

The New York Power Authority and the Economic Revitalization of the Highland Avenue Community: A Report to the New York Power Authority

by

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Introduction

The goal of the New York Power Authority (NYPA) is to serve as an engine of economic development for New York State through the production of low-cost energy to community-owned electric systems and to rural electric cooperatives; to job-producing companies; to government agencies; to private utilities for resale—without profit to their customers and to neighboring states. By providing its business customers with low-cost energy, the power authority hopes to retain and create jobs and to assist in the development of neighborhoods and communities in New York State. Their strategic plan is to provide business customers with low-cost energy, with the provision that these firms use the savings gained from the consumption of cheap energy to retain and create jobs. The assumption is that benefits, which accrue to individual firms, will trickle-down to and benefit the neighborhoods where the businesses are located. Based on their past successes and projection of future benefits to the State, the New York Power Authority is seeking relicensing in 2003.

The New York Power Authority has assisted in the development of the neighborhoods and communities that host its business customers. The Supplier Diversity Program, Power For Jobs, Energy-Efficient Refrigerators, Clean Air for Schools, and the Energy Plus programs are examples of the Authority's effort to have a positive impact on the development of communities in New York State. Although these programs have been beneficial, this report suggests that NYPA can do more and that it should expand its vision and broaden its program for assisting in the development of the neighborhoods that host its business customers. While some neighborhoods have benefited from the cheap energy sold to businesses and industries, others have not.

These communities have been left behind, while others have prospered. Their residents obtained only a few of the jobs and their location close to either NYPA or their business customers did not result in community reinvestment. NYPA should help those neighborhoods that have not reaped the rewards generated by the availability of low-cost energy. The Highland Avenue community, located in the northern section of Niagara Falls, is such a community.

This report will focus on the need and importance of NYPA joining in partnership with the Niagara Falls' Highland Avenue community. The Highland Avenue community is one of those neighborhoods that has not benefited NYPA's sale of low-cost energy to firms in the Niagara Falls region. The Highland Avenue community has been left behind. While some companies located in Highland, and in the adjacent industrial zones, have benefited from NYPA's low-cost energy, the residential community, Highland has not. Not only this, but it has been left with an industrial legacy of Brownfield's and environmental contamination. Although NYPA cannot be held responsible for the decline of the Highland community, given its location within a stone's throw of NYPA and the prosperous community of Lewiston, and given its industrial legacy of Brownfield's and environmental contamination, NYPA should be concerned about the development of this community.

The report recommends the formation of a partnership between NYPA and the Highland Avenue Neighborhood and the City of Niagara Falls. The outcome of this partnership will be the implementation of the Highland Avenue Redevelopment Plan, developed through a partnership between the community and the City of Niagara Falls. Specifically, NYPA would establish a 5 million Community Economic Development Fund, which would be used to

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assist in Brownfield remediation and the financing of various aspects of the Highland Avenue Economic Development Plan. NYPA would become a member of an economic development partnership, which already includes community residents, the City of Niagara Falls, and the faith-based community. This report will make the case for the establishment of such an economic development fund and NYPA's participation in a partnership with the community.

A Profile of the Highland Avenue Community

Highland Avenue is a very poor community, situated in the northeastern section of Niagara Falls. It is bounded to the north by the City line, to the south by the Conrail Railway, to the east by Hyde Park Boulevard, and to the west by a railway line. The neighborhood covers a total area of approximately 562 acres, with an almost equal amount of residential and industrial land falling within its boundary. In many respects, Highland Avenue is ideally located. Situated in the northeastern corner of the second largest industrial zone in the Niagara Falls region, and located in the shadow of NYPA, just south of Lewiston, Highland Avenue is one community that should have benefited from NYPA's sale of cheap energy to area businesses and industries (Map One).

The Socioeconomic Profile

The Highland Avenue community has not benefited from its advantageous location near the NYPA, the region's second largest heavy industrial zone, and proximity to one of the wealthiest communities on the Niagara Frontier. This predominantly African American community has been left behind. About 88 percent of Highland Avenue's 3,476 residents are black, with the remaining population consisting of a scattering of whites, American Indians, Eskimos, or Aleuts, and Pacific Islanders. About one-third of Niagara Falls' black population lives in the Highland community. Highland contains the area's highest concentration of public housing units in the Niagara Falls region, which helps to explain both the high level of poverty found in the neighborhood, as well as the large number of women and single-parent households in the locale. About 58 percent of Highland Avenue residents are women, and women also head about half the community's households. Only 22 percent of the community's households are headed by married couples. So, then, the family and household structure of the community is characterized by a large number of single parents, with households headed by women dominating. There are only a few married couple households. Only a small number of married couple households can be found in the community, and most of those households (78 percent) are empty nesters with no children. The Highland Avenue community is dominated by young people.

The Highland Avenue community is a young one. About 37 percent of the population is under 18 years and 53 percent are adults in their prime working years. Only about 10 percent of the Highland Avenue population is 65 years and older. By contrast, in Niagara Falls, about 23 percent of the population are under 18 years and 19 percent are 65 years and older. The number of young people in Highland accentuates the importance of economic development and job creation in this community.

The urgency of development and revival in Highland is reflected in the community's dismal economic profile. Although 53 percent of the residents are in their prime working years, the jobless rate among men and women is very high. In 1990, 25 percent of the male workforce and 23 percent of female workers were jobless. This unemployment rate is more than twice the citywide unemployment rate of 11 percent for men and 10 percent for women. Recent economic prosperity might have reduced these rates among Highland residents, but given the experiences of African Americans nationally, Highland Avenue blacks are probably still experience double-digit unemployment, with jobless rates twice that of whites. Equally distressing is the number of workers who no longer looking for work. About 43 percent of the eligible workers in the Highland Avenue neighborhood have dropped out of the labor force. The high rate of unemployment and the low-rate of labor force participation are combined with a median family income of only \$9,706, which is just 36 percent of the citywide median family household income. Given this profile, it is not surprising that Highland Avenue is an extreme poverty community, with about 45 percent of the households living below the poverty line, including 32 percent of the female households.

Underachievement in education helps to explain, in part, the economic plight of Highland Avenue residents. For example, about 37 percent of 18 years and older residents do not have high school diplomas, and only 3 percent have college, graduate, or professional degrees. High unemployment and low educational achievement translates into low incomes.

Leadership and Community Development Potential

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Poverty and distress, alone, are not the only criteria needed to determine if partnering and making investments in a community is a good idea. Social capital is also important. Does the community possess the leadership, commitment, determination, and hope necessary to meet the challenges and obstacles it will face during the rebuilding process?

Socioeconomic distress and poverty tells only part of the Highland Avenue story. This is a community of very proud people who are determined to build and redevelop their community. This pride is most conspicuously reflected in the neighborhood environment. Although a poor community, Highland Avenue is a well-kept area with neat, well-maintained lawns, and streets void of garbage and litter. The homes are well-maintained, including the public housing projects. There is little hint of dilapidation and the numerous churches located in the community suggest that the religious community is very strong and helps to strengthen the local community.

The community appears well-organized. The Highland Community Revitalization Committee is headed by Rev. William T. Spencer, who is pastor of M. Sinai Baptist Church, and a cross-section of community residents are represented on the committee. Linking the revitalization committee to the minority business community are Arthur B. Ray, Sr. and Arthur Ray, Jr. The Rays own Silco Petrochemical Corporation, which is a distributor of industrial lubricants, special and process chemicals and raw materials.

The Highland community has developed a partnership with the City of Niagara Falls and the faith-base community to develop and implement a strategic plan to guide the economic development and revitalization of their community. The creation of the Highland Community Revitalization Committee was an outgrowth of the City of Niagara Falls' effort to attack the problem of environmental contamination and the concentration of Brownfield's in the Highland community. This issue will be further discussed later in the report. Citizen involvement was viewed as an essential part of the Brownfield program and the City made efforts to develop a partnership with the local community. This effort led to the formation of the revitalization committee and the cementing of the partnership between the Highland community and the City of Niagara Falls.

Additionally, neighborhood residents have formed a partnership with the Niagara Falls Faith Based Collaborative. This partnership has not only connected the Highland community with faith-based partners but also with various community-based partners in Niagara Falls. The point is that the Highland community is a well-organized one that developed an organizational infrastructure capable both of developing and implementing an economic redevelopment strategy.

Why Should NYPA be concerned About the Highland Community?

The Highland Avenue community is part of a much larger industrial district, lies along the border of one of the region's most prosperous communities, and is situated in the shadow of the New York Power Authority (Map One). Minimally, the existence of a desperately poor community within a stone's throw of NYPA can potentially become an embarrassment or possibly a symbol of disparity between blacks and whites and evidence that NYPA's cheap energy program has not benefited all citizens. The high levels of unemployment and poverty in the Highland Avenue community could become a public relations nightmare for NYPA.

The problem is that historically a number of businesses were located in the Highland community and in the adjacent industrial zones but the residents and community have benefited only minimally, if at all, from their presence. For example, we have been able to identify about 31 non-automobile businesses and industries with Highland Avenue locations and another 30 automobile related businesses and industries that were historically located in the community (Tables One and Two). Many of these industries predate the establishment of the NYPA and were not consumers of cheap energy. More recently, the defunct Power City Warehouse and Union Carbide may have been the recipients of low-cost energy. Unfortunately, Highland residents do not carry lists of NYPA customers, past and present. Rightfully or wrongfully, to them, most companies locating in the Highland community were probably NYPA customers.

However, two of the largest companies, currently located in Highland, are consumers of cheap energy. Both Globe Metallurgical Corporation and the Tulip Corporation are business customers of NYPA., and they are both large companies with a highly visible presence in Highland. Yet, the community has not prospered because of their location there. The impression is that NYPA helps the big companies but not the community. Perceptions do not always reflect reality, but perception matters because it influences behavior. The point is that historically the businesses and industries located in Highland left a legacy of environmental contamination and Brownfield's. Seven of the seventeen identified Brownfield sites in Niagara Falls are located in the Highland community, including the Power City warehouse and the Union Carbide sites. The companies that produced this contamination are gone, and the cost of environmental cleanup falls most heavily on the residents of Highland Avenue. The community did not benefit from the companies being there, but they must pay the bill for their locating in the community. So, then, either

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Highland find the resources to clean up the sites, and make them reusable, or the community will have little hope of economic revival.

The Brownfield problem is compounded by the dispersal of these sites across the community. Every location desirable for development in Highland is suspected of contamination. The Brownfield poses a big obstacle to the redevelopment of Highland. On the other hand, if the Brownfield are made reusable, then Highland Avenue has an excellent chance of becoming a great success story. This is where NYPA comes in.

The Highland Avenue community in partnership with the City of Niagara Falls and the Faith-based community have created the Highland Avenue Redevelopment Plan, which outlines their strategic approach to the redevelopment of the community. The most significant part of the plan deals with the investigation of seven sites that have been identified as Brownfields. Testing is currently underway and sometimes in early 2000, the results of these examinations will be known. It is believed that the tests will show that the cleanup and redevelopment of some of the sites will be viable. Once this is done, private development and investment will be sought, and hopefully these efforts will lead to job creation and other economic development opportunities. Two are of the current sites have already been sold and one new company, Standards Ceramics, Inc. has already located in the community.

Even so, talks with community leaders indicate that funding both the cleanup and financing other economic development activities are huge barriers. For example, planners estimate that the implementation of the Highland Avenue Redevelopment Plan will take 10 to 15 years and require about \$15 to 30 million in private and public investment. Although Highland has partners, the reality is that without sufficient funds to leverage other dollars, it will be difficult, if not impossible to obtain the resources necessary for development. Niagara Falls is a solid partner, but the City has many priorities and limited resources. It cannot help Highland without help.

What NYPA Should Do

NYPA is conspicuously absent from the Highland Avenue community development partnership. This opens the door for criticism. Perception matters. From the perspective of neighborhood residents, some of the businesses and industries that contaminated their community were NYPA customers and, hence, NYPA is partially responsible for their plight. While there is no evidence to support this viewpoint, it can still be harmful. The issue is that both Globe and Tulip are NYPA business customers and their presence has not had a positive impact on the community's development. NYPA helps these big companies, but these big companies do not help their host community, is a perspective of residents. Also, the very absence of NYPA from the economic development partnership reinforces this perception and makes it appear that NYPA is uncaring and unconcerned about the plight of this poor African American community, which is literally located in its own backyard. For these reasons, NYPA should be concerned about the revitalization of the Highland Avenue community.

We recommend that NYPA joins the Highland Community Revitalization Committee and that it establishes a 5 million Economic Development Fund to assist in the cleanup of Brownfields and to leverage other public and private dollars required to complete the redevelopment project. Such a move would make it clear that NYPA cares about Highland Avenue and wants to help create the vitality, quality of life and economic climate that will attract investment to the community. Such an activity would also divert the kind of negative criticism that might complicate the relicensing process.