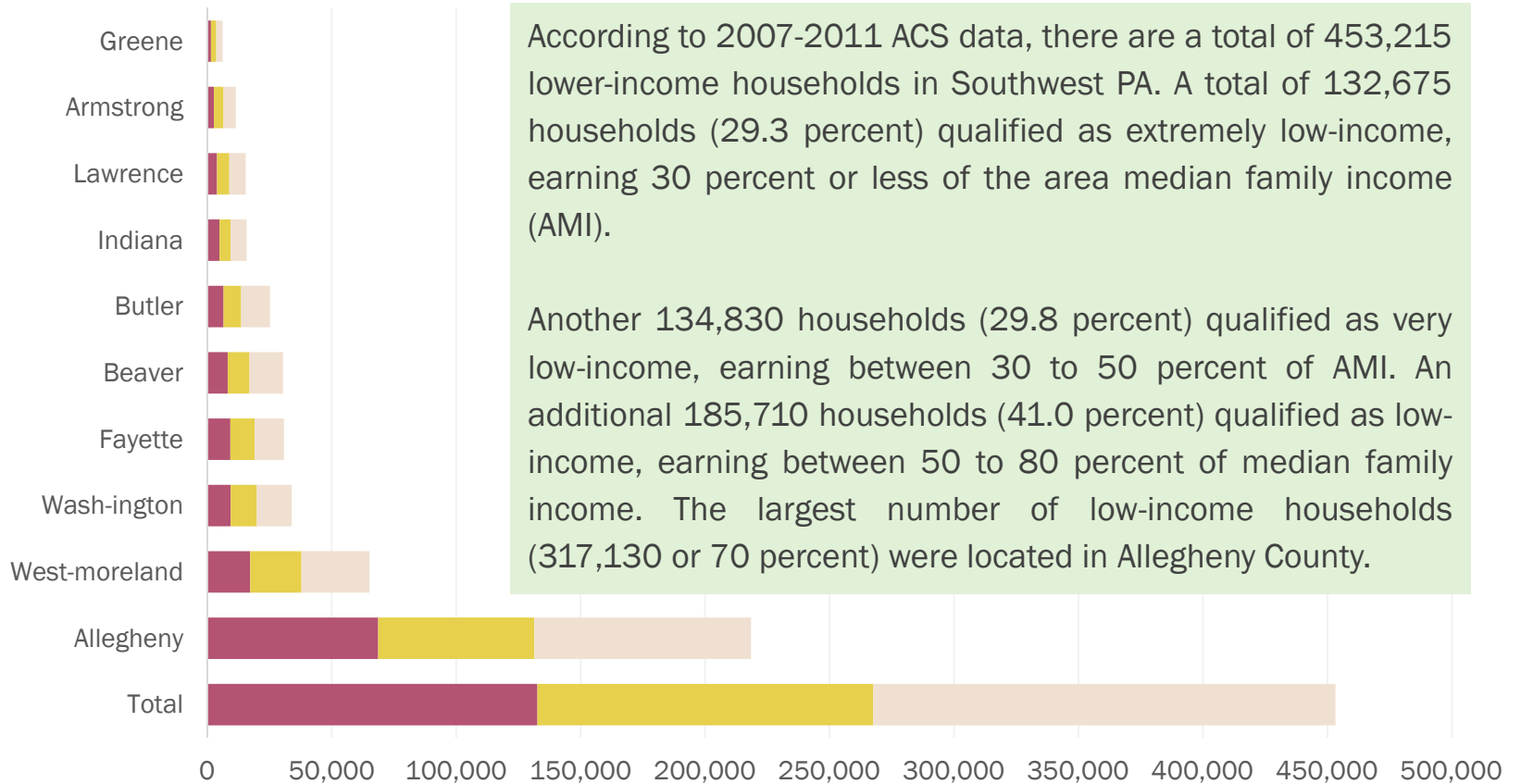
Household Expenditures

The chart below illustrates the spending potential of households in each of the three analysis geographies, on a select set of consumer spending categories. An index value of 100 represents the national average. All geographies are, generally, below the national average in most spending categories, with Southwest PA the lowest among them – consistent with its lower household incomes. In other words, Southwest PA households spend less on household expenditures, including transportation, than the average household within the Pittsburgh MSA, State, or nation.



Source: US Census Bureau; Esri; 4ward Planning Inc., 2014

Lower-Income Household Distribution – Southwest PA



According to 2007-2011 ACS data, there are a total of 453,215 lower-income households in Southwest PA. A total of 132,675 households (29.3 percent) qualified as extremely low-income, earning 30 percent or less of the area median family income (AMI).

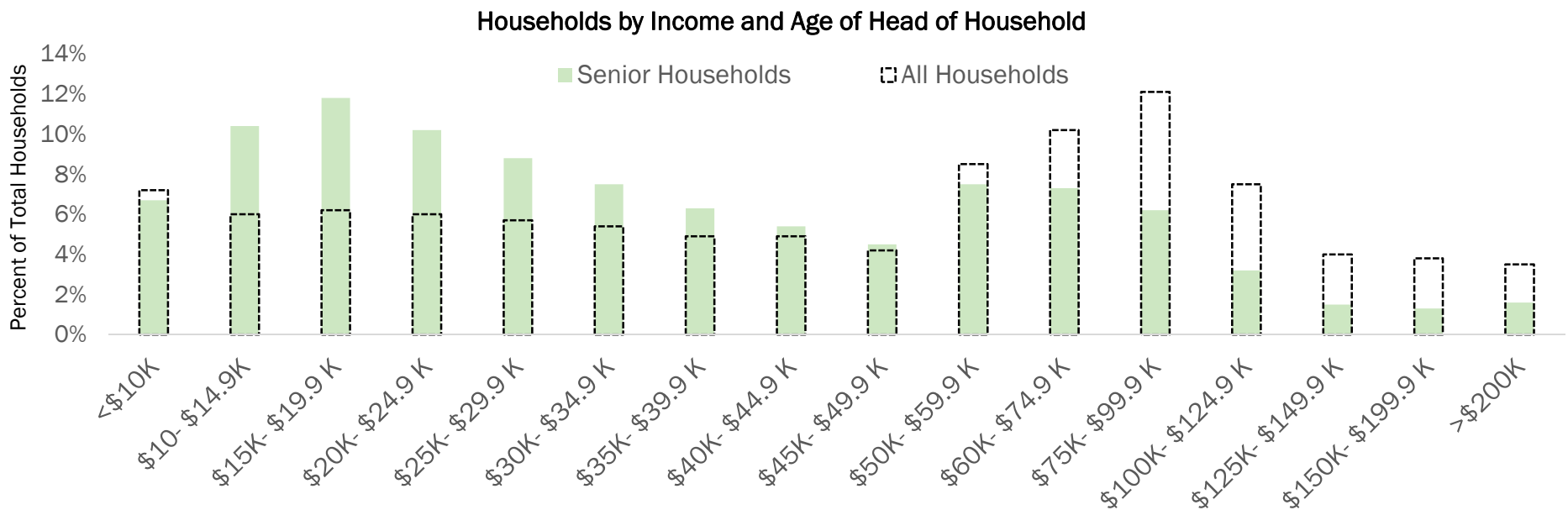
Another 134,830 households (29.8 percent) qualified as very low-income, earning between 30 to 50 percent of AMI. An additional 185,710 households (41.0 percent) qualified as low-income, earning between 50 to 80 percent of median family income. The largest number of low-income households (317,130 or 70 percent) were located in Allegheny County.

Households	Total	Allegheny	West-moreland	Washington	Fayette	Beaver	Butler	Indiana	Lawrence	Armstrong	Greene
Extremely Low-Income (<=30%)	132,675	68,695	17,255	9,420	9,340	8,250	6,560	4,950	3,980	2,685	1,540
Very Low-Income (>30% to <=50%)	134,830	62,725	20,595	10,535	9,755	8,755	7,065	4,495	4,900	3,895	2,110
Low-Income (>50% to <=80%)	185,710	87,055	27,350	13,980	11,740	13,460	11,660	6,385	6,620	4,905	2,555

Source: U.S. Census Bureau, 2008-2012 American Community Survey; 4ward Planning Inc., 2014

Household Income: Senior Households in Southwest PA

According to data provided by the 2008-2012 American Community Survey, there are approximately 288,890 households in Southwest PA with persons aged 65 or older. The median household income for these households (\$31,546) was 36 percent less than the median household income for all households in the region. As illustrated below, households headed by persons 65 and older are overrepresented among lower-income households and underrepresented among higher-income households – consistent with state and national observations.

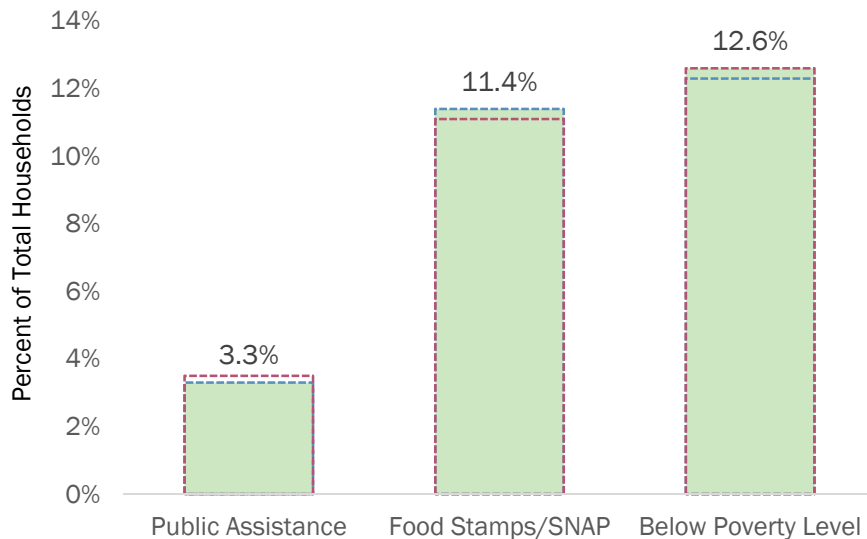


Source: U.S. Census Bureau, 2008-2012 American Community Survey; 4ward Planning Inc., 2014

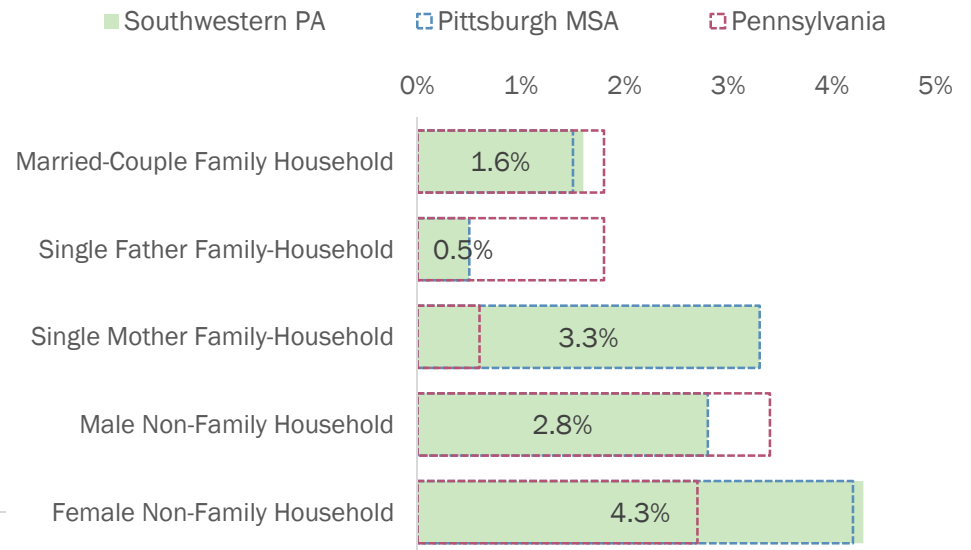
Public Assistance Households and Those Below Poverty Level

According to data provided by the 2008-2012 American Community Survey, 3.3 percent of Southwest PA households received public assistance income, 11.4 percent received food stamps, and 12.6 percent were below the federal poverty level – household shares relatively comparable to the Pittsburgh MSA and Pennsylvania, overall. Generally, a large percentage of these households are partially or mostly reliant on some form of public transit, for purposes of accessing work, shopping, and medical care.

Households Receiving Public Assistance



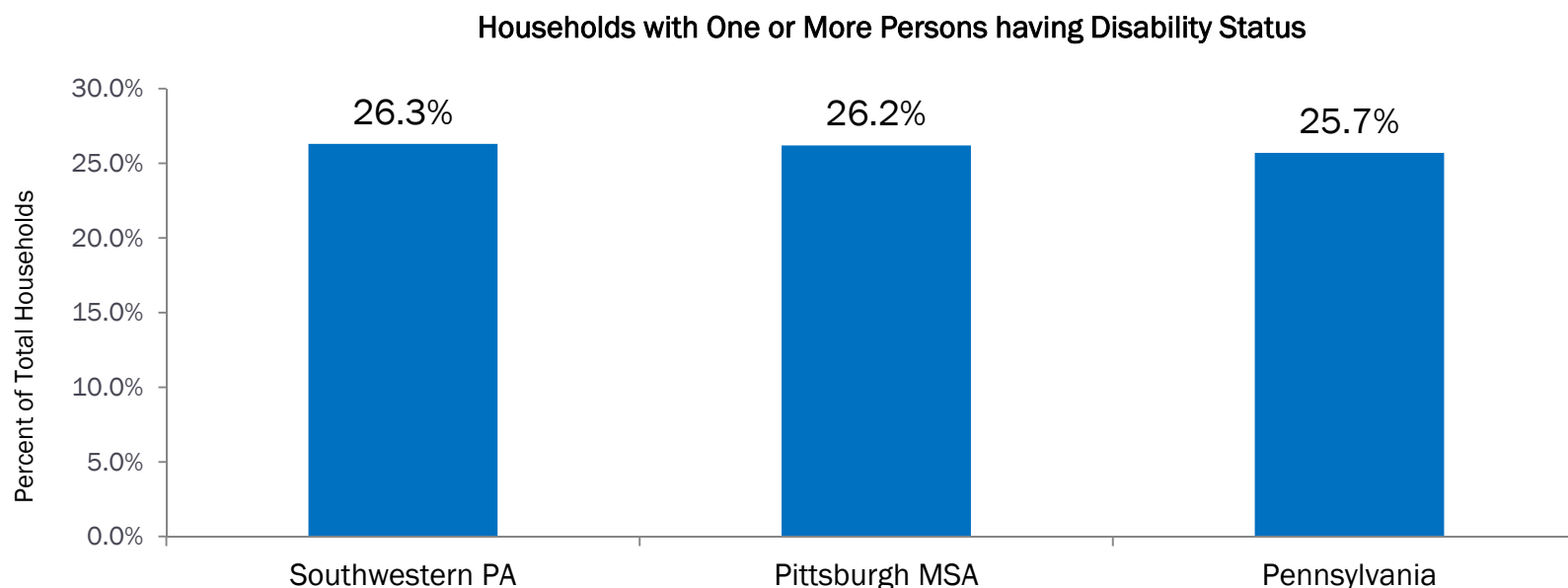
Households Below Poverty Level by Family Structure



Source: U.S. Census Bureau, 2008-2012 American Community Survey; 4ward Planning Inc., 2014

Households with Disabled Persons

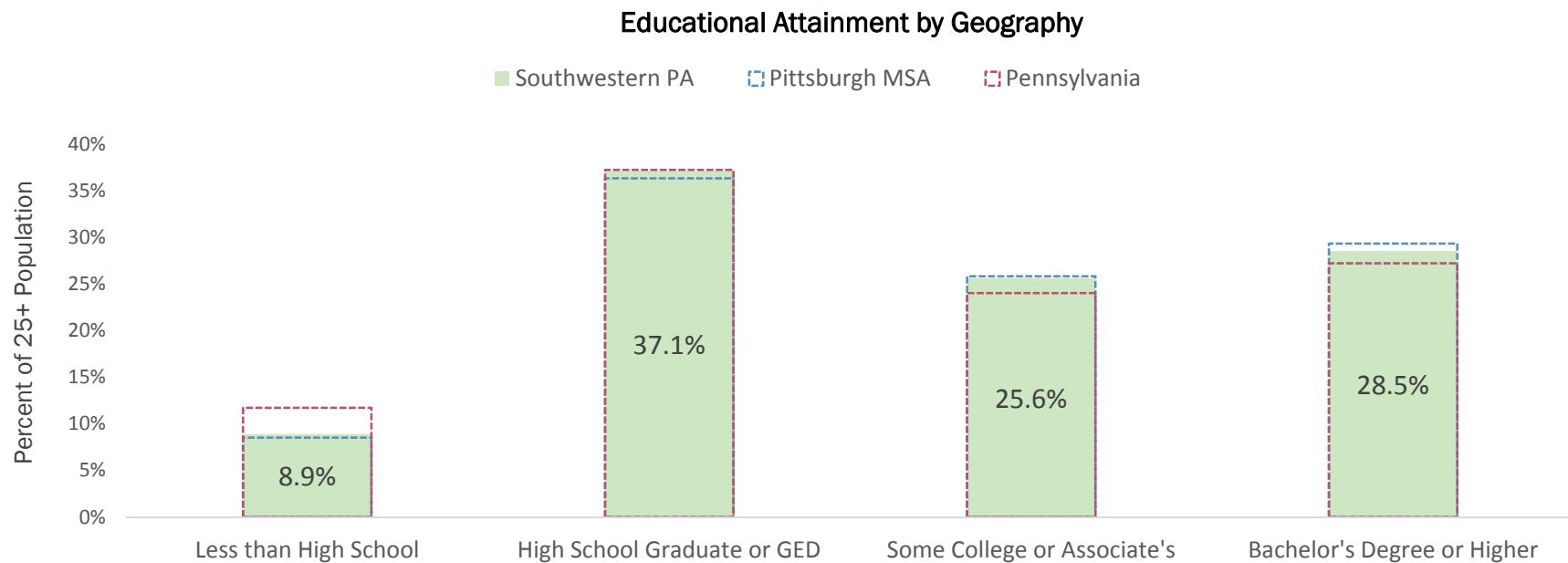
The American Community Survey collects information on disability status to help communities better understand the needs of their disabled population, including transportation options. Disability status includes six disability types: (1) Hearing difficulty, (2) Vision difficulty, (3) Cognitive difficulty, (4) Ambulatory difficulty, (5) Self-care difficulty, and (6) Independent living difficulty. Approximately 282,900 Southwest PA households have at least one person with a disability. This is equivalent to one-in-four households in the region, and relatively comparable with the MSA and Pennsylvania. As with lower-income households, a number of these households may be partially or totally reliant upon some form of public transit service.



Source: U.S. Census Bureau, 2008-2012 American Community Survey; 4ward Planning Inc., 2014

Educational Attainment

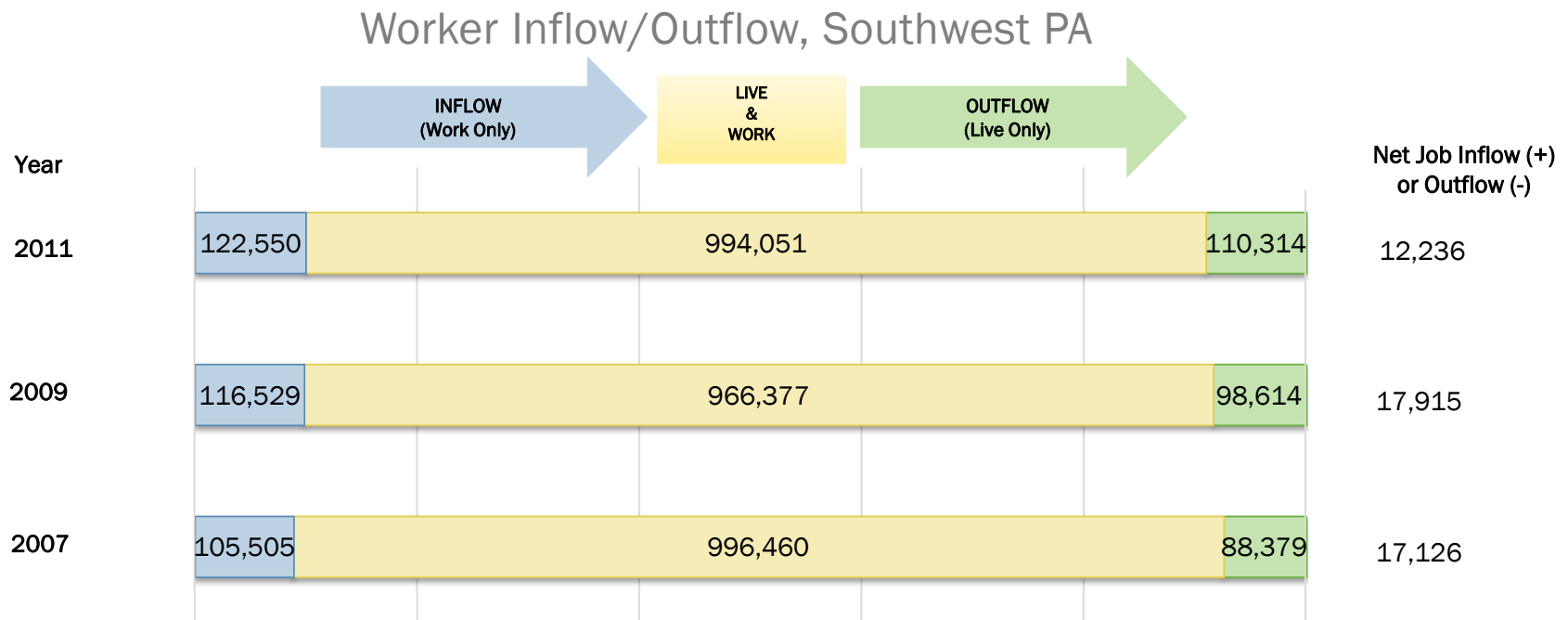
In general, Southwest PA exhibits greater educational attainment than that for the State, but less than exhibited within the Pittsburgh MSA. While more adult persons 25 and older in Southwest PA hold a Bachelor’s degree or higher, 46 percent have just a high school diploma or less. Quality transit access for economically disadvantaged households with lower educational attainment levels can help better connect these residents to jobs and other places of importance.



Source: US Census Bureau, Esri, 4ward Planning Inc., 2014

Worker Inflow/Outflow

Between 2007 and 2011, the number of workers within Southwest PA decreased, indicating the number of employed residents commuting outside of the 10-county region increased by a greater number than those commuting into the region. This matched a corresponding decrease in those who lived and worked in the region, suggesting a loss of jobs between 2009 and 2011. As it is beyond the scope of this study, it is not known how better and/or increased public transit might have lessened the amount of workers commuting out of the region for employment.

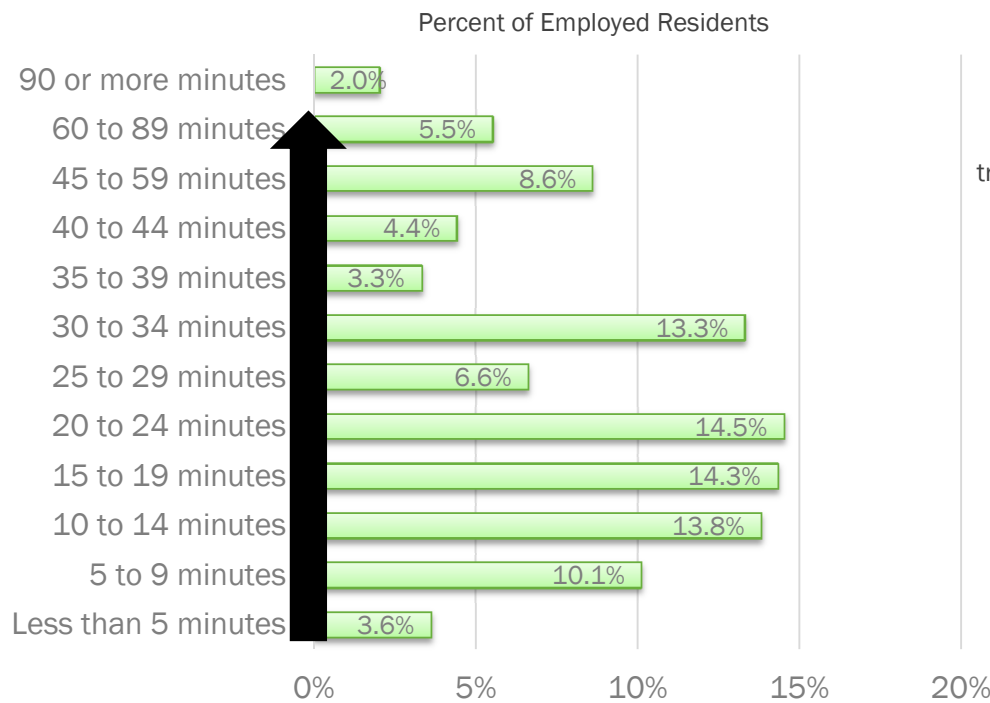


Source: US Census Bureau, OnTheMap; 4ward Planning, 2014

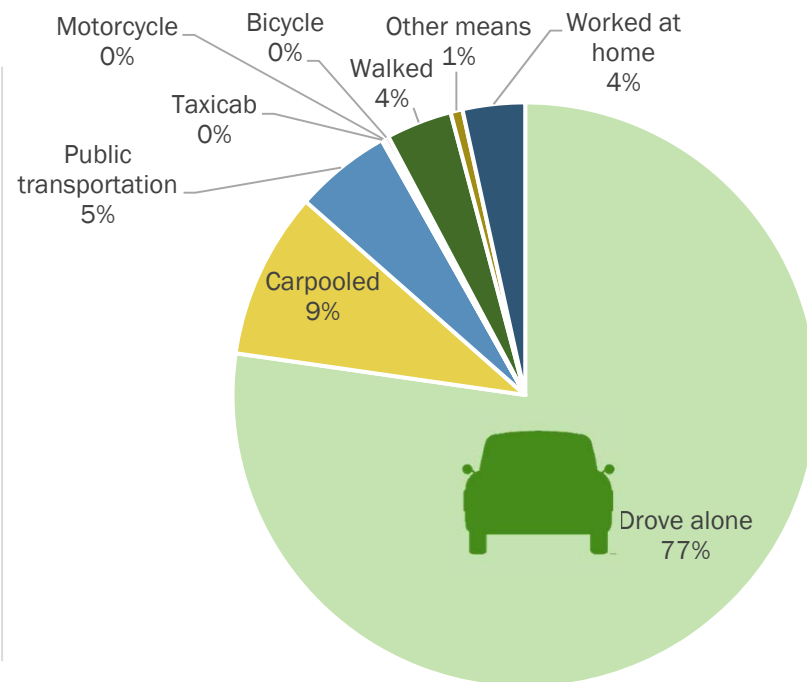
Commute Time and Means to Work

According to ACS data, approximately two-thirds of employed Southwest PA residents commute less than 30 minutes to their place of employment, and just under 16 percent commute more than 45 minutes. The vast majority of employed Southwest PA residents commuted by personal vehicle (86 percent), while just over five percent commuted via public transportation. The location and density of employment centers within Southwest PA substantially influence the viability of facilitating public transit services.

Travel Time to Work, Southwest PA Residents



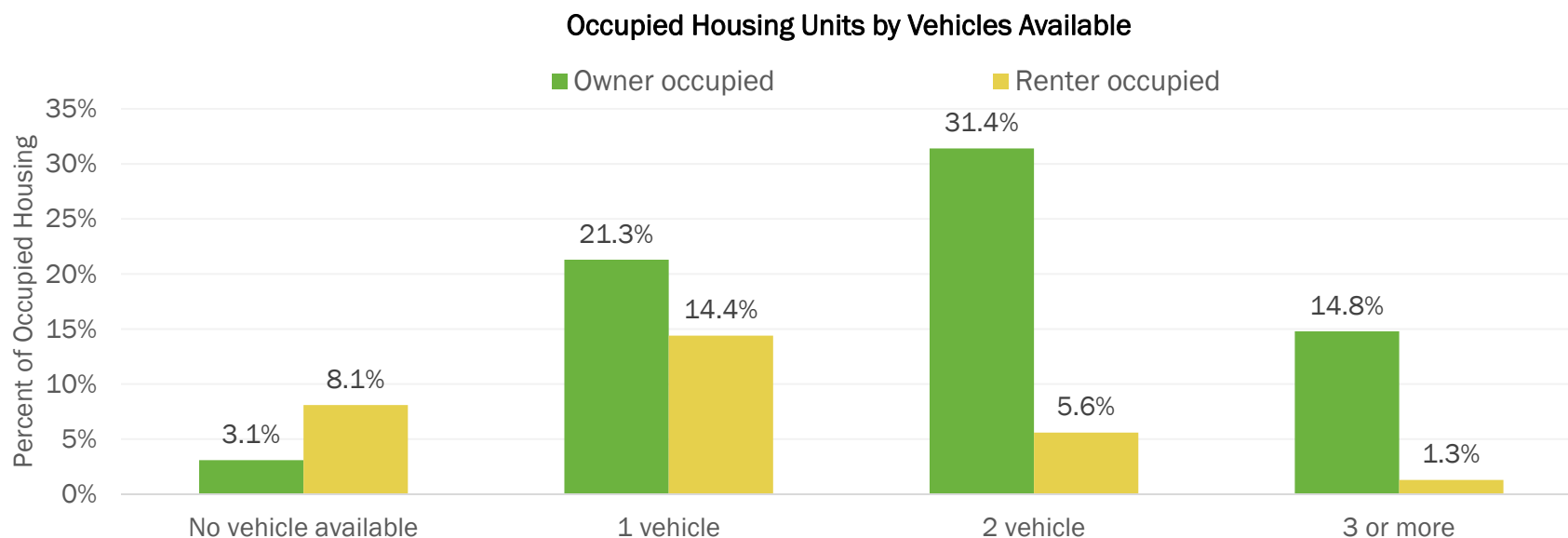
Means to Work, Southwest PA Residents



Source: U.S. Census Bureau, 2008-2012 American Community Survey

Availability and Number of Vehicles by Household Type

On average, Southwest PA households own 1.6 vehicles per household, a share similar to that of the Pittsburgh MSA (1.6), and slightly lower than that of the State (1.7), on average. As illustrated below, only three percent of owner-occupied households in Southwest PA do not own a vehicle, compared to eight percent of renter-occupied households. As renter-occupied households are expected to markedly increase over the coming five to 10 years, and given the greater cost consciousness of households headed by Millennials (those born between 1982 and 2000), the demand for increased transit service within the region is likely to rise.



Source: U.S. Census Bureau, 2008-2012 American Community Survey

Takeaway: Socio-Economic Trends

The preceding analysis of socio-economic trends provides insight into the population, housing, and income characteristics that can inform future land-use and transportation investment decisions. While growth in population and household formation is likely to stay relatively flat within the Southwest PA region, a number of socio-economic trend indicators suggest a need for strategic transportation investment in the region:

- Likely due to the region's relative affordability, the numbers of Early- and Late-Stage Families and Young Empty Nesters are expected to increase, influencing transportation demand in Southwest PA in the near and long term. Access to affordable transportation for these households, especially lower-income households unable to afford personal vehicles, not only make daily trips to work, school, and medical appointments far more feasible, local area economies are also strengthened as these households have more resources to spend at area retailers and service establishments.
- In an auto-oriented region where 86 percent of workers commute by car, Southwest PA residents who do *not* drive often lack viable transportation alternatives. Where more than one-in-five households have a senior citizen or member with a disability, affordable and reliable transportation can help provide access to important opportunities in education, employment, health care, housing, and shopping.

General & Limiting Conditions

4ward Planning Inc. has endeavored to ensure that the reported data and information contained in this report are complete, accurate, and relevant. All estimates, assumptions, and extrapolations are based on methodological techniques employed by 4ward Planning Inc. and believed to be reliable. 4ward Planning Inc. assumes no responsibility for inaccuracies in reporting by the client, its agents, representatives, or any other third-party data source used in the preparation of this report.

Further, 4ward Planning Inc. makes no warranty or representation concerning the manifestation of the estimated or projected values or results contained in this study. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from 4ward Planning Inc. This study is qualified in its entirety by, and should be considered in light of, the above limitations, conditions, and considerations.



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