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Leading Indicators of Real Estate Demand: The Resurgence of Historic Philadelphia Neighborhoods and Implications for Preservation Policy

Amanda Winters Davis
University of Pennsylvania

A Thesis in Historic Preservation Presented to the Faculties of the University of Pennsylvania in Partial Fulfillment of the Requirements for the Degree of Master of Science in Historic Preservation 2007.
Advisor: Donovan Rypkema

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LEADING INDICATORS OF REAL ESTATE DEMAND:

THE RESURGENCE OF HISTORIC PHILADELPHIA NEIGHBORHOODS AND IMPLICATIONS FOR PRESERVATION POLICY

Amanda Winters Davis

A THESIS

in

Historic Preservation

Presented to the Faculties of the University of Pennsylvania in
Partial Fulfillment of the Requirements for the Degree of

MASTER OF SCIENCE IN HISTORIC PRESERVATION

2007

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For my parents,
Adam and Marilynn Davis
And my sister, Dani
For their unconditional support in every aspect of my life

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Chapter One: Introduction

Since the 1970's, emerging demographic trends and changes in technology have contributed to the back to the city movement. This in turn has led to the revitalization of many cities and urban cores across the country. While growth is generally considered a positive attribute that reflects upon and adds to a neighborhood, it must be dealt with realistically and sensitively. As neighborhoods become revitalized and the value of the housing stock appreciates, many residents face displacement and neighborhood stability is threatened.

This is particularly true in Philadelphia, a city of historic and diverse neighborhoods. At present, the Center City area and surrounding neighborhoods are experiencing resurgence as significant population and job growth contribute to burgeoning demand. However, as the supply and demand attempt to reach equilibrium, a series of market cycles and micro climates result. The effect is a series of neighborhoods that function both dependently and independently of the larger real estate market.

While many view preservation as a topic autonomous of real estate market demand, the two subjects are not mutually exclusive. Many studies have both quantitatively and qualitatively examined topics tangential to these subjects, but little is known in regards to their correlation. Because the built environment is integral to the function of the real estate market, it is subject to periods of demand and decline. Therefore, as preservation becomes an increasingly important subject for neighborhood revitalization, it has the ability to influence

real estate market performance. In order to promote and sustain neighborhood revitalization, as well as economic development, local governments should employ preservation as a policy objective.

Using Philadelphia as a case study, this thesis attempts to answer the question, "What are the leading indicators of real estate demand and how can this information inform preservation policy and neighborhood revitalization efforts?" Based on real estate, demographic, socioeconomic, and technological trends, indicators will be tested within the context of six Philadelphia neighborhoods. The neighborhoods are located in various parts of the city and are broken down based on their various level of revitalization:

Revitalized: Old City, Queen Village

Recently Revitalized: Bella Vista, University City/Spruce Hill

Currently Revitalizing: Graduate Hospital, Northern Liberties.

The analysis of indicator behavior and neighborhood change will then be used to inform conclusions and policy recommendations.

Furthermore, the following definitions will be used as the framework for this analysis:

> ***Revitalization****:* the process of enhancing the physical, commercial and social components of neighborhoods and the future prospects of its residents through private sector and/or public sector efforts. Physical components include upgrading of housing stock and streetscapes. Commercial components include the creation of viable

businesses and services in the community. Social components include increasing employment and reductions in crime.[1] For the purpose of this thesis, it can be assumed that neighborhood revitalization increases real estate demand.

Reinvestment: the flow of capital into a neighborhood primarily to upgrade physical components of the neighborhood, although reinvestment can also be made in human capacity.[2]

Indicator: anything that can be used to predict future trends in real estate demand

Additionally, there are three categories of indicators, according to their predictive nature:

Leading: An indicator that signals or precedes future real estate demand. In this case, leading indicators will be factors that existed in an area before demand increased.

Coincidental: An indicator that occurs at approximately the same time as increasing demand.

Lagging: An indicator that follows real estate demand. While lagging indicators should be considered of minimal use as a predictive tool for revitalization, the importance lies in its ability to confirm that a pattern is occurring or about to occur.

In conclusion, by determining the leading indicators of real estate demand, it becomes possible to address growth proactively rather than retroactively. If policy objectives are aligned with preservation, the positive effect on the built environment will be profound. Due to the correlation of policy to real estate demand, market absorption, and neighborhood stability, if preservation is

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[1] Maureen Kennedy and Paul Leonard, Dealing With Neighborhood Change: A Primer on Gentrification and Policy Choices (Washington, D.C.: The Brookings Institution, Center on Urban and Metropolitan Policy, April 2001), 6.

[2] Kennedy and Leonard, 6.

incorporated and encouraged, neighborhoods will remain diverse, revitalized, and ultimately more successful than new development.

Chapter Two: Background

2.1 Real Estate Markets: The Macro & The Micro

Volatile by nature, real estate markets are subject to a variety of internal and external forces that shape their function.[3] At both the macro and micro level, the housing market absorbs and reflects these forces, which range from politics to social structure, the national economy, technology, geography, climate, and demographics. Additionally, neighborhood specific characteristics such as an area's history, amenities, infrastructure, and building stock all have the potential to influence demand and dictate market performance. At the convergence of these influences is a series of micro real estate markets, occurring at the national, regional, city, or even neighborhood scale, as each reflects the local distinctions that are unique to the area.

Applying this basic principal of change and scale to the framework of this thesis, it is apparent that Philadelphia is composed of many micro real estate markets. While broader, overarching national trends affect the area, the City's neighborhoods may reflect different market characteristics from one another. It is therefore important to examine the micro and macro climates affecting the area in order to better understand the shifts in market dynamics. The purpose of this chapter will be to discuss recent general trends in real estate as evident

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[3] William G. Grigsby and Thomas C. Corl, "Declining Neighborhoods: Problem or Opportunity?" The ANNALS of the American Academy of Political and Social Science 465.1 (1983): 87.

through research, and the subsequent indicators that may be extracted from these forces.

2.2 State of The Real Estate Market

Over the past decade, the combination of historically low interest rates, the availability of mortgage credit, increasing demand, and healthy home price appreciation have resulted in a burgeoning, active real estate market. Since the mid-1990s, a strong economy and consumer confidence have resulted in a consistent rise in the number of home sales, as well as solid growth in the commercial real estate market. In fact, a record number of home sales were recorded between the years 2000 and 2004.[4]

In December 2005, the National Association of Realtors stated, "Realtors can look back on perhaps the greatest five years in the history of the real estate brokerage business." [5] In addition to an unprecedented 12.7% increase in home price appreciation, home sales had increased from 5M in 2000 to 7M in 2005. The healthy real estate market bolstered consumer confidence which in turn led to an increase in speculative activities such as flipping, pre-construction

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[4] Research Division of The National Association of Realtors, Foreign Investment in U.S. Real Estate: Current Trends and Historical perspective The National Association of Realtors, December 2005) 1.

[5] David Lereah, Real Estate Insights The National Association of Realtors, December 2005, 4.

purchases, and condo conversions.[6] This was particularly true in Philadelphia, whose Center City was dubbed "Condo City."

Between 2003 and 2005, the number of rental units in Center City and adjacent neighborhoods fell by more than 3,000 units. In the same period, though, the number of condo units increased by more than 2,000. While in the late 1980's many lenders suffered the consequences of unfinished condo projects, by 2000, lenders were no longer averse to financing condominiums due in part to their economic feasibility. With low interest rates, monthly mortgage payments became comparable to, if not less than, asking rental prices. In addition to the attractive market conditions, condos proved affordable for first-time buyers, while simultaneously appealing to the lifestyles of dual income professionals and empty nesters. Carl Dranoff of Dranoff Properties, a Philadelphia developer, noted in 2006 that:

> It's the rising cost of construction that makes the difference. We've had a spike in construction costs, at least 10 percent to 15 percent a year for the last three to four years. When you are building condos, and your costs rise, you can pass along those increases to your buyers. You cannot do the same thing to your renters.[7]

However, the surplus of proposed condo projects resulted in an increased demand for rental housing, coinciding with a downturn in the real estate market.[8] According to David Lereah, chief economist for the National Association of

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[6] Lereah, 4.

[7] "Fewer rooms to rent - Condos are king, which pleases developers and apartment owners," Philadelphia Inquirer, The (PA) 2006, : J01, .

[8] Fewer rooms to rent - Condos are king, which pleases developers and apartment owners J01

Realtors, "The five-year boom clearly peaked in 2005, with home sales beginning to drop in the fourth quarter…As we enter 2006, many of our nation's hot metro housing markets are transitioning from a seller's market to a buyer's market." [9] Rising mortgage rates contributed to the slow market, and in 2006 home sales were 9% lower than in 2005, while home price appreciation remained static. [10]

However, while many feared that the market would bottom out with a sharp decline in market performance, it merely tempered. Favorable demographic and population trends maintained an upward pressure on housing values, allowing demand and supply to reach equilibrium, while decreasing the amount of speculative activities.[11] By 2006, the market had essentially bottomed out, with home prices increasing by the first quarter of 2007. [12]

Predictions for the 2007 real estate market are promising. According to the ULI's *2007 emerging trends in real estate*,

> In 2007, real estate investment returns decline from recent peaks, comfortably producing average to above-average performance… Skyrocketing development-related costs (material, labor, entitlements) temper new commercial construction, helping keep supply in check.[13]

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[9] Lereah, 1-13
[10] Lawrence Yun, Real Estate Insights The National Association of Realtors, December 2006) 4.
[11] Lereah, 4.
[12] Yun, 4.
[13] Jonathan D. Miller, Emerging Trends in Real Estate 2007 the Urban Land Institute and PricewaterhouseCoopers, LLp., October 2006) 1.

The ULI further forecasts that failed condo conversions and developments may be converted into rentals, negating the need for new apartments despite heightened tenant demand.[14]

2.3 Philadelphia's Real Estate Market

Predictions for Philadelphia are particularly optimistic as the City typically performs better than the nation. In 2004, Mark Zandi, chief economist at the Philadelphia based economic research firm, Economy.com, reported that the City consistently performs above the nation's real estate market, with lower vacancy rates and higher home sales appreciation. [15] Allan Domb, local real estate broker and investor, further echoes this sentiment, stating that Philadelphia has felt the recent downturn in the market much less than other areas because there is not as much speculation. He further adds that the "future is positive as many new buildings planned will not happen, [thereby] preventing a glut of condos." [16]

Philadelphia's tendency to perform above national market conditions may be attributed in part to recent policy implementations designed to encourage revitalization. While the City has done much to stimulate private and public development throughout underdeveloped areas, its ten year tax abatement and

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[14] Miller, 1.

[15] "House Afire - Low interest rates have driven a 5-year housing-price boom that has affected nearly every town in the Phila. area." Philadelphia Inquirer, The (PA) 2004, : A01, .

[16] Allan Domb, "Historic Preservation Graduate Thesis", ed. E-mail to the author, 30 March 2007).

Keystone Opportunity Zones have contributed to many new construction and rehabilitation projects throughout the City.

One of the most significant incentives for new housing development and housing rehabilitation in the City is the 10-year real estate tax abatement, offered by the Board of Revisions of Taxes (BRT). Currently, the amount of the abatement is defined as the property tax associated with the value of the improvements. The land value and the value of the pre-existing building are not subject to the abatement and remain taxable. Abatements are transferable during sale.

In 2005, The FELS Institute of Government and the University of Pennsylvania's Cartographic Modeling Lab completed research on Philadelphia residential property tax abatements.[17] Their research provided a valuable analysis for the future of tax abatements and their affect on the city's tax revenues. According to the study, between 1997 and mid-2005, 1,876 abatements associated with residential development and improvement activities were approved. 566 abatements were approved for 225 buildings to be developed as rental housing; 1,038 for new construction projects; and 272 for rehabilitation and improvements to owner-occupied properties. As a result, approximately $12MM in property taxes were abated- $7MM for rental properties, $4.5 for new

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[17] John Kromer and Vicky Tam, Philadelphia's Residential Tax Abatement: Accomplishments and Impacts. The University of Pennsylvania, 2004), Introduction.

construction, and $500,000 for rehabilitation and improvement projects.[18] The report concluded that the "abatement should continue to be maintained as an important element of Philadelphia's overall community and economic development strategy."[19]

Philadelphia's KOZs are designated areas that are exempt from certain state and local taxes. The project developer's tax burden may be reduced to zero through the use of exemptions, deductions, abatements, and credits for the following: Corporate Net Income Taxes, Capital Stock & Foreign Franchise Tax, Personal Income Tax, Sales & Use Tax, Earned Income/Net Profits Tax, Business Gross Receipts, Business Occupancy, Business Privilege & Mercantile Taxes, Local Real Property Tax, Sales & Use Tax. KOZs are useful because they attract development to areas where little or no activity existed.

These policies are just a few of the many planning tools that the City has employed to promote development and preservation efforts. The effects of these programs should continue to be monitored to ensure future success.

2.4 Back to The City: A New Definition and Changing Demographics

As cities are growing, the term 'urban' now refers to greater metropolitan areas, taking on a broader definition and larger geographic scale to encompass

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[18] Kromer and Tam, 3.
[19] Kromer and Tam, 4.

not only central cities but their peripheries. [20] Concurrently, city centers are expanding as changing demographics and broad economic forces attract many to the area. As of 1998, the Brookings Institution reported,

> America's downtowns are experiencing an unexpected kind of resurgence: There is a population boom happening in many downtowns across the country.... [cities]are re-emerging as key engines of regional growth, fueled by the presence of educational and health care institutions, vibrant downtowns, and distinctive neighborhoods ... [21]

Since the 1970's and 80's this renewed interest in downtown living is often referred to as the "back to the city" movement.[22]

Philadelphia's Center City is experiencing a similar situation. While between 1990 and 2000 the city as a whole experienced a decline in its population, the Center City area experienced a population gain. In 2002, *The Inquirer* reported, "What's happening in Center City, however, is also being felt in neighborhoods next to downtown, particularly in University City, Northern Liberties and South Philadelphia."[23] This suggests that the area surrounding the city's limits is absorbing a portion of the city's declining population. Because this coincides with a growing Center City, it may be assumed that the majority of the population loss is occurring in the city's periphery.

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[20] Bruce Katz, A Progressive Agenda for Metropolitan America (Washington, D.C.: The Brookings Institution, Center on Urban and Metropolitan Policy, 2004) 2.

[21] Katz, 1.

[22] Kennedy and Leonard, 1.

[23] "Downtowns see population gains continue - The increase has affected neighborhoods next to cities' cores. Conversions of older buildings to apartments were a factor." Philadelphia Inquirer, The (PA) 2002, : J01, .

Both nationally and locally, this revival of the downtown is at the confluence of broad changing forces including: demographics, socioeconomics, family structure, lifestyle choice, and consumption trends. In addition to population growth and immigration, increases in suburban commutes, dissolving theories on traditional families, quality of life, and investment opportunities are themes central to recent changes in settlement patterns. As a result, more consumers are attracted to housing that is closely connected to community, recreation, culture, entertainment, and work. [24]

Further investigation reveals that baby boomers, immigrants, a rise in the Creative Class, and changes in technology are plausible underlying drivers of neighborhood change, significantly impacting the function of the housing market.

2.5 The Baby Boomers

The term "Baby Boomer" refers to the generation born during the post-World War II period which experienced significant increases in birth rates. Raised in the era of Civil Rights, the feminist movement, and other significant cultural changes, the Boomers represent a population more unique and tolerant than preceding generations. Today, the baby boomer generation is more likely to be college-educated and single, affording them a more flexible lifestyle. As a

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[24] "The city is the place, as 'hivers' discover - Downtowns continue to draw 'hivers'," Philadelphia Inquirer, The (PA) 2003, : K01 .

result, many have been attracted to the improvements, amenities, and lifestyles offered by downtowns.[25]

According to David Berson, chief economist for Fannie Mae, the baby boomers represent a tremendous purchasing power for the real estate market. However, many will not reach their home-buying strength until their 70s, or in approximately 2015. Furthermore, Berson estimates that approximately three million baby boomers have yet to become first-time home buyers, so the market potential for baby boomers has yet to reach full development.[26] This signals continued demand for downtown corridors and promising market performance in years to come.

2.6 Immigration

According to Richard Florida, who pioneered studies on a demographic in which he labeled, "The Creative Class," both high-skilled and low-skilled immigrants have augmented the American labor force. While high-skilled immigrants have added to the scientific, technological, and entrepreneurial fields, low-skilled immigrants are important as they have helped to revitalize old

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[25] "City home-cost median near $100,000 - Center City still has the costliest digs in Phila. Areas near it see increases," Philadelphia Inquirer, The (PA) 2005, : B01 .

[26] "Home-buying expected to double over decade - Fannie Mae's chief economist believes baby boomers, minorities and immigrants will lead the charge." Philadelphia Inquirer, The (PA) 2002, : J01, .

industries and communities, providing new sources of talent and energy in manufacturing, service, and agricultural sectors. [27]

But immigrants are also shaping the housing market. According to Michael Carliner, an economist for the National Association of Home Builders, "Immigrants typically provide an initial stimulus to rental markets for their first few years in the United States. After becoming established, they become a major factor in the for-sale marketplace."[28] Studies by the National Association of Realtors and other organizations also reveal that newcomers typically rent before they buy. As a result, the demand for rental housing has grown in the last few years with an influx of Hispanic and Asian immigrants. [29]

Furthermore, many believe that economic and political influences will support immigration as labor demand increases with the retirement of baby boomers. If immigration expands, it can be assumed that rental housing will increase in many areas, including city centers.[30] As a result, rental markets have the potential to experience tremendous growth and should be viewed as an impetus for neighborhood growth.

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[27] Richard L. Florida, The Flight of the Creative Class : the New Global Competition for Talent, 1st ed. (New York: HarperBusiness, 2005) 84.

[28] "Investors' market - New Yorkers are bumping aside first-time home buyers in N.E. Phila," Philadelphia Inquirer, The (PA) 2004, : K01 .

[29] Investors' market - New Yorkers are bumping aside first-time home buyers in N.E. Phila K01

[30] "Homeownership gap - The real estate industry is counting increasingly on immigrant and minority buyers," Philadelphia Inquirer, The (PA) 2003, : J01 .

2.7 The Creative Class

As mentioned above, Richard Florida recently examined a demographic known as the Creative Class. According to Florida, this class is made up of scientists, engineers, artists, musicians, designers, and knowledge-based professionals.[31] Because the Creative Class is based on meritocracy, they favor hard work, and a challenging, stimulating environment. This lends the group to a propensity for goal-setting and entrepreneurial activity. Their status is not defined by wealth, but rather by achievement. [32]

As modern society changes, creativity and innovation are drivers for success and distinction within the business world. As a result, the Creative Class is becoming an increasingly important component of progress and development. Florida's "creative capital theory" is centered on the principle that regional economic growth is driven by the location choices of creative people who prefer places that are diverse, tolerant, and open to new ideas.[33] Therefore, it may be said that the Creative Class may prove to be a stimulus for future market growth in cities, as they are attracted to the services, physical environment, and cultural diversity available to them. [34]

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[31] Richard L. Florida, The rise of the creative class : and how it's transforming work, leisure, community and everyday life (New York, NY: Basic Books, 2004) xiii.
[32] Florida, Rise, 78.
[33] Florida, Rise, 223.
[34] Florida, Rise, 480.

2.8 Technological Shifts & Changing Business Practices

As previously noted, an emphasis on creativity has become paramount to economic growth as distinction now sets the competitors apart. Modern, creative work and unpredictable work schedules are compounded by shifts in demographics and changing American values. In addition, place is becoming central to economy and society, with an emphasis on lifestyle and quality of life. These all contribute to the dissipation of the boundaries between places to live and work.[35]

Technological advancements and new patterns of organizational structure are influencing business practice and job creation. As a result, a focus on efficiency and a decrease in the cost of technology such as computers and the Internet have provided a strategic opportunity for smaller firms and contributed to a rise in self-employment. [36] Subsequently, increases in self employment may be viewed as a proxy for the rise in the Creative Class and changing business patterns, and may be related to economic performance and demand for an area. As stated in *Reinventing the Central City as a Place to Live and Work,* "Technological change – when linked to dramatic shifts in household

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[35] Florida, Rise, 224.
[36] Mitchell L. Moss, "Reinventing the Central City as a Place to Live and Work," Housing Policy Debate 8.2 (1997): 481.

composition, increased rates of self-employment, and new business formation-can strengthen the economic base of central cities."[37]

2.9 Filtering: The Built Environment As An Equalizer

Because the housing market has the tendency to reflect the nation's social structure and economic health, it produces and supplies housing according to the financial status of its occupants. According to Grigsby and Corl in *Declining Neighborhoods: Problem or Opportunity?,* "Those with higher incomes are typically well housed, while lower income residents face poor housing conditions." [38] In this way the housing market emphasizes the hierarchy of society and the economy.

According to Stuart in *Old Homes, Externalities, and Poor Neighborhoods*, there are compelling reasons to anticipate that aging housing stocks contribute systematically to neighborhood economic cycles. As cities develop from the center outwards over time, absent depreciation and redevelopment, the oldest dwellings would be found in the city centers, with the youngest structures on the periphery. [39] As referenced in hedonic house price literature, the depreciation or economic obsolescence of housing encourages

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[37] Moss, 483.
[38] Grigsby and Corl, 87.
[39] Rosenthal Stuart, "Old Homes, Externalities, and Poor Neighborhoods: A Dynamic Model of Urban Decline and Renewal," pending, Journal of Urban Economics (February 28, 2006), 9.

higher income families to move in search of improved living conditions while lower income families take their place. This feature of urban housing markets is known throughout the real estate field as the "filtering" model and is considered to be the primary market source of low-income housing.[40]

However, as neighborhoods filter down, crime and vacancy typically increase. These areas then become the focus of urban renewal efforts, and as conditions improve, the neighborhood then becomes attractive to higher income residents once again. [41] This reverse-filtering is oftentimes referred to as gentrification in the planning and preservation fields and refers to the displacement of lower income residents by more affluent residents as neighborhoods become revitalized. Housing stock should therefore be viewed as a leading cause of filtering and reverse-filtering (or gentrification) which directly contributes to the cycle of neighborhood decline and demand.[42]

2.10 Housing Affordability & Neighborhood Confidence

With cities attracting minority groups and smaller businesses, these factions have the ability to impact the central development and revitalization of neighborhoods. However, affordability is central to location choice for these groups. Increases in foreign born and self employed populations should

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[40] Stuart, 10.
[41] Stuart, 2.
[42] Stuart, 11-12.

therefore be viewed as potential indicators of demand, as their housing patterns may be truly reflective of market choice and direction.

In *New Housing as Neighborhood Revitalization,* it was found that perceived housing affordability was the primary reason for neighborhood choice, while the second most important was convenience to job.[43] According to Allan Domb, up-and-coming neighborhoods usually occur because core areas become too expensive and tend to develop around new employment centers and revitalized areas.[44] When considering this information in the context of the back to the city movement and expanding city boundaries, base affordability within a neighborhood should be looked at as a potential leading indicator for neighborhood revitalization as it may attract a variety of subcultures and displaced residents.

2.11 A Precarious Balance: Home Ownership & Renters

Housing experts generally agree that confidence in the future of the neighborhood is a key psychological prerequisite for neighborhood revitalization. Using the associative property, it can be said that homeownership is a direct

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[43] Graham Brown, Barbara B. Brown, and Douglas D. Perkins, "New Housing as Neighborhood Revitalization: Place Attachment and Confidence Among Residents," Environment and Behavior 36.6 (November 2004): 764.

[44] Domb

reflection of neighborhood confidence and therefore results in residential stability and home maintenance.[45]

Homeowners by definition are financially invested in their neighborhoods. According to a report by John Kromer of The FELS Institute in the *West Philadelphia Initiatives*, "Homeowners are not necessarily better citizens than renters, and homeownership is not a cure-all for neighborhood problems; but homeownership is an important element of a balanced community."[46] Neighborhoods that have significant numbers of owner-occupied units possess a less transient population and are therefore more insulated from neighborhood destabilization.[47]

But many argue that renters are the most vulnerable to displacement pressures in the early stages of neighborhood reinvestment. If higher-income tenants can be attracted to an area, there is an incentive for landlords to make improvements and increase rents, forcing out lower-income tenants. Additionally, renters are typically less invested in a neighborhood, so market dynamics and changing neighborhood or housing conditions may result in a more transient population. As a result, renters are typically the demographic that forge new neighborhoods and are most affected by affordability issues. Thus,

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[45] Brown, Brown, and Perkins, 753.

[46] John Kromer and Lucy Kerman, West Philadelphia Initiatives: A Case Study in Urban Revitalization The University of Pennsylvania, 2004), 25.

[47] Alvaro Cortes, "Estimating the Impacts of Urban Universities on Neighborhood Housing Markets: An Empirical Analysis," Urban Affairs Review 39.3 (January 2004): 352.

both home ownership and rentership are vital to neighborhood stabilization, and should be examined to understand the dynamics of change within an area.

2.12 Measuring Up: Real Estate Performance

The above mentioned trends, changes in the demographics and structure of American cities, as well as the nature of the built environment all have the potential to affect the cycles of the real estate market. As a result, indicators that measure the changes within the real estate market should be examined to better understand the nexus between these shifts and market performance.

Even though most local housing markets are made up of heterogeneous components, general trends and a number of reliable and systematic relationships serve as indicators of neighborhood status and economic health. These include: sales volume, median sales price, time on market, percent of list price received, percent of listings sold, and remaining months of inventory. These measures typically reflect the dynamics between supply and demand of an area and provide insight into both the direction and the magnitude of future real estate cycles[48]

In conclusion, it is imperative to understand not only the macro trends, but the internalities affecting the Philadelphia real estate market. In this way,

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[48] Norman G. Miller and Michael A. Sklarz, "A Note on Leading Indicators of Housing Market Price Trends," The Journal of Real Estate Research 1.1 (Fall 1986): 108.

appropriate indicators may be applied to analyze neighborhood performance. The following chapter outlines the proposed methodology for this thesis, and the selected indicators and testing methods as a system for examining neighborhood demand within Philadelphia.

Chapter Three: Methodology

In order to answer the question posed by this thesis, extensive background research on the current state of the real estate market and demographic trends was performed, as summarized in the previous chapter. Using this information as a guideline for market performance and anticipated demand, a selection of indicators were chosen within the context of this thesis. From there, Philadelphia neighborhoods in various stages of revitalization were chosen and the indicator data for each was amassed. Analysis of the neighborhoods and indicator behavior was then utilized to inform a conclusion, followed by recommendations for preservation policy.

3.1 Indicators

The background information on the micro and macro real estate climates was used to formulate a list of potential leading indicators of real estate demand. A variety of demographic, socio-economic, and property level indicators were chosen based on both appropriateness and availability of data. However, problems associated with data dissemination severely limited the parameters of study, limiting both the time frame for this thesis and the indicators examined.

Because indicators may perform differently than the hypothesized behavior, as well as differently within each submarket, a variety of indicators were examined with an emphasis placed on the selection of predicted leading and

coincidental indicators. By examining a variety of indicators and their performance at both the neighborhood and city level, one may assume that the true catalysts of neighborhood revitalization will be revealed.

The following section illustrates the indicators to be examined in this thesis and the various limitations, scale, and sources associated with each, as well as the proxies used to examine them.

3.2 Scale

In order to truly understand the nature of each neighborhood, a consistent scale and level of analysis was required for each indicator. In a study by Lisa K. Bates, "Does Neighborhood Really Matter?", Bates uses Philadelphia neighborhoods to illustrate how quality-level defined housing submarkets compare to both administrative boundaries and historically recognized neighborhoods. The Philadelphia City Planning Commission divides the city into twelve planning-analysis sections (PAS) for the purpose of management and also recognizes smaller neighborhoods defined by the Philadelphia Historical Commission. Bates compares the PAS boundaries to a more spatial approach, examining housing within a block group. Block groups are assumed to be in the same submarket due to a relatively uniform location which in turn may dictate housing quality and household preference. Block groups are geographic subdivisions of Census tracts and comprise a reasonably compact and contiguous

cluster of Census blocks. According to the US Census, "Block group boundaries should follow visible and identifiable features, such as roads, rivers, canals, railroads, and above-ground high-tension power lines."[49]

While it is preferable to examine an even smaller unit of geographic data, block groups presently represent the smallest unit available for analysis. Because block groups encompass a relatively homogenous area, they are able to capture the local qualities of housing and market data.[50] Bates concludes that mapping quality based on the block group allows for a finer grain of analysis than examining the larger administrative area as defined by the planning department. Furthermore, she finds that the predefined neighborhoods in Philadelphia are likely an acceptable level of analysis for basic housing-price appraisals for many areas of the city.[51] Therefore, all of the indicators chosen were examined at the Census block group level or approximated to represent the same scale.

3.3 Census Data

American Factfinder, the US Census Bureau's source for population, housing, economic, and geographic data was used to obtain numbers for: Population, Median Income, Foreign Born, Self Employed, Educational

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[49] Participant Statistical Areas Program: Census 2000 Statistical Areas Boundary Criteria, 04 February 2005,30 March 2007 <http://www.Census.gov/geo/www/psapage.html>.

[50] Lisa K. Bates, "Does Neighborhood Really Matter?: Comparing Historically Defined Boundaries with Housing Submarkets," The Journal of Planning Education and Research 26.5 (2006): 8.

[51] Bates, 12.

Attainment, College Degree, Number of College Students, Owner Occupied Units, and Renter Occupied. These numbers reflect the changing demographic and socioeconomics trends of the nation, and when examined at the block group level may be used to illustrate and quantify the various changes within the neighborhood.

However, prior to 1990, information at the block group level is difficult to obtain, limiting the historical approach of this thesis to the past two decades. Furthermore, both Census tracts and block groups have different boundaries than those of 1990 and 2000. While the *Geolytics Neighborhood Change Database* geocodes and normalizes 1970-2000 Census data to 2000 tract boundaries, (thereby providing a larger time frame in which to examine neighborhood change), it would not have allowed for the narrower neighborhood level of analysis as needed for this research. [52] Therefore, all Census data collected and used in this thesis is from 1990 and 2000 and at the block group level.

3.4 Real Estate Data

Multiple sources of information regarding Philadelphia real estate transactions are available, but each has their own limitations. The three resources typically consulted are TREND/MLS data, the Bureau of Revision of

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[52] Bates, 7.

Taxes (BRT) data, and The University of Pennsylvania's Neighborhood Information System (NIS), which utilizes BRT data.

TREND has been the firm in charge of the Multiple Listing Service or MLS data for the Philadelphia Region since 1996.[53] Available to board certified realtors, MLS data provides comprehensive property data and statistics on a short term, quarterly, or annual term. While use of MLS data may require a research license or membership in the National Association of Realtors, TREND has been producing reports available to the public since 2002. Information summarizing number of sales, time on market, sales price, and percent of asking price at the zip code level is available from 3Q02 to 2Q06. However, the zip code level proved too large a geographic area to reveal the nuances and changes at the neighborhood level. In addition to the narrow time frame, this was determined to be an unsuitable data resource for real estate market information.

The Philadelphia Board of Revision of Taxes, or BRT, is the source of assessment data for all properties in the city of Philadelphia, providing information on land use, building type, and property values. This data may be acquired directly from BRT databases or by using the University of Pennsylvania's Neighborhood Information System (NIS).

BRT data may be obtained through multiple sources, including financial institutions, but often must be purchased. However, the Center City District, a

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[53] Prior to this point, the Greater Philadelphia Association of Realtors was in charge of all MLS data. However, when contacted for their data records, they were reported missing.

Business Improvement District, provided BRT databases for 2000-2006, with the exception of 2004, a file that was unable to be located. Although this information is incredibly specific, in order to manage and interpret the data, house code, street code, street direction (where applicable), and street designation were concatenated in order to create a unique field that could be attached to the Philadelphia shapefile in GIS. This in itself created a degree of error and was visually hard to distinguish when mapped. Additionally, lack of 2004 BRT data, while not as important when examining a larger span of historical data, was critical to the limited time frame.

The University of Pennsylvania's Cartographic Modeling Lab (CML) is a joint venture between the University's School of Design and the School of Social Work. One of their projects, the Neighborhood Information System (NIS), has been a useful resource for city planning initiatives since 2000. The NIS is funded by the William Penn Foundation, Pew Charitable Trusts, and The University of Pennsylvania.[54] Two of the tools available for analysis through NIS are the parcelBase and neighborhoodBase.

The parcelBase is a "date warehouse" of address-specific housing and real estate data for over 500,000 properties in Philadelphia. Information accessible through parcelBase includes the size of property, owner's name, date of purchase, purchase price, tax delinquency status, gas and water accounts status, city code

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[54] Amy E. Hillier, et al, "Predicting Housing Abandonment with the Philadelphia Neighborhood Information System," Journal of Urban Affairs 25.1 (2003): 93.

violations (if any), and other statistics. It is accessible to registered staff from city agencies, community development corporations, and other community-based agencies that have contracts with the city. Students may also obtain this information with permission from course instructors. Access to the parcelbase is restricted because some of the housing data is sensitive in nature and because application requires that users be registered through the city's Office of Housing and Community development.[55]

Conversely, neighborhoodBase is available to the public and contains data about residential housing and neighborhood conditions aggregated by Census tract, zip code, City Council District, Census block groups, and other geographies. It enables users to collect aggregate data and to analyze it individually or with the aid of mapping or statistical interpretations.[56] These two resources provide easy access to detailed information about individual properties as well as aggregated data about neighborhood characteristics.[57]

Based on the above-referenced limitations and availability of data, it was determined to use the NIS's neighborhoodBase. Information obtained from NIS at the block group level includes the number of residential home sales and the median sales price for residential sales from 1999-2005. This provided a comprehensive time frame of data at the block group level, consistent with other

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[55] Hillier, et al, 93.
[56] Hillier, et al, 96.
[57] Kromer and Kerman, 19.

data sources. It must be further noted that while the use of commercial real estate market information would have augmented research, the neighborhoods examined were primarily residential, and so, this lack of information would not severely limit interpretation.

3.5 Permit Data

Because permit issuance in Philadelphia precedes actual work or business activity, permit information may reveal speculative development or revitalization efforts within an area. In addition, it discloses the type of construction activity, as well as the amenities and housing options that are being supplied to a neighborhood. The number of food permits, rental permits, and building/demolition permits from 2000-2006 were provided at the Census tract level from the City of Philadelphia's Licenses & Inspections Department (L&I).

While the city government has extensive records on permits from 1953 forward for both Food & Rental licenses, the city's older "Licenses & Inspections Mainframe System" (LIMS) did not track building permits and did not differentiate between licenses and inspections.[58] In the LIMS the "issue date" was updated every time the license was renewed. As a result, the "Date Activity Began" is the only date that has been retained and inserted into the "Original

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[58] Raymon Cook, "Permit Data", E-mail to the author, 8 March 2005.

Application Date" or the "Original Issue Date", thereby creating a certain degree of error.[59]

Furthermore, building permit tracking did not start until December 1999 and was a PC stand-alone operating system that did not differentiate between building demolition and building permits. This was terminated when the department started its current "Hansen" system on May 10, 2006.[60] The Hansen system provides the city with a fully integrated approach for all permits and licenses that minimizes multiple data entry and eases communication between the various units within L & I. Switching from a mainframe to a local server also provides L & I with better and more responsive control of both their hardware and their own software.[61]

3.6 Information Unattainable

Both quality of education and public transportation ridership were important indicators that were not examined in this thesis due to a lack of available information. Standardized test scores, which were to be used as a proxy for school performance, were not available. Furthermore, most of the neighborhoods were feeders for the same schools, so data would not have been particularly insightful in regards to specific neighborhood performance. Even

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[59] Cook
[60] Cook
[61] Cook

though the SEPTA (Southeastern Pennsylvania Transportation Authority) ridership Census information was available from 1996-2006, the passenger count was by route, not by individual stop, making it difficult to discern ridership information per neighborhood. This information would have been useful in determining demand by neighborhood and warrants further study.

Based on the limitations and time periods associated with each indicator, the following table summarizes the indicators that will be applied to this thesis, as well as the source, time period, and hypothesized behavior of each.

Table 1: Indicators, Hypothesized Behavior, and Testing Methods

INDICATOR	SOURCE	SCALE	TIME PERIOD	HYPOTHESIZED BEHAVIOR	NOTES
Total Population	1990, 2000 US Census	Block Group	1990-2000	Leading	Shows whether neighborhood demand is increasing or decreasing
Median Household Income	1990, 2000 US Census	Block Group	1990-2000	Coincidental	Typically rises as more affluent residents move into a neighborhood
Foreign Born Population	1990, 2000 US Census	Block Group	1990-2000	Leading	Attracted to neighborhood affordability, stimulus for rental occupied units and rental permits
Self Employed Population	1990, 2000 US Census	Block Group	1990-2000	Leading	Proxy for the Creative Class. Attracted to neighborhood affordability, stimulus for rental occupied units and rental permits
Educational Attainment, College Degree or Beyond	1990, 2000 US Census	Block Group	1990-2000	Coincidental	Typically rises as more affluent residents move into a neighborhood
Population Enrolled in College	1990, 2000 US Census	Block Group	1990-2000	*Examined primarily for context of University of PA and University City	May be attracted to neighborhood affordability and diversity

INDICATOR	SOURCE	SCALE	TIME PERIOD	HYPOTHESIZED BEHAVIOR	NOTES
Renter-Occupied Units	1990, 2000 US Census	Block Group	1990-2000	Leading	Indicates a more transient population, can afford to take risks in neighborhoods and attracted to affordable areas
Owner-Occupied Housing Units	1990, 2000 US Census	Block Group	1990-2000	Coincidental	Illustrates neighborhood confidence and investment
Number of Residential Home Sales	Cartographic Modeling Lab, University of Pennsylvania	Block Group	1999-2005	Leading	Direct reflection of demand
Median Residential Sales Price	Cartographic Modeling Lab, University of Pennsylvania	Block Group	1999-2005	Coincidental	Direct reflection of confidence and perceived value of an area
Building Permits	Philadelphia Government, Department of Licenses & Inspections	Census Tract, Aggregated to Block Group Level	2000-2006	Coincidental	Demonstrates activity and investment in the area
Demolition Permits	Philadelphia Government, Department of Licenses & Inspections	Census Tract, Aggregated to Block Group Level	2000-2006	Most likely associated with declining neighborhoods and not applicable to this thesis	May be prior to some construction projects, but typically looked at as a sign of neighborhood deterioration
Food Permits	Philadelphia Government, Department of Licenses & Inspections	Census Tract, Aggregated to Block Group Level	2000-2006	Lagging	Follows an area's revitalization as it meets the needs of the burgeoning population

INDICATOR	SOURCE	SCALE	TIME PERIOD	HYPOTHESIZED BEHAVIOR	NOTES
Rental Permits	Philadelphia Government, Department of Licenses & Inspections	Census Tract, Aggregated to Block Group Level	2000-2006	Coincidental	Precedes neighborhood investment, but shows an increased interest for the area

3.7 Neighborhoods

While it was the original intent of this thesis to examine a variety of historic neighborhoods that were in various stages of revitalization, the selection of neighborhoods were dictated by problems associated with information dissemination.

Because Census data was limited to 1990 and 2000, home sale data from 1999-2005, and permit data from 2000-2006, neighborhood selection and analysis was restricted to those that have experienced revitalization within the past two decades. *The Philadelphia Inquirer*, local real estate experts' advice, and reconnaissance surveys were utilized to inform neighborhood selection. It was important to select a variety of neighborhoods in different sections of the city as well as neighborhoods that experienced a variety of commonalities and dissimilarities so as to extract which leading indicators truly predict real estate demand.

As a result, the historic neighborhoods that will be examined in this thesis are divided based on their level of revitalization:

Revitalized: Old City, Queen Village

Recently Revitalized: Bella Vista, University City/Spruce Hill

Currently Revitalizing: Graduate Hospital, Northern Liberties

For the purpose of analysis, University City and Spruce Hill were combined as one neighborhood due to their increasingly merging borders. In addition, the same indicators were applied to the city of Philadelphia as a whole, so as to determine how the neighborhoods compare to the city average.

In order to collect data, neighborhood boundaries needed to be established. Because neighborhoods are organic and their boundaries are oftentimes the result of social, historical, or administrative reasons, neighborhood boundaries were defined through a combination of efforts. First, the neighborhood had to be defined in such a way that it would correlate with the data sources and information scale.

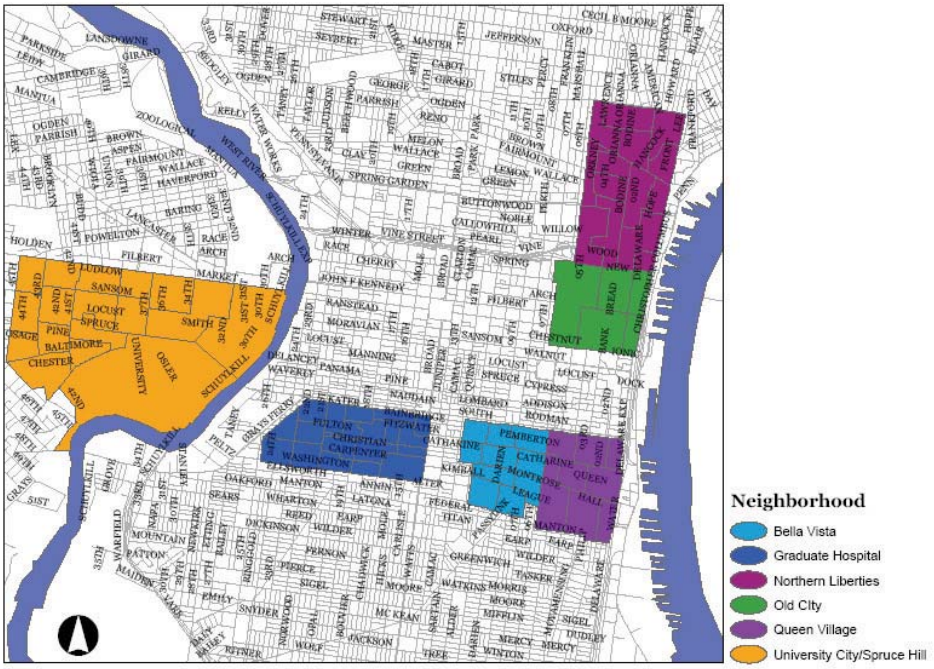
Using the 1990 and 2000 Census shapefiles, the various boundaries for each neighborhood as defined by both the Philadelphia City Planning Commission (PCPC) and respective neighborhood organizations were compared to Census block groups within GIS. Entire block groups that best corresponded to the generally accepted neighborhood boundaries were then chosen to represent the boundaries of the neighborhood for the purpose of data collection

and analysis. The following chart summarizes the neighborhoods and the subsequent block groups used to simulate neighborhood boundaries.

Table 2: Neighborhood Census Block Group Boundaries

NEIGHBORHOOD	1990 & 2000 CENSUS TRACT	1990 & 2000 CENSUS BLOCK GROUP
Bella Vista	15	1-3
Bella Vista	18	1-4
Bella Vista	24	1, 4, 5, 8
Graduate Hospital	13	1-4
Graduate Hospital	13	8
Graduate Hospital	14	1-6
Graduate Hospital	14	7, 8
Graduate Hospital	19	1-6
Northern Liberties	128	1-2
Northern Liberties	129	1-4
Northern Liberties	130	1-3
Northern Liberties	142	2-6
Old City	1	1-5
Queen Village	16	1-3
Queen Village	17	1-3
Queen Village	25	1, 4, 5
University City/Spruce Hill	87	1-6
University City/Spruce Hill	76	1
University City/Spruce Hill	88	1-6
University City/Spruce Hill	89	1-3
University City/Spruce Hill	77	1

Image 1: Neighborhoods Defined by Census Block Groups



Furthermore, as this paper directly relates to revitalization, of which historic preservation is a great part, "historic" neighborhoods are defined as those with a National or Philadelphia Registered Historic District.

Table 3: Neighborhood National and Local Historic Districts

NEIGHBORHOOD	HISTORIC DISTRICT	TYPE	DATE DESIGNATED
Old City	Old City	Local	December 12, 2003
	Old City	National	May 5, 1972
	Elfreth's Alley Historic District	National Historic Landmark	1958
Queen Village	Southwark	National	May 19, 1972
Bella Vista	Washington Avenue Historic District	National	September 7, 1984
University City/ Spruce Hill	West Philadelphia Streetcar Suburb Historic District	National	February 5, 1998
	University of Pennsylvania Campus	National	December 28, 1978
Graduate Hospital	Washington Avenue Historic District	National	September 7, 1984
Northern Liberties	Northern Liberties	National	October 31, 1985

Source: The Philadelphia Historic Commission

3.8 Analysis

Following neighborhood selection, the indicator data for each neighborhood was then collected, applied to the neighborhood, and examined aggregately, empirically, and graphically within the larger context of qualitative measures. It should be noted that while many studies utilize more sophisticated and complicated economic modeling systems, this thesis primarily examines the indicator behavior on a qualitative basis. This is recognized as a limitation of this thesis and more sophisticated analyses should be considered for future study.

Using American Factfinder, aggregate numbers for each neighborhood's total population, foreign born, college educated, college students, number of residential and owner occupied units, and self employed population were collected for 1990 and 2000 at the block group level. These numbers, with the exception of median income, were then totaled to calculate the aggregate number for each indicator by neighborhood. Median income was averaged, and for the block groups where no median income information was available, the block group was discarded from the average rather than averaging a zero value as part of the median income. Subtracting the 2000 number from the 1990 number gave an aggregate value of change, and the percent change between the two years was also calculated. Furthermore, the percentage of the total population that was comprised of foreign born, self employed, college educated, and college student populations were also calculated.

Real estate measurements were calculated in much the same way. Using the neighborhoodBase, total number of residential sales and median residential sales price were collected. The number of residential sales was totaled for each year, while median sales price was averaged. Again, if information was not available, it was not included.

Because permit data was only available at the Census tract level, it needed to be adjusted to best reflect the block group level of data. Using GIS and the PASDA 2007 Philadelphia parcels shapefile, the number of parcels per each Census tract was recorded. The number of neighborhood parcels per each

Census tract was then determined. Using these numbers, the percentage of the neighborhood that comprised the Census tract was recorded. This percentage was then applied to the number of permits issued by tract to approximate the number of permits issued for the neighborhood. It must be noted that this approximation assumes a certain degree of equal spatial distribution throughout the tracts, which may result in a margin of error. However, this weighting provided a method for estimating the permits issued for each neighborhood.

It must also be noted that since L&I's older LIMS system did not differentiate between demolition and building permits, a proxy was used to determine the number of demolition and building permits issued per year. The LIMS system, however, did record whether or not the permit had a plan associated with it. Therefore, it was inferred that permits with associated plans were building permits, whereas those without plans were demolition permits.

Microsoft Excel, graphs, charts, and regression lines were employed to note the various trends throughout the neighborhoods and the indicators themselves. Census information was best represented visually by bar graphs, real estate data as double line graphs comparing the number of sales to median sales price, and permits as line graphs. These were made for each neighborhood and each indicator to understand how the trends were interrelated in each neighborhood, as well as how the neighborhoods compared to one another and to the City of Philadelphia. Where applicable, each aggregate and percentage change was graphed. When comparing the number of permits issued to

Philadelphia, Philadelphia's permits were plotted using their own Y-axis in order to best visually display the information. And when comparing the aggregate number of residential sales, the City of Philadelphia's aggregate indicator number was divided by 100 to approximate a similar scale and range for further evaluation of the trends.

3.9 Conclusions/Policy Recommendations

Finally, based on the interpretation of the data, conclusions about each indicator and its true predictive behavior are made. The implications of these findings for neighborhood demand and sustainability are discussed in Chapter Ten. In addition, policy recommendations at both the community and municipal level are offered to best align historic preservation with real estate market performance.

The following chapters will discuss the history and development of the neighborhoods, as well as their changing constituents, as evident through the analysis of indicator data.

Chapter Four: Old City (Revitalized)

4.1 Contextual Information

> Much of the rich dynamic of this environment must be attributed to its social and cultural diversity. Traditional artisans, newer artists and designers, and a variety of wholesalers and restauranters [sic] have worked together to create a unique urban community. The preservation of this social mix will require joint public and private effort. [62]

As its name suggests, Old City is a neighborhood steeped in history. But today the area is also synonymous with "hip" and "trendy", oftentimes referred to as "hipstoric". As a result, Old City illustrates a unique dialogue between Philadelphia's most historic roots and the modern development that shapes the future of the neighborhood. From its beginning, Old City has been home to a diverse population and a multitude of land uses, providing a rare mixture of commercial and residential uses alongside one another. Today, much remains the same for the neighborhood. Modern development west of 4th Street stands in sharp contrast with the original Old City to the east. Even the definitions of historic and modern are blurred in the Old City Historic District, which lies within the Independence Mall Renewal Area.

The evolution of Philadelphia's original neighborhood was largely defined by Sir Thomas Holme's 1682 Plan for Philadelphia. The grid of streets and

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[62] Philadelphia City Planning Commission, Old City Philadelphia (Philadelphia: Philadelphia City Planning Commission, 1979) 4.

myriad alleys and courtyards serve as the backbone for the neighborhood's development are still present. Today, the boundaries for the area have expanded beyond those drawn in 1682 to encompass Vine Street to the north, Walnut Street to the South, The Delaware River to the east, and 7th Street to the west. These boundaries are by no means rigid, but encompass the area of land generally accepted as Old City. Considering the boundaries outlined above, Census block groupss used to represent these established boundaries are: 1.1-1.5.

At present, the neighborhood remains a dynamic interchange between historical and modern use, one that is unparalleled in Philadelphia. Art galleries, office buildings, restaurants, and condominiums occupy some of Philadelphia's best examples of 18th, 19th, and early 20th century architecture. The neighborhood is also home to Independence Park and The Liberty Bell. Thus, Old City serves as one of the city's most eclectic neighborhoods. [63]

With the founding of Philadelphia, the Delaware riverfront became the center of residential and commercial development. The area grew from an important and busy shipyard to a more massive maritime complex of buildings. The old city, which is now the Old City neighborhood, formed as a port along the Delaware River. As a result, the area became a desirable housing option for immigrants arriving in Philadelphia.[64] Additionally, merchants and laborers

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[63] Laura M. Spina and Karen Chin, The Old City Historic District: A Guide for Property Owners Philadelphia Historical Commission, 2004) 6.
[64] Philadelphia City Planning Commission, 13.

lived together on the eastern edge of Old City, close to the wharves and ferries that served as the centers of business and industry.

The area soon proved itself vibrant and diverse, as it thrived as a retail and wholesale marketplace. Present day Market Street, then known as "High Street," housed the 17th century High Street Market, which marked the center of Philadelphia's commercial district until the 19th century. The neighborhood's commercial activities shaped settlement and building patterns, and, as a result, much of the neighborhood's architecture provided first floor commercial spaces with living quarters above. [65]

Throughout the 19th century, waterfront development continued along Old City's boundaries. Portions of the Delaware River were filled to create more land as the wharves expanded and necessitated additional warehouses and storage yards. Slowly, the area's uses became less integrated as Market Street became the dividing line between industry and commerce. Warehousing and manufacturing occurred north of Market Street, while the financial and commercial establishments were to the south. The result was a highly organized and segregated neighborhood. [66]

With activity in Old City flourishing, the bankers and financiers moved their activities to 3rd and Chestnut Streets, which is known today as "Bankers

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[65] Spina and Chin, 4.
[66] Spina and Chin, 5.

Row". Settlement patterns were further changed as the evolution of mass transportation allowed the area's residents to move to newly developed residential neighborhoods. Consequently, financial and commercial activities established in the southern half of the neighborhood while light industrial firms developed in the northern half, further segregating land use patterns in the neighborhood.[67]

After the Consolidation Act in 1854, the area witnessed an influx of industries, including boot and shoe makers, book binders, garment producers, coopers, and glass manufacturers. By 1875, additional warehouses were built along the waterfront in order to meet the needs of new industry. As the 20th century approached, light manufacturing, industrial complexes, and wholesaling businesses prospered. The area's building stock was again affected and further diversified as many older structures were adapted to new uses, and smaller buildings were constructed as infill projects.[68]

By the end of the 19th century, Philadelphia was among the world's busiest ports. Despite more than two miles of water frontage, the harbor area was insufficiently meeting increased pressures in demand. However, as transportation improved, large-scale commerce left the port, relieving the area of heavy commercial and industrial use, and leaving it to small-scale wholesalers.[69]

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[67] Spina and Chin, 5.
[68] Spina and Chin, 5.
[69] Spina and Chin, 6.

In 1926, transportation improvements continued to diminish the vitality of the neighborhood. The construction of the Delaware River Bridge (known today as the Benjamin Franklin Bridge), was monolithic given the surrounding context of the relatively low-scale Old City. At the time, it was the longest suspension bridge in the world, spanning an entire city block and reaching several stories high. The bridge served as both a physical and psychological barrier within the neighborhood, as well as an obstruction to the area's connection to the waterfront. By 1930, the bridge virtually eliminated ferry usage, depriving the area of most commuters and travelers who no longer had reason to pass through the area.[70]

As large-scale investment and construction dwindled due to the stock market crash, conditions worsened and the area witnessed further disuse. In 1956 the neighborhood suffered the effects of another transportation-related development. A byproduct of the 1956 Interstate Highway Act, the completion of I-95 along the eastern edge of the district in the 1970's further bifurcated neighborhood use and connectivity to surrounding areas. [71]

In response to serious decline, the Independence Mall Urban Renewal Area was established in 1961. Both state and Federal government entities participated in the mass razing of 19th and 20th century buildings to create open spaces for the Independence National Mall and Park. Surrounding streets were

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[70] Spina and Chin, 6.
[71] Spina and Chin, 6.

closed and land was consolidated into larger scale blocks which were uncommon and disproportionate to those in the area.[72]

In response to the significant loss of historic fabric, the Old City District National Register Historic District was established in 1971. Shortly thereafter, the Philadelphia Planning Commission surveyed the district's 800 structures and found that over 50% were in poor, vandalized, or vacant condition. By 1976, however, they stated that, "a tremendous renaissance in the area has resulted in the rehabilitation of over 15% of these structures."[73] This revitalization has largely been attributed to the creation of the area's Historic District.

By the late 1970's, artists and other members of the Creative Class had settled in the area, making it prime for redevelopment. In 1980, the neighborhood's revitalization was catapulted forward by Carl Dranoff and Steve Solms. Their company, Historic Landmarks for Living, packaged investors to support their rehabilitation efforts of vacant warehouses into rental loft apartments.[74] Their projects targeted the urban trend setters of the area, providing quality loft space that was previously unavailable in the area. As a result, residential uses were reintroduced to the area, allowing for a more dynamic population and interplay amongst the buildings. By 1983, *The Philadelphia Inquirer* reported, "Old City, while playing catch-up to the already

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[72] Philadelphia City Planning Commission, 4.
[73] Philadelphia City Planning Commission, 1.
[74] "Developers keeping Old City a Hot Spot," Philadelphia Inquirer, The (PA) 2006, : J01 .

revitalized Society Hill and Queen Village areas, can't be dismissed as a mere retread of those communities. It's making a deliberate attempt to chart a new course."[75]

As the area became increasingly popular, the original artists attributed with the neighborhood's resurgence were priced out and began seeking more affordable rents in neighboring areas such as Northern Liberties, Manayunk, and Germantown. [76] By 1986, most of Old City's industrial past was transformed through its renovation projects. At the time, Dranoff commented that the Old City region was more than partially developed. He further concluded that most of the large buildings suitable for apartment rehabilitations were utilized, leaving future development efforts to be realized by in-fill projects.[77] As the area became inundated with new residents, it was in desperate need of retailers and amenities, but restricted by a lack of available parking.

The response within the neighborhood was an influx of restaurants and galleries to support the lifestyles of the young and urban trendsetters. Today, the "Old City trend" refers to a saturation of restaurants and commerce. Old City has

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[75] "And old area rehabilitated into new life," Philadelphia Inquirer, The (PA) 1983, : K01.

[76] "Where art thou? First it was South Street. Then Old City. But nowadays, living and working space for artists can be pricey- and if not, it's often dicey. And little is being done about it." Philadelphia Inquirer, The (PA) 1998, : R01 .

[77] "Old City: A time to slow down," Philadelphia Inquirer, The (PA) 1986, : H01 .

now become "Restaurant City" as well as home to myriad galleries, bars, restaurants, and apartments.[78]

Since the original revitalization of the 1980's, Old City has maintained a stable residential population and commercial economy. As Philadelphia's most historic neighborhood, the area has preserved much of its unique identity, resulting in a low-scale, dense development that reflects an over 300 year evolution.[79] While increasing prices continue to threaten the eclectic mix of residents and uses, it becomes more apparent that Old City is a neighborhood of resilience. Despite increased pressures in demand, the neighborhood has managed to retain its edginess and its Creative Class while attracting new residents.

4.2 Indicator Analysis

The following information may be found in Appendix 1. Please consult Table 5.1 and Graphs 1-4 for information specific to Old City, and Table 5.7 and Graphs 25-28 for the City of Philadelphia.

The numbers and indicators examined for Old City are consistent with neighborhoods that experienced earlier revitalization efforts, as Old City did in the 1980s. The numbers also suggest that the area has maintained its appeal to a

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[78] "In Northern Liberties, high rents and big plans - In N. Liberties, rents going up and plans being made," Philadelphia Inquirer, The (PA) 2002, : A01 .

[79] Spina and Chin, 6.

diverse population, and that furthermore, it may have experienced another, smaller revitalization around 2000. Due to the geographic restrictions of the defined block groups, the southern portion of the neighborhood between Chestnut and Walnut Streets was not included for analysis, which may have skewed analysis. However, this area is closest to both Society Hill and the city center, and was most likely the first area to experience revitalization. Therefore the periphery of the neighborhood, which was captured in this analysis, is most likely an accurate reflection of recent revitalization trends.

4.2.1 Census Data

Between 1990 and 2000, Old City's population increased by 24.63%, whereas the Philadelphia population declined by 4.29%. Even though these numbers reflect the decade following original revitalization, it appears as if demand for the neighborhood has remained strong. Given the large time gap, though, it is difficult to discern smaller trends amongst the population, and the neighborhood may have actually experienced a decline and then an upward trend toward the end of the decade. Furthermore, the neighborhood contains the smallest aggregate population when compared to all examined neighborhoods, increasing from 2,067 people to 2,576 in 2000. The smaller number of people may also affect the percentage change in population, as any type of increase or decrease would have a more significant impact on overall change.

Median income for the area increased only 9.44% compared to a 24.97% increase in the City of Philadelphia. However, in both 1990 and 2000, the neighborhood had the highest aggregate median income compared to all other neighborhoods and Philadelphia. It rose from $40,755 to $44,603 while Philadelphia's median income was significantly lower and only rose from $24,603 to $30,746. Perhaps the lower percentage increase in median income is a reflection of the relatively high aggregate number. This number also signals that the area has witnessed an increase in a population with a higher-income base, most likely a direct result of the previous revitalization.

Self employment for the neighborhood rose by 17.76%, compared to a 13.15% decline in Philadelphia's self employed population. This was the second highest increase in comparison to other neighborhoods, behind Northern Liberties. Furthermore, with 9.78% of its population self employed, this was the largest percentage of all of the neighborhoods. These numbers suggest that the area has still remained relatively affordable and is still attracting the Creative Class that pioneered the neighborhood. This may also be directly related to the area's diverse use and eclectic appeal.

The area witnessed a significant 95.10% increase in its foreign born population, while Philadelphia's only increased by 30.90%. Despite the fact that this was the second highest percent increase, Old City had the smallest aggregate number of foreign born residents compared to the other neighborhoods, which may be merely a direct reflection of the smaller neighborhood size. Yet 7.73% of

the neighborhood's population is foreign born, which is comparable to the 9.04% that makes up Philadelphia's population. It seems that the neighborhood performs similarly to the city in terms of its foreign born population. It is notable, though, that the area has experienced an increase in its foreign born population. This suggests that the area is appealing to a varied population and signals a possible revitalization around 2000. Furthermore, this may also represent that the foreign born population is being employed by the increasing number of restaurants.

Educational attainment within the neighborhood increased by 37.28%, well below the 89.07% increase that Philadelphia experienced between 1990 and 2000. This increase was similar to other neighborhoods, and only greater than the changes experienced by Northern Liberties and University City. However, 63.04% of Old City's population is college educated, which is the greatest percentage of any neighborhood, with Queen Village being the next greatest at 39.83%. This further demonstrates that the neighborhood maintained its revitalization following its initial demand.

Conversely, the area's college student population decreased by 5.14%, compared to Philadelphia's 1.35% decline. This was the second lowest percent change next to Bella Vista. This may be attributed to the neighborhood's distance from local university institutions, diminishing affordability as the neighborhood revitalizes, and the fact that the neighborhood does not have a strong college student population.

Owner occupancy increased by an astronomical 415.38% compared to a 6.50% decline in Philadelphia. However, in both 1990 and 2000, Old City maintained the lowest aggregate number of owner occupied homes at 91 and 469, respectively. Despite revitalization and the large increase in owner occupancy, the neighborhood does not reflect a large percentage of home owners. This may be indicative of the space available, as much of Dranoff's rental loft units appealed to the area's earlier inhabitants.

Simultaneous to this, Old City's renter occupancy decreased slightly by 1.97%, compared to a 4.93% increase in Philadelphia. In spite of this, the area still maintains a greater number of rental occupied units than owner occupied, with 1,270 and 1,245 in 1990 and 2000. These numbers seem contradictory to one another but may reflect the fact that the neighborhood is caught in the middle of two cycles- the revitalization of the 1980's, and the approaching 2000 revitalization.

4.2.2 Real Estate Data

Between 1999 and 2005, Old City averaged approximately ten residential home sales or less, well below the average number of sales for both the city and other neighborhoods. Sales remained relatively flat while median price increased. The incredibly low number in sales may be a reflection of inaccurate data or indicative of the increased demand associated with the 1980's

revitalization and the subsequent cooling of the market. When compared to the fact that because owner occupancy increased dramatically from 1990 and 2000, more residents are now invested in the area and are perhaps unwilling to sell. Furthermore, this could also reflect that residents are being priced out and choosing to rent or relocate, which would also produce a low number of sales. Finally, the numbers may in fact represent the neighborhood's increase in commercial businesses, as perhaps a large number of the sales for the area were commercial.

Concurrently, median sales price increased and appreciated faster than all of the other neighborhoods with the exception of Queen Village, also a well-established and previously revitalized neighborhood. From 1999 to 2005, the median sales price for residential homes increased from $150,833 to $501,250, well above Philadelphia, which increased from $48,900 to $86,000. The significant increase in price represents the second revitalization of the area and further supports the theory that neighborhoods that experience subsequent waves of revitalization experience a greater increase in median sales price than those of first-round revitalizations. This may also have contributed to the relatively low number of sales, as the price became too expensive for the value that buyers placed on the product.

4.2.3 Permit Data

Because the number of residential sales for the area is incredibly low, it is difficult to compare the permit data within the context of the real estate climate and it is important to keep this in mind for evaluation purposes.

The issuance of rental permits declined after a peak in 2003 and 2004, reflecting the significant changes in owner occupancy between 1990 and 2000. This may simply be the market's response, attempting to balance the number of owner and renter occupied units. However, when compared to all of the other neighborhoods, Old City issued the lowest total number of rental permits, but followed similar trendlines. The peak in 2004 signals an increase in permits, which may have followed the 2000 revitalization, attempting to balance the increase in homeownership. The 2004 increase in rental permits may, however, be in response to the area's increasing foreign born population. The increase might be illustrative of renewed demand in 2003-4, when the real estate market as a whole was incredibly hot.

Food permits followed the same downward trend as rental permits, but with a greater number of food permits issued than rental permits. While the neighborhood also followed the same trend as other neighborhoods, the neighborhood was issued the second highest amount of permits next to Northern Liberties. This is consistent with the neighborhood being considered "Restaurant City." Because the number of food permits peaked in 2004, this may suggest that

the supply of amenities lagged behind the 2000 revitalization and that food permits are a lagging indicator.

While the demolition permit issuance declined within the neighborhood, there were a greater number of demolition permits issued than both food and rental permits. When compared to other neighborhoods, it was the largest aggregate number of permits issued, except for Northern Liberties and Graduate Hospital. The area represented the same demolition trend as Philadelphia, University City, Bella Vista, and Queen Village, all of which can be considered fairly stable, revitalized neighborhoods. While one may extrapolate that demolition permits decrease as neighborhoods become revitalized, it can be argued that demolition may also increase as the neighborhood prepares for increased construction and improvements. Therefore, demolition permits should not be considered a sound leading indicator of real estate demand. Furthermore, it can be assumed that the majority of the demolition took place outside of the Historic District, further suggesting increased activity along the periphery as the neighborhood's boundaries expanded.

Within the neighborhood, the greatest numbers of permits issued were building permits, despite a general declining trend. This trend paralleled Northern Liberties, but was much lower in actual number of permits issued. While Philadelphia's building permit issuance remained flat, Northern Liberties and Old City were the only neighborhoods that experienced a decline. This may indicate that the original building stock was in good condition due to previous

revitalization efforts. In 2000, the neighborhood was issued more building permits than every neighborhood with the exception of Northern Liberties. By 2006 it had only issued a greater amount than Bella Vista and Queen Village. This may indicate that because construction declined beginning in 2000, when neighborhood demand increased, construction activity is a leading indicator. However, permit data preceding neighborhood revitalization would need to be evaluated in order to better understand the relationship between construction activity and neighborhood revitalization.

4.3 Summary

The available indicator data represents a stable neighborhood and its previous revitalization efforts. With the highest median income and percentage of college educated population compared to all of the neighborhoods, as well as a significant increase in owner occupancy, the numbers reflect the earlier 1980s revitalization and subsequent gentrification to the area. In addition, an increase in foreign born persons and a relatively low owner occupancy may reflect that the neighborhood is still revitalizing or on the verge or another wave of revitalization by 2000. When compared to 2000-2005 residential real estate transaction data, an increase in both the number of sales and median sales price also indicates a more recent revitalization, as both peak in 2000. However, price recovers more quickly and appreciates faster while sales remain steady. In 2000, both building

and demolition permits peak, coinciding with the number of residential sales and median sales price.

Today, it seems as if Old City has consistently remained attractive to both newer, more affluent residents, and its older, more artistic pioneers. Because the original revitalization in the 1980s was centered on the artistic pioneers, supplying a large amount of rental housing, it appears that this has largely dictated the direction and future of revitalization efforts. As a result, it is imperative that indicators are examined within the greater trends of both the city and the neighborhood.

While Old City remains stable after subsequent revitalizations, increasing prices, a boom in condominium sales, and speculative waterfront development threaten the identity of the neighborhood. It is likely that the area will undergo significant changes in the near future. Still the Historic District may prove vital in preserving both the neighborhood's built environment and its social fabric.

Chapter Five: Queen Village (Revitalized)

5.1 Contextual Information

> We are not anti-development at all. We just felt that we needed tools to allow us to control the development so that the things that make the neighborhood what it is don't get eradicated. We are finally in a position, economically, to be able to be more [selective] and we have become very attractive to higher quality projects. [80]

Located in the northeast section of South Philadelphia, Queen Village is both an economically and racially diverse neighborhood. While the neighborhood struggles to balance its past with a recent growth in real estate demand, it is no stranger to the effects of the real estate cycle. The area was also witness to a real estate boom in the 1970's and early 1980's. Therefore, it is reasonable to assume that Queen Village is particularly sensitive to the effects of real estate demand.

Since its beginning, Queen Village has been a predominantly residential neighborhood, once home to dockworkers along the Delaware River. [81] The neighborhood has been largely defined by its geography, its function as a port, and the historic Society Hill neighborhood directly to the north. Today, the established boundaries for Queen Village are: the Delaware River to the east, 6th Street to the west, South Street to the north, and Washington Avenue to the

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[80] Michael Hauptman, "Queen Village Preservation", E-mail to the author, 30 March 2007.
[81] "Steadfast homesteaders - As the city market booms around them, housing pioneers look back on their leap of faith," Philadelphia Inquirer, The (PA) 2006, : J01,.

south. Corresponding Census block groups used for the purpose of this thesis include: 16.1-3, 17.1-3, and 25.1,4,5.

Prior to the city's consolidation in 1854, Queen Village and many other neighborhoods such as Bella Vista made up the independent township of Southwark. The principal development of the area was built around the commercial activity along the Delaware River. Between 1880 and 1920 the area was inhabited by a large number of Irish immigrants, as well as Swedish, English, German, African American, and Jewish immigrants who found maritime-based employment along the river. Many were merchants, sailors, carpenters, ship joiners, and mast and sail makers. [82] The area's proximity to the river provided a viable living option as housing settlement patterns were largely dictated by place of work. [83]

Rapid urban expansion and widespread industrial growth dramatically altered both city and neighborhood composition.[84] By the 20th century, Philadelphia had become a center of industry, pollution, disease and inadequate housing.[85] The once semi-rural district of Southwark suffered as competition for low wage jobs combined with religious prejudice and severe overcrowding

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[82] Paul R. Levy, Queen Village, the Eclipse of Community : A Case Study of Gentrification and Displacement in a South Philadelphia Neighborhood (Philadelphia: Institute for the Study of Civic Values, 1978) 13.
[83] Levy, 13.
[84] Levy, 13.
[85] Levy, 23.

resulted in rampant crime and social upheaval amongst residents.[86] Problems were further exacerbated as the commercial district expanded in the early 1900's, the result of an influx of immigrants along South and Fourth Streets.[87]

Soon after World War II the neighborhood began a long and steady deterioration. For the first time in the area's 300-year history, the local population began to decline after 1950.[88] Institutional disinvestment, mortgage lending practices, and the aging and deterioration of the housing stock encouraged suburban development which in turn led to inner city decline. A rapid process of outmigration occurred as many residents left the neighborhood for the suburbs. Simultaneously, modernization of the shipping industry produced a rising unemployment rate. By the late 1950's the Delaware River piers immediately adjacent to the neighborhood were abandoned for more modernized facilities, further aggravating the problems of the neighborhood.[89]

In the 1960's, both urban renewal and highway construction attempted to resolve these issues. Neither was successful, and both programs dramatically altered the historic fabric of the neighborhood. In an ambitious effort to provide the city's growing poor population with decent housing, six square blocks were demolished to create the Southwark Public Housing Project in 1962. Within 40 years, the three large apartment towers had become havens for drugs and crime

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[86] Levy, 24-25.
[87] Levy, 23.
[88] Levy, 24-25.
[89] Levy, 23.

and had fallen into disrepair. As a result, they were demolished, rebuilt, and renamed Riverview Plaza. [90]

Paralleling the urban renewal efforts, were plans for the Crosstown Expressway, which was designed to follow the Delaware River and cross through the northern portion of the neighborhood. Planning for the construction of the expressway resulted in the condemnation of countless homes and businesses, including more than 300 18th century homes. [91] As a result, a large portion of the neighborhood was segregated from the river for a project that was never executed after much protest from local residents.[92]

Inspired by the success of the nationally recognized restoration of Society Hill, many residents moved south of South Street, which spurred new investment and construction throughout the neighborhood. This is what Michael Hauptman, architect for the Queen Village Conservation District, describes as the first wave of redevelopment or gentrification of Queen Village. [93] In response, the neighborhood witnessed a migration of young professionals, many of them upper- and middle-income residents that worked in Center City. [94] By the late

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[90] Levy, 23.
[91] Levy, 23.
[92] Levy, 23.
[93] Hauptman.
[94] Levy, 26.

1970's, local real estate agents had renamed this portion of South Philadelphia, Queen Village, after the original Swedish settlers and their Queen Christina.[95]

Beginning in the 1970's and early 1980's, the area became a target for development. Projects such as Hansen Square, The Hebrew School Condos and The Mattress Factory signified renewed interest and demand in the area.[96] But the architecture and social practices represented a disparity between the older and the new residents that resulted in conflict. As land values and tax assessments escalated, many of the older residents suffered the effects of gentrification and were eventually displaced.[97] In fact, in 1982, a City Planning Commission study for Northern Liberties reported:

> Several neighborhoods in Philadelphia, such as Queen Village, Fairmount, and southeast Center City have become "hot" markets for real estate, as investors and new homeowners rehabilitate structures in these areas. While this revitalization activity offers some hope of improving the quality of housing and services in cities, reinvestment in these areas has also resulted in the displacement of lower-income, elderly and minority residents from their homes and neighborhoods.[98]

Despite the revitalization, development attempts came to a halt in 1990 when the real estate market declined significantly, along with a languishing low

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[95] Levy, 24-25.
[96] Hauptman.
[97] Levy, 24-25.
[98] Gary J. Jastrzab and Philadelphia City Planning Commission, A Case Study of Northern Liberties : the Trend Toward Reinvestment and Displacement (Philadelphia: The Commission, 1982) 5.

and mid-rise condo market.[99] But by 2000, market conditions were improving in both the City of Philadelphia and the Queen Village neighborhood. The *Inquirer* reported, "In Queen Village, where housing prices have skyrocketed in the last three years...With housing prices continuing to climb rapidly in Center City, younger buyers find that they are able to afford only pieces of a building, rather than the entire building." [100]

Since then, the neighborhood has enjoyed relatively consistent, strong demand. According to a 2006 *Philadelphia Inquirer* article:

> "Society Hill, University City, Old City, and Queen Village, among other neighborhoods in and around Center City, have benefited from the real estate boom of the last few years. Today's buyers are benefiting from the work of urban pioneers who, several decades ago needed a lot less money but a lot of guts." [101]

The implications of this demand are creating concerns for many residents. While some worry that Queen Village is destined to enter another cycle of demand and disinterest, others fear that the neighborhood's history and unique identity is endangered by impending development.

Originally settled by the Swedish, Queen Village is considered to be one of Philadelphia's oldest neighborhoods. The neighborhood's history is deeply steeped in both its architecture and its social fabric. Because the neighborhood

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[99] Hauptman.

[100] "Center City gets condo-mania. Demand for buildings to convert has grown. Sales- and prices- are on the increase," Philadelphia Inquirer, The (PA) 2000, : O01 .

[101] Steadfast homesteaders - As the city market booms around them, housing pioneers look back on their leap of faith J01.

has many historic assets to protect, preservation has recently become a topic crucial to neighborhood development. For instance, in 1796 after several large fires occurred throughout Philadelphia, the construction of wood frame buildings within city limits was outlawed. However, many were already common throughout Southwark. Today, only a few wood plank front homes survive in Queen Village. Queen Village is also home to the Old Swedes Church. Built in 1699, it is the oldest church in Pennsylvania. [102]

The historicity of the neighborhood is in peril. As property prices have risen in recent years, it has become financially feasible to tear down older building stock. In addition, Philadelphia's 10-year tax abatement for new development has encouraged demolition. Many old warehouses have been replaced by new townhouses with garage fronts, and almost every vacant lot has been filled. [103] Because Queen Village is not one of Philadelphia's historic districts, this demolition trend has neither violated zoning codes nor historic commission regulations.

As a result, local residents and The Queen Village Neighbors Association have developed a Neighborhood Conservation District (NCD), which creates guidelines to preserve certain aspects of the neighborhood such as height, scale, and materials. Additionally, it will require that every house have a habitable room on the first floor facing the street, which effectively prohibits a garage

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[102] Hauptman.
[103] Hauptman.

unless the property is wide enough to accommodate both. As an overlay of the Zoning Code, it will be enforced by the City Planning Commission, who will be involved every time a building permit for the neighborhood is filed with L&I. The NCD will go before the City Council in September of 2007 and if approved, will be immediately adopted.[104]

Today, many of Queen Village's original residents no longer live in the area, replaced by affluent families and young professionals. The neighborhood is changing shape as an influx of cafes and restaurants and other amenities target the new demographics.[105] Unlike many other neighborhoods in Philadelphia, Queen Village has experienced consistent waves of revitalization since the 1970's. While many of these cycles are largely dictated by the nation's economy and trends, the neighborhood continues to experience renewed interest. Many fear that if they do not protect the integrity of the neighborhood, it will decrease the area's demand. However, the community realizes that a balance between preservation and development is crucial to maintaining neighborhood identity while sustaining the effects of revitalization.

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[104] Hauptman.
[105] Hauptman.

5.2 Indicator Analysis

The following information may be found in Appendix 1. Please consult Table 5.2 and Graphs 5-8 for information specific to Queen Village, and Table 5.7 and Graphs 25-28 for the City of Philadelphia.

The indicator data for the Queen Village neighborhood represents both the area's changing demographics as well as previous waves of revitalization. The result is a diverse neighborhood in the midst of change, straddling both previous and future revitalization efforts.

5.2.1 Census Data

Between 1990 and 2000, Queen Village experienced a 7.59% decline in population, while Philadelphia experienced a loss of only 4.29%. The neighborhood represents the 3rd largest aggregate population of all neighborhoods examined, which may indicate that the periphery of the neighborhood is getting smaller, as concentrated development efforts occur closer to Society Hill and South Street. It should be noted that the data captured a period when the neighborhood experienced slow growth due to national economic conditions. While revitalization began to occur again in the late 1990's and early 2000's, this data may not have accurately captured the micro trends within the neighborhood.

Median income rose a significant 52.84% in comparison to Philadelphia's 24.97% increase. Furthermore, it was the highest median income at $45,300 in 2000, whereas Philadelphia's 2000 median income was only $30,746. The increase is comparable to the neighboring Bella Vista area, which increased by 57.12%. When considering this as well as the decrease in population, it appears that revitalization efforts began in the late 1990's as higher income residents moved to the area with development concentrated in specific areas. Moreover, it is likely that since the neighborhood had experienced revitalization in the 1970's, the neighborhood was attracting a population with a higher-income base rather than urban pioneers and residents in search of affordability. This indicates that as neighborhoods experience succeeding revitalization efforts, different indicators may be needed as different socioeconomics and demographics are attracted to the area.

The area also experienced the highest decrease in self employment at 22.90% of all the neighborhoods, while Philadelphia's self employed population declined by 47.52%. In contrast, the foreign born population increased by 78.78%, well above the 30.90% increase within the City of Philadelphia as a whole. This suggests that the neighborhood became increasingly less affordable or attractive to the self-employed or Creative Class. Because the neighborhood has historically been one of diversity rather than creativity, it is no surprise that it would not be as attractive to the Creative Class. The increase in foreign born population suggests a number of possible conditions- that the neighborhood was

still relatively affordable, that it became more affordable during the real estate cooling period, or that perhaps it is poised for a second revitalization. The significant decrease in the Creative Class indicates that the group left in search of more adaptable, diverse, and affordable space. Given the neighborhood's primarily residential building stock, this further supports the explanation for an increase in foreign-born residents who are typically more family-oriented residents than the Creative Class. This is not surprising, as the neighborhood has never been a place of urban pioneers or artists in search of cheap rents. Rather, it has been a neighborhood comprised of immigrants and diverse cultures.

Additionally, the area experienced a 32.33% increase in educational attainment, well below Philadelphia's increase of 89.07%. In both 1990 and 2000, the neighborhood had the highest aggregate number of college educated persons outside of University City. The neighborhood also had the second highest percent of college educated persons within its own population. Thus, as the real estate market cooled during the 1990's, the effects of the earlier wave of revitalization were balanced out. Because the neighborhood witnessed a previous influx of college educated persons during the first period of revitalization, it did not experience as great an increase as other neighborhoods because its base levels were so high.

The neighborhood's college student population declined by 3.57% in comparison to Philadelphia's 1.35% decline, which may indicate both the neighborhood's distance to area institutions as well as rising prices. Because only

9.70% of the neighborhood's population is comprised of college students, these numbers suggest that the area is not typically attractive to college students because of the strong family-oriented nature of the area.

Furthermore, owner occupancy increased by 21.36% whereas Philadelphia's owner occupied residences declined by 6.50%. Queen Village was also the second highest increase of owner occupancy rates behind Old City, and the third greatest in terms of aggregate numbers. Conversely, the neighborhood experienced a 5.45% decline in renter occupancy, while the City of Philadelphia's increased by 4.93%. These numbers suggest that, at this point in time the neighborhood has been revitalized, is fairly stable, and is most likely considered to be a sound investment. This further indicates that increased home ownership may be a more coincidental indicator, rather than a leading indicator.

5.2.2 Real Estate Data

From 1999 to 2005, the number of residential home sales were fairly steady, but declined slightly as median residential sales price increased. These numbers reflect that demand is fairly stable, and that the neighborhood can support increasing prices. Despite a slight decline in the number of sales, the neighborhood witnessed the greatest amount of sales in comparison to the other six case neighborhoods, approximately 200 per year. Furthermore, the median sales price of residential homes rose faster than Philadelphia and other

neighborhoods, performing similarly to Old City, which has also experienced revitalization in the 1980's.

These numbers show that the area experienced a second revitalization in 2000, and that due to its prior revitalization, prices are relatively high. From 1999 to 2005 prices increased from $128,908 to $361,228, whereas Philadelphia's prices were $48,900 and $86,000 respectively. This reveals that in second-round revitalization neighborhoods, such as Old City and Queen Village, the number of sales does not rise as sharply as first-round revitalized neighborhoods. In addition, in previously revitalized neighborhoods, the median sales price will rise at an accelerated pace when compared to first-round and non-revitalizing communities. From this, one may infer that the building stock is more valued and residents are holding on to it and that because supply is limited median sales prices increase. Given the neighborhood's increasing reputation, it can be assumed that people are willing to pay higher prices because they know that the area is relatively stable, and they are familiar and confident with the product they are receiving.

5.2.3 Permit Data

When examining permit issuance, both building and food permits follow virtually the same flat trend, but with a greater number of building permits issued than food permits. There was a peak in 2004 in aggregate number of

permits issued, which is similar to other neighborhoods, yet lower on an aggregate level. This suggests that the neighborhoods were responding to the real estate boom of the previous years by supplying amenities to its residents. Because Queen Village most likely had a significant number of amenities due to its first revitalization, the market did not need require such an increase in its supply. Furthermore, the relatively flat number of building permits issued mirrors the Philadelphia trend line and suggests that revitalization in the 1970s and 1980s inspired rehabilitation efforts. This left the housing stock in acceptable condition, thereby making improvements generally unnecessary.

Rental permits increased similarly to other neighborhoods, peaking in 2004. On an aggregate scale, the issuance number was relatively low. While the trend was positive, it was below Philadelphia and a majority of the neighborhoods. This further suggests that rental permits are more of a leading indicator, because as neighborhoods stabilize, owner occupancy rates increase, therefore diminishing the number of rental permits needed.

Similar to Bella Vista, University City, and Old City, demolition permits declined, following the same trend as, but below the aggregate number for Philadelphia. These numbers suggest that demolition permits should not be viewed as an indicator of real estate demand because they signal that demolition declines during revitalization. In fact demolition may increase if associated with new construction and revitalization efforts.

5.3 Summary

In sum, significant increases in median income, foreign born population, educational attainment and owner occupancy paired with decreases in self employment, signify that the neighborhood has stabilized after its 1980's revitalization. This information also implies that Queen Village is perhaps on the brink of a second revitalization, as evident by increases in an immigrant population. This further suggests that it is the Creative Class is ultimately in search of low prices, rather than the foreign-born population. The sharp increase in median sales price further explains the trend in the declining self employed population. It can therefore be assumed that neighborhoods witnessing successive periods of revitalization may experience a slower increase in indicator numbers, except for median sales of residential homes, which further suggests an inherent perceived value for the area. Concurrently, demolition and construction permits may be steady and low in aggregate number, as much of the rehabilitation work was probably performed during the first revitalization.

Queen Village presents a unique opportunity to understand the effects of revitalization on an area. Originally revitalized in the 1970's and 1980's, the neighborhood stabilized and slowed throughout the 1990's in response to a lagging real estate market and economic recession, but then witnessed a second-wave of revitalization in the early 21st century. This information shows that the historic, racially diverse neighborhood is maintaining its identity. The area is

attracting new young professionals, rather than a Creative Class which may be attributed to the decreasing affordability of the area and a significant supply of quality residential housing stock. As a result, today Queen Village remains a unique blend of old and new. The effect that the Neighborhood Conservation District will have on these trends remains to be seen.

Chapter Six: Bella Vista (Recently Revitalized)

6.1 Contextual Information

The predominantly Italian neighborhood, Bella Vista, is located in the lower south east section of Philadelphia. Prior to the city's consolidation in 1854, Bella Vista was considered part of the independent township of Southwark.[106] After the area was incorporated into the city proper, the neighborhood was often generalized as South Philadelphia or even the Italian Market area.

In 1976, Bella Vista area was recognized as an independent neighborhood. As Center City's boundaries expanded and rising rents resulted in filtering, many moved "south of South", infiltrating the historically working-class, immigrant neighborhood. The name, Bella Vista, which means, "Beautiful View," was conceived by local real estate agents as a marketing strategy for the newly defined area. Today, the neighborhood remains home to a diverse population, vibrant culture, and most notably, the Italian Market. [107]

Lying immediately to the west of its neighbor, Queen Village, Bella Vista's boundaries are typically defined as 6th Street on the east to Broad Street on the west and from South Street to the north and Washington Avenue to the south.

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[106] Levy, 13.

[107] Philadelphia Neighborhoods and Place Names, A-K, 20 May 1998, Philadelphia Information Locator Service 25 March 2007 <http://www.phila.gov/phils/Docs/otherinfo/pname1.htm>.

Census block groups that are most closely aligned with these boundaries are: 15.1-3, 18.1-4, 24.1, 4, 5, 8.

Because Bella Vista and Queen Village were both originally considered part of the larger Southwark District, much of their history is intertwined. The areas share a past dominated by immigration and maritime activities, and continue to retain their diversity despite development pressures. Thus, the two neighborhoods are compositionally similar in terms of population, development patterns, and building stock. For a more detailed history of Bella Vista, please consult the Queen Village chapter.

As the South Philadelphia area developed it expanded both westward and southward. Because Bella Vista lies to the west of Queen Village in South Philadelphia, its development chronologically came after that of Queen Village. Recent real estate trends have assimilated this pattern as well, with Bella Vista's market typically mirroring, but lagging behind the real estate cycles experienced by Queen Village. This represents that the two areas have deviated from their analogous past and have adopted their own identities. As a result, Bella Vista and Queen Village will continue to respond to market conditions independently of one another.

A 1992 *Philadelphia Inquirer* article reported that, "prior to 1987 most buyers weren't interested in the Bella Vista neighborhood," but that by 1992 the

neighborhood was considered "fashionable."[108] After the successful revitalization of the neighboring Society Hill area, many sought similar, but more affordable neighborhoods south of South Street. Thus, the availability of inexpensive, developable land in Bella Vista was crucial to the neighborhood's revitalization.[109]

While today Bella Vista is still comprised of many Italian immigrants, the dynamics within the neighborhood are changing as people are increasingly attracted to the neighborhood and its residential feel. As early as 1992, *The Philadelphia Inquirer* noted, "Bella Vista is what Queen Village was 10 years ago- a clean neighborhood, convenient to Center City... just a few blocks outside of Society Hill, you can buy a nice clean, three-bedroom, one-bath home with good outside space for $80,000." [110] Today, $80,000 price tags have reached up to $800,000, as increasing demand and middle- and upper-income residents infiltrate the neighborhood.

With the influx of new residents came an increase in demand for certain amenities. By 1987, the neighborhood responded with the opening of a Super Fresh grocery at 10th and South Streets. This augmented the neighborhood's

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[108] "Where the old world meets new urbanites," Philadelphia Inquirer, The (PA) 1992, : N01 .
[109] Where the old world meets new urbanites N01.

[110] Where the old world meets new urbanites N01.

appeal and accelerated the pace of change, as evident by an increase in surrounding real estate values.[111]

By the late 1990's, the neighborhood's changing demographics were apparent. In 1999, an abandoned shopping mall on the 900 block of South Street was converted into the upscale Whole Foods grocery store, directly across the street from the Super Fresh. While many argued that the neighborhood store filled a common void of Center City living, a shortage of quality grocery stores, many felt that the void had been filled and that the new store was unnecessary. [112] In the case of Bella Vista, the neighborhood was not lacking a quality grocery store; it was lacking a grocery store that appealed to the area's newer, more affluent residents. At present, both stores remain incredibly successful, appealing to and servicing the needs of a variety of residents.

It is not surprising that many new residents are attracted to the neighborhood. Magnets for the area include Palumbo Playground, which was named after Antonio Palumbo, who received many Italian immigrants into his boardinghouse in the late 19th century. The area's most famous asset, however, is the Italian Market located on 9th Street. The Italian Market is the largest and oldest working outdoor market in the United States. Over 100 years old, the market maintains its Italian roots. But true to the neighborhood's history, the

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[111] "Sandwiched between old and new- hoagy shop anchors neighborhood in transition," Philadelphia Inquirer, The (PA) 1987, : B01 .

[112] Sandwiched between old and new- hoagy shop anchors neighborhood in transition B01.

market also represents a variety of cultures and cuisines. As the area continues to attract new immigrants, many Vietnamese, Korean, Chinese, and Mexican-run businesses have joined the traditional Italian shops. [113]

Much like the Italian Market, Bella Vista as a whole maintains its Italian roots, but continues to be a neighborhood immersed in diversity and culture. [114] In 2001, *The Philadelphia Inquirer* noted that, "as early as 1995 Mexicans had created a Latino community within the Southwark, Bella Vista, Point Breeze and Italian Market sections of South Philadelphia." [115] Consequently, one issue that may attribute to an inaccurate analysis of the neighborhood is that of legality. According to Jacob Prado, Consul of the Mexican consulate in Philadelphia, approximately 50% of the Mexican population may be undocumented aliens. [116]

By 2005, the area's increasing development and construction pressures had further altered the demographics of the neighborhood. According to Vern Anastastio, the then-president of the Bella Vista United Civic Association, "There are certainly more white-collar families here now than there have ever been." [117] He further commented that the benefits associated with new development

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[113] Philadelphia's 9th Street Italian Market, 25 March 2007 <http://www.phillyitalianmarket.com/market/9thstreet.htm>.
[114] Levy, 15.
[115] "New diversity poses new social challenges," Philadelphia Inquirer, The (PA) 2001, : A01 .
[116] New diversity poses new social challenges A01.
[117] "Housing booms - and luxury moves in - The city's first blue-collar neighborhood is getting a face-lift," Philadelphia Inquirer, The (PA) 2005, : G05,.

included an increase in children and community activism, which negatively correlated to an increase in both traffic and real estate taxes. [118]

Today the Bella Vista neighborhood remains diverse in both its socioeconomics and race. The neighborhood experienced revitalization in the mid-1990's, nearly two decades behind that of its neighbor, Queen Village. Today the area performs similarly to Queen Village, as they both face similar development issues and increases in demand that threaten the historic and social integrity of the neighborhoods.

6.2 Indicator Analysis

The following information may be found in Appendix 1. Please consult Table 5.3 and Graphs 9-12 for information specific to Bella Vista, and Table 5.7 and Graphs 25-28 for the City of Philadelphia.

Bella Vista's indicators are difficult to interpret, as they broadly capture the area's period of revitalization. As the neighborhood continues to experience an increase in demand, it is difficult to interpret the future direction for the neighborhood, which would be beneficial in understanding past trends. For the most part, the numbers reflect the conflicting trends between old and new within the neighborhood's boundaries.

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[118] Housing booms - and luxury moves in - The city's first blue-collar neighborhood is getting a face-lift G05.

6.2.1 Census Data

Between 1990 and 2000, the population in Bella Vista increased by 3.33%, while Philadelphia's declined by 4.29%. Of all the neighborhoods examined, this was the third highest percent increase in population, which may signal that as Queen Village revitalized and prices increased, many residents relocated westward into Bella Vista. This is further supported by the evidence that Queen Village lost 7.59% of its population.

Median income for the area increased 57.12% compared to a 24.97% increase within the City of Philadelphia as a whole, the second highest percent increase next to Graduate Hospital. In 1990, the neighborhood's median income was $23,808 and had increased to $37,407 by 2000, while Philadelphia's median income increased from $24,603 to $30,746. These numbers reflect the revitalization in the mid 1990s and its impact on the area. By 2000, however, the median income for Bella Vista was only greater than Northern Liberties and Graduate Hospital, two areas that had not yet revitalized, as well as University City, which, due to its student population, has an unusually low median income. This indicates that the neighborhood, while increasing its median income, still remains relatively affordable compared to surrounding areas.

Bella Vista's self employment increased by 3.40% compared to a 13.15% decline in Philadelphia. When examining the aggregate numbers, the neighborhood had the largest amount of self employed residents, with 487 in

2000. This may also indicate that the area is receiving displaced residents from Queen Village, those that are in search of more affordable places to live.

The neighborhood's foreign born population increased by 82.82%, well above the 30.90% increase in Philadelphia. In both 1990 and 2000 the neighborhood had the largest aggregate number of foreign born persons, with 553 in 1990 and 1,011 in 2000. In 2000, approximately 15.89% of the neighborhood's population is foreign born, the second highest percent composition of any of the neighborhoods. This is in comparison to the 9.04% of Philadelphia's population that is foreign born. Collectively, these numbers suggest that while the neighborhood has largely been one of immigrants, it is continuing to attract new foreign born residents, which may indicate revitalization or perhaps the general diverse nature of the neighborhood.

Additionally, educational attainment increased by 48.86%, well below the 89.07% increase in the City of Philadelphia. This was the second highest percent increase and the second largest aggregate number of college educated students when compared to all of the neighborhoods. Because the neighborhood's educational attainment is increasing, but below the rates for the city, these numbers further demonstrate that between 1990 and 2000, the neighborhood is revitalizing.

Conversely, the number of college students in the neighborhood declined by 34.32% while Philadelphia experienced a nominal 1.35% decline. This was the

largest decline in all of the neighborhoods, and may be more characteristic of the neighborhood's demographics and lack of proximity to educational institutions, rather than a reflection of real estate demand.

Owner occupancy increased by 5.02% compared to a 6.50% decline in Philadelphia. Bella Vista went from having the second largest collective number of owner occupied residents in 1990 (1,653), to the largest aggregate number in 2000 (1,736). At this point in time Queen Village had been revitalized with a 21.36% increase in owner occupancy. And because Bella Vista has witnessed an increase in owner occupancy and chronologically follows Queen Village's revitalization, these numbers signify that owner occupancy increases with revitalization.

Concurrently, renter occupied units increased by 21.21% in Bella Vista, compared to a 4.93% increase in Philadelphia and a 5.45% decline in Queen Village. The increased numbers in the area's renter occupancy may be attributed to revitalization of the neighborhood or the fact that the neighborhood contains a substantial foreign born population, which typically increases rentership numbers within an area. This further indicates that increases in rentership and foreign born population may both be considered leading indicators of market demand.

6.2.2 Real Estate Data

Between 1999 and 2005 the median number of residential sales in Bella Vista declined slightly, as price appreciated at a higher rate. The neighborhood averaged approximately 150-200 sales per year during that time period, and while fairly static, declined slightly. In both 1999 and 2005, the neighborhood had the third highest number of sales, behind Queen Village and Graduate Hospital, which is fairly unremarkable.

The median sales price for residential homes rose from $80,350 in 1999 to $309,211 in 2005. This is in comparison to $48,900 in 1999 and $86,000 in 2005 for the City of Philadelphia. When further compared to other neighborhoods, Bella Vista's median sales price was greater than that of Northern Liberties and Graduate Hospital, the two areas that were in the process of revitalizing. Additionally, Old City and Queen Village witnessed higher sales prices with greater appreciation, while Bella Vista performed similarly to University City/Spruce Hill. These numbers suggest that median sales prices appreciate faster with revitalized and established neighborhoods, moderately with neighborhoods that have most recently revitalized, and slower in revitalizing neighborhoods.

6.2.3 Permit Data

In 2004, rental permit issuance for the neighborhood peaked, but maintained a steady increase, performing similarly to Queen Village. The number and trend was almost identical to, but slightly greater than University City, and well above that of Old City. This is significant in that all of these neighborhoods have already been revitalized, while Bella Vista was either continuing its previous revitalization trend or beginning a new one. In contrast, Northern Liberties and Graduate Hospital experienced a greater increase and number of rental permit issuance. This information suggests that rental permits are a leading indicator of real estate demand.

While more building permits were issued than food permits, they followed the same trend, slightly increasing in the number issued from 2000 to 2006. Food permits were the lowest number of permits issued within the neighborhood. Because food permits peaked in 2004, after Bella Vista's revitalization in the mid 90's to early 00's, this suggests that food permits may be a coincidental or lagging indicator, occurring after the area has witnessed an increase in population. Moreover, Bella Vista has the Italian Market, which may diminish demand for food establishments.

Building permits were the second largest amount of permits issued in the neighborhood, slightly increasing between 2000 and 2006. The increase and aggregate number was well below other neighborhoods, and by 2006 was greater

than only Queen Village. This shows that the area did not witness a significant amount of building activity, which may be contributed to the fact that the area is predominantly residential with high owner occupancy rates. As a result, the neighborhood may have a higher quality building stock which does not require much restoration efforts. This may also signal that by 2006, the area is no longer witnessing as great an increase in demand.

Between 2000 and 2006, demolition permits were the only permits to decline in number issued for the Bella Vista neighborhood. While in 2000 the neighborhood's largest amount of permits issued were demolition, by 2006, it was the second lowest number of permits issued. When compared to other neighborhoods, the decline was similar to, but higher than Queen Village, and lower than Old City. These numbers reflect low demolition activity for the neighborhood, which may be attributed to an inherent quality of the building stock.

6.3 Summary

The indicators for Bella Vista prove to be difficult to analyze, as they portray a time period in which Bella Vista is changing. Significant increases in median income and educational attainment seem to contradict increases in foreign born population and renter occupancy. However, a slight increase in population compared to a declining population in Queen Village suggests that the

neighborhood is in the process of revitalization in the mid 1990s. These numbers also suggest that the neighborhood's population is slowly increasing, and that it is receiving new residents from both the overgrowth of neighboring Queen Village and nearby Center City. This further contributes to a diverse mix of residents. Furthermore, the increase in median sales price and rather static home sales from 1999 to 2006 demonstrates that demand has slowed as prices increase due to revitalization. Increases in rental permits, slight increases in building and food permits, and a decline in demolition permits from 2000 to 2006 further suggest that by 2000 the neighborhood has experienced its main increase in revitalization, but that the trend continues to linger. As a result, the neighborhood continues to feel the positive effects and growth associated with revitalization and increased real estate demand.

While development pressures have threatened the diverse nature of Bella Vista from the 1990s to present day, the neighborhood has managed to retain its unique identity. This signifies that the neighborhood has experienced increased demand from a variety of demographics and socioeconomic classes, such as the more affluent Center City residents or the displaced Queen Village residents in search of affordability. The neighborhood continues to experience residual effects from its original revitalization. This indicates that stimulating demand from a variety of sectors may prolong and extend the benefits associated with revitalization while mitigating its negative effects.

Chapter Seven: University City/Spruce Hill (Recently Revitalized)

7.1 Contextual Information

> Universities cannot afford to become islands of affluence, self-importance, and horticultural beauty in seas of squalor, violence, and despair. [119]

Because the history of University City and its surrounding neighborhoods are intricately tied to the development of such institutions as The University of Pennsylvania and The Drexel Institute of Technology, many of the boundaries have eroded or combined over time. Even though neighborhood boundaries are organic by nature, it seems that the boundaries within West Philadelphia neighborhoods are particularly blurred. When defining the areas of University City and Spruce Hill, it became exceedingly difficult to delineate the limits for each neighborhood due to the substantial encroachment of University City on the western lying Spruce Hill neighborhood.

After consulting the Philadelphia City Planning Commission's boundaries, along with boundaries proffered by the Spruce Hill Community Association, the University City District, and the Cartographic Modeling Lab, it was determined to consider the area as one entity, or the University City/Spruce Hill neighborhood, rather than two distinct neighborhoods. As a result, the boundaries established

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[119] E. L. Boyer, "Creating the new American college," The Chronicle of Higher Education 40 (March 9, 1994): A-48,.

for the neighborhood are: Market Street to the north, The Schuylkill River to the east and south culminating at Gray's Ferry in the south, and 44th Street to the west. These boundaries are confined within Census block groups: 77.1, 76.1, 87.1-6, 88.1-6, and 89.1-3. The Philadelphia Streetcar Suburb Historic District (1998) lies within this area, and the Spruce Hill Historic District is pending approval from the Philadelphia Historical Commission.

As of 2007, The University of Pennsylvania's impact on West Philadelphia has been prodigious. With nearly 24,000 full-time students and a regular work force of 13,239 people, including both faculty and the University of Pennsylvania Health System, Penn serves as the largest private employer in the City of Philadelphia and the second-largest in the Commonwealth of Pennsylvania. Its 269-acre urban campus consists of 155 buildings, and with an impressive operating budget of $4.87 billion per year, it is not only Penn's size, but its policies that resonate throughout the western half of the city. [120] Therefore, Penn stands in a tremendous position of power, with the both the influence and the ability to truly transform a neighborhood that has been plagued by many social ills.

While Penn has done much to help improve the University City and West Philadelphia area in recent years, its relationship with surrounding neighborhoods has often been referred to as an issue of "Town vs. Gown". In

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[120] Penn Facts and Figures, 2007,20 March 2007 <http://www.upenn.edu/about/facts.php>.

1872, the city moved to its present location along the Schuylkill River, abandoning the city for what was then considered the countryside. During the late 19th century, changes in technology and transportation allowed for most of the neighborhoods surrounding the Penn campus to develop as "streetcar suburbs" for working families. This period was both preceded and followed by several decades of continuous growth for the city as a whole. After the University received a farmland donation near Valley Forge National Park, Penn faced a struggle to reconcile the veracity of urban life with a college campus in a more rural setting.[121] It was later decided that Penn would remain at their urban campus, and the donated land became the University's New Bolton Medical Center, an extension of the University's veterinary school.[122]

Today, Penn is using its economic and educational resources to help revitalize West Philadelphia, an area that has been plagued by significant crime, poverty, and unemployment problems. But it has not always been a peaceful coexistence among residents and the university. As Weinberg notes in *The University: An Agent of Social Change?*,

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[121] "A Partnership Flourishes in West Phila." Philadelphia Inquirer, The (PA) 1990: A01.
[122] Penn Facts and Figures

> If operating in a struggling community, it is more difficult to recruit students and faculty. It is more expensive, as the communities tend to lack local stores that provide an important part of the "social life." Hence, the institution is placed in the awkward position of starting small businesses that it has neither the interest nor capacity to operate, and which erode town/gown relationships. Thus, it is cheaper to develop the community, given the burdens of operating the institution in a community that is struggling.[123]

In 1996, the tension between the University and local residents reached a boiling point with the mugging and murder of Dr. Vladimir D. Sled, a research assistant in biochemistry and biophysics.[124] Strong reactions spurred then-president, Judith Rodin, into action. In response, Penn established the West Philadelphia Initiatives in 1997, an ambitious policy designed to stimulate neighborhood reinvestment. Dedicated to improving the West Philadelphia neighborhood, the program focused on five areas designated to provide: clean, safe, and attractive streets and neighborhoods; excellent school options; high quality, diverse housing options; reinvigorated retail options; and increased job opportunities through economic inclusion.[125] In addition, Penn pledged that it would not expand westward to develop academic buildings and other institutional facilities.[126]

Today, many of Penn's programs are still active and have been successful in cultivating neighborhood revitalization. The institution works in conjunction

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[123] Adam S. Weinberg, "The University: An Agent of Social Change?" Qualitative Sociology 24.2 (June 2002): 268.

[124] "A Halloween homicide jolts a reeling Penn. Chemist Vladimir Sled tried to stop a purse-snatching and was stabbed 5 times." Philadelphia Inquirer, The (PA) 1996, : A01,.

[125] Kromer and Kerman, 1.

[126] Kromer and Kerman, 13.

with neighborhood organizations to reach a peaceful coexistence with neighborhood residents. Below is a summary of many of the University's hallmark programs.

University Guaranteed Mortgage Program (launched in 1966) enables employees to apply for 120% financing for home purchases within the West Philadelphia boundaries. This includes 5% towards closing costs and 15% towards rehabilitation.[127]

The ***Enhanced Mortgage Program*** (1998-2004) offered an employer-assisted housing program to buy homes in West Philadelphia and to support Penn-affiliated homeowners in the area whilst stimulating the single-family real estate market. In 2004 the program was modified to maximize the effectiveness of available funding and to leverage resources. Home purchase cash incentives were downgraded from $15,000 to $7,500 and houses valued at $75,000 or less and occupied by Penn-affiliated families were eligible to receive a grant of $7,500 to support interior and exterior improvement projects.[128]

The $19 million, 83,000 square foot ***Sadie Tanner Mossell Alexander University of Pennsylvania Partnership School*** or the "Penn Alexander School" was opened in September 2001 in response to the community's growing need for quality public education. Based on the provisions of the Memorandum

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[127] The Enhanced Mortgage Program, 2004, The Office of Community Housing, The University of Pennsylvania20 March 2007 <http://www.business-services.upenn.edu/communityhousing/>.

[128] Kromer and Kerman, 26-29.

of Understanding, Penn's Graduate School of Education plays a leading role in the design of curriculum, management of professional development programs, and the evaluation of best practices at Penn Alexander School. [129] Open to all children living in the defined attendance area of University City, the school has been hailed as a "gold standard" by the National Association of Independent Colleges and Universities for bringing the most effective, research-proven educational practices into the classroom. The University provides both academic and financial support, leasing the land to the School District of Philadelphia for $1 per year. In addition, Penn will provide up to $700,000 in annual operating support for a 10-year renewable term, based on the allocation of $1,000 per student. [130] Furthermore, according to Barry Grossbach, President of the Spruce Hill Community Trust (the 501 C3 affiliate of the Spruce Hill Community Association), the Penn Alexander School is the single most important element in directing the neighborhood's future. In this sense the school has been a major catalyst for changing demographic and settlement patterns.[131]

University City District was created in 1997 and modeled after the successful Center City District as a special-services agency. Its mission focuses on security issues, sanitation, and block improvement programs. [132]

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[129] Kromer and Kerman, 46.
[130] The Goal: Improving Public Education, 2005, The University of Pennsylvania25 March 2007 <http://www.upenn.edu/campus/westphilly/education.html>.
[131] Barry Grossbach, Telephone Interview, 28 March 2007).
[132] Kromer and Kerman, 20.

As Penn moves forward into the 21st century, it is keeping its promise to the community and abstaining from westward expansion. Penn's eastward expansion plan, "Penn Connects", was released in 2006 and concentrated on eliminating both the psychological and physical divides that separate University City from Center City. According to current President Amy Gutman:

> Expanding our campus to the east will profoundly transform our teaching, research, student life, and clinical practice at Penn, while also replacing a 24-acre industrial zone with a vibrant, mixed-use neighborhood. Successful completion of this project also will integrate our entire Penn and West Philadelphia community within the city of Philadelphia as never before.[133]

The $1.94 billion plan is expected to take more than two decades to complete, with most of the funding to be absorbed by Penn. The revitalization of approximately 40 acres from Walnut Street to just below South Street on the campus's eastern edge includes office towers, condos, and research centers amid new athletic fields and recreational areas, as well as providing retail and food establishments.[134]

The linchpin of the project is the US Postal Service lot, a 24 acre parcel bordered by the Schuylkill Expressway to the east, 31st street to the west, with South Street to the south and Market Street to the north. Opposite 30th Street

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[133] Sasaki Associates, Penn Connects: A Vision For the Future Sasaki Associates, Inc., June 2006).

[134] "Penn's epic plans for riverfront - The university's 20-year, $1.94 billion project will bring open space, office buildings and residences to land purchased from the Postal Service.; Penn's big plans for the Schuylkill's west bank," Philadelphia Inquirer, The (PA) 2006, : A01 .

Station, the historic post office will be retained and will most likely house the IRS as a tenant. While work on recreation fields could begin as early as summer 2007, the development of the post office lot will not be completed until approximately 2030.[135]

Ideally, the plan will create new gateways to the campus from Center City to establish new connections with surrounding neighborhoods.[136] This reflects the changing dynamic between Penn and its urban context. It can no longer be said that the University is numb to its effects on surrounding neighborhoods. Penn's initiatives have done much to reverse the effects of their previous insensitive westward expansion campaigns.

However, areas like Spruce Hill still remain unbalanced as a result of a primarily transient University population. According to Michael Hardy, Board Member for the University City Historical Society, the neighborhood's primary concern is single family owner occupancy rates. The area currently experiences a low home ownership rate of 17%, which is even lower in the Spruce Hill neighborhood. While recently there has been a significant increase in home ownership and families within the neighborhood, in the 1970's many families left the area as a result of the poor quality of public school education. As noted earlier, the Penn Alexander School has helped reverse these effects.

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[135] Penn's epic plans for riverfront - The university's 20-year, $1.94 billion project will bring open space, office buildings and residences to land purchased from the Postal Service.; Penn's big plans for the Schuylkill's west bank A01.

[136] Sasaki Associates.

According to Grossbach, who also serves as chair of the zoning committee, Spruce Hill has not felt a lot of development pressures due to a general lack in land and available development opportunities. Most of the development has involved reconfiguration of the existing housing stock. Mr. Hardy also states that the neighborhood's primary concern is to resist the conversion of single family homes into additional rooming houses. While Penn is trying to bring students back to its campus, many local residents are still concerned with absentee owners. However, the area's college student population is not a complete disservice to the community. The area is finally receiving amenities that they have lacked for a long time.[137]

Furthermore, with the PennConnects plan, residents remain optimistic that the neighborhood will continue to see an increase in home ownership rates.[138] At present, the community's primary concern is to establish an appropriate balance of single family permanent households, providing a base for neighborhood stability. In addition to a transient population, problems stem from illegal boarding houses, which Philadelphia's L&I Department is helping to eliminate this by administering stricter enforcements. In the state of Pennsylvania it is illegal to have more than three unrelated persons in a single family house without a rental license. Luckily, increased community investment is inadvertently improving the situation. As property prices increase, it becomes

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[137] Grossbach.
[138] Michael Hardy, Telephone Interview, 28 March 2007).

financially appealing for landlords to sell the homes to act as absentee owner. Additionally, community residents hope that an increase in owner occupants and Penn's expansion plan will help to reduce density in the area.[139]

Penn's initiatives demonstrate that a modification of the University's mission, goals, and strategies was crucial to the economic stability and revitalization efforts for West Philadelphia.[140] In this case, the institution had tremendous influence over the supply and demand associated with the demographics and housing stock of the neighborhood. Since the establishment of the West Philadelphia Initiatives in 1997, the University City and Spruce Hill neighborhoods have experienced a dramatic physical revitalization, and subsequently, an increase in neighborhood demand.

7.2 Indicator Analysis

The following information may be found in Appendix 1. Please consult Table 5.4 and Graphs 13-16 for information specific to University City/Spruce Hill, and Table 5.7 and Graphs 25-28 for the City of Philadelphia.

Knowing the background information for the University City/Spruce Hill area and Penn's influence on the neighborhood is crucial to interpretation of the indicator data. While the numbers diverge a bit from the hypothesized behavior

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[139] Grossbach.
[140] Kromer and Kerman, 55.

of a revitalized neighborhood, they still represent evidence of neighborhood change while revealing a more quantitative explanation for the effects Penn has had on the neighborhood's development.

7.2.1 Census Data

While the City of Philadelphia experienced a 4.29% population decline from 1990 to 2000, the University City area witnessed a 4.68% increase in population. This may be attributed to the fact that as a university, Penn's primary goal is to increase student population. In addition, with the University's dedication to retaining its student body near the campus, it is likely that the area will continue to witness an increase in population rates.

Interestingly, though, the neighborhood's median income increased by only 15.05%, compared to a 24.97% increase in Philadelphia. Additionally, University City's median income in 2000 was $18,923, well below the city's median income of $30,746. This may be attributed to the number of college students in the area who work part-time and for lower wages. It may also account for graduate and doctoral students who, who as full-time University employees, operate on a smaller income such as a stipend because part of their employment package typically includes education and tuition expenses. Furthermore, a large portion of the data reflects Penn employees, such as custodial or maintenance crews with lower income, but who have taken

advantage of Penn's mortgage assistance programs. Finally, given the large neighborhood size, the area may reflect the periphery communities of West Philadelphia, which are notoriously lower income areas. Any of these scenarios may have skewed the statistical analysis of the data.

Self employment decreased by 47.52% within the neighborhood, an exceptionally high change when compared to Philadelphia's 13.15% loss. This could indicate that the area may be less appealing to the Creative Class due to the large institutional presence. Additionally, the neighborhood does not lend itself to urban pioneers because Penn's presence and revitalization efforts have stabilized, if not improved, market performance and prices. Penn and Drexel, as well as their affiliated health systems, are huge economic engines for the area and many employees live in the surrounding area out of convenience, or because of incentives provided by the universities. It is logical to assume that such large employers would tremendously impact the population and demographics, and that the surrounding area would have high institutional employment rates as opposed to self employment rates.

University City/Spruce Hill deviated from the prediction that a revitalized neighborhood would have an increase in its foreign born population, as it declined by 6.61%, compared to a 30.90% increase in the City of Philadelphia's foreign born population. It is doubtful that the University City/Spruce Hill neighborhood provides an economic opportunity for immigrants in the form of inexpensive housing alternatives. Additionally, approximately 17.9% of the

neighborhood's population is foreign born, while Philadelphia's foreign born population only comprises 9% of the total population. Because the area is primarily made up of university employees and students, it can be assumed that Penn has established and emphasizes a multicultural environment with strong diversity policies.

In 2000, Philadelphia experienced an 89.07% increase in its college educated population, while the University City area witnessed a 36.78% decline. This may be attributed to the fact that the area has a large concentration of students who are still in college and have not yet attained their degree. In contrast, the college student population for the neighborhood increased by 15.65% while Philadelphia's student body decreased by 1.35%. In 2000, the City of Philadelphia as a whole was home to 115,671 college students, and approximately 15,041 or 13% of those students resided within University City. Additionally, 68.27% of the neighborhood's own population was comprised of college students. It is evident that Penn's goal to retain its student body rather than to lose them to Center City neighborhoods has been an incredibly successful initiative.

However, University City experienced a decline in both owner occupied and renter occupied homes, 15.96% and 9.05%, respectively. This is in comparison to Philadelphia's 6.50% decrease in home ownership and 4.93% increase in renter occupied units. It is possible that the geographically defined area for the University City/Spruce Hill neighborhood was too broad to capture

accurate data, as it is unlikely that homeownership would decline in the presence of Penn's homeownership incentive programs. It is also unclear how University-provided housing is captured and reflected in this data, which may have also contributed to an inaccurate representation of the trends.

7.2.2 Real Estate Data

From 1999 to 2005, University City's median sales price for residential homes experienced a stabilized regression line with an incline well above Philadelphia's median sales price. The city's average median residential home sales price from 1999 to 2005 was approximately $60,000 whereas University City's median sales price was approximately $260,000. Additionally, the incline was similar to, but above those of Bella Vista, Northern Liberties, and Graduate Hospital, while below and less steep than Queen Village and Old City, two neighborhoods that are in the process of witnessing second-round revitalizations. It can be assumed that Penn's dedication to improving the safety and economic vitality of the area has undoubtedly contributed to sales prices that are well above the city's median sales price.

In contrast, the number of residential home sales from 1999 to 2005 averaged 74 per year. Sales were relatively low and flat in comparison to the other neighborhoods, representing only a greater number of sales than Old City. The City of Philadelphia experienced a steady increase in home sales throughout

the time period. At first, these numbers seem contradictory given Penn's incentive programs. They may, however, demonstrate that more stringent controls have the ability to mitigate the negative effects associated with speculation and downturns in the real estate cycle. However, this may have the same limiting effects on market upswings, which may be contradictory to policy objectives.

7.2.3 Permit Data

For University City/Spruce Hill, both its issuance of rental permits and food permits were similar to the trends experienced by other neighborhoods, yet were relatively lower in aggregate number than both the other neighborhoods and the city as a whole. In the context of the other neighborhoods, University City was issued the second lowest amount of rental permits, with only a greater amount than Old City, and the third lowest amount of food permits. However, the area did experienced a large increase in both rental and food permits in 2004 with 202 rental permits issued (up from 42); and 58 food permits, (up from 1 and 0 in previous years).

Conversely, Philadelphia experienced static building permit issuance from 1999 to 2005 while University City experienced the second highest increase next to Graduate Hospital. This shows an increase in construction activity and may be

indicative of Penn's building and expansion plans, as well as their financial assistance to home owners for rehabilitation efforts.

With the exception of Graduate Hospital, the city and all of the neighborhoods experienced declines in demolition permit issuance. University City's decline was comparable to all of the neighborhoods, yet slightly above the aggregate number of permits issued for Bella Vista and Queen Village. However, Philadelphia's demolition permits declined at a more accelerated rate than the other neighborhoods. Overall, demolition permits suggest that as a city, demolition practices are slowing by 2005, perhaps due to the slow real estate market, or perhaps due to a quality supply of housing stock. Furthermore, University City/Spruce Hill's permit trends may reflect Penn's various building and development campaigns.

7.3 Summary

In sum, from 1990-2000 the University /Spruce Hill neighborhood experienced a general increase in population, median income, and college students, yet median income was well below that of the city. Conversely, self employment, foreign-born population, educational attainment, and both owner and rental occupied units declined. From 1999 to 2005, the number of residential sales remained static as home sales prices increased and accelerated at a faster rate than most other neighborhoods. However, these numbers may

capture sales associated with University real estate transactions, which are typically high dollar sales. Additionally, rental, food, and building permits increased, while demolition permits decreased. These numbers reflect a college student community that is relatively stable and revitalized, mainly due to the driving force of Penn's involvement and community investment programs.

When compared collectively, the above indicators suggest that the defined geographic area of University City/Spruce Hill may be too large to appropriately capture and extract the desired information and trends associated with real estate demand. The neighborhood is larger than the other neighborhoods that were examined. In 2000, the neighborhood's population was approximately 22,000, whereas the other case neighborhoods were at least half that size, if not smaller.

As a result, the area is incredibly heterogeneous, partially because of its large scale, and partially due to Penn's influence. The University's revitalization practices and regulatory policies have a direct effect on both neighborhood supply and demand. For this reason, the area is an insular community and it can be assumed that it may never follow traditional real estate market patterns, nor will it be subject to drastic market fluctuations or the effects of speculation. In conclusion, the indicators portray a neighborhood that responds to the presence of a large institution and its market-driven policies, rather than to the real estate market itself.

Chapter Eight: Graduate Hospital (Currently Revitalizing)

8.1 Contextual Information

Graduate Hospital is a neighborhood that has historically been both racially and socioeconomically diverse. The area's diversity, affordability, and close proximity to Center City have attracted both residents and commerce to the area. Today, however, these defining features are threatened as the neighborhood struggles to maintain its identity in the presence of intense development pressures.

The Graduate Hospital area is named for the Graduate Hospital at 18th & Lombard Streets, an area institution since 1916. The hospital was sold in 1979 after the faculty of Penn's Graduate School merged with the School of Medicine in 1964.[141] Subsequently, it underwent a significant expansion which helped to improve neighborhood conditions. According to a 2004 *Inquirer* article:

> The area's economy remains strong thanks to the education and health-care industries... Real estate has reaped big benefits from both. As hospitals and universities grow, so does the need for housing near them. With many of these institutions in declining neighborhoods, that growth has been just what the doctor ordered. A prime example was Graduate Hospital's expansion in the mid-1980's, a shot in the arm for the neighborhood near South street west of Broad Street...[142]

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[141] Penn Medicine Timeline, 26 September 2006, Penn Medicine Alumni News and Information20 March 2007 <http://web.med.upenn.edu/alumni/news/timeline.html>.

[142] "Jobs, housing and more jobs - Health care and education generate employment in Philadelphia. That, in turn, benefits real estate." Philadelphia Inquirer, The (PA) 2004, : K01 .

This revitalization led local realtors to refer to the area as Graduate Hospital, and today it is sometimes referred to as Soso, South of South, or GHo.

At present, the neighborhood is undergoing significant changes as revitalization efforts have increased exponentially over the past few years. The area's boundaries are defined by a combination of geographical features and major thoroughfares surrounding the area. The neighborhood spans from the Schuylkill River to the west to Broad Street to the east, and from South Street to the north and Washington Avenue to the south. These boundaries include Census block groups: 15.1, 15.2, 15.3, 18.1, 18.2, 18.3, 18.4, 24.1, and 24.4.

In 2003, the University of Pennsylvania's Graduate Program in Historic Preservation focused their studio efforts on the Schuylkill-Southwest area, a study area slightly smaller than the defined boundaries for Graduate Hospital. These included the area from 20th Street to the Schuylkill River and from South Street to Christian Street.[143] This area falls completely within the Graduate Hospital neighborhood, and it can be assumed that the two defined areas share both a similar history and development issues. The studio work revealed a number of preservation concerns and the need to foster and maintain neighborhood stability in a rapidly gentrifying area. Because the Graduate Hospital neighborhood is a relatively new neighborhood, little research has been

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[143] Studio 2003: Schuylkill-Southwest Neighborhood, The University of Pennsylvania, School of Design, Graduate Program in Historic Preservation20 March 2007 <http://www.design.upenn.edu/his_pres/student/studio2003/>, 1.

done on the area. While this studio work is not comprehensive by any means, this thesis will use the work of the studio as the foundation for understanding the history and complexity of the area.

In 1776, the area known today as Graduate Hospital lay outside of the city's jurisdiction. Prior to the city's consolidation in 1854, South Street marked the southern border of Quaker Rule and the City Proper. [144] Despite this political boundary, the neighborhood remained intricately tied to the city. The 1781 construction of Grays Ferry, a floating bridge, served as an important defense for Philadelphia in the Revolutionary War. As a result, the area became known as the "west gateway" to Philadelphia. While the ferry has been removed, the road to the ferry, Grays Ferry Avenue, remains a major thoroughfare for the area. [145]

Today, much of Graduate Hospital's original land uses are evident. Due to its position on the Schuylkill River corridor, the area was dominated by shipping, industry, and later the railroad. Philadelphia's corridors of economic development converged at the Graduate Hospital area, cultivating a place of great diversity.[146]

In 1850, the industrial areas along the Center City business district to the north, the Washington Avenue corridor to the south, and the dockyards to the

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[144] "The Mix Shifts on South Street - It's still a hip bazaar, but for whom? The long-hot eastern blocks are; increasingly young. And the once-dead area west of Seventh is going upscale." Philadelphia Inquirer, The (PA) 2004, : M01 .

[145] Fall 2003 Hisotric Preservation Studio, 5.

[146] Fall 2003 Hisotric Preservation Studio, 4.

west provided a large demand for housing. Speculative developers responded by establishing residential sections in the western portion of the neighborhood, supplying housing stock to low- and middle-income residents.[147] Today, the neighborhood still has two disparate uses: a predominantly residential section to the east, while land west of Gray's Ferry Avenue remains primarily industrial.

In 1826, 23 acres of land along Grays Ferry Avenue were sold to the United States government for $16,000. The "Naval Home" or "Naval Asylum" was built in 1833 and designed by architect William Strickland. The property was used as a naval academy from 1840 to 1845, acting as a hospital during those years.[148] Today, the estate is a revealing project of the neighborhood's redevelopment, and a driving force for revitalization efforts.

In 1854, the Consolidation of the City of Philadelphia Act was passed, and the city's boundaries expanded to encompass outlying neighborhoods, including the Graduate Hospital Area. As a result, transportation throughout the area improved, especially with the development of the Grays Ferry street cars and the Schuylkill River East Side Railroad, a project sponsored by the Baltimore and Ohio Railroad.[149]

Beginning in the early 20th century, a steady migration of immigrants began to alter the demographic fabric of the area. Between 1916 and 1930 a large

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[147] Fall 2003 Hisotric Preservation Studio, 4.
[148] Fall 2003 Hisotric Preservation Studio, 5.
[149] Fall 2003 Hisotric Preservation Studio, 6.

population of African Americans settled along the southern edge of the neighborhood. Additionally, Europeans and Eastern Europeans established a community along the eastern boundary of the area while the western portion of the neighborhood remained predominantly Irish American.[150]

But by the 1930's the neighborhood's South Street commercial corridor began to decline. This paralleled national economic conditions which greatly affected the city. The docks became obsolete as the railroad expanded, leaving the western portion of the area to become increasingly industrial. The Great Depression merely exacerbated these conditions and the effects on the neighborhood were devastating as it fell into decline and disrepair.[151]

The situation further deteriorated in 1930 when the city announced its plans for the Crosstown Expressway, a highway designed to connect the Schuylkill, Delaware, and Vine Street Expressways. This plan would completely bisect the entire neighborhood. As residents anticipated construction, there was a mass exodus of the area's population and a significant depreciation in property values.[152] This merely served to compound the localized economic depression for the South Street corridor. After significant protest from local residents, the city's plans for the Crosstown Expressway were abandoned in 1968. But by 1970, the

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[150] Fall 2003 Hisotric Preservation Studio, 11.
[151] Fall 2003 Hisotric Preservation Studio, 11.
[152] Fall 2003 Hisotric Preservation Studio, 12.

area was in such a severe state of decline that as vacancies rose and rents fell the Philadelphia Redevelopment Authority seized the abandoned properties.[153]

The plans for the Crosstown Expressway coincided with a great social movement that further aggravated social and economic problems within the neighborhood. According to Paul Levy, CEO for the Center City District:

> Prior to the '60's, [African Americans] were not allowed to buy properties in many areas of the city and the suburbs. With the advent of the civil rights movement, they acquired the right to buy property wherever they wanted to.

The impact on the residential area to the southwest of South Street was tremendous, as much of the population abandoned both their properties and the area. At the eastern end of the neighborhood, the response was a South Street counterculture that combined with entry-level capitalism to produce an eclectic area of retail and restaurants.[154]

During the 1980s, young, relatively affluent, and predominantly white home buyers started moving to periphery neighborhoods as Center City's real estate demand and prices increased. But before the rising prices completely gentrified the area, the housing boom ended. This resulted in an incredibly diverse neighborhood in terms of economics, race, and culture.[155]

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[153] Fall 2003 Hisotric Preservation Studio, 12.

[154] "South Street renaissance, the sequel this time, new life is in evidence west of Broad, with shops and hopes for a historic theater," Philadelphia Inquirer, The (PA) 1993, : C01 .

[155] South Street renaissance, the sequel this time, new life is in evidence west of Broad, with shops and hopes for a historic theater C01.

Today, the area's inimitability and availability of residential properties has resulted in tremendous development pressures. The community is divided as it struggles to preserve its identity while managing change. Ironically, the economic and racial diversity that initially attracted residents to the area is now endangered by an influx of new residents and speculative development.

In addition, the rising increase in downtown prices has driven buyers into neighborhoods surrounding Center City. According to Mike McCann of Prudential Fox & Roach, Graduate Hospital's revitalization began in 2001. In 1998 there were 53 units on the market with an average sales time of 118 days, and a median price of $80,000. In 2003, however, it increased to 184 units, 52 days, and a median sales price of $183,000.[156]

One of the largest catalysts of change for the area is Naval Square, a massive luxury housing development on the western edge of the neighborhood at 24th Street and Grays Ferry. After the property was vacated in 1976 by the Navy, the residential homebuilder, Toll Brothers, optioned the site in 1981 and then purchased it in 1988 for $1.2 million. However, Toll allowed the 20 acre complex to remain unused for years, and many worried about the site's future. The city's Department of Licenses & Inspections responded by issuing citations for building violations in 1996 and for "demolition by neglect" in 2002. After a five-alarm

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[156] "Hot time for city houses - Prices have risen in most of Phila.'s neighborhoods," Philadelphia Inquirer, The (PA) 2004, : B01 .

fire set by an arsonist in October of 2003, the city sued Toll, prompting the developer to make repairs to the historic Biddle Hall.

At present, Toll's Naval Square consists of approximately 1,000 townhouses and condos. Renovation of Biddle Hall, the Greek Revival building, became a central element to the site and project.[157] Both a local and a national historic landmark, the building presented many challenges to the developer. Having consumed the largest piece of undeveloped land near Center City, Toll Brothers has profited while creating its own market niche.

According to Eve Lewis, Executive Director of the South of South Neighborhood Association, or SOSNA, residents have mixed reactions towards the project. Positive benefits associated with the project include the builders' preservation efforts as well as the increased property values in the surrounding area. However, other residents mourn the loss of open space, and argue that the gated community does not contribute to the neighborhood; rather it creates an insular community within the neighborhood. [158]

Because the area has witnessed a huge increase in development, SOSNA faces many zoning conflicts. While the community is split over its approval or discern for many of the area's development issues, there is uniform opposition to garage front parking. This has become the biggest development challenge for the

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[157] "New life for old Naval Home site - A luxury housing development was formally dedicated after a lengthy preservation battle. Restoration, and luxury condos, under way at U.S. Naval Home site," Philadelphia Inquirer, The (PA) 2005, : B01 .

[158] Eve Lewis, Personal Interview, 27 March 2007).

neighborhood, as it eliminates curb cuts, which interfere with pedestrian access, and take the eyes and ears away from the street. At present, the Philadelphia Parking Authority is working with SOSNA to ticket homeowners who have a garage yet continue to park in front of their own curb cut. [159]

Another development issue centers around slow-start or abandoned construction projects. Many of these abandoned projects result from the market slowdown in 2004 or from zoning conflicts with the community. The unfinished and vacant lots create both visual and social voids within the community. SOSNA is currently examining how they can encourage contractors and developers to either finish the projects or to sell them.

Because the Graduate Hospital neighborhood is in the midst of revitalization, it continues to face tremendous development pressures. With major improvements such as Naval Square and The Schuylkill Banks River Project, the area is undoubtedly changing as it attracts speculative projects and a different socioeconomic and demographic class. Yet according to Eve Lewis, the area still maintains pockets of poverty, especially along the desolate Washington Avenue corridor. The South Street West Business Association has contracted Kise Straw Kolodner to perform an economic development and strategic plan for the area in hopes of improving conditions.[160]

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[159] Eve Lewis.
[160] Eve Lewis.

As Graduate Hospital continues to grow, it is imperative that organizations like SOSNA and SSWBA continue to foster communication between developers and area residents. This will help mitigate the negative effects of revitalization, while capitalizing on its benefits.

8.2 Indicator Analysis

The following information may be found in Appendix 1. Please consult Table 5.5 and Graphs 17-20 for information specific to Graduate Hospital, and Table 5.7 and Graphs 25-28 for the City of Philadelphia.

The indicators for Graduate Hospital portray an area in the process of revitalization. These numbers capture the broad social, economic, and real estate trends that are rapidly transforming the area.

8.2.1 Census Data

Between 1990 and 2000, Graduate Hospital witnessed a nominal 0.29% increase in population, while Philadelphia experienced a 4.29% decline in population. Because the neighborhood did not begin to revitalize until approximately 2000, this data may suggest that population must be stable before the effects of revitalization are felt.

Median income for the neighborhood increased an astounding 90.52%, well above the 24.97% increase in the City of Philadelphia. When examining the

aggregate numbers, Graduate Hospital had the lowest median income in 1990 ($14,615) and the second lowest median income in 2000 ($27,845). In both 1990 and 2000, the median income for the neighborhood was below the median income for the City of Philadelphia, which grew from $24,603 to $30,746. It was originally hypothesized that median income was a coincidental indicator, because as a neighborhood becomes revitalized, a more educated population with a higher income moves into the area and the median income rises. However, the increase in median income levels for Graduate Hospital may be a direct reflection of the initial stages of revitalization, as they capture the period that immediately precedes revitalization. For this reason, one may argue that median income is in fact a leading indicator of neighborhood revitalization. It must also be noted that because the 1990 median income was so low for the neighborhood, any small change in the median income may have significantly affected the percentage change.

Graduate Hospital's self employed population increased 1.71% while Philadelphia's self-employed population decreased by 13.15%. Only 3% of the neighborhood's population is self employed, which is relatively low when compared to the percent of the other neighborhoods' populations that are self employed. This signifies that either the area has not yet been infiltrated by the Creative Class and avant-garde, or that the neighborhood is not attractive to these urban pioneers. Given the large presence of Toll Brother's development and the neighborhood's proximity to Penn and its affiliated institutions, it may be

assumed that the neighborhood is not appealing to the urban pioneers. Rather, the area is most likely attracting residents from Center City, who view the area as an opportunity for potential investment.

Additionally, the area's foreign born population increased by 139.67% from 1990 to 2000, which was the highest percentage change of any of the examined neighborhoods. Conversely, the City of Philadelphia only experienced a 30.90% increase in foreign born population. This dramatic increase may be attributed to the neighborhood's historically diverse population. It appears that foreign born residents are attracted to diverse residential neighborhoods with high concentrations of other foreign born residents. Moreover, the neighborhood is adjacent to Queen Village and Bella Vista, two neighborhoods that have previously undergone revitalization and have a significant foreign born population. Perhaps many of these foreign born residents were priced out of their neighborhoods as revitalization occurred, and have since relocated to the western Graduate Hospital neighborhood. Given the neighborhood's close proximity to the University of Pennsylvania, the increase in the foreign population may be attributed to the student population, medical staff, or professors associated with the institution and its diversity policies.

From 1990 to 2000 the educational attainment within the neighborhood increased by 38.68%, while Philadelphia experienced a 6.78% decline in its college educated population. This was the second highest increase of all of the neighborhoods, slightly below the 48.86% increase experienced by Bella Vista. It

was originally hypothesized that educational attainment, much like median income, was a coincidental indicator. Again, these numbers may suggest that educational attainment is a leading indicator. This data also implies that the neighborhood may never have witnessed an increase in the Creative Class. The trend for Graduate Hospital seems to be that of an area that has attracted the overflow of population from Center City and its surrounding neighborhoods.

The area also experienced a 96.27% increase in college students, whereas Philadelphia's college student population declined by 1.35%. This was the highest increase in college students throughout the examined neighborhoods and can be explained by the neighborhood's proximity to Penn. The data captures the period preceding Penn's implementation of the West Philadelphia Initiatives, and may reflect that University City lost of a significant amount of its student body to the safer areas of Center City and its surrounding neighborhoods.

Owner occupancy decreased by 9.08% compared to a 6.50% decline in the City of Philadelphia. While in 2000 the area had the largest aggregate amount of owner occupants (1,873), it was the second greatest decline in owner occupancy, slightly above University City/Spruce Hill. Furthermore, renter occupancy increased by 11.72%, well above the 4.93% increase that Philadelphia experienced. The neighborhood had the largest aggregate number of renter occupants, although this may be more indicative of the neighborhood's larger size. These numbers demonstrate that the area has an incredibly strong rental market. It appears as though residents are not confident enough to invest in the

area. Therefore, it may be ascertained that rental occupancy is a leading indicator, while owner occupancy is a coincidental indicator or a direct reflection of neighborhood confidence after revitalization.

8.2.2 Real Estate Data

From 1999 to 2005, the residential median sales price rose slightly faster than the number of residential sales, but both reflected fairly sharp increases in number. This demonstrates that while the number of sales did not appreciate as quickly as the sales price, demand increased. The neighborhood's median sales price followed the same general increase as the other neighborhoods, but the aggregate price was well below other areas. However, in 1999, Graduate Hospital's median sales price, ($47,082), was similar to Philadelphia's ($48,900). While in 2005 Graduate Hospital's median sales price had increased significantly to $118,568, Philadelphia's had only increased to $59,543.

Furthermore, the aggregate number of residential sales was greater and accelerated faster than Philadelphia and any of the other neighborhoods. The number of sales in 2002 nearly doubled to 412, with a large amount of sales activity in 2004. While Northern Liberties and the University City/Spruce Hill area experienced positive sales increases, their rate of increase was marginal and much lower than Graduate Hospital's, while the remainder of the neighborhoods experienced general declines in the number of residential home sales. Overall,

these numbers reflect a significant increase in home sale activity, and a strong real estate demand for the area, especially when compared to surrounding markets. It can therefore be ascertained that a low median price simultaneous to an increase in the number of home sales may precede neighborhood revitalization and that an increase in the number of residential sales may be considered a leading indicator of revitalized neighborhoods.

8.2.3 Permit Data

The aggregate number of demolition and food permits issued in Graduate Hospital followed a similar trend, peaking in 2004, but a greater number of demolition permits were issued than food permits. Compared to the other neighborhoods, the number of food permits issued in Graduate Hospital followed a similar trend, but was much lower in number. Graduate Hospital varied drastically from other neighborhoods in terms of demolition activity, as it was the only neighborhood to witness a strong and positive increase in demolition permit issuance.

Much like the food and demolition permits, the numbers for rental and building permit issuance followed similar trends to one another. Building permits peaked in 2005, as did all of the other neighborhoods, but Graduate Hospital had the steepest trend line, suggesting a faster acceleration and greater building activity than the other neighborhoods. Additionally, the neighborhood

issued more rental permits than any other type of permit, which was the second largest aggregate number when compared to all neighborhoods.

The permit information is consistent with Graduate Hospital's rapid revitalization and development issues. Whereas all neighborhoods experienced a peak in rental and building permits in 2005, with a significant drop in 2006, Graduate Hospital's building permits jumped nearly 100% from 166 to 262 between 2004 and 2005. These numbers suggest revitalization, as the issuance for all permit types increased, and the number of permits issued were typically well above the trends for the other neighborhoods and the City.

8.3 Summary

While Graduate Hospital reflects an area with a significant increase in its foreign born population, number of college students, median income, renter occupied homes, and educational attainment, it does not reflect high levels of self employment or owner occupancy. Furthermore, median income remained below that of the City of Philadelphia. This information reflects a period prior to the area's revitalization in the early 2000's, which is evident when compared to a significant increase in the number of home sales and demolition permits from 1999 to 2006. One may conclude that due to its incredible proximity to both University and Center City, the neighborhood most likely became a harbor for displaced residents from surrounding areas. As a result, Graduate Hospital will

most likely report significant home ownership, median income, and median residential sales price increases for the 2010 Census, due to both speculative development and the influx of higher income residents.

Chapter Nine: Northern Liberties (Currently Revitalizing)

9.1 Contextual Information

> Will Northern Liberties be able to retain its mosaic of residential, commercial and industrial uses? Will its history be obscured by the rapid development of every available parcel? Is there a "plan" approach that can help influence the future of the neighborhood in ways that support the desires of the community? ... Many of the traditional tools employed by planners... may not support the diverse, eclecticism that the neighborhood values so deeply.[161]

Located in North Philadelphia, Northern Liberties is a neighborhood undergoing significant change. Recent development pressure stems from the success and popularity of the revitalization of Old City, a neighborhood directly to its south. Old City and Northern Liberties not only share much of the same history, but also similar social, economic, and demographic trends. As Old City became increasingly popular many of its original urban pioneers left in search of affordable rents. These pioneers were typically artists and members of the Creative Class who were in need of affordable work and living spaces. Today, the boundaries between the two neighborhoods are neither definite nor specific. Northern Liberties is typically defined as Girard Avenue to the north, Callowhill Street to the south, North 6th Street to the west, the Delaware River to the east. As a result, block groups 128.1-2, 129.1-4, 130.1-3, and 142.2-6 were used to examine trends throughout the neighborhood.

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[161] Interface Studio, Northern Liberties Neighborhood Plan The Northern Liberties Neighbors Association, November 2005) 4.

Throughout its history, Northern Liberties has been an area of diversity. Both its building stock and its population are tangible manifestations of this inherent quality. Historically, the neighborhood has responded and adapted to change, further augmenting the eclectic nature of the area. Therefore, the preservation of a more intangible concept, the neighborhood's uniqueness, becomes an important consideration when evaluating the future of the neighborhood. Current development threatens the built environment as well as the unique identity and social fabric of the area. As home prices increase, many wonder if Northern Liberties will be able to respond to change while preserving its distinctive culture. [162]

Tolerance and diversity have been themes central to the development of Northern Liberties. Prior to becoming an incorporated township of Philadelphia in 1803, Northern Liberties was home to a large and transient immigrant population. In addition, it welcomed a variety of artisan and industrial uses, which were forbidden from the downtown area due to anti-nuisance laws. [163]

After the American Revolution, the neighborhood's proximity to the docks along the Delaware River made it well positioned for industrialization. The area exemplified the broad demographic shifts and industrialization that affected the United States. By the mid-1800's when Northern Liberties was consolidated into the City of Philadelphia, it possessed a largely German population. By the late

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[162] Interface Studio, 3.
[163] Interface Studio, 13.

1800's an influx of Eastern European factory workers migrated to the neighborhood, and in the late 19th century, African Americans also established themselves throughout the neighborhood. [164]

The 1922 completion of the Frankford Elevated Railway, or the "El", contributed to a mass exodus of middle class residents from the city. As a result, Northern Liberties suffered a significant loss in population. The trend continued past World War II and poor urban conditions were compounded by a decline in the urban manufacturing sector and resultant job loss. Major demographic changes ensued, further compounding the conditions of poverty within the area.[165]

Despite these obstacles, the area remained home to a diverse population. In addition to its growing African American population, a Puerto Rican community was established in the 1960's. Concurrently, the neighborhood lost much of its residential and industrial fabric to urban renewal and the construction of Interstate 95. Because the eight-lane highway dissected the neighborhood, it created both a physical and a psychological barrier to one of the area's greatest assets: its waterfront.[166]

Today, Northern Liberties is beginning to recover from its economic decline. Still valued for its diversity and acceptance, the area has transformed

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[164] Interface Studio, 13.
[165] Interface Studio, 14.
[166] Interface Studio, 14.

from a center of industry to a center of arts production.[167] As conditions improved and revitalization efforts took place within the neighborhood, a growing Center City encouraged many Philadelphians to relocate to the more affordable Northern Liberties neighborhood.

Interestingly enough, Northern Liberties' popularity and demand were predicted well before actual revitalization. In the 1970's and early 1980's, the original artists who had settled in Old City were displaced by higher rents and impending development plans and soon relocated to Northern Liberties.[168] As a result, Northern Liberties was advertised as and anticipated to be the next Old City. However, the area's real estate market demand was never actualized, despite the two waves of urban pioneers that took up residency in the mid- and late- 1980's.

In fact, in 1982, the Philadelphia City Planning Commission completed a study on reinvestment and displacement within Northern Liberties, concluding that "Northern Liberties has entered the initial stages of the neighborhood reinvestment cycle, housing demand in the neighborhood can be expected to increase during the 1980s, exerting ever stronger displacement pressures."[169]

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[167] Interface Studio, 3.

[168] Where art thou? First it was South Street. Then Old City. But nowadays, living and working space for artists can be pricey- and if not, it's often dicey. And little is being done about it. R01.

[169] Jastrzab and Philadelphia City Planning Commission, 1.

But by 1992, median housing prices and demand were relatively low with row houses priced at $30,000 and new construction at $200,000.[170] The economic and subsequent real estate recessions of the 1990s further stifled any hopes of increased demand for the area.

According to Jennifer Lewis, President of the Northern Liberties Neighbors Association, the neighborhood struggled throughout the 1980's and 1990's. While there were a few peaks in real estate demand, the height of its demand can be traced to approximately 2000. Coinciding with a general boom in real estate, the area provided a lot of opportunity, most notably in the form of available land. [171] As of 2005, the area had a total of 108 acres or 46% of its land unclaimed for redevelopment.[172] In addition to a land supply uncommon for most urban areas, the neighborhood's proximity to Center City and other up-and-coming neighborhoods made it a logical area for development and revitalization efforts. [173]

Today, the once-premature prediction for Northern Liberties' increased demand and development is finally coming to fruition. In 2000, developer Bart Blatstein of Tower Properties purchased large tracts of land in Northern Liberties. By the fall of 2003 he had completed the retail center, Liberties Walk.

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[170] "Re-creating a neighborhood - Bart Blatstein's plans for Philadelphia's Northern Liberties area are bringing good news to some residents and worries to others." Philadelphia Inquirer, The (PA) 2003, : K01 .
[171] Jennifer Lewis, Telephone Interview, 4 April 2007.
[172] Interface Studio, 20.
[173] Jennifer Lewis.

The four-block project includes 70 live/work apartments and 22 rental townhouses. City approval was required for the apartments because they provided two distinct living and working spaces under one roof.[174] Through his project, Blatstein appealed to the artists in the area who required dynamic spaces and affordable rents. Blatstein's vision for a thriving, safe, and walkable community cost approximately $100 million, but has been incredibly successful and well-received. [175] However, according to real estate broker Mike McCann, "What Blatstein is doing has reinforced the demand, but housing has become so costly in Center City that it was inevitable that Northern Liberties would be commanding prices that now range from $150 to $400,000."[176]

Whether it was Blatstein's innovative project or general market conditions, by 2002 the neighborhood was gaining attention. According to *The Philadelphia Inquirer,* "Northern Liberties, the perennial Next Hot Neighborhood...is finally fulfilling its prophecy. Just north of Old City, the neighborhood is experiencing increased demand, which in turn is pushing out longtime residents because of the rents."[177]

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[174] Re-creating a neighborhood - Bart Blatstein's plans for Philadelphia's Northern Liberties area are bringing good news to some residents and worries to others. K01.

[175] Re-creating a neighborhood - Bart Blatstein's plans for Philadelphia's Northern Liberties area are bringing good news to some residents and worries to others. K01.

[176] Re-creating a neighborhood - Bart Blatstein's plans for Philadelphia's Northern Liberties area are bringing good news to some residents and worries to others. K01.

[177] In Northern Liberties, high rents and big plans - In N. Liberties, rents going up and plans being made A01.

As a result of increased demand pressures in 2005 the NLNA received a grant from the Department of Community & Economic Development and retained Interface Studio to develop a neighborhood plan for the community. Since 1975, the active nonprofit organization has been committed to community improvement and development issues in the neighborhood such as trash, crime, open space, and fundraising. Additionally, their zoning committee is its most active committee and represents the NLNA's main source of local control over developmental issues. [178]

According to the Neighborhood Plan,

> Northern Liberties represents the convergence of location, transportation, industry, community, and social tolerance. Today, the distinct place that is Northern Liberties is impacted by widespread physical, social, and economic change. The underlying character of Northern Liberties serves as a guide for its future, a future that is diverse distinctive, green, livable, and collaborative.[179]

From this central idea stems seven key recommendations for the area to:

- reinforce the diversity of the neighborhood
- preserve the landscape and mixed uses
- re-establish 2nd street as a commercial corridor
- adopt a "green" philosophy"
- demand low-impact development techniques
- foster a seamless transition between the traditional neighborhood fabric and the developing waterfront
- to ensure livability through optimized mobility.[180]

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[178] Interface Studio, 6.
[179] Interface Studio, 8-12.
[180] Interface Studio, 8-12.

The plan considers the impacts of recent residential speculation and the need to diversify emerging development to meet the needs of a growing residential population. [181] Additional development issues include the Delaware River and the potential for luxury condominiums to restrict waterfront access,[182] as well as storm water management, an issue that has historically plagued the neighborhood. [183]

This comes at an appropriate time when Northern Liberties' greatest assets are also becoming a source of discomfort and growing pains. The area's diversity of uses, architecture, population, and demographics have made it an appealing community and many fear that its waterfront access, accessible transit, art, music, and entrepreneurship are in danger of being permanently lost. [184]

According to Jennifer Lewis, Executive Director of the Northern Liberties Neighborhood Association, the recent influx of demand is a tremendous burden on the community. Even though the NLNA's zoning and urban design committees are dedicated to preserving the neighborhood's integrity with quality design and materials, they are not anti-development. According to Lewis, if it's "good, sensible design," they will support proposed development and are open to many contemporary design styles. However, the community is predominantly

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[181] Interface Studio, 9.
[182] Interface Studio, 11.
[183] Interface Studio, 10.
[184] Interface Studio, 16-17.

opposed to garage fronts because it eliminates on-street parking and diminishes the urban experience.[185]

While the NLNA is a dedicated and positive player in the community's revitalization, there was a time when they had little influence over the built environment because development was occurring at such an accelerated pace. One solution to their problems was a zoning overlay that changed zoning from C3 to C2, thereby establishing lower building height restrictions. However, several projects were approved before the zoning change took place and are now considered to be an inappropriate scale within their given context.[186]

Today the area maintains a stable core population of the original pioneering artists and families who have weathered the changes of the area. However, how do you maintain a diverse population when the price of land has increased and it is no longer as affordable to as diverse a group of people? NLNA is currently looking to answer this question and hopes to increase the middle or moderate-income families within the area. As Jennifer Lewis says, their "diversity is their uniqueness, both a cause and a challenge, but an objective they are committed to preserving."[187]

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[185] Jennifer Lewis.
[186] Jennifer Lewis.
[187] Jennifer Lewis.

9.2 Indicator Analysis

The following information may be found in Appendix 1. Please consult Table 5.6 and Graphs 21-24 for information specific to Northern Liberties, and Table 5.7 and Graphs for the City of Philadelphia.

At present, Northern Liberties' decline has reversed itself. Vacant lots and an increase in demolition have left the area ripe for development. [188] While development was gradual at first, it is rapidly enveloping the area and extinguishing much of its historicity. The analysis of the indicators accurately captures these trends. While the Census data ends shortly before the increased demand for the neighborhood, it reflects the changing demographics of the area. Additionally, the permit and home sale data reflect the changes to an economically burgeoning area and its housing stock.

9.2.1 Census Data

Between 1990 and 2000, Northern Liberties experienced a 2.70% decline in population or an aggregate loss of 104 people, which is nominal. This was slightly better than Philadelphia's 4.29% decline in population. The relatively consistent numbers suggest a stable population preceding increased market demand in 2000, and that the area was perhaps well positioned for development.

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[188] Interface Studio, 14.

Within the neighborhood, median income rose by 17.85%, an increase slightly below the 24.97% increase that Philadelphia experienced. However, aggregate median income for Northern Liberties was $32,248 in 1990 and $38,005 in 2000, above the City's average of $24,603 and $30,746, respectively. In addition to the similarity in median income with Philadelphia, the slow growth is not surprising because these numbers reflect the premature stages of revitalization for the area. Additionally, the area primarily attracts members of the Creative Class who do not typically have large median incomes. This may further indicate that median income is a coincidental indicator if associated with neighborhoods that are revitalized by the Creative Class.

However, self employment rose by 29.24%, well above the 13.5% decline in the self-employed population for the City. In addition to having the highest percent increase in self employed population when compared to all of the neighborhoods examined, approximately 8.15% of the neighborhood's population is self employed. With the exception of Old City, this is the greatest percentage of self employed persons within any of the neighborhoods' population. These numbers suggest that if an area lends itself to entrepreneurship, self employment may be a strong leading indicator of neighborhood demand. Given that urban pioneers were crucial catalysts to the revitalization of both Old City and Northern Liberties, these high numbers of self employment reflect the relocation of artists from Old City to Northern Liberties.

The foreign born population within Northern Liberties grew by 77.78% compared to a 30.90% increase in Philadelphia. This information reflects that foreign born persons may be attracted to the area due to its affordability or diversity. Due to Northern Liberties' eclectic identity, it can be argued that both of these typically lower-income socio-economic classes found the neighborhood appealing.

Concurrently, educational attainment within the neighborhood's population rose by 13.47%, well below Philadelphia's 89.07% increase in its college-educated population. However, Philadelphia's increase may be directly related to the City's efforts to alleviate the "Brain Drain," or the loss of its college students after they graduate from local institutions. From this, it may be ascertained that educational attainment is possibly a leading or a coincidental indicator dependent on the area. If the neighborhood is revitalized by the Creative Class, it is less likely that the area will witness significant increases in its educational attainment immediately preceding revitalization. The above numbers reflect that at the beginning of Northern Liberties' revitalization, its increase in its college educated population is well below the City average, further suggesting that educational attainment is a coincidental indicator.

Northern Liberties also experienced a 75.81% increase in its number of college students, well above Philadelphia's 1.35% decline. Additionally, its student population comprises approximately 10% of its total population, with only University City and Old City possessing a higher percentage of college

students. While University City's college student population only grew by 15.65%, this could be attributed to the fact that University City already has a large population of students and increases in number would be less significant. Because Northern Liberties is not as close to any of Philadelphia's universities as the other neighborhoods, the influx of college students may indicate the area's base affordability. Additionally, its culture, diversity, and art and music scene may be attractive qualities to younger generations.

Owner occupancy remained fairly stagnant within Northern Liberties from 1990 to 2000, increasing by only 0.70%, whereas Philadelphia experienced a 6.50% decline in owner occupancy rates. These numbers may be skewed given the large percentage of vacant lots in the neighborhood prior to revitalization. Conversely, renter occupied units increased by 32.89%, the greatest increase of any of the neighborhoods, while Philadelphia's renter occupancy rates increased by only 4.93%. This suggests that renter occupied units are a strong leading indicator, as renters typically move into an area before homeowners do because renting does not require as significant a financial or social investment. In contrast, home ownership reflects neighborhood stability and should be viewed as a coincidental indicator.

9.3 Real Estate Data

Between 1999 and 2005, both residential home sales and median sales price increased, but the number of sales slowed as the median sales price rose. This suggests that preceding and throughout revitalization, the market demand was not strong enough to support high prices, most likely the result of anticipated demand. Philadelphia, however, had parallel regression lines for number of sales and median price, suggesting that the number of sales and housing prices complemented each other, and that demand responded to supply. In 1999 Philadelphia's median sales price was $48,900 compared to $95,404 for Northern Liberties. By 2005, Northern Liberties' median sales price was $294,679 while Philadelphia's had only increased to $86,000. When compared to Philadelphia, Northern Liberties' median prices rose at a faster pace, suggesting that the value of the properties were appreciating at a higher rate.

When compared to other neighborhoods, Northern Liberties performed similarly to, but with fewer aggregate number of residential sales than all but University City/Spruce Hill and Old City. However, both Queen Village and Bella Vista experienced declines in the aggregate number of home sales. The relatively static sales may be representative of Northern Liberties' vacant lots and increases in renter occupancy, suggesting that the area is still more attractive and available to the Creative Class, perhaps due to constraints or lack or supply in appropriate building stock for other demographics. This suggests that the neighborhood is in

the midst of revitalization, still affordable for both renters and owners. It is expected that the number of home sales will increase in future years.

Additionally, the median sales price followed the same trend as other neighborhoods, but was only higher than the Philadelphia average and Graduate Hospital, a neighborhood slightly behind Northern Liberties in the revitalization timeline. When comparing median sales price to number of sales for the neighborhood, the indicators are consistent with a neighborhood experiencing revitalization: number of sales were significant in number, but remained fairly stable and the median price reflects a base affordability.

Both rental and food permits peaked in 2004, followed by a sharp decline, and a larger aggregate number of rental permits issued than food permits. In addition, building and demolition permits both followed similar trends to one another, experiencing a general decline since 2000, with a greater number of building permits issued than demolition. Rental permits followed the same trend line as Graduate Hospital, well above the rates for the other neighborhoods. In 2004, 583 rental permits were issued for Northern Liberties and 397 for Graduate Hospital, although both performed well below Philadelphia's sharp increase in rental permits. This indicates that rental permits increase in neighborhoods with increased demand, further supporting the theory that rental demand precedes an increase in home ownership and is a strong indicator of real estate demand.

Northern Liberties had the highest aggregate number of food permits issued when compared to both Philadelphia and the other neighborhoods. While Philadelphia and the other neighborhoods shared a similar slope and increase in rental permit issuance, Northern Liberties' food permit issuance accelerated at a faster pace. As neighborhoods grow and become revitalized, they need an increase in amenities to serve their growing population. Because the food permit captures the years during Northern Liberties' revitalization, it may be assumed that food permits are a coincidental indicator.

Northern Liberties' building permit issuance follows the same slight decline as Old City, but is numerically static between the years of 1999 and 2005, ranging from approximately 220 to 240 building permits issued per year. However, in 2006 the number declined to 99. Until 2005, Northern Liberties issued the largest number of building permits per year in comparison to the other neighborhoods. This reflects the area's increased development pressures and response in the form of new construction, infill, and rehabilitation projects throughout the early years of revitalization. Thus, building permits should be viewed as a leading indicator. As the neighborhood experiences greater demand, it is likely that construction activity will follow shortly thereafter.

Concurrently, demolition permits follow the same declining trend as Philadelphia, and with the sharpest decline in issuance when compared to the other neighborhoods. While the neighborhood had issued the largest amount of demolition permits in 2000 and 2001, just as the neighborhood was beginning to

feel the effects of revitalization, it experienced a huge decline in 2003. This may be due to the fact that as a neighborhood becomes revitalized, demolition slows as the area's diversity in building stock becomes more appreciated and as a result, improvement efforts are concentrated on construction, not demolition. Given the neighborhood's existing supply of vacant lots, it is doubtful that demand dictated demolition. Furthermore, because demolition on any scale could be a precursor to construction work, and because demolition typically represents declining neighborhood conditions, it should be considered an ambiguous indicator.

Overall, the above indicators reflect what many locals and industry experts have realized: Northern Liberties is in a state of transition. With a slight decrease in population and negligible growth in owner occupancy, the area is not witnessing a great change within its total population nor its permanent or financially invested citizens. Growth in median income, self employment, educational attainment, and more significant increases within the foreign born, college students, and renter occupied units indicates that the area is slowly beginning to revitalize, most likely driven by a more transient population concerned with affordability. Furthermore, a nominal increase in residential sales paired with increases in median home sales price, building permits, and rental permits with a decrease in demolition permits shows that the neighborhood is experiencing positive changes in demand.

Chapter Ten: Conclusions and Implications for Preservation Policy

10.1 Data Analysis Conclusions

Based on the individual and comparative analyses in the previous chapters, certain conclusions can be drawn regarding the true predictive nature of each hypothesized indicator. When examined autonomously and within the broader context of the Philadelphia real estate market, the nexus between the indicators and neighborhood revitalization are apparent. The following tables summarize the performance of each indicator and the subsequent neighborhood response.

Table 4.1: Indicator Analysis Conclusion

INDICATOR	HYPOTHESIZED BEHAVIOR	NOTICEABLE OR DEFINITIVE BEHAVIOR WITHIN NEIGHBORHOOD	NOTES	CONCLUSION
Population	Leading	Demonstrates general neighborhood demand or decline	Shows whether neighborhood demand is increasing or decreasing	
Median Income	Coincidental	Graduate Hospital-Leading Northern Liberties-Coincidental	Typically rises as more affluent residents move into a neighborhood. neighborhood.*May be directly related to the demographic or socioeconomic class that incited revitalization efforts. As a result, may function as either leading or coincidental.	LEADING OR COINCIDENTAL

INDICATOR	HYPOTHESIZED BEHAVIOR	NOTICEABLE OR DEFINITIVE BEHAVIOR WITHIN NEIGHBORHOOD	NOTES	CONCLUSION
Foreign Born	Leading	Graduate Hospital- Leading Bella Vista- Leading	Attracted to residential neighborhoods rather than neighborhood affordability, stimulus for rental occupied units and rental permits	LEADING
Self Employment	Leading	Northern Liberties- Leading Old City- Leading	Proxy for the Creative Class. Attracted to neighborhood affordability, stimulus for rental occupied units and rental permits	LEADING
Educational Attainment: College Degree or Higher	Coincidental	Northern Liberties- Coincidental/Leading Graduate Hospital- Leading	Typically rises as more affluent residents move into a neighborhood *May be directly related to the demographic or socioeconomic class that incited revitalization efforts. As a result, may function as either leading or coincidental.	*LEADING OR COINCIDENTAL
College Student Population	*Examined primarily for context of University of PA and University City	Demonstrates demographic of the neighborhood	Occur closest to institutions in more diverse, affordable neighborhoods	
Renter Occupied Units	Leading	Northern Liberties- Leading Graduate Hospital- Leading Bella Vista- Leading	Indicates a more transient population, can afford to take risks in neighborhoods and attracted to affordable areas	LEADING

INDICATOR	HYPOTHESIZED BEHAVIOR	NOTICEABLE OR DEFINITIVE BEHAVIOR WITHIN NEIGHBORHOOD	NOTES	CONCLUSION
Owner Occupied Units	Coincidental	Queen Village- Coincidental Northern Liberties- Coincidental Graduate Hospital- Coincidental Bella Vista- Coincidental	Illustrates neighborhood confidence and investment, typically occurs after revitalization	COINCIDENTAL
Number Residential Home Sales	Leading	Graduate Hospital- Leading Northern Liberties- Leading	Direct reflection of demand	LEADING
Median Price Residential Sales	Coincidental	*See Discussion Below	Price appreciation depends on level of revitalization.	
Building Permits	Coincidental	Northern Liberties- Leading Graduate Hospital- Leading	Demonstrates activity and investment in the area. May be lower in revitalized neighborhoods, as work has already been done or may reflect inherent quality of building stock.	LEADING
Demolition Permits	Most likely associated with declining neighborhoods and not applicable to this thesis	Ambiguous	May be prior to some construction projects, but typically looked at as a sign of neighborhood deterioration	AMBIGUOUS
Food Permits	Lagging	Old City- Lagging Northern Liberties- Coincidental	Follows an area's revitalization as it meets the needs of the burgeoning population *May depend on what existing amenities the area has	COINCIDENTAL OR LAGGING

INDICATOR	HYPOTHESIZED BEHAVIOR	NOTICEABLE OR DEFINITIVE BEHAVIOR WITHIN NEIGHBORHOOD	NOTES	CONCLUSION
Rental Permits	Coincidental	Queen Village- Leading Northern Liberties- Leading Graduate Hospital- Leading Bella Vista- Leading	Precedes neighborhood investment, but shows an increased interest for the area	LEADING

Table 4.2: Neighborhood Analysis Conclusions

NEIGHBORHOOD	SIGNIFICANT CHANGES	NOTES
Old City	Median income increases as neighborhood becomes revitalized, increase in foreign born population and owner occupancy	Neighborhood still relatively affordable and attractive to the Creative Class, may be due to the inherently diverse and eclectic nature of the neighborhood, as well as its abundance of rental housing
Queen Village	Increase in Foreign Born and Median Residential Sales Price, Decrease in Creative Class	Primarily residential neighborhood, Creative Class ultimately in search of affordability, while foreign born may be attracted to residential qualities
Bella Vista	Increase in median income, foreign born, educational attainment, decrease in student population, increase in renter-occupied homes.	Absorbing residents from Queen Village, retaining diversity and as a result, foreign born population creating an increased demand for rental housing.
University City/Spruce Hill	Number of residential sales significantly lower than other neighborhoods, increase in median residential sales price	Presence of institutions severely affects market performance, deters Creative Class

NEIGHBORHOOD	SIGNIFICANT CHANGES	NOTES
Graduate Hospital	Increase in median income, foreign born, educational attainment, and college students, relatively stable population, low median residential sales price with increase in number of sales. Increase in rental permits, building permits, and demolition permits.	Attracting displaced residents from both Center City and the diverse populations of neighboring Queen Village and Bella Vista. Residential quality of neighborhood attractive to foreign population. Stable population precedes revitalization. Low median sales price simultaneous to an increase in sales signifies revitalization. Increased activity throughout the neighborhood.
Northern Liberties	Increase in self employment, foreign born, college students, and rental and food permits. Decline in building permits.	Absorbing portions of Old City's population due to its affordability, vacant lots and eclectic nature may be attracting development and residents in search of diversity. New population attracting amenities to the area.

Based on the above information, it can be ascertained that the best leading indicators of real estate demand are increases in: foreign born population, self employment (or any other proxy for the Creative Class), renter occupied units, number of residential home sales, and building and rental permit issuance.

Increases in both median income and educational attainment may act as leading or coincidental indicators, dependant on characteristics of revitalization, neighborhood composition, demographics, socioeconomics, and the built environment. For instance, if a neighborhood's revitalization is spurred mainly by a rise in the Creative Class, such as in Northern Liberties, it can be assumed

that both median income and educational attainment will be coincidental indicators. This results because more educated, affluent residents will typically infiltrate the area following the initial revitalization efforts of the urban pioneers. Conversely, in neighborhoods like Graduate Hospital, where the area is predominantly residential and attracts foreign born residents, increases in median income and educational attainment may be considered leading indicators.

Furthermore, increases in owner occupancy may be considered coincidental to neighborhood revitalization. Food permits typically act as lagging indicators, as they meet the new and growing needs of a revitalized neighborhood's population.

However, analysis also illustrated broad trends that directly affect the function and strength of leading indicators of real estate demand. These are discussed below.

10.1.1 Leading Indicators May Be Indigenous to Neighborhoods

While many of the indicators proved to be leading indicators of real estate demand in multiple neighborhoods, there was no single indicator that consistently performed as such for every neighborhood. This should be viewed more as a function of the unique nature of the neighborhoods rather than a failure of the indicator.

The history, location, development, context, character, building stock and population of a neighborhood will directly define how neighborhoods respond to leading indicators of real estate demand. For instance, revitalized neighborhoods may necessitate different leading indicators, as affordability diminishes and different socioeconomic and demographics are attracted to the area. In neighborhoods such as Queen Village, Graduate Hospital, and Bella Vista that are predisposed to primarily residential uses, they will most likely attract residents who seek a community. Thus, foreign born residents may be a better leading indicator for these neighborhoods than the Creative Class, who would be a stronger leading indicator for more diverse neighborhoods with a variety of housing options, such as Old City and Northern Liberties.

There is no clear defining formula for neighborhood revitalization or anticipating real estate demand. An inherent understanding of the neighborhood at the micro level will allow one to properly apply the leading indicators revealed in this thesis to fully determine future neighborhood demand. Because neighborhoods are both insular and interconnected to the surrounding neighborhoods and larger city, each will respond independently to market conditions. As a result, leading indicators of real estate demand should be viewed individually and collectively, both in the context of the broader market, and at a smaller, neighborhood scale.

10.1.2 Median Sales Price Appreciation is Directly Related to a Neighborhood's Level of Revitalization

When examining the level of price appreciation in revitalized neighborhoods (Old City and Queen Village) to recently revitalized neighborhoods (University City/Spruce Hill and Bella Vista) and to currently revitalizing neighborhoods (Northern Liberties and Graduate Hospital), it became apparent that median sales price was directly related to the level of revitalization. It was revealed that median sales prices appreciate faster with revitalized and established neighborhoods, moderately with neighborhoods that have most recently revitalized and slowest in neighborhoods that are currently undergoing revitalization *(Graph 45)*.

This suggests that the building stock is more valued in revitalized neighborhoods, and that neighborhood confidence may result in limited supply. Furthermore, as the reputation of a neighborhood improves, buyers become confident and familiar with the product, and are therefore willing to pay a higher price. Additionally, the number of sales in a neighborhood may slow as the price exceeds the value that buyers place on the product.

10.1.3 Diverse Neighborhoods Are Stable Neighborhoods

Historically diverse neighborhoods such as Old City and Queen Village (revitalized), as well as Bella Vista (recently revitalized), were more likely to

witness positive residual effects of revitalization. This resulted in stable demand and neighborhood performance, which may be a direct reflection of the neighborhoods' ability to retain its unique and diverse population and built environment. As a result, these neighborhoods are incredibly well-balanced as they witness continued demand from a variety of socioeconomic classes and demographics. Because these neighborhoods are stable, they are less likely to suffer the volatile effects of the ups and downs associated with the real estate market. Therefore, stimulating demand from a variety of demographic and economic groups may prolong and extend the benefits associated with revitalization while mitigating the negative effects.

10.2 Policy

> Old ideas can sometimes use new buildings. New ideas must use old buildings. - Jane Jacobs[189]

Because preservation and the real estate market affect the function, supply, and demand of the built environment, the two subjects complement each other. As a result, it is imperative that public policy integrates historic preservation as a means of cultivating and sustaining real estate demand. This will inevitably protect the built environment while promoting economic health

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[189] Jane Jacobs. The Death and Life of Great American Cities. New York: Random House, 1961.

and development. The following section will discuss the implications of these conclusions in the context of preservation policy and the built environment.

10.2.1 Need for Information Dissemination

As revealed in the methodology section of this thesis, there are many barriers and information gaps for the City of Philadelphia data. While this problem is not unique to Philadelphia, it illustrates the need for a collaborative, multi-disciplinary effort to collect and publicly disseminate city-wide information. In 2003, the NIS's report, *Predicting Housing Abandonment with the Philadelphia Neighborhood Information System* highlighted this issue. As Hillier, Culhane, Smith, & Tomlin note: "Early warning systems need to do more than just provide data. Data glut threatens to overwhelm citizens as well as the most sophisticated neighborhood-based organizations and city agencies."[190]

While a majority of Philadelphia data is accessible, such as Census data and real estate property information, much of it is inconsistent, and varies in both time frame and scale. For instance, while Census data is broken down at the Census tract or block group level, permit data was only available at the Census tract level, requiring an approximation to correlate the data to the block group level. This undoubtedly resulted in a certain degree of error as it assumed equal spatial distribution of permit information.

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[190] Hillier, et al, 103.

Additionally, much of the data represented very different time periods, capturing various trends throughout the neighborhoods. For example, the Census data is decennial and, as a result, it is incredibly broad. Conversely, permit data was available from 2000 to 2006 and real estate sale information from 1999-2005. In the case of Graduate Hospital, the Census Data was particularly helpful as it preceded any revitalization efforts. However, real estate market information and permit information coincided with revitalization and did not provide an opportunity to view how these indicators performed prior to revitalization. This in turn limited the ability to witness the true predictive behavior of the indicators.

Each type of indicator data has its own limitations. The data never completely depicts the story of change or the movement and dispersion of the demographics, population, and socioeconomics within each neighborhood. These restrictions illustrate the need for consistency throughout data sources in terms of frequency and scale to allow for better analysis and interpretation.

10.2.2 Smaller Scale Policy

While many of the neighborhoods examined comprise their own micro real estate climate, this does not purport that the neighborhoods are made up of homogenous housing stock and characteristics. The strong variance in indicator performance throughout the various neighborhoods demonstrates the need for

incredibly specific policy, calculated to affect an explicitly defined area, submarket, or problem.

For instance, in the University City/Spruce Hill neighborhood, the larger geographic scale made it difficult to interpret the nuances of the neighborhood and the behavioral patterns of the indicator data. This expounds that policy must be small in scale and must recognize that neighborhoods are heterogeneous. Policies might not be applicable to all components of the neighborhood.[191] Furthermore, applying policies uniformly to an area with mixed housing stock and socioeconomic conditions may result in a disparity between the problem and the designated resolution.[192]

In sum, if neighborhoods are viewed past a certain scale, very heterogeneous areas may be mistakenly considered and treated as a homogenous area. As a result, unexpected outcomes of revitalization planning can have highly unintentional, detrimental, and pejorative effects for neighborhoods, their historic and social fabric, as well as the function of the real estate market.

10.2.3 Policy Needs to Be Flexible and Accept Changing Demographics and Embrace New Definition of a City

Enhancing and sustaining real estate demand for cities will require a new understanding of how markets operate as well as the external and internal forces

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[191] Bates, 15.
[192] Bates, 15.

that dictate market movement.[193] As evident through the data for each neighborhood, emerging demographic, cultural, social, and technological trends are redefining the definition of a city. Therefore, policy must evolve to incorporate and reflect these trends. This presents a tremendous opportunity for new and dynamic solutions to promote economic development. [194]

At present, the advantage of cities compared to the suburbs is their ability to function simultaneously as a center for both work and residential purposes. [195] The rise of nontraditional households and self-employment, as well as changes in business practice and living patterns provides cities with an opportunity to attract residents and businesses to their downtowns.[196] In *Reinventing the Central City as a Place to Live and Work*, Moss states that,

> Cities must reconfigure their downtown areas as places to live and work; often the same structures can be used for both purposes. Local governments should formulate new land use policies that reflect the convergence of work and home and the blurring of the distinction between manufacturing and services.[197]

As proven through the preceding analyses, the future of cities will be defined by changing demographics and the subsequent effects on living and working patterns. Because these profound shifts present an opportunity for

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[193] Robert Weissbourd, Riccardo Bodini, and LLC RW Ventures, Market-Based Community Economic Development The Brookings Institution, Center on Urban and Metropolitan Policy, March 2005), vi.
[194] Moss, 474.
[195] Moss, 486-7.
[196] Moss, 483.
[197] Moss, 483.

downtowns to reinvent themselves and increase their popularity, they must be at the forefront of new planning and preservation policies.[198] Certain adjustments in policy objectives, such as land use policies that allow for live/work conditions and the promotion of diversity will undoubtedly augment the back to the city movement and subsequent real estate demand.

10.2.4 Historic Preservation as a Function of The Real Estate Cycle

Based on the results of the indicator data, it may be assumed that the building stock of a neighborhood is inherently associated with real estate demand and neighborhood revitalization. For example, consider the Bella Vista neighborhood. Bella Vista has historically been a predominantly diverse residential neighborhood, comprised of many immigrant families. Today, much of its historic fabric remains intact, as well as the original residential integrity of the neighborhood. The quality and soundness of the architecture has contributed to the prolonged effects of revitalization as the neighborhood maintains real estate demand. Additionally, Old City is a neighborhood that revitalized and developed as a rental market. Today the neighborhood maintains a larger rental population, which in turn attracts specific demographics.

Because the history, organization, development, and social fabric of a neighborhood dictate the future use of a neighborhood, preservation may be used

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[198] Moss, 486-7.

to promote or augment any of these characteristics. If utilized carefully, preservation policy may contribute to increased and/or sustainable real estate demand.

Furthermore, historic housing presents a diverse and unique alternative to new housing. As older neighborhoods and their building stock become targeted for redevelopment and reinvestment, the architecture and the convenience of these locations become opportunistic, affordable, and diverse alternatives to new construction. Therefore, historic preservation may be a direct cause for the back to the city movement. It can also be assumed that historic building stock is associated with an increase in the future status of the neighborhood, due to the quality of architecture, distinction, and location. [199]

In conclusion, the historic preservation of neighborhoods should be implemented to promote real estate demand amongst all socioeconomic classes. Historic preservation can provide social space, economic opportunities, and affordable housing through the adaptive reuse and reconfiguration of underutilized structures.[200] Preservation and the promotion of a diverse building stock should be at the forefront of policy considerations when attempting to revitalize cities and their neighborhoods.

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[199] Footnote about study
[200] Florida, Flight, 259.

10.2.5 Regulations Must Be Flexible

As evident in The University City/Spruce Hill neighborhood, strict regulatory policy may stifle the real estate cycle and performance. The indicators associated with the area represent an insular market that responds to the forces established by The University of Pennsylvania and its policies, rather than to the real estate market itself. While this may mitigate the negative effects associated with a market downturn, it also prevents neighborhoods from wholly benefiting from the positive effects associated with an upturn in the market.

It is evident that public policy has the potential to tremendously affect the behavior of real estate markets. As a result, public policy must determine how to circumnavigate several inevitable real estate economic forces in order to prevent stifled real estate cycles or the effects of speculation.[201]

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[201] Jennifer Moulton, Ten Steps to a Living Downtown (Washington, D.C.: The Brookings Institution, Center on Urban and Metropolitan Policy, October 1999) 20.

10.2.6 Policy Must Promote a Balanced Owner & Renter Population In Order to Maintain Neighborhood Stability

> A new federal housing agenda must expand housing opportunities for moderate- and middle-class families in the cities and close-in suburbs while creating more affordable, "workforce" housing near job centers. Ideally, federal policies should help regional elected leaders balance their housing markets through zoning changes, subsidies and tax incentives so that all families- both middle class and low income- have more choice about where they live and how to be closer to quality jobs and good schools...[202]

As evident by the neighborhoods examined in this thesis, homeownership and renter occupied units are critical to shaping a neighborhood's character, definition, and subsequent demand. In order for a neighborhood to sustain revitalization, policy must encourage and support a diverse population and various housing needs.

Because raising a neighborhood's economic status may displace and disperse lower income residents to other areas, economic health stems from an area's ability to foster and host a mixed-income population.[203] As such, neighborhood stability may be derived through an inherent balance in the housing market. Therefore, it is imperative that housing policy encourage diversity in housing stock while ensuring that various elements of home ownership and rentership are preserved.

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[202] Katz, 9.
[203] Stuart, 26.

10.3 Concluding Thoughts

While this thesis originally sought to answer the question, "What are the leading indicators of real estate demand and the subsequent implications for preservation policy?" many larger issues and conclusions presented themselves as opportunities for future study.

Because neighborhoods are unique micro real estate markets that are also affected by a variety of macro environments, leading indicators of real estate demand may perform differently within each neighborhood. These indicators (foreign born population, self employment, renter occupied units, number of residential home sales, building permits, and rental permits) should be analyzed, recognizing both the intricacies of each neighborhood and the broader geographical and market forces.

Furthermore, historic preservation should also be viewed as a leading indicator of real estate demand. Historic buildings and neighborhoods are attractive due in part to their quality construction, diversity in style, uniqueness, prime location, and oftentimes affordability. As the economic feasibility of historic preservation is increasingly recognized, so should the nexus between real estate demand and historic preservation. As a result, local governments should implement policy objectives that favor preservation in order to promote and sustain neighborhood revitalization and economic development.

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Table 5: Neighborhood Analysis

5.1 Old City

	1990	2000	% CHANGE	AGGREGATE CHANGE	1999	2000	2001	2002	2003	2004	2005	2006
Population	2,067	2,576	24.63%	509								
Median Income	$40,755	$44,603	9.44%	3,848								
Self Employment	214	252	17.76%	38								
Foreign Born	102	199	95.10%	97								
Educational Attaintment	1,183	1,624	37.28%	441								
College Students	331	314	-5.14%	-17								
Owner-Occupied	91	469	415.38%	378								
Renter-Occupied	1,270	1,245	-1.97%	-25								
# Residential Home Sales					2	8	4	5	5	5	4	
Median Home Sale Price					$78,000	$63,000	$111,000	$190,000	$157,500	$235,000	$297,000	
Rental Permits						0	4	0	24	63	12	21
Food Permits						0	0	0	3	37	18	11
Building Permits						157	135	106	141	129	120	65
Demolition Permits						0	0	0	0	0	0	0

5.2 Queen Village

	1990	2000	% CHANGE	AGGREGATE CHANGE	1999	2000	2001	2002	2003	2004	2005	2006
Population	6,940	6,413	-7.59%	-527								
Median Income	$29,640	$45,300	52.84%	15,660								
Self Employment	489	377	-22.90%	-112								
Foreign Born	245	438	78.78%	193								
Educational Attaintment	1,930	2,554	32.33%	624								
College Students	645	622	-3.57%	-23								
Owner-Occupied	1,283	1,557	21.36%	274								
Renter-Occupied	1,945	1,839	-5.45%	-106								
# Residential Home Sales					229	183	195	170	200	191	187	
Median Home Sale Price					$84,900	$68,575	$138,500	$155,000	$189,500	$260,500	$355,000	
Rental Permits						1	20	2	70	197	63	64
Food Permits						0	0	0	0	33	6	6
Building Permits						49	59	100	81	92	84	49
Demolition Permits						0	0	0	0	0	0	0

5.3 *Bella Vista*

	1990	2000	% CHANGE	AGGREGATE CHANGE	1999	2000	2001	2002	2003	2004	2005	2006
Population	6,156	6,361	3.33%	205								
Median Income	$23,808	$37,407	57.12%	$13,600								
Self Employment	471	487	3.40%	16								
Foreign Born	553	1,011	82.82%	458								
Educational Attaintment	1,406	2,093	48.86%	687								
College Students	848	557	-34.32%	-291								
Owner-Occupied	1,653	1,736	5.02%	83								
Renter-Occupied	1,235	1,571	27.21%	336								
# Residential Home Sales					193	168	181	179	155	172	182	
Median Home Sale Price					$106,900	$236,250	$164,900	$147,250	$199,000	$190,000	$293,000	
Rental Permits						0	15	0	74	211	45	81
Food Permits						0	0	0	1	39	13	8
Building Permits						51	59	77	59	57	131	52
Demolition Permits						0	0	0	0	0	0	0

5.4 *University City/Spruce Hill*

	1990	2000	% CHANGE	AGGREGATE CHANGE	1999	2000	2001	2002	2003	2004	2005	2006
Population	21,047	22,033	4.68%	986								
Median Income	$16,448	$18,923	15.05%	2,475								
Self Employment	766	402	-47.52%	-364								
Foreign Born	4,233	3,953	-6.61%	-280								
Educational Attaintment	5,286	3,342	-36.78%	-1,944								
College Students	13,006	15,041	15.65%	2,035								
Owner-Occupied	539	453	-15.96%	-86								
Renter-Occupied	6,825	6,207	-9.05%	-618								
# Residential Home Sales					101	48	67	62	63	80	94	
Median Home Sale Price					$150,833	$265,367	$153,067	$209,938	$370,000	$451,250	$501,250	
Rental Permits						0	12	0	42	202	45	41
Food Permits						0	0	0	0	29	5	17
Building Permits						66	70	110	127	155	212	95
Demolition Permits						4	6	12	8	6	12	3

5.5 Graduate Hospital

	1990	2000	% CHANGE	AGGREGATE CHANGE	1999	2000	2001	2002	2003	2004	2005	2006
Population	9,788	9,816	0.29%	28								
Median Income	$14,615	$27,845	90.52%	13,230								
Self Employment	292	297	1.71%	5								
Foreign Born	184	441	139.67%	257								
Educational Attaintment	1,034	1,434	38.68%	400								
College Students	429	842	96.27%	413								
Owner-Occupied	1,873	1,703	-9.08%	-170								
Renter-Occupied	2,569	2,870	11.72%	301								
# Residential Home Sales					200	191	261	412	417	511	478	
Median Home Sale Price					no data	no data	no data	no data	no data	$0	$0	
Rental Permits						1	24	3	239	397	108	135
Food Permits						0	0	0	1	32	11	6
Building Permits						48	50	106	104	166	262	139
Demolition Permits						0	0	0	0	0	0	0

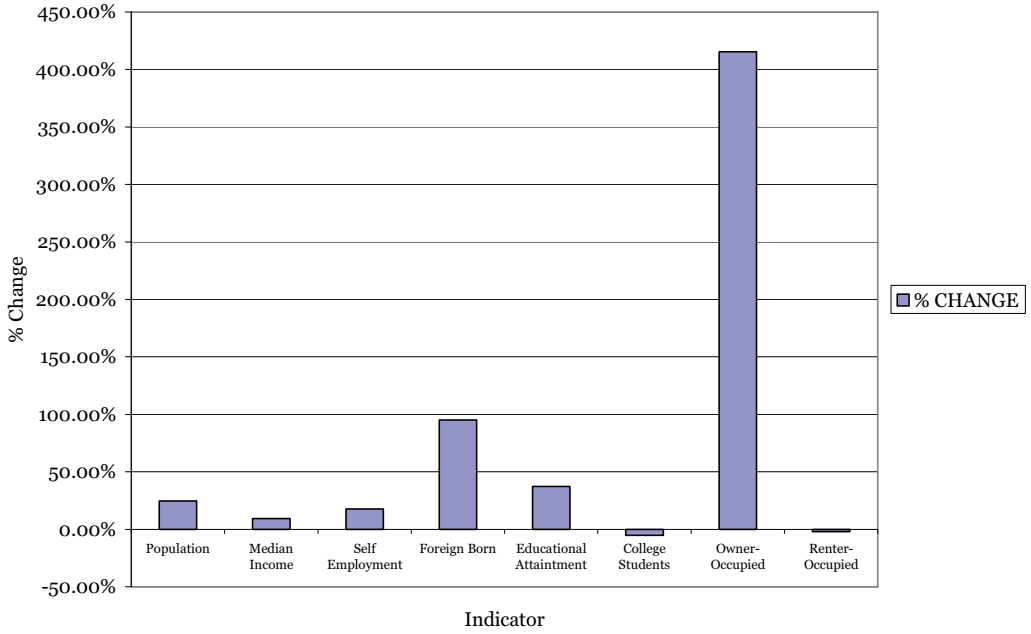
5.6 Northern Liberties

	1990	2000	% CHANGE	AGGREGATE CHANGE	1999	2000	2001	2002	2003	2004	2005	2006
Population	3,845	3,741	-2.70%	-104								
Median Income	$32,248	$38,005	17.85%	5,756								
Self Employment	236	305	29.24%	69								
Foreign Born	180	320	77.78%	140								
Educational Attaintment	928	1,053	13.47%	125								
College Students	215	378	75.81%	163								
Owner-Occupied	858	864	0.70%	6								
Renter-Occupied	760	1,010	32.89%	250								
# Residential Home Sales					99	108	111	117	117	114	103	
Median Home Sale Price					$0	$0	$0	$0	$0	$0	$0	
Rental Permits						4	19	0	66	583	142	72
Food Permits						0	0	0	1	58	22	28
Building Permits						222	183	223	228	220	246	99
Demolition Permits						0	0	0	0	0	0	0

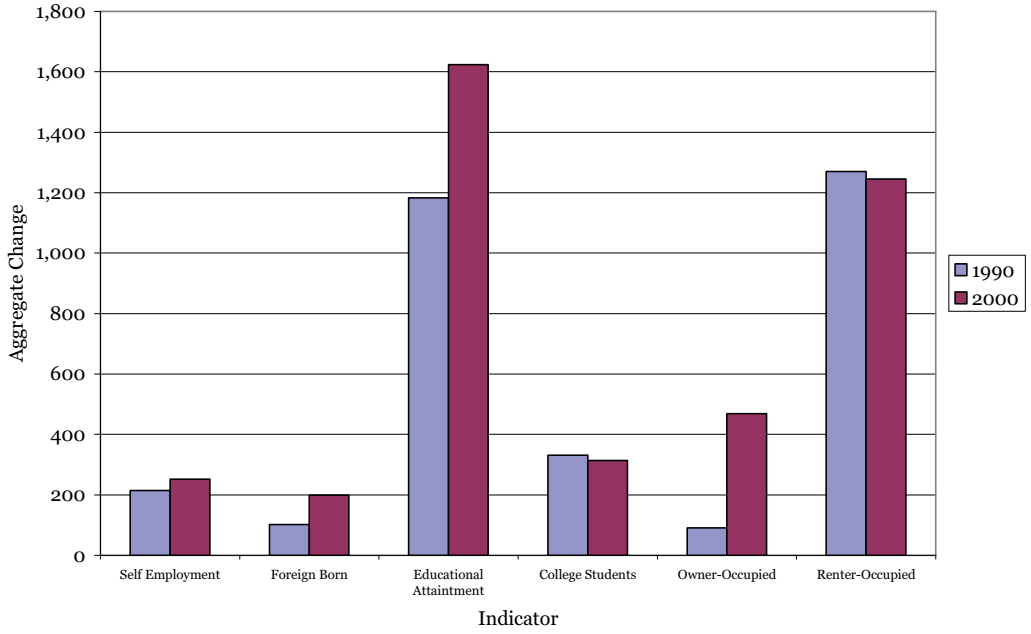
5.7 City of Philadelphia

City of Philadelphia	1990	2000	% CHANGE	AGGREGATE CHANGE	1999	2000	2001	2002	2003	2004	2005	2006
Population	1,585,577	1,517,550	-4.29%	-68,027								
Median Income	$24,603	$30,746	24.97%	6,143								
Self Employment	39,701	34,481	-13.15%	-5,220								
Foreign Born	104,814	137,205	30.90%	32,391								
Educational Attaintment	91,309	172,641	89.07%	81,332								
College Students	117,257	115,671	-1.35%	-1,586								
Owner-Occupied	373,940	349,651	-6.50%	-24,289								
Renter-Occupied	229,135	240,420	4.93%	11,285								
# Residential Home Sales					21,071	21,993	25,076	25,300	26,908	30,925	32,771	
Median Home Sale Price					$48,900	$48,000	$47,000	$54,900	$60,000	$72,000	$86,000	
Rental Permits						23	2524	97	12873	36586	13606	16508
Food Permits						6	11	20	100	4799	1823	1392
Building Permits						5653	4436	5603	5551	5906	7235	3641
Demolition Permits						4299	4833	3644	3739	3519	3438	1318

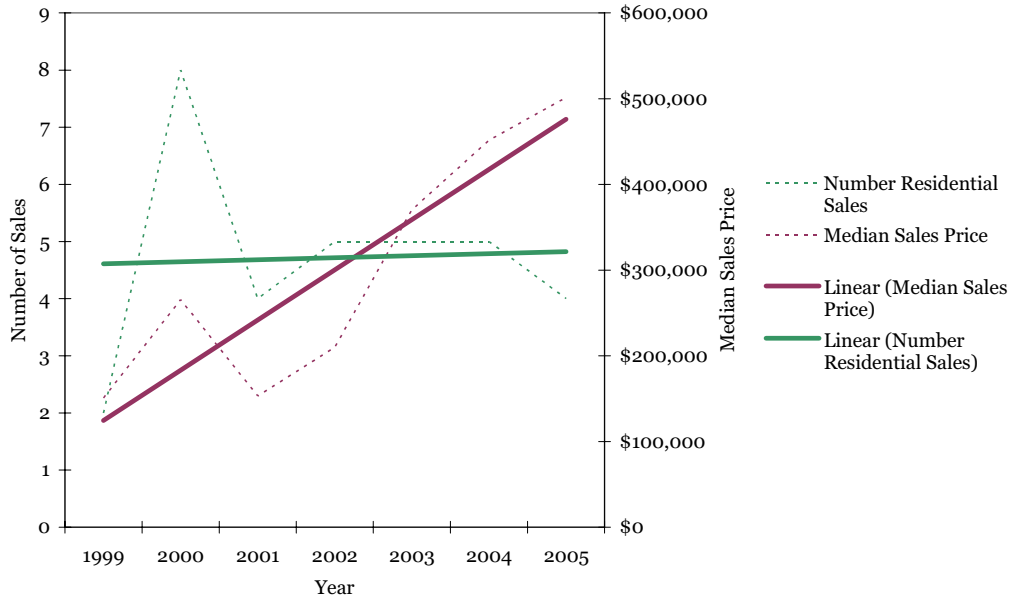
Graph 1: Old City Indicators, 1990-2000 % Change



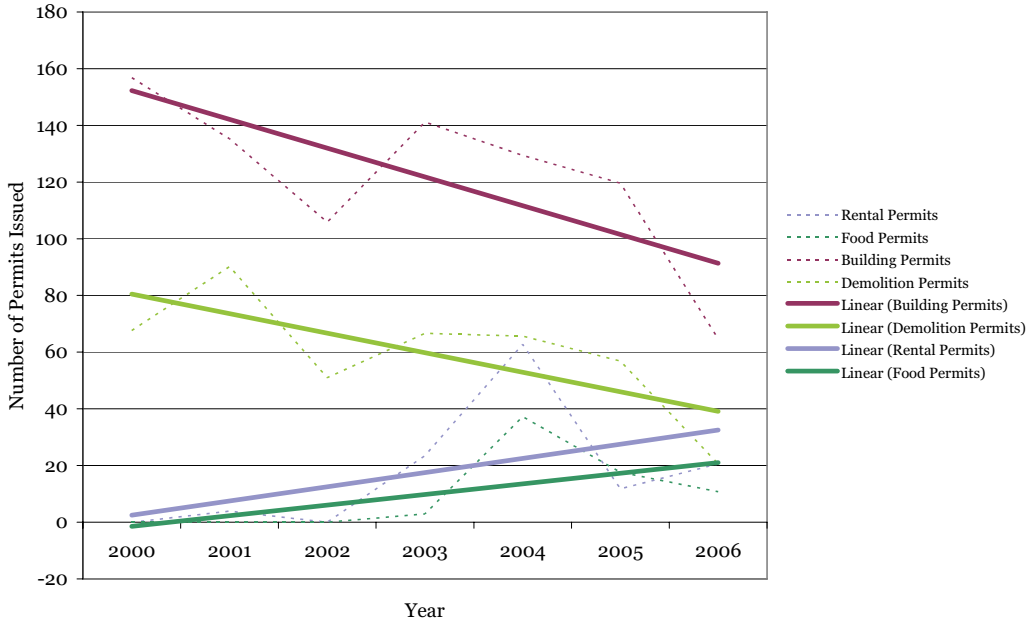
Graph 2: Old City Indicators, 1990-2000 Aggregate Change



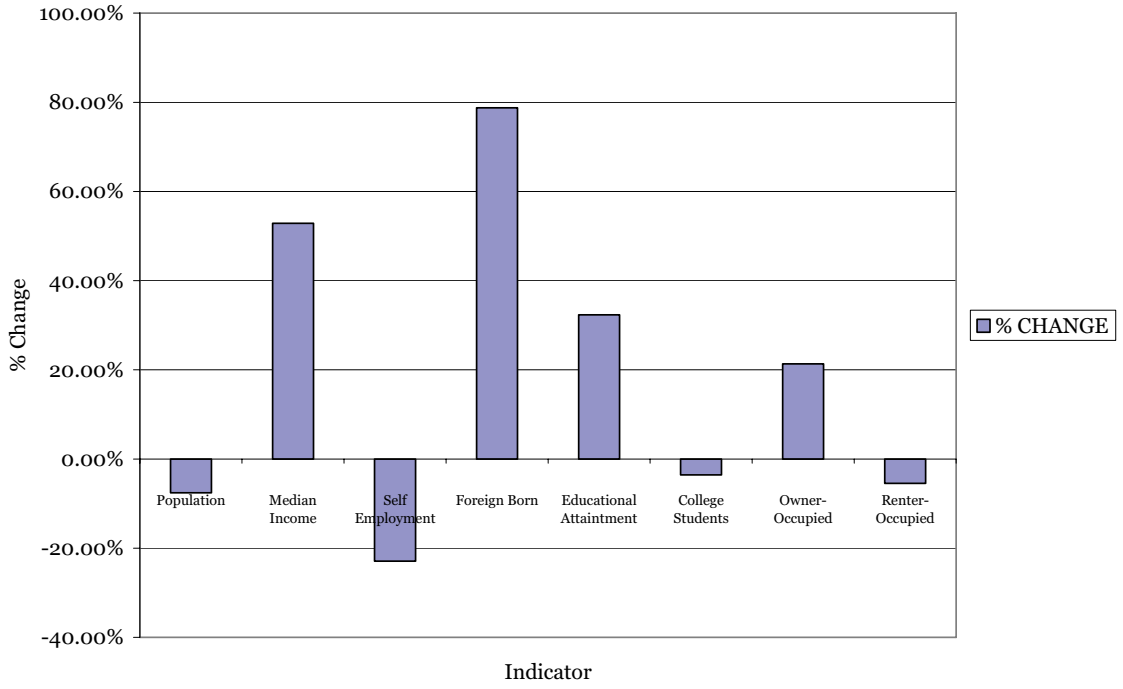
Graph 3: Old City Residential Sales
Number of Sales vs. Median Sales Price, 1999-2005



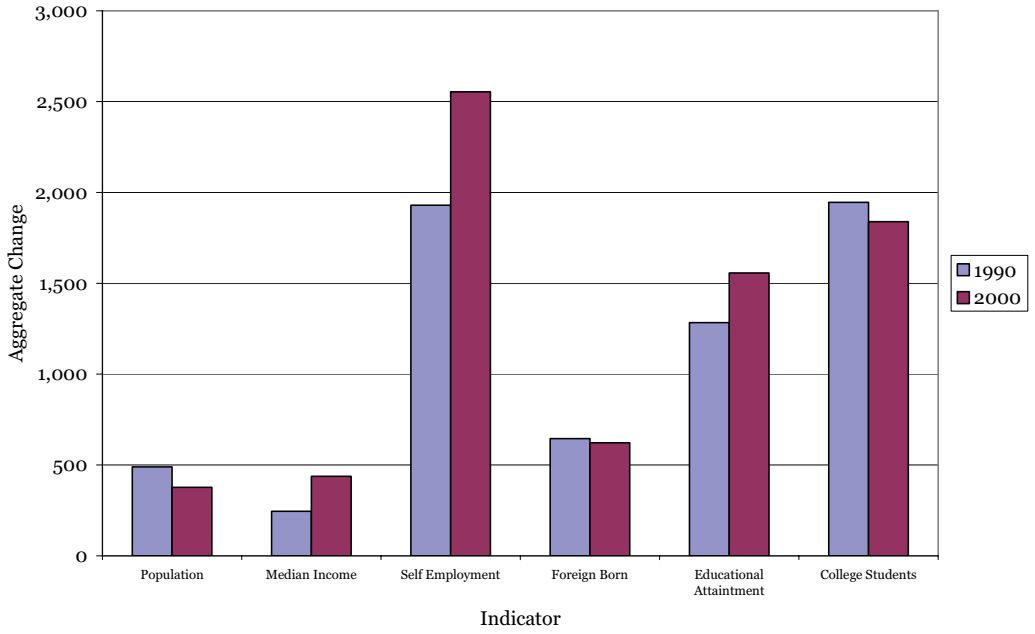
Graph 4: Old City Permits, 2000-2006



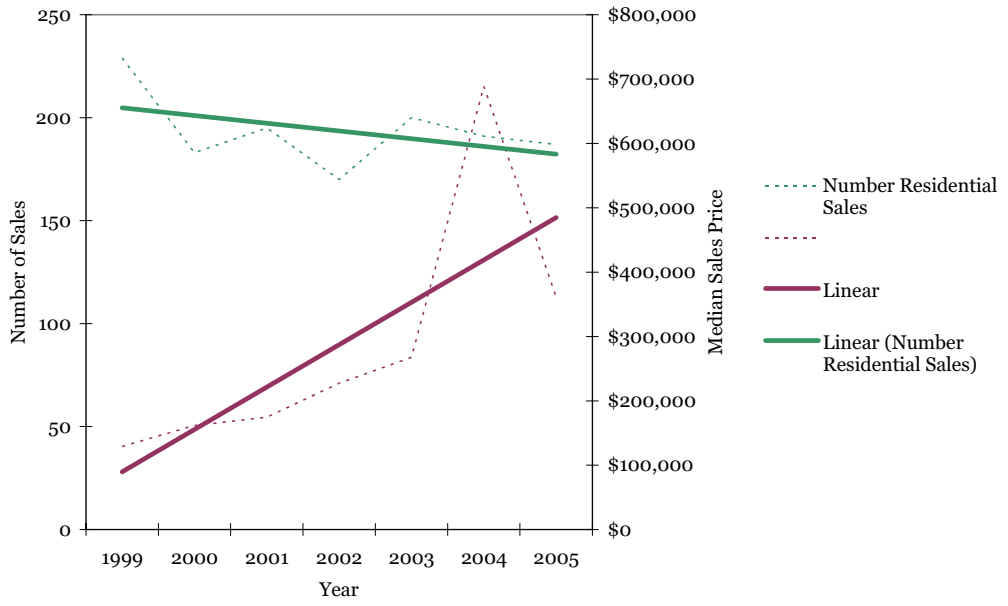
Graph 5: Queen Village Indicators, 1990-2000 % Change



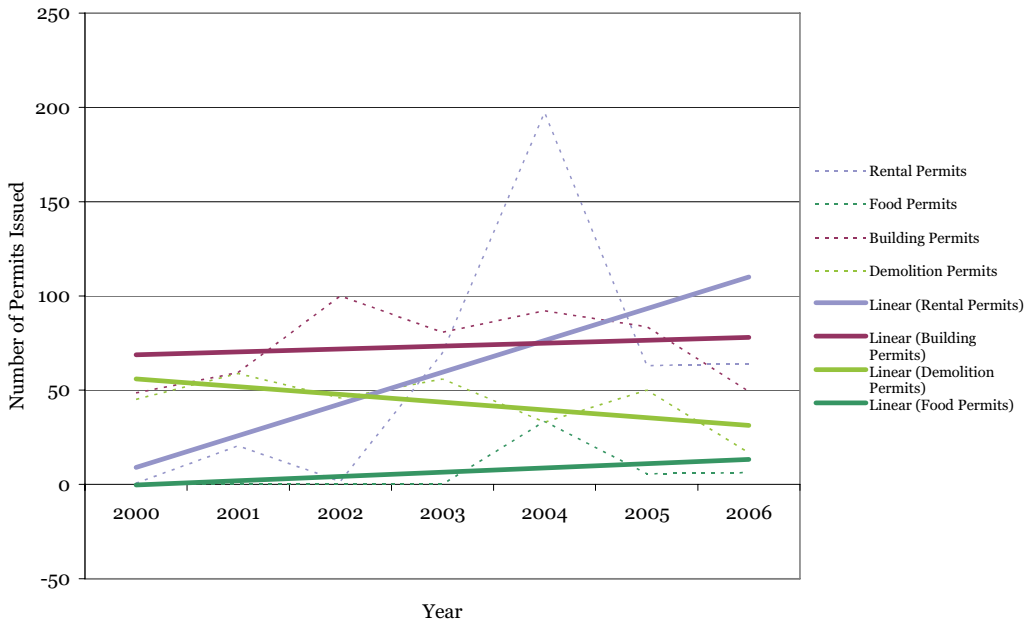
Graph 6: Queen Village Indicators, 1990-2000 Aggregate Change



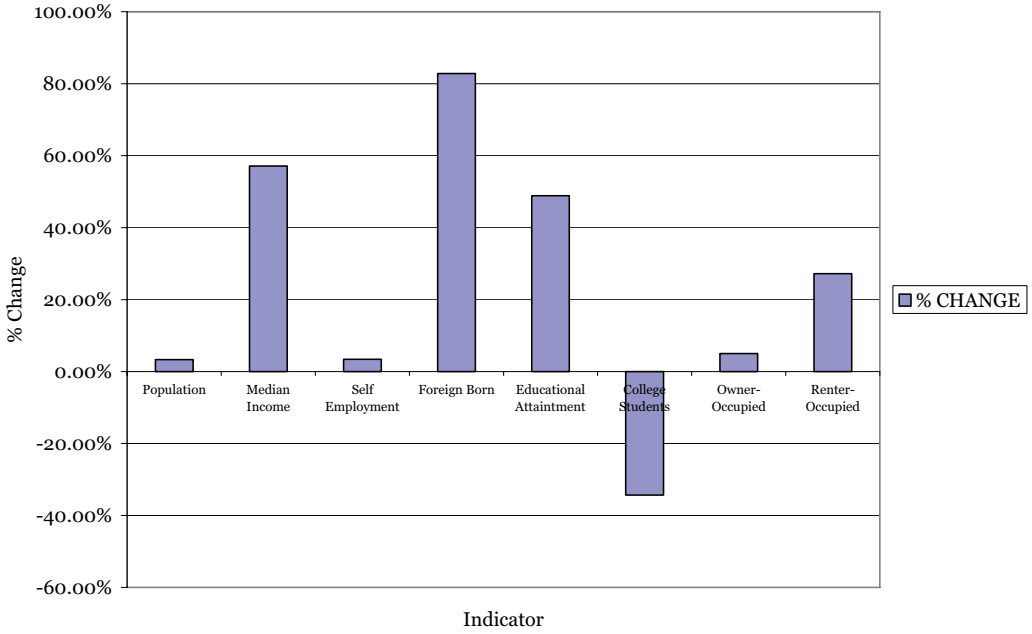
Graph 7: Queen Village Residential Sales
Number of Sales vs. Median Sales Price, 1999-2005



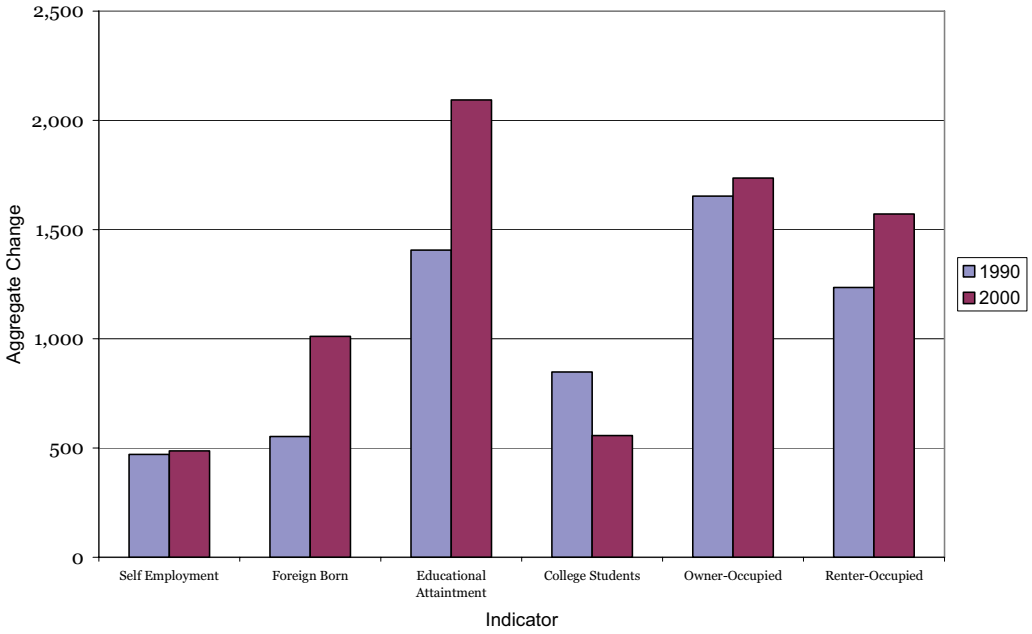
Graph 8: Queen Village Permits, 2000-2006



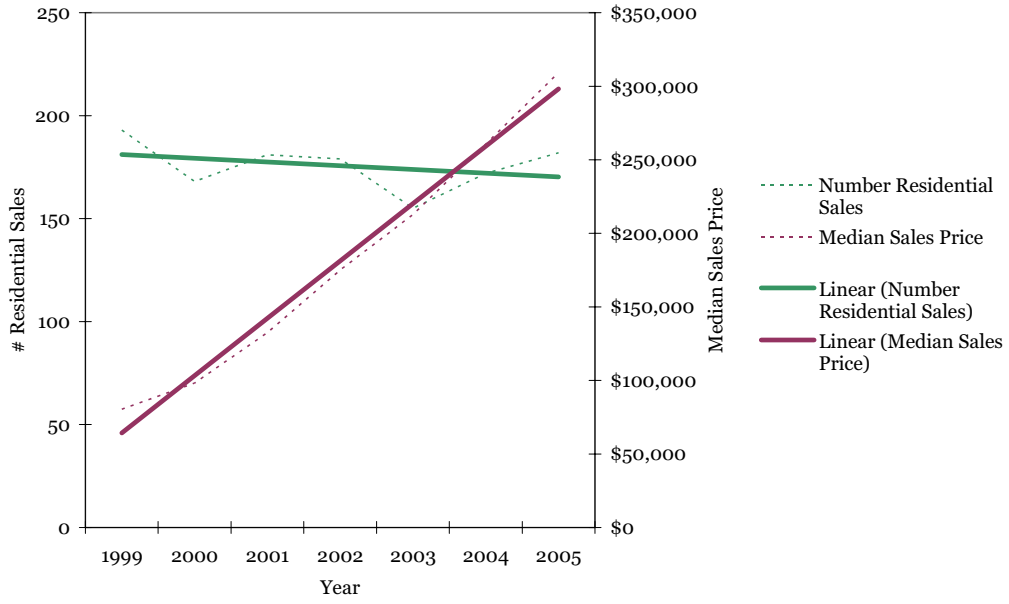
Graph 9: Bella Vista Indicators, 1990-2000 % Change



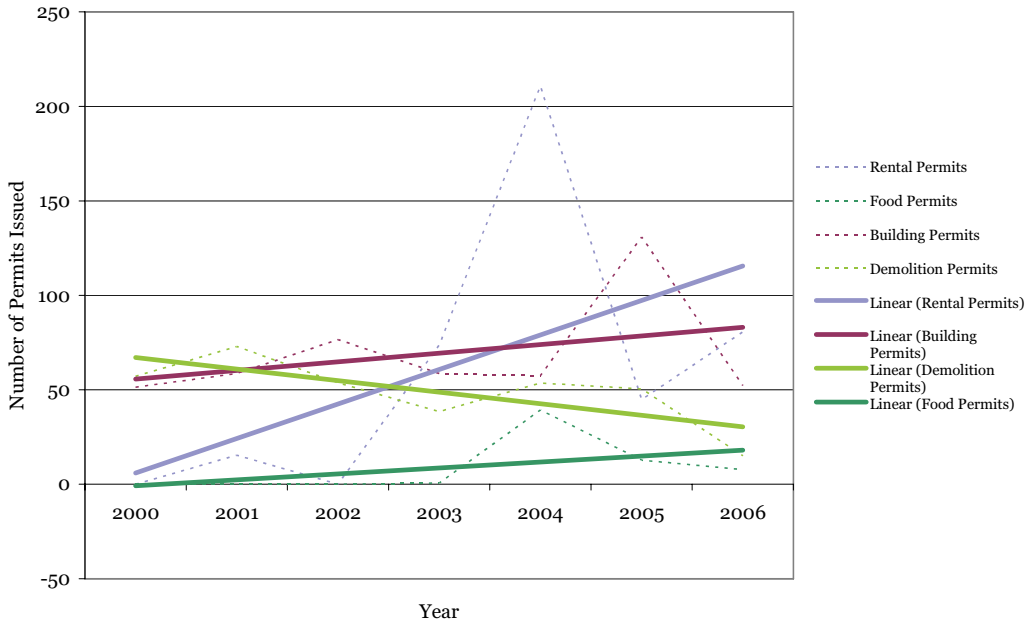
Graph 10: Bella Vista Indicators, 1990-2000 Aggregate Change



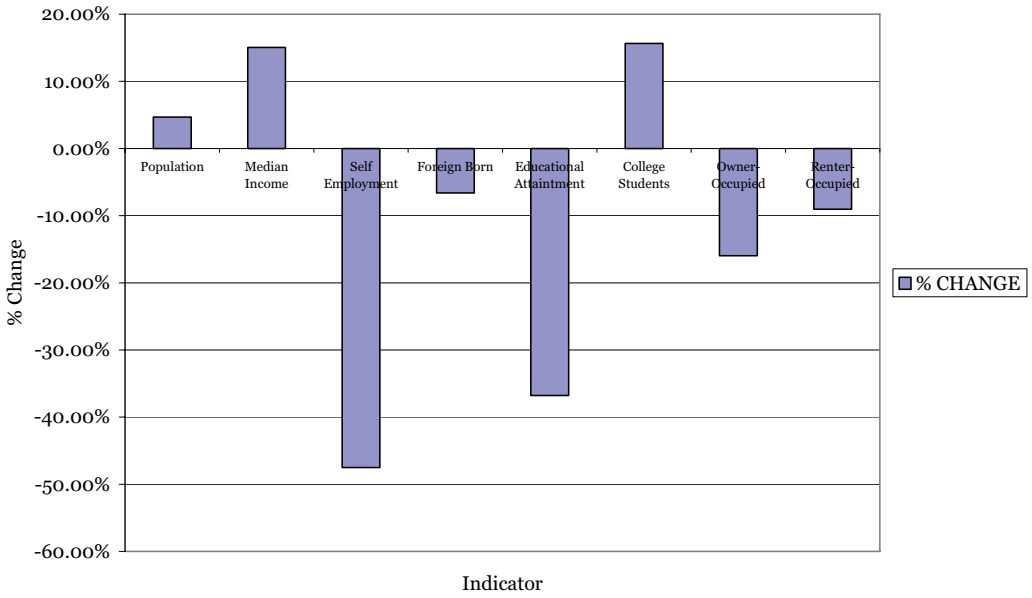
Graph 11: Bella Vista Residential Sales
Number of Sales vs. Median Sales Price, 1999-2005



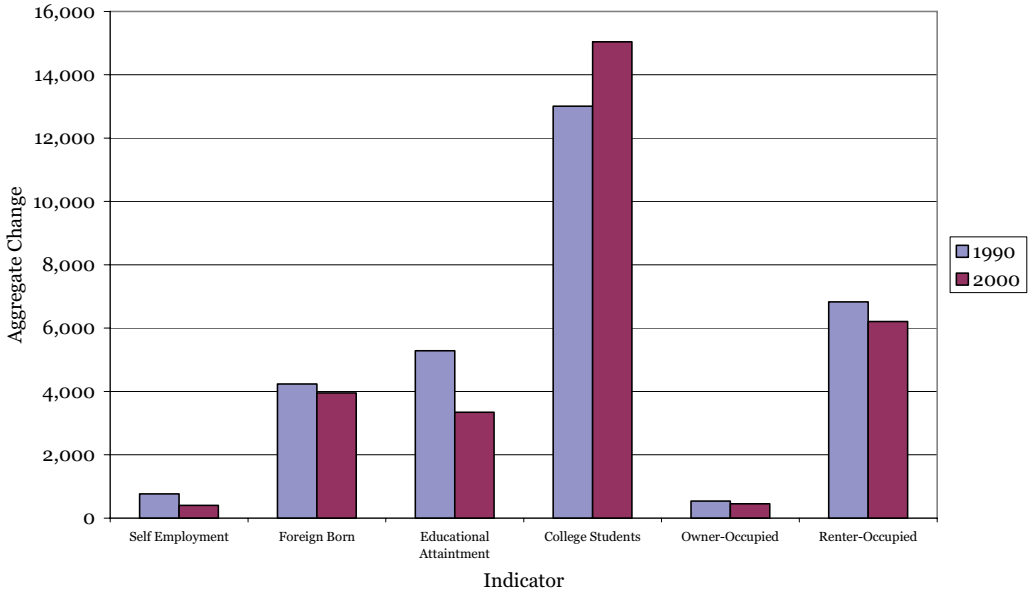
Graph 12: Bella Vista Permits, 2000-2006



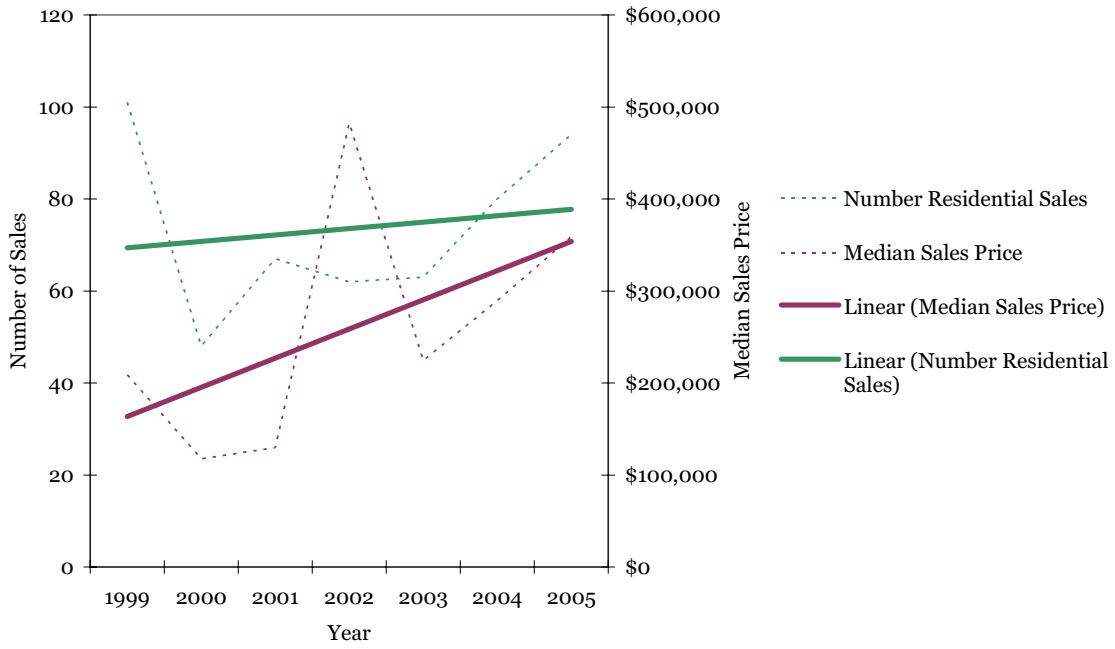
Graph 13: University City/Spruce Hill Indicators, 1990-2000 % Change



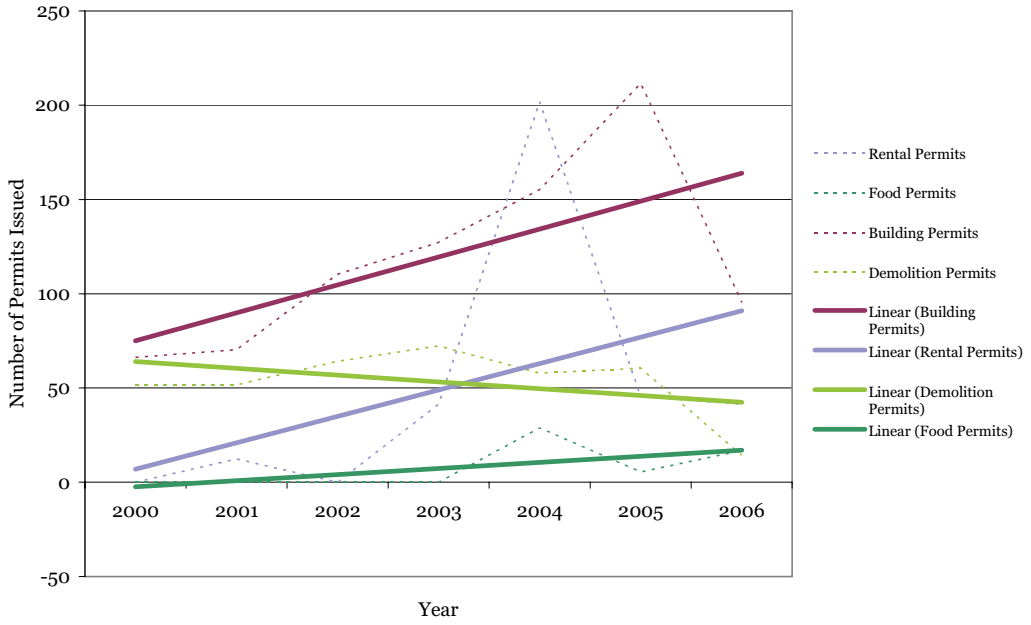
Graph 14: University City/Spruce Hill Indicators, 1990-2000 Aggregate Change



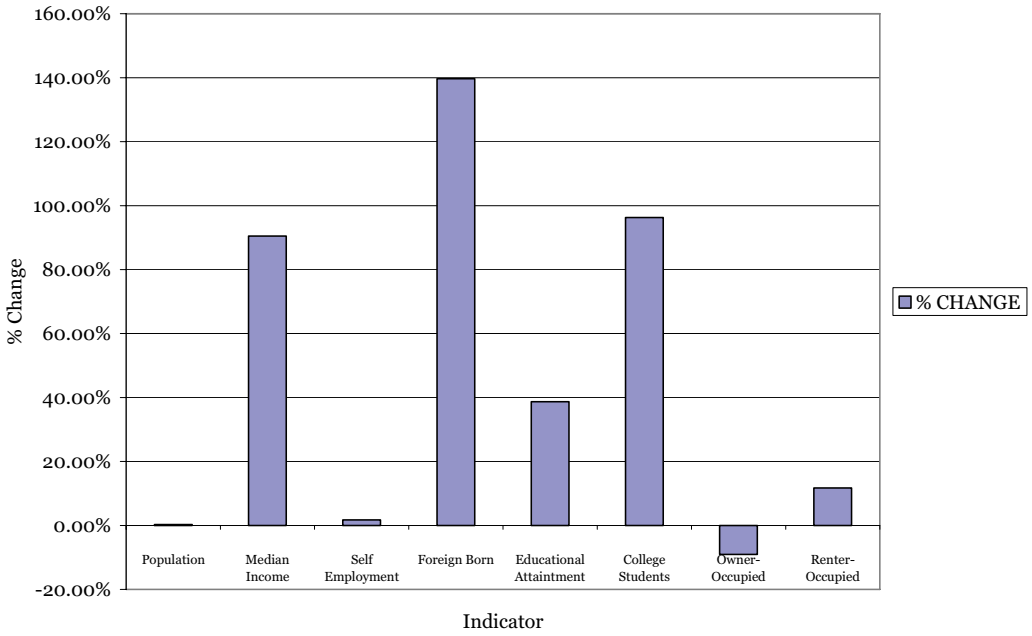
Graph 15: University City/Spruce Hill Residential Sales- Number of Sales vs. Median Sales Price, 1999-2005



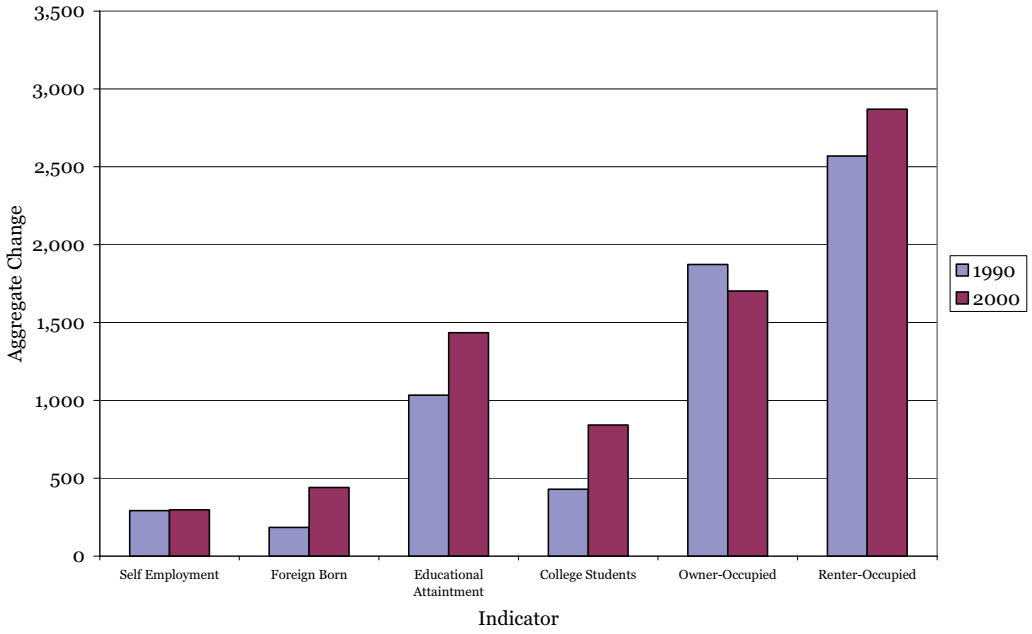
Graph 16: University City/Spruce Hill Permits, 2000-2006



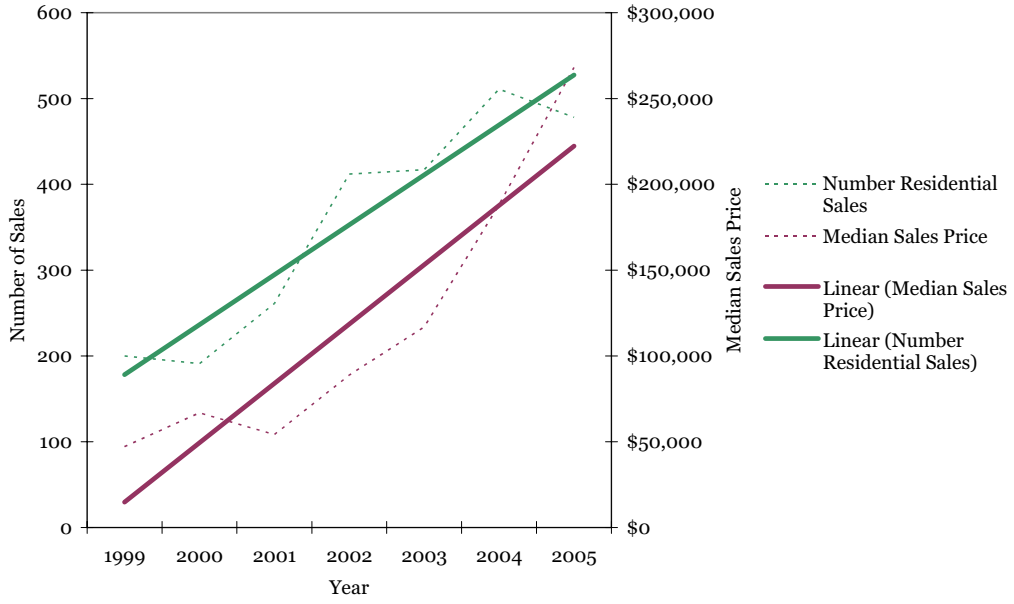
Graph 17: Graduate Hospital Indicators, 1990-2000 % Change



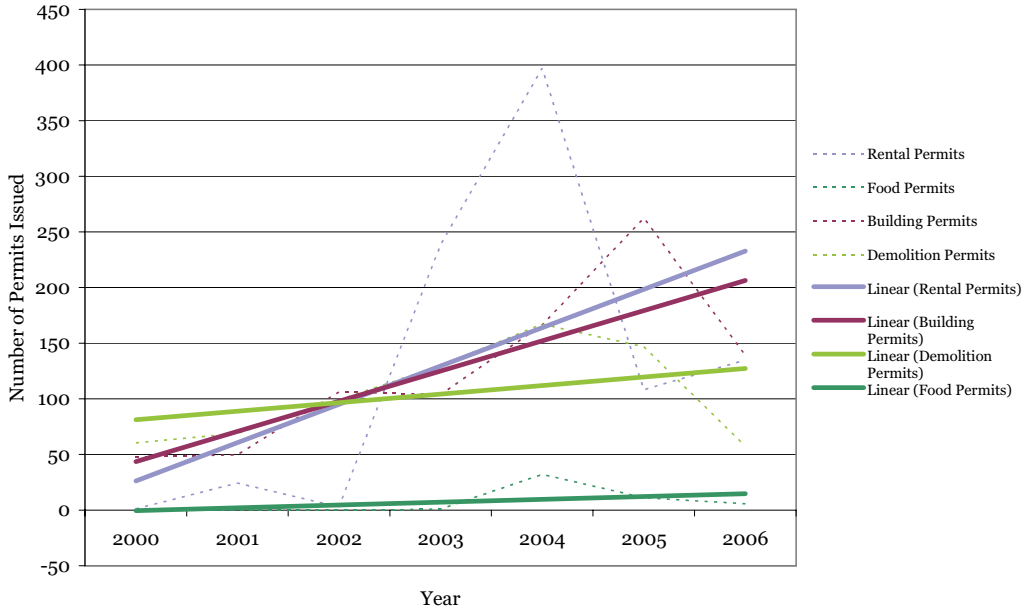
Graph 18: Graduate Hospital Indicators, 1990-2000 Aggregate Change



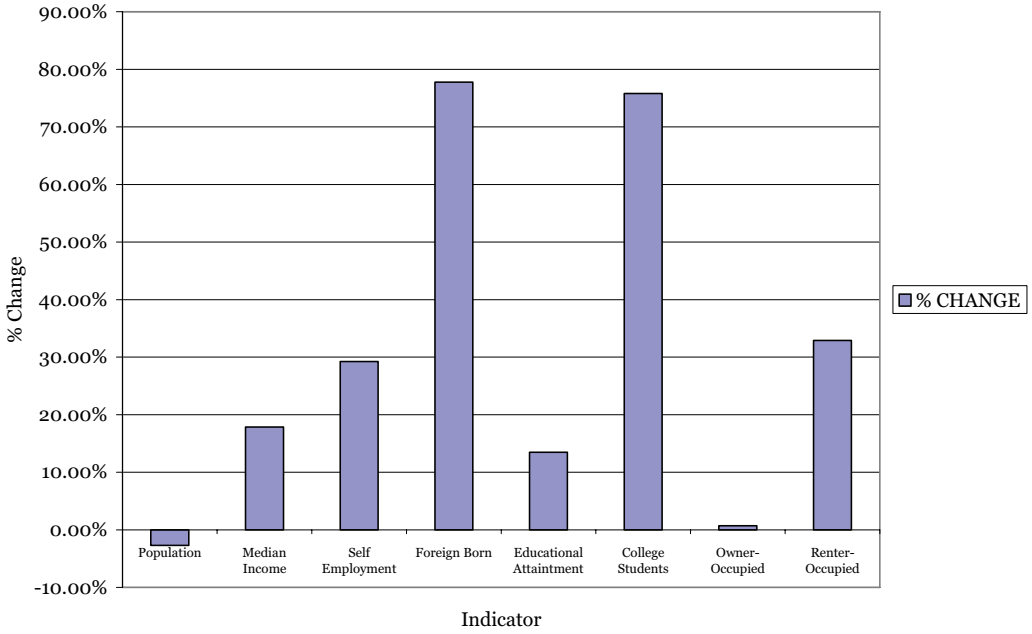
Graph 19: Graduate Hospital Residential Sales
Number of Sales vs. Median Sales Price, 1999-2005



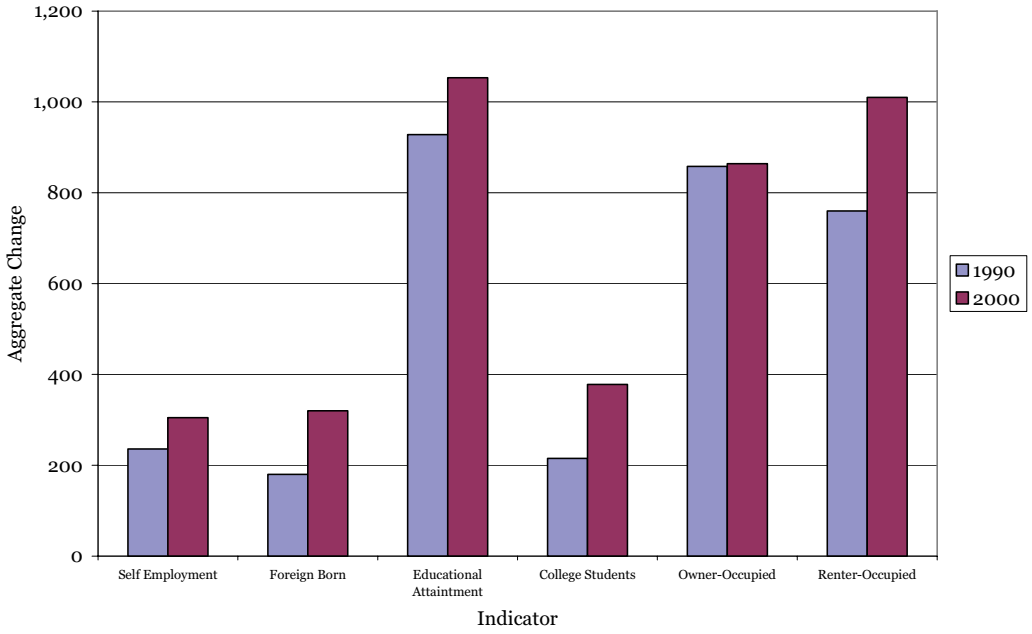
Graph 20: Graduate Hospital Permits, 2000-2006



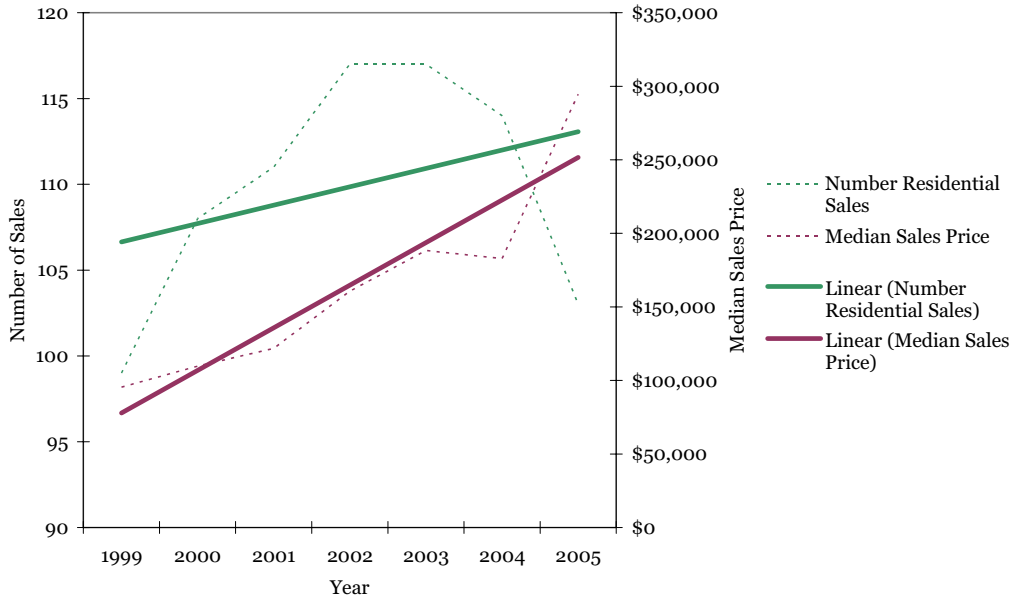
Graph 21: Northern Liberties Indicators, 1990-2000 % Change



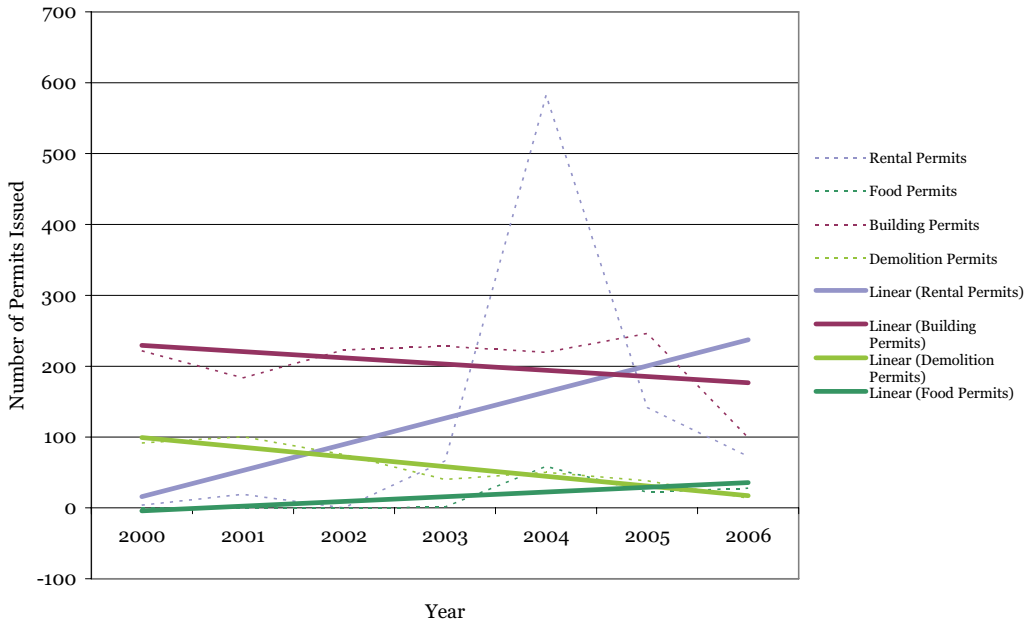
Graph 22: Northern Liberties Indicators, 1990-2000 Aggregate Change



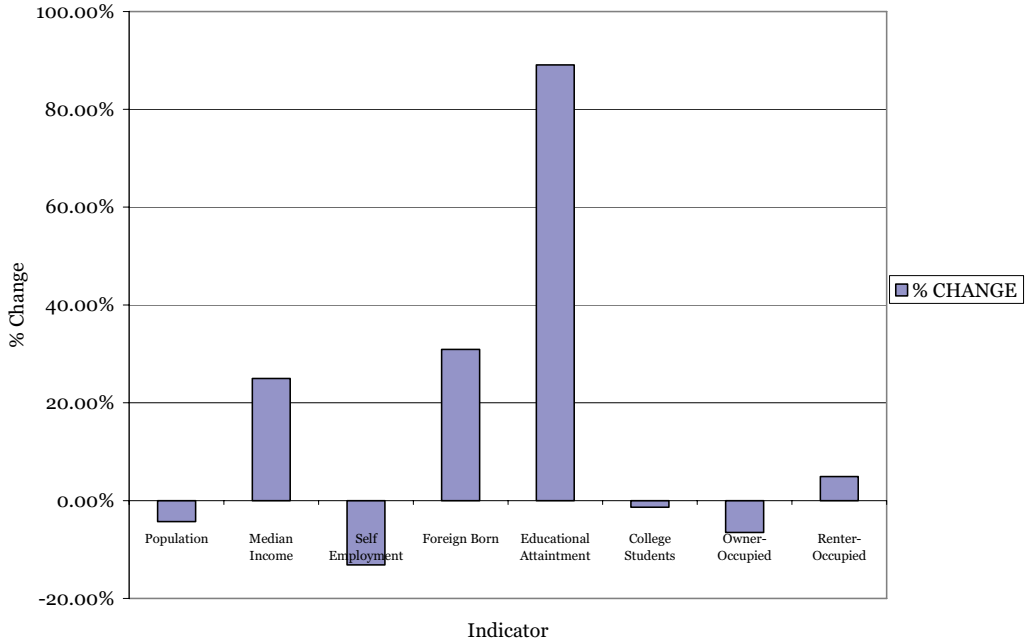
Graph 23: Northern Liberties Residential Sales
Number of Sales vs. Median Sales Price, 1999-2005



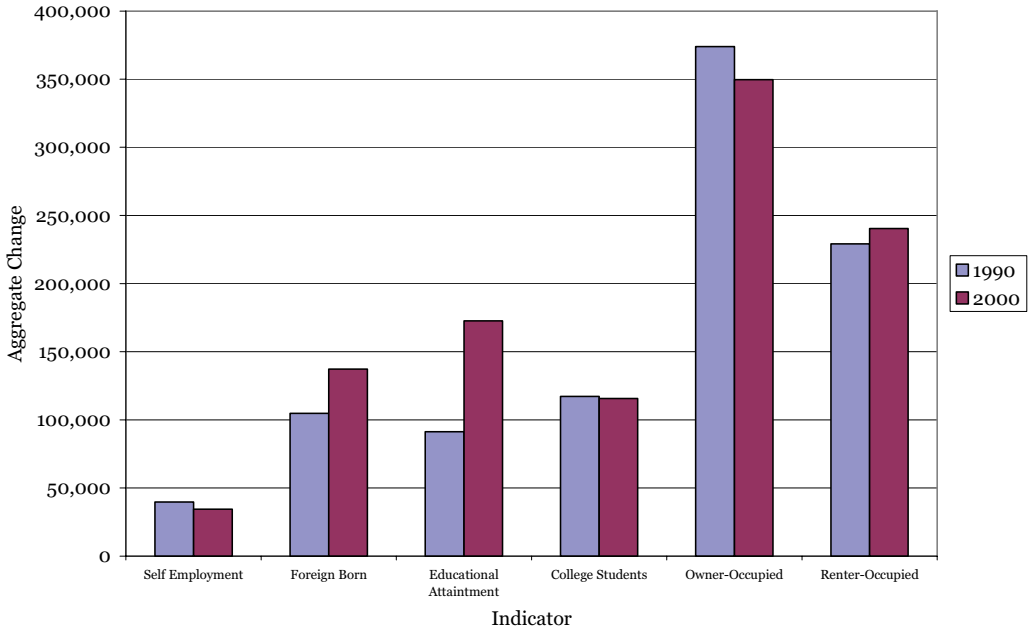
Graph 24: Northern Liberties Permits, 2000-2006



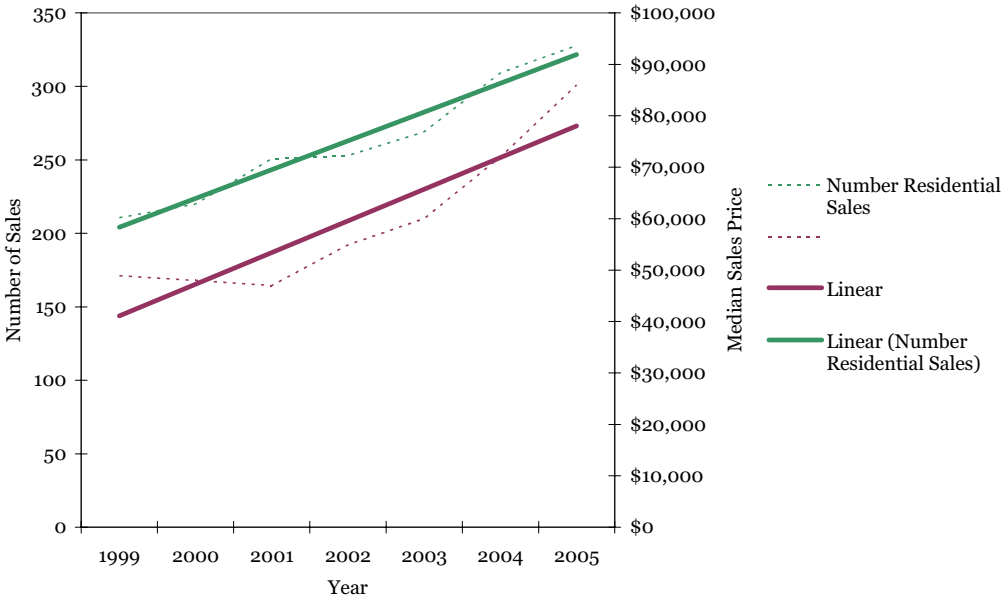
Graph 25: City of Philadelphia, 1990-2000 % Change



Graph 26: City of Philadelphia, 1990-2000 Aggregate Change



Graph 27: City of Philadelphia Residential Sales
Number of Sales vs. Median Sales Price, 1999-2005



Graph 28: City of Philadelphia Permits, 2000-2006

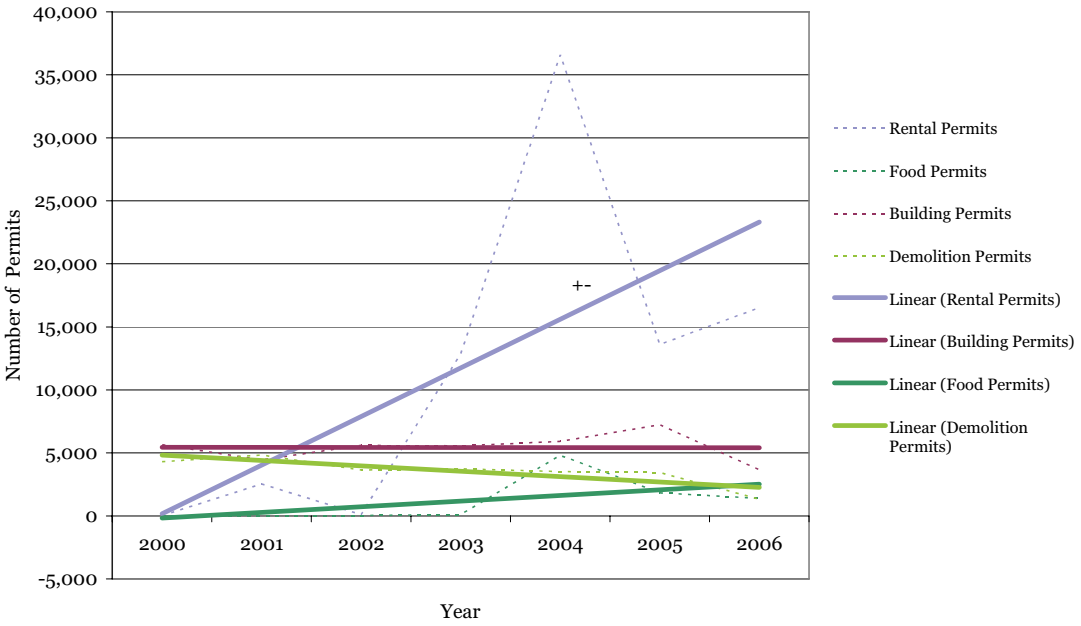


Table 6: Indicator Analysis

6.1 Population, 1990-2000

	1990	2000	% CHANGE	AGGREGATE CHANGE
Bella Vista	6,156	6,361	3.33%	205
Graduate Hospital	9,788	9,816	0.29%	28
Northern Liberties	3,845	3,741	-2.70%	-104
Old City	2,067	2,576	24.63%	509
Queen Village	6,940	6,413	-7.59%	-527
University City/ Spruce Hill	21,047	22,033	4.68%	986
City of Philadelphia	1,585,577	1,517,550	-4.29%	-68,027

6.2 Median Income, 1990-2000

Median Income	1990	2000	% CHANGE	AGGREGATE CHANGE
Bella Vista	$23,808	$37,407	57.12%	13,600
Graduate Hospital	$14,615	$27,845	90.52%	13,230
Northern Liberties	$32,248	$38,005	17.85%	5,756
Old City	$40,755	$44,603	9.44%	3,848
Queen Village	$29,640	$45,300	52.84%	15,660
University City/ Spruce Hill	$16,448	$18,923	15.05%	2,475
City of Philadelphia	$24,603	$30,746	24.97%	6,143

6.3 Self Employed Population, 1990-2000

	1990	2000	% CHANGE	AGGREGATE CHANGE
Bella Vista	471	487	3.40%	16
Graduate Hospital	292	297	1.71%	5
Northern Liberties	236	305	29.24%	69
Old City	214	252	17.76%	38
Queen Village	489	377	-22.90%	-112
University City/ Spruce Hill	766	402	-47.52%	-364
City of Philadelphia	39,701	34,481	-13.15%	-5,220

6.4 Foreign Born Population, 1990-2000

	1990	2000	% CHANGE	AGGREGATE CHANGE
Bella Vista	553	1,011	82.82%	458
Graduate Hospital	184	441	139.67%	257
Northern Liberties	180	320	77.78%	140
Old City	102	199	95.10%	97
Queen Village	245	438	78.78%	193
University City/ Spruce Hill	4,233	3,953	-6.61%	-280
City of Philadelphia	104,814	137,205	30.90%	32,391

6.5 College Student Population, 1990-2000

	1990	2000	% CHANGE	AGGREGATE CHANGE
Bella Vista	848	557	-34.32%	-291
Graduate Hospital	429	842	96.27%	413
Northern Liberties	215	378	75.81%	163
Old City	331	314	-5.14%	-17
Queen Village	645	622	-3.57%	-23
University City/ Spruce Hill	13,006	15,041	15.65%	2,035
City of Philadelphia	117,257	115,671	-1.35%	-1,586

6.6 Owner-Occupied Units, 1990-2000

	1990	2000	% CHANGE	AGGREGATE CHANGE
Bella Vista	1,653	1,736	5.02%	83
Graduate Hospital	1,873	1,703	-9.08%	-170
Northern Liberties	858	864	0.70%	6
Old City	91	469	415.38%	378
Queen Village	1,283	1,557	21.36%	274
University City/ Spruce Hill	539	453	-15.96%	-86
City of Philadelphia	373,940	349,651	-6.50%	-24,289

6.7 Renter-Occupied Units, 1990-2000

	1990	2000	% CHANGE	AGGREGATE CHANGE
Bella Vista	1,235	1,571	27.21%	336
Graduate Hospital	2,569	2,870	11.72%	301
Northern Liberties	760	1,010	32.89%	250
Old City	1,270	1,245	-1.97%	-25
Queen Village	1,945	1,839	-5.45%	-106
University City/ Spruce Hill	6,825	6,207	-9.05%	-618
City of Philadelphia	229,135	240,420	4.93%	11,285

6.8 Rental Permits, 2000-2006

	2000	2001	2002	2003	2004	2005	2006
Bella Vista	0	15	0	74	211	45	81
Graduate Hospital	1	24	3	239	397	108	135
Northern Liberties	4	19	0	66	583	142	72
Old City	0	4	0	24	63	12	21
Queen Village	1	20	2	70	197	63	64
University City/ Spruce Hill	0	12	0	42	202	45	41
City of Philadelphia	23	2,524	97	12,873	36,586	13,606	16,508

6.9 Food Permits, 2000-2006

	2000	2001	2002	2003	2004	2005	2006
Bella Vista	0	0	0	1	39	13	8
Graduate Hospital	0	0	0	1	32	11	6
Northern Liberties	0	0	0	1	58	22	28
Old City	0	0	0	3	37	18	11
Queen Village	0	0	0	0	33	6	6
University City/ Spruce Hill	0	0	0	0	29	5	17
City of Philadelphia	6	11	20	100	4799	1823	1392

6.10 Building Permits, 2000-2006

	2000	2001	2002	2003	2004	2005	2006
Bella Vista	51	59	77	59	57	131	52
Graduate Hospital	48	50	106	104	166	262	139
Northern Liberties	222	183	223	228	220	246	99
Old City	157	135	106	141	129	120	65
Queen Village	49	59	100	81	92	84	49
University City/ Spruce Hill	66	70	110	127	155	212	95
City of Philadelphia	5,653	4,436	5,603	5,551	5,906	7,235	3,641

6.11 Demolition Permits, 2000-2006

	2000	2001	2002	2003	2004	2005	2006
Bella Vista	57	73	54	38	54	50	15
Graduate Hospital	61	69	99	130	167	147	58
Northern Liberties	91	100	75	40	50	38	14
Old City	68	90	51	67	66	57	21
Queen Village	45	59	46	56	33	50	17
University City/ Spruce Hill	52	52	64	72	58	60	14
City of Philadelphia	4,299	4,833	3,644	3,739	3,519	3,438	1,318

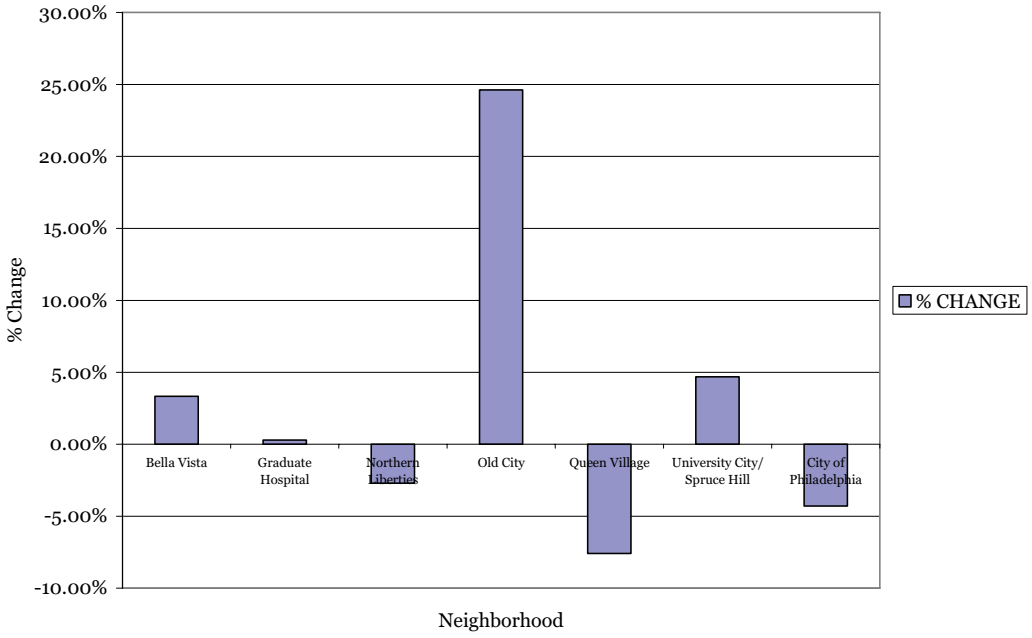
6.12 Number of Residential Sales, 1999-2005

	1999	2000	2001	2002	2003	2004	2005
Bella Vista	193	168	181	179	155	172	182
Graduate Hospital	200	191	261	412	417	511	478
Northern Liberties	99	108	111	117	117	114	103
Old City	2	8	4	5	5	5	4
Queen Village	229	183	195	170	200	191	187
UC/Spruce	101	48	67	62	63	80	94
City of Philadelphia	211	220	251	253	269	309	328

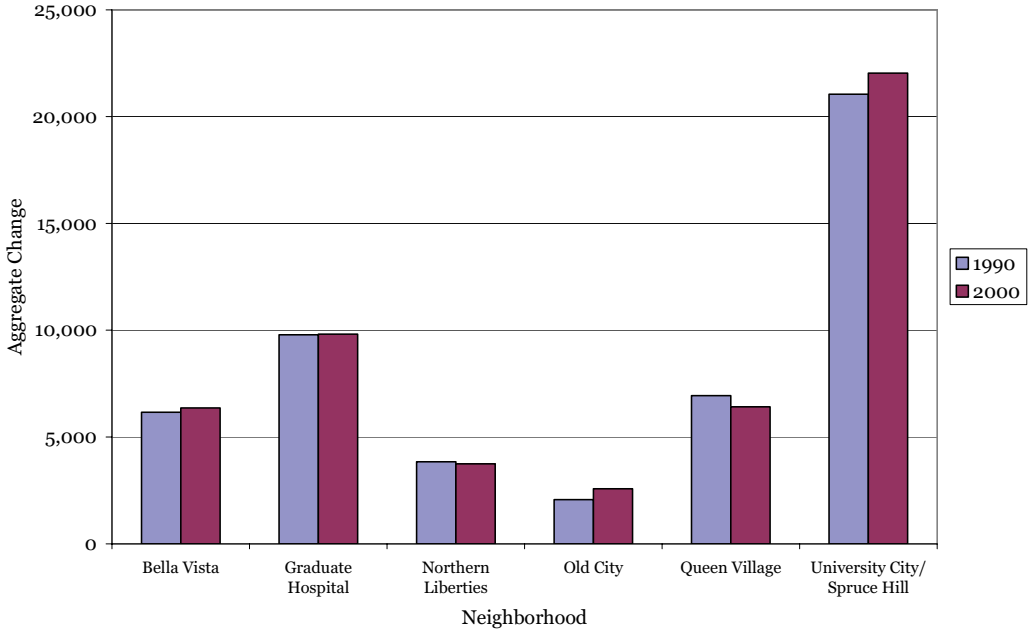
6.13 Median Sales Price, 1999-2005

	1999	2000	2001	2002	2003	2004	2005
Bella Vista	$80,350	$98,186	$132,423	$175,050	$212,805	$260,750	$309,211
Graduate Hospital	$47,082	$66,820	$54,174	$88,817	$116,872	$188,095	$268,117
Northern Liberties	$95,404	$109,696	$121,773	$160,693	$188,407	$182,839	$294,679
Old City	$150,833	$265,367	$153,067	$209,938	$370,000	$451,250	$501,250
Queen Village	$128,908	$161,483	$174,533	$227,300	$267,594	$688,661	$361,228
UC/Spruce	$208,870	$117,539	$129,610	$482,341	$224,378	$289,450	$358,845
City of Philadelphia	$48,900	$48,000	$47,000	$54,900	$60,000	$72,000	$86,000

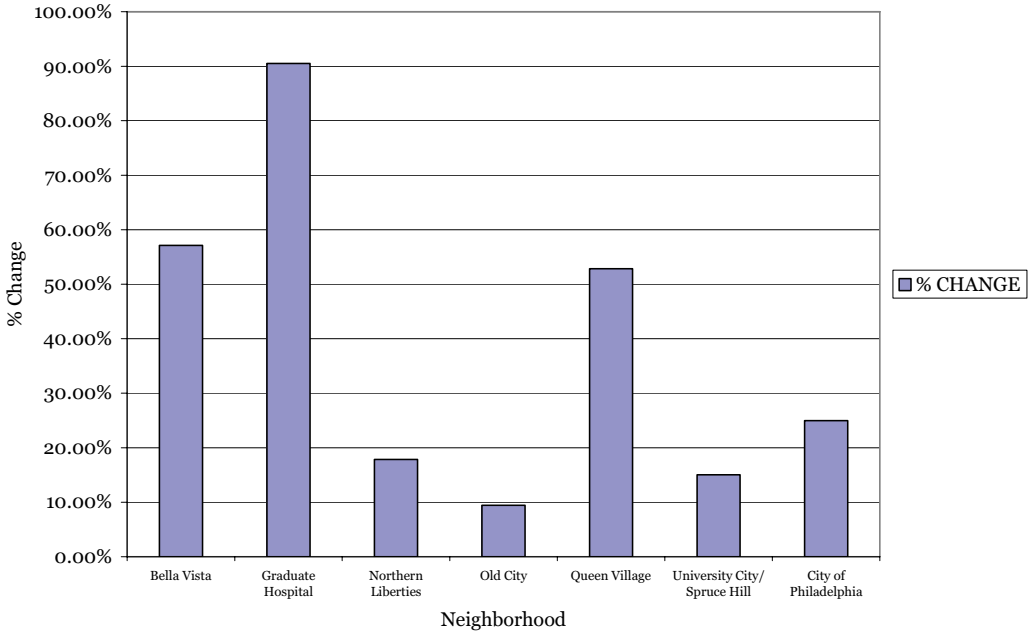
Graph 29: Population, 1990-2000 % Change



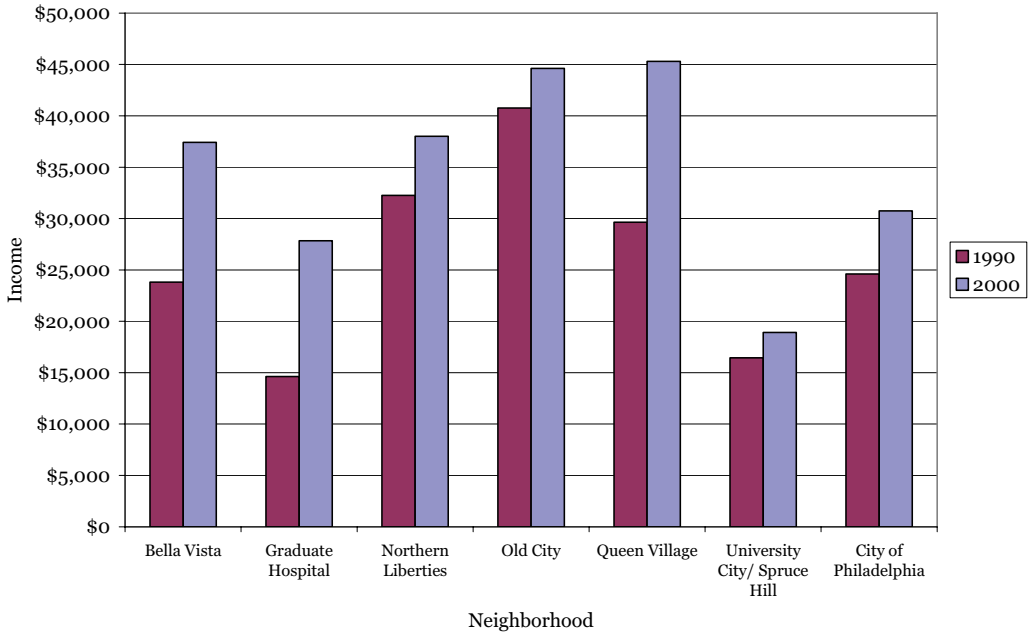
Graph 30: Population, 1990-2000 Aggregate Change



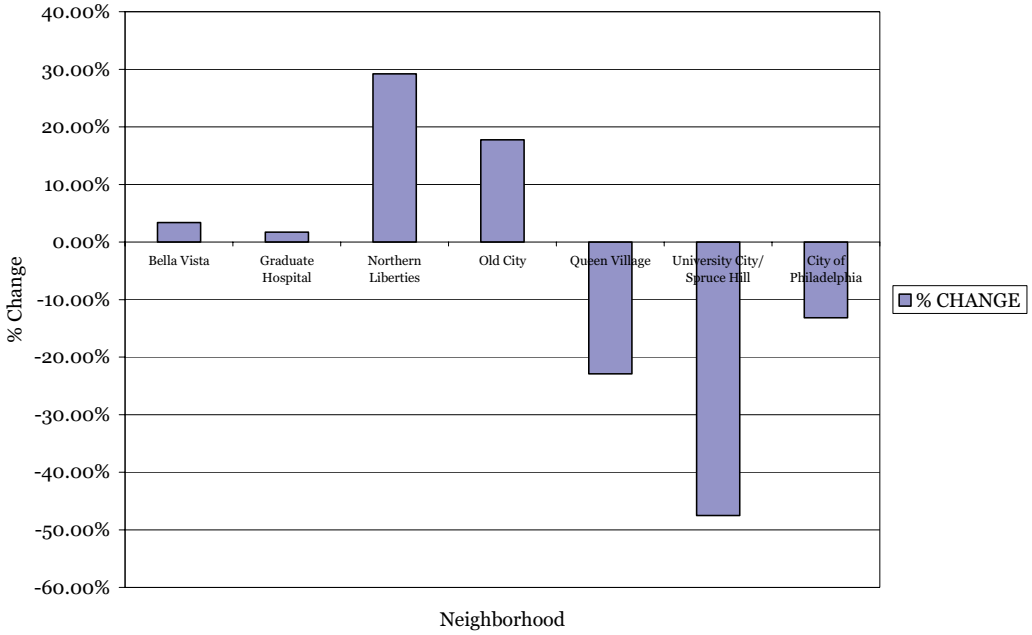
Graph 31: Median Income, 1990-2000 % Change



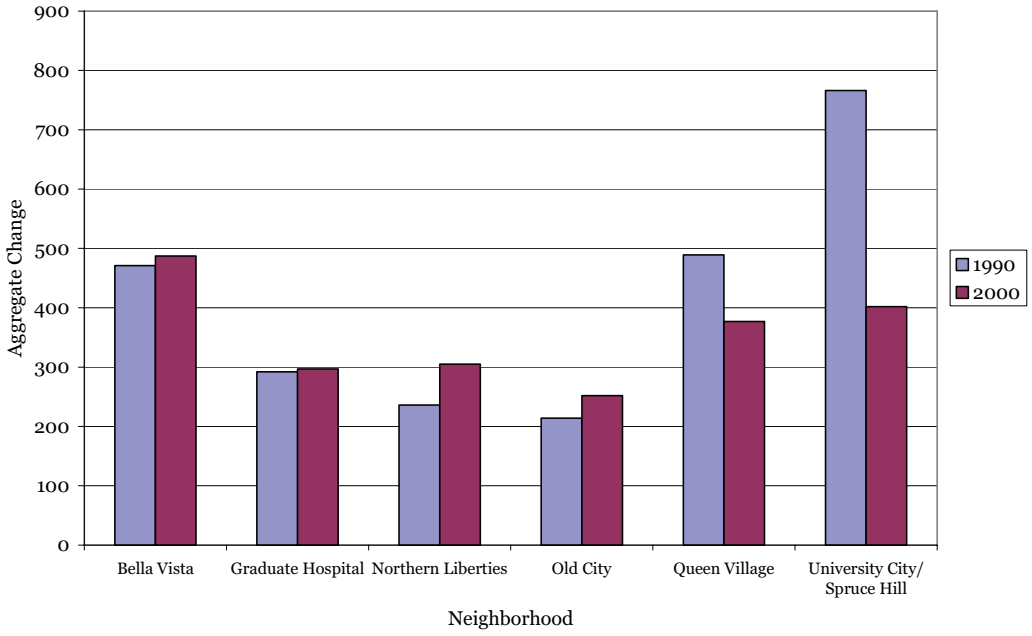
Graph 32: Median Income, 1990-2000 Aggregate Change



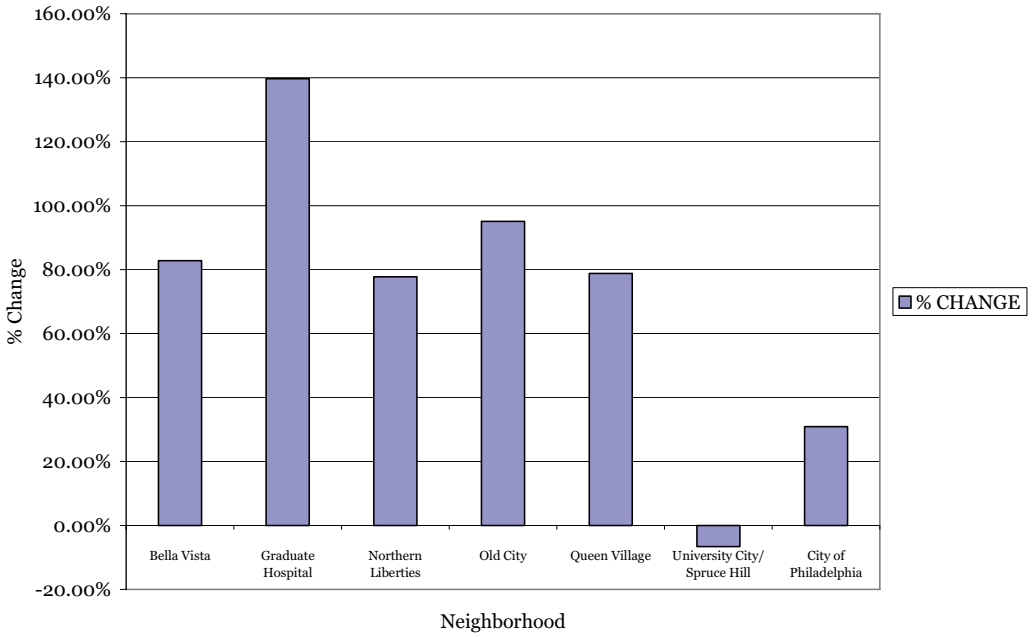
Graph 33: Self Employed Population, 1990-2000 % Change



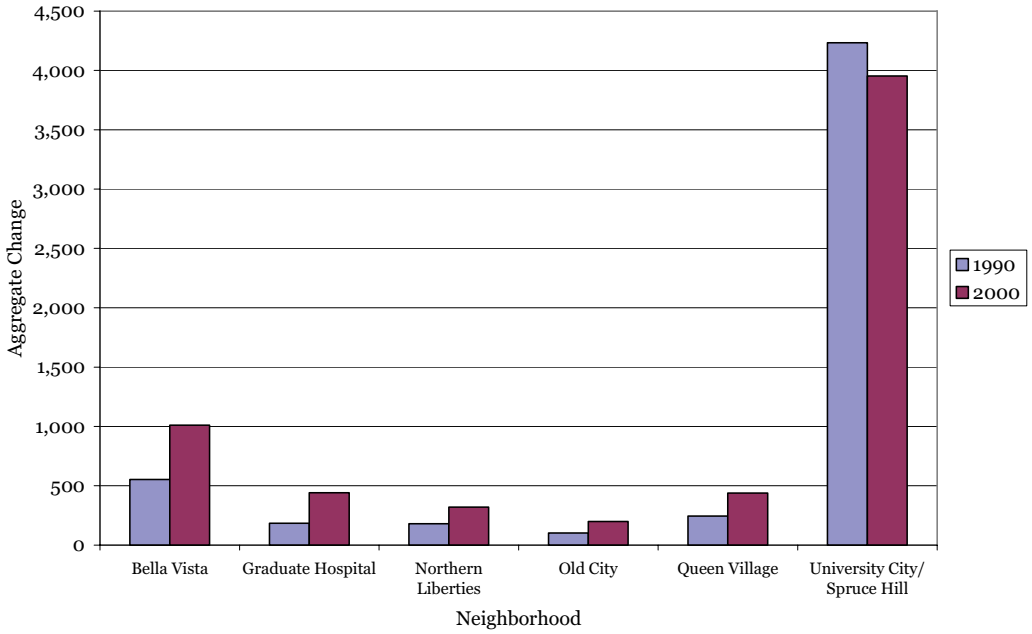
Graph 34: Self Employed Population, 1990-2000 Aggregate Change



Graph 35: Foreign Born Population, 1990-2000 % Change



Graph 36: Foreign Born Population, 1990-2000 Aggregate Change



Graph 37: Educational Attainment, College or Beyond, 1990-2000 % Change

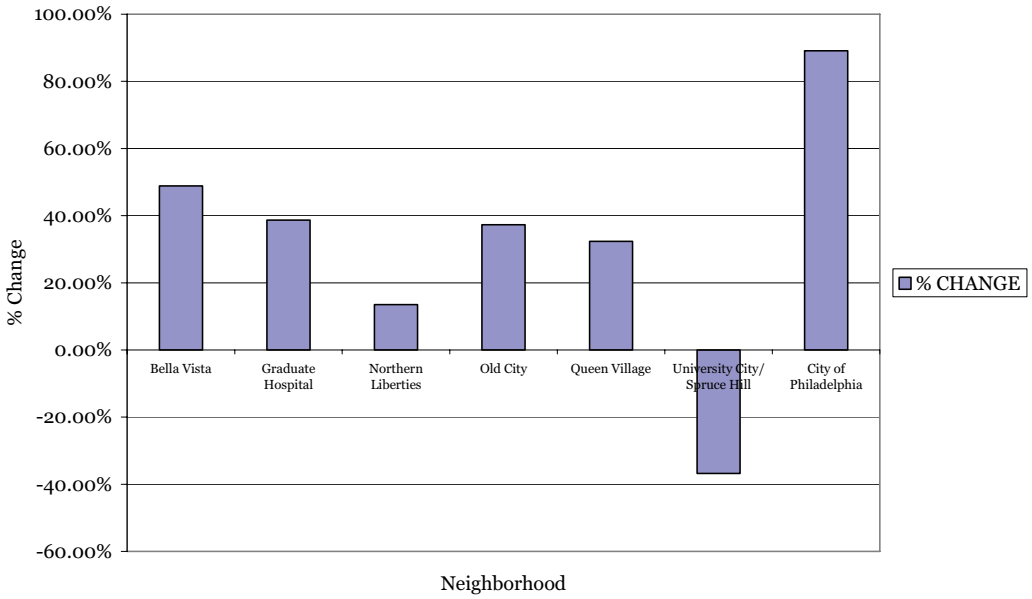
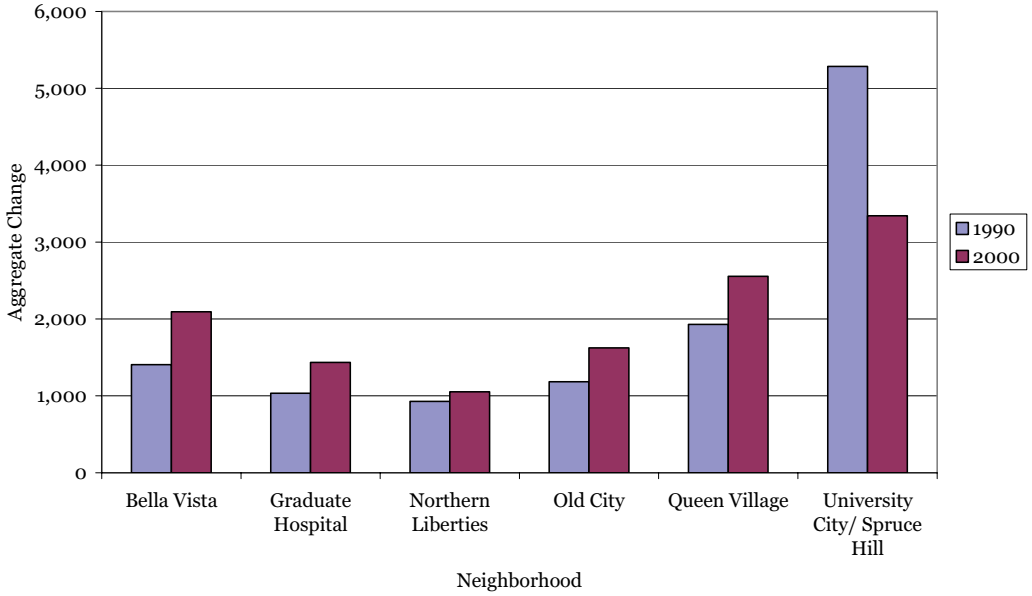
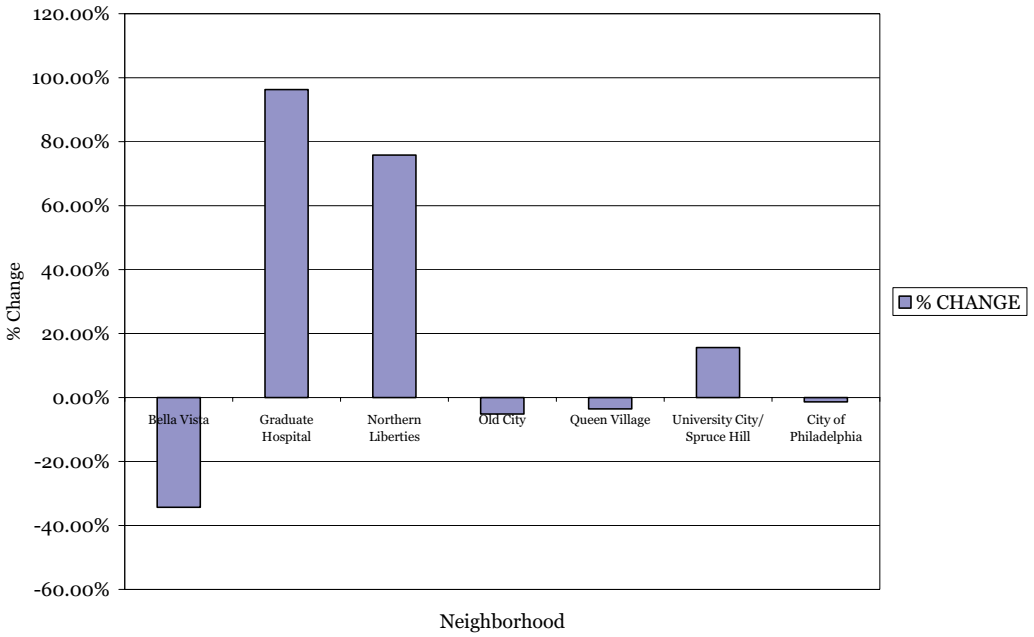


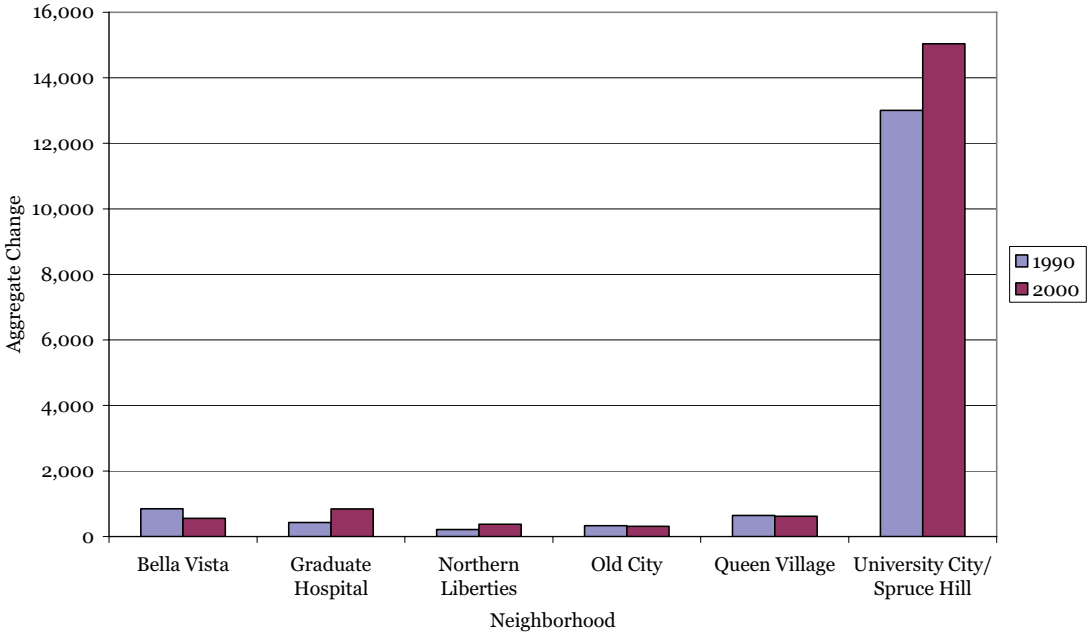
Chart 38: Educational Attainment, College or Beyond 1990-2000 Aggregate Change



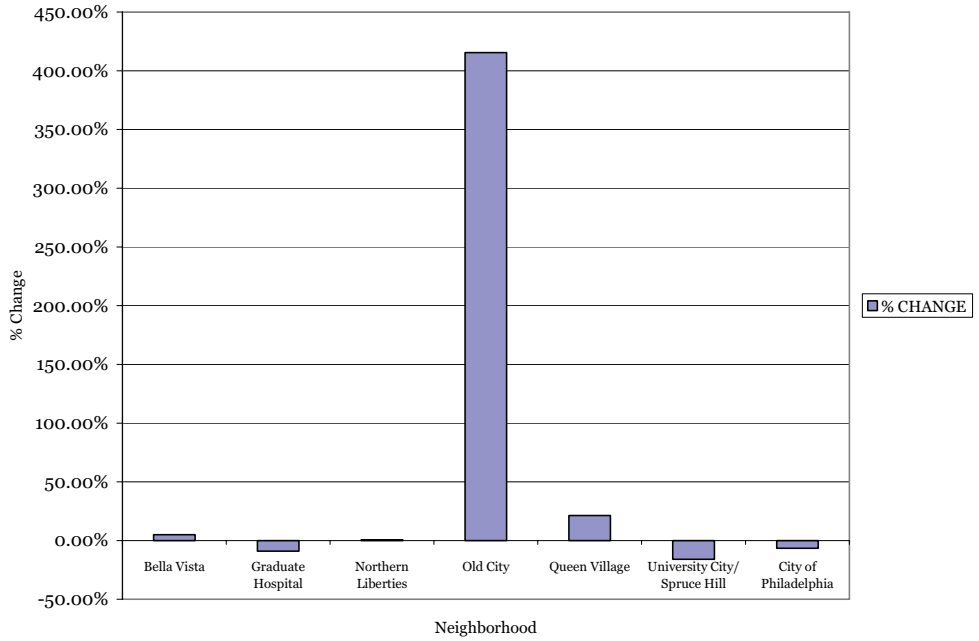
Graph 39: College Student Population, 1990-2000 % Change



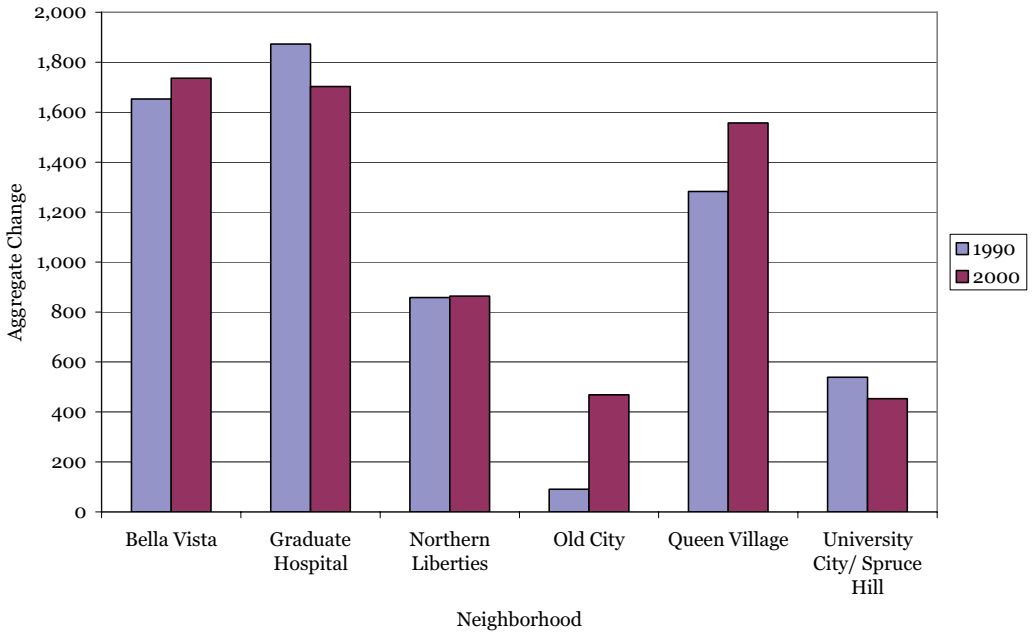
Graph 40: College Student Population, 1990-2000 Aggregate Change



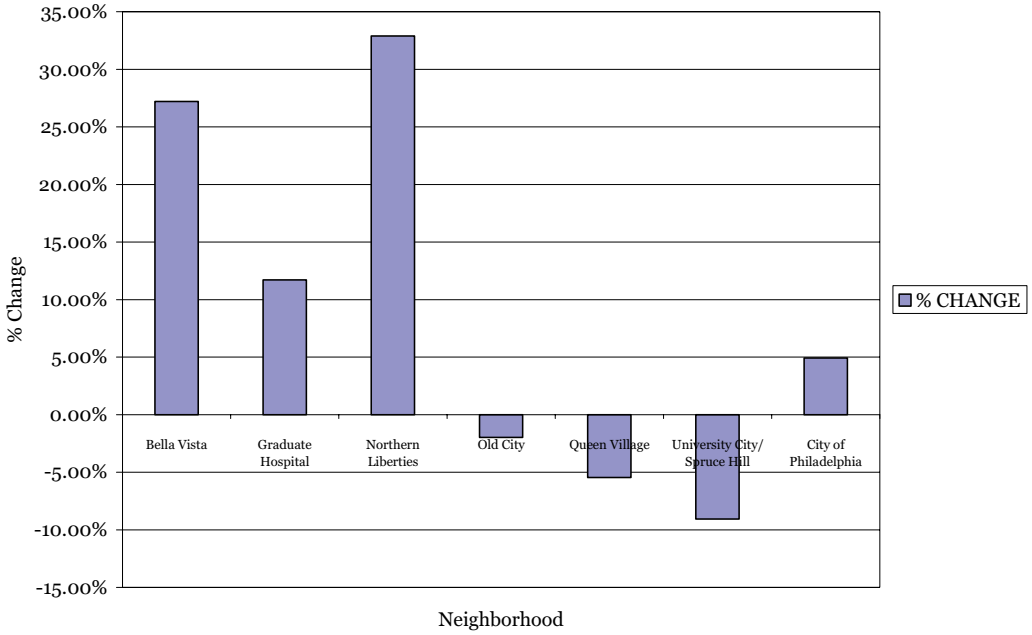
Graph 41: Owner-Occupied Units, 1990-2000 % Change



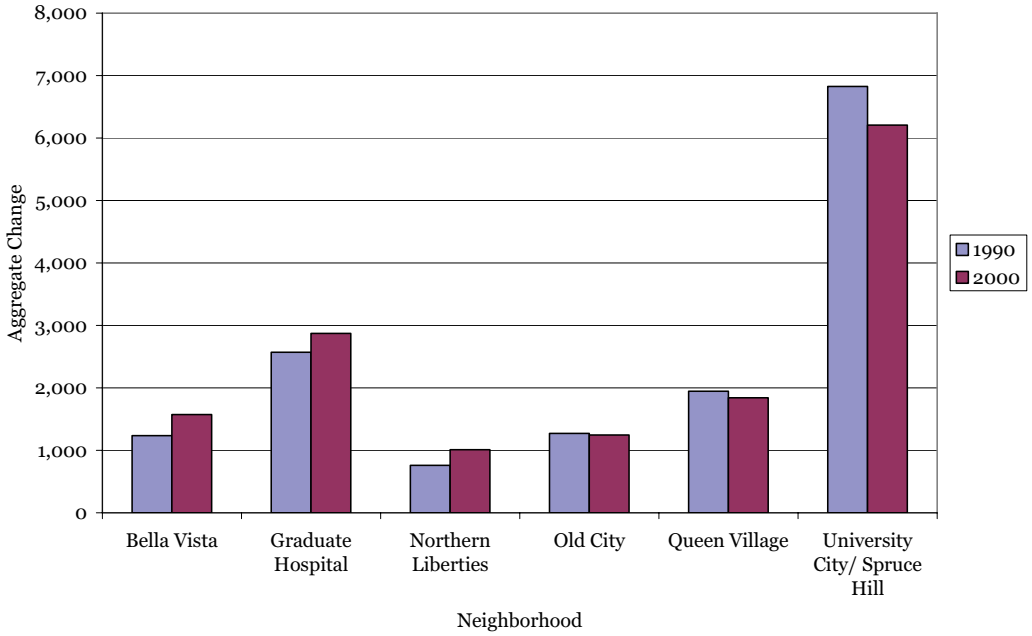
Graph 42: Owner-Occupied Units, 1990-2000 Aggregate Change



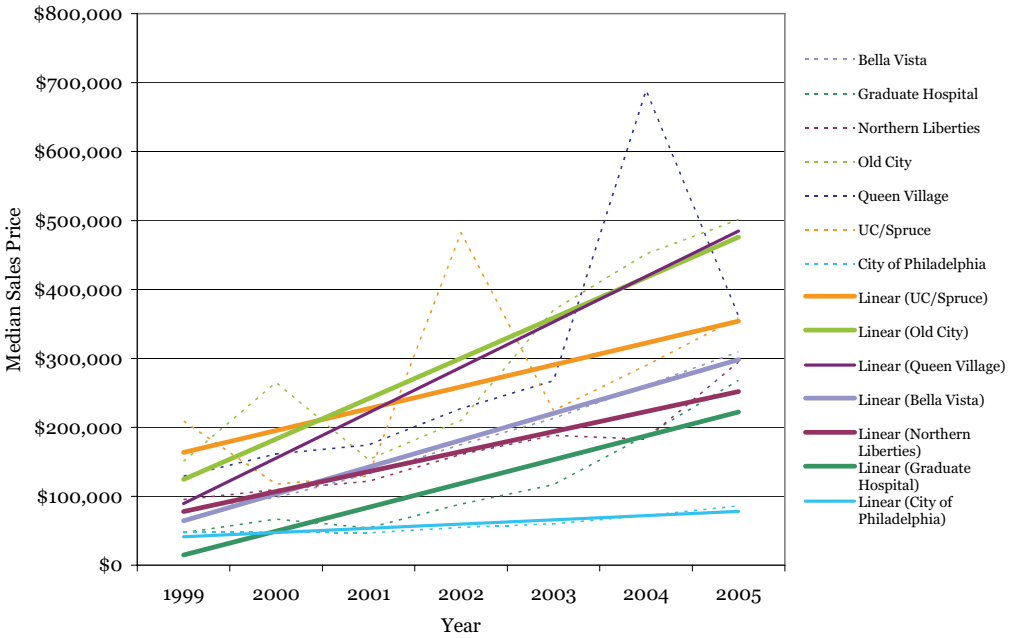
Graph 43: Renter-Occupied Units, 1990-2000 % Change



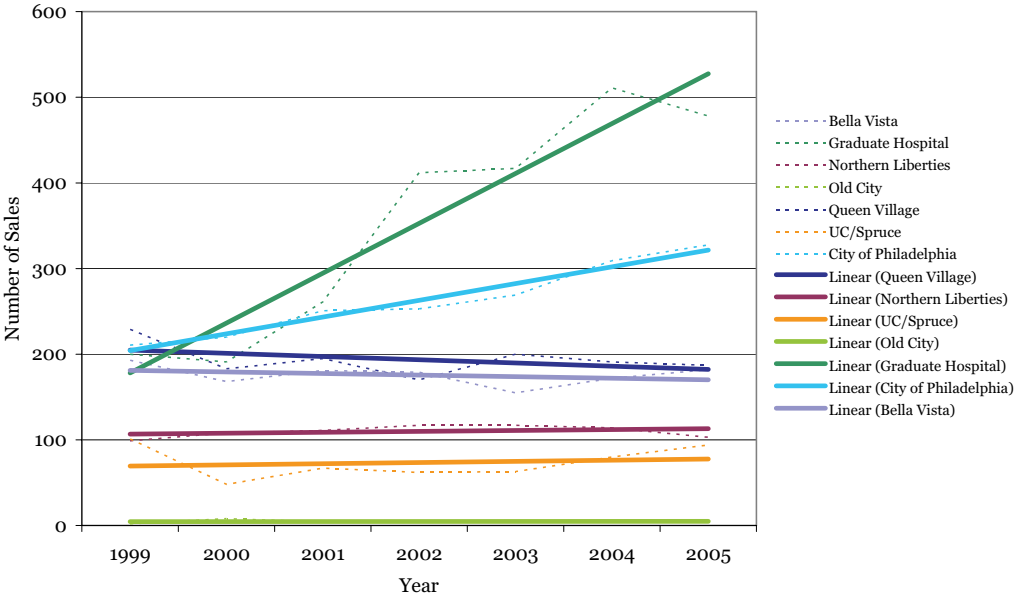
Graph 44: Renter-Occupied Units, 1990-2000 Aggregate Change



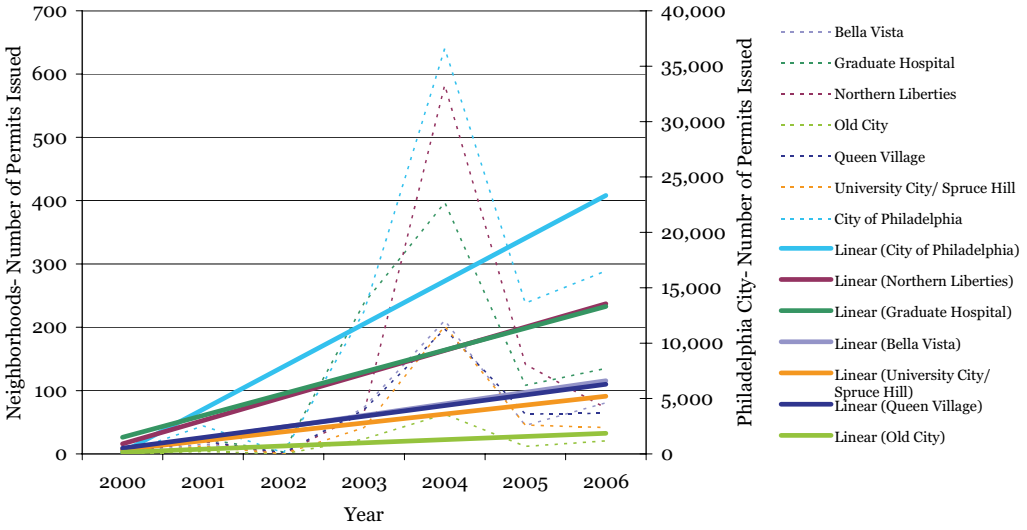
Graph 45: Median Sales Price, Comparative Analysis 1999-2005



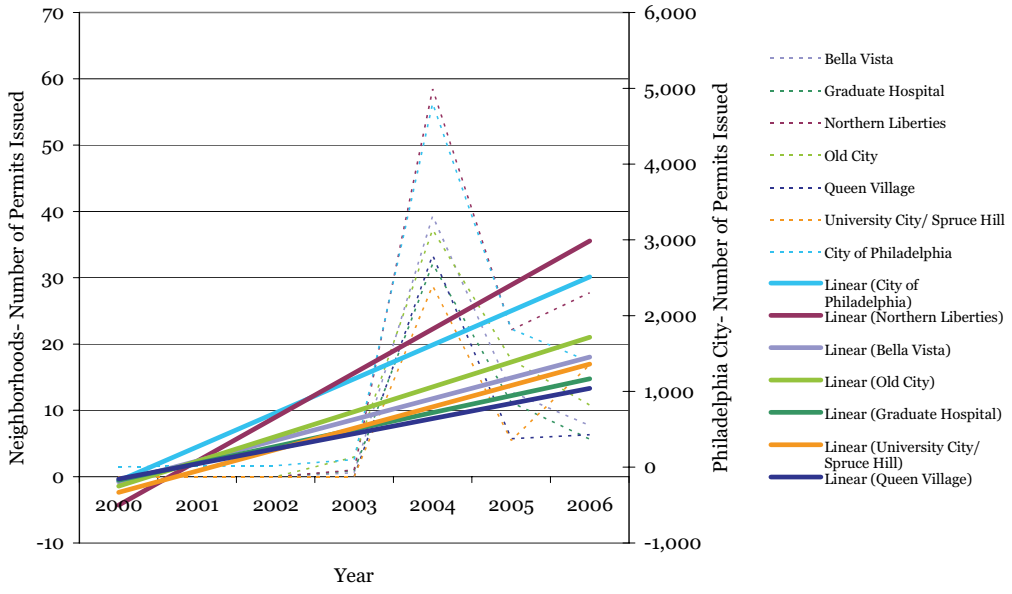
Graph 46: Number of Residential Sales, Comparative Analysis 1999-2005



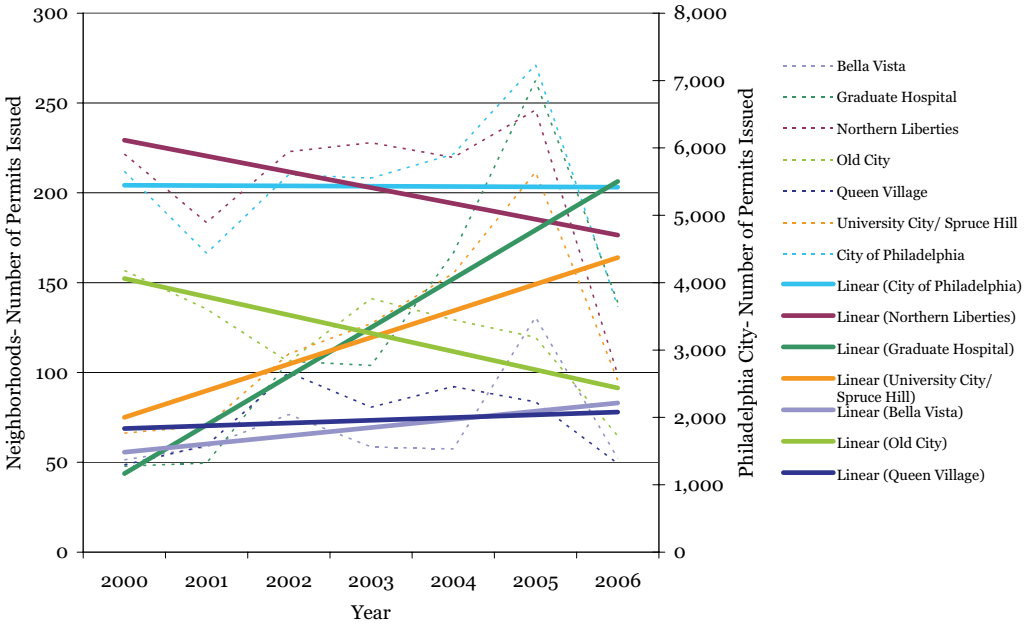
Graph 47: Rental Permits, Comparative Analysis, 2000-2006



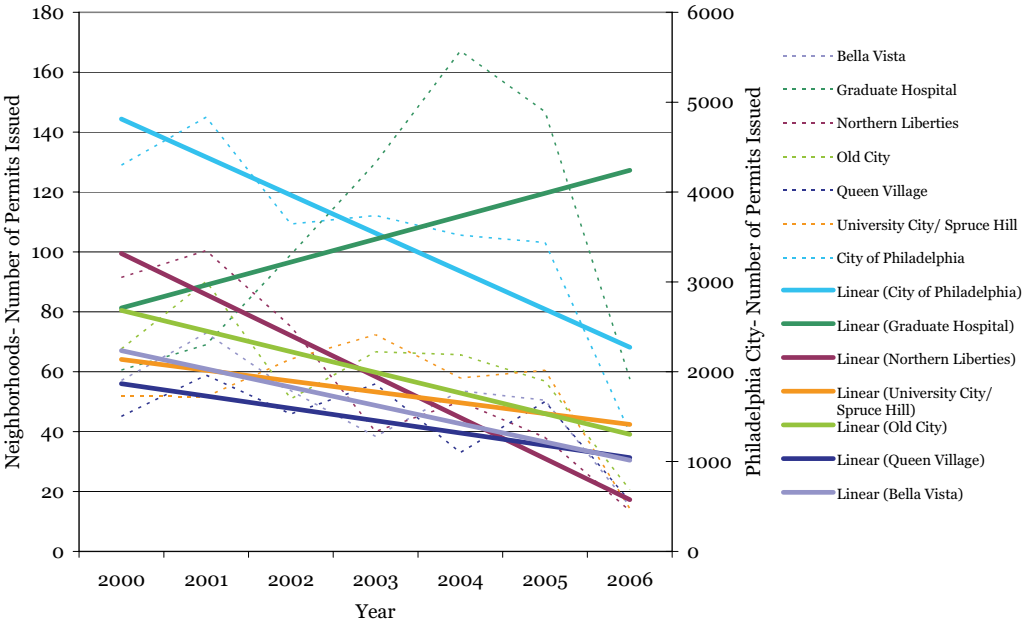
Graph 48: Food Permits, Comparative Analysis 2000-2006



Graph 49: Building Permits, Comparative Analysis 2000-2006



Graph 50: Demolition Permits, Comparative Analysis 2000-2006



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