

Utica: Refugees and Revitalization

Taking a closer look at Utica's fiscal stress and opportunities for local solutions.



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Executive Summary

Our paper investigates the current fiscal stress of the City of Utica within the context of its rocky industrial history and its recent financial woes. We pull from a rich narrative – told by City leaders and local media – as well as hard financial data to help us understand the causes of stress and potential opportunities for lasting revitalization. We conclude that Utica's strengths are much greater than its weaknesses. The local government must support the current activities of community organizations and residents who are paving the way for Utica's recovery. However, redevelopment is frustrated by State policies that limit local revenue-raising (tax cap), reduce State aid (AIM) in real terms, and give tax breaks to new businesses (START-UP NY). Recovery requires both innovation and revenue. While the community needs investment and commitment from local government leaders, the City of Utica could use a measure of fiscal support from the State.

Utica, once a key anchor along the Erie Canal, hosted large textile manufacturers. As in many Northeast cities, the industry abandoned Utica in search of cheap labor in the American South and overseas. Much of the City's middle-class population fled to the suburbs or followed former manufacturing jobs to other states. Utica was left with a declining property tax base, high vacancy rates in the City's center, and a large concentration of poverty.

After the decline, the City employed unsustainable fiscal practices to cope with rising expenditures and falling revenues. It sold large assets, like its water system, and used the sale money to plug holes in the budget. In response to recommendations from the NYS Comptroller in 2012, City leaders implemented more conservative fiscal practices.

In fiscal year 2012, the City recorded a budget surplus due, in part, to staff cuts and renegotiated union health plans.

Utica's diverse population adds vibrancy to the region. In the 1970s, the first of many waves of refugees made the City their home. Refugee families – ultimately comprising nearly 12 percent of the Utica's population – breathed new life into the City. They continue to refurbish dilapidated housing stock and start productive small businesses in Utica.

The Utica-Rome region is also undergoing a range of economic development projects. Just north of the City, the State is investing in a new Nano technology center to attract global tech firms. The SUNY IT campus in the Town of Marcy will host the new center as well as startup businesses through the new START-UP NY initiative. Both projects entail tax abatements for companies, and leave local governments without a revenue boost from new property taxes.

On the other hand, renovations of the Utica Memorial Auditorium and commercial development in Harbor Point offer economic development opportunities within the City limits. Utica's leadership has an important role to play in connecting these two projects to existing efforts by local community organizations and businesses in the downtown area. Rust to Green – along with the Mohawk Valley Resource Center for Refugees, Mohawk Valley Community College and others – offer new strategies for development geared to serve Uticans without tax abatements or obligations from the State. Coordination between the City and these groups can strengthen the local economic development framework to stabilize Utica over the long term.

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