Differentiating the Hype and Substance of Philadelphia's Renaissance

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Differentiating the Hype and Substance of Philadelphia's Renaissance

Abstract
Throughout the latter half of the twentieth century there was growing concern about Philadelphia's job loss, diminishing population, and brain drain. However, in recent years the media has shifted its critical outlook to focus on a more optimistic view of the city's future and verbally confirmed a booming renaissance. At a closer look, it appears that the city is indeed going through some changes. The housing market has improved in general and Center City is growing in business and population. But the crime statistics show instability, homelessness appears to be on the rise, and much of the touted regeneration seems to be based on advances made in Center City. The findings do not contradict the assertion of a boom. They simply point out that in order to sustain growth and benefit Philadelphia as a whole, instead of a select demographic, we must choose to use the momentum of current progress wisely.

Keywords
Philadelphia, renaissance, development, Urban Studies, Eric Schneider, Eric, Schneider

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Introduction

Throughout history, cities have been in constant flux, reinventing themselves to navigate the seas of necessity, opinion, and physical decline. The latter half of the twentieth century has seen global trends in Western cities away from a production economy to a service economy. The United States, in addition to the rise of the postindustrial economy, also experienced a national socioeconomic trend that pushed much of the United States’ growing population into suburbia after World War 2. Against that backdrop, the City of Philadelphia experienced a loss of 400,000 residents between 1960 and 1990 despite the Planning Commission’s optimistic projection of a minimum 225,000 resident gain.\(^1\) Furthermore, beyond the sheer number of residents lost remained the fact that there was a 30 percent drop in middle-income families, which created a significant loss of tax base and a crippling of the city finances.\(^2\) The overall job market within Philadelphia was unhealthy; the city shed 26 percent of payroll jobs between 1969 and 1994.\(^3\) However, Philadelphia’s population drain stabilized at the turn of the century and the media coverage of the city changed from a despondent wail of its losses to laudations of its achievements and rosy predictions of its future, prompting the *National Geographic Traveler* to declare Philadelphia as America’s “next greatest city.” This paper will explore what facts lay beneath the change in media opinion and launch an independent exploration of the city’s health and future based on the assertions made.

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\(^2\) Bissinger, p33 and p131
Renaissance and Revitalization

Philadelphia is far from alone in its decline. With the exception of three cities, all of the cities in the study by Gyourko and Voith (1997) lost population between 1960 and 1990. The three that did not lose population in the sample of twenty cities were Los Angeles, Miami, and Oakland. The other cities did not simply lose population, they ‘systematically lost higher income residents’, which indicates an even more debilitating loss. This came as a result of globalization. Philadelphia’s drop from 300,000 manufacturing jobs in 1960 to 85,000 in 1990 was simply a reflection of a global shift of manufacturing activity from Europe and America to the Far East, Latin America, and Africa, as well as the growth of service activities in most Western cities. This change in industry concentration has contributed greatly to the general decline of population size in large cities, leaving a demographic imbalance where there is a relatively large population of the elderly, the very young, ethnic minorities, and guest workers. According to Sternlieb and Ford, there were over two and one half million more individuals who chose to move from a city to the suburbs than the reverse between 1975 and 1977 alone in America. The average Northeast city declined by slightly less than half a million. But this national trend does not justify Philadelphia’s loss, it only gives it context. On a longer timeline, between 1970 and 2000, the metropolitan area of Boston grew by 29 percent and Washington grew by 69 percent but the entire Metropolitan Philadelphia

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5 Ed. Parkinson, Michael, Bernard Foley, Dennis R. Judd, Regenerating Cities, Manchester University Press, Manchester, 1989
population grew by a meager 6 percent. However, Philadelphia’s slow start should not
discount the current positive media reports because the fabric of each urban center differs and
the mechanism to revitalize one city may not be present or effective in another.

During much of the twentieth century, revitalization efforts relied heavily on
government initiation, funding, and application. Roosevelt fought the Depression with
initiatives within the New Deal with mixed results and reviews. In the decades after World
War 2 Philadelphia took the lead in long-term planning and redevelopment projects with a
particular zeal for physical reconstruction. The city’s was featured in national magazines such
as *Time* and *Life* and attracted young talented planners to the area.

Nationally, there were other movements such as urban renewal and the Model Cities
program, which included economic developments as well as physical renewal as a part of
their plans. They did not adopt the philosophy that everything would follow the physical
improvements but set out to address socioeconomic issues directly while taking into account
the need for change on the physical level. Perloff asserted that the five main objectives of
urban renewal were economic efficiency, geographical place prosperity, people prosperity,
elimination of blight and slums, and the beautification of the nation’s cities. According to the
analysis of Perloff et al, evaluation for the urban renewal schemes moved steadily from being
most concerned with increasing city revenues to concentrating on social indicators. In 1967,
Housing and Urban Development (HUD) Secretary Robert Weaver specified the three major
goals of renewal as the conservation and expansion of housing for low and moderate income

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7 The Metropolitan Philadelphia Policy Center, *Flight (Or) Fight: Metropolitan Philadelphia and Its Future*, The
1988. P28
9 Perloff, Harvey S., Tom Berg, Robert Foundtain, David Vetter, John Weld, *Modernizing the Central City*. P115
families, development of new job opportunities, and the physical renewal of areas with critical and urgent needs.10

The Model Cities program was intended to overcome the shortcomings of urban renewal. It called for a two-phase effort, a year of planning and then five years of implementation, with 80 percent of planning costs funded by federal grants. Originally Charles Johnson, a National Association for the Advancement of Colored People (NAACP) leader and Municipal and Superior Court judge, wanted to use a few select cities as “Demonstration Cities” but the 1966 proposal ended up including 60-70 cities. Upon launching the program, conflicting political agendas led to the dispersal of funds among 150 cities by 1970 and the eventual inclusion of 1100 programs in its grants. The national launch of a program that had been intended only for a few cities diluted the funds and the program proved ineffective.

Philadelphia’s prolific period of planning, urban renewal schemes, and the Model Cities generated much optimism but did not deliver a vibrant city. Ford asserts that our urban myth of a golden age may be at fault. Ford contends that the 1920s and 1950s both epitomized downtown problems and successes, and he dismisses the common assertions of the past’s superior symbolism and beauty, authenticity, safety, and cleanliness of the city environment. He describes America’s downtowns as highly and blandly functional in comparison to those in Europe and went on to rate the city revitalization efforts of 13 cities according to criteria such as their use of the physical site, history of urban form, sense of place, waterfront reclamation, identity, and city life.11 In his analysis he stresses that revitalization calls for reinvention and that downtowns are evolving from their past identity as central business

10 Ibid, p120
districts to places of “monumental display” and entertainment. Revitalization lies in the ability to recognize change and reinvent the city. This means that media attention and monetary investment are not enough to turn Philadelphia around. In order to grow as a sustainable city of the twenty-first century, Philadelphia has to recognize a change in its function and reinvent itself in a way that is congruous with its history and geography.

Evidently, revitalization of a city needs generous funding along with dynamic ideas. While financial support may not be enough to transform a metropolis, neither are creativity and ideas for metamorphosis enough in isolation. Public investment is important. Without public investment and tax concessions, Boston would not have been able to develop the tourist industry and attract private investment into places like the Prudential Center, Copley Place, or the Faneuil Hall Marketplace. Such stimuli multiply in effect as jobs are created and both income and tax revenue increase, to the benefit of the city’s residents.12 The City of St. Louis discovered such creative methods of stimulating investment as early as the 1950s. St. Louis used Chapter 353 to leverage minimal public financial commitment in a way as to attract greater private sector investment and reinvestment.13

However, the authors of Regenerating the Cities criticize the current use of public money in revitalization efforts, to say that it is revival for only a select population. They assert that the public funds are effectively allocated to aid the upper middle class who have upward social mobility rather than the working poor or those below the poverty line. In the drive for a better image and increased revenue, the city uses development funds to create security and an environment that is attractive to new professionals who are also pulled in by the growth of service-sector jobs. This population not only works but lives in the city thanks to the public

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13 Mandelker, Daniel R., Gary Feder, Margaret R. Collins, Reviving Cities with Tax Abatement, Rutgers, New Jersey, 1980. p25
spending and private reinvestment, leading to redevelopment of housing, the rise in property
prices, gentrification of neighborhoods, and the marginalization of the lower class. While it
is naïve to assume that economic revitalization can benefit all groups, it is ironic that the
public sector, which is supposed to strive for some level of equity among citizens, is
increasing socioeconomic gaps.

Aside from such criticism, there is increasing fanfare about the national rise of
downtowns and it is welcome news after continual reports of the struggle and demise of the
metropolis. This return of the city was discussed as early as 1979 by Sternlieb and Ford. While they agreed that most cities were facing population drain to the suburbs at the time, they gave credit to cities such as San Francisco and Boston for their high appeal to young professionals with high incomes as a “fun” city. This claim is supported by the fact that Boston and San Francisco’s downtown population increased by 1.9 percent and 24.4 percent, respectively, between 1970 and 2000 when most downtown populations were in decline. In their paper Sternlieb and Ford went on to discuss how a critical mass of this particular population could become a draw for an influx of people. They also gave note to specialized cities such as Washington D.C. and claimed that the domination of the city in its region maintained a secure job base and high wage scale that future growth was inevitable.

Birch’s study of 44 downtowns found that after twenty years of decline, the downtown population grew by 10 percent in the 1990s. The number of downtown households increased by 13 percent during that period and their composition shifted to include more singles,

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14 Ed. Parkinson, Michael, Bernard Foley, Dennis R. Judd, Regenerating the Cities, Manchester University Press, Manchester, 1989
17 Ibid
unrelated individuals, and childless married couples. They downtowns were also composed of a higher percentage of both young adults and college-educated residents, which could have a snowballing effect on generating a greater educated population, according to Sternlieb and Ford.\textsuperscript{18} Birch attributes a large part of the downtown renaissance to a strategy that capitalizes on housing, transportation networks and “character”. In the midst of this revival, building composition of the downtown has also changed from being mostly offices, large warehouses, and some factories to rehabilitated historic buildings, theaters, restaurants, residential buildings, and offices. But while Birch examines the change in downtown population and building composition, she does not go beyond the re-emerging popularity of downtown living to analyze whether this downtown population boom has benefited the city and its residents on a socioeconomic level.

Reports of revival do not equate genuine economic and/or social revival and at times the economic growth of a district and social benefits to the residents may conflict. A study by Wolman et al tried to evaluate and verify urban success stories by first gauging what a panel of experts identified as a distressed city’s progress between 1990 and 2000, then measured true revival of a city by indicators such as social, demographic, fiscal well-being, and economic factors. The study concluded that none of the actual differences in revitalization, using the research’s chosen method of indexing change, were statistically significant even after difference of means tests were applied. In the study by Wolman et al, experts ranked Philadelphia as the 11\textsuperscript{th} most successful revitalization efforts by experts but in actual analysis Philadelphia ranked 1 to 2 standard deviations below the mean. In ranking by weighted

composite index of residents’ social and economic improvement, Philadelphia actually came in 37th out of 48 distressed cities.\textsuperscript{19}

So, are the recent positive reports of Philadelphia simply media hype? After all, the sunny reports are a far picture from the studies and facts from just a few years ago. While the rest of the nation was undergoing a nationwide economic boom in the 1990s, the City of Philadelphia lost jobs. According to Philadelphia Forward, various businesses shut down in Philadelphia or relocated outside its borders due to the drain of its business privilege tax.\textsuperscript{20} Of course, this was only a contributing factor to the many accumulating reasons to leave Philadelphia at the time, but it is an important one according to the Philadelphia Business Journal.\textsuperscript{21} According to this practice, which was meant to be temporary, businesses are doubly taxed according to each business transaction and in terms of total transactions regardless of whether or not they have made a profit.\textsuperscript{22} When compared with America’s 20 largest cities, firms in Philadelphia pay $1.16 for every dollar paid in other cities based on the median tax burdens; within the region, the firms pay $1.29 for every dollar spent in the median suburban community.\textsuperscript{23} In 1998 the Pennsylvania Economy League did a study confirming that while universities drawing from a local candidate pool often had graduates who chose to stay, the more selective universities like Penn, Bryn Mawr, and Haverford had few graduates who chose to stay in Philadelphia due to a negative perception of the city. This inability to retain an educated workforce worried city planners and politicians alike because it provided yet another reason for firms to locate their business elsewhere. A demographer at the University

\textsuperscript{20} Merritt, Athena D., “Anti-tax group says it will help businesses flee Philadelphia”, \textit{Philadelphia Business Journal}, May 15, 2005
\textsuperscript{22} Businesses are taxed .19\% on gross receipts and 6.5\% on net income.
of Pennsylvania predicted that if decades-long demographic trends held, Phoenix would surpass Philadelphia’s population on May 17, 2004. While other industrial cities like New York looked to immigration to make up for population loss, Philadelphia had failed to do so and would consequently hollow out, according to demographic forecasts. According to sociologist E. Digby Baltzell, additional problems exacerbating Philadelphia’s slump was that with federal government cuts Philadelphia was dependent on a hostile state and, furthermore, Philadelphia had no clear vision of what it wanted to be.

However, it is possible that the sunny forecasts made are not simply wistful thinking but reality for the great city. Today Center City has the third-largest downtown population after New York and Chicago after gaining 12 percent in population between 2000 and 2004. Retail occupancy in the area is at 90 percent. For a city that struggled to get H&M to locate on Chestnut Street a few years ago, it is now facing a retail demand that exceeds available space. Philadelphia announced its ambitions to become a wi-fi hotspot in 2004, which would not only improve its image but aid its workforce. Also in 2004, The Real World came to Old City, putting Philadelphia on the popular culture map. In 2005 it was chosen as the only Live 8 concert venue in the United States and was dubbed America’s “Next Great City” by the National Geographic Traveler magazine. During this time the New York Times heralded Philadelphia as New York’s “Sixth Borough Even former skeptic Theodore Hershberg, professor of the public policy at the University of Pennsylvania, marvels at Philadelphia’s return and believes it to be real. There is much optimism around the city with new condo

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26 Slobodzian, Joseph A., “Center City Renaissance”, Philadelphia Inquirer, December 27, 2005
developments in areas like Northern Liberties and outsiders are looking for a niche in Philadelphia.

Still, it is difficult to determine whether this influx of positive news and sentiment is merely a brief up-tick in the charts or if it signals the return of an ambitious Philadelphia that is to grow as a national hotspot. It is possible that the recent bustle in real estate and other businesses around Philadelphia, particularly Center City, could be more about national trends than about Philadelphia’s revival *per se*. Wolman and his colleagues could have been perfectly right to state Philadelphia’s revival to be more rumor than truth. Two years after their publication, this paper launches an independent investigation to separate the hype from reality in regards to Philadelphia’s future.
Research Design

In their analysis Wolman et al (2004) used various data including the 1990 and 2000 census statistics such as the poverty rate, unemployment rate, median household income, per capita income, home ownership rate, vacancy rate and labor force participation. In addition, they also looked at crime rates. This paper will reevaluate some of the census data on a sample of zip codes, and it relies on books, journals, news articles, and interviews to qualify the positive claims made about Philadelphia’s renaissance.

Zip codes 19102, 19103, 19106, and 19107 were chosen because they were my boundaries for Center City. 19104, 19130, 19121, 19122, 19123, 19125, 19146, and 19147 were chosen because of their close proximity to Center City in hopes of observing whether or not there was parallel growth in adjacent or near-adjacent areas. Zip codes 19111, 19127, and 19142 were chosen randomly out of a list of zip codes that were at least two zip codes away from the Center City area. The census data used came from the 2000 Census 100 Percent Data and the 1990 Census Sample Data. The sample data was used in the 1990 census because the 100 Percent Data file did not have all the information and breakdown of information necessary for the paper.
Claims, and Analyses

Reading over popular articles regarding Philadelphia, such as the *Philadelphia Inquirer*’s “Center City Renaissance” in December of 2005, it seems as though Philadelphia is heading towards a generation of rejuvenation. It may be that Wolman et al’s (2002) data interpretation may have concluded hype over facts because the concrete measurable manifestations of the renaissance were not as obvious during his time. Or it could simply be that only certain pockets are booming and in overall measurement of the city, the residents had yet to benefit. Certainly, most of the newsletters and magazine or newspaper articles seem to limit their coverage to what is happening in the relatively smaller Center City. Joseph A. Slobodzian agrees with this interpretation, writing that although Center City may have the third-largest downtown population after New York and Chicago with an 11.5 percent population increase since 2000, Philadelphia has still been losing residents as a whole.28 However, he goes on to qualify that although the current boom appears to be realized in Center City alone, it is having a rippling effect that is transforming adjacent neighborhoods. If this spread continues and injects a sense of optimism in Philadelphia’s communities, it may very well be that the renaissance of the downtown will lead to a renaissance of Philadelphia.

Center City

Wolman’s analysis revolved around statistics on population growth, housing, and level of education, employment, and crime. The downtown population has been on the rise with an approximate 15 percent increase between 1990 and 200029 with an additional 11.5 percent increase since 2000.30 The number of households increased by 11 percent between the 1990 and 2000 census but that may be partially due to the change in household composition away

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28 Slobodzian, Joseph A., “Center City Renaissance”, *Philadelphia Inquirer*, December 27, 2005
29 www.census.gov
30 Slobodzian, Joseph A., “Center City Renaissance”, *Philadelphia Inquirer*, December 27, 2005
from traditional nuclear families. While the number of owner-occupied units may have dropped significantly, there has been a drop in the vacancy rate as well, also supporting the theory that fewer people are opting to live in one house together and more people are choosing to rent. After the 10-year tax abatement was passed in 1997, 110 buildings, factories, and warehouses have been converted into over 8000 apartments and condos. According to the Center City District (CCD) and Central Philadelphia Development Corporation (CPDC), this kind of housing market is sustainable because it is driven by regional demographics. They write that Gen-Xers constitute 19 percent of the metro population but a third of the downtown population, and that there are more people to come with 1.2 million children of the “echo-boomers” (born between 1979 and 1994) as well as 1.5 million graying boomers that make up 30 percent of the region’s population. This may be good news to the developers out there and signal a revitalization of the downtown but it is neither welcomed nor beneficial to all the residents. Save Our Square (SOS) member Feldman was particularly upset with the design and preservation implications of the revitalization process warning that taking existing structures of Center City and “introduc[ing] sterility [in their place]” would “destroy the rhythm and consistency of the urban fabric.”

According to the winter 2005 edition of the *Center City Digest*, the downtown job market has also begun growing with a 34 percent growth in the health care and education industries between 1990 and 2004, with Center City’s largest private employer being Thomas Jefferson University. The publication reports that 46 percent of the wages earned by Philadelphians are earned in Center City, totaling a figure of almost 3 billion dollars. Suburbs

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31 Birch, Eugenie L., 2005  
33 Levy, Paul R., “Competing in the 21st Century: Positioning the City, Preparing our Residents”, *Center City Digest*, Winter 2005  
34 Hunter, Aina, “Square Deal?”, *Philadelphia Weekly*, October 20, 2004
provide only an estimated 1.5 billion in wages to the metro population. The downtown is also
gaining a more educated population with 62 percent of Center City adults reporting at least a
college degree, which points to a growth in high-paying jobs in the downtown. However, the
actual breakdown of employment in the *State of Center City 2006* indicates that job growth
has shown great bias (Figure 1). Although the health care, educational, and arts industries
have experienced growth, the office industries and hospitality services have shown a decline
of about 1 percent overall.\(^3^5\) However, this decline may be biased due to the clumped analyses.
If the jobs were broken down into more specific categories, one might find that a
disproportionate decline in one or two types of jobs resulted in an overall decline in the entire
industry even if other jobs are doing well. According to the Winter 2005 edition of the *Center
City Digest*, Restaurant Week experienced a 42 percent increase in patrons compared to the
same week in 2004, generating an additional $1.5 million in revenue with estimated sales of
over $3.5 million not including shopping or parking expenditures.

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\(^{35}\) Center City District & Central Philadelphia Development Corporation, “Employment”, *Center City Digest*,
Winter 2005
According to Levy’s introduction to *State of Center City 2006*, Center City has been clean and graffiti-free since 1991. Public safety has been enhanced with 2032 new light fixtures installed by the CCD since 1997, a dramatic decline in serious crime and a 75 percent decrease in quality of life crimes. Quality of life has also been improved by deliberate efforts to set aside land for parks and recreational use, a variable not factored into the analysis of Wolman et al (2002). Ten percent of Center City’s land area is reserved for parks, playgrounds, and landscaped streets, which are deemed important for attracting young families to the area.  

Although the volume of commuters has seen a slight decrease, possibly due to SEPTA strikes, bicycle traffic during rush hours increased by 6 percent between 1990 and 2005.  

Also, cultural amenities such as museums have seen a huge increase in their drawing power. Attendance at museums increased by half a million visitors over the past year.

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and the Kimmel Center for the Performing Arts catered to 741,620 patrons during the same time period.³⁸

Philadelphia is getting an image makeover and timely marketing schemes such as ‘Philadelphia is More Fun When You Sleep Over’ are showing the same kind of success as Glasgow’s ‘Miles Better’ campaign. The Philly Overnight campaign was launched in response to the September 11 attacks to boost the travel industry, and generated a reported $10 million to the city.³⁹ While it would not be fair to say that the campaign was a ploy to draw visitors when there was a fear association with New York and Washington D.C., Bruce Buschel made a significant hypothesis that Philadelphia owed much of its boom to September 11, at which point America realized that Philadelphia was “close enough to anywhere, and far enough from everywhere.”⁴⁰

However, whether this sea change in opinion marks a change for the whole of Philadelphia is debatable. Tourism rose with a renewed sense of patriotism from 6.3 million in 2000 to 8.3 million in 2004 but the tourists probably did not go sightseeing in West Philadelphia or Kensington. And as Peter Van Allen reports, not all sites are created equal and even as the volume of tourists increases, places like the Edgar Allen Poe House and American Swedish Historical Museum are struggling to attract visitors.⁴¹ Most neighborhoods in Philadelphia do not have 77 sidewalk sweepers or a retail boom that saw 212 new businesses opening in the course of one year. It is established that there is a renaissance of sorts in Center City, but whether this is an up-tick in the midst of a general decline or the beginning of a sustainable rebirth for all of Philadelphia remains to be investigated.

Population & Housing

Among the sampled areas, 8 out of 13 experienced a decline in population. If the population trends in Figure 2 were to intensify, Philadelphia would see an ever-growing disparity between its neighborhoods.

All the areas comprising Center City gained population, which is not surprising considering the demand for property is high there with a relatively highly educated population moving in with corresponding middle to high income jobs. However, contrary to the CCD’s optimism about the influx of professionals and aging boomers into the city, Ira Goldstein testified that more high income earners were moving out than moving in, so the city should not stop marketing its core. In the proximate zip codes, only 19130 (Fairmount) gained while the others lost. This is surprising considering the news articles about a hot real estate market and influx of population in Northern Liberties and Fishtown but perhaps the transition of the neighborhood has actually be out-pricing people from their homes. In the randomly selected zip codes, 19111 has gained steadily while 19127 and 19142 lost population, and there appears to be no unifying relationship related to crime statistics. While Paschall’s loss of population is not surprising, considering its classification as a stressed market, Manayunk’s loss was unexpected because there has been a general sense of optimism in terms of redevelopment and imaging in the area. Fox Chase’s gain supported the positive neighborhood assessment given by Ms. D., a realtor’s wife.

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Reading articles in the *Philadelphia Weekly*, it appears that other than Center City, there is another great housing boom around Fishtown and Northern Liberties, with Northern Liberties properties routinely fetching $200,000 or more in 2004\(^43\) and $500,000 in 2005.\(^44\)

However, according to the maps provided by the Neighborhood Transformation Initiative website the Liberty Lands boom may either be transitional or just beginning to snowball. The hottest real estate markets lie in Center City, Northwest Philadelphia, and Northeast Philadelphia.

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\(^{43}\) Shaffer, Gwen, “The Lure of Fishtown”, *Philadelphia Weekly*, February 25, 2004

\(^{44}\) Shaffer, Gwen, “A Neighborhood Watched”, *Philadelphia Weekly*, August 31, 2005
However, the maps and reports are deceiving. Yes, Philadelphia is on the move and yes, blog forums have more postings by New Yorkers and New Jersey residents wanting to move to the city. The Neighborhood Transformation Initiative has made great progress with 10,626 market-rate units completed or underway, 6,175 units of affordable housing, 19,076 investments in housing preservation, and 4,139 units planned, underway or completed between 2000 and 2004. But many of the current Philadelphia residents are having a harder time than ever when it comes to finding basic shelter. Robert Hess, deputy managing director for adult services, has reported a 30 percent jump in people living on downtown streets since last July. The 2005 mid-November count found 429 people “bedding down” on the streets and subway concourses in Center City as compared to the 299 count the year before. There may

46 City of Philadelphia, Neighborhood Transformation Initiative...A Vision Becomes Reality, Progress Report, 2004
be a housing boom with condos and apartments going up left and right and houses
appreciating without improvements, but the accelerated growth is also highlighting a demise
in the government’s ability to bring socioeconomic equity to the residents. If Philadelphia is
to use the perception of revival to create a reality, it needs to address the basic needs of
Philadelphians who are not snapping up the new developments and moving into the
appreciating houses.

Businesses & Employment

Unemployment dropped in the beginning of the 21st century with 5.1 percent recorded
in November 2003, 4.7 percent in November 2004,48 and 4.5 percent in September 2005.49
But the city’s job recovery rate still lags in comparison to the rest of America and the poverty
rate is twice the national average. The city has lost 1,300 manufacturing jobs during the last
year and faced 500 fewer jobs total as of October 2005 when compared to 2004.50 The
statistics regarding the manufacturing jobs are expected because of the shift in Philadelphia’s
economy but it is evident that the city must market itself and make itself business-friendly in
order to make up for the shift away from the manufacturing economy. The business district in
Center City is doing well but the lack of buzz regarding employers in other areas is disturbing.
There are articles about restaurants, bars, and boutiques opening in areas such as South Philly,
Northern Liberties, and Fairmount but positive news regarding businesses with a less physical
point of consumption, such as finance, are largely limited to Center City or the suburbs.

A positive development on the table is the minimum wage bill, House Bill 257, which
may reduce the need to work multiple jobs. The bill, which has passed the Pennsylvania
House, calls for the currently $5.15/hour minimum wage to be raised to $6.25/hour by this

49 Von Bergen, Jane M., “Area unemployment rate fell in September”, Philadelphia Inquirer, November 2, 2005
50 Shaffer, Gwen, “Going to Extremes”, Philadelphia Weekly, January 4, 2006
July and to $7.15/hour by July, 2007. But this bill is far from a revolution to aid the working poor, it is a play of catch-up after many years of neglect. Wage demands have long since moved up with the increased cost of living standards. Still, its application would be a step towards solving Philadelphia’s equity problems without jeopardizing Philadelphia’s competitiveness against the suburbs since the change in wage expenditure for the employer would be equal in both areas.

However, in order to give Philadelphia a competitive advantage over suburbs there needs to be tax reform that aims to encourage entrepreneurship in the city. With the Business Privilege Tax, a firm with 400 employees currently saves half a million to a little over a million a year by moving to the suburbs. By getting rid of this disincentive, Philadelphia could leverage its population density, location and connectivity to other major cities, in order to attract more jobs to the city and encourage a healthy spirit of entrepreneurship, which could result in more employment opportunities both within and outside of the business core of Center City.

Crime

Using data from the University of Pennsylvania’s Cartographic Modeling Lab, one can observe an increase in crime around the time of Wolman et al’s study and then a steady decrease, suggesting that if Wolman and his colleagues were to assess Philadelphia now in the crime category, they would be less quick to conclude Philadelphia’s revival as perception over substance. However, that is not to say that it would be easy to conclude substance over perception either. As the following figures demonstrate, Philadelphia is in transition and its crime record over the last few years shows a volatile pattern that cannot guarantee the safety of the urban community.

51 http://www.phillyfuture.org/blog/26
There was an overall decline in aggravated assaults (Figure 3) but there was still an up-tick in 2003 and 2004 in two zip codes within Center City (19103 and 19107), which disputes the Center City District’s report on a dramatic decrease in serious crime, as well as the adjacent area sample (19122 and 19130), and one zip code in the random sample (19111). Looking at serious incidents (excluding homicide and rape) in Figure 4, one could dismiss the up ticks in Figure 3 and see them as anomalous incidents in a few zip codes during a period of decreasing crime. However, Figure 5 clearly shows that the five up ticks in Figure 3 should not be dismissed as the fall in crime may have been temporary relief in a trend of rising crime.
Figure 4

All Serious Incidents (excl. homicide and rape)

Year

Number of Incidents

1998 1999 2000 2001 2002 2003 2004

All Serious Incidents (excl. homicide and rape)

Year

Number of Incidents City-wide

1998 1999 2000 2001 2002 2003 2004
Figure 5

Incidents Against Persons (Robbery, Agg. Assault)

Number of Incidents

City-wide

Year

1998 1999 2000 2001 2002 2003 2004
The actual crime statistics of 1998 to 2004 send a mixed message regarding the safety of the city. It is clear that Philadelphia has the potential to rise above its circumstances but its ability to nurture and sustain a united identity and community will be severely limited unless people feel safe. As demonstrated in the past, people who have mobility (i.e. those with money and resources) will not stay in an environment where they feel threatened and a culture of violence will often beget more cyclical violence and only exacerbate existing impoverished circumstances.\(^5^2\)

The need to permanently reduce crime lies not only in the need to draw businesses and new residents, but to care for the welfare of existing residents. The achievement of greater actual public safety depends on a well-funded, respected and trained police force that will respond to calls no matter where they come from and will not allow the “ghetto rule” where cops will not intervene on personal violent vendettas as long as it is kept within the neighborhood. But beyond that, the root of violence needs to be addressed: the perceived lack of choice in action due to a lack of opportunity that stems from a substandard education in a strained public system, and the struggle to make ends meet in order to provide basic food and shelter for a family. This presents a chicken-and-the-egg dilemma where the solution to every issue addressed so far seems to depend, to a degree, on another. It is like a three-legged race with a team of millipedes. Difficult, but doable if the efforts are coordinated patiently and faithfully, step by step.

Conclusion

There has been definite progress. The reconstruction of Philadelphia’s identity and boom of Center City is a good thing and not something to be disdained. However, if Philadelphia is to experience a true rebirth, it must address a few issues.

Like Mayor Street, the city has done some great things but its past keeps holding on and preventing it from recognizing its achievements, galvanizing its communities, and building on it. The residents need to let go of the past without destroying the city’s historical identity and move on. In order to do that, the local government must also do more to foster trust. There is an inherent distrust of Philadelphian politics and it has only been exacerbated by what residents view as a failure to plan. Currently, politicians are seen to be short sighted, giving land to the highest bidder rather than using their position of power to shape the city’s landscape with a coherent vision.\(^{53}\) Neighborhoods are justifiably angry at the lack of input by the City Planning Commission or Street administration into projects such as the 70-story mixed-use tower that Marc F. Stein and Aggos/Lovera Architects plan to construct on Poplar Street.\(^{54}\)

It is true that there has been a change, but the substance of that change remains largely in the core of Center City; the rest of Philadelphia lies in the shadow of uncertainty. Center City is thriving and projecting an infectious optimism that cloaks the nation’s image of Philadelphia as a whole. However, the city cannot rely on perception alone and the warm embrace of the media will cool quickly if nothing is done to back up the claims. This paper is not advocating greater tax expenditure on aid, shelters, and handouts. To a degree, that may

\(^{53}\) Spencer, Duncan, “Fire Sale”, *City paper*, March 30-April 6, 2006
\(^{54}\) Inga, Saffron, “City grows up, up without a plan”, *Philadelphia Inquirer*, March 31, 2006
be necessary in the short run but to achieve a healthy city beyond the downtown, what needs
to be addressed are issues like attitude, employment, crime, and education.

A prime example that could turn the city around would be a change in the attitude and approach of the unions. The unions have undeniable power in this city where the act of changing a light bulb at the Philadelphia Airport or moving a chair at the Kimmel Center is governed by union rules. Unions may have been established in a different era but they are far from obsolete, they serve a purpose. But in order to serve in their members’ best interests in this post-industrial city, their attitude towards change cannot stay the same and they must recreate themselves. April 4, 2006, the Philadelphia Inquirer’s Letters section was filled with the union and waterless urinal debate for the Comcast building. The unions were opposing the installation of waterless urinals in the Comcast building with the argument on the ground that it would create less work hours for their members. Andrew Hohn, a prominent businessman and Philadelphia native, likened the union’s dilemma to fighting for a larger slice of a shrinking pie. His suggestion was that, in this particular case, instead of fighting against the waterless urinals the unions should fight for more waterless urinals and pressure other buildings to uninstall their current urinals and install environmentally-friendly waterless urinals instead. This would not only generate more work for the union members but give Philadelphia a comparative advantage in the future as a progressive and eco-friendly city.

In terms of business, the tax policies need to be reformed in order to encourage an office market that is lagging behind Philadelphia’s housing market. Currently, the business privilege tax (BPT) works in a way such that large firm with 400 employees can save between $476,000 and $1.2 million annually by relocating to the suburbs.55 However, this is a short

55 “Competing in the 21st Century: Positioning the City, Preparing our Residents”, Center City Digest, Winter 2005
term response. If Philadelphia cannot attract enough residents to create a density that makes it optimal to do business here, it does not matter whether or not there is tax reform from the business point of view. Businesses will be unwilling to relocate to the city and entrepreneurs will look elsewhere. So in order to attract more business to Philadelphia in the long term, the city needs to become the hot residential location that it markets itself to be and build a density that would encourage businesses to choose Philadelphia.

To do this Philadelphia must aim to recreate itself as the most livable city in the United States through effective spending on education, public safety, and transportation. Higher education is undeniably growing but the elementary and high schools’ standards are faltering, which is a turn off to families who may otherwise consider staying in or moving to Philadelphia. Also debilitating to the city’s ability to attract and retain not only families, but people in general, is its public safety record. As illustrated by the graphs, Philadelphia’s crime record provides no relief. While serious incidents excluding homicide and rape may have decreased, robberies showed a slight decline only to rise again in the last couple of years and the number of homicides in Philadelphia during the first half of 2005 was more than the statistics of Cleveland, Pittsburgh, San Jose, and San Diego combined.56 Another barrier to life in Philadelphia is its transportation system. The city is poorly connected when it comes to its subway system, which is the main transportation artery of most major cities, while the bus system is difficult to navigate with no maps at the bus stops, and the token system is long outdated.

The plan for accessible wireless at differential prices based on income is great. But while being the first wireless city is a worthwhile endeavor, the closing of the socioeconomic gap between the residents is a more pressing, noble pursuit. What use is a cheap wireless to

the 636,581 residents living on income below 200 percent of the poverty level who probably do not have access to a computer, never mind a wireless LAN card? Attracting young professionals and retirees may be important to Center City right now, but it is also important for Philadelphia to invest in its future investing in the infrastructure of the city. This is not only the key to attracting and retaining a greater population but also a means of equity among the residents. It is a way to secure a city that residents of all socioeconomic status can enjoy.

There are many challenges, no doubt. But if Philadelphia can use the momentum of this initial growth and excitement wisely, it just may be able to come out of its decades-long recession and become a Philadelphia that really loves you back.
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Miriam Song, University of Pennsylvania alumnus working in Center City.

**Informal Conversations** *(1 Spring, 4 Summer)*

Ms. D., wife of successful realtor.

Brett Mandel, Director of Philadelphia Forward.

3 anonymous employees in offices along Market Street in Center City.