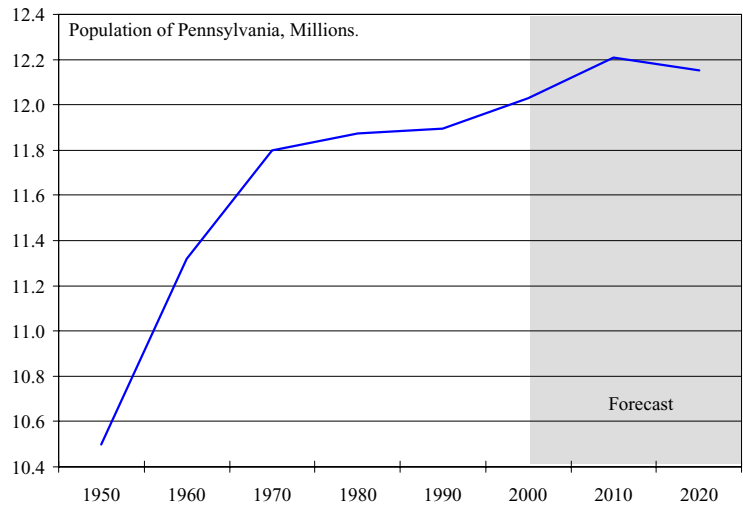


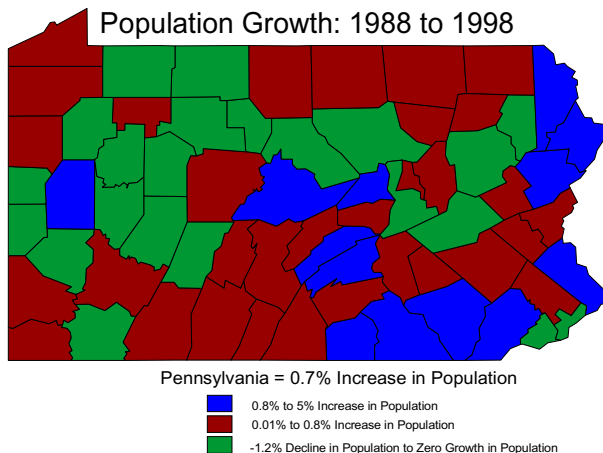
Population Growth



Source: United States Census Bureau, RFA-Dismal Sciences, Inc.

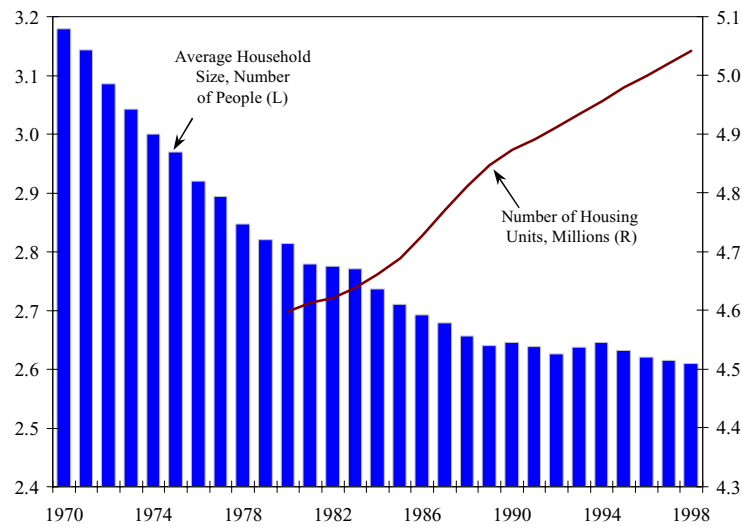
Demographic patterns will shape Pennsylvania’s land development in the near term. Regions growing at a faster-than-average pace will demand greater attention toward land use policy. Issues arising from stronger demographic trends include the dispersion of residential communities, traffic congestion, and environmental quality.

Pennsylvania’s population is growing, but at a slower pace than the nation. There are areas, however, where land use issues will increasingly emerge due to stronger regional demographic trends. Northeastern and Southcentral Pennsylvania are the fastest growing regions in the Commonwealth as these areas have an above average share of people of childbearing age and stronger than average net migration. RFA forecasts show above-average population growth continuing in these regions due to the suburbanization of rural counties outside of Philadelphia, Harrisburg, and Pittsburgh as well as counties that are within close proximity to higher cost metro areas in New Jersey, Maryland, and New York.



Source: United States Census Bureau, RFA-Dismal Sciences, Inc.

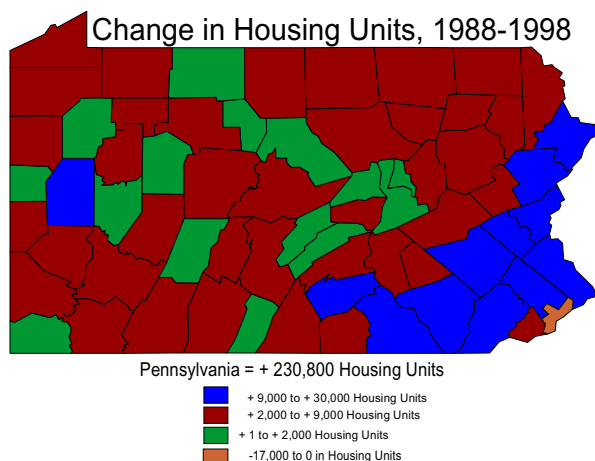
Households and Household Size



Source: United States Census Bureau, RFA-Dismal Sciences, Inc.

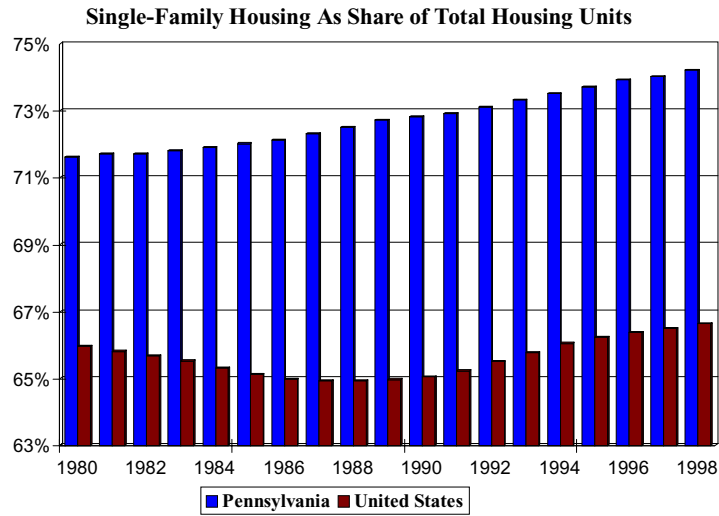
Strong housing demand increases pressure on undeveloped agricultural land. Thus, the pattern of housing stock growth is an important land use indicator. As defined by the Bureau of the Census, a household includes all persons who occupy a housing unit, which is a house, an apartment, a mobile home, or other forms of shelter such as a group of rooms. The average household size is the average number of people per household.

Pennsylvania's single-family and multifamily housing stock is increasing as the average household size decreases. Falling birth rates and an aging population account for the smaller household size. Pennsylvania's below average pace of household formations (0.5% annually since 1988 versus 1.2% for the U.S.) keeps the growth of the housing stock below average. Within the Commonwealth the more rapidly growing Northeast and Southeast regions have captured 90% of the new housing stock since 1988. One exception is Philadelphia County, where population decline and a deterioration of the single-family and multifamily stock have led to abandonment and demolition of units. The conversion of housing into alternative uses such as small businesses is another factor in this decline.



Source: United States Census Bureau, RFA-Dismal Sciences, Inc.

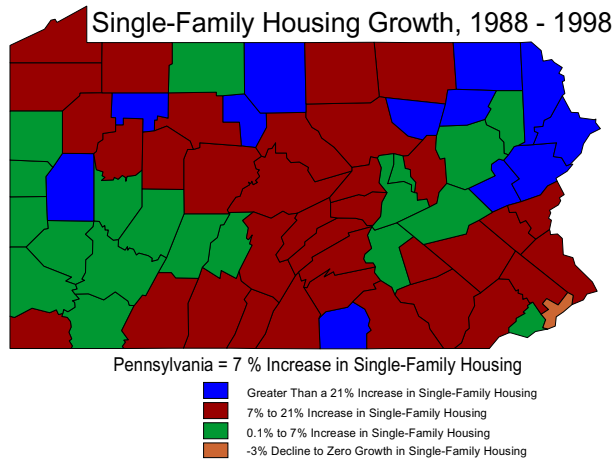
Single Family Housing



Source: United States Census Bureau, RFA-Dismal Sciences, Inc.

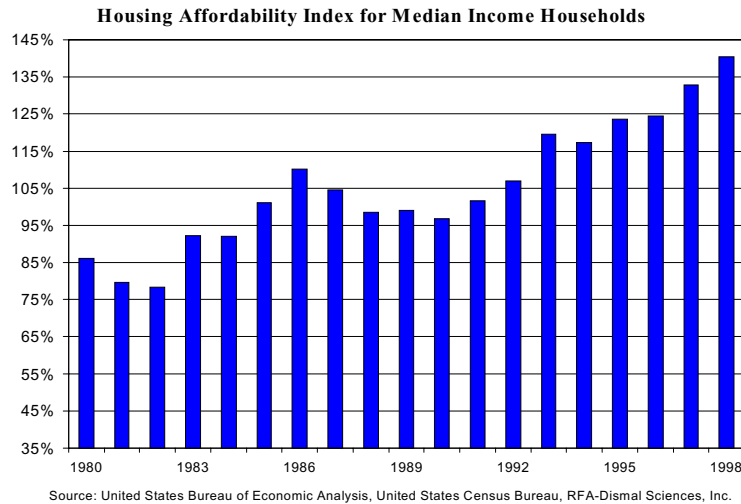
The mix of housing is an important land development issue. Growth in single-family homes is more consistent with a spreading, lower-density expansion whereas multifamily housing is necessarily a higher-density type of development. The Bureau of the Census breaks housing into three main categories: single-family units, multifamily units such as apartments, and other forms of shelter such as mobile homes.

Nearly 75% of the state’s housing stock is comprised of single-family units compared to roughly 67% nationally. Furthermore, increasingly more single-family homes are being built instead of multifamily units. Thus, the share of multifamily units is decreasing and is now only 20% of the housing stock compared to 26% nationally. Alternative forms of shelter such as mobile homes account for only 5% of Pennsylvania’s housing stock. The strongest growth in single-family units over the past ten years occurred in the Northeast, where the stock rose by 24%, compared to 12% nationwide. Other pockets of strong construction activity include Adams and Butler Counties where population growth of 1.4% per year has driven demand for new housing. Philadelphia’s declining population and relatively older single-family housing has led to the abandonment and demolition of homes. The conversion of housing to alternative uses such as commercial establishments is another reason behind a decline in Philadelphia’s single-family housing stock.



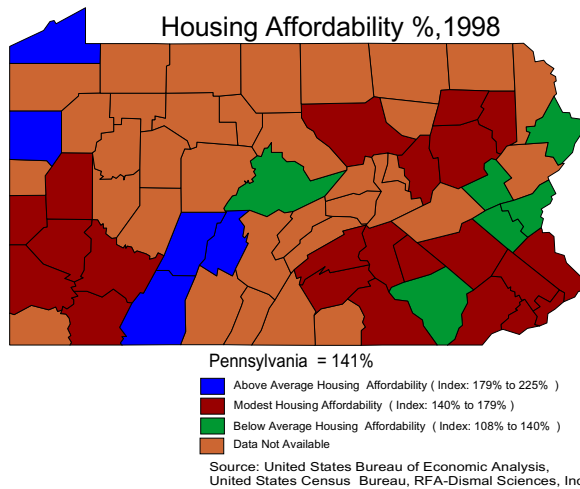
Source: United States Census Bureau, RFA-Dismal Sciences, Inc.

Housing Affordability



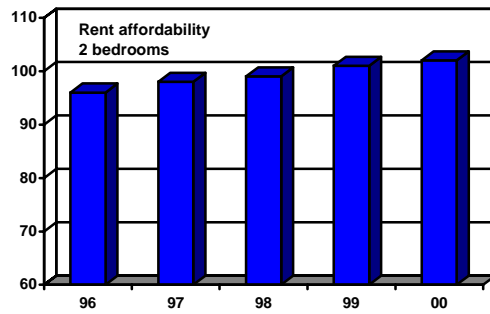
The housing affordability index illustrates the affordability of single-family housing markets in Pennsylvania and its metropolitan areas. The index is based on the median sales price of single-family homes, current mortgage rates, median household income, and assumes a 20% down payment and a 30-year fixed-rate mortgage, and includes estimates for payments of property taxes and insurance. An index of 100% indicates that a median income household can afford to purchase a median-priced home. An index of 120% indicates the household can afford a house priced at 20% above the median sales price.

Housing affordability is good in Pennsylvania, and it is getting better. In 1998, Pennsylvania’s index of 141% was about equal to the U.S. average and well above the Commonwealth’s 1980 figure of just 86%. The current index means that, on average, a median income household (earning \$39,100) could afford to purchase a house priced 41% higher than the median-priced house (median = \$107,000). Affordability does vary by region. It is the lowest in Pike County, which is impacted by higher prices in nearby New York State. Affordability is the highest in the Altoona and Sharon metro areas where the median sales price is under \$60,000. Affordability in the more densely populated Southeast and Southwest areas is in the middle range for Pennsylvania. Nowhere in the Commonwealth does the index drop below 100%.



Rent Affordability

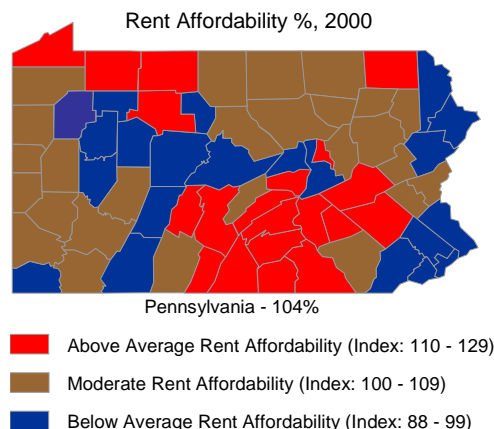
Rent Affordability Index for Low-Income Households



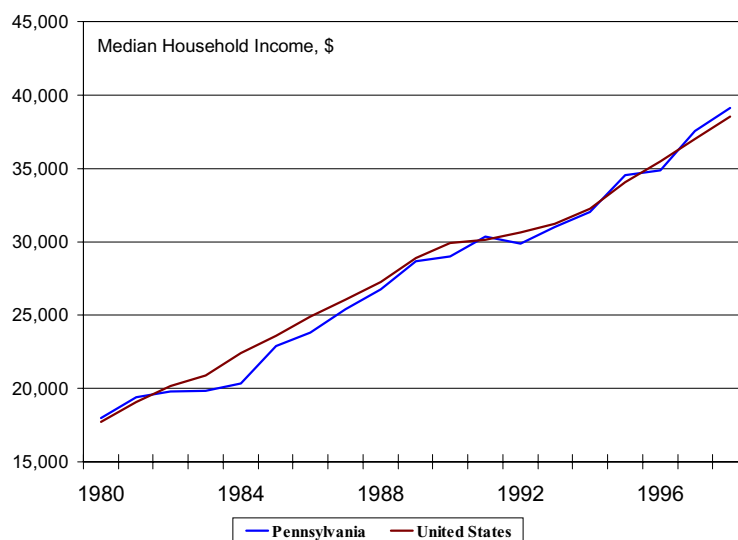
Source: Department of Housing and Urban Development, Economy.com

The rent affordability index illustrates the affordability of two-bedroom rental accommodations in Pennsylvania. The index is based on fair market rents and median household income calculated by the U.S. Department of Housing and Urban Development. Fair market rents are defined by HUD as the amount needed to rent privately owned, decent, safe, sanitary, and modest rental housing. The rent affordability index compares the fair market rent to the standard amount of income (30%) a low-income household should devote to housing. We define a low-income household as one earning 50% of HUD’s median household income, the threshold HUD uses to distinguish between very-low income and low-income households. An index of 100 indicates that a low-income household can just afford the fair market rent. An index of 120 indicates that a low-income household can afford rents at 120% of the fair market rent. While this trend suggests that typical renters can afford their housing costs, these are just averages. There are very low-income households and persons with disabilities who pay much higher, unaffordable, proportions of their income for their housing.

Rent affordability is good in Pennsylvania, and it continues to improve. In 2000, Pennsylvania’s index of 104 was well above the 1996 figure of 96. The improvement in the index reflects the fact that incomes have been growing faster than rents over the period. The current index means that, on average, a low-income family in Pennsylvania could afford to rent a two-bedroom apartment 4% higher than the fair market rent. Affordability does vary by region, however. It is the lowest in northeastern and southeastern counties such as Monroe County, which is impacted by higher prices in nearby New Jersey. Affordability is the highest in the south central and extreme northwestern counties such as Franklin County where there is less demand for housing.



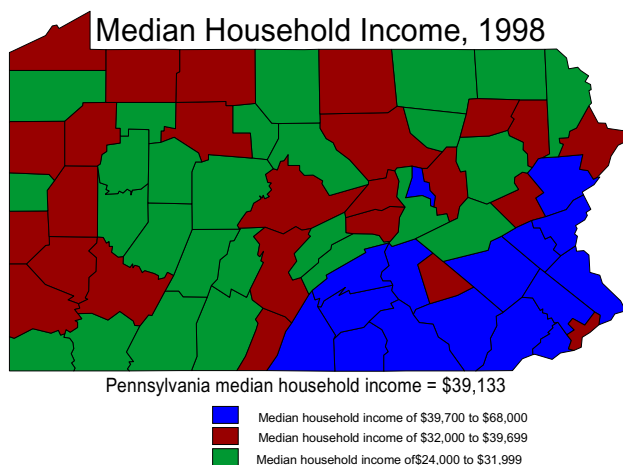
Income Growth



Source: United States Bureau of Economic Analysis, United States Census Bureau, RFA-Dismal Sciences, Inc.

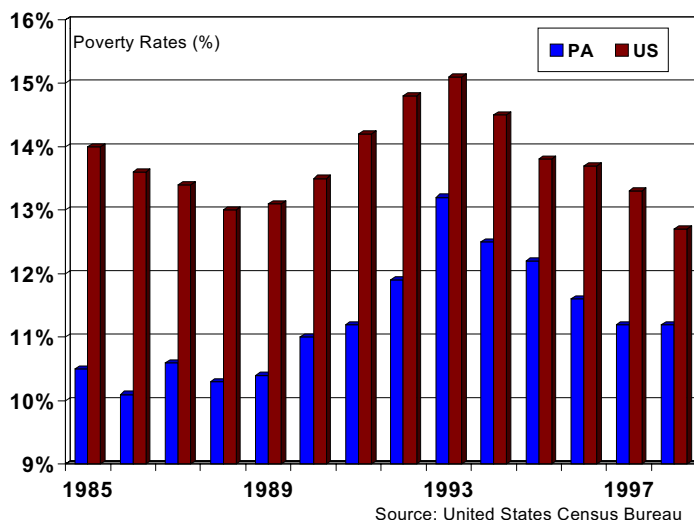
Income is an indicator of economic health and is a primary factor in determining demand for housing and other consumer goods and services. Economic development will occur at a faster pace in areas with higher levels of income, which supports the expansion of residences and commercial establishments. Per capita income measures the average income received by an individual from employment, investments, and transfer payments. Median household income is the level of income where half of the households are above this value and half are below this value.

Pennsylvania households and individuals are keeping up with the average, as per capita income and median household income are nearly equal with the nation. Southeast and Southcentral Pennsylvania generate the greatest income in the state. The economies in these counties account for nearly 50% of Pennsylvania's total income. Thus, households in these regions earn the highest incomes in the state, on average. As the majority of economic wealth accrues to this region, development pressure is greater in Southeast and Southcentral Pennsylvania.



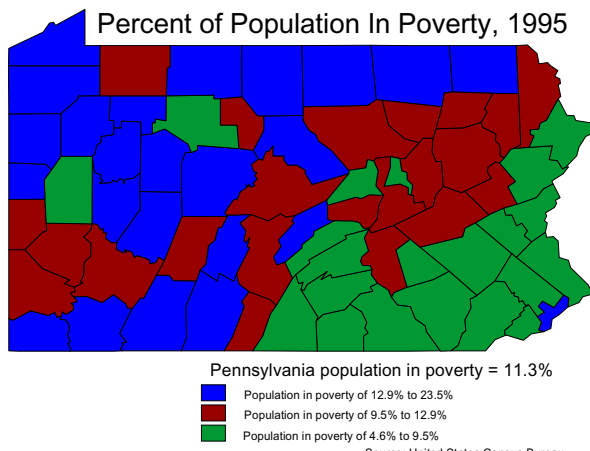
Source: U.S. Bureau of Economic Analysis, United States Census Bureau, RFA-Dismal Sciences, Inc.

Poverty Rate

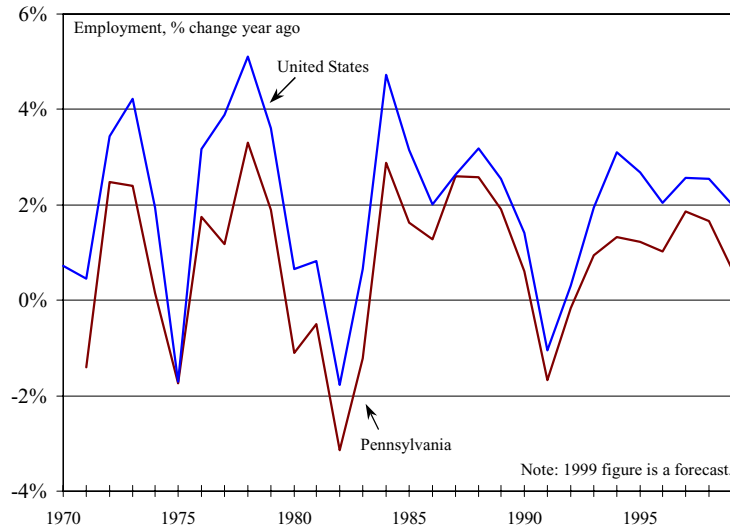


Rising wealth is an important factor that allows households to support suburban land use patterns with its larger house and lot sizes. The poverty rate, an indicator of wealth in the economy, is defined as the number of people living below the poverty line as a percentage of total population. A family of four earning an income below \$16,660 is considered impoverished.

Pennsylvania's poverty rate of 11% is well below the national average and has declined from a peak in 1993. In 1998, roughly 1.3 million people were considered below the poverty line in the Commonwealth. Based on 1995 figures, the lowest incidence of poverty is in the Northeast, Southeast, and Southcentral regions. This corresponds with a stronger degree of job creation, greater concentration of high tech jobs, and above-average median household income. The lower poverty rates in these regions correspond to more rapid housing development and expansion of urban land uses in the region. The incidence of poverty is higher in the Northcentral, Northwest, Northern Tier, Southwest, and Southern Alleghenies, as well as Philadelphia County. Nearly one-quarter of Pennsylvania's poor reside in this county, which is also the Commonwealth's largest city. Data compiled by the Center for Rural Pennsylvania also shows a higher incidence of poverty in Pennsylvania's largest cities (20%), medium-sized cities (19%) and boroughs (11%) than in the outlying townships (5% and 7% poverty rates or 1st and 2nd class townships).



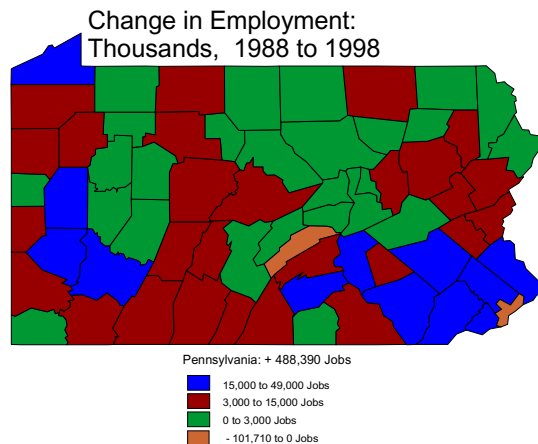
Employment Growth



Source: Bureau of Labor Statistics, U.S. Department of Labor, RFA-Dismal Sciences, Inc.

Economic expansion brings more jobs and development. Some regions that are benefiting from rapid job growth are also experiencing some of the disadvantages of rapid development, such as more congestion and the loss of farmland and open space. At the same time, other regions of the Commonwealth would welcome additional jobs and the accompanying development.

Job creation in Pennsylvania is below the national average, but other underlying factors such as income reveal a healthier economy. The Southeast counties surrounding Philadelphia’s urban core generated the largest amount of new jobs in the state. These economies created 46% of Pennsylvania’s new jobs since 1988. The second largest increase in payrolls was generated in the Pittsburgh area, which accounted for 20% of the state’s new jobs. Employment expansion was also above average in Central Pennsylvania and Erie County. In contrast, counties in Northern and Central Pennsylvania have added few jobs compared to the Southeast and Southwest. Over the last ten years, two counties lost jobs. Employment declined by 300 in Juniata while Philadelphia lost 102,000 jobs. Philadelphia’s urban core has deteriorated as increasingly more firms have opted to move into the suburbs.



Source: Bureau of Labor Statistics, U.S. Department of Labor, RFA-Dismal Sciences, Inc.