

ISSUES & INSIGHTS

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Jobs, Vacant Properties Remain Top Concerns Two Years Running

In 2011, the Federal Reserve Bank of Cleveland began conducting a semi-annual community issues survey. The July 2013 survey marks the fourth time we have reached out to our stakeholders to elicit their input on the current and emerging issues confronting the communities they serve. Jobs and vacant properties have consistently ranked as top current concerns among stakeholders responding to our survey, while federal budgets cuts has constantly ranked as a top emerging concern. We received 241 responses to our July 2013 survey, which gauges the stakeholders' concerns for the first half of the year and what they see as concerns a year from now – in mid-year 2014.

What do survey results tell us over time?

This issues survey is one tool we use to help gauge the **major concerns facing communities**. Respondents represent the perspectives of a range of institutions. One thing the consistency of our results tells us is that these top issues – jobs and vacant properties – are not specific to any particular group, industry, or community. We can also **discern trends over time**, which is useful in highlighting issues that remain a challenge for communities and why they continue to be such a concern. Finally, we look to these results as a driver of, and a comparative measure for, our quantitative analysis. Does **what's happening on the ground** match what we're seeing in the data? We'd love to know what you think. Contact the author or any member of our Community Development team. **We listen, we learn, we investigate, we inform.**

CURRENT ISS

1 JOBS

“Higher-skilled jobs are either leaving the region or, due to lack of a trained workforce, not locating in the region.”

– Workforce development official

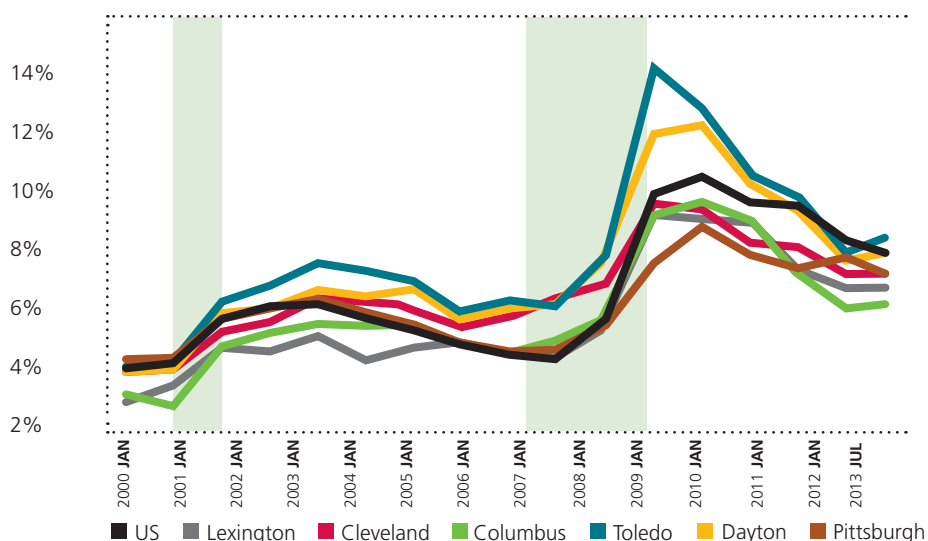
For the third time in four surveys, availability of local employment opportunities topped the list of issues facing Fourth District communities, according to stakeholders who responded to our July 2013 survey. Nearly 46 percent of respondents ranked jobs as one of their top three concerns, with 21 percent ranking it as their number one concern. Regarding job availability since the beginning of 2013, most of the respondents (56%) believed it had not changed, 15 percent felt it had decreased, and 27 percent thought job opportunities had increased.

Respondents’ comments about employment opportunities focused mainly on two themes: **the skill sets of job seekers** and the **types of jobs available**. The executive director of an economic development organization commented, “Businesses need workers, and they are frustrated by the poor quality of the workforce.” Another wrote, “There seems to be a widening gap between the skills of our labor force and what our employers need.” Many wrote about the lack of quality jobs. Noted a county community and economic development director, “Too many

people remain unemployed or underemployed. We see this in the number of first-time recipients [requesting] social services and food stamps.” A workforce development official wrote, “We need jobs with a family-sustaining wage,” noting also that entry level low-skill jobs are increasing “while higher-skilled jobs are either leaving the region or, due to the lack of a trained workforce, are not locating in the region.”

A number of respondents expressed concern about the lack of decent job opportunities for college graduates and the impact that has on communities. A bank president wrote, “Without quality job opportunities for younger educated workers, upwardly mobile job seekers will move out of the area. The ‘brain drain’ ultimately has a very negative effect on the local economy and the quality of life in the region.” Another put in more bluntly: “Local college graduates continue to move outside Ohio for employment opportunities.” A department manager in local government expressed similar concern for the spillover effects of fewer jobs for college grads: “With limited job opportunities, the effects [extend] beyond just the individual [and] impacts taxes paid, goods purchased, and the need for services and programs.”

Unemployment Rates for Select Fourth District MSAs January 2000 – July 2013



Source: Bureau of Labor Statistics. Note: Shaded bars indicate recessions.

UES

“REO and foreclosed property is not being re-sold at a fast enough pace to keep up with the incoming REOs.”

– Housing services provider

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VACANT PROPERTIES & FUNDS TO DEAL WITH THEM

Vacant and abandoned properties registered as one of the top three concerns for nearly a third (33%) of the stakeholders who responded to our July 2013 survey. In fact, vacant properties have been a top concern in each of our four surveys. About 57 percent reported vacancies had increased since the beginning of 2013, followed by 37 percent who

hinder investment and confidence in the neighborhood.” Another commented, “Vacant properties affect the overall health of a neighborhood. The ability to either re-use or demolish these structures is essential to the vitality of the area.” A provider of housing services in Pennsylvania observed, “REO and foreclosed property is not being re-sold at a fast enough pace to keep up with the incoming REOs. Lenders are therefore delaying taking possession on the deeds, and this in turn contributes to the properties being vandalized.”

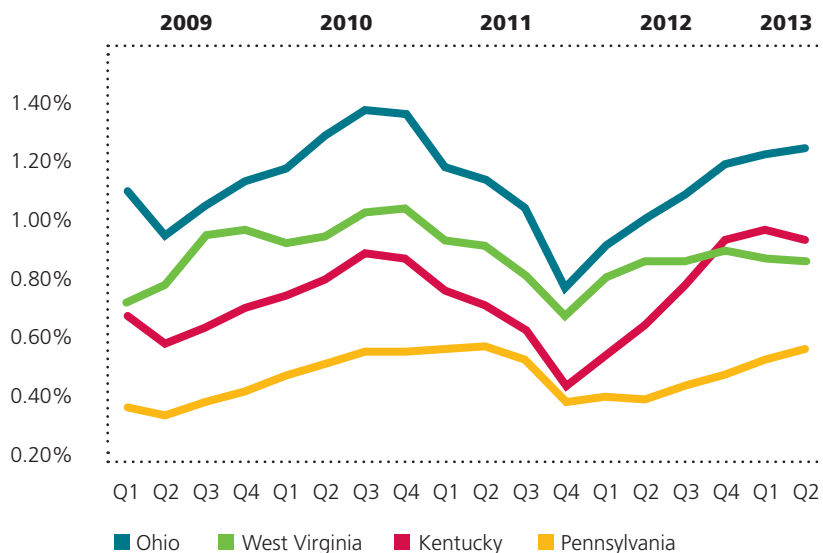
A planning director wrote, “Vacant and abandoned property is contributing to neighborhood blight. With reduced funds available for acquisition and demolition, this blight and its impact will become worse.”

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FEDERAL BUDGET CUTS & THEIR RIPPLE EFFECTS

Budget cuts ranked third, with 28 percent of respondents ranking federal budget cuts as one of their top three concerns and more than 85 percent reporting that cuts had increased since the beginning of 2013. We discerned three themes in the comments on this topic: **the types of programs being cut; the impacts of cuts on individuals and communities; and exasperation with the political process.** “Quality affordable housing has been steadily shrinking in this region over the past few years,” wrote an attorney with a nonprofit. “Cuts to the federal HUD budget due to sequestration, local policies discouraging construction of new subsidized housing units, and reductions to local housing choice vouchers are diminishing affordable housing options.” A bank senior vice president’s comment captured the sentiments of multiple respondents: “Cuts in CDBG, decimation of HOME, and limited availability of federal tax credits reduce the tools necessary to support revitalization and critical services in distressed communities.”

REO Rates for Fourth District States



Source: Authors’ calculations of Lender Processing Services, Inc. (LPS) data

indicated the problem of these empty structures had remained the same. As in past surveys, comments focused mainly on the negative impacts. According to the housing director of a community development corporation, “The large numbers of abandoned homes lower property values and increase crime. They contribute to population loss and

Funds to address these problem properties were another focus of respondents’ concern. “Demolition has been done but further work needs to be completed,” wrote an economic development professional. “Our municipality is in financial emergency and currently does not have the capacity to take care of city-owned park land, let alone vacant parcels.”

"If kids are not learning what they need to know in school, **no college will admit them and no job will save them.** Early investment in quality education is absolutely essential to the region's prosperity."

— Philanthropy executive director

EMERGING

ON THE HORIZON:

MORE CUTS, POLITICAL GRIDLOCK, UNCERTAINTY

Jobs top of the list of greatest emerging issues, or concerns respondents expect they'll face a year from now, followed by federal budget cuts and access to quality K-12 education. Comments regarding availability of local employment opportunities were comparable to those who ranked it as a top concern and focused mainly on **jobseekers' skills and needs of employers**. A planning director remarked, "Local job opportunities are consistently one of the most important issues counties and municipalities face. Training the local workforce to fill available jobs is always a challenge." The effect of the Affordable Care Act on employment growth was mentioned by a number of respondents. A bank president wrote, "Our business clients are capping hiring and trying to determine how they will pay for Obamacare."

Federal budgets cuts were also a top emerging concern among July 2013 survey respondents. Several mentioned the impacts cuts will have on both communities and organizations. "Sequestration and reduced appropriations equal less availability of needed services, such as housing assistance for our more vulnerable populations," commented a housing agency director. Many were concerned not only about cuts to their programs but also to their own organizations' viability. Others expressed frustration with the continued political deadlock in the capital. "I see no evidence that the Congress and President are prepared to engage in rational budgeting based on appropriate compromises," wrote a nonprofit executive director. "The federal government needs to be more fiscally responsible," wrote a bank president.

"DIM PROSPECTS" FOR KIDS COMING OUT OF WEAK SCHOOLS

Access to quality K-12 **education** is a top emerging concern among respondents for the first time since the launch of our survey. Many comments focused on the importance of education for economic success of both individuals and communities. "Education is paramount to opportunity potential and to one's sustainability and continued growth. Early education establishes a framework for future educational choices, which leads to the development of a skilled workforce," wrote a community development manager in city government. According to an executive director of a philanthropic organization, "If kids are not learning what they need to know in school, no college will admit them and no job will save them. Early investment in quality education is absolutely essential to the region's prosperity."

Funding cuts to education are a concern as well. Others pointed to the consequences of not having quality K-12 education. Noted one professor, "Prospects for kids coming out of weak schools look increasingly dim. If we can't find ways to make K-12 education work better, we not only create a permanent underclass, we will also have to overcome the deadweight social costs of a significant segment of unemployed and underemployed people for the long haul. Nothing else compares regionally to this concern."

Numerous respondents commented about the ripple effect federal cuts have on local communities. "Cuts at the federal level trickle down and affect state and local finances and budgets," noted a manager of a charitable organization. "These cuts also affect the funding available to support low-income households and organizations serving these households." A foundation director echoed this sentiment, writing, "State and local governments have been struggling for years to fund projects and programs that serve their communities and now, with the federal government cutting so deeply, many programs cannot survive. Those that do [survive] do not have the resources necessary to effectively serve their constituents."

Several respondents expressed frustration with the political climate in the nation's capital. A regional chamber of commerce vice president suggested, "Rather than across-the-board cuts, we need to evaluate programs and increase efficiencies." Another wrote, "Federal budget cuts are not being done in thoughtful and policy-oriented ways; we are likely to see a lot of unintended consequences that local communities will have to bear the brunt of – with limited resources."



WHAT ELSE IS ON YOUR MINDS?



In addition to ranking their top current and emerging issues, we ask our community stakeholders to tell us about any additional comments or insights they may have regarding key issues in community development. Nearly three-quarters of those who responded to our July 2013 survey did just that.

One theme that surfaced was the **need for collaboration** to tackle issues and use limited resources wisely. A housing manager in local government wrote, **"Business as usual for our municipalities is over. We absolutely must work collaboratively** to minimize duplication of effort and services, and undertake regional planning efforts so that limited resources can be spent in the most strategic way." According to a planning and development director in county government, collaboration is a necessity: "The delivery of government services at the local level will continue to be an issue and will continue to have a negative impact on quality of life issues; service reductions will occur or tax burdens will go up. In either case, local citizens suffer."

While some suggest regionalism as a solution to shrinking resources, not all respondents agree. "Participation is low and alienation is high in politics," wrote a professor. "Regional solutions will only exacerbate that issue. People

"We need a continued focus on collaboration... dwindling resources, either from public sources or individual contributions, requires a collective approach to addressing community development issues."

– Nonprofit program director

feel helpless and creating larger, more remote governments unconnected to historic communities is guaranteed to worsen the situation. There is a need to professionalize traditional units and have more inter-unit cooperation." Another noted, "Key issues continue to be the lack of collaboration and leadership that can bridge the differences and unite business and community leaders toward a common goal of regional prosperity." A survey respondent from a nonprofit commented, "We need a continued focus on collaboration, particularly among non-traditional partners." Pointing out that his region has made strides in this area, the respondent added that "dwindling resources, either from public sources or individual contributions, requires a collective approach to addressing community development issues."

Education and its importance for success generated quite a few comments from our survey respondents. A foundation president wrote, "If we don't produce a literate workforce we will lose the jobs that we have here in Northeast Ohio. Educating our workforce to be college or career ready through an effective K-16 educational

system along with effective job training and social service programs is essential to our region." A director of a nationally accredited early childhood care organization wrote, "All children need access to quality care and education to supplement parents' efforts – especially children in families that struggle with issues that produce toxic stress." **Children who get quality care, according to this respondent, are better positioned for healthy development and success in life, including being able to meet the demands of the complex jobs our region is trying to attract.**

Then there is the misalignment between what employers are looking for and what educational institutions are providing. **"The careers of the future don't all require a 2- or 4-year college degree.** Discouraging employment in the trades and other careers that require less than a college degree has created a disparity in what employers need in candidates and what is being produced through academia.

To fulfill employers' technical needs we need to provide quality, affordable educational opportunities for non-college bound students."

SURVEY METHODOLOGY

The Federal Reserve Bank of Cleveland developed this survey to elicit perspectives from our stakeholders on key issues facing the communities and individuals they serve. We sent an online survey in July 2013 to 1,797 individuals working in organizations throughout the Fourth District; 241 completed the survey. Below is a breakdown of the types of organizations that provided responses to this survey, and which states these organizations are located in. Please note that the responses reflect only the perspectives of those responding to the survey and not all the organizations within our district.

Breakdown of respondents by organization type		
Financial institution	49	20.3%
Academic or policy center	36	14.9%
Community development organization	33	13.7%
Local government	28	11.6%
Economic development organization	24	10.0%
Foundation	12	5.0%
Other	12	5.0%
Social service/health/education organization	11	4.6%
Federal government	11	4.6%
Housing counseling agency	8	3.3%
Community Development Financial Institution (CDFI)	6	2.5%
State government	6	2.5%
Legal practice/court	5	2.1%
Total	241	100.0%

Breakdown of respondents by state		
	Population in District (2012) ¹	Survey Response (July 2013)
Ohio	68.1%	78.0%
Pennsylvania	19.6%	17.0%
Kentucky	11.4%	3.3%
West Virginia	0.92%	1.7%
Total	100.00%	100.0%

¹U.S. Census Bureau, Population Division

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The views expressed in *Issues & Insights* are those of the author and the survey respondents, and do not necessarily reflect those of the Federal Reserve Bank of Cleveland or the Federal Reserve System.

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