

CENTER CITY DIGEST

THE NEWSLETTER OF THE CENTER CITY DISTRICT AND CENTRAL PHILADELPHIA DEVELOPMENT CORPORATION

SPRING 2010

Less Bad is the New Good, But it's Not Good Enough

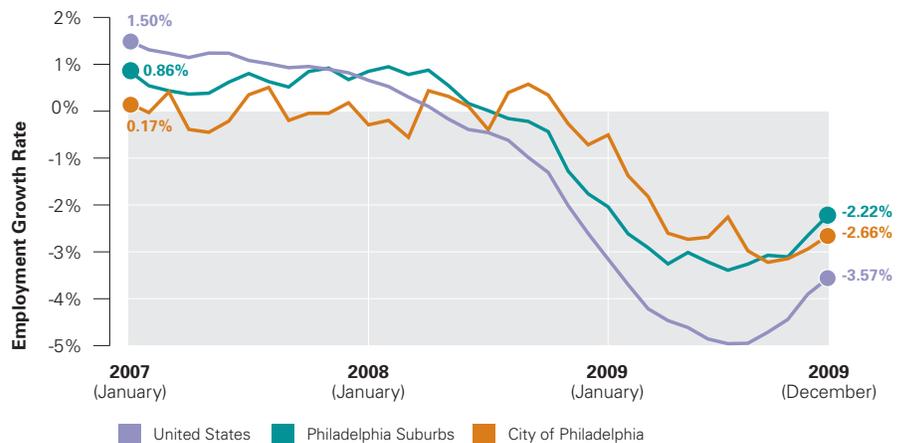
Despite clouds of local doom and gloom, Philadelphia has fared better in the Great Recession than many other cities. More accurately: while Philadelphia hasn't done well, most places have done a whole lot worse.

A strong concentration of education and health care employment helped buffer Philadelphia from the national hemorrhaging of more than 5.8 million jobs in 2009. As average annual employment declined by 4.3% nationally, Philadelphia contracted by only 2.7% in 2009, outperforming both the nation and the suburbs. While the national recession has affected all aspects of work and life in the city, occupancy levels have held up far better in Center City office buildings and hotels than in more auto-dependent areas.

Housing values in the city are only 7.5% below their 2006 peak, as compared to losses in the 20% to 40% range in many other regions.

But in the last two months of 2009, employment in the suburbs began to rebound faster than in the city and therein is the wake-up call.

EMPLOYMENT GROWTH RATES



Source: Bureau of Labor Statistics Current Employment Survey, 2009

Education and healthcare – Philadelphia's largest sector – actually added jobs in 2009, growing by 1.5% and continuing a long-term trend. At 37% of total private sector employment, our share of educational and health service jobs is more than double the national average and it is sig-

nificantly larger than Boston at 28% and New York, at 15%.

But this good news is the mirror image of an underlying weakness: Philadelphia's office sector – finance, insurance, real estate, professional and business services, prime drivers of the knowledge



Forty two million square feet of office space are at the center of a region with three million well-educated workers, directly connected by transit and in the midst of a walkable downtown, rich with shopping, dining and cultural amenities.

J.B. Abbott

economy – accounts for only 25% of the city’s total private sector employment, while in Boston and Washington D.C., it comprises 33% of city jobs and in New York City it is 45%.

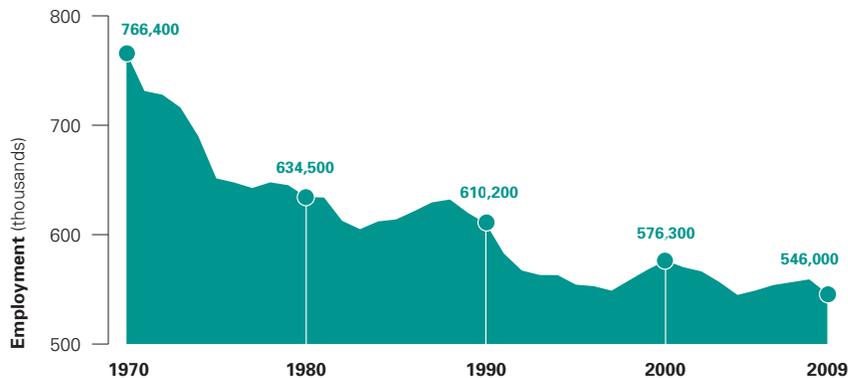
Philadelphia’s healthcare and educational institutions are anchored in the city by substantial investments in real estate and place-based infrastructure. As primarily tax-exempt institutions, they are subject to neither the real estate nor the city’s business privilege taxes. As a consequence, their rate of growth in the city was quite close to the rate of growth in the surrounding suburbs.

By contrast, office firms are primarily tenants, supported by highly mobile computer technology, but burdened in the city by an unnecessarily complex tax structure that is more appropriate to an early 20th century heavy manufacturing economy than today’s nimble service economy. While office sector employment since 2001 grew modestly by 4.2% in the surrounding suburbs, it contracted by 10.5% in the city in the same period, lagging even during the economic expansion.

In 2009, the Mayor’s Task Force on Tax Policy and Economic Competitiveness recommended shifting Philadelphia’s tax burden away from assets that can move – people and profits – to more stable sources like land and buildings. The Task Force, whose full report is available at www.phila.gov/taxpolicy, also called for changing the way the Business Privilege Tax is calculated to encourage more firms to locate in the city and for restarting planned cuts to wage and business privilege taxes in 2012, not 2014 as in the Mayor’s proposed Five Year Plan.

The time for action is *now*, as the national economy comes out of recession and firms contemplate investments in people

PHILADELPHIA PRIVATE SECTOR EMPLOYMENT, 1970–2009



Source: Bureau of Labor Statistics Current Employment Survey, 2009

In each period of economic expansion in the last 40 years, Philadelphia has not regained the private sector jobs lost in the prior contraction. Now is the time to break that cycle

and technology. This is the first downturn in which we’ve done better than the suburbs and the nation because we have fully shed the legacy jobs from the industrial age.

A 50-year trend of population loss has come to an end; this is the moment when a job turn-around could start as well. While a rebound is already visible in the suburbs, downtown is better-positioned with strategic assets for the global economy of the 21st century. Philadelphia enjoys 360-degree access to a diverse and talented work force of 3 million workers in the 11-county region. It is at the center of a multi-modal transportation network, offers world-class amenities, well maintained public spaces and an affordable cost of living. Center City is ideally positioned to capitalize on national trends that favor walkable, transit-oriented cities in the post-petroleum age.

But only by reducing its tax burden will Philadelphia be able to retain its diverse and talented workforce, capture the growth of existing firms, and become more attractive to new ventures and to relocating firms from outside the region. The only way to reduce that burden is to lower the expense of delivering city services by bringing the legacy costs of municipal pension and benefits packages in line with national norms. We’ve spent decades losing jobs. We elected this Mayor to reverse that trend. It’s time to get on with the job.

Paul R. Levy
President

plevy@centercityphila.org

The time for action is now, as the national economy comes out of recession and firms contemplate investments in people and technology.

The 2010 CCD Budget

The Center City District directly bills and collects assessments from all taxable properties within its boundaries. While the number of residential condos has continued to grow, the office sector generates 63% of all CCD assessment revenues; and the 200 largest properties pay 80% of District charges.

Charges are calculated by a formula established by State law and approved by City ordinance. An individual property's charge is set by determining the ratio of the assessed value of that property to the total taxable assessed value of all properties in the district. (For 2010, the total assessed value of all properties within the district is \$2,033,534,645.) That ratio is multiplied by the CCD's annual budget, which was approved by District property owners and by City Council. In 2010, the amount billed is \$14,898,375.

For example, if a property is assessed by the Board of Revision of Taxes at \$100,000, the CCD calculation for 2010 is as follows: $\$100,000 \div \$2,033,534,645 = 0.0049175\%$ x \$14,898,375 = \$732.63 (total CCD assessed charge for 2010 would be \$732.63.)

Unlike the City of Philadelphia, the CCD does not grant the ten-year tax abatement to any type of property. All owners of residential condominiums purchased after September 13, 2005 are also required to pay the CCD charge just like every other taxable property that benefits from District services.

Assessment revenues are used exclusively to fund services and physical improvements within the boundaries of the CCD with 71% devoted to keeping downtown clean, safe and attractive. The CCD also receives revenue from other sources, such as fee-for-service contracts, foundation, state and federal grants and management agreements.

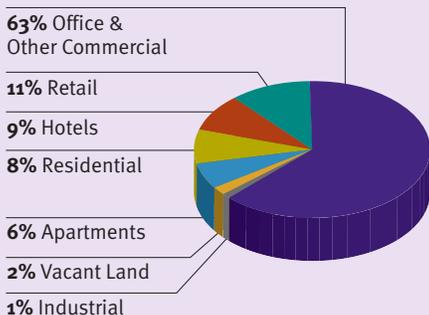
For more information about the many services the CCD provides to Center City property owners, visit www.CenterCityPhila.org.

Property statistics for 2009

- The top 15 properties pay 26% of total program cost, with an average charge of \$260,443.
- The top 200 properties pay 80% of total program cost, with an average charge of \$59,585.
- The lowest charge is \$1.17.
- The highest charge is \$425,514.
- The typical Market Street West office building pays \$172,051.
- The average hotel pays \$54,916.
- The average Chestnut Street property pays \$2,421.
- The average Walnut Street property pays \$2,504.
- The average retail property pays \$1,868.
- The average residential property charge is \$301.

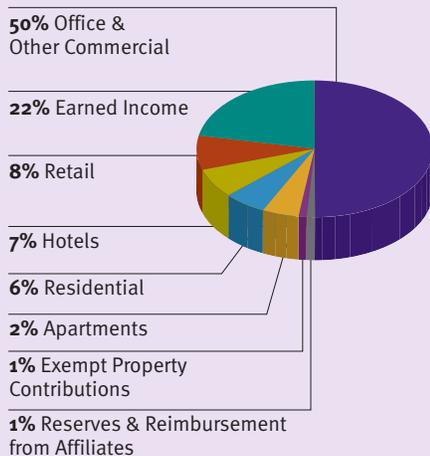
2010 ASSESSMENTS BY PROPERTY CATEGORY

**Total Assessment Billing:
\$14,898,375**



2010 REVENUE FROM ALL SOURCES

**Total Revenue:
\$18,113,445**



WHERE THE MONEY GOES, 2010

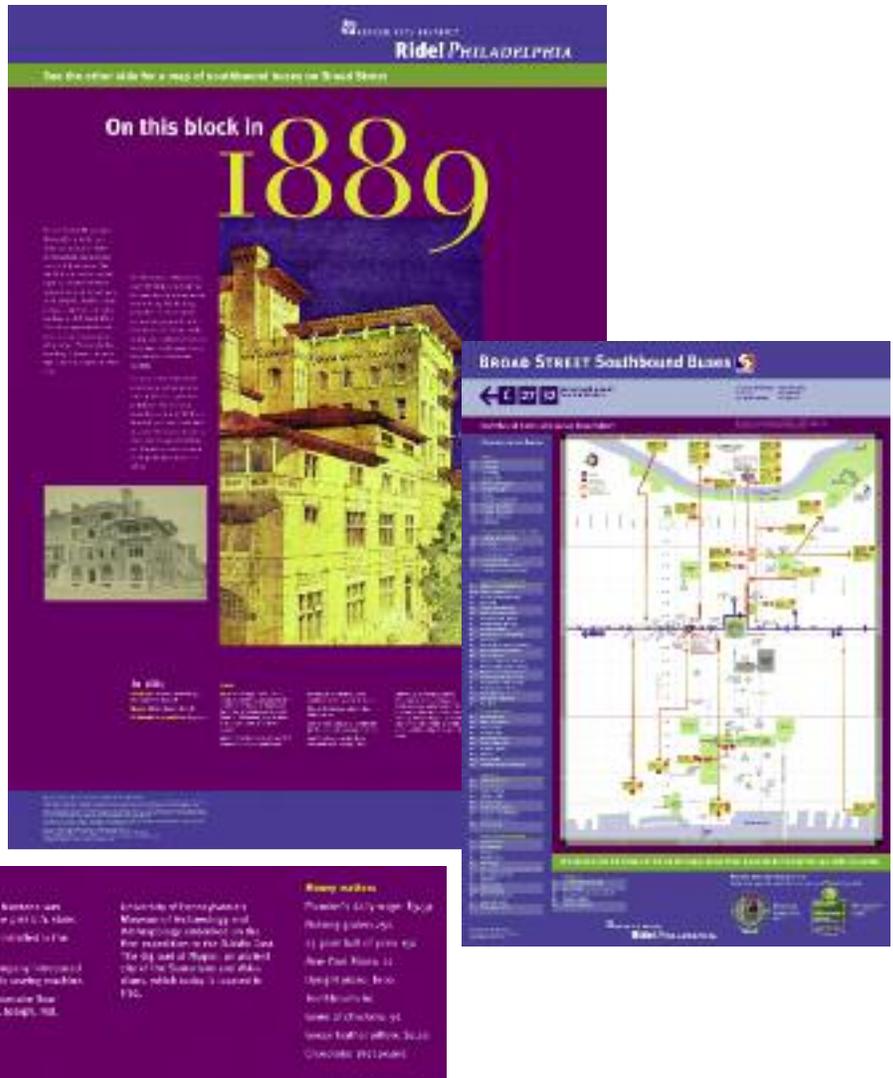
**2010 Operating Budget:
\$18,113,445**



Ride!Philadelphia Bus Shelter Sign System Wins Award

The CCD's Ride!Philadelphia bus shelter sign system will receive a Preservation Alliance of Greater Philadelphia's 2010 Preservation Achievement Grand Jury Award at their 17th annual Awards luncheon on May 12.

The signs were created for the CCD by Joel Katz Design Associates to enhance and promote public transit options while providing site specific historic information. At 72 transit stops in Center City, signs show SEPTA route maps on one side and on the other side, historic images of buildings that either currently stand or once stood near that location. The signs also provide facts about daily life in Philadelphia in the year that the historic photo was taken.



2010 U.S. Census: Get Counted!

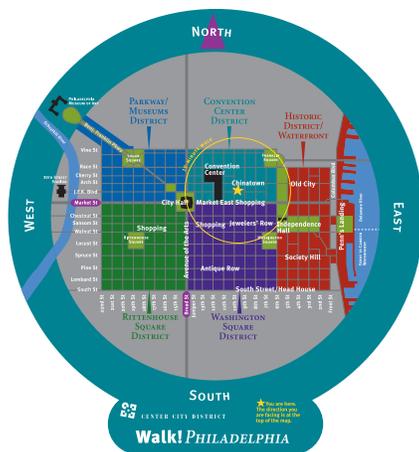
April 1, 2010 will be National Census Day, designated by the federal government as the day citizens should mail back their completed 2010 census forms. To underscore the importance of the decennial census, the federal government has launched a campaign consisting of commercials, outreach and a website available in over 25 languages. Beyond determining federal and state congressional districts, results of the census determine the allocation of federal funding to Philadelphia. It is estimated that only 56% of Philadelphians mailed back their 2000 census forms, well short of the national average of 67%.

Following Philadelphia's recent successful census challenge and the determination that the city population had grown by 93,000, it is essential that citizens substantiate that number. If not, the Census Bureau will retroactively revise the 2008 estimate to bring it in line with decennial census figures.

Population growth is also an important signal to retailers and other businesses that Philadelphia is a good location in which to open. So, whether you have recently moved downtown or have lived here for years, make sure you get counted by filling out the 10 question census form when it arrives at your home.

In order to improve Philadelphia's response rate, the Nutter Administration has launched the "Philly Counts" campaign, partnering with a number of civic organizations to communicate the importance of participating in the census. If you are interested in assisting in the city's preparation for the upcoming census, contact your local neighborhood association or visit www.phillycounts.org for more information.

Walk!Philadelphia



For more than a decade, the CCD has been installing, updating, and maintaining the Walk!Philadelphia sign system, designed to help visitors and residents find their way around Center City. This spring, 41 of the 258 disk maps that are located mid-block throughout Center City will be replaced, upgrading those that have faded from the sun or have been damaged by trucks.

Sentencing Task Force

In 2001 the Center City District first organized 50 victims, witnesses and supporters to attend a sentencing hearing in the Court of Common Pleas for a prolific office burglar who had stolen more than \$200,000 of computers, digital cameras and equipment from a dozen Center City and West Philadelphia buildings in a three-month spree.

The fact that the perpetrator had already served seven years for similar crimes didn't exactly help his case. But the strong presence of victims and witnesses in the room clearly contributed to a 15-30 year sentence in state prison.

In the last decade, with the support of the District Attorney's Repeat Offenders Unit, the CCD has continued to organize groups to attend sentencing hearings for defendants convicted of multiple assaults, burglaries and crimes against offices, hotels and retail stores, as well as thefts from automobiles.

Most recently, Stacy Irving, the CCD's Senior Director of Crime Prevention Services, organized members of the hos-

pitality industry to attend two separate sentencing hearings for a burglar who specialized in stealing furnishings and valuables from guest rooms. While on probation for two previous arrests, he was caught trying to carry a 42-inch flat screen television from a hotel meeting room.

The Judge acknowledged the presence of those who attended as she sentenced the defendant to a long prison term.

For more information on the CCD's Sentencing Task Force, please contact Stacy Irving at sirving@centercityphila.org.

CCD Supports Operation Bedding

Every December, CCD's employees engage in a charity drive for the holidays to share our good fortune with others. For many years we have gathered toys, clothing and other items for various homeless shelters. This year, staff decided instead to support men and women serving in the military through locally-based Operation Bedding.

Operation Bedding was conceived after a Sunday morning phone call that Adam Conboy made to his mother Mary Warner in Roxborough. Adam, who was a 21 year-old marine, was serving in Iraq. According to Operation Bedding's website, "He requested some basic supplies which included pillows. He said 'whatever you send make sure it is in the amount of forty.' He wanted to insure that his comrades have the same comforts that he did."

The following Friday, Adam was killed. His request inspired his mother

to honor his wishes in the form of a memorial fund for her son. Since 2006, Operation Bedding has been sending supplies overseas.

In December 2009, staff suggested participation in this effort and our employees responded with generosity never before seen in our holiday drives. In only two weeks, employees donated eight huge boxes including, food, pillows, sheets, socks and other supplies. Shortly before Christmas a CCD van, filled to the brim, made its delivery to the Roxborough headquarters of Operation Bedding. We want to thank our employees for their generous contributions. For more information about Operation Bedding visit www.adamconboymemorialfund.org.



OPERATION BEDDING

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Save the Date!

Center City District's annual State of Center City Report will be available beginning April 15, 2010.

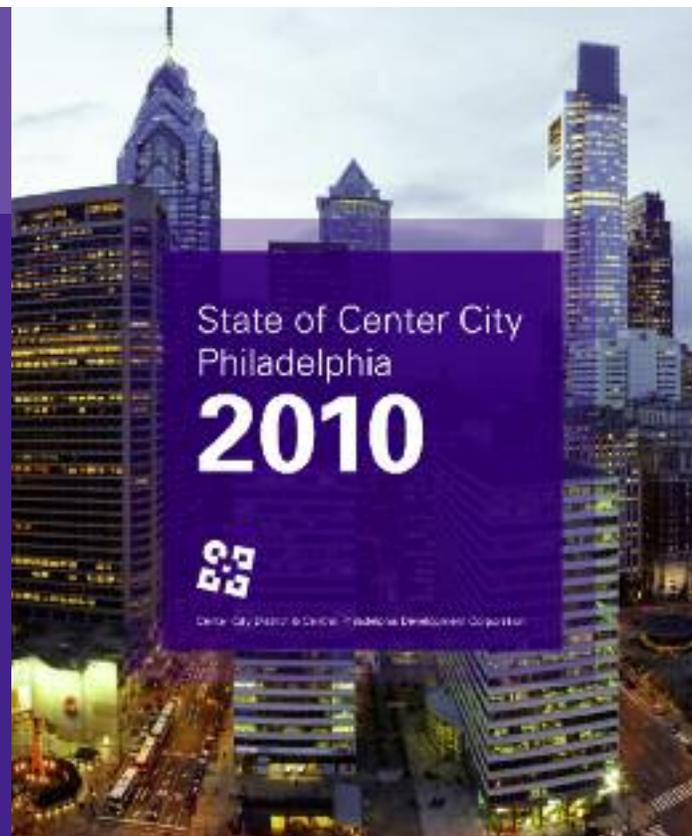
This premier report covers the trends for key sectors of the Center City Philadelphia economy.

The State of Center City is Center City District's most respected and anticipated report of the year, utilized widely by businesses, investors and residents.

Be the first to know how Center City Philadelphia fared in 2009 and what it means for 2010 and the future.

To get your copy:

Download it for free at www.CenterCityPhila.org. For a hard copy, contact RJ White at 215-440-5550 or rwhite@centercityphila.org.



The *Center City Digest* is a publication of the Center City District (CCD), a private-sector sponsored municipal authority committed to providing supplemental services that make Philadelphia's downtown clean, safe and attractive; and of Central Philadelphia Development Corporation (CPDC) with 50 years of private-sector commitment to the revitalization of downtown Philadelphia.