Philadelphia's emergence as 21st century city, 24-hour, live/work downtown

CENTER CITY DISTRICT

History, news & opinion

(1) 300 years of Philadelphia history in 4 minutes

(2) Legacy of post World War 2: Decline & Renewal

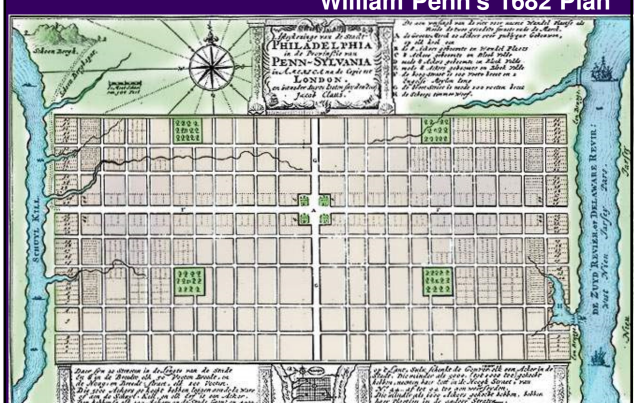
(3) Transformation of Center City since 1990

(4) What's in the pipeline now

(5) How best to best to deal with disparities, grow jobs & provide more opportunity citywide (opinion)

CENTER CITY DISTRICT

William Penn's 1682 Plan

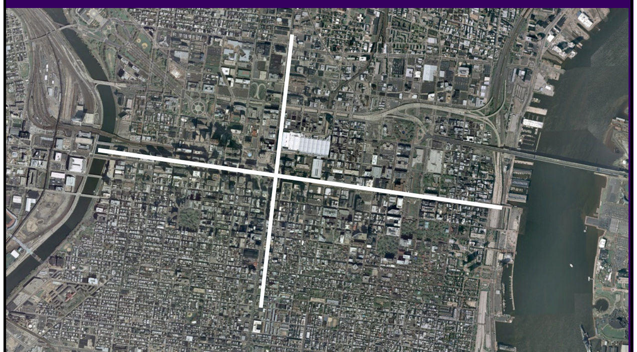


CENTER CITY DISTRICT

Positioned city at narrowest point between 2 rivers

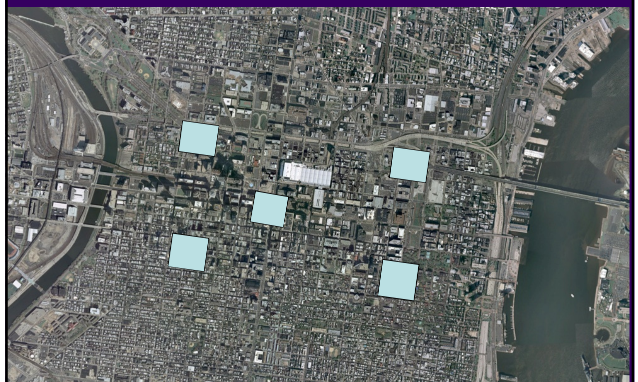
CENTER CITY DISTRICT

Enduring urban form: Original city = Center City
Broad & Market Streets



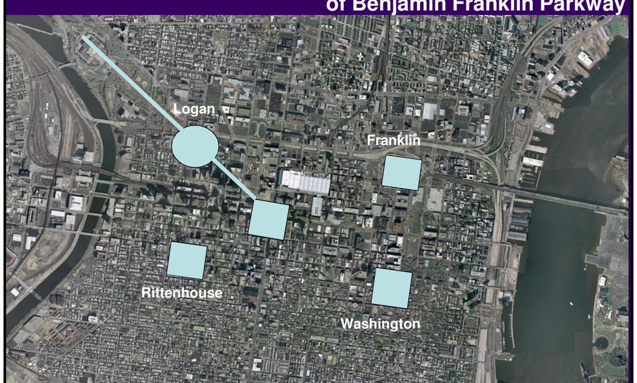
CENTER CITY DISTRICT

Five public squares



CENTER CITY DISTRICT

One became a circle in 1917 with the creation:
of Benjamin Franklin Parkway



CENTER CITY DISTRICT

From our colonial past,
We inherit a human-scale, walkable city

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Most streets: building to building line = 50-60 feet

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Enables us to be jaywalking capital of North America

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Widest streets = 100 ft building line to building line
Typical width of all Avenues in Manhattan

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Walkability: basic building block of our DNA
Key component of competitiveness today

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While this made us obsolete: 1950s-1970s

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Re-infused with value in the post-petroleum age:
Dense, diverse & walkable = sustainable

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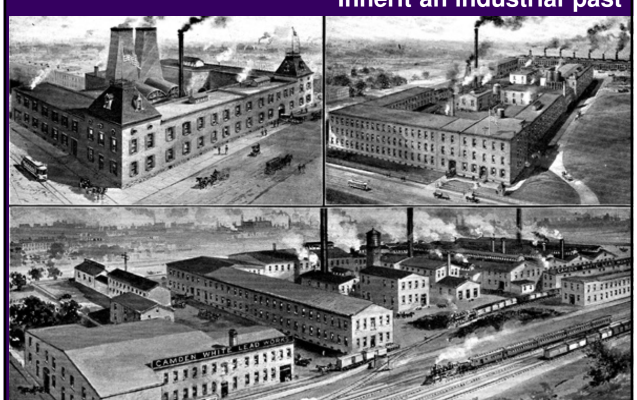
We have become sustainable simply by sitting still
We didn't change, the world did!

CENTER CITY DISTRICT

Inherit an industrial past



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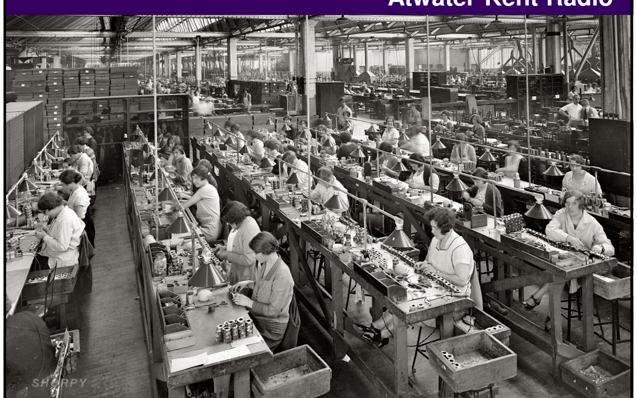
Largest 19th century industrial city in North America
With major industries: Stetson Hat Factory

CENTER CITY DISTRICT

Hundreds of thousands of hats each year

CENTER CITY DISTRICT

Atwater Kent Radio

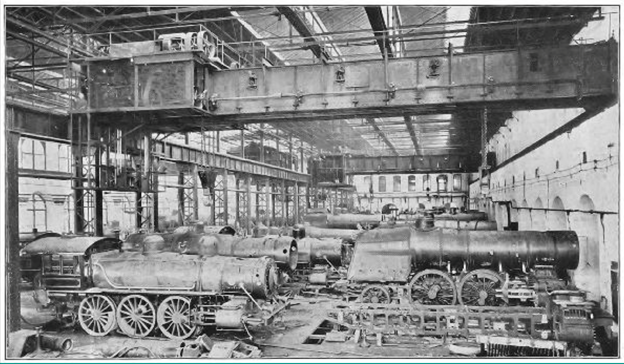


CENTER CITY DISTRICT

Baldwin Locomotives

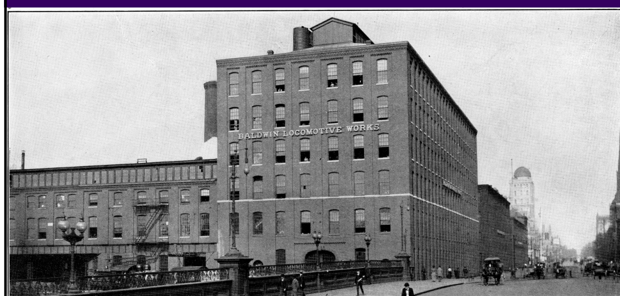
CENTER CITY DISTRICT

Largest railroad train manufacturer in U.S.
8 locomotives/day; 2,663 per year



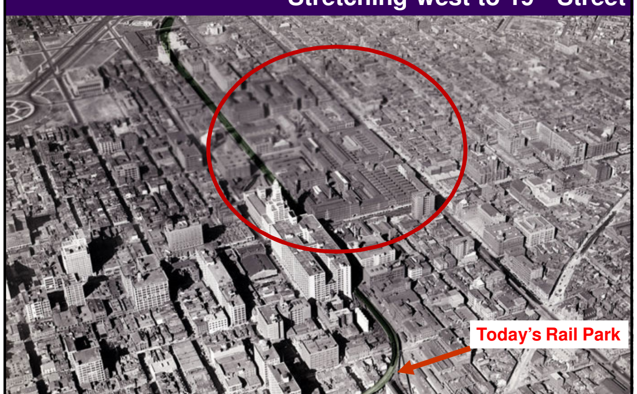
CENTER CITY DISTRICT

Dominated North Broad: Callowhill to Spring Garden



CENTER CITY DISTRICT

Stretching west to 19th Street

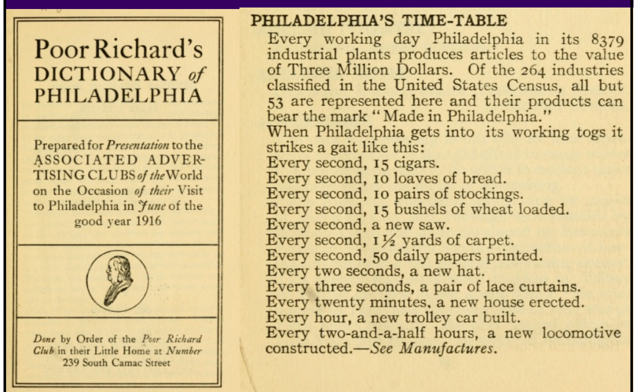


CENTER CITY DISTRICT

Many small shops across all older neighborhoods;
1916: 8,379 manufacturing plants
Unlike Pittsburgh & Detroit not a one-industry town
Highly diversified: Disston Saw Works; Garment industry

CENTER CITY DISTRICT

1916 Industrial productivity


Poor Richard's
DICTIONARY *of*
PHILADELPHIA

Prepared for *Presentation* to the ASSOCIATED ADVERTISING CLUBS *of the* World on the Occasion *of their* Visit to Philadelphia in *June* of the good year 1916

Done by Order of the *Poor Richard Club* in their Little Home at *Number* 239 South Camac Street

PHILADELPHIA'S TIME-TABLE

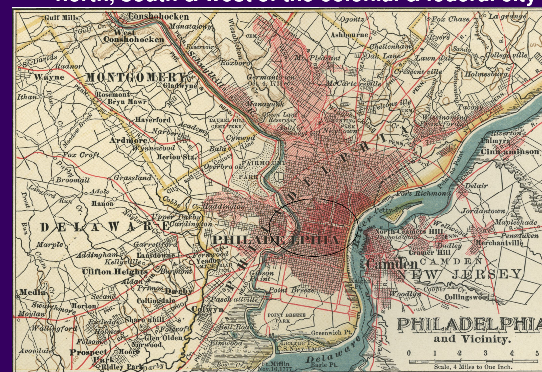
Every working day Philadelphia in its 8379 industrial plants produces articles to the value of Three Million Dollars. Of the 264 industries classified in the United States Census, all but 53 are represented here and their products can bear the mark "Made in Philadelphia."

When Philadelphia gets into its working togs it strikes a gait like this:

Every second, 15 cigars.
Every second, 10 loaves of bread.
Every second, 10 pairs of stockings.
Every second, 15 bushels of wheat loaded.
Every second, a new saw.
Every second, 1½ yards of carpet.
Every second, 50 daily papers printed.
Every two seconds, a new hat.
Every three seconds, a pair of lace curtains.
Every twenty minutes, a new house erected.
Every hour, a new trolley car built.
Every two-and-a-half hours, a new locomotive constructed.—*See Manufactures.*

CENTER CITY DISTRICT

Philadelphia in 1900: industrial neighborhoods spread north, south & west of the colonial & federal city



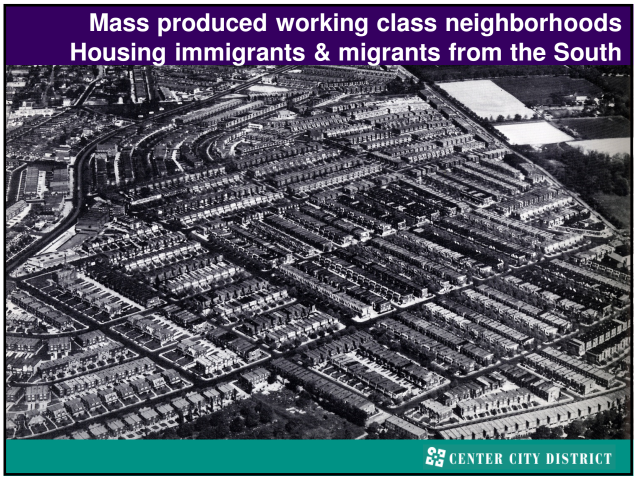
CENTER CITY DISTRICT

Milltowns: Manayunk: 1926

CENTER CITY DISTRICT

Large factories often developers of rowhouses

CENTER CITY DISTRICT

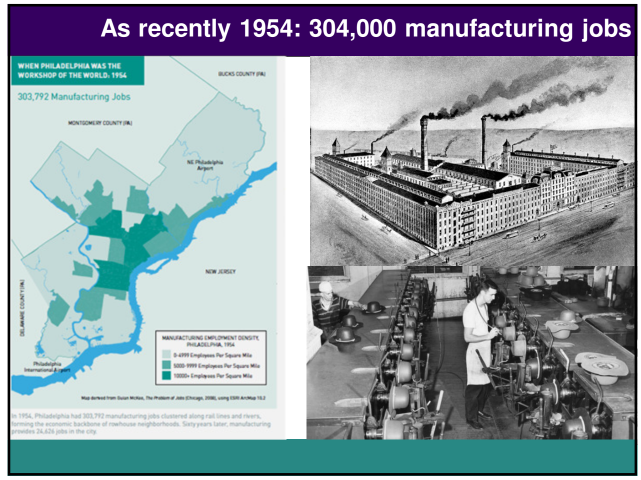

Mass produced working class neighborhoods
Housing immigrants & migrants from the South
CENTER CITY DISTRICT

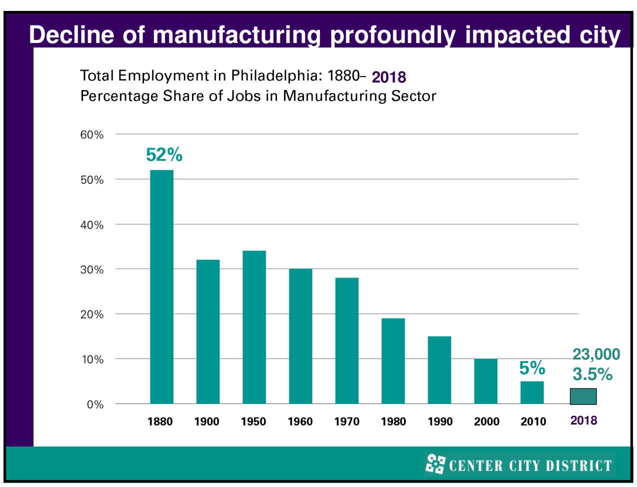

Manufacturing city: importing & exporting city
CENTER CITY DISTRICT


Waterfront exported coal, 1910
CENTER CITY DISTRICT

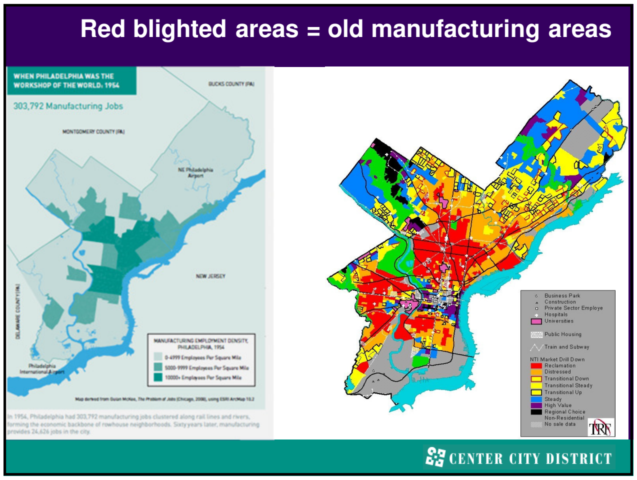

Labor intensive jobs
602
CENTER CITY DISTRICT


Industry gave life to our waterfront & adjacent neighborhoods
1924
CENTER CITY DISTRICT

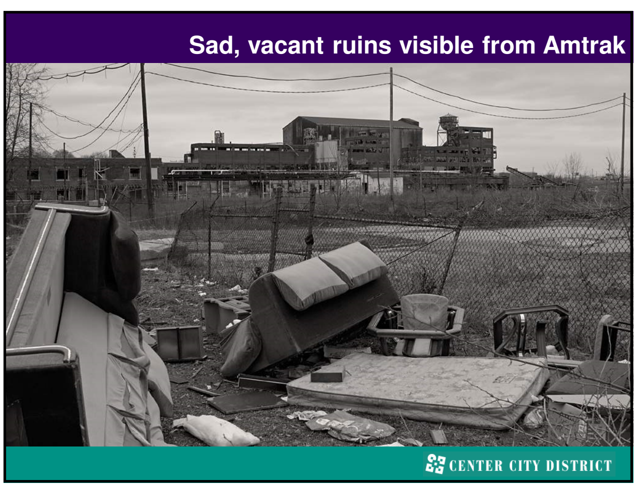

As recently 1954: 304,000 manufacturing jobs
WHEN PHILADELPHIA WAS THE WORKSHOP OF THE WORLD: 1954
303,792 Manufacturing Jobs


Decline of manufacturing profoundly impacted city
Total Employment in Philadelphia: 1880– 2018
Percentage Share of Jobs in Manufacturing Sector
60%
50%
40%
30%
20%
10%
0%
52%
5%
23,000
3.5%
1880
1900
1950
1960
1970
1980
1990
2000
2010
2018
CENTER CITY DISTRICT


Accelerated immediately after World War II
Factories were moving out the city
CENTER CITY DISTRICT


Red blighted areas = old manufacturing areas
WHEN PHILADELPHIA WAS THE WORKSHOP OF THE WORLD: 1954
303,792 Manufacturing Jobs
BUCKS COUNTY (PA)
MONTGOMERY COUNTY (PA)
NE Philadelphia Airport
NEW JERSEY
DELAWARE COUNTY (PA)
Philadelphia International Airport
MANUFACTURING EMPLOYMENT DENSITY, PHILADELPHIA, 1954
0-4999 Employees Per Square Mile
5000-9999 Employees Per Square Mile
10000+ Employees Per Square Mile
In 1954, Philadelphia had 303,792 manufacturing jobs clustered along rail lines and rivers, forming the economic backbone of rowhouse neighborhoods. Sixty years later, manufacturing provides 24,626 jobs in the city.
Business Park
Construction
Private Sector Employe
Hospitals
Universities
Public Housing
Train and Subway
NTI Market Drill Down
Reclamation
Distressed
Transitional Down
Transitional Steady
Transitional Up
Steady
High Value
Regional Choice
Non-Residential
No sale data
TRF
CENTER CITY DISTRICT


Piers were left to deteriorate
CENTER CITY DISTRICT

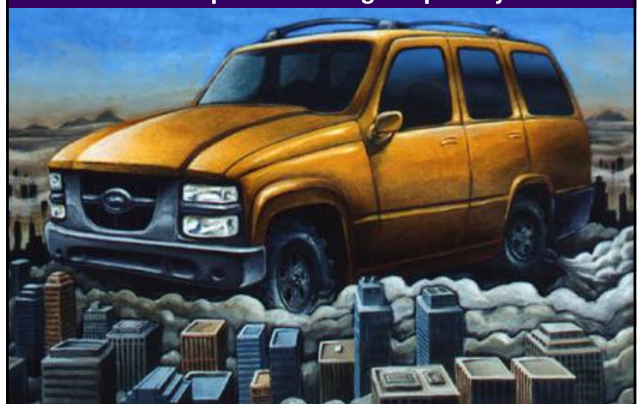

Sad, vacant ruins visible from Amtrak
CENTER CITY DISTRICT


De-industrialization coincided with America's attachment to inexpensive energy & cars
CENTER CITY DISTRICT

1964 VW, purchased 1970 – Full tank $3.10

CENTER CITY DISTRICT

Federal policies that gave priority to the car



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Fueled a lot of highways
facilitated decentralization & sprawl

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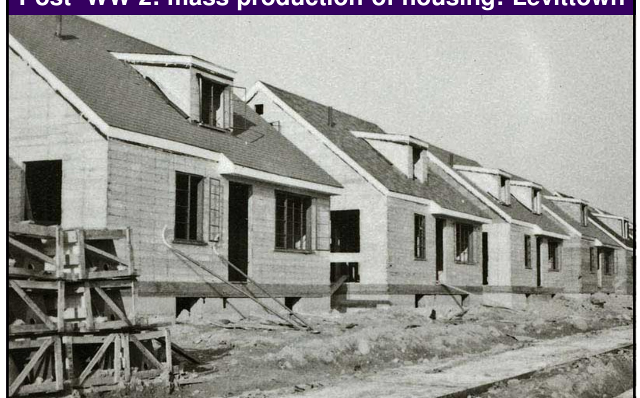
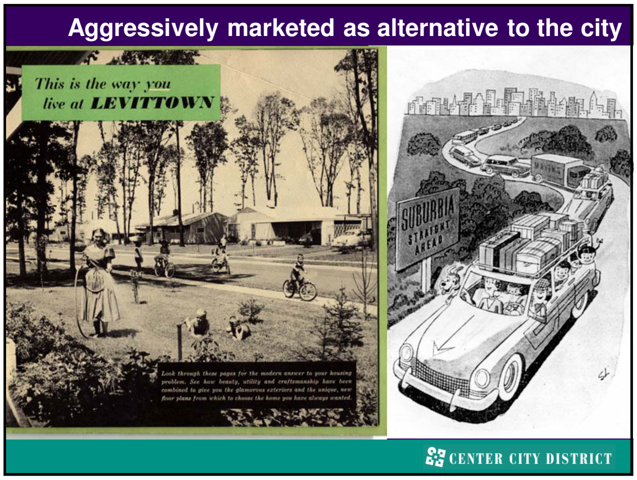
Post WW 2: mass production of housing: Levittown

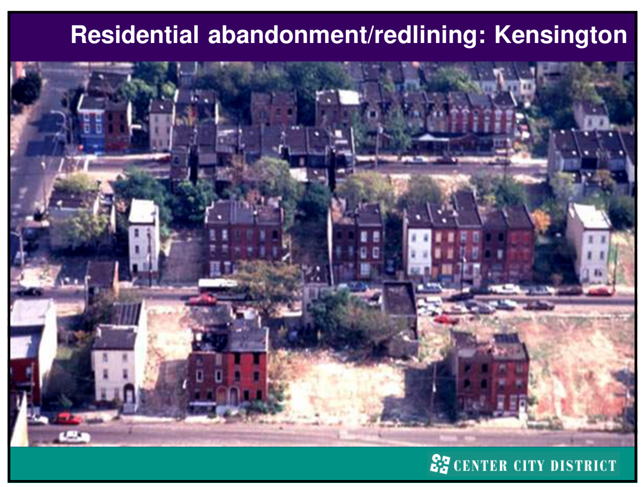


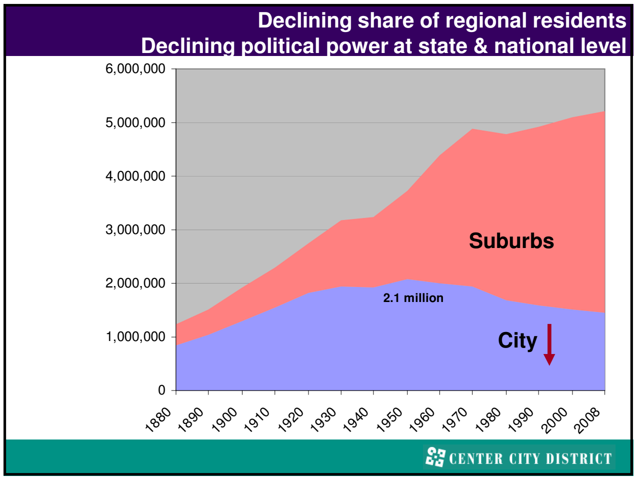
CENTER CITY DISTRICT


Aggressively marketed as alternative to the city
This is the way you live at LEVITTOWN
SUBURBIA STRAIGHT AHEAD
CENTER CITY DISTRICT


CENTER CITY DISTRICT


Significant new supply: Levittown
CENTER CITY DISTRICT


Residential abandonment/redlining: Kensington
CENTER CITY DISTRICT


Declining share of regional residents
Declining political power at state & national level
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
Suburbs
2.1 million
City
1880
1890
1900
1910
1920
1930
1940
1950
1960
1970
1980
1990
2000
2008
CENTER CITY DISTRICT


Inherit successful downtown revitalization program
that has built a post-industrial city
CENTER CITY DISTRICT


1956: 567 properties designated for preservation
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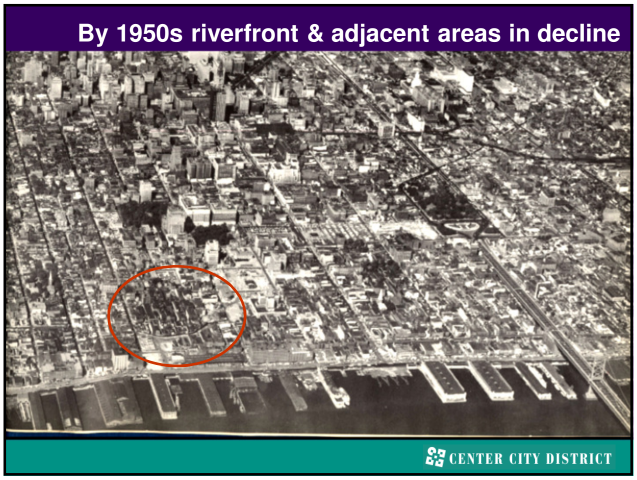
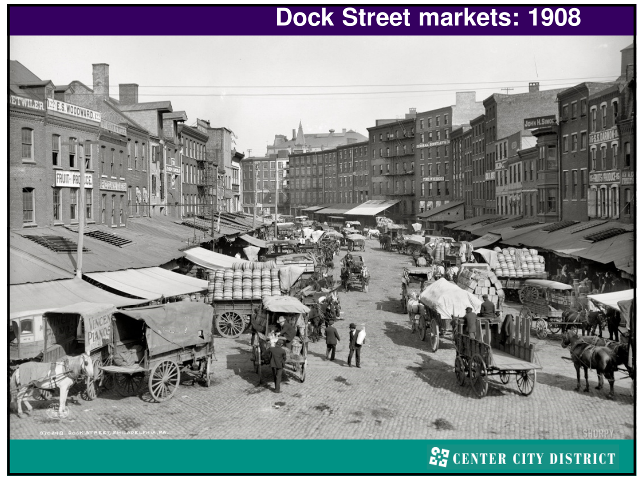
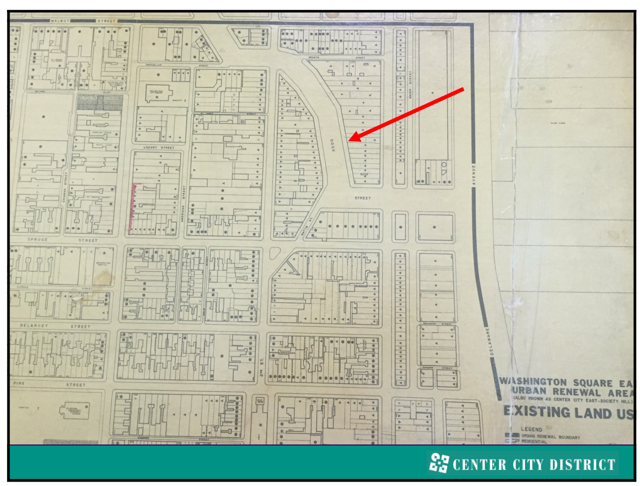
Waterfront: historic economic front door of the city
CENTER CITY DISTRICT

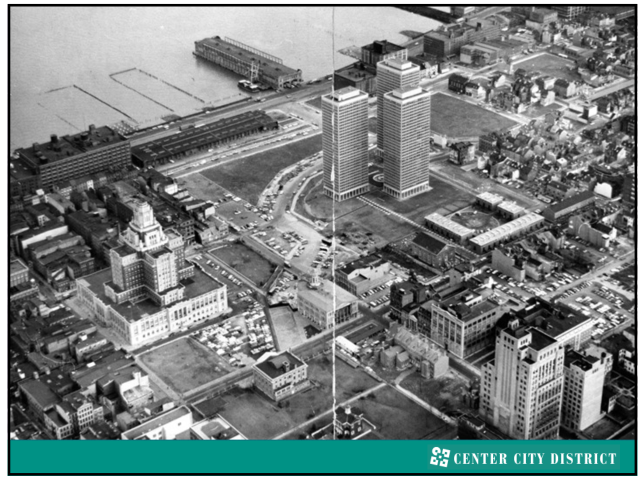

By 1950s riverfront & adjacent areas in decline
CENTER CITY DISTRICT


Dock Street markets: 1908
CENTER CITY DISTRICT


Congested eyesore by 1950s
Mayor Dilworth supervises demolition
CENTER CITY DISTRICT


WASHINGTON SQUARE
URBAN RENEWAL
CENTER CITY DISTRICT


CENTER CITY DISTRICT


CENTER CITY DISTRICT


New construction to signal change
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Philadelphia has a long tradition of downtown living
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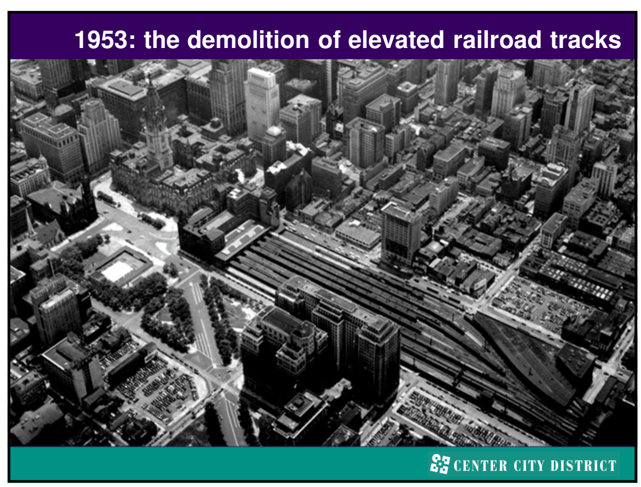
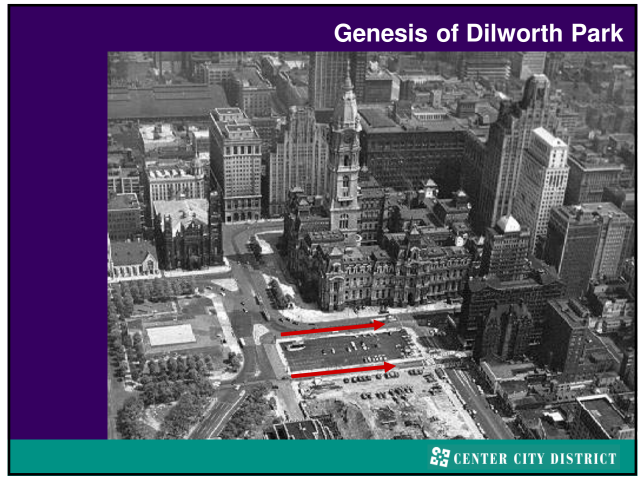
1950s: Creation of modern new Office District
CENTER CITY DISTRICT

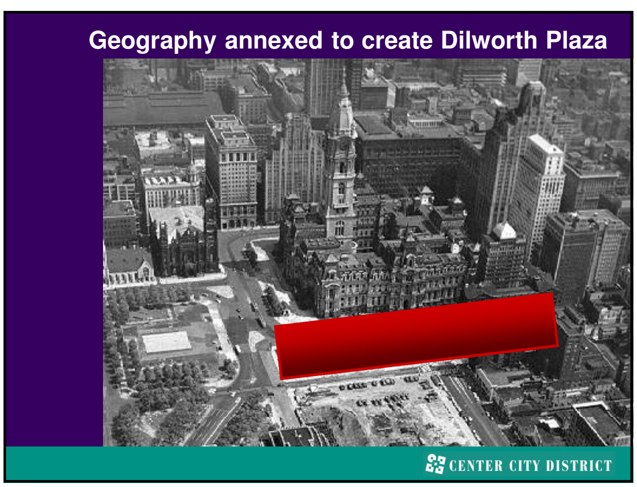

City Hall: 1920s
CENTER CITY DISTRICT

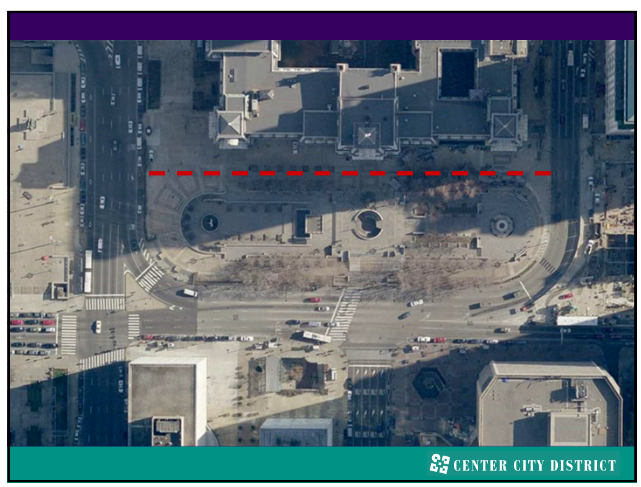

Broad St Station: immediately west of City Hall
CENTER CITY DISTRICT


1953: the demolition of elevated railroad tracks
CENTER CITY DISTRICT


Penn Center
CENTER CITY DISTRICT


Genesis of Dilworth Park
CENTER CITY DISTRICT


Geography annexed to create Dilworth Plaza
CENTER CITY DISTRICT


CENTER CITY DISTRICT

1960s & 1970s: all buildings connected to transit

CENTER CITY DISTRICT

1980s: Linked Pennsylvania & Reading Railroad into integrated regional rail system Center City commuter tunnel

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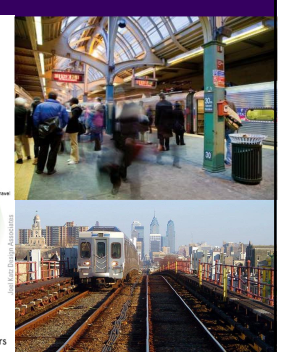
July 1980 construction

CENTER CITY DISTRICT

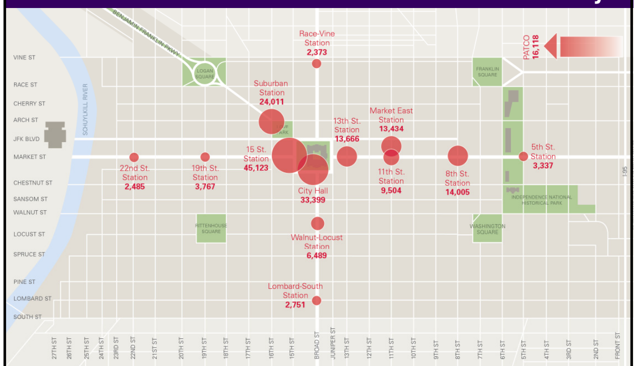
Employers: easy access to 360 degree labor market 310,000 riders/day take transit into downtown

Regional transit lines provide downtown employers with 360°access to a highly skilled workforce.



CENTER CITY DISTRICT

Distributing them to multiple locations across Center City



CENTER CITY DISTRICT

1980s office boom:

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1990: 38 million s.f. of office space

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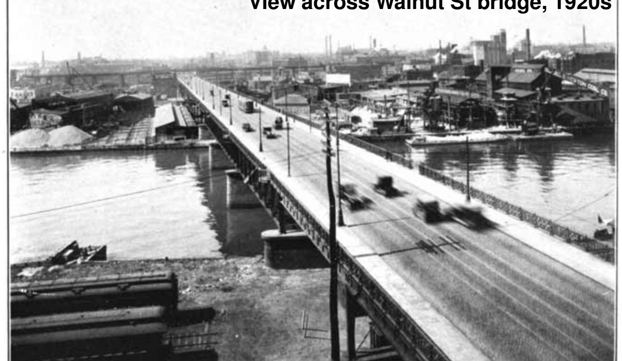
Similar process of renewal in University City

View across Walnut St bridge, 1920s



CENTER CITY DISTRICT

Transformed into major medical & education center

CENTER CITY DISTRICT

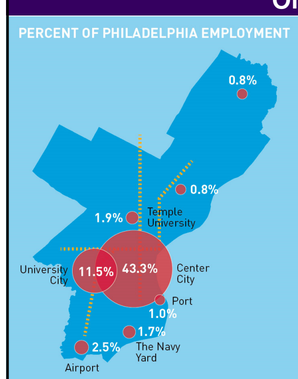
Temple University: educational & medical campuses

CENTER CITY DISTRICT

The emerging employment center at the Navy Yard

CENTER CITY DISTRICT

All the city's major employment centers are result Of major strategic investments



62% of all private sector jobs in Philadelphia in 5 major nodes

When we have thought big, We have achieved big success

CENTER CITY DISTRICT

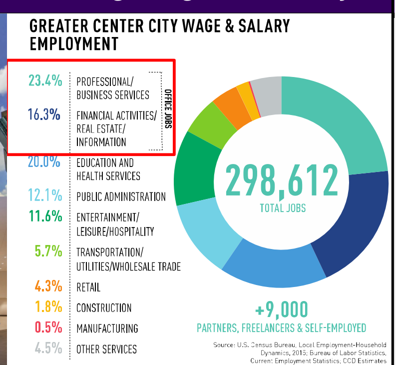
1960s renewal laid groundwork for our contemporary office district

CENTER CITY DISTRICT

Densest containers of jobs

CENTER CITY DISTRICT

Today: 40% of downtown jobs are in office towers Average wage = $91,300.year



CENTER CITY DISTRICT

Highest wage jobs; most diverse jobs; biggest multiplier effects

Every 500,000 square feet of occupied office space:

- **Provides 3,333 jobs +**
  5 building engineers
  18 cleaners/janitors
  12 security positions.
- **Every time tenants turn over, construction trades renovate space.**
- **Supports 11,000 hotel rooms filled with business travelers.**
- **Generates $2.8 million in retail demand.**
- **Adds 2,333 riders to SEPTA.**

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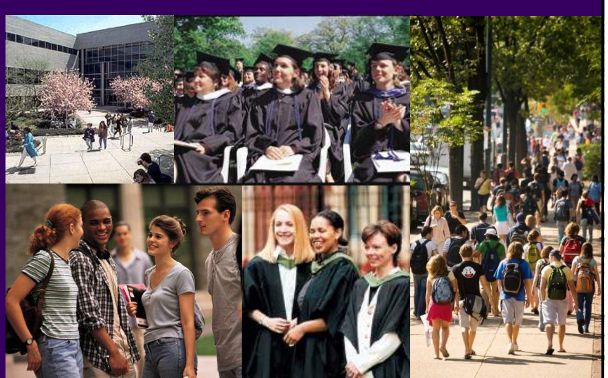
Renewal facilitated growth of research & health care

CENTER CITY DISTRICT

In both University City & Center City

CENTER CITY DISTRICT

Global center for education



CENTER CITY DISTRICT

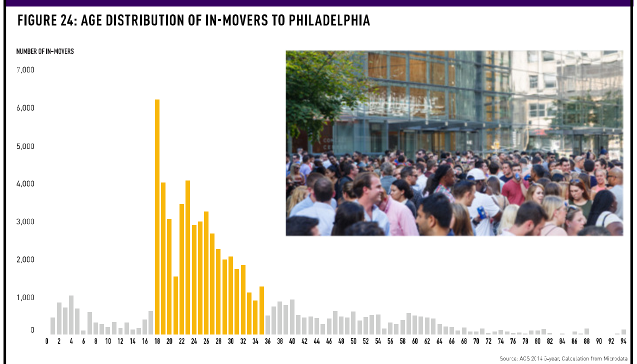
14 major colleges & universities in Center City

32,680 students downtown; 84,865 adjacent = 117,545

1. Academy of Vocal Arts
2. Art Institute of Philadelphia
3. Community College of Philadelphia
4. Curtis Institute of Music
5. Metropolitan Career Center
6. Moore College of Art & Design
7. Peirce College
8. Pennsylvania Academy of Fine Arts
9. Temple University, CC
10. Temple University, School of Podiatric Medicine*
11. Thomas Jefferson University
12. University of the Arts
13. Drexel University
14. Drexel College of Medicine

CENTER CITY DISTRICT

Since 1970s colleges imported huge crop of 18 year-olds
Each year: source of housing & retail demand

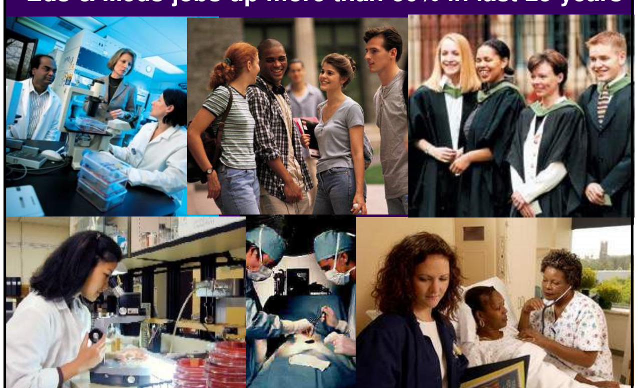


CENTER CITY DISTRICT

20% downtown jobs (58,000) in 15 eds & meds institutions
Average wage = $59,800

CENTER CITY DISTRICT

Eds & Meds jobs up more than 50% in last 25 years



CENTER CITY DISTRICT

Maintained careful balance of small & large scale

CENTER CITY DISTRICT

Integrating old & new

CENTER CITY DISTRICT

1990: A degraded public environment:

City's loss of market-share = Declining resources for cities

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Substantial ground & upper floor vacancy

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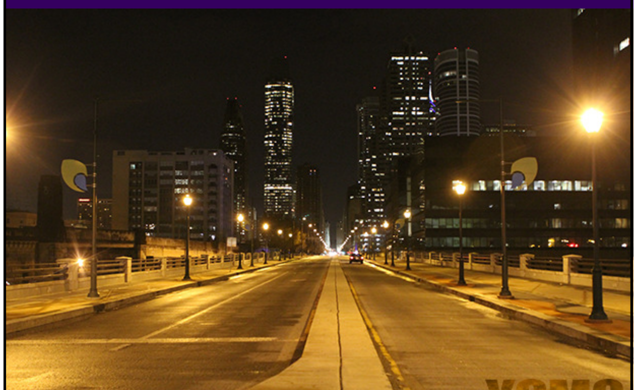
Neglected facades, solid security gates

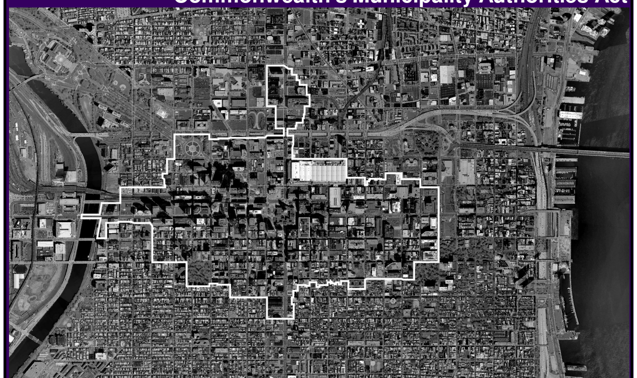
CENTER CITY DISTRICT

9 to 5 downtown; empty streets at night



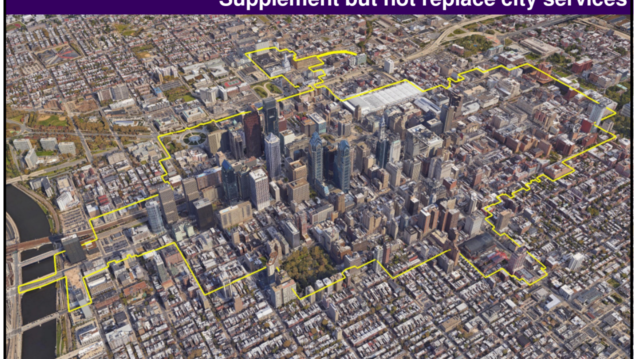
CENTER CITY DISTRICT

CCD created in 1990: Municipal Authority,
Commonwealth's Municipality Authorities Act



CENTER CITY DISTRICT

220 blocks in CBD: started with $6.5 million operating budget
Grown in 27 years to $26.5 million
Supplement but not replace city services

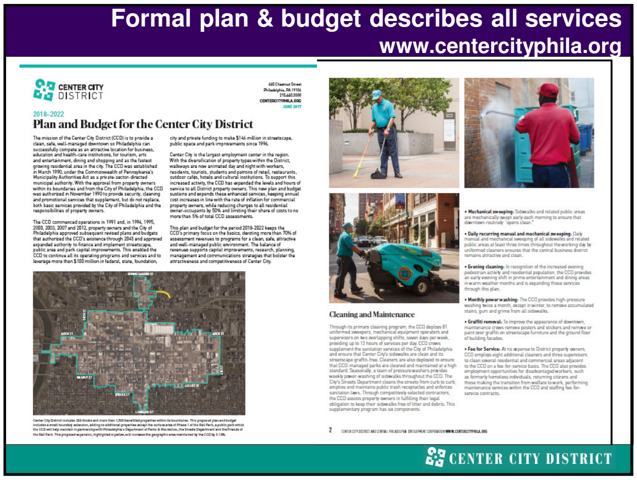


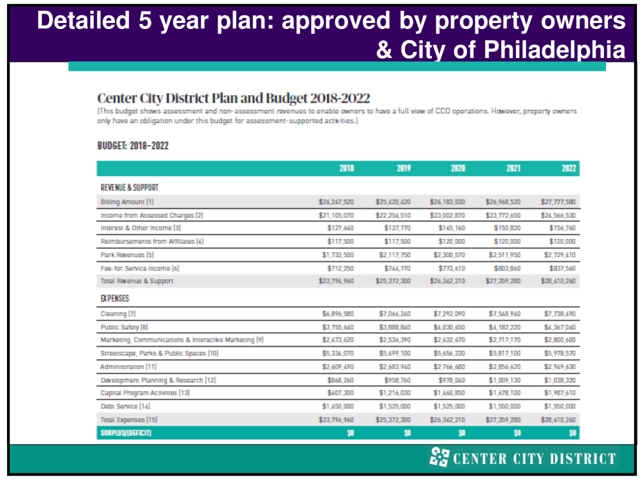
CENTER CITY DISTRICT

Enlightened self-interest
Reclaiming the public domain

"I already provide cleaning & security for my 15 properties in Center City. But if our holdings are just islands of clean & safe in the middle of a downtown that no one will go to, it's bad for eveyone's business"

CENTER CITY DISTRICT





Center City District Plan and Budget 2018-2022

(This budget shows assessment and non-assessment revenues to enable owners to have a full view of CCD operations. However, property owners only have an obligation under this budget for assessment-supported activities.)

BUDGET: 2018–2022

	2018	2019	2020	2021	2022
REVENUE & SUPPORT					
Billing Amount [1]	$24,247,520	$25,420,420	$26,183,030	$26,968,520	$27,777,580
Income from Assessed Charges [2]	$21,105,070	$22,254,510	$23,002,870	$23,772,650	$24,566,530
Interest & Other Income [3]	$127,640	$137,770	$145,160	$150,820	$156,760
Reimbursements from Affiliates [4]	$117,500	$117,500	$120,000	$120,000	$120,000
Park Revenues [5]	$1,732,500	$2,117,750	$2,300,570	$2,511,950	$2,729,610
Fee-for-Service Income [6]	$712,250	$744,770	$773,610	$803,860	$837,560
Total Revenue & Support	$23,794,960	$25,372,300	$26,342,210	$27,359,280	$28,410,260
EXPENSES					
Cleaning [7]	$6,896,580	$7,064,260	$7,292,090	$7,568,940	$7,738,690
Public Safety [8]	$3,755,640	$3,888,840	$4,030,650	$4,182,220	$4,367,060
Marketing, Communications & Interactive Marketing [9]	$2,473,620	$2,536,390	$2,632,670	$2,717,170	$2,800,600
Streetscape, Parks & Public Spaces [10]	$5,334,070	$5,499,100	$5,656,230	$5,817,100	$5,978,570
Administration [11]	$2,609,490	$2,683,960	$2,766,680	$2,856,620	$2,969,630
Development Planning & Research [12]	$868,260	$958,760	$978,060	$1,009,130	$1,038,320
Capital Program Activities [13]	$407,300	$1,216,030	$1,460,850	$1,678,100	$1,987,610
Debt Service [14]	$1,450,000	$1,525,000	$1,525,000	$1,550,000	$1,550,000
Total Expenses [15]	$23,794,960	$25,372,300	$26,342,210	$27,359,280	$28,410,260
SURPLUS/(DEFICIT)	$0	$0	$0	$0	$0

Private sector board: broad diversity of interests
Assessments directed by business, not government

John Connors
Brickstone Realty

Maureen Anastasi
CBRE

William M. Boone
Marsh USA Inc.

Ronald E. Bowlan
Thomas Jefferson University

Julie Coker Graham
Philadelphia Convention and Visitors Bureau

Joseph Coradino
Pennsylvania Real Estate Investment Trust

Gregory L. DeShields, CHO, CHE
PHL Diversity

Jeffrey Devuono
Brandywine Realty Trust

Romulo L. Diaz, Jr.
PECO Energy Company

Wayne L. Fisher
Newmark Grubb Knight Frank

John S. Gattuso
Liberty Property Trust

Paige Jaffe
CBRE Retail -

Ernest E. Jones, Esq.
EJONES CONSULTING, LLC

Richard Kenwood
BOMA

Robert D. Lane, Jr., Esq.
Greenberg Traurig, LLP

Drew Murray
Logan Square Neighborhood Association

Scott Nassar
Loews Philadelphia Hotel –

Randall L. Scott
Coretrust Capital Partners, LLC

H. Hetherington Smith
Savills Studley -

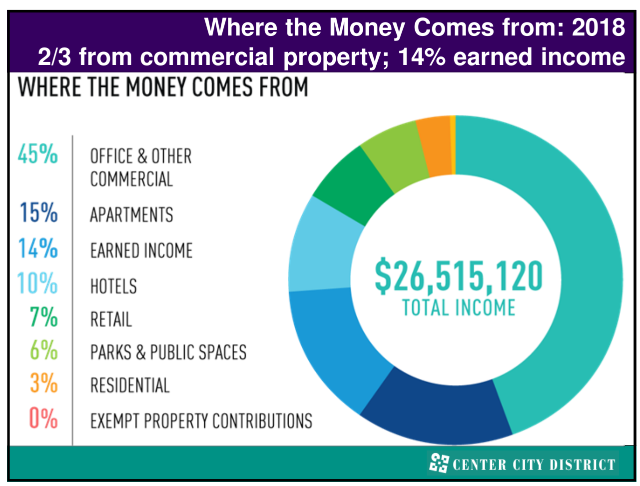
Peter C. Soens
SSH Real Estate

Christophe P. Terlizzi
KeyBank

Tina Byles Williams. FIS Group

Joseph Zuritsky
Parkway Corporation

CENTER CITY DISTRICT



Method of assessment

Based on municipal valuation of real estate

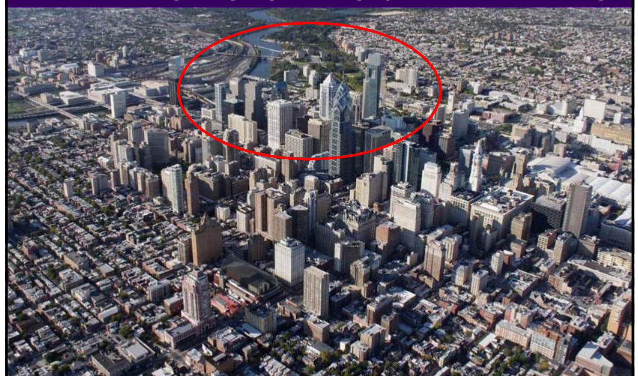
CCD independently calculates charges creating a fraction:

$$\frac{\text{Assessed value of property}}{\text{Assessed value of CCD}} \times \$23.7 \text{ million} = \text{charge}$$

Billed and collected by CCD

CENTER CITY DISTRICT

High density office district backbone of CCD
Top 15 properties pay 23% of total budget



CENTER CITY DISTRICT

Top 10 properties pay 18%

Average for office = $204,647; hotels = $95,867.

TOP 10 PROPERTIES BY BILLING AMOUNT IN 2018

RANK	PROPERTY NAME	2018 BILLING AMOUNT	
1	401 North Broad Street	$557,786.72	$327,527
2	Comcast Center	$512,225.71	
3	Center Square	$500,450.07	
4	Mellon Bank Center	$497,186.85	
5	One Liberty Place	$438,826.24	
6	One Commerce Square	$370,396.79	
7	Philadelphia Marriott Hotel	$368,906.23	
8	Three Logan Square	$359,676.52	
9	Two Commerce Square	$351,085.49	
10	Comcast Innovation Center	$326,577.02	
	TOTAL	$4,283,117.63	

CENTER CITY DISTRICT

Pass-through to tenants

One Liberty Place / Comcast Center
$438,826/ $512,225 annually

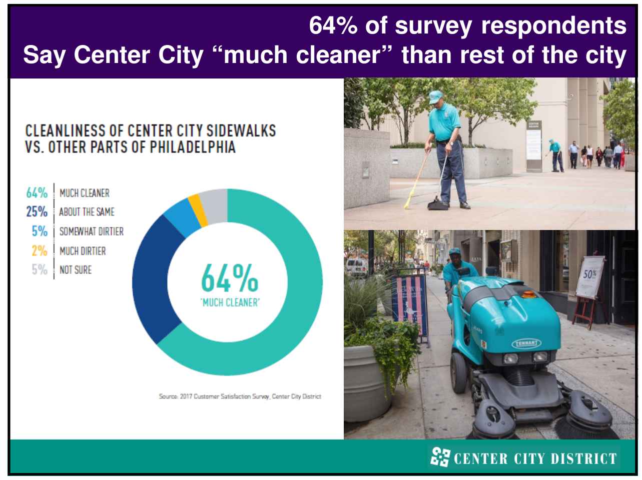
Divided by 1.2 million sf = 36-42cents/ft

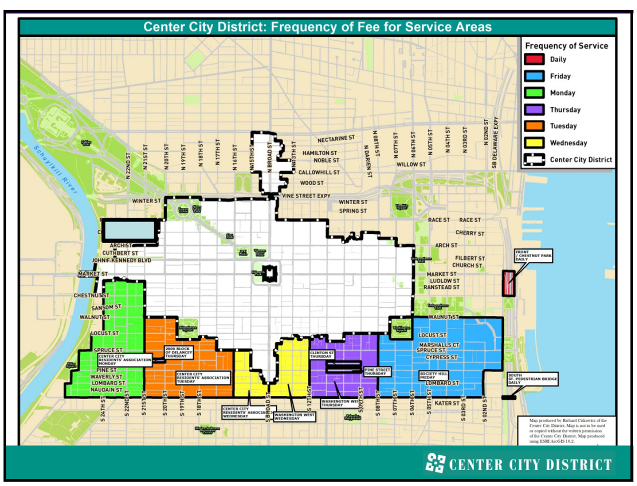
On top of rent of $27- $35/sq. ft.

Average condo unit = $256/year
less than $1/day

CENTER CITY DISTRICT


1991: Focus on the basics – comprehensive cleaning
CENTER CITY DISTRICT


64% of survey respondents
Say Center City "much cleaner" than rest of the city
CLEANLINESS OF CENTER CITY SIDEWALKS
VS. OTHER PARTS OF PHILADELPHIA
64% MUCH CLEANER
25% ABOUT THE SAME
5% SOMEWHAT DIRTIER
2% MUCH DIRTIER
5% NOT SURE
64%
"MUCH CLEANER"
Source: 2017 Customer Satisfaction Survey, Center City District
CENTER CITY DISTRICT


Center City District: Frequency of Fee for Service Areas
Frequency of Service
Daily
Friday
Monday
Thursday
Tuesday
Wednesday
Center City District
CENTER CITY DISTRICT


Public safety
Community Service Representatives
• 42 CSR's
• 6 Supervisors
• 7 days per week
CENTER CITY DISTRICT

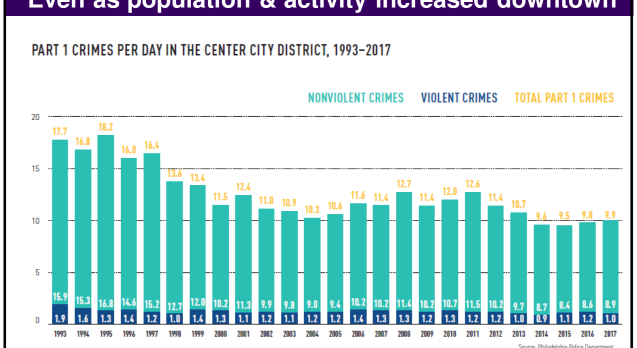
Unique partnership: Daily combined roll-call

CENTER CITY DISTRICT

Both foot patrol & bike patrol

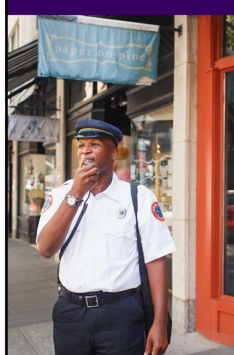
CENTER CITY DISTRICT

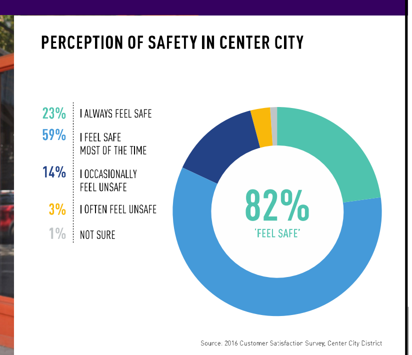
Since 1995 serious crimes cut in half declined from 18.2 to 9.9/day Even as population & activity increased downtown



CENTER CITY DISTRICT

82% feel safe "most of the time" or "always"
Clean & safe is the foundation on which all else is built



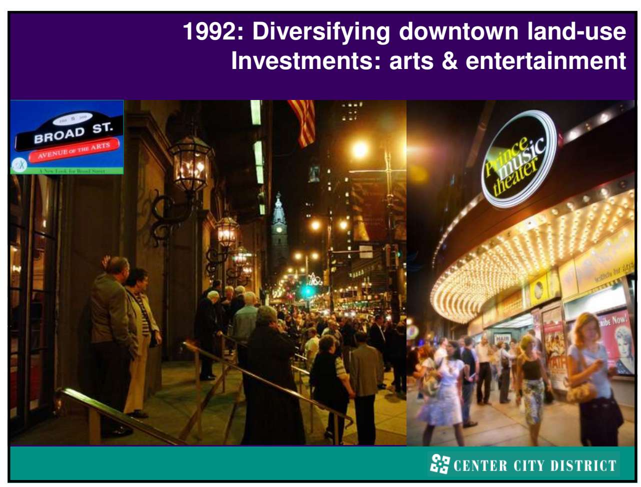


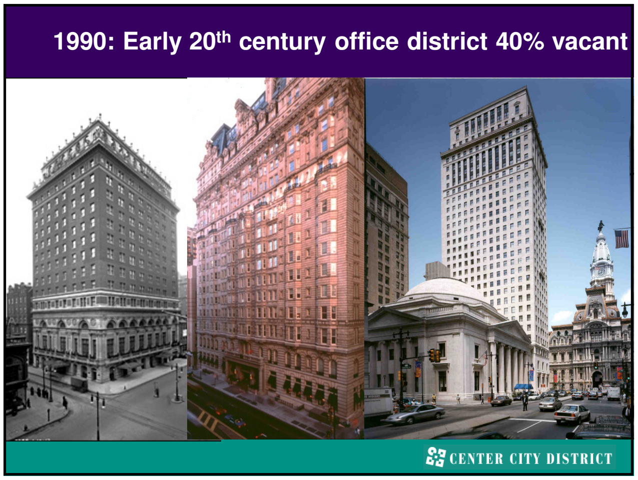
CENTER CITY DISTRICT

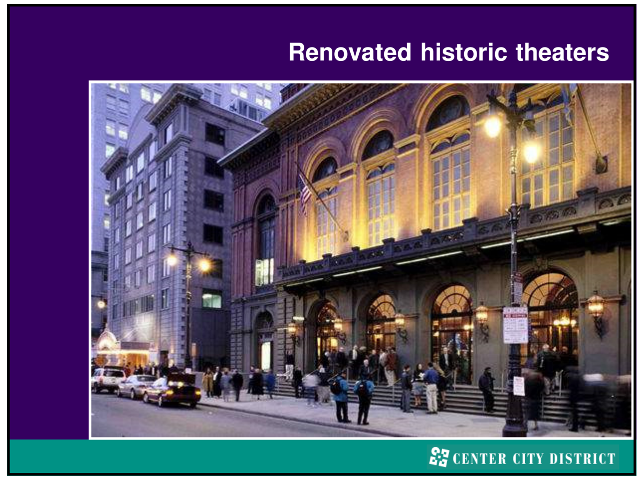

Main challenge: Homelessness & panhandling
CENTER CITY DISTRICT

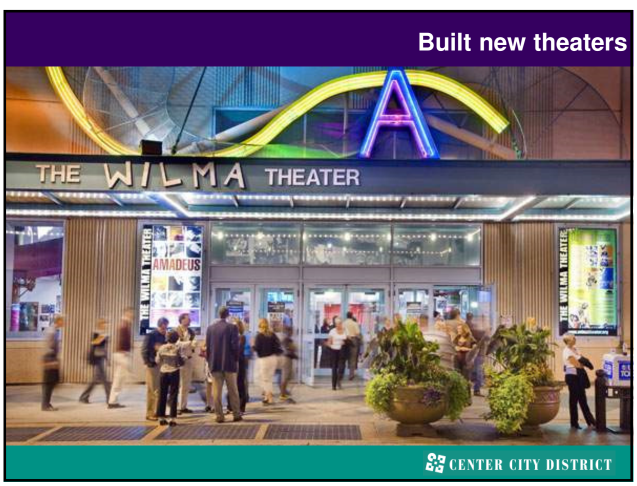

CCD has funded a combined outreach effort:
Project Home, Police & CSRs all working together
CENTER CITY DISTRICT


CCD 1.0 Uniformed presence: “clean & safe”
CENTER CITY DISTRICT


1992: Diversifying downtown land-use
Investments: arts & entertainment
BROAD ST.
Prince music theater
CENTER CITY DISTRICT


1990: Early 20th century office district 40% vacant
CENTER CITY DISTRICT


Renovated historic theaters
CENTER CITY DISTRICT


Built new theaters
THE WILMA THEATER
AMADEUS
CENTER CITY DISTRICT

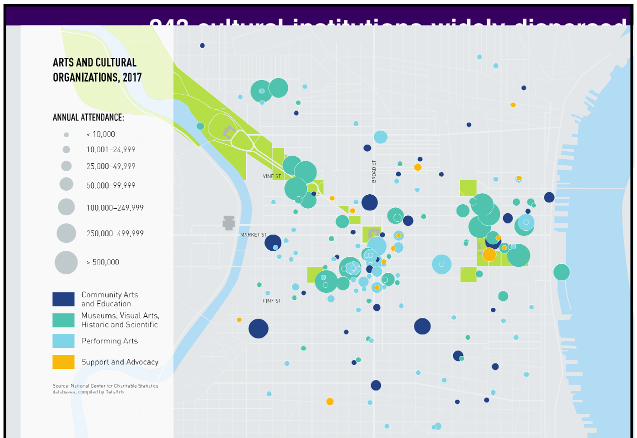

2002: Kimmel Center for the Performing Arts
4,000 seats added
BROAD ST.
The Philadelphia Chamber Music Society
PETER NERO AND THE PHILLY POPS
CENTER CITY DISTRICT

South Broad transformed into a mixed use district

CENTER CITY DISTRICT

Center City today is rich with cultural amenities

CENTER CITY DISTRICT



CENTER CITY DISTRICT

3 rd nationally behind Manhattan & Washington DC
Number of downtown arts & cultural institutions

CENTER CITY DISTRICT

In 1993: Public investment in hospitality Pennsylvania Convention Center

CENTER CITY DISTRICT

Converted the Reading train shed

CENTER CITY DISTRICT

Gateway to Pennsylvania Convention Center

CENTER CITY DISTRICT

Successfully attracting conventions & trade shows

LARGEST CONVENTIONS, TRADE AND GATE SHOWS; OTHER MAJOR PUBLIC EVENTS, 2017

CONVENTION & TRADE SHOWS	ATTENDANCE
National Football League	250,000
Army-Navy Game	69,600
Philadelphia Marathon	30,000
LIGHTFAIR International	23,000
American Association for Cancer Research Rock & Roll Half Marathon	23,000
Under Armour Northeast Qualifier	17,000
International Association of Chiefs of Police	14,000
The Risk Management Society	12,000
American Water Works Association, Inc.	12,000
American Occupational Therapy Association	10,000
National Black MBA Association, Inc.	9,000
The American Society for Cell Biology	9,000
EDUCAUSE	8,000
American Association of Nurse Practitioners	7,250
Modern Language Association	7,200
American Osteopathic Association	6,000
PMMI - The Association for Packaging and Processing Technologies	5,000
National Association of Elementary School Principals	3,000
Out and Equal	3,000
Bayada Home Health Care	2,130
NeighborWorks America	1,800
LARGE GATE SHOW ATTENDANCE (20,000+)	603,000

Source: Philadelphia Convention & Visitors Bureau, Pennsylvania Convention Center

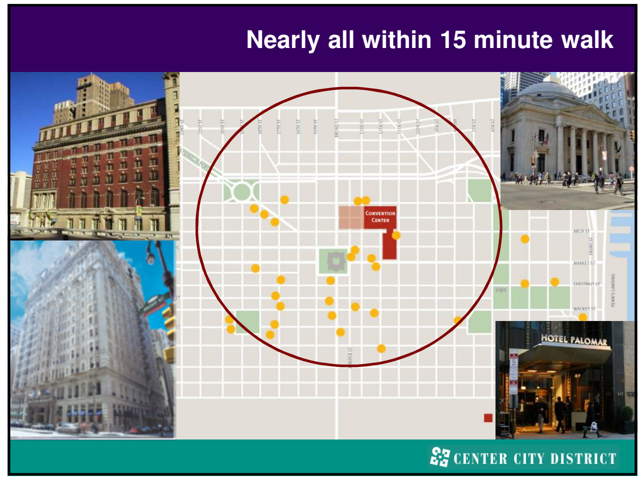
LARGEST CONVENTIONS AND TRADE SHOWS; OTHER MAJOR PUBLIC EVENTS, ANTICIPATED, 2018

CONVENTION & TRADE SHOWS	ATTENDANCE
Army-Navy Game	69,600
Philadelphia Marathon	30,000
American Association for Cancer Research Rock & Roll Half Marathon	21,000
IEEE	15,000
American Economic Association	14,000
United Soccer Coaches	11,000
Under Armour Northeast Qualifier	10,100
Leading Age	10,000
Rockwell Automation	10,000
NAFSA Association of International Educators	9,500
Public Library Association	8,000
National Electrical Contractors Association	7,000
National Association of Student Personnel Administrators	6,000
American Industrial Hygiene Association	6,000
American Sociological Association	6,000
Association for Iron & Steel Technology	6,000
Society of Nuclear Medicine and Molecular Imaging	5,500
UBM, LLC	5,000
American Society of Landscape Architects	5,000
American College of Gastroenterology	4,000
National Title I Association	4,000

Source: Philadelphia Convention & Visitors Bureau

CENTER CITY DISTRICT


Prompted private investment in new hotels:
reused vacant buildings
PSFS
CENTER CITY DISTRICT


Nearly all within 15 minute walk
CONVENTION CENTER
HOTEL PALOMAR
CENTER CITY DISTRICT


2001: New Independence Visitors Center
INDEPENDENCE
VISITOR CENTER
CENTER CITY DISTRICT


2003: New home for Liberty Bell
CENTER CITY DISTRICT

New Constitution Center
Diversifying the hospitality industry

CENTER CITY DISTRICT

National Museum of American Jewish History

CENTER CITY DISTRICT

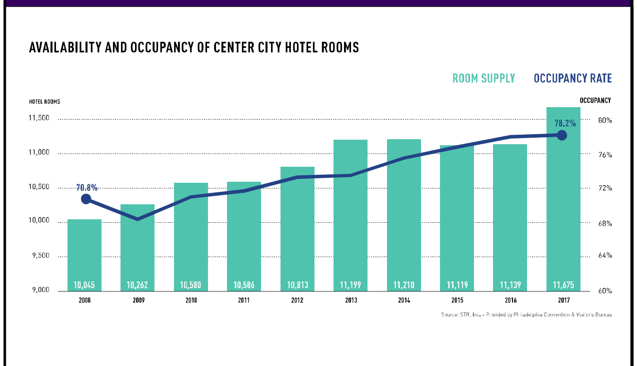
President's House

CENTER CITY DISTRICT

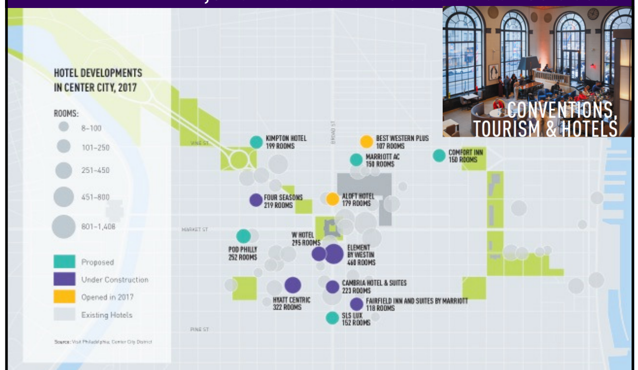
Museum of the American Revolution

CENTER CITY DISTRICT

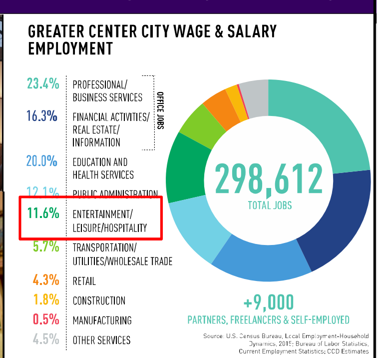
Substantial growth in hotel room supply & occupancy levels



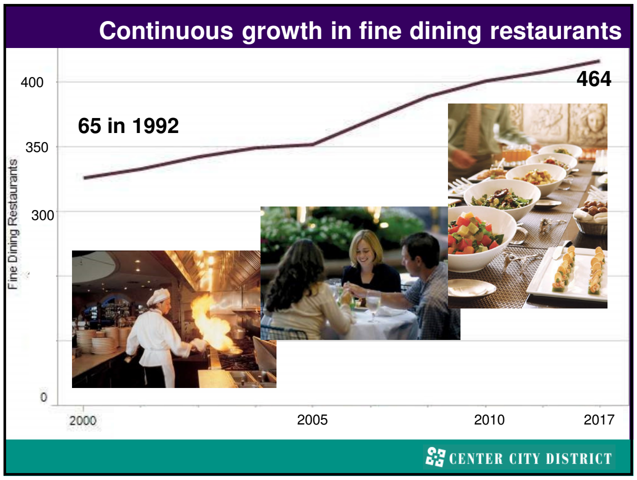
Significant new hotels in the pipeline 1,923 more rooms under construction



Entertainment, leisure, hospitality: 11.6% of downtown jobs
Average salary = $31,000/year

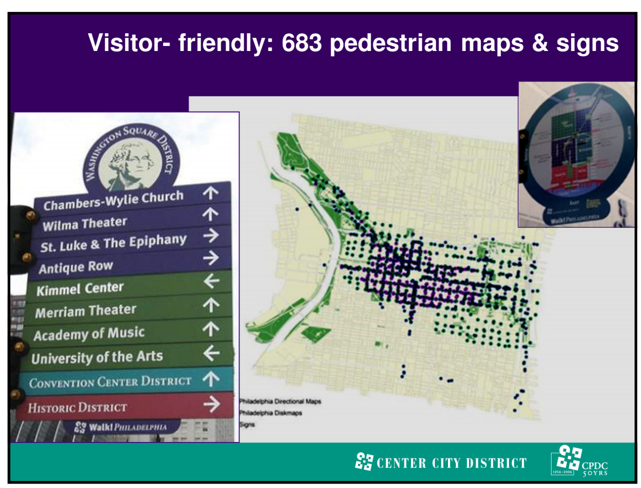


We have added many new reasons for people to come to Center City


Continuous growth in fine dining restaurants
465
65 in 1992
Fine Dining Restaurants
400
350
300
0
2000
2005
2010
2017
CENTER CITY DISTRICT

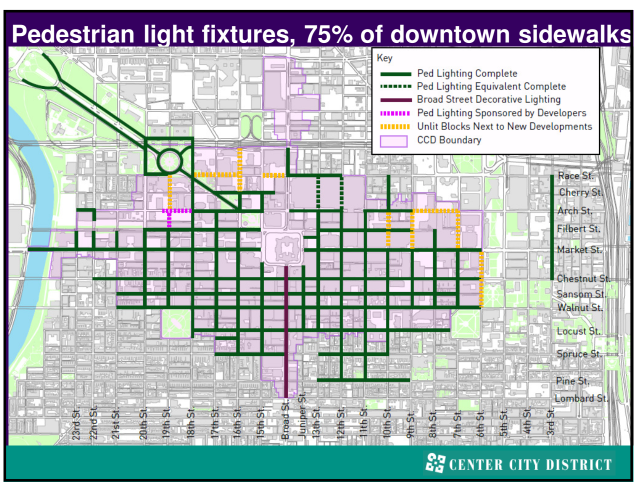

Largest retail promotion: 2 x year:
Restaurant Week
CENTER CITY DISTRICT
RESTAURANT WEEK
EFFEN
VODKA
JIM BEAM
BLACK
SEPTEMBER 23 - OCTOBER 5
3 COURSES | $20 LUNCH* | $35 DINNER*
#CCDRW | @PHILARESTWEEK
CENTER CITY DISTRICT


CCD 2.0: Improving the product for visitors
1996: financed streetscape improvements
Washington Square District
Chambers-Wylie Church
Wilma Theater
St. Luke & The Epiphany
Antique Row
Kimmel Center
Merriam Theater
Academy of Music
University of the Arts
Convention Center District
Historic District
Walk! Philadelphia
CENTER CITY DISTRICT


Visitor- friendly: 683 pedestrian maps & signs
Washington Square District
Chambers-Wylie Church
Wilma Theater
St. Luke & The Epiphany
Antique Row
Kimmel Center
Merriam Theater
Academy of Music
University of the Arts
Convention Center District
Historic District
Walk! Philadelphia
CENTER CITY DISTRICT
CPDC


Planters & trees
CENTER CITY DISTRICT
CPDC

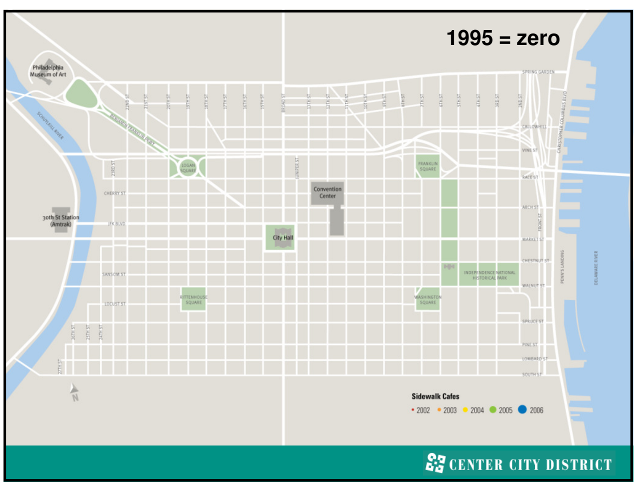

2,189 Pedestrian-scale lights
Doubled nighttime illumination
CENTER CITY DISTRICT

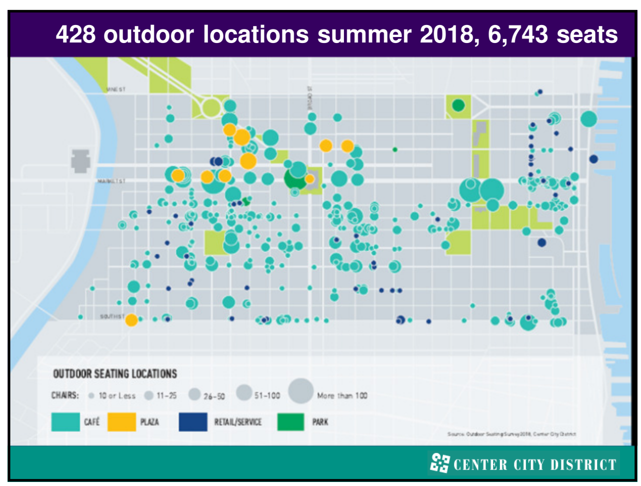

Pedestrian light fixtures, 75% of downtown sidewalks
Key
Ped Lighting Complete
Ped Lighting Equivalent Complete
Broad Street Decorative Lighting
Ped Lighting Sponsored by Developers
Unlit Blocks Next to New Developments
CCD Boundary
Race St.
Cherry St.
Arch St.
Filbert St.
Market St.
Chestnut St.
Sansom St.
Walnut St.
Locust St.
Spruce St.
Pine St.
Lombard St.
23rd St.
22nd St.
21st St.
20th St.
19th St.
18th St.
17th St.
16th St.
15th St.
Broad St.
Juniper St.
13th St.
12th St.
11th St.
10th St.
9th St.
8th St.
7th St.
6th St.
5th St.
4th St.
3rd St.
CENTER CITY DISTRICT


Support the evening economy
CENTER CITY DISTRICT


Building façade lighting: animate the city
CENTER CITY DISTRICT


Flourishing of sidewalk cafes
CENTER CITY REPORTS
OUTDOOR SEATING 2018
INTRODUCTION
CENTER CITY DISTRICT


1995 = zero
Sidewalk Cafes
2002
2003
2004
2005
2006
CENTER CITY DISTRICT

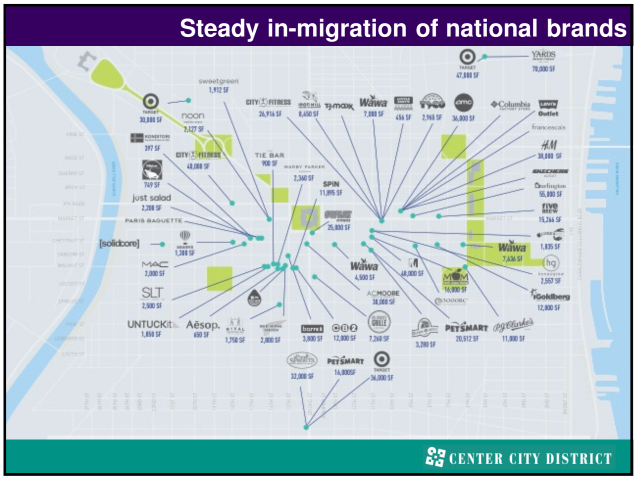

428 outdoor locations summer 2018, 6,743 seats
OUTDOOR SEATING LOCATIONS
CHAIRS: 10 or Less 11-25 26-50 51-100 More than 100
CAFÉ
PLAZA
RETAIL/SERVICE
PARK
CENTER CITY DISTRICT

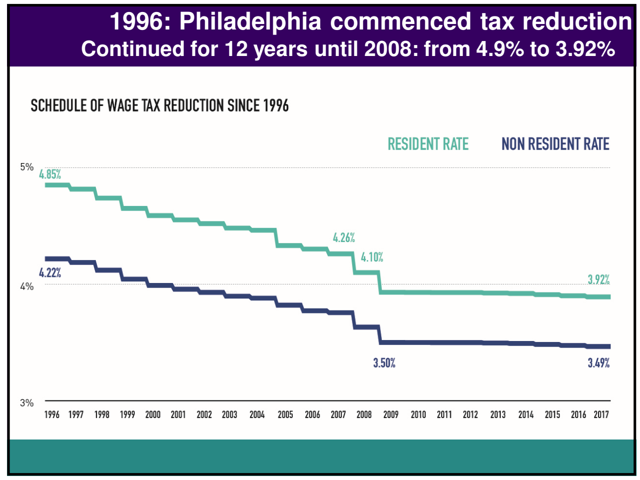

People attract people
CENTER CITY DISTRICT

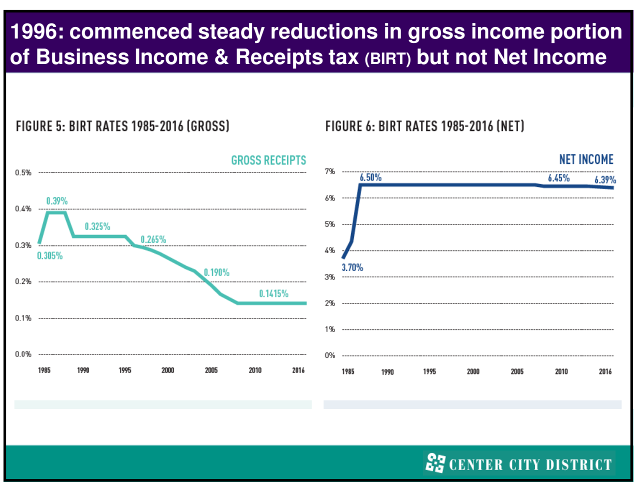

After work amenities
Promote bars & outdoor cafes: SIPs
SIPS
WEDNESDAYS 5-7PM
JUNE 7 - AUGUST 30
CENTER CITY DISTRICT
$5 COCKTAILS · $4 WINE · $3 BEER
HALF-PRICED APPETIZERS
CCDSIPS.COM
@CCDSIPS · #CCDSIPS
EFFEN
VODKA
CENTER CITY DISTRICT

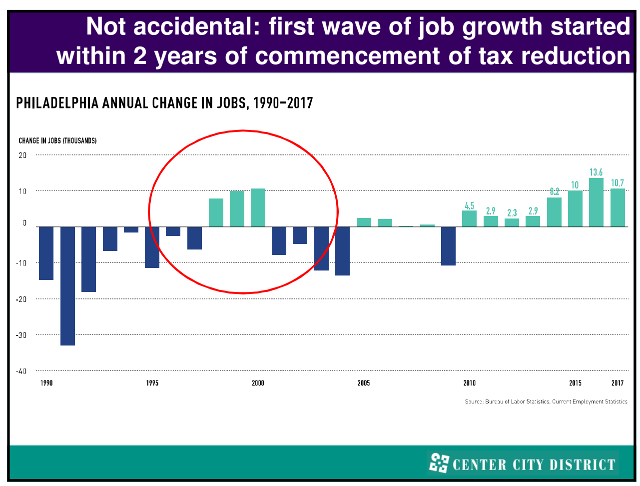

Draw huge crowds of younger workers
CENTER CITY DISTRICT


Strong mix of owner-proprietor retailers
OPENHOUSE
CENTER CITY DISTRICT

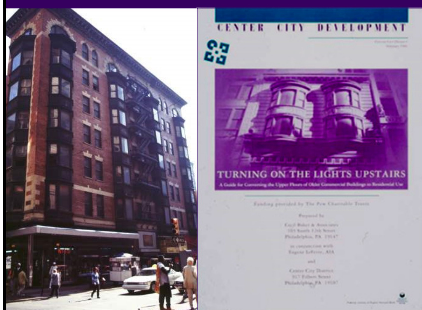

Steady in-migration of national brands
CENTER CITY DISTRICT


1996: Philadelphia commenced tax reduction
Continued for 12 years until 2008: from 4.9% to 3.92%
SCHEDULE OF WAGE TAX REDUCTION SINCE 1996
RESIDENT RATE
NON RESIDENT RATE
4.85%
4.26%
4.10%
3.92%
4.22%
3.50%
3.49%
5%
4%
3%
1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017


1996: commenced steady reductions in gross income portion of Business Income & Receipts tax (BIRT) but not Net Income
FIGURE 5: BIRT RATES 1985-2016 (GROSS)
GROSS RECEIPTS
0.39%
0.325%
0.265%
0.305%
0.190%
0.1415%
FIGURE 6: BIRT RATES 1985-2016 (NET)
NET INCOME
6.50%
6.45%
6.39%
3.70%
CENTER CITY DISTRICT


Not accidental: first wave of job growth started within 2 years of commencement of tax reduction
PHILADELPHIA ANNUAL CHANGE IN JOBS, 1990–2017
CHANGE IN JOBS (THOUSANDS)
13.6
10.7
10
8.2
4.5
2.9
2.3
2.9
1990
1995
2000
2005
2010
2015
2017
CENTER CITY DISTRICT

1996 CCD study: *Turning on the Lights Upstairs*
4.5 million sf. vacant Class "C" office space



- Retained architect & developer to evaluate buildings
- Survey to determine best buildings; floor layout, window size & exposure
- Detailed economic analysis of 10 buildings: evaluation for code compliance, cost-estimate, pro-formas.

CENTER CITY DISTRICT

10 year tax abatement
Approved 1997

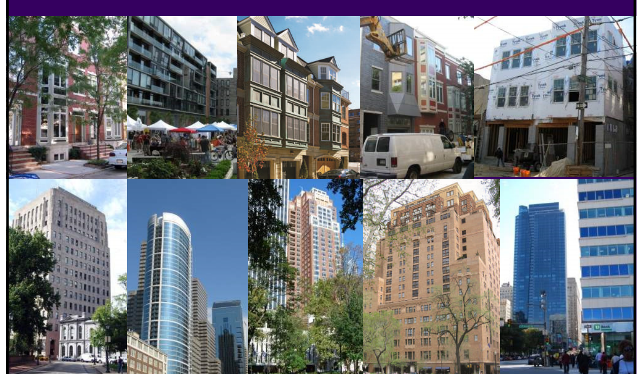
- **Extraordinary costs of converting from vacant office or industrial to residential use**
- **Available city wide**

CENTER CITY DISTRICT

1998–2017:
180 buildings converted to residential use

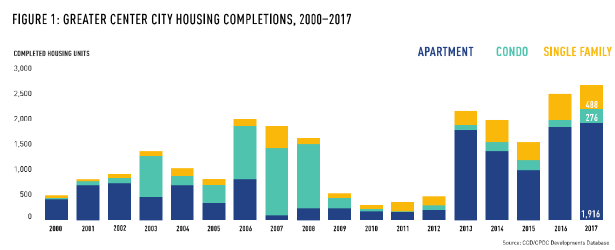
CENTER CITY DISTRICT

Expanded in 2000 to include all new construction



CENTER CITY DISTRICT

Since 2000 added 23,178 new units of housing

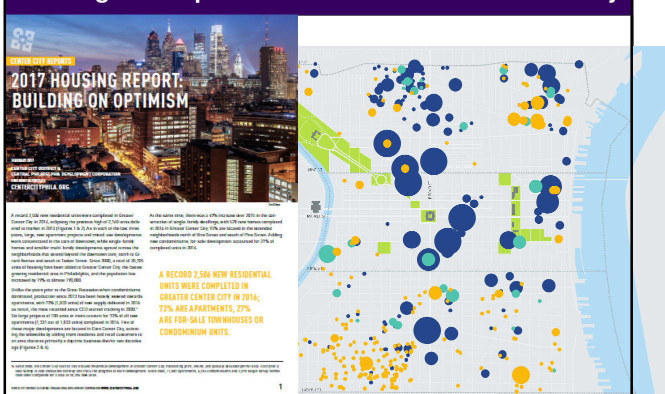


CENTER CITY DISTRICT

Central Business District is no longer just an office district
56 condo buildings with 4,200 units inside CCD
235 apartment buildings + 4 coops: 17,000 units

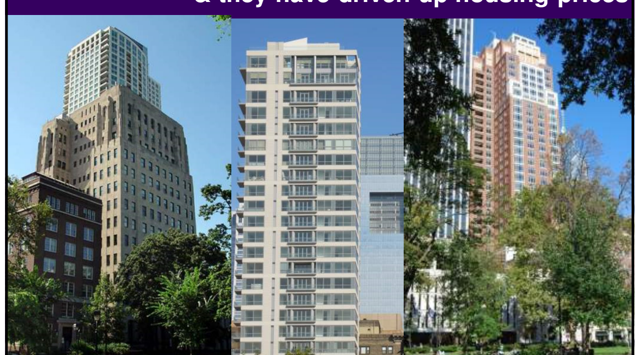
CENTER CITY DISTRICT

Housing development across all Greater Center City

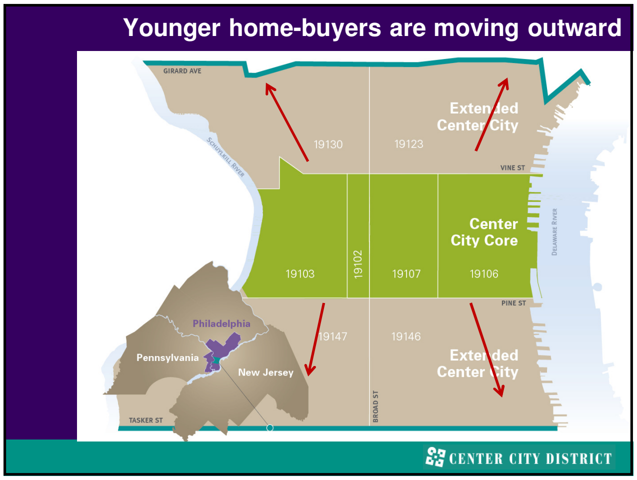


CENTER CITY DISTRICT

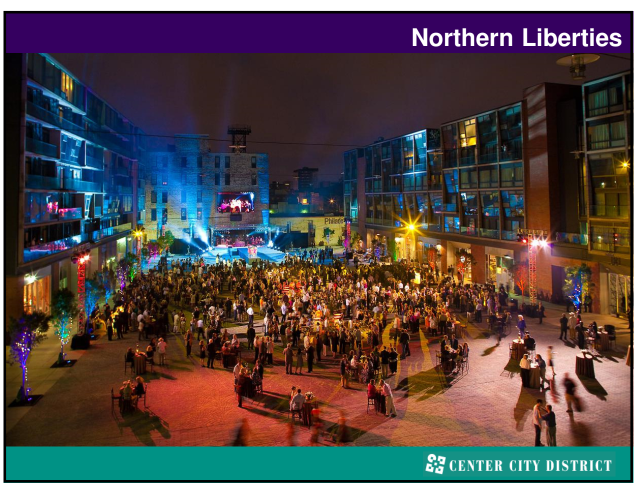
Significant volumes of returning empty nesters
& they have driven up housing prices



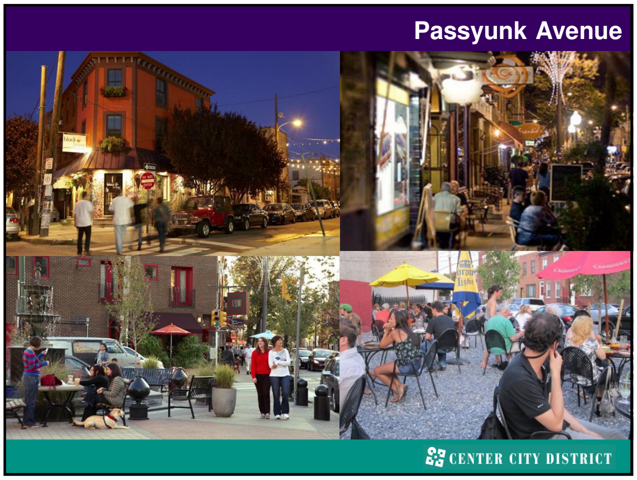
CENTER CITY DISTRICT

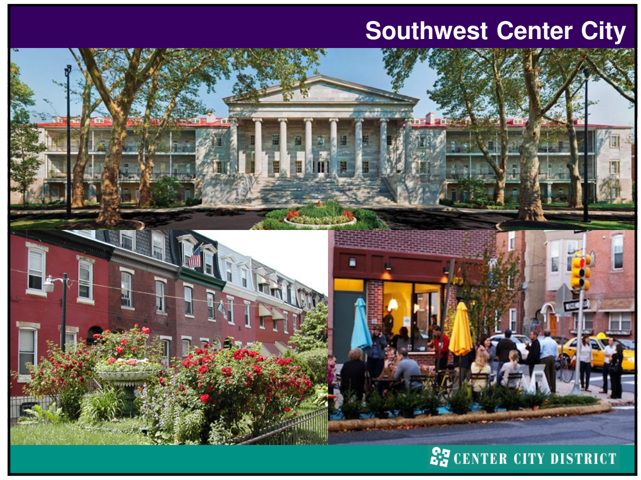

Younger home-buyers are moving outward
GIRARD AVE
Extended
Center City
19130
19123
VINE ST
Center
City Core
19103
19102
19107
19106
PINE ST
Philadelphia
Pennsylvania
New Jersey
19147
19146
Extended
Center City
TASKER ST
BROAD ST
CENTER CITY DISTRICT

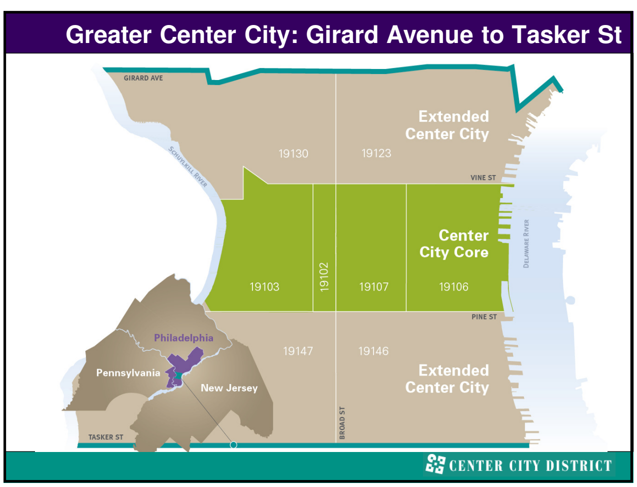

Queen Village
CENTER CITY DISTRICT

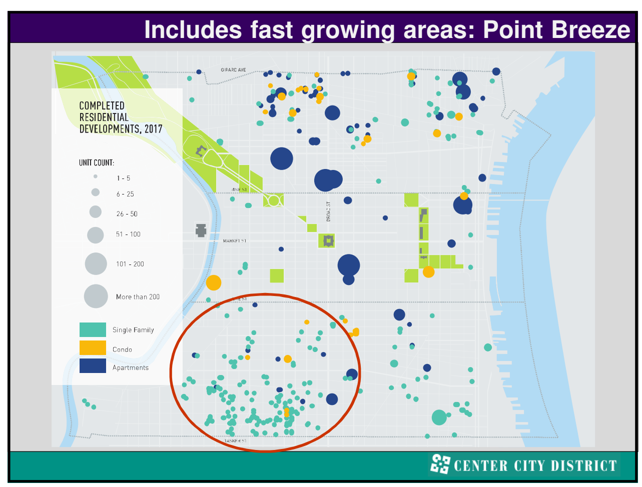

Northern Liberties
CENTER CITY DISTRICT


Fairmount
ONE WAY
JACKS
CENTER CITY DISTRICT

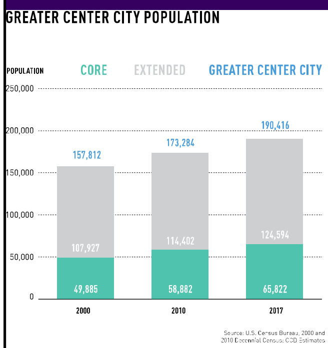

Passyunk Avenue
CENTER CITY DISTRICT


Southwest Center City
CENTER CITY DISTRICT


Greater Center City: Girard Avenue to Tasker St
GIRARD AVE
Extended Center City
19130
19123
VINE ST
Center City Core
19103
19102
19107
19106
PINE ST
19147
19146
Extended Center City
Philadelphia
Pennsylvania
New Jersey
TASKER ST
BROAD ST
CENTER CITY DISTRICT

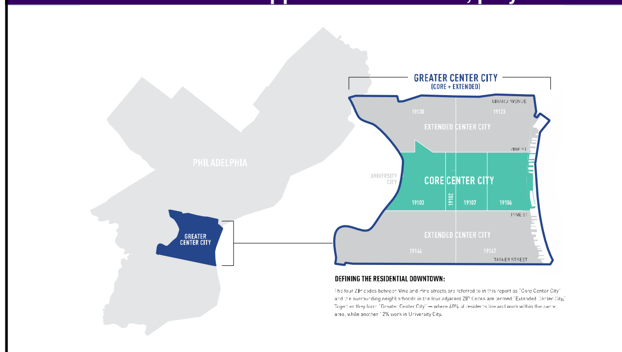

Includes fast growing areas: Point Breeze
COMPLETED RESIDENTIAL DEVELOPMENTS, 2017
UNIT COUNT:
1 - 5
6 - 25
26 - 50
51 - 100
101 - 200
More than 200
Single Family
Condo
Apartments
CENTER CITY DISTRICT

Greater Center City
Population up 21% since 2000 = 190,000



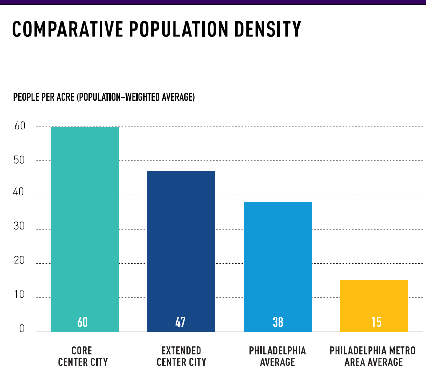
CENTER CITY DISTRICT

Fastest growing section of the city
25% who moved to PHL between 2000-2017 moved downtown
Appeal of a live-work, play downtown



CENTER CITY DISTRICT

Living at 10 times the density of suburban averages

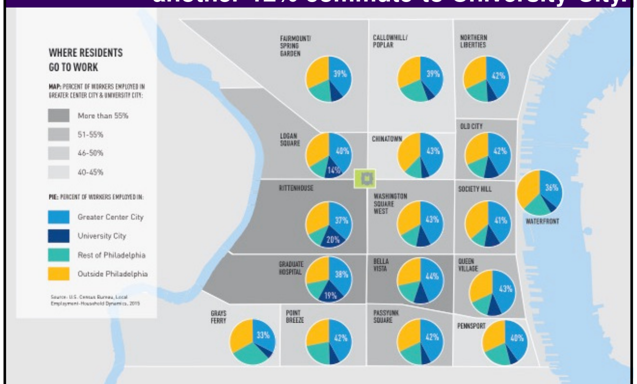


CENTER CITY DISTRICT

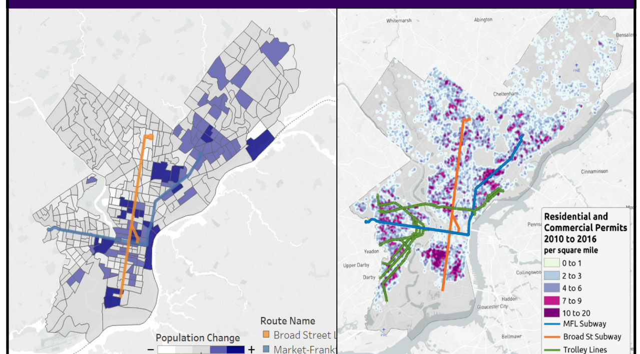
Density drives restaurants, retail & sidewalk vitality

CENTER CITY DISTRICT

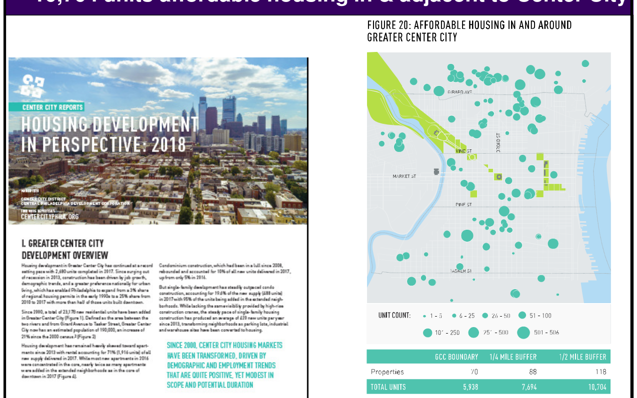
42% of employed CC residents work downtown; another 12% commute to University City.



Growth beyond Center City driven in part by SEPTA



10,704 units affordable housing in & adjacent to Center City



63% of residents get to work without a car; 39% in core walk to work

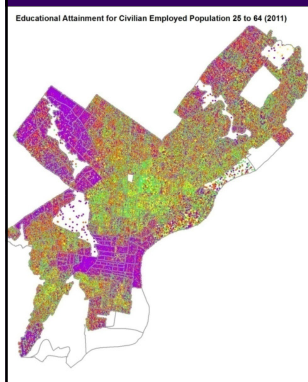
Filled with young professionals & empty nesters

46% of residents in core, ages 20-34

75% in core have a BA degree; 50% in extended

CENTER CITY DISTRICT

The highest concentration of educated workers in city & region:



CENTER CITY DISTRICT

Demographics are a powerful lure to both retailers & employers

CENTER CITY DISTRICT

Knowledge workers drive the new economy

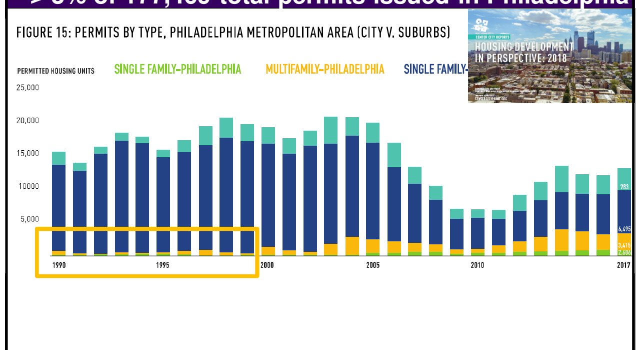
CENTER CITY DISTRICT

Suburban firms are locating downtown to be near talent & start-ups

CENTER CITY DISTRICT

How the world has changed

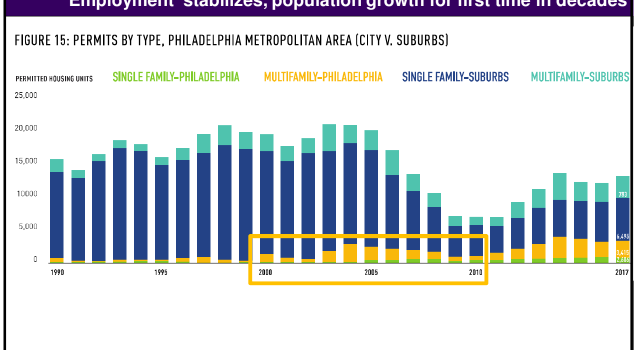
1990-1999, 5,072 housing units permitted in all Philadelphia
> 3% of 177,469 total permits issued in Philadelphia



CENTER CITY DISTRICT

In 2000 abatement expands to all types of construction

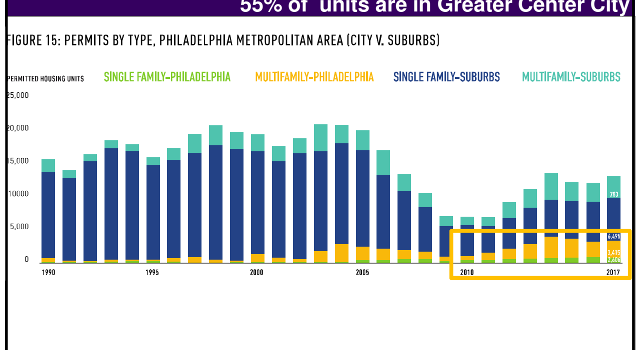
Building permits increase to 10% of regional total.
Employment stabilizes, population growth for first time in decades



CENTER CITY DISTRICT

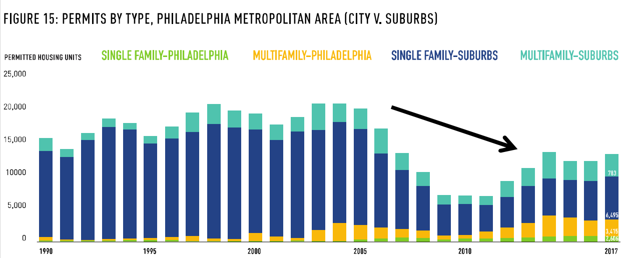
Between 2010 and 2017,

Philadelphia's regional share of housing permits rises to 25%
55% of units are in Greater Center City



CENTER CITY DISTRICT

Before we cheer; large portion of the percentage increase Comes from dramatic slowing of suburban growth

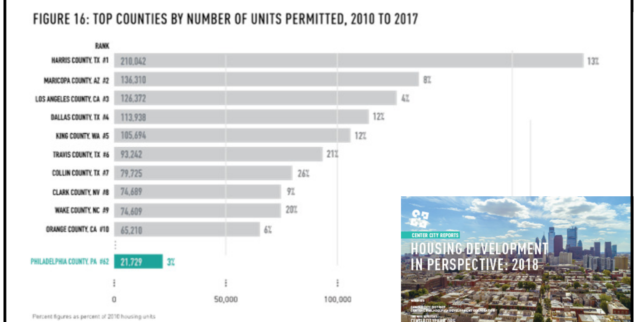


CENTER CITY DISTRICT

Putting this in national perspective

62nd in housing production among 100 largest counties

Growth is strong, but pales in comparison with other cities



CENTER CITY DISTRICT

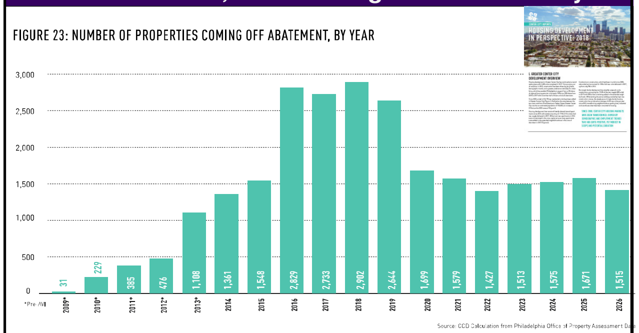
Lots of concern about what's being "given away" at front end of the development process

CENTER CITY DISTRICT

Not much look at the value of construction jobs & related taxes & economic impacts

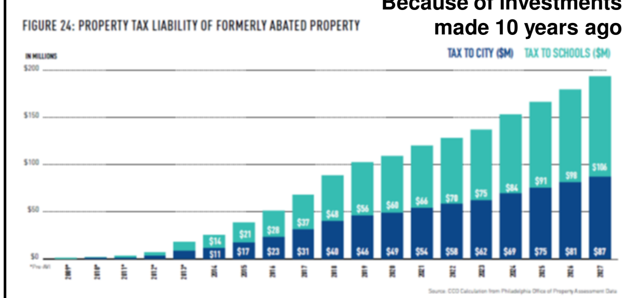
CENTER CITY DISTRICT

Little attention paid to the back-end
In last two years 4,749 units came off of abatement
2,902 returning to tax rolls this year



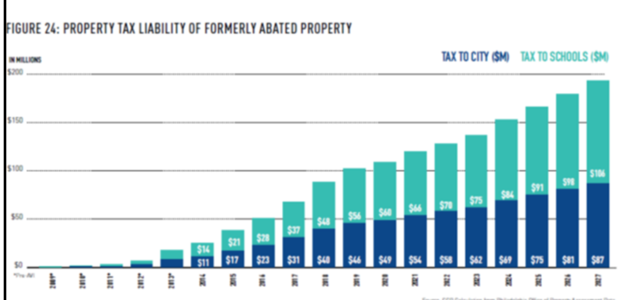
$48 million new revenue to school district
$40 million to the City: Numbers steadily rising

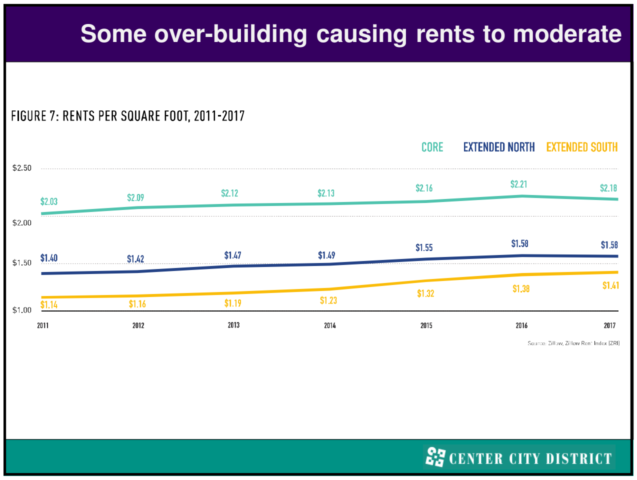
Because of investments made 10 years ago

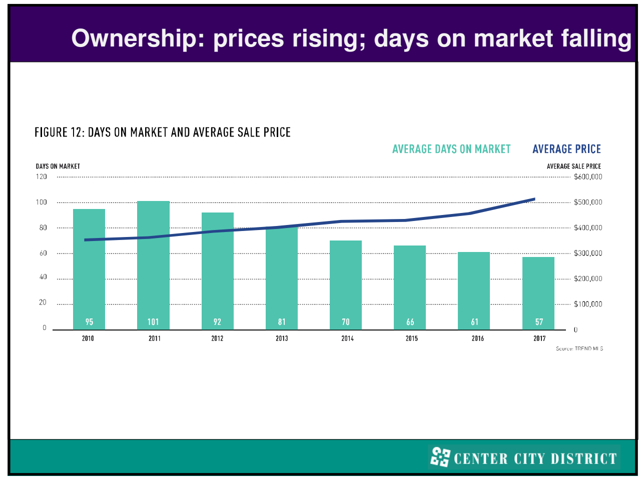


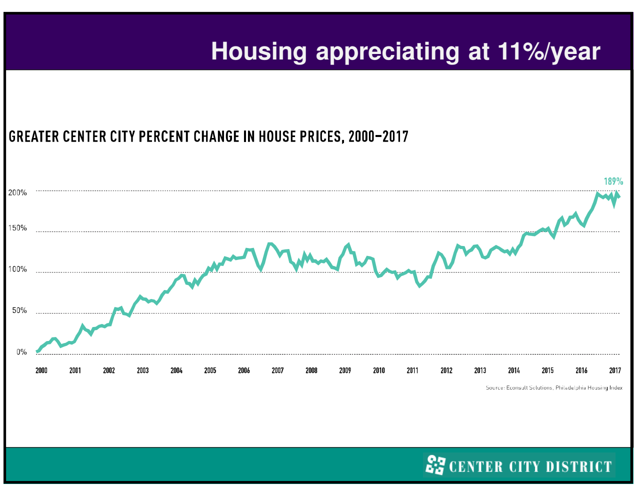
Continuing significant growth downtown
5,150 units in construction: delivered in next 2 years

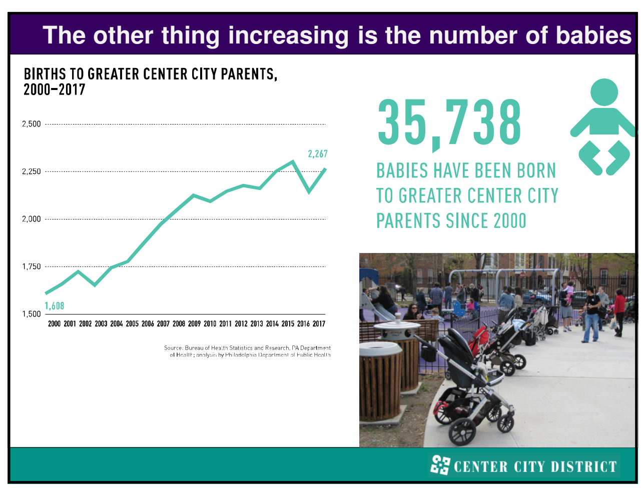
Align the market & low income housing needs
Pledge the $40 million in expiring abatements
As an allocation for rent subsidies in City budget
& that number will continue to grow



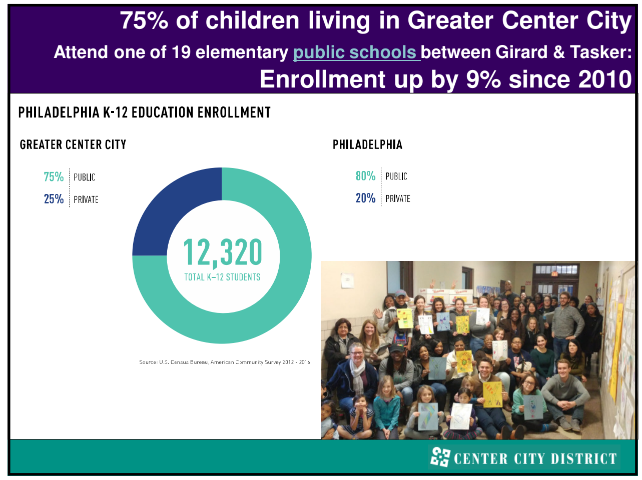

Some over-building causing rents to moderate
FIGURE 7: RENTS PER SQUARE FOOT, 2011-2017
CORE
EXTENDED NORTH
EXTENDED SOUTH
$2.50
$2.00
$1.50
$1.00
$2.03
$2.09
$2.12
$2.13
$2.16
$2.21
$2.18
$1.40
$1.42
$1.47
$1.49
$1.55
$1.58
$1.58
$1.14
$1.16
$1.19
$1.23
$1.32
$1.38
$1.41
2011
2012
2013
2014
2015
2016
2017
Source: Zillow, Zillow Rent Index (ZRI)
CENTER CITY DISTRICT

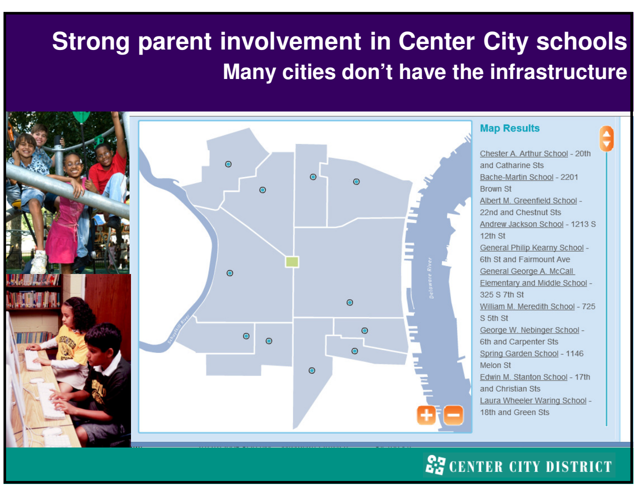

Ownership: prices rising; days on market falling
FIGURE 12: DAYS ON MARKET AND AVERAGE SALE PRICE
AVERAGE DAYS ON MARKET
AVERAGE PRICE
DAYS ON MARKET
AVERAGE SALE PRICE
120
100
80
60
40
20
0
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
0
95
101
92
81
70
66
61
57
2010
2011
2012
2013
2014
2015
2016
2017
Source: TREND MLS
CENTER CITY DISTRICT


Housing appreciating at 11%/year
GREATER CENTER CITY PERCENT CHANGE IN HOUSE PRICES, 2000–2017
200%
150%
100%
50%
0%
189%
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
Source: Econsult Solutions, Philadelphia Housing Index
CENTER CITY DISTRICT


The other thing increasing is the number of babies
BIRTHS TO GREATER CENTER CITY PARENTS, 2000–2017
2,500
2,250
2,000
1,750
1,500
1,608
2,267
2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017
Source: Bureau of Health Statistics and Research, PA Department of Health; analysis by Philadelphia Department of Public Health
35,738
BABIES HAVE BEEN BORN TO GREATER CENTER CITY PARENTS SINCE 2000
CENTER CITY DISTRICT


In today's Center City, if you don't trip over a sidewalk café you'll get run over by a stroller
CENTER CITY DISTRICT


75% of children living in Greater Center City
Attend one of 19 elementary public schools between Girard & Tasker:
Enrollment up by 9% since 2010
PHILADELPHIA K-12 EDUCATION ENROLLMENT
GREATER CENTER CITY
75% PUBLIC
25% PRIVATE
12,320
TOTAL K–12 STUDENTS
PHILADELPHIA
80% PUBLIC
20% PRIVATE
Source: U.S. Census Bureau, American Community Survey 2012 - 2016
CENTER CITY DISTRICT


Strong parent involvement in Center City schools
Many cities don't have the infrastructure
Map Results
Chester A. Arthur School - 20th and Catharine Sts
Bache-Martin School - 2201 Brown St
Albert M. Greenfield School - 22nd and Chestnut Sts
Andrew Jackson School - 1213 S 12th St
General Philip Kearny School - 6th St and Fairmount Ave
General George A. McCall Elementary and Middle School - 325 S 7th St
William M. Meredith School - 725 S 5th St
George W. Nebinger School - 6th and Carpenter Sts
Spring Garden School - 1146 Melon St
Edwin M. Stanton School - 17th and Christian Sts
Laura Wheeler Waring School - 18th and Green Sts
CENTER CITY DISTRICT


67% attend their catchment area (neighborhood) school;
81% of school attendees live in Greater Center City
GREATER CENTER CITY K-8 PUBLIC SCHOOL ENROLLMENT BY STUDENT HOME
67% LIVE WITHIN CATCHMENT
14% LIVE ELSEWHERE IN GREATER CENTER CITY
19% LIVE OUTSIDE OF GREATER CENTER CITY
67%
LIVE WITHIN CATCHMENT
Source: 2017 Philadelphia School District
CENTER CITY DISTRICT

Population growth driven our focus on parks
Children are filling up our parks

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As quickly as we can build them

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CCD 3.0: 2008; Park renovation & management

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Started with neglected empty space

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Create a thriving gateway to the Parkway

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Café revenue pledged to park maintenance

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Collins Park, 1700 block Chestnut Street

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Successful location for rental events

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2012: Sister Cities Park
CENTER CITY DISTRICT


Took a barren and forgotten space
CENTER CITY DISTRICT


Created a place for families with children
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Attractive for all ages: amenity for office workers
CENTER CITY DISTRICT


Part of an animation strategy for the Parkway
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Major improvements, including Barnes Foundation
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Completed $60 million renovation in September 2014
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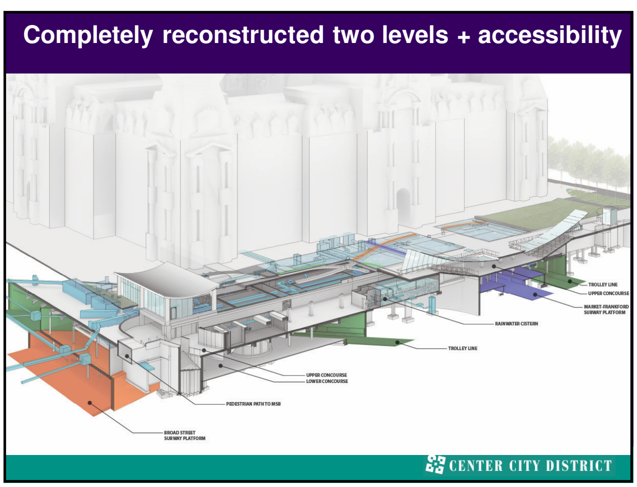
1970's barren plaza
CENTER CITY DISTRICT


Steps and barriers
CENTER CITY DISTRICT


Pedestrian obstacles, walls & changes in elevation
CENTER CITY DISTRICT


Completely reconstructed two levels + accessibility
TROLLEY LINE
UPPER CONCOURSE
MARKET-FRANKFORD SUBWAY PLATFORM
RAINWATER CISTERN
TROLLEY LINE
UPPER CONCOURSE
LOWER CONCOURSE
PEDESTRIAN PATH TO MSB
BROAD STREET SUBWAY PLATFORM
CENTER CITY DISTRICT


Walk directly in from the street
15th St
CENTER CITY DISTRICT


Goal: Create first-class gateway to transit
Street
CENTER CITY DISTRICT


Cafe
PARK
CAFÉ
CENTER CITY DISTRICT


Programmed with events
SIPS
CENTER CITY DISTRICT


Attractive water feature
CENTER CITY DISTRICT

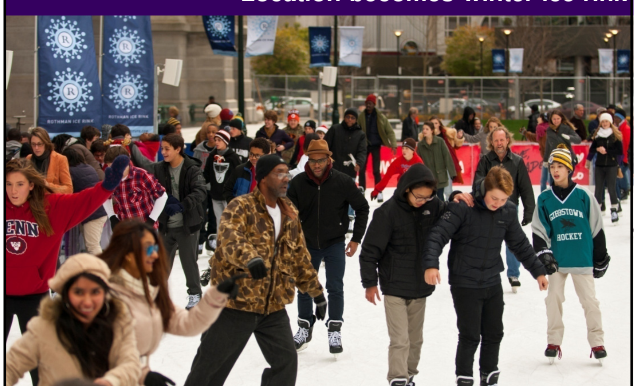
Flexible design portions turn off for events

CENTER CITY DISTRICT

Parties & weddings

CENTER CITY DISTRICT

Location becomes winter ice rink



CENTER CITY DISTRICT

Holiday markets

CENTER CITY DISTRICT


Lawn on southern end
CENTER CITY DISTRICT


Program movies & bocce
Pictures
IN THE PARK
CENTER CITY DISTRICT


Added garden maze on lawn for 2016-2017
DILWORTH PARK | ROB CARDILLO
CENTER CITY DISTRICT


All will be returning this winter
CENTER CITY DISTRICT


Return of
IBX Deck the Hall Light Show
CENTER CITY DISTRICT

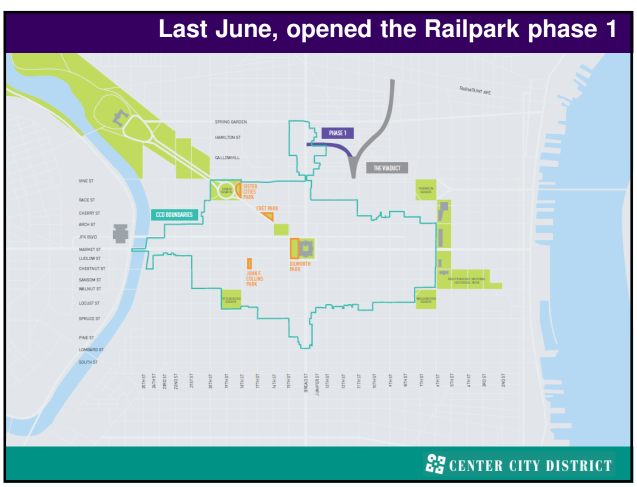

Last night turned on Janet Echelman's PULSE
CENTER CITY DISTRICT


First phase of public art installation
PULSE
CENTER CITY DISTRICT


Gone from this……
CENTER CITY DISTRICT


To year-round attractions in the park
CAFÉ
CENTER CITY DISTRICT


To over 10 million visitors
58,000 ICE SKATERS
AT DILWORTH PARK IN 2017
210,000 VISITORS
TO AMERICA'S GARDEN CAPITAL
MAZE AT DILWORTH PARK IN 2017
41,647 PEDESTRIANS
PER WEEKEND DAY ENTERED
DILWORTH PARK IN DECEMBER 2017
ANNUAL VISITORS TO DILWORTH PARK
2015: 8,698,000
2016: 9,621,200
2017: 10,036,200
CENTER CITY DISTRICT


Last June, opened the Railpark phase 1
CENTER CITY DISTRICT


Cut the ribbon on June 14, 2018
CENTER CITY DISTRICT


A new amenity
CENTER CITY DISTRICT


For an emerging live-work neighborhood
CENTER CITY DISTRICT


Enthusiastically embraced
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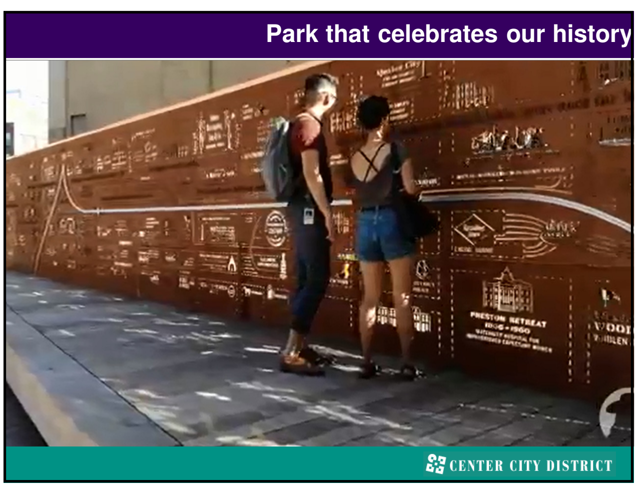
Appealing to a broad cross-section of the city
CENTER CITY DISTRICT


CENTER CITY DISTRICT


CENTER CITY DISTRICT


Park that celebrates our history
CENTER CITY DISTRICT


Encourages in depth study
CENTER CITY DISTRICT

We are hard at work on phase 2

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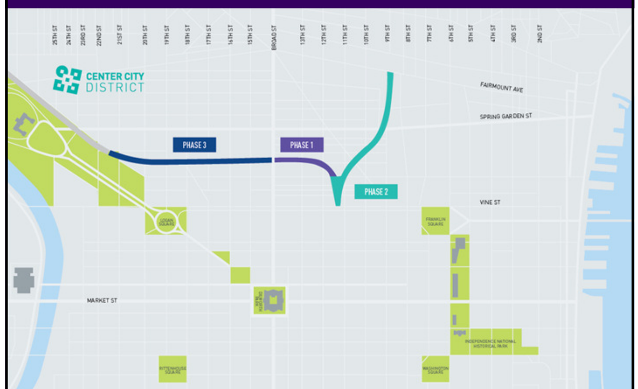
Extends from Vine to Fairmount



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As the anchor for a diverse live-work neighborhood

CENTER CITY DISTRICT

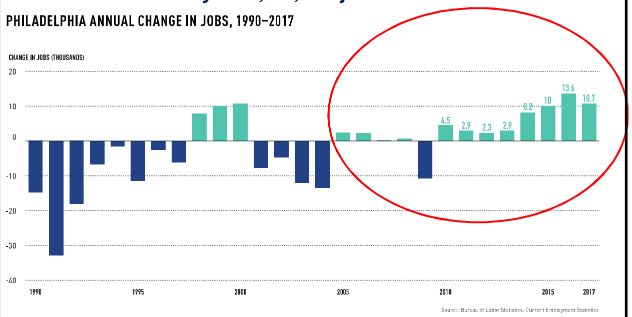
Thriving mixed use downtown:

40% jobs in office sector; 20% eds & meds; 11.6% leisure & hospitality

CENTER CITY DISTRICT

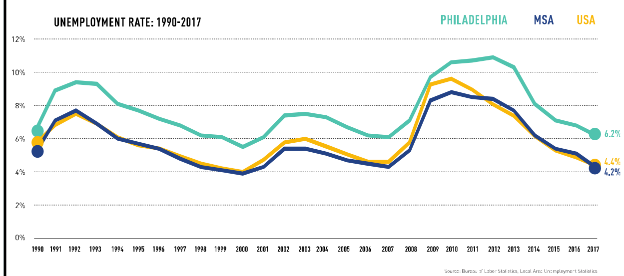
Philadelphia: sustained period of job growth,
Citywide: added jobs for 12 of the last 13 years

Best run in last 40 years; 55,100 jobs since Recession ended



CENTER CITY DISTRICT

Official employment rate down from 10.9% to 6.2%
Still 2 points above national average



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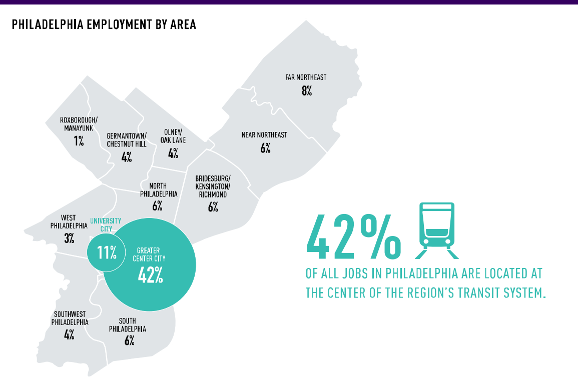
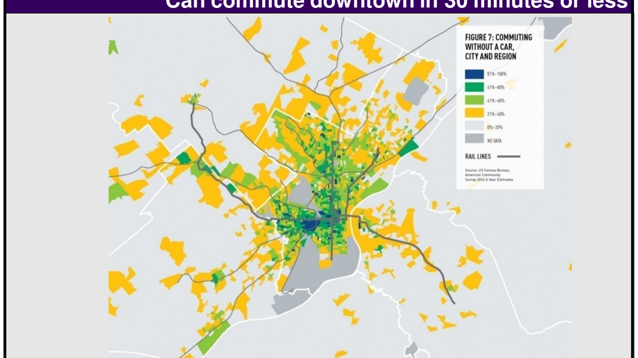
A place that holds 42% of all jobs in Philadelphia

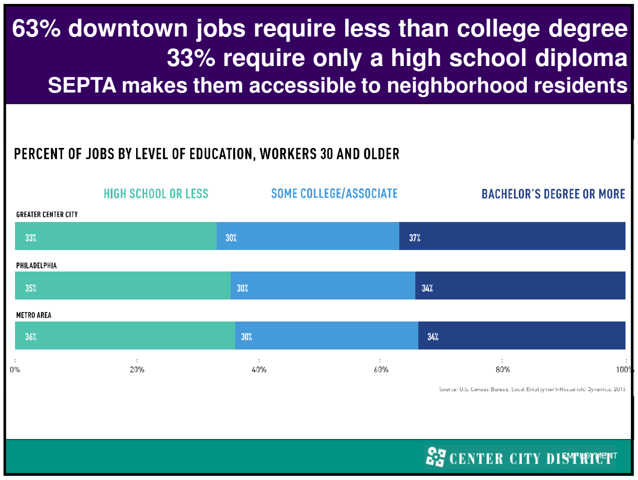


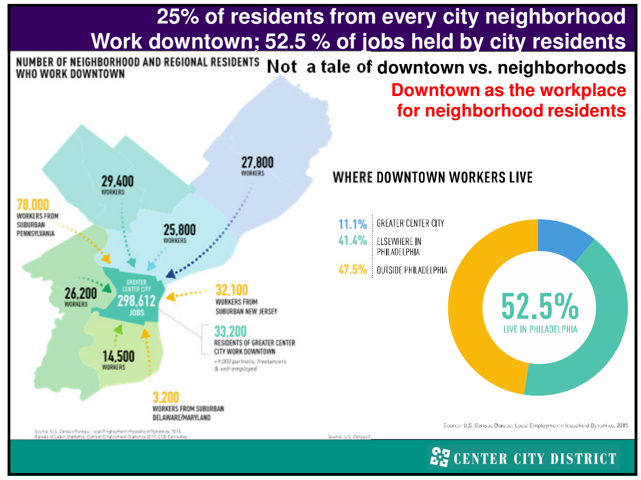
CENTER CITY DISTRICT

At the center of the regional transit system
50% of neighborhood residents
Can commute downtown in 30 minutes or less

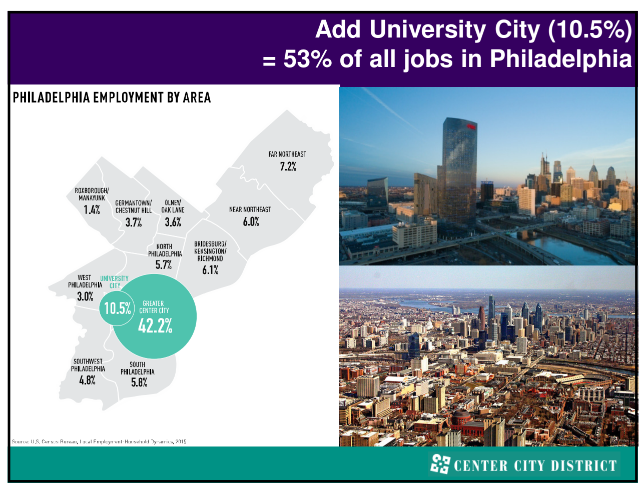


CENTER CITY DISTRICT


63% downtown jobs require less than college degree
33% require only a high school diploma
SEPTA makes them accessible to neighborhood residents
PERCENT OF JOBS BY LEVEL OF EDUCATION, WORKERS 30 AND OLDER
HIGH SCHOOL OR LESS
SOME COLLEGE/ASSOCIATE
BACHELOR'S DEGREE OR MORE
GREATER CENTER CITY
33%
30%
37%
PHILADELPHIA
35%
30%
34%
METRO AREA
36%
30%
34%
0%
20%
40%
60%
80%
100%
CENTER CITY DISTRICT


25% of residents from every city neighborhood
Work downtown; 52.5 % of jobs held by city residents
NUMBER OF NEIGHBORHOOD AND REGIONAL RESIDENTS WHO WORK DOWNTOWN
Not a tale of downtown vs. neighborhoods
Downtown as the workplace
for neighborhood residents
27,800 WORKERS
29,400 WORKERS
78,000 WORKERS FROM SUBURBAN PENNSYLVANIA
25,800 WORKERS
26,200 WORKERS
GREATER CENTER CITY 298,612 JOBS
32,100 WORKERS FROM SUBURBAN NEW JERSEY
33,200 RESIDENTS OF GREATER CENTER CITY WORK DOWNTOWN
+9,000 partners, freelancers & self-employed
14,500 WORKERS
3,200 WORKERS FROM SUBURBAN DELAWARE/MARYLAND
WHERE DOWNTOWN WORKERS LIVE
11.1% GREATER CENTER CITY
41.4% ELSEWHERE IN PHILADELPHIA
47.5% OUTSIDE PHILADELPHIA
52.5%
LIVE IN PHILADELPHIA
Source: U.S. Census Bureau, Local Employment-Household Dynamics, 2015
CENTER CITY DISTRICT

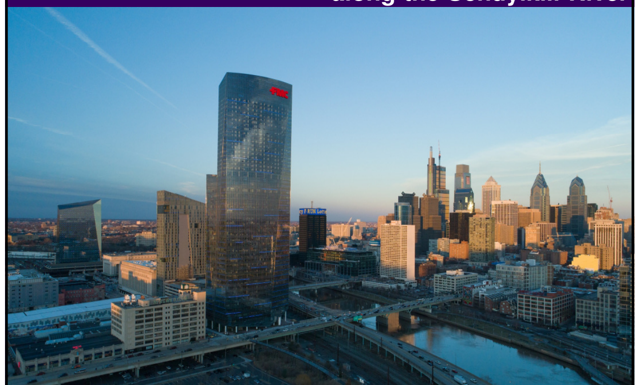

$6.1 billion in new development just completed or underway
New Comcast & Aramark buildings
1,923 hotel rooms, 5,150 housing units + Market East development
CENTER CITY DISTRICT


Add University City (10.5%)
= 53% of all jobs in Philadelphia
PHILADELPHIA EMPLOYMENT BY AREA
FAR NORTHEAST 7.2%
ROXBOROUGH/MANAYUNK 1.4%
GERMANTOWN/CHESTNUT HILL 3.7%
OLNEY/OAK LANE 3.6%
NEAR NORTHEAST 6.0%
NORTH PHILADELPHIA 5.7%
BRIDESBURG/KENSINGTON/RICHMOND 6.1%
WEST PHILADELPHIA 3.0%
UNIVERSITY CITY 10.5%
GREATER CENTER CITY 42.2%
SOUTHWEST PHILADELPHIA 4.8%
SOUTH PHILADELPHIA 5.8%
Source: U.S. Census Bureau, Local Employment-Household Dynamics, 2015
CENTER CITY DISTRICT

Penn making major investments in innovation

CENTER CITY DISTRICT

Brandywine making major investments along the Schuylkill River



CENTER CITY DISTRICT

As is Children's Hospital

CENTER CITY DISTRICT

Drexel focusing on start-ups & new industries spawned by research & technological innovations ambitious plans to come east

CENTER CITY DISTRICT

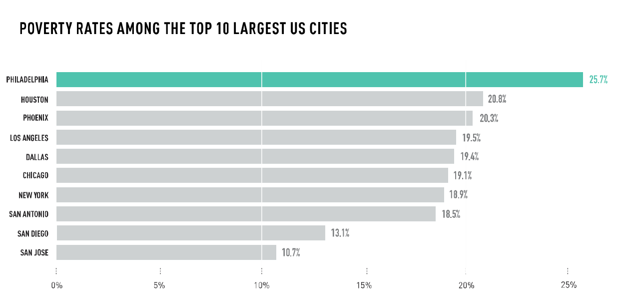
Drexel/Brandywine Innovation District

CENTER CITY DISTRICT

Wealth of good news in Center City & University City
Pull the camera back............

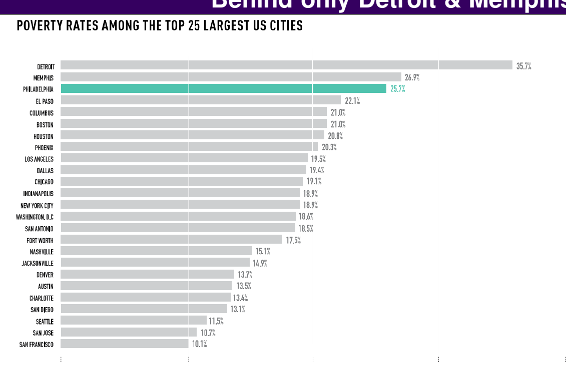
CENTER CITY DISTRICT

Bad news:
Highest poverty rate of 10 largest cities: 25.7%



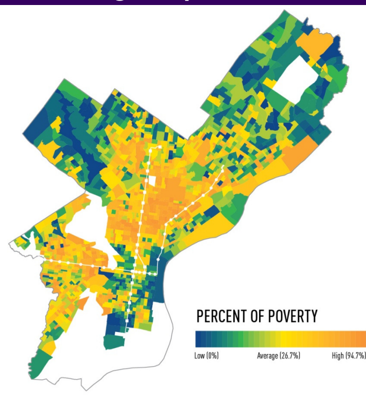
CENTER CITY DISTRICT

3rd highest poverty rate of 25 largest cities
Behind only Detroit & Memphis



CENTER CITY DISTRICT

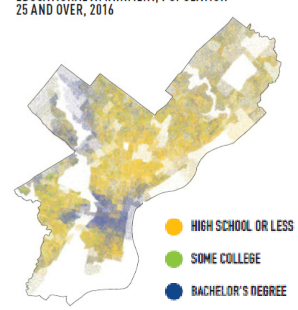
Creates huge disparities in the city: poverty



CENTER CITY DISTRICT

Disparities in education levels

EDUCATIONAL ATTAINMENT, POPULATION 25 AND OVER, 2016



61%
OF GREATER CENTER CITY RESIDENTS HAVE A BACHELOR'S DEGREE OR HIGHER, A POWERFUL ATTRACTOR FOR BUSINESSES SEEKING TALENT, BUT A MARKED CONTRAST WITH SURROUNDING NEIGHBORHOODS

26% Citywide with BA

CENTER CITY DISTRICT

A major affordability challenge
Especially at lower income levels:

More than 80% of 127,646 low income renter households are paying a disproportionate share of income on housing

FIGURE 21: COST BURDEN AT VARYING HOUSEHOLD INCOME LEVELS

	TOTAL HOUSEHOLDS	% COST BURDENED	OWNER OCCUPIED HOUSEHOLDS	% COST BURDENED	RENTER OCCUPIED HOUSEHOLDS	% COST BURDENED
All Households w/ Income*	542,192	40%	292,079	28%	250,113	53%
Less than $20,000:	127,467	83%	49,276	74%	78,191	88%
$20,000 to $34,999:	95,517	65%	46,062	47%	49,455	82%
$35,000 to $49,999:	70,587	38%	36,525	28%	34,062	48%
$50,000 to $74,999:	91,040	17%	52,631	18%	38,409	15%
$75,000 or more:	157,581	4%	107,585	4%	49,996	3%

*Does not include another 27,420 households who report no income at all.

Source: US Census Bureau, American Community Survey 1 Year Estimates

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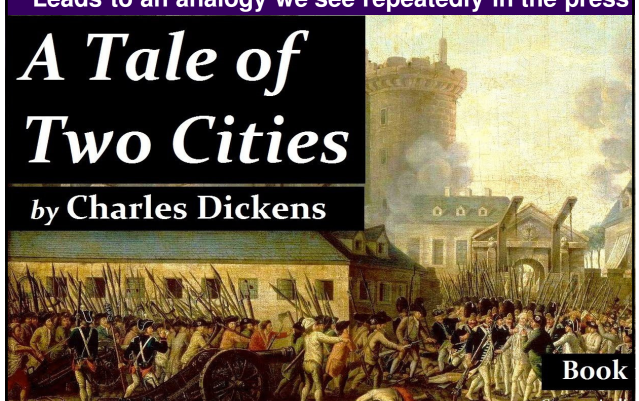
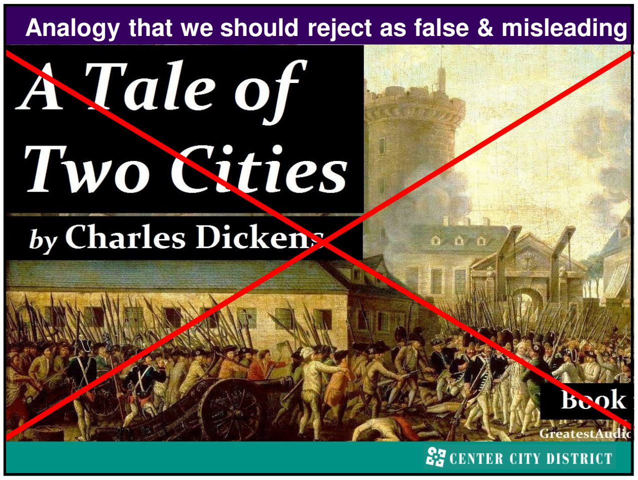
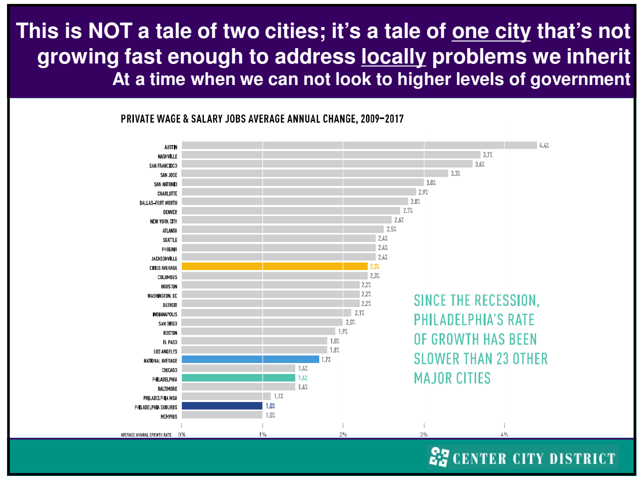
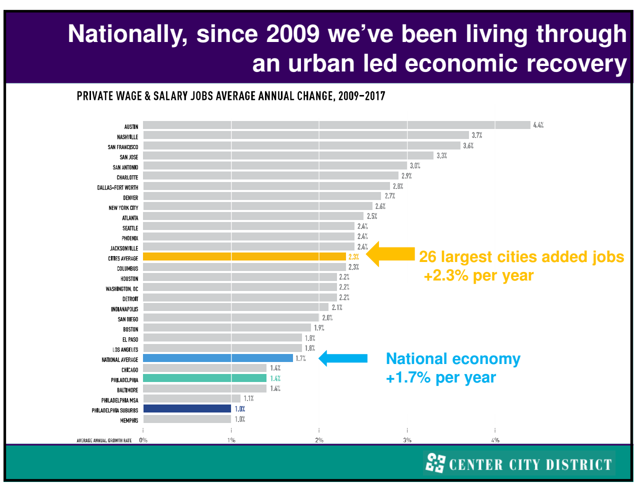
Leads to an analogy we see repeatedly in the press



CENTER CITY DISTRICT

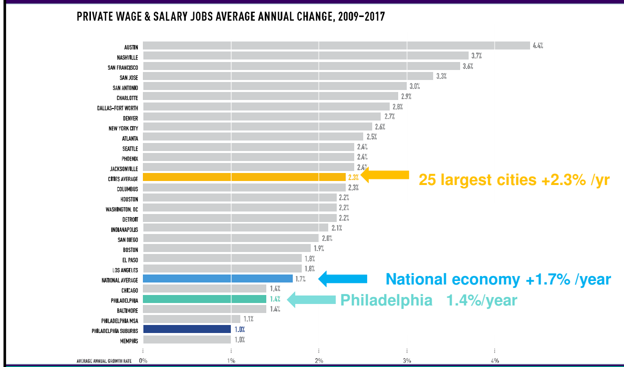

Analogy that we should reject as false & misleading
A Tale of Two Cities
by Charles Dickens
Book
CENTER CITY DISTRICT


This is NOT a tale of two cities; it's a tale of one city that's not growing fast enough to address locally problems we inherit
At a time when we can not look to higher levels of government
PRIVATE WAGE & SALARY JOBS AVERAGE ANNUAL CHANGE, 2009–2017
SINCE THE RECESSION, PHILADELPHIA'S RATE OF GROWTH HAS BEEN SLOWER THAN 23 OTHER MAJOR CITIES
CENTER CITY DISTRICT


Nationally, since 2009 we've been living through an urban led economic recovery
PRIVATE WAGE & SALARY JOBS AVERAGE ANNUAL CHANGE, 2009–2017
AUSTIN 4.4%
NASHVILLE 3.7%
SAN FRANCISCO 3.6%
SAN JOSE 3.3%
SAN ANTONIO 3.0%
CHARLOTTE 2.9%
DALLAS-FORT WORTH 2.8%
DENVER 2.7%
NEW YORK CITY 2.6%
ATLANTA 2.5%
SEATTLE 2.4%
PHOENIX 2.4%
JACKSONVILLE 2.4%
CITIES AVERAGE 2.3%
COLUMBUS 2.3%
HOUSTON 2.2%
WASHINGTON, DC 2.2%
DETROIT 2.2%
INDIANAPOLIS 2.1%
SAN DIEGO 2.0%
BOSTON 1.9%
EL PASO 1.8%
LOS ANGELES 1.8%
NATIONAL AVERAGE 1.7%
CHICAGO 1.4%
PHILADELPHIA 1.4%
BALTIMORE 1.4%
PHILADELPHIA MSA 1.1%
PHILADELPHIA SUBURBS 1.0%
MEMPHIS 1.0%
AVERAGE ANNUAL GROWTH RATE 0% 1% 2% 3% 4%
26 largest cities added jobs +2.3% per year
National economy +1.7% per year
CENTER CITY DISTRICT

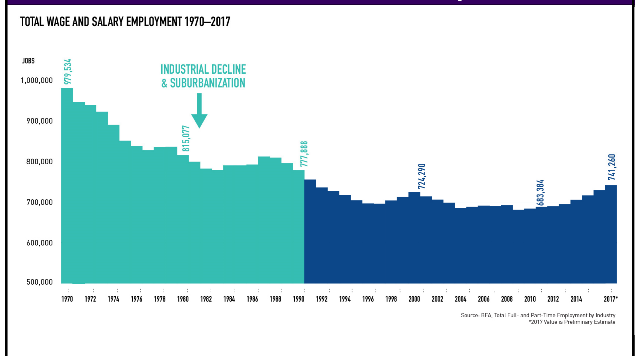

Since 2009, Philadelphia has been growing at only 1.4%/ year
PRIVATE WAGE & SALARY JOBS AVERAGE ANNUAL CHANGE, 2009–2017
26 largest cities +2.3% /yr
National economy +1.7% /year
Philadelphia 1.4%/year
CENTER CITY DISTRICT

Recent growth (2 years) lifted us out of basement
Above Baltimore & Memphis: 24th out of 26



CENTER CITY DISTRICT

If Philadelphia was a high growth city just slowing down…
Instead we're digging out from a long-period of job decline
Have 24% fewer jobs than in 1970



CENTER CITY DISTRICT

What are the implications?

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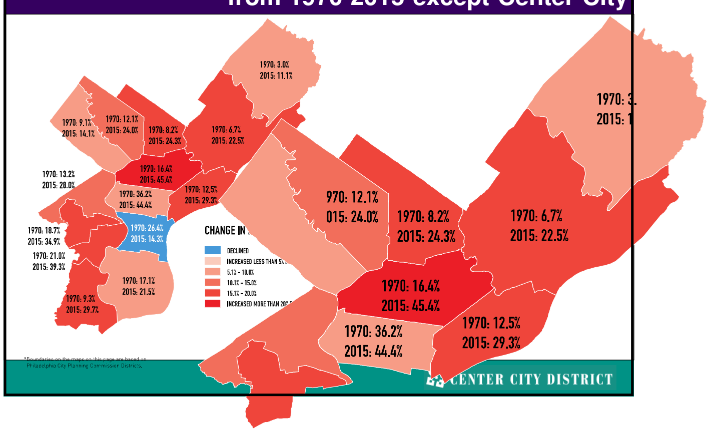
As we lost jobs,
Poverty rate went up everywhere in Philadelphia
from 1970-2015 except Center City



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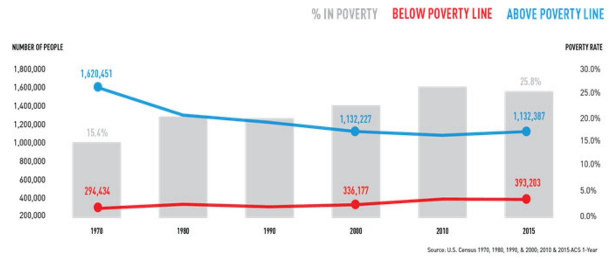
Numbers, rather than rates, tell a different story

Modest increase in number in poverty over 45 years +100,000

Big loss in middle income & working class residents (-500,000)

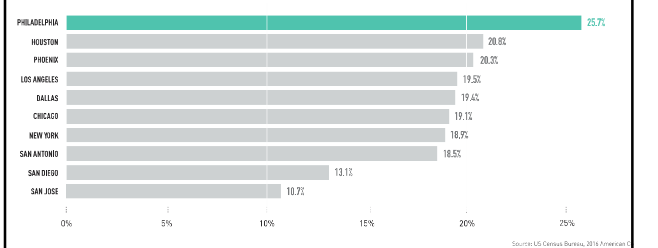
2,200/year added compared to 11,100 per year lost



CENTER CITY DISTRICT

Philadelphia's high poverty rate results in part from losing 5 times as many middle & working class residents as new poor people were added

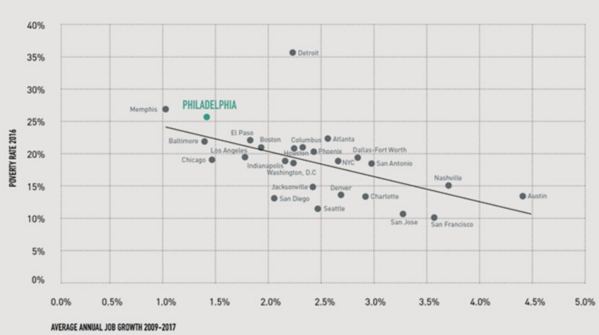
POVERTY RATES AMONG THE TOP 10 LARGEST US CITIES



CENTER CITY DISTRICT

Poverty not individual failure; it's by-product of slow growth

PRIVATE WAGE & SALARY JOBS, AVERAGE ANNUAL CHANGE 2009-2017 VS. 2016 POVERTY RATE

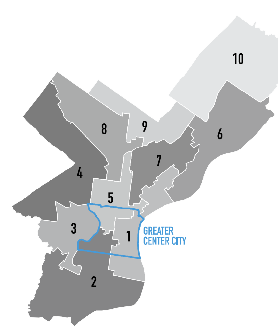


CENTER CITY DISTRICT

Shapes the politics of the city

The needs in our neighborhoods are great

FIGURE 3: POVERTY BY COUNCIL DISTRICT

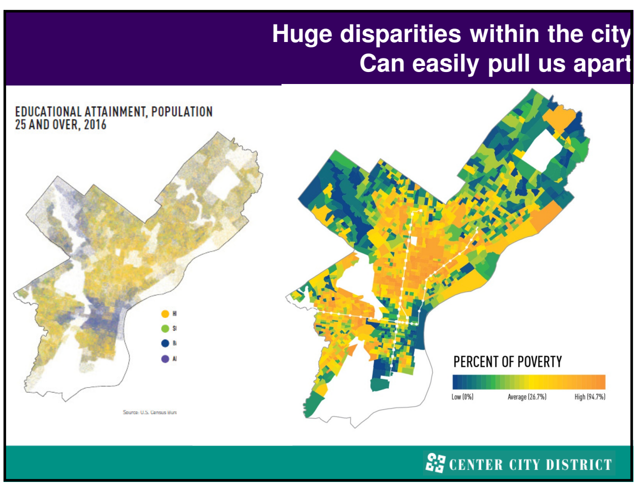


COUNCIL DISTRICT	POVERTY RATE	DEEP POVERTY RATE
1st District	22%	10%
Outside Greater Center City	25%	11%
Inside Greater Center City	14%	8%
2nd District	23%	9%
Outside Greater Center City	27%	10%
Inside Greater Center City	13%	7%
3rd District	39%	21%
4th District	23%	13%
5th District	36%	18%
Outside Greater Center City	44%	22%
Inside Greater Center City	17%	9%
6th District	18%	8%
7th District	43%	19%
8th District	29%	12%
9th District	22%	9%
10th District	12%	5%

CENTER CITY DISTRICT


Deteriorated housing,
Playgrounds in need of substantial reinvestment
CENTER CITY DISTRICT

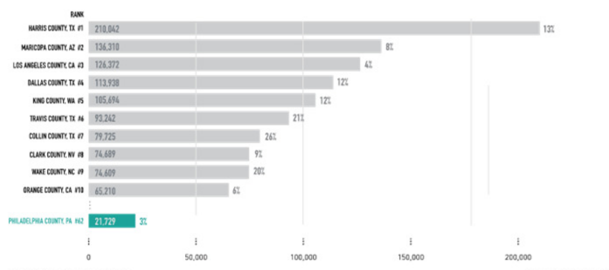

Opioid addiction & encampments in neighborhoods
Homelessness & panhandling in Center City
CENTER CITY DISTRICT


Huge disparities within the city
Can easily pull us apart
EDUCATIONAL ATTAINMENT, POPULATION
25 AND OVER, 2016
PERCENT OF POVERTY
CENTER CITY DISTRICT


Our national & state politics are highly polarized
Philadelphia needs to find practical middle ground
CENTER CITY DISTRICT

Because we can’t look to higher levels of government
Because we rank 24th in job growth & 62nd in housing production
We need to focus on how we expand, not stifle growth
Avoid the politics of resentment

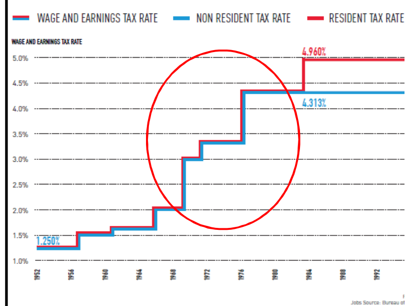
FIGURE 16: TOP COUNTIES BY NUMBER OF UNITS PERMITTED, 2010 TO 2017



CENTER CITY DISTRICT

Philadelphia has a history of self-inflicted wounds
In 1970s, we lost 164,457 jobs & 260,399 residents

1970-1996 wage tax trend



Macro-trends:
De-industrialization, suburbanization & inner-city redlining.

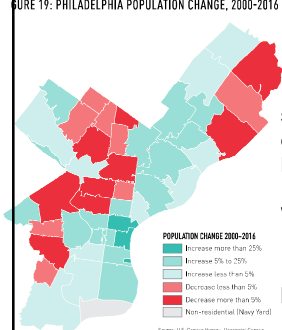
In same decade City more than doubled the wage tax from 2% to 4.3%; 4.96%.

People & jobs departed, tax base shrunk, rates were raised to keep revenues up with no efficiencies achieved in government, pushed more employers & workers out of Philadelphia

CENTER CITY DISTRICT

Many portions North, West & Northeast Philadelphia are still following old patterns of population loss

FIGURE 19: PHILADELPHIA POPULATION CHANGE, 2000-2016



Despite success downtown, since 2010, 62,000 more residents of city neighborhoods left for homes in suburbs than moved in.

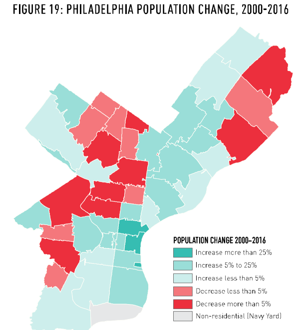
Working & middle class still leaving

Local births & immigration kept us population positive

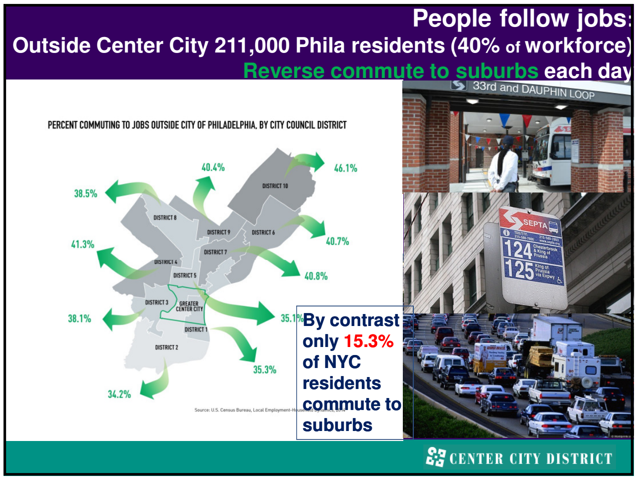
CENTER CITY DISTRICT

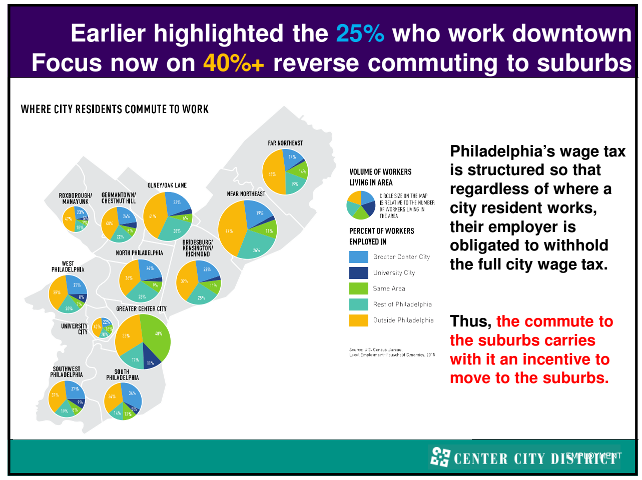
81% of households that left Philadelphia 2010-2016 *do not have children*

FIGURE 19: PHILADELPHIA POPULATION CHANGE, 2000-2016



CENTER CITY DISTRICT

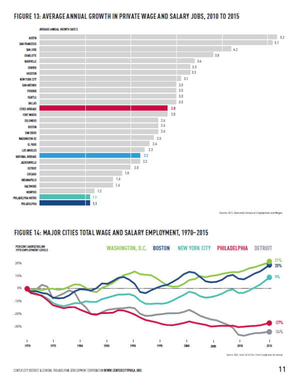

People follow jobs:
Outside Center City 211,000 Phila residents (40% of workforce)
Reverse commute to suburbs each day
PERCENT COMMUTING TO JOBS OUTSIDE CITY OF PHILADELPHIA, BY CITY COUNCIL DISTRICT
40.4%
46.1%
38.5%
41.3%
40.7%
40.8%
38.1%
35.1%
35.3%
34.2%
33rd and DAUPHIN LOOP
SEPTA
124
125
By contrast only 15.3% of NYC residents commute to suburbs
CENTER CITY DISTRICT


Earlier highlighted the 25% who work downtown
Focus now on 40%+ reverse commuting to suburbs
WHERE CITY RESIDENTS COMMUTE TO WORK
FAR NORTHEAST
NEAR NORTHEAST
OLNEY/OAK LANE
ROXBOROUGH/ MANAYUNK
GERMANTOWN/ CHESTNUT HILL
NORTH PHILADELPHIA
BRIDESBURG/ KENSINGTON/ RICHMOND
WEST PHILADELPHIA
GREATER CENTER CITY
UNIVERSITY CITY
SOUTHWEST PHILADELPHIA
SOUTH PHILADELPHIA
VOLUME OF WORKERS LIVING IN AREA
PERCENT OF WORKERS EMPLOYED IN
Greater Center City
University City
Same Area
Rest of Philadelphia
Outside Philadelphia
Philadelphia's wage tax is structured so that regardless of where a city resident works, their employer is obligated to withhold the full city wage tax.
Thus, the commute to the suburbs carries with it an incentive to move to the suburbs.
CENTER CITY DISTRICT


As Philadelphia lost ¼ of its jobs from 1970,
Surrounding suburbs saw jobs increase by 110%
As a result, the City lost 446,481 people (23%)
That trend is still continuing outside downtown
PRIVATE WAGE AND SALARY JOBS SINCE 1970, CITY V SUBURBS
SUBURBS
PHILADELPHIA
3,000,000
2,400,000
1,800,000
1,200,000
600,000
0
Source: BEA,Full- and Part-Time Employment
CENTER CITY DISTRICT

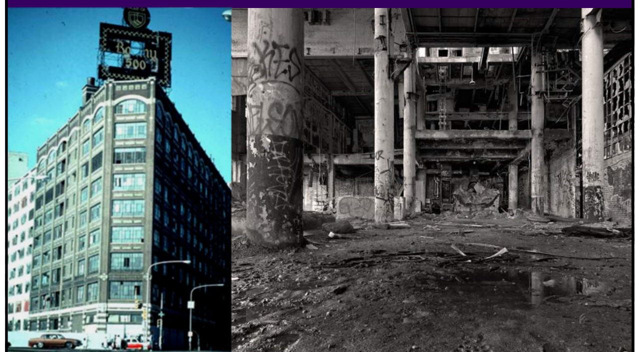

The renewal of Center City & University City
not big enough to offset citywide industrial decline
Not a tale of two cities, but of one city with insufficient jobs
CENTER CITY DISTRICT

Challenge of Incomplete Revival



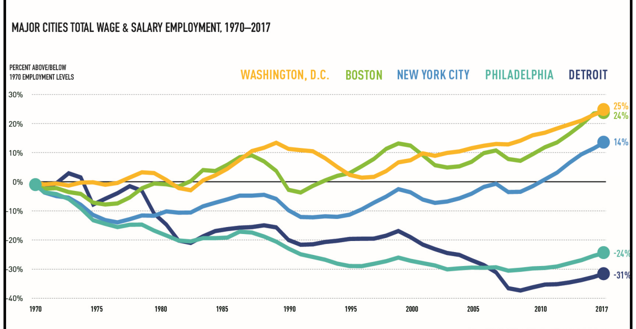
CENTER CITY DISTRICT

Our peer cities: Boston, New York & Washington DC
All lost 85%-90% of manufacturing jobs they held in 1970



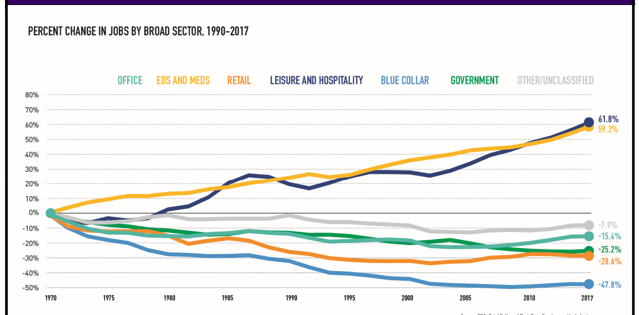
CENTER CITY DISTRICT

But they surpassed 1970 levels with new, post-industrial jobs while Philadelphia is down 24%; close to Detroit



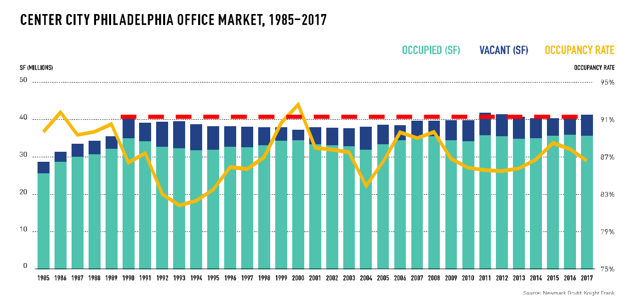
CENTER CITY DISTRICT

Since 1990: uneven job growth: Eds & Meds + 59% citywide
Lower wage leisure & hospitality + 62%.
But office industries down -15.4%



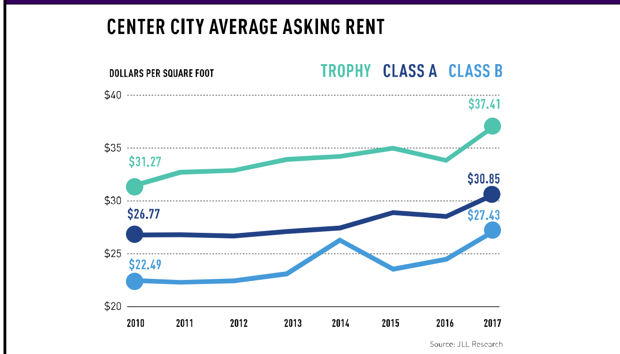
CENTER CITY DISTRICT

Since late 1980s boom; we haven’t added new supply
keep converting older inventory to housing & hotels
Good for diversification; symptom of no growth



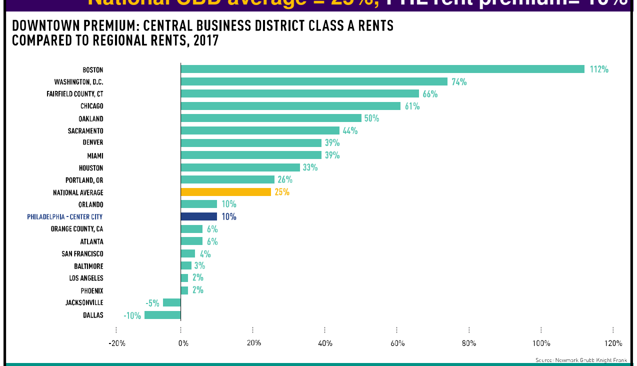
CENTER CITY DISTRICT

Rents growing slowly:
still way below replacement costs



CENTER CITY DISTRICT

There ought to be a rent-premium for locating
in the employee & amenity rich downtown
National CBD average = 25%; PHL rent premium= 10%



CENTER CITY DISTRICT

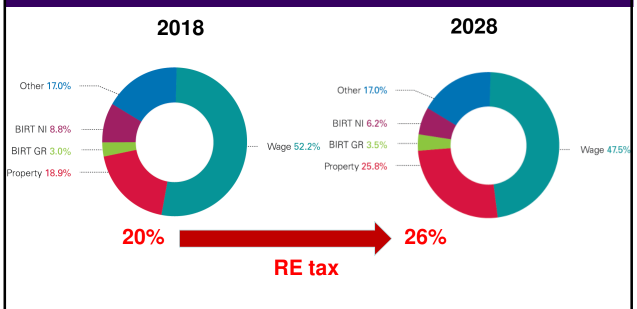
2003 & 2009 tax commissions both concluded:
Local tax policy is major contributor to slow growth
If you over-tax what can move (wages & business revenues),

it will!

CENTER CITY DISTRICT

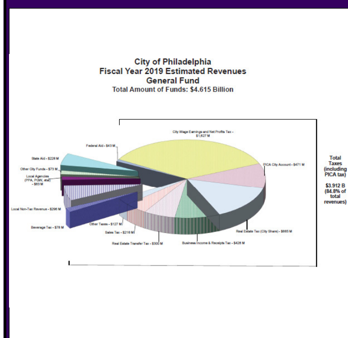
Both 2003 & 2009 Tax Commissions:

shift burden from taxing what moves (wages & business revenues) to taxing what is fixed & stable: *land & improvements*



CENTER CITY DISTRICT

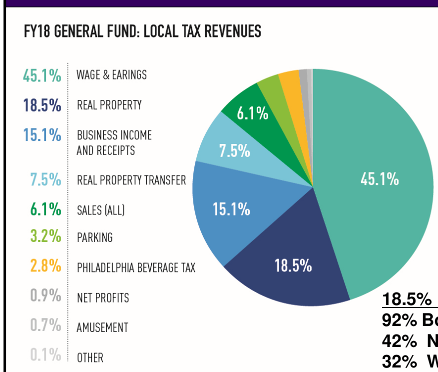
Tax Policy is not just about revenue generation It is about creating a climate of competitiveness that facilitates job growth



- Philadelphia wage tax is almost 4 x regional median.
- BIRT has no counterpart & adds 20% to 50% premium
- Property tax is 66% of suburban Pennsylvania median
- Real estate taxes should go up, only in the context of wage & business taxes falling

CENTER CITY DISTRICT

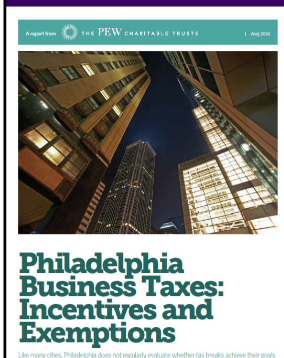
60.2% Municipal tax revenue from wage & business taxes 18.5% comes from Real Estate tax



<u>18.5% PHL from RE TAX</u>
92% Boston
42% NYC
32% Washington DC

CENTER CITY DISTRICT

Pew report on business taxes

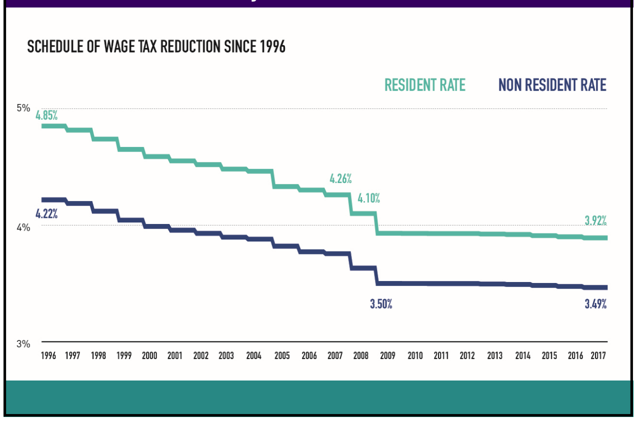


Among highest of all large cities

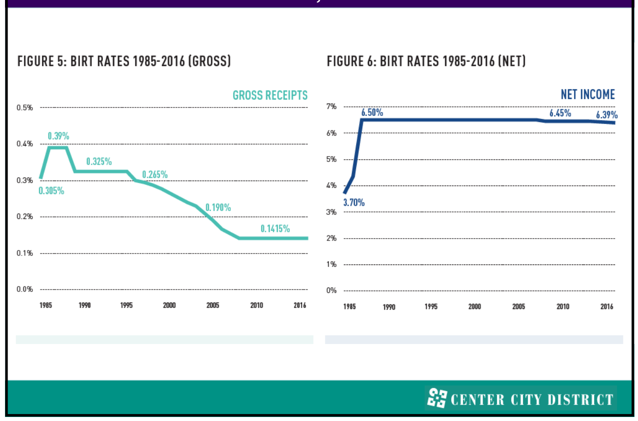
Only large city to tax both gross revenues & net income

CENTER CITY DISTRICT

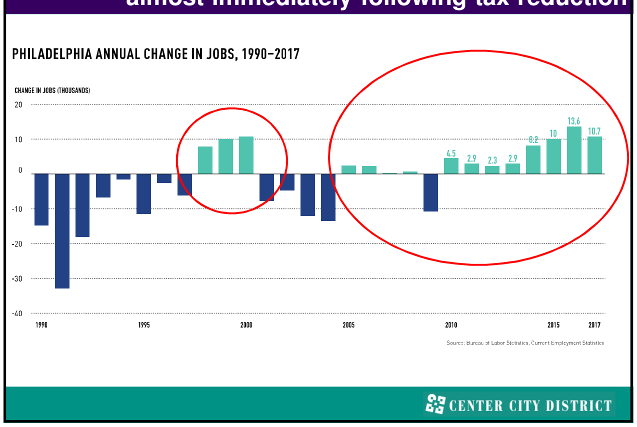
1996: Philadelphia commenced tax reduction
Continued for 12 years until 2008: from 4.9% to 3.92%



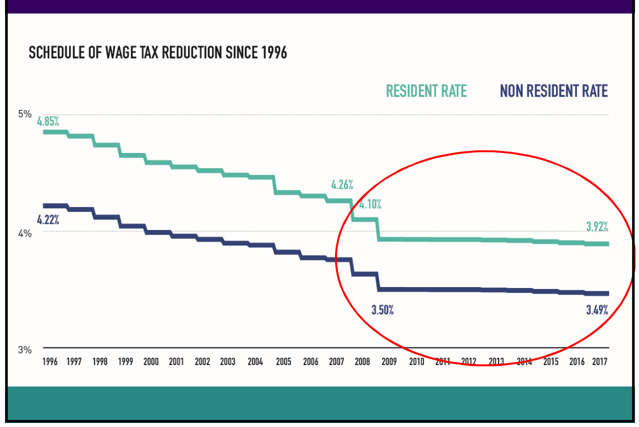
1996: commenced steady reductions in gross income portion of BIRT but not Net Income; also flattened in the recession



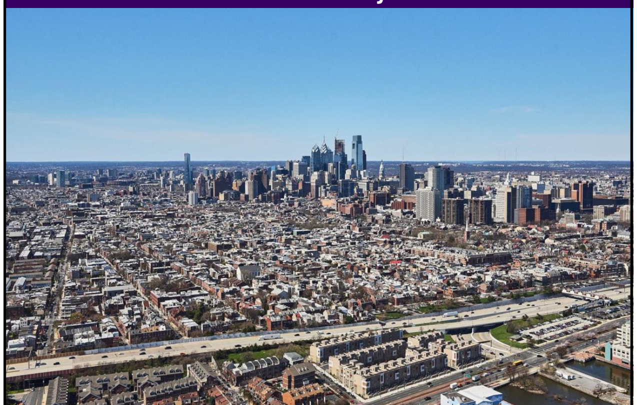
Job growth commenced almost immediately following tax reduction



With the recession, City suspended tax reduction



Since recession ended: 5 years of tax increases



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This year: phase out tax abatement; add a 1% construction tax; increase transfer tax Raised real estate taxes & slowed wage tax cuts

CENTER CITY DISTRICT

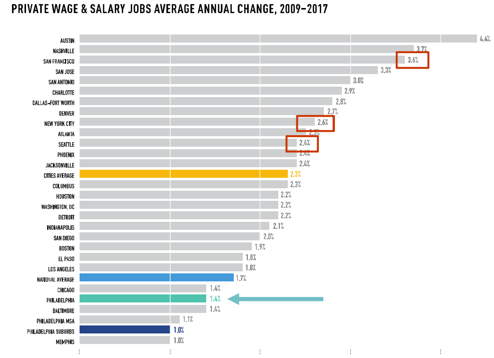
We ought to be cautious about undermining the factors that drive our growth

As slow growth city it's not something we can take for granted

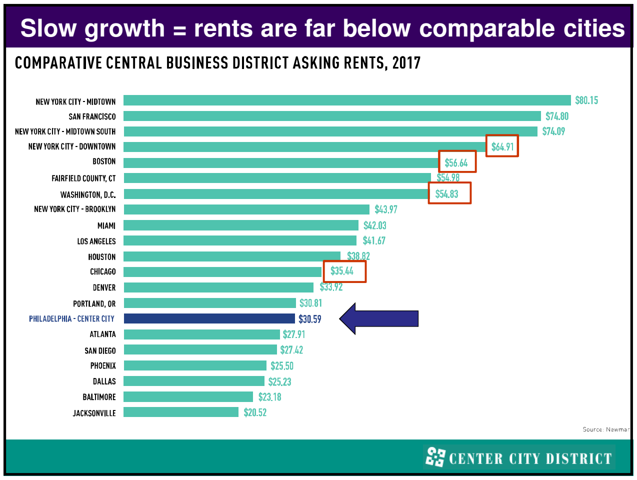
CENTER CITY DISTRICT

What economies of San Francisco, NYC & Seattle can support Is quite different from what Philadelphia can support

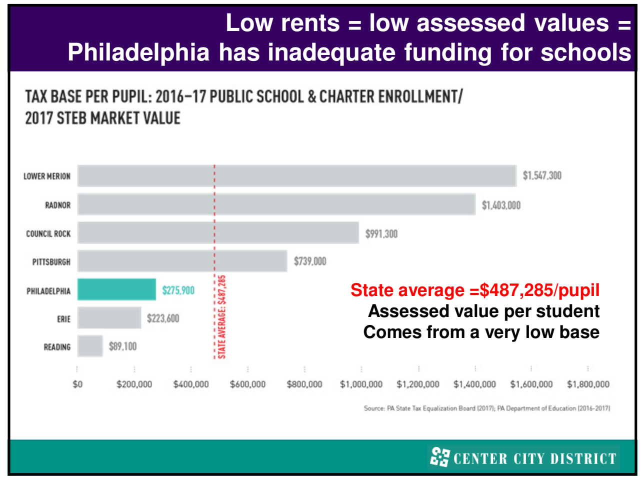
PRIVATE WAGE & SALARY JOBS AVERAGE ANNUAL CHANGE, 2009-2017



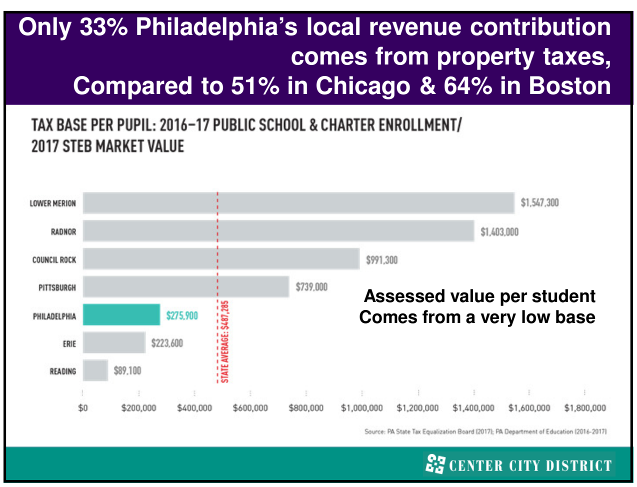
CENTER CITY DISTRICT



Slow growth = rents are far below comparable cities
COMPARATIVE CENTRAL BUSINESS DISTRICT ASKING RENTS, 2017
NEW YORK CITY - MIDTOWN $80.15
SAN FRANCISCO $74.80
NEW YORK CITY - MIDTOWN SOUTH $74.09
NEW YORK CITY - DOWNTOWN $64.91
BOSTON $56.64
FAIRFIELD COUNTY, CT $54.98
WASHINGTON, D.C. $54.83
NEW YORK CITY - BROOKLYN $43.97
MIAMI $42.03
LOS ANGELES $41.67
HOUSTON $38.82
CHICAGO $35.44
DENVER $33.92
PORTLAND, OR $30.81
PHILADELPHIA - CENTER CITY $30.59
ATLANTA $27.91
SAN DIEGO $27.42
PHOENIX $25.50
DALLAS $25.23
BALTIMORE $23.18
JACKSONVILLE $20.52
CENTER CITY DISTRICT



Low rents = low assessed values =
Philadelphia has inadequate funding for schools
TAX BASE PER PUPIL: 2016–17 PUBLIC SCHOOL & CHARTER ENROLLMENT/
2017 STEB MARKET VALUE
LOWER MERION $1,547,300
RADNOR $1,403,000
COUNCIL ROCK $991,300
PITTSBURGH $739,000
PHILADELPHIA $275,900
ERIE $223,600
READING $89,100
STATE AVERAGE: $487,285
$0 $200,000 $400,000 $600,000 $800,000 $1,000,000 $1,200,000 $1,400,000 $1,600,000 $1,800,000
State average =$487,285/pupil
Assessed value per student
Comes from a very low base
Source: PA State Tax Equalization Board (2017); PA Department of Education (2016-2017)
CENTER CITY DISTRICT



Only 33% Philadelphia's local revenue contribution
comes from property taxes,
Compared to 51% in Chicago & 64% in Boston
TAX BASE PER PUPIL: 2016–17 PUBLIC SCHOOL & CHARTER ENROLLMENT/
2017 STEB MARKET VALUE
LOWER MERION $1,547,300
RADNOR $1,403,000
COUNCIL ROCK $991,300
PITTSBURGH $739,000
PHILADELPHIA $275,900
ERIE $223,600
READING $89,100
STATE AVERAGE: $487,285
$0 $200,000 $400,000 $600,000 $800,000 $1,000,000 $1,200,000 $1,400,000 $1,600,000 $1,800,000
Assessed value per student
Comes from a very low base
Source: PA State Tax Equalization Board (2017); PA Department of Education (2016-2017)
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Quality schools are essential
to prepare students for 21st century economy
We need to improve & invest in them
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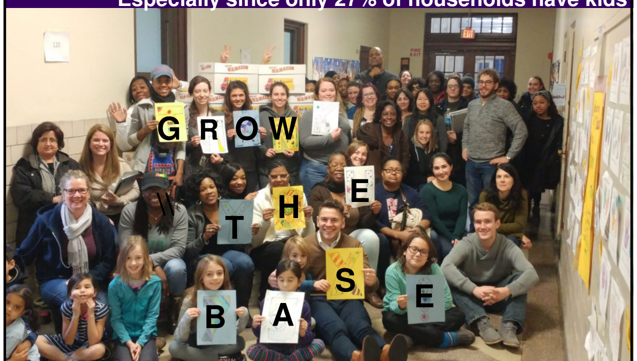
But best way to fund them isn't to increase tax rates, but to grow the base: more jobs, more residents

Especially since only 27% of households have kids



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Philadelphia has an affordability challenge

Especially at lower income levels: 127,646 renter households

More than 80% cost-burdened, paying disproportionate share of income on housing

FIGURE 21: COST BURDEN AT VARYING HOUSEHOLD INCOME LEVELS

	TOTAL HOUSEHOLDS	% COST BURDENED	OWNER OCCUPIED HOUSEHOLDS	% COST BURDENED	RENTER OCCUPIED HOUSEHOLDS	% COST BURDENED
All Households w/ Income*	542,192	40%	292,079	28%	250,113	53%
Less than $20,000:	127,467	83%	49,276	74%	78,191	88%
$20,000 to $34,999:	95,517	65%	46,062	47%	49,455	82%
$35,000 to $49,999:	70,587	38%	36,525	28%	34,062	48%
$50,000 to $74,999:	91,040	17%	52,631	18%	38,409	15%
$75,000 or more:	157,581	4%	107,585	4%	49,996	3%

*Does not include another 27,420 households who report no income at all.

Source: US Census Bureau, American Community Survey 1 Year Estimates

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But it is a challenge of low incomes, not high housing costs.....

	ENTIRE CITY	CENTRAL BUSINESS DISTRICT*	CBD % PREMIUM
New York	$1.90	$5.32	181%
Boston	$2.55	$3.69	45%
Washington DC	$2.27	$3.07	35%
Philadelphia	$0.98	$2.18	123%
Baltimore	$1.13	$1.20	6%

*CBD definitions: New York – Midtown Manhattan, Boston - Central, Washington DC – Downtown, Philadelphia – Core Center City, Baltimore – City Center

Source: Zillow

We need to raise incomes

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Raising income means growing jobs

If we set our sights on just getting to be average

If we attained same rate of growth of 26 city average

Going from 1.4% - 2.3%

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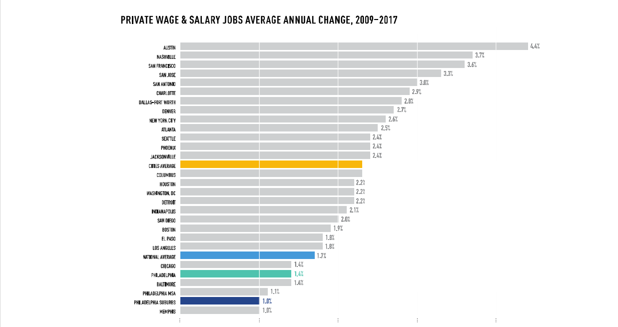
Philadelphia would have added 45,400 more jobs (one Amazon) in the last 8 years on top of existing 55,100 = 100,500 new job opportunities.



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Fastest way to reduce unemployment & poverty
Create a competitive setting
that increases income & grows jobs faster

That should be primary goal that unifies everyone!

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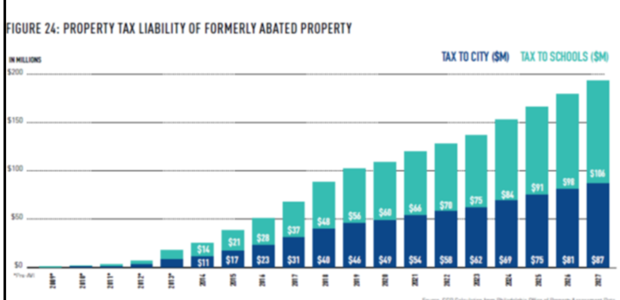
Don't limit growth, harness it
Pledge the $40 million in expiring abatements
As an allocation for rent subsidies in City budget
& that number will continue to grow



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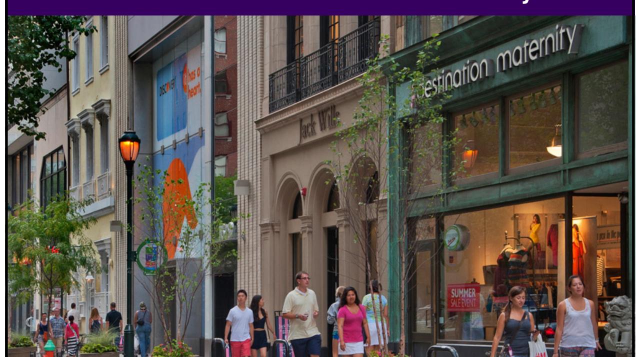
We have a highly successful, walkable downtown
With a diversity of uses



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Thriving with day & nighttime activities
Mixed-use, walkable places excel in growth

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A growing realm of high-quality public spaces

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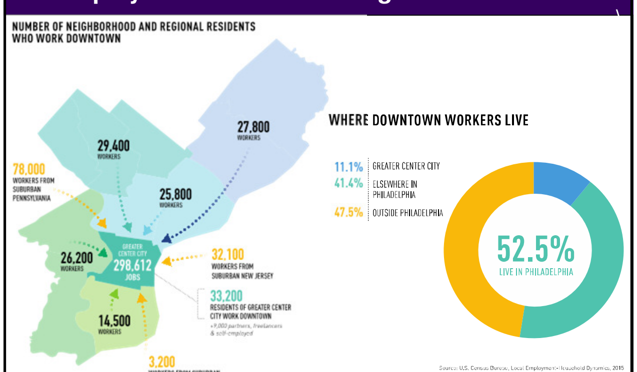
Downtown & University City are the major employment centers for neighborhood residents



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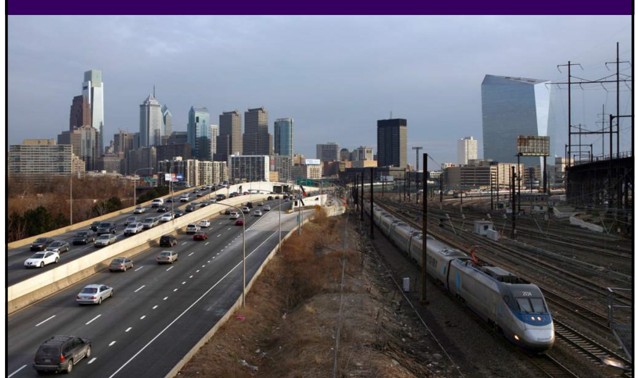
Well-linked to the region with highway & rail



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With more competitive tax policies; better funds schools
Well-positioned for inclusive growth
& creating opportunity for the entire city & region
www.centercityphila.org
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