



New York's Buffalo misses good times and bad

Wed, Mar 3 2010

By Basil Katz

BUFFALO, New York (Reuters) - Buffalo's Statler Towers hotel was, at 18 stories, one of New York state's tallest building when it was erected in 1923. It now stands vacant and boarded up as a sore reminder of the city's long, losing quest to attract business, investment and residents.

Hard times have plagued this western New York city for so long -- since its manufacturing heyday ended in the 1970s -- that Buffalo not only missed the U.S. economic boom, it missed the recent bust as well, experts say.

By experiencing a harsh decline before many other U.S. cities, and having not been as battered as those cities of late, Buffalo may be better poised for recovery, economists say.

Behind Buffalo's image as "an old broken-down city," a critical mass is forming to "reinvent" the local economy, once reliant on making steel and auto parts, said Gary Keith, economist at regional bank M&T Bank Corp.

To do so, officials are looking to tap traffic across the nearby Canadian border and to expand local universities and the health services industry.

"NO BOOM, NO BUST"

"The boom and bust cycle that the U.S. went through ... we envied that growth, but we avoided the bust," said Keith.

Buffalo's home construction was never boosted by speculative building, and property values, while low, remained steady, experts say.

Newly announced plans by U.S. auto manufacturer General Motors Co to pour \$425 million into an engine factory in nearby Tonawanda will bring some badly needed 470 jobs.

Yet the investment is the only one of its kind that Buffalo has seen, the jobs will be fairly low-paying, and parking lots surrounding decommissioned plants will continue to be vacant.

"After one body blow after another of manufacturing jobs going away, it's great news for the area," said Buffalo News Editor Margaret Sullivan. "It's a lot of money and a lot of jobs, but these are not the jobs of yore."

Production of the fuel efficiency-oriented Ecotec engine in Tonawanda will begin in 2012. The plant is expected to rehire workers laid off from that plant and other area GM factories that are shuttered.

"When America made everything for the world, we were the place to be," said Anthony Masiello, Buffalo's mayor from 1994 to 2005.

"Generation after generation worked in the plants, but that's not coming back."

Carl Paladino, a Buffalo real estate developer, said, "It's tough for me to imagine a poorer city."

Despite defending the quality of the local work force, Paladino said the city's no boom, no bust mantra means recent times have been more of the same for Buffalo.

THIRD POOREST AMONG LARGEST U.S. CITIES

Buffalo ranks third poorest among America's largest cities after Detroit and Cleveland. It has consistently been losing population, with nearly 60,000 fewer residents now than in 1990. Its residential vacancy rates are historically among the highest in the nation, and the city has boarded up some 4,500 properties in recent years.

But attracting new residents will require higher-paying jobs, anti-poverty measures and stricter zoning decisions, said Christopher Porter, who moved to Buffalo recently from Basel, Switzerland, with his wife and two young children.

"It's folks like me," he said, who choose to move to Buffalo for the cheap palatial homes erected during boom times. But, Porter said, if the city wants more new transplants like him, it needs to "think better."

The State University at Buffalo, with almost 29,000 students in a suburban campus, plans to add a downtown campus that is expected to attract 14,000 more students, faculty and staff.

Several long-delayed projects, including revitalizing Buffalo's waterfront along the Buffalo River, are poised to kick into gear with the help of federal money, said Mayor Byron Brown.



"It's almost like people are looking at the community as a phoenix rising from the ashes," the mayor said. "They want to be on the ground floor before things become so expensive that you can't afford to make the investment."

But scars in the heart of the city's downtown like the Statler hotel, which closed its doors in January, remain testament to the heavy task Buffalo faces, said Erie County Clerk Kathleen Hochul.

"We're just not there yet. When the Statler makes its comeback, then we'll know we're there," she said.

(Reporting by Basil Katz; editing by Ellen Wulforst and Philip Barbara)

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